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50TH CONGRESS, 1st Session. } SENATE. { EX. DOC. No. 51.

MESSAGE

FROM THE

PRESIDENT OF THE UNITED STATES,

TRANSMITTING

The reports of the United States Pacific Railway Commission and the testimony.

JANUARY 17, 1888.—Read and referred to a Select Committee of five Senators, to be appointed by the President; the message and reports ordered to be printed, and the testimony referred to the Committee on Printing; motion entered to reconsider the question of reference.

To the Senate and House of Representatives:

On the 3d day of March last an act was passed authorizing the appointment of three Commissioners, who should investigate the affairs of such railroads as have received aid from the United States Government. Among other things, the contemplated investigation included a history of the construction of these roads, their relations and indebtedness to the Government, and the question whether in the interest of the United States any extension of the time for the performance of the obligations of said roads to the Government should be granted; and, if so, the said Commissioners were directed to submit a scheme for such extension.

The Commissioners were further directed by said act to report [illegible] to the President upon all the matters submitted to them, and he was by said act required to forward said report to Congress with such recommendations or comments as he should see fit to make in the premises.

The Commissioners, immediately after their selection, entered upon the discharge of their duties, and have prosecuted their inquiries with commendable industry, intelligence, and thoroughness. A large amount of testimony has been taken, and all the facts have been developed which appear to be necessary for the consideration of the questions arising from the condition of these aided railroads and their relations to the Government.

The Commissioners have, however, been unable to agree upon the manner in which these railroads should be treated respecting their indebtedness to the United States, or to unite upon the plan best calculated to secure the payment of such indebtedness.

This disagreement has resulted in the preparation of two reports, both of which are herewith submitted to the Congress.

These reports exhibit such transactions and schemes connected with the construction of the aided roads and their management, and suggest the invention of such devices on the part of those having them in charge, for the apparent purpose of defeating any chance for the Gov-

ernment's reimbursement, that any adjustment or plan of settlement should be predicated upon the substantial interests of the Government rather than any forbearance or generosity deserved by the companies.

The wide publication which has already been given to the substance of the Commissioner's reports, obviates the necessity of detailing in this communication the facts found upon the investigation.

The majority report, while condemning the methods adopted by those who formerly had charge of the Union Pacific Railroad, declares that since its present management was inaugurated, in 1884, its affairs have been fairly and prudently conducted, and that the present administration "has devoted itself honestly and intelligently to the herculean task of rescuing the Union Pacific Railway from the insolvency which seriously threatened it at the inception of its work; that it has devoted itself by rigid economy, by intelligent management and by an application of every dollar of the earning capacity of the system to its improvement and betterment, to place that company on a sound and enduring financial foundation."

The condition of the present management of the Union Pacific Company has an important bearing upon its ability to comply with the terms of any settlement of its indebtedness which may be offered by the Government.

The majority of the Commission are in favor of an extension of the time for the payment of the Government indebtedness of these companies, upon certain conditions. But the chairman of the Commission, presenting the minority report, recommends, both upon principle and policy, the institution of proceedings for the forfeiture of the charters of the corporations and the winding up of their affairs.

I have been furnished with a statement, or argument, in defense of the transactions connected with the construction of the Central Pacific road and its branch lines, from which it may not be amiss to quote, for the purpose of showing how some of the operations of the directors of such road, strongly condemned by the Commissioners, are defended by the directors themselves. After speaking of a contract for the construction of one of these branch lines by a corporation called the Contract and Finance Company, owned by certain directors of the Central Pacific Railroad, this language is used:

> It may be said of this contract as of many others that were let to the different construction companies in which the directors of the Central Pacific have been stockholders, that they built the road with the moneys furnished by themselves and had the road for their outlay. In other words, they paid to the Construction Company the bonds and stock of the railroad so constructed, and waited until such time as they could develop sufficient business on the road built to induce the public to buy the bonds or the stock. If the country through which the railroad ran developed sufficient business, then the project was a success; if it did not, then the operation was a loss. These gentlemen took all the responsibility; any loss occurring was necessarily theirs, and of right the profit belonged to them.
>
> But it is said that they violated a well-known rule of equity in dealing with themselves, that they were trustees and that they were representing both sides of the contract.
>
> The answer is that they did not find anybody else to deal with. They could not find any one who would take the chances of building a road through what was then an almost uninhabited country, and accept the bonds and stock of the road in payment. And when it is said that they were trustees, if they did occupy such relation it was merely technical, for they represented only their own interests on both sides, there being no one else concerned in the transaction. They became the incorporators of the company that was to build the road, subscribed for its stock, and were the only subscribers. Therefore it is difficult to see how any one was wronged by their action. The rule of equity invoked which has its origin in the injunction "no man can serve two masters," certainly did not apply to them; because they were acting in their own interests and were not charged with the duty of caring for others' rights, there being no other persons interested in the subject-matter.

In view of this statement and the facts developed in the Commissioners' reports it seems proper to recall the grants and benefits derived from the General Government by both the Union and Central Pacific Company for the purpose of aiding the construction of their roads.

By an act passed in 1862 it was provided that there should be advanced to said companies by the United States, to aid in such construction, the bonds of the Government amounting to $16,000 for every mile constructed, as often as a section of 40 miles of said road should be built; that there should also be granted to said companies, upon the completion of every said section of 40 miles of road, five entire sections of public land for each mile so built; that the entire charges earned by said roads on account of transportation and service for the Government should be applied to the reimbursement of the bonds advanced by the United States and the interest thereon, and that to secure the repayment of the bonds so advanced, and interest, the issue and delivery to said companies of said bonds should constitute a first mortgage on the whole line of their roads, and on their rolling stock, fixtures, and property of every kind and description.

The liberal donations, advances, and privileges provided for in this law were granted by the General Government for the purpose of securing the construction of these roads, which would complete the connection between our Eastern and Western coasts; and they were based upon a consideration of the public benefits which would accrue to the entire country from such construction.

But the projectors of these roads were not content, and the sentiment which then seemed to pervade the Congress had not reached the limit of its generosity. Two years after the passage of this law it was supplemented and amended in various important particulars in favor of these companies, by an act which provided, among other things, that the bonds, at the rate already specified, should be delivered upon the completion of sections of 20 miles in length instead of 40; that the lands to be conveyed to said companies on the completion of each section of said roads should be ten sections per mile instead of five; that only half of the charges for transportation and service due from time to time from the United States should be retained and applied to the advances made to said companies by the Government; thus obliging immediate payment to its debtor of the other half of said charges; and that the lien of the United States to secure the reimbursement of the amount advanced to said companies in bonds, which lien was declared by the law of 1862 to constitute a first mortgage upon all the property of said companies, should become a junior lien and be subordinated to a mortgage which the companies were by the amendatory act authorized to execute to secure bonds which they might from time to time issue in sums not exceeding the amount of the United States bonds which should be advanced to them.

The immense advantages to the companies of this amendatory act are apparent; and in these days we may well wonder that even the anticipated public importance of the construction of these roads induced what must now appear to be a rather reckless and unguarded appropriation of the public funds and the public domain.

Under the operation of these laws the principal of the bonds which have been advanced is $64,623,512, as given in the reports of the Commissioners; the interest to November 1, 1887, is calculated to be $76,024,206.58, making an aggregate at the date named of $140,647,718.58. The interest calculated to the maturity of the bonds added to the prin-

cipal produces an aggregate of $178,884,759.50. Against these amounts there has been repaid by the companies the sum of $30,955,039.61.

It is almost needless to state that the companies have availed themselves to the utmost extent of the permission given them to issue their bonds and to mortgage their property to secure the payment of the same, by an incumbrance having preference of the Government's lien, and precisely equal to it in amount.

It will be seen that there was available for the building of each mile of these roads $16,000 of United States bonds, due in thirty years, with 6 per cent. interest, $16,000 in bonds of the companies secured by a first mortgage on all their property, and ten sections of Government land, to say nothing of the stock of the companies.

When the relations created between the Government and these companies by the legislation referred to is considered, it is astonishing that the claim should be made that the directors of these roads owed no duty except to themselves in their construction, that they need regard no interests but their own, and that they were justified in contracting with themselves and making such bargains as resulted in conveying to their pockets all the assets of the companies. As a lienor the Government was vitally interested in the amount of the mortgage to which its security had been subordinated; and it had the right to insist that none of the bonds secured by this prior mortgage should be issued fraudulently or for the purpose of division among these stockholders without consideration.

The doctrine of complete independence on the part of the directors of these companies, and their freedom from any obligation to care for other interests than their own in the construction of these roads, seems to have developed the natural consequences of its application, portrayed as follows in the majority report of the Commissioners:

> The result is that those who have controlled and directed the construction and development of these companies have become possessed of their surplus assets, through issues of bonds, stocks, and payment of dividends voted by themselves, while the great creditor, the United States, finds itself substantially without adequate security for the repayment of its loans.

The laws enacted in aid of these roads, while they illustrated a profuse liberality and a generous surrender of the Government's advantages, which it is hoped experience has corrected, were, nevertheless, passed, upon the theory that the roads should be constructed according to the common rules of business, fairness, and duty, and that their value and their ability to pay their debts should not be impaired by unfair manipulations; and when the Government subordinated its lien to another it was in the expectation that the prior lien would represent in its amount only such bonds as should be necessarily issued by the companies for the construction of their roads at fair prices agreed upon in an honest way between real and substantial parties. For the purpose of saving or improving the security afforded by its junior lien, the Government should have the right now to purge this paramount lien of all that is fraudulent, fictitious, or unconscionable. If the transfer to innocent hands of bonds of this character secured by such first mortgage prevents their cancellation, it might be well to seek a remedy against those who issued and transferred them. If legislation is needed to secure such a remedy the Congress can readily supply it.

I desire to call attention also to the fact that if all that was to be done on the part of the Government to fully vest in these companies the grants and advantages contemplated by the acts passed in their interest has not yet been perfected, and if the failure of such compa-

nies to perform in good faith their part of the contract justifies such a course, the power rests with the Congress to withhold further performance on the part of the Government. If donated lands are not yet granted to these companies, and if their violation of contract and of duty are such as in justice and morals forfeit their rights to such lands, Congressional action should intervene to prevent further consummation. Executive power must be exercised according to existing laws, and Executive discretion is probably not broad enough to reach such difficulties.

The California and Oregon Railroad is now a part of the Central Pacific system, and is a land-grant road. Its construction has been carried on with the same features and incidents which have characterized the other constructions of this system, as is made apparent on pages 78, 79, and 80 of the report of the majority of the Commissioners. I have in my hands, for approval, the report of Commissioners appointed to examine two completed sections of this road. Upon such approval the company or the Central Pacific Company will be entitled to patents for a large quantity of public lands. I especially commend to the attention of Congress this condition of affairs, in order that it may determine whether or not it should intervene to save these lands for settlers, if such a course is justifiable.

It is quite time that the troublesome complications surrounding this entire subject, which has been transmitted to us as a legacy from former days, should be adjusted and settled.

No one, I think, expects that these railroad companies will be able to pay their immense indebtedness to the Government at its maturity.

Any proceeding or arrangement that would result now, or at any other time, in putting these roads or any portion of them in the possession and control of the Government is, in my opinion to, be rejected—certainly as long as there is the least chance for indemnification through any other means.

I suppose we are hardly justified in indulging the irritation and indignation naturally arising from a contemplation of malfeasance to such an extent as to lead to the useless destruction of these roads or the loss of the advances made by the Government. I believe that our efforts should be in a more practical direction, and should tend, with no condonation of wrong-doing, to the collection by the Government, on behalf of the people, of the public money now in jeopardy.

While the plan presented by a majority of the Commission appears to be well devised and gives at least partial promise of the results sought, the fact will not escape attention that its success depends upon its acceptance by the companies and their ability to perform its conditions after acceptance. It is exceedingly important that any adjustment now made should be final and effective. These considerations suggest the possibility that the remedy proposed in the majority report might well be applied to a part only of these aided railroad companies.

The settlement and determination of the questions involved are peculiarly within the province of the Congress; the subject has been made quite a familiar one by Congressional discussion; this is now supplemented in a valuable manner by the facts presented in the reports herewith submitted.

The public interest urges prompt and efficient action.

GROVER CLEVELAND.

EXECUTIVE MANSION,
January 17, 1888.

REPORT

OF THE

COMMISSION

AND OF THE

MINORITY COMMISSIONER

OF THE

United States Pacific Railway Commission,

APPOINTED

UNDER THE ACT OF CONGRESS APPROVED MARCH 3, 1887, ENTITLED "AN ACT AUTHORIZING AN INVESTIGATION OF THE BOOKS, ACCOUNTS, AND METHODS OF RAILROADS WHICH HAVE RECEIVED AID FROM THE UNITED STATES, AND FOR OTHER PURPOSES."

ROBERT E. PATTISON, OF PENNSYLVANIA, *Chairman*,
E. ELLERY ANDERSON, OF NEW YORK,
DAVID T. LITTLER, OF ILLINOIS,
Commissioners.

REPORTED BY

CHARLES P. YOUNG, of New York,
SECRETARY AND STENOGRAPHER TO THE COMMISSION.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1887.

REPORT.

To the President:

The United States Pacific Railway Commission, the members of which were appointed by you on the 15th day of April, 1887, pursuant to the provisions of the act of Congress of March 3, 1887, respectfully present to you the following report of their proceedings and conclusions:

The Commission was organized immediately after the appointment of its members by the selection of the Hon. Robert E. Pattison as its chairman.

Deeply impressed with a sense of the magnitude and importance of the duties which had been assigned to it, the Commission took such measures as seemed most appropriate to secure a complete performance of all the matters referred to it, so as to enable it to report intelligently to you, and to make full answers to the many subjects which it was required to investigate.

The Commission selected as its chief accountants Mr. Richard F. Stevens and Mr. William Calhoun. To Mr. Calhoun and his assistants was assigned the duty of a complete examination from the very inception to the present date of the accounts of the Union Pacific Railway Company, including therein the accounts of the Kansas Pacific prior to the consolidation of 1880, and the accounts of the Central Branch Union Pacific.

To Mr. Stevens and his assistants was assigned the duty of making a similar examination into the accounts of the Central Pacific and of its various branch and auxiliary lines and the accounts of the Sioux City and Pacific Railroad Company.

The Commission also selected Col. Richard P. Morgan, jr., a practical and experienced railroad engineer, and to him with his assistants was assigned the duty of personally inspecting all the railroads that had been aided with United States bonds and all their branches.

Mr. Calhoun assigned the duty of the examination of the accounts of the Central Branch Union Pacific to G. F. Perrenoud, and Mr. Stevens assigned the similar work respecting the Sioux City and Pacific Railroad Company to Mr. Henry J. Anderson.

The examination of these accounts and of the vouchers and papers connected therewith has been extremely laborious. None of the reports were completed before the month of November, and the final report and tables affecting the Union Pacific Railway Company were received by the Commission near the close of that month. It has therefore been impossible for us to make any critical examination of the results reached

by the accountants and the inspecting engineer. We submit herewith the respective reports of these gentlemen with the tables, statistics, and exhibits thereto appertaining, which will be found in Volume 8 of the Evidence and Proceedings herewith submitted.

The Commission itself immediately entered upon the duty of personally examining the directors and officers of the respective roads and all witnesses who, in its judgment, were possessed of any knowledge which could shed light on the subject-matter of the investigation.

The principal examinations have been conducted in New York, Boston, Omaha, and San Francisco; but the Commission has also examined witnesses at a vast number of local points for the purpose of ascertaining the relations existing between the different railroads and the local communities, and of giving full and abundant opportunity to all persons who had business relations with these roads to state their views and make known their complaints, if any.

The evidence, statements, and tables relating to the Union Pacific Railway are mainly contained in the first four volumes of the evidence herewith submitted. The evidence, statements, and tables relating to the Central Pacific Railway are mainly contained in volumes 5 and 6.

For the purpose of presenting its conclusions intelligently, the Commission has divided this report into three parts.

The first part relates solely to the present condition of the respective companies, existing relations between the companies and the United States, and to the remedial measures which, in its judgment, should be adopted.

The second part of the report contains a review of the financial operations of the bond-aided companies from their origin to the present time.

The third part contains answers to the various interrogations contained in the bill under which the Commission was constituted.

PART FIRST.

PRESENT CONDITION OF THE UNION PACIFIC RAILWAY COMPANY, ITS RELATIONS TO THE GOVERNMENT, AND CHARACTER OF REMEDIAL LEGISLATION REQUIRED.

The Union Pacific Railway proper consists of a well-constructed, single-track road, extending from Council Bluffs, Iowa, on the Missouri River, to a point 5 miles west of Ogden, in the Territory of Utah, a distance of 1,038.35 miles. It also includes the railways formerly known as the Kansas Pacific and the Denver Pacific. They consist of a well-constructed, single-track railroad, extending from Kansas City, Mo., to Denver, Colo., and thence to Cheyenne, Wyo., there uniting with the Union Pacific Railway. The branch from Leavenworth, Kans., to Lawrence, Kans., was a part of the Kansas Pacific Railroad as originally constructed.

The respective lengths of these railroads are as follows:

	Miles.
From Kansas City to Denver	639.39
From Denver to Cheyenne	106
From Leavenworth to Lawrence	31.90
Total	777.29
Add to this mileage the mileage of the Union Pacific main line	1,038.35
There results as the total mileage of the Union Pacific Railway Company, exclusive of its branches	1,815.57

The United States subsidy bonds did not apply to the entire lengths of the railroads above described. On the Union Pacific Railroad they were issued from Omaha at a point 3.97 miles west of Council Bluffs to a point 5 miles west of Ogden, Utah; on the Kansas Pacific Railway, from a point half a mile west of Kansas City, Mo., to a point distant therefrom westerly 393.94 miles. The original location of the Kansas Pacific Railway had contemplated its junction with the Union Pacific Railroad at the intersection of that railroad with the 100th meridian. By an act of Congress passed July 3, 1866, its location was altered so as to permit it to extend directly to Denver, Colo., and to make its connection with the Union Pacific Railroad at a point not more than 50 miles westerly from the meridian of Denver, in Colorado. It was also provided by this act that the said company should be entitled to only the same amount of the bonds of the United States as it would have been entitled to if it had connected its said line with the Union Pacific Railroad at the 100th meridian. The bonds were in fact issued for a distance which is the equivalent of the line as originally located. This equivalent is reached at the point above mentioned, 393.94 miles from the initial point.

The railways above described are fully provided with terminal facilities, side tracks, station-houses and railway equipment, and, with the exception of the shops, machines, and tools at Omaha, represent a well-built and well-equipped property, which is fully able to discharge all the services that may be required of it.

The territory in which these railways are located, for a distance of about 250 miles west of the Missouri River, is an agricultural country of great fertility, the population of which is rapidly increasing, and which affords abundant promise of a future development which must largely increase the earnings of the roads, to which this region is tributary. Beyond this section the road passes through a country gradually increasing in elevation and decreasing in fertility, in natural resources and in population, until the base of the Rocky Mountains is reached. From Denver to Cheyenne the character of the country again improves, centers of population are more numerous, and the many deposits of mineral wealth in the Rocky Mountains tend to increase the earning power of the railway in this locality. From Cheyenne to Ogden the resources of the country are again scanty, and do not hold out the immediate promise of any very extensive increase in the earning power of the railroad, except through the connections reached by the Oregon Short Line and the Utah Railroads.

Within the territory extending westerly 250 miles from the Missouri River a number of branch roads have been constructed or acquired which connect with the Kansas Pacific and Union Pacific and with the Missouri River between Kansas City and Omaha. The territory served by these branches is agricultural, and they afford convenient railroad facilities to the easterly half of the States of Kansas and Nebraska.

Another system of branch roads has been developed in Colorado, centering at Denver. Railway connection has been effected by these branches with Leadville, Boulder, Georgetown, and other localities where deposits of the precious metals are found, and also with coal mines and stone quarries in the vicinity of the main line.

From Granger, near the western end of the Union Pacific, the Oregon Short Line extends some 540 miles in a northwesterly direction, and connects at Huntington with the line of the Oregon Railway and Navigation Company, which extends to Portland on the Pacific coast.

From Ogden the Utah Northern stretches up into northern Montana and reaches Butte, one of the most active mining camps in the West; and the Utah Central affords connection with Salt Lake City and the mineral region lying south and west.

The mileage of these branches exceeds the mileage of the main road. The Commission has taken a great deal of evidence relating to their cost, their operation, and their effect on the system. The almost unanimous voice of all the witnesses examined by us declares that the branch roads add largely to the earning power of the Union Pacific Railway. Many of them go so far as to assert that without these feeders the Union Pacific would be bankrupted in a few years. It appears from the accounts of these branches that, having regard only to the operation of the branches themselves, some of them do not pay the expense of operation. Many of them do not earn enough to pay interest on cost in addition to the expense of operation, and only a few of them succeed in earning a surplus beyond expenses and fixed charges. But the officers of the road, and many other intelligent witnesses, declare that this circumstance has no bearing on the question whether the branches are or are not an advantage. They assert that in addition to the actual earnings derived from local operation there is a large profit derived from the earnings of all business interchanged between the branches and the main road, by reason of the haul over the main road. In the opinion of the Commission this statement is correct, and the argument unanswerable.

In order to ascertain as nearly as possible the amount of benefit derived from the interchanged business, the comptroller of the Union Pacific Railway prepared and furnished to the Commission the following table:

[The Union Pacific Railway Company.]

Statement showing the net income of the auxiliary lines of the Union Pacific system; the estimated net earnings of the parent company from traffic interchanged with such lines, and the interest accrued on the bonds issued on such lines; and in the same connection the interest actually payable on the bonds thus issued on such lines, but which are not owned by the Union Pacific Railway Company.

Road.	Net income, as per annual report, exclusive of interest on bonds.	Early per cent of interest on bonds.	Dividend and interest bonds.	Interest on bonds.	Balance surplus or deficit.	Interest on bonds held by U. P.	Balance of net income.
Omaha and Republican Valley	$4,443.72	$262,500.00	$267,012.60	$157,000	$110,012.60	$1.60	$109,972.00
Omaha, Niobrara and Black Hills	30,007.00	105,272.21	202,000.00	60,000	132,000.00	.....	205,279.21
Boise and Park City	17,000.17	130,007.00	147,167.00	30,000	117,167.00	.....	147,167.00
Colorado Central	414,271.00	272,007.00	686,278.00	280,000	406,278.00	8,400	685,878.00
Salt Lake and Western	30,000.00	41,100.97	70,000.00	64,000	6,100.00	.....	70,000.00
Denver, South Park and Pacific	*60,021.00	37,977.21	*22,004.00	201,000	*200,104.00	125,000	*105,104.00
Utah and Northern	400,000.00	600,000.00	1,100,000.00	300,000	712,100.00	40,000	1,000,000.00
Oregon Short Line	600,000.00	600,741.13	1,197,007.41	600,000	597,743.41	600,000	597,743.41
Greeley, Salt Lake and Pacific	*21,000.00	54,727.00	33,000.41	10,000	*23,011.00	.....	33,000.41
Lawrence and Emporia	*10,000.00	5,000.00	*10,000.77	27,000	*37,000.77	.....	*10,000.77
Lawrence, North Fork and Pacific	*1,100.00	907.01	*170.79	.....	*170.79	.....	*170.79
Junction City and Fort Kearney	60,000.00	170,007.00	230,000.17	60,000	170,000.17	.....	230,000.17
Solomon	97,000.00	100,000.97	207,000.00	30,000	177,000.00	.....	207,000.00
Saline and Southwestern	30,000.00	96,007.84	126,000.00	30,000	97,000.00	.....	126,000.00
Denver and Boulder Valley	10,000.00	60,000.00	64,000.00	.....	64,000.00	.....	64,000.00

*Deficit.

Statement showing the net income of the auxiliary lines, etc.—Continued.

Road.							
Golden, Boulder and Caribou	$6,464.76	$6,665.77	$13,127.67	$6,999	$6,127.67	.....	$13,127.67
Georgetown, Breckenridge and Leadville	*3,117.73	3,158.26	*5,959.49	3,200	*2,759.49	.....	*5,959.49
Kansas Central	*73,469.62	11,993.19	*97,135.43	26,666	*135,802.43	$11,166	*73,802.43
Montana	13,992.46	62,917.44	76,911.90	.....	76,911.90	.....	76,911.90
Denver and Middle Park	*3,222.43	665.66	*1,497.79	.....	*1,497.79	.....	*1,497.79
Denver, Marshall and Boulder	12,665.19	6,469.99	19,665.81	3,499	19,665.81	.....	19,665.81
Manhattan and Blue Valley	6,499.19	11,949.14	18,948.77	.....	18,948.77	.....	18,948.77
Salina, Lincoln and Western	9,774.79	23,048.20	32,822.99	7,799	24,997.99	.....	32,822.99
Total	1,444,139.20	3,277,670.93	4,722,104.13	879,999	3,142,995.13	1,999,499	6,642,799.13

* Deficit.

CONTROLLER'S OFFICE, BOSTON, *May 27, 1887.*

The cost of moving the interchanged business over the main line is, for obvious reasons, less than the cost of moving freight or passengers between local points on the road. The reasons are that the average haul is longer, that the freight moved is mainly in car-load lots, and that there is but one terminal on the main line for interchanged business, while there must be two termini for local business. The average cost of operation of the Union Pacific Railway was, for the year 1886, 58 per cent. of its gross earnings. The average for the past seven years has been 53.60 per cent. The estimate of the company's officers is that the cost of carrying the interchanged traffic over the main road does not exceed 40 per cent. The second column of the above table contains a statement of 60 per cent. of the gross amount of the interchanged traffic. The question of the advantage of the branch system depends substantially on the accuracy of this column.

As there exists a difference of opinion in the Commission it may be appropriate to notice in some detail the argument of the minority Commissioner. He asserts that, as much of the interchanged traffic is competitive business, it is unreasonable to assume that the cost of carriage is lower than the average of all the traffic of the company, which is 58 per cent. It is true that many of the points of delivery of the interchanged traffic are competitive points, but it is equally true that much of this business is not competitive; and the same characteristics also apply to the business of the main line. It is fair to assume that the interchanged traffic commands the average rates, and that, therefore, the circumstances above alluded to, of the length of the uninterrupted haul and the saving in terminal expenses, do reduce the cost of carriage below the average of 58 per cent.

The minority Commissioner insists that interest on the cost of these branches, and on some portion of the cost of the main line, must be deducted from the net earnings, direct and indirect, of the branches, before it can be concluded that they are a benefit and that they increase the earnings of the main railroad. But this argument tenders a false issue. The branches exist, the money spent in their purchase or con-

struction can not be reclaimed, and the practical question is whether their operation, irrespective of their cost, is or is not an advantage. The Union Pacific Railway is itself the holder of a large majority of their bonds, and could effect no important saving of interest payments by discontinuing them. But as matter of fact the investment in branch lines, taken in its entirety, does pay a large surplus. In the table above referred to the interest on all the bonds is stated. It amounts to $2,579,390; and, after deducting this amount from the direct and indirect income, $4,723,194.18, the balance remaining is $2,143,804.18.

The minority Commissioner claims that there are certain sums due for money advanced to these branches for which no bonds have been issued, and that interest on these sums should be added to the interest on the bonds. This amount is $5,607,070.44. (See Union Pacific balance sheet, p. 91 of the company's Report for 1886.) For the purpose of testing the result of the investment, this is doubtless correct; but the amount of the interest will not exceed $350,000, and is not sufficient to affect the result.

In conclusion, we refer to the evidence of the following witnesses on this subject:

Edward P. Alexander (Vol. 2, pp. 846–848). Mr. Alexander is the president of the Central Railroad and Banking Company of Georgia, and served as a Government director in 1885. At page 852 the witness declares, basing his conclusion on personal and familiar knowledge of the Union Pacific Railway system, that there can be no question "that the existing system of branch lines (the subject of criticism perhaps, as parts of it are) has been the actual salvation of the road, and that it is of the utmost importance to its future prosperity that that system should be promptly and very considerably expanded."

Charles F. Adams (Vol. 1, page 82) testifies that the amount of the business delivered to the Union Pacific Railway proper through the branch system amounts to about $5,000,000 a year, entirely apart from anything that appears in the accounts of the branches themselves.

At page 640 (Vol. 2) he testifies that the branch-line business is the most profitable business that the main line can possibly do.

At page 642, after giving figures showing the cost of moving a freight train destined for the Oregon Short Line over the Union Pacific road between Omaha and Ogden, he shows that the profit to the Union Pacific Company on such a train for the haul on the parent line would be $2,000, and concludes with the emphatic declaration, "in that business lies the salvation of the Union Pacific."

At pages 976 and 978 he repeats this illustration, applying it to the Echo and Park City and to the Oregon Short Line Railways.

Thomas L. Kimball, the general manager of the Union Pacific Railway Company, testifies, at page 1074 (Vol. 3), that "without the branches, without the traffic that we have secured by our system of branches, the Union Pacific road would be bankrupt to-day."

At page 1075 he testifies that if the branch lines in the State of Colorado were shut out to-day, the earnings of the Union Pacific proper on the Colorado business would shrink $1,000,000 in twelve months.

Thomas J. Potter, the present general manager and first vice-president of the road, has had a life-long experience as a railroad man. His familiarity with all the practical administration of the business of railroads is unsurpassed by any one in the United States. He served for many years in the management of the Chicago, Burlington and Quincy Railroad Company. A large portion of the country through which that railroad extends presents the same characteristics as to population and

resources as exist on the line of the Union Pacific. His opinion will be found in the evidence, pages 3871 to 3873. He approves most emphatically of the branch-line system of the Union Pacific as it exists to-day, and urges the necessity of its development, concluding as follows:

Having spent most of my active railroad life in connection with and in the midst of the development of these great "systems" of railway to which I have referred, and which have grown from single stems to vast aggregations of branches, each averaging from 3,000 to 6,000 miles of prosperous and successful railway, it appears clear to my mind that the surest, if not the only, way to insure the permanent success of the Union Pacific system is to pursue the same policy that has produced these results.

Francis E. Warren, who was governor of the Territory of Wyoming in 1885 and 1886, testifies (Vol. 4, pp. 2072–2076) as to the advantages of the branch lines to the Union Pacific Railroad, and especially to their advantages to the territory served by them.

C. W. Riner testifies (Vol. 4, p. 2080) to the same effect.

The opinions of the United States Commissioners of Railroads coincide fully with those above quoted.

Theophilus French, in his Report for 1880 (p. 25) says:

The policy of investing in these branch lines is undoubtedly the best for insuring the continuance of profitable business for the main line, and as long as the Government has such a large interest as creditor, it can not but sanction and confirm such investments.

This opinion is quoted with approval by Commissioner William H. Armstrong in his Report for 1882, page 33. The Government directors have invariably commended and approved the branch-line system. (See their Reports for 1876, p. 19; 1877, p. 12; 1878, p. 20; 1879, p. 9; 1880, p. 10.)

In the Government directors' Report of 1883, at page 10, will be found the following declaration on this subject:

If anything further were needed to vindicate the wisdom of the policy of constructing feeding lines, it is shown by the fact that while the earnings of the main line have fallen off during the past years from a variety of causes, but chiefly because of opening of rival routes and the competition in rates, the deficiency has been almost made good by the increase of earnings of the branch roads of the system.

In the same report the increased earnings derived from the branch system is declared to be of the utmost promise for the future, and that without the feeding roads the main line would have seriously suffered from ruinous competition. The report concludes:

We continue of the opinion expressed in our last report, that the construction and operation of the feeding lines have been of incalculable value to the road in rendering it in some measure independent of competing routes for through business.

In the report for 1885 we find the following declaration:

The directors can not emphasize too strongly the value to the Union Pacific of its auxiliary or branch-line system as a whole. Some of the lines, it is true, are injudiciously located, and in this way only operated at a loss, but as feeders to the main line all have a value which does not appear on their own balance sheets. In fact, without them the main line would to-day be a bankrupt property.

That report is signed by Edward P. Alexander, J. W. Savage, M. A. Hanna, Frederic R. Coudert, and Franklin McVeagh.

In addition to the evidence above referred to, a circular letter has been addressed by the president of the Union Pacific Railway Company to James H. Wilson, E. P. Alexander, Isaac Hinckley, and others, and their opinions have been asked on a statement of the conditions of the problem as to the ratio of profit to the Union Pacific Railway Company on the interchangeable traffic of the Oregon Short

Line or other branches of the Union Pacific, while such traffic is moving over the main road between Omaha and the point of junction. These gentlemen have all had the benefit of a long and personal experience in the management of railroads, and are extremely familiar with all matters pertaining to their operation. They all agree in the opinion that the cost of moving such interchangeable traffic is less than 40 per cent. of the gross amount of earnings received therefrom. The circular letter and the answers will be found printed at length in volume 7.

The policy of all the great trunk lines in the East has always been to foster their local business by the construction of branches. The same policy has marked the history and assured the great financial success of the Illinois Central. The same policy is now declared and adopted by the Chicago and Northwestern, the Chicago, Burlington and Quincy, the Atchison, Topeka and Santa Fé, the Missouri Pacific, all of which great railroads are now pushing their extensions and connections through territories in which the conditions of population and business are substantially the same as in the territory traversed by the Union Pacific Railway. Reason, experience, and practice unite in their approval of this policy; and a conclusion so fortified should prevail against that of the minority Commissioner, which certainly is not in accord with the evidence of the witnesses or the judgment of the experts, and rests solely on his own unsupported opinion.

Apart from the mere financial question, the communities served by the branch roads demand their construction and extension. They are of immense service to the farmers, settlers, and miners, and transform the barren prairies into grain-bearing farms. Every mile of road adds many thousand dollars to the value of the lands adjacent. The policy of branch-line development is beneficial to the railroad, to the local communities, and increases the solvent power of the corporation. It is not a sufficient answer to this conclusion that this policy has been abused by imprudent and even fraudulent expenditures in the past. The remedy is to punish the wrong-doer, and not to suppress the natural growth of the railroad.

In this connection it is also claimed that the apparent earnings of these branch roads are distorted and misstated by the application of a constructive mileage factor, which, it is alleged, magnifies their earnings at the expense of the main road. This whole matter has been exaggerated and is not worth the attention it has received and the expense of its examination. Railroad charges are based on rates per mile. If the freight is earned by two or more railroads, and the circumstances are the same, the usual and just division of the amount earned is in the proportion of actual mileage carried on each railroad. But if the circumstances are not the same, this rule would not be a just rule. If one of the roads consisted only of a short, expensive bridge, or of a tunnel, and controlled the business, it would be ridiculous to expect such road to be content with its proportion of the whole mileage. The relation of the branches to the main line is such that the circumstances of the transit are not similar. The haul is short on the branches, the terminal expenses heavy, and the business small, as compared with the whole business done on the main line. It is, therefore, only just that the branches should receive more than the straight mileage proportion.

The allowance of constructive mileage is merely a convenient method of settling the local or higher rate of compensation to be allowed to the branch road. The assertion that thereby the main road is made to pay a part

of the expense of the branches is totally incorrect. The main road has no right to demand a straight mileage division. Equity and fair dealing require that it should pay to the branches just compensation for the services rendered, and this is all that it does. The practice of adjusting such divisions of earnings between roads, where the circumstances of the transit are different, is universal. It obtains in favor of the Union Pacific itself as against the great railroads east of the Missouri River; and the evidence shows that the advantages thus obtained exceed the allowances to the branch lines. (See Vol. 3, pp. 1072, 1073.)

A careful and complete examination of this subject was made by a committee of the Illinois legislature. The Illinois Central Railroad Company was liable to the State for 7 per cent. of its gross earnings. The practice of constructive mileage obtained between this company and its branches, and complaint was made that the result was to decrease the payments to the State. After an exhaustive investigation, the conclusion reached was that the constructive mileage allowance was just and proper, and the action of the railroad company was approved. (See evidence of T. J. Potter, Vol. 7, p. 3871.)

The dimensions of the whole subject are insignificant, and it would be one of the signal advantages of the substitution of fixed payments for percentage of net earnings, that it would put an end to wasteful and profitless discussion over a matter with which the Government has no practical concern.

The total mileage of the Union Pacific Railway proper, according to the report of the company for 1886, is 1,832.45 miles. The total mileage of the connecting branches, according to the same authority, is 2,761.93 miles. (See Company's Report for 1886, p. 116.)

The Union Pacific Railway Company is also the owner of stocks and bonds in railways not immediately connecting with the main road, and, to a small extent, in enterprises not at all connected with the railway business. (See Company's Report for 1886, page 95.)

In the accounts of the company, the financial business of the railway, the branches and the enterprises separate from the railway business, is described as the "Union Pacific system." The financial business of the main line is described as the "Union Pacific Railway."

A full and detailed description of the physical structure and condition of the parent road, and of the respective branches, will be found in Colonel Morgan's report and the appendices therein referred to. It is sufficient for the present purpose to say that this system is operated as a whole, that the branches and main line are mutually dependent on each other for support and development, and that, through their union, they represent a vastly greater relative earning power than would either the branches or main line itself, if they were dismembered. The net earnings of the system, taken for the past three years (by which term is now meant their gross earnings, less their operating expenses and taxes), have averaged $9,800,000, of which sum $8,200,000 should be credited to the parent line and $1,600,000 to the branch system.

The actual value of the system, as gathered from Colonel Morgan's intelligent examination, based both on cost of construction, on the increased value of terminal facilities and right of way, and also on a close and critical examination of the earning powers of the main line, may be approximately stated at $150,000,000.

The lien of the United States, resulting from the provisions of the acts of 1862 and 1864, as decided in United States *v.* The Kansas Pacific Railway Company (99 U. S., 455), only applies to that portion of the

Union Pacific Railway lying between Omaha and Ogden, and to that portion of the Kansas Pacific Railway lying between a point half a mile west of Kansas City and a point distant therefrom westerly 393.94 miles.

By the ninth section of the Thurman act it is provided that all sums due to the United States from the Union Pacific Railroad Company and the Central Pacific Railroad Company (including therein the Western Pacific Railroad Company), whether payable presently or not, shall be a lien upon all the property, estate, rights, and franchises of every description granted or conveyed by the United States to any of said companies, respectively or jointly, and also upon all the estate and property, real, personal, and mixed, assets and income of the said several railroad companies, respectively, from whatever source derived, subject to any lawful prior and paramount mortgage, lien, or claim thereon.

An attentive examination of the decision rendered by the Supreme Court of the United States in the Sinking Fund cases (99 U. S., 700), in which the constitutionally of the Thurman act was sustained, will, in the judgment of the Commission, lead to the conclusion that the court in that case determined that Congress had power as sovereign to require these companies to make reasonable provision out of their current earnings for the payment of their future obligations. But the court in the same cases did decide that as to the contract created by the acts of 1862 and 1864 between the United States and the said companies, Congress had no power to alter its terms by accelerating the maturity of the debt or by altering the mutual obligations existing between the United States as creditor and the companies as debtors, as fixed by the acts of 1862 and 1864.

The reservation of the right to alter and repeal the original acts was therefore, a reservation of the right to alter the organic law under which the companies in question exercised their corporate functions at the will of Congress, but it did not extend to an alteration or amendment which would affect the obligations of the companies as debtors to the United States as creditor. The security reserved to the United States was fixed by the acts of 1862 and 1864, and the companies accepted the terms of those acts, and constructed their roads on the faith of the provisions therein contained. All persons dealing with these companies and acquiring their securities and stocks have likewise relied on the conditions specified in these acts.

It is difficult, therefore, to understand how the United States by the enactment of a statute can declare that the lien of a security held by it shall extend to property which, before the enactment of the statute, was not subject to the lien. It is true that general taxes, income taxes, revenue obligations, and many other liabilities have been declared, both by Congress and by the legislatures of the respective States, to be liens on a debtor's property. But this power has never, to the knowledge of the Commission, been exercised in a case where the terms of the mutual obligations have been determined by an act under which rights had been acquired, and where the security of the Government was sought to be extended by the amendatory act to property not originally included in such security.

If the above consideration of the law be the true one, the lien of the United States would not affect any of the branch roads or connections, and it is a grave question whether it would include the connection between Omaha and Council Bluffs and the terminal facilities in Kansas City. It would not apply to the railroad between Denver and Cheyenne, nor to that portion of the Kansas Pacific lying between the point 393.94 miles west of Kansas City and Denver City, nor would it include

the terminal facilities at Denver City. It would be impracticable to estimate the value of this property, shorn of its branches and of most of its important terminals.

The total funded debt of the Union Pacific Railway Company on the 31st of December, 1886, exclusive of the obligations to the United States, was $81,000,127.50. Of this amount $33,532,000 are now prior to the statutory lien of the United States. The balance of this funded debt, amounting to $48,437,127.50, is described as follows:

The land-grant bonds are secured by a mortgage of the public lands granted to the Union Pacific Railroad Company.

The amount of these bonds outstanding on December 31, 1886, was $2,036,000. It appears from the accounts of Frederick L. Ames, as trustee of this mortgage, that the proceeds of these lands will suffice to pay the outstanding bonds within two years, and will leave a surplus after all the assets shall have been realized of about $16,000,000. (Vol. 2, pages 945 and 946.)

The sinking fund bonds, of which about $14,500,000 are outstanding, are a second mortgage on the public lands granted to the Union Pacific Railroad Company, and are also a lien on the road itself between Council Bluffs and Ogden, junior to the lien of the United States. It appears from the testimony of Frederick L. Ames, above referred to, that the assets in his hands as trustee of the land grant will be more than sufficient to satisfy and discharge all of the sinking-fund bonds.

The Omaha Bridge bonds and Omaha Bridge renewals, of which there are about $1,800,000 outstanding, are a first lien on the bridge spanning the Missouri River between Council Bluffs and Omaha.

The collateral trust 6 per cent. bonds, 1879, of which there are outstanding $4,423,000, are not secured by any lien of either the Union Pacific or Kansas Pacific Railroads, but are secured by a deposit of bonds and stocks of a number of the branch roads owned by the Union Pacific Railway Company. The amount of the bonds so deposited was, on the 31st December, 1886, $5,529,000, a detail of which will be found in the company's Report for 1886, at page 96.

The collateral trust 5 per cent. bonds of 1883, of which the amount outstanding is $4,567,000, are not secured by any lien on the railroad itself, but by the deposit of certain other bonds and stock of branch roads owned by the Union Pacific Railway Company. The amount of bonds so deposited is $6,204,000, a detail of which will be found at page 96 of the company's Report for 1886.

The Denver extension bonds, of which $6,242,000 are outstanding, are a first lien on that portion of the Kansas Pacific Railroad lying between the 393.94 mile point and Denver.

The Kansas Pacific consolidated mortgage bonds, of which there are about $16,000,000 outstanding, are secured by a general lien on the whole of the railroad between Kansas City and Denver, subsequent to the lien of the first mortgage, amounting to $6,303,000, and the lien of the United States, amounting also to $6,303,000, and to the lien of the Denver Pacific extension bonds, amounting to $6,242,000. These Kansas Pacific consolidated bonds are also secured by a mortgage of the public lands granted to the Kansas Pacific Railway Company. The value of the assets held by the trustees of the consolidated mortgage, in addition to the lien of that mortgage on the railroad itself, is about $12,000,000. (See evidence of Calef, Vol. 1, p. 304.)

In addition to the foregoing amounts there are some small sums due on various mortgages made by the Kansas Pacific Company before consolidation, but the total amount thereof which is outstanding does not exceed $200,000, and they need, therefore, not be considered in deter-

mining the amount of security which the Union Pacific Railway Company is able to give to the United States.

It appears, therefore, that as far as the main line is concerned the Union Pacific Railway Company has issued $48,000,000 bonds which are subsequent to the lien of the United States. Of these bonds the following amounts may be considered as covered by securities other than that of the main line itself; that is to say:

Land-grant bonds	$2,056,000
Sinking-fund bonds	14,348,000
Collateral-trust bonds	4,423,000
Consolidated-mortgage bonds to the extent of the surplus of the public lands beyond the land-grant mortgages; say	10,000,000
Collateral 5 per cent. bonds	4,567,000
Total	35,394,000

Deducting these from the $48,000,000 of bonds which are subsequent to the statutory lien, it follows that a mortgage of the Union Pacific Railway Company executed to-day to the United States would be subject to the burden of about $13,000,000 bonds in addition to the first mortgage and the debt due to the United States.

The total bonds issued on the branch system was about $42,500,000. Of these bonds about $18,000,000 are in the hands of the public; about $12,000,000 are held under the collateral-trust mortgages above mentioned. The balance is under the control of the Union Pacific Railway Company, and would be affected by the lien of a mortgage now given to the United States.

In addition to the bonds above described, the Union Pacific Railway Company is the holder of stock of the par value of $43,275,774.12. The details of the companies represented by the stock referred to will be found at page 97 of the company's report for 1886. A large majority of these stocks have no intrinsic value whatever. The value of these properties consists, as has before been explained, in their relations to the main line and from the traffic derived by the main line from their operation.

While, therefore, it can not be claimed that their inclusion in a mortgage presently to be given would add to the security of the United States any important present available market value, these stocks, carrying the control of the branch lines, would, in the judgment of the Commission, constitute an important and valuable increase of the security held by the United States, by conveying the power to control the entire main line and the branches in one general and harmonious operation.

The indebtedness of the Union Pacific Railway Company to the United States, as existing to-day, is substantially as follows:

The Union Pacific Railroad		$27,236,512.00
The Kansas Pacific Railroad		6,303,000.00
The Union Pacific Railroad, interest accrued to November 1, 1887, but not due		32,039,343.53
The Kansas Pacific Railroad, interest accrued to November 1, 1887, but not due		7,768,113.09
Total		73,346,968.62
The amount in United States bond and interest account for both companies is	$15,440,691.94	
The amount in sinking-fund account to November 1, 1887, is	7,734,084.32	
		23,174,976.26
So that the present balance of obligations of the Union Pacific Railway is		50,171,992.36

This amount should not be confounded with the present value of the debt, for the reason that the United States is under the obligation of continuing the payment of 6 per cent. on the outstanding subsidized bonds until their maturity, and the company is liable to refund such payments at the maturity of the bonds.

The principal of debt of Union Pacific and Kansas Pacific is	$33,539,512.00
Add 100 per cent. interest	60,371,121.60
Total debt at maturity	93,910,633.60
Deduct amount to credit of both companies in bond and interest account, November 1, 1897	15,540,891.94
Balance at maturity of bonds	78,369,741.66

The average date of maturity of the debt of both companies is July 10, 1897.

The approximate present value of $78,369,741.66 discounted at 3 per cent., compounded, is	$58,491,956.00
Deduct amounts in sinking fund	7,734,063.00
Present value	50,757,173.00

This result is only intended as an approximation to explain the operation of the bills herewith submitted and will of course be altered if actually applied at the date named in those bills.

The requirements under the provisions of the mortgage proposed by the bill would be as follows, for the first ten years:

Three per cent. of $50,757,000	$1,522,710.00
One-half of 1 per cent. of outstanding bonds	253,785.00
	1,776,495.00

And after the expiration of ten years the annual requirement would be $2,030,280.

The following table has been received from the United States Treasury Department:

Pacific railroads.

Roads.	Principal.	Average date of maturity.	Accrued interest to November 1, 1897.	Interest repaid by companies to November 1, 1897.	Amounts in sinking fund November 1, 1897.
Central Pacific	$25,885,120.00	Nov. 15, 1897	$30,122,698.47	$6,194,913.25	$2,719,698.76
Kansas Pacific	6,303,000.00	Nov. 21, 1896	7,702,112.00	2,220,249.21	
Union Pacific	27,236,512.00	Sept. 9, 1897	32,698,343.50	11,901,642.05	5,122,692.21
Central Branch Union Pacific	1,600,000.00	Oct. 10, 1896	1,952,000.00	316,124.12	
Western Pacific	1,970,500.00	Sept. 5, 1898	2,180,206.84	9,307.00	
Sioux City and Pacific	1,628,220.00	Jan. 1, 1899	1,827,000.00	181,923.62	
	64,623,512.00	*Sept. 13, 1897	76,624,206.85	22,602,219.02	8,002,720.97

*Average date for all.

Central Pacific, including Western Pacific, December 8, 1897; Union Pacific, including Kansas Pacific, July 14, 1897.

The market value of the bonds held in the sinking funds, stated as of the 1st of November, 1887, is, as we are informed by the Treasury Department, as follows:

Union Pacific Railroad Company	$7,732,050.50	
Cash in the sinking fund	2,033.82	
Market value of Union Pacific sinking fund, November 1, 1887		$7,734,084.32
Central Pacific Railroad Company	3,418,959.25	
Cash in the sinking fund	36.76	
Market value of Central Pacific sinking fund, November 1, 1887		3,418,996.01
Total market value of sinking fund, November 1, 1887		11,153,080.33

We have received from Prof. E. B. Elliott, the Government Actuary, a table showing the condition of the sinking funds of the bond-aided railroad companies, as of November 1, 1887, and a table showing the present worth of their respective debts, as of the 1st of July, 1888. In Professor Elliott's computation he deducts the credits in the bond and interest accounts from the total of the principal and interest paid and to be paid, and discounts the remainder for the period between the average date of maturity and the 1st day of July, 1888. He has made this computation both at simple and compound interest, and the two lower lines of his table show the present values obtained by these methods. He has not deducted the amounts in the sinking fund from the final result.

It may be observed in this connection that the addition of 180 per cent. to the principal of the debt does not give a strictly accurate result, for the reason that the bonds were not delivered on the day they bear date. The United States has paid the interest on the bonds only from the day of their delivery. The total amount of interest paid and to be paid by the United States up to the maturity of the bonds will be somewhat less than 180 per cent. The method pursued in this report in computing present values, as has been stated, was merely approximate, and for the purpose of ascertaining the amount of the annual requirements under the bills proposed. The rule for ascertaining the present worth, contained in section 1 of the bills proposed, accords with the rule followed by Professor Elliott in his computations, and will give a strictly accurate result.

The following are the tables, with the letter which accompanied them:

UNITED STATES TREASURY DEPARTMENT,
Washington, D. C., December 1, 1887.

SIR: In reply to the supplementary questions in behalf of the Pacific Railway Commission, proposed by its statistician November 23, to wit:

(1) What was the market value as of November 1, 1887, of the securities and cash in the sinking funds of each of the bond-aided Pacific railroads; that is, of the Union Pacific and the Central Pacific?

(2) Par value of securities and cash in said sinking funds, as of November 1, 1887.

(3) Total of amounts paid by each company into said sinking funds, including all credits to them.

(4) What will be the present worth, as of July 1, 1888, of the debt due by each of the bond-aided Pacific railroads?

I would say that my answers to the questions 1, 2, and 3 are expressed in the accompanying Table A.

In answer to fourth question I would say that the present worth of indebtedness, as of July 1, 1888, not taking into account the disposition of the sinking fund, in which the Government has a contingent interest, is shown in the accompanying Table B, where the data were arrived at, respectively, by the following process: To the principal to be paid at maturity is added the interest, at the rate of 6 per cent. per an-

num, from the dates of delivery of the bonds to the several companies, to maturity. From this is deducted the payments on the bond and interest account to November 1, 1887, increased by estimated additions to July 1, 1888. The remainder is then discounted from maturity to July 1, 1888, at the rate of 3 per cent. per annum.

In my letter of the 19th ultimo the par value of the securities in the sinking funds of the several roads was employed.

Yours, respectfully,

E. B. ELLIOTT,
Government Actuary.

Hon. HUGH S. THOMPSON,
Assistant Secretary of the Treasury.

TABLE A.—*Condition of the sinking fund of the bond-aided Pacific railroad companies November 1, 1887.*

	Securities.		Cash.	Total market value and cash.	Amount paid into the Pacific Railroad sinking fund, transportation service and cash, from commencement to Nov. 1, 1887.
	Par value.	Market value.			
Central Pacific	$8,710,000	$9,413,509.25	$925.76	$9,414,434.01	$9,981,993.91
Kansas Pacific					
Union Pacific	6,130,000	7,732,060.00	2,092.25	7,734,152.25	7,974,134.00
Central Branch Union Pacific					
Western Pacific					
Sioux City and Pacific					
Total	8,000,000	11,150,000.75	2,070.00	11,152,070.75	11,956,127.90

E. B. ELLIOTT,
Government Actuary.

UNITED STATES TREASURY DEPARTMENT,
December 1, 1887.

TABLE B.—*Statement of the present values of the debts of the bond-aided roads discounted at 3 per cent., both at simple interest and at interest compounded semi-annually.*

	Principal to be paid at maturity.	Interest paid and to be paid.	Total principal and interest at maturity.
Central Pacific	$25,885,120	$45,788,454.97	$71,673,574.97
Kansas Pacific	6,303,000	11,183,943.00	17,487,943.00
Union Pacific	27,304,512	48,114,000.00	75,418,347.65
Central Branch Union Pacific	1,600,000	2,880,000.00	4,480,000.00
Western Pacific	1,970,000	3,452,400.74	5,422,400.74
Sioux City and Pacific	1,600,320	2,880,577.00	4,480,897.00
Aggregate	64,662,952	114,301,347.50	178,964,799.50

	Bond and interest account, November 1, 1887.	Estimated additions to July 1, 1888.	Total credit on bond and interest account.	Remainder at maturity.
Central Pacific	$9,194,913.25	$120,000	$9,314,913.25	$62,358,661.72
Kansas Pacific	2,020,200.11	70,000	2,015,700.11	15,472,243.78
Union Pacific	11,961,662.00	300,000	12,261,662.00	63,156,685.65
Central Branch Union Pacific	816,154.11	6,000	822,154.11	3,657,845.89
Western Pacific	2,207.00	300	2,507.00	5,419,893.74
Sioux City and Pacific	191,662.00	2,000	193,662.00	4,287,235.00
Aggregate	23,690,819.00	498,300	23,871,119.00	154,352,449.97

TABLE E.—*Statement of present values of debts of bond-aided roads, etc.*—Continued.

	Average date of maturity.	Period from July 1, 1888, to maturity.	Worth as of July 1, 1888, discounted from said respective to 5 per cent. per annum.	
			Simple discount.	Compound discount (semi-annual).
		Years.		
Central Pacific	Nov. 15, 1897	9.356986	650,000,000.00	548,413,042.29
Kansas Pacific	Nov. 21, 1896	8.367302	11,000,731.00	10,000,000.23
Union Pacific	Sept. 8, 1897	9.176819	49,957,000.00	45,000,764.07
Central Branch Union Pacific	Oct. 10, 1896	8.3	3,200,480.00	3,204,982.10
Western Pacific	Sept. 6, 1896	10.17321	4,155,000.00	4,000,000.00
Sioux City and Pacific	Jan. 1, 1898	9.5	3,484,220.00	3,200,000.10
Aggregate			122,423,100.32	113,820,000.17

E. B. ELLIOTT,
Government Actuary.

The United States sinking fund above referred to is the result of the operation of the Thurman act, passed in May, 1878. Its framers expected that this fund would reach much larger proportions, but these anticipations have not been realized. This failure has been due to two prominent causes:

First. The very large decrease in the net earnings of the company, on which the 25 per cent. reserved by the act was to be computed; which decrease has, in the main, been caused by the very large reductions in freight and passenger rates which have occurred during the past four years.

Second. The failure of the fund to earn compound interest at the rate of 5 per cent., as had been expected.

Other causes may have contributed, but the two named are the controlling causes to which the failure of the Thurman act is due. It is universally conceded by every person of intelligence who has given the subject any study, that it is and will be absolutely impossible for the Union Pacific Railway or system to pay the indebtedness to the United States at its maturity.

In approaching an examination of the subject of remedial legislation, we have endeavored to be guided by the directions of the Act, and to submit a scheme which shall secure to the United States full payment of all debts due it from said company, with a reasonable rate of interest, having due regard to the financial ability of said company, and the proper conduct of its business, in such manner as shall afford efficient service to the public.

The principal considerations which have moved us are the following:

First. The system requiring annual payments of a percentage of net earnings is undesirable, and should be radically altered. The method of percentage of net earnings leads to endless disputes and difficulties. The distribution of net earnings as between the system and the aided road is a complicated and difficult problem, requiring a vast amount of accounting, and leading, at all points, to differences of opinion as to the propriety of including alleged earnings or deducting alleged expenses. These differences of opinion have developed into an incessant course of litigation, recrimination, complaints of unjust dealing on one side, and complaints of unjust avoidance of obligation on the other.

In the bills which are herewith submitted the payments to be made by the respective companies are fixed by the semi-annual amount of the interest accruing on their bonds, and by a fixed percentage of the outstanding bonds, which is directed to be paid annually into a sinking fund. In the event of a refusal on the part of the companies to accept

the terms offered to them by these bills, the Commission has found it impossible to substitute for the present system a method of fixed payments, however earnestly desiring to do so.

The difficulty that we have encountered arises from the fact that the amount which the United States, under existing laws, has the right to apply to the amount of accruing interest is determined by the act of July 2, 1864, at 5 per cent. of the net earnings and one-half the charges for transportation service. So long as this obligation exists and is in force it would seem to be impossible to avoid the difficulty arising out of the requirement to pay a percentage of net earnings. If the obligation to pay anything on account of interest were waived, and in lieu thereof an increased amount were required to be paid into the sinking fund established by the Thurman act, the difficulty would be obviated and the system of fixed payments might be established, limited only by the entire net earnings of the company. But the effect of this alteration of the law would be to relieve companies from the obligations of any present payments on account of interest, and would be equivalent to giving them an advantage during the ten years to intervene before the maturity of their obligations, which would amount, in the case of the Union Pacific Railway Company, to about $1,500,000, and in the case of the Central Pacific Railroad Company to about $1,000,000, assuming future payments to be about equivalent to those made in 1886.

If, however, Congress should deem the advantage to be derived from a system of fixed payments to be more than an equivalent for the possible loss of the amounts stated, the thirteenth and fourteenth sections of the bills submitted could be amended, so that in place of requiring the percentages of net earnings, therein stated to be paid and applied in accordance with the provisions of the Thurman act, a fixed sum could be required from each company, all of which should be directed to be paid into the sinking fund, and the provisions requiring any payment to be applied on the interest account could be repealed. In the judgment of the Commission, Congress could not arbitrarily direct a fixed payment to be divided equally between the sinking fund and the interest account.

The method of fixed payments avoids all the difficulties above referred to, avoids the uncertainties arising from fluctuating business, can be so adjusted as to give a much better assurance of a successful result, and is, therefore, more just to the Government of the United States. All of the officers of the Union Pacific Railway have declared that if such amount be fixed so as to be within the limits of their financial ability to pay, they will accept it, and agree to make the payments required.

The second consideration which has impressed us with much force is the necessity of divorcing, as far as possible, the Government and the railroad company. It is not seemly that the sovereign power of the United States should be subjected to the constant and belittling litigations that have so persistently occurred ever since the issue of these bonds. It is not becoming that in these controversies the United States should be held to have abdicated its sovereignty, and, through its officials, be made to contend for petty successes or to suffer defeats in the forum of its own courts. We have, therefore, deemed it our duty to formulate a scheme which shall remove, as far as possible, all occasion for future contention or friction.

A third consideration which we have deemed material relates to the security held by the United States. The necessary result of an accumulation of unpaid interest at 6 per cent. for a period of thirty years, even without compounding interest, is to well nigh treble the indebtedness.

The reservations in the original enactments of 5 per cent. of net earnings and one-half the United States transportation earned, had but little effect in reducing the amount of the debt. The Thurman act, as we have seen, has not proved much more efficient.

Underlying the debt due the United States is the lien of the first mortgage authorized by the act of 1864, and equaling the amount of the Government debt. It can hardly, therefore, be matter of surprise that the debt to the United States, swollen to over twice its original amount, is protected by a very slender security under the statutory lien. That lien, as held in the case before cited (United States against the Kansas Pacific Railway Company) is limited to that portion of the railroad in consideration of which the said bonds were issued; that is to say, to the road between Omaha and Ogden, without branches, and to 393.24 miles of road west of Kansas City.

If this statutory lien were held by individuals, it is clear that its security would be almost valueless. The inability of such holders, on foreclosure, to control the adjoining connections, or to control the branches, would render it impossible for them to adequately protect themselves by a purchase. The Government has the advantage of unlimited power, and could, under a foreclosure of its lien, take and hold so much of the railway as is subject thereto. But for many reasons this is a result which can not be desired by any intelligent legislator. There are to be found advocates of governmental operation of the railway system of the whole country, but we think we may assume that it would not seem desirable to any reasonable person that the Government should be placed in possession of a single fraction of a disjointed railroad, substantially without beginning, end, or connections, and should undertake the business of carrying passengers and freight in competition with numerous and well-equipped rivals and without the possibility of serving the general interests of the country by controlling the rates and operations of these common carriers throughout the land.

If, therefore, a foreclosure of the statutory lien should be attempted at the maturity of the debt, or at an earlier date, if, by some device in the law, a prompter maturity could be brought about, it would necessarily result in the sale of the road to the highest bidder other than the United States. But it is not conceivable that any of the rivals of the Union Pacific would become bidders for the fragmentary portion of the railroad covered by the statutory lien. No such rivals, it may be safely assumed, would be willing to bid the amount of the first-mortgage debt. The only possible purchaser would then be the Union Pacific Railway Company itself, or those prominent in its affairs. It follows that a compulsory foreclosure of the statutory lien would probably result in canceling the debt to the United States, and presenting it as a bonus to the company itself, or to its directors. We have, therefore, deemed it most desirable to devise such measures as will increase the extent and efficiency of the security held by the United States, and give to it, instead of the existing fragmentary statutory lien, an efficient and complete mortgage under which it can hold and control, as its security, a lien affecting the entire system and all its branches.

A fourth consideration, which we have deemed of great importance, concerns the relations of the officers and directors of the Union Pacific Railway to that corporation. The history of that company as developed in the second part of the report, will show that its assets have been in former years largely misapplied, and that its financial ability to meet its just obligations has been largely impaired by the action of men who held fiduciary relations to the corporation.

In The United States *v.* The Union Pacific (98 U. S., p. 569) the Supreme Court of the United States decided that the Government could not, of its own motion or through act of Congress, successfully institute any suit or proceedings by which officers of this corporation, who had appropriated its assets to their own use, could be compelled to refund the same, either to the corporation itself or to apply the value of such converted assets to the satisfaction of the claim of the Government. The essential ground taken by the court is that in such suit the United States must be treated as an ordinary creditor, and that, until the debt is due, it has no better standing than any creditor at large to enforce equitable remedies looking to the greater security or to the preservation or ultimate payment of its claim.

While the decision contains suggestions that some other remedy might possibly have been provided which could have been enforced, it is impossible, on a careful reading of that case, to avoid the conclusion that if it be adhered to no law can be devised under which offending trustees can be successfully prosecuted in the name of the United States, in a civil suit, until after the maturity of the debt.

Without intending in any wise to criticise this decision, which is the law of the land, we can not forbear saying that the conclusion reached was a great public misfortune. It seems to leave the wrongs complained of without any efficient remedy. The wrong was done to the United States as the creditor of the company. The court does not seem to have considered that the loan made by the Government to the company was, in a very large measure, made on the faith of the *company's promise to pay*, as distinguished from the security taken by the statutory lien, and that the value of this *promise to pay* was substantially destroyed by the acts complained of.

The extent to which the court failed to recognize the enormously different result to the Government arising from the financially weak state of the corporation can be judged from the remark made by the court, at page 615. After referring to the right to appropriate one-half of the transportation service and 5 per cent. of the net earnings, the court says:

> It is not wholly unreasonable to suggest that the amount which the company may be compelled to pay annually under these two provisions will be sufficient, as a sinking fund to pay the entire debt, principal and interest, before it falls due.

Since these words were written the 5 per cent. has been increased to 25 per cent., the half transportation to the whole transportation, and still but little progress has been made in making provision for this large obligation. We are satisfied that the people of the United States, and their representatives in Congress, have been largely controlled in their opposition to measures heretofore presented for the adjustment of these matters, because of a natural unwillingness to permit these wrongs to go unredressed and without any effort whatever to properly prosecute and punish the offenders. We have, therefore, inserted in the bill which we recommend a section requiring the Union Pacific Railway Company in accepting the terms of the adjustment offered, to consent that as to all causes of action existing or to exist against any trustee, director or officers of the company, for any cause whatsoever, the company shall, on the application of the Department of Justice of the United States, bring any suit or take any proceedings that shall be directed by that Department, and prosecute such suit or proceedings, under its direction, to final consummation.

The bill, as prepared by us, is annexed to this report.

THE PRESENT CONDITION OF THE CENTRAL PACIFIC RAILROAD COMPANY, ITS RELATIONS TO THE GOVERNMENT, AND THE CHARACTER OF REMEDIAL LEGISLATION REQUIRED.

The subsidized portion of the Central Pacific Railroad extends from a point 5 miles west of Ogden, in the Territory of Utah, to Sacramento City, in the State of California, a distance of 737.50 miles, and from Sacramento City to San José, at the south end of the bay of San Francisco, a distance of 123.16 miles.

The railroad from Sacramento City to San José was formerly known as the Western Pacific Railroad. It actually connects with the Central Pacific Railroad on the American River, a point about 2 miles northeast of Brighton Station, but most of the traffic is carried around from Brighton Station, over a road known as the Sacramento and Placerville Railroad, which passes through the main portion of the city of Sacramento, and reaches the Central Pacific Railroad Company proper, at a point on that road distant about 2 miles west of the point of junction between the Western Pacific and Central Pacific Railroads.

The amount of the subsidy granted to the Central Pacific for its construction between Ogden and Sacramento City was $25,885,120. The amount of the subsidy granted to the Western Pacific Railroad Company was $1,970,560. The grant to the Western Pacific Railroad Company was all at the rate of $16,000 per mile, and covers a length of railroad equal to 123.16 miles, which is the distance from the point of junction on the American River to San José.

The Central Pacific Railroad, as it now exists, embraces by consolidation a number of extensions and branches which are not included in the subsidized portion of the road. These consolidations took place in 1870, and their effect was to add to the system the following railroads, which are not included in the line above described, from Ogden to San José.

First. The railroad called the San Francisco, Oakland and Alameda Railroad, extending from Niles to Oakland, on the bay of San Francisco, and opposite the city of San Francisco, a distance of 24.31 miles, with some additional extensions for the purpose of connecting with the ferries.

Second. The California and Oregon Railroad, now extending from Roseville, Cal., to the boundary of the State of Oregon, a distance of 296.47 miles.

Third. The San Joaquin Valley Railroad, extending from Lathrop southerly to Goshen, a distance of 146.08 miles (see Vol. 5, pp. 2407 and 2408).

The corporation formed by these consolidations is the present Central Pacific Railroad Company, comprising a total mileage of 1,357.29 miles, of which 860.77 miles are subsidized, and 496.52 miles are unsubsidized. The subsidized portion of the road, it will be noticed, had no direct communication with San Francisco.

Prior to 1885 a large number of local branch roads were operated by the Central Pacific, under leases. These roads were located in the most productive and populous portion of the State, and the traffic interchanged with them contributed largely to the business and income of the Central Pacific. In addition to these branch lines, a complete system of railway had been conceived and executed by men prominently connected with the Central Pacific, extending from Goshen, Cal., to Needles, at the boundary of Arizona, thence across the Territory of Arizona, the Territory of New Mexico, through a portion of the State of Texas to El Paso, and thence to Houston, Tex., and thence to New Orleans, where connection is made with the East by water.

This system, which is known as the Southern Pacific system, was also, prior to 1885, operated by the Central Pacific. At that time a change was made. All the leases held by the Central Pacific of roads south of Goshen were canceled. The system was divided in two parts—the one including the Central Pacific and the leased lines north of Goshen, and the other the Southern Pacific Railroad and the leased lines south of Goshen. Both systems were leased to a Kentucky corporation known as the Southern Pacific Company.

Under this lease, the Southern Pacific Company assumes payment of all the obligations of the Central Pacific, by way of interest, and also of the Government requirements; but it does not assume the principal of its indebtedness. The Southern Pacific Company also agrees to pay to the Central Pacific Railroad an annual rental, which is fixed at a minimum of $1,200,000.

In addition to this amount of $1,200,000 the Southern Pacific Company agrees to pay over to the Central Pacific Railroad Company an amount sufficient to make the entire amount of its payments equal to the actual net earnings of the road which shall remain after paying operating expenses, taxes, interest, and Government requirements. The lease provides, however, that the amount of such payment in excess of $1,200,000 shall not exceed $2,400,000.

The railroad from Ogden to Reno passes through a desolate region, unsuited to any of the purposes of cultivation, much of it a barren wilderness, and almost absolutely devoid of population. From Reno to Truckee, on the eastern slope of the mountains, the country improves somewhat in character, but not sufficiently to warrant any expectation of such increased population or production as would cause any sensible appreciation of the revenues of the company. From the western base of the Sierra Nevadas to Sacramento City, a distance of about 100 miles, the road passes through a better country, and as it approaches Sacramento City the lands become productive and fertile, and the settlements, villages, and towns increase in numbers and magnitude. The country traversed by the Western Pacific is well adapted to secure to that portion of the company a fair and increasing revenue.

Taken as a whole, the evidence does not disclose in the subsidized line a capacity for net earnings (meaning thereby the earnings remaining after deducting from gross earnings only operating expenses, taxes, betterments and improvements) which will exceed $3,000,000 per annum. The interest on the first mortgage bonds applicable to the aided road, with a reasonable allowance for new construction and betterments, will amount to $2,000,000 per annum. The report of Colonel Morgan, based on an examination of the physical condition of the road, and after a careful scrutiny of its earning capacity, has led him to the conclusion that a fair valuation of this property, (meaning thereby the entire Central Pacific Railroad as at present consolidated, its equipment, terminals, and shops), is $110,000,000 This estimate, in the judgment of the Commission, is excessive and out of proportion with the cost of reproduction as fixed by Colonel Morgan, which is $50,863,540.

The statutory lien given to the United States, under the case cited above (United States against the Kansas Pacific Railway Company, 99 U. S., p. 455), is limited to that portion of the railroad in consideration of which the bonds were issued—that is to say, it applies only to the road between Ogden and San José, and has no application to any of the branches or leased lines. All that has been said in regard to the unsatisfactory nature of the statutory lien in the case of the Union Pacific Railway Company applies with equal force to the Central Pacific Railroad Company.

Its bonded debt is as follows:

First mortgage, Series A, B, C, and D	$25,379,000
First mortgage, Series E, F, G, H, and I	19,505,000
California and Oregon first mortgage, Series A and B	11,800,000
Western Pacific, Series A	1,970,000
Western Pacific, Series B	705,000
Land grant, first mortgage	4,570,000
Fifty-year bonds of 1996	7,063,000
San Joaquin Valley Railroad	6,980,000
California State aid	284,000
San Francisco, Oakland and Alameda	687,000
Income bonds	3,295,000
Total	82,367,000
Government lien	27,855,680
Total funded debt	90,242,680

The entire amount of the funded debt, as detailed above, is a lien on the Central Pacific Railroad, or some part of the same, and there are no auxiliary securities which can be looked to to bear or lighten any portion of the burden, except as to the land-grant bonds, amounting to $4,570,000, and except to some extent, as to the Fifty year bonds, which are also a lien on the land grant. The land grant of the company may produce a sufficient amount to pay off the bonds first mentioned. But, even on this assumption, there remains a total funded debt, exclusive of the obligations to the United States, both for principal and interest, amounting to $57,817,000. This amount exceeds the estimated cost of reproducing all these roads.

A present mortgage given by the Central Pacific Railroad, embracing the entire 1,357.29 miles of the railroad, as now consolidated, would therefore give but little additional security to the present statutory lien. It has, however, as in the case of the Union Pacific, the advantage of gathering together and placing within the control of the creditor a complete mortgage of the entire railroad, including the California and Oregon, the San Joaquin Valley, the San Francisco, Oakland and Alameda branches and the terminal facilities at Oakland and San Francisco.

The amount of the debt due from the Central Pacific Railroad to the United States is as follows:

The Central Pacific Railroad, Ogden to Sacramento		$25,885,120.00
Interest accrued to November 1, 1887, but not due		30,142,686.47
The Central Pacific Railroad, formerly Western Pacific, Sacramento to San José		1,970,560.00
Interest accrued to November 1, 1887, but not due		2,180,594.54
Making total indebtedness of		60,218,961.01
There must be deducted from this sum the amount of the bond and interest account held by the United States	$6,903,379.35	
Amount of sinking fund held by the United States	3,418,996.01	
		9,822,375.36
So that the balance of the obligation amounts to		$50,396,585.65

This sum, however, must not be confounded with the present value of the indebtedness, for the reasons before stated.

The principal of the debt of the Central Pacific, including the Western Pacific, is	$27,855,680.00
Add 180 per cent. interest	50,140,224.00
Total debt at maturity	77,995,904.00
Deduct amount to credit of both companies in bond and interest account, November 1, 1887	6,903,379.35
Balance at maturity of bonds	71,792,524.65

The average date of maturity of the debt of the Central Pacific is November 18, 1897.

The average date of maturity of the debt of the Western Pacific is September 5, 1898.

The approximate present value of $71,792,594.65, discounted at 3 per cent. compounded, is	$52,750,000.00
Deduct amounts in sinking funds	3,418,996.01
Present value	49,331,003.99

The requirements under the provisions of the mortgage proposed by the bill would be as follows, for the first ten years:

Three per cent. of $49,331,003.99 is	$1,479,930.00
One-half of 1 per cent. of outstanding bonds	246,655.00
	1,726,585.00

And after the expiration of ten years the annual requirement would be $1,973,240.

The same considerations which have influenced the action of the Commission in regard to the Union Pacific are equally applicable to the Central Pacific Railroad. It is extremely desirable to terminate the system of percentage payment of net earnings and to substitute therefor annual payments of fixed sums. It is equally desirable to terminate the incessant controversies and litigations arising between this company and the Government in relation to their mutual duties and obligations.

The unsatisfactory nature of the statutory security is even more marked in the case of the Central Pacific Railroad Company than in that of the Union Pacific Railway Company. All of the important connections between the Central Pacific Company and San Francisco and that portion of the State of California adjacent thereto both on the north and on the south, are effected by means of branch railways which have been leased to the Central Pacific or to the Southern Pacific Company. The bonds and stocks of these leased lines are chiefly owned by individual directors in the Southern Pacific Company. These branch lines are not, as in the case of the Union Pacific Railway Company, largely controlled or directed by the parent corporation.

In the judgment of the Commission the value of the property subjected to the statutory lien, taken by itself and without the auxiliary aid to be derived from the connecting lines, would not be sufficient to more than pay the indebtedness which is prior to the claim of the United States.

The consideration before referred to, relating to the recovery of misappropriated assets from the officers and directors of the Central Pacific Railroad Company, applies with great force to that corporation. The review of the history—elsewhere contained in this report—of the affairs of the Central Pacific Railroad Company justifies the assertion that the deplorable and defenseless financial condition of that company has been caused by the incessant depletion of its treasury and misappropriation of its property by those whose sacred duty it was to protect and defend the company.

The application of the remedy to the Central Pacific Railroad Company is a difficult task. It is hardly to be expected that any act resembling the act submitted in the case of the Union Pacific Railway Company will be accepted by the Central Pacific Railroad Company. On the other hand, in the event of a refusal to accept, the application of the entire net earnings resulting from that portion of the road in consideration of which the bonds were issued, is insufficient to meet the

accruing interest paid and to be paid by the United States. It is also insufficient to accomplish a repayment of the present worth of the obligation, even at the reduced rate of 3 per cent. per annum, for the reason that the entire net earnings will not amount to 3 per cent. of the present value of the debt. An enforcement of its statutory lien, either at the maturity of the debt or at an earlier period, if the debt or any portion of the same could be made to mature before the date now fixed by law, would result in a sale at which it could hardly be expected that any bid in excess of the amount due on the first-mortgage bonds would be made. The Union Pacific Railway, and perhaps other railways now extending their roads westward, might become competitors; but it is not to be supposed that any of them would give for this property, in addition to the amount of the first-mortgage debt, a sum in any way approximating the amount due the Government. The probable result would be, as in the case of the compulsory sale of the Union Pacific Railway, that the indebted corporation, or some of its prominent officers acting in their own behalf, would acquire the title to this road; so that the ultimate effect would be merely presenting to them as a gift substantially the whole amount due to the United States.

We herewith submit a bill applicable to the Central Pacific Railroad Company, prepared on the same principle applied to the Union Pacific Railroad Company, except that in the event of a refusal to accept its provisions, the entire net earnings of the subsidized portion of the road shall be applied to the sinking fund and interest account, as directed by the Thurman act. The financial inability of the company to meet these requirements is the result, as before stated, of the profligate and wanton dispersion of the assets of the company in dividends, the aggregate amount of which exceeded $34,000,000, and the extravagant contracts, persisted in to the present time, as evidenced in the case of the construction contracts for the northerly end of the California and Oregon Railroad, by the Pacific Improvement Company, entered into in October, 1886.

We have also suggested elsewhere a method by which, if it should be deemed advisable to effect an adjustment at a rate of interest which will bring the annual payments within the limits of the present net earnings of the Central Pacific Railroad Company, a board may be established with power to adjust and determine that question.

THE PRESENT CONDITION OF THE CENTRAL BRANCH UNION PACIFIC RAILROAD COMPANY, ITS RELATIONS TO THE GOVERNMENT, AND THE CHARACTER OF THE REMEDIAL LEGISLATION REQUIRED.

This road extends from Atchison to Waterville, Kans., a distance of 100 miles. The railroad is well constructed, fairly equipped, and traverses a country well adapted to maintain its present earning power and probably to increase it. (See Colonel Morgan's Report, as to the physical condition of this road and its equipment, Vol. 8.)

Beyond Waterville a number of branches have been constructed westerly, which were consolidated in 1879 and became the Atchison, Colorado and Pacific road. There is also another branch road connecting with the Atchison, Colorado and Pacific road, though not consolidated with it, known as the Atchison, Jewell County and Western Railroad.

The cost of reproducing the Central Branch Union Pacific road in its present condition is estimated by Colonel Morgan at $2,004,000. The average net earnings of the road for the past three years were $341,000 annually. (See Mr. Perrenoud's Report, Vol. 8.)

The average net income, after paying all interest and two dividends,

one of $50,000 in 1885 and one of $100,000 in 1886, was $176,000 per annum. The average net income, if these dividends had not been paid, would have exceeded $225,000.

The Central Branch Union Pacific Railroad Company is the owner and holder of 7,959 shares of the stock of the Atchison, Colorado and Pacific Railroad Company, and of 1,050 shares of the Atchison, Jewell County and Western Railroad Company, and thereby controls both these corporations.

These branch roads are leased to the Central Branch Union Pacific Railroad Company for a term of twenty-five years from 1885, the terms of the lease being that the lessee company pays all expenses of operation, taxes, and $1,000 per mile per annum. The total length of the branch roads is 287 miles. Their aggregate indebtedness is about $4,000,000. The rental paid by the Central Branch Union Pacific Railroad Company is just sufficient to discharge all the interest obligations. The actual earnings of these branch lines for the years 1884, 1885, and 1886 produced a surplus to the Central Branch Union Pacific Railroad Company, after the payment of operating expenses, taxes, and the rental aforesaid, amounting to an annual average of about $53,000. (See Report of Mr. Perrenoud, Vol. 8.)

The actual income of this company remaining after the payment of all operating expenses, rentals for leased roads, taxes, and interest on bonds, including the net income of branches, exceeds $250,000.

The bonded debt of the road is as follows:

First-mortgage bonds	$1,000,000.00
Funding bonds	630,000.00
Debt to the United States	1,600,000.00
Total, exclusive of accrued interest due to the Government	3,630,000.00

The amount of the debt due to the United States is as follows:

Debt due United States	$1,600,000.00
Interest accrued to Nov. 1, 1887, but not due	1,965,808.26
Total indebtedness	3,565,808.26
Deducting from this sum the amount of the bond and interest account held by the United States	316,194.12
The present balance of obligation amounts to	3,249,614.14

The present worth of the obligations of this company to the Government is as follows:

Principal of debt	$1,600,000.00
180 per cent. interest	2,880,000.00
Total debt at maturity	4,480,000.00
Less amount standing to credit of company in bond and interest account	316,194.12
Balance due at maturity of bonds	4,163,875.88
Present value discounted at 3 per cent. per annum, compounded	3,250,000.00

The total requirement under the provisions of the mortgage proposed by the bill would be as follows for the first ten years:

3 per cent. of $3,250,000.00	$97,500.00
One half of 1 per cent. of outstanding bonds	16,250.00
	113,750.00
And after the expiration of ten years the annual requirement would be.	130,000.00

All the computations as to the present worth of the obligations of the bond-aided roads are merely approximations made for the purpose of showing the operation of the bills herewith submitted.

The Commission has elsewhere pointed out the objectionable character of the funding mortgage and the retention of the defaulted coupons appertaining to the first-mortgage bond, which is prior to the lien of the United States as security for these funding bonds. Until these coupons are paid there is no propriety in dividing up any portion of the assets of the company as dividends to the stockholders.

The company has sent to the Commission within the past few days a communication to the effect that proper steps have been taken, by resolutions of its board, to establish a sufficient sinking fund to provide for and pay off all of the funding bonds for which these defaulted coupons are held as security. This is very well as far as it goes, but, in the judgment of the Commission, will not justify the declaration or payment of any dividends until these coupons shall all be paid and discharged.

We submit with this report a bill applicable to the Central Branch Union Pacific Railroad Company.

THE PRESENT CONDITION OF THE SIOUX CITY AND PACIFIC RAILROAD COMPANY—ITS RELATIONS TO THE GOVERNMENT AND THE CHARACTER OF REMEDIAL LEGISLATION REQUIRED.

The Sioux City and Pacific Railroad is a well-constructed, single track road, extending from Sioux City, Iowa, to Fremont, Nebr., its length being 101.58 miles. At California Junction a short branch extends to Missouri Valley Junction, a distance of 5.84 miles, at which point it connects with the Chicago and Northwestern Railway.

The average net earnings for the past three years, 1884, 1885, and 1886, were $237,362.

The bonded indebtedness, exclusive of the Government debt, is as follows:

First-mortgage bonds, $1,628,000.

An issue of preferr d stock was made by this company, amounting to $169,000. In order to pay for the branch or extension from California Junction to Missouri Valley Junction, the Sioux City and Pacific Railroad Company, in 1872, issued $169,000 of preferred stock, on which it agreed to pay annually a dividend of 7 per cent. The possession, control, and operation of this extension or branch is essential to the successful operation of the Sioux City and Pacific road itself. It may, therefore, be assumed that the amount required to meet this dividend will always have to be provided out of the earnings of the company.

Principal of the Government debt	$1,628,320.00
Accrued interest to November 1, 1887, but not due	1,887,660.69
Total	3,515,980.69
Less amount standing to the credit of the company in the United States bond and interest account	131,923.62
Present balance of obligation	3,384,057.07

The present value of this debt is as follows:

Principal of debt	1,628,320.00
180 per cent. interest	2,930,976.00
Total debt at maturity	4,559,296.00
Deduct amount standing to the credit of the company in the United States bond and interest account	131,923.12
Balance remaining	4,427,372.38

Present value discounted at 3 per cent. per annum, compounded, $3,320,000.

The amount which would be required to comply with the requirements of the act herewith submitted applicable to this company would be:

3 per cent. of the amount as above ascertained	$99,600.00
One-half of 1 per cent. of the total amount of bonds during the first ten years	16,600.00
	116,200.00
And after the expiration of ten years the annual requirement would be one-half of 1 per cent. in addition, being annually	132,800.00

It would appear from the average net earnings of this company during the past three years that its income would be sufficient, after the payment of interest on its first-mortgage bonds, to comply with the requirements of the proposed bill. The company, however, is owned and controlled by the Chicago and Northwestern Railway Company. Its earnings are largely dependent on the relations existing between these two companies. The Chicago and Northwestern has its own connections with Sioux City, and with Fremont, and could divert a very large portion of the traffic which is now done by the Sioux City and Pacific Railroad Company.

The road itself is of but slight importance and does not form part of any complete system of railroads.

For the purpose, therefore, of making further provision for reaching an adjustment, and making a final disposition of the indebtedness of this company to the United States, the Commission has suggested, as in the case of the Central Pacific Railroad Company, that the matter be referred to a board to be appointed by Congress for the purpose of concluding such adjustment. A bill relating to the Sioux City and Pacific Railroad Company is also herewith reported.

The adjustment of the relations between the Pacific railway companies and the Government, which has been undertaken in the bills above referred to, requires very careful attention in order to properly preserve all the securities of the United States.

All the bills pending in the Forty-ninth Congress made provisions for the immediate maturity of the entire demand of the United States in the event of any default in the payment of any of the installments provided for by the bills. It would have been almost impossible, in the judgment of the Commission, to have enforced this provision. The properties subjected to the statutory lien of the laws of 1862 and 1864 have become subject to a variety of junior liens. These same liens also apply to those portions of the Pacific railroads which had not been subsidized. An attempt, therefore, to extend, by statute, the lien of the United States, and to provide for an earlier maturity of the debt than that originally contemplated, even though assented to by the railroad company itself, would have been resisted by the holders of the junior securities as a violation of the rights which they had acquired in good faith, and for valuable consideration, before the attempted extension and before the accelerated maturity.

It is abundantly settled by numerous decisions of the courts that a mortgageor and a mortgagee can not, by mutual agreement, alter the terms of an existing contract as against a junior incumbrancer. This difficulty the Commission has covered, in so far as it can be covered, by retaining the statutory lien until all such junior liens shall have been paid and discharged of record, and also by providing that the United States have the right to redeem such junior liens and be subrogated to all the rights of the holders thereof.

The most important of these junior incumbrances are as follows:

On the Union Pacific Railway, the Kansas consolidated mortgage

and the Union Pacific sinking-fund mortgage, under each of which the outstanding bonds amount to about $15,000,000. The liens of both of these mortgages extend to the land grant of the respective companies, and to securities other than the railroad affected by the original statutory lien, so that they are abundantly protected, and could, without risk of loss, be redeemed by the United States, and thus secure for the latter the subrogated right to enforce the lien of the security which protects these bonds.

The material points of difference between the bills herewith submitted and the measures pending in the last Congress are as follows:

First. In the computation of the present value of the debt it is directed that the amount held in the sinking fund of the United States shall be deducted after discounting the net amount of that debt at the maturity of the bonds, and not before effecting such discount. This is manifestly just, because the amount in the sinking fund, which is now the property of the companies, is presently turned over to the United States as its property. The accretions to this fund from the present time to the date of maturity will be the property of the United States, and it therefore follows that a discount on this portion of the total debt at the date of maturity should be allowed for the interval between that date and the present time. This discount is not allowed if the amount in the sinking fund is deducted from the total debt at maturity before effecting the discount instead of afterward.

Second. The bill directs the discount to be computed at 3 per cent., compounded, instead of being discounted at 3 per cent. without compounding, which was the direction in the former bills. The present worth of the debt is the sum which, if invested to-day at the agreed rate of interest, would produce the net amount of the debt at the date of maturity. As the bonds for which the bill makes provision require the semi-annual payment of interest to the United States at 3 per cent., it is manifest that if these payments are considered as possessing the same earning power as the bonds—that is, the power of earning interest at the rate of 3 per cent.—the bonds would produce, at the date of maturity of the present debt, an amount equal to their face value increased by interest compounded at the rate of 3 per cent. It therefore follows that if the net amount of the debt at the date of maturity be given, and we desire to ascertain the sum which, at the present time, should be paid in bonds bearing 3 per cent. to reproduce the original sum at the date of maturity, that sum must be discounted at compound interest for the period in question.

Third. It is proposed to add to the statutory lien of the United States the security of a contract mortgage, with bonds for the sum of $1,000 each, bearing interest at the rate of 3 per cent., payable semi-annually, with the further security of a sinking fund for the redemption of the principal of the debt at the expiration of fifty years. The object of this modification is to strengthen and increase the security of the United States, and especially to make an enforcement of its rights practicable in the event of a default. The enforcement of a statutory lien of this magnitude could result in nothing but the acquisition by the United States of such portions of the railroad as were subject to the lien. There could be no public bidding under such proceedings, and the title to be conveyed would cover but a fraction of the entire railroads. A foreclosure of the contract mortgage drawn in accordance with the provisions of the bill is a proceeding with which the courts and those interested in the construction and operation of railroads are entirely familiar, the nature of the title to be acquired is abundantly settled, and the exercise of all the ordinary remedies would be found easy of application, and

more fruitful of results than in the case of a statutory lien. In addition to these advantages, the bonds themselves, after regular payments of interest had been established, would acquire a fixed market value, and could, if that were desirable, be easily disposed of at a price fairly representing what they were worth. Under any system of statutory lien, with equated annual or semi-annual payments, as proposed by the bills pending in the last Congress, it would be impossible for the United States, under any circumstances, to dispose of its interest.

Fourth. The provisions of the bill for an issue of bonds bearing interest are simpler and more easily understood than those calling for a series of equated payments. If it be agreed that 3 per cent. is a fair rate of interest, there is no difficulty in understanding that bonds issued to-day and bearing 3 per cent. interest, are the equivalent of the same sum which they will produce, with the interest added, compounded at the same rate, at their maturity.

Fifth. The provision for the sinking fund is more than sufficient to produce the whole principal of the debt at the expiration of fifty years, on the assumption that the trustees will keep their funds invested at the average rate of 4 per cent. The interests of the United States are secured by requiring that one of those trustees shall be an officer of the United States. It has seemed to the Commission better policy to give to these trustees a reasonable liberty of action in making the investments for the sinking fund, only requiring all their proceedings to be made known, so that the course of their investments can at all times be under the supervision of the Secretary of the Treasury.

The bill provides that in the event of any default, which shall continue for six months, either in the payment of interest on the bonds or in the payments required for the sinking fund, the entire debt shall, at the option of the United States, immediately mature. This provision will certainly secure an absolute compliance with all the requirements of the act, if it be in the power of the respective companies to comply with the same.

Sixth. The provisions forbidding the declaration of dividends except from the earnings of the fiscal year preceding the year in which they are declared, and after all payments for interest and sinking fund requirements shall have been made, is manifestly necessary. The practice has been to declare such dividends so long as the general income account of the company contained a credit balance sufficient to cover the dividends. These income balances are accumulated from year to year, and do not, in fact, represent actual cash or earnings on hand. The funds which they do originally represent are always used for the general purposes of the road, for payments due for construction and equipment, extensions, or for the discharge of any miscellaneous obligations. The balance of the income account, therefore, does not in fact represent value, except on the assumption that the investments made always produce the due equivalent of their cost, and never deteriorate. The reverse of this is almost always the fact. The construction accounts of all the railroads in the United States, as stated in their balance-sheets, represent a sum vastly greater than the actual cost or value of such construction. The same is true of many of the other accounts representing assets. These considerations are especially applicable to all the assets of the Pacific railway companies; and, in the opinion of the Commission, justify the restriction proposed as to the power to declare dividends.

Seventh. The provision requiring the companies to agree to institute, on the demand of the Department of Justice, all such suits and proceedings as may be required by it to be brought against any officers

or agents against whom a misappropriation of assets or other cause of action is or may hereafter be alleged, seems to be the only practicable remedy for the violation of duty which it is believed has occurred. The decision in the case of the United States *v.* The Union Pacific Railroad Company and others (98 U. S., 569) forbids the beginning of such suits in the name of the United States, at least until after the maturity of the debt, in 1897; but it is held, in the same case, that the cause of action belongs to the corporation. The facts proved before this Commission are surely sufficient to constitute probable cause for alleging violation of duty against many of these officers and directors. These companies can, therefore, have no justifiable reason for rejecting this provision of the act.

Eighth. In the event of the failure of any of these companies to accept the provisions of the act, the requirements of the Thurman act are amended so as to apply respectively to the existing conditions of each of the said companies. The Union Pacific Railway Company is required to pay 40 per cent. per annum of the net earnings of both the Union Pacific Railroad and the Kansas Pacific Railroad. If the present circumstances of this company continue, the sum produced by this requirement would be about $2,000,000 per annum.

The Central Pacific Railroad Company is required to pay all of the net earnings of the subsidized portion of the railroad, to be ascertained as provided in the Thurman act. Under the present conditions of this company this requirement would produce about $1,000,000 per annum.

The Central Branch Union Pacific Railroad Company is required to pay 75 per cent. of the net earnings of its subsidized road. The result of this requirement would be about $150,000 per annum.

The Sioux City and Pacific Railroad Company is required to pay all of its net earnings. But the earnings of this road are so largely under the control of the Chicago and Northwestern Railway Company that it is impossible to foretell what the result of this requirement will be. In any event it would be insufficient to provide for the payment of the principal and interest of the debt.

It does not seem to the Commission that the companies have any right to complain of the percentages proposed. It is true that neither the principal nor the interest due to the United States will mature until 1897; but it is equally true that it is the duty of these companies to make adequate provision for the payment of their obligations at maturity. The percentages called for in no case exceed the amount required to attain the proposed object. Under the decisions of the courts, all sums required to keep the roads in full and efficient operation, and in complete repair, and such payments for construction and betterment as are properly chargeable to income, are to be allowed before the net earnings are ascertained. The only burden, therefore, is placed on the stockholders; and, as is clearly stated in the Sinking Fund case (99 U. S., 700), it is the duty of the corporation to make provision for the discharge of its obligations before making any division whatever among its stockholders.

The Commission has found it impossible to provide any scheme for payments of fixed amounts which shall apply to the case of a refusal to accept the provisions of the act. The amounts which the United States has a right to apply to the payment of the accruing interest, are fixed by the acts of 1862 and 1864 at 5 per cent. of the net earnings and one-half of the cost of United States transportation. The court, in the Sinking Fund case above cited, declared that the United States, as sovereign, had the right to require that the company should make provision for the discharge of its obligations at maturity; but it also declared

that the United States, as creditor, had no power to accelerate the maturity of its debt, to extend its lien, or to change in any substantial manner the contract contained in the acts of 1862 and 1864. If, therefore, a fixed payment were proposed, it would be impossible to adjust the proportion applicable to the payment of interest and the proportion retained for the sinking fund, without first ascertaining the amount of the 5 per cent. of the net earnings and of the half-transportation charges which, under the original acts, were applicable to payment of interest. If the United States should waive any payments on interest account, and require the entire amount collected from the companies to go into a sinking fund, there would be no difficulty in providing for a system of fixed payments. But this method would involve a loss to the United States by reason of the omission to collect the payments due on the interest and bond account, which the Commission, under the terms of the law appointing it, did not feel at liberty to recommend.

The Commission is satisfied, from its investigation of the affairs of the Union Pacific Railway Company and of the Central Branch Union Pacific Railroad Company, that those companies can, without difficulty, accept the terms of the proposed acts. The earnings, however, of the Central Pacific Railroad Company and of the Sioux City and Pacific Railroad Company are not such as to make it probable that they could comply with the acts if they should accept the same.

We have elsewhere stated that, in our judgment, the Central Pacific Railroad Company is not entitled to any allowance by reason of the peculiar equities which it has presented and urged. It is doubtless true that the earning power of this road, and of the other bond-aided roads, has been very largely reduced during the past years. This is, in a great measure, true of all industrial enterprises of whatever nature. The real equity to which this company, in common with all persons engaged in any commercial or industrial pursuits, is entitled, is that by reason of the decreased return obtained on their investments, they are required to pay a lesser rate of interest for the use of money; and this equity has been abundantly covered by the provisions of the acts, which extend their obligations and reduce their rate of interest to 3 per cent. per annum. The present worth of the Central Pacific Railroad Company's debt, computed as directed in the act, will be found to be about $50,000,000. The requirements for interest and for the sinking fund on the terms contained in the acts would be about $1,750,000 per annum. This sum exceeds the total net earnings of the subsidized portion of the road, and approximates the total net income of the whole company as it now exists.

The Commission feels that it has reached the limits of its jurisdiction when it has reported a scheme for securing the entire debt, and provided that, in the event of its non-acceptance, all of the net earnings of the railroad shall be collected and applied, on interest, or placed in a sinking fund. If the Central Pacific Railroad Company should reject the terms proposed, because of its inability to comply with them, and it should still be deemed advisable to effect a permanent settlement with that company, a method by which that result might be obtained would be a reduction of the interest to a rate lower than 3 per cent. The propriety of such action might, in the judgment of the Commission, be justly referred to a board to be designated by Congress, or to Congress itself.

These same considerations apply to the Sioux City and Pacific Railroad Company. The direction and amount of its traffic is largely controlled by the Chicago and Northwestern Railway Company. Without

the co-operation of that company, its business can be almost entirely taken from it, and its value would not be sufficient to pay the lien which is superior to that of the United States. In the event, therefore, of a similar rejection by the Sioux City and Pacific Railroad Company of the terms proposed by the bill applicable to that company, based on its inability to comply with the conditions proposed, it would seem that if an immediate and final adjustment is desired, it should be referred to a board to be created as above suggested, or that Congress should act directly without the intervention of a board.

In concluding this portion of its report the Commission desires to express its deep regret that a unanimous result has not been reached. We have patiently examined and endeavored to comprehend the reasons which appear to prevent the minority Commissioner from uniting in the recommendations herein contained. Elsewhere we have replied in some detail to some of the specific matters referred to by him in his report. Its perusal certainly appears to lend additional force to the proposition that the existing relations between the United States and these companies should be severed, and a permanent adjustment effected. The minority Commissioner seems to have grouped together matters relating to these respective railroads without any attempt at a distribution of the actual wrongs complained of, either as between the corporations themselves or as between the corporations and the individual officers and directors of whom complaint is made, and indicts them all under a sweeping bill of charges containing generally no specifications whatever, and based, as far as the companies themselves are concerned, on no acts which distinguish these companies from other railroad corporations in the United States, but on the stock in trade of all those who oppose what they call "monopolies" at all times, at all hazards, and under every possible circumstance. His report reads like a complaint in divorce for cruelty and desertion—an endless mixture of petty complaints united to real grievances, all tending only to show that the union of the parties can not produce a desirable result. This is the logic of the events themselves, and leads inevitably to the conclusion which the Commission has reached. The sovereign should not be mated with the subject. And it is because we are so deeply impressed with that conclusion that we have devised and recommended the bills which, in our judgment, will, as far as possible, lead to a severance and adjustment of these relations.

A BILL to amend an act entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July first, eighteen hundred and sixty-two; also to amend an act approved July second, eighteen hundred and sixty-four; also an act approved May seventh, eighteen hundred and seventy-eight, both in amendment of the said first mentioned act; and to provide for a settlement of the claims growing out of the issue of bonds to aid in the construction of the Union Pacific and Kansas Pacific Railroads, and to secure to the United States the payment of all indebtedness of said companies.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled:

SECTION 1. That the Secretary of the Treasury be and he is hereby authorized and directed to ascertain the amount of the respective indebtedness of the Union Pacific Railroad Company and the Kansas Pacific Railway Company to which the subsidy bonds of the United States were advanced in aid of the construction of their respective railroads as of the first day of July, eighteen hundred and eighty-eight, upon the same principle as if the whole sum of the bonds advanced to the said companies, and the interest paid and to be paid by the United States thereon, and not heretofore repaid by credits on account thereof, were to be paid to the United States in cash on said day; and the said sum shall be computed and ascertained as follows:

First. Add to the principal of the said bonds the interest paid and to be paid thereon by the United States up to the maturity thereof.

Second. Deduct from this sum the amount of the interest which shall at the time of such computation have been reimbursed to the United States by the payments and credits which appear in the bond and interest account of the said companies with the United States.

Third. Compute the worth of the amount so found as of the first day of July, one thousand eight hundred and eighty-eight, on the basis that money is worth three per centum per annum by discounting the said amount at three per centum per annum compounded semi-annually for the period between the date of average maturity of the said bonds and the first day of July, one thousand eight hundred and eighty-eight.

From the sum so ascertained, there shall be deducted the amounts in the sinking fund property applicable to the said companies, computing the value of any bonds in said sinking fund at their market value at the time of such computation, as estimated by the Secretary of the Treasury. The final sum so computed and ascertained shall be deemed the sum that would be required to be paid in cash on the said first day of July, eighteen hundred and eighty-eight, by said companies for the purpose of completely discharging their entire debt to the United States.

SEC. 2. That the Union Pacific Railway Company, successor to the Union Pacific Railroad Company and the Kansas Pacific Railway Company, be and it hereby is authorized to make, execute, and deliver to two trustees, to be appointed as hereinafter provided, its certain indenture of mortgage, which shall bear date the first day of July, one thousand eight hundred and eighty-eight, covering and embracing the entire property of the said Union Pacific Railway Company, real, personal, and mixed, of whatsoever nature and wheresoever situated. The said Union Pacific Railway Company shall also assign to the said trustees all its right, title, and interest in any bonds or stock or leases of branch lines or auxiliary companies in which the said Union Pacific Railway Company has any interest. A proper and complete description and inventory of all the property affected by said mortgage shall be prepared and filed with the Secretary of the Treasury.

The said mortgage and the property therein described shall be held by the said trustees as security for the payment of the principal and interest of the bonds issued thereunder and authorized by this act. But this section shall not be construed to prevent said company from using and disposing of any of its property or assets in the ordinary, proper, and lawful course of its current business, in good faith and for valuable consideration, and not in violation or diminution of the security and lien of the Government: *Provided*, That every such disposition of any stocks, bonds, or other securities owned by said company, whether by sale, pledge, or otherwise, shall be reported to the Secretary of the Treasury by the said company within thirty days after such disposition has been made, and that the bonds stocks or other obligations acquired with the proceeds of the property so disposed of shall in like manner, and with the same power to dispose of the same, be subject to the lien of the said mortgage, and that true and proper descriptions and lists of the same shall be from time to time prepared and filed with the Secretary of the Treasury.

SEC. 3. One of the trustees of the said mortgage hereby authorized shall be appointed by the Union Pacific Railway Company, subject, however, to the written approval of the President of the United States. The second trustee shall be appointed by the President of the United States, who may in his discretion appoint the same person trustee of other mortgages of any roads that have received Government aid in bonds and which may be executed to secure any debt to the United States. He shall receive an annual salary not exceeding ten thousand dollars, to be fixed and paid by the Secretary of the Treasury.

SEC. 4. The Union Pacific Railway Company is hereby authorized to make, execute, and issue, under the mortgage aforesaid, its bonds equal in amount to the present worth of the debt due the United States, ascertained as above provided, each of which shall be for the principal sum of one thousand dollars and shall be payable fifty years after the first day of July, eighteen hundred and eighty-eight. The said bonds shall bear interest at the rate of three per cent. per annum, payable semi-annually on the first days of January and July of each year, and shall at the time of execution and delivery of the said mortgage be delivered to the Secretary of the Treasury.

SEC. 5. The mortgage aforesaid shall contain a covenant providing that in the event of any default continuing for six months in the regular payment of interest on the said bonds, or of the sinking-fund payments required by this act, the entire debt due to the United States shall immediately mature at the option of the United States, and shall also contain such other terms and stipulations as may be deemed necessary to efficiently secure the said bonds, and as may be approved by the Secretary of the Treasury of the United States. It shall also be made, executed, and recorded so as to conform to the laws of the various States or Territories in which the property described in the mortgage is situated, and shall be of such form, tenor, and effect as shall make the security of the said mortgage a valid and legal one under the laws of such States or Territories.

SEC. 6. The said Union Pacific Railway Company shall annually on the first day

of July in each year, commencing on the first day of July, eighteen hundred and eighty-nine, pay to the trustees named in the said mortgage the sum of one-half of one per cent. of the entire amount of the outstanding bonds issued under the said mortgage until and including the year eighteen hundred and ninety-eight, and after that date shall pay annually the sum of one per centum thereof. The annual payments so made shall be held by the trustees as a sinking fund applicable to the redemption of the principal of the said bonds at maturity, whether arising from the expiration of their term or by reason of a default in the payment of interest. The said trustees shall have full power to invest, reinvest, and change the investment of the funds, securities, and moneys held by them in the said sinking fund. It shall be the duty of the said trustees, on or before the first day of August of each year, after the first day of July, eighteen hundred and eighty-nine, to report to the Secretary of the Treasury the condition of the property held by them, and of the said sinking fund, and all investments thereof made by them.

SEC. 7. The existing statutory lien of the United States shall remain in full force as security for the debt due from the said Union Pacific Railroad Company and the Kansas Pacific Railway Company to the United States until all the liens on the property affected by the said mortgage, and existing at the time of its delivery and subsequent to the said statutory lien, shall have been paid, satisfied, and discharged of record. In any proceedings for the enforcement of such statutory lien, or of the mortgage provided for in this act, the United States shall have the right to pay to any holder of bonds or obligations secured under such subsequent liens, or to the trustees of any mortgage securing the same, the value of such bonds or obligations, and shall thereupon be subrogated to all the rights of such holders in any property held as security for such bonds or obligations.

SEC. 8. No dividends on capital stock or otherwise shall be paid by the said Union Pacific Railway Company, unless the same shall have been actually earned during the fiscal year preceding the year in which said dividend shall be declared, nor unless such company shall have paid all interest on any of its bonded debt and all sinking-fund obligations, and unless the said earnings, after deducting all interest accrued but not payable at the time of the declaration of such dividends, shall be sufficient to justify the payment thereof. In no event shall it be lawful for the said company to pay any dividend exceeding the rate of four per centum per annum, unless the said company shall, at the time of declaring such dividends in excess of four per centum per annum, pay an amount equal to the excess over four per centum per annum so declared to the said trustees of the said mortgage for the purposes of the sinking fund, and unless the earnings of the said fiscal year shall be sufficient to justify the payment of such excess, and also the said payment to the trustees of the sinking fund. Any amount so received by the said trustees shall be held and invested by them for the purpose and subject to the provisions of section six.

Any director or officer who shall pay or declare, or aid in paying or declaring, any dividend prohibited by this act shall be punished by imprisonment not exceeding two years, and by fine not exceeding five thousand dollars.

SEC. 9. Nothing in this act contained shall be deemed to in any manner affect the obligation of the said company to keep its said railroads and telegraph lines in proper repair and use, and at all times to transmit dispatches over said telegraph lines and transport mails, troops, munitions of war, and supplies of public stores upon said railroads for the Government, or any Department thereof, whenever required to do so, at fair and reasonable rates of compensation, not to exceed the lowest rates paid by any private party for the same kind of service. In the discharge of these duties the said company shall be subject to and bound by the provisions of any Act of Congress, and the authority exercised thereunder, relating to postal, military, or any other Government transportation, and shall give the Government preference in the use of the same for all the purposes aforesaid as mentioned in the sixth section of the Act of July first, eighteen hundred and sixty-two, and all Acts amendatory of the said Act.

SEC. 10. The Union Pacific Railway Company may at any time after the execution and delivery of the said bonds, but only so long as the said bonds are held and owned by the United States, pay all or any of the said bonds by paying the amount thereof, together with the interest accrued thereon, to the Secretary of the Treasury, who shall thereupon cancel the bonds so paid and deliver the bonds so canceled to the said company. No bonds so canceled shall be reissued, nor shall other bonds in lieu thereof be issued by the said company.

SEC. 11. The said Union Pacific Railway Company and the Union Pacific Railroad Company and the Kansas Pacific Railway Company shall, whenever requested in writing by the Department of Justice of the United States, and so long as the United States shall be the holder and owner of any of the bonds authorized by this act, cause any actions at law or suits in equity or other proceedings to be instituted and prosecuted in the name of said companies, or either of them, against any person who is or has been a director, officer, agent, or employé of the said company, for the purpose of enforcing any cause of action whatever arising or which may hereafter arise out of any alleged violation of duty, misappropriation of assets, or any other act or trans-

action whatsoever, in respect to which the said Department of Justice shall allege that it desires such action, suit, or other proceeding to be instituted and prosecuted. All such actions, suits, and proceedings shall be conducted by the Attorney-General of the United States, and he shall be fully authorized by the said companies, or either of them, to appear for them as attorney or solicitor in such actions, suits, or proceedings, and shall have the entire control of the same from the inception thereof to the end of such prosecution, and also the right to take and prosecute any appeal or appeals from any decision or determination made therein. Any sums of money which may be recovered under the provisions of this section shall be paid over by the said Union Pacific Railway Company, or by the Union Pacific Railroad Company, or by the Kansas Pacific Railway Company to the said trustees for the purposes of the sinking fund established by the sixth section of this act.

SEC. 12. This act shall take effect upon the acceptance of its terms by resolution of the board of directors of the Union Pacific Railway Company over its corporate seal, signed by its president and attested by its secretary, and upon such consent being filed or deposited with the Secretary of the Treasury within one month after the passage of this act, subject, however, to the completion of the settlement and adjustment in this act proposed and provided; and if such acceptance be not so filed, the said company shall take no benefit from this act. Upon the filing of said acceptance, the execution and delivery of said mortgage and the bonds referred to in the fourth section of this act to the Secretary of the Treasury, he is authorized and directed to sell any securities held in the sinking fund for said companies. Any excess realized from such sale above the value of such securities, as estimated under the first section of this act shall be paid to the said company, and any deficiency below such value shall be paid by the said company upon demand made by the Secretary of the Treasury after such sale. The delivery of the said bonds and the adjustment provided for by this act shall be completed on or before the first day of October, eighteen hundred and eighty-eight.

SEC. 13. If the said Union Pacific Railway Company shall fail to accept the foregoing provisions of this act, or if the settlement and adjustment provided for by this act shall fail to be completed on the first day of October, eighteen hundred and eighty-eight, there shall be charged to and collected from the said Union Pacific Railroad Company, and the said Kansas Pacific Railway Company, and their successors and assigns so failing, from and after the first day of July, eighteen hundred and eighty-eight, forty per centum of their annual net earnings, to be ascertained as provided in section one of the act of May seventh, eighteen hundred and seventy-eight, in lieu of the twenty-five per centum provided for in said act; and to that end said act of May seventh, eighteen hundred and seventy-eight, commonly called the "sinking-fund act," and any or all amendments or modifications thereof, shall be, and the same are hereby, extended to the Kansas Pacific Railway Company.

SEC. 14. In the event of the non-acceptance of the provisions of this act by the said Union Pacific Railway Company or of the failure to complete the settlement hereinbefore provided for on or before the first day of October, eighteen hundred and eighty-eight, it is further provided that section three of the said act of May seventh, eighteen hundred and seventy-eight, and also section five of the act of March third, eighteen hundred and eighty-seven, be, and the same are hereby, so amended as to allow the Secretary of the Treasury to sell any of the securities held by him in the sinking fund of the said companies, and to invest the proceeds of the securities so sold and any other funds held by him in the sinking funds, in the first-mortgage bonds of any of the Pacific Railroads, sided with bonds of the United States, or in any bonds or securities of the United States, in his discretion.

SEC. 15. If the said Union Pacific Railway Company shall accept the provisions of this act in the manner and within the time herein provided, then, from and after the completion of the said adjustment and settlement, all provisions of law relating to the appointment of Government directors shall be, and the same are hereby, repealed, and the said office is hereby abolished, and all provisions of law relating to the collection of any percentage of net earnings, and to the withholding or application of any moneys due or to become due from the United States for any services rendered by the said Union Pacific Railway Company or any of its branches or auxiliary or leased lines are hereby repealed, and all such amounts shall (provided the said company shall not be in default in the payment of the interest on the bonds or in the payments to the sinking fund required by this act) be paid to the said company as soon as such amounts shall have been ascertained and audited. (And all provisions of law forbidding the said company from mortgaging or pledging its property shall be repealed, and the company shall, after the acceptance of the terms of this act as hereinbefore provided, have and possess all the usual powers of borrowing money on its credit or on security of any of its assets, or of constructing or extending its railway, or of acquiring for such purpose title to land by condemnation proceedings as are granted to and exercised by railway corporations in the respective States and Territories in which the said Union Pacific railway is or may be situated.) The said Union Pacific Railway Company is also empowered to extend the time for the maturity of any bond or bonds of the Union Pacific Railroad Company or of the Kansas Pacific Railway

Company which by the terms of the act of July second, eighteen hundred and sixty-four, have priority of lien over the statutory lien of the United States for such terms or terms of years as it may deem proper: *Provided, however*, That such extension shall be at a rate of interest not to exceed four per centum per annum, payable semi-annually, and the lien of the United States both under the statutory lien and under the mortgage authorized by this act, shall continue to be subordinate to that of the bonds so extended: *Provided, however*, That all interest accrued on the said bonds at the time of such extension shall have been fully paid, and that the amount thereof shall not exceed the principal of the debt which was allowed priority over the debt due to the United States: *And provided also*, That the lien of the said bonds shall not be extended to any property other than that now covered by the mortgage securing the said bonds.

SEC. 16. If the Union Pacific Railway Company shall accept the terms of this act and complete the said adjustment, it is hereby authorized, at any time before the first day of July, eighteen hundred and eighty-nine, to convey and release to the United States all of the public lands heretofore conveyed by patent, or to which it may still be entitled under the terms of its grant and which remain unsold, and which shall be at the time of the release free from incumbrance. The Secretary of the Treasury shall, on the certificate of the Secretary of the Interior stating the number of acres which have been so released, allow to the Union Pacific Railway Company the value of such lands at the rate of one dollar and twenty-five cents per acre as a cash payment on account of the bonds authorized by this act, and shall cancel and deliver to the said company as many of the said bonds as shall, with the accrued interest thereon, equal the value of the said lands at the said rate per acre.

SEC. 17. It shall be the duty of the Attorney-General to cause the provisions of this act to be enforced, and he shall take all steps needful to that end, and shall make report to the President each year or oftener thereon, which report shall be laid before Congress. And until the settlement in this act provided for shall be completed, all existing provisions of law relating to said companies respectively, shall remain in force; and on and after the said first day of July, eighteen hundred and eighty-eight, sections thirteen and fourteen of this act shall, if said settlement fail to be completed, take effect.

SEC. 18. That this act shall be deemed and taken to be a public act to all intents and purposes, and shall be subject to alteration, amendment, or repeal, as in the judgment of Congress the public good may require.

A BILL to amend an act entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July first, eighteen hundred and sixty-two; also to amend an act approved July second, eighteen hundred and sixty-four; also an act approved May seventh, eighteen hundred and seventy-eight, both in amendment of the said first-mentioned act; and to provide for a settlement of the claims growing out of the issue of bonds to aid in the construction of the Central Pacific and Western Pacific, and to secure to the United States the payment of all indebtedness of said companies.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled:

SECTION 1. That the Secretary of the Treasury be, and he is hereby, authorized and directed to ascertain the amount of the indebtedness of the Central Pacific Railroad Company and the Western Pacific Railroad Company to the United States as of the first day of July, eighteen hundred and eighty-eight, upon the same principle as if the whole sum of the said bonds advanced to the said companies, and the interest paid and to be paid by the United States thereon, and not heretofore repaid by credits on account thereof, were to be paid to the United States in cash on said day; and the said sum shall be computed and ascertained as follows:

First. Add to the principal of the said bonds the interest paid and to be paid thereon by the United States up to the maturity thereof.

Second. Deduct from this sum the amount of the interest which shall, at the time of such computation, have been reimbursed to the United States by the payments and credits which appear in the bond and interest account of the said companies with the United States.

Third. Compute the worth of the amount so found as of the first day of July eighteen hundred and eighty-eight, on the basis that money is worth three per centum per annum, by discounting the said amount at three per centum per annum, compounded semi-annually for the period between the date of average maturity of the said bonds and the first day of July eighteen hundred and eighty-eight. From the sums so ascertained, there shall be deducted the amounts in the sinking fund properly applicable to said companies, computing the value of any bonds in said sinking fund at their market value at the time of such computation, as estimated by the Secretary of the Treasury. The final sum so computed and ascertained shall be deemed the sum that would be required to be paid in cash on the said first day of July, eighteen hundred

and eighty-eight, by said companies for the purpose of completely discharging their entire debt to the United States.

SEC. 2. That the Central Pacific Railroad Company (the successor to the Central Pacific Railroad Company of California, and to the Western Pacific Railroad Company) be, and it hereby is, authorized to make, execute, and deliver to two trustees, to be appointed as hereinafter provided, its certain indenture of mortgage, which shall bear date the first day of July, eighteen hundred and eighty-eight, covering and embracing the entire property of the said Central Pacific Railroad Company as at present consolidated, real, personal, and mixed, of whatsoever nature or wheresoever situated. And the said Central Pacific Railroad Company shall also assign to the said trustees all its right, title, and interest in any bonds, stocks, or leases of branch lines or auxiliary companies in which the said Central Pacific Railroad Company has any interest. A proper and complete description and inventory of all the property affected by said mortgage shall be prepared and filed with the Secretary of the Treasury. The said mortgage and the property therein described shall be held by the said trustees as security for the payment of the principal and interest of the bonds issued thereunder and authorized by this act. But this section shall not be construed to prevent said company from using and disposing of any of its property or assets in the ordinary, proper, and lawful course of its current business, in good faith and for valuable consideration, and not in violation or diminution of the security and lien of the Government: *Provided*, That every such disposition of any stocks, bonds, or other securities owned by the said company, whether by sale, pledge, or otherwise, shall be reported to the Secretary of the Treasury by the said company within thirty days after such disposition has been made, and that the bonds, stocks, or other obligations acquired with the proceeds of the property so disposed of shall in like manner, and with the same power to dispose of the same, be subject to the lien of the said mortgage, and that true and proper descriptions and lists of the same shall be from time to time prepared and filed with the Secretary of the Treasury.

SEC. 3. One of the trustees of the said mortgage hereby authorized shall be appointed by the Central Pacific Railroad Company, subject, however, to the written approval of the President of the United States. The second trustee shall be appointed by the President of the United States, who may, in his discretion, appoint the same person trustee of other mortgages of any roads that have received Government aid in bonds, and which may be executed to secure any debt to the United States. He shall receive an annual salary, not exceeding ten thousand dollars, to be fixed and paid by the Secretary of the Treasury.

SEC. 4. The Central Pacific Railroad Company is hereby authorized to make, execute, and issue, under the mortgage aforesaid, its bonds, equal in amount to the present worth of the debt due to the United States, ascertained as above provided, each of which shall be for the principal sum of one thousand dollars, and shall be payable fifty years after the first day of July, eighteen hundred and eighty-eight. Said bonds shall bear interest at the rate of three per centum per annum, payable semi-annually on the first days of January and July of each year, and shall, at the time of the execution and delivery of the said mortgage, be delivered to the Secretary of the Treasury.

SEC. 5. The mortgage aforesaid shall contain a covenant providing that, in the event of any default continuing for six months in the regular payment of interest on said bonds, or of the sinking-fund payments required by this act, the entire debt due the United States shall immediately mature at the option of the United States, and shall also contain such other terms and stipulations as may be deemed necessary to efficiently secure the said bonds, and as may be approved by the Secretary of the Treasury of the United States. It shall also be made, executed, and recorded so as to conform to the laws of the various States or Territories in which the property described in the mortgage is situated, and shall be of such form, tenor, and effect as shall make the security of said mortgage a valid and legal one under the laws of such States or Territories.

SEC. 6. The said Central Pacific Railroad Company shall annually, on the first day of July in each year, commencing on the first day of July, eighteen hundred and eighty-nine, pay to the trustees named in the said mortgage the sum of one-half of one per centum of the entire amount of the outstanding bonds issued under the said mortgage, until and including the year eighteen hundred and ninety-eight, and after that date shall pay annually the sum of one per centum thereof. The annual payments so made shall be held by the trustees as a sinking fund, applicable to the redemption of the principal of the said bonds at maturity, whether arising from the expiration of their term or by reason of a default in the payment of interest. The said trustees shall have full power to invest, reinvest, and change the investment of the funds, securities, and moneys held by them in the said sinking fund. It shall be the duty of the said trustees, on or before the first day of August of each year, after the first day of July, eighteen hundred and eighty-nine, to report to the Secretary of the Treasury the condition of the property held by them, and of the said sinking fund, and of all investments thereof made by them.

SEC. 7. The existing statutory lien of the United States shall remain in full force, as security for the debt due from the said Central Pacific Railroad Company to the United States until all the liens on the property affected by the said mortgage and existing at the time of its delivery and subsequent to the said statutory lien, shall have been paid, satisfied, and discharged of record. In any proceedings for the enforcement of such statutory lien, or of the mortgage provided for in this act, the United States shall have the right to pay to any holder of bonds or obligations secured under such subsequent liens, or to the trustees of any mortgage securing the same, the value of such bonds or obligations, and shall thereupon be subrogated to all the rights of such holders in any property held as security for such bonds or obligations.

SEC. 8. No dividends on capital stock or otherwise shall be paid by the said Central Pacific Railroad Company, unless the same shall have been actually earned during the fiscal year preceding the year in which said dividends shall be declared, nor unless the company shall have paid all interest on any of its bonded debt, and all sinking-fund obligations, and unless the said earnings, after deducting all interest accrued, but not payable at the time of the declaration of such dividends, shall be sufficient to justify the payment thereof. In no event shall it be lawful for the said company to pay any dividends exceeding the rate of four per centum per annum, unless the said company shall, at the time of declaring such dividends in excess of four per centum per annum, pay an amount equal to the excess over four per centum per annum so declared to the said trustees of said mortgage for the purposes of the sinking fund, and unless the earnings of the said fiscal year shall be sufficient to justify the payment of such excess and also the said payment to the trustees of the sinking fund. Any amount so received by the said trustees shall be held and invested by them for the purpose and subject to the provision of section six.

Any director or officer who shall pay or declare or aid in paying or declaring any dividend prohibited by this act, shall be punished by imprisonment not exceeding two years, and by fine not exceeding five thousand dollars.

SEC. 9. Nothing in this act contained shall be deemed to, in any manner, affect the obligation of the said company to keep its said railroads and telegraph lines in proper repair and use, and at all times to transmit dispatches over said telegraph lines, and transport mails, troops, munitions of war, and supplies of public stores upon said railroads for the Government, or any department thereof, whenever required so to do, at fair and reasonable rates of compensation, not to exceed the lowest rates paid by any private party for the same kind of service. In the discharge of these duties, the said company shall be subject to and bound by the provisions of any Acts of Congress, and the authority exercised thereunder, relating to postal, military, or any other Government transportation, and shall give the Government preference in the use of the same for all the purposes aforesaid, as mentioned in the sixth section of the act of July first, eighteen hundred and sixty-two, and all acts amendatory of said act.

SEC. 10. The Central Pacific Railroad Company may, at any time after the execution and delivery of the said bonds, but only so long as the said bonds are held and owned by the United States, pay all or any of the said bonds by paying the amount thereof, together with the interest accrued thereon, to the Secretary of the Treasury, who shall thereupon cancel the bonds so paid and deliver the bonds so canceled to the said company. No bonds so canceled shall be reissued, nor shall other bonds in lieu thereof be issued by the said company.

SEC. 11. The said Central Pacific Railroad Company and the Central Pacific Railroad Company of California, and the Western Pacific Railroad Company shall, whenever requested in writing by the Department of Justice of the United States, and so long as the United States shall be the holder and owner of any of the bonds authorized by this act, cause any actions at law, or suits in equity, or other proceedings, to be instituted and prosecuted in the name of said companies, or either of them, against any person who is or has been a director, officer, agent, or employé of the said companies, for the purpose of enforcing any cause of action whatever arising, or which may hereafter arise, out of any alleged violation of duty, misappropriation of assets, or any other act or transaction whatsoever, in respect of which the said Department of Justice shall allege that it desires such action, suit, or other proceedings to be instituted and prosecuted. All such actions, suits and proceedings shall be conducted by the Attorney-General of the United States, and he shall be fully authorized by the said companies, or either of them, to appear for them as attorney or solicitor in such actions, suits, or proceedings, and shall have the entire control of the same from the inception thereof to the end of such prosecution, and also the right to take and prosecute any appeal, or appeals, from any decision or determination made therein. Any sums of money which may be recovered under the provisions of this section shall be paid over by the Central Pacific Railroad Company to the said trustees, for the purposes of the sinking fund established by the sixth section of this act.

SEC. 12. This act shall take effect upon the acceptance of its terms by resolution of the board of directors of the said Central Pacific Railroad Company, over its corporate seal, signed by its president and countersigned by its secretary, and upon such

account being filed or deposited with the Secretary of the Treasury within one month after the passage of this act, subject, however, to the completion of the settlement and adjustment in this act proposed and provided; and if such acceptance be not so filed, the said company shall take no benefit from this act. Upon the filing of said acceptance and the execution and delivery of the said mortgage and the bonds referred to in the fourth section of this act, the Secretary of the Treasury is authorized and directed to sell any securities held in the sinking fund for said companies. Any excess which may be realized from such sale above the value of such securities, as estimated under the first section of this act, shall be paid to the said company, and any deficiency below such value shall be paid by the said company upon demand made by the Secretary of the Treasury after such sale. The delivery of the said bonds, and the adjustment provided for by this act, shall be completed on or before the first day of October, eighteen hundred and eighty-eight.

SEC. 13. If the said Central Pacific Railroad Company shall fail to accept the foregoing provisions of this act, or if the settlement and adjustment provided by this act shall fail to be completed on the first day of October, eighteen hundred and eighty-eight, there shall be charged to and collected from the said Central Pacific Railroad Company and the said Western Pacific Railroad Company, and their successors and assigns, from and after the first day of July, eighteen hundred and eighty-eight, all of the aforesaid net earnings of the subsidized portions of said railroads, to be ascertained as provided in section one of the act of May seventh, eighteen hundred and seventy-eight.

SEC. 14. In the event of the non-acceptance of the provisions of this act by the said Central Pacific Railroad Company, or of the failure to complete the settlement hereinbefore provided, on or before the first day of October, eighteen hundred and eighty-eight, it is further provided that section three of the said act of May seventh, eighteen hundred and seventy-eight, and also section five of the act of March third, eighteen hundred and eighty-seven, be, and the same are hereby, so amended as to allow the Secretary of the Treasury to sell any of the securities held by him in the sinking funds of said companies, and to invest the proceeds of the securities so sold, and any other funds held by him in the said sinking funds, in the first-mortgage bonds of any of the Pacific railroads aided with bonds of the United States, or in any bonds or securities of the United States, at his discretion.

SEC. 15. If the said Central Pacific Railroad Company shall accept the provisions of this act in the manner and within the time herein provided, then, from and after the completion of the said adjustment and settlement, all provisions of law relating to the collection of any percentage of net earnings, and to the withholding or application of any moneys due or to become due from the United States for any services rendered by the said Central Pacific Railroad Company, or any of its branches or auxiliary or leased lines, are hereby repealed, and all such amounts shall (provided the said company shall not be in default in the payment of the interest on the bonds or in the payments to the sinking fund required by this act) be paid to the said company as soon as such amounts shall have been ascertained and audited.

The said company, in the same event, is also empowered to extend the time for the maturity of any of its bonds which, by the terms of the act of July second, eighteen hundred and sixty-four, have priority of lien over the statutory lien of the United States, for such term or terms of years as it may deem proper: *Provided, however*, That such extension shall be at a rate of interest not to exceed four per cent. per annum, payable semi-annually; and the lien of the United States, both under the statutory lien and under the mortgage authorized by this act, shall continue to be subordinate to that of the bonds so extended: *Provided, however*, That all interest accrued on the said bonds at the time of such extension shall have been fully paid, and that the amount thereof shall not exceed the principal of the debt which was allowed priority over the debt due to the United States: *And provided, also*, That the lien of the said bonds shall not be extended to any property other than that now covered by the mortgage securing the said bonds.

SEC. 16. If the Central Pacific Railroad Company shall accept the terms of this act, and complete the said adjustment, it is hereby authorized, at any time before the first day of July, eighteen hundred and eighty-nine, to convey and release to the United States all of the public lands heretofore conveyed by patent, or to which it may still be entitled under the terms of its grant, and which remain unsold, and which shall be at the time of the release free from incumbrance. The Secretary of the Treasury shall, on the certificate of the Secretary of the Interior stating the number of acres which have been so released, allow to the Central Pacific Railroad Company the value of such lands at the rate of one dollar and twenty-five cents per acre, as a cash payment on account of the bonds authorized by this act, and shall cancel and deliver to the said company as many of the said bonds as shall, with the accrued interest thereon, equal the value of the said lands at the said rate per acre.

SEC. 17. It shall be the duty of the Attorney-General to cause the provisions of this act to be enforced, and he shall take all steps needful to that end, and shall make report to the President each year, or oftener, thereon, which report shall be laid before Congress. And until the settlement in this act provided for shall be completed,

all existing provisions of law relating to said companies respectively, shall remain in force; and on and after the said first day of July, eighteen hundred and eighty-eight, sections thirteen and fourteen of this act shall, if said settlement fail to be completed, take effect.

SEC. 18. This act shall be deemed and taken to be a public act to all intents and purposes, and shall be subject to alteration, amendment, or repeal, as in the judgment of Congress the public good may require.

A BILL to amend an act entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July first, eighteen hundred and sixty-two; also to amend an act approved July second, eighteen hundred and sixty-four; also an act approved May seventh, eighteen hundred and seventy-eight, both in amendment of the said first-mentioned act; and to provide for a settlement of the claims growing out of the issue of bonds to aid in the construction of the Central Branch Union Pacific Railroad and to secure to the United States the payment of all the indebtedness of said company.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled:

SECTION 1. That the Secretary of the Treasury be, and he is hereby, authorized and directed to ascertain the amount of the indebtedness of the Central Branch Union Pacific Railroad Company to the United States as of the first day of July, eighteen hundred and eighty-eight, upon the same principle as if the whole sum of the bonds advanced to the said company, and the interest paid and to be paid by the United States thereon, and not heretofore repaid by credits on account thereof, were to be paid to the United States in cash on said day; and the said sum shall be computed and ascertained as follows:

First. Add to the principal of the said bonds the interest paid and to be paid thereon by the United States up to the maturity thereof.

Second. Deduct from this sum the amount of the interest which shall, at the time of such computation, have been reimbursed to the United States by the payments and credits which appear in the bond and interest account of the said company with the United States.

Third. Compute the worth of the amount so found as of the first day of July, eighteen hundred and eighty-eight, on the basis that money is worth three per centum per annum, by discounting the said amount at three per centum per annum, compounded semi-annually for the period between the date of average maturity of the said bonds and the first day of July, eighteen hundred and eighty-eight. The final sum so computed and ascertained shall be deemed the sum that would be required to be paid in cash on the said first day of July, eighteen hundred and eighty-eight, by said company, for the purpose of completely discharging its entire debt to the United States.

SEC. 2. The said Central Branch Union Pacific Railroad Company is hereby authorized to make, execute, and deliver to two trustees, to be appointed as hereinafter provided, its certain indenture of mortgage which shall bear date the first day of July, eighteen hundred and eighty-eight, covering and embracing the entire property of the said Central Branch Union Pacific Railroad Company, real, personal, and mixed, of whatever nature and wheresoever situated. The said Central Branch Union Pacific Railroad Company shall also assign to the said trustees all its right, title, and interest in any bonds, stocks, or leases of branch lines or auxiliary companies in which the Central Branch Union Railroad Pacific Company has any interest. A proper and complete description and inventory of all the property affected by said mortgage shall be prepared and filed with the Secretary of the Treasury. The said trustees shall hold the said mortgage and the property therein described as security for the payment of the principal and interest of the bonds issued thereunder and authorized by this act.

But this section shall not be construed to prevent said company from using and disposing of any of its property or assets in the ordinary, proper, and lawful course of its current business, in good faith and for valuable consideration, and not in violation or diminution of the security and lien of the Government: *Provided*, that every such disposition of any stocks, bonds, or other securities owned by the said company, whether by sale, pledge, or otherwise, shall be reported to the Secretary of the Treasury by the said company within thirty days after such disposition has been made; and that the bonds, stocks, or other obligations acquired with the proceeds of the property so disposed of shall in like manner, and with the same power to dispose of the same, be subject to the lien of the said mortgage, and that true and proper descriptions and lists of the same shall be from time to time prepared and filed with the Secretary of the Treasury.

SEC. 3. One of the trustees of the said mortgage hereby authorized shall be appointed by the Central Branch Union Pacific Railroad Company, subject, however, to the written approval of the President of the United States. The second trustee shall be appointed by the President of the United States, who may, in his discretion, appoint the same person trustee of other mortgages of any roads that have received Govern-

ment aid in bonds, and which may be executed to secure any debt to the United States. He shall receive an annual salary not exceeding five thousand dollars, to be fixed and paid by the Secretary of the Treasury.

SEC. 4. The Central Branch Union Pacific Railroad Company is hereby authorized to make, execute, and issue, under the mortgage aforesaid, its bonds equal in amount to the present worth of the debt due to the United States, ascertained as above provided, each of which bonds shall be for the principal sum of one thousand dollars, and shall be payable fifty years after the first day of July, eighteen hundred and eighty-eight. The said bonds shall bear interest at the rate of three per centum per annum, payable semi-annually on the first days of January and July of each year, and shall, at the time of the execution and delivery of the said mortgage, be delivered to the Secretary of the Treasury.

SEC. 5. The mortgage aforesaid shall contain a covenant providing that, in the event of any default in the regular payment of interest on said bonds, or of the sinking fund payments required by this act, continuing for six months, the whole of the said debt due to the United States, shall, at the option of the United States, immediately mature; and shall also contain such other terms and stipulations as may be deemed necessary to efficiently secure the said bonds, and as may be approved by the Secretary of the Treasury of the United States. It shall also be made, executed, and recorded, so as to conform to the laws of the State in which the property covered by the mortgage is situated, and shall be of such form, tenor, and effect as shall make the security of the said mortgage a valid and legal one under the laws of the said State.

SEC. 6. The said Central Branch Union Pacific Railroad Company shall annually, on the first day of July in each year, commencing on the first day of July, eighteen hundred and eighty-nine, pay to the trustees named in the said mortgage, the sum of one-half of one per centum of the entire amount of the bonds outstanding under the said mortgage, until and including the year eighteen hundred and ninety-eight, and after that date shall pay the sum of one per centum thereof annually. The annual payments so made shall be held by the trustees as a sinking fund applicable to the redemption of the principal of the said bonds at maturity, whether arising from the expiration of their term or by reason of default in the payment of the interest. The said trustees shall have full power to invest, reinvest, and change the investment of the funds, securities, and moneys held by them in the said sinking fund. It shall be the duty of the said trustees on or before the first day of August of each year, after the first day of July, eighteen hundred and eighty-nine, to report to the Secretary of the Treasury the condition of the property held by them and of the said sinking fund, and of all investments thereof made by them.

SEC. 7. The existing statutory lien of the United States shall remain in full force as security for the debt due from the said Central Branch Union Pacific Railroad Company to the United States until all liens on the property covered by said mortgage, and existing at the time of its delivery, and which liens are subsequent to the said statutory lien, shall have been paid, satisfied, and discharged of record. In any proceedings for the enforcement of said statutory lien, or the mortgage provided for in this act, the United States shall have the right to pay to any holder of bonds or obligations secured under such subsequent liens, or to the trustees of any mortgage securing the same, the value of such bonds or obligations, and shall thereupon be subrogated to all the rights of such holders in any property held as security for such bonds or obligations.

SEC. 8. No dividends on capital stock or otherwise shall be paid by the said Central Branch Union Pacific Railroad Company, unless the same shall have been actually earned during the fiscal year preceding the year in which said dividends shall be declared, nor unless said company shall have paid all interest on any of its bonded debt and all sinking fund obligations, and unless the said earnings, after deducting all interest accrued, but not payable at the time of the declaration of such dividends, shall be sufficient to justify the payment thereof. In no event shall it be lawful for said company to pay any dividend exceeding the rate of four per centum per annum, unless the said company shall, at the time of declaring such dividends in excess of four per centum per annum, pay an amount equal to the excess over four per centum per annum so declared, to the trustees of the said mortgage for the purposes of the said sinking fund, and unless the earnings of the said fiscal year shall be sufficient to justify the payment of such excess and also the said payment to the trustees of the sinking fund. Any amount so received by the said trustees shall be held and invested by them for the purpose and subject to the provisions of section six.

Any director or officer who shall pay or declare or aid in paying or declaring any dividend prohibited by this act, shall be punished by imprisonment not exceeding two years, and by fine not exceeding five thousand dollars.

SEC. 9. Nothing in this act contained shall be deemed to in any manner affect the obligation of the said company to keep its said railroad and telegraph lines in proper repair and use, and at all times to transmit dispatches over said telegraph lines, and to transport mails, troops, munitions of war, and supplies of public stores on said

railroad for the Government, or any Department thereof, whenever required to do so, at fair and reasonable rates of compensation, not to exceed the lowest rates paid by any private party for the same kind of service. In the discharge of these duties the said company shall be subject to, and bound by, the provisions of any Act of Congress and the authority exercised thereunder, relating to postal, military, or any other Government transportation, and shall give the Government preference in the use of the same for all the purposes aforesaid, as mentioned in the sixth section of the act of July first, eighteen hundred and sixty two, and all acts amendatory of the said act.

SEC. 10. The Central Branch Union Pacific Railroad Company may, at any time after the execution and delivery of the said bonds, but only so long as the said bonds are held and owned by the United States, pay all or any of the said bonds by paying the amount thereof, together with the interest accrued thereon, to the Secretary of the Treasury, who shall thereupon cancel the bonds so paid and deliver the bonds so canceled to the said company. No bonds so canceled shall be reissued, nor shall other bonds in lieu thereof be issued by said company.

SEC. 11. The Central Branch Union Pacific Railroad Company shall, whenever requested in writing by the Department of Justice of the United States, and so long as the United States shall be the holder and owner of any of the bonds authorized by this act, cause any actions at law or suits in equity, or other proceedings, to be instituted and prosecuted in the name of the said company against any person who is or has been a director, officer, agent, or employé of the said company for the purpose of enforcing any cause of action whatever, arising, or which may hereafter arise, out of any alleged violation of duty, misappropriation of assets, or any other act or transaction whatsoever in respect to which the said Department of Justice shall allege that it desires such action, suit, or other proceedings to be instituted and prosecuted. All such actions, suits, and proceedings shall be conducted by the Attorney-General of the United States, and he shall be fully authorized by the said company to appear for it as attorney or solicitor in such action, suits, or proceedings, and shall have the entire control of the same from the inception to the end thereof, and also the right to take and prosecute any appeal or appeals from any decision or determination made therein. Any sums of money which may be recovered under the provisions of this section shall be paid over by the said Central Branch Union Pacific Railroad Company to the said trustees, for the purposes of the sinking fund established by the sixth section of this act.

SEC. 12. This act shall take effect upon the acceptance of its terms by resolution of the board of directors of the said Central Branch Union Pacific Railroad Company over its corporate seal, signed by its president and countersigned by its secretary, and upon such consent being filed or deposited with the Secretary of the Treasury within one month after the passage of this act, subject, however, to the completion of the settlement and adjustment in this Act proposed and provided; and if such acceptance be not so filed, then the said company shall take no benefit from this act. The delivery of the said bonds and the adjustment provided for by this Act shall be completed on or before the first day of October, eighteen hundred and eighty-eight.

SEC. 13. If the said Central Branch Union Pacific Railroad Company shall fail to accept the foregoing provisions of this act, or if the settlement and adjustment provided by this act shall fail to be completed on the first day of October, eighteen hundred and eighty-eight, there shall be charged to and collected from the said Central Branch Union Pacific Railroad Company, from and after the first day of July, eighteen hundred and eighty-eight, seventy-five per centum of the annual net earnings of the subsidized portions of said railroad, to be ascertained as provided in section one of the act of May seventh, eighteen hundred and seventy-eight, and to that end the said act of May seventh, eighteen hundred and seventy-eight, commonly called the "sinking fund act," and any and all amendments or modifications thereof, shall be and the same are hereby extended to the Central Branch Union Pacific Railroad Company in the same manner as though the said company had been specifically named in the said act.

SEC. 14. In the event of the non-acceptance of the provisions of this act by the said Central Branch Union Pacific Railroad Company, or of the failure to complete the settlement hereinbefore provided, on or before the first day of October, eighteen hundred and eighty-eight, it is further provided that section three of the said act of May seventh, eighteen hundred and seventy-eight, and also section five of the act of March third, eighteen hundred and eighty-seven, be and the same are hereby so amended as to allow the Secretary of the Treasury to sell any of the securities which he may at any time hold in the sinking fund of the said company, and to invest the proceeds of the securities so sold, and any other funds held by him in the said sinking fund, in the first-mortgage bonds of any of the Pacific railroads aided with bonds of the United States, or in any bonds or securities of the United States, at his discretion.

SEC. 15. If the said Central Branch Union Pacific Railroad Company shall accept the provisions of this Act in the manner and within the time herein provided, then, from and after the completion of the said adjustment and settlement, all provisions of law relating to the collection of any percentage of net earnings, and to the

withholding or application of any moneys due or to become due from the United States for any services rendered by the said Central Branch Union Pacific Railroad Company, or any of its branches or auxiliary or leased lines, are hereby repealed, and all such amounts shall (provided the said company shall not be in default in the payment of the interest on the bonds or in the payments to the sinking fund required by this act) be paid to the said company as soon as such amounts shall have been ascertained and audited. The said company, in the same event, is also empowered to extend the time for the maturity of any of its bonds which, by the terms of the act of July second, eighteen hundred and sixty-four, have priority of lien over the statutory lien of the United States, for such term or terms of years as it may deem proper: *Provided, however*, That such extension shall be at a rate of interest not to exceed four per centum per annum, payable semi-annually, and the lien of the United States, both under the statutory lien and under the mortgage authorized by this act, shall continue to be subordinate to that of the bonds so extended: *Provided, however*, That all interest accrued on the said bonds at the time of such extension shall have been fully paid, and that the amount thereof shall not exceed the principal of the debt which was allowed priority over the debt due to the United States: *And provided also*, That the lien of the said bonds shall not be extended to any property other than that now covered by the mortgage securing the said bonds.

SEC. 16. If the Central Branch Union Pacific Railroad Company shall accept the terms of this act and complete the said adjustment, it is hereby authorized, at any time before the first day of July, eighteen hundred and eighty-nine, to convey and release to the United States all of the public lands heretofore conveyed by patent, or to which it may still be entitled under the terms of its grant, and which remain unsold, and which shall be at the time of the release free from encumbrance. The Secretary of the Treasury shall, on the certificate of the Secretary of the Interior stating the number of acres which have been so released, allow to the Central Branch Union Pacific Railroad Company the value of such lands at the rate of one dollar and twenty-five cents per acre, as a cash payment on account of the bonds authorized by this act, and shall cancel and deliver to the said company as many of the said bonds as shall, with the accrued interest thereon, equal the value of the said lands at the said rate per acre.

SEC. 17. It shall be the duty of the Attorney-General to cause the provisions of this act to be enforced, and he shall take all steps needful to that end, and shall make report to the President each year, or oftener, thereon, which report shall be laid before Congress. And until the settlement in this act provided for shall be completed, all existing provisions of law relating to said company shall remain in force, and on and after the said first day of July, eighteen hundred and eighty-eight, sections thirteen and fourteen of this act shall, if said settlement fail to be completed, take effect.

SEC. 18. This act shall be deemed and taken to be a public act to all intents and purposes, and shall be subject to alteration, amendment, or repeal, as in the judgment of Congress the public good may require.

A BILL to amend an act entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July first, eighteen hundred and sixty-two; also to amend an act approved July second, eighteen hundred and sixty-four; also an act approved May seventh, eighteen hundred and seventy-eight, both in amendment of the said first-mentioned act, and to provide for a settlement of the claims growing out of the issues of bonds to aid in the construction of the Sioux City and Pacific Railroad and to secure to the United States the payment of all the indebtedness of said company.

Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled:

SECTION 1. That the Secretary of the Treasury be, and he is hereby, authorized and directed to ascertain the amount of the indebtedness of the Sioux City and Pacific Railroad Company to the United States as of the first day of July, eighteen hundred and eighty-eight, upon the same principle as if the whole sum of the bonds advanced to the said company, and the interest paid and to be paid by the United States thereon, and not heretofore repaid by credits on account thereof, were to be paid to the United States in cash on said day; and the said sum shall be computed and ascertained as follows:

First. Add to the principal of the said bonds the interest paid and to be paid thereon by the United States up to the maturity thereof.

Second. Deduct from this sum the amount of the interest which shall, at the time of such computation, have been reimbursed to the United States by the payments and credits which appear in the bond and interest account of the said company with the United States.

Third. Compute the worth of the amount so found as of the first day of July, eighteen hundred and eighty-eight, on the basis that money is worth three per centum per annum, by discounting the said amount at three per centum per annum, compounded semi-annually for the period between the date of average maturity of the said bonds and the first day of July, eighteen hundred and eighty-eight. The final sum so

computed and ascertained shall be deemed the sum that would be required to be paid in cash on the said first day of July, eighteen hundred and eighty-eight, by said company for the purpose of completely discharging its entire debt to the United States.

SEC. 2. The said Sioux City and Pacific Railroad Company is hereby authorized to make, execute, and deliver to two trustees, to be appointed as hereinafter provided, its certain indenture of mortgage, which shall bear date the first day of July, eighteen hundred and eighty-eight, covering and embracing the entire property of the said Sioux City and Pacific Railroad Company, real, personal, and mixed, of whatever nature and wheresoever situated. The said Sioux City and Pacific Railroad Company shall also assign to the said trustees all its right, title, and interest in any bonds, stocks, or leases of branch lines or auxiliary companies in which the Sioux City and Pacific Railroad Company has any interest. A proper and complete description and inventory of all the property affected by said mortgage shall be prepared and filed with the Secretary of the Treasury. The said trustees shall hold the said mortgage and the property therein described as security for the payment of the principal and interest of the bonds issued thereunder and authorized by this act.

But this section shall not be construed to prevent said company from using and disposing of any of its property or assets in the ordinary, proper, and lawful course of its current business, in good faith and for valuable consideration, and not in violation or diminution of the security and lien of the Government: *Provided*, That every such disposition of any stocks, bonds or other securities owned by the said company, whether by sale, pledge, or otherwise, shall be reported to the Secretary of the Treasury by the said company within thirty days after such disposition has been made, and that the bonds, stocks, or other obligations acquired with the proceeds of the property so disposed of shall, in like manner, and with the same power to dispose of the same, be subject to the lien of the said mortgage, and that true and proper descriptions and lists of the same shall be, from time to time, prepared and filed with the Secretary of the Treasury.

SEC. 3. One of the trustees of the said mortgage hereby authorized shall be appointed by the Sioux City and Pacific Railroad Company, subject, however, to the written approval of the President of the United States. The second trustee shall be appointed by the President of the United States, who may, in his discretion, appoint the same person trustee of other mortgages of any roads that have received Government aid in bonds, and which may be executed to secure any debt to the United States. He shall receive an annual salary, to be fixed and paid by the Secretary of the Treasury, and which shall not exceed five thousand dollars.

SEC. 4. The Sioux City and Pacific Railroad Company is hereby authorized to make, execute and issue, under the mortgage aforesaid, its bonds equal in amount to the present worth of the debt due to the United States, ascertained as above provided, each of which bonds shall be for the principal sum of one thousand dollars, and shall be payable fifty years after the first day of July, eighteen hundred and eighty-eight. The said bonds shall bear interest at the rate of three per centum per annum, payable semi-annually on the first days of January and July of each year, and shall, at the time of the execution and delivery of the said mortgage, be delivered to the Secretary of the Treasury.

SEC. 5. The mortgage aforesaid shall contain a covenant providing that in the event of any default in the regular payment of interest on said bonds, or of the sinking-fund payments required by this act, continuing for six months, the whole of the said debt due the United States shall, at the option of the United States, immediately mature; and shall also contain such other terms and stipulations as may be deemed necessary to efficiently secure the said bonds, and as may be approved by the Secretary of the Treasury of the United States. It shall also be made, executed, and recorded so as to conform to the laws of the States in which the property covered by the mortgage is situated, and shall be of such form, tenor, and effect as shal lmake the security of the said mortgage a valid and legal one under the laws of the said States.

SEC. 6. The said Sioux City and Pacific Railroad Company shall, annually, on the first day of July in each year, commencing on the first day of July, eighteen hundred and eighty-nine, pay to the trustees named in the said mortgage the sum of one-half of one per centum of the entire amount of the bonds outstanding under the said mortgage, until and including the year eighteen hundred and ninety-eight, and after that date shall pay the sum of one per centum thereof annually. The annual payments so made shall be held by the trustees as a sinking fund applicable to the redemption of the principal of the said bonds at maturity, whether arising from the expiration of their term or by reason of default in the payment of the interest. The said trustees shall have full power to invest, reinvest, and change the investment of the funds, securities, and moneys held by them in the said sinking fund. It shall be the duty of the said trustees, on or before the first day of August of each year, after the first day of July, eighteen hundred and eighty-nine, to report to the Secretary of the Treasury the condition of the property held by them, and of the said sinking fund, and of all investments thereof made by them.

SEC. 7. The existing statutory lien of the United States shall remain in full force as security for the debt due from the said Sioux City and Pacific Railroad Company

to the United States until all liens on the property covered by said mortgage, and existing at the time of its delivery, and which liens are subsequent to the said statutory lien, shall have been paid, satisfied, and discharged of record. In any proceedings for the enforcement of said statutory lien, or the mortgage provided for in this act, the United States shall have the right to pay to any holder of bonds or obligations secured under such subsequent liens, or to the trustees of any mortgage securing the same, the value of such bonds or obligations, and shall thereupon be subrogated to all the rights of such holders in any property held as security for such bonds or obligations.

SEC. 8. No dividends on capital stock, or otherwise, shall be paid by the said Sioux City and Pacific Railroad Company, unless the same shall have been actually earned during the fiscal year preceding the year in which said dividends shall be declared, nor unless said company shall have paid all interest on any of its bonded debt and all sinking-fund obligations, and unless the said earnings, after deducting all interest accrued but not payable at the time of the declaration of such dividends, shall be sufficient to justify the payment thereof. In no event shall it be lawful for said company to pay any dividend exceeding the rate of four per centum per annum, unless the said company shall, at the time of declaring such dividends in excess of four per centum per annum, pay an amount equal to the excess over four per centum per annum, so declared, to the trustees of the said mortgage, for the purposes of the said sinking fund, and unless the earnings of the said fiscal year shall be sufficient to justify the payment of such excess, and also the said payment to the trustees of the sinking fund. Any amount so received by the said trustees shall be held and invested by them for the purpose and subject to the provisions of section six.

Any director or officer who shall pay or declare or aid in paying or declaring any dividend prohibited by this act, shall be punished by imprisonment not exceeding two years, and by fine not exceeding five thousand dollars.

SEC. 9. Nothing in this act contained shall be deemed to in any manner affect the obligation of the said company to keep its said road and telegraph lines in proper repair and use, and, at all times, to transmit dispatches over said telegraph lines, and to transport mails, troops, munitions of war, and supplies of public stores on said railroad, for the Government or any department thereof, whenever required to do so, at fair and reasonable rates of compensation not to exceed the lowest rates paid by any private party for the same kind of service. In the discharge of these duties the said company shall be subject to and bound by the provisions of any Act of Congress, and the authority exercised thereunder, relating to postal, military, or any other Government transportation, and shall give the Government preference in the use of the same for all the purposes aforesaid, as mentioned in the sixth section of the act of July first, eighteen hundred and sixty-two, and all acts amendatory of the said act.

SEC. 10. The Sioux City and Pacific Railroad Company may, at any time after the execution and delivery of the said bonds, but only so long as the said bonds are held and owned by the United States, pay all or any of the said bonds by paying the amount thereof, together with the interest accrued thereon, to the Secretary of the Treasury, who shall thereupon cancel the bonds so paid and deliver the bonds so canceled to the said company. No bonds so canceled shall be reissued, nor shall other bonds in lieu thereof be issued by said company.

SEC. 11. The Sioux City and Pacific Railroad Company shall, whenever requested in writing by the Department of Justice of the United States, and so long as the United States shall be the holder and owner of any of the bonds authorized by this act, cause any actions at law or suits in equity or other proceedings to be instituted and prosecuted in the name of the said company against any person who is or has been a director, officer, agent, or employé of the said company, for the purpose of enforcing any cause of action whatever arising, or which may hereafter arise, out of any alleged violation of duty, misappropriation of assets, or any other act or transaction whatsoever in respect to which the said Department of Justice shall allege that it desires such action, suit, or other proceedings to be instituted and prosecuted. All such actions, suits, and proceedings shall be conducted by the Attorney-General of the United States, and he shall be fully authorized by the said company to appear for it as attorney or solicitor in such action, suits, or proceedings, and shall have the entire control of the same from the inception to the end thereof, and also the right to take and prosecute any appeal or appeals from any decision or determination made therein. Any sums of money which may be recovered under the provisions of this section shall be paid over by the said Sioux City and Pacific Railroad Company to the said trustees for the purposes of the sinking fund established by the sixth section of this act.

SEC. 12. This act shall take effect upon the acceptance of its terms by resolution of the board of directors of the said Sioux City and Pacific Railroad Company, over its corporate seal, signed by its president and countersigned by its secretary, and upon such consent being filed or deposited with the Secretary of the Treasury within one month after the passage of this act, subject, however, to the completion of the settlement and adjustment in this act proposed and provided; and if such acceptance be not so filed, then the said company shall take no benefit from this act. The delib-

ery of the said bonds, and the adjustment provided for by this act, shall be completed on or before the first day of October, eighteen hundred and eighty-eight.

SEC. 12. If the said Sioux City and Pacific Railroad Company shall fail to accept the foregoing provisions of this act, or if the settlement and adjustment provided by this act shall fail to be completed on the first day of October, eighteen hundred and eighty-eight, there shall be charged to and collected from the said Sioux City and Pacific Railroad Company, from and after the first day of July, eighteen hundred and eighty-eight, all of the earnings of the subsidized portions of said railroad, to be ascertained as provided in section one of the act of May seventh, eighteen hundred and seventy-eight, and to that end the said act of May seventh, eighteen hundred and seventy-eight, commonly called the "sinking-fund act," and any and all amendments or modifications thereof, shall be, and the same are hereby, extended to the said Sioux City and Pacific Railroad Company, in the same manner as though the said company had been specifically named in the said act.

SEC. 14. In the event of the non-acceptance of the provisions of this act by the Sioux City and Pacific Railroad Company, or of the failure to complete the settlement hereinbefore provided, on or before the first day of October, eighteen hundred and eighty-eight, it is further provided that section three of the said act of May seventh, eighteen hundred and seventy-eight, and also section five of the act of March third, eighteen hundred and eighty-seven, be and the same are hereby so amended as to allow the Secretary of the Treasury to sell any of the securities which he may at any time hold in the sinking fund of the said company, and to invest the proceeds of the securities so sold, and any other funds held by him in the said sinking fund, in the first-mortgage bonds of any of the Pacific railroads aided with bonds of the United States, or in any bonds or securities of the United States, at his discretion.

SEC. 15. If the said Sioux City and Pacific Railroad Company shall accept the provisions of this act in the manner and within the time herein provided, then, from and after the completion of the said adjustment and settlement, all provisions of law relating to the collection of any percentage of net earnings, and to the withholding or application of any moneys due or to become due from the United States for any services rendered by the said Sioux City and Pacific Railroad Company, or any of its branches or auxiliary or leased lines, are hereby repealed, and all such amounts shall (provided the said company shall not be in default in the payment of the interest on the said bonds, or in the payments to the sinking fund required by this act), be paid to the said company as soon as such amounts shall have been ascertained and audited.

The said company, in the same event, is also empowered to extend the time for the maturity of any of its bonds which, by the terms of the Act of July second, eighteen hundred and sixty-four, have priority of lien over the statutory lien of the United States, for such term or terms of years as it may deem proper: *Provided*, however, that such extension shall be at a rate of interest not to exceed four per cent. per annum, payable semi-annually; and the lien of the United States, both under the statutory lien and under the mortgage authorized by this act, shall continue to be subordinate to that of the bonds so extended: *Provided, however*, That all interest accrued on the said bonds at the time of such extension shall have been fully paid, and that the amount thereof shall not exceed the principal of the debt which was allowed priority over the debt due to the United States; *And provided also*, That the lien of the said bonds shall not be extended to any property otherwise than now covered by the mortgage securing the said bonds.

SEC. 16. If the said Sioux City and Pacific Railroad Company shall accept the terms of this act and complete the said adjustment, it is hereby authorized, at any time before the first day of July, eighteen hundred and eighty-nine, to convey and release to the United States all of the public lands heretofore conveyed by patent, or to which it may still be entitled under the terms of its grant, and which remain unsold, and which shall be, at the time of the release, free from incumbrance. The Secretary of the Treasury shall, on the certificate of the Secretary of the Interior stating the number of acres which have been so released, allow to the Sioux City and Pacific Railroad Company the value of such lands at the rate of one dollar and twenty-five cents per acre, as a cash payment on account of the bonds authorized by this act, and shall cancel and deliver to the said company as many of the said bonds as shall, with the accrued interest thereon, equal the value of the said lands at the said rate per acre.

SEC. 17. It shall be the duty of the Attorney-General to cause the provisions of this act to be enforced, and he shall take all steps needful to that end, and shall make report to the President each year, or oftener, thereon, which report shall be laid before Congress. And until the settlement in this act provided shall be completed, all existing provisions of law relating to said company shall remain in force, and on and after the said first day of July, eighteen hundred and eighty-eight, sections thirteen and fourteen of this act shall, if said settlement fail to be completed, take effect.

SEC. 18. This act shall be deemed and taken to be a public act to all intents and purposes, and shall be subject to alteration, amendment, or repeal, as in the judgment of Congress the public good may require.

PART SECOND.

STATEMENT OF THE FINANCIAL OPERATIONS OF THE AIDED ROADS.

It is not the object of the Commission to present in any detail the actual history of these enterprises. Its intention is only to describe in general terms their construction and development, in so far as may be necessary to understand their financial condition at various periods.

The following is a general statement of the aid extended to these companies by the United States:

Bonds.

Union Pacific	$27,236,512	
Kansas Pacific	6,303,000	
Central Branch Union Pacific	1,600,000	
Sioux City and Pacific	1,628,320	
Central Pacific	25,885,120	
Western Pacific	1,970,000	
		$64,623,512

Lands.

	Acres.	Rate per acre.	Amount.	
Union Pacific	11,226,240	$1.25	$14,127,800	
Kansas Pacific	6,000,000	1.25	7,500,000	
Central Branch Union Pacific	223,000	1.25	278,750	
Sioux City and Pacific	43,000	1.25	53,750	
Central Pacific	8,000,000	1.25	10,000,000	
Western Pacific	480,720	1.25	600,900	
Total	26,032,960			$32,560,200
Total, bonds and lands				$97,183,712

The explanation of the constant and restless discussion and inquiry which has for many years pervaded Congress, the press, and, it may be said, the whole people of this country, in relation to these Pacific companies, is certainly due to the fact that there exists a settled conviction that by the application of ingeniously contrived devices in the construction and operation of these railways the bounty of the Government, intended for the support, development, and insurance of the financial strength of these corporations, has been slowly but surely filtered into the pockets of a few favored officers and managers, who have not scrupled to use their powers as directors and trustees for their own personal advantages.

This Commission finds it impossible to state its views of the object of the Government in making the munificent grant of lands and the great aid of its credit, in better language than that contained in the report of the Wilson committee to the House of Representatives, made on the 20th of February, 1873. The language of that report is as follows:

> Your committee can not doubt that it was the purpose of Congress in all this to provide for something more than a mere gift of so much land, and a loan of so many bonds on the one side, and the construction and equipment of so many miles of railroad and telegraph on the other.
>
> The United States was not a mere creditor, loaning a sum of money upon mortgages. The railroad corporation was not a mere contractor, bound to furnish a specified structure and nothing more. The law created a body politic and corporate, bound, as a trustee, so to manage this great public franchise and endowments that not only the security for the great debt due the United States should not be impaired, but so that there should be ample resources to perform its great public duties in time of commercial disaster and in time of war.

This act was not passed to further the personal interests of the corporators, nor for the advancement of commercial interests, nor for the convenience of the general public alone; but in addition to these, the interests, present and future, of the Government, as such, were to be subserved. A great highway was to be created, the use of which for postal, military, and other purposes was to be secured to the Government "at all times," but particularly in time of war. Your committee deem it important to call especial attention to this declared object of this act, to accomplish which object the munificent grant of lands and loan of the Government credit was made. To make such a highway and to have it ready at "all times," and "particularly in time of war," to meet the demands that might be made upon it; to be able to withstand the loss of business and other casualties incident to war and still to perform for the Government such reasonable service as might under such circumstances be demanded, required a strong solvent corporation, and when Congress expressed the object and granted the corporate powers to carry that object into execution, and aided the enterprise with subsidies of lands and bonds, the corporators in whom these powers were vested and under whose control these subsidies were placed, were, in the opinion of your committee, under the highest moral, to say nothing of legal or equitable obligations, to use the utmost degree of good faith toward the Government in the exercise of the powers and disposition of the subsidies.

The conclusion reached by this Commission, based upon their own examinations of the officers of the respective companies, upon the examination of the accounts of the companies by the experts of the Commission, and upon the report of the inspecting engineer of the Commission, is that, with a single exception, to be presently noted, all of the duties and obligations above referred to have been constantly and persistently disregarded. The result is that those who have controlled and directed the construction and development of these companies have become possessed of their surplus assets through issues of bonds, stocks, and payments of dividends, voted by themselves while the great creditor, the United States, finds itself substantially without adequate security for the repayment of its loans.

The single exception above referred to we desire, at the threshold of this portion of the report, to indicate and to emphasize. We refer to the administration of the Union Pacific Railway Company since the spring of 1884. In our judgment it is fully and entirely exonerated from the condemnation to be passed on the transactions of other roads, and relating to other periods. We are satisfied that this administration has devoted itself honestly and intelligently to the herculean task of rescuing the Union Pacific Railway from the insolvency which seriously threatened it at the inception of its work; that it has devoted itself by rigid economy, by intelligent management, and by an application of every dollar of the earning capacity of the system to its improvement and betterment, to place that company on a sound and enduring financial foundation.

This effort has been continued during the past year with increased intelligence and vigor, and we think it to be largely due to this administration that the United States to-day, in our judgment, holds in the Union Pacific Railway, and through the value which it derives as an integral part of the Union Pacific system (if protected by proper legislation), full security for the repayment of its whole debt and of the interest.

STATEMENT OF THE FINANCIAL OPERATIONS OF THE UNION PACIFIC RAILROAD AND RAILWAY COMPANY.

In order to avoid useless repetitions of matters that have been heretofore thoroughly investigated, and as to which the evidence has already been placed before Congress, the Commission accepts, as its conclusions, the results reached by the Wilson committee as applicable to the construction of the Union Pacific Railroad between Omaha and Ogden,

a distance of 1,020.38 miles. These conclusions have been corroborated by our examinations. We refer to the reports of Mr. Calhoun (vol. 8), and to the evidence of G. M. Dodge (vol. 7, page 3700), and of Peter A. Dey (vol. 7, page 1425).

It will be remembered that the proof taken by the Wilson committee established substantially the following propositions:

First. That the Union Pacific Railroad, from Omaha to Ogden, was constructed under three contracts known as the "Hoxie contract," the "Ames contract," and the "Davis contract."

Second. That through the intervention of assignments made by the holders of these contracts to trustees, and through the intervention of a construction company known as the "Credit Mobilier of America," the profits derived from these contracts were secured to the officers and promoters of the Union Pacific Railroad itself. The persons who received these profits determined the amount thereof by their own votes.

Third. The result of these three contracts was as follows:

Cost to railroad company:		
Hoxie contract		$12,974,416.24
Ames contract		57,140,102.94
Davis contract		23,431,768.10
Total		93,546,287.28
Cost to contractors:		
Hoxie contract	$7,806,183.33	
Ames contract	27,285,141.99	
Davis contract	15,629,633.62	
		50,720,966.94
		42,825,320.34
To this should be added the amount paid Credit Mobilier on account of 58 miles		1,104,000.00
Total profit on construction		43,929,320.34

Fourth. The actual cost of construction under these three contracts was substantially equivalent to the proceeds of the first-mortgage bonds of the company and of the Government bonds, as shown by the following table:

First-mortgage bonds issued	$27,213,000.00
Sold at a discount of	3,494,991.23
Net proceeds	23,718,008.77
Government bonds issued	27,236,512.00
Sold at a discount of	91,343.72
Net proceeds	27,145,168.28
Aggregate net proceeds of both classes	50,863,177.05
Cost of whole road to the contractors	50,720,964.94
Difference between proceeds of bonds and cost	142,212.11

Fifth. That the actual profits realized from the three contracts, after reducing the bonds issued to their cash value and charging the stock issued at 30 cents on the dollar, were $23,366,319.81. These profits are stated as follows:

Ames and Davis contracts.

Bonds (cash value)	$11,210,000.00
Twenty-four million stock, at 30	7,200,000.00
Cash	1,246,000.00
	19,656,000.00

The profits on the Hoxie contract, as before stated, were $6,972,-222.71.

Treating all of this as stock, except $1,125,000 of first-mortgage bonds, divided as hereinafter stated, the profits, cash values, on this would be as follows:

$1,125,000 first mortgage bonds, at 85	$956,250.00
$5,147,222.71 stock, at 30	1,544,169.81
Total cash profit	2,500,419.81

Sixth. The benefits arising from the Hoxie contract were secured by an assignment to Thomas C. Durant, Cornelius S. Bushnell, Charles A. Lambard, and H. S. McComb (all directors of the Union Pacific Railroad Company), and Gray.

The profits arising from the Ames contract were secured to the stockholders of the Credit Mobilier, and the contract itself was assigned, in trust, to Thomas C. Durant, Oliver Ames, John B. Alley, Sidney Dillon, Cornelius S. Bushnell, Henry S. McComb, and Benjamin E. Bates, all of whom were stockholders in the Union Pacific Railroad Company and in the Credit Mobilier.

The profits arising from the Davis contract were secured to the Credit Mobilier stockholders by an assignment to the same trustees.

The conclusions above referred to are entirely corroborated by our examinations. While the actual cash profits of the construction of the road are estimated at $23,366,319.81, the obligations incurred by the railroad company represent a very much larger [illegible] being measured by the bonds and stock at their par values.

The statement of the construction account, contained in the balance sheet of 1870, immediately after the completion of the road, is $97,273,549.06. The immediate effect of this vast issue of paper obligations on the financial position of the company is manifest. Without referring to the stock, on which no dividends were declared for some years, it is apparent that the annual interest charge was vastly greater than it would have been had the road been constructed for a sum approximating the actual cost of construction. The actual amount of the payment for interest for the year 1870 was $4,749,350.52. (See Calhoun's report, volume 8.) The gradual effect of the absorption of the earnings of the company by excessive payments for interest, and in subsequent years for dividends, is fully detailed in Mr. Calhoun's report, to which reference is hereby made. Without entering these figures at length, it will be apparent to every one that the result of these payments was to weaken the financial condition of the Union Pacific Railroad Company, and in time to bring about its insolvency, unless counteracted by a large development of its business and an increase of its earning power.

Simultaneously with the completion of the road, in May, 1869, the company found itself obliged to increase its bonded debt. Between the 31st of October, 1869, and the 7th of September, 1871, it issued income bonds to the extent of $9,457,000, for which it received $6,614,600. During substantially the same period it issued its first land-grant bonds, to the extent of $10,744,000, for which it received $6,230,050.

1870 to 1880.

It appears from Mr. Calhoun's report (volume 8) that the earnings of the Union Pacific Railroad from 1870 to 1879, both inclusive, amounted to $109,017,066.77; operating expenses for the same period, $50,659,933.04; leaving as net earnings for the ten years, $58,357,133.73.

During the years in question the business increased from $7,625,377.11 to $13,201,077.46. The operating expenses, which in 1870 were $4,671,414.84, in 1879 were $5,475,505.44. The percentage of operating expenses decreased from 61.24 per cent. in 1870 to 41.49 per cent. in 1879. This decrease was the result of two causes:

First: By charging to construction account items which should have been charged to operating expenses.

Second: By the high passenger and freight rates which prevailed during these years.

The interest charges for the same period amounted to $49,433,189.80, but the accountant has included the interest on the Government debt in this amount.

The company commenced the declaration of dividends July 1, 1875, and the total amount paid out for dividends to the 1st of January, 1899, was $11,942,125. (See Calhoun's report, volume 8.) The actual figures of the income account of the company show, in each year, a sufficient balance to support the dividends declared and paid. This result, however, is reached by excluding from the income account the interest accruing on the debt to the United States. As the courts have decided that this interest is not payable until the maturity of the bonds themselves, it is true that the declaration of the dividends was made out of the actual earnings, and was not a violation of law.

But this exhaustion of the company's resources, in view of the fact that the liability for the interest existed and was growing year by year, was extremely improvident, and tended inevitably to the result which is so clearly seen to-day in the inability of the company to provide for the maturing debt.

In 1873 Mr. Jay Gould became the owner of a controlling interest in the Union Pacific Railroad Company by the purchase of 100,000 shares of its capital stock, and subsequently increased it to 200,000 shares. (See evidence of Mr. Gould, volume 1, page 451.) In 1878 Mr. Gould parted with a large portion of his interest. (See evidence of Addison Cammack, volume 1, page 278.) At the close of 1879, the period of consolidation, his interest was reduced to 27,000 shares. (See evidence of Mr. Gould, volume 1, page 475.)

During 1877, 1878, and 1879 the policy of constructing branch lines, as feeders to the main line, commenced. But the great expenditure for these purposes was not incurred until after 1880.

Shortly after the report of the Wilson committee and the passage of the act of 1873, an action was brought in the circuit court of the United States, District of Connecticut, by the United States against the Union Pacific Railroad Company, its officers, directors, and other persons who were alleged to have been guilty of misappropriating the assets of the company. The complaint in that suit contained a great number of specified charges of misconduct, referring to violations of law in the issue of stock, or in the declaration of dividends, or in receiving moneys to which they were not entitled, as proceeds of construction contracts, and for other illegal acts of a like nature.

The Union Pacific Railroad Company demurred to the complaint, on the ground that the United States had disclosed no cause of action which entitled it to relief, but that the cause of action, if any, was the property of the corporation itself. This demurrer was sustained, Justice Hunt delivering the opinion of the court in November, 1873, and his decision was affirmed in October, 1878, by the Supreme Court (United States against the Union Pacific and others, 98 U. S., 569).

It appears from the minutes of the Union Pacific Railroad Company that while this litigation was pending, certain proceedings were taken by the directors of that company, whereby, by their own acts and votes, they undertook to release themselves from any obligations or liabilities to the said railroad company. (See volume 2, pages 711 to 722; 863 to 871.)

The Commission refer to these somewhat extraordinary proceedings, in order that they may be considered in connection with section 11 of their proposed bill, though it would seem too clear for argument that a release executed by a corporation, in pursuance of a vote controlled by the parties claiming the benefit of the release, must be absolutely valueless and without effect.

STATEMENT OF THE FINANCIAL OPERATIONS OF THE KANSAS PACIFIC RAILWAY COMPANY FROM 1864 TO JANUARY 1, 1880.

The early proceedings relating to the organization of the Leavenworth, Pawnee and Western Railroad Company, its efforts to procure favorable legislation in Congress, the negotiations for the acquisition of Indian lands, and the early steps relating to the right of way of the company, the transfer of the initial interests to Messrs. Frémont and Hallett, and the transfer from Frémont and Hallett to the parties represented in the subsequent construction of the company, are matters which have no possible bearing on the present relations of the company to the Government. The Commission, therefore, merely refers to the evidence of General James C. Stone (volume 3, page 1595), John P. Usher (volume 3, page 1672), for information as to this period of the history of the Kansas Pacific Railway Company.

In 1865, the name of the corporation was changed from the Leavenworth, Pawnee and Western Railroad Company to the Union Pacific, eastern division. By the ninth section of the act of 1862, this corporation was required to be constructed from Kansas City westwardly, so as to form a junction with the then contemplated Union Pacific Railroad, at a point located on the one hundredth meridian.

The original scheme contemplated a Pacific Railroad commencing at a point to be fixed on the one hundredth meridian. Authority was then conferred on various corporations starting from different points on the Missouri River, to unite with this contemplated Pacific Railroad at the given point on the one hundredth meridian. By section 14 of the act, the Union Pacific Railroad Company itself was required to construct a railroad from a point on the western boundary in the State of Iowa, to be fixed by the President of the United States, so as to form a connection with the contemplated Pacific Railroad at the said point on the one hundredth meridian.

The purpose of Congress evidently was to encourage and assist the construction of a number of railroads commencing at various points on the Missouri River, and all converging to the given point on the one hundredth meridian. It will be seen from an inspection of the map that the Kansas Pacific Railroad, in order to comply with these requirements, would have to be constructed on a line following substantially the Republican River valley and bending northwardly from Fort Riley. By an act passed July 3, 1866, the Kansas Pacific Railroad was authorized to change the location of its general route, and the point of required connection with the Union Pacific Railroad was changed to a point "not more than 50 miles westwardly from the meridian of Denver in Colorado."

The road was actually constructed in substantially a westerly direction from Kansas City to Denver. The serious work of construction commenced in the summer of 1865. On October 31, 1868, about 400 miles were ready for operation, and the road was completed to Denver in October, 1872, a total distance of 638 miles. The Government subsidy applies to 393.94 miles of road west of Kansas City, this length of road being the equivalent of the distance from Kansas City to the originally contemplated junction with the Union Pacific on the one hundredth meridian.

The Commission does not deem it necessary to relate in detail the various issues of bonds and stock during the period of construction. It is sufficient to say that all of the construction contracts were of the character described by one of the witnesses as "exhaustive contracts." That is to say, all of the bonds, stocks, and assets of the company were distributed to the contractors, and through them to the persons actually interested in the enterprise, including the officers and directors of the company, and at such rates as to result, when construction was completed, in the total obligations amounting to $32,088,950, of which sum $9,437,950 were stock and $22,651,000 were bonds, bearing interest at 6, 7, and 8 per cent. (See report of Calhoun, volume 8.)

An enumeration of the various mortgages affecting the property of this company and of their relations to each other and to different divisions of the road will be found in the evidence of A. H. Holmes (volume 1, pp. 118 to 137).

The result of the operation of this company from 1867 to 1879 can be best gathered from an inspection of Mr. Calhoun's tables (volume 8).

The total gross traffic for these years was	$41,645,174.22
The aggregate operating expenses and miscellaneous expenditures during these same years were	32,424,956.12
Leaving net earnings for thirteen years	9,220,218.10
The bond and interest account, exclusive of the United States interest for these same years, was	15,745,287.43
Leaving, after subtracting the net earnings, a deficit of	6,525,069.33
Or, if the United States accrued interest be included, a deficit of	11,330,772.43

In 1873 this company became practically insolvent. In 1874 it was placed in the hands of Henry Villard and O. S. Greeley, as receivers, and remained in their hands substantially until the period of consolidation. From 1873 to 1879 the company was in a chronic state of insolvency. (See Calhoun's report, volume 8.)

The history of the Denver Pacific Railroad Company up to the period of consolidation in 1880 really forms part of the history of the construction of the Kansas Pacific Railway. The Denver Pacific extends from Denven, Colo., to Cheyenne, Wyo., a distance of 106 miles. The road was built about 1869. It is impossible to give any reliable details relating to its construction, as the necessary books appear to be missing or have been unintelligibly kept. (See Calhoun's report, volume 8.)

This road was not aided in bonds. Its construction account is lumped at $6,500,000, representing an issue of $2,500,000 of mortgage bonds and $4,000,000 of capital stock.

The receipts, expenditures, and net earnings, from 1870 to 1879, are stated in Mr. Calhoun's report (volume 8).

The total receipts for these ten years aggregate	$3,122,141.27
The expenditures	1,709,477.20
The net earnings	1,412,664.17
The average per annum of the net earnings for the ten years was	141,266.42
The annual interest charge is about	197,000.00

The stock of the Denver Pacific had no intrinsic value whatever. The railroad, however, formed a connecting link between the Kansas Pacific at Denver and the Union Pacific at Cheyenne, and this circumstance gave to the stock, as representing the control of this link, the only value it possessed.

In 1876 ten thousand shares of this stock were held by Arapahoe County, Colo., these shares having been received in exchange for some county-bond aid extended to the railroad. Fifteen thousand shares of the stock were held by R. E. Carr, as trustee, and 14,979 shares by Carr and Perry, as trustees. The last two items, amounting to 29,979 shares of stock, were held by those trustees for the benefit of the Kansas Pacific Railway Company, and had been received in payment of advances made by that company to the Denver Pacific Railroad Company.

In 1877 the Kansas Pacific Railway Company, in one of its desperate struggles to ward off threatened foreclosure, issued a funding mortgage, amounting to $1,500,000, for the purpose of paying a large amount of defaulted coupons, on which foreclosure was threatened. The trustees of that mortgage were William J. Lewis and C. H. Burnham, and the 29,979 shares of Denver Pacific stock were transferred to those trustees, with other property, and formed part of the security for the payment of the funding bonds. These bonds bore 10 per cent. interest per annum, and the conditions of the mortgage were extremely severe. (See evidence of A. H. Holmes, volume 1, pages 130 and 133.)

During the years the Commission is now referring to, an angry controversy had existed between the Union Pacific and the Kansas Pacific Railroad Companies. The Kansas Pacific Railway Company claimed the right to pass freight and passengers westwardly from Cheyenne over the Union Pacific, and to receive traffic at the same point from the Union Pacific for transit over its road eastwardly, at substantially the same rates which the Union Pacific charged on its own business. This demand the Union Pacific had resisted for many years.

In 1877, when the Kansas Pacific Company was substantially *in extremis* and its securities were selling for merely nominal prices, Mr. Jay Gould and other officers of the Union Pacific commenced to purchase them. In the early part of 1878 the securities so acquired amounted to several millions of dollars at their par value. They consisted of the stock of the company, of its income bonds, subordinated and unsubordinated, of the Denver extension bonds, the funding bonds, and some of the issues of the branch lines.

In 1878 a scheme was devised for the reorganization of the Kansas Pacific and Denver Pacific Companies. Its general features were as follows:

A committee was to be formed to hold the securities of the company, which should be delivered to it at certain agreed rates for the stock and different classes of bonds. The interests of the various parties in this pool, which were represented by the reduced figures of the par value of their securities, multiplied by the agreed factor for reduction, were to be liquidated by the issue of new stock, dollar for dollar, in such amounts as to equal the reduced values. The scheme applied to all the stock and securities of the company, except the debt to the Government, and the first-mortgage bonds, which equaled it in amount, and the Denver extension bonds. The agreement in question will be found in volume 1, pages 162 to 166, and it will appear that its effect would have been to reduce a total of stock and bonds amounting to $17,330,350 to the sum of $4,855,300.

The Kansas Pacific Railway Company, reorganized on this basis, would have had a bonded indebtedness of $18,843,000, representing the first-mortgage bonds and the Government lien, and $4,856,300 of stock. (See table, volume 1, p. 105.)

The parties to this pooling agreement were Mr. Jay Gould and a few other directors of the Union Pacific for smaller quantities of interest on one side, and a number of the directors and officers of the Kansas Pacific, the latter being known as the "Saint Louis parties," on the other. Every effort was made to discover the financial history of this agreement (see evidence of Ham, volume 1, page 221; Holmes, volume 1, page 272; Sidney Dillon, volume 1, page 272; Villard, volume 1, pages 428, 430), but without success.

Early in 1879 Mr. Jay Gould bought out the interest of the Saint Louis parties. (See evidence of Gould, volume 1, page 400; Usher, volume 3, page 1095.) The immediate effect was to vest in Mr. Gould the substantial control of the Kansas Pacific Railway. A complete change was effected in the board of directors, and Mr. Sidney Dillon, the then president of the Union Pacific Railroad Company, became also president of the Kansas Pacific Railway Company. Through the control of the Kansas Pacific Railway and its ownership of the Denver Pacific stock, Mr. Gould substantially controlled the latter company, and Mr. Sidney Dillon was also elected its president.

Immediately after this reorganization the scheme for the reduction of the volume of the Kansas Pacific securities appears to have been abandoned, and in lieu thereof it was proposed to retire the outstanding securities and defaulted coupons by means of a general consolidated mortgage. By the terms of this mortgage, the outstanding bonds and coupons were to be commuted at the same rates provided by the agreement of April 24, 1878. (See evidence of Gould, volume 1, page 534; Calef, volume 1, page 592.) No provision whatever was made in the consolidated mortgage for the stock of the Kansas Pacific, and it appears from the evidence that at this period of time the stock had been withdrawn from the operation of the pool (see evidence of Holmes, volume 1, page 169; Ham, volume 1, page 224), and was held by Mr. Gould. At this same time he had acquired the stock formerly held by the Saint Louis parties, and was the owner of about 80,000 shares thereof, each share being of the par value of $50, or 40,000 full shares. Frederick L. Ames, F. Gordon Dexter, Russell Sage, E. H. Baker, Sidney Dillon, and Elisha Atkins, who were directors in the Union Pacific Railroad Company, also owned smaller portions of this stock; so that these gentlemen, together with Mr. Gould, held a majority of the entire capital stock. At this same time, as has been before stated, Mr. Gould had parted with the larger portion of his interest in the stock of the Union Pacific, so that his interest was reduced to 27,000 shares.

From the explanations given above it will be seen that Mr. Gould's interest in the Union Pacific Railroad Company had been reduced to a very small figure as compared with his original holding, and that his interest in the securities of the Kansas Pacific Railway Company had correspondingly increased.

In order to fully understand the attitude of his financial interests at the time of the consolidation between the Kansas Pacific, Denver Pacific, and Union Pacific companies, which took place shortly after the period which we have now reached, it is necessary to trace the disposition made of the stock of the Denver Pacific Company. It was held, as we have heretofore stated, by the trustees of the funding mortgage which had been created in an attempt to extricate the Kansas Pacific

Railway Company from its difficulties. These funding bonds form part of the securities the retirement of which was contemplated by the pooling agreement of April 24, 1878. After the consolidated mortgage of May, 1879, had been substituted for that scheme, the funding bonds, all of which had been purchased by Mr. Gould and his associates, were converted under the terms of that mortgage, and the 29,979 shares of Denver Pacific stock, which were held by the trustees of the funding mortgage, were assigned to the trustees of the consolidated mortgage, and formed part of the security which they held for the protection of the bonds issued thereunder. These shares of stock were still held in this trust at the time the agreement for the consolidation was effected, as hereinafter described.

In Mr. Calhoun's report (volume 8) will be found an estimate of the relative earning powers of the Union Pacific, the Kansas Pacific, and the Denver Pacific, compared for an average of ten years preceding the date of consolidation. The annual net earnings per mile and average annual interest per mile are there shown as follows:

	Annual net earnings per mile.	Average annual interest per mile.
Union Pacific	$5,618.66	$3,182.89
Kansas Pacific	1,601.77	2,284.71
Denver Pacific	1,332.70	1,740.89

For computation of average annual payments for interest per mile, see Calhoun's report, volume 8.
For computation of average net earnings per mile, see same report, volume 8.

It appears from the evidence that the business of the Kansas Pacific had largely improved during the latter part of 1878 and the year 1879. But that company was still in default on a very large amount of its coupons, and there was nothing in the improvement covering a single year that could possibly justify the conclusion that its earning power had been permanently established on a basis that would enable it to pay all arrears of its indebtedness and earn a dividend on its stock.

These, then, were substantially the relations held by these three companies to each other on the eve of the consolidation. The Union Pacific had since 1873 met all its obligations, and its net earnings (exclusive of the Government interest obligations) had been sufficient to enable it to pay regular dividends for six years. The Kansas Pacific had barely emerged from the chronic bankruptcy which had afflicted it for many years. An intelligent and skillful reorganization of its affairs and a favorable increase in the amount of its business had largely enhanced the value of its securities. The condition of the Denver Pacific had not materially changed. Its stock had no intrinsic value whatever, except as affording a means for controlling the link between Denver and Cheyenne. (See evidence of A. H. Holmes, vol. 1, p. 132.)

The scheme of a consolidation between these three companies appears to have had its inception in the spring and summer of 1879. In October of that year Messrs. Gould, Sage, Dexter, Atkins, F. L. Ames, and Baker addressed a communication to Solon Humphreys and Grenville M. Dodge, requesting them to investigate the three railroads and to report what in their judgment would be a fair plan for consolidation.

The interests held by various directors of the Union Pacific Railway Company in the stock of the Kansas Pacific Railway Company, at this same period, were as follows:

Jay Gould (vol. 1, page 463)	$4,000,000.00
F. Gordon Dexter (vol. 2, page 700)	125,700.00

A. H. Baker (vol. 2, page 745)	$37,000.00
Russell Sage (vol. 1, page 393)	415,000.00
Elisha Atkins (vol. 2, page 754)	45,000.00
Frederick L. Ames (vol. 2, page 667)	179,000.00
Sidney Dillon (vol. 1, page 201)	300,000.00
	1,137,000.00

All of the persons above named held, in addition to the stock, large amounts of the consolidated bonds and other securities of the Kansas Pacific Railroad Company, or of its branch lines. Mr. Gould was also the owner of $1,800,000 bonds of a company known as the St. Joseph and Western Railroad Company; also, $784,000 bonds of the St. Joseph Bridge Company; also, $59,000 St. Joseph and Denver Pacific Railroad receiver's certificates. In all of these securities his associates above named had small interests, obtained by them from Mr. Gould at cost to him.

Messrs. Ames, Dexter, Atkins, and Baker resided at Boston. Much discussion appears to have occurred during the month of October between these gentlemen and Messrs. Gould, Dillon, and Sage, relating to the subject of consolidation. They all favored consolidation, but differed as to the terms. (See evidence of F. L. Ames, volume 2, page 661; Dexter, volume 2, pages 702 to 704; Atkins, volume 2, page 755; Baker, volume 2, page 730; Oliver Ames, volume 2, pages 612, 613, and 808.)

The bonded indebtedness of the respective companies was in no wise disturbed or affected by the consolidation. No exchange of these securities for other securities of the consolidated company was ever contemplated. The only possible ground of difference, therefore, must have related to the rate at which the stock of the constituent companies should be accepted in exchange for stock of the consolidated company. The terms ultimately reached were that the Kansas Pacific stock and the Denver Pacific stock should be accepted as the equals in value, dollar for dollar, of the Union Pacific Railroad stock.

Early in November, negotiations for a consolidation came to an abrupt end. The Boston gentlemen above referred to declined to accept a consolidation on the terms demanded by Mr. Gould. The rupture appears to have been a sharp and angry one. (See evidence of Dexter, volume 2, pages 703, 704; Oliver Ames, volume 2, page 808.)

Mr. Gould immediately went to Kansas, and in an incredibly short space of time effected a purchase of the following railways: On the 13th of November, 1879, apparently without extensive negotiation or deliberation, he bought from Commodore C. K. Garrison the Missouri Pacific Railroad, extending from Saint Louis to Kansas City, a distance of about 300 miles, and paid therefor the sum of $3,000,000. (See evidence of Gould, volume 1, page 477; vol. 2, p. 529.) At the same time, and as part of the same transaction, he purchased a controlling interest in the Kansas Central, a narrow-gauge road about 166 miles long, extending from Leavenworth, Kans., on the Missouri River, about 25 miles north of Kansas City, and extending thence westerly parallel with the Kansas Pacific and at an average distance of 30 miles therefrom. He paid for a controlling interest in the stock and bonds of this road $479,000.

On and shortly after the 7th day of November, 1879, he purchased from Oliver Ames a controlling interest, represented by 7,616 shares of stock, of the Central Branch Union Pacific Railroad Company, extending from Atchinson, about 50 miles north of the Kansas Pacific, and thence westerly and parallel with the Kansas Pacific, a distance of 100

miles. This purchase included also a controlling interest in five small branch roads connecting with the Central Branch Union Pacific at its western terminus, embracing, in all, about 250 miles of railroad, which five branches had been consolidated into one company known as the Atchinson, Colorado and Pacific Railroad Company.

The financial condition of the Central Branch Union Pacific will appear in another part of this report. The purchase by Mr. Gould was subject to the first mortgage of the company, amounting to $1,600,000; also to a funding mortgage, representing the defaulted coupons of that company, amounting to $630,000; subject also to the statutory lien of the Government, amounting to $1,600,000, and to the arrears of interest which had accrued on the debt to the United States.

The average rate paid by Mr. Gould for the stock of the Central Branch Union Pacific was $25 per share. (See evidence of Gould, volume 1, page 524; Oliver Ames, volume 2, page 307 to 312.) The stock of that company had sold within a year of this transaction as low as 10 cents on the dollar, and there was nothing at all in the financial condition of the company which justified, as a mere business transaction, the payment of any sum approximating in any degree the amount paid by Mr. Gould. (See evidence of Nichols, volume 7, page 4114; see report of Perrenoud, volume 8.)

The object of these purchases by Mr. Gould is explained by him with great clearness in his own evidence. He states that he had formed a plan of constructing a Pacific railway from Saint Louis to the Pacific Ocean by extending the Kansas Pacific through the Loveland Pass to Salt Lake City, and thence to San Francisco by the Central Pacific. (See evidence of Gould, volume 1, page 505.) At page 509, when asked how great an injury the extension of the Missouri Pacific, according to his views, would have been to the Union Pacific, he answers: "It would have destroyed it."

It seems to be clearly established by the evidence that, after he had failed to obtain the consent of the Boston directors to the plan of consolidation on his terms, which were that the Kansas Pacific stock should be accepted as equal to the Union Pacific stock, dollar for dollar, he determined at any cost to construct a rival road and thereby destroy the Union Pacific. His interest in the latter road had decreased from 200,000 shares in 1878 to 27,000 shares at the close of 1879. It is only with this object in view that the extraordinary purchases of the Missouri Pacific, the Kansas Central, and the Central Branch, Union Pacific Railroads (effected with extraordinary celerity, at prices which did not seem to bear any relation to the then values of the properties acquired, all completed within a few days and without negotiations, and all forming integral parts of the general purpose which the witness himself admits he had in view), can be explained. His purposes were immediately made public, and the effect on the Boston directors, were it not for the magnitude of the interests involved, would appear almost ludicrous. They appear to have been, one and all, terror-stricken. (See evidence of Oliver Ames, vol. 2, p. 306; Dexter, vol. 2, p. 704; Baker, vol. 2, p. 740.)

There followed a series of interviews between these gentlemen and Mr. Gould, which finally culminated in an agreement which led to the consolidation of the companies, effected at the house of Mr. Gould on the evening of January 14, 1880. The witnesses all describe Mr. Gould as being conciliatory, persuasive, and much more reasonable than during the prior negotiations. Persistent efforts on the part of the examiners failed to disclose in what respect, if in any, he modified the terms

of consolidation which had been rejected in the early part of November. (See evidence of Dexter, volume 2, pp. 795, 796, and Baker, volume 2, pp. 739, 748.)

As before stated, the only security involved in the consolidation was the stock; and as the terms finally reached involved the acceptance of the Kansas Pacific stock as the equal, dollar for dollar, of the Union Pacific stock, it is clear that no modification or abatement whatever of the terms previously demanded by Mr. Gould was conceded by him in this interview. He dominated the situation. In a few days' time he had acquired a completed railroad, extending from Saint Louis to Denver, fully equipped and in complete operation. His colleagues in the Union Pacific management were informed that it was his purpose to carry his enterprise through to the Pacific Ocean. They were informed and believed that the accomplishment of this enterprise would destroy the Union Pacific.

With this explanation of the relative position held by these gentlemen to each other during the interview at Mr. Gould's house on the 14th of January, 1880, the accomplishment of his design and the speedy, but complete, surrender to his demands, evidenced by the paper that was there executed, ceases to be a matter of wonder.

The agreement that was executed will be found in volume 2, page 668, and is as follows:

KANSAS PACIFIC RAILWAY COMPANY,
New York, January 14, 1880.

Memorandum of terms of agreement for consolidation of Union Pacific with Kansas Pacific, in which the Denver Pacific, St. Joseph and Western and Union Pacific, Eastern Division, are included.

All necessary papers and any further agreements to be prepared by Judge Dillon on his return. The Union and Kansas Pacific, with all their respective assets and properties and liabilities, are to be put together, at par of their respective capitals—$36,762,300 and $10,000,000—to which is to be added the capital of the Denver Pacific, $4,000,000, making the capital of the Union Pacific Railway Company, as the new line shall be called, $51,762,300.

The Denver Pacific capital, now an asset of the Kansas Pacific, is to be used, after conversion into Union Pacific Railway stock, to pay for shares and bonds of St. Joseph and Western Railroad and St. Joseph Bridge, as hereafter stated, and for other purposes.

The St. Joseph and Western Railroad first-mortgage bonds and stocks, to the extent of a controlling interest in the same, to be bought of parties now owning it, at par for bonds, and $20 a share for stock, payment to be made in Union Pacific Railway stock at par.

The road to be leased to the Union Pacific Railway Company for the interest on first mortgage bonds, or otherwise as may be determined. The bridge at Saint Joseph is to be bought of parties now owning controlling interest in the bonds and shares of the same, at par for bonds with the shares thrown in, and payment to be made either in shares of Union Pacific Railway at par, or Kansas Pacific consolidated mortgage bonds at par.

The Union Pacific, Eastern Division, is to be taken at cost to Mr. Gould, and paid for in same securities that he gave, viz, about one-half in Kansas Pacific consolidated mortgage bonds and one-half in new Union Pacific 6 per cent. trust bonds, both at par.

R. S.
JAY GOULD.
FRED'K L. AMES.
E. H. BAKER.
F. G. DEXTER.
SIDNEY DILLON.
E. ATKINS.

The St. Joseph and Western Railroad first-mortgage bonds and stocks, which were to be bought of the parties then owning the same at par for bonds and $20 a share for stock, were bonds and stocks owned by the very parties who signed the agreement, Jay Gould, however, owning a very large majority of these securities.

The Union Pacific, Eastern Division, was the Union Pacific Central Branch hereinbefore referred to, and bought by Mr. Gould, the month previous, from Mr. Oliver Ames, under the circumstances before described. It was accidentally misdescribed by Mr. Dexter during the agitation of that interview.

The Denver Pacific stock, referred to as an asset of the Kansas Pacific, was in fact held by Jay Gould and Russell Sage, as trustees of the consolidated mortgage, and as security for the bonds issued under that mortgage, held for the benefit of the holders of the bonds.

The details of the prices at which Mr. Gould had acquired the bonds and stocks of the branch lines, for which, under this agreement, he was to receive stock of the consolidated company at par, are set forth in his evidence (volume 1, page 467).

A singular feature of this extraordinary transaction is that a small percentage of all the bonds and stocks of these branch lines had been taken from Mr. Gould by all of the parties to this agreement, at the same prices which he himself had paid. The result was that when he had terrified them into submission to the general terms of consolidation, and the minor subject arose of fixing the terms on which he should dispose of branch lines and connections (purchased by him at extravagant rates with the intention of effecting his transcontinental scheme, but which, after the consolidation had been agreed to, he no longer desired to hold), he had so arranged their personal interests that when the adjustment of these terms became a matter of discussion all of these trustees and directors had been placed in such a position that a concession of good terms to Mr. Gould himself would, automatically, result in a large profit to the other directors agreeing to the terms proposed.

The effect of this agreement was to make the Union Pacific Railroad Company assume all the stock of the Kansas Pacific and the Denver Pacific and all of their bonded debt and obligations of every nature. Much evidence has been given by the parties in interest to show that, as matter of fact, no damage ensued; that the advantages resulting from a harmonious operation of the various lines of road and branches, together with the rapid development of the territory, more than compensated for the increased burden of obligation.

It does not seem to the Commission that the transaction above detailed is to be justified or defended on any such basis. The parties to the above agreement were trustees of the Union Pacific. They had no right, without violating every principle which should control the actions of honest men, to make this bargain in the dark, without corporate action, and vote to themselves large personal advantages. And this is equally true whether or not the consideration given to the company of which they were trustees ultimately improved so as to avoid any actual loss.

In volume 1 (pages 515, 518, 519) Mr. Gould justifies the part taken by him by stating that on the 10th of January, 1880, he resigned his office of director in all these companies. It seems to the Commission that this attempted justification is an absolute confession of conscious guilt. The essential steps which led to the accomplishment of Mr. Gould's design were the purchase of the Missouri Pacific and of the branches, coupled with his threat of an extension to the Pacific Ocean. All this he had done in November, while he was a director of the Union Pacific, and with the avowed object of injuring it. His secret resignation, therefore, can only be regarded as an admission that he himself realized the impropriety of the position which he held and of the transaction in which he was engaged. It is no more a defense than would be the writing of

a resignation by an officer of the army, when on duty, after having formed the plan and design of betraying those confided to his care.

Perhaps the most ingenious feature of this whole scheme was the device by which the intended consolidated company was provided with stock for the purpose of paying to Mr. Gould and his associates the agreed prices for the branch lines securities referred to in the agreement of January 14, 1880. That agreement contains the following clause:

> The Denver Pacific capital, now an asset of the Kansas Pacific, to be used after conversion into Union Pacific Railway stock, to pay for shares and bonds of Saint Joseph and Western Railroad Company and St. Joseph Bridge, as hereafter stated, and for other purposes.

This stock had no value whatever, except as controlling the connection between Denver and Cheyenne. It was held, as we have before shown, by Jay Gould and Russell Sage, as trustees of the Kansas Pacific consolidated mortgage, for the protection of the bonds issued under that mortgage.

It would certainly have puzzled a convention of lawyers to have devised a method by which this stock, so held on the 14th of January, 1880, could have been applied, within ten days thereafter, to the purposes intended by the agreement above quoted. And yet this extraordinary feat was performed. A suit was manufactured, in which the Kansas Pacific Railway Company was made the plaintiff, and Jay Gould and Russell Sage the defendants, and the entire machinery of complaint, answer, trial, decree, and execution was carried to a finish by the 23d day of the same month. The details of this singular and expeditious litigation are familiar to every one conversant with this consolidation, and are fully detailed in the testimony. (See evidence of Holmes, volume 1, page 146; Sydney Dillon, volume 1, page 488; Calef, volume 1, page 290; Jay Gould, volume 1, page 437; Goodwin, volume 1, page 212; Sage, volume 1, page 352.)

Mr. Gould was also the owner of 10,000 shares of the Denver Pacific stock, which he had purchased at 10 cents on the dollar from Arapahoe County, Colo., about a year previous to that. This stock he delivered to the Kansas Pacific Railway Company at cost. The 29,986 shares of stock, extricated from the trust, together with the 10,000 shares of stock last mentioned, were immediately taken by Mr. Ham, the treasurer of the Kansas Pacific Railway Company, and by him delivered to the Union Trust Company, the transfer agent of the Union Pacific Railway Company. (See evidence of Ham, volume 1, page 227.) He received, in exchange, new certificates of the Union Pacific Railway Company's stock. Thirty-four thousand six hundred and forty-one shares of the stock so received were delivered to Jay Gould on the 10th February, 1880, in payment for the bonds, stocks, and securities referred to in the agreement of January 14, 1880. (See Mink's letter, volume 1, pages 305 to 307.)

The subsequent proceedings relating to consolidation are merely formal, and it will only be necessary to refer to the evidence. The report which Messrs. Humphreys and Dodge had been requested to make in October, and which had given no signs of life before the 14th of January, 1880, duly made its appearance two days afterwards, on the 16th of January. (See this report, volume 1, page 318.) That report, by a singular coincidence, if nothing more, is a mere reproduction of the terms contained in the agreement of January 14, 1880, executed at Mr. Gould's house.

The articles of consolidation were prepared between the 14th of January and the day of their execution on the 24th of January, 1880, by

the counsel for the company, and will be found in volume 1 (pages 297 to 330). The proceedings at the meeting, which were simply a blind compliance with the agreement before mentioned, are detailed in the evidence. (See evidence of Sage, volume 1, page 337; Gould, volume 1, pages 518, 530.)

The effect of the consolidation was to increase the stock of the Union Pacific Railroad from $36,868,000 to $50,668,000, and to increase the bonded indebtedness from $88,471,285.23 to $126,318,048.00, and the miscellaneous indebtedness from $4,072,854 to $9,677,018. These figures include the amounts due the Government for principal and accrued interest, less amounts repaid. On the other hand, it is undoubtedly true that the business of the consolidated company was transacted with greater economy and with more advantage and less friction from competition than before the consolidation. It is difficult, if not impossible, to compare the result as it is with the result as it would have been if the consolidation had not taken place.

Many of the witnesses have testified that the actual result of the consolidation was favorable, and the weight of the evidence favors that conclusion. If we test the consolidation by the assets of the respective roads, or their respective earning powers, the terms imposed on the Union Pacific Railway Company do not appear to be such as would have been reached by a fair arbitration.

Mr. Calhoun, in his report, has applied this test by examining the condition of the respective companies, as disclosed by their balance sheets. He states in his report that the balance sheet of the Kansas Pacific Railway Company disclosed a deficiency which amounted to about $7,000,000, but that this debit balance was reduced, by an arbitrary increase of the value of certain securities detailed by him, to the sum of $2,000,000. His report shows a credit on the balance sheet of the Union Pacific Railway Company of $5,000,000, and a small credit balance on the balance sheet of the Denver and Pacific Railway Company. He states, as his conclusion as an accountant, that the terms of the consolidation were not just because of these conditions in the relative situations of the constituent companies.

This conclusion is hardly satisfactory, for the reason that it is conceded that there was such a large proportion of water in the paper statements of all three companies as to prevent placing any reliance on the accuracy of the credit and debit balances, which are relatively insignificant when compared with the totals of the balance sheets.

Mr. Calhoun has also compared in his report the average gross earnings per mile of each of these three companies, their net earnings and their interest charges, for the period of ten years preceding the consolidation. This estimate would lead to a more reliable conclusion than that based on the examination of the assets, figured at exaggerated values, in their balance sheets.

The officers of the Union Pacific Railway Company prepared for the Commission a statement showing the relative earnings of the Union Pacific and Kansas Pacific divisions (the latter division including the Denver Pacific), for the years 1879, 1880, 1881, and 1882. (See volume 2, pages 897, 898.) They have also prepared a table of earnings and expenses per mile of road from 1879 to 1886. (See volume 2, page 972.) But there are so many considerations which are not reflected in these figures, and which depend on circumstances on which they shed no light, that it is practically impossible to answer the question whether or not, on the whole, the consolidation, in fact, resulted advantageously.

There is no room for doubt that, in the development of harmonious relations between these companies and the avoidance of competition,

a great advantage was gained for the Union Pacific Railway Company. We do not, however, mean to be understood as implying that even though the result has been beneficial, the methods by which it was attained are not to be condemned.

THE CONSOLIDATED COMPANY FROM 1880 TO DATE OF REPORT.

Immediately after the consolidation the policy of the construction of branch lines received rapid development. For the purpose of providing the funds required, an additional issue of $10,000,000 of stock was authorized, and this stock was accordingly issued in 1880 and 1881, and produced its full equivalent at par for the benefit of the company. A full statement of all moneys expended for branch-line construction will be found in McDowall's report (volume 6).

The most important branches, and those involving the largest expenditures, were the Julesburg Branch, constructed in 1880 and 1881, and the Denver and South Park Branch, constructed in 1881, 1882, and 1883.

The Julesburg Branch, extending from La Salle to Julesburg Junction on the Denver Pacific, is about 140 miles long, and was constructed directly by the construction department of the Union Pacific.

The Denver and South Park road is a narrow-gauge railway, extending from Denver to Leadville, carried directly through the abrupt passes of the Rocky Mountains, and attaining an elevation of about 11,000 feet above the sea. This enterprise had its inception in the excitement resulting from the rich mineral deposits discovered at and near Leadville. The railroad was projected by John Evans, formerly governor of Colorado, and the details of its early construction and of its cost will be found in the evidence of Wheeler (volume 4, pages 1732 and 1770) and Evans (volume 4, page 1849). In the month of November, 1880, Mr. Gould agreed to buy out Governor Evans's interest. The terms of this purchase are stated in the evidence of Governor Evans (volume 4, pages 1853, 1854). Mr. Gould, at the same time took an assignment of the contract of the Denver and South Park Railroad Construction Company for completing and extending the railroad. (See evidence of Mink, volume 2, pages 903, 904.)

All Mr. Gould's interest in the Denver, South Park and Pacific Railway Company was assigned by him, in the January following, to the Union Pacific Railway Company. The details of this transaction will be presently noticed. The Union Pacific Railway Company continued the extension of this railroad, under its construction department, receiving from the Denver, South Park and Pacific Company an issue of bonds under a consolidated mortgage (which was subject to the first mortgage of $1,500,00, as to the first 150 miles of the road), and also stock of the company, which was entered at cost price, so as to balance the actual construction account.

The result of the purchase and construction is stated in detail by Mr. Mink (volume 2, pp. 902 to 906). The total cost of the road to the Union Pacific Railway Company is as follows:

30,000 shares of stock bought from Jay Gould, January 26, 1881	$1,000,000.00
30,368 shares issued to Union Pacific Railway Company for construction, cost	1,036,416.00
$3,797,000 consolidated first-mortgage bonds, issued for construction, cost	3,796,000.00
$1,000,000 first-mortgage bonds, subject to which the purchase was [illegible]	1,000,000.00
	6,912,000.00

The operation of this road from the year 1883 to and including 1886 has been very disastrous, and the balance-sheet for 1886 shows an accumulated indebtedness against the road, in addition to its capital stock and the bonds above referred to, of $2,880,459.33.

It is hardly necessary to detail all the other branch lines which were developed at this period. The three branches as to which the consideration and purchase has been given in detail (the Denver, South Park and Pacific Railway Company, the Central Branch Union Pacific Railroad Company, and the Kansas Central Railroad Company) were all bought from Mr. Gould, and the terms at which they were acquired were such as to make it impossible to avoid a disastrous result.

The great majority of the other branches of the system have been selected with judgment, constructed with economy, and are shown, by the immense preponderance of the evidence in this case, to be a source of revenue and a great advantage to the system.

The connection of Mr. Gould with the Union Pacific Railway Company substantially ceased in 1883. His account-current is contained in volume 2 (pages 964 to 969). In addition to the sale of his securities in connection with the consolidation, which has been described at length and which is credited to him in this account, he is also credited with the sum of $3,000,300 for the 30,993 shares of stock of the Denver, South Park and Pacific Railway Company, acquired by him from Governor Evans. The purchase of this stock was made by Mr. Gould for his own account. The books of the Union Pacific Railway Company do not disclose any action whatever taken with reference to the purchase. Shortly after the purchase he appears to have ascertained from the seller that the venture was not a promising one. (See letter of Evans, pages 1857 to 1859). This letter was dated January 7, 1881. The credit to Mr. Gould in his account-current was made on the 25th of that month. No corporate action whatever appears to have been taken with reference to this transaction. Mr. Gould *willed* it and it was done.

An examination of this account current discloses the enormous amounts obtained by Mr. Gould from the Union Pacific Railway Company for the securities referred to in the agreement of January 14, 1880, and for the stock of the Denver, South Park and Pacific Railway Company. It appears from an entry on the debit side of the account that he is charged with $1,500,000 against the amounts standing to his credit in his account, and that such charge is made in consideration of $2,000,000 bonds of the Kansas Pacific consolidated mortgage which were transferred to him at 75 cents on the dollar. He was one of the trustees of the mortgage, and appears, as far as the evidence discloses the fact, to have fixed the rate at which the bonds should be issued to himself.

There remains but one subject calling for notice belonging to the period of Mr. Gould's dominion over this company. The Kansas Pacific consolidated mortgage had, as we have seen, its inception in a scheme by which the outstanding securities of the company were to be exchanged at commutation rates for the consolidated bonds. The action of the trustees has directly reversed this policy. Except in their dealings with the Union Pacific Railway Company the rates prescribed by the mortgage have been utterly ignored. A detailed statement of the issue of these bonds, and the rates at which the outstanding securities were surrendered, will be found in Stevens's analytical account of the issues of consolidated bonds, volume 8. (See also Calef's evidence, volume 1, pages 502 to 507).

The three years following the consolidation were years of great business activity, and the receipts of the Union Pacific Railway for 1880, 1881, 1882, and 1883 were largely increased.

The gross receipts for these four years were		$[illegible]
The operating expenses for the same period		[illegible]
Leaving as net earnings		45,894,282.42
The interest and other charges, less miscellaneous receipts, were	$21,326,417.69	
Dividends paid during the same years	16,542,448.13	
Total		37,879,865.82
Leaving to accumulate as surplus		8,055,181.91

In the face of the very large and apparently profitable business indicated by the foregoing figures the Union Pacific Railway Company found itself, early in 1884, on the verge of bankruptcy. Competition, increasing year by year in severity, had enormously decreased its net earning power. The burden of its fixed charges was oppressive. The extravagant sums paid for the branch railroads, which had little or no earning power and which had been bought from Mr. Gould, and the lavish and reckless distribution of the assets of the company in dividends, all combined to produce this result. Its floating debt had reached a figure exceeding $10,000,000. Its last dividend, paid in April, 1884, scraped the very edge of its income account, if it did not overdraw it. The fierce and ever-increasing competition continued to depress its freight rates and its passenger earnings. Its credit was impaired, and it found itself without the means of meeting its immediate obligations.

It is with a sense of great relief that the Commission turns from the history of this company from 1873 to 1883 to the conservative, energetic, and intelligent management which has characterised the administration of the Union Pacific Railway Company from the spring of 1884 to the present time. The causes which had brought the company to the verge of bankruptcy had been active for many years. Their effect, though not immediately apparent to those not fully conversant with its business, was deep seated. The cure was necessarily a slow one; and the patient, though restored to health, still needs care and attention. The record of the business of the company, as reflected in the figures, does not show any marked increase in its earning powers. But their declining tendency has been checked. The floating debt has been extinguished, strict economy has been observed in the operation of the railroad; and none of its expenditures for additional construction or betterments are open to criticism.

From the 1st of January, 1884, to the 1st of January, 1887, the gross earnings of the Union Pacific Railway have been	$[illegible]
The operating expenses	[illegible]
Net earnings	$[illegible]
Fixed charges and miscellaneous expenses	[illegible]
Payments to the United States	3,179,196.38
Dividend paid April, 1884	1,065,177.60

Within these years the company has disposed of bonds and stock in its investment account, which have realized the sum of $6,550,000. The aggregate thus produced from revenue and by sales of securities, amounting to $16,200,000, has been applied as follows:

Extinguishment of floating debt	$[illegible]
Betterments of the road and branch-line construction	[illegible]
To increase of equipment	[illegible]

All of these expenditures have, in the judgment of the Commission, been judiciously and prudently made. The same policy has been pursued during the current year. The result is that the Union Pacific Railway Company has been entirely extricated from the difficulties which surrounded it at the close of 1883, and stands to-day as a solvent corporation, in excellent physical condition as to all of its construction, well equipped, and promising excellent results in the future.

STATEMENT OF THE FINANCIAL OPERATIONS OF THE CENTRAL PACIFIC RAILROAD COMPANY.

In 1859 and 1860, when the subject of the Central Pacific Railroad construction was first discussed, Sacramento City was the initial point and was regarded as affording, through the river and bay, substantial communication with tide-water. In 1860 Mr. T. D. Judah, an engineer of great experience, made some surveys for the purpose of locating the most practicable route for the construction of a railroad over the Sierra Nevadas. (See evidence of Stanford, vol. 5, p. 2617.) The result of his investigations formed a subject of discussion between Mr. Leland Stanford, Mr. Charles Crocker, Mr. Collis P. Huntington, Mr. Mark Hopkins, and some other gentlemen residing in Sacramento. The extraordinary and rich yields of the Comstock Lode, located on the east side of the Sierra Nevadas, lent a strong stimulus to the further development of this enterprise. Mr. Judah visited Washington, and the result of his efforts, in connection with similar efforts representing Western enterprises starting from the Missouri River, was the passage of the act of July 1, 1862.

The Central Pacific was a California corporation, and, under the laws of that State, subscriptions for stock are invalid until a 10 per cent. cash payment has been made.

Prior to the passage of the act of July 2, 1864, about one million shares of the stock had been subscribed for, and a commencement was made in the construction of the railroad from Sacramento eastward.

Sections 1 to 18 (a section being substantially the equivalent of a mile) were completed in January, 1864; sections 19 and 20 in April, 1864; sections 21 to 24 in April, 1864; sections 25 to 27 in March, 1864; sections 28 to 29 in April, 1864; sections 30 to 31 in July, 1864; sections 32 to 54 in March, 1866; sections 55 to 138 in December, 1868; sections 139 to the 690th mile in July, 1869. (See evidence of E. H. Miller, jr., volume 5, page 3037.) Forty-seven and one-half miles beyond the 690th mile were acquired from the Union Pacific Railroad Company in 1869.

By the ninth section of the act of 1862 the Central Pacific Railroad Company was authorized to construct its railroad from the Pacific coast at or near San Francisco, or the navigable waters of the Sacramento River, to the eastern boundary of California, upon the terms and conditions and with all the advantages contained in the act.

On December 4, 1862, the Central Pacific Railroad assigned to Timothy Dane and others the right to construct all that portion of the railroad and telegraph lying between the city of Sacramento and the city of San Francisco which the said Central Pacific Railroad Company was authorized to construct by the act of 1862, together with all the Central Pacific Company's rights, grants, and donations, etc.

On the 31st of October, 1864, the assignees having waived their rights under this assignment, the Central Pacific Railroad Company made the same assignment of these rights and privileges to the Western Pacific

Railroad Company of California. (See notes to Exhibit 8, Stevens's report, volume 5.)

There were at this time already in existence two railroads, known as the San Francisco and Alameda and the San Francisco and Oakland, which controlled valuable ferry privileges connecting Oakland and Alameda with the city of San Francisco. (See evidence of Cohen, volume 5, pages 2391, 2392.) Another line, known as the San Francisco Bay Company, was constructed for the purpose of effecting communication between Niles and Oakland. (See evidence of Cohen, volume 5, page 2395.)

At about this same period a project was formed for establishing communication between the Central Pacific and the State of Oregon. With this object in view, a company known as the California and Oregon Railroad Company was formed and commenced the construction of its railroad from Roseville to Coles, which is on the State boundary.

Another railroad was constructed for the purpose of effecting a connection between the Western Pacific and Goshen. This road begins at Lathrop, a point on the Western Pacific Railroad, and extends southerly to Goshen, a distance of 146 miles.

By a series of consolidations, all of the above-mentioned companies became integral parts of the Central Pacific Railroad Company.

The first consolidation took place between the San Francisco Bay Railroad Company and the Western Pacific Railroad Company, on the 29th day of October, 1869. (See volume 5, page 2407.)

The next consolidation was effected between the Central Pacific Railroad Company of California and the Western Pacific Railroad Company, including the San Francisco Bay Railroad Company through the prior consolidation. This consolidation was effected on the 22d of June, 1870. (Volume 5, page 2407.)

The San Francisco and Oakland Railroad Company consolidated with the San Francisco and Alameda Railroad Company on the 28th of June, 1870, the name of the new company being the San Francisco, Oakland and Alameda Railroad Company. (See volume 5, page 2408.)

The final consolidation was effected between the Central Pacific Railroad Company, the California and Oregon Company, the San Francisco, Oakland and Alameda Railroad Company, and the San Joaquin Valley Railroad Company. This consolidation bears date the 20th day of August, 1870, and the corporation organized thereunder is the present Central Pacific Railroad Company. (See volume 5, page 2408.)

The portion of this railroad, in consideration of which the bonds of the United States were issued, is that which extends from Ogden to Sacramento, and thence to Niles and San José. No bonds were issued for the connecting railroads between Niles and Oakland, or on the Californian and Oregon Railroad, or on the San Joaquin Branch.

The history of the construction of each of these several railroads will be reported in order.

CONSTRUCTION OF THE CENTRAL PACIFIC FROM SACRAMENTO TO OGDEN.

The 31 miles of the Central Pacific, commencing at Sacramento, were constructed between 1862 and July, 1864, through the intervention of several small contractors constructing independent sections of the road. The cost of the first eighteen sections was $400,000, or about $22,230 per mile. The construction presented no peculiar features (excepting that the bridge across the American River was an expensive structure),

and may be accepted as furnishing a fair criterion of the average expense of production where the conditions of construction and cost present no exceptional aspects.

About the time of the completion of the construction of the thirty-first section, the act of July 2, 1864, was passed. Under this act the donations to the company were vastly increased, and it was authorized to mortgage the railroad for an amount equal to the Government aid, and to give to such mortgage a priority of lien.

Messrs. Stanford, Huntington, Hopkins, and Crocker were at this time directors of the Central Pacific and had absolute control of its affairs. The board numbered nine. The other members were James Bailey, T. D. Judah, L. A. Booth, D. W. Strong, and Charles Marsh, who were entirely under the control of the four persons named above. On the 24th of December, 1862, Charles Crocker resigned from the board. On the 26th of December, 1862, the board voted to award to Charles Crocker & Co. the construction contract from section 32 to 54, both inclusive. This construction was completed March, 1866.

This contract, for reasons presently to be explained, can not be found. Its general terms were that the contractors were to be paid on estimates of amount of work, and at rates fixed for the different classes of work. (See evidence of E. H. Miller, jr., volume 5, page 3041.) The payments, as originally provided, were to be five-eighths in cash and three-eighths in stock, the stock being counted at 50 cents on the dollar. By a subsequent modification the stock was counted at 30 cents on the dollar. (See evidence of E. H. Miller, jr., volume 5, page 3041.)

On the 1st of May, 1865, a committee, consisting of Leland Stanford, Mark Hopkins, and E. H. Miller, jr., was appointed for the purpose of examining and reporting upon the question of contracting for and continuing the construction of the railroad. That committee reported on the 9th of May, 1865, in favor of continuing the construction by contract instead of conducting the same directly by the company. (See volume 5, pages 3046, 3047.)

On the 6th of June, 1865, Mark Hopkins and E. H. Miller, jr., reported in favor of continuing, through Charles Crocker & Co., the construction of the road. (See volume 5, pages 3048, 3049.) It appears from the evidence that this construction, beyond section 54, was to be paid for on estimates of amounts and at rates specified in a resolution accompanying the report. This resolution provided that the rates which had been paid under the contract for sections 32 to 54 should be continued. (See evidence of E. H. Miller, jr., page 3049.)

The report of June 5, 1865, was written by Mr. E. B. Crocker, the brother of Charles Crocker. (See evidence of E. H. Miller, volume 5, page 3050.) In compliance with the recommendations of this report, Charles Crocker & Co. continued the construction of the railroad from section 54 to section 138, at the eastern boundary of the State of California.

A number of the estimates of the amounts of work done and of the rates paid for the work were produced before the Commission. Three of these estimates, from sections 55 to 67, and from sections 68 to 92, and from sections 93 to 138, will be found at pages 3044, 3045, and 3050 (volume 5). Some idea of the cost of this construction to the Central Pacific Railroad can be gathered from these estimates. The price for grubbing and clearing the land was $2,000 per mile. Excavation was divided into six classes, and was paid for as follows: For the first class, 45 cents per cubic yard; second class, 65 cents per cubic yard; third class, $1.47½ per cubic yard; fourth class, $2.50 per cubic yard; fifth

class, $5 per cubic yard; sixth class, $3 per cubic yard; in tunnels, $70 per cubic yard. The masonry for the second and third classes was $25 per cubic yard; fourth class, $20 per cubic yard; fifth class, $10 per cubic yard.

These estimates are final estimates, and show that the cost of construction for sections 55 to 67, under the Crocker contract, was $2,081,507.15. This distance of 13 miles, therefore, cost an average of about $160,000 a mile. This work was exclusive of the iron rail (volume 5, page 3045). The final estimate for sections 68 to 92 shows that the amounts paid by the company for this construction was $4,905,594.51, or an average of about $198,000 per mile, exclusive of the iron rail. The total amount paid Crocker & Co. for construction from section 1 to section 138 (excluding sections 22, 23, 24, 25, 26, 27, 28, and 29, which were constructed by other parties) was, in cash, $8,536,015.46, and bonds, $100,000, and stock reduced to cash value, $5,121,609.27, making a total of $13,657,624.73. (See evidence of Stevens, volume 6, page 3509.)

The total amount of stock issued to Charles Crocker & Co. for this construction was $14,701,710.22. This stock, at the agreed rates of 50 cents on the dollar and 30 cents on the dollar, was the equivalent of $5,121,609.27, as above stated. (See evidence of Stevens, volume 6, page 3509.) The total construction under the Crocker & Co. contracts was 130 miles. Counting the stock at the agreed prices of 50 cents on the dollar and 30 cents on the dollar, the average per mile was about $100,000. Counting it at its par value, the average per mile would be about $178,000.

The Commission endeavored, by the examination of numerous witnesses, to ascertain the cost of this construction to Charles Crocker & Co. (See evidence of Strowbridge, volume 6, pages 3103 to 3111, and 3147; Arthur Brown, volume 6, pages 3002 to 3005; Clement, volume 6, pages 3202, 3233.)

The rates appearing on the face of the estimates above referred to are largely in excess of the rates fixed by those witnesses as the usual rates at the time of construction. (See evidence of Clement, volume 6, pages 3203, 3210.)

Leland Stanford testified that Charles Crocker had no partners; but it appears from his own evidence (volume 5, page 2037) that all of the stock received by Charles Crocker under these contracts was turned over to the corporation known as the Contract and Finance Company, in which Stanford, Huntington, Hopkins, and Crocker were substantially the sole stockholders. The amount of stock so turned over was about $14,000,000. (See evidence of Stanford, volume 5, pages 2648 and 2649). It is clearly established by the evidence that these four gentlemen were at all times equally interested in the results of these contracts, and that, whether the formal relation of partner existed between them or not, it was understood and agreed between them that they should share equally in all the profits of the enterprise.

The Crocker contracts were awarded to C. Crocker & Co. by the votes of Stanford, Huntington, Hopkins, and Crocker. The profits arising out of these contracts were divided among these four persons; and this same singular feature will be found to pervade all contracts for construction, for repairs, for branch lines, for leases of the auxiliary lines, for the express business, for the sale of material, and for the sale of coal, as to all of which, through the intervention of construction companies, express companies, or development companies (in which these four persons were substantially the only stockholders), all of the con-

trusts have been awarded by the votes of Stanford, Huntington, Hopkins, and Crocker. (Stanford's evidence, volume 5, page 2789.) In all of these cases the profits resulting therefrom have been divided between them. In some exceptional cases there has been a fifth party in interest—either Mr. E. B. Crocker, the brother of Charles Crocker, or Mr. David M. Colton; in which cases the profits have been divided by fifths instead of by fourths.

In the opinion of the Commission the course pursued in this respect is wholly indefensible. The agreement of the company, when it received the munificent aid extended by the United States, was to repay the loan and so much of the interest as had not been repaid by transportation or percentages of net earnings at the expiration of thirty years. The course pursued by Stanford, Huntington, Hopkins, and Crocker was necessarily absolutely destructive of any possible security. This result will appear more clearly as the detail of the contracts effected is developed.

The railroad was constructed between section 138 and Promontory Point by a corporation known as the Contract and Finance Company. That company was formed ostensibly for the purpose of inviting the cooperation of outside capital. It was alleged that the personal liability which attached, under the laws of California, to the ownership of the stock of the Central Pacific, deterred many persons from taking any part in the enterprise; and the object of forming the Contract and Finance Company seems to have been to obviate that difficulty by causing the construction to be done through that company. (See evidence of Huntington, volume 1, page 10; Stanford, volume 5, page 2624.) That company was formed in 1867. Its capital stock was $5,000,000. This stock was divided into three equal shares, which were issued to William E. Brown, T. J. Milliken, and B. T. Crocker. The stock so taken was understood by the incorporators to be held for Stanford, Huntington, Hopkins, Charles Crocker, and E. B. Crocker, and the three incorporators, who became the managers of the company, represented these five persons. (See evidence of William E. Brown, volume 5, page 2895.) Subsequently, E. B. Crocker's interest was assigned to the other four parties in interest, so that they each owned a quarter interest in the Contract and Finance Company. (See evidence of Stanford, volume 5, page 2638.)

In December, 1867, a contract was submitted by Leland Stanford to the board of directors of the Central Pacific Company, on behalf of the Contract and Finance Company, to construct the road from section 138 to Promontory Point. There were present at that meeting Stanford, E. B. Crocker, Mark Hopkins, and E. H. Miller, jr. The board accepted the contract on the terms proposed. (See evidence of E. H. Miller, jr., volume 5, page 3062.) The terms of the contract were substantially $86,000 per mile, one half payable in cash, the other half payable in stock. For this the Contract and Finance Company was to complete the road, build all the depots, station-houses, turn-tables, round houses, furnish all the equipment, freight shops and machinery shops, and everything necessary to the running of the road. (See evidence of E. H. Miller, jr., volume 5, page 3062.)

Under this contract the road was constructed between the points indicated, a total of 552 miles, at a cost of $23,726,000 in stock, and $23,726,000 in gold. It is a noticeable fact that Mr. Miller testifies that at the time he voted for this contract, and at the time he voted for the Crocker contract and its extension, he was not informed that the directors of the Central Pacific were also beneficiaries under the contracts. (See evidence of E. H. Miller, jr., volume 5, pages 3061,

2000.) The Commission has made diligent effort to ascertain the actual cost of construction of the railroad to the Contract and Finance Company, and, in their opinion, have arrived at a conclusion which can not be far from the truth. An accurate answer to this question would be shown by the books of Charles Crocker & Co., and of the Contract and Finance Company. These books were not produced, and, in the opinion of the Commission, were purposely destroyed by direction of Stanford, Huntington, Hopkins, and Crocker. The evidence on this point appears to be conclusive.

(1) In 1873, suits were brought or threatened by Charles A. Lambard, Samuel Brannan, and others, against Stanford, Huntington, Hopkins, and Crocker, as owners of stock of the Central Pacific Railroad Company, alleging that those persons had been guilty of many violations of their duties as directors, and that they had voted profitable contracts to themselves; that by means of these contracts they had procured possession of substantially all of the assets of the company remaining after the expenditure of the actual cost of construction. The Commission do not mean to intimate that all of the charges contained in these complaints are sustained by the evidence; but it does appear that the four persons named did vote contracts to themselves, under which large profits were made and divided. The allegations contained in these complaints were such as would compel men of honor, if these allegations were false, to defend themselves at any cost. It appears from the evidence that all these suits were settled, and that the stock owned by the plaintiffs were bought at rates varying from $400 a share to $1,000 a share. (See evidence of Stanford, volume 5, page 2641; volume 6, pages 2775, 2779.)

The evidence on which the successful prosecution of such suits would necessarily depend was contained in the books of Crocker & Co. and of the Contract and Finance Company; because the actual cost of construction to these companies compared with the actual payments made by the Central Pacific Railroad Company would disclose the profits divided between Stanford, Huntington, Hopkins, and Crocker. They, and they alone, were interested in the suppression of this evidence.

(2) In 1873 the disclosures made by the examinations, conducted by the Wilson committee, excited much public attention and indignation with reference to similar practices affecting the Union Pacific Railroad Company through the intervention of the Credit Mobilier. Comparatively little attention was given by that committee to the affairs of the Central Pacific Railroad Company. Mr. Huntington, however, was examined as a witness. He was examined as to the profits resulting from the construction of the Central Pacific road. He described them as being confined to the stock of the company, and that the share received by him amounted to $1,000,000 of this stock. (See report of the Wilson committee, evidence of Huntington, page 703.) This evidence was given more than two years after the completion of the Central Pacific Railroad, and Mr. Stanford has testified that each of the parties in interest received $13,000,000 of the stock of the company as his share of the profits. (See evidence of Stanford, volume 5, pages 2655 and 2656.)

Mr. Huntington must, therefore, have known, when he was testifying before the Wilson committee, that his statement was not a true one.

The report made by the Wilson committee concerning the Central Pacific Railroad was that they were unable to obtain the facts and figures they desired because the persons and books to be examined were in California, and they had not at their command the time necessary

for reaching them. The recommendation of this committee in regard to the Union Pacific, which afterwards was enacted into the act of March 3, 1873, directed the Attorney-General to prosecute the offending officers of the Union Pacific Railroad Company. This circumstance, and the danger that similar disclosures would lead to a similar result as to the officers of the Central Pacific, formed another strong inducement for the suppression of the books of Charles Crocker & Co. and of the Contract and Finance Company.

(3) The books in question are identified by John Miller, William E. Brown, Daniel Z. Yost, and others as large journals and ledgers containing several hundred pages each, numbering, in all, from 12 to 15 volumes; and their disappearance by accident or inadvertence is simply impossible. Mr. Yost testifies that the last he saw of them Hopkins was personally engaged in packing them in boxes. (See evidence of Yost, volume 5, page 2712.)

These books had been kept for several years by William E. Brown. He was succeeded in 1873 by John Miller, who acted as secretary and book-keeper of the Contract and Finance Company after Mr. Brown ceased to act in 1873. Both Mr. Brown and Mr. Miller testified that before Miller took charge of the books, William E. Brown prepared a complete and new set, consisting of day-book, journal, and ledger, into which set of books he personally transcribed all the balances of the unclosed accounts contained in the books of the Contract and Finance Company. These books have since been produced before the Commission, and the fact is as stated.

John Miller testified that he saw the books, both of the Contract and Finance Company and of Charles Crocker & Co., in their usual place in the rooms occupied by the Contract and Finance Company; that he was personally in charge of the room during the day in which they disappeared; that he left the room for a short time, at the lunch hour, leaving Mr. Brown there, and that on his return the books had disappeared. (See evidence of John Miller, volume 5, page 2879.) William E. Brown denies any knowledge of their whereabouts, or of the circumstances of their disappearance. (See volume 5, page 2990.) Mr. Crocker gives it as his opinion that the books were destroyed by Mark Hopkins as having no value. (See evidence of Crocker, volume 7, page 3665.)

Putting all these facts together—the existence of a strong motive on the part of Stanford, Huntington, Hopkins and Crocker to suppress the books; the impossibility of accounting for their disappearance, except in pursuance of the act or direction of one of these four persons; the evidence of Yost that he saw Hopkins engaged in packing the books in boxes; the evidence of John Miller of their sudden disappearance, and the statement of Mr. Crocker connecting their disappearance with Mark Hopkins—it is impossible to avoid the conclusion that the suppression of these books has been intentional and willful.

In estimating, therefore, the actual cost of construction of the Central Pacific Railroad, of any of the branches which were constructed through contracts with the Contract and Finance Company, of any repairs done by that company, or supplies furnished by it, we feel compelled to accept the rule of law which applies to all cases of suppressed evidence, and which raises against the party implicated in the suppression the very strongest presumption that the suppressed evidence, if produced, would testify against the party suppressing the same.

It is our judgment that the actual cost of construction of the Central Pacific Railroad from Sacramento to Promontory Point, and the purchase from the Union Pacific Railroad Company of forty-seven and one-

half miles, a total distance of 737.50 miles, did not exceed the sum of $25,000,000.

We base this conclusion on the examination of many witnesses as to the actual cost of railroad building and material during the years of construction, on the evidence taken of the character of the country, on the agreed price paid by the Central Pacific to the Union Pacific for 41½ miles of the road between Promontory Point and a point 5 miles west of Ogden; and in reaching this conclusion we have made, in our judgment, full allowance for all that appears in the evidence relating to the peculiar and difficult character of the work, to the excessive cost of building the road over the Sierra Nevadas, to the impediments offered by snow and stormy weather, to the unusual item of cost arising out of the construction of snow-sheds, and to the increased cost resulting from the rapidity with which the work was carried on and the necessity of expensive and unusual transportation of all material required for the construction of the road.

As this investigation is not in the nature of an accounting, it seems unnecessary to detail the facts and the figures. Mr. Stanford's admission is that the $54,000,000 of stock distributed by the Contract and Finance Company was substantially a net profit, subject only to the liquidation of an indebtedness of the Contract and Finance Company, not exceeding $3,000,000. (See evidence of Stanford, volume 5, page 2869; William H. Brown, volume 5, page 2979.)

The existence of this indebtedness can hardly be said to be satisfactorily proved in the absence of the books. It appears, moreover, positively proved from the books of the Central Pacific Railroad Company that during the construction of the road the Central Pacific Railroad Company had paid to the Contract and Finance Company, in lieu of a part of its cash payments, the sum of $6,000,000 in notes. (See Stevenson's report, No. 7, volume 8.) It appears also that in 1871 these notes were still in the possession of the Contract and Finance Company (see evidence of R. H. Miller, jr., page 2436), and that they were paid by an issue of land-grant bonds delivered to that company at the rate of 80 per cent., the rate being fixed in this, as in all cases, by the vote of Stanford, Huntington, Hopkins, and Crocker. (See evidence of Stevens, volume 6, page 3532.)

The construction of the Central Pacific approached Promontory Point in the spring of 1869. At this same time the construction of the Union Pacific Railroad had proceeded west of Ogden and was approaching the same point. The parties interested in the Central Pacific pushed their construction east of Promontory Point, and for a while the two roads were engaged in parallel construction. An agreement was subsequently made by which the Central Pacific Railroad Company purchased from the Union Pacific Railroad Company the railroad constructed by the latter between Promontory Point and a point 5 miles west of Ogden. For this section of the road the Central Pacific Railroad Company paid to the Union Pacific Railroad Company $3,000,000 in bonds, or an average of $63,000 per mile.

Grenville M. Dodge was examined as to this construction and as to the character of the country. He fixed the cost at a high price, but an examination of his evidence will show that the memoranda of cost produced by him was not based on any personal knowledge, and was evidently prepared by the Union Pacific Railroad Company for the purposes of its sale to the Central Pacific Railroad. (See evidence of Dodge, volume 7, page 3785.) It may be safely assumed that the payment of the sum agreed upon was a full reimbursement to the Union

Pacific of the actual cost of construction. Mr. Dodge also testifies that this construction was much heavier than that between Omaha and Cheyenne (volume 7, page 3,796).

CONSTRUCTION OF THE WESTERN PACIFIC RAILROAD.

The Western Pacific Railroad Company was organized in 1862. On December 6, 1862, an approximate estimate of the cost of constructing the road from San José to Sacramento and equipping the same was made by William I. Lewis. The total of the estimate was $5,400,000. (See Stevens's report, Exhibit No. 9, volume 8.) This estimate was based on an assumed length of 120 miles. Construction progressed slowly until the spring of 1867, when the contractors became embarrassed, and on the 8th of June, 1867, an agreement was made between the contractors, Stanford, Huntington, Hopkins, and Crocker, and E. B. Crocker and the Western Pacific Railroad Company, by the terms of which the contractors assigned all their interests to the Contract and Finance Company, together with all their shares of the capital stock of the Western Pacific Railroad Company, and also all outstanding stock; and the Contract and Finance Company agreed to discharge the indebtedness of the contractors, and that they should retain a portion of the land grants to which they were entitled under their contract with the Western Pacific Railroad Company.

On the same day an agreement was made between the Western Pacific Railroad Company and the Contract and Finance Company, by which the Contract and Finance Company agreed to complete the construction of the road and to equip the same, and the Western Pacific Company agreed to deliver to the Contract and Finance Company, in payment of such construction and equipment, all of its unissued stock, all of the unsold lands, all Government bonds to be received, and all bonds of the Western Pacific Railroad Company remaining unsold. The balance sheet showing the condition of this company at the time of the consolidation with the San Francisco Bay Company will be found in Stevens's Exhibit 9 (volume 8).

The San Francisco Bay Company was organized on the 23th of September, 1868, the principal stockholders being Stanford, Huntington, Hopkins, C. Crocker, and E. B. Crocker. Its object was the construction of a railroad, commencing at Goat Island, in the Bay of San Francisco, and connecting with the Western Pacific Railroad. Stanford was the president, E. B. Crocker the vice-president, Mark Hopkins the treasurer, E. H. Miller the secretary. These four gentlemen, together with Mr. Charles Crocker, constituted the board of directors. On the 31st of October, 1869, the board adopted a resolution that the said company pay to the Contract and Finance Company, for the work done and materials furnished in building its railroad, the sum of $3,365,000, of which amount $2,395,000 was to be paid in the capital stock of the company.

The resolution further provided for a consolidation between the San Francisco Bay Railroad Company and the Western Pacific Railroad Company, on the basis of a total authorized capital stock of $10,400,000; each stockholder in the constituent companies to receive such number of shares in the new company as should equal the number of shares held by them, respectively, in the constituent companies. The San Francisco Bay Railroad was about 26¼ miles in length. The Western Pacific Railroad Company, thus consolidated, represented 123 miles of railroad, from Sacramento to San José, and 26¼ miles of railroad of the

San Francisco Bay Railroad Company—in all 149½ miles of road. It was received into the Central Pacific Railroad subject to a bonded indebtedness of $4,874,000, and with a capital stock of $7,000,000, which was exchanged, dollar for dollar, for stock of the Central Pacific Railroad Company.

The actual cost of construction of this railway, or of the principal portion of it, is contained in the books of the Contract and Finance Company, and therefore can not be accurately ascertained. Most of the construction was through a country which presented no peculiar difficulties, and it may be safely assumed that the entire stock converted into the stock of the Central Pacific Railroad Company represented no contribution whatever of money or value, and that the cost of construction did not exceed the bonded and floating indebtedness of the road.

The San Francisco and Oakland Railroad Company and the San Francisco and Alameda Railroad Company were short roads, built to connect with the ferries crossing the bay. They were consolidated on the 28th of June, 1870, the consolidated company being known as the San Francisco, Oakland and Alameda Railroad Company. The stock of the new company was fixed at $2,000,000. The ferry franchises owned by this corporation were exceedingly valuable, and, in the judgment of the Commission, its consolidation with the Central Pacific Railroad Company, which occurred on the 20th of August, 1870, on the basis of $2,000,000 capital stock, which was exchanged for stock of the Central Pacific Railroad Company, was an advantage to the consolidated company.

CONSTRUCTION OF SAN JOAQUIN VALLEY RAILROAD.

At the time of the consolidation of this company with the Central Pacific Railroad Company the construction had barely commenced, the only item charged to the construction being $30,500, which appears to have resulted from a subscription to stock before consolidation and to have been returned to the subscribers.

The San Joaquin Railroad, from Lathrop to Goshen, a distance of 146 miles, was built under a contract with the Contract and Finance Company, which can not be found. The payments made by the Central Pacific Railroad Company to the Contract and Finance Company, for account of this construction, will be found in Mr. Stevens's report (Exhibit No. 11, volume 8). These payments consist of $5,080,000 bonds of the Central Pacific Railroad, secured by a mortgage upon the San Joaquin branch, dated October 1, 1870; also $2,080,000 of the capital stock of the Central Pacific Railroad Company. These payments were made by the votes of Stanford, Huntington, Hopkins, and Crocker, while they were the owners and controllers of the Contract and Finance Company, in the same manner as has been found to apply to all contracts with the Contract and Finance Company.

CONSTRUCTION OF THE CALIFORNIA AND OREGON RAILROAD.

The construction of the California and Oregon Railroad was commenced in the spring of the year 1868, at which date a contract was entered into between that company and the Contract and Finance Company for the construction and equipment of its railroad from its intersection with the Central Pacific Railroad to a point at or near the town of Red Bluff, in Tehama County. The agreed price for construc-

tion was $30,000 in gold coin and $30,000 in capital stock of the company per mile.

A balance sheet showing the condition of the California and Oregon Railroad Company on the 2nd of August, 1870, just prior to consolidation, will be found in Stevens's report (Exhibit No. 8, volume 6). At the time of the consolidation, 77.6 miles were completed.

The total charges for construction were		$3,573,975.09
The total of miscellaneous assets was		192,664.52
Total		3,966,640.18
The total liabilities were:		
Stock issued under construction contract		1,526,350.00
Due Contract and Finance Company:		
Stock	$497,000	
Cash	1,344,800	
		1,841,800.00
First mortgage bonds		323,000.00
Land department		11,652.67
Profit and loss		36,666.15
Total		3,991,640.18

After the consolidation, the construction of the railroad to Tehama was continued by the Contract and Finance Company, at the contract price of $30,000 in stock and $20,000 gold coin per mile. The details of this construction will be found in the evidence of Stanford (volume 5, pages 2650 to 2665).

From Tehama to Red Bluffs, a distance of 12.11 miles, and from Red Bluffs to Redding, a distance of 34.88 miles, the construction was continued under contracts with the Contract and Finance Company. The details of the payments will be found in Stevens's Exhibits, Nos. 10 and 11, in volume 8. The construction from Redding to Delta, a distance of 39.45 miles, was conducted by the Central Pacific Railroad Company itself. The details of the cost of construction will be found in Stevens's Exhibits, No. 25. The railroad was completed to this point in 1885.

The actual cost of the construction of the road by the Contract and Finance Company is contained in the books of that company, and can not, therefore, be accurately ascertained. This railroad from Delta to the State line, a distance 193 miles, was constructed by the Pacific Improvement Company, and, as all the facts relating to the construction have been laid before the Commission, they may be referred to as accurately illustrating the method pursued by the directors of the Central Pacific Railroad Company.

The Contract and Finance Company was dissolved in 1874, and its assets distributed among the four stockholders, Stanford, Huntington, Hopkins, and Crocker. Another corporation was formed for the same object, known as the Western Development Company. Its capital stock was the same as the Contract and Finance Company, $5,000,000, and the interests were the same at the inception—one-fourth each to Stanford, Huntington, Hopkins, and Crocker. Afterwards these four persons transferred one-ninth to David M. Colton, retaining two-ninths each. (See evidence of Stanford, volume 5, page 2658.)

The Western Development Company was mainly concerned with the Central Pacific Railroad Company in contracts for repairs and some minor construction contracts. Its principal work was in the construction of the leased lines and of lines connected with the Southern Pacific Railroad Company.

The Pacific Improvement Company was subsequently formed for the same general purpose. Its stock was $5,000,000. The ownership was in Stanford, Huntington, Hopkins, and Crocker, Mr. Hopkins's interest being represented by his administratrix. (See evidence of Stanford, volume 5, pages 2660, 2661.) No money was paid for the stock of any of these companies, the available funds needed by the company being in the form of direct loans of money or credit by the stockholders to the respective companies.

The contract between the Central Pacific Railroad Company and the Pacific Improvement Company for the construction of the California and Oregon Railroad between Delta and the State line was made in October, 1886. The text of the contract will be found in the testimony of E. H. Miller, jr. (volume 5, pages 2354, 2355 and 2356). This contract was awarded to the Pacific Improvement Company by the votes of Stanford, Huntington, Hopkins, and Crocker. (See evidence of Stanford, volume 5, page 2664.) The construction company agreed to built the road and furnish the equipment, and also to secure control of another railroad known as the Oregon and California, extending from Portland, in the State of Oregon, to a junction with the California and Oregon at the State line. But the compensation to the Pacific Improvement Company for the construction of the unfinished portion of the Oregon and California road was to be paid by the Oregon and California Company, and was not included in the consideration named in the contract between the Central Pacific Railroad Company and the Pacific Improvement Company. (See the contract, volume 5, page 2354.)

The consideration for the construction of these 103 miles of railroad and of the equipment, as stated in the contract, was 30,000 shares of the stock of the Central Pacific Railroad Company, $3,000,000, and $4,500,000 of the bonds of the Central Pacific Railroad Company, part of which bonds were issued under a mortgage of the California and Oregon Railroad and part issued under a mortgage of the Central Pacific Railroad Company, dated October 1, 1886. The stock was to be delivered on the execution of the contract, the bonds as the work progressed. The stock was accordingly delivered in October, 1886. All of the bonds have been delivered except $317,000. (See evidence of Douty, volume 5, page 2703.) The amount reserved is sufficient to cover the cost of the completion of the contract. (Same page.)

The average market value of the Central Pacific stock, taken from the actual quotations of the New York Stock Exchange, during the month of October, 1886, was $48. At this rate, the $3,000,000 stock was worth, in cash, $3,840,000. The bonds paid to the Pacific Improvement Company were worth par. They were accepted by the Central Pacific Railroad Company from the Pacific Improvement Company in payment of a loan due by them to the Central Pacific sinking fund. (See evidence of Stanford, volume 5, page 2666.)

The actual cash value then paid to the Pacific Improvement Company for the construction from Delta to the State line, and for the equipment, was—

In stock	$1,840,000
In bonds	4,500,000
Total	6,340,000

The books of the Pacific Improvement Company, showing the actual cost of this construction and of the equipment, were examined by Mr. Stevens, and this cost, exclusive of the unfinished work, which Mr. Douty testified would not exceed the $317,000 of bonds which had been

retained, was $8,133,009.32. (See evidence of Stevens, volume 3, page 2628.) The accuracy of the conclusions reached by Mr. Stevens was conceded by the counsel for the Central Pacific road. (See Haymond's statement, volume 6, page 3534.)

In the statement of cost of construction contained in the table at page 3531 the retained $317,000 bonds have been added to the above figure, making the total cost of the completed road and equipment, $3,505,609.32. As compensation for this expenditure, Stanford, Huntington, and Crocker have voted to themselves stock and bonds of the value, as above stated, of $8,340,000. And this extraordinary transaction is being consummated to-day, in the face of this investigation and in violation of every duty which these directors owe to the stockholders of that company and to the Government as its chief creditor.

It has been remarked before that the conclusion reached in the case of the United States against the Union Pacific Railroad Company to recover misappropriated assets from the directors, that no such suit could be sustained until after the maturity of the debt, was unfortunate. The application of this principle to the transaction now under discussion presents the results of this decision with peculiar force.

The United States *can not* sue, because the debt is not due. The corporation *will not* sue, because it is controlled by the wrong-doers. The stockholders *dare not* sue, because, under the laws of California, they are personally liable for the obligations of the company. (See Bergin's statement, volume 5, page 2670.)

In addition to the railroads hereinbefore described, which constitute the corporation now known as the Central Pacific Railroad Company, a large number of branch and auxiliary lines have been, from time to time, constructed through the Contract and Finance Company, the Western Development Company, and the Pacific Improvement Company. These roads, as completed, were leased to the Central Pacific Railroad Company. A statement of the terms of these leased roads will be found in the evidence of E. H. Miller, jr. (volume 6, pages 3443 to 3449). The amount of the rental was always fixed at a sum sufficient to pay the interest on the bonds of the leased roads. In several instances it was fixed at a figure which permitted the declaration of dividends on the stock. (See evidence of Douty, volume 5, page 2691.)

The accountant of the Commission has examined the books of the Western Development Company and of the Pacific Improvement Company, and has ascertained from these books the actual cost of the construction done by those companies. He has also ascertained from the same books the consideration received in bonds and in stock or cash for such construction. These figures are given in detail in the table contained in volume 6, page 3531. It will be seen that as to all these railroads the bond issue exceeds the actual cost of construction. These bonds, though nominally issued to the construction companies, were, of course, the property of the stockholders, Stanford, Huntington, Hopkins, and Crocker; and the result of the leases was to compel the Central Pacific Railroad Company to pay the interest on these bonds, and, in the cases before referred to, dividends on the stock. The actual operation of the leases has, however, on the whole, been a source of profit to the Central Pacific Railroad Company.

In the following table we have stated the cost of the Central Pacific Railroad, as that corporation exists to-day, as determined by us from the evidence before us, and also the consideration paid therefor in bonds, stock, and cash.

Name of railroad.	From—	To—	Number of miles.	Cost of construction.	Bonds.	Stock.	Cash.
California and Oregon Railroad	Roseville		77.6				
Do	77.6 mile	102.75 miles to a point opposite Tehama.	25.15				
Do	Tehama	Red Bluff	12.51				
Do	Red Bluff	Redding	24.9				
Do	Redding	Delta [6]	34.04				
California and Oregon Railroad (C. P.)	Delta	State line	204.00				
Central Pacific, main line (Crocker contract):							
Bonds at par value							
Stock at 50 per cent	1st mile	125th mile	125.00				
Stock at 10 per cent	Section 1	Section 66	125.00				
Central Pacific, main line (extra work):	Section 66	Section 130	126.00				
Central Pacific, main line (Contract and Finance Company).	126th mile	689th mile	553.00				
Central Pacific, main line	Promontory Point	5 miles west of Ogden	47.00				
Central Pacific main line, snow-sheds and other extra work during 1879							
Central Pacific, main line, rebuilding American River bridge							
Central Pacific, main line, extending Oakland and Alameda wharves and fencing in track							
San Joaquin Valley Branch of Central Pacific Railroad [8]	Lathrop	Goshen	146.00				
Western Pacific Railroad and San Francisco, Oakland and Alameda. (Contract and Finance Company's contract.) [9]	Sacramento	West Oakland and San José	140.60				
Oakland and Alameda local lines			17.60				
			1,856.50				

Total of bonds, stock, and cash, $130,726,720.00; cost of construction, $30,301,321.35; grand total, $161,028,207.61.

[6] From Redding to Delta the line was built by the Central Pacific Railroad Company. The distance, 34.04 miles, according to the books, cost $2,051,216.11, or $60,000 per mile. It is clearly evident that large sums of money were expended in this amount upon other portions of the road in rounding up the work.

[7] Central Pacific Railroad, Delta to State line, construction not completed. The cost of construction to June 30, 1877, was $6,191,000.22. Amount of bonds issued, $4,182,000. The additional amount of bonds to be issued, $817,000, to make up the $5,000,000, it is estimated would take to complete the road; if it does not, the cost will be increased and the profit and loss decreased.

[8] This railroad was in gold.

[9] This railroad of bonds consisted of $1,760,000 United States 6 per cent. bonds, and $1,320,000 first-mortgage bonds of the Central Pacific Railroad Company.

[10] The San Joaquin Valley Branch of the Central Pacific Railroad was constructed under contract with the Contract and Finance Company for $1,920,000 bonds, $1,920,000 bonds, and $960,000 cash. The actual cost of construction can only be ascertained from the books of the Contract and Finance Company, which are missing.

[11] In addition to the stocks and bonds paid to the contractors for building the Western Pacific Railroad, they received the land-grant of the road. The total amount of securities issued at the time of cancelling the second McLaughlin contract was $1,611,000. The balance of securities that would have been due him on completion of his contract was issued over to the Contract and Finance Company, together with all the unsold lands.

[12] Cost of construction as determined by Commissioners.

The result is that the Central Pacific Railroad Company paid for this construction—

In cash	$41,372,719.47
In bonds	18,713,000.00
In stocks	60,585,810.22
Total	120,672,529.69
Total cost of construction	58,201,831.85
Leaving surplus profits of	62,570,697.84

Of which there were:

Stocks	$60,585,810.22
Bonds	1,984,887.62

All of this consideration was paid to Stanford, Huntington, Hopkins, and Crocker, and was voted to themselves by their own votes.

In the following table we have compared the actual cost of construction with the cost in bonds, stock, and cash, of certain railroads which were leased to the Central Pacific Railroad Company:

Name of railroad.	From—	To—	Number of miles.	Cost of construction.
Northern Railway			120.7333	$6,696,813.69
Amador Branch	Galt	Ione	27	300,642.60
San Pablo and Tulare Railroad	Martinez	Tracy	46.5180	1,127,140.74
Southern Pacific	Sumner	San Francisco	804.91	11,080,726.61
	Spadra	Colorado River		
	Huron	Goshen		
Anaheim Branch	Florence	Santa Ana	20.62	85,163.85
Southern Pacific of Arizona	Colorado River Bridge	New Mexico Line	284.17	7,027,680.48
Southern Pacific of New Mexico	Boundary of New Mexico and Arizona.	West end of Rio Grande Bridge.	167.33	4,648,972.35
Total			1,171.80	27,216,931.01

Name of railroad.	Bonds.	Stock.	Cash.	Profit and loss.
Northern Railway	$6,240,000	$4,720,000		$6,016,681.12
Amador Branch	675,000	945,000	$277,642.60	300,358.20
San Pablo and Tulare Railroad	1,035,000	1,035,000	118.00	1,726,978.26
Southern Pacific	14,976,000	14,976,000	328.00	17,952,726.28
Anaheim Branch	432,000	432,000	328.00	746,497.15
Southern Pacific of Arizona	3,654,000	10,962,000		22,305,680.61
Southern Pacific of New Mexico	4,150,000	6,225,000	328.00	7,319,727.36
Total	35,762,000	49,005,000	56,000.00	56,059,954.98

The result therefrom is that the respective companies named in the table paid therefor—

In cash	$328,626.00
In bonds	35,762,000.00
In stock	49,005,808.00
Total	85,756,428.00
Total cost of construction	27,216,931.01
Leaving surplus profits of	58,539,554.99

Of which there were:

Stocks	$49,005,800.00
Bonds	6,533,754.99

In addition to the profits derived by these persons in the construction of the road, there are many instances of the exercise of the power of their votes as directors in determining other contracts beneficial to

themselves. The Contract and Finance Company, the Western Development Company, and the Pacific Improvement Company made repeated contracts with the Central Pacific Railroad Company for repairs, extensions, and additions. The payments on some of these contracts were made on estimates of work done, and on others on agreed prices. It is unnecessary to trace them in detail. It is sufficient to say that in all cases the terms were determined by the votes of those interested in the contracts.

There were also large contracts for repairs, the terms of which were, in general, the cost, with 10 per cent. added. While condemning in all cases the practice of awarding contracts to companies in which the directors have a personal interest, it is the judgment of the Commission that the addition of 10 per cent. was a fair and reasonable charge for the superintendence of the work and the ordinary profit which the contractors had a right to expect.

The same system of determining their benefits by their own votes obtained in matters other than construction. In October, 1869, Stanford, Huntington, Hopkins, and Crocker organized a company known as the Pacific Express Company, with the avowed object of doing the express business of the railroad. Before that date, this business had been done by Wells, Fargo & Co. The Pacific Express Company did no business, and made no further progress in the accomplishment of its avowed objects than to organize. (See evidence of Tevis, volume 6, page 3117.) Immediately thereafter an agreement was made between the Pacific Express Company and Wells, Fargo & Co. This agreement will be found in volume 6, page 3120.

By its terms, Wells, Fargo & Co. were reorganized on the basis of a capital of $15,000,000, which afterwards, in the actual accomplishment of the transaction, was reduced to $5,000,000. (See page 3125.) One-third of the entire stock of Wells, Fargo & Co. was issued equally to D. O. Mills, Leland Stanford, Mark Hopkins, Charles Crocker, C. P. Huntington, and Lloyd Tevis. (See page 3127.) The essential consideration for the issue of this stock, and for the agreement between the Pacific Express Company and Wells, Fargo & Co., was a provision contained in the contract by which it was agreed that the Central Pacific Railroad Company should not engage, during the ten years during which the contract was to run, in the express business, and not to employ any other express company in the carriage of letters, parcels, messages, or goods belonging to itself, and not to permit any of its employés to receive, carry, or deliver express matter. (See page 3125.)

The persons to whom this stock was issued paid no consideration therefor except the consideration arising out of the advantages of the provision above quoted, and except the sum of $166,666.66, for which amount they were assessed. (See page 3128.)

The stock of Wells, Fargo & Co. has paid dividends at the rate of 8 per cent. per annum ever since the date of the contract of October, 1869. (See page 3118.)

The provision above quoted in regard to the exclusive right to do the express business of the railroad was covered by an agreement dated the 9th of December, 1869, made between the Central Pacific Railroad Company and Wells, Fargo & Company. (See pages 3122, 3123.) The restrictive provision which formed the essential consideration to Wells, Fargo & Company is the ninth section of this contract. It follows, therefore, that in this, as in the many other instances cited, Stanford, Huntington, Hopkins, and Crocker used their own votes as directors of

the Central Pacific Railroad Company to cause the railroad company to enter into a contract under which they derived a large and important personal advantage. The same practice was pursued in regard to the sale of coal to the company, through the Rocky Mountain Coal Company, in which these same directors, together with Mr. David M. Colton, had a large and controlling interest.

In general, it may be said to be established by the evidence that all the construction contracts, and all the important contracts for materials and supplies, were made between the Central Pacific Railroad Company and companies controlled by Stanford, Huntington, Hopkins, and Crocker. These four persons determined the terms of all these contracts, and the result has been that through the payments made by the Central Pacific Railroad Company they have received, as profits, a vast amount of stocks and bonds. Those resulting from the construction contracts above stated represent over $100,000,000 in stocks, and over $35,000,000 in bonds.

It appears from the books of the company that from the very inception of the enterprise down to the present time it has been the constant practice of the directors of this company to permit the expenditures of very large sums of money without requiring any sufficient vouchers disclosing the purposes to which they were applied. A detailed list of these insufficient vouchers will be found in Exhibit W, attached to Stevens's report, volume 8. These insufficient vouchers aggregate $4,818,355.67.

The only attempt at justification offered by the officers of the company for the insufficiency of these vouchers was the declaration that they did not propose to charge them against the United States in adjusting the percentages of net earnings which the United States was entitled to receive. But this explanation is utterly insufficient. The money so alleged to have been expended represents a large amount of the assets of the Central Pacific, the withdrawal of which seriously affects its power to pay its obligations. The solvent power of the corporation is perhaps the most important factor of the United States security. Any transactions, therefore, which diminish the power to pay, are material to the interests of the United States as the chief creditor of the road. On the face of the books the barren fact appears that Leland Stanford and C. P. Huntington have taken from the assets of this company, over which they had absolute control, the sum aforesaid of $4,818,355.67.

There is no room for doubt that a large portion of this money was used for the purpose of influencing legislation and of preventing the passage of measures deemed to be hostile to the interests of the company, and for the purpose of influencing elections. Mr. Huntington's evidence relating to these expenditures will be found in volume 1 (pages 23–40), and volume 7 (pages 3696 to 3767). It is impossible to read this evidence, and especially the extracts from the Colton letters, written by Mr. Huntington himself, without reaching the conclusion that large sums of money were expended by Mr. Huntington in his efforts to defeat the passage of various bills pending in Congress.

If this vast amount of money had been applied to a legitimate purpose, no motive for concealment would exist. It must, therefore, be assumed that the object was an illegitimate one. And as Mr. Huntington's own statement and his letters establish conclusively that the moneys were used with reference to the company's business in the Departments at Washington and in Congress, the conclusion is inevitable that it was used for improper purposes.

The evidence of Mr. Stanford on this subject will be found in volume 5 (pages 2945 to 2958, and 3161 to 3195). Mr. Stanford followed for a while the line of indefinite explanation used by Mr. Huntington; but when asked the direct question whether he had ever used any of the moneys covered by the insufficient vouchers, and bearing his signature, for the purpose of influencing legislation, he declined to answer.

After Mr. Stanford had declined answering the questions put to him, and it became evident that it would be necessary to test the right of the Commission to compel the answer by an application to the court, it was deemed proper, in order to avoid the objection that the questions had not been sufficiently direct and explicit to raise the precise point which it was desired to submit to the court, to question Mr. Stanford as to a number of specific vouchers which were found to bear his name and the names of persons to whom payments had been made but without any explanation of the purposes to which the moneys had been applied.

In the course of this examination, the Commission, at pages 3187, 3188, asked the direct question whether Mr. Stanford had ever paid any money, for the purpose of influencing legislation, to a number of persons whose names are used.

The vouchers bearing the names of these persons were found among the ordinary files of the Central Pacific Railroad Company and appertain to the period covered by the extraordinary disbursements in question.

In naming these persons in the questions addressed to Governor Stanford, the Commission had no intention whatever of even suggesting that there appeared on the face of the vouchers, or of the transactions referred to therein, any just ground for implicating the persons whose names were used. The vouchers formed part of the legal or general expenses belonging to the period as to which the inquiry was made, and it was thought necessary to put the questions in the form adopted in order to present the matter in proper form for the decision of the court.

The Commission thereupon, in pursuance of the powers given to it under section 2 of the act, presented its petition to the Circuit Court of the United States for the District of California, setting forth the facts and alleging that Leland Stanford had refused to answer the questions specified in the petition, and prayed the court to compel the witness to answer, and to enforce obedience to its mandate by its process. The proceedings will be found in volume 7, page 4164.

The argument was heard by Justices Field, Lorenzo Sawyer, George M. Sabin, and Ogden Hoffman. The court denied the application and dismissed the petition. The opinions of Justices Fields and Sawyer will be found in volume 7. Judge Ogden Hoffman dissented, and his opinion will be found in the same volume.

The principle involved in this decision is of extreme importance to Congress and to the whole country. Its effect is to absolutely deny to Congress the right to use the compulsory process of the courts for the purpose of obtaining information which may be indispensable in order to legislate intelligently. Under the decision Congress is absolutely restricted to such information as can be derived from voluntary witnesses.

Neither the Tariff Commission nor the Committee on Interstate Commerce of the United States Senate, nor any of the committees so frequently required by Congress to collect information to be reported at the ensuing sessions, could be vested with the power of compelling the attendance and evidence of witnesses or the production of books and

papers through the process of the courts. The decision would also paralyze a vast variety of commissions, examining boards, and other bodies which, under the laws of Congress and of the respective States, are charged with duties of great importance to the welfare of the community, and which never, from the very nature of these duties, proceed formally by action or case. Bank examiners, railroad commissioners, inspectors of insurance companies, grand juries, are all empowered by law to examine witnesses and to require the production of books and papers. Their proceedings are not actions, nor are they cases, except in the same sense that the proceedings of the Pacific Railway Commissioners against Leland Stanford was a "case."

The conclusion reached by the court is directly at variance with the decision of the New York Court of Appeals in the People against Keeler (99 N. Y., page 463). In this case the power of the legislature to order investigations, to compel the attendance of witnesses, and the production of books and papers in all matters relating to the information required for the purpose of intended legislation, was sustained; and the distinction between the objects sought to be attained by Congress in the case of Kilbourn *v.* Thompson (103 U. S., page 168) and the exercise of the power to call for persons and papers in furtherance of intended legislation, was clearly pointed out.

The decision of the circuit court is not based on the ground that the question addressed to Leland Stanford was an improper one, or that it did not relate to the subject matter of the investigation, but it is distinctly placed on the ground that Congress has no power whatever to require the courts to issue their process and to compel the attendance and obedience of witnesses except in actions or cases, and on the further ground that the proceedings of the Commission to enforce the answer of the witness is not a "case."

The Commission regrets that under the existing provisions of law it is impossible to take an appeal from this decision, so as to procure a final determination from the Supreme Court of the United States; and they would respectfully recommend that the appellate jurisdiction conferred on the Supreme Court be enlarged so as to apply to all cases and proceedings in which the United States or any of its agencies are parties, and in which the decision is adverse to a right attempted to be exercised under an act of Congress.

ADMINISTRATION AND MANAGEMENT OF THE ROAD.

It is established by the evidence that the work of building and developing this railroad was conducted by Stanford, Huntington, Hopkins, and Crocker with great energy and intelligence. Some of their references to financial difficulties evidently apply to a period before the passage of the bill of July 2, 1864. For it appears from the official report of the company for 1865, signed by Mr. Stanford himself, that the company, through the Government and its own mortgage bonds, had abundant resources for the completion of the road. But it is doubtless true that after July 7, 1864, and during the entire period ensuing, to the completion of the road, these gentlemen used their personal credit in order to assist in the consummation of the great enterprise. It is also true that the construction itself was conducted under circumstances of extraordinary difficulty. The engineering feat of successfully attacking and scaling the Sierra Nevada Mountains is scarcely surpassed by any railroad construction in the world. The difficulties encountered by reason of the snow and violent winter storms, the vast excavations

and fills required, the expensive sheds needed for the protection of the road, are vividly portrayed in the evidence of the witnesses.

The Commission, while gladly bearing testimony to this fact, are unable to see its application to the subject-matter of the investigation. A very large proportion of the difficulties, labors, and dangers referred to were borne by the engineers, surveyors, subcontractors, and the laborers who actually did the work. The principal directors of the company all received large salaries as compensation for their various services as president, treasurer, secretary, or manager of the company. It is therefore impossible to find, in the circumstances alluded to, any justification for the transfer to themselves of the entire franchise of this company, represented in its stock, and of a considerable portion of its assets, obtained through the contracts made by their own votes.

The operation of the company appears to have been successful from its very inception. During the earlier years the company was entirely free from competition and charged very high rates both for freight and passengers. The result of this is shown in the percentage of operating expenses as compared with gross earnings, which, during the early period of the company, were as low as 23¼ per centum per annum, and at no time prior to 1875 exceeded 40 per centum per annum.

From 1863 to the 31st of December, 1869—	
The gross earnings were	$10,597,566.72
Operating expenses	4,700,694.84
Leaving net earnings	5,105,894.90
Other credits	374,045.63
	5,480,939.53
Interest and taxes paid, and Government requirements	4,053,393.68
Leaving absolute net	2,427,533.85
From the 1st of January, 1870, to the 31st of December, 1873, in which latter year the first dividend was paid—	
The gross earnings were	41,129,816.99
Operating expenses	17,465,571.60
Leaving net earnings	23,642,245.39
Other credits	2,187,280.99
	25,810,584.81
Interest and taxes paid, and Government requirements	19,236,065.40
Leaving absolute net	6,575,519.39
From the 1st of January, 1874, until the 1st of January, 1884, which was the end of the dividend-paying period of the company—	
The gross earnings were	194,126,220.34
Operating expenses	108,431,[illegible]
Leaving net earnings	85,694,971.46
Other credits	8,191,532.17
	93,886,503.63
Interest and taxes paid, and Government requirements	41,349,566.64
Leaving absolute net	[illegible]

During the period last mentioned the Central Pacific Railroad Company distributed to its stockholders in dividends the sum of $34,[illegible]. (See volume 5, page 2547.) But little stock was sold by Stanford, Huntington, Hopkins, and Crocker until 1880. Between 1873 and 1877 they were substantially the only stockholders of the Central Pacific Railroad. Nearly the entire amount of dividends declared during those years was therefore received by those four persons.

Tested by the simple question of earnings, it is true that all of the above-mentioned dividends appear by the income account of the company to have been earned. But the distribution of this vast sum of money to these four persons, whose stock represented substantially no contribution whatever to the actual value of the railroad, was most improvident, and was in plain disregard of the obligations incurred by the company to the United States. The company had agreed to repay the debt and interest at the expiration of thirty years. How could it be possible, if the stock represented no actual contribution to the earning power of the company, and the earnings themselves were divided up among the stockholders, that adequate security could be found for the debt due to the United States, increased by the vast amount of its deferred interest, at the maturity of the debt?

The actual amounts put into the enterprise were the proceeds of the first-mortgage bonds and of the United States loan; in all, about forty millions of dollars. By what magic was it expected that this property, after the wear and tear of thirty years' use, could afford any sufficient security for the repayment of its extravagant cost, increased by the interest accruing on a large portion of its debt, if all its current earnings were distributed to its stockholders, without making provision for the constantly increasing obligations? The ordinary dictates of prudent and honest management should have impelled the directors of this company to make suitable provision out of the large earnings, during the profitable years of its operation, to cover this impending debt.

The fact that Congress had taken steps in this direction, through the provisions of the Thurman act, did not discharge this obligation. The insufficiency of the Thurman act was almost immediately perceived and recognized. The fact that the assets were insufficient to discharge the obligation has always been well known to its managers. While, therefore, the distribution of the earnings, may not, under the circumstances, have been a technical violation of law, it was clearly a violation of the rules of good and prudent management.

From the 1st of January, 1884, to the 31st of December, 1886, the result of the operation of the company was as follows:

1884.

Gross earnings		$22,180,830.96
Operating expenses		15,695,396.99
		6,485,433.97
Other credits		1,080,411.83
		7,565,845.80
Interest, taxes, general expenses, rentals, and Government requirements		6,081,620.56
Net income		1,484,225.24

1885.

Gross earnings (as per report of company)		$15,447,123.07
Operating expenses		7,489,993.52
		7,957,129.55
Other credits		897,502.00
		8,854,631.55
Interest, taxes, general expenses, rentals, and Government requirements		6,993,060.48
Net income		1,861,631.07

1888.

Gross earnings (as per report of company)	$15,[illegible]
Operating expenses	7,[illegible]
	7,[illegible]
Interest, taxes, rentals, general expenses, and Government requirements	6,[illegible]
	1,[illegible]
Other credits	1,[illegible]
	3,[illegible]
General and land expenses charged direct to profit and loss	[illegible]
Net income 1886	2,[illegible]
Net income 1885	1,[illegible]
Net income 1884	1,[illegible]
Total net income, January 1, 1884, to December 31, 1886	6,[illegible]

In addition to the amounts paid by this company for operating expenses, interest, and Government requirements, it has, under the laws of California, kept up a sinking fund for each of the mortgages affecting its property or the various branches. These various mortgages are as follows:

California State aid, due 1884	$[illegible]
Central Pacific first mortgage, due 1895 to 1898	[illegible]
Western Pacific, old issue, due 1896	111,000
Western Pacific first mortgage, due 1899	2,[illegible]
California and Oregon first mortgage, due 1892	6,[illegible]
Central Pacific, California and Oregon Division, due 1899	5,[illegible]
San Francisco, Oakland and Alameda, due 1899	[illegible]
San Joaquin Valley, due 1900	6,[illegible]
Land-grant first mortgage, due 1899	1,[illegible]
Land-grant second mortgage, due 1915	5,[illegible]
Fifty-year bonds of 1886, due 1936	1,[illegible]
Income bonds, due 1888	3,[illegible]

The amounts held in the sinking fund, applicable to the respective mortgages, are as follows:

Sinking fund No. 2, for redemption of California State aid bonds	$[illegible]
Sinking fund No. 3, for redemption of first-mortgage bonds of the company, series A, B, C, and D	1,[illegible]
Sinking fund No. 4, for redemption of first-mortgage bonds of the company, series E, F, G, H, and I	1,[illegible]
Sinking fund No. 5, for redemption of first-mortgage bonds, Western Pacific Railroad, series A and B	[illegible]
Sinking fund No. 6, for redemption of first-mortgage bonds of California and Oregon Division, series A and B	1,[illegible]
Sinking fund No. 7, for redemption of income bonds	3,[illegible]
Sinking fund No. 8, for redemption of first-mortgage bonds, San Francisco, Oakland and Alameda Railroad	[illegible]
Sinking fund No. 9, for redemption of first-mortgage bonds, San Joaquin Valley Railroad	[illegible]
Total	9,[illegible]

Of the above amounts $3,176,942.67 are applicable to the payment of the principal of the mortgages which have priority over the lien of the United States.

Mr. Stevens has verified the sinking-fund balances and also the securities belonging to their respective funds. (See Stevens's report, volume 8.)

The income account of the Central Pacific Railroad Company, after the deduction of all payments above referred to, indicates an appar-

and surplus of $27,220,902.69. This balance does not represent any actual cash or cash item. It merely means that that amount of money received from the earnings has been expended for general railroad purposes other than operating expenses, interest, Government requirements, dividends, or other purposes properly chargeable to income or sinking-fund payments. It is, of course, impossible to trace the actual purposes for which this income balance was expended. In general terms, it is represented in the increase of the construction and equipment account, in the purchase of terminal facilities, and other expenditures of a similar character. But little of this money, if any, was expended in the betterment or improvement of the property affected by the Government lien.

The increase in the construction and equipment account must necessarily proceed substantially from the increase of the stock, bond, and profit and loss accounts. The construction and equipment account on the 31st of December, 1870, after the consolidation of the Central Pacific with the Western Pacific, California and Oregon, and San Joaquin Valley had been completed, aggregates $120,745,101.91. The construction and equipment account on the 31st of December, 1886, aggregates $165,686,373.71. (See Stevens's report, consolidated balance sheet, volume 8.) This increase of $45,000,000 represents a variety of expenditures for construction and equipment account, effected through the Contract and Finance Company, and through the Pacific Improvement Company, and by the Central Pacific Railroad Company itself, embracing the completion of the San Joaquin Valley road, the extension of the railroad property and wharves at Oakland, expenditures on the Mission Bay property in San Francisco, construction and equipment of the California and Oregon from Roseville to the State line, and also, but to a limited extent, any betterments and improvements on the aided line between Ogden and San José. The estimate of Colonel Morgan is that the aided line proper from Ogden to San José could be reproduced today at an expense of $31,297,920, which is a little more than the face of the mortgage, whose lien is prior to that of the United States.

It is true that the United States holds the corporate obligation of the Central Pacific Railroad Company itself for the payment of its debt, and that the expenditures on the California and Oregon Railroad, the San Joaquin Valley Railroad, and the expenditures at Oakland and in San Francisco, in so far as they have increased the property and assets of the corporation, also increased the value of its promise to pay. But the policy of the Central Pacific Railroad Company has been to mortgage these branches, terminal facilities, and other property, which are not subject to the lien of the United States, for substantially their full value. The mortgage on the California and Oregon Railroad is $11,800,000; on the San Joaquin Valley Railroad, $6,080,000. The mortgage of October 1, 1886, covers substantially all the property of this corporation which is not subject to the lien of the Government, including its public lands. The foreclosure of these mortgages would evidently leave the Government with no other security than the main line from Ogden to San José, without communication with San Francisco, and without interest either in the San Joaquin Valley or the California and Oregon roads. (See evidence of Stanford, volume 5, page 2666.)

The earning power of the aided portion of the road has very much decreased since 1883. This circumstance is largely due, as has been claimed by the officers of the railroad company, to the competition of rival transcontinental lines. This competition has resulted in a diversion of the through traffic, but the more material decrease in earnings

has resulted from the decrease in the rates of freight and passenger fares, largely due to the same cause. Mr. Stanford's estimate of the actual net earning power of the aid-ed road is that it will not exceed $730,000 to $740,000 per annum. (See evidence of Stanford, volume 5, page 2475.) The actual amount of the net earnings of the aided line proper for 1880 was $1,324,998.31.

These estimates are, to some extent, a matter of conjecture; but it may be safely assumed, as a guide for Congressional action, in so far as this circumstance should influence such action, that the United States holds but very slender security for its debt, either in the actual value of the aided road itself or in the prospective amount of the net earnings which can be made applicable to the liquidation either of the principal or interest.

It is proper in this connection to advert to certain proofs which have been laid before the Commission by the officers of this corporation, which, in their judgment, should receive the attention of Congress, and which they allege constitute important equities which ought to reduce largely, if not to entirely obliterate, the claim of the United States. These items will be found stated in the evidence of Stanford (volume 5, pages 2467 and 2468), and they will be considered in the order they are stated.

(1) The loss and interest thereon which the company sustained by being forced to sell the bonds received by it from the Government at a discount:

Loss	$7,130,072.50
Interest to maturity	12,816,193.90
	19,946,266.40

The statement that the Central Pacific Railroad Company was forced to sell the bonds at a discount, and thereby lost the sum mentioned, is hardly accurate. The bonds were exchanged for their equivalent value in gold, but they were not sold at any such discount as stated, measured in legal tender. But viewed in the most liberal light, for the purpose of ascertaining any possible equity or compensation to which this corporation could be entitled by reason of the alleged discount on these bonds, the fact that they are to-day outstanding and that the United States will be called upon to pay the face value thereof at maturity, on behalf of the Central Pacific Railroad corporation, is a complete answer to any such suggestion.

The claim for interest on the amount of the alleged discount is covered by the same consideration. As matter of fact the United States has paid and will be compelled to pay interest on the whole amount of these outstanding bonds until the maturity thereof, and there can therefore be no possible claim for an exemption in favor of the Central Pacific Railroad Company in respect to any portion of these bonds.

The second item mentioned by Mr. Stanford is as follows:

(2) The amount which the Government saved in its transportation on the Central and Union Pacific line between the completion of the road in May, 1869, and time when it might have been completed under the contract, i. e., July 1, 1876, $47,702,176. This company's proportion, say 46 per cent., $21,971,000.

It is somewhat difficult to treat the claim here made with becoming patience. It is apparent, from all the evidence, that the Central Pacific Railroad Company consulted its own interest in expediting the work. It was a race between that company and the Union Pacific for the control of the Utah business and to obtain the Government subsidy. Moreover, the income account shows that the corporation made large earnings immediately after 1870, and declared and paid regular divi-

bonds, commencing the 12th of September, 1873. (See S. H. Miller, jr.'s, statement, volume 5, page 2547.) It would seem that the Government has quite as much right to claim from this corporation the benefits which it has derived from early construction as the corporation has to ask from the Government an allowance by reason of supposed saving in transportation. But this claim does not deserve the name of an equity. The Central Pacific Railroad Company conducted its own affairs, and caused its road to be constructed in the manner which seemed most appropriate for its interests, and, it may be added, for the personal interests of its principal directors. Expedition, thus resorted to of their own motion and for their own purposes, can not possibly form the basis of a claim against the United States.

The third item is as follows:

(3) The amount which the Government now owes the company upon transportation, the legality of which claim has been sustained by the Court of Claims and also the Supreme Court of the United States. This amount is $1,[illegible]383.15.

Whatever amount there may be due to the Central Pacific Railroad Company arising out of transportation, or services rendered by branch lines, or by the unaided portion of the road, ought to be promptly paid to that company. It appears from the evidence and from the reports of the Commissioner of Railroads that the Central Pacific Railroad Company has discharged all the obligations arising out of the acts of 1862, 1864, and 1878, respecting the transportation applicable to the interest and bond account, and applicable to the sinking-fund account, and also the requirement calling for additional payments to the sinking fund until the amount of such payments should equal 25 per cent. of the net earnings. The United States has, therefore, no demand or claim on account of which it can justly retain any amount which is due from it to the Central Pacific Railroad Company, and the amount so due ought to be paid and discharged without delay.

The fourth item is as follows:

(4) The amount of loss which the company has directly sustained by reason of the refusal of the Government to grant the company patents for its lands as rapidly as called for, say $500,000.

In the judgment of the Commission there is not sufficient proof to support this allegation, and they refer to the letter of S. M. Stockslager, Acting Commissioner of the General Land Office, dated November 28, 1887, for the answer to the specifications of the Central Pacific Railroad Company's officers.

The fifth item is:

The loss by the sinking-fund investments in United States Treasury, $1,512,900.72.

The Thurman act was the outcome of a just indignation at the neglect of these Pacific railways to make any provision whatever for the impending debt. The determination of the Supreme Court of the United States in the sinking-fund case (99 U. S., page 700) is to the effect that the Government, as creditor, had no power to demand payment of its debt before the time limited by the contract, but that the Government, as sovereign, was bound to see to it that the current stockholders of the company did not, in the administration of the affairs of the corporation, appropriate to their own use assets which ought to be reserved for the liquidation of the debt. (See pages 724 and 725.)

The court also held that the fact that the Secretary of the Treasury was made the sinking-fund agent, and the Treasury of the United States the depository, and the fact that the investment was to be made

in the public funds of the United States, did not make the payments made into this sinking fund a payment of any part of the debt due from the company to the United States. The court says:

The duty of the manager of every sinking fund is to seek some safe investment for the moneys as they accumulate in his hand, so that, when required, they may be promptly available. Certainly, no objection can be made to the security of this investment. In fact, we do not understand that complaint is made in this particular. The objection is to the creation of the fund, and not to the investment, if that investment is not, in law, a payment.

It was the belief of Senator Thurman, as appears from the debates in Congress (see volume 2, page 828), that the sinking fund created under this act would accumulate at the rate of 5 per cent. per annum compounded, and would, at the maturity of the debt, produce a sum sufficient to liquidate the same. It evidently was the opinion of the Supreme Court, from the citation above quoted, that the sinking fund would be managed by the Secretary of the Treasury so as to give entire satisfaction and do full justice to the railway companies affected thereby. All these expectations have been disappointed. The fund does not increase at 5 per cent. per annum, or at 3 per cent. per annum. In fact it has lost money, and is worth to-day less than the principal originally invested. The officers of the Government have naturally been unwilling to assume any responsibility in regard to these investments, and have pursued the strict letter of the law. The consequence has been that, taking into consideration the large premium paid on bonds of the United States purchased for this fund, and the reduction of this premium by reason of the approach of the maturity of such bonds and other causes, there has been a positive loss instead of a gain when we compare the present value of the sinking fund with its value, assuming the moneys to have remained idle in the Treasury without any investment whatever. This, in the opinion of the Commission, ought to be fully remedied.

Section 5 of the act of March 3, 1887, is not sufficiently explicit, and has merely led to another of the numerous differences of opinion between the officers of the railroad and the officers of the Government. It certainly was intended by that section to enable the Secretary of the Treasury to so manage the sinking fund as to make it earn a larger rate per annum than could be derived from the United States bonds. The interpretation put on that section by the Secretary of the Treasury is that it does not apply to existing investments, or permit them to be changed, but only applies to uninvested moneys and future payments. Whether this be so or not, it ought not to be so. If the money in the hands of the Secretary of the Treasury is the money of the railroad company, and its possession by the Secretary of the Treasury is not a payment to the United States (and so the Supreme Court has declared), then it follows that, within reasonable limits as to security, the owner of the fund, the railroad company, should have the right to declare in what form the investment should be made.

The sixth enumerated equity is as follows:

(6) Loss by diversion of business from Central and Union Pacific to other subsidized roads, $37,000,000; Central Pacific's proportion of which, 46 per cent., is, say, $17,000,000.

The proposition that the Government, by extending its aid to other companies, has caused a great diversion of business from the Central Pacific Railroad Company to such other companies, and thereby decreased its earnings, and especially decreased its traffic rates, has been urged by the officers of this corporation with great persistence. Their general traffic manager has prepared a careful statement of tables,

showing the percentage of this business originally done by the Central Pacific and Union Pacific Railroad Companies, and the percentages of decrease from 1874 to date. (See Exhibit No. 12, attached to evidence of Stanford, volume 5, pages 2598 to 2611.)

The basis of this elaborate computation is, substantially, that if the competing roads had not been constructed, the Central Pacific and Union Pacific Railroad Companies would have done the entire business. By taking, therefore, the complete statement for all the transcontinental business, and deducting the percentage actually done by the Central Pacific and Union Pacific Railroad Companies, the computer arrives at the result that the sum of $37,000,000 has been diverted from the Union and Central Pacific roads since 1874; that 46 per cent. of this diversion was the properly determined proportion of the loss of the Central Pacific Railroad, and that the amount of such 46 per cent. is $17,000,000. This claim seems to be based on the extraordinary assumption that the Government had no right to aid any transcontinental line other than the Central Pacific and Union Pacific; or that, if it thought proper to develop other portions of our vast territory, by extending such aid and stimulating the business of other railroads, it ought, in equity, to make good the difference to the Central Pacific Railroad, so as to assure to it the same return which it would have received had such competing railroads never been constructed.

This claim is simply monstrous. The extent of our territory, the fact of its rapid growth, the fact of its enormous resources, the fact of the rapid increase of our population, were all perfectly familiar to the original promoters of the Central Pacific Railroad Company. They knew and understood that the territory of the United States, both north and south of them, was to be pushed and developed as rapidly as the energies of our people, assisted by such Government aid as they could obtain, could bring about such development. The Northern Pacific Railway, which is one of the companies specially objected to by Mr. Stanford (see evidence of Stanford, volume 5, page 2466), had actually received the promise of its land grant before any serious construction of the Central Pacific Railroad had been commenced. The act incorporating the Northern Pacific Railway Company was passed on the 2d of July, 1864, the same day on which the act amending the act of July 1, 1862, was passed.

Not only did the promoters of the Central Pacific Railroad understand and appreciate that other railroads were to be built in the adjoining territory, but they themselves have been the pioneers of such enterprise in California. Construction on the Southern Pacific was commenced as early as 1871, and resolutely pushed to a completion in 1882, so as to afford a continuous connection between the two oceans through the southern part of California, Arizona, New Mexico, and Texas to New Orleans.

When corporations or individuals embark in enterprises for purposes of their own, and with the avowed object of making money therefrom, it is mere idle complaint for them to find fault with the development of other kindred enterprises demanded by the advancing needs of an ever-increasing population. There is, in the judgment of the Commission, no merit whatever in this claim for diverted traffic.

Mr. Stanford also, in the course of his evidence, assigned as a ground of complaint that his company had always expected to receive from the United States rates for transportation equal to those which prevailed before the construction of the road. (See evidence of Stanford, volume 5, page 3009.) He also urged that if such rates had been maintained, his

company would have earned enough to pay its entire indebtedness. The evident object and purpose of the construction of this transcontinental route was to reduce the expense and cost of transportation. This object was avowed and declared and urged as a reason for the granting of the United States aid, and it is certainly a somewhat remarkable proposition that those who have received such aid should claim that the United States is not fairly entitled to the reduction in the cost of transportation, which was intended as the natural result of the enterprise.

The claim is in direct contradiction of the terms of the act itself. The act provides that the rates shall be reasonable, and no higher than the rates charged to other persons for similar services. The proper interpretation of these words contained in the act, if there should be any difference of opinion between the company and the Government, is with the courts. They furnish a clear and well-defined rule applicable to all transportation and mail service between the company and the Government; and any suggestion, therefore, as to what would have happened if the Government had paid the rates prevailing during the days of the Indian wars, instead of reasonable railroad rates, is absolutely irrelevant and conjectural.

Up to the 1st of April, 1885, all the lines belonging to the Southern Pacific system and the leased lines affording communication between the Western Pacific and San Francisco, and the other lines through which the business of the adjoining country was done, were leased to the Central Pacific Railroad Company. On the 1st of April this system was changed. A railroad known as the Southern Pacific Company of Kentucky, organized under a Kentucky charter, was selected as the common lessee of all these companies. The Southern Pacific Company is in a great degree controlled by Stanford, Huntington, and Crocker. The large amount of stock of the Southern Pacific Railroad Company, issued to them for construction, has been converted by them into stock of the Southern Pacific Company of Kentucky. The Southern Pacific Railroad Company and the Central Pacific Railroad Company are leased to this common corporation. The lease of the Central Pacific Railroad to the Southern Pacific Company of Kentucky will be found in volume 6, pages 3446 to 3449. The leases of all the roads operated by the Central Pacific Railroad Company prior to the date of this lease, and being south of Goshen, were canceled. By the terms of the lease, the Central Pacific Railroad Company leased to the said Southern Pacific Company, for the term of ninety-nine years from the 1st day of April, 1885, the whole of the Central Pacific Railroad situated in the Territory of Utah and States of Nevada and California, together with all its branches, steam-boats, and other property, and also assigned to the said Southern Pacific Company of Kentucky all the leases which it held of railroads and other property situated in the State of California, lying and being north of Goshen.

All the roads south of Goshen were leased to and controlled by the Southern Pacific Railroad Company, and that company was, in like manner, leased to the Southern Pacific Company of Kentucky. The amount agreed to be paid by the Southern Pacific Company of Kentucky to the Central Pacific Railroad Company is a minimum rent of $1,200,000, with a provision that if the actual earnings of the Central Pacific Railroad, properties, branches, and the leased lines north of Goshen shall exceed $1,200,000, then the rental is to be made equal to such excess up to the sum of $3,600,000.

The Southern Pacific Company of Kentucky also assumes the payment of all the obligations of the Central Pacific Railroad Company,

except the obligation to pay the principal either of its floating debt, bonded indebtedness, or the principal of the indebtedness guaranteed by the Central Pacific Railroad Company, or the principal of the indebtedness to the Government of the United States. The Southern Pacific of Kentucky agrees to meet and discharge all the annual requirements of the Government against the Central Pacific Railroad Company.

In the judgment of the Commission, the terms of the lease are just and equitable as between the companies, and its operation has as yet given no just cause of complaint. The lease, however, is under substantially the same control as to the lessee and lessor roads, and there is nothing to prevent its being abrogated or modified at any moment when the interests of the parties may require it.

The question, therefore, of the effect on the Government earnings of the lease of the Central Pacific Railroad to the Southern Pacific Company of Kentucky is merely a question whether the parties interested, having control of all the business operated on behalf of the Central Pacific Railroad and the Southern Pacific Railroad, would divert business, naturally belonging to the Central Pacific Railroad, to the Southern Pacific Railroad, so as to affect the amount of earnings subject to the 25 per cent. computation, or so as to advance their personal interests. It is doubtless true that a large portion of the through traffic from ocean to ocean since 1882 has been done via the Southern Pacific Railroad Company. In the judgment of the Commission, this was not done for the purpose of decreasing the payments to the United States. But the diversion occurred, in part, because of the decreased cost of transportation by the Southern Pacific route, by reason of the transportation being partly by water, and the other reason was the natural desire of the promoters of this enterprise to stimulate and develop its business. As, however, the Commission is of the opinion that any system of a percentage payment based on net earnings is undesirable, and that this system should be superseded by a payment of annual fixed amounts, there would seem to be no object in pursuing the investigation on this point any further.

The Commission closes this review of the Central Pacific Railroad Company by again calling attention to the fact that the policy of the original promoters of the Central Pacific Railroad Company, now the managers of the Southern Pacific Company of Kentucky, has evidently been to construct and develop a great system of railroads, starting from Portland, in the State of Oregon, following the line of the coast to Los Angeles, with communications and branches and connections suitable for the requirements of the entire country through which this line passes, including the business of San Francisco and the business of southern California. Their enterprise then turns to the east, and, passing through Arizona, New Mexico, Texas, and part of Louisiana, reaches the Gulf of Mexico at New Orleans. From this point communication with New York is had by water. No portion of this network of railroad is subject to the lien of the United States; and a glance at the map will show the result of a dismemberment or separation, leaving the aided line of the Central Pacific Railroad Company to itself, and organizing the railroad just described into a complete system of communication of its own.

STATEMENT OF THE FINANCIAL OPERATIONS OF THE CENTRAL BRANCH UNION PACIFIC RAILROAD.

The thirteenth section of the act of July 1, 1862, provided that the Hannibal and St. Joseph Railroad Company of Missouri could extend

its road from Saint Joseph, via Atchison, to connect and unite with the road through Kansas (meaning thereby the Kansas Pacific, as originally located), upon the same terms and conditions in all respects as related to the other corporations authorized to be constructed under the said act, for 100 miles in length next to the Missouri River; and also provided that said corporation might, for that purpose, use any railroad charter which had been or thereafter might be granted by the legislature of Kansas.

The Atchison and Pike's Peak Railroad was organized by the legislature of the Territory of Kansas, by an act approved February 11, 1859. This corporation obtained in January, 1864, from the Hannibal and St. Joseph Railroad Company an assignment of all the rights granted to the latter corporation by the act of July 1, 1862. But little actual construction was completed until 1866. The subsidy bonds which were issued for every 20 miles of completed road were actually issued as follows:

August 20, 1866, 320 bonds	$320,000
December 10, 1866, 320 bonds	320,000
May 4, 1867, 320 bonds	320,000
December 5, 1867, 320 bonds	320,000
January 4, 1868, 320 bonds	320,000
Total	1,600,000

In 1865 a contract had been made for the construction of the 100 miles of railroad with one William Osborn. The interests in this contract were divided into sixty-four parts, and they were subscribed for by various parties and for various amounts. The subscribers were in reality the contracting parties. The agreement appears to have been that they should advance the money required for the actual cost of construction, and receive in payment therefor the first-mortgage bonds of the company, the subsidy bonds, and the stock. (See evidence of Henry Day, volume 7, page 4012.)

Subsequently (see evidence of Nichols, volume 7, page 4091), a readjustment of the interest of the parties under the Osborn contract appears to have been effected. A portion of the stock of the company and its first-mortgage bonds had been issued, or was then used, for the purpose of adjusting outstanding claims. Stock options were received for the unissued portions of the stock, by the terms of which the subscribers were to receive, in consideration of their subscriptions, $400,000 of the first-mortgage bonds of the company in addition to the stock. The result was that a large portion of the first-mortgage bonds of the company were distributed as bonuses or inducements for stock subscriptions, without the payment of any consideration therefor to the company itself. Mr. G. P. Perrenond, the accountant to whom the duty of examining the books of this company was referred, states in his report that the bonded and stock obligations of the company are as follows:

First-mortgage bonds	$1,600,000.00
United States bonds	1,600,000.00
Capital stock	1,000,000.00
Total	4,200,000.00

It appears from the books that there were realized:

From the sale of United States bonds	$1,577,951.33
From stock subscriptions	302,925.53
From the sale of first-mortgage bonds	667,613.14
	2,547,490.00
Amount of stock and bonds issued without consideration	1,652,510.00
Total amount realized	4,200,000.00

(See Perrenoud's account, vol. 8.)

The details of the bond issues and stock subscriptions will be found annexed to Perrenoud's report (vol. 8).

The methods employed in the history of the construction of this road differ from those applicable to the Central Pacific Railroad Company, in this respect: In the case of the Central Pacific Railroad Company the security of the United States was impaired by the distribution of its stock without consideration, the exhaustive payment of dividends, and the diversion of its assets through construction contracts. In the case of the Central Branch Union Pacific Railroad Company, the result was attained by issuing a large majority of the first-mortgage bonds without the payment of any consideration to the company. The inevitable result was that the payment of the accruing interest on these bonds impoverished the company. In volume 8 will be found a statement of the net earnings and net income of the Central Branch Union Pacific Railroad Company from 1868 to 1886. The column of "net income" down to and including the year 1878, is made up without any deduction for payments of coupons accruing on the first-mortgage bonds. The column of "net income" only differs from the column of "net earnings" in that the taxes are deducted from the net earnings in order to ascertain the net income.

Some further facts in the history of the company must be explained before the table of earnings can be understood. The promoters of the enterprise claimed that under the thirteenth section of the act of 1862, it had been the intention of Congress to give to this company the right to connect with the corporation described in the ninth section of the act as the Leavenworth, Pawnee and Western Railroad Company of Kansas, which subsequently became known as the Kansas Pacific Railway Company. This railroad, as has been heretofore explained, was expected to diverge from Fort Riley in a northwesterly direction, and to connect with the Union Pacific at a point on the one hundredth meridian. This location would have enabled the Central Branch Union Pacific to effect a connection with the Kansas Pacific Railroad at a point not far distant from the termination of the 100 miles adjoining the Missouri River and referred to in the thirteenth section of the act.

In 1866 the location of the Kansas Pacific Railroad was changed so as to permit its construction in a direct westerly line to Denver. This left the Central Branch Union Pacific without connection, and the promoters of the Central Branch Union Pacific claimed that under the provisions of the sixteenth section of the act of 1864 it was entitled to take up the originally contemplated location of the Kansas Pacific Railroad Company from the point at which it would have connected therewith had such original location been retained, and to continue the construction of a railroad to an intersection with the Union Pacific Railroad at a point on the one hundredth meridian; and also that it was entitled to receive all the benefits and advantages which the Kansas Pacific Railroad Company would have received had it been constructed according to such original location. This contention was vigorously pressed in Washington before the Departments. An effort was made to secure a withdrawal of the public lands applicable to such intended construction, and to obtain legislation declaring the company's rights to be as claimed. But these efforts failed to produce any result. (See evidence, R. H. Nicols, volume 7, pages 4002 to 4096.)

The details of the operation of the road from the period of its completion to 1877 are stated in Perrenoud's report (volume 8). At this period of its history, about 1876, and for the purpose of increasing the earning

capacity of the road, a system of branches extending beyond the westerly termination of 100 miles of original construction was planned and carried out. The branches were as follows: Watertille and Washington Railway; Atchison, Solomon Valley and Denver Railroad; Republican Valley Railroad; Atchison, Republican Valley and Pacific Railway; Atchison and Denver Railway; having a total mileage of 254.03 miles.

These branches were consolidated under the name of the Atchison, Colorado and Pacific Railroad, and this consolidated road was leased to the Central Branch Union Pacific Company on December 27, 1879, for a term of twenty-five years, the Central Branch Union Pacific Company agreeing to pay a rental of $1,000 per year per mile and to keep the consolidated road in good repair. On the same day another branch road, not included in the consolidation, known as the Atchison, Jewell County and Western Railroad, being 34 miles in length, was also leased to the Central Branch Union Pacific Company for the same period of time and upon the same terms. The mileage of these roads is varied slightly by reason of additional construction, so that the annual rental has varied from $238,000 in 1880 to $287,000 in 1886.

During the years 1877, 1878, and 1879 the earnings of these branch roads are included in and form part of the statement of earnings of the Central Branch Union Pacific Railroad Company proper. After the lease above referred to, the accounts were kept separately. The total of the bonded debts of the branch roads amounts to about $4,000,000, and the interest thereon is payable from the rental as above provided; but in the event of any deficiency the payment of this interest is guaranteed by the Central Branch Union Pacific Railroad Company.

The table of net earnings above referred to (volume 8) contains the net earnings and net income of the Central Branch Union Pacific proper from 1868 to 1876, the net earnings and net income of the Central Branch Union Pacific and the partially constructed branches for 1877, 1878, and 1879; and the net earnings and net income of the Central Branch Union Pacific and of the leased lines, stated separately, from 1880 to 1886. The detail of these earnings can be found in the same report (volume 8). No deductions for any payments for interest were made until after 1879.

Early in 1879 an arrangement was made with the holders of the coupons for the years 1873 to 1879, amounting in all to $630,000, by which they agreed to receive for these coupons income bonds secured by a funding mortgage, the main feature of which provides for a deposit of the defaulted coupons themselves with trustees who were to hold the coupons, unconceled, for the protection of the income bonds issued thereunder. The effect of this arrangement was to leave the entire amount of these coupons outstanding as defaulted coupons. They represented interest which had accrued on the bonds issued under the first mortgage; and their lien is therefore superior to that of the United States.

So that in estimating the value of the security held by the United States for the obligation due to it, it must be remembered that in addition to the original mortgage of $1,600,000, which is prior to its lien, the entire amount of the defaulted coupons deposited with the before-mentioned trustees as security for this income mortgage, and amounting to $630,000, are also outstanding and entitled to priority.

The construction and operation of the Atchison, Colorado and Pacific Railroad increased very largely the aggregate business done by the Central Branch Union Pacific, and, in time, proved of value to it.

But the actual operation of these branch roads for 1880, 1881, 1882, and 1883 resulted in an annual deficit, as follows:

1880	$117,092.27
1881	151,875.60
1882	142,584.38
1883	54,475.68

(See Perrenoud's report, volume 8.)

The result, however, of the business derived through these branches was to largely increase both the gross and net earnings of the Central Branch Union Pacific proper. This, then, was the condition of the Central Branch Union Pacific at the period when the extraordinary negotiations occurred between Jay Gould and Oliver Ames, which have been noticed in the review of the consolidation of the Kansas Pacific with the Union Pacific. The coupons for six years were in default, and were retained uncancelled as security for the income mortgage. The company had never earned sufficient to pay its own coupons without taking into account the accruing interest to the United States in any form. The lease of the Atchison, Colorado and Pacific Railway, while doubtless well conceived and likely to produce beneficial results in the course of time if prudently administered, had not at this period produced any change of importance in the financial condition of the company. The operation of the leased lines themselves for several years after this period did not produce enough to pay operating expenses or the interest accruing on their own bonds. It is, in short, impossible to find from any examination of the affairs of this company any conceivable justification for the price paid by Mr. Gould to Oliver Ames for the stock purchased by him and the subsequent charge of this stock to the Union Pacific Railway Company at the price so paid.

In September, 1880, the Central Branch Union Pacific Railroad Company was leased to the Missouri Pacific for a term of years, the terms of the lease being that the Missouri Pacific should pay, as rental to the Central Branch Union Pacific, the amount of the net earnings received from the road. The motives which led to this lease are not easy to understand. After Mr. Gould abandoned his plan of extending the Missouri Pacific in connection with the Kansas Pacific to Denver, and thence to Salt Lake, and to the Pacific Ocean, the natural operation of the Central Branch Union Pacific would seem to have been through the Union Pacific. The extension of the Central Branch eastwardly from Atchison, and the possible connection with other railroads in the State of Missouri, would have resulted in the creation of a troublesome competitor against the Missouri Pacific. The latter company, by controlling and operating the Central Branch Union Pacific, through this lease, prevented the development of this competitive scheme. This was doubtless the object of the lease.

Mr. Perrenoud has made an elaborate report as to the operations of this railroad under the management of the Missouri Pacific; and it appears therefrom that the principle on which the earnings have been distributed, as between the Missouri Pacific and the Central Branch Union Pacific, are just and fair, and that the road has been prudently and economically managed by the lessee company. It also appears by the report of Colonel Morgan (vol. 8), that it has been kept up in a fair degree of efficiency. As will be seen by the table in Perrenoud's report (vol. 8), the net income of the Central Branch Union Pacific and of the leased lines was largely increased after 1880.

The net income for 1885 is:

Main line	$[illegible]
Leased lines	56,791.83
Total	[illegible]

This result is reached after deducting the payment of $750,000 for a dividend of 5 per cent. on the stock of the Central Branch Union Pacific.

For 1886 the net income of the main line is	$[illegible]
Leased lines	54,454.28
Total	[illegible]

This result is reached after deducting $100,000 for a dividend of 10 per cent. on the stock of the Central Branch Union Pacific.

The payment of the above dividends appears to be entirely unjustifiable in view of the fact that $630,000 of the coupons belonging to the first mortgage are to-day outstanding and in default. It is true that the Central Branch Union Pacific is not named in the Thurman act, and therefore not in its prohibitions, but the declaration of a dividend payable to stockholders, while there are outstanding coupons unpaid appertaining to the bonded indebtedness of the railroad, is forbidden by every rule of prudent and fair dealing.

It is no answer to this criticism to say that the holders of these defaulted coupons have accepted income bonds. In the very instrument creating these bonds it is provided that these coupons shall remain alive and shall be in force for the protection of the bonds. The United States, as the holder of the junior lien, has the right to demand that the income of the company shall be applied to the discharge of the interest maturing on the obligation which is paramount to its security. The distribution, therefore, of these apparent surplus earnings among the stockholders, instead of applying them, as should have been done, to the liquidation of these coupons or to the formation of a sinking fund for a redemption of the income bonds, is clearly a violation of the duty which the Central Branch Union Pacific Railroad Company owed to the United States.

A curious feature of the funding mortgage is, that by its terms the income bonds are made to mature before the maturity of the obligation to the United States under the acts of 1862 and 1864. The earning power of the Central Branch Union Pacific, without any deduction for dividends, appears to be about $200,000 for the Central Branch proper, and from $50,000 to $60,000 as the net income derived from the operation of the leased lines. The relations existing between the Central Branch Union Pacific and its leased branches are somewhat peculiar, inasmuch as the branches constitute substantially an extension of the main road, and largely exceed it in length. In the accounts, as kept, for the purpose of ascertaining the earnings of the branches, constructive mileage is allowed at the rate of 1½ miles for each actual mile of operation.

As the rental agreed to be paid by the Central Branch Union Pacific to the Atchison, Colorado, and Pacific Railroad Company is fixed at $1,000 per annum per mile, without reference to the earnings of that company, the increase in the statement of these earnings resulting from the application of the constructive mileage factor can have no effect upon the actual financial condition of the Central Branch Union Pacific during the life of the lease. As regards the interest of the United States, this circumstance does, however, affect the result. The interest of the

United States under present laws is, however, limited to 5 per cent. of the net earnings, and the whole amount involved would not be worth the expense of restating the accounts in detail in order to ascertain the difference.

It does not follow, however, that the application of the principle of constructive mileage, even in this case, can be fairly called a diversion of earnings. The propriety of the constructive mileage factor depends upon the peculiar circumstances pertaining to each instance of its exercise—upon the number of miles of operation, the cost of terminal facilities, and the extent of business interchanged between the branch line and main line. (See Perrenoud's report, volume 8.) The financial return of the business of these branches, with those of the Central Branch Union Pacific from 1879 to 1886, affords an excellent example in which to study the result derived from a system in which a parent line is assisted by the business derived from auxiliary branches, and shows conclusively that the circumstance that the branches may not in themselves be self-supporting does not disprove the fact that the result of their operation is a benefit to the parent road, and that the combined operation of the parent road and branches can not fail, in time, to develop a favorable result for both.

STATEMENT OF THE FINANCIAL MANAGEMENT OF THE SIOUX CITY AND PACIFIC RAILROAD COMPANY.

There are no construction books and no vouchers in existence from which any information can be gathered relating to the construction of this road. In September, 1867, a contract to build the road at the rate of $56,000 a mile was concluded with De Witt C. Blair and Oakes A. Ames. The periods of its construction, as indicated by the issues of United States bonds, are as follows:

Section.	No. of miles.	Date of issue of bonds.	Amount of principal.
1	26.00	March 30, 1868	$728,000
2	48.50	March 10, 1868	792,000
3	33.27	March 8, 1869	816,250
Total	101.77		1,536,250

The active managers of the enterprise at the time the contract above mentioned was made were John I. Blair, the father of De Witt C. Blair, and Oakes Ames, the father of Oakes A. Ames. An assignment of all the advantages to be derived from the contract was made shortly after its date to John I. Blair for the benefit of the stockholders of the company. John I. Blair appears to have conducted all of the affairs of the company during the period of construction. He was examined at length, but could give the Commission no information whatever as to any books or memoranda that would shed light on the real cost of the road. (See volume 7, pages 4030 to 4088.)

The ultimate result of the construction left the company in the following situation: Their first-mortgage bonds amounted to $1,628,000; the Government bonds, $1,828,320; capital stock, $1,791,400; total, $5,247,720.

The principal evidence presented to the Commission to show the actual proceeds received by the company for these securities is that contained in the record of a suit brought in 1868 by Charles A. Lam-

band, one of the directors of the company, against the company, John I. Blair, Oakes Ames, and others. The amount so realized, as far as the Commission has been able to approximate it, is about $2,500,000.

It appears that the stock was paid for at its face value. The disposition of the Government bonds cannot be accurately traced, nor can it be accurately determined what moneys the company received therefor. These bonds, however, whether sold or in the treasury of the company, represented their face value.

In Mr. Anderson's report the stock is stated to have produced 40 per cent. of its face, but the total original stock subscription was $4,260,000, of which 40 per cent. is $1,704,000. The parties in interest appear to have issued the latter amount only as full-paid stock. The actual proceeds of the stock and Government bonds available to the company were $3,332,320.

The Commission is unable to trace or explain in any reliable way the application of these funds, except by estimating the cost of construction of the railroad. The first-mortgage bonds of the company, and whatever may have been left over from the amount before stated after paying for the actual construction, appears to have been allotted or divided up under the resolutions of the company hereinafter referred to.

The actual cost of construction and equipment was between $2,500,000 and $3,000,000. We base this conclusion on the character of the country it traverses, the absence of any cuts or fills, or of work of any character requiring unusual expenditures, and on the conceded fact that the first-mortgage bonds were divided up among the stockholders as a dividend. The allotment of these bonds appears on the minutes of the company. On the 15th of May, 1869, the president of the company was authorized to have the first-mortgage bonds executed and the mortgage securing the same recorded. The following is an extract from the minutes of the same date:

> It appearing that the stockholders had not received any stock or other securities for their subscriptions paid in for the construction of the road, or for the earnings of the road, which have gone into the construction of the road:
>
> *Resolved*, That the president be authorized to issue capital stock equal to the amount of the calls heretofore made or secured to be paid in cash; also to distribute to said stockholders an amount equal to 50 per cent. of such calls, of the first-mortgage bonds heretofore issued to said company and paid to the contractors on account of the construction of said road, and which, by an arrangement with them, have been received from said contractors.

The amount of stock issued in pursuance of this resolution, and which therefore indicated the amount which had been actually paid in by the stockholders, was $1,791,400. Fifty per cent. of this amount, under this resolution, was distributed to the stockholders in first-mortgage bonds.

The following action appears by the minutes to have been taken on November 18, 1870. The president was requested to make distribution, on or before January 1, 1871, to the stockholders of this company of all bonds, stocks, and cash assets which had accrued to said stockholders in construction of the Sioux City and Pacific Railroad, and to close any and all outstanding contracts for construction, and to make final settlement with the contractors, and a committee was appointed to take action. Under this resolution all of the remaining first-mortgage bonds, except $44,000, were divided among the stockholders, the company receiving no consideration therefor other than the subscriptions which had been made on the stock.

By resolution of January 21, 1871, the balance of $44,000, first-mortgage bonds, was allotted to the stockholders, and thus the entire issue was completed.

The Commission are unable to ascertain whether, under the resolution of November 18, 1879, any other property was paid over to the stockholders under the designation of "cash assets" contained in that resolution.

The character of the financial management pursued in relation to this company is clearly indicated by the resolutions above quoted. The stockholders undoubtedly paid an amount equal to the amount of stock issued to them for the construction of the road. They also applied all or a large part of the proceeds of the Government bonds to the same purpose. They then divided among themselves, as a dividend, the first-mortgage bonds which Congress had permitted, by the act of July 2, 1864, to have priority over the Government lien.

This device was ingenious, but it certainly was a wanton violation of the intention of the act of July 2, 1864. Congress never imagined that any company to which it accorded the privilege of creating a lien prior to its own lien would distribute the bonds issued under this sanction, and intended to be devoted to the construction and betterment of the railroad itself, to its own stockholders as a dividend.

In 1872 the Cedar Rapids and Missouri River Railroad Company controlled, as part of its railroad, the line between California Junction, on the Sioux City and Pacific, and Missouri Valley Junction, on the present line of the Chicago and Northwestern Railway Company. The distance between these points was 5.84 miles, and there appertained to the franchise a land grant of some value. The railroad was constructed by the Iowa Contracting Company, and the cost thereof, as stated, was $169,000. Both the railroad companies and the construction company were substantially controlled by the same persons. The Sioux City and Pacific Railroad Company desired to obtain control of this extension for the purpose of making a junction with the Cedar Rapids and Missouri River Railroad Company and its eastern connections, at Missouri Valley Junction. An arrangement was entered into between the Cedar Rapids and Missouri River Railroad Company, the Sioux City and Pacific Railroad Company, and the Iowa Contracting Company, by which the Sioux City and Pacific Railroad Company issued to the Iowa Contracting Company its preferred stock to the amount of $169,000, and common stock to the amount of $169,000, in payment of the cost of construction of the 5.84 miles above described. The payment of the dividends on the preferred stock, at the rate of 7 per cent. per annum, was guaranteed by an instrument equivalent to a mortgage, executed and delivered by the Sioux City and Pacific Railroad Company. This dividend, amounting to $11,830 annually, has been regularly paid, and as the connection appears to be essential to the successful operation of the main line, it may be assumed that its payment will have to be continued.

In 1872 the Sioux City and Pacific Railroad Company became the lessee of the Fremont, Elkhorn and Missouri Valley Railroad. This railroad connected with the Sioux City and Pacific Railroad at Fremont, and was, in effect, an extension of that road westerly. By the terms of the lease the Sioux City and Pacific Railroad Company agreed to pay to the Fremont, Elkhorn and Missouri Valley Railway Company 33⅓ per cent. of the gross earnings of the road.

The total amount of rental paid under this lease from 1872 to 1882 was	$607,418.94
The net earnings of the Fremont, Elkhorn, and Missouri Valley Railroad, received by the Sioux City and Pacific Railroad Company for the same period, was	343,606.88
Leaving a deficit for that period of	263,812.06

The net earnings of the company from 1870 to the present time are stated in Exhibit F, annexed to Mr. Anderson's report.

The interest charge on the first mortgage bonds was	$97,320
The dividend on the preferred stock was	11,520
Total	108,840

The proceeds of operation until the close of 1883 barely sufficed to pay these fixed charges and other items of miscellaneous expense.

In 1884 the Cedar Rapids and Missouri River Railroad Company was absorbed by or consolidated with the Chicago and Northwestern Railway Company. Just prior to this merger all of the common stock of the Sioux City and Pacific Railroad Company was held by Oliver Ames, Horace Williams, and John I. Blair, in trust for the Cedar Rapids and Missouri River Company and the Chicago, Iowa and Nebraska Company. (See evidence of Marvin Hughitt, volume 4, page 2281.) As part of the terms of the merger of these companies in the Chicago and Northwestern Railway Company, this stock, amounting to 18,838 shares, was transferred to M. L. Sykes, as trustee for the Chicago and Northwestern Railway Company, so that the last-mentioned company has since that time owned and controlled the Sioux City and Pacific Railroad Company.

The Fremont, Elkhorn and Missouri Valley Railroad Company belongs to the Chicago and Northwestern Railway Company; and at about the time it acquired the control of the stock of the Sioux City and Pacific Railroad Company the lease of the Elkhorn Company to the Sioux City Company was terminated. The Fremont, Elkhorn and Missouri Valley Railroad Company has been extended, in a westerly direction, by the Chicago and Northwestern Railway Company, until it has reached the vicinity of Fort Fetterman, Wyoming Territory.

The operations of this company have grown in magnitude, and its net earnings in amount. The effect of the increase of these earnings is reflected in the figures for the year 1884. These earnings in 1883 were $83,275.48, and in 1884 were $275,469.40. The lease was then terminated by the Chicago and Northwestern Railway Company, which controlled both corporations, and an arrangement was made by which the Fremont, Elkhorn and Missouri Valley Railroad Company pays 3 per cent. on an appraised value of the Sioux City and Pacific Railroad for the use of that portion of the Sioux City and Pacific Railroad over which its trains pass. The value has been appraised at $11,000 per mile.

The net earnings of the Sioux City and Pacific for 1885 and 1886 are as follows:

1885	$[illegible]
1886	235,561.56
Total	551,[illegible]
Average for the two years	275,780.78

Fixed charges for interest and preferred stock dividend are $100,510.

The earnings for 1887, in Mr. Anderson's Exhibit F, are stated to the 1st of November, 1887.

The principal of the debt due the Government is	$[illegible]
The accrued interest to November 1, 1887, is	1,667,[illegible]
Total	3,515,[illegible]
The interest repaid to the United States, and which appears to the credit of the company in the bond and interest account, is	131,[illegible]
Leaving a balance of obligation of	3,384,[illegible]

The average date of maturity of the United States bonds issued for this company is September 5, 1896.

The present worth of the present and future obligations of the Sioux City and Pacific Railroad Company to the United States, ascertained in accordance with the rules suggested in the bill proposed for that company, will be found to be about $3,300,000. The annual requirement for interest and the sinking fund would be, under the proposed act, $115,500 for the first ten years, and $132,000 annually thereafter.

The reported earnings of the Sioux City and Pacific Railroad Company for the past three years would appear to be sufficient to make provision for a payment of the requirement above named. The income account for 1884 shows income profit, $27,727.89, after payment of interest, miscellaneous charges, and charging to that account interest on the United States Government bonds, $97,600.20. The income account for 1885, after making the same charges, shows an income profit of $3,130.76. The income account for 1886, in like manner, shows an income profit of $90,956.85.

The Sioux City and Pacific Railroad Company is substantially under the control of the Chicago and Northwestern Railroad Company. That company controls all of the valuable connections upon which the Sioux City and Pacific Railroad Company depends for the larger portion of its profitable business. A severance of the relations now existing between these companies would be very prejudicial to the Sioux City and Pacific Railroad Company, and its earnings could be reduced by the Chicago and Northwestern Company to a very great extent. It is for this reason that the Commission has suggested that power ought to be lodged somewhere by Congress to make such adjustment as will best secure the interests of the United States, if the Sioux City and Pacific Railroad Company should decline to accept the terms of the proposed bill.

PART THIRD.

SPECIFIC ANSWERS TO THE REQUIREMENTS OF THE ACT OF MARCH 3, 1887.

The Commission, shortly after its organization, appointed Mr. John Norris, of Philadelphia, to prepare statistics, tables, and other detail evidence bearing on the various subjects under investigation. We desire to acknowledge the value of his services, and the energy he has at all times displayed in procuring, at the different places visited by the Commission, all available evidence.

At the inception of his work he prepared a circular letter containing, in convenient subdivisions, questions relating to all the subjects embraced in the act. These letters were sent to the respective railroads, to members of Congress, to boards of trade, and to persons from whom it was expected that useful information might be derived.

The Commission now reports the conclusions which it has reached, based on all the information which has been placed before it, and following the lines of inquiry contained in said circular letter, which are as follows:

(1) That the duty of said Commission shall be to examine into the working and financial management of all of the railroads that have received aid from the Government in bonds.

We refer to part second of this report for a history of the working and financial management of all the railroads that have received aid in

lands from the Government. We also refer to the accountants' reports for the details of their financial transactions.

(3) To ascertain whether they have observed all the obligations imposed upon them by the laws of the United States under which they received such aid, or which have been since passed in reference thereto, and complied with all other obligations to the United States.

The obligations referred to in this inquiry are those contained in the acts of July 1, 1862, July 2, 1864, March 3, 1873, and May 7, 1878. The act of March 3, 1873, applies only to the Union Pacific Railroad Company, and the act of May 7, 1878, to the Union Pacific and Central Pacific Railroad Companies.

By the second section of the act of July 2, 1864, the Union Pacific Railroad Company was required to make assessments upon its stockholders of not less than $5 per share, and at intervals not exceeding six months from and after the passage of the act, until the par value of all the shares subscribed should be fully paid. Money only was to be received for any such assessment, or as equivalent for any portion of the capital stock authorized.

The Commission reports that this obligation has not been kept by any of the bond-aided railroad companies. The capital stock of the Union Pacific Railway Company now outstanding is $60,868,500. On this amount not more than 10 per cent. has been received in cash.

The stock of the Kansas Pacific Railroad Company before consolidation was $9,087,900. Of this amount no part was issued for cash.

The capital stock of the Western Pacific Railroad Company before consolidation was $7,000,000. Not more than $200,000 was received by the said company for this stock.

The capital stock of the Central Pacific Railroad Company now outstanding is $68,000,000. Of this amount not more than $7,000,000 was issued for cash.

The capital stock of the Central Branch Union Pacific Railroad Company was $1,000,000, on which $392,225.53 was received in cash.

The capital stock of the Sioux City and Pacific Railway Company, as originally intended to be issued, was $4,200,000, on which an assessment of $40 per share was called and paid. The stock was subsequently decreased to $1,800,400, which is the amount now outstanding.

With reference to the obligation to construct a first-class railroad, the Commission is of opinion that it has been complied with. This requirement must be construed with reference to the circumstances existing in the States and Territories traversed by the railroads in question. Comparison with railroads subjected to the enormous traffic and wear and tear occasioned by the immense amounts of freight and passengers in the populous Eastern States appear to have no application. We do not deem it material to ascertain what its precise condition was in 1860, when connection was effected between the Central Pacific and Union Pacific roads; but we understand the question referred to us by Congress to call for an answer as to whether the ultimate construction of that road, and the condition in which it has been kept, are such as to enable it to transact the business required of it efficiently, promptly, and securely.

In our opinion all of the bond-aided railroads have substantially complied with this obligation. We refer, for the details of their condition, to the report of Colonel Morgan (see vol. 8).

By the sixth section of the act, the bond-aided railroads are required to keep a telegraph line in repair and use, and to give the Government a preference in the use of the same, at fair and reasonable rates of com-

remission, not to exceed the amounts paid by private parties for the same kind of service. All of the bond-aided roads have transferred the right to construct and maintain a telegraph line to the Western Union Telegraph Company. This was clearly not authorized by the acts above cited, and, in the absence of any other provisions of law, would be a violation of the requirements of Congress.

On the 2d day of July, 1864, an act was passed by Congress, entitled—

An act for increasing facilities for telegraphic communication between the Atlantic and Pacific States and the Territory of Idaho.

The fourth section of this act is as follows:

That the several railroad companies authorized by the act of Congress of July 2, 1862, are authorized to enter into an arrangement with the United States Telegraph Company, so that the line of telegraph between the Missouri River and San Francisco may be made upon and along the line of said road and branches as fast as said road and branches are built; and if said arrangement be entered into, and the transfer of said telegraph line be made in accordance therewith to the line of said railroad and branches, such transfer shall, for all purposes of the act referred to, be held and considered a fulfillment on the part of said railroad companies of the provision in the act in regard to the construction of telegraph lines.

The Western Union Telegraph Company claims to have succeeded to the rights of the United States Telegraph Company, and the bond-aided railroads assert that the contracts made by them, transferring their telegraph privileges to the Western Union Telegraph Company, are, under the section above quoted, a fulfillment of the requirements of the act of 1862. The question was passed upon in a suit brought by the Western Union Telegraph Company against the Union Pacific Railway Company, the Kansas Pacific Railway Company, and the American Union Telegraph Company in the United States Circuit Court for the District of Kansas. The opinion was rendered on a motion to dissolve an injunction, and, after stating the facts, the court said:

It does not admit, in my opinion, of any reasonable doubt, if the United States Telegraph Company, mentioned in that statute, or any company which had the same rights and authorities on that subject that that company had, entered into an agreement with the Pacific Railroad Company or any of its branches, built under the authority of the original act of 1862, which secures the proper construction and operation of a line of telegraph along the road for the benefit of the public, that it is absolved from the obligation imposed upon it by the act of 1862 to construct and operate such a telegraph line. It was manifestly the design of this act of 1864 to enable the United States Telegraph Company to become substituted, by a proper arrangement with the Pacific Railroad Company and its branches, to the right to build a telegraph line along the track and right of way of those railroad companies, and thereby to relieve those companies from the obligation to build and operate such a line.

The actual line of telegraph involved in the case cited was the line constructed on the Kansas Pacific Railroad, and the rights of the parties were determined with reference to the contracts alleged to have been entered into with the United States Telegraph Company and to have been secured by the consolidation of that company with the Western Union Telegraph Company. The question whether the conclusion reached by the court would also apply to all other contracts which have been entered into by all of the Pacific railroads with the Western Union Telegraph Company, under which contracts all the commercial business has been transferred to that company (the railroads only retaining sufficient telegraphic facilities to do their own business), is not covered by the language of Judge Miller's decision, cited above, unless it be made to appear that the Western Union Telegraph Company itself had, or that it had acquired, the right to enter into such contracts in conformity

with the provisions of the act of July 2, 1864. This whole matter has been very fully discussed before the Committee on the Post-Office and Post-Roads during the second session of the Forty-ninth Congress. All the evidence applicable to the case was laid before that committee, and protracted arguments, both by the telegraph company and the railroad companies, were heard. These appear in Report No. 3501, Forty-ninth Congress, second session, House of Representatives.

As far as the right of the Government to a preference and to reasonable rates for transmitting dispatches is concerned, the Commission reports that such a preference has been extended to the Government, and that the rates which have been paid are those which have been fixed by its Departments.

The act also requires that the rates to be paid for transportation of troops and supplies, and for the mails, shall be reasonable, and shall not exceed the amounts paid for similar service rendered to other parties. We find that the companies in question have always transported the troops and supplies, and carried the mails, as required by the Government. The rates charged for troops and supplies have exceeded the general rates of the company based on a computation of all the different classes of service and the average rate derived therefrom. The rates charged have always been submitted to the respective Departments of the Government under the regulations of such Departments, and have been stated at the open tariff rates published or announced by the respective companies. (See communications from the Departments, vol. 8.)

It was the common practice of all these companies to allow rebates on a large portion of the freight shipped over these railroads. No such rebates were allowed to the United States. In the opinion of the Commission this circumstance can not justly be called a refusal to render service to the United States at rates not to exceed those charged for the same kind of service rendered to other persons. A rebate is a concession to a shipper, given either in consideration of a special promise of business, or concealed by reason of the competition of other railroads. It seems to the Commission that if the rates charged to the United States were the usual and open rates charged where no unusual circumstances existed, the requirements of the law have been fulfilled.

By the act of 1864 all of the bond-aided companies were required to apply 5 per cent. of their net earnings and half of their transportation earnings to the payment of the interest accruing on their debts to the United States. By the act of May 7, 1878, this requirement was increased, as to the Union Pacific and Central Pacific Companies, to 25 per cent. of the net earnings. In the opinion of the Commission these requirements have been fully satisfied. (See Reports of the Railroad Commissioners; also reports of Messrs. Calhoun and Stevens, vol. 8.)

The act of 1864 required the Union Pacific Railroad Company not to discriminate against any other of the roads authorized by the act, and provided that all of these railroads should be operated as one continuous line. The Union Pacific Railroad Company, from 1873 to 1877, refused to pro-rate through business, east or west, with the Kansas Pacific Railway Company, and refused in like manner to pro-rate with the Sioux City and Pacific Railway Company. These refusals were, in the judgment of the Commission, in violation of the duty imposed by the act of 1864.

By the sixteenth section of the act of July 2, 1864, it is provided that two or more of the companies authorized to participate in the benefits of the act may unite and consolidate their organizations upon such terms as

they may agree upon and as shall not be incompatible with this act, the capital stock not to exceed the actual cost of the roads so to be consolidated. The facts of the consolidation between the Union Pacific, Kansas Pacific, and Denver Pacific have been elsewhere reported. The facts abundantly show that there was just cause for indignant complaint against the action of the individual directors in the means adopted for bringing about the result. But the question of the legality of the consolidation itself is an entirely different one. This question involves the vested rights of third parties of vast importance, and it would ill become a Commission, sitting without powers to pronounce judgment, to cast the slightest doubt upon the legality of an act consummated many years ago and involving the tenure of many millions of property, especially in view of the fact that no proper issue has been framed under which the parties in interest can have an opportunity to maintain their side of the case. It may be remarked, however, that the improper motives which actuate individual directors in the votes cast by them while sitting in a corporate board are never permitted to invalidate a corporate act as against third parties who have acquired rights thereunder. The consolidation itself was expressly provided for by the section above quoted. It can only be successfully assailed by showing that it was *ultra vires* of the corporation.

The gravamen of the complaint on this point has been that the stock of the new corporation, issued against the stock of the Kansas Pacific Company and the Denver Pacific Company, did not represent any actual cash subscription. As matter of fact this proposition is believed to be true. But the only limitation contained in the section in question as to the capital stock of the consolidated company was that it should not exceed the actual cost of the roads so to be consolidated. It may be urged that these words did not properly express the intention of Congress, and that it was intended by the act to provide that the capital stock should not exceed the aggregate amount of cash subscriptions which had been actually paid in on the stock of the respective consolidated roads. But the legality of the consolidation must be tested by the words found in the act, and not by any conjectures as to the meaning of Congress. The evidence abundantly shows that the actual cost of the Union Pacific, Kansas Pacific, and Denver Pacific Railroads, at the time of the consolidation, did, in fact, exceed $61,000,000, and, therefore, there would seem to be no good ground for assailing the legality of this consolidation, either on the basis of the stock exchanged for the Kansas Pacific and Denver Pacific stock, or on the basis of the subsequent issue of $10,106,300 of stock in 1881. The consolidation itself was ratified by a vast majority of the stockholders, without a dissenting vote. It was voted for by all of the Government directors at the meeting of January 24, 1880, except one. Its existence was immediately reported to the Secretary of the Interior, and with the exception of certain *quo warranto* proceedings in the State of Kansas, which came before the Supreme Court of the United States for review (111 U. S., p. 449) and which were adjusted and settled, it has remained unchallenged and unquestioned to the present date, though constantly referred to in many of the decisions of the court, in the reports of the Government Departments and of the United States Commissioner of Railroads, and in the proceedings before many of the committees of Congress.

While advocating the jealous retention of the fullest measure of power to prosecute and punish all directors guilty of malfeasance in effecting this consolidation for personal motives, it would, in the judg-

ment of the Commission, be both ill-advised and unjust to question in any manner the legality of the consolidation as consummated.

The only provision of the act of 1862 which in any way restricted the right of the Union Pacific Railroad Company to dispose of its actual earnings, was the provision contained in the sixth section, that—

After said road is completed and until said bonds and interest are paid, at least five per centum of the net earnings of said road shall be annually applied to the payment thereof.

And also the provision contained in the same section, that—

All compensation for services rendered for the Government shall be applied to the payment of said bonds and interest until the whole amount is fully paid.

By the act of 1864 this requirement was reduced so as to apply only to one-half of the transportation service.

By the act of March 3, 1873, it was provided that "no dividend shall hereafter be paid by said company but from the actual net earnings thereof."

The last quoted provision applies only to the Union Pacific Railway Company. It is the judgment of the Commission that no dividends of any of the bond aided companies have ever been paid in violation of these provisions. The first dividend paid by the Union Pacific Railway Company was paid on the first day of July, 1875. The last dividend was paid on the first day of April, 1884. It appears from the income account of this company that its actual surplus earnings, properly applicable to dividends, were at all times largely in excess of the amount paid. In the report of Mr. Calhoun the dividend paid during a number of years appeared to overdraw the income account and to leave a debit balance. But this result is occasioned by the fact that he charges in the company's income account, as stated by him, the full amount of interest due to the United States on the debt of the company. In the case of the United States *v.* The Union Pacific Railroad Company (91 U. S., p. 72), the Supreme Court held that it was not the intention of Congress, by the provisions contained in the acts of 1862 and 1864, to require the company to pay the interest before the maturity of the principal of the bonds. This interest therefore is no more a proper charge to income for the years in question than the principal of the debt itself would be. Under the decision cited, it is not due until 1897 and was therefore not a proper charge against income for the years in which dividends were paid.

The Central Pacific Railroad Company paid dividends from 1873 to 1884, but the income account of that company, as stated by Mr. Stevens (see his report, volume 8), and as stated by Mr. R. H. Miller, jr., shows that at all times during those years a surplus of income derived from net earnings remained after payment of dividends.

The Central Branch Union Pacific Railroad Company paid dividends in 1885 and 1886, but the provisions of the act of 1873 do not apply to this company, and the requirements of the acts of 1862 and 1864, as to the payment of 5 per cent. of the earnings and of the half transportation, have been complied with.

The Sioux City and Pacific Railroad Company has never paid any dividends, except the dividends on the preferred stock. This stock was issued to pay for the extension to Missouri Valley Junction. The instrument securing the payment of these dividends is in the nature of a mortgage, and their payment is essential to the retention of the connection with the Chicago & North Western Railway Company.

While finding that none of the dividends have been paid in violation of any statutory provision, we do not wish to be understood as approving of the policy of distributing the assets of these respective companies in this manner. Though the obligations to the Government were not due, they were existing and rapidly increasing liabilities. The day of reckoning was sure to come. The lavish division of these net earnings, without making any provision whatever for the impending debt, was unwise, improvident, and unjust to the future stockholders of the company, and unjust to the Government as a creditor. The dividends declared by the Central Branch Union Pacific Railroad Company are especially open to criticism, for the reason that, at the time of their declaration and payment, as has been explained in the financial review of that corporation, $630,000 coupons belonging to the first mortgage, the lien of which is superior to that of the Government, were in default and unpaid, and so remain until this day.

It is provided by the act of March 3, 1873, as to the Union Pacific Railroad Company, that—

No new stock shall be issued or mortgages or pledges made on property or future earnings of the company without leave of Congress, except for the purpose of funding and securing debts now existing, or the renewal thereof.

Since this act was passed the Union Pacific Railroad and Railway Company has executed the collateral trust mortgage of 1879, also that of 1883; and, as security for these collateral trusts, has pledged certain bonds and stocks of branch lines which were the property of the company. The question of the legality of these transactions has already been argued before the Judiciary Committee of the House, on a hearing referring to a resolution introduced by the Hon. Barclay Henley on the 21st of June, 1886. The Union Pacific Railway Company asserts that the bonds and stocks in question did not form part of the property subject to the lien of the United States, but had been acquired by that company by the application of its earnings to the construction of branch lines after the passage of the act of 1873.

In 1882 one Arnold Leo brought suit against the Union Pacific Railway Company for the purpose of enjoining the execution and delivery of the collateral trust mortgage which was subsequently made in 1883. In his bill of complaint he bases his demand for an injunction on the proposition that the issue of these bonds was in violation of the act of 1873 and of the Thurman act. The court denied his motion (see Leo *vs.* Union Pacific Railway Company, 17 Fed. Rep., p. 273), and subsequently sustained a demurrer to his bill (see same case, 19 Fed. Rep., p. 283). In the face of an express decision by a court of competent jurisdiction, on the question of the right of the company to dispose of its bonds and stocks as security for the loans effected by means of these collateral mortgages, and in the absence of any modification or reversal of the decisions cited, the question of their legality, in the opinion of the Commission, is no longer an open one.

The Union Pacific Railway Company has also guaranteed the payment of the interest on $13,000,000 of the bonds of the Oregon Short Line Railway Company, and on $7,000,000 of the bonds of the Saint Joseph and Grand Island Railroad Company. These guaranties do not involve any mortgage or pledge of the property or earnings of the company. They are simply agreements to pay, binding the corporation, but are clearly not within the letter or the spirit of the act of 1873. The consideration for the guaranty of the bonds of the Oregon Short Line was a traffic agreement or arrangement, by means of which what is believed to be an exceedingly valuable auxiliary to the business of

the Union Pacific Railway was secured. It has been elsewhere shown that the business derived from that road, if both direct and indirect earnings are included, has brought much more to the Union Pacific Railway Company than the amount of the deficits which it has been compelled to pay by reason of the failure of the Oregon Short Line itself to earn enough to pay the interest on the bonds.

No evidence has been produced before the Commission tending in any manner to show that any officer or director of the Union Pacific Railway Company was interested in the contracts for the construction of the Oregon Short Line, or made any unlawful or improper profit, or any profit whatever, through such contract. It was proved that these bonds were issued to the subscribers therefor at their face value, and that for every $1,000 in cash $500 of the stock of the corporation was issued in addition to the bonds. It is not proved that this stock was voted by the directors to themselves, or that the subscription to the bonds was other than an open, public one. The existence of this stock can, in no manner, affect the obligations of the Union Pacific Railway Company. Its guaranty extends solely to the interest on the bonds.

The suggestion made by the minority Commissioner in his report, that it would have been more generous if the board of directors of the Union Pacific Railway Company had offered to subscribe for this stock at par, in cash, and had built the Oregon Short Line with the proceeds of such subscription, is simply impracticable. Capital can not be persuaded to flow into an enterprise of this nature without security; and the capital which builds a railroad is certainly entitled to the first return from its earnings. The suggestion that the use of Mr. Eddy's name, in making the original construction contract between the Oregon Short Line and the contractor, and the subsequent assignment of that contract to Mr. Charles Francis Adams, in trust, was devised as a cloak to conceal some intended fraud, is absolutely unsupported by the evidence. The construction of the Oregon Short Line was conducted by the construction department of the Union Pacific Railway Company. The accounts of the construction, the vouchers for the payments, and all matters relating thereto have been laid open before the Commission, and have been examined by Mr. McDowell, one of its accountants at Omaha, and no fact whatever has been disclosed which justifies any criticism.

The guaranty of the $7,000,000 bonds of the St. Joseph and Grand Island Railroad Company was for the purpose of effecting the sale of $3,985,000 of those bonds, which were owned by the Union Pacific Railway Company. This guaranty does not effect any mortgage or pledge of the property or earnings of the Union Pacific Railway Company. It is, as in the case of the Oregon Short Line guaranty, merely a contract obligation. In regard to the advisability or policy of making the same, it has been shown to the Commission that the full face value of these bonds in money was received by the Union Pacific Railway Company, and was applied by it in liquidation of an existing floating debt. (See Report of the Union Pacific Railway Company for 1886, p. 19.)

(3) And whether their books and accounts are or have been so kept as to show the net earnings of the aided roads, and what said books and accounts actually show in regard thereto, and what have been in fact said net earnings.

The Commission refers to the reports of the respective accountants for an answer to the question: What have been the net earnings of the bond-aided road? In their judgment, the books of the company

are so kept as to show the net earnings of the aided parties. As matter of fact the Commissioner of Railroads has stated and settled these earnings for many years past, and has had no difficulty in ascertaining their amount.

(4) Or whether there has been a diversion of earnings of aided roads to less productive branches, through constructive mileage allowances, or average mileage allowances, between aided and non-aided roads or parts of roads, or otherwise.

The Commission has already expressed its opinion on the subject of constructive mileage, and does not deem it necessary to say anything further with reference thereto. In its judgment, there has never been "a diversion of earnings of aided roads to less productive branches, through constructive mileage allowances, or average mileage allowances, between aided and non-aided roads, or parts of roads."

(5) And also whether such system of constructive mileage allowances is fair and usual, and, in practical operation, has resulted adversely or otherwise to the aided roads and the interest of the United States.

All of the witnesses who were practical railroad men and had any knowledge on the subject, who were examined by the Commission, have united in declaring that the system of constructive mileage is fair and usual, and is a just and reasonable method of determining, as between a parent road and its branches, the proper distribution of earnings, part of which pertain to the main line and part to the branch. In some way or other, if branch roads are to be operated in connection with the main line, they must be reimbursed for the increased cost produced by the terminal expenses, the shortness of the haul, and the fact that the business they do is less than that done by the main line. The universal application of this principle has, in the judgment of the Commission, placed it beyond the domain of discussion.

(6) Or whether there has been a diversion of earnings of aided roads to wrongful or improper purposes, and, if so, to what extent.

In so far as this inquiry relates to the subject of constructive mileage the Commission refers to the answers to numbers 4 and 5.

If the question is intended to relate to a misapplication of earnings by unlawful contracts for construction, or to the payment of dividends on stock for which no consideration had been received by the companies, or to the application of the earnings of the companies to purchases of stocks and bonds at prices fixed by the votes of the sellers themselves, and to other similar practices, these matters have been fully covered in a former part of this report.

(7) Whether there is a discrimination of rates in favor of unaided against aided roads.

No evidence has been presented to the Commission of any discrimination of rates in favor of unaided as against aided roads, except that which applies to the refusal of the Union Pacific Railroad Company to prorate with the Kansas Pacific Railroad Company or with the Sioux City and Pacific Railroad Company. The evidence on this subject refers to the years 1873 to 1878.

(8) Whether any, and if so, how much, money is due and owing to the United States on account of mistaken or erroneous accounts, reports, or settlements made by said roads.

There are no amounts due to the United States because of mistaken or erroneous accounts. A controversy exists between the United States and the Union Pacific Railway Company in regard to the Omaha Bridge

and the Pullman Palace Car Companies. The amount involved is inconsiderable and is now before the Court of Claims. There are also a number of unadjusted accounts between the United States, the Union Pacific Railway Company, the Central Pacific Railroad Company, and the Central Branch Union Pacific Railroad Company, relating to claims for transportation and mail service, which have not been adjusted or which have not been paid over.

(9) Whether any traffic or business which could or should be done on the aided lines of said companies, has been diverted to the lines of any other company or to non-aided lines.

The evidence discloses that traffic has been diverted in a great variety of instances from the Union Pacific and Central Pacific railroads to other lines. As illustrations of such diversions the Commission refer to the following: The Southern Pacific, the California Pacific, and the Oregon Short Line. It would have been possible to have carried the traffic which was forwarded over the roads named by the Union Pacific and Central Pacific route. In the judgment of the Commission the controlling motive which has led to this alteration in the transit of freight has been the question of convenience and public advantage. It has not arisen from an intention to reduce the net earnings applicable to the percentage due to the United States. In the report of the Postmaster-General it is stated that this same diversion is practiced by his Department, and that he selects the best and the quickest routes because he thereby promotes public convenience.

The Commission has substantially made the same answer to the claim of the Central Pacific Railroad Company, that the United States had diverted a vast amount of traffic from its railroad by extending its bounty to other and competing lines. The necessities and advantages to the communities served by such competing lines entirely justified the granting of the bounties, and, as we have said elsewhere, the claim that the United States ought to make good any loss in traffic to the Central Pacific Railroad Company is without foundation. It appears to us that this question of the diversion of traffic must be regulated by the interests and demands of the people who use the railroads. Trade will always find the easiest and most natural channel.

The lease of the Central Pacific Railroad to the Southern Pacific Company of Kentucky in connection with the Southern Pacific Railroad to the boundary of Oregon, and thence to Portland, Oregon, has placed it in the power of the directors of the Central Pacific Railroad Company to effect a diversion of business which would have a very disastrous result upon the traffic of the subsidized portion of the Central Pacific Railroad.

The fact that both the Southern Pacific and the Central Pacific Railroads are under one control jeopardizes the business of the bond-aided road, and places it in the power of the Southern Pacific Company, if at any time it should cease to have an important interest in the Central Pacific Railroad, to divert a very large portion of its traffic. A considerable portion of the through transcontinental traffic has, in fact, passed over the southern route during the past three years. This diversion is the natural consequence of the establishment of this route, and of its superior advantages and more rapid and regular carriage and delivery of freight. The interest of the promoters and directors of this enterprise has led them to compete for this business, and they have succeeded in securing the greater part of the through transcontinental business. No evidence has been presented to the Commission which establishes

that the object of such diversion was to decrease the percentage of net earnings due to the United States.

(10) And what amounts have been deducted from the gross earnings of said aided railroad companies, by their general freight and passenger agents or auditors, by way of rebate, percentage of business done, constructive mileage, monthly or other payments on any pooling or rate arrangement, contract, or agreement.

Very large sums have been deducted by means of pools, rebates, and percentages of business. Under all pooling arrangements the constituent companies are entitled to receive an agreed percentage of the entire business. The moneys received in payment for freight or for passengers may be paid to either of the constituent companies. It frequently happens that the money, in the first instance, is paid almost entirely to one of the companies. An account is kept of the amounts thus received, and a distribution is made, by the company holding the funds, of the percentages due to the respective parties to the pool. An adjustment of these balances can not possibly be criticised as a diversion or improper application of funds in which the United States has any possible interest.

The evidence shows that very large amounts of money were paid under these adjustments by the Union Pacific Railway Company to other companies, but the amounts so paid do not enter into or form any part of the earnings of the company. They are held in trust for the parties to whom they belong. There is no secrecy, no concealment about these transactions differing in any way from the privacy which every business man exercises over his own affairs. The amounts can always be readily ascertained by an inspection of the books in which the pool accounts are kept. The propriety of the payments made can be tested by a reference to the pooling agreements. The balances retained by the bond-aided roads were the only portions of these pool earnings that could ever enter into or form part of the gross earnings of the company, and they have been regularly returned and entered.

The same explanations apply to the subject of rebates and overcharges. An overcharge occurs when a freight bill is erroneously stated at a larger amount than proper by reason of overweight, overmeasurement, or mistake in the rate charged. The practice is to refund to the parties against whom a mistake has been made the amount of the overcharge, on a proper voucher.

A rebate is an agreed reduction from the ordinary or open rate. It is adjusted in the same way. All the overcharges, rebates, and pool balances which form part of the many millions of dollars which have been paid by the bond-aided roads in the adjustment of these matters have been actually and in fact paid out by these companies. No evidence was produced before the Commission of any pretended or fraudulent vouchers relating to this matter.

As far, therefore, as the system of book-keeping is concerned, it is not open to criticism. The payment of these sums did not tend in any way to reduce or diminish the real earnings of the companies. If ore or grain or cattle is to be transported from the point of production to the point of delivery, and the selling price at the point of delivery happens to be so low that, at the tariff rates, the commodity can not find a profitable market, it has been a common practice for the bond-aided roads, in common with all railroads in the country, to offer a concession on its rates. But it is utterly unreasonable, when such concession has been agreed upon, and the rebates paid, to claim that the actual earnings of the road have been made at the tariff rate, and that the refund or re-

lute repayment by reason of which the earnings in which the United States has an interest can be said to have been reduced.

In the judgment of the Commission these considerations apply to all the bond-aided roads. The amount reported as having been paid for these purposes are merely the footings of the books in which these accounts are contained. In order to report accurately how much has been repaid for rebates, how much for overcharges, and how much for actual balances, it would be necessary to prepare an account based upon an examination in detail of all the way-bills of the respective companies, and such a task is impracticable. The Commission does not intend, in dismissing the subject of inquiry as to the amounts paid out for those purposes, to pass judgment on the policy of allowing rebates, discriminations, or pools. The subject is a vast one. The innumerable complaints of unjust treatment, of personal preferences, and of all manner of devices by which railroad corporations extend their favors to those whom they desire to benefit and oppress those whose business they wish to destroy, led to the creation of the Inter-state Commerce Commission. We do not understand that it was referred to us to try and determine the question whether the bond-aided roads had been guilty of these practices. The magnitude of the duties assigned to this Commission absolutely disqualified it from performing such a task. We have examined witnesses in New York, Boston, Omaha, Kansas City, Denver, Fort Collins, Cheyenne, Salt Lake City, and at a number of minor points in Kansas, Nebraska, and Wyoming. We were engaged a month in the city of San Francisco with the business of the Central Pacific Railroad Company. When taking this evidence, the Commission was obliged, in many instances, to disregard the rules of evidence. This could not be avoided in view of the requirements of the act creating the Commission. As, for instance, when investigating the relations of the bond-aided railroads to the local communities, the expression or declaration or complaint of any resident on the line of the road was heard by the Commission, even when based on nothing but information or hearsay. Such a declaration or complaint was, of course, evidence on the subject of the relation of the railroads to the local communities, because it testified to the feeling or sentiment or judgment which existed among the people with reference to those roads. But such declarations or complaints, except when made on personal knowledge, were utterly inadmissible as evidence against the railroads on an issue framed concerning an alleged violation of its duties as a common carrier.

We are informed that the minority Commissioner has reported, as proved, an interminable succession of alleged discriminations, preferences, and advantages granted for corrupt or improper purposes, and violations of duty of a similar character. We must respectfully protest against such conclusion, because it is based on no evidence worthy the name. It is a judgment rendered against the party inculpated without a sufficient hearing. Whenever this practice prevails, it has been found impossible for any railroad company in the country to maintain itself except by participating in the practice. Rebates are bids for business. The fact that they are resorted to or used for other purposes does not alter the truth of the statement. The rebates to the Omaha and Grant Smelting and Refining Works is one of the most important in amount appearing on the books of the Union Pacific Railway Company. It was made clear to the Commission that if these rebates had been refused to that company the business which they secured to the Union Pacific Railroad would have been diverted to other channels.

The same explanation applies to the Pacific Mail subsidy and to the whole system of refunding a portion of the ordinary charges. When rebates are resorted to for the purpose of destroying the business of small traders, and of building up the power of corporations or business trusts, they become the source of incalculable evil. But the subject seems to have no relation to the matter of the investigation conducted by this Commission. No extension of the debt, no refusal to extend the debt, no forfeiture of the charter of the Union Pacific Railway Company, no repeal of the acts granting public bounties to any of the bond-aided roads, can have the slightest or remotest bearing on the subject of rebates, discriminations, or pools.

Our answer to this question is, then, that the amounts deducted from the gross earnings of the bond-aided roads, by way of rebate or percentage of business done, will appear in the reports of the accountants; that large deductions of this character were made; that they do not affect the earnings of the United States, because the amount in question was actually paid out by the railroad companies, and in no just sense formed a part of their net earnings. We also answer that the practice of paying rebates and of entering into pool agreements has been followed in a great variety of instances by all of the bond-aided railroad companies, and that in such practice they have adopted the same methods and practice which have characterized the administration of the whole railroad business of the country.

(11) And also to inquire into, ascertain, and report as to the kind, character, and amount of the assets of said companies.

For an answer to the eleventh inquiry the Commission refers to the report of Col. Richard F. Morgan, jr., the engineer of the Commission, and to Part I of this report.

(12) And what assets of each company are now subject to the lien of the Government, and the value thereof.

It is the opinion of the Commission that the lien of the Government is limited to the property in consideration of which bonds were issued by the United States under the acts of 1862 and 1864, and that, while under the decision in the Sinking-Fund cases (99 U. S., 700), Congress has a right to require the bond-aided companies to make reasonable provision out of the earnings of the property affected by the statute mortgage for the purpose of meeting the debt when due, it has no power to extend the lien to any portion of the road which was not originally affected thereby, or to declare that it shall apply to other assets or property of the company.

(13) And also whether any dividends have been unlawfully declared by the directors or paid to the stockholders of said company; and, if so, to what extent?

This question has already been answered by the Commission under No. 2 of this part.

(14) And whether the amount thereof may not be recovered from the directors unlawfully declaring the same or persons who have unlawfully received the same.

We have already stated our conclusion that no dividends have been unlawfully declared; and, if this conclusion be correct, there can be no recovery therefor. We have also stated that very large sums of money have been misappropriated or wrongfully obtained by persons who were or are officers and directors of the bond-aided roads.

The question whether the amounts so misappropriated, or any portion thereof, can be recovered is a difficult one to answer. That these amounts can not now be recovered by any proceeding instituted

directly by the United States was held in United States against the Union Pacific Railroad Company (98 U. S., 569). If suit should be instituted by the corporations themselves many difficult questions would arise. Questions of fact are involved as to whether the wrongs alleged were in reality committed. Questions of law are involved as to whether the acts were such as would render the parties complained of liable. These proceedings would be defended under releases executed by the corporations themselves, and by plea of statutes of limitation. The Commission has endeavored to dispose of this subject by inserting, in the bills herewith submitted, a section requiring the companies accepting the same to bring all such suits whenever so requested by the Department of Justice of the United States, and to permit them to be prosecuted to final determination by the Attorney-General.

(15) Whether the proceeds of any trust funds or lands loaned, advanced or granted, have been diverted from their lawful use.

For an answer to this question the Commission refers to part second of this report. It contains a full reference to all matters relating to misappropriation of assets. No lands granted to the companies have been diverted from their lawful use. The facts as to the disposition of bonds issued under the respective land-grant mortgages are shown in the evidence and accountant's reports.

For a statement of the disposition made of the land-grant bonds of the Union Pacific Railway, we refer to the evidence of Frederick L. Ames, (volume 2, p. 936).

For a statement referring to the disposition of the bonds issued under the Kansas Pacific consolidated mortgage, we refer to the analytical statement of Mr. Stevens, (volume 8), and also to the evidence of A. H. Calef (volume 1.)

For a statement of the disposition made of the land-grant bonds of the Central Pacific Railroad, we refer to the evidence of R. F. Stevens (vol. 6, p. 3532).

For statements relating to the lands granted to the Central Branch Union Pacific Railroad Company, and the Sioux City and Pacific Railroad Company, we refer to the reports of G. F. Perreneud and H. J. Anderson (vol. 8).

(16) Whether any new stock or bonds have been issued, or any guaranties or pledges made contrary to or without authority of law.

All the issues of stock or bonds appear in the reports of the accountants. The judgment of the Commission as to the validity of the guaranties or pledges made by the Union Pacific Railway Company has already been stated in No. 2 of this part. The provisions of the act of March 3, 1873, were only applicable to the Union Pacific Railway Company, and did not affect the other bond-aided roads.

(17) Whether any of the directors, officers, or employés of said companies, respectively, have been or are now directly or indirectly interested, and to what amount or extent, in any other railroad, steamship, telegraph, express, mining, construction, or other business company or corporation, and with which any agreement, undertakings, or leases have been made or entered into.

Many of the directors, officers, and employés of the bond-aided companies have been and are directly and indirectly interested in railroad, steamship, telegraph, express, mining, and construction, and other business companies with which the bond-aided roads have had agreements and undertakings. If the intention of Congress was to limit the inquiry to the cases in which there was proof that directors or officers were interested in companies which had business relations with the

company in which such officer or director was concerned, and by means of which agreements the officers or directors obtained an improper advantage for themselves, then the answer to the question will be found in Part 2 of this report.

(18) What amounts of money or credit have been or are now loaned by any of said companies to any person or corporation.

The reports of the accountants will show the amounts of money or credit which have been or are now loaned by the respective companies to any persons or corporations.

(19) What amounts of money or credit have been or are now borrowed by any of said companies, giving names of lenders and the purposes for which said sums have been or are now required.

The reports of the accountants will also show the amounts of money or credit which have been or are now borrowed by any of the said companies, and will give, as far as practicable, the names of the lenders and the purposes for which the said sums have been required.

(20) What amounts of money or other valuable consideration, such as stocks, bonds, passes, etc., have been expended or paid out by said companies, whether for lawful or unlawful purposes, but for which sufficient and detailed vouchers have not been given or filed with the records of said companies.

It appears from Mr. Calhoun's report that a very large amount of money expended by the Union Pacific Railroad Company and the Kansas Pacific Railroad Company is not covered by any vouchers whatever, but that he has found it impracticable to state these matters in detail without transcribing or restating the accounts of the respective companies. These criticisms apply to the early construction of the roads, and also, though in a lesser degree, to the transactions down to and including the year 1879.

He reports that from 1880 to 1886 he has personally examined the vouchers of the Union Pacific Railway Company, and that he has found no insufficient voucher for any of the transactions belonging to that period.

Mr. Richard F. Stevens has reported that the sum of $4,818,355.07 has been disbursed by officers of the Central Pacific Railroad Company, and that no sufficient vouchers exist for the same.

The evidence relating to the use made of these moneys will be found in the testimony of C. P. Huntington (vol. 1, pp. 23, 34; vol. 7, p. 3696), Leland Stanford (vol. 5, pp. 2942 to 2951; vol. 6, pp. 3160 to 3200), Stephen T. Gage (vol. 6, p. 3261), W. W. Stow (vol. 6, p. 3410), Charles F. Crocker (vol. 5, p. 2989; vol. 6 p. 3111), and D. Z. Yost (vol. 5, pp. 2711, 2892; vol. 6, p. 3412), and L. E. Gates (vol. 7, p. 3860). We refer also to Stevens, Exhibit W. (vol. 8), and particularly call attention to the vouchers for the years 1884 and 1885, which amount to $845,125.74.

The vouchers for these sums are mere memoranda bearing the signatures of Leland Stanford, C. P. Huntington, Charles F. Crocker, or Stephen T. Gage, and do not in any way indicate the purpose or use to which the moneys covered by the vouchers were applied.

Mr. Perrenoud reports that all the vouchers relating to the transactions of the Central Branch Union Pacific Railroad Company from 1866 to 1880 are missing.

Mr. Henry J. Anderson reports that all the vouchers of the Sonix City and Pacific Railroad Company from 1864 to 1880 are missing, with the exception of a few cash vouchers.

(21) And further, to inquire and report whether said companies, or either of them, or their officers or agents, have paid any money or other valuable consideration, or done any other act or thing, for the purpose of influencing legislation.

It is the judgment of the Commission that moneys of all the bond-aided roads have been used for the purpose of influencing legislation. There is no direct proof, with specifications of time, place, and persons, on which to base the assertion that actual bribery was resorted to. But it is impossible to read the evidence of C. P. Huntington and Leland Stanford, and the Colton letters, without reaching the conclusion that very large sums of money have been improperly used in connection with legislation. The facts relating to the refusal of Governor Stanford to answer the questions put to him in reference to this subject have been stated in detail in the second part of this report. The decision of the Circuit Court of the United States in California made it impossible for this Commission to obtain answers to the questions which Congress had directed to be put.

The evidence established the frequent use by the officials of the Union Pacific Railway Company of money and passes for the purpose of influencing legislation. The vouchers relating to these expenses are, in many cases, insufficient. In all cases examined by the Commission the evidence, while not disproving the purpose to which the moneys had been applied, has been sufficient to supply the defects of the vouchers. The witnesses called with reference to these transactions have established the fact that the general practice of the company in Kansas, Nebraska, and Colorado was to secure a full representation at the capitals of those States respectively during the sessions of the legislature. There is no evidence whatever of actual bribery. The moneys in question were expended in paying lawyers and lobbyists for appearing before committees, and using the various weapons of the lobby in the form of argument, persuasion, and entertainment, for the purpose of preventing the passage of measures which were hostile to the interests of the railroad.

It has also proved that it was the common practice of the company to issue passes to members of the legislature and judges of the courts. This practice, before the passage of the interstate commerce law, was so universal that it would be impossible to predicate any guilty motive thereon.

The Commission deems it proper to say in this connection that the great variety of bills introduced for the purpose of controlling the business of the railroads, imposing arbitrary rates of freight, limiting their powers, enacting stringent liabilities for accidents, forbidding the exercise of the right of eminent domain, and imposing unequal taxes made it almost impossible for the railroad companies to avoid expending considerable sums of money in causing their interests to be properly represented. Many of these bills doubtless had their origin in the perfectly just belief that the business of the railroads ought to be subjected to supervision and control. Other bills were totally impracticable, and would have inflicted immense loss on the companies affected thereby. While condemning most emphatically the practice of attempting, in any improper manner, to influence legislation, it would be unreasonable to deny to corporations having large interests at stake the right to be represented before committees of the legislatures, and the right to pay proper compensation of money to those who so represent them.

(22) And to investigate and report all the facts relating to an alleged consolidation of the Union Pacific Railroad Company, the Kansas Pacific Railway Company, and the Denver Pacific Railway and Telegraph Company, into an alleged corporation known as the Union Pacific Railway Company. Said investigation shall include the alleged sale of the stock of the Kansas Pacific Railroad Company to the Union Pacific Railroad Company and all the circumstances and particulars pertaining to said alleged sale

The Commission refers to Part 2 of this report.

(23) And whether any of the Pacific Railroad corporations which obtained bonds from the United States to aid in the construction of their railroads have expended any of their moneys or other assets in the construction, or to aid in the construction, of other railroads, or invested any of their moneys or other assets in the stocks or bonds of any manufacturing, mining, and commercial companies or corporations, or of other railroad corporations.

The Union Pacific Railway Company has expended a large amount of its money and of its assets in the construction of branch railroads. They have also invested portions of their earnings in the stocks and bonds of manufacturing, mining, and commercial companies. A detailed statement of the amounts so invested, with the names and characters of the corporations in which such investments have been made, will be found in the report of Mr. Calhoun, and also in the reports of the company itself for the years of 1884, 1885, and 1886.

The Central Pacific Railroad Company has expended money in acquiring an interest in Wells, Fargo & Company, and in the Oriental and Occidental Steamship Company. It has not, since the consolidation in 1870, expended any money in the construction of other railroads. It has, however, expended large sums of money in the extension of parts of its railroad which are not subject to the lien of the United States. A statement of the amounts so expended will be found in Mr. Stevens's report (vol. 8).

The Central Branch Union Pacific Railroad Company has expended money in the construction of the branches subsequently consolidated into the Atchison, Colorado and Pacific Railway, and the Atchison, Jewell County and Western Railroad Company. The details of the amounts expended will be found in Mr. Perrenoud's report (vol. 8).

The Sioux City and Pacific Railroad Company has expended a portion of its assets in the payment for the construction of the extension between California Junction and Missouri Valley Junction. The amount so expended was $169,000 of the preferred stock of the company.

(24) And if any such expenditure or investments have been made, the extent and character thereof made by each of said corporations shall be inquired into.

The Commission refers to the answer to No. 23.

(25) And also the present interest of any of said corporations in the railroads auxiliary to their respective railroads.

The Commission refers to the answer to No. 23.

(26) And said Commission shall also ascertain and report the names of all the stockholders in each of said companies, from its organization to the date of the investigation herein provided for, as they appear on the books of said companies at the date of its annual meeting in each year; the amount of stock held by each.

The names of all the stockholders of the respective companies are contained in exhibits attached to the reports of the respective accountants.

(27) What consideration, if any, was paid by each stockholder to said company for his stock, and when and in what property such payment was made.

The consideration paid for the stock issued by each of the bond-aided companies is stated in the reports and exhibits of the accountants (vol. 8). We also refer to the statement of E. H. Miller, jr. (vol. 5, pp. 2550 to 2558), and the statement of O. W. Mink (vol. 2, pp. 875 to 883).

(28) The date when each stockholder so appearing on the books became such.

The date of the transfer to each stockholder is stated in the same reports and statements.

(30) And whether stock is now held or has heretofore been held in the name of any person in trust or for the benefit of any other, and the names of all such persons.

The names of all persons holding stock in the name of any person in trust for the benefit of another appear in the same reports and statements.

(30) The total amount of the stock in each company.

The total amount of stock in each company appears in the same reports and statements.

(31) And the dates and amount of any increase of such stock, and the reason for such increase.

The dates and amounts of the respective increases of stock appear in the same reports and statements. The original amount of the stock of the Union Pacific Railroad Company was $36,762,300. This amount was increased in January, 1880, to $50,762,300, and in 1881, to $60,368,500. The reasons for this increase appear in the report on the consolidation of the Union Pacific, Kansas Pacific, and Denver Pacific Railroad Companies, elsewhere contained. The further increase of $10,106,600 occurred early in 1881. The object of the last increase was to obtain money to pay for the construction and extension of the branch lines.

The stock of the Central Pacific Railroad Company was originally $8,500,000. It was increased in 1867 to $20,000,000, and in August, 1870, to $100,000,000. The reason assigned for both of these increases is that by the laws of the State of California the company was required to have outstanding an amount of stock which equaled the amount of its funded debt.

In the case of the Sioux City and Pacific Railroad Company the whole amount of stock subscribed for was originally $4,260,000. This stock was afterwards reduced to $1,704,000. In 1872 the stock was increased $108,000, and at the same time $189,000 of preferred stock was issued. The object of the increases was to pay for the extension of the branch road between California Junction and Missouri Valley Junction.

(32) And the amount of the annual salaries or compensation that are now or at any prior time have been paid to any officer or employé of said company, when such salary or compensation amounts to $5,000 or more per annum.

Exhibits containing the annual salaries or compensations that are now or at any prior time have been paid to any officer or employé of the respective bond-aided companies, exceeding $5,000 per annum, are attached to the reports of the accountants. For the Central Pacific, see Stevens's report, Exhibit Z (vol. 8); for the Union Pacific and Kansas Pacific, see Calhoun's report (vol. 8).

(33) And the names of the persons now receiving or who have heretofore received such salaries or compensation.

The names of the persons now receiving or who have heretofore received such salaries are also attached to the same reports.

(34) And all bonuses or donations which may have been given or paid to any such person.

A statement of all bonuses or donations which have been given or paid to any such persons is also attached to the same reports. This explanation does not, however, apply to the issue of passes, as, by rea-

son of their great number and extent, it would be impossible to specify them.

(35) And all payments made under the head of legal expenses, to whom made, and the amount paid to each, and for what specific services such payments were made.

Statements of all payments made under the head of "legal expenses," to whom paid, and the amount paid to each, are contained in the same reports. The specific services for which such payments were made do not, in many cases, appear on the face of the vouchers. We also refer to our discussion of this subject relating to the Central Pacific Railroad Company in Part 2 of this report.

(36) Said Commission shall also inquire into and report upon the relations of said railroads to the interests of the communities through which they pass.

The Commission has taken a vast amount of evidence for the purpose of ascertaining the sentiment of the communities which are served by the bond-aided roads. In the judgment of the Commission all of these companies have fairly kept their obligations to these communities in the discharge of the duty of maintaining their railroads and of carrying their freight with regularity and their passengers with safety. The only instance of complaints of train service and insufficient equipment was made to the Commission at Leavenworth, in regard to the use of mixed freight and passenger trains, and to the detention of freight by reason of imperfect connections. The general character of the terminal and station accommodations is reasonably good. At many points it is first-class. The engine houses and machine shops at Omaha were found to be insufficient and in poor condition. Complaint was also made at Ogden that the depot buildings and accommodations were utterly inadequate to accommodate the large traffic, and that a promise to erect a new depot had been made and disregarded.

In the judgment of the Commission the operation of the bond-aided roads, as far as train service, accommodations, and facilities are concerned, has been such as to give satisfaction to the communities, with the exceptions enumerated. Many complaints were made to the Commission in different towns in Kansas and Nebraska, at Denver, Fort Collins, Cheyenne, Laramie, Leadville, Ogden, and Salt Lake City, of partiality and preferences extended by the Union Pacific Railway Company to those whom it desired to favor, and that the companies so adjusted their freight rates as to drive out of business those who had not their favor. Complaint was also made that the Union Pacific Railway Company had monopolized the stone business at the Stout quarries, and the coal business at the Marshall mines.

The Commission has already expressed its views in regard to this subject in answer to No. 10. They repeat their condemnation of the abuse of the practice of granting rebates or of permitting discriminations. Mr. Adams, the president of the Union Pacific Railway Company, admitted the existence of the evil, and deplored his inability to remove it. Full jurisdiction over this subject is vested in the Interstate Commerce Commission, and its further discussion appears to have no bearing on the subject-matter of this investigation.

(37) To all questions concerning the payment of taxes, especially upon lands granted by Congress.

Statements of all lands granted to the bond-aided roads, and of the disposition of the same, will appear in the reports of the accountants. The explanations of the delays which have occurred in obtaining patents are set forth in the letter of A. M. Stockslager, Acting Commissioner

of the General Land Office, dated November 28, 1887. It appears from the evidence that frequently the bond-aided companies did delay taking out their patents, with the object and for the purpose of avoiding the taxation to which they would be subjected after the perfection of their patents.

(38) And the delay of said companies in taking out patents for such lands.

The Commission refers to the answer to No. 37.

(39) The rates of fare and freight charged, discriminations, differentials, pools, and other devices.

A number of freight and passenger tariffs are filed with the papers submitted with this report. In relation to discriminations and differentials the Commission refers to its answer to No. 10. The evidence establishes that all of the bond-aided roads have been members of a great variety of pools. A very large amount of the Union Pacific Railway Company's business was done in connection with other railroads, and as to which there was an agreement to divide on the basis of percentages. Substantially the same result, since the passage of the interstate commerce bill, has been attained by agreements to maintain rates. The Commission is unable to see any possible relevancy which this subject may have to the matter of the investigation. Pools are not, in their essence, either good or bad. When resorted to for the purpose of attempting a monopoly, and the imposition of burdensome rates, they should be severely condemned. When resorted to for the purpose of preventing ruinous competition, they may serve a good purpose. Fierce competition begets the worst form of rebates and secret allowances. Its result is often the destruction of the weak carriers and the integration of their more powerful rivals, which, after destroying their weaker competitors, establish and maintain rates that are destructive to trade. Pooling agreements, with proper provisions for publicity as to the terms of the contract between the constituent members, and as to the rates to be charged, if subjected to reasonable supervision and control, are beneficial both to railroads and to the communities which deal with them. Their existence, in one form or another, is almost universal in Europe. But the subject seems to have no bearing on the matter referred to this Commission.

(40) And the facilities and accommodations furnished to the patrons of such roads; and their report shall embrace a consideration of the interests and rights of said communities as affected by whatever plan of settlement or payment of the existing debt may be proposed.

The Commission has already answered the inquiry as to facilities and accommodations, in the answer to No. 36. The communities served by these railroads are deeply interested in their efficient operation. Anything that would tend to diminish their efficiency, or to impair their train service, or the safety of transportation afforded by them, would be disastrous to those communities. In the judgment of the Commission a bill which, while securing the debt to the Government, would graduate the annual payments required to be made by these companies to an amount fairly within the limits of their net earnings not necessary for the purpose of keeping their road in a full state of efficiency, would promote the interests and be of advantage to the local communities. It is also the opinion of the Commission that a forfeiture of the charter of the Union Pacific Railway Company, if enforced by Congress, would lead to maladministration, imperfect service, and insuffi-

cient connections with other railroads, and would be an injury to the communities.

(41) Said Commissioners shall also consider and report whether the interests of the United States require any extension of the time for performance of the obligations to the United States of said companies, or any of them, and the facts and circumstances upon which said opinion is based.

The Commission refers to the four bills submitted by them on this report for an answer to this question, and to the reasons stated in the first part of this report.

(42) Including the security held by the United States for the performance of such obligations, and the value thereof.

The Commission refers to the first part of this report for a statement of the security now held by the United States, and the value thereof.

(43) And the value of the property of such companies, and either of them, not included in such security.

The Commission refers to the first part of this report.

(44) And what further security it is expedient that said companies shall be required to give.

The Commission refers to the first part of this report, and to the bills herewith submitted.

(45) And if, in their opinion, such extension shall be required by the interests of the United States, they shall submit a scheme for such extension, which shall secure to the United States full payment of all debts due them from said companies, with a reasonable rate of interest in such time as the Commissioners shall propose, having due regard to the financial ability of said companies and the proper conduct of their business in such manner as shall afford efficient service to the public.

The Commission refers to the bills herewith reported.

(46) And the said Commission shall report in full in regard to all such matters aforesaid and in regard to any other matters which may be ascertained or come to their knowledge in regard to said companies respectively, on or before December 1, 1887, to the President of the United States, who shall forward said report to Congress, with such recommendations or comments as he may see fit to make in the premises.

The Commission refers to the first and second parts of this report, and to the answers already made, and to the reports of the accountants and the inspecting engineer.

(47) The Commissioners shall also ascertain the average cost per annum of Government transportation in the region now traversed by the Pacific railroads between the year 1850 and the completion of said roads.

The evidence, as far as the Commission was able to obtain the same, establishes the fact that before the completion of the Pacific railways the cost of transportation was many times greater than it now is. Reference is made on this subject to the report of the War Department, herewith submitted, and to the evidence of Kimball and Stanford, and the exhibits attached to Stanford's statement.

(48) And also the average cost per annum since such completion.

A statement of the rates charged for transportation of troops, materials, and mail will be found in the reports of the War, Navy, and Post-Office Departments, herewith submitted.

(49) And what additional facilities have been furnished to the Government and the people by said roads.

The completion of these railroads has been a great benefit to the Government and to all the people of the United States. The increased wealth, the increased comfort, both to the rich and the poor, by the construction of this and other transcontinental roads cannot be over-

estimated. The Commission has elsewhere declared that in its judgment this circumstance has no bearing whatever on the obligation of the bond-aided roads to repay their debts to the Government, and it sees no occasion for a further discussion of a matter conceded by every one.

(50) Also to inquire what discount the Pacific Railroad and its several branches were forced to make, in disposing of the bonds guaranteed by the Government, to obtain the gold coin which was the currency of the country through which the greater part of said roads pass.

The amount of the discounts paid by the bond-aided roads on the sale of their Government bonds will appear in the reports of the respective accountants. (See vol. 8.)

(51) Also to ascertain the comparative cost of construction of said roads as compared with what they would have cost with the prices of labor and commodities prevailing five years preceding, or five years subsequent, to the completion of said roads.

An estimate of the present cost of reconstructing the bond-aided roads is contained in the report of Colonel Morgan (vol. 8).

It was impossible to obtain any reliable estimate of what it would have cost to construct these roads, either five years before or five years after the period of actual construction. It may be stated generally that the cost at the time of actual construction exceeded the amount which it would have cost to build these railroads at either of the periods named. This is especially true in regard to the Central Pacific Railroad.

(52) Also to inquire whether or not the Pacific Railroad was completed in less time than was allowed by law, and, if so, how much less time, and if the United States was benefited thereby.

The Central Pacific Railroad was substantially completed at the close of 1869. Its completion was not required, by the acts of 1862 and 1864, until 1876.

The Union Pacific Railroad was also completed before the time designated. This early completion of the roads was doubtless of great benefit to the United States. The advantage of reduced rates for transportation of troops, supplies, munitions of war, and the mails was thereby secured and enjoyed six years sooner than would have been the case if the bond-aided companies had taken the full measure of time permitted by law.

(53) Also to inquire if either of the Pacific Railroad Companies has been embarrassed, and its earning capacity impaired, by antagonistic local or State legislation.

In the judgment of the Commission the earning capacity of the bond-aided railroads has not been impaired by hostile legislation. The Commission is also of opinion that these roads have been embarrassed by the frequency with which bills, intended to affect them, have been introduced into the legislatures of States and Territories through which they pass. Many of these bills contained provisions which, if adopted, would have been ruinous to the railroads. Very frequently the persons introducing such bills failed to realize the effect which their passage would produce. The constant threat of the adoption of such measures has been a source of embarrassment to all the bond-aided companies, and has forced them to protect themselves by frequent and constant attendance before committees of the legislatures.

(54) Also to inquire if the United States, since the Union and Central Pacific Railroad Companies accepted the terms proposed by Congress for the construction of the Pacific railroads, has granted aid in lands for building competing parallel railroads to said Pacific railroads, and, if so, how many such roads, and to what extent such competing lines have impaired the earning capacity of the Pacific railroads.

The United States has granted very large amounts of aid in lands to other roads which have become serious competitors of the Union Pacific Railway Company and the Central Pacific Railroad Company. Reference is made to the map, herewith submitted, showing the transcontinental lines, for a description of these roads, their relations to each other, and their locations.

(55) Also to inquire if the United States have contracts with branch roads controlled by either of said Pacific roads for carrying United States mails, and if so, what service has been performed by them, and what money, if any, has been paid for such service, and what remains due and unpaid.

The United States has contracts with branch or auxiliary roads belonging to the bond-aided roads for carrying its mails. There are large amounts remaining due from the United States for services so rendered. We refer to the communication from the office of the Auditor of the Treasury for the Post-Office Department, dated November 19, 1887, accompanying the communication received from the Post-Office Department in answer to the letter of inquiry of the Commission.

(56) And if the United States, by failing to pay for such services, has embarrassed said railroad companies, or either of them, in paying their indebtedness to the United States.

In the judgment of the Commission, after the determination by the Court of Claims and the Supreme Court of the United States, in the case of the Denver Pacific Railroad Company against the United States (relating to the obligation of the United States to pay over these amounts), it was the duty of the Government to pay over, without delay, to the respective companies, all moneys due for services rendered by leased or auxiliary roads belonging to the bond-aided roads.

(57) Also to inquire if the several Pacific railroad companies have complied with the provisions of "An act to alter and amend the act entitled 'An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes,' approved July first, eighteen hundred and sixty-two, and also to alter and amend the act of Congress, approved July second, eighteen hundred and sixty-four, in amendment of said first-named act," commonly known as the Thurman act, and, if not, in what particulars they have failed to comply.

The Commission refers to the answer to No. 2.

(58) Also to inquire what sums the Pacific railroads and their branches can severally pay annually on account of their indebtedness to the United States without imposing such burdens upon the people, and particularly upon the localities through which the roads pass, as to retard the development of the country.

The Commission refers to the bills herewith submitted.

As we have already stated, the net income of the Central Pacific Railroad Company is not at present sufficient to meet the requirements of the bill proposed by us, which involve an annual payment of $1,750,000 for the ensuing ten years, and of $2,000,000 annually after that date.

We have also stated that by reason of the peculiar relations existing between the Sioux City and Pacific Railroad Company and the Chicago and Northwestern Railway Company, it is very doubtful whether the first-named company could meet the requirements of the proposed bill.

As the Commission was instructed by the act of March 3, 1887, to report a bill which would secure the payment of the whole debt of these companies to the United States at a reasonable rate of interest, we have not thought it within the scope of our jurisdiction to report any measure which fell short of this requirement. We may, however, suggest that the bills herewith submitted can be brought within the limits of the earning capacity of both companies in question by reducing still further the

rate of interest which the bonds shall bear. We do not recommend such reduction as one to which these companies are meritoriously entitled, but suggest it merely as a business method of effecting the best adjustment possible with these insolvent debtors.

In closing this report the Commission desires to express its acknowledgment for the efficient and valuable services rendered by Mr. Charles P. Young, its secretary, during the entire course of the work of the Commission. He has performed the laborious duties of stenographer and secretary to the entire satisfaction of the Commission, and the printed record of the evidence taken attests his capacity as a reporter.

Dated Washington, D. C., December 1, 1887.

R. ELLERY ANDERSON,
DAVID T. LITTLER,
Commissioners.

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REPORT

OF

A COMMISSIONER

APPOINTED

UNDER AUTHORITY OF AN ACT OF CONGRESS APPROVED MARCH 3, 1887, ENTITLED "AN ACT AUTHORIZING AN INVESTIGATION OF THE BOOKS, ACCOUNTS, AND METHODS OF RAILROADS WHICH HAVE RECEIVED AID FROM THE UNITED STATES, AND FOR OTHER PURPOSES."

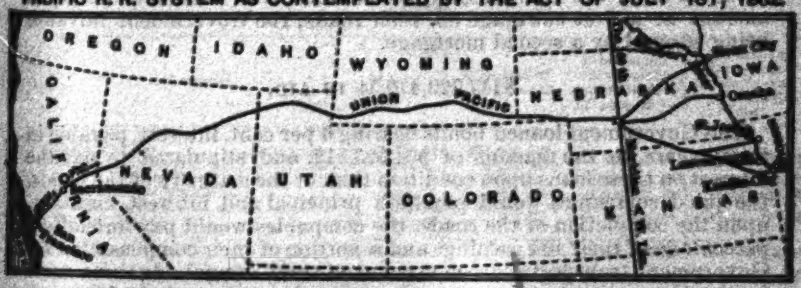
REPORT.

To the PRESIDENT:

In compliance with the direction of an act of Congress entitled "An act authorizing an investigation of the books, accounts, and methods of railroads which have received aid from the United States, and for other purposes," I herewith submit the following report:

Between the years 1865 and 1869 the Government loaned its credit to six railroad companies, forming parts of a great scheme of transcontinental communication. From the act of July 1, 1862, it appears that Congress contemplated that five lines would start from points on the Missouri River, viz, Sioux City, Omaha, Saint Joseph, Leavenworth, and Kansas City; and that they would converge on the one hundredth meridian, forming a trunk line which would be built westwardly. It was also contemplated that the Central Pacific line would start from the Pacific Slope and would meet the Missouri River road near the California State line. Subsequently, Ogden was made the point of junction.

PACIFIC R. R. SYSTEM AS CONTEMPLATED BY THE ACT OF JULY 1ST, 1862.



By an act of Congress passed in 1866, the Kansas Pacific Company was permitted to pursue a generally western course, from Kansas City up the Smoky Hill branch of the Republican River to Denver, and to connect with the Union Pacific main line on a meridian not more than 50 miles west of Denver, instead of taking a northwesterly course and striking the main line at the one hundredth meridian. Because of this change of route the Central Branch of the Union Pacific (which started from Atchison, Kan., instead of Saint Joseph, Mo., as originally contemplated, and which had been designed to meet the Kansas City line in the Republican Valley, as it proceeded in a northwesterly direction

from Kansas City to North Platte) was left without connection, its subsidy in Government bonds having been limited to 100 miles. By designation of the President of the United States, the Sioux City line was also changed in its course so as to meet the Union Pacific line at Fremont, Neb., about 42 miles west of Omaha, instead of at the one hundredth meridian. In 1870 the Western Pacific Company, which built a line from Sacramento to San José, Cal., was consolidated with the Central Pacific; and in 1880 the Kansas Pacific, which operated the line from Kansas City to Denver, from Denver to Cheyenne, and from Leavenworth to Lawrence (the latter intersecting the main line of the Kansas Pacific a short distance west of Kansas City) were consolidated with the Union Pacific Railroad Company into a new corporation called the Union Pacific Railway Company.

The bond-aided Pacific system as built was as follows:

PACIFIC R. R. SYSTEM, AIDED PORTION AS BUILT

It was originally provided that the Government lien should be a first mortgage on the several lines, but the law was subsequently amended so as to allow the companies to issue their own bonds to an equal amount as a first mortgage on their roads, the Government advance being secured by a second mortgage.

$447,729,470.54 IN AID.

The Government loaned bonds bearing 6 per cent. interest, payable in thirty years, to the amount of $64,623,512, and stipulated to pay the interest on these loans upon condition that, at the maturity of the bonds, the aided companies would pay both principal and interest, and that, upon the completion of the roads, the companies would pay annually a percentage of their net earnings and a portion of their compensation for Government transportation on account of these annual advances made by the Government. Congress also gave them over 26,000,000 acres of public lands, upon which they have realized $39,479,213.71, with 12,615,087 acres of land, valued at $26,054,270, yet unsold, making the total land grant worth $65,533,483.71.

As the Government annually pays $3,877,410.72 in interest to the holders of subsidy bonds and does not require repayment by the companies until the maturity of the principal, the bond-aided companies gained a further advantage in the use of such interest money. This advantage itself was worth $199,700,250.19 at the time of the grant. The Government gave them a right of way 400 feet wide along the length of their lines, the right of eminent domain, and space for depots and turn-

outs. In addition to these liberal gifts by Congress, some of the States and many counties and public bodies also made large donations in lands and bonds to some of the companies.

Aid from all sources.

	Principal and interest advances paid and to be paid by United States.	Value of land-grant—sold and unsold.	Aid from other sources.
Union Pacific, Kansas Pacific, Central Branch	$62,844,320.94	$44,811,637.77	$250,000.00
Sioux City and Pacific	4,426,608.50	*1,600,000.00	
Central Pacific, Western Pacific	4,599,255.89	230,304.00	283,648.59
	77,104,806.41	19,832,881.24	2,856,101.24
Total	178,984,750.50	63,983,543.61	3,479,977.94

	Aid exclusive of use by companies until maturity of annual interest payment by Government.	Use until maturity in 1895–'99 of annual interest payments on basis of 6 per cent.	Total aid.
Union Pacific, Kansas Pacific, Central Branch	$138,695,928.71	$182,690,839.30	$321,386,768.07
Sioux City and Pacific	5,426,608.20	4,946,564.99	10,373,173.29
Central Pacific, Western Pacific	5,614,306.49	5,054,118.16	10,668,424.65
	99,482,370.89	86,116,706.71	185,611,083.60
Total	247,939,220.35	198,790,250.10	447,729,470.54

* Estimated.

Bonds.

Company.	Mileage.	Principal of subsidy bonds.	Interest accrued and to accrue to date of maturity.	Principal and interest paid and to be paid by United States.
Union Pacific	1,032.00	$27,236,512	$50,804,772.94	$77,741,284.94
Kansas Pacific	303.94	6,303,000		
Central Branch	160.00	1,600,000	2,823,000.00	4,726,000.00
Sioux City and Pacific	101.77	1,628,320	2,800,235.00	4,428,555.00
Central Pacific	737.50	25,885,120	48,346,874.41	77,161,994.41
Western Pacific	122.16	1,970,240		
Total	2,495.05	64,623,512	114,281,207.35	178,904,719.35

Company.	Payments by companies on account to November 1, 1887.	United States sinking fund, November 1, 1887.	Value of debt on July 1, 1888, computed by Government actuary.
Union Pacific, Kansas Pacific, Central Branch	$15,444,831.46	$6,132,662.63	$60,547,997.10
Sioux City and Pacific	316,124.12		3,267,495.00
Central Pacific, Western Pacific	131,925.00		3,894,226.25
	4,260,570.25	2,719,556.78	35,144,618.73
Total	20,093,513.83	8,852,719.41	102,854,337.08

The land grants.

	Union Pacific.	Kansas Pacific.	Central Branch.	Sioux City and Pacific.
Acres granted	11,398,844.00	6,000,000.00	222,560.00	43,336.00
Amount realized on land sales to December 31, 1886	$10,060,672.42	$11,610,695.35	*$1,000,000.00	$220,304.00
Value of lands unsold	$2,395,507.00	$11,694,762.00		
Acres patented	2,614,178.00	963,714.00	218,250.00	41,396.00
Selections pending	531,504.00	824,538.00	4,310.00	1,938.00
Acres sold	7,906,346.41	3,955,465.00	222,560.00	43,336.00
Acres unsold	3,175,507.00	3,883,700.00		
Acres sold and unpatented	5,370,168.00	2,991,751.00	4,310.00	1,938.00
Average price per acre	$2.39	$3.88	$2 to $6	$5.32

	Central Pacific.	Western Pacific.	Total.
Acres granted	8,000,000.00	453,794.00	26,029,534.00
Amount realized on land sales to December 31, 1886	$7,322,581.34		$30,479,212.71
Value of lands unsold	$12,500,000.00		$26,594,270.00
Acres patented	1,949,210.00	447,768.00	5,327,538.00
Selections pending	546,078.00	6,020.00	1,911,392.00
Acres sold	2,444,120.00		13,751,827.41
Acres unsold	5,555,880.00		12,615,087.00
Acres sold and unpatented	1,403,910.00		8,872,077.41
Average price per acre	$3.00		

*Estimated.

Aid from other sources.

	Bonds.	Lands.	Estimated value.
		Acres.	
Kansas Pacific	$250,000.00		$250,000.00
Sioux City and Pacific	120,000.00	58,533	295,695.00
Central Pacific Western Pacific	2,555,191.24		2,555,191.24

By the foregoing tables it will be seen that the aid given to these companies amounted to $447,729,470.54.

By the bond table it will be seen that the total loan by the Government in principal and interest payments will be $178,884,759.50, toward the repayment of which the companies, in eighteen years, have accumulated only $30,955,039.61.

By investing these corporations with the control of a public highway across the continent the Government reposed in them, as a reimbursement for their contemplated outlay in construction, the power to establish rates of transportation; that is, the power to levy toll upon all traffic which might pass over these avenues of trade. At the time when the grants were made grave apprehensions were entertained by Congress and the people respecting the dangers which might follow the creation of corporations of such magnitude, because, in addition to the power to tax traffic and the advantage of limited responsibility which was conferred upon these aggregations of capital, they were endowed practically with perpetual succession and capacity for the accumulation and concentration of wealth and power—privileges which are denied to natural beings whose plans are spanned by the grave.

To guard against possible abuses of these great powers, and to insure good management and personal responsibility, Congress enacted that, in return for the nation's liberality, the companies should bind themselves to have their stock fully paid in cash, and that they should bind themselves also to build first-class roads; to carry for the Government at fair and reasonable rates (not exceeding the amounts paid by private parties for the same kind of service), and to operate all the lines in the Pacific system as one connected, continuous line, affording to each of the other roads equal facilities as to rates, time, and transportation, and to convey telegraphic messages upon equal terms for all persons. They were also bound to make annual reports, giving the names of their directors and officers and stockholders and information bearing upon the amount of stock actually paid in and upon expenditures, receipts, and indebtedness.

CONSTRUCTION AND CAPITALIZATION.

With these legal obligations and covenants resting upon them, what did these companies do? The Union Pacific Railroad Company actually received, in cash, on account of stock payments, the sum of only $400,650, while it issued stock to the amount of $36,762,300.

The Union Pacific (1,038.68 miles) was built for $38,824,000, and the company issued bonds and stocks as follows:

First-mortgage bonds	$27,237,000
United States bonds	27,236,512
Land-grant bonds	9,294,000
Income bonds	9,355,000
Stock	36,762,300
	109,814,812
Cost of construction	38,824,000
Fictitious capital	70,990,812

One thing is evident. After allowing for discount, the road was built for less than the proceeds of the first mortgage and Government bonds, which had a face value of $54,465,512, the builders taking as profit part of the proceeds of the sale of those bonds, as well as the income bonds, the land-grant bonds, and the stock, and charging up on the books of the company as cost of construction $109,814,812.

The Congressional committee of investigation, generally known as "The Wilson committee," which investigated the construction of the Union Pacific, in commenting upon the evidence which it took in 1873, said that every precaution that Congress had taken for the proper management of these great properties had failed of its purpose. Congress had demanded that money be paid in and that this money should be subordinated to the Government lien. It had provided for the presence of five directors representing the Government in the meetings of the directors of the company; for the appointment of commissioners to pass upon the work of road construction as it progressed; and it had held the reserved power to alter, amend, or repeal; and yet the road was subjected to the most scandalous mismanagement.

The Wilson committee reported that large sums of money were borrowed by the corporation apparently to provide for the necessities of construction, but which were distributed in dividends among the corporators; that stock was not paid for in money; that some of the Government directors neglected their duties and others were interested in the fraudulent transactions of the company. One of the commissioners

appointed to pass upon the condition of the road was paid $25,000 in consideration of his signing officially a report accepting as first class a section of 120 miles of the road. The chief engineer, Peter A. Dey, resigned because the Hoxie contract was fixed at $50,000, though his estimates were for $30,000 per mile. His successor, General G. M. Dodge, was interested in contracts for the construction of the road as a stockholder of the Credit Mobilier. Oakes Ames, who was largely interested in the construction of the road, sold stock to members of Congress for prices much below the real value of the shares, his philosophy being that, although these particular Congressmen had favored the Union Pacific road, they would take a livelier interest in its affairs if they were protecting their own property.

The testimony taken by the Wilson committee showed that G. M. Dodge had been given, for services in procuring the passage of the act of March 3, 1871, $24,500; that C. S. Bushnell had paid to T. A. Scott, on private account, $19,000; that C. S. Bushnell had retained $82,500; that there was paid Governor John A. Dix, as a purchase by the railroad company of his stock, $50,000; that there was paid to C. Windell, for signing the report accepting a section of the road, $25,000; and that an allowance was made to T. C. Durant of $435,750.21 for expenses in passing through Congress the amendatory act of July 2, 1864.

The Kansas Pacific Company received $250,000 in bonds from Leavenworth County, Kan., on account of stock subscription, issued shares for that amount to that county, and then issued additional shares to the amount of $4,822,500, for which no cash whatever was paid on account of the construction of the aided portion of the road.

The Kansas Pacific aided portion (393.94 miles) was built for about $11,800,000, under what was called "an exhaustive contract," which took all the bonds and stocks of the company, amounting to $25,028,250, as follows:

First-mortgage bonds	$6,303,000
United States bonds	6,303,000
Land grant	1,574,750
Second land grant	1,500,000
Income	4,275,000
Stock	5,072,500
	25,028,250
Cost of construction	11,800,000
Fictitious capital	13,228,250

The Central Pacific actually received less than $760,000 in cash and bonds on account of stock subscription, while it issued stock to the amount of $54,000,000.

The Central Pacific and Western Pacific aided portions (860.66 miles) were built for $40,000,000; for which bonds and stocks were issued by Messrs. Leland Stanford, Collis P. Huntington, Mark Hopkins, and Charles Crocker, or under their direction, as follows:

Bonds	$70,211,000
Stock	54,000,000
Total issue of bonds and stocks	124,211,000
Cost of construction	40,000,000
Fictitious capital	84,211,000

The bonds, reduced to a gold basis, yielded $52,706,742.55. So that the four men who managed that company profited to the extent of over

$12,000,000 in gold, in addition to $52,000,000 of the stock which they divided among themselves and subsequently sold at high figures after declaring dividends to the amount of $18,453,670.

The Sioux City and Pacific capitalized its road (101.77 miles) in bonds and stocks, to the amount of $5,047,720, as follows:

First-mortgage bonds	$1,628,000
United States bonds	1,628,320
Common stock	1,791,400
	5,047,720
Cost of construction	2,600,000
Profit in bonds	2,447,720

It built its line for about $2,600,000, of which $1,791,400 came from stock subscriptions and about $800,000 from the proceeds of the sale of half of its Government bonds. It distributed among its stockholders, without consideration, over $2,400,000; of which $1,628,000 was in first-mortgage bonds, and the remainder in Government bonds. Every stockholder who paid in $40 received in return about $120 in securities and property.

The Central Branch received $336,700 on account of a stock issue of $1,000,000.

This road (100 miles) was built for $2,731,347.23; for which bonds and stocks were issued as follows:

First-mortgage bonds	$1,600,000.00
United States bonds	1,600,000.00
Stock	1,000,000.00
	4,200,000.00
Cost of construction	2,731,347.23
Fictitious capital	1,468,652.77

The sale of its securities resulted as follows:

United States bonds	$1,577,051.55
First-mortgage bonds	567,612.14
Stock options	392,805.53
	2,537,469.22

Of the first-mortgage bonds $400,000 were used for purposes that no one has been able to explain. Four hundred thousand dollars more in those bonds was given away as bonus to stockholders for stock subscriptions.

It will be apparent from these figures that the roads were bonded and stocked on an excessive basis, the profits, amounting to $172,347,115.00, going to construction companies or inside combinations, as follows:

Cost and capitalization.

Company.	Mileage.	Cost.	Capitalization in bonds and stocks.	Amount of fictitious capital in securities upon consolidation of roads.
Union Pacific	1,038.32	$[illegible]	$[illegible]	$[illegible]
Kansas Pacific	638.54	[illegible]	[illegible]	[illegible]
Central Branch	100.00	2,731,347	4,200,000	1,468,652
Sioux City and Pacific	101.77	2,600,000	5,047,720	2,447,720
Central Pacific	737.26	[illegible]	[illegible]	[illegible]
Western Pacific	132.18	[illegible]	[illegible]	[illegible]
Total	2,448.05	95,935,347	268,282,462	172,347,115

The construction companies or inside combinations that built five of the six roads have destroyed or concealed their books; the exception being the Central Branch; and the Commission has been embarrassed in its work by the refusal or failure of the companies to produce the accounts relating to the actual cost of construction, or to exhibit any paper or documents that would enable the Commission to ascertain the truth as to this most important factor in the investigation. The books of the Credit Mobilier, which built the Union Pacific from Omaha to Ogden; the books of the Contract and Finance Company, which built the Western Pacific from San José to Sacramento, and the Central Pacific from Sacramento to Ogden; the books of Shoemaker & Co., who built the Kansas Pacific; and the accounts of John I. Blair, who built the Sioux City and Pacific Railroad—all these are missing. From the minutes and accounts of the railroad companies, and from fragmentary information gathered from various sources, it is disclosed that the officers of at least three of these companies made false statements under oath, in affidavits now on file in the Interior Department. From these affidavits the following has been compiled:

Stock table.

Company.	Stock actually paid in.	Stock paid in as sworn to.	Names of deponents.	Date of affidavit.
Union Pacific	$400,650	$36,722,200	Oliver Ames	Sept. 27, 1871.
Kansas Pacific	250,000	5,072,500	R. R. Carr	Sept. 28, 1872.
Central Pacific	700,000	54,268,190	Leland Stanford	Sept. 18, 1871.
Central Branch	398,700	960,600	R. M. Pomeroy	Sept. 21, 1868.
Total	1,797,350	97,098,590		

It is no answer to the Government that the managers of these companies did only that which the managers of railroads in other sections did. These lines were built upon public credit. They were public highways in the broadest sense of that term. The managers were acting as trustees of a national highway, and they can not plead any lawful justification for making false affidavits, which state that $97,098,590 of stock was actually paid for, when in fact less than two millions had been so paid for.

THEIR RELATIONS TO THE PUBLIC.

The original purpose of Congress, as set forth in the act of July 1, 1862, in granting subsidies for the construction of the Pacific roads, was to promote the public interest, and the companies were made trustees for that purpose; but the public interest has been subordinated by these companies to the stockholding interest, upon the claim that the stockholders owned the railroads and could manage their own business in their own way. Nearly every obligation which these corporations assumed under the laws of the United States, or as common carriers, has been violated. Their management has been a national disgrace. Since the date of their inception they have been conducted upon a purely speculative basis. Their permanent prosperity has been lost sight of, while their managers greedily strove for temporary advantage. For fourteen years the Union Pacific and the Central Pacific were practically free from competition for a stretch of 1,800 miles across the continent. They were independent of many of those disturbing elements which have been pleaded

in extenuation of the vicious practices of railroads in other parts of the country, and yet they injected secrecy into their affairs, inaugurated favoritism and corruption in their management, and attempted to destroy competition. They organized pools for the professed purpose of securing certainty, uniformity, and permanency in freight rates, but they did not respect the pools which they entered into when immediate advantages could be obtained by a breach of good faith.

Mr. Huntington testified before the Commission that "competition is killing," and that there ought to be only one railroad for the whole country. The aided companies combined with others to tax the communities which they served, and they forced the consuming classes in all sections of the country to contribute to the payment of interest and dividend upon the fictitious capital which they had created. They increased the cost of living. They laid proprietary claim to the traffic of large sections of the country. They squandered millions of their money to "protect" their territorial claims, while expending other millions in encroachments upon the territory claimed by other companies. They constituted themselves the arbiters of trade. They attempted to dictate the channels that trade should follow and fixed rates of transportation that were extortionate. They charged all that the traffic would bear, and appropriated a share of the profits of every industry by charging the greater part of the difference between the actual cost of production and the price of the article in the market. They discriminated between individuals, between localities, and between articles. They favored particular individuals and companies. They destroyed possible competitors, and they built up particular localities to the injury of other localities, until matters had reached such a pass, that no man dared engage in any business in which transportation largely entered without first soliciting and obtaining the permission of a railroad manager. They departed from their legitimate sphere as common carriers and engaged in mining articles for transportation over their own lines. They exerted a terrorism over merchants and over communities, thus interfering with the lawful pursuits of the people. They participated in election contests. By secret cuts and violent and rapid fluctuations in rates they menaced business, paralyzed capital, and retarded investment and development.

THEIR RELATIONS TO THE GOVERNMENT.

During the five years from 1864 to 1869, upon the claim that their roads were fully completed, these companies obtained bonds from the Government; but when the Government called upon them to pay a percentage of their net earnings into the Treasury, as was stipulated in the original contract, they contended that their roads were not fully completed until 1874, and refused to make any payments to the Government, though one of them, the Central Pacific, had been declaring dividends in the mean time. They resisted the claims and demands of the Government at every point, and resorted to every device their ingenuity could invent in their efforts to evade the plain requirements of the law. In transporting troops and supplies for the Government, they violated the contract obligation to charge reasonable rates by charging more than they charged to private shippers for the same kind of service. The reports of the Union Pacific show that the average rates paid by the Government to that corporation were higher than those received by that company from other sources. The same is more or less true of the other bond-aided companies. The overcharges upon the Govern-

ment by the Central and Union Pacific Companies since 1880 are estimated to have been as follows:

Union Pacific	$302,407.31
Central Pacific	167,556.62

PROFITS OF $278,023,357.63 IN OPERATING THE ROADS.

The reports of these companies show the following figures relating to operation, disclosing a profit or net earnings of $278,023,357.63, equaling fifteen million dollars a year.

Earning table.

Road.	Gross earnings.	Operating expenses.	Net earnings.
Union and Kansas Pacific	$315,302,594.99	$189,916,672.90	$145,397,422.79
Central Pacific Railroad, from 1863 to December 31, 1888	274,139,116.27	149,199,102.40	124,940,013.87
Sioux City and Pacific Railroad, from July 30, 1880, to June 30, 1887	9,197,359.50	6,423,596.82	2,773,762.68
Central Branch Union Pacific	12,840,443.47	7,917,306.15	4,922,136.32
Total	611,479,443.99	333,456,086.27	278,023,357.63

OVER $25,000,000 FOR POOLS, REBATES, AND OVERCHARGES.

In addition to the gross earnings given as above, the bond-aided companies received the following sums, which they subsequently paid out on account of pools, subsidies, rebates, overcharges, etc.:

Pools, rebates, and overcharges.

Road.	Pools.	Rebates and overcharges.	Total.
Union Pacific Kansas Pacific	$4,004,512.43	$11,577,021.02	$15,581,494.14
Sioux City and Pacific			401,922.61
Central Pacific			9,982,736.61
Total			25,866,235.72

LOSSES SUSTAINED BY THE GOVERNMENT.

The Central Pacific and Union Pacific, between them, have paid over $4,000,000 to the Pacific Mail Steamship Company to maintain high rates. To branch lines the Union Pacific, since 1881, has also given various amounts estimated at $2,400,000, and the Central Pacific $520,762.97, on account of constructive mileage. All of the sums paid out for pools, rebates, overcharges, etc., amounting to $25,866,235.72, were deducted by the companies from the gross earnings actually received by them before stating the amount which was reported to the Government as their gross earnings. In other words, they refused to consider and designate this sum of $25,866,235.72 as part of their gross earnings because they subsequently paid it out for pools and rebates. In this respect, as well as in respect to charges for general expenses that should have been charged against auxiliary companies, the reports, as made by the Union

Pacific Company to the Government, were erroneous. For the same reasons and also because the Central Pacific Company was charged for and paid expenses incurred by and for the Southern Pacific Company (the case of Senator Norwood being a conspicuous illustration), the reports made by the Central Pacific Company to the Government were erroneous. The losses sustained by the United States on account of erroneous reports and overcharges amounts to over $8,000,000.

PAYMENTS FOR IMPROPER PURPOSES.

Large sums were also applied to improper purposes. In the accounts of the Sioux City and Pacific Railroad Company this item amounted to $263,812.06 for losses incurred in operating the Fremont, Elkhorn and Missouri Valley Railroad, in which the directors of the Sioux City and Pacific Railroad were interested.

In the accounts of the Central Pacific Railroad Company this diversion of earnings amounted to many millions through contracts made by Messrs. Stanford, Huntington, Hopkins, and Crocker, with themselves, for construction, leases, repairs, etc. They constructed 1,171 miles of adjunct lines, at a cost of $27,216,931.01. On account of that construction in addition to a small cash payment they issued bonds to themselves to the amount of $33,722,000, and stock to the amount of $49,005,800, making a total issue of $82,727,800, of which $55,539,554 represented inflation.

Then, as directors of the Central Pacific, they took leases of their own lines for the Central Pacific for $3,400,828.81 per annum; which was at the rate of nearly 13 per cent.

Fifteen months ago three of these directors contracted with themselves to build an extension of the California and Oregon division of the Central Pacific from Delta to the boundary line of Oregon, a distance of 103 miles. In payment they issued stock to the amount of $8,000,000 and bonds to the amount of $4,500,000, the market value of the stocks and bonds at that time being $8,340,000. The actual cost of construction was $3,505,609, so that they personally profited by their own votes by that single transaction to the extent of $4,834,391. Mark Hopkins is dead, but his interest is still maintained for his estate and heirs.

In following up the dealings of these directors with the Central Pacific Railroad Company and its adjunct companies, it is found that Messrs. Stanford, Huntington, Hopkins, and Crocker received over $142,000,000 in cash and securities through the Contract and Finance Company, the Western Development Company, the Pacific Improvement Company, and dividends of the Central Pacific Railroad Company. In addition to this sum of $142,000,000, they also made large profits in the operations of fifteen or more other companies, which were directly or remotely sapping the revenues of the Central Pacific Company.

The total payments by the Central Pacific on account of rentals amounted to $29,912,373.49.

ACCOUNTS AND VOUCHERS OF THE AIDED COMPANIES.

The same company also expended $4,818,355.67, of which the managers decline to give any explanation or to permit others to explain. As the resources of the company have been diminished to the extent of these expenditures, and as the road itself will not yield sufficient to satisfy the Government claim, it is apparent that the United States are

eventually the losers by those disbursements, most of which, as shown by the Huntington letters, were applied to corrupt public men and influence legislation.

In the accounts of the Union Pacific, it was found that $33,000,000 of the funds of that company had been expended for the construction of branch lines, that many millions additional were squandered in purchases of bankrupt branch lines at excessive prices, and that the earnings of the express and telegraph service of that company, as well as of the other bond-aided companies, were, in violation of law, placed under the control of express and telegraph companies in which some of the managers of the Union and Central Pacific Companies were largely interested and of which they were the main beneficiaries.

The balance sheet of the Central Pacific for 1886 should have shown a deficit of over $14,000,000 in the profit and loss account, but by omitting from the debit side the accumulated interest which the Government had advanced, amounting to $31,869,475.20, and by marking up its lands in its asset column to $23,500,000, when the actual value was $12,500,000, as appears from the testimony of the company's land agent, the company made a showing of an apparent surplus of over $28,000,000.

The early accounts of the Union Pacific disclose, among other interesting items, the following:

September 12, 1871.

First-mortgage bonds for $247,000, which should be on hand, but which are not	$247,000
United States bonds, 110 6 per cent. currency bonds, which should be on hand, but are not	110,000
	347,000

The book accounts of the Union Pacific, prior to 1880, are frequently unsupported by vouchers, and for some years there are practically no vouchers to establish the correctness of the books. Since 1880 there were expenditures, in connection with legislation in Western States, which were not properly vouched for.

The Central Pacific Company also loaned its funds to its officers to enable them to construct the Southern Pacific, a competing line, across the continent.

The accountants of the Commission report that no vouchers exist to show disbursements by the Central Branch of the Union Pacific, and that all the vouchers of the Sioux City and Pacific, from 1864 to 1880, are missing, with the exception of a few cash vouchers.

LEGAL EXPENSES.

Large sums were also squandered by some of the bond-aided companies to pay for the services of lawyers to influence legislation, the total legal expenses of the companies being as follows:

Union Pacific and Kansas Pacific	$2,349,154.69
Central Branch	333,661.65
Sioux City and Pacific	37,287.75
Central Pacific	2,361,154.91
Total	5,081,059.00

A large sum which had been expended by the Central Pacific for legislation was posted under the head of "general expenses." The addition of

that sum would materially increase the total payments on account of legal expenses.

LAND PATENTS AND TAX PAYMENTS.

Three of the bond-aided companies, the Central Pacific, Union Pacific, and Kansas Pacific, have persistently evaded local taxation, and have thrust undue burdens on other tax-payers by refusing to patent the lands granted to them by Congress. So long as their land was unpatented it was exempt from taxation, and the extent of the exemption may be gathered from the fact that they have failed to patent 8,372,077 acres which they have sold, and they have failed to even apply for patents on 7,500,000 acres of land which they have sold.

The refusals of the Central Pacific to pay its taxes to the State of California have been so persistent and so flagrant, and extended over so long a period of years, that the governor of California, on March 24, 1884, issued a proclamation setting forth the fact that for four years the railroads of the State (the Central Pacific) had refused to obey the laws imposing taxes upon their property, and calling a special session of the legislature to devise methods for enforcing a compliance with the laws of the State. The Central Pacific had resisted State taxation on the ground (see p. 102, Report of Railroad Commissioners of California for 1883) that it had been constructed under act of Congress of July 1, 1862. When the Commission examined Mr. Leland Stanford, in San Francisco, he insisted that the Central Pacific Company was a State, and not a Federal, corporation.

The Union Pacific has also used the names of its employés to procure title to large tracts of coal lands adjoining its mines, thereby evading an act of Congress that restricts entries to individuals or to associations of not more than three persons.

The Union Pacific has allowed eleven years to elapse without selecting 1,829,400 acres of its land grant in Nebraska, that had been surveyed in 1876. It has selected only 640 acres out of 150,000 acres in Colorado, that were surveyed eighteen years ago. It has selected only 80,317 acres out of 3,300,000 acres of lands in Wyoming, surveyed eleven years ago. It has selected only 42,360 acres out of 400,000 acres of land in Utah, surveyed prior to 1876.

Of 4,000,000 acres in Kansas, surveyed prior to 1874, and granted to the Kansas Pacific Company, 2,283,329 acres have not been selected in the thirteen years that have elapsed.

Of 1,200,000 acres in Colorado, surveyed prior to 1870, and granted to the Kansas Pacific Company, it has selected, in seventeen years, less than one-twentieth of the grant therein.

The Central Pacific has selected only one-half of its land grant in California that has been surveyed, and it has failed to select 189,000 acres in that State that have been surveyed since the completion of the road.

Of the grant to the Central Pacific in Nevada, 700,000 acres were surveyed at the date of the completion of the road and about 2,000,000 acres are now surveyed. The company has selected about one-fourth of its land grant in that State.

Of the grant to the Central Pacific in Utah, of which 250,000 acres were surveyed at the date of the completion of the road in 1869, no lands were selected until February, 1884, nearly fifteen years after the completion of the road.

THE MANAGEMENT CONTEMPLATED BY CONGRESS AND THE METHOD ACTUALLY PURSUED.

Had the Pacific railroads been built and managed upon honest methods, had the Government loan been properly applied, these companies, regarded as a whole, could have declared dividends at the rate of 6 per cent. per annum for eighteen years, from the date of actual completion to the present time, upon all the moneys that they would have been required to pay in to complete and equip the roads; they would have owned 2,495 miles of roads free from all debt, and worth $124,600,000, upon an original outlay of less than $35,490,381.44, three of them, the Union Pacific, Central Pacific, and Central Branch, could have repaid every cent of the principal and interest advanced by the Government to date, and could have reduced their charges to shippers to the extent of over $140,000,000, or nearly $8,000,000 per year.

For $1 the stockholders would have realised $1.07 in dividends in eighteen years and $1.11 in land sales. The property would have been free from debt, and for every dollar that they had invested the stockholders would have had in property over $4; so that in eighteen years each dollar would have yielded $6.18.

But they chose dishonest methods. At the outset they divided $172,347,115 of fictitious capital, they dissipated over $107,000,000 which should have been applied to the payment of the principal and interest of the Government debt, and they taxed shippers to the extent of over $140,000,000, or nearly $8,000,000 a year, to pay for the [illegible]ation of the capital of these companies and for the vicious practi[illegible]hat crept into their management.

The Union Pacific and Kansas Pacific (aided portion) roads could have been built for an original outlay by stockholders of $17,021,488, in addition to the Government loan, all debts could have been paid, including the Government debt, principal and interest, to December 31, 1886, and from the profits of operating the roads and from land sales aggregating $176,294,793.53 the stock could have paid regular dividends at the rate of 6 per cent. per annum; and by an original outlay of $17,021,488, which the law required but which was not made, the company would to-day own a railroad worth at least $79,000,000 and unsold lands worth $14,004,240, equaling an appreciation of 447 per cent. in eighteen years, while shippers would have been benefited and the developments of tributary territory encouraged by a reduction of $85,130,845.49 in charges for transportation.

In the Central Pacific, for $16,609,203.76 of stock subscription which should have been paid in conformity with the act of Congress, all debts could have been wiped out, including the Government debt, principal and interest; the stock would have paid regular dividends at the rate of 6 per cent. per annum; and for the outlay of $16,609,203.76 the company would to-day own a railroad worth at least $40,000,000 and unsold lands worth $12,500,000, equaling an appreciation of over 200 per cent. in eighteen years, while shippers would have been benefited by a reduction of over $54,000,000 in the cost of transportation.

Method contemplated by Congress.

	Union and Kansas Pacific.	Central Branch.	Sioux City and Pacific.	Central Pacific.	Total.
Cost of construction	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Advances by Government	27, 236, 512. 00	1, 600, 000. 00	1, 636, 320. 00	27, 236, 512. 00	64, 636, 512. 00
Aid from other sources	300, 000. 00	.....	300, 000. 00	2, 576, 191. 24	3, 076, 677. 24
Interest on Government bonds	197, 000. 00	32, 348. 45	.....	7, 139, 075. 00	7, 378, 423. 45
Amount required of stockholders	17, 021, 488. 00	1, 136, 666. 00	705, 304. 00	16, 604, 303. 70	35, 469, 281. 44
Actual net earnings	145, 267, 435. 76	4, 902, 155. 32	3, 762, 702. 68	124, 940, 913. 27	278, 873, 207. 03
Land sales	30, 907, 307. 77	*1, 000, 000. 00	320, 364. 00	7, 322, 581. 24	39, 479, 313. 71
Dividend of 6 per cent. per annum for eighteen years on outlay to have been made by stockholders	13, 303, 397. 04	1, 345, 991. 33	702, 473. 53	17, 227, 946. 06	32, 579, 811. 96
Amount of principal and interest to December 31, 1886, which could have been paid to Government	72, 720, 741. 00	3, 544, 000. 00	2, 340, 652. 76	55, 625, 155. 00	133, 230, 548. 76
Extent of reduction of charges which could have been made to shippers	85, 139, 845. 49	1, 143, 193. 00	.....	54, 500, 500. 15	140, 782, 538. 00
Present value of aided portion	73, 000, 000. 00	3, 000, 000. 00	2, 000, 000. 00	46, 000, 000. 00	124, 000, 000. 00
Value of unsold land	14, 004, 270. 00	.....	.....	12, 500, 000. 00	26, 504, 270. 00

*Estimated.

Method actually pursued.

	Union and Kansas Pacific.	Central Branch.	Sioux City and Pacific.	Central Pacific.	Total.
Cost of construction	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capitalization	154, 943, 682. 00	4, 200, 000. 00	5, 047, 702. 00	156, 211, 080. 00	320, 302, 462. 00
Fictitious capital put on the market	84, 219, 083. 00	1, 436, 628. 00	2, 447, 730. 00	84, 211, 080. 00	172, 347, 115. 00
Actual net earnings	145, 267, 435. 76	4, 902, 155. 32	3, 762, 702. 68	124, 940, 913. 27	278, 873, 207. 03
Land sales	30, 907, 307. 77	1, 000, 000. 00	320, 364. 00	7, 322, 581. 24	39, 479, 313. 71
Amount credited by Government to November 1, 1887	21, 097, 573. 76	316, 154. 13	131, 923. 62	8, 013, 416. 11	30, 009, 068. 63
Net earnings and land sales in excess of the amounts credited by Government	154, 077, 217. 77	5, 616, 029. 20	3, 971, 203. 06	123, 259, 178. 10	286, 943, 631. 41
Dividend of 6 per cent per annum for 18 years on outlay to have been required of stockholders	13, 303, 397. 04	1, 345, 991. 33	702, 473. 53	17, 227, 946. 06	32, 579, 811. 96
Amounts dissipated	140, 814, 016. 73	4, 270, 038. 56	3, 105, 729. 14	106, 031, 232. 04	254, 221, 019. 49

Because of the vicious methods actually pursued by the bond-aided companies the Government has been defrauded of the bulk of its advances, shippers have been taxed to the extent of over $248,000,000, and liabilities to the amount of $389,517,265 have been heaped upon the properties; the total liabilities of these companies to the public and Government on December 31, 1886, being as follows:

Union Pacific, including St. Joseph and Grand Island guarantee	$203, 379, 885. 00
Central Pacific	171, 909, 756. 00
Sioux City and Pacific	7, 302, 447. 17
Central Branch	6, 836, 479. 16
	389, 517, 265. 33

These companies have paid out the following sums in interest and dividend:

Interest and dividends.

Company.	Interest.	Dividend.
Union Pacific } Kansas Pacific }	$62,743,656.39	$23,650,779
Central Branch	1,002,226.10	150,000
Sioux City and Pacific	1,709,618.67	180,288
Central Pacific	55,077,021.15	94,308,065
	140,212,322.29	68,289,132

It is not, therefore, a matter of surprise that they are unable to pay the Government debt and that their resources have been diminished to such an extent as to give the Government very little return for its loans.

THE DEBT TO THE GOVERNMENT.

The obligations of these companies to the Government are as follows:

Company.	Principal of debt.	Interest accumulation to Dec. 31, 1896.	Total.
Union Pacific } Kansas Pacific }	$33,539,512	$39,241,229.04	$72,780,741
Central Branch	1,600,000	1,944,000.00	3,544,000
Sioux City and Pacific	1,628,320	1,759,585.00	3,388,005
Central Pacific	27,855,680	31,969,475.20	59,825,155
	64,623,512	74,513,289.24	139,536,901

The Government is also liable for ten years' additional interest on its bonds or a total of $39,447,958.26.

The present value of the debts of the companies to the Government, as computed by the Actuary of the Treasury Department, upon his own methods of computation and without reference to instructions received from any source, are as follows:

Union Pacific } Kansas Pacific }	$60,643,967.10
Central Branch	3,295,495.65
Sioux City and Pacific	3,404,226.85
Central Pacific	55,148,416.72
	122,482,106.32

In considering a method for the adjustment of these debts, the Commission was told that the Union Pacific Company would pay $35,000,000 for the extinguishment of the whole amount of its indebtedness.

The officials of the Central Pacific said that the aided portion of that line was not worth more than the first mortgage of $27,855,680, which is prior to the Government lien, thus leaving the Government without any return for its advances.

John I. Blair, who built the Sioux City and Pacific road, offered $1,000,000 for that line.

The Central Branch was probably included in the offer of $35,000,000 made by the president of the Union Pacific.

So that it will be seen that the Commission was offered only $36,000,000 in settlement of a claim the present worth of which is $122,482,106.32.

WHAT POLICY SHOULD THE GOVERNMENT PURSUE?

What should the Government do? A mere money recovery is the least of benefits it should consider in deciding upon its course of action. To redeem these bonds from the perverted uses to which they have been applied in order that the beneficent public purpose Congress had in view in their creation may be realized, is a consideration of infinitely greater importance to the people than a repayment of a given number of dollars and cents into the Treasury. The Government can well afford to lose a portion of this indebtedness if this object can be accomplished. Every consideration of public policy, the enforcement of law, the supremacy and dignity of the Government, demand a treatment of this subject far above and beyond any mere attempt to collect a public debt.

The Government occupies a dual relation to the bond-aided railroads—as sovereign and as creditor. In this aspect the question of settlement unfolds complications that would not present themselves in the ordinary relation of creditor and debtor. A mere creditor might assent to compromise which, in a sovereign, dealing with a dishonest creditor who had violated all laws and covenants, would be repugnant to public policy. It cannot afford to condone fraud, to validate the iniquitous work of the Credit Mobilier, the Contract and Finance Company, and similar organizations, or to ignore the unlawful and outrageous discriminations and extortionate charges and the criminal conspiracies for controlling trade which have characterized the administration of these railroads since the date of their completion.

When the Credit Mobilier scandal was exposed by the investigations of the Wilson committee, in 1873, the Government was offered the alternative of attempting by a suit in equity to recover from the Union Pacific Company the money that had been improperly appropriated, or of proceeding to forfeit the charter of that corporation. A suit in equity was begun in the circuit court of Connecticut, but the Supreme Court, upon the demurrer of the defendants, held that the Government, as a creditor, could not sue until the debt had matured in 1895, and so dismissed the case. Since that time, the Government has been barred from all efforts at recovery, and is to-day experiencing the embarrassments of that decision.

The question recurs, What shall the Government do? Shall it allow matters to drift along, without action, and continue the unseemly and interminable contests that are as belittling to the sovereign as they are vexatious to the companies, or shall a remedy be applied immediately? Undoubtedly it would be preferable to settle the matter at once. If this much be conceded, what course shall be adopted? Shall the time for the payment of the debts be extended, or shall the Government insist upon an immediate adjustment and settlement with the companies? So far as its action would affect the Union Pacific and Central Pacific Congress has the power to pursue either policy, without encountering legal obstacles. Which course shall it follow?

The assets of the companies to-day are insufficient to pay the present worth of the debt, and they will not be able to pay it in 1895 except by assessing stockholders, or by the recovery of large sums of which the companies were defrauded. The officers of the Union Pacific ask for an extension, though the stockholders of that corporation at the last annual meeting directed the managers to make a direct proposition to the representatives of the Government for an immediate settlement and to meet the issue at once. Mr. Sidney Dillon, a former president, and

one of the present board of directors, wanted the debt extended one hundred and twenty-five years. Mr. Jay Gould, who closed out his holdings four years ago with an enormous aggregate profit of probably $40,000,000, thinks the Government ought to be satisfied with the principal of the debt, that is, $35,539,512, and to throw in back interest. One of the directors (see page 772 of testimony) said that the Government does not want the money, and should throw off the back interest and take bonds, "which would be just as well" as the dead capital which is now in the Treasury. Another director (page 820 of testimony) said: "The Government ought to put this company in a position so that its stockholders can receive something. I do not think it is the interest of the Government to get all, even if it can, because it would discourage the management, if it has an honest one. A non-dividend paying stock is the stock that wreckers and speculators are looking for."

The argument for the payment of dividends by the Union Pacific Company to its stockholders was presented to the Commission in various forms; but, stripped of its sophistries, it simply amounts to the assertion that the resources of the company would be improved by taking $3,000,000 or $4,000,000 a year out of the company's treasury, and by distributing it amongst the stockholders. The directors presented to the Government the alternative of permitting the company to pay dividends to its stockholders or seeing the property wrecked by speculators.

The directors (see page 987 of testimony) said that the Government had never expected to get back a dollar of this money, and had, in fact (see page 981), received a return of $5, $10, or $20 for every dollar it advanced; that it had saved money in the reduction of the cost of transporting mails and military supplies, in the termination of Indian wars, and in the enhanced value of Government lands. Another director went a little further than his colleagues, and intimated that if the Government forgave the company the entire debt the stockholders would be very much obliged.

The majority of the Commission recommend an extension of the time for payment of the debts of all the companies for fifty years on certain terms. The testimony shows that, except the Union Pacific, none of these companies have agreed to or will or can accept the terms recommended by the majority. The traffic manager of the Central Pacific testified that his company could not pay the debt and that an extension for an indefinite time would not be sufficient to enable it to do so. The fact is that as to all the companies except the Union Pacific their bankruptcy is so complete and irretrievable that no part of their indebtedness can ever be recovered by the Government except by immediate compulsory legal process. Extension of time for payment therefore means in reality but an increase of the amount of the debt and the making of its recovery the more hopeless. The bonds of the Union Pacific provided for in the majority report would sell for about 50 cents on the dollar and the bonds of the other companies would not be negotiable. The actual effect, therefore, of the report of the majority of the Commission is that its recommendation of extension of the time for payment is impractical and impotent as to all these companies except the Union Pacific, and, if adopted, could only result in the failure of the Government to realize any portion of the indebtedness and would be substantially a gift of that sum to those companies. For this reason, therefore, the recommendation of the majority will be considered only so far as it applies to the Union Pacific Railway Company.

OBJECTIONS TO EXTENSION OF THE TIME FOR PAYMENT.

The objections to an extension of the time of payment of the debt of the Union Pacific are many and insuperable, and were strongly urged upon the Commissioners when testimony was taken in Kansas, Nebraska, and Colorado. The Union Pacific Company has received $176,294,793.53 in surplus earnings and land sales during eighteen years; and if its stock had been fully paid, as Congress required that it should be, and as its officers certified under oath that it was, nearly all of that money would be applicable to-day to the payment of the Government debt. The company has paid out over $28,650,770 in dividends, and $82,742,856.28 in interest on bonds, nearly all of which were distributed to shareholders without consideration; it has sunk over $10,000,000 in the Denver, South Park and Pacific; it paid out $10,000,000 to Jay Gould and his associates for branch lines and other investments, which were worthless, and which were unloaded upon the Union Pacific because of the faithlessness of the management of the company. What assurance, then, can there be that the company in the future will pay any greater heed to the obligations imposed upon it by Congress than it has in the past?

To fund the indebtedness of the company to the Government is to give it an additional subsidy. An extension would recognize as valid the Credit Mobilier wrongs and the extravagant mismanagement of various boards of directors. It would validate the results of fraud and be a condonation of monstrous iniquities which the Government cannot afford. The gross mismanagement of the Union Pacific and the other Pacific railroads has not only injured the credit of American railroads among investors in this country, but it has shaken the faith of foreign investors to such an extent that hundreds of millions of dollars, which otherwise would have been sent here for investment and aided in the development of the country, have been locked up abroad. The foreign investor looked upon these Pacific railroads as being under Government auspices. They received a Government loan; they made annual reports to the Government, and, in addition to these requirements, the Government had a representation of five directors in the Union Pacific management. The good faith of the country was, therefore, presumed to be back of these Pacific Railroad securities.

The present capitalization and indebtedness of the Union Pacific Railway represents triple the cost of its reproduction. To extend the debt is to place a mortgage upon the earnings and upon the products of the people of Kansas, Nebraska and Colorado, not only of this but of succeeding generations. Why should the iniquitous results of the Credit Mobilier be made a burdensome exaction upon the generations that come after it? To extend the debt is to perpetuate the extortionate rates of transportation which are now charged by the Union Pacific for the maintenance of its present inflated capitalization. Why should the communities of the great West be forced to pay rates that will perpetuate this enormous burden of fictitious and fraudulent indebtedness?

To continue the Union Pacific in its present condition is to force the territory which is tributary to that line to pay fixed charges of $8,000,000 per annum, exclusive of dividends to stockholders. If that line were capitalized on a proper basis, the sum of $4,000,000 would pay interest. To extend the debt, therefore, is to tax the Western people, through high rates, not only to pay interest for fifty years on the Government debt at the rate of at least $2,000,000 a year, but to pay interest also on the other fictitious capital that is represented in the stocks and bonds

of the Union Pacific, at the rate of $2,000,000 a year additional, or a total of $4,000,000 a year for fifty years. Would it not be an abuse of its power for Congress to give more consideration to stockholders who are legatees of a gigantic fraud rather than to the people who are forced to ship over the road, and who have been taxed for eighteen years to sustain that corporation? The whole question resolves itself into a choice of protecting the so-called innocent stockholders, as against the consumers who pay $26,000,000 a year to the Union Pacific for transportation service.

The people of the West should be freed from the incubus of this enormous load. Eventually the consuming classes and not the stockholders must pay this bill if extension of time be granted, and it will be ruinous to the communities which are dependent on the Union Pacific if they are forced to bear their share of this great burden, while communities on other roads bear only the burdens of moderate capitalization. So long as the Union Pacific Railway Company is forced to carry this debt, enterprise and development along its line will be measurably repressed.

The extension being unwise and impractical, there is only one course open to Congress, and that is an immediate winding up of the affairs of all the companies, enabling the Government to withdraw at once from all connection with the running of railroads, or sharing in the profits of their management. There ought to be an end to the partnership between the Government and the Pacific railroads; a speedy and absolute divorce.

The only method by which this result can be reached is that which was suggested by Justice Hunt in the Credit Mobilier cases. It is the alternative pointed out by the Wilson committee of Congress in the event of the failure of the equity proceedings in the United States courts. It is the course that Congress directed the Attorney-General, by resolution of April 10, 1869 (section 4), to take against the Union Pacific, that is, the forfeiture of the charter.

The beginning of proceedings at this time to cause the forfeiture of the charters of these companies because of their violations of law and failure to keep their contract with the Government is only to anticipate by a few years the result which will be inevitable when the bonds mature in 1895 and 1897. To wait until then before instituting legal proceedings would not avert the result but would further jeopard the interests of the Government and increase the amount of the indebtedness. It should be borne in mind that it is a fact admitted by every officer of these roads who testified before the Commission, and overwhelmingly proved by the evidence submitted, that the payment of the debts at maturity in 1895 and 1897, can under no circumstances be expected. The railroad officials, the Commissioners, and every intelligent citizen concur in the correctness of this statement.

Upon forfeiture the appointment of a receiver should be applied for to provide for the immediate settlement of the Government's debt. This course involves no actuarial computations or involved legal problems. It is the direct path to the complete solution of a tangle into which the Government should never have been drawn. This course is not recommended for the purpose of punishing this company, or its stockholders, for the willful and continuous violation of obligations imposed by law, but to withdraw the Government from further connection with private enterprises. The stockholders would have the same right to buy that others would have.

In this way the Government would cut loose from all participation in railroad management. It would recover its debt and put its seal of con-

demnation upon the multiplied wrongs that have marked the administration of that trust.

The capital and indebtedness of the purchasing companies should be limited to the estimates of the cost of reproduction as made by the inspecting engineer of the Commission—66⅔ per cent. in bonds and 33⅓ per cent. in stocks. The purchasing company should be confined solely to the business of a common carrier, operating railroad and telegraph lines, and should be forbidden, directly or indirectly, to invest in the bonds or securities of companies other than railroads, or in railroads that are parallel or competing, or to acquire by purchase, or otherwise, any interest or control in any competing or parallel line. The officers of the company should be prohibited from being interested in any competing or parallel lines, and such company should not be permitted to hold any real estate, except such as may be necessary for its legitimate business, and it should be allowed to issue stocks or bonds only for money, labor done, or money or property actually received. The sale should also be made upon the condition that the franchises should be exercised thereafter, subject to the regulation and control of the Government, in the public interest.

Such a course would force other transcontinental lines to a similar basis, and would benefit consumers in all parts of the country. Transportation would be cheapened; the companies would be liberated from the crushing weight of their debts and made useful arteries of commerce, and a reasonable profit would be yielded to honest investments. In addition to the recommendation of the forfeiture of the charters, I would suggest that, through the receiver to be appointed for the Union Pacific, a suit be instituted with like purpose to that begun in 1873 against the Credit Mobilier, and that the Attorney-General be instructed to institute proceedings, either civil or criminal, against all persons who have rendered themselves liable for their participation in the issue of stock or the making of mortgages or pledges upon the property or future earnings of the Union Pacific Company without leave of Congress; against those who violated their trusts in connection with the consolidation of the Kansas Pacific, Denver Pacific, and Union Pacific in January, 1880; against all persons who have rendered themselves liable through the maladministration of the Central Pacific, Sioux City and Pacific, and Central Branch Union Pacific; against telegraph and express companies, to secure an accounting to the Government for earnings on business done on bond-aided lines, and to require an accounting for lands improperly acquired from the Government, and to force the patenting of lands already granted to the companies.

In applying the remedies necessary for securing the Government indebtedness, the Attorney-General should proceed against all persons and corporations who in any way were parties to or participants in the results of any of the illegal and fraudulent acts which have characterized the management of these corporations and resulted in the waste and misappropriation of the funds of the companies and consequent depreciation of the Government security.

If this recommendation should be adopted, the population of the great West through which the lines of road extend would have these public highways existing and managed as it was intended by law they should be, in the interest and for the benefit of the people, and not as subjects for stock gambling and speculative practices through which enormous fortunes are amassed by railroad officials and favorites, while communities are burdened and private industry repressed. In other words, these roads, as a result of legal purgation, would be free, clear, and clean public highways, honestly and lawfully managed.

SPECIFICATIONS IN SUPPORT OF GENERAL STATEMENTS CONTAINED IN THE FOREGOING.

In support of the general statements contained in the foregoing, I submit the annexed specifications concerning the obligations imposed upon the bond-aided companies; their relations to shippers, to communities, to other railroads, and to the Government.

Each of the companies, in accepting the subsidy provided by the acts of 1862 and 1864, bound itself by the terms and conditions imposed upon the Union Pacific by those acts. The act of 1873 applied only to the Union Pacific, and the act of 1878 to the Union Pacific and Central Pacific.

Attention is directed to the following:

By section 4 of the act of July 1, 1862, the Union Pacific was required to build a first-class road.

By section 6 of the same act, the Union Pacific was required to pay the principal and interest of the bonds at maturity; to keep said railroad and telegraph line in repair and use; and at all times to transmit dispatches over said telegraph line and transport mails, troops and munitions of war, supplies and public stores, upon said railroad, for the Government, whenever required to do so by any Department thereof; and to give the Government at all times the preference in the use of the same for all the purposes aforesaid, at fair and reasonable rates of compensation, not to exceed the amounts paid by private parties for the same kind of service.

By the same section it was required, after said road was completed, and until said bonds and interest were paid, to set aside a percentage of its net earnings, annually, to the payment thereof.

By section 12 of the same act the company was required to operate and use the whole line of said railroad and branches and telegraph for all purposes of communication, travel, and transportation, so far as the public and the Government are concerned, as one, connected, continuous line.

This proviso was amended in section 15 of the act of 1864, so that it was required to operate and use said roads and telegraph as one continuous line, and, in such operation and use, to afford and secure to each equal advantages and facilities as to rates, time, and transportation, without any discrimination of any kind in favor of the road or business of any or either of said companies, or adverse to the road or business of any or either of the others; "and it shall not be lawful for the proprietors of any line of telegraph authorized by this act or the act amended by this act to refuse or fail to convey for all persons requiring the transmission of news and messages of like character."

By section 20 of the act of 1862 it was required to make annual report to the Secretary of the Treasury, giving, among other data, a statement of the amount of stock subscribed and the amount actually paid in.

By section 2 of the act of 1864 the Union Pacific Company was required to cause books to be kept open to receive subscriptions to the

capital stock of said company until the entire capital of $100,000,000 should be subscribed.

By the same section the Union Pacific was required to make assessments of not less than $5 per share, at intervals not exceeding six months, until the par value of all shares subscribed should be fully paid. Money only should be receivable for any such assessments, or as equivalent for any portion of the capital stock thereby authorized. In the same section it was also required not to increase the capital stock of said company beyond the actual cost of said road.

By section 13 of the act of July 2, 1864, the company was required to place at least one of the Government directors on each of the standing committees of said company, and at least one on every special committee that might be appointed.

By section 16 of the same act the company was authorized to unite and consolidate with other Pacific roads upon such terms and conditions and in such manner as they might agree upon and as should not be incompatible with this act or the laws of the State or States in which the road of such companies might be.

By section 4 of the act of March 3, 1873, the Union Pacific Company was prohibited from making any dividends except from the actual net earnings thereof; to issue no new stock or make mortgages or pledges on the property or future earnings of the company without leave of Congress, except for the purpose of funding and securing the debt then existing, or the renewals thereof; nor to permit any director or officer of said road to be interested, directly or indirectly, in any contract therewith, except for his lawful compensation as such officer.

By section 1 of the act of May 7, 1878, commonly known as "the Thurman act," the Union Pacific and Central Pacific companies were required each to compute its net earnings by deducting, from the gross amount of its earnings, the necessary expenses actually paid within the year in operating the same and keeping the same in a state of repair, and also the sum paid by it within the year in discharge of interest on its first mortgage bonds, whose lien has priority over the lien of the United States, and excluding from consideration all sums owing or paid for interest upon any other portion of its indebtedness.

By section 6 of the same act it was provided that no dividends should be voted, made, or paid, at any time, by the Union Pacific or Central Pacific Company when the said company shall be in default in respect to the payment either of the sums required as aforesaid to be paid into said sinking fund, or in respect to the payment of the said 5 per cent. of the net earnings, or in respect of interest upon any debt, the lien of which or of the debt on which it may accrue is paramount to that of the United States.

By section 9 of the same act the Government debt, whether payable presently or not, was made a lien, so far as the Union Pacific and Central Pacific Companies were concerned, upon all the property, estate, rights and franchises of every description granted or conveyed by the United States, and also upon the estate and property, real, personal, and mixed, assets and income from whatever source derived, subject to any lawful prior and paramount mortgage, lien, or claim thereon.

By section 11 of the same act, the Union and Central Pacific Companies were each obligated to perform the requirements of that act, and in the event of failure to do so within six months next after such performance might be due, such failure to operate as a forfeiture of all the rights, privileges, grants, and franchises derived or obtained by it from the United States.

By section 1 of the act to regulate commerce, approved February 4, 1887, every company engaging in interstate traffic was prohibited from making unjust and unreasonable charges.

By section 3 of the same act, discrimination between connecting lines was prohibited.

By section 4 of the same act, a less charge for a long haul than for an included short haul was prohibited, except when authorized by the Interstate Commerce Commission.

By section 5 of the same act freight pools were prohibited.

In addition to these specific obligations, the companies assumed all the functions and responsibilities of common carriers. They were also empowered to do certain things covered by their charters, and they had no right to exercise any power that was not expressly granted. They were likewise the depositories of a solemn trust, and in this relation owed to the United States the duty to preserve from waste and mismanagement the property and franchises of the roads which alone were the security for the Government debt.

1. The Union Pacific Railroad Company failed to puts its lines into the condition of a first-class road, as required by the act of July 1, 1862. The report of Government Director Snow, in 1869, showed that 10 miles of road, "not even graded, and without rail on it, and a tunnel not yet completed," had been accepted as a first-class road. Mr. Snow explained that the commissioners appointed to inspect the road had been taken around that part of it, over a temporary track, by night. Subsequently, through the investigations of the Wilson committee of Congress, in 1873, it was discovered that one of the commissioners, C. Windell, appointed to examine the road from the 300th to the 920th mile-post, had received $25,000 from the company for signing the official acceptance.

In 1878, Mr. Charles Francis Adams, while a Government director, reported that the condition of the road at that time was not satisfactory, declaring that it was far short of what, with its original endowments and large earnings, it ought to be, and very far short in almost every respect of that high standard of excellence, both in scope and in detail, to which those familiar with the great trunk lines of the country were accustomed. Passing from 1869 and 1878 to 1887, it is found that the condition of the property at the present time is not that of a first-class road. The running time across the continent averages about 20 miles an hour, or one half the average for through trains on first-class roads. The facilities are defective and the equipment insufficient. No disinterested person who goes over the Union Pacific road from Omaha to Ogden as an ordinary traveler, or over the other aided roads, can fairly say that the lines are maintained or operated as first-class railroads.

2. All the companies were bound to pay the principal and interest of the Government bonds at maturity; but up to 1875, though two of them, the Union Pacific and Central Pacific, were distributing between $3,000,000 and $4,000,000 a year each in dividends, they had made no provision for the payment of the Government debt, and Congress in that year was forced to take upon itself the work of creating a sinking fund for two of them.

3. Each company was required to keep its railroad and telegraph in repair and use, but each of them entered into a contract with the Western Union Telegraph Company by which that corporation obtained a monopoly of their telegraph business and blocked all rivals, as appears by the testimony taken by the Congressional Committee on the Post-Office and Post-Roads. (See House of Representatives Report No. 3501, Forty-ninth Congress, second session.) They did not keep the

telegraph in repair and use, and did not operate messages alike on equal terms for all persons, as required by section 5, of the act of July 1, 1862. They also handed over their express business to other companies in violation of law.

The Central Pacific Railroad Company leased its railroad to the Southern Pacific Company of Kentucky, thereby transferring its franchise in violation of law to another corporation.

5. The companies were required at all times to transmit dispatches over their telegraph lines, and transport mails, troops, and munitions of war, supplies, and public stores upon said railroads for the Government, whenever required to do so by any Department thereof, and to give the Government preference at rates not to exceed the amounts paid by private parties for the same kind of service.

The report and testimony of the Land Grant Telegraph Lines (submitted by Mr. A. J. Warner, from the Committee on the Post-Office and Post Roads, Forty-ninth Congress, second session, House of Representatives, Report No. 3941), discloses the fact that the Union Pacific and Central Pacific Railroad Companies, by contracts with the Western Union Telegraph Company, placed the entire control of the business between the Atlantic and Pacific States in the hands of that telegraph company, agreeing to account to the Western Union Company exclusively for all telegraph business and the receipts thereof, and giving to the Western Union the exclusive right to the occupancy of and connection with their depots or station houses for commercial or public telegraph purposes as against any other telegraph company. The Union Pacific even stipulated that, in case any other telegraph company should apply for a connection, or attempt to do business over the Union Pacific lines, then the Western Union Telegraph Company could proceed in the courts against such other company in the name of the Union Pacific Railroad Company. Justice Miller, in confirming the opinion of Judge McCrary, in the case of the Western Union Telegraph Company *v.* The Union Pacific Railway Company *et al.*, said:

"In the face of the acts of Congress of 1862 and 1864, the obligation of building a telegraph line along its right of way, and of operating that line or having it operated under the control of the railroad company, was an obligation which the railroad company could not abandon."

When the Union Pacific was under the control of Mr. Jay Gould and was being used by him as a factor in his contest against the Western Union, and in favor of his American Union Telegraph Company, an opinion was given by the counsel of the Union Pacific Company, Sidney Bartlett and John F. Dillon, in these words:

"The foregoing and numerous other provisions (referring to the statutes) show that Congress placed the telegraph line in respect to its construction, maintenance, and use by the Pacific companies upon precisely the same footing as the line of railroads. Both were integral parts of the grant and in view. In respect of both, the duties of the companies are, or at pleasure is, personal; that no authority is given to devolve them on others."

On well-known principles of law, such franchises are inalienable without express legislative authority. Not only is there an absence of such authority, but its existence is plainly negatived by the nature of the rights reserved to the Government, and the special duties toward the Government and the public enjoined on the companies, which they alone can perform. Thus the companies are required to transmit messages for the Government, and the earnings of the telegraph lines from this source are to be applied in payment of the Government bonds.

So the several Pacific companies are required to operate and use their respective roads and telegraph as one continuous line, without discrimination in favor of or against any of the connecting, and it is made unlawful for them, if they are the proprietors of a telegraph line, to charge or ask or receive more or less compensation for all services

It seems, therefore, that no valid reason is [illegible] why the Union Pacific Railroad Company should not be required to perform its duty to maintain, operate, and manage their connecting lines of telegraph. They can do this in respect of their lines of telegraph [illegible] they can in respect of their lines of railway. Any lease or contract to that effect is, in the language of the law, ultra vires.

Nevertheless, the Union Pacific Railroad Company and the Central Pacific Railroad Company have abandoned the performance of their obligation to operate the telegraph lines. The Union Pacific has discriminated in favor of the business of one telegraph company, the Western Union, and against the business of another telegraph company, the Baltimore and Ohio, so that (p. 4 of Rep. No. 3501, 49th Cong., 2d sess., House of Representatives)—

> Those living or doing business within the reach of the Western Union Telegraph lines can have given rates extended to them to points on the Pacific roads or on the Pacific Coast, while those in reach only of another line of telegraph must pay the same rate from Omaha, or any other terminus of a land-grant telegraph line, that another pays from New York, and must pay for the message from Omaha in addition. By this [illegible] they enjoy the same rates and privileges that are extended to those using the Western Union Telegraph lines to reach the lines to the Pacific Coast.

The Congressional committee found that the telegraph lines of the aided roads are not maintained and operated as the railroads are, nor as was contemplated in the acts making the grants, but, on the other hand, that some or all of said companies or their successors have, in violation of the true intent and meaning of said act, transferred to the Western Union Telegraph Company the use and operation in whole or in part of the telegraph lines particularly belonging to them and the exercise of their telegraph franchise, thereby impairing the lien of the United States on the properties of the said companies, as well as preventing the public use of said telegraph lines.

For a number of years the Baltimore and Ohio Telegraph Company sought to reach the Pacific coast over the telegraph lines of the Union Pacific Railroad Company, and thereby increase its usefulness and earning capacity and its ability to compete with the Western Union.

By declining to permit the use of its lines by other companies the Union Pacific placed the telegraph business of the section extending from the Missouri River to the Pacific Ocean under the exclusive control of the Western Union Telegraph Company.

Hon. John A. Anderson, member of Congress from Kansas, in addressing the Congressional committee, said:

> In other words, the Western Union Telegraph Company, so far as that whole area is concerned, now having a population of 8,000,000 of people, has practically a monopoly; and to such an extent is that monopoly carried that, in addition to claiming the recognized rights of a common carrier, dealing with the transmission of whatever business is offered to it, it is showing a tendency to monopolize the news itself, to engage in the business of the collection and sale of news; and if the committee see fit to inquire into the matter, it will find that election news, such important matters as the transmission of the President's message, and other equally important items of news are sought to be taken exclusive possession of by the Western Union Telegraph Company, and that in some instances papers are coerced, under threat, to use the wires exclusively.

When the Baltimore and Ohio Telegraph Company applied to Mr. Charles Francis Adams, as president of the Union Pacific Railway Company, to enter into an arrangement in August, 1884, it was practically referred to the Western Union Telegraph Company. The correspondence which occurred between Mr. Adams and Mr. D. H. Bates, president and general manager of the Baltimore and Ohio Telegraph Company, covering a period from August, 1884, to February 10, 1885 (see pages 251 to 257 of Report No. 3501, House of Representatives, Forty-

sixth Congress, second session), clearly shows the tactics that were resorted to in evading the plain requirements of the law.

4. The companies also failed to transport for the Government at fair and reasonable rates, not to exceed the amounts paid by private parties for like service. On page 100 of the Annual Report of the Union Pacific Railway Company, for the year 1888, there appears a statement, entitled, "Average rates per passenger per mile, by sources, for the years 1886, 1885, 1884, 1883, 1882, and 1881." The rates there charged to the Government show a great excess over the charges either for way or through traffic, either taken on the average of the whole system or divided according to conductors, local, home coupons, foreign coupons, and Government.

Union Pacific—Average rates per passenger per mile for six years.

	1886.	1885.	1884.	1883.	1882.	1881.
Conductors	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
Local	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
Home coupons	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
Foreign coupons	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
Government	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
Way traffic	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
Through	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
Total way	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
Total average	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000

In the investigations made by the Commission of the rates and rebates of the land-aided companies, it was disclosed that the charges to the Government for transportation were uniformly based on the full open tariff rate, while rebates, in large numbers and for large amounts, were made to private shippers.

5. The companies were obligated to apply annually a percentage of their net earnings toward the reimbursement of the Government for bond and interest account; but their payments were not made annually and did not reach the Treasury until many years after they were due, because of questions which the companies raised in courts.

6. They were required to afford and secure to each of the other aided lines in the Pacific system equal advantages and facilities as to rates, time, and transportation, without any discrimination of any kind, so that they might be operated as one connected continuous line; but the Union Pacific bankrupted the Kansas Pacific road by refusing to obey this direction of Congress. (Vol. 1, p. 438.) The conduct of that company in this respect became so offensive, that in 1874 Congress passed an act imposing criminal penalties for violation of that obligation.

The Union Pacific also refused to interchange traffic with another connecting line, the Sioux City and Pacific, and it built the Oregon Short Line from its main line at Granger to its connection with the Pacific coast, the effect of which was to divert traffic from the Central Pacific line. It also discriminated among the four lines that connected with it at Omaha, and by executing the tripartite agreement it drove the Chicago, Burlington and Quincy and the Chicago and Northwestern companies into positions of aggressive antagonism and of fierce competition. The Sioux City leased and operated a line in competition with the Union Pacific.

The Central Pacific is managed by three men who have greater interests in the Southern Pacific, and who divert traffic or permit and assist to its diversion from the Central Pacific.

8. The Union Pacific was required to cause books to be kept open to receive subscriptions until the entire capital stock should be subscribed. On September 21, 1867, James Fisk, jr., partner of Jay Gould, tendered a subscription for 20,000 shares of stock, and money to the amount of $95 per share, which he alleged was the amount that other shareholders had paid. He asked that the Credit Mobilier be made to account for the profits of constructing the Union Pacific. The company refused to receive the money. Fisk then applied to Judge Barnard for an order to compel the company to produce its books, but the company hastily transferred the books to Boston.

9. The Union Pacific and the other companies were required to make assessments of not less than $5 per share at intervals of not exceeding six months, until the par value of all shares subscribed was fully paid, and they were allowed to receive money only for assessments, or as equivalent for any portion of the capital stock. As a further precaution to insure the payments of money for stock, Congress required sworn annual reports of the stock subscribed and stock actually paid in. The sworn reports were made as required by law, but the reports of Oliver Ames, dated June 28, 1867, October 26, 1868, and September 30, 1869, as well as the report of T. C. Durant, dated June 27, 1868, were misstatements under oath of the facts. Equally false were the affidavits furnished by the Central Pacific and Kansas Pacific.

To evade the requirements of the act, the Union Pacific Company would draw a check in favor of the Credit Mobilier or of the seven trustees of the Ames & Davis contracts, and these persons would deposit the same check on the same day as their cash payment on the stock, though the Union Pacific did not have the funds in bank to draw against. The assessments were not made and the par value of the stock was not fully paid, and money was not received for the shares. These findings were made by the Wilson committee and have been accepted by the Commission.

10. By section 13 of the act of July 2, 1864, the Union Pacific was required to place a Government director on each standing and special committee that might be appointed. But, in 1880, it admitted the Government directors, under protest, and neglected to send notice to them of the meeting held on March 9, 1880. When transportation was asked for the Government directors, in the latter part of August, 1880, the jurisdiction of the Government directors was denied, and official transportation was refused over any part of the consolidated road, excepting the line from Omaha to Ogden.

In 1882, after waiting three months for some notice of directors' meetings, L. H. Bromley, then a Government director (now assistant to President Adams), called on Sidney Dillon to ascertain what functions attached to the office of Government director, and, if any, what was their nature. The report of the Government directors for that year, in narrating the facts relative to this call (see Ex. Doc. No. 68, Forty-ninth Congress, first session, Senate, p. 183), says:

> He was treated with great courtesy by the chief executive officer of the company who, however, informed him, somewhat to his surprise, that practically there were no functions; that the office was a "myth"; that the road and equipment belonged to the stockholders; that provision for the payment of the company's debt to the Government had been made by the "Thurman bill," and that, as a matter of fact, the Government had no further concern with the direction of the road or its management. It had been the practice in former years, he said, for the Government directors to make a trip over the road and to make a report of its condition; but all the facts and figures contained in the report were published from the reports of the company's own officers and the company's books. However, there was never less necessity than now for such a report, since the ground it would occupy was already covered by the

report of the Commissioners of Railroads, to which reference has already been made. It was evidently his opinion that the Government directors had neither the power, nor the duty, nor the right, during a preliminary trip over the road, ostensibly for the purpose of inspection, there was nothing for them to do. Facilities for making such a trip, he said, would be afforded as they did to any other directors of the company. As to the duties of managers, he did not know what the duties would be held, but presumed that the Government directors would perform whatever duties from the necessary character of the office.

This succinct definition of the functions of the office from the point of view of the company's chief executive officer did not fulfill any large promise of confidence in our official position either to the Government or the company. While there was no lack of courtesy or even cordiality towards the representatives of the Government during the interview, it was quite manifest that the company's officers had no disposition to magnify the office of Government director, nor any intention of imparting to us any more information concerning the condition of the road and the conduct of its affairs than was already accessible through other sources to the Government and the public.

A request for warrant to the secretary of the company, at Boston, for books of all laws relating to the company, and particularly for the legislation by which the office of Government director had been relegated to the domain of mythology, received prompt and courteous response, but nothing was found in any of the laws upon the subject or in the law creating the office of commissioner of railroads, that seemed to warrant the assumption that the duties and responsibilities of the Government directors had been in any way curtailed or modified. It became a question, then, with the two Government directors, who were in communication with each other, Messrs. Hayes and Bromley, whether they would press for recognition or assign a position involving duties and responsibilities which they were not permitted to discharge. Upon the assurance of President Dillon that a directors' meeting would be called at an early day, they decided to take no immediate action.

It was not until the 2d of November, 1880, nearly six months from the date of our appointment, that a call was issued for a directors' meeting, to be held in New York on November 18.

* * * * * * *

Prior to this meeting public announcement had been made of a forthcoming collateral trust loan, to be issued by the company, to be secured by deposit of bonds of some of the branch roads already built and under the management of the company. The report of the previous meeting, as read, contained no reference to this loan, nor was it made the subject of discussion. It was learned that the executive committee, which had managed the transaction to the end it had proposed, had been, by previous action of the board, endowed with such absolute authority that no ratification or approval of their acts by the board was deemed necessary.

* * * * * * *

While we acquit the stockholders, board and the officers of the road of any design of concealing or withholding anything from us for their own purposes concerning the management or condition of the road, we feel constrained to say that, in our opinion, the limitations which they undertook to put upon us in the exercise of our official duties were not only unwarranted by law, but calculated to impair public confidence in the administration of the company's affairs.

* * * * * * *

The obvious purpose of the law creating the office of Government director was to secure in the actual and active direction of the company representatives of the large interest held by the Government in the road. It was intended that the Government's representatives should not merely be a medium of communication through whom what had been done might be learned, but that they should have a voice in the direction, having intimate knowledge of its affairs, and keeping themselves thoroughly informed concerning all its transactions and the policy of its administration. The appointment of the Commissioners of Railroads obviates the necessity for much of the detail concerning the condition of the road and equipment, and for the extended statistics formerly contained in the Government director's report, but in no other respect that we can see does it limit their functions or relieve the company's officers of the duty of consulting them upon all matters concerning the management.

We feel it our duty, therefore, to direct the attention of the Department to the following facts:

(1) That although some of us received our appointments in June, 1880, and although the by-laws provide that stated meetings of the board shall be held quarterly, we received no notice of any meeting until November, and then of a special meeting, and that no quarterly meetings have been held, to our knowledge, since our appointment.

(2) That all the proceedings relating to the important transaction of issuing a collateral trust loan were had without our knowledge, or any intimation of it.

(3) That the equally important transaction of withdrawing the loan was decided upon without our knowledge or any notice to us.

(4) That a dividend was declared in December, and notice of the same published without the knowledge of or any notification to the Government director, who is a member of the executive committee, or any other one of our number.

(5) That we have not been consulted concerning the inception or progress of any matter falling within the province of the directors, and have only learned after the event, from current rumor, or by persistent inquiry, of any action of the directors or their executive committee.

And we submit that herein are specific instances of neglect, if not violation of law, which deserve notice, as liable, if persisted in, to work mischief to the interests of both the company and the Government. We repeat that there is, in our judgment, no evidence of willful violation, but only of neglect to comply with the requirements of law under a possible misapprehension of the official functions of the Government directors.

The Union Pacific Railway Company omitted to inform the Government directors, in 1883, relative to the tripartite agreement; and, at a meeting of the Government directors of the Union Pacific Railway Company, held at the company's office in New York, December 12 (see Senate Ex. Doc. No. 69, Forty-ninth Congress, first session, p. 201), it was—

Voted, That we protest against the ratification of the proposed contract with the Rock Island and Saint Paul roads until it has been submitted to, and approved by, the board of directors of the Union Pacific Railway Company.

11. The Union Pacific Railroad Company was authorized to unite and consolidate with certain other companies, in such manner and on such terms as might not be incompatible with the acts of Congress.

On June 24, 1880, the Union Pacific Railroad Company consolidated with the Kansas Pacific and Denver Pacific Companies on terms which were not compatible with the act of 1864, requiring that capital stock be issued to an amount not exceeding the actual cost of the road. In the Kansas Pacific there was no money actually paid in for the stock, though there were sworn reports to the Interior Department, made by John D. Perry, Adolph Meier, and Robert E. Carr, that stock was actually paid for. The entire cost of construction of the Denver Pacific Railway and Telegraph Company was $2,500,000, the amount of the bonds issued. Yet stock to the amount of $4,000,000 of the Denver Pacific was turned into the consolidated company. The consolidation which did occur was a transaction by which Jay Gould, Russell Sage, Sidney Dillon, Frederick L. Ames, and other directors voted on both sides of the question, practically loading upon the Union Pacific over $20,000,000 of worthless securities for their own advantage and profit. It was a fraud upon the Government as a creditor of the Union Pacific. The aim of that consolidation was to stop competition and to increase the charges to the public for transportation. In that respect the consolidation brought a temporary gain to the companies and a loss to the public, as the average rates on the Union division were increased from 1.70 in 1879 to 1.89 in 1880, and on the Kansas division from 2.09 in 1879 to 2.39 in 1880.

12. By the act of March 3, 1873, the Union Pacific was prohibited from the payment of dividends except from the actual net earnings thereof. According to a letter of Mr. Adams (see page 240 of Ex. Doc. No. 69, Senate, Forty-ninth Congress, first session) there were years in which the dividends were not earned during the year for which they were paid; the dividend declared April 1, 1884, exceeding the surplus earnings for the period for which it was issued by over $700,000.

13. By the same act the Union Pacific Company was prohibited from issuing stock or mortgages or pledges made on the property or future

earnings of the company without leave of Congress except for renewing or securing existing debts or renewals thereof. But in 1880 the company increased its stock from $36,762,000 to $50,762,000 by the consolidation of the Union Pacific, Kansas Pacific, and Denver Pacific Companies into the Union Pacific Railway Company, in a manner and on terms that were incompatible with the act of 1864. In the latter part of the same year the stock of the consolidated company was increased from $50,762,000 to $60,263,500 without leave of Congress, and in violation of law.

In 1879, without the leave of Congress, the collateral trust bonds were issued for $4,852,000, certain securities being pledged as collateral for the payment of the debt.

In 1883 the trust 5 per cent bonds, for over $4,500,000, were issued without leave of Congress.

In 1883 and 1884, without leave of Congress, the Union Pacific guaranteed the faithful performance by the Oregon Short Line of its contract and lease of the Oregon Railway and Navigation Company, and guaranteed the payment of interest on the bonds of the Oregon Short Line to the amount of over $14,000,000, at a large annual loss, which was borne by the Union Pacific.

The Union Pacific guaranteed, without leave of Congress, the interest on the bonds of the St. Joseph and Grand Island Railroad, amounting to $6,961,012.22.

At various times since the passage of the act of 1873 the Union Pacific has obligated itself to advance moneys toward the building of other railroads and has expended over $33,000,000 in such construction. It has lent its credit to various corporations for the purpose of evading the requirements of the act of 1873, which prohibited any pledge of its property or future earnings. It has created new corporations, in which it was the only stockholder, and through these new corporations it has done, by indirection, what it was prohibited by act of Congress from doing—paying out about $1,500,000 a year to make up deficiencies in the fixed charges of some of these auxiliary corporations.

14. By the same act the directors or officers of the company were prohibited from being interested in any contract therewith.

The Union Pacific, for itself and with the Kansas Pacific, made a contract with the Denver, South Park and Pacific by which Jay Gould, as an individual, became interested in the construction contract of that line. Subsequently he, while a director, unloaded the whole property on the Union Pacific, profiting largely, and at the expense of the Union Pacific, through his interest in that construction contract.

Frederick L. Ames and Sidney Dillon, directors, were interested as stockholders in the Omaha and Grant Smelting and Refining Works of Omaha to the extent of $88,000 each of capital stock paid in, and they benefited largely through excessive rebates and discriminating practices in favor of that corporation, by which, from 1883 to 1887, it obtained from the Union Pacific rebates amounting to $670,000.

Jay Gould, Frederick L. Ames, Sidney Dillon, Russell Sage, Elisha Atkins, F. Gordon Dexter, and E. H. Baker, directors, through their participation in the consolidation of the Union Pacific, Kansas Pacific, and Denver Pacific Companies into the Union Pacific Railway Company, were interested in a contract with the Union Pacific.

Messrs. Jay Gould, Sidney Dillon, Russell Sage, and Fred L. Ames, while directors, were also interested in a telegraph company which contracted with the Union Pacific.

Jay Gould, who was the controlling spirit of the American Union Telegraph Company, used the Union Pacific while he was a director to force the Western Union Telegraph Company off the lines of the Union Pacific, and subsequently effected a consolidation of the two telegraph companies; and while he was still interested in the Western Union, a contract between that company and the Union Pacific was effected by which the Western Union was given exclusive rights to the telegraph line of the Union Pacific.

Jay Gould and Russell Sage were also interested in the Missouri Pacific Railroad Company and in the Texas Pacific line, which formed links in a competing transcontinental line. So also was G. M. Dodge.

Jay Gould was also interested in the Pacific Mail Steamship Company, which by its peculiar method of management extorted $4,000,000 from the aided lines in a period of eleven years.

On January 24, 1880, Mr. Jay Gould's resignation as director of the Union Pacific was presented, bearing date January 10, 1880, and on the 24th the company ratified various contracts made with Mr. Gould on January 14, by which Mr. Gould sold to the Union Pacific Company or to the Kansas Pacific Company shares of the Central Branch Union Pacific, St. Joseph and Pacific bonds, Kansas and Nebraska bonds, Kansas Central bonds, St. Joseph and Pacific stock, and St. Joseph Bridge Building Company bonds.

Mr. Jay Gould, as a contractor, also built the Hastings and Grand Island road, and turned it over to the Union Pacific Company, while he was a director in that company.

Mr. Gould while a director was also interested in one-half of the profits on the construction of the branch lines of the Central Branch Union Pacific, the stock of which was owned by the Union Pacific Company.

Mr. S. H. H. Clark, while general manager of the Union Pacific Company, built the Belt Line around Omaha, and afterwards transferred it to the Missouri Pacific upon the allegation that it did not belong to the Union Pacific, but to him, although he had used the funds of the Union Pacific in its construction.

In the construction of a branch of the Oregon Short Line to Ketchum a contract was made with Mr. J. M. Eddy by which, for $1,000, he became the nominal contractor for that work, but on the same day that that contract was executed, whereby he was to receive $40,000 per mile in bonds and stocks, he executed to Mr. Charles Francis Adams, as trustee, his interest in the contract upon the stipulation that the Union Pacific Railway Company would pay the actual cost of construction. The effect of this action was to inflate the capitalization of the line to an amount exceeding the actual cost of construction. The cost of the branch, according to the figures of the Union Pacific Railway Company Construction Department, was $15,391 per mile. It was bonded at the rate of $20,000 per mile and stocked on the same basis, and the Union Pacific Railway Company guaranteed the payment of interest, which practically amounted to nearly 7½ per cent. on the actual cost of construction.

Messrs. Sidney Dillon, P. Gordon Dexter, and Elisha Atkins participated in meetings of directors when releases of themselves as beneficiaries of the construction contracts of the Union Pacific Railroad Company were passed upon by the board of directors of that company.

Mr. John Sharp, of Salt Lake City, a director, is interested in a salt company that supplies salt, under contract, to the Union Pacific Railway Company, and in the Tintic iron deposits which are shipped largely over the Utah Southern Railroad.

In addition to these instances, a statement could only be made to the Wyoming Coal Company, the Pullman Palace Car Company, and the Credit Mobilier contracts, which are covered by the testimony taken by the Wilson committee in 1873.

16. By section 1 of the Thurman act, the Union Pacific and Central Pacific Companies were required each to make annually a net earnings by deducting from the gross amount of its earnings the necessary expenses actually paid within the year in operating and keeping the road in a state of repair and also by deducting interest on the first-mortgage bonds. Instead of complying with this obligation, the Union Pacific Company has deducted over $10,000,000 and the Central Pacific over $6,000,000 since 1875 on account of book subsidies, rebates, and refunds, and both companies have wrongfully misstated their gross earnings in their reports to the Government.

It was claimed by the companies that these payments were made to maintain rates and to buy trade. But their concealment and the deduction of these large sums from the gross earnings of the companies as reported put the burden of proof upon them in each and every case. Included in these secret and improper deductions were payments of over $4,000,000 to the Pacific Mail Steamship Company by the two companies; $200,000 to northern lines for keeping out of certain territory; $570,000 to the Omaha and Grant Smelting and Refining Company since 1883; $237,000 charged by Mr. Charles Francis Adams, in 1884, "for accumulated loss on Salt Lake City and Colorado coal sales"; rebates to the Utah Forwarding Company and to the Northwestern Forwarding Company, at the rate of $5 per ton, for salt that could be bought for $1.75 per ton; rebates of $22,000 to the Maxwell Consolidated Coal Mining Company on coal that could only be carried over the Union Pacific line; commissions to Lyman S. Wilkes, of Salt Lake City, for handling coal and salt; rebates to Adams & Kelso, because they had promised to expend $100,000 on the building of a bathing resort at Syracuse, on Salt Lake; $25,000 a year to the Union Elevator Company at Council Bluffs as a vermin allowance, and large sums to the firm of Himebaugh & Merriam, of Omaha, for the same purpose.

Under the name of rebates large sums were paid annually to Mr. Lovelland for services to the road in 1879. Payments under the guise of rebates were made to A. W. Bristol for the purpose, as explained by Mr. Kimball, of encouraging the mining interest at Silver. And the Union Pacific Company, in its controversy, called on the Government to pay one-fourth of these rebates by the deduction of that amount from the sum which the Government would otherwise have received.

The rebate book was used as the hiding place for the iniquities in the system. Payments that were not made to buy trade or to buy votes were put in there. It was one of the "multi-rubber" accounts of the company. Opportunities for the most unbridled fraud and corruption were lovingly spread before the officers of the operating department; and by the secrecy of these accounts the company gave to favored shippers great advantages which it refused to give to others. Ex-Senator Hill, of Denver, said that his smelting works would have gone into the smelting business at the Omaha and Grant Smelting and Refining Company, if he could have had any assurance that he could get the same rates.

The officers of the Union Pacific Railway Company were furious over this to refuse which they boldly denied that rebates were being granted to favored shippers; and when appeals were made to President Adams, he declined to interfere and turned the complainants over to Mr. Kimball, the general traffic manager.

In addition to the deductions made on account of pools, subsidies, and rebates, the Union Pacific and Central Pacific Companies also resorted to a scheme of constructive mileage. Under the system adopted the companies did not distribute their earnings on a shipment on the pro rata or straight mileage basis, but each allowed its standard or branch lines an additional or assumed mileage, so that on a shipment from Omaha to Lincoln, Neb., for instance, in which, on a straight mileage, the Union Pacific should get a mileage allowance for 34 miles out of 116 miles, and the Omaha and Republican Valley should receive its proper share for 82 miles out of a total mileage of 116 miles, the Omaha and Republican Valley Railroad would, under the constructive mileage system, be allowed 1½ miles for every actual mile. The Union Pacific would then get an allowance of 34 miles out of a total of 155 miles, instead of out of 116 miles; so that if $20 were paid for transporting a car from Omaha to Lincoln the Union Pacific's share would, under the constructive mileage system, be diminished from $6.86 on the straight mileage basis to $4.33 on the constructive mileage basis for transportation of the car for 34 miles, and the share of the Omaha and Republican Valley line would be increased correspondingly.

The estimates for one year placed the total transfer from the Union Pacific to its auxiliary companies at $442,000, and for six years it is estimated at $2,240,000; but as the Union Pacific owned the stock of the branch lines, it did not lose 1 cent by adding the sum of $442,000 to the earnings of the branch lines and deducting that sum from the earnings of the main line.

There were practical gains, however, in two respects. This inflation of the earnings of the branch lines gave an appearance of prosperity to them and enabled the Union Pacific Company to float the bonds of the branch lines at higher figures than would have been otherwise obtainable. It is resorted to by other railroad companies throughout the country, and for the same purpose; and it is usual among other railroad companies. But on no other railroads are the relations of branch lines to the main line so peculiar as are those that prevail between the companies under investigation and the Government. The scheme was a trick of the financier. When the Union Pacific Company adopted the system of constructive mileage its credit was good, and by making these allowances to the branch lines their apparent earnings would be increased and their credit would be raised, so that the bonds that were expended in their construction could be floated upon the public and the Union Pacific Company could obtain more ready money for its schemes of extension.

The two companies gained in another respect by adopting constructive mileage. They were required to pay 25 per cent. of their net earnings to the Government. If either company diminished the apparent gross earnings of the main line to the extent of $442,000 per annum by transferring that sum to the gross earnings of the branch lines, it saved over $110,000 in its immediate payments to the Government. It is probable that the payments by the Union Pacific Company to the Government since 1881 have been diminished through the constructive mileage device to the extent of $500,000. This figure is an estimate, as the accounting involved in an accurate determination of the amount of constructive mileage allowances granted by the Union Pacific Company to its branch lines could be prepared only by the examination of each way-bill issued during six years, and this work would consume years in time and a vast sum of money.

The gross earnings, as reported, also failed to show the earnings of the Omaha Bridge and of the Pullman Palace Car Company. The earnings from the telegraph and express business were also diverted by the Western Union Telegraph Company, by the Pacific Express Company, and Wells, Fargo & Co., which should be made to account to the Government for all earnings in excess of "the necessary expenses of operating and keeping the roads in a state of repair."

It is, therefore, found that the gross earnings of the two companies, as reported and settled for with the Government, were wrong in so far as they overcharged the Government for Government service, so far as the earnings were reduced by the omission of the actual earnings of any parts of the railroad, and by the omission of the earnings for telegraph and express service; by the allowance of $42,000 a year in constructive mileage to branch lines, and by the deductions for rebates, pool balances, and subsidies, amounting to about $4,000,000 a year—or at least for so much thereof as was paid out for favoritism to particular firms or companies and for other purposes which were entirely foreign to rebates and pools and which did not partake of a trust relation.

The Thurman act, section 1, provided that from the gross amount of the earnings there should be deducted the necessary expenses actually paid within the year in operating the road and keeping the same in a state of repair; also interest on the first-mortgage bonds. The pool expenses, rebate allowances, and other items that the companies deducted were not included in the legal enumeration and should not have been covertly subtracted from the amount of gross earnings. It never was the contemplation of Congress to deduct those sums.

In the necessary expenses actually paid within the year "in operating the road and keeping it in a state of repair" each of the companies has included large sums which were expended for improper purposes, for influencing legislation, for carrying elections, or for purposes for which insufficient vouchers have been rendered.

Inquiry develops the fact that the Commissioner of Railroads has not examined the vouchers comprised within these necessary expenses, because of insufficient force; and the companies have therefore improperly obtained large credits in their accounts with the Government.

16. By section 6 of the Thurman act, no dividend can lawfully be made, voted, or paid by the Union Pacific or Central Pacific Company "when the said company shall be in default in respect to payment either of the sums required as aforesaid to be paid in the said sinking fund, or in respect of the payment of the said 5 per cent. of the net earnings, or in respect of interest on any debt the lien of which, or of the debt on which it may accrue, is paramount to that of the United States." These companies did declare dividends while in such default.

17. Section 11 of the Thurman act requires the two companies to perform all the requirements of that act within six months after such performance may be due. They did not pay the amounts due by them within six months after such payment was due.

18. The Union Pacific Railway Company has failed to fulfill the obligations imposed upon it by the interstate commerce law, approved February 4, 1887. It has discriminated between connecting lines; it has executed a traffic arrangement with the Chicago, Milwaukee and St. Paul Railroad Company as against its other eastern connections; it charges more for the short haul than for the longer haul; it participates in agreements to maintain rates which are unreasonable, and also violates that part of section 1 of the act referred to which requires that all charges for transportation and service shall be reasonable and just.

The testimony taken by the Commission in Kansas, Colorado, and California, when representatives of the company were in attendance, amended in instances of such omissions, concerning which no explanation of any kind has been made.

13. In addition to the specific objections heretofore enumerated, the Union Pacific Railway Company has transgressed in another respect. It had no right to do anything except what was expressly allowed by the act of July 1, 1862, and the acts supplementary thereto. In building branch roads it has exceeded the limits of power expressly granted to it by the act of incorporation. In mining coal for sale to the public; in quarrying stone for the same purpose; in running eighteen hotels; in establishing soda works; in building elevators and lines to private individuals; in acquiring control of water power at the Blue Springs, Neb.; in purchasing interests in newspapers; in buying and selling land; in engaging in the sale of town lots; and investing in the Pacific Express Company, the Occidental and Oriental Steamship Company, coal companies' stocks, and street railway stocks, it has exceeded the limitations upon its powers as prescribed by Congress.

The Union Pacific Railway Company has a proprietary interest at the present time in forty-one corporations, of which Mr. Charles Francis Adams says he is, or ought to be, president. The company owns stocks and bonds in thirty-six railroad companies, none of which are essential to the operation of a railroad from the Missouri River to a connection with the Central Pacific near Ogden, which was its original purpose.

It owns bonds of the Council Bluffs Street Railway Company and the National Mining Industrial Association of Colorado.

It also owns stocks in the following corporations:

The Bakerville and Leadville Toll Road Company.
The Bozeman Coal Company.
The Kansas and Eastern Railroad Construction Company.
The Kansas Carbon Company.
The National Land Company.
The Nevada Improvement Company.
The Occidental and Oriental Steamship Company.
The Pacific Express Company.
The Saint Louis and Mississippi Valley Transportation Company.
The Union Coal Company.
The Union Elevator Company at Council Bluffs; and
The Union Elevator Company at Omaha.

In addition to the above stocks and bonds, the Union Pacific Company owns coal and other lands valued at $197,000.00; the Laramie Soda Works and soda deposits, $61,062.95.

Through its control of these adjunct corporations, it also controls other railroads and other corporations which are engaged in other business than that of transportation.

BRANCH LINES.

Considerable attention has been devoted by the Commission to the policy which was adopted and the methods pursued by the company in building branch lines. At the close of the year 1880 it appears that these branch lines, measuring 2,762 miles, had funded and unfunded debts amounting to $48,537,254.70, on which the interest charge would be $3,057,868.63 per annum.

The company complained that the original charter of the Union Pacific was remarkably narrow and that the corporation was embarrassed by its inability to build these lines; but, by investing in the securities of other corporations it did, indirectly, what it did not have the power to do directly. Mr. Adams says he planned to occupy the whole country west of the Missouri River, constructing his lines as fast as, or a little faster than, the population grew to sustain them. His idea was to guard against competition and to retain for the Union Pacific the territory which he regarded as naturally tributary to it. Had the company not built these lines, he claimed that it would be almost bankrupt today, and that if the Union Pacific had no branch lines the annual installment paid to the Government on account of the debt would not be half the present figure. The president and solicitor of the company claimed that the showing on the company's books of deficits of $1,354,726 upon fifteen of the branch lines in the system was more apparent than real, as these deficits were mainly fixed charges upon bonds held by the parent company, and not by the public; that the net earnings of the branch-line system in 1888 were $1,472,471.69, while the payments to the public on account of fixed charges were $1,298,300.17, leaving $174,093.52 as the amount of net earnings in excess of fixed charges to the public.

But the value of the branch lines, the managers contended, did not lie in the direct showing of their profits or losses which might appear on their books. They might show heavy losses in themselves, and yet, by supplying traffic to the main line which otherwise it would not obtain, they might yield a handsome return on the investment. The comptroller of the company also produced figures to show that the branch lines were worth nearly $5,000,000 per annum to the parent company, and yielded it a return of nearly 11 per cent. on its investment. In support of that claim the following tabulation was presented by them:

MEMORANDUM IN RELATION TO THE UNION PACIFIC COMPANY'S INVESTMENTS.

Investments, stocks, bonds, etc., December 31, 1888, cost	$45,198,358.67
Income from investments, 1888, company	1,443,974.95
Income from investments, 1888, trustee Kansas Pacific consolidated mortgage	72,300.00
Total, equal to 3.68 per cent. on the cost of our investments	1,516,274.95
To this should be added the net earnings derived by the Union Pacific Railway Company from traffic earned over, or received from, its branch lines. The gross earnings on this traffic during the year 1888 amounted to $5,478,254.91. It is estimated that the expenses incident to this transportation is about 40 per cent.; leaving 60 per cent. net, or, say	3,287,072.95
This would make the total net income derived by the Union Pacific from its investments	4,803,347.90
Or, on the amount of its investments, 10.63 per cent.	

From this compilation it appears to be Mr. Adams's view that the only way out for the company is to go ahead; so he asks authority to build more branch lines. His proposes to build 2,000 miles additional; he proposes to build from Fort Steele, south, to Aspen and to a connection with the Colorado division at Dillon, bringing the ores of Colorado and Wyoming Territory with the best coking coals of the West and the anthracite coal of Crested Butte. This extension of 600 miles would cost $6,000,000.

He also proposes to build to Walla Walla, in Washington Territory; to San Francisco through the Benkwith Pass, and to Los Angeles, in Southern California, from the present terminus of the Utah Southern Railroad at Frisco. He proposes to occupy the vacant valleys in Kansas and Nebraska that are being "appropriated" by rival companies, and to develop west of Sherman, which is the summit of the Rocky Mountains. He desires to be allowed to take the $7,000,000 of the company's money which is now in the sinking fund of the United States Treasury, under the operation of the Thurman act, accumulating at the rate of 2 per cent. per annum, and invest it in branch lines, claiming that it would be worth $20,000,000 inside of ten years. This estimate does not quite accord with his promise made in 1884, that he would make the company's investments in branch lines earn 50 per cent. per annum.

As matter of fact, the branch lines are not bringing $5,000,000 a year to the Union Pacific. They are not as a whole bringing any profit to it, but are drains on the parent company to the extent of over $1,500,000 a year.

If the compilation submitted by the company be examined closely it will be found unreliable, even on the company's own showing. The item designated "income from investments," $1,585,974.05, purporting to represent the income from branch lines, dwindled down, under scrutiny, to $703,665, and then to a lower figure.

But, in presenting to the Commission representations so grossly inaccurate, the company laid itself open to question concerning other figures which it presented. To the Commission it represented that the branch lines had net earnings of $1,472,271.69, while the payments to the public were $1,298,309.17, leaving a profit on the branch lines of $174,080.52.

But the company failed to assess any part of the general expenses of the system to the adjunct companies, and imposed all of that sum on the parent company.

Had the proper distribution of general expenses been made, and had not the item of constructive mileage, amounting to $442,000, and of subsidies paid to northern lines, been charged against the parent company, the deficits of the branch lines would have been $1,906,410.99 in 1886, stated as follows:

Interest	$3,036,578.68
General expenses not charged	186,000.00
Constructive mileage	442,000.00
Subsidy to northern lines by parent company	50,000.00
Net earnings	3,672,578.68
	1,472,271.69
Deficit	2,200,416.99

But, as an offset to this deficit of $2,200,416.99, the company claims a gain of $3,287,072.95 on the presumption that there is a profit of 50 per cent. in the transportation of interchanged traffic—50 per cent. representing cost of transportation.

The company omits to refer to the fact that the average cost of transportation on the Union Pacific Railroad is 57.75 per cent. In its computation to offset the deficit of the branch lines the company claims a profit of $956,741.12 on the traffic interchanged with the Oregon Short Line. In Mr. Adams's testimony (see vol. 1, p. 89), he was asked:

Q. Are the rates which are paid for Oregon Short Line freight, as against to the Union Pacific portion of the line, remunerative rates?—A. I can not tell you. Recently my attention was called to the fact that the business during one month was being done at a remarkably low rate. My attention had not been called to the fact previously, and I have sent out to inquire why it was.

In 1886 (vol. 1, p. 106) it appears that the Pacific coast business, including traffic over the Oregon Short Line passing west of Huntington, amounted to $1,334,249.47, and that the number of tons of freight carried 1 mile (annual report for 1886, p. 107) was 228,061,421, making an average of $\frac{585}{1000}$ of a cent per ton per mile. The total tons carried 1 mile of all classes of traffic was 960,233,577 (annual report for 1886, p. 107) and the average rate (annual report for 1886, p. 109) was 1.54 cents. So that the Pacific coast business was carried at a reduction of nearly 1 cent per ton per mile below the average rate for transportation. The freight receipts constitute 69 per cent. of the gross earnings of the company, and the application of this proportion to operating expenses would make the cost of transporting a ton of freight 1.05 cents per ton per mile.

It will thus be seen that the average rate for transporting Pacific coast business, $\frac{585}{1000}$ of a cent per ton per mile, was nearly half a cent below the average cost of transporting a ton of freight on the railroad, and nearly 1 cent per ton per mile below the average charge for this service. To make a profit of 60 per cent., as the president of the company assumes, the Pacific coast business must have been carried at a cost of less than a quarter of a cent per ton per mile.

It would be fair to assume that the Oregon Short Line traffic, instead of bringing a profit to the main line of $656,741.12, as is contended, really cost the Union Pacific over $600,000. It should also be noted that the business over the Utah and Northern, in competition with the Northern Pacific, and the traffic over the Colorado Central, were largely competitive. These three lines—the Oregon Short Line, the Utah Northern, and the Colorado Central—furnish nearly 60 per cent. of the interchanged traffic.

In the face of these figures it is impossible to sustain the claim that the interchanged traffic yields a profit of 60 per cent. or 40 per cent., but even a profit by the main line of 40 per cent. on interchanged traffic would not overcome the deficiency.

Another important factor in this calculation is the item of fixed charges, of which the interchanged traffic should bear its just proportion. The interchanged traffic amounts to 29 per cent. of the total traffic, and this percentage applied to the total fixed charges of the company would yield the sum of $1,903,000 as an additional charge against this interchanged traffic, which would increase the deficit to $4,109,416.

The president of the company has issued a circular letter inviting the opinions of railroad experts upon the question of branch lines. In stating the case he said that five trains of 24 cars each passed daily from the main line at Granger to the Oregon Short Line. The annual report of the company shows that 57, and not 120, cars daily passed to the Oregon Short Line at that point. (See annual report, p. 140.) The number of cars passing from the Oregon Short Line to the Union Pacific was only 29. Of the 57 cars that passed to the Oregon Short Line, the greater number were coal cars from Rock Springs, which gave a haul of only 40 miles to the Union Pacific, as against 200 miles, or thereabouts, when that coal was sent by way of Ogden.

As will be seen by reference to the same page, three-fourths of that traffic leaves the Oregon Short Line at Pocatello and passes north over the tracks of the Utah and Northern, only 15 cars a day passing west from the western terminus of the Oregon Short Line at Huntington. The Utah and Northern connects with the main line at Ogden, and prior to the completion of the Oregon Short Line the traffic to the mining camps in the Northwest passed over the entire line of the Union

Pacific and was transferred to the Utah and Northern at Ogden. The traffic has been diverted, and the Utah and Northern and Union Pacific lose when an apparent gain is shown for the Oregon Short Line. The president of the company also claims that the interchanged traffic for the Oregon Short Line costs 55 cents per train mile. As there are 360 tons on the train referred to, the cost per mile would be about 1½ mills, or one-seventh of a cent per ton per mile. But as the average cost of transportation on the Union Pacific road in 1886 was 1.03 cents per ton per mile, the inaccuracy of the statement that the Oregon Short Line traffic was hauled for one-seventh of that figure becomes manifest.

In New York, where the roads run through what may be called an almost continuous town, and in Pennsylvania, the cost of transportation has not been reduced below 4 mills per ton per mile. A computation of the earnings of two daily trains from Omaha to Granger on the basis of the president's claim, would yield a gross sum of $1,718,712 per annum, yet the total gross receipts of the traffic referred to, as shown by the table submitted by the company for 1886, were only $1,095,000.

The branch-line system, in its present shape, is an outgrowth of those speculative features that have marked the administration of the company since its inception. It may be but a coincidence, but it is, nevertheless, a fact that the company made more money before the creation of the branch-line system than it has since that time. Whatever explanation may be made by the officers the facts are as stated.

The president says the branch-line system was designed to guard the company against competition, yet the Omaha and Republican Valley road was the second line into Marysville, Kan., and the fourth line into Lincoln, Neb. The Union Pacific Company extension was the second into Portland, Oregon, and the second or third into Denver, Col. From this statement it will be apparent that the company, instead of guarding against competition, really inaugurated competition through its branch line extensions.

A study of the branch lines of the company reveals the following:

Six roads abandoned to creditors.

Names.	Mileage.
Nevada Central	88.00
Utah Eastern	78.00
Lawrence and Emporia (deficit in 1886 of $44,284.21)	31.00
St. Joseph and Grand Island (abandoned to bondholders)	232.00
South Park and Leadville	7.00
Denver and Boulder Valley (deficit in 1886 $22,965.32)	27.00
Total	463.00
Net deficit	$95,697.90

Eight roads that did not pay operating expenses in 1886.

Names.	Mileage.	Operating income.	Total deficit of income.
Denver, South Park and Pacific	223.25	$46,382.23	$202,971.39
Kansas Central	108.14	73,046.66	159,469.66
Greeley, Salt Lake and Pacific	82.60	21,670.43	73,220.43
Leavenworth, Topeka and Southwestern	46.80	17,867.61	72,667.61
Manhattan, Alma and Burlingame	64.62	16,676.27	51,250.27
Denver and Middle Park	2.95	2,225.43	2,225.43
Georgetown, Breckenridge and Leadville	6.47	4,117.72	13,067.72
Laramie, North Park and Pacific	12.51	1,188.70	1,188.70
Total	671.10	179,766.76	$576,171.21

Ten roads that failed to pay fixed charges.

Name.	Mileage.	Deficiency.
Oregon Short Line	810.23	$[illegible]
Omaha and Republican Valley	202.00	[illegible]
Utah Central	203.00	[illegible]
Salt Lake and Western	57.00	[illegible]
Junction City and Fort Kearney	57.00	[illegible]
Echo and Park City	31.73	[illegible]
Omaha, Niobrara and Black Hills	114.97	[illegible]
Salina and Southwestern	38.43	[illegible]
Solomon Railroad	57.54	[illegible]
Salina, Lincoln and Western	34.00	[illegible]
Total	1,880.50	[illegible]

Eight roads on which profit was made.

Name.	Mileage.	Profit.
Colorado Central	227.17	$[illegible]
Utah and Northern	455.10	[illegible]
Utah and Nevada	87.00	[illegible]
Montana Railway Company	5.40	[illegible]
Manhattan and Blue Valley	84.20	[illegible]
Denver, Marshall and Boulder	26.70	[illegible]
Golden Boulder and Caribou	5.00	[illegible]
Central Branch Union Pacific	330.00	[illegible]
Total	1,214.12	[illegible]

RECAPITULATION.

	Number.	Mileage.
Roads abandoned to creditors	6	[illegible]
Roads that did not pay operating expenses	3	[illegible]
Roads that failed to pay fixed charges	10	[illegible]
Roads that yielded a profit	8	[illegible]
Total	30	[illegible]

A scrutiny of the published reports of these auxiliary companies discloses a system of book-keeping inconsistent with accurate and honest accounting.

The Denver and Boulder Valley Company defaulted on its interest and is operated to-day for the Kansas Pacific consolidated mortgage trustees. The interest charge amounts annually to $38,500. Instead of charging up this interest as against the line, the entry was omitted in the Union Pacific Company's report, thereby leading one to believe that the road gained $15,639.75 during the year, whereas it lost $22,860.25.

The taxes of the Denver and Middle Park Road were not charged up against it.

To inflate the capital of the Oregon Short Line, the president entered into a contract by which, in consideration of the payment of $1,500 to Mr. J. M. Eddy, for the use of his name, the capitalization was increased to a large extent. In the report of the company the cost of the road was falsely stated to be $20,000,000, while in fact, as appears from the evidence of the president, it was built for less than $15,000,000.

The Manhattan and Blue Valley Company, according to the annual report of the Union Pacific, made a profit; but the bonds of the road had not been issued up to the close of 1886, and if the interest had been charged as it should have been a deficit would have been shown.

By the omission of the interest on its bonds for one month the Salina, Lincoln and Western Company was reported to have made a profit instead of a loss.

The Central Branch Union Pacific is leased to the Missouri Pacific, so that none of the benefits of the operation of that line in 1886, except a dividend of $85,000, really went to the Union Pacific.

Three of the eight lines marked as profitable are not run by the Union Pacific Company. One, the Golden Boulder and Caribou, has been discontinued; so that only four of the twenty-two operated lines included in the Union Pacific system are directly profitable. Eighteen of the operated lines do not pay fixed charges, and six of the railroad companies in which the Union Pacific Company has a proprietary interest do not pay the cost of operating.

The lines tributary to the Union Pacific Railway Company may be divided into mining and agricultural roads, as follows:

	Number.	Mileage.
Mining and mineral	10	1,021.50
Agricultural	11	1,186.00
Transcontinental	1	819.40
Total (Central Branch excluded)	22	3,027.30

It is interesting, in glancing over this table, to recall the fact, stated very forcibly by the president, that the building of mining and mineral roads is a species of "railroad gambling;" that the agricultural branches will grow as population increases, while mineral and mining roads will depend upon the mines to which they run. If it be established that population is too sparse to properly support the agricultural roads, that the mines and minerals along mining branch lines have given out and proved non-productive, and that the transcontinental traffic is done at a loss, then the estimate of the present value of the branch-line system should be very low.

THE MINERAL ROADS.

The Nevada Central (93½ miles) was bought with the idea of making it a link in the extension of the Union Pacific system toward the Nevada mining camps, and to compete with the Central Pacific. It is 400 miles away from the nearest point of the Union Pacific track. After sinking $565,000 in it, the Union Pacific Railway Company abandoned the road to creditors. Sidney Dillon testified (see vol. 1, p. 217) that he bought the road for the Union Pacific to keep it out of the hands of the Denver and Rio Grande, "whether it was good for anything or not."

The Utah Eastern track, for 20 miles, has been taken up to get the old material.

The Lawrence and Emporia was built to a coal mine which gave out, and it has been abandoned for its entire length of 31 miles.

The South Park and Leadville (7½ miles) was built to Mr. George E. Blanchard's mines, which, in the language of Mr. Adams, "came to grief."

The Denver and Boulder Valley defaulted on its interest and is now run for the Kansas Pacific Consolidated mortgage trustees, who hold the bonds.

The Utah Central and one or two other lines gave to the Union Pacific most of its profits in its most prosperous days. The Utah Central was

extended 160 miles, under the name of the Utah Southern, to the Horn silver mines. For a while this property yielded $1,000 a day in freight, and then gave out.

The Utah and Northern reaches Butte, the largest mining camp in the world. According to the president, the construction of the Northern Pacific to that camp cut the business of this line in two. The decline in the price of copper also impaired its earnings. To protect some part of the territory tributary to that line and to the Oregon Short Line, the Union Pacific pays a large subsidy to the Northern Pacific to keep it out of certain territory.

The Salt Lake and Western (57.60 miles), into which the Union Pacific has put nearly $1,000,000, reaches the Tintic iron deposit in which Mr. John Sharp, one of the directors of the Union Pacific, is interested.

The Utah and Nevada (37 miles) is spoken of as an undeveloped enterprise. It was part of the scheme to connect the Union Pacific with the Nevada Central. It reaches mines at Stockton, but its profit comes from carrying excursionists from Salt Lake City to a bathing resort called Garfield Beach, on Salt Lake.

The Denver, South Park and Pacific has entailed a direct loss of over $10,000,000 on the Union Pacific. Between Denver and Gunnison City many towns, mines, and smelting works have been abandoned.

The Georgetown, Breckenridge and Leadville (8¼ miles) is an engineering curiosity. It is the famous loop line. Its gross earnings in 1885 were less than 40 per cent. of the operating expenses.

The Golden, Boulder and Caribon (5 miles) has been discontinued, and the traffic diverted to the Denver, Marshall and Boulder.

The Denver, Marshall and Boulder is a reorganization of the Denver and Western, the bonds of which were bought by Mr. Adams at 35 cents.

Part of the Colorado Central, from Fort Collins to Cheyenne, a distance of about 50 miles, has been abandoned, and the traffic is sent over the Denver Pacific. This abandoned road is a part of a line that was built by Mr. Gould to force a consolidation of the Kansas Pacific with the Union Pacific.

The Laramie, North Park and Pacific (13½ miles) was built to connect a soda lake and soda works with the Union Pacific. The enterprise has never paid, and "is an unfortunate one."

The Greeley, Salt Lake and Pacific (53.89 miles) is a road that brings stone from quarries at Stout, Colo.

THE AGRICULTURAL ROADS.

The value of the 11 agricultural roads depends upon the anticipated increase of population. A section that is forced to sustain a railroad with an excess of over $100,000,000 in watered capital can not compete against other territory which does not pay an excessive contribution toward the railroad that is tributary to it. Four of the agricultural roads of the Union Pacific system appear to be a burden to the parent company.

The Kansas Central (166 miles) was transferred by Mr. Gould, at the consolidation of the Union Pacific, in 1880, for $470,000. It fails to pay operating expenses; but the Union Pacific Company, while holding a large proportion of the bonds, has been paying, unnecessarily, $140,000 a year in interest to bondholders. A foreclosure is now contemplated.

The Leavenworth, Topeka and Southwestern (46.30 miles), in the words of Mr. Adams, was "a bankrupt and irresponsible road that was lying around loose." So he arranged with the Atchison, Topeka and

Santa Fé that the two should buy it jointly to keep any other railroad from getting hold of it. He says the road is of no importance to the Union Pacific, but the Union Pacific has nevertheless guarantied $600,000 of its bonds.

The Manhattan, Alma and Burlingame (56.62 miles), according to Mr. Adams, runs through a poor country, and is operated jointly by the Atchison, Topeka and Santa Fé and the Union Pacific.

The St. Joseph and Grand Island (252.52 miles) has gone through two foreclosures. Until recently it had never paid interest on its first and second mortgage bonds, and was operated by a receiver. It is now under the control of the bondholders. Bonds for part of the road have sold for as low as 10 per cent., and in the consolidation of January 24, 1880, Mr. Gould and his associates unloaded the bonds at par and the worthless stock of this company on the Union Pacific at $20 per share. The Union Pacific has since guarantied the payment of interest on the bonds of this road, amounting to nearly $7,000,000, and their main value in the market lies in that guaranty.

The Omaha and Republican Valley line, which is the largest of the agricultural roads in the Union Pacific system, gives a very short haul to the main line, striking the Union Pacific at Valley, 34 miles west of Omaha. It therefore possesses little value as a feeder. It was the second line into Marysville, Kans., and the fourth line into Lincoln, and therefore was not built to guard against competition, but is forced to compete with a trunk line. Its deficit in 1886 was $153,546.25, and in 1885, $117,375.83.

The Omaha, Niobrara and Black Hills line (114.97 miles) has been consolidated with the Omaha and Republican Valley road. It passes through an agricultural country that is sparsely populated, a considerable part of the territory bordering the line being owned by speculators, who have held it to profit by the influx of settlers and by the consequent increase of land values. Notwithstanding this sparsity, three trunk lines are contesting for the occupation of the valleys of that locality. Its deficits were, in 1886, $29,382.92; in 1885, $50,504.34.

The Salina, Lincoln and Western (34.60 miles) was built, the president said, "because its construction was forced upon us." In other words, if the Union Pacific had not occupied that territory another trunk line would have been built there.

The Manhattan and Blue Valley (54.97 miles) was first built for a distance of 12 miles north of Manhattan, and then abandoned. Subsequently it was extended 28 miles and linked the Union and Kansas divisions together, thereby saving $40,000 a year which the Union Pacific had previously paid to the Missouri Pacific for the transfer of freight between the Union and Kansas divisions.

The Junction City and Fort Kearney, the Solomon Railroad and the Salina and Southwestern are roads which do not pay directly, but they deliver traffic to the Kansas Pacific for a considerable haul over that line, and it is claimed by the Union Pacific managers that an indirect profit is made on those branches.

If the Union Pacific be seriously disturbed by the interference of other powerful corporations in the territory west of the Missouri River, it would seem to be a wise policy to allow its enemies to waste their energies and their money in building and in settling that region. But the Union Pacific, instead of taking that course, attempted to repress the unhealthy competition of its rivals by itself engaging in the work of extension. It made a bargain with Mr. Jay Gould by which it allowed him to operate the Central Branch Union Pacific, upon the pledge that he would not intrude upon the territory which the Union

Pacific claims as its own. Mr. Gould respected this agreement to the extent of keeping the Missouri Pacific out of the way, but not as to another corporation over which he exercised similar control.

Many of the branch lines, both mining and agricultural, are in poor condition. The Junction City and Fort Kearney line and the Solomon Railroad were built with old rails, old ties, and old material that had been taken off the main line of the Kansas Pacific. This practice is still pursued. The Salina, Lincoln and Western, which was bonded last year on a basis of $15,000 per mile, could have been laid with steel rails at $13,000, but the line, as laid with old rails from the main line, cost about $11,000 per mile. In this way the line was bonded to nearly 40 per cent. in excess of its cost. This system of inflation has been generally resorted to by the Union Pacific in the management of its branches. The lines do not show good physical condition or good promise. The recent failure of the crops in the section west of the 100th meridian and the liability to further failures are elements which ought not to be ignored in passing judgment upon the value of this auxiliary system.

In referring to the territory a short distance west of these lines, the inspecting engineer of the Commission said he regarded the 100th meridian, passing through North Platte, Nebr., 247 miles west of Omaha, as the limit of agricultural development, and expressed the belief that the schemes of "prospecting" beyond that line were likely to come to a bitter end because of climatic conditions. The engineer disregards the rosy pictures drawn by interested persons and prefers to believe in the permanency of the Rocky and Sierra Nevada Mountains, and in their effects on the climatic conditions of the tract which extends across the continent for a distance of about 1,200 miles.

Having shown that the mining and mineral roads of the Union Pacific system, as a whole, are not of much value because of the giving out of the mines or the division of the business, and having shown that the agricultural roads are not, as a whole, in promising condition, it will be interesting to note how Kansas and Nebraska compare with other States in railroad mileage per square mile of area and in earnings and cost.

The tables prepared by Mr. Henry V. Poor, appended to this report and marked "Exhibit I, Poor," show that in 1886 Kansas led every State or Territory in the Union in the extent of new railroad construction. It more than doubled the next in rank, over $41,000,000 having been expended there in railroad building, while the second in rank, Dakota Territory, made a showing of $20,000,000. The miles of railroad built there last year were almost equal in number to the combined new mileage of ten of the most prosperous States of the Union, viz: New York, New Jersey, Pennsylvania, Delaware, Maryland, Ohio, Indiana, Illinois, Michigan, Wisconsin.

It will be seen from these figures that there was an excessive activity in the railroad development of Kansas in 1886.

Nebraska ranked third in railroad construction. A careful study of these tables and a comparison of the results of railroad construction and operation in the various States shows no substantial reason for this special activity in Kansas and Nebraska, and confirms the admitted fact that a number of powerful corporations are engaged in a scramble for new territory.

THE OREGON SHORT LINE.

In addition to the mining and agricultural roads, there is a transcontinental line (the Oregon Short Line), which was built by the Union Pa-

cific Company, to guard against the possibility of a diversion of the Pacific coast business from the Union Pacific and Central Pacific line in favor of the Southern Pacific, the managers of the Central Pacific having a greater interest in the Southern Pacific.

The transcontinental lines compete with the ocean routes, and during 1886 that business was carried at such low rates ($\frac{14}{100}$ of a cent per ton per mile) as to entail an actual loss of over $900,000 upon the Union Pacific, calculating that traffic as bearing its share of the operating expenses of the road; and a loss of $1,350,000, calculating it as bearing its proportion of the fixed charges of the line.

The building of the Oregon Short Line was attended with an enormous inflation of the capital and indebtedness of the company. The Union Pacific offered to guaranty the bonds of the line when issued, and to give with each bond of $1,000 a bonus of $500 in stock, the Union Pacific retaining the other $500 to secure control. Contracts for construction were then made with third parties to conceal the watering of the capital and indebtedness, and the Union Pacific was made to bear the burden of the consequent annual losses, which were as follows:

Deficits of the Oregon Short Line:

1883	$108,106.44
1884	446,600.58
1885	336,100.16
1886	395,103.71
Total	1,283,910.89

In attempting to guard against the possibility of diversion of the traffic from the Central Pacific and Union Pacific line, the Union Pacific Company has gone to the other extreme, and has diverted traffic from the Central Pacific. In both cases the Government, as a creditor, was, and is, and will continue to be the loser. Had the Union Pacific stockholders emphasized their faith in the value of a connection to the Pacific coast by subscribing to the stock instead of to the guarantied bonds, there would be some merit in their plea that their action was purely defensive; but when they subscribed to bonds that readily sold in the market at a premium, and allowed the burden of the losses of the line to fall on the Union Pacific, they resorted to jugglery, which becomes strikingly apparent when viewed in connection with the large debt of the company to the Government. Upon their investment in Oregon Short Line bonds they had a sure return through the guaranty of the parent company, while in the event of loss it would fall upon the Government.

The company has pursued the same course with all of its branch lines, so that on the additional mileage which the Union Pacific offers to give as additional security to the Government in case an extension should be allowed them, as recommended by the majority of the Commission, there are existing liabilities amounting to $60,904,350, while the total cost was considerably less, and the actual value of the property, based on the earnings, is $47,000,000.

These fictitious and unlawful capitalizations and watering of the securities have caused all the troubles of the Union Pacific Railway Company. If regard be had to the unmistakable tendency of railroad rates to decrease, and due weight be given to the gradual but sure reductions of charges on the Union Pacific road from 2¼ cents per ton per mile in 1873 to less than 1¼ cents per ton per mile in 1886 for freight, and from 3½ cents per passenger per mile in 1881 to 2¼ cents per passenger per mile in 1886 (all of these declines occurring in spite of the extraordinary efforts of the railroad managers to resist them by pools, subsi-

dies, and other devices), there is a promise that by the operation of natural forces the water will ultimately be squeezed out of the property.

On some of the branch lines of the Union Pacific, noticeably in Nebraska on the Omaha, Niobrara and Black Hills, the territory tributary to the railroad is held, unimproved, for speculative purposes. The Union Pacific Railway Company encourages this speculative management of the land business by insisting that, in the location of town sites on its lines, it shall receive as bonus a certain proportion of the lots; and these lots it holds for an appreciation in values, instead of building up its line by encouraging settlement through cheap land values. The same improper interference in outside matters is seen on a much larger scale in the efforts of the Union Pacific Railway Company to "occupy" all the territory west of the Missouri River. This Mr. Adams publicly avowed to be his policy for the company. The proper management of a railroad over 1,000 miles in length, and the development of the territory adjoining such a line, especially when almost bare of population, would tax the attention and energy of the ablest railroad managers in the country; but the officers of the Union Pacific Company diverted their attention from the property which should have received their fostering care, in order to acquire additional territory for no other purpose than to prevent other companies from occupying it. They now operate 4,594 miles; yet even this length of line, traversing ten States and Territories, failed to satisfy the ambition of the managers. President Adams asked the Commission to recommend that the Union Pacific Company have authority to build 2,000 miles additional. He says that it is necessary to build new lines so as to occupy the territory that is naturally tributary to it. But what will be the limit to such theoretic demands? The president declared to the Commission that his company wanted to occupy all the territory west of the Missouri River; and the extent of these projects of the corporation can be realized when it is stated that the area referred to comprises more than one-half the continent.

The present management of the Union Pacific Company has not only supported the branch-line policy pursued by Mr. Sidney Dillon, and which almost brought it into a receiver's hands, but since 1883 it has added over 300 miles to its auxiliary system, and has confined itself within that limit only for the reason that the credit of the road had been exhausted by Mr. Dillon's administration, so that in June, 1884, a change, in the name of the nominal head at least, was necessary to save the company from bankruptcy. At that time the floating debt had risen to $13,000,000, through the policy of extensions pursued, and this ought to have opened the eyes of the officers to the danger which impended. In a few months, however, the new president gave to the extension scheme fresh energy and methods, and as before all the burdens and possible losses were devolved on the Union Pacific.

Had an effort been made by the Union Pacific Company to serve the non-competitive traffic which clustered about its main line—had that traffic been fostered instead of the transcontinental competitive business, the company would to-day be on a sounder and more enduring basis. Under the present arrangement the non-competitive traffic along the main line is forced to bear the burdens not only of its own proportion of fixed charges in sustaining the inflated capitalization of the company, but also the share which justly belongs to competitive points. The natural result of such a policy is to concentrate wealth and population at the competitive points, where shippers have a choice of lines, and to drive industry from the places where trade is completely at the mercy of one line.

While the conception of the branch-line system in that particular section of the country showed an entire disregard of sound principles of trade, and while the present management of the company displayed at least the incapacity of its officers to deal with such great matters, it was difficult to realize the length and breadth of corporate possibilities until the directors came before the Commission with the suggestion that the Government forego its claim against the corporation and allow the stockholders to manage the property on sound business principles. One of the officers of the company has stated that he loved to picture the Government as the embodiment of justice; yet, in pleading for the innocent stockholder, he omitted to mention the fact that less than 2 per cent. of the original stock of $36,762,300 had been paid for, and that the stock was issued without consideration in violation of the enactment of Congress requiring that its advance of credit to the company be secured by cash payments on stock.

Instead of inducing its stockholders to subscribe for stock issues for the building of a branch-line system, the Union Pacific Company took from its treasury the funds that should have been applicable to the Government debt and squandered them in a series of imprudent investments. As early as 1873 the Government directors suggested to the company that the branch-line extension policy should be so ordered as not to interfere with whatever present or future claim the Government might have for reimbursement. (See p. 80, Government Directors' Report.) Again, in 1877 the Government directors declared that the branch-line policy of the company should at all times be held subordinate to its obligations to the Government. (See p. 123, Government Directors' Report.) In the face of these reports and warnings, it can not be maintained by the company that it did not have sufficient notice of the determination of the Government to exact its just indebtedness.

The last and weakest plea presented by the company in behalf of the policy of extension, acquiesced in and recommended by the majority of the Commission, is the claim that the Government ought to contribute toward the development of the Western country and ought to encourage the building of branch lines. When the Government loaned its credit for the construction of the Union Pacific line it stipulated for the building of a single-track road across the continent, which would bring the Pacific States into closer connection with the rest of the Union. That motive was a political and military necessity. And to that extent the Government was justified in lending its aid, though the advisability of the method it pursued of participating as a partner in the enterprise might be seriously questioned.

When, however, the object of the Government was accomplished, it had no purpose to serve by building branch or feeding lines to the main line. That work was properly left to the judgment and risk of private capital. If settlers were to be attracted to that region, all of them, except a very small percentage, must come from other sections of the country; and such a movement ought to be kept free from Federal direction or preference.

I therefore report that the action of the Union Pacific Company, in expending its revenues and in pledging its credit to build branch lines, exceeded its corporate powers; that this policy was pursued after notice from Government directors that it must be adopted at the company's risk; that the theory of feeding lines was used as a cloak to hide schemes of corruption and maladministration by the officers and managers; that the branch line system of the Union Pacific, as a whole, is unprofitable; that the Union Pacific has wasted the revenues which

should have been applicable to the Government debt, and has removed them from the operation of the statutory lien on the aided road, in violation of section 9 of the Thurman act, which makes the Government debt a lien upon all the estate, rights, franchises, and income of the company.

OBLIGATIONS AS A COMMON CARRIER.

As a common carrier the Union Pacific was under obligation to carry for all persons on equal terms and rates without discrimination, and to charge reasonable and just rates for its service. But the inflation of its capital and indebtedness to the extent of $70,000,000 at the inception of the enterprise precluded the possibility of fair rates except in rare cases of healthy competition. In fixing rates the Union Pacific Company started out upon the principle of charging all the traffic would bear.

PASSENGER RATES.

On some parts of the line as high as 10 cents per mile was charged for passengers, and in 1871 the average rate on the line was 7¼ cents. Since 1880, because of competition, and notwithstanding the resistance of the company, the passenger rate (see p. 1058) has been reduced from 5 cents to 3 cents per mile on the eastern divisions, and from 9 cents to 5 cents on the western divisions. The rates on the Kansas division have been lower than on the Union division, and of the ten States and Territories served by the system Kansas has obtained the lowest rates. Recently, by legislative enactment, the rates in Nebraska have been fixed at 3 cents per mile, the rate which prevailed on the Union Pacific line in Kansas. The average rate on the entire system has been as follows:

Roads.	1881.	1882.	1883.	1884.	1885.*	1886.
	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.
Union Division	03.331	03.310	03.2270	03.9710	03.337+	03.106—
Kansas Division	03.302	03.214	02.7778	03.0117	03.444+	03.113+
Leavenworth Branch	03.345	03.288	02.8000	03.0000	02.779—	03.000—
Cheyenne Division	04.345	03.000	03.7070	03.7447	03.000—	03.333+
Total, Union Pacific	03.300	03.200	03.1319	03.0004	03.748—	03.125+
Omaha and Republican Valley	03.100	03.100	†03.2000	†03.0004	†03.333+	†03.000—
Omaha, Niobrara and Black Hills	04.200	03.004	03.5000	03.0057	03.333+	03.000—
Marysville and Blue Valley	03.000	03.500				
Julesburg Branch	04.417	04.051	03.9429			
Echo and Park City	03.000	04.000	04.4000	04.4429	04.700+	03.273+
Colorado Central	04.719	04.444	04.2070	†04.2300	†03.943+	†03.636+
Salt Lake and Western		05.000	05.0000	05.0813	05.726+	05.727—
Denver, South Park and Pacific	07.979	06.000	06.5480	06.2276	06.000—	06.000—
Utah and Northern	05.114	05.120	05.2750	04.5182	04.196—	04.276—
Oregon Short Line		06.545	05.6810	04.0339	04.122+	03.364+
Greeley, Salt Lake and Pacific		04.425	04.3095	04.4319	04.242+	04.138+
Lawrence and Emporia	03.344	03.339	03.1440	03.0004	02.973—	02.432—
Laramie, North Park and Pacific						07.140—
Junction City and Fort Kearney	03.754	03.200	03.1430	03.9143	03.673—	03.340—
Solomon	03.000	03.000	03.1200	03.0273	03.064+	03.000—
Salina and Southwestern	03.000	03.100	03.2000	03.2846	03.100—	03.000—
Denver and Boulder Valley	04.000	04.313	04.3440	04.2973	04.061+	03.636+
Golden, Boulder and Caribou	03.222	03.000	03.1250	04.1031	03.300—	04.697+
Georgetown, Breckenridge and Leadville				04.0927	03.000—	04.000—
Kansas Central		03.333	03.1700	03.0303	03.333+	03.273—
Montana				07.1700	07.027+	†03.333—
Denver and Middle Park					01.000+	03.200+
Denver, Marshall and Boulder						04.000+
Manhattan and Blue Valley						03.000—
Salina, Lincoln and Western						03.000—
Consolidated branches	03.200	04.770	04.0000	04.2014	04.000—	03.000—
Entire system	03.000	03.381	03.4500	03.2000	03.000—	03.000—

FREIGHT RATES.

When the Commission visited the communities which were served by the Union Pacific Railway Company, there was a general complaint of high rates. But the greater complaint made by shippers was against discriminating rates. If rates were uniform, certain, and permanent, a shipper knew that skill, ability, and enterprise would help him on. But when the question became one of favor with the railroad manager, then capital was paralyzed.

Farmers complained (see p. 1527) that they could not get rates for shipment to Chicago within 5 or 8 cents of the figure which the elevator men obtained.

The firm of Himebaugh & Marriam, of Omaha, owns 32 elevators along the Union Pacific system; and when the farmers at Marysville, Kan., tried to ship directly to the market, they found they could not compete with that firm. Their complaint was that three-fifths of the product of their labor went to the railroad company, one-fifth to interest, and one-fifth was left for subsistence. At Marysville, Kan., it was testified (see p. 1540) that at one time the Union Pacific Company reduced its rates on corn from 32 cents to 27 cents per 100 lbs., to enable farmers to ship to market; but the rate went back again to 32 cents as soon as the market justified it. It, therefore, mattered little to the farmer whether his crop was large or small. If large, the company appropriated a considerable proportion of it in high rates; if small, it only allowed him enough to live on.

The complaints of localities and of various industries were of the same tenor. A few concerns monopolized the entire trade of the Territory tributary to the road and dictated terms to the company for their own advantage.

The following is a list of the favored shippers who had the greatest preferences:

Name.	Article.
Omaha and Grant Smelting and Refining Company	Ore and bullion.
Continental Oil Company (Standard)	Oil.
Consolidated Tank Line Company (Standard)	Oil.
Himebaugh & Marriam, Omaha	Grain.
Union Elevator Company, Council Bluffs	Grain.
Union Stock Yards Company (W. A. Paxton)	Cattle.
Utah Forwarding Company (Lyman & Wallace)	Salt and coke.
Adams & Keteel	Salt.
Marshall Consolidated Coal Mining Company	Coal.
Union Pacific Railroad Company, coal department	Coal.

The Omaha and Grant Smelting and Refining Company received rebates of $570,000 in a period of three years, and, in addition, was allowed free switching at its yards, which was worth $15,000 a year, while other smelting companies were forced to pay switching charges. Among the stockholders in this company were Mr. Sidney Dillon and Mr. Frederick L. Ames, directors of the Union Pacific Railroad Company.

The testimony taken at Omaha, at Denver, and at Salt Lake City showed that other smelters had been refused the rates that were given to the Omaha and Grant Company. Senator Hill, who represented the Boston and Colorado Smelting Company of Denver, declared that his company would have been in the same business as the Omaha and Grant Company if he could have obtained any assurance of getting the same rates as that corporation. He had repeatedly appied to the president

and officers of the company for rates, but had never been able to obtain them.

The miners of the Wood River country in Idaho were forced to sell their ores to the Omaha and Grant Works at Omaha, and to pay $11 per ton for smelting, the total cost of transportation and smelting being $34 per ton, while the miners at Butte and Helena were allowed to send their ores to Salt Lake City at a cost of $8 for transportation and to pay only $8 for smelting, making a difference between $34 per ton for the transportation and smelting of the Wood River ores and $16 for the Butte and Helena ores.

The transportation rates from the mines of Leadville to Denver were so adjusted that the smelting business was driven away from Leadville to Denver, so that of the twenty-three furnace stacks in Leadville less than one-half were running when the Commission visited that place. The method adopted by the Union Pacific Company was to charge only $5 for transporting a ton of ore and $12 for a ton of bullion, the effect being to force the smelting business into the Denver branch of the Omaha and Grant Smelting Works. The people of Leadville complained of these unbalanced rates, declaring that either the rate on ore was too low or the rate on bullion was too high, and they showed that by fixing the rate on bullion at $12 per ton the smelters of Leadville were unable to remain in the business. To use their own words, "The Leadville smelting business had been crushed since the Omaha and Grant Works were established in Denver, four years ago." They also complained that the charge for transporting bullion between Leadville and Denver was higher than for any similar service in the country, being at the rate of 8 cents per ton per mile.

When the president of the Union Pacific Railway Company was asked to explain why it had discriminated in favor of the Omaha and Grant Works, he said that the other roads into Denver were backing other smelting establishments, and that the Union Pacific therefore backed the Omaha and Grant Works against all other smelters in that system. He admitted that it was a great evil (see p. 1997), and that it was a vicious way of conducting business, but confessed his utter inability to remedy the evil.

As a result of the discriminations which the Union Pacific made in favor of the Omaha and Grant Company its business has been built up to such proportions that it is now practically able to dictate its own terms to the railroad company.

The firm of Himebangh & Merriam, at Omaha, which owns 32 elevators on the Union Pacific system, stated (see p. 1301) that it had no competitors on the line of the Union Pacific except the Union Elevator Company of Council Bluffs. The elevators at Omaha and Council Bluffs have been allowed 1 cent as a terminal charge for transfer through their elevators, and 2 cents additional, at times, to meet competition. The testimony developed the fact that farmers were forced to sell to Himebangh & Merriam, or at least that they could not compete with that firm in shipments.

The firm of Lyman & Wallace, under the names of the Utah Forwarding Company and the Northwestern Forwarding Company has occupied a similar relation to the Union Pacific Railway Company in connection with its salt and coke business. The railway company, upon the pretext that it wanted to protect the smelters at Butte from corners in salt, determined to buy salt for delivery to it at Ogden, and fixed $3 per ton as the price which it would pay. A firm in Ogden offered to furnish salt to the railroad company at $1.75 per ton, but this proposal was refused,

and the railroad company paid Lyman & Wallace and the firm of Adams & Keisel $3 per ton for salt delivered at Ogden.

The Northwestern Forwarding Company appears (see p. 2194) to have been the only concern that could sell salt to smelters in the northwestern section. Salt makers at Ogden (see p. 2213) sold salt at cost for one year in order to test the question whether they could live in that business, and they discovered that in some way (undoubtedly through rebates) the Utah Forwarding Company was able to undersell them. That company had an additional advantage in the fact that the Union Pacific Railway Company allowed it a commission of 25 cents a ton on all the salt that the Union Pacific Company bought as well as $1 a ton on coal sold in Butte.

It also appeared that because a smelter on one of the branch lines of the Union Pacific system had refused to buy his fuel from the Utah Forwarding Company, $5 a ton additional had been charged the smelter for the transportation of his products to Omaha.

A shipper named Ferguson (see p. 2008) was cut out of coke shipments by the Utah Forwarding Company, and it appears by his testimony that the Union Pacific Railway Company hauled coke from the Missouri River to Denver for $1, and from Denver to Leadville for nothing.

The stock-yard business of the Union Pacific Company is so managed that the Union Stock Yards Company (of which W. A. Paxton, of Omaha, is the head) has exclusive control of the stock-yard business, owning yards at Council Bluffs and Omaha and enjoying an exclusive contract with the Union Pacific Company, by which no other stock yard is to be established at Omaha except by consent of the Union Stock Yards Company.

The Iowa State Railway Commission, upon investigating complaints relative to the management of the cattle business of the Union Pacific Railway Company, said that an effort had been made to force a shipper to unload his cattle at the Omaha yard.

A. P. Nicholas, of Omaha, who tried to establish a stock yard at that place, and who did conduct one for a period, found that, in some mysterious way, the business was being taken from him and diverted to another yard across the river.

The policy which concedes to Mr. Paxton the exclusive control of the stock-yard business of Omaha also enables him to establish packing houses at that place and to prevent the establishment of packing houses at other points along the line. Merchants of Columbus, Neb., complained of this favoritism.

The Union Pacific Company has granted to the Standard Oil Company, the Continental Oil Company, and the Consolidated Trunk Line Company, since 1880, large sums in rebate, and it has made its entire territory inaccessible to other oil shippers.

The Union Pacific Railway Company also controls the retail price of coal along its entire system, and because of the fact that coal yards are established on its right of way, coal dealers before embarking in the business must obtain the consent of the company. In order that it might retain a complete monopoly of the coal traffic, it refused to lease any of its coal lands on royalty; and it acquired unlawfully, by private entry and by the use of the names of its employés, the ownership of the Government coal lands adjoining its own property, its total investment in that direction amounting to $198,000. Until recently it owned a number of mines in northern Colorado, but a bargain was made between Mr. Charles Francis Adams and the Marshall Consolidated Coal Mining

Company by which the entire coal business of the Union Pacific Company in that State south of Greeley, Colo., was practically transferred to the Marshall Company, and an agreement was made to allow rebates on the principle that it would pay the carrying company better to carry 200,000 tons at 60 cents per ton than 100,000 tons at $1 per ton. After this arrangement had been consummated, coal dealers and coal miners in that State became aware of the fact that some compact which was inimical to their interests had been made by the company, and complaint was made to its officers, but the complainants were met with pointed and positive denials of any rebate allowances.

The practical application of the scheme was to advance the freight rates of the company at the same time that the Marshall Company reduced the price of its product at the mouth of the mine; and as the Marshall Company was receiving a rebate of 40 cents per ton it could sell at the mine for 40 cents less than its competitors. The effect was to destroy the business of the other mines in Northern Colorado, and practically to place the entire coal business of the State under the control of that combination.

In addition to mining and selling coal from Wyoming Territory and giving a monopoly of the Colorado coal to the Marshall Coal Mining Company, the Union Pacific Railway Company quarries and sells all the stone used along the lines of its system, obtaining its supply from the quarries near Fort Collins. None of the stone traffic was done under a public rate.

Before the Union Pacific Company engaged in that business, there was a number of quarrymen at and near Fort Collins, Colo., who were conducting large operations and employing from 175 to 200 men each. Shortly after the Union Pacific Company began operations they found that they would be forced to go out of business or to sell their stone to the Union Pacific Company, as the railroad company (see p. 1831) would not carry for any of them at the same rates that it carried for itself. In the words of one of the quarrymen, "it wore them out." They found they could not ship stone either to Denver or Cheyenne because of excessive rates, and one of them hauled by team from Natural Forks to Cheyenne, a distance of 14 miles, because he could do so at a lower rate than the railroad company offered to him. Another of the quarrymen, when he asked for rates for stone to fill a contract which he had at Cheyenne, was told by the chief of the stone depatrment of the Union Pacific Companyto buy of the company's agent atCheyenne. It appeared that the Fort Collins stone could have been shipped east as far as Chicago, and that a syndicate of Chicago capitalists was willing to invest in the quarries, but Manager Kimball (see p. 2042) refused to give rates for flagging stone.

At Denver it was stated in evidence (see p. 1755) that a few merchants got rates which the others could not obtain. One merchant, Mr. Martin (see p. 1916), was forced to ship his goods to customers in the surrounding country through two favored firms, Esterbrook & Co. and the Morey Mercantile Company.

A method also pursued by the company in its interference with trade was by favoritism in the distribution of cars.

This plan was resorted to in Colorado, in dealing with the miners. They had plenty of coal cars in the summer time, but were unable to get any in the winter time, though the side tracks of the Marshall Coal Company were always full.

The quarrymen at Fort Collins were treated similarly, one of them having waited thirty-two days for cars for stone, though the company's quarries were well supplied.

At Salt Lake City no one could ship lime in competition with the Utah Lime and Cement Company (see p. 2194).

At Denver it was testified that the Colorado Milling and Elevator Company was obtaining rates from the Railroad Company, so that mill owners were obliged to join that syndicate in order that they might continue in business. At the time the Commission made its examination the Colorado company had control of eight mills.

In the examination of the accounts of the Pacific Hotel Company, in which the Union Pacific Railway Company has a half interest, it was found that the freight supplies of that company were transported free of charge.

At Laramie City a letter was exhibited from Mr. Studebaker, a Chicago wagon maker (see p. 2114), with reference to rebates that had been granted to him, in which he said that the rebates referred to had been given to him by the Union Pacific Company on general principles, and had been distributed around to make them look well.

In granting rebates, the company followed no rule, and its published tariffs were worthless except for charges against the Government. All rebates were put on overcharge blanks, so that it was difficult, from the face of the voucher, to ascertain whether the rebate allowance was an allowance by agreement or an allowance for error. A thorough examination of the rebate system of the Union Pacific Railway Company leads to the conclusion that it was the policy of the company to concentrate business in a few hands, thereby building up a few men at the expense of others.

In defense of this course it is claimed (see Government Directors' Reports, p. 233) that self-preservation compelled the Union Pacific Railway Company to condone or to practice these discriminations. In other words, it deliberately, and with full knowledge of the force and effect of its action, violated its obligation as a common carrier. Its arbitrary dictation was carried to such an extent that shippers who refused to send their goods by that line were driven out of trade in competition with those merchants who were willing to ship solely over the Union Pacific.

Mr. Rosenbaum, of New York, a merchant who had been established in the California trade for thirty years, received a circular from the Union Pacific Railway Company, setting forth that if he shipped one pound to California from New York, otherwise than across the continent by rail, the charges on his freight would be 100 per cent. higher than on the freight of those dealers who bound themselves to ship only by rail.

In its relation with other railroad companies the Union Pacific encouraged unhealthy competition, and put a premium upon the building of competitive lines. Wherever it met other lines, its president testified (see volume 1, p. 139), its regular way of doing business was to pool the traffic. The pool, as arranged by them, was a matter of barter, or dicker, or trade, in which the public interests, or the obligation of the railroad as a common carrier, were subordinated to the stockholding interest, and the permanent prosperity of the territory served by it was ignored in the effort to secure temporary advantage. When these barters failed, or when the relations between the contracting parties in the pool became strained, a struggle would ensue and rates would be reduced to ruinously low figures, causing violent fluctuations in prices, and interfering with the natural currents and conditions of trade.

To the Pacific Mail Steamship Company the Union Pacific Railway Company paid $2,000,000 as a subsidy to prevent the competition of

the ocean route. The Union Pacific Company also paid $200,000 to northern lines on condition that they would allow it to retain a monopoly of certain territory. In connection with the other companies in the transcontinental pools, the Union Pacific Company paid 6 per cent. to the Northern Pacific and to the Oregon Railway and Navigation Company upon condition that they would keep out of San Francisco. In spite of all these large expenditures, the Union Pacific Railway Company was only able to obtain a rate of 1.05 cents per ton per mile on Pacific coast business. When the transcontinental pool broke, in February, 1886, the companies paid for the privilege of carrying goods; they struggled to do business for nothing; and the Union Pacific, in the year 1886, lost over $900,000 on Pacific coast business, measured by the average cost of transporting freight upon that line. In 1886 it carried 60,000,000 more tons 1 mile of Pacific coast business than in 1885, and its earnings diminished $463,000. Its tonnage increased 35 per cent., and its earnings, on Pacific coast business, decreased 26 per cent. From January, 1886, to April, 1886, a period of three months, the average rate declined from 1¼ cents per ton to $\frac{11}{16}$ of a cent per ton; that is, the April rate was less than one-third of the January rate. The company actually received more for the sleeping-car fare of its passengers than for their transportation.

One of two things is evident: Either the pool rates were outrageously high, and retarded trade, or the rate under the cut was ruinously low; and in either case the company which participated in that struggle was to blame.

Shortly after the Union Pacific Railway Company acquired control of the Denver and South Park line to Leadville, it became involved in a contest with the Denver and Rio Grande Company, and hauled coke from the Missouri River to Denver for $1 a ton and from Denver to Leadville for nothing. After this struggle had been maintained for a long time, with loss to both companies, an adjustment was made by which the Denver and Rio Grande practically controlled the business out of Leadville, and an allowance of one-third of the traffic from Leadville was made to the Denver and South Park lines in consideration of other advantages which the Union Pacific obtained at other points in Colorado from the Denver and Rio Grande.

Under the percentages which prevailed in 1886 the Denver and Rio Grande was entitled to about $1,700,000 of the gross earnings upon Leadville business, and the Denver, South Park and Pacific to about $800,000. But as the Denver, South Park and Pacific Company had not carried its full allowance, the remainder was made up to it by the Denver and Rio Grande Company. Meanwhile it appears from the testimony that the Leadville industries were suffering. They not only got no advantage from the fact of having two roads to Denver, but as a result of the combination of these two lines they were seriously injured. The result of this policy of combination and oppression has developed itself within the last two months, when a third line to Leadville was opened.

The city of Denver also suffers from the operations of pools, and its rates to-day from the East are higher than when there were fewer lines, making it evident that the traffic of Denver has been forced by a combination of railroad companies to pay for their losses and for their unhealthy competition.

It has been claimed for these pools that they secured certainty, permanency, and uniformity in rates for the merchants, and that these elements were more important for trade than cheapness of rates. This

proposition utterly fails upon practical application, for the reason that, though diligent inquiries were made by the Commissioners, none of the railroad men were able to point out a single pool which had been honestly maintained; that when the railroad men met together and fixed the rates there was no assurance that they would respect their own agreements for twelve hours. In the effort of the pool to fix rates the determination of a reasonable rate was not fixed upon a sound basis.

A company with $100,000,000 of water in its capital will not take the same view of a reasonable rate that would be taken by a company conducted upon sound business principles. The pool puts the merchant at the mercy of an arbitrary rate, determined by a railroad manager who disregards cost of service in his adjustment and who fixes rates between localities, individuals, and industries under varying conditions. Such a system must produce glaring inequalities, gross favoritism, and opportunities for corruption.

The pools in which the Union Pacific Company participated were, the pool between Denver and Mississippi River points east of the western boundaries of Kansas, the Western Colorado Railway Association, the Utah Traffic Association, the Nebraska Traffic Agreement, the Montana Traffic Agreement, the Oregon Traffic Association, and the Transcontinental Pool.

Included in these agreements were the Norton County Pool, the Helena and Butte Pool, the Central Branch Missouri Pacific Pool, the Atchison, Topeka and Santa Fé Cattle Pool, the Topeka Pool, the Northern Lines Subsidy, the New Orleans Pacific Pool, the Kearney Pool, the McPherson Pool, the Carbondale Pool, the Virginia City Pool, the Fremont Pool, the Lawrence Pool.

From February 1, 1880, to December 31, 1886, the pool balances paid out by the Union Pacific Company amounted to—

Passengers	$432,591.81
Freight	172,094.26
Total	604,686.07

In addition to these payments of pool balances a net balance of $500,335.67 in freight was diverted to the Union Pacific by other companies; the major portion of this amount being made up by a diversion of over $400,000 in freight by the Denver and Rio Grande to the Denver and South Park line.

FACILITIES AND ACCOMMODATIONS.

The facilities and accommodations afforded by the company have not been first class. The transfer cars between Council Bluffs and Omaha have been complained of. The Ogden depot is utterly inadequate for its purposes. At Lincoln, Neb., there have been occasional complaints of want of depot and shipping facilities. The accommodations at Leavenworth have not been first class, and the running of "plug" or mixed trains between Leavenworth and Lawrence has driven passenger traffic to other lines. When the people of Leavenworth complained of the insufficient accommodation, the company said it was unable to stand the expense of removing the disadvantages of the Leavenworth branch; yet at that time it was declaring dividends of 7 per cent. It appears from the testimony that the same city suffers because the Union Pacific Company has retarded the development of the Kansas Central line and diverted its traffic to the Kansas Pacific line.

The merchants of Lincoln, Neb., felt that they were so badly treated by the railroads which served that city that they organized a bureau of transportation, drew up protests to the railroad company, and presented arguments to the Interstate Commerce Commission against the discriminations under which that city labored. They made the general charge that the Union Pacific Railway Company was destroying the wholesale business of Lincoln, and that the railroads which centered there had used the Interstate Commerce law as a lever to justify them in raising the rate on lumber from Missouri River points from 8 cents to 20 cents per 100 pounds. Mr. Raymond, a wholesale merchant of that city, charged that the Union Pacific Company was discriminating against Lincoln and in favor of Omaha, and explained how Mr. Spreckels, the California sugar refiner, had obtained a special rate of 50 cents per 100 pounds to Nebraska City, Kansas City, Omaha, Leavenworth, Atchison, and Lincoln. The Omaha merchants asked Mr. Spreckels to quote sugar one-eighth of a cent per pound higher to Lincoln than to Omaha. Mr. Spreckels refused, and then the Omaha merchants appealed to General Manager Kimball, who struck Lincoln from the list of cities which were favored with the special rates, and gave it a local rate. It was charged (see p. 1528) that the Union Pacific refused to take sugar to Lincoln unless it had been shipped through Omaha, and that this action of the railroad company had almost ruined the Lincoln business in sugar.

When freight was hauled by the Union Pacific from Saint Paul to Kansas City through Lincoln, at 10 cents per 100 pounds, the Union Pacific Railway Company refused to carry freight to Lincoln from either point for the same figure, or to switch off a car-load at that point.

Merchants in Columbus, Neb., complained that although they were 91 miles nearer San Francisco than Omaha, both being on the same line, they were forced to pay higher rates; that the rate from Omaha to San Francisco was $1.40 per 100 pounds, while the rate from Columbus to San Francisco was $3, and the only way they could ship to San Francisco was by way of Omaha. The charges in connection with the cattle business were so high that the Columbus dealers were forced to quit. (See p. 1477.)

In shipping to Memphis from Columbus, the rate to Papillion, for a distance of 75 miles on the Union Pacific, was 5 cents greater than from Papillion to Memphis, Tenn., a distance of 500 miles, on the Missouri Pacific. In other words, the rate from Columbus to Papillion was 30 cents, and from Papillion to Memphis 25 cents.

Similar complaints were made by the people of Grand Island. Mr. Hedde, of that place, declared that a car-load of nails from Pittsburgh via Saint Louis to Council Bluffs, a distance of more than 1,000 miles, cost less than from Council Bluffs to Grand Island, a distance of 150 miles.

Judge Humphrey, of the Kansas railway commission, said the average railroad rate in Kansas had been reduced 30 per cent. in four years by order of that body.

The commissioner of Colorado (see p. 1952), declared that railroad rates were considerably higher in Colorado than in any other State in the Union; that he had recommended to the Union Pacific Company a reduction of the rates on the Colorado Central, but that his recommendation had not been adopted. While the railroad company carried paper from Chicago to San Francisco for $20 per ton, it charged $30 per ton for transporting the same article from Chicago to Denver.

Complaint has also been made of the unbalanced rates from Leadville to Denver on ore and bullion, and on the bullion rate from Leadville to the Missouri River, on which $22 had been charged for years, though the rate from Salt Lake City to the Missouri River, on the same article, had been only $17.

The merchants of Denver (see p. 1920) complained that they were paying higher rates than any other city in the Union, and reference was made to an appeal which the Chamber of Commerce of that city had presented to the pool commissioner of Colorado.

The Leadville people declared (see p. 2032) that in the transportation of some articles it was cheaper to team than to send by rail.

At Salt Lake City there was complaint that the charges of the Union Pacific Railway Company for ore to that place from points in Idaho and Montana were nearly the same as to points 1,000 miles east, and that the effect was to divert the smelting business to the eastern points.

An instance was related of a shipment of wool to Boston from Salt Lake City by way of San Francisco, because it was cheaper to ship westward a distance of 860 miles, and then to return it eastward to Boston than to ship direct from Salt Lake City to Boston.

The Union Pacific Railway Company has taken advantage of the interstate commerce law to oppress trade, having used the application of that law as a pretext for a general increase of rates varying from 20 to 33 per cent. The decision of the Interstate Commerce Commission relative to the suspension of the 4th section has been availed of by the companies as a justification for outrageous discriminations. In place of pools, which were prohibited by that act, the companies have substituted "agreed rates." The prohibition of pools contained in that act has simply forced a change in the nature of the combinations from agreements for division of earnings or territory or traffic to agreements for the maintenance of rates which are unreasonable. It is not strange that the company, when mining and selling coal, and quarrying and selling stone, with the power to drive all competitors out of the market, should exercise that power for its own temporary advantage and to the injury of those whom the Government is bound to protect. As was stated on page 233 of the Government Directors' reports, the company claims that self-preservation forces it to condone or to practice these discriminations.

Mr. Charles Francis Adams, when a Government director in 1878, said (see p. 145, Exec. Doc. 69, 49th Cong., 1st sess., Senate), in discussing the practices of the company:

> To whatever extent such discriminations may have been justified, however, if at all, under the extreme results to which more eastern roads were driven by the pressure of an unbearable competition, there would certainly seem to be no excuse whatever for them in the case of a road circumstanced as the Union Pacific now is. Such a policy of petty discrimination can hardly be deemed otherwise than wholly inconsistent with any high sense of public responsibility.

But more offensive than the inequalities and favoritism in which the company participated, or the combinations into which it entered, was the terrorism which it maintained over merchants and over communities. As was stated by one witness (see p. 1346):

> People would testify, but they were afraid to offend the railroad.

At Columbus, Neb., Mr. Leander Gerard (see p. 1481) testified:

> Merchants understood that if they did not do as the railroad company wanted, it would discriminate against them. Men that were friendly to it would have privileges extended to them, and the politicians and fellows that were active had advantages.

At Lincoln, Neb. (see p. 1520), it was testified by one of the leading merchants of that city:

One of the complaints has been the favor shown by the company in the distribution of passes and favors. In the courts, both State and Federal, passes are given to jurors. Cases are carried to Federal courts, and where they are tried by a jury, the jury are favored by the company with passes. I do not regard this as promotive of the ends of justice.

Ex-United States Senator Hill, of Denver, testified that he had said, in answer to hundreds of inquiries which were made to him as to whether he would advise persons to go into business in that city:

Denver is a good place in which to establish business if you can get on the inside track with the railroads.

He also testified:

In business it has always been a question of favor with railroads rather than skill, ability, or enterprise.

The result of this autocratic policy, as appears by the Government Directors' Reports (see p. 224), was that the company was compelled to bear the burden of the ill-will of the people.

The Union Pacific Railway Company has interfered with the political affairs of Kansas, Nebraska, and Colorado; it has entered into election contests, and in Nebraska it became such a powerful force in politics that a combination of nearly all the other political elements in the State was required to combat it. Its interference was continuous, beginning in the year 1872, and involved a general contest in the State in the years 1875 and 1876. At that time the Union Pacific Company made a combination of railroad and federal officials for mutual advantage, and it enlisted the services of postmasters and revenue officers in carrying bond elections that were in its interest in various counties, and in defeating other companies who were to be benefited by such bond elections. In the year 1876 there was a pitched battle, lasting four days, in the Republican State convention. (See p. 1335.) The company has made it a rule (see p. 1049) to tender a pass to every member of the legislature to influence legislation in its interest. But it has not stopped at the distribution of its favors to legislators. It has gone so far as to influence the election or defeat of members of the legislature. By "expressing a wish" it has induced its employés to support or defeat candidates; and in some localities (see p. 1498) it was testified that a constable could not be elected without the permission of the Union Pacific officers.

The company has been impartial in its political affiliations and has used all parties alike for its purposes.

Hundreds of thousands of dollars have been disbursed at the State and national capitals for the purpose of influencing legislation, and as many as fifteen men were maintained on pay in attendance upon the legislature of Nebraska during its sessions at Lincoln.

In view of these facts, it is not surprising that the sentiment of the people of Kansas, Nebraska, and Colorado has been largely in favor of railroad regulation by the States.

Another source of irritation presented itself in the land policy of the company. By the grant of Congress it was given alternate sections of land for a distance of 10 miles on each side of the road. Being a large land-owner, the company should have borne its proportion of public taxation, but it acted on the theory (see p. 1021)—

That as men on Government land were not paying taxes, the man buying railroad land was only getting a fair show if he did not pay taxes for two or three years after he bought his land.

The State of Nebraska attempted to compel the Union Pacific Railway Company to take out patents on its land grants, but the Union Pacific Company interfered in Congress to prevent it and succeeded in defeating such legislation, thereby putting all the burdens of local government upon other land and other property-owners. (See p. 1417.) In 1872 the lands of the company were assessed and placed on tax duplicates in Nebraska; but the company enjoined collection upon the ground that the land was not taxable until application had been made for patent. The company then engaged largely in the sale of uncertified lands (see Government directors' reports for 1873), and at the present time over 7,000,000 acres of land sold by that company are without patent from the Government. In certain localities the company did not select lands for patenting, because there was no demand for it, and it would only apply for patents (see p. 1020)—

When a fair proportion of the purchase money had been paid, may be two or three years after they are sold.

The company not only retained control of the lands granted to it by the Government, but by the use of the names of its employés (see page 1432) it acquired possession of coal lands that were open to private entry, though the act of Congress of March 3, 1873, permits only individuals or associations of three persons to acquire coal lands. (See page 1327.)

The people of Nebraska, in 1875, for the purpose of forcing the Union Pacific Railway Company to assent to local regulation, adopted a constitutional amendment restricting the right of eminent domain to corporations that assented to the power of the State; and of this the company complains as "hostile legislation."

It also complained that, under State legislation, its road-bed was taxed, and that school districts were arranged in such manner as to utilize the tax on the railroad so as to force it to pay for the school expenses of the district. The company further complained that Kansas and Nebraska passed laws which arbitrarily cut down rates, and that the legislatures of those States were always threatening injurious enactments; that as many as twenty bills affecting railroad companies would be introduced in the legislature in a single session, some of them creating commissions, some fixing rates, and some prohibiting discriminations. Against all of these measures the railroad company protested.

In discussing the relations of the company with the Government, Mr. Adams said (see p. 116):

The Government has treated us in a harsh and arbitrary manner. They make out their own bill and we have to pay it.

The Thurman act was regarded by Mr. Gould as a case of oppression.

The time of the Commission was so limited that it had no opportunity to visit the various localities that are served by the Central Pacific Railroad Company but from the reports of the railroad commission of California it is apparent that the abuses of power which have characterized the management of the Union Pacific Company were also practiced by the Central Pacific Railroad Company in its relations with shippers and communities. Its conduct in this respect provoked serious political contests in California and impelled the people of that State to adopt amendments to the State constitution regulating railroads and creating a State commission to protect shippers against the discriminations of the Central Pacific Company. In that State, as in the territory tributary to the Union Pacific, there was interference with the lawful pursuits of the people; and as appears in page 128 of the State

railroad commission's report for 1883, there were fears entertained by merchants of retaliation by the railroad company if complaints should be made against it. With the Union Pacific Company, it devised the special contract system and also attempted, by investing in other enterprises than those of transportation and by pools and combinations, to control trade.

The relations of the Sioux City and Pacific Railroad Company to the Government can best be summed up by calling attention to the fact that when negotiations were pending for the transfer of the stock of that company to the Chicago and Northwestern Railroad Company, Mr. John L. Blair offered a resolution, which appears at length on the minutes, setting forth that as a condition of the sale the Chicago and Northwestern Company must bind itself to protect every obligation of the company, excepting that to the United States Government.

The Central Branch Union Pacific, which funded its overdue coupons in 1879 to the amount of $630,000, adroitly held the coupons in abeyance, and fixed the date of maturity prior to the maturity of the Government debt.

In their dealings with the Government the bond-aided companies have maintained a series of contests. Since the date of the actual completion of the roads there has been what Judge Dillon denominates "an indeterminate and interminable number of disputes." There have been three litigations in the Supreme Court between the Union Pacific Company and the Government in connection with the question of net earnings, two on the payment of 5 per cent. of net earnings, and one on the Thurman act, which fixed the annual payment at 25 per cent. of the net earnings. Prior to 1874 the companies resisted all demands for the payment annually of a percentage of net earnings, alleging that their roads were not finished until October 1, 1874, which was the date of their final acceptance by the President of the United States; though they had obtained all their bonds from the Government in 1869 because of their representations that the road had been actually completed that year, and had appropriated many millions of net earnings in the mean time. They also claimed that by implication in the act of July 2, 1864, the requirement in the act of July 1, 1862, that they should pay 5 per cent. of their annual net earnings was repealed, and therefore they were not obligated to pay anything.

They also resisted the demands of the Government on the ground that all their fixed charges as well as their operating expenses should be deducted from the gross earnings, in ascertaining what were net earnings. Litigations also ensued over the payments for mail transportation. The Union Pacific attempted to charge for mail matter at express rates, and to obtain full fare for the transportation of the mail agents. Suits were also brought against the Government to recover compensation for the mail service on the unsubsidized portions of the lines, and for service on branch lines. Contests over deductions for betterments also occurred, and there are differences now unadjusted respecting the earnings of the Omaha bridge, the Pullman palace cars, telegraph tolls, the subdivision of earnings on the Kansas Pacific, and respecting land grants. The Union Pacific also denied that it was required to build to Council Bluffs, which had been designated by the President of the United States as the eastern terminus of the line. It took the question into the courts and attempted to force the eastern connecting lines to build and operate the bridge across the Missouri River between Omaha and Council Bluffs.

An issue also arose upon the question whether the interest paid annually by the Government upon the bonds which it had advanced to the companies was due from the companies at the times of its payment by the Government, or upon the maturity of the principal of the bonds.

THE PRESENT STATUS OF THE GOVERNMENT DEBT.

Having reported upon the non-compliance of all the companies with their obligations to the Government and to shippers, as well as upon their relations to other railroads and to the people, an inquiry presents itself as to the present status of the Government debt against the Union Pacific, there being a substantial concurrence of opinion that none of the other lines can pay the Government debt.

The total liabilities of the Union Pacific Company to the public, on bonds, floating debt, and guarantees, exclusive of Government debt and stock, were over $93,000,000 on January 1, 1887, or over $50,000 per mile.

Outside of its railroad property the Union Pacific has assets worth $23,486,676, so that its net debt to the public, exclusive of Government debt and stock, is stated at $70,000,000.

The system, aggregating 4,594½ miles, has total liabilities to the public and Government, including stock, of $225,633,964.96; and the liabilities of the entire Union Pacific family, including those companies in which it has a proprietary interest, but which it does not operate, are $255,333,417.96.

On December 31, 1886, the debt to the Government stood as follows:

Subsidy to Union Pacific Railroad Company (1,033 miles)		$27,236,512.00
Subsidy to Kansas Pacific Railroad Company (394 miles)		6,303,000.00
	1,426	33,539,512.00
Interest advances paid by Government to December 31, 1886	$38,130,481.02	
Less amount paid by the company	22,459,727.56	15,670,753.46
Total amount to December 31, 1886		49,210,265.46
In addition to the above the Government will pay interest at the rate of 6 per cent. per annum for nearly eleven years, or $2,102,370.72 per annum		22,240,640.58
		71,450,906.04

The present worth of the debt, discounted at 3 per cent., is estimated by the Government actuary at $60,643,967.10.

The act of 1862, granting the subsidy, limited the lien to the whole road and telegraph, together with the rolling stock, etc., "in consideration of which the bonds may be issued," and by the act of 1864 the Government lien was subordinated to a first mortgage of even tenor and date.

Subsequently the company was authorized to issue bonds for the construction of the bridge across the Missouri River between Council Bluffs and Omaha, and bonds were issued under that authority to the amount of $1,519,000 that were outstanding at the close of 1886. As the Omaha bridge portion was not aided a question will be raised as to whether the lien covers that portion of the property. If the courts decide that the bridge is so included, then the point will be raised that as the Government authorized the issue of the bonds it could not fairly claim priority of lien over that of the bridge bonds. In this view of the case

it appears that on the bond-aided portion of the road and on the bridge there are prior liens, as follows:

	Miles.	Amount.
Union Pacific Railroad	1,033	[illegible]
Kansas Pacific Railroad	394	[illegible]
Omaha bridge	1 ?	[illegible]
	1,428 ?	[illegible]

An appraisement of this portion of the Union Pacific Railway system, based on the cost of reproducing the present property, as made by the inspecting engineer of the Commission on a most liberal basis, is as follows:

Cost of reproducing the main line Union Pacific	$27,657,500.00
Cost of 394 miles of the Kansas Pacific Railroad	11,800,000.00
Omaha bridge	2,000,000.00
Total	41,657,500.00

The terminals at Omaha, Ogden, and Kansas City have been appraised as follows:

Omaha	$10,000,000.00
Kansas City	5,000,000.00
Ogden	300,000.00
Total	15,300,000.00

But as these terminals were not property in consideration of which the bonds were issued, the lien of the Government will be disputed, and in all likelihood successfully resisted. It therefore appears that on this property, valued at $41,657,500, there are prior liens of $35,058,512, leaving only $6,598,988 to satisfy the Government debt, the present worth of which is $60,643,967.10.

Without wishing to detract from the credit which should be accorded to the inspecting engineer of the Commission for the patience and energy with which he applied himself to the work, it should be stated that his figures are exceedingly liberal. The whole line of the Kansas Pacific is appraised at $23,315 per mile, yet the president of the company is authority for the statement that good roads can be laid in the State of Kansas for $14,000 per mile.

The engineer estimates that the Sioux City and Pacific can be reproduced for about $22,000 per mile. Yet Mr. Marvin Hughitt, of Chicago, the president of the Chicago and Northwestern Railroad Company and of the Sioux City and Pacific Railroad Company, told the Commission that he could duplicate the Sioux City and Pacific line for $9,000 a mile. Recently the track of the Sioux City and Pacific was appraised by two eminent engineers for the purpose of fixing the rental which the Fremont, Elk Horn and Missouri Valley Railroad should pay for passing over 31 miles of the track of the Sioux City and Pacific, and that appraisement fixed the present value of that section at about $11,000 per mile. It was the most expensive portion of the line of the Sioux City and Pacific.

Mr. Jay Gould told the Commission that he was building roads at a cost of $9,000 per mile, and related how he had proposed to the directory of the Union Pacific, shortly after the passage of the Thurman bill, to duplicate or parallel the main line of the Union Pacific from Omaha to Ogden for $15,000,000.

Mr. Peter A. Dey, one of the railroad commissioners of Iowa and the original engineer of the Union Pacific, who resigned rather than be a party to the Credit Mobilier frauds, told the Commission that the main line of the Union Pacific could be paralleled and equipped to-day for $25,000 a mile.

In view of these facts, it is fair to assume that the first mortgages on the bond-aided portion of the Union Pacific Railroad will entirely cover that property, if the valuation be based on the cost of reproducing.

If the valuation be based on the net earnings of the aided portion, it will be found that the net earnings for 1886, as reported to the Commissioner of Railroads, by the Union Pacific Railroad Company, were $6,167,801. On that basis, the valuation of the aided portion of the road would be $102,385,496, assuming that the road yielded at the rate of 6 per cent. per annum.

Here, then, we find two valuations, viz:

On basis of net earnings	$102,385,496
On basis of reproducing	41,657,500
Difference between the two estimates	60,727,996

It is evident from these figures that both methods can not be adopted. Under normal conditions, and for property other than a railroad, it might be fair to appraise on the basis of net earnings; but as the rates prevailing in the West in 1886 were in an abnormal condition, the traffic to the Pacific coast entailing a loss of $900,000 while the rates on local traffic were excessively high, a closer scrutiny ought to be made and another basis of valuation obtained. The Pacific coast business represented a trifle over 7 per cent. of the total traffic, and the local business comprised over 80 per cent. of the total traffic.

The testimony taken by the Commission shows that by subsidies, by pools, and by combinations of every description the Union Pacific had struggled to maintain rates. In some places it gave a bonus to a company to stay out of territory. In others the traffic was subordinated to the supervision of a pool commissioner; and in Kansas, where pools were prohibited, a system of "agreed rates," which answered the purpose of a pool, was adopted. As the president of the company testified, "there were pools everywhere. It was the regular way of doing business wherever the Union Pacific met other lines."

In 1880 the Union Pacific Railway as a whole, aided and unaided, was earning about 30 per cent. of its cost of reproduction, and in 1886 its net earnings were 19 per cent.

The fact is that the Union Pacific was making such large earnings in 1880 and prior to that year that a swarm of rivals was brought into the territritory which it occupied to dispute the monopoly it was then enjoying of the traffic west of the Missouri River. Nine railroad companies have since entered into territory east of Ogden which the Union Pacific occupied alone prior to 1878, and four additional lines have been built across the continent since 1881. On every side its business is being encroached upon and a feverish speculation inaugurated that can not fail to impair the earning capacity of the company.

The gross earnings and the net earnings of the Union Pacific Railway Company have, under the pressure of these forces, declined rapidly, as will be seen by the following:

The Union Pacific Railway Company.—Earnings and expenses for seven years.

Year.	Average miles operated.	Gross earnings.	Expenses, including taxes.	Net earnings.	Expense ratio.
1880	1,630.9	$22,375,630.49	$16,545,116.83	$11,730,533.66	47.24
1881	1,630.9	24,105,209.41	12,495,342.71	12,625,037.70	51.77
1882	1,630.9	23,710,227.75	16,727,949.28	11,982,278.47	47.23
1883	1,630.9	20,915,084.11	16,858,093.86	10,056,990.25	80.62
1884	1,631.9	17,237,940.66	8,995,181.47	8,241,980.41	49.87
1885	1,632.4	17,455,931.61	9,050,253.20	8,404,678.31	51.83
1886	1,632.4	17,008,182.59	10,202,455.97	7,812,797.62	87.75

The company attempted to offset this decline by extending its lines, but the figures still fell.

The gross earnings per mile on the system declined (see page 126 of Annual Report) from $9,061 per mile in 1880 to $5,849 in 1886, and its net earnings from $4,679.52 in 1880 to $1,977.77 in 1886.

The Union Pacific system.—Earnings and expenses for seven years.

Year.	Average miles operated.	Gross earnings.	Expenses including taxes.	Net earnings.	Expense ratio.
1880	2,700.30	$25,098,092.77	$13,131,920.09	$12,966,954.11	48.36
1881	2,128.45	28,971,226.27	15,840,060.01	13,131,170.26	54.67
1882	2,622.69	28,426,218.70	15,247,961.30	14,186,277.39	51.79
1883	4,120.65	24,629,232.80	16,144,320.81	12,484,862.00	56.90
1884	4,420.30	20,637,290.41	14,866,115.20	10,780,175.21	57.95
1885	4,472.95	20,674,674.75	15,987,233.82	8,687,441.23	62.77
1886	4,645.13	26,060,797.48	17,066,618.77	8,996,178.71	65.19

Financial results of the operation of Union Pacific Railway and system, reduced to mileage basis.

Year.	Railway.				System.			
	Average miles operated.	Gross earnings per mile.	Operating expenses, including taxes, per mile.	Net earnings per mile.	Average miles operated.	Gross earnings per mile.	Operating expenses, including taxes, per mile.	Net earnings per mile.
1880	1,630.9	$13,722.23	$8,791.79	$4,442.16	2,700.30	$9,961.52	$4,822.66	$4,679.52
1881	1,630.9	12,286.19	6,863.94	5,824.25	2,128.45	9,299.47	5,663.10	4,636.37
1882	1,630.9	13,472.63	5,901.07	6,569.96	2,622.69	8,191.53	4,195.78	3,995.74
1883	1,630.9	11,486.43	5,786.69	5,697.83	4,120.69	5,947.74	3,917.61	2,030.13
1884	1,631.9	9,736.93	4,855.70	4,881.23	4,420.30	5,804.42	3,363.69	2,440.83
1885	1,632.4	9,525.77	4,826.67	4,699.10	4,472.95	5,738.70	3,573.40	2,165.30
1886	1,632.4	9,717.26	5,612.09	4,105.09	4,645.13	5,608.29	3,971.49	1,977.77

The rates on its main line and on its system declined in the same period as follows:

Average rates per ton per mile on freight (not including company freight or coal) for six years.

Year.	Railway.						System.					
	East bound.	West bound.	Local average.	Through average.	Coast average.	Total average.	East bound.	West bound.	Local average.	Through average.	Coast average.	Total average.
1881	1.73	2.31	2.76	2.32	1.26	2.09	1.96	2.38	2.11	2.35	1.29	2.15
1882	1.77	2.14	2.64	2.33	1.17	2.08	2.03	2.55	2.03	2.34	1.25	2.25
1883	1.76	2.07	2.46	1.99	1.23	1.93	2.02	2.46	2.03	2.03	1.43	2.25
1884	1.44	2.05	2.12	1.36	1.15	1.73	1.70	2.47	1.96	2.00	1.28	2.05
1885	1.32	2.13	1.89	2.15	1.06	1.68	1.58	2.43	1.73	1.61	1.23	1.94
1886	1.21	1.96	2.01	2.27	0.35	1.54	1.46	2.14	2.27	2.36	0.74	1.81

If the value of the railroad (the aided and unaided portions) in 1886 was $124,000,000 because the net earnings of that year were $7,522,707, then, on the same basis, as the net earnings in 1880 were $11,730,535, the value of the railway in that year was $194,000,000. These figures show that that property shrank $70,000,000 in seven years.

At a rate of progression computed on the reduction of net earnings per mile and applied to the whole system, there will be no net earnings in 1892, and the property will then be worthless on the basis of valuation from net earnings, and there will be little more than old material for the first-mortgage bondholders.

These figures suggest the thought that while a valuation on the basis of net earnings might be a guide under normal conditions, such a basis utterly fails in the case of the Union Pacific.

Another factor should not be overlooked. In 1885 and prior thereto the decline in rates was forced by the pressure of competition and in spite of pools. Since April 5, 1887, the Federal Government has interposed its authority to prevent extortion by railroads, to prohibit pools, and to secure reasonable rates. Temporarily this interference has not made its impression upon railroad rates, but its inevitable result must be to allow a freer play to the natural forces of the competition of capital with capital and to accelerate the steady reduction in rates.

A third method of appraising the Government debt is upon the basis of what the road will sell for in the market. Though the Commission was not warranted in issuing a general invitation to capitalists to bid upon the Government's debt, it received several offers that ought not to be lost sight of.

Mr. Jay Gould offered $27,000,000 in cash for the main line of the Union Pacific. Reduced to the same standard as the other valuations, that is, including the first mortgages, this bid would fix the present value of the main line (1,038 miles) at $56,500,000; of the aided portion, 1,426 miles, $68,600,000; and of the entire railroad at $77,000,000.

Mr. Adams offered (page 991) $35,000,000, but it is probable that he intended to include the Kansas Pacific in that offer, which would make the real difference about $1,666,666.66 instead of the apparent difference of $8,000,000. This offer would fix the value of the entire railway at about $79,000,000.

Mr. Sidney Dillon (page 314) offered to take the branch lines and the Kansas Pacific off the hands of the Government at cost. This offer was very indefinite and left too much to be inferred.

In gauging the relative merits of these propositions it should be borne in mind that Mr. Jay Gould was talking as a speculator in railroads, and that his offer was based on present returns. It will be remembered that in 1879 he paid $250 for the stock of the Central Branch Union Pacific, which then had no intrinsic value.

Mr. Adams was talking for $60,707,500 of stock which was in a peculiar position; and it may be inferred that the stockholders would pay more than any others for the Government's debt. Mr. Dillon evidently intended that, in making his offer, the Union Pacific Railway Company should account to him for all the sales it had made of the Kansas Pacific and branch line securities.

Grouping the various estimates in round numbers, we have the following:

Prior liens		$35,058,512
Present value Government debt	$60,643,967	
Less market value of sinking fund	7,732,050	
		52,911,917
Total		87,970,429
Aided portion Union Pacific and Kansas Pacific, 1,496 miles:		
Cost of reproducing (without terminals)		39,600,000
Value, based on net earnings, 1886		102,000,000
Jay Gould's offer		68,600,000
Mr. Adams's offer		70,300,000
Union Pacific Railway (aided and unaided), 1,832 miles:		
Cost of reproducing (with terminals)		62,000,000
Value, based on net earnings, 1886		124,000,000
Value, based on net earnings, 1880		194,000,000
Jay Gould's offer (estimated)		77,000,000
Mr. Adams's offer (estimated)		79,000,000
Union Pacific main line (1,032 miles):		
Cost of reproducing (without terminals)		27,857,500
Value, based on net earnings in 1886		72,000,000
Jay Gould's offer in 1886		56,500,000
Jay Gould's offer to parallel in 1878		15,000,000
Mr. Adams's offer in 1886		57,500,000
Mr. Peter A. Dey's estimate (no terminals)		27,000,000
Mr. Dey's estimate of original cost		32,000,000
Original cost		35,824,000
G. M. Dodge's estimate		50,000,000
Cost fixed by Court of Claims		63,000,000
Cost stated by Credit Mobilier accountants		73,000,000
Original cost charged on railroad books		109,000,000

I therefore assume that if the Government were to sell out immediately it could obtain $35,000,000 from the Union Pacific for its debt, though the debt would hardly be worth that figure to another company. It is not within the power of human foresight to compute the worth of a railroad in the western country ten or fifty years hence, and every attempt in that direction must be the vaguest sort of a guess. The history of the past seven years would lead to the belief that notwithstanding the probable growth of population in that section, the earning power of the Union Pacific property will be diminished, and that in ten or fifty years the aided property will not be worth as much as it is today.

What additional security can the company give?

By section 9 of the Thurman act a lien is placed upon all the estate, rights, franchises, income, etc., of the company, subject, however, to a qualification.

Under a strict construction of this clause, the Government might assert a claim to priority of lien over the first mortgages of those branch lines which have been built out of the revenues of the parent company, but such a course on the part of the Government might be questioned; and, with a reservation of this point in favor of the Government, there is no additional security of any value to be obtained from the unaided portion of the line, as it is covered with liabilities that far exceed its real value.

The liabilities of the Union Pacific family to the public may be stated as follows:

Names.	Bonded.	Government.	Floating.	Stock.	Total.	Mileage.
Union Pacific Railway	$61,231,827	$40,210,265.46	$8,583,497	$60,707,050	$225,633,964.46	1,032
Operated lines	17,601,000			6,160,225		2,761
Central Branch system	6,842,000	2,190,000.00	120,670	841,200	10,993,870.00	330
Leavenworth, Topeka and Southwestern	650,000			168,200	858,200.00	45
St. Joseph and Grand Island	8,716,088		101,071	2,298,500	11,115,657.00	202
Utah Central	3,918,000		474,726	2,339,000	6,731,726.00	220
Total	119,182,913	42,400,265.46	9,229,964	74,514,275	245,333,417.46	4,591

The cost of reproducing the Union Pacific system is estimated by the inspecting engineer of the Commission at $120,000,000. Its liabilities amount to $225,633,964.96. Here, then, is an excessive capitalization of at least $105,000,000.

The cost of reproducing the unaided portion would be $78,842,500, while its net earnings, amounting to $2,828,000 per annum, would give it a valuation of less than $47,000,000.

Against the unaided portion and the branch lines there are the following incumbrances:

Omaha Bridge renewal bonds	$291,000
Denver extension bonds	6,942,000
Leavenworth branch bonds	600,000
Cheyenne branch bonds	2,050,000
Income (subordinated) bonds	4,811,650
Income bonds	203,700
Consolidated mortgage bonds	14,955,000
Bonds in collateral trusts	11,731,000
Bonds of other railroads in Kansas Pacific consolidated mortgage trust	3,160,000
Bonds of branch lines in hands of public	17,691,000
Total	60,904,350

The assets of the Union Pacific Railway Company, other than securities in branch lines, are as follows:

Cash	$806,457.90
Miscellaneous bonds and stocks	2,617,411.75
Miscellaneous investments	755,749.93
Land contracts, cash, etc	18,599,518.67
	22,779,138.25

Of these assets, no part thereof is property "in consideration of which" bonds were issued by the Government; and a serious question will arise as to whether or not they are subject to Government lien. "Land contracts, cash, etc.," are, however, pledged to the payment of the land

grant and sinking fund bonds, amounting to $16,404,000, which are being bought in by the company at high premiums. Though the Government lien ranks second in priority, the company has so secured the junior liens that the Government is in fact subsequent to all the other liens on the aided portion of the Union Pacific main line.

Reduced to tables we find:

	Cost of reproduction.	Valuation on basis of net earnings.	Liens prior to Government.	Margin for Government claim of $62,011,277 on basis of reproducing.	Margin for Government claim on basis of net earnings value for like
Aided portion of Union Pacific Railway	$41,637,500	$102,000,000	$35,058,512	$6,578,988	$67,000,000
Unaided portion of Union Pacific Railway	78,362,500	47,000,000	60,004,250	17,438,150	−13,000,000
	120,000,000	149,000,000	95,062,762	24,017,138	55,100,000

It will be apparent, from a study of these figures, that the Government can gain very little by taking the unaided portion of the Union Pacific system as additional security.

On the basis of cost of reproducing the aided portion of all the lines, there is a margin of $13,761,688 to meet a debt the present value of which is $122,482,106.32.

Aided portion.	Cost of reproducing.	Encumbrances prior to Government lien.	Margin for Government.
Union Pacific	$41,637,500	$35,058,512	$6,578,988
Kansas Pacific	2,004,000	2,220,000	−216,000
Central Branch	2,772,700	1,628,220	744,480
Sioux City and Pacific	34,500,000	27,855,000	6,644,220
Total	80,934,200	66,772,512	13,761,688

At present prices of railroad construction it is evident that from the properties themselves the Government can not recover within one hundred and eight millions of the present value of the indebtedness owing to it by the bond-aided companies, and any extension of the time for payment would be useless and would expose to further risk and depreciation the present inadequate security for the debt.

ROBERT E. PATTISON,
Commissioner.

WASHINGTON, *December* 1, 1887.

EXHIBIT No. 1.

[Compiled from Poor's Manual, by Henry V. Poor.]

STATEMENT 1.—*Area of the United States, population in 1880, and mileage of railroads in 1880 and in 1886.*

States and Territories.	Area.	Rank in area.	1880. Population.	Rank in population.	1880. Railroad mileage.	Rank in railroad mileage.	1886. Railroad mileage.	Rank in railroad mileage.
	Sq. miles.							
Maine	33,040	36	648,936	27	1,005	28	1,149.51	23
New Hampshire	9,305	41	346,991	31	1,015	27	1,050.17	27
Vermont	9,565	40	332,286	32	914	30	945.75	41
Massachusetts	8,315	42	1,783,085	7	1,915	16	2,018.46	26
Rhode Island	1,250	48	276,531	33	210	43	209.99	47
Connecticut	4,990	44	622,700	28	923	29	975.56	39
New England group	66,375	H	4,010,529	F	5,977	G	6,350.44	H
New York	49,170	27	5,082,871	1	5,901	3	7,481.40	4
New Jersey	7,815	43	1,131,116	19	1,684	19	1,957.41	26
Pennsylvania	45,215	30	4,282,891	2	6,191	2	7,871.56	3
Delaware	2,050	45	146,608	38	275	42	334.50	46
Maryland	12,210	39	934,943	22	1,040	26	1,225.09	31
District of Columbia	70	47	177,624	36	.....	.....	31.61	48
Middle group	116,530	G	11,756,053	A	15,181	B	18,891.57	D
Ohio	41,060	33	3,198,062	3	5,792	4	7,456.18	5
Michigan	58,915	20	1,636,937	9	3,938	8	5,635.82	9
Indiana	36,350	35	1,978,301	6	4,373	6	5,711.19	8
Illinois	55,650	22	3,977,871	4	7,851	1	9,275.69	1
Wisconsin	56,040	23	1,315,497	16	3,155	11	4,869.17	11
Central northern group	249,015	E	11,206,668	B	25,109	A	32,948.05	A
Virginia	42,450	31	1,512,565	14	1,893	17	2,729.83	18
West Virginia	24,780	38	618,457	29	694	35	1,146.82	34
North Carolina	52,250	a26	1,399,750	15	1,486	22	2,301.60	29
South Carolina	30,570	37	995,577	21	1,427	23	1,813.60	29
Georgia	59,475	19	1,542,180	13	2,459	13	3,290.50	15
Florida	58,680	21	269,493	34	518	37	1,018.18	37
South Atlantic group	268,205	D	6,338,022	D	8,474	E	13,299.53	E
Alabama	52,250	b26	1,262,505	16	1,843	a18	3,289.46	19
Mississippi	46,810	29	1,131,597	18	1,127	25	2,111.26	24
Tennessee	42,050	32	1,542,359	12	1,843	b18	2,199.19	21
Kentucky	40,400	34	1,648,690	8	1,539	21	2,116.73	22
Louisiana	48,720	28	939,946	22	852	36	1,381.16	30
Gulf and Mississippi Valley group	230,230	F	6,525,097	C	6,903	F	10,098.80	F
Missouri	69,415	16	2,168,380	5	3,965	7	5,668.22	10
Arkansas	53,850	25	802,525	25	850	31	2,195.68	22
Indian Territory	64,690	18	.....	.....	280	a41	431.97	45
Texas	265,780	1	1,591,749	11	3,344	10	7,295.27	6
Kansas	82,080	14	996,096	20	3,400	9	6,119.40	7
Colorado	103,925	8	194,327	35	1,570	20	2,943.56	17
New Mexico	122,580	5	119,565	41	758	33	1,232.96	30
Southwestern group	762,320	A	5,872,642	E	14,085	C	25,287.06	B
Iowa	56,025	24	1,624,615	10	5,400	5	7,204.80	2
Minnesota	83,365	13	780,773	26	3,151	12	4,823.11	12
Nebraska	76,855	15	452,402	30	1,953	15	3,615.89	14
Dakota	149,100	3	135,177	40	1,225	24	3,698.21	13
Wyoming	97,890	9	20,789	47	512	38	777.72	44
Montana	146,080	4	39,159	45	106	45	1,063.48	36
Northwestern group	609,315	C	3,052,915	G	12,347	D	21,912.21	C

STATEMENT 1.—*Area of the United States, population in 1890, etc.*—Continued.

States and Territories.	Area.	Rank in area.	1890. Population.	Rank in population.	Railroad mile age.	Rank in railroad mileage.	1888. Railroad mile age.	Rank in railroad mileage.
	Sq. miles.							
Washington Territory	69,180	17	75,116	42	280	541	897.90	42
Idaho	84,800	13	32,610	46	208	44	611.38	43
Oregon	96,030	10	174,768	37	565	29	1,219.41	32
California	158,360	2	864,694	24	2,195	14	3,206.70	18
Nevada	110,700	7	62,266	45	730	34	854.15	40
Arizona	112,020	6	60,440	44	340	40	988.05	38
Utah	84,970	11	143,963	39	843	23	1,136.97	36
Pacific group	717,060	B	1,868,857	H	5,125	H	9,907.45	G
United States	3,919,090	.....	50,155,783	.....	90,290	.....	127,068.19	.....

STATEMENT 11.—*Railroad construction in the United States from January 1, 1880, to January 1, 1887.*

States and Territories.	1880. Miles.	Rank.	1881. Miles.	Rank.	1882. Miles.	Rank.	1883. Miles.	Rank.	1884. Miles.	Rank.	1885. Miles.	Rank.	1886. Miles.	Rank.
Maine	3.00	38	23.25	40	29.90	29	43.13	24	43.46	24	.....	.....	14.00	39
New Hampshire	.....	.....	6.15	42	17.50	41	3.00	41	.....	.....	.....	.....	6.00	43
Vermont	36.00	21	2.00	45	9.00	42	12.00	40	5.00	40	2.00	37	.....	.....
Massachusetts	41.86	26	42.62	26	8.30	43	13.44	38	13.84	35	13.54	30	30.00	30
Rhode Island	.....	.....	1.25	46	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Connecticut	23.70	32	26.85	37	2.70	45	.....	.....	11.34	37	.....	.....	.....	.....
New England group	114.56	H	113.22	H	67.40	H	72.56	H	72.72	H	13.54	H	46.00	H
New York	47.50	28	269.61	13	721.27	3	857.06	5	10.91	36	57.00	19	98.27	24
New Jersey	54.50	25	59.20	28	68.41	31	12.22	39	27.13	30	14.13	36	36.00	34
Pennsylvania	159.56	17	165.27	19	594.79	7	577.74	4	615.00	1	221.43	4	264.00	13
Delaware	.....	.....	.....	.....	6.73	44	2.00	43	20.53	34	3.19	35	13.45	37
Maryland	40.75	29	25.00	39	92.46	36	21.50	37	12.00	38	51.45	21	35.00	35
Middle group	302.25	F	549.27	F	1,385.61	D	772.26	E	686.70	F	337.25	D	991.00	F
Ohio	500.00	4	496.56	4	612.36	5	316.05	6	196.35	14	28.00	26	118.00	19
Michigan	264.50	11	345.48	8	330.72	15	497.66	1	189.20	11	98.56	14	267.17	9
Illinois	321.75	9	469.30	6	415.56	10	191.71	17	49.90	26	63.97	15	270.62	8
Indiana	195.50	15	324.05	7	612.05	4	171.06	20	24.20	32	65.40	17	111.27	20
Wisconsin	226.00	12	302.06	11	354.20	13	226.43	12	226.10	8	139.97	10	451.27	6
Central Northern group	1,487.75	C	1,939.34	B	2,325.47	B	1,363.12	B	683.95	B	402.86	C	1,419.30	C
Virginia	207.00	13	227.19	9	220.23	20	103.23	27	113.00	13	18.51	28	37.00	33
West Virginia	10.00	37	12.50	43	100.30	28	123.00	23	81.75	21	30.00	27	103.00	23
North Carolina	36.50	33	158.75	20	138.50	27	30.75	33	174.12	9	27.00	16	173.00	15
South Carolina	31.00	34	82.00	35	93.25	30	40.75	32	30.75	31	100.00	12	133.50	18
Georgia	45.00	27	103.50	23	316.00	16	84.00	31	94.00	18	133.75	8	274.00	11
Florida	37.50	30	145.00	24	371.43	12	192.43	16	190.00	6	272.84	1	514.00	10
South Atlantic group	361.00	E	728.94	D	1,060.72	F	555.40	G	182.00	G	272.84	E	814.00	G
Alabama	22.00	36	13.00	41	70.00	32	177.10	13	96.30	17	30.00	26	54.50	29
Mississippi	.....	.....	73.50	30	100.50	29	313.35	7	220.21	6	88.40	18	191.00	14
Tennessee	33.00	32	83.33	34	165.44	26	47.40	33	55.90	22	7.00	33	41.50	30
Kentucky	47.50	28	143.30	26	72.70	33	105.73	26	34.33	33	37.33	24	100.64	21
Louisiana	134.00	19	220.00	15	94.81	30	109.78	15	113.00	19	55.00	20	10.70	41
Gulf and Mississippi Valley group	236.50	G	532.13	G	504.45	G	833.36	D	516.79	C	292.24	G	494.64	E

STATEMENT 11.—*Railroad construction in the United States, etc.*—Continued.

States and Territories.	1880.		1881.		1882.		1883.		1884.		1885.		1886.	
	Miles.	Rank.	Miles.	Rank.	Miles.	Rank.	Miles.	Rank.	Miles.	Rank.	Miles.	Rank.	Miles.	Rank.
Missouri	312.30	19	242.25	14	292.54	17	118.00	23	100.00	18	229.02	9	99.48	23
Arkansas	60.75	34	143.50	25	493.25	6	345.00	10	33.50	29	41.00	23	40.50	29
Indian Territory	.....	.....	6.00	44	65.00	34	2.00	41	.....	.....	.....	.....	79.17	26
Texas	652.00	21	1,009.40	1	1,001.54	3	96.00	28	90.00	19	190.50	6	997.00	4
Kansas	362.80	7	293.50	10	211.03	23	144.17	22	158.21	10	389.97	2	1,070.04	1
Colorado	348.25	8	616.00	3	679.41	6	66.01	25	32.30	30	12.00	31	59.30	27
New Mexico	540.50	3	320.37	12	41.00	37	50.00	27	43.00	27	3.30	36	22.00	32
Southwestern group	2,276.60	A	2,179.16	A	2,789.45	A	725.23	F	454.98	D	786.27	A	2,611.29	A
Iowa	456.75	5	764.10	2	892.62	2	243.231	1	273.00	2	48.26	22	431.13	7
Minnesota	133.50	18	186.76	17	393.74	11	171.00	19	298.00	3	140.58	8	492.00	5
Nebraska	377.10	6	223.73	18	221.00	19	198.25	12	101.97	15	218.95	5	626.00	3
Dakota	724.00	1	413.00	8	416.10	8	410.97	2	268.00	4	118.50	11	321.42	9
Wyoming	.....	.....	64.00	32	48.71	36	.....	.....	.....	.....	.....	.....	160.30	17
Montana	78.50	31	157.00	21	261.50	12	491.50	3	9.97	39	.....	.....	15.30	38
Northwestern group	1,764.85	B	1,808.59	C	2,273.72	C	1,425.72	A	894.93	A	526.49	B	2,549.47	B
Washington	62.00	34	132.50	16	.....	.....	135.00	24	68.20	26	.....	.....	101.50	19
Idaho	.....	.....	60.00	31	216.50	21	262.00	9	20.00	37	5.00	43	13.50	40
Oregon	165.50	16	60.00	33	163.00	26	194.80	14	211.00	7	109.20	13	88.20	31
California	2.00	38	114.40	27	333.19	14	245.40	9	41.70	25	148.55	7	232.46	12
Nevada	71.00	23	156.00	28	32.50	38	.....	.....	.....	.....	.....	.....	.....	.....
Arizona	196.00	14	148.20	30	216.15	22	152.00	21	5.00	41	.....	.....	52.00	35
Utah	116.25	30	35.00	38	165.23	24	61.80	30	4.00	42	4.00	34	.....	.....
Pacific group	614.75	D	772.30	E	1,155.99	E	1,052.00	C	301.40	E	266.75	F	548.66	D
United States	7,145.90	...	8,773.85	...	11,599.02	...	6,616.72	...	3,972.71	...	3,131.16	...	9,009.45	...

STATEMENT IV.—*Probable actual cost of new railroads in each calendar year from 1880, to 1888.*

[NOTE.—The cost here shown is calculated in each instance at the rate of $25,000 per mile of road, which would show about the actual cash cost of each line built during the period covered by the statement. See Statement II.]

States and Territories.	Cost in 1880.	Cost in 1881.	Cost in 1882.	Cost in 1883.	Cost in 1884.	Cost in 1885.	Cost in 1886.
Maine	$75,000	$581,250	$747,500	$1,075,000	$1,000,000	.....	$200,000
New Hampshire	.....	184,500	437,500	75,000	.....	.....	150,000
Vermont	300,000	50,000	225,000	300,000	137,000	675,000	.....
Massachusetts	1,041,500	1,077,250	297,500	225,000	549,000	312,500	825,000
Rhode Island	.....	81,250	.....	.....	.....	.....	.....
Connecticut	562,500	931,250	87,500	.....	225,000	.....	.....
New England group	2,979,000	2,905,500	1,695,000	1,350,000	1,949,000	987,500	1,975,000
New York	1,187,500	6,740,250	13,024,250	8,946,500	872,750	1,425,500	2,462,750
New Jersey	1,262,500	2,262,250	2,225,250	225,000	675,250	250,000	937,500
Pennsylvania	3,937,500	4,134,250	13,900,750	9,443,500	7,262,000	5,725,750	5,106,250
Delaware	.....	.....	150,500	74,000	224,500	75,750	501,250
Maryland	1,018,750	625,000	850,500	537,500	300,000	1,250,250	850,250
Middle group	7,556,250	13,731,750	34,645,250	19,307,000	9,057,500	8,981,250	9,706,000
Ohio	12,500,000	12,414,000	15,900,500	7,901,250	2,656,750	637,500	2,906,250
Michigan	6,962,500	5,687,000	6,262,000	11,447,000	8,287,250	2,444,000	2,175,250
Illinois	4,637,500	3,951,250	15,216,250	4,275,500	562,250	1,625,000	2,744,250
Indiana	5,043,750	10,262,000	10,562,500	4,762,750	1,262,500	2,000,250	2,275,000
Wisconsin	5,950,000	7,581,250	8,906,250	5,710,500	5,962,500	2,331,750	11,361,750
Central northern group	37,193,750	40,423,500	56,196,750	34,138,000	19,473,250	10,077,500	22,494,750
Virginia	5,175,000	3,175,750	5,906,750	2,675,500	2,225,250	462,750	962,000
West Virginia	250,000	312,500	2,724,750	2,343,000	2,043,750	500,000	2,706,000
North Carolina	762,500	3,962,750	3,412,500	706,750	4,250,000	1,437,500	2,347,500
South Carolina	775,000	1,200,000	731,250	1,018,750	643,750	2,500,000	2,182,500
Georgia	1,125,000	2,537,500	7,625,000	1,970,000	2,250,000	2,343,750	6,962,500
Florida	937,500	2,725,000	6,765,750	4,812,000	4,262,500	4,262,500	7,674,750
South Atlantic group	9,025,000	13,973,500	27,062,000	13,525,000	16,025,250	15,052,500	22,835,000
Alabama	550,000	450,000	1,756,000	4,427,500	2,400,500	812,000	1,262,500
Mississippi	.....	1,912,500	2,512,500	7,823,750	5,705,250	2,662,500	4,777,250
Tennessee	300,000	1,462,250	4,136,000	1,185,000	1,262,750	175,000	1,662,000
Kentucky	1,187,500	3,537,500	1,817,500	2,662,250	600,250	862,750	2,671,000
Louisiana	3,168,000	5,725,000	2,362,250	4,644,500	2,200,000	1,275,000	297,250
Gulf & Mississippi Valley group	5,037,500	13,053,250	12,611,250	20,958,000	12,919,750	5,956,000	10,117,250
Missouri	7,812,500	6,656,750	7,225,500	2,951,500	3,500,750	6,475,250	2,437,000
Arkansas	1,518,750	3,587,000	13,156,250	6,127,000	887,500	1,037,000	1,287,500
Indian Territory	.....	150,000	1,625,000	75,000	.....	.....	1,975,000
Texas	10,325,000	41,725,000	27,200,500	2,465,000	2,250,000	4,762,500	15,100,000
Kansas	3,687,500	5,214,000	5,275,750	3,694,250	3,000,250	6,500,250	41,961,000
Colorado	3,706,250	15,425,500	14,485,250	1,650,250	707,000	800,000	1,450,000
New Mexico	12,512,500	7,234,250	1,042,000	1,272,500	1,097,250	62,500	800,000
Southwestern group	56,962,500	79,494,000	69,211,250	18,145,500	11,972,250	19,136,750	65,262,250
Iowa	11,418,750	19,102,500	20,085,500	8,062,000	5,961,500	1,200,000	10,775,250
Minnesota	3,237,500	4,662,000	2,918,500	4,277,000	7,184,750	3,522,000	12,962,250
Nebraska	2,437,500	5,662,250	5,226,500	4,956,250	2,562,250	5,475,750	15,762,500
Dakota	12,100,000	10,225,000	10,462,500	10,274,250	6,500,000	2,962,500	20,537,000
Wyoming	.....	1,962,500	1,217,750	.....	.....	.....	4,662,250
Montana	1,637,500	3,625,000	2,787,500	10,045,000	243,250	.....	300,000
Northwestern group	44,121,250	47,714,750	36,918,250	35,640,500	23,370,750	13,167,250	65,799,750
Washington Territory	1,550,000	4,587,500	.....	3,137,500	2,250,000	.....	4,687,500
Idaho	.....	1,725,000	5,407,500	7,074,000	962,500	125,000	287,500
Oregon	4,137,500	1,650,000	4,562,500	4,857,500	5,200,000	3,505,000	962,000
California	50,000	2,800,000	3,228,750	6,125,000	1,643,250	3,762,750	6,311,500
Nevada	1,775,000	3,900,000	1,237,500	.....	.....	.....	.....
Arizona	4,250,000	3,707,500	5,454,500	3,515,000	425,000	125,000	3,975,000
Utah	2,900,250	875,000	4,522,000	1,345,000	100,000	.....	.....
Pacific group	15,362,750	19,305,000	28,674,750	26,564,000	9,787,000	6,442,750	12,716,000
United States	178,726,000	244,471,250	289,975,500	170,493,000	89,543,750	79,576,500	233,613,000

STATEMENT V.—*Capitalization of railroads in each State in 1886.*

States and Territories.	Stocks.	Bonds.	Total.	Rank.
Maine	$18,427,413	$24,695,200	$43,122,613	32
New Hampshire	16,788,400	5,843,100	22,631,500	37
Vermont	19,835,900	15,282,000	35,117,900	30
Massachusetts	106,209,525	83,599,775	189,809,164	15
Rhode Island	4,552,880	2,194,275	6,747,155	43
Connecticut	36,784,141	12,480,400	49,264,545	28
New England group	202,673,477	143,792,850	346,466,827	H
New York	444,782,161	280,526,278	725,308,439	2
New Jersey	120,663,279	125,668,210	246,331,489	9
Pennsylvania	416,750,879	437,540,000	854,291,879	1
Delaware	7,087,464	18,516,000	25,603,464	26
Maryland	46,812,224	44,018,200	90,830,424	23
Middle group	1,036,095,907	1,026,288,487	2,061,747,495	B
Ohio	326,440,277	332,010,910	726,451,787	3
Michigan	95,916,668	85,909,654	181,217,162	15
Indiana	147,632,443	167,045,000	314,698,057	7
Illinois	332,735,386	330,727,000	663,462,384	4
Wisconsin	92,160,681	147,560,000	239,722,681	11
Central northern group	1,054,897,839	1,073,252,562	2,133,552,951	A
Virginia	109,117,024	104,190,215	213,307,249	12
West Virginia	30,266,372	9,847,800	89,216,172	24
North Carolina	24,885,375	21,924,900	46,810,275	29
South Carolina	17,250,235	28,477,691	45,727,926	30
Georgia	44,231,219	46,343,224	90,674,143	22
Florida	25,068,600	20,626,600	45,695,200	31
South Atlantic group	249,961,825	231,449,330	481,431,185	G
Alabama	35,607,231	39,397,227	75,005,008	32
Mississippi	19,131,977	9,682,541	19,794,518	40
Tennessee	82,712,000	63,511,000	146,223,000	13
Kentucky	75,196,472	114,569,254	189,764,726	17
Louisiana	43,827,000	41,005,716	83,973,316	24
Georgia and Mississippi Valley group	246,484,940	268,176,248	514,661,188	E
Missouri	207,311,505	189,693,503	396,408,008	5
Arkansas	37,644,249	32,176,810	69,821,059	27
Texas	104,362,102	146,975,500	250,467,602	10
Kansas	113,209,625	97,232,404	210,542,229	13
Colorado	82,586,800	47,265,800	129,852,600	19
New Mexico	75,981,100	40,736,534	116,617,634	20
Southwestern group	621,137,639	552,071,643	1,173,709,273	C
Iowa	58,165,974	49,763,557	107,929,531	21
Minnesota	130,496,249	158,796,413	289,294,662	6
Nebraska	65,672,000	133,302,640	198,794,640	14
Dakota	5,550,000	5,268,000	10,818,000	42
Wyoming	17,288,000	14,931,000	32,199,000	37
Montana	500,000	400,000	900,000	49
Northwestern group	323,661,223	362,454,610	685,115,833	D
Washington Territory	1,978,000	1,189,000	3,265,000	44
Oregon	46,660,000	29,976,670	76,576,670	25
California	163,287,138	148,909,430	312,146,568	8
Nevada	12,052,284	5,355,000	17,407,284	41
Arizona	22,290,000	13,943,000	35,873,000	35
Utah	21,348,777	20,180,000	41,528,777	33
Pacific group	268,144,997	219,648,100	485,791,097	F
United States	3,999,502,506	3,882,906,330	7,882,474,823	

STATEMENT VI.—*Gross and net earning of railroads in each State in 1886.*

States and Territories.	Gross earnings.	Rank.	Net earnings.	Rank.
Maine	$5,269,182	27	$1,963,269	25
New Hampshire	3,192,922	34	969,840	33
Vermont	3,836,714	30	1,164,429	29
Massachusetts	37,480,468	5	11,186,158	9
Rhode Island	1,992,501	37	669,202	36
Connecticut	12,260,816	18	4,207,660	15
New England group	63,853,718	D	19,999,269	E
New York	73,260,906	3	24,725,979	3
New Jersey	24,087,443	12	6,359,229	15
Pennsylvania	122,563,244	1	51,027,449	1
Delaware	1,220,798	38	187,023	40
Maryland	13,078,492	17	5,113,506	16
Middle group	234,901,031	B	87,404,269	B
Ohio	71,196,610	4	23,143,267	4
Michigan	27,114,912	10	6,338,656	12
Indiana	23,547,229	7	8,491,668	11
Illinois	57,685,622	2	16,572,211	2
Wisconsin	28,174,270	9	11,533,481	6
Central northern group	257,718,913	A	92,081,975	A
Virginia	17,122,190	16	6,536,144	14
West Virginia	1,212,782	39	346,223	37
North Carolina	2,950,106	32	945,535	32
South Carolina	4,946,889	28	1,137,474	26
Georgia	9,353,371	22	2,729,952	23
Florida	2,305,206	33	659,213	34
South Atlantic group	37,930,774	G	12,354,841	H
Alabama	7,460,889	23	2,053,167	24
Mississippi	1,141,815	40	307,398	39
Tennessee	16,698,186	20	6,698,884	18
Kentucky	11,888,233	19	4,683,894	17
Louisiana	6,878,970	24	1,892,726	26
Gulf and Mississippi Valley group	38,089,947	F	12,611,743	G
Missouri	27,302,491	6	15,440,966	6
Arkansas	3,464,054	31	1,018,698	31
Texas	20,462,862	14	4,196,886	19
Kansas	22,151,311	13	8,969,871	10
Colorado	9,712,266	21	3,665,994	21
New Mexico	1,778,710	36	dif 32,749	45
Southwestern group	85,872,118	C	33,668,866	C
Iowa	6,702,885	25	1,697,966	27
Minnesota	20,865,789	8	13,174,443	8
Nebraska	13,618,473	15	7,826,795	13
Dakota	70,436	45	dif 11,264	44
Wyoming	1,943,999	35	861,979	35
Montana	122,313	44	13,015	43
Northwestern group	56,142,499	E	23,234,886	D
Washington Territory	107,201	42	39,927	42
Oregon	6,538,534	26	2,766,979	22
California	25,250,000	11	11,500,000	7
Nevada	666,000	43	300,000	38
Arizona	158,043	41	101,027	41
Utah	4,094,750	29	1,227,512	28
Pacific group	36,955,016	H	16,035,396	F
United States	822,191,049	...	297,811,818	...

STATEMENT VII.—*Gross and net earnings—averages for seven years, 1890 to 1896; available revenue and interest payments for 1896.*

States and Territories.	1890-'96.				1896.					
	Average gross earnings	Rank.	Average net earnings.	Rank.	Available revenue.	Rank.	Interest on bonds.	Rank.	Other interest.	Rank.
Maine	$4,591,487	26	$1,503,397	27	$2,132,972	27	$1,105,904	26	$284,057	14
New Hampshire	2,400,319	30	1,108,234	30	1,742,197	28	814,289	29	13,626	23
Vermont	4,218,081	29	1,661,698	31	1,567,671	29	405,256	30	54,057	14
Massachusetts	31,989,985	7	9,290,607	10	13,491,621	8	4,187,539	15	283,046	4
Rhode Island	1,437,726	34	457,234	35	695,194	36	139,779	42	1,267	30
Connecticut	10,871,852	19	3,443,636	19	4,519,530	20	977,614	31	4,444	28
New England group	56,439,241	D	16,912,894	E	24,053,575	E	6,477,994	H	894,497	C
New York	77,064,022	2	25,161,491	2	29,722,954	2	14,849,942	2	998,298	2
New Jersey	24,643,347	9	8,614,847	11	15,868,720	6	11,844,152	6	318,852	7
Pennsylvania	105,148,279	1	43,221,519	1	67,471,338	1	22,909,168	1	510,911	3
Delaware	811,195	41	196,886	40	253,864	42	109,040	41	.....	.....
Maryland	13,966,361	16	5,032,097	15	8,581,662	16	10,023,067	7	16,866	20
Middle group	223,636,204	B	82,497,801	B	114,918,179	A	60,126,269	A	1,972,948	A
Ohio	45,989,533	4	21,782,963	4	24,497,709	4	11,693,789	4	923,294	1
Michigan	24,276,819	11	7,643,163	14	9,396,179	12	4,989,539	12	246,437	5
Indiana	34,188,923	5	8,200,156	13	9,366,633	14	4,622,699	14	70,408	13
Illinois	90,861,630	2	30,709,128	2	45,918,262	2	13,563,751	3	172,454	9
Wisconsin	24,251,809	10	9,096,450	8	11,991,239	10	7,119,374	9	.....	.....
Central northern group	219,588,627	A	86,486,907	A	101,669,986	B	47,388,839	B	1,422,617	B
Virginia	12,948,060	17	4,670,783	17	6,536,997	13	3,623,994	17	332,488	6
West Virginia	942,111	40	255,110	39	432,737	39	312,455	40	.....	.....
North Carolina	3,295,857	31	980,539	32	1,445,815	30	695,709	32	4,007	27
South Carolina	4,625,862	27	1,388,967	28	1,872,186	31	1,342,240	28	22,040	19
Georgia	9,186,899	20	2,998,389	21	4,956,427	18	2,416,262	20	22,436	16
Florida	1,220,536	38	460,043	36	741,286	34	643,932	33	30,257	17
South Atlantic group	32,321,327	H	10,899,389	H	15,477,910	G	8,998,736	F	222,538	E
Alabama	7,143,905	24	2,068,686	25	3,146,248	26	1,730,895	25	19,402	22
Mississippi	1,154,959	36	342,233	38	527,880	43	357,672	36	40,295	16
Tennessee	5,859,991	21	2,147,742	20	4,066,444	21	1,794,026	22	212	31
Kentucky	11,475,275	13	4,619,226	16	5,514,267	17	3,568,416	16	113,003	11
Louisiana	7,661,464	23	2,542,650	23	3,272,019	22	2,697,361	19	301,219	8
Gulf and Mississippi Valley group	36,195,594	F	12,720,498	G	15,206,490	H	10,109,258	E	965,335	D
Missouri	23,901,907	6	14,194,981	5	17,997,914	5	10,857,529	6	6,124	25
Arkansas	2,295,607	33	627,201	33	1,016,629	32	632,115	34	48,366	15
Texas	17,599,198	15	5,122,574	16	4,883,222	19	3,926,629	18	145,234	10
Kansas	19,905,901	14	8,449,126	12	11,118,695	12	5,365,432	12	.....	.....
Colorado	8,712,743	22	2,817,020	22	3,118,690	24	1,451,766	24	2,965	29
New Mexico	1,564,696	35	36,267	43	513,654	38	304,446	35	.....	.....
Southwestern group	82,729,962	C	31,241,117	C	38,518,063	C	22,737,220	C	201,236	F
Iowa	6,261,139	25	1,962,999	26	2,662,665	24	2,267,462	21	78,996	12
Minnesota	22,227,134	12	9,296,349	9	16,222,449	7	9,143,266	8	3,211	26
Nebraska	21,717,443	13	10,515,212	7	11,449,277	11	5,695,139	11	.....	.....
Dakota	87,309	45	5,998	45	251,999	40	263,230	37	.....	.....
Wyoming	1,181,475	37	304,516	37	591,939	37	295,969	38	.....	.....
Montana	96,305	44	18,313	44	113,535	44	198,538	43	.....	.....
Northwestern group	51,861,366	E	22,178,988	D	31,231,956	D	18,333,606	D	80,147	G
Washington	153,745	42	66,286	42	82,397	45	38,709	43	.....	.....
Oregon	5,364,719	28	2,230,494	24	2,827,972	25	740,289	29	14,979	21
California	26,694,344	9	10,562,178	6	15,575,572	6	5,891,248	10	6,993	24
Nevada	1,126,259	39	480,748	34	298,644	41	47,566	44	.....	.....
Arizona	1,162,709	43	95,494	41	715,954	35	667,538	39	.....	.....
Utah	3,069,589	32	1,269,975	29	1,264,519	32	994,256	27	.....	.....
Pacific group	35,788,947	G	14,705,497	F	21,755,058	F	8,271,606	G	21,993	H
United States	750,020,300	..	277,792,948	..	383,511,704	..	192,684,999	..	4,471,326	..

STATEMENT VIII.—*Passengers carried one mile in 1886 and average for five years; tons of freight moved and tons moved one mile in 1886; average ton-miles for five years; average rate per passenger per mile, and per ton of freight per mile, in 1886.*

States and Territories.	Passengers carried one mile.		Rank, in average.	Tons of freight moved, 1886.	Rank.	Tons of freight moved one mile.		Rank, in average.	Average rate per passenger per mile, 1886.	Rank.	Average rate per ton per mile, 1886.	Rank.
	In 1886.	Average for five years.				In 1886.	Average for five years.					
									Cents.		Cents.	
Maine	72, 229, 610	69, 243, 963	23	3, 218, 625	37	185, 212, 823	167, 497, 209	26	2.67	17	1.45	29
New Hampshire	57, 648, 604	43, 662, 196	29	2, 623, 676	39	89, 282, 698	115, 125, 209	29	2.72	18	1.45	24
Vermont	54, 660, 723	49, 284, 369	26	3, 533, 782	34	252, 133, 852	283, 283, 630	24	2.21	7	.99	2
Massachusetts	670, 442, 580	778, 686, 412	4	19, 851, 589	6	1, 382, 230, 868	1, 658, 628, 633	11	1.67	27	1.12	27
Rhode Island	33, 630, 495	32, 685, 977	32	766, 348	35	22, 474, 429	13, 431, 267	40	2.29	32	2.21	7
Connecticut	309, 693, 899	304, 716, 736	11	5, 253, 639	16	250, 108, 711	297, 940, 141	23	2.09	26	2.11	16
New England group	1, 302, 644, 700	1, 298, 688, 691	C	35, 725, 489	C	1, 997, 720, 606	1, 886, 143, 487	D	1.99	F	1.56	22
New York	1, 648, 621, 974	1, 886, 866, 277	1	69, 307, 417	3	6, 669, 851, 513	5, 970, 574, 309	3	1.96	20	.85	10
New Jersey	466, 668, 511	443, 893, 122	6	17, 067, 264	7	971, 216, 740	1, 063, 085, 699	16	2.45	31	1.41	26
Pennsylvania	1, 667, 893, 627	897, 319, 619	3	135, 065, 288	1	8, 619, 631, 727	8, 273, 772, 649	1	1.77	21	.86	11
Delaware	12, 469, 982	9, 885, 779	40	762, 567	37	22, 662, 457	30, 688, 288	30	2.09	13	2.29	31
Maryland	303, 350, 997	133, 597, 076	16	11, 133, 441	10	1, 870, 309, 206	1, 614, 674, 741	13	1.79	49	.39	44
Middle group	3, 769, 535, 173	3, 164, 512, 845	A	213, 376, 207	A	18, 270, 443, 639	18, 551, 666, 165	B	2.11	E	.81	G
Ohio	742, 317, 197	737, 726, 522	8	37, 302, 145	2	7, 401, 302, 147	6, 468, 327, 979	2	2.23	29	.69	43
Michigan	337, 797, 438	343, 485, 298	8	15, 872, 486	8	2, 444, 972, 869	1, 886, 715, 289	9	2.24	28	.87	13
Indiana	369, 315, 317	373, 479, 484	7	20, 921, 625	5	2, 267, 189, 139	2, 272, 567, 181	6	2.28	27	.78	8
Illinois	1, 011, 169, 010	893, 893, 716	3	40, 283, 396	4	6, 189, 566, 474	5, 479, 726, 886	4	2.10	22	1.10	32
Wisconsin	350, 990, 209	293, 894, 971	13	9, 141, 461	11	1, 967, 256, 013	1, 397, 978, 143	8	2.49	39	1.23	33
Central northern group	2, 772, 389, 790	2, 102, 311, 985	B	144, 995, 125	B	20, 189, 284, 369	17, 972, 996, 143	A	2.24	D	.89	F
Virginia	218, 427, 013	196, 991, 190	17	8, 216, 561	13	1, 444, 043, 223	944, 496, 824	15	1.99	19	.80	41
West Virginia	21, 256, 845	13, 291, 164	38	1, 255, 749	30	82, 461, 583	46, 932, 560	28	1.77	23	1.53	28
North Carolina	29, 451, 498	25, 893, 105	31	1, 183, 985	24	79, 284, 565	58, 883, 464	31	2.62	14	2.23	14
South Carolina	21, 227, 927	46, 885, 643	27	2, 023, 894	19	116, 681, 613	110, 282, 766	20	2.68	12	2.23	12
Georgia	39, 995, 866	39, 399, 134	21	2, 221, 254	15	283, 080, 245	283, 282, 237	21	2.79	15	1.74	17
Florida	26, 225, 107	17, 228, 161	37	1, 282, 488	21	67, 976, 269	48, 230, 949	34	3.31	7	1.69	18
South Atlantic group	456, 613, 779	339, 177, 393	E	17, 984, 926	G	2, 127, 197, 699	1, 548, 369, 113	F	2.20	C	1.16	E

STATEMENT VIII.—*Passengers carried one mile in 1888 and average for five years, etc.*—Continued.

States and Territories.	Passengers carried one mile.		Rank, in averages.	Tons of freight moved, 1888.	Rank.	Tons of freight moved one mile.		Rank, in averages.	Average rate per passenger per mile, 1888.	Rank.	Average rate per ton per mile, 1888.	Rank.
	In 1888.	Average for five years.				In 1888.	Average for five years.					
									Cents.		Cents.	
Alabama	78, 581, 512	66, 658, 986	24	3, 939, 531	21	991, 923, 958	823, 165, 224	20	2.43	32	1.31	30
Mississippi	9, 196, 707	9, 994, 833	39	846, 499	39	34, 579, 901	27, 467, 646	36	3.25	8	2.23	12
Tennessee	114, 572, 686	107, 263, 274	20	4, 542, 776	18	854, 032, 522	630, 774, 136	19	2.68	13	1.21	28
Kentucky	126, 966, 471	126, 694, 410	19	7, 301, 905	14	756, 511, 173	849, 245, 507	18	2.30	24	1.08	34
Louisiana	56, 325, 448	72, 304, 980	32	2, 678, 031	25	220, 396, 695	165, 978, 975	27	3.61	34	1.13	14
Gulf and Mississippi Valley group	377, 942, 825	384, 266, 565	G	19, 341, 272	E	1, 906, 497, 690	1, 896, 791, 443	G	2.51	B	1.31	D
Missouri	810, 302, 256	282, 432, 422	10	15, 503, 004	9	2, 019, 220, 779	1, 731, 720, 159	7	3.06	16	1.38	21
Arkansas	30, 810, 189	30, 695, 553	34	1, 190, 819	33	126, 972, 846	87, 209, 029	34	3.20	9	1.65	19
Texas	156, 366, 062	136, 414, 170	18	4, 585, 791	17	754, 201, 240	610, 304, 923	17	2.87	19	1.89	16
Kansas	222, 966, 374	166, 207, 812	14	6, 126, 191	15	1, 043, 179, 178	805, 954, 627	14	2.36	25	1.56	24
Colorado	83, 681, 026	49, 126, 670	28	2, 292, 264	28	344, 977, 582	195, 849, 253	25	3.65	6	2.91	6
New Mexico	36, 694, 894	19, 523, 173	36	251, 963	41	119, 063, 423	93, 126, 230	33	1.70	40	.94	40
Southwestern group	619, 020, 787	656, 564, 633	D	30, 014, 963	D	4, 315, 466, 857	1, 733, 783, 765	E	2.60	A2	1.56	E1
Iowa	94, 112, 149	49, 961, 218	35	4, 466, 451	19	333, 774, 245	207, 013, 627	31	2.49	30	1.42	26
Minnesota	220, 754, 646	214, 886, 739	13	8, 573, 123	13	1, 427, 775, 294	1, 124, 895, 427	9	3.31	14	1.43	25
Nebraska	308, 470, 072	164, 882, 863	15	4, 979, 572	20	903, 183, 587	627, 261, 742	16	2.39	30	1.56	23
Dakota	6, 739	122, 985	44	100, 000	44	1, 000, 000	3, 340, 459	43	10.01	1	6.66	4
Wyoming	26, 000, 000	26, 491, 541	35	1, 285, 000	32	85, 000, 000	60, 923, 199	37	2.16	32	1.46	28
Montana	503, 197	890, 879	43	210, 063	42	1, 007, 361	1, 297, 361	44	6.12	3	7.56	2
Northwestern group	832, 845, 784	456, 396, 217	E	19, 624, 409	F	2, 910, 804, 627	2, 277, 106, 477	C	2.49	H	1.43	C
Washington Territory	697, 000	399, 342	42	156, 647	42	4, 000, 000	4, 157, 089	41	4.23	4	2.25	5
Oregon	39, 252, 417	38, 442, 788	30	903, 796	36	169, 316, 672	144, 792, 622	28	3.04	11	2.30	10
California	344, 951, 191	227, 476, 731	9	3, 103, 067	23	702, 515, 180	782, 019, 581	16	2.45	21	2.16	13
Nevada	200, 000	671, 210	41	826, 123	40	3, 200, 000	3, 753, 564	42	4.06	5	7.14	1
Arizona	100, 000	127, 638	45	18, 414	45	1, 207, 000	1, 187, 375	45	9.77	2	10.81	1
Utah	20, 200, 000	21, 817, 643	31	1, 065, 000	35	117, 300, 000	82, 507, 313	32	3.14	10	2.47	9
Pacific group	405, 321, 518	289, 935, 230	F	5, 447, 243	H	997, 238, 852	807, 111, 206	H	2.60	A1	2.20	A
United States	2, 235, 230, 784	2, 235, 215, 787	.....	482, 345, 254	.....	12, 502, 076, 239	12, 434, 204, 979	.....	2.12	.....	1.64	.....

STATEMENT X.—*Population per mile of railroad in each State for each year from 1880 to 1886, based on the population of the States in 1880.*

States and Territories.	1880.		1881.		1882.		1883.		1884.		1885.		1886.	
	Rank.	Population per mile.	Rank.	Population per mile.	Rank.	Population per mile.	Rank.	Population per mile.	Rank.	Population per mile.	Rank.	Population per mile.	Rank.	Population per mile.
Maine	19	665.71	19	621.97	18	614.82	17	599.46	15	596.37	14	571.46	13	564.62
New Hampshire	23	541.36	23	526.65	23	524.29	23	523.63	23	523.63	23	523.11	23	523.11
Vermont	31	505.52	28	502.79	24	509.22	24	504.63	24	501.36	24	500.84	24	500.84
Massachusetts	6	921.11	6	910.39	4	905.56	5	901.84	5	894.21	5	891.71	5	885.59
Rhode Island	34	316.37	34	316.37	34	316.37	34	316.37	34	316.37	34	316.37	34	316.37
Connecticut	16	674.65	16	648.66	12	648.66	11	648.66	9	698.21	9	698.21	9	698.21
New England group	D	670.99	C	658.49	B	653.66	B	652.64	B	653.96	A	653.66	A	651.97
New York	10	848.43	9	811.96	10	727.66	9	691.64	8	693.66	7	693.14	7	679.49
New Jersey	17	671.69	17	677.97	17	677.67	14	693.66	13	693.77	12	693.66	12	677.84
Pennsylvania	14	601.76	14	678.83	14	633.15	16	591.36	16	597.57	17	558.67	15	544.66
Delaware	22	523.13	20	523.13	20	530.66	19	536.66	19	673.33	19	493.66	19	493.66
Maryland (and D. C.)	4	1,008.76	21	1,044.66	8	993.49	4	990.72	3	993.66	4	796.36	4	755.66
						2,993.66		2,993.66		2,993.66		3,219.66		3,219.66
Middle group	B	774.36	B	767.84	C	693.84	C	692.81	C	646.76	C	693.49	C	622.36
Ohio	20	562.16	22	606.52	22	462.42	22	449.13	22	476.86	21	493.66	20	433.61
Michigan	27	413.66	25	392.19	26	354.76	26	333.74	27	313.66	27	310.66	27	309.45
Indiana	25	483.26	24	415.66	25	362.36	25	356.66	25	357.47	25	356.36	25	346.36
Illinois	26	392.04	26	372.62	28	354.76	28	346.66	28	345.43	28	345.66	28	331.66
Wisconsin	30	416.66	29	389.62	27	345.19	27	333.76	26	305.66	26	297.76	26	276.17
Central Northern group	E	446.31	E	414.22	E	361.51	E	344.87	E	338.71	E	338.49	E	346.13
Virginia	12	796.66	12	661.24	15	617.37	16	593.46	17	563.76	16	561.76	15	536.66
West Virginia	9	880.43	7	876.66	6	709.71	15	602.37	15	602.76	15	602.76	14	602.76
North Carolina	6	941.66	8	826.81	7	725.66	6	772.66	6	722.16	6	698.76	6	693.79
South Carolina	13	697.67	15	673.14	13	633.23	13	643.73	10	634.74	11	593.11	11	593.66
Georgia	15	627.16	16	602.16	16	585.66	18	585.66	18	617.66	18	603.37	18	454.66
Florida	28	526.26	34	396.16	30	379.66	32	362.61	32	365.66	34	169.26	30	169.66
South Atlantic group	C	747.66	D	661.21	D	668.77	D	673.76	D	656.26	D	630.66	D	600.15
Alabama	18	665.63	13	679.15	11	664.15	13	612.16	14	678.26	13	627.16	13	622.66
Mississippi	31	1,004.66	5	857.56	5	668.46	8	760.34	11	618.66	22	560.37	17	566.66
Tennessee	11	866.67	10	811.77	9	746.61	7	720.26	7	733.66	8	714.67	7	701.66
Kentucky	21	1,077.67	4	866.67	2	844.61	2	806.26	4	806.76	4	806.37	3	776.61
Louisiana	11	1,441.66	31	1,023.36	3	806.64	3	780.66	6	774.22	5	806.26	6	666.16
Gulf and Mississippi Valley group	A	922.32	A	806.33	A	815.16	A	797.26	A	806.66	B	772.66	B	766.26
Missouri	21	546.66	21	513.45	21	481.76	20	486.46	20	466.46	20	486.26	21	627.66
Arkansas	7	805.26	11	806.26	10	686.26	21	663.26	21	654.66	21	654.66	22	604.66
Texas	24	480.66	31	333.66	31	304.66	30	262.61	30	262.66	30	238.66	30	216.19
Kansas	33	262.97	33	276.66	32	266.76	31	251.26	31	238.66	31	238.66	31	183.77
Colorado	42	130.77	43	88.66	46	76.26	44	66.66	46	66.26	46	67.26	46	66.66
New Mexico	41	167.76	41	114.26	36	109.76	36	104.66	36	106.57	36	106.66	36	98.97
Southwestern group	F	416.94	F	349.24	F	298.29	F	288.66	F	276.26	F	266.26	F	232.66
Iowa	24	600.66	24	603.97	22	603.19	23	223.14	23	216.26	23	216.51	21	606.13
Minnesota	37	267.79	32	265.66	33	260.64	34	196.66	34	196.77	32	196.77	32	161.66
Nebraska	36	224.66	36	196.66	36	161.11	36	167.66	36	161.26	37	161.61	37	136.11
Dakota	44	110.26	42	91.04	42	66.66	42	64.16	42	66.66	42	66.66	42	66.66
Wyoming	45	66.66	45	66.66	45	66.26	45	66.26	45	66.26	45	66.26	45	66.26
Montana	39	206.66	39	144.46	44	61.66	38	57.26	38	57.66	43	57.61	43	66.66
Northwestern group	H	267.36	H	212.66	H	196.66	H	169.66	H	161.66	H	161.67	H	220.19

STATEMENT X.—*Population per mile of railroad in each State, etc.*—Continued.

States and Territories.	1880.		1881.		1882.		1883.		1884.		1885.		1886.	
	Rank.	Population per mile.	Rank.	Population per mile.	Rank.	Population per mile.	Rank.	Population per mile.	Rank.	Population per mile.	Rank.	Population per mile.	Rank.	Population per mile.
Washington	36	200.00	38	189.14	37	156.14	36	128.51	38	111.21	38	103.00	39	82.86
Idaho	46	152.30	40	118.15	41	66.01	44	41.97	44	49.30	44	46.87	46	44.19
Oregon	32	244.46	32	206.01	34	201.17	32	182.97	36	159.00	36	147.00	34	142.16
California	26	303.84	27	274.46	28	228.66	29	209.14	29	207.00	29	204.64	28	202.29
Nevada	45	84.20	44	69.22	42	65.66	41	65.66	41	65.66	41	63.20	41	63.20
Arizona	48	115.97	41	91.27	43	56.72	46	46.70	46	42.45	46	42.45	45	42.69
Utah	30	174.90	37	164.15	30	150.66	37	128.66	37	120.00	37	126.39	36	126.39
Pacific group	G	271.81	G	236.28	G	196.84	G	171.15	G	160.05	G	150.15	G	149.70
United States	...	537.89	...	493.26	...	453.10	...	412.96	...	409.00	...	393.65	...	393.49

STATEMENT XI.—*Square miles in each State per mile of railroad in* 1886 *and population per square mile for* 1880.

States and Territories.	1886.		1880.	
	Square miles per mile of railroad.	Rank.	Population per square mile.	Rank.
Maine	23.73	17	19.04	24
New Hampshire	8.66	28	37.29	13
Vermont	10.10	24	34.74	15
Massachusetts	4.13	46	146.03	3
Rhode Island	3.96	42	221.22	2
Connecticut	5.02	45	127.08	5
New England group	10.45	F	60.42	B
New York	6.97	39	103.37	6
New Jersey	3.89	47	144.74	4
Pennsylvania	5.74	43	94.72	7
Delaware	6.91	41	71.50	10
District of Columbia	2.18	48	2,327.49	1
Maryland	9.97	35	76.57	9
Middle group	6.17	H	100.80	A
Ohio	5.51	44	77.09	8
Michigan	16.45	30	37.78	17
Indiana	6.97	39	64.43	11
Illinois	6.11	40	54.33	12
Wisconsin	11.51	33	33.47	20
Central northern group	7.86	G	45.61	C
Virginia	15.55	29	35.69	18
West Virginia	21.09	23	24.06	29
North Carolina	23.73	19	26.73	26
South Carolina	16.46	30	32.37	21
Georgia	17.54	26	25.69	27
Florida	30.39	16	4.39	35
South Atlantic group	20.31	E	22.69	D
Alabama	22.91	20	24.16	28
Mississippi	23.17	21	24.17	31
Tennessee	19.13	34	36.66	2
Kentucky	19.66	25	46.51	1
Louisiana	35.20	15	19.29	33
Gulf & Mississippi Valley group	23.82	D	27.04	A
Missouri	12.69	30	31.34	2
Arkansas	24.52	18	14.90	4
Texas	36.42	13	5.99	9
Kansas	12.41	31	12.14	7
Colorado	35.30	14	1.87	12
New Mexico	39.42	7	0.99	16
Indian Territory	149.75	1	.....	.....
Southwestern group	30.15	B	8.42	B
Iowa	7.66	37	39.69	4
Minnesota	17.28	27	9.27	8
Nebraska	21.25	28	5.66	10
Dakota	60.32	12	0.97	17
Wyoming	135.63	5	0.21	22
Montana	127.56	9	0.37	21
Northwestern group	37.81	C	5.61	C
Washington Territory	77.04	9	1.69	15
Oregon	73.79	8	1.22	13
California	43.62	11	3.40	11
Nevada	110.04	4	0.56	18
Arizona	114.26	5	0.26	20
Utah	74.69	10	1.69	14
Idaho	104.56	6	0.26	19
Pacific group	77.05	A	1.94	D
United States	21.99	....	16.86	....

STATEMENT XII.—*Capital stock and bonded debt of railroads in each State per mile of road, for 1886, per square mile, and per capita.*

States and Territories.	Capital stock.						Bonded indebtedness.					
	Per mile of railroad 1886.	Rank.	Per square mile.	Rank.	Per capita.	Rank.	Per mile of railroad 1886.	Rank.	Per square mile.	Rank.	Per capita.	Rank.
Maine	$15,008	39	$557	32	$28	32	$22,694	27	$744	28	$37	26
New Hampshire	19,655	30	1,801	18	49	27	6,615	45	606	29	16	33
Vermont	32,959	37	2,675	15	80	24	17,727	32	1,595	19	45	28
Massachusetts	45,142	5	12,785	3	89	24	25,498	10	10,054	3	46	23
Rhode Island	31,611	16	5,641	13	56	37	15,027	36	1,795	16	8	35
Connecticut	37,096	11	7,503	6	80	24	12,668	41	2,543	13	39	24
New England group	31,488	C	3,033	C	50	F	22,398	G	2,186	C	34	H
New York	58,142	3	9,044	5	87	19	51,057	4	7,943	6	79	22
New Jersey	64,856	2	15,439	1	126	15	72,801	1	17,653	1	139	11
Pennsylvania	55,877	4	9,217	4	97	16	66,780	2	9,676	3	102	16
Delaware	23,249	29	1,447	11	48	28	65,997	3	3,232	4	134	10
Maryland	37,189	10	3,793	9	49	27	35,229	11	3,605	9	46	25
Middle group	55,913	A	8,982	A	89	E	55,411	A	8,611	A	96	E
Ohio	41,795	9	9,411	3	122	12	36,567	9	8,232	5	105	15
Michigan	18,406	32	1,629	20	58	35	16,266	30	1,617	18	50	34
Indiana	30,178	21	4,661	8	74	29	29,613	13	4,605	8	64	31
Illinois	10,038	43	1,873	7	136	14	23,494	20	3,398	7	197	14
Wisconsin	13,009	42	1,644	19	70	32	20,839	24	2,633	12	113	12
Central northern group	25,187	E	4,236	B	94	D	25,747	E	4,231	B	96	C
Virginia	26,311	12	2,674	13	72	31	24,672	12	2,454	14	68	33
West Virginia	43,125	7	1,125	23	47	39	14,440	35	377	34	15	38
North Carolina	12,567	40	476	35	17	36	11,264	42	419	33	15	39
South Carolina	10,011	44	564	29	18	35	15,277	33	861	32	30	29
Georgia	13,220	41	745	27	28	33	12,825	39	719	28	30	32
Florida	16,619	34	426	30	92	18	12,722	40	326	35	78	22
South Atlantic group	20,697	G	992	E	39	G	19,163	H	892	...	38	G
Alabama	16,923	23	661	30	39	34	13,724	29	764	27	31	31
Mississippi	15,700	28	218	36	8	40	14,000	37	1,945	29	7	39
Tennessee	29,457	18	1,960	16	82	23	23,643	19	1,110	20	41	26
Kentucky	27,319	19	1,861	17	45	31	41,483	7	2,825	10	68	29
Louisiana	25,805	23	879	25	45	31	24,456	16	843	25	45	27
Gulf and Mississippi Valley group	24,713	F	1,070	D	37	H	20,870	C	1,104	D	41	F
Missouri	30,464	17	2,967	12	95	17	27,797	14	3,724	11	87	19
Arkansas	22,725	24	650	28	46	30	20,200	25	577	30	40	30
Texas	16,052	27	302	37	25	33	22,461	21	949	31	81	16
Kansas	22,794	26	1,380	21	113	13	19,540	26	1,184	21	97	17
Colorado	25,190	13	794	27	435	4	20,120	28	454	32	220	5
New Mexico	78,227	1	619	31	534	2	41,666	6	323	36	349	2
Southwestern group	28,794	D	814	F	157	B	23,693	F	423	F	84	D
Iowa	16,125	36	949	24	82	22	15,691	35	898	23	80	21
Minnesota	26,321	20	2,165	14	231	6	22,289	18	1,901	15	200	6
Nebraska	23,624	29	864	26	125	11	46,045	5	1,726	17	224	4
Dakota	19,169	31	87	42	127	10	18,124	31	85	42	110	13
Wyoming	28,968	22	176	41	600	1	22,482	22	139	40	710	1
Montana	33,333	14	3	45	13	39	26,000	15	2	45	10	37
Northwestern group	23,266	H	339	G	105	C	20,194	D	294	E	115	B
Washington	8,042	45	13	44	14	38	9,021	44	17	44	15	36
Oregon	22,722	15	465	34	200	5	21,021	23	413	37	171	3
California	43,122	6	1,624	22	157	8	36,021	8	843	24	172	7
Nevada	33,725	25	106	43	106	7	18,000	43	45	43	38	20
Arizona	42,447	8	305	40	604	3	34,241	17	113	41	223	2
Utah	18,447	35	251	38	143	9	13,547	34	227	39	140	9
Pacific group	24,826	B	271	H	190	A	22,741	B	206	G	169	A
United States	22,484	....	1,206	....	79	....	20,023	....	1,289	....	77	....

STATEMENT XIII.—*Gross and net earnings per mile of road for 1886; average gross and net earnings per mile of road from 1880 to 1886; interest payments for 1886; increase or decrease of gross and net earnings for 1886 as compared with those for 1880.*

States and Territories.	Gross earnings per mile of railroad.					Net earnings per mile of railroad.					Interest payments per mile of railroad in 1886.	
	In 1886.	Rank.	Average 1880–'86.	Rank.	Inc. or Dec. 1886 over 1880	In 1886.	Rank.	Average 1880–'86.	Rank.	Inc. or Dec. 1886 over 1880		Rank.
Maine	$4,713	22	$4,346	22	I. $368	$1,746	27	$1,402	26	I. $344	$1,089	22
New Hampshire	7,227	11	6,529	10	I. 698	2,865	10	1,962	10	I. 1,304	1,962	13
Vermont	4,961	20	4,940	21	I. 21	1,514	24	1,202	22	I. 304	696	26
Massachusetts	13,278	4	12,207	4	I. 769	3,664	5	3,554	5	D. 348	1,482	13
Rhode Island	11,446	6	10,342	6	I. 1,764	3,471	6	3,520	6	I. 486	1,012	25
Connecticut	11,719	5	10,828	7	I. 1,443	4,018	4	3,439	7	I. 239	641	36
New England group	8,744	B	8,057	B	I. 1,713	3,091	B	2,696	B	I. 239	1,139	G
New York	10,358	8	11,223	6	D. 1,784	3,490	7	3,656	4	D. 1,196	2,227	8
New Jersey	17,079	1	15,787	1	I. 671	4,542	2	5,004	2	D. 1,603	3,486	5
Pennsylvania	15,229	2	15,481	2	I. 696	6,279	1	6,279	1	D. 545	2,926	6
Delaware	4,555	26	3,790	23	I. 1,722	699	36	1,727	21	D. 148	69	45
Maryland	10,881	7	11,079	5	D. 1,327	4,203	3	4,707	3	D. 1,125	3,893	4
Middle group	13,060	A	13,944	A	D. 515	4,866	A	4,945	A	D. 869	3,447	A
Ohio	7,788	9	8,030	11	D. 1,418	2,628	19	2,671	14	D. 1,110	1,412	15
Michigan	6,222	16	5,741	17	I. 385	1,913	28	1,667	28	D. 118	1,201	18
Indiana	4,966	25	5,815	22	D. 1,551	1,165	30	1,770	31	D. 713	641	37
Illinois	6,251	15	6,227	16	D. 978	2,523	12	2,614	9	D. 1,228	1,199	19
Wisconsin	4,249	29	4,232	29	I. 274	1,737	23	1,661	29	I. 161	1,072	24
Central Northern group	5,984	C	6,257	C	D. 616	2,133	D	2,290	E	D. 778	1,130	F
Virginia	4,956	21	4,743	25	I. 336	1,892	26	1,718	23	I. 191	1,110	21
West Virginia	3,229	32	3,294	32	I. 854	1,062	31	992	30	D. 102	965	28
North Carolina	2,107	44	2,207	43	I. 68	970	38	992	41	I. 16	478	43
South Carolina	3,912	30	3,060	30	I. 1,084	999	46	878	40	D. 187	745	31
Georgia	3,574	35	3,452	35	I. 226	1,043	33	1,128	35	D. 320	999	28
Florida	2,254	42	1,731	45	I. 718	621	42	517	42	I. 366	943	35
South Atlantic group	3,599	H	3,457	H	I. 362	1,171	H	1,131	H	D. 7	875	H
Alabama	3,814	33	4,702	26	I. 620	1,035	32	1,194	24	D. 76	888	29
Mississippi	3,223	37	3,218	37	I. 1,243	995	43	1,000	36	D. 501	1,161	20
Tennessee	3,564	36	3,749	33	D. 580	1,274	29	1,226	30	D. 276	597	39
Kentucky	6,149	17	5,698	18	I. 1,722	2,405	15	2,269	16	I. 417	1,989	10
Louisiana	7,017	13	8,206	10	I. 2,206	1,695	21	2,206	10	I. 511	2,917	7
Gulf and Mississippi Valley group	4,632	G	4,947	G	I. 730	1,525	G	1,788	G	.....	1,274	D
Missouri	5,919	18	6,508	15	D. 958	2,440	14	2,816	18	D. 402	1,721	11
Arkansas	2,563	41	3,545	34	D. 994	732	37	984	37	D. 810	562	41
Texas	3,947	31	4,126	31	D. 486	791	36	1,222	33	D. 1,075	767	39
Kansas	5,339	19	5,631	19	D. 69	2,291	16	2,116	17	D. 252	1,340	17
Colorado	4,768	23	4,949	20	D. 2,569	1,809	25	1,869	27	D. 2,109	704	34
New Mexico	1,961	45	4,436	28	D. 2,495	def. 26	44	89	45	D. 116	836	40
Southwestern group	4,732	F	5,228	F	D. 1,107	1,659	F	2,011	F	D. 823	1,132	E
Iowa	3,617	40	3,966	40	D. 476	926	41	1,078	34	D. 677	951	27
Minnesota	4,516	27	4,322	24	I. 1,015	2,004	17	2,010	19	I. 454	1,291	16
Nebraska	7,798	10	8,267	9	I. 444	3,113	8	4,462	8	D. 478	2,225	9
Dakota	4,696	24	3,250	39	I. 3,642	def. 750	45	97	44	D. 847	94,215	1
Wyoming	3,114	39	3,030	44	I. 1,004	845	39	620	42	I. 228	1,450	14
Montana	13,579	3	13,350	3	I. 250	1,466	20	2,500	13	D. 1,607	11,156	2
Northwestern group	4,716	E	5,372	E	I. 1,015	1,662	E	2,310	D	D. 668	1,600	B
Washington	3,692	34	4,626	27	D. 824	1,250	35	2,070	12	D. 717	472	42
Oregon	6,257	14	6,982	13	D. 960	2,712	11	2,971	13	D. 276	794	32
California	6,682	12	7,223	12	D. 1,023	3,057	9	3,062	6	I. 313	1,549	12
Nevada	4,470	28	6,009	14	D. 4,100	1,902	19	2,920	11	D. 1,185	333	44
Arizona	2,236	43	2,570	41	D. 150	1,423	27	1,845	29	I. 79	8,407	3
Utah	3,292	38	2,790	42	D. 468	894	34	980	38	D. 694	727	23
Pacific group	5,813	D	6,106	D	D. 1,722	2,230	C	2,530	C	D. 280	1,366	C
United States	6,370	....	6,980	....	D. 737	2,276	....	2,580	....	D. 623	1,497	....

STATEMENT XVI—*Gross and net earnings in each State, per square mile and per capita, for 1886.*

States and Territories.	Per square mile.				Per capita.			
	Gross earnings.	Rank.	Net earnings.	Rank.	Gross earnings.	Rank.	Net earnings.	Rank.
Maine	$6152	27	$650	25	$6.19	28	$0.61	28
New Hampshire	2200	22	80	29	6.32	23	2.30	26
Vermont	461	10	122	16	11.36	28	2.80	21
Massachusetts	4,504	1	1,945	1	21.02	13	6.27	14
Rhode Island	1,262	6	200	9	5.80	25	1.86	22
Connecticut	2,405	4	650	3	10.70	14	2.76	13
New England group	1,514	A	480	B	12.00	F	3.97	F
New York	1,402	7	502	7	14.43	20	4.80	18
New Jersey	2,160	2	612	4	21.84	11	5.61	15
Pennsylvania	2,710	3	1,120	3	23.61	7	11.91	7
Delaware	208	11	91	21	5.23	27	1.80	24
Maryland	1,071	9	418	8	13.80	21	5.47	16
Middle group	1,805	B	492	A	14.69	E	4.69	E
Ohio	1,722	8	502	6	22.26	10	7.24	11
Michigan	480	14	147	15	16.67	18	5.09	17
Indiana	622	10	294	10	16.96	16	4.39	23
Illinois	1,724	5	716	5	21.73	5	13.19	5
Wisconsin	606	13	206	12	21.41	12	8.77	9
Central northern group	1,078	C	378	C	21.79	B	7.71	B
Virginia	447	15	171	13	11.22	24	4.29	20
West Virginia	49	35	14	34	1.96	42	.56	40
North Carolina	56	34	18	31	2.11	43	.68	39
South Carolina	161	24	37	29	4.07	34	1.14	30
Georgia	127	26	45	28	6.06	32	1.77	28
Florida	46	38	11	35	8.85	26	2.43	25
South Atlantic group	153	F	49	G	5.88	G	1.82	G
Alabama	221	23	64	24	5.91	24	1.69	29
Mississippi	34	39	4	37	1.61	44	.13	41
Tennessee	254	21	91	21	6.68	31	2.42	27
Kentucky	295	18	115	19	7.33	30	2.73	24
Louisiana	141	28	38	26	7.31	29	1.96	20
Gulf and Mississippi Valley group	189	D	68	E	5.67	H	1.69	G
Missouri	599	13	220	11	17.29	15	7.12	12
Arkansas	64	32	19	31	4.32	37	1.30	35
Texas	77	31	16	32	12.63	22	2.64	26
Kansas	262	19	121	17	22.24	9	8.96	8
Colorado	89	30	39	30	49.93	3	15.72	4
New Mexico	14	41	Def. .26	41	14.90	19	Def. .27	42
Southwestern group	176	E	67.62	D	20.42	C	6.66	D
Iowa	119	29	50	27	4.13	33	1.69	27
Minnesota	258	17	158	14	16.37	17	2.60	29
Nebraska	235	20	102	19	43.92	8	17.09	2
Dakota	47	37	Def. 7	42	.83	45	Def. .09	43
Wyoming	19	40	.6	36	60.67	1	32.46	1
Montana	1	44	.09	40	3.13	40	.28	40
Northwestern group	123	G	40.85	F	30.90	A	8.22	A
Washington	2	43	87	22	2.29	41	.69	38
Oregon	26	28	29	30	37.36	4	15.24	3
California	139	25	73	23	29.29	6	12.27	5
Nevada	6	42	3	38	10.55	25	4.69	19
Arizona	1	44	1	39	3.21	39	1.13	32
Utah	43	36	15	33	26.44	5	60	10
Pacific group	47	H	35	H	18.61	D	7.62	C
United States	200	....	105	....	16.49	....	5.26	....

STATEMENT XVI.—*Percentage of gross earnings, of net earnings, and of available revenue of railroads in each State to capital stock.*

States and Territories.	Gross earnings.	Rank.	Net earnings.	Rank.	Available revenue.	Rank.
Maine	20.89	9	12.89	9	11.97	11
New Hampshire	13.06	31	5.13	27	10.30	13
Vermont	19.23	19	5.26	21	7.69	18
Massachusetts	35.25	1	10.53	9	13.69	8
Rhode Island	25.20	2	10.96	7	13.96	5
Connecticut	23.37	3	11.44	5	12.20	9
New England group	20.91	A	9.79	A	11.81	A
New York	16.40	29	5.85	25	5.78	29
New Jersey	20.46	16	5.26	26	13.13	6
Pennsylvania	20.49	6	12.24	2	16.21	3
Delaware	17.27	21	2.04	36	2.59	37
Maryland	23.30	10	11.04	6	11.94	10
Middle group	22.68	C	8.44	C	11.06	B
Ohio	18.42	20	5.96	19	6.23	25
Michigan	23.27	11	8.69	11	10.30	14
Indiana	22.72	13	15.75	28	6.84	24
Illinois	29.35	7	12.19	3	13.80	4
Wisconsin	30.57	4	12.51	1	13.01	7
Central northern group	24.43	B	8.73	B	9.63	D
Virginia	15.09	30	5.90	18	5.98	28
West Virginia	4.13	41	1.36	41	1.47	44
North Carolina	11.85	34	2.88	31	5.90	31
South Carolina	28.67	8	6.59	15	7.97	18
Georgia	21.90	14	6.15	17	11.18	12
Florida	2.56	38	2.63	37	2.96	40
South Atlantic group	11.19	H	4.78	H	6.13	H
Alabama	20.95	15	5.79	22	6.02	27
Mississippi	11.26	36	2.04	40	2.04	42
Tennessee	12.02	32	4.63	28	4.91	34
Kentucky	15.82	25	6.18	16	7.33	22
Louisiana	16.06	24	4.33	29	7.87	21
Gulf and Mississippi Valley group	15.44	E	5.11	G	6.20	G
Missouri	13.19	26	7.44	12	8.63	16
Arkansas	8.29	39	2.70	35	2.70	41
Texas	10.54	18	4.02	30	4.63	35
Kansas	20.43	17	8.78	10	9.23	15
Colorado	11.75	35	3.09	32	3.77	36
New Mexico	2.34	42	.....	.....	.67	45
Southwestern group	15.43	F	5.41	F	6.20	F
Iowa	12.60	33	3.06	34	5.81	30
Minnesota	16.44	22	7.29	13	8.96	17
Nebraska	20.87	5	12.07	4	17.41	2
Dakota	1.26	43	.....	.....	6.33	26
Wyoming	11.25	37	2.13	33	3.43	38
Montana	34.44	12	2.00	38	22.70	1
Northwestern group	13.01	D	7.22	D	9.86	C
Washington Territory	15.54	28	5.57	24	7.07	23
Oregon	14.09	29	5.97	20	6.06	28
California	15.58	27	7.13	14	10.21	15
Nevada	5.45	40	2.31	39	1.65	43
Arizona	.69	44	.44	42	2.13	39
Utah	19.18	20	5.79	23	5.93	29
Pacific group	13.84	G	6.02	E	8.17	E
United States	20.55	.....	7.43	.....	9.88	.....

STATEMENT XVII.—*Tons of freight moved 1 mile per square mile, per mile of road, and per capita, in each State in 1886.*

States and Territories.	Per square mile.	Rank.	Per mile of railroad.	Rank.	Per capita.	Rank.
	Tons.		Tons.		Tons.	
Maine	5,009	25	185,754	25	272	29
New Hampshire	9,027	21	295,016	15	295	30
Vermont	24,698	14	310,068	14	633	22
Massachusetts	144,709	3	394,249	9	604	21
Rhode Island	17,989	16	161,686	26	97	40
Connecticut	52,891	9	347,532	17	362	35
New England group	30,007	C	310,686	C	406	F
New York	123,792	6	609,289	3	1,282	8
New Jersey	134,276	5	605,215	5	881	13
Pennsylvania	213,741	1	1,205,208	2	2,007	2
Delaware	15,640	19	139,037	24	144	36
Maryland	128,707	4	1,308,347	1	1,409	7
Middle group	156,852	A	1,018,290	A	1,585	B
Ohio	182,462	2	618,516	4	2,094	3
Michigan	34,705	10	468,178	6	1,268	9
Indiana	79,877	8	393,413	10	1,443	6
Illinois	109,135	7	395,696	8	1,869	5
Wisconsin	23,660	12	343,619	18	1,129	11
Central northern group	81,098	B	488,085	B	1,602	A
Virginia	33,810	11	417,857	7	766	19
West Virginia	9,278	31	178,112	24	77	39
North Carolina	1,888	34	57,034	44	321	33
South Carolina	8,816	28	68,618	41	127	37
Georgia	6,104	23	138,740	30	224	31
Florida	1,143	36	62,160	41	185	34
South Atlantic group	7,985	E	201,694	G	335	G
Alabama	7,501	22	300,472	21	290	27
Mississippi	745	38	101,970	36	58	44
Tennessee	13,171	18	184,576	28	373	24
Kentucky	18,735	15	291,105	11	444	23
Louisiana	5,200	26	356,516	16	272	29
Gulf and Mississippi Valley group	8,647	D	242,736	D	305	E
Missouri	23,235	13	319,654	13	596	15
Arkansas	3,896	29	160,648	27	111	38
Texas	2,004	33	142,221	29	230	32
Kansas	12,667	20	220,008	19	1,040	10
Colorado	2,254	30	120,175	33	1,230	10
New Mexico	972	37	131,455	31	606	13
Southwestern group	5,661	G	213,046	F	735	D
Iowa	5,770	24	132,220	32	305	28
Minnesota	17,647	17	226,367	20	1,008	4
Nebraska	12,009	14	209,549	12	196	32
Dakota	7	41	66,008	40	7	43
Wyoming	972	37	152,243	27	4,866	1
Montana	7	41	118,509	35	27	42
Northwestern group	7,062	F	226,047	E	953	C
Washington Territory	87	41	90,209	39	59	41
Oregon	1,540	33	145,877	28	397	34
California	4,467	27	185,681	22	917	17
Nevada	75	39	56,462	43	133	36
Arizona	13	40	18,406	44	33	43
Utah	1,263	35	94,292	38	815	18
Pacific group	1,975	H	155,749	H	794	E
United States	17,833	.....	421,969	.....	1,634	.....

TESTIMONY

TAKEN BY

THE UNITED STATES PACIFIC RAILWAY COMMISSION

APPOINTED

UNDER THE ACT OF CONGRESS APPROVED MARCH 3, 1887, ENTITLED "AN ACT AUTHORIZING AN INVESTIGATION OF THE BOOKS, ACCOUNTS, AND METHODS OF RAILROADS WHICH HAVE RECEIVED AID FROM THE UNITED STATES, AND FOR OTHER PURPOSES."

ROBERT E. PATTISON, of Pennsylvania, Chairman,
E. ELLERY ANDERSON, of New York,
DAVID T. LITTLER, of Illinois,
Commissioners.

VOLUME I.

REPORTED BY

CHARLES P. YOUNG, of New York,
Secretary and Stenographer to the Commission.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1887.

TESTIMONY

TAKEN BY

THE UNITED STATES PACIFIC RAILWAY COMMISSION,

AS TO

THE WORKING AND FINANCIAL MANAGEMENT OF THE RAILROADS THAT HAVE RECEIVED AID FROM THE GOVERNMENT IN BONDS.

NEW YORK, *April* 27, 1887.

The Commission met at 10 a. m.

Present: Commissioner Pattison (chairman), and Commissioner Anderson.

The secretary was directed, for convenience of reference, to prefix to the report of the testimony a copy of the act of Congress constituting the Commission, and defining its powers and duties.

The act is as follows:

AN ACT authorizing an investigation of the books, accounts, and methods of railroads which have received aid from the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States, be, and he is hereby, authorized to appoint three commissioners, whose compensation shall be seven hundred and fifty dollars per month to each, and the necessary traveling expenses and board bills, for which proper vouchers shall be returned, to be approved by the Secretary of the Interior; and said commission may appoint a stenographer, if necessary, and fix his compensation; and the persons appointed on the said commission shall have power to examine all books, papers, and methods of the companies hereinafter named, employ experts if necessary; and they shall at all times be under the immediate direction and control of the President of the United States, and may at any time be removed by him in his discretion. The term of office of said commissioners shall not extend beyond the beginning of the next session of the Senate.

If the Senate shall be convened after the fourth day of March, eighteen hundred and eighty-seven and before the first of December in said year and the duties of said commissioners shall not then be completed, the President shall by and with the advice and consent of the Senate appoint three commissioners who shall perform and complete the duties prescribed in this act within the time therein specified.

SEC. 2. That the duty of said commission shall be to examine into th working and financial management of all of the railroads that have re ceived aid from the Government in bonds; to ascertain whether the have observed all the obligations imposed upon them by the laws of th United States under which they received such aid, or which have bee since passed in reference thereto, and complied with all other obliga tions to the United States; and whether their books and accounts ar or have been so kept as to show the net earnings of the aided roads and what said books and accounts actually show in regard thereto, an what have been in fact said net earnings; or whether there has been diversion of earnings of aided roads to less productive branches, throug constructive mileage allowances, or average mileage allowances betwee aided and non-aided roads or parts of roads, or otherwise, and als whether such system of constructive mileage allowances is fair and usual and in practical operation has resulted adversely or otherwise to th aided roads and the interest of the United States; or whether there ha been a diversion of earnings of aided roads to wrongful or impropе purposes, and, if so, to what extent; whether there is a discriminatio of rates in favor of unaided against aided roads; whether any, and, if so how much, money is due and owing to the United States on account of mis taken or erroneous accounts, reports, or settlements made by said roads whether any traffic or business which could or should be done on the aide lines of said companies has been diverted to the lines of any other com pany or to non-aided lines, and what amounts have been deducted fro the gross earnings of any of said aided railroad companies, by their gen eral freight and passenger agents or auditors, by way of rebate, percent age of business done, constructive mileage, monthly or other payment on any pooling or rate arrangement, contract, or agreement; and also t inquire into, ascertain, and report as to the kind, character, and amoun of the assets of said companies, and what assets of each company are no subject to the lien of the Government, and the value thereof; and als whether any dividends have been unlawfully declared by the director or paid to the stockholders of said companies, and, if so, to what ex tent, and whether the amount thereof may not be recovered from th directors unlawfully declaring the same or persons who have unlawfully received the same; whether the proceeds of any trust funds or land loaned, advanced, or granted have been diverted from their lawful use whether any new stock or bonds have been issued or any guarantees o pledges made contrary to or without authority of law; whether any o the directors, officers, or employees of said companies respectively hav been or are now directly or indirectly interested, and to what amount or extent, in any other railroad, steamship, telegraph, express, mining, construction, or other business company or corporation, and with whic any agreements, undertakings, or leases have been made or entered into; what amounts of money or credit have been or are now loaned by any of said companies to any person or corporation; what amounts o money or credit have been or are now borrowed by any of said compa nies, giving names of lenders and the purposes for which said sum have been or are now required; what amounts of money or other val uable consideration, such as stocks, bonds, passes, and so forth, have been expended or paid out by said companies, whether for lawful or un lawful purposes, but for which sufficient and detailed vouchers hav not been given or filed with the records of said companies; and, further to enquire and report whether said companies, or either of them, o their officers or agents, have paid any money or other valuable consid eration, or done any other act or thing, for the purpose of influencin

legislation, and to investigate and report all the facts relating to an alleged consolidation of the Union Pacific Railroad Company, the Kansas Pacific Railway Company, and the Denver Pacific Railway and Telegraph Company into an alleged corporation known as the Union Pacific Railway Company. Said investigation shall include the alleged sale of the stock of the Kansas Pacific Railroad Company to the Union Pacific Railroad Company, and all the circumstances and particulars pertaining to said alleged sale, and whether any of the Pacific railroad corporations which obtained bonds from the United States to aid in the construction of their railroads have expended any of their moneys or other assets in the construction, or to aid in the construction, of other railroads, or invested of their moneys or other assets in the stocks or bonds of any manufacturing, mining, and commercial companies or corporations, or of other railroad corporations; and if any such expenditures or investments have been made, the extent and character thereof made by each of said corporations shall be inquired into, and also the present interest of any of said corporations in the railroads auxiliary to their respective railroads.

And said commission shall also ascertain and report the names of all the stockholders in each of said companies, from its organization to the date of the investigation herein provided for, as they appear on the books of said companies at the date of its annual meeting in each year; the amount of stock held by each; what consideration, if any, was paid by each stockholder to said company for his stock, and when and in what property such payment was made; the date when each stockholder so appearing on the books became such; and whether stock is now held or has heretofore been held in the name of any person in trust or for the benefit of any other, and the names of all such persons; the total amount of the stock in each company, and the dates and amount of any increase of such stock, and the reason for such increase; and the amount of the annual salaries or compensation that are now or at any prior time have been paid to any officer or employee of said company, when such salary or compensation amounts to five thousand dollars or more per annum, and the names of the persons now receiving or who have heretofore received such salaries or compensation, and all bonuses or donations which may have been given or paid to any such person; and all payments made under the head of legal expenses, to whom made, and the amount paid to each, and for what specific services such payments were made.

Said commission shall also inquire into and report upon the relations of said railroads to the interests of the communities through which they pass; to all questions concerning the payment of taxes, especially upon lands granted by Congress, and the delay of said companies in taking out patents for such lands; the rates of fare and freight charged, discriminations, differentials, pools, and other devices, and the facilities and accommodations furnished to the patrons of such roads; and their report shall embrace a consideration of the interests and rights of said communities as affected by whatever plan of settlement or payment of the existing debt may be proposed.

Said commissioners shall also consider and report whether the interests of the United States require any extension of the time for performance of the obligations to the United States of said companies, or any of them, and the facts and circumstances upon which said opinion is based, including the security held by the United States for the performance of such obligations, and the value thereof, and the value of the property of such companies, and either of them, not included in such security, and what further security it is expedient that said companies

shall be required to give; and if, in their opinion, such extension shall be required by the interests of the United States, they shall submit a scheme for such extension, which shall secure to the United States full payment of all debts due them from said companies, with a reasonable rate of interest, in such time as the commissioners shall propose, having due regard to the financial ability of said companies and the proper conduct of their business in such manner as shall afford efficient service to the public.

And the said commission shall report in full in regard to all such matters aforesaid, and in regard to any other matters which may be ascertained or come to their knowledge in regard to said companies respectively, on or before December first, eighteen hundred and eighty-seven, to the President of the United States, who shall forward said report to Congress, with such recommendations or comments as he may see fit to make in the premises.

The commissioners shall also ascertain the average cost per annum of Government transportation in the region now traversed by the Pacific railroads between the year 1850 and the completion of said roads, and also the average cost per annum since such completion, and what additional facilities have been furnished to the Government and the people by said roads; also to enquire what discount the Pacific Railroad and its several branches were forced to make, in disposing of the bonds guaranteed by the Government, to obtain the gold coin which was the currency of the country through which the greater part of said roads pass; also to ascertain the comparative cost of construction of said roads as compared with what they would have cost with the prices of labor and commodities prevailing five years preceding or five years subsequent to the completion of said roads; also to inquire whether or not the Pacific Railroad was completed in less time than was allowed by law, and, if so, how much less time, and if the United States was benefitted thereby; also to inquire if either of the Pacific railroad companies have been embarrassed and their earning capacity impaired by antagonistic local or State legislation; also to inquire if the United States, since the Union and Central Pacific Railroad Companies accepted the terms proposed by Congress for the construction of the Pacific Railroad, has granted aid in lands for building competing parallel railroads to said Pacific railroads, and, if so, how many such roads, and to what extent such competing lines have impaired the earning capacity of the Pacific railroads; also to inquire if the United States have contracts with branch roads controlled by either of said Pacific roads for carrying United States mails, and, if so, what service has been performed by them, and what money, if any, has been paid for such service, and what remains due and unpaid, and if the United States by failing to pay for such mail services has embarrassed said railroad companies, or either of them, in paying their indebtedness to the United States; also to inquire if the several Pacific railroad companies have complied with the provisions of "An act to alter and amend the act entitled 'An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes,' approved July first, eighteen hundred and sixty-two, and also to alter and amend the act of Congress approved July second, eighteen hundred and sixty-four, in amendment of said first-named act," commonly known as the Thurman act, and, if not, in what particulars they have failed to comply; also to enquire what sums the Pacific railroads and their branches can severally pay annually on account of their indebtedness to the United States without imposing such burdens upon the people, and particularly upon the local-

ities through which the roads pass, as to retard the development of the country.

That the commissioners hereby created, or either of them, shall have power to require the attendance and testimony of witnesses and the production of all books, papers, contracts, agreements, and documents relating to the matter under investigation, and to administer oaths; and to that end may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of books, papers, and documents under the provisions of this section. Any of the circuit or district courts of the United States within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpœna issued to any person, issue an order requiring any such person to appear before said commissioners, or either of them, as the case may be, and produce books and papers if so ordered, and give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

The claim that any such testimony or evidence may tend to criminate the person giving such evidence, shall not excuse such witness from testifying; but such evidence or testimony shall not be used against such person on the trial of any criminal proceeding.

SEC. 3. That the sum of one hundred thousand dollars, or so much thereof as may be necessary, is hereby appropriated, out of any money in the Treasury of the United States not otherwise appropriated, for the purposes of this investigation.

SEC. 4. That whenever, in the opinion of the President, it shall be deemed necessary to the protection of the interests and the preservation of the security of the United States in respect of its lien, mortgage, or other interest in any of the property of any or all of the several companies upon which a lien, mortgage, or other incumbrance paramount to the right, title, or interest of the United States for the same property, or any part of the same, may exist and be then lawfully liable to be enforced, the Secretary of the Treasury shall, under the direction of the President, redeem or otherwise clear off such paramount lien, mortgage, or other incumbrance by paying the sums lawfully due in respect thereof out of the Treasury; and the United States shall thereupon become and be subrogated to all rights and securities theretofore pertaining to the debt, mortgage, lien, or other incumbrance in respect of which such payment shall have been made. It shall be the duty of the Attorney-General, under the direction of the President, to take all such steps and proceedings, in the courts and otherwise, as shall be needful to redeem such lien, mortgage, or other incumbrance, and to protect and defend the rights and interests of the United States in respect of the matters in this section mentioned, and to take steps to foreclose any mortgages or liens of the United States on any such railroad property.

SEC. 5. That the sinking-funds which are or may be held in the Treasury for the security of the indebtedness of either or all of said railroad companies may, in addition to the investments now authorized by law, be invested in any bonds of the United States heretofore issued for the benefit of either or all of said companies, or in any of the first-mortgage bonds of either of said companies which have been issued under the authority of any law of the United States and secured by mortgages of their roads and franchises, which by any law of the United States have been made prior and paramount to the mortgage, lien, or other security of the United States in respect of its advances to either of said companies as provided by law.

Approved, March 3, 1887.

The Commission proceeded with the taking of testimony.

COLLIS P. HUNTINGTON, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. You are, I believe, the vice-president of the Central Pacific Railroad?—Answer. I am.

Q. How long has that been your position?—A. Since the organization of the company in 1861; I think, possibly, it was 1862 before we fully organized.

Q. What has been the sphere of your own connection with the company?—A. I have attended more particularly to the financial matters of the company here, and the furnishing of material for the building of the road.

Q. Where is its main office?—A. San Francisco.

Q. Where do the meetings of the directors take place?—A. San Francisco.

Q. What officers reside in New York?—A. No other than myself, I believe; the vice president.

Q. What book-keepers have you here in New York?—A. We never have kept a full set of books here; we have transferred our accounts every month to California, and they have distributed the accounts there. For a number of years my accounts were quite meager here. I used to keep them on memoranda and send them to California, and they used to distribute the matter there.

Q. That is to say you kept memoranda of the disbursements or financial items made by you here, and referred them to the accountants at San Francisco?—A. Yes, sir.

Q. Does your company not send general reports of its financial proceedings to New York for entry here?—A. No; unless I call for it; not as a regular thing.

Q. Is there nothing reported here except the printed annual reports?—A. No.

Q. Is there no stock ledger kept here?—A. We have a transfer ledger here; transfer book.

Q. What are the names of the principal book-keepers or persons who keep your accounts in San Francisco?—A. E. H. Miller is secretary, and has supervision of the books. He has had ever since the organization of the company.

Q. Do you mean of all the books of the company or of only those that refer to the finances?—A. You can say all the books of the company.

Q. Who keeps the record of the resolutions of the directors?—A. Mr. Miller, as secretary.

Q. He keeps the book of minutes?—A. Yes, sir.

Q. Who keeps the record of the action of the executive committee?—A. It is all done there. I think the secretary would be the proper man; he is in all our meetings there; he is one of the fixtures; he is always about the office.

Q. That is Mr. Miller?—A. Yes, sir; E. H. Miller, jr.

Q. There is a record of the minutes of the executive committee's action?—A. Oh, yes, sir; I am there very few days in the year, and sometimes for three or four years I am not there.

Q. Who compose the executive committee at present?—A. I could not say. We have not had an executive committee all the time from the organization of the company. I think last year Mr. Charles F. Crocker, Timothy Hopkins, and S. T. Gage.

Q. All of San Francisco?—A. All of San Francisco.

HISTORY OF CENTRAL PACIFIC.

Q. To give us some general information in regard to the history of this enterprise, not calling for exact figures at first, will you start with your first connection with it and describe the road as it commenced and as it grew, as far as your memory serves you? We have all the reports here from 1872 down, if that will assist you?—A. The company was organized, I think, in 1861.

Q. Under a California charter?—A. Under a California charter. After its organization I came to Washington to get some aid from the Government, which was obtained. That is, what we supposed would be some aid. It has not turned out to be of any particular benefit to the company, I think. It was our intention to get some aid. Before we got any aid we commenced work, almost immediately after the passage of the act of 1862. We commenced work and we built the road, I think, to Cisco without any aid, 92 miles.

Q. Ninety-two miles from where?—A. Sacramento. I bought all the material here. We commenced under small contractors. I think we let the road to nine different contractors between Sacramento and Newcastle, 31 miles; but they got very much demoralized, labor was difficult to obtain, and the first contractors picked up all the labor they could get, when the labor started to go up the line to the man that had employed them on the upper section. It was a little pleasanter working down the valley. The sub-contractors thus interfered with each other. Afterwards we let a contract to Charles Crocker & Co., and we went on under that arrangement some time. They were doing the best they could, but I think I wrote to them they had better organize a company, and they organized the Contract and Finance Company, and the road was built by that organization. The object was to get other parties here in. I will say that I had a talk before we did this with a great many, and they would not take the responsibility of going in as individuals—as an association of individuals or partners. They would not take the responsibility. I told them that I thought if they would organize a company I could get people here to take an interest with us, where their responsibility was limited beforehand.

Q. Was the Crocker contract made before or after the passage of the act of 1862?—A. It was made after.

Q. Before the passage of the act of 1862 were the funds of the company provided by subscriptions to the stock or the issue of bonds?—A. The first were subscriptions to the stock.

Q. That is to say, a cash subscription; or payment to the contractors with stock?—A. At first it was cash.

Q. How long after the act of 1862 was the Crocker contract made?—A. My impression is it was a year or more. I was here all the time, and my impression is it was something about a year or a little more than a year after the act, 1864.

Q. Have you a copy of the Crocker contract?—A. I have not; I do not know that I ever saw it.

Q. Do you know to what portion of the road it applied?—A. It was all in California. Whether or not it embraced all in California I do not remember; but it did not come east of California.

Q. Under the Crocker contract the construction continued?—A. Yes, sir.

Q. Can you tell us, by date, about the rate of progress that was made?—A. I think the work was in the Sierra Nevada Mountains, in

the State of California—I think we did no work east of California—until 1867.

Q. Please describe the line that was constructed within the State of California prior to 1867.—A. It was a very difficult line, to speak of the physical obstructions to be overcome. Probably it was the worst line that was ever built. We rise 7,042 feet in 105 miles, and all but 135 feet of that was overcome in 84 miles, with a maximum grade of 105 feet. I believe there was a little short piece we do not count; that was 116.

Q. Of a grade?—A. Yes, sir.

Q. Please describe between what points the construction occurred.—A. It was in California. It was to an imaginary boundary line; there is no town or anything.

Q. It is the present line of the road from San Francisco to the California boundary?—A. From Sacramento; yes, sir. We had to overcome a great many difficulties when we started. Iron was $62, and before we got across the mountains iron was sold for $150 a ton. Locomotives went from $8,000 to as high as $32,500. We paid 2½ per cent. insurance in the time of peace, and in the time of rebellion we paid 17 per cent., insuring the goods around Cape Horn. Many things went up more than 200, and I guess many things 300, per cent. advance from the time we commenced the road before we got it completed.

Q. Were the prices, as fixed by the original Crocker contract, changed at all?—A. I think not. That was for grading, and it was paid in gold all the time, so that however prices fluctuated here, we sold our paper here for gold, and there was where the expense came in.

Q. Please describe the prosecution of this enterprise after 1867?—A. That was built, I think, all in the State of Nevada and Territory of Utah. I was not over the line whilst it was building. I went over in the winter of 1867 and 1868.

Q. During what years was the construction prosecuted in Nevada and Utah?—A. The rails connected at Promontory Point on the 10th of May, 1869; and it was during the years 1867 and 1868. It was all done, I think, in 1867 and 1868 and a part of 1869, ending with May 10.

Q. Who constructed that portion of the road?—A. That was under the Contract and Finance Company.

THE CONTRACT AND FINANCE COMPANY.

Q. Please describe that organization, and state how it originated.—A. I wrote to our people, after we found it very difficult to get money or to get people in with us. What I suggested to be done was to get some of these strong men in New York associated with us, as I said before. They did not like to come in under an unlimited partnership; but Mr. William K. Garrison said if we would organize a company, by which they would know the extent of their liability, he thought he would get his father in for one; that is, Commodore Garrison. I had a talk with William E. Dodge, whom I knew very well, and Moses Taylor; but more particularly Mr. Dodge. After the organization I spent a good deal of time with a dozen men, perhaps, in New York, endeavoring to get them to come in with us, but I did not get any of them in. D. O. Mills I talked with a great many times, but he said the risk he thought was too great. Mr. Garrison almost said he would but not quite. But he finally said the risk was too great. William tried to get him in, but he said he did not like it; it was too large an undertaking, and the times were too uncertain. So by endorsing paper

individually, which we did pretty largely here, we managed to get through.

Q. My question is as to who constituted the Finance Company, and what the arrangement with them was?—A. The stock of that company was nearly all held by Governor Stanford, Mr. Hopkins, Mr. Crocker, and myself. There were some few small stockholders, but I could not say who. Mr. Hopkins asked me what we would do, and I wrote back that he could "take as little as he could and as much as he must," and not any more.

Q. What was the name of that company?—A. Contract and Finance Company.

Q. What was the subject of their contract? I want to know between what points.—A. It was Camp 24, if I remember right. I am not certain that I ever saw the contract. Mr. Hopkins, of the firm of Huntington & Hopkins, hardware and metal merchants, attended to these things.

Q. It was the road, substantially, after leaving the State of California?—A. O, yes, sir. Camp 24, I think, is on the State line. It was a contractor's camp, you know; and it was from that to the point of junction.

Q. About five miles west of Ogden, was it not?—A. We graded down to Ogden very near, and the Union Pacific people graded out to Humboldt, Wells—I should say 170 miles—in sight of each other. Mr. Durant was going to the Pacific Ocean, I believe—he started for there, at any rate—and I told him to tell our people I thought we should strain every nerve get into Salt Lake Valley to secure a portion of that business. It has not turned out as valuable as we thought it would be, but it then had nearly all the trade between the Wahsatch Valley and the 100th meridian, this side of Cheyenne a short distance. But, finally, I made arrangements with Sam Hooper and Ames, among them, that they might build the road to Promontory Point, 54 miles west of Ogden. I would agree that they should build the road to that point, and then we would buy that piece of road, and in that way come into the Salt Lake Valley, or to divide that business a little, or we would come in alongside of them, and they could take their choice. They sold the road.

Q. Have you a copy of the contract between the Central Pacific Company and the Finance Company?—A. No, I have not. I think it is an even chance that I never saw it.

Q. Can you state substantially what its terms were?—A. It was a contract to take the bonds and stock, I should say, of the company and build the road. A certain amount of stock, but not the whole stock. The capital stock was $100,000,000. It was to take a certain amount of stock and bonds to build the road.

Q. Do you remember the rate per mile, computing the bonds and stock at par?—A. No; I can tell you pretty nearly; I do not think it was over $100,000 per mile. I think something about that.

Q. Do you remember the relative proportion of bonds and stock?—A. The Government bonds and the company's bonds—about $64,000 was what the bonds were.

Q. Sixty-four thousand dollars in bonds and the balance in stock?—A. That was just it.

Q. And the balance in stock?—A. Yes, sir.

Q. About $36,000 in stock per mile?—A. Yes, sir. I have got it in my mind it was about $100,000 in all.

Q. The junction was effected by 1869?—A. The 10th of May, 1869, if my memory serves me right.

Q. And from that period the road has been continuously operated?—A. Yes, sir. We might have been detained some little time after it was first opened. It had to be shedded over about 40 miles. We had to build sheds to operate it in the winter.

Q. When was it that your company acquired its terminal facilities at San Francisco; what you call "Mission Bay," I think?—A. I could not say when that was. I should think that was 1867 or 1868, or along about that time, but I have no data or anything that I can connect it with. I was not there at the time.

THE WESTERN PACIFIC.

Q. In that connection please describe the route of what was known as the Western Pacific.—A. When we were in Washington, and were trying to get through the bill to give us aid, a certain party said that we must cut off our part at Sacramento, and they must have the part between San Francisco and Sacramento, or else we must begin work at San Francisco. Beginning work at San Francisco would be very much like building a road from here up to the Adirondacks, instead of commencing at Albany, because they had a good river navigation up to Sacramento, and we wanted something to pay better than competing with the river. We consented. We commenced at Sacramento, and we assigned that part of the road, as we agreed to, to Charles McLoughlin and a man by the name of Houston, as I remember, and Judge Dane, and a number of them, and they located the road. We had nothing to do with them at that time.

Q. The Western Pacific?—A. Yes, sir; they located that from San Francisco, 50 miles south, to San José, and then 22 miles north, pretty nearly to Niles, and then up through the Alamada Cañons to Livermore Valley, and over the Livermore Mountains around to Sacramento, 170 or 180 miles. They finally failed or got embarrassed—I will not say they failed, but they did not see their way clear to complete the road, and they came to us and said if we would take and finish the road to San Francisco we could have it, and they would keep the land grant.

Q. You to finish the Western Pacific?—A. Yes, sir.

Q. What is the total length of the Western Pacific?—A. They expected to put in the whole of that road via San José, but they did not get it in. They built from San José to Sacramento, and it is 120 miles, as I remember it. It may be a fraction over or under, but I think that is it substantially.

Q. What is the substantial direction to Sacramento from San Francisco?—A. I should say it was about a little north of east.

Q. As operated since you took the Western Pacific, it is simply a continuation of the Central Pacific from Sacramento to San Francisco?—A. Yes, sir.

Q. When was it that the consolidation took place?—A. I think the last consolidation was in 1870. It might have been 1869. There were two or three consolidations; I think two—no, I do not know that there was but one. I was thinking of the increase of the capital stock. We increased that two or three times as the work progressed. We did not know exactly where we were going when we started, but as the work progressed and we found it of more importance we increased the capital stock.

Q. Have you a copy of the articles of consolidation, showing the terms?—A. I do not think I have here, but it is easily obtained. I can

send for it, if I have not got it here. I could send to California and get it.

Q. We would like to see the articles of consolidation, so as to understand them exactly. What other construction besides the construction that you have described has been undertaken by the Central Pacific?—A. The Central Pacific built from Lathrop to Goshen, 146 miles and a fraction, south.

THE LATHROP BRANCH.

Q. In what State is that?—A. That is in California.

Q. Which is the point that is on the Central Pacific road?—A. Lathrop.

Q. How far is that from San Francisco?—A. By the direct line, the nearest line?

Q. By railroad?—A. There are two lines of road that run from San José to Lathrop. It is about 80 miles by the shortest.

Q. And this branch runs south from Lathrop to Goshen?—A. Yes, sir.

Q. About 110 miles?—A. One hundred and forty-six and a fraction, I think.

Q. When was that road built?—A. That must have been built somewhere between 1869 and 1870, I should think.

Q. By what contract was that road built?—A. I do not know. I think it was built by the Contract and Finance Company, though.

Q. The same company that built the main line?—A. Yes, sir.

Q. Have you ever seen the construction contract?—A. No; I do not believe I ever have.

Q. Were you personally interested in it?—A. If the Contract and Finance Company were, I was.

Q. As a stockholder?—A. Yes, sir.

Q. Do you remember how that contract was made? By whose vote?—A. No; I do not. I do not think I have been there on the letting of any of the contracts.

Q. Do you know whether that would appear in the books of minutes of the proceedings of the directors?—A. Very likely. Oh, yes, sir; it must have. It is regular business and it must appear.

Q. Was it the practice of the company to make such contracts by resolution of the board or by act of the president of the company?—A. I should think that would be ratified by the board, at least.

Q. Do you know what the contract price for the construction of the Lathrop branch was?—A. No; I do not.

Q. The gauge is the same as that of the main line?—A. Yes, sir; 4.8½.

Q. Please tell us what sort of country it runs through, and what places this branch connects with.—A. It runs nearly south from Lathrop, and it did not connect with anything at the time. There was nothing up there; no town.

Q. Does it follow the bed of the river?—A. It follows the valley. It goes up the San Joaquin Valley. There are a great many streams to cross. You can get the names off the map better than I can give them to you, but there are quite a number of streams. Every little distance, I noticed, there was a long bridge.

Q. What was the object to be attained by the construction of that road?—A. To develop the country. We thought it would be a good wheat country, but they could not draw the wheat very far by teams. There have been quite a number of towns built up since—Merced and

Modesto. There are towns every few miles. I have not been up the valley more than three or four times myself, just passing through rapidly.

Q. This is a branch owned by the Central Pacific?—A. Yes, sir; it is a part of the Central Pacific.

Q. It is no separate organization?—A. No.

Q. Do you remember when that construction was completed?—A. No; I could not say just at the moment. That is one of the things that is easily ascertained. I can write to my people and get the date.

OTHER BRANCHES.

Q. What other roads has the Central Pacific constructed?—A. From Niles into the city of Oakland, 24 or 25 miles. They built that.

Q. Niles is the point on the Central Pacific?—A. Yes, sir; is the point where the Western Pacific diverges. One goes to San José south, and the other runs direct to San Francisco. Seventy-two miles, as I remember, around by the way of San José to San Francisco; and probably 28 miles the other way. I think the road is 24 to Oakland, and there it connects with another road, and then there is a ferry of 3 or 4 miles.

Q. When was this branch constructed?—A. That is about the same. Somewhere about 1868 or 1869.

Q. And also constructed by the Contract and Finance Company?—A. I am not positive, but I should think so. In all these matters we always have found it more convenient to build by a contract company. We have built most of our roads in that way. They are the companies, of course.

Q. What other branches or transportation companies does the Central Pacific own?—A. They own from Roseville to the State line.

STEAMERS.

Q. Is there not something about the ferries and waterways and ferry-boats that you own, or that you acquired before you started to build the California road?—A. No. We bought those steamers with the California Pacific. I did that trading myself. I bought the California Pacific, and with it I bought what was called the California Navigation Company's steamers, I believe.

Q. When was that?—A. That was early in the seventies.

Q. How many steamers were purchased?—A. I do not remember now how many. There must have been ten or a dozen, probably.

Q. Between what points were they used?—A. Between San Francisco and Sacramento, and San Francisco and Stockton.

Q. Where is Stockton?—A. That is on the San Joaquin. You go up through one end of the Bay of San Francisco, and then through San Pablo; and then you turn, as you go up north or northeast, and go to the right, up to the San Joaquin. It is a little slough that runs through that country.

Q. These were mainly river boats?—A. Yes, sir. Nothing that runs outside.

Q. You say there were about ten?—A. I should think so.

Q. From whom did the company purchase these boats?—A. We bought them with the California Pacific. We bought that road and they owned these steamers. They had bought them with the California Steam Navigation Company, I think it was called.

Q. The California Pacific was a railroad organization, was it not?—A. Yes, sir.

Q. Between what points?—A. Between Sacramento and Vallejo.

Q. Is that corporation still in existence?—A. Yes, sir; it is.

Q. You purchased the interest in the corporation?—A. We purchased the stock.

Q. Along in 1870?—A. Yes, sir.

Q. And in that way acquired title to the steamers?—A. Yes, sir.

Q. And subsequently the steamers were sold to the Central Pacific?—A. I think so. We used some of them; running between San Francisco and Oakland.

Q. How was that contract made between yourself and the Central Pacific Company for the transfer?—A. I do not know. I did not have anything to do with that. That was done after I left California.

Q. The Central Pacific acquired the title to your steamers?—A. I know; but that was after I left. I bought the steamers with the California Pacific.

Q. And then you sold them?—A. Then I left. I was there only about thirty days, and when I left they wanted some boats, as I remember, for Oakland Ferry, and they made a transfer.

Q. The terms to be paid must have been assented to by you before that went into effect?—A. No; not necessarily. I did the trading part of it. I did not buy it for myself.

Q. You mean you bought the California Navigation Company for the Central Pacific?—A. No; Mr. Crocker was interested, and Mr. Stanford, and Mr. Hopkins, and several had a lesser interest; but we four owned a large majority of it.

By the CHAIRMAN:

Q. Was it a company purchase?—A. No.

Q. Individual purchase?—A. Individual; yes, sir.

By Commissioner ANDERSON:

Q. Then these individuals who owned the stock, and through the stock these steamers, must have assented to the terms of the transfer to the Central Pacific before it could go into effect?—A. We bought the stock of the California Pacific. I was not a director of the California Pacific, and it was not necessary that it should come before me.

THE CALIFORNIA PACIFIC.

Q. Who were the directors of the California Pacific?—A. Major Hammond, I think, was one.

Q. Please give his full name.—A. H. P., I think, are his initials. We always called him "Major" Hammond. I could give you the names of the directors, but that is one of the things I could have to-morrow, I suppose, or the next day.

Q. Do you remember the price paid for those steamers?—A. We paid——

Q. No; paid by the Central Pacific Company?—A. No; I do not.

Q. Does it not figure in their reports at something like $800,000?—A. Well, it is possible. I do not remember, myself.

By the CHAIRMAN:

Q. Did you sell to the Central Pacific Company?—A. No.

Q. Who did sell?—A. I purchased the stock of the California Pacific for others and myself. They owned those steamers.

Q. As individuals?—A. The stock, as individuals.

By Commissioner ANDERSON:

Q. The board of direction of the California Pacific undoubtedly contracted with the Central Pacific?—A. Yes, sir.

Q. But I want to get how the contract was made.—A. I could not tell you, but that is easily ascertained.

Q. Were not the directors in the California Pacific all interested more or less in the Central Pacific?—A. No; I do not think they were. Major Hammond, I know, was not. That is, I know I do not think he was. I never saw his name on the list.

Q. Where is the place of business of the California Pacific to-day?—A. San Francisco.

Q. Are their books there?—A. Yes, sir.

Q. As far as your recollection serves you, you do not know how this transfer of the steamers came about, from the California Pacific to the Central Pacific?—A. No; I do not. I probably did know at the time, but if I did it has passed from me.

Q. You do not remember the price paid?—A. No; I do not.

Q. Do you remember whether that transaction had any effect on the market value of the stock of the California Pacific which you were then owning?—A. No; I do not think it did, because it never had much of any market value.

Q. Did it have any effect on the bonds?—A. No; I do not think that it would on the bonds. The bonds rested on the road, not on the steamers. I do not see why it should, but I do not remember. We bought the stock of the California Pacific because they were running it to sell out to us. They bothered us terribly, and they cut rates, and they had the short line. It was nearly 82 miles to San Francisco that way, and the nearest way by way of Niles was 138 miles over the Western Pacific, and we were almost compelled to buy it. We did not buy it because we wanted it, but simply to protect ourselves and our interests. We were large share-holders in the Central Pacific, and it was as much for that as anything.

Q. So I understand; but I am only inquiring in regard to the transfer of the boats to the Central Pacific.—A. That was something done after I left California; at least, I was not there. It may have been a year or two later. I do not remember. I was not there at the time the transfer was made.

Q. Were you not consulted, as vice-president, as to the propriety of acquiring that property?—A. Very likely I was, but not necessarily. I used to do pretty important things here without consulting my people and took the responsibility, and I used to tell them to do what they thought proper without consulting me, and take the responsibility.

Q. How long after acquiring those steamers did the Central Pacific keep operating them?—A. I think they are operating them to-day.

Q. They have operated them ever since?—A. Yes, sir.

Q. Are you at all familiar with the details of the result of that operation and the earnings derived from them?—A. Somewhat. The profits are very small. It is not in a direct profit. We never expected it to be. But it is in keeping things even, and not running everything at a loss. We bought off, at an early day, some steamers that were put on. The Shin du Wan they put on to sell to us. They asked $75,000, I know, and they ran for almost nothing. It was a boat worth about $18,000 or $20,000. They finally got into trouble, and I think we finally bought it for $18,000 or $20,000. They wanted to make it worth our while to buy them off.

Q. What is the next item of construction that the Central Pacific undertook?—A. I do not remember any. The California and Oregon road was built by the California and Oregon Company.

Q. Started by them?—A. Yes, sir; was built to Tehama, I think, and then it was consolidated with the Central Pacific, and they have been building it ever since. I think now they have got it to the State line.

THE CALIFORNIA AND OREGON.

Q. What is the ultimate destination of that road?—A. From San Francisco to Portland, Oregon. It is built to the State line. But I understood the question to be as to the Central Pacific's construction. Another corporation in Oregon took up the construction; the Central Pacific completed the road. It was started as the California and Oregon road and built, I think, to Tehama, and it has been built since to the State line by the Central Pacific. Since that time we have acquired control of the Oregon and California.

Q. The Central Pacific has acquired that?—A. No.

A. Who has acquired control of the Oregon? Do you mean some individuals?—A. Yes, sir; to run in that interest; to improve these properties.

Q. What was the Oregon and California corporation?—A. That was an Oregon corporation.

Q. To construct a road from where?—A. From Oregon to the south line of the State, to connect with the California and Oregon. Ours was called California and Oregon, and theirs the Oregon and California, and they both got a land grant at the same time.

Q. A State land grant?—A. No; from the Federal Government.

Q. A United States land grant?—A. Yes, sir.

Q. Have those two roads united?—A. They have not.

Q. What is the gap?—A. It is about forty miles between the State line and Ashland.

Q. The unconstructed portion is in Oregon?—A. Yes, sir.

Q. So that the California and Oregon is completed to the State line?—A. To the State line.

Q. When was this construction commenced by the California and Oregon company?—A. I think in 1867 or 1868; I may be wrong, but I think the act passed granting the land grant to them in 1866, and I should think within two years after they commenced and did some work, and then they got into difficulties and could not get along—Mr. Elliott and some others—and it fell into our hands.

Q. When had they completed it to Tehama?—A. I should think that was in 1872 or 1873 or 1874.

Q. Then there was a consolidation, as I understand it, between the Central Pacific and the California and Oregon?—A. Yes, sir.

Q. When was that consolidation effected?—A. I think about 1870.

Q. Before they got to Tehama?—A. I am right about the consolidation, but I may be wrong about how far the road was built under the California and Oregon. I am right about the consolidation, however, I am quite sure. So they must have had less road, or else they completed it before; but my impression is that the California and Oregon did not build up as far as Tehama.

Q. Have you those articles of consolidation?—A. They are the same. It was all done at the same time, I think; the San Joaquin road from Lathrop to Goshen and the California and Oregon; the same consolidation; it took in both.

Q. There were three corporations to it then?—A. Yes, sir; I think more.

Q. That is the same paper I called for?—A. Yes, sir; I think the road from Oakland to Niles also.

Q. After the consolidation was perfected did your company immediately continue the construction?—A. No; I think not.

Q. How long a period elapsed?—A. If it was to Tehama, we stopped there some time. If it was at Tehama before the consolidation, it rested for some time; and if it was before that, we probably went along as far as Tehama very soon after the consolidation.

Q. When did you resume construction?—A. We built the road to Redding, and then it rested some time. We were going right along, but after we had passed Redding there was no particular object in building this road unless the Oregon and California was built. While it is a very important through line, it would not be an important line to run to the State boundary and have no connection. Then Ben. Holliday got into difficulties and stopped construction on the Oregon end, and then we stopped.

Q. Ben. Holliday was constructing the Oregon?—A. Oregon and California. He and his friends. They failed, I guess, pretty badly. And then Villard got the road and commenced work, and we commenced work again and built from Redding up to Delta. We commenced work in the cañons there. We worked along there very rapidly until there was a lack of capital again on Villard's part. Then we stopped until things took shape. About a year ago, in negotiating for the Oregon and California, I thought we had got it where it was pretty safe, and the negotiation would be perfected, and we commenced work again. That is why these hitches have been in the California and Oregon.

Q. So that the total construction of the California and Oregon represents a period of about sixteen or eighteen years, all told?—A. I should think so.

Q. After the consolidation, by whom was this road constructed; under what contracts? I mean the California and Oregon, after the consolidation.—A. I do not know. The Pacific Improvement Company built, I think, from Redding to the State line. I am not positive.

Q. How many miles is that?—A. I think it is 140 miles.

Q. What is the point on the Central Pacific at which the junction is made with the California and Oregon?—A. Roseville.

Q. What is the length from Roseville to the State line?—A. I think it is about 300 miles.

Q. What is the length from Roseville to Tehama?—A. I have not got that distance, but it must be about 130; it does not vary more than 2 or 3 miles from that.

Q. Who constructed the road from Tehama to Redding?—A. That I do not know.

Q. Who is the president of the Pacific Construction Company?—A. The Pacific Improvement is the name. Mr. Doty, I believe, is now.

Q. Do you know whether Mr. Crocker or yourself or the other gentlemen whom you have named as being in the Finance Company were stockholders in the Pacific Improvement?—A. I think they are.

Q. Have you ever seen the contract between the Central Pacific Company and the Pacific Improvement Company for the construction of that road between Redding and the State line?—A. Yes, sir; I have seen that.

Q. Have you a copy of that?—A. No; I have not. I saw it in San Francisco when I was there last fall.

Q. Do you remember the rate per mile?—A. Yes; I think I do. I think they took it in securities at about $125,000 a mile face value. I know I had some dispute with my people about it, and I thought it was not enough. They thought it was. I had been over the line and it was such a terrible road to build that I did not believe they would get as much money out of the securities as they would have to pay out to build the road.

Q. Can you state what the securities were?—A. I think it was 80,000 shares of the Central Pacific and $2,100,000 of the Central Pacific bonds—$2,100,000 Central Pacific first mortgage bonds—that is, the bonds on that piece of road they were building.

Mr. TWEED. The bonds secured on the California and Oregon Company.

Q. What are they called?—A. I think the Central Pacific was the consolidation. The first was California and Oregon, but these were called Central Pacific after the consolidation.

Q. Are all the bonds guaranteed by the Central Pacific?—A. They were not guaranteed; they were simply a bond of the Central Pacific. That is no special guarantee.

Q. Has the work under the Pacific Improvement Company contract been completed?—A. I hardly think that it has been fully completed, but the road is built to the State line. There is always a great deal of ballasting after the rails are on, and it generally takes a couple of thousand dollars a mile to clean up and ballast.

Q. Have all the stocks and bonds that were payable under that contract been issued, do you know?—A. I presume they have.

Q. Have you completed the general statement of all construction which has been effected by the Central Pacific from the commencement of the enterprise to date?—A. I do not think of anything else.

By the CHAIRMAN:

Q. How does the Central Pacific get into San Francisco?—A. The way it is operated now it is over the California Pacific and the Northern.

Q. The Central Pacific itself has no entrance into San Francisco as a corporation?—A. Yes, sir.

Q. Belonging to it?—A. Yes. We run down on the old Western Pacific to Niles, and then there is a short line from there to Oakland, and from that to San Francisco.

Q. Who is the short line operated by?—A. The Central Pacific. It is consolidated with it. It is a part of it, as much as any other part.

AFTERNOON SESSION.

COLLIS P. HUNTINGTON, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. Do you recollect about how much of the stock of the Central Pacific had been issued for construction before the passage of the act of 1862?—Answer. My impression is that there had not been any stock issued. I think there had been subscriptions; but the stock was only issued, as I remember, after it was all paid for. It was called for in installments, and there was no stock issued until after the act of 1862; that is my recollection.

CONSTRUCTION ARRANGEMENTS.

Q. Do you remember about how much the subscriptions amounted to that were made before that act?—A. No; I do not.

Q. I mean the cash payments made on the subscriptions.—A. No; the sum was not large; I think, perhaps, less than $100,000. The law required us to pay 10 per cent. down when we subscribed, which was done, and required there should be $1,000 a mile, I think, to be subscribed in stock before we could organize. I think that was it; but that is in the statutes. And we built the road I know by lending money; that is, our first subscriptions were not a great deal. I think only 150 shares we subscribed, if my recollection serves me right, which was necessary to perfect the organization to the State line, as I remember.

Q. Your recollection is that the contractors for that work were paid from the result of the proceeds of loans made by the company?—A. Well, yes, sir; made by the company; that is, they were paid by the company. The loans, of course, were made by individuals.

Q. They were not paid out of moneys that were paid by subscribers to the stock?—A. Not to the full extent; I am quite sure that must have been so.

Q. Please describe the manner in which payments were made to the contractors after the act of 1862, when the Crocker contract was made.—A. I think the small contractors were paid in money; that is my recollection, although I was not there all the time; not more than thirty days in the year; perhaps not as much as that.

Q. I mean the payments made under the Crocker contract.—A. I was not there, and I do not know how they were paid, but I am quite sure that they were paid in stock and bonds.

THE GOVERNMENT SUBSIDY PER MILE.

Q. That, if I remember right, was $64,000, in bonds—A. It was more than that across the mountains. The act gives $16,000 a mile between tide-water and the base of the Sierra Nevada Mountains, and $48,000 a mile for 150 miles across the mountains, and then $32,000 a mile in the great valley between the Rocky and the Sierras. I am quite correct in that; I know I am correct. The same amount of first mortgage bonds were issued as the Government's.

Q. Do I understand you correctly that the Crocker contract called for a similar advance in payments when you reached the more difficult portions of the road?—A. Yes, sir; that must have been so, of necessity.

HOW AND WHERE DISPOSED OF.

Q. Were those bonds delivered by the company to the representative of the Crocker contract?—A. I am not so certain of that. I sold the Government bonds here, I guess, perhaps all of them, myself, and bought gold largely for them, and I think, as far as they were concerned, they must have been paid—the Crocker contract—in money; at least I sent over memoranda of what I had done, and they distributed the accounts there. I never look inside of a ledger if I can help it, and I most always can. Mr. Hopkins was a most excellent man for those things; he was a good book-keeper and lawyer.

Q. To whom were the Government bonds first delivered by the Government?—A. They were all delivered to me, I think.

Q. To you personally?—A. To me personally.

Q. At Washington?—A. At Washington.

Q. And brought by you to New York?—A. Brought by me to New York and sold.

Q. Sold to the public here?—A. Yes, sir.

Q. Whose books contain the accounts of the sales?—A. I have not got them, but I think that can be easily ascertained.

Q. Probably they are at San Francisco?—A. Yes, sir; Fisk & Hatch might have them; they sold a good many of them; they were not known on the start, and when we first got them the people did not know what they were; they would not take them for banking security.

Q. The Government bonds?—A. The Treasury Department would not take the currency's; there was a good deal of log rolling before holders could get the Government's taken as collateral to bank issues; we sold a lot at 89, I am quite sure, and bought gold at a very high premium; I paid as high as 2.20 for some gold, I remember.

Q. Do you remember whether the Crocker contract called for the bonds or for money?—A. I do not; my impression at first was that they took the securities; but on that line, when I come to think of it, I sold all the bonds here; I do not think any of them went to California.

Q. May you not have sold them on account of the contractors?—A. I sent the account to Mr. Hopkins, and he distributed those matters in the way they were destined to go; some here and some there.

Q. Do you know what the history of the company's bonds were?—A. Those bonds I sold here?

Q. They were sent on from San Francisco to you here?—A. They were sent from San Francisco, and I guess I sold them all here. I am sorry to say we have not got any of them.

Q. Were those sales for account of the Central Pacific Company or for account of the contractors?—A. My impression is that they were sold for the company. I sold the bonds and rendered an account every month of what I had done; sent it to Mr. Hopkins. He settled with the company—with the contractors, as the case might be.

Q. Is Mr. Hopkins in New York occasionally?—A. No; Mr. Hopkins has been dead for some years. He died in 1879.

Q. What office did he hold?—A. He was treasurer of the Central Pacific Railroad Company.

Q. Did Mr. Miller have charge of his books?—A. I think Mr. Miller would know all about it. He and Mr. Miller were very intimate. They were old partners. The firm was Hopkins & Miller, grocery dealers, before he joined me.

HOW THE STOCK WAS ISSUED.

Q. Was that stock issued to the contractors under the contract, or was it issued to the subscribers and the money delivered to the contractors?—A. At first to subscribers who had paid money, but I think later it was delivered directly to the contractors.

Q. Under the Crocker contract?—A. I think so. That will be all better known in San Francisco; but I think that was delivered to Mr. Crocker, and I think it was delivered later to the Contract and Finance Company.

Q. Apart from the stock that was deliverable to the contractors under the various construction contracts, can you tell me whether any of the stock of the company has been subscribed for and taken by the public directly from the company?—A. On the first organization there was quite a good deal; I do not know; probably 100 subscribers; I think not more. Hardly as many as that, I think.

Q. Prior to the act of 1862?—A. Yes, sir.

Q. Representing how much stock?—A. I think it would be all inside of a million dollars.

Q. Then all the other issues since the Crocker contract have been issued under construction contracts, I understand?—A. I think so. The fact of it is, there was no market for the stock for years. Everybody was afraid to touch it.

Q. What is the earliest printed report of the Central Pacific?—A. I could not say. I do not think there was any printed report in the early years of the construction.

Q. Just look at the report for 1872 and see if that is the earliest you remember.—A. I have had very little to do with these. They are made up in the office at San Francisco. This is 1873.

Q. It is a report of 1872, I think; is it not?—A. There was no printed report for a number of years. This may be the first one. I should have said it was a little earlier than that.

Q. You say these are made up at San Francisco?—A. Yes, sir.

Q. As to the methods of keeping the accounts and making the statements, was that done under your advice?—A. No; not at all. I do not think I was ever consulted about it at all.

Q. Still, you became perfectly familiar with the methods of making the statements contained in them, I suppose?—A. I generally look them over, but I do not examine those reports very much. I have a man examine them. If there is anything he thinks I would want to have explained to me, he explains it. I read over very little of the reports. Mr. Miller and Mr. Stanford and Mr. Hopkins, and many others there that have been with me since the organization of the company, have each one his part to do. I have been the outside man always. I am in all my mercantile business. I never go into the office if I can help it, and I generally can. I do the outside trading and attend to the general outside business.

Q. Were you consulted, for instance, as to the mode of keeping a profit and loss or income account, with reference to determining questions that might arise as to what was proper to credit to that account and what was proper to charge to that account?—A. No; I do not think they would ask me anything about it. If they did, I should tell them to keep their books in their own way. I have always been like the Dutchman that did not keep books, who said he knew how much he owed and how much he had to pay it with. That is about all the book-keeping I have ever done.

EARNINGS OF CENTRAL PACIFIC.

Q. Do you know whether there is any printed account of the earnings of the Central Pacific Railway prior to the statements in the report of 1872?—A. I think so. I think there is no trouble getting it every year from the commencement of its operation. You can get exactly what the road has earned and what it has cost to earn it.

Q. I call attention to page 45 of the report of 1872, which contains a statement of the net earnings, after deducting operating expenses, from 1864 to 1872, amounting in all to $17,000,000.—A. I have no doubt this is correct; but I do not know anything about it from any knowledge of my own. But I am satisfied it was correct.

Q. My question is, whether there is any printed statement containing an account of the matters to which those earnings were applied?—A. My impression is that in the early years there would be no printed accounts; I think you can find them all in the office of the company,

but I do not think there would be any printed accounts; perhaps there are; I have no doubt but what those figures can all be verified in the office.

Q. The profit and loss account contained in the report for 1872 starts with a balance of $4,000,000, and shows the result of transactions during that year, leaving you with a balance of profit of $7,433,000.—A. I have no doubt that is correct.

Q. That I understand to be a statement that the actual profit made from the transactions stated in that income account indicates that the profits of the company for that year, confining yourself to these items, was the difference between the first balance and the second balance—between the $4,000,000 and the $7,300,000?—A. Yes, sir; I presume that is so.

Q. Have you any personal knowledge of the nature of the items charged against the earnings, and which appear in this income account?—A. No; I have never had anything to do with their book-keeping over there; the expenses here, what we paid for material and miscellaneous expenses, have gone into the memoranda for the different months, and then have all gone out and been distributed.

MISCELLANEOUS AND LEGAL EXPENSES.

Q. The account I refer to contains a charge for general and miscellaneous expenses $233,272; in what book would the details of those expenses appear?—A. I do not know.

Q. That Mr. Miller could tell us?—A. Yes, sir; that would be in his department. And I have no doubt that he can explain it.

Q. The same statement for this year, 1872, contains an item, "legal expenses, $63,678.16." Have you any knowledge of that item?—A. No; I have not. Governor Stanford has attended to these matters in California, and I have attended to them here. They were always too much, I thought.

Q. Do you know what the general character of the legal expenses during the year 1872 was?—A. No; but then we have a multitude of legal counsel. We have to have, for the whole length of the road. If we kill a cow, the cow represents a certain sum and the legal expenses something more.

Q. They do not charge $62,000 for cows in California, I suppose?—A. No; but there are a great many of them.

WHO THE COUNSEL WERE.

Q. Will you please tell us the names of your principal counsel in 1872?—A. S. W. Sanderson, I think, was with us then.

Q. Of San Francisco?—A. Yes, sir; and Mr. Robinson.

Q. Please give the full name?—A. I do not know that I can give Mr. Robinsons' name.

Q. Of San Francisco?—A. Yes, sir; S. W. Sanderson; and Harvey Brown, I think, was with us then. And I guess S. M. Wilson and Hall Macalister have been our general counsel for a long time. Mr. Storrs was counsel here, and then I had from time to time others.

Q. Which Mr. Storrs?—A. James A. Storrs.

Q. Was there counsel in Washington?—A. Yes, sir; we always had counsel there.

Q. In 1862 who was counsel in Washington?—A. Our principal man there was Richard Franchot; and then we had others there, Henry

Beard, I think, at that time, and Mr. Bliss, I think his name was. We always had quite a number in Washington.

Q. Who audited the legal expenses?—A. I think Governor Stanford on the other coast, and I used to pay them here.

Q. You paid them on whose audit—your own?—A. On my own.

Q. Do you know where the vouchers for those items are to be found?—A. No; they would be in San Francisco, I suppose, if anywhere. There would not be vouchers for all, I do not suppose. Franchot always had a great many expenses in Washington, and when he wanted some money I always used to give it to him. He was a very honorable man, whom I had always known since I was a boy, and he had my entire confidence, and there were a thousand things there to attend to. That is, there were many; I do not say exactly a thousand.

Q. Without vouchers, you mean?—A. Yes, sir. Well, I did not ask him for vouchers.

By the CHAIRMAN:

Q. Why not?—A. Well, there are so many things that have to be paid; it is a dollar here and five dollars there, and it is almost impossible to get vouchers. A little printing, and advertising, and messenger boys, and copying bills, hack hire, hotel bills, and a great many things; and I knew he would not pay out any money unless it was proper.

By Commissioner ANDERSON:

Q. Is there any one else to whom you were in the habit of paying money without vouchers?—A. Oh, yes, sir; we have miscellaneous accounts. We always do have. I believe all offices have a miscellaneous account, as they call it.

Q. I am referring now to legal expenses?—A. I suppose most all the offices would have accounts of that kind; I have always had.

RICHARD FRANCHOT AS COUNSEL IN WASHINGTON.

Q. I ask whether there was any other person than Mr. Franchot whom you remember as having been in the habit of receiving money from you personally for legal expenses without vouchers?—A. I do not think there is; not as long as he lived; Mr. Sherrell succeeded Mr. Franchot.

Q. How long did Mr. Franchot remain your counsel?—A. Until he died.

Q. In what year was that?—A. I think it was in 1878, but I may be wrong; I should think it was in 1878, however.

Q. Have you any idea of the amount of annual payments made to him which are not represented by vouchers?—A. No; I do not remember at this time; it was very considerable.

FRANCHOT'S SALARY.

Q. And that occurred every year, or only occasionally?—A. Yes, sir; about every year; General Franchot received $20,000 for his own services.

Q. Do you mean at one specific occasion?—A. No; we gave him for his own salary $20,000 a year.

Q. Was that payable monthly or payable whenever he wanted it?—A. Well, as he wanted it along; generally there was a little balance coming to him at the end of the year, which was paid.

Q. In addition to this $20,000 a year, did he also receive money from you for these items which you say are not susceptible of being verified by the vouchers?—A. Oh, yes, sir; when he said he wanted money for these small expenses here, or he wanted a little money, I used to give it to him.

LEGAL EXPENSES PAID WITHOUT VOUCHERS.

Q. And he may have received from you $30,000 or $40,000 a year without voucher, then?—A. I should think very likely; in our large operations I should think so, in the important matters there in all the Departments and in Congress. We had to get men to explain a thousand things. A man who has not had the experience could hardly imagine the number of people that you have to explain the matters to.

Q. Was he a practicing lawyer?—A. No, he was not; I do not know whether he was educated as a lawyer or not; I am inclined to think he was, though. I have known General Franchot ever since 1840.

Q. Do you think the payments to him were included in that item of legal expenses or miscellaneous expenses?—A. I think I generally had the item "Paid General Franchot for legal expenses" or "Miscellaneous expenses"; something like that; I think that was it in my memoranda that went out; I do not know just how they would distribute it, but they would have to follow that about as I had it, as they would not know any more than was on the memoranda.

MR. SHERRELL THE SUCCESSOR OF FRANCHOT.

Q. What are the names of the gentlemen who succeeded him?—A. Mr. Sherrell.

Q. Is he still your counsel?—A. He died here about two or three months ago.

Q. Did he remain your counsel up to the time of his death?—A. Yes, sir.

Q. On substantially the same terms as General Franchot?—A. Yes, sir; he was living in Washington and was with General Franchot in the last years of his life. Mr. Franchot's health failed and when Mr. Franchot died he took his place.

Q. Has the same method been pursued, in regard to payments without vouchers, with Mr. Sherrell?—A. Yes, sir; I very rarely go to Washington myself.

Q. Is his salary the same, $20,000 a year?—A. No; he had $10,000.

Q. Ten thousand a year?—A. Yes, sir.

Q. Can you approximate the amounts paid to him annually without vouchers?—A. No, I can not; but it was considerable.

Q. Probably as large as was paid to General Franchot?—A. I should think so. The last few years not so large, I should say. But along about the time Mr. Franchot left us and Mr. Sherrell took hold I think it was about the same. Our matters have been of less importance there for the last few years.

Q. Referring to the past five years, which is more within the scope of your positive recollection, is there any other person to whom you have been in the habit of paying moneys without vouchers for miscellaneous services? I mean of any amount. I do not refer to small transactions.—A. We always keep a little miscellaneous account in the office here, but they are not important. My matters here have been mostly for material and rails and locomotives, and a thousand and one things that come into the building and operating of a railroad.

Q. All payments that you make for material and matters needed for the railroad you undoubtedly pay on vouchers?—A. Oh, yes, sir.

Q. When you pay you receive a voucher?—A. Yes, sir.

Q. And you transmit that voucher to the proper officer in San Francisco, and there it is distributed to the account to which it belongs?—A. Yes, sir.

Q. You speak of miscellaneous payments. Confining your recollection to the last five years, is there any other person besides Mr. Sherrell who has received money without vouchers?—A. No; I do not think of any at this time. He has attended to all these miscellaneous matters. I have generally handed him any money as he has requested it.

THEORY OF THE GENERAL BALANCE SHEET.

Q. Will you please look at the general balance sheet in the report of 1872, and explain the theory on which it was made up.—A. I do not know much about the theory of these accounts. I am not a book-keeper.

By the CHAIRMAN:

Q. Give us the practical side of it..

The WITNESS. This is the 1872 construction account?

Commissioner ANDERSON. No; the general balance sheet (if I gave you the right one).

A. Yes. Well, that is the construction account, from the commencement of the building for a permanent way. I suppose that is correct. I do not know anything about the figures, except as I see them here. *There* is the equipment. *That* is another account. The real estate and shops and machinery.

By Commissioner ANDERSON:

Q. I will not trouble you to read it. Let me put my question a little differently. Is it not the purpose of this account to state on the credit side all obligations of the company and all of the sources from which is derived any money, the capital, the bonds, or the earnings, and to state on the other side, in a proper method of distribution, all the purposes to which the funds so derived were applied? Is not that the general object?—A. I should think so.

Q. Then when the sources of revenue are increased by an increase of bonds or by an increase of the profit and loss account, cannot the object into which such increase of proceeds is expended be found by tracing the alterations in the balances on the other side of the account?—A. I should say so; but as I say, I do not have anything to do, and never have, with the distributing these accounts, or being responsible for the book-keeping of the concern.

Q. If you will look at the account of 1872 you will find that the profit and loss account is treated as being a credit account for about $7,000,000, and in the year 1885 the same account is treated as being a credit account for $24,000,000. Is not that true?—A. Yes. Well, I am not familiar enough with these matters, I believe, to give you any light. Book-keeping is a good deal like Greek to me, and I never learn either.

Q. Is it not the logical conclusion from that statement that the accounts represented to be, or called profit and loss, had earned the difference between $7,000,000 and $24,000,000?—A. Well, I should say so.

Q. In seeking to know what that money has gone into, or where it is, because we understand that it is not cash on hand, we must look to the other side of the account and see which of those accounts have been increased; is not that correct?—A. I should think so.

INCREASE IN CONSTRUCTION ACCOUNT.

Q. I call your attention again on the other side of the account, to the increase in the item, for instance, of construction account between 1872 and 1885; what do you find that increase to be?—A. 1885 construction account is $139,000,000 here, and it is $130,000,000 in the 1872.

Q. To what construction does that refer?—A. I do not know.

Q. Between 1872 and 1885?—A. I could not say. Those are all very plain, and they must be in the office in San Francisco.

Q. As a matter of history in regard to the road, what actual construction occurred between 1872 and 1885 which would represent an expenditure of $8,000,000?—A. Well, I should think we spent a great deal of money at Oakland Point. We spent millions of dollars there.

Q. A million?—A. Millions of dollars there. And we spent considerable in San Francisco, in filling Mission Bay. That was in deep water when we got it. Then on the Oregon road. Something must have been expended there. And large amounts for rolling stock.

Q. Would rolling stock come into the construction account?—A. It would properly belong to construction account.

Q. Would it not belong to equipment account?—A. Yes, sir; perhaps it would. Some roads, I guess, keep it one way and some the other; but it certainly would be right in equipment.

Commissioner ANDERSON. There is an equipment item here; but I am now confining you to construction.

The WITNESS. Rolling stock would go into the equipment, then.

Q. The expenditure was, then, in the building at Oakland and Mission Bay?—A. Yes, sir; I think we put new steel rails on the whole road. It is all steel now. I think that would absorb more than half of it.

Q. Probably new bridges?—A. Yes, sir; we have put in a good many iron bridges where the wooden ones have failed. I do not think that is an unreasonable item.

Commissioner ANDERSON. I want to get the theory. I am not criticizing you at all.

The WITNESS. Yes, sir; I want to state all I know about it. If the road is not all steel, it is nearly so.

Q. How nearly?—A. My impression is there is not over 100 miles of iron rails on the road. At first I thought there was not any, but I think there is, out at Humboldt Plains. The road is very straight there, and I think there is some.

Q. Do you know the weight of the steel rails?—A. We call it 62 pounds. It is 61.80. We are using some 64, but we are using no rail less than 60, and I have got an order now for 76-pound steel rails to send forward.

IMPROVEMENTS AT OAKLAND POINT.

Q. What is this expenditure at Oakland Point that you refer to?—A. We filled out there. We have a pier there that is about 11,000 feet long. It runs out to deep water. The piles were decaying away, and we are filling it in. It is an immense filling there of a mile, running right out into the bay. Oakland lies across the bay to San Francisco. We run around the bay from San José to Niles, and Oakland is opposite San Francisco.

Q. Is Oakland included in the aided part of the Central Pacific?—A. No, sir; there was no aid, except from San José to Niles and then to Sacramento, and from thence to Ogden.

Q. So that you would understand it that the Government mortgage does not apply to Oakland?—A. No, sir.

Q. Or to any improvements made there?—A. No, sir.

Q. Or to the Mission Bay property either?—A. No, sir.

THE CALIFORNIA AND OREGON EXTENSION.

Q. The next item of this account of 1885 is the construction of the California and Oregon extension. That, as I understand it, represents the entire cost up to that date of that extension, and that is not included in your ordinary construction account?—A. This is only a portion of the cost of the California and Oregon.

Q. Does it not represent all the cost up to that time?—A. I do not think it does; I am quite sure it does not.

Q. What is the item as given there?—A. Say $3,000,000—$2,972,000.

Q. In what other item of that balance-sheet would the balance of that cost of construction be found?—A. It would not be, unless it is in the large construction account.

Q. The general construction account?—A. Yes; it would be in that; I know there is more than that; very much more. Was that in 1883—the California and Oregon Company?

The CHAIRMAN. $2,105,829.77, as appears in the account of 1882.

The WITNESS. That is, I think, from Ahama or Redding up.

Q. Your impression is that the entry of this item, as a separate item in the general ledger balance-sheet, commences when you began the construction from Redding north?—A. Yes, sir; that is my impression.

Q. And that the cost of the construction south of Redding is included in the general construction of the company?—A. Yes, sir; I am quite sure that is so.

Commissioner ANDERSON. Please compare the equipment in 1872 with the equipment in 1885.

The WITNESS. This is 1884. The equipment is, say, $8,250,000.

Q. I think that is 1885 you have, is it not?—A. This is 1884; here is 1885; the equipment here is $8,250,000.

Q. And in 1872?—A. Equipment, five million and a half, or a little over.

Q. Can you tell us in general terms what that difference represents?—A. I suppose it is right. I thought it was considerably more than that. Our equipment has changed its character almost entirely since 1872. I think our largest engines were 16 by 24 cylinders; a good many 15 by 22; 18 by 24 now is about the smallest engine we use, and we have them 24 by 36. I think one of these machines will weigh four times as much as, and will give more than four times the power of, the 15 by 22. Our people ordered fifty at one time of 15 by 22. I did not buy them because I thought they were too light.

BOOK-KEEPING TREATMENT OF DETERIORATED STOCK.

Q. Is it your practice to sell the old stock, or to keep it for what it may be worth?—A. I do not know that we have ever sold any. I do not recollect that we have. I think we have sold some of the smaller engines to the light branch roads—other roads. I think we have.

Q. Do you know whether the practice, in keeping these equipment accounts, is to leave all these old machines in at cost, or is any allowance made for their deterioration?—A. There ought to be an allowance for deterioration.

Q. Do you know, as a matter of fact?—A. I do not know. But I know we have sold some. We sold some to the Southern Pacific of those small machines; that is, on that part of the Southern Pacific running out from San Francisco. Of course, we had credit in the equipment account for them.

Q. When sold you credited the exact amount you received to the equipment account?—A. Yes, sir.

Q. What do you do in regard to the decreased amount that you have on hand? Do you charge the difference between the cost price of the machines and the realized price?—A. When we buy one it is charged to the equipment account; and then whatever we sold an old one for, that amount is credited to the account. I know Sam Wilson, the master mechanic of the Southern Pacific, said our people cheated him on seven or eight. That was talk amongst the operators and different superintendents. Mr. Wilson had nine small engines sold to him, and he said our folks charged him about twice what they ought to.

Q. Would not the result of that method be this: That if you bought five millions of equipment, and, in the course of a year, sold it for two and a half millions, that account would apparently owe your road two and a half millions and have no property on hand at all?—A. That would be the result, of course. They would be credited with their services, and what they bring would have to balance the item.

Q. In other words, to get a true statement of the value, you should make allowance for the deterioration of the property on hand?—A. There is no doubt of that.

Q. In regard to the construction of your road at $131,000,000; is not that the exact cost taken from the contracts, without ever making any allowance for deterioration or depreciation of value?—A. I should think likely that was so, taking it from one year to another.

INCREASED VALUE OF "SHOPS."

Q. The next item is shops. Please compare the statement of 1885 with the statement of 1872.—A. In 1872, the item for shops appears to be $813,000, and machinery in shops $466,000. There are odd cents and dollars there. The item of shops in 1885 is $1,229,000, and tools in shops $1,164,000.

Q. So that 1885, as compared with 1872, increased how much in those two items?—A. A little more then double. It was $2,400,000 against, say, $1,300,000. About double.

Q. Have you any knowledge of what that increase represents?—A. Our shops in 1872 were ordinary railroad repair shops. Now we have shops where we make locomotives. We are putting up this year 36 very large locomotives. We have rolling mills and roll our own iron. We cast 100 wheels every day except Sundays. We make fish-plates and track-fasteners and spikes. In fact, we have now a large machine shop and rolling mills. I had supposed the difference would be very much larger than it is. Then we had simply repair shops, and bought all our locomotives and cars here. We have put up 10 cars a day there in our shops. They are a different thing now from our old shops.

Q. Where are these shops situated?—A. At Sacramento.

Q. Are they within the aided portion of the road?—A. Yes, sir.

Q. So that the Government lien, as you understand it, applies to them?—A. Yes, sir; I suppose we have the most perfect railroad shops in the United States. That is, the most extensive shops of any in the United States.

REAL ESTATE.

Q. The next item is real estate. Will you compare that item in 1885 with the same item in 1872?—A. Real estate in 1872 was $968,000. Real estate in 1885 was $1,516,000.

Q. What does that increase represent?—A. We are always buying, always after real estate. I hardly know where it is, all of it. But we are buying in Oakland, and we bought in Sacramento, I am quite sure. Oh, yes, sir; we bought very largely in Sacramento since then.

Q. For railroad purposes?—A. For railroad purposes; machine and repair shops at other places all along. We are enlarging all the time, and there is a piece of real estate to be bought here and there for rights of way and other uses. That item is not as large as I supposed it was.

Q. As to that item, how much of it is subjected to the lien of the United States?—A. That I could not say.

DOES THE GOVERNMENT LIEN COVER "EQUIPMENT"?

Q. I omitted to ask you that question in regard to the equipment of $8,000,000. Is that all equipment belonging to the Central Pacific Railroad?—A. All belongs to the Central Pacific Railroad Company. Yes, sir; it is put in there as belonging to it.

Q. Do you make any distinction of title to the equipment as between the aided part of the road and the unaided part?—A. I am not learned in the law, but I should suppose, as a layman, that each mile would be entitled to its proportion of the rolling stock, and so the aided part, whatever that was to the whole, would be entitled to that percentage of the rolling stock.

"STEAMER DIVISION PROPERTY."

Q. The next item is "steamer division property." Will you compare that in 1885 with 1872?—A. Steamer division, $830,000 in 1872, and $651,000 in 1885.

Q. Does that refer to the steamers that you have before alluded to as having been sold to the company?—A. Yes, sir; I suppose that would be included.

Q. What is the reason the amount in 1885 is less than the amount in 1872?—A. I suppose they are worn out. Unless we built some it would have been very much less.

Q. Worn out, or have you sold some?—A. We built some steamers, or else that must have been very much less. That is thirteen years, and with those steamers, light steamers, thirteen years is about their life.

Q. Do you understand that to belong to the aided road or not?—A. I do not know.

Q. I do not ask it as a question of law, but merely to get your understanding?—A. I do not think I ever thought of it. We always expected to pay the Government what we owed, and we never just figured how we were coming out.

SINKING FUNDS.

Q. I know it; but we are instructed to examine into the value of its assets. The next item in this general balance-sheet for 1885 refers to a number of sinking funds. Will you please explain what they are and

how they arose?—A. I could not explain that. I think they are railroad bonds.

Q. What are the sinking funds for? No. 1 does not appear in the account at all. Do you know why?—A. No, I do not. There was a sinking fund on all the bonds. The laws of California, I think, require a sinking fund.

Q. Do you know whether there is a list of bonds that have been bought, redeemed, and paid for?—A. No, I do not think there is. Oh, yes, sir; I can answer that. The land grant bonds have been redeemed. I suppose some $6,000,000 of them have been retired, and the State aid bonds have been redeemed and paid for.

Q. Through the operation of the sinking funds?—A. Yes, sir; I suppose so; and the convertible bonds—a million and a half of convertible bonds—also have been redeemed.

Q. Sinking fund No. 1 was for the convertible bonds. These have all been paid off?—A. Yes, sir; paid off and canceled.

Q. Do you remember what the amount of the issue was?—A. A million and a half.

Q. Sinking fund No. 2 for the redemption of the California State bonds?—A. State aid, they call them; those are paid off.

Q. Have you a list of them?

The CHAIRMAN. There is a very small balance here in 1885.

A. I do not think they were all paid. I think I extended, or the company did, $400,000 of them. That is my recollection now. I think there was $1,100,000 of them paid. I arranged to extend them; that is, I did the negotiating to extend $500,000, and there were not so many extended. The company paid off, I think, all but $400,000.

Q. Sinking fund No. 3, for the redemption of the first mortgage bonds of the company, series A, B, C, and D. Do you know anything about the management of that sinking fund?—A. The company has it. It would net all the requirements.

Q. Who has charge of it?—A. The company.

Q. What officer of the company?—A. The president, I suppose. We, the board of directors—I think it is a matter that is handled by the board of directors. Of course the president of it is at the head.

HOW DISPOSED OF.

Q. Do you know how the sinking fund matter is arranged; whether it is simply a book entry, or whether any officer has charge of the matter, so as to receive the actual moneys required for that sinking fund provision from the earnings of the company?—A. My recollection is that W. V. Huntington and Timothy Hopkins have control of it. When I was in California, some two or three years ago—it comes to me now—they were appointed a committee to examine every certain time—every six months, I think it was—those securities and see that they were in place.

Q. Do you know into what securities the funds belonging to these different sinking funds are invested?—A. No, I do not. I think some of them are in the Southern Pacific; perhaps most of them.

Q. Have you ever examined these securities, to see whether these funds are all actually on hand?—A. No, I have not.

Q. Can you not state more definitely who would be responsible for the production of these securities to make the sinking fund good?—A. I could not state it any differently from what I have, that it is the board of directors, the president being at the head.

Q. Do you know where the bonds are that belong to the sinking fund?—A. I suppose they are in the vaults of the company, or at least in some safe deposit. They are put away. There is no question about that.

Q. They should be in some safe deposit company in California?—A. Either that or in the vaults of the company. Our vaults are very secure, where we keep our own treasures.

Q. Do you know whether any actual verification of these sinking funds has been made by the officers of the company within the past two years?—A. I did not see it done. As well as I could know it without seeing it done, I know they have, because they have reported to me when I have been over there that they had examined them. That is, Mr. W. V. Huntington. I inquired of him about them, and he said they were examined.

Q. Is he a relative of yours?—A. A nephew.

Q. Is he in San Francisco?—A. Yes, sir.

Q. Does he come to New York occasionally?—A. Not often.

Q. Do you know whether any portion of these sinking funds is represented by loans, either to the company itself or to the Construction Company?—A. No. I should think very likely that the Pacific Improvement Company had some of the money.

THE PACIFIC IMPROVEMENT COMPANY.

Q. That the Pacific Improvement Company had what?—A. Had some of the sinking-fund money. I suggested to our people, when I was there, that they take some of it (and they had some funds), and let the Pacific Improvement Company have it, and put up collaterals; that that would make it look better. It would not be any better than though the company had their paper for it. I did not see it done, but I think that is the way a portion of the sinking fund is arranged.

Q. Do you know what amount of the sinking fund is invested that way?—A. I do not.

Q. Is it not quite a large sum of money, several millions of dollars?—A. I do not know how much it is. My recollection is that at that time it was in the neighborhood of $3,000,000.

Q. Do you know what security the Central Pacific holds for the money so advanced?—A. No, I do not. There was an explanation of it at the time which satisfied me, but it is out of my mind.

By the CHAIRMAN:

Q. Who composed the Pacific Improvement Company?—A. That is an old company. I could not tell you all the stockholders.

By Commissioner ANDERSON:

Q. Tell us some of the principal stockholders?—A. The four men, I think, have a majority of the stock. That is, Mr. Hopkins, Mr. Stanford, Mr. Crocker, and myself.

Q. Which of these bonds for which these sinking funds are held, are prior in lien to the lien of the United States?—A. There is the Western Pacific, from San José to Sacramento, and then the series A B C, and down to J, I guess, on the line between Sacramento and Ogden.

Q. And the moneys in all the other sinking funds, except those you have enumerated, are for the payment of bonds junior to the United States lien?—A. There is no sinking fund on that, except what is in the United States Treasury. The San Joaquin has a sinking fund, but that is small, and it is outside of the road aided by the Government.

Q. Your answer is that most of these sinking funds, other than those which I have enumerated, apply to bonds which belong to portions of the road outside of that portion which is aided by the Government?—A. I do not understand your question. All the bonds have a sinking fund, but those upon the Western Pacific and those that are called the Central Pacific, but in series A, B, C, and so on to J, are on the main line; those and the Western Pacific.

Q. And they are prior to the Government lien?—A. Prior to the Government lien.

Q. And the other sinking funds?—A. Are on roads that are not aided by the Government and on which the Government has no lien.

UNITED STATES TRANSPORTATION AND SINKING FUND.

Q. After these sinking funds the next item I find is United States transportation and sinking fund, amounting to $9,251,000?—A. Nine million two hundred and fifty-one thousand dollars.

Q. Have you a copy of the account making that balance up?—A. No, I have not. The Government owes us about $2,500,000, I believe, outside of that.

Q. Have you ever seen that account, stating that the amount of the Government sinking fund is $9,000,000?—A. No, I do not think I have. It may have passed before me in the office.

Q. The meaning of that entry, as I understand it, is that the total amount of credits due you for transportation from the Government and credited to your sinking fund at the date of that account, amounts to the sum named, $9,251,000?—A. That is as I understand it. That is an offset against what we owe the Government.

Q. Do you know whether that entry agrees with the Government account up to the same date?—A. I do not. The Government owes us $2,500,000, which they have not paid us. I suppose they will some time.

CASH DUE FROM UNITED STATES.

Q. The next item in this account is as follows: "Due from the United States in cash above all requirements of law, $744,000."—A. I have no doubt that this was right at the time.

Q. What is the meaning of that?—A. It is due for business done over non-aided roads, as I understand it, and perhaps something else. We went to the Secretary of the Treasury to get the money, and he said it was a large item, and we had better get a legal decision of the courts, and we went to the Court of Claims. We sued the Government, and the Court of Claims decided unanimously that they pay us the money.

Q. That is on the non-aided portion of the road?—A. Yes, sir; and whatever the item was. There were some other items. They went up to the Supreme Court then, and they decided it; but I believe some man somewhere stated he doubted the constitutionality of the court's decision, and we have not got the money yet.

"STOCKS AND BONDS."

Q. The next item I find here is "Stocks and bonds." Will you give the amount of that, and tell us what that means? I presume it is stock and bonds owned by your road.—A. I do not know. I suppose they have so many bonds that they have bought, probably, and there are bills receivable to a certain amount, and accounts.

Q. Do you understand that that means stocks and bonds of their own road, or stocks and bonds of other roads?—A. I really do not know of any stocks and bonds of other roads.

Q. You do not know that the Central Pacific does own stocks and bonds of any other roads?—A. I do not think of them at this time, excepting as held in the sinking funds. Do you know what this is, Mr. Tweed?

Mr. TWEED. I do not know what it is.

The WITNESS. I think it is probably on the California and Oregon branch. They put in so many issued; and if they had them on hand——

Mr. TWEED. Possibly that is it.

Commissioner ANDERSON. How is it in 1884?

The CHAIRMAN. Two hundred and fifty-three thousand dollars appears in 1882; a very much lower sum. Stocks and bonds in 1881 $160,000.

Commissioner ANDERSON. It is California and Oregon in some way, but I want to understand on what theory it is entered. We will pass the item and get the explanation of it at some other time.

The WITNESS. I cannot explain that item at present, but will do so at some subsequent period.

By Commissioner ANDERSON:

Q. I notice in 1873 the sum of $61,000 again entered for legal expenses. Are your explanations as to that the same as those given for 1872?—A. I have no other to give. The same.

Q. And Mr. Franchot was the Washington attorney during that year?—A. Yes, sir. I think he died in 1878 or 1879.

FIRST DIVIDEND IN 1873.

Q. The report for the year 1873 contains your first dividend, I believe, that was paid; or were any dividends paid at all before that?—A. I think not.

Q. It is marked dividend No. 1?—A. Yes, sir.

By the CHAIRMAN:

Q. Your earnings, however, commenced with 1865?—A. Yes, sir; I think so.

By Commissioner ANDERSON:

Q. According to your best impression, that is the first dividend?—A. Yes, sir; in 1873. That is, according to my recollection. Up to the time of the completion of the road we paid everything we could get our hands on to complete it.

Q. Was there another division of profits made in some other way?—A. No, I think not; I never had any.

Q. By increasing the apparent value of the stock?—A. No; we never did that. We organized first to go to the State line, 130 miles or a little more, and the stock was $8,500,000, and then we concluded we would build on to the Big Bend of the Truckee, and more if we could, and we made it $20,000,000; and when we got there we made up our mind we would go to Salt Lake, or as much farther as we could, and, with some roads in California we made it $100,000,000. That was less per mile of road than the $8,500,000.

LEGAL EXPENSES FOR 1874.

Q. In 1874 I find legal expenses $84,000, I think it is. Will you see if I got the figures right?—A. Eighty-three thousand one hundred and twenty-five dollars.

Q. And portions of that, as far as you know, were always paid without vouchers?—A. I should say so. I think that is true in every year.

Q. And you can give us no other information as to the place where we can find the detailed payments except to refer us to the books in California?—A. No, we have nothing here. I have nothing here, I am satisfied that they will have nothing for those amounts that I paid. They will have nothing except my memorandum that I paid so much.

Q. A letter of instruction from you to charge so much to that account?—A. To charge it to profit and loss, or to charge it to legal and miscellaneous expenses, I think, is the general way I put it.

Q. Was that instruction given by you more than once a year, or simply once a year for the purpose of making up the books?—A. I think I used to send out a memorandum every month of what had been paid; I did not want to have as much as a year's business accumulate in my office, and my recollection is that I used to send out every month.

Commissioner ANDERSON. Certainly, as to material; but I am speaking of this item.

The WITNESS. As to any money that I paid.

Q. Then we would probably be able to get twelve items showing the distribution of these expenses every year?—A. I should think so, and still you might find them more condensed; Mr. Franchot and Mr. Sherrell used to get the money, and at the end of the year I would settle up and pay them whatever was due; but the people in San Francisco can explain it better than I can. They know more about the books. As I said, I do not pretend to know anything about book-keeping.

By the CHAIRMAN:

Q. If the unvouched accounts do not appear anywhere, how are we to find them?—A. I do not know; I do not know the necessity of it, as the commission does; but I kept the accounts just as I should my own accounts. I was satisfied that they were all right, and so wrote them down.

Q. What would the unvouched accounts amount to every year?—A. They are considerable some years; some years a great deal more than any you have got there yet.

Q. About what would they amount to?—A. I do not know; our business has been very large; I should not wonder if it would roll up to a couple of hundred thousand dollars a year, some years. You see there is a lot of commissions and things to be done.

Q. Were all the items small items?—A. I do not know. I used to give money to General Franchot, when he said, "I have got to have a certain sum." He had my confidence, and I would hand it to him.

PAYING $5,000 WITHOUT A VOUCHER.

Q. Would you pay a sum of $5,000 without taking a voucher or having an account for it?—A. Oh, yes.

Q. Without knowing where it went?—A. That is, I would know it was right if I gave it to General Franchot; I would know it was the proper thing to do.

Q. Would you know to whom or how it was expended?—A. No.

Q. Would you have no knowledge of it?—A. There were certain things to be done, and General Franchot, as I said, I had always known; he was of the strictest integrity, and as pure a man as ever lived; and when he said to me, "I want $10,000," I knew it was proper to let him have it, and I let him have it.

Q. Without ever knowing where it went or how it was paid?—A. Yes, sir; that is the right way to do business, in my opinion; I have been doing business over fifty years. My theory is the old theory to—

Trust all in all
Or trust not at all,

as the old poet says, and I have always acted on that. Mark Hopkins has handled hundreds of millions of dollars that he and I were interested in together, and I never asked him to show a figure.

Commissioner ANDERSON. That was not your custom with other items of expenditure, however; for instance, in the purchase of rails?

The WITNESS. No, certainly not. I always had them bring a bill in and very carefully looked it over, and I thought that was the way to do that. I was very careful to look it over and file it away.

"EVERYBODY WANTS EVERYTHING EXPLAINED."

Q. How do you distinguish between your way in purchasing rails and in dealing with your solicitor?—A. I could not explain it, as I know of. But if a man will go to Washington and stay as I did for a great many years he will find that everybody is afraid. I have been in Washington for several years looking on, and everybody wants everything explained. There are a great many men I could not get to, and General Franchot could not.

By Commissioner ANDERSON:

Q. What was he engaged to do?—A. He was engaged to attend to our business, to the best of his ability.

Q. To your business with whom?—A. With everybody; with all the Departments and with Congress. I know, and probably you do, and perhaps it would be no harm in stating it——

Commissioner ANDERSON. None at all.

The WITNESS. No harm in stating that men go to Washington, and I will say it without any mental reservation, that I do not believe General Franchot—I know I never did—gave a man money or tried to influence a man in his vote for money; but there are lots of men in Congress I cannot talk to at all.

By the CHAIRMAN:

Q. On what subject?—A. You cannot get near them, and they are afraid.

EXPLANATION OF FRANCHOT'S BUSINESS.

By Commissioner ANDERSON:

Q. Why should they need money?—A. They do not need money.

Q. Why should Franchot need money?—A. Here is Richard Roe, who represents a certain district, and you cannot get near him, and he is afraid if he votes for my Goat Island bill, which I wanted, that it will hurt him in his constituency. You can send to his constituents and get John Doe, and he will tell him that is just what is wanted by his constituency.

Q. Who will get the money then, in the story you have told us?—A. John Doe would get it; not Richard Roe that had the vote. I do not know this. This is mere surmise.

Q. Would not the man that gives the money to John Doe say to him, "Tell me what kind of a talk you had with Richard Roe"?—A. No; he will explain the matter to him and tell him wherein it is to the pub-

lic interest, and convince him in the first place that it is right; and then he can sit down, as a man can with his chum and acquaintance, and say, "Here, you do not understand this. I understand all about it. Now, I want to have you do it."

Q. Were not Franchot's requirements for money larger while Congress was in session than when it was not in session?—A. I should think so, because we have all our printing to do, and much of our business was done while Congress was in session. There are a thousand little things that had to be paid for while Congress was in session, which, to a certain extent, would die out when Congress left. I do not believe that General Franchot ever used a dollar in his life improperly, for I knew the man as a beautiful, clean man. He never used a dollar in his life that the law, in its most sensitive sense, would not bear him out in.

Q. Can you give us an approximate statement of the whole amount of money used in this way from 1872 down to General Franchot's death?—A. No; I could not, now.

By the CHAIRMAN:

Q. Let me inquire under this act (and it is a proposition that comes in here) whether any of this money that you have spoken of in the unvouched items was used, or whether other valuable considerations were given, or any other act or thing done, for the purpose of influencing legislation?—A. Will you repeat that question?

Q. I follow the words of the act only. There is a subject of inquiry given to us; whether any of the sums named by you were used, or whether there was any other valuable consideration given, or any act or thing done by any agent of yours, in the direction that you have named under these unvouched items, for the purpose of influencing legislation?—A. No further than to explain questions and show that it was a right thing to do, and more in the interest of the public than it was in the interest of the company.

By Commissioner ANDERSON:

Q. How could Mr. Franchot personally earn $30,000 or $40,000 a year in explaining things to members of Congress?—A. He had to get help. He had lots of attorneys to help him.

Q. Whom did he have?—A. I never asked him.

Q. How do you know he had?—A. Because he told me so. He said "For these explanations I have to pay out a little here and a little there, and that aggregates a good deal."

Q. Would that satisfy you without the names of the persons employed by him?—A. Certainly.

Q. Are you sure that was all he said in explanation of the use of his money?—A. Yes, sir.

By the CHAIRMAN:

Q. What do you know as to the cost of the explanation?—A. I did not care anything about it. There are certain things that you have to explain, and you have to educate the people, and you frequently have to go to the newspapers to explain the thing.

INFLUENCING LEGISLATION.

Q. How did you educate the direction of legislation in Washington in that regard?—A. For instance, we wanted Goat Island, and they said that was very valuable to the Government; and we wanted to explain to everybody that that was not of any value to the Government—which

it was not and is not—and that it was of value to the railroad company, and that it was better for San Francisco to have the west end of the railroad line upon a rock, where there was water several fathoms deep, on the side toward San Francisco, than it was to be built up and stand on piles that were in 26 feet of water, which would be eaten off in time by the teredo, and have to be removed every little while. We have had several hundred feet lost at like slips. We had to explain that the island was no good to anybody but the Pacific Railroad.

Commissioner ANDERSON. A sort of common-school fund?

The WITNESS. Yes, sir.

By the CHAIRMAN:

Q. How did you measure the cost of the explanation? What did it cost you?—A. The same as we would when we go into court. We have to hire an attorney, and we give him about what he asks.

By Commissioner ANDERSON:

Q. Do you?—A. We do.

"MORAL INFLUENCE" IN COURT AND CONGRESS.

By the CHAIRMAN:

Q. You were not in court at Washington?—A. Yes, sir; just about the same. You have to explain. Now, this committee can go and build three or four thousand miles of railroad, and they will attack you from every direction, and you have got to explain, and you have to pay for the explanation. Not to buy votes, but to explain and bring influence—moral influence—to bear. There is no question about that.

Q. In what direction do you spend money to bring moral influence?—A. You have to send for parties that can explain it. One man cannot divide himself into four hundred parts and explain it.

By Commissioner ANDERSON:

Q. In addition to explaining with words, do you not suppose they explain with champagne and expensive dinners?—A. Very likely. I never gave a dinner in Washington.

Q. I am talking about the use made of your money. Was not a great deal of it spent in cigars and champagne dinners?—A. I think so. Not so much, but perhaps some of it was, to get some able man to sit down and really explain in the broadest sense what we wanted done.

Q. Was anybody to explain the purchase by you of the stocks and bonds of any other road, or the payment of subscriptions by any one?—A. No.

By the CHAIRMAN:

Q. Will you give us one illustration of the thing practically carried out, by which an explanation was made to some one in order to secure legislation?—A. I suppose half the members of Congress had to be explained to.

Q. Will you go through any one instance?—A. I have sat down and explained to them myself.

Q. What did you pay?—A. I did not pay anything, because I did it directly. There was nothing for me to pay. I did not get anything for my time; that is, nothing but what I ought to have.

Q. Somebody had to be paid. Now, how do they do?—A. I suppose they send for somebody as I say. Mr. Franchot says, "It costs a great deal to get the facts before members of Congress. They do not under-

stand these questions, and it costs a great deal to get the facts before them."

By Commissioner ANDERSON:

Q. In what year was the largest expenditure of this kind?—A. I cannot tell you.

Q. Read all those items for legal expenses, year by year, and tell me.

LEGAL EXPENSES.

By the CHAIRMAN:

Q. Have you an explanation, or is the explanation already given, one for the item of legal expenses for the year 1874, of $83,000, and also general and miscellaneous expenses, $245,000?—A. I should think so.

The CHAIRMAN. The items are as follows:

1875.	General and miscellaneous expenses	$395,350 15
	Legal expenses	106,184 44
1876.	General and miscellaneous expenses	469,327 74
	Legal expenses	193,758 59
1877.	General and miscellaneous expenses	482,558 53
	Legal expenses	146,112 04
	The report for 1878 is missing.	
1879.	General and miscellaneous expenses	394,752 79
	Legal expenses	190,136 38
1880.	General and miscellaneous expenses	378,696 82
	Legal expenses	155,586 57
1881.	General and miscellaneous expenses	239,608 93
	Legal expenses	167,894 69
1882.	General and miscellaneous expenses	330,646 72
	Legal expenses	216,750 41
1883.	General and miscellaneous expenses	377,561 26
	Legal expenses	213,181 01
1884.	General and miscellaneous expenses	659,271 06
	Legal expenses	246,686 28
1885.	General and miscellaneous expenses, accrued to April 1, paid during year	399,835 73
	Legal expenses accrued to April 1, paid during the year	112,640 20

By Commissioner ANDERSON:

Q. The general explanation you have given applies to all these items?—A. Yes, sir; I do not think of anything else; no other explanation.

Q. That is to say, as a part of all these items there are certain expenses which were paid by you without voucher and which were made, up to General Franchot's death, through him, and after that through Mr. Sherrell?—A. Yes, sir.

INCREASE OF CAPITAL STOCK.

Q. Do you remember an increase in the capital stock of the road between 1880 and 1881, from $54,000,000 to $59,000,000?—A. No, I know there was about that time some increase.

Q. Do you know what the object of that was or how it came about?—A. No, I do not; I can get that very easily, or we can get it from Mr. Miller, if you desire.

Q. Was it connected with the California and Oregon construction?—A. I do not think it was. It may be, however. I do not remember about that.

The CHAIRMAN. This is it: $54,000,000, and then in 1880 it is $59,000,000.

The WITNESS. That is easy of explanation. I cannot explain it, but the records will show it. I can get it for you by day after to-morrow, if you wish to have me.

Commissioner ANDERSON. Yes, sir.

By the CHAIRMAN:

Q. Will you also give an explanation of the item of accounts payable that appear in the same year?—A. The bonds?

Q. Yes.—A. Yes, sir.

LEASE OF CENTRAL PACIFIC TO SOUTHERN PACIFIC.

By Commissioner ANDERSON:

Q. Were you a party to the agreement for the lease of the Central Pacific to the Southern Pacific?—A. Yes; I was not in California.

Q. How did that matter come up?—A. It has been my view for a good many years that there ought not to be more than three or four transportation companies in the United States. There is a great economy in working them. In fact, it would be better, I think, if there was but one transportation company in the United States. It would serve the people a great deal better and do business cheaper.

By the CHAIRMAN:

Q. It would do away with the old theory of competition being the life of trade?—A. That competition is killing, and it compels them to take all they can get. In the long haul you have to do it frequently with a little profit on train expenses, and you have to make it up where you can.

By Commissioner ANDERSON:

Q. That is the way the subject came up?—A. Yes, sir. Therefore I thought if we should get all our companies together and get as many as possible to come in with us, we could operate all under one company. That is the way we started with the Southern Pacific. As we built a road, we let that company take it.

Q. What I want to get at particularly is why the Southern Pacific Company was selected as the lessee, and the change made from the prior order of things when the Central was a lessee of a portion.—A. The Southern Pacific got to be a greater company, and it looked a little like the tail wagging the dog for the 800 miles of road to run the 4,000 or 5,000 miles of road.

Q. The Southern Pacific is a Kentucky corporation?—A. It is.

Q. Mr. Stanford is the president of the Southern Pacific?—A. Yes, sir.

Q. And he is also the president of the Central?—A. Yes, sir.

Q. That was so at the time the lease was made, was it not?—A. I think so; I am not certain; yes, sir, I am quite sure; he has always been president of the Central, and I think he is of the Southern.

THE OFFICERS COMMON TO BOTH ROADS.

Q. What other officers are common to both companies?—A. I think they are mostly about the same. I could give you the names of both boards without any trouble, that is in my office.

Q. Who are the principal and directing men in both companies?—A. Mr. Stanford and Mr. Crocker and Mr. Hopkins and I myself. I have something to say.

Q. You four together own a very large amount of the stock of the Southern Pacific?—A. Yes, sir. There are a great many stockholders of the Southern Pacific; it is no more scattered than the Central, that I know of, but there are a great many stockholders in the Southern Pacific.

FREIGHT RATES.

Q. At the time when this lease was made who had charge of the direction of the arrangements that were made for the division of freight rates between the two roads?—A. The operating department, Mr. Town at the head of it; he is our general manager.

Q. Under whose direction would he fix his rates?—A. Naturally, under the president, I suppose. But Mr. Town has been with us a long time, and he is a very able railroad man and knows more about operating roads than any of us, and we leave that almost entirely to him.

Q. Has the division between the Southern Pacific and the Central Pacific, since the lease was made, been made on the basis of a "pooling" arrangement, or has it been made with reference to the actual freight and traffic going over each road?—A. There is no pool, I think; I think each road gets its earnings—I am quite sure of that; that is, they are kept separate, so that you can tell just what one road has earned and just what the other road has earned all through.

Q. Describe how the Southern Pacific makes its connection with the eastern portion of the United States.—A. Over the Central Pacific.

ROUTE OF THE SOUTHERN PACIFIC.

Q. No; how does the Southern Pacific make its connection with the eastern portion of the country?—A. They come to New Orleans with the rail and then they connect with the Southern Development Company steamers to New York.

Q. The Huntington line?—A. No; the Huntington line runs from Newport News to Liverpool.

Q. What is the name of the line that was purchased so as to make that connection?

Mr. TWEED. The Morgan line.

A. Yes, sir; that is a portion of the Southern Pacific system.

Q. Can you tell us anything about the proportion of through trade that is carried over the Southern Pacific as compared with what goes over the Central?—A. No. That is easily ascertained. On the tide-water, as we say, we take nearly all of it. We are the shortest line, equating water against the rail. The line by New Orleans is some 400 miles the shortest. When we get west of the Alleghanies we do not compete at all. That comes through the Atchison and Central Pacific. On the tide-water we carry most all of it by way of New Orleans.

Q. Whom do you mean by "we?"—A. The Southern Pacific. I am interested in the railroad from Newport News to New Orleans, but we do not do anything in that way.

By the CHAIRMAN:

Q. Speaking of the gentlemen you have named, have they, with yourself, the controlling interest in the Southern Pacific?—A. Yes, sir. The Pierce estate and we four have a majority. I think we four have; I won't be positive about that.

By Commissioner ANDERSON:

Q. This fact that so much of the freight goes around by New Orleans has, of course, grown up during the last three or four years?—A. Yes, sir; since the purchase of the Morgan Company.

CONCERNING THE DIVERSION OF PROFITS.

Q. Has not that had the effect to decrease the earnings of the Central Pacific in its through business?—A. Of course, to a certain extent when another road is built, it divides the increase. As a matter of necessity the Northern Pacific and the Atchison have to divide.

Q. I understand that ordinary competing lines will decrease the profits, but I call your attention to a diversion of profits made to a road in which the officers are in both companies.—A. We do not have anything to do with the controlling of freight.

Q. Nothing whatever?—A. Nothing whatever. The Union Pacific and Central Pacific have an office on the corner of Reade and Broadway, and they work for freight. Mr. Hawley is the agent for the Southern line. They work for freight. Nobody comes to me. But if they should, I should tell them to ship which way they have a mind to. And the freight that comes from the companies here will go by way of New Orleans, nearly all of it. It is the cheaper line, and I think it is the better line for freight. Passengers do not go that way to any considerable extent.

Q. Your company does nothing, then, to influence freight in favor of the Southern Pacific system as against the Central Pacific?—A. Oh, no.

By the CHAIRMAN:

Q. You have a controlling interest in the Southern Pacific also?—A. Yes, sir.

THE REGULATION OF FREIGHTS.

Q. So that you regulate the freights for both?—A. I could not tell you to-day what the rates of freight are.

By Commissioner ANDERSON:

Q. Who controls the fixing of the rates?—A. It is done by the general managers.

Q. Does he not receive instructions from the president?—A. No, sir.

By the CHAIRMAN:

Q. Or from other officers of the company?—A. I do not think he does. I never gave any instructions.

Q. Or the board?—A. The traffic men, as they say, agree upon the rates. I presume they do. We do not have anything to do with it.

By Commissioner ANDERSON:

Q. Have you no personal advantage in having a large quantity of freight going over the Southern Pacific rather than over the Central Pacific?—A. I should think we had. And I have got more interest in having it go over the Chesapeake and Ohio; but we do not send any thing that way. I do not tell them to send anything that way, and I do not think they do.

By the CHAIRMAN:

Q. Did you submit the question of lease of the Central Pacific to the Southern Pacific to your stockholders?—A. I do not know. Do you know, Mr. Tweed?

Mr. TWEED. No.

CONGRESS NOT CONSULTED AS TO LEASE.

Q. Did you submit a proposition to Congress or to the United States Government that you were going to make such a lease?—A. I do not think we did.

Q. You ought to know.—A. I am quite sure we did not. There is nothing in the statute that requires it. I do not think there is; Mr. Tweed is the man for that.

Q. So that, without consultation with your other stockholders or without notice to the United States, you leased the Central Pacific to the Southern Pacific?—A. Yes, sir.

Q. The same interest that controls the Central Pacific controls the Southern Pacific?—A. Yes, sir.

The Commission then adjourned to Thursday, April 28, 1887, at 10 a. m.

No. 10 WALL STREET, NEW YORK,
Thursday, April 28, 1887.

The Commission met pursuant to adjournment.

Present: Commissioner Patterson (chairman) and Commissioner Anderson.

CHARLES FRANCIS ADAMS, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. You are at present the president of the Union Pacific system of railroads?—Answer. I am.

Q. How long have you held that office?—A. I have held that office since the 17th of June, 1884; three years in June.

Q. What connection with the railway department had you prior to that time?—A. My recollection is that I had been director fourteen or sixteen months before that. Previously, I was for one year a Government director of the road. A member of the board of Government directors.

HISTORY OF CONNECTION WITH UNION PACIFIC.

Q. So that your first connection with the road began when?—A. If I recollect right, it began at the annual election in March, 1883. Possibly 1882.

Q. As Government director?—A. No; I was Government director in 1878 and 1879; one year.

Q. Between 1879 and when you were elected general director had you any connection with the road?—A. None whatever.

Q. Were you a stockholder?—A. A part of the time.

Q. From what period can you say that you are familiar with the general affairs and internal business of this corporation?—A. Really not until a short time before I became president, exactly three years ago at this time. I was called on, as a director, by the other directors to take an active part in the management. Complications then arose which caused me to be chosen president about six weeks afterwards. But prior to the 1st of May, 1884, I had very slight familiarity with the affairs of the company.

Q. Were you a member of the committees of the board of direction?—A. I was a member of one of the regular committees of the board of direction, but the work that came before that committee was nominal.

Q. Then your intimate acquaintance with its affairs date from the time you became president?—A. May, 1884; three years ago at this time.

Q. Since that period have you examined very closely into the affairs of the whole system?—A. Very closely, indeed.

Q. Have you been over the road frequently yourself, in your official capacity?—A. Very frequently.

Q. Are you familiar with the earning capacity and the qualities of both the main line and of all the different branches?—A. I ought to be, and profess to be.

Q. You have made it a subject of professional study?—A. I have made it a subject of close study.

Q. Have you also since you have been president examined the official affairs of this corporation relating to its history anterior to the period when you were elected president?—A. Never, except incidentally.

Q. In what particulars have you examined the subject yourself?—A. Its various lines, its connection with the Government, and its indebtedness to the Government, and the best ways of dealing with these questions.

KANSAS PACIFIC CONSOLIDATION.

Q. Have you examined personally the matter of the consolidation of the Kansas Pacific with the Union Pacific?—A. Never; I only have looked into it incidentally. I have accepted it as a thing which had taken place three years or four years before I became president, and it was my business to manage the consolidated road and not to examine into the history of the consolidation. I had to look into it to a certain extent in connection with some questions which arose in the State of Kansas, but I never had occasion to investigate it thoroughly.

Q. Have you examined it with reference to the question whether the corporation had a cause of action against any persons by reason of matters connected with that consolidation?—A. I have.

Q. You have examined it in that point of view?—A. I have examined it in that point of view.

Q. In relation to claims against persons individually, or in relation to claims generally?—A. There were stories that reached my ear, and charges were made against certain persons, especially Mr. Gould, who was then on the direction.

Q. Before you leave the names, please state what other persons it was reported had so conducted themselves that they were responsible to the corporation.—A. Well, they generally took the form of saying that Gould, Dillon, and Ames, &c., referring to the leading directors——

Q. Dillon?—A. Sidney Dillon and F. L. Ames. They were simply leading directors, old directors of the company. It led to my looking into that matter. I will state that I came distinctly to the conclusion——

Q. We will come to the figures later on. I wanted to know what examination you had made?—A. I had made that examination.

Q. Are there any other subjects connected with the prior history of the road, before you were president, that you had examined? I refer particularly to the origin of the branch lines.—A. Some of them I have

looked into, especially their financial questions and questions connected with their construction, to a greater or less extent. Enough to satisfy me.

BRANCH LINES.

Q. You say some of them. Will you please name which of these branch lines you have examined into particularly?—A. The first one I looked into was the Nevada Central. I then looked somewhat into the Denver and South Park and Oregon Short Line and the Omaha and Republican Valley. I may say, generally, that I looked into all of them.

Q. Did you make this examination mainly with reference to ascertaining whether these branches were a source of revenue or assistance to the parent line, or did you make it for the purpose of ascertaining whether the Union Pacific had claims against individuals by reason of circumstances connected with the origin of the branch lines?—A. I may say, generally, covering all those grounds, to a greater or less extent.

Q. Which of these branch lines which form a part of your system have a separate organization?—A. They all have separate organizations.

Q. Those that are connected with your company, as well as those in which you merely have an interest in the stock?—A. Yes. It arises out of the peculiarity of the charter of the Union Pacific. Nothing can be consolidated with the original Union Pacific except the through lines of which the present Union Pacific is formed. That is, the Kansas Pacific, the Denver Pacific, and the old Union Pacific. That consolidation was provided for in the original acts. Everything else is outside, and under a separate organization.

Q. Is there anything to prevent the Union Pacific building a branch road, just as it would build sidings or side tracks?—A. I do not understand that the Union Pacific can build a foot of road under its charter, strictly. It is a remarkably narrow charter, and never ought to have been passed in so narrow a form.

Q. You think, then, that it would be restricted from, for instance, connecting a gravel pit half a mile from the main road?—A. No; that is too narrow. I am speaking of the construction of branch lines. We have some forty organizations of which I am president, I think. I never counted them.

SYSTEM OF ORGANIZATION.

Q. What is the system of organization—a president and board of directors?—A. President and board of directors, the regular organization.

Q. Bonds and stocks?—A. Some of them have bonds and stocks, and some have stocks. They are of all sorts. I could not undertake to enumerate them at this time. Of course we will be ready to submit to you at any moment a schedule.

Q. Do I understand you to say you are president of all those?—A. If I am not, I ought to be. The intention is I should be president of them all.

Q. Of all the organizations?—A. Of all the organizations.

Q. Are the directors selected from directors of the Union Pacific?—A. As a rule, but we, of course, comply with the laws in the different States, &c., which prescribe sometimes that directors should be citizens of the States.

ACCOUNTS OF BRANCH LINES.

Q. Where are the accounts and how are the accounts of these separate branches kept?—A. They are kept at Omaha, and they are kept in Boston.

Q. Have you a complete transcript of the books in Boston?—A. I do not know; you will have to ask the comptroller.

Q. Please give the comptroller's name.—A. Oliver W. Mink.

Q. How long has he been with your company?—A. He has been with it many years, long before I had anything to do with it; he was assistant treasurer when I became president, and afterward, being much impressed by his integrity of character and skill as an accountant, when I reorganized the system I made him comptroller.

Q. Is he the man who has the fullest knowledge of your book-keeping?—A. Undoubtedly; I refer to him for everything in his department.

Q. Are the books of the branch lines and the business of the branch lines kept under the same supervision as the business of the parent line, as far as the book-keeping is concerned?—A. The same.

Q. You personally have no knowledge of the details of the books?—A. I do not think I ever personally looked into one of the books in my life; I rely wholly upon the head of the department.

Q. You say you did make some examination in regard to the origin or manner of construction of some of these branch roads?—A. Yes.

Q. Please select one that is most prominent in your mind; Denver and South Park?—A. Yes; I have looked into that, to a degree.

CONSTRUCTION OF DENVER AND SOUTH PARK.

Q. When was the road initiated?—A. The Denver and South Park was built by Governor Evans, of the State of Colorado, somewhere about 1880, 1881, or 1882, and along there. He sold it to the Union Pacific.

Q. Had he any connection with the Union Pacific at the time?—A. Not the slighest. Never had any that I know of.

Q. How much of it was built by him?—A. He built 150 miles, I think.

Q. Who has the books relating to that original construction by Mr. Evans? Have they been passed over to your company?—A. If they have I have never seen them or heard of them. I suppose they were. Mr. Mink probably can tell. He is here. It goes back before my time.

Q. I am speaking of this examination you made to find out how this branch road came to be constructed?—A. I did not go back to the original records. I made my inquiries from individuals who were acquainted with the facts.

Q. Will you please tell us who some of these individuals were?—A. They were in Colorado; people I have met in my visits in Colorado in going over the road. The engineer who constructed the road was one. I have seen Governor Evans himself, and I have talked with General Palmer and Mr. Dillon and Mr. Gould, and all the parties who were engaged in those transactions.

Q. Do you remember, at the time of the transfer from Governor Evans to the Union Pacific Company, what the stock and bonds of the road amounted to?—A. No; I do not. That is, I could not tell you at this minute. Our books tell.

Q. Your books tell?—A. The books tell.

Q. The books of the organization itself?—A. Yes; the books of the organization at the time we received it.

Q. That is why I ask you where they were.—A. I cannot now tell where they are.

TRANSFER OF DENVER AND SOUTH PARK TO UNION PACIFIC.

Q. Do you know who made the bargain for the transfer of that branch line to the Union Pacific?—A. I have heard. I do not know otherwise.

Q. A bargain was made?—A. Yes, a bargain was made.

Q. Do you know how it was carried into effect; I mean, was the stock all transferred or surrendered to the company?—A. Entirely.

Q. The stock of this branch road?—A. We bought the stock. It was all in the hands of Governor Evans. There was a sharp competition going on for the possession of that road between rival lines, as I have been informed. It was before I was a director. Governor Evans wanted to sell it; and General Palmer, of the Denver and Rio Grande, and Mr. Gould, on the part of the Union Pacific, were bidders for it; and Governor Evans played between the two, and he succeeded. At that time everything in Colorado was in that very inflated condition which usually precedes a great collapse. There was a state of artificial prosperity very marked. Finally, Mr. Gould, I think it was, on the part of the Union Pacific, closed the transaction with Governor Evans, and he (Gould) gave it to the Union Pacific, or the Union Pacific took the bargain of him.

Q. Have you ever seen the papers?—A. Never.

Q. Do you know whether the agreement between Mr. Evans and Mr. Gould was in writing?—A. I do not; I do not know whether it was a mere verbal agreement or whether it was in writing.

Q. Do you know whether anything but stock was transferred?—A. That was all that was transferred; the stock and property. We took all the stock Governor Evans had and which he represented, and it amounted to nearly the whole of the entire stock, at a fixed price.

Q. Do you remember the rate per share that was paid by the Union Pacific?—A. I do not.

Q. Do you remember it, about?—A. No; I do not. I cannot say. As things turned out afterward, it was a most extravagant price, but at the time it was not so considered. There never was such a collapse as that which took place in Colorado shortly afterwards that I ever heard of.

Q. Will you please describe that collapse with reference to the business done by this road?—A. It fell off more than half.

SOURCE OF REVENUE OF DENVER AND SOUTH PARK.

Q. What was the chief source of revenue of the road at the time the bargain was made?—A. The chief source of revenue of the road was in carrying men and material into Colorado to dig holes in the ground called mines, and until it was discovered that there was nothing in those mines the business was immense. That was the famous mining boom of Colorado—for it was famous at the time—when every one was crazy. While the craze lasted, the railroad did a magnificent business. When it broke down, and these mines and villages were deserted—and they stand there deserted to-day—of course the business left the road. It was the same with all the Denver and Rio Grande as well as the South Park.

Q. From what point on the Union Pacific does it diverge?—A. Denver.

Q. To what place?—A. It connects with us at Denver, and it runs to Leadville and Gunnison.

NOT EARNING OPERATING EXPENSES AT PRESENT.

Q. As a matter of fact, does this road at present pay operating expenses?—A. No; it has not paid operating expenses for two or three years, but at the time we bought it and after it paid dividends on its stock.

Q. For how long?—A. One year. The year that preceded the collapse. I ought to state, in justice to the gentlemen who purchased this property, that after the contract was made for its purchase from Governor Evans they were offered a bonus of $500,000 for the bargain.

Q. You state that positively; you mean you are so informed?—A. I am so informed, and I have no question about it whatever.

Q. By whom?—A. My informant was Mr. F. L. Ames, who had then been a director, and whose statement I should accept instantly. It was a curious case of the illusory values of that time; but the bargain could have been sold by the Union Pacific for a large actual profit.

Commissioner ANDERSON. Sometimes when we have bought a piece of property at pretty high figures we say we are offered a price for it when somebody says he thinks it is worth so much more.

The WITNESS. I have no doubt General Palmer did make that offer; from what I know of him and from the statements I have received, I have never had the slightest reason to believe that there was anything that would not sustain a perfect examination in that transaction. It was an error of judgment, as things afterwards turned out; to that we are all liable.

Q. What is the chief business done by that road now?—A. The same as before. The Leadville business and the business to these mining camps up on the mountains.

Q. Are there any settlements of any magnitude on the line of the road?—A. Oh, yes; the road does a business. The report will tell. It is increasing rapidly now. A million and a half, I think it was, last year.

Q. A million and a half gross earnings?—A. I think so.

Q. What is the annual deficit or excess of operating expenses over the gross earnings, approximately?—A. About $60,000 last year.

FUTURE OF DENVER AND SOUTH PARK.

Q. That is operating expenses alone?—A. That is what it was. It failed to pay its operating expenses and taxes by about $60,000.

Q. Is there anything in the business that that road is doing that you can tell us of which causes you to expect that it will improve in the future in any way, so as to be an advantage to the Union Pacific?—A. In the ups and downs of railroad property, and especially in a region like Colorado, I should not consider the future of that road in any way hopeless.

Q. Is there anything connected with the special region that the road goes through that can give you reason to believe that its operation will be more profitable in the future?—A. Yes; mining companies, especially, are subject to ups and downs. If they strike a good mine anywhere on the road, or develop a mineral region, it would cause the South Park at once to pick up.

Q. Is there anything else that can be looked forward to as development for agricultural purposes?—A. Oh, no; nothing whatever. It is purely a mineral road.

Q. It is based solely on the expectation of future mineral discoveries?—A. Yes; such in the future as there have been in the past.

Q. In regard to this traffic that you actually do over that road in carrying men and material, are the persons that travel on that road mainly persons who use it for local purposes or only a short portion of the Union Pacific, or do they go over the whole length of the Union Pacific in going to and fro?—A. It gives us a very large control of what is called Colorado business, from Omaha to Leadville and beyond.

Q. Will your books show, so that we can discriminate as to the business of that road, how much of it is of benefit to the Union Pacific proper?—A. Oh, yes.

Q. So that we can divide?—A. Yes; I have had those tables made out repeatedly, in order to enable me to judge.

Q. And Mr. Mink can give those figures?—A. Our accounting department will give them. We have gone into the question frequently, in order to ascertain whether our branch system was a burden to us or not.

Q. What is your personal judgment in regard to this particular branch?—A. For two years it has been a burden to us.

CONSIDERATION GIVEN FOR DENVER AND SOUTH PARK.

Q. Have you told us all that you know or were able to find out in regard to the circumstances under which the Union Pacific became the owner of this branch?—A. Substantially.

Q. Have you any personal knowledge whatever as to the price paid by Mr. Gould to Mr. Evans before the transfer to the Union Pacific, or what was agreed to be paid?—A. I knew it, but it has escaped my memory, like many things connected with the road. I knew it exactly at one time, but whether it was $100 a share or $150 or $200 a share I could now say. I should have to look the figures up and ascertain.

Q. Do you know whether the transaction between Mr. Gould and Governor Evans embraced any other subjects than the transfer of this branch road, at the same time?—A. I think not.

Q. Do you know whether Governor Evans received the entire consideration which was paid by the Union Pacific?—A. I have no doubt he did.

Q. You know nothing personally of it?—A. I know nothing personal whatever about it.

Q. Do you know whether the consideration was paid in money or in stock of the Union Pacific, or other securities?—A. It undoubtedly was not paid in stock of the Union Pacific. I have every reason to believe it was paid in money.

Q. Do you know to what account that payment would be charged in the Union Pacific books? Would it be to "construction account"?—A. Oh, no; to investment account. We have a large investment account of $33,000,000, have we not, Mr. Mink?

Mr. MINK. Yes, sir.

Q. What year was that purchase?—A. I think that was in 1882, was it not, Mr. Mink?

Mr. MINK. In 1881.

The WITNESS. It is stated in the reports; you will find it there.

OWNERSHIP OF STOCK AND BONDS.

Q. I notice in the statement in the report of 1884, that the Union Pacific has acquired title to only half of the bonds. Do you know anything in relation to that?—A. I did not think it had acquired title to any of them. I do not know what that means.

Q. I read from the report that the Union Pacific owned $6,042,500 of stock out of a total of $6,142,800 and $2,689,000 of the consolidated bonds out of a total bonded debt of $4,612,000.—A. I can explain that at once; when we bought the road there was a first mortgage upon it of $1,800,000, which was in the hands of the outside public; it is now; afterwards we built extensions to Leadville and to Gunnison, and then we placed a consolidated mortgage upon the entire property, the old property and the new, but we reserved in our treasury a sufficient number of consolidated mortgage bonds to take up the first mortgage bonds when we could get them or when they matured, and therefore those bonds are in our treasury still; they were set aside, one-half of them to cover the first-mortgage bonds and the other half or more were open to sale or pledge, or what not.

Q. In regard to these charges, in your report of 1881 the stock of this road is stated at $4,100,000 and the bonded indebtedness at $901,000; are you quite sure about the figures you have given us?—A. I am sure about them as they stand to-day; I cannot say about 1881; I should have to look into the record.

Q. Then when the Union Pacific purchased you cannot say exactly subject to what outstanding amount of bonds the purchase was made?—A. I cannot now; I should have to look.

Q. What is the present status in regard to these bonds, the statement being that there are $4,600,000 in all, and that the Union Pacific owns $2,689,000?—A. That would make it exactly; there are $1,800,000 bonds, a first mortgage on the line belonging to the original property which Governor Evans built; that is, the 150 miles; to offset these there are $1,800,000 of the subsequent consolidated mortgage bonds which are in our treasury; the other $2,600,000, making $4,400,000 in all, are subject to issue at any time.

Q. Then I understand that there is no outstanding lien against this branch, except $1,800,000?—A. That is all. But there are $70,000 or $80,000 of the consolidated bonds which we subsequently paid out to Westinghouse on a contract for air-brakes. He agreed to take his pay in these bonds. He took them to the extent of $70,000 or $80,000. Those are outstanding and in Westinghouse's hands. The rest of the consolidated bonds are all in our treasury.

Mr. JOHN F. DILLON. I understand this, and can make a suggestion about it.

The WITNESS. Judge Dillon knows more about it than I do.

Mr. JOHN F. DILLON. I think the first mortgage was $1,800,000 at 7 per cent., covering about 150 miles of road, and that the extensions were built with the consolidated mortgage.

Q. And the bonds are outstanding?—A. No; the bonds are not outstanding of the consolidated mortgage. They are in our treasury.

Mr. JOHN F. DILLON. They have been issued.

The WITNESS. They have been issued, and we have taken them.

Q. You own them?—A. The distinction I drew in this case was between bonds in the hands of the outside public, which I call bonds that are marketed and are afloat, and bonds which have been issued and are in our treasury.

BRANCHES OF DENVER AND SOUTH PARK.

Q. You say that there have been two branches of this branch constructed since you acquired it?—A. Yes.

Q. Name them.—A. One is over the Breckenridge Pass to Leadville, and the other from Buena Vista, southwesterly to Gunnison, with a branch to Baldwin; to the coal mines at Baldwin.

Q. What is the length of these branches, respectively?—A. About 100 miles.

Q. Your total mileage is 320?—A. 170 miles.

Q. Which was built first?—A. If I recollect right, the branch over Breckinridge Pass.

Q. When?—A. I could not tell you. Both were finished before I took charge. There has not been any road built since I took charge.

Q. Is the object of this branch a mineral object?—A. Entirely. They were the branches that gave us our main business. They were necessary to give us any business.

Q. Please state what was done in regard to the consolidated bonds issued on this new construction.—A. They were issued and sold to the Union Pacific, as I understand it. They are in the treasury of the Union Pacific. All the bonds and stock were issued to the Union Pacific in payment for construction.

MEDHOD OF CONSTRUCTION OF BRANCH LINES.

Q. That is to say, this Denver and South Park branch procured the Union Pacific to do the construction, and paid for the construction by issuing its bonds to the Union Pacific?—A. Practically that was the way.

Q. And the Union Pacific now holds those bonds?—A. Now holds those bonds.

Q. As a part of its investments?—A. Yes.

Q. Do you know, in fact, who controls the construction of these branches?—A. They were done under contract, under the supervision of the engineers the Union Pacific employed; there was no construction company whatever; there was an engineer in charge, and the lines were paid for in the regular way.

Q. How were the prices to be paid to the contractors for the work determined?—A. It was all done by the construction department of the Union Pacific Railroad; it was in the regular way; it was done by contract.

Q. Was it done by lump contract for so much a mile, or was it done directly by the Construction Company employing engineers to do the work?—A. We had no construction company.

Q. The Construction Committee, I mean.—A. There never was any construction committee; there is a construction department of the Union Pacific Railroad Company.

UNION PACIFIC CONSTRUCTION DEPARTMENT.

Q. Did the construction department let out the contract for the building of the whole road to some persons, or did it employ engineers and workmen and direct the construction itself?—A. In every case that I have known of it has made a contract which has been approved by the directors for the construction of the road for so much with responsible contractors,

Q. Would that be done on sealed bids or proposals beforehand?—A. As a rule, that is the way we have always done.

Q. As a matter of fact, do you know with whom the contract for building this Denver and South Park branch was made?—A. No; I do not. I will state, as it may enlighten the Commission, that all this work, ever since I have had anything to do with the Union Pacific and long before, was done by what is called the "engineer department" of the company at Omaha, of which the chief was a Mr. Blickensderfer, a Pennsylvania German, a man of high reputation and of great experience. He had been connected with the early construction of the Union Pacific, and has recently been retired because of his years. He is now living at Omaha. He knows all about these things and can tell everything.

Q. In regard to this branch, what is your personal knowledge, after the study you have made of it, in regard to the general question as applied to the future of the road, whether the retention and operation of this particular branch will be of advantage to the whole system and to the parent company?—A. It has been a subject of great perplexity to me, great doubt and perplexity, during the two or three years since I have had charge.

Q. So that you are not prepared to make a positive answer?—A. If I were I would have made it to the directors and reached a decision long ago.

THE NEVADA CENTRAL.

Q. Please give us the name of one of those branches that you have made a subject of examination.—A. The Nevada Central, a property that we once owned.

Q. Is it a stem of the road?—A. No.

Q. Not connected with it?—A. No; it was a road that I found we had all the stock of. It is in Nevada, and is some 200 or 300 miles from us.

Q. Between what points does it communicate?—A. Between Austin and Battle Mountain. It is on the Central Pacific. It was supposed it would, in some future period, be valuable to us in connection with the developments in Nevada.

Q. What is the length of the road?—A. Ninety miles, I think.

Q. Is it complete?—A. It is.

Q. Equipped?—A. After a fashion. I may as well say that about the first thing I did when I became president was to throw it overboard, and I have never regretted so doing since. I looked into that sufficiently to satisfy me that it had no future.

WHEN ACQUIRED.

Q. When was that stock acquired by the Union Pacific?—A. That stock was acquired by the Union Pacific about the same time as the South Park; a little later; I cannot say exactly.

Q. About 1881?—A. 1882, I should say.

Q. Was there an organization of the Nevada Central before the title to its stock was acquired by the Union Pacific?—A. Oh, yes; it was owned here in New York.

Q. Who was its president?—A. I do not know.

Q. Do you know any of the directors that were then in the organization?—A. Yes; the directors or bondholders are very well known people here in New York.

Mr. JOHN F. DILLON. Messrs. Phelps, Stokes & Co.?

The WITNESS. Yes; they supplied the capital to build it.

Q. Where does the transaction appear in the books of the Union Pacific Company—in the investment account?—A. In the investment account, undoubtedly.

Q. In what year?—A. I should say it would probably be about 1882. The reports will show.

Q. What was bought at the time the purchase was made?—A. The stock.

Q. No bonds?—A. The income bonds were bought. The report will show.

Q. Did you make your investigation in regard to the circumstances under which this interest was acquired, or did you simply make a study of the road?—A. I never made what you would call a thorough investigation. I found the road in our possession, and I asked why in the world we had it; and afterwards, in California, I met the parties who had been engaged in the transaction and inquired into the history of the thing.

Q. Please tell us whom you met?—A. I met the man who sold the road to us, a Mr. Brydges.

Q. What is his first name?—A. Lyman Brydges. I met him and many others. He always insisted we had made a very good purchase.

Commissioner ANDERSON. They always do?

The WITNESS. Yes, I have been there.

Q. Who acted for the Union Pacific in the negotiations with Mr. Brydges?—A. S. H. H. Clark, its general manager.

Q. He is living now?—A. Yes; he is first vice-president and general manager of the Missouri Pacific Railroad. Mr. Dillon was president of the Union Pacific. Mr. Clark and Mr. Brydges met and made this bargain, and Mr. Dillon confirmed it. Whether it was in writing or not I do not know.

Q. Was it ever reported to your board, or does it appear on your minutes in any place?—A. I have never looked to see. It was all done before I became president of the company.

Q. Do you know the terms of the contract?—A. I do not.

THE COST OF THE UNION PACIFIC.

Q. You do not know what the Union Pacific gave for this property?—A. Yes; our books show that. I did know it. When I closed the thing out, the Nevada Central owed the Union Pacific about $565,000, if I recollect right.

Q. Does that include the purchase price?—A. It includes the whole investment account.

Q. That account included all payments on bonds?—A. All payments on everything.

Q. Does the account show any return from the Nevada Central at all?—A. I think the Nevada Central—certainly when I had it—never did much more than pay its operating expenses. That is, the Nevada Central was one of those roads which, in mining countries, are so dangerous. Any one who has had anything to do with them knows all about it. As the expression goes, "The mines peter out." We have had several such cases, where roads for the time earned enormously. The most brilliant and noted case in the history of mining and railroads is the case of the Comstock lode. The Virginia and Truckee Railroad was for many years one of the most valuable roads in the United States, and then

suddenly the Comstock lode ceased to pay. We have had numerous simi lar cases in our history. The mining railroads are a species of railroa gambling. That is, if you strike a mining camp which holds out it i the most profitable form of railroad there is; and then, again, if th mines are worked out you are left with your railroad on your hands.

Q. You say Mr. Dillon confirmed this contract?—A. He did.

Q. The arrangement then was made before Mr. Gould became presi dent of the road?—A. Mr. Gould never was president of the Unio Pacific.

Q. Or director?—A. He was director at that time.

Q. Do you know whether he had any connection with the actio taken in confirming the contract?—A. Their offices were adjoining an I do not doubt that Mr. Dillon spoke of it to Mr. Gould when the ac tion was taken; but I do not think he had anything to do with it. Mr Gould had great confidence in Mr. Clark.

TO WHOM THE PURCHASE MONEY WENT.

Q. Do you know who the stockholders were of the branches at tha time?—A. I know all the money went to California.

Commissioner ANDERSON. That is a big place.

The WITNESS. Mr. Brydges had it.

Q. He did not own all the stock and bonds?—A. No; he represented those who did, and he got a very large portion of the money paid. I was a good bargain that he made. I made as thorough an investiga tion as I could of that matter, and I became satisfied that the whol amount of money had been honestly paid over.

Q. What I want to ask you is whether you have any information a to who was benefited by it?—A. Yes, I have this information: that they were parties not in any way connected with the Union Pacific. I could not find that a dollar of it ever went to any one connected with the Union Pacific. I made very careful inquiry as to that.

Q. No director, or trustee, or large stockholder of the Union Pa cific?—A. Not one dollar; I am satisfied of that.

Q. When did you report to the directors that the Nevada Central had better be given up?—A. At the first meeting after I became president. In September, 1884, I made a report and recommended that we stop paying the coupons.

Q. Since that time you have had no financial connection with the investment?—A. No financial connection; I am still president of the Nevada Central Company, I believe; we have never paid a dollar on account of it since.

Q. Will you take up any other of these branches with which you have made yourself familiar?—A. There are a good many of them, and you might read the list; I will tell you all I know about any of them, as you name them.

Commissioner ANDERSON. Perhaps that is just as good a way.

The WITNESS. You will find the list a long one.

Commissioner ANDERSON. I know; but I believe you yourself con sidered this one of the most important subjects of our investigation, and I do myself.

The WITNESS. Oh, yes. I have given a good deal of attention to our branch system.

Commissioner ANDERSON. Take the first one: The Central Branch of the Union Pacific Railroad Company—Atchison, Colorado and Pa cific Railroad Company.

The WITNESS. That is one of them; I can inform you as to the Central Branch.

Q. By whom is that road operated?—A. That road is operated by the Missouri Pacific, under a lease from the Union Pacific to the Missouri Pacific.

MR. GOULD'S PLAN OF DEVELOPMENT.

Q. Where does it connect with the Union Pacific?—A. It does not connect with the Union Pacific. This will require a little explanation, for our branch system is a large subject. I can explain it better with the aid of a map. At the time Mr. Gould was the principal stockholder, and, in fact, the directing mind in the affairs of the Union Pacific, the company was not nearly as much developed as it is now; and Mr. Gould had a large scheme for the railroad development of that country. His theory, which I think was entirely a correct theory for that time, was for the Union Pacific to be developed into a complete system, starting from Missouri River points between Kansas City and Omaha, and serving the country west of the river, bringing the business of all that region to Omaha, Saint Joseph, Atchison, Leavenworth, and Kansas City, and there delivering it to the roads running east, just as the roads west of Chicago deliver to the roads that run east from Chicago. It was a large scheme. You can easily see the whole plan of it, and how he intended to work it out, but he afterwards got interested in other things and gave it up. In carrying out this plan he proposed to have the Union Pacific acquire by purchase, or development, or otherwise, various roads west of the Missouri; among these was a road called the Central Branch of the Union Pacific; it was a part of the original Pacific Railroad scheme provided for by Congress in the charters of 1862; the first 100 miles of it were subsidized by the Government, and in so far is a part of the matter which is referred to you under the act of Congress. The road ran from the town of Atchison in a westerly direction through the northern part of the State of Kansas. It had been taken up as an enterprise by certain interests, and they had built extensions, which were not subsidized by the Government. These extensions threatened to interfere with Mr. Gould's plan of development. They had been bonded and stocked at a very low rate, and in 1880 they were feeding the Central Branch.

THE CENTRAL BRANCH, UNION PACIFIC.

Q. These extensions were feeding the Central Branch?—A. They were, and are to this day feeding the Central Branch. The Jewell County road and others are extensions of the Central Branch. Mr. Gould entered into negotiations with the parties controlling them. Finally he bought the Central Branch stock on account of the Union Pacific. The stock of the 100 miles of the Central Branch Railroad represented also the investment in the additional lines which had been extended farther west. His intention was ultimately to connect that line down, making it a part of the Union Pacific system. The stock was bought with that view. I do not know in what year.

Q. Do I understand that this Central Branch is between what used to be the Kansas Pacific and the old Union Pacific?—A. It runs between the two, in the interlying territory.

Q. Where does it connect with the Missouri Pacific?—A. It now connects with the Missouri Pacific at Atchison.

Q. When was the purchase effected by the Union Pacific?—A. I can-

not give you the exact date. It has escaped my memory. It is stated in the report of 1884, I think.

Q. Have you a copy of the lease to the Missouri Pacific?—A. We have it in our office in Boston.

Q. That is, made by the Central Branch leasing itself to the Missouri Pacific?—A. I should have to look at the lease to see exactly how it was made. I made that lease.

Q. Is your interest asserted through the stock?—A. Stock? We own the stock. We are the owners of the road.

Q. Do you remember the amount of the bonded indebtedness?—A. It is stated in the reports. I could not tell you from memory.

CHARACTER OF BUSINESS DONE.

Q. In regard to the general business done on that road, what is the character of it?—A. Agricultural business; it is an agricultural road

Q. Has that road paid?—A. Very profitably.

Q. Please give us your best judgment as to its present prospects and future.—A. I think it is a valuable property—more valuable to a road running east from Atchison than to the Union Pacific, but it is a very valuable railroad property.

LEASE OF CENTRAL BRANCH TO MISSOURI PACIFIC.

Q. How long is the lease to the Missouri Pacific?—A. The present lease has a little over twenty-three years to run.

Q. What are in general the terms?—A. The terms are that the Missouri Pacific is to operate the road, and that all the net earnings are to be paid over to the Union Pacific; the inducement for the Missouri Pacific, of course, being the control of the traffic; that is, it can carry the traffic from Atchison east.

Q. Is the Central Branch exposed to any immediate competition of a peculiar nature?—A. Yes; the competition in that region is continually increasing. Whether it exceeds the development of the country I cannot say.

Q. In regard to the transaction or the purchase itself, have you made that a subject of personal investigation?—A. To a certain extent. It happened long before I took charge. I took it as an accomplished fact, but I have examined into it.

Q. Have you examined to find out who the parties were who were interested in the sale to the Union Pacific?—A. Yes.

Q. Who were they?—A. Certain parties in Boston and elsewhere who owned the Central Branch.

Q. Please give us their names as far as you remember.—A. Mr. Pomeroy was one. He was suffering from paralysis and has since died. He came to see me about it.

Q. Were any of the parties who were interested in that sale in any manner connected with the Union Pacific or its affairs?—A. None whatever.

Q. No director or officer?—A. Not the slightest.

Q. May they have been stockholders?—A. They may have been stockholders, but I know, in that case, they were not stockholders to any large extent. Mr. Pomeroy represented the Central Branch, and was president of it.

Q. The whole of that transaction appears in your investment account?—A. It does.

Q. The date of the transfer of the securities and the amount paid?—A. I do not doubt it all appears.

Q. As far as that payment is concerned, that I presume was also made in money by the Union Pacific?—A. I do not doubt it was.

INCREASE OF STOCK OF UNION PACIFIC.

Q. Please state on what occasions the capital stock of the Union Pacific was increased.—A. The capital stock of the Union Pacific was increased twice.—It was increased at the time of the consolidation——

Q. The Kansas Pacific?—A. When the stock of the three companies were consolidated; in 1880; that was when the consolidated company was formed.

Q. After that consolidation, as I understand it, all the stock took the form and name of the Union Pacific Railway Company?—A. The Union Pacific Rail*way* Company, the old company was the Union Pacific Rail*road* Company; it was consolidated into the Union Pacific Rail*way* Company.

Q. The increase, if I remember right, was from about $36,000,000 to $50,000,000?—A. It was.

Q. What was the subsequent action?—A. Under some provision of the charter—I forget what; it was before my time—they issued $10,000,000 stock.

Q. At par?—A. At par; paid for, dollar for dollar.

Q. That was subsequent to the consolidation?—A. Yes.

Q. Those were the only increases that you recall?—A. Those are the only increases that have ever taken place; So far as I can at this moment recall, all the acquisitions of the Union Pacific were made with money; I do not think we ever paid for anything in securities.

NEW BOND ISSUES OF CENTRAL BRANCH.

Q. Has there been any new issue on this Central Branch since the Union Pacific acquired its title?—A. There have been some bonds of the Atchison and Colorado, I think; the extensions, which have been issued at so much a mile; for instance, when 50 miles of road were built it was mortgaged; under the mortgage you would have the right to issue so many bonds; it was increasing the general lien of that particular mortgage.

Q. So that if the construction was unprofitable it might affect your interest as a stockholder?—A. Yes; like any other. Since I have been president I think I sold some $300,000 or $400,000 of these bonds, if I recollect right.

Q. The Union Pacific itself would have no interest in those bonds?—A. They were in the treasury of the Union Pacific Company. This road had paid them over to the Union Pacific for the construction of these extensions, and they were a part of the assets in our treasury. The Union Pacific constructed the extensions, and received for so doing the stock and bonds.

Q. Was that contract made in the same way as by your construction department?—A. All of them.

Q. Do you know who the contractors were?—A. No; but so far as I know or have been able to trace there has never been a suspicion of a construction company in the Union Pacific. All has been done as fairly and in as straightforward a manner as it could be.

Q. These bonds that the Union Pacific hold were issued by the Central Branch in payment for this construction?—A. They were.

Q. Are these still owned by the Union Pacific?—A. No; I have sold them. I sold them in order to pay the debts of the Union Pacific. They were assets; quick assets in our treasury; and I sold them to pay off our debts.

Q. All that will appear in your investment account?—A. Yes; it has been reported from year to year in great detail.

COUNCIL BLUFFS STREET RAILWAY.

Q. The next branch that I find mentioned is the Council Bluffs Street Railway Company. What is that?—A. That is a little road running from our union passenger station in Council Bluffs up to the town of Council Bluffs. I do not know under what circumstances that came into our hands. I found it there, like many other things which found their way or which had been taken into the Union Pacific for various reasons and considerations during the previous régime. I have been engaged since in seeing how it could be utilized.

Q. It is a street railway?—A. It is.

Q. How long?—A. Only a mile or so.

Q. It is a small matter?—A. A very small matter, indeed; it is so small a matter that I have repeatedly turned it over to my subordinates to advise me as to what course should be pursued about it.

Q. Have you examined at all as to when that interest was acquired?—A. Personally, I have not. I have, through my assistants. I have made a careful examination through them. I think Mr. Lane was sent out on that matter.

Q. Then you refer us to Mr. Lane as to more definite information in regard to that?—A. Yes; Mr. G. M. Lane, who is one of the assistants in my office. I have given some attention to it, but it is all rather vague in my mind and I turned it over to others.

Q. Have you any definite conclusion yourself as to whether the future operation of that road will pay or not?—A. That is a matter that I have been giving some attention to lately. I think it will pay. My hope and plan is, in connection with the new bridge that we built at Omaha, to have that become a part of the consolidated street railway system of Council Bluffs and Omaha, and we will get rid of our interest in that way. We would sell it or dispose of it to a consolidated outside company.

"A GOOD THING TO SELL."

Q. It is a good thing to sell?—A. A good thing to sell; very. There are many things in a corporation as large as the Union Pacific that it is desirable to dispose of when you can to advantage. Things change, and what seem to be at one time important to the general scheme become afterwards unimportant.

Q. Can you imagine exactly what importance this particular street railway company ever appeared to have to the Union Pacific?—A. I think we wanted to get that franchise. There was some purpose—to get up into town.

Mr. LANE. It was to connect the Union Depot with the town.

The WITNESS. Yes, the Union Depot is quite a distance from the town.

DENVER, MARSHALL AND BOULDER RAILWAY.

Q. What is the Denver, Marshall and Boulder Railway Company?—A. That is a road which runs from Denver to some coal mines at Marshall. If I recollect right, that was brought into the system, or we owned some of the mortgage bonds and I found it there. It was considered desirable at that time to have the Union Pacific have a controlling interest in the property. That was before I took charge. Since I took charge I have had the concern reorganized and straightened out, and the road now connects the Union Pacific with Boulder and with the Marshall mines. We do a large coal business there.

Q. What is the length from Denver to Boulder?—A. I think it is 30 miles.

Q. Is it a narrow-gauge road?—A. No, standard gauge.

Q. What does the company own besides its track; any equipment?—A. Yes, the company owns whatever the report in your hand says. I do not remember what it is.

Q. I think the report of 1885 does not give any details.—A. The report of 1886 will probably give you the information. It is only within this year that the line has been operated.

Q. Do you know anything about the circumstances under which the stock of that company and what bonds you had were acquired?—A. I did know all about them, but I could not recall them at this minute; I should have to refresh my memory.

Q. Do you know who the parties were that were interested in the sale of it?—A. Yes, I did a large portion of the negotiation in this case myself.

Q. Of what?—A. The negotiations.

Q. For the purchase of the stock and bonds?—A. Yes.

Q. Who was the owner?—A. The road was one in which we had an interest, and in order to straighten the thing out and consolidate it and get it into shape we bought up the bonds. I think we paid for them about 35 cents on the dollar of the original investment. That is my recollection.

Q. Thirty-five cents on the par value of the bonds?—A. Yes.

Q. You say 35 cents on the cost of the original investment?—A. On the par value of the bonds. Then we extinguished them and consolidated and reorganized the road. The person with whom I dealt was a Mr. Wolcott, a lawyer in Denver, and he told me that he represented various holders, some living in Boston and some in New York. None of them had anything to do with the Union Pacific. It was a perfectly fair trade, and I thought we did tolerably well on it.

THE LEAVENWORTH, TOPEKA AND SOUTHWESTERN.

Q. The next company I find among those which are not directly connected with the system is the Leavenworth, Topeka and Southwestern Railway Company.—A. That was a company which was formed to build a road from Leavenworth to Topeka. For various reasons it was deemed desirable by the Atchison company and ourselves, Mr. Dillon then representing the Union Pacific, to control the property. It ran between our lines. The two companies entered into an agreement and bought it, and it has been operated under joint management ever since.

Q. When was the purchase made?—A. That purchase, I think, was made in the year 1882 or 1883, 1882 probably.

Q. Who owned the stock of the company before the Union Pacific

purchased it?—A. They were local parties in Kansas. I forget the name of the party representing the other company. I knew it, but the arrangement was one which Mr. Dillon made in connection with the Atchison people. They had nothing to do with the Union Pacific in any form. That I can say at once.

Q. If you do not know who they were, how can you tell?—A. Because I did know. I cannot recall the names. It was a good while ago. I was not then connected with the Union Pacific, and it made no impression on my mind.

Q. There were $550,000 stock?—A. Yes.

Q. What does that road do?—A. It gives access to Topeka from Leavenworth.

Q. How many miles?—A. It must be about 50 miles—not far from 50 miles.

Q. What is the character of the business done on the road?—A. It is a local road. It runs through an agricultural country. It has not been a profitable road, but Topeka is the capital of the State, and Leavenworth is one of the principal towns. It is a road we did not want there, and we thought it desirable to control it in the interest of the two properties.

Q. Has it paid operating expenses?—A. I think it has.

Q. Anything more?—A. No, very little, if anything more. That is a road the purchase of which was somewhat forced upon us.

"FORCED" UPON THE UNION PACIFIC.

Q. What do you mean by "forced" upon you?—A. In this way—you will understand it perfectly: It was a road lying in this territory which we supplied or operated in, and it was possible that some of the lines running west from Chicago might pick it up to our injury. Any one familiar with railroads knows how it is. Here was this bit of a railroad, bankrupt and irresponsible, and the first thing we and the Atchison felt was that it might fall into the hands of some interest hostile to us and be used to our injury; and therefore it was bought as a measure of protection.

Q. You do not remember the price paid for the stock?—A. No, I do not. I do not think anything was paid for the stock. My impression is we bought the bonds of the road, and we took the stock as an incident. That is my impression, but it would appear in the books.

Q. You do not remember the cost of the road at first?—A. No; that was before my time, like many other things that were purchased before my time.

Q. I find in your supplemental income account for 1884, "Advances for account of the Leavenworth, Topeka and Southwestern Railroad Company coupons in 1883, written off, $27,600." What is that?—A. I suppose Mr. Mink can explain it. I suppose it means written off to profit and loss. We regarded it as a bad debt, and therefore passed it to our income account, like any other bad debt.

Q. Do you still pay the coupons?—A. We do.

Q. Do you remember whether your company owns them all?—A. It is a joint guarantee of ours and the Atchison. We each pay half.

Q. What proportion does the company hold?—A. I do not think we own any. We own none of the bonds.

Q. I understood your prior statement to be that you acquired the title by buying the bonds, and the stock was thrown in?—A. No, no. Let me see, how was that? We guaranteed the bonds or something of

that sort. We put our guarantee on the bonds; some arrangement of that kind. The stock has no value.

Q. You bought the property, whatever it was, subject to the bonds?—A. Yes; and put our guarantee upon them.

Mr. LANE. The amount of the bonds on the road is $1,380,000.

Q. And of that the Union Pacific guaranteed half, and the Atchison, Topeka and Santa Fé the other half?—A. That is my recollection. My recollection is somewhat vague about all of these things, for they were done before I took charge. I afterward looked them up, and then they passed out of my mind after I had made my examination, which, of course, had to be done through others.

Q. What is your judgment in regard to the future of this company? Is it ever likely to earn over operating expenses enough to pay interest on the bonds?—A. My impression would be to-day that the situation is so changed in that region that the possession of that road is of no importance to the Union Pacific.

Q. And as far as paying for itself is concerned, what is your judgment?—A. I am not clear about that. Ever since I have been in there has been a sort of languid negotiation going on between the Atchison Company and the Union Pacific—we have several joint properties—as to working them. How it would be if we owned it entirely, or Atchison owned it, I cannot say. But I should think it would be important to one or the other.

MANHATTAN, ALMA AND BURLINGAME RAILWAY.

Q. The next item is the Manhattan, Alma and Burlingame Railway Company. What is that?—A. That is a road running from Manhattan on the Kansas Pacific, and that again is a connection that we own jointly with the Atchison road.

Q. What road is it; how many miles?—A. A little road running from Manhattan to Burlingame. I think it is some 40 to 50 miles.

Mr. LANE. Fifty-six miles.

The WITNESS. Burlingame is a point on the Atchison road and Manhattan is a point on our road; and this road was considered a necessity, or what not, and it was built between the two; and in order to prevent our quarreling over it, it was agreed that it should be built on joint account and jointly owned and jointly operated; and it has been so from that day to this.

Q. Your company owns half of the stock?—A. Our company owns half and the Atchison company owns half.

Q. Nearly half; $418,650 out of a total of $1,000,000. There must be some small holding outside of the two companies?—A. There was some township stock, unless the towns sold them; it has no value.

Q. What is the character of that road?—A. It was an agricultural road, running through a poor country, if I recollect rightly; I have been over it. That is one of the roads that there has always been this feeble negotiation going on about between the Atchison and ourselves as to whether we should take that, and we take the Leavenworth, Topeka and Southwestern, and they take this.

Q. Does it pay the interest on its bonds?—A. I think not.

Q. Does it pay operating expenses?—A. I think so. You are now getting into a class of roads where, when you say "Do they pay interest on their bonds?" the answer is twofold. It may be that they do not do it directly, and yet they may pay a very large interest indirectly by the business they bring to our line. This forms quite an important connection

with our through line, for it runs away up to the Union Pacific proper division. It connects with our line at Manhattan. All these roads, except the central branch, connect with our main lines.

Q. You say it connects with the Union Pacific?—A. With the Kansas division of the Union Pacific; Manhattan is quite a station on the Kansas Pacific division; when you go over the road you will see the interconnection in these things more clearly; that road is operated by the Atchison.

Q. When was this purchase made?—A. That was before my time.

Q. Have you examined into the circumstances of the purchase at all?—A. Somewhat.

Q. It was a construction, rather; constructed jointly by the Union Pacific and Atchison companies?—A. Yes.

Q. Have you ever seen the construction contracts?—A. No; I know nothing about them.

Q. Do you know who was interested in the issue of the stock or bonds or the manner in which it was paid?—A. No; I do not believe anyone was.

Q. Somebody must have constructed the road and received the stock and bonds?—A. No; it was done in this way, as I understand it: The road was constructed by the contractor; it had its own organization, the Manhattan, Alma and Burlingame organization; the contract orreceived the stock and bonds of the company, and then he turned them over in a lump to the other two companies, who divided them between them and paid for the road; they paid for the road and they received the stock and bonds, which went into their treasuries; that has been the uniform practice, so far as I know, with the Union Pacific.

Q. But who the persons were who were interested in the construction you cannot recollect?—A. Probably no one but the contractor, and his contract is on file in our office.

Q. And Mr. Mink can tell us about this?—A. I have no doubt of it. They are probably in the hands of the Atchison company or in those of our company at Omaha.

Q. In regard to the payment of the interest on the bonds I presume the Union Pacific pays half and the Atchison pays the other half?—A. How is that?

Mr. LANE. We never disposed of our bonds.

The WITNESS. They are in our treasury.

Q. You have them in your treasury?—A. Yes.

Q. Do you not keep the account, or is it the same as if you paid out the interest and it comes back on the bonds?—A. Exactly the same. They are in our treasury.

Q. As I understand it the charge for interest appears as a charge for interest and then it appears in your investment returns?—A. Then it appears in our receipts—our general income.

Q. You do not lose anything by it?—A. We do not lose anything. It is out of one pocket and into the other; it is a book-keeping account, that is all; it simply makes it a branch of our road.

MANHATTAN AND BLUE VALLEY RAILWAY.

Q. The next I find is the Manhattan and Blue Valley Road?—A. The Manhattan and Blue Valley is a very important link in our system. It starts from Manhattan, on the Kansas Pacific, and runs up the Blue River to a junction with the Omaha and Republican Valley, and so connects the Kansas Pacific division with the Union Pacific division; con-

sequently it is a through line between the two divisions. Two years ago I found, on inquiry, that for the purpose of carrying the company's material between the Kansas division and the Union Pacific or Nebraska division, we paid about $40,000 a year freight money to the Missouri Pacific, at the regular charges; and I was impressed with the necessity of having a connection of our own; this is the connecting link.

Q. How many miles long is it?—A. It is 40 miles long.

Q. Between what points does it operate?—A. It runs from Manhattan to Garrison.

Q. When was this purchase made?—A. It was not purchased; we built it. It was built since I came in; it was built under my orders.

Q. The language of your report is "the Union Pacific purchased its interest in the stock."—A. Oh, yes; when I became president there was a bit of a road built which had been abandoned. That was done when Mr. Dillon was president, and it had not been operated. It ran from Manhattan 10 or 12 miles up the Blue, and we have since continued it 28 miles farther to the point of connection.

Q. Does it pay interest on its bonds?—A. It does a very large business.

Q. How large a business?—A. It has only been running three or four months, but it has carried an enormous tonnage during that time. I cannot tell you how large.

Q. This report of 1885 is before it was complete?—A. Yes; and it is only mentioned for three months, I think, in the 1886 report.

NATURE OF ITS BUSINESS.

Q. What is the nature of the business?—A. Through business and local business, both. A freight business between our Union Pacific division and Kansas division. There is also a large business between the towns. It has brought a profit to us in a way which you gentlemen will come across very frequently. It is reported in the returns for these 40 miles only, but all of that business we haul for three or four hundred miles beyond, and we would not have it at all, except for these 40 miles.

Q. Is it of more benefit east or west?—A. This road runs north and south.

Q. Is it of benefit to the points on the Union Pacific that lie farther to the west or farther to the east?—A. It is farther to the east mainly that it is of benefit. It is between Kansas City and Omaha that it connects.

Q. What is your idea of the desirability of the branch?—A. It is indispensable. To part with it would be almost like cutting off a vital member.

Q. A connecting link?—A. That is it exactly. It was the missing link until we built it.

THE NEVADA CENTRAL.

Q. The next road is the Nevada Central, and that you have already explained?—A. Yes. In order to complete the line of inquiry I will now say that the Manhattan and Blue Valley was built in the regular way that we built roads. A contract was made, the stock and bonds were put in our treasury, and we paid cash.

Q. And built under your supervision?—A. Entirely. That is, I personally do not know anything about it; but I have implicit confidence

in Mr. Blickensderfer, our chief engineer. I believe him to be one of the most honest men on the face of the earth, and my only regret is that his age incapasitates him for more active work.

OMAHA BELT RAILWAY.

Q. The next is the Omaha Belt Railway Company?—A. That does not now belong to us. There is a history attached to that enterprise. We have not paid for it.

Commissioner ANDERSON. The statement of the report of 1885 is that all the securities of the company, when issued, will be owned by the Union Pacific.

Mr. LANE. That is the 1884 report. The 1885 report gives the explanation.

The WITNESS. It is explained in the 1885 report. I think the Union Pacific was rather dispossessed of that property.

Q. Will you please give the explanation of this, so that it will appear on our minutes?—A. Certainly.

Q. How was it that you ceased to have any further interest in this road?—A. It happened in this way: When I took charge of the Union Pacific the Omaha Belt was a pet scheme of Mr. S. H. H. Clark, general manager of the Union Pacific at that time. Shortly after I took charge, Mr. Clark, who had been many years with the Union Pacific, severed his connection with it, and in doing so, he did not like to lose control of the Omaha Belt Railway, which was his pet scheme. He therefore made an arrangement with Mr. Gould, of the Missouri Pacific, under which Mr. Gould advanced money to complete the Belt line; and I can only say that by some arrangement, which it is unnecessary to go into, we found that the control of the Belt line had passed out of our hands into the hands of the Missouri Pacific. Litigation followed; it was not a friendly litigation; the result was that after a time we concluded it was better to let the thing go; so we made up our bill or account, had a reference, and were repaid all the money which we paid in. The property then passed into the hands of the Missouri Pacific.

Q. Then the Union Pacific has received back all that it cost?—A. Yes; it has been settled within a fortnight. The award has been made by a referee and the money paid to us.

SAINT JOSEPH AND WESTERN.

Q. State in regard to the Saint Joseph and Western Railroad Company.—A. That is now a part of the Saint Jo and Grand Island. That was one of the concerns like the Central Branch. It was a part of Mr. Gould's great scheme of a railroad system west of the Missouri. In order to carry it out, they obtained possession of the securities of this Saint Joseph and Western Company. They were picked up at very low prices in the market, as they could buy them.

Q. When were the bonds and stocks bought?—A. They were picked up from time to time.

Q. Bought before you came in?—A. Bought before I came in. When I came in, I found that we had in our treasury a large number of these bonds, which were then at a nominal price, and there was a quarrel or litigation in progress. The road had been in the hands of a receiver, and there was great trouble. One of my efforts at once was to avail ourselves of that security, which seemed to be one that could be worked up to advantage. I forget what the bonds were selling for, but they were about 60 or 70, or along there.

Q. Where is this road located?—A. From Saint Joseph west.

Q. How many miles?—A. Two hundred and fifty-two. It runs from Saint Joseph to Hastings and from Hastings to Grand Island, where it connects with the Union Pacific.

NATURE OF BUSINESS.

Q. What is the chief characteristic of its business?—A. Agricultural road.

Q. Have you investigated to any degree the circumstances connected with the purchase of the stock and bonds?—A. Oh, yes; I have been through that very thoroughly. I reorganized the concern. It was done since I became president.

Q. I mean in the first instance?—A. Yes; I went through it as far as far as I could. It was necessary for my purpose.

Q. Do you know who the parties were who were in negotiation with the Union Pacific?—A. Mainly Mr. Dillon and Mr. Gould. They picked the stock up on account of the Union Pacific, and the bonds also, in open market. The prices are all stated.

Q. The prices are all in your investment account?—A. Yes; I have been through them two or three times in the process of working up the reorganization, to find out what it costs us.

Q. Those are the prices at which the Union Pacific Company paid for them?—A. Yes.

Q. Have you made any investigation to ascertain whether the prices charged in the books are the prices actually paid for those stocks and bonds?—A. No, I have not; but I think there can be no question about it. The securities were bought in open market, and were quoted all the time; the prices were low.

Q. So that you could compare the prices charged in the books with the market prices at the same date?—A. Yes; and I may as well now say, in justice to these gentlemen, that, so far as my observation in the company's affairs is concerned, I never saw anything of that sort in their dealings with it. They always dealt with the company fairly. In regard to any transaction in the open market, I cannot conceive it possible, from what I have seen, that it could be done otherwise. These things were all done in the board of direction, with full understanding of all the members of the board. I wish to say at once, and am glad of the opportunity of saying it, that I think Mr. Dillon, who mainly dealt with these things, had an individual feeling about the Union Pacific which always caused him to deal as closely for the Union Pacific as he would for himself. I never found anything that would lead me to believe that he would have been concerned in making any small personal profit out of it. On the contrary, it was all the other way.

Q. Does this road pay?—A. Yes; we have reorganized the company and made a good deal of money out of it. We have sold all our bonds, and they are now quoted at something like 109 or 110. It is a good property.

Q. It pays more than the interest on its bonds?—A. Yes.

Q. You still hold the stock?—A. Yes; because that represents the control. I no longer consider the control so important as it was, because the changes in that territory, through other companies coming in, have quite brought to an end Mr. Gould's plan of one railroad system.

Q. What is its particular advantage to the Union Pacific?—A. Under the recent changes in the last two years, they are very trifling. It gives the Union Pacific a direct connection with the Saint Joseph.

FUTURE VALUE OF THE ROAD.

Q. In regard to its future value to the company, what is your judgment?—A. I think it is probable that as a connecting link with the Union Pacific, giving it entrance into that territory, it is problematical. We may have an east and west business in coal, lumber, fuel, and products coming down, which may make the connection valuable, but that is a matter of the future.

Q. Has it paid any dividend on the stock?—A. It has not; but it has paid all its interest, and a surplus.

Q. Does it give you business applied to that portion of the road with which it connects so as to let you derive a benefit from it?—A. That was the theory of the thing; but up to this time there has been no such development as would make it of much value in that way to us.

Q. Your future interest in it would be solely in the hope of getting a dividend on the stock?—A. Yes; that and the incidental benefit which might accrue from a joint business. It is an independent and self-sustaining company. That is what it now is.

Q. The account of 1885 shows a deficit of $5,828 on the interest account.

Mr. HOLMES. That was before the reorganization.

The WITNESS. That was before the reorganization. I know since the reorganization there has been no deficit. It was the first eight months after the reorganization.

SALINA, LINCOLN AND WESTERN RAILWAY.

Q. The next road is the Salina, Lincoln and Western Railroad Company?—A. That is a little road, built since I have been president, running from Salina, on the Kansas Pacific, in a northwesterly direction. The construction of it was forced upon us. It is a rich country, along the Salina River—a very fertile country—from which the Kansas Pacific drew a great deal of its business. We delayed building as long as we could; but one day a competing company threw construction parties in there and we found we were going to have this competing line running into our territory, from which we drew business, and we had therefore to make an arrangement, which we did, and took the road and rebuilt it. It is a road 50 miles long, and we are going to extend it into the country beyond.

Q. That road was built in the same way you have described before—by the construction department?—A. Exactly; we built it and took all the bonds and stock, which are now in our treasury. No, I am mistaken; they are not in our treasury; they have been turned into a trust for the greater security of the mortgage holders of the Kansas Pacific road, including the Government.

Q. How long has that road been in operation?—A. About six months. It was put in operation last October.

Q. How many miles long is it?—A. Fifty, I think, or 38.

Q. How much was the price per mile?—A. About $12,000 to $14,000 a mile. We can tell very nearly from the cost per mile whether a road is built properly in that country.

Q. That includes the land, grading, sleepers, and track?—A. Everything—station, buildings, and everything.

Q. Any equipment?—A. No; it has no equipment itself. The Kansas Pacific supplies the equipment.

Q. Fourteen thousand dollars per mile?—A. Yes. In an open Kansas country you can build a sufficiently good road at $14,000 per mile.

Q. You have no rock excavation?—A. No; and not much bridging, nor very heavy fills or cuts. It is an average road; sufficiently good to bring the business out.

SOUTH PARK AND LEADVILLE SHORT LINE.

Q. Explain about the South Park and Leadville Short Line Railroad Company.—A. That is an unfortunate road. It was a spur road, a branch of the Denver and South Park to the London mines—Mr. George R. Blanchard's mines—which gave us a good deal of business; but, like many other mines, these came to grief. It was a little branch, lying around loose, and I think when I was out there I bought it for $8,000, including a locomotive and some cars.

Mr. LANE. Four thousand four hundred and ninety dollars.

The WITNESS. It was an $8,000 note, which I bought for $4,490, and I got the rolling stock. We substantially got the consideration in the equipment. It was a small affair. If I recollect right, we bought a judgment against the property.

Q. You say you substantially got the consideration in the equipment?—A. I think so. If you are going on with me in this line you will be a good while at it. If it is convenient for you to adjourn I can come back. The inquiry will occupy a good deal of time, and I am afraid it will not be very intelligible. I am very glad to give you the information.

AFTERNOON SESSION.

CHARLES FRANCIS ADAMS, being further examined, testified as follows:

The WITNESS. I want to say that my memory is refreshed in relation to that London, South Park and Leadville Road. The way we came into possession was by foreclosure. When the road was building, we advanced the company some second-hand rails and took a mortgage on the whole property, which afterwards we foreclosed. The transaction I have referred to was simply perfecting our title by buying up a judgment. It was a trifling thing, and I merely mention it now because it escaped my recollection this morning until after I had left the room.

UTAH AND NEVADA RAILWAY.

By Commissioner ANDERSON:

Q. The next road is the Utah and Nevada Railway Company.—A. That is a road from Salt Lake City that runs around the southern point of Salt Lake to a place called Garfield, and thence down to a point near Stockton. The main business of the road is to carry people from Salt Lake City down to the bathing places and points of amusement at Garfield. Stockton is a mining camp below. It was a road in which we acquired our interest, if I recollect right, before I had anything to do with the property. It is quite a remunerative road, so far as it goes. It is small, but it is a good piece of property.

Q. Do you know anything of the circumstances attending the acquisition of the title to the stock and bonds?—A. Absolutely nothing.

Q. Do you know when it was acquired?—A. Only as it was printed in the reports before you. If I recollect right the road has been in our possession ten years—the stock and bonds or the ownership interest.

Commissioner ANDERSON. The report of 1884 states that the property was purchased in 1881.

The WITNESS. Was it as recently as that? I went over it, I remember, in 1878.

Q. Your first interest was in bonds, which were afterwards exchanged for $438,000 stock out of a total issue of $555,860. Do you know anything of the circumstances of some of the stock being held by other parties?—A. No, I do not know anything about it. That is a matter I never looked into.

Q. Does the road pay dividends?—A. Yes. It is a good property.

Q. In your judgment, would it be for the advantage of the Union Pacific to retain the road?—A. Yes. I do not know how it would be in the point of view from which the road was originally acquired. When that road was acquired there was a great speculative feeling about mining properties and every thing else all down through that country, way to Nevada—I mean to the western boundary of Nevada. It was supposed the road would be continued, and it was in connection with that road and with the idea of its existence that the Nevada Central was acquired. The whole scheme was one of those schemes which rise in speculative times.

Commissioner ANDERSON. The net income as returned for the years from 1881 to 1884 ran up to about $14,000, and I find no income returned in 1885.

The WITNESS. I know we made a dividend the other day.

Q. Of what per cent?—A. I forget.

Mr. LANE. Fifteen or 20 per cent. An accumulation.

The WITNESS. It was quite large. Our books will show it. I am sorry that I have not got the last report here for you.

Q. The report of 1886?—A. Yes.

Commissioner ANDERSON. We have it here.

The WITNESS. That is merely the preliminary one. The full document is not yet set up. It will be in the course of next week.

Q. They are the returns for 1885 which appear in the report?—A. Yes; we paid a dividend on Utah and Nevada the other day. I forget the amount of it.

UTAH CENTRAL RAILWAY.

Q. The next road is the Utah Central Railway Company. Will you describe that?—A. The Utah Central is a property that was started by the Mormons, and long before I had anything to do with the Union Pacific. It ran down from Salt Lake City from Ogden. It was then extended to—I forget what point. The Utah Southern was to Frisco. Our interest is simply a controlling interest, not a majority interest, in the stock. We have none of the bonds. Until the Denver and Rio Grande road came to Salt Lake the property was very valuable and made large returns. It had been extended some 100 or 150 odd miles, or something of that sort, to Frisco, in order to reach the Horn silver mine. In the way those things are apt to happen, the Denver and Rio Grande came in, and at the same time the Horn silver mines "petered out" or caved in, and ceased to be productive. That was about the time I took charge, and then the Utah Central ceased to be profitable.

Q. The total length at present is all given under the Utah Central, from Ogden to Frisco, as 280 miles?—A. Yes.

Q. I notice in your return for 1885 that the net earnings fall off from $1,400,000 in 1882 to $483,000 in 1884.—A. That was owing to the two causes I mentioned. One was the coming in of competition, affecting

that line very seriously, and the other, the Horn silver mine, worth to the Union Pacific Railroad at least $1,000,000 a year in traffic, suddenly stopped producing. There was no reason to suppose that such a thing was going to occur. It is an illustration of the ups and downs of mining.

Q. I notice that the bonded indebtedness is $4,000,000.—A. Yes; that is not large for a road of the length.

Q. In your judgment, is that road able to earn operating expenses and interest on this bonded indebtedness?—A. Oh, yes; it does now, even in these bad times.

Q. The account of the operation for 1885 shows a deficit of $53,000.—A. There may have been a small deficit that year, but it about pays its interest charges now.

NATURE OF BUSINESS AND FUTURE PROSPECTS.

Q. What is the character of the country through which that road goes?—A. The upper portion of it is agricultural, and then you get into a region with some grazing interests, and then into a desert and mineral country. The portion down in Southern Utah is about as bad as Arizona; but the country will fill up with population by degrees, and they will irrigate more and more, and that road will take care of itself.

Q. You are quite positive that its future prospects will keep it free from being a burden?—A. I think so. And if the Horn Silver Mine were to get into shape again and go on producing—and I believe there is still silver in it—it will become once more, in connection with the Union Pacific, an enormously valuable feeder, because we have a thousand miles haul from Ogden to Omaha. It was formerly an immensely valuable feeder to the Union Pacific.

Q. Does the traffic that is derived from that road pass over any considerable portion of the parent road?—A. The whole of it, from one end to the other, from Ogden to Omaha. It was that road and one or two others which made the palmy days of the Union Pacific.

Q. What is the distinction you draw between holding a majority interest and holding the control?—A. I should consider that a minority interest may be a controlling interest, if it is sufficiently large. For instance, two-fifths is generally a controlling interest. The other three-fifths will not combine against you.

Q. You then act as president of that road?—A. I am president of that road; but then it is managed by John Sharp.

Q. Do you know anything of the circumstances under which the Union Pacific acquired its interest?—A. No, I do not; it was acquired long ago.

Q. Back in 1872?—A. There are other members of the board of direction that can tell you all about these things.

Q. We would like to have their names.—A. Any of the old members, Mr. Atkins or Mr. Dillon or Mr. Fred. Ames. They can tell you all about these things. I know nothing about them.

Q. State in regard to the present working of the road and its operation.—A. It is worked by "Bishop" Sharp. I know nothing about it.

Q. He could give us all the information we desire.—A. Oh, yes. He lives at Salt Lake.

Commissioner ANDERSON. Probably we shall live at Salt Lake for a while.

The WITNESS. You will be there, and you can get it from him.

WASATCH AND JORDAN VALLEY RAILROAD.

Q. The next is the Wasatch and Jordan Valley Railroad Company.—A. That was closed out and wound up; probably it has been consolidated.

Q. The statement is, the Union Pacific owns $10,000 of its bonds; you do not know when it was acquired or anthing about it?—A. No; I should say probably it was an old branch; it has gone along on our books; there is no road of that name; oh, Mr. Mink now tells me that since the report of last December we wrote the account off; it has disappeared from our books.

COLORADO CENTRAL RAILROAD.

Q. We pass to what you call the operated lines; the first of these is the Colorado Central Railroad Company.—A. The Colorado Central is a road north of Denver, which Mr. Gould, in the early days of the company, constructed through to Cheyenne in opposition to the Denver Pacific, which we did not control; I know nothing about the early history of that road; now it is a local road in Colorado and a very good property, indeed; it is partly narrow gauge and partly standard gauge, and it furnishes a great deal of business on which we get a long haul; that portion of Colorado has been developed very rapidly, indeed; it is agricultural, and it is mineral, and it is grazing, and there are quarries there where we get large quantities of stone which we carry down into the prairie country below.

Q. I notice that there are $4,701,000 of first-mortgage bonds, 7 per cent.—A. Yes.

Q. What proportion of those bonds are owned by the company?—A. It is stated in the report; I forget. My impression was they were nearly all owned by the company; $4,697,000, Mr. Mink tells me. Nearly all of them.

Q. Is it your judgment that that road earns enough to pay operating expenses and interest on the bonded debt?—A. Decidedly. That road, if I recollect right, pays very well indeed.

Q. The report for 1885 shows a deficit of $36,000.—A. I think in 1886 it turned the other way decidedly; did it not, Mr. Mink?

Mr. MINK. I haven't the statement here.

The WITNESS. The report of 1886 will show. It is a matter of record.

NATURE OF BUSINESS.

Q. What is the peculiar development in traffic that has improved it?—A. The road is in a very fine country, and population is going rapidly in there. Then, too, there are very valuable granite quarries, and we carry stone down to Omaha and Kansas City. It furnishes a great deal of business to our main line.

Q. Have you any knowledge of the circumstances attending the acquisition of that interest by the Union Pacific?—A. It would be more completely stated by other parties. It must date back nearly fifteen years. Mr. Dillon and Mr. Ames can tell you about that.

Mr. HOLMES. It was completed in 1874 or 1875 by W. H. Loveland.

Q. What is Mr. Loveland's address?—A. You will hear a great deal of Mr. Loveland when you get out to Colorado; he is a well-known character.

Q. Has this road been extended, or has any new construction been

put on it within the last five years?—A. Yes; we have been building a branch or two this year.

Q. From what points?—A. We built one to the Buck Horn quarries; that is under another charter, but it is an extension of this road; I should have to think for a few minutes as to the other; my impression is we built two branches at least, to points where we could get granite.

Q. What construction has been done through the construction department of the Union Pacific?—A. In the regular way; we are building there to-day through the construction department; whatever has been done there has been done since I came in; that I know all about.

Q. You construct and the bonds are transferred to your investment account.—A. That is it exactly.

COLORADO CENTRAL OF WYOMING.

Q. Tell us about the Colorado Central of Wyoming.—A. A part of that road was built under a Wyoming charter; it is a bit of road that goes over the border.

Q. The report states that it is virtually a part of the Colorado Central Railroad Company.—A. Yes; my impression is that that bit of road has been abandoned, and we now run our traffic by the Denver Pacific.

Q. When was that road built?—A. It must have been built at the time when Mr. Gould built the other; 1874 or 1875, or along there.

Q. Not Mr. Gould, was it?—A. Well, it was built when Mr. Gould was the guiding spirit in the Union Pacific; he built this road in order to force a consolidation with the Denver Pacific.

Q. In what year do you locate Mr. Gould's first connection with the Union Pacific?—A. I cannot say. Mr. Gould went into the Union Pacific, I think, about 1874 or 1873. The only way I can locate it is this: The first Union Pacific stock Mr. Gould bought was bought of Mr. Ames. The way he got interested in it was that when the Oakes Ames stock was thrown overboard as the result of Mr. Ames's troubles Mr. Gould bought it. That was the foundation of his large ownership.

PRESENT DIRECTORS WHO WERE SUCH IN THE BEGINNING.

By the CHAIRMAN:

Q. How many of the directors who are now in the present organization were in at the beginning?—A. Very few, as I take it; Sidney Dillon and G. M. Dodge. I am not sure when Mr. F. L. Ames came in. Elisha Atkins came in later. F. Gordon Dexter certainly came in early. Mr. Baker's father was an original director; he succeeded his father. If Mr. Holmes will read the list I can tell you in a general way.

Mr. HOLMES. The list is, Charles Francis Adams, Elisha Atkins.

The WITNESS. Mr. Atkins came in later.

Mr. HOLMES. Sidney Dillon.

The WITNESS. Sidney Dillon was an original director.

Mr. HOLMES. Frederick L. Ames.

The WITNESS. Possibly; I am not sure whether he was in at the beginning or not.

Mr. HOLMES. Gordon Dexter.

The WITNESS. He came in early.

Mr. HOLMES. Mr. Baker.

The WITNESS. He succeeded his father in 1874 or 1875.

Mr. HOLMES. S. R. Callaway.

The WITNESS. New.

Mr. HOLMES. Henry H. Cook.
The WITNESS. New.
Mr. HOLMES. David Dows.
The WITNESS. Mr. David Dows has been in many years.
Mr. HOLMES. He has been in and been out?
The WITNESS. He has been many years a director.
Mr. HOLMES. Granville M. Dodge.
The WITNESS. He has been many years a director.

By Commissioner ANDERSON:

Q. He was the engineer?—A. He was the original engineer of the road.

Mr. HOLMES. Colgate Hoyt.
The WITNESS. He is new.
Mr. HOLMES. John P. Spaulding.
The WITNESS. He is a new director.
Mr. HOLMES. Andrew H. Green.
The WITNESS. He came in recently.
Mr. HOLMES. John Sharp.
The WITNESS. John Sharp has been in many years.
Mr. HOLMES. James Rumsell.
The WITNESS. He came in recently.

By the CHAIRMAN:

Q. The majority of the present directors or interest have been in since the beginning?—A. No; I should say not. I should say the other way.

Q. How much the other way?—A. I should say not more than four have been in since the beginning, possibly five, out of fifteen.

ECHO AND PARK CITY RAILWAY.

Commissioner ANDERSON. The next I find is the Echo and Park City Railway Company.

The WITNESS. The Echo and Park City is a little bit of a road, which connects with the Union Pacific—not far from Ogden—and runs up through the Echo Cañon to Park City. It is practically our siding to the Ontario Silver Mine. That has been and still is the richest silver mine in the world. I take it there is no other like it. It paid its one hundred and seventy-fifth dividend, I think it was, the other day.

By Commissioner ANDERSON:

Q. The first mortgage bonds are given at $480,000 and the capital stock is $480,000 also, I believe. In your judgment, is that road able to earn the interest on its bonds, in addition to the operating expenses?—A. I suppose that road has earned its cost twenty times over—I might say fifty times over.

Commissioner ANDERSON. The earnings from 1881 to 1884 are given as high as $36,000 and $35,000.

The WITNESS. That is merely for itself. It is a very short haul. It brings the traffic of the mine down to our main line. The main line has the whole advantage of it.

Commissioner ANDERSON. In 1885 we find it reported as a deficit for its own business?

The WITNESS. I dare say.

Q. How do you explain that?—A. Simply that it is such a very short haul that it does not pay.

Q. How would you explain the difference between the net earnings of $35,000 in 1884 and the deficit of $15,000 in 1885?—A. I should have to look it up. I have never paid much attention to the Echo and Park City Company. I have always regarded it as a species of siding.

ITS VALUE AS A FEEDER.

Q. The peculiar advantage you state in regard to that road is that it furnishes to the parent road a complete haul over its whole length?—A. Yes; of the Ontario mine. There is a coal mine there also—Grass Creek.

Q. Do you know anything about the manner in which the Union Pacific Railway Company obtained possession of this road?—A. Nothing whatever. That dates back to 1871—sixteen years ago.

Mr. HOLMES. It was started in 1871, but was reorganized in 1881.

Q. In 1877, the report of 1884 says. That is prior to your dynasty?—A. Yes; and I never looked into it either.

Q. Who could inform us in regard to that?—A. I have no doubt Mr. Dillon could tell you all about it.

Q. Your judgment is that the retention of that branch would be a desirable feature for the Union Pacific?—A. There is no question whatever about it.

Q. Other things being equal, the branches at the west end of the Union Pacific are, I judge from the way you testify, more important than those at the east end?—A. That depends entirely on circumstances; but as a rule yes, unquestionably. You may have a very unprofitable branch at the west end, and then it is no good anyhow; but other things being equal, a branch at the west end is the most valuable of the two.

Q. The most through traffic that comes from the branches is done in connection with the eastern part of the country?—A. Yes; and it comes over our whole line; we have wheelage on it from one end to the other.

GEORGETOWN, BRECKENRIDGE AND LEADVILLE R. R.

Q. Explain as to the next road, the Georgetown, Breckenridge and Leadville Railroad Company.—A. That is a connection or extension of the Colorado Central; it is not consolidated with the Colorado Central; it is a line known as "the loop line," and is one of the engineering curiosities of the country.

Q. What was the object of acquiring it?—A. It was intended to make a short line from Denver to Leadville through the Loveland Parks. It ran up to Central City and other mining camps, which are of themselves valuable, and then it wound up through the mountains to this point, and was intended to cross over; there are now 14 miles of missing link, and whether we will put that through, making the road the "Leadville Short Line," is a question to be decided. It is a short road, and an extension of the Colorado Central—only 8½ miles long; a very difficult piece of engineering.

Q. Its business is mineral?—A. Its present business is mineral; and somewhat of pleasure travel. Many people go up there in order to get to Gray's Peak. It is an engineering curiosity also. It winds about over itself, and every one who goes to Colorado goes over it in order to see this mountain road.

Q. The operating expenses are reported to exceed the gross earnings?—A. I should think on that 8 miles they probably must.

ITS VALUE AS A FEEDER.

Q. Does that road give any business to your parent road?—A. Oh, yes; everything it has comes down over the Colorado Central.

Q. How can a road whose whole traffic is less than its operating expenses, and the annual business only amounts to $7,000, be an advantage to the Union Pacific?—A. Because that $7,000 may represent over a longer haul on the other road $100,000. It would depend on the length it was carried over the mother road. Such a case as I suggest is a thing perfectly easily to be conceived, and it exists in the case of the Echo and Park City.

Q. It can be computed, but has the computation been made?—A. Oh, yes; I have had those made every year in order to ascertain what the branch line business of the Union Pacific road is worth to it.

Q. Have you made it for this particular branch?—A. For that particular branch. It is merged with the rest. I have not made it for that.

Q. Who has charge of that computation?—A. They always go to the comptroller.

Q. Mr. Mink?—A. Mr. Mink has them prepared for me.

Q. And he can furnish you with all those statements?—A. Yes.

Q. Do you know anything about the circumstances under which your interest in that company was acquired?—A. In the regular way. It was built by us. Our chief engineer laid it out, and it was built by our construction department.

Q. It has been constructed since your administration?—A. No; it was before my time. In 1882 when I was out there they were at work on it.

GOLDEN, BOULDER AND CARIBOU RAILROAD.

Q. I now find the Golden, Boulder and Caribou Railroad Company; will you tell us about that?—A. Has that road not been discontinued? I think that has been merged in the Denver, Boulder and Marshall; practically it was a sort of switch to the Marshall mine.

Mr. HOLMES. Yes, from Boulder to the Marshall coal mines.

The WITNESS. Since we constructed the Denver, Boulder and Marshall we have a better line, and so we have discontinued that, working our business over the other line.

Q. When was that road constructed?—A. We own the Marshall mine, and it was constructed to that mine. No; I am mistaken; we did not own the Marshall; the Louisville mine we owned. There was a quarrel there. When I came in it was one of the vexatious questions I had to deal with, and I dealt with it through the Denver and Marshall road, which made a short line, and we carried the coal out by that.

Q. It appears from your report that it cost the company $120,000? A. I should think it likely.

Q. Do you know anything about the circumstances attending the expenditure of that money?—A. Nothing whatever.

Q. Who can give us those facts?—A. I have no doubt Mr. Dillon can tell you all about it.

GREELEY, SALT LAKE AND PACIFIC RAILROAD.

Q. I now find the Greeley, Salt Lake and Pacific Railroad Company; will you tell us about that?—A. That is a franchise; it ran up from

Greeley of the Colorado Central to our quarries at a point called Stout, and has never been carried any further. It is practically a road with which we bring stone down from these quarries and ship it east.

Q. How long have you owned your interest in that road?—A. Long before I had anything to do with the Union Pacific.

Q. The report of 1884 says that this road was incorporated in 1881. It must have been acquired after that, was it not?—A. I only know that when I went over the road in 1883 we went up to Stout; that was my first acquaintance with it.

Q. What is the length of the road?—A. Fifty-four miles.

Q. What is the character of the road?—A. It is a road that runs through an agricultural and grazing country until it gets into the hills, and then it goes to these granite quarries. It was always supposed it would go up the pass beyond—that was the original idea—into the North Park.

Q. The reports show a constant deficit. Is that the present case?—A. I dare say; I do not remember.

Q. What is your judgment as to its future?—A. It is a very valuable feeder, indeed; it brings enormous quantities of stone to us, which are carried down to Kansas City and Omaha. When you get up there you will see an enormous movement going on; but the haul is short, and the road itself gets little from it; the profit goes to the main line.

"STONE DEPARTMENT" OF UNION PACIFIC.

Q. What quarries does this road connect with?—A. Those at Stout.

Q. By whom are these quarries owned?—A. They are owned and operated by us. We have a Stone Department there.

Q. Do those appear in your report as one of the investments outside of railways?—A. Yes; the Stone Department makes its own reports, just as the Coal Department does.

Q. Is the quarry used by you in connection with the masonry work on your own road?—Yes; for instance, we are now building depots out of the stone we quarry there. We buy our own stone, just as we buy our own coal.

Q. Is it a distinct company? I mean is the ownership of this quarry effected through an organization or company?—A. No, I think not; we work it exactly as we work the coal mines at Rock Springs; it is a part of our organization. This department is credited with the prices it gets. They keep their own accounts—they have to—to see what the stone costs, and we get it at cost.

Q. When did your company acquire title to the quarry?—A. I do not know.

Q. It was before your time?—A. It was long before my time, and we must have taken up the sections in the regular way. It is not on the land grant.

Q. Was the main object of acquiring title to this Salt Lake road for the purpose of making that connection?—A. I cannot tell you that; that was before my time.

Q. Do you know anything of the circumstances of the acquisition of the title to the stock and securities of the Salt Lake Company?—A. No.

Q. Can Mr. Dillon give us that information?—A. I have no doubt he can.

Q. What is your judgment in regard to the advisability of retaining that road?—A. It is very valuable indeed. It is a source of great and growing business. I am building another just exactly like it to the

Buck Horn quarries now. The whole Mississippi Valley is devoid of stone that is worth anything, and we shall have a large business, all down hill.

Q. The great advantage being that the stone will be required at the east end of your entire line?—A. Of the entire line, 700 miles off.

JUNCTION CITY AND FORT KEARNEY.

Q. Explain about the Junction City and Fort Kearney Railway Company?—A. That is a road from Junction City on the Kansas Pacific to Fort Kearney and beyond. It is an agricultural road, and was before my time entirely, and it is an agricultural feeder of the Kansas Pacific.

Q. Do you know when the company acquired its interest in that road?—A. I should have to look and see when it was.

Commissioner ANDERSON. It came through the Kansas Pacific, I see in your report.

The WITNESS. Yes; it came through the Kansas Pacific. It was before the consolidation.

Q. Does it pay interest and operating expenses?—A. It pays its whole operating expenses, but does not quite meet its fixed charges; but the bonds are in our possession.

Q. What is the point of connection?—A. Junction City.

Q. How far from Kansas City?—A. One hundred and thirty-eight miles.

Q. What is your judgment as to the effect of that road as a feeder?—A. You see we have on that road 138 miles haul on its entire business. I should say that there was no question that it was a valuable property. I should be very sorry to lose it. It may not appear a source of profit in its own accounts, but there remains that grand fact of 138 miles haul on everything that goes to it or comes from it.

Q. You know nothing of the circumstances under which the stock was acquired?—A. No; that goes back to the original Kansas Pacific road, before it came into the Union Pacific system.

KANSAS CENTRAL RAILWAY.

Q. Will you explain about the Kansas Central Railway Company?—A. The Kansas Central was another of those roads which came in under the same heading as the Central Branch. It is a narrow-gauge road. That is the trouble with it. Until the gauge is widened it is a very poor piece of property. It will probably have a wide gauge. There are two points where it connects, at Manhattan City and Junction City. That road runs from Leavenworth due west.

Commissioner ANDERSON. I notice that the balance of the income account down to December 31, 1885, shows an aggregate loss of over $700,000.

The WITNESS. Yes; that road has for the last few years worked very badly, and I think it will until we change the gauge and widen it.

Q. What is your practice in stating the accounts with these subsidiary roads, where you hold the bonds, in charging interest? Do you always charge the full interest at the rate of the bonds?—A. That is my understanding.

Q. The practice has not been to charge at an arbitrary rate of interest, 3 or 4 per cent.?—A. Oh, no, sir.

Q. If the bonds ran at 6 or 7 per cent.?—A. No; I know in some cases we have not presented coupons. We have left them attached to the bonds so that they accumulate and go on without being paid off.

Q. In that case the income account would show a more favorable result than the actual fact would be?—A. The real question to be looked at in this case is the question of operating expenses. The Kansas Central is a difficult problem.

Commissioner ANDERSON. I notice under the statement in regard to this company that your company holds $1,162,000 of the bonds out of a total of $1,348,000, and substantially owns all the stock.

The WITNESS. There is only about $170,000 that is outstanding.

Q. On these bonds that are outstanding, has the interest been paid?—A. It has been paid until this year; I stopped it the other day.

Q. At 7 per cent.?—A. Yes; it is about $10,000 a year that we paid.

Q. What was the object in paying that interest in prior years, when the road was running behind so heavily?—A. It was considered, as they express it here always, that we were "protecting our investment." We went on from year to year in the belief that the thing would work better, and we were not prepared to deal with the question of reorganization. This year the directors concluded that it would be better to deal at once with the question of reorganization, and therefore they stopped paying the coupons. I understand there will be legal proceedings.

Q. Do you know who are the owners of the $170,000 of outstanding bonds?—A. Yes; it is Mr. Smith, of Kansas, commonly called Len. Smith. He built and owned the road, and when he sold it to us he retained that amount of bonds.

Q. When was that road sold to your company?—A. I really do not know.

Mr. MINK. January, 1880, was the first interest obtained in it.

The WITNESS. It was obtained, I know, from negotiations with Mr. Smith. Mr. Holmes could tell you a great deal more than I about that, for he was of counsel. The counsel of the Kansas Pacific is familiar with these things; I only know of them from hearsay.

LAWRENCE AND EMPORIA RAILROAD.

Q. The next road is the Lawrence and Emporia Railroad Company. Will you explain about that?—A. That was a road about 25 miles long, from Lawrence running southwest to Carbondale, as it is called, a place where there were some coal mines. It was a small affair, acquired some years ago, and we own all the stock and all the bonds. The coal fields there proved worthless, and we have abandoned them, and we have practically abandoned the operation of the road. Mr. Dillon could tell you all about that. It has given me a good deal of trouble, first and last.

Q. What coal mines were they that it connected with?—A. There were some coal mines, where you strip the soil off, and there are underlying layers of coal two or three feet thick; soft coal. We owned the mines; the Carbondale Coal Company and we worked them until we worked them out. Mr. Holmes again can tell you all about that. I merely know that it was a small affair; that the mines worked out, and it has been a burden to us since I have had charge.

Q. I notice your deficit runs up to $14,000 and $16,000 a year.—A. Yes; there is no business at all there since we stopped the mines.

Q. The enterprise is now abandoned?—A. No, we cannot abandon it. We have to keep it nominally running, but there is no business there. It is one of those cases which a railroad sometimes meets where you are prevented by your franchise from taking the iron up, or you are

unwilling to offend the local interests; but if the interest of the company only was consulted we ought to take the iron up. But the attorney-general and the legislature have threatened us.

Q. Threatened whom?—A. The Union Pacific road.

Q. I understand it is run by another road; is that so?—A. That is true; but they say "you are responsible for that, and you own it." We have to deal with it. It has been a cause of grave charge against us in the legislature, the fact that we did not do anything with a wholly worthless road. They wanted us to extend out, and we did not see our way to do it. It has been a very disagreeable experience.

Q. Do I understand that it is still causing you a loss of $14,000 a year as now operated?—A. I do not remember the exact amount; it is in the report, copies of which will be handed you to-morrow.

Q. What is the total deficit in the income report?—A. I think we cut it down to a nominal figure this last year.

Q. It is $137,000 to December, 1885, according to your income account, is it not?—A. That stretches over a great number of years.

Q. You know nothing of the circumstances relating to the acquisition of the interest?—A. I know more or less, for I inquired into that, but Mr. Holmes can tell you better than I, and my information is based wholly on hearsay.

MONTANA RAILWAY.

Q. Will you explain about the Montana Railway Company?—A. We have a Montana Railway and the Montana Union. This is a branch from our Utah Northern to the Anaconda Smelting Works. The Anaconda Smelting Works are some enormous works owned by James B. Haggin, of California, and this is practically a branch line to them, over which we do an enormous business; it has been very profitable, indeed.

Q. How long has that road been operated?—A. Only about three years, I think. It was finished after I took charge.

Q. What is the ownership of the Union Pacific in that?—A. It owns the whole of it, I believe. It owns all the stock. We never had any bonds on it.

Q. By whom was that road constructed?—A. It was constructed in the usual way by Mr. Brinkendorfer, the engineer—by our construction department. It was constructed under contract.

Commissioner ANDERSON. I see this is a narrow-gauge road?

The WITNESS. Yes.

"THE NARROW GAUGE A FIRST-CLASS NUISANCE."

Q. In regard to the construction of a narrow-gauge road, what is your judgment as to the effect on the usefulness of the road so constructed?—A. I consider the narrow gauge a first-class nuisance.

Q. In all cases?—A. Yes; I never saw a narrow gauge that I would give a cent more for because of its being narrow gauge.

Q. This road has been constructed on a narrow gauge?—A. It has; and we are going to make it a standard gauge next summer.

Q. Was not this done since your administration?—A. Yes; it was part of the Utah and Northern narrow gauge system, but we are going to widen the Utah Northern next summer.

Q. In your judgment, then, in almost every case the narrow gauge is undesirable?—A. We haven't got a case of a narrow gauge connected with the Union Pacific where I do not think it would be better to have the standard gauge.

COMPARISON BETWEEN NARROW AND STANDARD GAUGE.

Q. What is the difference, under ordinary construction, in the cost of construction?—A. I cannot tell you, but I do not think it very great; the whole theory of the narrow gauge is broken down; the theory under which it started was that it could have very much lighter rails, because it had very much lighter equipment, and it would require very much lighter structure; but since that, under the pressure of business, they have found it necessary to increase the weight of rails, and of locomotives, until they have got it up as high as the standard gauge was at the time the narrow-gauge roads were built; and the only ground it can possibly stand on now is that it can climb to points which the standard gauge cannot reach; for instance, on the narrow gauge you go over 4 per cent. grades—that is, 216 feet to the mile of ascent.

Q. Is it your present policy, wherever it is convenient, to alter the narrow gauge to the standard gauge?—A. Yes; so far as we can.

Q. How much narrow gauge have you?—A. Fifteen hundred miles, more or less, I should think—the Utah Northern, the South Park, and the Kansas Central.

OMAHA AND REPUBLICAN VALLEY RAILWAY.

Commissioner ANDERSON. I pass now to the Omaha and Republican Valley Railroad Company.

The WITNESS. The Omaha and Republican Valley Railway Company is a system of branch lines which we have built in Nebraska, and which feed the main line of the Union Pacific. It is a Union Pacific division. It is changed since the report you have before you. In our present report it has about 750 miles, I think.

Commissioner ANDERSON. I notice the earnings take a great jump in 1883 or 1884.

The WITNESS. The country is filling up very fast.

Q. What is the character of that country?—A. Agricultural.

Q. Please describe the other portions that have been consolidated with it to make up the 700 miles?—A. We have put all our branch lines in Nebraska and as many as we could of those in Kansas into one consolidation, which includes properties both north and south of the main division of the Union Pacific.

Mr. HOLMES. It is more easy to treat that under the name of the Omaha and Republican Valley Railway Company, in which the railroad, with others, was consolidated.

Q. This system is now known as the Omaha and Republican Valley Railway Company?—A. Railway Company, yes.

Q. Please describe the character of the business done by that road.—A. Agricultural.

Q. Does it do any mineral business at all?—A. None whatever.

Q. What is your judgment as to its future?—A. I think it good. I should be very happy to buy that road of the Union Pacific at any time. I think very favorably of it.

Q. Do you know anything in regard to the circumstances under which the Union Pacific acquired its interest?—A. It was in the regular way. The various roads were built under contracts made by our construction department, and paid for by the Union Pacific, and all the stock and all the bonds were put into the treasury of the Union Pacific.

Commissioner ANDERSON. I notice your report states the Union Pacific owns all the bonds except $2,000?

The WITNESS. I do not know how they got out.

Q. Is the road valuable as a feeder, also?—A. Very. The only difficulty with it is that on traffic to and from it we have comparatively, what you remarked before, a short haul from Omaha.

MARYSVILLE AND BLUE VALLEY RAILROAD.

Commissioner ANDERSON. The next road is the Marysville and Blue Valley Railroad Company, which is stated to be a part of the one that we have been speaking of?

The WITNESS. It is the connecting link between the Union division and the Kansas division.

Commissioner ANDERSON. I should like to go away for a short while if you will go on with this.

The CHAIRMAN. I will leave that branch and take up another branch of the examination. I conclude that you are familiar with it from the fact that you have examined in detail from time to time the accounts of the road.

ORIGINAL COST OF CONSTRUCTION OF UNION PACIFIC.

By the CHAIRMAN:

Q. What was the original cost of the construction of the Union Pacific?—A. I cannot tell you.

Q. About what?—A. That goes far back into the early history twenty years ago. Without long examinations of accounts and records I should be unable even to form a judgment.

Q. Where can we get that information?—A. You would have to go to the original records. It was a very confused state of affairs in those days. You know it was the period which immediately followed the war and the road was built in the most costly way in which a railroad could be built. There has never been anything like it. It was built under great popular pressure; with a speed that was never known before; with gold at about 150; without any railroad reaching the Missouri River, and with everything to be carted across the prairie. You would have to go Mr. Dillon and others connected with the company in these days to tell you about that.

Q. Mr. Dillon and who else?—A. Mr. Blinkendorfer, our engineer could tell you a great deal, and General Dodge, of course, could tell you a great deal.

Q. And the other directors who were directors at the time?—A. Yes.

Q. Where are the original records?—A. The original records of the Union Pacific are in Boston.

Q. Are the minutes of the meetings of the board of directors there also?—A. Yes; I presume so.

Q. Have you ever examined the minutes of the records of the early meetings?—A. I never have. I will state to you that I do not pretend to know anything about the Union Pacific Railroad prior to 1880—prior to the consolidation. I draw the line there. I have always insisted that there must be a period at which you draw the line, and I drew it at the consolidation. Before that it was matter of ancient history to me. I must take all that occurred prior to some specified date as accomplished facts, and, as that date, I took the year 1880—the time of the consolidation. Beyond that I regarded the statutes of limitations having run, so far as I was concerned.

Q. Then you are unable to give us any information by reason of your

own knowledge prior to 1880?—A. I have made it a rule not to go beyond that period. I have always had sufficient to do in attending to the business of the present time.

Q. Have you examined the establishment of the auxiliary system of roads with reference to the time prior to 1880, as to its effect upon the general road in the future?—A. No; I took the property as I found it.

INVESTMENTS IN BRANCH LINES FROM NET EARNINGS.

Q. From what fund has the Union Pacific made investments in the auxiliary roads from time to time?—A. It has made the investments largely from its net earnings. There was a very long period when the Union Pacific was immensely profitable, and it earned, I think, at times as high as 12 to 14 per cent. a year on its stock. The directors pursued a tolerably conservative policy, and they used to divide 6 or 7 per cent., and the balance was put into the property. That represented every year a large sum of money; several millions of dollars. And as that accumulated it made the basis of the branch system. The branch system of the Union Pacific represents money which the stockholders might perfectly well have divided, paying it out to themselves in dividends, but which they did not so use, putting it, on the contrary, into the property. They have, moreover, from time to time sold a portion of the securities, which, in the case of any other company, would have been represented by their own securities issued against their branch system. For instance, the C. B. and Q. has pursued the same course as we have. The Chicago, Burlington and Quincy last week put out a loan of $12,000,000, secured on its branch system. That is a sound railroad policy to pursue, but we cannot pursue it. If we could, we would take our branch system and issue against it the bonds of the Union Pacific; we should then sell them exactly as the C. B. and Q. are selling similar bonds to-day. We are unable to do so on account of the peculiarity of our charter and our connection with the Government. Every other company does that, and, financially, it is the correct thing to do. We would do it if we could.

LOSSES ON BRANCH LINES FALL ON UNION PACIFIC.

Q. Then the loss account of the several branch roads which you have cited falls upon the Union Pacific?—A. That falls on the Union Pacific.

Q. Then as to most of the roads that have been named to you, I think in a majority of them there has been a deficit, according to your reports?—A. I do not know whether there has or not, but that would be immaterial.

Q. Where does the road derive the benefit; in the future?—A. No, it derives it in the immediate present.

Q. In what direction?—A. In the direction of business which the branch lines give to the main line, which it would not have but for the branch lines. We will take such a road as the Echo and Park City, or any road of a similar character. Such a road will give to the Union Pacific a large amount of business which it otherwise would not have, which the Union Pacific hauls 800 miles over its track. The wheels are going all the time; and if the main line did not have the branch it would not have its business. Therefore the Union Pacific makes immensely out of the branch, although the branch itself may show a deficit.

Q. Is it not true that in the future, as population grows, the branches

will be of more benefit than in the past?—A. That depends. As to the agricultural branches they will be, but as to mineral and mining branches it will depend entirely upon the mines to which they run.

SINKING FUNDS.

Q. For the bonds that were issued originally by the Union Pacific you have a sinking-fund account?—A. The original bonds?

Q. Yes, sir.—A. No, there is no sinking fund for the original bonds.

Q. How do you make your investments for the sinking fund?—A. Every mortgage deed provides for itself. As a general rule, they provide for buying in their own bonds up to a certain price. When the bonds exceed that price they take something else. Each mortgage speaks for itself.

Q. Then the investment for each sinking fund is made in the bonds of the company?—A. In the bonds of the particular company; yes. The very object of the sinking fund is to absorb the bonds.

Q. Are the sinking-fund accounts ever used for other investments.—A. No.

Q. You are only speaking now of the period since 1880?—A. They never were, I think. I am speaking of the whole time. But Mr. Mink can tell you a great deal more than I can about that. Going back to that matter of the branches, I would say that the last computation I had made, in order to ascertain what our branch system was worth to the Union Pacific indirectly, in the amount of business which the main line had which it would not have without the branches, led me to the conclusion that at present our branch system was worth to the Union proper about $5,000,000 a year, entirely apart from anything that appears in the accounts of the branches themselves.

CONCERNING INVESTMENTS IN OTHER ENTERPRISES.

Q. What other interests have you outside of the Union Pacific in manufacturing or mining companies along the line?—A. We have coal mines at Rock Springs, Alma, and Grass Creek. That, you know, was the salvation of the Union Pacific; those mines saved it. Otherwise the Union Pacific would not have been worth picking up. It struck coal. Of course, in the wholly undeveloped condition of the country we had to become coal miners, and at first we mined coal solely for our own use. The road ran through a wilderness at that time. We did so, and gradually there grew up a regular coal department attached to the road. Then we began to mine for private consumption, as a regular miner, and it has since been a source of large profit.

In addition to that, we are interested or were interested—I have got rid of several of them—in other mines, and from time to time, in order to help things along in that country, we have been interested in elevators, exposition buildings, &c.; helping them along in those things.

Q. Then you have soda deposits and soda works?—A. Yes. That was a case where we tried to develop the country with very poor success. There was a lake with large deposits of soda; and Mr. Sickles came back from abroad with the idea that there was in that deposit a fund of wealth for the country and business for the road, and he induced us to put up works. Since that time we have been running them, because we did not feel like taking the risk of abandoning them. There is no profit in them.

OCCIDENTAL AND ORIENTAL STEAMSHIP COMPANY.

Q. I notice the Occidental and Oriental Steamship Company; will you tell us about that?—A. It is a profitable thing. Mr. Mink can tell more about it than I can. The Central Pacific people organized it to run a line of steamships to Japan, and we took a half interest, I think. That has been a source of profit.

Q. Have the investments in manufacturing and mining companies?—A. We never had any in manufacturing.

Q. Have any of those outside miscellaneous investments, as a rule, been successful in producing profits?—A. I think not. I am opposed to them, and the policy of the company is opposed to them; but they were rather forced upon us by the unsettled condition of the region through which the road ran. There are two pressures brought to bear very heavily on us the whole time out in that country. One is, as the people say, "To help things along, to develop the country, to lend us a hand." As a rule, when we do so—and we do so with great reluctance—immediately the counter feeling comes up, "Why do you put your finger into every pie in the country?" We are denounced if we do not do it for lack of enterprise; and if we do it we are denounced for meddling with things that do not belong to us. I am myself strongly inclined to confine the company strictly to its legitimate business as a common carrier.

Q. Then these investments have been a source of loss?—A. Not perceptibly. As a rule I should say we had made money on them.

CONCERNING THE 5 PER CENT. RULE.

Q. What have been your payments to the United States Government under the 5 per cent. rule?—A. We have made them every year.

Q. In cash?—A. Yes; practically, though there is no money paid; but, it is paid in transportation, for which the Government owes us, and then, instead of giving us the money, they deposit it to our account in the Treasury.

Q. Then, under the act of 1862, you have at no time made any cash payments more than twice, I think, according to the reports of the Secretary of the Treasury, other than in the credits that have been allowed by the Government for transportation?—A. I think that is all.

Q. How was the amount adjudged by the Court of Claims paid?—A. That was paid in legal-tender notes.

Q. Was it paid in full?—A. It was.

THE $900,000 ITEM.

Q. Will you explain to me this item that appears in the report of Mr. Manning, Secretary of the Treasury, for the year 1885? The item is $641,000 credit and $200,000 is reported to be in cash. I see no cash payment in your returns.—A. Undoubtedly the rest of that particular item was paid in services rendered. I remember, if I recollect right, that I sent up legal-tender notes for $716,000.

Mr. LANE. Nine hundred thousand dollars.

The CHAIRMAN. It does not appear there.

The WITNESS. I know very little of the way those accounts are kept. I merely remember that I had to get the money, and I got it, and it was paid into the Treasury, and a receipt for it in full given us.

Q. Who can explain that item?—A. Mr. Mink can tell you all about it.

Q. There does not, as a matter of fact, appear anywhere in the United States Treasury account the payment of any such sum as $900,000, the award made by the Court of Claims.—A. It must appear somewhere; I know we made the payment. There was no check given, but the money was deposited in bills at the sub-treasury, for I remember the bills had to be counted; the sub-treasury in Boston.

Mr. LANE (to the chairman). The part going to the sinking fund you did not see; it is stated elsewhere.

The WITNESS. The total was $917,000.

The CHAIRMAN. These are the total payments showing the amount withheld by the United States and the credits given, as reported January, 1887, showing the cash payments and the credits, in which this sum does not appear.

The WITNESS. I should have to refer you to Mr. Mink to explain that.

Mr. LANE. We held on to that money, awaiting their division of the amount between the two accounts, for a few days.

CONCERNING INTEREST OF OFFICERS IN OTHER ENTERPRISES.

Q. I will ask you a general question under the act of Congress, whether any of the directors, officers, or employés are interested in any way in contracts with the road?—A. I never heard of a case.

Q. You would hear of it if such was the case?—A. I should hope to hear of it. I never heard of anything of the sort. The only way in which an employé has ever been interested—but no one ever has. I was going to say, as to these construction contracts, that once or twice some one in our employ has been a nominal contractor. He made a nominal contract with us, for our construction department must have some one through whom these operations are conducted; but in such cases they have never been paid anything. We simply use their names in order to transfer the stock and bonds to our treasury. It is a nominal service.

Q. There is no profit?—A. No profit whatever; not a dollar.

Q. Speaking since 1880, has the road loaned or invested its sinking fund money in any way?—A. No. What sinking fund money?

Q. Sinking funds for bonds?—A. You mean the Thurman act sinking fund? On that the Government gave us 2 per cent. a year.

The CHAIRMAN. You have established a sinking fund to which you carry different sums from time to time, and out of which you make investments in order to accumulate to meet them at maturity.

The WITNESS. The trust companies do that. The company has nothing to do with it. I think it is always a trust company now. I do not think we have a single case of trustees. Oh, Mr. F. L. Ames is the trustee under the land-grant mortgage. That is an exception. But he cannot make any investments whatever. He is prohibited from doing so. He can only deposit the land money with a trust company in New York.

Q. Where do you carry the proceeds from the sale of land?—A. It goes to the trustees. All of it. The company has nothing to do with it.

Q. For what purposes?—A. In the Union Pacific land grant it is a trust to take up the land-grant bonds and the sinking-fund bonds at maturity. In the case of the Kansas Pacific, it is a trust to take care of the consolidated Kansas Pacific mortgage bonds.

Q. The trustees make investments for the bonds?—A. There are no investments to be made.

Q. What is done with this cash payment that you get from the sale of the land?—A. It is put into a trust company and accumulates there.

Q. What does the trust company do with it?—A. We do not know. They pay us 3 per cent. interest.

Q. Who can inform us as to what they do?—A. The trustees and the trust company.

Q. So that we would have to look to the trustees for that information?—A. Undoubtedly. The trust company would say "it goes into our general funds." We have an agreement with the company by which they pay us 3 per cent. interest, or whatever it is, but the money itself goes into the general investment account of the trust company.

DIVIDENDS.

Q. When was the last dividend of the road declared?—A. It was declared at the meeting held in March, 1884. It was paid the 1st day of April, 1884.

Q. How do the earnings of 1885, for the purposes of dividends, compare with 1884?—A. They fell off. In 1883 everything came on the Union Pacific at once. Before that it was earning enormously; but at that time the Northern Pacific was completed through, which affected us very severely on Pacific coast business and on Montana business, very severely, indeed. The Denver and Rio Grande was completed through to Ogden, which affected us on business to Salt Lake. At the same time the Southern Pacific was completed through, which affected us on the business to San Francisco and the Pacific. And almost at the same time the Horn silver mines ceased to be productive. The result was that our business fell off, if I recollect right, $4,000,000 in one year. At the same time our rates were reduced and our expenses were necessarily increased.

USE OF NET EARNINGS FOR CONSTRUCTION OR TO PAY FLOATING DEBT.

Q. What disposition did the company make of the proceeds of the profits or net earnings of that year?—A. What was left of the net earnings of that year, after the Government was paid (which would have been applicable to dividends), was devoted to paying off the floating debt of the company and restoring its financial situation.

Q. Was that the case with the year 1886, the year just passed?—A. Yes. We were forced last year into a certain amount of construction and development, and that was the only fund we had to apply to it. It is so stated in the report of the year. Since I have been in charge of the Union Pacific we have put $16,000,000 into the property; and we have raised that money, or about half of it, from net revenue, which would have been applicable to dividends which the stockholders went without; and the other half of it came from the sale of securities, the quick securities in our treasury. We turned them into cash, and put the proceeds into the business.

Q. Then the net earnings or profits of 1885 and 1886, which are nearly about the same, have all gone into the improvement of the road?—A. All gone into the general improvement of our property and the payment of the floating debt.

Q. Where would that appear in your balance-sheet?—A. You will find it in detail in the annual report of this year.

Q. Is that statement set out in the balance-sheet, showing the increase of investments from time to time?—A. Yes; in our investment account. You will find it there every year.

DECREASE OF ASSETS.

Q. The investments as they appear in 1884 are $46,000,000 in total, and in 1886 are only $45,000,000, as reported in the total investment account. What is the cause of that decrease?—A. There were $4,000,000 or $5,000,000 in Saint Joseph and Grand Island bonds that were sold. The account has been increased from some sources and diminished by the sale of quick assets; so the amount you name is the net decrease.

Q. How much of this went into the construction account of this $16,000,000?—A. I should have to look to the report of this year to tell you; but it is stated there.

Q. Was there a large amount?—A. A very large amount.

The CHAIRMAN. I call your attention to the fact that in 1883 or 1884 the construction account total was $158,918,607.04, and in 1886 $161,283,688.21; so that of the $16,000,000 net earnings of the three years, or two years, only $3,000,000 went into the construction account.

The WITNESS. That was the construction account of the Union Pacific proper.

The CHAIRMAN. This is for the Union Pacific system, the railway company.

The WITNESS. Is it the railway company proper, or the system?

The CHAIRMAN. Yes, sir.

The WITNESS. The company proper is one thing; the system is another.

The CHAIRMAN. It is the railway company.

The WITNESS. Then very likely $3,000,000 went into construction. That was represented in all kinds of things—equipment, and improved appliances, and bridges, and everything. We had to rebuild the Omaha bridge, among other things.

Q. Of that $16,000,000, you have put into this Union Pacific Railway Company about $3,000,000 in the construction account, in improvements?—A. Yes.

PAYMENT OF FLOATING DEBT.

Q. Where did the other go?—A. Then there was a debt we had to pay off. We paid off a debt of $11,000,000, I think it was, a floating debt that the company had when I took charge. I mean bills payable. Our bills payable amounted, if I recollect right, to about that. Then a large portion of that money we paid over to the Government.

Q. I call your attention to the fact in the same report of the liabilities, the general balance-sheet of the Union Pacific Company, that the net floating debt was $308,000.—A. I am now speaking of bills payable. That is a different thing entirely. The bills payable outstanding really represent the floating debt of the company.

FLOATING DEBT OF 1884.

The CHAIRMAN. It appears in the report of 1884 that the floating debt was $308,513.

The WITNESS. That is a mistake, somehow or other. You are wrong there.

The CHAIRMAN. Very well, we will get the reports.

The WITNESS. We never had any such diminutive floating debt as that in 1884.

The CHAIRMAN. The report of the floating debt is $1,861,000.

The WITNESS. I do not know where you get those figures.

The CHAIRMAN. It is from your reports.

Mr. MINK. You might look at page 81 of the report of 1885.

The CHAIRMAN. I call your attention to the liabilities in the Union Pacific Railway Company's balance sheet, page 79; floating debt, $1,861,445.44.

The WITNESS. When is that?

The CHAIRMAN. The year 1884.

The WITNESS. Is that the floating debt?

The CHAIRMAN. Yes, sir.

Mr. LANE. You will find on the next page the details of that.

The CHAIRMAN. I call your attention to the other difference of the floating debt of 1884.

The WITNESS. There it is, yes, sir; $1,861,000, which had been reduced then from $7,000,000.

The CHAIRMAN. It was reduced from $3,237,696.53.

The WITNESS. The floating debt touched its highest point the 1st of July, 1884.

Q. That was $3,237,696.53?—A. It was a great deal more than that.

The CHAIRMAN. I call your attention to the balance sheet.

The WITNESS. That is December 31; I say June; it ran right up there to June. The net floating debt on June 30, when it attained its highest point, was $7,800,000.

The CHAIRMAN. What have you to say in reference to the $308,000 of floating debt?

The WITNESS. Is it not $3,000,000?

The CHAIRMAN. No, sir; $308,000.

The WITNESS. When was that?

The CHAIRMAN. This is the year 1883, where you deduct.

The WITNESS. They deducted material on hand in that account. We have never done it since.

Q. It appears in your account as a floating debt, $308,000, for that year, does it not?—A. Yes, sir; I see it. We never deduct material on hand.

Q. I want to call your attention to this fact, that in the accounts of 1881 to 1886 fuel and material appear in all the years except 1883 and 1882. Why were they omitted then?—A. I am surprised that they did so appear. I did not know that they were omitted. What is more, I see in the table they have here it does not appear. It is contrary to my orders.

Q. So that they ought to appear in every year?—A. No; they never should appear in any year.

The CHAIRMAN. I call your attention to the amounts where they appear in 1880 to 1886.

The WITNESS. I directed them to be left out in 1884 and never put back again. I thought they had been left out, and they are left out here. I have not had a chance to examine those papers, so that I cannot tell what they are. Mr. Mink would have to account for them.

The CHAIRMAN. I want to call your attention to this report here: fuel and material.

The WITNESS. That is not floating debt. That is a different thing. That is not included in our floating debt.

Q. I want to know why these items are omitted in these reports in the years 1883 and 1882, and they appear in every other year?—A. I cannot tell you. Mr. Mink will have to explain that. They ought to appear in the general balance-sheet.

Q. Have you any items, miscellaneous accounts or legal expenses, that appear in any of the books since 1880, where there are no vouchers for each item of payments?—A. I think not.

Q. All your items, then, since 1880 are vouched for, with vouchers on file?—A. I cannot speak for 1880, but since I have been in charge they are—that is, since 1884. I supposed they were before that. Mr. Mink knows; I do not. I think our vouchers will stand a great deal of investigation.

HOSTILE LEGISLATION.

Q. On the question of hostile local legislation, I ask you, generally, upon that question, to what extent has hostile legal legislation affected the working of the Union Pacific along the line?—A. They have affected it quite seriously. That is, in nearly every State—at any rate in Nebraska and Kansas—there have been laws passed which have arbitrarily cut down our rates. And then, in a new country like that, and especially with a railroad like the Union Pacific, it has to bear a most inordinate share of taxes. Our taxes amount to $1,100,000 a year; much more than they would be in a thickly settled country.

Q. Has there been any legislation known as hostile legislation that affected the Union Pacific?—A. I do not think there has been any. The legislature of Kansas commenced *quo warranto* proceedings against us on account of the consolidation; but those were settled long ago and the proceedings withdrawn. They are always threatening legislation and making us uneasy; injurious bills are constantly being introduced; but I do not think it has taken the form of actual legislation. At least, if it has, I should have to consult as to particulars with our officers on the spot and inform myself more accurately.

Q. Then you do not know of any hostile legislation that affects the general interests of the road?—A. No, except in the particulars mentioned.

LAND GRANTS.

Q. Has the United States anywhere aided any of the competing lines of the Union Pacific?—A. They have given them very large land grants.

Q. What lines?—A. The Atchison, Topeka and Santa Fé had a land grant from the State of Kansas; the Northern Pacific had a land grant, which we all know about; the Chicago, Burlington and Quincy, or the Burlington and Missouri, in Nebraska, had a very valuable land grant from the State of Nebraska, and the Northwestern and Elk Horn. There have been land grants to nearly all the roads, as well as to our own.

Q. I am speaking of the United States land grants to roads that compete with you; you can speak as to the effect of the competing lines upon your roads, can you not?—A. Yes, very decidedly; I have reason to; I have a realizing sense of that; everything in relation to land grants is a matter of record, and my evidence will be of little value.

The CHAIRMAN. I do not know that I want to go any farther to-day.

The WITNESS. I will be here at 11 o'clock to-morrow, and I should like to have my examination finished to-morrow, as I must go to Omaha as soon as I can get away.

The CHAIRMAN. Very well; we will adjourn until to-morrow at 11 o'clock.

The Commission then adjourned to Friday, April 29, 1887, at 11 a. m.

No. 10 WALL STREET, NEW YORK,
Friday, April 29, 1887.

The Commission met pursuant to adjournment.

Present: Commissioner Pattison (chairman), and Commissioner Anderson.

CHARLES FRANCIS ADAMS, being further examined, testified as follows:

The WITNESS. Before I proceed further I should like to say that I notice in looking at the papers that there apparently is some disposition to comment upon my statement made yesterday that I never personally looked into one of the books of the accounts of the Union Pacific. I desire to explain. I am not a book-keeper or an expert in book-keeping; I do not pretend to any knowledge of book-keeping proper; and as, Governor Pattison, when you were governor of Pennsylvania, you never, I presume, looked into any of the books of accounts kept in the treasurer's office yourself, so it has been with me. I have called, and do call continually, for summaries direct from the books, and hardly a day passes that I do not call for them; but when it comes to going to the books themselves and examining them in detail, I could not understand them if I did, for I do not know enough of book-keeping to enable me to go into them intelligently. It is a foreign language to me. Every day in the practical work of my office the comptroller comes to me with his report. He takes my instructions in regard to how charges shall be made; and I call on him for summarized statements, drawn from the books, of whatever I want, whether bearing on the operation of the road, financial conditions, or anything else. I take these summaries as he brings them to me, and I must necessarily do so, for the books are too complicated for a person who does not make a regular business of book-keeping to look into them intelligently. I am not enough of a book-keeper to pretend to go into the books of the Union Pacific myself; I must take them from others in whom I have confidence, those who have the control of them.

OMAHA, NEOBRARA AND BLACK HILLS RAILROAD.

By Commissioner ANDERSON:

Question. The last one among the operated branches that we have examined about was the Omaha and Republican Valley. The next branch as to which I will ask for an explanation is the Omaha, Niobrara and Black Hills Railroad Company.—Answer. That is a branch extending from the main line of the Union Pacific in a northerly direction in Eastern Nebraska. It is an agricultural road. It has since been consolidated and is now a part of the Omaha and Republican Valley Railway Company, which I explained yesterday.

Q. What is the character of its operation?—A. An agricultural road.

Q. What has been its history in regard to paying?—A. It has been in connection with the Union Pacific a profitable road.

Q. That is, taking its own operation in connection with the operation afforded to the main line?—A. Yes; we have a very large constructive mileage from the roads east of us, which in the case of this road makes it a profitable road to the Union Pacific.

CONSTRUCTIVE MILEAGE.

By the CHAIRMAN:

Q. In constructive mileage does the branch road receive the benefit?—A. No; the Union Pacific receives it from the roads east of Omaha.

Commissioner ANDERSON. We had better take each subject by itself.

The WITNESS. It is a complicated subject, and I think you will have to take that up by itself.

By Commissioner ANDERSON:

Q. In regard to this road, you say it has become part of the Omaha and Republican Valley system?—A. Yes.

Q. And that system, if I remember right, you stated now embraces about five hundred miles of road?—A. Just about; 498 miles.

Q. And your explanation given yesterday includes the explanation that you desired to give in regard to the Niobrara branch?—A. Yes.

THE OREGON SHORT LINE.

Q. I find the next company or branch is the Oregon Short Line Railway Company. Please state where that leaves the parent road.—A. It leaves it at Granger, about 180 miles, if I recollect right, east of Ogden.

Q. Can you indicate on this map?—A. I can; it is marked there very distinctly.

Q. That is Granger [indicating on the large map]?—A. That is Granger. It runs up to the border of Oregon and ends at Huntington, where it connects with the Railway and Navigation Company.

Q. At this point it connects with what [indicating]?—A. At Huntington with the track of the Oregon Railway and Navigation Company.

Q. And that makes connection with Portland, Oregon?—A. With Portland, Oregon—Washington business.

Q. Is this a proposed extension?—A. No; that belongs to the Railway Navigation Company. It is already built. We connect now and run to Portland, Oregon.

Q. That is the line between Huntington and Portland?—A. No, not Portland; Umatilla.

Q. Is this [indicating] the Oregon Navigation Company?—A. No; the lower part, running south, belongs to the Central Pacific.

Q. This is the Oregon and California?—A. Yes. The Railway and Navigation Company ends at Portland.

Q. And the yellow line is the Northern Pacific system?—A. That is the Northern Pacific.

Q. When was this Oregon Short Line first thought of?—A. About the year 1881, I think. It was incorporated in 1881.

Q. When did the construction commence?—A. It must have commenced, I think, in the fall of that year. It was completed in 1882—two years before I took charge as president.

Q. When did you say it was finished?—A. Our road was finished in 1883, I think, but the Railway and Navigation Company did not connect with us until after I became president; that is, some time in December, 1884. When I went over the road in the summer of 1884, immediately after I became president, I went to Huntington.

Q. What information can you give us as to the origin of this scheme of making this connection?—A. That is a matter that others are far more familiar with than I. It naturally suggested itself. The theory of the construction is obvious. It was then supposed that the Northern Pacific was in such a condition that it could hardly be extricated from its troubles. The Washington and Oregon business was a very valuable business, and the directors of the Union Pacific conceived the idea of securing it by means of the Short Line.

Q. With the Washington system?—A. With the Washington system of roads; not expecting that the Northern Pacific would be completed for many years. Then Mr. Villard suddenly appeared upon the stage, and the Northern Pacific was in fact completed first, which quite deranged their plans; and then the Oregon Short Line was completed afterwards, making an equally short line with the Northern Pacific. The two lines are of the same length.

Q. Please tell us who the parties were who were originally interested, and most prominently, in this scheme?—A. There was no one most prominently interested in the scheme. The plan for building the road was the one ordinarily adopted, and adopted by all the lines, so far as I know; more particularly, recently, the Atchison, Topeka and Santa Fé. It was proposed to build this line in connection with the Union Pacific. The charter was obtained from Congress as a sort of a child of the Union Pacific, and the right to subscribe to the securities was publicly offered to all the stockholders of the Union Pacific in proportion to the stock which they held. There were no reserved rights. The rights stood at a premium. The whole of them were subscribed for by the Union Pacific stockholders, and the money was called in on the subscriptions.

Q. My question addressed itself to the period prior to that. I want to know who the men were who were the advocates of this scheme of constructing the Oregon Short Line.—A. I think all the directors were convinced of its desirability.

Q. Was it the unanimous opinion of the whole board that it should be built?—A. I think so. I do not think there was any dissenting opinion about it. I did not belong to the board then.

Q. Was that before you were a director?—A. It was before I had anything to do with the company in any way.

Q. Not before you were a stockholder?—A. I think it was before I was even a stockholder. Mr. Holmes, who is better informed historically than I, tells me that it was started as early as 1875 or 1876. If so, it was long before I had ever been near the Union Pacific.

Q. When were these rights to subscribe to the securities of the Oregon Short Line offered to the stockholders of the Union Pacific?—A. That is matter of record, but I think it was in 1881.

Q. That is about the time you began to be interested in the company?—A. I had some stock then. I forget how much. I bought a little stock.

Q. How was that road actually built; by the construction department of the Union Pacific?—A. Yes.

Q. Have you copies of the contracts for construction?—A. They are on file.

Q. How many miles is it for the whole length of the road from Granger to Huntington?—A. Six hundred and ten miles.

CHARACTER OF COUNTRY TRAVERSED.

Q. What is the character of the country through which the road passes?—A. As far as Pocatello it is a mountainous country. The road runs along the valley of the river.

Q. What river?—A. The Bear River, and then the Pont Neuf. It is a grazing country, with good farming possibilities in these valleys lying among the mountains. Then it runs into a lava bed, and that lava bed extends for several hundred miles. Then there is the Wood River Branch, which runs from Shoshone to Hailey, about 40 miles up in the Salmon River mining country, a mineral region. Then, when they get near the Snake, on the western border, not far from Boisé City, the line again runs into an agricultural and grazing country and out of the lava.

Q. What is the character of the country that you describe as a lava bed?—A. It is a country which is covered with sage brush, and evidently at some time in the history of the world, geologically, it has been in a highly eruptive state, so that the lava lies everywhere.

Q. It cannot be used for agricultural purposes?—A. On the contrary wherever sage brush is found the soil is rich. There are now great schemes on foot for irrigating that region. I regard Idaho as the most promising region the Union Pacific now has open to it. It has the most promising future. The Territory is full of schemes for irrigating, and wherever you have sage brush like that, water will turn the country into a garden.

Q. Is it naturally a productive country without artificial assistance?—A. Oh, no; no more so than Colorado.

Q. Then there are no earnings derived from the productions of that particular section at present?—A. There are a few cattle that graze there. That is all at present.

Q. When was this construction actually commenced?—A. I think the construction must have been begun in 1880 or 1881.

Q. When was the road opened for actual operation?—A. The road was opened early in 1882. That is stated in our report. On page 48 of that report you have in your hand you will find it.

COST OF CONSTRUCTION.

Q. Do you remember the rate of construction per mile?—A. On that road?

Q. Yes.—A. My impression is it cost between $20,000 and $25,000 per mile.

Q. That includes the land?—A. Everything.

Q. The grading?—A. Everything.

Q. Not the equipment?—A. Yes. The road could be built for less money to-day, because everything has since then gone down very materially.

BOND AND STOCK ISSUES.

Q. How much is that road bonded for?—A. Twenty-five thousand dollars a mile.

Q. How much is the stock per mile?—A. I think it is the same.

Q. Did I understand you to state that the stock and bonds were both subscribed for, the first option being given to the holders of Union Pacific stock?—A. They were all subscribed for by the holders of Union Pacific stock. Not all the stock and all the bonds. One-half the stock and all the bonds were subscribed for, in blocks.

By the CHAIRMAN:

Q. Did the Union Pacific guarantee the bonds?—A. No; the Union Pacific guaranteed the payment of interest on the bonds, under a traffic guarantee.

By Commissioner ANDERSON:

Q. You say one-half of the bonds?—A. All the bonds.

Q. All the bonds were taken at par?—A. I do not know. These blocks were subscribed for by the stockholders. A block would contain the bonds and stock, and they were all subscribed for.

Q. The point I want explanation about is that the par value of the stock and bonds is $50,000 a mile, and you state that the construction was $25,000 a mile.—A. Twenty-five thousand dollars; yes. One-half the stock was retained in the treasury of the Union Pacific, in order to represent the control of the property.

Q. And that is there still?—A. It is there still.

Q. What were the terms of subscription to the other half of the stock?—A. They will speak for themselves. I have not got them.

Q. The cost of your road as entered in this balance-sheet is $26,000,000, and your statement that $25,000 a mile covered the entire cost would only give us $15,000,000 for 610 miles; so that there must have been other things besides.—A. There were 40 miles more on the Wood River branch.

Mr. LANE. That is included in the 610.

The WITNESS. We have not got $25,000,000 of bonds out on that line. We have only $15,000,000 of bonds out.

Q. Twenty-five thousand dollars a mile for 600 miles would give you $15,000,000.—A. That is the exact amount of bonds we have out.

Q. The cost of your road, as stated in the balance-sheet, to balance both half the stock and bonds, is $26,000,000.—A. That is right. That includes the stock that went out with the bonds. The way it was subscribed is this, if I recollect right: A thousand dollars in bonds and five shares of stock——

Q. Five hundred dollars in stock?—A. Yes; was given for every thousand dollars subscription. That is my recollection.

Q. Then the stock went with the bonds, without any additional payment in money?—A. Yes.

Q. And the statement in your balance-sheet of the cost of the road is made so as to balance that issue, and without reference to the actual figures of its cost?—A. The actual figures of cost were different; but that is what appeared on the books.

VALUE OF OREGON SHORT LINE TO UNION PACIFIC.

Q. What has been the operation of that road since 1882 as to the general question of paying its expenses?—A. The road has always paid

its expenses and earned a very considerable surplus, but not sufficient up to the present time to pay the entire interest on the bonds as it accrued. We can give you the figures of that.

Q. Has the operation of the road improved from year to year?—A. Steadily.

Q. Of what degree of utility is this road to the Union Pacific as a feeder?—A. Very great, in my opinion. The Union Pacific has 800 miles haul on everything that goes to or comes from that road; 850 miles, or 860, I think it is.

Q. What proportion of the traffic that goes over that road and passes Granger has come all the way from Omaha?—A. Nearly the whole of it, except coal, &c., which comes from our mines at Rock Springs, and some which comes from Salt Lake.

CHARACTER OF BUSINESS DONE.

Q. What is the character of the freight that is carried all the way from Omaha to points on the Oregon Short Line?—A. It would be impossible for me to say. It is miscellaneous freight, going to Portland, and Washington Territory freight.

Q. Can you not give me the prominent items?—A. No; I should have to call for them. There is everything on earth. It would not be possible for me to specify. Everything that passes across the continent—transcontinental business.

Q. Can you tell me anything in relation to the proportion of freight or traffic that terminates on the line of the Oregon Short Line as compared with that which goes beyond, to Portland and points beyond Huntington?—A. There is a large business which goes over the Oregon Short Line up into the Wood River country, and comes back from the Wood River country; this is mineral. Stuff of every description goes in. The people there raise nothing; they depend upon us to carry them everything. They send out the products of their mines, and that goes over the line from Shoshone. Then the Boisé City business is of a miscellaneous character. You could get that information much better by examining our freight agent than by examining me.

Q. Please give us the name of the freight agent.—A. Mr. P. P. Shelby would be the proper person to examine on that point—of Salt Lake City. He is thoroughly informed.

Q. What is the population that may be said to be tributary to this Oregon Short Line?—A. I could not tell you.

Q. In general terms, it is very sparse?—A. It is very sparse indeed along the line of the Short Line.

Q. Are there any special settlements of any magnitude along the line of the road?—A. No, except Boisé City. That is at the western end of the road; and there is a series of towns springing up along Snake River. There is a surprising degree of activity you will see as you go over the line.

Q. The population is, in your judgment, increasing?—A. Very rapidly; very rapidly indeed. As I say, I regard Idaho as the most promising field of development—undeveloped field—that the Union Pacific now has. I am very sanguine in regard to the future of Idaho.

COMPARISON BETWEEN OREGON SHORT LINE AND CALIFORNIA AND OREGON.

Q. Have you ever been over the section of the Central Pacific which makes their Oregon connection, which they call the California and

Oregon?—A. I have never been over that line. It was never completed so that I could go over it. I should have had to stage it.

Q. Do you know anything of the character of that country with reference to the difficulty of construction as compared with the character of the country through which the Oregon Short Line goes?—A. I am under the impression that it is much more difficult of construction.

Q. Does that apply to the whole section from Redding to the north line of California?—A. I cannot tell that. The region that I speak of is where the line crosses the Cascade Mountains. I have heard of that; I have never been there.

I want to say, in regard to the remark that I just made that the Oregon Short Line could now be built for much less than it was constructed for, that that is true of every railroad in the West that was constructed in the year 1881. Since that year the prices of material have gone down, so that it is safe to say the road could now be built for 30 per cent. less than it was built for then.

Q. Thirty per cent.?—A. I think so; it is safe to say that.

GUARANTEE OF INTEREST BY UNION PACIFIC.

Q. I think you stated that the Union Pacific had guaranteed the payment of the interest on the Oregon Short Line bonds?—A. Yes.

Q. When was that action taken?—A. That action was taken at the time. It is a matter of record.

Q. At the time the bonds were issued?—A. At the time the bonds were issued. I am informed that January 12, 1882, is the date of the agreement.

Q. Was it reported by the Government directors to the Washington authorities?—A. I presume so.

Q. You don't know?—A. I don't know.

Mr. JOHN F. DILLON. I know it was.

The WITNESS. Judge Dillon can tell you about it better than I.

Mr. JOHN F. DILLON. There is a record of the correspondence with the Commissioner of Railways on the subject.

WITHOUT THE CONSENT OF CONGRESS.

By the CHAIRMAN:

Q. Did you obtain the consent of Congress to make the guarantee?—A. Oh, no. It was not covered by the act of 1873, our counsel advised us. It was made under advice of counsel.

By Commissioner ANDERSON:

Q. Who was the counsel who so advised?—A. It is on record. Sidney Bartlett, I think, Judge Dillon, and Shellabarger & Wilson. I don't know whether Mr. Holmes advised that or not.

Q. All the counsel whom you have named advised you that the guarantee was within the limits of your powers and did not require the consent of Congress?—A. Yes.

Q. Was that the precise question that was submitted to counsel, as you remember?—A. I had nothing to do with it. It was before my time. I am merely speaking now of things that I have heard.

The CHAIRMAN. The act of Congress provides—I call your attention to it in connection with that question—that no new stock shall be issued or mortgages or pledges made on the property or future earnings of the company without leave of Congress.

The WITNESS. My attention has been called to that many, many times. It has been under long and careful consideration. I have pursued one course in regard to all those things and I think it is the only course I could pursue. I have submitted the questions as they arose, affecting acts of Congress or what not, to our counsel; and when Mr. Bartlett or Judge Dillon told me to go ahead on a certain line, and that it was legal, I did not undertake to revise their judgment, any more than I should the accounts of the comptroller. I simply went ahead. I have their opinions in writing.

Q. The Commissioners would like to have their opinions. Will you produce them?—A. You will have them. I have never yet met any counsel who had a different opinion on that point, and I have had the advice of almost innumerable counsel.

The CHAIRMAN. On the advice of counsel you yourself take the risk of the penalty in the act?

The WITNESS. Of course I must; I cannot help that; I cannot go behind the opinion of counsel; I am an official of a corporation. If the Government were to obtain a different decision, I of course must bear the penalty. I could merely fall back on our lawyers and say, "There is the written opinion, and I could not undertake to revise it." For everything I have ever done as president I have had the written opinion of counsel; but all that was an accomplished fact before I became president. I had no part in it.

The CHAIRMAN. Of course the Commission naturally run into this act in this examination.

The WITNESS. Oh, yes; I shall refer you there to Judge Dillon. He is the keeper of my conscience on all legal issues.

THE DEFICIT ON THE INTEREST.

Q. I will read you the figures of the deficit on the interest payable on these bonds. For the year 1833, $106,000; in 1884, $446,000; in 1885, $336,000; in 1886, $395,000. On what do you base your expectation, in view of the figures shown by your report, that this company will be able to pay the entire interest on its bonds, waiving for the present the question of any dividend on its stock?—A. I base it simply on the increase of business.

Q. On the expectation of the increase of business?—A. Yes.

Q. And the entire deficiency which I have stated in the interest has to be made up by the Union Pacific from its earnings from other sources?—A. Yes, from its earnings.

Q. Under its guarantee?—A. Not its earnings from other sources; its earnings from this line.

Q. The deficiency has to be made up from the earnings of the different lines?—A. No, not at all; the earnings from this line are far more than sufficient to make up the deficiency.

Q. I am speaking of the last four years.—A. I also am speaking of the last four years. The Union Pacific during the last four years has made money out of the Oregon Short Line—most distinctly and emphatically made money out of it.

Q. Still the earnings that are required to make up the amount required for the interest have to be taken from the earnings of the Union Pacific, which are not the local earnings of the Oregon Short Line.—A. Not the local earnings of that line, but still the earnings of the Union Pacific, from business derived from the Oregon Short Line, which it never would have had if the Oregon Short Line had not been built.

Q. Does not the determination of that statement require the examination, and the close examination, of the derived business which the Oregon Short Line furnishes to the parent line in order to ascertain that the net advantage from that business is equivalent to the deficiency?—A. Undoubtedly it does.

Q. And your statement is that after such examination you declare that it was more than sufficient to make up that difference?—A. That is my statement.

Q. Have you those statements in writing?—A. No; I have called for them from time to time, and they are made up for me. I stated yesterday that the Union Pacific, as far as I can now ascertain, derives about $5,000,000 a year of profit from the branch line business which it does; not, you must observe, from business done over the branch lines, but from branch line business done over its own lines between Omaha and its branches, and this Oregon Short Line business would be included in it. The Union Pacific has a haul of 860 miles on the Oregon Short Line business, and business of that description is the most profitable business a railroad can do, without any exception. I should like to enlarge on this a little, because there is a very great misconception on the subject.

THE LONG HAUL.

The business a trunk line does for its branches is its most profitable business. All it does is to hitch a locomotive to a train of cars and haul that train 860 miles in the case of the Short Line; it then turns it over at Omaha, if it runs East, to the Chicago lines; or at Granger, if it goes West, to the Oregon Short Line itself; and then another locomotive is hitched on by the connecting line and the train is pulled off. It is a business upon which it is safe to say the profit is larger than on any other possible form of business which a railroad company can have; and it can be done at a lower rate, and therefore when you take an extension like the Oregon Short Line, which receives whole trains of loaded cars every day which are simply hauled and turned over to it, the business can be done by the parent line at a wonderfully low figure.

Q. You have to pay the same wages to the brakemen and the firemen on the trains?—A. And that is all.

Q. You have to pay for the wear and tear of the wheels?—A. Yes; but that is trifling.

Q. Do you have to repair the track?—A. You have to repair your own track; you would have to do all that, you know, even if these trains did not run.

RAILROAD OPERATION DESCRIBED.

Q. Is it not absolutely true that the wear and tear is directly proportioned to the number of trains that pass over a road?—A. Not by any means; decay goes on just the same whether you are using a track or not. Decay is what affects our ties, which are such a large element of expense, and our bridges, and it goes on just the same whether you are using your road or not. So of care of the road. The thing that makes the expense in handling a railroad is the delay of your cars at local stations on your road. For instance, a car is hauled 20 miles out of Omaha on the Union Pacific proper; it has to remain there three days to be loaded and unloaded, and the wheels are idle. You take the cars that are going to the Oregon Short Line and the wheels are turning night and day, earning money the whole time. No one has to be at the local sta-

tion to handle the freight; there is nothing to be done but simply hitch a locomotive on and pull a full train 860 miles.

Q. Is it not true that at certain rates of freight the motion of a freight train is a loss to the road instead of being an advantage?—A. Undoubtedly. That, however, cannot be fixed; it depends upon the class of business.

Q. Are the rates which are paid for Oregon Short Line freight, as applicable to the Union Pacific portion of the line, remunerative rates?—A. I cannot tell you. Recently my attention was called to the fact that the business during one month was being done at a remarkably low rate. My attention had not been called to the fact previously, and I sent out to inquire why it was. I take it that it was some local disturbance which could be remedied. But we have a regular through transcontinental rate; the same rate that the Northern Pacific has.

Q. Comparing together branch roads which have been constructed by a system like the Union Pacific and branch roads which are constructed by the enterprise of the people themselves who desire to develop a given region and to make a connection, why is it better to have the parent railroad do all this work?—A. We would be very glad, in most cases, if such an arrangement could be made. There, as a rule—what has been so strongly criticised—the construction company comes in. It has been suggested to me repeatedly that the only way for the Union Pacific to overcome the difficulty was for the directors to build all these roads and lease them to the main line. I have stated that that did not seem to me to be sound policy. That is what you suggest?

Commissioner ANDERSON. No, sir.

The WITNESS. That is what it all comes to. The money comes from the East. It is put into the branch, and the branch has to be connected with the main line on some terms.

Commissioner ANDERSON. I presumed there were some citizens of the United States who were not directors of the Union Pacific who might be interested in such enterprises.

The WITNESS. Undoubtedly; but I do not think such a case probable. We have had some lines built in that way, but the profit on the business always does and always must go to the main lines.

Q. Are there not many branches of Eastern roads that have been built by local enterprise, in which the main road has had no connection whatever?—A. I think wherever it has been done you will find that the road has ultimately been leased to the main line, because it can be operated much more economically as a leased line or as a part of the main system than as an independent road.

VALUE OF BRANCH LINES AS FEEDERS.

Q. What I refer to particularly is this, that where a great system like the Union Pacific is anxious to develop itself by the construction of branch lines, is there not danger that in the desire to hasten the development of the road they will run ahead of the development of the country and construct lines before the period comes when they will be remunerative?—A. That is the history of all railroads in the United States; lines are constructed before they are remunerative; but they are constructed much more quickly in connection with a main line, and much more economically and profitably than they can be when they are constructed independently.

Q. The result of the history of the construction of your branch lines is that in a large number of instances they have not been found profita-

ble; is not that so?—A. I think that generally, with very few exceptions, they have been found profitable *in connection with the main line.* It is there the economical question comes in. The business they bring is to the main line new business. For instance, if we build a line 50 miles long from Granger, the business comes from or goes to the East, and we have a haul on it not of 50 miles, but of 850 or 900 miles. The haul of 50 miles has no profit in it, but if you can do that same business and haul it 850 miles there is a very great profit in it. It is the length of haul that makes the profit.

Q. As far as the Government interest is concerned, I understand your proposition to be that the amount of 25 per cent. of the net earnings of the Union Pacific, or of that portion of the Union Pacific which has been aided by the Government, reaches a larger figure under the actual operation of the Oregon Short Line than those net earnings would reach if the Oregon Short line did not exist?—A. Unquestionably. It does not admit of doubt.

Q. We would like a table of that specific information.—A. You shall have it. In my opinion, speaking without the card, I do not believe that the 25 per cent. of the Government to-day would aggregate more than half what it now aggregates if the branch line system of the Union Pacific had not been built.

LEASE OF OREGON NAVIGATION COMPANY TO OREGON SHORT LINE.

Q. To return to the Oregon Short Line: I notice that within a few days a lease has been made by which the Oregon Navigation Company has become lessee to the Oregon Short Line. Will you please state what that transaction was?

Mr. DILLON. Lessor to the Oregon Short Line.

Commissioner ANDERSON. Lessor to the Short Line. It has leased itself.

A. It was a negotiation which has been going on for two years and which was brought to a close last week. We were delayed in coming to a close earlier owing to the difficulties which the lawyers found. The heads of an agreement had been reached long ago, but the lawyers threw so many difficulties of one sort and another in our way that we could not consummate the thing. Finally we got a law passed by the legislature of Oregon (both the Short Line and the Navigation Company's tracks being corporations of Oregon) authorizing the lease, and that removed the difficulty. The lease was then made.

Q. Will you please furnish the Commission with a copy of the lease?—A. Certainly.

Q. What are its general terms?—A. The usual terms of a lease. The property of the Navigation Company is turned over to the Short Line, and the Short Line guarantees the payment of certain sums of money. We have complete possession, just as if we owned it.

AMOUNT OF RENTAL.

Q. The Short line guarantees the payment of the interest on the bonds of the Oregon Navigation Company?—A. Yes.

Q. And what per cent. on its stock?—A. Six.

Q. Do you know the amount of the stock?—A. Twenty-four million dollars.

Q. And the amount of the bonds?—A. The amount of the bonds I cannot now give you. The whole amount of the rental will be about $2,200,000 a year.

Q. What examination have you made of the net earnings of the Oregon Navigation Company for the past three or four years?—A. I have been pretty constantly engaged on it.

Q. Will you furnish us with reports of that company?—A. Certainly. I would rather give you the exact figures in these matters than state my memory of them. I cannot pretend to carry all these items in my mind. I can only give them generally.

Q. We only want your judgment as to how good a bargain you think the Oregon Short Line has made.—A. How good a bargain the Navigation Company made?

Q. No; how good a bargain the Short Line made?—A. I think it is a good bargain for both sides. My impression is that it is a very good bargain for both sides.

FUTURE OF THE CONSOLIDATION.

Q. In your judgment, is it possible, from what you know of the business done by the Oregon Navigation Company, that the burden on the Oregon Short Line at any time during the next few years will be increased instead of diminished?—A. My impression is now that the two companies can act together; that there will be a very great development of that country. Business will flow into it and flow through it in larger volume than ever before. Then, a part of the agreement is that there is to be active construction to complete our system. Emigration is pouring into that region very rapidly, and I look to see new lines of business develop under a joint management, a common management, and I confidently look forward to very beneficial results both to the public (it breaks down artificial barriers) and to the local communities of Oregon and Idaho, as well as to the companies themselves.

Q. In the event of disappointment in any of these anticipations could the disappointment go beyond the fact that the Oregon Short Line would be compelled to foreclose its mortgage, so as to get rid of the lease?—A. The Union Pacific comes into it as a third party. The Union Pacific comes in with a form of guarantee much like the Oregon Short Line, and I should say that the lease was tolerably safe.

Q. Then the foreclosure of the Oregon Short Line mortgage never could take place so long as the Union Pacific pays the interest?—A. So long as the Union Pacific stands in the way, no.

Q. If the result of the lease should impair the earnings of the Oregon Short Line?—A. It would be the usual case of a collapse.

POSSIBLE RESULTS TO THE UNION PACIFIC.

Q. And the burden on the Union Pacific would thereby be increased?—A. It would be increased; yes.

Q. But that is not at all likely, according to your view of the elements of this contract?—A. I don't think it likely.

Q. Then, in regard to the stock of the Oregon Short Line, how much did you say remained in the treasury of the Union Pacific?—A. I should have to look at the books; it is a majority of the whole stock.

Q. If this Oregon Navigation contract should be profitable, that would benefit the stock held by the Union Pacific?—A. Very largely.

Q. The stock so held is $8,000,000?—A. It is so stated in our return.

Mr. LANE. Page 50.

SALINA AND SOUTHWESTERN RAILROAD.

Q. I find a branch called the Salina and Southwestern Railroad Company. Will you tell us about that?—A. That is another of those agricultural roads in Kansas. It branches off from Salina, on the Kansas Pacific, and runs to the town of McPherson, about 25 miles. It is like the other roads that I spoke of in Kansas; it is an agricultural feeder.

Q. How many miles is it from Kansas City?—A. One hundred and eighty-five miles. That makes the line practically 220 miles long. It is stated in the report for 1884.

Q. What has been the result of the operation of that road?—A. It has always paid its operating expenses and more, but I should have to look to ascertain whether it had paid the full interest on its securities, all of which we own. There are none of them in the hands of the public.

Q. When was this road built?—A. It was before my time.

Mr. HOLMES. 1878 or 1879.

The WITNESS. It runs through a remarkably beautiful country, rich and fertile. A few years ago it was the greatest wheat-growing county in Kansas; the champion county.

Q. You know nothing yourself personally of the circumstances attending the construction of the road?—A. Nothing whatever.

Q. And the acquisition of its securities?—A. It was entirely before my time. It was before the consolidation, even, that it was done. Mr. Holmes can tell you all about it.

Q. Who holds the securities?—A. They are held by our trustee or the trustees of the Kansas Pacific consolidated mortgage. There are none of them in the hands of the public. The branch belongs to the Kansas Pacific, in other words.

Q. What is your judgment as to the advisability of retaining the operation of this branch in connection with the Union Pacific?—A. There is no question of it whatever. I should as soon think of the Missouri Pacific or the Atchison, Topeka and Santa Fé or the C., B. and Q. parting with their branches. They guard them jealously.

Q. You would as soon think of cutting off one of your own fingers?—A. I would just as soon think of cutting off one of my own fingers with the idea of strengthening my body.

Q. The next line I find is the Salina, Lincoln and Western Railway Company. Please tell us about that.—A. That I explained yesterday. That runs from Salina in a northwesterly direction.

SALT LAKE AND WESTERN RAILWAY.

Q. I should have said the Salt Lake and Western.—A. That is a part of the road I was speaking of yesterday, the Utah and Nevada. It is merely an extension of that.

Mr. LANE. From Lehi Junction to Silver City. It is a separate organization.

The WITNESS. I forget about that. Is that the road to 'Frisco?

Q. It goes from Ironton to Silver City, 57 miles.—A. It is a part of a larger road; it is a road that runs down from Lehi Junction. It is a part of the Utah Central system; it is a road that branches off from Lehi Junction, on the Utah Central, to the mines at Tintec, down in Central Utah. It is a mineral road, and it comes under "Bishop" Sharp's management, which explains why I know so little about it.

Q. What is the character of its operations?—A. There is some grazing country there, but it is mainly a mineral region. I never was there but once.

Q. What has been its financial history?—A. I should have to look it up. It is a road I know little about.

Q. The income account appears to be debited about $59,000, does it not?—A. It has more than paid its operating expenses every year, but there has been some deficit. You had better ask Sidney Dillon, and "Bishop" Sharp about that road. They could tell you much more clearly than I.

THE SOLOMON RAILROAD.

Q. We next find the Solomon Railroad Company.—A. That is a road in Kansas. I say the same of that as I have said of all the other Kansas roads. It runs along the Solomon River, in a very rich country. It is an agricultural road.

Q. How far from Kansas City is it?—A. Two hundred and twenty-two miles.

Q. Has its operation paid the interest on its bonds?—A. It has paid its operating expenses. I should have to ask about the interest on its bonds. All the bonds belong to us.

Q. The income account appears to be debited some $50,870?—A. It paid its interest year before last, but whether it did last year or not I cannot say. You will have the facts before you in the tables. All the bonds belong to the Kansas Pacific road. It is a branch of the Kansas Pacific.

Q. What have you to say as to the use of that road as a feeder of the Union Pacific?—A. I say the same that I did in regard to the Salina and Southwestern and the others.

Q. There is no doubt about its being desirable?—A. I think not the slightest. I think the Kansas Pacific would be in a very bad way if it did not have those branches.

UTAH AND NORTHERN RAILWAY.

Q. The next branch is the Utah and Northern Railway Company Please explain about that.—A. That is a larger affair. The Utah and Northern Railroad Company is a road which runs from Ogden, the western terminus of the Union Pacific, up through the Territories of Utah and Idaho and Montana to Garrison, where it makes a connection with the Northern Pacific. There are about 450 miles of it. It ends at Silver Bow now. There are, in exact numbers, 466 miles. It is a road which was originally constructed by the Mormons.

Q. It is west of the commencement of the Oregon Short Line, then?—A. Oh, no; it crosses the Oregon Short Line at Pocatello, about 160 miles west of Granger.

Q. I say west.—A. You are right. It crosses the Oregon Short Line at Pocatello, right at that green spot that you see on the map.

Q. Here [indicating on the large map]?—A. Yes. That green spot is the Indian reservation. It crosses the Utah and Northern about the middle of the Shoshone Reservation.

Q. And makes connection with the Northern Pacific at what point?—A. At Silver Bow to Garrison. Silver Bow is the point where the present Utah and Northern strikes the Montana Union, and then it goes over the Montana Union to Garrison, about 50 miles further north.

Q. When was that road constructed?—A. That road was constructed by the Mormons; Brigham Young was the engineer of it—long before my time. It runs back into ancient history.

Q. When did the Union Pacific obtain its interest?—A. Long before I knew anything of the Union Pacific; in 1875. It bought the stock of the company. Then it extended the road. At first the road, I think, only went to Pocatello. That road has been very profitable in the past.

ITS HISTORY.

Q. What has been the financial history of the operation of that road?—A. It has been very profitable indeed. It has paid dividends on its stock as well as the interest on its bonds in years past.

Q. How was it in 1883?—A. In 1883 the Northern Pacific had been built through, which cut the Utah and Northern business right in two, taking from us half of the business of Butte and the great camps at the north. The Utah and Northern suffered greatly from that cause and from various other causes, such as the price of copper. In 1883 or 1884 it began to improve.

Mr. LANE. 1885.

The WITNESS. 1885, I am told.

Q. These remarks apply to 1885?—A. 1885.

Q. What is its present business; how is the business running at present?—A. This year the road will pay its operating expenses and all its interest, and in all probability have a surplus over, judging by the way it starts out.

Q. What is the junction point with the Union Pacific?—A. Ogden.

CHARACTER OF COUNTRY TRAVERSED.

Q. Please describe the country between Ogden and the junction point with the Northern Pacific.—A. From Ogden the Utah and Northern runs north through a very beautiful agricultural and grazing country filled with Mormon settlements, although here it is a very badly located line. It was located by the Mormons, and they located it, as I have been told, on religious principles; that is, they did not want it to go through the towns, so they put it up on the hillsides when they might perfectly well have put it down in the valley; that holds good until you get north of Logan; then the road begins to run in a more hilly country until it gets to the top of the water-shed, when it passes into the lava country of the Shoshone Reservation and goes along the Pont Neuf until it strikes the Snake at Eagle Rock, north of Pocatello. That is all a lava region. They are, however, now bringing in some large irrigating schemes, and that country, there is every reason to suppose, has a good future before it. From there the road follows up by the gate of the Yellowstone Park, with a mining region on its west, from which it derives a very considerable business, until it passes the divide of the Rockies and comes down on the headwaters of the Missouri in a very beautiful region, agricultural and grazing—a beautiful region. It terminates practically at Butte, which is now the largest and the most active mining camp in the world. The road does an immense business there.

Q. What is the principal character of the business which passes over the road?—A. We carry coal, coke, and salt to Butte, to the mining camps, and everything that they eat, drink, and wear. We bring away the results of the mining camps—smelted ores and matte and whatever comes out of the mining camp. Matte is the product of copper ore.

Q. Substantially all that business, going both ways, passes over the entire length of the Union Pacific?—A. No; for the more economical

handling, we turn that business off at Pocatello and carry it down over the Oregon Short Line to Granger, and it passes on to the Union Pacific at Granger. That is, we go over the hypothenuse of the triangle. If we carry it to Ogden we have got to drop down into the valley of Salt Lake and then lift it up again on the other side of the triangle; whereas by taking the other line we go east by the hypothenuse.

Q. Is the side of this triangle between Ogden and the point where you cross the Oregon Short Line remunerative?—A. It is.

Q. That has none of the through business, I understand?—A. That has a very considerable business, local business, from Salt Lake. They carry salt up and a certain amount of coal. Of course it would be more remunerative if we forced all the business round two sides of the triangle.

Q. Then the Utah and Northern is substantially a continuous line with the Utah Central, which runs south from Ogden?—A. Yes; but the two have nothing to do with each other; they are wholly distinct corporations. By the way, you asked why we could not leave the building of branch lines to local enterprise. Those two roads were started by local enterprise, both of them, and the Union Pacific came in afterwards. The local support was not able to carry the enterprise on unaided.

Commissioner ANDERSON. I am a home-rule man.

The WITNESS. We would be delighted to see home-rule if it could only be made effectual and do the work.

Commissioner ANDERSON. That, I believe, completes the reference by you to all the branches operated by your road.

The WITNESS. I should say it did.

CONSTRUCTIVE MILEAGE.

Q. The subject of constructive mileage has been referred to several times. Please tell us what is understood by constructive mileage.—A. It is a system which is in use throughout the United States, so far as I know; certainly it is in use in New England. A parent road, we will say a main line leading to a terminus like Boston, New York, or Philadelphia, somewhere on its line meets a branch, say 50 miles long. That branch picks up business in little lots, a car-load here and a car-load there, and bringing it down, delivers it to the main line. The main line then carries it to its terminus; from that terminus again it carries the train back and delivers it over to the branch line, which again peddles it out, as it were, distributing at local points. Therefore, it has been universally the custom to recognize it as an economical fact, founded on sound principles, that the main line, doing the business on much more advantageous terms and consequently much more cheaply than the branch line, should allow the branch line constructive mileage; that is to say, 2 miles, more or less, to 1. For instance, if the branch is 50 miles long and the main line 100, and the branch line is allowed 2 to 1, each line would be counted as 100 miles and they would divide the results of the business equally. In the case of the Union Pacific, from the beginning—the earliest days—this principle has been recognized, and every line with which it has ever connected at Omaha (Eastern lines) has allowed it an arbitrary constructive mileage. The Chicago, Burlington and Quincy, the Rock Island, the Northwestern, the Saint Paul, the Wabash, all allow us this constructive mileage, which ranges down from 3 miles to 1 to a mile and a half to 1.

Q. They all allow that constructive mileage to the Union Pacific?—A. Yes; they all allow it to the Union Pacific; it has been so from the beginning and is now a part of every contract. The Union Pacific, then, does exactly the same thing to its branches which its connections do to it. When it comes to a branch it allows it a constructive mileage; one and a half or two to one, or whatever it may be. Attention was called to this matter years ago; I think in 1882.

APPROVED BY GOVERNMENT DIRECTORS.

Rumors were afloat that we were bleeding the main line for the benefit of the branches, and the Government directors took the matter up. They looked into the matter. They were not a board particularly friendly to the Union Pacific. Mr. George G. Haven, who was mainly interested in the Chicago, Burlington and Quincy road, was the chairman of that board and wrote its report. They went into it very fully; they stated all the facts and approved of the arrangement, declaring that the divisions made were fair and just, such as prevailed among other roads; they have remained the same from that day to this.

Q. Have you their report?—A. Certainly; it is in their regular annual report. I can call your attention to it in a moment.

Q. Is it in the Government report of that year?—A. It is in the Government directors' report of that year. I can give it to you; we have it.

Q. While conceding the propriety of that division, as between a parent road and branches who all work in the same interest, would it not be a dangerous method if the parties who had the control of fixing the rates, as owners of stocks or bonds of a branch road, had an adverse interest to the parent road?—A. Undoubtedly it would; it would admit of abuse. Those things always admit of abuse; there are few things that do not, so far as my observation goes. But I have looked into that subject pretty carefully, and I think the Union Pacific has tried to do to its connections exactly what was done to it by its connections.

EFFECT ON GOVERNMENT'S 25 PER CENT.

Q. Please state the exact effect of this, without reference to the justice of the thing at all; the exact effect of it in relation to the net earnings which would remain as applicable to the Government's 25 per cent.—A. The Government makes very largely by the application of what is called the constructive mileage rule; that is, through what is allowed to us by our Eastern connections under the rule. If a rule is to be applied it should, of course, be applied universally. If the Government only allows it to be applied where it works in its favor and then refuses to have it applied where it works against it, the Government naturally would make. It would be so with a man also. But the Government still makes, unquestionably—I have no doubt of that—by the constructive-mileage rule universally applied; that is, the main line makes more under the rule at Omaha than it loses under it further West.

Q. Taking the allowances to the Union Pacific as an advantage to the Government, and the allowances——

A. (Interposing.) By the Union Pacific to its branch lines?

Q. (Continued.) And the allowances to the branch line as a disadvantage to the Government——

A. (Interrupting.) The Government makes.

Q. (Continued.) The balance is in favor the Government?—A. Undoubtedly.

Q. Can you furnish us with tables showing that result?—A. The matter is one which I have been looking into for my own information for a long time; it has given me much trouble. I am now having accounts kept to show the actual result.

Q. Who has charge of that business?—A. The accounting department.

Q. Is there not some one especially charged with it whom we can see at Boston?—A. Not at Boston; that has to be done at Omaha.

Q. Who do you refer us to?—A. Our auditor, Mr. Young.

CHIEF BENEFITS RECEIVED BY BRANCH LINES.

By the CHAIRMAN:

Q. Is it not true that the benefits under the constructive-mileage system are all in favor of the branch lines or unaided roads?—A. Undoubtedly.

Q. Then is it not also true that if that be so the income or gross receipts are that much less to the Union Pacific?—A. Undoubtedly, just as the Union Pacific receipts are so much greater by the application of the rule at Omaha.

Q. Would not the calculation of benefits to the Government be just that much decreased by reason of that?—A. Yes; if we abolish the rule at both ends, the Government would lose at Omaha and gain at the West; but if the Government takes the ground that they like the rule very well when it works in their favor, but will have nothing to do with it when it works against them, undoubtedly the Government will be the gainer. But, I take it, when the Government directors approve of it the Government will not upset the rule. We have the Government directors flat on record on that point after careful examination.

Q. It is not the custom to go behind the returns, I believe?—A. They have done it in one or two cases.

Q. The table then that you will give us will show the benefits to the branch roads?—A. Yes, undoubtedly; when it is printed.

Q. And the income to the Union Pacific?—A. Yes; there has been so much unintelligent talk on this subject that I was anxious to show what the working of the rule was throughout.

FREIGHT AGENTS.

By Commissioner ANDERSON:

Q. How many freight superintendents are there between Omaha and Ogden who have control of the rates of freight between those points, and on the intervening lines?—A. There is only one.

Q. Who is that?—A. Our general freight agent, Mr. Monroe, at Omaha.

Q. Does he determine all questions relating to freight rates?—A. The Union Pacific, like all large roads, is divided into five departments, one of which is known as the commercial department. The commercial department is under the charge of General Traffic Manager, Mr. T. L. Kimball. Mr. Kimball has under him a general freight agent and general passenger agent. So the thing is subdivided. There is also an assistant general traffic manager. The rates for the western portion of the line are made by Mr. P. P. Shelby, at Ogden, and Mr. Monroe is

the general freight agent at Omaha. They are in constant telegraphic communication.

CONCERNING SPECIAL RATES.

Q. What freight agents of your road have authority to make special contracts for freight with individual merchants in different localities?—A. Since the 5th of April no one has; we have no special contracts.

Q. Since the passage of the interstate law?—A. Since the interstate-commerce law took effect.

Q. Prior to that time?—A. Prior to that time it was all done in Omaha. Wherever a special rate was made they telegraphed to and fro and obtained authority to make it. The traffic has to be concentrated at one point.

Q. Were those special rates reported to you?—A. No, they cannot be; I have to depend in this matter upon the general traffic manager.

Q. Did you make it a part of your business to look into them when visiting Omaha?—A. No; I talked about them with the general traffic manager. As respects the more important, where they involved sometimes two or three million dollars of business a year, as in the case of the Anaconda Mine or the Grant Smelter, the general manager would come to me at last and say, "What shall we do?" After talking with him I would decide the question of general policy; but when it came to details, the general in charge of an army might just as well himself try to overlook the details of his quartermaster's department.

CONCERNING DISCRIMINATIONS IN RATES.

Q. To bring the subject up in a different way, I will ask it in this shape: Have many complaints been made to you from merchants or persons engaged in business along these different branch lines, or on points on the main line, of discriminations made in favor of their rivals in business, which they themselves were unable to get?—A. I think they have been very rare indeed—very rare.

Q. There has been no great complaint then in regard to discriminating in favor of or against particular persons?—A. Sometimes, yes. There have been cases that have come to me. I remember, for instance, that ex-Senator Hill, of Colorado, came to me once or twice alleging that he could not carry on business. Other smelters have been to me, and I have talked the matter over with them and endeavored to reach some conclusion; but the cases are rare.

Q. What was the business that he was doing?—A. He is a large smelter of ores at Denver. He complained that he could not get the ores on equally favorable terms with his competitors.

Q. Where was his mine?—A. He bought ores. The works were at Denver.

Q. That related to the transit of the ores from what points?—A. He got his ores from Idaho, as I understood him, and other ores would come from Leadville over our South Park road. We have a large mineral system; it is very complicated. I will say, and I say it perfectly frankly, that I have always avoided those discussions, because I could not understand the ramifications and details of the business unless I devoted my whole time and attention to it, and I was sufficiently busy with the proper duties of my office. The general traffic manager understood them; it was his province, not mine, and he came to me simply on questions of general policy.

CONCERNING DISCRIMINATIONS BETWEEN LOCALITIES.

Q. To pass from what may be called discriminations as between individuals, has there been any complaint made to you of discriminations in favor of localities?—A. I have seen them continually; the localities in the West, like all rising localities, are prone to be jealous of each other, and to think that one has more advantage than another; and in the case of a road like the Union Pacific, which terminates at competing towns on the Missouri River, this jealousy is incessant.

Q. What particular localities have been loudest in their complaint?—A. I have had great difficulty at Council Bluffs and at Omaha. They said at Council Bluffs that we favored Omaha, and at Omaha they said we favored Kansas City. Those are examples.

Q. Are there any other localities that occur to you; we expect to go there, and wish to be referred to them?—A. I think you will hardly find a town on the road that does not think the next town is the favored town; they generally intimate that the directors own real estate in the next town, which causes them to favor it. They are very prone to that feeling.

CONCERNING DISCRIMINATION IN FAVOR OF BRANCH LINES.

By the CHAIRMAN:

Q. Have you as a matter of fact, in the general management of the road, in giving to the unaided lines the benefit of rates, discriminated in favor of the branch lines as against the main line?—A. No.

Q. Under no circumstances?—A. None whatever, that I know of. The rule which was laid down by me (and I stopped there) has been that, so far as possible, all localities should be treated evenly—as nearly evenly as might be; and, laying down that general principle, I had to depend upon the subordinate officers in charge to carry it out; I could not possibly attend to all the details myself.

Q. That is to say, that starting from Omaha and passing over the main line to the Oregon Short Line, you have in no case discriminated in favor of a resident upon the Oregon Short Line as against any point between where the Oregon Short Line joins and Kansas City, or Omaha?—A. No; nothing of the sort.

With reference to the Union Pacific, I wish to say once for all, in the beginning of this investigation, that there has been much idle, foolish talk about preparation being made to abandon the main line of the Union Pacific and turn it over to the Government, after stripping it of its branches, and all that sort of thing. I have never heard any such thing suggested, except on the street and in the newspapers. So far as I know, the directors of the Union Pacific, in every discussion ever had, have regarded the system as bound up together by the course we have adopted from the beginning, and that it could not be severed. It had got to stand or fall by itself, as a whole—a unit.

Q. There is one other question; I want to know whether there has been a diversion of earnings in favor of branch lines as against the main line?—A. Never, that I know of.

CONSTRUCTIVE MILEAGE UNIVERSAL.

Q. Then you do not regard, under the constructive mileage system, the benefits that are derived by the branch lines a diversion of the earnings of the main line?—A. No; I simply call it the application of a rule

which is universal. For instance, I will give you a case in point. You take the Chicago, Burlington and Quincy Railroad, which is our competitor in the South. They are not trammeled as we are by charters, &c., yet they apply to their branch lines exactly the same rules we do. So far as I know the rule is of universal application. With the Northern Pacific it is the same. So also with the Northwestern. I do not know a railroad company in the country that does not apply it; if the rule is wrong in our case it must be because we are for some inscrutable reason entirely exceptional.

Q. In this ten million of stock issued in 1881, was the consent of Congress obtained?—A. I think Judge Dillon can tell you more about it than I can. My impression is that the stock you refer to was issued under our charter—our original charter.

Mr. JOHN F. DILLON. The opinion of Mr. Bartlett and myself is in writing as to the authority to issue that stock.

Commissioner ANDERSON. You will let us have that opinion?

The WITNESS. It was long before my day; I know nothing about it.

Mr. JOHN F. DILLON. I will. It is in writing. That will tell the whole story.

GUARANTEES MADE WITHOUT CONSENT OF CONGRESS.

Q. You guaranteed the Saint Joseph and Grand Island bonds of seven millions, I think?—A. Yes.

Q. Was the consent of Congress obtained?—A. No; we did it under the advice of counsel. It did not come within the section of the act of Congress which you have referred to.

Q. Was there an opinion delivered by counsel?—A. Yes.

Q. You will let us have that?—A. Certainly.

Q. Also with reference to the collateral trust bonds of 1879?—A. These also were issued under advice of counsel. We have elaborate opinions; everything of that sort has been fortified so far as we could fortify it; that matter also has been before the courts.

Q. (By Commissioner ANDERSON.) What, the guarantee?—A. The collateral trust.

POOLS.

Q. Of what large pools, outside of the operation of its own system, is the Union Pacific a member?—A. Before the fifth of April we had pools everywhere. Since that we are in no pools. Wherever we met a competitor we had some kind of a pool arrangement, except in Kansas, where it was forbidden by law.

Q. Which are the more important pools of which you were a member prior to the 5th of April?—A. There is the Utah pool, the Colorado pool, the Nebraska pool, the Omaha pool, the Transcontinental pool, the Montana pool, the Oregon pool. It was the regular way of doing business wherever we met other lines.

TRANSCONTINENTAL POOL.

Q. Now in regard to the Transcontinental pool, who were the other members of that pool?—A. The original Transcontinental pool consisted—I ought to say that was long before my time; Judge Dillon can tell you better than I can—but it consisted simply of the Pacific Mail Steamship Company and the Pacific railroads—the Union Pacific and Central Pacific.

Q. When you became president of the road what was the membership of that pool?—A. When I became president of the road the Northern Pacific had gone through.

Q. And it had become a member?—A. It had become a member; the Denver and Rio Grande and the Chicago, Burlington and Quincy had gone through to Salt Lake in connection with the Central Pacific, if I remember right, and we had the Southern Pacific, and the Atlantic and Pacific, and the Atchison, Topeka and Sante Fé. There were five or six members of it.

Q. How were the operations of that pool conducted with reference to determining the percentage of each member?—A. That was managed as all pools were managed, by agreement and arbitration.

Q. Who were the persons that met together for that purpose; their names, please?—A. Mr. Clark, on behalf of the Union Pacific; Mr. Town. I take it that sometimes the presidents would meet here—Mr. Huntington, Mr. Gould, Mr. Dillon, and the president of the Pacific Mail. Then again the general traffic managers would meet. I never met the pool but once. The presidents then met in order to make a last effort (a year ago February) to prevent the thing from breaking up. We failed in our efforts, and it did break up. There is a certain etiquette in railroads, and when the presidents meet they always meet the presidents, and when the general managers meet they meet the general managers, and when the general traffic managers meet it is the general traffic managers.

METHODS OF DIVISION IN POOLS.

Q. On what basis is the percentage arrived at; has it any relation to the actual business done by each member?—A. Yes; for several years five years—I was arbitrator of the trunk-line system here in New York, including all the railroads from the Ohio to the Lakes, and the same rule prevailed there. It is universal. It is dictated by common sense. That is, you take the statistics of the business, and the direction of the lines, and all the data that can be supplied to you, and you then sit down and ascertain as nearly as possible how the business would flow if left to itself regularly at equal rates and equal accommodations, and if you can you agree on the percentages; if you cannot, you refer them to arbitration. The basis is always how the business would naturally flow if left to itself.

Q. Was that the rule which prevailed in the Transcontinental pool?—A. It was.

Q. Do you know what facts or figures the members of the pool had before them to determine the natural flow of business?—A. They had the general data of the business which had been going on; and whenever they failed to agree, then they all cut the rates and the business went at a cut rate. We were guided to a certain extent by that.

Q. I am simply addressing you with regard to the elements that were placed before the different members of the pool as proving what each member would have been entitled to if left to the natural order of things. What particular evidence was placed before you as to the freight actually carried, or which would be actually carried, by the Pacific Mail Steamship Company?—A. We knew that at an equal rate the Pacific Steamship Company would carry nothing at all. Owing to the transshipment and the greater length of passage, &c., it could only carry by reducing the rate. At equal rates it would not carry any freight any more than it would carry passengers; but then it could reduce the rate, carrying in ballast, &c., until it would make the business worthless to us, and yet make something itself.

Q. How closely did you examine this subject yourself?—A. This subject had passed out of its earlier stages long before I had anything to do with the company.

PACIFIC MAIL SUBSIDY.

Q. When you became president of the company what did you find that your company was paying to the Pacific Mail Steamship Company?—A. I think our company was paying its proportion.

Q. No; what did you find the pool was paying to the Pacific Mail?—A. I think it was about $80,000 a month. But when I say that the companies paid that, you must understand that there was a regular contract, which had been before Congress, before committees, &c., and which was perfectly well known, under which, in order to prevent the demoralization of the rates, the payment was in form that the companies agreed to take the whole freighting capacity of these steamers, which was to be estimated at so much—say, $85,000 a month, or whatever it might be, and then they sent whatever they saw fit by the steamers; they used to send the heavier and coarser freights, which were not desirable to carry by rail. In that manner the balance that was paid was in the nature of a subsidy over and above the freight money earned on what was actually sent.

Q. It is not true that you have officially stated that this through business, as far as the Union Pacific is concerned, is a decreasing quantity, and becoming of less importance every year?—A. Undoubtedly.

Q. The interest of the Union Pacific, as connected with this pool—as influenced by this pool—solely relates to through business?—A. Yes; undoubtedly.

COMPARISON OF RAIL AND WATER TRANSPORTATION.

Q. What is the time of transit from Eastern points, say New York to San Francisco, by the Pacific Mail?—A. It is a month; thirty days.

Q. Is it over twenty-five days?—A. I believe so; I never went by that route.

Q. What is the time by the railroad?—A. For freight or passengers?

Q. Freight.—A. I think freight is about a fortnight or three weeks, except the fast freight.

Q. Do you regard the Pacific Mail as being a possible competitor for any of those kinds of freight as to which time is important?—A. It depends upon how important time is. People will delay a good deal for the sake of getting a lower rate; and on all these subjects you have me rather out of my sphere. The general traffic manager can enlighten you as respects them much more than I.

Q. Under the arrangement made, what proportion of the $80,000 a month was paid or chargeable to the Union Pacific?—A. About a quarter to a third. That has all been reported to the Railroad Commissioner and is in print. We should be very happy to give you a copy.

Q. I desire to ask whether the payment of as large a sum as $30,000 a month from your company to the Pacific Mail would not naturally cause you to make a close examination as to the reason which justified such a payment?—A. It was a perpetual subject of examination and discussion while it lasted.

EFFECT OF DISRUPTION OF POOL.

Q. Have you ever reached any conclusion yourself, founded on your judgment in this matter, as to whether it was an advantage to the

Union Pacific and to the Government to pay this subsidy or not?—A. I have reached a most decided opinion since the thing went to pieces. There is no question that it was an advantage in a money point of view; an immense one. The results since have proved that.

Q. Please describe the results that you refer to.—A. It is in the report of 1886, on page 21. This pool went to pieces in the beginning of the year 1886. As compared with the previous year, we carried sixty million more tons one mile, and we earned for so doing $463,000 less than we had earned the year before. It was an appalling statement. In other words, we carried 35 per cent. heavier tonnage for 26 per cent. less money. It was an appalling demonstration of results.

Q. In comparing these two statements together in the year before the disruption of the pool, is the subsidy deducted as part of the operating expenses?—A. Yes; it was every year.

Q. In the comparison you put those two statements together?—A. It was deducted from the earnings in both years.

Q. In the year before the disruption?—A. Yes.

Q. So as to compare the actual net earnings of that year with the actual net earnings of the transcontinental business in the following year?—A. Yes.

DECREASE IN RATES AFTER DISRUPTION OF POOL.

By the CHAIRMAN:

Q. The decrease of rate was general throughout the country, was it not?—A. Nothing like what I have just stated.

Q. Not in the same proportion, but there was a decrease?—A. There is always a steady decrease; there has been year after year. On page 26 of the report you will find every month of the year how the thing affected us, and the rate.

Commissioner ANDERSON. The commission have not had an opportunity to examine this report yet.

The WITNESS. In January we got 1¼ cents a ton a mile on the transcontinental freight—1.26 cents. In April we got 0.41 of a cent. Just one-third as much. That is, two-thirds of the rate had disappeared in the struggle. And for the year we averaged three-fourths of a cent a ton per mile, as against 1.22 cents the year before. That was the result of the struggle.

Q. Were there not a great many irregularities in the rate for the different months of the year?—A. At times there was no rate whatever; it was a simple struggle to do business for nothing; they paid for carrying goods.

Commissioner ANDERSON. We find it stated that in January, 1885, the rate was only 0.77.

The WITNESS. I don't know what that is due to. Very likely it was due to a pool settlement made during that month.

Q. Special competition?—A. No, it could not have been any special competition; it must have been something or other, you cannot tell what, that took place that month. It was abnormal.

Q. The average for 1886 is 0.74 and for 1885 1.22?—A. That is it exactly. You will find there the analysis of the whole result of breaking up that pool.

POOL SETTLEMENTS.

By the CHAIRMAN:

Q. Will you please explain where, in your pool arrangement, if there is an income, you carry it in your accounts? Is it in the operating ex-

penses? Where is the deduction made. For instance, if it is from gross receipts, where do you deduct for the amount paid out in any pool arrangement?—A. That is made in what we called the pool settlements. It goes into the gross earnings.

Q. From which you deduct the surplus earnings to ascertain the net earnings?—A. Yes, we deduct the operating expenses to ascertain the net earnings.

Q. That is in the operating expenses?—A. It is in the earnings; it never goes into the operating expenses at all. That is, the gross earnings are so much less. For instance, when the earnings are about to be reported for a month and there is a pool settlement of $20,000 against us, and the earnings are $100,000, there is reported $80,000. We earn so much less. We pay our pool settlement before reporting gross earnings.

Q. They do not enter into the gross earnings?—A. They do not enter into the gross earnings.

AFTERNOON SESSION.

CHARLES FRANCIS ADAMS, being further examined, testified as follows:

By the CHAIRMAN:

Question. There is only a general question that I wish to ask. How do you make up your total gross receipts from all sources?—Answer. That is income, apart from earnings?

INCOME ACCOUNT.

Q. Yes.—A. It is made up in the regular way. Whatever comes in which belongs to the income, general income, is added to the gross earnings.

Q. How many income accounts have you?—A. That you will have to ask Mr. Mink. There is only one income account, but that is derived from various sources.

By Commissioner ANDERSON:

Q. It has a great many branches?—A. It has a great many branches.

By the CHAIRMAN:

Q. Do you carry the coal profits into the general income account?—A. Yes.

Q. And also the stone company's account?—A. Yes.

Q. Then they are all carried into one gross sum, from which the operating expenses are deducted and from which result the 5 per cent. calculation?—A. It is not quite that.

Q. What is it?—A. A railroad company has two distinct revenues; one from earnings and the other general income derived from miscellaneous sources. The net earnings of the company are wholly distinct from the general income of the company; the net earnings of the company are derived from deducting operating expenses from gross earnings, not from gross income. You have those two things, earnings and income, net earnings and net income.

THE GOVERNMENT'S PERCENTAGE OF NET EARNINGS.

Q. Then when you ascertain the amount due the Government you do not deduct from the gross receipts the operating expenses, but you have

already made a deduction from which you deduct the operating expenses?—A. The payment to the Government is established on a wholly different basis; it is established by law. It is so much, 5 or 25 per cent., of the net earnings of the road—not the net income of the company.

Mr. JOHN F. DILLON. Net earnings of the road?

The WITNESS. Net earnings of the road, not the net income of the company.

Q. What do you do with the income received from the sale of land? Is that carried into the gross receipts?—A. No; that constitutes, as I explained yesterday, a wholly separate account, and in both roads it is paid over to trustees; it never comes into the hands of the company; the company never touches a dollar of it; it is forwarded by the land agent, under the terms of the mortgages, to the trustees directly; it does not enter on our books and cuts no figure there; we do not handle it in any way.

Q. Will you explain, then, why the income account from the land and from the coal company, the investments of the Union Pacific Company, are not a part of the gross receipts from which the Government should get its percentage of deduction?—A. Because that is prescribed by law; there is a law defining what net earnings are, and we have nothing whatever to do with it; it is all done in Washington, and has been passed upon by the courts; we have nothing to say about it.

The CHAIRMAN. These questions are submitted to us in the bill. That is why we ask.

The WITNESS. I understand.

JUDICIAL DECISIONS AS TO NET EARNINGS.

Mr. JOHN F. DILLON. If you will allow me to state, there have been before the Supreme Court of the United States two cases (three cases in 99 U. S.) in which they decided how you arrive at net income and net earning; and they decided in that case that the income of a company from lands was a source of revenue on which the Government had no right to the 5 or 25 per cent.

The CHAIRMAN. In this act there is submitted to us the same question.

The WITNESS. All those things we have nothing whatever to do with. We never touch them.

By Commissioner ANDERSON:

Q. Is your only authority for disposing of the proceeds of land through your trustees in satisfaction of junior incumbrances or the satisfaction of whatever they use the proceeds for as against the Government lien, the section in the act which directs, after stating that the issue of the bonds shall constitute a mortgage on the road, that nothing in the act contained shall prevent you from selling the property of the road in the ordinary course of business?—A. All this was done long before the passage of the act of 1878 or the act of 1873.

Commissioner ANDERSON. But that provision is in the act of 1873.

The WITNESS. Then I shall have to refer you to Judge Dillon.

Mr. JOHN F. DILLON. No; there is no such provision there.

The WITNESS. I don't know anything about it.

Q. Under what provision of law do you claim that the proceeds of land sold are free from the lien of the Government mortgage?—A. I cannot tell you; it has been decided by the courts.

Mr. JOHN F. DILLON. Let me tell you that. The lien of the Gov-

ernment does not extend to the land grant; that is settled by the Supreme Court of the United States.

Commissioner ANDERSON. In what cases?

Mr. JOHN F. DILLON. The net-earnings cases, in 99 U. S.

Commissioner ANDERSON. It defines what net earnings are, but does not define the extent of the lien.

Mr. JOHN F. DILLON. If you will turn to the detailed statement on which the decision is based, you will see that it was made a question whether the income from the land was subject to the 5 per cent. requirement of the Government.

Commissioner ANDERSON. I do not say that; I am only speaking of its being subject to the general lien which matures in 1897.

Mr. JOHN F. DILLON. Then you will find the case of Platt *vs.* The Union Pacific, which decided that the company had a right to make a land-grant mortgage.

Commissioner ANDERSON. I only ask for a reference to the authority holding that the lien of the Government mortgage does not apply to the land grant, if there be such.

Mr. JOHN F. DILLON. I think the net-earnings case decides that.

Commissioner ANDERSON. That is the only one you refer to?

Mr. JOHN F. DILLON. Yes.

Commissioner ANDERSON. I am not asking as to what is liable to the 5 per cent. or the 25 per cent., but simply the question as to the extent of the Government lien.

The WITNESS. I hope you gentlemen will help to solve that question before you get through.

Mr. JOHN F. DILLON. They were required by the act of Congress to dispose of it within three years, and it never could have been understood that it was subject to the Government lien. There has never been that claim.

Commissioner ANDERSON. I do not say anything about it one way or the other. I only ask for a reference to the decisions. Whether it is subject to the Government lien or not, must be determined by the words of the act. If the act says that the lien shall extend to the land as well as to the structrue of the road——

Mr. JOHN F. DILLON. It does not.

The WITNESS. All these matters are matters that counsel will have to settle; I cannot; I only know what they tell me.

PAYMENT OF JUNIOR LIENS.

By the CHAIRMAN:

Q. Has the policy of the road been to anticipate the payment of junior bonds or liens against the road as subsequent to the Government's claim?—A. No; that has not been the policy, except when these mortgages became due; they were shorter mortgages than the Government's; of course we met them. The best investment, as a rule, that a man can make is to buy his own notes, and wherever we could we have bought our notes. There is no doubt about that.

Q. Then you have taken from your net earnings payments to these several sinking funds?—A. Yes; we have kept up all our sinking funds with great punctuality.

Q. That is the case with the land bonds that were issued by the road?—A. Yes; we took up $600,000 of those that matured the 1st of April. We shall take up the whole of them year after next.

Q. They are bought at a considerable premium?—A. No; they matured; they are paid off at par—a part of them.

Q. Have you bought any of them outside?—A. We have nothing to do with that. That is done by the trustee under the terms of the mortgage.

Q. Who are the trustees?—A. The trustee of that mortgage is F. L. Ames. We have nothing whatever to do with his trust money, which comes from the proceeds of the land grant with its accumulations.

Q. In the deduction of these payments from the gross sum to ascertain the percentage that the Government is to get, of course it diminishes the Government claim just that much. That is true, is it not?—A. How is that? I don't take it in.

Q. In deducting payments to anticipate, or in deducting funds that are made to anticipate, junior liens, it is deducted before the amount upon which you figure the 5 per cent. to the Government is deducted?—A. That has nothing to do with it.

Q. That is a separate account?—A. It is entirely separate. The two accounts do not bear on each other. We have nothing to do with the Government payments. They are computed for us; we do not compute them.

The CHAIRMAN. There seems to be a great difference of opinion about the payments.

The WITNESS. I know there is, but it arises from ignorance. The facts are plain. All these payments are gone over by the Government, and we have very little option about it. We contend that the Government has treated us in a harsh and arbitrary manner, deciding all sorts of doubtful questions, and questions which were not doubtful, against us summarily, and our remedy has been a very poor one, when we have had any remedy at all. They make out their own bill, and about all we have to do is to pay it, and then see if we can get our money back through the Court of Claims. That is a correct statement, is it not, Mr. Mink?

Mr. MINK. Oh, yes.

The WITNESS. Mr. Mink deals with these things far more than I do.

The CHAIRMAN. It was a general question I wanted to ask with reference to the accounts; that is all. I do not know that there is any other question now.

Commissioner ANDERSON. I move that the further examination of Mr. Adams be suspended until such future time as may be convenient to him and to the Commission.

The WITNESS. I think you would find your work very much facilitated if you will allow me to make a suggestion, which may save you a great deal of trouble. I see you have Mr. Norris as your expert. If you send him to Boston to familiarize himself there with our accounts on the spot, and to see Mr. Mink, I think it would simplify matters.

The CHAIRMAN. We would be pleased to have any suggestions you have to make.

The WITNESS. We have all the documents there. Of course we should be delighted to furnish you with any documents and statistics and any returns we have.

Commissioner ANDERSON. We intend to do that.

The WITNESS. Mr. Norris could put in several days' work there to very great advantage alone, merely familiarizing himself with what we have.

The CHAIRMAN. Have you any further suggestions?

The WITNESS. Nothing whatever. Of course I need not say to you that our accounts are exceedingly complicated, owing to the fact that under the law we have to have so many organizations. They are not at all simple. They give me a great deal of trouble, all of which would be unnecessary if we could only proceed in a simple, direct way, as other companies do.

The CHAIRMAN. If there is no further question, we will suspend the examination.

Mr. JOHN F. DILLON. I have brought down the opinions of counsel contained in this printed pamphlet in regard to the collateral trust bonds, if you would like to have it.

The CHAIRMAN. Yes.

Mr. JOHN F. DILLON. It discusses other things, but nothing that is outside of your investigation.

Commissioner ANDERSON. In regard to all opinions as to consolidations and trust deeds, and anything of that kind, have you all of them in your office?

Mr. JOHN F. DILLON. I think they are most of them here in these various documents. I have the articles of consolidation.

The CHAIRMEN. And the yearly report of the commissioners?

Mr. JOHN F. DILLON. Yes.

Commissioner ANDERSON. As to any papers of the company which we would like to see, to whom are we referred in Mr. Adams's absence?

The WITNESS. I should think the best person you could go to would be the United States Railway Commissioner.

Commissioner ANDERSON. He has not your private contracts; and there are other matters that we may want to see.

The WITNESS. Send to us in Boston. Mr. Lane will attend to it, or Mr. Mink either, in my absence.

Mr. ANDERSON. We will probably go to Boston before you return.

The WITNESS. I shall be sorry not to be able to extend to you the hospitalities of the place.

The CHAIRMAN. We are very much obliged to you, and will suspend your examination until a future day.

CHARLES F. ADAMS.

The Commission then adjourned to Wednesday, May 4, 1887, at 11 a. m.

No. 10 WALL STREET, *Wednesday, May* 4, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

KANSAS PACIFIC CONSOLIDATION.

ARTEMAS H. HOLMES, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. I am a lawyer.

Q. How long have you been in practice?—A. I was first admitted to the bar in 1871.

Q. Have you practiced in this city?—A. Yes, sir; since 1873.

Q. Your office at present is where?—A. In the Mills building.

FAMILIARITY WITH RAILROAD CONSTRUCTION WEST OF THE MISSOURI.

Q. How familiar have you been with the subject of the construction of any portions of the Pacific Railroads lying west of the Missouri River?—A. I have been counsel for the Kansas Pacific and Denver Pacific and Union Pacific and Northern Pacific and the Oregon Railway Navigation Company, and obtained such familiarity as my professional connection gave me with the business of the construction during the periods when I was connected with those roads.

Q. How long has that connection existed in one form or another?—A. Since 1876.

Q. What knowledge of the construction of the Kansas Pacific had you prior to that date?—A. Little or none; only as one keeps generally informed.

Q. Had you been in the Western country yourself?—A. I was brought up as a boy in Saint Louis, and I have traveled more or less in the Western country, particularly along the lines of the Kansas Pacific.

Q. Were you the owner of any securities of the Kansas Pacific prior to 1876?—A. Yes, sir.

Q. So that you had a personal interest in acquainting yourself with the facts relating to its construction?—A. Yes, sir.

CONSTRUCTION OF THE KANSAS PACIFIC.

Q. Please give us, in a general way, not calling upon you now for actual personal knowledge solely, such information as you can in regard to the origin of this Kansas Pacific construction by its earlier names.—A. In the fall of 1876 I became one of the committee of bondholders of the Denver Extension mortgage of the Kansas Pacific Company. The meeting of the bondholders was called by one of the receivers of that road, who had just been appointed, Henry Villard; and I shortly after became counsel of the committee and of Mr. Villard, as receiver of that road. The senior counsel was Charles F. Southmayd, of this city. Almost immediately I was required to go to Saint Louis, which was then the headquarters of the Kansas Pacific Company, and thence to the line of the road, and was charged with the duty of removing the foreclosure suit from Shawnee County, Kansas., in a local court, to the circuit court of the United States for the district of Kansas. From that time forward until the decree of foreclosure was entered and the road reorganized, I was more or less continually present along the line of the road, attending the circuit court of that circuit wherever it might be sitting, for the purpose of obtaining orders and defending actions in relation to that foreclosure suit.

Q. Before proceeding to that will you refer us to the records and give us such information as you have to enable us to understand the origin of the structure which exists from Kansas City to Denver, and a reference to the various mortgages that were from time to time put upon the property?

LEAVENWORTH, PAWNEE AND WESTERN RAILROAD.

A. My professional business required me almost immediately to familiarize myself with the history of that railroad. Beginning at the time of the charter, and commencing at the beginning, the Leavenworth, Pawnee and Western Railroad Company was organized by the legislature of Kansas in the year 1855. But little was done for some time in the way of actual railroad building. Indeed but little was

done until the final passage of the act of 1864, amending the act of 1862, known as the Pacific Railroad acts.

Q. The act of Congress?—A. The acts of Congress. Those acts, taken together, furnished the means with which to equip and build and operate these Pacific Railroads. By those acts you will find that Congress took up such railroads in the States as approached to the main line of the system, and the Leavenworth, Pawnee and Western Railroad, a Kansas corporation, was taken up and endowed by the Pacific Railroad acts with the rights, duties, privileges, and grants of land and money set forth in those acts. Immediately after the 1864 act was passed this road became a rival of the Union Pacific, Iowa division, to reach the one hundreth meridian first, because that one of the Eastern roads—and there were several—which reached the one hundreth meridian first had the right to proceed and build westwardly to a connection with the Central Pacific when they should come along eastwardly.

But beginning in 1865, and, indeed, for a year or two prior, the Leavenworth, Pawnee and Western Railroad Company had become divided among itself, and there were two boards of directors, two presidents, and two sets of officers, quarreling for the possession and management, and the contest was carried to Washington.

On one side were Generals Thomas Ewing and John C. Fremont as the claimants of the corporate franchise, ownership, and board of directors; and upon the other was Mr. Samuel Hallett and John D. Perry. Mr. Perry was a Saint Louis gentleman, and associated with most of the persons who were, as they said, the *de jure* board of directors. They went to work and had built some railroad from Kansas City to near Lawrence, in 1865.

Q. Lawrence being about how far from Kansas City?—A. I think it is not more than 30 or 40 miles; I do not risk my memory on that. Prior to August, 1865, there had been a construction mortgage made, and the bonds were outstanding. But the Perry party obtained the recognition of the Government, and then made contracts for the building of the railroad.

THE LEAVENWORTH, PAWNEE AND WESTERN MORTGAGE.

The first mortgage of the Leavenworth, Pawnee and Western Railroad Company, which had at that time changed its name to the Union Pacific Railway Company, Eastern Division, was from Kansas City to the one hundred and fortieth mile-post west of Kansas City. Its date was August 1, 1885, and they were the bonds and mortgages authorized by the acts of Congress, namely, at $16,000 a mile, the aggregate of the principal being $2,240,000. That contract was made with the then Union Pacific Railway Company, Eastern Division, on one hand, and with a party of gentlemen who were known as R. M. Shoemaker & Co.

Q. Will you please find that mortgage in the book which I hand you, so that we can identify it for reference? That book is a collection of the mortgages.—A. That is the mortgage found at page 58 of a compilation described as "Indentures of the Union Pacific Railway."

Q. Can you furnish us with a copy of that book?—A. Yes, sir; I supposed the Commission had it.

Q. Will you keep that book and refer to them all by pages as you come to them?—A. Yes, sir.

Q. You were proceeding with a statement of the contracts under the mortgage?—A. Upon the same date another contract was made be-

tween the same parties, the first contract being Exhibit 1 of the printed document I hold in my hand and the mortgage of the same date which related to the building of the branch road, which was compulsory by the act of Congress, from Leavenworth to Lawrence. That is marked Exhibit 2 in the papers I now refer to.

MORTGAGE TO THREE HUNDRED AND NINETY-FOURTH MILE-POST.

The next mortgage was upon the road proper from Fort Riley to the three hundred and ninety-fourth mile-post, which had been determined to be the point by the Government and road which the one hundredth meridian on the line of the Union Pacific would be if brought down to the parallel upon which the road was built.

Perhaps I should explain that by this time the acts of Congress had permitted the Kansas Pacific road to build in a westerly direction, in the direction of Denver, and the road was at this time no longer required to unite with the Union Pacific Railroad Company at the one hundredth meridian. That mortgage was in all respects like the first mortgage I have mentioned, with the exception that the due dates of the interest were June and December instead of February and August.

THE GOVERNMENT MORTGAGE.

The next mortgage, in point of time is the statutory mortgage of the Government, which is $16,000 per mile, and is junior to the two mortgages I have mentioned, the two mortgages being merely sectional mortgages instead of an entire mortgage.

Q. Does the first mortgage stop at the one hundred and fortieth mile-post?—A. Yes, sir.

Q. The first, in point of time?—A. Yes sir; it was Fort Riley, which was a Government reservation, and which at that time was practically on the borders of civilization.

By the CHAIRMAN:

Q. What is located at the one hundredth meridian?—A. I have forgotten. It is simply an imaginary point. There is no town within some little distance of it. I think it is out there near Sheridan. I cannot speak positively. There is no town or settlement directly there, but that is the point at which the Government subsidy in bonds ended. When the Government permitted us to come down from *there* to *here* they said, "We will not give you any more bonds." The balance of the road is what is known as the Denver extension. It is from the one hundredth meridian to the city of Denver.

By Commissioner LITTLER:

Q. A distance of about how far?—A. Two hundred and forty-four miles.

By the CHAIRMAN:

Q. From Kansas City to this point?—A. No, sir; the one hundredth meridian, or the three hundred and ninety-fourth mile post, to the city of Denver is 244 miles.

Q. And from Kansas City?—A. It is 394 miles, making an aggregate of 638 miles from Kansas City to Denver, exclusive of 33 miles which should be added, from Leavenworth to Lawrence.

Q. You had $16,000 per mile on the 394 miles?—A. Three hundred and ninety-four miles.

THE INCOME MORTGAGE.

By Commissioner ANDERSON:

Q. Will you please continue your statement of the incumbrances that were put on the road, from time to time, in its construction?—A. The next, in point of time, is what is known as the income mortgage. The income mortgage bears date July 1,1866. It was made to cover the income, as defined in the mortgage of the line of road from Kansas City to the one hundredth meridian, and the Leavenworth branch, junior to the several mortgages I have mentioned, with very peculiar provisions as to what the income was, and reserving certain rights to the company. It was practically, in my judgment, a preferred stock, and by the terms of the construction contracts, of which I have spoken, between the company and R. M. Shoemaker & Co., and Shoemaker, Miller & Co., you will learn the methods by which this income mortgage was executed.

Q. Those contracts you will leave with us?—A. Yes, sir.

Q. Please give us a reference to the page of the income mortgage in your compilation.—A. The middle division mortgage, the mortgage from the three hundred and ninety-fourth mile post, will be found at page 71 and following, of the book referred to. The income mortgage at page 76 of the book referred to.

Q. Has that income mortgage been the subject of litigation?—A. Very generally, in a great number of suits.

Q. Is there one in particular that contains evidence taken with reference to the net earnings applicable to the income claimed by the mortgage?—A. Yes, sir.

MORGAN VS. UNION PACIFIC AND KANSAS PACIFIC.

Q. Will you please give us the title of that case?—A. Henry Morgan against the Union Pacific Railway Company and the Kansas Pacific Railway Company, in the United States circuit court for the southern district of New York.

Q. Who was Mr. Henry Morgan's counsel?—A. Mr. George H. Foster, of Weekes & Foster, of this city.

Q. Have you copies of the testimony taken?—A. The original testimony is on file in the suit, the suit having been got ready for hearing on the pleadings and proofs. The record in that case was printed, but it never was gone over carefully by me for the purpose of verifying the figures, of which there are multitudes, and a great many tables, because just about that time the suit had its quietus by the failure of Mr. Morgan and his parting with the bonds to his assignee.

By Commissioner LITTLER:

Q. Was it never tried?—A. It was never ultimately tried. My best judgment is that the figures on file—that is, the testimony taken and filed with the clerk in that circuit court suit—are the best available computations that can be made.

LEAVENWORTH BRANCH MORTGAGE.

By Commissioner ANDERSON:

Q. Will you continue now with these mortgages?—A. The next mortgage, in point of time, was the Leavenworth branch mortgage, which will be found on page 64 of this book.

Q. Six hundred thousand dollars in all?—A. Yes, sir. Something should be said here which anticipates a little. But in the negotiations for the extension of the road from the one hundredth meridian to Denver, the Denver extension mortgage was drawn; but its negotiability was hampered and thought to be impossible, unless the income mortgage should be subordinated to the Denver extension mortgage.

DENVER EXTENSION MORTGAGE.

Q. Please explain there why that was?—A. The Denver extension, as I understand it, was to apply to the property between the one hundredth meridian and Denver, a distance of 244 miles, and the income mortgage, as I remember, was limited to the road between Kansas City and the one hundredth meridian, including the branch.

Q. Why, therefore, was it that question was made as to the income mortgage being a lien on the proposed Denver extension?—A. That was for the reason that the income mortgage was a very loosely-drawn instrument; the gentleman who drew it once having characterized it in my presence as being "more loosening than binding."

Commissioner ANDERSON. A sort of laxative.

The WITNESS. And by its phraseology it was to cover the entire railroad of the company. At the time it was drawn it was not clearly determined whether the road was going, as I said it was the original intention, to the Union Pacific at the one hundredth meridian, or whether it would go to Denver. The corporation had long and serious considerations as to whether they should follow the Smoky Hill or the Republican Valley stream of water as its line of building. But, at all events, the language in the income mortgage was such that it could bear the construction that the Denver extension mortgage should be junior to it, and therefore the Denver extension mortgage could not be negotiated. For that reason the instrument was drawn between the Kansas Pacific Company, on one part, which still remained the Union Pacific Railway, Eastern Division, by proper name—the trustees of the mortgage—and certain persons who consented to having placed upon their income bonds a stamp, which, by its terms, subordinated it to the Denver extension mortgage. The instrument of which I have spoken and the stamp referred to are, respectively, Exhibits No. 4 and No. 5 of the paper I have referred to heretofore. They are not originals, but they were prepared by me.

The witness files Exhibits 1 to 5 inclusive, of which he has spoken. They are as follows:

EXHIBIT No. 1.

AGREEMENT made and concluded this first day of July, A. D. eighteen hundred and sixty-five, between the Union Pacific Railway Company, Eastern Division, of Kansas, of the first part, and Robert M. Shoemaker, Edward Miller, Jos. C. Butler, Matthew Baird, Carlos S. Greeley, Giles F. Filley, James Archer and Stephen M. Edgell, of the second part, witnesseth:

First.—For and in consideration of the covenants and stipulations hereinafter mentioned, to be performed by the party of the first part, the parties of the second part hereby agree to furnish all the material and equipments, iron, nails, chains, spikes, sleepers, timber, masonry, rolling-stock and other material needed to build, construct and equip for the party of the first part, a first-class railroad, with the needful turnouts, from the town of Lawrence, in Kansas, to Fort Riley, and telegraph line, substantially on the route, which has been surveyed for said railroad company, reference being had to their maps, plans and profiles, and to construct and build such first-class railroad and telegraph line, and appurtenances, in the manner described in an Act of Congress passed July 1st, 1862, entitled "An Act to aid in the construction of a rail-

road and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military and other purposes," and the other acts of Congress passed in reference to said railway company, and to supply the depots, water stations, engines and cars, in accordance with the terms of said acts of Congress, complete as a first-class railroad, all to be done within the time in said acts specified.

Second.—In consideration of the construction of said road and sidings, etc., as in the foregoing section mentioned, the party of the first part agree to pay to the parties of the second part, the survivor or survivors of them, the full sum of fifty thousand ($50,000) dollars per mile of main track, measurement as follows: Twenty-five thousand ($25,000) dollars in the capital stock of the Union Pacific Railway Company, Eastern Division, for which full paid certificate shall be issued, and in cash twenty-five thousand ($25,000) dollars, which said sum of fifty thousand ($50,000) dollars is to be paid *pro rata* in such certificates of stock and cash on the estimate of an engineer to be designated for that purpose by the party of the first part, such estimate to be made every thirty days as the work progresses, in proportion to the work done and material furnished. Provided that said company may retain fifteen per cent. of such estimate, until each successive section of twenty miles is completed according to this contract, and full payment shall be made in accordance with the terms in this contract specified upon the completion and acceptance by the Government of the United States of each division of twenty miles.

Third.—It is further agreed by and between the parties hereto, that all of the work under this contract, and all the materials, shall be performed and supplied to the full satisfaction of the Board of Directors of the said Union Pacific Railway Company, E. D.; and if the said parties of the second part, the survivor or survivors of them, shall fail to perform the work herein contracted to be done as fast as said Board shall from time to time reasonably require, or shall do any kind of said work imperfectly, or not in accordance with the acts of Congress aforesaid, then the party of the first part is authorized to terminate this contract, paying said parties of the second part, the survivor or survivors of them, for the work actually done and the materials supplied only. And the said party of the first part may, thereupon, do said work, or contract with any other party therefor, and no damage shall be claimed by the party of the second part, the survivor or survivors of them. It is further understood and agreed that in case of a failure on the part of the parties of the second part, as mentioned in this section, then and thereupon the fifteen per cent. of the amount of the monthly estimate previously made shall be held and permanently retained by said parties of the first part as liqidated damages, and the said parties of the second part, the survivor or survivors of them, shall make no claim therefor.

Fourth—It is further understood that in the event of the death of either or any of the parties of the second part, this contract shall not thereby be terminated, but the surviving parties shall proceed to the completion of this contract without interference upon the part of the personal representatives of the deceased party or parties, and in such case the party of the first part shall not be liable to account to or with the personal representatives of the deceased party, nor until the completion of this contract, and such accounting shall then be had between the party of the first part and the survivors of said deceased, and not with his representatives.

Fifth.—It is further agreed and understood that said parties of the second part shall have the control and use of the road, being liable for all expenses, and entitled to all receipts therefrom, until the completion and equipment of said road to Fort Riley, according to the terms of this contract; the party of the second part carrying the mails, troops and munitions of war, as required by the law.

In testimony whereof, the party of the first part have caused this agreement to be signed by their President, and the corporate seal fixed, and the parties of the second part have affixed their hands and seals the day and year first above written.

R. M. SHOEMAKER, [L. S.]
JOSEPH C. BUTLER, [L. S.]
C. S. GREELEY, [L. S.]
GILES F. FILLEY, [L. S.]
JAMES ARCHER, [L. S.]
S. M. EDGELL, [L. S.]
EDWARD MILLER, [L. S.]
M. BAIRD, [L. S.]

In presence of witness:
H. P. RUTTER.

[U. P. Railway Company, E. D., Seal.]

J. P. DEVEREUX,
Secretary.

JOHN D. PERRY,
President.

EXHIBIT No. 2.

Agreement made and concluded on the first day of July, 1865, by and between the Union Pacific Railway Company, Eastern Division, the party of the first part, and Robert M. Shoemaker, Matthew Baird, Edward Miller, Joseph C. Butler, Carlos S. Greeley, Giles F. Filley, James Archer and Stephen M. Edgell, the party of the second part, Witnesseth:

First.—The party of the second part agree and bind themselves to construct and equip a first-class railway, as now located, from the City of Leavenworth, in the State of Kansas, to the junction of the completed road of said company, at or near the town of Lawrence, Kansas, with all the needful stations and necessary rolling stock (not less than $150,000 in value), complete, as a first-class railway, as provided for by the charter of said company, and the acts of Congress in relation thereto; to finish said railway and deliver the same to said company in good running order on or before the first day of May, 1866.

Second.—In consideration of the covenants to be performed by said party of the second part, as set forth in the previous section, the party of the first part agree to pay said party of the second part the full sum of six hundred thousand dollars, in the First Mortgage Seven per Cent. Bonds of said railway company, based upon that portion of their road to be constructed under this contract, and also bonds of the County of Leavenworth, to be issued by said county, amounting to two hundred and fifty thousand ($250,000) dollars; also twenty-two thousand ($22,000) dollars per mile in full paid capital stock of the Union Pacific Railway Company, Eastern Division, for the actual number of miles of railway constructed between Leavenworth and the point of connection, at or near Lawrence.

Third.—It is agreed that the said company shall, from time to time, and as fast as shall be required by the said contractors, make sale and conveyance of the Delaware lands at prices to be fixed by said contractors, and shall appoint an agent to superintend and take charge of the said lands, and to make such sales, which agent shall be satisfactory to the said contractors. Out of the proceeds of the sales of the said lands, the said company shall pay and reserve the costs and expenses of the said sales, including the services of the said agent, and the amounts heretofore paid, or which may become due, or for which the company is liable to the Government of the United States for the said lands, or on account thereof, and the residue of the said proceeds shall be paid to the said contractors as part of the compensation for the performance by them of their contract; and at the completion of this contract the said company shall transfer and convey to said contractors the residue of the said lands unsold, subject to the payment of all moneys payable for or on account of the same to the Government of the United States. The intention of the said company being to appropriate and dispose of the said lands for the benefit of said contractors, and to secure to them the same, and the proceeds thereof, as compensation for the faithful performance by them of their contract.

Fourth.—The payments arising out of this contract as provided for in the seven (7) per cent. bonds, of the said railway company, and County of Leavenworth, shall be made by the said party of the first part to the said party of the second part every thirty (30) days, *pro rata*, as the work progresses, according to the terms of this agreement.

The said party of the first part shall retain twenty (20) per cent. until the work contracted to be done is completed and said railway is finished and equipped, when full and final payments shall be made by said party of the first part to said party of the second part.

In witness whereof, the parties hereto of the second part have affixed their hands and seals, and the party of the first part has caused its corporate seal to be hereto affixed, and this instrument to be signed by its President, the day and year first above mentioned.

{ U. P. Railway Company's Seal. }

R. M. SHOEMAKER, [L. S.]
JOSEPH C. BUTLER, [L. S.]
C. S. GREELEY, [L. S.]
GILES F. FILLEY, [L. S.]
JAMES ARCHER, [L. S.]
S. M. EDGELL, [L. S.]
EDWARD MILLER, [L. S.]
M. BAIRD. [L. S.]

Witness: H. P. RUTTER.
JOHN P. DEVEREUX,
Secretary.

JOHN D. PERRY,
President.

EXHIBIT No. 3.

An agreement made and concluded this first day of October, 1866, between the Union Pacific Railway Company, Eastern Division, of the first part, and Carlos S. Greeley, Robert E. Carr, William McPherson, Stephen M. Edgell, Robert M. Shoemaker, Edward Miller, Matthew Baird, and Joseph W. Kenney, parties of the second part, contractors, carrying on the business of this contract under the firm name of Shoemaker, Miller & Co., witnesseth:

That for and in consideration of the covenants and stipulations hereinafter contained to be performed by the party of the first part, the parties of the second part hereby agree to furnish all the materials, equipments, iron, rails, chairs, spikes, sleepers, timber, bridges, masonry, rolling stock, poles, wire and other material needed, and to build, construct and equip for the parties of the first part, a first-class railroad and telegraph line from the present Western terminus of said Union Pacific Railway, Eastern Division, on the Government Reserve at Fort Riley, and West from the Missouri River, 140 miles to such point on the waters of the Smoky Hill River as said railroad is subsidized in bonds by the acts of Congress of July, 1862, and the several acts amendatory and supplementary thereto, said point or distance supposed to be 250 miles, the equipment for said road to be as follows: For each and every thirty (30) miles, two (2) first-class engines, one (1) first-class passenger car, fifteen (15) box cars, (10) platform cars, one (1) baggage car to every forty (40) miles, and the necessary hand cars, with all necessary engine houses, shops, tools, machinery, shafting, &c., complete for maintaining an ample equipment to operate the road.

The said railway and telegraph line to be constructed under this contract, to be located along the route on the waters of the Smoky Hill, which has already been indicated by a preliminary survey of the first part, but subject to such changes upon actual survey as the road progresses, as the said party of the first part shall deem it necessary to make, reference being had to the maps, plans and profiles of the company to be found in the office of their engineers.

All of the said railroad and telegraph line to be fully completed and equipped by the 31st day of December, 1867, in the manner herein provided, and fully to meet the requirements of the several acts of Congress hereinbefore mentioned, so as to make the same in all respects a first-class railroad and telegraph line.

In consideration of the construction and equipment of the said railroad and telegraph herein provided for, and the performance of the undertaking hereinafter mentioned, the party of the first part agrees to the parties of the second part the following bonds, stocks and lands, to wit: All the bonds from the Government of the United States, when received, said bonds being issued in pursuance of the Act of Congress of July, 1862, and the acts amendatory thereof and supplemental thereto, said bonds being at the rate of $16,000 per mile. All the First Mortgage Bonds of said party of the first part, issued under a first mortgage of said party, beginning at and from the 140th mile post of this, its railway, west from its initial point on the Missouri River, at the State line between said State of Missouri and the State of Kansas, and extending to the terminus of the railroad and telegraph to be constructed under this contract; said First Mortgage Bonds to be issued at the rate of $16,000 per mile, and no more, on the said line of railroad and telegraph line westward from said 140th mile post, and may be issued in advance to the extent of 100 miles of a continued completed line of said railway company as provided for by Act of Congress; said bonds are dated June 1, 1866, payable in thirty years, in the City of New York, with interest warrants attached, payable semi-annually at the same place in the gold coin of the United States of America.

Ten thousand dollars per mile in the Income Bonds of the company for each and every mile of railroad and telegraph line built under this contract, and which said Income Bonds are secured by a certain deed of trust from the said party of the first part to Carlos S. Greeley, Adolphus Meier, Trustees, dated the first day of July, 1866.

And of the full paid capital stock of the party of the first part $8,000 per mile for each and every mile of railway and telegraph line build under this contract.

And in addition thereto the party of the first part shall pay to the party of the second party $400,000 of the Income Bonds and $600,000 of the stock of said Union Pacific Railway Company, Eastern Division, as the said parties of the second part shall pay the debts of the company hereinafter mentioned. And it is further agreed between the parties hereto, and as a part of the consideration to the said parties of the second part for the performance of their undertakings herein mentioned, that whatever lands the said party of the first part may have the right to acquire by purchase from the United States Government, under the treaty with the Pottawatomie Nation of Indians, of date the 15th November, 1861, such rights of purchase, and all other rights incident thereto, may and shall inure to the use and benefit of the parties of the second part to this contract, by their paying the purchase moneys for said lands, and interest required by said treaty, and by assuming and discharging all obligations imposed on said party of the first part to acquire said lands by the provisions of the

same, and the said party of the first part covenants and agrees with the said party of the second part to accept the terms and provisions of said treaty, and in accordance therewith to contract for the purchase of said lands, and upon the request of the party of the second part to assign said contract of purchase to them with the request that patents be made directly to said parties of the second part, or their assigns, and if the title to said lands shall be, by the United States, vested in the party of the first part, then to convey said lands by good and sufficient title to the parties of the second part, or their assigns, in accordance with the terms of this agreement. It is further understood and agreed that the First Mortgage Bonds aforesaid are to be delivered to the parties of the second part, as the necessities of the said parties of the second part may require to enable them to perform this contract, but not in advance of 100 miles of a continued completed line of railway of said party of the first part.

And the said Income Bonds, at the rate of $10,000 per mile, shall be delivered as the said railroad and telegraph line shall be from time to time accepted by the Government and turned over to said parties of the first part by said parties of the second part as hereinafter provided.

All of the said bonds and stocks to be delivered as herein provided to said parties of the second part, or their assigns, and any title to the said Pottawatomie lands passing to the said railway company, the said parties of the second part, or their assigns, are to be invested with, when all their agreements with reference thereto shall be fully performed, such conveyance to be made and all other expenditures in and about said lands at the proper cost and charges of said parties of the second part.

It is further understood and agreed that as each and every division of the railroad and telegraph line to be constructed under this contract is completed and accepted by the United States Government, it shall be with its equipments turned over to the said party of the first part, the party of the second part performing any work thereafter which the United States Commissioners may require to be done on the same, and subject to the approval of the Board, and all the work to be done under this contract shall be performed, and all the equipments and materials supplied, to the satisfaction of Government Commissioners and Board of Directors of said Union Pacific Railway Company, Eastern Division; and it is agreed and understood that all the railroad and telegraph line herein provided to be built shall conform in every respect to the profiles, maps, drawings and specifications of the said railway company; and if, in the opinion of the said Board of Directors of the party of the first part, the parties of the second part shall neglect or refuse to prosecute the work herein undertaken to be done and performed in such manner as to give reasonable assurance of the complete performance of their contract within the time limited and stipulated, then it shall be lawful for the said party of the first part to declare this contract terminated, and they may enter upon the said premises and prosecute the work to completion at the expense of the contractors applying the assets to be paid them to the payment for the work, or an account may be stated under the direction of an engineer for that purpose selected by the Board of Directors of the value of all work done, material furnished and on hand, in process of manufacture, or in transit—all of which in such event shall be the property of the party of the first part, and shall be accounted for at its fair value to be with the work done estimated by the said engineer, whose decisions shall be final, and shall be credited to the said party of the second part in payment for the mortgage bonds, stock and lands advanced them, and if a balance shall be found due said parties, it shall be paid to them; but if said party shall be found indebted to said party of the first part on account of advances, such advances shall be returned in kind, or in default of which said party shall pay the company the par value of said advances in money; and it is further understood and agreed that the said party of the first part shall at all times, upon request, transport over that road, and to the exclusion of all other business, except Government business, all the rails, ties, spikes, bridges, material and other supplies of said parties of the second part to aid them in the completion of the contract within the time provided; and it is further agreed, subject to the provisions hereof, that all the iron, spikes, chairs, cars, locomotives and rolling stock of every description, and all other materials to be furnished by said parties of the second part, under this contract are, when purchased, and wherever situate, the property of said parties of the second part, and at their risk, and shall not become under this contract the property of the railroad company until after the several divisions of the road for which said equipments and material was provided are accepted respectively by the Government, and turned over to the company as herein provided. And for the transportation to be done as aforesaid for the parties of the second part by the party of the first part, they are to charge a rate not to exceed two (2) cents per bar per mile for rails, chairs, ties, bridges and other articles required for the construction of the road, for each and every mile transported over the road whether or not any portion of said road shall have been turned over at the time to the company by the contractors, and no charge shall be made by said railroad company for the original transportation of any locomotives or rolling stock going out to said contractors to such point on said road as may be rpquired by the contractors.

It is further understood and agreed that in the event of the death of either or any of the parties of the second part this contract shall not thereby be terminated, but the surviving parties shall proceed to the completion of this contract without interference on the part of the personal representatives of the deceased party or parties, and in such cases the party of the first part shall not be liable to account to or unto the personal representatives of such deceased party until the completion of this contract, and such accounting shall then be had between the party of the first part and the survivors of such deceased, and not unto his personal representatives; said party of the first part will transport all the laborers and employees of the contractors free of charge over the road, when desired by the contractors, or their duly authorized agent or officer, and the special car of the General Manager of contractors shall be transported free.

Said party of the first part will also transfer to the contractors all right to take timber, wood, &c., to be obtained or had upon the Delaware Reserve from the Missouri River Railroad Company, or its assigns, the contractors paying the stipulated price therefor.

It is further understood and agreed that the party of the second part shall pay all expenses of rights of way. Engineering and all expenses of this general character, stations, water tanks, engine houses, shops, &c., to be furnished at such points as the railroad company may decide.

It is further understood and agreed, that if the parties of the second part should be obstructed by the acts of hostile Indians, or if for any other reasonable cause, a majority of the contractors, parties of the second part, should desire to stop the construction at any point east of the western terminus designated in this contract, then and in either of those events, they, upon notice in writing to the company, shall be released from the fulfillment of the balance of said contract, receiving payment only for the actual distance constructed and equipped, work done and additional material turned over to the company at the *pro rata* rate for work and such materials in securities of the several kinds herein designated.

It is further understood and agreed that in further consideration of the payments hereinbefore recited to be paid by the party of the first part, the parties of the second part shall pay the unfunded cash debts and obligations of the Union Pacific Railway Company, Eastern Division, existing at the termination of the contracts with Robert M. Shoemaker & Co., estimated at $450,000, but not to exceed $500,000. In the event of the parties of the second part determining for any of the reasons hereinbefore stated to suspend the execution of the work, the value of the work done, and material provided by said parties, estimating the same at the prices herein stipulated to be paid according to the value of such price shall be determined by the engineer of the company appointed or to be appointed for that purpose, and his decision shall be final.

And it is further agreed that the parties of the second part shall and will pay all the accrued interest on said first mortgage bonds at the time of delivery and the interest to accrue thereon, for one year thereafter, and to indemnify and save the party of the first part harmless on account of said interest, and will provide said party of the first part, at a reasonable time in advance of said interest becoming due, the necessary funds for the payment of the same, in default of which said party may retain any assets of said party of the second part, or any security or land to be paid under this contract, and apply the same to such payment, or hold the same till this part of the agreement is complied with.

In witness whereof, the parties of the second part have hereto set their hands and seals, and the party of the first part has caused its seal to be hereunto affixed, and these presents to be signed by its President and attested by its Secretary, this first day of October, 1866.

(Signed) JOHN D. PERRY, *Pres.* [L. S.]
" C. S. GREELEY.
" S. M. EDGELL.
" ROBERT C. CARR,
" WM. M. MCPHERSON,
" EDW. D. MILLER,
" M. BAIRD,
" R. M. SHOEMAKER,
" J. N. KINNY,
" CHARLES B. LAMBORN, *Secretary.*

{Seal Union Pacific Railway Company, Eastern Division.}

I certify the above and foregoing to be a true copy.

Attest: CHAS. B. LAMBORN, *Secretary.*

EXHIBIT No. 4.

An indenture, made the twentieth day of June, one thousand eight hundred and sixty-nine, between Carlos S. Greeley and Adolphus Meier, Trustees under a certain mortgage or deed of trust, bearing date July 1st, eighteen hundred and sixty-six, made to them by the Union Pacific Railway Company, Eastern Division, parties of the first part, and John Edgar Thompson, Adolphus Meier and John A. Stewart, Trustees under a certain mortgage or deed of trust bearing even date herewith, made to them by the Kansas Pacific Railway Company, parties of the second part.

Whereas the said Union Pacific Railway Company, Eastern Division, heretofore made and executed its certain mortgage or deed of trust, bearing date July first, eighteen hundred and sixty-six, to the said Carlos S. Greeley and Adolphus Meier, Trustees upon the railroad and telegraph line of said company from the Missouri River, at the mouth of the Kansas River, and from Wyandotte, westwardly to the point west of the one hundredth meridian, to which the grant of United States bonds in aid of said company extends, which point has, upon subsequent survey, been ascertained to be the three hundred and ninety-fourth mile post west of the Missouri River and the branch road from Leavenworth to the junction near Lawrence, with appurtenances and equipment thereof, to secure the payment of the income bonds issued and to be issued by said company to an extent not exceeding ten thousand dollars per mile of its said road, and the application of the net earnings of the said road as therein defined, after providing for expenses and charges and prior incumbrances to the payment of interest accruing upon such income bonds in the manner and subject to the conditions in said mortgage specified.

And whereas the name of the said Union Pacific Railway Company, Eastern Division, was subsequently duly changed to the Kansas Pacific Railway Company.

And whereas, the said Kansas Pacific Railway Company is now engaged in the construction of an extension of its said railroad and telegraph line from the before-mentioned three hundred and ninety-fourth mile post to Denver, in the Territory of Colorado, a distance of two hundred and thirty-six miles or thereabouts, and with the object of raising funds therefor, has executed and delivered its certain mortgage or deed of trust bearing even date herewith to the said John Edgar Thompson, Adolphus Meier and John A. Stewart, as Trustees, covering as well the railroad premises, properties, rights and franchises which are embraced in and covered by the above-mentioned mortgage given to the parties of the first part as Trustees for the security of the said Income Bonds, as the said line of road now being constructed as aforesaid from the three hundred and ninety-fourth mile post to Denver, and certain lands granted by the United States in aid thereof, to secure the payment of bonds issued by the said Kansas Pacific Railway Company to the extent of six millions five hundred thousand dollars, payable May first, eighteen hundred and ninety-nine, with interest in the meantime at the rate of seven per cent. per annum, payable half yearly, interest and principal being payable in gold, which bonds are at a rate not exceeding thirty-two thousand dollars per mile of such extension.

And whereas, in the opinion of the Board of Directors of the said The Kansas Pacific Railway Company, it is necessary, in order that said company may be able to negotiate its bonds so secured by the said mortgage to the parties of the second part, and necessary in order to enable it to raise the means for the extension of its road to Denver, that the lien of the said mortgage so made and executed to the parties of the first part, and of the income bonds thereby secured shall be subordinate, as hereinafter expressed and declared, to the above-mentioned mortgage of even date herewith made to the said parties of the second part, and to the lien and security of the said bonds for six million five hundred thousand dollars, issued and to be issued thereunder.

And whereas, the holders of all the said Income Bonds issued under, or secured by the above mentioned mortgage to the parties of the first part, excepting such bonds to the amount of two hundred and forty thousand dollars, deeming it to their interest that the lien held for their benefit under said Income Bond Mortgage should be so subordinate to the end of furthering the extension of said road to Denver, as aforesaid, have, in writing, authorized the said lien held for their benefit under the said mortgage to the parties of the first part, as Trustees, to be subordinated in the manner and to the extent hereinafter expressed, to the lien of the said mortgage of even date herewith, made to the said parties of the second part, and to the said six million five hundred thousand dollars, issued or to be issued thereunder, and there has been accordingly stamped upon each and all of said Income Bonds, excepting those to said amount of two hundred and forty thousand dollars, a declaration of their being so subordinated.

Now, this indenture witnesseth, that the said parties of the first part, as Trustees aforesaid, under the above mentioned mortgage of July first, eighteen hundred and sixty-six, made to them for the security of said Income Bonds, and for and on behalf of the holders of all the outstanding Income Bonds secured by said mortgage, in con-

sideration of the premises, and of one dollar to them in hand paid by the parties of the second part, at and before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, and for other good and valuable considerations, have covenanted, granted and agreed, and do hereby covenant, grant and agree to with said parties of the second part, as Trustees under the above mentioned mortgage and deed of trust, of July first, eighteen hundred and sixty-six, made to the parties of the first part by the Union Pacific Railway Company, Eastern Division, of, to, upon or in respect of all and singular, the railroad and appurtenances, rights and privileges, properties, rights, interests and franchises, mentioned in or covered by the said mortgage or deed of trust of July first, eighteen hundred and sixty-six, shall be, and are hereby subordinated and made subsequent and subject to the lien and claim thereon of the said mortgage or deed of trust of even date herewith made by the Kansas Pacific Railway Company, to the parties of the second part, as Trustees as aforesaid, and to the rights, liens and claims thereon, of the persons who shall become holders of the said bonds, within the amount of six million five hundred thousand dollars, issued thereunder, and that the said mortgage or deed of trust to the parties of the first part, of even date herewith, and the said bonds, within the amount of six millions five hundred thousand dollars, issued thereunder, shall have preference and priority of lien over the said mortgage of July first, eighteen hundred and sixty-six, and over the lien of said Income Bondholers, upon all that is covered thereby, as fully and completely as if it had been actually and regularly made and recorded, and the said bonds for six million five hundred thousand dollars, issued hereunder, before the making of said mortgage or deed of trust of July first, eighteen hundred and sixty-six, saving and excepting, nevertheless, the rights, if any, of the holders of said outstanding Income Bonds, or either, the amount of two hundred and forty-one thousand dollars, who have not expressly assented to such subordination.

In witness whereof, the said parties of the first part have hereunto set their hand and seals, the day and year first above written.

CARLOS S. GREELEY. [SEAL.]
ADOLPHUS MEIER. [SEAL.]

THE STATE OF MISSOURI, }
City and County of St. Louis, } ss:

On this twentieth day of June, A. D. one thousand eight hundred and sixty-nine, before me, the undersigned, T. F. Oakes, Commissioner, resident in the City of St. Louis, duly commissioned and qualified under the laws of the State of Kansas, to take acknowledgments of deeds and other instruments, personally came Carlos S. Greeley and Adolphus Meier, personally known to me to be the same persons who executed the foregoing instrument, and acknowledged the execution of the same.

[SEAL.]

T. F. OAKES,
Commissioner for Kansas.

EXHIBIT No. 5.

The lien securing this bond has been, and by the consent of the holder hereof, subordinated to a mortgage for $6,500,000, dated June, 1869, executed by the Kansas Pacific Railway Company, to provide for extending the road to Denver, and the interest on such $6,500,000 is made chargeable against net earnings, before their application to payment of interest on this bond.

The WITNESS. The Denver extension mortgage will be found at page 92 of the book I have referred to.

Q. What is the amount of the Denver extension mortgage?—A. Six million five hundred thousand dollars.

By the CHAIRMAN:

Q. From the one hundredth meridian to Denver?—A. From the one hundredth meridian to Denver, and upon the land grant, and then upon the entire road, it being a first mortgage from the one hundredth meridian to Denver on the land grant; and a first mortgage, but subject to the unstamped, unsubordinated income bonds, as to the road and earnings.

KANSAS PACIFIC FIRST LAND-GRANT MORTGAGES.

The next mortgages in point of time were the first and second land-grant mortgages of the Kansas Pacific Railway Company. The first land-

grant mortgage was July, 1, 1870, to Adolphus Meier, of Saint Louis, and John A. Stewart, of New York. It was purely a land-grant mortgage, covering 2,000,000 of acres of land, from the beginning of the road at Kansas City to the three hundred and eightieth mile-post.

Q. Two millions?—A. About 2,000,000 acres of land.

By Commissioner ANDERSON:

Q. To the three hundred and eightieth mile-post?—A. Yes, sir.

Q. Leaving a gap of 14 miles between that and the other mortgage?

THE SECOND LAND-GRANT MORTGAGE.

A. Yes, sir. The next mortgage was the second land-grant mortgage.

By the CHAIRMAN:

Q. What was the amount of this land-grant mortgage?—A. I thought I had stated it.

Commissioner LITTLER. The mortgage is $2,240,000?

The WITNESS. No, it is either $1,000,000 or $1,500,000.

By Commissioner LITTLER:

Q. What is the date of the mortgage you are now commenting on?—A. July, 1, 1870.

Commissioner LITTLER. That is $1,623,250.

The WITNESS. I think you are in error.

Commissioner ANDERSON. He is reading from the reports.

The WITNESS. That had accrued interest on it. The whole issue was $2,000,000. The second land-grant mortgage, dated August 23, 1871, to Adolphus Meier and Charles Euslin, trustees. The whole issue was $1,500,000. It covered the same property as the first land-grant mortgage.

A TEMPORARY MORTGAGE.

The next mortgage, in point of time, was a small one, made the 7th day of January, 1874, which covered the gap between the three hundred and eightieth and the three hundred and ninety-fourth mile-posts, and certain lands of the Delaware, Osage, and Pottawatomie Indians, if I recollect the name right, which had been acquired by the extinction of the Indian title. It was given to secure moneys which were paid by some of the directors for taxes upon the road, and the mortgage was subsequently canceled. It was really a temporary expedient.

By the CHAIRMAN:

Q. What is the amount of it?—A. One hundred thousand dollars.

FUNDING MORTGAGE.

The next morgtage, in point of time, was one called the funding mortgage. The bonds and mortgage were executed on the 2d day of October, 1876.

By Commissioner ANDERSON:

Q. Have you given us a reference to the land-grant mortgages; as to the pages of that book?—A. The land-grant mortgages I have mentioned are in a compilation—I am quite sure I have no other copy—of mortgages, reports, &c., of the Kansas Pacific Railway Company, with my name printed at the foot, which I have no objection to leaving with the Commission. I have not a copy of that funding mortgage

with me, but it played an important part in the history of the Kansas Pacific reorganization, about which, I dare say, the Commission will examine me later.

By the CHAIRMAN:

Q. What is the total of it? Give the date, amount, and what it covers, so that we can understand the testimony.—A. The resolutions authorizing the funding mortgage were adopted the 10th day of September, 1876. The mortgage and the bonds bear date, I am quite sure, October 2, 1876. The aggregate issue was a $1,500,000. The rate of interest was 10 per cent. It was a general blanket mortgage, but what made it of the highest importance was that a schedule of securities was placed in the hands of the trustees of the mortgage and the securities were mentioned in the schedule, the chief among which was the controlling interest of the Denver Pacific stock.

THE DENVER PACIFIC RAILWAY AND TELEGRAPH COMPANY.

By Commissioner ANDERSON:

Q. Please explain to us, right there, what the Denver Pacific road, as it then existed, was, and why it was important to the Kansas Pacific.—A. The Denver Pacific Railway and Telegraph Company was a Colorado Territorial corporation. The Kansas Pacific board of directors and those most deeply interested—the road having been authorized to be built to Denver—undertook to foster and aid the construction of the Denver Pacific road from Denver to Cheyenne; and an act of Congress of March 3, 1869, was passed—it is only a page long, the title of it being, "To authorize the transfer of the lands granted to the Kansas Pacific Railway Company, Eastern Division" (the old name of the Kansas Pacific), "between Denver and the point of its connection with the Union Pacific Railway, to the Denver Pacific Railway and Telegraph Company, and to expedite the completion of the railroads to Denver, in the Territory of Colorado."

Q. Was that act passed before the Denver Pacific had reached Cheyenne?—A. Yes, sir. The second section of it is highly important.

Q. Was there any bond subsidy to the Denver Pacific?—A. No bond subsidy to any part of the road beyond the three hundred and ninety-fourth mile-post.

DENVER PACIFIC LAND GRANT.

By Commissioner LITTLER:

Q. Was there any land subsidy?—A. Yes, sir. By this very act the Kansas Pacific, to call it by its true name, was authorized to convey to the Denver Pacific all its rights to the lands, and the Denver Pacific was built by a mortgage on its road, earnings, and the land grant.

By the CHAIRMAN:

Q. From Denver to Cheyenne?—A. Yes, sir.

Q. There was no land grant from Denver to the three hundred and ninetieth mile-post?—A. Yes, sir. There was a land grant over the entire road. The subsidy was solely from Kansas City to the three hundred and ninetieth mile-post. That is, there was no subsidy on the Leavenworth Branch, there was no subsidy west of the three hundred and ninety-fourth mile-post, and there was no subsidy between Denver and Cheyenne.

VALUE OF DENVER PACIFIC STOCK TO KANSAS PACIFIC COMPANY.

By Commissioner ANDERSON:

Q. You were explaining why the stock of this Denver Pacific road, which was included in this funding mortgage, was of great significance to the Kansas Pacific. Please complete that explanation.—A. A large proportion of the Denver extension bonds and the Denver Pacific bonds were old abroad, chiefly at Amsterdam and Frankfort, and were there held. The Kansas Pacific Company, through its contracts as to the building of the Denver Pacific, became the owner of within three or four shares of 30,000 shares of the capital stock of the Denver Pacific. Beginning at that time, immediately after the opening of the road through to Cheyenne——

Q. About what year?—A. About the year 1871 or 1872—the Kansas Pacific Company was having a very bitter quarrel with the Union Pacific to enforce its rights on the subject of prorating passengers and freight for all business going on to the Union Pacific Railroad at Cheyenne from the Kansas Pacific and the Denver Pacific, or business going the reverse direction from the Union Pacific at Cheyenne the other way. It was the ownership of the stock of the Denver Pacific that was supposed to control that link, and it was believed by the Kansas Pacific parties that if the Denver Pacific stock, which really had no intrinsic value at that time, should go out of the hands of the Kansas Pacific interest into the Union Pacific interest, we never could enforce the rights which we claimed Congress had given to us. In the fifteenth section, I think it is, of the act of 1864 will be found what gave to each of the systems of the Union Pacific the right which is now very generally covered by the interstate commerce act. In other words, that is the earliest historical scheme of the rights reserved now to the public by the interstate commerce act—equal rights for all connectings railroads of the Union Pacific system with the Union Pacific Railroad proper.

WAR OF RATES BETWEEN KANSAS PACIFIC AND UNION PACIFIC.

Q. On that subject I understand there was bitter dissension in the years 1872, 1873, and 1874, between the Kansas Pacific people and the Union Pacific people, in regard to the rates to apply to freight and passengers to and fro through Cheyenne.—A. Yes, sir. So much so, that there was passed by Congress a highly punative act, leveled against the Union Pacific Railroad Company and its officers, fining and imprisoning any one of them who should violate the provisions of section 15 of the act of 1864.

Q. Give us a reference to the act which you now mention, or you can supply it later if it is more desirable.—A. It is the act approved June 20, 1874.

Q. Go on in regard to the importance of the Denver Pacific.—A. In 1873 the Kansas Pacific defaulted upon its interest obligations. Its then president went to Amsterdam and Frankfort, called meetings of the bondholders of the various classes of bonds—land grants, first and second mortgages of the earliest issue, and of the Denver Extension mortgage—and laid before them the situation, showed them the great difficulty that they were laboring under in regard to doing business over the Union Pacific, and explained to them the absolute necessity of taking care of their obligations on the Denver Pacific, and assuring to them the retention of the control by the Kansas Pacific of the Denver Pacific.

"BABY BONDS."

It resulted in the funding agreement, by which the holders of these various securities submitted to surrendering two coupons of $30 each, and half of the five next maturing conpons—the two whole coupons, and a half of the next five—into the principal of a coupon-bond certificate; that is, the little coupon-bond certificate, commonly called Baby bonds, themselves bearing interest. As part of that negotiation it was agreed that this Denver Pacific stock should be held sacred, and that if default was made upon the Baby bonds, the company would surrender the management of the road to two receivers, one of whom should represent the bondholders and the other should represent the junior securities—the railroad directors party. Just before, in 1876, in anticipation of it, the funding mortgage was made, and this stock was put into that trust in the hands of two of the directors, the mortgage being made to secure the floating-debt obligations which were held by the directors, and the mortgage also covered by the land notes (and these trustees received them) for the proceeds of sale of the land on time of all the land grant of the company.

Q. Did the funding mortgage also secure the certificates for funded coupons?—A. Oh, no; the funding mortgage bonds were issued to the floating debt holders, who were directors, and their associates; and the funding mortgage put in jeopardy the control of the Denver stock, which had always been represented and was always believed to be vital to the first mortgage security holders, so that they were stripped of their best security by the funding mortgage, which was made within thirty days of the default under their funding agreement.

By Commissioner LITTLER:

Q. Was the form of that Denver stock changed in any way by this funding mortgage, or was it continued as stock?—A. The certificates were simply transferred to the trustees.

By Commissioner ANDERSON:

Q. The stock, as I understand it, at this time belonged to the Kansas Pacific and was delivered by them to the trustees of the funding mortgage, and was enumerated in the schedule as a part of the security to be held by the trustees for the holders of bonds issued under the funding mortgage?—A. Yes, sir; I wish also to say that the terms of the funding mortgage were the most arbitrary and caustic that I think I have ever seen in a mortgage. The interest was at 10 per cent., and it permitted, without notice, a sale by the trustees, acting even by an attorney in fact, at public or private sale, to anybody.

By Commissioner LITTLER:

Q. Without a foreclosure?—A. Yes, sir.

By Commissioner ANDERSON:

Q. You say you have not a copy of that instrument with you?—A. I thought I had, but I do not discover it yet.

By the CHAIRMAN:

Q. The funding mortgage is the mortgage referred to by you over the whole road as $1,500,000?—A. Yes, sir.

TOTAL AMOUNT OF KANSAS PACIFIC LIENS.

Q. Then you have enumerated in mortgages and bonds and the Government loan, up to that time, $28,588,000?—A. That is about right; and there was an addition of the Baby bonds.

Q. What do they amount to?—A. I am unable to say, because they were the overdue interest; two principal coupons and half of the five next coupons put into a principal sum. They ultimately amounted to a great deal of money.

By Commissioner ANDERSON:

Q. How were they secured? Was there a funding contract?—A. The original coupons, the two cut off and the five next coupons, were deposited with the Bank of Commerce under an agreement, reserving the rights, so that a foreclosure could take place on the several mortgages. In other words, those coupons that were cut off were held in abeyance. They were not paid. They were obligations, which, if the funding agreement failed, would be in default, so that a foreclosure might be prosecuted.

By the CHAIRMAN:

Q. Will you furnish us with the amount of the "Baby" bonds?—A. It was a variable quantity. At that particular date I could, perhaps, have done so.

Commissioner LITTLER. The amount would be easily ascertained if we knew the number of bonds from which these coupons were taken.

The WITNESS. The answer to that is there had not everybody come in. Only a large proportion of the principal of each of these issues of bonds united in it.

By Commissioner LITTLER:

Q. What became of the outstanding ones that did not come in?—A. They held their peace. We afterwards paid them all off.

By the CHAIRMAN:

Q. Up to this period you have nearly $30,000,000 on this road from Kansas City down to Cheyenne?—A. The document in my hands shows that the holders of $15,609,000 in par value assented to that funding agreement. But then they continued to come in after that, and they were a variable quantity.

Q. I just wanted the amount up to that date. You say it is about $30,000,000?—A. I think I have explained the question in regard to the funding mortgage. That is why it was considered that the Denver stock was so important.

HISTORY OF KANSAS PACIFIC.

By Commissioner ANDERSON:

Q. Going back to the construction of the road, describe its operation to us to the time it was completed through the Territory, and its early financial history.—A. I am unable to speak of the actual details of construction; it was before my knowledge of it, and was not a matter of record of such a character that I can speak by the book.

Q. When was it completed, substantially, from Kansas City to Denver?—A. I think it was early in 1871.

Q. And operations were commenced?—A. Yes, sir.

Q. Was it able to do a large share of business immediately, or was it hampered by the Union Pacific?—A. It was solely to Denver, but we had a large business to Denver. If my recollection serves me, the Colorado Central was not then completed, and the Kansas Pacific had its own way to Denver; but from Cheyenne, east or west, the traffic going to Cheyenne and desiring to go on its way, was blockaded.

Q. Then, as I understand it, the relations that determined this question of through freight, and the general relations at the time between the Kansas Pacific direction and the Union Pacific direction were hostile?—A. Entirely so.

Q. Do you know who then was president of the Union Pacific?—A Sidney Dillon.

Q. Do you know who was the president of the Kansas Pacific?—A. Robert E. Carr, I am quite sure, although during his absence there was a temporary president. Adolphus Meier or Robert E. Carr, I am sure, was acting at that time.

Q. Who were the directors actively connected with the Kansas Pacific at that time?—A. Robert E. Carr, Charles S. Greely, Adolphus Meier, John D. Perry. That reminds me that it may be that John D. Perry was, during a part of that period, president.

Q. He succeeded Mr. Carr, did he not, as president?—A. I think Perry was twice president, with an interval in which Carr was president; but Carr was president in 1876 and 1875. The others were Stephen M. Edgell, T. W. Meister and Benjamin W. Lewis, jr., all of whom were Saint Louis gentlemen. Cyrus W. Burnham was also one, I believe.

DEFAULT ON FIRST MORTGAGE.

Q. You have stated that the company made default in the payment of the interest of its first mortgage bonds. About when did that occur?—A. In the spring or fall of 1873, possibly in 1872. The two coupons, the principals of which were funded, were November 1, 1873, and May 1, 1874, or the nearest dates thereto; the coupon dates of the various mortgages being the first day of almost every month in the year.

Q. This road subsequently went into the hands of a receiver?—A. Yes, sir.

Q. Can you give me the date of the receivership?—A. The bill to foreclose the Denver extension mortgage was filed on the 3d day of November, 1876?

By Commissioner LITTLER:

Q. In what court?—A. In the district court for Shawnee County, Kansas, the third judicial district court of that State; and the receivers were appointed on the same date.

By Commissioner ANDERSON:

Q. Did the Kansas Pacific resume payment of any of its interest between the period of its default and the appointment of a receiver?—A. No, sir.

Q. It was in default all that time?—A. Yes, sir.

DENVER PACIFIC MORTGAGE.

Q. I do not think you have stated whether there was a mortgage on the Denver Pacific?—A. There was.

Q. Have you given us that mortgage?—A. My recollection is it was $22,000 or $25,000 per mile. A 7 per cent. mortgage. I can confirm it, but I think I have no copy of it with me.

Q. The distance is 100 miles?—A. Yes, sir.

Q. We would like to have a reference to that mortgage so as to have the whole subject before us. Would it be in these reports?—A. Oh, no. You will not find it in the Kansas Pacific. Will you let me see the report of 1885 of the Union Pacific?

Q. Are there some of them still outstanding?—A. There is one, but I guess it is a solitary flower.

Q. The last rose of summer?—A. I think so. Left blooming alone. I want the Kansas Pacific trust to look at. I can furnish you with that, but I cannot do it at this moment conveniently.

Q. The exact amount is not necessary. You can supply it the next time. It is about $22,000 to $25,000 a mile on 106 miles?—A. Yes, sir

DENVER PACIFIC LAND-GRANT MORTGAGE.

Q. Was there on the Denver Pacific a mortgage on its land grant?—A. Yes, sir; that covered the land grant. It was the only bonded indebtedness that road had.

Q. So that the whole system represented generally a first mortgage of $16,000 between Kansas City and Denver and the Government mortgage of $16,000 on 394 miles?—A. The first mortgage and the Government mortgage were coterminous and equal in all respects. It extended only to the 394th mile post.

Q. What was the mortgage between the 394th mile post and Denver—$25,000, after the Government subsidy ended?—A. Omitting from the consideration the unsubordinated income mortgage, the first mortgage upon that part of the road was the Denver extension mortgage.

Q. Then there was the income mortgage, the two land-grant mortgages and the funding mortgage, all on the Kansas Pacific, and on the Denver Pacific a single mortgage of about $25,000 a mile, and its stock?—A. Yes, sir. The mortgage of the Denver Pacific will be found at page 180 of the book of indentures I have referred to. The whole issue of that mortgage was $2,500,000.

RECEIVERSHIP OF KANSAS PACIFIC.

Q. Was the appointment of the receiver applicable to the Denver Pacific, or only to the Kansas Pacific?—A. It is only to the Kansas Pacific. But the Denver Pacific was then being operated under the contract with the Kansas Pacific; so that the receivership extended, to that extent, over the Denver Pacific.

Q. At the time of the appointment of the receiver can you give us, approximately, the total incumbrances of the Kansas Pacific and of the Denver Pacific, and the total stock of the Kansas Pacific and the Denver Pacific?—A. I have stated them heretofore in the examination.

Q. We want them in one group, if you will give them to us, so that we will not have to carry it in our minds.—A. I will not be able to do so without computation. Six million three hundred and eighty thousand dollars was the actual amount that was issued under the Denver extension mortgage. The difference between $6,380,000 and the total issue was reserved to take up, I think, the income bonds, with the reservation, &c., so that the actual issue was $6,380,000.

Q. So that, generally speaking, the actual amount named in these mortgages cannot be assumed as representing the correct indebtedness of the company, without examining to see what bonds may be reserved for retiring underlying liens. Is that not so?—A. Yes, sir; but not to any very general extent. I think the report of the Kansas Pacific, at page 34, for the year ending December 31, 1877, correctly states it.

Q. That is substantially as it stood when the receiver was appointed in 1876?—A. That is substantially the same, except as to the interest which accrued, which is stated in the second schedule on that page, between 1876 and 1877.

TOTAL INCUMBRANCES OF KANSAS PACIFIC.

Q. Please give us the totals, so that we may have them before the Commission, as taken from that report.—A. The total amount of outstanding bonded indebtedness of the Kansas Pacific, on December 31, 1877, as stated in the report, is $22,181,600; and interest on bonded debt, due and unpaid, upon the various mortgages referred to in the total amount outstanding mentioned above is stated at $4,585,759.85.

Q. What was the total stock of the Kansas Pacific?

The CHAIRMAN. And the floating debt, if you had any?

Commissioner ANDERSON. We will get that separately. The floating debt floated away.

A. I cannot, with any accuracy, state the floating debt at that time.

Q. About $14,000,000, was it not?—A. I think not. I am quite confident the stock was $10,000,000.

The CHAIRMAN. That covered the whole road from Kansas City to Cheyenne, on the main line?

Commissioner LITTLER. No.

The WITNESS. From Kansas City to Denver.

Q. Ten million dollars?—A. Let me get that right; I do not want to state it erroneously.

Q. Was there any stock from Denver up to Cheyenne on that branch?—A. That was Denver Pacific stock.

Q. What is the amount of that?

Commissioner ANDERSON. A few shares less than thirty thousand shares, I think you stated.

A. That is the amount which the Kansas Pacific held. It was about $4,000,000 of stock.

Q. Four million dollars on that short road?—A. Yes, sir. In addition to these mortgages there were the Government bonds on the 394 miles at $16,000 a mile, amounting to $6,304,000.

By Commissioner ANDERSON:

Q. Do not the articles of consolidation recite the number of shares?—A. Yes, sir; it is $10,000,000, divided into shares of $50 each; two hundred thousand shares, at $50 a share.

Q. You say the capital stock of the Denver Pacific was about $4,000,000?—A. Just $4,000,000.

Q. It was shortly after the appointment of the receiver that you became personally counsel to the Kansas Pacific, as I understand, and went out West and took a part in the proceedings?—A. Yes, sir.

Q. Please state what became of the suit in Shawnee County.—A. It was removed to the circuit court of the United States for the district of Kansas.

Q. What were the subsequent operations of the road under the receivership, in regard more especially to its relations with the Union Pacific? Did the contest as to the discrimination continue?—A. Yes, sir. The receivers, directors, and those most interested in the company and its securities continued the quarrel and contest in Washington, to enforce the alleged rights of the Kansas Pacific to prorate.

By Commissioner LITTLER:

Q. Who were the receivers?—A. Henry Villard, representing the foreign bondholders and first-mortgage bondholders here, and Carlos S. Greeley, representing the Saint Louis party and the junior security holders, and the directors of the company.

KANSAS PACIFIC AND UNION PACIFIC CONTROVERSIES IN COURTS AND CONGRESS.

By Commissioner ANDERSON:

Q. You say this controversy was carried to the halls of Congress, in Washington?—A. Yes, sir; and in the courts at Omaha, and elsewhere.

Q. Who were the prominent persons engaged on both sides in that controversy?—A. It was all done in the name of the companies. A company against a company, aided by the parties in interest, and the bondholders, including the people who owned the Denver Pacific bonds. They were also represented by counsel. They were foreign bondholders.

Q. What were the prominent names that were arrayed against each other in their determination to prevent the prorating at Cheyenne, on one side, and the determination to procure it on the other?—A. The Union Pacific directors at that time, and their allies and associates, who were largely interested as stockholders and bondholders, and, on the other side, the Kansas Pacific directors, and the bondholders and security holders of that road.

Q. At that time, in 1876 and 1877, or 1876 alone, we will say, were there any persons who had a common interest in the two roads?—A. To some extent. The two companies had interests in common before Congress in some regards, particularly in relation to the Thurman funding bill, and also in regard to their claims before the Departments and against the Government for Government transportation and mail services. Wherever the acts of Congress affected the companies alike they were glad to aid and did aid one another.

Q. I refer to another matter: Were there any prominent stockholders of the Kansas Pacific in 1876 who were also large stockholders in the Union Pacific?—A. Not in 1876.

Q. Were there any persons in 1876 who held common offices in both companies?—A. No, sir.

Q. So that in that year the directorship in each company was entirely distinct from the other?—A. Entirely.

Q. And their relations were hostile?—A. Yes, sir.

Q. Except in such matters as you have alluded to?—A. Yes, sir.

MARKET VALUE OF KANSAS PACIFIC AND DENVER PACIFIC SECURITIES.

Q. Can you tell us about the market value of these various securities in 1876 and 1877, without undertaking to be precise?—A. Beginning in 1873, and from that time until the end of 1876, the market value of all the securities I have mentioned was extremely low. The Kansas Pacific stock was $2 or $3 a share, practically valueless; so regarded. The land-grant bonds, seconds, were purchasable at one time within that period at about 10 cents on the dollar, with all the interest connected with them. The Denver Extension bonds were worth about 40, practically, at that period, and ranged from 50 to 70 between 1876 and the early part of 1878. The first mortgage bonds of the railroad company, although they were prior to the lien of the Government, were selling considerably below par. The company's credit was bankrupt.

By Commissioner LITTLER:

Q. Were all these securities listed on the Stock Exchange here?—A. Many of them were; most of them were.

By Commissioner ANDERSON:

Q. Was the Denver stock salable during these years at all?—A. Oh, no; the only purchaser in the world for it was the Union Pacific party. Several efforts were made to obtain the ownership and control of that, and various attempts were made in the courts to disunite the Kansas Pacific from the Denver Pacific.

Q. How early were those efforts made?—A. The funding mortgage was one of the first efforts in that direction, some of the floating debt of the road being held by some of the people in the interest of the Union Pacific, who had advanced moneys or credits.

Q. The funding mortgage was in 1874, was it not?—A. Eighteen hundred and seventy-six.

Q. Just before the receiver was appointed?—A. Yes, sir. It is quite possible that in the year 1875 or 1876 there were one or two Union Pacific directors in the Kansas Pacific, but it was a mere act of courtesy. There were no actual interests. I do not remember; may be it was in 1877.

IMPROVEMENT IN BUSINESS AFTER 1877.

Q. Did any improvement in the character of the company and the business of this corporation take place; and, if so, when?—A. Beginning about the first of the year 1877, a marked and decided increase begun, which at first was gradual. The limit of the fertility of the soil of the Kansas Pacific in 1876 and 1877 was considered to be but a comparatively short distance west of Kansas City. The company had previously, and the receivers followed suit, aided in giving away seed to people who endeavored to make the experiment of grazing cattle, and the receivers helped and joined with some others there in breaking up a lot of land to see whether they could, by breaking it up and by sowing it, produce a change, and by the time 1878 came along the moving line had gone west 100 miles. To-day that part of Kansas is the garden field for grain and wheat, which was in 1877 and 1878 regarded as utterly valueless except for grazing purposes, and mighty poor for that. So that now clear into Colorado the fertility of the soil is developed, and it is of great value. With this development came immigration, and with the immigration came the purchases of lands, and the activity and prosperity of Denver began. In 1878 we began to see daylight out of what was formerly an almost inextricable confusion of mortgages, debts, and bad credit.

RAPID DEVELOPEMENT OF AGRICULTURE.

Q. How rapid was this development of the lands and the act of reclaiming them?—A. It would seem that it was almost step by step. That is, you would rarely find 50 miles of interval of prairie. Taking it at Salina, for example, as the last place on the road where they raised any wheat, some would buy lands within a mile or two and break it up, and immediately it was found to be fertile. The theory of the time was, that during the vast number of years while this was a prairie country, the prairie fires and the buffalo grass together had resulted in forming a surface varying from 6 to 9 inches deep that was impervious to the rain; and the rain fall was very small. But as they turned this up and the surface rotted it was a natural manure, and as the growth of immigration and the use of the soil continued westward the rainfall increased. I believe the theory has now been established by the result that the rainfall in Kansas has increased tremendously. It was also the pet

theory of some that the unbroken silence of the prairies prevented the storm clouds from coming, and that the very building of the roads and the running of trains broke the silence of the atmosphere and created currents which produced rain. But, at all events, whatever the theory was, the result was demonstrated that the country, instead of being a desert, became a garden.

Q. Then, as I understand it, the area of fertility and the population of this district increased in 1877 and 1878, moving gradually westward. What effect did that have upon the earnings of the road, as you remember them?—A. It affected them very favorably; and at the same time the cattle business of Texas and New Mexico began to affect the road as well very materially. We had very long hauls on cattle, and there began the struggle. The building of the Atchison, Topeka and Santa Fé helped us very much. The Denver and Rio Grande began bringing in new business in that direction, and there was a tide of immigration and prosperity which was tremendous in comparison with the dreadful depression which prevailed as to freight and traffic and passenger and agricultural and stock interests between 1872 and 1876.

BRANCH LINES OF KANSAS PACIFIC.

Q. Up to this point, what branches, if any, connected with the Kansas Pacific, had been constructed, and how were they built; how did they come to be built?—A. One of the earliest branches was the Junction City and Fort Kearney, if I remember right. That branch, together with the Arkansas Valley, and, indeed, all the branches of the Kansas Pacific, as they existed in the years 1878 and 1879, were the result of a combination of circumstances whereby the road was either persuaded or compelled, in self-defense, to aid in the building of the branches. For example, I remember that the receivers were urged and persuaded and coaxed to aid, so far as they could, in building one of the branches which ran up through Concordia. The tide of immigration set in there. It was about 80 or 90 miles from the Kansas Pacific; if we did not get there somebody else would. If we did not provide the territory there with transportation, in and out, roads from the Missouri River east would do so. And much of such influences were being brought to bear in other directions for the rest of the branches. The community itself would start a little road. The habit was then firmly fixed upon Kansas of granting aid in county and town bonds; and I remember as to the branch to which I referred—I have forgotten the name for the moment—that I was persuaded to unite in an effort to obtain from the court the privilege of using some old iron which we were taking up and some disused ties (short ties, culls, material that was of little or no value to us) for the building of this branch. I went up through the country and looked it over with a party of gentlemen interested in it, and the receiver got authority from the court, and got back the bonds of the little branch road, and also the bonds granted by the counties as county aid. That was true of the Solomon Valley road. That was true of the Junction City and Fort Kearney, and the Salina and Southwestern. The Arkansas Valley was on a little different basis; that was built by some Saint Louis people, and we found it there. It was much ahead of its time, and finally it became a valueless road.

SEPARATE ORGANIZATIONS FOR BRANCHES.

Q. Do I understand all these branches had separate organizations of their own?—A. Yes, sir.

Q. And their own system of bonds and stock?—A. Yes, sir; and in me instances they were represented by prominent people in the dis-ict, partly through courtesy and partly because of their aid in obtain-g the assistance from the counties and towns, and also for the reason at it was of necessity, under the laws of Kansas, that a certain num-er of the directors of the roads should be citizens of that State.

By the CHAIRMAN:

Q. They were all built on the aided branches of the Kansas Pacific the 394th mile post.

The WITNESS. Was that true of the Arkansas Valley?

The CHAIRMAN. I am asking you.

A. I think with the exception of the Arkansas Valley that was true, ecause that was where the development of the road was. The fact of s being aided had nothing to do with it.

Q. Except on the question of merging, you might have considerable do with it in your settlements with your branch road?—A. I mean at did not enter into consideration at the time.

By Commissioner ANDERSON:

Q. The considerations were the demands of the residents and the im-ediate necessity of the territory?—A. Yes, sir; and the danger of aving our territory invaded by companies which might begin feebly, the Atchison company, for example. The Atchison road could have en throttled for $40,000. It was a little weak road that ran down ere, which developed and increased—and got credit, and capital, and terest with the people—into being a greater road than the Kansas acific in a very short period of years, and it was seriously contem-ated at the time of buying them out and controlling them, to prevent e interruption of what we regarded as our business in that territory.

Q. As a matter of fact, all of these branches are on the eastern di-sion of your road?—A. Yes, sir.

Q. And you say that was because that portion was first developed?—. Yes; because that was where the demand was.

Q. Do I understand that the business of that end of the road was ore active than that of the other end?—A. Oh! very much. It was actically a barren desert, with not a field of wheat or anything else st of the 394th mile post right up to the city of Denver itself. The ly business of the western end was through Denver—Colorado busi-ss—and a little local cattle business.

Q. Can you enumerate these branch roads and state the amount of eir bonds and stock?—A. No; I am unable to do so.

Q. Can you refer us to any source from which we can get that infor-ation?—A. Undoubtedly; the Union Pacific office, or Mr. James M. am, of this city, can do so; I knew at the time, but it was not within y province.

HISTORY OF KANSAS PACIFIC PRIOR TO CONSOLIDATION.

Q. Under the subsequent history of this road I understand that all ese bonds and stocks went over to the Union Pacific through the nsolidation with the Kansas Pacific.—A. Yes, sir, and a number of hers which have been referred to, and which are not properly branches the Kansas Pacific. There is another gentleman here, Mr. Amos H. lef, that I will refer you to for information. He was for many years nnected with the Kansas Pacific road up to the time of the consoli-tion.

Q. At the period of which you are now speaking, did you represent or were you in communication with a number of the holders of the various classes of securities that affected the Kansas Pacific and the Denver Pacific?—A. Beginning in the early part of the year 1878 I became so connected, and during the early period I was in constant connection with the bondholders and security holders of all kinds of the Kansas Pacific through my relationship with the committee of nine who were conducting the foreclosure and through my relationship with the receiver.

Q. The committee of nine represented whom?—A. The Denver extension-mortgage bondholders.

Q. Who was the chairman of that committee?—A. Louis H. Meier.

Q. What other interests were represented by committees or by prominent representative holders at that time; I mean, of the other securities?—A. We had no trouble from the mortgages which were the prior ones; which were like the statutory lien. They were all regarded as safe, and would take care of themselves. The representatives of the income bondholders were the source of very much concern. They occasioned many litigations.

Q. Who were they?—A. The Saint Louis people, as a rule, were the principal holders of them; and the holders of the funding mortgage bonds caused us a great deal of trouble. There was a great deal of litigation about that.

Q. The same Saint Louis people?—A. These same Saint Louis people; so much so, that we paid the interest on the funding mortgage bonds once, I am not sure but twice, by the direction of the circuit court, although they were junior to everybody else, in order to prevent the consummation of the cut-throat provision in that mortgage in relation to the Denver Pacific stock.

Q. Then there were, as I understand, constant litigations and dissensions between the representatives of these different securities?—A. Yes, sir; one may say so, and with the representatives of the Union Pacific. There were litigations at Denver, Colorado.

Q. Please describe how those dissensions developed, whether they ultimately culminated into an arrangement for pooling all these different interests?—A. Yes, sir; with the advance of the securities and the increase of public confidence in the road, and particularly in the change of heart that took place in the Union Pacific directory, who were animated, as I suppose, by two reasons: One, the apprehension that we would succeed in Congress and in the courts ultimately.

EFFORTS TO ENFORCE THE UNION PACIFIC TO PRORATE.

Q. Succeed in forcing them to prorate?—A. Yes, sir; and the other influence was their belief that the property would very soon, by the development of the country and by the sales of land and increased business, become so valuable that the securities were a wise thing to purchase, and perhaps also in the latter part of the period by the influence of their desire to form an affiliation and close connection with the Kansas Pacific, and unite the two interests, so that they could protect their own territory from the incursion of other railroad enterprises. It finally resulted in interesting the various security holders of all classes. One gentleman might perhaps own four different classes of securities, another gentleman would own two, another gentleman, who was an intimate friend and associate of the two I have spoken of, would own all one class—all stock or all income bonds, or all funding mortgage bonds.

But the appreciation going on and this change of view continuing, and the values of these securities increasing, finally brought them together upon a plan and theory that they should arrange a schedule of values of these securities and agree what rate they should be taken at and bunch them all together, and use the entire accumulation of such deposited securities as a means to carry out what was then thought to be the only ultimate end, a foreclosure of the Denver extension mortgage, which would foreclose the income and stock, and the funding mortgage, and the Devereaux mortgage, and the land grant, and put the road upon a sound basis. That arrangement I know was formulated. It was put in writing, and it ultimately furnished the means by which the Union and Kansas Pacific parties were affiliated, and the foreclosure suit brought to a termination, and the ownership of a control of these junior securities and stocks placed in the hands of the Union Pacific parties, and the foreclosure suit brought to a successful termination in this, that all the prior mortgages, including the Denver extension mortgage, received their interest, and the indebtedness to that extent was cleaned up, the Denver extension mortgage making a concession of reducing its rate of interest from 7 to 6 per cent.

RATES FOR FUNDING THE SECURITIES.

Q. Please describe when this arrangement of preparing the schedule of rates at which these different securities were to be funded was reached?—A. It was in the spring of 1878, and the paper which was then signed was dated, I think, the 24th of April.

Q. By whom was that paper signed?—A. I have not the original. I do not know where it is, but I have a copy, which I prepared myself largely. Carlos S. Greeley, John D. Perry, John P. Usher, Adolphus Meier, B. W. Lewis, jr., D. M. Edgerton, S. M. Edgell, Henry Villard, Robert E. Carr, F. W. Meister, Artemas H. Holmes, Sidney Dillon, Jay Gould. The holdings which were then signed for were subsequently increased very considerably by the action of the parties and by the proper authority to bind the parties thereto. So that ultimately that combination represented the ownership of $784,000 funding bonds, $754,000 of the second land grant bonds, $75,000 of the Leavenworth Branch bonds, $67,000 of the unstamped income bonds, $2,611,400 of the stamped income bonds, $450,000 of the first mortgage bonds of the Arkansas Valley Railroad Company, and a very large amount of the stock of the Kansas Pacific. I should think it was three-fourths of the issue.

Q. You say you have a copy of the agreement that was made between those parties?—A. Yes, sir.

Q. Will you produce it for our inspection?—A. Yes, sir [producing the paper].

Q. Does the paper which you have handed us show the relative interests of each of the parties signing it?—A. At the inception; yes, sir.

Q. It is the schedule annexed, is it?—A. Yes sir.

Q. These were the respective amounts they had in each different security?—A. Yes, sir.

Q. Have you any paper to show the increased interest of these different parties?—A. No, sir; the original papers, I think, soon left my possession and went into the hands of the executive committee, and the papers I have shown you are copies which I have found in my office.

Q. After that agreement was made, how was the business of the pool managed?—A. By a seven-tenth interest of the depositors of the pool.

Q. Did they meet regularly?—A. No; there was no regularly announced meeting. The whole constitution is that which you have read.

Q. Did they select a chairman?—A. No, sir; it ultimately resulted in this, that all the assets to which that relates were put into the hands of Messrs. Dillon, Sage, and Villard, I think. I know at one time they were in my custody and then they were put into the custody of others. The ultimate result of that was that the Union Pacific party having bought out the Saint Louis interest—the Kansas Pacific interest—they were practically in an overwhelming majority in interest in that combination.

TRANSFER OF SAINT LOUIS INTEREST TO THE UNION PACIFIC.

Q. When did that transfer of interest from the Saint Louis people to the Union Pacific people take place?—A. I think it must have been in the latter part of 1878 or early in 1879, and my recollection is that it did not take place as an entirety; but, as Mr. John D. Perry came along, for example, and made an arrangement with somebody to buy up his interest——

Q. Do you know that?—A. I know Mr. John D. Perry did arrange and sell to Mr. Gould his representative interest—that is, his ownership and all his rights under it—for so much. I do not remember what, if I ever knew. Then Mr. Carr parted with his.

Q. To whom?—A. Either to Mr. Gould or to Mr. Dillon or to Mr. Ames or to Mr. Sage. To the Union Pacific interest, which were practically in common.

Q. Does Mr. Sage appear to have been one of the original subscribers?—A. I do not think he does. I think he subsequently became interested in it.

Q. Who were generally the parties who purchased the Saint Louis interest, so far as you remember their names?—A. I think, chiefly, Mr. Gould and, to some extent, my recollection is Mr. Ames and Mr. Dillon and Mr. Sage, and perhaps some other parties of the Union Pacific interest—active men like Mr. Atkins or Mr. Dexter—were interested in those purchases.

Q. When was that transaction completed by which the Saint Louis interest was bought out?—A. It was prior to June 1, 1879.

Q. What is the date of the consolidated mortgage of the Kansas Pacific?—A. May 1, 1879. It must have been prior to that date.

PREPARATION OF CONSOLIDATED MORTGAGE.

Q. Who prepared the consolidated mortgage?—A. It was originally drafted by Judge John T. Usher. It was submitted to me.

Q. What is Mr. Usher's residence?—A. Lawrence, Kans.

Q. He is still living?—A. He is still living. It was then submitted to me for my examination, suggestions, and criticisms.

Q. At the time that mortgage was prepared who was president of the Kansas Pacific?—A. Sidney Dillon had then become president within a short time; in the spring of 1879, and part of the transfer of interests of the Saint Louis people involved the vacating by them of their seats on the board of directors of the Kansas Pacific Company.

CHANGE IN THE DIRECTION.

Q. When did that vacation of the seats of the Kansas Pacific board of directors take place?—A. I think in the early part of 1879.

Q. Does that appear in full on the minutes of the proceedings of the board of directors?—A. I am unable to state.

Q. Were you a director yourself at that time?—A. I think for a short time I was a director.

Q. Were you present at the meeting when the resignations took effect?—A. I do not recollect the fact.

Q. Do you remember what directors retired from the Kansas Pacific?—A. I am quite sure Mr. Greeley and Mr. Edgerton did not. I do not recollect about the others.

Q. And who was the president that retired?—A. Robert E. Carr, if I recollect rightly.

Q. Who was the vice-president?—A. D. M. Edgerton.

Q. Do you know whether he retired or not?—A. I know that Mr. Edgerton continued with the company, and for a period of months was the active manager of the Kansas Pacific business under the title of "vice-president."

Q. And Mr. Dillon then succeeded Mr. Carr as president of the company?—A. Yes, sir. I do not speak with great positiveness as to Mr. Carr, because his health became poor at that time; and whether he continued as president down to the succession of Mr. Dillon or not, or whether there was an interregnum, I am unable to tell.

Q. Mr. Dillon assumed control as the representative of the Union Pacific interest, and succeeded to whomever was before him who represented before that time exclusively the Kansas Pacific interest?—A. Yes, sir.

Q. You say that this change in the direction and in the officers of the road was a part of the acquisition or the buying out of the Saint Louis interest by the Union Pacific interest?—A. That was the result.

Q. Was it, to your knowledge, contemplated by the parties at the time?—A. Oh, yes, sir; and all the mortgage bond interest of the Kansas Pacific regarded it as a great piece of good fortune, because they were satisfied that the two roads would be then run harmoniously instead of in the cat and dog fight manner that they had been.

Q. Was that agreement, that there should be such a change in the direction, in writing at the time?—A. I think not.

Q. Was it evidenced by letters?—A. I do not think so.

Q. You think that was simply a verbal statement, by the parties selling out the stock, that they would do so and so?—A. Yes, sir.

Q. Carried out how soon after they parted with their securities?—A. I think pretty shortly afterwards. I think it followed upon the acquisition of what was the controlling interest of the Saint Louis party.

Q. So that it was substantially a part of the same transaction?—A. Yes, sir.

Q. That they should sell their securities and give up their places?—A. Yes, sir.

Q. You say you examined the consolidated mortgage?—A. I did.

Q. Do you know by whose direction it was prepared?—A. Yes, sir.

Q. By whose direction?—A. By the direction of the executive committee of the Union Pacific Company who had at that time become, and were in effect, the executive committee of the Kansas Pacific.

Q. In what month was it prepared?—A. In April, perhaps beginning in the early part of March, 1879.

Q. Then it was a part of this same transaction that led to the change in the direction?—A. Yes, sir; it was in direct line of that part of this pooling agreement which looked to the unity of the management of the two roads in common.

Q. Will you refer us to the consolidated mortgage?—A. It will be found at page 149 of the compilation, frequently referred to, "Indentures of the Union Pacific Railway Company."

Q. At the time this mortgage was drawn, had the principal of the indebtedness of the Kansas Pacific, or of the Denver Pacific, been materially altered?—A. No, sir.

Q. Had the arrears of interest been to any great extent taken up?—A. Not at all.

ADVANCE IN MARKET VALUE OF KANSAS PACIFIC.

Q. Had the market price of the stock of the Kansas Pacific prior to, say, January 1, 1879, advanced materially?—A. I think it had.

Q. Do you remember about what figure?—A. I should say that it was in the neighborhood of between fifty and sixty, and perhaps a little higher; I do not undertake to be bound by my oath to such questions.

Q. We will get the figures quoted; had any change been made in the tenure of the Denver Pacific stock up to the first of January, 1879, or did that still remain in the hands of the trustees of the funding mortgage?—A. That remained there.

Q. Who were those trustees?—A. Burnham and Lewis. We had snowed under the funding mortgage by legal proceedings, which put it in such conditions that they could not act under it. I had filed a cross bill to their bill to foreclose, and got an injunction; and the litigation was very active and very hostile, beginning after the formation of this pool. But at that time the cardinal features of the proposed settlement with the bondholders as to their back interest had been agreed upon and arranged, and a mortgage was drawn in view of the performance of the terms of that agreement.

Q. The consolidated mortgage?—A. Yes, sir.

Q. Where do the trustees of the funding mortgage reside?—A. Saint Louis.

Q. Had they a representative in New York?—A. No, sir.

Q. The litigation you refer to was then pending in the West?—A. Yes, sir; in the circuit court of the United States for the district of Kansas.

SUITS AGAINST TRUSTEES TO RELEASE DENVER PACIFIC STOCK.

Q. How soon after the consolidated mortgage was made were you requested to institute an action against Jay Gould and Russell Sage, referring to this stock of the Denver Pacific?—A. In the month of January, 1880.

Q. By whom were you requested to bring that suit?—A. The Kansas Pacific Company.

Q. By whom, in person, were you requested to bring that suit?—A. Mr. Sidney Dillon.

Q. Did he come to your office, or send for you?—A. I was sent for.

Q. Where did you go?—A. To the offices of the company, or to Judge Dillon's offices, which were in the same building.

Q. In the Western Union building?—A. I do not recollect whether they had then moved to the Western Union building, or whether they were still at No. 80 Broadway.

By Commissioner LITTLER:

Q. In this city?—A. In this city.

By Commissioner ANDERSON:

Q. Who was present at the interview?—A. My first interview was with Sidney Dillon, and Judge Dillon as my superior officer.

Q. Can you tell me the day of the month in which that interview took place?—A. It was within a few days of the 17th of January, 1880; the determination to bring that suit, upon the advice of counsel, was made upon the 17th day of January, 1880, the day upon which the summons bears date.

Q. The interview that you have referred to was a few days before, you say?—A. I am inclined to think I was conferred with, or that I consulted with Judge Dillon, or Mr. Sidney Dillon, before that.

Q. But within a few days?—A. Yes, sir.

Q. With what other person, if any one, did you confer in regard to the institution of that suit?—A. I think I talked it over with my partner.

Q. I mean, of the officers of the company?—A. I do not think I conferred with any of them except the president, Mr. Dillon.

Q. Will you state what conversation passed between yourself and Mr. Dillon?—A. I think the conversation, although in his presence, was conducted chiefly by Judge Dillon with me.

Q. What was said?—A. Judge Dillon said to me that I was familiar with the consolidated mortgage. I said, yes, sir. He said that the company were very anxious and desirous of obtaining the release from that mortgage of the Denver Pacific shares of stock which were pledged to the trustees of the mortgage.

Q. What company was desirous?—A. The Kansas Pacific Company; and he asked my views as to whether the accomplishment of that purpose was feasible or permissible; whether the trustees, under any circumstances, could part with the certificates for the shares of stock. I think the conversation must have taken some time, and it may have resulted in some legal discussion between us; but I ultimately said to him that the only method in which the end sought for could be accomplished would be by the direction of a court of equity, under its general equitable powers, to construe or determine questions arising under a trust of that sort. I was asked where such a suit could be brought properly. Judge Dillon at that time had been here but a short time, having come from New York in the fall of 1879, and he regarded me as a better authority on matters of practice and jurisdiction here than he himself was. I told him that I thought the supreme court of this State had the jurisdiction essential, and that the Kansas Pacific was here, a resident doing business, having its office here, and the trustees were citizens of this State.

Q. They were who?—A. Jay Gould and Russell Sage. And that, in my judgment, if the courts would warrant and authorize the trustees, on a proper case made, to part with the stock, that the trustees would be protected in their action in doing so, but that court would doubtless require some security to the trust for the securities taken out of the trust.

Q. The object, then, was to extricate, or take out from the consolidated mortgage, the shares of Denver Pacific stock which the trustees held under that mortgage?—A. Yes, sir.

Q. How much was that stock. About $3,000,000?—A. A few shares short of $3,000,000.

Q. How was the stock to be extricated from the funding mortgage?—A. The trustees of the consolidated mortgage, as soon as the mortgage was executed and delivered, took up, in part, from Messrs. Villard, Sage, and Dillon a large proportion of the funding bonds, and I am inclined to think that at that time they were all agreeable and willing and desirous, and knew in advance, that these consolidated bonds would be used to take up those funding mortgage bonds. I

know that at the time the funding mortgage bonds were all in the possession of Gould and Sage as trustees of the mortgage. Therefore the funding mortgage no longer covered the shares of stock of the Denver Pacific.

Q. And the only title as against the Kansas Pacific to the Denver stock was in the trustees of the consolidated mortgage?—A. Yes, sir.

Q. Did Mr. Dillon express to you that he desired these proceedings to be hastened?—A. Yes, sir; he stated to me that he desired the business to be done with as much expedition as possible, and I was asked how long a time it would take.

Q. What reply did you make?—A. I said that if the trustees submitted their rights to the court, and if the proofs which I thought could speedily be made were made to a referee, that a reference could be had within a very short time, that is, a day or so after the issues were framed; and that if the issues were promptly framed and a reference had with as much expedition as could be had, that it would take but a few days to present to the court the questions involved upon the pleadings and proofs, and that if there was no opposition, and the court thought it was a proper decree to make, that a decree could be made at once; that I could not foresee what length of time would be involved, but it would be a short period to get a decision, favorably or adversely.

Q. How soon after that did you bring the suit?—A. The summons was dated on the 17th day of January. The complaint will speak for itself as to when it was verified.

Q. Please examine the judgment-roll I show you, and state whether or not that is the judgment-roll in the case?—A. That is.

Q. Consult the judgment-roll and tell us what that litigation was, and how it was conducted, and what the result of decree was?—A. The summons is dated January 17, 1880. The complaint is verified on the 20th day of January, 1880, by Sidney Dillon as president of the Kansas Pacific Railway Company. I think immediately, as soon as the complaint was prepared, indeed, in advance of it, I was referred to Messrs. Vanderpoel, Green & Cuming, as the counsel for Messrs. Gould and Sage, as trustees; and I may have visited them—I think I did—on the same day, on the 17th. I told them my instructions in the matter as to expedition, and asked Mr. Vanderpoel if he could not give it his immediate attention, to the exclusion of other business as much as possible; and he said he would, but he would have to act through Mr. Almond Goodwin. I think I exhibited a draft of my complaint to Mr. Goodwin, and I served the complaint, doubtless, the same day, the 20th.

Q. On the trustees?—A. Yes, sir.

Q. Personally, or was there an appearance and admission by attorney?—A. The answer was served, at least it has indorsed upon it, in my own handwriting, "Received Jan'y 20th, 1880. Admitted service. A. H. H."

Q. That is the answer?—A. That is the answer; so I must have conferred with Mr. Goodwin, and the character of the complaint was determined upon before it was actually served.

Q. The answer substantially submits the prayer of the complaint to the court?—A. Do you wish to have any part of it referred to?

THE COMPLAINT.

Q. Yes, sir. Give us an understanding of the prayer of the complaint.—A. The complaint recites the character of the corporation, the Kansas Pacific, and that it is one of those entitled to share in the benefits and

advantages of the acts of Congress, meaning the Pacific Railroad acts, the making of the mortgage, and the amount of bonds secured thereby. A copy of the mortgage is attached as Exhibit A.

THIRD PARAGRAPH.

The third paragraph recites the number of bonds secured by the mortgage at that time issued pursuant to its terms, and that among the other property included in and covered by said mortgage are 29,986 shares of the capital stock of the Denver Pacific Railway Company, of the par value of $100 per share, which said shares of stock are owned by and are the property of the plaintiff, that is, the Kansas Pacific; that no dividend has ever been paid on such stock, and that it has no market value, and that the same has always been valued by the plaintiff, in the estimated value of its property and assets, at a very small sum; that the Denver Pacific Railway and Telegraph Company is the same company mentioned and described by that name in the act of Congress entitled, &c., approved March 3, 1869, and also in the act of Congress, June 20, 1874. It states its bonded debt and the capital stock; that that company has been in default in the payment of its first mortgage interest coupons for more than two years; all of which is further shown by the affidavit of A. H. Calef, hereto annexed.

SIXTH PARAGRAPH.

The sixth paragraph is that if said shares of stock remain in the hands of the trustees under the mortgage above referred to, they will add little, if anything, to the value of the mortgage securities, as no dividends are likely to be received therefrom; and that so long as such shares of stock remain in the hands of the trustees thereof they will be of no financial value to the company, but that if they are delivered to the company the plaintiff can and will avail itself of an opportunity to use the same to its advantage and to the consequent advantage of its credit and stockholders.

SEVENTH PARAGRAPH.

The seventh paragraph is that the security is ample and complete without said shares of stock, and that the annual earnings and receipts of the plaintiff are more than sufficient to pay all its taxes, fixed interest, and other charges, together with all necessary charges and expenses for operating expenses, repairs, renewals, and necessary improvements; that the stock of the plaintiff company is selling in the market for about par.

EIGHTH PARAGRAPH.

Q. That is, the Kansas Pacific?—A. Yes, sir. Eighth, that the plaintiff has applied to the defendants, Messrs. Gould and Sage, trustees, to release said shares of stock from the said mortgage, and accompanied said application with an offer to substitute the securities or property for which the same might be sold or exchanged or other securities or property of equal value, and in lieu thereof has offered to covenant and agree that of the $30,000,000 in bonds authorized to be issued under and by virtue of said mortgage there shall forever remain unissued sufficient in value to replace the value of said shares of stock, to the end that the securities of said mortgage may be kept unimpaired by reason

of the said mortgage; that the defendants, Gould and Sage, replied and alleged that they have refused, and do now refuse, to comply therewith.

A copy of said application and their reply is annexed, and marked Exhibit C.

Wherefore the complaint prays that the value of the shares may be ascertained and determined, provided that the same shall remain in trust, and that your trustees may be directed to deliver said shares of stock and receive the securities or property for which the same shall be sold or exchanged of equal value, or upon the plaintiff binding itself not to issue at any time bonds secured by the mortgage herein set forth to amount equal to the ascertained value of said shares of stock so released, and for such other or further order, relief, or decree in the premises as to the court may seem just and proper.

THE ANSWER.

The answer of the trustees admits the allegations contained in the complaint, except the allegations contained in paragraphs 6 and 7 thereof. They allege that they are unable to admit or deny the allegations contained in paragraph 6 or 7, and are advised by counsel that it is their duty as trustees of the mortgage to do nothing which will or might impair the amount or value of the property covered by said mortgage.

Wherefore the defendants pray that this court will instruct or direct them in the premises as to the present or probable value of the shares of stock referred to in the complaint, and that the shares of stock, if released or delivered to the plaintiff by the decree or judgment of this court, may be released and delivered only upon such terms and conditions as will preserve the value of the defendant's trust unimpaired, &c.

It is verified by Mr. Gould.

Q. What was the next step in that litigation?—A. I requested Mr. Vanderpoel's firm, through Mr. Goodwin, to agree with me upon a referee, and we selected, at my suggestion, Mr. Horace M. Ruggles, whom I did suggest because of his large experience in railroad mortgages, or trusts of that description. I asked him also upon the same day to go with us before the court at chambers and obtain an order of reference to Mr. Ruggles.

Q. On what day did you attend in court?—A. On the 20th day of January, 1880.

Q. On the same day on which you received the answer?—A. Yes, sir.

Q. By whom was the order made?—A. Mr. Justice Charles Donohue.

Q. On the same day on which you applied?—A. Yes, sir.

Commissioner ANDERSON: The order refers the issues in the action to Mr. Ruggles as referee to try and determine.

THE SUIT SENT TO A REFEREE.

The WITNESS. Upon the pleadings and upon the stipulations of counsel it was ordered that all and every issue therein be, and the same are hereby, referred to Horace M. Ruggles, esq., to take proof of the matters alleged in the complaint, and report the same, with his findings of fact and conclusions of law, together with his opinion thereon.

The next step in the proceedings was the arrangement to proceed

with the taking of the proofs before Mr. Ruggles, which was begun on the following day, the 21st. The proofs appear *in extenso*.

Q. Who were the witnesses examined?—A. A. H. Calef was the first witness. He had been connected with the Kansas Pacific road and with the Denver Pacific, as an officer in the Treasury Department, and as secretary or assistant secretary of the company, I think, since 1865. He was thoroughly familiar with the business of the road.

Q. He was then an officer of the road, was he?—A. Yes, sir.

Q. What position did he then hold?—A. I think it was secretary or assistant secretary, I am not sure which.

Q. Of the Union Pacific?—A. Of the Kansas Pacific. Sidney Dillion was a witness.

Q. He was president of the Kansas Pacific?—A. Yes, sir.

Q. And also of the Union Pacific?—A. Yes, sir. Russell Sage was a witness. There was no proof offered by the trustees, except the cross-examination of the witnesses on the part of the plaintiff. Then follows the referee's findings of fact and conclusions of law and his opinion.

Q. On what day were those witnesses examined before Mr. Ruggles?—A. On the 21st and 22d of January.

Q. On what day were the findings of fact?—A. The case was closed on the 22d, and the findings were signed on the 23d of January.

Q. The report bears date also the 23d of January?—A. Yes, sir.

Q. By whom was the report drawn?—A. By Mr. Ruggles.

Q. Is it in his handwriting?—A. It is in the handwriting of a clerk in his office.

Q. By whom were the findings drawn?—A. By Mr. Ruggles.

Q. Is it your recollection that they were prepared by him?—A. In every respect—without suggestion, comment, or criticism.

Q. From any of the counsel of either of the roads?—A. Not to my knowledge; that is to say, to the best of my knowledge.

Q. Have you ever seen the draft of those findings?—A. I think not.

Q. Are the findings attached to the judgment roll in Mr. Ruggles's handwriting?—A. No, sir; they are not.

Q. Do you know in whose handwriting they are?—A. No, sir; I do not think I know.

Q. Is the body of Mr. Ruggles's report in his handwriting?—A. No, sir. I know his handwriting, and I do not know this handwriting.

Q. Is it in the same handwriting as the findings?—A. I should say not; but I am not prepared to say as to that.

Q. By whom was the decree prepared?—A. It is in my own handwriting.

Q. What is the date of the decree?—A. January 23, 1880.

Q. And the case was closed on the 22d, and the findings and report must have been prepared between that time on the 22d, when the case was closed and the time when the decree was prepared on the 23d?—A. Yes, sir.

Q. In order to prepare the decree, you must have had the findings and the report before you?—A. No, sir.

Q. How could you prepare the decree unless you knew what the report was going to be?—A. I will withdraw that answer, and say yes, sir, that I must have had the report, but I had drafted the decree in conformity with the prayer of the complaint, leaving blanks for what the amount should be determined to be by Mr. Ruggles. I remember it was late in the afternoon of the 23d when Mr. Goodwin appeared with me before Judge Donohue, and we presented the case, and Mr. Goodwin

stated that it was not a hostile case, and they simply submitted their rights to the court. It was a question of law to be determined upon the proofs and pleadings; and while they were unwilling to consent to the entry of a decree, they had no opposition to make to it.

THE DECREE DATED JANUARY 23, 1880.

Q. What was the general scope of the decree, which I assume conforms to the report and findings?—A. After the preliminary recitals, it is ordered, adjudged, and decreed as follows—it is not very long, about two sheets of paper. I will read it:

The motion for judgment herein having been duly brought on for hearing: Upon the summons, complaint, answer, proceedings, the order of reference, testimony, and the report and opinion of Horace M. Ruggles, esq., the referee herein, after hearing Mr. Holmes for the motion, and Mr. Goodwin of counsel for both defendants; it is

Ordered, adjudged, and decreed, That upon the issue and delivery by the plaintiff company to the defendants as trustees of the first consolidated mortgage of the plaintiff company, dated May 1st, 1879, of five hundred thousand dollars ($500,000) in amount of the bonds secured by said mortgage, together with the coupons of said bonds due November 1st, 1879, and all subsequent coupons annexed, that the twenty-nine thousand nine hundred and eighty-six (29,986) shares of the capital stock of the Denver Pacific Railway and Telegraph Company, set forth and described in the complaint herein, be forthwith released by the defendants from the trust created by said mortgage, and that the defendants forthwith deliver the certificates for said shares of stock to the plaintiff company, and that the said certificates for said shares of stock and the said shares of stock be, and the same hereby are, forever freed and released from the trust created by said mortgage; and it is further

Ordered, adjudged, and decreed, That upon receipt by defendants from the plaintiff company of the above described bonds, together with the coupons [redacted] interest warrants thereto annexed, as above provided, the said bonds and said coupons or interest warrants be forthwith cancelled by the defendants in some effectual and substantial manner; and it is further

Ordered, That the costs and disbursements of this action be not allowed to either party as against the other, except that the plaintiff do pay to the attorneys for the defendants an allowance pursuant to the provisions of law in that behalf the sum of five hundred dollars.

New York, January 23rd, 1880.

Q. How soon after that decree was entered was the stock actually delivered to the Kansas Pacific Company?—A. I cannot say. I delivered a copy of it to the company.

ARTICLES OF CONSOLIDATION DATED JANUARY 24, 1880.

Q. Do you know whether the articles of consolidation between the Union Pacific Company and the Kansas Pacific Company were in process of preparation at that time?—A. I do not. That business was done solely by Judge Dillon.

Q. You were not consulted; when did you first learn of the existence of the articles of consolidation, when they were signed?—A. After they were signed.

Q. What was the date of the articles of consolidation?—A. The 24th day of January, 1880.

Q. That is, the next day after that decree?—A. Yes, sir.

Q. Do you know, personally, the subsequent history of the 29,000 shares of Denver stock that were released under that decree?—A. I know what became of them, and what disposition was made of them, from an examination of the books of the company.

Q. Into whose hands did they pass from the Kansas Pacific Company?—A. They were delivered by the Kansas Pacific Company in payment for the bonds and stock of a number of what are now the branch roads of the Union Pacific Railway Company.

Q. They were the branch roads of the Kansas Pacific?—A. They were the branch roads of the Kansas Pacific Company.

Q. The same roads that you have referred to in the early part of your examination?—A. In part, and in part the roads which were mentioned by Mr. Adams in his examination. In other words, beginning in 1879, in the fall of that year, immediately after Mr. Gould returned from an absence in Europe, the plans of the company were changed into a large and widely extended scheme, of uniting the general system of the Union Pacific with its branch lines, or roads which were intended to be branch lines, for the purpose of adding and insuring to the lines of the system the feeding roads—the branch lines themselves.

WHERE THE DENVER PACIFIC STOCK WENT.

Q. To whom were those 29,000 shares transferred by the Union Pacific Company?—A. They were transferred to Mr. Gould and his associates, who had acquired, in pursuance of that plan, the ownership of these branch roads in advance.

Q. Who were the parties, in addition to Mr. Gould; I merely want the names?—A. Mr. Frederick L. Ames and Mr. Sidney Dillon; I think Mr. Sage and other associates in the Union Pacific. I think all of them, perhaps, with the exception of three or four, but all the active Union Pacific managing party. Mr. Dexter was one and Mr. Atkins was another.

Q. Under the consolidation agreement, for what was this Denver stock exchanged?—A. The stock of the new corporation, the Union Pacific Railway Company.

Q. And that stock at that time had a market value of what, immediately after the exchange?—A. Somewhat above par.

By the CHAIRMAN:

Q. What is the par?—A. One hundred dollars.

Q. What is the par of the Kansas Pacific?—A. Fifty dollars a share; but always treated as two shares constituting one.

RATE OF EXCHANGE FOR UNITED STATES STOCK.

By Commissioner ANDERSON:

Q. Kansas Pacific was exchanged, dollar for dollar, for the Union Pacific?—A. Yes, sir. What was practically done was the performance of the offer of the Kansas Pacific in its complaint (which the court did not refer to), not only in the alternative, but we did both. The bonds were canceled, as provided by the decree, and the Kansas Pacific became the owner of the properties which were the proceeds of the sale of the Denver Pacific stock.

By the CHAIRMAN:

Q. Then this is the stock which I understand you to say, in the case stated, was worth par, and it was said there was reason——

A. (Interrupting.) No, sir; this stock never was bought or sold anywhere, with two exceptions.

Q. In the complaint in the suit, he alleges that some of the stock is worth par.—A. That is Kansas Pacific stock.

SUDDEN RISE IN MARKET VALUE.

Q. That had risen in a short time from $2 or $3 to par?—A. No, sir; these various branch lines securities had been bought on the personal

credit and with the individual money of the various gentlemen, and this Denver Pacific stock, whose road was being foreclosed, the stock never having been worth any thing financially, was exchanged into Kansas Pacific stock, and the Kansas Pacific bought those securities, and became the owner of them, and the consolidation mortgage immediately covered those.

Q. Why did you say the Denver Pacific was exchanged for Kansas Pacific stock?—A. I did not say it was. I meant to say that the Denver Pacific stock was delivered over to the Kansas Pacific Company, freed of a mortgage, as an asset, and that stock was available to be turned into the new consolidated company, and they got par of the consolidated stock for it. It therefore had the same value which the Kansas Pacific or the Union Pacific had, provided that consolidation was carried out.

Q. Why should not the exchange have been made with the Kansas Pacific Company itself, and have the company take the benefit of the exchange, rather than to deliver it to Messrs. Gould, Ames, and Atkins, and have them get the benefit?—A. They did not get the benefit.

Q. They got the stock in exchange for the branch roads?—A. The Kansas Pacific delivered to them the stock for the branch roads.

Q. And they had the Denver Pacific stock?—A. Yes, sir.

Q. And that stock had been sworn by Mr. Dillon on the 17th of January as of comparatively no value?—A. Yes, sir; no financial value.

Mr. ANDERSON. Mr. Holmes will be here to-morrow, and I understand he is engaged at 2 o'clock. We may as well adjourn now.

The CHAIRMAN. You will be here to-morrow at 11 o'clock, Mr. Holmes?

The WITNESS. Yes, sir.

The CHAIRMAN. Then we will excuse you until 11 o'clock to-morrow.

ARTEMAS H. HOLMES.

The Commission then adjourned to Thursday, May 5, 1887, at 11 a. m.

No. 10 WALL STREET, NEW YORK,
Thursday, May 5, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

ARTEMAS H. HOLMES, being further examined, testified as follows:

The WITNESS. Will the Commission permit me to volunteer a statement? Last year there was an investigation by the judiciary committee of the assembly of this State. It related to the action of Mr. Justice Donohue in the matter of the suit referred to. Upon that occasion Judge Dillon and myself and Mr. Almon Goodwin prepared professional statements, to which we are willing to make oath, but which were not verified at that time, but which were filed with the judiciary committee. I beg leave to present them to the Commission, and they may file them or make such use of them as they may desire.

The CHAIRMAN. Very well.

(The statements referred to were presented by Mr. Holmes.)

THE TESTIMONY BEFORE THE REFEREE.

By Commissioner ANDERSON:

Question. Who kept the minutes of the evidence taken before Mr. Ruggles?—Answer. They were written out by a stenographer employed for the occasion.

Q. Is that your positive recollection, or were they written out by some one who took them at the time and wrote them out at length?—A. They were taken in short-hand notes by a stenographer, and written out at length by him.

Q. You were present, I assume, while Mr. Dillon testified?—A. Yes, sir.

Q. And while Mr. Calef testified?—A. Yes, sir; and I examined them both.

Q. Please look at the writing and state whether you know in whose handwriting it is.—A. I am unable to say. If I am not mistaken, or rather to speak more properly, my impression is that it is B. Monyhan's, but I am not positive. I think it is in the handwriting of B. Monyhan, who is at this time the official stenographer of one of the parts of the superior court.

Q. Is he in New York now?—A. I saw him here within two weeks. Bartholomew, I think, is his name; "Bat," I believe, he is called.

ERASURES IN TESTIMONY.

Q. Please look at page 12 of these minutes and state, if you can, by whose hands some of these lines were erased, and the words "at the rate of half a million per annum" were put in, which is in a different handwriting.—A. I do not know in whose handwriting it is, unless it is in that of the same person who wrote the other, the body of it.

Q. Please look for yourself and compare writings, and state whether you think it is in the same handwriting.—A. I cannot say.

Q. Are the erased words in the same handwriting as the body of the testimony?—A. I think they might have been, or that they might be written by the same person.

Q. Do you know whether the words "at the rate of half a million per annum" are in the handwriting of the witness, Mr. Calef?—A. I think they are not. Mr. Calef is here and probably will remember the circumstances.

Q. Did you mean in the room?—A. No, sir; in the city.

Commissioner ANDERSON. I desire to put on the record of this Commission this evidence, as it stood and as it is altered. I will read this part of the evidence. The witness is Mr. A. H. Calef:

THE RECORD AS TAKEN AND AS ALTERED.

By Mr. HOLMES:

Q. Do you know whether or not the earnings and receipts of the Kansas Pacific Company during the past year have been in excess of its fixed interest charge, operating expenses, and payments for taxes, replacements, renewals, and repairs during that period of time?—A. During the last eleven months very little.

The words "very little" are scratched out, and the words "at the rate of half a million per annum" are added, so as to fill out the line. I call the attention of the Commission to it, so that the Commissioners may inspect the handwriting.

Q. Very little in excess.

That, again, is scratched out or erased by a line being drawn through it.

A. Very little, if any. I could not say.

All of which is erased except the word "say."

Q. But they have been in excess during the last eleven months?—A. Yes, sir.

That question and answer are both erased.

Q. Has your attention ever been called to this erasure before?—A. I may have known it at the time. It took place, I am sure, at the time the minutes, having been written out by the stenographer, were read over by the witness in the presence of the referee and signed.

Q. Do you say that from a recollection of the occurrence, or because that is the orderly way?—A. No; I recollect it as a fact that the testimony was written out by the stenographer, and the testimony was then signed by the witnesses, with such corrections as they desired to make, and they were made.

Q. But you are unable to state in whose handwriting the correction is?—A. I am.

R. Do you know whether it is in the handwriting of Mr. Ruggles?—A. I should think not; I think Mr. Ruggles, or Mr. Calef, either of them, could tell.

WHICH ANSWER IS TRUE?

Q. Do you know the earnings of the Kansas Pacific during the eleven months referred to sufficiently well to state which is true as a matter of fact, the erased answer or the corrected answer?—A. I think the corrected answer is true, for the reason that at the beginning of that period of eleven months the road began to be for the first time operated harmoniously with the Union Pacific, and passengers and freight went freely in whatever direction they pleased for the first time.

Q. Is that the only basis you have for stating that the corrected answer is true rather than the erased answer?—A. Except the general prosperity, which was then almost at its height.

Q. My question is whether you make that answer because you examined the accounts and know the figures, or whether it is simple judgment, and what you think would be the result.—A. I am quite sure the change was made after the examination by Mr. Calef of the figures.

Q. My question is whether your answer that you now make, that in your judgment the earnings were about half a million per annum over and above the operating expenses and the payments referred to in the question, is the result of the examination by you personally of the accounts for these eleven months, or whether it is based on your belief in the prosperity of the road.—A. It is not the latter, and I am not sure that I made any such examination as to warrant my answering your first proposition; yes, sir.

Q. You never have made such an examination?—A. Yes, sir; frequently.

Q. Do you know those accounts now for that eleven months?—A. I cannot recall them; but it was my business to have made up and to state and to examine and to prove the earnings of the entire road of the Kansas Pacific, and also of the 394 miles, and the various sections of it, at a later date than that time.

Q. Who has the books which will show the actual earnings as contained in your accounts for that eleven months?—A. When I was investigating that subject and making proofs upon it I found some of the

books in Omaha and others in Boston, and I sent my witness to both places. He was an officer or employé of the road at that time.

Q. When was it that you made that examination?—A. I think it was in 1882 and 1883.

Q. Who was the person whom you employed to make the examination?—A. George E. Hanson.

Q. Where can he be seen?—A. I am unable to say; he left the employ of the company two or three years ago, and within a year he came to my office seeking employment, but of his present whereabouts I have no knowledge.

Q. Did he make a report to you; in writing, I mean?—A. He was sent to me at my request by the company, as being the most informed person.

Q. That is not my question. Did he make a report to you of the results of his examination in writing?—A. He made the reports in writing.

Q. Have you those reports?—A. They are on file in the record of the suit of Morgan against the Union Pacific Railway Company and others in the United States circuit court for this district.

Q. Was there a printed copy of that record containing the accounts?—A. Whether it contains the accounts correctly or not I am unable to say, because after the record was printed, before anything was done, the cases were withdrawn, and I never examined them accurately for the purpose of comparison between the original and these purported copies.

Q. Are you prepared to state positively, from your present information, that this answer "at the rate of half a million per annum" referring to the excess of earnings over the fixed charges, operating expenses, and payments for taxes, replacements, renewals, and repairs, as applied to the Kansas Pacific for the eleven months prior to January, 1880, is a correct answer or not?—A. I am unable to say.

Q. Do you know who drew the original articles of consolidation?—A. Judge Dillon.

Q. Do you know when he drew them?—A. No, sir.

Q. Do you know whether they were actually prepared before the 24th of January, 1880?—A. I think they must have been; I do not know.

Q. Where are the minutes of the meetings of the board of directors of the Kansas Pacific?—A. I believe them to be in Boston.

Q. Where are the minutes of the meetings of the Union Pacific?—A. Pardon me; I think they are a part of the earliest meetings before 1865, which are missing.

Q. Of the Kansas Pacific?—A. I think so; I am not positive about that.

The CHAIRMAN. All of the minutes of the Kansas Pacific are missing prior to 1865?

The WITNESS. I said some of them. There were, as I said yesterday, two boards of direction, and great hostility among them; and I think the board which was not the successful one had some of the minutes, and they never came back into the hands of the Perry party; the minutes, as referred to, are those of the Leavenworth, Pawnee and Western.

By Commissioner ANDERSON:

Q. I refer to the minutes of their transactions from 1875 to 1881.—A. Those are doubtless in Boston, all of them.

Q. Were you a member of the board of directors?—A. I think only for two or three months.

Q. Were you a member in January, 1880?—A. I think I was.

Q. Were you present at any of the meetings of the board?—A. I am unable to recall it.

Q. I mean when you were a director?—A. I think there were no board meetings held, if I recollect it; that is, the board meeting that was held, if I recollect, where the change of directors took place chiefly, was held in Saint Louis.

Q. That was in 1878?—A. I do not recollect.

Q. After the Saint Louis party was bought out?—A. Yes, sir; but I am not sure that it was in 1878; it may have been in the latter part of 1878.

Q. The evidence given yesterday located it in May, 1878; were there any meetings of the board of the Kansas Pacific held in January, 1880?—A. I am unable to say.

Q. You say you were a director at that time?—A. For only a very short period; and I do not recollect of board meetings being held at which I attended in that period.

Q. You were then counsel to the Kansas Pacific?—A. Not if that was earlier than——

Q. In this suit?—A. My connection with the Kansas Pacific as its counsel began in June, 1879.

Q. This suit was brought in January, 1880.—A. I was then counsel for the Kansas Pacific.

THE RESULT OF THE DECREE.

Q. The result of this decree was to vest the title of the Denver stock in the Kansas Pacific?—A. Yes, sir.

Q. As counsel for the Kansas Pacific, how could that stock be divested without a meeting of the board of directors?—A. I was not then a member of the board.

Q. You were counsel for the company?—A. Yes, sir.

Q. You had procured this decree by which the title became vested in the company?—A. Yes, sir.

Q. And you became aware within a very short time that that thirty thousand shares of stock had passed out of the Kansas Pacific into the hands of what you referred to as the Union Pacific party?—A. I learned that then or immediately thereafter; I was not asked at that time to attend any meeting of the board, and my recollection is that I did not; I do not know whether or not a board meeting was then held.

Q. Were you not curious, as counsel of the company, to ascertain by what authority the Kansas Pacific had parted with its title?—A. I may have had some curiosity on the subject.

Q. Was your curiosity gratified at that time?—A. I think not immediately at that time.

Q. As far as you know, there was no meeting of the board held?—A. As far as I know there was a meeting.

Q. There was a meeting of the Kansas Pacific directors?—A. I say so far as I know, because I know nothing about it one way or the other.

Q. You do not know of any meeting being held or any action that you know of being taken in the month of January, 1880?—A. I do not.

Q. In what manner were you informed that the title to that stock passed out of the hands of the Kansas Pacific into the hands of some one else?—A. By making inquiries, and by examining the books of the

Kansas Pacific Company, some time afterwards, when the transaction was the subject of newspaper comment, and the subject of a litigation which was instituted—I have forgotten how soon afterwards—by persons who were the holders of the consolidated mortgage bonds.

ROSENBAUM VS. KANSAS PACIFIC AND THE TRUSTEES.

Q. What suit do you now refer to?—A. I think the title of the suit was Rosenbaum against the Kansas Pacific, and Messrs. Sage and Gould, as trustees.

Q. Who was Mr. Rosenbaum's counsel?—A. Mr. Edward L. Andrews.

Q. How far was this suit carried?—A. It was carried until the bonds upon which Rosenbaum and others were suing, the income bonds, were purchased from them; the suit which I refer to having been brought as a mere club to compel a settlement of the suit upon the income bonds, and they discontinued their suit when their income bonds were disposed of by them.

Q. And bought by whom?—A. I think Mr. Sidney Dillon; at all events, Mr. Dillon conducted the negotiations with Mr. Andrews, for I was present on two or three occasions.

Q. Was that action tried?—A. No, sir.

Q. Was any evidence taken?—A. No, sir.

Q. Was it brought to issue?—A. No, sir; I am quite sure it was not.

Q. Was a complaint served?—A. There was.

Q. Have you a copy of that complaint in your office?—A. Yes, sir.

THE TRANSFER OF DENVER STOCK OUT OF THE KANSAS PACIFIC.

Q. You say that you found out, by examining the books of transfer, that the stock had been passed out of the Kansas Pacific shortly after your decree in the Kansas Pacific suit?—A. Not by examination of the transfer books, but by examination of the accounts of the Kansas Pacific Company.

Q. Did you examine the transfer books?—A. I did not.

Q. Did the book which you did examine give you any information as to the authority for making the transfer, and how it was derived?—A. No, sir.

Q. Who directed the making of the transfer?—A. I do not know; it must have been by the company itself, as a corporation.

Q. Why do you say it must have been by the company itself?—A. Because the stock belonged to the corporation.

Q. Do you say that because you have any knowledge on the subject, or because you simply think that would be the proper way to do it?—A. That is the only way to do it.

Q. If the president of the company told the transfer clerk to make the necessary entries and he did so, and delivered the stock, though that would be illegal, would it not effect the result, in fact?—A. Yes, sir.

Q. Do you not know that that is the way it was done?—A. No, sir; I do not.

Q. Have you not been so told?—A. I think my inquiries did not relate to the actual transfer of the Denver Pacific stock to the Kansas Pacific, and from that company to other persons. It related to the inquiry: What were the proceeds of that stock to the company? By

what transaction it was parted with by the Kansas Pacific Company to other persons?

Q. Then you made no inquiry whatever as to the source of authority for effecting the transfer out of the Kansas Pacific Company to Mr. Gould, and Mr. Ames, and Mr. Dillon, and Mr. Sage?—A. That was the business of my senior counsel, Judge Dillon, and I did not interfere with it, nor did I make any inquiry in regard to it.

Q. Did you know that he was engaged in making such inquiries?—A. I did not.

Q. Did you have any conversation with him on that subject?—A. Not at that time.

Q. Have you since?—A. Yes, sir.

Q. Has he told you what in his judgment the authority was for making the transfer?—A. No, sir; I do not now speak of the transfer of stock. I mean of the transaction—that Judge Dillon and Mr. A. J. Poppleton were both senior counsel to myself, and also Sydney Bartlett, esq., was my senior, and I did not interfere, except when called upon to do so.

KANSAS PACIFIC AND UNION PACIFIC DIRECTORIES NEARLY IDENTICAL.

Q. Can you recollect on the 24th day of February, 1884, the *personnel* of the two directories of the Union Pacific and Kansas Pacific?—A. I think they were in substance identical.

Q. Mr. Sidney Dillon was president of both roads?—A. Yes, sir.

Q. Please run your eye over the list of directors of the Union Pacific, and state, if you can, which of them were also directors of the Kansas Pacific.—A. I do not think I could state them, except to some extent—those whom I knew were. I think Mr. Gould, Mr. Dillon, Mr. Sage, and Mr. Ames were, and I think that Messrs. Atkins, Baker, and Dexter were also members of the Kansas Pacific.

MEETINGS ON JANUARY 24 PREVIOUS TO CONSOLIDATION.

Q. Do you know whether there was a meeting of the board of the Union Pacific directory in January, 1880?—A. I think there were board meetings of all three companies on the same day.

Q. And you have told us that you do not know of any meeting of the board of the Kansas Pacific in January, 1880?—A. Not to my knowledge, but I know that I was in the office for a few moments that day and saw a gathering of a large number of gentlemen, most of whom constituted the board of one or the other company.

Q. In what building was that?—A. My recollection is it was in 80 Broadway—78 and 80 Broadway.

Q. Who are those gentlemen whom you saw present?—A. Those gentlemen whom I last mentioned. Also D. M. Egerton, Mr. Carlos S. Greeley. Whether there were any other of the Saint Louis gentlemen there, I do not recollect; I think Mr. David H. Moffatt, junior, was one.

Q. Was this before or after the decree had been rendered?—A. After.

Q. Was it on the same day that the consolidation was signed?—A. Yes, sir.

Q. On the 24th of January?—A. That is my recollection.

Q. Have you that book of indentures that you had yesterday?—A. Here it is. I was asked in regard to the early minutes of the Kansas Pacific, or more particularly the Leavenworth, Pawnee and Western.

sought to obtain them, and I got a copy from my adversary, who was a representative of the Fremont party. In examining my papers I found it. I can leave it with the Commission if they wish it. It was from 1857 to 1863.

By Commissioner LITTLER:

Q. Will you leave it here for our examination?—A. Yes, sir; if there is any fair hope of getting it back.

Commissioner ANDERSON. We are all lawyers.

Mr. JOHN F. DILLON. Does that mean it is dangerous?

Commissioner ANDERSON. Yes, sir.

The WITNESS. I suppose a replevin would lie against a lawyer.

Commissioner ANDERSON. There is an article in the consolidated mortgage that fixes the rate of exchange for these different securities. Perhaps you can call my attention to the page number better than I can find it.

The WITNESS. There is one exception to the rate of exchange, which will be found on the foot of page 156 and top of page 157. They related to the securities in the hands of Dillon, Sage, and Villard. It begins with article 22 at page 168 of the Book of Indentures.

ARTICLE 22 OF CONSOLIDATED MORTGAGE.

Q. Article 22 appears to direct, after taking out $24,000,000 of the $30,000,000 of issue and considering them as applicable to the exchanges provided for in article 23, that any surplus that may remain out of the said $24,000,000 after the conversion under article 23, and the six millions also which remained above the $24,000,000, should be applied to the purposes of providing funds for the construction of extensions and branches of the Kansas Pacific Railway at the rate and in the manner and under the restrictions in the next article but two, hereinafter specified. Now the $24,000,000 are controlled, as I understand it, by article 23, and that directs certain rates of exchange for all the miscellaneous securities which you have explained to us had grown up in the years prior to this mortgage. Will you please describe to us how these rates of exchange came to be agreed upon?—A. I think they were arbitrary, having regard to the relative values at that time.

WHO FIXED THE RATES?

Q. Who directed the draftsman of this mortgage to fix these particular rates; as, for instance, for the Eastern and Middle Division and Denver Extension, and the funded interest certificates issued for arrears of interest on said mortgages at par? Who determined that par should be paid for them?—A. Those rates were the result of a symposium of the various conflicting interests. That is, the committee of nine of the Kansas Pacific bondholders with the holders of the junior securities, and with the holders of the land-grant bonds, they together arranged and agreed upon a final settlement as to the rates, the mortgage being intended to be the means of resuscitation of the road and its reorganization, and also to provide for different maturing obligations, and to meet the requirements as should be determined upon as to building branch lines. It was intended to serve a very wide purpose, because the underlying securities were very numerous and of conflicting interests, and of varying valuations, but when they were fixed it was supposed that all of those rates would fully cover the

market price of the securities. That is, that the owners of them would be glad——

Q. To accept the terms?—A. To accept the terms.

Q. Where did these discussions take place?—A. Everywhere, from Denver to New York.

Q. Were you generally present at those discussions?—A. I was present at many of them.

THE PROMINENT PERSONS INTERESTED.

Q. Who were the prominent persons who advocated the rates?—A. It was all the parties in interest.

Q. Name those who present themselves to your memory.—A. Mr. Louis H. Meyer, Mr. Henry Villard, Mr. August Rutten, Mr. Horace White, myself, the Saint Louis party whom I have named frequently, and also the new Union Pacific party who became the successor in interest of the Saint Louis party.

Q. About what proportion of the whole securities that were to be affected by those terms were represented in these discussions?—A. All securities were represented. Which had the largest, do you mean?

Q. No; I mean when this mortgage was signed; about what proportion of the owners of the securities did you consider had already signified their willingness to accept those terms? Take any of those securities you please; take the Eastern and Middle Division, and the Denver Extension and the funded interest certificates issued for arrears of interest.—A. The Denver Extension bonds had all agreed to it, because we had formulated a plan of agreement in advance, upon which this was based.

Q. And because they were to get par was naturally the reason they should agree to it?—A. Yes, sir; and they also, by this mortgage got their back interest. All the securities named, beginning at the break at the foot of page 156, and the next two lines on page 157, had signified their willingness to consent.

Q. And many others besides?—A. And many others besides.

Q. And the special securities that you have referred to as being stated at the foot of page 156, are the securities which were held by the new Union Pacific pool, as I understand it.—A. It is not necessary to call it the Union Pacific pool. It was a pool of all the interests.

Q. By the pool that you have referred to, of which you left us a copy?—A. Yes, sir.

AGREEMENT OF APRIL 24, 1878.

Commissioner ANDERSON. I request that the agreement of the 24th April, 1878, be marked.

The following is a copy:

Memorandum of agreement made this 24th day of April, A. D. 1878.

We, Sidney Dillon, Fred L. Ames, Jay Gould, C. S. Greeley, John D. Perry, Robert E. Carr, Adolphus Meier, B. W. Lewis, jr., Henry Villard, John P. Usher, D. M. Edgerton, Artemas H. Holmes, hereby agree as follows:

First. To contribute to a pool or common fund to be placed in the hands of Frederick L. Ames, Carlos S. Greeley, and Henry Villard, as an executive committee, the securities and stock of the Kansas Pacific Railway Company, and to the respective amounts thereof set opposite our several names, said several securities and stock to be considered and treated as of the value affixed thereto respectively as per assess-

panying schedule, and that our respective interests in said pool shall be proportionate to the amounts of said securities and stock taken at the value above referred to; which securities and stock, their respective values and amounts and our said several interests in said pool upon this day are severally set out on said schedule.

Second. That each and any of the parties hereto may at any time before the first day of June, 1878, contribute to said pool by delivering to the executive committee other of said securities and stock, and shall thereupon be entitled to have their respective proportionate interests increased by the amount of their respective contributions at any time after the rate set out in said schedule.

Third. That on the first day of June, 1878, it shall be the duty of said executive committee to compute and ascertain the respective proportionate interests of the parties hereto, the total amounts of said securities and stock contributed to said pool, and the total amounts of said securities and stock outstanding and not contributed to the pool.

Fourth. That we will severally on or after said last-named day at any time advance and pay to said executive committee, ratably and proportionately to our respective interests on said day, such sum or sums as shall be required and demanded by said executive committee for the purpose of carrying out the objects of this agreement, such sums not to exceed in the aggregate the sum of $500,000.

Fifth. That if at any time each or any of us shall fail or refuse, within ten days after notice and demand by said executive committee, to pay or contribute the sum or sums so required or demanded, as in the next preceding paragraph required, the then respective interest of the person or persons so failing or refusing shall not thereafter be increased by any subsequently accruing interests of said pool.

Sixth. That said executive committee shall act by and with the direction of a seven-tenths majority interest in said pool at any time, and not otherwise.

Seventh. That we will severally advance and deposit in the hands of such trustee, and upon such terms as shall be agreed upon by said executive committee, and the representatives of the Denver extension bondholders securities (which shall be of the character agreed upon by said executive committee and representative of the Denver extension bondholders) in such amounts as shall bear that proportion to the whole amount required which our respective interests bear to the entire interest contributed to said pool: *Provided*, That upon the failure of any of us to comply with this provision the persons so failing shall *ipso facto* suffer a reduction of ten per cent. of their then respective interests, such reduction to be apportioned ratably among such interests as shall comply herewith, and supply the requisite securites.

Eighth. That all profits which shall at any time accrue to the pool, from whatever source arising, shall be apportioned and distributed among the parties hereto at and after the proportion of their respective interests in said pool at the time such profits shall accrue, subject to the terms of this agreement.

Ninth. That the purpose of this agreement and pool, is:

(1) To unite in interest the Kansas Pacific Railway and Union Pacific Railway Companies, so that the two roads shall be operated as a continuous line and in all respects as contemplated by the several acts of Congress in relation thereto, and in order that the interests of the public and the Government may be better subserved.

(2) To provide for the payment or other satisfaction of the Denver extension bondholders.

(3) To provide and secure the payment of the bonds secured by the first mortgages upon the main line, according to the terms of said mortgages, and also for the payment of the bonds upon the branch road, so far as practicable, having due consideration for the value thereof.

(4) And the more effectually to accomplish these ends and to secure the parties, subscribers and contributors hereto, their residuary rights in the property of the Kansas Pacific Railway Company to reorganize said company upon a substantial basis.

(5) And upon such reorganization to apportion the stock created thereon among the parties hereto, according to our respective interests in said pool at the time thereof.

Tenth. It is further agreed that if upon the first day of June, 1878, it is found, pursuant to paragraph third, that Messrs. Gould, Dillon, and Ames have not a majority interest in said pool, that they shall have an option on such an amount of the other interests, ratably and for cash on the basis of the schedule as shall give to said Gould, Dillon, and Ames a majority interest.

Eleventh. That the executive committee, in furtherance of the ninth paragraph hereof, shall provide and secure that the stock to be created as herein contemplated, shall be ten million dollars, and that there shall be paid thereon for the first and second years after said reorganization semi-annual dividends, at the rate of six per cent. per annum; for the third and fourth years thereafter, at the rate of seven per cent. per annum, and for the fifth and subsequent years thereafter, at the rate of at least eight per cent. per annum: *Provided, however*, That if it shall be deemed best by said

executive committee, the dividends to be paid on said stock for the first and second years shall be accumulated for the purpose of retiring or otherwise relieving the securities deposited, pursuant to paragraph seventh hereof.

Made and executed in triplicate at the city of New York this 24th day of April, 1878.

C. S. GREELEY.
JOHN D. PERRY.
J. P. USHER.
ADOLPHUS MEIER.
B. W. LEWIS, JR.
D. M. EDGERTON.
S. M. EDELL.
SIDNEY DILLON.
JAY GOULD.
HENRY VILLARD.
ARTEMUS H. HOLMES.
ROBERT E. CARR.
F. W. MEISTER.

EXHIBIT B.

	Present par value.	At per cent.	Estimated value.	Per cent. of total estimated value.	New stock, at rate of—	Gross shares, new stock.
Stock	$9,600,000	12½	$1,200,000	.24708	1 share for 8 shares of old stock	$12,000
Floating debt	1,200,000	par	1,200,000	.24708	10 shares for $1,000 of floating debt	12,000
Unsubordinated income bonds	227,000	50	113,500	.02339	10 shares for $2,000 of unsubordinated income bonds	1,135
Subordinate income bonds	4,048,350	30	1,214,350	.24999	30 shares for $10,000 of subordinated income bonds	12,143
Second land-grant bonds	1,055,000	50	527,500	.10865	10 shares for $2,000 of second land-grant bonds	5,275
Arkansas Valley	570,000	50	285,000	.05870	10 shares for $2,000 of Arkansas Valley bonds	2,850
Leavenworth Branch	630,000	50	315,000	.06488	10 shares for $2,000 of Leavenworth Branch bonds	3,150
	17,330,850	.....	4,855,350	.9993		48,553

Pool members.	Securities contributed by pool members.							Proceeds of securities contributed (itemized).							Total interest in pool.	Signatures.
	Stock shares.	Funding bonds.	Unstamped income bonds.	Stamped income bonds.	2d land grants.	Arkansas Valley.	Leavenworth Branch.	Stock.	Funding bonds.	Unstamped income bonds.	Stamped income bonds.	2d land grants.	Arkansas Valley.	Leavenworth Branch.		
Jay Gould	.....	$94,000	$7,050	$2,143,700	$100,000	.....	.....	.....	$6,240	235½	$6,431	$80	.....	.....	14,406½	Jay Gould.
F. L. Ames	.....	263,000	.....	.....	.....	.....	.....	.....	2,630	.....	.....	.....	.....	.....	2,630	
C. S. Greeley	12,150	.....	6,000	52,000	64,000	40,000	40,000	729¾	.....	30	156	320	200	200	1,965¾	C. S. Greeley.
John D. Perry	15,495	.....	.....	12,450	100,000	30,000	.....	968¾	.....	.....	37½	500	150	.....	1,656	John D. Perry.
Sidney Dillon	.....	96,000	.....	.....	.....	.....	.....	.....	960	.....	.....	.....	.....	.....	960	Sidney Dillon.
Robert E. Carr	6,959	.....	7,000	6,450	.....	20,000	.....	435	.....	7	19½	.....	100	.....	561½	
Adolphus Meier	3,200	.....	.....	.....	76,000	40,000	.....	200	.....	.....	.....	228	200	.....	628	Adolphus Meier.
B. W. Lewis, jr	6,761	.....	.....	6,100	.....	40,000	.....	.....	.....	.....	.....	.....	.....	.....	640	B. W. Lewis, jr.
Henry Villard	10,000	.....	.....	.....	.....	.....	.....	625	.....	.....	.....	.....	.....	.....	625	
Artemas H. Holmes	6,240	.....	.....	5,500	25,000	.....	.....	390	.....	.....	16½	125	.....	.....	531½	Artemas H. Holmes.
D. M. Edgerton	1,000	.....	.....	.....	.....	.....	.....	62½	.....	.....	.....	.....	.....	.....	62½	D. M. Edgerton.
John P. Usher	220	.....	.....	.....	.....	.....	.....	13¾	.....	.....	.....	.....	.....	.....	13¾	J. P. Usher.

EXHIBIT C.

THE UNION PACIFIC RAILROAD COMPANY, PRESIDENT'S OFFICE,
New York, April 26, 1878.

The executive committee of the Kansas Pacific pool are hereby directed to open negotiations with the representatives of the Denver Extension bondholders for the purpose of carrying out the objects of the pool agreement this day signed.

JAY GOULD.
JOHN D. PERRY.
C. S. GREELEY.
SIDNEY DILLON.
B. W. LEWIS, JR.
ARTEMAS H. HOLMES.

EXHIBIT D.

Memorandum of agreement made this 23d day of May, 1878.

We, Sidney Dillon, Frederick L. Ames, Jay Gould, C. S. Greeley, J. D. Perry, R. E. Carr, Adolphus Meier, B. W. Lewis, jr., Henry Villard, John P. Usher, D. M. Edgerton, and A. H. Holmes, hereby covenant and agree that article first of that certain memorandum of agreement made and executed by us in triplicate at the city of New York the 24th day of April, 1878, be amended by substituting the name of Sidney Dillon instead of the name of Frederick L. Ames as one of the executive committee, as by said article constituted; and we do further consent and agree that said Sidney Dillon be vested with the duties and powers as one of the executive committee pursuant to said memorandum of agreement; and we do further consent and agree that this instrument be annexed to and made a part of said memorandum of agreement.

Made and executed in triplicate at the city of New York this 23d day of May, 1878.

C. S. GREELEY.
JOHN D. PERRY.
J. P. USHER.
ADOLPHUS MEIER.
B. W. LEWIS, JR.
D. M. EDGERTON.
S. M. EDGELL.
SIDNEY DILLON.
JAY GOULD.
HENRY VILLARD.
ARTEMAS H. HOLMES.
ROBERT E. CARR.
F. W. MEISTER.

EXHIBIT E.

The executive committee of the pool are hereby directed to prepare, publish, and carry into effect a programme to bring in junior security holders not parties to the pool.

New York, May 30, 1878.

JAY GOULD.
JOHN D. PERRY.
C. S. GREELEY.
HENRY VILLARD.
SIDNEY DILLON.
J. P. USHER.
ARTEMAS H. HOLMES.

Commissioner ANDERSON. We will say instead of the Union Pacific pool, the parties named in Exhibit 1, of May 5, 1887.

The WITNESS. The securities mentioned in Exhibit 1, of May 5, 1887, were the foundation—the beginning. They were afterwards increased, I think, as to all the classes mentioned, very largely from time to time, and the paper marked Exhibit 1, last spoken of, was only the inception, and not the condition as it ultimately existed. That is, the securities mentioned in the paper are very much less in the aggregate, if my recollection serves me, than the securities named at the foot of page 156 of the book of indentures.

RATE OF TRANSFER OF SECURITIES IN CONSOLIDATION.

Q. The rate of transfer as to the special securities at page 156 is that the holders of the securities are to receive $3,400,000 in amount of the said consolidated first-mortgage bonds. Are you able to state whether that sum in those bonds is greater or less than they would have received had they converted under article 23?—A. I am unable to say. I never made the computation. It would be a variable sum, as the rates of some of the securities mentioned would be estimated at.

Commissioner ANDERSON. It would be perhaps a little difficult to ascertain, because some of the securities mentioned at the foot of page 156 are not convertible at all under article 23.

The WITNESS. That is true. Pardon me, that is not altogether true, because some of the branch line bonds, such as the Arkansas Valley, which were not convertible under any of the sections you have read, nevertheless, being a branch of the road of the Kansas Pacific, and being within the definition mentioned at another part of the mortgage, were transferable.

RATE FOR ARKANSAS VALLEY RAILWAY BONDS.

Q. Please refer us to that other part, so that we can ascertain their exact value under section 23.—A. I mean securities which were exchangeable for bonds of the consolidated mortgage, which came within the definition and limitation mentioned in article 24. For example, Arkansas Valley Railway Company bonds, which were a part of the securities mentioned at page 156, which were exchangeable for $3,400,000 consolidated bonds. Article 24 fitted the Arkansas Valley bonds, because article 24 provides that the consolidated bonds might be issued in exchange, upon certain requisitions, for any bonds payable, the principal and interest of which are guaranteed or assumed by said company. That had been done as to the Arkansas Valley Company by the Kansas Pacific Company, or issued by any other company, the road of which is leased by said company. That applied to the Denver Pacific.

Q. Then article 23, which fixes the rate, provides the rate to which those bonds, after having received that guarantee, would have been entitled?—A. Article 23 is silent on that subject, if I recollect it rightly.

Q. You say that by operating under article 24, we can put the securities which you have referred to, the Arkansas Valley, in such a condition as to ascertain what they would have been entitled to get under article 23?—A. No; under article 24.

Q. What figure would they be entitled to get under article 24 if a holder of those bonds had presented himself and asked for consolidated bonds?—A. The amounts of the first-mortgage bonds are issuable under article 24, after the rate of $15,000 per mile east of the meridian of Denver, or $25,000 per mile west thereof.

Q. Do you know how much per mile was upon the Arkansas Valley?—A. I cannot now state.

Q. Does that apply to the east or west side of the meridian referred to?—A. It applies to the east side—that is, east of Denver.

Q. Then your point is, that if the rate was not over $15,000 per mile that you could get par for those bonds in consolidated bonds?—A. That is, the $454,000 of Arkansas Valley bonds were exchangeable for new bonds at the rate of $15,000 per mile of the Arkansas Valley for the consolidated bonds at par.

ARTICLE 24 REFERS TO BRANCH LINES.

Q. Does that article 24 apply to the branch lines as well as to the main lines? I mean that portion of the provision which relates to the bonds at $15,000 and $25,000per mile.—A. It applies solely to branch lines, the difference being that west of Denver you were in the Rocky Mountains, and east of Denver you were in the prairie.

Q. You have said that the holdings under Exhibit 1, of May 5, increased from the period when this paper was made up to the time of the consolidation. You were yourself a member of that arrangement, I believe?—A. Yes, sir.

Q. Did you keep track of the increase?—A. I did up to a certain period; but when seven-tenths of the interest was accumulated in one or two hands, the interest of the other persons being perfectly protected to the extent to which they had joined, the seven-tenths could and did control it as they chose by the constitution provided in the paper itself.

Q. Which class of securities increase the most? I mean whether the pool owned more Kansas Pacific stock, or some of those bonds, or what?—A. I am unable to say.

AMOUNT OF KANSAS PACIFIC STOCK HELD BY POOL.

Q. About the Kansas Pacific stock. I think you stated that when the paper was originally made the pool held a very large quantity of stock. About what amount did you say?—A. I do not think I stated it, but it is shown on that paper. You will observe that the original scheme there was on the theory that there would probably be a reorganization and new stock issued, and that the old stock was going to receive new stock at the rate stated. That was never consummated.

Q. Do you know how much stock this pool held, or what there was in this pool at about the time of the consolidation?—A. I do not.

Q. Did it not approximate three-fourths of the whole issue?—A. I cannot state. I have no knowledge at all on the subject.

Q. Do you know who held the largest quantity of Kansas Pacific stock at that time?—A. I have always understood that Mr. Gould was the largest individual owner. I do not know definitely.

Q. Were you not directly interested as a partner in this pool?—A. Yes, sir.

Q. Did you ever receive an account of the liquidation of the pool?—A. I knew all about it at the time. My recollection is—I am not sure, but I have a strong impression—that the stock was taken out of the pool. That is, it was separated from the rest of the securities.

Q. That could not have been done without your knowledge, could it? In the paper as signed the stock is a part of the pool?—A. As signed, of course not; but my strong recollection is, that at one time the persons were permitted to withdraw the amount of the contributions of stock.

Q. It must have been on some terms as to the price. The stock fluctuated very rapidly in the market, did it not?—A. It made no difference, if all were entitled to withdraw. It simply changed their relative interest in the pool, and reduced their contributions to it.

Q. If one person had contributed 50,000 shares of stock to the pool, and another person 100 shares of stock to the pool, do I not understand that your interests were defined by the values placed upon all of your holdings at the start?—A. Yes, sir.

Q. So that it was a partnership in the whole pool?—A. Yes, sir; but that was a variable quantity. You might add some.

Q. True. But if the 50,000 shares of stock had received an accretion by an advance of 20 per cent. in the market of $1,000,000, the pool would not permit the holders of that stock to withdraw it except upon just terms, would it?—A. The seven-tenths interest would dictate on that subject.

Q. Do you know whether the Kansas Pacific stock was withdrawn from that pool?—A. I have stated my best knowledge on that subject. I think it was. I say I have a strong impression, but I do not accurately remember.

JAY GOULD'S KANSAS PACIFIC HOLDINGS.

Q. Your recollection also is that when the consolidation took place Mr. Jay Gould was the holder of the larger portion of that stock?—A. I say that has been my information. I had no definite knowledge on the subject.

Q. Do you know on how many shares of stock Mr. Jay Gould voted to ratify the consolidation?—A. I do not. The record shows.

Q. I mean of the Kansas Pacific.—A. I am unable to say.

Q. Please look at the copy of the record which I show you, and state whether it was accurate.

The WITNESS. Do you wish me to state the amount as it appears upon this record?

Commissioner ANDERSON. If you will state that that is correct——

A. I have no knowledge. The paper states for itself.

Q. You know the paper. Do you think that is a correct copy of the transaction as it occurred in the ratification of the consolidation?—A. I think so. They were prepared as an exhibit.

Q. Assuming that paper to be correct, if it is so, Mr. Gould was the owner of how much stock?—A. This record states the amount at 79,414 shares.

MEMBERSHIP OF THE POOL.

Q. What other members who were parties to this paper, Exhibit 1 of May 5, do you find upon that record as ratifying the consolidation? Mr. Ames?—A. Yes, sir.

Q. For how many shares?—A. Four thousand and thirty-five.

Q. Mr. Sidney Dillon?—A. Six thousand one hundred and eighteen.

Q. Does he appear in more than one capacity?—A. I do not find him in two capacities in this list.

Q. Mr. Henry Villard?—A. I do not find his name.

Q. Mr. Holmes?—A. No; his name is not here.

Q. Do you find that any other of the parties who were in the pool signed for large amounts of stock?—A. Carlos S. Greeley for 1,126.

Commissioner ANDERSON. I refer more especially to persons designated as the Union Pacific parties.

The WITNESS. Mr. Russell Sage.

Q. How many?—A. Nine thousand nine hundred and seventy-seven; I think those are all.

The CHAIRMAN. Mr. Gould held a majority of all, according to that statement.

Q. Were these shares $50 shares, or $100 each?—A. They were $50 shares.

Q. How much stock in all signed the consolidation? How many shares?—A. The statement in the certificate to this paper states 199,084 shares.

Q. All the gentlemen whose names you have read were at that time directors of the Union Pacific, I believe; were they not?—A. I am unable to recall as to Mr. Greeley.

Q. I did not care for his name. Except Mr. Greeley, they all were—Mr. Gould, Mr. Ames, Mr. Sage, and Mr. Dillon?—A. Yes, sir.

Q. And at the time they voted for that consolidation they were the owners, as far as you know and as far as you can judge from that record, of the amounts of Kansas Pacific stock that you have stated?—A. I think no one could say that, except those gentlemen themselves, for doubtless many of them represented other persons who acted through them.

Q. As far as this record may be correct and shows, they voted on that stock?—A. Yes, sir.

Q. And had whatever interest to affect their transactions that might naturally arise from the ownership of such stock?—A. Yes, sir.

WHO KEPT THE POOL ACCOUNTS.

Q. Who kept the pool accounts?—A. I originally made up the papers and documents. I think they finally drifted into the hands of Mr. A. H. Calef.

Q. I mean by the accounts, the accounts showing profit and loss; the realizations and dividends, if any.—A. I am unable to state.

Q. You received some dividends from this transaction, did you not?—A. I think I did; I am sure I did.

Q. Who informed you that some statement had been prepared showing what amount you were to receive?—A. I could not say who informed me. As I stated, the management of it varied and changed. At one time one of the three gentlemen had the key to the box itself, and I possessed a key of the Safe Deposit Company in which the boxes were.

I am not referring to the securities; I am referring to the figures showing the amount of profits realized out of the pool.—A. I cannot tell you that.

Q. Were you not desirous of seeing and checking off the amounts that you were to receive?—A. It is simply a failure of memory on my part. My interest became very small. I knew at the time; but I have forgotten now through whom the information was conveyed to me.

Q. Do you know what was the whole profit made by all the members of the pool, collectively?—A. I do not know.

Q. Do you think it was as much as $20,000,000?—A. Oh, I think not.

Q. It was a very large sum, was it not, after the transactions had all been closed?—A. Well, I cannot say that. I think it was no such sum as that.

By the CHAIRMAN:

Q. What did the pool pay for the stock, or what was the value of the Kansas Pacific and Denver Pacific coming into the pool when they got control?—A. The Denver Pacific never came into the pool in any way, nor any of its securities.

Q. There were ten millions of dollars at par of shares of stock of the Kansas Pacific, and four millions of dollars at par of shares of Denver

Pacific united together, forming fourteen millions of stock. Who got possession of it?—A. I think I did not.

Q. Who did?—A. I stated my recollection was that the stock of the Kansas Pacific was taken out of the pool, and the securities finally drifted into the control of a few people who owned the whole of the bonds represented in that combination.

Q. When they got control, what did the $14,000,000 of shares of stock cost them?—A. They did not have 14,000,000 of shares of stock.

HARMONIOUS ADJUSTMENT OF VALUES.

Q. How many did they have?—A. I think all the shares were withdrawn from the pool and passed back to the original contributors thereof. You see, the pool was a very varying quantity. Some gentlemen may have purchased their securities on one day at one price, and some may have held them for years, and some may have bought them later, and each person's holdings aggregated a different sum or value, because purchased at different times. When the arrangement was originally schemed or contrived, everybody thought differently as to everybody else's securities as to their value; and we hit upon this simply as a harmonious adjustment as to the values of these several securities.

Q. What was the harmonious adjustment of the value?—A. Originally, as stated there in the schedule.

Commissioner ANDERSON. It is in the mortgage.

The WITNESS. Oh, no; the pool and mortgage are different as day and night.

Commissioner ANDERSON. But the rates?

The WITNESS. That is an entirely different question from the question of Governor Pattison, which was, "What were the rates from the inception?" That is stated there.

Q. Will you explain to me this table? Stock accepted, for instance, at $9,600, estimated value $1,200,000. What is the difference between those figures, in their relation to this agreement or contract, as to value?—A. The stock was estimated at 12½ per cent. of its par value.

By Commissioner ANDERSON:

Q. That is the Kansas Pacific stock?—A. Yes, sir.

By the CHAIRMAN:

Q. Can you recollect any estimate at that time as to the Denver Pacific stock?—A. It was not in the pool, and it was not in condition where it could ever be estimated. There were not ten holders in all of the Denver stock.

Q. Did it have any value?—A. Solely for the purpose of controlling the connection between Denver and Cheyenne. There were three millions, in round numbers, owned by the Kansas Pacific Company; but with the exception of what was necessary to qualify certain persons to act as directors, I think the balance of it was held by Amsterdam people, or by the commissioners of Arapahoe County, Colorado, who had acquired it or owned it in connection with the Denver Pacific bonds, which they had purchased. But the Denver Pacific stock is a stranger to that.

Commissioner ANDERSON. Somebody has kept the account, I presume.

The WITNESS. I stated that I think Mr. Calef finally kept the account of it.

EXCHANGE OF KANSAS PACIFIC FOR UNION PACIFIC STOCK.

By Commissioner ANDERSON:

Q. All the Kansas Pacific stock which was held by any of the parties, including, of course, Mr. Gould, as deriving stock from this pool, and any one else, under the consolidation, received a share of the Union Pacific Railway for two shares of Kansas Pacific stock?—A. Yes, sir; the Kansas Pacific stock being $50 a share. But that was not because of any connection with the pool in anywise.

Q. I do not say that it was. The exchange was dollar for dollar, I understand.—A. Yes, sir.

Q. And the Union Pacific stock was at that time about par, or a little above par, in the market?—A. My recollection is it was.

Q. And the Kansas Pacific stock was substantially at the same price at that time?—A. Yes, sir.

Q. And had been so for how long?—A. I think but a very short time; two or three months.

METHOD OF ARRANGING RATES.

Q. In this second column of figures on the paper marked Exhibit B, attached to Exhibit No. 1, of May 5, can you tell me how these rates came to be fixed at 12½ cents for the stock, par for the floating debt, 50 for the unsubordinated income bonds, 30 for the subordinated income bonds, 50 for the second land-grant bonds, 50 for the Arkansas Valley, and 50 for the Leavenworth branch?—A. Yes, sir.

Q. How did they come to be fixed?—A. The holders of each one of that class of securities was prosecuting in some way hostile litigation to the foreclosure suit. The securities mentioned at that time were, I think, in every instance, in the open market, of less value than those figures, but not much; and the litigation, the main litigation of the foreclosure, had got into such a condition, while the property of the company was increasing in value and the future looked more prosperous, that these various hostile interests were got together, each interest as I have mentioned, being sometimes (and I think in every case) for a different class of securities, so that they were interested in several different kinds. They finally arranged these arbitrary figures.

Q. What were the figures intended to represent; the value to the holder of those securities of the class of securities referred to?—A. No, sir; they were to represent the proportionate interests in the reorganization of the Kansas Pacific road, which was then contemplated; the purpose being, through this arrangement, to get together and combine a sufficient amount, as many as could be got, of the various conflicting interests, withdraw the opposition, have a foreclosure suit, and represent their ownership in the results of the foreclosure suit, the equity of redemption, in the proportions mentioned in that paper.

STOCK RATED AT 12½.

Q. I want to know whether these rates have anything to do with the supposed value of the properties referred to?—A. Yes, sir.

Q. They do have something to do with the supposed value?—A. That is, they were fixed by a sort of arbitration among the parties, as to the relative value. My recollection is, we began with the stock and said, "That is the poorest security here. What will we treat that as worth?"

Q. What was it sold for in the market?—A. I think in all cases they were about or a little below the figures mentioned there.

Q. Then the 12½ per cent. opposite the stock indicates that its market value was then about 12?—A. Yes, sir. Its quotation price was then on $50 shares, or a little less, and these figures were made at a little more, so that people would say, "I can get more than the market price, and I will put those in and share with the rest." The figures were made as an inducement to the various holders to persuade them to come in.

THE FLOATING DEBT AT PAR.

Q. The floating debt is put at par. That had no market price, had it?—A. The floating debt was represented in reality by the funding mortgage bondholders who held the whip hand, and to a very large extent was Saint Louis money. These people insisted upon being paid. For instance, the Vulcan Iron Works had sold or delivered rails and other equipment to the Kansas Pacific Company, and they held their proportion of the funding mortgage bonds. The same is true of John D. Perry and Robert E. Carr; also the Boatman's Savings Institution, of Saint Louis, which had loaned money; also the estate of Mr. Oliver Ames; Burnham Perry; Williams & Co., who were the furnishers of the supplies. I have here a list which shows at the time the persons who held these bonds against moneys which they had advanced or paid to the company at various times.

Q. Your statement is, then, that the floating debt was treated for the purpose of this pool as being secure and worth par?—A. Yes, sir.

UNSUBORDINATED INCOME BONDS AT 50 PER CENT.

Q. The 50 per cent. for the unsubordinated income bonds. Was that the market value?—A. If you will pardon me a moment. There was another reason there. That is, the floating debt and funding mortgage bonds were all held by the Saint Louis people, who were making the principal contest in the foreclosure suit.

Q. As to the 50 per cent. for the unsubordinated income bonds; what was their market value at the time of the pool arrangement?—A. I think they must have been less than that.

Q. But in that neighborhood?—A. Yes, sir.

Q. And in the same way the 30 per cent. for the subordinated income bonds?—A. Yes, sir; those had been selling at 15, 16, 18, and 20; but at that time they were somewhat below that figure—30.

SECOND LAND GRANT AND ARKANSAS VALLEY AT 50.

Q. The second land-grant mortgage bonds are put at 50; that was about their market rate?—A. Yes, sir.

Q. The Arkansas Valley at 50, the same?—A. Yes, sir; they were held much in the same way, by Saint Louis people.

Q. Were they on the New York Stock Exchange list?—A. No, sir.

Q. Was the Leavenworth branch on the stock list?—A. They had been dealt in here, but not for many years, and if they were on the list they were not dealt in.

Q. These rates express the then prevailing market value, as well as you could get at it at that time?—A. Yes, sir; but a little bit higher.

Q. Had the market value of these various securities risen much within the year previous to the making of this pool?—A. I think very

considerably, and the moment the combination was known as being for the purpose of taking the road out of the receiver's hands and operating it in harmony, they all of them advanced very rapidly.

Q. I am only questioning as to whether they had advanced during the year preceding the making of this instrument?—A. Yes, sir.

Q. Do you know whether many of the parties to the instrument had held their securities for any length of time previous to the making of the pool?—A. Oh, yes sir; most of the Saint Louis people had held them since they originally got them.

Q. In examining this Exhibit B, there is first a statement, as I understand it, of the securities put into the pool, and then a statement of the distribution of those securities among the different parties, showing their relative interests?—A. Yes, sir.

Q. Can you tell me why the statement in the first column of the stock aggregates $9,600,000, and the distributed statement aggregates only $3,000,000?—A. Yes, sir; because what they were getting was intended to be new stock of a new corporation upon a foreclosure at a basis named.

Q. Do I understand that of the actual stock of the Kansas Pacific contributed there was $9,600,000?—A. That was the total par of 200,000 shares at $50 a share.

Q. That would be $10,000,000?—A. Nine million six hundred thousand dollars is almost $10,000,000.

Q. Nine million six hundred thousand dollars was intended to represent all the stock?—A. Yes, sir; I do not know why the $400,000 was left out.

Q. I asked before if the first column of Exhibit B indicated the gross amount of securities put into the pool, and I understood you to say it did?—A. It did at the time of the inception of it.

Q. If that answer is correct, that means that $9,600,000 of stock was put into the pool?—A. No, it does not at all.

Q. I ask you again if the first column in Exhibit B represents the amount of securities actually put into the pool?—A. Oh, no; I misunderstood you entirely.

Q. What does the first column represent?—A. It represents the total of the capital stock issued.

Q. Of all those securities named?—A. It represents the total of the funded debt, and a total amount of the unsubordinated incomes, total of the subordinated, total of the amount of land grants that were out, the total of the Arkansas Valley, and the total of the Leavenworth branch.

CONCERNING THE POOL ACCOUNT.

Q. The pool account, or the amount of securities put into the pool, is to be derived from the distributive statement below the first statement?—A. Yes, sir. The first statement was simply to fix the relative values on the basis which we fixed for it, carried out into percentages, and showing the number of shares of the new stock which was to be issuable therefor. It was then contemplated that they should all be merged into new stock.

Q. Can you tell me the amount of the different classes of securities which were in that pool, their value computed at these agreed rates, and the value of the same securities with the added securities which came into the pool afterwards, at the rates provided for under the consolidated mortgage, and at the rate provided for the stock under the articles of consolidation, and then tell me what was the gross profit made by the

pool?—A. No, sir; that question cannot be answered, because the facts are different from the supposition stated in the question.

Q. Can you tell me what the difference would be between the securities that came into the pool at the rates agreed upon in the pool, and the same securities figured under the consolidated mortgage, and the articles of consolidation?—A. No, sir; I have never made the computation. The meaning of that paper to which you refer is intended to be thoroughly explained by, and to be read in connection with, the first paper. The one explains the other; but the whole plan and scheme was changed, and the intention was never carried out. It only served the purpose of uniting in a few hands and in a common interest what were heretofore scattered, hostile, and very conflicting interests.

Q. Is not this true: That Mr. Jay Gould, Mr. Frederick L. Ames, Mr. Sidney Dillon, Mr. Russell Sage, Mr. Dexter, and one or two gentlemen whose names I may have forgotten, through the means of the pool acquired large interests in Kansas Pacific stock, in subordinated income bonds, in unsubordinated income bonds, in second land-grant bonds in Arkansas Valley bonds, and in bonds of the Leavenworth branch?—A. Yes, sir.

SECURITIES EXCHANGED FOR CONSOLIDATED BONDS.

Q. For what other securities did these gentlemen exchange the securities that I have enumerated?—A. With the exception of the stock, all of the other securities were exchanged for consolidated mortgage bonds, agreeably to the provisions of the consolidated mortgage.

Q. And at the rates therein specified?—A. Yes, sir.

Q. Was that exchange made before the articles of consolidation?—A. Yes, sir; at least six months, and I think nearly eight months before.

Q. Do you remember at the time the articles of consolidation were voted for, what amount of consolidated bonds had been issued?—A. Eight million four hundred and thirty thousand dollars.

Q. You are satisfied that all the parties I have named of those interested in the pool had come in and converted at that time?—A. Yes, sir. There was one feature of the pool which perhaps you would like to know about. That was, it was compulsory that $500,000 should be advanced by the Union Pacific people to aid in adding, by the purchase of other securities, to the strength of the pool. In that way a large amount of securities was added.

Q. Who had charge of the conversions under the consolidated mortgage after the articles of consolidation?—A. The mortgage provides as to that, that it is solely between the trustees and the company, upon the company's requisition.

Q. The trustees and the holders of securities?—A. That did not follow.

Q. The holders of securities could not be made to convert, unless they presented their securities for conversion, could they?—A. No; I think the issue of the bonds was solely upon the requisition of the company upon the basis of the conversion.

Q. The consolidated mortgage called for an issue of thirty millions of bonds which, by your statement, was reduced to $29,500,000. At the time of the consolidation only $8,400,000 had been converted?—A. Yes, sir.

Q. My question is, who had charge of the negotiations with the holders of these outstanding securities after the consolidation took effect?—

A. In some instances the trustees; in some instances the company. But the trustees were the sole persons who could execute and deliver the bonds.

Q. How rapidly did those outstanding securities come in after the consolidation?—A. I am inclined to think that most of them came in before the consolidation. That is, a large proportion.

Q. Do you mean to say that all the securities that were entitled to conversion would not call for an issue of more than $8,400,000 of bonds?—A. I think that would be a considerable portion of the actual number of bonds outstanding, even now.

Q. Have all the outstanding securities that are enumerated in the consolidated mortgage, and to cover which the consolidated mortgage is made, been retired up to this date?—A. No, sir.

Q. Which are outstanding?—A. The report of the Union Pacific states as to most of them what the total issue is, and how much are in the hands of the consolidated mortgage trustees, and how much are still outstanding.

Q. What was the total issue of bonds under the consolidated mortgage to this date?—A. I am unable to state.

Q. Who can give us these figures accurately as to the amount of the outstanding underlying indebtedness, and the amount of the bonds outstanding under the consolidated mortgage, both at the time of the consolidation and at the present time?—A. Mr. Ham, Mr. Amos A. Calef, of this city, or the comptroller of the Union Pacific.

Q. That is, Mr. Mink?—A. Yes, sir.

Mr. HAM. There is a table of the bonds; the whole issue held by the trustees and the amount afloat. That is on page 35 of the report of 1886.

The WITNESS. Do not ask me, for I could not answer. I could only refer you to the parties making up those figures.

Commissioner ANDERSON. I have no further questions to ask Mr. Holmes.

Mr. JOHN F. DILLON. I received a telephonic notice to appear before you.

Commissioner ANDERSON. We will examine you.

Mr. JOHN F. DILLON. Now?

Commissioner ANDERSON. After recess.

Mr. JOHN F. DILLON. When the subpœna came it was addressed to "Mr. Dillon," and I was uncertain whether it meant Mr. Sidney Dillon or myself.

Mr. SIDNEY DILLON. The person who served the subpœna called me the Hon. Judge Dillon. Will you please take one at a time? If you are going to examine Judge Dillon this afternoon, perhaps you might take the whole of the time. I am within two minutes' walk of here, at 40 Wall street. If you will take Judge Dillon in hand, I will be relieved for the present.

Commissioner ANDERSON. I do not think we will keep him more than a half an hour.

The WITNESS (Mr. Holmes). I ask permission to read my testimony before I sign it.

Commissioner ANDERSON. Certainly.

MR. GOULD'S DENVER PACIFIC SOLD AT COST.

By the CHAIRMAN:

Q. I want to ask you, Mr. Holmes, one or two questions. Is there anything that you have not said that you want to say?—A. Yes, sir.

The CHAIRMAN. That is what we want to hear, for a few minutes at any rate. It is ten minutes of 1 o'clock now.

The WITNESS. The last question asked me in regard to the $1,000,000 of Denver Pacific stock leaves the fact very misleading as shown by the report. Mr. Gould bought that stock at 10 cents on the dollar, as my information serves me—and I made careful examination of it—from the Amsterdam bondholders or the commissioners of Arapahoe County, Colorado; and he was paid the same sum which he paid, namely $10 per share, for that $1,000,000 of Denver Pacific stock, and it went into the Kansas Pacific Company with the other $3,000,000; and the $4,000,000 was used, as I have explained, in the payment for the acquisition of branch lines which had theretofore been made, and Mr. Gould by that operation as to that $1,000,000 made not a penny; whereas, by appearances, he would make the difference between the sum of a million dollars and $100,000.

By Commissioner ANDERSON:

Q. Ten cents on the dollar?—A. Yes, sir.

FINANCIAL ADVANTAGE TO UNION PACIFIC OF CONSOLIDATION.

By the CHAIRMAN:

Q. What was the advantage of the consolidation to the Union Pacific Railroad Company?

Commissioner ANDERSON. That is a big field.

Q. I mean financially; not as to agricultural or mineral results. What advantage was the consolidation to the Union Pacific?—A. It added into the three former companies the great number of branch lines that were purchased with the proceeds of that $4,000,000 of stock, and it consolidated into that new company all of the interests which had theretofore been hostile. It also prevented what was at that time supposed to be under advisement, and which has since been thought to have been the fact, that had it not been consolidated and had not the Kansas Pacific and its branches and these other branches been brought into one family, the Kansas Pacific would have been used in a hostile manner and another through road built to the Pacific coast in direct hostility to the Union Pacific. Instead of that, Mr. Gould developed his plan into what is now the Missouri Pacific, and which apparently is hostile to or conflicts with the territory of the Union Pacific proper in only a small degree.

Q. Up to the time of the consolidation, if I understand your testimony, the stock of the Kansas Pacific Railroad and the Denver Pacific Railway was of little value?—A. That is not true as to the Kansas Pacific stock.

Q. What was it worth for some time prior to your agreement of this pooling interest in 1878?—A. It was worth comparatively little; but the moment that was understood, the public knew that the combined interests, the union of the interests of the territory which covered both Kansas and Nebraska and Colorado and Wyoming and all the territory to which these united roads were contributing, would be operated together, and that the growth of business and the great earnings which the Union Pacific Railroad was at that time making would be much further advanced and increased by the union of these branch roads.

INCEPTION OF PLAN OF CONSOLIDATION.

Q. The agreement of 1878 was made with the view of ultimately consolidating with the Union Pacific?—A. No; not exactly. I think the consolidation never entered into Mr. Gould's or any one else's mind until after Mr. Gould had made his trip abroad, when I had at the time a comparatively trifling conversation with him, but which impressed me very strongly. I asked him what impression his examination of the English system of railroads had given him, and he remarked, in a very quiet way, that it struck him that the most notable feature was that the whole of the English system of railroad was practically in two managements; at most, three. The scheme was simply to take away the everlastingly possible conflicting interests and get them into a common control, and make a foreclosure under the Denver extension mortgages, and distribute the equities among the junior security holders. But the whole drift and plan and theory changed, and all of these interests got into the Union Pacific interests as a party.

By Commissioner ANDERSON:

Q. That is, when the Saint Louis parties were bought out?—A. Yes, sir; and then they changed the scheme. They had the power; they owned substantially all of them. They owned the seven-tenths, and they could, under the scheme and the plan, do just what they pleased, and everybody knew they could not treat outsiders upon any different basis than they treated themselves.

THE MOTIVE FOR CONSOLIDATION.

Q. Limiting my question simply to the Kansas Pacific and Denver Pacific stock, is it not true that when Messrs. Gould, Sage, Dillon, Ames, and Dexter voted in favor of the consolidation they were the holders of large amounts of Kansas Pacific and Denver Pacific stock, which they had derived partly under the pool, partly by purchase, and partly by the decree in the suit which has been referred to, and that the effect of that consolidation was to bring them a very much larger amount of money for these securities than the securities would have realized if the consolidation had not taken place?—A. That is true as to stock of the Kansas Pacific. It is not true as to these underlying securities. I do not think it is true of the Denver Pacific stock, because that was all held, either, as the lawful owner, by the Kansas Pacific (which was as to $3,000,000), or by Mr. Gould (as to $1,000,000); and as to the proceeds of the exchange of the entire $4,000,000 for the stock and bonds of the branch roads, I do not think that was a source of profit to them, but rather to the roads themselves. I mean to say that in that transaction of the exchange of the Denver Pacific stock, from my best information, I am unable to learn that any of them made any profit.

Q. The question asked you was not whether the owners of the Denver Pacific stock made a profit as compared with the securities which they parted with to the Kansas Pacific, for I have not investigated that, but the question was whether, when they voted for a consolidation the moneys which they derived from the Union Pacific stock which was passed to them was more than they could have obtained for the Denver Pacific stock if they had undertaken to sell it on the market without such consolidation having been made?—A. The Denver Pacific stock could not have been sold on the market for anything, for we could have foreclosed the road within three months.

KANSAS PACIFIC'S TITLE TO DENVER PACIFIC STOCK.

By Commissioner LITTLER:

Q. How did the Kansas Pacific Railway Company obtain title to the stock of the Denver Pacific road?—A. They obtained it through the construction contracts, and the subsequent contract as to the operation and management of the Denver Pacific Company by the Kansas Pacific, the Kansas Pacific as a company having substantially built the Denver Pacific road.

Commissioner ANDERSON. I have not asked you the questions in regard to the value of the bonds and securities which were passed to the Kansas Pacific Company in exchange for the Denver Pacific stock, because I thought it would be better to ask the person who made the transfer.

The WITNESS. Quite right; I am really not a competent witness on that subject. But the previous question which you asked involved a supposition that those gentlemen owned the Denver Pacific stock as well as the Kansas Pacific, and that they acquired a large profit from such ownership of the Denver Pacific stock. It was as to that that I wished to explain that they did not make such profit.

THE MOTIVE FOR CONSOLIDATION.

Commissioner ANDERSON. My only question was whether they did not get more money under the consolidation than they would otherwise have got, so as to gauge the influence that operated upon them at the time they voted for the consolidation.

The WITNESS. Undoubtedly. If the consolidation had not been made the Kansas Pacific stock would not have been worth 10 cents on the dollar, and the Denver Pacific stock would not have been worth waste paper, for the reason that the default on the Denver Pacific mortgage had continued for several years and was very large, and a foreclosure suit was pending, by which the stock could have been wiped out. When I use the word "consolidation," I use it in the large sense of a unity of interest between the Kansas Pacific and the Union Pacific, and not the actual formal of consolidation.

EFFECT OF CONSOLIDATION ON UNION PACIFIC.

By the CHAIRMAN:

Q. Was not the effect to load the Union Pacific Railroad with two railroad companies whose stock was of no value?—A. I think not, for I think the earning power of the Kansas Pacific has been greater, relatively, since the consolidation to the new company than the Union Pacific main line has been.

Q. Has it not been at the expense of the Union Pacific?—A. I think not; I think the Kansas Pacific has more than paid its way all the time since the consolidation. The Denver Pacific was, to some extent, and perhaps it is now, a burden, because it is a parallel road of the Colorado Central. But you must remember that the only way in which the Kansas Pacific and the Union Pacific could have been consolidated was through the Denver Pacific, because you would have had a gap otherwise. You could not unite, by the charters of the companies, the Kansas Pacific and Union Pacific alone, for the reason that by the acts of Congress the Denver Pacific had been made a part of the Kansas Pacific, and should be operated as such. You remember the act.

Q. Yes, sir; but what effect would the consolidation of the companies have upon the income from the business of two roads such as the Kansas Pacific and Denver?—A. It increased their business very much.

Q. Why, and how?—A. Because all business was permitted to flow as it pleased, and the largest proportion of the business of the Kansas Pacific in either direction was derived from its local business and the business brought to it by its branch lines. Do you understand what I mean?

The CHAIRMAN. Yes.

The WITNESS. As it is now, anybody wanting to ship freight, or to go in person, in either direction into this great territory of Kansas and Nebraska and Colorado and Wyoming, can go freely any way they please.

Q. How had that affected the Union Pacific prior to that time?—A. The Union Pacific's local business at that time was comparatively little. Its principal earnings at that time were from its through business, and the through business was a threatening quantity. I assume that you can tell from the accounts whether or not the Kansas Pacific and Denver Pacific have not more than paid their way ever since the consolidation?

By Commissioner ANDERSON:

Q. There is another question I want to ask you while I have got this record here. I understood you to say that through such investigations as you have made you are satisfied that the value of the property transferred by Mr. Gould and his associates to the Kansas Pacific in exchange for the Denver Pacific stock was as much as they got for it—that is, about $3,000,000?—A. Yes, sir; and I base my judgment upon the subsequent operations of those branch lines.

MR. DILLON'S EVIDENCE IN SUIT TO RELEASE STOCK.

Q. But that fact is all I want to know at present. Now, that arrangement for that transfer had been made at the time the articles of consolidation were entered into, had it not?—A. It was undoubtedly all a matter or subject of agreement, because all of these Union Pacific gentlemen were interested themselves in that transaction, and had provided the moneys, in part, with which to purchase these branch lines.

Q. In Mr. Dillon's examination, when you were present, before Mr. Ruggles, this question was put to him:

Q. Then, do you estimate the value of the stock—

Referring to the Denver and Pacific stock—

to the Kansas Pacific Company, or the trustees of this mortgage, as based upon the control which the ownership of the stock would give to the company, or to the trustees?—A. I value it worth something.

Q. Except the outside sum which it would be worth to the Kansas Pacific Railroad Company for that control, or freed from thep resent mortgages?—A. This stock was tied up in trust, as I said before; I do not consider worth anything. To carry out certain things, I think it might be worth to the Kansas Pacific Company a small sum, say, $200,000 or $300,000; somewhere in that neighborhood.

Q. (By the REFEREE.) Not to exceed $300,000?—A. No, sir; that is my estimate of it.

Is it not your judgment that the witness, when he used the words "certain things," referred to the transaction which had been agreed upon and which was actually carried out?—A. I assume so.

Q. Then Mr. Dillon was one of the parties in interest, was he not?—A. Yes, sir.

Q. And you say the value, as you understood it, of the "certain things" that were passed to the Kansas Pacific was equivalent to $3,000,000?—A. Yes, sir.

Q. How do you explain, then, the fact that Mr. Dillon, on being asked their value, declared that they did not exceed $300,000 on this 22d day of January?—A. I think that is perfectly consonant with the alternatives which at that time presented themselves. If they could use the stock as they did use it, they had the means with which to buy for the consolidated companies these branch lines for which the stock was used. If they could not use the stock for that purpose, they could not acquire those branch lines. They considered that the company was getting in those branch lines a great deal more than any inherent or financial or intrinsic value which the Denver Pacific stock had, because they were then operating the two roads harmoniously. If they had not acquired the right to use the Denver Pacific stock the mortgage would have been foreclosed, a new corporation organized, and the combined corporation would not have acquired and purchased these branch lines.

Commissioner ANDERSON. Yes; but I ca l your attention to the fact that the answer of the witness makes that same distinction, and he says that he considers the stock worth nothing if tied up in the trust, and he is now speaking of the value to the Kansas Pacific if freed from the mortgage and used in order to exchange it for the branch lines. In that case, he says, it might be worth a small sum, say $200,000 or $300,000, somewhere in that neighborhood.

Q. Not to exceed $300,000?—A. No, sir; that is my estimate of it.

The WITNESS. He doubtless had in his mind this: That by the use of it and the acquisition of these branch lines, they would get for this stock about $200,000 or $300,000 more than the branch lines were worth, for it was a fact, as my information goes, that those branch lines were taken at the prices at which they had been purchased, whereas at the time of the consolidation they were worth more, because all securities had appreciated more, and railroad properties had a greater value in the spring of 1880 than they had in the summer and early spring of 1879.

Commissioner ANDERSON. The witness is defining the value of the things that the Kansas Pacific is to get for the stock if freed from the trust.

The WITNESS. I do not think he meant that.

Q. His language is, "to carry out certain things, I think it" (that is, the stock) "might be worth to the Kansas Pacific Company a small sum, say $200,000 or $300,000." Is it true that that stock was worth to the Kansas Pacific Company $3,000,000 the next day?—A. It was in the sense that it paid that sum of money—that representative of value—for these branch lines.

Q. Is it true that the branch lines were worth $3,000,000, in your judgment?—A. That is my understanding.

Q. Then is Mr. Dillon's statement true, that all the Kansas Pacific Company could get for that stock would be $300,000?—A. I do not think he meant that.

By Commissioner LITTLER:

Q. Which one of the Dillons is that?—A. That is Sidney Dillon.

By Commissioner ANDERSON:

Q. I suppose you refer us to him?—A. Yes, sir.

By the CHAIRMAN:

Q. If the facility had been afforded the Kansas Pacific and the Denver Pacific, under the act of 1874, would there have been any necessity for a consolidation?—A. I am inclined to think not; but there would then have been a very active rivalry and a reduction of freights from all Missouri River points, whereas by the consolidation that was eliminated.

Q. But if the facilities contemplated by the act of 1874 had been afforded this road, they would have had the advantage of all these facilities or could have acquired the facilities?—A. Undoubtedly; and the Kansas Pacific would have been of so much greater value that the consolidation in all probability would not have taken place.

AFTERNOON SESSION.

Mr. HOLMES. If the Commission please, I should be glad to add one short statement in answer to the last question put to me by the chairman.

I desire to say that in the litigation as to the judgment roll in which I have been examined, I had no communication with Mr. Justice Donohue, directly or indirectly, except in open court in the usual manner in which such orders and motions are made in similar cases. All my communications with him throughout that litigation took place in open court.

HOW DENVER PACIFIC STOCK WAS OBTAINED.

By Commissioner LITTLER:

Q. I began to examine you in relation to the manner in which the Kansas Pacific Railroad Company obtained possession of the Denver Pacific Railway stock, and you accounted for $3,000,000 of the stock, as I understood you, in this way: That they obtained it in part payment for the construction of that road; am I right?—A. Yes, sir.

Q. How did the Amsterdam people obtain their stock?—A. I think I stated in a part of my examination, as to that stock, it was acquired by them with, or as a part of, the contract by which the Amsterdam bondholders purchased the Denver Pacific bonds.

Q. I suppose that was the way they got them. That was all. This $1,000,000 of stock which the Amsterdam people got was a bonus and accompanied the bonds, I suppose?—A. That is my information about it.

Q. They really paid nothing for the stock, but bought the bonds which carried the stock with them?—A. Yes, sir; that is my understanding, but I have no personal knowledge about it, for the transaction took place long before my connection with the railroad.

ARTEMAS H. HOLMES.

No. 10 WALL STREET, NEW YORK,
Thursday, May 5, 1887.

JOHN F. DILLON, being duly sworn and examined, testified as follows:

Examined by Commissioner ANDERSON:

Question. You are counsel for the Union Pacific Railway Company, I believe?—Answer. Yes, sir.

COUNSEL TO UNION PACIFIC.

Q. How long have you held that relation?—A. I came here in September, 1879, I think, and you may say that from that time probably it formally commenced, about the 1st of October—I am not quite sure.

Q. At whose invitation did you assume that position?—A. I would have to answer that perhaps a little fully. I came here in probably May, 1879, on an offer of a professorship in law in Columbia College, to see whether I would accept the place. It involved a very great change, and so I refused to say "yes" or "no" until I should come here, examine the ground, see what it cost to live, and whether, on the whole, it was advantageous to me. I brought my wife with me. We examined the matter, and found what house-rent cost and all, and concluded to go home in the West and stay there. That evening I received a dispatch from my uncle, Mr. Sidney Dillon, who was at that time president of the Union Pacific, stating in substance, "If you have not already gone, defer your going until to-morrow, and come down and see me." I remained over, and he stated to me—I had probably informed him that I had concluded not to come East, and that I might as well stay West—that if the offer of a counselship to the company was an additional inducement the executive committee might conclude to offer it, and if I chose to come I might take the professorship and also act as counsel to the Union Pacific Company. That put a new phase on the matter, and those two inducement led me to come.

Q. At that time who composed the executive committee of the Union Pacific?—A. I will not answer with positiveness, but I think Mr. Dillon, Mr. Gould, and Mr. Ames, and possibly Mr. Dexter, were members of it.

Q. Since that time you have remained counsel for the Union Pacific Company?—A. Yes, sir.

Q. Are you also counsel for the Missouri Pacific?—A. My firm is for such matters as arise in New York requiring attention. I am not, individually.

Q. Who is the president of the Missouri Pacific?—A. Mr. Gould.

Q. Have you acted as the personal counsel of Mr. Jay Gould himself in controversies?—A. I do not now recollect that I ever did.

PREPARATION OF ARTICLES OF CONSOLIDATION.

Q. You are quite familiar with the articles of consolidation between the Union Pacific and the Kansas Pacific?—A. I think I am.

Q. Who prepared the original drafts of the articles?—A. I have no doubt I did it. I do not recollect the physical act of writing it, but that is my recollection and understanding, that I did it.

Q. Do you remember when those articles were first prepared, or when you started to prepare the articles?—A. No, I cannot recall that.

Q. Do you remember whether you wrote them on the day when they were signed?—A. Oh, I should think not. I could not do that very well.

Q. Can you state about how long before they were signed you were directed to prepare them?—A. I cannot say that. I have no recollection of writing them, but I must have done so.

Q. Do you recollect the circumstance that it was not a very great period of time that elapsed between the preparation of the articles and the execution of the articles?—A. I should think not. My recollection is that I was away in January of that year, and that I came here just before the actual execution of the articles and prepared them.

Q. Do you think you prepared them after you returned?—A. Oh, I think so; yes, sir.

Q. Do you recall the occasion when Mr. Holmes was sent for in regard to the institution of the suit to take the Denver Pacific stock out of the trust?—A. No, sir; I do not recall that circumstance.

Q. Do you recollect the circumstance that such a suit was brought?—A. I know that such a suit was brought; yes, sir.

Q. Had you been spoken to by Mr. Dillon or Mr. Gould in regard to getting that stock out of the trust before the suit was brought?—A. I think I knew that; yes, sir.

Q. Do you remember whether the articles of consolidation had been prepared by you when that suit was brought?—A. I cannot say.

Q. The suit was brought, as appears from the record, on the 17th of January, being a week before the execution of the articles. Do you remember whether those articles were prepared by you, or the substance of them had been conceived by you, a week before they were executed?—A. I cannot answer.

WHO DIRECTED THEIR PREPARATION.

Q. With whom did you confer in regard to the preparation of the articles and the terms to be incorporated therein?—A. This is seven years ago. I do not recall any single conversation with any person, but I must have conversed with all the leading parties in interest in the several roads, and I have no doubt I did. Mr. Dillon, Mr. Gould, Mr. Ames, Mr. Dexter, and Mr. Baker—I have no doubt with all of them.

THE SIXTH ARTICLE.

Q. By the sixth article, for instance, certain persons are named as being the first directors of the company. Have you a copy of that article before you?—A. I have.

Q. From whom did you derive the suggestion that those persons should be the directors?—A. I cannot tell that.

Q. From whom did you derive the suggestion that Mr. Sidney Dillon should be the president of the company?

The WITNESS. You mean what particular person told me that?

Commissioner ANDERSON. I mean, with whom did you advise as to that?—A. Mr. Dillon was president, and I have no doubt I talked with him. I have no doubt I talked with Ames, Baker, and all of these gentlemen. Mr. Atkins was among them. I think they were all here; but now, after seven years, I cannot say who suggested particular names. I have no recollection of it. It must have been suggested. I could not have told you five of them without seeing who they were.

Q. How familiar were you at this time with the affairs of the Kansas Pacific and the Denver Pacific Railroad Companies?—A. I had only a general knowledge of their affairs. The Kansas Pacific was in court out there in my circuit, and of course I absorbed a little knowledge about it, but I had no intimate knowledge of its affairs.

Mr. HOLMES. You never signed but one order in that suit. That was a consent order. You always refused.

Q. Could you have said at that time that the Kansas Pacific was a paying concern without interviewing the accountants or officers of the road?—A. I would not know whether it was or not.

Q. The same as to the Denver Pacific?—A. I know that was in my court, in the hands of the receiver, at one time. I do not know when

it got out. As to anything that came up when I was at court I may have made some order, although Mr. Holmes said I never made but one order.

Mr. HOLMES. One order. You always refused to do it, because Mr. Dillon was interested.

Q. My question was, whether at the time you prepared these articles of consolidation you had a personal knowledge of the value of the Kansas Pacific or of the Denver Pacific stock.—A. No, sir.

THE THIRD ARTICLE.

Q. When you drew the third article, which provides that the capital stock of the Union Pacific should be $50,762,300, being the total aggregate amount of the outstanding stock of the three constituent companies, and provided in that same article that each stockholder in the Denver Pacific Railway should receive a share of stock in the new company, the Union Pacific Railway, and that each stockholder in the Kansas Pacific Railway, the shares of which were only $50, should receive one share of the new company's stock for two shares of the Kansas Pacific stock, what information had you that such an arrangement was a prudent or proper arrangement for the Union Pacific Railway to make?—A. I had none. I did not conceive it was my business at all to supervise the expediency or the wisdom of a contract which my employers told me they wanted drafted.

Q. Then your employers did tell you that they wanted it drafted just that way?—A. They undoubtedly did. I did not make their bargain for them.

Q. And you can only repeat the same names as being the persons from whom you received the specific instructions to draw Article 3, to which I have called your attention?—A. Yes, sir.

Q. Did you know at the time those instructions were given to you that any of those gentlemen you have named, and who gave you the instructions, had a personal interest in the Kansas Pacific stock and in the Denver Pacific stock?—A. If you ask me if I knew it personally, I say no. If you ask me if I understood that some of them were stockholders in both companies, I should say yes.

INTERESTS HELD IN BOTH KANSAS PACIFIC AND DENVER PACIFIC STOCK.

Q. I will ask you a shorter question. Did you ask Mr. Gould if he was, or did Mr. Gould tell you that he was, a holder of Kansas Pacific stock at the time you were preparing that article?—A. I have no recollection of asking him. I do not suppose I did. I have no recollection of his telling me. Yet, as I repeat, I had the understanding in some way that he was a holder of stock in the Kansas Pacific.

Q. You say you had the understanding when you drew that article?—A. Yes, sir; I think, I supposed he was.

Q. How was it in regard to Mr. Sidney Dillon?—A. I knew, that is, morally knew, that he was a large stockholder in the Union Pacific, and a stockholder, to some extent, in the Kansas Pacific. I never looked at the stock books.

Q. You also knew, did you not, that he was president of both of the corporations?—A. Undoubtedly.

Q. Did you have the same general knowledge about Mr. Ames?—A. I supposed that he was a very large shareholder in the Union Pacific, and, to some extent, a shareholder in the Kansas Pacific.

Q. What do you know in regard to Mr. Gould's having acquired an interest in the Denver Pacific stock?—A. I cannot now say that I knew that he had or had not.

OBJECT OF SUIT TO RELEASE DENVER PACIFIC STOCK.

Q. You say you knew that the suit had been brought?—A. Oh, yes, sir.

Q. Did you know the object of that suit?—A. Oh, yes.

Q. What was the object of that suit?—A. As I recollect, it was to liberate those Denver Pacific shares from the trust by placing an equal amount of security, or canceling bonds that would be equal to the value of that stock, and as that was an asset or the property of the Kansas Pacific Company, it should go into its treasury and become its property.

Q. Was that the whole object of that suit, as you understood it?—A. To the end, I think, that the scheme of consolidation here could be carried out, namely, consolidate that company, which was the link which connected the Kansas Pacific with the Union Pacific, with the other companies, and make one company of them.

Q. Could that consolidation not have been carried out just as well by surrendering the Denver Pacific stock from the Kansas Pacific Company to the Union Pacific Company, and giving to the Kansas Pacific Company the benefit of new stock in its own treasury?—A. I do not know how it was carried out.

TRANSFER OF DENVER PACIFIC STOCK TO GOULD, DILLON AND AMES.

Q. Did you not know at the time the suit was brought that the intention was to pass that stock from the Kansas Pacific Company into the hands of Mr. Gould and Mr. Dillon and Mr. Ames?—A. No, sir.

Q. When did you first learn that that transfer had actually taken place?—A. All I know about it is this; I think that appears; I have not examined the books since; but my impression is that the whole transaction is made a matter of record; if so, I knew it about that time.

Q. Where is that record?—A. It ought to appear on the Kansas Pacific records; I think they are in Boston.

Q. Does it appear on the Kansas Pacific records?—A. I do not know, but I presume it does; that is my recollection; I state this subject to correction if the record books do not show it.

Q. Did you know, on the day when the articles of consolidation were signed, that Mr. Jay Gould had acquired an interest in the Denver Pacific stock?

The WITNESS. In this stock that was liberated?

Commissioner ANDERSON. Yes, sir.

A. No; I never knew that he did; I do not know it now.

Q. When I say Mr. Jay Gould, I refer to him as being an associate with these other gentleman.—A. Yes, sir; I do not know that any of them ever did; my understanding of it is, that none of them ever got any personal profit out of that matter.

Commissioner ANDERSON. I have not asked you that.

The WITNESS. I think your question implied that.

Q. Did you know, on the day when the articles of consolidation were signed, that Mr. Jay Gould had acquired an interest in the Denver Pacific stock?—A. No, sir; I do not know it.

SIGNING THE ARTICLES OF CONSOLIDATION.

Q. Where were those articles signed?—A. In the office of the company, at 78 Broadway.

Q. Was there a meeting of the board of directors on that day?—A. That is my recollection.

Q. The minutes will show?—A. Yes, sir; I have no doubt of it; I think it must be so.

Q. Do you recall who was present at that meeting?—A. My recollection is, subject to correction when you see the minutes, that there were meetings of the board of directors of all three companies, and that they were pretty fully attended; but I cannot name the particular individuals that were present; I think I recollect Mr. Dillon being present, Mr. Frederick L. Ames, Mr. F. Gordon Dexter, Mr. Ezra H. Baker, Mr. Elisha Atkins, Mr. G. M. Dodge, and Mr. Jay Gould.

Q. Then you must have been present yourself?—A. I was present, in or out; I cannot say that I attended their deliberations; I may have done so, I may not.

KANSAS PACIFIC AND UNION PACIFIC OFFICES IN SAME BUILDING.

Q. Did the Kansas Pacific have an office in the same building?—A. That is my understanding; yes, sir.

Q. Or did they simply meet in the rooms of the Union Pacific?—A. No, I think they had an office there. I do not know that they had a separate office. Mr. Dillon was president of both companies.

Q. Who was president of the Denver Pacific?—A. I cannot tell you that without looking at the record.

Q. You say that you did not yourself know that Mr. Jay Gould had acquired this interest in the Denver Pacific stock when the articles of consolidation were signed. I infer, therefore, that Mr. Gould did not so report to the directors at the meeting of the directors.—A. I do not know. I cannot say that I was present at the meeting; if they called me in, I went in; I may have been there.

Commissioner ANDERSON. You have said you were in and out of the room repeatedly?

The WITNESS. Undoubtedly; I think it not improbable, in a matter of this gravity, that I was at the meeting.

Q. And you think it also quite likely, as to any question of moment or importance that affected the interests of these companies, that your opinion would have been asked?—A. That would be very probable; yes, sir.

Q. As a matter of fact, nothing was ever said to you as to whether the action of these companies ought to be changed or influenced by the circumstances which had been developed at the meeting, that Mr. Gould had a large personal interest in the Denver Pacific stock?—A. No, sir; I do not recollect that anything was said to me, and I do not recollect that any such fact was developed at the meeting. Do you understand there is referred to you the question of the validity of the consolidation?

The CHAIRMAN. We are to investigate all the facts relating to an alleged consolidation of the Union Pacific Railroad.

Commissioner ANDERSON. We have not asked any question directed to the validity of it.

The WITNESS. If that is the question, counsel are prepared to abide by their opinions.

By the CHAIRMAN:

Q. Are there any facts that you are acquainted with other than matters of record prepared by you as attorney in this consolidation?—A. I do not think so. I do not recall anything that would be of any moment except what appears there.

Q. That is, you have no personal knowledge of the other matters?—A. Except so far as I have stated.

Q. The preparation of records?—A. Yes, sir.

OPINIONS OF COUNSEL.

Commissioner ANDERSON. In regard to the opinions that Mr. Adams referred to as having been given by Judge Dillon as to the validity of certain acts of the company; have we those opinions?

The CHAIRMAN. They had better furnish us with the opinions.

The WITNESS. I have a copy of the opinion that I brought with me, in which counsel unite as to the power of the Union Pacific Railway Company, consolidated, to issue ten millions of new stock—if that is a subject of inquiry.

Commissioner LITTLER. Yes.

Commissioner ANDERSON. That is the ten millions of new stock of the Union Pacific? That is not the thing. It is the guarantee of the Oregon bonds.

The WITNESS. That is a separate opinion. I can furnish you with that in print. Do you wish them produced now? I can do it now.

The CHAIRMAN. If you have them with you, you had better produce them.

The WITNESS. Have you a copy of that compilation? [Handing book to Commissioner Littler, being a compilation of acts of Congress relating to the Pacific roads.] You will find that very useful, and I can spare it.

Commissioner LITTLER. Thank you; I would like to have it. Does this embrace everything?

The WITNESS. Down to its date; yes, sir. It is very useful. How will you have these opinions of counsel entered?

The CHAIRMAN. We will have them marked as exhibits produced by you.

The WITNESS. I produce, on request, a copy of my opinion, dated New York, January 10, 1881, concerning the power of the Union Pacific Company to make *a further issue of stock*. It is as follows:

OPINION OF JOHN F. DILLON AS TO THE POWER OF THE UNION PACIFIC RAILROAD COMPANY TO INCREASE ITS CAPITAL STOCK.

Has the Union Pacific Railway Company the power to make a further issue of stock?

It was provided by the act of Congress of July 2, 1864, that the capital stock of the Union Pacific Railroad Company, authorized by the act of July 1, 1862, shall be in shares of $100 instead of $1,000 each, and that the number of shares shall be 1,000,000 instead of 100,000, thus fixing the amount of authorized capital at $100,000,000. (Act of July 2, 1864, section 1.)

It is provided in the next section that "the capital stock of the said company shall not be increased beyond the actual cost of said road."

The actual cost of the line of road known as the Kansas Pacific, extending from Kansas City to Denver, was at least $30,000,000. Stock however to the amount of only $10,000,000 has been issued. The Territorial charter of that road limited the capital thereof to $10,000,000. But constructed under the Federal franchise it actually cost, as I have just stated, over $30,000,000.

The act of July 2, 1864, section 16, authorizes any two or more of the Pacific companies "at any time to unite and consolidate their organizations, as the same may or shall be, upon such terms and conditions, and in such manner as they may agree upon, and as shall not be incompatible with this act or the laws of the State or States in which the road of such companies may be, and to assume and adopt such corporate name and style as they may agree, *with a capital stock not to exceed the actual cost of the roads so to be consolidated*, &c."

By the act of Congress of March 3, 1873, as a part of what is known as the Crédit Mobilier legislation, Congress among other things enacted, in reference to the Union Pacific Railroad, that "no dividend shall hereafter be made by the said company but from actual earnings thereof; and no new stock shall be issued, or mortgages or pledges made on the property or future earnings of the company without leave of Congress, except for the purpose of funding and securing debt now existing or renewals thereof. And directors or officers who shall pay or declare or aid in paying or declaring any dividend or creating any mortgage or pledge prohibited by this act shall be punished by imprisonment, &c."

This act was confined to the Union Pacific Railroad Company. None of its provisions were extended to any of the other Pacific roads. The penal provisions do not extend to any but the Union Pacific Company. All the other Pacific railway companies, except the Union Pacific, were left free to issue new or further stock as authorized by their constituent acts or the legislation of Congress applicable to them.

In the articles of union and consolidation of the companies forming the present Union Pacific Railway Company, of date January 24, 1880, it is provided (article 3) "that the capital stock of the said Union Pacific Railway Company shall be $50,762,300 (being the total aggregate amount of the outstanding stock of the three constituent companies)." It is further provided in the articles of consolidation (article 9), that "nothing in this agreement contained shall affect or prejudice any rights otherwise existing of the consolidated companies to make such further increase of stock or bonds as the consolidated company may by law be entitled to make, or restrict the amount of stock and bonds which such consolidated company is by law authorized to issue or make."

The above are believed to be all the provisions of law or otherwise relating to the power of the present consolidated company to make a further issue of stock. My opinion is that the clause in the legislation of 1873 prohibiting the Union Pacific Railroad Company from issuing any new stock without leave of Congress did not repeal by implication, at all events as respects the Kansas Pacific, that part of the sixteenth section of the act of July 2, 1864, which authorized two or more of the Pacific companies, upon consolidation, to fix upon a capital stock to any amount which should not exceed the actual cost of the roads to be consolidated. And, therefore, assuming that the Kansas Pacific road actually cost $30,000,000, and that only $10,000,000 of stock have been issued, the present company, succeeding to all of the rights of the Kansas Pacific, may make a valid issue of stock in respect of the difference.

It is usual in charters to fix the authorized capital at the estimated or supposed cost of the enterprise; so here the object is to provide the corporation with the means of carrying out the corporate purpose. Congress meant, in the aforesaid section 16 of the act of July 2, 1862, that the companies should have authority to issue stock to the extent of the actual cost of the roads, so that they would be in possession of the means to provide for paying for the roads or paying the debt which had been incurred in their construction. It is plain that, if it were not for the prohibition in the act of 1873, that the consolidated company could provide for an additional issue of stock, not, however, to exceed the actual cost of the consolidated roads. The prohibition against the further issue of stock is limited to the Union Pacific Railroad, and, conceding that the effect of this would be to prohibit an issue of stock in respect of the construction of the Union Pacific road, there is no admissible principle of construction that would make this limitation and prohibition apply to the Kansas Pacific road. This limitation or prohibition is in derogation of existing rights, and on familiar principles is not to be extended by construction. The Government in its creditor relations to this company is a secured creditor, and its rights as such can in no way be unfavorably affected by an increase of stock. It is admitted that such an increase of stock will be incidentally beneficial to the Government by furnishing the company with the needful means to improve the condition of its property and make the same of more value. The proposed stock, if issued, will be allotted to the existing stockholders in proportion to their present holdings, and the measure will probably have their unanimous approval. It seems improbable that the Government or stockholders or creditors would ever have any motive or inducement to question the proposed action of the company.

The company's management are clearly of the opinion that such an issue is in all respects highly desirable. Under these circumstances any doubt that may surround a question of this kind may be more readily solved in favor of the proposed policy than if that policy were certain to be assailed.

On reading article 3, in connection with article 14, of the articles of union and consolidation, it would seem to me to be desirable, if the proposed policy is adopted, to amend article 3 so as to authorize the proposed increase and to have that amendment, as the proposed issue of stock, expressly ratified by the holders of two-thirds of the company's existing stock.

I have dictated these views as you have requested to the stenographer, and send them to you without much elaboration, so that you may have the benefit of Mr. Bartlett's valuable opinion. I feel quite sure that my conclusion is sound, and shall have no doubt about it if he shall concur with it.

One suggestion further, which I omitted in the proper connection. It may be suggested that the $10,000,000 limitation in the Territorial charter of the Kansas Pacific is an obstacle to the proposed further issue of stock. This objection may be answered thus: The legislation of the State as well as its silence for sixteen years shows an acquiesence on the part of the State in the Congressional legislation, and in the modifications in that legislation of the charters of the Pacific railway companies. The legislation of Congress authorized a consolidation of the Kansas Pacific with any other of the Pacific roads. In the section which conferred the power to consolidate is found the provision as to the terms and conditions, and the amount of capital stock, authorizing the fixing of the capital stock at a greater amount than that fixed by the original charter of the Kansas Pacific. The judgments of the Supreme Court, under the Thurman act, in the case of the Central Pacific (a State corporation), show that the State legislation, so far as it was inconsistent with the Federal, had to give way.

JOHN F. DILLON.

NEW YORK, *May* 10, 1881.

The WITNESS. I produce also the opinion on the same subject of Sidney Bartlett, esq., dated Boston, January 17, 1881, addressed to Frederick L. Ames, esq. That is the only copy I have. Will you preserve it?

The CHAIRMAN. We will take care of it. We can have it copied.

OPINION OF SIDNEY BARTLETT, ESQ., AS TO THE ISSUE OF THE NEW STOCK.

I have examined with care and reflection the opinion of Judge Dillon as to the power of the Union Pacific Railway Company to increase its capital stock to the extent of the cost of its road as now constituted, and I concur in its results.

These results rest throughout on the ground that the present corporation has by legal consolidation succeeded to all the powers and rights of the several companies with which it has been thus consolidated; further, that the act of Congress of July 2, 1864, governs such consolidation and confers the additional power to increase the capital to the extent of the cost of the consolidated roads, and this whether such power be or not contained in the charters of the roads thus consolidated, and though one or more of such charters contain limitations repugnant to the exercise of such power.

The above general ground must be assumed in order to discuss the question on which the validity of the proposed issue of shares is ultimately to turn; and I am of opinion that whatever may be in other respects the technical effect of a consolidation of corporations (see 13 Wall., 210; 4 Otto, 444) that such legal consolidation confers on the consolidated corporation all the powers granted by the act of Congress of July 2, 1864, unless, by subsequent legislation, either directly or by implication, Congress has repealed the section of the act of 1864 authorizing such consolidation, or repealed that portion of the powers granted which has regard to the issue of shares, leaving the residue of the act unaffected.

The only subsequent legislation had, which it is supposed may be construed to repeal or modify that portion of the act of 1864 which allows such consolidation, is the act of March 3, 1873.

That act must, I think, be construed in connection with the report of the committee who framed and submitted it to Congress, that is to say, it must be construed in reference to the surrounding circumstances. The report above referred to discloses that the purpose of Congress was to restrain the issue of shares to pay for road building under existing contracts, which contracts the report reprobates. But, be this as it may, it would be a strange construction to hold that it repeals the rights of the Kansas Pacific Railway Company, or any of the other corporations not named in the act of 1873, to consolidate in conformity to the provisions of the act of 1864, or, upon such consolidation, to prohibit the issue of shares, not of the Union Pacific but of the consolidoted roads, on the ground that one of those consolidated roads (the Union Pacific) was party to the consolidation and so had an interest in the issue.

Repeal by implication is not a favorite of the law, and I concur with Judge Dillon that the act of 1873 leaves to the roads legally consolidated under it complete authority to issue shares after consolidation to the extent of the cost of the roads consolidated.

I assume that the proposed issue of shares is not to be for gratuitous distribution among shareholders. Such distribution would not, I think, be warranted. The purpose, as I am assured, is that for each share thus issued there shall be paid into the treasury of the consolidated corporation its par value.

With these views it may be unnecessary to speculate as to what would be the effect of an issue of shares *ultra vires* of the corporation upon the title of those taking the original issue or of those to whom such issue might be transferred. It is clear that shares thus issued, being actually full paid, can never be subject to assessment at the suit of creditors.

As to the detail of carrying the plan into execution I have hardly given it thorough examination. Unless there be some striking advantage in causing such issue to be made under a vote of the board of directors, I should prefer that it should be made by a vote of the corporation. (1 ', Wall., 233.) I agree that, as a general principle, subsequent ratification is equivalent to precedent authority, but, having regard to the grave importance of the action, and looking to the fact that wayside ratification of stockholders is not an equivalent for a corporate meeting where discussion or mutual counsel may largely influence the consent of parties, my preference would be as above stated.

Respectfully yours,

S. BARTLETT.

BOSTON, *January* 17, 1881.
FRED'K L. AMES, Esq.

The WITNESS. I also produce the opinion of counsel as to the validity of the Union Pacific Company's collateral trust bonds, dated October 2, 1882, signed John F. Dillon, Sidney Bartlett, Artemas H. Holmes:

OPINION OF COUNSEL AS TO THE VALIDITY OF UNION PACIFIC COMPANY'S COLLATERAL TRUST BONDS.

We are of opinion that the clause in the fourth section of the act of Congress, approved March 3, 1873, which provides "that no new stock shall be issued or mortgages or pledges made on the property and future earnings of the company," so far as the same relates to mortgages and pledges, has sole reference to the corporate property acquired or constructed for the completion and operation of the road, described in and authorized by the charter, to aid in which construction, and "to secure the use of the same for postal, military, and other purposes," grants of subsidies and of lands, were made by the Government.

And we are of opinion that the issue of bonds by the Union Pacific Railway Company, and the securing of the same by the deposit of underlying bonds as provided in the trust indenture of said railway company, to the New England Trust Company, trustee, dated the 1st day of September, 1882 (afterwards changed to April 2, 1883), are valid corporate acts, and do not contravene the above-recited clause of the act of March 3, 1873, or any provision of the charter of the company or other legislation of Congress applicable thereto.

October 2, 1882.

JOHN F. DILLON,
SIDNEY BARTLETT,
ARTEMAS H. HOLMES.

The WITNESS. I also produce the further opinion of counsel on the same subject in answer to letters of the Hon. Wm. H. Armstrong, Commissioner of Railroads, dated November 22 and 23, which last opinion is dated Boston, December 4, 1882, signed Sidney Bartlett, John F. Dillon, Artemas H. Holmes:

FURTHER OPINION OF COUNSEL AS TO THE VALIDITY OF THE COLLATERAL TRUST BONDS.

The undersigned, to whom have been referred the letters of Hon. William H. Armstrong, Commissioner of Railroads, dated November 22 and 23, 1882, with their inclosures, to the end that we may advise the Union Pacific Railway Company, with some fullness, of the grounds on which rests our written opinion, dated October 2,

1882, declaring that in our view the trust indentures of the company, dated July 1, 1879, and September 1, 1882, were not in conflict with any act of Congress known to us, affecting the company, its rights or duties, proceed to state those grounds as follows:

1. The purposes of the indentures is declared by the company to be to obtain the means of reimbursement to the company of sums borrowed and expended in the purchase of the bonds of certain railroad companies which connect with the road of this company and from whose traffic the earnings of this company are very largely derived. The fruits, therefore, of this expenditure, whether it may have been wise and justifiable or not, inure largely to the security and benefit of the Government. The transactions are accomplished facts. The bonds are in possession of the company, and the only pertinent inquiry bearing upon the validity of the trusts is not whether the purchase of the bonds was justifiable but whether the purchase, having been made, any act of Congress prohibits or restrains the company from using those bonds, either by way of sale or pledge to obtain reimbursement of their cost.

2. It has been suggested that such prohibition or restraint is to be found in the fourth section of the act of March 3, 1873, which provides: "And no new stock shall be issued or mortgages or pledges made on the property or future earnings of the company, without leave of Congress, except for the purpose of funding and securing debt now existing or the renewals thereof."

Without adverting to the question whether this provision is not to be deemed repealed by the 6th and 9th sections of the Thurman act, our view was and is that the provisions of the act of 1873 must be construed as limited to the property of the company upon which, by the terms of the charter, the Government held a lien, and to the earnings of that property which were applicable to discharge the debt of the company to the Government. Substantially, the purpose, we think, was to prevent the creation of future liens upon the existing property of the corporation upon which the Government had a lien. It will be observed that neither of the trust indentures attempts to make any pledge of the earnings of the Union Pacific Company or to create any lien upon its road or the income thereof.

3. It has been further enacted in the 9th section of the Thurman act that "all sums due to the United States * * * are hereby declared to be a lien upon all the property, estate, rights and franchises of every description granted or conveyed by the United States * * * and also upon all the estate and property, real, personal, or mixed, assets and income of the said companies * * * from whatever source derived * * * But this section shall not be construed to prevent said companies, respectively, from using or disposing of any of their property or assets in the ordinary, proper, and lawful course of their current business, in good faith and for valuable consideration."

The effect of this section, without regard to the proviso, is not to prohibit any pledge or mortgage but to subordinate any such pledge or mortgage to the lien of the Government; nevertheless, it is obvious that such lien, if applicable to the bonds conveyed by the trust indentures, would prevent these indentures being carried into effect.

The first declaration in the section has reference to property granted or conveyed by the United States, and in effect redeclares the lien contained in the provisions of the act of 1873, and limits it in conformity with our construction of that act. The latter part of the section covers property from "whatever source derived," but the proviso enables the company to use and dispose of any such property in the ordinary and proper course of current business.

Now, since the bonds which are the subject of the trust indentures were not "property or estate * * * granted or conveyed by the United States," they fall within the proviso, and the proposed use of them is also, we think, clearly within the proviso. The company may, in our judgment, reimburse itself for expenditures incurred in the acquisition of these bonds, either by holding and collecting the interest and principal as they fall due, or by selling them with or without guarantee, or by using them as provided in the trust indentures. Either of these would be a use or disposition thereof in the ordinary and proper course of the current transactions of the company.

4. There is another view of the question which rests on the ground that the purchase of the bonds of connecting railroads for the purpose of increasing the traffic and earnings of the company was not among its chartered powers and so not warranted. If this be so, then clearly neither the act of 1873 nor the 9th section of the Thurman act can have any application to those bonds, since it can hardly be suggested that that legislation is applicable or could be made so to property acquired in contravention to or disregard of the previous legislation of Congress granting the company's charter.

Boston, December 4th, 1882.

SIDNEY BARTLETT,
JOHN F. DILLON,
ARTEMAS H. HOLMES.

The WITNESS. That last opinion was transmitted by President Dillon in an official communication to the Hon. William H. Armstrong, Commissioner of Railroads, in a letter dated December 5, 1882, in which he goes into the subject of the issue of these bonds and the policy and purpose of the construction of branch lines. It belongs to the official history of the roads. If you care to receive it, I will make it a part of my answer; otherwise I have no desire to volunteer it.

The CHAIRMAN. We would like to have it.

The WITNESS. A copy of this letter is produced as a part of my testimony:

LETTER OF PRESIDENT DILLON TO HON. W. H. ARMSTRONG.

NEW YORK, *December* 5, 1882.

Hon. WILLIAM H. ARMSTRONG,
Commissioner of Railroads, Washington, D. C.

DEAR SIR: I have received yours of the 22d inst., stating that a communication from Mr. Arnold Leo, of New York, had been referred by the Secretary of the Interior to your office concerning a proposed further issue of bonds under the trust-deed of July 1st, 1879, from the Union Pacific Railroad Company to the Union Trust Company of New York; also yours of the 23d inst. on the same subject, and desiring to be furnished with copies of the papers in relation thereto. I beg to hand you herewith a copy of the collateral trust indenture of July 1st, 1879, to the Union Trust Company of New York, trustee, also a copy of the similar trust indenture of September 1st, 1882, to the New England Trust Company, securing the issue of what are known as the five per cent. bonds of the Union Pacific Railway Company (the date of this trust indenture was after the decision of the Leo suit changed to April 2, 1883); also a copy of the opinion of Messrs. Sidney Bartlett, John F. Dillon, and Artemas H. Holmes, as the counsel of the company, dated October 2d, 1882, in which they advise the company that the issue of bonds under the trust indenture of September 1st, 1882 (as counsel had previously advised the company in respect of the similar indenture of July 1st, 1879), was a valid, corporate act, not contravening the statute of Congress of March 3, 1873, or any provision of the charter of the company or other legislation applicable thereto. The trust indenture of July 1st, 1879, was sent to your office at or about the time it was made, and your office fully informed as to what had been done by the company thereunder.

The bonds under this indenture have been issued and sold and are in the hands of investors throughout the world. No greater wrong could be done to them and to the company as well as to the Government as the largest creditor of the company, than to have the slightest doubt thrown upon the validity of these bonds by any action of the Government or of its officers. The indenture of 1882 (now 1883), is similar to the one of 1879.

The principle here involved is one of vital importance as well to the Government as to the company. It is simply this, whether or not the company has the ordinary powers of a railroad company to borrow money, to sell or dispose of bonds to reimburse itself for the cost of their acquisition, and to take from time to time such steps as are necessary to protect its property and to hold and secure the territory naturally tributary to its subsidized lines of road. When the Union Pacific road was chartered it was supposed that as it traversed deserts and mountains, its principal revenues would come from *through* business with the Pacific coast and the countries beyond the Pacific Ocean. If we look to-day at the sources of income of the company we find that comparatively a small percentage of its net revenue is derived from this source, and that the volume of its net revenue is derived from local business. If we examine into the cause of this we find, as stated in your predecessor's report for 1880, page 25, that the main lines of the company subsidized by Congress are only 1,815 miles in length, while what he styles the various "branch and feeding lines controlled by the Union Pacific" give it an additional mileage of 2,400 miles. [It has since been greatly increased and is now 4,584 miles.] It was early perceived by the company that in order to secure the territory properly tributary to it, it was obliged to acquire or control these "branch and feeding lines." A list of these lines and of their respective mileage will be found in your predecessor's reports for 1879 and 1880. In the report of 1880 (p. 25) your predecessor says: "The policy of investing in these branch lines is undoubtedly the best for insuring a continuance of profitable business for the main line, and so long as the Government has such a large interest as creditor, it cannot but sanction and confirm these investments. If there is any way by which these branch properties could be merged in or consolidated with the main property it would be desirable, so that in any event or contingency the *main property could not*

be deprived of these valuable feeders." You have recently made a thorough examination of the roads of this company, and we cannot doubt that your own judgment will concur with that of your predecessor on this subject.

To these branch or feeding lines the United States has never given a dollar of money or an acre of land. Imagine them lopped off and all the revenue they bring into the company's treasury diverted to other roads. The disastrous effect of this upon the main line subsidized by the Government and upon which the Government has a lien is known to you, and can be easily ascertained by any person from the company's books. If the company had not promoted the building or acquiring of these collateral lines other roads would have occupied the territory and diverted this profitable business from the Union Pacific Company; thus these branch lines which the Government has not aided directly or indirectly to the extent of a farthing, have greatly added to the value of the roads subsidized by the United States and on which it has a lien, thereby increasing and in no way imperiling or affecting its security.

The books of the company will show that these "branch and feeding lines" have been *acquired at their actual cost*, without any inflation through construction companies or otherwise. The Union Pacific made, of course, some expenditures in the promotion and acquisition of the control of these feeders, for which it has received and holds the bonds of these companies. The transaction evidenced by the collateral trust indentures is simply, that this company issues its own bonds to raise a fund to reimburse itself for the bonds thus acquired, depositing the latter as collateral to an amount considerably greater than the amount borrowed on its own bonds. The current interest on the company's own obligations will be met by the interest received on the underlying bonds, and the difference goes into a sinking fund, which is sufficient to pay the principal of the company's own bonds at or before the time it becomes due. The company could, of course, sell the underlying bonds, and, if it chose, could indorse or guarantee them. No lawyer can doubt this power. What is done under the trust indentures is in substance the same. Many of the underlying bonds draw seven, and none of them less than six per cent. If merely sold and guaranteed, they would yield the company much less than they will under the plan in the trust indentures. Every solvent, well-managed company in good credit, like the Union Pacific, will and ought to use its credit to the best advantage.

The decisions of the Supreme Court of the United States clearly define the relation of the Government to the company. It has held that the Government has no lien upon roads not subsidized, and no right to five per cent. of the earnings of the non-subsidized portions of the company's lines (99 U. S., 455, 460); and when the act of 1873 provided that no stock be issued and mortgages or pledges on the property or future earnings of the company made, it meant simply the property which the Government had given or aided to acquire, and the earnings of *such* property, and it had no reference whatever to collateral lines built under independent organizations, to which the Government has contributed neither money nor land. You will observe that the trust indentures do not make or attempt to make any pledge of the company's earnings, and that there is nothing in either of the instruments that gives any holder of the bonds of the Union Pacific any lien upon either its road or income.

It may be admitted that under the terms of the act of March 3, 1873, we can make no mortgage or pledge of the company's subsidized lines or the earnings thereof, and the company has not attempted to do so; but the company claims as respects the bonds of independent companies not aided by the Government and acquired and held by this company, as these bonds were, that it may use them as a means of reimbursing the company in respect of the acquisition thereof; and this is all the trust indentures seek to do.

The Government and the company have in this matter a common interest. If the company is disabled and helpless to secure its present property and natural advantages, and to defend it from the sleepless activity of hostile and rival interests, which is the *principle* that must underlie any possible objection to the trust indentures, the Government and the company will suffer alike. The company therefore submits if it is deemed by you to be your duty to take any official action in this matter that the objector (who for the first time acquired a small amount of stock November 17, 1882, and began to object the next day), be advised that in your judgment the trust indentures do not show that they are in violation of any of the rights secured to the Government by the acts of Congress applicable to the company.

Very respectfully, your obedient servant,

SIDNEY DILLON,
President.

THE GOVERNMENT NOTIFIED AFTER CONSOLIDATION.

By the CHAIRMAN:

Q. Was notice given to the United States Government of the consolidation?—A. The next day or the same day.

Q. Before the consolidation?—A. Not to my knowledge before the consolidation; I think not.

Q. Were the Government directors consulted?—A. I would have to refer to the records to know whether they were present at the meetings which authorized the consolidation. My recollection is that they were, and assented to it.

Q. Assented to the merger of the Union Pacific Railroad into the Union Pacific Railway Company?—A. Yes, sir; the merger of the three companies into one.

Q. The Union Pacific Railway Company?—A. That is the name.

GOVERNMENT DIRECTORS' RELATION TO UNION PACIFIC RAILWAY.

Q. What does the railway company regard as the relation of the Government directors now to their organization?—A. Do you want the official history of that?

Q. What is your opinion?—A. I had forgotten it myself in looking over the record in this *quo warranto* suit to-day since I have been sitting here. I have a good many duplicate copies of that. That is where the State of Kansas attacked the validity of this consolidation, the report of which you will find in the 101 U. S., 449.

The Government directors have been recognized as sustaining towards the consolidated company the same relations which they previously sustained towards the Union Pacific Railroad Company; the original act providing only for Government directors in respect to the Union Pacific Railroad from Omaha to Ogden. There were no Government directors in the Kansas Pacific, or in any other Pacific road.

Commissioner ANDERSON. We will go on with Mr. Sidney Dillon now.

The CHAIRMAN. Yes, if there are no other questions. We may recall you, Judge Dillon, concerning other matters in the bill.

The WITNESS. I shall be pleased to attend any time.

JOHN F. DILLON.

No. 10 WALL STREET, NEW YORK,
Thursday, May 5, 1887.

SIDNEY DILLON, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. When did your relations with the Union Pacific commence?—Answer. I will have to get out a little document, for I had forgotten, until I asked by telegram to-day, from Boston, when I did commence, and I got the following reply:

HIS RELATIONS TO THE UNION PACIFIC.

I find by an examination of the papers in our office that work was first commenced on the construction of the main line of the Union Pacific sometime in 1863; it is impossible to say at just what period of the year. You were first elected a director on October 3, 1866. On March 11, 1874, you were elected president and continued in that office until June 13, 1884.

Q. Those dates are doubtless correct?—A. I presume they are. I got it from the auditor in Boston; from Mr. Mink.

Q. Did you remain a director from 1866 until 1884?—A. Yes, sir; and am a director now.

Q. You have at all times been largely interested in the company?—A. Yes, sir.

Q. A large holder of its securities?—A. Yes, sir.

Q. And are generally familiar with both its construction and finances?—A. Yes, sir.

RELATIONS TO KANSAS PACIFIC.

Q. What have been your relations to the Kansas Pacific?—A. When this consolidation was talked of, which you have been discussing here to-day, my attention was drawn to it at that time, and I looked it over back and forth to see whether it was a thing which we wanted to have anything to do with.

Q. I only asked when your relations with the Kansas Pacific commenced?—A. I could not tell you that. If you will please to not ask dates of me I shall be much obliged.

Q. Were you the president of the Kansas Pacific previous to the articles of consolidation?—A. I think I was elected about that time.

Q. Had you been a director of the Kansas Pacific before you were president of the Kansas Pacific?—A. I think not.

Mr. HOLMES. I think you were for a while.

The WITNESS. For how long a time?

Mr. HOLMES. I think for a year before.

Q. You may take the explanation of Mr. Holmes; is that your best recollection, that you were not a director before you were president?—A. I cannot recollect; my attorney says I was a short time before.

Q. Do you remember how long you were president of that company before the consolidation was signed?—A. I do not.

Q. Did you take any part in its affairs as president?—A. I did.

Q. Did you attend the meetings of its board?—A. I did.

Q. You know that you were the president at the time the articles of consolidation were signed?—A. I was; I suppose I was; yes, sir.

Q. You executed them?—A. Yes, sir; I think so.

Q. How long after the articles of consolidation were signed did you remain the president of the Kansas Pacific?—A. Pardon me for asking——

Commissioner ANDERSON. Certainly. Until we object you can ask as much as you want to.

The WITNESS. As Mr. Ham, my secretary, says, I think I am president still, if there is a president in existence. There has been no election since and no action taken by the Kansas Pacific since.

RELATIONS TO DENVER PACIFIC.

Q. What relation, if any, did you hold to the Denver Pacific at the time of the consolidation?—A. None.

Q. Were you a director?—A. No, sir; I think not. Was I?

Mr. HOLMES. I think you were not. I do not remember.

Commissioner ANDERSON. If you have a memorandum of the meeting there, please show it to the witness.

The WITNESS. Yes, sir; I would like to see it, if it is fair.

Q. It was January 24, 1880?—A. Yes, sir; I was. I was not aware of it.

Q. On referring to the minutes of the meeting of January 24, 1880, you find you were a director of the Denver Pacific?—A. Yes, sir.

Q. The fact, then, had escaped your mind entirely?—A. It had.

Q. When did you first acquire any interest in the Kansas Pacific stock?—A. I could not say.

Q. Was it sometime before the consolidation?—A. I think it was. I could not say.

Q. Did you act in concert with other persons?—A. I did not.

Q. Were other persons connected with you in the interests which you had in Kansas Pacific stock and other securities of the Kansas Pacific?—A. No, sir.

KANSAS PACIFIC POOL.

Q. Were you ever a party to an article of agreement made between yourself and Mr. Ames and Jay Gould and others, made in April, 1878, relating to stock of the Kansas Pacific and other securities of the Kansas Pacific?—A. I think very likely I was. I cannot recall it.

Q. Why do you say that no other persons were interested with you in the acquisition of the Kansas Pacific stock and other securities?—A. I mean to say that I went into the market and bought stock on my own hook, as I pleased, and sold it again, and kept along that way probably until the time of which you speak. That was my meaning when you asked me the question.

Q. I ask you now with regard to that time, which was April, 1878, did you then associate yourself with a number of other gentlemen in acquiring interest in the Kansas Pacific stock?—A. I did.

Q. Who were those other gentlemen?—A. I cannot tell you now, without the documents. There is some record of it, no doubt. I can tell you some of them.

Q. Tell me those you can remember?—A. Mr. Frederick L. Ames and Jay Gould and Russell Sage, and I cannot say who else. I think some of our other Boston friends there, such as Dexter and others. I think so.

Q. Do you remember what that agreement was about, and how it came about?—A. I cannot recall the substance of the agreement now.

THE UNION PACIFIC AND KANSAS PACIFIC CONTEST AS TO PRORATING.

Q. Do you remember generally before that time what relations existed between the Kansas Pacific Company and the Union Pacific Company in regard to mutual business and freight?

The WITNESS. Was that prior to the time that I was president?

Commissioner ANDERSON. I refer to before the time when you and Mr. Gould arranged together to purchase securities of the Kansas Pacific.

The WITNESS. Will you ask that question again, please?

Commissioner ANDERSON. I ask you, before that time, if you remember what the relations were between the Kansas Pacific and the Union Pacific Companies with regard to through business and freight and traffic at competing points?—A. Well, the Union Pacific denied that the Kansas Pacific had a right to prorate through to the Pacific coast.

Q. Was that contest a long and protracted and bitter one?—A. It was.

Q. And the interests of both parties were entirely separate and hostile?—A. Yes, sir.

MARKET VALUE OF KANSAS PACIFIC SECURITIES.

Q. Do you know generally at this time, just prior to the agreement of April, 1878, what the condition in the market of the Kansas Pacific securities was?—A. They were very low.

Q. Can you give us the figures for the stock, for instance?—A. I could not give it at various times. It ran from 6 to 12 per cent., and along at different higher rates.

Q. Did the Kansas Pacific stock not sell as low as 3?—A. It might have done so, but I never was lucky enough to get it.

Q. How lucky were you enough to get it at?—A. I got some as low as 6.

Q. In regard to the other securities; what did the land-grant bonds sell at?—A. It is a matter of record.

Q. Along in 1875 or 1876 what were they?—A. We can turn right to the stock record, or the records of the stock list in Wall street, and see; that shows exactly. It is so long ago that I cannot say what they were worth at that time. I do not know now; I do not remember.

Q. Of course we know that; but I was merely testing your memory as to these transactions. Now, to pass to 1878, please look at the paper, exhibit No. 1, of May 5, 1877, and state whether that is the instrument to which you became a party—what was known among you gentlemen as the Kansas Pacific pool?—A. I do not know. I never heard the pool mentioned so much before as I have to-day.

Q. How did you refer to your interest in that? There must have been some way of referring to it.—A. We did not refer much about it. We went and bought our securities and put them together; that is about all there was of it.

Q. Please state what you mean by putting them together. You delivered them to a certain committee, I suppose?—A. Yes, sir.

Q. Who was the committee?—A. I cannot say now.

By the CHAIRMAN:

Q. You say "we;" whom do you mean?—A. I meant to say that I bought the securities, and they were put in. You may, if you please, call it the pool, for the sake of——

Commissioner ANDERSON. Brevity?

The WITNESS. Yes, sir.

THE KANSAS PACIFIC POOL COMMITTEE.

By Commissioner ANDERSON:

Q. It appears from the face of the paper that Mr. Ames, Mr. Greeley, and Mr. Villard were the committee with whom the securities were deposited. Do you recollect that?—A. I presume so, but I have no recollection now.

Q. Do you recall the business of that at all—how it was conducted? Were securities from time to time turned in for account of the different parties, and were sales made?

The WITNESS. Do you mean bought and sold?

Commissioner ANDERSON. Yes.

A. I do not think there was any purchase and sale.

Q. None sold as a pool?—A. No, sir.

Q. Do you not remember that there were different purchases made, so that the securities increased from time to time?—A. That does not mean sales.

Q. Do you know who attended to the book business of that pool?—A. I think Mr. Calef had it; I am not sure.

Q. You think he kept the accounts?—A. I am not sure, but I think he did.

POOL ACCOUNTS KEPT AND RENDERED.

Q. Were accounts rendered to you?—A. No, they would not be rendered to me; it would be rendered to the pool—to the committee.

Q. The committee would render the accounts to the individuals when they were about making a dividend, would they not?

The WITNESS. What do you mean by "a dividend"?

Commissioner ANDERSON. I presume that when these securities were disposed of, as they were finally, and realized into money, that there must have been a division according to the interests of the parties. Is that not so?

A. I did not know they realized any money on them.

Q. Did you never realize any money for the securities you put into this pool?—A. No, sir; not to my recollection.

Q. What did you realize for them? Was nothing ever given back to you?—A. I cannot say how it was arranged, but I do not recollect receiving any money.

Commissioner ANDERSON. I suppose you received bonds.

The WITESS. I cannot say how it was done. There was an exchange from that general class of securities into some other form in the Kansas Pacific, but I cannot say how.

Q. Is it not perfectly clear that, whether settled in money or in bonds, it was absolutely necessary that the person who kept the accounts should make up an account in which each member of the pool should be able to see what he was entitled to receive, whether in money or in bonds?—A. When the pool was consummated, and it took a different shape, it was.

Q. Was such an account rendered to you?—A. I presume it was, but I cannot recollect.

Q. If rendered to you, it was rendered by Mr. Calef, to your best knowledge?—A. I think it was Mr. Calef.

Q. Do you know whether he has the books of accounts?—A. Let me correct myself.

Mr. JOHN F. DILLON. Mr. Ham is Mr. Dillon's private secretary. Mr. Dillon is not accustomed to records and papers. He is probably mistaken about Mr. Calef. Mr. Ham will tell you.

Mr. HAM. Mr. Greeley at one time furnished all the securities and received them, and they were afterwards turned over to Sage, Dillon, and Villard.

The WITNESS. As to the secretary, I cannot tell who it was. It was not myself, nor to my order.

Q. What the Commission desires to get, is an account of the financial management of this pool, and how it began, and how it resulted. Can you tell us who has the books which show that transaction? We should be glad to see them.—A. I think they can be furnished by Mr. Ham.

Q. Do you remember that the parties to that arrangement were substantially divided between representatives of the Union Pacific Railroad and what was known as the Saint Louis party?—A. There were both parties in it.

Q. Did both parties remain in the pool until the end, or did one party survive the other?—A. That I could not say. I think they remained in it, but I could not say.

BUYING OUT THE SAINT LOUIS PARTIES.

Q. Do you not remember as a matter of fact that the Saint Louis people were bought out?—A. Not wholly, I think.

Q. Do you not remember that their control was bought out, and a large proportion of their securities were purchased from them?—A. I think there was a control bought.

Q. When was that done?—A. I could not say. Those papers that Mr. Ham will furnish very likely will give you that data.

Q. Was it not done just about the time that you were elected president of the Kansas Pacific?—A. I could not say what time it was.

Q. Were you consulted as to that purchase of the Saint Louis interest?—A. I presume I was.

Q. Did you pay up part of the purchase price?

The WITNESS. Do you mean to say, did I take a part of it?

Commissioner ANDERSON. Yes.

A. I did.

Q. Who else took a part of it?—A. I could not say; I presume the rest of them did.

Q. When you say "the rest of them," whom do you mean?—A. Those whom I have named heretofore.

Q. That is, Mr. Gould, Mr. Ames, and Mr. Sage?—A. I cannot say who took it. I do not know now; I do not recollect.

HOW THE PRICE WAS FIXED.

Q. Do you remember how the price came to be fixed at which the securities were to be bought?—A. No, I cannot say how it was done, more than to buy anything else—because they wanted to sell them.

Q. Do you remember how large a transaction it was, and how much money was paid to the Saint Louis people?—A. I do not.

Q. Do you remember that it was more than a million dollars?—A. I do not know that it was all done at one time. I am not sure.

Mr. HAM. It was not a matter of the pool at all. It was an individual transaction.

Q. Some members of the pool, individually, bought out some other members?—A. That is true.

Q. My inquiry is, just how large the transaction is, in order that I may see whether you have any memory regarding the transaction of a million dollars.—A. I think I recollect now, that it was bought out by individuals not in conjunction with each other, but it was bought just because the parties thought they would buy it. That was my case.

Q. The result was that all the Union Pacific people bought out, substantially, all the Saint Louis people, or bought a control?—A. That is it.

MR. DILLON ELECTED PRESIDENT OF KANSAS PACIFIC.

Q. A coincidence, if not a combination. Well, after the Union Pacific party had obtained control, do you remember the fact that you were elected president of the Kansas Pacific?—A. Yes, I think I was elected president after they got the control. I think I was. I do not know whether it was after or before. I could not say.

Q. Do you remember when your nephew, Judge Dillon, came on here from the West?

The WITNESS. When he joined the company?

Commissioner ANDERSON. When he became counsel to the Union Pacific Company?

A. Yes, sir; I remember it.

Q. Do you recall the fact that you informed him that the executive committee had intimated that they desired to avail themselves of his services as counsel for the road?—A. I do not recall that fact.

RECOMMENDATION OF JOHN F. DILLON AS COUNSEL.

Q. What facts do you recall in regard to it?—A. I recall the fact that I recommended him, and Mr. Gould, who was in the neighboring office to me, being a largely interested party in the Union Pacific, said that he would like the company to have him. You know that a part of our directors were in Boston and part were here, and we could not at one time make any particular arrangement, except by telegraph or notice. We recommended it, and he was called as counsel.

Q. This occurred when, do you say?—A. Judge Dillon can speak.

Commissioner ANDERSON. I want to see how closely you can put these things together.

The WITNESS. I cannot put it together.

Q. Do you remember the fact that it occurred shortly before the consolidation?—A. It was before the consolidation; but I cannot say how long before.

Q. Do you remember that it occurred after you had been elected president of the company?—A. I do not recollect whether it was after or before.

Mr. JOHN F. DILLON. I want to say, when he says he recommended me, that I never applied for the position, directly or indirectly. I have a little pride about that.

The WITNESS. Mr. Gould said, "By all means, we want him," when I recommended him. This was how the point came up.

MR. DILLON'S HOLDINGS OF KANSAS PACIFIC SECURITIES.

Q. Can you tell us how much stock of the Kansas Pacific Company you owned just before the consolidation?—A. It shows for itself, I think.

Q. What was it you think showed for itself?

The WITNESS. You were pointing at something.

Commissioner ANDERSON. Mr. Norris is pointing out the vote to the ratification, and I do not know whether that would be a correct answer to my question.

The WITNESS. I suppose that is correct, 6,118 shares.

Q. Do you remember whether any important change of interest in the amount of stock held by you had occurred at about that time?—A. I do not.

Q. So that that is about what you held before the articles of consolidation were signed?—A. I think it was.

Q. Did you hold any other stock in any other name?—A. I did not.

Q. Do you remember what other securities of the Kansas Pacific you held at this time?—A. I had not many others; I cannot say what they were now.

Q. Any consolidated bonds?—A. I could not say; I had not a large amount.

Q. Do you know whether you had received any consolidated bonds—the interest you were entitled to receive under the articles of agreement of April, 1878—at this time?—A. I do not know.

Q. You do not remember that?—A. I do not remember; no, sir.

Q. Do you remember the fact that you did receive whatever bonds you were entitled to receive for the securities represented by that agreement?—A. Yes, sir; I presume I did.

Q. Do you remember whether you kept them any length of time after you obtained them?—A. I think I did.

Q. Do you remember whether, at the time of the consolidation, you owned or held any stock of the Denver Pacific Company?—A. I think I did not, any more than if I was a director; I might have had a little to make me a director. That was it.

Q. Do you remember the fact that at the meeting for ratifying the consolidation by the Denver Pacific stockholders you voted on some stock?

The WITNESS. Some stock of what?

HIS HOLDINGS, AS TRUSTEE, OF DENVER PACIFIC STOCK.

Commissioner ANDERSON. Did you vote on the Denver Pacific stock?—A. I do not recollect it. I may have done it. I do not know.

Q. Do you not recollect the fact that you voted on over 39,000 shares of stock?—A. I do not recollect it. I might have voted on it.

Mr. HAM. That was the stock of the Kansas Pacific, put in his name as trustee.

The WITNESS. When you refer to me as an individual——

Commissioner ANDERSON. It is signed simply, "Sidney Dillon, as trustee."

The WITNESS. Mr. Ham has stated the facts.

Q. What are the facts?—A. I voted it as trustee, I suppose. I should have said I had not voted at all. I had forgotten all about it.

Q. Did that stock stand in the name of Sidney Dillon, trustee?—A. I suppose it did, or else I should not have voted it.

Q. For whom were you trustee?—A. I do not know; I cannot recollect. You must excuse me if I do not know. I hate to be too ignorant.

Commissioner ANDERSON. I must object to the witness being assisted by his secretary, except as to facts and names.

Q. You do not remember whether there was a certificate of stock for 39,000 shares of stock in the name of Sidney Dillon, trustee?—A. I do not remember. I should not have remembered the transaction if it had not been brought to my notice.

Q. Do you remember the fact that you surrendered, either individually or as trustee, 39,000 shares of Denver Pacific stock, and that you received stock of the Union Pacific Railway in exchange therefor?—A. I knew that was done; but until this moment I was not aware that I was the custodian of the stock.

Q. You know that it was done?—A. That is to say, I understand it was done.

Q. Do you know how that stock of the Union Pacific Railway was delivered in exchange for the 39,986 shares? Do you know who got it?—A. The Union Pacific got it.

Q. The Union Pacific delivered it, did it not?—A. It bought it, and it was put back into the treasury again.

Q. Into the treasury of what company?—A. Of the Union Pacific.

Q. The 39,986 shares?—A. The exchange which took place—the Denver Pacific stock—the avails of it went into the treasury of the Union Pacific.

Q. Do you mean of the Kansas Pacific or the Union Pacific?—A. The Union Pacific Railway Company.

Q. So that your statement is that the 39,986 shares of Denver Pacific stock were surrendered to the consolidated company, and that the consolidated company issued new stock for the same amount, and that that new stock was sold, and that the proceeds of that sale were deposited in the treasury of the Union Pacific Railway Company?—A. I mean to

say that the stock was deposited in the treasury of the Union Pacific Railway Company.

Q. What stock was deposited?—A. New stock. Stock of the Denver Pacific the Union Pacific acquired, and for it it gave its own stock, and it was placed in the treasury of the Union Pacific as its own property.

Q. What was placed in the treasury of the Union Pacific?—A. The stock or the avails of it. The new issue that was made.

Q. Then we must find 39,986 shares of Union Pacific Railway stock in the treasury of that company?—A. Yes, sir.

Q. And that is what happened, is it?—A. Yes, sir, as I understand it.

AND THE NEW ISSUE RECEIVED IN EXCHANGE.

Q. To whom was that new stock delivered; who received it?—A. I suppose that I, as president of the road—it would come into our treasury; I could not say who received it.

Q. Who surrendered the old certificates of Denver Pacific stock?—A. It was a formal thing which took place, and I cannot give the names of who surrendered it, or of how it was done; but it was all on record.

Q. It is all in your name as trustee?—A. Yes, sir.

Q. Could it be surrendered without your signature?—A. I presume not, but I do not recollect how the transaction took place.

Q. When that surrender was made and you appended your signature, was a certificate for an equal amount of Union Pacific stock delivered to you personally?—A. I cannot say whether it was delivered to me personally; it might have been delivered to me somewhere, as the proper custodian of it.

Q. Was such stock delivered to any one for your account?—A. Not for my account personally.

Q. For whose account was it delivered?—A. For the Union Pacific.

Q. Did that stock remain in the treasury, or was it sold?—A. I think it was used at various times for the benefit of the Union Pacific.

Q. Can you be positive about it, being president of the road?—A. I am quite positive of it.

Q. What benefit was it used for?—A. For the purchase of various securities which were necessary, or for building lines which we built or were about building at that time; I could not define it into one particular channel where it went, but it went as if it were money that had been paid in to be used for any purpose which migh inure to the benefit of the company.

TOTAL UNION PACIFIC RAILWAY STOCK.

Q. What is the total amount of the capital stock of the Union Pacific Railway Company?

The WITNESS. At this time?

Commissioner ANDERSON. Immediately after the consolidation.

A. I could not say without getting the report; the report shows; it is an open document before the public.

Q. Will you refer to the articles of consolidation? They will tell you. Look at article 3, and give the exact figures there.—A. The capital stock of said Union Pacific Railway Company shall be $50,762,300, being the total aggregate amount of the outstanding stock.

Commissioner ANDERSON. Those are the articles of consolidation, signed January 24, 1880. I now show you the report of your road for

the year 1880, and you will perceive that the capital stock of the company outstanding is the exact sum you have given, $50,762,300.

The WITNESS. Yes, sir.

Q. Will you please explain how, if the 39,986 shares had been deposited in the treasury of the Union Pacific, it is possible that its outstanding capital should have been the total capital of the company?—A. I do not know why it should not be; I cannot fully understand you.

WHERE DO THE 39,986 SHARES APPEAR?

Q. If you had placed the 39,986 shares of the capital stock of the Union Pacific stock back into the treasury of the company, then its whole capital stock would not then be outstanding; is not that so?—A. There might be stock in the treasury of the company, and counted as capital stock, and still the company would be the owner of it.

Q. Then it would have to appear on the other side of the balance-sheet, if the company charge itself with its whole capital stock, in order to make it balance. You would have to show that 39,000 shares were on hand on the other side. Will you refer me to anything in your financial statement as to that?—A. I cannot refer to it; I shall have to ask you to have the secretary explain that when you bring him on the stand.

Q. I call your attention to the other side of the balance-sheet, where there is an entry stating the amount of bonds and stock of the company which the company has on hand, and which entry I read to you: "Bonds and stocks of this company owned by the company, $349,562." I ask you if that company had on hand 39,000 shares of stock, over $3,000,000, where it appears on the balance-sheet?—A. I cannot tell you; I only say to you that I would like to have you accept the testimony of my secretary in this matter; I am not a close accountant of those things and figures, and therefore I could not say that to-day.

Q. May you not be mistaken in your statement that the stock which was issued by the Union Pacific Railway Company in exchange for the 39,986 shares of Denver Pacific stock was placed back in the treasury of that company?—A. I think I am not.

Q. And yet you are unable, as president of this company, to show in your financial statement where that appears?

The WITNESS. If you will allow me to speak to my secretary.

Commissioner ANDERSON. Certainly.

Mr. HAM. That report is a year after the date.

Commissioner ANDERSON. It may have been sold in that time.

Mr. HAM. It may have been sold in that time.

THE STOCK DISPOSED OF.

Commissioner ANDERSON. Is it your statement that that stock was sold?

Mr. HAM. Yes, sir; the stock was all parted with before that time.

Mr. JOHN F. DILLON. I will state that Mr. Ham is prepared to tell you all about it.

The WITNESS. What I want to state is the truth of the thing, as near as I know, as I understand it. If I am in error I am in error ignorantly.

Mr. JOHN F. DILLON. Mr. Ham says he understands it.

The WITNESS. I think you will find that no man belonging to the Union Pacific had one dollar's interest in that, as they have been ac-

cused, for the last ten years, of holding that property and putting it into their own pockets. I hope and trust you will so find, because it is so, so far as I understand it.

THE SUIT TO RELEASE DENVER PACIFIC STOCK.

Q. Do you remember calling Mr. Holmes to have an interview with you with regard to a suit to be brought for the purpose of getting 29,986 shares of this Denver Pacific stock out of the consolidated trust?—A. I think I did.

Q. Do you remember who was present at that interview?—A. I do not.

Q. Do you remember that you did see Mr. Holmes?—A. I think I must have seen him. If you had asked me if it was Mr. Holmes, except from what I have heard to-day, or Judge Dillon, I should have said it was some one of the attorneys that I talked with about it.

Q. Do you remember the conversation at all?—A. I do not now.

Q. Do you recollect telling him that you desired expedition?—A. I do not know the conversation. I know that we wanted that passed upon.

Q. You know that you wanted the Denver Pacific stock got out of that trust for some reason?—A. I did.

WHO SUGGESTED IT.

Q. Who first suggested that to you?—A. I do not know.

Q. Do you think you suggested it to Mr. Gould?—A. I cannot say whether I suggested it, or whether Mr. Gould suggested it, or whether it was talked of as a general thing; I could not say.

Q. Do you remember that it was talked about?—A. Yes, sir.

Q. And that you then sent for Mr. Holmes?—A. I say I could not say it was Mr. Holmes, but I think so.

Q. Was Mr. Gould present at the interview with Mr. Holmes?—A. I could not say whether he was or not; it has escaped my memory.

Q. Do you remember telling Mr. Holmes who would represent the trustees of the consolidated mortgage?—A. I do not.

THE TRUSTEES OF THE CONSOLIDATED MORTGAGE.

Q. Do you remember who were the trustees of the consolidated mortgage?

The WITNESS. Of the Kansas Pacific?

Commissioner ANDERSON. Who were the trustees of the Kansas Pacific consolidated mortgage?

A. I suppose that Mr. Gould and Mr. Sage were the trustees, as I recollect now.

Q. What next do you recollect about that suit?—A. I recollect we had a suit, and it passed through its regular course, and I cannot give the terms of it. I should like one of our attorneys here to give the balance of it.

Q. I only asked you what you recollect about it.—A. I recollect that we had a suit and it was in court here, and was passed on.

Q. Have you told us all that you remember about it?—A. I do not know that I can recollect much more about it.

Q. Do you recollect the fact that you were a witness in that suit?—A. I might have been; yes.

Q. Do you recollect that fact?—A. Yes.

Q. Do you remember who the other witnesses were?—A. I do not. I do recollect being a witness, now.

Q. Do you remember what you were examined about?—A. I think it was as to the value of it. I think so, but I am not sure.

Q. What means had you, then, for knowing anything about the value of the Denver Pacific stock?—A. I knew where the road was located, and I knew that the earnings of the road were very light. That is, that was the report to me. I think it was in the hands of a receiver. I am not sure. Was it, Mr. Holmes?

Mr. HOLMES. It was at that time.

The WITNESS. The Denver Pacific was at that time, I think; I am not sure.

Mr. JOHN F. DILLON. You get all wrong, if you try to recollect what happened ten years ago. I do not think it was. Mr. Holmes thinks it was.

By Commissioner ANDERSON:

Q. Where lawyers differ the parties get their rights. You were examined at some length as to the value of that stock?—A. Yes, sir; I presume I was.

WHAT WAS TO BE DONE WITH IT IF RELEASED.

Q. Do you remember that some arrangements had been made as to what was to be done with that stock, if you got it out?—A. I think there was an arrangement made, but I cannot remember what the talk was particularly.

Q. Do you remember what the general arrangement was that had been made?—A. The general arrangement was to make it a part of the system, the road.

Q. Do you remember anything that had been arranged in regard to the surrender of bonds of branch lines in exchange for that stock?—A. No, sir; I do not.

Q. Do you remember that any arrangements had been made by which the bonds of the branch lines of the Kansas Pacific were to be surrendered to the Kansas Pacific in exchange for the stock?—A. I do not recollect that that took place. It might have.

Q. Or that anything had been fixed upon which was to be carried out between the Kansas Pacific Company and yourself and Mr. Gould and Mr. Ames and others in regard to that stock?—A. It was fixed that if we got it, to place it where we did place it.

Q. Where did you place it?—A. We placed it in the Union Pacific treasury.

Q. In exchange for what?—A. Union Pacific stock.

Q. How much Union Pacific stock?—A. The same amount.

Q. What was that stock worth?

VALUE OF UNION PACIFIC STOCK AT TIME OF EXCHANGE.

The WITNESS. Which stock?

Commissioner ANDERSON. The stock of the Union Pacific that you got for the stock of the Denver Pacific?—A. I cannot say what it was worth at that time.

Q. Was the Union Pacific stock selling at par at that time?—A. Yes, I presume it was.

Q. Then the Union Pacific stock that you got for these 29,986 shares was worth $2,986,000, taking it at par?—A. I admit that for the sake for an answer.

Q. You say you knew that it had been arranged between the parties in interest to have that done, and it was done?—A. It was done.

Q. Please examine the signature to the deposition which I show you, and state whether it is yours.—A. It is.

Q. Do you recollect the fact that that is the signature you made after giving your deposition in this suit?—A. I presume it is.

Q. Do you remember being examined before Mr. Ruggles?—A. I cannot say who it was I was examined before now.

Q. Do you remember being examined before some referee in this suit?—A. I presume I was.

Q. Do you remember whether your evidence was taken down at length in long-hand writing or by short-hand writer?—A. I do not know.

Q. Did you read this evidence over before signing it?—A. I have no doubt I did; at least I suppose I did.

EVIDENCE OF MR. DILLON BEFORE THE REFEREE.

Q. I will read some of the evidence to you, and see if you recollect it as given:

Q. What is your estimate of the value of the stock of the Denver Pacific Railway and Telegraph Company, which is now in the possession of, and owned by, the Kansas Pacific, relieved from the operation of the trust so that it can be disposed of?—A. The value of this stock to the Kansas Pacific road at any time, I consider, is nominal, as far as receiving any dividend or financial advantage is concerned. I do not think there is anything in it on that point.

Do you remember making that answer?—A. Yes, sir.

Q. Then the referee said to you:

That is, it has not earned, and is not expected to earn, dividends?

And you answered:

No, sir.

Then the referee said:

Supposing it to be freed from this mortgage, so that it can be disposed of by the Kansas Pacific, what, in your estimate, would be the value of it then?

To which you answered:

I feel to-day that the road is not worth its mortgage debt, and that we may yet have to foreclose it; that because of the peculiar situation in which it is placed it will never be able to pay the interest on its first mortgages; and I do not believe the stockholders will ever receive a dividend.

All that you remember saying?—A. I think so; yes, sir.

Q. You were asked then:

What do you estimate the value of the stock to the Kansas Pacific Company, or the trustees of this mortgage, as based upon the control which the ownership of the stock would give to the company or the trustees?

And to that you answered:

I value it worth something.

That is, for that purpose?—A. "It was worth something."

Q. Then the question was put to you:

State the outside sum which it would be worth to the Kansas Pacific Railway Company for that control, or freed from the present mortgages.

To which you said:

This stock, tied up in trust, as I said before, I do not consider worth anything; to carry out certain things I think it might be worth to the Kansas Pacific Company a small sum, say $200,000 or $300,000; something in that neighborhood.

I ask you what is the meaning of, or what did you refer to by, the words "certain things," in that answer which I have read to you?—A. I suppose it meant for the entire consolidation to take place between the Union Pacific and the Kansas Pacific; I suppose that was my meaning at that time.

Q. Have you not stated to-day that the arrangement had been made by which, if certain things were done—that is, the consolidation was to take place—that stock of the new company to an equal amount with the Denver Pacific stock was to be issued in exchange for it?—A. I do not know that I said that; I wish you would refer back to it.

Q. I just refer to you. Had it not been arranged that, if the consolidation took place, you were to receive, or there was to be issued, in exchange for the Denver Pacific stock, an equal amount of Union Pacific stock?—A. It was understood there would be.

Q. Did you not know on that day that if the consolidation took place and you received the Union Pacific Railway Company stock it was worth par?

The WITNESS. The Union Pacific, you mean?

Commissioner ANDERSON. Yes; that if the consolidation took place and you received—I mean the owners of this stock received—the Union Pacific Railway stock, it would be worth par.—A. I do not know that the stock was worth par at the time. It would have been worth whatever it was worth at that time.

Q. You knew the market value of that stock at that time?—A. I suppose I did; I know I did.

Commissioner ANDERSON. Mr. Holmes, we are safe in assuming that it was worth par.

Mr. HOLMES. That is my recollection.

Q. Then that Denver Pacific stock, if the consolidation went through, was worth $2,986,000? Is that not so?—A. Yes, sir.

THE EXPLANATION OF THE EVIDENCE.

Q. How do you explain this sentence in your answer, that to carry out certain things, which you have said now were this very consolidation, that you think this stock might be worth a small sum, say $200,000 or $300,000?—A. I might say that, and it might be worth more. I need not say it would be worth two millions and a half. I could say it was worth that.

Q. That is the way you explain it? That it did not exceed a higher sum?—A. The reason why that stock was worth anything to the Kansas Pacific was because it was a link which wanted to be put in between the two, and it bound the two roads together; but by itself it was not worth anything. That is the whole position of it. And if the Union Pacific made it worth par by taking it, it was her make and nobody else's.

Q. You were then stating the exact facts, as you believed them to be?—A. I was not obliged to say it was worth $2,300,000 or $3,000,000 at that time.

Q. You put it at a low basis?—A. I put it at a sure basis. I thought it was worth that.

Commissioner ANDERSON. I call your attention to the fact that the referee then said this: "Not to exceed $300,000?" To which you answered, "No, sir; that is my estimate of it."

The WITNESS. That was my estimate of it at that time. I might have estimated it too low, or there might have been a slip up on it.

Commissioner ANDERSON. This answer is made on the supposition that certain things are going through, for you say, to carry out certain things it is worth that, otherwise nothing?

The WITNESS. Yes, sir; it was not worth to the Kansas Pacific any $300,000, or anything else, except that the Union Pacific of itself comes in and makes a consolidation, and makes it worth it. There is where it comes in to be worth something. The same as a man's note which goes to protest, and a good man puts his name on the back of it, he makes it worth par, when to-day it was not worth the paper on which it was written; and that is the same as that stock was at that time.

The CHAIRMAN. The man whose name is on the back of the note has to pay for it?

The WITNESS. The man whose name was on the back did pay for this.

The CHAIRMAN. That was the way with the Union Pacific?

The WITNESS. Yes, sir; it was its interest to take it, in other words.

Commissioner ANDERSON. The only question I want to get at is your explanation of that answer, because the answer as given is, to carry out certain things it may be worth a small sum, and the facts appear to be that if these things were carried out it was worth $2,900,000?

The WITNESS. It might have been; I did not wish to estimate it too high; I may have been mistaken.

Q. Is it not a fact that if you estimated it high the court could not release the security, except on a payment of the amount of your estimate?—A. I do not know whether that would follow or not.

Q. Did you know that this stock at the time was a part of the schedule of property held by the trustees of this mortgage for the security of the bondholders?—A. I did; but it was worth nothing to them.

WHAT WAS GOT FOR THE DENVER PACIFIC STOCK.

Q. Did you know that the trustees had no right to release it, except they got an equivalent for it?—A. They got more than an equivalent for it. They could not have sold it to anybody else except to the Union Pacific for that amount.

Q. What did the trustees get for this stock?—A. I cannot say. The books will show. I cannot say, but Mr. Ham will give you that.

Q. What did the Kansas Pacific Company get for this stock?—A. I cannot say that.

Q. Do you not know that they got a lot of bonds of the branch roads?—A. I say I cannot state it. It is a good while ago.

Commissioner ANDERSON. I am trying to refresh your memory.

The WITNESS. If I could state it I would most cheerfully.

Q. You have no recollection on the subject at all?—A. I could not say how the transaction took place, only the material transaction; and that has been impressed on my mind for the last ten years, and I hoped that some time some gentlemen would get together and accept the facts that that was placed in the Union Pacific treasury instead of in the hands of speculators or the directors.

Commissioner ANDERSON. If it will gratify you, I will say right here that as a commissioner I will be entirely satisfied with the explanation

of this tranaction whenever it is made clear to me that the Union Pacific and Kansas Pacific Railway companies received the entire value of these securities, and that you did not.

The WITNESS. I have no doubt of it.

Mr. JOHN F. DILLON. I would like to have you ask him whether he got any personal profit.

Commissioner ANDERSON. What is the use, when he says he cannot remember his accounts. The only way is to show that the company did get it.

Mr. JOHN F. DILLON. I think you will get all the facts from Mr. Ham.

Commissioner ANDERSON. That is all I want on that subject.

Commissioner LITTLER. I do not suppose it desirable to examine Mr. Dillon in relation to the general management of the Union Pacific, is it?

Commissioner ANDERSON. I think when we get our accountant's reports we can do it much better. I thought we would confine our efforts, at present, to the Kansas Pacific consolidation, and finish that.

The WITNESS. I should think that there is a great deal of detail here that if the Commission would take from the officers that have it in charge, the books and papers and accounts, they would get at it in such a shape that the balance which they want of the officers would come a great deal easier.

Commissioner ANDERSON. That is what we are endeavoring to do.

By Commissioner LITTLER:

Q. I would like to know how old you are.

The WITNESS. I am over seventy years old, and I have given the better part of my life to the Union Pacific, and for only about three years of my life did I get a dollar out of it for services. The balance of the time it was done without cost to the company.

THE KANSAS PACIFIC AND DENVER PACIFIC ROADS IN POOR ORDER.

By the CHAIRMAN:

Q. As president of the Union Pacific, when the question of consolidation was brought up in the court did you pass over the Kansas Pacific and the Denver Pacific roads?—A. I did, often.

Q. About that time in what condition did you find the roads?—A. I did not find the Kansas Pacific in very good order; rather poor order; not so good as the Union Pacific.

Q. What was the condition of the Denver Pacific?—A. That was very poor; rather poor.

ADVANTAGES TO UNION PACIFIC OF CONSOLIDATION.

Q. In the board meetings what direction did the discussions take as to the advantages to the Union Pacific of this consolidation?—A. It was this: According to the acts of Congress, any Pacific road had a right to prorate or tap, or get over its neighbor. The Kansas Pacific came to Denver, and the link which we have not discussed here was owned personally by some individuals. The directors of the Kansas Pacific bought the stock to control it, and claimed it was a part and parcel of the Kansas Pacific, and they were knocking at our door every day to get in and go over our road. It was before Congress. I went myself to the committee in Congress and combated it. They wanted us to prorate; I said we could not prorate. I was the only one; I was alone there, and they

had their counsel. I do not know but our friend Mr. Holmes was against me at that time.

Mr. HOLMES. Yes, sir.

EFFORTS OF KANSAS PACIFIC TO PRORATE.

The WITNESS. I made one or two remarks before the committee. I said, "They want to go over our road, where it is up hill and down, and they want to prorate. The rest of our road is level. If I have got a heavy load of stuff, hauling with a horse team, on a level, I always have to put on a double team on the hills, and should we not be paid for it?" The committee dismissed it, and said, "You must fix that yourself." The reason I wanted that road was because they were knocking at the door and they would have been let in, and it would almost have destroyed the Union Pacific at that time to let them in, as I thought. That was my idea.

UNION PACIFIC LIKE A TREE WITHOUT BRANCHES.

Now, so far as the branch lines are concerned, I think there was not a single mile before I was elected president. I saw the Chicago, Burlington and Quincy with its Burlington and Missouri going up into that country. I saw the other roads approach that country, and I said to our board of directors, "We, on the Union Pacific, are like an apple tree without a limb; unless we have branches there will be no fruit. We must build branch roads." They said Congress would not let us build them; that is to say, it was against the act of Congress to build them. I said, "We cannot stand here and starve if it is or if it is not." That is what I said. And I said, "I am in favor of building them." The men who made that act could not foresee all. If they were to make it to-day they would say, "Build your branches"—that is what I said—"and we will take the consequences." I say to-day if there are any consequences about it I am the father of that trouble. To-day if those branches were not built the Union Pacific would go into the hands of a receiver within a few years, and it may yet, I do not know. But those are facts about the Union Pacific. I had that Oregon Short Line built, which is 600 miles long. I gave it that name myself at Omaha, and created it and fixed it up at that time, and telegraphed to Boston that with their concurrence we would build that road. It was built. It is the great arm of the Union Pacific to-day, and without it where would we be? We would be nowhere. We had consolidated, you may call it; we have leased the Oregon Railroad and Navigation Company's road to the Pacific coast now.

THE OREGON NAVIGATION LEASE.

Commissioner ANDERSON. The Oregon Navigation?

The WITNESS. Yes, sir; and they wanted in Boston—they thought of having the Union Pacific do it. I said "no."

Mr. HOLMES. The Northern Pacific, you mean.

The WITNESS. I said, "These gentlemen are going around just about this time, and it is no time for the Union Pacific to do it, but let the Oregon Short Line do it. It is an arm of the Union Pacific. It is one of the arteries for its blood, and unless that very line is taken care of and supported by the Union Pacific the Union Pacific is of no account." It is leased now, at the present time; it is leased by the Oregon Short

Line, and the Union Pacific cannot afford to let the Oregon Short Line go.

Commissioner LITTLER. For what length of time?

The WITNESS. I guess for all time.

Mr. HOLMES. Ninety-nine years.

BRANCHES BUILT TO SUPPORT UNION PACIFIC.

The WITNESS. Another thing, which you can see was my object. I saw the owners of the Central Pacific making its Southern Pacific and its Southwestern Pacific and every other Pacific around this way. I saw in a little time that the Central Pacific would have no business compared to what it had at that time, and I made up my mind, and told our board of directors, "I want to support this Union Pacific in such a way that if they shut down the gate at Ogden, and the traffic all goes around the other way, we can stand it." I think it is so to-day, because very little, comparatively, goes our way. If it does it is at small cost. That was my idea. I pressed forward those branch lines. I ran this road in debt to the tune of $8,000,000, and those very branch lines are the ones which are now giving the company betwixt $2,000,000 and $3,000,000 on the road, besides what it is doing otherwise to it. Those are facts. And I feel proud of it. I feel proud that we have got those branches, and I think the Government ought to be proud that the Union Pabific has got them instead of we directors having the stock or the cost of them in our pockets. We could have had that stock in our pockets, and had our, perhaps, hundreds of millions of dollars, but we did not do it. Not a farthing has ever been received by the Union Pacific directors. It has gone into the lap of the Union Pacific.

"THE UNION PACIFIC WAS MY PET."

I say to-day that the Union Pacific was my pet, and whatever was done on that road was done the same as if I had owned it. Whatever was done for the benefit of the stock was done for the benefit of the Government, because if it was strong on one side, it was strong on the other. That was my feeling for the Union Pacific. And when I lost my poor wife, and was broken up and resigned, and President Adams was put in, they had money enough to pay everything off.

PAYMENT OF FLOATING DEBT CONDEMNED.

There was one road we got—the Saint Joseph and Denver. We got $4,000,000 out of it. We had been picking that up with some of that same stock, or the avails of that stock, and picked up the securities, and we got them, and they are in the treasury; and since I resigned that $4,000,000 and over has gone to help pay off the $8,000,000 floating debt. Had I remained president I would not have paid off that debt. There is where I say our company has done wrong. I am speaking now of it as a financial matter. If they had taken $4,000,000 of that money and paid $4,000,000 of the debt, and put the other four or five millions into branch roads, when steel rails were $23 or $24 a ton, the first year after I resigned, we would have had four or five hundred miles of railroad in our lap out in that country, which to-day would almost pay the dividends of the company. Instead of that, we must pay off the floating debt, and stop, because the Government will not allow us to go on. And other roads—the Northwestern and Chicago, Burlington and Quin-

ty, and every other road that ever was thought of, almost, is poking itself in alongside of our road to-day. If we were in debt five or ten millions to-day, or even twelve, we would be richer than we are. That is, the road would have been better off. I am only speaking of this at my time of life in vindication of the plans which I always wanted this company to follow. I had my stock. I held it from 131—40,000 shares of it—until it was down to 29½. I did not sell it out on the market. I allowed myself to suffer at the time. So it has gone. This is what I wanted to say to you gentlemen, and I am very thankful to have had the chance of saying it.

PLAN OF SETTLEMENT OF DEBT TO GOVERNMENT.

By Commissioner LITTLER:

Q. Let me ask you a question. Do you think the resources of this Union Pacific road, including all its branches, are sufficient to pay all its obligations; I mean its bonded indebtedness, including that which it owes to the Government?—A. I think if the Government to-day would let up on us, and say to us, you can build that road the same as other people build, that you can issue bonds to cover the entire road without a trammel, and we could stretch out wherever we had a mind to go without let or hindrance, it is safe, perfectly safe.

Q. What do you mean when you say, if the Government would let up? What is your plan?—A. I mean to say this: That every year—I presume you have heard of it, too—Congress has investigated; they are going to do this and that, and they talk about our stepping over the line. They talk about our building railroads where we ought not to, and taking the Government money, as they call it, the money that has been created by the Government. I mean to say that there has been a cloud thrown on the Union Pacific by the old Credit Mobilier affair, and all those old things. I say I thank God I was one of the men who signed to build the Union Pacific. It was the proudest day of my life when I put my name down there. If every man had said he had done so, and would like to have more, there would have been no trouble, and the Union Pacific would have been worth millions more than it is. I mean to say, if the Government would say to day to me that I could have it alone, or with the aid of the rest of the people, with Mr. Adams at the head, if you please; if the Government would say, "You may do the same as other railroads do; you may issue bonds on those branch roads, and you may indorse them by the Union Pacific, and they will all be considered legal," then the road to-day would be able to go on and pay every dollar it owes to the Government. Only give them time. We want to-day to branch right out in Oregon.

EXTENSION OF TIME WANTED.

Commissioner LITTLER. How much time do you want?

The WITNESS. I do not know. I want more time than our people have asked. What I mean by that, sir, is that I would want to make it sure that we could pay within the time agreed on, and leave us free, as other roads are, to extend the road and system as we found needful. The Government has benefited by the branches. The Government has sold its lands; they have populated a country, and if the branches had not been built they would not have sold the land. The Government is receiving its benefit to-day from the course the company has pursued.

Commissioner LITTLER. Supposing the Government would give the time you require, how could you secure the indebtedness?

The WITNESS. I would secure it by every branch line that now exists. That is what I would do.

Commissioner LITTLER. You would put a blanket mortgage in favor of the mortgages over all the branch roads?

A BLANKET MORTGAGE IN FAVOR OF THE GOVERNMENT.

The WITNESS. I would put a blanket mortgage in favor of the Government and let them hold on to it as it is now, and instead of 70 years I would make it about 125 years. This is the reason I say that I would make it a small amount, and by having it a small amount I would be able to take the balance of the money to build branches. That is my point. I say to you, gentlemen, that all this talk about the Union Pacific directors gouging the Union Pacific is all wrong, when their greatest interest is to make it good. I have been feeling all the time as if I owned it, you understand me, and no man could trifle with it with my consent, by getting a dollar out of it, except it was lawfully due him. There is one more word I want to say: I say to you to-day that if the Government feels dissatisfied about the branches, every one of them, Kansas Pacific included, I will take every one of them off its hands within six months, I will put put up a million of dollars within thirty days, and I will pay it principal and interest, and I will give it a million, yes, more, of dollars to boot.

OFFER TO BUY THE BRANCH ROADS.

Commissioner ANDERSON. Than what?

The WITNESS. Than what they have cost the Government.

The CHAIRMAN. If the Government will do what?

The WITNESS. If they will release them. They say we have a foothold on them.

The CHAIRMAN. You say you will pay the Government debt and interest?

The WITNESS. No; I do not. I say I will take the roads at cost.

Commissioner LITTLER. You mean the branch roads?

The WITNESS. Yes, sir.

Commissioner ANDERSON. I thought he was going to shut up this Commission right away.

The WITNESS. I mean those branches, at what they cost.

Commissioner ANDERSON. But the branch roads are worth their cost?

The WITNESS. I could sell them to five different roads now, and make myself worth more than I am to-day, over and above what they have actually cost the Union Pacific Railroad.

Commissioner ANDERSON. We recognize that that is perhaps the most important subject referred to us, and we intend to go there and examine them, and get all the information we can as to the utility of the branch lines to the main line. We are going there to see.

The WITNESS. Every man in this world makes a mistake sometimes, and in building twenty or thirty or forty or fifty branches there may be some as to which he will make a mistake. I will not tire you any longer.

Commissioner ANDERSON. We are very glad to hear you.

PLAN OF SETTLEMENT.

Commissioner LITTLER. I want to ask you another question. This Commission is not only charged with the duty of investigating these

companies, but also of submitting a proposition looking to the settlement of these difficulties.

The WITNESS. I know they are.

Commissioner LITTLER. Have you any plan to submit for our consideration?

The WITNESS. I could give you a plan, if you will accept it when you get ready for it.

Commissioner LITTLER. I direct your attention to that subject, and we may recall you.

The WITNESS. I would give you a plan—my own simple plan; and that would be to pay when I agreed to.

Commissioner ANDERSON. To pay in 1897? All your people admit that it is impossible to pay the principal and interest in 1897.

The WITNESS. I have just said I wanted to prolong the time a little. I mean to say, if I made a proposition to you, I was going to pay according to that proposition. That is what I had reference to.

Commissioner ANDERSON. You cannot pay when you agreed to pay. That is the trouble.

The CHAIRMAN. We want to hear you in full in the future on the general features of the road, and you can take up these questions then. To-day we wanted to hear you especially on the Kansas Pacific combination.

MR. DILLON'S LONG SERVICES TO UNION PACIFIC.

The WITNESS. I have taken up a great deal of your time. I say to you to-day that this Union Pacific Railroad has taken up over twenty years of the best part of my life, and until within the last two or three years I have allowed my own private business to go by the wall and have taken care of the Union Pacific. Those are facts. That is, with my co-operators, Mr. Ames and all those in it. I could talk a day on the subject—from the starting of the first spike; and I helped to drive the last spike on it. I do not know that it interests you, but it revolves in my mind a good deal.

The CHAIRMAN. We will give you a day. We want to hear you.

The WITNESS. Yes, sir; railroading is my forte. I saw the first locomotive run in the United States over the Albany and Schenectady Railroad—the little "John Bull."

Commissioner ANDERSON. In 1834?

The WITNESS. Eighteen hundred and thirty-four. I saw the locomotive roll over that railroad; and since that day I have done nothing much but to build railroads, and manage them.

CONSOLIDATION STOPPED COMPETITION.

The CHAIRMAN. What advantage could it have been to the Union Pacific to have taken two crippled roads into its organization?

The WITNESS. The advantage was to get rid of competition; and not only that, but I could see that Kansas was a rich country, and it was not always going to stand still. And to-day the Kansas Pacific, if you go over it, you will see is all filled with cities. At times I had to send out corn and wheat to the farmers there for their seed spring wheat. I gave it to them.

Commissioner LITTLER. To sow?

The WITNESS. To sow, or else they would have starved to death. What I want you gentlemen to see is this: No matter whether we paid

too much for it or too little—I say we did not pay too much—we took it because we considered it our interest to do so. I had a great deal more in Union Pacific than I had in the Kansas Pacific. I had between 30,000 and 40,000 shares in the Union Pacific, and I was not sacrificing the Union Pacific at the time we made the consolidation. It was for the benefit of the Union Pacific, and it got rid of competition.

OBJECT OF THE POOL.

Commissioner LITTLER. Looking to that end, you commenced your arrangement in 1878 with the agreement?

The WITNESS. We commenced our arrangement some time ahead; I do not know when. The roads used to fight about these different things, and we said, "Can not we bring this thing in in some shape or another?" It looked so very bad; it was a long time before we could make up our minds what we could do.

Commissioner LITTLER. Did the Union Pacific have the consolidation in view when they made the arrangements in 1878 that you call the pool?

The WITNESS. Oh, yes; some of the officers of the Union Pacific felt that that was the best thing to do.

Commissioner LITTLER. It was looking forward to consolidation that you then entered into that arrangement?

The WITNESS. Certainly it was; there was the leading point.

Mr. HOLMES. Unity of management would be a better term than "consolidation," for I think consolidation under the statutes at that time had never been talked about.

Commissioner LITTLER. Under the act of 1874 you were bound to afford equal facilities to all the connecting lines?

The WITNESS. Yes, sir.

Commissioner LITTLER. Why would not that have accomplished the purposes as well as the subsequent consolidation?

KANSAS PACIFIC'S CLAIM TO PRORATE.

The WITNESS. My dear sir, the Kansas Pacific would have been covering about half of our road. The Kansas Pacific claimed that they could go right over our road, if they pleased, to Ogden—not for us to haul their cars, but they could go right over it with their own cars. You understand me, with their locomotives. We could not afford to allow that, because it would have been a road with accidents and trouble all the time.

Commissioner LITTLER. Under what statute did they make such a claim as that?

Mr. HOLMES. The fifteenth section of the act of 1864.

The WITNESS. We were in a very awkward position, and I could see it, and "any port in a storm," and we had to take that port, and we took it, and it was a good thing for us to do it.

The CHAIRMAN. Even although it turned out to be a burden?

The WITNESS. It is not a burden.

The CHAIRMAN. If it should have turned out to be a burden?

The WITNESS. Yes, sir. If I had known it to be a burden it would have been a greater burden to have an opposition road. Some of the other roads in the East here would have had it if we had not taken it. The result is now, here are some of these very poor roads that you will go over that I bought. I bought them to keep them away from the Denver and Rio Grande. That is to say, we could do nothing with them. They bankrupted themselves, and almost bankrupted us in buy-

ing these things which, at that time, were prosperous, because there was a great deal of mineral in that country. We bought some of those roads which Mr. Adams told you about. They were bought to keep them away from other folks and to get our part of the business. There is the Nevada road, away up on the Central Pacific. You will say, "What under heavens did you buy that for?" I know what I bought it for. I was mistaken. Every one is mistaken some time. The Denver and Rio Grande people had a corps of twenty-five engineers in the Salt Lake Valley, in their prosperous times, surveying across, and they were going to make a connection from their road to a connection with the Central Pacific at that point and cut us off. I was induced to buy it to keep it out of their hands, whether it was good for anything or not. It paid its way for a while, but mining stopped. But the great point I make is, take the whole bundle of Union Pacific branches to-day, there is from two to three million dollars of advantage to the Union Pacific road, and it will increase.

Commissioner LITTLER. How many branches are there?

Commissioner ANDERSON. Twenty-nine, I think.

The WITNESS. Yes, sir. If I could have got my board of directors up to the point, I would have made a better showing, and I would have run in debt. I always will run in debt, if I can make money by it. I do not say this for any buncombe, but it is just as I feel as to the whole thing. I have got a great interest in the Union Pacific. There is but one man who owns more in it to-day than I do. I am not afraid of it, and I am not afraid of the Government, either one; not a bit.

THE INDIVIDUAL INTERESTS IN THE POOL PASSED TO UNION PACIFIC.

The CHAIRMAN. Had Mr. Gould or Mr. Ames or the other directors of the Union Pacific an individual interest in the pool or agreement of April, 1878?

The WITNESS. What do you mean?

The CHAIRMAN. An individual interest outside of the Union Pacific interest.

The WITNESS. It was all individual interests put into a pool.

Mr. HOLMES. There was no Union Pacific money in it.

The WITNESS. It was not the Union Pacific money that bought it.

By the CHAIRMAN:

Q. Did this individual interest pass to the Union Pacific?—A. It did, every dollar of it.

Q. Did the individuals who went into the agreement profit by reason of its passing to the Union Pacific?—A. It made all their securities better. Mr. Gould had a large amount in the Union Pacific; ten times, I was going to say, as much as he had in the Kansas Pacific. Mr. Ames had a very large amount, he and his family; some 40,000 shares of the stock of the Union Pacific. And all there was about it, their intent was to protect the Union Pacific. It was not to put in their pockets as pocket money.

Q. Did the individuals in the agreement profit by reason of the rise?—A. They did.

HOW UNION PACIFIC OBTAINED ITS INTEREST IN KANSAS PACIFIC AND DENVER PACIFIC.

Q. And the individuals who profited in the agreement sold to the Union Pacific?—A. No.

Mr. HOLMES. No?

The WITNESS. I want to get it right.

Q. How and through whom did the Union Pacific get possession of the Kansas Pacific and the short line—the Denver Pacific?—A. The Denver Pacific, by its stock.

Q. Through whom?—A. Through the officers.

Q. What officers?—A. The president.

Q. Then the Union Pacific, through these individual interests, had secured control of the Kansas Pacific and the Denver Pacific, and then afterwards it was transferred to the Union Pacific?—A. I am a little mixed up there.

The CHAIRMAN. Perhaps I do not make it clear to you.

The WITNESS. I would like to make it clear, but I want to say one word about the Oregon Short Line. Mr. Ham can give you everything about that other matter.

The CHAIRMAN. I will not ask you about the facts now.

The WITNESS. I am like some of these other presidents—I do not look at the books much; I am thinking of something that is bigger than books.

THE OREGON SHORT LINE.

As to the Oregon Short Line, to show you that I wanted everything kept in the pocket of the Union Pacific, I conceived this idea and passed out a circular which went to every stockholder of the Union Pacific who had a right to come in and take so much of the stock and take so much of the bonds, 50 per cent. in stock and 100 per cent. in bonds. Then to the Union Pacific I said, "If you will guarantee these bonds, whether there is a cloud on them or not, and make a contract for a term of years, whereby you will protect the interest on this road and give us a pro rate or a right or interest in running over it, I will give to you one half of the stock," and that to-day is in the treasury of the Union Pacific Company. That stock to-day is worth 30 cents on the dollar, and it is how many millions?

Mr. HOLMES. I cannot recollect it.

The WITNESS. It is about thirteen millions; that was a gift to the Union Pacific.

Commissioner ANDERSON. What do you say that stock is worth?

The WITNESS. Thirty cents on the dollar.

Commissioner ANDERSON. The Oregon Short Line stock?

The WITNESS. Yes, sir; it is selling for that to-day. I said, to protect that, I did not want to let all that stock go out to the stockholders, because that might be brought into another pool and sold to the Northwest or somebody else; but I said, "Let us put that into the Union Pacific box and they can afford to do something for us." That was my theory in that.

PROFITS TO MEMBERS OF THE POOL.

By the CHAIRMAN:

Q. Can you inform me, to come back to this other question of the Kansas Pacific, whether the individual interests in the agreement of 1878 profited by reason of possession of the Kansas Pacific and the Denver Pacific by the Union Pacific?—A. If I owned one hundred shares, or if I owned a bond of the Kansas Pacific and did not sell it, or a share of stock, or an income bond, or a share of the Union Pacific, and that made that stronger, I profited by it.

Q. Then the individuals profited by it? Then all the individuals who were in the Union Pacific profited by reason of their individual interests in this agreement?—A. No, I would not say that. I would say that they did not all profit by it, because there may have been some who would not run that risk.

Q. But those who remained did?—A. Those who remained if the stock went up profited, and if the bonds went up they profited the same as going into Wall street and buying. I know a good many gentlemen who went into Wall street taking their chance in buying these securities and they made money by the rise.

SIDNEY DILLON.

The Commission then adjourned to Friday, May 6, 1887, at 10 a. m.

NO. 10 WALL STREET, NEW YORK,
Friday, May 6, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

JAMES M. HAM, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. I reside in Brooklyn.

Q. Give us the number of the street.—A. 278 Saint James Place.

Q. What is your business?—A. I am a broker. I am a railroad officer.

Q. Where is your office?—A. 40 Wall street.

Q. What railroad office do you hold?—A. Assistant treasurer and secretary of the Union Pacific.

Q. How long have you been such officer of the Union Pacific?—A. Since its consolidation.

Q. What was your business before January, 1880?—A. I was private secretary of Mr. Dillon; also a broker.

TREASURER OF KANSAS PACIFIC IN 1880.

Q. Did you hold any railroad office before that time, with either the Union Pacific or the Kansas Pacific?—A. I was treasurer of the Kansas Pacific.

Q. How long had you been treasurer of the Kansas Pacific?—A. I cannot remember. Perhaps a year or two.

Q. Did you retain that office in form after the consolidation?—A. There was no change.

Q. Where did you keep the books of the Kansas Pacific?—A. I did not keep any books, excepting a cash-book.

Q. Before 1880?—A. Before 1880.

Q. You say you were the treasurer of the company?—A. Yes, sir.

Q. Where was this cash-book kept?—A. It was kept in the office.

Q. Where was the office?—A. In New York.

Q. 78 Broadway?—A. Yes, sir.

Q. How long did they have rooms at 78 Broadway?—A. From one to two years. I do not recollect just exactly how long.

Q. The rooms there were adjoining the rooms of the Union Pacific?—A. Yes, sir.

Q. Before the occupation of the rooms at 78 Broadway, where wa the rooms of the Kansas Pacific?—A. The Union Pacific had the office at 23 Nassau street.

Q. 20 Nassau street, was it not?—A. 23 Nassau street; and wh ever business was done by the Kansas Pacific was done there.

Q. Had not the Kansas Pacific at one time an office in New York w tirely independent of the Union Pacific?—A. That was before I ha any connection with it.

Q. When did your connection first commence?—A. In 1878 or 187

MR. DILLON'S PRIVATE SECRETARY.

Q. At that time were you private secretary to Mr. Dillon?—A. Ye sir.

Q. How long before that had you been his private secretary?—A Five or six years.

Q. What were your duties as such private secretary, generally?—A To attend to his business generally.

Q. His financial business?—A. Yes, sir.

Q. To keep his accounts?—A. Yes, sir.

Q. All of his accounts, or only his accounts connected with the Unio Pacific and Kansas Pacific business?—A. His accounts generally.

Q. Did you keep his accounts of purchases and sales of stock outsi of these particular affairs that we are inquiring about?—A. Whatev he had.

Q. Where did you keep those books at that time?—A. At his offic at the same office.

Q. You mean the same office as the Kansas Pacific books were kep at?—A. At the office of the Union Pacific Railway Company.

Q. Not in Mr. Sidney Dillon's private office; or was that his privat office?—A. That was his private office.

Q. He had a private office in the rooms of the Union Pacific Railwa Company?—A. Yes, sir.

KANSAS PACIFIC POOL.

Q. Do you recollect the circumstance of the formation of this Kans Pacific pool? I beg to refer to it as such because it is such a con venient term.—A. I do not recollect about the formation; it was don before I knew anything about it.

Q. How soon did you know anything about it after it was formed?— A. I could not tell exactly; some part of the time probably during that year.

Q. In connection with what were you made aware of its existence?— A. Only through attending to Mr. Dillon's business.

Q. Who spoke to you about it?—A. I could not say.

Q. Was it not Mr. Dillon?—A. Mr. Dillon probably gave me direc tions regarding his business.

THE POOL AGREEMENT.

Q. Have you ever seen the original of the paper which you are now looking at [referring to the pool agreement]?—A. I do not think I ever have; I have no recollection of it.

Q. Have you ever seen a copy of it?

The WITNESS. Before this?

Commissioner ANDERSON. Yes.

The WITNESS. I do not know that I ever did.

Q. Have you ever seen a statement of the interest of the parties named in that instrument?—A. I may have done so.

Q. After seeing the exhibit of interest contained in the agreement, Exhibit No. 1, May 5, 1887, have you any doubt that a similar statement was shown to you?—A. I think probably it was.

Q. What were you requested to do in connection with that matter?—A. I was requested to make out certificates of the interests.

Q. What do you mean by "certificates of the interests"?—A. They were similar to stock certificates, only each one's interest in the pool.

Q. Anything else?—A. I kept an account of those interests.

KEPT THE POOL ACCOUNTS.

Q. You kept an account of all those interests?—A. Yes, sir.

Q. In what kind of a book?—A. In a certificate book.

Q. The certificate book would not be an account, would it?—A. That is what I had. It was a certificate book.

By Commissioner LITTLER:

Q. Do you mean a stock-certificate book?—A. Yes, sir; similar to it.

By Commissioner ANDERSON:

Q. What other book did you have?—A. That is all.

Q. Where is that certificate book?—A. I do not know where it is.

Q. When did you have it last?—A. It is a long time ago.

Q. I know it is; but when did you have it last? You may have had it yesterday.—A. I did not have it yesterday. I have not had it for a year.

Q. Have you had it within two years?—A. I do not think I have.

Q. Have you had it within three years?—A. I should think not.

Q. To whom did you deliver it?—A. I think it was sent to Boston.

Q. With the books of the Union Pacific Company?—A. Yes, sir.

Q. By whom was it sent to Boston?—A. I presume I sent it; I think I sent it.

Q. Did you keep a letter-press copy of the letter accompanying it?—A. No, sir.

Q. To whom did you address it?—A. To the treasurer of the company.

Q. Mr. Henry McFarland?—A. Yes, sir.

Q. What was this certificate book? Was it just an ordinary stock-certificate book, stating the interest of each person, and then with a certificate torn out and a receipt in the stub?—A. Yes, sir.

Q. That is all?—A. That is all.

Q. How would that book inform you as to the accounts of this pool?—A. I had a memorandum of the amounts that each one was to be issued for, and I issued the amount to them; but I did not sign the certificates; they were signed by the managers of the pool.

Q. Who were those managers? The persons who were named in the paper—Mr. Villard, Mr. Ames, and Mr. Greeley?—A. Mr. Villard, Mr. Sage, and Mr. Dillon.

THE SAINT LOUIS PARTIES BOUGHT OUT.

Q. Do you remember the fact that the parties who were known as the Saint Louis parties were bought out by the other parties?—A. I do not know as to that.

Q. You never heard anything about that?—A. There was a general report about it. I had no knowledge—no positive knowledge—about it.

Q. Do you know whether there was any transfer of certificates?—A. There were no certificates issued when they were in it.

Q. When were the certificates issued?—A. I cannot remember.

Q. It was after they went out?—A. Yes, sir.

Q. Then for the first time certificates were issued?—A. Yes, sir.

Q. Then you do not think you had anything to do with the matter until after the Saint Louis people went out?—A. No, sir; I did not.

Q. The names as stated in the paper originally as the managers are Mr. Ames, Mr. Garland, and Mr. Henry Villard. You say that when you were familiar with it the names were what?—A. Mr. Dillon, Mr. Sage, and Mr. Villard.

Q. Mr. Sidney Dillon, Mr. Sage, and Mr. Villard?—A. Yes, sir.

Q. Who else, besides you, kept any account of this transaction?—A. Nobody else that I know of, unless Mr. Calef may have done so; and Mr. Edgerton was here at that time.

Q. Do you mean to say you were the only person who had any connection with it that you know of, as far as keeping the accounts are concerned?—A. It was in the hands of Mr. Villard at one time. He had the whole charge of it, with his clerk. He managed the whole thing before I had anything to do with it.

Q. After you had anything to do with it, did Mr. Villard or his clerk have anything further to do with it?—A. No, sir.

THE POOL SECURITIES KEPT IN A TRUST COMPANY.

Q. Who kept the securities?—A. They were kept in a trust company.

Q. In whose name were they deposited?—A. In the name of the committee.

Q. Had you the power of access to the box?—A. No, sir.

Q. What has become of those securities?—A. They are in the hands of Mr. Gould and Russell Sage, as trustees for the consolidated mortgage.

Q. The securities mentioned in this pool agreement, you say, are in the hands of Russell Sage and Jay Gould?—A. As trustees of the Kansas Pacific consolidated mortgage.

Q. How do you know they are in the hands of Jay Gould and Russell Sage, as trustees?—A. That is the report of it. I cannot say that I know positively, from positive knowledge.

Q. Then why did you say they were in the hands of Jay Gould and Russell Sage, as trustees?—A. Because that is my belief.

Q. That is all you mean by it?—A. Yes, sir.

WHAT HAS BECOME OF THEM?

Q. Please look at the list of securities I refer to, being those stated in the lower statement of the Exhibit B, and tell me if you know anything about what has become of those securities?—A. What do you mean by "know"? Do you mean did I actually turn these securities over to Mr. Russell Sage and Jay Gould, so as to know positively that they went to them?

Commissioner ANDERSON. I mean to say you have told me they were in the hands of the committee named in that paper, held for the purposes stated in that paper; that is, for the benefit of the parties to

that pool; that you had no access to the box in which they were contained, but that you had a general management of the accounts of the pool, or at least of the interests of the parties.

The WITNESS. I kept an account of the parties' interests.

Q. I ask you what has become of the securities that belonged to that pool, if you know?—A. They were in the Union Trust Company, and by them they were delivered to these trustees, as I understand.

Q. Do you state that of your own knowledge, or because you have been so told?—A. I do not know how to answer you.

Q. Do you know that those certificates were delivered to the Union Trust Company?—A. I believe they were.

Q. I mean the stock held, for instance, by Mr. Holmes, who is now present; was his stock ever delivered to the Union Trust Company, or do you believe it was sold on account of the pool?—A. The stock may have been delivered to the Trust Company; I believe it was delivered to the Trust Company.

Q. And not sold?—A. It may have been sold; it does not appear; I never heard that that was turned over to the trustees, and I do not mean to say that it was.

THE BONDS DELIVERED TO THE TRUSTEES.

Q. What did you hear was ever turned over to the trustees?—A. The bonds.

Q. What bonds?—A. These bonds mentioned in that statement here, funding bonds, unstamped income bonds, stamped income bonds, second land-grant bonds, Arkansas Valley bonds.

Q. Was any of the Kansas Pacific stock delivered to the trustees?—A. I never heard that it was.

Q. What was received in exchange for the securities which you have enumerated as having been delivered to the trustees?—A. That is a matter of record in the mortgage; I can quote from the mortgage.

RECEIVED KANSAS PACIFIC CONSOLIDATED BONDS IN EXCHANGE.

Q. It was generally Kansas Pacific consolidated bonds?—A. Yes, sir.

Q. So that the pool still held all of those securities at the time of the making and issue of the consolidated mortgage?—A. Yes, sir.

Q. Where were those bonds placed—the bonds that were received in exchange for those securities, I mean?—A. They were delivered to the parties in interest.

Q. They were delivered to the managers of the pool, we will call it?—A. Yes, sir.

Q. To the committee?—A. Yes, sir.

Q. And replaced in the same box where the securities had been placed before?—A. No, sir.

Q. Where were they placed?—A. They were delivered to the parties in interest.

Q. Do you mean to all the different parties, according to their respective shares?—A. Yes, sir.

Q. How did that work?—A. I did it largely.

Q. How did you know how many bonds to give to one and how many bonds to give to another?—A. By the certificates that they held.

Q. Were there no items of charges of expenses and changes in value?—A. No, sir.

Q. Where are those certificates?—A. I do not know; I have not the books.

Q. Would not the certificates be separate from the book?—A. They are with the book, I think.

THE POOL STOCK DELIVERED TO PARTIES IN INTEREST.

Q. You say that the stock was not delivered to the trustees of the Kansas Pacific Consolidated Mortgage. What became of that stock?—A. I think it was delivered to the parties in interest.

Q. Was it not taken out of the pool?—A. That would be the natural result of it.

Q. That would mean, then, that it was delivered back to the party who had originally put it in the pool?—A. I would not say that.

Q. Do you mean that it was divided among all the persons who were in the pool?—A. Yes, sir.

Q. Kansas Pacific stock was?—A. Yes, sir.

Q. How did you know how much stock to give to one person and how much to give to another?—A. I had a list furnished to me.

Q. By whom?—A. I do not know who furnished it.

Q. Where is that list?—A. I do not know where it is.

Q. When did you last see it?—A. Not since this matter was closed up.

Q. Was that agreement delivered to you by Mr. Jay Gould?—A. I do not think it was.

Q. How positive are you?—A. It may have been.

Q. Do you remember in whose handwriting it was?—A. No, sir.

Q. Do you remember what the figures were?—A. No, sir.

WHO GOT THE LARGEST AMOUNT.

Q. Do you remember who got the majority of the Kansas Pacific stock?—A. No, sir; I do not.

Q. You do not remember that?—A. No, sir.

Q. Do you not remember that one person got a great deal more than all the others put together?—A. It may have been so.

Q. Was not the large majority of the Kansas Pacific stock withdrawn from that pool by Mr. Jay Gould?—A. Perhaps it was.

Q. Did you attend to Mr. Gould's affairs as well as Mr. Sidney Dillon's?—A. No, sir.

Q. Who did?—A. Mr. Morisini, I think.

Q. Did you confer with Mr. Morisini?—A. No, sir.

Q. Where did the parties receive their Kansas Pacific stock? Were you present when it was delivered to them?—A. I do not know; I do not recollect.

Q. But it was in the box with the other securities that belonged to the pool?—A. I think it was. It had been.

Q. When did this withdrawal of Kansas Pacific stock take place?—A. I cannot tell.

Q. It was after you had charge?—A. I did not manage any of those things.

Q. But, as a matter of time, you had knowledge when it took place?—A. Yes, sir.

Q. You have been telling us about it?—A. Yes, sir.

Q. So that it must have been after you had charge?—A. Undoubtedly.

Q. And it was after the Saint Louis people had been bought out?—A. Probably.

Q. And after the Union Pacific people had obtained control?—A. Probably.

Q. Do you remember, when you first took charge, whether Mr. Dillon was credited with any of the Kansas Pacific stock of this pool?—A. I do not remember.

HOW THE VALUE WAS DETERMINED.

Q. Will you please inform the Commission how the certificates you refer to were drawn, and what was written on them substantially?—A. Substantially, it was written on them that such a person was entitled to so many dollars in the Kansas Pacific pool, or something of that kind. I do not recollect the title that was used for it, but the number of dollars was stated that they were entitled to.

Q. How did you arrive at the dollars? How did you know how many dollars to write in?—A. I had a statement of each one's interest in dollars.

Q. Do you know how that result was reached?—A. No, sir; I do not.

Q. You simply took a column of figures that were handed to you?—A. And their names; yes, sir.

Q. Did you not know that the various securities were multiplied by certain factors that had been agreed upon, representing their rates of value, and that all the figures were added together so as to derive the interest of each party in the pool, in dollars and cents?—A. I may have known that.

Q. Did you not know it?—A. I think I did; yes, sir.

Q. Was not that the only way it could be reasonably done?—A. Yes, sir.

Q. Did you ever verify that computation?—A. I think so.

Q. Was that done on a loose piece of paper or in a book?—A. On a loose piece of paper.

Q. I presume—I am assuming that you have not possession of that paper.—A. No, sir.

Q. These valuable things always disappear. Do you remember the figures of any of these certificates?—A. No.

Q. I mean approximately.—A. I could not remember those; no, sir, I do not.

Q. Did they not change from time to time?—A. Yes, sir; they changed a good deal.

Q. New securities were added to the pool?—A. No, sir; there was no change in the securities after the certificates were made. The certificates remained just the same.

Q. How did the certificates come to change if there were no additional securities?—A. They were transferred between the parties. That is all.

Q. Do you remember that the number of holders became less and less, or were the number of stockholders increased?—A. They increased rather, if either.

Q. Do you remember whether the particular holdings of any one or two individuals increased just before the consolidation?—A. No, sir; I think the whole matter was closed up before the consolidation.

Q. How long before the consolidation?—A. It must have been a year, perhaps, I should think.

Q. Do you know when it was that these Saint Louis people were bought out?—A. I do not recollect; I did know at the time.

HOW LONG THE POOL EXISTED.

Q. I call your attention to the fact that the original paper is dated in May, 1878, and that the consolidation took place eighteen months after that. How long after you were in the management of it did you remain concerned with this business? It was quite a while, was it not?—A. Until it was closed up.

Commissioner ANDERSON. But I am endeavoring to find out how long. You say you think it was a year before the consolidation. I want to show you that a year before the consolidation was before you could possibly have commenced to have anything to do with it.

The WITNESS. Then it might not have been so long; it may have been only six months.

Q. Do you know the date of that consolidation mortgage?—A. May 1, 1879.

Q. So that the exchange of securities for consolidated bonds must have taken place after May, 1879?—A. Yes, sir; that is what made me think it was less than a year.

Q. When you refer to its being closed do you refer to the delivery of the consolidated bonds to the parties in interest?—A. All the certificates taken up.

Q. That is what you refer to as the closing of the pool?—A. Yes, sir.

Q. Did you take receipts for those bonds yourself?—A. No, sir; they surrendered their certificates and took their bonds.

Q. And you do not recollect making out any general statement of the affairs of this pool until at its close?—A. No, sir.

Q. Or going over the figures to see whether each person got the proper amount of bonds?—A. No, sir.

Q. How were the fractional figures of these certificates settled for?—A. They had to buy and sell to make them even.

Q. Buy and sell amongst whom?—A. Between themselves.

Q. Amongst the members of the pool?—A. Yes, sir.

Commissioner ANDERSON. I ask because you say that the certificates did not entitle the holder of the certificate to any bonds of the company.

The WITNESS. There would be fractions, and they had to buy and sell among themselves and make it even.

HOW HOLDERS OF CERTIFICATES OBTAINED BONDS.

Q. How could the holders of the certificates get the bonds? Describe what Mr. Sidney Dillon, as the holder of a certificate in this pool, would have had to do to get the bonds.—A. The bonds were nominally in charge of the committee, but I had them in my possession and delivered the bonds on the certificates.

Q. On what certificates?—A. On these certificates that I have mentioned.

Q. How did you get the bonds?—A. The bonds were issued by the directors in exchange for these securities and delivered to the committee.

Q. What did you first have to do to get the bonds?—A. The committee had to deliver the pool securities to the trustees, and then they got the bonds for them.

Q. And all the bonds, you say, were delivered to you, acting for the committee?—A. Yes, sir.

Q. Then you took these bonds and settled with the holders of the certificates?—A. Yes, sir.

Q. And the fractional shares, you think, they adjusted among themselves?—A. They bought and sold.

Q. You have no record whatsoever of this transaction in your possession?—A. Only those certificates.

Q. And they are not in your possession?—A. No, sir.

Q. You do not know how many bonds you received in all from the Kansas City Company, the gross amount?—A. It is the amount there stated in the mortgage.

Q. I say you do not know yourself how much that amount was?—A. I think it was about $3,400,000.

Q. Do you mean that the securities which are enumerated in the consolidated mortgage at page 156 are exactly the same securities that were in this pool?—A. I should have to look at it.

Q. [Handing the Book of Indentures to the witness.] Look at the foot of page 156. Do you mean that the securities which are enumerated in the consolidated mortgage at page 156 are exactly the same securities that were in this pool?—A. As I recollect it, they are.

Q. And the amount there given of $3,400,000 is the amount of the consolidated bonds which were delivered to you and used for the adjustment of the pool interests?—A. Yes, sir.

Q. That, as I understand it, includes none of the stock of the Kansas Pacific?—A. No, sir.

Q. And none of the stock of the Denver Pacific?—A. No, sir.

Q. After that adjustment had been made, had you anything further to do with any of the parties in this pool in relation to their interests in the Kansas Pacific stock?—A. No, sir.

Q. You kept no account of that?—A. No, sir.

Q. And you know nothing about it?—A. No, sir.

CUSTODIAN OF DENVER PACIFIC STOCK AFTER ITS RELEASE.

Q. What connection, if any, had you with the transaction by which the Denver Pacific stock was taken out of the mortgage which you have before you and released to the Kansas Pacific Company?—A. I think I received the stock as it was delivered; that was the first of the transaction that I had to do with.

Q. You received it from whom?—A. From the trustees of this mortgage.

Q. And on whose behalf did you receive it?—A. On behalf of the Kansas Pacific Railway.

Q. It was given to you, then, as the treasurer of the company?—A. Yes, sir.

Q. Where did you receive that stock?—A. I think at 78 Broadway.

Q. Which of the trustees handed it to you?—A. I do not know that the trustees personally handed it to me.

Q. It was in the custody of the trustees?—A. Yes, sir.

Q. And you could not receive it except by their orders?—A. I received it by their order. I do not remember who delivered it to me.

Q. You do not remember whether it was Mr. Jay Gould or Mr. Russell Sage?—A. It would not be likely to be either one of them. They had a secretary. Mr. Calef may have done it.

Q. Was he the secretary of the trustees?—A. Yes, sir.

Q. And he would have received his instructions from them?—A. Yes, sir.

Q. What did you do with that stock after you received it? Where did you take it, I mean?—A. I kept it in the office.

THE STOCK IN ONE CERTIFICATE.

Q. Was it in one certificate, or several?—A. I think it was in one certificate.

Q. Do you know in whose name it stood?—A. It would appear to have been in the name of Sidney Dillon, trustee.

Q I know; but before you got it, while it was held by the trustees of the consolidated mortgage, in whose name did it stand?—A. I do not know whose name it was in.

Q. You do not think it was in the name of Sidney Dillon?—A. I could not say; I do not know. From some things that happened here yesterday I think it was in his name, but I do not know in what name it was.

Q. You say Mr. Calef was the secretary for the trustees?—A. Yes, sir.

Q. Did you know anything of their accounts?—A. He kept their accounts.

Q. Do you remember whether that certificate, in order to pass from the trustees to the company, had to be transferred?—A. I do not think it had.

Q. Do you think it was payable to bearer?—A. No, sir; but it was indorsed by the party in whose name it was made, so that it was transferable.

Q. Where is that certificate? I mean the one that was held by the trustees, and was handed to you.—A. It must be in the office of the company in Boston.

Q. Whose name, do you think, appears on the back of it?—A. I could not say.

Q. But some name was there, so that it became negotiable?—A. Yes, sir.

WHERE IT WAS KEPT BEFORE CONVERSION INTO UNION PACIFIC.

Q. You say you kept it in the office. On what day did you receive it, with reference to the consolidation?—A. I could not say. It was in the winter that the consolidation occurred.

Q. Do you not associate it very closely with the consolidation in your mind?—A. I think perhaps it was very close to the consolidation.

Q. You do not think it was after the consolidation?—A. No, sir.

Q. And you do not think it was before the decree in the Supreme Court was made releasing it?—A. No, sir.

Q. So that it must, then, have been between the decree and the consolidation?—A. Yes, sir.

Q. The decree was rendered on the 23d of January, and the consolidation was on the 24th of January. You know that?—A. Yes, sir.

Q. So that it must have been received by you between these two dates. How long did you keep it?—A. Not very long.

Q. Did you keep it half an hour?—A. Yes, sir.

Q. You are sure you kept it half an hour?—A. Yes, sir.

Q. Where, exactly, did you put it after you got it?—A. In the safe.

Q. In the safe of the Kansas Pacific Company?—A In the safe used in the office.

Q. At 78 Broadway?—A. Yes, sir.

Q. Who was in the room with you at the time, do you remember? I mean with reference to this transaction.

The WITNESS. Who occupied those offices?

Commissioner ANDERSON. No. Whom did you see in that room about this Denver Pacific stock, on that day? I did not see anybody.

Q. What next happened about that certificate?—A. It was converted into Union Pacific stock.

Commissioner ANDERSON. That is not the next thing. It must have been taken out of the safe by some one.

The WITNESS. I took it out.

Q. Who asked you to take it out of the safe?—A. I do not know.

Commissioner ANDERSON. It must have been somebody whose instructions you followed.

The WITNESS. Yes, sir.

Q. You would not have taken it out of the safe if I had asked you to do it?—A. No, sir.

Q. Who was the president of the Union Pacific Company at the time?—A. Mr. Dillon.

Q. Did Mr. Dillon tell you to take that stock out of the safe?—A. I think it likely he did.

Q. Or did Mr. Gould? Which is your best recollection?—A. Mr. Gould did not give me any directions.

Q. He did not give you any directions?—A. No, sir.

Q. You did take it out of the safe for the purpose of exchange?—A. Yes, sir.

CONVERTED INTO UNION PACIFIC.

Q. What did you do with it?—A. I took it to the Union Trust Company and had it converted into Union Pacific stock.

Q. What, if anything, had occurred between the day you received it as treasurer of the Kansas Pacific Company and the day you took it out of the safe?—A. I do not remember anything worthy of mention.

Q. Did you ask whether there had been any resolution of the board authorizing you to deal with it as you did? Did you ask Mr. Dillon that?—A. No, sir.

Q. Had any resolution of the board of directors of the Kansas Pacific been passed?—A. No resolution was furnished to me.

Q. As far as you know, as an officer of that company, has any resolution of that company ever been passed directing that that stock be disposed of in any way whatsoever, except as to the ratification of the consolidation?—A. Not that I know of.

Q. Was any resolution ever passed authorizing it to be sold for any consideration whatever, either to Mr. Sidney Dillon or to Mr. Jay Gould, or any one else?—A. Not that I know of.

THE UNION TRUST COMPANY THE TRANSFER AGENTS.

Q. You say you took that certificate to the Union Trust Company?—A. Yes, sir.

Q. Were they the trustees to effect the exchange?—A. They were the transfer agents.

Q. At No. 71 Broadway?—A. Yes, sir.

Q. And they acted then as agents for the issue of the new stock?—A. Yes, sir

Q. Where are the books of original issue?—A. Either there or in the Boston office.

Q. Was that the same certificate that you took around there which you had received from the trustees of the consolidated mortgages?—Yes, sir.

Q. The same paper?—A. The same paper.

Q. Do you think you took it around there the same day?—A. I do not think I did.

Q. You think you took it around there the next day?—A. I do not think the stock was convertible until after the first of February.

Q. Who receipted for whatever they gave you in exchange for this certificate?

The WITNESS. Who gave me?

Commissioner ANDERSON. The Union Trust people. When you took the certificate of Denver Pacific to the Union Trust Company for exchange and delivered it to the Union Trust Company, I presume you received something in exchange for it?—A. I did not receive anything. Not then.

Q. You left the Denver Pacific stock there?—A. For transfer or for exchange.

Q. What papers did you sign?—A. I signed the transfer-book, I think; I do not recollect.

Q. Do you think you were named as the attorney for transfer on the back of the certificate?—A. Probably.

Q. You think you signed the transfer-book?—A. Yes, sir.

Q. When next did you hear of that stock, if at all?—A. The next day after the transfer.

THE STOCK TRANSFERRED TO PARTICULAR PERSONS.

Q. Did you transfer it in blank, or to any one in particular?—A. I transferred it to the particular persons.

Q. Do you remember who they were?—A. No; I do not.

Q. Do you remember any of the names?—A. Some of it to Mr. Gould.

Q. About how much to Mr. Gould?—A. A considerable quantity of it.

Q. How was the quantity that he was to get determined? You did not guess about it?—A. It was determined by the securities that the company received for the stock.

Q. That the Kansas Pacific Company got for the stock?—A. Yes, sir.

Q. It was determined by his interest in those securities?—A. Yes, sir.

Q. Who else had any interest in those securities?—A. Mr. Clark had some interest in them.

Q. And Mr. Sidney Dillon?—A. Mr. Sidney Dillon did not deliver any securities.

Q. Not to the Kansas Pacific?—A. No, sir.

Q. Or Mr. Ames?—A. No, sir.

Q. Do you mean to say that the transfer that you effected in the office of the Union Trust Company was simply to Mr. Gould and to Mr. Clark?—A. And to Mr. Perkins; I believe he had some of it.

Q. Mr. Perkins was then interested in the securities delivered to the Kansas Pacific, was he?—A. In the Kansas Pacific.

Q. In the securities which determined the shares of ownership in this exchange of stock?—A. Yes, sir.

Q. How did you arrive at the amount of ownership? What kind of a computation did you make?—A. The securities they delivered were taken at an agreed price, and paid for in the stock at par.

Q. And you made that computation?—A. Yes, sir.

Q. Each one stated that such securities belonged to Mr. Gould, and such securities to Mr. Perkins, and such to Mr. Clark?—A. Yes, sir.

Q. And you made up a little statement to show what the relative interest was?—A. It was not made up that way. Each man delivered his securities and got his stock.

THE MODUS OPERANDI OF TRANSFER.

Commissioner ANDERSON. I know; but I am now talking of the *modus operandi* by which you understood, when you transferred this stock at the office of the Union Pacific Company, how many shares you were to put down for Mr. Gould, and how many for Mr. Clark, and how many for Mr. Perkins?

The WITNESS. The securities that they were to receive were bought at a definite price, and the quantities made up enough stock at par given to them.

Commissioner ANDERSON. I understand. But somebody had to put that computation down on a little piece of paper?

The WITNESS. Yes, sir.

Commissioner ANDERSON. And you had to have that in order to be sure you got the thing right?

The WITNESS. I received the securities and I delivered the stock.

Q. If you delivered the securities and took no memorandum of the number of shares, and did not figure out what they amounted to, you would not know how many shares were to go to Mr. Gould, or to Mr. Clark, or to Mr. Perkins, would you?—A. I do not know what you are getting at now.

Commissioner ANDERSON. I mean to say that you must have made a statement on paper of the relative interests of these different parties in these securities in order to ascertain how much Union Pacific stock they were each entitled to receive.

The WITNESS. You talk of this thing as if it was a pool. It was not.

Q. I do not say it was a pool at all. We will put it this way: Have you any book or memorandum showing the relative interests Mr. Jay Gould, Mr. Perkins, Mr. Clark, and any other persons, whoever they may be, had in the stock of the Union Pacific issued against the Denver Pacific stock which you can produce before us?—A. No, sir.

Q. Have you seen that transfer that you made at the office of the Union Trust Company since the day you made it?—A. No, sir.

Q. You have not examined it since yesterday?—A. No, sir.

Q. Have you spoken about it to any one since yesterday?—A. No, sir.

THE NEW STOCK DELIVERED NEXT DAY.

Q. When was that stock actually delivered by the Union Trust Company?—A. The next day after I had delivered it to them they delivered the issue to me.

Q. They delivered the new stock to you?—A. Yes, sir.

Q. Did you receive it all personally?—A. Yes, sir.

Q. For whose account?—A. For the account of the persons to whom it was made out.

Q. And those persons were the same? Were there only those three?—A. I think not.

Q. Who else was there?—A. No one else.

Q. I misunderstood your answer. Now, can you recollect the number of shares that were mentioned in the certificate that you received for Mr. Jay Gould?—A. No, sir.

THE LARGEST CERTIFICATE WENT TO MR. GOULD.

Q. Can you recollect the fact that that was the largest certificate of the three?—A. I think that was the largest.

Q. Did you, when you made this transfer of this certificate of 29,986 shares, which you have referred to as being the certificate that you received from the trustees of the Kansas Pacific consolidated mortgage, also have another certificate for 10,000 shares?—A. I think so.

Q. From whom did you receive that certificate?—A. I do not remember.

Q. In whose name was that certificate?—A. I do not know.

Q. What did you do with that certificate?—A. That was also transferred at the Union Trust Company.

Q. Did you not receive that certificate from Mr. Jay Gould?—A. I do not know.

Q. Do you recollect anybody else than Mr. Jay Gould in connection with that certificate of 10,000 shares?—A. I do not recollect about it; I think it may have been Mr. Gould.

Q. That is the certificate that we understand represented largely the stock that had been bought from the Amsterdam holders?—A. Yes, sir.

Q. With that circumstance to refresh your mind, are you not satisfied you received it either from Mr. Jay Gould or by his direction?—A. Probably I did.

Q. And you took it around to the Union Trust Company at the same time that you took the other one?—A. I do not know.

Q. Do you know whether you were the attorney to transfer this second certificate?—A. Probably I was.

Q. As far as you remember, did you transfer it in the same shares and to the same parties as you transferred the other one for 29,986 shares?—A. It was a part of the same transaction.

Q. It was all a part of the same transaction?—A. All a part of the same transaction.

Q. When you received the certificates of stock the next day, did you receive just as many certificates as there were parties interested in the joint arrangement, or did you receive twice as many? Did you receive two certificates for each party or only one?—A. I received certificates for them; the certificates were made out in 100-share certificates; the whole quantity was made up that way.

Q. You delivered them in a large lot, and received them in 100-share certificates?—A. Yes, sir.

Q. Had you given those instructions to the company to make them up in 100-share lots?—A. That is the usual course.

Q. And did they not have any larger certificates than 100 shares?—A. No, sir.

Commissioner ANDERSON. The other companies had—the Kansas Pacific and Denver Pacific?

The WITNESS. Their stock was not listed on the New York Stock Exchange in that way.

TO WHOM THE NEW CERTIFICATES WERE DELIVERED.

Q. After you received all the stock of the Union Pacific Company, what did you do with the certificates?—A. Delivered them to the parties in interest.

Q. Did you receive receipts for them?—A. No, sir.

Q. Do you know how many shares of stock you delivered to Jay Gould?—A. I do not know.

Q. Do you know how many you delivered to Mr. Clark?—A. Only a small amount.

Q. Do you know how many you delivered to Mr. Perkins?—A. That was quite a small amount.

Q. You are quite sure you delivered none of that stock to any one else?—A. No one else.

Q. Do you know personally what Mr. Jay Gould did with his stock after he got it?—A. No, sir.

Q. Do you know where he kept it?—A. No, sir.

Q. As a matter of fact, did you deliver any of that stock into the treasury of the Union Pacific?—A. Yes, sir.

Q. What portion of that stock that you received from the Union Trust Company did you deliver into the treasury of the Union Pacific Company?—A. I do not know; from 5,000 to 8,000 shares, I should think.

Q. Why did you not tell me that before? Why did you say you delivered all those certificates to Mr. Gould or Mr. Perkins or Mr. Clark?—A. I did not understand your question; I did not intend to make any misstatement.

[At the request of Commissioner Anderson the stenographer read the testimony just given from the question, "When you received the certificate of stock the next day, did you receive just as many certificates as there were parties interested in the joint arrangement, or did you receive twice as many; did you receive two certificates for each party, or only one?" down to and including the last answer.]

Commissioner ANDERSON. I call your attention to the fact that I asked you if you were quite sure that you delivered none of that stock to any one else than those three persons named, and you answered you were sure they were the only persons.

SOME STOCK RETAINED IN THE UNION PACIFIC TREASURY.

The WITNESS. I was under a misapprehension there; I did not understand; all the stock that I delivered to outside parties was to those three persons, but I kept some in the treasury of the Union Pacific; that was over and above the amount required to pay for these securities.

Q. How much did you keep?—A. I do not know; probably 5,000 shares.

Q. You received 40,000 shares in all?—A. Thirty-nine thousand shares.

Q. Thirty-nine thousand nine hundred and eighty-six?—A. Yes, sir.

Q. You think you kept 5,000 shares?—A. Yes, sir.

Q. Who told you to keep 5,000 shares?—A. I did not need to be told.

Q. From what computation could you ascertain what was to be kept?—A. There were so many shares required to pay these parties for their securities, and I took so many shares to pay them for their securities, and the balance was left over.

Q. In order to ascertain what was left over, did you not require to have something, some computation, before you knew of the value of the securities that were to be paid for?—A. Yes, sir.

Q. You did not do that all in your head?—A. No, sir.

LOSS OF THE PIECES OF PAPER CONTAINING STATEMENTS.

Q. In what shape was that statement made out for you to look at; was it on a piece of paper?—A. Yes, sir.

Q. In whose handwriting?—A. I do not know.

Q. Where is that paper?—A. I do not know.

Q. It joined the other one, I suppose; is there not an account of this transaction in writing?—A. It must be all detailed on the company's books.

Commissioner ANDERSON. I mean of the transaction between the parties in interest in this pool, from its inception in 1878, including the withdrawal of the Kansas Pacific stock, including the acquirement of the $4,000,000 of Denver Pacific stock and the division of stock among the parties in interest.

The WITNESS. These matters have no connection.

Q. I know that. But I want to know whether there is any written account of that business between these individuals?—A. No, sir.

THE RELEASED DENVER PACIFIC STOCK.

Commissioner ANDERSON. To come back to the time when the Denver Pacific stock that was held by the Kansas Pacific trustees was received by you from the trustees, you say that there were certain securities that were transferred to the trustees of the mortgage in exchange for this stock. Is that the way I am to understand it? After the stock had been freed by the suit, so that the Kansas Pacific Company became the owner of it, I understand you to say that before its surrender to you there were some securities that were delivered by Mr. Gould and other parties in exchange for this stock?

The WITNESS. No, sir; that is not so.

Q. Why was the stock delivered to you, then?—A. The stock was delivered as stated in the decree.

Q. That was delivered to the Kansas Pacific Company?—A. Yes, sir.

Commissioner ANDERSON. But you say that afterwards you received the stock. After it had been placed in the safe it was given back to you for the purpose of being exchanged.

The WITNESS. What has that got to do with this other question?

Commissioner ANDERSON. You say that when you made the exchange you made it for the account of persons according to certain interests that they had in that stock, and that these interests swallowed it all up except 5,000 shares?—A. It was not made on such basis at all.

Q. How did Mr. Gould acquire any interest in the stock that was to come out of the Union Pacific Company?—A. For securities of branch lines that he sold to the company and got pay for in the stock.

Q. No matter whether he got paid. It was for securities of the branch lines? In order to acquire that interest in that stock, was it not necessary that he must have sold his branch lines to the owner of the stock?—A. Yes, sir.

Q. Who was the owner of that stock before he sold his branch lines?—A. The Kansas Pacific Railway Company.

Q. Then, in order to acquire the title of the Kansas Pacific Railway Company to this stock, is it not necessary to assume that Mr. Jay Gould sold to the Kansas Pacific Company the securities of the branch lines?—A. Yes, sir.

Q. And delivered those bonds to them?—A. Yes, sir.

THE SECURITIES SOLD TO KANSAS PACIFIC COMPANY FOR THE DENVER PACIFIC STOCK.

Q. Now we come back to the question I asked you before. What were the bonds and securities which Mr. Jay Gould and his associates sold to the Kansas Pacific Company in exchange for the interest that he ac-

quired in this Denver Pacific stock?—A. Saint Joseph and Pacific bonds.

Q. Have you a list of them?—A. I think I have a list of them.

Q. Ah! Is it in writing?—A. I have a pencil memorandum of them.

Commissioner ANDERSON. We do not get beyond pencils. Please produce it.

The WITNESS. I have it here.

Commissioner ANDERSON. Will you allow me to see the memorandum?

(The witness hands the paper to Commissioner Anderson.)

Q. When was this memorandum made up?—A. It was made up to-day.

Q. From what was it made up?—A. From memoranda.

Q. Where are the memoranda from which it was made up?—A. It is in the office.

Q. Is it on a loose piece of paper or in a book?—A. I think it is in a book.

Q. What does that book contain?—A. The balance-sheets of the company.

Q. In whose handwriting is the book from which you took this memorandum?—A. In my handwriting.

Q. When did you make up that book?—A. That is made up at various times.

Q. From what sources?—A. From balance-sheets of the company.

Q. From balance sheets of the Kansas Pacific Company?—A. Of the Union Pacific Company.

Q. From what source do you identify and prove the fact that the bonds, of which you hand me a little list here, are the bonds that were originally Mr. Gould's and these other gentlemen's, and that were passed to the Kansas Pacific in exchange for this Denver Pacific stock? How do you identify those transactions?—A. Those were the amounts that I received and sent to the company in Boston. Those are the securities that I received and sent to the company in Boston.

Q. When did you receive these securities?—A. I received them in February, I think, 1880.

Q. You received these securities in what capacity?—A. As treasurer of the Kansas Pacific Railway Company.

Q. And these are the securities against which, or the promise for the delivery of which, you delivered the Denver Pacific stock?—A. Yes, sir.

Q. With what person did you make that arrangement?—A. I received my instructions from the president.

Q. From Mr. Sidney Dillon?—A. Yes, sir.

Q. But whose securities were they largely and mostly?—A. Mr. Gould's.

Q. Did you talk with Mr. Gould about it?—A. No, sir.

WHO ARRANGED THE TERMS OF TRANSFER?

Q. Who arranged the terms of the transfer?—A. I do not know; I suppose the directors did.

Q. You said that there was no resolution passed by the board of directors on this subject?—A. I am not the secretary of the company and I do not have access to the minutes.

Q. You say you know there was no such resolution?—A. How should I know of it?

Q. Why do you say now that you suppose that the directors fixed this contract?—A. Because it is usual for directors to do so.

Q. You do not know personally anything about it?—A. No, sir.

Q. How was the proposition determined whether the Kansas Pacific was receiving an equivalent in value for the stock that it was parting with?—A. I do not know.

Q. Was that a subject of discussion between anybody?—A. Not in my presence.

Q. All you know is that Mr. Sidney Dillon and Mr. Gould told you to deliver the stock against these securities?—A. These were my general instructions; yes, sir.

Q. And these securities were received by you at par, or how?—A. Principally; some of them.

THE SECURITIES ENUMERATED.

Commissioner ANDERSON. Please enumerate the securities and their amount.—A. One million eight hundred and thirty-three thousand dollars Saint Joseph and Pacific, and Kansas and Nebraska bonds.

Commissioner LITTLER. Let him separate the amounts.

The WITNESS. I cannot separate them. They are all together, 15,140 shares Saint Joseph and Western stock; $784,000 Saint Joseph and bridge bonds, and 4,000 shares of stock of that same company; $375,000 Hastings and Grand Island bonds; $479,000 Kansas Central bonds; that is all.

THE PRICES FIXED FOR THE VARIOUS SECURITIES.

Q. Was that Saint Joseph and Western stock of par value of 100?—A. Yes, sir; but it was not taken at that price.

Q. At what price was it taken?—A. It was taken at $20.

Q. That would be $302,800?—A. Three hundred and seven thousand dollars.

Q. Please state the prices at which these various securities were taken.—A. The Saint Joseph and Pacific bonds were taken at par; Saint Joseph bridge bonds at par, including toe stock; par for the bonds.

Q. The stock went for nothing?—A. Yes, sir.

Q. The Saint Joseph and Western was taken at $20?—A. Twenty dollars.

Q. How much for the Hastings and Grand Island bonds?—A. Those cost about $60,000.

Q. How do you mean?—A. For the whole lot.

Q. Do you know the figure at which they were taken?—A. No; I have not got it.

Q. Do you mean to say they were turned in at $60,000?—A. Yes, sir.

Mr. JOHN F. DILLON. They foreclosed those first-mortgage bonds, and a part of the Saint Joseph and Grand Island bonds to-day are held.

Q. The $479,000 of Kansas Central bonds were taken at what price?—A. I think they were taken at par.

Q. What did that amount all foot up, at the figures you have given me?—A. About $3,464,000.

Q. And it was the difference between that and $3,986,000 which you say you retained out of the certificates that you received from the Union Trust Company?—A. Yes, sir.

Commissioner LITTLE. Will you let me have that paper? The reporters want it.

The WITNESS. I do not care to give it.

Commissioner ANDERSON. The reporters may have them from our figures. I suppose they did not take these down.

Several NEWSPAPER REPORTERS. We have it now.

Q. Excepting the part of the stock received by you from the Union Trust Company, which you say you retained, about 5,000 shares, the balance, so far as you know, was taken by Mr. Gould and the other gentlemen as owners, and used by them as owners?—A. They were taken by them, and became their property.

Q. So that Mr. Dillon's statement that all that stock at first was held as treasury stock and sold by the company is erroneous; it was a mistake?—A. For the time being it was held in that way.

Q. After it was delivered to Mr. Gould; after that date it was not held by the company?—A. No, sir.

Commissioner ANDERSON. The facts are—we cannot dispute about them—that the Kansas Pacific Company exchanged the Denver Pacific stock which it had for the securities which you have here enumerated and that immediately after Mr. Gould and his associates had delivered or agreed to deliver these securities they regarded themselves as the owners of so much of the Denver Pacific stock as would equal the amount agreed to be paid, $3,464,000, and after the transfer received that as their own stock?

The WITNESS. I think that is an inference.

Q. You do not think that is correct?—A. I think that is an inference.

Q. You do not think that is the way you would understand the transaction, as a common-sense man?—A. No, sir.

Q. Please tell us how you yourself would understand it.—A. I understand that they became the owners of the stock, and they delivered these securities when they received the stock, and not until then.

Q. Is not that just what I have said?—A. No, sir; I do not understand it so.

Q. That is what I meant to say. Perhaps you have expressed it better than I did. Do you know anything else about these securities that you have enumerated, personally or as a broker?—A. Yes, sir.

SAINT JOSEPH AND GRAND ISLAND RAILROAD.

Q. What do you know of the Saint Joseph and Pacific, and Kansas and Nebraska stock?—A. I know that those certificates are all merged into the Saint Joseph and Grand Island Railroad now.

Q. Is that one railroad, or two?—A. It was two corporations, consolidated into the Saint Joseph and Western, of which this stock we mentioned here is the stock.

Q. Was this $1,833,000 of stock or bonds?—A. That was bonds of two corporations, which were afterwards consolidated into one corporation, called the Saint Joseph and Western.

Q. Where is the Saint Joseph and Western?—A. It runs from Saint Joseph to Grand Island.

Q. Where is the Kansas and Nebraska?—A. It was a part of that same line.

Q. And subsequently they became a part of what road?—A. Afterwards the Saint Joseph and Western.

Q. Where does the Saint Joseph and Western connect with the Kansas Pacific?—A. It does not connect with it.

Q. Where does it connect with the Union Pacific?—A. At Grand Island.

Q. Do you know anything about whether those bonds were listed on the New York Stock Exchange in January, 1880?—A. I think they were not.

Q. Do you know whether they were commonly bought or sold in the market?—A. I do not know that they were.

Q. Do you know of any transaction in these bonds about that time, excepting this one?—A. No, sir.

TOTAL ISSUE OF BONDS.

Q. What was the total issue of the bonds of the two roads? We will take first the Saint Joseph and Pacific bonds.—A. I think it was $1,800,000.

Q. What was the total issue of the Kansas and Nebraska?—A. One million eight hundred thousand dollars.

Q. Do you recollect, generally, whether this sum that you have given me was about evenly divided, or whether there was more of one than of the other?—A. I think it was about three-fifths and two-fifths.

Q. Three-fifths of which?—A. Of the Saint Joseph and Pacific.

Q. Do you know how long Mr. Gould had owned these securities?—A. No, sir.

Q. Or from whom he got them?—A. No, sir.

Q. Do you know anything about their history at all?—A. No, sir.

Q. He did not tell you what they had cost him?—A. No, sir.

Q. Had they any market value in January, 1880?—A. I do not know.

Q. Do you know the date of their issue?—A. No, sir.

Q. Were they coupon bonds?—A. Yes, sir.

Q. Had the interest been regularly paid up to that date?—A. There was no interest matured then.

Q. They were new bonds, then?—A. I think so.

HISTORY ON SAINT JOSEPH AND GRAND ISLAND.

Q. Do you know how far the road had been constructed at that time?—A. It was constructed to Hastings, I think. It may have been constructed to Grand Island. The Hastings and Grand Island road made the connection to Grand Island; and the road proper, the Saint Joseph and Western, ran from Saint Joseph to Hastings; and the Hastings and Grand Island, which was consolidated with the Saint Joseph and Western, went on to Grand Island.

Q. Was the road then substantially complete at the time of the issue of these bonds?—A. Yes, sir; at the time of the purchase of these bonds.

Q. Do you know how many thousand dollars a mile it was bonded for?—A. No, sir; it is 252 miles.

Q. Who built the road?—A. I do not know.

Q. Who was the president of either of these roads?—A. I think William Bond was president.

Q. Had Mr. Gould any connection with the roads?—A. Not that I know of.

Q. You do not know whether he was a director or not?—A. I do not know.

Q. Was he connected with the companies that built the road?—A. No, sir; I do not know.

Q. We have 15,140 shares of Saint Joseph and Western now. That was the corporation, as I understand it, into which these two other roads were merged?—A. Yes, sir.

THE STOCK OF LITTLE VALUE, WITH FEW SALES.

Q. Do you know anything of the value of that stock in January, 1880?—A. I think there had been some dealings in it.
Q. Was it listed on the Stock Exchange?—A. No, sir.
Q. Had it ever paid a dividend?—A. No, sir.
Q. Has it ever paid a dividend on its stock?—A. No, sir.
Commissioner ANDERSON. We will omit the other question, whether it will ever pay dividends.
The WITNESS. There is a prospect of it.
Q. There is always a prospect. You say there had been transactions in that stock?—A. I think there had been.
Q. Can you name any person who sold any of that stock about that time? A. No, sir.
Q. You merely have been informed that there were transactions?—A. My recollection is that there had been transactions in it.
Q. Which you knew of as a broker?—A. No, sir.
Q. Have you any knowledge by which you are able to give us an estimate that you can rely on of its value at that time?—A. Only a general impression that the stock had been traded in at that time.
Q. Can you give us any quotations?—A. About the price it was taken at?
Q. About 20?—A. Yes, sir.
Q. You can refer us to no person who actually sold, or any person who bought, any stock?—A. No, sir.
Q. Have you any recollection whether the transactions were for large or small amounts?—A. No, sir.
Q. Can you refer us to any person who would have satisfactory knowledge as to the value of that stock at that time, gauged by actual transactions?—A. I do not know of any.

SAINT JOSEPH BRIDGE BONDS.

Q. In regard to $784,000 Saint Joseph bridge bonds, what is the Saint Joseph bridge?—A. It is a bridge across the Missouri River to Saint Joseph.
Q. Is that an organization separate from the railroad?—A. It was then.
Q. What was the total issue of bonds?—A. The amount outstanding was $784,000.
Q. That was the whole issue then?—A. Yes, sir.
Q. When was that bridge built?—A. I do not know.
Q. Have you ever seen it?—A. No, sir.
Q. What is the bridge used for; by the Saint Joseph Railroad?—A. Yes, sir.
Q. Are these coupon bonds?—A. Yes, sir.
Q. What was the date of their issue?—A. I do not know.
Q. Do you know when they mature?—A. No, sir.
Q. Do you know whether any of the coupons had been paid when they were assigned to the Kansas Pacific?—A. They were regularly paid.

Q. And have been paid ever since, or do you not know?—A. Unless there was a slight intermission at one time, not because the road did not earn it, however, or the bridge.

Q. The 4,000 shares of stock, you say, passed with the bonds?—A. The 4,000 shares; yes, sir.

Q. What was the total issue of the stock?—A. I think it was 4,000 shares.

Q. Three hundred and seventy five thousand dollars of Hastings and Grand Island bonds—what were those bonds?

The WITNESS. Can I make a suggestion?

Commissioner ANDERSON. Yes.

The WITNESS. Will you not ask me about the value of that stock?

Q. Yes, I will ask you about the value of that stock; do you know anything about the value of that stock in January, 1880?—A. I do not know anything about the value of it, only that the stock paid dividends regularly during all the time the company held it.

Q. Did it pay dividends in January, 1880, when it was transferred?—A. I do not know as to that.

Q. You say it paid dividends afterwards to the Kansas Pacific?—A. To the Union Pacific.

Q. What were the dividends?—A. I do not recollect it; they were good dividends.

Q. What was the par value; $100 a share?—A. Yes, sir.

Q. That would be $400,000; do you know the rate of dividends, about?—A. No, I do not.

Mr. MINK. It ran from 20 per cent. down to 6 per cent.

THE HASTINGS AND GRAND ISLAND ROAD.

Q. Now, about the $375,000 of Hastings and Grand Island bonds; what was the Hastings and Grand Island road?

Mr. JOHN F. DILLON. I do not know whether I will have an opportunity of cross-examining; I do not care to; but you have not asked him how the investment in the Saint Joseph and Denver City road turned out; whether you omitted it because you did not care to ask it I do not know.

Commissioner ANDERSON. Of course we will ask any question that Judge Dillon suggests that would tend to shed more light on it; our mission is to report the facts of the consolidation and not the ultimate result; but as far as shedding any light is concerned we will take the suggestion.

Mr. JOHN F. DILLON. The inquiry seemed to point to the fact that these securities were not worth what was paid for them.

The CHAIRMAN. The witness can make any explanation he desires.

A. It was a road from Hastings to Grand Island. It was virtually an extension of the Saint Joseph road to a connection with the Union Pacific.

Q. When were these bonds issued?—A. I do not know.

Q. What is the total issue?—A. That is the total issue.

Q. This was a separate organization or corporation?—A. Yes, sir.

Q. Do you know who was its president?—A. No, sir.

Q. You do not know how Mr. Gould came to acquire title to that?—A. No, sir.

Q. Do you know whether the coupons on these bonds had been paid in January, 1880?—A. I think not.

Q. Have they been paid since, or do you not know?—A. Those bonds were absorbed into the Saint Joseph and Grand Island Railroad, and now they pay interest regularly.

Q. Do you know the terms of absorption?—A. At par, I think.

THE KANSAS CENTRAL.

Q. As to the $479,000 of Kansas Central bonds; what is the Kansas Central?—A. It is a road from Leavenworth, Kans., running west.

Q. Does it connect with the Kansas Pacific except at Leavenworth?—A. That is all.

Q. Leavenworth, as I remember, is the end of a branch from Lawrence?—A. Yes, sir.

Q. How many miles long is that road?—A. I do not recollect.

Q. Do you know what the total issue of bonds is?—A. No, sir.

Q. Are these first mortgage bonds?—A. Yes, sir.

Q. Were the coupons paid in January, 1880?—A. I do not know as to that. They have been paid since.

Q. Are they bonds that are dealt in on the Exchange here?—A. They have never been on the market here.

Q. Do you know anything of what their actual value was, as evidenced by actual dealings in January, 1880?—A. No, sir.

Q. They were taken, I believe, at par?—A. Yes, sir.

Q. I have enumerated, have I not, all the securities that you have stated to me?—A. I think so.

THE PRIVILEGE OF CROSS-EXAMINATION EXTENDED TO COUNSEL.

The CHAIRMAN. Have you some explanation to make concerning the securities?

Commissioner LITTLER. The question which Judge Dillon makes before this Commission is likely to come up again during the history of it, and I think it would be good policy to settle now whether counsel representing these interests shall be allowed to cross-examine witnesses. For my own part, I am free to say that I am in favor of it, if they desire it. The object of this Commission is to arrive at the very truth of the matter, and if counsel desire to cross-examine, so far as I am concerned I should be glad to hear them.

Commissioner ANDERSON. As far as I am concerned, while reserving to ourselves the inherent power of, shall we say, shutting up the lawyers when they talk too much—which we all know is a dangerous privilege—I am entirely satisfied with this understanding; that on any reasonable occasion they shall cross-examine as much as they please.

Commissioner LITTLER. Of course, when a lawyer begins to run "tailings" we will cut him off.

The CHAIRMAN. The counsel here can produce witnesses to explain this consolidation if they wish to, but not in the nature of cross-examination.

Commissioner ANDERSON. It is only for additional information.

The CHAIRMAN. Yes; as to any explanation or any remarks that the witness wishes to make, or if Judge Dillon, as counsel to the road, wants to bring it out, I see no objection to his doing so. Do you wish to do so now, Judge Dillon?

Mr. JOHN F. DILLON. I have nothing special to ask this witness except what he knows in regard to the value of those securities as they

afterwards turned out—whether there was a profit or loss to the company over and above the prices at which they were bought.

The WITNESS. The securities have been largely disposed of and they resulted in quite a handsome profit to the company.

Mr. JOHN F. DILLON. That is all I want to ask.

The WITNESS. And these roads were regarded as valuable feeders or acquisitions to the lines of the company.

CONCERNING PROFITS OF MR. DILLON AND MR. GOULD.

By Commissioner ANDERSON:

Q. Mr. Dillon, when asked the general question, what profit he made or derived out of the execution of the pool agreement of April, 1878, referred us to you as being able to answer the question, from having kept his accounts. Can you say what his profits were?—A. No, sir.

Q. You have no memorandum from which you can give it?—A. I have no memorandum; no, sir.

Q. Have you any memorandum which will show what Mr. Jay Gould's profits were out of the Kansas Pacific stock which he held?—A. No, sir.

Commissioner ANDERSON. That is to say, showing the cost of the Kansas Pacific stock to him, and the amount realized from the Union Pacific Railway stock received in exchange for it?

The WITNESS. I know nothing whatever about Mr. Jay Gould's private affairs.

Q. Have you any such memorandum as to any other of the parties in interest—Mr. Ames, for instance?—A. No, sir.

Q. Or Mr. Dexter?—A. I did not say that they were interested.

JAS. M. HAM.

No. 10 WALL STREET, NEW YORK,
Friday, May 6, 1887.

AFTERNOON SESSION.

ALMON GOODWIN, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. You are an attorney-at-law and a member of the firm of Vanderpoel, Green & Cuming, I believe?—Answer. I am. Vanderpoel, Green, Cuming & Goodwin is the present firm-name.

Q. At No. 2 Wall street?—A. No. 2 Wall street. It was Vanderpoel, Green & Cuming in 1880.

Q. Where was your office then?—A. I think in January, 1880, it was in the Tribune building. We moved down shortly after, I think, to No. 2 Wall street.

Q. Were you a member of the firm at the time?—A. I was.

COUNSEL FOR TRUSTEES IN SUIT TO RELEASE DENVER PACIFIC STOCK.

Q. Do you recollect the suit that was brought in the name of the Kansas Pacific Railroad Company against Jay Gould and Russell Sage?

The WITNESS. As trustees?

Commissioner ANDERSON. As trustees.

A. I do.

Q. Who saw you in regard to appearing for the defendants in that suit?—A. I think the first that I heard in regard to the matter, Mr. Holmes told me that the matter had been referred to my firm to act for the trustees, and spoke to me about proceedings that he desired to take, and subsequently I saw the trustees, Messrs. Gould and Sage. Before taking any action, I saw the trustees.

Q. You understood the general object of the suit was to release the Denver Pacific stock from the trust by which it was held under the terms of the mortgage?—A. Yes, sir.

Q. Whom did you see, Mr. Sage or Mr. Gould?—A. I saw both of them, to get my authority and instructions from them.

Q. Did you see them before or after the complaint was served?—A. My recollection is, before.

Q. How long before?—A. It was only a day or so. It was about that time.

EXPEDITION DESIRED.

Q. Were you told that the matter was desired to be conducted as promptly as possible?—A. I was.

Q. Was any reason assigned for the necessity for expedition?—A. I do not recollect that there was any reason, except they wished it done promptly. That is, Mr. Holmes had so stated to me. Do you prefer to ask questions, or shall I make my statement?

Q. We will ask questions, and you can make a statement afterwards. Were you informed by Mr. Sage and Mr. Gould that articles of consolidation between the Union Pacific, Kansas Pacific, and Denver Pacific Companies were in preparation?—A. I was not.

Q. Were you aware of that fact at the time the suit was brought?—A. I was not.

Q. Were you aware of that fact at the time the decree was entered?—A. I was not.

Q. Did you have any conversation in regard to the proof to be given as to the value of the security which was to be released from the trust?—A. I did not.

Q. Did you make any inquiry as to the value of that security?—A. I do not now recollect any special inquiries that I made. I did make inquiry upon the hearing before the referee, for I cross-examined Mr. Dillon at some length.

HISTORY OF THE PROCEEDINGS.

Q. What I want to get at is, whether Mr. Sage or Mr. Gould disclosed to you at that time anything relating to the value of the securities which they were about to deliver as trustees.—A. I do not recollect especially in regard to that. I think not. I will say that I am willing to state the instructions which I received from Messrs. Gould and Sage in the matter. I have asked their permission to give my instructions, so that I am relieved from the professional seal in the matter. When I saw Mr. Gould and Mr. Sage in regard to this matter, after Mr. Holmes had told me that he wished to bring such a suit, I went to them to get their instructions. I had done business before for both of them. My recollection is that Mr. Gould was busy at the time, and he told me generally about it, and he said, "Talk to Mr. Sage," who was there. I did talk with him at some length. He stated that the Kansas Pacific Company had asked to have this stock released from the trust of that mortgage; that he thought it was for the advantage of the road that it

should be done, but that he and Mr. Gould were acting as trustees, and they did not want to do it, unless they had a right so to do, which he wanted us to consider, and he used the expression that "he wanted us to see that the trustees and the bondholders were properly protected." I subsequently consulted with my partner, Mr. Vanderpoel, in regard to his opinion as to the power of the court in the matter, and upon his expressing the opinion that it had the power, I appeared in the proceedings. Mr. Holmes stated that they were anxious to have it done immediately, and I said there was no objection, and we agreed upon a referee. I think he suggested the name of Horace M. Ruggles, whom I knew very well by reputation and slightly personally, and I said he was satisfactory and I agreed to an order appointing him referee. I then went before the referee upon the hearing, and cross-examined Mr. Dillon at considerable length in regard to the value of these securities, in pursuance of my instructions, as I understood them, to see that the bondholders were fully protected. When the report of the referee was given, I had no conversation with him except as to what took place on the hearing. I examined it and it seemed to me that the bondholders were amply protected, as I understood the matter, and I then appeared n court with Mr. Holmes, upon his motion, for a confirmation.

THE STOCK WITHOUT VALUE AS IT STOOD.

Q. What we want to know particularly is in regard to the nature of the disclosures that were made to you by these trustees in reference to the real value of the assets that were being taken out of the trust. Do you remember the fact that Mr. Dillon stated, in answer to your questions, that as matters stood, and with this stock tied up in the trust, it was substantially without value?—A. I remember that, in substance.

BUT WHEN FREED MIGHT BE WORTH TWO OR THREE HUNDRED THOUSAND DOLLARS.

Q. Do you remember the fact that he told you that if the stock were freed from the trust, so that they could do certain things with it, it might have a value of from $200,000 to $300,000?—A. I will not undertake to give the testimony from memory, as I have not looked at it for a long time. I do not remember the details of it, but I have a recollection that his testimony was that the value of the stock was no more in any event than some two or three hundred thousand dollars.

Q. The evidence was read here yesterday, and the sentence I stated to you was contained in the evidence. Did you, either while cross-examining him, or afterwards in conversation with him, ask him what those certain things were?—A. I do not remember what I asked him on the cross-examination. The record will show. But I had no talk with Mr. Dillon at any time in regard to the matter. The only communication between Mr. Dillon and myself was what took place upon the hearing itself.

AFTER RELEASE WORTH ABOUT THREE MILLIONS DOLLARS.

Q. Did you within a few days subsequently ascertain that that stock which had been sworn to be worth but $200,000 to $300,000 had, in fact, been negotiated at a basis which made it worth substantially $3,000,000?—A. I know nothing about the transaction after the entry of the judgment, except that I heard within a short time after—my recollection is

that it was but two or three days after the judgment, but the date I do not undertake to give—that the consolidation of these Pacific railroads had taken place. Other than that, I know nothing whatever in regard to it.

Q. Is it not true, as a matter of fact, that the things which the trustees did with that stock afterwards, or Mr. Dillon did, resulted in its producing substantially $3,000,000, which the bondholders who were interested in the consolidated mortgage did not receive?—A. I know nothing about it, except as a matter of hearsay. I had nothing whatever to do with the consolidation of the Pacific roads, and had no relations with them as attorney or counsel or in any way, and all that I knew in regard to it was what was the public talk at the time, the newspaper reports, and things of that kind. I knew the consolidation took place; I think I saw in the newspapers the terms of the consolidation, and I saw that in that consolidation the Denver Pacific, if that is the name of the stock, was taken in.

Q. You did not then inquire as to what these things were which were to give the stock some value for the purpose or with the object of ascertaining more definitely what that value under those circumstances would be?—A. If no questions of that kind appear upon my cross-examination, I did not. I do not recollect the details of that, except that I did make a cross-examination.

Q. You are positive, however, that Mr. Dillon did not, of his own motion, disclose to you what the value of that stock would be when those certain things were done, any further than he did by the answer to your questions?—A. I stated that I had no communication whatever with Mr. Dillon, except what took place upon the hearing, and all that I know from Mr. Dillon was what was stated by him as a witness before the referee upon that occasion.

ALMON GOODWIN.

No. 10 Wall Street, New York,
Friday, May 6, 1887.

Commissioner Anderson. Mr. Rosenbaum desires to make a statement in regard to some matters connected with the Union Pacific Railroad, Eastern Division. I am not exactly aware, except through what was developed the other day, what was his connection with it. I presume we will be very glad to hear his statement, if he makes it under oath.

ALBERT S. ROSENBAUM, being duly sworn and examined, testified as follows:

By Commissioner Anderson:

Question. Will you please state to the Commission what it is you desire to inform them of?—Answer. Well, I had a suit against the Union Pacific Railroad on the Kansas Pacific income bonds, or rather on the coupons. Mr. Andrews was my lawyer. I think it was in the neighborhood of $200,000 of bonds.

By Commissioner Littler:

Q. You mean in dollars?—A. Two hundred thousand dollars in bonds, face value, excluding past-due coupons.

THE ROSENBAUM SUIT.

By Commissioner ANDERSON:

Q. When was the suit brought? Is Mr. Andrews present?—A. Mr. Andrews is present. What year was it, Mr. Andrews? In 1885?

Mr. ANDREWS. I think it was 1885.

Q. Have you any of the papers in the suit?—A. No; I have only letters and correspondence from Mr. Adams in regard to some of the coupons that they tried to purchase from me—or from Mr. Adams's secretary.

The CHAIRMAN. Read the letter.

The WITNESS. Here is a letter, dated August 7, 1886, in which Mr. Adams writes:

I have to acknowledge receipt of your favor of August 6th. In answer to your inquiry, I would say that my assistant, Mr. Gardiner M. Lane, whose special province it is to attend to matters of this sort, is now in Europe on business of the company. He will leave Liverpool for Boston to-morrow, reaching here about the 20th instant. He is more familiar with the transactions we have had in these bonds during the last two years than any other person, and I should prefer the matter should rest until his return. I will then give him instructions to take it up immediately, and communicate with you.

CHARLES F. ADAMS, Jr.

Q. Had your complaint been served at that time?—A. Yes, sir; that was after the settlement of the first lot of bonds that I mentioned. These are other bonds and overdue coupons that I hold now.

Q. Was there any suit pending when that letter was written to you?—A. No; it was settled by my counsel. There was no suit pending then. It was on some bonds, income bonds, which are ahead of the consols.

Q. Can you give us the date of the mortgage to which your coupons belonged?—A. I do not know. I have got nothing really except coupons with me. Perhaps they will tell.

Commissioner ANDERSON. Do you recognize this mortgage, so that we can identify the coupons?

Mr. MINK. It is the mortgage of 1866, July 1.

Q. Is that the mortgage a part of which was subordinated and part not subordinated?—A. These are subordinated to the Denver Extension. That is, they are so stamped.

Mr. HOLMES. O, no. The stamped bonds that were subordinate to the Denver extensions were income bonds, coupons. He said they were Denver extensions.

The WITNESS. No, they are subordinate. I made a tender of the Denver extension to the company, provided they would return the securities which they had taken out. I did it through my counsel.

Q. What further statement do you want to make?—A. I have other letters here to show how they valued these. They made me an offer here, which I considered should be given.

BOSTON, *September* 10, 1886.

A. S. ROSENBAUM, Esq., *New York:*

DEAR SIR: On the 3rd of this month I wrote you in regard to the Kansas Pacific income bonds and coupons held by you. As yet I have had no answer to that communication. It was not the intention to have the offer contained in my letter permanently open, and I must therefore ask you to let me know at your early convenience whether you will accept or decline it.

GARDINER MARTIN LANE,
Assistant to President.

By Commissioner LITTLER:

Q. Whose letter is that?—A. It is a letter by order of the president, signed Gardiner Martin Lane. This is September 10.

Mr. HOLMES. I ask that the letter be accepted as the best evidence.

Commissioner ANDERSON. These letters are taken down. If the witness makes a mistake in reading them, the mistake can be corrected. Each letter is to be on the record *in extenso*.

AN OFFER TO SETTLE.

The WITNESS. Here is the offer he makes:

BOSTON, *September* 3, 1886.

A. S. ROSENBAUM, Esq., *New York:*

DEAR SIR: This company has not recently purchased any Kansas Pacific income bonds or coupons. As you doubtless know, there are now very few of these bonds and coupons outstanding, and the company is under no pressure to purchase them. Nevertheless, in consideration of the fact that it was your wish to sell your bonds to this company, when it was making extensive purchases at higher figures than the last purchases, we will buy your bonds from you.

If you decide to hand your bonds to us, we will give you for them par flat. This is the highest price which has been paid by the Union Pacific for Kansas Pacific incomes, and was considered by the directors at the time as too high; we should not offer it to you unless for the above consideration.

For your coupons from unstamped bonds, we will give you 21¼ flat. This is the only price which has been given for the coupons, so far as I know.

I need hardly add that this offer is final. If you do not care to accept it, we shall feel under no obligation, so far as your bonds are concerned. The directors consider that they are making a most liberal offer.

Please let me know your decision.

Yours, truly,

GARDINER M. LANE,
Assistant to President.

Q. You mean 21¼ per cent.?—A. Yes, sir.

Q. Of the face value?—A. Yes, sir.

By the CHAIRMAN:

Q. What did you do?—A. I have seen Mr. Adams this week, and he says that is the best they will do for the bonds and coupons. He will be here the 16th, and I should make him an offer. No, I should give him the coupons, a copy of them, to see what bonds they are from. That I sent him.

COMPLAINT AGAINST DISPOSAL OF DENVER PACIFIC STOCK.

By Commissioner ANDERSON:

Q. Is there any subject connected with the administration of the affairs of this company that you considered as impairing your securities in any way to which you desired to call our attention?—A. In my suit against them on some $200,000 of bonds, which was settled with them from 95 cents to par flat, my counsel offered them, through me, the Denver bonds at par—I mean the Denver extension bonds. He made a tender to them. And we also claimed that if they would return the stock which they took as part security on these bonds, that I would give them—I made them a tender of the Kansas Pacific Denver bonds at the prices named in the mortgage, and offered to give them income bonds also, provided they would put the trust fund in the same status that it was previous to this transaction.

Q. What stock do you refer to now; the Denver Pacific stock?—A. Yes, sir; I refer to about $3,000,000 of Denver Pacific stock, which was sold for in the neighborhood of $300,000.

Q. To what fund do you mean that you claimed that stock should be returned?—A. That trust fund.

Q. The trust fund under the mortgage relating to the income bonds!—A. Under the income bonds. The income and also the Kansas Pacific consols.

Q. Do you claim that the Denver Pacific stock was held by the trustees under the income bonds?—A. I do.

Q. Directly?—A. If I have read the mortgage right, I think so. Am I wrong?

Mr. JOHN F. DILLON. It is a dispute as to whether it is an income from the whole road, or of the 394 miles, and nothing else.

Commissioner ANDERSON. I want to get what Mr. Rosenbaum claims. Perhaps your counsel can explain the matter better than you can, Mr. Rosenbaum.

The WITNESS. Yes, sir; I think so.

DIFFERENTIAL RATES AND THREATENING CIRCULARS.

Q. Is there anything else that you yourself have to call our attention to?—A. No; it is nothing more than I think that a road which is built by the public moneys and the public lands has not been administered for the interest of the public. I have been a shipper to California for thirty-odd years, and I have had an order from the officers and managers of the Union Pacific Road that if I dared to ship one pound of freight otherwise than across the continent, either by steamer or sailing vessel around the Horn, the charge on the freight across would be 100 per cent. higher than to those who signed. Such a circular was circulated among the merchants on the Pacific coast.

Q. Have you a copy of that circular?—A. I think I can get it. It was signed by all the merchants. It is a public, well-known fact.

Q. Did it use the expression, "If you dare"?—A. If anything is shipped outside of their line, around the Horn, by sailing vessel or by steamer.

Q. That your rates would be doubled?—A. Yes, sir; a differential rate would be charged to me equal to 100 per cent., if not more. I was established on the coast in 1850, and I have been engaged in the business for many years. This is not trumped up by me; it is well known to the whole Pacific coast merchants.

Q. Will you please send us a copy of such circular?—A. I can get affidavits to that effect from every California shipper—old shipper.

By Commissioner LITTLER:

Q. Do you live in this city?—A. I have lived here since 1857, and live here now.

Q. What is your business?—A. I am a retired merchant. I was in the California business until 1880.

Q. What kind of business?—A. Tobacco.

Q. Have you been a large shipper over this road?—A. I have.

DRIVEN OUT OF HIS CALIFORNIA BUSINESS.

Q. What effect did that circular have upon your conduct; did you ship any around the Horn?—A. It drove me out of business, and I made shipments around the Horn and stopped shipping across.

By the CHAIRMAN:

Q. Have you anything else to say?—A. Nothing that I can think of; I have been very busy, and I wanted to bring this up.

Q. Will you be kind enough to furnish us with any papers, or letters, or circular, or order, written or printed, that you may have in reference to this order that you speak of?—A. There will be no difficulty in doing that, and I will agree to have affidavits drawn up that such was the order of the managers and the officers of the Union Pacific road.

Commissioner ANDERSON. We cannot take affidavits; we will have to have the witnesses here.

Q. Will you produce any information that you may have to the Commission?—A. All right.

By Commissioner ANDERSON:

Q. When was this circular sent to you?—A. It was sent some years ago.

Q. How many years ago; was it before Mr. Adams was president, or since?—A. It was before Mr. Adams was president.

Q. Was it before the consolidation?—A. I think it was since the consolidation.

Q. You have been out of business ever since?—A. Since August, 1880. I sold out; I gave up the California business.

Mr. JOHN F. DILLON. May I ask a question?

The CHAIRMAN. Certainly.

THE CIRCULAR ISSUED BY THE TRANS-CONTINENTAL LINES.

By Mr. JOHN F. DILLON:

Q. Do you recollect who issued that circular: whether it was the Union Pacific or the Central Pacific?—A. It was the Union Pacific.

Q. The Central Pacific did not issue any circular?—A. The Central Pacific—it was called the Transcontinental Lines. They were all concerned in it.

Q. It was an effort on the part of the Transcontinental Lines to prevent shipments by ocean, and to compel shipments in that way across the country?—A. Yes, sir, they made differential rates.

TO PREVENT OCEAN COMPETITION.

Q. To increase its earnings?—A. I do not know anything about its earnings. It was an arbitrary and uncalled-for action on the part of a road that had been built by the public, with the moneys and lands of the United States, to compel every shipper not to ship one pound of goods, no matter how unprofitable it would be to send it across, and they could not be sent any other way than around the Horn; iron and heavy freights, and everything of that kind; and no regular shipper would dare to ship any goods by any other line except the Transcontinental without running the risk of having differential rates put upon him.

Q. You shipped some by water?—A. I did.

Q. Did you afterwards ship any by rail?—A. No, sir; I could not afford to. I did not dare to.

Q. Did you offer any freight to this Transcontinental Line after you had shipped by water?—A. I did not, because I sold out. I was driven out of the business.

Q. You do not know whether they would have applied the differential rate to you or not, do you?—A. It is not a special rate to me. It is a special rate to the whole commerce of the Pacific. It is a well-known fact that can be corroborated by every one engaged in such commerce.

Q. Did you ever offer freight after you had shipped by water?—A. No, I did not.

THE WITNESS' OWNERSHIP OF INCOME BONDS.

Q. How many bonds do you state that you have of those income bonds?—A. I have 15.

Q. How many coupons have you?—A. The exact number is 8,100 and some dollars.

Q. Have you acquired those since you made a settlement of the suit you brought?—A. Yes, sir.

Q. All of them?—A. Yes, sir.

Q. The bonds?—A. The bonds.

Q. And the coupons?—A. And the coupons.

Q. The first settlement embraced all that you had?—A. All that I possessed at that time.

Q. Bonds and coupons?—A. Bonds and coupons.

Q. At what rate was the settlement?—A. From ninety-five cents for the bonds, flat, to a dollar.

Q. Do you recollect when this bond will mature?—A. Nineteen hundred and sixteen, I think.

Q. It is an income bond?—A. It is a bond.

Q. The interest payable out of income alone?—A. I suppose so.

Q. When was the settlement of this suit made?—A. I do not remember. Mr. Andrews, when was the settlement made?

Mr. ANDREWS. A. I do not recollect the exact date, but I think it was in the summer of 1885. I think it was in June.

THEIR COST.

Q. How long had you had those bonds which were embraced in that suit?—A. I think I had them seven or eight years.

Q. What did they cost you?—A. My bonds cost me from 30 to par. I paid par for many of the bonds.

Q. How many were embraced in that settlement?—A. In the neighborhood of $200,000. I was actually only the owner of about $65,000.

Q. You commenced buying seven or eight years ago?—A. Yes, sir.

Q. Then you paid 30?—A. I paid 30.

Q. How many did you buy at 30?—A. I bought $20,000. In the neighborhood of 30, it was; it was 29 and a fraction. I can give the exact figures.

Q. Do you know what your $200,000 of bonds average?—A. No; I cannot say.

Q. About what?—A. I suppose they averaged 50 or 60.

Q. They averaged 50 or 60?—A. Somewheres around there.

Q. And you got 95?—A. Ninety-five to par.

Mr. JOHN F. DILLON. You have not very much to complain about in that.

The WITNESS. I think I have; I had Saint Joseph and Denver City, which cost me two cents on the dollar, which were turned into the Kansas Pacific road, and I sold for $150.

Mr. JOHN F. DILLON. You have got a private grievance, and we want to investigate it.

The WITNESS. None whatever.

BOUGHT BONDS AFTER THE SETTLEMENT OF HIS SUIT.

Q. You made this settlement about two years ago?—A. Yes, sir.

Q. And you bought some more income bonds?—A. I paid, myself, more than I got from the company.

Q. You bought some more?—A. Yes, sir; paying more than I sold mine for.

Q. How much did you pay for those 15?—A. I paid par for them.

Q. Flat?—A. Par flat.

Q. With all the coupons attached?—A. With all the coupons attached, that is, no coupons had been taken off by me. They are just as they were when I bought them. They are numbered 16 on.

Q. Are they all on?—A. Yes, sir.

Q. And the company will not offer you but par for them?—A. Yes, sir; after holding them for eighteen months.

Q. And you think you ought to have more?—A. I do not know about more.

Q. They offer you par, and you think you ought to have more?—A. I am not speaking about more. I will hold them all until they become due, for my grandchildren.

Q. You think you ought to have more?—A. I think I ought to have what they call for.

Q. Your complaint is the company will not pay you more?—A. I do not know about that; they could pay more.

MARKET VALUE OF SAINT JOSEPH AND PACIFIC BONDS IN 1880.

By Commissioner ANDERSON:

Q. Do you know anything of the market value of the bonds of the Saint Joseph and Pacific in January, 1880?—A. I have been interested in that corporation for fifteen years.

Q. Can you tell us what the bonds of the Saint Joseph and Pacific and the Kansas and Nebraska bonds were worth?—A. They were sold in 1880 at 40, with all the juniors thrown in by the directors of the company.

By Commissioner LITTLER:

Q. What do you mean by "juniors"?—A. Second mortgage and stock.

By Commissioner ANDERSON:

Q. What transaction do you refer to?—A. I was invited by the directors of the Saint Joseph and Denver or Saint Joseph and Western, to put mine in with the pool. The price they were to get for them from Mr. Gould was 40, with all their attachments—at the price of 40, which I refused to accept.

Q. You say that was the price which they were to get for them from Mr. Gould?—A. Yes, sir.

Q. Was he buying them at that time?—A. I heard of his buying them as low as 8 and 9 cents on the dollar.

Q. Was he buying them in this transaction you speak of?—A. Yes, sir; I was informed by Mr. Butterworth, one of the directors, that he sold them to him, and he told me he could get the same price for my bonds.

Q. What was Mr. Butterworth?—A. A director in the road at that time.

Q. What was his first name?—A. He is dead now. I forget his name.

Q. Was he a New York gentleman?—A. Yes, sir.

Mr. HOLMES. It was Butterworth & Co.; they were a large woolen house, if I recollect right.

The WITNESS. It was not Fred. Butterworth. You are thinking of Butterfield, Mr. Holmes. Mr. Butterworth's name you will find among the old directors of the Kansas and Nebraska and Saint Joseph and

Western. Originally the Saint Jospeh and Denver City road was built by Messrs. Tanner & Co; they were the financial agents of the old Saint Joseph and Denver road.

WITNESS' ACQUISITION OF THE BONDS.

Q. When was this, in 1880, that these bonds were sold at 40?—A. In 1880.

Q. Are you sure it was after the consolidation or before?—A. This was before the consolidation, the sale of these bonds.

Q. The consolidation was in January, 1880?—A. Yes, sir.

Q. How long before the consolidation?—A. I was in California in 1879; in 1878 I had $100,000 of the firsts of Saint Joseph and Denver bonds in my safe, and $150,000, to the best of my recollection, of the seconds, and 2,000 shares of the stock, from a gentleman by the name of John Haar, upon which I had advanced him $9,000. He came to me in the spring of 1878 and offered the whole of those securities if I would give him $1,000.

Q. What was the par of the stocks that you refer to; how many bonds?—A. $100,000 firsts and $150,000 seconds.

Q. And the stock was thrown in?—A. No; I had lent him $9,000 on the whole of it. There was over 1,000 shares of stock.

KANSAS AND NEBRASKA ROAD.

Q. What is the Kansas and Nebraska road?—A. It is the western extension of the Saint Joseph and Denver City; the old Saint Joseph and Denver road.

Q. What were the bonds of the Kansas and Nebraska worth at the same time?—A. They were about the same; they were a little lower. The eastern division was considered the most valuable.

Q. Do you know who built that road?—A. Tanner & Co. were the financial agents and promoters of the road. That caused them to fail.

Q. Who was the president of the road?—A. I do not remember now. I did not bring any memorandum with me.

Q. Can you state what the value of these bonds was in January, 1880, just before the consolidation?—A. Not exceeding 40 cents on the dollar.

SAINT JOSEPH BRIDGE BONDS.

Q. Now, in regard to the Saint Joseph Bridge bonds: Do you know anything about these?—A. That bridge was built after the purchase of the majority of these bonds and stocks of the Saint Joseph and Denver and the Kansas and Nebraska. It ended nowheres; and, in order to make it valuable, this extension was built to Grand Island, and the bridge across. That was built with moneys furnished by Mr. Gould and his friends.

Q. Do you know anything of the value of the bonds?—A. They never were marketed.

Q. Do you know anything of the stock of the Saint Joseph Bridge?—A. No; they never were marketed.

Q. It was all held by one person?—A. All held by one person.

HASTINGS AND GRAND ISLAND ROAD.

Q. What is the name of that extension?—A. The Hastings and Grand Island.

Q. From what point to what point was this?—A. Grand Island is on the Union Pacific road. The promoters and getters-up and builders of these roads all failed. They all went into bankruptcy, and there was a road overgrown with grass and everything going to pieces. They came to me and offered an immense amount of money to furnish them with rolling stock, and I was afraid of it.

Q. Why were you afraid to furnish rolling stock for money?—A. Not for the amount of money, exactly. It was for me to advance the money and take trust bond. They paid me for some receipts—I think 10 per cent. per annum on some receiver certificates issued by Mr. Dillon.

Q. Was this Hastings and Grand Island a part of the Saint Joseph and Denver scheme?—A. Yes, sir. That is, subsequently, after acquiring the bonds and securities of the Saint Joseph and Denver and Kansas and Nebraska.

Q. After these two were put together?—A. Yes, sir. After they got them into their possession, in order to make it valuable they built that extension and the bridge. The parties did.

Q. Was this road then in the hands of a receiver?—A. Yes, sir.

Q. Who was the receiver?

The WITNESS. Mr. Dillon was the receiver.

Mr. JOHN F. DILLON. Was it not William Bond?

The WITNESS. Yes, sir. He was formerly president.

Q. Is there a map here from which you can show me where those extensions were?—A. I think it was 24 miles which they built to Grand Island.

Mr. JOHN F. DILLON. It is the present line from Saint Joseph, over this bridge to Hastings, and from Hastings to Grand Island, on the Union Pacific. It is the present Saint Joseph and Grand Island Railroad. Saint Joseph is on the Missouri side of the Missouri River. That bridge crosses the Missouri River and connects Saint Joseph with the road.

Commissioner LITTLER. Where is Hastings?

Mr. JOHN F. DILLON. *That* is Hastings where it ended. Now, what is called the Hastings and Grand Island road is a road 24 miles long that connects it with the Union Pacific at the town of Grand Island.

SAINT JOSEPH AND GRAND ISLAND ROAD.

The WITNESS. We were never able to get any interest. There never was a coupon paid of the Saint Joseph and Denver or Kansas and Nebraska. Even after it came into the hands of the Union Pacific there never was anything paid, until James Benedict, the president of the Saint Joseph and Grand Island went to work.

Q. You call it the Saint Joseph and Grand Island?—A. It is called now the Saint Joseph and Grand Island. The entire system; it was formerly the Saint Joseph and Denver, Eastern Division, Kansas and Nebraska.

Q. Its present name is Saint Joseph and Grand Island?—A. Saint Joseph and Grand Island.

Q. In what year was it that the road was in the condition you have described it as being grown over with grass and in disuse?—A. In the spring and winter of 1878. In the early part of 1878.

Q. Was the road subsequently taken up and developed before the consolidation?—A. No.

Q. What was the condition of the road in January, 1880?—A. In 1880 it had improved considerably.

Q. Was it running regularly?—A. The lands had been disposed of, sold. If you will allow me, I will show you the different conditions of the lands and properties along the line between the spring of 1878 and the spring of 1884. In 1878, in the spring, for $10,000 there was purchased by an officer of a bank in Wall street, I think, 12,000 acres of land, one quarter-section of which, I was told, was sold for $50,000. It is something fabulous the way property has increased along the line within two years or more.

Q. Was Mr. Bond still in possession of that road as receiver in January, 1880?—A. I cannot remember dates.

KANSAS CENTRAL ROAD.

Q. Do you know anything of the Kansas Central bonds?—A. To the best of my recollection, they were of no value. Never had any value. I refused to buy them. They were not considered of any value here, and were not quoted on the stock exchange, neither the miscellaneous stock exchange nor any other exchange.

Q. Do you know what that road was?—A. I do not know; a sort of an abandoned corduroy road. I do not know whether it was a narrow gauge or standard, but it was not known in financial circles at all.

Q. Where did it begin?—A. I give it up. I do not know. I remember that I kept aloof from it and would not touch it. I was invited to go into a pool, but I did not go.

Q. For all you know it may have been a steel railroad, superbly built with double tracks. Do you know anything about it?—A. I do not. I know nothing in its favor. I think everybody who deals in bonds will say the same.

Q. Can you refer me to any other persons in the city of New York who are good judges of what the value of these different securities were in January, 1880?—A. Yes, sir; John H. Haar.

Q. What is his address?—A. Raven & Co., in the Continental building on Broadway.

Q. Any one else?—A. Yes, sir; George Arents, of Arents & Young, in the Drexel building.

INVITED TO JOIN A POOL.

By the CHAIRMAN:

Q. You stated that you were invited to go into a pool and that you declined. What pool was that?—A. That was a pool to sell the Kansas and Nebraska and Saint Joseph and Denver bonds to Mr. Gould.

Q. Who was in that pool?—A. The directors principally of the roads.

Q. Of what road?—A. The Saint Joseph and Denver. Mr. Butterworth was the gentleman that invited me—in the presence also of one gentleman I named, Mr. Haar.

Q. Do you recollect the names of the directors?—A. No; I do not. The names are on record.

By Mr. JOHN F. DILLON:

Q. I want to ask him a question as to dates. What was the original title of this road you speak of between Saint Joseph and Hastings?—A. Saint Joseph and Denver, Eastern and Western Division.

Q. The Saint Joseph and Denver City was the first name, was it not?—A. It may have been Denver City. The Saint Joseph and Denver, Eastern and Western Division. That is my recollection.

Q. That was the original road, the Saint Joseph and Denver?—A. Yes, sir.

Q. That road had a land grant?—A. No; I beg pardon. The land grant was only to the Kansas and Nebraska.

Q. Are you sure of that?—A. I am pretty positive of that; that the eastern division had no land at all.

Q. If you should look at the acts of Congress and find that a large grant was for the Saint Joseph and Denver City, without any Kansas and Nebraska, you would think you were mistaken, would you not?—A. The scrip was given out. I handled the scrip.

Q. Do you know whether the land grant was to the original road or not?—A. To the best of my memory it was to the original road.

Q. And that was the Saint Joseph and Denver?—A. Yes, sir.

Q. Do you know when the foreclosure of that road occurred; what year; these are important here now?—A. Yes, I think it was in 1877, if my memory is right. That is as well as I can remember.

Q. You said you were asked to go into a pool for the sale or purchase of the Saint Joseph and Denver City bonds? A. No; for the sale of my bonds.

Q. Bonds on what?—A. I held the Eastern Division of Saint Joseph and Denver.

Q. The Saint Joseph and Denver City?—A. Yes, sir; Saint Joseph and Denver.

Q. And the pool was to sell your bonds in that?—A. I was asked to come in and to put my bonds in with the rest.

Q. What road issued those bonds?

The WITNESS. The bonds that I had?

Mr. JOHN F. DILLON. Yes, sir; the bonds that you were asked to go into a pool and sell.

The WITNESS. That was after the foreclosure sale.

Q. You never had any bonds?—A. Oh, yes; I had before the foreclosure sale, because I paid my assessment.

Q. You had bonds of the original Saint Joseph and Denver?—A. Yes, sir.

Q. You foreclosed that?—A. Yes, sir; it was foreclosed.

Q. That was in 1877?—A. I think so.

Q. About 1877?—A. I think so.

Q. Then it was reorganized?—A. Yes, sir.

Mr. HOLMES. The record says 1875.

The WITNESS. Possibly, I cannot remember dates so well. Perhaps, if I were to look at my books I could tell you.

A. Assume that it was 1875 that it was sold, do you recollect how it was reorganized?—A. It was reorganized—I paid 6 per cent. on the bonds, for which I got stock.

Q. It was reorganized into two companies?—A. Yes, sir.

Q. Do you recollect the names of those companies?—A. It was the Saint Joseph and Denver City and the Kansas and Nebraska.

Q. Are you not mistaken about that?—A. I may be. I cannot remember exactly.

Q. Was one not known as the Saint Joseph and Pacific?—A. Possibly. I think so. I think I should stand corrected there.

Q. The other, Kansas and Nebraska?—A. Yes, sir.

Q. And that was done in 1876, was it not?—A. 1876 or 1877; I am not sure which.

Q. You had the bonds from the beginning in those two roads?—A. I had.

Q. You got them on the reorganization?—A. No; I did not have them on both roads. I only had the Eastern Division; Saint Joseph and Denver, Eastern Division. I never handled any bonds of the Western Division at all.

Mr. JOHN F. DILLON. I think the original mortgage was on the whole road, and you must have got them?

The WITNESS. I beg pardon; no, sir; I had bonds of the Eastern Division.

Commissioner ANDERSON. The practical question here is the value of these securities in January, 1880; we are not interested in this gentleman's private affairs.

Mr. JOHN F. DILLON. He has got the dates wrong.

The WITNESS. I do not pretend to be accurate about the dates.

By Mr. JOHN F. DILLON:

Q. What became of these two roads; were they not consolidated?—A. They were consolidated under the Saint Joseph and Grand Island.

Q. No, were they not consolidated under the name of the Saint Joseph and Western?—A. I never changed my bonds.

Q. You do not know about that, then?—A. I paid 6 per cent., and that was an assessment after the foreclosure.

Q. What did you do with your bonds eventually?—A. I held them until last fall.

Q. You went into the second foreclosure, did you not?—A. Yes, sir.

Q. And the company was reorganized?—A. Into the Saint Joseph and Grand Island.

Q. You had Kansas and Pacific bonds?—A. No.

Q. What did you have?—A. I had Saint Joseph and Pacific.

Q. Those bonds were worth what in 1877?—A. They were offered to me in the early part of 1878, say, at about 10 cents on the dollar.

Q. What were they worth in 1879?—A. In 1879 they were worth, I think it was 35 cents, and Mr. Elijah Smith was offered a large batch from Boston; he wanted them for the Burlington and Quincy, I think. They were offered at 29 in Mr. Haar's office; I was present.

Q. What year was that?—A. I am not sure whether it was the latter part of 1878 or 1879.

Q. Do you know whether those were on the market here on the stock list?—A. No, sir; they were dealt in on the "street."

Q. Do you know and can you testify to any sale of those bonds in January, 1880?—A. I had a transaction with them; I think it was 1881 that I sold some at 85.

Q. At 85 in 1881?—A. Yes, sir.

Q. I ask you again if you know of any transactions in these bonds in January, 1880?—A. I do not remember the dates; but I think it was about that time they were selling at 40.

Q. Will you swear to that?—A. No; I will not.

Q. Will you swear that there were any sales at 40, or in that vicinity, in January, 1884?—A. I will not.

Mr. JOHN F. DILLON. That is all.

The WITNESS. Not until I refresh my memory.

The CHAIRMAN. Have you any other information for the Commission?

The WITNESS. There is nothing.

A. S. ROSENBAUM.

Commissioner ANDERSON. Mr. Andrews, do you desire, in connection with Mr. Rosenbaum, to state to us what ground of complaint there

was in regard to the abstraction or diversion of some securities of a mortgage in which he was interested as a bondholder?

Mr. ANDREWS. No, sir; I have no desire to make any statement whatever.

Commissioner ANDERSON. Have you any knowledge on the subject that will shed light on the bonds?

Mr. ANDREWS. I know very little about this matter. I think I can shed very little light on it for the Commission.

The CHAIRMAN. Have you any information?

Mr. ANDREWS. In regard to what matter?

Commissioner ANDERSON. In regard to certain securities having been taken out of a mortgage in which your client was interested as a bondholder, so that his security was thereby lessened.

Mr. ANDREWS. The only information I have was as counsel in a suit that was instituted.

Commissioner ANDERSON: Does that bear upon the bonds?

Mr. ANDREWS. Yes, sir.

Commissioner ANDERSON. I think you had better be sworn.

No. 10 WALL STREET, NEW YORK,
Friday, May 6, 1887.

EDWARD L. ANDREWS, being duly sworn and examined, testified as follows:

Examined by Commissioner ANDERSON:

Question. What precise mortgage was it that Mr. Rosenbaum was interested in? The income bonds of 1866?—Answer. Yes, sir.

Q. Was anything done by the Kansas Pacific, or its officers, to your knowledge, which decreased the security held by the trustees named in that mortgage?—A. No; I do not know of anything.

PROVISIONS OF CONSOLIDATED MORTGAGE.

Q. How did the security in which your client was interested become lessened?—A. The provision of the consolidated mortgage is to the effect that the consolidated bonds are exchangeable for income bonds, and that is how the income-mortgage holders became related to the consolidated mortgage.

Q. Then the decrease of security was effected in the securities held under the consolidated mortgage, and thereby affected the holders of income bonds?—A. Yes, sir; that was it.

Q. What action was taken in regard to the securities held under the consolidated mortgage to which you desire to call our attention?—A. As I said, I do not desire to call the attention of the Commission to anything; I am not a volunteer witness.

Commissioner ANDERSON: Your client has written me a letter, saying that he does, and has referred us to you.

HISTORY OF ROSENBAUM SUIT.

The WITNESS. There was a suit instituted by holders of consolidated bonds for the restitution of some securities that had been taken from the trust of that mortgage; I suppose that is what you refer to.

Commissioner ANDERSON. I suppose so; that Denver and Pacific stock, I presume.

The WITNESS. Yes, sir.

Q. Was the complaint served in that suit?—A. No; there was a summons issued; no complaint was served.

Q. Was a complaint prepared?—A. No, sir.

Q. Do you know anything of the facts which resulted in the withdrawal of the Denver stock from the funds which were held by the trustees, of which your client did complain at the time?—A. The only knowledge I had was derived from the submission to me of the record in the suit instituted by the Kansas and Pacific Company against the trustees of the consolidated mortgage; it was on that that I based the proceedings on behalf of my client.

Q. Who was the attorney who brought that suit?

The WITNESS. In the suit brought by the Kansas Pacific Company?

Commissioner ANDERSON. Against the trustees?

A. That is the suit that has been referred to here to-day.

Commissioner ANDERSON. That was not to obtain restitution; that was the suit under which the stock was taken away.

The WITNESS. I say it was that record that furnished me the basis of the proceeding that I did institute.

Commissioner ANDERSON. The facts you know, then, are the same facts we knew, when we had the record before us?

The WITNESS. That is all.

Q. Do you know anything in addition to that, that you subsequently discovered from Mr. Sage or any one else?—A. No; because there was nothing done in that suit, except to get an order to show cause why the defendant should not be examined before trial.

EDWARD L. ANDREWS.

The Commission then adjourned to Saturday, May 7, 1887, at 10 a. m.

No. 10 WALL STREET, NEW YORK,
Tuesday, May 10, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

WILLIAM BOND, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. I have been connected with railroads. I have no occupation at present.

Q. Do you reside in the city of New York?—A. In the winter.

PRESIDENT AND RECEIVER OF SAINT JOSEPH AND DENVER ROADS.

Q. What connection have you had, if any, with the Saint Joseph and Denver Railroad?—A. I was president of the railroad in the latter part of 1873. I was appointed receiver of the road by Judge Miller, of the Supreme Court of the United States, in May or June, 1874, and continued as receiver until some time in 1879, I think.

Q. Please give us the statements of the changes and reorganizations of that road. In 1879 what became of it?—A. I am not so good at dates. I made a memorandum of the date when it was sold. It was reorganized in March, 1877, by the foreclosure of the separate divisions

of the Saint Joseph and Denver City Railway, Eastern and Western Divisions.

Q. What was the point of division on the road?—A. Marysville. The Eastern Division was 112 miles, and the Western Division 115 miles.

NAMES OF REORGANIZED ROADS.

Q. Under what name, then, were the two divisions known after the reorganization?—A. The Eastern Division was known as the Saint Joseph and Pacific Road. The Western Division was known as the Kansas and Nebraska road. Separate mortgages were executed on the divisions in the reorganization, and they were afterwards consolidated under the name of the Saint Joseph and Western.

Q. Do you know the amount of the bonds that were issued on these two divisions after the reorganization?—A. One million nine hundred thousand dollars on each division of first-mortgage bonds; $1,200,000 seconds on each division; making $3,800,000 firsts, and $2,400,000 seconds; $3,300,000 stock.

Q. This I understand occurred in 1877?—A. Eighteen hundred and seventy-seven.

HISTORY OF SAINT JOSEPH AND WESTERN.

Q. Do I understand that the reorganization of the whole road as the Saint Joseph and Western occurred at the same time, or later on?—A. Later on.

Q. How was that effected?—A. The consolidation of the stock of the Kansas and Nebraska and the Saint Joseph and Pacific.

Q. Did those two companies that you have named, the Saint Joseph and Pacific and the Kansas and Nebraska, have separate organizations?—A. They had.

Q. And separate presidents and boards of directors?—A. The same president and separate directors, to a certain extent.

Q. Who was the president?—A. I was.

Q. Then when were they consolidated?—A. I do not recollect the date. It was shortly after they were organized. It was all practically one arrangement.

Q. Were they consolidated before the consolidation of the Kansas Pacific and the Union Pacific?—A. I do not know when that was.

Commissioner ANDERSON. In January, 1880.

The WITNESS. Yes, sir.

Q. Who became the president of the Saint Joseph and Western?—A. I did.

Q. Who formed its board of directors? Substantially the same persons that were in the divisions?—A. Yes, sir; those who were in the divisions.

Q. What was the next step in the history of that road?—A. The next step after what?

LEASED TO UNION PACIFIC.

Q. After the reorganization of the Saint Joseph and Western; what became of the road?—A. It was transferred from the receiver of the Saint Joseph and Denver City to the corporation, the Saint Joseph and Western Railway Company; then subsequently to that it was leased to the Union Pacific Railway Company, under an operating lease.

Q. What was the date of that lease?—A. It was in June, 1879

Q. How long did the Union Pacific operate it under that lease?—A. It operated it until it was foreclosed again in 1884, I think it was. That was long after I had anything to do with it.

Q. When did you cease to have personal connection with it?—A. The year after it was transferred to the Union Pacific.

Q. That was in 1880.—A. In 1880.

FORECLOSURE AND REORGANIZATION INTO SAINT JOSEPH AND GRAND ISLAND.

Q. So that we may understand its whole history, please tell us, if you know, what became of it in the foreclosure in 1883 and 1884.—A. It was foreclosed in 1883 and 1884, and a very successful and skillful reorganization was made by Mr. James H. Benedict, under the name of the Saint Joseph and Grand Island Road.

Q. Do you know the bonded indebtedness, as it stands, of the Saint Joseph and Grand Island?—A. Seven million dollars.

Q. First mortgage?—A. First mortgage.

Q. How much second mortgage?—A. My impression is, it was $1,600,000.

Q. One million eight hundred thousand dollars, was it not?—A. It may be $1,600,000 or $1,800,000.

Q. How much stock?—A. I do not know. The reorganization included certain property that did not belong to the original Saint Joseph and Western Railroad.

Q. What property is that?—A. It included the Hastings and Grand Island Road, and Saint Joseph Bridge.

Q. Will you please explain exactly where this road commences and its route, and where it ends and the number of miles.

The WITNESS. Do you mean the present road?

LOCATION AND LENGTH OF THE BRANCHES.

Commissioner ANDERSON. Describe the road as it was when known as the Saint Joseph and Denver.

A. The Saint Joseph and Denver commenced at Elwood, in Kansas.

Q. On the Missouri River?—A. On the Missouri River.

Q. Which bank?—A. The west bank.

Q. That is opposite what point on the east side?—A. Opposite Saint Joseph.

Q. And from there?—A. It ran to Hastings, Nebr., 227 miles.

Q. Give us the location of each of these separate branches into which it was divided?—A. From Elwood to Marysville, 112 miles was one branch; and from Marysville to Hastings, 115 miles, was another branch.

Q. Was Marysville on the Nebraska frontier?—A. No; it is in Kansas.

Q. Substantially one branch was in Nebraska and the other branch was in Kansas?—A. Yes, sir; substantially, although it was not as a matter of fact.

Q. What is the branch that you refer to as the Hastings and Grand Island?—A. To enable them to connect with the Union Pacific Railway.

Q. That extended from Hastings to Grand Island on the Union Pacific?—A. Yes, sir.

Q. What is the distance?—A. Twenty-five miles; about that; within a mile or two of that distance.

Q. During the years you were receiver of this property, was this property personally visited by you and inspected?—A. It was, nearly every month.

Q. So that you are quite familiar with its general construction?—A. Reasonably so at the time, yes, sir.

Q. I refer to its condition at that time; was it a single track road?—A. Yes, sir; it was.

Q. Was it laid with iron or steel?—A. Iron.

Q. Do you remember the weight?—A. It was 56 pounds.

Q. Can you give us a general description of its structure at that time?—A. It was fairly well constructed.

Q. Were the trestles iron or wooden?—A. Wooden.

Q. What are the principal towns that it passed through?—A. Hiawatha, Marysville, Hanover, Fairbury, and Hastings. Seneca was another large town.

Q. What was the general character of the traffic done on the road in 1877 and 1878?—A. Agriculture from the road, and returns from agricultural products on the road.

Q. More freight than passenger, as to traffic?—A. Yes, sir.

RECEIVER'S REPORTS OF EARNINGS AND OPERATING EXPENSES.

Q. Did you, as receiver, make up the reports of the earnings and operating expenses?—A. They were made up every three months, and filed in the circuit court of the United States at Topeka and Omaha.

Q. Are those reports in print?—A. They were printed annually.

Q. Have you any copies in your possession?—A. I do not know whether I have or not. I will look for some; if there are any they are in a storehouse. The substance of them is in Poor's Manual each year.

Q. Is the report in Poor's Manual accurate?—A. I assume it to be so.

Q. You have seen it?—A. I have no doubt of it; I saw them at the time; I did not verify them; of course they were made up from the printed reports of the receiver. Poor's Manual of 1878.

Q. Can you state in general terms what the gross yearly earnings were, and the operating expenses in 1878?—A. I do not carry figures in my head.

Q. Do you remember whether the road earned anything above its operating expenses in 1878?—A. Whatever was earned above its operating expenses from the time the receiver took possession until his discharge was expended upon the road in the form of betterments and improvements and additions to the rolling stock.

Q. Was anything paid by way of interest on the coupons of the Saint Joseph and Denver?—A. None whatever; the road was turned over with a small amount of receiver's certificates due at the time.

Q. Was anything paid on the bonds of the Kansas and Nebraska, or of the Saint Joseph and Pacific?—A. No, sir.

Q. Up to what time?—A. Never.

Q. What became of those bonds? Were they merged into the Saint Joseph and Western?—A. No; the bonds were merged into the Saint Joseph and Grand Island.

Q. Was nothing ever paid on the bonds of the Saint Joseph and Western?—A. Never. The Saint Joseph and Western was a corporation which changed stock and assumed the mortgages; executed no

mortgages of its own; assumed the underlying mortgages of the subordinate companies.

Q. If I understand you right, no interest was paid on the bonded indebtedness of this company, or of its branches, until after the reorganization as the Saint Joseph and Grand Island?—A. No, sir.

Q. That is correct, is it?—A. That is correct.

Q. Since the reorganization as the Saint Joseph and Grand Island the interest has been paid, has it not?—A. I presume so. It has been advertised.

Q. Do you know those bonds?—A. I have seen them.

Q. Are they guaranteed by the Union Pacific?—A. The interest is guaranteed.

Q. It is since that guarantee that the interest has been paid?—A. Yes. The interest was guaranteed by a traffic contract.

VALUE OF BONDS OF KANSAS AND NEBRASKA OR SAINT JOSEPH AND PACIFIC.

Q. Did you, in 1878 or 1879, have any dealings in the bonds of the Kansas and Nebraska or the Saint Joseph and Pacific?—A. No, sir; I had no dealings in bonds or stock, except stock enough to qualify me as director.

Q. Have you any knowledge of the value of those bonds in 1878?—A. They ranged from the time they became merchantable at all from 25 to 40 cents on the dollar.

Q. Do you remember any change in the quotation of those bonds shortly before the consolidation between the Union Pacific and the Kansas Pacific, which occurred in January, 1880?—A. I do not recollect any by date. I know the bonds advanced very rapidly during 1880 or 1881; all the securities of the road.

Q. Was Mr. Jay Gould a director of the road?—A. He was of the Saint Joseph and Western.

Q. Did you confer with him in regard to the administration of the road at the time?—A. The road was transferred to the Union Pacific road. Under orders of the executive committee of the Saint Joseph and Western road it was transferred to the charge of the Union Pacific, and Mr. Clark, the manager of the Union Pacific, assumed the direct control of the road.

Q. My question was whether you conferred with Mr. Jay Gould personally about it about that time?

The WITNESS. Conferred with him in reference to the operation of the road?

Commissioner ANDERSON. In reference to its transfer to the Union Pacific?

A. Certainly I did.

JAY GOULD LARGELY INTERESTED.

Q. Did you know at that time that he was a large holder of its securities?—A. Yes, sir.

Q. Did he make any statements to you as to the manner in which he had acquired these securities, or their amounts?—A. No.

Q. Did you know from whom he acquired them?—A. I knew from whom he acquired a large line of them; quite a number of them.

Q. From whom did he acquire the large line that you refer to?—A. He acquired them from the Warehouse and Security Company, from the

Guarantee and Indemnity Company, from the Commercial Warehouse Company, from Mr. Hezra A. Johnson, Mr. Henry H. Butterworth, Mr. George J. Forrest, and some others that I do not remember. I presume there were others.

Q. Do you know when he acquired these bonds?—A. I do not know the precise dates; some time in 1879.

Q. Did he ever state the price at which he acquired them?—A. They were transferred at about 40 cents on the dollar; that is, by these gentlemen. The price was fixed at about 40 cents on the dollar, at which they were taken.

Q. Was there any distinction in the value of Saint Joseph and Pacific, as compared with the value of Kansas and Nebraska?—A. None that I am aware of.

SAINT JOSEPH BRIDGE.

Q. They were substantially of the same value?—A. Yes, sir.

Q. What was the Saint Joseph bridge?—A. The Saint Joseph bridge was a bridge authorized by the Government, running from Saint Joseph to Elwood in Kansas, to which the city of Saint Joseph subscribed $500,000 in stock, and paid in the money, and they mortgaged the bridge for $800,000 and spent the whole $1,300,000, or the proceeds of the bonds and subscriptions of stock, in the construction of the bridge. There was a sinking fund that retired $16,000 of the bonds during the time I knew about it.

Q. Was that bridge used in connection with the Saint Joseph and Denver Railroad?—A. It was independent, but it was used in connection with it.

Q. The trains ran across the bridge?—A. Yes, sir; the trains started from Saint Joseph.

Q. Was the main depot in Saint Joseph?—A. Yes, sir.

Q. Were the terminal facilities owned by the railroad in Saint Joseph?—A. They were very meager there. Their machine-shops were in Elwood, Kans. They had no chartered rights in Missouri.

Q. When was this bridge built?—A. 1872 or 1873.

Q. Was there stock of the company that built the bridge also?—A. The stock was issued for the amount of the city's subscription. The city paid $500,000 cash as their subscription, and received $500,000 in stock of the company for the cash.

Q. What was the condition of that bridge in 1879?—A. Good condition.

Q. Do you know whether the interest on the bonds was regularly paid?—A. I think it was. They would not have applied it on the sinking fund if they had not been. There was a sinking fund upon which $16,000 had been applied, or had been paid towards the sinking fund.

Q. To retire what?—A. To retire the $800,000 mortgage.

Q. Do you know anything about the market value of those bridge bonds in 1879?—A. No, I do not. They were not on the market.

Q. What rate of interest did they bear?—A. My impression is 7 per cent.; but I will not be positive about it.

Q. Did you know at that time, in 1876, that Mr. Gould held $784,000 of these bonds?—A. No; I did not.

Q. You know nothing about how he got that?—A. I knew nothing about his arrangements in regard to the bridge.

Q. Did you know that he held 4,000 shares of the stock?—A. It was rumored so; but I did not know that. We had nothing to do with the bridge, except to pay tolls.

Q. Do you know anything about the value of the Saint Joseph bridge stock in 1879?—A. Only what it cost the bridge company.

Q. Do you know whether dividends were paid on it at that time?—A. I do not think they were.

HASTINGS AND GRAND ISLAND ROAD.

Q. Was the Hastings and Grand Island end of the road built substantially as the rest of the road?—A. Yes, sir.

Q. Was that constructed originally as a separate corporation?—A. I think it was.

Q. Do you remember what its account in stock and bonds was?—A. Three hundred and seventy-five thousand dollars in stock, and $15,000 a mile in bonds, and an equivalent amount in stock. That is my impression about it. It was 25 miles, and $15,000 a mile in bonds.

Q. When was that end of the road built?—A. In 1879.

Q. By whom was it built?—A. By the Hastings and Grand Island Railroad Company.

Q. Was it built after the lease to the Union Pacific was made?—A. I think it was; yes, sir. Yes, sir; it was.

Q. It was built in connection with the Union Pacific?—A. It was built by the Saint Joseph and Denver Western road, to obtain its own access to the Union Pacific road. Previous to that time it had to go over 40 miles of the Chicago, Burlington and Quincy, or else it could not connect with the Union Pacific.

Q. Did you know at this time, in 1879, that Mr. Gould held $375,000 of the bonds of the Hastings and Grand Island?

The WITNESS. They had no existence. What time do you mean?

Commissioner ANDERSON. At the end of 1879.

A. They were issued for building the road by the Hastings and Grand Island corporation.

Q. Do you know when they were issued?—A. I do not.

Q. It was built in 1879, you say?—A. That is my impression. My impression is, that as soon as they got possession of the road, in 1879, which is a question of ascertainment of dates, they immediately made a contract with the Hastings and Grand Island road to get to the Union Pacific road by its own line.

Commissioner ANDERSON. It appears $375,000 of these bonds were transferred in January, 1880, to the Kansas Pacific Company, or to the Consolidated Company, and, therefore, they appear to have been in existence in January, 1880.

The WITNESS. Yes, sir; I think the road was built in the summer and autumn of 1879.

Q. Who was the president of that road in 1879, when it first organized?

The WITNESS. The Hastings and Grand Island?

Commissioner ANDERSON. Yes.

A. I am not certain. I think it was Mr. Clark.

Q. Who were the directors of the Hastings and Grand Island road?—A. I do not remember.

Q. You do not remember any of them?—A. I think I was one of them, myself.

Q. You say these bonds were issued and delivered in payment of the construction account?—A. Yes, sir.

Q. How about the stock?—A. I do not know. I think there was an exhaustive contract, as they called it, made to construct the road for the stock and bonds. The road was constructed under that contract.

Q. From your knowledge of that class of railroads, what, in your judgment, would have been the fair cash cost of building that road at that time, from Hastings to Grand Island, per mile?—A. The cash cost of the railway proper would have been $10,000 to $12,000, perhaps; but there was an extensive mileage of bridge on the Platte River to connect with South Platte, and I do not know what that did cost.

Q. You stated that you did not know whether Mr. Gould had any of those securities, or how he got them?—A. I have no knowledge about it at all. I practically ceased to have any interest in the road after it was transferred to the Union Pacific road, although I was nominally president and director.

Q. Do you know who had the construction contract?—A. I do not. It was built under the general direction of the superintendent of the Saint Joseph and Western Railroad and the manager of the Union Pacific road.

Q. Do you know anything of the Kansas Central Railroad?—A. I do not.

Q. Do you know where it is located?—A. Not precisely.

Q. You know nothing about the value of its securities?—A. No, sir.

Commissioner ANDERSON. That is all I want to ask you.

The WITNESS. The detailed statements of the earnings and expenses of the road can be found on file in the circuit court at Topeka and Omaha. I have no doubt of the substantial accuracy of Poor's Manual, which I have examined, at page 910, of 1879.

No. 10 WALL STREET, NEW YORK,
Tuesday, May 10, 1887.

GEORGE ARENTS, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your business?—Answer. Broker in Wall street.

Q. How long have you been in Wall street?—A. Seventeen years, about.

Q. Where was your office in 1879 and 1880?—A. At No. 9 New street.

Q. In what line of securities do you mostly deal?—A. Bonds and stocks.

CONCERNING MARKET VALUE OF WESTERN RAILROAD SECURITIES.

Q. Were you familiar in 1879 and 1880 with those Western railroad bonds and stocks?—A. Yes, sir.

Q. And dealt in them occasionally?—A. Oh; yes, sir.

Q. Do you know the bonds of the corporation known as the Kansas and Nebraska and Saint Joseph and Pacific?—A. Yes, sir.

Q. Did you know the Saint Joseph and Pacific?—A. The Saint Joseph and Pacific?—Yes, sir; and Kansas and Nebraska.

Q. Those were divisional bonds?—A. Divisional bonds.

Q. And the Saint Joseph and Western represented the whole road?—A. They did.

Q. Did you buy and sell those bonds in 1878 and 1879?—A. Yes, sir.

Q. To what extent were they dealt in in the market?—A. In 1878 they were all moderately dealt in. In 1879, they became more active.

Q. Were they listed on the Stock Exchange?—A. No, sir.

Q. Were you in the habit of examining the quotations of those bonds as contained in the Financial Chronicle and other such papers?—A. Yes, sir.

Q. Do you know whether those reports are substantially accurate?—A. Yes; I think so, sir.

Q. Will your books show records of transactions in these securities in 1878 and 1879?—A. I think they will.

Q. Can you furnish us with the rates at which these securities were sold in each separate month, from the first of July, 1878, to the first of February, 1880?—A. So far as we dealt in them, I could. But some months we might not have had a transaction, and in other months we might have dealt in thousands of them.

Q. I presume you have no present recollection of the prices as distributed in the different months?—A. No, sir; not without referring to my books. I can give you a general idea. I think the bonds in 1878 sold as low as 23 cents.

Q. That is the Kansas and Nebraska, and Saint Joseph and Pacific?—A. Yes, sir; and afterwards there was a movement in them and they advanced to as high as 62 cents. There was very little difference between the two issues. Sometimes the Saint Joseph and Pacific would sell 1 or 2 per cent. higher than the Kansas and Nebraska, and then again the Kansas and Nebraska would sell higher than the Saint Joseph and Pacific; but one is a good guide for the other.

Q. When was this that they rose to 62?—A. They rose to 62, if my recollection is right, in 1879. I think in the fall of 1879 they advanced very rapidly.

Q. Did they not get as high as 85 in November and December?—A. Not the seconds.

Commissioner ANDERSON. I am talking of the firsts.

The WITNESS. The firsts never sold as low, to my recollection. The principal bonds which we dealt in were the seconds, and not the firsts.

Q. Did you deal also in the firsts?—A. Only to a limited extent.

Q. Have all the prices you have given been applicable to the seconds?—A. All to the seconds; yes, sir.

Q. In regard to the firsts, what is your general recollection as to their price in 1878?—A. I think they sold from about 45 in 1878 up to about as high as 85 in 1879. They fluctuated with the seconds, but the transactions were not so great in the firsts as they were in the seconds.

Q. You have had a large experience in these transactions at the Exchange, I presume?—A. In the Stock Exchange; yes, sir. But these bonds were never on the Stock Exchange. They were looked upon as what we call an "outside" bond.

Q. Do you know what the total issue of the firsts was?—A. I could not give you the exact amount. I could refer to Poor's Manual there.

Q. The total issue was $1,800,000 for each branch?—A. That is correct.

Q. $3,600,000 for the two?—A. Yes, sir; that is it.

Q. Do you know how those bonds were held at the time; whether they were all held in a few hands or were they generally distributed?—A. At first they were held in a few hands, of course, but in whose hands they were I was not familiar.

Q. What do you mean by "at first"?—A. When they first came out they were in a few hands, but afterwards they became scattered.

Q. Do you remember what the first year was?—A. I think the first transaction we had in the bonds was in 1878.

Q. Can you get us what quotations you had of actual transactions, from your books?—A. I can; yes, sir.

Commissioner ANDERSON. If you are satisfied that the quotations in the Financial Chronicle are accurate, you will find them right behind you, and you can quote from them.

The WITNESS. This is 1879.

Commissioner ANDERSON. Perhaps it will save time if you will make up the list from your books and from the Financial Chronicle, and present it to us later.

A. I will do so, as far as I can.

Q. In regard to other securities, do you know anything relating to the Hastings and Grand Island bonds?—A. No; those bonds were never on the market. Not to our knowledge. I never saw one.

Q. You never dealt in those at all?—A. No; never dealt in them.

Q. Do you know anything of the Saint Joseph Bridge bonds or stock?—A. Those bonds were never on the market.

Q. Do you know anything of a corporation called the Kansas Central?—A. No; I do not.

Q. You never dealt in those securities at all?—A. I never did.

Commissioner ANDERSON. That is all.

The WITNESS. If I send you a list will that answer?

GEORGE ARENTS.

Mr. Arents subsequently submitted the following list of prices:

Months.	Securities.	Highest.	Lowest.
1870.			
May	Kansas and Nebraska, 2ds	$0 18	$0 17½
June	do	20½	19⅝
August	Saint Joseph and Pacific, 1sts	63½	62½
	Saint Joseph and Pacific, 2ds	28½	27½
September	Saint Joseph and Pacific, 1sts	83	72½
	Saint Joseph and Pacific, 2ds	43	34½
October	do	54½	42½
November	do	57	49
	Kansas and Nebraska, 1sts	79	75
	Kansas and Nebraska, 2ds	48½	44
December	Saint Joseph and Pacific, 2ds	57½	55
	Kansas and Nebraska, 2ds	50	46

The foregoing are the highest and lowest prices at which we purchased and sold the above-named bonds during the year 1879.

ARENTS & YOUNG.

No. 10 WALL STREET, NEW YORK,
Tuesday, May 10, 1887.

ARTEMAS H. HOLMES, being further examined, testified as follows:

MR. GOULD'S $1,000,000 DENVER PACIFIC STOCK.

By Commissioner ANDERSON:

Question. It appears from a statement you made that the $1,000,000 Denver Pacific stock was obtained by Mr. Gould from Arapahoe County. Do you know anything about the proceeding by which that

was obtained?—Answer. No, sir; I think it was by barter. My recollection is that it included also, partly, control of the Colorado Central stock.

Q. Do you remember the price paid for the Denver Pacific stock?—A. No, sir; I never knew.

Commissioner ANDERSON. I think you stated 10 cents on the dollar as being your recollection.

The WITNESS. That was as to other stock. I did not mean that to be the fact as to the acquisition from Arapahoe County. I am quite sure that was a parcel of two or three interests—Colorado Central, Arapahoe County stock, and some other matters, which together were bought for a considerable sum of money.

Q. Was not the sum of money for the whole of it that you have stated, $300,000?—A. That is my recollection. I do not know what the sum was; I never knew. That was only by investigations made after the fact.

Q. Did I understand you to state in your direct examination that you made personal investigation as to what had occurred in regard to the Denver Pacific stock after it was gone out of the trust, and that you found that it had been applied to the purchase of some branch roads?—A. Yes, sir.

CONCERNING THE RELEASED DENVER PACIFIC STOCK.

Q. When did you make that investigation?—A. It was about the time of the institution of the Rosenbaum suit. If I recollect, it was early in 1885, and I may have made some investigation or inquiry previous to that date, but I do not recollect it as to time.

Q. You remember what branch roads you found had been purchased with this stock?—A. I remember the Hastings and Grand Island and Saint Joseph and Western, and the Saint Joseph Bridge bonds. I am not sure whether that includes it all or not.

Commissioner ANDERSON. Nebraska and Kansas and the Saint Joseph Pacific is the same thing as the Saint Joseph and Western. I suppose you mean to refer to them?

The WITNESS. I presume so. I remember how it looked on the page of the book; there were a good many lines of description; I should think nearly a page. Kansas Central was included.

Q. What book was it you saw these figures in?—A. The book in the possession of Mr. Ham, at that time.

Q. Was it a book of a corporation or a book of Mr. Gould's?—A. It was not a book of Mr. Gould's. It was in the custody of Mr. Ham, who was also an officer, or connected with either the Kansas Pacific or the Union Pacific.

Q. Do you remember whether this book represented transactions of the Union Pacific or the Kansas Pacific?—A. That book represented, as I understand it, the transactions of the Kansas Pacific Company.

Q. This transaction, as you understand it, was a sale or exchange by the Kansas Pacific after it had acquired the title to the stock, for the securities to which you have referred?—A. That is my recollection, but whether the actual process of delivery took place at that time or later I am not sure. I am inclined to think it must have been later, for I do not believe the new stock certificates were ready for delivery immediately at the date of the consolidation.

Q. Did you ever examine to see by what authority of the Kansas Pacific corporation that exchange was made?—A. I did not.

Q. Did you ever examine to see by what authority, or by whose action, the exact terms or rates were fixed for that exchange by which the bonds were taken at par and at the other figures enumerated by Mr. Ham?—A. If you will permit me to explain, I will tell you why I do not know. Judge Dillon was the senior counsel here. I was his junior. He attended to all these corporate matters himself, and I was not always called in, and in this instance I was not. When I made my investigation it was for the purpose of acquainting myself with the reason, or learning from Mr. Ham whether there was any reason, why we should seek to defeat the Rosenbaum suit, or whether or not, when it was proper to do so, the transactions could stand the investigation of a litigation. I satisfied myself that there was no reason to be apprehensive upon that point by the statements of Mr. Ham and of others; and what I looked at was simply that statement of the transaction.

Q. Still, you had been counsel in the suit which had resulted in taking from the consolidated trust, of which Mr. Gould and Mr. Sage were trustees, these $3,000,000 of the Denver Pacific stock?—A. Yes, sir.

Q. You knew that the relief in that suit had been based upon proof that the securities so withdrawn were worth in no event over from $200,000 to $300,000?—A. While remaining in the trust, yes, sir.

Commissioner ANDERSON. No, if taken out of the trust and applied to the purposes to which it was intended to apply it.

The WITNESS. I did not know what that purpose was.

Q. You knew that, if so applied, Mr. Dillon had declared that that stock could not realize over $300,000?—A. Yes, sir; but I did not know to what he referred.

Q. The question I want to ask you is, when you found that the actual purpose to which it had been applied, and made that stock produce $3,400,000, did not that excite your curiosity?—A. Yes, sir.

Q. Did you discuss that any with Mr. Gould or Mr. Sage?—A. No, sir.

Q. Or with Mr. Dillon?—A. No, sir; not until sometime subsequently I think the time I refer to was in 1885, when I did discuss the matter with Mr. Gould and Mr. Sage and Mr. Dillon, but only to the effect as to whether or not there was any occasion for concealment of the actual transaction.

Q. It was in 1885 that you first ascertained that this had been done, as I understand it; that is, that these branch lines had been paid in in exchange for the stock?—A. No; I had a general knowledge of it. I acquired it, I cannot tell you how; but I never had investigated the fact up to that time.

Q. Then when you did investigate it, you say you did have some conversation with these gentlemen about the transaction?—A. Yes, sir; at that later date.

Q. With whom did you have that conversation?—A. With Mr. Gould. I think with Mr. Sage. I know I did with Mr. Ham.

Q. Will you tell us what you said to them? You were acting as counsel for them at the time, as I understand it.—A. I was acting for Mr. Gould and Mr. Sage, I think, on the occasion of the suit by Mr. Rosenbaum, based upon the ownership of the consolidated mortgage bonds.

Q. Were they parties personally to that suit?—A. Yes, sir.

Q. Do you know whether they have any objection to your repeating the statements you made to them in regard to this transaction as to the Denver Pacific?—A. I have not asked them. I have no instructions

from them on the subject. I prefer to be at liberty to ask them before answering further on that subject.

Commissioner ANDERSON. I suppose it is proper, under the circumstances, that he should ask his client in regard to it, without our committing ourselves to the question whether it is a privileged communication or not.

The CHAIRMAN. Does he make that claim as a right of counsel?

The WITNESS. I say I prefer to be at liberty to ask.

The CHAIRMAN. You make that claim, of course. That is the answer in the case. We want that information, unless you claim that

The WITNESS. Yes, sir.

By Commissioner ANDERSON:

Q. What knowledge have you of those securities? Did you ever own any of them?—A. No, sir; and I have no knowledge about it, really.

Q. And no knowledge of how they were acquired, or what Mr. Gould paid for them?—A. No, sir.

CONCERNING FORECLOSURE OF DENVER EXTENSION MORTGAGE.

By the CHAIRMAN:

Q. Are you familiar with a proceeding in the circuit court with reference to the suit of Adolphus Meier against the Pacific Company in 1878?—A. I think you mean by that the Denver extension foreclosure suit.

The CHAIRMAN. Just look at that book. This is the petition.

The WITNESS. That is it; yes, sir.

Q. What was that suit?—A. That was the foreclosure suit of the Denver extension mortgage begun in 1876, as to which I testified formerly.

Q. And continued up until when?—A. Until the 4th or 6th day of June, 1879.

Q. Under those proceedings there was an agreement entered into by which these roads that were claimed to be hostile were brought together. That is true, is it not?—A. No, not exactly.

The CHAIRMAN. Just read that petition, so that you can see. I call your attention to it.

The WITNESS. What was the date of that?

The CHAIRMAN. In 1878 the petition was made to the circuit court.

The WITNESS. This is the original petition upon the filing of the bill, I take it.

Q. Was not that an agreement entered into among the several railroad companies, the Kansas Pacific and the Union Pacific and the Colorado Central, for the purpose of making an arrangement by which they could run their freight and passengers upon better terms as to prices?—A. My recollection is—I do not connect this in point of time, for I do not see the date to the petition——

The CHAIRMAN. I call your attention to the date of the decree of the court, June, 1878. That is the court clerk's certificate to the decree of the court, Judge Foster, affirming the proceedings under the petition there.

The WITNESS. Yes, sir. At that time they had to come to some arrangement for the interchange of business between these companies; but that was long after the foreclosure suit was begun, although it was a proceeding in that suit.

Q. Was this near about the time of the pooling agreement, to which you were a party?—A. This was just subsequent to the uniting of the

various hostile interests into a common interest, under that pooling document of 1878.

THE POOL OF 1878.

Q. Then, if these proceedings in the court and the agreement brought about had secured the purposes for which the agreement was made, what was the necessity of the pool?—A. The pooling agreement came first, and then the Union Pacific party, who were also the Colorado Central party, having become largely interested in the securities of the Kansas Pacific road, were willing to take off the embargo that existed upon the interchange of freight.

Q. Then this proceeding grew out the agreement of April, 1878?—A. This petition was one of the results of making harmonious what had before been a quarrel, because the interests, the individual interests, of the various security holders of the Union Pacific and Kansas Pacific had become almost common.

Q. Then I understand the court proceedings simply carried into effect the individual pooling agreement?—A. No, not the pooling agreement. That was a separate matter.

Commissioner ANDERSON. The desires of the party to the pool?

The WITNESS. The desires of the parties; yes, sir. The agreement between the managers. But the receiver, I suppose, was not to have any such authority or power to enter into any such contract or pooling agreement without the authority of the court, for they might lose money by it. It was out of that new arrangement that flowed what I stated the other day—a complete raising of the embargo and an easy flow of business in every direction, which resulted in a great increase of the business to the Kansas Pacific and increased profits, to which was added, naturally, the increase of values of these securities.

By the CHAIRMAN:

Q. Then if you had accomplished it under the proceedings of the court virtually approving of it in 1878, what was the necessity of the consolidation of 1880?—A. Because that agreement was terminable at any time they chose. The general manager of the Union Pacific or the Colorado Central or the Kansas Pacific, for that matter, could have raised their hands, like one of those "walking delegates," and it would have stopped.

Q. What was your moneyed interest in the pooling agreement?—A. It states there. I have forgotten. My recollection is that others were represented by me, like an uncle, for example.

Q. Can you approximate about your total moneyed interests in the agreement at the time of its formation?—A. I cannot now state it.

Q. How long did you hold that interest?—A. I cannot say that.

Q. Did you hold it a year or six months or three months?—A. I remember receiving, on becoming the owner of, some of the consolidated mortgage bonds which were the results of that ownership.

Q. So that you held your interest up to the consolidation?—A. In securities other than stock; yes, sir. My distinct recollection is that the stock was distributed out of the pool and the proportionate interests reduced.

Q. What was the profit in money realized by you by reason of the change?—A. I cannot tell you now.

Q. Was there any profit?—A. Certainly.

Q. Was it 100 per cent. or 200 per cent.?—A. Oh, no; I do not think so.

Q. Three hundred per cent.?—A. No, sir.
Q. What was it; 50 per cent.?—A. I cannot tell you.

KANSAS PACIFIC STOCK IN THE POOL.

By Commissioner ANDERSON:

Q. You say the Kansas Pacific stock was taken out of the pool. Can you give us a little more information on that—how it came to be taken out of the pool and where it went?—A. I dare say I can, by going through some old papers in my office. But my best recollection is that it was decided by the parties in interest, that inasmuch as there was not going to be a foreclosure, and new Kansas Pacific stock, that the old Kansas Pacific stock should be withdrawn and given back to those who had contributed it.

Q. Mr. Gould had contributed none of the Kansas Pacific stock, as I understand it, in the inception?—A. I am quite sure he afterwards added a very large proportion.

Q. Can you explain to us when Mr. Gould or anybody else contributed additional securities to that pool, how the accounts could be kept by the simple issue of the certificates, as Mr. Ham has testified?—A. Why, yes, sir.

Q. And that it would not be necessary to keep any ledger accounts or any cash accounts in order to present the respective interests intelligibly?—A. Nothing but a series of the old form of book-keeping; not double entry, but the common day-book form of entry.

Q. Would it not be necessary to keep a day-book or journal in order to enter a memorandum of what securities were received from time to time by the different parties?—A. Undoubtedly. They must have kept a list of the securities added to the pool, and the names of the parties who added them.

Q. Do you know whether there was anything further than an entry made on a loose piece of paper, stating the amounts received, and then the issue of a certificate torn from a certificate book and delivered to the party?—A. No; I do not know. It was after I had ceased to have any active charge.

Q. Then you never saw any day-book or cash-book purporting to contain an account of these transactions, and never received any statement in the form of an account containing a statement of the transactions?—A. Not of the entire transactions; I think not. I think I must have received a small statement of what my proportion was of the distributive share of the consolidated mortgage bonds.

Q. Have you that statement?—A. If I have not, I have some memorandum of it; but whether I have or not I cannot say.

Q. Did it purport to be an extract or copy from an account in the book?—A. No; I think not.

Q. Will you furnish it to the Commission?—A. I will endeavor to.

HYPOTHESIS AS TO A LEASE INSTEAD OF CONSOLIDATION.

Q. In regard to this consolidation, could not the result which was effected by the articles of consolidation have been effected equally easily by making a lease, of which the rents were equivalent to the actual receipts of the Kansas Pacific and of the Denver Pacific, to the Union Pacific?—A. I think not, for the reason that the counsel of the Union Pacific have maintained the position that it did not have the right to

make or accept a lease to itself; and the same opinion was given in regard to the charter of the Northern Pacific.

Q. Assume that that difficulty could have been obviated; would not the result of the consolidation have been absolutely and equally well effected by such lease as by the arrangement that was made?—A. That begs the question. I say they could not lease. The lease would be invalid.

Q. I beg of you to assume that some arrangement was found to make the lease valid; could not the interchange of traffic and a unity of interest and of management have been arranged just as well if the Union Pacific had been the lessee of all those companies, agreeing to report to each company the value of its earnings as derived from its share of the road?—A. I think not.

Q. Why not?—A. For the reason that any such lease continues only by the wishes of the parties; that all lease arrangements between railroad companies, as a rule, are open to be rescinded by a change of management and change of parties, or by the result of the management being more or less favorable to one than to the other, and litigation is always open to set aside and annul such arrangements.

Q. Do you not know that that course has been pursued as between the Missouri Pacific and the Kansas and Texas and International and Great Northern?—A. In none of those instances were the Pacific railroads existing under charter of the United States.

Commissioner ANDERSON. I am only desiring to compare the fairness of the result of the two methods.

The WITNESS. I think the instances you mention show how inoperative they are and how easy to avoid, because I think all of the roads have become involved in litigations and receiverships, although such a lease may have been made with the Missouri Pacific.

Q. Do you mean to say that there is any receiver of the Kansas and Texas?—A. I think parts of that system have been subjects of litigation.

Q. Was there any receiver of the International and Great Northern?—A. I do not now recollect it. I think they are in default upon some of their mortgage securities.

Q. Your opinion is incorrect. But what I want to call your attention to is, if such combined operation could be effected under lease, would not the result be that the general road which takes to itself the leases, say, of the Kansas Pacific and the Denver Pacific, would return to these roads just what they earned, under the arrangement, all friction about rights being removed?—A. That might be done, but you would have to consider the question as to whether the roads would stay hitched. They might at any time avoid their hitching-strap—their lease.

Commissioner ANDERSON. Assuming that the lease was made for 999 years, and the transaction was fair, and the result would be that the leased roads would get back just what they were entitled to get as their just proportion of the earnings, and that they would not be a burden to the lessee company.

The WITNESS. Yes, sir; but that is open to this difficulty, that if the leased roads earned more than the lessee, and were more profitable to themselves, and the lessee road was a burden to them, that would soon be avoided by the action of some of the parties in interest.

Commissioner ANDERSON. As long as the lease continued it would result in an equitable division of the profits of these roads, according to their real business, obviating contests as to all questions of prorating, and not putting one road as a burden upon the other, as long as they each only receive what they actually earned.

The WITNESS. That would be so, as long as the situation remained just the same; but if a hostile road runs into the same territory, or crosses the lessor and lessee roads, or interferes in any wise, the situation is not the same; and the history of all those Western railroads is that their prosperity is a vacillating and changing quantity.

Q. As a matter of fact, is it not true that in so far as the Denver Pacific should not earn anything beyond its operating expenses and the interest on its mortgages, the payment of dividends on the Union Pacific stock, which was the exchange for the Denver Pacific stock, would be a burden on the Union Pacific?—A. Upon that hypothesis, yes, sir.

Q. And the same remark applies to the Kansas Pacific?—A. Yes, sir. But there is one answer that I should be permitted to make to that.

Commissioner ANDERSON. We will be very glad to hear it.

The WITNESS. That is, that the Kansas Pacific and the Denver Pacific were not permitted to earn what they ought naturally to have earned.

Q. But I would only call your attention to the fact that on the supposition I have made of lease contracts, where all difficulties of prorating and of the accepting of through freight would cease, the roads would have been free to earn just what they did earn, and would so receive it in rent.—A. Yes, sir; but that never would have taken place with the Union and Kansas Pacific, for the reason that that was the principal contest before Congress; that we struck them before the laborious part of their road began; that is, we struck them in the plains; but the moment you started westward, from there to Ogden, they went over the mountains, through the most unprofitable part of their district, and we insisted that, under the act of Congress—and I still think we were right—we could split it in half, although we went over the laborious part of the road, which was ten times more expensive to operate, manage, and keep up than the eastern end was. It would have worked most unequally to the two roads. The Kansas Pacific would have obtained a vastly greater advantage. They were only bonded at $16,000 per mile for the Government lien, and for the first prior liens, whereas the Union Pacific was bonded at the rate of $16,000, $24,000, $32,000, and, I think, as high as $48,000 per mile for both the Government lien and the first lien.

DENVER PACIFIC STOCK.

By Commissioner LITTLER:

Q. Recurring to this $3,000,000 Denver Pacific stock, did you see Mr. Sidney Dillon's testimony in this case?—A. Yes, sir.

Commissioner LITTLER. As I remember it he stated that these $3,000,000 of Denver Pacific stock were exchanged for consolidated Union Pacific Railway stock.

The WITNESS. He stated so.

Q. Do you understand that to be true?—A. I think he skipped the ditches and took the final result. He arrived at the goal but without going over the intermediate steps.

Q. He also stated that when this stock was exchanged it was covered back into the treasury of the Union Pacific Railway Company, and thereby became an asset of the company. Do you understand that to be so?—A. No, sir. I think he should have said "Kansas Pacific" for "Union Pacific."

Q. That is not what Mr. Dillon said. He said it went to the Union Pacific Railway, and he said, further, that it was paid out in the con-

struction of branch roads and betterments of the Union Pacific Railway Company. That was the substance of his testimony. Do you so understand it?—A. I understand that that is ultimately correct; but he did not state the intermediate steps which took place.

Commissioner LITTLER. You supply those intermediate steps, as you understand it.

The WITNESS. I understand the Denver Pacific stock went to the Kansas Pacific Company, and that the Kansas Pacific Company acquired the branch lines for the stock, and that the stock then in the hands of the sellers was exchanged for new consolidated Union Pacific stock.

Q. And then what became of that new stock? Who got it?—A. It went to the sellers of the branch line.

By the CHAIRMAN:

Q. Who were they?—A. I stated them before. I think not only Mr. Gould, but——

The CHAIRMAN. I want you to supply right here the answer.

The WITNESS. They went to Mr. Gould and other gentlemen who were interested with him. I am unable to state authentically their names, but my information has always been that Mr. Gould was not the sole person interested.

By Commissioner LITTLER:

Q. What I am getting at is, whether the Union Pacific Railway Company, consolidated, in fact, got the benefit of these $3,000,000 of stock which Mr. Dillon says were covered back into the treasury of that company?—A. Unquestionably the Union Pacific did.

Q. Unquestionably so?—A. Yes, sir; the new corporation.

Q. And that it was paid out for betterments or construction account?—A. Or branch lines. In other words, that $3,000,000 of stock was new-made wealth, precisely like the Government's printing mill when it converted blank sheets of paper into greenbacks.

Commissioner LITTLER. It was new-made wealth in the sense that the Union Pacific Railway Company simply increased its stock $3,000,000 in order to take it up?

The WITNESS. Yes, sir; and got for it——

Commissioner LITTLER. And in no other sense?

The WITNESS. Yes, sir.

KANSAS PACIFIC STOCK.

Q. I want to call your attention to another branch of the case. I hope you will not consider that we are taking advantage of you by three of us asking questions. Refresh your memory and state, as near as you can, when you first became interested in the stock of this Kansas Pacific road which is mentioned in this pooling arrangement.—A. I think some of it descended from my father's estate.

Q. How long ago?—A. He died in 1871.

Q. You have no distinct recollections of the quotations of this stock on the stock board of this city for the years from 1873 up to 1880?—A. Oh, it ranged from very low prices until it finally was, I think, a little above par.

Q. I will read the prices for 1879, as reported in this paper which I hold: For the month of January the highest was 13 and the lowest 9½; for February, the highest was 22¼ and the lowest 11½; for March, the highest was 22¼ and the lowest 17; for April, the highest was 60 and

the lowest 20½; for May, the highest was 59¾ and the lowest 50; for June, the highest was 59 and the lowest 54; for July, the highest was 60 and the lowest 56; for August, the highest was 59½ and the lowest 53⅝; for September, the highest was 73½ and the lowest 55; for October, the highest was 85½ and the lowest 70; for November, the highest was 92 and the lowest 83; for December, the highest was 92½ and the lowest 85; and in January, 1880, they ran up to 108. That was about the time this suit was disposed of by which these $3,000,000 of the Denver Pacific were released, of which you have already spoken. Now, assuming those figures to be correct, and assuming that Mr. Gould and Mr. Sage and others bought stock at any time between 1873 and January, 1879, and held it until after the 24th of January, 1880, their profits must have been the difference between about 25 cents on the dollar, which is an average of these prices, and 108; is that not true?—A. Yes, sir.

AS TO PURCHASE OF BRANCH LINES.

By Commissioner ANDERSON:

Q. I only want to ask about these branch lines. When you say that this stock was applied to the benefit of the Union Pacific in the purchase of branch lines, you refer to these particular lines that we have been discussing, the Kansas and Nebraska, the Saint Joseph and Pacific, the Kansas Central, the Saint Joseph Bridge, and the Hastings and Grand Island?—A. Yes, sir; and I am not sure but that there were others.

Q. If you have any knowledge that there were others, we would like to know them.—A. I recognize the names you mentioned, but I do not know whether that includes the whole or not.

Q. Mr. Ham has given this as a statement of all the stocks that were transferred for this Denver Pacific stock.—A. He ought to know much better than I know.

Q. That is all the purchase of securities or branch lines that you know of, then, and that is all that you mean when you say that the Union Pacific got the benefit of the stock?—A. Yes, sir.

By the CHAIRMAN:

Q. There is one other question. You made an address before Congress, or before a Congressional committee, upon the question of prorates or adjustments, did you not?—A. Yes, sir.

Q. Have you a copy of that?—A. I have one, bound, that was made.

The CHAIRMAN. The one I refer to was along about 1877.

The WITNESS. I think I have that; but I remember seeing the other, a brief or argument I made before Mr. Schurz, who was then the Secretary of the Interior, or Charles Devens, who was Attorney-General, I have forgotten which.

Q. Will you furnish the Commission with it?—A. I have only my bound copy.

Q. We will take care of it. You did not agree with Mr. Sidney Dillon at that time, did you?—A. Oh, no. We were very far apart.

Q. You were on different sides at that time?—A. Yes, sir.

The CHAIRMAN. If you could furnish us with a copy we would like to have it.

The WITNESS. I have no objection whatever to your using it.

ARTEMAS H. HOLMES.

The Commission then adjourned to Wednesday, May 11, 1887, at 10 a. m.

No. 10 WALL STREET, NEW YORK,
Wednesday, May 11, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

ADDISON CAMMACK, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. In New York.

Q. What is your occupation?—A. Stock business, Stock Exchange.

DIRECTOR OF KANSAS PACIFIC AND UNION PACIFIC.

Q. Were you, in January, 1880, a director of the Kansas Pacific?—A. I was a director, I guess, about that time, but I have not thought of it in so long a time that I could not tell you the exact date.

Q. You remember you were a director at the time of the consolidation?—A. Yes, sir.

Q. How long had you been a director?—A. Just that year; that was all.

Q. Just for that year?—A. That was all.

Q. How did you come to be elected as a director of that road, do you remember?—A. Just before the election of the Union Pacific Railroad, a party of us bought a large amount of Union Pacific stock from Mr. Gould, and the syndicate that bought the stock made a bargain that two of their members should become members of this road and of the Kansas Pacific. This is my recollection of the transaction. And I and another gentleman—who it was I have forgotten now—were selected to represent this syndicate in the board of direction.

Q. In the board of direction of the Kansas Pacific?—A. No, of the Union Pacific. I do not know about the Kansas Pacific; I do not remember.

Q. You say you and another gentleman were elected to represent a syndicate in the Union Pacific?—A. Yes, sir.

Q. Were you a director of the Union Pacific?—A. I was; yes, sir.

Q. Not at the time of the consolidation?—A. I think so.

Commissioner ANDERSON. It is the time of the consolidation we are speaking of.

The WITNESS. Yes, sir.

Commissioner ANDERSON. The essential point is, that you were a director of the Kansas Pacific at the time of the consolidation?

The WITNESS. Yes, sir; that is my remembrance.

THE OCCASION OF THE CONSOLIDATION.

Q. Do you remember the occasion of the consolidation?—A. Yes, sir.

Q. Were you in New York on that day?—A. I was present at the meeting.

Q. At what meeting?—A. At the meeting consolidating the two companies.

Q. At the meeting of what board, of what company?—A. I think it was the Union Pacific.

Mr. JOHN F. DILLON. The record says that he was a member of the board of direction of the Kansas Pacific, and not of the Union Pacific.

Commissioner ANDERSON. He was in both boards. The gentleman is right.

The WITNESS: That is my memory.

Q. While we are on this subject, who was the other gentleman who joined you on the Union Pacific board to represent Mr. Gould, or to represent the syndicate?—A. We did not represent Mr. Gould; we represented the syndicate.

Q. Will you look over the names and answer?—A. It has been so long I have forgotten. [After looking.] James R. Keene.

Q. You alone represented this syndicate in the Kansas Pacific, or represented that interest?—A. No.

Q. Mr. Keene was there also?—A. Yes, sir; I did not represent the syndicate in the Kansas Pacific. We bought the stock of the Union Pacific from Mr. Gould. I think about $7,000,000. I forget the number of shares. I think it was 70,000 shares. We were elected directors in the railroad.

Q. How would that explain your being elected a director of the Kansas Pacific?—A. I pledge you my word I could not remember.

Q. It was about the same time that you became a director in both companies?—A. I think so; yes, sir.

Q. Was it not connected with the same general subject?—A. I think so.

Q. You will notice that both you and Mr. Keene entered the direction of both companies at the same time?—A. Yes, sir; I cannot tell you about the Kansas Pacific.

Q. The question that I put to you is, whether it would not be true that you and Mr. Keene entered both of these boards at the same time. You were elected the same time in both boards?—A. I could not tell you whether it was the same day or not. I do not know. I was not present. I do not know where the election took place.

Q. Do you know whether Mr. Keene had been in the board of the Union Pacific, or of the Kansas Pacific, before you were in them?—A. I do not think he was, but I would not on that subject trust my memory. But I think he went into the Union Pacific at the same that I did to represent the syndicate that bought the stock from Mr. Gould.

By the CHAIRMAN:

Q. Who composed the syndicate?—A. There was Mr. D. P. Morgan and Mr. Charles J. Osborn. It was all publicly known at the time, but I declare I have forgotten. And myself and Mr. Keene. I have forgotten now. It was a long time ago, and I never thought of it for years.

By Commissioner ANDERSON:

Q. In regard to this meeting on the day that the consolidation took place, where was that held?—A. In Broadway.

Q. Do you remember whether your notice to attend was received by telegraph or by a regular notice?—A. I could not remember.

Q. You do not recollect it?—A. I could not tell you.

Q. Do you remember whether the proceedings leading to the consolidation were hurried or were they deliberate?—A. I think there was quite a crowd there. It took I do not know how long. We were there the afternoon, if I remember right, and pretty much all the directors were there, and Judge Dillon read the document which consolidated the two roads.

Q. Had you ever read that document before you got there?—A. Never.

Q. Had you heard it discussed before you got there?—A. No, sir; not the document.

Q. Was it not rather a surprise to you?—A. I had heard that the consolidation would take place previously, but from whom I do not remember. I had sold out my interest in the road previous to this meeting—some time before—and of course when a man sells his interest he does not take——

Q. He does not take the same amount of stock in it?—A. No, sir.

Q. What do you remember that did occur, as far as the Kansas Pacific is concerned, on that day?—A. I cannot tell you now.

Q. Do you remember any meeting of the board?—A. I could not tell you. I had no interest in the Kansas Pacific, and I could not remember.

Q. You were a director of the Kansas Pacific?—A. I was.

SAINT JOSEPH AND PACIFIC BONDS.

Q. Do you recollect any discussion at a meeting on that day, or before that day, of the Kansas Pacific, in which there was talk about selling $1,833,000 of Saint Joseph and Pacific bonds, or of the Kansas and Nebraska bonds?—A. I never heard of that transaction until I saw it in the paper the other day.

Q. You never heard about it at all?—A. Never heard of it until I saw it in the paper the other day. When did that occur?

Q. You think a transaction of that magnitude, while you were a director of that road, would have been discussed at any interview in your presence without leaving a trace of it in your memory?

The WITNESS. Which road?

Commissioner ANDERSON. The Kansas Pacific.

A. I never heard of it until the other day.

DENVER PACIFIC STOCK.

Q. Do you remember that you were ever in any wise consulted in regard to a sale of 29,986 shares of Denver Pacific stock, which was owned by the Kansas Pacific road, to Mr. Gould?—A. Never. I never was. I never heard of it until I saw it in the paper the other day. Was that not done after the consolidation?

Commissioner ANDERSON. I cannot answer your question.

The WITNESS. I do not know, but it strikes me that it was. I was not in the board after the consolidation.

Commissioner ANDERSON. The effect of it as fixing the price of the Denver Pacific stock was on the 24th January. When the securities were turned over or when the resolution was passed I do not know.

The WITNESS. When did the consolidation take place?

THE CIRCUMSTANCES OF THE CONSOLIDATION.

Q. On the 24th of January, 1880. Do you remember any resolution of the board of the Kansas Pacific approving of the consolidation?—A. I could not remember that.

Q. Were you, yourself, in favor of it?—A. I voted for it as a Union Pacific director. The other I have forgotten about.

Q. You do not remember what you did as a Kansas Pacific director?—A. I do not. I do not remember.

Q. Do you remember that during this day there was a meeting of the board of the Union Pacific?—A. There was; yes, sir.

Q. And you were present at that meeting?—A. Yes, sir.

Q. Was there much discussion?—A. I could not tell you.

Q. Was there much talk about this business?—A. I do not remember at all. I know Judge Dillon read the document. I was there, and there was quite a full board. Whether every man was there or not I do not remember.

Q. Do you remember who advocated it most particularly and prominently?—A. No, sir; I do not.

Q. You say you had heard the subject discussed. Had you given it any study at all?—A. Not particularly.

Q. Had you examined the question of the relative values of these roads?—A. I had not. If I did I do not remember it.

Q. Did you know anything of the value of this Denver Pacific stock?—A. I do not know anything about it at all.

Q. Did you know when you voted in favor of the consolidation that the effect was to create, as far as the Denver Pacific was concerned, $4,000,000 more of the stock of the Union Pacific?—A. No; I do not remember. I could not tell you. I never heard of this Denver Pacific stock transaction until the other day I saw it in the paper.

Commissioner ANDERSON. I do not refer to the transaction with Mr. Gould; but the articles of consolidation provide that the Denver Pacific stock shall be exchanged for Union Pacific Railway stock, dollar for dollar.

The WITNESS. I did not know that; if I did I have forgotten it.

Q. Will you please tell me what was the dominant motive that led you to vote in favor of the consolidation?—A. The Kansas Pacific was a competing line with the Union Pacific, and it was said that to put it all under one management the rates would be maintained and the road could earn money—the corporation.

Q. But apart from that you did not examine the question whether stock was being created of the Union Pacific Railway which represented no actual contribution in money and no actual value? I mean, the Denver Pacific stock which was being made into the Union Pacific stock. You did not examine into that?—A. I did not. I do not remember that that was mentioned. I did not know it before, that it was created at that time. It escaped me entirely.

Q. Your motive was that the rivalry between those two roads would disappear, and they would get better rates for business?—A. That is what I imagined.

Q. Who represented that to you most eloquently and emphatically?—A. I do not remember; I could not tell you that.

Q. Do you remember whether you talked with Mr. Sidney Dillon about it?—A. Perhaps I did, but very little. I never talk with him much, anyway.

Q. Mr. F. L. Ames?—A. I do not know that I did. He was living in Boston, and he did not come to New York very often. The directors of this road did not meet very often; two or three times a year.

Q. Did you talk the matter over with Mr. Gould?—A. I dare say I did, but I have forgotten. I may have done it.

Q. The point is, as you seem not to have given much attention to the merits of the question as a railroad question, I want to ask you whether you voted that way because you were advised that it was desirable to do so by persons in whom you had confidence, and, if so, state who those persons were?—A. I could not tell you that. On the general principle that it did away with competition, I should say that that influenced me as much as anything else. It is a long time ago, and I never charged my memory with it since.

Q. You say you had but a small personal interest at the time you did vote?—A. Very small.

Q. Had you any Kansas Pacific stock at the time?—A. I think not. I think there was 200 shares in my name; but I had sold it.

Q. Had you any interest in any other securities of the Denver Pacific or Kansas Pacific?—A. I had an interest in some of the bonds of the Kansas Pacific, which I have got now, but I had bought them previously for investment.

Q. The consolidated bonds?—A. No, sir.

Q. What issue?—A. June and December. They are the Middle Division, I think.

Q. Do you know anything in regard to the Kansas Pacific stock that Mr. Gould and his associates held at the time of the consolidation?—A. I do not know how much they held at all.

Q. Did you buy any of that stock for him?—A. No, sir; not a share.

Q. All that you bought for him was the Union Pacific?—A. No, I did not buy any for him.

PURCHASE OF 70,000 SHARES OF UNION PACIFIC FROM GOULD.

Q. I mean for the syndicate?—A. No. We bought the Union Pacific from Mr. Gould. He sold it to us.

Q. When was it that he sold you the Union Pacific? About the time you were elected to the board?—A. Just before. My election followed that. Mr. Gould sold us 70,000 shares of stock. We did not buy stock for him. We bought it from him.

Q. In the spring of 1879?—A. No; the election takes place in March, and it was before the election.

Commissioner ANDERSON. The election was in March. You are pretty good on dates.

The WITNESS. It has always been March, and it was March of this year.

Q. Do you remember what the price of that stock was?

The WITNESS. That we bought it at?

Commissioner ANDERSON. Yes; that the Union Pacific was sold to you for?—A. Between 65 and 70. I do not recollect the exact figures.

Q. And that interest had been substantially disposed of before the consolidation?—A. So far as I was concerned; yes, sir.

Q. Did you sell any of that stock back to Mr. Gould?—A. Oh, no; I sold it on the Stock Exchange. He may have bought it. I do not know who bought it. I sold it on the Stock Exchange.

Q. In the usual way?—A. In the usual way, yes, sir.

By the CHAIRMAN:

Q. You have stated that the reason that influenced you in voting was of the hostilities between the roads. Did you not know that they were running under an agreement at that time?—A. If I did I have forgotten it.

Q. You did not investigate it at all, then?—A. No, but I sold out my stock some time before the consolidation, and I did not take much interest in it afterwards. These directors did not meet very often, in these roads.

Q. Then your interest in the road, as a director, was a mere stock investment?—A. That was all.

Q. You had no general interest?—A. It was only a speculative interest.

Q. As a trustee it did not concern you, except for the people for whom you were acting as trustee? You had no other interest save that stock interest in the road? You had no interest for the *cestui que trust*, the people who were interested in the railroad?—A. Oh, every man has more or less interest of that kind if he is a trustee.

Q. What interest did you have in this consolidation?—A. I had none, no "dollar" interest.

Q. No, but what other interest had you? You did not have any? Is that a fact?—A. I did not have any pecuniary interest.

Q. Or any other interest?—A. If a man is a director in a railroad he wants to see it prosper, of course.

Q. Did you know whether it was prospering?—A. Only from hearsay.

Q. Then you had no personal knowledge yourself?—A. Directors do not, generally, when the office is in Boston and they meet in New York.

Q. Then you never made, as a director, any personal investigation at all?—A. No, sir.

Q. Your whole interest was your stock interest in the roads, and that was what you were watching, and not the interest of the people for whom you were trustee and director.?—A. Oh, well, do not say that entirely.

Q. How much of it do you say?—Oh, well, if a man is a director in a railroad he must have the hope that the thing should prosper all the time.

Q. What was your hope?—A. If a man is connected with a property, he wants to see it prosper; that is all.

Q. How much did you want to see it prosper at that time?

The WITNESS. What do you want to measure that by; dollars and cents?

The CHAIRMAN. I am asking you.

A. I cannot answer that.

By Mr. ANDERSON:

Q. There is one question on that point I want to ask. Was the effect of the consolidation, and of the dividends that would be called for on the stock as it affected the security of the United States of America, discussed at all at the time of the consolidation?—A. I think not.

Q. The fact of the Government debt was not alluded to in any way?—A. I do not remember that it was alluded to; it may have been, but I could not remember.

By the CHAIRMAN:

Q. You did not ascertain, then, whether these roads that you were taking into the Union Pacific had a large income, or whether they were bankrupt roads?—A. Well, I did not know much about it.

ADDISON CAMMACK.

No. 10 WALL STREET, NEW YORK,
Wednesday, May 11, 1887.

THOMAS T. ECKERT, being duly sworn and examined, testified as follows:

DIRECTOR OF THE UNION PACIFIC.

By Commissioner ANDERSON:

Question. Were you a director of the Union Pacific in 1880?—Answer. I think I was.

Q. At the time of the consolidation?—A. I think I was appointed either late in the fall of 1879 or in 1880, but I cannot recall definitely which.

Q. You say "appointed"?—A. I think I was appointed to fill a vacancy when I went into the board first.

Q. That is, elected by the board itself?—A. Elected by the board itself; that is my impression.

Q. How long did you remain a director?—A. About two years, or until Mr. Adams was elected. I withdrew, and Mr. Adams, I think, was appointed or elected by the board to fill my place.

Mr JOHN F. DILLON. 1884?

The WITNESS. I have forgotten.

Q. Where were you in January, 1880?—A. In New York.

THE CONSOLIDATION.

Q. Do you recollect the occasion of the consolidation?—A. I do.

Q. Were you present at the meeting?—A. I think I was.

Q. Do you remember receiving a notice to attend?—A. I do not recollect that; I presume I did.

Q. Where did you live then?—A. In New York City.

Q. What part of New York City?—A. I lived at the Windsor Hotel, then.

Q. Do you recollect being present at the whole of the meeting, from the beginning to the end of it?—A. I could not say as to that.

Q. Do you remember the circumstances of the meeting at all?—A. I do. I do not think I got into the meeting for some time after it had convened.

Q. What do you recollect as having occurred at that meeting?—A. Really, for the moment, I do not know that I can recall anything definitely. There was a general conference there, an expression of opinion by different members, but I could not recall what it was.

Q. Do you not recall what the general subject was that was brought up?—A. A consolidation with the Union Pacific.

Q. Was it a regular meeting or a special meeting?—A. That I am not able to say.

Q. Had you heard of the consolidation before?—A. I had.

Q. From whom?—A. From Mr. Fred. L. Ames.

Q. Any one else?—A. Mr. Dillon.

Q. Sidney Dillon?—A. Sidney Dillon.

Q. What had been said to you relating to the consolidation generally?—A. The question was as to the propriety and advisability of such a move.

Q. How far did you make any examination yourself?—A. Not very far. I was too busy a man in other directions, and was not able to get the other information I possibly should have had upon the subject. I might say there that I had repeatedly stated to Mr. Ames that I was not able to attend the meetings, and when they found a person who could give more time and do better service to the company, I would be glad to have my place filled.

Q. State to us what examination you made, if you made any at all?—A. I did not. The only thing I knew was what was spoken of in the meeting.

Q. Then in regard to the question of the consideration of what had been paid for the new stock that was to be made, or the value of the Denver Pacific Company as being able to earn a dividend on its stock,

or of the Kansas Pacific Company as being able to earn a dividend on its stock, that was not a subject that you examined at all?—A. It was not.

Q. Did anybody vote against the consolidation, to your recollection?—A. I do not recollect.

Q. How did you vote?—A. I think I voted for the consolidation.

Q. Upon whose advice did you rely when you voted for the consolidation?—A. On Mr. Fred. L. Ames.

Q. At the time you say you so voted were you a holder of Union Pacific stock?—A. Yes, sir.

Q. How much?—A. It was not a large amount. I do not think to exceed one hundred shares. I had more bonds than I had of stock.

Q. At the time you so voted were you interested in any of the securities of the Kansas Pacific?—A. I was not.

Q. Or the Denver Pacific?—A. None whatever.

Q. What were your relations with Mr. Ames, confidential and close?—A. They were friendly relations; always have been.

Q. What were your relations with Mr. Gould?—A. Pleasant and friendly relations.

Q. Did you see him frequently?—A. Very frequently.

Q. As a matter of fact, did he advise you to vote for the consolidation?—A. He did not.

Q. Did you have any talk with him on the subject?—A. I do not think I had any conversation with him on the subject, except what might have been in the office, in the presence of Mr. Dillon and a few of the directors.

Q. Was Mr. Gould present at the meeting?—A. I am not able to state that.

Q. Was Judge Dillon present then?—A. That I am unable to say.

Q. Do you remember that the articles of consolidation were read?—A. I think that a paper or papers were being read when I came into the meeting.

Q. You do not remember who was reading them?—A. I do not.

Q. Was there any discussion during the session, while you were present, relating to the effect of the consolidation on the interest of the Government of the United States?—A. I do not recollect any discussion of that kind.

Q. You gave that subject no consideration yourself?—A. I did not.

Q. Were the Government directors present, as far as your memory serves?—A. I do not recollect.

By the CHAIRMAN:

Q. How many meetings did you attend during the two years you were a director?—A. I do not recollect. I was so thoroughly occupied that I never attended a meeting if I could get out of it.

Q. But you were a director?—A. I was a director.

Q. And had large interests at stake?—A. Not as large as some others.

Q. At whose instance did you assume the directorship?—A. I do not think the matter was presented to me until I was notified that I had been made a director.

Q. Did you not regard it of importance whether the Union Pacific was assuming worthless roads or valuable roads?—A. Of course, that was of importance; but from a general view of the situation I did not conceive that it was taking in anything that was not valuable.

Q. Then you voted upon the fact that you regarded it as a valuable connection of the Union Pacific?—A. Yes, sir.

Q. How did you inform yourself?—A. As I told you, I got most of my information from Mr. Fred. L. Ames.

Q. You made no personal investigation?—A. No, sir; no personal investigation.

Q. Had you discussed with Mr. Ames in 1879 the question of consolidation?—A. I do not think I had done so.

Q. The only conversation took place immediately before the consolidation?—A. I think a short time before.

THOS. T. ECKERT.

No. 10 WALL STREET, *Wednesday, May* 11, 1887.

AMOS H. CALEF, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am secretary and treasurer of some railroads.

Q. What railroads?—A. The Missouri Pacific and Iron Mountain.

Q. What other railroads?—A. Those are the only ones that amount to anything. The others are underlying roads.

Q. What are they?—A. I do not remember them all. There is the Saint Louis, Fort Scott and Wichita is one. I do not remember all these roads—little roads—of ours. The Iron Mountain and Missouri Pacific are the principal ones.

Q. There are so many you do not remember them?—A. They are branches. There are a good many of them.

By Mr. ANDERSON:

Q. In 1880 what office did you hold?—A. I was secretary and treasurer of the Missouri Pacific.

Q. What office did you hold in the Kansas Pacific Railway?—A. I think I was secretary of that.

Q. Where did you transact their business?—A. The office was at 80 Broadway in 1880.

Q. How long had you been secretary of that company?—A. I guess about three years. I do not remember exactly.

Q. What was the main office of the company, Kansas City?—A. Kansas City.

Q. Did you have any connection with the agreement, of which I show you a copy, Exhibit 1, of May 5, 1887?—A. No, sir; I had nothing to do with that that I know of. I do not think I have ever seen this before.

Q. Did you know at that time that there was an arrangement by which a number of gentlemen had purchased securities of the Kansas Pacific with a view to bringing about unity of action between the Union Pacific and the Kansas Pacific?—A. Yes.

Q. You knew who was in that arrangement. Who were the parties?—A. I only knew some of them. I was living in Saint Louis then. I was not here in New York.

Q. When did you come to New York?—A. I came to New York in 1879.

Q. You say you kept none of the accounts connected with that pool?—A. Not any; not a thing.

Q. And issued none of the certificates?—No, sir; never saw them.

Q. Had nothing whatever to do with it?—A. Never.

THE KANSAS PACIFIC CONSOLIDATION.

Q. Do you remember the occasion of the consolidation of the Kansas Pacific with the Union Pacific?—A. Yes, sir.

Q. Do you remember the day on which it took place? I do not mean the day of the month, but the circumstances of that day.—A. That was 1880. I do not remember what time or what day.

Q. Do you identify the day; were you present on the day when this occurrence took place?—A. No; I do not think I was.

Q. Where were you, if you were the secretary of the company?—A. I was here. I do not remember, Mr. Anderson, whether I was present or not.

Q. You do not remember seeing the articles of consolidation signed, then?—A. No; I do not remember that.

Q. You are quite sure you do not remember it?—A. Yes, sir.

Q. You are quite sure you were not a witness to the articles of consolidation?—A. No; I suppose I was, as secretary. But I do not remember the occasion.

Q. Please examine the section of the articles, and see whether it reminds you that you were a witness?—A. (After examining.) Yes, sir.

Q. Was not this quite an event, the execution of this paper by all these companies; did it not make quite a stir?—A. Why, no.

Q. It did not? Did it not make any impression on your mind that such big railroads should be consolidated, and was there not a good deal of talk of it at the time?—A. Yes; but there was very little talk where I was present about it.

Q. Do you remember whether there was a meeting of the board of directors of the Kansas Pacific Company before the paper was signed?—A. There must have been to have the authority. I do not remember any meeting.

Q. Do you remember anything about it? Who wrote the minutes of the proceedings of the directors of the Union Pacific in the minute book?—A. I did; that is, while I was secretary I did that.

Q. Do you remember whether you wrote them yourself or whether somebody else wrote them and you signed them?—A. I think I wrote them myself. Sometimes I wrote the minutes and sometimes other parties wrote them and I signed them.

Q. As a matter of fact, do you recall to-day whether there was a meeting of the directors of the Kansas Pacific authorizing this consolidation before the paper was executed?—A. I do not recollect it. There must have been one, though, to have given the authority. I have not seen the records for eight years—or seven years.

Q. If a meeting is entered in the minute book, which *purports* to have taken place before the articles were executed, would you feel positive that it did take place before and not afterwards?—A. Yes, sir.

DIRECTORS OF KANSAS PACIFIC AT CONSOLIDATION.

Q. Who were the directors of the Kansas Pacific at this time?—A. C. S. Greeley, John D. Perry, Adolphus Meier, B. W. Lewis, jr., D. M. Edgerton, Jay Gould, Russell Sage, Sidney Dillon.

Q. How positive is your recollection about Mr. Perry and Mr. Meier?—A. Mr. Perry was always a director, I think, until the last few years. I think Mr. Meier resigned, and his son Theodore G. was the director then, instead of Adolphus. S. M. Edgell was a director. He was a Saint Louis director.

Q. Which of these gentlemen do you remember being present, or taking part in the consolidation proceedings?—A. Mr. Edgerton and Mr. Greeley were the prominent men in the road, and attended to everything of that kind.

Q. Anybody else?—A. Mr. Gould.

Q. Mr. Jay Gould?—A. Yes, sir.

Q. You would call him a prominent man, I suppose?—A. Yes, sir; and so is Mr. Sage?

Q. And Mr. Sidney Dillon?—A. Yes, sir.

Q. Those gentlemen, as you remember, were all in favor of consolidation?—A. I do not remember that, but they were the prominent men in the board.

Q. Do you remember them as being present during the days that this consolidation was discussed and took place?—A. I do not remember that.

Q. How long before it was executed did you first hear about it?—A. That I do not recollect.

Q. Do you think you heard about it at all?—A. Oh, yes, sir.

Q. I mean until the day it was executed?—A. Yes, sir.

Q. Did you know at this time whether Mr. Jay Gould was a large stockholder of the Kansas Pacific at the time the consolidation articles were executed?—A. Yes, sir; he was a large stockholder for two years before the consolidation.

Q. And had been?—A. Yes, sir; for a long time.

Q. Do you know whether his holdings had largely increased in 1879, as compared with 1878?—A. I do not recollect that.

Q. Do you know whether Mr. Sidney Dillon was a large holder of Kansas Pacific?—A. He was.

Q. Do you know whether his holdings had increased about the time of the consolidation?—A. No, sir.

Q. You say you do not know?—A. I do not recollect that.

Q. Do you know whether Mr. Addison Cammack was a large stockholder?—A. No. He was a stockholder, but I do not remember how large.

Q. And James R. Keene?—A. He was not a large stockholder.

Q. And James M. Ham?—A. He never was a large one.

Q. And Russell Sage?—A. He was a large one.

Q. And Granville M. Dodge?—A. He was a large holder, too, comparatively.

Q. And Carlos S. Greeley?—A. Mr. Greeley was always one of the large stockholders since the road started.

Q. D. M. Edgerton?—A. He was not a very large stockholder.

Q. J. P. Usher?—A. Not very large.

Q. And Frederick L. Ames?—A. He was always a large holder. I did not finish the board there, all of them.

Q. I have read you the names you gave us from memory, all of whom you then recollected, I presume. You made one or two parties directors who were not directors at the time, but it will not hurt them at all. Where was the office of the Union Pacific at this same time?—A. At 80 Broadway.

Q. In adjoining rooms?—A. Yes, sir; on the other side of the building.

STOCKHOLDERS OF KANSAS PACIFIC AT CONSOLIDATION.

Q. Please tell me of the gentlemen whose names I will read to you whether you know them to be stockholders of the Kansas Pacific at

this time. Was Elisha Atkins a stockholder of the Kansas Pacific?—A. I could not swear to that.

Q. Was F. Gordon Dexter?—A. I do not remember that.

Q. Frederick L. Ames you have already stated was.—A. Yes, sir.

Q. E. H. Baker?—A. Ezra H. Baker, I do not remember.

Q. Sidney Dillon you have already told us was.—A. Yes, sir.

Q. David Dows?—A. I could not certify to that.

Q. Jay Gould you have said was a large stockholder.—A. Yes, sir.

Q. Russell Sage the same?—A. Yes, sir.

Q. James R. Keene I think you said was a moderate holder. How about Solon Humphreys?—A. I do not recollect that he was a stockholder at all.

Q. Addison Cammack?—A. Not very large.

Q. William L. Scott?—A. I do not recollect about him. I do not think William L. Scott was a stockholder. I am not sure of it.

Q. S. H. H. Clark?—A. I do not remember.

Q. A. H. Loveland?—A. I do not remember about him.

Q. John Sharp?—A. No.

Q. G. B. Smith, a Government director?—A. No; I do not remember his being a stockholder.

Q. C. C. Housel, it is printed here?—A. I do not remember.

Q. Ralph P. Buckland?—A. No.

Q. You do not remember about him?—A. No.

Q. Daniel Chadwick?—A. No, sir.

Q. Nathaniel Niles?—A. No, sir.

Q. So that the prominent names which you recall as being stockholders of the Kansas Pacific are F. L. Ames, Sidney Dillon, Jay Gould, and Russell Sage?—A. And Greeley.

Commissioner ANDERSON. But the first names I gave you were directors of the Union Pacific. Mr. Greeley, I believe, was not a director of the Union Pacific.

The WITNESS. I think he was afterwards; I am quite sure he was.

CERTIFICATE APPROVING OF CONSOLIDATION.

Q. Do you recall the fact that quite a number of the holders of the Kansas Pacific stock signed a paper declaring that they ratified and approved the articles of the union and consolidation, and that you certified that it had been signed by a large number of stockholders?—A. I think I remember it; yes, sir.

Q. Please look at the printed copy of the certificate, and state whether you recall signing such a paper, on page 67.

Mr. HOLMES. They are not consecutive pagings.

The CHAIRMAN. It is page 67 of the appendices.

Mr. HOLMES. That was an appendix to an answer in a lawsuit.

Commissioner ANDERSON. It is page 67 contained in a book of mortgages and reports, and indorsed "K. P. R. W"?

A. Yes, sir; I think I do.

Q. Do you remember where you signed it?—A. I suppose in the office, 80 Broadway.

Q. Do you remember when it was signed?—A. No, sir; I do not.

Q. Was it after the articles of consolidation? Look at your signature and see the date at the end of the certificate.—A. It is the 26th day of April, 1880. I do not remember what day the consolidation took place.

Commissioner ANDERSON. The 24th of January, 1880.

The WITNESS. That must have been after then, the 26th of April.

Q. Do you remember whether that paper, as it stood when you appended that certificate, had those signatures representing the shareholders and the amount of stock preceding your certificate?—A. They must have; yes, sir.

Q. Does your memory serve you what that paper was?—A. It was what it purports to be here, the signatures of these parties assenting to this consolidation.

Q. That signature was appended to a ratification?—A. Yes, sir.

Q. Look at the paper which precedes the signatures in the printed book and see whether that is the ratification which you refer to and which you certified as having been signed?—A. Yes, sir.

Q. Who brought you that paper with those signatures?—A. I do not recollect that.

Q. Did you have it in your possession for some time?—A. I think so.

Q. Was it not kept at the office for the purpose of getting the signatures?—A. Yes, sir.

Q. What ratification, or what sanction, by any of the stockholders was given to the consolidation before it was executed?—A. I do not recollect.

Q. Do you know whether any of these signatures were procured before the consolidation articles were executed?—A. I do not recollect that, but I presume they were.

Q. Why do you presume they were; simply because you think they ought to have been?—A. Yes, sir; I think they were procured before, but I could not swear to that.

Q. Do you remember anything about it?—A. Very little. I remember having that paper and having the signatures attached in my office.

Q. Were you not urged to get as many signatures to it as you could?—A. No, sir.

Q. Did you not ask stockholders when they came in to sign it?—A. Yes, sir.

Q. Do you remember who was the first person who signed it?—A. I think the officers and the directors of the company—Mr. Gould, Mr. Sage, and those who were in New York. Mr. Dillon.

Q. Did they sign it before the consolidation or afterwards?—A. I do not recollect; I think before.

Q. Was not Mr. Gould, according to your recollection, the first person that signed it?—A. I think so; I could not swear to that, though.

Q. Had you any office or connection with the Union Pacific Railroad at this time?—A. No, sir.

Q. Did you know of their proceedings?—A. No, sir; only in a general way.

Q. I mean with reference to the consolidation?—A. No, sir; only in a general way.

Q. Was it not stated to you by any of the officers on that day that the Union Pacific had agreed to consolidate?—A. I do not remember; I do not think so.

Q. You do not think so?—A. No, sir; I had no connection at all with the Union Pacific.

AS TO CONVERSATIONS ABOUT CONSOLIDATION.

Q. Do you mean to say that the first thing you knew of the Union Pacific having agreed to do this, to consolidate, was when you were asked to witness the articles of consolidation?—A. Oh, no; I knew the

thing was contemplated and going on, but in connection with the U P. part I had no part in it.

Q. It could not go into effect until the Union Pacific executed?—A. No.

Q. You must have been told, at some time on that day or previously, that they had consented.—A. I think I knew about it previously.

Q. You think you did know about it previously.—A. Yes, sir.

Q. With whom had you talked, pending the consolidation?—A. That I have no recollection of.

Q. What are the names of the parties, if you can recall them to your mind, as being the persons with whom you talked on this subject at all, at that period, in January, 1880?—A. I cannot recall any particular parries.

Q. Do you not recall the fact that you did talk of this subject relating to this consolidation at this time with Mr. Sidney Dillon?—A. I do not recollect it.

Q. Do you not recollect that you talked of the consolidation with Mr. Jay Gould?—A. No, sir; I suppose I did, but I do not recall any conversation about it.

Commissioner ANDERSON. I do not mean to say that you can recall just what was said, but that the subject was discussed in the office between you, Mr. Gould, Mr. Dillon, Mr. Sage, and Mr. F. L. Ames.

The WITNESS. It must have been so, and I must have known about it, of course, but I do not recollect any particular time or any particular conversation about it.

Commissioner ANDERSON. Mr. Holmes, have you any idea when we can receive those copies of minutes from Mr. Mink that he said we could have?

Mr. HOLMES. I have not seen him since about it and he has not mentioned the subject to me. I supposed he would be here to-day. I have not seen him to-day.

DENVER PACIFIC STOCK.

Q. Do you know anything relating to the delivery or the extraction of 29,986 shares of stock belonging to the Denver Pacific that was taken out of the trust held by the trustees of the consolidated mortgage and returned to the Kansas Pacific?—A. I recollect that that was done.

Q. Do you know who brought that stock to the office of the Kansas Pacific?—A. No, sir.

Q. Where were the securities kept; was there a safe in that room?—A. The securities were kept in the safe; yes, sir.

Q. In your room?—A. Yes, sir.

Q. Who had charge of that safe?—A. I had access to it and Mr. James M. Ham had access to it; both of us.

Q. You say you remember the fact that that stock was got out of the trust?—A. Yes, sir.

Q. Did you talk to anybody about these proceedings?—A. I suppose I did, but I do not remember any particular conversation.

Q. You do not recollect what was said?—A. No, sir.

Q. Do you remember, after that stock was got out of the trust, that in some way or other the Kansas Pacific parted with it?—A. I recollect they did; yes, sir.

Q. Do you recollect how it came to part with it?—A. I do not know the circumstances now.

Q. Do you recollect to whom it went?—A. I think to Mr. Gould.

Q. Do you recollect on what terms Mr. Gould got possession of it or anything about the terms?—A. No, sir; I do not; that I had nothing to do with; that was done by the treasurer.

Q. Do you recollect whether any proceedings of the Kansas Pacific directors were had by which the terms of exchange were fixed?—A. I do not recollect.

Q. This stock represented $3,000,000 at its face value, did it not?—A. Very nearly the face value.

Q. If any proceedings had been had by the board by which it was provided that some $3,000,000 should be paid to the Kansas Pacific for that stock would it not make any impression on your mind?—A. It would be a matter of record on the record books.

Q. Apart from the record books, would not that have been a very unusual transaction? By "unusual" I mean a transaction that very rarely occurred.—A. Yes.

Q. What value had the stock of the Denver Pacific before the consolidation had been agreed upon?—A. I do not know what value was put upon it.

Q. Had it any value?—A. Yes, sir.

Q. For sale on the market?—A. Oh, it was never on the market, that I know of. I never heard of a sale of any of the stock.

Q. Had the road not been in the hands of a receiver?—A. I think so; yes, sir. I do not know who the receivers were, though.

Mr. HOLMES. Walter S. Cheeseman was one.

Q. At what time did it come out of the hands of the receiver?—A. I do not remember.

Q. Was it in the hands of a receiver when you were secretary here in New York?—A. I think so. I think it was in the hands of a receiver before I left Saint Louis.

Q. Do you not know that the stock of that company, down to the end of 1879, had no value whatever, or no perceptible value? You could not have sold it to anybody for anything. Was that not the fact?—A. I do not know; I never heard of any offer to sell it, or heard of any price for it; it controlled the property.

Q. Is it not the fact that the interest on all the mortgages was in arrears?—A. Yes, sir.

Q. And unpaid?—A. Yes, sir.

Q. Is it not the fact that until 1879 the general result of the accounts—I am not asking for exact figures—showed that prior to 1879 it did not earn enough net earnings to pay the interest on its bonds?—A. Yes, sir.

Q. Then, in 1879, affairs had improved some, as I remember. That being the condition of the road, do I understand you that a sale of $3,000,000 of that stock for producing securities of considerable value could take place and be arranged for in the board of directors and that you have no memory of it at all?—A. No; I say it must be a matter of record, but I do not recollect the facts about it.

Q. If it occurred in a board meeting, you certainly would have been present?—A. Certainly.

AS TO GOULD'S ALLEGED OFFER FOR DENVER PACIFIC STOCK.

Q. Did you ever hear discussed in the board of directors of the Kansas Pacific an offer on the part of Mr. Jay Gould to give to the Kansas Pacific $1,833,000 of bonds of the Kansas and Nebraska and Saint

Joseph Pacific roads, as part payment for this Denver Pacific stock?—A. I do not recollect that.

Q. You never heard those terms discussed?—A. I do not say I never heard it, but I do not recollect it.

Q. Did you ever hear a proposition discussed that Mr. Jay Gould should give $302,800 of Hastings and Grand Island bonds in part payment for this stock?—A. That I do not recollect.

Q. Or $784,000 Saint Joseph bridge bonds?—A. I do not remember.

Q. Or 4,000 shares of the stock of the Saint Joseph bridge?—A. No, sir.

Q. You do not recollect that, either?—A. No, sir.

Q. Or $479,000 of the Kansas Central bonds?—A. No, sir.

Q. Then none of that transaction presents itself in your mind as being a transaction which occurred in the open board of the Kansas Pacific, as far as your memory serves?—A. No, sir; I do not remember.

Q. Do you think, if a transaction involving all these peculiar stocks and bonds, and the sale of this 29,986 shares of your stock, had occurred in your presence and been discussed that your memory would not have some trace of it to-day?—A. I would recollect something about it, but not the details.

Q. Then your impression is that no such thing was ever discussed in the board, when you were present?—A. No; I did not say that.

Q. Does your memory furnish you with any recollection of such a transaction?—A. No, sir.

Q. And you do say you think you would have remembered it, if it had occurred before you?—A. Yes, sir.

Q. Did any of these stocks come into the possession of the Kansas Pacific?—A. I do not recollect that. The treasurer had that part of the business to do; I never had anything to do with it.

Q. In regard to the 10,000 shares of Denver Pacific stock that were held by Arapahoe County, Colorado, did you ever know anything of that stock?—A. I knew that they had that amount.

Q. Did you know anything of the proceedings by which they parted with that stock?—A. I do not remember.

Q. The stock was obtained by the directors here in New York, was it not?—A. The Kansas Pacific directors.

Q. By Mr. Gould?—A. By Mr. Gould, I think. I do not remember.

Q. Do you not remember that at the same time that he got that stock he got some other stocks?—A. No, sir. What other stocks?

Commissioner ANDERSON. What was it, Mr. Holmes?

Mr. HOLMES. Colorado Central stock.

Q. You do not know what consideration was paid by Mr. Gould to Arapahoe County for that stock?—A. No, sir.

Q. Have you in your possession the reports of the earnings and operating expenses of the Kansas Pacific during the period that you were secretary?—A. No, sir.

Q. You were examined as a witness in the Morgan case, were you not?—A. Yes, sir.

Commissioner ANDERSON. Mr. Holmes, have you a copy of the record of the Morgan case with you?

Mr. HOLMES. No, sir; I took it back to my office; I will bring it here again.

Q. You say you do not remember who the receiver of the road was?—A. I do not. Mr. Holmes thinks that Walter S. Cheeseman was one; I do not know who the other was.

EARNINGS OF KANSAS PACIFIC BEFORE CONSOLIDATION.

Q. What is your recollection as to the gross earnings and operating expenses of the Kansas Pacific for the year preceding January 1, 1880; that is, from January 1, 1879, to January 1, 1880?—A. I do not recollect the figures; I know that the earnings increased very much.

Q. Do you recollect whether that road earned anything more than its operating expenses and the current interest for one year on its mortgages?—A. I do not remember, but I think it did.

Q. Do you know how much more?—A. No, sir; I do not.

Q. Were you examined as a witness in the suit that was brought to get this stock out of the trust?—A. I think I was.

Q. Do you remember before whom you went?—A. No, sir.

Q. Do you remember who was present when you were examined?—A. I do not.

Q. Do you remember who examined you?—A. I do not.

Q. Was Mr. Holmes there?—A. I do not remember.

Commissioner ANDERSON. Mr. Holmes, why do you not produce more impression on your witnesses?

Mr. HOLMES. I have had no conversation with him for six months.

Commissioner ANDERSON. No; but you examined him in this case, and he does not seem to recollect it at all.

Q. Do you recollect that you were asked in that case what the gross earnings and operating expenses of the Kansas Pacific had been for the eleven months preceding the date of your examination?—A. I do not remember.

Q. Do you recollect reading over that evidence after it was written out?—A. No, sir; I do not recollect it.

Q. Do you recollect some discussion as to whether some lines should be scratched out or not?—A. No, sir.

Q. Did you scratch out any lines in that evidence?—A. I do not remember.

Q. What is your best recollection?—A. I do not think I would scratch out anything.

Q. You do not think you did?—A. No, sir.

Q. Do you remember when you read that evidence, finding that something stated in it was incorrect, and you wanted to amend it or change it?—A. I do not remember reading it.

Q. How would you answer this question to-day, which was put to you on that occasion: "How much was the surplus left of the gross earnings of the Kansas Pacific for eleven months before the 1st day of January, 1880, after paying operating expenses, taxes, assessments, and interest on the mortgages?"—A. I should say there was a surplus, but how much I do not know. I do not remember the figures at all.

Q. How much was the interest charge for a year?—A. I do not remember. I think $1,300,000 or $1,400,000.

Q. How did you come to be a witness in that suit?

The WITNESS. In which suit?

Commissioner ANDERSON. In the suit brought by the Kansas Pacific against Jay Gould and Russell Sage to procure leave from the court to take this Denver Pacific stock out of the trust.

A. I suppose because I was secretary of the company.

Q. Do you remember who asked you to come around before the referee?—A. I do not.

Q. Do you remember whether you got any subpœna?—A. I do not.

Q. Do you remember talking to Mr. Sage or to Mr. Gould, before you went around?—A. No, sir.

Q. Or to Mr. Sidney Dillon?—A. No, sir.

Q. Do you remember the fact that Mr. Sidney Dillon was there with you?—A. I do not.

Q. You do not remember his testifying?—A. No, sir.

Commissioner ANDERSON. I will wait, Mr. Holmes, until you get the book that you say you have and will bring to us.

Mr. HOLMES. Yes; but I think the witness is entitled to see the testimony which he signed, and the erasures which you speak of, and say whether it is in his handwriting. That is the best record of it.

Commissioner ANDERSON. I will send for it. Do you think it is in his handwriting?

Mr. HOLMES. I said Mr. Calef was the best one to tell.

By the CHAIRMAN:

Q. What were your duties as secretary?—A. To keep the records of the company and sign the stock certificates.

Q. What other company were you secretary of in that year, the year of the consolidation?—A. None, I think.

Q. No other companies?—A. I was, too, of the Missouri Pacific, the same one I am secretary of now.

Q. Did you keep the accounts in the same office?—A. Yes, sir.

Q. How many hours during the day were you at the office in the year of the consolidation?—A. From 9 until 6.

Q. Were you present at the directors' meetings regularly?—A. Most of them. I was not present at all of them.

Q. Do you recollect the attendance of the directors?

The WITNESS. Do you mean to notify them?

The CHAIRMAN. Do you recollect the average attendance at the meetings, or the number of gentlemen attending the regular meetings of the board?—A. No; I do not remember how many.

Q. Do you recollect the fact that some of them did regularly attend and others did not?—A. Yes, sir.

The CHAIRMAN. I ask these questions to test your memory, that is all.

AS TO DEPOSITION OF WITNESS IN SUIT OF KANSAS PACIFIC AGAINST GOULD AND SAGE.

By Commissioner ANDERSON:

Q. (The deposition in the suit of the Kansas Pacific Railway Company against Jay Gould and Russell Sage having been procured, was shown to the witness.) Please look at that signature and say if it is yours.—A. Yes, sir.

Q. Look at the page preceding and tell me in whose handwriting are the words, "at the rate of half a million per annum."—A. That is mine.

Q. That is in your handwriting?—A. Yes, sir.

Q. Who made the erasures of the four or five lines that have been scratched out?—A. I do not recollect that.

Q. You do not remember whether you made it yourself?—A. I do not think I did; I do not remember it.

Q. Please read that question and answer and state whether, as corrected to "at the rate of half a million per annum," it is correct or not.—A. I think so; yes, sir.

Commissioner ANDERSON. The question is:

Do you know whether or not the earnings and receipts of the Kansas Pacific Company during the past year have been in excess of its fixed interest charge, operating expenses, and payments for taxes, replacements, renewals, and repairs during that period of time?

The answer is:

During the last eleven months at the rate of half a million per annum.

the words "very little" being scratched out.

I have before me a transcript furnished by the officers of the Union Pacific Railway of the meeting held by the directors of the Kansas Pacific on the 24th of January, 1880, at 11 o'clock, subscribed by yourself as secretary. I understood you to say before that you recollected nothing in regard to the transaction in Saint Jo and Denver and other bonds?

The WITNESS. Yes, sir.

KANSAS PACIFIC MINUTES AS TO PURCHASE OF BONDS OF SAINT JO AND WESTERN.

Commissioner ANDERSON. I now read you this from the transcript:

The president reported that, pursuant to authority given to this company by the laws of Kansas to purchase and hold the bonds and stock of any other railroad company or companies, this company had bought the following bonds and stocks of roads whose lines, constructed or being constructed, connect with the road of this company, viz:

A majority of the shares of stock of the Saint Jo and Western Company, at $20 per share, $1,833,724.03.

Also, receiver's certificates of the Saint Jo & Denver City R. R.; and mortgage bonds of the Saint Jo & Pacific R. R. Co., Kansas & Nebraska R. R. Co., since consolidated into the Saint Jo & Western Railroad Company, at par; also $784,000 Saint Joseph Railroad Bridge first mortgage bonds, and 4,000 shares of the stock of said bridge thrown in, for the sum of $784,000 (for said bridge bonds and bridge stock).

All of said sums the Kansas Pacific had agreed to pay on or before sixty days, in the full-paid stock of the Kansas Pacific Railway, or in the consolidated mortgage bonds of the last named railway company at par.

Do you recollect that transaction at all?

The WITNESS. I do not. That is the first time for seven years I have seen or heard anything of it.

Q. Does what I have read refresh your memory that there was something of that kind that occurred?—A. No; not at all.

Q. The entry, as I judge from your testimony, is in your handwriting?—A. I suppose it is.

Q. What did you make that entry from?—A. I do not remember. I do not know that it is in my writing, unless I can see the records.

Q. What was your practice in regard to making entries in the minute-book?—A. I made most of them, but if I was very busy I had a clerk to write them out, and then I signed them.

Q. You recollect this particular meeting that related to the consolidation and that you were present there?—A. I do not know if I entered the records or not on that meeting.

Q. You do not know whether you wrote out the minutes or not?—A. I could not tell; no, sir.

Q. Do you know how long after that meeting was held the minutes were made up?—A. I do not.

Q. As a matter of fact, the minutes were not entered by you in the book during the meeting in any case, I presume?—A. Oh, no; after the meeting was over.

Q. You are not a shorthand writer?—A. No, sir.

Q. So that whatever occurred, you would keep a memorandum on a loose piece of paper; is that so?—A. On a pad; yes, sir. I do now, at all our meetings, and write them out afterwards.

Q. How long afterwards would you write them out?—A. Within twenty-four hours.

Q. Do you know anything about what was done with reference to this transaction subsequently?—A. I do not a single thing.

Q. The resolution declares that the stocks I have enumerated were to be paid for on or before sixty days in the full-paid stock of the Kansas Pacific Railway Company. Did I not understand you to say that it was your business to sign transfers of stock?—A. Yes, sir.

Q. Do you recollect whether any such stock was issued after the meeting of January 24?—A. I do not recollect that.

PURCHASE OF CENTRAL BRANCH UNION PACIFIC STOCK.

Q. The minutes continue:

The president also reported a like purchase on behalf of this company of 7,616 shares of stock in the Central Branch Union Pacific Railroad Company for $1,826,500, to be paid for, one half in Kansas Pacific consolidated bonds at par, issued under mortgage May 1, 1879, and the other half in Union Pacific collateral trust bonds at par.

Do you recollect that transaction at all?—A. I recollect when the Central Branch stock was purchased, and who it was purchased from, but I have forgotten the price, or how it was paid for, and everything else. I never had anything to do with the settlement for them.

Q. You do not recollect the fact that at that meeting the facts I have read were reported to the meeting?—A. No, sir; I do not.

Q. From whom was that Central Branch Union Pacific Railroad Company stock bought?—A. From Oliver Ames and Mr. Pomeroy.

Q. What Mr. Pomeroy?—A. He is dead now. He used to be the president of the Central Branch.

Q. When did Mr. Ames die?—A. Mr. Ames is governor of Massachusetts now. Mr. Pomeroy died a year ago.

Q. Mr. Oliver Ames?—A. Yes, sir. R. M. Pomeroy. He was president of the road and built it; that is, a great part of it.

Q. Did you ascertain at any time from whom the other shares that I have referred to were purchased?—A. No, sir.

Q. Your minutes then continue:

On motion, Mr. Russell Sage, seconded by Mr. F. L. Ames, it was
Resolved, That the action of the president in the purchases of the said bonds and stock, and each of said purchases, be, and each of them is, severally ratified and approved.

Do you recollect any such resolution as that being put and carried?—A. No, sir.

Q. It further appears from your minutes that at the same meeting,

On motion of Mr. Sage, seconded by Mr. Edgerton, it was
Resolved, That 6,242 shares of the authorized capital stock of this company, remaining unsubscribed and unissued, may be issued, and the president and secretary are hereby authorized to execute certificates therefor, in payment of the first coupons on the consolidated bonds and for other indebtedness of the company.

Do you recollect that resolution?—A. No, sir.

Q. Do you recollect the fact that at the time this meeting was held there were 6,242 shares of unissued stock?—A. I do not recollect how much. There was some of it that had not been issued.

Q. Have you any doubt but what that figure is correct?—A. No, sir; not at all.

Q. The shares were $50 shares?—A. Yes, sir.

Q. Did you have charge of the business of issuing those certificates?—A. I signed them. I do not know who issued them—who gave them out.

Q. Did you not have charge of taking the receipts in the stub-book?—A. Not always.

Q. Do you know to whom those shares were issued?—A. I do not.

Q. Do you know for what other indebtedness of the Kansas Pacific Company that stock was issued?—A. No, sir; I do not recollect of any other debts.

Q. Do you know how much was issued for first coupons on the consolidated bonds, and how much of it was issued for other indebtedness of the company?—A. No, sir.

Q. What books will show that?—A. The treasurer's books.

Q. And what particular book?—A. The treasurer's cash-book, I suppose.

Q. Will not the stock-certificate book show to whom the certificates of stock were delivered?—A. Yes, sir.

Q. How will the treasurer's cash-book show the indebtedness against which this stock was delivered, if it was delivered in payment of indebtedness; into what book must we look to find the record?—A. The cash-book will show what was done with the proceeds—what indebtedness it paid.

Q. That cash-book is with the general books of the company, I presume?—A. I suppose so. I do not know where any of the books are.

Commissioner ANDERSON. Mr. Mink, have you the cash-book?

Mr. MINK. Yes, sir. I do not remember that particular book, however.

Mr. HOLMES. The witness desires to change his answer as to who the Denver Pacific receivers were.

The WITNESS. I desire to change my statement as to who were the receivers of the Denver Pacific Company. The receivers were D. M. Edgerton and George W. Clayton.

Mr. HOLMES. They were appointed April 5, 1878.

Q. Please examine the report for the year 1879, contained in Poor's Manual, and state, as near as you can from memory, whether that statement of the gross earnings and the operating expenses is accurate.—A. (After examination.) I presume it is.

Q. Have you a statement of the earnings of that road for the year 1879?—A. I have not.

Q. Was such statement prepared or made up?—A. They are always made up in Kansas City, by the auditor.

Commissioner ANDERSON. Can you furnish the reports for the years 1878 and 1879 of the Kansas Pacific? I have them down to 1877.

Mr. HOLMES. I really cannot say whether I have them or not; I do not think I have them; I doubt if there were reports made.

The WITNESS. It was in the receivers' hands at that time.

Commissioner ANDERSON. Mr. Villard and Mr. Greeley?

The WITNESS. Henry Villard and C. S. Greeley.

AS TO KANSAS PACIFIC EARNINGS.

Q. On what did you base the statement made by you in the Kansas Pacific suit that the excess of net earnings for the eleven months preceding the time when you were then examined amounted to about half a million dollars?—A. I do not recollect; but I must have had some figures in the office at that time to base it on.

Q. Did you have any account for that year that you examined before you could make that statement?—A. There probably was one, but I do not recollect.

Q. Do you not remember, after seeing that deposition, the fact that you erased some lines, finding they were wrong, and substituted the words "at the rate of half a million dollars?"—A. I see I did that; I did not remember it.

Q. Does not that bring to your mind how it was you ascertained that it was half a million dollars?—A. No, sir; not at all; Ham was the custodian; I must have examined the account when I made that change.

Commissioner ANDERSON. In the statement you made of the fixed charges you fixed the figure, if I remember right, at $1,400,000?

The WITNESS. About that, I said; I do not remember without figuring it up.

Q. Can you give it any more accurately. The funded debt is stated in Poor's Manual.—A. The funded debt is $22,000,000.

Q. That would make the annual interest how much?—A. Between $1,300,000 and $1,400,000.

Q. At what figure do you find the gross earnings stated in that book?—A. Eighteen hundred and seventy-eight, $3,610,224.

Q. For what year?—A. Eighteen hundred and seventy-eight.

Q. From what month to what month?—A. This is for the year; for the fiscal year, January to December inclusive.

Q. Is that for the year 1878 or the year 1879?—A. No, 1878; it is here from 1872 to 1878, right along.

Q. During that year the operating expenses were how much?—A. The operating expenses and taxes were $2,411,560.

Q. What was the net revenue?—A. One million one hundred and ninety-eight thousand six hundred and sixty-two dollars; the gross earnings were $3,610,224.

Q. So that during that year the net revenue would not be sufficient to meet the fixed charges by about $200,000 or $300,000, if these figures are accurate?—A. Yes, sir.

Q. From what statement on that report do you fix that report as being for the year 1878 and not for the year 1879?—A. It says "1878;" it is each year.

Q. Please read the sentence preceding the figures and see if that does not state operating expenses for the year ending December 31, 1878.—A. You know these come out two or three months after the year.

Q. They came out the following year?—A. That was in 1879 for 1878.

Q. Giving you the report for the preceding year?—A. Yes, sir.

Q. The report does not appear in Poor's Manual in 1880; please examine the report, as far as it is contained in Poor's Manual; it merely gives the gross earnings, as you will see at the foot; state whether, according to your recollection, that figure is correct.—A. No; I do not recollect that $4,873,000.

Q. Have you in your possession the same source from which you testified in the Kansas Pacific suit, and from which you can furnish the figures to show that the earnings were half a million in excess of the fixed charges?—A. No, sir; I have no Kansas Pacific figures in my possession at all.

Commissioner ANDERSON. Can you furnish us with the report of 1879? We have the others.

Mr. HOLMES. I have not looked at it for years; perhaps I can find it.

The WITNESS. It says here that the gross earnings were $4,873,000.

The CHAIRMAN. Let them furnish us with a copy.

Commissioner ANDERSON. Have you a report for 1879 of the Kansas Pacific?

Mr. MINK. No, sir; I have not.
Commissioner ANDERSON. Where are the books?
Mr. MINK. In Boston.
Commissioner ANDERSON. Then we can get it from the books?
Mr. MINK. Yes, sir.

FINANCIAL CONDITION OF UNION PACIFIC, 1876 to 1879.

Q. What was the general condition of the Kansas Pacific Railway Company during the years 1876, 1877, and 1878, in regard to its financial condition?—A. She was pretty poor.
Q. All of its interest on all forms of securities was in arrears, as I understand it?—A. Yes, sir; extended. The coupons were funded.
Q. Were there any payments made at all of interest on any of these bonds during these years?—A. I think there were partial payments on some of the bonds; half in 1877, I think.
Q. A payment amounting to how much?—A. I do not remember that.
Q. Do you remember the fact that it was a compulsory payment, on a suit brought on the funding mortgage?—A. No, sir.
Q. You do not remember the amount of it or the circumstances under which it was paid?—A. I do not.
Q. But, in general terms, the road remained embarrassed, and with its coupons in arrear, for the years I mentioned—1876, 1877, 1878?—A. Yes, sir; but in 1878 the business commenced to improve very much.
Q. And in 1879 the business still grew better?—A. Still better.
Q. Was the road in such a condition that under such circumstances as then existed there was any possibility of its earning a dividend on its stock, without the consolidation with the Union Pacific, at that time?—A. No; if they had been enabled to do a through business they would have paid dividends years before.
Q. But, without consolidation, and without through business, was the Kansas Pacific able to earn dividends on its stock, as matters stood before the consolidation?—A. No.
Q. You think not?—A. No; but I think, with the improvement that came in 1878 and 1879, she very soon would have been able to do it.
Commissioner ANDERSON. The earnings would have had to increase very largely over those of 1879 before it could have paid dividends on the $10,000,000 of stock; that would have required $600,000, at 6 per cent.
The WITNESS. In 1879 she earned $4,873,000.
Commissioner ANDERSON. That was gross earnings?
The WITNESS. Yes, sir; it would not have had to increase so very much more, with the fixed charges $1,300,000, to have earned a dividend on its stock.
Q. What was the rate of the operating expenses?—A. That I do not recollect; it varied.

By Commissioner LITTLER:

Q. I would like to ask you this question: Do you remember having sworn as a witness in the case of Henry Morgan against the Union Pacific Railway Company?—A. I remember I was a witness in that case.
Q. I call your attention to a question which was propounded to you, and also your answer:

Do you know whether or not there have been at any time any surplus earnings of the Kansas Pacific Railway Company, upon its line from Kansas City to the 394th mile-

post, and from Leavenworth to Lawrence, over and above all expenses of operating said railway, and carrying on its business, including taxes, assessments, and payments on the incumbrances prior in lien to the lien of the income mortgage?

Your answer is, "There has not been." That was true then, and is true now?—A. Yes, sir.

Commissioner LITTLER. Another question was propounded:

Has there been any period of time between the default of the company upon first mortgage obligations in 1874, the occasion upon which you stated the coupon certificates were issued, and the 20th day of March, 1880, when the company was not in default upon some of its interest obligations, either to the Government or the holders of its February and August or its June and December bonds?

Your answer was, "There has never been a time when they were not in default."

The WITNESS. That is true.

CONDITIONS EXISTING AT TIME OF KANSAS PACIFIC CONSOLIDATION.

Q. So that was true at the time the Kansas Pacific consolidated with the Union Pacific, on January 24, 1880?—A. Yes, sir.

Q. Then it is true that at the time the Union Pacific and the Kansas Pacific consolidated, on the 24th day of January, 1880, the Union Pacific took into its care, if you please, a corporation whose first and second mortgage bonds were in default, and which had never earned money enough to pay its debts or its fixed charges; that is true?—A. I think in 1879 she earned the full interest, and perhaps more; but still there were these coupon certificates for back interest still outstanding.

Mr. HOLMES. They had not been presented?

The WITNESS. They were not presented.

Q. The directors of the Union Pacific Railway Company were familiar with the financial condition of the Kansas Pacific Railway Company, were they, at that time?—A. I suppose; yes, sir.

Q. A portion of the Union Pacific Railway directors were also directors of the Kansas Pacific Company, as I understand, at that time?—A. Only a few of them; two or three.

Q. They had either the knowledge or the means of obtaining accurate knowledge, as to the condition of this Kansas Pacific road, and all its securities, at the time this consolidation was made?—A. Yes, sir; I would like to add one thing—that the condition of the business and the country out there in 1876 and 1877 was no guide to go by as to what it was in 1879 and 1880, because the country filled up so rapidly and the business increased so much.

Q. Had the stock of the Kansas Pacific Railway Company, including the $4,000,000 Denver Pacific Railway Company stock, any market value on the 24th day of January, 1880?—A. Yes; I think the Kansas Pacific stock was selling over par.

Q. The Kansas Pacific stock?—A. I think so; yes, sir.

Commissioner LITTLER. On the 1st day of January, 1879, the Kansas Pacific Railway Company stock is reported to have been selling at 13 cents on the dollar, and on the last day of January it is reported to have been selling at 9½ cents on the dollar.

Commissioner ANDERSON. You have the years wrong.

Commissioner LITTLER. No. I have not. There it is.

Commissioner ANDERSON. Then the papers must be wrong.

Mr. JOHN F. DILLON. Does Mr. Poor state what it was worth in 1880?

Commissioner LITTLER. I am not reading from Poor's book.

A VOICE. Those prices are about correct.

Mr. PONDIR. I sold it at nine and ten dollars a share in 1879.

Mr. JOHN F. DILLON. Has there been any proof of the value of that stock in January, 1880?

Commissioner ANDERSON. I have ordered a complete list of quotations.

Mr. JOHN F. DILLON. May I ask a question on that subject?

The CHAIRMAN. Certainly.

By Mr. JOHN F. DILLON:

Q. Can you state, according to your best recollection, whether the Kansas Pacific stock was on the list?—A. Yes, sir.

Q. Its market value in January, 1880, was what?—A. I do not know about that month. I know one time the stock, I think it was in January, 1880, sold as high as 109.

By the CHAIRMAN:

Q. How do you fix the value of stocks in your mind? You are not able to fix any incident connected with a meeting of the board of directors. How do you distinguish between the two?—A. On stocks I always keep a pretty good interest in the market; the quotations.

Q. Did you not take any interest in your meetings?—A. Yes, sir.

Q. Did you not take the same interest in your meetings as you did in stocks?—A. Yes, sir.

Q. Why do you not recollect the instances about which you have been asked?—A. I recollect the price of stock better than the meetings, because I have not had a paper, or had anything to do with the Kansas Pacific for over seven years. I have not seen a book, or thought of it at all. I do know about that stock, because I had some.

Q. When were you employed first as secretary of the Kansas Pacific Railway Company?—A. I commenced as secretary in 1877, probably. I do not remember the month.

Q. What were you connected with prior to that time?—A. I was clerk in the Kansas Pacific.

Q. How long before that had you been clerking?—A. Since, I think, 1866.

Q. From 1866?—A. Yes, sir.

Q. Then you had been with the Kansas Pacific nearly from the beginning, as I understand you?—A. Pretty nearly.

Q. Do you recollect a meeting of any syndicate or combination for the purpose of buying up the stock of the Kansas Pacific or the Denver Pacific in 1878?—A. No, sir.

Q. Were you ever secretary of any such meeting?—A. No, sir.

Q. Have you had any other relation than the official relations as a clerk or secretary of Mr. Gould?—A. I did not know Mr. Gould.

Q. You did not know him?—A. No, sir.

Q. Did you hear at the time you were connected with the Kansas Pacific any discussion of a combination of the Union Pacific and the Kansas Pacific and the Denver Pacific?—A. Not until about the time of the consolidation.

Q. Not until the consolidation?—A. About that time.

Q. Did you ever hear it spoken of in 1878 or 1879?—A. No, sir; I did not come down here until 1879.

Q. At the office did you hear it discussed?—A. No, sir; I never knew of any of the New York parties until I came down here in 1879.

Q. When did you first come down?—A. In 1879.

Q. Did you ever keep any accounts or statements of account that were given at the meetings of the board of directors?—A. Only the record books.

Q. Where are the record books?—A. I do not know. I suppose they are in Boston.

Mr. MINK. Yes. The Kansas Pacific books.

Mr. HOLMES. I would like to ask one question in explanation of Commissioner Littler's quotation.

The CHAIRMAN. Certainly.

THE MORGAN SUIT AGAINST THE UNION PACIFIC.

By Mr. HOLMES:

Q. Do you remember the subject-matter of the suit of Henry Morgan against the Union Pacific Company as to which you were interrogated by Mr. Commissioner Littler?—A. It was on the income bonds.

Q. As to the inquiries to which you made answer, quoted by Mr. Littler, were or were they not in relation to the earnings upon a part of the road, that part that was covered by the income mortgage according to the definition of "net income," as defined in the income mortgage?—A. Yes, sir.

Q. Did your answers relate or did they intend to relate to the operations of the entire road or only to that part of the road covered by the income mortgage?—A. That is all; only to the 394th mile-post.

Commissioner LITTLER. One of these interrogatories relates to that portion of the road extending to the 394th mile-post, and the other interrogatory covers the whole road, as I understand it.

Mr. HOLMES. I do not think so. I think I must have put those inquiries myself.

The WITNESS. The income bonds do not cover the whole road.

By Commissioner ANDERSON:

Q. Was not the 394 miles part of the road the part which produced the largest earnings?—A. Yes, sir.

Q. That was the eastern part?—A. The oldest part.

Q. With the branches in it?—A. Yes, sir.

INTEREST-BEARING INDEBTEDNESS OF KANSAS PACIFIC IN 1879.

By Commissioner LITTLER:

Q. I will ask you another question or two. Do you know the total amount of interest-bearing indebtedness on this Kansas Pacific Railway in 1879?—A. I could figure it up; I do not remember it now.

Q. Was it or not about $26,116,350?—A. About that.

Q. Did this road ever pay interest on that sum of money from the time of its organization up to the 1st day of January, 1880?—A. I think not, on the whole.

Q. Then, as a matter of fact, the Kansas Pacific Railway never was able to earn enough money to pay interest on its several mortgage indebtednesses?—A. I do not know about 1879, but that she did. I could not state that. If these are gross earnings here, of $4,873,000, I think perhaps she did.

Q. I read you a list of the mortgage indebtedness of this road, giving the several items:

The first-mortgage bonds were	$6,303,000
The Denver extension bonds were	6,336,000
The Leavenworth branch was	600,000

The first land-grant bonds were	$1,480,750
The second land-grant bonds were	1,500,000
Second-mortgage income	4,275,350
Funding bonds	1,500,000
Coupon certificates	2,340,503
Making a grand total of	24,335,603

CONCERNING EARNINGS OF KANSAS PACIFIC.

That is supposed to be the aggregate amount of the mortgage indebtednesses of this road on the 1st day of January, 1880. I now ask you whether that road was ever able to earn interest on that amount of indebtedness?—A. I can answer that up to 1879; about 1879 I cannot tell you.

Q. It is a mere matter of calculation how much it would take to pay interest on this indebtedness at 6 per cent. Will you tell me how much $24,335,603 would require?—A. One million three hundred thousand dollars and odd.

Q. Do you remember the gross earnings of that road for the year 1879?—A. It is here.

Q. What is it?—A. Four million eight hundred and seventy-three thousand dollars against $3,610,000 in 1878.

Q. What were the net earnings of the road?—A. It does not give it.

Q. Have you any means of ascertaining the net earnings of the road for that year?—A. I have not.

Q. Was it a sum equivalent to the amount of the interest on this indebtedness?—A. I do not know. Here is an increase of $1,200,000 in gross in that year over 1878.

Q. Assuming that this Kansas Pacific Railway, with all its earning capacity, was never able to earn the interest on its bonded indebtedness, what was the value of this $14,000,000 of stock; $10,000,000 in the Kansas Pacific and $4,000,000 in the Denver Pacific?—A. I could not answer that.

Q. Had it any real market value?—A. Yes, sir; it always had a market value.

Q. Had it any property of value behind it after paying the liens to which it was subordinated?—A. I think so.

Q. Do you mean to say that all the assets of the Kansas Pacific Railway, including its branches, would ever have sold for the $24,000,000 which I have mentioned at public sale or at private sale?—A. I think it was worth it.

Q. You think it is worth it?—A. I do.

Q. In what market?—A. I think it is worth it to any connecting line.

Q. If it was worth that sum of money, would it not necessarily follow that it would pay interest on these $24,000,000? Otherwise would it not be a bad investment?—A. I have no doubt that she earned it in 1879. The three or four years from 1874 to 1878 were terribly bad years.

Q. I do not doubt it; but do you know that it did?—A. I do not, for I have not the figures.

Q. Is it not true that these income bonds and the coupon certificates which were a lien upon the road were greatly below par at about the time this consolidation took place?—A. The income bonds were. The coupon certificates I never knew the price of. We had no market out there.

Q. If that be true, why do you say that this road was ever worth $24,000,000, and would have sold for that much?—A. She had a land grant that was worth $15,000,000 or $20,000,000.

THE KANSAS PACIFIC LAND GRANT BONDS.

Q. How were these land-grant bonds; were not all the lands mortgaged to secure the land-grant bonds?—A. Yes, sir; but the issue of land-grant bonds was quite small.

Q. Were not all the lands mortgaged and were they not all subject to the land-grant mortgage?—A. Yes, sir.

Q. Then the land-grant mortgage did not aid the other bonds which were not secured by that mortgage?—A. No, sir.

Q. Do you mean to say that there was a large margin in these lands after paying off the land-grant mortgage?—A. Yes, sir; the land-grant mortgages, first and second, only amounted to $3,500,000.

Q. How many millions of acres?—A. I think about 5,000,000 acres.

Q. In what part of Kansas are those lands located?—A. All through Kansas, right along from Wyandotte west.

Q. The larger portion was in the extreme western part of the State?—A. Not the larger portion.

Q. Do you know what the average price of lands was at that time along the line of that road?—A. I think the average price was something over $3.

Q. Do you not know that a great deal of that land west, particularly on the Denver extension, was hardly worth the Government price at that time?—A. I know, but every year——

Commissioner LITTLER. But I am talking about this in 1879.

The WITNESS. Yes, sir; it did not have much value then.

Q. Not much?—A. No.

Q. Do you give it as your opinion that if that land-grant mortgage had been foreclosed and the land sold in 1879, there would have been a surplus after paying the interest?—A. Yes, sir; largely. I think that land-grant would pay out certainly $12,000,000 above the first and second land-grant bonds.

By Commissioner ANDERSON:

Q. It would in 1879?—A. I mean as it has been sold. I do not know what the average is now, but I think it was much more than that per acre.

By the CHAIRMAN:

Q. If in 1879 you had a surplus, what was the necessity of issuing the certificates of shares of stock to pay some indebtedness of the company?—A. I do not say we did have a surplus.

The CHAIRMAN. As it was read to you it said so:

Resolved, That the 6,242 shares of the authorized capital stock of this company remaining unsubscribed and unissued may be issued, and the president and secretary are hereby authorized to execute certificates therefor in payment of the first coupon on the consolidated bonds and for other indebtedness of the company.

The WITNESS. I have not said there was a surplus in 1879.

The CHAIRMAN. There could not have been any surplus in 1879?

The WITNESS. I suppose not, from that; but the road shows $1,200,000 more gross in 1879 than in 1878, and of course 40 per cent. of that must have been net. There must have been a large increase in 1879, but we have not the figures here.

A. H. CALEF.

AFTERNOON SESSION.

Mr. HOLMES. I desire to ask that the letter from Oliver W. Mink, of May 11, to the chairman of the Commission, in response to the inquiries of the Commission, and the accompanying documents, be copied in the record of the Commission.

The CHAIRMAN. They will be put in the record.

Commissioner ANDERSON. In connection with the letter will be printed the minutes of the Union Pacific, the minutes of the Kansas Pacific, and the minutes of the Denver Pacific Companies, held on the 24th day of January, 1880.

They are as follows:

LETTER OF OLIVER W. MINK AS TO EXCHANGE OF DENVER PACIFIC STOCK.

[The Union Pacific Railway Company, Equitable Building. Charles F. Adams, jr., president; Elisha Atkins, vice-president; Henry McFarland, secretary and treasurer; Oliver W. Mink, comptroller; post-office box No. 5287.]

BOSTON, *May* 11, 1887.

Hon. ROBERT E. PATTISON,
Chairman United States Pacific Railway Commission,
No. 10 Wall Street, New York, N. Y.:

DEAR SIR: I am in receipt of your communication of the 6th instant, making certain inquiries in relation to the exchange of the stock of the Denver Pacific Railway and Telegraph Company at the time of the consolidation in January, 1880.

I submit the following answers:

First. The receipt for the Union Pacific Railway Company's stock issued in exchange for the Denver Pacific Railroad and Telegraph Company's stock is in the handwriting of Mr. James M. Ham.

Second. The Union Pacific Railway Company's stock so issued in exchange was delivered to the consolidated company and treated by it as stock owned by the company. I am not able to advise you as to whether or not there was any trust in which the Union Pacific Railway Company was recognized as the beneficiary, but I know of no circumstance which would have made a trust necessary.

Third. The accounts of the Union Pacific Railway Company show that that company derived all the advantages arising from the sale of said stock.

Fourth. The minutes of the meetings of the directors of the Kansas Pacific Railway Company, so far as they relate to this transaction, are submitted herewith.

Fifth. The books of the Union Pacific Railway Company, the successor by consolidation, show the compensation received for said Denver Pacific stock.

Sixth. In answer to this question I reply that at the date of the consolidation the Kansas Pacific Railway Company was the owner of 39,989 shares of the stock of the Denver Pacific Railway and Telegraph Company, which had been acquired in the following manner:

January 25, 1871.	15,010 shares received from Evans & Carr, in exchange for $500,000 in Kansas Pacific income bonds at par..	$500,000
February 28, 1872.	14,979 shares purchased, for.....	150,000
January, 1880.	10,000 shares bought from Jay Gould, at $10 per share.	100,000
	These 39,989 shares thus owned by the Kansas Pacific Railway Company cost, therefore	750,000

This stock was turned over to the Union Pacific Railway Company and regularly entered by the consolidated company on its books of account as an asset.

This stock was regularly exchanged for stock of the Union Pacific Railway Company on the following dates, viz:

	Shares.
February 16, 1880	39,986
January 6, 1887	3
Total	39,989

In addition to the above, in connection with other transactions, the Union Pacific Railway Company acquired 3,140½ shares of its own stock through exchanges, made mainly at or about that time, of stock of the Union Pacific Railroad Company and stock of the Kansas Pacific Railway Company owned by the constituent companies and then turned over to it.

The Union Pacific Railway Company, therefore, acquired from the constituent companies stocks, of those companies which were exchanged for its own stock, to the extent of 43,129½ shares.

There shares are accounted for as follows:

February 16, 1880, delivered to Jay Gould in payment for the following securities:		
Saint Joseph and Pacific first-mortgage bonds and scrip, at par	$1,020,204 23	
Kansas and Nebraska Railway Company's first-mortgage bonds and scrip	729,820 00	
		$1,750,024 23
Kansas and Nebraska Railway Company's second-mortgage bonds		24,700 00
Kansas Central Railroad bonds	$479,000 00	479,000 00
Kansas Central Railroad stock, 2,521 shares		
Saint Joseph and Denver City receiver's certificates		59,000 00
Saint Joseph Bridge Building Company's bonds	$784,000 00	784,000 00
Saint Joseph Bridge Building Company's stock, 4,000 shares		
Saint Joseph and Western stock, 15,162 shares, at 20		307,240 00
Hastings and Grand Island bonds	$375,000 00	60,204 25
Hall County bonds	75,000 00	
Total		3,464,168 48
		(34,641 shares.)
July 7, 1880, delivered to Jay Gould in payment for the following securities:		
Saint Joseph and Pacific Railroad first-mortgage bonds	$10,300	$12,000
Kansas and Nebraska Railway Company first-mortgage bonds	1,700	
		(120 shares.)
December 18, 1880, sold to Sidney Dillon 8,300 shares, as follows:		
1,000 shares, at 107¼		$107,500 00
1,100 shares, at 107⅜		118,387 50
2,700 shares, at 107½		290,925 00
300 shares, at 107⅞		32,362 50
1,300 shares, at 108		140,400 00
600 shares, at 108¼		64,950 00
1,300 shares, at 108 Ex. Div		140,400 00
		894,925 00
Less commission, ¼		1,037 50
		893,887 50
		Shares.
April 12, 1881, delivered to Sidney Dillon, in exchange for a like number of shares of Union Pacific Railroad Company stock		50
May 11, 1887, on hand this date		18½
Total		43,128½

Manifestly, therefore, the Denver Pacific stock was delivered to the consolidated company and held for a time by that company as stock owned by it. After having been exchanged, the new stock was disposed of and the proceeds were applied by the consolidated company to its own advantage. That company received as a consideration for the stock, the securities and cash above set out.

The Saint Joseph and Pacific, the Kansas and Nebraska, the Saint Joseph Bridge, and the Hastings and Grand Island bonds have been exchanged for bonds of the Saint Joseph and Grand Island Railroad Company, which last-named company's bonds, thus received, were sold at a profit of $428,615.98.

The Saint Joseph and Denver City receiver's certificates were paid in full with interest. The Saint Joseph and Western and the Saint Joseph Bridge stocks were exchanged share for share for stock of the Saint Joseph and Grand Island Railroad Company. The stock of the last-named company is, I am advised, now selling at from 28 to 30.

Taking into consideration the amount realized on the Saint Joseph and Grand Island securities, and also the amount realized on the Union Pacific stock received in exchange for the Denver Pacific stock, the net profits of the Union Pacific on the transactions in question were $3,716,961.48. The present value of the Kansas Central securities is most uncertain. So far as they may have depreciated in value, so far these profits should be diminished. On the other hand, whatever sum is realized from the sale of the 4,000 shares of Saint Joseph and Grand Island stock, received in exchange for the Saint Joseph Bridge stock, which cost nothing, should be taken into account.

I submit a copy of the minutes of the meeting of the directors of the Union Pacific Railroad Company, held on January 24, 1880, called for in the telegram of your secretary of the 7th. The record book of the Denver Pacific Company is thought to be in

Omaha. I am not able, at present, therefore, to furnish you copies of the minutes of any meetings held by that company's directors in January, 1880, but will do so at the earliest moment possible.

I remain, yours, respectfully,

OLIVER W. MINK,
Comptroller.

MINUTES OF MEETING OF UNION PACIFIC DIRECTORS, JANUARY 24, 1880.

NEW YORK, *January* 24, 1880.

A special meeting of the directors of the Union Pacific Railroad Company was held, agreeably to required notice given by mail and telegraph, at the office of the president, 78 Broadway, at 11 o'clock a. m.

Present: Messrs. Dillon, Atkins, Dexter, Dows, Scott, Baker, Ames, Cammack, and Humphreys, and Government directors Niles, Chadwick, Smyth, Buckland, and Rousel.

The record of the last meeting of the directors, held on December 4 was read and approved.

The records of the executive committee from December 4, to December 20, 1879, inclusive, were read for information, and the acts therein recorded were approved.

The resignation of Mr. Daniel Chadwick as a member of the executive committee was accepted, and Mr. Nathaniel Niles was appointed a member of that committee.

Mr. George B. Smyth resigned as a member of the finance committee, and Mr. Chadwick was appointed a member of that committee.

The president of the company laid before the meeting the resignation of Mr. Jay Gould as a director of this company and member of its executive committee, dated January 10, 1880, and stated that he had accepted the same.

On motion of Mr. Sage it was

Voted, That the said resignation be received and accepted and that the action of the president in accepting the same be, and the same is hereby, approved.

On motion of Mr. Ames, seconded by Mr. Sage, it was

Resolved, That the proposition of the Colorado Central Railroad Company to this company to cancel and annul the leases of date the 17th and 20th days of February, A. D. 1879, whereby the Colorado Central Railroad Company leased its line of road in Colorado and Wyoming to this company for the term of fifty (50) years thence next ensuing, be and the same is hereby accepted, and the said leases are hereby canceled as of date January 1, 1870, of which notice shall be given at once to the said lessor company.

(Such notice was accordingly given to the executive committee of the Colorado Central Railroad Company.)

The president laid before the board a communication and report, dated January 16, 1880, from Mr. G. M. Dodge and Mr. Solon Humphreys in relation to a proposed consolidation of this company with the Kansas Pacific Railway Company, which was read and ordered to be placed in the files of the company.

The president presented for consideration the draft of articles of union and consolidation of this company and the Kansas Pacific Railway Company and the Denver Pacific Railway and Telegraph Company into a new company to be called the Union Pacific Railway Company, which articles were read, and are as follows:

Articles of union and consolidation between the Union Pacific Railroad Company, the Kansas Pacific Railway Company, and the Denver Pacific Railway and Telegraph Company, forming the Union Pacific Railway Company.

Whereas the Union Pacific Railroad Company, a corporation duly organized and existing under the act of Congress of July 1st, 1862, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," and the act of Congress of July 2d, 1864, and various other acts, amendatory of the foregoing, owns a line of railroad and telegraph extending from the Missouri River to Ogden, in the Territory of Utah, a distance of 1,042 miles; and

Whereas the Kansas Pacific Railway Company, described in the said act of Congress of July 1st, 1862, as the Leavenworth, Pawnee and Western Railroad Company, the name whereof was afterwards changed to that of the Union Pacific Railroad Company, Eastern Division, and again subsequently changed to the Kansas Pacific Railway Company, is a corporation which is entitled to participate in the benefits of the said act of Congress of July 1st, 1862, and of July 2d, 1864, and the various act amendatory thereof and relating thereto; and

Whereas the said Kansas Pacific Railway Company owns and operates as a branch of the Union Pacific Railroad a railroad and telegraph line, from a point connecting

with the Missouri Pacific Railroad, in Kansas City, in Missouri, thence from the Missouri River, at the mouth of the Kansas River, on the south side thereof, with a [illegible] from Wyandotte in the State of Kansas, being from the east State line of Kansas to Denver, 639 miles in length, with a branch from a point on the main line near Lawrence to Leavenworth, 34 miles in length, in said State of Kansas, connecting at Denver with the Denver Pacific Railway, and is entitled to extend said railroad to the western boundary of the former Territory of Kansas, to locate and construct branches of said railroad in the counties of the former Territory of Kansas adjacent to the line of said railroad, as then located and defined by law; and

Whereas the Denver Pacific Railway and Telegraph Company, under and by virtue of the said acts of Congress, and of an act of Congress approved March 3d, 1869, entitled "An act to authorize the transfer of lands granted to the Union Pacific Railway Company, Eastern Division, between Denver and the point of connection with the Union Pacific Railroad to the Denver Pacific Railway and Telegraph Company, and to expedite the completion of railroads to Denver in the Territory of Colorado;" and of an act of Congress approved June 20th, 1874, which, among other things, enacts that for all the purposes of the said act of July 1st, 1862, and of the acts amendatory thereof, "the Denver Pacific Railway and Telegraph Company shall be deemed and taken to be a part and extension of the road of the Kansas Pacific Railroad to the point of junction thereof with the road of the Union Pacific Railroad Company at Cheyenne, as provided in the act of March 3d, 1869," whereby and by force whereof the said Denver Pacific Railway and Telegraph Company is likewise entitled to participate in the benefits of the aforementioned acts of Congress of July 1st, 1862, and July 2d, 1864, and the various acts amendatory thereof and supplemental thereto, and relating to the Pacific system of railroads, all of which, whether particularly herein described or not, are, for greater certainty in this behalf, referred to and made part hereof; and

Whereas the said Denver Pacific Railway and Telegraph Company owns a line of road, one hundred and six miles in length, extending from Denver, where it connects with the said Kansas Pacific Railway, to Cheyenne, where it connects with the Union Pacific Railroad; and

Whereas in the aforesaid legislation of Congress, applicable to the above-mentioned three railroad companies, it is provided that they may unite and consolidate their respective organizations; and

Whereas each of the said above-mentioned three companies, by corporate action duly and severally had, have resolved, pursuant to the authority in that behalf vested in them by law, to unite and consolidate their respective organizations into one company, and have severally agreed to and with each other upon the terms of such union and consolidation, being the terms herein embodied and expressed:

Now, this agreement of union and consolidation, made this the twenty-fourth day of January, A. D. 1880, between the said Union Pacific Railroad Company, party of the first part, the said Kansas Pacific Railway Company, party of the second part, and the said Denver Pacific Railway and Telegraph Company, party of the third part,

Witnesseth, that the said parties have respectively agreed, and do hereby severally agree to and with each other, upon the following articles of union and consolidation of their respective organizations into one company, viz:

ARTICLE I. The said Union Pacific Railroad Company, the said Kansas Pacific Railway Company, and the said Denver Pacific Railway and Telegraph Company, in consideration of the premises, do hereby severally agree to and with each other to unite and consolidate, and do hereby unite, form, and consolidate their respective organizations, properties, and companies into one consolidated company, which shall succeed to, possess, and be entitled to receive from the Government of the United States all and singular the grants, benefits, immunities, guaranties, acts, and things to be done and performed, and be subject to the same terms, conditions, restrictions, and requirements which the aforesaid three companies respectively, at the date of this consolidation, are, or may be, entitled or subject to under the acts of Congress in that behalf, in place and substitution of said constituent companies so consolidated, respectively; and the said consolidated company assumes to and for itself all of the provisions of said acts of Congress, so far as applicable, relating or in any manner appertaining to said constituent companies or either of them, including the power to sue and be sued in all courts of law and equity within the United States, whether Federal or State, and the right of corporations organized under a law of the United States to remove causes from State to Federal courts; and all of the provisions of the aforementioned acts of Congress, and each of them, so far as in their nature applicable to the company hereby formed, shall apply thereto, it being the intent of the parties hereto and of these articles of union and consolidation to organize the company hereby formed under the said acts of Congress, and to make the said acts of Congress the charter or constituent acts of this company as fully as if the same were incorporated herein at large.

ART. II. The name of the consolidated company hereby formed shall be the Union Pacific Railway Company.

ART. III. The capital stock of the said Union Pacific Railway Company shall be fifty millions seven hundred and sixty-two thousand three hundred dollars ($50,762,300) (being the total aggregate amount of the outstanding stock of the three constituent companies), which shall be divided into shares of one hundred dollars each, and it shall be issued in lieu of the stock of the said constituent companies on the surrender thereof, for that purpose, by the respective holders thereof.

Every stockholder in the Denver Pacific Railway and Telegraph Company and in the Union Pacific Railroad Company shall receive, in place of every share of one hundred dollars surrendered, a share of one hundred dollars in the new company, and every stockholder in the Kansas Pacific Railway Company, the shares in which are only fifty dollars ($50) each, shall receive, in place of every two shares of the stock at the time held by such stockholder in such company, a share of the capital stock of the new corporation, upon surrendering to the new corporation the certificates of stock held by such stockholder.

ART. IV. The said new corporation shall, without unnecessary delay, issue certificates of stock in such form as may by the board of directors be deemed advisable, and such board shall provide and adopt such rules and regulations as may be necessary and proper for the issuing and transfer of shares of stock of the said new corporation.

ART. V. The directors of the said Union Pacific Railway Company, to be elected by the stockholders at the annual meetings herein provided for, shall be fifteen in number, each of whom must be the *bona fide* owner of at least fifty shares of stock in the consolidated company. Such directors shall be chosen annually by a majority of the votes of the stockholders voting in person or by proxy at such election. And they shall continue to be directors until others are elected and qualified in their places. No person shall be a director unless he shall be qualified to vote for directors at the election at which he shall be chosen; and vacancies in the board of directors may be filled by the remaining directors at any regular meeting of the board.

The directors of said company shall, annually, as soon as may be after their election, elect from their own number a president and vice-president, and shall also elect a treasurer and secretary.

ART. VI. The following-named persons shall be the first directors of said corporation, viz: Fred. L. Ames, Ezra H. Baker, Elisha Atkins, F. Gordon Dexter, Sidney Dillon, Russell Sage, Jay Gould, Solon Humphreys, David Dows, William L. Scott, Silas H. H. Clark, Thomas T. Eckert, John Sharp, Grenville M. Dodge, Carlos S. Greeley.

The following-named persons shall be the first officers of the said corporation, viz: President, Sidney Dillon; vice-president, Elisha Atkins; treasurer and secretary, Henry McFarland.

The said directors and officers shall continue in office until their successors are chosen, as provided in these articles.

ART. VII. Until otherwise duly provided the annual meetings of the stockholders of the Union Pacific Railway Company shall be held at the company's office, in the city of New York, on the first Wednesday following the fourth day of March in each year, between the hours of 10 o'clock a. m. and 4 o'clock p. m. of said day.

Notice of such meeting shall be given as may be prescribed by the by-laws.

These provisions may be changed by the stockholders of consolidated company at any annual meeting of the said stockholders.

ART. VIII. The parties hereto of the first and second and third parts hereby assign, transfer, set over, and convey unto the said Union Pacific Railway Company, the consolidated corporation hereby formed, all the rights, privileges, exemptions, and franchises of each of said companies, parties hereto, and all the property, real, personal, and mixed, and all choses in action, debts, on whatever account, of, owing, or belonging to either of said companies, and all claims, demands, property, rights of way, leases, leasehold interests, branches, iron rails, rolling stock, tools, and implements, and property of every description, name, and nature, belonging to either of the said companies, with the appurtenances, to be held, owned, and controlled by the said consolidated corporation, its successors and assigns, as fully and completely, to all intents and purposes, as the respective parties thereto do or can now own, hold, use, enjoy, or control the same; and the parties hereto agree to execute and deliver to said consolidated corporation instruments of transfer or assignments, or other instruments proper or necessary to carry out the covenants, conditions, and provisions of this agreement.

This assignment, transfer, sale, and conveyance is made to the said consolidated corporation subject to all liens, charges, and equities pertaining thereto.

ART. IX. Nothing in this agreement contained shall affect or prejudice any rights otherwise existing of the consolidated company to make such further increase of stock or bonds as said consolidated company may by law be entitled to make, or restrict

the amount of stock or bonds which such consolidated company is by law authorized to issue or make.

Nor shall anything herein contained affect or impair the right to issue all unissued bonds under the Kansas Pacific Consolidated mortgage of date May 1st, 1879, wherein Jay Gould and Russell Sage are trustees; but such unissued bonds may, notwithstanding this consolidation, be issued in the same manner and with the same effect in all respects as if these articles had not been adopted and executed.

And it is expressly agreed that the stockholders of the consolidated company shall have all the powers which would have been possessed by the stockholders of each constituent company if this consolidation had not been effected, to ratify, approve, and carry out any contracts made by either constituent company, and requiring the ratification or approval of its stockholders.

The power of the Union Pacific Railroad Company to issue all unissued bonds under the mortgage of July 1st, 1879, wherein the Union Trust Company is trustee, is fully and completely reserved.

ART. X. The new company hereby formed does not herein assume any separate or individual liability for the outstanding debts, obligations, and liabilities of the respective constituent companies, whose several and separate existence as to third parties, shall, as respects such debts, obligations, and liabilities of every kind and nature, still continue notwithstanding these articles of union and consolidation. But nothing herein contained shall prevent any valid debt, obligation, or liability of either constituent company from being enforced against the property of the proper constituent company, which by force of these articles becomes the property of the consolidated company.

The corporate existence of the respective constituent companies shall not absolutely cease *eo instanti* on the consummation of the union and consolidation herein provided for, but shall remain and continue so far as necessary to carry out the intent and purpose thereof.

ART. XI. These articles of consolidation shall go into effect, and the consolidated company hereby formed shall come into existence, upon the day on which a copy hereof is filed in the Department of the Interior, as provided in the legislation of Congress in that behalf.

ART. XII. The existing by-laws of the Union Pacific Railroad Company are hereby provisionally adopted, and shall apply to the company hereby formed, until duly changed or repealed.

ART. XIII. All books, vouchers, records, instruments of title, cash, evidence of debt, contracts, and documents pertaining to the business or property of the said three companies, parties hereto, shall, without delay, be delivered to the proper officers of the consolidated company, and the said books, records, and papers shall be deemed and taken, as far as necessary, as the records and books of said consolidated company; and said books, records, vouchers, and papers shall be subject to the proper examination and inspection of all persons interested therein.

Art. XIV. These articles may be amended and modified, from time to time, and in in such manner as the holders of two-thirds of the stock of the consolidated company may direct or approve.

ART. XV. This agreement shall be executed on the part of the respective parties hereto, by the proper officers, and under the corporate seals of said companies.

In witness whereof the said parties have caused their respective corporate seals to be hereunto affixed, and the same to be attested by their respective presidents and secretaries, this the twenty-fourth day of January, 1880.

THE UNION PACIFIC RAILROAD COMPANY,
[SEAL.] By SIDNEY DILLON,
President.

Attest:
[SEAL.] HENRY MCFARLAND,
Secretary.

THE KANSAS PACIFIC RAILWAY COMPANY,
[SEAL.] By SIDNEY DILLON,
President.

Attest:
[SEAL.] A. H. CALEF,
Secretary.

THE DENVER PACIFIC RAILWAY AND TELEGRAPH COMPANY,
[SEAL.] By D. M. EDGERTON,
President.

Attest:
[SEAL.] D. H. MOFFATT, JR.,
Acting Secretary.

The Union Pacific Railway Company has signified and hereby signifies its assent to and acceptance of the foregoing articles of union and consolidation, January 24, 1880.

THE UNION PACIFIC RAILWAY COMPANY,
By SIDNEY DILLON,
President.

[SEAL.]

On motion of Mr. Sage, seconded by Mr. Ames, it was

Resolved, That the president of this company be authorized and directed to execute, on behalf of this company, the said articles under its corporate seal, and also any necessary papers, contracts, and deeds to carry the same into effect.

On the passage of this resolution all directors present voted in the affirmative except Mr. Chadwick, who voted in the negative, and Mr. Buckland, who did not vote.

At 1 p. m. a recess was taken until 3.30 p. m.

Reassembled at 3.30 p. m.

On motion of Mr. Dexter, it was

Voted, That whereas this company has united and consolidated with the Kansas Pacific Railway Company and the Denver Pacific Railway and Telegraph Company into the Union Pacific Railway Company, that the stock books of this company be closed.

At 4 p. m. adjourned.

HENRY McFARLAND, *Secretary.*

A true copy.
Attest,
ALEX. MILLAR,
Assistant Secretary Union Pacific Railway Company.

MINUTES OF MEETING OF KANSAS PACIFIC DIRECTORS, JANUARY 24, 1880.

Meeting of the board of directors of the Kansas Pacific Railway Company, held at the company's office in the city of New York, January 24, 1880, at 11 o'clock, of which due notice was given by the secretary.

Present: Messrs. Dillon, Ames, Sage, Usher, Edgerton, Dodge, Ham, Greeley, and Cammack.

The president of the company presented the resignation of Mr. Jay Gould as a director of this company, dated the 10th day of January, 1880, and accepted by him as of that date.

On motion of Mr. Sage, seconded by Mr. F. L. Ames, it was

Resolved, That said resignation be accepted and the president's action in this regard ratified.

Said resignation is as follows:

NEW YORK, *January* 10, 1880.

To Mr. SIDNEY DILLON,
President of the Kansas Pacific Railway Company:

I hereby resign my place as director of your company and as a member of its executive committee.

JAY GOULD.

On motion of Mr. Edgerton, Mr. F. G. Dexter was unanimously elected to fill the vacancy occasioned by the resignation of Mr. Jay Gould.

The president reported that pursuant to authority given to this company by the laws of Kansas to purchase and hold the bonds and stock of any other railroad company or companies, this company had bought the following bonds and stocks of roads whose lines, constructed or being constructed, connect with the road of this company, viz:

A majority of the shares of stock of the Saint Joseph and Western Company, at $20 per share, $1,833,724.03.

Also, receivers' certificates of Saint Joseph and Denver City Railroad and mortgage bonds of the Saint Joseph and Pacific Railroad Company and Kansas and Nebraska Railroad Company, since consolidated into the Saint Joseph and Western Railroad Company, at par; also $784,000 Saint Joseph Railroad bridge first-mortgage bonds, and 4,000 shares of the stock of said bridge thrown in, for the sum of $784,000 (for said bridge bonds and bridge stock).

All of said sums the Kansas Pacific Company had agreed to pay on or before sixty days in the full-paid stock of the Kansas Pacific Railway or in the consolidated mortgage bonds of the last-named railway company at par.

The president also reported a like purchase on behalf of this company of 7,618 shares of stock in the Central Branch Union Pacific Railroad Company for $1,836,500, to be paid for, one-half in Kansas Pacific consolidated bonds at par, issued under the mortgage of May 1, 1879, and the other half in Union Pacific collateral trust bonds at par.

On motion of Mr. Russell Sage, seconded by Mr. F. L. Ames, it was

Resolved, That the action of the president in the purchases of the said bonds and stock and each of said purchases be, and each of them is, severally ratified and approved, and it is further ordered that all the said stock be held and registered in the name of Sidney Dillon, trustee, and that the said bonds be deposited with the treasurer of this company, which resolution was unanimously carried.

There was presented to this company drafts of a proposed contract between it and the Saint Joseph and Western Railroad Company for a lease by this company to be hereafter executed, whereby this company agrees to accept a lease of the said Saint Joseph and Western Railroad on certain terms and conditions in the draft of the said contract specified.

On motion of Mr. C. S. Greeley, seconded by Mr. D. M. Edgerton, it was—

Resolved, That the president of this company be directed, on behalf of this company, to execute the said contract under the corporate seal of this company.

Which was then and there executed.

A like draft of a proposed continued contract for a lease of the Central Branch Union Pacific Railroad and its leased lines to the Kansas Pacific Railway Company was read, and, on motion of Mr. Cammack, seconded by G. M. Dodge, it was—

Resolved, That the president of this company execute the said contract under the corporate seal of this company.

Which was then and there done.

There was also presented the draft of a conditional offer to this company by Mr. Jay Gould for the sale to this company by said Gould of $479,000 of the first-mortgage bonds of the Kansas Central Railroad, and of such other bonds as the said Gould may hereafter receive from the extension of the road now being built, and for the conditional offer of sale by him of two thousand five hundred and twenty-one shares of the stock of the said Kansas Central Railroad for the sum of $479,000.

On motion of Mr. D. M. Edgerton, seconded by Mr. F. Gordon Dexter, it was—

Resolved, That said conditional offer be approved, and the president of this company be directed to execute an instrument showing such acceptance.

The president of the company read to the board a communication and report dated January 16, 1880, from G. M. Dodge and Solon Humphreys in respect of a proposition to unite and consolidate with the Union Pacific Railroad Company and the Denver Pacific Railway and Telegraph Company.

The president laid before the meeting for consideration articles of union and consolidation of this company and the Union Pacific Railroad Company and the Denver Pacific Railway and Telegraph Company into a new company, to be styled the Union Pacific Railway Company, which articles were read at length.

After consideration, on motion of Mr. F. L. Ames, seconded by Mr. Russell Sage, it was—

Voted, That the president of this company be directed to execute on behalf of this company the said articles under the corporate seal, also any other necessary papers, contracts, and deeds, and to do all acts necessary to carry the same into effect.

On motion of Mr. G. M. Dodge, seconded by Mr. F. G. Dexter, it was—

Resolved, That whereas this company has agreed to unite and consolidate with the Union Pacific Railroad Company and the Denver Pacific Railway and Telegraph Company, into the Union Pacific Railway Company, that the stock-books of this Company be closed.

Subsequently the president reported that he had, pursuant to the resolution and vote above given, executed the articles of union and consolidation on behalf of this company, which said articles are as follows:

[Copy of the articles of union and consolidation will be found incorporated with the minutes of the meeting of the Union Pacific Railroad Company, held January 24, 1880, being the last preceding paper.]

A draft of a contract and indenture between the Union Pacific Railroad Company, party of the first part, the Kansas Pacific Railway Company, party of the second part, and the Denver Pacific Railway and Telegraph Company, party of the third part, and the Union Pacific Railway Company, party of the fourth part, intended to grant, bargain, sell, transfer, assign, and convey to the party of the fourth part, pursuant to articles of agreement and consolidation the property and assets of the respective parties of the first, second, and third parts as therein described, was presented for the action of this board, and on motion of G. M. Dodge, seconded by Mr. F. L. Ames, it was—

Voted, That the president and secretary of this company do, on behalf of this company, and under its corporate seal, execute the said contract and indenture, and all

other documents, papers, and instruments necessary at any time to carry the said consolidation into effect or execute its provisions.

On motion of Mr. Sage, seconded by Mr. Edgerton, it was—

Resolved, That the six thousand two hundred and forty-two shares of the authorized capital stock of this company remaining unsubscribed and unissued may be issued, and the president and secretary are hereby authorized to execute certificates therefor in payment of the first coupon on the consolidated bonds, and for other indebtedness of the company.

On motion of Mr. Sage the meeting adjourned.

A. H. CALEF,
Secretary.

A true copy.
Attest:
[CORPORATE SEAL.]

ALEX. MILLAR,
Assistant Secretary Union Pacific Railway Company.

MINUTES OF MEETING OF DENVER PACIFIC DIRECTORS, JANUARY 24, 1880.

Meeting of directors.

Meeting of the directors of the Denver Pacific Railway and Telegraph Company held at the company's office in the city of New York, January 24, 1880, at 78 Broadway, at 1 o'clock p. m., of which due notice was given by the secretary to each of the directors by telegraph, and in writing to each and every director of the company.

Present: D. H. Moffatt, jr., Sidney Dillon, D. M. Edgerton, W. S. Cheesman, C. S. Greeley, John D. Perry.

Mr. D. H. Moffatt, on motion, appointed secretary.

The resignation of Mr. Jay Gould, dated the 10th day of January, as a director of this company, was read and on motion accepted.

The president of the company read to the board a communication and report, dated January 16, 1880, from G. M. Dodge and Solon Humphreys in respect of a proposition to unite and consolidate with the Union Pacific Railroad Company and the Kansas Pacific Railway Company.

The president laid before the meeting for consideration articles of union and consolidation of this company with the Union Pacific Railroad Company and the Kansas Pacific Railway Company into a new company, to be styled "The Union Pacific Railway Company," which articles were read at length; dated January 24, 1880.

[Copy of the articles of union and consolidation will be found incorporated with the minutes of the meeting of the Union Pacific Railroad Company held January 24, 1880, heretofore printed in this volume.]

After consideration, on motion of Mr. D. H. Moffatt, jr., seconded by Mr. W. S. Cheesman, it was voted that the president of this company be directed to execute on behalf of this company the said articles under the corporate seal, the same to be attested by the secretary of this meeting, and also that the president execute any other necessary papers, contracts, and deeds, and do all other acts necessary to carry the same into effect.

Carried unanimously.

On motion of Mr. H. D. Moffatt, jr., seconded by Mr. W. S. Cheesman, it was—

Resolved, That whereas this company has united and consolidated with the Union Pacific Railroad Company and the Kansas Pacific Railway Company into the Union Pacific Railway Company, that the stock-books be closed.

Carried unanimously.

Adjourned until 4 o'clock p. m. this day at the same place.

D. H. MOFFATT, JR.,
Secretary pro tem.

I do hereby certify that the foregoing is a true and correct copy from the records of the proceedings had at a meeting of the directors of Denver Pacific Railway and Telegraph Company held on the 24th day of January, A. D. 1880, at 78 Broadway, in the city of New York.

Witness my hand and the seal of the company this seventeenth day of May, A. D. 1880, at Denver, Colo.

[OFFICIAL SEAL.]

R. R. McCORMICK,
Secretary Denver Pacific Rwy. and Tel. Co.

ADJOURNED MEETING.

JANUARY 24, 1880—4 o'clock.

Present as before.

Resolved, That the president be authorized to call any special meeting or meetings of the stockholders that may be deemed necessary or desirable to consummate the articles of consolidation.

DAVID H. MOFFATT, JR.,
Secretary pro tem.

I do hereby certify that the foregoing is a true and correct copy from the records of the Denver Pacific Railway and Telegraph Company in my office of a certain resolution adopted by the board of directors of said company at an adjourned meeting held at 4 o'clock p. m. on the 24th day of January, A. D. 1880, at 78 Broadway, New York.

Witness my hand and the seal of the company. Done at Denver, Colo., this 20th day of May, A. D. 1880.

[OFFICIAL SEAL.]

R. R. McCORMICK,
Secretary Denver Pacific Rwy. and Tel. Co.

NO. 10 WALL STREET, NEW YORK,
Wednesday, May 11, 1887.

OLIVER W. MINK, being duly sworn and examined, testified as follows:

UNION PACIFIC PROFIT ON TREASURY STOCK.

By Commissioner ANDERSON:

Question. You state at the end of your letter, as the result of your report, that the Union Pacific had made a profit of $3,716,961.48 on the treasury stock that you referred to. I presume by that expression "profit," you mean that that is the total of the proceeds of that stock?—Answer. The proceeds in excess of the cost of the stock.

Q. Have you got that account made up so that we can see it?—A. The cost of the stock is shown on the first or second page of my letter.

Commissioner ANDERSON. I call your attention to the fact that the cost which you refer me to is the cost of the Denver Pacific stock to the Kansas Pacific Company.

The WITNESS. Quite right, sir.

Commissioner ANDERSON. But the statement of profit is the profit of the Union Pacific Company in the transaction in question. They do not appear to relate to the same money.

The WITNESS. It is the same. The Denver Pacific stock had been turned over to the Union Pacific Company as successor to the Kansas Pacific Company. The consolidated company inherited the Denver Pacific stock.

Commissioner ANDERSON. You mean to say that the account of the 39,986 shares of Denver Pacific stock, being charged with $750,000 as their cost price and credited with all the transactions you refer to, would show a profit of three million seven hundred and odd thousand dollars?

The WITNESS. Precisely.

Q. Have you made that account out in connection with your letter?—A. No, sir; I have not. I can furnish it, though, without any difficulty. It is shown on the books of the company; either on the books of the Union Pacific or of the Kansas Pacific Company.

Q. You say, after having traced the title of the Union Pacific Company to 43,129½ shares of stock, that "these shares are accounted for

as follows," and then you state under date of February 16, 1880, that there was delivered to Mr. Jay Gould in payment for the following securities (which you there name), 34,641 shares of stock. From what book did you derive that information?—A. From the books of the Union Pacific Company.

Q. What particular book is that transaction entered in?—A. It is on the journal and the ledger—the first journal and ledger of that company.

Q. Does that book show between whom that transaction was made?—A. Yes, sir; as between the Union Pacific Company, as successor of the Kansas Pacific Company, on one side, and Mr. Gould on the other.

Q. I ask, does the book show who agreed to those terms?—A. Not that book; no, sir.

Q. What book shows how the terms were arrived at?—A. I think the record book of the Kansas Pacific Company.

Q. The Kansas Pacific Company?—A. Yes, sir.

Q. Then your understanding is that the terms were arranged between the Kansas Pacific Company and Mr. Gould before the Denver Pacific stock was passed over and exchanged?—A. Yes, sir.

Q. Do you know between whom, acting for and representing the Kansas Pacific Company on one side, and who, acting for Mr. Gould on the other, those terms were arrived at?—A. Only so far as is disclosed in the minutes that accompany my letter.

Q. You notice the fact that the shares of stock referred to in the resolution appearing in the minutes of the Kansas Pacific are not precisely the same as those which are contained in your letter?—A. I did notice it; yes, sir.

Q. Do you understand that it is the same transaction, subsequently modified?—A. I understand so; yes, sir.

Q. Can you explain how the modification came about?—A. I cannot, sir.

PURCHASE BY KANSAS PACIFIC COMPANY OF SAINT JOSEPH AND WESTERN STOCK.

Commissioner ANDERSON. I will read to you this report from the Kansas Pacific meeting, and see how far you can explain it:

The president reported that pursuant to authority given to this company by the laws of Kansas to purchase and hold the bonds and stock of any other railroad company or companies, this company—

That is, the Kansas Pacific Company—

had bought the following bonds and stocks of roads whose lines constructed, or being constructed, connect with the road of this company, viz:

A majority of the shares of the stock of the Saint Joseph and Western Company, at $90 per share, $1,833,724.03.

The WITNESS. If you will allow me, I cannot understand that. I think that must have been inserted in the record book by mistake. There is no connection with the sentence before it. I do not understand it at all.

Commissioner ANDERSON. The figures "$1,833,724.03" appear to have no meaning in connection with the rest.

The WITNESS. No connection with the words just preceding them.

Q. Do you know in whose handwriting the minutes are?—A. In the handwriting of Mr. Calef.

Q. Are those figures in the same handwriting?—A. I believe so. I can explain it to you further along, but it has no connection with that sentence.

Commissioner ANDERSON. Then follows: "Also receiver's certificates of St. Jo & Denver City R. R. and mortgage bonds of the St. Jo & Pacific R. R. Co., and Kansas & Nebraska R. R. Co., since consolidated into the St. Jo & Western Railroad Company at par," but it does not seem to state an amount.

The WITNESS. No, sir.

Commissioner ANDERSON. Unless this prior figure refers to it.

The WITNESS. I think it does.

Commissioner ANDERSON. Your judgment is that the figures $1,833,742.03 refer to the amount of the securities described after these figures which I have read?

The WITNESS. To those following, as well as those preceding.

Q. Have you added them up to see?—A. No, sir. Let me take my letter a moment, and I think I can explain it.

Commissioner ANDERSON. We will take your explanation now?

The WITNESS. The $1,833,724.03 is made up of the face value of the Saint Joseph and Pacific bonds, the Kansas and Nebraska bonds, and the Saint Joseph and Denver City receiver's certificates.

Q. Can you give us the distribution of those different securities?—A. They are set out in detail in my letter.

Q. They are set out in your letter?—A. Yes, sir.

Q. Then these figures agree with the figures which you report as being the payments made for the stock delivered to Mr. Gould on the 16th of February, 1880?—A. Yes, sir; except as to a few cents difference. A slight clerical error was made there.

SAINT JOSEPH BRIDGE BONDS.

Q. The next item stated in the minutes is "$784,000, Saint Joseph railroad bridge first mortgage bonds, and 4,000 shares of the stock of said bridge thrown in." Does that appear in your letter as being also delivered to Mr. Gould at the same time?—A. As being received from Mr. Gould; yes, sir.

Q. Do these minutes contain any reference to the other securities enumerated in your letter as having been received from Mr. Gould—the Hastings and Grand Island and the Kansas Central?—A. I do not know whether the Hastings and Grand Island are referred to there or not; I do not remember.

Commissioner ANDERSON. I thought you were more familiar with the minutes than I was, and you would find it more quickly.—A. I do not think the Hastings and Grand Island is referred to specifically in the minutes, except as it may be embraced in a phrase at the close of the last resolution, which reads: "Other indebtedness of the company."

Q. The point of my inquiry is this: Do you understand that the warrant for this transaction, this exchange of the Union Pacific stock for the securities enumerated in your letter, was an arrangement that had been consummated between the Kansas Pacific Company and Mr. Gould before the consolidation?—A. I do; yes, sir.

Q. That is what you understand?—A. That is my understanding of the matter.

Q. But you are unable to say by whom that was negotiated on behalf of the Kansas Pacific Company with Mr. Gould?—A. I am not able to say by whom the negotiations were entered into.

Q. You cannot tell us?—A. No, sir; I cannot tell you.

Q. You never heard Mr. Gould say?—A. No; I never heard him refer to it.

Q. The report to the Kansas Pacific is made by Mr. Sidney Dillon?—A. The president.

Q. Did you ever hear him say how that arrangement had been made between Mr. Gould and the Kansas Pacific?—A. Not to my recollection.

Q. Have you any knowledge of the value which these securities that were received from Mr. Gould bore at the time they were received by the company?—A. No, sir.

Q. Had you any knowledge at the time?—A. No, sir.

Q. Is it not true that the essential feature of the cash receipts by the Union Pacific Company from these securities was derived by a negotiation of the Saint Joseph and Grand Island bonds after the reorganization in 1884?—A. Yes, sir; to some extent.

Q. No interest had ever been paid on any of those bonds, or the underlying bonds, until after the reorganization?—A. Not in cash.

Q. On the Kansas and Nebraska and Saint Joseph and Pacific?—A. I ought to except the bridge; on none of them excepting the bridge bonds.

Q. From whom were those cash receipts of the Union Pacific Company, after the last reorganization, received?—A. From the persons to whom the bonds were sold.

Q. Was it not all done through one office?—A. I cannot tell you. My impression is that the bonds were disposed of in the market.

KIDDER, PEABODY & CO.

Q. Was not that entire issue sold through Kidder, Peabody & Co.?—A. I cannot tell you; the books will show.

Q. The whole issue became $7,000,000?—A. Yes, sir.

Q. And the interest of the Union Pacific, by the different changes, had reached $3,500,000, or that vicinity?—A. About four-sevenths, if I recollect right.

Q. About four-sevenths of the whole issue?—A. Yes, sir.

Q. In order to effect that negotiation, what did the Union Pacific do in order to sell the bonds?

The WITNESS. In order to make the sale of the bonds?

Commissioner ANDERSON. Yes, sir.

A. I think the company did nothing, except to enter into negotiations with brokers and make the sale.

Q. Did they not, as a matter of fact, guarantee the interest on the whole issue of $7,000,000?

The WITNESS. At that time?

Commissioner ANDERSON. Yes.

A. No, sir.

Q. I mean, have they not?—A. They had before that time; yes, sir.

Q. They guaranteed the payment of the interest before the sale, and then they sold the issue?—A. I believe that is right; yes.

Q. So that, in order to satisfy yourself that the Union Pacific has made this profit, it must turn out that they will lose nothing by that guarantee?—A. Precisely.

Q. And if they should lose anything by that guarantee it might be a very disastrous negotiation?—A. Yes, sir.

Q. What are the present earnings of the Saint Joseph and Grand Island?—A. They amount to more than enough to meet the interest on these first mortgage bonds and also on the second-mortgage bonds.

Q. How much are the second-mortgage bonds?—A. $1,080,000, at 5 per cent.

CONSTRUCTIVE MILEAGE.

Q. Do you know what constructive mileage is allowed to that road, if any?—A. I do not; there is very little interchanged business with that line on which such allowances are made. The constructive mileage in this case amounts to almost nothing.

Q. So the main feature of its business is local business?—A. Very largely local.

Q. You say, on the whole, that road makes enough to pay the interest on the first and second mortgage?—A. Yes, sir.

Q. How long has that been true?—A. Ever since the reorganization, I think, except as to the first half year.

Q. Then it has been true for the last half of 1885 and all of 1886?—A. All of 1886, certainly.

Q. What was the date of the reorganization?—A. I think it was in May, 1885; I am not sure.

Q. Who was the president of the company?—A. Mr. James H. Benedict.

Mr. JOHN F. DILLON. I would like to ask him one question.

The CHAIRMAN. Certainly.

By Mr. JOHN F. DILLON:

Q. As a consideration for this guarantee, do the Union Pacific Company have a running agreement with the Saint Joseph and Grand Island in the nature of a lease, covering the whole period of the guarantee?—A. Yes, sir. I desire that my letter, and the minutes furnished by me in connection therewith, shall be regarded as given under oath, and as part of my testimony.

DODGE AND HUMPHREYS' REPORT ON THE ADVISABILITY OF KANSAS PACIFIC CONSOLIDATION.

In connection with the letter above referred to, I now produce a copy of the report which is referred to in the minutes of the proceedings of the different companies, being a report on the advisability of the consolidation, made by G. M. Dodge and Solon Humphreys, and embracing a letter from Jay Gould, Russell Sage, F. Gordon Dexter, Elisha Atkins, Fred. L. Ames, and E. H. Baker.

It is as follows:

NEW YORK, *January* 16, 1880.

Messrs. JAY GOULD, RUSSELL SAGE, F. GORDON DEXTER, ELISHA ATKINS, FRED. L. AMES, E. H. BAKER:

GENTLEMEN: We acknowledge receipt of the following letter, signed by you, and dated New York, October 23, 1879:

"General G. M. DODGE and SOLON HUMPHREYS, Esq.:

"GENTLEMEN: The undersigned, directors in the Union Pacific and in the Kansas Pacific Railroad Companies, conceiving that a consolidation of these companies upon equitable conditions will promote the interests of each as well as those of the public, and knowing your familiarity with the problems which such a step involves, and having confidence in your judgment, we unite in requesting you to thoroughly consider, and with all convenient speed report, upon the basis and terms of a fair, just, and equitable consolidation of these two companies."

In compliance with the request therein, we have considered the question of the consolidation of the Union Pacific, Kansas Pacific, and the Denver Pacific Railroads and respectfully submit our conclusions.

It is manifest from the act of Congress of 1862, and the more enlarged provisions in the act of 1864, for consolidation, as well as by the provisions of subsequent legislation, requiring the Pacific roads, under heavy penalties, to be operated throughout

their whole extent as one continuous line, that Congress contemplated such consolidation as probable, and it is equally manifest from past experience that this requirement can be much better carried out where the roads are under one management than where they are under two.

In considering the question of consolidation we first sought the views of the operating department of each road as to the comparative condition of the two roads and the probable results of such consolidation.

We next considered the comparative value of the two properties, their earning capacity, and the effect upon the country they now accommodate, and their future natural extensions, and finally the economy of such consolidation and its policy.

Without entering into details we will state briefly the results that control our recommendation.

First. The operating departments of the two roads consider a consolidation as very desirable so far as they are concerned. They hold that it will largely decrease their expenses and increase their gross and net earnings and harmonize conflicting interests; that they can better accommodate the traffic that pertains to each and obtain better net results therefrom.

Second. The present condition of the two roads, their road beds, structures, equipment shops, terminal facilities, may be considered to be first class, and ample for the business they now transact. Their earning capacity is being steadily increased to meet future demands, and the earnings of both roads for the year 1879 show very satisfactory results.

Third. The country that each seeks in the future to develop is naturally tributary to both, and a strong, prosperous, and healthy railway would be much more likely to afford adequate railway facilities than would be the case with two warring and rival companies.

Especially is this the case in the large and growing State of Colorado and in the Territory of Wyoming. Again, one corporation, of the wealth and receiving the earnings of these two roads, used under one direction, could develop new territory and advance capital to build new lines that at first the country would not justify.

Fourth. Both roads reach, and compete for business from, the same eastern and western commercial centers, while their local interests are widely separated; hence under one management these conflicting interests would be harmonized and more economically administered.

Fifth. The Union Pacific and Kansas Pacific Railroads (including the Denver Pacific and all their other branches) have to-day a mileage of about 3,746 miles, necessarily conflicting as they grow nearer to each other or as they contend for the same territory. To-day it is all paying property, and it is the duty to the owners, if possible, to harmonize their interests and protect their future.

These considerations, together with the fact that the physical conditions of the roads are about the same, their earning capacity being about equal as compared with their indebtedness, and with the strong conviction of those who operate the two properties of the beneficial results to be obtained from operating them as one, we have concluded to recommend to you that they should be consolidated, in accordance with their charters, upon the following basis:

The new company to be known as the Union Pacific Railway Company; that is, the Union Pacific Railroad with a stock capital of $36,762,300, and the Kansas Pacific Railroad, including the Denver Pacific Railway, with stock capital as follows: Kansas Pacific $10,000,000, Denver Pacific $4,000,000, making a total of $14,000,000, shall be consolidated into the Union Pacific, with a stock capital of $50,762,300, and the stock of the Union Pacific Railway, after the consolidation, to be issued for the stock of the Union Pacific, the Kansas Pacific, and Denver Pacific Railroad, share for share.

The Union Pacific Railway would then represent a mileage of actually constructed and operated road of 3,746 miles, or less than $14,000 of stock per mile, controlling and developing a territory now in its infancy, the growing business of which and its rapid development have astonished every one. Its future business no one can now safely predict, but it is beyond question that such a consolidation and such a corporation would control as many, if not more, miles of paying road than any other in the world, and would have a strength, character, and ability for future growth and development unprecedented.

Trusting that our consideration of this subject and our conclusion thereon may meet your approval,

We are, gentlemen, very respectfully, yours,

G. M. DODGE.
SOLON HUMPHREYS.

OLIVER W. MINK.

Mr. LEO. You sent for me. In case you want me to-morrow, will you oblige me by making it after 3 o'clock? I am alone, and busy.

Mr. JOHN F. DILLON. If you want to hear Mr. Gould to-morrow, he will come at any time.

Commissioner ANDERSON. Mr. Sage sent us word if we would let him off to-day he would come to-morrow.

Mr. JOHN F. DILLON. You want him first?

Commissioner ANDERSON. It is not material, but under those circumstances we thought we would hear him to-morrow.

Mr. JOHN F. DILLON. Mr. Gould is going to move into the country, and he would rather attend to-morrow.

Commissioner ANDERSON. I would rather hear him after Mr. Sage. We will have a public session at 11 o'clock.

The Commission then adjourned to Thursday, May 12, 1887, at 10 a. m.

No. 10 WALL STREET, NEW YORK,
Thursday, May 12, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

GIOVANNI P. MOROSINI, being duly sworn and examined, testi- as follows:

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. I am a banker.

Q. Have you dealt in stocks?—A. Yes, sir.

Q. As a broker for other persons?—A. No; I am not a broker.

Q. Have you been a broker?—A. I have been a partner of Mr. Gould's, you know, when he had this broker's firm.

Q. When was that?—A. From 1881 to December 31, 1885.

Q. Who were the members of the firm?—A. Mr. Gould, his son (George), Mr. Connor, and myself.

Q. Where was your office?—A. The first office was at 23 Nassau street. Then we moved to 80 Broadway, and then to 71 Broadway.

Q. When did you move to 80 Broadway?—A. I think we moved in 1879.

Q. Were you at 80 Broadway at the time of the consolidation between the Union Pacific and Kansas Pacific Railroad Companies?—A. I think so.

Q. That was in January, 1880?—A. I think so.

CONCERNING THE ACCOUNT BOOKS OF W. E. CONNOR & CO.

Q. What were the names of the employés of that firm who kept your books?—A. Mr. Segur.

Q. Give his full name.—Answer. A. G. P. Segur.

Q. Where does he reside?—A. 71 Broadway.

Q. What was his position?—A. He was the book-keeper of the firm.

Q. Who was the cashier?—A. He was the cashier also.

Q. What other book-keepers were there?—A. We had Mr. Mathez.

Q. Give his full name.—A. His name is F. L. Mathez, I think.

Q. Where does he reside?—A. 71 Broadway.

Q. At present?—A. Yes, sir.

Q. Who else was in your office?—A. There were a lot of boys; but they had nothing to do with the books.

Q. Those were the only responsible clerks that you employed?—A. Yes, sir.

Q. In 1880 what books did your firm keep?—A. We kept only the firm's books.

Q. What books were those? Please enumerate them.—A. The daily purchase and sales of stocks, the cash-book, and the ledger.

Q. Did you keep a blotter?—A. We had no blotter. It is the purchase and sales book.

Q. Have you those books that you kept in 1880?—A. I do not know anything about that; I had nothing to do with that.

Q. When did you last see those books?—A. I never used to see them. I never bothered myself with the books. I had nothing to do, really, with the purchase and sale of stocks. Mr. Connor was the one that attended to that. He was the broker of the firm.

Q. Mr. Washington E. Connor?—A. Yes, sir.

Q. Who had charge of the supervision of the accounts?—A. Himself.

Q. Mr. Connor?—A. Yes, sir.

Q. Where is Mr. Connor now?—A. 71 Broadway.

Q. Is he there to-day, do you know?—A. Yes, sir.

Q. Do we really understand you to say that you never have heard of these books or anything at all about them?—A. Oh, I used to see them but I never took any notice of them, because my work was altogether different.

Q. When was your firm dissolved?—A. December 31, 1885.

Q. When it was dissolved was there not an ascertainment of the relative interest of each of the partners from the books?—A. When the firm was dissolved we divided what there was to be divided among the firm. That is all.

Q. For the purpose of seeing whether that result was correct or not did you have occasion to examine any books or accounts whatever?—A. They used to give us a trial balance at the end of the year to each of the partners. That is all.

Q. When did you receive your last trial balance?—A. December 31, 1885.

Q. You received it first just about that time?—A. Yes, sir.

Q. Not afterwards?—A. No, sir.

Q. Since that time where have you transacted your business in the day-time?—A. 71 Broadway.

Q. And Mr. Connor also at 71 Broadway?—A. Yes, sir.

Q. In the same room?—A. In the same old office.

Q. Has he continued substantially the same kind of business that he was doing before?—A. With the exception that instead of having Mr. Gould as a customer and partner he was doing business for other people.

Q. Do you know whether he continued his accounts in the same books which you had in December, 1880?—A. I do not know anything about it, because I have nothing to do with the firm. I only have office room there.

Q. Being in the room, did you ever see the old books of the old firm in that room?—A. No, sir.

Q. Do you know what kind of a mark those old books had on the back?—A. I suppose they had the year.

Q. Did they have the initials of the firm on the back?—A. I suppose so.

Q. Have you never heard Mr. Connor say what has become of those books?—A. No, sir; I have never asked him.

Q. You have talked to him about it?—A. No; I never did.

Q. You have been examined in another suit where those books were referred to?—A. I did not have the books.

Q. I know you did not have them; but I am now asking you whether you spoke to Mr. Connor about them at that time?—A. Mr. Connor was in Europe then, don't you see.

Q. Have you never spoken to Mr. Connor since about the suit?—A. No, sir.

Q. Never mentioned that you had been examined and that they bothered the life out of you about those books?—A. He simply smiled and it did not go any further.

"CHILDLIKE AND BLAND."

Q. "Childlike and bland!" You did have some little talk with him about those books?—A. I may have had an informal talk, you know; but I do not remember what I said to him about them.

Q. Did you have an informal talk with Mr. Connor more than once about those books?—A. No; I only told that I had a good deal of trouble about those books; that is all.

Q. And he smiled?—A. I suppose he did.

Q. Did Mr. Connor tell you he did not know where those books were?—A. No; he did not say a word.

Q. Did you ask him whether he knew where the books were?—A. No; I did not.

Q. You did not feel any curiosity to find out?—A. No; I did not care anything about it.

Q. Did you ever say to Mr. Gould that you had been asked about those books?—A. Mr. Gould was there at the time. He knew it at the time, you know.

Q. At the time of the trial?—A. Yes, sir; at the time of the trial.

Q. When you got off the stand did you and Mr. Gould talk about that suit?—A. No.

Q. He did not say anything about it?—A. He is a man of very few words, you know.

Q. But still I ask you whether you said to Mr. Gould at that time, or have at any time since said to him, that you had been troubled about those books, and referred to that matter in any way in talking to Mr. Gould?—A. Not that I remember.

Q. Would it not have been very natural to say to him, "I think those books ought to be found?"—A. I tell you Mr. Gould is a man that don't want to be talked to unless he talked to you first, and as he never brought the subject up to me I never said a word.

Q. You were his partner?—A. Yes, sir.

Q. And had been his partner?—A. I know; but that is the kind of a man he is, no matter whether you are his partner or not.

Q. I am only talking about your rights. You had been asked in a public proceeding to produce books relating to transactions in which you were a partner. Is that not so?—A. I know it; but I could not find the books, although I hunted high and low for them.

Commissioner ANDERSON. Of course not, if you would not ask the question of the people who knew where they were.

The WITNESS. Of course Mr. Gould would say he did not know anything about the books.

Q. How do you know he would say that?—A. Because he was asked himself.

Q. How do you know he would say that to you?—A. He did not say that to me, but he said that in court.

Q. How do you know but what, if you had asked him off the stand, he would have told you how the books could be found?—A. I did not ask him that because I thought there was no use to ask him.

"NOT AFRAID OF ANYBODY."

Q. Are you afraid of Mr. Gould?—A. I am not afraid of anybody.

Q. Why did you not ask him, when it was your public duty, to disclose where they were?—A. I did not know anything about the books; I never saw them. When they were taken away, I did not know what they had done with those books; I had no means of ascertaining; I recollect that Mr. Vanderpoel, who was my lawyer, sent me in one of those spare rooms where they had all the old books, boxes, and everything thrown in there, to find them, and I looked for a day and a half and I could not find any trace of them. I exhausted every means in my power to find them.

Commissioner ANDERSON. It does not strike me that you did, if you did not ask Mr. Connor and Mr. Gould.

The WITNESS. Mr. Connor was in Europe, and Mr. Gould did not know anything about them, any more than I did.

Commissioner ANDERSON. I questioned you as to what you asked Mr. Connor when he came back, and it appears that there has been no effort to find them.

The WITNESS. Mr. Connor simply smiled, and did not say anything else.

Q. Did you ever ask Mr. Segur where those books were?—A. Mr. Segur said he did not know anything about them.

Q. Do you think those books flew away by themselves?—A. I do not imagine any such thing; but I could not find where they were.

Q. Do you not know, as a matter of fact, that those books could only be removed by direction of some one who had authority to give the order?—A. I know; but I do not know who gave the order.

Q. And you did not care to ask the only persons who could give the order—Mr. Gould and Mr. Connor?—A. The matter dropped then, and I did not care to bother my head any more about it.

Q. Has your business in dealing with stocks been extensive?

The WITNESS. Do you mean personally or for the firm?

Commissioner ANDERSON. No; the other way. Have you had large transactions? I will pass to another subject first. Have you the trial balances which you used to receive from time to time?—A. No, sir.

Q. They are not in your possession at all?—A. No, sir.

Q. What has become of them?—A. They would have only a trial balance, and show it to us, and then we would give it back to the bookkeeper.

Q. And they have gone with the other papers of the concern?—A. I suppose so.

Q. Has your business been extensive, on a large scale?

The WITNESS. Do you mean personally?

Commissioner ANDERSON. No, I mean for other people, in buying and selling stocks.

The WITNESS. While we were with Mr. Gould?

Commissioner ANDERSON. Yes.

A. We only did business for Mr. Gould; that is all.

Q. Were the orders that you gave large and frequent?—A. I never gave any orders; it was Mr. Connor, the broker.

Q. Were you not aware of the orders when they were given?—A. No, sir.

Q. And of the different transactions?—A. No, sir.

Q. Did you never hear of the amount of stock that your firm was buying or selling?—A. No, sir.

Q. Mr. Gould was not a member of the Stock Exchange?—A. No; only Mr. Connor was a member; that is all.

Q. Then, in all your transactions that went through your books, according to the rules of the Stock Exchange, your firm received the usual commission of one-eighth of 1 per cent.?—A. Yes, sir.

Q. You were then directly interested in knowing the dimensions of these transactions?—A. I knew that we dealt in so many shares, but I did not go into any particulars.

Q. I am not asking you for particulars. I only ask if you knew that the business was large.—A. Sometimes it was large, and sometimes there was nothing to do.

Q. Are you familiar with the mode of conducting operations on the Stock Exchange?—A. Yes, sir; I am.

Q. Do you remember the facts connected with the consolidation between the Union Pacific and the Kansas Pacific?—A. I have an indistinct recollection of it, because I had no direct interest in this thing, don't you know?

CONCERNING THE CONSOLIDATION OF THE KANSAS PACIFIC.

Q. I know that; but do you recollect when it happened?—A. No, I do not.

Q. Do you recollect the occasion? That is to say, what talk there was about it?—A. I heard that they were going to consolidate, but that was outside of my sphere.

Q. We will go outside of your sphere for a little while. How long before the thing occurred was it that you heard it was going to occur?—A. I did not hear it, except immediately before.

Q. Just the same day, or a day or two before?—A. I can't say precisely that; but I heard indirectly that they were going to consolidate; but I did not know anything about it.

Q. From whom did you hear that they were going to consolidate?—A. It was the common talk in the office.

Q. In your office?—A. Our office, you know, was adjoining the Union Pacific, and I heard either a day or two before that they were going to consolidate, but I cannot be precise about that.

Q. Did you hear Mr. Gould talk about it?—A. No, sir.

Q. He never spoke about it?—A. Not to us.

Q. And you, of course, never spoke to him about it?—A. No, sir.

Q. Because he had never spoke to you! Did you hear Mr. Connor talk about it?—A. No, sir.

Q. Whom did you hear talk about it?—A. If I heard anybody talking about it, it must be the Union Pacific people.

Q. Can you give me some names?—A. I cannot recollect that.

Q. Which of the Union Pacific people did you know?—A. I knew Mr. Ham and his brother; and I think Mr. Calef was there then; I may have heard indirectly that they were going to consolidate.

Commissioner ANDERSON. You do not mean to tell us that Mr. Calef talked at all?

The WITNESS. It may have been him, but I cannot be precise.

Q. Did you hear Mr. Ames talk about it?

The WITNESS. Whom do you mean?

Commissioner ANDERSON. Mr. Frederick L. Ames. Or do you not know him?

A. I know him, but I do not believe it was he; he came there very seldom.

Q. Do you know that shortly before this time, and during the summer, there had been large quantities of Kansas Pacific stock bought which your firm had in its books?—A. I do not recollect; and I do not believe it was so.

Q. Do you know the Kansas Pacific road?—A. I know it.

Q. Do you know the stock?—A. I know the stock.

Q. Do you know its securities?—A. Well, I am not very familiar, except I know there is such a road; that is all.

Q. You say that, as far as you can recollect, there were no shares of Kansas Pacific stock being carried for Mr. Gould on the books of your firm at this time?—A. I could not swear to that; I do not remember.

Q. How about the Union Pacific stock?—A. He had considerable Union Pacific stock; but that was paid for; it was not on the books of the firm.

Commissioner ANDERSON. I only want to get at where the securities, the shares of stock, were.

The WITNESS. He had this Union Pacific stock in his own vault, and that was paid for; it was not on the books of the firm.

Q. Where was his vault?—A. It was in the Stock Exchange vault.

Q. In the Stock Exchange safe-deposit vault?—A. Yes, sir.

Q. Your firm had nothing to do with it?—A. No, sir.

Q. No access to it?—A. No, sir.

Q. How then do you know that he had Union Pacific?—A. Because I knew that he was a large holder of it, and he had it in his own vault; I know that.

Q. From what he said?—A. No; because sometimes I used to go to the vault with him, and he would give me some of that stock.

Q. To use for his transactions?—A. Yes, sir.

Q. Did he never give you Kansas Pacific stock?—A. No, sir.

Q. Do you remember the fact that there was a meeting held in the summer, after the consolidation, for the purpose of ratifying the consolidation?—A. No, sir; I know nothing about their meetings.

Q. Do you remember the fact of signing any paper yourself in regard to the ratification of the consolidation?—A. I do not see what I had to do with the ratification; I was not a director of the company.

Q. Were you a stockholder of the company?

The WITNESS. The Union Pacific?

Commissioner ANDERSON. Yes.

A. No, sir; not that I know of.

Q. Did you hold a power of attorney from any stockholder?—A. Not that I know of.

Q. Do you remember signing any paper relating to the ratification?—A. Well, I have signed a great many papers in my life, but I do not remember signing any paper about this ratification.

Q. At whose request could you have signed papers of that character without knowing what they were about?—A. I never signed any paper unless I knew what it was about.

Q. I ask you again to recall in your memory whether you did not sign a paper approving of the consolidation between the Union Pacific

Railroad Company and the Kansas Pacific Railroad Company and the Denver Pacific Railroad Company, and whether you did not sign that paper as the holder of 20,041½ shares of stock. The fact may possibly bring it to your mind.—A. I know there was half a share in my name.

Q. How about the 20,041 in your name?—A. I do not remember about that.

Q. Do you think anybody could give you $2,000,000 worth of stock without your remembering or knowing anything about it at this time?—A. Sometimes they put stocks in the name of people that do not belong to them, just for convenience; but I do not recollect.

Q. What I am asking you about is, whether you signed a paper with your hand and wrote your name.—A. I may have done it, but I do not remember. You see, I could not swear to it.

Commissioner ANDERSON. Mr. Holmes, do you know where the original of the ratification is; is it in the office of the company at Boston?

Mr. HOLMES. I presume so. I do not think I ever saw the original.

Commissioner ANDERSON. Please read this paper which I show you, on page 86, marked No. 1240, and say if, after reading it, you remember the transaction. I indicate where your name appears. That is a paper which you signed. Read the heading of it and see what it is that you signed.

The WITNESS. I tell you I may have signed—they might have put that in my name. They might have put that stock in my name just for convenience, and I forget all about it.

Q. When you say "they might have put that stock in my name," to whom does that personal pronoun "they" refer?—A. I suppose it was Mr. Gould, because I did not own the stock.

Q. When you signed that paper did you know anything about what you were signing, if you signed such a paper?—A. I suppose they told me that this was a consolidation of the two roads for the mutual benefit of them, and that I had better sign it.

Q. You say again "they." I suppose you mean the same persons.—A. Yes, sir.

Q. Every time you say "they" do we understand you to mean Mr. Gould?—A. Mr. Gould and his friends that owned the stock. I did not own the stock.

Q. When you signed that paper did you make any investigation in regard to the terms of the consolidation, to see whether or not the Kansas Pacific was a paying road?—A. I may have done it at the time, but I do not remember.

Q. Do you remember doing anything about it, reading any books or examining the roads?—A. Well, I suppose they had some resolution passed, and they gave it to me to read.

Q. Do you know whether or not the Kansas Pacific Company at that time was a paying concern?—A. I do not know anything about it.

Q. And you did not then?—A. I only heard that the consolidation was for the benefit of both roads, on account of preventing the cutting of rates. And it was a good thing for both of the roads. That is all.

Q. From whom did you hear this?—A. From the talk there in the office of the Union Pacific.

Q. Is that all you have to say in regard to the knowledge you acquired before signing this paper?—A. That is all.

Q. Is it not true that you signed this paper because the persons who owned this stock asked you to do it?—A. Of course, you know I could not refuse them. They were my partners and they told me this was the right thing to do, and I could not refuse to do it.

NO PERSONAL KNOWLEDGE.

Q. You do not pretend to have had at any time any personal knowledge of the affairs of the Kansas Pacific or of the Denver Pacific, or as to what their gross earnings were, or their operating expenses, or how far they were a paying concern? All those matters you do not know and did not know personally?—A. I did not interest myself in those matters.

Q. We are very anxious to see these books. Is there anything you can tell us to-day, after thinking the matter over, by which you can give us any intimation as to what witness to call in regard to those books?—A. You had better ask Mr. Connor or Mr. Gould, who were partners, what has become of those books. I am sure I do not know.

Q. Is there any other direction you can give us?—A. No, not that I know of.

Q. What were the exact functions that you discharged in this firm?—A. I used to sign all the checks.

Q. Anything else?—A. No, sir.

Q. Did you write out the body of the checks?—A. No, sir; sometimes I did and sometimes I did not.

Q. Then, before signing them, you would naturally ask what they were for, if you did not happen to know what they were for?—A. I knew it was for stock purchases.

Q. Who would bring the checks?—A. One of the boys.

Q. Who made out the body of the checks?—A. Several clerks; sometimes one and sometimes another. Mr. Segur, for instance, used to write out the checks, and then send them to me by some of the boys to be signed. Sometimes when they were very busy I would write out the body of the checks myself.

Q. Of course, but the responsibility for filling in the amount of the order must have been lodged only with your superior clerks. You would not let an office-boy fill up the checks, would you?—A. Oh, an office-boy would not fill them up. Mr. Segur would generally do it, or Mr. Mathez, sometimes.

Q. You know substantially what the transaction was intended for?—A. Yes, sir.

Q. It was to pay for stocks?—A. To pay for stocks.

Q. Do you know what has become of those checks?—A. I suppose they have got them; I do not know. You know they accumulate very rapidly, and I do not know what they did with them.

Q. The check stub-books are with the other books of the concern?—A. I suppose so.

Q. You do not know anything about them?—A. I never interested myself to look up the details.

Q. What bank did you check on?—A. On the Fourth National Bank.

Q. Was that the only bank?—A. Yes, sir.

Q. That was the only account you kept?—A. Yes, sir.

Q. Did you not keep accounts with trust companies?—A. No, sir; not for our business.

Q. What safe deposit company did you deal with; the Stock Exchange Vault?—A. The Stock Exchange Vault.

Q. Your firm had a vault there?—A. We had a vault there.

Q. And substantially all the checks, of any amount, exclusive of those that were given for office expenses, were checks that were given in the transactions of the firm in the purchase of stocks and other securities?—A. Yes, sir.

Q. And your only customer was Mr. Gould?—A. Yes, sir; we had, say, half a dozen customers outside of him, but they did not amount to anything.

Q. So that all the large checks and amounts charged in that account we may assume to have been charged in transactions in which Mr. Gould was interested?—A. Yes, sir.

Commissioner ANDERSON. We can get the accounts at the bank, anyway.

By the CHAIRMAN:

Q. Have you any other information to give the Commission?—A. None that I know of; they had better ask him.

Q. Have you any suggestions that you desire to make?—A. No; I have no suggestions. The legal talent before me is so great that my suggestions would not amount to much.

Commissioner ANDERSON. The statement that Mr. Calef "talked" is the most astounding suggestion I have ever heard of.

G. P. MOROSINI.

No. 10 WALL STREET, NEW YORK,
Thursday, May 12, 1887.

NATHANIEL NILES, being duly affirmed and examined, testified as follows:

By Commissioner ANDERSON:

Question. At the time of consolidation of the Union Pacific and the Kansas Pacific you were, I believe, a Government director?—Answer. My impression is the final consolidation took place shortly after my term expired. I cannot give the exact date of the expiration of my term of office.

GOVERNMENT DIRECTOR IN 1879.

Q. When were you a Government director?—A. I think, the early part of 1879.

Q. How long did you remain such director?—A. One year.

Q. During the term of your office, what examination of the affairs of this company did you make, if any?—A. I attended the meetings of the board of directors. I had access to the books of the main office in Boston. It would be difficult to recall the details of the examination made at that time.

Q. Were you a member of the committee of the board?—A. Yes.

Q. Of what committee?—A. The executive committee, I believe; I am not quite positive.

Q. How many meetings of the board did you attend?—A. All the meetings that were called during my term of office, except one.

Q. How often did you go to Boston while you were a Government director?—A. As often as once a month, or nearly so.

Q. On the business of the company, I mean.—A. Yes, sir.

Q. Did you personally, in fact, make any examination of the books of the company during the year?—A. I did.

Q. What books did you examine?—A. It would be difficult for me now to recall the details of the examination or the names of the books.

Q. What conclusion did you reach, if any, as to the financial condition of the company?

The WITNESS. That is rather a broad question.

Commissioner ANDERSON. You can make a broad answer. I merely mean as to its general financial condition, and not as to the exact amount of its earnings; or, if you have formed no conclusion, you can say so.—A. I thought that the road was well managed.

UNION PACIFIC WELL MANAGED.

Q. Did you reach any conclusion as bearing on the question of the Government security and of the ability of the company, as it then stood, to pay the Government claim when it would mature?—A. I did.

Q. What was your conclusion?—A. My conclusion was that if the policy of the directors was carried out the obligations to the Government would be paid.

APPROVAL OF DIRECTORS' POLICY.

Q. When did you first hear of the suggestion of consolidation between the Union Pacific and the Kansas Pacific?—A. About the time of consolidation.

Q. From whom did you hear it?—A. From the public prints, I think, in the first instance. I undoubtedly heard it afterwards in conversation with some of the board of directors.

Q. Can you give me the names of the directors with whom the matter was discussed?—A. I cannot.

Q. Does your memory serve you as to what directors were most prominently in favor of it?—A. It does not. I think I had no conversation in regard to the consolidation while I was a Government director except with three of the Government directors. I cannot fix the date.

Q. According to your memory, where were all the meetings held that you attended?—A. Some in Boston and some in New York.

Q. How many in New York?—A. Several; but I cannot specify how many. Possibly some of the meetings in New York were meetings of the executive committee.

Q. Who were the other members of the executive committee, or of the committee on which you served?—A. I cannot remember their names.

Q. Can you fix with any greater precision how long before the consolidation took place it was that you had any talk whatever with the other directors in the road on the subject?—A. I cannot.

Commissioner ANDERSON. You have said that it was but a short time?

The WITNESS. Yes.

Q. Do you mean by that that it was less than a month?—A. I should think not more than a month or two.

Q. Was the subject one of frequent discussion between you and the directors?—A. It was not.

Q. Where did you meet when you met in New York?—A. At the offices of the company.

Q. Seventy-eight Broadway?—A. Yes, sir.

Q. Do you remember being there when the articles of consolidation were signed?—A. I do.

Q. Do you remember being there when the consolidation was voted?—A. I do.

Q. Still, the consolidation was an event of great importance to the company. Can you not ascertain from your memory whether you were present or not at the meeting?—A. I remember that I was present.

PRESENT WHEN CONSOLIDATION WAS VOTED FOR.

Q. Was it not your impression at that time that the interest of the Government was a good deal involved in the question of this consolidation? I mean that it was a serious question to examine, as to whether it would have a hurtful or beneficial effect on the Government's security—A. My opinion as an individual was that it was for the benefit of the Union Pacific road that it should be consolidated.

Q. Was it not your opinion that the subject was a grave one and required considerable examination in order to reach that conclusion?—A. In general terms, yes.

Q. Did you know how much stock of the Kansas Pacific and of the Denver Pacific was being taken into the system by the consolidation?—A. I cannot say that I did know the exact amount.

Q. Did you know how much of additional burden in the shape of securities and bonds on which interest was to be paid was taken into the system by the consolidation?—A. I understood approximately at the time.

Q. What examination, before the consolidation, did you make to see whether, assuming that the consolidation as a general proposition would be favorable, the precise terms of the agreement as entered into were such as not to impose additional burden on the Union Pacific?—A. Without refreshing my memory I cannot definitely answer the question.

Q. Could you vote intelligently on the consolidation without knowing the amount of the stock of the constituent companies and the amount of their respective indebtednesses and their general financial condition as to earnings?—A. Certainly not.

Q. It appears from the record of the meeting held on the 24th of January, presented to us by the company, that you were in fact present at that meeting. Please look over the minutes and see whether they refresh your recollection as to the fact whether you were present. Perhaps, in connection with that, you may read your report to the Government. We do not know. We have these reports saying that you were present. Look at your report and say when your term of office expired. Look at this and say whether you were present or not, and whether you voted in favor of it.—A. It appears from the minutes of January 24, 1880, that I was present as Government director.

Q. And you are satisfied that the fact reported, of your presence at that meeting, is correct?—A. Yes; and that I was a member of the executive committee and not of the finance committee.

Q. Do you recall the fact that Mr. Chadwick was also present at that meeting?—A. I do.

Q. Do you recall the fact that he voted against the consolidation?—A. I do not.

Q. Do you remember whether there was any discussion in which he took part or expressed any views adverse to the consolidation?—A. I remember that there was a discussion. Whether Mr. Chadwick took part in it or not I cannot state.

Q. Do you remember the fact that Judge John F. Dillon was present and read the articles to the meeting?—A. I believe he was present and read the articles.

Q. Do you remember whether any explanation was made at that meeting to the effect that the $4,000,000 of Denver Pacific stock was to be sold to Mr. Jay Gould in exchange for certain securities of the Saint Joseph and Western, or the Nebraska and Kansas, or the Saint Joseph

and Pacific?—A. I cannot remember any discussion on that point, and very little of anything that was discussed, at this distantce of time.

Q. Do you remember whether it was disclosed at that meeting or at any time before that meeting to you that a number of the directors of the Union Pacific were very large holders of stock of the Kansas Pacific Company, which it was proposed to exchange at par?—A. I do not remember that such was disclosed to me.

Q. Did you know that fact at the time you voted for the consolidation?—A. I did not.

Q. Can you tell us what were, in brief, the motives that induced you to vote in favor of the consolidation?—A. It would be difficult for me, at this distance of time, to recall all my reasons and conclusions then formed; but, generally, I can state that it seemed to be for the interest of the Union Pacific road that the consolidation should take place.

CONSOLIDATION TO THE INTEREST OF UNION PACIFIC.

Q. Is that as full a statement of the reasons as you can give?—A. It is.

Q. While you say you would have to examine some memoranda to ascertain what examination you had made of the facts and figures on which the benefits of the consolidation must rest, are you prepared to state today that at the time you voted you had made any critical examination of the relations of the Kansas Pacific and Denver Pacific to the Union Pacific for the purpose of ascertaining what the stock represented, the amount of indebtedness that was ahead of the stock, and the names of the persons who were to receive the benefits from the exchange of the stock of the Kansas Pacific and Denver Pacific, under the scheme, into the stock of the Union Pacific?—A. I am not prepared to make such a statement. My then knowledge seemed to me to be sufficient to act upon.

Q. You have stated that you did not know when you voted that Mr. Gould was largely interested in the stocks and securities of the Kansas Pacific and of the Denver Pacific. I will ask you the same question as to Mr. Sidney Dillon. Did you know that he was interested in these securities?—A. I did not.

Q. Did you know that Mr. Frederick L. Ames was interested?—A. I did not.

Q. Did you know that Mr. Dexter was interested?—A. I did not.

Q. Or Mr. Atkins?—A. I did not.

Q. Or Mr. Russell Sage?—A. I did not.

Q. Did you know that at this time Mr. Sidney Dillon was also the president of the Kansas Pacific?—A. I probably did know at the time, but I cannot remember now whether that was the fact or not.

Q. Was not your vote very largely influenced by the advice which you received from these other directors who had given the subject a great deal more attention than you had, and by the fact that they were advocating the consolidation?—A. As I now remember, I was chiefly influenced by conversations had with Mr. Smythe, one of the Government directors, where I desired information which I did not have.

Q. You mean, "from whom I sought information which I did not have" where you say "where I desired information which I did not have," do you not?—A. Upon subjects upon which I had no information, I was influenced chiefly by Mr. Smythe's knowledge.

Q. Where is Mr. Smythe?—A. I do not know. He lived at Des Moines, and I believe he is now dead.

Commissioner ANDERSON. Gustavus B. Smythe?

The CHAIRMAN. George B. Smythe, I suppose you mean?

The WITNESS. George B. Smythe, of Des Moines.

Q. How often did you see Mr. Smythe in regard to this matter?—A. He discussed the matters with me whenever he was in this city, and when we were in Boston together on the affairs of the company.

Q. Did you not also rely on what Mr. Frederick L. Ames told you?—A. I cannot remember that I had any conversation with Mr. Ames on the subject.

Q. Or Mr. Sidney Dillon?—A. I may have had conversation with Mr. Dillon, but I have had no recollection of any.

Q. Did you have any conversation with Mr. Solon Humphreys?—A. I cannot remember having had any conversation with any one member of the board of directors, except the Government directors. But the subject has been discussed where a number of directors were together.

Q. Do you remember seeing a written report made by Mr. Solon Humphreys and Mr. G. M. Dodge on this subject?—A. I remember seeing a report on the subject, but whether it was the report you refer to or not I do not know.

Q. Please examine the paper I now show you, and see if you recollect it as the paper you refer to.—A. I cannot state.

Q. Do you recollect the fact that a report was made by some persons, at the request of some of the directors, as to the desirability of consolidation?—A. I remember examining a report or reports.

Q. Were copies of that report furnished to the Government directors?—A. I do not remember.

Q. Was the existence of such report, and the facts stated in such report, the subject of any discussion among the Government directors?—A. In my conversations with Mr. Smythe some reports were discussed, and all questions bearing upon the consolidation, but what the reports were I do not now remember.

Q. Did the Government directors have an organization of their own, with a chairman, I mean?—A. They had.

Q. Were you the chairman of the Government directors?—A. I was appointed to draw the report. I suppose that carried with it the chairmanship of the committee.

Q. Did the Government directors keep a minute of the proceedings of their meetings when together?—A. They did.

Q. Who kept that minute?—A. Mr. Smythe.

Q. Do you know where it is?—A. I do not.

Q. Have you read it?—A. I saw the minutes at the times they were taken, but I have not seen them since.

Q. You have no present recollection of their contents?—A. None whatever.

Q. Nor can you give any suggestion as to how we can see them or procure them?—A. I cannot, unless from Mr. Smythe's representatives.

By Commissioner LITTLER:

Q. You were appointed by the President for the purpose of looking particularly after the interests of the United States Government in the management of this Union Pacific road, were you not?—A. I was appointed particularly to fill the office of Government director.

Q. And by the terms of the law the Government directors were specially charged with the duty of looking after the interest of the United States in connection with the earnings and management of this

property, were they not?—A. I cannot recall the terms of the law. My duty was to look after the interests of the Government.

Q. More particularly that than anything else, was it not?—A. Certainly.

Q. That being true, was it not your duty, before consenting to these articles of consolidation, to examine particularly in relation to this Kansas Pacific Railway system, and more particularly to examine as to its indebtedness, and to ascertain for yourself whether, by the consolidation, the Union Pacific would not take upon itself additional burdens for that consolidation?—A. I have stated that I discussed the subject with Mr. Smythe, one of the other Government directors. Where my own judgment did not seem to be informed, I discussed the matter with him.

Q. Did you go to the trouble of examining the records of the Kansas Pacific Railway Company, or any other record, for the purpose of ascertaining the amount of its indebtedness, prior to signing these articles of consolidation?—A. I did.

Q. What was the result of your investigation into these matters?—A. The result was that I thought the consolidation would be a wise act.

APPROVAL OF CONSOLIDATION.

Q. Did you go further, and examine the gross and net earnings of the company?—A. That was a part of the consultation had with Mr. Smythe and discussed otherwise.

Q. Did you find out in these examinations that all, or nearly all, of the securities of the Kansas Pacific Railway were in default at the time of this consolidation?—A. I cannot remember the details of what I found, but I remember the conclusions arrived at.

RIVAL INTERESTS HARMONIZED.

Q. Assuming that you went to the bottom of this matter, and found at that time that nearly all, if not quite all, the mortgage bonds were in default in the payment of interest, and that by the consolidation the Union Pacific would be chargeable with the duty of providing for the payment of this interest—assuming that you found all these things to be true, what induced you to consent to this consolidation?—A. One great inducement was that important rival interests were harmonized, and organizations under many heads and many officers and many salaries would be consolidated; that there would be a single organization and harmony where various interests had previously been in conflict.

Q. Is it not true that at and immediately preceding the date of these articles of consolidation, there were friendly relations between the managements of these two corporations, and that they had some sort of a traffic agreement, and that there was in fact no great conflict between them?—A. I cannot state the exact condition at that time, but I knew that in the nature of things there would always be conflict under separate managements.

Q. Did you know the market value or the real value of either of the several classes of bonds or of the stocks of the Denver Pacific and the Kansas Pacific companies at the time you signed these articles of association?—A. I cannot, at this distance of time, state in detail what my knowledge was in regard to the value of the separate securities.

Q. Assuming that all these securities, perhaps except the first land-grant bonds, were depreciated and below par at that time, and the interest defaulted on them, and assuming that $14,000,000 of the stock

of the Kansas Pacific and the Denver Pacific had no real value other than a speculative value for the purpose of controlling the roads, do you not think that it was a very disastrous thing for the Union Pacific Company that you consented to a consolidation by which the Union Pacific exchanged its stock, which was worth more than par, for the $14,000,000 of stock, and became responsible for the payment of interest on about $30,000,000 of consolidated Kansas Pacific mortgage bonds?—A. I thought at the time it was a wise act.

Q. Do you still think so?—A. Yes; I think the history of the road since that time confirms the opinion I then had. I think that whatever difference there may be in the value of securities was more than returned in the harmony of rival interests.

Q. As a matter of fact, did the Union Pacific directors, or any of them, make a careful and thorough investigation of all the matters and things pertaining to the Kansas Pacific road prior to the signing of these articles of consolidation; did they do so by themselves, or through anybody else?—A. I can repeat what I have said in regard to my own action. I cannot speak for the other directors. I conversed with Mr. Smythe more frequently than with any of the other Government directors.

Q. You seem to have gotten your information as to the advisability and wisdom of this consolidation chiefly from Mr. Smythe, as I understand you?—A. No, sir; but only on subjects upon which I had not been already able to inform myself.

Q. Do you remember the names of your associates as Government directors at that time?—A. Mr. Smythe, Mr. Housel, Mr. Chadwick, and General Buckland.

Q. Are those all?—A. Those were all.

Q. Can you tell us how it happened that the name of the Union Pacific Railroad Company was changed in that consolidation and the name of the Union Pacific Railway Company substituted; do you know at whose suggestion that was done?—A. I do not.

NO INTEREST IN UNION PACIFIC STOCK.

By Commissioner ANDERSON:

Q. At the time of the consolidation were you personally, or were any members of your family, interested in Union Pacific stock?—A. I had no interest in the road, in its stock or its bonds, or in any of its connections, or of any railroad that went into the consolidation, directly or indirectly, nor had any member of my family or any personal friend, to my knowledge.

By Mr. JOHN F. DILLON:

Q. The statute provides that no Government director shall have any stock. Reminding you of that, can you now state whether you knew of that provision, and whether you had any stock, directly or indirectly, in the Union Pacific at that time?—A. I can state positively that I did not have while I was a Government director. Nor was I, up to the time that my term of office expired, directly or indirectly interested in any of the organizations that went into the consolidation.

Q. When you were appointed Government director you probably read the acts of Congress relating to the Union Pacific Railroad Company, more or less, did you not?—A. I did.

Q. Do you recollect, in a general way, the act of 1862, the original act—and the act of 1864, and the Thurman act?—A. I remember them

now, in a general way. I have had no occasion to refer to them for seven years.

Q. Did you have occasion to refer to the decisions of the Supreme Court of the United States relative to the relations between the Union Pacific Railroad Company and the Government; did you know of them at the time?—A. I read them all.

Q. Do you recollect reading the decision as to the Union Pacific and Credit Mobilier case, in which the Supreme Court of the United States decided that the Government had no interest in the stock of this road, and that its only relations were of a secured creditor, as specified in the acts of 1862 and 1864?—A. I remember reading the decision and all the papers in that case.

Q. Do you recollect the provisions of the Thurman act, that the Government reserve 25 per cent. of the net earnings of the Union Pacific Railroad, to be determined in a particular manner?—A. I remember it very well.

Q. And that whatever might be the expenses or charges against the company, subject to the payment of operating expenses and fixed interest, they did not come out of the Government?—A. That was the fact.

Q. Did you know, at the time, that the Kansas Pacific was also a road which had been aided by the Government with bonds, as well as with lands?—A. I did.

Q. And at the same rate, so much per mile?—A. I did not.

Q. Was it not $16,000 a mile on the Kansas Pacific?—A. $16,000, I believe.

Q. Was it not $16,000 a mile on the Union Pacific until you reach the mountains, and then was it not more?—A. It was scaled.

Q. Was not the bonded obligation of the Union Pacific very much heavier than the bonded obligation of the Kansas Pacific?—A. Yes, sir.

OBLIGATIONS OF UNION PACIFIC.

Q. And were not the first mortgage obligations of the Union Pacific correspondingly greater than the first mortgage obligations of the Kansas Pacific?—A. That was the fact.

Q. Do you recollect the difference in the stock obligations of the two companies?—A. I cannot state now the difference in the stock obligations.

Commissioner ANDERSON. If the witness does not recollect this, there is nothing gained by the questions, as we have them all before us.

Mr. JOHN F. DILLON. I do not care to press it, then. I wanted to show the state of this corporation. I think it is demonstrable that, however stockholders might complain, the Government profited, beyond any question.

The WITNESS. I am sorry that my attention was not specially directed to the subjects upon which the Commission would like testimony. It is a very broad subject, and my mind is refreshed constantly by discussing it. I will say this, that the action of the Government directors, especially my own action, was influenced by the fact that no action of the board of directors could intervene to injure the security which the Government had for the payment of its obligations against the company.

By Mr. JOHN F. DILLON:

Q. You knew, at the time, how far it was from Omaha to Ogden, I suppose?—A. Yes, sir.

Q. Do you now recollect how far it is from Omaha to Ogden?—A. I forget the exact number of miles.

Mr. JOHN F. DILLON. It is a matter of geography; it is about 1,032 miles?

The WITNESS. It is.

Q. You knew at the time, at all events, the approximate distance from Kansas City, the initial point of the Kansas Pacific, to Denver, I suppose?—A. Approximately.

Q. And the distance from Denver to Cheyenne, where the Denver Pacific connected with the Union Pacific?—A. Yes, sir.

Q. As I recall it, the distance between Omaha and Ogden is 1,032 miles; that is the only point of the line of the Union Pacific, as you understand it, on which the Government had any lien, is it not?—A. I so understand it.

GOVERNMENT LIEN.

Q. And that the Union Pacific, as recited in the articles of consolidation, had an outstanding stock obligation of about $36,000,000?—A. At that time; yes, sir.

Q. You do not recollect the amount of bonded indebtedness?—A. I do not.

Q. That is a matter of history; but whatever it was, there was an equivalent amount of the first-mortgage indebtedness prior to the Government claim, as you recall it?—A. I do so remember it.

Q. The Kansas Pacific, including the Denver Pacific—assuming that to be, as it is, about 745 miles from Kansas City to Cheyenne——

Commissioner LITTLER. About 638 miles from Kansas City to Denver; it is about 106 miles from Denver City to Cheyenne [continuing the question] had a stock obligation of $14,000,000, had it not?—A. I do not remember the exact amount, but about that sum.

Q. Ten million dollars on the Kansas Pacific, and $4,000,000 on the Denver Pacific, with a first mortgage ahead of the Government only on the 394 miles; do you recollect that, or did you not know it at the time?—A. I did not know it at the time, but I cannot more nearly recollect the figures now.

Q. You heard the articles of consolidation read, I suppose, at the meeting?—A. I did.

Q. Among the provisions of those articles is this: "Article 10. The new company hereby formed does not herein assume any separate or individual liability to the outstanding debts, obligations, and liabilities of the respective constituent companies, whose several and separate existence as to third parties shall continue as respects such debts, obligations, and liabilities of every kind and nature, shall continue, notwithstanding these articles of union and consolidation." I ask you if that was read?—A. It was.

Q. Do you know of your own knowledge of the administration of the affairs of this road, as respects the Government, since the date of consolidation?—A. Not since my term of office expired.

Q. Do you recollect that the Thurman act, which made a requisition of 25 per cent. of the net earnings, was an act which applied only to the Union Pacific and to the Central Pacific?—A. I know that the act so provides.

Q. And you, as Government director, were a director only of the Union Pacific Railroad, and it did not apply to the Kansas Pacific?—A. Yes.

Q. Do you recollect that the original requirement of these companies

was to pay to the Government, not 25 per cent. of net earnings, but only 5 per cent.?—A. I recall such a provision.

Q. As a practical question, assuming that the Union Pacific was, at the date of the consolidation, the stronger company, and that under the arrangement with the Government it was a secured creditor, and therefore it was not in the power of the consolidated company in any way to reduce the amount which, in any event, would go to the Government, would not the effect of that consolidation be that the Union Pacific would impart whatever strength it had to the Kansas Pacific, and the Government be benefited thereby, and in no degree injured? How would that strike you as a practical question?—A. Most decidedly, the Government would be benefited; the policy pursued by the directors of the Union Pacific road in this consolidation, and in building feeding lines, has, in my opinion, preserved the value of the security held by the Government on the line of the road.

By Commissioner ANDERSON:

Q. Will you please tell me what you mean, when you speak of the Government security?—A. I mean the obligations which the Government has against the road.

GOVERNMENT OBLIGATIONS.

Q. Do you mean the lien only which it has?—A. I mean the lien.

Q. Does it not also have the personal obligation of the railway company to pay the bonds?—A. The personal obligation of the railway company would be worth nothing if the property were worth nothing.

Q. I mean the corporate obligation; did it not also have the corporate obligation, before the consolidation of the Union Pacific Railroad, to pay any deficiency which might arise out of a foreclosure?—A. I suppose it legally had that obligation.

Q. If you had a second mortgage on a house, and also a personal responsibility of the bondsman, might not that personal obligation be a very valuable method of collecting your debt, in case there was a deficiency?—A. It has its value.

Q. May it not be of very immediate value?—A. Yes, if the obligation is worth anything.

Q. If you had such a security and you knew your bondsman, and he was perfectly good, and you heard he had gone into an enterprise in which he had personally made himself responsible for a very large amount of obligation, which increased the burden that he was carrying, would you not think that thereby your security was being impaired, even though your lien might be undisturbed?—A. It would depend altogether upon whether I considered his new obligations tended to increase the strength of his old ones or to weaken them.

Q. It was a subject you were interested in, and if the new obligations were unfortunate ones would you not think that you might lose money by it? If he became worthless, instead of being solvent, and there was a deficiency on your mortgage foreclosure, would you not lose?—A. I think it would be a legitimate subject of inquiry.

Q. While it may be true, then, that the Union Pacific did not formally assume the obligations of the Kansas Pacific, is it not true that after the consolidation it was impossible for the Union Pacific to avoid the payment of all those claims without leading to a break-up of the whole business? Is that not clear?—A. By "claims" I mean the interest on the bonds and all the other obligations. I think that would de-

pend a good deal on the circumstances, and the fact and law attending each claim, and upon what it was founded.

EFFECT OF INCREASE OF STOCK ON ABILITY TO MEET OBLIGATIONS.

Q. Is it not generally true that the corporate power of the Union Pacific Railroad Company or Railway Company to pay obligations may have been impaired by undertaking to pay dividends on the increased amount of capital stock and on all the classes of bonds on which it is paying interest to-day?—A. I cannot now express an opinion whether it may have been impaired or not.

Q. You know, as a matter of fact, that it is not paying dividends on its stock, do you not?—A. I do.

Q. You know, as a matter of fact, that the range of its net earnings, as compared with the net earnings in 1882 and 1883, has decreased, do you not?—A. I do.

Q. You know, as a matter of fact, that from the time of the consolidation until, I think, 1885 it paid dividends on all the stock, including the Kansas Pacific and Denver Pacific stock, at the rate of 8 and 7 per cent. per annum?—A. I know that when it paid dividends it had several less competitors for the business which then supported it than it has now.

Q. Do you know that it did pay those dividends?—A. I knew that it paid certain dividends. I cannot state what they were.

Q. You knew that it paid dividends on the stock of the Union Pacific, which represented the Kansas Pacific stock and the Denver Pacific stock, as well as on the old stock?—A. I knew that it paid certain dividends.

By Commissioner LITTLER:

Q. Do you know that for the six years ending June 30, 1883, the interest due the United States was over $12,000,000, and that of that sum this company only paid into the Treasury under the Thurman act a little over $5,000,000, and that during a portion of that same period this company was paying from 7 to 8 per cent. dividends on its stock?—A. I can only testify from the reports made at the time as to the question you have asked me.

Q. Can you explain this to the Commission how that company could at any time have paid dividends on this stock, and at the same time fail to pay the amount required of them by the terms of the Thurman act?—A. I am not prepared now to answer that question in detail. If you desire an answer I will refresh my knowledge of the subject and give you the best information I have.

By the CHAIRMAN:

Q. Do I understand you to say that you first heard of the consolidation the day before it took place?—A. No, sir; I did not intend to say so.

Q. What day was it?—A. I said a short time before the consolidation.

Q. How long before the consolidation?—A. I stated one or two months. It may have been longer than that.

Q. Did you write the report?—A. I did.

Q. I call your attention to the fact that the report is dated December 4, 1879. Just see if that is the correct date, or whether it is antedated or not.—A. The report is dated at the time it was finally submitted. That is my impression.

Q. What date was that?—A. I cannot state. The records of the Interior Department would show the exact time. I know it was some time after the personal examination of the road-bed that I prepared the report.

Q. When did you submit the report to the Government?—A. I presume it was about the time the report bears date.

Q. You refer to the consolidation in that report. Was it from your knowledge at that date?—A. My knowledge of the consolidation began, as I have stated, perhaps two or three months before the consolidation took place.

Q. Then, when you wrote that report, you had knowledge of the consolidation?—A. I so state in the report.

Q. Well, you must have had. Did you not then regard it of sufficient importance to inform the Government in detail of this important step in reference to consolidation?—A. I considered it very important. I suppose that I was put there to act.

Q. Act how?—A. For the interests of the Government.

Q. Do you not presume the Government wanted to know how you were acting?—A. In what was done in regard to the direction, I suppose I represented the Government, and was the Government to the extent of my action, and that I was appointed to direct, in common with the other Government directors.

The CHAIRMAN. Please read all the report that you made to the Government on the question of the consolidation in the year 1879, December 4th.

REPORT TO GOVERNMENT.

The WITNESS. I am not prepared to say what reference there is in my report in regard to the consolidation further than this: "During the last year the Kansas Pacific Railway has passed into the control of this company, both roads having the same general manager and the same superintendent of telegraphs."

The CHAIRMAN. That information must have been based upon your conclusion fifty days before the board of directors had voted?

The WITNESS. I cannot state the time more nearly than I have when I first had information of the proposed consolidation, or why the report had a special date.

Q. Have you any further suggestions to offer to the Commission with reference to your course as to the consolidation, or any other general matters? If you cannot make them now, we would be glad to have them in writing, or in any other way in which you will present them.—A. I do not think at this time of anything further that I can say for the benefit of the Commission. I have expressed my opinion as to the consolidation, and the reasons for it, and the reason for my action in voting for the consolidation. I think of nothing else that I can add to it at present.

NATHANIEL NILES.

No. 10 WALL STREET, NEW YORK,
Thursday, May 12, 1887.

RUSSELL SAGE, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. I am a banker and broker and merchant.

Q. Where is your office now?—A. 71 Broadway.

Q. Where was your office in 1880?—A. 78 and 80 Broadway.

Q. That is the same building where the Union Pacific offices were?—A. Yes, sir; the same building.

Q. The same building where Mr. Gould's offices were at the time?—A. Yes, sir; at that time.

Q. How long have you been a banker and broker?—A. More than twenty years.

Q. Do you do business solely for yourself, or for the account of other customers also?—A. Mostly for myself; occasionally for others.

Q. Do you keep books of your transactions?—A. Yes, sir.

Q. Have you a book-keeper?—A. Yes, sir.

Q. What is his name?—A. Charles W. Osborne.

Q. Is he with you now?—A. Yes, sir.

Q. At your office, 71 Broadway?—A. Yes, sir.

Q. Was he with you in 1880?—A. I think not; I think he came with me in 1882; but I am not positive as to the year. I find on examination he came to me January 1, 1877.

Q. Who was your book-keeper in 1880?—A. I think Mr. Boardman C. W. Osborne was in my employ then, and I think Mr. Neihber.

Q. Give us their full names.—A. Lansdale Boardman and C. F. Neihber.

Q. Will you give their addresses?—A. Mr. Boardman is still in the same building, 78 and 80 Broadway. He has been there, I think, ever since.

Q. And the other one?—A. I do not remember his place; it is some where in Broad street.

Q. He is in New York still?—A. He is in New York; he is accessible.

Q. Which of these gentlemen kept your books in 1880?—A. I guess they both kept them in part; Mr. Neihber was the cashier, and Mr. Boardman was the junior clerk at that time.

Q. What books did they keep?—A. They kept a set of books; stock ledger.

Q. Did they keep a purchase and sales book of each day's transactions?—A. Yes, sir; I have got what you want, I presume; I can give a list.

Commissioner ANDERSON. I am very glad to hear it.

The WITNESS. I came prepared for that. [Presenting a statement account.]

Q. You have all the books you had in 1880?—A. I have.

Q. Do I understand that they are at the service of the Commission?—A. Yes, sir.

Q. I will extend that question back to 1878; do the books extend back to 1878?—A. Yes, sir.

Q. When did you first become a stockholder, about, in the Union Pacific?—A. I became a stockholder—I cannot tell you the time—but it was within a year or two after this organization.

Q. You mean after its completion, or before its completion?—A. Well, about the time of its completion.

Q. About 1869; did you take much interest in the road during those earlier years?—A. No, sir; between, I think it was, 1869 and 1870, I first became interested; I remember very well about the price I paid for the first stock, if you choose to have it.

Q. We will have that interesting piece of past history; what was the price?—A. About 26 or 27 cents.

Q. Was it a large purchase or a small one?—A. Sometimes I traded pretty largely in it.

Commissioner ANDERSON. I refer to the first transaction.

The WITNESS. I think I bought a thousand or two thousand shares.

EXCURSION TO LARIMER PLAINS.

Q. When did you first go over the road?—A. I went over the road as far as it was completed, I think in 1868; to Larimer Plains, I think, was as far as the road was completed at that time; I think the 16th day of June they laid the last rail.

Q. You went on that excursion?—A. Yes, sir; I went with that excursion.

Q. Who went along?—A. A large number.

Q. All the parties interested in the completion of the road?—A. A large number of guests; there was a large train; I should think there was one hundred and fifty or two hundred that went; from all parts of the United States there were guests.

Q. During the years 1871, 1872, and 1873 you were from time to time the holder of different amounts of this stock?—A. Yes, sir; from that time down to the present.

DIRECTOR IN 1878.

Q. When did you first become a director in the road?—A. I think in 1878, or about that time.

Q. About 1878?—A. I think so; I could not tell you without looking; it occurred to me when I was coming up here that I should have looked it up.

Q. What was the occasion of your becoming a director in the road; how did it come about?—A. It came about by my being a large stockholder in the company. I was in the habit of lending money on their securities, aiding the company.

Commissioner ANDERSON. You have hardly told us all that led to your selection as a director; there must have been some conversation between you and other persons.

The WITNESS. Nothing only a general conversation; our directors were Boston gentlemen and New York gentlemen, and they desired me to consent to serve as a director; I had a very respectable interest in the concern, and they thought I could perhaps be of some service in aiding them in the administration of the company.

Q. Do you remember the names of the gentlemen with whom your conversation was chiefly had at this time on that subject?—A. Yes, sir; the Boston gentlemen, Mr. Ames and Mr. Atkins and Mr. Gordon Dexter and Mr. Baker.

Q. Do you remember in what month the election was held?—A. I think I was elected by the board to fill a vacancy—not at the annual election—the first time I was elected; that is my recollection.

Q. Do you remember whose place you took; what vacancy it was?—A. No, sir; I do not.

Q. Was it some one that resigned that you might be elected, or was it a vacancy by death?—A. I think it was to fill a vacancy caused by the resignation of some director.

Commissioner ANDERSON. I hand you a list of the board of direction for 1879 and 1878; you will find your name appears in 1878, not in 1877; perhaps that will tell you whose place you took.

The WITNESS. I do not remember that.

Commissioner ANDERSON. If it gives you no information we will pass it.

The WITNESS. I do not remember.

Q. Your memory is that you were elected by the board to fill a vacancy, and not by the stockholders at the annual meeting?—A. Yes, sir, at first.

Q. Then you became a member of the board after the annual meeting which was held in March, 1878?—A. Yes, sir.

Q. Do you remember about how much stock of this company you held at that time?—A. I do not. I was a very respectable stockholder. I dealt pretty largely in the stock.

Q. Were you constantly a large holder, or did it vary very much?—A. No, sir; I was constantly a large stockholder in the company.

INTERESTED IN MISSOURI PACIFIC.

Q. Before becoming a member of the board of the Union Pacific, what interest had you, if at all, in the securities of the Kansas Pacific?—A. I was interested in the Missouri Pacific. That was my principal interest. I greatly increased that to the Kansas Pacific and the Saint Joseph and Western roads. I became largely interested in the bonds and stocks of these companies.

Q. Who was associated with you in these different purchases, if any one, either of the Union Pacific or the Kansas Pacific or the Saint Joseph and Western?—A. I was interested with Russell Sage.

Q. Any one else?—A. No, sir; in the main I had no partners. Occasionally we bought on joint account with other people, but in the main I bought in the open market, as my accounts will show.

Q. What other persons that you were in the habit of seeing frequently at that time were also purchasing these same securities, and conferring with you in regard to the properties?—A. I had a great many conversations with Mr. Dillon.

Q. Mr. Sidney Dillon?—A. Sidney Dillon and Mr. Gould and Mr. Cammack and other gentlemen who were dealing in these securities.

Q. Do you remember Mr. F. L. Ames?—A. Yes, sir; and the Boston gentlemen who were directors in the Union Pacific road.

Q. How frequent were your conferences with Mr. Gould at this time in relation to the Kansas Pacific business?—A. I used to see him frequently, as I did others.

HAD FREQUENT CONFERENCES WITH GOULD.

Q. In regard to those matters in which you had sometimes an interest with other persons, was Mr. Gould one of the persons in question?—A. Yes, sir; Commodore Garrison was another. Mr. James R. Keene was another.

Q. Do you know whether Mr. James R. Keene had any interest in the Saint Joseph and Western?—A. I do not know that he ever had. He was interested in the Union Pacific, largely.

Q. Had he any interest in the Kansas and Nebraska bonds?—A. I tried to induce him to become interested in the Kansas Pacific, because I was largely interested in the Union Pacific, and I was anxious to increase that interest, looking up towards Denver, and so protecting the interest.

Commissioner ANDERSON. My question was addressed to Saint Joseph and Western securities.

The WITNESS. I answer you that I do not remember of his being interested in those. I do not think he had any of the other.

Q. Neither Saint Joseph and Western, nor Kansas and Nebraska, nor Saint Joseph and Pacific?—A. No, sir.

Q. Those are the subdivisions, I believe, of that road?—A. Yes, sir.

Q. You yourself were interested in those securities?—A. Yes, sir.

Q. Do you remember how early you became interested in those securities?—A. I can tell by my book of my purchases and sales.

WITNESS' PURCHASES AND SALES OF SECURITIES.

Q. You say you have with you a statement of your purchases and sales of these different securities?—A. Yes, sir.

Q. Will you please produce them for our examination?—A. Yes, sir. [Handing the paper to Commissioner Anderson.]

Q. What does this paper, which you hand me, purport to represent?—A. It purports to represent my purchases and sales of the various stocks and bonds of these companies taken from my book. I have not had time to look them over. The young man furnished it to me half an hour or three-quarters of an hour ago.

Commissioner ANDERSON. They are limited to Kansas Pacific securities, I see.

The WITNESS. No, sir; Denver Pacific, Kansas Pacific, and Saint Joseph bonds.

Commissioner ANDERSON. The account is marked at the head, "Kansas Pacific first-mortgage land-grant bonds"?

The WITNESS. Yes, sir; you will see them all the way down there. They are taken right from my books. Or, at least, I ordered them to be so taken. I have no doubt it is a true transcript from the books.

The CHAIRMAN. Let Mr. Sage tell us what that is.

Commissioner ANDERSON. He says he has not had time to look at them.

The WITNESS. I have not looked at it, and I cannot tell without going over it.

Q. I find nothing but Kansas Pacific. Will you look and see whether there is any Saint Joseph and Western?—A. I have not examined it, and I do not know that he has taken it off. If it is not on here, we will give it. I did not know that you wanted it. If you do, we will give it to you [after looking]. There seems to be Kansas Pacific stock and bonds here. I can furnish you with all the transactions with the Saint Joseph and Western. The paper I hand you contains a complete record of my purchases and sales of Kansas Pacific stock and bonds for the years beginning July 8, 1878, and running down to March, 1880. I will furnish any statement required in regard to my interests in the Saint Joseph and Western or its subdivisions.

Q. Do you remember before this year, 1877, what the general relations were existing between the Kansas Pacific people and the Union Pacific people?—A. I know something about them, generally.

Commissioner ANDERSON. I mean generally.

The WITNESS: Generally; that is all.

Q. What were those relations, as you recall them?—A. They were like all laboring corporations that were struggling along to straighten out. The Kansas Pacific was very much embarrassed, as I understood, in 1878.

KANSAS PACIFIC EMBARRASSED IN 1878.

Q. Did you know at the time that all of its coupons were in arrears, and the roads were in the hands of receivers?—A. Yes, sir.

Q. Do you know the receivers, Mr. Villard and Mr. Greeley?—A. Yes, sir.

Q. You knew them both personally?—A. I knew them both personally.

Q. You know them well?—A. Yes, sir.

Q. And you were generally familiar with the financial condition of the Kansas Pacific at that time?—A. I knew them generally.

Q. I mean that you knew that the roads were embarrassed, and that the interest was in arrears. A. I knew them generally, just as any citizen does that reads of the embarrassed corporations that are in the hands of the receivers.

Q. In regard to the relations that that company held with the Union Pacific, did you know that their relations before 1878 and early in 1877 and 1876 were hostile relations, and that they were competing for business and freight, and that there was a good deal of difficulty between these two corporations?—A. I was not familiar with the details there. As I said before, my interest was below, in another corporation, and I had not any interest in the road before that time. I became interested later, as we cleared up the Missouri Pacific.

Q. Did you know Mr. Holmes at this time, personally?—A. I knew him in connection with the settling up of this thing; about 1879, I think.

Q. Do you remember becoming a party to an arrangement, in April, 1878, relating to the securities of the Kansas Pacific, with Mr. Sidney Dillon and Mr. Frederic L. Ames and others?—A. I do not recollect it.

Commissioner ANDERSON. I will show you the paper, and ask you if you recollect the transaction. That is a copy of the paper.

The WITNESS. Perhaps you can tell me what it is.

Commissioner ANDERSON. It is what we call the pooling agreement for buying the Kansas Pacific securities at a scaled price.

The WITNESS. I can answer that. My account will show my transaction in that. I had nothing to do with it except to buy an interest in the pool. There was a pool made up.

Commissioner ANDERSON. "Pool" is a very good word.

The WITNESS. That is all right. It was what was called the Saint Louis pool of the Kansas Pacific securities, and that was bought out by Mr. Gould, and I became interested in that.

THE POOL.

Q. My question to you is, if you recall that transaction?—A. I recall that; but I do not know anything about the details of that. I bought $200,000 worth, and my account will show that, which account I have handed in here. I tried to induce Commodore Garrison and Mr. Keene and others to join in it to protect our Missouri interests.

Q. Were you interested in this Saint Louis pool before the Saint Louis people were bought out?—A. No, sir.

Q. Your interest arose after that?—A. Yes, sir.

Q. And you say that the paper you handed us a few minutes ago will show the amount of your interest?—A. Yes, sir. I purchased these securities very largely, as my account will show there, in the open market here. From various persons; bought and sold them.

Q. Did you sign the pool agreement? Do you remember whether you signed it?—A. I do not remember that. I only remember I bought $200,000 of it, and paid for it. That is all I know about it.

Q. Was $200,000 the amount of the certificate that you held?—A. No, sir; I bought at different times. I bought $100,000, and I think I took a second lot. I tried to sell a little to some people here to interest them in aiding the road in which I was interested. I was looking for feeders for the Missouri Pacific system.

Q. Did you deliver these securities when you bought them to the managing committee of the pool?—A. No, sir; I took them and put them in my safe until they were disposed of.

Q. How did they get entered in the details of this pool?—A. The pool was bought out. They were separated. That was bought directly from the pool. I had nothing to do with it.

Q. You had nothing to do with the pool until it was fully discharged?—A. No, sir; never had a 10-cent piece in the pool.

Q. Then, I understood, as the pool was originally formed, there being some Saint Louis people and some of the Union Pacific, that the Union Pacific people bought out the Saint Louis people, and that after the pool was terminated and liquidated, then you made certain purchases?—A. Yes, sir; I took an interest in the purchase. It was offered to me at the cost price, and I purchased it to protect my interest in other corporations.

Q. What connection have your purchases, that you refer us to, with this pool?—A. Nothing, only a continuation of the interest in the Kansas Pacific property.

Q. And it was a continuation between yourself and some other persons who had been in the pool before; is that the case?—A. The most of the persons retained but a very small interest. I understood Mr. Greeley retained some interest, and some of the other parties also that were in there; but, as the securities advanced, they did as most people do—they realized and sold out.

Q. Had your purchases anything to do with Mr. Greeley's interest or Mr. Holmes's interest, or Mr. Jay Gould's interest in this pooling agreement?—A. No, sir; as I say, I believed it was worth what I paid for it, and it would protect a large interest which I held in other corporations.

Q. In other words, you both had the same interest in bettering the property and advancing the securities, and, as you were both pursuing the same road, you bought on your account and they bought on theirs?—A. Yes, sir; I never bought any security with any other view in that road or in any other, than to benefit them.

Q. In regard to the securities that you purchased, were you entitled to the benefit of this liquidation to the consolidated bonds at the figures stated in this agreement?—A. I do not recollect this agreement. I presume I was treated just as others owning like securities, and no better.

Q. Were they purchased before the consolidated mortgage was made, or afterwards?—A. Before and after, both.

GOULD AND SAGE, TRUSTEES OF CONSOLIDATED MORTGAGE.

Q. Do you remember the consolidated mortgage?—A. I do.

Q. You are one of the trustees named?—A. I am.

Q. And Mr. Jay Gould is the other?—A. Yes, sir.

Q. By the terms of that mortgage, is it not provided that the different bonds and securities of the road shall be converted into bonds at

percentages named in the mortgage?—A. I think so. That is my recollection of it.

Q. Were you the owner of these securities before that mortgage was made?—A. I say in part, as my account will show, I have been a very large dealer in the securities and owned them all the way through, and am an owner still.

Q. How were those rates determined that are fixed in this consolidated mortgage, of which you are a trustee?—A. They were the subject of a good deal of consideration and figuring in the office there between the parties in interest, and it was finally agreed upon as set forth in the instrument.

Commissioner ANDERSON. Do you remember the article that provided the rates?

Mr. HOLMES. Nos. 22, 23, and 24. I think that is it.

Q. I am inquiring now in regard to section 23; you say these rates were the subject of considerable debate?—A. Yes, sir.

Q. Between what persons?—A. Between the parties in interest, who were intrusted with these. I do not say every man that had a bond was consulted, but you know very well, as an intelligent business man, that in such a matter the principal holders would discuss such things to see what would be an acceptable and proper adjustment and proportion of the different securities. Just like a reorganization of any embarrassed corporation, to see what was a wise thing to do to liberate it from its embarrassment and get it upon a paying basis.

Commissioner ANDERSON. The condition of affairs was substantially this: a good many holders of these different securities, on all of which the interest was overdue and unpaid, came together and said, that on the whole it was better for all parties, instead of insisting upon the recognition of the full face value of each security, they should put them into a common fund and ascertain among themselves what each security was fairly worth, and scale them down in the reorganized system, taking some at 50 and others at 30 and others at par, so they had what the real value was.

The WITNESS. Yes, sir; that is about a clear statement of the motives that actuated us all in trying to arrive at a satisfactory solution of the embarrassment.

Q. That discussion led to the scheme which is developed in the consolidated mortgage?—A. Yes, sir.

Q. Do you remember who the prominent gentlemen were who discussed these rates and talked them over and advocated them?—A. These Boston gentlemen I have named here, Mr. Ames, Mr. Dexter, and Mr. Atkins and Mr. Gould and Mr. Dillon.

Q. Was not Mr. Holmes quite prominent in the matter?—A. Mr. Holmes was consulted.

Mr. HOLMES. The committee of nine of the Denver extension bondholders were also an important factor.

Q. Of which Louis H. Meier was the chairman?—A. Yes, sir; I am obliged to you for your calling my attention to it. Those gentlemen were strangers to me.

Q. You stated that in these different purchases, as far as you can recollect them, while you had a common interest with these gentlemen, the purchases that were made were made on your account for your account, without connection with other people?—A. Yes, sir; when these purchases were made I made my purchases just as I did here, in the street.

AN EXPLANATION CALLED FOR.

Q. Please explain, then, the meaning of this sentence at page 156 of this record: "And whereas said company, in pursuance and in furtherance of such resolution, has contracted with Sidney Dillon, Russell Sage, and Henry Villard, the holders of $784,000, in amount of funding bonds, $754,000 in amount of second land-grant bonds, $75,000 in amount of Leavenworth Branch bonds, $67,000 in amount of unstamped income bonds, $2,671,400 in amount of stamped income bonds, and also $454,000 in amount of first mortgage bonds of the Arkansas Valley Railway Company, guaranteed by said Kansas Pacific Railway Company, for the exchange and conversion of the entire amount of the bonds held by said Dillon, Sage, and Villard for $3,400,000 in amount of said consolidated first mortgage bonds." My question is, to explain how you reconcile the statement that all your purchases were for your individual account, though with the same general object as the other purchases, with this statement in the mortgage that the securities I enumerated were held by you and Mr. Sidney Dillon and Mr. Henry Villard?—A. I have not had my attention called to it. It is some years since. I think it was probably the result of what was left of the trust bonds and securities which were held there by these parties.

Mr. HOLMES. The Saint Louis pool.

The WITNESS. Yes, sir; the Saint Louis pool. That is my recollection of it. I mean, anything I purchased outside of a private character is stated on this account here.

Commissioner ANDERSON. I understood you to say you had not 10 cents interest in the Saint Louis pool.

The WITNESS. No, sir; it was that pool before I purchased these securities. I was not a member of it.

Q. Did you ever have an interest in the pool?—A. No, sir.

Commissioner ANDERSON. Please read *that* to yourself again, and explain it. See if it will not recall to you the facts.

The WITNESS. I do not remember about that.

Mr. HOLMES. Mr. Sage was substituted in somebody else's place.

The WITNESS. I said, previous to the purchase of the securities that I mention there in my account.

Q. My question is, after the purchase of those securities, had you any interest in that pool?—A. No, sir; only the closing up of the thing. This was the end, and it embraced some securities not embraced in there; and my recollection is now—I had not thought of it before, I had not had my attention called to it since the thing was closed up—that Mr. Dillon, and Mr. Villard, and myself were named here in this section.

CLOSED UP THE TRUST AND POOL.

Q. You were appointed a committee?—A. Yes, sir; to close up this thing, and we distributed these bonds to the men who were the owners of the securities for which they were exchanged, and closed up the trust. That is my recollection. Closed up the trust and the pool.

Q. Do you remember how long you had been a member of that committee before the mortgage was made?—A. I do not. It was some months. I do not remember the length of time.

Q. Were you an active member of the committee?—A. Yes, sir.

Q. Did you have control of the securities that are referred to in the section which I read to you?—A. I think we left them in charge of Mr.

Ham, or some one in the office. We used to meet, I think, in Nassau street, Mr. Henry Villard, Mr. Dillon, and myself.

Q. You say that you had no personal interest in those securities, the description of which I have read to you?—A. I do not recollect now any personal interest. I think we were used as——

Q. Your best recollection at the present moment is that you had no personal interest in those securities, or in the $3,400,000 of bonds that were to be paid for them?—A. I do not remember all the figures, but I know Mr. Villard and Mr. Dillon and myself were there trying to adjust these matters and close them up, and this was the closing up at the end of it.

Q. I understand; but what I am now asking you is whether you received any of that $3,400,000 of bonds?—A. I do not remember.

Commissioner ANDERSON. We will forgive you if you had a million of them.—A. I do not want to be forgiven for anything I have done.

Q. Your present recollection is that you had no personal interest in it?—A. I have not thought of it before, I say, since the transaction, until this moment here.

Q. You say you were an active member of that committee?—A. I met there with them; yes, sir, daily.

Q. Will you tell me how you ascertained who the persons were who were entitled to that $3,400,000?—A. I have not got the record of it. I guess Mr. Ham must have it. I think he kept the record of the meetings of the committee.

Q. Do you remember whether he presented to you any record showing who was entitled to these bonds?—A. Of course he did.

Q. You think he did?—A. Yes, sir.

Commissioner ANDERSON. You were the trustee of the mortgage, and the bonds were to be delivered to you and Mr. Dillon and Mr. Villard?

The WITNESS. The securities we got for all those bonds Mr. Calef must have for the trustees.

Q. Why Mr. Calef?—A. These went right into the hands of the trustees.

Mr. HOLMES. Mr. Calef has kept their account, as secretary, since.

Q. Mr. Calef has kept the accounts as secretary of the trustees of the consolidated mortgage?—A. Yes, sir.

THE $3,400,000 BONDS.

Q. I am now talking of the disposition of the $3,400,000 of bonds which, by the section I have read to you, were to be issued to yourself and Mr. Villard and Mr. Dillon, in payment for these securities.—A. They got the securities for the bonds. Mr. Calef must have those bonds for the trust.

Q. These securities were delivered?—A. Yes, sir.

Q. And the bonds were issued?—A. That is it.

Q. To whom were these $3,400,000 of bonds delivered?—A. To the persons who owned these securities.

Q. Did they receive them immediately from the company, or did they receive them from the committee?—A. I do not remember as to that, at this moment.

Commissioner ANDERSON. The section which I read to you recites that the said company has contracted with Sidney Dillon, Russell Sage, and Henry Villard.

The WITNESS. Yes, sir.

Commissioner ANDERSON. As the holders of certain securities, to pay them for these securities, $3,400,000 in bonds?

The WITNESS. Yes, sir.

Q. I want to be informed as to who got the bonds and who delivered them to the real owners of these securities.—A. I think that by perhaps a little examination I can refresh my memory, and answer that more intelligibly than I can right off, for I have not thought of it since the transaction was closed up.

Q. You say you think Mr. Ham did lay before the committee a statement showing the persons who were entitled to these bonds, and what their relative interest in these securities were?—A. I wont be sure that it was Mr. Ham, but of course there must have been such a presentation to us or we would not have acted upon it.

Q. You would not have distributed the bonds?—A. No, sir.

Q. Nor permitted them to be distributed?—A. No, sir.

Q. You say that you were not personally interested in these securities, as far as your present memory serves, and Mr. Henry Villard has made the same statement. Can you tell me who were the owners of these securities?—A. I cannot recollect the thing; it was so many years ago.

Q. Do you not recollect the fact that Mr. Gould was interested in them?—A. I think that very likely he was.

Q. And Mr. F. L. Ames?—A. I do not remember distinctly about it. I am not positive, as it is eight or nine years ago.

WITNESS' DUTY AS A TRUSTEE.

Q. As one of the trustees of this mortgage, was it not your duty to scrutinize the agreements that were made between the holders of the securities and the bonds, to ascertain and supervise the rates at which the bonds were to be issued?—A. It was our duty to see that we got what was provided for in the mortgage, and we got them.

Q. Was it not also your duty to see that the terms that were made for these particular people who were to receive bonds for these securities were not more advantageous to them than the terms offered to other bidders?—A. Certainly, that was so. There never was any preference given to any person that I knew of.

Q. What examination did you make to see whether there were any preferences or not to the holders of these securities?—A. We made a proper examination at the time. Of course we were acting as a committee, and we would not have been very likely to pass them without such an examination.

Q. Did you ever make such an examination?—A. Yes, sir; that is my recollection about it.

Q. Did you figure it out?—A. Yes, sir.

Q. You recollect doing that?—A. I do. I recollect our having the matter before us there and everything pertaining to it. We were in session several months.

Q. You will perceive that all the securities enumerated at page 156 may be converted by the rates contained in article 23, so as to compare the amount that they were to receive, and which at pages 156 and 157 is specified at $3,400,000, with the amount they would receive under the converting rates provided for by article 23. Did you ever make that comparison?—A. I have no doubt that we made a comparison to conform with the mortgage at that time. I have no doubt about that.

Q. Would you be surprised now to be told that the amount they wer to receive is not the same that they would have got if they had con verted?—A. I should be surprised, unless there was some explanatio accompanying it.

Q. Do you know how that rate of purchase, $3,400,000 for these di ferent bonds, came about?—A I do not recollect it now. As I said be fore, it is eight years ago, and I do not carry any memory of it. I hav got too many things to think of to carry anything of that kind witho refreshing my memory.

Commissioner ANDERSON. At this time you were a trustee of thi mortgage?

The WITNESS. Yes, sir.

Commissioner ANDERSON. And this was a large transaction, by whic you were to part with $3,400,000 of these bonds?

The WITNESS. Yes, sir.

Q. Can you recall between whom a negotiation of this magnitude wa conducted, and who fixed the terms that were to be paid for the securi ties?—A. The committee fixed the terms with the owners.

THE COMMITTEE.

Q. What is the christian name of the committee?—A. Mr. Henry Villard, Mr. Sidney Dillon, and myself, I suppose.

Q. Can you specify which of those three gentlemen conducted the negotiation and reached the conclusion that it was about $3,400,000?—A. I suppose it was the result of a conference, the same as it would be with this Commission here, the three gentlemen acting together.

Q. Then we are probably going to get $3,400,000. Well, do you re collect any such conference?—A. I recollect, as I stated before, that we were there in session frequently on this business; daily.

Commissioner ANDERSON. As a member of this committee, you rep resented the interests of the holders of these securities.

The WITNESS. We represented the interests of both, I suppose.

Commissioner ANDERSON. You represented the interest, as a mem ber of the committee, of holders of these securities. You were bound to protect them and get the best terms you could.

The WITNESS. We were bound to do justice to them; yes, sir; both to the company, as a trustee; and to the committee, who were the owners of the securities.

Q. Before the amount had been fixed at $3,400,000, while you were serving on this committee, was it not your duty to see that the holders of these securities got the full market value of their securities in any settlement that was made?—A. I suppose we must have come to that conclusion, or else we would not have assented to it.

Q. We will take it before you were named as the trustee in the mort gage, when you were simply a member of this committee. You were put on that committee to represent the holders of these securities, to protect those interests, were you not?—A. Yes, sir.

Q. That was the object of your service as a member of that commit tee?—A. I suppose so.

Q. When you became a trustee of the consolidated mortgage, was it not your duty, as trustee of the consolidated mortgage, to protect the trust that was stated in the mortgage, and to see that no bonds were issued except on fair and equal terms?—A. Yes, sir; that is what I suppose we did.

MR. SAGE MEETS HIMSELF.

Q. You say that you met yourself, as a consolidated mortgage man, and you met yourself as a member of the committee, and that the arrangement was made between the trustees and the committee?—A. No, I do not say that.

Mr. HOLMES. The record recites, between the company and the committee a contract was made.

Commissioner ANDERSON. I have been endeavoring to get at how this arrangement was made and how the prices were reached. The record reads: "Whereas said company, in pursuance and in furtherance of such resolution." I will read the resolution. The resolution does not refer to the fixing of any prices, Mr. Holmes.

Mr. HOLMES. No; it recites that the company had made the contract with these people. That was made before this mortgage was drawn.

Commissioner ANDERSON. I will take Mr. Holmes's explanation as being yours; that is, that the contract which fixes the price for the conversion of these securities, referred to on page 156, was made and adjusted between the committee representing the holders of the securities, on one side, and the committee of nine of the Denver extension bondholders of the Kansas Pacific Company, on the other side.

Mr. HOLMES. The company was also a party to that contract, and it was in pursuance of that contract, which was a part of the plan and agreement of reorganization, that a part of the decree in the suit was incorporated into the mortgage as a part of the mortgage itself.

The WITNESS. That is it.

Mr. HOLMES. And the trustees of the mortgage were bound, by the terms of the mortgage, to carry out that contract. May I make a short explanation.

The CHAIRMAN. Certainly.

Mr. HOLMES. Mr. Sidney Dillon states that while the fact is that he purchased from the Union Pacific Company the amount of shares of stock stated in the letter yesterday, he was merely a conduit of title; that he purchased the stock above par, from the company, but sold it in open market upon the New York Stock Exchange, and the proceeds of it were paid over to the company.

Commissioner ANDERSON. We certainly will have occasion to examine Mr. Dillon again, and he can make that statement under oath.

Mr. HOLMES. It appeared to be a personal, private transaction, but it was done for the company.

Commissioner ANDERSON. I presume the prices stated in the letter will agree with the prices on the Stock Exchange.

Mr. HOLMES. I have no doubt of that.

The CHAIRMAN. We will excuse you, Mr. Sage, until 2 o'clock, and will now take a recess.

AFTERNOON SESSION.

RUSSELL SAGE, being further examined, testified as follows:

EXCHANGE OF OLD SECURITIES FOR CONSOLS.

By Commissioner ANDERSON:

Question. After you and Mr. Gould became trustees of this consolidated mortgage, do you remember how rapidly the old securities were exchanged for consols?—Answer. No, I do not specially remember, but they came in as they usually do in conversion of securities of that kind.

Q. Do you remember how many of those bonds had been issued when the consolidation took place?—A. No, I do not. I have no data here to refresh my memory.

Q. Did the issue continue after the consolidation?—A. It continued on as the securities came in.

Q. Those securities that came in were all those enumerated in the mortgage?—A. Yes, sir.

Q. All the different classes of bonds and certificates representing coupons?—A. Yes, sir.

Q. And all the rest of them?—A. Yes, sir.

Q. How high did that issue ultimately reach?—A. I could not tell you without data.

Q. Do you know the amount outstanding to-day?—A. I could not answer that definitely.

Q. Was it about $14,000,000?—A. More than that, I think.

Q. You are the trustee now?—A. Yes, sir.

Q. What is the amount?—A. Some $15,000,000, I think, or $16,000,000. There have been some retired. Some were purchased and canceled.

Q. And quite a proportion of the underlying mortgages have been retired at this day, as I understand it?—A. Yes, sir.

Q. Do you remember, shortly before the consolidation, the subject of the withdrawal of some of the securities, which you held as trustee under that mortgage, being spoken of?—A. Not at this moment.

Q. Do you remember the fact that there were two schedules annexed to your mortgage, one containing a description, generally, of the property and the other containing an assignment of certain stocks to you and Mr. Gould as trustees?—A. Mr. Holmes says it was the Denver Pacific stock. He was more familiar with that perhaps than I am.

Q. As trustee of that mortgage, did you not become familiar with the securities that you held?—A. Oh, yes, sir.

Q. Please read the second schedule, and see if that refreshes your mind. Have you posession to-day as trustee under that mortgage of the securities enumerated in that schedule?—A. We have a list that is kept by Mr. Calef, under our directions, of all those things.

DENVER PACIFIC STOCK.

Q. Have you got that Denver Pacific stock in your posession to-day?—A. I do not remember at this moment.

Q. Have you got that Denver Pacific stock?—A. I could not answer that here.

Q. You do not know?—A. I presume we have got all the securities that were given to us, in trust, in the Safe Company, in the charge of Mr. Calef.

Q. Do you think you have got all the securities that were originally given you in your possession?—A. I presume we have got all we exchanged for, certainly.

Q. Could that 29,486 shares of Denver Pacific stock have been taken out of your trustees' pocket without your knowledge?—A. No, I take it not. If they were put into the hands of our trust, where we keep those securities, we have them in the Safe Deposit Company.

Q. Do you not know to-day, as a matter of fact, that that property has been taken out of your trust?—A. I have not had my attention called to it before, until this moment, for several years, and I am not prepared to answer the question that you are putting to me.

Commissioner ANDERSON. You are a trustee under that mortgage?

The WITNESS. Oh, yes, sir.

Commissioner ANDERSON. And, as such, you are responsible for the property in your possession?

The WITNESS. We are responsible under that trust deed, of course.

Q. Have you never heard that your trust has parted with that stock by a formal proceeding and suit in court?—A. Yes, sir. That recalls it to my mind. You have explained it further and it refreshes my memory. I have not given the thing thought for some time.

Q. What do you recollect now?—A. That brings back to my mind that there was some legal proceeding in relation to that.

Q. Now I will go back to the starting point. Were you spoken to about that proceeding before it was instituted?—A. I presume I was.

Q. It was a matter of some importance, was it not; twenty-nine thousand shares of stock that you were responsible for as trustee?—A. Yes, sir.

Q. Who spoke to you about it?—A. I presume it was talked over and considered by our counsel. We acted under the advice of our counsel, of course.

Q. Who was the counsel?—A. I think Judge Dillon and Mr. Holmes.

Q. Mr. Holmes would not come to see you about it. Mr. Holmes did not know anything about the suit that was to be brought unless it was called to his attention. How did the suit first come up?—A. I do not recollect for the moment. Perhaps by refreshing my memory a little I can bring it all out.

Commissioner ANDERSON. Mr. Gould was your associate in this trust?

The WITNESS. Yes, sir.

Commissioner ANDERSON. And you could not part with those securities without conferring with Mr. Gould about it?

The WITNESS. No, sir.

Q. Are you satisfied that you conferred with Mr. Gould about it before you let that stock go?—A. I do not recollect the circumstances connected with it for the moment.

Q. You and Mr. Gould were trustees under this mortgage, and held these securities for the purposes of your trust. Are you not entirely satisfied that before you permitted that to pass out of the hands of your trust you and Mr. Gould discussed it fully?—A. As I said before, it is some years since the thing occurred, and I do not recollect at this moment the particulars connected with it.

Commissioner ANDERSON. I know that, but I am asking you from your own knowledge.

The WITNESS. We would not part with those things without, of course, judicial action and under advice of counsel.

ACTED UNDER ADVICE OF COUNSEL.

Q. And before instituting such judicial action you would confer together as to instituting it?—A. Undoubtedly.

Q. And you have no doubt but what you and Mr. Gould talked it over before the suit was brought?—A. That is my impression; yes, sir.

Q. Who sent for Mr. Holmes?—A. As I said before, I do not remember the history of the thing for the time being. I close up my day's business, and I commence with the light of the next morning generally, and I do not attempt to carry transactions and details for nine years; and I do not think there is any man around this table that can.

Q. Do you remember Mr. Holmes coming to you and talking over this

matter with you?—A. I have answered you that I do not recollect the transaction.

Q. You say you do not recollect sending for him. I now ask you if you recollect his coming and talking to you?—A. I do not think I did anything of this kind, without talking with him or Judge Dillon.

Q. Were you served with a summons and complaint in this suit?—A. I think I was. It slipped my memory, and I have never had occasion to refer to the thing since the day it occurred.

Q. What lawyer did you employ to see that the thing should be done correctly?—A. My recollection is that it was the lawyers I named; Judge Dillon or Mr. Holmes.

Commissioner ANDERSON. Mr. Holmes was on the other side.

The WITNESS. That is true. Mr. Holmes was on the other side.

Commissioner ANDERSON. Mr. Holmes was for the plaintiff in that suit, so that he could not have been your lawyer.

The WITNESS. No; that is very true.

Q. Do you not remember who your lawyer was?—A. No, I do not recollect it now. The thing has passed out of my recollection.

Q. Do you know Mr. Aaron J. Vanderpoel?—A. I do.

Q. Do you know Mr. Almon Goodwin?—A. I do.

Commissioner ANDERSON. I will state to you that it appears from the record that that firm appeared for you and Mr. Gould.

The WITNESS. I think it did.

Q. Do you know at this time who was Mr. Jay Gould's personal counsel?—A. At this time?

Commissioner ANDERSON. At that time, in 1880.

The WITNESS. No.

Q. Do you know who it is now?—A. I think he has several counsel; I suppose so.

Q. Do you not know that Mr. Vanderpoel has for many years been Mr. Gould's personal counsel in many matters?—A. He has been in several matters. Mr. Goodwin has.

Q. Do you remember that an answer was interposed in that suit?—A. I do not recollect the particulars. I have not charged my memory with it. I remember now, since you spoke of it, that their firm did appear for us.

Commissioner ANDERSON. Mr. Holmes, do you happen to remember who swore to that answer?

Mr. HOLMES. Mr. Gould swore to it.

Q. Do you remember the result of that suit?—A. No; in part only. I have not refreshed my memory about the thing.

Q. Do you not remember that a decree was made by which you and Mr. Gould were directed to part with that 29,000 shares of stock?—A. Well, I remember that.

Q. Is it present in your mind that that suit was somewhat more rapid than most litigations generally are?—A. No, sir; it is not.

Q. You do not remember that?—A. I do not remember that it was more rapid than suits of a kindred character.

Q. If a suit of that character, involving $3,000,000 of stock, was commenced, brought to issue, tried, determined, and decree entered and executed in seven days' time, you would think it very rapid, would you not?—A. No; I should not.

Commissioner ANDERSON. You have a better opinion of lawyers than I have.

The WITNESS. Well, I think if a case is properly prepared and the papers all as they should be, that that was ample time.

The CHAIRMAN. And everybody agreed?

The WITNESS. Yes, sir; in half the time. Whether they agreed or not, if they got out the facts and the law that governed the transaction, seven days was ample.

Commissioner ANDERSON. I believe the Lord made the world in seven days, but I never knew a lawyer try a case in that time.

The WITNESS. It takes more time than it does for us business men to do the business.

By Commissioner ANDERSON:

Q. What happened about that stock after that decree was made?—A. I do not recollect the history of the thing.

Q. Did you not insist on being informed what was going to be done with the stock and who was going to take it?—A. We simply insisted on knowing what was the right thing for the trust and for its benefit. That was the main thing that controlled me, I know.

Q. Were you informed at the time you parted with that 29,000 shares of stock that your co-trustee under that mortgage had agreed to buy the stock for certain securities in the Saint Joseph and Western road?—A. I do not recollect the fact.

Q. If you had been told that fact would you have permitted the transaction to go through?—A. I would not, unless it was in accordance with the advice of counsel and of the trust deed.

Q. As a matter of fact, have you ever known a case where it was in conformity with the terms of the trust deed that the trustee of the mortgage should buy its securities himself?—A. Perhaps I do not quite comprehend your question.

TRUSTEE BUYING FOR HIMSELF.

Q. As a matter of fact, have you ever known a case where it was in conformity with the terms of the trust deed that the trustee of the mortgage should buy its securities himself; the securities which he holds as trustee, I mean.—A. These are matters that are usually influenced very much by the advice of counsel having the matter in charge.

Q. I am asking for your own opinion. You have been a trustee under a great many mortgages and have held a great many trusts, have you not?—A. Yes, sir.

Q. Do you hold the opinion that it is proper for a trustee to buy a property that he holds in trust from himself, and make his own bargain?—A. Not as a naked question, without there were other connecting circumstances and facts that would cause counsel to say that it was a proper act to do.

Q. Then, if you had been told that Mr. Gould had arranged the terms on which he was to buy this stock that you held in trust, you would have considered it your duty to have examined it with great care before parting with the stock. Is that not so?—A. I should have been influenced very much, as I have just stated, by the advice of counsel whom I had confidence in, to investigate the legal bearings of the question and the proper disposition to be made of it.

PURCHASE OF SAINT JOSEPH AND WESTERN SECURITIES.

Q. When did you first learn that Mr. Jay Gould had arranged to buy this stock for Saint Joseph and Western securities and Kansas and Nebraska bonds?—A. I do not recall the time now, if ever.

Q. Did you ever hear of it before it was disclosed on this examination?

The WITNESS. The second examination of me?

Commissioner ANDERSON. On this examination by the Commission?—A. I heard of it at the time, of course.

Q. From whom did you hear that?—A. I must have heard that from our counsel, Mr. Vanderpoel and Mr. Goodwin.

Q. What did they tell you?—A. They told us the thing was the right thing to do, and I remember telling them distinctly if it was right thing, and if it was for the protection of the property and in pursuance of this trust, I assented to it.

Q. Did they tell you that this stock had been agreed to be sold to Mr. Jay Gould in exchange for Saint Joseph and Western securities?—A. I do not recollect what it was that was said. I remember the other part of it, and I remember that they advised the doing of this thing, or else I should not have done it.

Q. They advised the suit?—A. Yes, sir.

Q. Please confine yourself to this point. I want to know when you first learned that the agreement had been made by which Mr. Gould was to get this stock for Saint Joseph and Western securities?—A. At the time of the termination of the suit, of course; of the action there or during the litigation.

Commissioner ANDERSON. It did not appear in the suit, I may as well say. It appeared in the minutes of the proceedings of the board of directors of the Kansas Pacific.

The WITNESS. Yes, sir.

Q. I will read that minute to you in a moment, although that does not exactly disclose it. My question is when you first learned that Mr. Gould was to get this stock in exchange for Saint Joseph and Western securities?—A. I suppose it was at the time of the action of the board and the legal action.

Q. About this time?—A. Yes, sir.

Q. You say Mr. Holmes spoke to you about this at that time?—A. I think it must have been about that time. It must have been him or Mr. Vanderpoel. I have not charged my mind with it since the transaction was closed.

Q. Will you say that any of those gentlemen told you that it was proper for Mr. Gould, being a trustee of this mortgage, to buy this stock in that way?—A. I say we were advised that it was a proper act for the board to do, or else I should not have done it.

Q. That is not the question. The question is, whether any counsel advised you that it was proper for Mr. Jay Gould, being your associate trustee, to buy the stock which had formed a part of the property held in your trust for himself, and to pay for it in securities of the Saint Joseph and Western Company? Was it ever said to you that that transaction was a proper one by any counsel?—A. It must have been told to us. I presume it was. That is my recollection.

Q. When did you first hear that the consolidation project was on foot; how long before the consolidation?—A. It was talked of several months before.

Q. With whom did you talk about it?—A. With most of the directors in the company—the Union Pacific and the Kansas Pacific.

WITNESS DID NOT FAVOR CONSOLIDATION.

Q. Generally, as a desirable thing, to form one organization of the

three?—A. It was so reported by the gentlemen in the Union Pacific. I did not favor it myself.

Q. When did it take definite shape, so that you knew it was going to happen?—A. It was late in the fall or early in the winter of 1879.

Q. How long before the articles were signed, which was on the 24th of January?—A. January, 1880.

Q. How long before that did you know that they were going to be signed?—A. I did not know, because I had not given my assent to go into the consolidation until quite late. I was opposed to it. My interests were in another direction, as I said this forenoon. I did not favor the thing. I preferred to hold the Kansas Pacific, instead of going into the consolidation. It was a more growing property, and less incumbered and less liable to competition, which has since sprung up and depreciated its value.

Q. Did you know when the order or direction was given to have the articles of consolidation prepared?—A. I cannot tell the exact time, but I am very clear as to my own feelings.

Q. I am not asking about that at present. I want to know whether you know when Judge Dillon was directed to prepare the articles; how long was it before they were signed?—A. No; I cannot state the exact time, but I know that it was a matter of discussion and consideration for months, and our Boston friends were very anxious to bring this about to stop an anticipated rival that would be very injurious to the Union Pacific road.

Q. My only question is, whether you know when Judge Dillon was directed to prepare the articles?—A. I answer that I do not know.

Q. You answer so much more that the answer gets lost sight of. Were you in daily conference at this time with Mr. Jay Gould?—A. I will not say I was in daily conference; I was in frequent conference with him and Mr. Dillon. Their offices were on the same floor of the building where I was.

Q. Do you recollect, as a matter of fact, that he told you that Judge Dillon was preparing these articles?—A. He might have told me so; I do not remember.

PREPARATION OF ARTICLES OF CONSOLIDATION.

Q. Did you know that the articles were being prepared or drafted?—A. I did not know until a very short time before the meeting; perhaps a week or so.

Q. Did you know it two or three days before the meeting?—A. Oh, yes, sir.

Q. Did you know it a week before the meeting?—A. I think I did.

Q. When the articles were being prepared, had you given your adhesion then to the plan?—A. Not at first.

Q. Just when the articles were prepared, had you then stated that you favored it?—A. I will not be positive as to the day. I know the general scope, the reasons of this matter, were discussed very fully. We regarded it as an important matter.

Q. I am not asking that. All I want to get at is when it had been determined, so that you directors knew that this scheme was going through. How long before the 24th of January was that?—A. It may have been generally acquiesced in; perhaps it may have been ten days, and it may have been fifteen, and it may not have been more than a week.

Q. It took some little time to prepare these articles, did it not?—A. You are a better judge of that than I am, as a lawyer.

Commissioner ANDERSON. You say lawyers can do so much in seven days.

The WITNESS. Yes, sir.

Mr. HOLMES. It depends upon the lawyers.

The WITNESS. It depends upon the lawyers. I have found you to be very expeditious when you had important business to do.

Q. Did you ever see the articles before the 24th of January, or the draft of them?—A. Yes, sir.

Q. On the 24th of January?—A. No; I will not say that. I saw them at the board there.

Q. Had you seen the draft before that?—A. I do not remember of having seen the draft before.

Q. Had you had discussions with Mr. Gould or any one else as to some of the articles to be placed in it?—A. I had discussion on the general matter of consolidation more than in detail. That was a matter for the lawyers, and we blocked out what we thought ought to be embraced in it, and then we trusted to our counsel to put them in form. Judge Dillon did it.

Q. Are you satisfied that one week before the consolidation went through it was substantially arranged among the board of directors that it should go through?—A. As I said before, I cannot tell as to a day or two or three days, but I can state that the matters were under consideration there for several months before any result was reached.

Q. What I want is your best information as to whether a week before the meeting was held so many of the directors had given in their adherence to the scheme that you were satisfied it would go through, and knew it.—A. I believed it would go through, and I acquiesced in that against my own convictions of what was my interest. I did not believe it was my interest to make the consolidation, and I yielded to the wishes of my associates, as I generally do where I have respect and confidence in them.

Q. At the time this conclusion had been reached you therefore knew that the stock of the Kansas Pacific and of the Denver Pacific under the scheme would be exchanged for stock of the Union Pacific Railway?—A. Yes, sir.

Q. And when instructions were given by you, or by you and Mr. Gould, as trustees, to defend this suit, you knew that that Denver Pacific stock that you were going to part with would, under the scheme, be exchanged for Union Pacific stock?—A. That was supposed to be embraced in the agreement.

Q. When you parted with that security you knew that that security would be exchanged for something that was worth $2,986,000; is that not correct?—A. I do not remember.

Q. The amount of the stock was 29,986 shares?—A. Yes, sir.

Q. You knew it was worth par if exchanged for Union Pacific?—A. No; Union Pacific was not worth par then.

Q. What was Union Pacific worth?—A. About 86.

Q. In January, 1880, a week before; from January 15 to January 24?—A. I think so; along there.

Q. Is that your best recollection of its price?—A. Somewhere along in the eighties.

Commisssioner ANDERSON. I am talking of just that week.

The WITNESS. I do not recollect; I have not looked at it.

DENVER PACIFIC STOCK WORTH WHATEVER THE UNION PACIFIC WAS.

Q. You knew that the Denver Pacific stock under the scheme was worth whatever Union Pacific stock was worth, and was to be exchanged for it?—A. I supposed it to be.

Q. At that time you were a director in the Union Pacific, were you not?—A. Yes, sir.

Q. You became a director in 1878?—A. Eighteen hundred and seventy-eight; yes, sir.

Q. What committees did you serve on?—A. I served on the executive committee a part of the time, and I think one year on the finance committee.

Q. Did you hold any office in the Kansas Pacific except as trustee of the consolidated mortgage?—A. No, sir, I believe not.

Q. You were not a director there?—A. I do not remember now; I do not know but I was elected a director; I rather think I was.

Q. When were you elected a director of the Kansas Pacific?—A. I cannot say.

Q. Were you such director at the time of the consolidation?—A. I do not remember that.

Q. Do you remember being present at the meeting of January 24?—A. Yes, sir.

Q. Do you remember taking part in the discussion?—A. I think it very likely.

Q. At that time how much stock of the Kansas Pacific did you hold?—A. I cannot answer.

Q. You cannot answer that?—A. No.

Q. You did hold quite an amount of it?—A. Yes, sir.

Q. Do you remember that after this consolidation there was a ratification made by the stockholders of the Kansas Pacific, which you signed?—A. Yes, sir.

Q. Please look at the paper I show you and state whether you owned the shares for which you signed.—A. Yes, sir; I have no doubt of that. I should never have signed it if I had not owned them.

Commissioner ANDERSON. Give the amount.

The WITNESS. Nine thousand nine hundred and seventy-seven.

Q. When was that paper signed?—A. There does not seem to be any date.

Commissioner ANDERSON. I suppose from time to time, and not all signed at once?

The WITNESS. No; I suppose not.

Q. Do you know when you signed it yourself?—A. I do not.

Q. You do not remember how long after the consolidation it was?—A. No, sir.

Q. Do you remember whether you owned the same stock of the Kansas Pacific at the time of the consolidation which you did when you signed that paper?—A. I have no doubt I owned the greater portion of it. I do not remember the particulars.

LARGE HOLDER OF KANSAS PACIFIC AND UNION PACIFIC STOCK.

Q. The Kansas Pacific stock, as such, was not dealt in after the consolidation, was it, or very little?—A. Oh, yes, sir; it was dealt in. I was a large holder at that time in both the stocks, both Kansas Pacific and Union Pacific, and dealing in them.

Q. Was not the conversion very rapidly made, as soon as the securities were ready, so that afterwards it was merely known as Union Pacific stock?—A. Oh, no; it was no more rapid than ordinary transactions of that kind. Some people would rush in to make their exchanges and others would wait along, and I presume are waiting now, for all that I know. That is the history of the most of those things.

Q. At the time of this meeting how much Union Pacific did you hold?—A. I could not answer that without an examination.

Q. Do you know whether your controlling interest was Union Pacific or Kansas Pacific?—A. I had a pretty large interest in both companies, of the stock. I have been a large holder of other securities all the way through.

Q. Did you also sign for your Union Pacific stock the ratification that was signed by the stockholders?—A. If you have it there that will tell the story.

Q. Please look at the amount of shares you have there on the second page; 15,000 shares, is it not?—A. Yes, sir. That is quite likely.

Q. Do you also think that you owned that amount of Union Pacific stock at the time of the consolidation?—A. I did. I sometimes owned as high as 30,000 or 40,000 shares.

Commissioner ANDERSON. I mean at the time of the consolidation?

The WITNESS. It is whatever it was at the time I signed. I do not borrow things to sign on.

Q. Do you recollect the course of the market as to the Kansas Pacific stock during the year 1879?—A. It was very fluctuating.

Commissioner ANDERSON. I mean its general course, starting in January, 1879, and landing in January, 1880?

The WITNESS. It was——

Commissioner ANDERSON. Quite a rocket?

The WITNESS. Yes, sir; and that was what caused such a desire on the part of the Union Pacific directors and stockholders to bring about this consolidation. There was an apprehension that it would be diverted in another direction, and would be very injurious to the Union Pacific.

KANSAS PACIFIC ABOVE PAR IN 1880.

Q. As a matter of fact, did the Kansas Pacific stock not rise from about 10 in January, 1879, to about par in January, 1880?—Yes, sir; it went above par. It was 10 per cent. at the time of the consolidation with the Union Pacific.

Q. In the statement which you have handed us to-day, I understand that all your transactions relating to Kansas Pacific stock and bonds are entered?—A. This is what I bought and sold there. That is the abstract that the young man took from my entries there.

Q. Does it contain all the transactions which you entered into?—A. No; I told him to make some others which you asked me for, as to bonds and other things.

Q. My question is, whether this contains all the transactions in Kansas bonds and stock?—A. It does, from that day.

Q. From July, 1878, down to the date of the consolidation?—A. Yes, sir. I have got some collateral interest in the Saint Joseph securities, and Saint Joseph and Western.

Commissioner ANDERSON. You answer more than my question asks for. You will kill the stenographer before he gets through. I notice a number of purchases of Kansas Pacific stock which are marked as having been bought from Mr. Jay Gould during the year.

The WITNESS. Yes, sir.

INTEREST IN SAINT LOUIS POOL.

Q. In those cases the price of the purchase is not given. I call your attention to the purchases of the 7,105 shares, with some other securities, on the 18th of March, 1879. Can you tell me the rate per share?—A. No; I cannot tell you. As I say, that was a part of the Saint Louis pool that I told you about this morning.

Q. That was what?—A. I took two-twelfths, as it were, when he purchased out the Saint Louis pool, as it was called. There had been a pool formed in Saint Louis, running three or four years, by people there picking up these securities, Mr. Greeley and others, and Mr. Meirer, I think. And Mr. Gould bought that interest. I took this interest in, and when I took that interest I expected to use that in connection with the Missouri Pacific system.

Commissioner ANDERSON. I am only asking about that item.

The WITNESS. I have only regretted down to this time that it was not done so.

Q. You took two-twelfths at that time?—A. I took, first, one-twelfth, and then afterwards a second twelfth, and tried to get others to do the same—Commodore Garrison and others.

Q. Does the item which I now indicate to you represent one-twelfth or two-twelfths?—A. Two-twelfths.

Q. Did you pay to Mr Gould the same price that was fixed as between him and the Saint Louis parties?—A. I so understood it.

Q. And you cannot tell us how the rate is to be arrived at by disengaging these other two items?—A. No. That is made up, and I suppose I got it at just what it cost him.

Q. Were those securities delivered to you, or did you simply take an interest in the pool?—A. No, sir; the securities were delivered to me.

Q. The securities were delivered over?—A. Yes, sir.

Mr. JOHN F. DILLON. I would like to have you examine, between now and to-morrow, so that you can answer it, the relative value of the Union Pacific and Kansas Pacific stocks within a week of the consolidation, and also your personal holdings in the two companies, stock and other securities.

The WITNESS. I can do that.

The CHAIRMAN. We will hear you again to-morrow at 11 o'clock.

RUSSELL SAGE.

The Commission then adjourned to Friday, May 13, 1887, at 10 a. m.

No. 10 WALL STREET, NEW YORK,
Friday, May 13, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

RUSSEL SAGE, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. At the close of yesterday's examination you were explaining to us this purchase of one-sixth interest by yourself of the holdings of the Saint Louis party in the pool on the 18th of March. Have you anything that will tell us at what rate the Kansas Pacific 7,185 were charged?—Answer. That is the gross sum, the things that are named there.

Q. There are $29,000 of Denver Extension bonds. Do you know what they represented? It could not have been over $20,000, could it, at that time?—A. No, sir; I think not.

Commissioner ANDERSON. They were considerably depreciated, as I remember, in March, 1879?

The WITNESS. That is my recollection.

Mr. HOLMES. They must have been about 80, then.

Q. Please tell us what the third item is; 200 of something of the reorganization certificates?—A. I do not know, except from the entry there.

Commissioner ANDERSON. Read it.

The WITNESS. Two hundred thousand dollars Kansas Pacific reorganization certificates.

KANSAS PACIFIC REORGANIZATION CERTIFICATES.

Q. Did you buy any such amount as $200,000 of certificates at that time?—A. This was what I purchased. They must have represented certificates against the interest in the Saint Louis pool. That is undoubtedly it. These $200,000 Kansas Pacific reorganization certificates were the proportion of that pool, the Saint Louis pool, of these gentlemen, Mr. Meirer and Mr. Greeley, and several others, stated at par.

Q. So they bought $29,000 of Denver Extension bonds, $200,000 of the certificates; and in addition to that you received 7,185 shares of Kansas Pacific stock, and for the whole batch you paid how much?—A. $200,250.

Q. Do you know what the value of the certificates was at that time?—A. I do not.

Q. Was that negotiation made between yourself and Mr. Gould?

The WITNESS. What negotiation?

Commissioner ANDERSON. The negotiation by which you paid out that check for these securities.—A. As I stated yesterday, I bought this two-twelfths interest as I understood. He paid $1,200,000 for it, and I took $200,000 interest in it. This is the accrued interest from the time he paid for it.

Q. What was the accrued interest?—A. $250.

Commissioner ANDERSON. Then, as I understand it, the Saint Louis party got $1,200,000, and for that they surrendered their interests in this pool, and those interests amounted to just six times the figures that are stated in this account, which represents what you got.

The WITNESS. That is my recollection of it.

Q. Then the whole interest of the Saint Louis party in the pool would be six times 29 Denver Extension bonds, six times 7,185 shares of Kansas Pacific stock, and $1,200,000 in certificates?—A. Yes, sir.

Q. And for that Mr. Gould paid them, or agreed to pay them, $1,200,000?—A. That is my recollection of it.

Q. Can you explain why there was a distinction between the shares of the Kansas Pacific stock and the certificates in the pool agreement as originally made? The certificates carried an interest in the Kansas Pacific stock which was already in the pool. Do you know whether this represented stock that had been added to the pool after the certificates were made?—A. I do not.

Q. Was there any paper prepared by you at that time, or handed to you at the time, stating the details of this negotiation and how it was arrived at?—A. I do not remember that there was.

Q. You have no paper of that character?—A. No, sir; that is an abstract of my books just as the entries were made.

Q. Was there any one else interested in this purchase except yourself and Mr. Gould? Did any one else take a share?—A. I think he parted with others. I tried to negotiate, as I stated yesterday, $100,000 with Commodore Garrison and $100,000 with Mr. Keene.

Q. But they did not take it?—A. They did not take it.

Q. Did Mr. Ames take any share?—A. I do not remember.

Q. So far as you knew Mr. Gould had five-sixths and you had one-sixth?—A. I understood that he had parted with a portion of his five-sixths.

Q. Did you understand to whom he had parted with it?—A. No; I do not remember now. If I was told at the time it has slipped my mind. I do not remember it.

Q. I call your attention to another entry in this paper, under the date of April 17, which is as follows: $14,000 of bonds, 3,592 shares Kansas Pacific I presume, and $100,000 of reorganization bonds, in brackets, with the words "Jay Gould" opposite, amounting to $103,363.89. Will you please tell us what that entry refers to?—A. I think it refers to a purchase of bonds that he made in Europe, and I took this interest in the purchase.

Q. That is, a portion of the purchase made while Mr. Gould was in Europe?—A. That is my recollection; I am not positive about it.

Q. Do you remember what proportion of that purchase you took with Mr. Gould?—A. I do not.

Q. How was it brought to your notice?—A. He had been negotiating with the parties here before he went there; I think he bought it while he was abroad, and he asked me if I would take a proportion of it if he bought it, and I said I would, and I took this proportion; that is all; I do not remember the amount.

Q. Do you remember whether your proportion was one-half or less than that?—A. Less than that, less than a quarter, I believe; I do not remember.

SECURITIES PURCHASED FROM A SYNDICATE OF GERMAN GENTLEMEN.

Q. From whom were those securities purchased?—A. I could not tell you at the moment; I think it was some German gentlemen, or a syndicate of German gentlemen, who held it abroad.

Q. Can you not identify them a little closer than that?—A. No, I could not.

Q. To whom did you give the check here?—A. I gave it to Mr. Gould.

Q. Mr. Gould was in Europe, was he not?—A. I gave it to him on his return.

Q. You do not remember at all the name of the German syndicate?—A. I could not recall the names; I should not remember them anyway, for I had no interest in them, only in that way. It was a second-hand interest with me. I just took the interest that I told him I would take and paid him for it without going any further.

Q. Was the amount you were to pay $100,000, and is this $363.89 for interest?—A. I presume that was it.

Q. You cannot tell us any closer what your proportion was, whether it was one-sixth or one-tenth; might it have been one-tenth?—A. I cannot tell you; I have not a very clear recollection of the amount.

Q. What are these 14 bonds, the first that are enumerated?—A. That I do not know.

Q. Denver extensions?—A. I cannot tell you that; I rather think they were.

Q. They were at that time, in April, 1879, worth about 80 or 85?

Mr. HOLMES. I think these are Denver Pacific bonds; I think they were bought through A. G. Dulman and Mr. Ten Have.

Commissioner ANDERSON. He had ten, I suppose.

The WITNESS. That brings it back to my mind.

Q. Do you know who their representative was in New York?—A. Yes, sir; A. G. Dulman was the man who lived here, and this Ten Have lived abroad and was here occasionally.

Q. Does Mr. Dulman live here now?—A. Yes, sir.

Q. Where is his office?—A. I cannot tell you.

DENVER PACIFIC BONDS BELOW PAR IN 1885.

Commissioner ANDERSON. What were the Denver Pacific bonds worth, about, in April, 1885?

Mr. HOLMES. I cannot tell; I do not know.

Commissioner ANDERSON. They were under par?

Mr. HOLMES. Oh, yes, sir.

Q. What were the reorganization bonds worth at that time?—A. I cannot answer that.

Q. Were they under par?—A. There may be some sales on the other side; that may give you a little key to it.

Q. Are you able to tell me at what rate these 3,592 shares of stock were bought by you in April, 1879, on this transaction?—A. No, sir; I cannot tell you anything different from what is on that paper.

Q. All you are able to say is that you bought with $100,000 these 14 bonds and $100,000 of reorganization bonds, and also paid for 3,592 shares of stock?—A. That is as it appears there; I presume that was the proportion; I understand it. That is the proportion of the interest which I took in the purchase.

Commissioner ANDERSON. What I cannot understand is that the reorganization bonds are quoted at that time as being worth about par, so that the reorganization bonds alone would consume the whole of the $100,000, and the 3,592 shares of stock would appear to have been absolutely thrown in. Look for yourself.

The WITNESS. I do not know about that; Mr. Gould was absent, and I do not know what the change in the values was. I took the interest in the purchase at cost, whatever it was. I do not remember what that was.

Q. Then Mr. Gould may have made this purchase some time before?—A. That was it; it was not closed up there; I entered it when we paid for it, and that accounts for that interest being added to it on his return home. I think he was gone about four weeks, if I recollect right.

Commissioner ANDERSON. The interest represents at 6 per cent. for a little over half a year, $363 on $100,000?

The WITNESS. I guess it was 7 per cent. then; I do not remember.

Commissioner ANDERSON. No; the interest only represents a short period.

The WITNESS. Well, he was not gone so long; that is just what it represents, just the proportion of the interest in the purchase he made which I took.

Commissioner ANDERSON. The information derived by you from Mr.

Gould is, that he himself purchased at similar rates his proportionate part of these same securities?

The WITNESS. He purchased the whole of them, and sold my share of them to me.

Q. He sold them to you at the same rates at which he had bought them?—A. Yes, sir; adding interest.

Q. I notice that there is no purchase of stock on this paper prior to March, 1879. It was about March, 1879, then, that you began buying this stock?—A. I think so.

Q. Are you able to tell us to-day exactly what securities of the Kansas Pacific, and what bonds you held at the time of the consolidation?—A. I stated here yesterday, I think. I can give it to you, I guess.

Commissioner ANDERSON. You said you would look it up.

The WITNESS. I held on the 1st of January Kansas Pacific——

Commissioner LITTLER. January, 1879?

The WITNESS. January, 1880. I held 8,877 shares, and 14,700 shares of Union Pacific.

By Commissioner ANDERSON:

Q. Do you know what bonds of the Kansas Pacific you had at this time?—A. I have not got that tabulated here. I held quite an amount of those bonds.

Q. What was the character of the bonds that you held; do you remember which they were without giving the details of their amounts?—A. I held Kansas Pacific consolidated bonds. I have got a memorandum here of the Saint Joseph and Pacific bonds. Kansas and Nebraska is another.

Q. The Kansas Pacific consolidated bonds are known as K. P. consols?—A. Yes, sir; that is it; and I had Denver and Pacific bonds.

Q. Have you enumerated all the kinds of securities?

The WITNESS. You want the amount?

Commissioner ANDERSON. Afterwards; but I want to know now if you have given us a statement of all the kinds of securities.

DENVER AND BOULDER VALLEY BONDS.

A. All, except I think there is Boulder Valley; I had some of those Denver and Boulder Valley bonds.

Commissioner ANDERSON. I want you to get through with the enumeration.

The WITNESS. That is all.

Q. How many of the Kansas Pacific consolidated bonds did you hold?—A. I had $758,000 of bonds.

Q. How many of the Saint Joseph and Pacific?—A. One hundred and eighty-one thousand dollars.

Q. How many of the Kansas and Nebraska bonds?—A. One hundred and fifteen thousand nine hundred dollars.

Q. How many of the Denver and Boulder Valley?—A. Ninety-four thousand dollars. That finishes the lot.

Q. Have you stated all the different securities of these two roads and their branches—the Union Pacific and the Kansas Pacific—both as to shares and bonds, which you held at the time you voted for the consolidation?—A. I have not examined, only as to the stock in the Union Pacific. I think I owned some stock in some of the roads there, but I am not sure as to the date. I have not made that examination, only as to the stock.

Q. Some stock in the branch lines, do you mean?—A. I think so; I can give you that.

Q. Will you please prepare for us a statement, so that we can see just what your interests were at the time of the vote for the consolidation, in all the various stocks and bonds that might be affected by it?—A. Yes, sir.

SAINT JOSEPH AND WESTERN.

Q. In regard to this Saint Joseph and Pacific and Kansas and Nebraska do you remember whether that was bought directly by yourself or in connection with any one else?—A. I bought a great many of these bonds in the open market here; I see by my books that I traded in them; I bought and sold.

Q. Have you prepared for us a statement of your purchases in Saint Joseph and Western?—A. No; I have not; I have got only the aggregate here.

Commissioner ANDERSON. We called for it yesterday, and would like to have that account. If it will cause you too much trouble we will send some one to copy it from your book if you will give the facilities.

The WITNESS. It is not necessary; I will have a copy of it made.

Commissioner ANDERSON. The account in the Saint Joseph and Western we desire.

The WITNESS. Yes, sir.

Q. You say you bought these Saint Joseph and Western securities in the market here?—A. I bought those Saint Joseph and Western and Kansas and Nebraska. I bought and sold.

Q. Can you tell us at what rate you bought the Kansas and Nebraska?—A. No; I could not without examining the list.

Q. That is why I want the statement for them. Do you know how long you had held them before the consolidation?—A. The entries in my books will show.

Q. Were any of those bonds used in the consolidation for the exchange of any securities of the consolidated company?—A. I think very likely they were.

Q. By yourself?—A. I think so.

KANSAS AND NEBRASKA.

Q. How could the Kansas and Nebraska be used for any of the securities of the Consolidated Company?—A. I do not remember now the circumstances, without examining the entries in the books, of the transactions.

Q. In order to make such use of them, did you not have to make some agreement with the officers of the company by which they would take them in pay for bonds or for stock?—A. Yes, sir; I suppose so, or else they would not be taken; they went in as others went in, I presume.

Q. Your impression is that some of those bonds were disposed of in that way?—A. I do not recollect the particulars connected with it.

Q. Do you know that at the same time Mr. Gould was a large holder of these same securities, Kansas and Nebraska and Saint Joseph and Pacific?—A. I think he was a holder of most of these securities.

Q. Can you give us a statement or estimate, from your knowledge of Mr. Gould's affairs, at this time, as far as it went, of what securities of the Kansas Pacific Mr Gould held at or about the 24th of January, 1880?—A. Not the slightest.

Q. Do you know how many shares he voted on?—A. No, sir; I do not know that. I presume I may have seen it at the time, but I never charged my mind with it. It is a matter of record.

Q. He was the first signer of the ratification, and signed for, I think, 79,000 shares. Do you remember noticing that fact when you signed the same paper yourself?—A. I do not remember it now. I presume his name was on before I signed, but I do not remember now.

AS TO GOULD'S KANSAS AND NEBRASKA HOLDING.

Q. Do you remember whether he held other shares of the Kansas Pacific besides that 79,000 shares at the time of the consolidation?—A. I presume he was a large holder of both the Kansas Pacific and Union Pacific.

Commissioner ANDERSON. I am now talking simply of the Kansas Pacific.

The WITNESS. I do not remember any details about it. He was a large holder of these securities. That was the general belief.

Q. Do you know how many Kansas Pacific consolidated bonds he held at the time?—A. I do not.

Q. You know he was a holder of the Saint Joseph and Pacific bonds and of the Kansas and Nebraska bonds?—A. That is my recollection about it. I am not positive as to that.

Q. Do you know how he obtained those bonds or when he obtained them?—A. I suppose he obtained them as other people obtained them, by purchase.

Q. My question is, do you know from whom he boughtt hem?—A. I do not know.

Q. Do you know what price he paid for them?—A. No, sir.

Q. Did you ever hear him say?—A. No, sir.

Q. You never have heard him say what price he paid for them?—A. Not that I remember. I have heard him speak about his buying securities, and paying, as gentlemen do every day, but I did not charge my mind with it. It is a very easy matter to get at by getting him on the stand here.

Commissioner ANDERSON. We have got you. "Sufficient for the day"——

Commissioner LITTLER. "Is the evil thereof."

The WITNESS. I assume he is just about like myself. He attends to his own business, and I try to take care of my own; and I am more successful in that than I am in taking care of other people's business.

Commissioner ANDERSON. I wish I was as successful in taking care of my business as you are?—A. Certainly; I am aware of that.

CONCERNING THE KANSAS PACIFIC CONSOLIDATION.

Q. We will come down to the consolidation now. Do you remember the occasion of the consolidation? You were present at the meeting, I think.—A. Yes, sir.

Q. Do you remember whether Mr. Gould was there?—A. I think he was present.

Q. Do you remember whether he took any part in the debate?—A. I do not think he was a member of the board at that time.

Q. He had been a director, had he not?—A. Yes, sir.

Q. What makes you think he was not a director on the 24th?—A. My recollection was that he resigned from both boards.

Q. Do you recollect whether that resignation was a surprise to you when it was read on the 24th?—A. I suppose he had a good reason for it to himself.

Q. I ask you whether it was a surprise to you. Had you heard before that that resignation was written out and was to be presented?—A. No, sir; I do not remember that I had.

Q. Please recall the matter, and see whether you did not know before you went to that meeting that Mr. Gould's resignation was to be read?—A. I did not.

Q. Did you ask him why he resigned?—A. No, sir.

Q. Did you know why he resigned at that time?—A. I have no knowledge of his motives. He is a law unto himself, as it were.

Q. Did you guess why he resigned at that time?—A. I am not in the habit of guessing in that way about people's motives. I take their acts.

AS TO GOULD'S RESIGNATION.

Q. Do you not know that Mr. Gould resigned because the transactions that he was having, or that were going through, might be open to criticism if he were a director in the road at the time they were consummated?—A. I have no reason to suppose anything of the kind, or extent, beyond others. Other people are not doing it. He had his own reasons, and those reasons were known to himself.

Q. You say other people were in the habit of doing it. Will you please say what you mean by "it"?—A. Acting upon their own impressions as to what was proper for them to do and what was not proper.

Q. My question to you was, what was his motive for his resignation?—A. I do not know the motive.

Commissioner ANDERSON. I am asking you.

The WITNESS. I have answered it.

Q. Do you not believe now that the motive for his resignation was, that as he was taking stock in the new company and paying for it with certain securities of his own, like these Saint Joseph and Western, he had been advised that that would not do if he was a director in the company; do you not know that?—A. No; I do not know it.

Q. Do you not believe it to-day?—A. I have no belief about it.

Q. Can you assign any other possible reason for it?—A. That would be a reason, I suppose, with a good many people.

MR. GOULD A DIRECTOR AGAIN.

Q. Did he become a director again afterwards?—A. Yes, sir.

Q. How soon afterwards?—A. I do not remember the date.

Q. Did he become a director during the same year, afterwards?—A. I do not remember the date, as I stated before.

Commissioner ANDERSON. He resigned January, 1880?

The WITNESS. What was the date of his resignation; I had forgotten?

Mr. JOHN J. DILLON. He was named in the articles of consolidation, I think.

Commissioner ANDERSON. That will explain it. Please look at the articles of consolidation and see if Mr. Jay Gould is not named as one of the directors.

The WITNESS. Yes, sir; it is in this printed form.

Q. Those articles went into effect how soon after you had presented Mr. Gould's resignation as a director?—A. I do not remember; I could not state without examination.

Q. You were present at this meeting?—A. Yes, sir.

Q. Do you not know those articles of consolidation were signed at the meeting on that same day?—A. I presume they were.

Q. So that you presented his resignation at the meeting, when you convened, and he became a director again as soon as the articles were signed, that same afternoon; that is the fact, is it not?—A. I do not remember.

Q. Please answer us. You know that those articles were signed in your presence at that meeting, do you not?—A. I do not remember that I presented his resignation.

THE KANSAS PACIFIC CONSOLIDATION.

Q. I read from the minutes of the meeting:

The president of the company (Mr. Dillon) laid before the meeting the resignation of Mr. Jay Gould as a director of this company and member of its executive committee, dated January 10, 1880, and stated that he had accepted the same.

On motion of Mr. Sage it was voted that the said resignation be received and accepted, and that the action of the president in accepting the same be and the same is hereby approved.

Do you remember that circumstance?—A. I did not remember it until you read it now. I presume that is correct.

Q. I ask you if it be not true that Mr. Gould, on that same afternoon, became, under the articles of consolidation, a director, as soon as they were signed and in your presence?—A. If the minutes say so; I do not remember the transaction. I should say that he did, and I presume that they state that; I did not charge my mind with it.

Q. The minutes state that—

At 1 p. m. a recess was taken after the articles had been read until 3.30 p. m. Reassembled at 3.30 p. m.

On motion of Mr. Dexter, it was voted that whereas this company has united and consolidated with the Kansas Pacific Railway Company and the Denver Pacific Railway and Telegraph Company into the Union Pacific Railway Company, that the stock-books of this company be closed.

When you reassembled that afternoon you understood that the articles of consolidation had been actually signed; is not that so?—A. If it states so there, I did; I do not remember.

Q. Do you not remember that those articles were signed?—A. Yes, sir; I remember that.

Q. On that day when you had all these meetings?—A. I presume they were.

Q. I have read, and you say now that I recall the fact to you that you remember it, that you moved that this resignation of Mr. Gould should be accepted; does that recall anything more to you about it?—A. It recalls the fact that the resignation was presented and approved by the board—the action of the president in accepting it on the 10th, as stated there.

Q. Does it not, perhaps, recall the fact that Mr. Gould had asked you to present it, or to make this motion, as soon as they came to order?—A. No, sir; I do not remember that he ever requested me to make it.

Q. How did you come to ask that his resignation be received and accepted?—A. Because that was a part of the business before the board, and it was a mere routine business that would be for some one to move that it be either accepted or rejected.

Q. Why should you want the resignation of Mr. Gould to be received and accepted, when he was to be reappointed within an hour, by the

articles of consolidation?—A. Because I supposed that it was evident that he wanted his resignation accepted, and the board acted upon his request, the same as you would if you were there.

Q. That is what I supposed also, and I ask you whether you acted upon his request?—A. I say I do not know. You asked me for the reason, and I say that was the reason, I suppose. You asked the question, and I will answer it.

Q. I accept that answer. Is it not perfectly clear that Mr. Gould, for some reasons of his own, wanted that resignation acted upon, and requested you to move its acceptance?—A. I do not remember whether he asked me to do it; but, whether he did or not, if a resignation came before a board where I am a member, and no one else did it, I should move that it be accepted, or that it be laid over.

GOULD A DIRECTOR FOR MANY YEARS.

Q. And Mr. Gould remained a director in that road for how long afterwards; quite a number of years?—A. Yes, sir.

Q. An active, hard-working member?—A. Yes, sir.

Q. Taking great interest in the affairs of the company?—A. Yes, sir.

Q. So that you did not consider that his resignation on the 24th of January was a serious one, and meant that he wanted to abandon the business, and not be a director of the road any more? That was not the object, was it?—A. I should judge not, from the fact of his accepting a reappointment.

Commissioner ANDERSON. We judge not, too.

Q. Do you know Mr. Solon Humphreys?—A. Yes, sir.

Q. How long have you known him?—A. Twenty-five years.

Q. What is his business?—A. He is a merchant.

Q. Is he a large dealer in stocks also, and a holder of these different securities?—A. He has been a holder of railroad securities for many years, in the firm that he was connected with, E. D. Morgan & Co.

Q. What positions has he held as trustee of mortgages, or receiver, do you know?—A. He has held several positions with railway companies—he was connected with the North Missouri Railroad for a long while, and the firm of E. D. Morgan & Co. was, very largely.

Q. Was he not connected with the Texas Pacific mortgages also?—A. I think quite likely, and other roads.

Q. Was he not one of the receivers of the Wabash?—A. Yes, sir. He was president of the Wabash Company.

Q. Has he not been identified, very closely, with the railroads that are known as Mr. Gould's property for many years?—A. No, I do not think he has, beyond the amalgamation of the Wabash system. His interests, as I understand, were principally in the North Missouri road.

Q. The Missouri Pacific also?—A. Not largely, in that.

Q. Do you know whether he has much acquaintance with Mr. Gould?—A. Yes, sir; I think he has been acquainted with him.

Q. And had at this time, in 1879 and 1880?—A. Yes, sir; he was acquainted with Mr. Gould, I guess, longer than that.

Q. At this time he was well acquainted with Mr. Gould, and saw him frequently in relation to business matters?—A. Yes, sir; I presume he did.

THE DODGE AND HUMPHREY REPORT.

Q. Did you have much acquaintance with Mr. G. M. Dodge in 1879?—A. Yes, sir; I knew Mr. Dodge before 1879.

Q. He was the original engineer in the construction of this road, was he not?—A. The Union Pacific road.

Q. Do you recollect writing a letter to these gentlemen on the 23d of October, 1879?—A. Yes, sir.

Q. You remember that?—A. I do.

Q. What was that letter about?—A. It was in relation to the desirableness and the value of the property out there, &c.

Q. Is that all you remember about it?—A. No; we asked them to give us their views in relation to property out there. Mr. Dodge was an eminent engineer and railroad builder, a citizen who had represented one of the Iowa districts in Congress, and Mr. Humphreys was an honored and well-known merchant for more than twenty years.

Q. I am only inquiring as to what you put in that letter; what you wrote to these gentlemen?—A. The letter will speak for itself. I do not remember the language of it, but we asked their opinions as to certain things which are stated in the letter, and they gave them. We thought they were very proper men to give the information.

Commissioner ANDERSON. I know they are proper men, and I am only trying to see what you remember as to what you put in this letter.

The WITNESS. If you want to get the information, I am quite happy to give you any we possess why we selected those men, and if we erred in judgment I am willing to tell you about it.

Q. No; you have told me that you asked them to report as to the desirableness of the roads, and as to the value of the property. Is that all you remember?—A. The desirableness for the consolidation of the property.

Q. You asked them to report as to whether a consolidation between the Union Pacific and the Kansas Pacific would be desirable, did you?—A. The letter will speak for itself.

Q. Do you remember who signed that letter?—A. I do not recollect all the names.

Q. Tell us what you recollect.—A. I signed it myself, and I stand by what I signed.

Q. Nobody is finding any fault with the letter. We want to find out who was interested in these movements then. Who signed it besides Mr. Russell Sage?—A. The gentlemen I stated in my examination yesterday.

Q. It will be very short to give the names.—A. I might err in giving the names.

Commissioner ANDERSON. Then we will correct you; to err is human.

The WITNESS. I do not propose to state anything that I do not remember clearly; that would not be worth anything to you.

SIGNERS OF THE LETTER TO DODGE.

Q. Do you not remember any person who signed that letter besides yourself?—A. I think, Mr. Dillon, and, perhaps, Mr. Ames; I do not recollect all; they were men who were largely interested in the property, and were very desirous of bringing about a union of the properties.

Q. Was there not somebody else who was deeply interested and very desirous of bringing about the union of the properties—was there not just one other man?—A. I do not know; Mr. Gould owned about $17,000,000 of stock in the Union Pacific; he was probably interested in that, but I think his real interest, his judgment, was more in harmony with mine, which was opposed to it. I was opposed to it myself, as I said yesterday.

Q. Do you not know that Jay Gould signed that letter?—A. I do not remember whether he signed it or not.

Commissioner ANDERSON. Answer my question.

The WITNESS. I do not recollect all the names.

Q. Are you not as positive as you are that you are sitting in that chair that Mr. Jay Gould did unite in writing that letter to Solon Humphreys and Mr. Dodge?—A. I do not recollect that he did.

Q. It is quite as likely tha the did as that Russell Sage signed it?—A. Oh, yes, sir.

Commissioner ANDERSON. I will read the letter, so that you can see whether you recognize it; it is on the minutes already.

(The letter addressed to G. M. Dodge and Solon Humphreys was then read.)

Q. Do you remember the letter, now that I read it to you?—A. Yes, sir.

Q. You see that the main thing that you ask these gentlemen is to report upon a basis of consolidation?—A. Yes, sir.

Q. Do you remember whether these gentlemen made any answer at all to this letter?—A. I think they made an answer to it.

Q. Did you not see the answer?—A. Yes, sir; it was read to the board.

Q. Do you remember when the answer was made?—A. I do not recall the date. The minutes of the company, of the board of directors, will show.

Q. To whom was that answer of these gentlemen addressed?—A. It was addressed to Mr. Gould, Mr. Gordon, Mr. Dexter, Mr. Ames, Mr. Sage, Mr. Atkins, and Mr. Baker; they were all directors in the Union Pacific road.

Q. Do you remember whether the answer was printed or written?—A. I do not.

Q. Being addressed to you, you doubtless received it, as well as the other gentlemen; is that not so?—A. My recollection is that it was presented to the board and read at a board meeting.

Q. What I want to know is whether this answer, which is dated January 16, 1880, was received by the gentleman to whom it is addressed on the day when the letter was dated; it is dated in New York.—A. I am unable to state the day because I do not recollect it.

AS TO DODGE'S REPORT.

Q. Will you swear that you did not know all about this report for a week or ten days, or several days, before the meeting of January 24 was held? Please look at the report; you know what it is.—A. I know what it is.

Commissioner ANDERSON. It is dated the 16th of January?

The WITNESS. I do not remember seeing the letter until it was presented in the board of directors.

Q. You will not swear that you did not see it?—A. My best recollection is that I did not see it.

Q. Was it not talked of between you and the other gentlemen to whom it was addressed before the board meeting?—A. No, sir; some of those gentlemen I did not see until we met in the meeting.

Q. Was it not talked of between you and any of those gentlemen before the board meeting?—A. It may have been mentioned that they had sent that letter. I think quite likely I may have spoken to some of them; but these Boston gentlemen I am sure I did not see until they

came over to attend the meeting. Sometimes they were not here more than once a fortnight, and sometimes not more than once a month.

Q. I call your attention to the fact that the terms of the consolidation, as reported in this letter, are the same terms that were inserted in the articles of consolidation; that is, $10,000,000 stock for the Kansas Pacific, $4,000,000 for the Denver Pacific, and the Union Pacific stock at $36,000,000, to stand as it stood before, making a total of $50,000,000 and some hundreds. Those are the exact figures inserted in the articles of incorporation. Are you not satisfied that this report, or the figures contained in it, was laid before the counsel for the purpose of drawing the articles of consolidation?—A. I have no knowledge of it.

Q. Do you think that Judge Dillon, or the gentlemen who drew the articles, would have hit on these same figures, if they had not been communicated from this report to the attorney who drew the articles?—A. I have no means of knowing where he got his information. I only know what I knew about it.

Commissioner ANDERSON. I will interject here a question to Judge Dillon. I will ask you whether you had this report in your possession when you prepared the articles?

Mr. JOHN F. DILLON. My recollection is that I did.

Commissioner ANDERSON. Can you tell us here from whom you received the report?

Mr. JOHN F. DILLON. I do not recall it until I heard it read. My recollection now is that at or about the day of consolidation General Dodge submitted that report to me, and I may have gone over it with him; but the substance of it was prepared by him. That is my present recollection.

Commissioner ANDERSON. When you say "at or about," you mean within a week?

Mr. JOHN F. DILLON. Yes, sir, I think nearer than a week.

Commissioner ANDERSON. The report—I call your attention to the fact—is dated the 16th of January, and written at New York. So it must have been complete on the 16th of January?

Mr. JOHN F. DILLON. Yes, sir; but I have an impression that I was not in New York City at that time. I can ascertain probably just when I returned.

Commissioner ANDERSON. What I would like to be informed about is whether this report was not delivered to the parties to whom it was addressed on the 16th day of January, 1880?

Mr. JOHN F. DILLON. I have no means of knowing that. My impression is that General Dodge submitted that to me.

Commissioner ANDERSON. Before it was finished?

Mr. JOHN F. DILLON. Submitted a report at or about the day of the consolidation, and that is all I know about it. Whether he delivered copies to these gentlemen. I am not aware.

Commissioner ANDERSON. From what source did you derive the figures that you inserted in your drafts, crediting the Kansas Pacific with $10,000,000, and the Denver Pacific with $4,000,000? I call your attention to the fact that these are the figures in General Dodge's report.

Mr. JOHN F. DILLON. Either from that report or from some other authentic source.

Commissioner ANDERSON. You mean by "authentic source" some officer of the company?

Mr. JOHN F. DILLON. Oh, yes, sir. I have no knowledge whether that letter, if that is the point of the inquiry——

Commissioner ANDERSON. No, the point of the inquiry is, whether

you have any doubt in your mind that Sidney Dillon and Jay Gould knew on the 16th of January of the contents of that report?

Mr. JOHN DILLON. I have no knowledge on that subject, and I have no means of forming an opinion.

PROCEEDINGS OF MEETING.

Q. Now, Mr. Sage, I will read to you the next thing that was done at this meeting, and see whether it will come to your mind at all, "On motion of Mr. Ames, seconded by Mr. Sage, it was resolved that the proposition of the Colorado Central Railroad Company to this company to cancel and annul the leases of date the 17th and 20th days of February, 1879, whereby the Colorado Central Railroad Company leased its line of road in Colorado and Wyoming to this company for the term of 50 years thence next ensuing, be and the same is hereby accepted, and the said releases are hereby canceled as of date January 1, 1880, of which notice shall be given at once to the said lessor company." Had the canceling of that lease anything to do with the consolidation?—A. I really do not remember; I had not been familiar with the Colorado roads but a short time. I do not recall it.

Commissioner ANDERSON. Mr. Holmes, is this the road that was referred to as having been built in competition with the Denver Pacific?

Mr. HOLMES. It was built down there partly by Loveland, and afterwards was taken up by the Union Pacific, and was under their control and management for the purpose of getting to Denver, without regard to the Denver Pacific.

Q. You did not yourself know, then, whether the canceling of this lease of the Colorado Central had anything to do with the management, as intended, to be carried on under the consolidation?—A. No; I do not remember. I recollect, from Mr. Holmes speaking of that, about this road being under the control of this man Loveland.

Q. Why did you second this motion, if you did not know anything about it?—A. Because it had been discussed there, for the reason I mentioned a few minutes ago. It was more *pro forma* than anything else, and to dispatch business. It had been talked over between the directors.

Q. The canceling of a lease of fifty years of a road 198 miles in length is hardly a piece of routine business, is it?—A. It is a branch road, and rather an unimportant thing—so considered, I know, in the discussion there—and I never passed over it but once in an examination of the lines.

Q. Before you appeared at this meeting on the 24th of January, had the fact that such a motion as this was going to be made been discussed among you?—A. No, sir. Let me state, to put this right, we very seldom have any conferences of the kind you are inquiring about here. That is, these men come here for 200 miles distance to attend this meeting. They came here the night before, and would go into the meeting and discuss the questions there.

Q. Was this motion discussed in the board?—A. Yes, sir.

Q. Was it discussed before the motion was put?—A. Yes, sir.

Q. Informally?—A. It was discussed there.

Q. I mean, before the motion was put.—A. Yes, sir; certainly.

Q. Or, rather, before the motion was made?—A. It was discussed. That matter was one of the objects of the meeting; that, with other things; regular routine business.

Mr. JOHN F. DILLON. I will state to you that my recollection is that,

on my advice, that lease was canceled, because the Union Pacific had, in my judgment, no authority to take it, as it had the stock of the company. The lease was practically or legally of no use, and its cancellation would work no substantial change in the relations between the Union Pacific or the consolidated company and the Colorado Central.

Commissioner ANDERSON. Judge Dillon, was not that emphasized at this particular meeting? Because, if the Denver Pacific came into the family of railroads, the manner in which you operated the Colorado Pacific, and your control over it, was not as important as it was before?

Mr. JOHN F. DILLON. I did not understand the point of the inquiry.

COLORADO CENTRAL A BENEFIT TO UNION PACIFIC.

Commissioner ANDERSON. I understand that the Colorado Central had been used to secure to the Union Pacific the control of business that otherwise would have gone over the Denver Pacific.

Mr. JOHN F. DILLON. Yes, sir; they were, to some extent, parallel roads.

Commissioner ANDERSON. When you acquired the Denver Pacific the Colorado Central was no longer as essential as before?

Mr. JOHN F. DILLON. Certainly not, as to that part of the Colorado Central between Cheyenne and Denver.

Q. You do not remember, Mr. Sage, at whose request you seconded this resolution?—A. No; I do not.

Q. The next proceeding was, "That the president laid before the board a communication and report, dated January 16, 1880, from G. M. Dodge and Solon Humphreys, in respect to the proposed consolidation of this company with the Kansas Pacific Railroad Company, which was read and ordered to be placed on the files of the company." That circumstance you remember?—A. Yes, sir.

Q. Mr. Dillon presented this report to the board?—A. Yes, sir.

Q. It was an open report, and not a sealed paper, as I presume?—A. I do not remember about whether it was sealed or not.

Q. Who moved that the president of the company should execute the articles of consolidation?—A. I do not recall it. You name me as doing it, but I do not recollect the routine of the business there.

Q. This is the entry: "On motion of Mr. Sage, seconded by Mr. Ames, it was resolved that the president of this company be authorized and directed to execute on behalf of this company the said articles under the corporate seal, and also any other necessary papers, contracts, and deeds, and to do all acts necessary to carry the same into effect."—A. I have no doubt I made that motion.

Q. Do you remember the vote on that motion?—A. I do not; I believe it was unanimous.

Q. Do you remember whether there was any objection made by anybody?—A. I do not remember any objection. The thing was being discussed there, and we tried to harmonize matters, as all boards do, to have our action unanimous.

Commissioner ANDERSON. There is no record of this meeting to show that this matter had been discussed until you made this motion.

The WITNESS. That would not follow. We might have discussed it an hour or two or four hours, and that would not have appeared.

Q. And you might have discussed this two or three days before?—A. Certainly; that is very likely. It was a matter that was discussed from the time of our letter of the 16th, eight days before, but I do not remember seeing anything of it until it was presented by the president to the board on the 24th of January.

A GOVERNMENT DIRECTOR AGAINST THE CONSOLIDATION.

Q. Do you remember that any Government director voted against this resolution; did Mr. Chadwick?—A. I do not remember.

Q. Do you remember Mr. Chadwick?—A. Yes, sir; I had but very slight acquaintance with him.

Q. Where is he now?—A. I do not know.

Commissioner ANDERSON. Can you tell me, Mr. Holmes?

Mr. HOLMES. No, sir; I do not know.

A GENTLEMAN IN THE ROOM. He is dead.

Q. It appears that he voted against the consolidation, and his was the only vote; do you remember that circumstance?—A. It rather occurs to me now that that was so; I never had much acquaintance with Mr. Chadwick; I think I only met him once or twice there, and then only for an hour, perhaps.

Q. Now, that I named Mr. Chadwick, do you remember whether he made any argument, or said anything, as to his views?—A. No, sir; I think not; I think he defined his position simply by giving a vote.

Q. You do not think he gave any reasons at all?—A. I do not think so; I do not remember them.

Q. Do you remember that Mr. Buckland was there?—A. I could not recall him.

Q. Do you remember whether any director there present declined to vote?—A. I do not remember.

Q. You say that you think you were elected a director of the Kansas Pacific, was it not at this same time, in January, 1880?—A. I do not remember the date.

MEETING OF KANSAS PACIFIC BOARD TO ACCEPT CONSOLIDATION.

Q. Do you remember the fact that there was a meeting of the Kansas Pacific board on the same day for the purpose of accepting and carrying this consolidation into effect, and that it was held in the same building?—A. I presume there was.

Q. Did you know all the directors of the Kansas Pacific?—A. I could not recall them all now.

Q. Were not most of them also directors in the Union Pacific?—A. I think most of them were.

Q. I will read to you from the minutes of the meeting held of the Kansas Pacific, a list of the directors whom the minutes show were present, Messrs. Dillon, Ames, Sage, Usher, Edgerton, Dodge, Ham, Greeley, and Cammack, do you think you were present at that meeting?—A. Yes.

Q. I will now read the minutes: "The president of the company presented the resignation of Mr. Jay Gould as a director of this company, dated the 10th day of January, 1880, and accepted by him as of that date." Do you remember the fact that the president produced that resignation?—A. Yes, sir.

Q. This was the resignation dated the same date as the resignation in the Union Pacific, was it not?—A. Yes, sir.

Q. "On motion of Mr. Sage, seconded by Mr. F. L. Ames, it was resolved that said resignation be accepted, and the president's action in this regard ratified." Do you remember that you moved that, and Mr. Ames seconded it?—A. I presume so, if the record says so; I have no doubt of it.

Q. Now, that you find that Mr. Gould resigned both of these positions in these two companies on the same date, and that you presented both of these motions, does not that refresh your mind that there was a motive for this resignation, and that it was explained to you why he resigned?—A. It was not explained to me; it came up there as a part of the business of the board.

GOULD HAD NOT TOLD WITNESS OF HIS INTENDED RESIGNATION.

Q. Are you positive, and will you swear that Mr. Gould had not told you the day before that he intended to take this action, and wished you to make this motion?—A. Yes, sir; I have no recollection of his having spoken to me about it.

Q. Are you prepared to swear that he never did, and no one did on his behalf?—A. I do not recollect his telling me; he may have told me, but I doubt it. He is not in the habit of telling things until they are done. That is my experience with him.

Q. You do not recollect feeling any surprise at this resignation, either?—A. I knew that he had a reason that was satisfactory to himself, and that he did not send that in there as a mere pastime. It was business, and therefore for the board to act upon.

Commissioner ANDERSON. It was "*business*"?

The WITNESS. It was business that came before the board, and we acted upon it accordingly.

Commissioner ANDERSON. As they say, "it meant business"?

The WITNESS. It would be very strange indeed if a man of Mr. Gould's intelligence and standing would send in a communication unless he expected his associates, one way or the other, to act upon it.

Q. I know that; but when we find him restored to his position as director a few hours afterwards, and also that he was selling a large amount of peculiar securities to the company, it seems extraordinary that you do not know that the motive was that he had been told that he could not, while a director, sell his own securities to the company. That is a singular thing that you did not recognize that as being the controlling motive. After you made that motion, the resignation appears as follows:

GOULD'S RESIGNATION.

NEW YORK, *January 10th*, 1880.

To Mr. SIDNEY DILLON,
President of the Kansas Pacific Railway Company:

I hereby resign my place as a director of your company and as a member of the executive committee.

Do you remember that letter?—A. Yes, sir.

Q. You held it in your hand, I presume, at the time you made this motion, did you not?—A. No, sir; that does not necessarily follow. I presume the president presented it, and the secretary read it, and the motion was made, as is the customary thing in all boards of directors of corporations.

Q. Had you noticed any difference in anything that Mr. Gould had done in regard to this company for a week before these meetings were held? Do you recall any change?—A. I do not know of any.

Q. Everything went on just as before?—A. I do not recall any special change.

Q. As far as directions to bring this suit, and consultations in regard to the preparation of these articles of consolidation, and everything

else, you cannot recall any change in Mr. Gould's transactions that preceded these meetings?—A. I knew nothing of them.

Q. If you had been asked on any day between the 10th day of January and the 24th day of January, "Has Mr. Gould ceased to be a director in the Union Pacific, or in the Kansas Pacific," what would your answer have been before you knew of this letter?—A. I should have said I had no knowledge of any change.

Q. There was nothing that occurred in the shape of his giving up his office, or ceasing to discharge his duties, that would have led you to think he was no longer a director?—A. I did not notice. My office is in William street, and his, I believe, was up on Nassau street. I was not in the way of seeing him. I only saw him in a meeting.

Commissioner ANDERSON. You have told us that you saw Mr. Gould quite frequently during these days.

The WITNESS. After 1880?

Commissioner ANDERSON. I mean during this week, when this suit was discussed, and the Denver Pacific stock was bought.

The WITNESS. I occasionally called in. Perhaps not once a week. After he moved into the new offices, I saw him every day.

Q. The next thing that appears is this: "On motion of Mr. Edgerton, Mr. F. G. Dexter was unanimously elected to fill the vacancy occasioned by the resignation of Mr. Jay Gould." Do you remember that?—A. I remember it as you read it there; yes, sir.

Q. Then "the president reported that pursuant to authority given to this company by the laws of Kansas to purchase and hold the bonds and stock of any other railroad company, or companies, this company had bought the following bonds and stocks of roads whose lines, constructed or being constructed, connect with the road of this company, to wit:

REPORT OF STOCK BOUGHT.

"A majority of the shares of the stock of the Saint Joseph and Western Company at $20 per share. Also receiver's certificates of the Saint Joseph and Denver City Railroad and mortgage bonds of the Saint Joseph and Pacific Railroad Company and Kansas and Nebraska Railroad Company, since consolidated into the Saint Joseph and Western Railroad Company at par, $1,833,724.03.

"Also $784,000 Saint Joseph Railroad Bridge first mortgage bonds, and 4,000 shares of the stock of said bridge thrown in for the sum of $784,000 (for said bridge bonds and bridge stock).

"All of said sums the Kansas Pacific Company had agreed to pay on or before sixty days in the full paid stock of the Kansas Pacific Railway, or in the consolidated mortgage bonds of the last-named railway company at par." Do you remember the president reading that report?—A. Yes, sir; I do.

Q. Was there anything that struck you as peculiar about it when you heard it?—A. No, sir; I do not think there was.

Q. Was it news to you?—A. It had been talked over as being a desirable thing for the company to purchase those securities.

Q. It had been talked over?—A. Yes, sir; informally, by some of the directors.

Q. I call your attention to the fact that the report is not a suggestion, but that the report was that this company had bought the securities that I have enumerated, and had agreed to pay for them in a certain way. You knew that that had been done before the president read that?—A. I do not know; I do not recall the circumstances of that.

The president may have consummated the thing subject to the approval of the board; I do not remember.

Q. Did it not strike you as peculiar when the president read that report that he did not say from whom the company had bought these securities?—A. I do not know as it was.

Q. Were you not curious to know from whom that company had bought these several millions of dollars' worth of securities?—A. As I say, it had been a matter that had been talked over as to the desirableness of buying these securities, and controlling that thing, to prevent a competitive company getting in there.

REASON GOULD RESIGNED.

Q. You did not answer my question. Was it not curious that Mr. Sidney Dillon did not say from whom this purchase had been made?—A. It would have been a little more business-like to have inserted the name from whom he had purchased them.

Q. Who was the person named?—A. I do not know.

Q. Will you say on your oath that you do not know, and did not know, from whom that purchase had been made?—A. It had been made, I suppose, principally from Mr. Gould.

Q. You knew it at the time?—A. I only know what he reported to us.

Q. You knew that Mr. Gould held these securities, and that the talk was to buy Mr. Gould's securities from him, because it was desirable for the road to have them?—A. A great many other people owned those securities besides Mr. Gould.

Q. There was no negotiation to buy anybody else's securities pending, and no talk of anybody else's securities?—A. Oh, yes, sir; there had been talk about other holders of securities, to my own personal knowledge.

Q. Please tell us what other holders.—A. Other holders. There had been large numbers held in the street for years, and they were owned in Boston. They had been largely dealt in here, and acted in.

Q. It is sufficient for me to have you say that a larger portion of this was intended to be bought from Mr. Gould. Was not that the reason he resigned?—A. I do not know.

Commissioner ANDERSON. Not after I have read to this to you?

The WITNESS. No, sir; I did not know his reason.

Q. At the time this resolution was read in your presence you were a trustee of the Kansas Pacific consolidated mortgage. Is not that so? You were one of the trustees with Mr. Jay Gould?—A. Yes, sir.

SECURITIES TO BE PAID FOR WITH KANSAS PACIFIC STOCK OR CONSOLIDATED BONDS.

Q. When you heard these words read, that the company had agreed to pay for the securities that I have described in the full paid stock of the Kansas Pacific Railroad Company, or in the consolidated mortgage bonds of the last-named railway company, at par, did you say nothing?—A. I do not remember all the discussion. As I stated before, it had been a matter that had been talked over, as to the desirableness of acquiring these securities and thus preventing competition.

Q. Did you not know as a trustee that you had no right to agree to pay for these securities in consolidated bonds at par, without your consent had been given to it, and you were satisfied it would be an advantage to your trust?—A. We considered it so, and do now.

Q. I asked you what you did then.—A. I did then? I thought it was a desirable thing for the trust, and do now, as the result has proved.

Q. Did you, when you heard these words read, remember it as something that had been presented to you and you had agreed it would be a good thing to pay for these securities in consolidated bonds at par?—A. Undoubtedly, or we should not have done it. We regarded it for the interest of the property and the company; never changed our opinion for an hour.

Q. We are not disputing that. I am asking why it was you showed and felt no surprise when that sentence was read. If I should tell you now that I had agreed to issue a lot of your consolidated first mortgage bonds for some securities in South America, and you never had heard of the matter before, would you be surprised as you sit in that chair?—A. I should, certainly.

Q. And you would think that you ought to be consulted before you consented to do it?—A. There is some difference between property in South America and the Saint Joseph, which lay right alongside of the Kansas Pacific and Denver Road.

Q. If I had agreed to issue a million dollars of your bonds instead of Government bonds you would be surprised and would say you would have to be spoken to before any issue would be good, would you not?—A. Oh, yes, sir.

Q. Is it not perfectly clear that you had been consulted about this arrangement?—A. The president reported before that meeting was held. I said two or three times before that the desirableness of acquiring these things had been talked over, and this mortgage was made with a view of acquiring the various securities.

Q. Had you not agreed to the terms which are reported here of the issue of consolidated bonds at par for these securities which Mr. Dillon reported in your presence, and had you not made that agreement before that meeting was held?—A. I think not. I do not remember it, at any rate.

Q. Then please tell me when that was read in your presence and what you had to say about it?—A. It was considered there, after discussion, to be a desirable thing for the company to do and was approved by the board.

Q. The report, as read by the president, was this: "All of said sums the Kansas Pacific Company had agreed to pay on or before sixty days in the full paid stock of the Kansas Pacific Railway, or in the consolidated mortgage bonds of the last-named railway company, at par." That had been done before the meeting and before the report. Was that report true that Mr. Dillon read?—A. I do not remember the circumstances connected with it. I see it is an alternative—either full-paid stock, which was an act of the company to perform, or in the consolidated bonds.

Q. Do you believe that report was true that Mr. Dillon read in your presence?—A. I suppose it was true or else he would not have read it.

Q. Then the agreement to pay in consolidated bonds had been made before that time?—A. I do not recall any agreement as to that. He may have had a conversation with Mr. Gould in relation to it. I do not recall any agreement. I know no bonds were issued unless we had the securities to exchange for them.

Q. I will ask you who, as you are now informed, was the holder of these different securities—the Saint Joseph and Western and Kansas and Nebraska bonds and the others? I mean these particular securi-

They were afterwards bought and paid for.—A. I know. They were paid to different parties.

Q. No, sir; to one party. I will read to you the president's report of the purchase. Are you able to tell me through whom that purchase was consummated?—A. I am not.

Q. In referring to the delivery of certain shares of the Union Pacific Railway Company, after the consolidation on February 16, 1880, Mr. Mink reports as follows:

SECURITIES DELIVERED TO JAY GOULD.

February 16, 1880, delivered to Jay Gould in payment for the following securities:

Saint Joseph and Pacific first-mortgage bonds and scrip, at par	$1,020,204 23	
Kansas and Nebraska Railway Company's first-mortgage bonds and scrip	729,820 00	
		$1,750,024 23
Kansas and Nebraska Railway Company's second mortgage bonds and scrip		24,700 00
Kansas Central Railroad bonds	479,000 00	479,000 00
Kansas Central Railroad stock, 2,521 shares		
Saint Joseph and Denver City receiver's certificates		59,000 00
Saint Joseph Bridge Building Company bonds	784,000 00	784,000 00
Saint Joseph Bridge Building Company stock, 4,000 shares		
Saint Joseph and Western stock, 15,162 shares at 20		307,24000
Hastings and Grand Island bonds	375,000 00	60,204 25
Hall County bonds	75,000 00	
Total (34,641 shares)		3,464,168 48

I call your attention to the fact, in connection with the Saint Joseph Bridge Building Company's bonds, $784,000, and 4,000 shares, that in Mr. Dillon's report is this sentence: "Also $784,000 Saint Joseph Bridge first-mortgage bonds, and 4,000 shares of the stock of said bridge (known in)," and in the report I have just read you will find the 4,000 shares included, with nothing charged for them. I now ask you, are you not entirely satisfied that the securities reported by Mr. Dillon at the meeting of the Kansas Pacific, at which you were present, and which had been agreed to be paid for, either in full paid stock or in consolidated bonds, are the same securities, or are included in the securities, which I have read to you and which Mr. Mink reports were received from Mr. Jay Gould in payment of the stock of the Union Pacific Railway?—A. I assume, from what you have been reading there, that the arrangement was made with Mr. Gould. I will add, after a few moments reflection, I have no doubt that he represented a large number of the holders of these securities.

GOULD REPRESENTED A LARGE NUMBER OF HOLDERS.

Q. Who represented a large number of holders?—A. Mr. Gould, because they were very widely distributed and largely dealt in, and had been, I may say, for years. It was not a new thing. These things were sold here as Reading is sold over in Philadelphia and the world over.

Q. I dare say; but the only point I am making is, that at the meeting of January 24, 1880, it was reported in your presence that Mr. Jay Gould had sold about $3,000,000 or $4,000,000 of these securities to the company, to be exchanged for stock of the new company, at par, and that the report was made in your presence, and that you knew it?—A. I believe that he represented a large number of other people. That is a very common thing.

Q. Very possibly he did, or very possibly he did not. It is not material. "The president also reported a like purchase on behalf of this company of 7,616 shares of stock in the Central Branch Union Pacific Railroad Company for $1,826,500, to be paid for, one-half in Kansas Pacific consolidated bonds at par, issued under the mortgage of May 1, 1879, and the other half in Union Pacific collateral trust bonds, at par." This is your mortgage that is referred to as May 1, 1879. Were you present when that was read?—A. I presume I was, if my name is stated there as being present.

CENTRAL BRANCH SALE.

Q. What was that transaction in Central Branch?—A. The Central Branch was a sale of securities, and it was a very valuable piece of property; was then, and is now.

Q. Who made that sale to the company?—A. I do not remember distinctly now the transaction, but I know there was a sale made there by Mr. Gould, or some one. I guess it was made by Mr. Gould.

Q. Did you issue these bonds under your mortgage, in payment for this stock?—A. I think we did. That is my recollection of it.

Q. What precise book that you kept will show the issue of these bonds and the consideration you received in exchange for them?—A. Our securities will show.

Q. What precise book that you kept will show the issue of these bonds, and the consideration you received in exchange for them?—A. I was trying to get the thing clear in my mind. The transaction is not clear.

Q. The question now is, what book we are to call for?—A. Mr. Calef has kept the records of these transactions.

Q. Mr. Calef is sick to-day. Can you have the book brought around here which will show the issue of these bonds, and the consideration received in exchange for them?—A. He is sick.

Commissioner ANDERSON. Mr. Mink, you know what book we want?

Mr. JOHN F. DILLON. Mr. Calef is their secretary. I have never seen his book. Of course, Mr. Sage is mistaken in supposing that the trustees, under the terms of that mortgage, could issue any bonds, and enter into that transaction. The bonds could be issued only pursuant to the terms of that mortgage, and when the company got them they could give them for this purpose, if they were assets in the treasury.

Commissioner ANDERSON. Then the company's books will show the consideration received?

Mr. JOHN F. DILLON. That is it.

The WITNESS. That you can get at. The company owned them. Mr. Mink can furnish all that. The Union Pacific books will show the whole transaction.

Mr. JOHN F. DILLON. Mr. Mink thinks they show they were received from Mr. Gould.

Commissioner ANDERSON. Do you know from whom the sale was made?

Mr. MINK. Mr. Gould.

Mr. JOHN F. DILLON. There is no trouble about the facts.

Commissioner ANDERSON. But the trouble is we have not the books to show.

AFTERNOON SESSION.

RUSSELL SAGE, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. This trade that I have referred to, and which was reported

by Mr. Dillon, of 7,616 shares of the Central Branch Union Pacific stock for $1,826,500, which we have been told was Mr. Gould's stock, was negotiated, as to the terms, by whom, and which came to about $239 a share?—Answer. I think the negotiation was made by Mr. Dillon.

Q. You think it was between Mr. Dillon and Mr. Gould?—A. That is my recollection.

Q. I am not talking now about the present condition of the Branch road; but at that time were you familiar with its earnings and operating expenses?—A. I was not very familiar; I got my information from others.

Q. Do you know now what its bonded indebtedness is?—A. I could not give it to you without reference to reports.

LIABILITIES OF CENTRAL BRANCH.

Q. Assuming that its total capital stock is $1,000,000, and the bonded indebtedness is $2,230,000, exclusive of the Government debt—it is one of the roads that has been aided by the Government—it owes the Government $1,600,000 for bonds; for arrears of interest to the Government a net amount of $1,476,687.88, and also amounts payable, of $103,667.16; making a total of liabilities of $6,410,355.04, and that for assets it had its road, the cost of which is given at $3,939,544.07; cash on hand, $2,409.69; investments, being certain stocks that the company holds, $123,737.76; bills and accounts receivable, $279,081.11; and that in order to make up the total obligations that I have mentioned to you there is a deficiency of assets amounting to $2,065,580.41. Assuming that to be the condition of that road, that its assets are over $2,000,000 less than its total obligations, would you consider it a prudent thing to pay $239 a share for its stock?—A. I have always understood that it was a very valuable piece of property, and that it possessed a great value now, and has ever since I knew anything about it, or heard anything about it.

Q. The figures that I have read to you are from the balance sheets for 1884. I again ask you, would you pay $239 a share for the stock of a road where the indebtedness exceeded its assets by $2,000,000?—A. That would seem to be a pretty high price on that statement; but, of course, you would want to take in the whole surroundings and the control of the property, its connections with other property, to give an intelligent answer to so sweeping a question as that.

Q. Did you know at the time this meeting was held in January, 1880, whether this road had ever paid any dividend on its stock?—A. I do not know; but, as I have stated before, I have always been informed that it is a very valuable piece of property, and from its earnings——

Commissioner ANDERSON. You have told us, and there is no necessity for getting it on the record so often, that you have been told it was a very valuable piece of property.—A. I was telling you what I had heard about its earning capacity.

Q. I ask you whether, as early as January, 1880, it had paid any dividends?—A. I do not remember whether I heard or not.

Q. Did it pay any dividends in 1881, 1882, or 1883?—A. I cannot tell you whether they paid dividends or not.

Q. Do you know whether it has ever paid any dividends?—A. It is leased and they get the net earnings, and the president of the Union Pacific represents that the property is earning about 10 or 12 per cent.

PRESENT EARNINGS OF CENTRAL BRANCH.

Q. Now?—A. Yes, sir.

Q. My question addresses itself to all these years between the time when Mr. Gould sold it at $239 a share and the present time?—A. He was probably anticipating what is coming true now.

Q. He was anticipating in 1880 that it would be a 10 per cent. road in 1886, and, therefore, charged $239?—A. If my memory serves me right, the earnings are larger than I stated them to be now, and have been for years past. It is a very valuable piece of property. Everybody who knows anything about railroads out there knows that to be so.

Q. But, so far as the year 1880 is concerned, you did not know at the time that it had earned any dividends, and you did not know what its financial condition was when you were present in this board in 1880?—A. I only knew from the reports that were before me at the time and its connections with the roads south and north.

Q. I will read to you from the report of the company of 1884 a statement of its net earnings, not including charges for rent for leased lines, or for taxes, or for interest on the bonds. The net earnings in 1880 were reported at $307,233.76; the fixed charges on the mortgage bonds were $140,000; and the rents paid for leased lines were $287,375, making over $500,000 against net earnings of $307,000. The net earnings for 1881 were $328,346.23, and for 1882 $441,298.38; in each year the net earnings being less than the rents of leased lines and fixed charges. Did you know these facts during the years 1880, 1881, and 1882?—A. No, sir; I have not had occasion to look at them since.

Q. After the president had reported the sale of this stock at the price of $239, as derived from the number of shares, and the price named by him, this took place:

On motion of Mr. Russell Sage, seconded by F. L. Ames, it was

Resolved, That the action of the president in the purchases of the said bonds and stock, and each of said purchases be, and each of them is severally ratified and approved, and it is further ordered that all the said stock be held and registered in the name of Sidney Dillon, trustee, and that the said bonds be deposited with the treasurer of this company, which resolution was unanimously carried.

Do you remember making that motion?—A. I presume I made it, or else it would not be there.

APPROVAL OF THE PURCHASES.

Q. Then you approved of the purchase of the Union Branch stock at $239 a share?—A. I approved the doings as recorded there, I have no doubt.

Q. And you approved of paying Mr. Jay Gould for the Saint Joseph and Western securities at the price which had been reported by the president?—A. I approved of all that this record shows. It shows for itself.

Q. Was anything further said in the board about these matters than you have told us?—A. I do not remember anything. It is a long time ago.

Q. All that you remember is that the president made this report, and you made this motion to confirm it?—A. Oh, it had been considered and discussed, of course, before that was adopted. That was a mere *pro forma* conclusion, after consultation and consideration of the whole matter.

Q. What consultation and consideration in regard to the Union Branch business do you remember?—A. I remember it was discussed as to its value. I want to say that it was considered a very valuable line, and

is now and has been ever since, in my judgment, to-day. If the Union Pacific wanted to part with that property, they could part with it at a very high price on that stock.

Q. Who made the representations in that board in regard to the Union Branch?—A. They were made by the different members who were familiar with the value of it. Mr. Dillon and Mr. Ames and other gentlemen who knew about it particularly.

Q. Were the figures of its gross earnings and its operating expenses stated at that meeting?—A. Oh, yes, sir. They were read over there and discussed very fully, because it was regarded as a very important piece of property for the Union Pacific Company to have the control of.

Commissioner ANDERSON. I call your attention to the fact that the reports of the Union Branch for that road show that it did not earn its fixed charges of $200,000.

Mr. JOHN F. DILLON. In what year?

Commissioner ANDERSON. In 1880.

The WITNESS. I have known property that did not earn its fixed charges that was sold at a very high price, and did possess very great value. Vacant lots up here in New York are worth $300,000 or $400,000. That does not always follow as to value.

Commissioner ANDERSON. Very likely not, but you do not pay $250——

The WITNESS (interposing). Yes, sir; property that sold at 16 cents in the last five years sold for $1.80.

Q. As a trustee, would you not be guided by the earning capacity of the road and its financial history up to that date, before advocating such a purchase at the price of $239 a share?—A. I should take that into account, certainly.

Q. Have you any reason to give for your vote in favor of this transaction, any further than you have stated, which will show that it was a prudent and proper thing to do as based upon the reports of its earnings at the time?—A. Nothing except, as I say, the general discussion that took place there and its geographical commanding position in connection with the roads south and north, and east and west. It was a very valuable piece of property then, and I want to repeat it again, and I cannot repeat it too strongly, that it is to-day.

Q. Did you know from whom Mr. Gould bought his shares of stock?—A. I did not.

Q. Did you know how much that stock had cost him?—A. I did not; I look upon it as a very valuable piece of property.

Commissioner ANDERSON. We have had that twenty times already.

The WITNESS. It is not my fault.

Q. Did you ask Mr. Gould what that stock had cost him?—I do not recollect that I did.

NEVER OWNED A SHARE IN CENTRAL BRANCH.

Q. Did you ever own any of that stock yourself?—A. I never owned a share in it.

Q. Did you ever know of its being sold in the market?—A. I cannot say that I did. It had been considered a very choice stock.

Q. I have asked you only if you ever knew it to have been sold in the market?—A. I do not know; I never had any myself.

Q. Have you ever heard of a sale of that stock in the market, or of any other shares of that stock than this stock?—A. I cannot particularize any particular sale of it.

Q. Did you ever hear of any quotation of that stock that approximated $239 a share?—A. I have heard it spoken of as being the most valuable stock that was connected with the whole system there.

Commissioner ANDERSON. That you have said two or three hundred times.

The WITNESS. No; I beg pardon, I have not said it so often.

Q. Have you ever heard of any transaction in that stock at a figure approximating $239 a share?—A. I have answered that I did not recollect any such transactions.

Q. The next proceeding at this meeting related to a lease of the Saint Joseph and Western road, which does not appear to bear directly on the question of the transfer of securities by Mr. Gould to the Kansas Pacific Company, although, if it does, you may explain it. I then pass to the following matter that was brought up:

GOULD OFFERS KANSAS CENTRAL FIRST-MORTGAGE BONDS FOR SALE.

There was also presented the draft of a conditional offer to this company by Mr. Jay Gould for a sale to this company by said Gould of $479,000 of the first mortgage bonds of the Kansas Central Railroad, and of such other bonds as the said Gould may hereafter receive from the extension of the road now being built, and for the conditional offer of sale by him of 2,521 shares of the stock of said Kansas Central Company for the sum of $479,000.

Do you remember that that matter was brought up?—A. I do not recollect anything, only as you read from that now.

Q. You were present at the meeting?—A. Yes, sir; I was.

Q. Did you know anything at that time about the Kansas Central Company?—A. I knew what was said there; I do not know particularly; I do not know personally.

Q. Where is the Kansas Central Company?—A. It is in the State of Kansas.

Q. Is that all you can tell us about it?—A. I never passed over the road; I know very little about it.

Q. Do you know how many miles long it is?—A. I do not; I cannot answer that question.

Q. Do you know from what city it runs?—A. I have answered you I have never passed over it and could not tell you.

Commissioner ANDERSON. I know you have answered that, but I am endeavoring to see if you have any knowledge about the road at all.

The WITNESS. I only know what is represented there, and what is contained in the reports, but I have not read them recently.

Q. Do you know in what condition that road was when you were present at this meeting?—A. Nothing only what is represented there.

Q. Do you know how far it had been built or what it had cost?—A. I do not recollect now.

Q. Did you know anything about its earnings at the time?—A. I do not recollect.

Q. After the report which I read to you had been made, then this was done:

On motion of Mr. D. M. Edgerton, seconded by Mr. F. Gordon Dexter, it was,
Resolved, That said conditional offer be approved, and the president of this company be directed to execute an instrument showing such acceptance.

Do you recollect that?—A. I do not recollect anything, only as you read it there.

Q. Do you recollect exclaiming or protesting against any acceptance of that offer?—A. No, sir; I do not.

Q. Do you know anything about the subsequent history of the Kansas Central and its present accounts?—A. No, sir; very little.

NOT A DIRECTOR OF THE UNION PACIFIC.

Q. Are you still a director of the Union Pacific?—A. No, sir.

Q. Up to what day did you remain a director?—A. About three years ago, I think.

Q. Did you interest yourself any in finding whether this Kansas Central ever earned the interest on its fixed charges?—A. I have not investigated that; I was not on the finance committee and did not investigate it particularly.

Commissioner ANDERSON. Still you had been present on the occasion when this security was acquired, and you might take some interest in ascertaining whether it paid its fixed charges or not.

The WITNESS. Yes, sir; I knew generally. It was a new road, and was acquired to prevent a competitor there in getting business and cutting rates.

Q. Did you know that that road had been foreclosed shortly before this meeting?—A. I did not; I do not recollect it. Large corporations are compelled to acquire these branch roads to protect the main lines, many times, that do not prove to be very remunerative directly, but indirectly are a great saving to the treasury of the main system.

Q. I dare say; but when they are obliged to pay to their own directors two or three times what the securities are worth to do that, it may not be a very desirable thing. Immediately after the transaction that I have reported to you the president of the company, Mr. Dillon, read to the board a communication and report, dated January 16, 1880, from G. M. Dodge and Solon Humphreys, in respect to the proposition to make a consolidation with the Kansas Pacific Railroad Company and the Denver and Pacific Railway and Telegraph Company, and the president laid before the meeting for consideration the articles of union and consolidation. Do you recollect that transaction?—A. Yes, sir; I remember his presenting a communication from General Dodge and Mr. Humphreys.

THE CONSOLIDATION MEETINGS.

Q. Do you remember at what hour of the day it was that this meeting began in this building, No. 80 Broadway?—A. I do not recall the hour; I do not think they were all called at a uniform hour; but I think it was 12 o'clock usually.

Q. At 12 o'clock, about?—A. Yes, sir.

Q. Do you remember how these meetings were held? Which was held first?—A. I do not remember that.

Q. The same men being largely in both companies, you had to move from one room to the other, or at least you had to move to different parts of the rooms to hold your separate meetings, did you not?—A. We could not have been in both rooms at the same time very well.

Q. Did you hold the meetings in different rooms—the meeting of the Union Pacific and the meeting of the Kansas Pacific?—A. My recollection is that there were two rooms occupied by the two companies.

Q. I call your attention to the fact that the Union Pacific meeting adjourned at 1 p. m., and reassembled at 3.30. Is it not your recollection that the meeting of the Kansas Pacific was held after the Union Pacific meeting was adjourned?—A. I do not remember whether it was after or before.

Q. The minutes show that the president laid before the meeting for consideration the articles of union and consolidation. Is it not your recollection that they were laid before the Kansas Pacific after they

had been laid before the Union Pacific Company?—A. I do not remember whether it was before or after.

Q. The minutes show that the whole proceedings in the Union Pacific were completed by 3.30 o'clock, at which time they reassembled and the articles had been signed. Is it not your memory, therefore, that the whole proceedings of both these boards, including recess and signing the articles of consolidation, must have taken place between 12 and half-past 3 o'clock?—A. It would appear so by the record, and I should be governed by the record rather than by my memory.

Q. You recollect nothing that is different from that, or that makes you think it took longer?—A. No, sir; nothing that I can think of.

Q. The record then shows that it was

STOCK-BOOKS CLOSED.

Resolved, That whereas this company, the Kansas Pacific, has agreed to unite and consolidate with the Union Pacific Railroad Company, and the Denver Pacific Railroad and Telegraph Company, into the Union Pacific Railway Company, that the stock-books of this company be closed.

That was the same resolution passed by the Union Pacific. Can you recall the resolution?—A. No, sir.

Q. You do not remember that?—A. No, sir.

Q. Then a resolution was passed to make suitable conveyances to carry the whole business into effect. After this had been finished, I call your attention to the following resolution, just at the end of the meeting:

ISSUE OF STOCK.

On motion by Mr. Sage, seconded by Mr. Edgerton, it was

Resolved, That the 6,242 shares of the authorized capital stock of this company remaining unsubscribed and unissued may be issued, and the president and secretary are hereby authorized to execute certificates therefor in payment for the first coupon on the consolidated bonds, and for other indebtedness of the company.

Q. Do you remember moving that?—A. I do not, but I presume I did from the reading of the record.

Q. What other indebtedness was it that that stock was applicable to?—A. I do not remember for the moment.

Q. To whom did that stock go?—A. I cannot tell you that; it was done a good while ago, and I do not remember.

Q. How did you come to make that motion?—A. I do not remember; it was a part of the business of the meeting there, and I was a mere representative of the meeting in moving it; that was all.

Q. All the business had been done, and the consolidation had been effected, and the Kansas Pacific stock here referred to was provided for, and was entitled to exchange itself into the stock of the new company. What was the object, therefore, in providing that it might be issued to pay other indebtedness of the Kansas Pacific?—A. Well, there might have been other claims that it was apprehended might arise that it would be necessary to make some provision for, and there might be a falling off in earnings so that they would not be able to pay the interest; that is a very common thing in railroad corporations, to authorize the president to use the credit of the company to provide for any contingency of that kind.

Q. Is that all you can tell us about it?—A. I do not remember; I cannot recall it.

Q. Do you not know that that stock was issued to pay certain claims that existed against that company then, and that it was issued very

hortly after that meeting?—A. I do not remember it; I do not recall the ransaction.

Q. Do you know to whom the stock went?—A. No, sir; I do not.

Commissioner ANDERSON. Mr. Mink, you have not got that little statement we called for as to the issue of that stock?

Mr. MINK. I have not. My recollection is that about two-thirds of it went into the treasury of the company, and was disposed of in the place of those securities. As to the other ones, I do not remember how it was. It was all entered on the books of the company, and will appear in the account.

Q. Do you know whether, at the time this resolution which I have just read was passed, Mr. Gould was, in fact, on the books of the Kansas Pacific Company a creditor of that company?—A. I do not.

Q. Do you know whether he advanced any moneys that had been used to pay any arrears of interest on coupons?—A. I do not remember it now.

Q. What branches of either the Kansas Pacific or the Union Pacific have you had an interest in from 1878 until the time when you ceased to be a director?—A. I think there is one extension that I have some stock in, and but one, of the Union Pacific road; I have no interest in any other branches that I remember.

OWNS STOCK IN THE UTAH NORTHERN.

Q. What road is that you refer to?—A. I think it is the Utah Northern; I can get my book and give it to you.

Q. The Saint Joseph and Western you have already told us you were interested in?—A. Yes, sir.

Q. Have you that statement of your transactions with the Saint Joseph and Western?—A. No; I did not have time. I went out and got my lunch. I will give it to you hereafter.

Q. The Saint Joseph and Denver, and Kansas and Nebraska, and Saint Joseph and Pacific, and Saint Joseph and Western, we understand, are all the same thing, are they?—A. Yes, sir.

Q. Did you have any interest at all in the Denver, South Park and Pacific road?—A. Yes, sir.

Q. You did have an interest in that?—A. Yes, sir.

Q. What was your interest in that road?—A. I think I bought of Governor Evans some of his stock and securities.

Q. When did you buy that stock from Governor Evans?—A. I cannot tell without reference.

Q. Was your purchase made about the same time Mr. Gould had a negotiation with Governor Evans?—A. That is my recollection.

Q. At what rate did you buy your stock?—A. I do not remember; I have not carried it in my head.

Q. Can you furnish us that transaction from your b oks?—A. I think so.

Q. Do you know whether you gave more than par for it?—A. I do not recollect what I did pay.

Q. Did you know anything about the circumstances of the transaction between Mr. Gould and Governor Evans?—A. I heard it talked over.

Q. By whom and between whom?—A. I heard it talked over with Governor Evans himself; I went over the road with him.

Q. Was Mr. Gould along?—A. Yes, sir.

Q. Did they reach any conclusion?—A. I think not, then—

Q. What was Governor Evans asking for the road?—A. I do not remember the price; it was a very high price; he is a pretty high-priced man. A pretty high road.

Q. Do you still own your interest in this road?—A. I own some of the bonds; yes, sir.

Q. How many of the bonds do you own?—A. I think I own fifty of them.

Q. $50,000?—A. Yes, sir.

Q. When did you buy them?—A. I cannot tell you that without reference to the books.

Q. Did you hold them for a long while?—A. Yes, sir; I have owned them for some time.

Q. From whom did you buy them?—A. I cannot relate the circumstances; I can furnish you an abstract from my book; I can give it to the Commission.

Q. Do you remember what you paid for them?—A. I do not remember; as I said before, I do not carry it in my mind.

THE POOL.

Q. Do you know, as a matter of fact, that this road has not earned its fixed charges for some time past?—A. It is reported so, because they have made a pool arrangement to divert its business in another direction. I understand that is the reason why it has not earned it.

Q. Are the bonds now in default?—A. Yes, sir.

Q. For the last coupon only?—A. Yes, sir; the last coupon.

Q. But you have received your coupons regularly ever since you owned the bonds until these last ones?—A. Yes, sir.

Q. Are you aware that the company paid something like 150 for this stock to Governor Evans, subject to $1,800,000 of bonds?—A. I do not remember what was the price paid for it; my recollection is that it was not as high as that; I think it was about par.

Q. You think it was about par?—A. Yes, sir.

MR. HUNTINGTON EXCUSED TO GO TO EUROPE.

Mr. C. P. HUNTINGTON. Will you excuse me for interrupting you?

The CHAIRMAN. Yes, sir.

Mr. HUNTINGTON. I have been expecting to be called here every day since I was here before. As I have not been called, I want to go away from here next week, and I wish you would use me if you want me before that time. I want to be gone thirty days.

Commissioner ANDERSON. Where are you going?

Mr. HUNTINGTON. I am going to Europe.

Commissioner ANDERSON. How long will you be gone?

Mr. HUNTINGTON. Probably not longer than thirty days. My family are going over, and I want to take a little ocean voyage, and I am coming right back.

The CHAIRMAN. We will notify you after that date.

Mr. HUNTINGTON. I am obliged to you.

Q. I understood you to say you bought both stock and bonds?—A. That is my recollection.

Q. Have you parted with your stocks?—A. Yes, sir.

Q. Did you sell that to the Union Pacific Company?—A. I think so.

Q. How long ago was that sale made?—A. I cannot tell without reference.

Q. Do you not know what price you got for that stock?—A. I do not remember now.

Q. Do you not know that you made money on it, and got more than you gave?—A. Quite likely. That is what we trade for.

Q. I find from the report that the Union Pacific owns $6,042,500 out of a total stock of $6,142,800. Were you aware that the Union Pacific held this amount of stock while you were a director?—A. I was aware that they had made an arrangement, or had acquired it. It was regarded as a very desirable thing for the company to own it in order to control that business there.

Q. Do you remember how much of this stock you yourself sold to the company?—A. I do not.

Q. Do you remember whether all the rest of it that you did not buy was acquired or controlled by Mr. Gould?—A. I do not know that.

Q. Do you know whether he sold it to the company at the same price at which he bought it from Mr. Evans?—A. I do not know that.

Q. Or whether he made any profit out of it?—A. I do not know.

Q. As to the rest of these branch roads, can you specify whether there were any others in which you had transactions in the stocks or bonds?—A. I do not remember any.

Commissioner ANDERSON. I will read the list over to you, and then you may remember, because your memory is apt to be helped a great deal.

Commissioner LITTLER. I will read it, as I have them here.

LIST OF BRANCHES IN WHICH WITNESS HAD TRANSACTIONS.

By Commissioner LITTLER:

Q. The Central Branch Union Pacific you have already testified about?—A. Yes, sir.

Q. Atchison, Colorado and Pacific?—A. No, sir.

Q. Atchison, Jewell County and Western?—A. No.

Q. Colorado Central?—A. No.

Q. Denver and Boulder Valley?—A. That I have spoken of, but that I owned some bonds in.

Q. You now own some?—A. Yes, sir.

Q. Denver, South Park and Pacific you have already testified to?—A. Yes, sir.

Q. Echo and Park City?—A. No.

Q. Golden, Boulder and Caribou?—A. No.

Q. Greeley, Salt Lake and Pacific?—A. No.

Q. Junction City and Fort Kearney?—A. No

Q. Kansas Central?—A. No; I think not.

Q. Lawrence and Emporia?—A. No.

Q. Marysville and Blue Valley?—A. No.

Q. Manhattan, Alma and Burlingame?—A. No.

Q. Manhattan and Blue Valley?—A. No.

Q. Nevada Central?—A. No.

Q. Omaha and Republican Valley?—A. I think not.

Q. Omaha, Niobrara and Black Hills?—A. No.

Q. Oregon Short Line?—A. No.

Q. Salina and Southwestern?—A. No, I think not. This belongs to the Kansas Pacific, I take it, that you are talking about now.

Commissioner ANDERSON. Mr. Sage means there is another corporation of that name connected with the Missouri Pacific.

The WITNESS. Yes, sir.

Q. Solomon?—A. No; I do not remember.

Q. Saint Joseph and Western you have already testified about?—A. Yes, sir; I stated that.

Q. Utah and Nevada?—A. No.

Q. Utah and Northern?—A. That is the one I spoke of to-day.

Q. Utah Central?—A. No.

Q. Colorado Western?—A. No.

Q. Leavenworth, Topeka and Southwestern?—A. No.

Q. Loveland Pass Mining and Railroad Tunnel Company?—A. No.

Q. Montana Railway Company?—A. No.

Q. Georgetown, Breckenridge and Leadville Railway Company?—A. No.

Q. South Park and Leadville Short Line Railroad Company?—A. No.

Q. Salt Lake and Western?—A. No, sir.

By Commissioner ANDERSON:

Q. Now about the Utah and Northern; what interest did you have in that?—A. I will look it up and give it to you. I have got a little stock in that company that I have owned for several years.

Q. Do you know anything about the circumstances under which the Union Pacific acquired its interest in the Utah Northern?—A. I cannot give it to you. I should have to ask to investigate the matter and give you a statement.

Q. Will you give us a statement of your interest?—A. Yes, sir.

Q. Do you know anything about what happened when the Union Pacific got its interest in the Utah Northern?—A. I could not say.

Q. Do you know Mr. Joseph Richardson?—A. Yes, sir.

Q. Do you know that he had any connection with this road?—A. I do not know enough about it to speak of it intelligently here to the Commission, or I should give it with great pleasure.

Q. Have you any books or papers from which you can ascertain what this road actually cost to the Union Pacific?—A. No; I do not think I have.

Q. Have you been over the road?—A. No, sir; not over the whole of it. I have only been over a portion of it.

Q. Have you any of the bonds?—A. No, sir.

STILL OWNS ORIGINAL STOCK.

Q. Have you got all of the stock that you originally bought?—A. Yes, sir.

Q. You never parted with any of it?—A. I think not; that is my recollection now.

Q. You do not remember what you paid for it?—A. No; I do not.

Q. You say about the Oregon Short Line that you never held any of its securities?—A. No, sir; never.

Q. No bonds or stocks?—A. No bonds or stocks.

Q. In addition to the statement which we have asked you to furnish in regard to your dealings in Saint Jo and Denver and the Kansas and Nebraska bonds, which you are having prepared, will you furnish us with a statement of the number of shares of stock of the Union Pacific, of the Kansas Pacific, of the Utah Northern, and the Denver and South Park stock and bonds, and the number of bonds or amount of bonds of the Union Pacific and Kansas Pacific and of the Denver Pacific, which represented your ownership just before the consolidation on the 24th of

January, 1880?—A. If you will give me a statement of what you want I will furnish them.

SHARES HELD AT TIME OF CONSOLIDATION.

By Mr. JOHN F. DILLON:

Q. I understand you to have stated that at the date of this consolidation you held 8,877 shares of Kansas Pacific?—A. Yes, sir.

Q. Those were $50 shares?—A. Yes, sir; "half shares" we call them.

Q. That would amount to about $443,000?—A. Yes, sir.

Q. That you had 758 consols?—A. Yes, sir.

Commissioner LITTLER. What do you call consols?

Mr. JOHN F. DILLON. Kansas Pacific consols.

Commissioner LITTLER. When you say consols, we understand you to refer to Kansas consolidated bonds.

Mr. JOHN F. DILLON. Yes, sir.

Q. Of the par value of $758,000?—A. Yes, sir.

Q. And that you held in January, 1880, $181,000 Saint Joseph and Pacific bonds?—A. Yes, sir.

Q. At their par value that would be $181,000?—A. Yes, sir.

Q. It is claimed they are worth very much less; the Kansas and Nebraska $116,900?—A. Yes, sir.

Q. And that you held Boulder Valley bonds $94,000?—A. Yes, sir.

Q. That would amount in round numbers, taking them at their par values, to $1,600,000 about?—A. Yes, sir.

Q. You say you held 14,700 shares of Union Pacific stock?—A. Yes, sir.

Q. Which at the par value would amount to $1,470,000?—A. Yes, sir.

Q. You now state that you have some Utah Northern stock!—A. Yes, sir.

Q. How much of that do you remember?—A. I cannot recall it, but I think it is 300 or 500 shares. I do not remember which. It is not large enough.

Q. That shows that your pecuniary interest in the one road may, for the purpose of the inquiry I am about to make, be assumed to be not far different from your pecuniary interest in the other at that time?—A. Yes, sir.

REASONS FOR CONSOLIDATION.

Q. What were the reasons, if you can recall them, which under those circumstances induced you to vote for the consolidation of these two properties?—A. The consideration in my mind was, after long discussion and consideration, that it would be a conservative act, and it would keep out new competition; and I believe it has done so—that it did so, and saved a great many millions of dollars to the treasury of the Union Pacific road. The Chicago, Burlington and Quincy had got into Nebraska between the Union Pacific and the Kansas Pacific, and they were very enterprising, as all railroad men know, in pushing forward; and by negotiation and management we kept them off for several years from extending their line to Denver. But they are there now, and I suppose they will not stop short of Ogden, and I do not know but they will go to the Pacific coast. After a good deal of reflection, the gentlemen associated in the property thought it was a wise thing to prevent the consumma-

tion of any new competition that might lower the tariff rates and divert business and depreciate the property. Under that consideration, with the fact that those who were associated with me thought that this was the wisest thing to be done, I yielded, as I said before to the Commission here, my own preferences and consented to this consolidation. I believe to-day, as I did in the commencement, that the Kansas Pacific would have been worth more to the Missouri Pacific system than we got for it in the consolidation, but the other considerations seemed to be controlling with the gentlemen in charge of the property, and I acquiesced with the sentiment that was dominant in the two roads.

Q. Your motive was not any pecuniary advantage to yourself as the holder of Kansas Pacific security or shares, but your judgment was that that was for the best interests of the whole properties—both of them?—A. I acquiesced in that. My judgment was that it was not best for my Kansas Pacific interest. I adhere to that to-day. That is my best judgment to-day—that it would have been better for me not to have consented to it.

Q. Your securities are generally regarded as pretty good?—A. Yes, sir.

Q. Now, was this scheme of consolidation with the Union Pacific properties, as it was finally carried out, one which you advocated and urged on the Union Pacific party?—A. Certainly not. I was the last one. My individual preferences would have been to have adhered to the Kansas Pacific and united it with the Missouri Pacific. I was in favor of it before.

Q. Do you know, from what was stated to you at the time by Mr. Ames, or any person with whom you may have conversed whose large controlling interests were in the Union Pacific, what were the reasons and motives that led them to wish this consolidation?—A. Oh, yes, sir; I know. They were very freely discussed there, and they were in part what I have just stated here. They feared competition by the Chicago, Burlington and Quincy, especially, because, as we termed the corporation then, the M. and M. was over in Nebraska, and was a great factor there; and later on they came out openly and consolidated with the Chicago, Burlington and Quincy. They feared that they would violate their agreement, which they did, in extending their road into Denver. We kept them off, as I said a few moments ago, for two years; I do not know but three, but two certain. In the mean time the Northwestern, on the north of the Union Pacific, began to assume very formidable dimensions in its extensions; and they have not stopped up to this time. It is a most remarkable instance, now, about the Northwestern. I will explain what they have done. They have paralleled this road a distance of some 600 or 700 miles.

Q. They have paralleled Union Pacific?—A. Yes, si; the Northwestern people have; and now are turning down to Lincoln, crossing the Union Pacific, and the Chicago, Burlington and Quincy have extended their line to Denver, and they have turned north and are crossing the Union Pacific and running into the northern country. It is a very interesting fact to be considered that such a state of things should exist here to-day with two of the foremost corporations on this continent.

Q. Going back now briefly, you stated, as I understood, that you had been for some years prior to 1880 interested in the Pacific Railroad mostly?—A. Yes, sir.

Q. Where did that road in 1880, now known as the Missouri Pacific, and then also, begin, and where did it terminate, if you can state?—A. Of course the main line was commenced at Saint Louis and went to

Kansas City and to Atchison, and the Lexington branch. We had inaugurated two branch roads extending over into Kansas, and we had our eye upon this thing to go right on to Denver, taking up the Kansas Pacific. That is what probably induced the citizens of Saint Louis to bunch up these Kansas Pacific securities. They intended to do something with them. I saw the advantage, as I thought, of acquiring this property and these roads, that had all failed, and I urged upon Commodore Garrison their importance to our interests. He and I were the principal owners of the property at that time; indeed, we owned the majority of it.

By Commissioner ANDERSON:

Q. The principal owners of the Missouri Pacific?—A. Yes, sir; I urged the importance of securing this property here, and of trying to induce Mr. Gould and others to unite with us, and take hold of this property. It finally resulted in Mr. Gould very suddenly, and I guess without any consultation with any living being, buying out Commodore Garrison and acquiring that interest, to prevent what he thought would be a very disastrous thing to the Kansas Pacific and the Union Pacific roads. I know he told me at the time that he was very largely interested in Union Pacific, and he considered that an extension of that line up through there in hostile hands would be very injurious to his interests in the Union Pacific property.

Mr. JOHN F. DILLON. The act of Congress provides that the Kansas Pacific shall connect at Kansas City with the Pacific Railroad of Missouri.

The WITNESS. Yes, sir.

Mr. JOHN F. DILLON. They do so connect, I suppose?

The WITNESS. Yes, sir.

Mr. JOHN F. DILLON. The Pacific Railroad of Missouri, instead of stopping at Kansas City, under its new name, the Missouri Pacific, had run up to Atchison on the one hand?—A. Yes, sir.

By Mr. JOHN F. DILLON:

Q. And it was stretching out into the territory of the Kansas Pacific, on the other hand, and that was the condition of affairs in January 1880, was it not?—A. Yes, sir.

Q. Do you know of any steps taken on the part of Garrison, prior to the time when he sold his interest out to Mr. Gould, looking towards an invasion of Kansas Pacific territory by a still further extension of this road?—A. Oh, yes; he had two roads then under contract for extension, when he bought him out.

Q. Can you state whether or not, as you understood it, it was because of this Missouri Pacific system which had already invaded the Kansas Pacific territory, and which in strong hands could paralyze and very much injure it, which brought about this consolidation? State what influence those considerations had on Mr. Ames, and the large holders of interests in the Union Pacific, toward bringing about this consolidation; that is, what was your understanding at the time. Of course they can state it better than you can.—A. My understanding at that time was that that was the controlling argument with the Boston gentlemen in desiring consolidation.

Commissioner LITTLER. Judge, how can he state what the understanding was.

Mr. JOHN F. DILLON. He understood it from them.

The WITNESS. He says it was a matter of consolidation. I state here that my own interests were in another direction at that time, and except

that I had been a director in the Union Pacific Company and owned this large interest, as I did, I should not have surrendered up my own judgment to this consolidation. I was interested with Commodore Garrison, as I have just stated here, and we felt that we had a sure thing. The first crop had been swept away, the misfortune of a new railroad in a new country, and we had got a trunk line, and were in a very commanding position then, and have been ever since, and are to-day. When this question came up, of consolidation with the Kansas Pacific, I was very desirous indeed of securing that for the Missouri Pacific. And that was my judgment then, and has been ever since, and I have never changed it.

UNION PACIFIC FAIRLY DEALT WITH.

Q. Was it your judgment in 1880 that the Kansas Pacific was put into this consolidation at terms, considering the values of those properties at that time, which were unfair towards the Union Pacific interest?—A. Certainly not, because the Kansas Pacific securities had appreciated so that, my recollection is, they were selling at $10 per share more than the Union Pacific in January, 1880.

Q. That was your judgment at that time?—A. Yes, sir; that was my best judgment.

Q. What is your judgment to-day?—A. It has not been changed at all. I would rather have the property to-day than to have the other. It is not changed at all. My judgment in that respect has been as clear as any man's judgment could be as to the value of property. I may not be wise in my generation.

Q. What was the general judgment of the public on that subject, as evidenced by the securities? Did they fall or rise after the fact of the union of these properties having been consummated was known?—A. It was considered a very conservative and salutary act, just as you, Mr. Chairman, see it in the Pennsylvania Railroad of your State, and other large corporations.

Q. Did they appreciate?—A. Yes, sir; they appreciated in the estimation of capitalists, and the property has been considered more stable. A speculative value for thirty or sixty days is one thing and the permanency of value is another.

Q. Do you know what the judgment of the shareholders in these two properties was concerning the consolidation, as evidenced by their assent to it or otherwise? How far did you understand the stocks had been changed voluntarily under this consolidation?—A. I do not remember of any large consolidation where there has been greater unanimity of feeling among the stockholders in favor of the consolidation. That has been evidenced by the concurrence, the almost unanimous sentiment of the stockholders in the two companies.

EXCHANGE OF SHARES.

Q. In the answer filed in the *quo warranto* suit in Kansas in 1883, it was stated on oath that out of the 200,000 shares in the Kansas Pacific Railway Company, all of the shareholders of the said company, with the exception of 31 shares, have since exchanged their shares of stock for the stock of the consolidated company, all of which was done years before this suit was commenced. Is that in accordance with the general fact, as you understand it?—A. Yes, sir.

Q. The same answer stated that the consolidated company, soon after the consolidation was made, issued its stock in exchange for the stock of the said constituent companies, and all of the stock of the Union Pacific Railroad Company has long since been exchanged for the stock of the consolidated company, except 1,930 shares, most of which, however, has assented to the consolidation. Is that according to the general fact, as you understand it?—A. Yes, sir.

Q. Your attention was called to the purchase of the stock of the Central branch. I was not present at the beginning, but I understand that that stock was purchased—I do not know whether you stated it—from Mr. Gould. Do you know what he paid for it?—A. I do not.

Q. Were you at all interested in the purchase?—A. No, sir.

EARNINGS, UNION PACIFIC, 1883–'84.

Q. Reference was made to the earnings of that road from the report of the Union Pacific Company for 1883 and 1884, by which it appears that for 1884 the gross earnings amounted to $1,715,145.48; that the operating expenses were $1,035,318.81; that the fixed charges, including rent of leased lines and interest on bonds and taxes, amount to $518,839.24; that the balance of income was $160,987.43; is that so?—A. Yes, sir; I understand it so.

Q. In other words, a dividend on the stock for that year of about 16 per cent., was it not?—A. Yes, sir.

The CHAIRMAN. We will excuse you, unless there is something else you wish to say.

The WITNESS. I will come at any time.

The CHAIRMAN. I thought you had some other suggestion to make.

The WITNESS. No, I do not think of anything.

RUSSELL SAGE.

MR. SAGE'S HOLDINGS.

Mr. Sage subsequently submitted the following letter and accounts:

OFFICE OF RUSSELL SAGE, 71 BROADWAY,
(P. O. Box 1468.—Rooms 27, 28, and 29.)
New York, May 17th, 1887.

Mr. CHARLES P. YOUNG,
Secretary United States Pacific Railway Commission:

DEAR SIR: Your note of yesterday is before me. I was so occupied yesterday that I was unable to prepare the enclosed statement, which your memorandum calls for, until to-day. I herein enclose statement of Denver Pacific Ry. Co. account.

I find that I purchased, August 27th, 1880, from Jay Gould $50,000 Denver & South Park 1st m'tg'e bonds and 1,903 shares Denver & South Park stock, paying therefor $76,071.86.

I also find I purchased from same 689 shares Utah & Northern R. R. Co. stock, paying $7,300.76, October 12th, 1880.

I also find that I owned on Jan'y 24th, 1880, 12,250 shares Union Pac. Ry. Co. stock, and 5,677 shares (of $50 each) of Kansas Pac. Ry. Co. stock. My previous statement as to the amount of stock was as to January 1st, 1880, 14,700 Union Pac. and 8,877 Kansas Pac.

This completes the information that was required, and all that I now think of relating to said companies.

Very respectfully, yours,

RUSSELL SAGE.

Kansas Pacific 1st mortgage land-grant bonds.

1878.					
July	6.	10m from H. C. Williams, at	68⅛		6,881
	6.	7m do.	68⅛		4,765
	8.	6m do.	68⅞		4,113
	8.	10m do.	68⅛		6,862
	9.	10m do.	68⅛		6,865
	9.	2m do.	68⅛		1,370
	10.	8m do.	68⅛		5,459
	10.	10m do.	67⅛		6,762
	10.	5m do.	67⅛		3,338
	13.	5m do.	66⅛		3,301
	13.	3m do.	66⅛		1,966
	18.	5m do.	67⅛		3,361
	20.	5m do.	66⅛		3,331
	29.	5m do.	67⅛		3,358
	31.	8m do.	60⅛		5,320
Aug.	5.	1m do.	64⅛		646
Oct.	2.	12m do.	74⅛		8,893
	3.	21m do.	74⅛		13,506
Dec.	18.	12m do.	72⅛		8,635
	30.	13m do.	72⅛		9,311
	31.	6m do.	71⅛		4,297
1879.					
Jan.	2.	6m do.	71⅛		4,297
	11.	5m do.	75$^{12}_{32}$		3,796
	11.	10m do.	76⅛		7,612
	13.	44m do.	77⅛		33,935
	14.	5m do.	78⅛		3,858
	15.	1m do.	77⅛		771
	17.	15m cert., Asiel & Co.,	75⅛		11,306
	17.	3^{012} ⅝ script coupon, cert., Asiel & Co.,		50⅛	1,880
	18.	5m cert. do.		76	3,800
	24.	9m " do.		76^{2228}	6,913
Feb.	10.	25m " do.		82⅛	20,390
	25.	2^{003} ⅝ script coupon, cert. do.		85⅛	2,304
	28.	29^{004} " " do.		67⅛	20,325
Mar.	3.	19^{004} " " do.		82⅛	16,537
	10.	5^{003} " " do.		85⅛	4,291
	10.	9m " " A. Leo & Co.,		90	8,190
	10.	2m " " do.		92	1,840
	10.	2^{412} " " do.		92⅛	2,273
	11.	15^{120} " " do.		92—	14,842
	13.	5m bds do.		103	5,150
	18.	29m Kan. Pac., Den. Ex. } Jay Gould.			
	18.	7,185 shares Kan. Pac. stock. }			200,250
	18.	200m Kan. Pac. reorganization ctfs. }			
	24.	10^{010} coup. cert., Asiel & Co.,	93⅛		9,394
	27.	4m bds. D. Ex., A. Leo & Co.,	103⅛		4,150
	27.	18m " do.	103⅛		18,632
	28.	2m " do.	103⅛		2,067
	28.	12m " do.	103⅛		13,467
	28.	12m trust cert. do.	103⅛		13,467
	31.	5m bonds, S. Ward,	106		5,329
	31.	10m bonds from A. Leo & Co.,	106		10,600
April	1.	10m " do.	105		10,500
	1.	1^{343} coup. cert. do.	96⅛		1,462
	7.	10m trusts do.	106		10,600
	8.	10m " do.	106		10,600
	8.	5m bonds do.	106		5,300
	10.	5m " do.	107⅞		5,368
	12.	4m " do.	108		4,320
	14.	4m " do.	108⅛		4,325
	14.	2m trusts do.	108⅛		2,162
	17.	14m bonds }			
	17.	8,592 shares } Jay Gould			100,383
	17.	100m reorg. bonds }			
	18.	4^{118} coup. cert., A. Leo & Co.,	102		4,488
	23.	15m bonds do.	111¼		16,687
May	5.	5m trusts, J. A. Sleicher,	112⅛		5,612
June	5.	1m " Sage & Gould,	115⅛		1,157
	14.	200 shares, A. Leo & Co.,	55⅛		5,537
	18.	500 " do.	56⅛		14,050
	20.	10m trusts do.	101		10,100
	23.	10m " do.	101		10,100
Sep.	16.	5^{113} coup. cert. do.	93⅛		5,239
Oct.	2.	300 shares, M. Doubleday,	70		10,500
Nov.	13.	200 shares, Randall & Winum,	88		8,800
Dec.	15.	2,000 shares, Jay Gould,	60		60,000
	22.	$140 coup. cert., W. S. Judson,	85		119
1880.					
Jan.	28.	181 shares K. P. R'y Co. for 303 coupons			0
Feb.	3.	12 shares, E. H. Perkins,	43		538
1879.					
Jan.	13.	20m to Sage & Gould,	77⅛		15,425

1879.				
Jan.	13.	5m to Asiel & Co.,	77½	3,856 25
Feb.	10.	25m do.	83½	20,812 50
	24.	25m trust cert., Asiel & Co.,	97	24,250 00
	25.	19m " do.	96+	18,250 00
	26.	10m " do.	94½	9,462 50
Mar.	1.	21m bonds do.	95½	20,055 00
	3.	20m " do.	94⅞	18,887 50
	13.	5m " S. Ward,	103	5,150 00
Apr.	9.	33m trusts, Speyer & Co.,	105	34,650 00
	9.	17m bonds do.	105	17,850 00
	10.	9m " S. B. Jones,	108	9,720 00
	22.	15m " E. Plum,	111½	16,725 00
May	2.	10m " trusts, A. Leo & Co.,	111½	11,162 50
	3.	200 shares, McGinnis Bros. & F.,	59	5,900 00
	3.	100 " Savin & H.,	59	2,950 00
	9.	10m assented trusts, F. Leake,	112½	11,287 50
	13.	1m " C. R. Leake,	112½	1,128 75
June	11.	Interest on bonds, U. S. Trust Co.		32,517 36
	11.	" baby bonds, "		17,811 36
	13.	" " "		62 72
	21.	400 shares, Meyers R. & Co.,	54	10,800 00
	23.	600 " do.	54	16,200 00
	30.	½ profit on Sage & Gould account		7,406 80
July	3.	100m trusts, Speyer & Co.,	100½—	100,740 60
	29.	200 shares, H. Lapsley & Co.,	58	5,800 00
Sept.	3.	200 " A. Leo & Co,	59	5,900 00
	5.	200 " do.	60	6,000 00
	6.	400 " Chase & H.,	66½	13,250 00
	10.	15m bonds, A. Leo & Co.,	106½	15,918 75
	10.	5m " do.	106	5,300 00
	10.	10m " do.	105¾	10,575 00
	11.	200 shares, Hallgarten & Co.,	71	7,100 00
	23.	200 do. L. Chase & Co.,	65	6,500 00
	25.	200 " Meyers R. & Co.,	67	6,700 00
	12.	100m reorg. bonds, K. P. Ry. Co.,	90	90,000 00
Oct.	8.	18m bonds, A. Leo & Co.,	106⅝	19,192 50
	18.	200m reog. bonds, K. P. Ry. Co.,	90	180,000 00
	21.	300 shares, Kimball H. & Co.,	68	10,200 00
	23.	200 " R. N. Wilson,	68	6,800 00
Nov.	1.	100 coupons, @ $50 ea.		5,000 00
	1.	200 " $2.62 ea		526 00
	17.	5m bonds, J. M. Ham,	103	5,150 00
	28.	3039 baby bond coupons, @2.19 ea. + ¼ %		6,379 85
Dec.	2.	500 shares, E. H. Oppenheim,	70	17,500 00
	5.	2m C. Benedict & Co.,	102	2,040 00
	6.	8m A. Leo & Co.,	102	8,160 00
	13.	167 ⅜ coupons, @ 2.10 ea		350 70
	23.	400 shares, Meyers R. & Co.,	68	13,600 00
	30.	400 shares Meyers R. & Co.	75	15,000 00
	31.	200 " C. B. Gunther & Bro.,	70	7,000 00
	31.	200 " W. Clapp & Co.,	75	7,500 00
1880.				
Jan.	19.	10m Asiel & Co.,	105¾	10,587 50
Feb.	14.	50m Hallgarten & Co.,	109½	54,562 50
	20.	25m Marx & Co.,	109½	27,375 00
Mar.	1.	112.18 coup. cert., K. P. R'y Co		114,392 83
1880.				
Jan.	12.	400 shares, Belden B. & Co.,	94½	18,850 00
	13.	200 " Hallgarten & Co.,	95½—	9,547 00
	15.	100 " Belden B. & Co.,	95	4,750 00
	15.	200 " Blake Bros. & Co.,	96	9,600 00
	15.	300 " Drexel M. & Co.,	94½—	14,225 00
	16.	300 " Asiel & Co.,	96	14,400 00
	16.	200 " Gracie & W.,	96	9,600 00
	17.	700 " Belden B. & Co.,	96¾—	33,850 00
	17.	100 " Chase & H.,	95	4,750 00
	17.	400 " Mills R. & S.,	96½	19,850 00
	19.	300 " Belden B. & Co.,	101—	15,137 50
	27.	100 " "	105¾+	5,271 27
	27.	100 " Keilhalz Bros.,	95	4,750 00
	27.	1,400 " H. H. Truman,	94	65,800 00
	28.	100 " Keilhalz Bros.,	94½	4,737 50
	28.	200 " Thomas Denny & Co.,	96	9,600 00
Mar.	15.	3,970 " converted into 1,985 Un. Pac.		

Denver Pacific R'y Co. 1st mtge. bonds.

1878.				
Sep.	9.	353m b'ds from Jay Gould, @ 74		261,220 00
Dec.	6.	10m Ham & Munroe,	85½	8,525 00
	18.	16m Asiel & Co.,	85	13,600 00
1880.				
April	22.	13m do.	99½	12,935 00
	24.	17m do.	99½	16,915 00
	28.	6m do.	99½	5,940 00
July	6.	7m do.	95	6,650 00

1879.						
Oct.	18.	353m	bonds K. P. R'y Co.,	74		$261,220 00
Dec.	6.	10m	"	do.	85½	8,325 00
	18.	16m	"	do.	85	13,600 00
1880.						
April	28.	36m	"	do.	100	36,000 00
1881.						
Feb.	15	5m	"	F. H. Smith,	109½	5,475 00
	16	2m	"	"	109½	2,190 00

NO. 10 WALL STREET, NEW YORK,
Friday, May 13, 1887.

JAMES R. KEENE, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. You were for a time a director of the Union Pacific, I believe.—Answer. I was.

Q. Do you recollect how the transaction came about?

The WITNESS. How I became a director?

Commissioner ANDERSON. Do you recollect how it came about?

A. I think I went in as a director to please Mr. Sage, or at his suggestion, rather.

Q. Was it not in connection with a purchase of a large amount of stock from Mr. Gould by a syndicate in New York?—A. No, sir; I think I was a director before that time.

A DIRECTOR OF THE UNION PACIFIC.

Q. Did you not become a director at the same time as Mr. Cammack?—A. My impression is I was a director previous to that time. Still, I may be wrong.

Q. Your impression is, Mr. Sage asked you to become a director?—A. I think so.

Q. What reasons did he assign?—A. Mr. Sage and I bought from Mr. Gould some Union Pacific in 1878, I think 20,000 shares. After the purchase was made, perhaps a few months, Mr. Sage suggested that I should join the board.

Q. Do you remember whether you were elected at a regular meeting, or whether you were elected to fill a vacancy?—A. I cannot remember.

Q. How long did you remain a director?—A. Perhaps two years.

Q. Were you a director at the time of the consolidation?—A. I think I was, but I am not very positive about it.

Q. Were you present at the meeting?—A. I was not.

Q. Where were you in January, 1880?—A. In New York.

Q. Did you receive a notice to attend those meetings?—A. I expect I did.

Q. Were you then the holder of a large amount of Union Pacific stock?—A. I do not think I was then.

Q. Do you remember the circumstances which caused you not to attend these meetings in January, 1880?—A. I do not think I ever did attend many meetings of the Union Pacific, from the time I was first elected until another person was elected in my place.

Q. Do you remember the circumstances of consolidation, or whether it excited much interest at the time?—A. I believe it excited some interest.

Q. Do you remember whether you had any definite opinion before the consolidation; were you in favor of it, or against it?—A. I do not think took any interest at all in it.

Q. Did Mr. Sage call on you shortly before these meetings were held in regard to it?—A. I do not think he did.

Q. Do you remember having any conversation either with Mr. Sage or any other of the directors, just before the consolidation, bearing upon it?—A. I do not think I had any.

Q. How long after the consolidation did you remain a director?—A. I believe I answered that I thought I was a director when the consolidation occurred, but I am not sure; but if I was at that time I went out at the next election.

Q. You remained until the close of the year? You did not resign?—A. I did not.

Q. Were you not reported on the minutes as being present at the meeting in January?—A. No, sir.

Mr. JOHN F. DILLON. He is not reported as being present.

JAMES R. KEENE.

No. 10 WALL STREET, NEW YORK,
Friday, May 13, 1887.

WASHINGTON E. CONNOR, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Q. What is your occupation?—A. I retired last January from active business.

Q. What was it prior to that?—A. Broker.

Q. How many years were you a broker?—A. Twenty-one.

Q. In the city of New York?—A. Yes, sir.

Q. Where was your office in January, 1880?—A. I think it was 80 Broadway. Either 80 Broadway or 23 Nassau street, I am not sure which.

Q. Who were the members of your firm?—A. The firm at that time was W. E. Connor. I think the firm of W. E. Connor & Co., was formed about 1881.

Q. Had you entire charge of the business of W. E. Connor?—A. Yes, sir.

Q. Was no other person interested?—A. No.

Q. That is, at the time of the consolidation of the Kansas Pacific and Union Pacific?—A. Yes, sir; I think at that time the firm was just W. E. Connor, in 1880.

Q. Are you positive?—A. I am not positive.

Mr. JOHN F. DILLON. That date was the 24th of January, 1880.

The WITNESS. I am quite sure I was then alone in business.

Q. What was the title of this firm that was formed either in 1880 or 1881?—A. It was W. E. Connor & Co.

Q. Who were the members of that firm?—A. Mr. Morosini, Mr. George Gould, and Mr. Jay Gould, as special.

Mr. JOHN F. DILLON. And yourself.

The WITNESS. Yes, sir; and myself.

Q. Did your business keep on in the same office which you had occupied before?—A. Yes, sir.

Q. Did you keep on employing the same clerks?—A. Yes, sir.

Q. Did you use the same books?—A. No.

Q. You started a new set of books?—A. Yes.

Q. I should like to know whether the transactions that I refer to are in the books of Washington E. Connor or Washington E. Connor & Co.?—A. That I could not say without referring to the books, of course.

EXAMINATION AS TO ACCOUNT BOOKS.

Q. Have you the books of either of those firms in your possession?—A. I believe I have.

Q. Where are the books?—A. I believe they are at my stable, Forty-fourth street. I have all the old books sent up there after we are through with them.

Q. Can you tell me how numerous they are or how much of a job it would be to bring them down here?—A. I think it would take some time. All the books, since I have been in business, are up there, as far as I know.

Commissioner ANDERSON. What the Commission desires to see is the book containing all the transactions had by the firm of W. E. Connor, or the firm of W. E. Connor & Co., for Mr. Jay Gould, from January 1, 1878, until July 1, 1880. If you will state to us what books will contain those transactions, I will then ask you whether you are willing to have them produced or whether we shall send and get them?

The WITNESS. I would suggest that the quickest way to get at the information, and the easiest for both you and myself, would be to have a book-keeper go there and take off a statement of all the transactions that you need from the books.

Commissioner ANDERSON. The book-keeper we may send up.

The WITNESS. With my own, of course. I do not want any other accounts interfered with or meddled with.

The CHAIRMAN. We will do that.

Q. Can you give us any idea how long a job it would be, or what forces we had better send up?—A. That I could not say.

Mr. JOHN F. DILLON. You only want, I suppose, the entries relating to these matters?

The CHAIRMAN. That is all. We do not want anything after that.

Mr. JOHN F. DILLON. It would not be an inquisitorial proceeding.

Commissioner ANDERSON. No; we have got enough to do.

The WITNESS. I think one man will do, with my book-keeper, who understands the books, and who can get at the information, of course, very readily. I think one man, with him, would get at it just as readily as if you had more.

Q. Do you think he could get through in two or three days?—A. I should think so. The transactions are not numerous. You are now referring to Kansas Pacific securities, I suppose?

Commissioner ANDERSON. The Kansas Pacific securities, Denver Pacific securities, and any transactions relating to branch roads in which Mr. Gould appears to have acquired an interest, if there be any, the branch roads being the branches of either the Kansas Pacific or Union Pacific.

The WITNESS. You understand that most of these securities were not listed on the Stock Exchange, and consequently the firm did not trade in them; and whatever buying was done was not done through our firm.

Q. Might not your firm have transactions entered on your books which

you did make yourself, but where unlisted stocks were deliverable to you?—A. Very seldom that occurred. Mr. Gould generally makes his transactions direct.

Q. Can you inform the Commission what house did his business as to these particular securities?—A. It is my impression that the class of securities that you refer to were held in bulk by a few individuals, and that Mr. Gould made his transactions direct with them or through some outside broker.

Q. Can you state to us the names of the individuals that you refer to as holding these securities in bulk?—A. I cannot, because I did not see many of these securities, and I know not how many of the transactions, if any, passed through our office.

Q. Do you know Mr. Hanna?—A. I know there is such a man. I do not know him personally.

Q. Do you know Mr. Hassler?—A. I do not, only by name.

Q. Do you know the fact that the Guaranty and Indemnity Company held some of these unlisted securities that you refer to?—A. I did not know it.

Q. And Mr. William Bond?—A. I did not.

Commissioner ANDERSON. I think the best thing would be to get the copies from the books.

Q. Do you remember the fact of the consolidation of the Union Pacific with the Kansas Pacific?—A. I do not remember the particulars. I remember there was such a consolidation.

Q. You took no personal interest in the matter yourself at the time when it occurred?—A. I had no personal interest in it. If I acted at all, I did so in my capacity as broker.

Q. Do you remember signing a ratification of the consolidation?—A. I do not.

Commissioner ANDERSON. Please examine the list as representing the Union Pacific stock.

The WITNESS. If I signed at that time it was merely, as I said before, as a broker.

Q. Do you know on whose behalf you signed, if you signed at all?—A. Probably in the interest of Mr. Gould.

Commissioner ANDERSON. I think we may as well suspend this gentleman's examination until we get the account.

The CHAIRMAN. We will excuse you.

The WITNESS. Any time you are ready, if you will send over, I will have my bookkeeper go up there with anybody you select.

Commissioner ANDERSON. Very well; we will select a bookkeeper who will go.

W. E. CONNOR.

The Commission then adjourned to Saturday, May 14, 1887, at 10 a. m.

NO. 10 WALL STREET, NEW YORK,
Saturday, May 14, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

JOHN H. HAAR, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your present occupation?—Answer. Broker.

Q. Where is your office?—A. 100 Broadway.

Q. Where was your office in 1879?—A. 8 Broad street.

Q. With whom were you then in business?—A. I was there for myself. I was with the office of Raven & Co.

Q. You say you occupied the same offices?—A. Yes, sir.

Q. But your business was separate from theirs?—A. Yes, sir.

Q. At that time were you in the habit of dealing in the stocks and bonds of the Saint Joseph and Denver, afterwards the Saint Joseph and Western Railroad Company?—A. Yes, sir; at that time and before.

Q. Have you books containing those transactions?—A. I do not believe I have.

Q. Were those transactions transactions which you had as broker, for individual customers of your own?—A. They were individual customers and for myself. I traded in them considerably.

Q. Did Raven & Co., also trade in them?—A. Yes, sir.

Q. Did you attend to their transactions?—A. No; I did not attend to their transactions.

Q. In what books were those transactions entered?—A. In my books.

Q. What has become of your books?—A. I guess they are around some place.

Q. Can you be a little more specific?—A. I do not know whether I have got them home or whether in my office, or whether I destroyed them; it is just memoranda that I kept myself; I did not keep a set of books.

Q. Who were your principal customers in these securities?—A. Promiscuously. Everybody that knew something about the property.

Q. Did you not have a number of transactions with Jay Gould?—A. I do not know that I had any directly with him; I may have had with the firm of W. E. Connor & Co.; I think there were one or two transactions with him.

Q. Were they large transactions?—A. No; not at that time, I think.

Q. At what time did you have large transactions with the firm of W. E. Connor & Co. relating to Saint Joseph and Denver securities or Saint Joseph and Western securities?—A. I had larger transactions with Haar & Co., at 45 Wall street; that was previous to 1879, though.

Q. How long previous?—A. Ranging, I think, from 1874 up.

SAINT JOSEPH AND DENVER.

Q. Do you know that road, the Saint Joseph and Denver? Have you ever been over it?—A. Yes, sir; lots of times.

Q. Did you know it well in 1878?—A. Yes, sir.

Q. Please describe what kind of a road it was as to structure and population and business and travel?—A. The population at that time was very slim, but growing all the time; the road was very crooked from Saint Joseph to Marysville; very poorly built; the western portion of the road was a pretty straight road, and fairly built; better.

Q. That is, from Marysville to Hastings?—A. From Marysville to Hastings; yes, sir.

Q. At the time you went over it was the branch from Hastings to Grand Island constructed?—A. In 1878 I do not believe it was; I believe they were speaking of it then.

Q. Do you remember the occasion of a foreclosure when it was reorganized in two divisions as the Saint Joseph and Pacific, and the Kansas and Nebraska?—A. Yes, sir; I remember that.

Q. When did that reorganization take place?—A. I do not know whether it took place in 1876 or 1877; perhaps 1875.

Commissioner ANDERSON. Was it not in 1877, Mr. Holmes?

Mr. HOLMES. I cannot answer immediately.

Mr. JOHN F. DILLON. It was stated here the other day; I do not recollect; I think it was about that time.

The WITNESS. I do not recollect; I think it was 1876 or 1877.

Q. After these divisional bonds of the Kansas and Nebraska and of the Saint Joseph and Pacific did you have dealings in them?—A. Yes, sir.

Q. The first-mortgage bonds?—A. Yes, sir.

VALUE OF KANSAS AND NEBRASKA; AND OF SAINT JOSEPH AND PACIFIC SECURITIES.

Q. Have you any actual transactions that will give us the fair market values of those securities during 1878 and 1879?—A. The only person, to my recollection, that bought the bonds was myself, and I believe I paid as high as 15 for them.

Q. During what year are you speaking now; shortly after the reorganization?—A. Shortly after the reorganization.

Q. For the first-mortgage bonds?—A. For the first-mortgage bonds; and on the Western Division as it was called, which was called the Kansas and Nebraska, the second-mortgage bonds and stock were thrown in; there were no second-mortgage bonds issued on the reorganization of the Eastern Division to the first-mortgage bondholders.

Q. With the Western Division the second-mortgage bonds were thrown in on all transactions had relating to first-mortgage bonds?—A. Yes, sir.

Q. And those purchases, when you first commenced to deal, were as low as 15 per cent.?—A. Yes, sir; lower than that; I bought some bonds as low as 6½ and 7 cents, in small quantities, with the "trimmings," as we called it.

Q. The "trimmings" thrown in? Will you please describe to us the progress of those investments in the market here from the time you first began to buy through the years 1878 and 1879?

The WITNESS. Do you confine me to 1878 and 1879 specially?

Commissioner ANDERSON. No; give us any dates you please.—A. I commenced to buy those bonds from 30, after the reorganization, down to, as I say, 6½; and I guess I owned over $600,000 of them myself.

Q. These two divisions promiscuously?—A. Yes, sir; I could not tell you particularly what they were, whether they were eastern or western divisions.

Q. Can you tell about what these $600,000 bonds average, or what they cost you for the whole lot?—A. I could not exactly tell.

Q. They were bought from 30 down to 6½?—A. Down to 6½, a very small quantity.

Q. In what year was it that you had acquired $600,000 of these bonds?—A. I guess I had them in 1875 and in 1876, or along there; or in 1877.

Mr. JOHN F. DILLON. Poor states that the road was sold under foreclosure in November, 1875.

Q. That was when Mr. Bond was appointed receiver?—A. No; I think it was reorganized in that year. In 1874 the receiver was appointed.

Q. It does not follow from that, of course, when the reorganization

was effected, and when the divisional bonds appeared; but your idea is that the divisional bonds appeared shortly after the foreclosure?—A. Yes, sir.

Q. Tell us the history of the market value of these bonds, after you had acquired these $600,000? Did you keep them a long while?—A. I kept them for quite a while, and sold them to different people, friends that I advised to buy them because I thought they were cheap.

Q. At what rates were you selling them?—A. I sold them at from 12½ up to 25 or 30.

Q. Did you dispose of all of them in that way?—A. I believe I had some left after 1878 and 1879.

Q. Can you tell us about the market price of them in 1878? Was it very much?—A. There were very little dealings in them. And the price was about that time principally made by me. I believe I bought some bonds, $126,000 or $127,000 at 9½ in 1877 or 1878, and I sold them at 12½, I believe, and they ran along up as high as 30.

Q. What transactions can you refer us to between yourself and the firm of Washington E. Connor & Co., relating to these securities?—A. I believe that some one came to me and asked me if I had some of those bonds for sale, and I told them I had, and I believe I sold them some at 30. If I had known what you wanted me for I might have tried to find the books and look over them.

Q. We are quite willing to give you time to find the books. What we want to know is to know what you know in regard to the prices of these bonds during the years 1878 and 1879, and what you know in regard to the acquisition of the title to those securities by Mr. Gould during those years, from whom Mr. Gould acquired them, and about what he paid for those securities?—A. I could only speak there from hearsay, as to what he paid for those securities.

FROM WHOM GOULD BOUGHT.

Q. You could suggest to us through what channels he bought them and then we could call the witnesses. Do you know from whom Mr. Gould bought his bonds?—A. He bought, as I remember, the bonds from the different trusts companies that loaned money on them at the time I was with the firm of Tanner & Co.

Q. What was Tanner & Co's. connection with it?—A. They placed the original bonds on the market. They were building the road.

Q. You mean by the original bonds, not the divisional bonds?—A. I mean the Saint Joseph and Denver City bonds, when they were first placed on the market.

Q. Was the Guaranty and Indemnity Company one of them?—A. The Guaranty and Indemnity Company.

Q. Was that the company that was at the corner of Broadway and Warren street?—A. No, sir; that was down here in Exchange Place.

Q. Is that company still in existence?—A. I believe not.

Q. Who was the financial officer of the company, who would know about it?—A. I could not tell you. I could find out for you, however. I think the Commercial Warehouse Company had some.

Q. Is that a company that is still in existence?—A. No, sir.

Q. Who was the financial officer of that company?—A. I think it was Mr. Navarro. I think so.

Q. Jose Navarro?—A. Yes, sir; and John F. Baird.

Q. What other company can you refer to?—A. The New York Warehouse and Security Company.

Q. Who were their officers?—A. I think Hezron A. Johnson was the president there. I think he was the president. I am not sure.

Q. Is he living to-day, do you know?—A. It appears to me I saw him about a month ago.

Q. Is he a New Yorker?—A. Yes, sir.

Q. Are there any other names that occur to you?—A. The Mercantile Trust Company, I believe, had some.

Q. They are handy. Did you hear anything of a pool that was made up here in New York for the purpose of selling these bonds to Mr. Gould or to his firm of Washington E. Connor & Co., at 40 cents on the dollar?—A. Yes, sir; I heard of that.

Q. What connection had you with that pool?—A. None at all.

Q. Who composed that pool; who was in it?—A. Mr. Bond, I believe. He inquired of the larger bondholders to see if they would join in and dispose of their bonds at 40 cents, I do not know to whom, but I suppose it was to the Union Pacific or to Mr. Gould. I do not know.

Q. You do not know?—A. No.

Q. Was that the price at which it was reported that these other companies disposed of their holdings to Mr. Gould, or how did that price come to be named?—A. I do not know. I suppose they would not pay any more for them.

Q. I did not exactly understand how they came to select 40 as being the price. Was that the market price at the time?—A. Forty was more than they had been selling for or sold for in the market.

Q. Are you quite familiar with dealings in bonds of this class in the New York market?—A. Yes, sir.

Q. Do you know that the market price or quotation of these bonds ran up largely in 1879?—A. Yes, sir; very largely.

Q. Do you know what price they obtained towards the close of 1879?—A. I think I paid 75 for some; I think I did.

Q. Just before the consolidation did they not sell as high as 85?

The WITNESS. In 1879?

Commissioner ANDERSON. In December, 1879, or perhaps the first days of January, 1880?—A. Yes, sir; they did.

MARKET FOR SUCH BONDS IN 1879–'80.

Q. I want to ask you, from your own knowledge as a broker, of the market there was for these bonds, what would have been the effect, or how possible it would have been, at that time to have sold within a few weeks' time a million and a half of these bonds on the New York market at anything like those prices?—A. I do not think you could have sold them.

Q. It would have been impossible?—A. It would have been impossible. The road had been in bad repute and the bonds were flat. The original bondholders were about trying to get out and get their money on them, and it was virtually a new security.

Q. When securities of the character of these securities are got together largely in the hands of one holder, so that there is only a small amount of the securities outstanding, is it easier to make a quotation on the market for them than it would be if they were distributed in a great many hands?—A. Certainly it would be easier to make a market or make quotations for them if there were few holders than if there were many.

Q. How safe a criterion is it for this Commission to go by in estimating the value of these securities to accept the quotation for these particular bonds as we find them in November and December at 80 and 85,

judging from your knowledge of the securities and the manner in which they were held?—A. I do not quite understand the question. I believe in the year 1880——

Commissioner ANDERSON. At the end of 1879 and beginning 1880.

A. (Continued.) In 1879 I think you could have sold the bonds. There was a demand for the bonds by some one; who it was I do not know, of course; by brokers. I believe 85 was bid for them.

Q. Is it your judgment that those bonds at that time, in view of the better feeling apparently existing in everything, could have been disposed of on the market and the whole issue sold at 80 or 85?—A. They could not have been sold, all of them, I think. I do not think there was a market for them; of course we judge of the market. If some one makes a bid and we can sell them on the bid it depends upon the quantity they want; it depends on what they want. They may want but five. If we make a sale that establishes the bid.

Q. Have you any means of forming a judgment at about what price the bonds would have been disposed of by such sales? If it is mere guess-work I would not ask you.—A. It would be merely guess-work.

Q. Discarding all market prices, from what you know of its earnings at the time, what in your judgment was the fair value of those bonds on the 1st of January, 1880, tested by the road and its earnings?—A. About 50 cents. It was a growing and increasing property all the time. Population was coming in there very fast and immigration was setting in. Little towns that probably had been there one year, and the next year where there were two hundred or three hundred, there would perhaps be eight or nine hundred. It was a very fast-growing country.

Q. Do you know anything about the Kansas Central bonds?—A. No, sir; I do not.

Q. Do you know anything about the Saint Joseph Railroad Bridge first-mortgage bonds?—A. I know they were in existence.

Q. Do you know anything about their value at the same period, the end of 1879?—A. The bonds were held abroad, I believe, by one party. I know at one time I could have bought them at 75 cents, the whole issue. I was trying to get up a pool to buy them.

Q. When was that?—A. That may have been in 1879 or 1880. I do not remember the date, I sold so many things.

Q. Do you know how these bonds were acquired by Mr. Gould, or from whom?—A. I do not.

Q. Who is this party in Europe who is supposed to have held them?—A. I think it was Rutten & Bonn.

Q. That is the gentleman who was here?—A. Yes, sir. Perhaps Donnell, Lawson & Simpson may give you some information about those.

Q. Do you know about the value of the Central Branch Union Pacific?—A. No, sir; I do not.

Q. You know which company I refer to?—A. Yes, sir; it ran from Atchison out to Waterville. I believe they have extended it since then.

Q. Do you know anything about the value of the receiver's certificates of the Saint Joseph and Denver City which were outstanding at the time?—A. At the time there were very few of them. I placed some at par with some friends that had some of the bonds.

Q. They preceded the bonds?—A. Yes, sir.

By Mr. JOHN F. DILLON:

Q. You said you kept some of the Saint Joseph and Pacific or Kansas and Nebraska bonds?—A. Yes, sir.

Q. How long did you keep them?—A. I had them up to the time of some business difficulties I had.

Q. What year?—A. That was in 1878. The latter part of 1878.

Q. You did not keep any after 1880?—A. No, sir; I bought some afterwards; not after 1880; no.

Q. You did not deal in them after 1880?—No; I did not.

Q. You did not hold any on your own account?—A. No, sir.

Q. In 1880, after the consolidation?—A. I was trading in the bonds from 1879 until about 1880 or 1881.

Q. You cannot fix distinctly any transactions during the year 1880?—A. Not distinctly. I do not know whether it was 1880 or 1881.

JOHN H. HAAR.

No. 10 WALL STREET, NEW YORK,
Saturday, May 14, 1887.

CHARLES W. HASSLER, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. I am an attorney-at-law.

Q. In New York City?—A. Yes, sir.

Q. What was your occupation from 1875 to 1880?—A. From 1869 to 1884 I was a member of the firm of Hassler & Co., brokers, in Wall street.

Q. Where was your office?—A. Most of the time at 7 Wall street.

Q. Between the years 1873 and 1880 were you familiar with these securities of the Saint Joseph and Denver, and afterwards the Saint Joseph and Western?—A. Yes, sir.

Q. Did you hold any office in connection with that company?—A. In the summer of 1873 a meeting was held in our office to take measures for the foreclosure of the Saint Joseph and Denver bonds, the Eastern and Western Divisions, and the road was reorganized, the sale taking place in 1875. I was then, after 1875, one of the board of directors and a member of the executive committee of the board, and also one of the trustees on the land grant, which was assigned separately to Mr. Butterworth and myself as trustees. My firm were the transfer agents for the stock and bonds.

Q. How long did you remain such transfer agent?—A. Until the summer of 1879. The agency was then transferred to the Farmers' Loan and Trust Company.

Q. During the whole of that period how familiar did you become with this road, its earning capacity, and its condition generally?—A. I was frequently over the road, and was familiar with the accounts. Reports of the earnings were made weekly to my office, and the executive committee of the board of directors had monthly meetings, besides regular meetings of the board.

Q. Have you those weekly reports of the earnings or anything by which we could refer to them?—A. I may have them. I have not them with me.

Q. Can you give us the figures showing about what the earnings were of this road during these years?—A. I cannot give you the figures, excepting relatively. That is to say, the year 1878 is specially impressed upon my memory, because of the transactions in the early part of 1879.

In the year 1878 there was a balance of a few hundred dollars, after paying the operating expenses, taxes, and some few necessary repairs.

Q. Were those accounts or reports made by Mr. Bond as receiver?—A. They were made from the Saint Joseph office and sent on here. They were embraced in Mr. Bond's report, summarized, as receiver.

Q. His reports are on file at Topeka?—A. The reports were published in pamphlet form.

Q. Have you a copy of those pamphlets?—A. I have somewhere. I do not know exactly where they are now.

Commissioner ANDERSON. Have you, Mr. Holmes?

Mr. HOLMES. No, sir.

Commissioner ANDERSON. We will ask you to look them up, if you can.

The WITNESS. Very well, I will see if I can find any.

Q. The operating expenses, and taxes, and the charges of that nature for 1878 absorbed the earnings, without leaving anything over for fixed charges, except a few hundred dollars?—A. A few hundred dollars.

Q. How familiar were you with the transactions in the market relating to these bonds here in New York?—A. Prior to the default in the interest on the Saint Joseph and Denver bonds in 1873, my firm had been dealing in the bonds, and subsequent to the foreclosure proceedings being commenced those negotiations and dealings were continued. I gradually gave less and less personal attention to the business, but I know of some of the transactions.

Q. Do you know of any transactions after the reorganization, in the divisional first mortgage bonds, which were known as the Saint Joseph and Pacific and Kansas and Nebraska?—A. Yes, sir.

SAINT JOSEPH AND PACIFIC BONDS.

Q. Please tell us what transactions you know of?—A. The Saint Joseph and Pacific bonds—do you mean the sales of them, or how they were received in exchange for the old bonds?

Commissioner ANDERSON. You can tell us first how they were received in exchange for the old bonds, or how the old bonds were delivered up and these were issued?

A. (Continued.) Upon the Eastern Division there was a million and a half of old bonds, known as "White bonds;" for each old bond there was given about $1,250 of new Saint Joseph and Pacific first mortgage bonds, and $600 of the stock on the Saint Joseph and Pacific road. In the reorganization there were also second mortgage bonds on this Saint Joseph and Pacific, which were given in settlement of the contractors' claims at Saint Joseph. On the Western Division we organized the Kansas and Nebraska, and for an old first mortgage bond there was given about $400 of first mortgage bonds, about $250 of seconds, about $400 of stock, and about $450 or $500 of the land scrip.

Q. You have not stated how much there was on the Western Division?—A. Five millions and a half of bonds. They were upon the land grant, and the Eastern Division were not secured upon the land grant.

Q. Were the new bonds, of which $400 were given, secured by the land grant?—A. They were not. The land was deeded to Mr. Butterworth and myself as trustees.

Q. And a separate land-grant mortgage made?—A. Yes, sir; for the holders of the land scrip.

Q. Was the result of that that the amount of the new mortgage on the Saint Joseph and Pacific, as compared with the new mortgage on

e Kansas and Nebraska, was for substantially the same amount?—
. Yes, sir.

Q. What was that amount?—A. About $1,900,000 or $2,000,000 in
und numbers, I think.

Q. As I understand it, the old bond was all the consideration that
as given up for these new securities. There was no cash assessment,
as there?—A. On the Eastern Division there was a cash assessment
f 6 per cent. and on the Western Division there was 2½ per cent. as-
ssment, I think; I am not quite positive.

Q. In what year were these exchanges substantially completed?—
. The sale took place in 1875, and all the bonds exchanged during
875 or 1876, and the new bonds were dated in 1876.

Q. In regard to the transaction in these bonds subsequent to that
ate, what knowledge have you of such transactions?—A. My firm was
ealing in the securities continually.

Q. Do you remember the price at which they were bought during these
rly years of their issue?—A. During 1875, 1876, 1877, they were
ought at from 5 to 10 per cent.; various rates. Indeed, I purchased
ne certificate of bonds deposited in the Trust Company for $10,000,
onds of the Western Division, upon which 2½ per cent., I think it was,
ssessment was to be paid, and for that receipt of $10,000 bonds I paid
00. That was at the rate of 1 per cent., the assessment to be paid.
do not think I paid over 10 for any of the bonds which I purchased.

Q. Do you know of any transactions in which Mr. Jay Gould or W.
. Connor & Co. were interested, relating to these securities?—A. I had
ansactions with Mr. Gould in relation to them.

Q. Please state them.—A. In the fall of 1878 Mr. Bond informed us
n the executive committee of the board of directors that Mr. Gould
ould take the whole amount of bonds controlled by us, and by various
rust and other companies, at 10 cents on the dollar, and we talked it
ver and decided not to sell them. Shortly afterwards, within the next
wo or three months, Mr. Bond said the offer was increased to 20 per
ent. I still thought at that price it was a fair gamble to hold them.
n March, 1879, he informed us that Mr. Gould would take the whole of
hem at 40 cents, and that several of the trust companies had agreed to
hat if we would agree to it; and, inasmuch as I controlled a large num-
er of outside holders, besides simply my own bonds, they desired my
onsent to it. I then consented to it and made a sale to Mr. Gould.

SALES OF BONDS TO GOULD.

Q. How many bonds did you sell?—A. I had personally about $150,000
f the first-mortgage bonds, with the "trimmings" or "tails" attached,
nd also extra stock.

By Commissioner LITTLER:

Q. The "trimmings" and "tails" went with the bonds at this price?—
A. The price included the "trimmings" entire to the first-mortgage
onds.

By Commissioner ANDERSON:

Q. You would not have them go naked. Do I understand that the
150,000 covered all the bonds that you transferred, and also those that
ou controlled?—A. No, sir; those were bonds of my own that I picked
p at various prices.

Q. What other bonds were included in this transaction?—A. There
ere bonds belonging to others of the directors. I delivered the bonds
elonging to Mr. Huidekooper, of Meadville, Pa.

Q. How many?—A. I think he had $60,000 of them—I will not be quite positive about the number—and bonds of various other persons and customers.

Q. Do you know what was the total amount of bonds that you delivered in this transaction?—A. I do not remember. I was not giving very great personal attention to the matter myself. I only went on one occasion with a lot, I think, of $50,000 bonds to Mr. Gould myself. On the other occasions they were delivered by clerks.

Q. Were these bonds delivered at Mr. Gould's personal office, or W. E. Connor & Co.'s office?—A. I do not remember W. E. Connor & Co. personally in this transaction at all. It was at the office, corner of Nassau street and Cedar, I think, upstairs.

Q. Do you know whether you received the check of W. E. Connor & Co., or of Jay Gould?—A. I am quite certain it was Jay Gould's check; I remember it was. Mr. Gould came up toward me, and I handed him the package of bonds, and we talked about the matter a little. So much so that in exchange for $10,000 of second-mortgage bonds, with the "trimmings," which I was to retain, I was to hand him a certificate of 1,000 shares of the stock. We discussed that. He said, "Will you do that?" I said, "Done." He said, "Hand them to Mr. Morosini." I handed him the bonds. He counted them over in my presence, and I left, and my clerk waited and took Mr. Gould's check. I think there was $50,000 in the lot. I attended personally to that transaction with him.

Q. These deliveries were made in different parcels?—A. Not all at one time.

Q. Was the payment made in one check or in various checks?—A. Various checks, as they were delivered.

Q. This transaction must be entered in your books?—A. I presume it is in the books of Hassler & Co., but unfortunately I had clerks who did not enter everything, so that I cannot now say.

Q. Have you looked to see whether they were entered?—A. I know there are some transactions entered, but not all of them.

Q. Will you furnish the Commission with the entries that you have?—A. I will endeavor to do so.

Q. Can you give us the total amount of bonds that you delivered, as near as you can estimate it, subject to correction from your books?—A. I should put it at $250,000, although I may be mistaken. There may have been, and probably was, one or two deliveries that did not pass through the books, being delivered for other persons.

Q. Do you know anything about the deliveries made by the trust companies at the same time of their bonds?—A. I knew from information from Mr. Hezron A. Johnson, who was connected with one of them that failed in Pine street, I think it was; and from Mr. John Baird, who was receiver of another one that failed, that they delivered their bonds. They informed me so at the time, and from General Fitzgerald in regard to the Mercantile Trust Company's bonds.

Q. These gentlemen, whose names you have given us, can give us the details of the bonds delivered by their respective companies?—A. That I cannot say. I suppose so.

Q. Did I not understand that they had reported the deliveries to you?—A. They informed me. We talked it over. We spoke of it very frequently afterwards, because the price of the bonds advanced so rapidly in the market after we had made our sales, and we were rather disgusted at the transaction. When there were no bonds here, when 90 and 95 was bid for them, we felt "cheap."

Q. Are you familiar with the transactions in the Stock Exchange in regard to dealings relating to this class of securities?—A. I have been. For the last few years I have not been so familiar.

Q. Can you tell this Commission, from what you know of these securities, and the condition of the road, and the manner in which the bonds were held here, whether it would have been a possible thing in November or December, 1879, to have sold a million and a half of them at about the prices which were quoted at the Stock Exchange?—A. The prices were never quoted at the Stock Exchange.

Commissioner ANDERSON. I mean of the unlisted securities.

The WITNESS. The quotations were furnished to the papers, either by Hassler & Co., or by a combination, taking prices given by different brokers; taking the bids and the price asked at that time.

Q. Who would publish these prices?—A. The Commercial and Financial Chronicle. It sent around to different brokers dealing in these securities, asking them the prices, and the Chronicle published the combined quotation.

Q. What do you mean?—A. I mean if one quoted as 90 bid, another 92 bid, another 95 bid, or quotations of that kind, then they would probably take 92½ as being a fair quotation for the bonds.

Q. How far would quotations taken in that way, not embraced by quotations in the Stock Exchange, form a fair guide to decide whether transactions had actually occurred at that figure?—A. It would be a very unfair guide. No guide at all.

Q. How far would it be a fair guide to form a just estimate of the value of the securities referred to?—A. None at all.

Q. It simply, then, amounts to a statement that somebody interested in the securities supposed they were worth that amount?—A. They might give that quotation for one bond in order to keep up the price. Then, again, they might wish to buy a large amount at that price.

Q. Leaving the market quotations entirely out of view, and judging from what you know of that property and of its earnings, and of its operation and location and situation, what, in your judgment, at the end of 1879 were these bonds fairly worth? They were the bottom bonds, I understand; the absolute first-mortgage bonds?—A. No, sir; there was a receiver's indebtedness of, I should think, about—well, a receiver's indebtedness ahead of the first-mortgage bonds, which was bearing 10 per cent. interest, and had an accumulation of interest upon it then. To reply to your question, I should think that the bonds were not worth more than 40 to 50.

By Commissioner LITTLER:

Q. Do you base that valuation on the value of the property on which it is secured?—A. On the value of the property as not earning anything to speak of, and other roads coming in competition. It ran then only to Hastings, and had no connection. It was very poorly built. The Saint Joseph bridge was in litigation.

SAINT JOSEPH BRIDGE BONDS.

Q. What is your knowledge of the Saint Joseph bridge bonds?—A. Very slight. They were held by parties represented by de Neufville, and Donnell, Lawson & Co., knew more about it than I did. I did not pay attention to them.

Q. Were they held in one block?—A. I understood they were.

Q. Did you know anything about the bridge itself, and the money

expended in constructing it?—A. The bridge seemed to be substantially built. There was a change in the current of the river, which threatened to throw the draw over dry land, and the passage for steamers under the stationary part of the bridge. I do not know whether that occurred or not. There was a map of it published in one of the Saint Joseph papers when I was out there once, showing the changes.

Q. Do you know anything of the Kansas Central?—A. No, sir; I do not.

Q. Nothing whatever?—A. No, sir.

Q. Do you know anything about Hall County bonds?—A. No, sir. Those county bonds were sold long before I had anything to do with it.

Q. What was the market value of the receiver's certificates?—A. They were placed at par and used for the payment of taxes.

By the CHAIRMAN:

Q. Have you any other information which you can give to the Commission concerning these transactions?—A. I do not know.

Commissioner ANDERSON. We would like to have those printed books, if you can find them.

The WITNESS. Very well, I think I can find them.

Commissioner ANDERSON. Also the details of these transactions as they appear in your books.

The WITNESS. As far as they go I will furnish them. I do not know that the books cover the whole of the transactions.

By Mr. JOHN F. DILLON:

Q. Had you anything to do with the original placing of those bonds of the Saint Joseph and Denver City road?—A. No, sir.

Q. When were they placed?—A. They were placed in 1871, 1872, and 1873. The first default in interest was made in 1873.

Q. What had been the market value of them prior to 1874, when the hard times came on?—A. The bonds were sold on subscription, as it was called, at 90 cents on the dollar. The latter part of the year they were selling at about 30.

Q. The fall of 1873 bankrupted a good many roads?—A. Yes, sir.

Q. The receivers were very thick through the country?—A. Yes, sir.

Q. At what time was Mr. Bond appointed receiver of this road?—A. I should say it was before 1873. At the time of the two suits.

Q. The suit in Nebraska, on that portion of the road there?—A. The Nebraska suit was on the Western Division, and Kansas suit on the Eastern Division.

Q. Those were the two suits that foreclosure got through in 1875?—A. The sale took place in 1875, but the receiver's certificates, I think, were issued in 1877. They were issued for one year and renewable for another year.

Q. Then the road did not, on the reorganization which took place under the decree or decrees of 1875, go out of the hands of the receiver?—A. No, sir; it continued in the hands of the receiver.

Q. It was reorganized in one section, as the Saint Joseph and Pacific?—A. Yes, sir.

Q. And in another section as the Kansas and Nebraska?—A. Yes, sir.

Q. And Mr. Bond was continued as receiver?—A. Yes, sir; and elected president of both roads.

MR. BOND, RECEIVER, ELECTED PRESIDENT.

Q. Do you recollect how long it remained in the hands of the receiver?—A. I left the board of directors at the time of the election in 1879, which was, I think, in the summer of 1879; and if I mistake not, he was then the receiver of the road.

Q. So that the receivership continued after the judgment, as you recollect it, which was about 1875 until 1879?—A. I think so. I am not positive.

Q. It is not a very favorable atmosphere for railroad securities, under a receivership to flourish in?—A. It is the universal experience that it is not.

Q. These transactions to which you refer with Mr. Gould, you fix as being in March, 1879. That is about right, is it, according to your recollection?—A. Yes, sir.

Q. You parted at that time with all your interest in the property?—A. Yes, sir; excepting as I purchased some afterwards.

Q. What was the western terminus of the road at that time?—A. Hastings.

Q. About how far distant is that from the Union Pacific line?—A. I do not remember.

Mr. MINK. Twenty-five miles.

The WITNESS. I was going to say about 25 miles.

Q. At the time of the transactions, and all of them about which you have testified, the road had no through connection with the Union Pacific. It stopped at the little town of Hastings?—A. Yes, sir. It had a through connection by the Chicago, Burlington and Quincy road, which ran from Hastings to a point on the Union Pacific.

Q. Do you know when the Hastings and Grand Island extension was made?—A. I do not know.

Q. It was made after March, 1879, was it not?—A. Yes, sir; it was. There was talk of it before that. The proposition to build it was several times presented to the board.

Q. What, in your judgment, would be the effect on the actual value of the property of an extension in its own interest to Grand Island on the Union Pacific line?

Commissioner ANDERSON. From Hastings to Grand Island?

Mr. JOHN F. DILLON. Yes, sir.

A. It would have a tendency to increase the earnings of the main line, if proper arrangements could be made with a connecting road at the other end.

Q. You did hear that this line had been extended from Hastings to Grand Island, did you not?—A. Yes, sir.

Q. And that it was consolidated prior to 1880 with the Saint Joseph and Denver City?

The WITNESS. You mean with the Saint Joseph and Western, do you not?

CONSOLIDATION OF SAINT JOSEPH AND PACIFIC WITH KANSAS AND NEBRASKA.

Q. Do you know anything about the consolidation of the Saint Joseph and Pacific and the Kansas and Nebraska into the Saint Joseph and Western?—A. Certainly; yes, sir; that was consolidated.

Q. In what year was that?—A. If you will allow me one minute, I have a pamphlet here which has the articles of consolidation in it.

Mr. JOHN F. DILLON. Certainly, look at it and answer.

The WITNESS. These are the articles of consolidation. I present also a copy of the by-laws.

Mr. JOHN F. DILLON. They are not dated.

The WITNESS. It says: "The day and year first above written." I was going to say 1877. I do not remember the date. It was some time during the summer of 1877. I went out to the meeting, I remember.

Q. Those two roads, the Saint Joseph and Pacific and the Kansas and Nebraska, were consolidated in 1877?—A. Yes, sir.

Mr. JOHN F. DILLON. It was on some date prior to May 12, 1877, I take it, because that is the date of the adoption of the by-laws?

The WITNESS. Yes, sir.

Q. What was the length of that road at that time?—A. I think the road was 226 miles long.

Commissioner ANDERSON. That is, the Saint Joseph and Western?

Mr. JOHN F. DILLON. Yes, sir; the Saint Joseph and Western.

Q. Do you know anything of the acquisition by the Saint Joseph and Western, by way of consolidation or purchase, in the year 1879, of the Hastings and Grand Island road?—A. No, sir; that was proposed and consummated after I left the direction.

Q. Assuming that in January, 1880, parties in interest of the Union Pacific had a control of the majority of the stock and bonds of that road, and had made an extension to a connection with the Union Pacific, so that there were harmonious relations between the two, what effect would that have, in your judgment, on the value of the property, either in its intrinsic value or the market value of its securities?—A. It might have a beneficial effect. It depends upon which road had the greatest interest.

Q. Would not such a state of facts account, in part, for the enhanced price of these securities which you have given as occurring in 1879, after you made your sale?—A. The reports here in Wall street had more to do with it than that. The reports that the Union Pacific had bought that road had more to do with the increased price than any connection or business arrangement at all.

By the CHAIRMAN:

Q. It was a sudden increase?—A. Yes, sir.

By Mr. JOHN F. DILLON:

Q. You have stated, as I understand it, that the price fixed for unlisted securities are no safe or reliable guide as indicating actual transaction. Is that so?—A. Where there are few transactions it is no safe and reliable guide. Where there are a great many transactions it might be.

Q. So that it depends on circumstances whether it is or not?—A. As to whether bonds are active or not.

Q. Aside from that, do you not know that there was a great advance in these securities between March, when you made your transactions, and the 1st of January, 1880?—A. I think I have stated that I did know it, and was very sorry for it; sorry I could not take advantage of it.

Q. What, in your judgment, if you had kept your bonds, might you have realized for them, judiciously disposed of, in the interim between March, 1879, and January, 1880?—A. After I sold those bonds I purchased some others. I sold the firsts as high as 90. I sold the seconds as high as 65. I sold the stock as high as 55 and 50.

Q. In what year?—A. During the years 1879 and 1880; 1880 probably.

Q. Not "washed" sales; actual transactions?—A. Not at all. Actual transactions, but in very small amounts. There was a bidding demand for the bonds at the time.

Q. You have been asked whether a forcing of the whole issue of any security on the market would not have had a tendency to depreciate it. That is so?—A. Yes, sir.

Q. No judicious seller would do such a thing as that if he could avoid it?—A. Not generally, unless he had a great need of money.

By the CHAIRMAN:

Q. How did the Wall street transactions affect the prices? You have stated to Judge Dillon that the course pursued in Wall street had more effect upon it than the railroad transactions.—A. I mean reports, whether true or false. As I stated then, there was a statement that the Union Pacific had bought the road, and the reports went so far as to say that they were going to guarantee the interest.

Q. Where were the reports coming from?—A. I never could trace directly where they came from.

Q. What was the indication in Wall street at that time?—A. A great demand for the bonds, with none offered, or with very few offered.

Q. What were the indications as to the directions from which the reports were coming?—A. I could not find anything. I was not sufficiently actively engaged in the business at the time. I was engaged in various railroad operations in the West at the time, and I did not trace these reports.

By Commissioner ANDERSON:

Q. Do you mean by reports, printed statements or mere talk?—A. Talk. I think it was printed in some of the papers. I will not be positive about that.

By the CHAIRMAN:

Q. Is that the method they use in what they call "pegging up" the stock? I would like to understand what that is.

The WITNESS. The Wall street method, as I understand it?

The CHAIRMAN. That is what I want.

A. I have had some little experience in regard to the matter. The way is, to bid for things that are not to be found just at the time. You have them already, and they are locked up. You bid for them, or get somebody else to bid for them, till there are half a dozen bids; nobody offers; the price advances. Afterwards, when the price has gone up, the "lambs" come in and want a few, and will take them at for five or ten times what they could have bought them for before. That is the whole of it.

Q. Was there any such transaction pursued in reference to the bonds in 1880 that we have been discussing?—A. After these bonds were sold by the directors and others here, there were no bonds in the market for a good while. The next transactions took place, as far as I know, some several months afterwards, and then there was a bidding for them separately. Different classes of bonds commenced to be bid for separately, and stock was bid for separately. I endeavored to sell the thousand shares of stock before spoken of for $1,000 at the time I made the other transactions. I offered it to Mr. Gould through Mr. Bond for $1,000, and could not do it. I took the $10,000 second-mortgage bonds for the

thousand shares of stock, and I sold them about six months afterwards at about fifteen cents entirely separate. The stock subsequently I bought in small amounts, and made up one lot of 50 shares, which I sold at 50. The story was current that there was a great demand for the stock. It went up to 55, and then again was down. I had another quotation a few months afterwards at 22, and then again at 8. There was then no demand for it.

OCK AND BONDS ISSUED BY SAINT JOSEPH AND HASTINGS.

By Commissioner LITTLER:

Q. What was the entire amount of stock and bonds issued on this road from Saint Joseph to Hastings?—A. The authorized amount of capital was $10,000,000.

Q. Does that include stock and bonds, both?—A. No, sir.

Q. What was it?—A. The authorized amount of capital stock was $10,000,000, of which $3,000,000 was issued—I think that was it—in the reorganization, the other being reserved. The issue of the first and second mortgage bonds on each division was about $2,000,000 of the first in each case. I have forgotten the amount of the seconds. There were two and a quarter millions of land scrip. The amount is correctly given in Poor's Railroad Manual for 1878. I furnished the figures myself.

Q. Assuming that this property was bonded and stocked for two or three times its value in the first instance, I wish you would explain how the construction of this little 25 miles from Hastings to Grand Island would actually increase the value of the bonds and stock. Judge Dillon has been trying to show that these 25 miles of road constructed after the Union Pacific got control added largely to the value of the securities of the main line. I want you to tell how that was.—A. I can see of one way in which it might be done. That was, if that line from Saint Joseph to Grand Island was used for not merely the business originating at Saint Joseph or at the other end, wishing to go back to Saint Joseph, or the little business originating along the line of the road, but was used for through business. I remember receiving a Saint Joseph paper which stated that the main line trains of the Union Pacific were to run from Saint Joseph over that road.

Q. In other words, if the Union Pacific had made some traffic arrangement, and had given to this road a constructive mileage, &c., then it would have increased its earnings?—A. Constructive mileage and sufficient business.

Q. Would these stocks and bonds have been affected in any other way by this link?—A. I do not see how they could.

By Commissioner ANDERSON:

Q. What roads from the east go to Saint Joseph?—A. There is the old Hannibal and Saint Joseph, directly from the east; there was the Saint Louis and Saint Joseph, reorganized as the Saint Joseph and Saint Louis, which I had bought in for the bondholders a few years before, which gave a little business—the tracks connecting; then from the north, connecting Saint Joseph with the north and south up and down the river, was the Council Bluffs, Saint Joseph and Kansas City.

Q. Was there any large amount of through business seeking the west, or coming from the west seeking the east, which, by reason of connections of Saint Joseph would have its natural flow to and fro over the

Saint Joseph road, and which would have been promoted and developed by the construction of this 25 miles of link?—A. In connection with the Saint Joseph and Saint Louis Railroad I looked into that subject quite extensively in order to control the trade for the Saint Joseph and Saint Louis railroads, and I found that the combination of railroads at Saint Joseph were all against any such arrangements; that the western trade from Kansas City would go over either the Saint Louis, Kansas City and Northern or Missouri Pacific, and be carried from Saint Joseph down by the Council Bluffs road, or north by that same road, or east by the Hannibal and Saint Joseph; and, while we were all very desirous of making arrangements to do that, it seemed to be impossible to make any connections to bring the trade that way; the combinations of the railroads were all against it.

Q. Can you tell who the prominent brokers were whom you remember as being the parties bidding for these securities at the room where they were sold, after your sale to Mr. Gould?—A. At that time there was no place for dealing in miscellaneous securities; it was simply from broker's office to broker's office; the brokers dealing in them were John T. Hanna, or Hanna Brothers, I believe it was then.

Q. He is still living, I believe?—A. Yes, sir; George T. Bonner & Co. I think were trading in them; and Haar for Raven & Co., and George W. Dougherty, his firm name I have forgotten now; I think he is here in the Stock Exchange now.

Q. Dougherty is?—A. Yes, sir.

[The Commission received a memorandum from Mr. Haar stating that it is his impression that Rutten & Boun were the parties who negotiated the Saint Joseph Bridge bonds.]

The WITNESS. If you will allow me to state, my recollection about it is that it was Mr. de Neufville; he was interested in the Mont Clair road in New Jersey, as I myself was; I have no reason for correcting my own statement as to him.

By the CHAIRMAN:

Q. Is there any other information that you can give us?—A. Anything you wish that I have I will obtain for you.

The CHAIRMAN. You have not said that you wanted to say anything.

The WITNESS. No, sir; I do not want to say anything.

The CHAIRMAN. You remember the point called for as to your accounts of your transactions?

The WITNESS. And the other information asked for; yes, sir.

CHARLES W. HASSLER.

The witness subsequently submitted the following papers:

Sales of St. Jo. and Pacific, Kansas and Nebraska, and St. Jo. and Western R. R. Companies' securities by Hassler & Co., to Jay Gould.

1879.	Delivered.	Received.
March 1.	$10,000 St. J. & P. 1sts	$10,000
	25,000 K. & N. 1sts.	
	Accompanying were—	
	4,600 K. & N. 2ds.	
	4,500 K. & N. stock.	
	7,900 St. J. & W. stock.	
March 8.	$50,000 St. J. & P'c'f. 1sts	$20,000
	Accompanying were—	
	30,000 St. J. & W. stock.	
March 12.	$40,800 St. J. & P'c'f. 1sts	$24,480
	20,400 K. & N. 1sts.	

Accompanying were——
4,500 K. & N. 2ds.
124,600 St. J. & W. stock.

I have compared the above with the books of Hassler & Co., and find it correct. My recollection is that there were other sales, but they do not appear to have been recorded.

CHARLES W. HASSLER.

NEW YORK, June 20, 1887.

SAINT JOSEPH AND DENVER CITY RAILROAD COMPANY.

From October 1st, 1873, to October 31st, 1875, the monthly earnings and expenses were as follows:

Months.	Earnings.	Expenses.
October, 1873	$31,784 86	$29,120 [illegible]
November, 1873	28,113 10	27,420 [illegible]
December, 1873	29,552 74	24,574 [illegible]
January, 1874	24,501 78	23,900 [illegible]
February, 1874	21,024 70	21,973 [illegible]
March, 1874	28,189 55	25,153 [illegible]
April, 1874	28,501 35	23,782 [illegible]
May, 1874	32,333 12	30,469 [illegible]
June, 1874	38,114 26	35,500 [illegible]
July, 1874	35,938 21	36,866 [illegible]
August, 1874	44,324 51	41,065 [illegible]
September, 1874	45,709 82	39,530 [illegible]
October, 1874	47,141 27	44,275 [illegible]
November, 1874	34,938 60	40,322 [illegible]
December, 1874	33,447 89	39,044 [illegible]
January, 1875	21,997 44	29,120 [illegible]
February, 1875	21,900 99	29,644 [illegible]
March, 1875	37,981 23	34,003 [illegible]
April, 1875	37,466 36	34,239 [illegible]
May, 1875	34,135 56	37,821 [illegible]
June, 1875	39,120 33	47,085 [illegible]
July, 1875	30,291 94	32,225 [illegible]
August, 1875	40,444 98	32,762 [illegible]
September, 1875	50,546 67	40,215 [illegible]
October, 1875	53,164 58	42,486 [illegible]
	$859,785 93	$843,383 [illegible]

Memorandum of an agreement made this day of in the year of our Lord one thousand eight hundred and seventy-seven by and between the Saint Joseph and Pacific Railroad Company, a corporation organized and existing under and by virtue of the laws of the State of Kansas, party of the first part, and the Kansas and Nebraska Railway Company of Kansas, a corporation organized and existing under and by virtue of the laws of the State of Kansas, party of the second part.

Whereas the party of the first part was duly incorporated and organized for the purpose of constructing, owning, maintaining, and operating, and became the owners by purchase at a sale on foreclosure of mortgage of a continuous line of railroad extending from a point upon the westerly bank of the Missouri River, in or near the town of Elwood, in the county of Doniphan and State of Kansas, to the town of Marysville, in the county of Marshall and State of Kansas;

And whereas the party of the second part was duly incorporated and organized for the purpose of constructing, owning, maintaining, and operating, and became the owners by purchase at a sale on foreclosure of mortgage of a continuous line of railroad extending from the town of Marysville, in the county of Marshall, in the State of Kansas, to a junction with the Union Pacific Railroad at or near Fort Kearney or Kearney City, in the State of Nebraska, and to extend a branch road to or near Grand Isle on said Union Pacific Railroad;

And whereas the said railroads form a continuous and connecting line of railroad with each other, so constructed as to admit of the passage of freight and passenger cars over each continuously, without break, change, or interruption;

And whereas the parties of the first and second part are desirous of consolidating with each other under and in pursuance of the laws of the State of Kansas;

And whereas the said parties have agreed upon the terms and conditions hereinafter set forth as the terms and conditions of such consolidation;

And whereas owners of more than two-thirds in value of all the stock of each of said parties have consented in writing to such amalgamation and consolidation upon the terms and conditions hereinafter set forth:

Now therefore this agreement witnesseth: That in consideration of the mutual agreements, covenants, provisions, and grants herein contained the said parties of the first and second parts do, by these presents, merge, amalgamate, combine, and consolidate their respective capital stocks, franchises, grants, immunities, privileges, capacities, properties, and rights of way of every name and nature into one company, to be called and known by the corporate name and style of the St. Joseph and Western Railroad Company, which said consolidated company shall from henceforth have and possess all and singular the rights, franchises, powers, immunities, privileges, and capacities which are or have been granted to or conferred upon or possessed or enjoyed by either of the said parties hereto, by or under the laws or enactments of the said State of Kansas, and shall continue in existence for the period of ninety-nine years from the first day of August, A. D. 1876.

And this agreement further witnesseth, that the said parties of the first and second parts have agreed upon, and by these presents do agree upon and prescribe, the following as the terms and conditions of such consolidation, which terms and conditions the said parties of the first and second parts mutually covenant, promise, and agree to preserve, keep, and perform, viz:

ARTICLE 1. The corporate name of the said consolidated company shall be the St. Joseph and Western Railroad Company.

ARTICLE 2. The number of directors of the said consolidated company shall be thirteen.

ARTICLE 3. The names and places of residence of the directors and other officers of said consolidated company who shall be the first directors and officers thereof, and shall manage its affairs for the first year and until others are chosen in their places, are as follows, to wit: José F. Navarro, of the city of New York; Robert W. Donnell, of the city of New York; H. H. Butterworth, of the city of New York; Charles W. Hassler, of the city of New York; William Bond, of the city of New York; Alfred Mitchell, of the city of New York; Louis Fitzgerald, of the city of New York; E. J. C. Atterbury, of Trenton, New Jersey; F. W. Huidekoper, of Meadville, Pennsylvania; Albe M. Saxton, of St. Joseph, Missouri; E. N. Morrill, of Hiawatha, Kansas; J. D. Brumbaugh, of Marysville, Kansas; Edwin Knowles, of Seneca, Kansas.

ARTICLE 4. The amount of capital stock of the said consolidated company shall be ten millions of dollars, consisting of one hundred thousand shares of one hundred dollars each.

ARTICLE 5. The capital stock of each of the said railroad companies shall, upon surrender of the certificate or other evidence thereof, be convertible into the capital stock of the said consolidated company, share for share, and none of said capital stock shall be issued except as herein provided for unless by votes of the holders of a majority of the stock outstanding.

ARTICLE 6. The first regular annual meeting of the stockholders of said consolidated company for the purpose of electing directors of said company for the year then next ensuing shall be held on the second Thursday of June, 1878.

Special meetings may be called at any time by a majority of the board of directors.

ARTICLE 7. From and after the consummation and filing of a copy of this agreement in the office of the secretary of state of the State of Kansas, all and singular, the rights, privileges, and franchises of each of said corporations, parties hereto, their several capital stocks, and all property, real, personal, and mixed, and all assets, and all debts due on whatever accounts, as well as of stock subscriptions, and other things in action belonging to each and every of said corporations, parties hereto, shall be consolidated, merged, and amalgamated, and shall be taken, and deemed transferred, and are hereby conveyed to and vested in the corporation hereby established without further act or deed, and all property, rights of way, and all and every other interest shall be as effectually the property of this new corporation as they were of the former corporations parties to these presents.

And all rights of creditors and all liens upon the property created by either of said corporations shall be preserved unimpaired notwithstanding said merger and consolidation, and all debts, liabilities, and duties of either of said corporations so merged shall thenceforth attach to this said new corporation, and be enforced against it to the same extent, and in the same manner as if said debts, liabilities, and duties had been incurred or contracted by it.

In testimony whereof the directors of the several corporations, parties hereto, have caused these presents to be signed in the names thereof by their respective presidents, and their several corporate seals to be affixed hereto the day and year first herein written.

THE SAINT JOSEPH AND PACIFIC RAILROAD COMPANY,
By ——— ———,
President.

[SEAL.]
Attest:

——— ———,
Secretary.

THE KANSAS AND NEBRASKA RAILWAY COMPANY OF KANSAS,
By ——— ———,
President.

[SEAL.]
Attest:

——— ———,
Secretary.

[The following letter is reprinted at the request of a number of the former bondholders.]

No. 7 WALL STREET,
New York, December 18, 1876.

——— ———, Esq.,
——— ———:

MY DEAR SIR: Your letter of 15th instant is received.

You ask my view of the proposed consolidation of the St. Joseph and Pacific Railroad Company and the Kansas and Nebraska Railway Company—the reorganized Eastern and Western Divisions of the St. Joseph and Denver City Railroad.

You refer to my being aware of the fact that you have a large interest in the old bonds of both divisions (about equal in each), and that you purchased your bonds at high figures.

For your kind reference to my connection with the efforts to bring about a satisfactory organization and settlement, I thank you.

The facts as they now exist appear to me as follows:

The foreclosures having taken place, and the reorganization of each division having been consummated separately, the question assumes a practical shape: Shall the two divisions be operated separately, or shall they be united under the management of one company, and operated for the common benefit of all interested?

It is true, as you have heard, that I am one of the trustees of the new land scrip to be issued in part settlement for the Western Division bonds, but I do not see that this is sufficient reason for any one supposing that I might, on that account, necessarily favor a union of the two new companies, on the supposition that those interested solely in the old Western Division would be most benefited thereby.

The fact is, that all matters connected with the administration of the land department are disconnected with the railroad company, except so far as Mr. Butterworth and myself are directors, and so far as the trust deed to us permits or requires us to ask the advice and direction of the board of directors in certain contingencies, which may never arise. It is the purpose of the trustees to administer the land department as a trust independent of any and all other connections whatsoever. If you will call on Mr. Alfred Mitchell, land commissioner and attorney for the trustees, at our office, No. 98 Broadway, you will be fully satisfied of this.

I think you are aware of the fact that I have visited the line of the road. Not only from this circumstance, of knowledge acquired by personal inspection, but also from my being a member of the executive committee of the boards of directors of each of the new companies as now reorganized, my opportunities for understanding the present condition and future prospects are of the best.

I sent you in August a statement of earnings and expenses for the period 24 June, 1875, to 30 June, 1876. They showed a balance of net earnings, $1,671.51 for the whole road, there being $31,932.05 net profit on the Eastern Division, and a deficit of $30,260.54 on the Western.

Upon this showing an owner of Eastern Division bonds would say at once I will not agree to a consolidation by which I will be injured and Western Division bondholders be benefited. Such a decision would be natural enough under the circumstances named. But is such a decision really for the best interests of the person making it?

Under the reorganization the bonded debt and capital stock of the two divisions is as follows:

Eastern—First-mortgage bonds, $1,900,000; second-mortgage bonds, $1,200,000; stock, $1,600,000.

Western—First-mortgage bonds, $1,900,000; second-mortgage bonds, $1,200,000 stock, $1,700,000.

The length of each of the old divisions is about 113 miles, and, as you see, the bonded debt and capital is about the same for each. The land, you will remember, is not now connected with the road, or covered by its new mortgages above named.

Is then, the statement that the Eastern Division netted about $30,000 during one year, and the Western lost about the same during the same period, the proper one on which to base calculations for the future?

I think not. The business of the Eastern Division *originating* on its line would not pay expenses, and any attempt to operate that line independent of, and without having the business originating on the Western Division pass over it, would result in a heavy *deficit*. An examination of the tables showing the points at which the business of the line originates has convinced me of this.

It were idle to ask if the new stockholders of the Eastern Division will assess themselves to make up any deficiency, however small it might be. You will agree with me that bondholders of each division have had sufficient assessments already.

But, you may think that the traffic originating on the Western Division has no other outlet than the Eastern Division, and that all the business of the former *must* go over the latter and pay it whatever rates it chooses to name.

If you will look at the map of Kansas and Nebraska, you will notice that the Atchison and Pike's Peak, or Central Branch Union Pacific, has a terminus within twelve miles of Marysville, the junction of the Eastern and Western Divisions of our line.

This road received a Government subsidy of $1,600,000, and issued its own bonds to the same amount, which were sold to investors. And now that the "Excursion," in which so many honorable and reverend gentlemen and their wives took part, and after which the bonds were disposed of, is forgotten, the assessment of *ten per cent.* now called for from the bondholders is fresh in mind.

The Eastern Division, if ending at Marysville, has not the same chances of success as the Atchison and Pike's Peak, for the latter has a land grant from the United States Government, in addition to the subsidy in Currency Sixes.

And it is now the effort of the company to build further westward, in order to obtain the business now taken to our Western Division. If this could be done by simply building the twelve miles to Marysville, that company would most gladly build that and so make our present Western Division a feeder to their unprofitable line.

And again, the Burlington and Missouri Railroad connects with our Western Division at Hastings. From that point the whole line to Chicago is under the control of the powerful Chicago, Burlington and Quincy; and that company can afford to pay remunerative rates at Hastings for eastern business originating at any station on our Western Division, even on that from Marysville. True, this would be the longest route, but the Chicago, Burlington and Quincy can afford to do the business at rates which would remunerate the Western Division, but which the Eastern Division, on its short haul, could not allow except to its own destruction.

You will thus see that the Western Division now has two eastern outlets, and that it needs a great deal of care to so adjust rates on the through route to enable us to carry any of the freight which might be tributary to the Burlington and Missouri Railroad. It is hardly worth while for us now to so act as to encourage the building of a few miles which would give another. It is not worth while for our two reorganized companies to begin a "war" between themselves which would actually ruin one of them and would assuredly injure the bondholders' interest of both.

Proxies for voting at the special meeting of stockholders have been sent out by the secretary of the company.

The stocks of the new companies stand in your name, though the certificates are not yet issued, and you have a perfect right to vote. I would urge you to sign the proxy before a witness, and you may send it either to me or to the secretary direct.

You ask me what new securities are to be given for the old bonds.

Each $1,000 Eastern Division bond, with unpaid coupons attached, will receive $1,200 in new first-mortgage bonds, and $600 in new stock. The new second-mortgage bonds are to be used in settlement of claims.

Each $1,000 Western Division bond, with unpaid coupon attached, will receive $400 in new first-mortgage bonds, $250 in new second-mortgage bonds, $450 in land scrip, and $378 in stock.

I hope, my dear sir, that with this consolidation completed our trouble will be ended, and the road begin a career of prosperity.

Yours truly,

CHARLES W. HASSLER.

NEW YORK, *June* 8, 1877.

DEAR SIR: The purchase of the Saint Joseph and Denver City Railroad, in behalf of the bondholders, was made under a decree of sale which specially provided that the purchasers should pay all taxes assessed upon the property.

When the new direction, succeeding Mr. Tanner, took possession of the road in September, 1873, the taxes for the years 1872 and 1873 had not been paid, and it having then become necessary to provide for the immediate payment of such as were most pressing, the new directors, being large bondholders, advanced the money necessary for the purpose, with the understanding that they should be repaid from the proceeds of the sale of the road, and these amounts so loaned have all been repaid by the purchasing committee.

Payments of taxes have also been made from the current receipts of the road, to the amount of about $34,000 during the year 1876, and the purchasing committee have also paid large sums received from the bondholders in addition to the amounts refunded above referred to.

It has been impossible, however, to meet all demands in full, and when the two new companies, which had become owners of the property, by transfer from the purchasing committee were fully organized, the president was requested to make an examination of the matter and report to the board of directors such measures as he might deem expedient for adoption.

After a careful examination of the property, of its condition and its necessities for the near future, and of all the claims against it, it was ascertained that the sum of $60,000 was necessary to meet the demands for taxes on the former Western Division, and the sum of $75,000 was required for the same purpose and for necessary immediate repairs on the former Eastern Division.

It may be well to notice here that the plans of reorganization, adopted by the former bondholders, were prepared during 1874, when it was thought that the foreclosure would be speedily brought to a conclusion, and when it was expected that the earnings of the road would so greatly increase that the current taxes could readily be paid from that source.

These plans of reorganization provided, however, for the issue of such large amounts of first and second mortgage bonds in exchange for the former securities, that, when the board of directors of the two new companies examined the matter it was found that it was absolutely impossible to raise any money for any purpose, whatever, by the issue of any security which could now be authorized by them, for no sales could be made at any price of third-mortgage bonds and, much less, of any note or unsecured obligation of the new companies. The statement of earnings, appended hereto, shows a well sustained increase from month to month, and argues very well for the immediate future of the property, and had not the general stagnation in business affairs which has existed in all parts of the country been aggravated by the ravages of grasshoppers, the increase would, doubtless, be more marked. But even with this improvement it was found that some immediate action was necessary to provide the $135,000 required as above, and as the United States circuit court had not yet released its control of the property—which indeed it could not do, according to its own order, until the taxes are paid—it was, after mature deliberation, decided that the president of the two new companies, and still receiver under the order of the court, should apply to Judge Dillon for orders authorizing him to issue receiver's certificates of indebtedness for the sum of $75,000 and $60,000, to be secured respectively on the former Eastern and Western Divisions, but not including the land grant of the latter.

After a full examination (the purchasing committee and the two new companies, the Saint Joseph and Pacific, and the Kansas and Nebraska—and the Saint Joseph and Western, as the successor, by consolidation of the two latter, having been fully notified), Judge Dillon has made such orders as authorize the issue of the certificates referred to, and place them as a secured lien on the property, prior even to the new first-mortgage bonds.

The certificates of $1,000 each have printed upon them the order of court authorizing them; they bear ten per cent. interest from date of their issue, payable semi-annually; are due in one year with the privilege of renewal on the part of the receiver for one year additional; and it is especially provided that, in case of default in the payment of interest or principal, any holder may apply to court for an order directing the sale of so much of the property as may be necessary to pay them, and that, without suit, such order will be made.

At a recent meeting of the board of directors of the new, consolidated corporation—the St. Joseph and Western Railroad Company—the undersigned were appointed a committee to bring this matter to the attention of former bondholders (most largely interested in the property), and having made the above statement of facts, we desire simply to add that it is only the absolute necessities of the property which have caused the board's approval of the issue of these certificates, but that in view of all the circumstances of the case, and the extreme probability that any call for a cash assessment on the bondholders would meet with but few responses, we would urge upon you the propriety of your subscribing for as large a sum as possible, and this we do with the confidence that it is scarcely possible for a more safe investment to be found, in view of the fact that the whole line of road of 226 miles in length is bound for their payment, should they not be paid from the earnings of the property.

ur immediate attention is requested to this matter, as many of the claims are very
ing, and the United States court may make some other order in the case which
be even less agreeable to us.
ubscriptions may be forwarded by certified check to either of the undersigned, who
l return the certificates as may be requested.

Respectfully,

R. W. DONNELL,
Donnell, Lawson & Co., 92 Broadway, New York.
CHARLES W. HASSLER,
Hassler & Co., 7 Wall Street, New York.

he following is a copy of the order of court in regard to the Western Division, and
t relative to the Eastern Division is similar except as to names and amounts:

the matter of the petition of Wm. Bond, receiver of the St. Joseph & Denver City Railroad Company, to borrow money to pay taxes.

Whereas, by the report by the receiver of the Saint Joseph & Denver City Railroad
mpany here presented to me and filed in the office of the circuit court of the United
ates for the district of Nebraska, of the operation of the said railroad for the six
nths prior to January 1, 1877, it is apparent that seventy thousand dollars of taxes
on the property of the Western Division of the company are due and unpaid for the
ars 1874, 1875, and 1876, and that by the prompt payment thereof by the receiver
e-seventh thereof can be saved in interest and penalties, which are offered as a re-
tion by the different counties in Nebraska through which the road-bed passes, a
inducement to early payment, which is esteemed as of sufficient importance to
ke it advantageous to the property to borrow the money and pay such taxes, which
the law of said State is a first lien thereon; and whereas it is in proof that the
me cannot be paid at an early day by any probable earnings of the railroad or from
y other source within the power of the receiver to command:

Now, therefore, in view of the above facts, and in pursuance of the prayer of the
tition this day filed before me by the receiver, the said William Bond, the receiver
retofore appointed by this court to control, manage, and operate the said St. Joseph
Denver City Railroad, is hereby authorized and directed to borrow, on the terms
d rate of interest set out in the following form of debenture, any sum not exceeding
xty thousand dollars, to be used only for the purpose of payment of taxes on the
estern Division of said road, and to issue to the person or persons advancing such
me, or any part thereof, his certificate, with coupons for interest warrants attached,
gned by him, expressing the amounts so advanced, and the terms upon which the
me may be advanced, which certificate may be in form as follows, to wit:

1,000.] ST. JOSEPH, MO., ——— ———, 1877.

One year after date, unless sooner paid, for value received, I promise to pay ———
———, or his assigns, the sum of one thousand dollars, with interest thereon at the
te of ten per cent., payable semi-annually within six months from date of issue; at
e banking house of Donnell, Lawson & Co., in the city of New York. This loan is
ade under and by virtue of an order of the circuit court of the United States for the
strict of Nebraska, at Chambers, on this 2nd day of March, 1877, a copy of which is
ached herewith, as a part of the loan hereby authorized to be made.

This certificate is payable in one year from date or sooner, at the option of the said
ceiver, after sixty days' notice in the New York Herald, and may be renewed for one
ar after maturity at the discretion of the receiver, but the same shall in no event
e renewed more than once, or for any period longer than two years from its issuance.
he said loan shall be used exclusively by the receiver for the purposes herein stated,
d for that purpose shall be kept separate from the other funds of the operating de-
rtment.

The said certificates to be issued only as occasion requires, and to be numbered con-
ecutively from one to sixty, and for that purpose the certificates issued by virtue of
is order are made a first lien upon all the property of every nature and description
ow in the hands of the receiver, including road-bed, track, and rolling-stock, from
arysville, Kansas, to Hastings, Nebraska, and heretofore known as the Western
ivision of the Saint Joseph & Denver City Railroad Company, and the earnings of
e said Western Division, after deducting operating expenses, floating debt, and the
xpenses of the receivership, are pledged for the payment of the principal and interest
f this obligation, according to the tenor thereof.

No. ——.

———— ————,
Receiver of the Saint Joseph & Denver City Railroad.

Until further order of this court the said certificate shall in no case be sold for less than par in currency.

And it is further ordered that they shall be a lien upon all the depots and other property of the said Western Division prior to all claims whatever, and the said receiver is hereby ordered to pay the principal and interest mentioned in such certificates at all times according to the terms hereof, and in case of the failure to pay the same any holder or holders of such certificates may prosecute suits in their name and in behalf of all others to enforce the lien and compel payment hereof; and it is further ordered that a copy of this order be forthwith served upon the Farmers' Loan and Trust Company, trustee, by mail or otherwise, and also upon George J. Forrest, chairman of the purchasing committee, and that unless reasonable and proper cause is shown to the undersigned on or before the 22d day of March, 1877, at his chambers, why this order shall not be made absolute and placed of record in this cause, then the same will be done and this order be made final and of full force.

Given under my hand this 2d day of March, A. D. 1877.

JOHN F. DILLON, *Judge.*

Service of a copy of the foregoing order is hereby admitted.
New York, March 8, 1877.

GEO. J. FORREST,
Chairman of the Purchasing Committee.

Service of a copy of the foregoing order is hereby admitted.
New York, March 9, 1877.

THE FARMERS' LOAN AND TRUST CO.,
By R. G. ROLSTON, *President.*

APRIL 3, 1877.

The hearing having been postponed until this day and no opposition having been made, the foregoing order is made absolute and ordered to be entered of record, with this modification: That the lien of the said certificates shall not extend to the lands other than those used as a part of the road-bed, and for depots and stations, granted to the said railroad company by the act of Congress.

JOHN F. DILLON, *Judge.*

The following modification of the above order has since been made by Judge Dillon, and service of the same admitted by all the parties:

The said circuit court of the United States for the district of Nebraska reserves to itself the right, at any time, upon default in payment of interest or principal of said certificates, to order the sale of all or any part of the property of every nature and description now in the hands of said receiver, including road-bed, track, and rolling-stock, from Marysville, Kansas, to Hastings, Nebraska, and heretofore known as the Western Division of the Saint Joseph & Denver City Railroad Company, except such property as in said original order is excepted from the lien of said certificates, to pay the principal and interest of said certificates in said original order mentioned, upon the application of the holder or holders of said certificates, or upon the application of any person or persons interested in said property, upon such notice to all parties in interest as said court shall direct, and without suit; and it is further ordered that a copy of this order be forthwith served upon the Farmers' Loan and Trust Company, trustee, by mail or otherwise, and upon Geo. J. Forrest, J. Augustus Johnson, and John J. McCook, purchasing committee, and upon the Saint Joseph & Pacific Railroad Company, of Kansas, and upon the Kansas and Nebraska Railway Company, of Kansas, and upon the Saint Joseph & Western Railroad Company—a company formed by the consolidation of said two last-mentioned companies—that unless reasonable and proper cause is shown to the undersigned on or before the 20th day of May, 1877, at his chambers at the city of Des Moines, Iowa, why this order shall not be made absolute and placed of record in this cause, then the same will be done and this order made final and conclusive; and said notice may be served on said last-mentioned company by delivering a copy of the same to any two of the directors thereof.

At chambers, Omaha, May 11, 1877.

JOHN F. DILLON, *Judge.*

May 26th the following order was entered:

AT CHAMBERS, CITY OF DES MOINES, IOWA.

The hearing having been postponed until this day, and it appearing to my satisfaction that notice of the foregoing order has been duly served on all the parties by said order required to be notified, the said order is made absolute and ordered to be entered of record, no objections being made thereto.

Des Moines, May 26, 1877.

JOHN F. DILLON, *Judge.*

Certified copies of the above orders may be seen at the offices of either member of the committee.

Earnings from July 1, 1875, to April 1, 1877.

Months.	1875.	1876.	1877.
January	.....	$26,823 44	$28,280 01
February	.....	28,195 81	31,717 73
March	.....	23,967 80	34,517 22
April	.....	24,251 62	29,391 12
May	.....	32,043 55	.....
June	.....	35,216 82	.....
July	$30,181 94	28,938 42	.....
August	40,510 83	43,902 89	.....
September	50,550 05	61,390 87	.....
October	53,164 58	55,928 06	.....
November	48,467 47	51,236 15	.....
December	41,304 90	38,908 10	.....

NEW YORK, *Saturday, May* 14, 1887.

HENRY VILLARD, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

RECEIVER OF KANSAS PACIFIC.

Question. You are named, I believe, together with Mr. Greeley, as the receivers of the Kansas Pacific?—Answer. Yes, sir.

Q. Do you remember the date of your appointment?—A. I believe it was in January, 1878.

Mr. HOLMES. You were appointed receiver November 4, 1876.

The WITNESS. I am getting old, and have forgotten. Mr. Holmes was my counsel at the time, and so I look to him.

Q. How long did you and Mr. Greeley remain such receivers?—A. Until we were discharged by Judge Miller; by order of Judge Miller, of the Supreme Court.

Mr. HOLMES. I think it must have been the latter part of 1878 or the first part of 1879, because it was during the Christmas recess that we argued the motion.

The WITNESS. We were discharged by order of Judge Miller.

Q. Late in 1878?—A. Late in 1878.

Q. How familiar did you become with that road during those two or three years?—A. Very well. I had my office here in New York, but I went out regularly.

Q. How often did you go over the road?—A. Four or five times a year. I spent considerable time at Kansas City and at Denver.

Q. Have you complete reports or copies of your reports as receiver in your office?—A. No; I think not.

Q. Where can they be seen?—A. I could not tell. They were rendered to the United States court.

Q. Is there a complete copy in the office of the Union Pacific to-day?—A. There was one in the office of the Kansas Pacific.

Mr. HOLMES. Yes; I think they will be found at the Omaha office of the Union Pacific.

The WITNESS. You see, we reported to the court and not to the company.

Q. Please tell us generally what was the financial condition of that road during the year 1876 and 1877.—A. It made default.

Q. In all of its securities?—A. On all of its first-mortgage bonds, of

which I represented different classes of holders, and as whose representative I was really appointed receiver by the court.

Q. How long did those securities remain in default?—A. They remained in default until 1879; June, 1879.

Q. Until you were discharged or your receivership was terminated?—A. Six months after it was terminated. We were discharged before the settlement between the first-mortgage bondholders and the company actually took effect.

Q. That settlement was effected by what instrument, substantially, or was it effected substantially by the arrangement contained in the consolidated mortgage?—A. During the last year of my receivership I was party to protracted negotiations, continued all through the latter part of 1877 and all through 1878, and various proposals were made by the mortgage creditors and various counter proposals made by the Kansas Pacific Company. I have no definite recollection what these proposals were. I could not find them.

AS TO POOLING AGREEMENT.

Q. Was not the most prominent step that was taken in that direction, as leading up to the ultimate adjustment, a pooling agreement by which a very large number, in amount at least, of the holders of these securities put their interest together at percentages agreed upon, and under which pooling agreement you, in connection with Mr. Holmes and Mr. Greeley, subsequently became a committee to hold the securities?—A. Yes, sir.

Q. What connection had you with that pooling agreement?—A. As representative of the first-mortgage creditors I was made one of the committee that really had charge of carrying out a plan of settlement agreed on between the Kansas Pacific Company and its mortgage creditors. It was to show the good faith and seriousness of the company—the serious purpose of the company in carrying out this plan of settlement—that I was put on this committee. I had no personal interest whatever in the pool. I was simply put there as a representative of the mortgage creditors, as a sort of means of information for them. I knew what was going on, and nothing could be done contrary to the plan of settlement agreed on without my knowledge and, through me, their knowledge; but I had no personal interest in the pool.

Q. In the agreement before us you are put down as representing 10,000 shares of stock of the Kansas Pacific Company, that amount being written opposite your name, and as representing no other securities than that. Will you please explain that?—A. However that may have been, I had no personal interest. That stock may have been put down to me. I did not sign, as you will see. My signature does not appear there. I may state by way of explanation that I was offered a participation in the pool, and no doubt was put down for an amount, but I declined it as being incompatible with my official position as receiver and as representing the bondholders. I was offered a participation, and that figure may account for that fact; but I had no holdings in it.

By the CHAIRMAN:

Q. Did you meet with these gentlemen in the settlement?—A. Yes, sir; as I explained before, I was party to the negotiations.

By Commissioner ANDERSON:

Q. What I want to get at is whether you can refer us to any person who can give us an intelligent account of this pool, and of the accre-

tions that came to it, the changes that came to it, so that we can obtain from such person an explanation of what the interests of the participants in the pool may have been, and what the changes in those interests were, and what each person realized from that pool?—A. I ought to have been able at the time, but I could not give the information now.

Q. Nobody, to your knowledge, kept an account, in the shape of a cash account, of the interest represented by the pool?—A. This committee, of which I was one, for a time—and I will explain directly what I mean when I say for a time—did receive these securities. I do not know whether during my membership of the committee all the securities here mentioned were received, but a very large proportion certainly of all the securities placed in the pool were received during my membership. I did not keep the accounts of the pool, but, owing to a difficulty which arose (I do not know at what period of my membership) I resigned from it. I had at one time sole control or sole custody of all those securities. I had the keys to a box in the Stock Exchange vault containing them, but I did surrender the control and I may have confounded the surrender of the control of the keys to that box, which gave my practical control or custody of all those securities, with my retirement from the committee.

Commissioner ANDERSON. The general difficulty, before that pooling agreement was made, then, as I understand it, was that the various interests representing securities belonging to this road, which were in default, were contending among each other, and there was a rivalry to obtain better terms for one set of securities as against the other; and, after negotiations which led to some personal adjustment, some would manifest dissatisfaction, so that the pool arrangement was resorted to in order to arrive at a definite conclusion by which those interests would become fixed.

The WITNESS. There was a struggle between the first mortgagees, and what may be termed the junior securities. The junior securities endeavored to get a settlement with the first-mortgage bondholders, which would improve their respective positions, naturally; and, as you see, there was a contest, so to speak, over this point, what side to the contest would make the most concession for the benefit of the other; and, finally, in order to tie up the junior securities—the stocks and the income bonds and land-grant bonds and funding mortgage bonds, &c.—this pool was formed.

Q. Was not the essential feature of that pool that the junior securities, including the youngest of those securities, which was the stock, should be scaled at a fair price, representing, as near as you could get at it, what their fair relative values were, so as to reduce the gross amount of outstanding incumbrances, interest, and stock which hung over this road?—A. That was my understanding of the original object of the pool, that there was to be a reduction in the volume, in the nominal amount of the junior securities.

Q. Was not the effect of the consolidation, as carried out in 1880, directly the reverse, in the respect that it increased the volume of outstanding bonded indebtedness and the volume of the outstanding stock, both as to the Kansas Pacific and the Denver Pacific?—A. Practically that seemed to have been the effect. I do not remember the exact figures of increase.

Q. To go back to this pool, Mr. Ham has informed us that the cash value of each person's holding was carried out by a reduction into money at the rates agreed upon, and that certificates to the parties interested in the pool were issued and delivered, and that that is all the

evidence there is of the relative interests of each holder in that pool. Is that the way you understand it?—A. That is my recollection of it.

Q. We have also been told that from time to time the members of that pool would increase their holdings by bringing in fresh securities. Is that also your recollection?—A. Yes, sir; they had a right to do that. As far as I remember there was no restriction upon any holders of securities as to the amounts deposited.

Q. How was that possible? For instance, the pool was formed in April, 1878, and the agreement was that the holdings of Kansas stock should be converted into money at the basis of 12½ cents, which might very well do for April. Now, if a member of that pool in the following July or August, or later in the year, wanted to increase his interest in the pool by bringing in a lot of stock, and the stock had gone up 25 or 30 by that time, how could it be that he could bring it into the pool and have his certificates computed at 12½, when the stock so brought in would have cost him 25?

Mr. HOLMES. I can answer that.

A. It is only explainable by the assumption that the privilege of putting in securities terminated at a certain time. I do not remember.

Mr. HOLMES. Mr. Anderson should put his question on another basis.

SUBORDINATED INCOME BONDS.

Q. I will put it on subordinated income bonds. If that price fluctuated in the market, and a person wanted to buy such bonds, and wanted to put them in the pool, if under the pool, he could obtain nothing but the certificates at the agreed price in April, 1878, although the market price had gone up above that price, how could he increase his interest in the pool by the purchase of such bonds?—A. There was, I remember, a great rise in Kansas Pacific securities at a given moment. I think it was early in 1879. My recollection is that from the time when the market price of these junior securities exceeded the price at which they could be put into the pool, the depositing of securities ceased.

Mr. HOLMES. There was another explanation. Persons like the Saint Louis parties, and their associates and friends, without an exception, I think, held no one class of securities, but held funding mortgage bonds, which was floating debt, or held unstamped income bonds, or second land-grant bonds; and, although the price might have been a little more than the pool price, they could not get any price at all for the others. On the whole they concluded that these three classes of securities which they held were better in the pool for them; so they put them in.

The WITNESS. I think I can suggest another reason. Mr. Gould bought out the Saint Louis parties, paying them money for their interest in the pool, and that would reduce the number of parties in the pool to very few.

Commissioner ANDERSON. Still, that would not furnish any explanation for a person buying bonds at a higher price than the pool price.

The WITNESS. I am satisfied that was never done. There were speculators here in Wall street that bought up a certain class of those junior securities, for the purpose of compelling the company to recognize them at a higher value, and they did succeed. The income bonds, for instance. They were recognized at par, were they not?

Commissioner ANDERSON. Your explanation that they ceased to come in after the price got above the pool price, is all right.

The WITNESS. That is my distinct recollection.

Q. Do you know the figures of that purchase by Mr. Gould of the Saint Louis parties?—A. At the same figures that they went into the pool, 12½ for the stock.

Q. Do you know that?—A. I think so. I am very sure I am right in my recollection. He may have given them a bonus for some of the securities, but I remember very well how dissatisfied those people were after these securities commenced to rise in the market, within a few weeks after they got their money.

Q. They felt the same way Mr. Hassler did?—A. Whenever I meet them they still talk about that.

Q. In regard to the taking out of the Kansas stock from that pool, how was that done?—A. There was an article in the constitution of the pool under which seven-tenths of the ownership could direct the executive committee to do whatever they saw fit in disposing of the securities; and my recollection is that in pursuance of that authority, direction was given at one stage of the pool's existence—I do not remember at what exact time—to take out the whole of the Kansas Pacific stock.

Q. You mean by "taking out," to sell it to some one person?—A. No, it was returned to those who were entitled to it.

Q. Are those the same persons whose names appear as having stock on the list before you?—A. As far as I remember, it would, excepting all the Saint Louis parties, who are Mr. Usher, Mr. Edgerton, Mr. Lewis, Mr. Meier, Mr. Carr, Mr. Perry, and Mr. Greeley; a majority of them.

Q. Was that done after Mr. Gould had bought them out?—A. Yes, sir; certainly.

Q. Who does that leave as to whom the stock was delivered?—A. Mr. Gould, Frederick L. Ames, Sidney Dillon. Those three; that is about all; and myself nominally; I had none.

Q. You got no stock?—A. No, I never had any. I never put any in, and never got any out, consequently. I do not remember how I happen to be down there.

Q. The result, as I understand it, is this: That Mr. Gould, Mr. Ames, and Mr. Dillon—is Mr. Sage's name there?—A. No.

Q. (Continuing.) Mr. Gould, Mr. Ames, and Mr. Dillon bought out the Saint Louis party, as to all their holdings?—A. Yes, sir; it was Mr. Gould alone, as far as my recollection goes. He bought out the Saint Louis parties.

Commissioner ANDERSON. And after Mr. Gould had bought out the Saint Louis parties, that under the four-sevenths provision, all of the remaining stock of the Kansas Pacific was taken out of the pool at the price of 12½ cents, named in the pool, and delivered to Mr. Gould, Mr. Ames, and Mr. Dillon.

The WITNESS. That is my recollection of it.

Q. Do you know at what time that took place?—A. I do not; I cannot give the time; I might find it; I really do not know.

Q. How long after the Saint Louis parties were bought out, or was it a part of that transaction, that occurred early in 1879?—A. I do not know; I do not remember the time.

Q. Do you know how much stock it was that was taken out of the pool? Was it more than appears on the face of the paper before you?—A. There is no stock down to Mr. Gould there, at all. The stock of the Kansas Pacific was 200,000 shares.

Mr. HOLMES. Yes; half stock.

Mr. ANDERSON. There was 200,000 shares, representing $10,000,000,

The WITNESS. My recollection is that eventually about three-fourths of all that stock, but I am not sure.

Mr. HOLMES. I do not recall it.

Commissioner LITTLER. Three-fourths of the stock was what?

The WITNESS. I am not positive, but my recollection is that three-fourths of all the stock was in the pool and taken out. I mean all of the outstanding Kansas Pacific stock.

By Commissioner ANDERSON:

Q. It was all outstanding, except about 6,000 shares, was it not?—A. All but about 6,000 shares; yes, sir. But this is not a positive recollection.

Q. What you do know is that the stock which is stated in that agreement as being in the pool was taken out and any other stock, if there was any, had been subsequently put in, which does not appear on that paper?—A. It was all taken out; whatever was in the pool.

Q. And at 12½ cents?—A. Twelve and a half cents.

Q. At the pool price?—A. Yes, sir; at the pool price.

VALUE OF KANSAS PACIFIC AND DENVER PACIFIC.

Q. Will you please tell us generally what your estimate was of the Kansas Pacific and Denver Pacific road, as to the business it did during the time you were receiver, and its operating expenses and the nature of its advantages, and your own fair judgment of the value of that road?—A. My recollection is that the gross earnings of the entire Kansas Pacific system during our receivership did not average more than $3,000,000 gross yearly. It may have been a little over that. I do not remember. I think the highest earnings we reached were $3,200,000. But I am not sure. I will undertake, however, to procure the exact figures. You see it is eleven years ago.

Q. We can get the exact figures. We want to know your judgment of the condition of that road.—A. My recollection is that when we assumed charge of the road it was in a wretched condition. It was utterly out of repair. No money had been spent on it. I recollect that distinctly, because Mr. Carr, who was then president of the road, came to Europe, when I was in Frankfort-on the-Main, and made a speech to the bondholders, whom he called together there, and told them that was the reason they could not go on paying the interest, and some earnings of the road would have to be put into the road for repairs and renewal, or they would soon be obliged to stop operating altogether. My recollection is, further, that the necessity of using the net earnings of the road for repairs or renewals was so great that nothing was available towards the payment of its fixed charges, except the interest on the June and December and February and August bonds; that is, the first mortgage bonds against the subsidized portion of the line, 400 miles.

Q. Three hundred and ninety-four miles?—A. Yes, sir; we did apply to the court for permission to pay interest on account of unpaid back coupons. But that is all the road would yield at best—the interest on these two mortgages. There was the Denver extension mortgage, amounting to over $6,000,000, and the interest on the land-grant bonds could not be paid. In fact, the road earned about half of its fixed charges.

Q. Please continue your picture during the term of your receivership and state what improvement, if any, came about.—A. We did apply for leave of the court to use a part of the earnings in relaying tracks

steel rails. We applied for leave to buy some rolling stock, especially freight cars, and to renew some bridges, I remember. But the condition of the property was so discouraging in the line of the earnings, the receivers showed in their reports to the court, that even the first mortgage bonds on the subsidized portion of the road went below 50 at one time in this market, and the 7 per cent. Denver extension bonds went below 30.

By Commissioner LITTLER:

Q. What years are you talking about now?—A. That was 1876 and 1877.

Q. Continuing down up to 1879?—A. Yes, sir; after we had obtained permission of the court to pay interest on the first mortgages on the subsidized portion of the line, of course the bonds commenced rising. But at the time the settlement was made—I believe I am right—the Denver extension bonds were still 60.

Mr. HOLMES. That was in 1878.

The WITNESS. Yes; it was an utterly forlorn railroad property at the time we took charge of it.

By Commissioner ANDERSON:

Q. How fair were the symptoms of improvement at the time you left?—A. My recollection is that there was no improvement in the earnings. We struck the years of drought in Kansas, too. We all remember the time, gentlemen, when there was three years of distress, and the whole country contributed to the relief of Kansas. We struck that time, and of course with these natural causes against us it was impossible to develop or to get better results from the property while the crops failed year after year.

Q. Do you recall the fact that while you were a receiver there was a persistent difficulty during the first year in regard to obtaining terms for through business in connection with the Union Pacific?—A. Yes, sir; I remember it very distinctly, because we receivers worked very hard at that very problem, of securing recognition of what we understood to be the rights of the Kansas Pacific, as against the Union Pacific, under the acts of Congress.

Q. How far did you consider that success in that direction would ameliorate the condition of your road?—A. Our belief always was that if the Kansas Pacific could obtain a share of the through business over the Union Pacific to Utah and Nevada and California it would at once make the Kansas Pacific a good property. We did our best, through negotiations with the Union Pacific people and through efforts in Washington before Congress, to secure the special legislation that was deemed necessary in order to compel the Union Pacific to recognize the rights of the Kansas Pacific, but we failed.

Q. Did you not finally succeed—or it may have been after the pooling agreement was made, and the parties became interested; but did you not finally succeed in obtaining a court derection by which a sort of traffic arrangement to last, I think, fifty years, was made between the Kansas Pacific and the Union Pacific people?—A. I think we did. That is my recollection. But that was after the Union Pacific had built a rival line to the Denver Pacific—the Colorado Central.

Q. That was when the Union Pacific people had themselves begun to acquire interest in the Kansas Pacific?—A. Yes, sir; they were really in Denver, competing in Denver, with the Kansas Pacific, and had a vantage ground there that they did not have formerly.

Q. In regard to the adjustment of this question of traffic agreement between these two roads which would lead to the mutual benefit of both, and which, it is explained to us, was sought to be arranged by the method of consolidation, is it your judgment, as a man familiar with these matters, that that same object could have been obtained by a lease of leases of the Kansas Pacific and the Denver Pacific to the Union Pacific, on the terms of paying back to the lessor companies the earnings that appeared to be derived from their sections of the roads, and leaving the management in the whole control of the one lessee company?—A. I never looked into the question which method would most speedily insure the accomplishment of that object; but I do remember very distinctly that the project of a lease of the Kansas Pacific to the Union Pacific was considered repeatedly. It was a project of a lease, with the guarantee of the interest or of fixed charges on the Kansas Pacific indebtedness.

Q. If the lessee company, the company taking the road, should simply obligate it to account to the other company for its actual earnings, after deducting operating expense, would not that have obviated the alleged injustice of undertaking to pay dividends on the total amounts of its stock, no matter how great, and interest on its bonds, and putting that burden on the consolidated company?—A. It has seemed to me it would have been better for the interest of the two companies, of the Union Pacific and the Kansas Pacific Company, if the account had been kept separate.

CONSOLIDATION ADVANTAGEOUS FOR THE KANSAS PACIFIC.

Q. How familiar are you with the actual relations which the Union Pacific, the Kansas Pacific, and the Denver Pacific, and their branches and respective interests in business bore to each other in January, 1880, and would you feel competent to answer this question: In your judgment, was it a desirable and beneficial thing for these companies to make the consolidation agreement as they made it, and on the terms defined in the articles of consolidation?—A. I am quite convinced that it was a very advantageous arrangement for the Kansas Pacific security holders to be taken under the wings of the Union Pacific; but whether it was advantageous to the Union Pacific, I am not prepared to say. I never was a Union Pacific security holder, never had a share of stock or a single Union Pacific bond, and thus I never had interest enough in the concern to look into the effect of that consolidation upon the Union Pacific securities. But it was certainly a very advantageous transaction for the Kansas Pacific.

By Mr. HOLMES:

Q. I would like to ask some questions. I think Mr. Villard misapprehended the scope of one of Mr. Anderson's questions. Did you retain your interest in the Kansas Pacific matters and securities up to the time of June, 1879, when the property was taken out of the hands of the receiver, or were you not up to that time the chairman of the committee of nine?—A. In 1879? We were removed long before that.

Q. You retained the chairmanship of the committee of nine of the Denver extension bondholders?—A. Mr. Meijer was the chairman.

Q. You retained your interest, so far as to acquaint yourself with the operation of the road, up to June 1879?—A. Oh, yes, sir; no doubt.

Q. State whether or not it is true that, beginning in 1878, there was a very marked increase in the immigration into Kansas.—A. I remember very distinctly there was after the first good harvest.

Q. Was there not a general increase in the business and in the operation and earnings of the Kansas Pacific after the middle of 1878?—A. I cannot state positively whether there was or not.

Q. Was there not a large increase in the sales of their land grants?—A. In their lands, there was.

Q. Was there not a very rapid increase in the public market value of the various securities of the Kansas Pacific, culminating, perhaps, in 1879?—A. There was, as I have already explained in my testimony.

Q. What I wish to get at is this: Was there not, in general, a great growth of the earning capacity and business of the Kansas Pacific, between your taking charge of the road as receiver and the termination of the foreclosure suit in 1879?—A. I do not think there was a great growth during our receivership; but subsequent to the receivership there was a general revival of railroad earnings, beginning with the winter of 1878–'79. The resumption of specie payments exercised a stimulating effect upon every sort of property.

Q. Had or had not the depreciation which existed in the first two years of your receivership very much disappeared in 1879?—A. No doubt.

Q. If you remember, was not the consolidated mortgage of the Kansas Pacific the result of the plan and agreement and settlement resulting in the decree of the court dismissing the receivers, and turning back the property into the hands of the company? Was not that consolidated mortgage one of the features which led up to the adjustment and payment of back interest and the general reorganization of the road?—A. My recollection is that the consolidated mortgage was made for the purpose of affording a means of exchanging some of the outstanding securities; of providing means for putting the road into proper condition.

Q. And for harmonizing all conflicting interests?—A. And for harmonizing, yes, sir. But the consolidated mortgage was a very large one, and how much of it went to these legitimate uses I cannot state from recollection.

Q. Was the consolidated mortgage not intended to supply the means with which to retire all the different existing mortgages?—A. Yes, sir.

Q. Both the prior mortgages, first in lien, and the Denver extension, and all others?—A. That was the scheme.

Q. Then that was the means by which the friendly termination of the foreclosure suit was reached?—A. The principal means was the satisfaction of the claims of the first mortage bondholders.

Q. Which was provided for in part by the terms of the consolidated mortgage?—A. Yes, sir.

Q. I understood you to say that you do not consider yourself competent to express an opinion as to the advantages or disadvantages flowing to the Union Pacific from this consolidation; is that correct?—A. Yes, sir; I say that.

Commissioner ANDERSON. You can explain this agreement more readily than Mr. Villard can.

Mr. HOLMES. Yes, sir; I do not think that Mr. Villard knew more about it than the general outline. It was the means by which we were going to hitch these people to the stage.

The WITNESS. You mean the pool contract?

Commissioner ANDERSON. Yes. There are one or two things we want to ask you, Mr. Holmes.

By Commissioner LITTLER:

Q. Do you not think you are a little modest when you say you are

not competent to determine the effect of this consolidation upon th Union Pacific? Have you not been in railroad matters and had a larg experience?—A. I have.

Mr. HOLMES. He means he has not examined the figures.

The WITNESS. But I have not examined the figures. Of course th termination of the competition between the two lines was an eleme of strength to both.

Q. If you knew all the facts in relation to both companies, would yo consider yourself reasonably competent to determine the result flowi from the consolidation?—A. Certainly. Take the Denver busines which I remember distinctly represented nearly 50 per cent. of all th Kansas Pacific road earnings when I took charge as receiver. Th Kansas Pacific had a monopoly of that business until the Union Pacif built the Colorado Central from Cheyenne down into Denver, and the it could compete and destroy this main income of the Kansas Pacific On the other hand, the Kansas Pacific could prevent the Union Pacif from making any money out of the Colorado business by keeping rat down. In that way the consolidation may have benefited the Unio Pacific, by enabling it to get a high rate on all the Colorado bus ness, which it did until a new competitor appeared on the field—th Atchison, Topeka and Sante Fé, and then the Chicago, Burlington an Quincy subsequently.

By the CHAIRMAN:

Q. One question: Upon what basis was the interest guaranteed upo the issue of stock by the executive committee?

Eleventh. That the executive committee, in furtherance of the ninth paragra hereof, shall provide and secure that the stock to be created as herein contemplate shall be ten million dollars, and that there shall be paid thereon the first and secon years after said reorganization, semi-annual dividends at the rate of six per cent. pe annum; for the third and fourth years thereafter, at the rate of seven per cent. pe annum, and for the fifth and subsequent years thereafter, at the rate of at least eig per cent. per annum; provided, however, that if it shall be deemed best by said ex ecutive committee, the dividends to be paid on said stock for the first and secon years shall be accumulated for the purpose of retiring or otherwise relieving the s curities deposited pursuant to paragraph seventh hereof.

On what basis was that?—A. I ought to know; I can only say in a general way—where is the provision about the creation of stock. I think Mr. Holmes can explain that better.

The CHAIRMAN. I would like to have it from Mr. Villard.

The WITNESS. It is explained in the first section of Article 9:

To unite in interest the Kansas Pacific and Union Pacific Railway Companies, a that the two roads shall be operated as a continuous line, and in all respects as con templated by the several acts of Congress in relation thereto, and in order that th interests of the public and the Government may be better subserved.

Q. What I want to know is, was that for the purpose of securing earnings and to pay the interest out of the earnings of the road, o was the end in view for the purpose of booming the stock, so that the pool might make a rise on the guarantee of interest?—A. I do not re ollect the motives of the real promoters of the pool to that extent I was not one of them.

Q. You signed that paper?—A. I signed that paper, certainly; but simply in a representative capacity and not as a party in interest.

Q. Did you deliberate upon that question at all with them?—A. I have no doubt I did at the time.

Q. You do not recollect?—A. I do not recollect it; no.

The Commission then adjourned to Tuesday, May 17, 1887, at 10 a. m.

No. 10 WALL STREET, NEW YORK,
Tuesday, May 17, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

JOHN PONDIR, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. I am a broker.

Q. How long have you resided in New York City?—A. Twenty-three years.

Q. Have you had any special connection with the affairs of the Union Pacific Railroad?—A. I had connection with the Union Pacific.

WITNESS' CONNECTION WITH UNION PACIFIC.

Q. State what it has been, and whether it has afforded you an opportunity of becoming familiar with its affairs.—A. In 1865, in May, I was introduced to Dr. Durant, in Washington, by the Secretary of the Interior, Mr. Harlan. The same day I received a letter from Mr. Chase, the same afternoon, urging me to take hold of the railroad, to facilitate it with some money to build it. The same evening I was with Dr. Durant until 3 o'clock in the morning, from 8 to 3, examining his maps and everything, and he telegraphed the same afternoon to Mr. Cisco, and Mr. Cisco telegraphed him, "Stick to Pondir." I saw the telegram. General Dix was president of the road; no Boston people, no Mr. Dillon, and none of those people were connected with it. I arrived in New York, and I made up a syndicate and I gave them a million dollars in five days. The basis was that we should leave it to our lawyer. Mr. Jerry Larocque was to be the lawyer for the syndicate. Mr. Tilden and Mr. Tracy were the lawyers for the Union Pacific Railroad Company.

Q. Charles Tracy?—A. Yes, sir; Tracy & Olmstead. We had a meeting, and General Dix was there, with Mr. von Hoffman, Mr. Cisco, and Mr. Shuster.

Q. What Shuster?—A. Of Philips, Speyer & Co. Mr. H. Marcuse, Mr. Balzer, and Mr. Rutten. He lives here yet. We submitted all the papers and everything pertaining to the guarantee, to look into the act of Congress, and Jerry Larocque was to give the opinion.

Commissioner ANDERSON. Just give us the facts that show how familiar you became with the management of the company. That is what we want at present.

The WITNESS. I gave them that million dollars in ten days. Then I made up a plan by which all the banks in the city of New York were to be united to help to build the road; that they should give me 5 per cent. of their capital. I went to Mr. J. M. Morrison, of the Manhattan Bank, Mr. Peter M. Brysen, of the Phœnix Bank, and submitted my plan to them. I told them that I wanted to carry out a plan if they would give me their assistance. They told me, "Mr. Pondir, you must go to Charles H. Russell, of the Bank of Commerce, and if he puts his name to it you will be very successful in carrying it out." I went to General Dix and put the plan before him, and to Mr. Cisco. I told them, "If you can get the Bank of Commerce to come into it, the balance of the banks will follow." We went to Mr. A. A. Low, who is a director in the bank, and who is living, and General Dix had a long talk with the directors of the bank, including Governor Morgan, and they sent for me, by a letter, to come there. They called a special meet-

ing, and asked me whether I had looked into it in regard to the validity of the grant of the Government to them. Mr. George Ashmun, of Springfield, Mass., came to my house and brought me the report of Jerry Larocque. It was against the Union Pacific Railroad. His opinion was that the whole act of Congress was illegal.

By Mr. JOHN F. DILLON:

Q. Who gave that opinion?—A. Jerry Larocque.

Commissioner ANDERSON. He was a Democrat.

The WITNESS. He was a sincere man.

Commissioner ANDERSON. He was my cousin.

The WITNESS. Well, a man never lived that was a better man. He was convinced of it. I went over to General Dix, when the report came to me, and we went to Daniel Lord for his opinion. General Dix, Mr. Cisco, and myself went to Mr. Lord. Mr. Lord said to General Dix:

I will give you an independent opinion. I do not want to see Mr. Larocque's opinion; I do not want to see Mr. Tracy's opinion, or Mr. Tilden's opinion; but I will give you an independent opinion on the affair, if you will leave it to me.

LOAN OF $1,000,000.

We conceded that. He gave us the report that everything pertaining to the act of Congress, and everything pertaining to the Union Pacific Railroad was valid. That was Daniel Lord's opinion. That opinion I brought to the Bank of Commerce and showed to them. They would not go into the plan of giving me 5 per cent. of their capital, but Mr. Russell told me that they would make me a loan of $1,000,000 on the scrip of the Government.

Q. The Government scrip entitled them to bonds?—A. To $16,000 a mile. I invited Mr. Charles H. Russell to become a director and to join us. He said he had no authority to use the people's name to go into railroad building. He loaned me $1,000,000—the refusal of the currency 6's—to be put in at 90. That is, the Government scrip. I went over to General Dix and told him what I had done, and he was very much pleased with my success. The Union Pacific Railroad had at that time $2,000,000 of working capital to start with. Dr. Durant was vice-president of the road, and John A. Dix was president; Cisco was treasurer, and Charles Tuttle was assistant treasurer.

Q. What were you? Were you a director?—A. No, sir; I was nothing but the person to get up the money for them to build the road.

Q. A sort of financial adviser?—A. Yes, sir. General John A. Dix made a statement that "as long as Pondir is with them, they will finish the road in 1876." The act of Congress required them to finish the road in 1876. We never dreamed that we would finish the road in 1869.

CREDIT MOBILIER.

After these loans had been effected the Boston people came on, and they brought the Credit Mobilier forward.

Q. Who do you say brought it in?—A. Dr. Durant.

Mr. JOHN F. DILLON. I think you said the Boston people.

The WITNESS. No; Dr. Durant brought in the Credit Mobilier. They informed me that they did not require my services any more. They had all the money they wanted. John A. Dix went out, and they brought forward Mr. Oliver Ames as president of the road. And they brought with them into the direction a man by the name of John B. Alley. I

did not go near them. I had nothing more to do with them until the latter end of 1867, on the 2d day January—no, the 1st day of January.

By Commissioner ANDERSON:

Q. 1868?—A. In 1867 I was invited to come to the Union Pacific Railroad office by Mr. Tuttle, by Mr. Cisco, and by Mr. Charles Lombard. They were waiting to receive me there, to see what I could do for them in regard to finances. I would not go. I told them they had treated me very shabbily, and that I did not want to have anything to do with them. Cisco came down himself to see me with Dr. Durant, to my office, and urged me to come as quick as I could to the Union Pacific Railroad office. I went up there, and they were in session. They told me going up that "Mr. Calhoun would not certify a check for $27,000 of the Fourth National Bank, and that they had to pay the coupons, and they had not got the money, and asked me whether I would not take hold of it and help them out. When I got there Mr. Oliver Ames was in the chair; all the Boston directors and the New York directors were there, and Mr. Cisco, and they told me, "Mr. Pondir, we want immediately $200,000 to pay coupons, and we have not got it." I told them, "I will write you a letter, and if you accept the letter I will become your fiscal agent." I wanted to go back to my office, and Dr. Durant stepped out with Oliver Ames and Oakes Ames, and said, "Come in here and write us a letter." I wrote them the letter in the office, and in not as long a time as I am telling you, they said, "Mr. Pondir, we will accept it." They said they wanted $200,000 right away, and I said, "Send down to my office and I will give you a check for $200,000 on call. The directors used to run about and bid up money on themselves, and they used to charge from 1 to 1½ per cent. a day. When Mr. Oliver Ames made me agent for the road, and Mr. Oakes Ames and Mr. Dillon, I said them, "Gentlemen, there is only one condition"—and they have a letter from me—"that you shall audit the accounts every day from my books. I do not want to have any responsibility." They acceded to that, and I sent them a check; but they had so many thieves in the direction that really it is a wonder to me that they did not run away with the rails of the railroad. I mean Mr. John B. Alley, the infamous rascal. He had the audacity to come down to my office the next day to borrow $200,000 on 10-40's, and to charge the Union Pacific Railroad Company 1 and 1½ per cent. a day. That was John B. Alley. I declined to have anything to do with him. He was the chairman of the finance committee, and he was the chairman of the executive committee. I reported that to Mr. Oliver Ames, and to Mr. Oakes Ames, who were the honestest men that ever lived—Mr. Oliver Ames and Mr. Oakes Ames both. The greatest scamp in that board, who vilified the good names of Oakes Ames and Oliver Ames, was a man by the name of McComb, of Delaware. He was a perfect common plunderer and thief.

Commissioner ANDERSON. Please come down to facts.

The WITNESS. Those are facts.

Commissioner ANDERSON. We invite your attention particularly to matters since 1873. Come to that point as soon as you can. Still, you can go on and take your own course, but I call your attention to the fact that you are losing time in describing these men, whom we know all about.

The WITNESS. I only want to vindicate the names of Oakes Ames and Oliver Ames, who were honest people. I do not believe Mr. Oakes Ames ever did anything wrong. They killed him in it, but he was an honest man.

Commissioner ANDERSON. We know how the road was built from 1867 to 1869, and how the four or five different contracts were made, and how those contracts were payable; how these men got all the bonds and stock and securities of the road into their hands, and we know it is alleged that they made from thirty millions to forty millions of dollars; how, finally, in 1869, the road was completed. There is no necessity going over that. It is all in other reports made by other committees.

The WITNESS. I only want to give the history of the road. They never dared to call me on the stand. They have avoided in everything to call John Pondir on the stand, who started the enterprise. Mr. Harlan is the only man living who was present in his office when Dr. Durant made his acquaintance with me. That was the first time I had ever seen Dr. Durant in my life.

Commissioner ANDERSON. Give us all the facts and figures you have in your possession showing who took any money to which he was not entitled.

The WITNESS. Everybody, before I came with them, used to run about here and there and borrow money, and they used to bid money up among themselves, actually, to make it and divide it among themselves. That is the way the road was built. I do not know yet with whom I dealt, whether with Union Pacific Railroad or with the infamous Credit Mobilier. To-day I do not know.

Q. What books have you got?—A. The loan books.

Q. What books are they; Pondir's books?—A. Yes, sir; Pondir's books.

Q. Your books, showing these transactions?—A. Yes, sir.

Q. You have them?—A. I have them.

Q. Between what dates do they show loans?—A. I found a ledger the other day of the final settlement and completion of the Union Pacific Railroad in 1869.

Q. Can you bring those books here?—A. I have got the ledger. I am looking for the other ones. I have moved them so much. I will get them up, as near as I can, for you.

Q. Do your books show that any director of the Union Pacific, at that time, made an improper profit out of these loans, that you can point out, and show how much he made in money?—A. I am telling you that Mr. Alley made a proposition to me.

Commissioner ANDERSON. I want transactions, and not propositions.

The WITNESS. I never had any transactions with him. I think he is the most contemptible rascal that ever lived.

Q. Please do not say that again. I want to know whether your books show that Sidney Dillon or Mr. Alley, or any of the other directors of the road at that time, borrowed money for account of the company at one rate from you, and charged it to the company at another rate, in dealing with the company?—A. I would not allow such a thing in my office.

Commissioner ANDERSON. Then go on with your statement of facts.

The WITNESS. I have known some of them who have divided with people. They offered to divide with me, but I would not have anything to do with them.

BUSHNELL AND ALLEY OFFERED TO DIVIDE SPOILS.

By the CHAIRMAN:

Q. Who offered?—A. Bushnell and Alley offered to divide with me.

I would not have anything at all to do with such trash as that. Alley came to me and offered to give me $200,000 of governments, and to divide with me the spoils, and I kicked him out of my office. He offered me that.

Commissioner ANDERSON. Alley is dead, is he not?

A. No, sir; he is living.

Commissioner ANDERSON. Where does he live?

Mr. HOLMES. In Boston.

The WITNESS. John B. Alley is living.

Q. Is Bushnell dead?—A. Bushnell is here. He is this good—that he is poor.

Mr. JOHN F. DILLON. Mr. Bushnell is around here. I have seen him since the Commission opened.

Q. Was not a suit brought by Ames against Bushnell tried in the superior court?—A. I really do not know.

Commissioner ANDERSON. Go on.

THE UNION PACIFIC MOVES TO BOSTON.

The WITNESS. When the Union Pacific Railroad was attacked by Gould and by Fisk they sent all their securities, in 1869, to my office; everything. I was made fiscal agent of the Union Pacific Railway Company, to borrow, sell, and do anything, as the directors were enjoined by Judge Barnard from doing any business. They could not do any business. They could not move the company to Boston. I do not know which of the officers in Washington told them, "We did not give you a grant to put the Union Pacific Railroad in a car to carry it around from one town to another." The doors of the safe of the Union Pacific Railroad Company were broken down, but there was nothing in it. All the securities were in my office—everything. I attended to all their business till they went to Washington, and I believe they got the privilege of moving to Boston.

Q. Do you know anything about that injunction suit; what it sought to forbid?

The WITNESS. What injunction suit?

Commissioner ANDERSON. That Judge Barnard issued.

A. Yes, sir; there was trouble, from the time that the Boston people came in, with Dr. Durant, for supremacy, and for taking charge of the property. Dr. Durant told me that the Boston people wanted to put him out. He was president of the Credit Mobilier, and he invited Fisk to subscribe to a certain amount of stock. Fisk went and put his name down, without paying one cent for it. The first thing that was known, Mr. George Barnard issued a grab on the road, and the final result of it is known to everybody—that they battered down the safe, the most infamous thing I ever saw in my life. Mr. Gould was a partner to it. Mr. Gould was there at the time it was done.

Q. Who was the plaintiff in the suit?

The WITNESS. In what?

Commissioner ANDERSON. The suit brought against the Union Pacific Company, in which the injunction was issued.

A. Jim Fisk.

Q. What did you do with those securities that were sent to your office?—A. I had them there, and borrowed money on them. There were signed and unsigned securities, until I transferred them to the Boston people.

Q. How long did you have them?—A. About six or seven weeks.

Q. Then the whole business was sent to Boston?—A. The whole business was sent to Boston.

Q. And it has remained there ever since?—A. I believe so. I went on to Boston. They telegraphed me to come on to Boston. They owed me about $3,500,000, which I borrowed for them. From Promontory Point to Ogden, the bonds belonged to me against the currency 6's, which I pledged for them. There was trouble about building parallel roads.

Q. That was a lap?—A. Yes, sir. Everybody that borrowed money or loaned money on those bonds to me I gave call on the market price. They say, "I want to loan $100,000 or $200,000." "All right. What securities will you give me?" "I will give you scrip against currency 6's." Then when the currency 6's were due, sometimes they renewed the loan; and when the section was finished, they all stood in my name. They made out all the bills to me and I delivered them to the people, and they renewed the loan again for more. They commenced at 90 and went up to 100. The last three or four sections between Promontory Point I think I bought a part. They never could deliver me the bonds. Mr. Dillon delivered to me the bonds that belonged to the Credit Mobilier. He loaned them to me to settle it up. I had a great deal of trouble with it.

UTAH NORTHERN BUILT BY JOSEPH RICHARDSON.

Q. There is one transaction that you were connected with, about which, perhaps, you know some facts that I do not know. I wish you would tell me, if you know, how it was that the Utah Northern was transferred to the Union Pacific?—A. The Utah Northern was built by a man by the name of Joseph Richardson. He furnished the money. You are welcome to see his accounts in my books.

Q. What were the terms of his contract—what did he get from the company for building the road?—A. He gave to John W. Young, I believe (the son of Brigham Young), one-fourth of the profits. I do not know the exact amount. His account is in my office.

Q. I want to know what did the road give to Richardson for building the road—how many bonds and how much stock?—A. That I do not know. I know that no Mormon had an interest in the road when Mr. Gould bought the interest of Mr. Joseph Richardson. They were both directors of the road.

Q. Do you know whether the road issued to Richardson all of its bonds and all of its stock in payment for the construction of the road?—A. It belonged to him. He was the man who owned it, after the failure of John Young.

Q. It belonged to him, because all the bonds and stock were issued to him for building the road?—A. Yes, sir, for building the road. Nobody had any interest in it. All that you see in the papers is not true.

Q. Then he held all the bonds and stock?—A. Everything. I will only tell you what I know, that he came to me one day, and he said, "John, I want $30,000 to pay for rails." He kept his accounts with me. I gave him the money, and he sent it, I believe, over to Milwaukee to pay for them. They got this $30,000, and the rolling mill failed. They could not either deliver the rails, or give the money back. He was the owner of the road. He was a director in the Union Pacific Railroad.

Q. Who else were directors in the Utah Northern, besides Richardson?—A. I do not believe there was anybody. I believe two sons of Brigham Young had an interest in it. I do not know whether Sharp had anything to do with it.

Q. Who was the president of the road?—A. I could not tell you. I ink Richardson or Sharp. I do not know. I only attended to the ancial business.

Q. When was it that he built the road; in what year?—A. I can tell e by my books.

Q. How long was the road that he built?—A. I think it was about or 90 miles when he sold it to Gould.

Q. Have you ever been over the road yourself?—A. I have never en; I have had passes here and there; I have never been over the ion Pacific Railroad.

Q. Do you know anything about the sale of these bonds and this ck by the Utah Northern or by Joseph Richardson to Mr. Gould?—. I do not. I will tell you in one way; I heard only from hearsay. I uld not tell you positively; but I know the bargain was made with n, and he told me he gave Gould five-eighths, and he had three-ghths left.

Q. Richardson told you that?—A. I think he told me that. I am t positive. That is, to my best recollection, that when I came back m Europe I think he told me that.

Q. Did any of the money that Richardson received pass through ur books?—A. No; not at all. But I know that Joseph Richardson ld the road to Gould. They were both directors in the road at the me.

Q. How do you know he sold it to Gould—simply because he told m so?—A. He told me himself that he sold it to Gould.

Q. Do you know where Mr. Richardson can be found?—A. He is rking for the Vanderbilts, or in Harlem, where he lives.

Q. Working for the Vanderbilts; where?—A. On a wharf some-here. Building a wharf.

Commissioner ANDERSON. That is a little discouraging for the Ser-ant-at-Arms.

The WITNESS. I have been connected with the Union Pacific Railroad om 1865. I have to tell you that I know all about Mr. Blaine's deal-gs with it with Mr. Tom Scott.

Q. Before you go to that (and you have only a few minutes left of ur time, although we will give you another hearing), I would like to ow specifically, as you declared you had possession of some facts lating to the Utah Northern, whether you can tell me anything that nds to show that Mr. Gould, or anybody else, bought the Utah Northern nds and stocks at one price from Mr. Richardson and sold the bonds d stocks at another price to the Union Pacific?—A. Joe Richardson ld me so.

By Commissioner LITTLER:

Q. What did he tell you?—A. He told me he had to make a bargain ith Mr. Gould to get rid of the Utah Northern.

By Commissioner ANDERSON:

Q. To do what?—A. To get rid of his road.

Q. Did he tell you what the bargain was?—A. No.

Q. Then you really know nothing about it except what Richardson ld you?—A. What Richardson told me.

Commissioner ANDERSON. Now, you can tell us about "President" laine.

The WITNESS. I will tell you that when Tom Scott was made presi-nt of the road they made a bargain with him and I met him—I knew

him very intimately; I have known him a long while. Bushnell and John Duff went over there to make a bargain with him about the road for Mr. Scott to become president of the road. I gave to Mr. John Duff—I had 23,000 shares of stock—my proxy to vote in Boston. When the meeting took place I was not there, but Mr. James Brooks was there. He was a director of the road. Mr. Brooks wanted Mr. Alley to take the chair. Mr. Duff told him that he was pledged to John Pondir not to allow Mr. Alley to take the chair; and Mr. Alley did not take the chair. Mr. Alley was the chairman of the finance committee, and a bigger thief has never been in the Union Pacific Railroad. He robbed it and plundered it of everything it had. He was actually dismissed on account of the intriguery of this infamous rascal. I wanted to throw him out of the window here, in the Union Pacific Railroad office. Mr. Dillon will tell you what robberies that man has committed on the road.

By the CHAIRMAN:

Q. Judge Dillon?—A. Mr. Sidney Dillon will tell you. That was right in the Union Pacific Railroad office. Mr. Anderson, he is the worst man. I am sixty-six years of age, and I assure you I never saw such a thief and such a rascal.

Commissioner ANDERSON. Really you are here as a witness to give us facts.

The WITNESS (interrupting). I only want to let the public know it.

Commissioner ANDERSON (continuing). And you must not take advantage of your opportunity to pour billingsgate on people. Tell us the facts.

Commissioner LITTLER. If you know anything, tell us. You commenced to tell us all about Mr. Blaine. Confine yourself to facts.

MR. SCOTT ELECTED PRESIDENT.

The WITNESS. All right. Mr. Tom Scott returned from the election. Tom Scott was elected, although they said another party would be elected, and although they went there to take charge of the treasury. When Mr. Scott came back I went up to Andrew Carnegiel's, at the corner of Wall street, and John Duff was sitting with Tom Scott, and I looked into the room and Duff came in, and he says, "Come in; I want to introduce you to the new president, Mr. Thomas Scott." I walked in. Tom Scott says to me, "John, how do you do?" "Oh," says Duff, "you are acquainted." "Oh, yes," Tom Scott says, "I knew John when he was a young man and when I was a young man." I saw a bundle lying on the table. Duff went out. I said, "Tom, how are you getting on?" "Well," he says, "John, I have got a hard road to deal with." I says, "What is the matter? My 23,000 shares voted for you." He says, "Do you see that bundle?" I says, "Yes. What is it?" "There is a lot of bonds that I have promised Blaine to take from him." He told me they belonged to Blaine, and he says, "Do you know they repudiated to-day, and they will not take them." I says, "Blaine is Speaker of the House; what has he got to do with it?" Mind you, that is publicly known. But I was there and saw it. "Well," I says, "what bonds are they?" "Well," he says, "they have to take them. I am not going to pay it out of my own pocket."

By Commissioner ANDERSON:

Q. How many bonds were there?—A. I think eighty or eighty-two.

Q. Where was this room where you saw them?—A. Andrew Carnegie's office, at the foot of Broadway; where Andrew Carnegie had his office.

Q. Who else was in the room besides yourself and Tom Scott?—A. Nobody. Before that Duff was there; but when Duff went out he told me that.

Q. What did he say was to be done with those bonds?—A. They promised him to take them to reimburse Mr. Blaine for the bonds. To buy the bonds from him for Mr. Blaine. He told me that.

MR. BLAINE'S BONDS.

By Commissioner LITTLER:

Q. Who promised to buy the bonds from Mr. Blaine?—A. Mr. Scott, and the directors of the road.

Q. Was Mr. Blaine to pay for them?—A. No; they were to pay back the money to Tom Scott for account of Mr. Blaine.

By Commissioner ANDERSON:

Q. Who was to pay back the money to Tom Scott?—A. The Union Pacific Railroad.

Q. He had loaned the money to the Union Pacific Railroad?

The WITNESS. Who loaned the money?

Commissioner ANDERSON. You say they were to pay back the money to Tom Scott for account of Mr. Blaine?—A. Nobody loaned the money. The bonds belonged to Mr. Blaine.

Q. How did he get the bonds?—A. I do not know.

Commissioner ANDERSON. Perhaps he bought them?

The WITNESS. It was not Union Pacific bonds at all. It was some other bonds.

Commissioner ANDERSON. Perhaps it was Fort Smith?

The WITNESS. Yes; they had it out when the election took place. They showed these bonds up.

Q. What has this to do with the Union Pacific?—A. Tom Scott was made president of the Union Pacific Railroad at that time.

Q. What has the fact that Mr. Blaine was interested in some bonds that were not bonds of the Union Pacific, and that you saw them in the office here, and Tom Scott talked about them, got to do with the Union Pacific?—A. I am only telling you that he told me that everything was saddled on the Union Pacific.

Q. What did he mean by that?—A. I do not know.

Q. Then how can we find out?—A. I suppose everybody was after the Union Pacific Railroad money. That is the short and long of it.

Commissioner ANDERSON. We will have to ask you to bring your books here, and we will have to suspend your examination now.

The WITNESS. All right. I will bring them here.

By Commissioner LITTLER:

Q. Do you mean to state to this Commission that Mr. Blaine received eighty or eighty-two bonds, or any other number of bonds, from the authorities of the Union Pacific Railway Company, for some illegitimate consideration; is that what you mean to say?—A. The bonds did not belong to the Union Pacific Railroad at all.

Commissioner LITTLER. Answer my question.

The WITNESS. I did not state that. I told you that the bonds did not belong to the Union Pacific Railroad, but Tom Scott told me that those bonds had to be paid by the Union Pacific Railroad Company for account of Mr. Blaine.

Q. You do not know, then, whether Mr. Blaine gave value received

for any bonds, or any other valuable thing, which he may have received from the Union Pacific Railway through Mr. Tom Scott, its president?—A. I do not know. I only give you what Mr. Tom Scott told me. They wanted to repudiate it, and he said he was in trouble.

The CHAIRMAN. Have you any other questions?

Commissioner LITTLER. No, sir; not now.

The CHAIRMAN. Bring any books you have bearing upon transactions of the Union Pacific and we will examine you again.

The WITNESS. I will.

Mr. JOHN F. DILLON. I would like to ask you a question.

The CHAIRMAN. Certainly.

By Mr. JOHN F. DILLON:

Q. You have not a very good opinion of Mr. Alley?—A. I think he is the worst man that ever lived.

Q. Mr. Blaine was not present at this time when Mr. Scott saw you?—A. No, sir.

Q. And Mr. Scott is dead?—A. Yes.

Q. That is all?—A. That is all.

JOHN PONDIR.

No. 10 WALL STREET, NEW YORK,
Tuesday, May 17, 1887.

JAY GOULD, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. How long have you resided in New York?—Answer. Since 1858 or 1859.

Q. During the last twenty-five years of your life you have been largely connected with various railroad enterprises?—A. Yes, sir.

Q. And interested in them in every way, as stockholder, bondholder, and builder, so as to be perfectly familiar with the whole business?—A. Yes, sir; I think I ought to be.

HOLDINGS OF UNION PACIFIC.

Q. Do you recall your earliest financial connection or business connection of any character with the Union Pacific?—A. Yes, sir.

Q. When was that?—A. In 1873.

Q. Had you not been a stockholder in the company before that time?—A. No, sir. In the spring of 1873 I met Mr. Clark and Mr. Schell at Chicago. Mr. Clark was the president of the road and he and Mr. Schell had been out over it and were on their return trip.

By Commissioner LITTLER:

Q. What Mr. Clark is that?—A. Horace F. Clark. And they spoke so highly of the property that it induced me to send an order down to New York to buy that stock. I was on a trip over the Chicago and Northwestern, and I sent an order down, I think, to begin at 35 and buy the stock; buy it on a scale down. Well, it seems that Mr. Clark was then ill. He returned, and when I was off up in the woods he grew worse, and his brokers discovered that he would have to die, and they took the opportunity to sell his stock, and my orders caught it. After I got home the stock kept going down, and I got alarmed about

and began to inquire into the condition of the property, and finally I met Mr. Alley and I asked him what was the trouble with the Union Pacific. "Why," he said, "there was trouble enough. They have got an immense floating debt, being carried at enormous rates—several millions of dollars—and they have got ten millions of income bonds coming due very soon," and he said he did not see how the company could avoid a receivership. Of course that alarmed me. The stock had got down to about 14, and I inquired to see what directors there were that would help to stand by the property. I soon discovered that Oliver Ames and Sidney Dillon were the two that could be relied upon. They had a large interest in the stock. I sent for them.

By Commissioner ANDERSON:

Q. How large was your own interest at this time?—A. I think about 100,000 shares. I sent for them and had an interview with them. We took up the financial condition of the company. I found that the directors had been charging a commission for indorsing, and that the notes were carried at very high rates of interest. I protested against that and said that I would stand in and take my share of the notes and we were to put it right down to legal interest. We did so. Shortly afterward I made a further proposition that we should fund this floating debt, and I think I took a million of the bonds above the market price. We funded the debt and——

FUNDING THE FLOATING DEBT.

Q. Who joined with you in that operation of funding the debt?—A. The other directors.

By Commissioner LITTLER:

Q. You funded it into bonds or stock?—A. Funded it into bonds. There was a provision made in the 8 per cent. bonds—the sinking-fund bonds, as they are called—for this floating debt to be funded.

By Commissioner ANDERSON:

Q. Please state what directors joined you, or whether they all did.—A. I think Mr. Oliver Ames, Mr. Sidney Dillon, Mr. Atkins, and Mr. Dexter.

Q. Mr. Frederick L. Ames?—A. Frederick L. Ames was not then prominent in the company. It was his father.

Q. Which was his father?—A. Oliver Ames. I gave almost my whole time to the property and gradually it began to tell, and I think within about three years we got it upon a dividend-paying basis.

Q. You were telling us that you became a member of the board. When was that?—A. That was in the year 1874.

Q. On what committees did you serve?—A. I served on the executive committee and perhaps on some of the others. I do not remember.

Q. Were you chairman of the executive committee?—A. No, sir.

Q. Who were the other members of the executive committee who remained on for a considerable length of time?—A. Mr. Oliver Ames, Mr. Sidney Dillon, Mr. Gordon Dexter, Mr. Atkins, and, I believe, Mr. Baker, and one of the Government directors. I am not certain whether it was Mr. James F. Wilson or not. Of course, as we improved the condition of the property, the stock went up in the market.

Q. From 1874, then, 1875, 1876, and 1877, you were, during all that time, a member of the direction?—A. Yes, sir.

Q. And familiar with the affairs of the company generally?—A. Yes, sir.

Q. Did you go over the road yourself in person?—A. Yes, sir; twice a year.

Q. The whole length of it?—A. The whole length of it; yes, sir.

Q. Did you make any examination of its branches at that time?—A. Yes, sir.

Q. Before we pass to that, had you any personal connection whatever with a suit brought by Mr. Fisk against this company in 1869?—A. No, sir; I never had any interest until this time I speak of.

Q. Did you know that that suit was brought?—A. Only from the newspapers.

Q. Did you know it from any conversation whatever from Mr. Fisk?—A. No, sir; I had all the business I could attend to myself, and I did not know about that.

Q. Had you any contingent interest in any possible subscription made by him for stock of the Union Pacific?—A. Not a dollar.

Q. Do you know who his lawyers were in that suit?—A. I think David Dudley Field was one of them. I do not know who else.

Q. Did the same lawyers who acted for him in 1869 and 1870 act for you at all in any matters?—A. Mr. Field has acted for me more or less. At one time he was my personal counsel; for some little time.

NOT CONNECTED WITH PROCUREMENT OF INJUNCTION AGAINST UNION PACIFIC.

Q. Were you personally present at any of the transactions that took place in which the Union Pacific was interested—I mean the transactions that led to the issue of the injunction, or to the examination of their safe?—A. No, sir.

Mr. JOHN F. DILLON. What year was that?

Commissioner ANDERSON. 1869 or 1870.

Mr. JOHN PONDIR. 1869.

The WITNESS. I knew nothing about the property until 1873.

Q. You knew nothing about any claims made by Mr. Fisk, or his adherents, in any way?—A. No, sir.

Q. So that I understand you to deny emphatically any connection, directly or indirectly, with that suit?—A. Yes, sir; emphatically.

Q. After 1875 when was it that you first had any interest in the Kansas Pacific?—A. I think it must have been in 1878, perhaps, that I first began to take an interest in that property.

Q. You knew the Kansas Pacific road, and where it was located, as early as 1873 and 1874, I presume?—A. Yes, sir.

Q. But you say you were not a holder of any of its stock or bonds before some period later?—A. I think not before about 1878.

Q. Do you recall the suggestion of consolidation between the Kansas Pacific and the Union Pacific, with which you were credited, as early as 1875?—A. No, sir.

Q. Do you recollect seeing nothing of that character alluded to as early as 1875 in the public press generally?—A. No, sir. Oh, there may have been in the press; I cannot remember what went floating along in the newspapers.

Q. Did you know Mr. Thomas A. Scott at that time, in 1875?—A. Yes.

Q. Do you remember meeting him and discussing the subject of a possible consolidation of the Kansas Pacific and the Union Pacific as

ly as 1875?—A. No, sir; I never had any conversation with Thomas Scott about the Union Pacific or the Kansas Pacific.
Q. At the Continental Hotel, in Philadelphia?—A. No, sir.

THE COLORADO CENTRAL.

Q. Do you remember, in connection with the Kansas Pacific, as early 1875, an agreement looking to the unity of operations between the nsas Pacific and the Colorado Central, which was its rival, or a rival the Denver Pacific end?
The WITNESS. In 1875?
Commissioner ANDERSON. Yes.
A. Nothing occurs to me at the moment. They were not rivals at t time. The Colorado Central tapped the mines up in the mountains, d the Denver Pacific ran from Denver north to Cheyenne under the ntains, and had no mineral business. The Colorado Central at that e was purely a mineral road.
Q. Between what points did the Colorado Central run?—A. The Colo do Central ran from Denver through Golden to Georgetown, with a nch running up to another mining town, 3 or 4 miles off.
Q. Had it a connection with the Union Pacific?—A. It was owned by Union Pacific. It had a connection, I think, over the Denver Pacific.
Q. To what?—A. To the Union Pacific. It used that as an outlet.
Q. Where did it connect with the Denver Pacific—at Denver?—A. At eyenne.
Q. Cheyenne is also the connection of the Union Pacific?—A. Chey ne is where the Denver Pacific and Union Pacific connect, and the nver Pacific was the link between the Colorado Central and Denver.
Q. The Denver Pacific was the link between Cheyenne and Denver?— Yes, sir.
Q. Between the Kansas Pacific and the Union Pacific?—A. Yes, sir. you are not familiar with it, I have a little map here that I can show n.
Commissioner ANDERSON. We will look at the map with pleasure.
The WITNESS (describing). *This* is the Denver Pacific from *there* to re. The Colorado Central ran up *here*. *There* is Georgetown.
Q. What is this road?—A. That is a road we built out, because the nver Pacific made such an extortionate charge. We built a branch wn there to connect with the Colorado Central. Afterwards we built out.
Q. When was the branch you refer to built by you to connect Chey ne with the Colorado Central? In what year was that?—A. I am t a very good hand at dates. I could not say the precise date with t refreshing my memory. This little green line was the Colorado Cen l, as the Union Pacific first bought it. It ran from Denver up *there* d out *here*, and they had to get out over the Denver Pacific, and the nver Pacific charged so high a rate that we built that line up through re [connecting with the Union Pacific].

By Commissioner LITTLER:
Q. How long is that?—A. About 100 miles.

AGREEMENT BETWEEN UNION PACIFIC AND KANSAS PACIFIC.

By Commissioner ANDERSON:
Q. Do you not remember that there was an agreement made between

the Union Pacific and the Kansas Pacific, dated New York, April [illegible] 1875, whereby the capital of the Kansas Pacific Railroad Company was to be increased at $20,000,000, and $5,000,000 of bonds were authorized to be issued?—Do you recall this extract from that agreement:

Of the said consolidated capital stock $10,000,000 par shall be issued to parties to be designated by the Union Pacific Railroad Company, and thereupon all outstanding shares of the stock of the Colorado Central shall be surrendered and canceled, and the residue of said consolidated stock shall be issued to the Kansas Pacific Railroad Company, party hereto, to be distributed in exchange among its stockholders?

A. It seems to me, now that you recall it, there was something of that kind, but never carried out.

Q. Never consummated?—A. Never consummated. I had forgotten all about it.

Q. Then, as early as 1875, these relations between the Kansas Pacific and the Union Pacific had been the subject of discussion between you and other parties interested in the roads?—A. Yes, sir; the relations had. They were trying to force a pro rate through from Cheyenne to Ogden.

Q. The Kansas Pacific people were?—A. Yes, sir; and of course we were fighting to protect the Union Pacific, and this negotiation to which you refer, I think, is one that would have, perhaps, given the Union Pacific a majority of the whole stock; but I have forgotten now about it; I have got so many things to think of.

Q. Nothing came of it?—A. Nothing came of that.

Q. Do you remember now seeing Mr. Thomas A. Scott in connection with it?—A. Possibly I did. The Saint Louis people had a great deal of confidence in him. I think very likely I might have seen him in connection with it.

Q. The Saint Louis people were the Kansas Pacific people?—A. Yes, sir; at that time.

Q. Can you not tell us when it was that this Colorado branch of yours was built a little nearer than you have? Was it not before the making of the Kansas pool, to which you subsequently became a party, in April, 1878?—A. It might have been. In 1878?

Commissioner ANDERSON. Yes, sir.

The WITNESS. Oh, yes; it was built before 1878.

Q. Was it not built as early as 1876?—A. I think not.

Q. Was that construction a part of this contest that was going on between the Union Pacific and the Kansas Pacific?—A. Yes, sir. You might say, in one sense, that it was a part of the contest, and in another sense that it was the movement of the Union Pacific people to protect their interests in Colorado.

Q. What was the effect of the construction of the Colorado branch, as you constructed it, on the Denver Pacific?—A. I do not know; I should think it did not help them any. But whether the business grew up so that their gross earnings were not very badly affected, I do not know.

Q. Do you know whether there was competition of rates between Denver and Cheyenne—between these two roads, the Denver Pacific and the Colorado?—A. I know that the Union Pacific put their business, as far as they could, on their own road. The statistics of the earnings of the road will show; I have not those at hand.

Q. Do you recollect a proposition that was made and signed by a number of persons interested in this business, as early as April, 1875, whereby the Union Pacific Railroad Company were to agree to abandon to the Kansas Pacific Railroad Company all the local traffic in Colorado,

the Kansas Pacific Railroad Company were to abandon to the Union ific Railroad Company all claims to prorate on the traffic west of enne?—A. I have an indistinct recollection of something of that

Q. That a discussion of that kind did come up?—A. Yes.
Q. You say that you do not remember owning any of the securities the Kansas Pacific prior to 1878; is that correct?—A. I think so.
Q. My question embraces stock of the Kansas Pacific, bonds of the nsas Pacific, including all their various issues, bonds of the Denver ific, and stock of the Denver Pacific. Do you remember owning e of these before the 1st of January, 1878?—A. My recollection is I commenced to get an interest in 1878; I may have possibly lent some money before that on some securities.
Q. Did your interest in the Union Pacific which, in 1873, you say was t 100,000 shares, vary very much during these years, from 1873 to ?—A. Yes, sir; I increased it.
Q. Can you tell us about what your interest was at the beginning of in the Union Pacific stock?—A. I should think about 200,000 es.
Q. The total issue being 360,000?—A. 370,000 shares; about $37,000, I think.
Mr. JOHN F. DILLON. $36,000,000 and a fraction.
Q. During these same years, can you name to me some of the other e stockholders in the Union Pacific, between 1874 and 1878?—A. ver Ames and Sidney Dillon were the two largest ones.
Q. Besides yourself?—A. Besides myself.
Q. Do you keep books of your transactions?—A. Yes, sir.
Q. Have you a book-keeper?—A. Yes, sir.
Q. What was the name of your book-keeper between these years, from to 1880?—A. Mr. Morosini; no, I do not know whether Mr. Morosini was in as early as that or not.
Q. Who preceded Mr. Morosini?—A. I think before that I did not any books; I relied on my broker's account; I did not keep them self.
Q. When did Mr. Morosini begin keeping your books? I mean merely ether it was before 1878?—A. It was before that; yes, sir; but I uld not fix the time.
Q. Have you those books?—A. Yes, sir.
Q. Are they at the service of this Commission, if we desire them?—. Yes, sir; with the greatest of pleasure.
Q. I show you an agreement entered into on the 24th of April, 1878; ill you please run your eye over it and see if you recognize it [handg to witness the agreement known as the "Kansas Pacific Pool Agreeent"]?—A. I presume I signed this; I see my name there.
Q. You recall the fact that there was an agreement of that character?—. I recall it now, although I must say I had entirely forgotten it.
Q. Now that you see it, you recollect it?—A. Yes, sir.

SECURITIES OF THE KANSAS PACIFIC.

Q. What securities of the Kansas Pacific did you sign for?—A. I ned for $694,000 of the funding bonds; $47,050 of unstamped inmes; $2,143,700 of the stamped incomes; $160,000 of the second land nds.
Commissioner ANDERSON. The other figures are the results carried

Mr. HOLMES. Yes, sir.

Q. Then your largest interest there is represented by something over $2,000,000 of the stamped incomes? How long before signing the agreement had you acquired that interest?—A. I do not know; I will ascertain that.

Q. Do you remember whether those bonds were all bought by you in a few transactions and in large blocks, or bought in numerous transactions of small amounts?—A. I do not remember; I prefer to give you that account.

Q. Do you remember the price paid by you for these income bonds?—A. No; I do not.

Q. At what price are they entered in the funding agreement?—A. They are entered at 30.

Q. Do you remember the fact that they were entered in that agreement at a much higher price than the price paid by you?—A. No; I do not; I presume they were, though.

Q. Do you remember they were at a higher price?—A. I presume they were; but I do not remember the fact.

Q. Are you not quite positive that they were considerably higher than what you paid for them?—A. I presume so.

Q. Your books will show exactly what you paid?—A. I will give you the account; certainly; yes, sir. It has been so long ago that I had discharged my mind with it.

Q. Do you know through what brokers' offices these bonds were most bought?—A. No; I do not; I do not remember but what I bought them of the Saint Louis people.

Q. Do you know P. J. Goodhart?—A. Yes, sir.

Q. Did he at this time do business for you?—A. No, sir; I may have bought bonds of him. He did not do any business for me.

Q. Was he a broker dealing in this class of securities?—A. I presume he was.

Q. Do you know John Hanna, also a broker?—A. Yes, sir; I know him.

Q. Did you have dealings in his office, or did he have orders from you to buy securities?—A. He may have had an order from me, or he might have had bonds, and, knowing that I would buy them, brought them to me. I do not remember that I gave him any orders to buy. I might have said that I would take bonds at a certain price. I often did that.

Q. Will your books show who the broker was in these transactions?—A. Oh, yes, sir; certainly; the books will show from whom I bought them.

Q. Do you remember with what persons you conferred in regard to this pooling agreement?—A. I presume the persons whose names are signed there.

Q. Does not the subject-matter of this agreement present itself to your mind quite clearly, now that you have read it over?—A. Yes, sir; that is the basis of the funding of all the innumerable securities into one consolidated bond. That was a preliminary step to putting the property on its feet.

Q. Will you please tell us what difficulties existing between the holders of the different classes of securities had led to negotiations which culminated in this pooling agreement?—A. I am afraid I should have neuralgia worse than I have got it if I undertook to tell you all of that.

Commissioner ANDERSON. We are very patient.

The WITNESS. There was a mass of securities. For instance, the

400 miles of the road from Kansas City west was subsidized, so called, and on that there were two different first mortgages, I think.

Q. Divisional mortgages?—A. Two divisional first mortgages that antedated the Government lien, and then they had put an income mortgage on that part of the road limited to that 400 miles.

Mr. HOLMES. Three hundred and ninty-four miles.

THE DENVER EXTENSION MORTGAGE.

The WITNESS. Three hundred and ninety-four miles; and then they put on what they called the Denver Extension mortgage, which extended to Denver. It was a first mortgage on that portion, and I think a general mortgage on the whole thing. That went to Kansas City, and of course you can see what innumerable accounts would arise to ascertain what was the income of the road. How can you divide it in the middle? It was entirely arbitrary. One book-keeper would say it should be divided in one way and another in another way. The income bondholders would claim that the great bulk of the earnings should go towards their account. It led to such inextricable confusion that when I came to go into it I saw that the only way out was to take the whole mass of securities and get them into one party's hands, and then cut the principal down as much as we could, and then make one new mortgage over the whole property that would eventually take in everything. We made it at a lower rate of interest, 6 per cent.

Q. I call your attention to the fact that the consolidated mortgage is not referred to in this agreement, and that it was of subsequent growth.—A. Yes, sir; this was a preliminary step.

Q. What did the agreement contemplate in regard to all these securities except the first mortgage and the Government mortgage?—A. I have not read the details.

Commissioner ANDERSON. I beg of you to read it.

The WITNESS. I know that was the basis of it.

Commissioner ANDERSON. Read the ninth, tenth, and eleventh sections particularly, or read it as much as you desire to get it fully in your mind.

The WITNESS. I think this tells what the objects were. [The witness inspects the document.]

Commissioner ANDERSON. As the Commission read that agreement the first idea was to retire all liens, subsequent to the first mortgage and the Government lien, at a scaled rate, representing what you thought its fair market value was, and then for all the liens so retired, all the mortgages so canceled, to substitute an issue of stock?

The WITNESS. Bonds.

Commissioner ANDERSON. An issue of stock, if you will look at section 11, on which certain dividends were to be paid, which could have been paid, because the interest charge would have been largely reduced by withdrawing all mortgages on which interest was to be paid, except the first mortgage and the Government mortgage, on which interest was not in fact paid. Please read that last section and see if that was not the scheme.

The WITNESS. This seems to be to convert it into stock, instead of bonds.

Commissioner ANDERSON. Then that was the way it first took shape, that the liens should be consolidated or massed together and retired at rates agreed upon in that paper, and then converted into stock?

The WITNESS. Yes, sir. That, I think, was found impracticable.

Q. It was found that the parties would not take stock, and they wanted some form of lien?—A. Yes, sir; and then it was modified by making the consolidated mortgage. I have forgotten it.

Q. Before going to that mortgage, I would like you to tell me with whom you discussed that paper as it was originally drawn.

The WITNESS. This paper?

Commissioner ANDERSON. Yes.

A. I do not know about this paper.

Q. Do you not know what lawyers were connected with the drafting of that?—A. I do not know. I do not think I ever read this paper before. I think I just signed it knowing what the object was.

Q. There is a lawyer whose name appears as one of the parties. Do you not remember seeing him about it at the time?—A. Mr. Holmes, I suppose, can tell you all about this.

Q. What I want to know is whether he derived any portion of his inspiration from you in preparing the articles?—A. I do not know. My plan was the consolidated mortgage. That was the only thing that I ever talked of with parties. I did not think parties would ever surrender their bonds and take stock, although I was willing to fall into anything that the others could carry through.

HOW PRICES WERE FIXED.

Q. You agreed in that paper to accept 30 for the bonds which you placed in that pool, as I notice. Is that not so?—A. Yes, sir.

Q. How was the figure 30 arrived at? You were largely interested in getting a fair price for your property. Why was it 30 rather than 25 or 35?—A. I could not say. I know that I led off, and a good many of the others thought it was too low; they would not come in.

Q. If you led off, do you remember as a fact that when you led off and subscribed for that amount you felt you were going to make a heavy loss, or do you remember no such thing?—A. I do not remember what my feeling was at that time.

Q. As a matter of fact, is it not true that at 30 those bonds would bring you in a great deal more than they would cost you? I mean the bonds for which you subscribed through that agreement.—A. I presume they would.

Q. Is it not true that those rates were fixed at something above the current rates of the securities, and were intended to be a basis on which other persons desiring to unite in the scheme could come in and unite with you?—A. I do not know who fixed that. I do not know how much I had to do with it or how the values came to be fixed.

Q. Had they not some relation to the relative value of the securities?—A. Yes, sir.

Q. Examine the paper and tell me why the stamped bonds are rated at 30 and the unstamped bonds are rated at 50.—A. The unstamped bonds, it is said, had some greater claim, I think; the income bonds, as they were originally issued, had certain liens on the road, and I think those that allowed their bonds to be stamped stamped them to let another bond in ahead. So that the unstamped bonds were considered as having a little better lien than the stamped bonds.

Q. And the stamped bonds were called the subordinated income and the unstamped bonds were called the unsubordinated income?—A. Yes, sir.

Q. If that be so, is it not evident that the values, as stated in the paper before you, had reference to the actual values of the different pro-

ities entered on that that list, and that is the reason why the unstamped bonds are rated at 50 and the stamped bonds at 30?—A. Yes, sir; but this was gotten up to be about as fair a basis, of course, as with our knowledge of the property we could make, if they were going to be all put in together.

Q. And the object was to attract other persons to come into it, too?—A. Yes, sir.

Q. And to make a general reorganization scheme?—A. Yes, sir; that was the idea.

Q. About what percentage of the whole outstanding bonded debt would exist, either in the form of stock or in consolidated bonds if that scheme went through? I think the paper before you tells it. The paper gives you the whole amount of the bonded debt that was to be funded, including the stock.—A. Yes, sir; there were $17,000,000 to be funded.

Q. The $17,000,000 were to become what, after funding? Look at the second column.—A. Four million eight hundred and fifty-five thousand dollars.

Commissioner ANDERSON. Mr. Holmes, is that answer correct?

The WITNESS. Four thousand eight hundred and fifty-three shares of stock, it appears to be. I will show you how that came about. These are 100 shares. That would be $4,855,300 in stock.

Q. So that the effect of your scheme of reorganization would have given you a company with no lien whatever, except the first mortgage of $6,000,000 up to the 394th mile-post, the other mortgage of $6,000,000, the Denver extension, and the Government subsidy mortgage, and then the $4,800,000 of stock; that would have been your company, as reorganized.—A. Apparently.

Q. When was this agreement modified so as to take the shape of a consolidated mortgage instead of a stock consolidation? I call your attention to the fact that the agreement you have before you was dated in April, 1878, and the consolidated mortgage is dated May, 1879.—A. It was between these periods. I think it was very soon demonstrated that this would not carry.

Q. In what way was that demonstrated; by parties objecting to take the stock?—A. I do not think that any one but the insiders seemed to be willing. The outsiders would not do it. It fell through.

Q. You wanted to get the outsiders in?—A. It was necessary to have everybody in to make it go; otherwise, if we canceled a part of the bonds it would only make those that lay back so much the better off.

WHEN CONSOLIDATED MORTGAGE TOOK SHAPE.

Q. Those who declined to come in and retain their lien would have priority over those who had come in and taken stock. Now, when was it that the scheme took the shape of a consolidated mortgage?—A. It was subsequent to this agreement, but I do not remember the date.

Q. Was it before the Saint Louis people were brought out?—A. I do not remember that.

Q. Do you know who drew that mortgage?—A. I think Judge Usher drew that mortgage.

Q. Was Judge Usher in New York or out West?—A. A part of the time out West, and part of the time in New York.

Q. Did you see him at this time and confer with him in regard to the terms of the mortgage?—A. Yes, sir.

Q. Have you any correspondence with Judge Usher that relates to this mortgage?—A. No, I have not.

Q. Have you any letters in a letter-book containing the letters to him, either in the letter-press book of the Union Pacific, or in your own private letter-press book?—A. No, sir; my communication with him was all verbal.

Q. What was the object to be attained by a consolidated mortgage? Was it substantially the same, substituting a mortgage for stock?—A. The object of a consolidated mortgage was to fund all this heterogeneous mass of securities into one uniform security, and at the same time to make a saving in the annual interest charge and also in the principal of the debt.

Q. The essential feature to make this a success was the establishment of a community of rates which should be acceptable to the holders of these various classes of securities?—A. Yes, sir; that is, that they would put them in on this basis.

Q. And the basis must be such as to be reasonable and acceptable to the holders of securities?—A. Yes, sir.

Q. What part did you take in the discussion that led to a settlement of these rates?—A. I must have taken a pretty prominent part in it.

Q. With whom did you discuss the matter?—A. I probably discussed it with Judge Usher. Perhaps with Mr. Holmes.

Q. Did you not also discuss that with the representatives of the various interests?—A. I presume so.

Commissioner ANDERSON. The rates are stated in Article 23 of the mortgage [reading]:

For the Eastern and Middle division and Denver extension, and the funded interest certificates issued for arrears of interest on the said mortgages as hereinbefore recited, at par.

The WITNESS. Yes, sir.

Q. Do you recollect whether there was any opposition to that on the part of the holders of junior securities?—A. No; I do not see how there could be.

Commissioner ANDERSON. They might have claimed that the holders of the first mortgage must concede something to them.

The WITNESS. It was not supposed that these bonds would come in any way at the time. It was only a provision that when they did at a future day mature, that we set apart enough of those bonds to take them up.

Commissioner ANDERSON. It was a provision for what you might call reserved seats for those people when they came in.

The WITNESS. Yes, sir; that was it.

Commissioner ANDERSON. The second provision is for the "bonds secured by the funded mortgage at par, for the principal bonds, with all overdue interest warrants annexed, nothing being allowed for the five interest warrants now overdue?"

The WITNESS. Yes, sir; those, I think, were a ten per cent. bond, and they were secured by special securities which made them good. It was very desirable to get those out I think. That is as I remember it now.

Q. Shall I call your attention to that funding mortgage itself?—A. Yes, sir; that would state.

METHOD OF SCALING SECURITIES IN CONSOLIDATION.

Q. How did this provision come about, that nothing was to be allowed for the five interest warrants then overdue?—A. Well, that was in pur

ence of the policy of making the mortgage as small as possible—the consolidated mortgage. My mark was, I think, to save $500,000 in the fixed charges in the general scheme; and so we began to cut down. We wanted to set the example ourselves, and so we cut off our own. Those bonds were held by myself and Mr. Ames, largely, I think.

Q. The funding bonds?—A. The funding bonds.

Q. What led to the issue of these funding bonds?—A. I think the Saint Louis people in their effort to carry this load had to indorse largely, and they got up a security that would protect themselves, and they put in all they could in the shape of floating securities, so that in any event they would be good.

Q. The amount of the mortgage was how much?—A. I think it was a million and a half; but I forget.

Q. And the rate of interest?—A. I think it was 10 per cent.

Q. You say that you and Mr. Ames held a number of these bonds?—A. Yes, sir.

Q. Do you remember what amount you held?—A. I appear to have held $694,000, and Mr. Ames $383,000, and Sidney Dillon $96,000.

Q. What was the date of that mortgage? When had it been made?—A. I do not remember about that.

Mr. JOHN F. DILLON. The 2nd of October, 1876, recited in the consolidated mortgage.

Q. And this surrender was to be five interest warrants then overdue?—A. That was the interest accrued up to that time.

Q. The claim for that interest was withdrawn in consideration of your being allowed to convert the funding mortgage at par?—A. Yes, sir; that was the basis of that.

Q. Does your paper give the amount of funding bonds held by the other members of the pool?—A. That is all that are down here.

Q. Then you do not know whether or not Mr. Ames had any bonds of his own?—A. Mr. Ames appears here with $383,000.

Q. And you appear with how many?—A. I appear with $694,000.

Q. Making a little over $1,000,000?—A. A little over $1,000,000. Mr. Dillon had $96,000, making a little over $1,100,000 out of the $1,500,000.

Q. How did you obtain title to these bonds if they had been issued to the Saint Louis people? This was before the Saint Louis people had been bought out?—A. I do not know whether I bought these bonds of them or whether I loaned them money.

Q. Whether you loaned them money at the time the mortgage was first made.—A. Yes, sir.

Q. What are these securities which you say had been put into this mortgage to make it good?—A. I think there was a large amount of land notes put in.

Q. That is, they were bills receivable for lands sold?—A. Bills receivable for lands. The thing speaks for itself.

Q. The mortgage shows for itself. I merely want to see how much Mr. Gould remembers of it. Do you not remember the fact that the Denver Pacific stock was held by the trustees of this mortgage as one of the securities?—A. I think it was.

Q. Who were the trustees of that mortgage?

The WITNESS. Of the consolidated mortgage?

Commissioner ANDERSON. No; of the funding mortgage.—A. I do not remember.

Commissioner ANDERSON. Do you know, Mr. Holmes?

Mr. HOLMES. Burnham & Lewis.

Mr. JOHN F. DILLON. I think it is recited there.

Q. The next provision as to the rates is the third:

For Leavenworth Branch bonds and unstamped income bonds and Leavenworth Branch funded interest certificates, at 50 cents on the dollar; that is, one of the consolidated first-mortgage bonds for two of such bonds, of equal amount, with all overdue coupons annexed, but nothing being allowed for any arrears of interest to this date.

Q. Do you remember that provision?—A. I presume so.

Q. With whom did you confer in regard to the establishment of that rate as to unstamped income bonds?—A. I do not remember.

Q. Had you any specific interest in the unstamped income bonds yourself?—A. Yes, sir; I had a small amount of them, forty-seven thousand and fifty, according to this paper.

Q. How much of the income bonds issued remained unstamped?—A. A minority interest. I do not remember the amount.

Q. Do you remember the names of any of the prominent holders?—A. I do not think the company knew, really; it had been pretty loosely done; I do not remember the names of any of them.

Q. What ground had you for assuming that those holders would accept the rate of 50 cents on the dollar?—A. We had not asked.

THEORY OF THE CONSOLIDATION.

Q. Was it not something more than a mere effort at a guess?—A. No; my theory was that this new mortgage would very soon assume a pretty high plane; that it would be a complete mortgage on the entire property, and that holders of these underlying securities would rather surrender their bonds and take a complete security; that is what I relied upon. That is, making the new securities more attractive than the other.

Q. Were you not guided in fixing that at 50 per cent. by the market price of the stamped income bonds, in some respects?—A. No, sir; I do not think so. I do not think there was much market price about it; I guess they were all pretty well tied up here.

Q. The fourth clause is as follows:

For the stamped income bonds, with all past due coupons annexed, 30 cents on the dollar for the principal of said bonds; that is, three of the consolidated first-mortgage bonds for ten of the stamped income bonds.

How did that provision come about?—A. That was arrived at in the same way that the general basis was.

Q. Why was it only 30 for these bonds, and 50 for the prior class?—A. I do not know.

Q. It was because they had been subordinated, was it not, to another mortgage?—A. Yes, sir; they had been subordinated, and they were fixed here, I think, in this scheme at 30 cents.

Q. They were so fixed because they were considered of less value than the others?—A. Yes, sir.

Q. Did you confer with any of the large holders of the subordinated income bonds, so as to arrive at this figure of 30?—A. I only knew those that signed here.

Q. You yourself had signed for over $2,000,000, had you not?—A. Yes, sir; I did not know any of those, excepting as to that.

Q. Did you confer with yourself about it?—A. Yes, sir; I conferred with myself.

Q. And you thought that was a fair price?—A. Well; I thought, if it was a fair thing for me, it would be for others.

Q. Is that the price which you took for your bonds which were in the pooling agreement?—A. Yes, sir.

Q. Thirty cents?—A. Yes, sir.

Q. For all of the $2,000,000?—A. Yes, sir.

Q. Who managed the business of this pool? I mean as to the figures, and who kept the securities?—A. I do not remember.

Q. To whom did you deliver your $2,000,000 of bonds?

The WITNESS. That is, when I got the consolidated, the new bonds?

Commissioner ANDERSON. No; when you put them in the pool. The executive committee named in that agreement have stated that all those securities were delivered to them for safe-keeping.

A. I must have delivered mine to them; yes, sir.

Q. You would not deliver $2,000,000 of bonds to any person unless you had full confidence in him, would you?—A. There were trustees appointed.

Q. Do you not remember who were the persons who acted in that capacity?—A. I think Mr. Villard, and——

Mr. HOLMES. Dillon and Sage.

Q. The names are given in the paper?—A. Yes, sir; the names speak for themselves.

Q. Is it your recollection that you delivered up your securities to that committee?—A. I do not know whether I did or not. Of course I knew if I signed I had to deliver them, but whether I actually delivered them I do not remember.

Q. Do you remember how the interests of the different parties to that agreement were kept?—A. No, I do not.

Q. How would you know how many bonds you were entitled to receive when the consolidation came to be made effective?

The WITNESS. Would not this paper show that?

Commissioner ANDERSON. It would if the accounts were kept properly. That paper simply shows the number of shares of stock which you would be entitled to on the theory of stock issue.

A. I thought the consolidated bonds were made up on the basis of these bonds.

Q. Do you mean that the commutation rates stated in the consolidation agreement are the same as those stated in the pooling agreement? It might be so; I have not compared it.—A. That is my recollection.

Commissioner LITTLER. How is that?

Mr. HOLMES. Only to some extent.

Mr. JOHN F. DILLON. I did not frame that.

The WITNESS. I know that we had cut and tried with this and had probably to modify it a little. Our experience had shown us that this would not go through, and then we had to try another thing, and we tried the consolidated plan.

Q. If there was a modification of those terms made, you could not rely on that agreement to determine how many consolidated bonds you were to get; and I ask you to state, from your memory, how it was that you found out how many bonds you were entitled to get.—A. I must have found that out from the books. I have got an account of all this transaction, which I said I would be very glad to furnish you, but I do not charge my memory. I am in so many things, and I do not like to speak, because something might come up that would refresh my memory, but my books are at your service.

Q. Do I understand that your books contain a complete account of

the pool transactions, or only of your own?—A. Only of my own, probably.

Q. Do you remember whether that account was kept by Mr. Morosini?—A. I think he kept it; yes, sir.

Q. Do you remember that under the pooling transaction you received what were called reorganization certificates, issued by Mr. Ham?—A. I do not remember it. I presume he did issue them.

Q. Mr. Ham has stated that the interests of the parties were computed on the basis of the pool, and that he kept a certificate book and issued to the different parties certificates for the amount of dollars that their different interests showed them to be entitled to in the reorganization scheme. Do you remember having such a certificate?—A. I do not know; Mr. Morosini would know. I left all those matters to him.

Q. Where would that certificate be, if you ever had one?—A. I presume it would be surrendered and canceled, with Mr. Ham.

Q. Surrendered and canceled for the bonds?—A. For the bonds. I think, now that you speak of it, there was some sort of a preliminary certificate issued, but I do not remember the form of it, or what became of it.

KANSAS PACIFIC STOCK.

Q. Confining my questions entirely to Kansas Pacific stock, we are informed that after the agreement was made there was an agreement made by which the stock of the Kansas Pacific was withdrawn from that pool and that you, either individually or in connection with others, took up or withdrew all the stock that was in that pool, this occurring after the Saint Louis parties had been bought out. Do you remember that transaction?—A. I remember that after we had made the consolidated mortgage, in which we put in all these bonds, then there was nothing left but the stock, and that, of course, was divided by the actual parties that owned it.

Q. How was it divided?—A. To the owners, I think.

Q. Who were those owners?—A. I was a respectable owner myself.

Commissioner ANDERSON. I have no doubt of it.

The WITNESS. But who all the others were I do not know. I can't tell you how much I had.

Q. We will go back a little, then, to the purchase of the Saint Louis interest. Do you remember buying out the Saint Louis people?—A. Some of them.

Q. All of those whose names are before you on that agreement?—A. I do not know whether I bought them all out or not.

Commissioner ANDERSON. Look at the names.

The WITNESS. I think Mr. Greeley staid in, but I bought some of these I see here. Whether I bought all they had I do not know; but my books ought to show.

Q. State the names of the parties whom you bought out.—A. I should say Mr. Perry, Mr. Carr, Mr. Meier, Mr. Lewis, and perhaps Mr. Edgerton. I bought some of them, and perhaps all.

Q. What was it you bought from them?—A. I bought their stock, I think. I do not know but I bought their general interest.

Q. All their interest that appears on that paper?—A. I think I did; yes, sir.

Q. Is that entered on your books so that we can see?—A. I think so.

Q. Do you remember what you paid, as the gross price, to the Saint Louis people?—A. It seems to me I paid these prices, but I am not sure.

Q. Was it $1,200,000?

The WITNESS. That I paid them altogether?

Commissioner ANDERSON. Yes.

A. It may have been.

Q. Mr. Sage has stated to us that he took a one-sixth interest in that purchase. Do you remember that fact?—A. I know he took an interest in it.

Q. He says it was one-sixth, and that he paid you $200,000, in his statement as furnished to us. Does that agree with your recollection?—A. I do not know; I will give you the account itself; that will give the exact figures.

Commissioner ANDERSON. I show you the entry in the account as he has stated it to us. Please see if the securities mentioned there, and the amount of the respective securities, and the price and period agree with your recollection. The 18th of March, 1879, is the date.

The WITNESS. You refer to *these* three items?

Commissioner ANDERSON. Yes; his statement is that that represents two-twelfths of the Saint Louis purchase which he took from you.

The WITNESS. Yes, sir; I presume that is true, of course.

Q. What is the meaning of the third of those items? What is it?

A. That item is as to the reorganization certificates. That would be entitled to $200,000 of the consolidated bonds, I suppose.

Q. Then the reorganization certificates are these same certificates that I was inquiring about a while ago?—A. I should say so.

Q. They are those which Mr. Ham referred to?—I should say so.

Q. Do you remember whether this sale of a one-sixth interest to Mr. Sage was made by you to him at the same price which you paid to the Saint Louis people?—A. Yes, sir; the same price.

Q. So that we may assume, then, that the total purchase made by you from the Saint Louis people was six times the amount stated here and six times the amount of these securities? That is, six times $29,000 in mortgage bonds of the Denver Extension; six times 7,185 shares of stock and six times $200,000 of the reorganization certificates, and that the price you paid for them was six times $200,000?—A. We will assume that, provided I sold him just one-sixth. I think that I must have on my books a statement that will give it to you more in detail. I do not understand that, and I would rather not talk by somebody else's books [referring to the account submitted by Mr. Sage].

Q. We will accept the corrections from your books. Did any one else, except Mr. Sage, take a part in this purchase from the Saint Louis people?—A. I do not know whether Mr. Ames took some and Mr. Dillon did also, or not. I tried to get Commodore Garrison in, and some others that we thought would help the property, but they did not succeed in the case of Commodore Garrison. I do not know whether Mr. Ames and Mr. Dillon took some or not; I offered it around to them.

Q. You took this all, in the first instance, and then suggested to these gentlemen that it would be desirable for them to unite with you?—A. Yes, sir.

Q. Who conducted this negotiation with the Saint Louis people?—A. I think I must have done so.

Q. Which of the Saint Louis people did you see?—A. I think they came on here and saw me. They were dissatisfied, and kind of tired out, and wanted to sell, and they made a proposition, and I accepted it. I had my own views of the values. I told them they might put in as much or as little as they pleased, or I would take it all. Whether they put it all in I could not say.

Q. You have stated before that you thought that the price was reached

by following the terms stated in the pool agreement; but, as you will see, in the body of the reorganization certificates themselves, you cannot effect that computation, unless you regard the shares of stock as thrown in, without charge, or else, perhaps, the shares had been taken out before?—A. I presume the reorganization certificates carried a certain amount of stock and a certain amount of bonds with them. They must have done that.

REORGANIZATION CERTIFICATES.

Commissioner ANDERSON. Not if they are made on the basis of the paper before you.

The WITNESS. If they were made on the basis of this paper, a reorganization certificate would carry these bonds and this stock, and a reorganization certificate would be issued in accordance with this price.

Commissioner ANDERSON. The reorganization certificate would include the value of the stock and the value of the bonds?

A. Yes, sir.

Q. And therefore, in buying the reorganization certificate, it would really include everything except the first-mortgage bonds, and there would be no stock to sell? It would be included in the certificate, unless the stock had been taken out of the pool before the date of this purchase?

The WITNESS. I could not say as to that.

Commissioner ANDERSON. Mr. Holmes, if you can give any information on this point we would be glad to hear you.

Mr. HOLMES. I think Mr. Sage made his entry in that way for the purpose of indicating what was represented by the certificates which were bought from the Saint Louis people, and that there really is a dual entry there, the same transaction being entered twice, the stock being included in the two hundred thousand. Mr. Gould says his books will show, and I think it is much safer to rely upon his entries in that matter than those.

The WITNESS. There ought to be some books. Somebody must have kept the accounts.

Commissioner ANDERSON. The object of the question is to ascertain from you, substantially, in this transaction, the price which you paid for those 42,000 shares of stock. We understand you to say that it was 12½ cents, as far as your recollection goes; that is, that it was at the same price contained in the agreement.

The WITNESS. Well, I just had that general impression—that they came on and said they would like to sell out, and I asked them what they thought they ought to have. Well, they said they thought they ought to have these prices. I said, "Very well; I take it." That is all. That is the impression I have. My books may carry out something different.

REORGANIZATION BONDS.

Q. Mr. Sage's account contains the entry of another transaction with you in the month following. It states that you sold him $14,000 of bonds—I presume Denver Extension bonds—3,502 shares of stock, and $100,000 of what he calls reorganization bonds, for $100,363.80, the $363.80 being interest. Will you please look at that entry and state what those securities were? I may as well say he described it as a purchase made by you when you were abroad, and that he had agreed to take some shares of you.—A. I think I bought nothing abroad. The

only thing I bought abroad was the Denver Pacific bonds from the Amsterdam people. I do not know but he placed some of those with Mr. Perkins at the bank. I do not know about that.

Q. You do not recognize that transaction?—A. No, sir.

Q. What are referred to by "reorganization bonds"?—A. I do not know. I should suppose he meant consolidated bonds.

Mr. HOLMES. It was before they were issued; before the date of the bonds.

Mr. JOHN F. DILLON. It may have been the certificates.

Mr. HOLMES. The pool certificates, I think he meant.

Commissioner ANDERSON. It may have been certificates which entitled the holder to consolidated bonds.

The WITNESS. Which entitled them to the bonds. I will try to enlighten you on that.

Q. You do not recall, then, any other purchase of a large amount of stock, in one lump, of the Kansas stock, except this purchase from the Saint Louis people?—A. No, sir.

Q. Do your books show the different purchases of this Kansas Pacific stock made by you, between the 1st of January, 1878, and the 24th of January, 1880?—A. I think so.

Q. Have you a transcript of that account with you?—A. No; not of that account; I will have that made; I will give Mr. Mink access to the books, and I think he can draw it off.

Q. How much of the Kansas Pacific stock did you accumulate during that period, or how much did you own, we will say in December 1879?—A. I think I owned about $4,000,000 of it.

Q. Forty thousand shares?—A. It would be 80,000 shares; 40,000 full shares.

Q. Does the amount for which you signed the articles of ratification indicate correctly your ownership, prior to the consolidation?—A. I do not know what I signed for.

Commissioner ANDERSON. Judge Dillon will show you.

The WITNESS (after looking at a pamphlet which Mr. Dillon handed to him). I can tell you just what I owned; I drew that off, thinking you would want to know that; that is what I owned of the two stocks at the time of the consolidation [handing paper to Commissioner Anderson].

Q. Forty thousand three hundred shares of the Kansas Pacific; that is, full shares, as I understand?—A. Yes, sir; I owned 27,000 shares of Union Pacific, and 40,300 full shares of the Kansas Pacific.

Mr. JOHN F. DILLON. Those were $50 shares.

The WITNESS. The Union Pacific was 93½, and the Kansas Pacific 83.

Q. How long had you owned that Kansas Pacific stock, or the bulk of it?—A. I got it through these purchases.

Q. How much of it did you get in the Saint Louis purchase?—A. I do not know; I will give you that account; I cannot speak from memory.

Q. Your books will then show all the purchases and the prices paid, and the brokers' offices through which the purchases were made?—A. Yes, sir; they should show that, and I presume they do.

Q. In regard to your interest in stamped income bonds: When did you first commence to purchase these bonds? I see that was prior to the agreement of 1878.—A. Yes, sir.

Q. Do you recall how you came to interest yourself in those bonds?—A. No; I gradually began to take an interest in the property.

Q. Did you not buy those stamped bonds as low as 10 cents on the dollar?—A. I presume so; but I do not remember.

CONDITION OF KANSAS PACIFIC WHEN BOUGHT BY WITNESS.

Q. When you made that purchase, what was the condition of the Kansas Pacific property, generally—I mean its financial condition?—A. The general condition was bad; it had been badly financed; and, while it was an immensely valuable property intrinsically, it had been so badly managed that it got clear down in the rut.

Q. Everything was overdue, was it not?—A. I do not know about its being overdue.

Q. Were not all the mortgages in default when you first began to buy the stamped incomes?—A. I think they paid the interest on the first underlying bonds; but I will not be sure about that.

Q. Were they paying the interest on the Denver Extension bonds?—A. I will not be sure about that.

Q. Do you not know that those bonds were in foreclosure?—A. I think they did commence to foreclose, and we funded the interest afterwards.

Q. Do you recall the total amount that represented the arrears of interest that finally became funded?—A. No; I do not.

Q. Do you not know that it was over $4,000,000?—A. I presume so.

Q. What was the credit of the road at this time, when you first began to buy the stamped incomes?—A. The credit was poor, of course, or the bonds would not be selling at those prices.

Q. Do you remember what security the stamped income bonds had?—A. It was a mortgage on the Eastern Division of the road.

Q. Payable out of the net income on certain conditions stated in the mortgage?—A. Yes, sir.

Q. Why did you prefer to buy that class of bonds, rather than any of the others?—A. I do not know.

Q. Was it not, perhaps, because they were very low, or cheap?—A. Probably they were the lowest.

Q. Is it not likely that they were offered to you in a large parcel?—A. I had a larger percentage of those funding bonds, or as large; I think there was about $4,000,000 of the incomes. I had a majority of those, and then I had a larger percentage of the funding bonds; I suppose the reason that I bought those bonds was probably that they were a lien on the eastern portion of the road, and that was the most valuable at that time. They had an asserted lien west, but I never considered that that amounted to anything; the income bonds would run out to the 394th mile, and covered that road; but, to a certain extent, that was the key to the reorganization.

Q. Did you buy any more of these bonds after the pool agreement was made?—A. I do not believe I did, except as I might have bought them of these parties.

Q. Who else held the stamped income bonds besides yourself in that pool?—A. Mr. Greeley had $52,000; John D. Perry, $12,000; Robert E. Carr, $6,000; B. W. Lewis, jr., $6,000, and Artemas H. Holmes, $5,500.

Q. Which of those bonds did you buy from the Saint Louis party?—A. I do not remember.

Q. Did you or did you not buy Mr. Holmes out?—A. I do not remember. I might have.

Q. I thought he staid in?—A. I do not know. I might have bought them through a broker and not have known it.

Q. Did you buy any of these bonds from parties residing in Europe?—A. No, sir; unless they sold them through brokers here, and I did not know it.

NEGOTIATIONS WITH AMSTERDAM PEOPLE.

. But you had no direct negotiation through people in Frankfort, people abroad?—A. Yes, sir; I had negotiations with some Amsterm people. When I was in Europe, I got word that the Amsterdam ple would sell out. I had not much time, but I thought I would go Amsterdam, and I supposed they would take a day or two smoking ore they would make up their minds whether they would sell or not, l it would take more time than I had. Finally, I went over there l saw them. I got in there in the morning at 10 o'clock, and washed l got my breakfast, and let them know that I was there, and they t me at 11 o'clock, and 12 o'clock I bought them out and paid them.
Q. What was it that you bought from them?—A. I bought, I think, ,000,000 of Denver Pacific bonds, $1,500,000 or $2,000,000 of them.
Q. What month was this in?—A. It must have been in 1879; I went road in June, and perhaps it was in July or August, 1879.
Q. Do your books show that transaction?—A. I think so.
Q. Did they have any of the Kansas Pacific stock?—A. I think not. , they just had these bonds.
Q. Are these Denver Pacific bonds the same thing that were called Denver Pacific Extension bonds?—A. No; the Denver Pacific mortge is a mortgage on the road from Cheyenne to Denver.
Commissioner ANDERSON. There was but one mortgage on the road, I remember right, between Denver and Cheyenne.
The WITNESS. That was all.
Commissioner ANDERSON. That was about $2,500,000?
The WITNESS. Yes, sir.
Q. Were these Denver Pacific bonds included in the exchange made consolidated bonds?—A. Yes, sir; they were exchanged.
Q. Do you remember the rate paid by you for the $2,000,000 of them at you bought in Amsterdam?—A. I think I paid 80 for them.

By Commissioner LITTLER:

Q. How much?—A. Eighty, I think, or about that.

By Commissioner ANDERSON:

Q. Who was interested in this purchase with you, or became interted afterwards?—A. I do not know that anybody was.
Q. Did you not sell a portion of these bonds to Mr. Sage afterwards?— I do not know but I did.
Q. Do you remember selling him $353,000 of them on the 9th of ptember, at 74?—A. Perhaps so. Then that was the price I paid for em.
Q. If that is the price Mr. Sage got them at, that is the same price at you paid?—A. That is the same price, and I must have let him ve some. Yes, sir; 74.
Q. Did these Amsterdam people have any of the Denver Pacific ck?—A. No, sir.
Q. So that the transaction there simply embraced about $2,000,000 those bonds?—A. Yes, sir.
Q. Which you bought at about 74, or whatever price your books will ow?—A. Yes, sir; there was $4,000,000 of the Denver Pacific stock, d $3,000,000 was owned by the Kansas Pacific, and the other $1,000,000 wned.
Q. Can you state to us what your interest was in the bonds of the nsas Pacific at the time of the consolidation, stating it either in the

original purchase, or stamped or unstamped bonds, and the others; or stating it in the consolidated bonds into which they had been converted?—A. I think, at the date of the consolidation, all this funding had been consummated, and that my interest represented so many consolidated bonds.

Q. State it first in consolidated bonds. What was your interest in the consolidated bonds?—A. I will give you the exact figures; but I have not got them with me.

Q. That interest had grown out of an exchange of the stamped bonds, and these Denver Pacific bonds. Were there any others?—A. All my interests that went in under the funding bonds.

Q. All those had been exchanged for consolidated bonds?—A. Yes, sir.

INTEREST IN KANSAS PACIFIC, AND SAINT JOSEPH AND WESTERN.

Q. And your interest in the Kansas Pacific, at the time of the consolidation, was represented by the 80,000 shares of half stock, and by the bonds to which I have referred?—A. Yes, sir, of which I will give the amount.

Q. At this time—I refer now to the years 1878 and 1879—in what other roads connecting with either the Kansas Pacific or the Union Pacific had you any interest?—A. I had an interest first in the Saint Joseph and Western road, which runs from Saint Joseph to Grand Island.

Q. Now?—A. Yes, sir; we found that the roads running east from Omaha were combining together to force the Union Pacific to pro rate. You see this thousand miles was really called 2,000 miles; and it was a vital thing to the Union Pacific to sustain itself. The Iowa roads combined to force the Union Pacific to pro rate, and they would have done it if we had not got another outlet, so that we hit the Hannibal and Saint Joseph and the Wabash—these Southern roads. That was why the Saint Joseph was important to the Union Pacific. I bought into these bonds, and then I built the road from Grand Island down.

Q. Let us know about your first purchases, when they first took place.—A. I have got an account, I guess, which will show you that.

Mr. JOHN F. DILLON. That is it. Saint Joseph and Denver City, it is called.

The WITNESS. Yes, sir; I think this embraces it. And there are the Saint Joseph bridge bonds and stock.

Commissioner ANDERSON. We will take the Saint Joseph and Denver first.

The WITNESS. There are the receiver's certificates. Those papers that we are giving you now embrace the whole of that system. There was, first, the bridge, and then there were two divisions of that road, and then there was the road I built there. That embraces the whole thing.

Q. I will ask you the details. The first paper you hand me is headed "Saint Joseph and Denver Railroad first mortgage bonds." Do I understand by that that you refer to bonds on the Saint Joseph and Denver, which was the portion of the railroad in question between Elwood and Marysville?—A. I think I treat them there without separating them. I guess I treated it all here as the same thing—the Eastern and Western Divisions.

Q. Saint Joseph and Denver, then, is the whole road from Elwood to Hastings?—A. Yes, sir.

Q. Of which the Saint Joseph and Pacific was the Eastern Division?—A. Yes, sir.

Q. And the Kansas and Nebraska was the Western Division?—A. Yes, sir.

Mr. JOHN F. DILLON. I will tell you how it comes about: It was shown here by Mr. Hassler that in 1877 they consolidated and became the Saint Joseph and Western. So that it was the Saint Joseph and Western. The Saint Joseph and Denver was the original name, and they got it mixed.

Q. Do I understand you to say that you had no transactions in these bonds prior to January 14, 1879?—A. That is the first, I think. Yes, sir, *this* represents the parties I bought them of, and *that* is the amount, and *this* is the price.

Q. My question is whether you had had any transactions prior to January 14, 1879?—A. No, I think not—no, that embraces all my transactions in those securities.

Q. From what book is this statement taken?—A. Taken from my journal.

Q. By whom was it taken?—A. By Mr. Mink, or my book-keeper—Mr. Philips, my book-keeper.

Q. Was it done to-day?—A. I gave Mr. Mink and Mr. Philips my books yesterday, and they did it yesterday. You supervised it, did you not, Mr. Mink?

Mr. MINK. I supervised it.

Commissioner ANDERSON. So that the total amount of this purchase between January 14, 1879, and November 3, 1879, is $1,562,886.98.

The WITNESS. Those were sold out.

Q. Yes, sir; and I will come to this in a minute. They were bought at 40, with the exception of two transactions of small amounts, which appear to have been bought at 35 and 37½, and the total cost of the bonds was $603,204.78. Is that correct?—A. Yes, sir; that is a correct account.

Commissioner LITTLER. I suggest that the whole account be put in the record.

Commissioner ANDERSON. Undoubtedly, it should go in.

The following is a copy of the accounts presented by the witness:

Saint Joseph and Denver Railroad first-mortgage bonds.

1879.	Bought of	Bonds.	
Jan. 14.	Alfred Mitchell	$13,500 00, at 40	$5,400 00
26.	H. A. Johnson	193,500 00, at 40	77,400 00
26.	Geoge J. Forrest	93,200 00, at 40	37,280 00
Feb. 19.	New York Guarantee Company	96,461 30, at 40	38,584 51
27.	Mercantile Trust Company	96,600 00, at 40	38,640 00
27.	Mercantile Trust Company	17,000 00, at 40	6,800 00
24.	H. H. Butterworth	42,200 00, at 40	16,880 00
28.	S. C. Varnum	800 00, at 40	320 00
28.	A. H. Jackson	162,750 00, at 40	65,100 00
Mch. 1.	H. H. Butterworth	17,700 00, at 40	7,080 00
1.	H. H. Butterworth	200 00, at 40	80 00
1.	Hassler & Co	25,000 00, at 40	10,000 00
1.	H. H. Butterworth	4,300 00, at 40	1,720 00
3.	Delorme Knowlton	3,800 00, at 40	1,520 00
3.	H. H. Butterworth	16,800 00, at 40	6,720 00
7.	Delorme Knowlton	4,000 00, at 40	1,600 00
8.	Hassler & Co	50,000 00, at 40	20,000 00
10.	Delorme Knowlton	6,700 00, at 40	2,680 00
10.	J. Alden Gaylord	2,280 00, at 40	912 00
12.	Hassler & Co	61,200 00, at 40	24,480 00

1879.	Bought of	Bonds.		
Mch. 12.	Alfred Mitchell	$78,095 68, at 40		$31,238 27
20.	Mercantile Trust Company	100 00, at 40		40 00
Apl. 1.	John S. Tilney	3,400 00, at 37½		1,275 00
7.	H. I. Haar	3,200 00, at 40		1,280 00
Feb. 26.	H. I. Haar	8,500 00, at 35		2,975 00
26.	H. H. Butterworth	50,000 00, at 40		20,000 00
Apl. 28.	M. Vault Stock Exchange	398,000 00, at 40		159,200 00
Nov. 3.	William Belden [settlement]	113,600 00,		24,000 00
	Total bonds	1,562,886 98		603,204 78

Less sales:

1879.	Sold to	Bonds.		
Mch. 13.	Russell Sage	$100,000 00, at 40		$40,000 00
Apl. 17.	Russell Sage	105,000 00, at 40		42,000 00
28.	F. L. Ames	100,000 00, at 40		40,000 00
May 13.	Sidney Dillon	200,000 00, at 40		80,000 00
June 17.	S. H. H. Clark	12,000 00, at 40		4,800 00
28.	Ezra H. Baker	40,000 00, at 40		16,000 00
30.	F. Gordon Dexter	30,000 00, at 40		12,000 00
July 2.	Elisha Atkins	30,000 00, at 40		12,000 00
	Total	617,000 00		246,800 00
1880.				
Jan. 24.	Balance of bonds on hand	945,886 98, cost		356,404 78
Jan. 24.	Surrendered $956,779 76 in above bonds and scrip in exchange for 9,578 shares of U. P. at par			956,800 00

Saint Joseph and Denver Railroad stock.

1879.		Shares.
Feb. 27.	To the Mercantile Trust Company	461
27.	To the Mercantile Trust Company	83
27.	To H. H. Butterworth	336
28.	To S. C. Barnum	7
28.	To P. A. H. Jackson	1,417
Mch. 1.	To H. H. Butterworth	79
1.	To H. H. Butterworth	1
1.	To Hassler & Co	124
1.	To H. H. Butterworth	37
3.	To Delorme Knowlton	34
3.	To H. H. Butterworth	103
7.	To Delorme Knowlton	18
8.	To Hassler & Co	300
10.	To Delorme Knowlton	34
10.	To J. Alden Gaylord	11
12.	To Hassler & Co	1,246
12.	To Alfred Mitchell	374
Jan. 26.	To H. A. Johnson	2,109
26.	To George J. Forrest	
Mch. 19.	To N. Y. Guarantee Co	
Apl. 7.	To H. J. Haar	30
Nov. 3.	To William Belden & Co	2,015
		8,810

1879.			
Mch. 13.	By Russell Sage	474	
27.	By Russell Sage	1	
Apl. 22.	By Russell Sage	475	
28.	By F. L. Ames	475	
May 15.	By Sidney Dillon	950	
June 25.	By Ezra F. Baker	190	
25.	By Elisha Atkins	142	
25.	By F. Gordon Dexter	142	
Oct. 27.	By Haar sale	400	11,650 00

1880.			
Jan. 2.	By S. H. H. Clark	57	
8.	By Hallgarten & Co	500	$16,625 00
	Total		
	Balance of shares on hand	5,013	
Jan. 24.	Surrendered the above shares in exchange for 1,002 shares of Union Pacific, at par		$100,200 00

Saint Joseph Bridge Building Company's bonds and stock.

BONDS.

1879.	Bought of	Bonds.	
April 26.	August Rutten	$120,000, at 75	$90,000 00
May 8.	August Rutten	170,000, at 75	127,500 00
8.	August Rutten	356,000, at 75	267,000 00
14.	August Rutten	24,000, at 75, less two coupons, $70.	17,930 00
15.	August Rutten	15,000, at 75	11,250 00
20.	Amy & Co	99,000, at 75	73,260 00
	Total	784,000	586,940 00

Less sales:

1879.	Sold to	Bonds.	
Oct. 15.	Russell Sage	$50,000, at 75	$37,500 00
Nov. 1.	Sidney Dillon	100,000, at 75	75,000 00
	Total	150,000	112,500 00
1880.			
Jan. 24.	Balance of bonds on hand.	$634,000	$474,440 00

STOCK.

1879.		
June 20.	Purchased 4,000 shares of stock for	$6,000 00
	Total cost of $634,000 bonds and 4,000 shares of stock	480,440 00
1880.		
Jan. 24.	Received in exchange for the above 6,340 shares of Union Pacific stock, at par	$634,000 00

Saint Joseph and Denver Pacific Railroad—Receiver's certificates.

1879.			
June 12.	To H. A. Johnson	9 certificates and coupons	$9,450 00
16.	To Chas. B. Alexander	1 certificate	1,000 00
27.	To H. L. Brown & Sons	1 certificate	1,000 00
July 1.	To Sundry persons	14 certificates	14,150 00
9.	To Kountze Bros	2 certificates and coupons	2,100 00
14.	To I. S. Lemon	3 certificates	3,000 00
21.	To I. H. Sturtevant	2 certificates	2,000 00
30.	To Donell, Lawson & Co	6 certificates	6,000 00
31.	To Wood & Davis	1 certificate	1,000 00
Sept. 8.	To W. B. Colgate & Co	3 certificates	3,000 00
Oct. 6.	To Geo. DeForrest	12 certificates and coupons	12,903 33
16.	To R. M. Raven	5 certificates and coupons	5,091 67
		59	60,695 00
1880.			
Jan. 24.	Surrendered the above in exchange for 590 shares of Union Pacific, at par		$59,000 00

Q. The sales which you made during the same period are stated at the foot of this account?—A. Yes, sir.

Q. I notice that these sales are made to Mr. Sage, Mr. Ames, Mr. Dillon, Mr. Clark, Mr. Baker, Mr. Dexter, and Mr. Atkins; were these gentlemen all, with the exception of Mr. Clark, directors of the Union Pacific?—A. I think they were all directors.

Q. Were these gentlemen interested with you in the purchase at the time it was made, or did you subsequently sell to them, after buying?—A. After I bought. I told these gentlemen they could take any interest they wanted, and each of them took what he wanted.

The CHAIRMAN. We will take a recess until two o'clock. We will excuse you till then.

AFTERNOON SESSION.

JAY GOULD, being further examined, testified as follows:

HASTINGS AND GRAND ISLAND.

The WITNESS. In giving you that group of the Saint Joseph properties, I see I omitted to give you the Hastings and Grand Island. You might keep them all in a group.

By Commissioner ANDERSON:

Question. That is, the Hastings and Grand Island bonds, is it?—Answer. Yes, sir; and in partial answer to one of your inquiries about my interest, I gave you the stocks on the date of the consolidation, but not the bonds. I find that I had 2,661 of the Kansas Pacific Consolidated 6 per cent. bonds, and $1,000,000 of the Union Pacific collateral 6's at the date of the consolidation. I will put that in also.

The following is a copy of the account:

Hastings and Grand Island Railroad Construction.

1879.		
June 30.	Union Pacific advances	$106,985 00
July 31.	Union Pacific advances	21,834 20
Aug. 31.	Union Pacific advances	13,327 77
Dec. 31.	Union Pacific advances	45,807 58
1880.		
Jan. 2.	Paid William Bond for services	25,000 00
2.	75 county of Hall bonds	x
13.	Paid Rufus Adams, pamphlets	35 00
13.	Franklin Note Company, printing bonds	600 00
	Interest	7,249 70
		220,839 25
1880.		
Jan. 24.	Received 2,202 shares of Union Pacific, at par	220,200 00
	Cash	635 00
		220,835 00

Q. These are all the bonds that you held at that time in either company?—A. In both companies; yes, sir.

Q. In your statement as to these Saint Joseph and Denver securities, I find a number of sales of $617,000 of these bonds to Messrs. Sage, Ames, Dillon, Clark, Baker, Dexter, and Atkins; do you know whether the gentlemen last named retained their bonds until they were disposed of in connection with those which you held yourself?—A. I suppose so, because we bought them for a purpose, and I do not think they would have parted with them.

Q. I mean they were all disposed of by the same transaction, which we will come to later on?—A. Yes, sir; I think so.

Q. At the time the latter-named gentlemen voted for the consolidation, they were the owners of these bonds of the Saint Joseph and Denver?—A. I suppose so; I think I should correct that; I presume those bonds were sold; they were at the time of the consolidation the

property of the Kansas Pacific; the way the consolidation took place was this—those properties were all sold to the Kansas Pacific.

Commissioner ANDERSON. I know; I will come to that transaction later on.

The WITNESS. So that if they had theirs at the time they probably went in with my sale to the Kansas Pacific.

Q. They were held by them, and included in the transaction which you made with the Kansas Pacific?—A. I presume so; yes, sir.

Q. The details of that I will ask you about at a later period; you have handed me a list of purchased stock of the Saint Joseph and Denver amounting to 8,819 shares of stock, was this stock purchased substantially from the same people who sold you the bonds?—A. The names will show; I presume so; they were called "trimmings," I believe, and went in with it.

Commissioner ANDERSON. I find no prices mentioned opposite the stock.

The WITNESS. They went with the bonds, I think, except some of the lots down at the bottom there.

Q. I find a second column on the same paper, apparently stating deliveries of stock by you to Messrs. Sage, Ames, Dillon, Baker, Atkins, and Dexter; were these the shares that you delivered with the bonds that you sold?—A. That would be their relative proportion that went with the bonds.

Q. So that there was no price made separate for the shares as distinguished from the price fixed to the purchase of the bonds?—A. No, sir; I sold them to them just as I bought them.

Q. I find a transaction in the apparent sales of your stock of the date of October 27, par sales, 400 shares, with the amount carried out $11,650; will you please explain that?—A. That is probably a lot of stock I sold in the market; they seemed to have become gilt-edged, and I suppose I sold a little for hotel bills.

Q. Do you remember the transaction?—A. I only remember it as I saw it on my books; I presume the stock ran up; I thought it was pretty high, and, as long as I kept a majority, it accomplished my purpose.

Q. Do you remember whether this transaction was connected with any other transaction or exchange of securities?—A. No; it must have been sold in the open market.

Q. Through what broker?—A. It seems to have been sold to Mr. Haar and Halgarten & Co.

Q. Those are separate transactions, one the Haar sale, and the other Halgarten & Co. sale?—A. Yes, sir; you know along about that time the securities ran up pretty high.

Q. In regard to these shares of stock held by the gentlemen whose names I have given, do you know whether they were retained by them until the subsequent transaction which you made with the Kansas Pacific, and were included in that transaction?—A. I presume so.

SAINT JOSEPH BRIDGE BONDS.

Q. You have handed me a statement of purchases of Saint Joseph Bridge bonds, commencing April 25, 1879, and ending May 20, 1879, from which it appears that you bought $781,000 of the bonds all but a small lot from August Ruttan, for which you paid $586,940—were these all purchased as one transaction?—A. All one.

Q. And the price was 75?—A. Yes, sir.

Q. It appears from this statement that you sold a portion of these

bonds, $50,000, to Russell Sage, on the 15th day of October, 1879, and $100,000 to Sidney Dillon, on the 1st of November, 1879, at the same price, 75; do you recollect that transaction, that you sold them those bonds?—A. Yes, sir.

Q. Do you know whether they held them until the transaction that you subsequently made with the Kansas Pacific?—A. Yes, sir; I think they did.

Q. Then your statement contains a purchase of the 4,000 shares of the stock of the bridge for $6,000; do you remember that transaction?—A. I do not particularly remember it.

Q. It was one transaction?—A. Oh, yes, sir.

Q. And the price, though not stated here, would be $1.50 a share?—A. Yes, sir.

Q. Did you keep all that stock until the transaction that you had subsequently with the Kansas Pacific?—A. Yes, sir; that stock in time would become good from the earnings of the bridge.

Q. You sold it to the Kansas Pacific two months after you sold the bonds to Mr. Sage?—A. Yes, sir; I think I gave the Union Pacific the stock.

Q. Yes, sir; you did, to the Kansas Pacific or Union Pacific, whichever it was. How did you come to own the Saint Joseph receiver's certificates?—A. I do not know whether I took them of Mr. Bond or not. Mr. Bond was the receiver, and I guess he had placed them with some institution, and when I got interested in it I took them up.

Commissioner ANDERSON. The statement handed me shows their receipt from a number of different parties.

The WITNESS. Yes, sir; I must have taken them up from the parties who had advanced on them.

Q. Are the figures given in the column the face amount of the certificates, or the amount paid by you?—A. The amount paid by me.

Q. Then you paid par for these certificates?—A. Yes, sir.

HASTINGS AND GRAND ISLAND CONSTRUCTION BONDS.

Commissioner ANDERSON. The total amount being $60,695. Then you have handed me a statement of the transactions in the Hastings and Grand Island construction bonds, commencing June 30, 1879, and ending January 13, 1880, in which it appears that you purchased all these bonds, $220,639.25?

The WITNESS. No; I built the road, and through that I became the owner of the certificates, the stock, and bonds.

Q. When you say that you built the road, do you mean you, individually?—A. I built it individually.

Q. Making a contract with whom?—A. With the Hastings and Grand Island Company.

"UNION PACIFIC ADVANCES."

Q. The entry here is "Union Pacific advances;" what is the meaning of that form of entry?—A. The Union Pacific advanced a portion of the money out there, and then would draw on me for convenience in constructing it. As the contractor was out there on the spot, I authorized them to make these advances as the road went on, and draw on me for the advances.

Q. What form of paper did you get to represent these advances; was it merely a receipt for money, or was it a bond?—A. I got the bonds and stock of the railroad.

Q. Is the amount of the bonds and stock you got represented by the total of this account which you hand me?—A. Yes, sir; that represents the actual cost.

Q. Then the four items which are marked "Union Pacific advances" represent actual payments made by the Union Pacific for your account?—A. For my account; yes, sir.

Q. In the construction of this road?—A. Yes, sir.

Q. These four payments commence June 30 and end December 31; was the whole road constructed in that time?—A. Yes, sir.

Q. Was your contract with the corporation in writing?—A. I suppose so; yes.

Q. What is the total issue of bonds of the road?—A. I think it was $75,000.

Q. How does it happen if, under your construction contract you were to receive all the bonds of the road, that the amount of the advances here is not the same as the amount represented by the bonds?—A. Because, if you divide one by the other, it would give you what the bonds cost me. Divide the cost of the road by the amount of bonds I received, and that would show what the bonds cost me per thousand.

Q. Then the figures that are handed to me do not represent the face value of the bonds, but the actual cost of the road?—A. The cash cost of the bonds.

Q. The cash cost of the bonds and the amount which was paid by the Union Pacific for your account.—A. Some of the items were paid by the Union Pacific—those that are designated.

Q. To whom did the Union Pacific pay this money for your account?—A. They paid it to the contractors.

Q. What is the name?—A. I do not remember now. I was the contractor.

Q. Did you employ certain persons to do the actual work of the grading of the road and laying the track and buying the iron; who did that work for you?—A. I do not remember now who, but I think it was Mr. Collins.

Q. Was it not Mr. Bond?—A. No; I am not sure.

Commissioner ANDERSON. Mr. Bond appears in the statement you have handed me as receiving $25,000 for services.

The WITNESS. I gave you these as all a part of the same transaction. In settling up with him for his receivership of the two eastern roads I paid him these $25,000 for his services as receiver.

Q. So that it was all entered in the cost of the Hastings and Grand Island?—A. And I charged it up in that account, as the three roads were immediately consolidated—this road and the other. I paid it in that account.

Q. It did not make any difference, then, in which account it was entered?—A. No, sir.

Q. Please tell me whether your statement is that, while you do not remember the name of the contractor, the items charged against you as advances represent the actual payment of cash made by the Union Pacific Company for your account to the person who did the work?—A. Yes, sir; that is it.

Q. And your reimbursement from the Hastings and Grand Island Company was effected by the issue of all their bonds and all their stock?—A. Three hundred and seventy-five thousand dollars of first-mortgage bonds and four thousand shares of stock.

Q. So that in order to arrive at a correct statement of the cost of

these bonds to you we have $375,000 of bonds, which cost $220,839.25; that is correct, is it?—A. Yes, sir.

Q. Regarding the stock, then, as additional or as thrown in?—A. Yes, sir.

Q. You stated in the early part of your examination that your interest in the Union Pacific along in 1878 was something like two hundred thousand shares of stock, I think.—A. Yes, sir.

Q. Did you make any large sales of this stock early in 1879? Do you remember a sale to Mr. Cammack?—A. I think I did; yes, sir.

Q. Do you remember how large a sale that was on the occasion of Mr. Cammack and Mr. Keene becoming directors?—A. Yes, sir; I remember what I held on the 1st of January, 1879.

Q. What did you hold on the 1st of January, 1879?—A. I held one hundred and seventy thousand shares.

Q. And after that you made this sale to the syndicate?—A. After that I made that sale to the syndicate.

Q. Do you not remember the approximate amount?—A. I must have reduced my interest, you see, from that time down to the 1st of January, 1880, down to twenty-seven thousand shares.

Q. Do you know whether you appear on the books of the Union Pacific Railroad on the 1st of January, 1880, or I will say on the 20th of January, 1880, as a holder of any shares of stock of the Union Pacific?—A. I think not. They had a law in Massachusetts by which any person setting up a claim, whether there was anything to it or not, could attach the entire stock and give an immense deal of trouble; and I found out about this law, so that I transferred my stock out of my name.

Q. Did your holdings in the Union Pacific Railway not appear on your ledger immediately after the consolidation?—A. I think they did; very likely.

Q. Was the law changed between the 1st of January, 1880, and the 1st of February, 1880?—A. No, I think not. But that was the reason I put the stock out. I had an attachment put on. Some fellow trumped up a claim and wanted to be bought off, and he attached my stock and destroyed it as a collateral; and for that reason I had it put out of my name.

By Commissioner LITTLER:

Q. Do you mean by that that you sold it?—A. No; I merely transferred it to somebody else—some other name. You cannot tell anything by a stock-list, because stocks are often in the name of brokers here for years after they have sold them; speculative stocks.

CONVERSION OF SECURITIES INTO UNION PACIFIC RAILWAY STOCK.

By Commissioner ANDERSON:

Q. You did convert, at the period of consolidation, all of your Kansas Pacific and all your interests in the Union Pacific Railroad stock, that were entitled to conversion, into the stock of the new company?—A. I converted twenty-seven thousand shares of the Union Pacific stock.

Q. All of the stock that you did convert, then, appears on your ledger as your stock?—A. I do not know about that; but that was what I actually owned.

Q. I hand you a statement furnished me by the company, and ask you to examine the same, as showing the interest which you started with in the Union Pacific Railway.

The WITNESS. The new company?
Commissioner ANDERSON. Yes.
The WITNESS. I do not know that I understand this. You do not intend to say that this was all my own?
Commissioner ANDERSON. So I understand from Mr. Mink.
(Mr. Mink explained the account to the witness.)
The WITNESS. I do not know anything about this; I gave you the exact amount that I did own.
Q. The only question is whether that twenty-seven thousand of Union Pacific Railroad stock may not have been sold by you between the 1st of January and the 24th of January.—A. No; I had that on the 24th.
Q. In whose name did it stand?—A. I think twelve thousand shares were in Mr. Dillon's name, and I guess the rest in Mr. Morosini's; probably so; I do not know.
Q. When Mr. Morosini converted the balance which stood in his name, do you know whether the new stock was taken out in his name?—A. I do not know how that was.
Q. You do not know how that was?—A. No; I do not remember.
Q. Do you remember whether the twelve thousand shares held by Mr. Sidney Dillon were converted by him in the name of Mr. Jay Gould or in the name of Sidney Dillon?—A. I do not know; I do not remember; I held the certificates, of course; they were in my possession; they were in his name.
Q. Indorsed in blank on the back?—A. Yes, sir.
Q. Apart from that interest in the Union Pacific, does the paper which now show you correctly state the initial interest which you had in the Union Pacific Railway Company immediately after the consolidation? I understand it to be a transcript from the ledger of the company.—A. I can only say as to this first amount. I presume that is correct. Then I had 27,000 shares of Union Pacific.
Q. Which does not appear in the account?—A. Which does not seem to appear here. Then in making sundry sales here, which will develop, I received pay in stock, so that I had that amount.
Q. That amount was 32,000 and how many shares?—A. It appears here 32,960 shares.
Q. That was the net amount after the thing was settled?—A. I presume that is right; so that I had 72,000 and 27,000. That would be 99,000 shares at the date of the consolidation.
Q. Of the new stock?—A. Yes, sir.
Commissioner ANDERSON. Of which 73,342 were derived as follows: 40,382 through the conversion of the Kansas Pacific stock, and 32,960 from the transactions which you have alluded to, and which, on this account, are entered as being the proceeds of Denver Pacific stock. I do not charge you with those words, "Denver Pacific," but they are so entered on the books of the company.

"LESS EGGS IN ONE BASKET."

The WITNESS. I do not know about that; I never saw them before
Q. Does this statement which I hand you, which is marked "Transcript from the ledger," show correctly the disposition made by you of that stock—I mean the periods of sales—it appearing between the 7th of February and the 15th of March following that you had sold all of that stock except about 16,000 shares?—A. I do not know whether this is correct or not. It is undoubtedly correct as far as the transfers on the Union Pacific books are concerned, but that would not be any crite-

rion of my sales. Those I can give you. I can only say, generally, that I had made up my mind after the decision of the Supreme Court, on the Thurman bill, that it would be perhaps better for this property to have the stock widely distributed; to have four thousand or five thousand stock-holders that would do a little of the "walking" instead of one; and I assumed that policy steadily, thinking it was better for the property. I thought it was better for me to have less eggs in one basket. I think that explains to you the whole of these accounts when you get them.

Commissioner ANDERSON. The only point I call your attention to is that that desire on your part appears to have been very much stimulated immediately after the consolidation.

The WITNESS. It was stimulated because the effect of the consolidation was to make a very large advance in the stock, and it enabled me to carry out a long-formed resolution. The effect of the consolidation was to put the stocks up about 30 points. There was not enough to go around.

Q. I notice that there are three sales here of 20,000 shares each; one to Mr. Morgan and one to Mr. Maltby and one to Mr. A. P. Segur. Do you remember those transfers?—A. Those do not represent sales. You are mixing the ordinary transfers on the stock books, which might come in months afterwards. I will give you an account of my sales for these two years, if you want them.

Q. We do; but I am asking you what those transfers were to Mr. Morgan, Mr. Maltby, and Mr. Segur. Were they transfers of name only, retaining the interests just as they stood before?—A. I do not know.

Commissioner ANDERSON. There were 20,000 shares each, representing $2,000,000. I thought perhaps you might remember it.

The WITNESS. Well, Mr. Segur was one of the clerks of Washington E. Connor & Company. These stocks were transferred. Here are 60,000 shares of stock transferred—20,000 to Mr. Morosini; 20,000 to Mr. Maltby, a clerk of Connor's, and A. P. Segur another clerk. It was put in their names.

Q. They do not indicate a change in interest?—A. No; it does not show any change of interest. That was probably for the same reason I told you of.

HUMPHREYS AND DODGE'S REPORT.

Q. Do you remember writing a letter to Mr. Solon Humphreys and Mr. Dodge in October, 1879?—A. I remember there was such a letter; yes, sir.

Q. Who wrote it?—A. I don't remember who wrote it. I think I signed it, for one.

Q. Who suggested it?—A. I do not remember who suggested it. The question of the relations of these two properties to each other had been a matter of so much solicitude and discussion that I cannot locate any particular thing at any particular period. First, the two roads were at swords' points. Gradually we had tried the experiment of having the same president of both; and while we found a good many advantages from that, we found some disadvantages, some collisions. The Kansas Pacific stockholders thought that the president was not doing them justice; the Union Pacific stockholder thought the same. That was gradually leading up, and did lead up, to the actual consummation of the consolidation.

Q. When this letter was written it referred to a subject in which you had a great deal of interest, I believe.—A. Yes, sir; there were two men on the boards that seemed to be well fitted for such an investiga-

and they had no interest in the Kansas Pacific and very little in the Union Pacific.

Q. Was Mr. Humphreys a member of the board?—A. They were both members of the board.

Q. The board of what company?—A. Of the Union Pacific. General Dodge had been the engineer that was selected by the Government to make the location of the road originally, and had been familiar with it from the start; and General Grant, in speaking to me of him, said he was one of the best engineers and the best railroad man that he had ever seen. He had had him during the war. We selected him. Then Mr. Humphreys was a man who had had a very large experience in the West. He had lived in Saint Louis and was conversant with both of those properties. We selected them as two disinterested men to tell us what would be a fair consolidation, and they went to work and made their researches. While the researches were going on my interest changed. From being in favor of the consolidation I bought the Missouri Pacific. In order to protect the Kansas Pacific I bought the Missouri Pacific, and my interest had changed.

MISSOURI PACIFIC.

Q. When did you buy the Missouri Pacific?—A. I bought the Missouri Pacific in November.

Q. November, 1879?—A. 1879.

Q. From Commodore Garrison?—A. From Commodore Garrison.

Mr. JOHN F. DILLON. I would like to have you fix that exact date, if you can, when you bought of Commodore Garrison.

The WITNESS. I think it was in November, 1879; I do not know whether I can fix the exact date.

Mr. JOHN F. DILLON. I know the date, but the witness is making a statement under oath. November 13, you mean, subject to any correction, if you find it incorrect.

The WITNESS. Yes, sir; I bought the Missouri Pacific on November 13.

Q. Where were General Dodge and Mr. Humphreys between October 2, 1879, and January 16, 1880?—A. I do not know.

Q. Did you see them from time to time between these dates?—A. I may have seen them, but I never had a word of conversation with them about the consolidation.

CONCERNING KANSAS PACIFIC CONSOLIDATION.

Q. Did you know what they were doing?—A. No, sir.

Q. Then when you speak of their researches, how did you know that they made any researches?—A. I presume they did; they had ample time.

Q. You were an active director in the company at this time?—A. Yes, sir.

Q. And would have known as to any extensive examination of accounts or reports?—A. No; I would not have known about that. The offices were in Boston and the business was transacted there, and I seldom attended the meetings, unless they were held here; but I would not know the extent of their researches. I presume, though, they were devoting time to it.

Q. Do you consider that it would have been an easy task to solve the question propounded to them as to what would be equitable terms of consolidation?—A. Yes, sir; I should think so.

Q. Would it not require a very accurate knowledge of the comparative values of these two properties?—A. Yes, sir.

Q. And of their earning capacity?—A. Yes, sir.

Q. And of the expenses in operating them?—A. Yes, sir.

Q. And of their general financial condition?—A. Yes, sir; and their assets.

Q. All these things would have to be studied and weighed carefully, would they not?—A. Yes, sir. That consolidation should be judged by the value of these two properties at the time they were put together, and into that has entered the question of how many miles of road they had, how many branches they owned, and how many acres of land and its value, and what other assets they had. All these were elements that, if they made this examination conscientiously, they should have gone into.

Q. Are there not some that you have omitted—as to how much indebtedness there was on the road?—A. Yes, sir.

Q. And as to how much stock there was on the road?—A. Yes, sir; that is an important element.

Q. And whether those gentlemen went through all this protracted examination you only infer, because they ought to have done it?—A. They ought to have done it. It was a very simple thing. The debt of the Union Pacific per mile was well known; it was about $80,000 per mile. The debt of the Kansas Pacific was well known; it was about $40,000 or $45,000 per mile—about one-half. The stock of the Union Pacific was $37,000 a mile. The stock of the Kansas Pacific was $12,000 per mile. You see the data were very simple.

Q. Now the question comes up, which of those roads was the most valuable with its assets. Are there not some other considerations than those you have mentioned which would have required examination?—A. Yes, sir.

Q. Was not the past history of these roads, with reference to their earning power, a material matter?—A. No, sir; I think the future was more important than the past.

THE FUTURE AS A CRITERION IN ESTIMATING RAILROAD VALUES.

Q. Do you think these gentlemen knew more about the future than they did of the past?—A. No, sir; the past gives you a criterion to judge by, but in a property like the Union Pacific the past was no criterion with that property, for the reason, as you will see in a moment, that the Union Pacific were charging very high rates—say 8 or 10 cents a mile for passengers, and very high rates for freight. The arrangement with the roads east of Omaha which they were enabled to preserve, gave them about two miles for one. All of that was liable to disappear in a moment. Then you would see how the value of that property would slide down. If instead of getting two thousand miles it only got actual mileage you would see how its value would slip down. Whereas, the Kansas Pacific was on hard-pan, and could not get any worse than it was. It ran through a better local country than the Union Pacific. Its whole 745 miles was east of the Rocky Mountains. Five hundred miles of the Union Pacific was east of the Rocky Mountains, and 500 miles was up on a plateau six or seven thousand feet above tide, unsuited to agriculture.

Q. Nevertheless, do you assert that, in judging of this question of the just terms of consolidation, it would have been a fair or proper thing for these gentlemen to whom you referred the question to ignore the

past and the exact history of these roads in regard to the traffic that they had done between 1875 and 1880?—A. You must consider the past; but it is more important to consider the future.

Commissioner ANDERSON. The past they certainly knew more accurately, and they could surmise as to the future.

The WITNESS. I have been all my life dealing in railroads—that is, since before I was of age—and I have always bought them on the future and not on the past. That is the way I have made my money. The first railroad I ever bought in I bought the bonds at 10 cents. Afterwards I took the property and built it up, that is, the future of it. Not only my bonds became good but I sold my stock out at 125. It was just so in the Union Pacific. I saw, when I went in, that there was a future coming there. That is the reason I went into it. And just so in the Kansas Pacific, but I saw that the Kansas Pacific was going to develop faster than the other, because it ran through a better country.

Q. Do you not think there is any difference between determining just terms of consolidation representing the rights of stockholders and creditors, by the tests of the past, and the cases which you cite from your own experience, which are individual speculations, where a man has a right to make his own adventures?—A. Yes; there is a better test than any of these, and that is the future. What was the effect of it? There is a test that you have not at the time you make it. That is the test you have now got here.

Q. I am only inquiring your views as to the duties Mr. Humphreys and Mr. Dodge were called upon to discharge. Do you not think it was their business to take the account of those two companies for the five years from 1875 to 1880 and examine them critically with regard to the actual performances of those two roads?—A. Yes, sir; that is one element.

Q. Do you know whether that was done by them or not?—A. No, I do not; I presume it was.

CONCERNING THE LETTER OF HUMPHREYS AND DODGE.

Q. You cannot recollect who wrote that letter?—A. No, sir.

Q. Please read it and see if its language recalls the composition of it to your mind?—A. (After reading.) I do not know who prepared this letter.

Q. Who delivered it to Mr. Humphreys or Mr. Dodge?—A. I do not know.

Q. Do you think it was sent by mail or handed to them?—A. I presume it was handed to them, although I do not know.

Q. Your statement, I understand, to be that although you saw these gentlemen from time to time in November and December, you had no conversation with them whatever relating to the subject they were investigating?—A. No, sir.

Q. They made a report. Do you remember that?—A. I think they did.

Q. Do you remember seeing it about the time it was made?—A. I presume I did. I do not remember what time it was made.

Q. Please examine the report which I hand you, and which bears date the 16th day of January, 1880, and state if you recall seeing that report and reading it at the time?—A. (After reading.) I presume I saw it at the time.

Q. And you doubtless read it when you saw it?—A. Yes, sir.

Q. After reading this report, did you have any conversation with

either Mr. Humphreys or Mr. Dodge in regard to its contents?—A. No, sir; I do not think I did.

Q. Did you think it gave an exhaustive statement of all the considerations that should have governed in solving this question?—A. I do not know that I read the letter. I only glanced at it.

Q. Do I understand you to say that the figures for the consolidation had never been discussed between the examiners and yourself, or any of the other directors, to your knowledge, with the examiners? I mean the figures appearing at the end of the report suggesting that the new company should be constituted as follows: The Union Pacific, with a capital of $36,762,500; the capital of the Kansas Pacific to be $10,000,000; the capital of the Denver Pacific to be $4,000,000; making a capital stock of $50,762,500. Those figures were very familiar to you, were they not?—A. Those represented the stocks of the three roads.

Q. Yes, sir; but it did not follow as a matter of elementary conclusion that the solution of this question would give absolute parity of interest among the three companies as to their stocks. That did not follow, did it?

The WITNESS. Why not?

Commissioner ANDERSON. Because they might possibly have concluded that one company should only have one share of stock for two shares surrendered.

The WITNESS. If they had come to that conclusion they would have changed their allotments.

Commissioner ANDERSON. I say the conclusion they came to is precisely the equivalent of the stock of the various companies as they existed before.

The WITNESS. Yes, sir.

Q. Was not that suggestion perfectly familiar to you at the time, and was not that the one that you had thought of?—A. Yes, sir; I had thought of that; but most of the Kansas Pacific stockholders thought they should have a distribution of the Denver Pacific stock among themselves, and——

Q. We will mix these matters up if you go on to other subjects. All I want is the manner of, and the degree of, communication that ensued between these examiners in question and yourself. Do you notice that this report states, after giving the amount of the total consolidation, that the new stock is to be issued for stock of the Union Pacific, the Kansas Pacific, and the Denver Pacific Railroads, share for share? Was that conclusion correct?—A. That is the way the consolidation was ultimately made.

Q. Do you not know that the stock of the new company was not issued for the Kansas Pacific stock, share for share?

The WITNESS. Was it not?

Commissioner ANDERSON. Do you not know that two shares of the Kansas Pacific stock were issued for one share of the Union Pacific?

A. Yes, sir.

Q. Do you think that these examiners had been doing anything, except to copy some paper?—A. What they meant was two shares for one share.

By Commissioner LITTLER:

Q. Did they mean dollar for dollar?—A. They meant dollar for dollar.

Commissioner ANDERSON. They did not say so.

The WITNESS. They proved that by the figures they carried out—$10,000,000.

Commissioner ANDERSON. They do not give the value of the Kansas Pacific shares, anyway. The only point I am calling your attention to is that it would seem that this scheme had been simply copied by them from a form, and not written out by them from their knowledge of the facts.

The WITNESS. I have only a general recollection; but I think they made a pretty extended investigation. How I got that impression I do not know. I had no conversation with them about it.

MILEAGE OF UNION PACIFIC AND BRANCHES.

Q. What was the total mileage of the main line of the Union Pacific Railroad at this time?—A. One thousand and twenty miles.

Q. Of the Kansas Pacific?—A. Seven hundred and forty-five miles.

Q. And of the Denver Pacific?—A. That included the Denver Pacific, which they owned.

Q. Seven hundred and forty-five miles?—A. Yes, sir.

Q. As far as there were any branches of the Union Pacific at this time, were they represented by the stock of the Union Pacific, or by their own stock and bonds?—A. They were represented, I think, by their own stock and bonds; but the Kansas Pacific owned the branches entire.

Q. What branches did the Union Pacific own?—A. The Kansas Pacific, I think, brought in branches. I have got the annual report here for 1879, which gives the Union Pacific 783 miles of branches, brought into the consolidation, and the Kansas Pacific 814 miles.

Q. Do you know what those branches of the Kansas Pacific were?—A. Yes, sir.

Q. Give the names of them.—A. They were all enumerated here.

Q. As to all these branches of the Kansas Pacific, is it true that none of them had their own stocks and bonds?—A. I think they were all assets of the Kansas Pacific; came as assets.

Q. Do you know what kind of roads those branch roads were?—A. Yes, sir.

Q. Do you know how they were constructed?—A. Yes, sir.

Commissioner ANDERSON. Mr. Holmes has stated as to a number of them that they were constructed at the urgent solicitation of the adjoining Territory, and that in many cases the old rails of the Kansas Pacific were used to build them, and the old ties. He said they were constructed in that manner.

The WITNESS. Not of old ties, I think. It is very common to take rails out of the main line and put in new rails there, and put the old ones down on the branches, where they are good enough; put them into side tracks; very likely that was done. In the early history of railroading a great deal of that was done.

Q. As to these branches, was that done?—A. I presume so as to the branches of the other roads.

By Commissioner LITTLER:

Q. Please give us the names and mileage in that connection.—A. Of the branches, the Kansas Pacific had the Carbondale branch, 32 miles; the Junction City and Fort Kearney Railroad, 70 miles; the Solomon Railroad, 57 miles; the Salina and South Western, 36 miles; the Saint Joseph and Western Railroad, including the Saint Joseph bridge, 252 miles; the Central branch of the Union Pacific Railroad, 334 miles; the Denver and Boulder Valley Railroad, 27 miles; the Golden, Boulder and Caribou Railroad, 6 miles; total, 814 miles.

By Commissioner ANDERSON:

Q. Are not most of those roads narrow-gauge roads?—A. No, sir; none of those are narrow-gauge roads.

Q. Can you tell me how these examiners arrived at the conclusion that the Union Pacific Railway after consolidation would then represent a mileage of actual constructed and operated road of 3,748 miles?—A. Yes, sir; I think I can tell youhow that was. The Union Pacific, I said, was 1,020 miles. It is 1,042 miles of the main line. The Kansas Pacific was 783 miles; the Union Pacific branches, 783 miles; the Kansas Pacific branches, 814 miles. That makes about 3,500 miles.

Commissioner ANDERSON. Three thousand seven hundred and forty-six are the figures as given. We will not bother about a trifle of 200 miles.

The WITNESS. The Kansas Central would probably make that. That is not in here.

By Commissioner LITTLER:

Q. Is that a part of the Kansas Pacific; is it one of its branches?—A. Yes, sir; that became a branch by the consolidation. That would probably make it up.

By Commissioner ANDERSON:

Q. Do you consider that it was a proper estimate of the mileage of this road, for the purpose of stating the amount of stock per mile, to include the branches of the Union Pacific, which had their own stocks and bonds?—A. No, sir; I did not include that.

Q. You gave us the Union Pacific branches, 783 miles. Do you consider that it was a proper estimate of the mileage of this road for the purpose of stating the amount of stock per mile, to include the branches of the Union Pacific, which had their own stocks and bonds?—A. Yes, sir; if they had been in the treasury of the Union Pacific as an asset it would be proper to include it as mileage.

Q. That would not represent the stock per mile of road in the ordinary sense of the word, would it?—A. Yes, sir; it would. That is the way railroads always count.

Q. Do you know, as a matter of fact, that as to all the Union Pacific branches they held all the bonds and stock?—A. They held some of the bonds. I think they held nearly all the stock. In the Kansas Pacific I think they held all the bonds and all the stock.

Commissioner ANDERSON. That is the way this report was made up, then, where this language occurs: "The Union Pacific Railway Company would then represent a mileage of actually constructed and operated road of 3,746 miles, or less than $14,000 of stock per mile?"

The WITNESS. Yes, sir; that would be correct.

Q. At the time you received this report were you in favor of the consolidation?—A. No, sir.

Q. Did you work against it?—A. No, sir; no, my interest had changed.

Q. I ask you if you worked against it?—A. No, sir.

Q. Did you have any conversation with Mr. Dillon, Mr. Sage, or Mr. Ames, at the time this report was received, in reference to it?—A. No, sir; I had some conversation before that. I resigned from the company after I had got the Missouri Pacific. Of course it was my interest to make this consolidation of these roads with the Missouri Pacific.

By Commissioner LITTLER:

Q. You mean the Kansas Pacific and its branches?—A. I mean the Kansas Pacific and these different roads that I had purchased.

ALARM CAUSED BY WITNESS' RESIGNATION.

By Commissioner ANDERSON:

Q. I am coming to your resignation in a moment. I think you would get along better if you would only answer the questions. My question is, what communication you had with Mr. Ames, Mr. Dexter, Mr. Sage, and Mr. Dillon, at or about the time this report was received, in regard to the consolidation. Was the matter talked over generally?—A. No, sir; I had no talk with them until after I had resigned. They became greatly alarmed. The report got out that I was going to put these roads in with the Missouri Pacific and that I was going to build an extension from Denver through the Loveland Pass to Ogden, and they came over here greatly alarmed.

Q. Who came over here?—A. Mr. Ames, Mr. Dexter, and I think Mr. Atkins came, and Mr. Dillon. They came to me and said that I had been identified with the Union Pacific here, and that I was committed to the consolidation, and they lay right down on me to carry it out, though I would have given them a check for $1,000,000 rather than to have done it.

Q. You did not give them a check for a million dollars?—A. No, sir; but I have told them since, repeatedly, that I would give them a million, and they have always had the offer to take it, and put me back. They have got it to-day. They have got it this minute. If I had taken Missouri Pacific stock instead of Union Pacific stock, I would have had an asset to-day worth away above par.

Q. I do not think you need complain about not having assets enough. How long have you known Judge John F. Dillon?—A. The result of that talk was that they would not let me go out of the room until I signed a paper that I would carry that consolidation through.

Q. Where is that paper?—A. I suppose it must be in Boston.

Q. Have you ever seen it since?—A. No; but I remember Mr. Dexter sat right down there, and they would not let me go out of the room until I signed the paper.

Q. Do you remember whether that paper was signed before you received this report, dated January 16?—A. I think it was.

Q. Do you remember whether it was delivered in the month of January?—A. Oh, I will not be sure. I think it was after I resigned. I resigned, I think, on the 10th.

ACQUAINTANCE WITH JOHN P. DILLON.

Q. How long have you known Judge John F. Dillon?—A. I have known him a good while.

Q. How long before the consolidation had you known him?—A. I think I had known him since about 1878.

Mr. JOHN F. DILLON. In 1879 I think I saw you first.

The WITNESS. I met you in 1878. I met you first on the steps of the Fifth Avenue Hotel, coming down, where Mr. Dillon introduced me. You were on here during one of your vacations—an intermission in your term.

Mr. JOHN F. DILLON. That was May, 1879.

The WITNESS. Was it May, 1879? I remember the incident.

Q. Nothing special occurred between yourself and Judge Dillon in May, 1879, when you met him at the Fifth Avenue Hotel, in a business way? It was merely a casual meeting?—A. I think so.

Q. When did you first know Judge Dillon in business?—A. He came on here in the latter part of the year 1879.

Q. Was it in the same month that this letter to Mr. Humphreys and Mr. Dodge was written?—A. That I do not remember.

Q. Do you remember Mr. Sidney Dillon suggesting to you that Judge Dillon would be a very excellent counsel for the company to have, and that he was here with reference to a professorship in Columbia College, and his suggesting to you that he would be a good man?—A. I think I suggested it to Mr. Dillon myself.

Q. You talked about it together?—A. Yes, sir.

Commissioner ANDERSON. They contended for the honor together.

The WITNESS. Yes, sir; well, they might, too.

Q. You think you suggested it to Mr. Sidney Dillon?—A. I rather claim that honor.

Q. You both agreed about it entirely?—A. We both agreed; yes, sir.

Mr. JOHN F. DILLON. I want you to say that I never suggested it.

The WITNESS. No.

Mr. JOHN F. DILLON. That is all I care for.

Q. Immediately after that Judge Dillon did become the adviser of the Union Pacific Railroad?—A. Yes, sir.

Q. And has remained the adviser of its successor to this day?—A. Yes, sir.

Q. Did you see him very frequently between the time he entered on his duties and the following January?—A. I do not think I did.

Q. Did you see him at all?—A. I may have seen him. Nothing now recalls that to my mind.

Q. Did you have a number of interviews with him in regard to the papers that were being prepared from time to time?—A. I do not remember; I might have.

Q. Did you see him in regard to this letter that was written to Mr. Humphreys and Mr. Dodge?—A. No, I do not think I did. I think I was out of the board during the time the consolidation was effected.

Commissioner ANDERSON. But my question addresses itself to the October 23d meeting.

The WITNESS. October 23d was long after the consolidation.

Q. October 23, 1879?—A. I do not think Judge Dillon had ever heard of the consolidation at that time.

Q. You were writing a letter with reference to an important subject, and my question is whether you conferred with Judge Dillon, who was then the adviser of the company, as to what should be done to get fair terms of consolidation reported.

The WITNESS. Is that a letter to Judge Dillon?

Commissioner ANDERSON. No, sir; this letter is to Mr. Humphreys and Mr. Dodge.

The WITNESS. Very well.

Commissioner ANDERSON. I asked you whether you conferred with Judge Dillon about writing that letter, or what steps should be taken for the purpose of getting the information you desired.

A. No, sir; I do not remember that I conferred with him. I considered that I knew pretty well about it myself, without that.

CONCERNING PREPARATION OF ARTICLES OF CONSOLIDATION.

Q. Do you remember the preparation of the articles of consolidation?—A. No; I did not pay any attention to the details.

Q. They must have taken some little time to be prepared?—A. Yes, sir.

Q. Do you recollect seeing Judge Dillon in regard to these articles at all?—A. I presume I did, but if you will state any particular thing that will call it to my attention I may remember it.

Q. When you saw Judge Dillon, where did you see him?—A. I presume I saw him in his office.

Q. Where was his office then?—A. I do not remember now. I have forgotten.

Q. Did you carry to him any drafts in your own handwriting as to the terms of consolidation?—A. No, sir; I do not think he had any communication with me. He did it with the officers of the company, probably. I had ceased to be the power in the Union Pacific.

Q. I understand that. But nevertheless I want to know, as a matter of fact, what you did. Do you know that a conveyance of all the property of the two companies was prepared and executed on the 24th of January, at the meeting of the company?—A. I presume so.

Q. Do you know who prepared that conveyance?—A. I think Judge Dillon, but I am not sure.

Q. Did you see him in regard to the details required for that purpose?—A. I presume I saw him in regard to some of the details.

Q. As a matter of fact, you know that he was engaged on this work?—A. Yes, sir.

Q. Preparing the papers that would be required to make the consolidation effective?—A. Yes, sir.

Q. Can you tell me how long a time he was engaged at that work?—A. No, I cannot.

Q. Do you think it was as long as a week?—A. I should think so.

Q. Do you not recall furnishing Judge Dillon any of the data from which he was to draw these articles? Do I understand you correctly?—A. I do not remember that I furnished it specifically. I suppose he got it from the officers of the company.

Q. To whom do you refer by the officers of the company?—A. The secretary and treasurer and the accountants and the president.

Q. Please give the names. The secretary, Mr. McFarland?—A. Mr. McFarland was secretary, and Mr. Mink accountant, I think, and Mr. Dillon was president.

Q. Do you think Mr. Mink would have considered himself authorized to tell Judge Dillon who were to be the directors of the new company?—A. No, sir; no; it would be the president of the company that would give him that information. The president or the executive committee.

Q. Do you think the president alone would have considered himself authorized without conferring with the other gentlemen to give their names?

Mr. AMES. I presume he consulted Mr. Ames.

Q. Do you know how your name came to be inserted as one of the directors of the new company?—A. No, sir.

Q. Do we understand that it was a matter of surprise to you that you were named as a director in the company?—A. No, sir; I was asked to go in by either Mr. Dillon or Mr. Ames or the executive committee.

Q. And you consented?—A. Yes, sir.

Q. Was this on the same occasion when you signed the paper, saying that it should go through that you consented to be a director of the company?—A. I presume so. It was during the time that the papers were being prepared.

Q. Who were those gentlemen who urged you to sign this paper, and to whom you gave it? Was Mr. Ames one of them?

The WITNESS. Signed which paper?

Commissioner ANDERSON. The paper you have referred to, by which you agreed that you would let the consolidation go through.

A. Mr. Dexter, Mr. Ames, Mr. Dillon, and Mr. Atkins, I think, and probably Mr. Baker.

Q. Substantially the executive committee?—A. Yes, sir; substantially the executive committee.

Q. Was the understanding that you were to be a director in the new company given to these gentlemen, whose names you have just recited, at the same time that they came on here, as you stated, and obtained this paper from you?—A. No, sir; after we had consented to the consolidation, then the question of detail came up. They would naturally put me in as a director because I had a large interest.

Q. At any rate, whenever this decision was made as to who were to be the directors of the new company, then your name was handed in with the others?—A. Yes, sir.

Q. And in that way it became incorporated into the articles of consolidation?—A. I suppose the executive committee fixed the board.

Q. At this period, whenever it happened, was not the consolidation an assured fact?—A. It was an assured fact; yes, sir; after the 15th of January, because I had signed a paper there agreeing to it, and I held a control, virtually, of the Kansas Pacific.

Q. When you say this paper is in Boston, can you not locate it a little more closely?—A. I signed the paper, and it was kept by Mr. Gordon Dexter; I think he prepared it and kept it.

Q. Do you know whether he has it to-day?—A. I do not know; I cannot say.

Q. Have you ever spoken to him about it since?—A. I do not know whether I have or not.

Q. Please give us the language of that paper as well as you can recall it.—A. I could not do that.

SUBSTANCE OF PRELIMINARY PAPER AGREEING TO CONSOLIDATION.

Q. What was the substance of it?—A. The substance of it was that I agreed to a consolidation based on certain terms. Those terms provided how the different lines should come in. First, how the stock should come in; then how the branch lines should be paid for. It was the consolidation as it was finally carried out.

Q. When you say "the branch lines," which branch lines do you refer to?—A. I mean the Saint Joseph and Western and the Central Branch and the Kansas Central, and the different interests which I sold to the Kansas Pacific. It then provided how the consolidation should be carried out. That was the basis of the consolidation.

Q. And the terms, as fixed for the branches you have referred to, were the result of this interview between yourself and these gentlemen, and the result of that negotiation?—A. Yes, sir.

Q. Do you remember, a few days before the consolidation, sending for Mr. Holmes in regard to a matter connected with the Denver Pacific stock?—A. I presume I did.

Q. At that time you were one of the trustees of the consolidated mortgage?—A. Yes, sir.

Q. And as such trustee, how familiar were you with that mortgage and its terms?—A. I was familiar with it.

Q. From beginning to end?—A. Yes, sir.

Q. You knew that 29,986 shares of the Denver Pacific stock was included in one of the schedules describing the property which you held as trustee of that mortgage?—A. Yes, sir.

Q. You say you remember Mr. Holmes coming to see you?—A. I do not remember his coming to see me, but I presume he did. I saw him often.

Q. You remember that you saw him?—A. Yes, sir.

Q. Who was present besides yourself and Mr. Holmes?—A. I do not know.

Q. Was Mr. Dillon there?—A. I do not remember; I only remember the circumstances connected with that stock and its bearing on the consolidation.

CONCERNING SUIT TO RELEASE DENVER PACIFIC STOCK.

Q. Do you remember you had a talk with Mr. Holmes in regard to bringing a suit?—A. Yes, sir.

Q. What did you say to Mr. Holmes?—A. The question——

Q. Just what you said to Mr. Holmes is the question; or give the substance of what you said and what questions you asked him?—A. I think the question was this. The question was whether we were to put the Denver Pacific stock into the consolidation, or whether we would foreclose the bonds. We held all the bonds, and of course we could make the title, but it was decided that the franchise of the Denver Pacific Company would round out the consolidation; and while the stock, so to speak, had no intrinsic value, except as it was made by the consolidation, it yet made it a perfect consolidation; so that it was desirable to consolidate the franchises without foreclosing. There were $4,000,000 of stock. I had $1,000,000 of it. We held as trustees $3,000,000—twenty-nine thousand shares. After it was decided——

Q. Do you remember saying all this to Mr. Holmes?—A. This was the conversation which came up. This was the conversation that we had. I then said that I would put in my stock at 10. I had $1,000,000 of it. That is just what I had paid for it. I bought it of Arapahoe County, Colorado. I paid 10 for it.

Q. When had you bought it? How long before?—A. I had bought it only a short time before. Then, in order to get at the value, we made a large value of the trust stock. We called that $500,000, and reduced our mortgage that amount.

Commissioner ANDERSON. I call your attention to the fact that I am only asking what you said to Mr. Holmes.

The WITNESS. This all came out in the talk with him.

Commissioner ANDERSON. Your memory is better than his.

The WITNESS. I remember distinctly because I put in my own stock for which, if I had kept it, I would have got consolidated stock; and it naturally refreshed my memory that I put it in at 10, and bought it back a few days afterwards at par, in payment of these things. Would not such a circumstance fix it in your mind?

Commissioner ANDERSON. Yes, sir; but that is an experience that I should be very glad to go through.

The WITNESS. To sell at 10 and take back at 100?

Q. Tell us what you told Mr. Holmes about that suit?—A. If it was Mr. Holmes—I think it was Mr. Vanderpoel, but I will not be sure—I told him that if he could get an allowance of $500,000 for that stock, I would surrender it as a trustee; if he could get an order of the court. I considered that, of course, more than it was worth, but we could take it out of the trust; but I refused to do so without submitting it to the court. I did not know but there might be some question about it,

Q. Have you given us all of your conversation with Mr. Holmes as you remember it?—A. I might remember more as I went on. I think I have given the substance of it.

Q. Did you ask Mr. Holmes how long it would take to carry a suit of that character through, so as to get a decree?

The WITNESS. A foreclosure?

Commissioner ANDERSON. No; a decree releasing this stock from the trust.

A. No, sir.

Q. You did not ask him anything about that?—A. I did not suppose it would take long, because I thought——

Q. I am asking you what you said to Mr. Holmes, or he to you? Did he say to you that it would take some time, but if the parties all agreed it could be done in a short time?—A. No, sir; I think not. I did not know how long it would take, but I wanted protection for the trustees.

Q. Did you ask him to hasten the proceedings as much as he could?—A. No, sir.

Q. To what counsel did you refer him to defend your interests as trustees?—A. I think it was Vanderpoel, Green & Cuming.

Q. Was Mr. Vanderpoel your personal counsel at this time?—A. Yes, sir.

Q. As trustee of that mortgage, did you regard it to be a part of your duty to cause all the assets which you held as trustee to realize as much as possible?—A. Yes, sir.

AS TO TERMS OF EXCHANGE OF DENVER PACIFIC STOCK.

Q. At the time of your conversation with Mr. Holmes, on the 17th day of January, as he states it, the consolidation was substantially an accomplished fact, I should judge from your previous testimony?—A. The consolidation was, but not the question of how Denver Pacific would come in.

Q. The terms of consolidation had been arranged, had they not?—A. Yes, sir.

Q. And a part of those terms was that the Denver Pacific stock should be exchanged at par?—A. Oh, no; more than that.

Q. Please look at the report of Mr. Humphreys and tell me whether those are not the terms, as stated in that report?—A. Provided the court had granted permission to make the exchange. Otherwise the Denver Pacific would have been foreclosed and the trustees would have gotten nothing.

Q. So I understand. My question is whether, provided you could extricate the stock from the trust, it had then been arranged, or was finally arranged, that the stock should be exchanged for Union Pacific Railway stock at par?—A. Yes, sir.

Q. So that this asset, if relieved from the trust, was worth whatever an equivalent amount of the Union Pacific Railway stock would be worth?—A. Yes, sir.

Q. How soon after the interview with Mr. Holmes was that suit commenced?—A. I do not know about the details of that.

Q. Do you not remember the preparation of two formal letters, one addressed to you and Mr. Sage, as trustees, by Mr. Dillon, as president of the company, and the preparation of a reply?—A. I presume that was the form that was adopted.

Q. Do you recall that such letters were prepared?—A. I presume they were.

Q. Do you know by whom they were prepared?—A. No, sir; I do not.
Q. Were they prepared by Judge Dillon?—A. I do not know.
Q. Were both the letter and answer prepared by the same person?—A. I do not know.
Q. Were they exchanged in the same room?—A. I do not know about that.

REGARDING MR. DILLON'S LETTER.

Q. Where were you when you received Mr. Dillon's letter?—A. I do not know; I do not remember anything about the *modus operandi*.
Q. I will show you the letter, and get you to read it. The answer is on the following page [handing papers to witness]. Do you remember that letter, after reading it?—A. Yes, sir.
Q. Where were you when you received it? At the office of the company?—A. I do not know whether I received it or Mr. Sage.
Q. Look at the answer. By whom is it signed?—A. It is signed by both of us. It is addressed to both.
Q. It is signed by you, is it not?—A. I do not know whether the letter was sent to me or Mr. Sage, or to both of us.
Q. In either event, did you not see the letter before answering it?—A. Oh, yes, sir; certainly.
Q. My question is, who handed that letter to you to read?—A. I do not know who handed it to me.
Q. Do you notice that the answer to the letter bears the same date as the letter?—A. Yes, sir; that was a prompt way of doing business, was it not?
Q. Were they not both prepared at the same time? When the letter was written, addressed to you, was it not understood what the answer should be?—A. I do not so recollect it.
Q. Do you think that you debated over the matter some time before writing the answer?—A. I think I conferred with Mr. Sage, and probably we called in Mr. Vanderpoel and submitted the letter to him, and out of that came the reply; but that would be only a natural supposition. I do not remember how it was done. That would be my usual way of doing it.
Q. How soon after the exchange of these letters were you served with the summons and complaint in this suit?—A. I do not remember. The complaint will speak for itself.
Q. It will; but we would like to have you speak. Do you remember receiving a summons and complaint?—A. I presume so. I do not know if Mr. Holmes called on me, but that I instructed him to call on Vanderpoel, Green & Cuming, and very likely he might have sent it to them; but I do not remember how it was.
Q. Do you remember the fact of receiving that complaint to extricate that stock from the trust, before the articles of consolidation were signed?—A. No; I do not remember.

AS TO VERIFICATION OF ANSWER.

Q. Do you remember whether you swore to the answer?—A. I do not remember. It ought to tell.
Q. I will show you the answer. Please look over the answer, and say whether you ever remember seeing it and swearing to it.—A. Yes, sir.
Q. On what day did you swear to it?—A. The 20th day of January.
Q. So that the complaint must have been prepared and served on you and the answer prepared and verified by you between the 17th day of January, when you wrote your letter, and the 20th day of January, when you verified your answer?—A. Yes, sir.

Q. When you verified that answer, did you read the complaint over?—A. I do not know whether I did or not. If it was a long document I do not think I did. If it was a short one I presume I did.

Q. In the answer, you state that some parts of the complaint are true and other parts are not. Will you please tell me how you could make that statement under oath, unless you had read the complaint?—A. I suppose that Mr. Vanderpoel probably came with it and explained it to me, and read such parts as he wanted to. I may have read it all. I usually take what my lawyer says as the truth.

Q. Do you accept the suggestion of your lawyer in regard to verifying papers without examining for yourself?—A. Yes, sir; I have always done that. Hundreds and hundreds of things, when my lawyer comes and says "It is all right," I do not read through.

Q. Do you swear that the fact is true, because your lawyer tells you it is?—A. I do, with this sort of legal document. It is perhaps a little careless way, but then I have always done that.

Q. Did you notice the fact that Mr. Calef had made an affidavit which was annexed to the complaint at the time these papers were served on you?—A. I presume I did; at the time I must have known all about it

MR. CALEF'S AFFIDAVIT.

Q. I will read you Mr. Calef's affidavit: "Being duly sworn, says that he is the secretary of the said Kansas Pacific Railway Company, and has been connected with the same, and has been familiar with its business and with the business affairs of the Denver Pacific Railway and Telegraph Company for about ten years; that he knows the value of the shares of the capital stock of the said Denver and Pacific Railway Company; that the road of said Denver and Pacific Railway and Telegraph Company is mortgaged for $2,500,000, or at the rate of $24,000 per mile; that said road has paid no dividends on its stock at any time, and has paid no interest on its first mortgage for about two years; that the present value of the said shares is merely nominal; that they are valued by the plaintiff on the trial balances at only $1 per share, and that of the bonds of the first consolidated mortgage of the Kansas Pacific Railway Company $8,400,000 only have been issued." Do you recollect that affidavit, and those facts as stated?—A. I presume so.

SUIT TO RELEASE DENVER PACIFIC STOCK.

Q. You knew the general object of this suit; that it was to take this $3,000,000 of stock out of the trust?—A. Yes, sir.

Q. And you knew that the $3,000,000 if taken out of the trust were to be exchanged for the new stock of the Union Pacific Railway Company?—A. Yes, sir.

Q. And you knew that that stock was selling on the market, and I think you have given the figures at $103 per share?—A. No; not $103, $93.

Q. Ninety-three dollars it was; and you also knew at the time if that stock were extricated from the trust that it was to be converted into this stock of the Union Pacific Railway?—A. Yes, sir.

Q. Did you consider it a part of your duty as trustee of that mortgage to state that fact to Mr. Holmes, who was conducting the litigation?—A. No, sir; I did not. If it was not done we should have either foreclosed the road or else put the stock in for a nominal price. We could just as well put in Denver Pacific for $500,000 of stock as $4,000,000.

Q. Why could you not restore the proceeds of the Denver Pacific

stock, after it had been extricated and exchanged, to the trust which you represented as trustee of the consolidated mortgage?—A. The consolidated company would not have made the stock on those terms. They would have found another way.

Q. In what respects would the consolidated company have been any worse off, if the proceeds of the stock had been returned to the trustees of the consolidated mortgage, than if it was returned to the Kansas Pacific Company?—A. It would have been very unfair to the stockholders of the company to have made stock and put it under that trust, because it was the signature of the consolidated company that gave value to this stock. When they made this consolidation they could have made this $4,000,000 of stock in another way as well as to make it in this. The reason they put in the Denver Pacific was because the franchises in their charter led up to a consolidation, and it was considered that the consolidation itself would be more symmetrical to embrace the franchises of the three companies. That having been decided upon, the question was how we would do it. One way was to take this stock in at $4,000,000, which would give the consolidated company the stock which they required to carry through the other purchases. Another plan was this: We found we could put the Denver stock in at a nominal price. We could put it in for $100,000 of the consolidation just as well as $4,000,000. We had it all. In that way we would embrace the franchises; the other way was to foreclose the bonds—we had them—and make a title that way, but it would take longer. So that the only value of this Denver Pacific stock was a value that the consolidated company might give to anything that it put its name to. If it put its name to a bond, it was worth par; if it put its name to this stock, it was good; if it did not, it was not worth anything.

Q. Was not this stock, no matter what it was worth, the property of the trustees of the consolidated mortgage, precisely the same as this Kansas Pacific stock was your property?—A. Yes, sir.

Q. And, as such trustees, was it not your duty to hold for that trust all the value that that stock could acquire, no matter how obtained?—A. Yes, sir; and that was precisely what the trustees did.

Q. Then I ask you again why, as trustees, you did not insist that after giving up the Denver Pacific stock for conversion the proceeds of that conversion, whatever they might be, should be paid back to you as trustees?—A. Because I knew perfectly well that if we did not make that arrangement the Denver and Pacific stock would become utterly valueless. I could not go to the consolidated company and ask them to make $4,000,000 stock to give to the Kansas consolidated trust when it was not worth it. I had to judge of that thing by my duty as the trustee of the consolidated mortgage. I stand on that, and I knew perfectly well if I did not consent to that that the Denver Pacific would be wiped out through the mortgage. Therefore I said, we will take a fair consideration for it.

Q. Why was the new company any more willing to make this $4,000,000 new stock and give the stock to the Kansas Pacific Company, which it did, than it was to give it to the trust which you represented?—A. Why should they give it to the trust?

Q. Why should they give it to the Kansas Pacific Company?—A. Because it was stock that they made themselves. They could just as well have got the $4,000,000 of stock without the Denver Pacific as with it.

Q. I ask you why they were willing to give it to the Kansas Pacific as a company and not to the trustees of the consolidated mortgage?—A. Because it would not have been proper or just. They had made up

their minds what they would give—that they would give $500,000 for that stock. They would reduce the mortgage to that extent.

Q. Who had made up their minds?—A. The parties that were carrying through the consolidation. Now, the trustees were met with the fact that that asset would be wiped out, or they could get that consideration for it. What was their duty? It was plain. And what they did was the very best thing for them, for that trust.

Q. Were you informed by Mr. Dillon that he had sworn before the referee that the Denver Pacific stock, if extricated from the trust and applied to the purposes which were intended—that is, to the consolidation—could not produce over $200,000 or $300,000?—A. Yes, sir. I do not know whether he swore it, but it would be the fact; and the best evidence is that I sold my own stock at 10 cents. That is equal to $400,000 for the whole of it.

Q. My question is this: Whether you were informed that Mr. Dillon had sworn that the stock, if extricated from the trust of the mortgage and exchanged for Union Pacific Railway stock, would only produce $200,000 or $300,000.—A. I do not know anything about that.

Q. You do not think you were informed of it?—A. No.

Q. Were you informed that the language he used was, that if the stock were extricated from the trust, so that they could do certain things with it, it could not produce over $200,000 or $300,000?—A. I do not know anything about that.

Q. Did Mr. Dillon tell you that he had been before the referee?—A. No, sir.

Q. Did you know who the witnesses were before the referee?—A. No, I did not; I did not pay any attention to the details of it, but I only know that it was a wise arrangement for the trust. I am willing to take the responsibility for it that day, or this, or any other.

The Commission then adjourned to Wednesday, May 18, 1887, at 11 a. m.

No. 10 WALL STREET, NEW YORK,
Wednesday, May 18, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

JAY GOULD, being further examined, testified as follows:

The WITNESS. In answer to a question yesterday, I gave the mileage of the two main lines, their bonded debts, the bonded debt per mile, and the stock per mile. I only spoke at random then. I have now had a carefully-prepared statement made, which I would like to substitute as the answer.

Commissioner ANDERSON. Certainly.

The paper offered by Mr. Gould is marked "Exhibit No. 1, May 18, 1887," and is as follows:

EXHIBIT No. 1, *May* 18, 1887.

Length of roads at the date of consolidation.

	Miles.
Union Pacific Railroad	1,042
Kansas Pacific Railway	639
Leavenworth Branch	34
Denver Pacific Railway	106
Total	1,821

Funded debt, including principal and balance of interest, due to the United States, January 31, 1880.

	Mileage.	Amount.	Per mile.
Union Pacific	1,042	$33,472,391 10	$34,006 32
Kansas Pacific and Leavenworth Branch	673 } 779	35,162,518 50	52,247 43
Denver Pacific, deducting amount owned by the Kansas Pacific Company	106 }	581,000 00	5,481 13
Total	1,821	124,215,909 60	68,213 02

Capital stock January 31, 1880.

	Mileage.	Amount.	Per mile.
Union Pacific	1,042	$36,762,300 00	$35,280 51
Kansas Pacific and Leavenworth Branch	673 } 779	*9,809,350 00	12,592 23
Denver Pacific	106 }		
Total	1,821	46,571,650 00	25,574 77

Outstanding, as above	$9,809,350
Kansas Pacific stock in treasury	191,750
Denver Pacific stock in Kansas Pacific treasury	3,998,900
Total	14,000,000

THE WITNESS. I have also had a statement prepared for the Commission, if they desire it, of the official transactions in the stocks of the two roads from the 1st of January to the date of consolidation.

By Commissioner ANDERSON:

Q. The 1st of January, 1880?—A. 1880.

The paper is marked "Exhibit No. 2, May 18, 1887," and is as follows:

Jan. 2, 1880.

Un. Pac. 200 (b. c.)	85½
200	85½
235	85½
25	86
Kans. Pac. 200 (b. c.)	87
200 (b. 60)	88½
20	88
200	87

Jan. 3, 1880.

Un. Pac. 50	86½
100 (b. c.)	86
30	86½
200	85½
100	85½
100	85½
100	85½
200	85
Kan. Pac. 100	87

Jan. 5, 1880.

Un. Pac. 100 (b. c.)	85½
60	85½
200	85
100	84½
100 (b. c.)	84½
100	85

Jan. 6, 1880.

Un. Pac. 100 (b. c.)	84½
20	85½
100 (b. c.)	85½
Kan Pac. 100 (b. c.)	87

Jan. 7, 1880.

Un. Pac. 200	85½
Kan. Pac. 300	88½

Jan. 8, 1880.

Un. Pac. 125 (b. c.)	86
700 (b. c.)	86
300 (b. 3)	86
Kan. Pac. 400	91
200 (b. 60)	92
200	91½
200	91½
200	92
300	92½
600	93
200	93½
200 (b. c.)	93

Jan. 8, 1880.

Kan. Pac. 10	93½
50	92½
100 (b. 30)	94

Jan. 9, 1880.

Un. Pac. 200	86
100	86½
400	86½
5	87½
100 (b. c.)	86½
500	86½
30	86½
20	86½
300	86½
100 (b. 3)	86½

Jan. 9—Continued.

Un. Pac. 100	86½
100 (b. 3)	86½
Kan. Pac. 600	92½
500 (b. c.)	92½
300	93
100	93
700 (b. c.)	93
100	93½
200	92½
200	93½
100	93½
100	93½
100	94
100	95½
700	96
200	97½
10	97

Jan. 10, 1880.

Un. Pac. 200	86½
700	87
45	87½
450 (b. c.)	87½
375	87½
100	87½
100	87½
500	87½
200	88
50	88½
100	88½
300	88½
100	88½
100	88
100	88½
100	88½

Jan. 10, 1880.

Un. Pac.	700	88¾
	100	88¾
Kan. Pac.	100 (b. c. b. 3)	94½
	100 (b. c.)	94½
	200	94½

Jan. 12, 1880.

Un. Pac.	300	89
	200	89¼
	100	89¼
	300	90
	500	89¾
	1,000	89¾
	55	89¾
	400	89¾
	300	89¾
	100 (b. c.)	89¾
	100	89¾
	300	89¾
	100 (b. 3)	89¾
	30	89¾
	100	89¾
	300	89¾
	400	89¾
	9	89¾
	500	89¾
	100	89
	100	88¾
Kan. Pac.	100	93¾
	300	94
	100 (b. c.)	94½
	400	95
	500	95½
	200 (b. 60)	96½
	400	95½
	300	96
	200	96½
	100	96

Jan. 13, 1880.

Un. Pac.	150	89½
	100	89
	30	89¾
	200 (b. c.)	89½
	300	89½
	100	89½
	200	89½
	5	90½
	400	89½
	100	89½
	600 (b. 3)	90
	100	89½
	100	89¾
	100	89½
	100	89½
Kan. Pac.	200	95½

Jan. 14, 1880.

Un. Pac.	400	89½
	100	89½
	300 (b. c. a. 3)	89½
	100	89½
	400	89½
	110	89½
	50	89½
	1,830	90
	300	90½
	100	90½
	1,200	90½
	1,300	90½
	1,200	91
	600 (b. c.)	91
	300	90½
	100	91½
	600	91½
	400	91½
	300	91½
	100	91½
	200	91½
	400	92
	300	92½
	500	92½
	400	93

Jan. 14, 1880—Continued.

Un. Pac.	100	92½
	200	93½
	400	93½
	100	93½
	1,500	93
	300	92½
	300	92½
	1,100	92½
	200	92½
	100	92½
	200	92
	200	92½
	100 (b. 3)	92½
	200	92½
	400	92½
	200	92½
Kan. Pac.	200	95
	100 (b. c.)	96
	100 (b. 3)	95
	100	94
	29	93½

Jan. 15, 1880.

Un. Pac.	1,500	93
	500	93½
	750	93½
	300	93½
	600	93½
	25	93½
	1,100	93½
	600	93½
	300 (b. c.)	93½
	100	93
	400	93½
	500	93½
	900	93
	150	92½
	1,000 (a. 3)	92½
	600	92½
	400	92½
	100	92½
	300 (b. c.)	92½
	400	92½
	25	92½
	400	92½
	200 (b. 3)	92½
	600	92½
	100	93
	900 (b. 3)	93
	100	92½
	400	92½
	200	92½
	100	92½
	600	92
	300	91½
	600	91½
	100	91½
Kan. Pac.	200	96
	300 (b. c.)	96
	100	97
	400	97½
	100	96½
	200	97½

Jan. 16, 1880.

Un. Pac.	100	91½
	200	91½
	700	91
	1,200	92
	100 (b. 3)	92½
	100 (b. 30)	92½
	100 (b. c. a. 3)	91½

Jan. 16, 1880.

Un. Pac.	750	92
	100	92½
	100	92½
	500	92½
	100	92½
	500	92½
	100 (c.)	92½
	900	92½
	200 (b. 3)	93

Jan. 16, 1880—Continued.

Un. Pac.	300 (b. 5)	92
	300	92½
	100 (b. 5)	92½
	500	92½
	400	92½
	1,500	92
	900	92½
	100 (b. c.)	92½
	300	92½
	800	92
	100	92½
	500	92
	400 (a. 3)	92½
	25	92½
	100	92½
	200	92½
	200	92½
	2,800	94
	900	94½
	1,200	94½
	800	94½
	600	94½
	100	94½
	1,300	94½
	200	94½
	700	94½
	400	94½
	300	94½
	300	94½
	400 (b. 3)	94½
Kan. Pac.	200 (b. c.)	99
	100	99
	200 (b. 60)	100
	300	99½
	200 (b. 60)	100
	100	99½
	300	99
	200 (b. 3)	99
	400	99½
	200 (b. 60)	100
	600 (b. 3)	100
	300 (b. 60)	100½
	100 (b. 60)	101
	200	99½
	100	99½
	100	99½

Jan. 17, 1880.

Un. Pac.	300	95
	50	94½
	400	95½
	1,000	95½
	300	95
	200	94½
	300	94½
	200 (b. 3)	94½
	100	94½
	400	94½
	300 (b. c.)	94½
	1,000	94½
	200	94½
	100 (a. 30)	94½
	2,700 (b. 3)	95
	400 (b. 3)	95½
	400	95½
	400	95½
	100	95½
	500	95½
	100 (b. 3)	95
	100	95½
	100	95½
	200	95½
	100	95½
	100	95½
	200	95½
	300	95½
	200	95½
	5 (b. c.)	95½
	100	95½
	200 (b. 3)	95
	100	95½
	300	95½
	500	95½
	100	95½
	200	95½

Jan. 17, 1880—Continued.

Pac. 600	96¼
100	96¼
2,200	96¼
1,600	96¼
1,075 (b. 3)	96
n. Pac. 1,000	100
200 (b. c.)	99½
100	99½
100	99½
300 (b. 3)	101
200 (b. 60)	101
500	100
100 (b. 10)	102½
100 (b. 10)	102½
100 (b. 10)	103
100	101
200 (b. 10)	106
100 (b. 3)	106½
100	106
100	105½
100	105¼
400	103¼
10	103
100	105
100	105¼

Jan. 19, 1880.

Pac. 1,600	98
600	98¼
200	98½
400	98½
200	98½
50 (a. 30)	96
700	97
600	96½
100	96½
100	96½
200	96½
300	96
200	96½
200	96½
200	96½
600	96½
100	96½
300	96½
600	97
500	97½
200	97½
200	97½
100	97½
100	97½
300	97½
50	97
600	96½
300	96½
100	96½
600	96½
100	96½
1,070	96½
250	96½
200	96½
615	97
100	96½
300	97½
650	97½
400	97½
300	97
100	96½
200	96½
600	96½
n. Pac. 200	108
400	107
100 (b. c.)	105½
300	105
100	104½

Jan. 19, 1880—Continued.

Kan. Pac. 100 (b. 60)	105½
200	104

Jan. 20, 1880.

Un. Pac. 300	96½
100	96
300	95½
500	95½
700	95½
400	96
200	96½
500	96½
100 (b. c.)	96½
100	96½
300	96
400	95½
100	95½
50	95½
600	95½
200	95
100	94½
700	94½
100	94½
400	94
500	93½
100	93½
900	94
200	93½
100	94½
300	94½
100	94½
200	94½
1,000	94½
40	95½
10	95
500	94½
200 (b. 3)	95
100	94½
100	94½
400	95
230	95½
Kan. Pac. 100	101
100	100
100	99½
400 (b. c.)	98
100	97
100	97
400	100
200 b. 60	102

Jan. 21, 1880.

Un. Pac. 700	96
300	95½
300	95½
350	95½
200 (b. c)	95½
300	95
100	94½
10	95½
100 (b. 15)	94½
200	94½
100 (b. 3)	95
100	95½
100	95½
100	95½
100	95
100	95½
200	94½
20 (b. c)	95½
200	95
400	95½
5	95½
25	95½

Jan. 21, 1880—Continued.

Un. Pac. 100	95
700	95½
100	95½
100	95½
Kan. Pac. 100 (b. c)	99½
100	99
200	98½
200 b. 60	98½
200	98

Jan. 22, 1880.

Un. Pac. 100	95½
10 (b. c)	95
100	94½
400	94½
200 (b. 3)	94½
200	94½
500	94½
100 (a. 3)	94½
100	94½
200	94½
700	94½
90	94½
100	94½
200	94½
100	94½
100	94½

Jan. 23, 1880.

Un. Pac. 500	94
100	93½
300 (b. c)	93
100	92
400	92½
500	93
200	93½
10 (c)	93½
125	93
400	93½
450	93½
200	93½
200 (b. c)	93½
200	93½
100	93½
108 (b. 3)	94
600	94
100	94½
200	93½
100 (b. 3)	93½

Jan. 24, 1880.

Un. Pac. 200	93½
50	93½
200	93½
100	93½
100 (b. c)	93½
200	93½
100	94
600	94½
200	94½
300	94½
200	94
200	93½
100	93½
900	93
300	93½
400	93½
Kans. Pac. 200 (b. c)	96
100	95
200	96
200	96

Q. I do not quite understand what you mean by the official transactions.—A. The New York Stock Exchange keep what they call the official list, giving all the transactions that occur in that board.

Q. Showing the market rate?—A. Showing all the purchases and sales of each stock during the day.

By Commissioner LITTLER:

Q. Does this embrace all?—A. That embraces all.

Commissioner ANDERSON. I would say that we have ordered the quotations of all stocks for each month, giving the highest and lowest price, from the 1st of January, 1878, to the 1st of July, 1880; but, of course, we will accept that.

The WITNESS. I also prepared another statement, showing the formation of this Kansas Pacific consolidated mortgage, and showing the saving in principal and interest.

The paper offered is marked "Exhibit No. 3, May 18, 1887," and is as follows:

Memorandum showing bonded debt of Kansas Pacific Railway Company, and interest charges when consolidated bond was issued.

[$24,000,000 of consolidated bonds bearing six per cent. interest to retire bond, making a saving as shown below.]

	Debt.	*Annual interest.*
6 per cent. first mortgage	$6,303,000	$378,180 00
7 per cent. Leavenworth branch	600,000	42,000 00
7 per cent. incomes	4,275,350	299,274 50
7 per cent. Denver extension	6,379,000	446,530 00
7 per cent. first land grant	2,000,000	140,000 00
7 per cent. second land grant	1,500,000	105,000 00
10 per cent. funding	1,500,000	150,000 00
7 per cent. Arkansas Valley	1,125,000	78,750 00
6 per cent. Solomon	575,000	34,500 00
7 per cent. Fort Kearney	970,000	67,900 00
6 per cent. coupon certificates	2,500,000	150,000 00
Total	27,727,350	1,892,134 50
	24,000,000	1,440,000 00
	*3,727,350	†452,134 50

Memorandum of Kansas Pacific land grant.

Lands have been sold to date amounting to	$16,056,881 44
Land sales canceled to date	1,884,999 24
Net sales to date	14,171,882 20
When consolidated mortgage was issued there were acres unsold about	5,100,000 00
Bills receivable (exclusive of Denver Pacific)	1,315,000 00
At present Trustees have the following unsold lands, about	4,000,000 00
Bills receivable	4,859,708 00
Cash	800,000 00
Total	9,659,708 00

Making the land grant realizing about $18,000,000.

The WITNESS. I believe you called also for a statement of the Kansas Pacific.

Commissioner ANDERSON. Of your purchases of Kansas Pacific stock.

* Difference in principal. † Difference in annual interest.

The WITNESS. My purchases, and also the bills of sale, where I bought the Saint Louis party out. This, as well as the capital stock of the Kansas Pacific, is stated in detail in the paper I now submit to you.

The accounts offered are marked "Exhibit No. 4, May 18, 1887," and are as follows:

Kansas Pacific pool.

March 7, 1879, to C. S. Greeley	$367,525 42
March 7, 1879, to John D. Perry	179,600 69
March 7, 1879, to B. W. Lewis	72,932 42
March 8, 1879, to S. M. Edgell	107,563 48
March 8, 1879, to Adolphus Meier	116,874 19
March 8, 1879, to F. W. Meister	45,599 70
March 8, 1879, to Robert E. Carr	62,037 70
March 8, 1879, to D. M. Edgerton	16,261 42
March 8, 1879, to William Thaw	46,219 46
March 8, 1879, to M. K. Morehead	17,879 38
March 8, 1879, to H. H. Houston	79,076 99
March 10, 1879, to Elias D. Kennedy	21,066 35
March 10, 1879, to Henry Martin	112,632 48
March 13, 1879, to O. H. Palmer	11,371 85
March 20, 1879, to Thomas A. Scott	54,184 02
March 10, 1879, to Jay Gould, sundry securities	1,254,130 26
December 31, 1879, to capital	493,069 25
	3,058,024 99

March 17, 1879, by committee, $439,000 D. E. bonds		
March 17, 1879, by committee, 109,978 shares of Kansas Pacific stock		
March 17, 1879, by committee, certificates of Kansas Pacific consolidated mortgage	3,036,052 49	
June 12, 1879, by committee, certificates of Kansas Pacific consolidated mortgage	15,722 50	
July 21, 1879, by committee	6,250 00	
		3,058,024 99

ABSTRACT OF JOURNAL ENTRIES CONCERNING THE KANSAS PACIFIC POOL.

March 7, 1879.

Sundries to 4th National Bank.

For purchase of C. S. Greeley, of Saint Louis, Mo., the following securities:

Kansas Pacific stock, 25,891 shares, $50 each, at 6½		$161,818 75
Unstamped income bonds, $6,500, at 50 cents		3,250 00
Stamped income bonds, $60,400, at 30 cents		18,120 00
Second land-grant bonds, $155,000, at 50 cents		77,500 00
Arkansas Valley bonds, $85,000, at 50 cents		42,500 00
Leavenworth Branch, $40,000, at 50 cents		20,000 00
Denver extension bonds, pool and second land-grant bonds	$42,837 37	
Six months' interest at 7 per cent., six months' interest at 3½ per cent	1,499 30	
		44,336 67
		367,525 42

March 7, 1879.

Sundries to 4th National Bank.

For purchase of John D. Perry, of Saint Louis, Mo., the following securities:

Kansas Pacific stock, 11,557½ shares, at 6½		$72,232 34
Stamped income bonds, $42,900, at 30 cents		12,870 00
Second land-grant bonds, $110,666⅔, at 50 cents		55,333 34
Arkansas Valley bonds, $35,000, at 50 cents		17,500 00
Denver extension bonds pool, cash paid	$20,932 41	
Interest, 5½ per cent	732 53	
		21,664 94
		179,600 69

March 7, 1879.

Sundries to 4th National Bank.

For purchase of B. W. Lewis, of Saint Louis, Mo., through John D. Perry, the following securities:

Kansas Pacific stock, 6,761 shares, at 6¼		$42,256 25
Stamped income bonds, $6,100, at 30 cents		1,830 00
Arkansas Valley bonds, $40,000, at 50 cents		20,000 00
Denver extension bonds pool, cash paid	$8,548 87	
Interest, 3½ per cent	297 30	
		8,846 17
		72,932 42

March 8, 1879.

Sundries to 4th National Bank.

For purchase of S. M. Edgell, the following Kansas Pacific securities, through C. S. Greeley, attorney:

Kansas Pacific stock, 5,854 shares, at 6¼	$36,587 50
Second land-grant bonds, $41,000, at 50 cents	20,500 00
Arkansas Valley bonds, $50,000, at 50 cents	25,000 00
Leavenworth Branch bonds, $25,000, at 50 cents	12,500 00
Denver extension bonds pool, paid	12,537 18
Six months' interest, 3½ per cent	438 80
	107,563 48

March 8, 1879.

Sundries to 4th National Bank.

For purchase of Adolphus Meier the following Kansas Pacific securities through C. S. Greeley, attorney:

Kansas Pacific stock, 6,324 shares, $50, at 6¼	$39,525 00
Unstamped income bonds, $1,350, at 50	675 00
Stamped income bonds, $10,250, at 30	3,075 00
Second land-grant bonds, $76,000, at 50	38,000 00
Arkansas Valley bonds, $40,000, at 50	20,000 00
Leavenworth Branch bonds, $3,000, at 50	1,500 00
Denver Extension pool, paid	13 622 41
Interest, six months, 3½ per cent	476 78
	116,874 19

March 8, 1879.

Sundries to 4th National Bank.

For purchase of F. W. Meister the following Kansas Pacific securities through C. S. Greeley, attorney:

Kansas Pacific stock, 3,659 shares, $50, at 6¼		$22,868 75
Stamped income bonds, $4,100, at 30		1,230 00
Second land-grant bonds, $9,000, at 50		4,500 00
Arkansas Valley bonds, $20,000, at 50		10,000 00
Leavenworth Branch bonds, $3,000, at 50		1,500 00
Denver Extension pool	$5,314 00	
Interest 3½ per cent., six months	186 02	
		5,500 95
		45,599 70

March 8, 1879.

Sundries to 4th National Bank.

For purchase of Robert E. Carr the following Kansas Pacific securities through C. S. Greeley, attorney:

Kansas Pacific stock, 6,259 shares, $50, at 6½		$39,118 75
Unstamped income bonds, $7,000, at 50		3,500 00
Stamped income bonds, $6,450, at 30		1,935 00
Arkansas Valley bonds, $20,000, at 50		10,000 00
Denver Extension pool	$7,230 87	
Interest on same, six months, 3½ per cent	253 08	
		7,483 95
		62,037 70

March 8, 1879.

Sundries to 4th National Bank.

For purchase of D. M. Edgerton the following securities:

Kansas Pacific stock, 768 shares, $50, at 6½		$4,800 00
Arkansas Valley bonds, $19,000, at 50		9,500 00
Denver Extension pool	$1,895 09	
Interest on same, six months, 3½ per cent	66 33	
		1,961 42
		16,261 42

March 8, 1879.

Sundries to 4th National Bank.

For purchase of William Thaw the following Kansas Pacific securities through D. M. Edgerton, attorney:

Kansas Pacific stock, 3,303 shares, $50, at 6½		$20,643 75
Arkansas Valley bonds, $40,000, at 50		20,000 00
Denver Extension pool	$5,387 16	
Interest on same 3½ per cent., six months	188 55	
		5,575 71
		46,219 46

March 8, 1879.

Sundries to 4th National Bank.

For purchase of M. K. Morehead the following Kansas Pacific securities through D. M. Edgerton, attorney:

Kansas Pacific stock, 1,234 shares, $50, at 6½		$7,712 50
Stamped income bonds, $26,700, at 30		8,010 00
Denver Extension pool	$2,083 95	
Interest on same 3½ per cent., six months	72 93	
		2,156 88
		17,879 38

March 8, 1879.

Sundries to 4th National Bank.

For purchase of H. H. Houston the following Kansas Pacific securities through D. M. Edgerton, attorney:

Kansas Pacific stock, 3,926 shares, $50, at 6½		$24,537 50
Second land-grant bonds, $50,000, at 50		25,000 00
Arkansas Valley bonds, $40,000, at 50		20,000 00
Denver Extension pool paid	$9,216 90	
Interest on same, six months, 3½ per cent	322 59	
		9,539 49
		79,076 99

March 10, 1879.

Sundries to 4th National Bank.

For purchase of Elias D. Kennedy the following Kansas Pacific securities through D. M. Edgerton, attorney:

Kansas Pacific stock, 1,364 shares, $50, at 6½		$8,525 00
Second land-grant bonds, $6,000, at 50		3,000 00
Arkansas Valley bonds, $10,000, at 50		5,000 00
Leavenworth Branch bonds, $4,000, at 50		2,000 00
Denver Extension pool	$2,456 41	
Interest on same, six months, 3½ per cent	85 94	
		2,541 35
		21,066 35

March 10, 1879.

Sundries to 4th National Bank.

For purchase of Henry Martin the following Kansas Pacific securities:

Kansas Pacific stock, 6,320 shares, $50, at 6½		$39,500 00
Stamped income bonds, $140,150, at 30		42,045 00
Arkansas Valley bonds, $35,000, at 50		17,500 00
Denver Extension pool	$13,128 00	
Interest on same, six months, at 3½ per cent	459 48	
		13,587 48
		112,632 48

March 13, 1879.

Sundries to 4th National Bank.

For purchase of O. H. Palmer the following Kansas Pacific securities:

Kansas Pacific stock		
Unstamped income bonds, $5,000, at 50		$2,500 00
Stamped income bonds, $25,000, at 30		7,500 00
Denver Extension pool	$1,325 46	
Interest on same, six months, 3½ per cent	46 39	
		1,371 85
		11,371 85

March 20, 1879.

Sundries to 4th National Bank.

For purchase of Thomas A. Scott through R. D. Barclay the following Kansas Pacific securities:

Kansas Pacific stock, 3,646 shares, at 6½		$22,787 50
Stamped income bonds, $66,200, at 30		19,860 00
Arkansas Valley, $10,000, at 50		5,000 00
Denver extension pool assessment	$6,315 48	
Interest on same, six months, 3½ per cent	221 04	
		6,536 52
		54,184 02

March 10, 1879.

Kansas Pacific pool to capital.

For amount of Kansas Pacific securities held as of March 10, 1879, and thrown in the pool with others:

$784,000 funded bonds, at 80	$627,200 00
2,142,600 stamped income, at 18	385,668 00
160,000 second land grant, at 18	28,800 00
48,050 unstamped income, at 18	8,649 00
Assessment on valuation, $1,537,660	203,813 25
	1,254,130 25

December 31, 1879.

Sundries to capital.

For balance transferred as of December 31, 1879:
Kansas Pacific reorganization pool $493,069 25

March 17, 1879.

Sundries to Kansas Pacific pool.

For securities delivered by the Kansas Pacific pool through committee of S. Dillon, R. Sage, and H. Villard:

Denver extension bonds, $439,000		
Kansas Pacific stock, 109,978 shares, $50		
Certificates of consolidated mortgage	$2,500,000 00	
Certificates March 19	250,000 00	
Certificates April 4	15,000 00	
Certificates April 4	36,000 00	
Certificates April 4	235,052 49	
		3,036,052 49

June 12, 1879.

Kansas Pacific certificate consolidated mortgage bonds to Kansas Pacific reorganization pool

For certificate received June 12, on account No. 118, M. K. Moorehead. $15,792 50

July 15, 1879.

Kansas Pacific certificates of consolidated mortgages to Kansas Pacific reorganization pool.

For certificate received July 15, account H. H. Cook $6,250 00

Kansas Pacific Railroad—capital stock.

		Shares.	
Mar. 17, 1879.	To Reorganization committee	109,978	
Mar. 20, 1879.	To W. E. Connor, bt	1,900	$18,895 00
July 2, 1879.	To H. Villard, bt	11	308 00
Nov. 20, 1879.	To Leo'd T. Smith	5,000	130,000 00
Jan. 27, 1880.	To K. T. R'y Co	1,264	
Feb. 9, 1880.	To balance transferred		49,793 75
		118,153	248,996 75
Mar. 17, 1879.	By Russell Sage	7,184	
Mar. 19, 1879.	By Sidney Dillon	1,796	
Mar. 19, 1879.	By C. S. Greeley	1,796	
Mar. 20, 1879.	By E. H. Perkins	718	
Mar. 20, 1879.	By G. M. Dodge	359	
Mar. 22, 1879.	By Henry Villard	449	
Mar. 25, 1879.	By Fred. L. Ames	5,388	
Mar. 27, 1879.	By James Buell	1,078	
Mar. 28, 1879.	By Ezra H. Baker	1,078	
Mar. 29, 1879.	By Jas. F. Woodward	718	
Mar. 29, 1879.	By Geo. W. Perkins	718	
Mar. 31, 1879.	By D. M. Edgerton	539	
Apr. 3, 1879.	By De Neuville & Co	1,293	
Apr. 8, 1879.	By Drexel, Morgan & Co	1,627	
Apr. 12, 1879.	By H. Villard	718	
Apr. 14, 1879.	By H. Villard	179	
Apr. 16, 1879.	By F. Gordon Dexter, trustee	2,514	
Apr. 17, 1879.	By Russell Sage	3,592	
May 6, 1879.	By H. Villard	1,078	
Mar. 29, 1879.	By W. E. Connor	100	994 50
June 17, 1879.	By H. Villard	1,167	
Nov. 20, 1879.	By W. E. Connor	200	
Dec. 16, 1879.	By Russell Sage, sale	2,000	60,000 00
Jan. 8, 1880.	By W. E. Connor	600	26,437 50
Jan. 10, 1880.	By W. E. Connor	500	23,356 25
Feb. 9, 1880.	By Union Trust Company*	80,764	108,208 50
		118,153	218,996 75

* In exchange for 40,382 shares of U. P. R'y Co. stock.

Memorandum showing bonded debt of Kansas Pacific Railway Company, and interest charges when consolidated bond was issued.

[$24,000,000 of consolidated bonds bearing 6 per cent. interest to retire bond, making a saving shown below.]

	Debt.	Annual interest.
6 per cent. first mortgage	$6,303,000	$378,180 00
7 per cent. Leavenworth branch	600,000	42,000 00
7 per cent. incomes	4,275,350	299,274 50
7 per cent. Denver extension	6,379,000	446,530 50
7 per cent. first land grant	2,000,000	140,000 00
7 per cent. second land grant	1,500,000	105,000 00
10 per cent. funding	1,500,000	150,000 00
7 per cent. Arkansas Valley	1,125,000	78,750 00
6 per cent. Solomon	575,000	34,500 00
7 per cent. Fort Kearny	970,000	67,900 00
6 per cent. coupon certificates	2,500,000	150,000 00
Total	27,727,350	1,892,134 50
	24,000,000	1,440,000 00
	*3,727,350	†452,134 50

Memorandum of Kansas Pacific land grant.

Lands have been sold to date amounting to	$16,056,881 44
Land sales canceled to date	1,884,999 24
Net sales to date	14,171,882 20
When consolidated mortgage was issued there were acres unsold, about	5,100,000
Bills receivable	$1,315,000

Exclusive of Denver Pacific.

At present trustees have the following:	
Unsold lands, about	$4,000,000
Bills receivable	4,859,768
Cash	800,000
	9,659,768

Making the land grant realizing about $18,000,000.

KANSAS PACIFIC REORGANIZATION CERTIFICATES.

Q. Will you please explain to us what is referred to in the statement made to us by Mr. Sage, and which, under date of March 18, is described as $200,000 Kansas Pacific reorganization certificates?—A. My understanding is that those were certificates that were issued in the interim to entitle the holder to draw consolidated bonds, when they were finally ready for issue.

Q. And that they represented the amount in value or in dollars which the holder was entitled to receive in bonds, and that the figure was arrived at by scaling down the securities which he had owned, according to the prices for such scaling stated in the pooling agreement?—A. That is my recollection. In my papers I think you will find a detailed statement of the settlement with Mr. Sage. I do not find the account with Mr. Sage in here.

Commissioner ANDERSON. The explanation is quite sufficient.

The WITNESS. But there seem to be certificates of consolidated mortgage bonds issued up to that date, so that I infer my answer covers it.

Commissioner ANDERSON. The conclusion we derive from your statement is that the sale made by you on the 18th of March to Mr. Sage

*Difference in principal. †Difference in annual interest.

entitled him to $200,000 consolidated bonds, when issued; to $29,000 of the Denver extension bonds; and that out of the consideration that he paid you, to wit, $200,000, it was the difference between the value of the consolidated bonds and of the $29,000 of Denver extension bonds that was paid you for 7,185 shares of Kansas Pacific stock. That was all that would be left, you say?

The WITNESS. That is my understanding of it.

REASON FOR EXCHANGE OF DENVER PACIFIC STOCK WITH KANSAS PACIFIC COMPANY.

Q. I wish you would tell me exactly in what respect it was more to the advantage of the consolidated company to make the exchange of Denver Pacific stock with the Kansas Pacific Company rather than to make it with the trustees of the consolidated mortgage?—A. I will explain that to you if you will let me see the map. I can use that. When the roads came to consolidate this was the way it stood: The Kansas Pacific proper ended at Denver. It owned the Denver Pacific Extension to Cheyenne. The Union Pacific went through to Ogden, and it owned *this* road [indicating on the map].

Q. The Colorado Central branch?—A. The Colorado Central The question was whether the Union Pacific would consolidate her road in, leaving this as an asset—the Denver Pacific; or whether the Denver Pacific should be consolidated in, leaving *this* to be owned by the consolidated company as an asset. My position was just this, putting all these legal technicalities to one side, I was the largest owner of the Kansas Pacific bonds. I was also the trustee of them. I naturally wanted this road to come in for this reason——

By Commissioner LITTLER:

Q. When you say this road, you mean what?—A. The Denver Pacific.

By Commissioner ANDERSON:

Q. To go into what?—A. Into the consolidation. The trustees held these bonds, and they also held the bonds of the Boulder Valley road, which ran up *there* and which was guaranteed by the Denver Pacific. Those bonds were a little off color. They had not paid their interest for two years. If the Denver Pacific was included in the consolidation, the effect of the consolidation would be to guarantee those bonds. The absorption of the franchise of the Denver Pacific by the consolidated company operated as a guarantee of the principal and interest of those bonds; and it would have been the duty of the trustees, if we could not have made any better bargain than we did, to have done this. If the proposition had been, simply, to the trustees, "Now, gentlemen, if you will put in your Denver Pacific stock, we will consolidate with that road, and throw the guarantee of this fifty million dollar company around your bonds," it would have been the duty of the trustee to have accepted it. But we got a still better bargain than that. We got the $500,000 stricken off from the mortgage—that is the whole thing in a nut-shell. Of course, the consolidated company would not make it into new stock and throw it into an outside trust. It would have been better to have made stock which they could just as well have made through the consolidation in another way, and kept it. There was no object in their making this stock and putting it into a trust. I was working to make this trust better, because I was the largest holder of the bonds, and I was the trustee of them. But there was no director

or individual that made a dollar out of the transaction, and I am very glad to have an opportunity to put a final nail in that coffin. I held a million of the Denver Pacific stock, and I put it in at just what it cost me—10 cents on the dollar.

Q. I think I understand your explanation, but it does not answer the question I put, which is: whether the consolidation would not have been equally effective and have attained all the objects proposed by converting directly the Denver Pacific stock with the trustees, and handing to them the new stock of the consolidated company, which, under the consolidation, though held by the trustees, would have been the actual property of the Union Pacific Railway, just as any other property that the trustees held, and would have passed to the Union Pacific Railway under the consolidation with the Kansas Pacific?—A. No, sir; it would not have gone to the new company. If it had gone into the hands of the trustees it would have gone specifically to those bonds of the Kansas Pacific.

Q. As collateral?—A. As collateral.

Q. But the real ownership would have been in the consolidated company?—A. No, sir; it would have been in the trustees. The trustees held the legal title to the security.

Q. True; but after payment of the consolidated bonds the Union Pacific would have derived the entire interest from the equities; is that not so?—A. After the payment of the bonds, many years hence; but that would have been unbusiness-like in the consolidated company, and they would not do it. That would not have been done. That is the point.

Q. I want you to tell me in what respect they would have been at a disadvantage with this new stock in the hands of the trustees instead of putting that new stock into the hands of the Kansas Pacific Company itself?—A. It would have been unjust to the consolidated company. Under what obligations were they? They had benefited themselves enough by the consolidation. Under what obligations were they to make a specific security? Were they under any obligation to deposit $4,000,000 as additional security to these bonds? The bonds were out; the rights were settled; and they would not have done it. It would not have been done in that way.

Q. That I understand; but I want to know if you can point out in what respect the consolidated company would have had any less property or any less advantage if the securities referred to had been held by the trustees as an additional security for the consolidated bonds, with the obligation and duty to return to the Union Pacific Railway Company any equity that there was left over and above the security for the bonds, accounting to the railway for any dividends on the stock, permitting the trustees to make just the exchange that there was made afterwards, if the court should approve it, and to hold the Saint Joseph bonds which were derived in that trust instead of holding the stock, which was originally converted. In what respect would the consolidated company, if this course had been pursued, have suffered any disadvantage or any loss in money?—A. I do not know that they would have lost any money. The trustees would, of course, have taken care of the stock; but they would have to pay dividends into this trust, and it would have taken so much more of the revenue of the company to pay into this trust. It would have gone to the redemption of bonds. It would have been a voluntary addition to the sinking fund of the company.

Q. Do you not know that the dividends on collateral are usually and customarily paid over to the holder of the equity so long as there is no default?—A. That is by agreement of the parties.

Commissioner ANDERSON. It is the custom, unless there is any default. It may be that the holder of the bonds might have impounded the income. That is true?

The WITNESS. But there was another reason. The company did not want to enlarge their stock any more than was necessary; and, to carry through this general arrangement, they required acertain amount of stock, and if they had made this stock and immediately impounded it, they would have had to make as much more to carry out those purposes.

Q. What were those purposes?—A. That was to pay off the obligations which the Kansas Pacific had incurred in the purchase of these branch lines.

Q. Exactly. Then the real advantage gained was that by freeing this stock from the obligations of that trust the consolidated company could use it in the discharge of the obligations assumed by the Kansas Pacific in regard to the purchase of the branches?—A. Yes, sir.

Q. And those branches were purchased from you?—A. Those branches were purchased from me.

Q. So that the effect of the freeing of the stock from the trust of the mortgage was to facilitate carrying out a bargain that had been made with you?—A. Yes, sir.

CONCERNING PURCHASE OF MISSOURI PACIFIC.

Commissioner ANDERSON. I wish you would explain to us a little more fully the sketch that you gave us yesterday of your acquiring an interest in the Missouri Pacific, and of the design you had, in connection with the railroad to Loveland Pass, to make a through system of communication to Ogden.

The WITNESS. *There* is Loveland Pass through the mountains. [The witness indicates a line in ink on the map, starting from Denver, following the Colorado Central right up through the cañon in the mountains, and thence continuing westward to Salt Lake, and marks it "Loveland Pass Line."] *There* is the Missouri Pacific as I bought it. It ran from Saint Louis to Kansas City, there it connected with the Kansas Pacific. With the same purchase I got two little roads, which made the link between Kansas City and Atchison, and there connected with the Central Branch.

By Commissioner LITTLER:

Q. What are the names of those two little roads?—A. I do not remember the names. I think one was the Leavenworth and Northwestern, and the other some other name which I do not remember. By taking the Kansas Pacific and running right through, as indicated before, to Salt Lake City, and thence to San Francisco by the Central Pacific, it made the shortest line across the continent. It is undoubtedly the true line, because the Union Pacific, in the construction of it, kept north of the mineral belt; they had not discovered it at that time. The Southern Pacific kept south of it. The mineral belt is the Central line west, and this line extended would go right through it. It would pay largely as a local road.

The CHAIRMAN. There would not have been so much mileage, however?

The WITNESS. It would have been so much shorter than the other line.

The CHAIRMAN. The first line was longer by reason of the route they took, which was probably done to obtain the grant by the Government, per mile?

The WITNESS. Yes, sir; that might have been it.

By Commissioner ANDERSON:

Q. That was the design, as you had it in your mind, when you purchased the Missouri Pacific?—A. No, not when I purchased it. But, after I got it, and my interest changed, and I came to see what its capabilities were, I of course saw what an immense thing I could make by turning my hand over. But after I let that opportunity go the Missouri Pacific took its course off south and southwest. *That* represents the Missouri Pacific system to-day. When I bought it it was 283 miles, and now it is about 7,000 miles. [Indicating on another map the Missouri Pacific system.]

Q. That is, the net-work through the Iron Mountain and the Kansas Pacific and Texas Pacific and International and Great Northern?—A Yes, sir.

EFFECT OF DISCLOSURE OF THE FACT OF PURCHASE.

Q. How soon after you had purchased the Missouri Pacific did you disclose the fact to your associates in the Union Pacific?—A. It must have been very soon.

Q. The matter was a public matter, was it not?—A. Yes, sir.

Q. And was noticed in the prints at the time?—A. Yes, sir.

Q. You say the 13th of November was the day of the purchase?—A. Yes, sir.

Q. How soon after that was it that, as you have stated, they became agitated and communicated with you?—A. It must have been within a month of that.

Q. Did they first write letters?—A. I think they came on here.

Q. You do not think there were any letters written?—A. No, sir; I do not remember any.

Q. You have none?—A. No; I write few letters.

Q. I am talking about Mr. Dexter and Mr. Ames.—A. No; I do not think they wrote.

Q. Did they come on more than once?—A. They were on here frequently. I think they may have been here more than once.

Q. That is, Mr. Ames and Mr. Dexter, and what other names of gentlemen do you remember as having come on here?—A. I think Mr. Dexter, Mr. Ames, Mr. Atkinson, probably Mr. Baker, and Mr. Dillon.

Q. Mr. Dillon was here, was he not?—A. Yes, sir; Mr. Dillon was here.

Q. Did he unite with them in this agitation and desire to have you abstain from putting through this Missouri Pacific line?—A. I presume he asked them to come here. I think very likely.

Q. Was he interested with you in the purchase of the Missouri Pacific?—A. No, sir.

Q. Was Mr. Sage interested with you in the purchase of the Missouri Pacific?—A. No, sir. No, I had no partners in it. Mr. Sage was interested, long before I was, in the Missouri Pacific.

Q. And he retained his interest after you obtained yours?—A. He retained his interest; yes, sir.

Q. How many interviews do you remember having with these Boston gentlemen before the interview at which you signed a paper agreeing to the consolidation finally?—A. I do not remember.

Q. Were they numerous?—A. They might have been. I only remember this one.

Q. Were counsel present at the time?—A. I think not.

Q. Neither Judge Dillon nor Mr. Holmes?—A. I think not.

Q. Nor any lawyer representing the Boston gentlemen?—A. No; I think not. I think it was just a meeting of the committee.

Q. Please locate, as near as you can, the date of the paper which you say you gave to Mr. Dexter.—A. It was within a very few days after I resigned.

Q. Without reference to the resignation, your purchase was made on the 13th of November, and you say that within a month——

A. (Interposing.) I ceased to be a director on the 10th.

Q. On the 10th of what?—A. 10th of January, 1880.

Q. I know that; but I want to get at when your interview with these Boston gentlemen occurred. You say they came on within about a month after you purchased the Missouri Pacific?—A. I think it was in January.

Q. Have you no written entries or memoranda from which you can fix the date of that paper?—A. No, sir; I can only fix it that it was after my resignation, and of course before the lawyers had any instructions to prepare the consolidation papers. It was between those times, because that memoranda was the basis of the consolidation.

Commissioner ANDERSON. The memorandum, except from your sense of the impropriety of having it executed while you were a director, might just as well have been executed before the 10th of January as after?

The WITNESS. Which agreement?

Commissioner ANDERSON. The memorandum which you gave to Mr. Dexter.

The WITNESS. Yes, sir; I should not think there was any impropriety in it at all.

Q. Even though you had been a director?—A. Even if I had been a director, there was no impropriety in it.

Q. Did you keep a copy of that paper?—A. No, sir; I did not. I presume it is on file with the company.

SUBSTANCE OF PRELIMINARY PAPER PROPOSING CONSOLIDATION.

Commissioner ANDERSON. You stated yesterday that the paper committed you to the plan of consolidation, and also contained an adjustment for the purchase of the branch lines, the Saint Joseph and Western, and the Union Pacific, Central Branch, and the Kansas Central bonds.

The WITNESS. Yes, sir.

Q. You say you presume it is on file?—A. I suppose so. That was the foundation of the consolidation.

Q. Why should it be on file unless it were an official act of one of the companies?—A. Well, I do not know that it would be.

Q. Was it an official act of the Kansas Pacific or of the Union Pacific Railroad?—A. No, sir; it was not an official act, of course, but it was one of those preliminary steps that always precede these arrangements. You have got to first understand whether parties owning large interests would consent. There is no use getting up papers unless the parties are going to agree to something. So these preliminary steps always antedate the consolidation.

Commissioner ANDERSON. It is what politicians call a "caucus"?

The WITNESS. Yes, sir.

Q. I would like to know whether this particular arrangement, which certainly was of importance to all parties in interest, appears on the records of either of those companies prior to the 24th day of January, 1880, either in the record of any executive committee or in the records of the meeting of any board of directors?—A. That I do not know. I was not a director, and was not at any of the meetings.

Commissioner ANDERSON. Still you became a director again in a very few days afterwards, and you might have examined the records to see.

The WITNESS. I never became a director of the old companies. I became a director of the consolidated company.

Q. As such director you had access to all the books of the old companies?—A. I never looked in one of them in the world.

Mr. JOHN F. DILLON. That paper is in existence, and Mr. Dexter will produce it.

Commissioner ANDERSON. Do you know its date?

Mr. JOHN F. DILLON. January 14.

Q. What else is covered by that paper beyond the fact that the consolidation should go through, and that the branch lines referred to should be purchased; by which I mean the Saint Joseph and Western bonds, the Saint Joseph and Western stock, the receivers' certificates, the Hastings and Grand Island bonds, the Saint Joseph Bridge bonds and stock, the Kansas Central bonds, and the Union Pacific, Central Branch?—A. I believe that embraces all.

Q. Was there any other subject-matter treated of in that paper except those I have referred to?—A. I do not remember. I only remember that it was the basis of the consolidation and what it contained. The whole of it I do not remember.

SEQUEL TO EXECUTION OF PRELIMINARY AGREEMENT.

Q. Was the interview between you and these gentlemen a long one?—A. Yes, sir; we discussed the matter.

Q. Was there much discussion?—A. Yes, sir; more or less.

Q. Who proposed this adjustment?—A. The proposition came from Mr. Ames and Mr. Dexter and Mr. Dillon.

Q. Did you immediately accept, or did you hesitate?—A. I had been committed to this, of course, before this interview, and I expected to carry it through. But when I became the owner of the Missouri Pacific I saw that if I sold all those properties it might embarrass the development of the Missouri Pacific; that they became natural feeders of that property, and my interest became very embarrassing.

Q. In some way you let these gentlemen know that your idea was to turn the Kansas Pacific securities and all the other securities which you controlled over to the new scheme, which was connected with the development of the Missouri Pacific; is that not so?—A. They had that idea.

Q. They had good reason for having that idea, did they not?—A. If I had not been complicated with the Union Pacific, and had not been a director for a good while and rather committed to it, of course I would not have consented to the consolidation. But I felt rather morally committed to let it go in that direction.

Q. When you say "committed," you mean that you had acted conjointly with these companies and with this directory, and had approved of the scheme of the consolidation between the Kansas Pacific and Union Pacific in the previous October, and that when these questions arose, and after your purchase of the Missouri Pacific, you felt that you had

committed yourself to the other scheme; is not that it?—A. I felt committed to it, and I knew that if I carried out that scheme it would result in great injury to the Union Pacific.

EXTENSION OF THE MISSOURI PACIFIC—ITS PROBABLE EFFECTS ON UNION PACIFIC.

Q. How great an injury to the Union Pacific would the extension of the Missouri Pacific, according to your views, have been?

The WITNESS. Extended through to where?

Commissioner ANDERSON. To Denver and San Francisco.—A. It would have destroyed it.

Q. At the time you purchased the Missouri Pacific you were a director in the Union Pacific?—A. At the time I bought the Missouri Pacific; yes, sir.

Q. And you remained such director until the 10th of January following?—A. Yes, sir.

Q. According to the ethics of Wall street, do you consider that it is absolutely within the limits of your duty as a director in a great corporation to purchase, while such director, another property and to design an extension which, according to your own statement, would absolutely ruin the property in which you were a director, and to seriously consider the scheme with that admitted result?—A. No; I do not think that would be the proper thing to do, and that was the reason why I let this go in the direction I did.

Q. Still you admit that you did form the scheme, and you considered it within a month after the purchase?—A. I could not help that, because it had been discussed for years and years by the Kansas Pacific, and that was one of the things that we had been so much afraid of being done, and which had really induced me to gradually take an interest in the Kansas Pacific. It was to protect the Union Pacific against that thing.

Q. You did not buy the Missouri Pacific to protect the Union Pacific, did you?—A. I bought that to protect the Kansas Pacific. Mr. Garrison had projected roads out in the Kansas Pacific territory, paralleling it to an extent, and I went and saw him and had a stormy interview or two; and Mr. Dillon did; I sent him down to see him.

Q. With whom?—A. With Commodore Garrison; and I told Mr. Garrison that I would extend the Kansas Pacific east as far as he did west. I would go to Saint Louis, for that matter. He then said, "You had better buy me out; that is the cheapest way." I asked him what his price was. He named it. I think it was $750 a share. I said, "All right; I will take it," and among the other things he owned this Kansas Central. I took that with that purchase. That is the way I came by that. He was starting that out also.

Commissioner ANDERSON. You have told us that before the purchase of the Missouri Pacific you had advocated the consolidation of the Union Pacific with the Kansas Pacific?

The WITNESS. Oh, yes, sir; certainly, I was always in favor of that.

Commissioner ANDERSON. You have told us also that after the purchase of the Missouri Pacific your interest had changed?

The WITNESS. My interest had changed.

Commissioner ANDERSON. So that, as I understand you, the point is that while you were tempted you did not yield?

The WITNESS. No, sir.

Commissioner ANDERSON. And you acquiesced in the request of your Boston friend and Mr. Dillon that the original transaction should be carried out?

The WITNESS. I had been identified with the Union Pacific, and had taken it out of a rut and put it on a dividend basis, and I had been identified with these gentlemen, and, of course, if they wanted the consolidation I felt bound to give it to them. They got alarmed; but if they wanted it, I intended to do it. If they did not want it, I would have let it go the other way. My real interest was to let it go the other way.

THE RIGHTS OF THE UNITED STATES.

Q. In the discharge of your duties as director of the Union Pacific, and in this whole matter, did you ever consider the duty you owed to the United States, as representing its interest as a large creditor?—A. Yes, sir; I thought of that very often.

Q. What would have been the effect of the paralleling of the Union Pacific by the Missouri Pacific system on the security of the United States?—A. It would have wiped it out probably. After the passage of the Thurman bill, and after it was sustained by the Supreme Court, my plan was to build a road from Omaha to Ogden, just outside of the right of way, by the stockholders, and give the Government up their road; and when I found that the directors were not quite up to that, that was one of the reasons on which I made up my mind I would let other people walk a while. The Government was trying to squeeze more out of the turnip than there was in it, and I thought I could build a road for $15,000,000 from Ogden to Omaha as good as one that was mortgaged for $75,000,000.

Q. When, then, you say that you considered the rights of the Government as a creditor, I assume that you mean that you merely examined the value of the security, and not that you were a devoted adherent of the Government, and would try and protect it as against all other interests?—A. Yes, sir; I wanted to protect the Government; but I considered their legislation destructive of their own interest.

ALLEGED OFFER TO PAY THE PRESENT WORTH OF THE GOVERNMENT DEBT.

My plan was to pay the Government—and we offered to do that—the present worth of their debt in cash. We could have gone to our own stockholders and asked them to take stock and wipe it all out; but, instead of that, the Government passed the Thurman bill, making exactions, and repudiating their own contract; and, of course, the stockholders were in jeopardy. It was a question whether their interests would not be wiped out.

Q. Do you mean to refer to any proposition which is of record in the proceedings of the Union Pacific Company when you speak of a cash offer to pay its present value?—A. I went before the committee of the Senate, when this matter was up, and I think there was a proposition made.

Q. Do you not know? Was it made by you?—A. I do not know whether it was made by me or by the company.

Q. Was it not simply an offer to pay a certain sum per annum, which you figured out as being the equivalent of the cash value of the debt?—A. No, sir; I offered to pay the present worth of the debt.

Q. In cash?—A. In cash. The whole thing.

Commissioner ANDERSON. All I can say is I have never seen that offer, and I have examined all the records quite thoroughly.

The WITNESS. I did make that offer repeatedly, and I was ready to carry it out.

Q. You mean the then value of the present debt and the accrued interest?—A. Yes, sir. The Supreme Court had held that the principal of that debt, and the interest upon it, was not due until the maturity of the bonds in 1895.

Commissioner LITTLER. 1897.

The WITNESS. Yes, sir. We had the present worth of that figured up, and we said to the Government, "We will go to our stockholders and we will get this money and pay this off." We could not have made a fairer proposition.

Commissioner ANDERSON. No; but you might have taken care that the public heard of the proposition, or that it could be found in some of the records of the Government, or those of the companies.

The WITNESS. I presume it is in the records. It happened a great while ago. It was at the time of the pendency of the Thurman bill.

Q. In what year shall we look for that offer?—A. I could not say. I should say about 1878, if that was the date of that bill.

Mr. JOHN F. DILLON. It was passed May 7th. It was discussed the year before, I know.

Q. Do you think you went on personally to Washington and made it to any members of the committee of Congress?—A. Yes, sir.

Q. To whom do you think you made that offer?—A. I think I made it to the Railroad Committee, or the Judiciary Committee, or whoever were considering the proposition. It was also made to President Grant.

Q. Do you remember the name of the chairman of the committee?—A. I think Mr. Edmunds was chairman of the Judiciary Committee; Mr. Dorsey, chairman of Railroads. I do not know which of them was chairman.

Q. Then you would know of such offer, if it was ever made?—A. I say that it was made; I made it, and Mr. Dillon.

Commissioner ANDERSON. It may have been made to one member of the committee or to another.

The WITNESS. My recollection is that we made it in the discussion, before the committee, on this bill.

Q. When you say "we," who else was present besides yourself, on behalf of the company?—A. Mr. Dillon, I presume.

Q. Judge Dillon or Mr. Sidney Dillon?—A. Mr. Sidney Dillon.

Q. Do you remember whether the amount was figured out or whether it was simply an offer to pay whatever sum of money would represent, after computation, the present value of the debt?—A. I think we had it computed; I think I had Mr. Mink make up one computation—either Mr. Mink or Mr. McFarland. It was made up in the office.

Q. Do you remember what the amount was?—A. I rather think the Interior Department made up an amount. I think it was about $15,000,000. Somewheres from $15,000,000 to $17,000,000 was the present worth of the debt.

Q. In 1878?—A. It may have been 1877 or 1878. It was when that subject was up.

Q. How much was the accrued interest which was in arrears, after deducting the sinking funds and the 5 per cent. that had been paid?—A. There was no sinking fund at that time. The 5 per cent. of net earnings, the interest on these bonds, and the principal, were treated

as one; it was not interest in the sense of interest on a bond that comes due in six or twelve months.

Commissioner ANDERSON. So I understand; the interest is not due until 1897?

The WITNESS. The interest and principal was all the same, and the 5 per cent. was deducted from that gross sum. To ascertain the present worth of it, you would take what that sum would be at maturity, and figure the present worth of it.

Q. I ask you how much interest had then run which was not then due, and would not become due till 1897? How much was the interest that had accrued in 1878 on the United States loan?—A. I do not know how much it was; the statements will show.

Q. The amount of the interest is $1,600,000 per annum. Is that not correct?—A. The first mortgage is $27,000,000, at 6 per cent.

Q. That is $1,620,000. That interest had been running since about what year?—A. Since the date of the bonds, less the amount paid on it.

Q. They were issued from time to time; the latter issue was out in 1869?—A. Yes, sir.

Q. And the issue began in 1866 or 1865, perhaps, so that there was at least ten years of accrued interest, less the 5 per cent.?—A. Less the 5 per cent., and less the Government transportation, which, on the Union Pacific, was large.

Q. So that this amount, discounted for the period between 1878 and 1897, would represent the then debt for interest?—A. Yes, sir.

Q. And the same computation effected on the $27,000,000 would represent the then debt for principal?—A. Yes, sir.

Q. And your proposition is that those two sums added together amounted to $15,000,000 at that time?—A. Somewhere in that neighborhood.

Q. What became of your proposition? Was any action taken on it?—A. No, sir.

Q. Was any notice taken of it by the committee?—A. I do not know what they did with it; I do not think they noticed it.

Q. Do you mean to say they gave no reason for refusing to receive the exact amount that was due the United States at the time?—A. They claimed that as to the interest—I think one claim they made was that that would not be a proper computation. They would not concede that the interest did mature with the bonds, although the Supreme Court had decided that.

Mr. JOHN F. DILLON. I do not think it had been decided at that time.

Commissioner ANDERSON. I think they had decided it.

The WITNESS. They had decided that.

Commissioner ANDERSON. I think the decision is in the 96th U. S. Reports.

The WITNESS. I think they claimed that notwithstanding that decision, it was in the power of Congress to make an earlier maturity and in that way change the decision.

Mr. HOLMES. The decision was in 1876.

THE OCCASION OF THE KANSAS PACIFIC CONSOLIDATION.

Q. Do you remember where you were on the day that all these meetings took place for the purposes of the consolidation?—A. I was in New York.

Q. Were you down in the same building where the meetings were held?—A. I think I must have been in my own office.

Q. How is your office situated with relation to the offices of the company, or how it was situated?—A. On the same floor at that time.

Q. With communicating doors?—A. I think the office was 80 Broadway. Yes, sir; they had communicating doors.

Q. Do you remember being there during the time of these meetings?—A. I presume I was there.

Commissioner ANDERSON. There was a meeting held of the Union Pacific, Kansas Pacific, and Denver Pacific, all on the same day, if I remember aright?

The WITNESS. Yes, sir.

Q. What gentlemen did you see while you sat in your room?—A. I do not remember that I saw any.

Q. Were you not informed, from time to time, as to what was going on in these meetings?—A. No, sir; I was not.

Q. Did you not take any interest in the progress of the proceedings?—A. No, sir.

Q. Did you see Judge Dillon during that time?—A. I probably saw him both before and after the meeting.

Q. Do you not remember that he was there quite a time that day?—A. No, sir; I presume he was, though.

Q. Do you not remember seeing the articles of consolidation in his hands?—A. I have no specific recollection of it.

Q. Did he not talk to you about the matter and have the articles of consolidation with him and say that he would go in, or had been in, and would read them to the meeting?—A. No, sir; I do not remember that. It would have been a natural thing for him to do, but I have no specific recollection about it.

Q. Did he have a deed of conveyance to pass all the properties of these companies over to the Union Pacific Railway, the new company?—A. I do not know.

Commissioner ANDERSON. You have told us that you were consulted in regard to some of the matters that were put into that deed of conveyance before that date.

The WITNESS. I have said that.

Commissioner ANDERSON. I so understood you, that when he was preparing the deed of conveyance he saw you and consulted with you about some of the descriptions of the properties.

The WITNESS. He might have done that. I have no specific recollection. I suppose he knew what was necessary to do and did it.

Q. Do you remember his showing you any of those papers during that day?—A. I do not think I ever read them; I supposed they were all right and took it for granted.

RESIGNATION.

Q. Who prepared the written part of your resignation—the part of it above your signature?—A. I presume I wrote it myself. I am in the habit of doing that.

Q. Do you remember the fact of writing out that resignation yourself?—A. No, sir. I remember that I resigned, but whether I wrote the document or not I do not know. It will speak for itself.

Q. Where is that original resignation?—A. I do not know. It must be on file.

Commissioner ANDERSON. Mr. Mink, is it with your papers?

Mr. MINK. I do not remember it, but I presume it ought to be on file with the papers of the secretary.

Q. Do you remember where you were when you signed it?—A. I presume I was in my office.

Q. Do you remember whether anybody was present?—A. No, sir; I do not.

Q. Do you think you sat down of your own accord in your own office, without conferring with anybody, and wrote out that resignation?—A. I made up my mind that the matter was complicated and I thought that I should not be a director of the company while I was dealing with it.

Q. Did you not talk to Mr. Sidney Dillon about it?

The WITNESS. About the resignation?

Commissioner ANDERSON. Yes.

A. Very likely I did.

Q. Before you wrote it?—A. Very likely.

Q. Did you not talk to Judge John F. Dillon about it before you wrote it?—A. Very likely.

Q. Had he not told you that it was not desirable that you should hold the position of director while you were dealing with the company?—A. No; it would not be necessary. I should not ask him that question. I knew it.

Q. What did you do with the resignation after having written it and signed it?—A. I filed it with the president or secretary of the company.

Q. When you say you filed it, you mean you placed it in his hand?—A. Yes, sir.

Q. What did you say to Mr. Dillon when you handed in this resignation?—A. I do not remember.

Q. What did he say when he received it?—A. I do not remember that I handed it to him. I handed it to either him or handed it into the office.

Q. Between the time that you disposed of this resignation and the 24th of January did Mr. Dillon mention the fact to you?

The WITNESS. What fact?

Commissioner ANDERSON. Did he say anything relating to this resignation?

A. He knew I had resigned.

Q. Did he say anything more than that? I presume he did know that you had resigned.—A. I do not remember.

Q. Did he express any surprise?—A. I do not know that he did.

Q. Did he want to know what the resignation meant?—A. He knew undoubtedly what it meant.

Q. What did he know?—A. He knew that, if this consolidation went through, it involved certain large transactions with me as an individual. In the first place in the Kansas Pacific, and then these lines which were to go in.

Q. These branches?—A. These branch lines. And if I had remained as a director in the company it would have complicated the sale, and complicated my dealings with the company, and for that reason I resigned.

NO DEALS MADE BEFORE RESIGNATION.

Q. Then these deals had none of them been made before your resignation?—A. No, sir. We talked and discussed, as I said before, this consolidation, and we saw that the properties were nearing it, and we had gone so far as to refer it to a committee of the board to make a report. All those steps had been taken.

Q. To refer what?—A. The question of consolidation, and how it should be done.

Q. What I mean particularly is this: Before the 10th day of January, 1880, when you resigned, there had been no bargain made by which it had been agreed to pay you par for the bonds of the Saint Joseph and Western which you had there?—A. No, sir.

Q. And there had been no bargain made to pay you par for the Kansas Central?—A. No, sir.

Q. And no bargain made to pay you $239 per share for the Union Pacific Central Branch?—A. No, sir.

Q. If that be the price, and I believe it is. And the whole of that transaction was consummated afterwards?—A. Yes, sir.

Q. And that was consummated at the interview that you had with the Boston people and Mr. Dillon?—A. Yes, sir; I prepared a statement of the cost of that Central Branch, thinking you might want it.

CIRCUMSTANCES ATTENDING RESIGNATION.

Mr. HOLMES. Let me make a suggestion to Mr. Gould. Do you remember, Mr. Gould, going out West a short time before the 10th of January, and whether or not that was subsequent to an interview with the Boston people at which the basis of the consolidation was discussed, and they declined the proposal which you made, and your relations with them were somewhat abruptly terminated; and that you then went West, and it was after your return that this resignation was made, and that then the Boston people came over and the interview of the 14th took place? I only mention it to you to see whether you recall those transactions.

The WITNESS. Yes, sir; I recollect going out West; I went out over the Missouri Pacific and the Central Branch.

Mr. HOLMES. Before that had you not had an interview at which the terms or basis of the proposed consolidation, as suggested by you, were refused by the Boston people?

The WITNESS. I do not know but they were; they were at first.

Mr. HOLMES. And that, after your resignation, the interview was sought which resulted in the interview of the 14th of January?

Mr. ANDERSON. Do you refer to anything that was of record anywhere?

Mr. HOLMES. No, sir; it is only a recollection of the result of the various conversations I have had about these matters about which I knew nothing at the time.

The WITNESS. It is very hard, you know, to recall all the details; I have had so many of these transactions going on all the time that I do not charge my memory with them.

By Commissioner ANDERSON:

Q. When did you tell Mr. Sage about your resignation?—A. I do not remember; I talked with him very freely, because I met him often; and I presume I told him of every step that I took.

Q. You knew that this resignation was to be presented, as it was, in the meeting of January 24 by Mr. Dillon; that it was to be reported to the board?—A. I did not know that it was to be reported to the board at all; the resignation takes effect whenever it is filed; but the action of the board is not of any consequence.

Q. I do not say it is, but I presume the board may be interested in knowing that a prominent director had withdrawn. You were aware of

the fact that Mr. Sidney Dillon would apprise the board of the fact that you had resigned?—A. No, sir; I did not know that.

Q. Were you aware of the fact that Mr. Sage was going to move that the resignation be received and accepted, and that the action of the president in accepting the same was to be approved?—A. No, sir; I did not know that any such step was to be taken.

Q. Have you ever known that such a step was taken by Mr. Dillon?—A. Only since it came out here; that is all.

Q. You never knew it before?—A. No, sir.

Q. Can you tell me what the object was in presenting that resignation and making it public on the 24th of January, at 1 or 2 o'clock in the afternoon, when, as a matter of fact, you were to be elected a director of the new company within an hour or two?—A. I presume that perhaps the board of directors, out of over caution took pains to accept the resignation, but that is only a surmise; I did not ask that, because I considered that when my resignation was made and signed and filed in the archives of the company it was a completed transaction, and I was no longer a director.

Q. Is it not your opinion that the object was to make it appear on the record that at the time of the transaction relating to the branches and the fixing of the terms for these purchases you were not a director of that company?—A. I was not.

Q. Do you not know that that was the object in putting this before the board?—A. I do not know. I made no request of that sort.

THE COLORADO CENTRAL.

Q. Can you explain the motive for the action that the board took immediately after accepting your resignation with relation to a proposition of the Colorado Central Railroad Company to this company [the Union Pacific Railroad] to cancel and annul the lease of date the 17th and 20th days of February, 1879?—A. No, I do not know anything about it.

Q. Had the canceling of that lease anything to do with the consolidation and the operation of the road?—A. I do not remember. I do not know how it would. What lease was it?

Commissioner ANDERSON. The lease of the Colorado Central Railroad Company to the Union Pacific, whereby the Colorado Central Company leased its line of road in Colorado and Wyoming to this company for the term of fifty years thence next ensuing.

The WITNESS. There might have been something in the Colorado laws against consolidating parallel or competing roads, and this might have been a precautionary step to protect the company against that. But that is only a surmise. Now that you speak of it, it just comes up to me that there was a law in Colorado that any railroad, owning or leasing, should not consolidate with another road that was competing, and, in order to divest the Denver Pacific of that legal restriction, it was necessary to cancel the Colorado Central lease. Then the consolidation could be perfected right there. That was probably the object of it, although I never knew anything about it before.

Q. Did you know that the report of Mr. Dodge and Mr. Humphreys was to be presented to that meeting?—A. I do not think I did. I may have known it.

Q. Mr. Dillon had spoken to you about what they were going to do at the meeting, I presume?—A. I did not know anything about this report. I knew it was referred to them. They never had mentioned it

to me at all. I never had any conversation with them about their report. The consolidation was based on the preliminary agreement which I had made with the Boston gentlemen.

Q. Still, it was made on the same basis, as to the exchange of stock, as was contained in the report?—A. They never had any information from me in regard to that. That is, Mr. Humphreys and Mr. Dodge. I did not know what their report was to be.

Commissioner ANDERSON. Their report is in a letter addressed to you, with other parties.

The WITNESS. I suppose that they filed that at that meeting, and it came up at that meeting, and was read to the board, and I, not being a director, did not hear it read.

Commissioner ANDERSON. The report is dated the 16th of January, and is in the form of a letter addressed to you and certain other gentlemen in answer to a letter signed by you.

The WITNESS. Yes, sir; as a director. But I had ceased to be a director; and the natural course of that report would be for that committee to file it, and at the meeting it would come up and be read to those directors that were present. They gave me no copy of it.

Q. I hand you again a copy of the letter which I think you have seen before, and call your attention to the fact that it is not addressed to you gentlemen as directors, nor is the letter to the examiners of the road signed by the parties signing it as directors.

The WITNESS. It may not have taken that shape. That would have been the natural course of it. The record ought to show whether that was filed and read or not at that meeting.

Q. It was read at that meeting?—A. Yes, sir.

Q. My question was whether you knew it was going to be read at that meeting?—A. No, sir; I did not know anything about it.

CIRCUMSTANCES OF THE KANSAS PACIFIC CONSOLIDATION.

Q. It appears from the minutes that the president thereupon presented the articles of consolidation, and that after proper action they were accepted and executed. Did you not know that that was going to be done at that meeting?—A. I supposed that at that meeting, if the directors ratified the consolidation, all the necessary steps that counsel advised to be necessary to perfect that consolidation would be carried out.

Q. Do you not know that that meeting was called for that very purpose?—A. I presume it was, but I do not know that it was called for that purpose. I have no particular recollection about the meeting.

Q. How soon after the articles of consolidation were signed were you informed of the fact?—A. I must have been informed the same day after the meeting.

Q. Did you then take your place in the board when the board of the new company convened?—A. The records will show. I do not remember.

Commissioner ANDERSON. The records do not show.

The WITNESS. Then I presume I was not at the meeting.

Commissioner ANDERSON. That does not follow, because the records do not show who were there. You say you "then presume."

The WITNESS. I say the records would show whether I was there or not.

Commissioner ANDERSON. The record simply says that they—

Reassembled at 3.30 p. m.
On motion of Mr. Dexter it was—
Voted, That, whereas, this company had united and consolidated with the Kansas Pacific Railway Company and the Denver Pacific Railway and Telegraph Company into the Union Pacific Railway Company, that the stock books of this company be closed.

The WITNESS. I was not at that meeting, of course. That must have been the final meeting of one of the companies that were to be merged.

Commissioner ANDERSON. No, sir; that was the meeting of the child that was born at 3.30.

Mr. JOHN F. DILLON. Oh, no; you are mistaken. It was the same meeting.

The WITNESS. It says it was an adjourned meeting.

Q. An adjourned meeting of the Kansas Pacific or Union Pacific?—A. An adjourned meeting of the company, whichever it was.

Q. My questions address themselves to the meeting of January 26th. I was in error on the other matter. My question is, whether you were present at the meeting held January 26, 1880, the first meeting of the Union Pacific Railway Company?—A. I should say I was; but the records ought to show.

Q. Do you remember what action you took in regard to the articles of consolidation?—A. No, sir.

Q. I read from these minutes, as follows:

On motion of Mr. Gould, seconded by Mr. Sage, it was
Resolved, That this company assents to and accepts as of January 24, 1880, the articles of union and consolidation of the several companies out of which this company was formed, and that the action of the president in signifying his acceptance of such articles is hereby ratified and approved.

Do you remember moving that?—A. I accept it.

Q. You are satisfied that you did move it?—A. Yes, sir.

Q. Before making that motion, is it not true that you would have informed yourself of all that had taken place on the 24th, before moving to commit the new company to a ratification of what had been done?—A. Yes, sir; undoubtedly.

Q. So that at that time you had informed yourself, either from the record book or by conversation with Mr. Dillon, and other gentlemen who were present, of the action taken at the various meetings of the Union Pacific Railroad Company, of the Kansas Pacific Railroad Company, and of the Denver Pacific Railroad Company, held on the 24th of January, 1880?—A. Yes, sir; I was fully posted. I talked with Mr. Sage, and Mr. Ames, and Mr. Dillon after the meeting.

OBJECT OF RESIGNATION.

Q. Did you prepare your resignation as a director in the Kansas Pacific Company at the same time that you prepared your resignation from the Union Pacific Company?—A. Yes, sir; I think so.

Q. What was the object in resigning from the Kansas Pacific?—A. I was to deal with them in the first instance. I was selling these interests which I had to the Kansas Pacific. I did not sell them to the Union Pacific, but to the Kansas Pacific.

Q. Then, what was the object in resigning from the Union Pacific?—A. I wanted to be free to act. I did not want to be complicated with the trusteeship or the directorships.

Q. If you were not selling any securities or contemplating any sale the Union Pacific, what complication could arise from your tenure of ice?—A. As long as I was a director of the Union Pacific I could not nsider myself at liberty to take care of myself. If this property was ing in any other direction—suppose that the consolidation of the nion Pacific had been declined, the plan that was carried out—it would ve been improper for me to have been a director if those properties re to take another shape.

Q. If they were to be used hostilely, you mean?—A. If they were ing in that shape it would be improper for me to be a director. I oposed to divest myself of both directorships.

Q. You say you did draw these two resignations at the same time?— . I could not say that I drew them at the same time. That would be natural inference. I drew them when they were dated.

Commissioner ANDERSON. They are both dated the 10th of January.

The WITNESS. Then I drew them at that time.

Commissioner ANDERSON. You may recollect the fact that you drew em both together.

The WITNESS. I only remember that I resigned and why I resigned; t just precisely the time of day, and whether it was before or after nch, or anything of that kind, I do not recollect.

Commissioner ANDERSON. I only ask you if they were both done to- ether, so as to show the existence of a common purpose which affected oth of the papers.

The WITNESS. Of course I must have signed one before I did the her.

Commissioner ANDERSON. I presume so, unless you write with both ands at once.

The WITNESS. Yes, sir.

Q. While you were in your room, did you know that a meeting of the irectors of the Kansas Pacific was also held in that building on that ay?—A. I presume so.

Q. Did you know that Mr. Sage was going to move that your resigna- ion as a director of the Kansas Pacific should be accepted?—A. No, r; I did not.

Q. Can you explain how it happens that in all these motions relating your resignation in both companies Mr. Sage appears to have cted?—A. No. I think I will let him answer as to his own reasons. suppose it was because he was a pretty prominent director.

Commissioner ANDERSON. He will not answer.

The WITNESS. He is generally in a hurry, and wants to get the busi- ess disposed of, and he speaks up quick and says, "I move that" to ispose of the business. A man who has a great many meetings has to arn to facilitate these things. Otherwise you get in a meeting and ave to sit half a day and discuss it; but some one comes in who is in hurry and moves quickly; then the business is done up.

Q. Do you think you talked this matter over with Mr. Sage two or hree days before?—A. Oh, no; that was undoubtedly the reason with Mr. Sage. He had a great deal of business on his hands, and his time s valuable, and he was anxious to turn it off so as to go at something lse. I never mentioned the matter to him, except I told him that I ad resigned.

Q. You had told him that you had resigned, and probably explained o him the motives that prompted you to resign?—A. He knew that erfectly well. I told him that this matter had got into shape where I ould not act as director.

Q. Your relations, as I understand it, with Mr. Sage, were perhaps rather more intimate or free than with any of those other gentlemen at this time?—A. I was equally free with Mr. Dillon.

Q. Mr. Dillon and Mr. Sage together represented those who were best informed of what you were doing, and the motives which actuated you at that time?—A. Yes, sir.

Commissioner ANDERSON. So that Mr. Dillon reports your resignation and Mr. Sage moves its acceptance; that is perfectly natural?

The WITNESS. If either of them had spoken to me about it I should have told them that was not necessary, as I knew perfectly well that the resignation was an accomplished fact when it was filed.

PURCHASE OF BRANCH LINES BY KANSAS PACIFIC.

Q. I find from the minutes of the Kansas Pacific that—

The president reported that pursuant to authority given to this company by the laws of Kansas to purchase and hold the bonds and stock of any other railroad company or companies, this company has bought the following bonds and stocks of roads whose lines, constructed or being constructed, connect with the road of this company.

And then follows a list of the branch lines sold by you. Do you know what Mr. Dillon referred to when he said that the company had bought those stocks and bonds?

The WITNESS. The Kansas Pacific?

Commissioner ANDERSON. Yes.

A. I suppose he referred to the agreement that they had made with me.

Q. The agreement that who had made with you?—A. That the directors had made.

Q. I think you have stated that there is no entry on the books of the company, to your knowledge, of any action by any executive committee or board of direction of any such purchase; is that correct?

The WITNESS. Of what purchase?

Commissioner ANDERSON. Of the purchase of your branch line.

A. I do not know about that.

Q. We have examined the books and Mr. Mink has examined them, and we find no reference to it. With that explanation, what do you understand Mr. Dillon to refer to when he says that the company had bought these branch lines?—A. I do not know.

Q. Do you not think he referred to the agreement that was made between you and these Boston gentlemen and Mr. Dillon and to the paper that you gave Mr. Dexter?—A. That would be my supposition.

Q. Does that paper purport to be an agreement between you and any corporation?—A. I think it was an agreement with the Kansas Pacific.

Q. You think it was in that form?—A. I think so.

Q. But that there was no authority, other than such as was derived from the fact that the gentlemen conversing with you were directors of the company, for regarding it as a binding corporate action?—A. No, sir; I do not think that they were bound by it at all until they acted on it that day; they could either accept it or reject it.

Commissioner ANDERSON. The figures reported as to these branches do not quite agree with the figures you have given us, and I presume that some other interest must have been included. I hand you a letter from Mr. Mink, dated May 11, 1887, and call your attention to the fact that the aggregate of the items referring to Saint Joseph bonds and

Pacific bonds ($1,750,024.23), together with second mortgage bonds of the same company ($24,700), and the Saint Joseph and Denver City receiver's certificate ($59,000), which appear from that letter to have been received by the Union Pacific Railway Company from Mr. Gould aggregate the total of $1,833,724.03, which amount appears to agree with the entry appearing on the minutes of the meeting of the Kansas Pacific of January 24, 1880, indicating the amount of these securities referred to in that resolution. I ask you to compare the transcript from the minutes with Mr. Mink's letter, and state whether those accurately represent the securities actually transferred by you and embraced in that adjustment.

The WITNESS. I presume this is correct.

AFTERNOON SESSION.

JAY GOULD, being further examined, testified as follows:

SAINT JOSEPH AND WESTERN BONDS AND STOCK.

By Commissioner ANDERSON:

Question. Will you please explain why the amount of Saint Joseph bonds stated in the first item contained in the letter, after $1,750,024.23, differs from the statement you handed to us the other day of the amount of these securities bought by you, and which footed up $1,562,886.98?—Answer. I presume that difference would be occasioned by some of our friends bringing in bonds to me to make the exchange. For instance, I see that Mr. Perkins had some bonds. He was the president of the Importers' and Traders' Bank. Mr. Buel had some.

Q. Who was Mr. Buel?—A. James Buel was at that time president of the Importers' and Traders' Bank. Mr. Perkins was then the cashier; and since Mr. Buel's death he has become the president; and other lots might have come in in the same way. All the parties that I knew of who had bought them through me, I naturally gave notice to, and they probably sent in the bonds, and I made the exchange. They would not go through my books at all.

Q. Then your recollection is that all the parties who had bought these bonds through you were included in the delivery made to the Union Pacific Railway Company, according to the contract or arrangement made by yourself by which these bonds were to be sold to the Union Pacific Railway Company at par?—A. Yes, sir.

Q. And the aggregate, as stated by Mr. Mink, you accept as doubtless correct?—A. Yes, sir.

Q. In Mr. Mink's letter it is stated that the amount of Saint Joseph and Western stock which you turned over to the company, consisted of 15,162 shares which were turned over at 20; and in the statement which you had furnished us, it appears that you had purchased in all 8,819 shares of this stock. How do you explain the difference, and from what source did those additional shares come?—A. I got stock in the consolidation of the Hastings and Grand Island. Would that not account for it?

Q. I understand you to state that through negotiations relating to the Hastings and Grand Island you obtained a certain amount of this Saint Joseph and Western stock?—A. Yes, sir.

Q. Was that the stock which you paid any special consideration for, or was it thrown in under other transactions, under this expression,

"Trimmings," which you used?—A. I became the owner of that stock under the construction contract for the road.

Q. That is the Saint Joseph and Western stock?—A. No; Hastings and Grand Island stock. I became the owner of that, and of the $375,000 of the first mortgage bonds, and the Hall County bonds by reason of the contract for the construction of the road. I built the road for these securities.

Commissioner ANDERSON. The entry that I refer to is a transfer solely of Saint Joseph and Western stock, and not of Hastings and Grand Island stock.

The WITNESS. That was turned into the Hastings and Grand Island on the consolidation, or rather the Saint Joseph and Western. All the stocks were converted into that stock.

Q. Were converted into Saint Joseph and Western?—A. Yes, sir; so that that should show how much I had of all the others. It was all converted into that one.

Q. Did you make this conversion of Saint Joseph and Western stock so as to include stock held by the other parties to whom you had transferred bonds, or who had got bonds through you, and who in like manner got adequate shares for them?—A. Yes, sir; they got just what I did.

Q. And those shares were included also in those you transferred?—A. Yes, sir.

Commissioner ANDERSON. And in this way the total amount was made 15,162 shares of stock transferred at 20, and you are satisfied Mr. Mink's report is correct as to that figure?—A. Yes, sir.

Q. The statement in your account of the amount of receiver's certificates, $59,000, agrees with Mr. Mink's statement. In the statement that you hand us as to your transactions in Saint Joseph Bridge bonds, you reported the purchase of $784,000 worth, and a subsequent sale to Mr. Sage and Mr. Dillon of $150,000. In Mr. Mink's report of the securities turned over we find the amount of the Saint Joseph Bridge bonds to be $784,000, which appears to include both those that you retained and those that you had conveyed to Mr. Sage and Mr. Dillon.

The WITNESS. Yes, sir.

Q. Do I assume correctly that you turned over both their bonds and your own in this transaction?—A. Yes, sir; I sold them, reserving the right to manage them.

Commissioner ANDERSON. The amount of stock of the Bridge Company is stated both in your report to us and in the letter of Mr. Mink at 4,000 shares; and *that*, therefore, we will assume was the amount of stock which you turned over.

The WITNESS. Yes, sir.

Q. We will take up the Kansas Central now. Have you a statement of the time and manner in which you acquired title to $479,000 of the Kansas Central bonds?—A. Yes, sir; I bought them of Mr. Garrison at the same time that I bought the Missouri Pacific.

Q. Are the two papers which you now hand me a statement of that transaction?—A. The first statement is a statement of that. The other is of the Central Branch.

Q. The statement you hand me is a statement of the purchases?—A. Yes, sir; the cash cost.

The paper referred to is marked "Exhibit 5, May 18, 1887," and is as follows:

EXHIBIT 5, *May* 18, 1887.

Kansas Central Railroad stock and bonds.

Nov. 13, 1879.	Bought of C. K. Garrison $385,000 bonds, at .80 and int...	$310,992 47
Nov. 13, 1879.	Bought of C. K. Garrison 2,521 shares of stock.....	45,000 00
Nov. 21, 1879.	Bought of L. T. Smith $44,000 bonds, at .80.....	35,200 00
Jan. 6, 1880.	Bought of L. T. Smith, on account, $50,000 bonds, at .80..	36,000 00
Jan. 27, 1880.	Bought of L. T. Smith, balance.....	10,627 78
		431,820 25
	Total, $479,000 bonds and 2,521 shares of stock.	
Jan. 24, 1880.	Surrendered the above bonds and stock in exchange for 4,790 shares of Union Pacific at par.....	$479,000 00

Denver Pacific stock.

Dec. 17, 1879.	Bought of Arapahoe County 1,000 shares.....	$100,000 00
Jan. 24, 1880.	Surrendered the above in exchange for $86,500 Union Pacific 6 per cent. bonds; $13,500 Kansas Pacific 6 per cent. bonds; total, $100,000.....	100,000 00

Commissioner ANDERSON. We understand from this statement that you bought the bonds of the Kansas Central at 80 and interest; the amount paid for $385,000 of the bonds being $310,992.47; the amount paid for $44,000 of the bonds, also at 80, being $35,200; the amount paid on $50,000 of the bonds being $40,627.78; and there being also paid for 2,521 shares of stock of this Kansas Central Company $45,000. So that your total purchases aggregate $431,820.25.

The WITNESS. Yes, sir.

Q. These are the same securities that you turned over to the Union Pacific for $479,000?—A. Yes, sir; $479,000 in stock; not cash.

Q. Yes; $479,000 in stock of the Union Pacific Railroad?—A. Yes, sir; that stock would not produce any more than that.

Q. You say you bought these bonds from Mr. Garrison?—A. Yes, sir; I bought the first purchase of him. The subsequent bonds I bought of others.

Q. Some were bought as late as January 27?—A. Yes, sir. I bought none of Mr. Garrison after the purchase on the 13th of November.

SITUATION OF KANSAS CENTRAL.

Q. Where was the Kansas Central?—A. The Kansas Central was a road that ran from Leavenworth west. I will mark here on the map, in blue. That is the Central Branch, as it existed then. *This* was the Kansas Central, and *that* is the Kansas Pacific. It lay between the Kansas and the Central Branch.

Q. It lay between the Kansas Pacific and the Central Branch of the Union Pacific?—A. Yes, sir.

Q. Was it a completed road?—A. Yes, sir; completed for a certain distance; perhaps 100 miles or so.

Q. Had you ever been over the road?—A. No, sir.

Q. Did you know anything in regard to its condition as to earnings at the time you bought these bonds?—A. No, sir.

Q. Did you know anything in regard to its physical structure, and the manner in which it was built?—A. I knew it was a narrow-gauge road. I have never been particularly in love with narrow-gauge roads.

Q. It had been bought by you as a part of the larger transaction with Mr. Garrison?—A. Yes, sir; Mr. Garrison was building it out as a feeder of the Missouri Pacific.

Commissioner ANDERSON. I find at the foot of this statement relating to Kansas Central, a statement of the purchases made by you from Arapahoe County, of the ten thousand shares of Denver Pacific, from which it appears that you bought this stock on the 17th day of December, 1879, the price paid by you being stated at $100,000; the same being apparently surrendered in exchange for $86,500 Union Pacific 6 per cent. bonds, and $13,500 Kansas Pacific 6 per cent. consolidated bonds.

The WITNESS. Yes, sir; that was just exactly what I paid.

Q. By whom were those bonds delivered to you?—A. I do not know; Mr. Ham, I think.

Q. By what corporation, I mean, were they delivered?—A. By the Union Pacific, after the consolidation.

Q. The stock was exchanged on these terms, on the 24th of January, 1880, as stated here?—A. Yes, sir.

Q. Was this the entire negotiation with Arapahoe County, or were other matters involved?—A. No, sir; the only other matter that was involved, as I explained yesterday, was that the county wanted us to pay something for the stock rather than to foreclose it. They thought their people would feel better towards the company. I asked them how much they thought they ought to have, and they said $100,000, and I paid it.

Q. Were there not some other bonds included in that transaction?—A. No, sir.

Q. Colorado Central bonds?—A. No, sir.

Q. Before making that purchase did you confer with any officers of the Kansas Pacific road in regard to it?—A. No, sir.

Q. Did the president, Mr. Dillon, know that the negotiation was pending, and know of it when it was carried through?—A. He must have known it after it was carried through, because I generally told him what I was doing; but I bought it as an individual purchase to protect my other interest.

Q. You bought it solely for an individual purpose, and not with reference to the Kansas Pacific Company?—A. Yes, sir.

TERMS OF PURCHASE CENTRAL BRANCH UNION PACIFIC STOCK.

Q. And paid for it individually?—A. Paid for it individually.

Q. Have you a statement of the terms of your purchase of 7,616 shares of the stock of the central branch, Union Pacific Railway Company?—A. Yes, sir; I produce it.

The paper is marked "Exhibit 6, May 18, 1887," and is as follows:

EXHIBIT 6, *May* 18, 1887.

Central Branch Union Pacific stock.

Nov. 11, 1879.	To Oliver Ames,	475 shares, at 200	$95,000 00
Nov. 12, 1879.	To Oliver Ames,	300 shares, at 200	60,000 00
Nov. 19, 1879.	To Oliver Ames,	100 shares, at 200	20,000 00
Dec. 9, 1879.	To Oliver Ames,	6,250 shares, at 250	1,562,500 00
Dec. 30, 1879.	To Oliver Ames,	125 shares, at 200	25,000 00
Dec. 30, 1879.	To Oliver Ames,	366 shares, at 175	64,000 00
		7,616	1,826,500 00
Jan. 24, 1880.	Surrendered the above in exchange for the following:		
	$913,500 Union Pacific 6 per cent. bonds.		
	913,000 Kansas Pacific 6 per cent. bonds.		
	Total bonds at par		$1,826,500 00

Q. Is the paper you hand me the original contract?—A. Yes, sir.

Q. What was Mr. Oliver Ames's relation to any of the other Ameses at the time of this purchase?—A. He was outside of them, running on his own hook.

Q. What relation was he to Mr. Frederick L. Ames?—A. He was a cousin.

Q. Had he any interest or connection whatever with the Union Pacific or the Kansas Pacific?—A. No connection with those roads; no, sir.

Q. Was this negotiation conducted in New York? It is dated New York.—A. It was conducted partly in Kansas and partly in New York. I had the Kansas Pacific, and the Kansas Pacific had a branch called the Junction City and Fort Kearney. We came together up in the northern part of Kansas. They were building west. I said, "All right; I will build;" and so we were building two parallel roads. After I got out about 20 miles they came on here to see me, and when they came on here I bought the road of them.

Q. Who came on here?—A. Mr. Ames and old Mr. Pomeroy. Mr. Pomeroy was the president. They wanted me to go out and go over the road. I went out, and I was wonderfully impressed with the amount of business. Afterwards it was said that they kept the freight back for a week or ten days, so that it appeared large when we got up there. I saw a freight train "nosing" out at every station, and sometimes we had to wait to get by. But I bought the road.

Q. You appear to have paid for the 7,616 shares of stock $1,826,500. Is that correct?—A. Yes, sir.

Q. From whom were those shares purchased by you?—A. Mr. Oliver Ames. Not the one that was connected with the Union Pacific, but Oliver Ames, the present governor of the State of Massachusetts, acted as the mouth piece of the stockholders. I made the contract with him. There is the contract [handing a paper to Commissioner Anderson].

The contract is marked "Exhibit No. 7, May 18, 1887," and is as follows:

AMES AND GOULD CONTRACTS.

[Union Pacific Railroad Company. President's office. Sidney Dillon, president, 78 Broadway. Post office box 4167.]

NEW YORK, ——— ——, 187-.

Memorandum of agreement, November 7, between Oliver Ames and Jay Gould.

Oliver Ames sells and Jay Gould buys sixty-two hundred and fifty shares of the total capital stock of one million of dollars of the Central Branch Union Pacific Railroad Company. The price paid is two hundred and fifty dollars per share of one hundred dollars, amounting to one million five hundred and sixty-two thousand five hundred dollars ($1,562,500), payable one-half in the Union Pacific bonds and one-half in Kansas Pacific consolidated bonds.

Jay Gould is to have the control of the board.

Ames reserves the right to extend from Kerwin to Logan one-half of the profits to each Ames and Gould also on same terms from Scandia to State line.

All leased equipment to be paid for at cost by the company.

OLIVER AMES.
JAY GOULD.

Q. Was this amount actually paid by you to Mr. Ames in money?—A. No; I paid him in those securities, I think. Does not the contract specify it? I took my pay back in the same securities.

Commissioner ANDERSON. The statement that you hand me, I find, covers some additional purchases besides those indicated in the contract?

The WITNESS. Well, they are all in those subsequent contracts that I handed you.

The witness presents a number of contracts and bills for additional purchases of Union Pacific, Central Branch, stock. They are as follows:

OLIVER AMES, Esq.:

In addition to my purchase of 6,250 shares of Central Branch Union Pacific stock as per contract I will take 1,000 shares at 200 and 1,000 at 175, payable in Kansas Pacific consolidated bonds at par.

JAY GOULD.

November 11, 475 shares at 200, $95,000.

Jay Gould to Oliver Ames, Dr.

For purchase of 475 shares of the Central Branch of the Union Pacific Railroad Company, at 200 ..... $95,000

OLIVER AMES.

NEW YORK, *November* 11, 1879.

Jay Gould to Oliver Ames, Dr.

For purchase of 300 shares of Central Branch of the Union Pacific Railway Company, at 200 ..... $60,000

OLIVER AMES.

NEW YORK, *November* 12, 1879.

Jay Gould to Oliver Ames.

For purchase of 100 shares of stock of the Central Branch of the Union Pacific Railroad, at 200 ..... $20,000

OLIVER AMES.

NEW YORK, *November* 19, 1879.

NOVEMBER 19, 1879.

OLIVER AMES, Esq.:

I will take of you the remaining 1,020 shares, or any part thereof, at 150, payable in Kansas Pacific consolidated bonds, at par. This option good for thirty days.

JAY GOULD.

NEW YORK, *December* 30, 1879.

Jay Gould bought of Oliver Ames.

125 shares Central Branch Union Pacific stock, at 200	$25,000
366 shares Central Branch Union Pacific stock, at 175	64,050
	89,050
Received Kansas Pacific consolidated bonds	89,000
Due me in Kansas Pacific bonds	50

OLIVER AMES.

Q. The aggregate of those consists of the figures contained in your statement?—A. Yes, sir.

Q. Were all of these payable, one-half in the Union Pacific bonds, and one-half in the Kansas Pacific consolidated bonds?—A. Yes, sir

COLLATERAL TRUST BONDS.

Q. What is referred to by the expression "new Union Pacific bonds"?—A. I presume that referred to an issue of the collateral trust bonds, of which I was specifying the securities which I owned.

Q. They were securities that had been issued before that time?—A Oh, yes, sir; they had been issued, and I owned them.

Q. You identify them as "collateral trust bonds"?—A. Yes, sir.

Q. Then this stock bought by you from Mr. Ames is the same stock which is referred to on the minutes of the meeting of January 24 as having been transferred by you to the Kansas Pacific Company for $1,826,500, to be paid for, one-half in Kansas Pacific consolidated bonds at par, and the other half in Union Pacific collateral trust bonds at par?—A. Yes, sir; at just the price I paid for it. I think I ought to say that in putting in the Central Branch and the Kansas Central, I demurred to that, because it would look like robbing the Missouri Pacific; but Mr. Ames was afraid that they would be extended into Union Pacific territory, and we finally compromised by an agreement by which the Missouri Pacific would take the lease of the roads so as to secure the business from them, and the ownership should come into the consolidated company. The Kansas Central was never formally leased, although it is embraced in an agreement. And it was on those terms, subject to that condition, that I sold them.

Q. Were these purchases made by you with any relation to your impending purchase of the Missouri Pacific?—A. No, sir. The Kansas Central was the property of Mr. Garrison; but the purchase of the Central Branch grew out of a fight between the Kansas Pacific and the Central Branch people. I bought that before I bought of Garrison, a few days. I just got the thorn out of my side on the north, when Garrison turned up on the south, and I met him then and bought him out.

Q. You say that this project for a lease to the Missouri Pacific was substantially agreed upon, or was a part of the arrangement that was made between you and these gentlemen from Boston, when the consolidation was finally arranged for?—A. Yes, sir.

Q. And that lease was prepared and ratified at this meeting of January 24?—A. No; I do not think it was. I think it was some time subsequently that that was taken up.

LEASE OF CENTRAL BRANCH UNION PACIFIC.

Commissioner ANDERSON. The minutes state as follows:

A like draft of a proposed continued contract for a lease of the Central Branch Union Pacific Railroad and its leased lines to the Kansas Pacific Railway Company was read, and, on motion of Mr. Cammack, seconded by G. M. Dodge, it was—

Resolved, That the president of this company execute the said contract under the corporate seal of this company, which was then and there done.

So that the first proposition appears to have been a lease of the Central Branch to the Kansas Pacific.

The WITNESS. I do not know about that. I do not remember about it.

Q. Was that in conformity with your arrangement about a lease to the Missouri Pacific?—A. Yes, sir.

Q. Do you remember the fact that the branch line was first leased to the Kansas Pacific?—A. I do not remember that. I was not at that meeting, I think. That was probably a form gone through in perfecting the consolidation, and then, afterwards, this arrangement with the Missouri Pacific had to be carried out; but I do not know the *modus operandi* about it. I know the fact.

Commissioner ANDERSON. Shortly afterwards it was arranged that the Central Branch should be leased to the Missouri Pacific and operated by it?

The WITNESS. I sold it subject to that right.

Q. And that was carried out?—A. That was carried out.

Q. And the Missouri Pacific has since that time operated the road?—A. Yes, sir.

Q. The general terms being that the rent to be paid is the entire net earnings of the road?—A. Yes, sir; the entire net earnings of the road.

Q. Do you know whether the Union Branch has ever paid any dividends on its stock?—A. I presume it has. We pay the earnings over in bulk to the Union Pacific. I think we paid them over last year $200,000 net, over and above the interest.

THE MISSOURI PACIFIC.

Q. Do you know whether the amounts paid over by the Missouri Pacific for the years 1880, 1881, 1882, and 1883 were sufficient to pay the fixed charges and leave anything for dividends?—A. I do not know whether it was or not. The figures will show. I know the earnings, of course, have been increasing.

Q. Before turning that road over to the Union Pacific people at the price named, being about $239 per share, did you examine into its financial condition closely?—A. Yes, sir; pretty closely.

Q. Did you make up a balance sheet showing the amount of its stock and indebtedness, as compared with the assets?—A. Yes, sir.

Q. Do you remember whether such balance sheet showed its general income account to be deficient by over a million dollars?—A. No; I do not remember that.

Q. In examining such balance sheet, did you cause the indebtedness to the Government and the arrears of interest to be included?—A. I presume so. The Government had no lien except on the first 100 miles. There were 388 miles of road.

Q. The 100 miles in question form an integral part of the railroad, do they not?—A. Yes; they form an integral part of the railroad, and they held the other road, under a lease, for the interest on the bonds. So that, practically, the million dollars of stock of the Central Branch covers nearly 400 miles of road. On the balance of the road the fixed charges are a thousand dollars a mile, and it is leased to the Central Branch for the interest on those bonds. That would make the stock a million dollars, or about twenty-five hundred dollars a mile of stock. It would not look so dear if they had had, as is usual, ten thousand or fifteen thousand dollars a mile of stock, and sold it at a price to produce the same money.

Q. As a matter of fact, have you ever figured whether, if you included the accruing interest on the Government debt, that road has ever earned any dividend on its stock?—A. No; I have not figured that out.

Q. If you take the whole period of time from your sale in 1880 to the present time, have you ever figured whether the aggregate earnings will exceed the fixed charges, including the interest accruing to the Government, or the interest accruing on the Government bonds?—A. Yes, sir; I think I did last year.

Q. My question is whether, if you include the whole period together, it will show any excess?—A. That I don't know. That is a matter of figures. I might have paid too much for it; but, when I came to figure the cost, I did not think I was taken in quite so badly as I might have thought at first. For instance, I paid Mr. Garrison $750 for his Missouri Pacific stock. You pay more for a ruby than for a diamond, and more for a diamond than for a piece of glass. Price depends on the quality.

CONDITIONAL OFFER, KANSAS CENTRAL FIRST-MORTGAGE BONDS.

By Commissioner LITTLER:

Q. While on that subject, tell us how many shares you bought from Mr. Garrison at that price.—A. I bought 4,000 shares for $3,000,000.

By Commissioner ANDERSON:

Q. It appears from the first of these meetings that—

There was also presented a draft of a conditional offer to this company by Mr. Jay Gould for the sale to this company by said Gould of $479,000 of the first-mortgage bonds of the Kansas Central Railroad, and of such other bonds as the said Gould may hereafter receive from the extension of the road now being built, and for the conditional offer of sale by him of 2,521 shares of the stock of the said Kansas Central Railroad for the sum of $479,000.

That is the same transaction in regard to which I have already inquired?—A. Yes, sir.

Q. I read it in order to ask you the question whether any other bonds were, in fact, received by you, or were transferred to the Union Pacific or the Kansas Pacific Company?—A. No; I assigned the construction contract for the further extension of the road. That went with the sale to the Kansas Pacific.

Q. You assigned that to the Kansas Pacific Company?—A. Yes, sir.

Q. And whatever subsequent dealings there were were had between the Kansas Pacific Company and the Kansas Central directly?—A. Yes, sir; or the Consolidated Company.

Q. It appears from the minutes that after the proceedings which we have gone over were completed the articles of consolidation were reported and signed and the usual resolution passed to close the books of the old company, and that thereupon,

On motion of Mr. Sage, seconded by Mr. Edgerton, it was—

Resolved, That 6,242 shares of the authorized capital stock of this company remaining unsubscribed and unissued may be issued, and the president and secretary are hereby authorized to execute certificates therefor in payment of the first coupon on the consolidated bonds, and for other indebtedness of the company.

When did you first learn that that resolution had been passed?—A. At this moment.

Q. You never heard of it before?—A. No, sir.

Q. Do you know what other interest was referred to in that resolution?—A. No, sir.

Q. And none of that stock was ever transferred to you?—A. No, sir.

Mr. MINK. I can answer that question to-morrow.

Commissioner ANDERSON. It appears from the letter of Mr. Mink that the transactions we have referred to were actually carried into effect on the 16th day of February following, by the delivery to you of 24,641 shares of the consolidated stock.

The WITNESS. I presume this is correct.

Q. Was there any corporate action, either by the board or by the executive committee of the consolidated company, relating to these transactions between the 24th day of January, 1880, and the day on which the stock was delivered to you?

A. I do not know; none was necessary.

Q. You were a director of the company during that period?—A. Yes, sir. The records would show what action was had, if any.

HOW WITNESS WAS PAID.

Q. No action appears to have been taken as far as we can find in the minutes of the board or in the minutes of the executive committee. Now, by the proceedings adopted in regard to this matter, as appears from

the minutes of January 24, of the Kansas Pacific Company, you were to have been paid for some of these securities in consolidated bonds of the Kansas Pacific Company at par, and for some others in Union Pacific collateral trust bonds at par. How was that altered to a liquidation of the obligation to you, in stock of the new company?—A. I do not think it was. I think they gave me the bonds that they agreed to.

Commissioner ANDERSON. It appears from the letter of Mr. Mink that all of the amounts specified in that letter, which cover all of the transactions that we have referred to, that is, cover the Saint Joseph and Denver bonds and stock, the Kansas Central Railroad, the receiver's certificates, the Saint Joseph Bridge bonds, the Saint Joseph and Western stock, and the Hastings and Grand Island bonds, the aggregate of which is $3,464,168.48, appear to have been liquidated by the delivery to you of 34,641 shares of stock.

The WITNESS. That is correct, I presume.

Q. Can you not state, then, how the terms of payment were altered so that these obligations were liquidated in the new stock, instead of being liquidated in the specific securities mentioned in the resolution passed at the meeting of January 24?—A. I think they were settled just as they were provided, in the meeting of January 24.

Commissioner ANDERSON. Please look at the minutes of January 24, and compare them with the letter of Mr. Mink, and you will find that that was not done. There may be no difference in value.

The WITNESS. Which one do you refer to?

Commissioner ANDERSON. It is at the foot of the page.

The WITNESS. I do not understand that there was any difference.

Commissioner ANDERSON. If you will turn over the page you will find it stated that the payment is to be made half in consolidated bonds, and half in full-paid stock of the Kansas Pacific Company; whereas the fact is that the payment was all made in stock of the Union Pacific Railway.

The WITNESS. Well, there was no Kansas Pacific after the consolidation [reading]:

> All of said sums the Kansas Pacific Company had agreed to pay on or before sixty days in the full-paid stock of the Kansas Pacific Railway, or in the consolidated mortgage bonds of the last-named railway company at par.

I can explain that. Of course, when the Kansas Pacific bought this property of me they took the option to pay in their stock, half of it, and half in bonds which they had—their own bonds—and that existed at the time of the consolidation. The consolidated company, of course, had to assume that indebtedness. Afterwards, when they came to carry it out, it was probably more convenient for them to carry it out in their own securities, and I took them.

Q. When you say "their own securities," you mean their stock?—A. I mean their stock and their bonds, if the amounts were changed at all. This seems to have been all paid in stock, instead of half bonds and half stock.

OBLIGATIONS OF CONSTITUENT COMPANIES.

Q. You say that the new company assumed this obligation of the Kansas Pacific. But I call your attention to the fact that in the articles of consolidation it is specially provided that the new company shall not assume the obligations of the constituent companies. I think that the effect is that they do, of course. Can you tell me whether any corporate action of the Union Pacific Railway occurred by which they

agreed to deliver to you this stock in payment for these securities?—A. I do not know.

Q. Then, all that you remember to have occurred is the fact that the securities were delivered, and that the officers of the company were satisfied to perform the contract in that way?—A. I presume that the constituent companies, before the consolidation, must have accepted the contract and made the purchase of me. The Kansas Pacific—and the new company, as successor to that—did not need any action. It was to carry out a previous agreement.

Q. Do you claim that the new company was bound to carry out any agreement of the Kansas Pacific, no matter how undesirable or unprofitable?—A. I think that the effect of the consolidation was to merge the franchises of these companies together; and, as a necessary inference, that it assumes the debts and liabilities of the constituent companies.

Q. Still, there were consolidated bonds of the Kansas Pacific mortgage unissued at the time of the consolidation, were there not?—A. Yes, sir.

Q. Why, instead of paying you in those bonds, did they pay you in this stock?—A. I suppose they thought it was better to pay in stock than in bonds.

Q. When you say "they," to whom do you refer?—A. I should say, the company.

Q. To what men do you refer?—A. I do not refer to any. I do not say this is the fact. You asked me for a supposition, or what I thought; but I have no recollection about it.

SETTLEMENT IN STOCK.

Q. What I want to get at is, whether Mr. Sidney Dillon and the other officers of the company came to the conclusion that they would settle with you in stock, and did so, or whether, in some way or other, a declaration of a corporate purpose was reached by which this alteration was made in the manner of carrying out this contract that had been made between you and the Kansas Pacific.—A. I suppose the truth of it was that the consolidated company was more convenient for them. They thought perhaps it was better to keep the bonds; that they were better collateral, and would answer their purpose better; and I was pretty clever, and took the stock.

Commissioner ANDERSON. The stock was not very bad to take?

The WITNESS. The stock was about 93, I think.

Commissioner ANDERSON. I guess it was higher than that after the consolidation?

The WITNESS. Oh, it went up after the consolidation, of course.

Commissioner ANDERSON. This is the 16th of February, the date at which you took that stock?

The WITNESS. I do not know what it was on the 16th of February.

Commissioner ANDERSON. What was it on the 16th of February?

Commissioner LITTLER. About 108; it is quoted, January, 1880, as 108; excuse me, I am quoting Kansas Pacific stock.

The WITNESS. Yes, sir; Kansas was higher; Kansas Pacific sold up to 108 in January.

Commissioner ANDERSON. We are only concerned about Union Pacific.

The WITNESS. I gave you the price of Union Pacific up to the 24th of January in that paper I gave you.

Q. We are interested in the price on the 16th of February when you received the stock. Assuming that it was over par on that day it did not cause you any special disturbance to take stock over par instead of the bonds, did it?—A. No, sir.

Q. And are you unable to give any explanation, other than such as you have given, as to the origin of the authority for substituting this stock in the payment made to you instead of the bonds?—A. No.

Commissioner ANDERSON. In the statement made by you yesterday, referring to the securities of the pool other than Kansas Pacific stock, which were liquidated or exchanged for consolidated bonds, you stated that those securities were exchanged at the same rates as were specified generally for all holders of similar securities.

The WITNESS. That is, they were exchanged for consolidated bonds?

Commissioner ANDERSON. Yes.

The WITNESS. Yes, sir.

Commissioner ANDERSON. At the same rates as the rates given to the holders of other similar securities?

The WITNESS. Some other bondholders held off and would not go in, and they ultimately very likely got better terms.

Commissioner ANDERSON. But I refer more particularly to conversions made at the same time that you made yours?

The WITNESS. They all went in at the same price, I think.

Commissioner ANDERSON. So that you stated it specifically that as to your subordinated incomes they were converted at 30?

The WITNESS. Yes, sir; I think so.

POOL SECURITIES.

Q. I call your attention to the statement of this transaction, referring to the pool securities, as to which a special statement is made in the mortgage, at the foot of page 156. You will find the securities themselves specified there, and the statement made that the Kansas Pacific Company has agreed to pay for these securities the sum of $3,400,000 in consolidated first-mortgage bonds. Have you ever figured the securities themselves at the commutation rates to see what they would amount to?—A. No, sir.

Q. There are included there:

$754,000 second land-grant bonds, the commutation rate for which was 50, making	$377,000
$784,000 funded bonds, the commutation rate being par	784,000
$75,000 Leavenworth Branch bonds, the commutation rate 50	37,500
$67,000 unstamped income bonds, the commutation rate being 50	33,500
$2,611,400 of stamped income bonds, the commutation rate 30	783,420
454,000 Arkansas Valley first-mortgage bonds, which I state the commutation rate, subject to correction, to be 50	227,000
The total amount of these securities computed at the commutation rates being	2,242,420

AN EXPLANATION ASKED FOR.

Will you please explain to me how you reconcile the statement that those securities were in fact exchanged at the same rates provided for other persons in Article 23, with the fact that the mortgage states that you were to receive for those securities $3,400,000, the difference being $1,160,000?

The WITNESS. I do not understand the question; I get so mixed up.

Commissioner ANDERSON. It is a long question. There is the computation of the securities.

The WITNESS. Are these the securities that I put in myself?

Commissioner ANDERSON. Those are the pool securities and include your own, of course.

A. I think that the accountants of the company can give you this information. I cannot. I can only tell you what I put in, and what I received.

Q. Did you receive your share of that $3,400,000 of bonds?—A. I do not know whether I received my share of that. I gave you a statement of what I put in and what I received, I think, among those statements.

Commissioner ANDERSON. I think not.

Mr. HOLMES. It has just occurred to me in that reorganization the committee of nine had expended large sums of money, and the committee were paid, and their counsel were paid, and, for all I know, there was included in that an additional amount of consolidated mortgage bonds for the purpose of paying such moneys. I cannot remember what the fact was, but there is one clear inaccuracy here, and that is that the Arkansas Valley, if they were to be taken at the mortgage rates, would have been taken at par. But it seems to me a complete answer to say that that was the contract between each company and the creditors and trustees, and required the trustees to pay this $3,400,000 upon receiving those securities.

The WITNESS. I think it is safe to say that the lawyers got the difference. I know I did not get it.

Commissioner ANDERSON. Our inquiry is addressed simply to the facts, because you owned substantially all of these unstamped bonds; and the statement made yesterday was that the stamped bonds were converted at 30, and if $3,400,000 was received for those securities it would make a very different rate. All we want to know is the fact as to what was paid by the company for those securities, and whether it was the amount stated in the mortgage, $3,400,000.

The WITNESS. I can only speak for myself, and I put my own in at that price, and I never, as a trustee, would consent to take in any of any one else at any different rates than specified in the mortgage.

Commissioner ANDERSON. You were one of the committee that attended to the business of these pool securities?

The WITNESS. I was not one of the pool committee, I think. I was one of the trustees of the mortgage.

Mr. HOLMES. Dillon, Sage, and Villard are named.

The WITNESS. I was one of the trustees of the consolidated mortgage and not of the pool.

Q. Do you know between whom the negotiation was carried on that resulted in the agreement stated in the mortgage to pay $3,400,000 for these securities?—A. No, sir.

Q. It is contained in your mortgage, and I presume you were aware of it when you became trustee. Do you know anything of that transaction, and how it came about?—A. I suppose Mr. Holmes or Judge Usher could explain it. I never heard before that there was any discrepancy.

Q. Have you any statement showing how the figures, $3,400,000, were reached?—A. No; I have no statement except of my own interest in the matter, and what consolidated bonds I got.

Q. Have you a statement of the interest which you had, and of the bonds which you got?—A. Yes, sir; I think so. I prepared such a statement. That shows it. There is the statement (handing it to Commissioner Anderson.) The apparent difference that you refer to there probably arose from advances that I made to pay the floating debt of

the Kansas Pacific, that is, to pay the interest on the Denver extension bonds to the United States Trust Company.

Mr. HOLMES. Yes, sir.

The WITNESS. Those bonds were seven per cent., and, in consideration of their getting the interest down to six per cent. we paid them their back interest.

Q. Are you speaking of entries in any book that we can refer to to corroborate your statement, which you say is only probably an explanation?—A. Yes, sir; they should be on the books.

Mr. HOLMES. The decree and the reports show the amount of money which had to be provided for, and which was provided for, out of that consolidation, which must be paid before the road could pass out of the hands of the receiver. On the 6th or 7th day of June that was done.

Commissioner ANDERSON. Can you furnish us with any statement of figures or computation that can be verified, from which we can ascertain why it was that $3,400,000 was agreed to be paid in consolidated bonds for those securities, and for such other considerations as may have been included?

Mr. HOLMES. I think I personally have no such figures; but if Louis H. Meier, who was the chairman of the bondholders' committee, and Mr. Horace White, who, if I remember right, was its secretary, have preserved their memoranda, they must have the data upon which that agreement was made between the company and the trustees; because the use of that much was determined on the face of the mortgage itself. It was on a basis different from the terms upon which the bonds should otherwise be issued.

GOT NO PREFERENCE.

Commissioner ANDERSON. What we want to ascertain is whether the holders of those securities got a preference.

The WITNESS. I say emphatically they did not.

Q. I call your attention to the fact that by the terms, as stated on the face of the mortgage, they do get a preference amounting to $1,160,000; or, if we make the correction that Mr. Holmes suggests as to the Arkansas Valley bonds, a preference of about $933,000; and we ask you to furnish us with anything which will explain that apparent preference.—A. I do not understand that there was any preference at all. I took my bonds in exact accordance with the agreement there, and there is the statement of all my holdings. But I remember, now that Mr. Holmes speaks about it, of making some large cash advances as a part of that reorganization to pay back interest, &c., to get the road out of the receiver's hands, from Mr. Villard, as the receiver.

Commissioner ANDERSON. The advances so made would be a part of its floating debt and a part of its immediate liabilities?

The WITNESS. Yes, sir; that would come under the head of "liabilities."

Commissioner ANDERSON. Those were represented in a separate item as a part of the funding mortgage, and were payable at par. So that those advances could not possibly be included in consolidated bonds specified to be given in exchange for securities, which are also specified.

THE "BABY BONDS."

Mr. HOLMES. There is a special provision for the issue of a large amount of those bonds to take up these back charges, which were the overdue interest upon the bonds, and upon the bond certificates, which

we called "Baby bonds," and the coupons of them. We took up the Denver extension mortgages, for example. The par of the bonds, with the interest added, and the certificate added, made it, if I recollect, $1,460 per bond. Therefore, on each $1,000 bond of the six thousand we paid $460, and took in their back coupons and back certificates. We did the same with their bonds. So that there was a very large amount of overdue debt to be retired. It was not floating debt, because it was secured and there was also the floating debt, for which the funding mortgage bonds were held.

The WITNESS. The books of the Union Pacific show the whole thing, of course.

Commissioner ANDERSON. I have asked Mr. Mink, and he says they do not show this. Do your books show the consideration received by the Kansas Pacific for the $3,400,000 of bonds which are specifically referred to in the mortgage at page 156 and 157?

Mr. MINK. Not of a specific transaction. The consideration for the $3,400,000 in bonds of the Kansas Pacific Company would be the bonds turned into the trust. That is fixed by the terms of the mortgage.

Commissioner ANDERSON. Was that the only consideration for $3,400,000 of the bonds turned into the trust?

Mr. MINK. That is my understanding of it, and the only consideration that there could have been.

Commissioner ANDERSON. And the only consideration that appears upon the books of the company?

Mr. MINK. That I cannot say; I can give my understanding only.

Commissioner ANDERSON. That consideration exceeds the rates——

Mr. MINK. By the amount you have named; yes, sir.

THE DENVER AND SOUTH PARK.

By Commissioner ANDERSON:

Q. After the consolidation what transactions did you have with the Union Pacific Railway, if any, relating to the acquisition of its branch lines?—A. I do not recollect.

Q. Do you remember the purchase of the Denver and South Park?—A. Yes, sir.

Q. Had you a part in that, either individually or as an officer of the road?—A. I think I had an interest in the construction contract—it was a minority interest—and subsequently I bought the property, the whole thing, for the Union Pacific.

Q. You bought it from whom?—A. I bought it from Governor Evans and his association in Denver.

Q. When was this purchase made?—A. I do not remember when.

Q. Was the road being constructed shortly after the consolidation?—A. Yes, sir.

Q. Between what points does the road extend?—A. It was being constructed at the time of the consolidation, I think. It was to extend from Denver to Leadville.

Q. You say you had an interest in the construction company?—A. I think I took an interest, either when it started or subsequently.

Q. For whose account was it being built before the consolidation; for its own account?—A. For the Denver people. Governor Evans was at the head of them.

Q. What were the general terms of that contract, do you remember? Was it payable in stock and bonds?—A. Yes, sir; I think so. I do not remember what the terms of the contract were.

Q. Have you a copy of that contract?—A. No, sir.

Q. Do you remember what the amount of stock and bonds payable per mile was in the contract?—A. No, I do not.

Q. The contract called for the issue of all the stock and bonds in payment of its construction. Is that correct?—A. I think substantially all. They may have given out some stock for local aid, perhaps, or something of that kind.

Q. What was your interest? What proportion was it?—A. I do not remember, without referring to my books. I will furnish you that.

Q. Did you remain interested in the construction contract until the completion of the road?—A. Yes, sir; I remained interested until the final transfer of it to the Union Pacific.

Q. Do you remember how many bonds and how much stock you held, which were derived under your interest in this construction contract?—A. I will furnish you that.

Q. Do you know what that road actually cost to build per mile?—A. No, sir; I do not. There was a large profit on it.

Q. A large profit, as measured in the stocks and bonds?—A. In the securities; yes, sir.

Q. When was it completed?—A. I do not remember. I think the Union Pacific completed it to Leadville after they bought it.

Q. Do you remember how much stock and bonds you bought from Governor Evans?—A. No, sir; I do not.

Q. Can you furnish us with a statement of that?—A. I think so. I turned it into the Union Pacific at just what I paid, and their books would show.

Q. Did you turn over to the Union Pacific your own stock and bonds as well as those bought from Governor Evans?—A. My own went in at the same price that I paid the others.

Q. At the same price you paid Governor Evans for his?—A. Governor Evans had the selling of the whole thing, and I bought the whole thing out from him.

Q. All of the stock and bonds were turned in at the same price?—A. Yes, sir; all at the same price.

Q. Do you remember what that price was?—A. No, I do not now.

Q. Do you remember that it was about $150 a share?—A. I think it was; I do not know that that was the price.

Q. About that? It is subject to correction.—A. It is a matter of figures to be ascertained.

Q. What knowledge had you of the earning capacity of that road at the time of the sale?—A. I went out to Denver, and went over it, and investigated it. It was earning largely. I was very much impressed with it.

Q. Who made the contract on behalf of the Union Pacific Railway Company?—A. I bought it, and Mr. Dillon afterwards took it for the Union Pacific.

Q. Is there any corporate action relating to it appearing in the minutes of the company?—A. I presume so.

Q. It appears from the reports of the company that the securities of that road consist of $1,800,000 first mortgage bonds, $2,812,000 consolidated first mortgage bonds, and $6,142,800 of stock. Do you remember the price at which the bonds were passed over?—A. No; I thought that my purchase amounted to about $3,000,000.

Q. Do you remember whether these figures of stock and bonds conform to the condition of things existing when the sale was made to the Union Pacific?—A. No, I think they have been changed since.

Q. You think they have been increased?—A. Yes, sir.

Q. Do you remember how much the stock was when it was sold to the Union Pacific?—A. I think the aggregate purchase was about $3,000,000; but what we got for that I cannot say without getting at the books.

Q. Can you furnish that statement from your books?—A. I do not know whether that went through my books or not, but I will look and see.

Q. But you can furnish the statement showing the amount of bonds and stock obtained by you under the construction contract?—A. Yes, sir.

Q. And the amount purchased from Governor Evans?—A. Yes, sir; and possibly the whole transaction.

Commissioner ANDERSON. Mr. Mink, you have not that here?

Mr. MINK. No, sir; I have not.

THE UTAH AND NORTHERN.

Q. Did you have any interest in the bonds and stock of the Utah and Northern?—A. Yes, sir.

Q. How did you acquire that interest?—A. I bought it of Joe Richardson, in the first place. And then I went on and constructed the road. When I first bought it it was rather a poor thing, and Mr. Dillon rather pooh-poohed at it, and would not take any interest in it himself, but I nursed it along and extended it, and finally it got to be a fine paying property, and then Mr. Dillon came around and said I must turn it over to the Union Pacific. I reminded him that I tried to have him take it, and he said I had a large interest in the Union Pacific, and I must turn it over at just what I paid; and I did so. I turned over the stock and the bonds at just the cash cost of the property.

Q. The cash cost of those bonds and the stock to you was the amount which you had paid to Mr. Richardson for his interest, and the cost of the construction from that date?—A. From that date, yes, sir; I think that from the prices then there must have been a profit of $600,000 or $700,000, which I turned over to the Union Pacific.

Q. Will your books show the amount of payment made to Mr. Richardson, and also the cost price of the road to you?—A. Yes, sir.

Q. And you can furnish us with that statement?—A. Yes, sir.

Q. Do you remember whether you had an interest in any of the other branch roads, the title to which was acquired by the Union Pacific?—A. No, sir; I think I had no other interest.

Q. Or in any of the branch roads in which they had a proprietary interest, without operating them?—A. No, sir. I ought to say in regard to this Denver and South Park, that there were two parties after that road. The Denver and Rio Grande were after it, and the Union Pacific. I went up to Denver and stayed there until I made the purchase. The Denver and Rio Grande made a higher offer, really.

Q. Through Mr. Palmer?—A. No, sir; through Mr. Woerishoffer. I did not want the Union Pacific to lose access to that Leadville country, and was very anxious the Union Pacific should control it.

INTEREST IN BRANCH LINES.

Commissioner ANDERSON. I read to you from page 123 of the report of 1886, of the Union Pacific Railroad, the names of these various branches; and if you should be mistaken in your recollection that you

had no interest in any of the other branches, you will please stop me. There is the Omaha and Republican Valley Railroad Company.

The WITNESS. No interest in that.

Commissioner ANDERSON. The Omaha, Niobrara and Black Hills Railroad Company.

The WITNESS. No interest in that.

Commissioner ANDERSON. The Echo and Park City Railroad Company.

The WITNESS. No interest in that.

Commissioner ANDERSON. The Salt Lake and Western Railroad Company.

The WITNESS. Ditto.

Commissioner ANDERSON. The Laramie, North Park and Pacific?

The WITNESS. Ditto.

Commissioner ANDERSON. The Oregon Short line.

The WITNESS. Ditto.

Commissioner ANDERSON. The Utah and Northern Railroad Company.

The WITNESS. That I have explained.

Commissioner ANDERSON. The Montana Railway Company.

The WITNESS. Ditto.

Commissioner ANDERSON. No interest?

The WITNESS. No interest.

Commissioner ANDERSON. The Lawrence and Emporia Railway Company.

The WITNESS. No interest.

Commissioner ANDERSON. The Junction City and Fort Kearney Railway Company.

The WITNESS. No interest.

Commissioner ANDERSON. The Solomon Railway Company.

The WITNESS. No interest.

Commissioner ANDERSON. The Salina and Southwestern Railway Company.

The WITNESS. No interest.

Commissioner ANDERSON. The Kansas Central Railway Company has been explained. The Colorado Central Railroad Company.

The WITNESS. No interest, except I bought a million of the bonds of the company at par, I think, and afterwards converted them into 6 per cent. collateral trust bonds.

Q. Collateral trust bonds of what company?—A. The Union Pacific.

Q. When did that occur?—A. That must have occurred before. I gave you the amount of bonds. I had them at the time of the consolidation.

Q. That transaction appears in your statement?—A. Yes, sir.

Q. Does the statement you have furnished us show the rate at which you bought those bonds?—A. I think I took them at par, 8 per cent., and I converted them into 6 per cent., and gave the company the benefit of the difference.

Commissioner ANDERSON. The Denver, South Park and Pacific Railroad Company?

The WITNESS. That I explained.

Commissioner ANDERSON. The Greeley, Salt Lake and Pacific Railroad?

The WITNESS. No interest.

Commissioner ANDERSON. The Denver and Boulder Valley Railroad Company?

The WITNESS. No interest in that.

Commissioner ANDERSON. The Golden, Boulder and Caribou Railway Company?

The WITNESS. No interest in that.

Commissioner ANDERSON. The Georgetown, Breckenridge and Leadville Railway Company?

The WITNESS. No interest in that.

Commissioner ANDERSON. The Denver and Middle Park Railroad Company?

The WITNESS. No interest in that.

Commissioner ANDERSON. The Manhattan and Blue Valley Railroad Company?

The WITNESS. No interest in that.

Commissioner ANDERSON. The Denver, Marshall and Boulder Railroad Company?

The WITNESS. No interest in that.

Commissioner ANDERSON. The Salina, Lincoln and Western Railroad Company?

The WITNESS. No interest in that.

Commissioner LITTLER. Those are about the only roads in the country you are not interested in, are they not?

By the CHAIRMAN:

Q. You mean you never had any interest in those?—A. I never had any interest. I have given you my whole hand.

The CHAIRMAN. It is quite a full hand.

LOANED MONEY TO THE UNION PACIFIC.

By Commissioner ANDERSON:

Q. In the course of all your dealings with the Union Pacific Company have you, from time to time, loaned them money?—A. Yes, sir.

Q. Can you state generally at what rate of interest?—A. Six per cent.; sometimes less.

Q. Will its books show any case where the rate is higher than six?—A. I do not think they will. I think I sometimes paid a little higher rates myself, and let them have it at six, because I wanted to keep their credit good.

Q. While you were connected with the company do you know whether there were a class of payments made by the company for which the vouchers were insufficient?—A. No, sir.

Q. Had you any connection with the disbursements of legal expenses?—A. No, sir; except the ordinary lawyers.

PERSONS EMPLOYED AT WASHINGTON TO WATCH LEGISLATION.

Q. Did you know anything in regard to the employment of persons in Washington for the purpose of watching over the interest of the Union Pacific Company?—A. No, sir; I do not think they ever employed any, except their regular counsel there, Messrs. Shellabarger & Wilson. I never heard of anybody else.

Q. Have you been yourself to Washington on the business of this company?—A. Yes, sir. I paid my own hotel bills, and never put in a voucher for them.

Commissioner ANDERSON. I think you ought to know better; we charge for ours.

The WITNESS. I was working for my dividends.

Q. I hope you got them. Who were the gentlemen in Washington who represented the Union Pacific?—A. Shellabarger & Wilson.

Q. Any one else?—A. I never heard of any one else.

Q. In what years did they represent the Union Pacific?—A. I think they have been the counsel right along.

Q. Do you recall the employment of any other person sent from other cities to Washington?—A. I think Mr. Poppleton has probably been there at times. He was the regular counsel of the company at Omaha.

Q. And Mr. Holmes?—A. I do not know whether Mr. Holmes has been there or not. Judge Usher used to be there.

Q. Anyone else?

Mr. JOHN F. DILLON. Mr. Holmes went there for the Kansas Pacific. He fought with the Hessians.

A. I do not remember anybody else.

Q. Who represented the Kansas Pacific in Washington?—A. Judge Usher. I do not know that they had any one in Washington.

Q. How often have you been to Washington on this business?—A. I went down to Washington during the pendency of the Thurman bill and the debates, and after the bill was passed I came home, and I have never been there since. Oh, yes, sir; I will take that back. I was down to testify before the investigating committee of the Knights of Labor, but I have not been there since. I got rather disgusted.

LEGAL EXPENSES OF UNION PACIFIC.

Q. Do you know how much the average annual charge was to the Union Pacific Company for legal expenses?—A. No, I do not. It must have been light, I think, compared with other corporations.

Q. Do you know whether any money, stock, security, bonds, or other interests have ever been used in connection with pending legislation at Washington. or for the purpose of influencing legislation, during the period that you have been connected with this road?—A. No, sir.

Q. You know of no such transaction?—A. No, sir.

Q. And you can give us no information which would enable us to detect such transaction, if any such existed?—A. I do not think they exist.

Q. Do you remember Mr. Ordway, of Washington?—A. Yes, sir.

AS TO EMPLOYMENT OF MR. ORDWAY.

Q. Do you remember writing a letter of advice that he be employed in regard to some business to procure advantages for the Kansas Pacific similar to those which have been obtained, or were to be obtained, for the Texas Pacific?—A. No; I do not remember about it.

Commissioner ANDERSON. I read to you from the minutes of the Kansas Pacific board of January 7, 1876, referring to communications read by the president: "Also a letter dated December 26, 1875, of Jay Gould, of New York, in regard to amendments to Texas Pacific bill giving the Kansas Pacific the same benefits for branch intersecting the Texas Pacific, and recommending to employ Mr. Ordway to accomplish this object."

The WITNESS. I have no recollection about it.

Q. You do not remember that transaction at all?—A. No, I do not.

Q. Do you remember Mr. Ordway?—A. I remember Mr. Ordway; yes, sir.

Q. Where did he reside?—A. Mr. Ordway resided in New Hampshire.

Q. Was he in Washington occasionally?—A. I think he was Sergeant-at-Arms. Whether or not he was at that time I do not know.

Q. Sergeant-at-Arms of the House of Representatives?—A. Sergeant-at-Arms of the House of Representatives. And I presume, if I wrote any letter, it occurred in this way: The then treasurer of the Union Pacific was from New Hampshire—Senator Rollins—and he was a great friend of Ordway; and, if I wrote any letter, he probably came and asked me to write a letter, and I wrote it at his request, but I have no recollection of it.

Q. You do not know whether anything was subsequently done in regard to this matter?—A. No, sir.

THE CREDIT MOBILIER.

Q. Do you remember a transaction in July, 1875, occurring between you and the board of the Union Pacific with reference to suggested prosecutions for the alleged Credit Mobilier frauds?—A. I remember something about that; yes, sir.

Q. What do you remember about it?—A. I took the ground that the stockholders of the Credit Mobilier ought to turn in their stock to the company, and I saw some of the stockholders, and they said they would do it if the others would, and I think that I pressed on some suits there against those stockholders with the view of making them turn in their stock. They had brought, and were pressing, a claim for a large amount against the Union Pacific Company.

By Commissioner LITTLER:

Q. Is that the stock of the Union Pacific which they received?—A. No; it was in this way: The stockholders of the Credit Mobilier, who built a part of this road, were sueing the Union Pacific, alleging that there was a large balance due the Credit Mobilier, and of course the possession of the Credit Mobilier stock by the Union Pacific would carry the claim back into the Treasury. What I was trying to do was to force those stockholders to surrender their stock, and I succeeded in getting a great bulk of it turned over before they finally got a judgment.

By Commissioner ANDERSON:

Q. I will read an extract from your letter, dated July 19, 1875, and addressed to the president and directors of the Union Pacific Railroad Company:

GENTLEMEN: On behalf of myself and other stockholders similarly situated, I hereby request you to institute the requisite legal proceedings in the name of the Union Pacific Railroad Company against the Credit Mobilier of America, and also against the trustees and individual stockholders thereof, for an accounting of all profits made or received by said parties on account of the construction of the Union Pacific Railway, and a recovery and return of the same to the treasury of the company, on the ground that the contract under which they held the same was void, and is illegal.

That is the action which you recollect recommending, is it not?—A. Yes, sir; I wanted to put myself in position to bring a suit as a stockholder if the company did not.

Q. Do you remember whether your proposal was opposed by some of the directors of the company?—A. I think that they thought it was a pretty hard pill, for they had had a pretty hard time in the early history of the company, but I think the leading ones came in.

Q. My question is, whether you remember who opposed this proposed action on your part?—A. No; I do not.

Commissioner ANDERSON. I will read to you from the minutes, to refresh your recollection, the fact that it appears that—

On motion of Mr. Dexter,
Resolved, That the committee decline to bring suits, as requested by Mr. Gould.

The WITNESS. Yes, sir.

Q. Do you remember that Mr. Dexter opposed that action?—A. I do not remember it, except as I hear it read there. My impression is that they declined to bring the suits, and I brought them individually.

Q. I now read to you another letter written by you on the 30th of July, also addressed to the officers of the Union Pacific Railroad Company, in which you state:

On behalf of myself and such other stockholders as shall choose to join, I hereby request you to institute the requisite legal proceedings against the trustees of the Oakes Ames and Davis contracts for construction of the Union Pacific road, and also against the individual stockholders thereof, for a full accounting of all profits made by them, or any of them, under certain alleged contracts, and for the return thereof to the treasurer of this company.

Do you remember renewing that suggestion of yours shortly after the first result?—A. That is a different set of contracts altogether. The Credit Mobilier contract extended a certain distance west of Omaha; then the contract referred to there came in, and went still further on; so that these are two separate letters and refer to two separate sets of contracts.

Q. Do you remember the fact that as to both of these transactions a committee was appointed to negotiate and settle?—A. I would have to refresh my memory from the record.

Commissioner ANDERSON. In regard to the first letter, it appears from the minutes that—

On motion of Mr. Dexter,
Resolved, That Messrs. Jay Gould, Samuel M. Mills, and George S. Scott, directors of this company, be, and they hereby are, appointed a committee to negotiate and complete a final settlement of all claims between this company and the Credit Mobilier of America, for the respective stockholders of said corporations, and, if such settlement shall be made, to execute final releases to be interchanged between the parties, and to do all other acts that are necessary to give complete effect to such final settlement, and that the secretary of this company be empowered to set the seal of the company, &c.

I have given you the body of the resolution.

The WITNESS. Yes, sir; I remember that now.

Q. You were a member of that committee?—A. Yes, sir.

Q. In regard to the other suggestion, as to the Davis and Oakes Ames contracts, it was—

Resolved, On motion of Mr. Dexter, that Messrs. Jay Gould, Samuel M. Mills, and George S. Scott, be, and they are hereby, appointed a committee to negotiate and complete a final settlement of all claims between this company and the trustees under the Ames and Davis contracts, and, if such settlement shall be made, to execute final release to be interchanged between the parties.

And to do all other acts that might be necessary. Did you serve on those committees?—A. I think that we made settlements under those; that is my impression; we took assignments from them.

Q. It appears from the minutes of September 22, 1875:

Mr. Gould, from the special committee appointed July 20, submitted a form of agreement with the Credit Mobilier of America, which was approved.

A $4,000,000 NOTE.

What was that agreement?—A. I think that, speaking from memory, was an agreement by which, first, there was a certain amount of assets

that I claimed the Union Pacific ought to get. They claimed that they belonged to the Credit Mobilier. Then there were these notes that they had. They had a $4,000,000 note of the Union Pacific, a large claim, and my agreement with them was that if they would hand over their stock and release any claim on the securities, we would execute a release to them of any liability on account of those contracts. That is just my memory.

Q. Who were the parties to whom that release was given, as far as you remember?—A. I do not remember. The records of the company ought to show.

Q. Do you remember whether this transaction preceded or followed the decision in the suit brought in pursuance of the report of the Wilson committee in the State of Connecticut, in which a demurrer was interposed, and in which the United States Supreme Court decided that the United States of America had no standing, because their debt was not due?—A. No; I never heard of that.

Q. You never heard of that suit?—A. No. This proceeding was brought because I became alarmed at the threatening condition of these claims, and I took this step as a back fire to protect the company.

Mr. JOHN F. DILLON. I can tell you all about it, as I understand it. I had this in my mind because there are still pending litigations that I have been obliged to look into. As I understand it, and I think there is no doubt about it, the Credit Mobilier had a construction contract with the Union Pacific Railroad Company to construct its road from Omaha, I think, to the 100th meridian, a distance of 247 miles, Mr. Mink says. This contract is in your records. That is old straw threshed over. When that was closed up a note was executed for $4,000,000, under circumstances that have led to a great deal of litigation, by the Union Pacific Railroad Company to the Credit Mobilier Company. The Credit Mobilier Company claimed, in addition to these $4,000,000 of notes, a balance due for construction of, I think, $1,000,000 or $1,900,000 more—not to be precise as to figures. The Credit Mobilier Company instituted a suit at law on this promissory note and account in the State of Massachusetts to recover the amount.

Commissioner ANDERSON. Against the Union Pacific Railroad?

Mr. JOHN F. DILLON. Against the Union Pacific Railroad Company, amounting with interest to $7,000,000 or $8,000,000, probably. Mr. Bartlett, the counsel to the company there, filed a bill in equity setting up the contract, and that it was at least fraudulent in law, because the same set of men represented both parties. That litigation ran along until three or four years.

Commissioner ANDERSON. Three or four years of what?

SUIT AGAINST HAZARD.

Mr. JOHN F. DILLON. Three or four years ago. Meanwhile, as I understand it, on Mr. Gould's accession to power in the Union Pacific Company, and this state of things existing, he introduced these resolutions here to lay the foundation for a stockholders' suit against the Credit Mobilier Company on behalf of the Union Pacific Company; and I know that he did bring a suit in Rhode Island against Hazard of that character. Perhaps he might have brought others. Now, you will find, when you go to Boston, a paper whereby the largest Credit Mobilier shareholders transferred their Credit Mobilier shares to the Union Pacific Company in consideration of a release from all liabilities to the Union Pacific Company, and, as that paper is in writing, I will

give you merely from my memory the substance of it. That left the suit still pending.

Commissioner ANDERSON. The equity suit?

Mr. JOHN F. DILLON. Yes, sir; on the suit at law for $4,000,000 or $6,000,000, and the equity suit to cancel the contract. In that condition of things you will find somewhere on these records a resolution. When the Union Pacific got into the control, through Mr. Gould's efforts, as I take it, of a majority of the Credit Mobilier stock, they proposed to discontinue the suit in Boston on the notes and account; and you will find somewhere on those records a resolution, I think introduced by Mr. Gould, authorizing and directing the discontinuance of that suit. Whereupon Oliver Ames, the same gentleman who has just been mentioned here to-day, and who was a large shareholder of the Credit Mobilier, was appointed, at the instance of Hazard, in the United States circuit court for the district of Pennsylvania, as receiver of the Credit Mobilier. His attorneys went to Boston and got an injunction against the action of the Credit Mobilier Company to discontinue the suit on the $6,000,000 note, and tied up the matter in that way. The suit in equity to have the note canceled, and to have an account of the illegal profit on the Credit Mobilier contract, progressed its slow length along, and was finally argued before the supreme court of Massachusetts. That court was equally divided. At all events, they ordered a reargument. That took a year or two; and when it was finally argued they decided that the company's bill in equity must fail. That is reported, I think, in the 135th Massachusetts. The bill in equity was dismissed, which left the Credit Mobilier suit for this $6,000,000 still pending against the company; and the company, to protect itself against that liability, apparently defenseless—that is a matter of record of the company—had to buy the outstanding Credit Mobilier stock at a low figure. So that I think they own every share, or all but one or two, of it now. This was done as a means of escaping this large liability on the note and on the balance of account claimed by the Credit Mobilier Company.

Commissioner ANDERSON. You know, of course, that shortly after the report of the Wilson committee a bill in equity was filed by the United States.

Mr. JOHN F. DILLON. I know all about that.

Commissioner ANDERSON. Against the Union Pacific, and a number of these persons who had been interested in the Oakes Ames, Davis, and other contracts alleged that there was a very large amount of money, many millions of dollars, which ought, in equity, to be repaid by those persons to the Union Pacific Railway Company.

Mr. JOHN F. DILLON. Yes, sir.

Commissioner ANDERSON. That is a correct description of the bill?

Mr. JOHN F. DILLON. That is the substance of it; yes, sir.

Commissioner ANDERSON. When was that bill brought; what year?

Mr. JOHN F. DILLON. That bill was brought in consequence of the act of 1873; I suppose it was brought in the fall of that year or the fall of 1874. I think a decision was reached in the 98th United States—that is my recollection—and probably in 1877 or 1878.

Commissioner ANDERSON. Then the action that we have just quoted from the books, taken by Mr. Gould, by which certain releases were given, was taken while that suit was pending and before it was determined?

Mr. JOHN F. DILLON. I do not know of any release, except in connection with the assignment of this stock to the Union Pacific Company. That paper is in writing, and you will have it, of course.

The WITNESS. I never heard of any such suit since I have been connected with the company. Probably the suit was before that.

Commissioner ANDERSON. The resolution, as passed, appointing the committee, looks directly to the giving of releases to the persons referred to as being interested in these contracts and making an absolute and final settlement, which would put an end to any claim to be made by the Union Pacific Company against them by reason of the contracts referred to.

Mr. JOHN F. DILLON. Of course, that was long before I had anything to do with the Union Pacific. But I have never seen any other releases, except such as may be contained in the instrument whereby these men assigned their stock to the Union Pacific Company.

Commissioner ANDERSON. Do you know whether, as a matter of fact, releases had been executed by the Union Pacific to the same persons who are named as defendants in the creditors' bill filed by the United States of America?

CONCERNING CREDIT MOBILIER SHAREHOLDERS' ASSIGNMENT TO UNION PACIFIC.

Mr. JOHN F. DILLON. No, sir; I do not. I cannot recall precisely the terms of this agreement, whereby the Credit Mobilier shareholders assigned their shares to the Union Pacific, but I think that in consideration of that they were released. That is my recollection of it.

Mr. HOLMES. The Union Pacific fell heir to their rights.

Mr. JOHN F. DILLON. They got their shares.

Commissioner ANDERSON. I want to draw the distinction between their right in the notes and claims which would pass by the assignment of their stock, and their liability, if any there was, to the Union Pacific for the very large claim alleged to arise out of fraudulent dealings in connection with the contracts. My question is whether the latter claim was released by the action of the Union Pacific Company while the suit with the United States was pending and undecided.

Mr. JOHN F. DILLON. My impression would be, without the dates before me, that these shares were assigned pending that suit.

Mr. HOLMES. Pending the appeal.

Mr. JOHN F. DILLON. Or pending the appeal from it.

Commissioner ANDERSON. The release given to these gentlemen, whoever they were, would not necessarily appear on the files of this company.

Mr. JOHN F. DILLON. No; that may have been given in separate releases; but I think you will find, when you look at that paper, that it recites that whereas release of the Union Pacific makes certain claims against the Credit Mobilier, which they disputed, and whereas they have compromised them, now they hereby assign their shares to the Union Pacific Company, in consideration of which the Union Pacific Company releases them from liability. And if the Massachusetts decision is right, that there is no liability, it was a clear gain of so much to the Union Pacific Company.

Commissioner ANDERSON. I am not inquiring about the Massachusetts decision. Will you give me the name of one of the prominent persons named in the Connecticut bill? Was Mr. Bushnell one of them?

Mr. JOHN F. DILLON. Yes, sir; and Mr. Frederick L. Ames, Oakes Ames, Oliver Ames, and Durant.

Commissioner ANDERSON. My question is whether you know, either of your own knowledge or by information derived from your business with this company, whether Mr. Thomas C. Durant has received at any time from the Union Pacific Railroad Company an instrument which would be a bar to a suit, if now instituted by the Union Pacific Railroad Company against him, for the same cause of action contained in the creditors' bill filed by the United States in the circuit court of Connecticut?

Mr. JOHN F. DILLON. There have been several resolutions of the company on this subject. I cannot undertake to recall them. They are all of record. I cannot state now that any such releases have been made. Certainly, since I have had anything to do with the company, everything on that subject is on its records.

By Commissioner ANDERSON:

Q. Mr. Gould, I will ask you the question, has any such release been given to Mr. Thomas C. Durant?—A. I do not know.

Q. Or to Mr. Oakes Ames?—A. I do not remember now to whom we gave releases, but the records will have them. Whatever I did, I reported.

Commissioner ANDERSON. Your report is simply as follows:

Mr. Gould, from the special committee, appointed July 21, submitted a form of agreement with the Credit Mobilier of America, which was approved.

And therefore the records do not disclose whether the releases were given or not?

The WITNESS. That was the agreement which the parties signed, and that was their release. That agreement was the release. The company signed it, and then these different parties, as they surrendered up their stock, signed it.

Commissioner LITTLER. Is that agreement on file at Boston?

Mr. JOHN F. DILLON. Oh, yes, sir.

Commissioner ANDERSON. The only thing is we cannot tell whether there was any other release or not.

The WITNESS. I do not think any other paper was given.

Commissioner ANDERSON. When will it be convenient for you to hand those papers to us that were called for to-day?

The WITNESS. I will let Mr. Mink get them, with my book-keeper. He has access to the books.

Mr. JOHN F. DILLON. I have a few questions to ask him.

Commissioner LITTLER. He had better come back to-morrow. We may want to question him further.

The WITNESS. I would like to finish up, if I could.

Commissioner ANDERSON. There have been some minutes handed me here, and I ought to read them before we close your examination.

The CHAIRMAN. The Commission will adjourn until to-morrow at 11 o'clock, then, Mr. Gould, and you will be on hand at that time.

The WITNESS. Yes, sir.

The Commission then adjourned to Thursday, May 19, 1887, at 11 o'clock.

No. 10 WALL STREET, NEW YORK,
Thursday, May 19, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

JAY GOULD, being further examined, testified as follows:

THE CONSOLIDATED MORTGAGE.

By Commissioner ANDERSON:

Question. After this consolidated mortgage was made, you became its trustee. Did you make yourself familiar with its contents?—Answer. Yes, sir.

Q. I am going to read to you the 22d article of the mortgage:

ARTICLE 22. Said trustees shall in no case whatever deliver to said company, or permit to pass into its possession or under its control, the bonds secured hereby. Said bonds, after their execution by said company, shall be delivered to and held by said trustees, and said trustees shall not certify said bonds, except as they may be required to be issued under the provisions and restrictions of this and the three following articles, and for the purposes therein mentioned. And it is hereby expressly agreed and declared by said trustees that they hold said bonds upon the express trust, for the due performance of which each and every one of said trustees is individually responsible—anything herein elsewhere contained notwithstanding—that neither they, nor any one of them will certify the same, and deliver the same to said company, except it be either firstly, as to the twenty-four millions in amount of said bonds, in exchange for bonds, coupons, interest warrants, and funded interest certificates secured by the mortgages hereinbefore recited, having priority over the lien of this indenture, in pursuance and performance of the contract for conversion between said company and said Dillon, Sage, and Villard, hereinbefore recited.

That refers to the contract for the pool securities which are stated as the foot of the page 156. Do you recognize the contract that is referred to there?—A. Yes, sir.

Commissioner ANDERSON (continuing reading):

And as to other bonds not comprised in said contract at a rate of exchange not exceeding that in the next article hereinafter specified.

Do you remember that article and that limitation?

The WITNESS. Yes, sir,

Commissioner ANDERSON (continuing reading):

And, secondly, as to $6,000,000 in amount of said bonds, and as to any surplus that may remain out of said $24,000,000 after the conversion of all the bonds, coupons, interest warrants, and funded interest certificates lastly referred to in exchange for the first mortgage bonds of other companies of the character and amount in the next article but one hereinafter specified, or for the purpose of providing funds for the construction of extensions and branches of said Kansas Pacific Railway, at the rate and in the manner and under the restrictions in the next article but two hereinafter specified. And in no case shall said trustees issue with said bonds hereby secured any overdue interest warrant thereon, but shall cut off, cancel, and deliver to said company on each 1st of May and 1st of November all interest warrants attached to the unissued bonds then held by them.

Do you recognize the article which I have just read to you?

The WITNESS. Yes, sir.

Q. Have the directions of that article been complied with by the trustees?—A. Yes, sir.

BONDS ISSUED UNDER IT.

Q. Do you mean to say that no bonds have been issued except those provided for by the $3,400,000 contract in exchange for the bonds referred to in Article 23, at rates other than those specified in Article 23?

—A. That is my understanding. You probably got that mixed up in this way: The Union Pacific afterwards, in various cases, had to pay more for those underlying outstanding bonds. There were certain outsiders that lay back and would not come in, and the Union Pacific would buy up those bonds from time to time and come to the trustees to exchange them under the mortgage. We settled with the Union Pacific in this way: First, we gave them credit for the amount that they were entitled to under the mortgage on the surrender of these bonds in the new bonds. Then, if there was any leeway due to the Union Pacific in bonds, which there always was, they made the settlement and paid the difference. So that in that way you probably got it mixed up.

Q. We will see how far that explanation will carry us through when we compare the entries that are contained in the account of the issue of your bonds. I have before me a statement, handed me by Mr. Mink, of the consolidated mortgage-bond account, commencing January, 1880. The entry was made in January. Whether the bonds were actually issued in January, 1880, does not appear. The item to which I call your attention is the third item, and is as follows:

For income bonds taken in exchange, stamped, $2,907,450 for $2,070,431.41. Unstamped, $137,300 for $113,314.86. The two last figures make the total of the consolidated bonds $2,188,746.27. From this it would appear that for $2,907,450 income bonds $2,070,431.41 in consolidated bonds were issued, being at the rate of 70 cents.

Can you explain that item?—A. No, I cannot. That is for the Union Pacific. Let them explain their own. I can only speak for the trustees. I did not keep their books.

Commissioner ANDERSON. The trustees issued that amount of bonds.

The WITNESS. I do not know about that.

Commissioner ANDERSON. This is your own account.

The WITNESS. My account?

Commissioner ANDERSON. The account of the issue of the consolidated bonds.

The WITNESS. I do not think it is our account. It appears to be a Union Pacific Railroad Company consolidated mortgage bond account.

Q. It is the issue of the consolidated bonds under the Kansas Pacific mortgage. Mr. Mink tells me the first entry is taken from the Kansas Pacific books. Are those not the stamped bonds that were held under the pool agreement for which a special contract was made?—A. I think your true way to get at this is to get the trustees' accounts of how they issued these bonds. Of course I know nothing about this account. I never saw it before. I am very certain that the accounts of the trustees are in accordance with the mortgage.

Q. Who keeps the accounts of the trustees?—A. Mr. Calef, I think, keeps that account.

Q. Where is the account?—A. I think it is here in New York.

Q. Then we will have to go back to Mr. Calef. Can Mr. Calef be got to assist you in these explanations this morning?—A. I think so.

Q. I think it will be very desirable, because the figures are inexplicable as they stand on this account. The next item to which I call your attention is that $2,000,000 of the consolidated bonds were also issued in January, 1880, the entry being as follows: "For bonds issued to Jay Gould, in settlement of his account." Do you know what that means?—A. I presume that is the advances I made to the United States Trust Company—out of the court.

Q. Under what provision of the consolidated mortgage were the trustees authorized to permit bonds to be issued in liquidation of that account?

(Mr. Mink shows Commissioner Anderson Article 23.)

Commissioner ANDERSON. It is probably in Article 23, as to $2,000,000.

Mr. HOLMES. Page 170, the first paragraph on the page:

And upon further trust as to two millions thereof, to employ the same to discharge and liquidate in cash the arrears of interest due on unpaid and unfunded coupons and funded interest certificate coupons, and interest warrants, as hereinbefore recited, and for such purpose said trustees may, and are hereby authorized, with the consent of said company, to sell and dispose of such two millions in amount of said consolidated first-mortgage bonds, for the best price they can obtain, and with the proceeds of said sale or sales to take up such coupons and interest warrants, and hold the same upon the trusts and subject to the provisions of this indenture.

Q. Is your statement this, that these $2,000,000 in bonds were issued to you in order to refund to you money that had been used to discharge and liquidate arrears of interest on due and unpaid coupons and funded interest certificate coupons and interest warrants?—A. That is my understanding.

Mr. HOLMES. Yes, sir.

Q. Where is a detail of the account that you rendered showing yourself to be entitled to these $2,000,000?—A. I will have to look it up for you.

Q. Do you know who prepared that account?—A. I do not. I think Mr. Calef.

Q. Do you know whether there was any other overdue interest or any other unpaid coupons or interest certificates outstanding at the time?—A. I think Mr. Holmes can explain that to you.

Q. You personally do not know?—A. No, sir. I only remember to have made the advances, and I think I took the bonds.

Mr. HOLMES. You took the bonds under that agreement, and handed me a certified check which I handed to the United States Trust Company in conformity with the decree.

Q. Who are Maxwell & Graves?—A. They are a firm of brokers.

Q. They were largely interested in getting up some of these bonds, as I judge from this account?—A. I do not know.

Q. Did they not frequently apply to the trustees for the issue of bonds in exchange for bonds surrendered by them?—A. I do not know. I do not remember.

BONDS ISSUED TO MAXWELL & GRAVES.

Q. The next entry I call your attention to is on the second page, for 103 bonds, numbers 8551 to 8653, issued to Maxwell & Graves, for $75,000, first land-grant bonds. Why were $103,000 issued for $75,000?—A. I suppose that was a settlement with the Union Pacific. The trustees in their account would only charge them at the price mentioned in the mortgage. The difference there would be charged to the Union Pacific in account of bonds which they were entitled to draw; a balance was always due them.

THE UNION PACIFIC ENTITLED TO DRAW BONDS.

Q. Under what provision of this mortgage was the Union Pacific Railway Company entitled to draw any bonds from them?—A. When they bought these underlying securities, sometimes they turned them in for awhile without drawing the bonds; this sum would go to their credit. Then they had another credit; if they did not draw the money for the interest, that would go to their credit. The interest on these

bonds was payable as out of the proceeds of the land grant, but if the company paid that interest out of their own funds, out of their own treasury, they would strictly, with the trustees, get a credit for that amount. I think there is some $3,000,000 or $4,000,000 to their credit now.

Q. The entry that I call your attention to is not an entry for bonds issued to the Union Pacific, but an entry for bonds issued to Maxwell & Graves. Do you mean to say that that entry is incorrect?—A. Mr. Dillon probably made that negotiation himself, and probably turned the account in. That seems to be a negotiation made by the Union Pacific. That account is from their books. They probably made that contract with Maxwell & Graves. That is not the account of the trustees. Their account will show entirely differently.

Commissioner ANDERSON. We will certainly have to have Mr. Calef here in order to get any explanation about this.

The WITNESS. I prefer to let those accountants explain their own books, because I have never seen them before.

Q. There is no doubt that the bonds, as stated in this account, are issued and outstanding?—A. I do not know about that. I can only say to you that you will find that the accounts of the trustees will balance with the mortgage.

Q. I presume so; but the question is, the rates at which they parted with their bonds, and what securities were delivered to them when they issued their bonds. There are, then, a number of other entries, amounting to $400,000 or $500,000 of bonds in all, wholly issued to Maxwell & Graves, and all for first land-grant bonds, and in every case the number of bonds issued exceeds the number of first land-grant bonds surrendered. Is your explanation the same as to that?—A. Yes, sir; I think Maxwell & Graves were the brokers of a gentleman who lived in Saint Louis, and who had refused to convert his bonds at the rates mentioned in the mortgage, and whether he had commenced litigation or not I do not know, but Mr. Dillon undoubtedly made an agreement with him, and Maxwell & Graves acted as his brokers, and they bought these bonds. But afterwards, when they came to settle with the trustees, we settled with the Union Pacific in accordance with the mortgage, no matter what they had paid Maxwell & Graves for them.

PURCHASE OF BONDS BY UNION PACIFIC.

Q. Then your statement substantially is that the Union Pacific bought these bonds of you, paying for them either in surrendered securities or in cash, or in a charge in their accounts against them, and then delivered the bonds after they acquired title to them?—A. Yes, sir; those were a prior lien, but undoubtedly the Union Pacific bought them in for the best bargain they could make and saved the difference.

Q. I then call your attention to this entry: For 130 bonds, Nos. 9458 to 9587, delivered to Oliver Ames February 18, for 755 shares of Central Branch stock. What was that transaction?—A. I presume that was the payment of the Central Branch stock.

Q. To Mr. Ames?—A. They did not pay it to Mr. Ames.

Q. Under what provision in that mortgage were you authorized to issue bonds in payment for Central Branch stock?—A. Those were bonds that belonged to the Union Pacific.

Q. Acquired in the same way as you have stated before?—A. Yes, sir; when you come to see the accounts of the trustees you will see that their accounts are kept according to the mortgage; but the Union Pa-

cific kept their accounts according to their transactions with the parties with whom they dealt.

Q. On the 31st of March, 1880, I find 117 bonds, Nos. 8624 to 9740, delivered to Russell Sage for $112,315 coupon certificates. Do you recollect that transaction?—A. No, sir.

Q. Do you recollect the fact that Mr. Sage got some of these bonds?—A. No, sir; that is Mr. Sage's dealings with the Union Pacific, and their accountants, of course, can explain their own entries. It was not a dealing that I had with him.

DUTY OF THE TRUSTEES.

Q. Do you recollect the fact that the first lines of article 22 declare that the "trustees shall in no case whatever deliver to said company, or permit to pass into its possession or under its control, the bonds secured hereby"?—A. Certainly.

Q. Do you consider that that prohibition applied as well to the successor company as to the Kansas Pacific?—A. It applied to the trustees.

Q. Do you consider that they were equally prohibited from delivering those bonds to the Union Pacific to deal with as they were to the Kansas Pacific?—A. Certainly. The trustees are bound by their trust; but, of course, after the consolidation, we were treating the Union Pacific the same as though it was the Kansas Pacific in that sense. But where you are mixed up is, that you have got an account there from the Union Pacific books of how they keep their account. The trustees have another set of accounts which they kept in accordance with that mortgage. The Union Pacific, after they got the bonds in their treasury, had a right to do what they pleased with them. They were their property. That account deals with bonds which are their property.

Commissioner ANDERSON. I understand that; but the figures, as entered here, would indicate that the bonds, unless the Union Pacific substantially cashed this mortgage, or half of it, could not get possession of the bonds unless they had been delivered to them for the purpose of making the adjustments themselves. Mr. Calef's books will certainly be required. I agree with you in that in order to complete this examination.

The WITNESS. Oh, yes, sir. I know precisely what you want. You want the accounts of the trustees; how they issued the bonds under that mortgage and what they issued them for and whether they issued them in accordance with its term or not. That we will furnish to you; but how the Union Pacific dealt with these bonds after they became their property, the same as after mine became my property, is something they will have to explain.

Q. You can give some explanation to some of these items. I will read them to you: For 927 bonds, from Nos. 9742 to 10668, delivered to Jay Gould in settlement of his account. That was in March, 1880. What was that transaction?—A. That is probably for cash advances.

Q. Have you that account?—A. Yes, sir.

Q. Will you furnish us with that account?—A. Yes, sir.

GOULD AND SAGE, TRUSTEES.

Q. That is March 31, 1880. I find under date of April 30, 1880, 160 bonds, Nos. 10858 to 11017, delivered to Gould and Sage, trustees, for $88,000 Leavenworth Branch bonds, $36,000 Denver Pacific bonds, and

$4,250 income bonds, unsubordinated. Do you recollect that transaction?—A. No, sir.

Commissioner ANDERSON. You and Mr. Sage appear to have been trustees to these bonds.

Mr. HOLMES. They were trustees of the consolidated mortgage.

Commissioner ANDERSON. "Delivered to Gould and Sage, trustees." They would not deliver to themselves. Do you know the meaning of the answer?

The WITNESS. They delivered to us these underlying bonds.

Mr. HOLMES. They delivered to Messrs. Gould and Sage, as trustees of the consolidated mortgage, the bonds signified there and got from Gould and Sage $160,000 of the consolidated mortgage bonds.

Commissioner ANDERSON. Then it is not correctly expressed in the writing.

Mr. HOLMES. That is very true.

Commissioner ANDERSON. The proper meaning should be, then, that the $160,000 of new bonds were issued for the bonds here mentioned, which were delivered to Gould and Sage, trustees?

Mr. HOLMES. Yes, sir.

Q. The entry, as stated here, or as explained by Mr. Holmes, is to the effect that 160 of your bonds were issued for $88,000 of Leavenworth Branch bonds, $36,000 of Denver Pacific extension bonds, and $4,250 income bonds, unsubordinated. Are you able to explain, or is the statement already made the only one to explain, why the rates are different from the rates prescribed in the mortgage?—A. Yes, sir. We were keeping an account with them, and of course we credited them for the underlying securities that they surrendered, and when we gave them bonds we always gave them under account; always saw that there was a margin in favor of the trustees.

DEALINGS OF THE TRUSTEES.

Q. Then all your transactions were between the trustees and the Union Pacific Railway?—A. No, sir. If we dealt with a bondholder we dealt with him strictly according to the mortgage, of course; but these bonds went up so high that no one would convert, and finally the Union Pacific Company, in order to get these underlying liens in and get them out of the way at the best terms they could, went into the market and bought them. I refer to Mr. Dillon. From time to time he got them at the best prices he could.

Q. When Mr. Sage received any of these consolidated bonds did he receive them from the trustees or from the Union Pacific Railway Company?—A. The Union Pacific Railway Company.

Q. And when Mr. Gould dealt with these bonds, did he receive them from the trustees or from the Union Pacific Railway Company?—A. From the Union Pacific, according to that account.

Q. According to your personal memory; which was it?—A. I do not remember. My recollection is that I received them from the Union Pacific.

Q. In whose custody would they go; to what officers of the Union Pacific?—A. They would go to the treasurer.

Q. That is, to Mr. Ham?—A. To Mr. Ham.

Commissioner ANDERSON. Who keeps this book, Mr. Mink?

Mr. MINK. It is kept in Boston in my office now.

Commissioner ANDERSON. Who kept it at this time?

Mr. MINK. I think I did.

Q. Who actually handled the bonds?—A. Mr. Ham, as treasurer or assistant treasurer of the Union Pacific; and Mr. Calef represented the trustees. He was the clerk of the trustees.

Q. I find that on the 31st of May, 1880, 42 bonds were delivered to Mr. Sage for $30,000 of Leavenworth Branch bonds. Do you remember that transaction at all?—A. No, sir.

Q. How closely did you keep track of the bonds that were being surrendered, and were coming into your possession, and the bonds that were being issued?—A. I only kept sufficient track of them to see that the trustees did not issue them in excess of the mortgage.

Q. On the 30th of June, 1880, I find that 7 bonds, Nos. 1,173 to 1,179, were delivered to Russell Sage, June 3, 1880, for $7,000 Leavenworth Branch bonds, being dollar for dollar. Do you remember that transaction?—A. No, sir. That is a transaction he had with the Union Pacific, I suppose.

Q. On the 31st of July, 1880, I find that 767 bonds, Nos. 11,201 to 11,667, and 11,701 to 11,900, and 12,101 to 12,200, were sold, and the proceeds deposited with Messrs. Gould and Sage to pay first land-grant bonds. Do you remember that transaction?—A. No; I do not. I think the Gould and Sage that are mentioned there are Gould and Sage, trustees of the first land grant mortgage, and that is a deposit made by the Union Pacific with those trustees to cancel that mortgage or record, probably.

Mr. HOLMES. They took that mortgage up and canceled it of record, and satisfied it?

Q. Who sold the bonds, the Union Pacific Company or the trustees?—A. I do not know. They can explain that.

Q. In a number of the transactions that I have referred to here, you have yourself been named as a party receiving the bonds, as you explained, from the Union Pacific Company. Now, as a matter of fact, you charged for the bonds that you surrendered the prices stated in the account, as I have read it to you, I presume?—A. Yes, sir.

PRICES RECEIVED BY WITNESS FOR BONDS SURRENDERED.

Q. So that, for these bonds, the unsubordinate incomes, branch bonds, and other securities surrendered by you, you actually received prices different from those mentioned in this mortgage from the Union Pacific Company. Is that correct?—A. I do not so understand it.

Q. When you received, for instance, $2,070,431.41 for $2,907,454 income bonds unstamped, from the Union Pacific Company, as you explained, that appears on the face to be 70 per cent. of the face value. Is that correct?—A. I do not propose, as I said a little while ago, to father the Union Pacific accounts. Let them explain their own. I will explain and father my own. I can say to you now that I did not deal in one of those underlying securities myself. I put my own in at the terms mentioned there, and I never afterwards dealt in one of them, or made a dollar of profit.

Q. Will your account show the numbers borne by the bonds which you surrendered?—A. My account will show every transaction I had, and I will give it to you with pleasure.

Q. The question is, whether it will show the numbers borne by the bonds which you surrendered.

Commissioner LITTLER. The serial numbers.

A. I do not know whether Mr. Morosini kept the numbers of the bonds. I presume he did, though. He is pretty careful.

Q. By the terms of this mortgage you are required to keep these surrendered bonds in your possession uncanceled?—A. Yes, sir; we were required to keep them surrendered and uncanceled until we got in the entire issue of these bonds. Then we canceled them.

Q. As to quite a number of these bonds referred to, you have not yet got at the entire issue?—A. No, sir; there are some few out.

Q. There are a large number of them out?—A. No; I think they are pretty well in now.

Q. Are there not quite a number of the Denver extension still out?—A. The Denver extension are nearly all out, except as the sinking fund retires them. There are none in the possession of Gould and Sage.

Mr. HOLMES. Yes, sir; you did. You received quite a number of them.

Commissioner ANDERSON. Yes, there are quite a number mentioned in this paper. So there are quite a number of other securities mentioned here which have not been completely retired?

The WITNESS. Yes, sir.

Q. Where do you keep these surrendered bonds?—A. They are kept in the Mercantile Safe Deposit.

Q. In New York?—A. Yes, sir.

Q. All that the trustees have received?—A. I think so.

Q. Can those that came from yourself be identified by numbers?—A. Yes, sir.

Mr. HOLMES. Commissioner Anderson, I can tell you how those accounts stand now. They are made up from the books of the Union Pacific, in view of that account.

Commissioner ANDERSON. My inquiry is mostly directed to these specific items and I cannot inquire intelligently without Mr. Calef's books.

Mr. HOLMES. That is very true.

Commissioner ANDERSON. The mere present balances of the accounts would not give any light.

Mr. HOLMES. Not as to these details.

REQUEST FOR MR. CALEF.

Commissioner ANDERSON. Can you send for Mr. Calef?

Mr. HOLMES. I do not know anything about Mr. Calef's movements.

The CHAIRMAN (to the sergeant-at-arms). Go for Mr. Calef, and ask him to step around here.

Q. Is this account in a large book or is it just a ledger?—A. I think it is large; yes, sir. [To the sergeant-at-arms.] Say to Mr. Calef that Mr. Gould wants him to come down here and bring such accounts or the books of the trustees as will show how these bonds were issued.

Commissioner LITTLER. You had better write a letter to him.

(Mr. Gould then wrote a letter to Mr. Calef, with instructions to come to the rooms of the Commission and bring such books or accounts of the trustees as would show the issue to Mr. Gould and Mr. Sage of the consolidated bonds, in accordance with the terms of the mortgage.)

The WITNESS. I think he has the book showing the issue of these bonds, because we very frequently had to call for the account to see whether the Union Pacific was overrunning the mortgage or not.

Commissioner ANDERSON. Mr. Calef was examined as to the issue of these bonds, and so was Mr. Ham, if I remember right.

INDEBTEDNESS OF UNION PACIFIC, DECEMBER 14, 1870.

By Commissioner LITTLER:

Q. I will ask you some general question for the purpose of concentrating these figures in a shorter space, if possible. Will you be kind enough to tell us, if you know, the amounts of indebtedness of the Union Pacific Railroad Company existing on the 14th day of December, 1870? Describe the several indebtednesses which existed against that company as near as you can.

The WITNESS. You mean the consolidated company?

Commissioner LITTLER. No, sir; I mean the Union Pacific Railway Company. I mean before the consolidation.

A. I had a statement here which I should like to refer to. I had that statement made out.

Commissioner LITTLER. I know you had, but I want to group the figures together.

The WITNESS. The total indebtedness of the Union Pacific was $88,472,391.10.

Commissioner LITTLER. Name the several securities which made up that indebtedness.

WITNESS. Those were the various issues of bonds.

Q. Will you please name them?—A. There was the first mortgage.

Mr. HOLMES. The Government lien?

The WITNESS. The Government lien. There were the sinking-funds bonds, the land-grant bonds, the collateral-trust bonds, the Omaha bridge; amounting altogether to $88,472,391.10.

Q. How much was the totel outstanding issue of the stock of that company at that time?—A. The stock was $36,762,300.

Q. That is, in addition to the $88,000,000 you have spoken of?—A. That was in addition to the $88,000,000; yes, sir.

INDEBTEDNESS OF KANSAS PACIFIC.

Q. Will you please give us the amount of indebtedness of the Kansas Pacific Railroad Company at that time, and include in your answer all these branches which made up the eight hundred and some odd miles, about which you have testified?—A. The indebtedness of the Kansas Pacific was $35,162,518.50.

Q. Enumerate the securities which cover that indebtedness, please.—A. That would be represented by the first-mortgage bonds on the divisions east of the 394th mile, the Government lien on that road; the Leavenworth branches, the two issues of land-grant bonds, the Denver extension bonds, the income bonds, the funding bonds, and the overdue interest.

Q. Have you enumerated the stock of that road?—A. No, sir. The stock of the Kansas Pacific was $9,809,350.

Q. What was the stock of the Denver Pacific road?—A. The stock of the Denver Pacific was $4,000,000.

Q. Those were the outstanding securities against that company at the date I mentioned?—A. Yes, sir.

WITNESS' HOLDINGS IN UNION PACIFIC AND KANSAS PACIFIC AT THAT TIME.

Q. I will ask you again to give the amount of your holdings in Union Pacific security at that time?—A. I had $27,000 shares of the stock and $1,000,000 of the bonds.

Q. What issue of bonds?—A. Of the collateral bonds.

Q. The collateral trust bonds?—A. The collateral trust; yes, sir.

Q. You had a controlling interest in the Union Pacific, had you not, at that time?—A. No, sir.

Commissioner ANDERSON. There were 360,000 shares.

Q. What was the total amount of your holdings in the Kansas Pacific securities at that time?—A. I had $4,000,000 of the stock, par value.

Q. That would be 80,000 shares?—A. Eighty thousand shares.

Q. Half shares?—A. That is very nearly the figure. I had the exact figures here.

Commissioner LITTLER. That is near enough.

The WITNESS. I forget how many of the bonds. I think about $3,000,000 of the bonds.

OWNED MISSOURI PACIFIC ABSOLUTELY.

Q. Did you own the Missouri Pacific Railway at this time?—A. Yes, sir.

Q. You owned it absolutely?—A. Yes, sir.

Q. Were you a director in each of these three companies at that time?—A. No, sir; I resigned on the 10th of January from the Kansas Pacific and the Union Pacific.

Q. How long had you been in the directory of those corporations prior to the date of your resignation?—A. I had been a director of the Union Pacific since 1874; and in the Kansas Pacific, I think, from about 1877 or 1878. The records will show that.

Q. As I understand you, immediately after this consolidation, which took place on the 24th of January, 1880, you were again elected a director of the new consolidated company?—A. Yes, sir.

DENVER PACIFIC.

Q. I have not got it quite clear in my mind just what took place in relation to this $4,000,000 of Denver Pacific stock. Do I understand you to say that you bought $1,000,000 of Arapahoe County for $100,000?—A. Yes, sir.

Q. Did you turn that $1,000,000 of stock into the Union Pacific Railway Company—the new company?—A. No, sir.

Q. Was it the old company?—A. No, sir.

Q. What did you do with it?—A. I turned it into the Kansas Pacific Company.

Q. Did I understand you to say that at that time the Kansas Pacific Railway Company owned the balance of that issue, about $3,000,000?—A. Yes, sir.

Q. Was that $3,000,000 released from the trust by virtue of the decree of the court here?—A. Yes, sir.

Q. I understand that the trust received a credit in this way: That you made your consolidated mortgage for $500,000 less than you otherwise would have made it. Is that so?—A. Yes, sir; we reduced the mortgage.

Q. And in that way the trust received the benefit of $500,000?—A. Yes, sir.

KANSAS PACIFIC CONSOLIDATED BONDS.

Q. And in no other way?—A. Yes.

Q. Will you please state the total amount of Kansas Pacific consolidated bonds issued and now outstanding in pursuance of this mortgage,

as near as you can?—A. Sixteen million four hundred and thirty thousand dollars outstanding.

Commissioner LITTLER. What was the total amount authorized?

Mr. MINK. Thirty million dollars.

Mr. JOHN F. DILLON. Less $500,000, limited by the decree.

Q. There is a very large amount of those consolidated bonds not issued, as I understand?—A. Yes, sir.

Q. Why did that mortgage provide for so large an issue of bonds? Does that mortgage represent the total amount of indebtedness due from the Kansas Pacific Railway Company to its creditors at that time?—A. The difference is the underlying bonds that have not been taken up. They have not matured. We made provision for them.

Q. When all those underlying bonds have been exchanged you will have paid out as trustee all these consolidated bonds?—A. Yes, sir.

Q. Do I understand that the balance of these $4,000,000 Denver Pacific stock was transferred to the Union Pacific Railway Company after crediting $500,000, as you have stated?—A. The cost of that stock would be this: It belonged to the Kansas Pacific, of course, and when they were consolidated with the Union Pacific, the consolidated company took all the assets of all the companies, this among them. So that in that way they became the possessor of the entire $4,000,000.

Q. Did the consolidated Union Pacific Railway Company issue a like number of shares of its stock for the balance of this $4,000,000, after it became an asset of the company?—A. I presume they did; yes, sir.

Q. That being true, to whom did that stock belong?—A. It belonged to the consolidated company.

Q. To the Union Pacific Railroad Company?—A. To the Union Pacific Railroad Company.

Q. What did the Union Pacific Railway Company do with that stock?—A. They used a portion of it to pay me.

Q. Please state what portion of it they used to pay you.—A. I had the account here. I think they also got some stock of the Kansas Pacific. There was not quite $10,000,000 issued, if I remember.

Commissioner LITTLER. Mr. Anderson calls my attention to the exact amount furnished by Mr. Mink, $3,464,168.48 delivered to Jay Gould in payment of the securities.

The WITNESS. Yes, sir.

DENVER PACIFIC AGAIN.

Q. I see no connection really between this Denver Pacific stock and the stock of the Union Pacific Railway Company. Why could not that company, the Union Pacific, have issued its stock for the purpose of paying yourself and other creditors, independent of this Denver Pacific stock, it having become an asset of the company by virtue of the terms of consolidation?—A. Why, they could just as well.

Q. Just as well?—A. Yes, sir.

Q. Then this Denver Pacific stock ceases to be an important factor in this case, does it not?—A. Certainly. I really wanted that put in, because I wanted to get the guarantee of the consolidated company on these bonds which Sage and Gould held on that road.

Q. The only effect of issuing this stock was to increase the indebtedness of the Union Pacific Railway Company?—A. Yes, sir.

Q. And they could have done that independent of this Denver Pacific stock?—A. Yes, sir.

Commissioner LITTLER. I think I understand that now.

The WITNESS. That is exactly as it was.

Q. At the time you signed this agreement with Mr. Ames and others of Boston, did you have it in your power to transfer this Kansas Pacific Railway, with all its branches, to the Missouri Pacific if you had so desired?—A. Yes, sir.

Q. You owned a controlling interest in it?—A. Yes, sir.

Q. You then had it in your power substantially to dictate the terms of this consolidation between the Union Pacific and Kansas Pacific, had you not?—A. Yes, sir; I suppose I had, as far as those roads were concerned.

COULD HAVE TRANSFERRED KANSAS PACIFIC TO MISSOURI PACIFIC.

Q. You could have transferred the Kansas Pacific to the Missouri Pacific, and have carried out the plan suggested by you yesterday, to have extended the Kansas Pacific to Ogden, in the manner you indicated, and thus have formed a competing line with the Union Pacific Railway Company from Ogden east?—A. Yes, sir.

Q. And it was because of the vantage ground you occupied at that time that you were able to dictate the terms of peace to the Union Pacific people?—A. Well, no sir; not in that sense; because I considered that the Kansas Pacific was the most valuable of the two.

Q. I understand that, but still you had it in your power to do as I described, without regard to values, had you not?—A. Yes, sir; I presume so.

ACTUAL COST OF WITNESS' HOLDINGS OF KANSAS PACIFIC.

Q. Will you be kind enough to state in round numbers the actual cost of all your holdings in Kansas Pacific at the date I have mentioned, including its branches? You have given them by items in your testimony. I would like to group them together.—A. I would have to refer to the account. This account shows $3,058,024.99.

Q. Tell us what that sum represents.—A. That represents the interest in the stock and in the certificates entitling the holder to consolidated mortgage bonds. Whether that is the whole account, I do not know.

Commissioner LITTLER. I will ask you to take time, and, with the aid of Mr. Calef or Mr. Mink, furnish the information.

Mr. JOHN F. DILLON. He can furnish a statement in answer to that question.

Commissioner ANDERSON. I suppose the question is, the whole cost of those securities which he held.

The CHAIRMAN. We simply want to know, as I understand it, what were your profits in this entire arrangement; that is, as an individual.

The WITNESS. The profits in which?

The CHAIRMAN. The whole transaction, from the time you entered into this arrangement leading up to the purchase of the Denver Pacific and Kansas Pacific, and the final consolidation. What your profit was individually.

Commissioner LITTLER. That is what I was coming to. I want to see whether you lost any money or not.

The WITNESS. I did not lose any money. I did not make any out of the consolidation, because these securities were worth as much before the consolidation as they were after.

INDEBTEDNESS OF UNION PACIFIC AFTER CONSOLIDATION.

By Commissioner LITTLER:

Q. I will ask you to give us the total amount of indebtedness of the Union Pacific Railway Company after the consolidation, both in bonds and stocks.—A. The indebtedness was the combined amount, adding the two together.

Commissioner LITTLER. I want to get at this point.

The WITNESS. The indebtedness was $124,215,909.60.

Q. How many miles of road did that cover?—A. That is exclusive of the stock, and covered 1,821 miles.

Q. That is the bonded indebtedness you are giving?—A. That is the bonded indebtedness.

Q. Now give me the amount of stock.—A. The stock was $50,762,300, I think.

Commissioner LITTLER. You have already stated that your purchase of Kansas Pacific, I believe, ran back to about 1874, when they commenced.

The WITNESS. That was the Union Pacific.

Q. When did your purchase of Kansas Pacific begin?—A. I think 1877 or 1878.

Q. As I remember your itemized account, you purchased the stock of this company at about 6 or 6½?—A. No, 12½; they are half shares; it would make 12½.

Q. On the hundred?—A. On the hundred.

Q. You hold that stock as you purchased it, and finally received the stock of the consolidated company, as I understand it?—A. Yes, sir.

Q. Your profits may be fairly ascertained by counting interest on your investments from their date up to the time of the exchange, and ascertaining the value of the consolidated stock, may it not?—A. That would be my profits, yes, sir.

Q. That would be a measure of your profits?—A. Yes, sir.

Q. We will not take the time to figure and see how much you lost, if anything. By the terms of this Thurman act the Union Pacific Railroad Company was prohibited from issuing any stock under certain terms.

Mr. JOHN F. DILLON. Pardon me, that is the act of 1873 that you have; it is the Credit Mobilier act.

Mr. HOLMES. Here is the language.

Commissioner LITTLER. I understand what it is in substance.

OBJECT OF CHANGE OF NAME OF UNION PACIFIC FROM RAILROAD TO RAILWAY.

Q. I wish you would explain how the directory of the Union Pacific managed to issue this large amount of stock in the light of that statute unless it was in this way: That in order to avoid the provisions of that act it became necessary to change the name of the Union Pacific Railroad Company to that of the Union Pacific Railway Company.—A. The consolidation was made under the charters under the acts of 1862 and 1864.

Q. I understand. There was nothing in the charter requiring you to change the name of the company, though. In other words, what was the object of the directory in changing the name of the Union Pacific Railroad Company to that of the Union Pacific Railway Company?—A. It was a new child then; they did not want to mix the names up.

Q. I know, but could you not have continued the name of either of the old companies?—A. I do not know whether you could or not; it would have created a mixing of accounts.

Q. Do you remember fairly well the history of the advance in these stocks, the Union Pacific and the Kansas Pacific, commencing with 1878 and running up to February, 1880?—A. Yes, sir.

Q. Did you and your friends associated in these corporations own a controlling interest in the stock of the Kansas Pacific and Union Pacific during all those years?—A. No, sir.

Q. Did you own so large an interest as to be able to control the market value of those stocks during those years?—A. No, sir.

Q. Was there or not any concerted movement on the part of yourself and other large stockholders, acting with you, to advance or to put this stock down from time to time? I see that it fluctuated very much.—A. No, sir.

Q. That was the regular course of the market?—A. Those prices were made by the public that dealt in those securities.

Q. You were not buying or selling either of those stocks, as I remember, for a few months prior to the final consolidation of the Union Pacific with the Kansas Pacific?—A. No, sir.

Q. Your holdings remained about the same?—A. Yes, sir.

THE THURMAN ACT.

Q. By the terms of the Thurman act, a portion of which I will read—

No dividends shall be voted, made, or paid, to any stockholder or stockholders in either of said companies respectively at any time when the said company shall be in default, in respect of the payment of either of the sums required, as aforesaid, to be paid into said sinking fund, or in respect of the payment of the said 5 per cent. of the net earnings, or in respect of interest upon any debt, the lien of which, or of the debt upon which it may accrue, is paramount to that of the United States, and any officer or person who shall vote to declare, &c., shall be punished, &c.

GROSS EARNINGS UNION PACIFIC, 1878–1883.

I wish to call your attention to the condition of this property for six years, commencing with 1878. The gross earnings of the Union Pacific Railroad Company for 1878, as stated in the paper I have before me, was as follows:

For 1878	$12,873,658
For 1879	13,205,078
For 1880	22,456,134
For 1881	24,258,817
For 1882	22,823,854
For 1883	21,002,541
Making a total in the six years of	116,619,082

NET EARNINGS.

The net earnings for these years were as follows:

For 1878	$7,497,072
For 1879	7,725,572
For 1880	11,910,015
For 1881	11,778,474
For 1882	12,090,834
For 1883	10,354,540

When did the Union Pacific first declare a dividend on its stock?—A. I do not remember.

Mr. HOLMES. Railway or railroad?

Commissioner LITTLER. Railroad.

The WITNESS. My recollection is that it was 1876. But is a matter of record.

Q. Did it continue to pay dividends from that time forward up to and including 1883?—A. I do not know when they stopped dividends. I do not remember; but, generally, I should say they did.

DIVIDENDS AND PAYMENTS OF UNION PACIFIC UNDER THURMAN ACT.

Q. At the time I have mentioned it appears that the Union Pacific Railway Company was in default in the payments provided by the Thurman act, after its passage, and also in default in its payments under the 5 per cent. net earning provision of the first statute. It appears that the Government had paid, up to the 30th day of June, 1878, $16,786,896 interest on account of the $27,000,000 subsidy. During that time the Union Pacific Railway Company paid, under the provisions of the several acts of Congress, $7,364,364, leaving the balance against the company, on account of interest paid, of $9,422,532. That being the condition of the accounts of the Union Pacific Railway Company, I ask you to explain, as a director of the Union Pacific Company, how it was that dividends were declared in the face of those facts.—A. I do not admit the facts, to begin with.

Q. You do not?—A. I claim that we never paid any dividends, except in accordance with the requirements of the charter.

Q. If this company were able to pay dividends, why is it that they ask an extension of time for the payment of this Government subsidy?—A. I am not in the company, and I prefer that they would answer that themselves.

Commissioner LITTLER. But you were in the company at the time these transactions occurred?

The WITNESS. I know if I were the creditor, instead of the Government, I should not hesitate long about making a settlement, unless they wanted to take the road and run it. If they want to go into the business there is a chance.

The CHAIRMAN. It is rather late for that.

THE TELEGRAPH LINE REQUIRED TO BE CONSTRUCTED.

Q. Was the telegraph line constructed, which was required to be constructed under the acts of Congress, by this Union Pacific?—A. I understood that the Western Union constructed the line under a provision in the charter that they should comply with the terms of it, but I was not connected with the company at the time, and I do not know.

Q. Do you understand, then, that the construction of the telegraph line provided by the acts of Congress was by an independent company, and not by the Union Pacific people?—A. I understood that the Western Union——

Mr. JOHN F. DILLON. I can tell you, if you want the information.

Commissioner LITTLER. I want to know all about it; yes, sir.

Mr. JOHN F. DILLON. I can state it as I understand it, and then you can verify it afterwards. There was, at the date of the act of Congress, an overland telegraph to the Pacific Ocean, which had been built by private corporations.

Commissioner LITTLER. What do you mean by "overland"?

Mr. JOHN F. DILLON. Over land.

Mr. HOLMES. That was the title of the company, "The Overland Telegraph Company."

Mr. JOHN F. DILLON. Congress recognized that fact in the nineteenth section of the act of 1862, chartering the Union Pacific road, in this language:

RELATING TO TELEGRAPH COMPANIES.

That the several railroad companies herein named [that is, the Pacific railways] are authorized to enter into an arrangement with the Pacific Telegraph Company, the Overland Telegraph Company, and the California State Telegraph Company, so that the present line of telegraph between the Missouri River and San Francisco may be moved upon or along the line of the said railroad and branches as fast as the said railroad and branches are built; and, if said arrangement should be entered into, and the transfer of the said telegraph line be made in accordance therewith, on the line of the said railroad and branches, such transfer for all purposes in this act shall be held and considered a fulfillment on the part of the railroad companies of the provision of this act in regard to the construction of said line of telegraph; and in case of disagreement said telegraph companies are authorized to remove their line of telegraph along and upon the line of railroad herein contemplated, without prejudice to the said railroad company herein named.

Now, as I understand it, no agreement was made, and the Union Pacific went on and constructed under its franchise under this act of Congress a telegraph line of its own. Under the authority of this nineteenth section, which I have just read, these three telegraph companies, which have an independent line of telegraph from the Missouri River to the Pacific Ocean, also moved their line of telegraph on to the right of way of the Pacific companies, all the way from Omaha through.

Commissioner LITTLER. Do I understand you to say that a part of the funds of the Union Pacific went into the construction of any portion of that line?

Mr. JOHN F. DILLON. Of their own line of telegraph; so that it came to happen that the Union Pacific had one line of poles, as I understand it, on one side of the right of way, and this independent company had another telegraph line on the other side.

Commissioner LITTLER. What was that line owned by the Union Pacific Railroad Company called?

Mr. JOHN F. DILLON. It was a part of its telegraph line; a part of its property. There was no independent name, I suppose.

Commissioner LITTLER. What has become of that telegraph line; does it still belong to the Union Pacific Railway Company, or has it been transferred?

Mr. JOHN F. DILLON. I can tell you that.

Commissioner LITTLER. I should think Mr. Gould, as a director from 1874, ought to be able to tell it.

The WITNESS. I think it was before my time there that that occurred.

Q. It was before your time?—A. Yes, sir.

Commissioner LITTLER. Will you tell it, judge?

Mr. JOHN F. DILLON. This is a complicated subject. Now, when you come to the Kansas Pacific and go into this, you will have to get it from somebody. I can tell you the outline and you can pursue the investigation. In respect to the Kansas Pacific——

Commissioner LITTLER. What has that to do with this?

Mr. JOHN F. DILLON. A very great deal.

The CHAIRMAN. Commissioner Littler wants to know whether the line is there or not.

LITIGATIONS CONNECTED WITH THE TELEGRAPH.

Mr. JOHN F. DILLON. There is a dispute about that, and that came about in this way: On the 2nd day of July, 1864—I am stating it from memory now, I do not see it in that compilation—which is the date I mentioned the act of Congress granting the charter to the Union Pacific, Congress passed a short act referring to the United States Telegraph Company, and gave to the United States Telegraph Company the same rights and privileges which in and by the 19th section of the original act of 1862 (which I have read) it gave to these three overland companies. This has all been in litigation for years, and that is the way I happen to know it. Now, under that, the United States Telegraph Company and the Kansas Pacific—that was in 1864—entered into a contract, which is in the report, whereby, as I recollect it (stating it subject to correction), the United States Telegraph Company built the telegraph line on the Kansas Pacific road under a contract that the telegraph company should have the wires it needed for commercial purposes and the railroad company the wires it needed for railroad purposes. That contract came before the court, and Mr. Justice Miller decided—you will find the case reported in the 1st McCrary's Circuit Court Reports—that that contract was authorized by this act of 1862, and that the railroad company did not have exclusive right or ownership in that line of telegraph. Out of that grew a litigation, which was then pending. There was litigation also in relation to the telegraph line over the Union Pacific, and subsequently with the Western Union, which succeeded to the rights of the original overland telegraph companies on the Union Pacific line, and which also succeeded to the rights of the United States Company on the Kansas Pacific line. Those disputes were settled in the manner stated in a written contract, which I think is now the existing contract between the Western Union and the Union Pacific Railway Company in relation to telegraph lines.

Commissioner LITTLER. What I was coming to is this: I understand the Western Union, either by purchase, or consolidation, on lease, now controls these identical wires.

The WITNESS. The Western Union have a contract with the Union Pacific. To illustrate it, it is something like this: We will take a message from Ogden to Portland, or Ogden to Boston, or Ogden to New York, or anywhere through the entire Western Union system. The Union Pacific, under that contract, draws a certain share of that revenue. Precisely what it is, I do not know.

Q. Of pro rate?—A. It is more than a pro rate, I think.

Q. What is the rental which inures to the benefit of the Union Pacific Railway under this lease?

Mr. JOHN F. DILLON. It is not a lease.

Commissioner LITTLER. Is it a contract?

Mr. JOHN F. DILLON. A contract or working arrangement.

Commissioner LITTLER. For running a wire?

CONTRACT BETWEEN WESTERN UNION AND UNION PACIFIC.

Mr. JOHN F. DILLON. It is like any two telegraph companies would make, one having a line from Omaha west and another east, for a joint working arrangement.

Commissioner LITTLER. Here are what are supposed to be some official figures as to the earnings of this wire: For 1878, $15,000; 1879, $18,000; 1880, $39,000. For the first year under the contract—that is

the one you refer to, I suppose—$82,000; 1882, $98,000; 1883, $107,000; 1884, $105,000; 1885, $110,000.

Q. Do I understand that under this contract mentioned the Western Union Telegraph Company pays to the Union Pacific Company annually those sums of money, and have they so paid them?—A. I should judge so, from that.

Q. Can you explain how the earnings of this line increased so rapidly from 1878, being an increase from $15,000 in 1878 to $110,000 in 1885?—A. I suppose that came from the fact that the Western Union gave them a share of their earnings on their own system, which extends all over the United States.

Q. Can you furnish us with a copy of this contract under which that line is being operated?—A. It is on file in the Union Pacific office.

Mr. JOHN F. DILLON. It is an official publication. Congress has investigated all this, and you will find that contract and all the proceedings. I can give it to you, and I would give you my copy. You will find it in a convenient shape there.

Commissioner LITTLER. I do not care to ask this witness any more questions for the present.

Mr. JOHN F. DILLON. I would like to ask Mr. Gould a few questions.

Commissioner LITTLER. You will have a chance hereafter, sir. It is now ten minutes to 1.

The WITNESS. You will want me after recess.

The CHAIRMAN. Yes, sir; at 2 o'clock.

AFTERNOON SESSION.

JAY GOULD, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. Where will it be convenient for our accountant to go over this book to see what the result is?—Answer. He could go over it with Mr. Calef.

Mr. CALEF. At our office.

REFERRING TO POOL SECURITIES.

Q. Referring back to the pool securities, which are referred to in the mortgage at page 156, it appears from the books kept for yourself and Mr. Sage, as trustees, that about $3,400,000—the precise figure being $3,386,269.07—were issued in exchange for the securities which are specified at page 156 of that mortgage, and the book-keeper informed us that no other consideration was received by this trust, as appears in your accounts, for the bonds issued, and you yourself have stated that those bonds were surrendered at the commutation rates prescribed in the mortgage. Can you reconcile that statement with the figures appearing in this account?—A. I do not know that there is any difference.

Q. I gave you the computation yesterday from the commutation rates, and showed you that the amount of bonds you would have been entitled to under the mortgage rates, assuming that the Arkansas Valley should be converted at par, were about $930,000 less than was actually received. Referring to that computation, I ask you whether there is any explanation to be made of the difference?—A. I do not know of any. I do not remember now about it. Only Mr. Calef can explain it.

Commissioner ANDERSON. The inquiry is whether the gentlemen named in the pool received a preferential rate or not, and the figures be-

fore us show a preferential rate, unless some other figure was paid for the bonds, which is not disclosed in the account. If there was any such other consideration, and if you know of it, we invite you to explain it.

The WITNESS. I cannot recall anything now. I suppose they were settled just according to the pool prices.

Q. The next item in the book refers to 333 funding bonds, the par value of which would be $333,000; 395 bonds unfunded second land grants, of the par value of $395,000; the Solomon bonds $185,000, the par value being $185,000; income bonds stamped, $108,950; and the statement in your book is that the following additional amount of bonds received from the company are to be exchanged for consolidated first-mortgage bonds at the same rates as taken on pool securities. Will you please explain why it was that those bonds were taken at a different rate from that prescribed in the mortgage?—A. No; I do not understand that.

Q. Is it not clear that the pool securities were converted at a rate different from the mortgage rate, since the rate of the pool securities is referred to in this entry?—A. I do not know. I presume Mr. Calef could explain it; I cannot. I never saw the entry before.

Q. Do you know whose bonds these were that are stated to have been received from the Kansas Pacific Company?—A. They belong, I suppose, to the Consolidated Company.

Commissioner ANDERSON. Do these figures not show?

Mr. CALEF. No; they are company bonds.

Commissioner ANDERSON. Which company bonds?

Mr. CALEF. Kansas Pacific.

Q. The next entry in the book shows a conversion, or an issue, of $1,771,000 of these consolidated bonds, of which $1,413,000 were issued to you for Denver Pacific bonds, and $358,000 were issued to you for 358 bonds of the Denver and Boulder Valley. Was that your own transaction?—A. Yes, sir; those were bonds that I surrendered, and I took consolidated bonds.

Q. Both of these lots were exchanged at par?—A. Yes, sir; I suppose so.

Q. What was the rule in regard to the conversion of the branch bonds at par? Do you remember the requirements of the mortgage?—A. The mortgage will speak for itself. I do not remember specifically, but I believe those went in at par.

Q. Do you remember that there was a distinction as to branch roads lying east or west of a certain meridian?

The WITNESS. As to future construction?

Commissioner ANDERSON. No; also as to existing branches.

A. That is under the 24th article.

Q. That clause provides that there shall be no more consolidated bonds issued on a branch road than $15,000 per mile, per branches east of a given meridian, and $25,000 west of that meridian. Is that not so?—A. That clause does not apply to this issue—the Denver Pacific. The Denver Pacific and Boulder Valley went in at par.

THE VALUE OF THE DENVER PACIFIC AND BOULDER VALLEY ROADS.

Q. Under what clause? Please read it.

Mr. HOLMES (reading):

ARTICLE 24. Said trustees shall hold the remaining six millions in amount of said consolidated first-mortgage bonds, and any such surplus as aforesaid, upon trust, when thereunto requested by said company as aforesaid, to certify and issue the said consolidated first-mortgage bonds secured by this indenture in exchange for any

bonds, payment of the principal and interest of which is guaranteed or assumed by said company, or issued by any other company, the road of which is leased by said company, or of the stock of which company said Kansas Pacific Company owns controlling majority, fully paid up, at not exceeding par, in said consolidated bonds, provided that such lease or such majority of stock shall be duly assigned or transferred to said trustees, and that first-mortgage bonds shall be secured by a first lien on a railroad actually constructed and in operation.

That is the end of that part of the clause relating to the subject-matter under discussion. Then comes the following:

And that the amount of consolidated first-mortgage bonds to be so issued shall not exceed in amount $15,000 for each mile east of the meridian of Denver, or $25,000 for each mile west thereof, actually constructed or in operation, of the railroad comprised in the mortgage or deed of trust securing the first-mortgage bonds, in exchange for which said consolidated first-mortgage bonds are issued. Said trustees shall hold the bonds so acquired in exchange upon the trusts in these presents.

Commissioner ANDERSON. The sentence last read by Mr. Holmes is coupled with the preceding part of the sentence by the word "and." I would like to know whether the question as to the limit of bonds which should be taken at $15,000 or $25,000 was discussed, in making these exchanges of these Denver and Boulder bonds.—A. The Denver and Boulder bonds were not to exceed $25,000 a mile.

Q. Were they east or west of the meridian of Denver?—A. They were west.

Q. West of the meridian of Denver?—A. Yes, sir.

Q. Who determined whether the other conditions stated here had been satisfied or not—as to whether these bonds were guaranteed by the company or whether the company had a controlling amount of the stock?—A. Those were conditions that were well known when the mortgage was made, and those are exchanges that were expected to be made. They were provided for in the mortgage. The Kansas Pacific had a majority of the stocks, and held them for a long time, and they guaranteed the principal and interest of the Boulder Valley bonds.

Q. What other branch bonds did you convert besides Boulder Valley?—A. Denver Pacific.

Q. Any others?—A. I think not, except those that were in that pool.

Q. I find at page 12 of your books a transaction in which $2,000,000 of consolidated bonds appear to have been issued to you for the purpose of adjusting the floating debt of the Kansas Pacific, and that those bonds were issued to you at 75. Who determined the rate of issue?—A. I do not know. The board, I suppose. They were not a salable security at the time.

Q. It is the 30th day of January, 1880. What was their market value at the time, as quoted in the exchange?—A. I think they were not on the exchange. I think that Maxwell & Graves had some litigation or claim in regard to their land grants. They were fighting this issue of bonds.

BONDHOLDERS DISSATISFIED.

Q. And at that time you think they were not issued?—A. A good many of the bondholders were dissatisfied with the rates, and they fought this mortgage all they could. A great many of them were influential in the stock exchange, and they fought us there, which put a cloud on these bonds for a long time.

Q. Can you tell me how this rate was fixed, any more definitely than you have?—A. No, sir.

Q. Can you point to any action of the board of the Union Pacific railway by which it was adjusted?—A. No, sir; I cannot; unless there is something in the minutes about it.

Q. You were at that time both trustee and receiver of the bonds?—A. Yes, sir.

Q. Did you talk with Mr. Sage about the rate?—A. I presume I did, and made an offer to all the others, but no one would take them.

Q. In regard to this issue of 927 bonds, on the 23d of March, 1880, stated to be issued to you for 7,616 shares of the Union Pacific Central Branch stock, and on account of payment for 10,000 shares of Denver Pacific stock, what is your explanation of that entry?—A. That was in payment for that stock, or in part payment.

Q. Your book-keeper says that those bonds were not in fact intended to be issued to you, except to the Union Pacific Company, and the Union Pacific Company used them in that way. Is that your understanding of it?—A. My recollection is that Mr. Ham brought me those bonds as treasurer of the Union Pacific Company.

Q. If the Union Pacific Company owed you a certain amount of money for the Central Branch, what right had you as trustee of this mortgage to pay that obligation of the Union Pacific in that way?—A. It was not paid direct to me. The bonds were handed over to the Union Pacific.

Q. That is what I supposed. I ask you that?—A. They made the payment to me.

Q. So that the Union Pacific derived title to these bonds by reason of certain exchanges which they themselves had made, and then used them in the settlement with you?—A. Yes, sir.

Q. I find a large amount, exceeding $2,000,000, charged up in your book as representing discounts on these bonds. Do you know how those discounts came to be allowed?—A. I presume Mr. Calef can explain it.

Q. Do you know that in a number of the negotiations of these bonds they were taken by parties, not at their face value, but that a discount was allowed, as there was to you on the $2,000,000?—A. I do not remember.

Commissioner ANDERSON. I find a number of entries in which this Mr. Leighton is concerned, who had a litigation, I believe, concerning these bonds?

The WITNESS. Yes, sir.

Q. Were there a number of persons who brought suit?—A. Mr. Calef can tell you. I think there were several.

Q. As a matter of fact is it not true that a great many of these bonds were issued to parties by reason of those suits, or for other reasons at rates different from the rates stated in the mortgage?—A. I think so.

Commissioner ANDERSON. The books show that to be so?

The WITNESS. Yes, sir; but in the account with the Union Pacific they paid that difference. We charged them that difference.

Q. That is to say the account, as kept with the Union Pacific, will show that you are able to comply with all the requirements of the mortgage if all those items are correctly entered in that account?—A. Yes, sir; we acted in all these matters in accordance with the instructions of the officers of the Union Pacific, the trustees taking care that the limit did not exceed the amount of bonds to which they were entitled.

Q. The effect of that would necessarily, or might necessarily, decrease the surplus of bonds that might have been available if the strict mortgage rates had been adhered to? That is clear. If all the outstanding bonds had been retired at 30 and 50, and at par, then you would have had a much larger surplus than has been the result from the actual fact?—A. Yes, sir, the bonds went up in the market, and

parties would buy up those bonds expecting to be bought off, and would annoy the company. Of course the company would carry it on up to a certain point and then make a bargain and buy them out; and then some one else would crop up. But we took care always to see that there was no over issue of the bonds.

NO OVERISSUE OF BONDS.

Q. In order to make your account good with the Union Pacific, is the Union Pacific a debtor to-day to that account?—A. They are a creditor.

Q. The Union Pacific is?—A. Yes, sir.

Commissioner ANDERSON. Mr. Calef, tell me how the balance of the company stands to-day.

Mr. MINK. Mr. Ham has that account, and I do not know.

The WITNESS. It was $3,000,000 or $4,000,000, I think.

Mr. CALEF. This account shows that it was about even.

Commissioner ANDERSON. At what date?

Mr. CALEF. The last entries were made in 1886.

Commissioner ANDERSON. Give us the month.

Mr. CALEF. October.

Q. What are the class of credits that you give to the Union Pacific in the account of these bonds? For what do they get credit?—A. They would get credit——

CREDIT FOR SURRENDERED SECURITIES.

Q. For the surrendered securities?—A. (Continued.) In bonds that they surrendered. They also have the right to the proceeds of the lands, to pay the interest on the consolidated bonds, and if they pay it out of their own earnings, and do not call upon the trustees, they would claim that as a credit, for the mortgage provides that the first proceeds of the lands shall be appropriated to pay the interest on the consolidated bonds. The Union Pacific have claimed, and the trustees have not resisted that claim, that where they paid that money out of their own current funds they should have a credit with the trustees for that amount.

Commissioner ANDERSON. Will you refer me, Mr. Holmes, to the section of the mortgage that directs that the proceeds of the lands shall be applied to the interest?

Mr. HOLMES. Yes, sir. [Reading:]

ARTICLE 4. All moneys received by said trustees before the maturity of the bonds hereby secured shall be applied by the trustees from time to time as they shall receive the same, after first paying and deducting thereout all expenses of executing the trusts of these presents. First, to the payment of any interest which may be due upon the said bonds hereby secured; second, in buying in any of the bonds issued by said company into which the bonds hereby secured are intended to be converted at the lowest price for which said bonds can be had, not exceeding rates hereinafter fixed for such conversion; and third, when none of the last mentioned bonds can be obtained at the prescribed rate, then in redeeming or buying the bonds secured by these presents at the lowest price for which said bonds can be had, not exceeding principal and accrued interest.

Commissioner ANDERSON. And your construction is that all moneys, including the proceeds of lands sold in pursuance of your trust, were applicable by you to the payment of the interest on the issue of consolidated bonds, and that if that interest was in fact paid by the Union Pacific Railway Company it was entitled to a credit for that amount as having been paid for your account?

The WITNESS. That is their claim. That is the position taken by the Union Pacific. The trustees have never quite conceded that, and have never taken that into account in the issue of bonds.

Q. In the account as stated, and which resulted in October, 1886, in being about even between the trustees and the company, do they stand credited with the interest accruing on the consolidated bonds?—A. No, sir; that would make the surplus due them, if that was allowed.

Q. Then is there any other item of credit which is given to them, besides the credit for surrendered securities, in the account as stated?—A. Nothing that occurs to me.

Commissioner ANDERSON. I will ask you, Mr. Calef, is there any other item of credit to the Union Pacific Railway Company, in the account, as stated, except the surrendered securities?

Mr. CALEF. No; not in the account stated.

The WITNESS. Mr. Holmes can tell you.

Commissioner ANDERSON. We will ask all around.

Mr. HOLMES. I have always interpreted the mortgage to mean that any interest which the trustees collected on the bonds which they had received in their trust was a part of such bonds, as well as the proceeds of land sales.

Commissioner ANDERSON. I am only asking in regard to the account as kept; and I understand that after crediting nothing but surrendered security, the Union Pacific account appears to be balanced as of date, and that the explanation given of over payment is cured by showing that in theory, at least, the extra issue of bonds was made a credit to which the Union Pacific was entitled; that in that way the trustees would be protected in what otherwise would appear to be a violation of the terms stated in the mortgage. Can you explain the meaning of the account at page 627 of ledger entitled "Kansas Pacific Railway Floating Debt"?

The WITNESS. No; I presume Mr. Calef can explain that; I cannot.

Q. In this negotiation of $2,000,000 of bonds to you at $1,500,000, was Mr. Sage ever interested with you?—A. No, sir.

Q. He paid no part of the floating debt?—A. No, sir.

Q. Do you know anything of the transactions in which bonds appear to have been issued to Mr. Sage at a rate different from the mortgage rates?—A. No, sir.

Commissioner ANDERSON. That is all we want to ask now.

The CHAIRMAN. Judge Dillon, did I understand you that you wanted to ask a question?

Mr. JOHN F. DILLON. I wanted to ask a few questions.

The CHAIRMAN. Go ahead.

REFERRING TO CONSOLIDATED MORTGAGE.

By Mr. JOHN F. DILLON:

Q. In reference to the consolidated mortgage, I call your attention to the fact that it puts into it all the railroads and the lands of the company and certain personal property, and provides for an issue of $30,000,000, of which it sets apart $24,000,000 for the purpose of paying the underlying liens, for instance, the first mortgage bonds, &c. Then it contains a provision that the company had contracted with Sidney Dillon, Russell Sage, and Henry Villard, holders of certain enumerated bonds, the amounts and character of which are distinctly stated in the instrument, and which it is provided shall be exchanged for a

certain number, $3,400,000 in amount, of the consolidated first-mortgage bonds. It further provides that certain securities, which are ahead in lien of this $30,000,000 mortgage, shall be purchased at certain rates, which are specified in Article 23. Now, various questions have been asked you as to the pool rates, and as to the contract rates, for the buying in of these other securities; do you know why the provisions there for the purchase of bonds from Villard, Sage, and Dillion was put in; have you any distinct recollection of that?—A. My recollection is that that was a bargain made between the company, or parties interested in the company, and these trustees. They represented the holders of a large majority of the bonds; it is very desirable to get them committed; that was a special bargain made with them, as I remember it now.

Q. The mortgage sets that out on the face of it?—A. Yes, sir.

Q. So that everybody taking bonds under this mortgage knew that a certain amount of consolidated bonds were to go in payment for, or in exchange for, the enumerated underlying bonds?—A. Yes, sir.

Q. And the trust was administered on that theory, was it not?—A. Oh, yes, sir; certainly.

Q. Now, calling your attention to Article 22, to which Commissioner Anderson has referred, it provides for the issue and certification of these bonds; referring to the contract, in terms, with Dillon, Sage, and Villard, before recited—

> And as to other bonds not comprised in the said contract at a rate of exchange not exceeding that in the next article hereinafter specified, and, secondly, as to six millions in amount of said bonds and as to any surplus that may remain out of said twenty-four millions after the conversion of all the bonds, coupon, interest warrants, and funded-interest certificates lastly referred to, in exchange for the first-mortgage bonds of other companies of the character and amount in the next article but one hereinafter specified, or for the purpose of providing funds for the construction or extension of branches.

Then Article 22 provides that "said trustees shall hold so much of said $24,000,000 of bonds as is not required for exchange," under certain trusts specified in that article. Now, since it is expressly provided that all the said bonds, coupons, interest warrants, and funded-interest certificates shall be exchanged, and then any surplus shall be held for certain other purposes, I presume the construction which you put upon this mortgage was, that if any of the bonds which were recited here, to be taken in at par, were, by the Union Pacific Company, as the successor of the Kansas Pacific, brought to you, you were authorized to exchange at par, although they may have got them for less, and that if some of the other bonds were purchased for that company at above the mortgage rates your construction of the trust was, that if you did not exceed in all the limit here in the twenty-third article, you were authorized to issue the consolidated bonds?—A. Yes, sir; that was our rule.

Q. That, I think, is a sound construction of the instrument itself. What was the scheme of this mortgage? These underlay the issue of consolidated bonds?—A. Yes, sir. We know perfectly well that Judge Usher, Mr. Holmes, and myself knew perfectly well what this mortgage was and what we intended to do. We got it up, and when any question came up, of course I went to them for advice. But I know what the intention was.

NO OVERISSUE OF BONDS.

Q. Under that construction of the mortgage, as you understand it, there has been no overissue of bonds under this mortgage?—A. No, sir.

Q. Do you know, and can you state, whether bonds remained unissued and uncertified sufficient to take care of all the trusts of this mortgage; that is to retire all the outstanding issues, even if they had to be taken in, all of them, at par?

The WITNESS. All the underlying securities?

Mr. JOHN F. DILLON. Yes, sir; all that are outstanding.

A. Yes, sir.

Q. Your attention was called to a detailed list of the twenty-nine branches of the Union Pacific Company, and you were asked whether you now had, or ever had, any interest in their construction or in their securities, and I understood you to answer, with the exception of two, that you had not. Am I right?—A. Yes, sir.

Q. Those two were the South Park and the Utah Northern?—A. Yes, sir.

HOW THE UTAH NORTHERN WAS ACQUIRED.

Q. Will you state briefly the circumstances under which the Utah Northern was acquired? State through whom and why.—A. It was a little spur of a road which ran from Ogden north through a Mormon settlement in Utah, and the Mormons had furnished part of the money, and a gentleman, Mr. Joseph Richardson, had furnished the balance. They had not made much out of the road, and I saw that it was turned towards Montana, which I thought was destined to be a rich mineral country, and I opened negotiations with Richardson. I first proposed the Union Pacific should take that interest, and get a control of it. It did not strike Mr. Dillon favorably, and he rejected it, so I took it up. I bought an interest and began to extend the road. I took the bonds and stock of the company. It gradually began to pay, and it became profitable. Then the directors saw that when it was extended to Montana it would of course become not only a great feeder to the Union Pacific but a source of profit in itself, and they asked me if I would not let the Union Pacific have it. I said, "Yes," and I turned it over to them at just what it cost me. I think I got the bonds at about 40 or 50, and the stock free.

Commissioner LITTLER. Judge Dillon, that road is 460 miles long, as reported now.

The WITNESS. It is now.

Commissioner LITTLER. You extended it?

The WITNESS. I extended it after I bought it.

Q. One of the wondrous revelations of Mr. Pondir to the Commission was that he said that Mr. Richardson had said to him that he had to make a bargain with you personally in order to get rid of the road. Have you anything further to say in explanation of that statement than what you have already stated?—A. No, sir. It was a voluntary sale by him, and it was all that the road was worth at the time I bought it. It was not paying. It was a poor thing. Of course railroads need a master hand and a development to make them pay, and Richardson was too stingy a man himself to develop it.

Q. The point I want to get at is, did you sell it to the Union Pacific at what it cost you?—A. Yes, sir; just what it cost me.

Q. And it has turned out to be a very valuable road, has it not?—A. Yes, sir.

Mr JOHN F. DILLON. The surplus for 1883, I see by their reports, was $390,000.

By the CHAIRMAN:

Q. Will you just state what you paid Richardson for the road?—A. I do not know whether I paid him 40 or 50 for his bonds.

Q. Either 40 or 50?—A. Well, I might have paid him a little higher, but by building the road on and taking the bonds and stock the price got down, so that when I turned it over to the Union Pacific it was 40 or 50. I might have paid Richardson more than that for his.

By Commissioner ANDERSON:

Q. Did he throw the stock in, or did he set a price for the stock?—A. I think the stock went in; I think in buying of Richardson that was the case.

By Judge DILLON:

Q. Whatever profit was made in the transaction inured to the company and not to yourself?—A. Yes, sir.

Q. The only instance in which you stated you had ever had any interest on any of the branch lines of the Union Pacific was the Denver, South Park and Pacific road. Do you recollect the year that that was purchased?—A. I think in 1880.

PURCHASE OF DENVER, SOUTH PARK AND PACIFIC.

Q. Can you state briefly the history of this purchase by you, and why you purchased it?—A. I had an interest in the construction of the road, a minority interest. The great bulk of it was owned in Denver by Governor Evans and a party of gentlemen there. After they got the road pretty well constructed it became very profitable.

Q. Right in that connection, let me see if this refreshes your mind in a general way. I read from the report of the Union Pacific for the year ending December 31, 1884, at page 31, the net earnings, taxes deducted:

For 1880, on 162 miles	$996,621 49
For 1881, on 213 miles	309,757 28
For 1882, on 261.2 miles	377,449 60
For 1883, on 312.88 miles	48,748 29
For 1884, deficit, on 320.7 miles	293,993 22

It appears in 1880, from this statement, that the net earnings were, in round numbers, $1,000,000. That was the year in which this road was purchased, was it not?—A. Yes, sir.

Q. Will you resume your narrative as to the circumstances under which, and the reasons for which, this purchase was made?—A. The amount of business that this road was bringing out to give to some Eastern road was very great. It also furnished a market for a very large amount of the products of Kansas. In the mineral country they have to bring in everything they use. There was another purchaser for this road—the Denver and Rio Grande. I was afraid that if the Union Pacific and the Kansas Pacific, and those interests, were deprived of access to this country, it would shut off a large amount of earnings on their main lines, and I went out to Denver and saw Governor Evans, who represented the Denver and South Park. I found that this sale was very imminent. I staid there and succeeded in buying them out. I paid them par for the stock and took the control of the road. Then I offered it to the Union Pacific. I offered them the first refusal, and they took it.

By Commissioner ANDERSON:

Q. At what price?—A. At the same price.

By Mr. JOHN F. DILLON:

Q. You were cognizant, were you not, more or less, of the negotiations which were had with the Rio Grande people by the Evans party for the sale of this road?—A. Certainly. If we had not taken it at that time we would have lost it.

Q. Was the offer which the Rio Grande people made for this road substantially as great as the price at which you bought it?—A. Yes, sir; the price was the same.

NO PROFIT TO WITNESS.

Q. So that personally, so far as you were concerned, and the interest which you derived through the construction company, there was no personal profit to have the property go to you rather than to have it sold to the Rio Grande people?—A. No, sir; I would have made the same amount if it had gone the other way.

By Commissioner ANDERSON:

Q. Have you brought that statement of the amount of stock and bonds that you received under the construction contract?—A. No, sir; I am having that made up.

Q. It is being made up?—A. Yes, sir; it is being made up.

By Mr. JOHN F. DILLON:

Q. Your motive, therefore, as I understand you, in the purchase of this property, was to prevent its falling into the hands of parties having rival and competitive railroads?—A. Yes, sir.

Q. Does your recollection enable you to verify, in a general way, the profitableness of this road for the two or three years after the purchase? Does it coincide with the reports that I read to you from the company's books?—A. Certainly. It is very profitable.

Q. This road was afterwards extended to Leadville by the Union Pacific Company, after its purchase?—A. Yes, sir.

Q. What relation did Leadville sustain at that time to the railway traffic of Colorado?—A. Leadville was the great mining center.

Q. Are you familiar with the famous contest between the Rio Grande and the Atchison companies about that time, for the control of the gateway up to Leadville?—A. Yes, sir; I think I ought to be.

Q. Do you recollect that, at one time, the Atchison Company made a lease of the Rio Grande Company?—A. Yes, sir.

Q. And the courts afterwards declared it to be *ultra vires*. Do you recollect whether that event had then transpired; that is, whether the Rio Grande was then out of the hands of the Atchison Company at the time of the purchase of this South Park property?—A. Yes, sir; it was out of their hands and had been extended. It had been extended to Leadville. I had the control of that, you know, at the time this litigation was settled.

Q. So that, at the time of the purchase of the South Park road, the Rio Grande Company had reached Leadville?—A. Oh, yes, sir; and was doing an enormously profitable business.

Q. And had a monopoly of that business by railway?—A. Yes, sir.

Q. And the South Park was extended towards Leadville, and with a further short extension could reach them. Was this element considered

as giving the property at that time a very great value?—A. Yes, sir; I presume this road has always really paid. It was one of the elements which controlled the share which the Union Pacific have received in the Colorado pool. If they had lost Leadville their percentage in the pool, of course, would have been largely reduced at once, so that when they make up the accounts of the Denver and South Park road that may be figured as a loss or figured at a large profit, just as you keep the books. The tonnage of Leadville has never fallen off. It is larger to-day, I think, than it ever was.

Q. I cannot go over these various items in detail, for I want to get through. I will briefly refer to other interests that you had at the time of the consolidation. I have got through with the Union Pacific lines. Coming now to the Kansas Pacific, the accounts which were produced from your books show that these purchases were made at 75, beginning April 26, 1879, and ending May 20, 1879. On October 15, 1879, you sold Mr. Sage fifty of the bonds at the same price you gave, 75, and to Sidney Dillon $100,000, the total issue being $684,000, and 4,000 shares of stock reported as costing $6,000. That is the transaction. Will you describe it? Do you recollect the rate of interest those bonds bore?—A. 7 per cent.

Q. Seven per cent. gold bonds, were they not?—A. Yes, sir.

Q. What was the purpose of the sale, and under what circumstances did you make the sale of the $50,000 to Mr. Sage and the $100,000 to Mr. Dillon?—A. I wanted a little help. I did not want to carry the whole load myself. I asked them to put in some money.

Q. This account correctly represents the dates of these transactions, does it not?—A. Yes, sir.

Q. And you never had any dealings in these bonds other than as here shown?—A. No, sir.

Q. Do you know the value of these bonds at the date of the consolidation?—A. Yes, sir.

Q. What were they worth?—A. They were worth par. The bridge bonds were earning their interest, and the stock was good. That stock that I put in was worth par. And the other bonds on the other roads were about $17,000 a mile, 7 per cent. bonds on a railway running through the garden of Kansas and Nebraska, every foot of it in the richest agricultural country. Of course I knew that it was only a question of two or three years before not only the bonds would be good but the stock. In fact the stock, at the time I turned it over, was selling, I think, at about 40; 30 or 40.

Q. There is no doubt about what these bonds yielded, and that the company drew their interest on them regularly, and finally disposed of them to the Hastings and Grand Island, as well as the stock at par. I refer to the bridge bonds. I want to know what their value was at the date of the consolidation?—A. The bridge bonds and stock were worth par.

Q. The stock was worth par?—A. The stock was worth par and the bonds also.

Q. And they were sold by the Kansas Pacific at the consolidation for the par of the bonds alone?—A. Yes, sir; payable in stock that was worth about 90 when I made the contract.

VALUE OF SAINT JOSEPH BRIDGE BONDS.

Q. Suppose that the consolidation of January 24, 1880, had never happened, would the value of these Saint Joseph bridge bonds have

been equal to the par thereof?—A. Oh, yes, sir; it was a very growing property. Its earnings were increasing all the time, as the business of the country increased.

Q. The transcript of the official sales of the Stock Exchange of January 14 shows large transactions in Union Pacific stock at 92—89 to 92, and in Kansas Pacific at 95 and 96. The contract was that you sold these Saint Joseph bridge bonds at par, the stock thrown in, to be paid in the stock of the Kansas Pacific Company, was it?—A. Yes, sir.

Q. Therefore you realized less than par, by the terms of the contract, for the security?—A. Yes, sir.

PURCHASES OF SAINT JOSEPH AND DENVER RAILROAD FIRST-MORTGAGE BONDS, 1879.

Q. Turning now to the account which you rendered of your purchases of what is headed "Saint Joseph and Denver Railroad first mortgage bonds," which I understand to cover the Saint Joseph and Pacific and the Kansas and Nebraska, with their appurtenances or "trimmings," we find that this account shows that these purchases began on January 14, 1879, and continued through that month, four or five transactions in February, eight or ten more in March, two in April—the 7th of April being the last—which seems to have ended your purchase of these securities, with the exception that on November 3 there is an entry, "William Beldon, settlement, $113,000 of these bonds;" then showing that you made a sale of minor interest in them to Mr. Sage, Mr. Frederick L. Ames, Mr. Sidney Dillon, Mr. S. H. H. Clarke, Ezra H. Baker, F. Gordon Dexter, and Elisha Atkins—the sales amount to $617,000 out of $1,562,000; and that the latest of those sales was, July 2, to Elisha Atkins. Did you have any other transactions in those securities during the year 1879 than those which are here mentioned in this account?—A. No, sir.

Q. It is in evidence here that these securities went up in the market to, I believe, 90 or 95, or in that neighborhood, and there was some testimony tending to show that that price might have been manipulated by somebody. Do you know anything about any fictitious sales, or "washed" sales?—A. No, sir. It leaked out that I was buying, and that was the reason I had to wait until I could get them all in a lump. As soon as it leaked out that I was buying them they began to grab for them, and they carried the price up, but I never made any transactions in them other than those.

Q. And therefore the market price, or whatever they did sell for, was a normal price, so far as any agency of yours was concerned?—A. Yes, sir; it was made by people who were trying to keep company with me, I suppose.

Q. What was the reason why Mr. Sage and these other gentlemen, who were recognized to be large owners in the Union Pacific Company, made a purchase of these subordinate amounts? For instance, Mr. Ames, $1,000,000; Mr. Dillon, $200,000; Mr. F. Gordon Dexter, $30,000, and Mr. Elisha Atkins, $30,000.—A. After I had made this purchase I said to these gentlemen, knowing that they had large interests in the Union Pacific, that I had made this purchase, and showed them my hand, and told them that they might take what portion of it they wanted and I would take the balance; and they partitioned off such part as they wanted, and I took the balance.

PROTECTING THE UNION PACIFIC FROM THE IOWA POOL LINES.

Q. What were the motives or inducement on your part for taking this large purchase in the securities of this road?—A. I had a large interest in the Union Pacific, and I wanted this outlet to protect the company against the combination of the Iowa pool lines, who were trying to force the Union Pacific down to a pro rata.

Q. How would getting the control of the Saint Joseph and Western enable you to effect that object?—A. You reach the lower system of Eastern roads that were not in that combination—the Hannibal and Saint Joseph and the Wabash line, which centered at Saint Joseph.

Q. Your leading motive, therefore, as I understand it, in the purchase of these securities was to protect your interest in the Union Pacific property?—A. Yes, sir. We had had a contest with the Iowa roads before this purchase, while Mr. Bond was the receiver. They supposed that they had got the thing fixed so that they could force the Union Pacific to prorate. We found it out, and went to Mr. Bond and made a bargain with him for the use of this road. On the day that they were going to force the Union Pacific to prorate we turned the whole traffic right down over this road.

Q. Who actually did that?—A. We actually did that, and of course we saved the company at that time. But I kept my eye on this property as being worth something for just such a protection as that, and at various times said to Mr. Bond, "Whenever your people are tired out there come and see me." Several times he came, and said he thought that was the right time. I made a price, and finally I found whenever I made the price that they put one a little up, so I said, "Now bring me an offer." He brought me 40, and I accepted it. I knew that the property, in looking to its future, was growing, and would become valuable. I could see that every time I went over the road new towns were growing up and immigration was pouring in. That tells the story.

The CHAIRMAN. Still, you had not lost anything in effecting your purchase?

The WITNESS. No, sir. I did not expect to. I knew the property was good.

The CHAIRMAN. You do not want to impress the Commission with the idea that you were at a loss?

The WITNESS. No, sir; I only want to give the motive that governed me and the facts about it. I have nothing to conceal.

By Mr. JOHN F. DILLON:

Q. Perhaps the Commission would like to hear your view concerning the situation of the Union Pacific. How many roads come into Council Bluffs on the Iowa side?—A. There was the Chicago and Northwestern, the Chicago, Burlington and Quincy, the Chicago, Rock Island and Pacific; I think three.

Q. The Wabash?—A. I do not think the Wabash was built at that time.

Mr. JOHN F. DILLON. No; it was not at that time.

A. Then there was the Council Bluffs road.

Q. The Saint Joseph and Council Bluffs?—A. Yes, sir.

Q. In 1879 and 1880, had any of those roads that come in at Council Bluffs, and there, meeting the Union Pacific, deliver to the Union Pacific their traffic, and receive from it its traffic, invaded the Union Pacific Territory in the west, in Nebraska?—A. I think the Chicago, Burlington and Quincy had.

Commissioner ANDERSON. Do you ask in 1880 or 1879?

Mr. JOHN F. DILLON. 1879 or 1880.

The WITNESS. The Chicago, Burlington and Quincy had, and perhaps the Northwest had, a spur on the north.

EMBARRASSMENT FROM HAVING NO CHARTER POWER.

By Mr. JOHN F. DILLON:

Q. Did you ever feel any embarrassment in dealing with the Union Pacific property, by reason of having no charter power to protect its territory from invasion, as you call it, by rival companies?—A. The company was greatly embarrassed by not having the same rights that the other roads had. If they had the rights at that time, and the credit, to have gone ahead and occupied the territory west of the river as I planned, the stock would have been worth 200 to-day, but while they hesitated and lacked the credit to go ahead, these other stronger companies plunged in; and, of course, the building of competing roads at lower rates is what injured the Union Pacific. My plan was that the Union Pacific should go ahead and occupy the whole country west of the river, and bring the business to the roads east.

MANNER OF PROTECTING A ROAD.

Q. How does a railroad manager protect his property when he is threatened with invasion? Does he not try to carry the war into Africa?—A. He has to throw out feeders, to get the start in building lines; for instance, if there is a rich valley that is just developing, if one road does not come in there, another one will; but, if the stronger road comes in and occupies that valley, the others will probably keep out.

Q. That is one way of protecting themselves, by throwing out branches and holding the territory?—A. Yes, sir.

Mr. JOHN F. DILLON. You stated the other day that in November, 1879, when Commodore Garrison was the owner of the Missouri Pacific, he was threatening to extend that road into the territory tributary, as you claimed, to the Kansas Pacific, and that you said to him, "For every mile you build west in my territory, I will cross the Missouri River and build into Missouri, on your territory."

The WITNESS. Yes, sir.

Q. In the present legislation applicable to the Union Pacific, it has not the ordinary faculties and powers of protecting itself that the Missouri Pacific has, for instance, has it?—A. No, sir.

THE UNION PACIFIC HAMPERED.

Q. In other words, when the Chicago and Northwestern proposed to invade Nebraska and the territory naturally tributary to the Union Pacific, the Union Pacific had no means of crossing the river and getting into the territory of the Northwestern, had it?—A. No, sir; it was tied hand and foot, so to speak.

HAS NO PRESENT INTEREST IN THE UNION PACIFIC.

Q. Now, while I am on that subject, there is one of very great importance as connected with the Union Pacific, and especially referred to this

Commission, namely, the system of branches; I will ask you, first, whether you have now any interest in the Union Pacific?—A. No, sir.

Q. No interest?—A. No, sir.

Q. Not as stockholder?—A. No, sir.

Q. Are you a bondholder?—A. No, sir.

Q. No interest whatever?—A. No, sir.

THE BUILDING OF BRANCHES.

Q. Were many of these branches built while you were connected with the company's administration?—A. Yes, sir.

Q. What were your motives for favoring them?—A. My motive was this: I thought that the Union Pacific should occupy the territory tributary to it, and throw out feeders that would bring the business in to the main line, and keep pace with the development of the great West, occupying the country as fast as, or a little faster than, the population went in to sustain it.

Q. Are you familiar with the mode in which these branches were constructed by the Union Pacific?—A. Yes, sir.

Q. There are some twenty of them, more or less; do you know of any construction company ever being organized to build these branches?—A. No, sir.

NO KNOWLEDGE OF INDIVIDUALS PROFITING BY THE BUILDING OF BRANCH ROADS.

Q. Did you ever make, or do you know of any director, making any individual or personal profit out of the building of these branch lines?—A. No, sir.

Q. Or any of them?—A. No, sir.

Q. As far as you know, were they built at the actual cash cost to the company?—A. Yes, sir.

Q. Where did the means come from to build them?—A. The company furnished the means out of its earnings, or, in some cases, it sold bonds.

Q. So far as the means for the construction of these branch lines were furnished out of the company's earnings, it was a voluntary adoption by the directors of the policy of appropriating earnings for this purpose rather than to distributing them in the way of dividend, was it not?—A. Yes, sir.

Q. What, in your judgment as a railroad man, and as familiar with this property, would be the effect of disuniting and dislocating these branches from the company's subsidized or main lines?—A. They would make a great shrinkage in their earnings; probably one-half.

Q. What was, in your judgment, the fair value of the Saint Joseph and Denver first-mortgage bonds in January, 1880, prior to the consolidation?—A. They were worth par in cash.

Q. What do you base that estimate upon?—A. Upon the property itself, and the bonds per mile.

Q. How much was the indebtedness per mile?—A. It was about $17,000 per mile.

Q. That is a low indebtedness for such a road as that, is it not?—A. Yes, sir. The property had just passed through the ordeal of grief and had got to a point where it was going to grow very rapidly. I saw that. The subsequent result has shown it.

Q. I want to ask you in regard to the Central Branch Union Pacific. The contract that you introduced here, the original contract with Oliver Ames for the purchase of a majority of the Central Branch stock, is

dated on the 7th day of November, 1879. You produced the original contract, did you not?—A. Yes, sir.

Q. The entry on your books for that purchase is not until December 9. I suppose that is because the stock was not, perhaps, paid for or delivered until that time?—A. Yes, sir; I presume that is so.

Q. Then nearly all the rest was purchased November 11th and November 12th. That is, paid for, although I think the options were at an earlier date. The account rendered here truly represents what you actually paid to Mr. Oliver Ames for this stock, does it not?—A. Yes, sir.

Q. That purchase was made prior to the date when you purchased the Missouri Pacific?—A. Yes, sir.

Commissioner ANDERSON. Is it a purchase or an option, judge?

Mr. JOHN F. DILLON. It is an absolute contract to buy. Mr. Ames sells and Gould buys 6,250 shares at the price of $250 per share.

MOTIVE FOR PURCHASING.

Q. Will you tell the Commission a little more in detail than you did the motive that led you to make this purchase? Give the reasons for it.—A. The Kansas Pacific had an important branch, the Junction City and Fort Kearney, which I was extending west, trying to get ahead of the Central Branch. But we got neck to neck, and we were both building parallel roads right west.

Q. How near together?—A. Sometimes right close together. Sometimes I think we disputed the right of way. Then we would get a little ways apart. After we had got about 20 miles built they came down to see me, to see if there could not be some settlement made, and they finally proposed that they would sell out. They made this price, and I bought them out.

Q. (Showing a map.) Will you show what it was on this map?—A. *That* must have been the Junction City and Fort Kearney road.

Q. Where is the beginning?—A. *That* is Kansas Central.

Q. It does not show it there?—A. No, right there we came together, you see, and went right along at that time.

Q. If the Kansas Central should be extended west towards Denver, what would have been the effect on the value of the Kansas Pacific?—A. It would have hurt it at that time. That was the principal reason that Mr. Ames wanted it included in the consolidation. It was to protect the Union and Central Branch west.

By Commissioner ANDERSON:

Q. Mr. Fred. L. Ames?—A. Mr. Fred. L. Ames.

By Mr. JOHN F. DILLON:

Q. Your purpose then in purchasing this property was primarily to enable you to protect the Kansas Pacific property, was it not?—A. Yes, sir.

Q. I will ask you at this point whether you sold stock at the time of the consolidation at any personal profit to yourself, or whether it was sold to the Kansas Pacific at precisely what it cost you?—A. It was sold at just exactly what it cost me.

Q. Was it sold to the Kansas Pacific at your instance, or by reason of any urgency on your part, or at the instance of others?—A. It was sold at their instance. I wanted to keep the Central Branch and the Kansas Central out. I did not want to put them in. I wanted at least to take those for the Missouri Pacific.

Q. What was the value, in your judgment, of that stock at the date of the consolidation or sale? Was it sold for more than it was worth?—A. I should not have bought it if I had not thought I was making a bargain.

Commissioner ANDERSON. That is hardly an answer to that question.

The WITNESS. I think it was worth the money.

Commissioner ANDERSON. You think it was worth $250?

The WITNESS. No; $238, I think it was. There is one thing that has not been mentioned in regard to that. They had lands valued at from 100 to 150 on the stock.

By Mr. JOHN F. DILLON:

Q. They had a land grant?—A. Yes, sir; they had a land grant.

Q. In addition to the railroad?—A. In addition to the railroad.

Q. And in addition to their lease of the property lying beyond the 100 miles it was subsidized by the Government?—A. Yes, sir.

CENTRAL BRANCH AND KANSAS CENTRAL MORE VALUABLE NOW.

Q. What is the character of that property to-day?—A. It is much more valuable. That is, it has grown all the time.

Q. The net earnings reported by the company for 1884 and 1885 were 15 and 16 per cent. on the par of the stock, were they not?—A. Yes, sir; it is being cut now by competition considerably, so that hereafter it is likely to be less valuable than it has been. The Rock Island are building in there, and the Atchison, Topeka and Santa Fé, and the Chicago, Burlington and Quincy. It is a pretty rich country.

Q. The only other branch, I think, that you had any interest in, which was disposed of at the time of the consolidation, was the Kansas Central. You turned in the bonds and stock of that road, or disposed of them?—A. Yes, sir.

Q. You acquired those of whom?—A. I acquired those of Commodore Garrison.

Q. On November 13, as a part of the Missouri Pacific purchase?—A. Yes, sir.

Q. And the account that you rendered truly states what you gave him for it?—A. Yes, sir; in cash.

Q. That shows that you paid him and others $431,820.25 for the $479,000 of bonds and the 2,521 shares of stock?—A. Yes, sir.

Q. Which was sold to the Kansas Pacific?—A. Yes, sir.

Q. And that you surrendered the above bonds and stock in exchange for 4,790 shares of the Union Pacific at par?—A. Yes, sir.

Q. On what basis was that put in?—A. It was put in on the basis of calling the bonds worth as much as stock, with the stock of the Kansas Central thrown in.

Q. What was the Union Pacific worth at about that time?—A. About 90 to 92.

Q. Your actual cash outlay, without interest, was about $432,000?—A. Yes, sir.

Q. And you got in the par of Union Pacific stock, $479,000?—A. Yes, sir.

Q. And if you treat it as worth about 93, one account about balances the other?—A. About balances the other.

Q. Why was this put into the Kansas Pacific consolidation?—A. Mr. Ames insisted on having those two roads go in—the Central Branch and the Kansas Central.

Q. Your statement, therefore, is that it was not put in at your instance or insistment, but that it was by the insistment of the Boston party?—A. No, sir. I wanted to keep out those two roads. I thought I ought to have a little out for the Missouri Pacific.

Q. Did you regard the Kansas Central stock and bonds at that time as being worth what were got for them?—A. Yes, sir.

WILLING TO TAKE THEM BACK.

Q. You had paid that for them, had you not?—A. Yes, sir; I will take that road at that now.

Q. You will take that road at that now?—A. Yes, sir; certainly, and quickly.

Q. How is it about the Central Branch?—A. I will take the three roads.

Q. The three roads that you put in?—A. Yes, sir; right off; this minute.

By Commissioner ANDERSON:

Q. Which three do you mean?—A. The Saint Joseph and Western, and the Central Branch, and the Kansas Central.

Q. Do you make that answer as to the last two? Do you know that the Saint Joseph and Western has been sold?—A. I took that into account.

Q. Will you make that answer as to the Central Branch and the Kansas Central?—A. I would as to the Kansas Central, and I am not sure but that I would as to the other. But I certainly will take the three.

Commissioner ANDERSON. You know it is impossible to give the three, because you know the Union Pacific has sold the Saint Joseph and Western.

The WITNESS. No, it is not. They could account for it. I would take the whole thing off the hands of the Union Pacific, and they make no loss on it. But I do not think it would be quite fair to give them the sweet and I take the sour.

Commissioner ANDERSON. There was some sour, then.

WILLING TO PAY CASH.

By Mr. JOHN F. DILLON:

Q. That is to say, you will put yourself on record here as saying that if the Union Pacific will account for what they have received for the Saint Joseph and Western, having parted with it, you will take the Central Branch and the Kansas Central at what you sold those two roads to them for?—A. Yes, sir; cash.

Commissioner ANDERSON. Perhaps they would want to pay you in Union Pacific stock.

The WITNESS. It would be for me to pay them in Union Pacific stock, because that is what I received.

Commissioner ANDERSON. If you went to pay them in Union Pacific stock you would make a nice turn?

Commissioner LITTLER. He proposes to pay cash.

The WITNESS. I would make it a cash transaction.

By Mr. JOHN F. DILLON:

Q. How long was the Denver and Pacific Railroad?—A. One hundred miles.

Mr. HOLMES. One hundred and six.

The WITNESS. One hundred and six miles, Mr. Holmes says.

Q. Parallel with the Colorado Central?—A. Yes, sir.

Q. Between Denver and Cheyenne?—A. Yes, sir.

Q. How far were those two roads apart?—A. They were from 1 to 6 or 7 miles apart, in some places.

Q. Do you recollect the amount of the mortgage indebtedness on the Denver Pacific per mile?—A. It is $25,000.

Q. Twenty-four thousand dollars, or $25,000?—A. Twenty-four thousand dollars; yes, sir.

Mr. JOHN F. DILLON. I think it was $2,500,000 on 106 miles.

A. Yes, sir.

Q. And the stock was $4,000,000?—A. Yes, sir.

Q. About $3,000,000 of this was in the Kansas Pacific trust?—A. Yes, sir.

Q. And the bonds were in it?—A. Yes, sir.

Q. Both the bonds and the stock?—A. Yes, sir.

Q. And there was a million of outside stock?—A. Yes, sir.

Q. Familiar as you are with that road, what intrinsic value had this stock, subject to that mortgage?—A. Not any.

Q. The mortgage was in default? Suppose the trustees had foreclosed it, what would have been the effect on the stock?—A. To wipe it out.

Q. To cut it off utterly?—A. Yes, sir.

SECURITY OF BONDHOLDERS IMPROVED.

Q. What was the effect? Something that was done in some way impaired the security of the bondholders under the consolidated mortgage it seems to be thought here.—A. It improved it.

Q. This consolidation having been made, what effect had it on the bonds of your trust?—A. It made them good; it gave them the guarantee of the consolidated company.

Q. The question was asked you by one of the Commissioners, why the Kansas Pacific, or the consolidated company, could not just as well have arranged to put the proceeds of this stock as security for the consolidated mortgage bonds. What business reason would there be for such an arrangement as that?—A. Not any.

Q. This consolidation was made on the basis of putting in the Denver Pacific, being an asset of the Kansas Pacific, and having been built under the act of 1869, to enable the Kansas Pacific to connect with the Union Pacific at Cheyenne. The consolidation was made on the basis that the Denver Pacific and the Kansas Pacific should go into the consolidation on the basis of $14,000,000 and the Union Pacific Railroad on the basis of about $36,000,000 or $37,000,000. Suppose these $3,000,000 of stock which were in the trust had not been liberated from it, in what way could the consolidation on that same substantial basis have been effected?—A. We could have called—that is just what we discussed—the stock of the Denver Pacific $1 or $10 or $100 in the consolidation, just as well as to call it $4,000,000; and we discussed, if I remember, the putting it in first in that shape; and then, of course, additional stock was wanted to carry out these purchases. Finally, as I put in my 10,000 shares so that the company had the whole of it, the consolidation was put through in that shape. But if we had not got the order of the court we would have either foreclosed the road or else the stock would have been called at a nominal price.

Q. It would have been short work to have increased, under the laws of Kansas, the capital stock of the Kansas Pacific to $14,000,000, would it not?—A. Yes, sir; certainly.

Q. You acquired $1,000,000 of this same Denver Pacific stock?—A. Yes, sir.

Q. Costing you $100,000?—A. Yes, sir.

Q. Do you state to this Commission that you sold it to the Kansas Pacific as a part of this transaction at the same price at which you had acquired it?—A. Yes, sir.

Q. Although the value imparted to that stock by the consolidation would have been $1,000,000, would it not, or in that neighborhood?—A. Yes, sir.

Q. It appears that in October, 1879, a letter was addressed by yourself and others to Messrs. Humphreys and Dodge to consider an equitable basis of consolidation between the Kansas and the Union Pacific Companies. When did they report?—A. They reported in January following.

Q. Their report bears date the 16th day of January, 1880. Do you recollect when you first saw it?—A. No, sir; I do not think I ever saw it until it came out here in the hearings of this Commission.

DID NOT INFLUENCE DODGE AND HUMPHREYS.

Q. Did you influence, or attempt to influence in any way, Messrs. Dodge and Humphreys in the making of that report?—A. No, sir.

Q. I want now to call your attention to this, and ask your judgment respecting the comparative values of the Kansas Pacific, including the Denver Pacific, properties, and the Union Pacific property at the date of the consolidation in January, 1880?—A. The Kansas Pacific properties were the most valuable.

Q. Will you give your reasons?—A. In the first place, the road [referring to a map] is about 50 miles farther east. It begins farther east. That is, it has 50 miles more of the rich agricultural country. You see, when you get out about here [about 300 miles] you get out of agricultural land. To explain that, when you commence at Kansas City and Omaha and go west you gradually climb up. In every mile you pull up about 15 feet, until you get to Cheyenne, and you are then as high as at the top of Mount Washington; and Cheyenne is right at the foot of the Rocky Mountains.

Q. Give the number of feet of elevation.—A. Over 6,000 feet. When I first went over the Union Pacific they stopped me at Columbus, 100 miles west of Omaha, to show me the line between the agricultural country and the great desert. They said there was nothing west of that. No agricultural products would grow. But I had noticed that the original line was moving west about 20 miles a year, so that gradually it was working up. But this country was then already good agricultural land, so much farther east of it. Then this road [the Kansas Pacific] lies about 2,000 feet lower than the Union Pacific, so that it is a better agricultural country all the way up. As the result has shown, the land grant that went with the Kansas Pacific has already netted $150 on the stock, and when it is all closed up it will have netted $200, an asset outside of the road. That is one asset. Out between Cheyenne and Denver, if you go through there, you will find it a perfect garden. They raise the finest wheat in the country there. The reason is it lies at the base of the Rocky Mountains, where the snow is constantly melting, and they have those streams with which they irrigate that country. The Union Pacific has nothing of that kind. When

they strike the mountains here [at Cheyenne] it is out of the region of snow and water. The result is that they never got over about 250 miles of agricultural land from their land grant. The Kansas Pacific got a great deal more.

Then, again, the Kansas Pacific country was filling up. Of course I saw, with my knowledge of the Union Pacific, that the day of through business, which had been their golden harvest, was gradually being taken away by other roads south and north, and I saw that it was only a question of time when that, the great element on which the road would live, would disappear, and it would have to come down to local business. I judged these properties by their merits, locally, from the best light I could get. The six or seven years since this amalgamation was made, on the practical tests, will demonstrate whether I was right or wrong.

There was another thing that governed me. The terminal properties of the Kansas Pacific in Kansas City and Denver are perfectly magnificent. I think them worth $2,000,000 in Kansas City and $1,000,000 in Denver. The Union Pacific had no such terminals.

Then the Kansas Pacific had these branches. They had been using their earnings and had built these feeders, and had kept the bonds and stock. They had strained themselves to do it, but they had managed to keep the stocks and bonds of these feeders in their treasury, and they passed under the trust that Mr. Sage and I represented. These feeders are very valuable.

Q. You had a statement here of the relative mileage of those roads; have you it with you to-day?—A. Yes, sir.

Q. You refer to this statement for it?—A. Yes, sir.

Mr. HOLMES. It is Exhibit No. 1, May 18, 1887.

KANSAS PACIFIC LAND GRANT.

The WITNESS. I have got a statement here of that land grant of the Kansas Pacific. The lands which have been sold to date amount to $16,056,881.44, less land sales canceled, $1,184,999.24, leaving net sales to date $14,171,882.20, which, you see, is about 150 on the stock. When the consolidated mortgage was issued there were of acres unsold, 5,100,000; bills receivable, $1,315,000, exclusive of Denver Pacific. At present the trustees have the following unsold lands: Four million acres; bills receivable, $4,859,768; cash, $800,000. Total, $9,659,768, making the land grant realize about $18,000,000.

Q. Passing the mileage of the companies, which is before the Commission, and the land grant, what was the condition and status of the two companies as respects their bonded indebtedness and the liabilities to the United States?—A. The Union Pacific had a bonded debt of $45,883.85.

By Commissioner LITTLER:

Q. Do those figures include the subsidy of the Government?—A. Yes, sir.

Mr. JOHN F. DILLON. And the unpaid interest?

The WITNESS. The Union Pacific had $36,762,400 of stock, being $35,280.51 a mile; and the Denver Pacific and Kansas Pacific together had 779 miles, $9,809,350 of stock, or $12,592 per mile.

By Commissioner ANDERSON:

Q. Those estimates are made on the main line of mileage, exclusive of the branches?—A. Yes, sir; that would bring it still more favorable

to the Kansas Pacific. That would bring the Kansas Pacific down to about $6,000 per mile of stock.

By Mr. DILLON:

Q. Now, in the consolidation they were put in at the par of their respective stocks?—A. Yes, sir.

Q. Is it your judgment that the Kansas Pacific property was put in at an undue valuation in this arrangement?—A. No, sir; it was not.

Q. It appears in evidence that at the date of the consolidation, and for some time prior thereto, the Kansas Pacific stock was selling in the market at a higher rate than the Union Pacific. Did you, or any one to your knowledge, have anything to do with making prices for either of those securities?—A. No, sir; I did not make a transaction in the stock.

Q. I will ask you whether you made any transaction in the stock market or elsewhere with a view to this consolidation or based upon the fact that it might be accomplished?—A. Not a share.

CONSOLIDATION UNANIMOUSLY APPROVED.

Q. What was the effect of the consolidation after it was consumated upon the general judgment as to the wisdom of that transaction, as evidenced by the prices of the securities of the company?—A. It was unanimously approved, and the stocks and bonds all appreciated largely, and the credit of the company assumed a higher claim.

Q. Did you ever hear objection to this consolidation on the part of the company while you were connected with the company's management?—A. No, sir.

THE EFFECT ON THE GOVERNMENT.

Q. We have seen that the stockholders all ratified it, and everybody connected with the two companies ratified it; that the price in the market enhanced in consequence of it, and everybody was satisfied that had anything to do with it. Looking at it from a standpoint of the Government, what have you to say as to the effect of that consolidation on the security of the Government, which is a secured creditor on these properties?—A. Whatever improves the other bondholders of course improves the position of the Government, for they are bondholders or, rather, mortgage-holders.

Q. Did it improve the situation?—A. It puts a stronger corporation behind the Government debt than there was before, because this debt is ahead of the stock, and all these assets that were brought in add to the reliability of the company and its capability to pay the debt.

Q. What is your judgment as a railroad man—it seems so obvious to me that I hardly like to put the question—as to the effect of these two properties being under one control and management in strengthening both, rather than to have them in hostile management or in rival control and interest?—A. Oh, that is self-evident.

Q. What had been the relations of the Union Pacific and the Kansas Pacific prior to the consolidation?—A. At first they were at swords' points—they were fighting; finally I began to get an interest there in the Kansas Pacific, and the properties gradually came together. First we made one man president of both of them; we got a good deal of benefit from that; we saved paying out rebates and constant quarreling, and one thing or another.

The CHAIRMAN. You had been working under an agreement for two years prior to the consolidation?

The WITNESS. Yes, sir.

ADVANTAGES OF CONSOLIDATION.

Q. What is the advantage of a consolidation over an agreement?—A. You saved two sets of officers. You can do more work with your equipment. You can concentrate it.

Q. And you tie the properties up so that no change of stock interest can separate them, do you not?—A. Yes, sir; there are a great many advantages that grow out of the combination of a number of smaller roads into one strong company. In the first place, it is a great deal better for the country, because the stronger company can protect and develop its road. It can build a better road, and can run it better, and can run trains more frequently than small roads can; and that builds up the country and draws in population. People would rather settle on a strong road. You will always find lands selling higher along a strong road than along a weak one.

Q. Can you suggest any point of view in which, in any event, or to any extent, this consolidation could injuriously affect the interests of the Government?—A. No, sir.

Q. Suppose the Kansas Pacific had not been consolidated; could it be used, as you suggested yesterday, and was it liable to be used, as a prolongation of roads in the East?—A. If I had not bought the Kansas Pacific it would probably have been through there now, because one of the large Eastern roads would have taken it up. It was only a question of time before that would be done.

Mr. JOHN F. DILLON. So that the benefits of consolidation, as I understand you, are double. It puts this property in the hands of one united interest. It prevents competition and the hostile relations which had existed between the separate roads, and it prevents one from being used to parallel the other?

The WITNESS. Yes, sir; they combine their strength.

Q. The Kansas Pacific as well as the Union Pacific was a subsidized road, was it not?—A. The Kansas Pacific was subsidized for 394 miles.

Q. If it were true that it were the weaker, and it was put into the consolidation at an undue figure, how would that hurt the Government? It might hurt the Union Pacific stockholder?—A. Yes, sir.

Q. How would that affect the Government?—A. It would not affect the Government lien at all.

Q. The Government would have the advantage of having a stronger instead of a weak property, would it not?—A. Yes, sir.

Q. It appears that at the date of this consolidation Mr. Sidney Dillon held about $4,000,000 Union Pacific stock against $305,900 of the Kansas Pacific; that Mr. E. H. Baker held $800,000 of the Union Pacific as against $27,000 of the Kansas Pacific; that Mr. Fred. L. Ames held about $4,000,000 of Union Pacific as against $201,000 Kansas Pacific; and that you held about—how much did you hold?—A. I held 27,000 shares of the Union Pacific.

Q. That is, $2,700,000?—A. Yes, sir; and $4,000,000 and a fraction Kansas Pacific.

Q. Now, Mr. Dillon, Mr. Baker, Mr. Ames, and Mr. Atkins (whose holding is not given here, but who does not appear to be the holder of any Kansas Pacific stock) were the parties with whom the preliminaries of the consolidation were arranged, were they not?—A. Yes, sir.

Q. In those preliminaries what interest did you understand these gentlemen to represent primarily and principally?—A. I understood they represented the Union Pacific first and all the time.

Q. The interest of these gentlemen in the Kansas Pacific was a drop in the bucket, was it not?—A. Yes, sir.

Q. In making this agreement in regard to the consolidation, you understood that they represented the Union Pacific, and did it to protect their own interest?—A. Yes, sir.

Q. And because they conceived it to be the best for that property?—A. That was their object.

CAREFUL NEVER TO VIOLATE THE LAW.

Q. One other thing, and I believe I have done. There is a provision in the act of 1873, and perhaps referred to in the act of 1878, that the company shall thereafter pay no dividends except out of net earnings. Commissioner Littler called your attention to some figures that came from some source, I do not know what. What is your understanding, as a director of the Union Pacific, as to the company ever having violated that provision of law?—A. My understanding is that we were exceedingly careful never to violate it.

Q. Do you recollect controversies existing between the Government and the company in regard to this matter?—A. Yes, sir.

CONCERNING NET EARNINGS.

Q. Can you state that briefly?—A. It grew out of the question of what net earnings were. That was one of the questions. Then there was another question in regard to mail compensation. The Government claimed to pay the Union Pacific the same rate, per mile, on mail transportation that they paid to ordinary eastern roads; whereas their charter provided a different measure, and we charged our accounts up according to our own construction of the law. That is, we charged the Government for mail transportation in accordance with the terms of the contract that we had with the Government. They, on their part, charged it up at what they said they were willing to pay, and that made the difference—the apparent difference. According to the Government, the net earnings would be one way, and according to the company's accounts they would be another. That went into a litigation, and finally it was decided in our favor. As soon as the balance was adjusted between the Interior Department and the company we paid the difference.

Q. I will recall it to you, and these gentlemen will verify what I say. The sixth section of the act of 1862 provides that the company shall at all times transport the mails, troops, munitions of war, supplies, and public stores on the said railroad for the Government, whenever required to do so, and that the Government shall at all times have the preference in the use of the same for all the purposes aforesaid, at fair and reasonable rates of compensation, not to exceed the amounts paid by private parties for the same kind of services. Do you recollect a suit decided by the Supreme Court of the United States, in which they held that that was a contract binding on the Government, and which Congress had no power to change?—A. Yes, sir.

Q. After that decision was made, you charged for the mail transportation the same amount that you charged for like services to private parties?—A. Yes, sir.

Q. The Government, however, insisted that the Union Pacific should not be allowed for carrying the mail over this sparsely settled region, and over the mountains, any more than they paid the Iowa roads or the New York roads?—A. Yes, sir.

Q. And that was the dispute, was it not?—A. Yes, sir.

Q. Do you recollect a dispute on the subject of new construction and equipment relating to net earnings?

Commissioner ANDERSON. I suggest that all that has been decided by the courts.

The CHAIRMAN. Yes, we have all that.

Mr. JOHN F. DILLON. I only want to get this out. Commissioner Littler, in your absence, asked whether the company had not paid dividends in violation of the act of Congress, at any time when they were under default, under the Thurman act.

Q. Do you recollect whether that question was decided in favor of the company?—A. Yes, sir.

Q. Do you recollect when the balance was ascertained by the judgment of the Supreme Court, that the company, before that judgment was dry, paid the amount?—A. Yes, sir.

Q. And settled the last dollar of difference between it and the United States?—A. Yes, sir.

Mr. JOHN F. DILLON. The Commission understand as to the interest—you read from some statement about accrued interest—that the Supreme Court had decided that this interest is not due until the principal is due.

Commissioner LITTLER. We understand that. You do not dispute but what the company will have to pay it if they are able.

Mr. JOHN F. DILLON. Of course, that and the principal.

WHY HE RETIRED FROM THE UNION PACIFIC RAILROAD.

By the CHAIRMAN:

Q. If the consolidation was such a good thing, why did you retire from the Union Pacific Railroad Company?—A. Because I made up my mind that it was better for this property to have a large scattered ownership. As long as they said—the newspapers and everybody—that it was Jay Gould that controlled it, the property seemed to be handicapped, and I made up my mind it was better to get in a large number of investors, scattered around through the different States—the talk was that they would take care of the property—rather than to have it said that it was owned by one man. I had formed that resolution deliberately, and whenever I saw a market where I could place the stock in investors' hands, I pursued that policy. That was what governed me. I did not like to be in partnership with the Government. It was constant turmoil and quarreling, and the moment you took this property and made a dividend, paying which we did by our hard work, working night and day, then the Government came in and began to attack us. If we had gone to the Government while the property was in the rut we could have made any settlement we pleased. That tired me out. I knew the country was large, and there were plenty of chances. That was my motive. Not that I did not think this property was valuable. I think it is a great and noble property. But, of course, I cannot disguise from myself the fact that it has to meet here now roads that are being built at modern cost. The Government has allowed roads to be built through this territory, where they are building them at $12,000 a

mile, with steel rails. Yet it comes in and says to the Union Pacific, that was built at a cost per mile of $100,000, "You must pay par and interest."

Mr. JOHN F. DILLON. I would like to ask him about the policy.

The CHAIRMAN. I was going to ask him that, generally. What is the future of the Union Pacific, based upon the measurement of railroads?

The WITNESS. Of course we cannot tell what will happen in the future. But of course we can see what is going on every day. These large roads are taking a race west for the Pacific—for Colorado and the Pacific coast. I am building, in my small way, about six or eight miles a day, going out in that way.

The CHAIRMAN. As a competitor with the Union Pacific?

GOULD BUILDING ROADS THROUGH SOUTHERN KANSAS.

A. I am building through to Pueblo. I am building roads through Southern Kansas. I have to do it to take care of my own, for all the other fellows are prodding me. There are four or five large companies, all building. The Chicago and Rock Island, the Burlington and Quincy, the Chicago and Northwestern, the Atchison and Topeka, the Saint Louis and San Francisco. All of them are striving for it. Whenever they find a valley there, all go for it. The one that gets there first gets it.

The Union Pacific has been handicapped. Of course it could not do what I would do. I have large interests, and I strike out for myself, as it were. I go ahead and do what I think ought to be done, and run the risk. I take it myself, if the country does not want it afterwards. The Union Pacific had got to meet that situation. The Government has got a second mortgage, and not a first. They have got to make a large concession in that mortgage as to both principal and the interest. It is folly to ask this company now to pay the principal of that debt, if it ever can do it.

By Commissioner ANDERSON:

Q. What is going to become of the stock and the subsequent mortgages?—A. Why, when that debt comes due, stock is subsequent to this debt.

Commissioner LITTLER. Mr. Anderson asks what will become of it?

The WITNESS. I cannot say what will become of it.

Q. According to your judgment, the stock and the subsequent liens are valueless unless the Government yields?—A. I should be afraid of that very much.

COST OF BUILDING THE UNION PACIFIC.

By the CHAIRMAN:

Q. What effect would the future development of the country have? You have spoken of it in relation to other roads, both as to population and growth and change of population.—A. The Union Pacific would be all right if it was capitalized on a moderate basis; but when the Union Pacific was built they paid as high as $5 or $10 a piece for ties, and the iron rails, I think, cost $300 a ton, and men had to take their lives in their hands to go out there. You know the Indians were after them.

By Commissioner LITTLER:

Q. You mean the ties sold for $5 a piece or $10 a piece?—A. I think a good many of them did.

By Commissioner ANDERSON:

Q. A piece?—A. Yes, sir. I remember the first time I went over the road, I said to the conductor of the passenger train, "You never see any Indians out here, do you?" And he lifted up his hat and his scalp came to view; he had been scalped. He said that he came in with his train one day and stopped it, and he and the baggageman thought they would go down and catch a few trout, about a quarter of a mile away from the station, and they had just got to fishing when they heard a rustle, and he looked up and there were fifty of these Sioux on horseback, swooping down on them, and one caught him by the hair and another caught the baggageman, and they scalped them as they ran. The baggageman died, but this man lived, and he is running the train there to-day. That illustrates the cost of getting men out to build this road. They had to take their lives in their hands. The Government has received already in advantages more than the advance it made to this road. In the first place, it doubled the value of its own lands, which it sold off, and then the road developed the country, and the very difference in transportation, if you had the figures—I once had them made up—between what it was then costing the Government to do its Indian fighting and what it cost for the Union Pacific, was more than this Government debt.

Commissioner LITTLER. Have you those figures? It is a part of our duty to report on that subject.

Commissioner ANDERSON. I think we have them. They are in the report of 1875.

By the CHAIRMAN:

Q. Have you loaned money at any time to the Union Pacific Railway Company with which to pay dividends?—A. No, sir; I think not.

Q. At no time?—A. I do not remember it.

Q. You would remember it if you had loaned money for that purpose?—A. Yes, sir; if I had loaned it for that purpose I would remember it.

Q. Do you recollect such a circumstance?—A. No, sir.

MONEY ADVANCED FOR KANSAS PACIFIC.

Q. Have you paid the interest on any of the obligations of the Kansas Pacific at any time by advancing money?—A. I advanced this million and a half dollars to pay the bondholders as a condition of their cutting their interest down from 7 to 6 per cent.

Q. Did you make any other advances on account of the interest on any of the obligations of the Kansas Pacific?—A. I do not remember any others.

Q. You were paid in consolidated bonds for the million and a half of dollars?—A. Yes, sir.

The CHAIRMAN. Judge Dillon, have you any further questions?

HOW THE DEBT TO THE GOVERNMENT MIGHT BE PAID.

By Mr. JOHN F. DILLON:

Q. One word in regard to this debt to the Government. It falls due in 1895 or 1896, or along there?—A. Yes, sir.

Q. Of course it cannot be paid, principal and interest, without renewal or extension. What is the usual way in which railroads meet

large debts at their maturity? How do they do it usually?—A. They of course extend them. I have just got a case in hand. The Missouri Pacific had $7,000,000 6 per cent. bonds coming due, and I went to a banking firm here and they agreed to take the new bonds at 4 per cent. I made that arrangement, and just extended them for fifty years. I think the Government ought to take the principal of the debt in about a 3 per cent. bond and throw in the back interest.

By Commissioner LITTLER:

Q. What kind of security could this country give if the Government were to conclude to do that?—A. They could pay it in cash. Other people would take the bonds. I would undertake the negotiation of them.

Commissioner LITTLER. We are glad to know that our lien is worth its face to start on.

The WITNESS. But it is one of the cases where if you try to squeeze more out of the turnip than there is you will risk losing the whole. I think that the Government ought to make a fair and liberal extension with this company for the principal of these bonds, at 3 per cent. interest, and give the company the right to either pay the money or take new bonds. They would probably pay the money.

Q. Are you able to state that such a security as that would bring the cash without discount?—A. Yes, sir.

By the CHAIRMAN:

Q. Have you any other suggestions to offer?—A. No, sir.

Commissioner LITTLER. Are we through with Mr. Gould?

The CHAIRMAN. For the present; yes, sir.

Commissioner ANDERSON. There are some papers to be handed in.

The WITNESS. Those I will get up for you.

JAY GOULD.

The following letter and account were subsequently received:

[The Missouri Pacific Railway Company, 195 Broadway.]

NEW YORK, *June* 28, 1887.

DEAR SIR: With this I send you Mr. Gould's accounts concerning the Denver, South Park and Pacific Railway construction, also the Denver, South Park and Pacific stock, which I have taken off from his books, and which I trust you may find satisfactory. I have examined Mr. Gould's books as far back as January 1, 1878, and do not find any account concerning the Utah and Northern Railway stock or bonds. I am informed that all the accounts of the Utah and Northern were turned over to the Union Pacific Railway Company, and I have no doubt that Mr. Mink, comptroller of the company in Boston, can furnish you with the facts in regard to those securities.

Yours, truly,

GUY PHILLIPS.

CHARLES P. YOUNG, Esq.,
Secretary, &c., 10 Wall Street, New York.

Denver, South Park & Pacific Railway—drafts for construction.

1879.			
Nov.	To paid during month of November drafts on acc't construction	$159,911 90	
1880.			
Apr. 14.	Less cash received	68,732 25	
			$91,179 74

Aug. 13.	To 5,710 shares stock of D. S. P. & P., received from John Evans, on acc construction.		
Dec. 31.	To balance to profit and loss	$479,820 26	
		571,000 00	
Aug. 13.	By 5,710 shares transferred to D. S. P. & P. stock account, at par		571,000 00

NOTE.—At the time of the closing of the above account Mr. Gould held and owned 60,000 shares ($6,000,000) of Union Pacific Railway Company stock.

Denver, South Park & Pacific stock.

1880.			
Aug. 13.	To 5,710 shares, from construction account, at par	$571,000 00	
Nov. 15.	To 25,283 shares, bought of John Evans, at par	2,528,300 00	
Nov. 14.	To 1,903 shares, bought of R. Sage, at par and int	191,314 93	
	32,896	3,290,614 93	
Aug. 27.	By 1,903 shares sold to R. Sage		24,999 32
	By 30,993 shares sold to U. P. Railway Co., at par		3,099,300 00
	32,896		
Dec. 31.	By balance, profit and loss		166,315 61
			3,290,614 93

NO. 10 WALL STREET, NEW YORK,
Thursday, May 19, 1887.

AMOS H. CALEF, being further examined, testified as follows:

TRUSTEES' JOURNAL.

By Commissioner ANDERSON:

Queston. What is the book you hand me?—Answer. It is a journal of the trustees' accounts.

Q. By whom is this account kept?—A. By me.

Q. Under whose directions?—A. The trustees.

Q. And the entries show what?—A. They show the issues of the consolidated bonds for other securities.

Q. The entries in the book are in two columns on each page; do I understand that the amount of bonds issued are on the right-hand column and the securities received in exchange on the left-hand column?—A. Yes, sir.

Q. Is this entry under the date of May, 1879, the first entry made in the book?—A. Yes, sir.

Q. What was the amount of the first issue?—A. Three million three hundred and eighty-six thousand two hundred and sixty-nine dollars and seven cents.

Q. In exchange for what securities were those bonds issued?—A. For funding bonds.

Q. Give the figures of each.—A. Seven hundred and eighty-four thousand dollars funding bonds, $754,000 second land-grant bonds, $75,000 Leavenworth Branch bonds, $67,900 income bonds, unstamped; $2,611,450 income bonds, stamped; $454,000 Arkansas Valley Railway bonds.

Q. Are these the same securities that are specially referred to on page 156 of the consolidated mortgage?—A. Yes, sir.

Q. Was any other property whatever received by the trustees in exchange for these consolidated-mortgage bonds, as far as you know?—A. No, sir.

Q. Or as far as your books show?—A. No, sir.

Q. Does the list you have given cover all the property described in a portion of the mortgage I have referred to, being the whole property as to which the special agreement was made?—A. Yes, sir.

Q. What is the next issue of bonds?—A. Seven hundred and forty-eight thousand one hundred and eighty-five dollars.

Q. Against what securities were those bonds issued?—A. Three hundred and thirty-three thousand dollars funding bonds, $395,000 second land-grant, $185,000 Solomon bonds, $108,950 income bonds.

Q. Stamped or unstamped?—A. Stamped.

Q. Does it appear from your books that those securities were taken from the mortgage rates or at the pooled rates?—A. The mortgage rates.

Q. From whom were those bonds received?—A. Those belonged to the company.

Q. To what company?—A. The Kansas Pacific Company.

Q. Does your account show anything more as to the ownership of these bonds?—A. No, sir.

Q. All these entries were made either by direction of Mr. Sage or Mr. Gould; is that not so?—A. Well, they were all made by me, acting for the trustees; yes, sir.

Q. What is the next issue of bonds?—A. One million seven hundred and seventy-one thousand dollars.

Q. Against what securities were those issued?—A. One million four hundred and thirteen thousand dollars of the Denver Pacific bonds, and $358,000 Denver and Boulder Valley Railway bonds.

Q. Assuming that the Denver and Boulder Valley bonds were entitled to be exchanged under the terms of the mortgage at par, this transaction was in conformity with the rates prescribed in the mortgage, was it not?—A. Yes.

Q. If you will call my attention to the next item where there is any difference in the rates we will save time. I do not want to go through the whole book. Are all these on this page according to the mortgage rate?—A. I think they are. These are early entries in 1879.

Q. All the other entries on pages 4, 5, 6, and 7, you say, conform to the rate of the mortgage?—A. Yes, sir.

Q. I notice a good many exchanges of the branch lines. Were those exchanges always made at par?—A. No, sir.

Q. Were they generally made at par?—A. Only when specified. The funding bonds are all at par.

Q. Was any attention paid to the directions of the mortgage in regard to the amount per mile of incumbrances on the branch lines?—A. Yes, sir.

Q. That direction was followed, as far as you know?—A. Yes, sir.

Q. How about these pages, 8 and 9?—A. Those are all in conformity with the mortgage. On page 10 are land grants and represent proceeds received from land sales.

Q. You notice no transaction on pages 10 or 11 where the exchange is at rates differing from the mortgage?—A. *That* entry is different.

Q. Please give the entry that you refer to, from page 11, and read the amount of consolidated bonds issued.—A. Consolidated bonds issued, $249,350.

Q. In exchange for what?—A. For $173,000 second-mortgage land-grant bonds, $41,750 of income bonds, unstamped.

BONDS RECEIVED FROM MR. LEIGHTON, OF SAINT LOUIS.

Q. From whom were those bonds received?—A. Most all of them from Mr. George E. Leighton, of Saint Louis.

Q. Do you know how it came to pass that he received different rates from those directed by the mortgage?—A. Yes, sir; he brought a suit against the company.

Q. In what court?—A. I do not remember that. Mr. Holmes had to do with it.

Mr. HOLMES. I think it was in Kansas or Saint Louis. It was not here.

Commissioner ANDERSON. Was there any decree?

Mr. HOLMES. I have forgotten about it. It was not in my charge.

Q. Was there any decree directing or concluding that he had a right to consolidated bonds on terms different from those stated in the mortgage?—A. I do not remember that.

Q. By whose direction were those bonds issued at the rates stated in your book?—A. To settle the suit, I think there was a contract made with Mr. Gould.

Q. Have you that contract on file?—A. I think I have.

Commissioner ANDERSON. We will ask you to produce it.

The witness produced a copy of the contract, which is as follows:

This memorandum of agreement between George E. Leighton, of Saint Louis, Mo., and Jay Gould, of New York, N. Y., made this thirteenth day of January, 1880, at the city of New York, witnesseth:

Mr. Leighton promises and agrees to sell, transfer, and deliver to Mr. Gould one hundred and ninety (190) of the second land-grant bonds of the Kansas Pacific Railway Company, together with the interest certificates accompanying the same, and all overdue and unpaid interest warrants of said bonds and interest certificates, said bonds being numbered as follows, viz:

Upon delivery to him by Mr. Gould of two hundred and twenty-eight of the bonds of the Kansas Pacific Railway, secured by a mortgage of said company, to Jay Gould and Russell Sage, as trustees, dated May 1st, 1879, said bonds being commonly known as Kansas Pacific first consolidated-mortgage bonds, said last-described bonds being numbered as follows, viz, 7201 to 7428, inclusive.

Mr. Gould promises and agrees to purchase all or any of said last-described bonds, with the interest warrants thereon, maturing May 1st, 1880, and all subsequent interest warrants at ninety-five cents on the dollar, flat, at any time between April 1st, 1880, and July 13th, 1880, on demand and presentation of said bonds by Mr. Leighton.

It is further agreed that all others of said second land-grant bonds, with like interest certificates and overdue and unpaid interest warrants, up to the amount of two hundred and twenty-three (223) thereof, shall be purchased by Mr. Gould from Mr. Leighton, if offered by Mr. Leighton, upon similar terms with the like rights as to purchase by Mr. Gould of the first consolidated-mortgage bonds given therefor.

Mr. Leighton also promises and agrees, for himself and the other holders of said second land-grant bonds, whom he represents, that he and they shall at once withdraw all and every their appearance, pleadings, motions, and proceedings in the foreclosure suit now pending in the United States circuit court for the district of Kansas, wherein Adolphus Moier is plaintiff and the Kansas Pacific Railway Company and others are defendants.

Dated New York, January 13th, 1880, in duplicate.

GEO. E. LEIGHTON.
JAY GOULD.

In the presence of—
ARTEMAS H. HOLMES.

Q. Is the next transaction of the same character?—A. Yes, sir; the same. It would apply to the same settlement.

Q. Thirty-six thousand six hundred dollars consolidated bonds issued against $15,000 Boulder bonds, $18,000 second land-grants; is that all?—A. Yes, sir.

CONSOLIDATED BONDS SOLD TO GOULD.

Q. Please explain the entry of $2,000,000 at page 12; what does it mean?—A. There were issued $2,000,000 of the consolidated bonds to pay off the floating debt of a million and a half of dollars of the Kansas Pacific and clean it up.

Q. To whom were those bonds issued?—A. The bonds were sold at 75.

Q. To whom were those bonds sold at 75?—A. To Mr. Jay Gould.

Q. Do you know anything about how that sale came to be made at 75; who fixed the terms?—A. I do not recollect.

Q. Are there any entries on page 13, where the transactions differ from the mortgage rates?—A. There are not; no, sir.

Q. Have you any account that would show concisely the precise transactions in which any of these bonds were issued to Mr. Gould, in any capacity, so that we can examine it at our pleasure?—A. All Mr. Gould's securities and most all those of the New York parties went in under this first entry.

Commissioner ANDERSON. But there are other items afterwards?

The WITNESS. Only straggling amounts that came in afterwards.

A. Then the Commission cannot possibly examine these books this afternoon. I will turn over the pages and simply ask you whether any of the items refer to Mr. Gould's transactions. Is there anything on page 14, where Mr. Gould's name appears, or on page 15?—A. No, sir.

Q. Is there on pages 16 or 17?—A. No, sir.

Q. Is there on page 18?—A. Yes, sir.

Q. Please read the item.—A. Nine hundred and twenty-seven thousand dollars consolidated bonds, in payment for 7,616 shares of Union Pacific Central Branch stock, and on account of payment for 10,000 shares of Denver Pacific stock.

Q. Issued to Jay Gould?—A. Yes, sir.

Q. The little figures in the small column on the left refer to what book?—A. The ledger. *That* [referring to the ledger] is the Union Pacific account.

ACCOUNT OF TRUSTEES WITH UNION PACIFIC.

Q. At page 63 of the ledger is found the Union Pacific account?—A. It is the account of the trustees with the Union Pacific.

Q. And this amount of $927,000 is found charged in this account?—A. They are Union Pacific bonds belonging to the Union Pacific Company.

Q. That is to say, they are charged to the Union Pacific?—A. Yes, sir.

Q. Are you able to state, from your books, against what consideration they were issued to the Union Pacific, if that be the real transaction?—A. I will turn to page 14 of my journal. The Union Pacific had those bonds.

Q. Had what bonds?—A. One million four hundred and thirty-five thousand six hundred and eighty-five dollars of Kansas Pacific consolidated bonds, and this payment of $927,000 was a part of those bonds.

Q. Why was the Union Pacific entitled to those bonds?—A. Because she surrendered to the trustees $333,000 of funding bonds, $395,000 second land-grant bonds.

Q. State the rates.—A. The funding bonds at par; second land-grants at 50; $185,000 of Solomon bonds at par; $108,950 income bonds at 30;

$350,000 additional Solomon bonds at par; $60,000 Golden, Boulder and Caribou bonds at par; and $555,000 of Arkansas Valley bonds at 50.

Q. Then I understand that the item so given from page 14, entitling the Union Pacific to those bonds at the date of that entry—which is February 18, 1880—was credited to them in ledger account, and that the bonds were not actually issued.—A. The bonds were not actually delivered, no, sir; they were to their credit.

Q. And that the bonds that you refer to at page 18 were in fact, actually delivered to whom?—A. Those were issued to Mr. Jay Gould.

Q. To whom were they delivered? To Mr. Jay Gould?—A. I think so.

Q. On an order of the Union Pacific?—A. I suppose that is so. I do not remember now. For account of the Union Pacific.

Q. At any rate, they are charged up against the Union Pacific.—A. Yes, sir.

Q. Please run over these pages and see if there is any other transaction in which Mr. Gould's name appears. Are there any on page 19?—A. No, sir.

Q. On page 20?—A. Those are all land accounts.

Q. And page 21?—A. No, sir.

Q. Page 22?—A. No, sir.

Q. Page 23?—A. No, sir.

Q. Page 24?—A. No, sir.

Q. Page 25?—A. No, sir.

Q. Pages 26 and 27?—A. No, sir.

Q. Pages 28 and 29?—A. No, sir.

Q. Pages 30 and 31?—A. No, sir.

Q. Pages 32 and 33?—A. No, sir.

Q. Pages 34 and 35?—A. No, sir.

Q. Pages 36 and 37?—A. No, sir.

Q. Pages 38 and 39?—A. No, sir.

Q. Pages 40 and 41?—A. No, sir.

Q. Pages 42 and 43?—A. No, sir.

Q. Pages 44 and 45?—A. No, sir.

Q. Pages 46 and 47?—A. No, sir.

Q. Pages 48 and 49?—A. No, sir.

Q. Pages 50 and 51?—A. No, sir.

Q. Your recollection is that there were no other transactions referring to him in the book?—A. Yes, sir; I am very positive; not after 1879 and 1880.

Q. Please explain the theory of your entries in regard to the land sales. In what respect do you credit consolidated bonds when sales of land were made that I find entered in this book?—A. I guess you do not find anything there. Do you mean land-grant bonds?

Commissioner ANDERSON. Land sales.

The WITNESS. That is a month's entry. These come reported to me by the land commissioner.

Q. Why should you issue consolidated bonds against land sales or credit for consolidated bonds against land sales?—A. I do not; I never have.

Q. What is the meaning of the entry as, for instance, on page 36, land sales for this amount, $3,304.72? Turn to the folio and see to whom you gave credit for that land.—A. These are the different accounts that the land transactions go under.

Q. Do they refer to any issue of consolidated bonds?—A. Not at all; in no way at all.

Q. Then this book contains other transactions besides those referring to the consolidated bonds?—A. Well, this land-grant trust was a part of the consolidated trust; it all goes into this book.

Q. The proceeds are simply charged to the trustees as being so much money received by them?—A. Yes, sir; these credits show the different sources where they come from and whether it is fresh sales or notes or interest or what.

A. H. CALEF.

The CHAIRMAN. There will be no further public sessions this week.,

The Commission then adjourned to meet at the Equitable Building Boston, Mass., on Tuesday, May 24, 1887, at 10 a. m.

50TH CONGRESS, 1st Session. } SENATE. { EX. DOC. 5 Part 3.

TESTIMONY

TAKEN BY

THE UNITED STATES PACIFIC RAILWAY COMMISSION

APPOINTED

UNDER THE ACT OF CONGRESS APPROVED MARCH 3, 1887, ENTITLED "AN ACT AUTHORIZING AN INVESTIGATION OF THE BOOKS, ACCOUNTS, AND METHODS OF RAILROADS WHICH HAVE RECEIVED AID FROM THE UNITED STATES, AND FOR OTHER PURPOSES."

ROBERT E. PATTISON, OF PENNSYLVANIA, *Chairman*,
E. ELLERY ANDERSON, OF NEW YORK,
DAVID T. LITTLER, OF ILLINOIS,
Commissioners.

VOLUME II.

REPORTED BY

CHARLES P. YOUNG, of New York,
SECRETARY AND STENOGRAPHER TO THE COMMISSION.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1887.

TESTIMONY

TAKEN BY

THE UNITED STATES PACIFIC RAILWAY COMMISSION,

AS TO

THE WORKING AND FINANCIAL MANAGEMENT OF THE RAILROADS THAT HAVE RECEIVED AID FROM THE GOVERNMENT IN BONDS.

EQUITABLE BUILDING, BOSTON, MASS.,
Tuesday, May 24, 1887.

Pursuant to adjournment the Commission reconvened as above.
Present: Commissioner Pattison (chairman) and Commissioner Littler.

OLIVER W. MINK, being further examined, testified as follows:

WITNESS' CONNECTION WITH UNION PACIFIC.

By the CHAIRMAN:

Question. What position do you hold with the Union Pacific Railway Company?—Answer. I am the comptroller.

Q. How long have you been such?—A. Since October, 1885.

Q. What position did you hold prior to that time?—A. I was the assistant secretary and assistant treasurer, having held those positions since the Union Pacific Railway Company was formed, in January, 1880.

Q. And prior to that?—A. I had been the assistant treasurer and assistant secretary of the Union Pacific Railroad Company from 1877 until the date of the consolidation.

Q. Does that cover your connection with the Union Pacific Railroad Company and the Union Pacific Railway Company?—A. No, sir; prior to that time, from December, 1872, I was the general book-keeper in the treasurer's office.

Q. Have you had any other association with the road?—A. No, sir.

DUTIES, AS COMPTROLLER.

Q. What are your duties as comptroller?—A. As comptroller I have charge of the accounting department of the Union Pacific Railway Company and of the various lines composing the Union Pacific system.

Q. What do you mean by having charge of the accounting department? Please explain to the Commission just what your duties are in reference to the accounting department, and what powers you have.—A. The duties of the comptroller are defined by the board. In general terms, he is required to prescribe a uniform method of stating the accounts, and to cause to be made the necessary examinations and verifications of the revenue accounts of the company. He is also required to prescribe the forms for stating the disbursements made by the various departments. Periodical examinations of the securities in the hands of the treasurer, and examinations of his cash, are also made by me. Those are the general duties.

Q. Then you designate the system of keeping the accounts?—A. Yes, sir.

Q. And the books in which the accounts are kept?—A. Yes, sir; generally.

Q. How generally? Just state.—A. So far as the work at the Boston office is concerned, I may say, with reference to the system, that it is prescribed by me; but on the road, of course, I cannot tell you the number of books that are used in the accounting department all through the service. The general scheme of keeping the accounts is submitted to and approved by me. The auditor at Omaha has direct charge, and he is responsible for the work at the Omaha office, subject, of course, to any orders he may receive from here.

Q. What books do you keep here?—A. We keep the general books of the company here.

Q. What are they?—A. The ledger, journal, and cash book constitute those books.

Q. Are they all the books?—A. Everything is brought to a point, to a focus you might say, in those books.

Q. Before you bring everything to a focus, where do you enter them? Before you get them into the journal, I mean.—A. Everything connected with the operation of the road is reported to us from Omaha.

Q. How are the reports made?—A. Monthly, in a series of reports. There are perhaps twenty-five different reports coming to us during the course of a month. The operations of the railway—that is, the earnings and expenses—come to us in a printed report at the close of every month, about fifty days after the close of the month. The other reports come to us from time to time after that, as rapidly as they can be sent forward.

HOW THE BOOKS ARE KEPT IN BOSTON.

Q. What is done with the reports after they are sent into this office?—A. They are passed through our books here. We take the earnings and pass them ultimately to the credit of our income account. The expenses are passed ultimately to the debit of the income account. The expenditures, in the way of improvements, and for new equipment, and the extension of side lines, are charged under appropriate heads, to either new construction, new equipment, or to the extension. But, in brief, everything is summarized in the books at the Boston office, although the detail, so far as the operation and maintenance is concerned, is on file at Omaha.

Q. All the transactions of the Union Pacific Railway Company, as I understand you (and if I misunderstand you I want you to correct me), are entered into the ledger, the journal, and cash book, are they?—A. I do not know that I ought to leave that statement quite so broad. The accounts covering the ordinary earnings—the earnings from transportation of passengers and freight, and the accounts covering the expenses for conducting the business and maintaining the property—those accounts in detail are kept in Omaha; but the summarized results are made in reports to us at Boston, so that everything is crystallized on the Boston books. We have on one side the entire revenues of the company, and on the other side the entire expenses of the company. We are not able to state under the head of maintenance of way the name of every individual to whom we paid money during the year, but we know on what accounts the money has been expended. Our files at Omaha would show the names of the individuals and all the details connected with the transactions. I will show you one of our monthly reports.

By Commissioner LITTLER:

Q. Are these reports which are sent from Omaha here transcribed into the books there? Will we find them there?—A. Oh, yes, sir.

By the CHAIRMAN:

Q. Where are your contracts that are made along the line entered?

The WITNESS. The contracts relating to what, for instance?

The CHAIRMAN. Transactions with different individuals and shippers.—A. Those are filed at Omaha. The copies of more important contracts are generally sent here, and oftentimes, of course, before they are executed. The contracts with shippers would ordinarily be made by our general traffic manager at Omaha.

Mr. HOLMES. Or under his orders.

The WITNESS. Or under his orders.

Q. How do you keep the contracts that are filed here?—A. In our office.

Q. Are they bound in a book?—A. No, sir; they are merely filed.

Q. All the more important contracts along the line are then here?—A. For the last eighteen months they are here. Prior to that time we had not received them regularly from the road. It is only since I have been comptroller that I had them brought here. This does not include contracts for special rates.

POOL SETTLEMENTS KEPT IN BOOKS AT OMAHA.

Q. In what books do you enter your pool settlements?—A. Those are charged against the gross earnings of the road.

By Commissioner LITTLER:

Q. In what book?—A. Those would go on the books of the accounting department at Omaha—the appropriate register, journal, and ledger. The amounts paid on pool balances are always deducted from the gross earnings. In other words, the earnings as reported are the earnings after the pool balances have been deducted. The pool balances nowhere appear in our account as special items.

Q. Then in the books that are here there is no entry of any pool settlement?—A. None, at all.

Q. Will you repeat just how you get it into you books here? You must get it into them somehow.—A. Not as a special item. The earnings of the company are made up by taking the gross amount of revenue, and then adding to that all the sums payable to the company on account of pools; and then, on the other hand, deducting all sums payable by the company on account of pools; and whatever is left is called the "earnings." That sum is reported to us. So that the pool balances, as special items, do not appear upon our books in Boston.

ONLY POOL BALANCES IN BOSTON BOOKS.

Mr. HOLMES. Only the balances?

The WITNESS. Only the balances; yes, sir.

Q. I understand only the balances go into your accounts?—A. That is true of all balances on account of pools and subsidies.

Q. The commission can obtain the books with reference to the pools at Omaha?—A. Oh, yes, sir; everything is spread out there.

Q. Where do you enter your rebates allowed to shippers?—A. They are disposed of in exactly the same way; charged against the gross earnings of the company.

Q. So that in the books here no rebate appears anywhere, as such?—A. No, sir.

CONSTRUCTION ACCOUNTS.

By Commissioner LITTLER:

Q. I would like to ask you where your account of construction is kept?—A. That is kept in detail at Omaha; but under summarized heads it is here. All the accounts under the head of construction are transferred to our books under general heads.

Q. Do you keep your account of construction separate from your account of repairs?—A. Yes, sir; entirely

Q. Where is the account of repairs kept?—A. That is kept also upon our books here in Boston, under a separate head.

WHERE ORIGINAL "REPAIR" ENTRIES ARE KEPT.

Q. But the original entries are at Omaha?—A. At Omaha, yes, sir. I will modify that by saying, the original entries will be in the departments along the line of the road. The Union Pacific system is divided into divisions. Each one of the divisions is in charge of a subordinate superintendent, and in his office the precise detail is kept; but it is reported at great length to our Omaha office.

Q. Where are the headquarters for these several departments?—A. At Omaha, for the Nebraska division; at Laramie, for the Wyoming division; at Pocatello, for the Idaho division; at Kansas City, for the Kansas division; and at Denver, for the Colorado division.

Q. Where are Laramie and Pocatello?—A. Laramie is in Wyoming Territory; Pocatello, in Idaho. The accounts are stated first in the offices of the division superintendents, and then reported at great length to the auditor at Omaha.

Q. And you think we will find a perfect transcript of every important proceeding at Omaha which is contained at these division headquarters?—A. Yes, sir; I am sure you will. I ought to say that those various subordinate superintendents handle, of course, only the operating expense accounts. They have nothing to do with the revenue accounts. Those accounts are handled entirely at Omaha.

LOCATION OF HEADS OF SUBORDINATE DEPARTMENTS.

By the CHAIRMAN:

Q. Who is at the head of the department in Omaha in charge of the books? The accountant of the department?—A. Yes; Mr. Erastus Young, the auditor.

Q. Who has charge of the other departments or the divisions that you named?—A. The general superintendents have charge.

Q. Who are they?—A. I will name them, subject to correction. There have been one or two changes very lately. Mr. W. A. Denell has charge, I believe, of the Nebraska division accounts; Mr. J. O. Brinkerhoff has charge of the Kansas division accounts; Mr. Robert Blickensderfer has charge of the Idaho division accounts; Mr. C. E. Wurtele has charge of the Wyoming division accounts, and Mr. J. K. Choate of the Colorado division accounts.

CONSTRUCTIVE MILEAGE ACCOUNTS AT OMAHA.

Q. Where is your constructive mileage account entered?—A. That is kept at Omaha.

Q. Then the account of rebates, constructive mileage, pool settlements—and in that you include terminal settlements——A. Yes, sir.

Q. (Continued.) Are to be found at the offices named by you, and not here?—A. Not here. They are at Omaha.

Q. What other sources of information can you direct the Commission to with reference to your accounts, other than those you have named?—A. So far as the revenues derived from the operation of the road are concerned, to no other source. Everything is concentrated at Omaha. So far as the operations of the land office are concerned, they, too, are kept at Omaha in great detail. The income derived by the company from its investments is detailed, of course, on the books at Boston; reported to me by the treasurer.

By Commissioner LITTLER:

Q. Do these books here contain the original entries of those transactions, or are they mere transcripts from Omaha?

The WITNESS. The investments?

Commissioner LITTLER. Yes.

A. They are both. Very largely they are made up from transcripts sent forward from Omaha, and also from the reports made by the treasurer. The investment account of the Union Pacific Company, you may have noticed by the report, is made up almost altogether from investments in the side lines. Those lines have been built by the construction department of the Union Pacific road, and the money has been drawn from the general treasury of the company at Omaha. The outlays have subsequently been reported to us from time to time in the ordinary way of accounting.

WHERE THE VOUCHERS ARE KEPT.

Q. Where are your vouchers kept?—A. Vouchers covering payments made at Omaha are on file there; those covering payments made here are on file in Boston.

Q. What payments are made here?—A. We pay the salaries and expenses of the executive departments. We also pay some legal expenses here and in New York, and the salaries of our attorneys at Washington. These cover, substantially, all the payments for expenses made here.

Q. They cover all the expenses that are made here?—A. Yes, sir.

Q. The legal expenses and your salary roll?—A. The salaries and expenses of the executive departments.

Q. Have you the vouchers of your legal expenses?—A. Yes, sir.

Q. Will you produce them?—A. I am now having a detailed statement of all our legal expenses made, in answer to your recent letter, and I will produce that with the vouchers, if you desire.

Q. We would like to see the vouchers for one year, for instance. How many vouchers will you run for legal expenses for 1881?—A. Very few.

The CHAIRMAN. Then we will take up three or four years, or as long as you can produce them.

Commissioner LITTLER. I should not think they would be much in bulk.

The WITNESS. No; I will take out two or three years, for a specimen—1883, 1884, and 1885.

MISCELLANEOUS EXPENSE ACCOUNTS.

By the CHAIRMAN:

Q. Have you miscellaneous expenses here?—A. None, except those that are forwarded to Omaha and included among the ordinary expenses of the road, such as the rents of our offices here and in New York, and bills for advertising, and matters of that kind. Relatively, they are very small.

Q. What knowledge have you of the accounts, other than the entries upon the books at Omaha, as to rebates or construction account, or pool account?—A. So far as the pool accounts are concerned, those are always matters of contract. The duties imposed upon the accounting department is merely the settlement of the account in accordance with the terms of the contract. The payments for rebates are also made under what is virtually a contract. My knowledge as to rebates, however, is limited to an inspection of the statements that pass through my hands intended for the United States Commissioner of Railroads, at Washington.

RELATIVE TO GROSS EARNINGS.

By Commissioner LITTLER:

Q. Have you any book which contains the gross earnings of this company, including rebates and also pooling rates?—A. No, sir; I do not believe there is any such book.

Q. You never declare a gross earning until the rebates and the pools are settled?—A. No, sir; never. When we publish our earnings, we intend never to have to say that they are thus and so, provided we have to make no deductions. The earnings are the precise amount published. Everything has been deducted.

ACCOUNTS OF REBATES.

By the CHAIRMAN:

Q. Where can the Commission find the total amount of rebates allowed by the Union Pacific last year?—A. At Omaha.

The CHAIRMAN. And the individuals to whom the allowances were made?

By Commissioner LITTLER:

Q. Are there any other deductions, except rebates and pool settlements, before the gross earnings are ascertained?—A. Overcharged claims. Those are the only ones.

Q. What are they?—A. Those are generally claims made by shippers, or consignees for overcharges on the ground that the classification was wrong, or that the billing agent made a mistake in making out the bills—that the weights were wrong. All claims for damages or losses are charged to the operating expenses.

NO CONSTRUCTIVE MILEAGE ACCOUNT.

By the CHAIRMAN:

Q. Where will the Commission find the total amount of constructive mileage allowed to the branch roads last year?—A. That could only be ascertained by a most elaborate series of computations.

Q. Do you not ascertain exactly what you are charging through your accounts on the main line?—A. Not on account of constructive mileage; no, sir. The traffic department, which makes the divisions, reports to the accounting department what arrangement has been made with reference to the division of earnings between the Union Pacific, for instance, on one side, and the Utah and Northern on the other. The accounting department at once prepares tables of percentages, and those percentages are used for the division of earnings all the way through until the rates are revised. In order to ascertain what amount has been passed to the credit of one line on a constructive mileage basis as opposed to the amount that would have been passed to the credit of that line on a pro rata basis, new tables would be necessary to cover the shipments during the year.

By Commissioner LITTLER:

Q. Are those statements made monthly, or how do you keep the constructive mileage account?—A. We have no constructive mileage account. The allowances made to the side lines are based upon the constructive mileage. I think Mr. Adams explained the general scheme to you. To state the account would involve a great deal of labor.

Commissioner LITTLER. I did not hear his testimony.

The WITNESS. If the Union Pacific has a haul of 50 miles and the Solomon Railroad has a haul of 50 miles we give the latter a constructive mileage of one and one-half to one. In other words, we call their haul 75 miles. The actual distance, although only 100 miles, is assumed to be 125 miles, of which the Union Pacific gets 50 and the Solomon Railroad 75. If that was divided on a straight mileage basis, they would be 50 and 50.

Commissioner LITTLER. You must state that account somewhere, and you must keep it somewhere?

The WITNESS. It is always stated upon the basis upon which the division is actually made.

Q. In what book is it stated?—A. That would be in the account books of the accounting department at Omaha.

Q. Why do you say to the Commission that account involves so much labor?—A. Because the rates on every single shipment would need to be revised, to ascertain what the exact percentages would be for the distance hauled, and to make a computation based upon that and compare it with what was allowed on the computation that was actually made.

Q. As I understand, you have a general arrangement by which constructive mileage is determined between the main line and the branch?—A. Yes, sir.

Q. Do you not subject the entire business of that line to that general rule of constructive mileage, and is it not condensed in that form?—A. I see your point. It would vary, I think, with nearly every shipment, especially on the main line. In your relations with the Iowa roads we are allowed the same rate, I think, for two or three hundred miles west of the Missouri River as we get for 10 or 15 miles west of the river; so that you can see the earnings per mile on a shipment of 15 miles out are very much larger than on a shipment two or three hundred miles out.

Q. It is graduated, is it?—A. No, sir; it is not.

Q. At all events, such accounts as you have embracing constructive mileage will be found at Omaha?—A. Yes, sir; everything is there. Here is the report of the Government directors for 1882.

Mr. CHARLES FRANCIS ADAMS. I referred to this the other day, and it reads as follows. I read from the report of the Government directors:

Under the construction put upon the Thurman act, so called by the Government officers, the 25 per cent. of earnings required to be applied on the debt of the Union Pacific Railroad Company is derived from the main line only, from Council Bluffs to Ogden, and not from the whole system. This being the case we (that is, the Government directors) deemed it important to know definitely what constructive mileage allowances were made to the branch roads of the system, and made inquiry accordingly.

They then specify the constructive mileage allowed in each case. For instance: the Omaha and Republican Valley is allowed 1½ miles to 1 mile; the Oregon Short Line is allowed 1¾ miles to 1; and so on.

BRANCHES ENTITLED TO CONSTRUCTIVE MILEAGE.

Commissioner LITTLER. Read all the branches that are entitled to constructive mileage.

Mr. ADAMS:

The Omaha and Republican Valley Railroad is allowed 1½ miles for 1 mile.
The Omaha, Niobrara and Black Hills Railroad is allowed 1½ miles for 1 mile.
The Saint Joseph and Western is allowed 1½ miles for 1 mile.
The Echo and Park City is allowed 2 miles for 1 mile.
The Greeley, Salt Lake and Pacific is allowed 2 miles for 1 mile.
The Julesburg Branch, Colorado Central, is allowed 1½ miles for 1 mile.
The Colorado Central, standard gauge, is allowed 1½ miles for 1 mile.
The Utah and Northern is allowed 1½ miles for 1 mile.
The Oregon Short Line Railway is allowed 1¾ miles for 1 mile.

The directors then add:

We do not find these allowances excessive or unusual, but believe them to be just and equitable and based upon the value of the business brought to the main line by the connecting roads.

That is, our action in that matter was wholly approved by the board of Government directors.

The CHAIRMAN. Who made the allowance?

Mr. ADAMS. That was before my time. It was undoubtedly made by the Union Pacific Railroad Company and approved by the Government directors.

The CHAIRMAN. Why could they not have arbitrarily doubled the amount of constructive mileage?

Mr. ADAMS. Because they thought so doing would be improper and unjust.

The CHAIRMAN. Why more so than the other?

Mr. ADAMS. Because that was uniformly made by all lines, so far as we know, in dealing with their branch systems.

The CHAIRMAN. Why could the settlement not have been made with the branch lines just as readily as with other lines, as terminal settlements, instead of by constructive mileage?

Mr. ADAMS. Because it is not customary to make it by terminal settlements. We are allowed a constructive mileage at Council Bluffs. It is the basis upon which business is universally done among railroads, so far as we know. We therefore applied the universal rule to our branch system. The Government had the advantage of the rule at Council Bluffs, and the burden of the rule at the other point, in common with ourselves. But the same rule which was applied to us, and from which the Government was benefited, we applied to our branch lines when we came to dealing with them.

Commissioner LITTLER. In stating the net earnings with the Government you take out this extra mileage before you ascertain the net earnings which are to be paid under the Thurman act, or under the five per cent. act, I suppose?

Mr. ADAMS. Yes; where at Council Bluffs we receive the constructive mileage, and it is in our favor, we add it, and the Government has the advantage of it.

Commissioner LITTLER. In other words, you give these branches the benefit of this constructive mileage before you declare what your net earnings are?

Mr. ADAMS. We do.

Commissioner LITTLER. You have to do that.

Mr. ADAMS. We give the branch line the advantage just as the main line receives the advantage at Council Bluffs. The Government profits at Council Bluffs, as the company does. It is 25 per cent. more on account of constructive mileage there, and 25 per cent. less where the same rule applies further on.

Commissioner LITTLER. Does the Government get any benefit on the constructive mileage, except at Council Bluffs?

Mr. ADAMS. That makes up our whole business along the main line. The Government cannot receive more than there is.

The CHAIRMAN. Why is it not as appropriate to be done with other roads, as with the branch lines?

Mr. ADAMS. It is; we pursue it with all other connecting roads. It is nothing unusual.

Commissioner LITTLER. We understand that.

METHOD OF FIXING CONSTRUCTIVE MILEAGE.

The CHAIRMAN. How does your board ascertain, when they fix the rate of constructive mileage, as to the ability of the main line to make such an allowance or percentage as one and one-half, or one and one-quarter, or two?

Mr. ADAMS. We do not do it.

The CHAIRMAN. How is it done?

Mr. ADAMS. It is done by reports of our commercial department.

The CHAIRMAN. How do they determine it?

Mr. ADAMS. Just as it is determined on other lines.

The CHAIRMAN. In what way?

Mr. ADAMS. It is a matter of discretion as to what is fair and reasonable.

The CHAIRMAN. How do they reach a conclusion?

Mr. ADAMS. In the same way as you usually reach a conclusion in such matters.

The CHAIRMAN. By what reasoning do they get to the conclusion? Is it by a source of profit, or the ability of the road to bear, or what is it?

Mr. ADAMS. How do we get at it at Council Bluffs in our dealings with other lines that we connect with there? It is a matter of barter.

Commissioner LITTLER. Trade and dicker.

Mr. ADAMS. Trade and dicker. We apply the same rule when we get to our branches. All those receive less, as a rule, than we ourselves are allowed.

The CHAIRMAN. Is it not a just conclusion that the system of constructive mileage is based on dickering?

Mr. ADAMS. It is.

The CHAIRMAN. And therefore, I should conclude, a very unwise or unsafe system of railroading.

Mr. ADAMS. It is the system universally applied; that is all we can say.

Commissioner LITTLER. Whom do we find to dicker with as to the branches?

Mr. ADAMS. Who does the Chicago, Burlington and Quincy find to dicker with as to its branches? We apply the same rule as other railroads do.

The CHAIRMAN. These branch lines are corporations within themselves, I suppose, and have a directory and a management?

Mr. ADAMS. Yes.

The CHAIRMAN. Who deal with you at arms' length in fixing these rates?

Mr. ADAMS. Yes.

The CHAIRMAN. That is the source that you have for fixing these rates on branch lines?

POLICY OF UNION PACIFIC APPROVED BY GOVERNMENT DIRECTORS.

Mr. ADAMS. That is the way. But the point that I wish to bring out is this: I happened to come into the room as Mr. Mink was finishing on this point. I wish to call the attention of the Commissioners to the fact that the Government representatives on our board had had their attention publicly called to this very matter. They were not by any means a friendly board of Government directors. Their attention being called to it, they went into an examination; and Mr. Haven, the chairman of the board, assured me personally, when he went into it, that he thought he was going to uncover a great abuse. Being himself connected with the Chicago, Burlington and Quincy and other roads, and so familiar with the whole subject and with the allowances ordinarily made, he felt compelled to indorse and approve the action of the company. Therefore, the directors of the company have since presumed, and I think not unfairly, that the Government directors on their board having approved, publicly and officially, of their action in this matter, the Government would not go behind the recorded approval of its own representatives. If the official and recorded action of the Government directors in our board will not justify the management of the Union Pacific, so far as the Government is concerned, in adopting a given line of policy, what, I ask, will justify it? What other safeguard can we have? Are we, the stockholders' representatives, to be criticised by the Government for pursuing a course to which the attention of the Government's own representatives was called, which was approved by them, and their approval silently accepted for years by Congress and the whole executive? If this will not justify us, I want to know what will.

Commissioner LITTLER. Is it not true that the directors of the Union Pacific are largely the directory of these branch lines?

Mr. ADAMS. Very largely.

Commissioner LITTLER. Then you find yourselves frequently dealing with yourselves in fixing these arbitrary rates?

Mr. ADAMS. Very frequently; just as the directory of the Chicago, Burlington and Quincy is the directory of the Burlington and Missouri, and fixes it in the same way.

Commissioner LITTLER. Do you find any embarrassment in dealing with yourselves on a question of that kind?

Mr. ADAMS. We have found at times a considerable embarrassment, owing to the fact that it laid us open to this very criticism; and, therefore, we were glad when the Government directors looked into the matter and pronounced it all right.

The CHAIRMAN. Suppose the branch road directors were antagonistic, what would be the result?

Mr. ADAMS. We should then higgle and dicker until we arrived at a conclusion; and if we could not arrive at a conclusion we would submit to arbitration.

The CHAIRMAN. And if not reached by constructive mileage, then by terminal settlements?

Mr. ADAMS. Possibly by terminal settlements, or in some other way. I wish to say that the Northern Pacific, the Northwestern, the Chicago, Burlington and Quincy, the Missouri Pacific, and the Atchison, all, so far as we know, pursue exactly the course we pursue. This is an important matter, about which a great many very unjust accusations have been loosely made, and we are glad of an opportunity to clear it up.

Commissioner LITTLER. We appreciate the importance of it, and can see how, under this constructive mileage, you could annihilate the net earnings.

Mr. ADAMS. We would then at once fall behind the Government directors and say that they were a board not friendly to us who had looked into this matter, and had decided that what we did was not unreasonable.

Commissioner LITTLER. You denied the admission of the Government directors. They are here under protest.

Mr. ADAMS. Never.

GOVERNMENT DIRECTORS ADMITTED WITHOUT PROTEST.

The CHAIRMAN. The Government directors made application at the organization of the Union Pacific Railway Company, at the time of the consolidation, and a correspondence arose, after which they were finally admitted to the Union Pacific Railway, and then virtually entered under protest. Judge Dillon, I call your attention to that.

Mr. ADAMS. It was before my time. They have for years been admitted without question.

Mr. JOHN F. DILLON. I think the company ought to be put right on the record there. In the original Union Pacific act, Government directors were confined alone to the Union Pacific road, from Omaha to Ogden. Although the Government subsidized other roads—the Sioux City, and the Central Pacific, and the Kansas Pacific—it provided for no Government directors in any of those companies. The acts of Congress of 1862 and 1864, both provided for the consolidation of any two or more of the Pacific roads into one, and provided that they should form a new organization with new capital; and a new name, and a new board of directors. In other words, it provided for a consolidation; and a consolidation of railroad companies, is, in law, an extinguishment of the original companies and the formation of a new company out of the constituent companies. Now, that was what was done when the consolidation of the Union Pacific, the Kansas Pacific, and the Denver Pacific took place. They made a new company in exact conformity with the act of Congress, with a new capital stock, with a new name, with a new board of directors, and then the question arose, whether the Government directors who were confined alone to the old Union Pacific came

in *de jure* into the new organization. That question arose at the first meeting. It was submitted at once. It was very important—as important to the Government as to the company—to see whether five gentlemen had a right, in law, to sit on the board of the new company. It was just as important to the Government as to the company to ascertain whether, if they were sitting there and voting, it might not vitiate the proceedings. That was promptly submitted to the Attorney-General of the United States, whose opinion is in writing. I think that question was raised by the Government directors themselves.

QUESTION OF RIGHT OF ADMISSION RAISED BY GOVERNMENT DIRECTOR NILES.

Mr. HOLMES. It was raised by Mr. Niles.

The CHAIRMAN. Upon the objection to the admission, yes?

Mr. JOHN F. DILLON. That matter was submitted to the Attorney-General, whose opinion is in the official records of the Government here and since he decided that they had a right, *de jure*, to sit in the board that right has never been questioned from that day to this.

Mr. ADAMS. And they have sat and voted.

Mr. JOHN F. DILLON. And they have not attended under protest from that time to this.

Mr. HOLMES. Since which time the Government directors have been notified to attend the meetings of the board of directors, and no question has been raised.

The CHAIRMAN. I only want to call the attention of Mr. Adams to the fact that the authority of the Government directors was questioned at one time—at the reorganization.

Mr. ADAMS. I will say at once that since I have been a director, and especially since I have been president of the company, the Government directors have regularly attended the meetings. One of them has always been on the executive committee. I wish to say, further, that there have been no more honest and zealous and intelligent supporters of the course the management has pursued than the Government directors. There never has been a suggestion on their part that information was denied them, or that anything was done without their knowledge. I will add, further, that since I have been president I think every single act of the administration has been wholly approved by the board of Government directors.

The CHAIRMAN. You are only speaking, however, of since 1880.

Mr. ADAMS. I only speak of the time since I came in; 1882 and 1883, I think it was.

The CHAIRMAN. There was quite a difference prior to that time among the Government directors?

Mr. ADAMS. That I have nothing to say about. I did not mean to interrupt your proceedings.

The CHAIRMAN. We thank you for interrupting us.

By the CHAIRMAN:

Q. Mr. Mink, will you furnish us with the total amount of allowance to the branch roads, under constructive-mileage, for the several years since you have been connected with the road?

The WITNESS. That is, the amount allowed to these branch lines on a division of joint earnings on a constructive-mileage basis, in excess of the amount that they would have been allowed if the rates had been divided on a pro rata basis?

The CHAIRMAN. Yes. What is your answer? Will you do so?
The WITNESS. That is, for what time?
The CHAIRMAN. For what time can you furnish it?
A. I do not believe that it would be possible for this company to furnish an answer to that question with the force that we have in the accounting department at Omaha—and there are nearly three hundred clerks in that department there—inside of three years; that is, if the clerks are to perform their regular duties at the same time.
Q. Then how do you inform your officers as to the amount that is charged off from the main line of the Union Pacific Railway Company to the several branch roads?—A. We never make any report of that amount. It has never been ascertained.

HOW THE CONSTRUCTIVE MILEAGE IS DETERMINED.

Q. How, then, do they determine the basis of the amount of constructive mileage? Is it a guess?—A. No, sir; they determine the allowance by taking into consideration the general features of the property, the amount of its traffic, the population along the line, the cost of operating the line, and various elements of that kind. They are always considered in such connection. For years, the Union Pacific main line was allowed 1½ miles for 1 on all interchanged business with the Iowa roads, and it is to-day allowed from 1 to 3 miles on that same business from the lines east of the Missouri River.
Q. But surely, as the financial officer, you must determine about how much is passing away from your company annually by this constructive mileage system?—A. No; we have never had any account of it. It would not be possible for me to tell you what it amounts to.
Mr. ADAMS. Nor how much we have received.
The WITNESS. Nor how much we have received.
Q. It is of so little importance?—A. No, sir; I think the principle was recognized as being so fair and equitable that it has never received any further consideration, so far as the amount is concerned.

By Commissioner LITTLER:

Q. Does this same difficulty obtain with reference to these branch lines?—A. Precisely. It would all be in one account. You would want to know what the company had received as well as the amount that it had allowed.
Q. Can you give us the amount the company has allowed its branch lines?—A. I do not think it would be possible for me to do that prior to the time when you are called upon to make your report. I do not think it would be possible.

By the CHAIRMAN:

Q. What do you mean by referring us to constructive-mileage accounts at Omaha?—A. I did not mean to refer you to constructive-mileage accounts. I meant to refer you to the accounts of the company at Omaha, from which I said the statements could be prepared, which would show you the amount of those allowances.
Q. Have you any estimate upon which you could base an approximate idea of the charges-off from the main line to the branch lines?—A. No, sir.
Mr. ADAMS. You are in error there. You are now having an account kept under my direction.
The WITNESS. I am in error as to this year. That is very true. I will correct my answer, if I may go back there. For the last two or

three months, I think since the 1st of January, we have been called upon by the United States Commissioner of Railroads to make him a report upon this very subject; but none of the reports have yet been prepared, so I am not able to tell you what the result is.

Mr. ADAMS. Will you permit me again to interrupt?

The CHAIRMAN. Certainly.

CONCERNING NEW SYSTEM OF COMPUTING MILEAGE.

Mr. ADAMS. Prior to the first of January Mr. Mink's answer is correct. In order to give you the information you want it would be necessary to go into, I may say, millions of separate transactions, covering each way-bill, to see how it was made up and how it would have been made up on another system. And that, I may say, is a work too large to be undertaken. When the question was raised in the Railroad Commissioner's report for 1886, and my notice was brought to it, I gave Mr. Mink instructions to cause, in the future, the different way-bills, when they were divided, to be divided on both bases, so that we could see what the difference would be under the two systems. That has been going on since the 1st of January, and would afford a basis by which you could approximately ascertain what the allowances amounted to in past periods. The work is now going on, although we have received no returns from it.

The CHAIRMAN. What have you approximated as to the charges off, from time to time, under the constructive mileage system?

Mr. ADAMS. I will say we have not yet received any returns.

The CHAIRMAN. It seems to be a very important matter in the financial arrangements. How would a charge-off enter into the financial concerns? Would it be $100,000 or $500,000 or $50,000?

Mr. ADAMS. It would be a very large sum of money that we should receive at Council Bluffs from the lines east of us, and I should say it would be a very considerably smaller sum of money, very materially smaller, which we would pay out to our branch lines west of Omaha. But I should hesitate about putting it into hundreds of thousands or millions of dollars, or any other sum, until I had received information as to the division which had been ordered since the 1st of January.

The CHAIRMAN. Yet it is a large sum of money?

Mr. ADAMS. Undoubtedly. I should say, at a guess, that the amount we have received under the constructive-mileage rule at Omaha would run into millions of dollars. Would it not, Mr. Mink?

The WITNESS. I should think so, easy enough.

Mr. ADAMS. The amount we have received, and of which the Government got 25 per cent., at Omaha, would amount to millions. The amount we have paid out under the same rule would probably be half as much.

The CHAIRMAN. That is, half of millions.

Mr. ADAMS. Half of whatever it would be.

The CHAIRMAN. Then it would still run into millions, that you would charge on your branch lines, under the constructive mileage system?

Mr. ADAMS. It might.

The CHAIRMAN. I regard you as on the witness stand, Mr. Adams.

Mr. ADAMS. I have been there.

The CHAIRMAN. Is there no way by which the Commission can ascertain information that would guide them in reporting to Congress, or to the President, the amount of constructive mileage that was charged off, from time to time, to the several branches?

Mr. ADAMS. Yes; that can be ascertained when we get the result of the account ordered on the 1st of January to be kept.

The CHAIRMAN. No way prior to the 1st of January?

Mr. ADAMS. I think you would have to approximate, from the 1st of January, over the period anterior to the 1st of January.

The CHAIRMAN. Then there is no account, or system of accounts, or memoranda by which, prior to January, we could estimate the amount charged-off from the main line to the branch lines under constructive mileage?

Mr. ADAMS. The accounts are there, and it could be done, with a sufficiency of labor, by going through all the way-bills of each particular shipment. It would involve an almost incalculable amount of clerical labor; that is, it would be doing over again all the labor that was done in that work through a series of years.

Mr. HOLMES. Restating all the transactions with any branch road or any line?

Mr, ADAMS. Yes.

The CHAIRMAN. There never had been a statement of account under the constructive mileage account?

Mr. ADAMS. Oh, yes; there has always been a constructive mileage account. It has been settled on that basis. Let us take a given case. We will suppose a way-bill on which a joint rate of $100 is received. We have thousands of such every day. Each shipment has its own way-bill. That passes into the proper office, and is there divided between the main line and the branch line, on a given basis. It might be divided on the mileage basis equally well. But it is divided on the constructive mileage allowance basis and filed away. Therefore, to go back and do it over again would require a reduplication of the original labor. Having once been worked out on the constructive mileage basis it is now to be worked out anew on the mileage basis. It would really mean a doubling of the labor in each year.

SETTLEMENTS OF TOTAL AMOUNTS OF DIVISIONS.

The CHAIRMAN. That is because the company has at no time, from month to month, as it seems to me, for the purpose of accurately ascertaining adjustments, made settlements of the total amounts of these divisions.

Mr. ADAMS. They have all been made.

The CHAIRMAN. Where are the totals?

Mr. ADAMS. They have all been made. They are there every year and every month.

The CHAIRMAN. I mean the total monthly or semi-annual settlements.

Mr. ADAMS. That is done every month and every year.

The CHAIRMAN. Where are the totals?

Mr. ADAMS. They are in Omaha.

The CHAIRMAN. Then you can furnish the totals charged off to the branch lines under the settlement?

Mr. ADAMS. Oh, yes, sir.

The WITNESS. Or, in other words, the amounts allowed to the branches on interchanged business?

The CHAIRMAN. Yes.

The WITNESS. Yes, I can furnish you a statement of the amount that has been allowed to them, and also a statement of the amount that would have been allowed to them if the earnings had been divided on

a pro rata basis, and you really need that to find out how much is involved in the constructive mileage question.

The CHAIRMAN. You furnish the total amounts charged off from the main line to the several branches under the constructive mileage system.

The WITNESS. Yes, sir.

The CHAIRMAN. That is what we want—from year to year.

Mr. ADAMS. From month to month and year to year.

The WITNESS. Why not explain to the Commission that the question of constructive mileage is not unlike the question of a combination of local rates?

Mr. ADAMS. I did it the other day. It is in my evidence.

Mr. JOHN F. DILLON. To explain that, I think the Commission would want the philosophy, reason, or rationale of constructive mileage as between the Iowa roads and Union Pacific roads and as between the Union Pacific road and its branches.

EFFECT OF CONSTRUCTIVE MILEAGE UNDER THURMAN ACT.

Commissioner LITTLER. We understand that this is a system that has grown out of the necessities of traffic. We understand that constructive mileage obtains with all main lines and their branches. That is a general proposition, we understand. And we understand that it is recognized as a custom among railways. But we are trying to get at just how this constructive mileage affects the income to the United States under the Thurman act.

Mr. ADAMS. If you will permit me, I will come down to the root of this difficulty in one minute. There is no question about constructive mileage, and the usage and the custom and propriety of it. It all arises out of the other branch of the subject, which you gentlemen have got to come to. That is, the erroneous attempt, under the Thurman act, but which started with our original charter, through which we were called upon to pay a proportion of our net earnings to the Government instead of a gross sum. If the Government would say to the Union Pacific, "You pay into our Treasury toward this sinking fund so many hundred thousand dollars a year in gross, and manage your own business in your own way," these vexatious questions would never arise. We should then manage our companies like other companies, according to the universal rule of railroads.

FAVORS PAYING A GROSS AMOUNT YEARLY.

Commissioner LITTLER. I will get you to state right now in this connection, how much you would agree to pay.

Mr. ADAMS. That is rather a large question. I supposed we would come to it later; I shall then be prepared to go into the subject with the Commissioners, at such length as they desire. I will say that we would cheerfully pay you half a million dollars more a year in a gross sum than we have to pay under the present vexatious arrangement. That is, we would rather submit to a loss of half a million dollars a year than to have these vexatious litigations going on with the Government the whole time. For the year of 1885 we paid the Government $1,100,000. We would cheerfully have paid $1,600,000 to the Government in a lump sum, if by so doing we could have been rid of this vexatious and interminable discussion of net earnings.

The CHAIRMAN. Judge Dillon, did you want to ask a question?

Mr. JOHN F. DILLON. Under the intimation of Mr. Littler, I do not care to pursue the subject, except that I want to ask Mr. Adams this question: If the Union Pacific is allowed the benefit of constructive

mileage, on one hand, and you charge against that account what it pays at the other end to its branch lines, can you state whether the company, and the Government through it, is a gainer or a loser?

THE GOVERNMENT A GAINER BY CONSTRUCTIVE MILEAGE RULE.

MR. ADAMS. I stated in my examination before the Commission that, in my opinion, it is a matter of opinion; but to the best of my judgment and belief the Government is a large gainer by the rule of constructive mileage. That is, to use the vulgar adage, we have gone on the principle that "what was sauce for the goose was sauce for the gander." And as the Union Pacific, we will say, was the goose in this case and the branch lines were the gander, they were entitled to their share of the sauce. We have maintained and now maintain that the Union Pacific and the Government, as its partner, got a great deal more sauce than the branch lines.

The CHAIRMAN. To carry the figure out, you cannot determine the quantity of sauce.

Mr. ADAMS. No; we cannot say the sauce amounted to so much, without doubling our work.

The CHAIRMAN. How, then, are we to inform the Government as to this question.

Mr. ADAMS. You shall have all the light we can give you, but our only answer to your inquiry is what I have given. We can furnish you the information, but only as the result of an amount of clerical labor which would more than consume the whole sum appropriated by the Government for the conduct of your investigation. In my opinion, it would require the labor of a thousand clerks for one year.

The CHAIRMAN. Do you regard the system of accounts that fails to keep such an important statement as a good system?

Mr. ADAMS. Every railroad in the country has the same system.

The CHAIRMAN. Do you regard it as a good system?

APPALLING NUMBER OF WAY-BILLS, &c., DAILY.

Mr. ADAMS. I do. It is sufficiently good for our purpose in carrying on business. There must be some end to statistics in the management of a large railroad company. I will say now that the Union Pacific is loaded down by the amount of statistical information it is already furnishing, and this would add nearly 50 per cent. more to it. It is appalling to the ordinary mind to contemplate the number of way-bills, papers, and business transactions which daily pass through our offices, covering all our shipments. I cannot myself say whether they should be numbered by the hundred thousand a day, more or less. Each of these has to go through the hands of clerks, and be gone over and divided up. When it came to go over them two or three different times, and doing the sum, for the purpose of information, in two or three different ways, there is such a thing as being buried under the mass of one's information; and we are very near that all the time.

The CHAIRMAN. The millions are coming in under this system and millions going out, according to your statement, and there is no account to show the difference whether there is more that comes in than goes out. It is not of sufficient importance to strike a balance.

Mr. ADAMS. It is of sufficient importance to do anything; but all that we can say is, that we have not deemed it necessary for us, in that respect, to do more than other railroads of the higher standard have been in the custom of doing. The only offense that can be charged against

ns is, that we have not adopted a system which no railroad in the world has ever adopted.

The CHAIRMAN. Few railroads have had as much help as the Union Pacific.

"NET EARNINGS" THE ORIGINAL SOURCE OF DIFFICULTY.

Mr. ADAMS. We are perfectly willing to meet the Government in that respect, as I said before, and to pay them much more in the way of a lump sum than the amount that they receive out of a percentage of the net earnings. There is the original source of difficulty.

Commissioner LITTLER. Recurring once more to these branch lines, the Union Pacific directory hold arbitrary power to determine the constructive mileage on these branch lines, as I understand you. The directory of the Union Pacific are largely the directory of the branch lines. In other words the branch lines are practically owned by the Union Pacific Railroad Company, so that it has the arbitrary power of determining these rates. Now, I suppose in doing so you have had your mind drawn to the question, how much these branch lines would have to earn in order to pay their fixed charges, have you not?

Mr. ADAMS. Oh, yes.

Commissioner LITTLER. Have you taken that matter into consideration in fixing this constructive mileage account with them?

Mr. ADAMS. No.

Commissioner LITTLER. You have not?

Mr. ADAMS. No.

Commissioner LITTLER. You have fixed this constructive mileage, not with reference to the amount of interest these branch roads would have to pay on their fixed charges at all?

Mr. ADAMS. I have not fixed them at all.

Commissioner LITTLER. I am speaking of the corporation, the Union Pacific.

Mr. ADAMS. It is a matter which never reached me. It is settled by those who are supposed to understand that part of the business, and their advice has uniformly been taken, so far as I know.

Commissioner LITTLER. Is it not true that somewhere in the archives of this Union Pacific Railway there is lumped together, either monthly or semi-monthly, or annually or semi-annually, the gross sums which have been charged off in favor of these branch lines against the main line?

Mr. ADAMS. There never has been any such case; there never has been anything charged off in their favor against the main line. You will no more find that than you would find the amount credited which had been received by the main line from its connections east of Council Bluffs. The two cases are precisely parallel.

The CHAIRMAN. I call your attention to the testimony taken in New York.

Q. How can a road whose whole traffic is less than its operating expenses, and the annual business only amounts to $7,000, be an advantage to the Union Pacific?—A. Because that $7,000 may represent over a longer haul on the other road, $100,000. It would depend on the distance the traffic was carried over the main line. Such a case as I suggest is a thing perfectly easy to be conceived, and it exists on our system in the case of the Echo and Park City Branch.

Q. It can be computed, but has the computation been made?—A. Oh, yes; I have had those made every year in order to ascertain what the branch-line business of the Union Pacific road is worth to it.

Q. Have you made it for this particular branch?—A. That particular branch is merged with the rest. I cannot say I have made it for that.

Q. Who has charge of the computation?—A. They always go to the comptroller.

Q. Mr. Mink?—A. Mr. Mink has them prepared for me.

Q. And can furnish you with all those statements?—A. Yes.

I understand by that testimony you covered in your explanation before the Commission in New York an account of all the sums under the constructive mileage system that have been charged from the main line to the branch system, and that Mr. Mink can give the Commission such a statement.

Mr. ADAMS. The total amount paid under the constructive mileage system, undoubtedly.

The CHAIRMAN. Will you furnish that to the Commission?

Mr. ADAMS. That undoubtedly will be furnished.

The WITNESS. Yes, sir.

ALLOWANCE TO BRANCH LINES.

Mr. JOHN F. DILLON. Has the allowance to any of the branch lines, within your knowledge, information, or belief, ever been fixed with any motive or purpose whatever to diminish the amount of net earnings due to the Government under the Thurman act?

Mr. ADAMS. That never was taken into consideration in the remotest degree. I never heard it even suggested that it would have that effect. In fact, I would say that since I have been president I do not remember a case of constructive mileage to a branch line ever having been presented to me. I think we are proceeding under the old rule which went into effect long ago, and which was examined by the Government directors in 1882. I am not aware that it has been revised since. Certainly the effect on the Government, or its 25 per cent., never was even remotely considered.

The CHAIRMAN. Mr. Mink, can you furnish the Commission with the computation now with reference to constructive mileage?

The WITNESS. No, sir; I doubt very much whether I shall be able to furnish an answer to that question that would be of any use to you before the time when you are called upon to make your report. I will look the field over and do the best I can.

The CHAIRMAN. It is very important for the Commission to know.

The WITNESS. I can undoubtedly give you the figures for the first half of the current year some time within the next few months.

Mr. ADAMS. I do not think Mr. Mink understands you. Let me ask him a question.

The CHAIRMAN. Do so.

Mr. ADAMS. The chairman wants to know the amounts actually paid without regard to the basis.

The WITNESS. The amounts of the revenues of each one of these branch lines?

Mr. ADAMS. As compared with the main line.

The CHAIRMAN. From constructive mileage, yes.

Mr. ADAMS. Including the constructive mileage.

The CHAIRMAN. I want to know what the main line pays to the branch lines under constructive mileage allowances.

The WITNESS. In other words, you want to know what the revenue of the branch lines has been from interchanged business worked up on this constructive mileage basis?

The CHAIRMAN. No; I do not want to mix up other business at all.

The WITNESS. What goes to the branch lines?

The CHAIRMAN. I want to make it clear. The Commission wants the information as to how much has been paid to the branch lines by reason of constructive mileage allowances from year to year.

The WITNESS. That involves the whole question, Mr. Adams, that I presented to the Commission. It would be impossible for me to furnish you with that for months to come.

By the CHAIRMAN:

Q. Where is the computation or information or memoranda that you furnished to Mr. Adams of this information at the first of the year?—A. I do not think I ever furnished Mr. Adams a memorandum covering all the lines in our system. I am quite sure I never did. I have, however, furnished him occasionally as he has called upon me for them, statements with reference to some particular branch. Those were undoubtedly copied in my letter-book in the form of a letter to the president.

Q. As comptroller, have you ever attempted to ascertain whether more comes in or goes out of the main line account under the constructive mileage system?—A. I have never attempted to do it. I never heard the question raised until I saw it referred to in the act under which you are now proceeding.

Q. How did you furnish information to your officers to determine the percentage from time to time as to constructive mileage allowed to the several roads?—A. That was never furnished by me. The elements which were taken into consideration were passed upon by our general traffic manager.

Q. Who furnished it to the Government directors?

The WITNESS. In 1882?

The CHAIRMAN. Yes; who furnished the rates?—A. I think it must have been furnished by our general traffic manager. They naturally would go to him with such a question.

Q. Will you please give the Commission the computations referred to by Mr. Adams as furnished to him, in order to ascertain what the branch-line business of the Union Pacific was worth to it?—A. Yes, sir.

Q. Have you got them now?—A. I submit, in answer to your question, a statement of the earnings of the Union Pacific Railway Company derived on business turned over to it or interchanged by it with its branch lines for the year 1886.

The statement is marked "Exhibit 1, May 24th," and is as follows:

Statement of the earnings of the Union Pacific Railway Company on traffic interchanged with its branch lines during the year 1886.

Name of road.	Freight.	Passenger.	Total.
Omaha and Republican Valley	$327,943 57	$76,326 99	$404,270
Omaha, Niobrara and Black Hills	223,648 36	33,438 65	272,287
Echo and Park City	198,260 42	17,585 40	215,845
Colorado Central	750,295 15	206,250 53	956,545
Salt Lake and Western	69,228 28	.....	69,228
Denver, South Park and Pacific	70,132 70	*5,837 18	64,295
Utah and Northern	915,736 51	149,656 26	1,065,392
Oregon Short Line	789,734 00	304,834 54	1,094,568
Greeley, Salt Lake and Pacific	79,006 92	12,206 25	91,213
Lawrence and Emporia	9,529 24	263 17	9,792
Laramie, North Park and Pacific	1,631 53	15 00	1,646
Junction City and Fort Kearney	233,276 94	51,335 47	284,613
Solomon	267,839 49	48,907 79	316,747
Salina and Southwestern	143,063 86	14,982 54	158,046
Denver and Boulder Valley	64,878 61	16,451 95	81,330
Golden, Boulder and Caribou	11,104 53	.....	11,104
Georgetown, Breckenridge and Leadville	4,327 68	930 00	5,258
Kansas Central	18,045 69	951 33	18,996
Montana	83,497 12	3,231 95	86,729
Denver and Middle Park	1,846 05	.....	1,846
Denver, Marshall and Boulder	10,804 32	10 10	10,814
Marysville and Blue Valley	17,906 80	1,465 35	19,402
Salina, Lincoln and Western	37,565 41	2,181 60	39,747
Totals	4,544,289 17	934,121 74	5,478,434

* Deficit.

THE PARENT COMPANY'S PROPORTION OF EARNINGS.

Q. When does your fiscal year end?—A. It ends with the calendar year, December 31.

Q. Please explain to the Commission whether this is the total revenue or the difference of profit charged to the several branch lines, the figures on this statement representing the earnings of the Union Pacific Railway Company.—A. That is the parent company's proportion of the earnings derived from business interchanged by it with its branches; it therefore represents a part only of the earnings of the Union Pacific Railway Company.

By Commissioner LITTLER:

Q. It has nothing to do with its own line, the through business?—A. Nothing at all; it shows the value to the Union Pacific Company of these side or feeding lines. In 1886 the statement shows that the Union Pacific proper earned $5,478,000 from business turned over to the company by these branches, which, if the branches had not been in existence, we probably should not have earned.

Q. How much was turned over to the branch lines by the main line?—A. This has no connection with that sum; the amount we turned over to them, or the amount allowed to them in the division of rates, is wholly independent of this sum; that is, the sum we did not turn over.

Q. That is only the one side?—A. That is our side.

Q. What is the other side?—A. I cannot tell you what it amounts to.

Q. How do you determine the difference?—A. That is determined by our general traffic manager.

Q. How do you determine whether there is a profit from the branch-line system or not?—A. I take our investment account all the way through. For instance, we earned here last year from this business $5,478,000. It is estimated that this business is moved on our road at an expense of not over 40 per cent. It leaves us therefore 60 per cent. profit, or $3,287,000. Independently of that revenue, we received in the way of income from our investments $1,665,000. Those two sums added together make, in round numbers, $5,000,000. We call that the revenue or the income from our investments in these branch lines. Those investments represent, in round numbers, $45,000,000. The investments are therefore paying us about 11 per cent.

GROSS EARNINGS.

Q. Do you offer that as the net earnings of this branch system?—A. No, sir; I offer that as the gross earnings of the Union Pacific Railway Company, derived by it from business turned over to it by its branch lines, or interchanged by it with its branch lines.

The CHAIRMAN. In other words, $5,478,454.91 represents the advantages of the branch-line system to the Union Pacific main line. Now, what are the advantages, and to what amount, of the Union Pacific line, under the constructive-mileage system, to the branch lines?

A. I cannot tell you from any statement I have in my possession now.

Q. Would not that be important to determine whether you had this profit, or whether it was an advantage or not, because if the constructive-mileage system charged off amounts to a similar sum there is no advantage; that is the truth, is it not?—A. No, sir; I think not, be-

cause we are the owners of the branch lines. If the sums allowed to the branch lines were unreasonably large, it would come back to us in the way of income upon our investment in these branch lines, in the way of interest on the bonds or dividends on the stocks. So far as the Union Pacific Railway Company is concerned it would make no difference at all.

By Commissioner LITTLER:

Q. You do not own all the bonds of these branch lines, do you?—A. No, sir; we do not.

Q. There would be a part of it distributed to individuals, and, therefore, if this rate was unjust it would deplete the net earnings of the Union Pacific Railway Company?—A. If it were unjust; yes, sir.

By the CHAIRMAN:

Q. Is that the only computation that you furnished Mr. Adams on which he based his idea of constructive mileage for the year 1886?—A. I think that was the statement he had in mind.

The CHAIRMAN. Then that does not give any information at all as to the amounts charged off from the main line to the several branches under the constructive mileage?

The WITNESS. No, sir. As I said before, I never heard that question referred to before.

Q. So that if the gross receipts or benefits—and I understand this to be a gross sum—was equal to $5,400,000, and the amount charged off under the constructive-mileage system as allowance to the several branches was a similar amount, it would be a just conclusion to say there would be no benefits derived; is that true?—A. No, sir; that is not true.

The CHAIRMAN. Make that clear to me, then.

The WITNESS. Whatever sums were allowed to the branch lines would, of course, form a part of the earnings of those lines. The earnings of these lines are made up, of course, first, of the local business, and next, of the business that we turn over to them. If, on the business we have turned over to them, we have allowed any unreasonable rate, it merely increases their earnings to that extent, and the excess, if any, would come back to us to a large extent either in dividends on the stocks or in interest on the bonds that the Union Pacific owned. So far as the revenue of the Union Pacific Company is concerned, it would not make any appreciable difference.

Q. What would be the case if the branch road reported a deficit?—A. Then, for the moment, we would have to advance them the money to carry on their business.

BRANCH ROADS DEFICITS.

Q. Then it is a fact that most of the branch roads during the last year, or the year of 1885, did report a deficit?—A. A number of them did.

Q. Therefore, there was very little profit to the main line?—A. No, sir; in 1886, as I look at it, the parent company made about 11 per cent. upon its investments in these side lines; I will submit, in explanation of my statement, this account:

The statement is marked "Exhibit No. 2, May 24, 1887," and is as follows:

Memorandum in relation to the Union Pacific Railway Company's investments.

Investments, bonds, stocks, &c., December 31, 1886, cost		$45,199,858 07
Income from investments, 1886, company		1,593,674 65
Income from investments, 1886, trustees Kansas Pacific consolidated mortgage		72,300 00
Total equal to 3.68 per cent. on the cost of our investments		1,665,974 65
To this should be added the net earnings derived by the Union Pacific Railway Company from traffic turned over to or received from its branch lines. The gross earnings on this traffic during the year 1886 amounted to $5,478,454.91. It is estimated that the expense incident to this transportation is about 40 per cent., leaving 60 per cent. net, or, say		3,287,072 95
This would make the total net income derived by the Union Pacific from its investments		4,953,047 60
Or, on the amount of its investment, 10.95 per cent.		

EARNINGS, 1886.

Q. Please explain that.—A. I present this statement, which shows that in 1886 the Union Pacific Company earned on its investments in the bonds and stocks of the branch lines about 11 per cent. I take first the amount of our investments in these lines, including some small outside investments, $45,200,000. The income received from the investments last year amounted to $1,666,000. That was the direct income—the amount of the coupons that were collected, or the dividends that they paid to us. That sum was equal to 3.68 per cent. on the investments. That was the direct return.

Independently of that the parent company earned, as I said before, $5,478,000 on the traffic that those lines had turned over to or interchanged with us. That business, we estimate, can be moved by the parent company for about 40 per cent.; that would leave the remaining 60 per cent. for profit. The profit, therefore, amounts to $3,287,000. If you add that indirect return or profit to the direct income of $1,666,000, you have a total of $4,953,000, which represents the return, direct and indirect, upon our investment of $45,000,000. If it had not been for these side lines of the Union Pacific the parent company would not have derived this $4,953,047.60.

Q. How much of the income of the main line was from the investment in branch lines?—A. About $3,000,000 net.

Q. What was the income derived from the investment in the branch line securities?—A. I cannot answer that without going to the books.

The CHAIRMAN. I wish you would give that amount.

The WITNESS (after examining the books). Seven hundred and three thousand six hundred and fifty-five dollars.

ENUMERATION OF SECURITIES.

Q. What are the other securities? You have given those outside of the branch lines and the branch line securities and investments. Now, what were the other?—A. Our investment account is shown on page 91 of our last annual report of 1886, and is made up, first, of the bonds and stocks of other railroad companies, $32,911,775.95. Then there are bonds and stocks of steamship, coal, and other companies, and county bonds.

Q. What are the other companies? I wish you would give them in detail.—A. Those are detailed on page 95 of the report for 1886. They are made up of our investments in the Pullman's palace cars running

on the road; certain investments in coal lands, township and county bonds; some stock in the Occidental and Oriental Steamship Company, the Pacific Express Company, the Council Bluff Street-railway Company, a few elevator companies. They are all set out at length on that page. The cost to the company was $2,617,411.75.

Next, the bonds and stocks of railroad and other companies, held by the trustees under the consolidated mortgage. Those are set out in detail at page 98 of that report. They are made up of the Denver and Boulder Valley Railroad Company bonds, $550,000; Golden, Boulder and Caribou Railway Company bonds, $60,000; Junction City and Fort Kearney Railway Company bonds, $970,000; Lawrence and Emporia Railroad Company bonds, $465,000; Salina and Southwestern Railway Company bonds, $540,000; Solomon Railroad Company bonds, $575,000.

Then there are stocks of the Denver and Boulder Valley Railroad Company, $17,000; Golden, Boulder and Caribou Railway Company, $60,000; Junction City and Fort Kearney Railway Company, $720,000; the National Land Company, $200,000; Solomon Railroad Company, $1,000,500.

Then there are a number of miscellaneous investments, which I have given you.

Then there are certain advances to our auxiliary companies payable in bonds and stocks. These amount to $5,697,670.44. I read from page 91 of the report for 1886. That amount represents mainly the amount of advances by the Union Pacific Company to extend these side lines, the branch lines of the system. It will ultimately be paid to us or liquidated in the bonds and stocks to be issued by those companies on their extensions. Our investment account then will be changed from these "Advances to auxiliary companies, payable in bonds and stocks," to the bonds and stocks themselves. The sum of all these investment accounts is $45,199,858.07. This is the amount with which I start my statement.

Q. More than $800,000 of the $1,593,000 is really from other investments than the branch lines; is that not the fact?—A. Yes, sir; I think that is quite true.

NET EARNINGS OF BRANCH LINES, 1886.

Q. Then to those investments in the branch lines, the main line contributed under the constructive mileage system in amount millions of dollars towards their income?—A. I cannot answer that question definitely; but the entire net earnings of the branch lines for 1886 were only $1,472,000.

Q. But the operating expenses had been deducted then, had they not?—A. Precisely. They were deducted.

Q. So that the constructive mileage system would have gone into the gross receipts, and would have appeared there, would it not?—A. Yes, sir. How far the earnings were increased by the constructive mileage allowances I am unable to tell you.

Commissioner LITTLER. While on this subject, please give the names of the several branch lines which are not self-supporting.

The WITNESS. We have that in our report. Shall I read them to you?

Commissioner LITTLER. Yes. We want to know those which do not pay the fixed charges.

Mr. ADAMS. Do you mean which do not pay operating expenses or fixed charges?

Commissioner LITTLER. I mean those which do not pay operating expenses and the fixed charges.

Mr. ADAMS. And the fixed charges, both?

Commissioner LITTLER. Certainly. If they do not pay operating expenses and fixed charges they are not self-supporting.

ROADS NOT SELF-SUPPORTING.

The WITNESS. The Denver and Middle Park shows a deficit for 1886.

Q. How much?—A. Two thousand three hundred and thirty-three dollars and forty-two cents. The Denver, South Park and Pacific showed a deficit in 1886 of $368,081.56; the Echo and Park City Railway showed a deficit of $35,139.83; the Georgetown, Breckenridge and Leadville Railway Company showed a deficit of $13,007.72; the Greeley, Salt Lake and Pacific Railroad Company showed a deficit of $78,239.48; the Junction City and Fort Kearney Railway Company showed a deficit of $35,223.22; the Kansas Central Railroad Company showed a deficit of $159,403.62; the Laramie, North Park and Pacific Railway and Telegraph Company a deficit of $1,158.70; the Lawrence and Emporia Railway Company a deficit of $44,284.21; the Omaha and Republican Valley Railroad Company a deficit of $153,546.25; the Omaha, Niobrara and Black Hills Railroad Company a deficit of $29,382.92; the Oregon Short-Line Railway Company a deficit of $395,103.71; the Salina and Southwestern Railroad Company a deficit of $7,094.62; the Salt Lake and Western Railroad Company a deficit of $35,416.75; the Solomon Railroad Company a deficit of $6,867.08. Those comprise all the railroads showing a deficit.

Q. Those deficits existed after allowing the benefit of constructive mileage?—A. Yes, sir; and after charging up the interest on all the bonds outstanding. I mean all the interest including that on the bonds of the Oregon Short-Line Railroad Company and the Denver, South Park and Pacific Railroad Company. The bonds of these two companies are largely owned by others than the Union Pacific Railway Company.

Q. Please name the several branch lines which may have been self-supporting from the time that you acquired them, or that are self-supporting now.

The WITNESS. Take last year for instance?

SELF-SUPPORTING ROADS.

Commissioner LITTLER. Yes, sir; take 1886, and in answering the question give the amount of net earnings, if there are any.—A. The roads self-supporting are the Colorado Central Railroad Company, which showed a surplus in excess of all charges for 1886 of $78,341.82; the Denver and Boulder Railroad Company showed a surplus of $15,639.75; the Denver, Marshal and Boulder Railway Company, in operation from August 19 to December 31 last—it was opened in the month of August—showed a surplus of $6,605.16; the Golden, Boulder and Caribou Railway Company showed a surplus of $1,664.29; the Manhattan and Blue Valley Railroad Company showed a surplus of $6,406.63; the Montana Railway Company showed a surplus of $18,304.40; the Salina, Lincoln and Western Railway Company showed a surplus of $989.76. The road of this company was in operation only for the last four months of the year. The Utah and Northern Railway Company showed a surplus of $72,959.54.

Q. The figures you have given me in answer to my last question represent the net earnings of those roads after deducting the fixed charges and running expenses, as I understand you?—A. Yes, sir; that is right.

Q. What have you to say as to the wisdom of the investment in the several roads which have not paid their expenses, according to your answer to the previous question?—A. The best answer I can make to that question is to refer you to two statements that I have already submitted to the Commission. They show, in my opinion, the most satisfactory results. They show that on the amount invested, as it stands, we made last year about 11 per cent.

Mr. LITTLER. You reached those figures by letting these roads have the benefit of constructive mileage. Chiefly, though, the investment as such, pure and simple, only paid 3 per cent.?

The WITNESS. Three and six-tenths per cent.; yes, sir.

Commissioner LITTLER. It required the aid of the mother road to this constructive mileage system to figure out the results which you have attained there?

The WITNESS. Yes, sir; it did.

The CHAIRMAN. In other words, if the deficits amount to $1,354,275 and the surplus $200,907, then the net earnings, $1,154,000, is a deficit? If the constructive mileage system had not been charged over to the branch lines the probabilities are there would have been a deficit upon the entire system?

The WITNESS. Upon the entire system of branches?

The CHAIRMAN. Yes; under the constructive mileage system.

THE BRANCH LINES AS FEEDERS.

The WITNESS. That I cannot tell you. I think it is very doubtful. I do not think this question ought to be looked at without taking into consideration the revenues derived by the Union Pacific Company upon the business which these lines turned over to it. That was the real reason for the construction of these lines. It was to feed the main line. Therefore the profits of the Union Pacific Company derived from that business ought always to be taken into account. It is the largest item in the account.

The CHAIRMAN. If the net loss, as between the deficits read by you and the surplus, amounts to $1,154,000, and the constructive mileage charged off to the branches amounts to millions of dollars, there would certainly not have been any profit if the constructive mileage allowances had not been made?

The WITNESS. I do not think I get your idea there.

The CHAIRMAN. If the net loss, as between the deficits read by you and the surplus, amounts to $1,154,000, and the constructive mileage charged off to the branches amounts to millions of dollars, there certainly would not have been any profit if the constructive mileage allowance had not been made.?

The WITNESS. No, sir; I do not think that is true. I think this statement shows exactly how the case stands: We have earned on the investments during the year a direct return of 3½ per cent. and an indirect return of about 7 per cent., the two together making between 10½ and 11 per cent.

The CHAIRMAN. You failed to tell the Commission both sides of the story; in other words, whether the main line has been a benefit to the branches or the branches to the main line.

The WITNESS. I think there is no doubt but that the main line has been of some benefit to the branches, but the object of the construction of the branches was to benefit the main line.

BRANCH LINES PAID 11 PER CENT. IN 1886.

By the CHAIRMAN:

Q. That may probably be in the future, but what are they now?—A. For 1886, it appears on the investments we had made in these lines that they paid us about 11 per cent.

Q. With the aid of the main line?—A. With the aid extended by the main line.

Q. And without the main line you cannot calculate any percentage?—A. I cannot; no, sir.

Q. Will you tell me if the calculation upon the branch lines, at the rate allowed under constructive mileage upon the freight per mile, if you have it, would give the amount of the constructive mileage allowed from the main line? Look at this column of freight charges.—A. I do not know that I have made this statement perfectly plain to you. These are not the earnings of the branch lines. These are the earnings of the Union Pacific line on business turned over to it by the branch lines.

Q. And not the amount of freight carried over the branch lines?—A. No, sir.

Q. Have you a table anywhere that shows the amount of freight by weight carried per mile over the branch roads?—A. Yes, sir; that is all detailed in our annual reports. It is not detailed for every branch in our report, but detailed for the more important branches. Here is the Denver, South Park and Pacific. Such statistics in relation to the passenger and freight business as we compiled with reference to that road are set out on page 37 of our report. I do not know whether that gives you what you want.

Q. This is only over the branch road?—A. Yes, sir.

Q. Have you any table showing the distance, as an illustration, which this freight was carried over the main line?—A. No, sir; I have not.

Q. What other table did you hand Mr. Adams to aid him in forming his estimate of the constructive mileage system?—A. I think it must have been this table, or one somewhat like it, that he had in mind.

Q. What aid did they give him?—A. I do not know, I am sure. That is the table that has always been in my mind, I know, when this question of constructive mileage has been under discussion. The advantages derived by the Union Pacific Company from the interchanged business are shown on that statement.

Q. What information would that give as to the estimate of the amounts, under the constructive milage system, carried off from the main line to the branches?—A. That would give no information.

Q. Is this, then, the only memorandum that you recollect?—A. Yes, sir; that is the only one.

Q. I understand you to say there is no table showing how far you have carried the freight by weight per mile from the branch lines over the main line?—A. No, sir.

Q. Are the charges the same as along the branch lines.

The WITNESS. Are the charges on the main line the same?

The CHAIRMAN. Yes; for the distance carried.—A. No, sir; I presume they are very much less on all business, whether going from the branch or whether originating on the main line itself.

TRANSCONTINENTAL BUSINESS.

Commissioner LITTLER. Tell us how much the Union Pacific made on its through business.

The WITNESS. In 1886 the earnings from through, that is Pacific coast, business were $1,334,000 as compared with $1,798,000 in 1885.

Commissioner LITTLER. Is that the net earnings?

The WITNESS. No, sir; those are the gross earnings.

Commissioner LITTLER. Of the main line, from Ogden?

The WITNESS. No, sir; the earnings of the Union Pacific Railway Company, derived from what we call our Pacific coast business—the transcontinental business.

Commissioner LITTLER. It must have been a great deal more than that.

The WITNESS. That is all, $1,300,000. It is set out on page 21 of our report.

Commissioner LITTLER. Does that represent the net earnings of the consolidated Union Pacific Railway Company?

The WITNESS. That is of the Union Pacific Railway Company proper.

Commissioner LITTLER. I do not mean the old line; I mean the consolidated Union Pacific Railway, which embraces the Kansas Pacific and the Denver Pacific and the main line from Ogden east.

The WITNESS. That is quite right. The 1,800 miles comprising the Union Pacific Railway Company?

Commissioner LITTLER. Yes.

The WITNESS. The revenue on that business was $\frac{4}{100}$ of a cent a ton a mile in 1886.

Commissioner LITTLER. How much did it all amount to?

The WITNESS. The tons one mile?

Commissioner LITTLER. No, I mean the aggregate earnings of the line, as described.

GROSS EARNINGS OF UNION PACIFIC IN 1886.

The WITNESS. The aggregate earnings of the Union Pacific Railway Company in that year were $15,769,588.87, and of that $1,334,049.47 was derived from this transcontinental business.

Commissioner LITTLER. Explain how it is that you have the earnings on page 22 of your report at over seventeen millions of dollars.

The WITNESS. Those are the earnings of the Union Pacific system. The earnings which you asked me to confine my statement to were the earnings of the Union Pacific Railway Company.

Commissioner LITTLER. As consolidated in January, 1880.

The WITNESS. That is quite right; yes, sir.

Commissioner LITTLER. According to this, it is seventeen millions of dollars and something, at page 22.

The WITNESS. Oh, I beg pardon; I will give the details of that. That includes all the other items of earnings. The statement on page 22, $17,806,000, is made to include the transportation of the mails, the express, our rents from buildings, income from miscellaneous sources and not only the ordinary passenger and freight traffic, which I had in my mind, in giving the figures at page 20.

Commissioner LITTLER. The figures you have already given me, with the several items going to make up that statement there, embrace the total amount of earnings of the Union Pacific Railway system, do they not?

The WITNESS. On this statement, Exhibit 1, of this date?

Commissioner LITTLER. Yes.

The WITNESS. No, sir.

Commissioner LITTLER. What other sources of revenue or income are there?

The WITNESS. This statement, Exhibit No. 1, of this date represents merely the passenger and freight earnings of the Union Pacific Railway Company (that is the line colored in black on the map on the wall), on the business interchanged with, or turned over to it, by its various branch lines.

Commissioner LITTLER. I do not think you comprehend my question. My question is whether this figure, $17,000,000, added to the total amount of that sheet, does not represent the entire earnings of the railway system? If these two items do not, what else is there?

The WITNESS. No, sir; I will explain that to you again. If you will turn to page 99 of our report for 1886 you will find there a statement of the earnings and expenses for the years 1886 and 1885. The gross earnings of the company were $17,806,132.59.

Commissioner LITTLER. Those are the same figures we had on page 22.

The WITNESS. Precisely; they are set out there in detail. Included in these earnings, under the head of passenger and freight, are the sums which are shown on my Exhibit No. 1 of this date. They form a part. In other words, while the Union Pacific Railway Company earned $17,806,000 without the assistance of these branch lines, the earnings would have been $5,500,000, in round numbers, less, in all probability. That is the reason I submit that statement. It shows the value of the branch lines to the Union Pacific Company, the company on whose roads the Government has a second mortgage.

BENEFITS OF BRANCH LINES.

Commissioner LITTLER. If your theory was correct, the acquisition of these branch lines was of great benefit to the main line?

The WITNESS. Yes, sir; I believe it to have been so.

Commissioner LITTLER. And if they turned out to be a burden, it was a mistake to make the investment?

The WITNESS. Yes, sir.

The CHAIRMAN. Have you any way to determine whether they have been a burden or a help? That is what I have been trying to get at for some time as a Commissioner. Can you inform me where I can obtain the figures showing whether they have been a benefit or a loss?

The WITNESS. I think there is no question but that they have been of very great advantage to the parent company.

The CHAIRMAN. Why?

The WITNESS. Because they have contributed such an enormous amount of business to the parent company.

The CHAIRMAN. What does that business amount to?

The WITNESS. Five millions and a half a year.

The CHAIRMAN. What does the company contribute to the branch lines?

Mr. ADAMS. It amounts to $5,000,000, after deducting the amount paid on constructive mileage.

The CHAIRMAN. The $5,000,000 is the net amount, after deducting the constructive mileage?

Mr. ADAMS. Yes.

The CHAIRMAN. I understood Mr. Mink to say it was the gross.

The WITNESS. I do not know that I understood you.

Mr. ADAMS. I see where Mr. Mink has been troubled. We will suppose that the amount of joint business is $100. That is a good sum for illustration. Divided upon a straight mileage basis, $10 would have gone to the branch lines and $90 would have gone to the main line. Divided upon the other basis, $30, on constructive mileage, we will suppose, would go to the branch lines, and $70 to the main line, instead of $90 to the main line, as before. Therefore, the constructive mileage represents $20. After deducting that $20, and allowing it to the branch lines, there is still $5,000,000, Mr. Mink says, over all business of the branch lines.

The CHAIRMAN. Is that correct?

AMOUNT EARNED ON BRANCH LINE BUSINESS.

The WITNESS. My statement was intended to show this: How much money does the Union Pacific Railway Company earn itself on business that it receives from or interchanges with the branch lines; that is, wholly independent of the amount we allow to the branch lines in the way of constructive mileage My statement shows our share. After allowing the branch lines their constructive mileage, whatever it may have been, our share of the earnings was $5,500,000.

The CHAIRMAN. Then how much did you allow to the branch lines through the constructive-mileage system?

Mr. ADAMS. An unknown quantity represented by X. After allowing it, whether it is greater or less, there is $5,000,000 left over.

By the CHAIRMAN:

Q. Mr. Mink, if you had added into the gross sum, or the net earnings of $5,000,000, the constructive mileage that you charged off the main line would have had so much greater profit. What would have been that profit?—A. I cannot tell you, I do not believe that it would ever amount in any one year to $1,000,000. I cannot believe that it does.

Q. Suppose it amounts to $1,000,000, and you have a deficit already on your branch lines of $1,500,000, and your profits are only $200,000, you have a further deficit of $800,000?—A. That is, after taking in the entire amount of interest on all these bonds. We do not collect all the interest nor charge it all up. We carry over any coupons the amounts of which may not have been fully earned. But, taking the thing just as it stands, we have 11 per cent., in round numbers, from our investment. Now, if the allowances to the branch roads in the way of constructive mileage did amount to as much as $1,000,000, that sum would have to be deducted from the direct income from the investments.

Q. So that the benefits would be just $1,000,000 less per annum?—A. If that is the amount of constructive mileage in excess of the straight mileage allowance the direct benefits would have been so much less. But I do not understand on what principle anybody can claim we ought to interchange business on a straight mileage basis.

The CHAIRMAN. We are not arguing as to the system.

Mr. ADAMS. Allow me to interrupt. I have been turning that over in my mind, and I should like to look into the matter with Mr. Mink. I say now fairly, we cannot give you an exact answer to your question about the value of the constructive mileage. I am not clear but that with a little careful thought we could give an approximate answer to it. I think we can, after going over the matter with Mr. Mink. I state

before it might be millions. Mr. Mink says less than a million. I should really like to see.

The CHAIRMAN. That is what we want.

The WITNESS. I have been hoping the statement would come along for the month of January, which would give us something to base a statement on.

Mr. ADAMS. Whatever it may be, there is still $5,000,000 profit left over for us.

The CHAIRMAN. If it amounts to $1,000,000 a year, in five years it would be $5,000,000. The Government is interested to the extent of millions of dollars, and the Commission simply wants to ascertain where these figures are and what they are.

Mr. ADAMS. Undoubtedly; I should like to see if we cannot state it approximately; if we cannot state it approximately, I should like to see what we received at Council Bluffs.

The CHAIRMAN. When can you give it?

Mr. ADAMS. I should rather think in forty-eight hours.

The CHAIRMAN. That is what we have been after.

Mr. ADAMS. I will certainly do my best; it is an interesting question.

CONCERNING AMOUNTS RECEIVED FROM POOL CONTRACTS.

By the CHAIRMAN:

Q. How do you determine the amounts you received from your pool contracts per annum?—A. Those are determined from the contracts themselves, copies of which are always furnished to the accounting department, and settlements are made between the accounting officers of the different roads.

Q. What did they amount to last year?—A. I have no idea.

Q. How can we find out?—A. I am not sure but that I can give you the information here; but you will find out much more satisfactorily at Omaha about that.

Q. Will you give the amounts derived by the Union Pacific Railway Company from the pool contracts during the year 1886 and prior years?—A. I will try to furnish that. Back to the beginning?

The CHAIRMAN. Yes; just as far as you can go.

The WITNESS. Yes, sir; I will endeavor to get that, and furnish it to the Commission.

Q. When will you furnish it?—A. I should think that would take about a month to get ready; I will endeavor to furnish it to you while you are at Omaha.

AS TO REBATES.

Q. What was the total amount allowed in rebates during the year 1886 and the several years prior?—A. I cannot tell you here; I would have to refer to our office at Omaha for that.

Q. Does the total amount of rebates for one year appear anywhere in your general accounts?—A. It would always appear in the earnings account; the rebates are charged against the earnings.

Q. Will you give me the amount for the year 1886?—A. Yes, sir; the net rebates, overcharges, and pool balances for the year 1886 amounted to $879,338.14 for the Union Pacific Railway proper.

Q. Can you determine to whom these rebates were allowed here in the general office at Boston?—A. No, sir; but detailed statements have been sent for a number of months to the United States Commissioner

at Washington; I kept no copies of them, but I presume copies were retained at Omaha.

Q. Where would an application for a rebate be made?

The WITNESS. By a shipper?

The CHAIRMAN. Yes; by the Standard Oil Company, for instance.

A. To our general traffic manager at Omaha.

Q. How would he refer it?—A. He would probably settle it himself, or, if he referred it at all, it would be to the general freight agent, his subordinate.

Q. Would that be the final decision?—A. It would rest with the general traffic manager; yes, sir.

Q. Would it be considered by the board of directors?—A. No, sir.

Q. How would they then determine the amount of rebates allowed from time to time; how would the directors be informed?—A. They are not informed, except as they may watch the current returns of the earnings and accounts of the company.

Q. How do they determine as to the wisdom of the rebates, if they are not familiar with the people that are allowed?—A. That I cannot tell you; that is a question of policy; I presume by conversation.

Q. Who directs that policy?—A. That would be directed by the president.

Q. Who would he inform as to his policy as to that particular line?—A. The general traffic manager, Mr. Thomas L. Kimball.

Q. Would the applications for rebate be filed with the general traffic manager?—A. Yes, sir.

Q. Can he give the information individually concerning these rebates?

The WITNESS. As to the number of rebates paid?

The CHAIRMAN. Yes; to cattle dealers, or to the Standard Oil Company, over the line of the Union Pacific.

A. Yes, sir; or it could be furnished by the officers of the accounting department, who finally make the settlements. It would most naturally come through the accounting department.

Q. Will you furnish to the Commission an explanation, as Mr. Adams referred the Commission to you, in New York, with reference to your cash payments of $900,000 to the Government?—A. Yes, sir.

The CHAIRMAN. Or $283,000?

The WITNESS. I will produce the vouchers.

Mr. ADAMS. The payment was not made by Mr. Mink. The payment was made by Mr. Harris. I sent the bills over by Mr. Harris.

PAYMENT BY UNION PACIFIC OF $916,704.02 TO THE GOVERNMENT.

In explaining the item of $900,000 of reported payment made by the Union Pacific Railway Company to the United States Government, as testified to by Mr. Adams, president of the road, and by him referred to Mr. Mink, the comptroller, for explanation, the witness produced two original vouchers, amounting to $916,704.02. These vouchers are as follows:

No. 206.

OFFICE OF ASSISTANT TREASURER OF THE UNITED STATES,
Boston, Mass., April 16, 1885.

I certify that the Union Pacific Railway Company has this day deposited to the credit of the Treasurer of the United States two hundred and eighty-three thousand one hundred and sixty-two dollars and ninety-nine cents, on account of the credit of

the bond and interest account of the Union Pacific Railroad Company, under terms of the letter of this date of the Hon. Charles F. Adams, jr., president, to the Hon. Secretary of the Treasury, for which I have signed duplicate receipts.

M. P. KENNARD,
Assistant Treasurer of the United States.

$283,162.99.
Duplicate to be retained by the depositor.

Also the following:

No. 207.

OFFICE OF ASSISTANT TREASURER OF THE UNITED STATES,
Boston, Mass., April 16, 1885.

I certify that the Union Pacific Railway Company has this day deposited to the credit of the Treasurer of the United States six hundred and thirty-three thousand five hundred and forty one dollars and three cents, on account of the credit of the sinking fund of the Union Pacific Railroad Company, under the terms of the letter of this date of the Hon. Charles F. Adams, jr., president, to the Hon. Secretary of the Treasury, for which I have signed duplicate receipts.

M. P. KENNARD,
Assistant Treasurer of the United States.

$633,541.03.
Duplicate to be retained by the depositor.

The WITNESS. While we are on that question I might refer you to the report of the United States Commissioner of Railroads for 1885, at page 16, where appears a statement of the method upon which the amounts were arrived at, a part for the bond and interest account, and part for the sinking fund.

Commissioner LITTLER. Has there been any controversy about this fact?

The CHAIRMAN. The controversy arises in this way: Mr. Adams, as president of the Union Pacific Railroad Company, communicated to Congress this fact:

The company was found to be in debt to the Government in the sum of $916,704.02. It was not until the 16th day of April that the above amount was ascertained in the office of the Railroad Commissioner and notified to the company by telegraph. The message was received at the Boston office at 1 p. m., and before 3 o'clock of the same day the amount of the judgment had been paid into the sub-treasury and a receipt taken therefor. This also notwithstanding the fact that the counsel of the company had advised that an appeal from the decision of the court should be taken.

In a statement furnished by the United States as to the cash payments made by the company no such cash payment appeared. Therefore we called upon Mr. Adams to make an explanation of the fact that no such cash payment appeared in the statement of the Secretary of the Treasury, and this is the explanation that is made.

Mr. ADAMS. That is the way they apportioned the amount; we had nothing to do with it.

The CHAIRMAN. Mr. Mink, what was that explanation you were going to make?

WHY NO SUCH ITEM APPEARS IN THE GOVERNMENT BOOKS.

Mr. JOHN F. DILLON. I will state that. The witness refers to the report of the Commissioner of Railroads for 1885, at page 16. At the foot of that page is the sum $916,704.02, being the aggregate amount of the two certificates of deposit of the assistant treasurer, above set out. The same page of the Commissioner's report shows the division of this sum, as shown in the said receipts, appropriating $633,541.03 to the sinking fund, and $283,162.99 to the bond and interest account. These two sums make the $916,704.02.

CONCERNING FLOATING-DEBT ACCOUNT.

By the CHAIRMAN:

Q. There is another question which Mr. Adams referred to you—an explanation of the floating-debt account. Do you recollect the fact that you were to explain to the Commissioners the fuel and supply accounts, which appeared in some years and disappeared in others? I want to follow out this testimony that was referred to you.—A. Yes, sir; I remember his speaking about that. I think that was merely a question of propriety. Mr. Adams believes that the materials on hand are not proper offsets to the gross floating-debt of the company, although, of course, he admits that our liabilities may have been incurred to obtain the supplies—material and stores. I think myself the most conservative way is to leave it out.

Q. And that is your explanation, then, of the difference in the account, as referred to you by Mr. Adams, in his testimony in New York?—A. That is my explanation; yes, sir.

By Commissioner LITTLER:

Q. Can you give the gross amount of floating debt of the company?—A. Yes, sir; we set it out in great detail in the report. On December 31 last the gross amount of our floating debt was $5,715,133.82. I will say, however, that our resources at that date were $7,066,323.55. The resources, therefore, exceeded the gross floating debt by $1,351,189.73.

Q. What do you mean by your resources?—A. Our cash on hand, and the balances due to us from individuals and companies. Those resources amounted to $7,066,323.55 at that date. So that there was a balance of resources, over and above the amount of our floating liabilities, of $1,351,189.73.

Q. Were they resources of cash, or the equivalents of cash?—A. Largely cash, or its equivalent. Some part of the bills and accounts receivable we should have to wait for, as do almost all other railroad companies.

Q. Were some of those sums due from other railroad companies on business?—A. Oh, yes; a very large proportion of the amount; and for repairs done to the equipment of other railroad companies; the usual balances of one railroad company against another.

The CHAIRMAN. In New York the question was asked Mr. Adams:

I find in your supplemental account for 1884 advances for account of the Leavenworth, Topeka and Southwestern Railroad Company coupons in 1883 written off, $27,600—what is that?—A. I suppose Mr. Mink can explain it. I suppose it means "written off to profit and loss." We regarded it as a bad debt, and, therefore, passed it to our income account, like any other bad debt.

The WITNESS. That is quite right. If we ever get anything on account of that, we shall take it up to the credit of our profit and loss account. But we then looked upon it as so bad that we concluded to write it off.

THE SYSTEM OF BOOK-KEEPING ON UNION PACIFIC.

By the CHAIRMAN:

Q. When did you change your system of book-keeping?

The WITNESS. With reference to what?

The CHAIRMAN. With reference to your general accounts?

A. There has been no radical change since the consolidation, in 1880; and prior to that time, I may say, there had been no very radical

changes. Changes are being made constantly, as our system increases in extent.

The CHAIRMAN. You do not mean to tell the Commission that your reports prior to 1880 are similar to those made since?

The WITNESS. No, sir; our reports have been changed very radically since 1884. In fact, we are now making a most elaborate report. Prior to that time we made a very meager report. Prior to 1880 we had never published balance sheets.

Q. At whose suggestion was the change in 1884 adopted?—A. The president.

Q. The president, Mr. Adams?—A. Yes, sir.

Q. Did your change of system entail a change of system in the detail of your accounting throughout the whole management?—A. Not to any very great extent. Of course we were obliged to call for somewhat more detailed reports from the road, but there was no very great change made in them. They were amplified.

Q. Then all the information that appears in your report to-day can be found by the Commission in detail in any of your books prior to the year 1884?—A. The greater part of it. Some particulars in relation to the tonnage and passengers carried, and statistical matters of that kind, may not possibly be on hand, but everything with reference to the revenues and expenditures can be found in great detail at Omaha.

AFTERNOON SESSION.

OLIVER W. MINK, being further examined, testified as follows:

AS TO CHARGES AGAINST UNION PACIFIC BRANCHES.

The CHAIRMAN. You have explained the methods of charges, without giving the amount, under constructive mileage and pooling arrangements. Will you please inform the Commission whether, under any contract or agreement, there are other charges made from the main line to the branches, or other sums received by the main line?

The WITNESS. In the nature of a traffic agreement?

The CHAIRMAN. Yes.

The WITNESS. I know of none, excepting those that grow out of constructive mileage. The rebates are distributed in the accounts against the roads that have received the earnings in the same proportions in which the latter were received, of course.

The CHAIRMAN. You know of no contract or agreement other than a pooling contract or constructive-mileage arrangement?

The WITNESS. That would affect the earnings?

The CHAIRMAN. Yes.

The WITNESS. No, sir; I know of no others. There are two cases of special contracts, one with the Saint Joseph and Grand Island, and the other with the Oregon Short Line, described in the testimony the other day. Those are essentially traffic contracts. I include those under the term of "traffic agreements," or arrangements, and under which constructive-mileage allowances are made.

LEGAL EXPENSE ACCOUNT.

By the CHAIRMAN:

Q. Have you the vouchers in the legal expense account?—A. Yes, sir; these are the vouchers for 1883. I produce them also for 1884 and 1885.

(The witness produced the vouchers against the legal-expense account at Boston for the years 1883, 1884, and 1885.)

Commissioner LITTLER. I expect we will find how much they have paid to Judge Dillon.

Mr. HOLMES. I am ashamed of my own, since they went into the economical streak a few years ago.

Commissioner LITTLER. Sidney Bartlett, $1,000.

The WITNESS. Mr. Bartlett is our general counsel.

Q. Was Mr. S. Bartlett counsel for the road in the year 1883?—A. Yes, sir; he has been our counsel for a great many years.

Q. How is he paid?—A. Now he is paid a fixed compensation.

Q. How was he paid in 1883?—A. There was no fixed compensation then. It was such sum as might be agreed upon from time to time.

Mr. JOHN F. DILLON. My relation is that of general solicitor. All the reports are made to me from the road, and I have the supervisory control of the actual litigation. If you care to have a statement of the general organization of the legal department and the general cost of compensation to counsel, I can give you that.

The CHAIRMAN. I find a voucher here:

HARRISBURG, PENN., *June* 12, 1883.

Credit Mobilier of America in account with M. E. Olmstead, Dr.

To professional services in securing the withdrawal of the company from the list of delinquent corporations whose charter was declared forfeited by the governor of Pennsylvania, and the adjustment of the State taxes, and capital stock, for the years 1879, 1880, 1881, and 1882..... $100

Dated JUNE 12, 1883.

The WITNESS. Yes, sir; I presume that sum was expended in connection with the acquisition by our company of the stock of the Credit Mobilier of America. You remember Judge Dillon explained that we had acquired that stock to protect ourselves from the suits that were pending against us on the part of the Credit Mobilier. Judge Dillon can explain the legal aspects of that case better than I can

Mr. JOHN F. DILLON. I can tell you. I advised that expense. The Union Pacific, to protect itself against claims actually asserted in courts in this State for over $6,000,000, acquired in the way I stated the other day all or nearly all of the stock of the Credit Mobilier of America. The State of Pennsylvania passed an act, as I recall it, providing that if any corporation of the State failed for a certain length of time to pay its taxes that its charter should be forfeited. They included in this list the Credit Mobilier of America. I had a consultation with Mr. Bartlett, by correspondence or otherwise, as to whether we would suffer if the Credit Mobilier charter—I mean by "we" the Union Pacific—were forfeited or kept alive. The result of the consultation was that we concluded we would suffer by allowing that charter to be forfeited, and I, hence, advised the payment of those taxes, and that expense was incurred in connection with that advice, as I suppose. I do not recall Mr. Olmstead; but I have no doubt that is the explanation. The point of your inquiry is, what interest the Union Pacific had.

The CHAIRMAN. That is the point.

Mr. JOHN F. DILLON. It has the interest of being almost the sole stockholder in that company.

Commissioner LITTLER. Did I understand you to say you approved all these vouchers for legal expenses?

Mr. JOHN F. DILLON. No; I cannot say that I approved all of them. I looked them over this afternoon, and some of them I am not familiar with. They were paid here.

Commissioner LITTLER. Is it a part of your duty to approve all counsel fees?

Mr. JOHN F. DILLON. All services rendered under my direction, or with my knowledge, naturally come to me for approval.

Commissioner LITTLER. You are the general solicitor of the company?

ORGANIZATION OF LAW DEPARTMENT OF UNION PACIFIC.

Mr. JOHN F. DILLON. Perhaps I ought to give you—and if there is no objection I will do so—the general scheme of the company's legal organization. When I was appointed general solicitor I issued an order organizing the law department, or prepared it for the president to issue, by which Mr. Poppleton was appointed the general attorney of the Union Pacific division and Mr. Usher was appointed general attorney of the Kansas division, and all the local attorneys were directed to report to them respectively, and they were required to make semi-annual reports to me of the litigations of the company along their lines and in their respective charges. That arrangement continued until this year, when, finding it led to some confusion and difficulty in having two heads out there, we enlarged Mr. Poppleton's immediate jurisdiction, so as to include the Kansas business, and subordinated Judge Usher's business to him; so that all the local attorneys report now in the first instance to Mr. Poppleton at Omaha, and he makes semi-annual reports to me of the litigations. I have in my hand, for instance, the thirteenth semi-annual report showing a detailed account of all the litigation under his direction, covering 140 odd pages, giving the condition of each particular suit. I believe you were directed to investigate salaries. I receive, and have from the beginning received, the sum of $10,000 a year. I not only give attention to the supervision of litigations, but they are entitled to ask me for my opinion and for my advice and direction and assistance in respect to any matters occurring in their respective departments, and I am in daily and constant communication with them. I have latterly argued in the Supreme Court all of the cases of the company. For two or three years I did not do that. When I was connected with the college Messrs. Shellabarger & Wilson did that; but latterly I have taken charge of all the appellate business of the company in Washington, and argued it myself.

Commissioner LITTLER. How many attorneys receive more than $5,000?

Mr. JOHN F. DILLON. Mr. Poppleton's compensation from the beginning has been, I think, $10,000 a year, until one or two years ago, when, in consequence of our taking on enlarged mileage and additional roads, he complained that it was too little. He had been complaining for several years, and asked really to be relieved, but we considered him to be, and I regard him as being, a most valuable man in every respect.

Commissioner LITTLER. I know him personally.

Mr. JOHN F. DILLON. And we increased his salary to $12,000, at which it now stands. Judge Usher's salary was $8,000; Shellabarger & Wilson's originally was $10,000, but when my appointment was made, as my appointment would relieve them to some extent of the work which they would otherwise do, their salary was cut down to $5,000 a year, which it is now. Mr. Poppleton has an assistant whose salary I do not now recall—$4,000 or $5,000 a year, or something like that. Mr. Usher has an assistant, Mr. A. L. Williams, whose salary has been $4,000 a year until recently. They all complain that it is too little, of course. When I came here Mr. Holmes had been for years

the attorney of the Kansas Pacific. His salary was cut down to $4,000, and afterwards, when we felt poor, very much against his protest it was cut down to $2,000 a year, at which it stands now.

Mr. HOLMES. That is right.

Mr. JOHN F. DILLON. During the entire time that I have been counsel to the company, although I have made trips to Kansas and elsewhere on the important litigations, so far as I recall, I never presented any account for extra compensation except in one instance. The company had a long litigation with the Government involving several millions of dollars, connected with the mail transportation services, and in respect to net earnings under the Thurman act, the record of which covers twelve to fourteen hundred pages of printed testimony, and I was three weeks in Washington trying the case in the Court of Claims, assisted largely in its preparation, and argued it, I think, three times in the Supreme Court, and I think they allowed me $2,500. Half of that went to my partner, because I had taken my time out of the office and away from the city.

Commissioner LITTLER. Are you allowed to attend to other business?

Mr. JOHN F. DILLON. Yes, sir; but I do not seek it. My firm does, to some extent, do other business, but my first and primary obligation is to the Union Pacific, which everybody else understands. I wish to add, generally, that from my knowledge of what other corporations pay, I do not believe there is a great corporation in the United States where the legal expenses are as low as in this company.

Commissioner LITTLER. You have about 5,000 miles of road in your system, including the Central Branch?

Mr. JOHN F. DILLON. Including our auxiliary lines we have 5,000 miles of road.

Commissioner LITTLER. Is it your duty to approve all the bills for extra legal services at this end of the line?

Mr. JOHN F. DILLON. Yes, sir. I would not say that; either Mr. Holmes or myself.

Commissioner LITTLER. I wish you and Mr. Holmes would look at these several items and explain them.

Mr. JOHN F. DILLON. I have no control over Mr. Bartlett. He is here.

Commissioner LITTLER. Those do not refer to Mr. Bartlett. There is $1,000 to Sidney Dillon. Do you know what that was for, judge?

Mr. JOHN F. DILLON. No, sir; I do not. Mr. Holmes thinks he knows.

Mr. HOLMES. The answer as to that voucher of March 6, 1884, is this: If my recollection serves me, the payment of $1,000 was a part of the consideration of the settlement of a lawsuit against the company, in which the attorneys' fees or the counsel fees were required to be paid as a part of the consideration. It was paid through Mr. Sidney Dillon.

Commissioner LITTLER. Do you know what lawsuit that was?

Mr. HOLMES. It was in connection, I think, with some of the Kansas Pacific income bonds.

Commissioner LITTLER. Here in the East?

Mr. HOLMES. In New York.

Commissioner LITTLER. That is a species of blackmail on the company, you think?

Mr. HOLMES. I did not mean to say that. The company settled it for $20,000. It made no difference whether the principal received $19,000 and the counsel $1,000, or whether it was all paid to the principal and he distributed it.

Commissioner LITTLER. Do you know anything about these charges, one in favor of Mr. McDonald and the other Mr. Williams; is that Mr. Williams's salary?

Mr. HOLMES. Yes, sir; that is Mr. Williams's, and is on account of his salary.

Commissioner LITTLER. That is his quarterly stipend. Do you know a Mr. McDonald and what that service was?

Mr. JOHN F. DILLON. I know a Mr. McDonald, of New York. I do not know what that service was. I never saw the voucher before, to my knowledge.

The CHAIRMAN. Can you bring us the vouchers for 1880, 1881, and 1882?

Mr. JOHN F. DILLON. I will suggest that you take those to your room and examine them, and if any particular voucher requires explanation that you call the attention of the appropriate witness to it. I should say, as counsel for the company, that our private affairs should not be put before the whole world.

Commissioner LITTLER. I am willing to shield you all we can.

Mr. ADAMS. We do not require any shielding.

Commissioner LITTLER. There are some things which are proper enough of themselves which the public press have no right to. I do not mean by the use of the word "shield" that you need to be shielded from some illegitimate or improper conduct. That is not what I meant.

Mr. JOHN F. DILLON. The Commission understand that I have advised that you have access to every paper in this office.

Commissioner LITTLER. Yes, sir; we understand that.

The CHAIRMAN. The Commission is charged with investigating the account where it is alleged that there are hundreds of thousands of dollars of unlawful charges and charges that are made for illegitimate purposes by the railroad company, for the purpose of securing legislation, and that those items have gone into your legal expenses; and, in justice to you, we want to ascertain all about it.

Mr. JOHN F. DILLON. I want you to see every one of them, and if you find any evidence of that I want you to bring the voucher here and subject everybody to the most scrutinizing examination.

Mr. ADAMS. I will say to you, governor, that so far as money has been expended in connection with Congressional business for the last three or four years, it has been entirely under my direction, and Judge Dillon has known nothing of it whatever.

The CHAIRMAN. We do not charge that anybody knows anything about it. We want to know who knows.

Mr. ADAMS. The vouchers will be before you. I will account for every dollar. There is not much to account for.

The CHAIRMAN. What vouchers do you refer us to as expenditures in the direction of Congressional interest?

Mr. ADAMS. Where are those filed?

The WITNESS. Those are among the papers that Governor Pattison has in his hands.

The CHAIRMAN. Will you just refer to them?

The WITNESS. The Commissioners have the vouchers for three years before them now, and I will now proceed to get out the vouchers back to 1880.

The CHAIRMAN. The Commission simply wants to satisfy itself in respect to the vouchers, and it is more convenient to do it here than it is to take these vouchers from this office.

Mr. ADAMS. We have heard a great deal about this, and we would like to have you entirely satisfied.

The WITNESS. We are making a detailed statement of all these expenditures.

The CHAIRMAN. The Commission has thought of taking the miscellaneous and legal expense vouchers, and letting those go to the accountants; but those two have been specially referred to us. We will either take them up here, or take them to the hotel. We also wish to prove by your vouchers the total amount of your charge.

Mr. JOHN F. DILLON. I see some items here among these vouchers—one I notice in looking them over—where they charged to legal expenses the amount which the company paid to satisfy a judgment against it. But legal expenses strictly I understand to be the expenses of the law department, and not the satisfaction of claims against the company.

The CHAIRMAN. And therefore we examined them; that is the purpose.

Mr. ADAMS. It is unnecessary for me to say that this room is entirely at your service for what you might call an executive session of your Commission.

The CHAIRMAN. If you will leave these vouchers with us we will not take any more testimony to-day. We do not wish to carry these vouchers to the hotel.

Mr. JOHN F. DILLON. I would like to ask Mr. Mink a question or two on what he went over this morning, if you have no objection.

The CHAIRMAN. None whatever.

BRANCH LINES OF WHICH UNION PACIFIC OWNED THE STOCK.

By Mr. JOHN F. DILLON:

Q. You enumerated a list of auxiliary or branch lines, in your testimony this morning, showing those roads in which there was a deficit, and then gave another list in which there was a surplus, or net income. In the first class, namely, where you stated there was a deficit of net income, were those generally roads in which the Union Pacific Company held in its treasury, as an asset, the stock and bonds of the branch lines, speaking generally?—A. They were; yes, sir.

Commissioner LITTLER. In order that I may not have to cross-examine, I would like him to state right there whether the Union Pacific Company owned all the stock and all the bonds of any one of those branches; and, if so, let him name them.

Mr. JOHN F. DILLON. I will let Mr. Mink give that now.

The WITNESS. On page 120 of our report for 1886 is a statement showing the stock issued by each one of these various lines, the amount owned by the Union Pacific Company, and the amount owned by outsiders, or, as we call it, "afloat." Under the head of "operated roads," each one is enumerated there. On the other side, on page 121, is a similar statement in relation to the bonds.

Q. There are very few of them in which you owned the entire issue?—A. No, sir; on the contrary, you see there are a large number. Out of $44,000,000 of stock we owned $35,900,000. That leaves about $8,000,000 afloat, of which $6,000,000 is on the Oregon Short Line. The balance is made up of small lots in connection with other companies. The other statement on the opposite page, in relation to the bonds issued, shows that out of $41,198,000 in bonds issued the Union Pacific Company owns $23,507,000, leaving afloat $17,691,000. The bulk of that amount is on

account of the Oregon Short Line. That line was built almost entirely by outside money.

Mr. JOHN F. DILLON. Is that an answer to your question?

Commissioner LITTLER. Yes, sir.

Mr. JOHN F. DILLON. Turn to some of the roads where you reported a deficit.

The WITNESS. The Salt Lake and Western is one.

Q. When, therefore, you reported, as for example in the case of the Salt Lake and Western Company, that for the year 1886 there was a deficit of income of $35,416.75, I will ask you whether that is a deficit which remained after full payment of interest on all of its outstanding bonds?—A. It was.

Commissioner LITTLER. It appears that the company owns the entire issue of stock. It owns the entire property.

Mr. J. F. DILLON. State how much stock and how many of the bonds of that company the Salt Lake and Western, the Union Pacific owns as an asset in its treasury.

Commissioner LITTLER. You will find it on pages 120 and 121.

The WITNESS. Yes, sir; they owned $1,080,000, or all of the stock issued by that company, and $1,080,000, or all of the bonds issued by that company.

Q. In the account on page 57 of the Salt Lake and Western, is an item deducted among other things from earnings, entitled, "Interest on bonds, $64,800." That is interest, as I understand you, on bonds in the company's treasury?—A. In the Union Pacific Company's treasury.

Q. And was not an amount paid out of its treasury to somebody outside?—A. No, sir.

Q. And the only reason there is a deficit is that you have in stating the account which shows such a deficit assumed and treated the bonds as being outstanding?—A. That is right.

Q. In point of fact, not including the item of interest on your bonds what was the state of the account, or what would have been the state of the account?

The WITNESS. The net earnings of all of the auxiliary lines?

Mr. J. F. DILLON. I mean of that particular road. It shows a deficit of $35,000?—A. In point of fact, so far as that road is concerned, there was a surplus of $29,383.25, which was not enough, of course, to meet the full year's interest on the bonds issued by that company, but as far as it would go it was applicable to the interest account.

Q. So that the Union Pacific did not have to put its hands into its purse and pay $35,416.75 out to somebody else?—A. No, sir; on the other hand they received $29,383.25 from that road.

NET EARNINGS OF AUXILIARY LINES, FOR 1886.

Q. Letting that stand as an example, I will ask you whether you can state to this Commission how the account stands as to the deficit and income in respect of all the auxiliary lines of the company for the year 1886?—A. The net earnings of the auxiliary lines for 1886 amounted to $1,472,471.69.

By Commissioner LITTLER:

Q. What is the deficit of those?—A. Those were the net earnings; the fixed charges against these various properties, so far as the amount went into the hands of or was payable to the public, amounted to $1,298,399.17; so that there was a balance of nearly $200,000 remaining in the hands of the company.

By Mr. JOHN F. DILLON:

Q. That is to say, taking all the auxiliary companies together, you had nearly $200,000 of cash surplus over and above every dollar which you paid out to the outside world?—A. That is quite right; yes, sir.

Commissioner LITTLER. You are trying to demonstrate that while some of these trades were bad, taking them altogether they averaged up?

Mr. JOHN F. DILLON. Yes, sir.

Mr. HOLMES. That is right; that is a fair statement.

CONSTRUCTIVE MILEAGE.

The CHAIRMAN. Mr. Adams, will you furnish the statement that would approximate the constructive mileage account as turning over the earnings from the main line to the branch lines, as stated this morning?

Mr. ADAMS. We will endeavor to furnish it. I think it very doubtful whether it will be in my power to furnish it as soon as I thought I might—48 hours—because as I think the thing over I find the problem is an immensely complicated one. We can furnish it for you approximately, I think, by the time you reach Omaha, when you will have all our commercial departments to examine; and then we should be very happy to bring before you any experts in the matter of these divisions and methods of railroads, from other roads or other companies, that you desire.

The CHAIRMAN. Do you leave your railroad agents to determine your principles of railroading?

Mr. ADAMS. The principles of railroading have grown up through a course of fifty years, and we find them already determined and adopt them. I do not think I have been called on until very recently to adopt new principles of railroading. I should as soon think of talking of new principles of banking.

The CHAIRMAN. Will you please explain to me the principles of railroading; I would like to know what are the principles?

Mr. ADAMS. The one we have been discussing, that of constructive mileage?

The CHAIRMAN. It is no principle, because it is not susceptible of proof.

Mr. ADAMS. I think it is susceptible of proof.

The CHAIRMAN. How?

Mr. ADAMS. It is susceptible of proof if we can prove it to you, for instance, from the 1st of January, since we have been keeping our accounts. There is no trouble about that.

The CHAIRMAN. But before that, can you prove it as a principle of railroading?

Mr. ADAMS. Before that, in order to prove it, as I say, it would necessitate going back, with immense labor, and doing all the work of years over again. Then it could be proved.

The CHAIRMAN. Has the principle ever been actually demonstrated by an account of figures?

Mr. ADAMS. What principle?

The CHAIRMAN. Of constructive mileage.

Mr. ADAMS. I do not know whether it has or not. It has been in use throughout the United States.

The CHAIRMAN. Then how do you assert, as a railroad president, representing a large railroad interest, that it is a true principle for the proper conduct of a railroad?

Mr. ADAMS. Because, before I was a railroad president I was a railroad arbitrator; before I was a railroad arbitrator I was a railroad commissioner, and I have been concerned actively in these matters for twenty years, but I have never yet seen the day when constructive mileage was not recognized as a principle between railroads, and I have accepted it as such.

Mr. JOHN F. DILLON. Suppose the Union Pacific was one line, and the Oregon Short Line was another, and they were independent roads, each fixing a tariff of its own, just as the Union Pacific is independent from the eastern railroads, you say to the eastern roads, "We have got to have a mile and a half for a mile on your roads," do you not?

Mr. ADAMS. Yes.

Mr. JOHN F. DILLON. They yield it to you, and you call it constructive mileage, but in point of fact it is you fixing what is a reasonable compensation under the circumstances to yourself, and they fixing what is a reasonable compensation out of the joint earnings to themselves. That is constructive mileage, is it not?

Mr. ADAMS. That is it.

Mr. JOHN F. DILLON. That is all there is of it.

Mr. ADAMS. I have explained it.

The CHAIRMAN. What does it amount to?

Mr. ADAMS. It amounts to a great deal.

The CHAIRMAN. What is the amount in money?

Mr. ADAMS. I explained it in New York the other day. When I first came in contact with this question of constructive mileage I was a railroad commissioner of Massachusetts, many years ago. There it was universally recognized. The branch lines up in the country pick up business or peddle it out in small quantities at many stations; the connecting line went to the terminal point in the city. It was always a custom to say that the road which picked up the business in small quantities and turned it over to the main line should have a constructive mileage allowance made to it. It seemed to be right. It was universally done, and I believe it to be right. I never heard it disputed or denied by any man. Afterwards, as a railroad arbitrator, the same principle always applied. Subsequently, when I became president of a railroad, I came in contact with the same principle, and it was applied to me, and I applied it to others. It was a question for arbitration. Exactly how much it amounted to in any particular case, measured in dollars or cents, I do not think ever was computed. I never heard it computed. We can compute it, if necessary, with a sufficient amount of labor, but the principle or the justice of the thing I never heard disputed. The whole matter has been before the United States Court of Claims.

Mr. JOHN F. DILLON. Let me ask him, if you will allow me, because I think we want these figures——

The CHAIRMAN. That is what we are after.

Mr. JOHN F. DILLON. Mr. Kimball testified in the mail case in regard to this matter as follows. He says:

Our immediate connections were with the Kansas City, Saint Joseph and Council Bluffs, the Chicago, Rock Island and Pacific, the Chicago and Northwestern, the Chicago, Burlington and Quincy, and, through them, with all the roads of the country.

That is correct?

Mr. ADAMS. Certainly.

Mr. JOHN F. DILLON. On this interchange of business he was asked:

What ratio of division was agreed upon and accorded to the Union Pacific, and upon what principle was it accorded?

He answered:

Our connecting roads in the interchange of business known as local business from Council Bluffs to Ogden, from one terminus to another, paid us a rate that was recognized by all the connecting roads as fair and reasonable, which was about twice as much per mile as those roads charged from New York to Omaha. On our interchange business, through tariffs generally, we were allowed the equivalent of a mile and a half to the mile, or 50 per cent. more than they charged.

How does that answer correspond with your understanding of the facts?

Mr. ADAMS. That is what I stated to-day.

Mr. JOHN F. DILLON. Is that allowance, or some substantial allowance of that character, still made by those Eastern roads in favor of the Union Pacific?

Mr. ADAMS. Yes, certainly.

Mr. JOHN F. DILLON. He says further:

Q. Give the principle on which this is done.

The answer was, and I will ask you how far you concur in it:

The principle and primary reason would be that the country through which the Union Pacific trains run was so sparsely settled that it was impossible for us to secure from that country the contributing local business that these roads lying east of us secured from their local territory. I could illustrate that if you cared to hear it. I can do it on the basis of the census of 1870, but it would take some time to look it up. Perhaps that of 1880 would answer your purpose as well. Taking the population by counties in the Territories and the State of Nebraska, through which the Union Pacific Railroad runs, I find that in Nebraska we have a population of 101,275. Upon our line in Colorado, by counties, we have 5,646; in Wyoming, 20,787; Utah, 19,053; total, 146,763, or an average per mile of 142. By comparison with the population of the Eastern States in the same way by counties located on the line of the Missouri Pacific, I find that that road has in the State of Missouri 2,310 to the lineal mile of main line. The Chicago, Burlington and Quincy in Iowa have 804 to the mile. In Illinois the same road has 3,383. The Pittsburgh, Fort Wayne and Chicago, in Ohio, has 3,269 per mile. The New York Central has 5,816 to the mile in the State of New York.

He adds:

I take it for granted that it is generally conceded that the support of the passenger trains is largely dependent upon the local population immediately adjacent to the route through which the trains run, and in fixing upon the rate that will pay a reasonable profit over and above the cost of transportation, that ratio of population is to be considered, and in making rates in connection with these Eastern roads running through a more populous country we have always considered it to be our right, and they have always conceded it, to demand a much greater rate per mile for passenger transportation than they had, and in a division of through rates they have always recognised that principle.

Now, as a railroad expert, what have you to say in regard to the general soundness of that principle?

Mr. ADAMS. I entirely confirm it.

Mr. JOHN F. DILLON. I ask you to explain it. How does that principle apply as between the Union Pacific and one of these branch lines?

Mr. ADAMS. It applies in a way that I described the other day: The branch-line business is the most profitable business a main line can possibly do. All a main line in that case has to do is to hitch a locomotive to a train and pull it over its line, turning it over to the branch line. Then the branch line pulls one car 30, another 40, and another 50 miles, and distributes it, making more or less profit, but it is the most profitable business that a main line does.

The CHAIRMAN. Why should the main line pay for the development of a country?

Mr. ADAMS. Because it derives most of the benefit from it.

The CHAIRMAN. Now?

Mr. ADAMS. Now; yes.

The CHAIRMAN. Then will you give the Commission the amount of money under the constructive mileage system that was charged off from the main line to the branch lines during the year 1885?

Mr. ADAMS. It can only be done as the result of the elaborate work I have described; that is, going through and revising every contract we made for shipments or passengers during that period on a different basis from that upon which it was divided. It can then be done. But the work would be one which would appal me.

The CHAIRMAN. Will you give the Commission an approximate amount?

Mr. ADAMS. It would be little better than a guess.

The CHAIRMAN. Will you give the Commission the benefit of the guess?

Mr. ADAMS. I shall have some basis to go on later. What was the income of our branch lines?

The WITNESS. The gross earnings?

Mr. ADAMS. Yes.

The WITNESS. About $9,000,000.

Mr. ADAMS. And on the main line how much?

The WITNESS. Eighteen millions of dollars, in round numbers.

Mr. ADAMS. The branch lines, you say, earned $9,000,000 gross. In that was all their local business, which must be deducted, of which we had no share whatever. Have you any data?

The WITNESS. Not a thing.

Mr. NORRIS. Three million dollars, purely local.

Mr. ADAMS. That has nothing to do with it. This is a different thing. This is the amount on the main line, not what the local lines did. Really, governor, I should be unwilling to guess. I might be perfectly wild in my guess.

The CHAIRMAN. Do you require time to think over it?

Mr. ADAMS. Yes; I should have to get some data on which to base even a guess. For instance, if I were going to reach such a conclusion as you wanted in a short space of time my present impression is that I should take the case of one hundred miscellaneous shipments of a given line, taking the interchange shipments, and strike an average, and suppose that that about represented the whole.

The CHAIRMAN. Will you give us the benefit of that calculation?

Mr. ADAMS. Undoubtedly, when I can make it.

The CHAIRMAN. In what time?

Mr. ADAMS. As I said before, I should think that to get at this matter properly your best course would be to take it up in Omaha, where you would deal with the people who do the business.

The CHAIRMAN. I want your judgment.

Mr. ADAMS. I shall give it to you then. I shall hope to be there at that time; but you must understand that I have never been either a freight agent or passenger agent. I came into railroading from the outside, and was educated in a different school in railroading. These are matters of special knowledge. The way I should reach my conclusion would be by myself examining those who had been accustomed to direct and handle the business for years. I never handled it myself.

The CHAIRMAN. This is an accepted and settled principle of railroading, in your judgment?

Mr. ADAMS. That much I do know.

The CHAIRMAN. And therefore it is not to be left to the freight agents along your line?

Mr. ADAMS. The principle is not, but the working of the principle must be.

The CHAIRMAN. Have you any other question on constructive mileage?

Commissioner LITTLER. Only one.

Mr. ADAMS. I should be most happy to answer any other questions.

Commissioner LITTLER. Is it not possible, under this constructive mileage, to dissipate the earnings of the main line so that the provisions of the Thurman act could be entirely defeated so far as covering any money into the Treasury is concerned?

Mr. ADAMS. It would be possible; but, as I understand it, in the case of the Union Pacific the allowances have never been changed. They are the same now as before the Thurman act went into operation.

Commissioner LITTLER. If an apology is needed for the amount of pertinacity we have exhibited here on this question, it is found in my question. We are trying to find out what the real net earnings of this road are, with a view to see whether the Government has been treated fairly.

The CHAIRMAN. There is one explanation following that. It is estimated that the operating expense would be about 40 per cent. of the freight charges.

Mr. ADAMS. I should say that was very large.

The CHAIRMAN. How do you make up that estimate?

Mr. ADAMS. It was made up by Mr. Mink. You take, for instance, a through train delivering freight to the Oregon Short Line. I suppose it would require three days. The trains would consist of twenty cars. Those cars might average—how much?

The WITNESS. It depends on the freights.

Mr. ADAMS. It would not be very much out of the way to say that a freight train might earn $5,000. The expense to the Union Pacific would be as follows: A locomotive for three days; that is $150. A freight crew for three days; that would amount to, we will say, $100 in round numbers. That total is $250. The fuel I have allowed for. Then there is the wear and tear of the track, which might amount to $300 or $400. That would be $600 out of $5,000 freight money, of which the Union Pacific would receive possibly half. That would be $2,500, and in that case the net to the Union Pacific would be about $2,000 on a train, with about $500 expenses, or something of that sort. The most profitable business a railroad can do is that of hauling through trains, not handling the stuff, but delivering it at the end of its line. All I can say is, in that business lies the salvation of the Union Pacific.

REBATES.

The CHAIRMAN. In the line of constructive mileage is the system of rebates. I understood Mr. Mink to say this morning that you as president of the railroad, directed the policy of rebates allowed by the road along the line. Is that a fact?

Mr. ADAMS. Under the old system in use before the interstate commerce act a question rarely reached my office. Those questions belonged to the commercial department. I explained this in New York, going over the ground largely. Where we were dealing in something which involved very large shipments, and the concessions which had to be

made—I am now speaking of the old time—seemed to the general traffic manager to be extreme, he would bring the matter to my attention and consult with me. As a rule, the matter never would get to my office at all, or, in fact, beyond the office of the general freight agent. In the practical work of a railroad it amounted to this: You take a point of competition; our people, the agents, going around the street, would meet the agents of the Northern Pacific, or the Chicago, Burlington and Quincy, or the Denver and Rio Grande and Southern Pacific, and they would find them all struggling to get a certain shipment of freight from a manufacturer or what not. Then the manufacturer or the shipper would dicker around among them and get an agreement that so much would be rebated to him. The agent would telegraph to the general freight agent and get his authority to make that contract. The general freight agent would make it without its ever reaching me, just as it would be with the other lines; it never reaches Mr. Perkins or Mr. Harris, or any of the presidents. The goods would then be shipped, and the shipper at the proper time would present a demand for the rebate and receive his money back, or the proportion of it due him. Or suppose the case of some shipper on our line.

The CHAIRMAN. Take the Standard Oil as an illustration. I only use that as an illustration. Do you allow to the Standard Oil a rebate upon their shipments, they being large shippers on your line?

Mr. ADAMS. I have no doubt we do.

Mr. JOHN F. DILLON. You mean before the interstate commerce act?

The CHAIRMAN. Yes, sir.

Mr. ADAMS. I do not doubt we do. The shipments made all were in large volume to California or the other Pacific States, and rebate was made to them. If it was not by us it was by somebody else. I have no doubt they got the rebate.

The CHAIRMAN. Then in allowing the rebate they would present to the company their bill, with the full charge; is that true?

Mr. ADAMS. That would be apt to be the case.

The CHAIRMAN. How would the settlement be made with them?

Mr. ADAMS. The settlement would be made through this agreement with the freight agent who shipped it, that they should be allowed at such and such a rate, and the rebate would go forward and be allowed.

The CHAIRMAN. Paid to them in cash?

Mr. ADAMS. Oh, yes.

Mr. JOHN F. DILLON. They were generally secret?

Mr. ADAMS. They had to be secret. That was the essence of the thing. The roads were fighting against each other for freight.

The CHAIRMAN. With other people engaged in the same business, what rebate would be allowed to them?

Mr. ADAMS. I could not tell you. It would depend upon all sorts of circumstances, the regularity, volume, and time of shipment. Under the old system, the competitive system, it was a fight in the open field for business all the time. And we made the best terms we could and the shipper made the best terms he could.

The CHAIRMAN. The effect was always to drive the small shippers out.

Mr. ADAMS. That is what I always contended. I do not see how it could work otherwise.

The CHAIRMAN. Where can we get all the information in detail?

Mr. ADAMS. Our general traffic department can give it to you. There is a general impression, apparently, that the president of the Union Pacific does all the work of the company. I do not know whether it is

supposed that he lights the fires in the locomotives and collects the fares and all that; but it is not so.

The CHAIRMAN. He does a good deal more than any other railroad president, if he does.

Mr. ADAMS. He tries to do a great deal more than he ought to now. Very few questions reach this office. They are all settled below in their proper departments. When these questions come up, I am very apt to refer them back to the head of the department with an intimation that it is his business and not mine, and unless he can do his business properly I can find some one who can; such questions ought not to reach me. Questions in detail belong, in every well-organized railroad company, to the heads of departments. I should just as soon think of Judge Dillon sending me a legal question to pass upon.

The CHAIRMAN. Under those circumstances, the subordinates virtually direct the policy of the road as to rebates?

Mr. ADAMS. No, they come to me on questions of policy. I lay down a general policy. Then each particular case, as it arises, they will attend to. Judge Dillon will come to me in regard to the policy of the company as to a certain lawsuit. I then state to him what the directors desire to have done; and after that I discharge my mind of the matter; and Judge Dillon executes the policy. That is, he carries out the particular policy that has been indicated. He certainly never sends the legal problems to me.

The CHAIRMAN. I call your attention to the item in the statement of the earnings for the year 1886, page 22, that the operating expenses appear as about 65 per cent. Is that a fair measure of the expenses referred to in the statement submitted by Mr. Mink?

Mr. ADAMS. No, because this is the average business of the whole line. The branch-line business is the most profitable business we do. Our percentage of net earnings is larger on that business than on any other form of business we do.

Commissioner LITTLER. That is local business, is it?

Mr. ADAMS. The business is, in its cost, very largely increased by handling. In that business there we only have one handling. It comes off the branch lines, and is handled in bulk. No, if it was not for the average reduction of cost that was made in doing the branch-line business the percentage would be higher.

I think you will find the constructive-mileage business will come up much more naturally when you get to Omaha and come in contact with our traffic people than here. It is a subject that we never deal with here in detail.

Commissioner LITTLER. I think we had better postpone the further consideration of this constructive-mileage business until we get to Omaha.

The CHAIRMAN. We will postpone it for the present. We will take up the legal-expense account, and not detain these gentlemen further.

Mr. ADAMS. It will not take me five minutes to explain that to-morrow, if you will go over the vouchers now, and then call me in to-morrow.

The CHAIRMAN. Will you bring us the legal vouchers from 1873 down?

The WITNESS. Yes, sir.

OLIVER W. MINK.
CHARLES F. ADAMS.

Commissioner LITTLER. I move that this Commission adjourn, so far as the public session is concerned. We can examine those vouchers more satisfactorily by ourselves.

The CHAIRMAN. You want, then, to go into executive session?

Commissioner LITTLER. Yes, sir.

The CHAIRMAN (to the reporters). We will be in session to-morrow morning at 10 o'clock, and will now go into executive session.

After executive session, held for the purpose of investigating the legal-expense vouchers of the Union Pacific Railway,

The Commission adjourned to Wednesday, May 25, 1887, at 10 a. m

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EQUITABLE BUILDING, BOSTON, MASS.,
Wednesday, May 25, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

FREDERICK L. AMES, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. You have been connected with the Union Pacific for a great many years?—Answer. I have been a director of the Union Pacific since 1877—March, 1877.

Q. Were you interested in the road before that time?—A. Yes, sir; somewhat.

Q. As a stockholder?—A. As a stockholder.

Q. What relation are you, if any, to Mr. Oliver Ames?—A. I am a son of Mr. Oliver Ames.

Q. The present governor?—A. No, I am a cousin of his.

Q. Cousin of the governor and son of Mr. Oliver Ames, who was president of this road?—A. Yes, sir; president during its construction.

Q. What relation was Mr. Oliver Ames to Mr. Oakes Ames?—A. My father, Mr. Oliver Ames, was Mr. Oakes Ames's brother.

Q. In addition to being a stockholder, had you any other relation to the Union Pacific before 1877?—A. No, sir.

Q. As officer or assistant, in any way?—A. No, sir; I have had no other relations. I do not know but I might have been trustee of the land-grant bonds. I do not remember about that.

Commissioner ANDERSON. My object is to ascertain how familiar you became, in those years, before 1877, with the road itself and its management.

The WITNESS. I have been out frequently over the road, and knew a good deal about what was going on at the time.

Q. Before 1877?—A. Before 1877.

Q. Were you familiar with the relations at that time existing between the Kansas Pacific and the Union Pacific?—A. Yes, sir.

Q. In what way did you become familiar with that subject?—A. Through my association with my father, who had large interest in the Union Pacific.

Q. Did you personally attend to the management of his affairs as connected with the railroad?—A. Under his direction; yes, sir.

Q. Were you, during these years, familiar with the general question of the earning capacity of the Union Pacific as compared with the Kansas Pacific?—A. No, sir.

Q. Were you familiar with the earning capacity of the Union Pacific?—A. Yes, sir; of the Union Pacific.

Q. When did it pay its first dividend?—A. I am sure I do not remember.

Q. It was before 1877, was it not?—A. I think so; yes, sir. In 1875 and 1876, I think.

Q. Do you remember the rate of dividend that was paid on the Union Pacific stock?—A. No, sir.

Q. What knowledge had you at this time of the Kansas Pacific?—A. I had no knowledge, except from hearsay.

Q. Had you been over the road?—A. I had been over the road several times.

Q. Did you know the amount of its bonded debt?—A. Yes, sir; I did.

Q. At that time?—A. Yes.

Q. And you knew at that time, in 1877, that substantially all of its bonded debt was in default on interest?—A. In 1877; yes, sir.

Q. And that the road was in the hands of receivers?—A. Yes, sir.

THE KANSAS PACIFIC.

Q. Going back to 1877, what was your then opinion of the Kansas Pacific Railroad as a property?—A. At that time they had the idea that it was not of any very great value; that is, the stock of it at that time. It was in a new country, and the business was very light.

Q. Mr. Henry Villard, one of the receivers, has substantially said to us that at that time the road was earning but little over its operating expenses; that it had been poorly built, badly managed, and was in all respects a forlorn concern. Would you consider that as an exaggerated picture of it?—A. No; I should not.

Q. Do you remember, in the early part of 1878, becoming interested in what we designate as the April pool agreement?—A. Yes, sir.

Q. Have you a copy of that agreement in your possession?—A. No, sir; I believe not.

Q. How did you come to get that interest; how did it come about?—A. There was a movement being made at that time to get in a large amount of these outstanding securities, and in order to purchase some it was necessary to raise some money, and I contributed some money. I think $100,000 I put in at the time towards it. I think the immediate object of my putting in the money was to furnish the funds to buy some Denver extension bonds.

Q. Do you remember who had given this idea prominent direction, who was interested in it, of getting up these Kansas Pacific securities?—A. Mr. Gould.

Q. Mr. Jay Gould?—A. Yes, sir.

Q. How long had you then been acquainted with him?—A. Since 1874, I think. I never saw Mr. Gould, to have any particular acquaintance with him, until he came into the Union Pacific board, which I think was in 1874.

Q. When were you first apprised that Mr. Gould was interested in buying up these Kansas Pacific securities? How long before the pooling agreement was made?—A. I think it was only a few months.

Q. Was there any special security that you learned Mr. Gould had acquired in large quantities? Were you told that he had bought a large quantity of the unstamped incomes?—A. Yes, sir; and I think he had a large block of what is known as the funding bonds, and a very large amount of the stock.

THE POOLING AGREEMENT.

Q. What other gentlemen do you remember as being connected with this pooling agreement?

The WITNESS. In what way?

Commissioner ANDERSON. The parties.

The WITNESS. In fact, I knew all the people that were in it, I think.

Commissioner ANDERSON. I am asking who those people were; we have not a copy of the agreement at the moment.

The WITNESS. There was Mr. Sage.

Q. Mr. Russell Sage?—A. Mr. Russell Sage.

Q. Sidney Dillon?—A. Mr. Sidney Dillon.

Q. And all the Saint Louis people?—A. All the Saint Louis people; Mr. Greely, Mr. Edgerton, and Mr. Perry; I do not remember whether Mr. Meier was in it or not.

Q. Adolphus Meier?—A. Adolphus Meier and Mr. Carr.

Q. Mr. Henry Villard tells us that he had no personal interest in the arrangement; is that your recollection?—A. I never knew what his interest was; I never knew what the respective interests of any of the gentlemen were.

Q. You signed the agreement?—A. I believe so.

Q. I presume you read it before signing it, so as to understand exactly what the idea was?—A. Yes, sir.

Q. What securities did you have that entered into this pool?—A. None.

Q. You had none?—A. No, sir.

Q. What interest had you in the Kansas Pacific securities at the time you signed the pooling agreement?—A. I had none, unless I may have had some of the Kansas Pacific consols; I do not remember about that; but I had nothing that went into the pool; I contributed nothing into the pool, except I paid in some money and took my share of the outcome of the pool.

Q. How much money did you contribute?—A. One hundred thousand dollars.

Q. What did you receive for that $100,000?—A. I received $100,000 Kansas Pacific consols.

Commissioner ANDERSON. But at the time you parted with it the consols had not been arranged for until a year later?

The WITNESS. No; I received two certificates of $50,000 each.

Q. Have you those certificates?—A. Oh, no.

Q. To whom did you surrender them?—A. I do not know; I always supposed that they were sent to New York, and at the time I received my bonds they were given up.

Q. Given up to some people who gave you bonds?—A. I think so; very possibly they went into some trust company; I do not know who distributed them.

Q. Probably the persons who would be responsible for them would be the trustees of the consolidated mortgage who issued the bonds to you or else the company?—A. Yes, sir.

Q. You do not know where those certificates were?—A. No, sir.

Q. Were certificates issued to all the members of the pool?—A. I suppose there were.

Q. Do you remember the form of the certificate?—A. No, sir.

Q. Did it not state what you were entitled to?—A. I could not remember.

Q. Did it bear interest?—A. I do not know; I think it did.

Q. To whom did you pay this $100,000?—A. My recollection was that I paid it to some trust company in New York. I do not know that I am right. My impression was that it was the Farmers' Loan and Trust Company.

MILLIONS OF DOLLARS IN THE POOL.

Q. Can you tell us how this pool account was kept? The interests were large, were they not, under the pool? I mean the whole interest.—A. Yes, sir.

Q. They represented millions of dollars?—A. Yes, sir.

Q. Eight or ten gentlemen were interested, and some contributed unstamped income bonds, some contributed funding bonds, some contributed land-grant bonds, some contributed stock, and some contributed money.—A. Yes, sir.

Commissioner ANDERSON. As it is explained to us, the values of these different securities were scaled down at a rate agreed among you gentlemen as being the fair value of what you put in, and then, the real value of each contributor being thus ascertained, certificates were issued to the holder representing his interest in the pool.

The WITNESS. Yes, sir.

Commissioner ANDERSON. We are also told that the parties to the pool had the right to increase their holdings at these same scaled rates from time to time. I ask you if you can tell me how the accounts of that pool were kept, so as to determine what certificates were outstanding, and what each holder, on the liquidation of the pool, would be entitled to receive.

The WITNESS. Do you mean who kept them?

Commissioner ANDERSON. Yes, sir; I do.

The WITNESS. I supposed that they were kept in Mr. Gould's or Mr. Dillon's office. I never had any knowledge of it. I had nothing to do with the keeping of the accounts.

Q. If there were profits made out of the management of this business, so that the holder of a certificate should happen to be entitled to a division of something beyond what the face of his certificates would show, one would naturally suppose that each holder of a certificate would feel an interest in seeing what had been done with those securities and how they had been disposed of or converted. Did you ever ask for the account?—A. No, sir.

Q. Did you ever receive an account?—A. No, sir; I never received any account.

Q. All you received was a certain number of bonds in exchange for your certificates?—A. Yes, sir.

Q. Do you remember how it was determined how many bonds you should receive for your certificates?—A. I do not know how it was determined. I put in so much money and I saw that I received an equal amount in bonds.

Commissioner ANDERSON. Please run your eye over the paper I now show you, and state whether that is a copy of the pooling agreement that you entered into. (Referring to Exhibit 1, May 5, 1887, heretofore printed in this volume.)

The WITNESS. I do not see that I ever signed this paper.

Commissioner ANDERSON. I know that; but you state you were a party to the arrangement, and read it at the time.

The WITNESS. Yes, sir.

Commissioner ANDERSON. So I assume that it represents correctly what occurred; I will ask you that question.

The WITNESS. I see the statement is made here that I contributed 383 funding bonds.

Q. Is that correct?—A. No; I never did.

Q. Did you know that those funding bonds had been contributed to this pool?—A. They never were contributed.

Q. They may have been placed in your name but belonged to some other person?—A. No; they belonged to me and they were never put in.

Q. You did have these bonds?—A. I had these bonds, yes. But I declined to put them in the pool, and they never went in. And I declined to be one of the members of the committee.

Q. Did you never serve on this executive committee?—A. Never.

Q. Who did serve?—A. I think Mr. Sidney Dillon served.

Q. Mr. Sidney Dillon?—A. Yes. It is Exhibit D of this pooling agreement, I think, that says that Mr. Dillon was substituted for me.

Q. Why did you refuse to serve on this executive committee?—A. I was over here in Boston, and it was not convenient for me to be in New York; I had no securities to go into the pool, and so I declined to take any part in it.

Q. You did, however, contribute $100,000, you say?—A. Afterwards. That was in March, 1879, and this thing was early in May, 1878.

By Commissioner LITTLER:

Q. Do I understand you, that you contributed $100,000 as early as March, 1878?—A. 1879.

THE KANSAS PACIFIC CONSOLIDATED MORTGAGE.

By Commissioner ANDERSON:

Q. Do you remember when the consolidated mortgage scheme was devised—the scheme for the Kansas Pacific consolidated mortgage—for the purpose of retiring these different securities at a scaled rate?—A. I think it was about the time when the mortgage was made. I think that is stated in 1878. I do not remember the date of it.

Q. Were you not interested in that mortgage?

The WITNESS. In what way?

Commissioner ANDERSON. In the fact that it provided a method by which the funding bonds could be liquidated either in money or in bonds to be issued under that mortgage?—A. I held, as you see there, $383,000 of the funding bonds which were then in default, and I might have been interested in providing a live security to take the place of the one that I held.

Q. Do you remember whether you read that mortgage before it was executed?—A. Oh, yes, sir; undoubtedly.

Q. Please look at the lines of that mortgage, at the foot of page 156 of the Book of Indentures of the Union Pacific Railroad Company, and state whether $784,000 funding bonds referred to in that quoted section from the mortgage, included your bonds or not.—A. No, sir; they did not.

Q. You know the section I refer to?—A. I know that $784,000 were the bonds which Mr. Gould put into the pool.

Q. And they did not include yours?—A. They did not include mine. I think the total issue under that mortgage was about between eleven hundred and twelve hundred thousand dollars, and I had all the rest of them.

Commissioner ANDERSON. The total issue was a million and a half, I think, of the funding bonds.

The WITNESS. Was it? Were there as many as that out? My impres sion was that there was only about twelve hundred thousand dollars o those ever used.

Q. Then I understand that your personal connection with this poo was absolutely limited to the advance of $100,000 in money in March 1879?—A. Yes, sir.

Q. And that in no other respect have you any knowledge of its man agement or its outcome; when I say "its outcome," I mean its liquida tion?—A. No, sir.

Q. Do you know how this special provision was incorporated in th mortgage by which the holders of the pool securities were to receiv the sum of $3,400,000 for their securities?—A. I always supposed tha that was the footing of the aggregate of the rates at which these bond and securities were put into the pool.

Q. Do you suppose so to-day?—A. Yes, sir.

Q. Have you never taken the trouble to commute those securities a the mortgage rates and to compare it with the actual amount in con solidated bonds agreed to be paid?—A. No, sir; these securities wer not to be put in at the mortgage rates.

Q. But you just said that you supposed that they would foot up th same as though put in at the mortgage rates, did you not?—A. No, si

Q. What did you suppose about it?—A. I suppose that they foote up at the rates at which the parties putting them into the pool were al lowed for them in the pool; so that practically the people who put thes bonds in at the rates which were fixed in the pool, received their pa in Kansas Pacific consols at par.

COMPARISON OF RATES IN POOLING AGREEMENT WITH RATES IN CONSOLIDATED MORTGAGE.

Commissioner ANDERSON. Please examine the rates as stated in th pooling agreement, and compare them with the rates as stated in Articl 23 of the mortgage and see what difference there is, if any. The rate you will find on the second column of the top page of Exhibit B, an the mortgage rates you will find in Article 23, page 169 of the Book Indentures. A floating debt is the same thing, as I understand, as th funding bonds.

The WITNESS. Yes, sir.

Commissioner ANDERSON. And that is redeemable at par both in th pooling agreement and in Article 23 of the mortgage?

The WITNESS. Yes, sir; the funding bonds, as I understand it, wer issued some time shortly previous to the suspension or failure of th Kansas Pacific road to protect the parties who furnished the money, to whom the money, which was called the floating debt, was due.

Q. I call your attention to the fact that the rate for payment of th funding bond is the same in the pooling agreement as it is in Article 23 the mortgage. The next item is unsubordinated income bonds, whic in the funding agreement are rated at 50. What are they rated at und Article 23?—A. The unstamped, at 50 cents.

Q. That is, the same rate in both papers?—A. Yes, sir.

Q. The stamped income bonds are rated at 30 in the pooling agre ment, are they not?—A. Yes, sir.

Q. What is the rate in the mortgage?—A. That is at 30 cents.

Q. And the second land-grants are rated in the pool agreement at cents. What is the rate in the mortgage?—A. Fifty.

Q. The Arkansas Valley in the pool agreement are rated at 50. What is the rate in the mortgage? You will find some provision in Article 24 that applies to it.—A. They can be taken up at a rate not exceeding par.

Commissioner ANDERSON. With some provisions as to the amount of debt per mile?

The WITNESS. Not exceeding $15,000 for each mile east of the meridian of Denver.

Q. Did you ever examine the mortgage closely to see whether the terms provided in Article 24 were intended to apply to those Arkansas Valley bonds?—A. No, sir.

Q. As to the Leavenworth Branch, the rate in the pool agreement is 50. What is the rate in the mortgage?—A. Fifty.

Q. So that the mortgage rates and the pooling agreement rates are the same?—A. Apparently, yes, sir.

DID NOT KNOW THAT ANY HOLDERS OF THE SECURITIES GOT A PREFERENTIAL RATE.

Q. I will go back to these securities at page 156, and ask you whether you have ever ascertained whether the rate agreed to be paid to the holders of these securities was a preferential rate, by which they got better terms than the other holders of these securities (such as yourself), or whether the rate was the same.

The WITNESS. Do you mean at that time?

Commissioner ANDERSON. At that time.

A. As I understand it, it was the same.

Q. Have you ever figured to see and apply these very fractions which you have now given me to the same amounts to see whether they would produce the figure $3,400,000?—A. No, sir.

Q. Then I tell you that, applying these commutation rates to these amounts, the total amount of bonds which these gentlemen would have been entitled to receive is about $2,150,000 instead of $3,400,000. I ask you how it came to pass that they received this difference?—A. I do not know anything about that.

Q. At this time you were a director of the road, were you not?—A. Yes, sir.

Q. And were you a director in the Kansas Pacific also?

The WITNESS. At what time?

Commissioner ANDERSON. When this consolidated mortgage was made.

A. I think I was.

Q. You were elected in May, 1878, in the Kansas Pacific, were you not?—A. Yes, sir; I think so.

Q. And as such director you were interested in knowing whether bonds were issued to persons having claims against the company on terms that would exaggerate or increase the indebtedness of the company, were you not?—A. Certainly.

Q. And yet you can give no explanation as to why these gentlemen received a preferential issue, if I may so call it, of over a million dollars?—A. I know at the time that it was thought to be greatly for the interest of the Kansas Pacific to get these bonds in at these prices.

Q. So I presume. But what I ask you is whether it was not a matter of special agreement between these gentlemen representing these securities—Sidney Dillon, Russell Sage, and Henry Villard, acting on behalf of Mr. Gould and the other gentlemen in interest—who said that they

had negotiated this arrangement or originated it and had gathered together these securities, and that therefore they considered they were fairly entitled to a preference, because they had made the consummation of this scheme possible. Is that all news to you, or did some such report as that take place?—A. I have no doubt that there did some such report take place.

Q. I want to know whether you remember anything of the kind.—A. I remember that the thing was discussed very fully at the time, and it was thought that that was a good arrangement for the railroad company to make, to get in this large block of securities.

Q. Was it discussed in the meeting of the board of directors?—A. Yes, sir; and out of it.

Q. Do you remember how this figure $3,400,000 was reached?—A. No, sir; I do not.

Commissioner ANDERSON. It could not have been reached by drawing blank ballots out of a hat?

The WITNESS. Oh, no; probably not.

Q. There must have been some computation?—A. Probably some computation.

Q. Do you remember whether figures were produced before you and there was a bargain, "We will sell for so much," or "We want so much," and any debate as to what the figures would be?—A. No, sir; I cannot remember it at this time.

Q. Do you consider a transaction of $3,400,000 a large transaction?—A. Certainly.

Q. Were any other special arrangements made in regard to individual holdings of these securities that you were seeking to retire?

The WITNESS. At this time or later?

Commissioner ANDERSON. At or prior to the making of the consolidated mortgage; at that time, substantially.

A. Not that I remember of.

Q. Were any such arrangements made after that time that you know of?

The WITNESS. In regard to the issue of consolidated bonds?

Commissioner ANDERSON. In regard to the terms on which consolidated bonds were issued, so that some of the persons to whom they were issued got better terms than other people got.

A. The only case I know of is this: Probably you are referring to the exchange of my own bonds.

Commissioner ANDERSON. That is one case I am referring to, and I am referring to a great many cases.

The WITNESS. That is the only one I had any knowledge of.

Q. In regard to the exchange of your own bonds what do you remember?—A. I remember that I gave up my bonds and took the Kansas Pacific consols at par for them, with an agreement on the part of the company that they would guarantee them to be worth par at the end of six months. They had the option of taking them off my hands at par at any time during six months or paying me the difference.

Q. Did they become worth par during that period?—A. No, sir.

Q. Did the company pay you the difference?—A. I think they paid me about 6 per cent. on the bonds. They were worth somewhere about 90 or 94 at the end of six months.

Commissioner ANDERSON. Six per cent. on the principal was what they paid you?

The WITNESS. On the principal.

Commissioner ANDERSON. The interest was regularly paid, of course

PREFERENTIAL ISSUE.

The WITNESS. Yes, sir.

Q. While on this subject, is that the only case of the preferential issue of these bonds that you know of? That case and the case specified in the mortgage?—A. Yes, sir; I think it is.

Commissioner ANDERSON. You know of no others?

The WITNESS. I do not remember any other.

Q. Do you not remember the fact that in January or February, 1880, $2,000,000 of these bonds were issued to Mr. Jay Gould at 75?—A. No, sir.

Q. Were you never consulted in regard to that transaction?—A. I know nothing about it.

Q. Do you know at the time they were so issued the market price was 94?—A. No, sir.

Q. Have you never heard of that transaction before now?—A. I do not remember to have ever heard of it before.

Q. It never was, then, up in the board, to your knowledge, for discussion?—A. It might have been. I cannot remember.

Q. Of course it might have been. But I am asking for your memory. Do you remember whether the board of directors of this company ever agreed that $2,000,000 of these bonds should be given to Mr. Gould at 75?—A. No, sir; I do not remember.

GOULD'S KANSAS PACIFIC CONSOLS.

Q. Do you remember any other transactions between Mr. Gould and the Union Pacific Railway in which these consolidated bonds, Kansas Pacific consols, were issued to Mr. Gould either in payment of loans of money where the rate either of the interest on the money or the rate at which the bonds were taken was so arranged as to give him a personal profit?—A. No, sir.

Q. You never heard of any transactions of that character?—A. No, sir.

Q. Do you remember the fact that at or about the time of the consolidation $2,000,000 of these bonds were issued to Mr. Gould in settlement of his account in addition to the other issues that I have described?

The WITNESS. Is that the same $2,000,000 that you spoke of before?

Commissioner ANDERSON. No, sir; another two millions, issued a month previous.

A. No, sir; I do not remember.

Q. Have you ever seen that account?—A. I think it is very likely I did at the time.

Commissioner ANDERSON. I refer to Mr. Gould's account, amounting to $2,000,000.

The WITNESS. I think it very likely I did, but I do not remember.

Q. Do you know how it came to pass that the Kansas Pacific Company owed Mr. Gould two millions of dollars at this time?—A. No, sir; I do not. I did not know that they did owe him.

Commissioner ANDERSON. I show you the entry as it appears in the books of the Union Pacific Railway Company to-day. It is the last item of those entered under January, 1880.

The WITNESS. I do not know about that account. I do not remember it,

Q. After this pool was formed, do you remember the fact that the Saint Louis people were bought out?—A. Yes, sir.

Q. Did you take any part in that negotiation?—A. No, sir; I had no interest in the pool except as I have stated, the original $100,000.

Q. At the time of the consolidation were you the holder of any number of shares of the Kansas Pacific stock?—A. Yes, sir.

Q. When had you acquired title to that stock?—A. I bought that stock about a year previous. I think all the stock that I had in the Kansas Pacific came through my interest in this Kansas Pacific pool that you have been speaking of.

Q. Did it not come by buying out these Saint Louis people?—A. No, sir.

Q. How did it come? Tell us how you got the stock.—A. As I told you, I put my $100,000 into the pool, and I got my proportion of the stock that had been bought up by the pool.

Q. Then the certificate that you got was not all that you got for your $100,000?—A. No, sir.

Q. There was some stock thrown in?—A. Yes, sir.

Q. How much was the stock?—A. It amounted, I think, to about $179,000 par value.

Q. About 3,700 or 3,800 shares?—A. Thirty-five hundred shares.

Q. Did that stock cost you anything except as in connection with this certificate that was paid for the $100,000?—A. No, sir; I got the Kansas Pacific consols and this stock for $100,000.

Commissioner ANDERSON. I understand. And you also got the difference between the market value of the consols and the par value of the consols from the Union Pacific Company?

The WITNESS. No, sir; not at all. You are confounding two separate transactions. The other transaction applied only to my funding bonds which never went into the pool.

Q. Then, for your contribution to the pool you got the consols and the stock?—A. Yes, sir.

Q. Is that all the stock you ever acquired?—A. That is all the stock that I ever had in it.

Q. Do you not know, as a matter of fact, that that stock was taken out of the pool at the time the Saint Louis people were bought out?—A. No, sir; I do not. I always supposed that the Saint Louis stock was all in the pool.

Commissioner ANDERSON. But, after they were bought out, then Mr. Gould took that stock out of the pool, so that when the pool was liquidated under the mortgage, as you will see, no stock appears.

The WITNESS. The stock never went into the mortgage. The stock was reserved.

Commissioner ANDERSON. The stock was in the pool before the Saint Louis people were bought out? That you have just said.

The WITNESS. Yes, sir.

Commissioner ANDERSON. When the mortgage was made the stock had got out of the pool, for it does not appear in the mortgage. Do you know how it got out of the pool? Do you not know that Mr. Gould took it all?

The WITNESS. Certainly. But I do not understand what the mortgage and the pool had to do with each other.

Commissioner ANDERSON. All the pooling securities were liquidated by a special provision inserted in the mortgage for $3,400,000.

The WITNESS. No, sir; they were not.

Q. What securities were liquidated and referred to in the mortgage for the $3,400,000?—A. Those that are named in the mortgage.

Q. Are they not the pool securities?—A. Those are a part of them, I think.

Q. What other securities were there?—A. There were some Denver extension bonds. There were $400,000 or $500,000 of those, I think, that went into the pool.

Commissioner ANDERSON. If you will examine the pool you will find that the Denver extensions are not in the pool.

The WITNESS. There were, I think, nearly $500,000 of the Denver extension bonds, and that is what I always understood the money that was contributed went to purchase.

Commissioner ANDERSON. All I mean to inquire about is the fact that in the pooling agreement, as it stood, there was something like 60,000 or 70,000 shares of Kansas Pacific stock held by the Saint Louis people, and that stock subsequently became the property of Mr. Jay Gould. Do you know how the transfer was effected?

The WITNESS. I always understood that it was done by his buying out the interest of the Kansas Pacific people—the Saint Louis people; the original Kansas Pacific people—in the pool.

Q. And that he thereby became the holder of that stock?—A. Yes, sir.

Q. And that that stock was not afterwards included in the settlement that was made under the mortgage or the $3,400,000?—A. No, sir. That stock was treated like all the rest of the stock that was in the pool.

Commissioner ANDERSON. That stock was treated like all the rest of the stock in the terms of the consolidation, as I understand it?

The WITNESS. Yes, sir.

Q What I want to know is, when you got your 3,500 shares of stock? In what month?—A. I think I got it in March, 1879, or April, 1879. I think I paid my money in March.

Q. When did Mr. Gould buy out the Saint Louis people?—A. I do not remember the date. I had nothing to do with that purchase and had no interest in it.

Q. Were you a member of the Union Pacific executive committee?—A. Yes, sir.

Q. Please look at the minutes of the executive committee, May 22, 1878, and state whether the transaction there detailed has any relation to this pool.—A. No, sir; I think not. I think that was simply where Mr. Gould came in and advanced the money to settle a claim which the Vulcan Iron Works had against the Union Pacific.

Q. Then, as I understand it, you acquired your interest in the Kansas Pacific at substantially the same time Mr. Gould bought out these other people?—A. No, sir; I did not say that. I do not know when Mr. Gould bought out these people. I had nothing to do with that, and never knew anything about it except by hearsay.

Q. After you owned the 3,500 shares of Kansas Pacific, which you say was in the spring of 1879, was there much discussion as to the future policy of these two roads to each other among the prominent owners of the securities?—A. Yes, sir; a great deal.

Q. A great deal of discussion?—A. Yes, sir.

Q. Who were the prominent persons who discussed it?—A. Mr. Gould, Mr. Sidney Dillon, Mr. Sage, and myself.

Q. Were those gentlemen all holders of Kansas Pacific stock at the time of these discussions?—A. I think they were.

Q. And all interested in the securities described in this pool, except yourself; that is, Mr. Gould, Mr. Dillon, and Mr. Sage?—A. I think they were. I do not see Mr. Sage's name here as signing in this pool.

Commissioner ANDERSON. He is referred to in Exhibit D.

The WITNESS. I always understood that Mr. Sage was interested in Mr. Gould's share in the pool.

Commissioner ANDERSON. Or he is referred to in the mortgage, I forget which. What other securities of the Kansas Pacific were you interested in, if any, besides the Kansas Pacific that you held, the 3,500 shares of stock and $383,000 of funding bonds?

INTERESTS OF WITNESS IN UNION PACIFIC BRANCH LINES.

The WITNESS. I had $14,000 Denver extension bonds.

Q. That is, the bonds issued on that portion of the road between milepost 394 and Denver City?—A. Denver City; yes, sir.

Q. Had you any interest in Denver Pacific stock?—A. Never.

Q. Or Denver Pacific bonds?—A. Never had any.

Q. Had you any interest in any of the branch roads of the Kansas Pacific?—A. No, sir.

Q. Had you had any such interest?—A. Never had any.

Q. You never had any?—A. No, sir.

Q. Had you any interest in any roads that subsequently became branches of the Union Pacific Railway?—A. No, sir; I think not.

Q. Are you quite sure?—A. Yes, sir.

Q. You had no interest whatever down to the time of the consolidation?—A. No, sir; I might have had a few of the first-mortgage bonds of the Colorado Central Railroad.

Commissioner ANDERSON. My question includes the Saint Joseph and Western.

The WITNESS. At what date?

Commissioner ANDERSON. Down to the time of the consolidation, January 24, 1880.

The WITNESS. Yes, sir; I had an interest in the Saint Joseph and Western at that time.

Q. When did you acquire that interest?—A. I acquired that interest in the summer of 1879.

Q. From whom did you acquire that interest?—A. I got that from Mr. Gould.

Q. How many bonds did you get from him?—A. I had $100,000 of the first-mortgage bonds.

Q. At what price did you get them?—A. About 40.

Q. Was any stock thrown in?—A. About 400 shares of stock thrown in; 450 perhaps. I do not remember the amount.

Commissioner ANDERSON. That is, your own Saint Joseph and Western stock?

The WITNESS. Saint Joseph and Western; yes, sir.

Q. Does that complete the statement of your interests that were in any way affected by the consolidation?—A. Yes, sir.

Q. Had you ever had any interest in the Denver and South Park?—A. Never.

Q. Any interest in the Kansas Central?—A. Never.

Q. Any interest in the Central Branch Union Pacific?—A. Never had any interest in it.

Q. You knew of that road?—A. Oh, yes, sir.

Q. You knew who owned it?—A. Yes, sir.

Q. Did you know of the transfer of that road to Mr. Jay Gould on the 7th of November, 1880?—A. I did.

Q. Had you taken any part in conducting that negotiation?—A. No, sir.

Q. Did you know the price paid by Mr. Gould to Mr. Ames?—A. Yes, sir.

Q. At the time it was paid?—A. Yes, sir.

THE LETTER TO DODGE AND HUMPHREYS.

Q. Do you remember a letter that was written to Mr. Solon Humphreys and Mr. Dodge in October, 1879?—A. Yes, sir.

Q. Do you know who prepared that letter?—A. No, sir, I do not remember.

Q. Were you conferred with in regard to it?—A. Yes, sir; I believe I signed the letter.

Q. Who conferred with you about it?—A. Mr. Dillon, and I think it was a matter of discussion among all the Union Pacific people and with Mr. Gould.

Q. But this letter was written after Mr. Gould, Mr. Sage, and Mr. Dillon and yourself had substantially acquired all of the Kansas Pacific securities, and of the Saint Joseph and Western securities which you held at the time of the consolidation, was it not?—A. Yes, sir; probably.

Q. At the time that letter was written, were you an advocate of consolidation?—A. I was; yes, sir.

Q. Who else was an advocate of the consolidation?—A. So far as I remember, all the directors of the Union Pacific were advocates of the consolidation except Mr. Gould.

Q. Do you remember, as a matter of fact, that at the time that letter was written he was opposed to it, or that his position appeared?—A. I think Mr. Gould was opposed to it at that time, on any basis which the Union Pacific were willing to accept.

Q. Was Mr. Sage in favor of it or opposed to it?—A. In favor of it.

Q. Was Mr. Sidney Dillon in favor of it?—A. Yes, sir.

Q. You were in favor of it?—A. Yes, sir.

Q. Was Mr. Dexter in favor of it?—A. Yes, sir.

Mr. JOHN F. DILLON. In favor of what?

Commissioner ANDERSON. At the time the letter was written to Mr. Solon Humphreys and Mr. Dodge, on the 23d of October, 1879.

Q. Was Mr. Atkins in favor of it?—A. I think we were all in favor of it. We were not all agreed on terms.

Q. After that letter was written, did you have interviews with Mr. Solon Humphreys or Mr. Dodge with regard to the examination they were to make?—A. No, sir; not that I remember.

Q. What sort of an examination ought those gentlemen make, to report intelligently on such a subject?—A. I suppose they would look into the accounts of the road and familiarize themselves with the character of the country, and the connections and the amount of business that was likely to be built up on the road in the future.

Q. It was quite an extensive inquiry, was it?—A. Yes, sir.

Q. Perhaps, within its limits, it was as extensive an inquiry as this Commission is to make. Do you know what they did in that regard; how much investigation did they make?—A. My impression is that they went out West and went over the road. I could not say positively as to that. They took considerable time about it.

Q. The matter was one of great importance to both companies. Do you know how closely they investigated the earning capacity of the Kansas Pacific?—A. I have no personal knowledge; no, sir.

FINANCIAL CONDITION OF KANSAS PACIFIC.

Q. As matter of fact the Kansas Pacific had never paid a dividend up to that time, had it?—A. No, sir.

Q. As matter of fact, a very large amount of its interest account on the different forms of mortgage securities in October, 1879, was unpaid?—A. All of it I believe was. It was all in default at that time.

Q. There had been some little payments made. As matter of fact, it was only about eighteen months before that you have stated that a description of the road as being a poor forlorn concern was justified by the fact.

The WITNESS. Two or three years before, was it not? I think your question applied to a time before 1877.

Commissioner ANDERSON. We will say two years. All I mean to say is, that a consolidation of this nature, proposed between the Union Pacific and a road which had been so unfortunate as the Kansas Pacific, and taken in connection with the fact that all its coupon indebtedness was still in arrears, and no dividends had ever been paid, would require a very careful scrutiny before it could be intelligently asserted that the consolidation would be of benefit to either or both of these roads.

The WITNESS. Yes, sir.

Commissioner ANDERSON. You were aware of these facts at the time this letter was written, of course?

The WITNESS. Yes, sir.

Q. Did you yourself confer with either Mr. Dodge or Mr. Humphreys at any time in regard to the data which they were getting together?—A. I think it very probable I did. I was seeing them frequently, and naturally would have talked about it.

THE REPORT OF DODGE AND HUMPHREYS.

Q. Do you remember the fact that they made a report?—A. Yes, sir; I remember there was a report made, but I do not remember when it was made.

Q. Do you remember seeing the report at the time it was made, whenever it was?—A. I remember hearing it read.

Q. Where did you hear it read?—A. I think at the directors' meeting at which it was submitted.

Q. A meeting of what directors of what company?—A. I think it was submitted at the time that the consolidation was voted. I think that report was submitted at that time.

Q. If the directors were to be guided as to the consolidation by the examination made by Mr. Humphreys and Mr. Dodge, is it not probable that the directors would see this report before actually making the consolidation?—A. I think very likely they had information as to the conclusions that they had arrived at.

Commissioner ANDERSON. The consolidation was voted on the 24th of January, and the report is dated on the 16th of January, and is addressed to yourself, among others.

The WITNESS. Yes, sir.

Q. I ask you, are you not satisfied that you saw that report as soon as it bears date?—A. I could not say as to that. I undoubtedly knew of the report.

Q. Did you not know of the contents of that report, and had you not examined them before you voted for the consolidation?—A. Undoubtedly.

Q. Several days before?—A. I could not say as to that.

ACTION OF THE DIRECTORS.

Q. You think, on a matter of that magnitude, you would read a report on one day and vote for the consolidation on the following day?—A. I think the terms of the consolidation were practically agreed upon by four or five of the directors, previously, a week or ten days previous to the meeting of the directors, at which it was voted.

Q. Previous to the report being made is the question. Was that arrangement made before the report was made?—A. Before the report was made to the directors? I think so.

Q. Before the report was made to you?—A. I could not say as to that. We undoubtedly knew what the recommendations of the committee were at the time the agreement was made with Mr. Gould, and the terms on which the companies could be put together.

Q. How could you know what the committee would report until the committee had made a report?—A. It might be told us that they were going to report.

Q. Did they tell?—A. I could not say that they did or did not. I am very confident that they did.

Q. In what shape; just in the shape of a conversation?—A. I think very likely. I do not think there was any written report, or anything except the actual report, which you have probably seen.

Commissioner ANDERSON: That report bears date the 16th day of January, 1880.

The WITNESS. Yes, sir.

Q. You think, before that time, these gentlemen may have told you that they were going to decide in that way?—A. Yes, sir; I think undoubtedly they did tell us what they thought were the fair terms on which the properties could be put together.

GOULD'S PURCHASE OF MISSOURI PACIFIC.

Q. To go back to October. Do you remember, shortly after this letter had been written to these gentlemen, hearing that Mr. Jay Gould had bought the Missouri Pacific?—A. I knew when he did buy it.

Q. When was it?—A. I think it was somewhere near the middle of November.

Q. November, 1879?—A. 1879, I think the 13th or 14th, or somewhere along there.

Q. The Missiouri Pacific extends, as I understand, from Saint Louis to Kansas City?—A. Yes, sir.

Q. Was it then completed when bought by Mr. Gould?—A. Yes, sir. It also, I think, ran up to Leavenworth and a branch to Atchison.

Q. Please state what bearing this information had on the negotiations that were pending for the consolidation of the Union Pacific with the Kansas Pacific.—A. It expedited the matter very much, as far as the Union Pacific people were concerned. It made them very uneasy and very much alarmed.

ALARM OF UNION PACIFIC PEOPLE.

Q. Why did it alarm them?—A. Because, in the first place, Mr. Gould had acquired a very large interest in the Kansas Pacific; a very much larger interest in that than he had in the Union Pacific; and

when we came to deal with him on the question of putting the properties together, he wanted to put in the Kansas Pacific at a very much larger valuation than we thought it was entitled to come in on. And right here I would say that the opinion I might have had——

Mr. JOHN F. DILLON. There is the memorandum of January 14 [producing the paper].

Commissioner ANDERSON. Mr. Ames, go on.

The WITNESS. The Kansas Pacific had changed a great deal in condition in 1879 from what it was in 1876 or 1877. The country had improved a good deal, and it had filled up with people, and the business had increased very much. In the mean time the road had been in the hands of a receiver for two or three years, and there had been a good deal of money spent upon the property in improving its physical condition. Mr. Gould was very anxious to put the Kansas Pacific and the Union Pacific together, but on terms which we thought were unjust to the Union Pacific.

TERMS WANTED BY GOULD.

Q. Will you state those terms right here.—A. I cannot remember what they were. It was a matter of negotiation from time to time.

Q. Can you give us any information on that point, as to what particular securities he wanted a greater advantage in than the Kansas Pacific people ultimately got?—A. It was on the stock, very largely.

Q. Did he ask to have the stock put in at more than the equivalent of the Union Pacific?—A. Yes, sir.

Q. More than the equivalent of Union Pacific?—A. Yes, sir; more than the equivalent of Union Pacific. He took the ground all the time that the Kansas Pacific property was worth a great deal more than the Union Pacific property.

Q. Relatively to his holdings?—A. Relatively to his holdings. He made a great deal of talk about the fact of the Kansas Pacific having a very much smaller capitalization than the Union Pacific had. I do not remember what the exact figures were, but I think from 50 to 75 or 100 per cent. larger—on the capital stock, at any rate. We thought that it was not worth as much, nearly, as he proposed. I think at that time for the sake of peace and harmony, we would have been willing to put the stock together on the terms on which it went together ultimately. There were litigations going on between the two companies as to the question of their right to enter our road at Cheyenne, and prorate on the overland business, which we were fighting off in the court, and resisting as we could, and which we thought, if they prevailed, would be very injurious to the Union Pacific; and at the same time they were competing with us on the Denver business. There was a great deal of contention and friction between the two companies.

Q. Before you pass from that subject, had not a litigation in regard to through business been adjusted long before this time, so that at this time you had the same superintendent, and substantially the same board of directors, and the same president, Mr. Sidney Dillon?

The WITNESS. At which time?

Commissioner ANDERSON. At the time the consolidation was made.

A. Yes, sir; they had at that time; but that was only through the fact that Mr. Gould, holding the controlling interest in the stock, had seen fit to put us all in.

Commissioner ANDERSON. I mean that, so far as the question of motives that bore on the votes in favor of consolidation were concerned, this question of there being a litigation pending between the compa-

had passed out of being, and no longer existed between October, 1879, and the 24th of January, 1880?

The WITNESS. I do not think it had gone out of existence. The records would show that. I think it was suspended. There was no effort being made to push the suits, but Mr. Gould had it in his power at any time to change the board of direction, and to bring these suits up, and to push them for all they are worth.

Commissioner ANDERSON. I mean to say that it was the power of Mr. Gould then that had its effect, and not the actual pressure of pending litigation being pushed in the court at the time.

The WITNESS. Yes, sir.

Commissioner ANDERSON. Does this remark also apply between the competition to the Denver Pacific and the Colorado Central? Had that ceased to be a pending issue, so that was in the power of the Kansas Pacific to resuscitate and renew this agitation?

The WITNESS. We realized that that power remained in Mr. Gould at any time, if we broke with him.

Commissioner ANDERSON. Please continue your story now.

GOULD IRRITATED.

The WITNESS. As I said, Mr. Gould was unwilling to accede to any such terms as we thought we were entitled to on the question of putting the properties together, and he seemed to be a great deal irritated with the Union Pacific people for standing out as we did. This was along, I think, in the fall of 1879. He held up to us his power of building branches and developing the business of the Kansas Pacific, and, as I remember, threatening to build up into Nebraska and cut our business there. Meantime he was negotiating for the Central Branch road, and bought that, I think.

Commissioner ANDERSON. On the 7th of November?

The WITNESS. On the 7th of November.

Commissioner ANDERSON. That is, from Mr. Oliver Ames?

The WITNESS. He bought that from the present Oliver Ames, the governor. Not from my father. My father never had any interest at all in that property. The understanding with Mr. Gould at the time that he bought this property, and also the Saint Joseph and Western, was that in case of a consolidation of the Kansas Pacific and the Union Pacific these properties should be turned into the consolidated company.

Q. When you speak of an understanding, between whom do you mean? —A. Between the directors. Between myself, for instance, and Mr. Gould. That if we took the Kansas Pacific, this was to be thrown in.

Commissioner ANDERSON. I want to call your attention here to the fact that Mr. Gould states, in respect to that, that no understanding was had as to these branches until the 14th day of January, or until after he had resigned his position in these two companies. You do not so remember it?

THE PURCHASES MADE FOR THE PROTECTION OF BOTH PROPERTIES.

The WITNESS. My remembrance of it was that the purchases were being made for the protection of the joint properties, if they went together; that we had the right—I do not think we agreed to take the properties of him, but we had the right, if we elected to do so, to take the properties.

Q. On the terms of the purchase?—A. On the terms of the purchase.

Q. On the terms of the purchase by you, the consolidated company were to take——A. I made no purchase.

Q. On the terms of the purchase by Mr. Gould and the other parties?—A. On the terms of the purchase by Mr. Gould. Mr. Gould made all the purchases himself.

Commissioner ANDERSON. You had included the Saint Joseph and Western, and you had before said that Mr. Gould had passed $100,000 of the bonds over to you. That was the reason I put the question in the form I did. Please go on with the story.

The WITNESS. Immediately after his purchasing the Central Branch, in November, he purchased the Missouri Pacific road.

Q. From Commodore Garrison?—A. From Commodore Garrison. That immediately seemed to change his position towards the question of consolidation. Having acquired this road from Kansas City to Saint Louis, he then turned around and wanted to keep the Kansas Pacific and all these other roads, and to use them as a part of his Missouri Pacific system. The Union Pacific people immediately became very much alarmed, because they felt that Mr. Gould, with the Missouri Pacific, would come in at once as a strong competitor with them for Colorado business, and would be invading their territory in Nebraska and Wyoming, and would be cutting them to pieces wherever they had any business that would pay him to build a branch to reach it. For that reason we were very anxious to bring about the consolidation of the two properties and to prevent the Kansas Pacific from drifting out of our reach and going in and becoming a part of the Missouri Pacific system. The result of that was the agreement which was made in the early part of January.

CONSULTATIONS WITH GOULD.

Q. Before passing to that agreement, state, if you please, whether some of you gentlemen went on to New York, and how often.—A. My recollection was that we spent a greater part of the time there in December and January.

Q. How many of you?—A. I think Mr. Atkins and Mr. Dexter were over there constantly; and I think Mr. Baker was there too.

Q. In very frequent, if not constant, consultation with Mr. Gould?—A. Yes, sir.

Q. And urging upon him that you did not desire him to develop his Missouri Pacific scheme in connection with the Kansas Pacific against your company, but that you desired a consolidation to go into effect between the Kansas Pacific and the Union Pacific?—A. Yes, sir.

Q. Did you substantially tell him that he had, by his action before buying the Missouri Pacific, committed himself to the consolidation?—A. That was the argument. The ground we took with him was that he was bound by his previous conversations to give us the preference, and to let us take the property if we could agree upon the terms.

Q. How many interviews of that kind did you have with him?—A. I could not say; they were numerous.

Q. There was a large number?—A. A large number.

Q. Did he, in those interviews, adhere to his previous figures as to the rate at which the Kansas Pacific stock should figure in the consolidation?—A. No, sir; we modified them. We got him to modify his terms.

Q. When did he consent to that modification as to the Kansas Pacific stock?—A. I think not practically until the day that the thing was

closed at his house in January; one evening at his house, I think about the middle of January.

Q. The final consummation, then, was reached at Mr. Gould's house?—A. Yes, sir; one evening.

Q. During the time of his purchase of the Missouri Pacific, and of these negotiations, you knew that Mr. Gould was a director of the Union Pacific road?—A. Yes, sir.

Q. And that he was a member of its finance or executive committee?—A. I think he was; I do not remember exactly. He resigned, I think, previous——

Q. (Interposing.) I am coming to that in a moment. During these negotiations, when did the subject of his resigning from the board first come up, if at all?—A. I do not remember that it came up at all.

Q. You do not think it was a subject of discussion at all?—A. It might have been, but I do not remember.

Q. During these negotiations and before the consummation of them, on the 14th of January, was the subject of the terms on which these branch roads should be included the subject of discussion between Mr. Gould and yourself?—A. I do not remember the particular discussion. It was always understood that they would be put in at cost, at which he had paid for them.

INFLUENCE OF THE THREATENING ATTITUDE OF THE BURLINGTON AND MISSOURI.

Q. At what he had paid for them?—A. Yes, sir.

Q. Have you explained to us, substantially, all that occurred between the gentlemen representing these different interests up to the time that the paper you refer to was signed at Mr. Gould's house?—A. There was one other point which I have overlooked, and that was that one of the influences which had a great deal of effect on Mr. Gould as well as on ourselves in bringing the thing about was the threatening attitude of the Burlington and Missouri in Nebraska, who were threatening to build branches down into this territory lying between the two companies, the Union Pacific on the north and the Kansas Pacific on the south. And we urged it on Mr. Gould to join the properties together, thinking that together we could, with his help, make a stronger front towards protecting the country against the Burlington and Missouri invasion. Then there was another point which came up at the time of this agreement.

Commissioner ANDERSON. I am coming to the time of the agreement. I am inquiring about everything that occurred before the agreement was made.

WHY THE MISSOURI PACIFIC LEASED THE CENTRAL BRANCH AND KANSAS CENTRAL.

The WITNESS. As one of the considerations to that agreement, Mr. Gould objected, after having purchased the Missouri Pacific property, to putting the Central Branch and the Kansas Central stocks into the consolidated company, on the ground that he wanted to keep those out for the Missouri Pacific Company. We naturally were very unwilling that he should do that, because it would put him immediately into the whole length of the State of Kansas, almost, with a line lying in between our two roads, and give him the power to build branches in either direction and cut us all to pieces as he saw fit. So, to induce him to put those into the consolidated company, as had been before understood they

were to be, it was agreed that the lease of the Central Branch and the Kansas Central should be made to the Missouri Pacific, by which, although we retained the ownership, they should have the operation of the road and the benefit of any business which would be derived from that country for the Missouri Pacific, and we were to have the net earnings over and above operating expenses of the Central Branch system and the Kansas Central.

Q. Does that lease not give the Missouri Pacific just the same control over the Kansas business as it would have if it owned those two roads, the Central Branch and the Kansas Central?—A. No, sir; it does not.

Q. Why not?—A. In the first place, we held the ownership of the property so that we would control the building of any branch roads out of that property; and we reserved in the lease the right to terminate it by giving a certain amount of notice. I do not remember exactly what it was.

Q. You refer to both leases of the Central Branch and the Kansas Central?—A. There never was any lease of the Kansas Central.

Q. Is there a provision in the lease of the Central Branch by which you can terminate it at any time?—A. There was; yes, sir.

Q. Is there now?—A. No, sir.

Q. When was it abrogated?—A. I think it was abrogated a year or two ago; a year ago, perhaps. There was a new lease made.

Q. You have referred to the consummation of the terms of consolidation as occurring at Mr. Gould's house. Please tell me whether you went there by invitation of Mr. Gould.—A. Yes, sir.

Q. And the other gentlemen?—A. By appointment.

Q. The other gentlemen by like appointment?—A. Yes, sir.

WHO WERE PRESENT AT MR. GOULD'S HOUSE.

Q. Who all were there at that tea party?—A. There was a room full of us. I do not remember who. It included Mr. Sage and Mr. Gould and Mr. Dillon.

Q. Judge Dillon?—A. No, Mr. Sidney Dillon. Mr. Dexter, Mr. Baker, Mr. Akins, and myself. I do not remember who all; there might have been some one else.

Q. All who were there were interested in the subject?—A. I suppose so.

Q. There were no strangers there that you know of?—A. No, they would naturally be excluded.

Q. It was a private meeting to discuss a matter of great importance, was it not?—A. Certainly.

Q. As far as you remember, you have stated the names of all the persons who were there?—A. Yes, sir.

Commissioner ANDERSON. The names of all those appear affixed to the paper January 14, 1880.

The WITNESS. Yes, sir; I think those gentlemen on the part of the Union Pacific were all members of the executive committee of the Union Pacific.

Q. At what o'clock did you meet there; in the evening?—A. In the evening, yes, sir; after dinner.

Q. Did all of you dine there?—A. No, sir.

Q. Or any of them?—A. No, sir; I think not.

Q. Was the interview a long one?—A. I think it was; that is my recollection.

A PROTRACTED DISCUSSION OF TERMS.

Q. Was it protracted?—A. Yes, sir; I think we staid there until midnight, probably.

Q. Were the terms discussed different at the beginning from what they were at the end; did Mr. Gould ask a higher price at first and then finally come down?—A. I could not remember about that at that meeting. But I think there was a protracted discussion, and I think there undoubtedly was some concession made by Mr. Gould at the time.

Q. In his statement of the interview he says that you would not allow him to go out of the room until he signed a paper. Is that your recollection of how the thing was conducted?—A. I do not remember anybody keeping him in.

Q. Was the paper that was ultimately signed brought there by anybody in your party?—A. No, sir.

Q. Was it prepared there?—A. I think it was written there.

Q. Do you remember in whose handwriting it is [showing the paper to witness]?—A. That is Mr. Dexter's handwriting.

Q. Was more than one copy prepared?—A. Not to my recollection.

Q. Was it ever made public?—A. No, sir; I think not.

Q. Was it ever reported, in the form in which it stands, to the board of the Union Pacific?—A. I think the result of it was reported to the Union Pacific board.

Q. The result of the arrangement was reported to both boards of Union Pacific and the Kansas Pacific?—A. Yes, sir.

Q. Were you present at that meeting?—A. Yes, sir; I think I was.

Q. Is your recollection distinct that it was reported to both boards or only to the Kansas Pacific?—A. I could not say.

Commissioner ANDERSON. I hand you a copy of the minutes of the meeting of the Union Pacific Railway Company on the 24th of January and call your attention to the fact that the subject was not reported to that board.

The WITNESS. I think I am correct in my statement that the result of that agreement was reported to that meeting.

Q. You mean the consolidation?—A. Yes, sir.

Commissioner ANDERSON. But what I mean more especially is the terms on which the branch roads were bought from Mr. Gould were not reported to the Union Pacific board?

The WITNESS. No, sir; the articles of consolidation had been drawn up in accordance with the agreement there and those were submitted.

Commissioner ANDERSON. In regard to the meeting of the board of the Kansas Pacific Company, I show you a copy of those minutes and call your attention to the report made there of the transaction. You see that the purchase of the branch road is there reported.

The WITNESS. Yes, sir; the Kansas Pacific was the only one that bought the branch road.

Q. Do you know why the name of the person from whom those branches had been bought was not made to appear in that report?

A. No, sir; I do not.

WAS AGREEMENT TO BUY OF MR. GOULD THE SAINT JOSEPH AND WESTERN MADE PUBLIC?

Commissioner ANDERSON. As a matter of fact it was not disclosed by the report made by Mr. Dillon to the company?

The WITNESS. It was perfectly well understood.

Q. Among yourselves?—A. Among the board at that time.

Q. My inquiry is, what publicity was given to this matter at the time, in any way or shape, that this company had agreed to buy the Saint Joseph and Western from Mr. Gould at par and at the other prices fixed for the stock; was it made known so that there was no secret about it, or was it kept quiet among the directors?—A. It was a matter well known. It was a matter of public knowledge. There was no secret made of it at the time.

Q. Are you aware of any publication by which these terms were made public at the time?—A. No, except it was a matter of common notoriety in the street. Every one knew that Mr. Gould had been buying these properties.

Q. I dare say; but my question is whether every one knew that the Kansas Pacific consolidation had bought these same properties from Mr. Gould and the terms at which they had been purchased from Mr. Gould?—A. I could not say as to that. There was no attempt made, to my knowledge, to keep the thing secret.

Q. Was there any effort made to make it public that you know?—A. No, sir; no more than on any other action of the board.

Q. Did you not think that this thing was different from any other action of the board; have you not stated that the understanding was up to the time of this interview, or about that time, that those branches, if taken into the consolidation, were to be turned in at cost to Mr. Gould?—A. Yes, sir.

BOUGHT AT 40, SOLD AT PAR.

Commissioner ANDERSON. And you know that the cost to Mr. Gould, as he has told us, was 40; and you know that they were turned in at par, payable in stock. Do you not consider that as a somewhat unusual transaction?

The WITNESS. Which one was turned in at par?

Commissioner ANDERSON. The Saint Joseph and Western bonds, of which there were two lots, one known as the Nebraska and Kansas, and the other lot known as the Saint Joseph and Pacific, forming together the Saint Joseph and Western. I am only asking why the terms of this transaction were not made public at the time.

The WITNESS. I do not know anything about that. We were not in the habit of publishing the doings of the board at all, neither then nor since.

MR. GOULD RESIGNS.

Q. You notice by those minutes before you that Mr. Gould's resignation was read to the board. Was that resignation a matter of surprise to you when you heard it?—A. I do not remember. Very likely I had been told that he had resigned before it was presented to the board.

Q. Told by whom?—A. Probably Mr. Dillon.

Q. Did you know how long before the meeting he had resigned?—A. No, sir.

Q. Did you know at the time you heard his resignation read, at 1 or 2 o'clock on the 24th day of January, that he was to become a director of the consolidated company within an hour or two?—A. I probably did.

Q. Can you now tell me what, in your judgment, the motive for that resignation was if he was to become a director again immediately afterward?—A. Without any positive recollection about it, I should say that

my impression was that it was done under the advice of counsel at the time.

Q. Because of the fact that dealings were going on between himself and these companies in securities in which he had a personal interest?—A. Yes, sir.

Q. And the resignation was intended to cover the time at which these dealings took place?—A. I suppose, likely.

Q. Do you know whether that resignation was actually written on the 10th of January and handed to Mr. Dillon?—A. No, sir, I do not.

Q. Do you know whether on the 14th of January, when this arrangement was made in regard to the terms of purchase, Mr. Gould then informed you that he had ceased to be a director in these companies?—A. No, sir; I do not remember anything about them.

PROPRIETY OF THE INDIVIDUALS ACTING IN DUAL CAPACITY.

Q. During the whole of this discussion at Mr. Gould's house, at which these gentlemen were present, was anything at all said in regard to the propriety or impropriety of fixing the terms for the sale of the Saint Joseph and Western and the other branch roads to the intended consolidated company, arising out of the fact that not only Mr. Gould, but all the other gentlemen whom you have named, were directors of the company?—A. No, sir. Our interest in these properties were so small that we practically had nothing to say as to the terms on which they went in.

Q. Did it occur to you, as the holder of $100,000 Saint Joseph and Western bonds, which had cost you $40,000, that it was not proper for you to unite in the making of an arrangement which would give you $100,000 for the same bonds?—A. No, sir. It did not.

Q. That did not occur to you?—A. No, sir. At the same time I had $4,000,000 of stock of the Union Pacific, and I thought it was a great deal more important to me, for my Union Pacific stock, to have this thing carried out. What small interest I had in the Saint Joseph and Western or in the Kansas Pacific Companies cut no figure at all in the arrangement. I had $4,000,000 stock of the Union Pacific at this time, and a million dollars of the Union Pacific bonds; and I had $180,000 of the stock of the Kansas Pacific, and I had $100,000 of the bonds of the Saint Joseph and Western.

Q. So that your interest with the Union Pacific largely overbalanced the others?—A. I had $280,000 against $5,000,000.

Q. The object of my question is to ascertain whether this subject as to the propriety of acting in a dual capacity was at all discussed at this meeting?—A. No, sir; I do not think it was.

Commissioner ANDERSON. It applies very much more largely to Mr. Gould than to yourself or the other gentlemen?

The WITNESS. The point we take was that our interest in the Union Pacific was so large that we felt bound to get these things together on the best terms we could get out of Mr. Gould, and that paper was the result of what we considered was the best thing we could do with Mr. Gould.

AGREEMENT IN MR. DEXTER'S HANDWRITING.

Q. Mr. Dexter, you say, wrote out this for you?—A. Yes, sir; it is in his handwriting.

Q. It is written on Kansas Pacific Company heading, but it was done in Mr. Gould's library or parlors, you say?—A. That is my recollection.

Q. And immediately thereafter the gentlemen in question all signed it?—A. Yes, sir.

EXPLANATION OF THE SIGNATURE "R. S."

Q. I see the first signature, "R. S.," is a little enigmatical. Will you explain it?—A. I think the suggestion was made by Mr. Sage that the paper should be signed by initials.

Q. He took the initiative?—A. He seemed to be the only man to have acted on that suggestion.

Q. Those are Mr. Sage's initials?—A. Probably; yes, sir.

Commissioner ANDERSON. The other gentlemen, as follows: J. Gould, Frederick L. Ames, E. H. Baker, F. G. Dexter, Sidney Dillon, E. Atkins?

The WITNESS. Yes, sir.

The paper was then read by Commissioner Anderson. It is as follows:

THE CONSOLIDATION AGREEMENT.

KANSAS PACIFIC RAILWAY COMPANY,
New York, Jan'y 14, 1880.

Memo. of terms of agreement for consolidation of Union Pacific with Kansas Pacific in which the Denver Pacific, Saint Joe & Western, & Union Pacific, Eastern Division, are included.

All necessary papers, and any further agreements to be prepared by Judge Dillon on his return. The Union & Kansas Pacific, with all their respective assets and properties and liabilities, are to be put together, at par, of their respective capitals—$36,762,300 & $10,000,000, to which is to be added the capital of the Denver Pacific, $4,000,000, making the capital of the Union Pacific Railway Co., as the new line shall be called, $51,762,300.

The Denver Pacific capital, now an asset of the K. P., to be used after conversion into U. P. Railway stock to pay for shares and bonds of St. Joe & Western R. R. & St. Joe Bridge, as hereafter stated, & for other purposes.

The St. Joe & Western R. R. 1st mort. Bonds & stocks to the extent of a controlling interest in the same to be bought of parties now owning it, at par, for bonds & $90 a share for stock—payment to be made in U. P. Railway stock, at par.

The road to be leased to the U. P. Railway Co. for the interest on 1st mort. bonds, or otherwise as may be determined. The Bridge at St. Joseph is to be bought of parties now owning controlling interest in the bonds & shares of the same, at par, for bonds with the shares thrown in, & payment to be made either in shares of U. P. Railway, at par, or K. P. con. mort. bonds, at par.

The Union Pacific, Eastern Division, is to be taken at cost to Mr. Gould, & paid for in same securities that he gave, viz, about one-half in K. P. con. mort. bonds, & one-half in new U. P. 6 per cent. Trust bonds, both at par.

R. S.
JAY GOULD.
FREDK. L. AMES.
E. H. BAKER.
F. G. DEXTER.
SIDNEY DILLON.
E. ATKINS.

A MISDESCRIPTION IN THE AGREEMENT.

Q. What is this reference to the Union Pacific, Eastern Division?—A. That is the Central Branch.

Q. It was the proper name for the Kansas Pacific before it was called the Kansas Pacific; is that not so?—A. Oh, I beg pardon; that was—

Commissioner ANDERSON. That is true. The answer is correct, I think.

Mr. HOLMES. It is a misdescription.

Q. It is the old name of the Kansas Pacific?—A. Yes, sir; there was another name before that.

Mr. HOLMES. The Leavenworth, Pawnee and Western.

Q. The point is that it was the old name of the Kansas Pacific, and in writing this paper the error was made of using that name instead of using the Union Pacific, Central Branch.

Mr. HOLMES. The other way. The Central Branch Union Pacific.

ANOTHER ERROR IN THE PAPER.

Commissioner ANDERSON. There is another error that I may as well call your attention to, and that is the footing of the intended consolidation appears to be given at $51,000,000 instead of $50,000,000. It's a mere error, and the intention of the parties was that it should be $50,000,000?

The WITNESS. Yes, sir; it should have been $50,000,000 instead of $51,000,000. I see by that paper that the agreement as to putting the properties in at cost to Mr. Gould applied more particularly to the Central Branch, and I see that the rate was fixed for the Saint Joseph and Western in the agreement.

Q. Is it not a fact that all of the parties who signed this paper were interested in the bonds of the Saint Joseph and Western at the time they signed this paper?—A. I do not know. I had no means of knowing. I can only answer that for myself.

Q. You did subsequently convert your Saint Joseph and Western bonds and receive par in the securities here named for them, did you not?—A. Yes, sir; I think I received Union Pacific stock.

Q. And converted your stock of the Saint Joseph and Western at 20, as provided for here?—A. Yes, sir; and the bonds at par.

Q. At the time this agreement was made, what knowledge had you of the extent of Mr. Gould's holdings?

The WITNESS. In what?

Commissioner ANDERSON. In Kansas Pacific stock and Saint Joseph and Western bonds.

GOULD'S HOLDINGS IN KANSAS PACIFIC NEARLY DOUBLE THOSE IN UNION PACIFIC.

A. I think, as I remember, that he had nearly double the amount of Kansas Pacific stock that he had of the Union Pacific stock. I do not know that I knew as to his holdings in Saint Joseph and Western.

Q. Did he not disclose how many of these bonds he was going to put in under this agreement?—A. He probably did at that time.

Q. He *probably* did?—A. Yes, sir.

Q. Is it your recollection that he told you how many bonds he had of Saint Joseph and Western?—A. I do not remember as to that. I think undoubtedly we were told at the time how many bonds he could control.

Q. You mean how many bonds you were going to be required to pay for?—A. Yes, sir.

Q. You knew at the time just what he had paid for these bonds?—A. No, sir; I never knew it.

Q. Did you not get your bonds from him?—A. I got my bonds from him.

Q. Did he not tell you that he turned these bonds over to you at the price he had paid for them?—A. No, sir.

Q. He never said that?—A. No, sir; he never told me that.

Q. Then he reserved that for us. Was that not your belief at the time that you united in that purchase?—A. I did not think he had made a great deal of money out of it.

Q. You do not think so?—A. I knew pretty well what the bonds had been selling for for some time in the market.

Q. Did you not know as to this transaction, when Mr. Gould made it, how it was done? Did you know it was done through a number of guarantee companies in New York?—A. No, sir.

Q. By companies who held the bonds?—A. No, sir.

Q. You never knew about that?—A. I did not know the details.

Q. Did you not know that those bonds had sold as low as 6 and 7 cents on the dollar?—A. I knew they had.

Q. Had you been over the Saint Joseph and Western road?—A. Yes, sir; I believe I had.

Q. Did you know its financial condition?—A. I knew it as it was given out to the public.

Q. Did you know Mr. Bond, the receiver, personally?—A. Yes, sir.

Q. Had you and Mr. Bond talked about the road?—A. I do not think I ever had any conversation with Mr. Bond about it at all. I do not remember any.

Q. When was it you went over the road?—A. It was a long time before I had anything to do with it. Two or three years before.

GOULD CONTROLLED KANSAS PACIFIC SECURITIES.

Q. To go back to Mr. Gould's holdings at the time that paper was signed; you knew that he substantially held a controlling interest of the Kansas Pacific securities?—A. Yes, sir.

Q. And that he could use that fact for purposes that would be injurious to the Union Pacific?—A. Yes.

Q. And the other gentlemen who were with you also understood the matter in the same way?—A. Yes, sir; we all had that feeling—that they would be so used, unless we made some arrangement with him.

Q. How long after that paper was signed did the meeting break up?

The WITNESS. At Mr. Gould's house?

Commissioner ANDERSON. Yes.

A. At once, I think. I think that was the result of the evening's work, and we all went home and went to bed.

Q. You were pretty tired, I suppose?—A. Pretty tired, probably.

Q. You thought he might give you a rest. Mr. Dexter kept the paper, did he?—A. I am sure I do not remember about that.

THE PAPER MR. DEXTER WROTE RECENTLY FOUND.

Mr. JOHN F. DILLON. I can tell you. I found that paper among my own memoranda, and sent it over to Mr. Dexter to get the history of it. It had passed entirely out of my memory. I suppose I must have had it before me when I drew the articles, because I see I had the same names and the same amounts.

Commissioner ANDERSON. You corrected the errors of addition?

Mr. JOHN F. DILLON. I probably did.

Commissioner ANDERSON. You found it recently among your papers?

Mr. JOHN F. DILLON. Yes, sir.

Commissioner ANDERSON. Since the examination in New York?

Mr. JOHN F. DILLON. I had it. I told you I would like to see whether I had it. I had forgotten about it.

Commissioner ANDERSON. Then Mr. Gould is mistaken in saying that he delivered it to Mr. Dexter at this interview?

Mr. JOHN F. DILLON. Oh, no; I think not. I do not think I got it of Mr. Gould, but I do not know who I got it of.

Q. Did anything occur in regard to this matter between the 14th of January and the 24th of January to alter it in any way?—A. Not that I remember.

Q. Did the Boston gentlemen remain in New York most of this time, do you remember?—A. Probably not. We probably came back to Boston.

Q. Did you have anything to do with the preparation of the articles of consolidation?—A. No, sir; not that I remember.

Q. Did you know that instructions for their preparation were immediatly given, after that paper was signed?—A. Yes, sir.

Commissioner ANDERSON. I see by the paper that Judge John F. Dillon was away.

The WITNESS. Yes, sir.

Q. Do you remember how soon he returned?—A. No, sir; I do not.

Q. You know that he prepared them?—A. It has always been my impression and understanding that he prepared them.

THE SUIT TO RELEASE DENVER PACIFIC STOCK.

Q. Do you know anything of any events that occurred between the 14th of January and the 24th of January relating to the $4,000,000 Denver Pacific stock that are referred to in the paper?—A. No, sir; I do not remember anything.

Q. You know nothing about the suit of the Kansas Pacific Company against the trustees, Sage and Gould?—A. I simply remember that there was some proceeding brought there to authorize the trustees to release that stock to the company.

Q. Who told you about that suit at that time?—A. I think I got it either from Mr. Sidney Dillon or Judge Dillon. Probably Mr. Sidney Dillon.

Q. You knew the condition of the stock, that it was held by the trustees of the Kansas Pacific mortgage?—A. Yes, sir.

Q. And that it could not be used for the purposes stated in the agreement of January 14 unless it was extricated from that trust?—A. Yes, sir.

Q. Do you recollect what Mr. Sidney Dillon said to you about that suit?—A. No; only in a general way, that there was some proceeding to be taken to get authority from the court for the trustees to turn over that stock to the railroad company in exchange for some amount of Kansas Pacific consols which would be agreed upon.

Q. Did it strike you as singular that such a proceeding as that could be initiated, carried through, and completed between the 14th of January and the 24th of January?—A. I have no experience at all in New York courts. I do not know what could be done there.

Q. We lawyers of New York profess to be rapid. Then you had no conversation with Mr. Dillon in regard to the rapidity with which those proceedings had to be conducted?—A. No, sir.

Q. Did he tell you that he had been a witness in the case?—A. I do not remember that he did.

Q. Do you remember at all his saying that he had sworn that that security, even though released from the trust and used for the purposes intended, could not be made to be worth more than $200,000, or $300,000?—A. No, sir; I do not remember anything about that.

Q. He told you nothing about that?—A. Not that I remember.

Q. Since the consolidation have you made the subject of the earnings of the Union Pacific Railway a study?—A. Yes, sir.

Q. How closely have you examined them; from year to year or from month to month?—A. I have kept myself familiar with the earnings from month to month as they were reported.

AFTERNOON SESSION.

FREDERICK L. AMES, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. Have you prepared a statement showing, after the formation of this partnership between the Kansas Pacific system and the Union Pacific system, what amount during the years 1880, 1881, and 1882 these two divisions of the road contributed beyond their operating expenses, and what was left after each one of these divisions has been charged with the amounts required for meeting its fixed charges?—Answer. No, sir; I have not.

Commissioner ANDERSON. Mr. Mink, I understand you to say, can answer those questions better than you can.

The WITNESS. Yes, sir.

POOL AGREEMENT OF 1878.

Q. Do you remember the fact that at a meeting held in 1878 an agreement between the Union Pacific Company, the Colorado Central, the Denver Pacific, and the receivers of the Kansas Pacific, dated June 1, 1878, was reported to the direction of the Kansas Pacific for approval?—A. Yes, sir; I remember that agreement. It was a pooling agreement.

Q. Do you remember that at the time that agreement was reported its provisions were considered to represent fairly what the constituent parties would be entitled to receive?—A. Yes, sir.

Q. Please tell us what the percentages, as expressed in that agreement, were.—A. The Union Pacific received 72.858 per cent.

Q. Of what?—A. Of the total gross earnings.

Q. The total gross earnings of the pool?—A. Yes, sir.

Q. Taking charge of its own fixed charges out of that amount?—A. Yes, sir. The Omaha bridge was to draw 2.776 for its proportion; the Colorado Central was to receive 4.673 per cent.; the Kansas Pacific 19.693 per cent.

THE BASIS OF APPORTIONMENT.

Commissioner ANDERSON. On the next page I find the basis for this apportionment to have been obtained by a statement of the gross earnings of the respective parties for the preceding year, which are given as follows:

To the Union Pacific	$12,473,209
For the Omaha bridge	475,293
For the Denver Pacific	800,069
For the Kansas Pacific	3,371,306
Making a total of	17,119,777

I understand that the proposed pool divisions were based on the figures I have just read.

The WITNESS. That is the way I understood it at the time.

Q. The agreement then provides (I will give the substance of it only) that if either of the parties to this pooling arrangement shall earn more

than the distributive share of gross earnings, as fixed above, it is to receive 50 per cent., or half of such excess, or is to be allowed as compensation for the cost of transportation of freight, but not to be allowed for the transportation of passengers. Do you remember that?—A. Yes, sir.

Q. Then it provides at the end of the year for the readjustment of the percentages by arbitration, and provides for the keeping of careful accounts of the earnings of each party to the pool; and by the seventh article it provides that the agreement shall continue operative and controlling for the term of fifty years, and subject to the United States circuit court. Do you remember the fact that that agreement was adopted?—A. Yes, sir.

THE POOL OPERATIVE UNTIL CONSOLIDATION.

Q. Did it go into operation?—A. Yes, sir.

Q. Was it ratified by the circuit court, as far as the receivers were concerned?—A. I suppose it was; that was a matter that concerned the receivers.

Q. Did it remain in operation until the consolidation?—A. Until the consolidation, I believe; I think they can give you in the office the way that pool worked out for the Union Pacific; I think we had to pay the Kansas Pacific some money, under that arrangement, every month.

Q. Can Mr. Mink give us that?—A. Yes, sir; Mr. Mink can give you that.

Q. Do you remember a proceeding, in October, 1878, when there was some allegations that Mr. Villard had represented too closely certain interests, and he was charged with having been partial in the discharge of his duties?—A. No; I do not remember that. What was that?

CHARGES AGAINST HENRY VILLARD.

Q. That has escaped your memory, has it? It was in the Kansas Pacific meeting. The language is that—

Whereas Henry Villard, the New York receiver, has not been impartial in the discharge of his duties as such receiver, but, on the contrary, has shown a disposition to favor one class of securities at the expense and to the injury of the holders of other securities, and of the stockholders of this company:

Now, therefore, we, the Executive Committee of the Board of Directors of the Kansas Pacific Railway Company, deeming it our duty to see that all interests are impartially and equally protected, do hereby

Resolve, That the said Henry Villard has acted for the best interests of the company, and we do hereby ratify and confirm his said action in that behalf.

Q. Do you remember that fact?—A. No; I do not remember that.

Q. Do you remember the fact that one class of securities did complain that Mr. Villard had not treated them fairly?—A. Yes, sir; I remember there was some dissatisfaction. I could not remember now what particular class of securities it was that complained.

Q. He was supposed to represent the German interest, was he not?—A. Yes, sir; he was put in there as the representative of the Dutchmen.

Q. Do you remember that after the Saint Louis people were bought out there were certain changes which occurred in the board of direction?

The WITNESS. By the resignation of some gentlemen?

Commissioner ANDERSON. By resignation?

A. I remember that some of them resigned.

Q. And other people took their places?—A. Yes, sir.

THE UNION PACIFIC IN CONTROL OF KANSAS PACIFIC.

Q. Substantially, the fact was that the Union Pacific went into th control of the board?

The WITNESS. Yes, sir; I think they were in control before, wer they not?

Commissioner ANDERSON. Yes, sir; but I mean by holding position on the board, and the Saint Louis people withdrawing from the board

The WITNESS. Yes, sir.

Q. It appears from the minutes that the directors who then withdre were Messrs. Perry, Meier, Holmes, Carr, Edgell, Tredway, and Oake Ames, and that Russell Sage, A. Cammack, C. S. Garland, J. P. Usher G. M. Dodge, James R. Keene, and J. M. Ham became directors, an thereupon Mr. Sidney Dillon was elected president. At that same tim Mr. Sidney Dillon was president of the Union Pacific?—A. Yes, sir he was.

Q. Were all of these gentlemen whose names I have read, who wer then elected in the Kansas Pacific, also directors in the Union Pa cific?—A. No, sir.

Q. Russell Sage became a director in both companies?—A. Yes, sir he was a director.

Q. Addison Cammack was a director in both companies?—A. Ye sir.

Q. C. S. Garland and J. P. Usher?—A. No.

Q. They were not directors in the Union Pacific?—A. No.

Q. Was G. M. Dodge?—A. I think he was at that time.

Q. And James R. Keene?—A. Yes, sir; he was.

Q. And Mr. Ham?—A. He was not.

Q. But he was treasurer of the company?—A. He was assistan treasurer, I think, and assistant secretary.

GOULD'S LOAN OF $230,000.

Q. Do you remember a meeting, in July 1879, at which it was agree to make a note to Mr. Jay Gould for $230,372.10, with interest payab at 7 per cent. per annum?

The WITNESS. For what?

Commissioner ANDERSON. With a deposit of Kansas Pacific conso as security.

A. No, I do not; but has not that something to do with that tran action of the Vulcan Steel Works where he assumed that debt?

Commissioner ANDERSON. The proceeds to be used for the payme of June and December overdue interest coupons.

The WITNESS. What collateral was there with them?

Commissioner ANDERSON. $230,000 Kansas Pacific consols.

The WITNESS. No, sir; I do not remember that.

Q. It would appear that in July, 1879, this company had not suf ciently recovered from its financial difficulties to get along without bo rowing money in this way. Is that your recollection?—A. Very likel yes, sir.

ISSUE OF STOCK TO MEET DEMANDS.

Q. Do you remember this proceeding of October 10, 1879:

On motion of Mr. Sage, seconded by Mr. Dillon, the following resolution was una mously adopted:

Resolved, That for the coupons due November 1, 1879, on the consolidated bon issued in exchange for other securities of the Kansas Pacific Railway, and for

Denver Pacific Railway and Telegraph Company, and Denver and Boulder Valley Railway Company bonds, and for the floating debt of the Kansas Pacific Railway Company, to holders of said coupons entitled thereto, the stock of the company be issued at par in exchange therefor.

Do you remember that any proceeding was taken looking to the satisfaction of those demands by an issue of stock?—A. I had forgotten it. I know we were pretty hard up in those days for money.

Commissioner ANDERSON. That was on the 10th of October, 1879?

The WITNESS. Yes, sir.

Q. Do you remember the fact that at the time at which you describe the company as being pretty hard up its stock was selling at 80 or 90?—A. I think it was; yes, sir.

Q. Do you regard that quotation as being the natural judgment of the public as to the value of the property, or as being largely the result of the accumulation of this stock in a single control, and the eagerness of the public to follow in the lead of a man like Mr. Gould?—A. I think that probably had a great deal to do with it.

Q. The latter explanation?—A. Yes, sir; as I remember it, at the time of the consolidation the Kansas Pacific stock was selling higher than the Union Pacific.

Q. But your judgment is that that would not be a safe guide as to the real values of those two properties compared one with the other?—A. Probably not.

STOCK ISSUED TO PAY FIRST COUPONS ON CONSOLIDATED MORTGAGE.

Q. Do you remember at the meeting of the board on the 24th of January, after the consolidation had been effected, and the substantial business of that meeting terminated, that Mr. Sage moved that some 6,000 shares of Kansas Pacific stock, which up to that date had not been issued, be issued and applied to the payment of the first coupons on the consolidated bonds, and for other indebtedness of the company?—A. No, sir; I do not remember that, but that was very likely done.

Q. Do you know whether that stock was issued?—A. I think it was; I think that we issued all the stock that was to make up the full amount of $10,000,000 authorized stock.

Q. But you do not know to what purposes the proceeds of the stock were applied; whether as directed here or whether it simply went into the treasury of the company?—A. No, sir; I could not say; it is something that will be shown by the accounts.

DENVER AND SOUTH PARK ROAD.

Q. I understood you to say that you had no personal interest whatever in the Denver and South Park Railroad Company?—A. No, sir.

Q. Did you have anything to do with the construction of that railroad?—A. Never.

Q. Do you remember in September an agreement being reported at a meeting at which you were present, under which, in consideration of the sale of certain stock to Mr. Jay Gould (that is to say, stock in the Construction and Loan Company, which was engaged in building this Denver and South Park road), it was agreed that neither Mr. Gould, nor the Kansas Pacific Railway, nor the Union Pacific Railroad, should in any way discriminate against the Denver and South Park Company?

The WITNESS. When was that; September, 1879?

Commissioner ANDERSON. No; October 22, 1879?

A. No, sir; I do not remember anything about that.

Q. Do you remember that that Denver and South Park road was constructed after that time, and completed?—A. Yes, sir; I think some part of it was built at that time; I think it was being built.

Q. You remember that the Union Pacific finally acquired a large interest in it?—A. Yes, sir; that was some time after the consolidation, though.

Q. But it would appear from this extract from your minutes that you were informed that Mr. Gould had received portions of that stock under a construction contract?—A. Yes, sir.

Q. Were you at all familiar with the terms of the purchase by the company when the company bought its stock in the Denver and South Park Company?—A. I only remember the fact that we bought it in a lump; I think we bought some $3,000,000 or more of the stock directly, as I understood, from Governor Evans.

PRICE OF DENVER AND SOUTH PARK STOCK.

Q. Do you remember the price that was paid for the stock?—A. I think we paid par for it.

Q. Was it not above par?—A. I think not.

Q. Did you familiarize yourself at all with the road at the time of the purchase and ascertain what its value was?—A. Yes, sir; I had been over it a number of times.

Q. Was there a resolution in the proceedings of the executive committee of the Union Pacific Railway authorizing this purchase?—A. I think there must have been; I have never looked to see.

Q. When was it bought?—A. I think in 1881. Was it the summer of 1881?

Mr. MINK. I think it was in 1881.

Q. From whom was it bought?—A. It was bought from Governor Evans.

Q. Was he the sole seller?—A. He was the only one that, I think, was known in the transaction. I imagine that there was a pooling of all the interest in his hands.

Q. Did you not know, at the time the Union Pacific bought it, that Jay Gould was one of the sellers?—A. No, sir; I did not.

Q. You did not know that he had any interest in the stocks or bonds?—A. I imagine that he may have had some small interest in it, but no large interest in it.

Q. No special inquiry was made on that subject that you recall?—A. Not that I remember.

HISTORY OF THE DENVER AND SOUTH PARK.

Q. Do you know the financial history of that road from that day to the present?—A. Yes, sir.

Q. Has it ever earned more than its operating expenses?—A. I think it did the first three or four years that we had it, or two or three years. After that it ran behind.

Q. But you say it earned a surplus for one or two years after you took it?—A. I think for two years, and possibly three.

Q. Have you ever been over the road?—A. A great many times.

Q. Please describe the road; is it a narrow gauge?—A. It is a narrow gauge road, running from Denver up to Leadville, with a branch running over to Gunnison. It is a mountain road; it crosses the

mit, the divide, I think, in three or four places. It think it has the distinction of being the highest railroad in the world. There is one place, one summit it crosses, that is fourteen thousand and three or four hundred feet high, I think.

Q. Can you form an accurate judgment of what its cost would be for construction per mile in money and not in bonds?—A. Well, probably a great deal less now than it was at the time it was built. I should imagine it probably could be built now for $12,000 or $15,000 a mile. Perhaps $15,000.

Q. Is that not a high estimate for a narrow-gauge road?—A. Not for a road of this character. It's a road of very heavy grades; there is a great deal of very heavy work on it; it is a mountain road with some considerable tunnel-work and a great many snow-sheds.

Q. Is there much heavy masonry or bridging, or otherwise?—A. Yes, sir; there is some very heavy bridging and masonry, too; long, heavy trestles, and a great deal of rock excavation.

DECREASE IN TRAFFIC.

Q. What change has come over its traffic in the last few years?—A. The traffic has not only decreased very much in amount, but the rates, by competition, have been cut in two. The business has been carried probably for a quarter of what it was when we first bought it.

Q. The Union Pacific Company has recently ceased paying interest on these bonds, has it not?—A. On a portion of them; yes, sir.

Q. On a portion only?—A. Yes, sir.

Q. What portion?—A. That is the first mortgage on the first 150 miles of the road. Those were the bonds which were outstanding at the time we bought the road from Governor Evans. I think there were $1,400,000 of them.

Mr. JOHN F. DILLON. One million eight hundred thousand dollars.

Q. These bonds which the Union Pacific owned were included in one of your collateral trusts, were they not?—A. They were; yes, sir.

Q. In the trust on which the New England Trust Company had made a loan?—A. No; on which they acted as trustee.

Q. Who made the loan?—A. The public, I suppose; the people who had bought the bonds.

Q. They acted as trustees for the bonds that had been taken up?—A. Yes, sir.

Q. Was there any objection made by the trustee, or did any question arise in regard to that security which it held as a part of its trust?—A. No, sir.

Q. Was any question raised by them when the Denver and South Park represented themselves to be without funds to pay their interest?

The WITNESS. By the Trust Company?

THE UNION PACIFIC CEASE PAYING INTEREST ON PART OF DENVER AND SOUTH PARK BONDS.

Commissioner ANDERSON. Was a report made to your board that they were without funds to pay the interest, and did the trustee ask for instructions as to what it should do?

A. No, sir; there was a report made to the board that the Denver, South Park and Pacific Railroad Company would not have any funds to meet its interest. And then we asked the New England Trust Company, trustees under the collateral trust 5 per cent. indenture, to allow

us to substitute other securities, and we withdrew, or arranged to with-
draw, the South Park bonds from the collateral trust, as we had a right
to do by the terms of the trust instrument, upon the substitution of
other bonds for them.

Q. Certainly. But that was an indication that you did not any longer
consider these bonds as being the proper security to be held in a trust of
that character. Is that not so?—A. Yes, sir. The object of making the
substitution was that in case of default on these bonds the trustee might
have been put in a position where he would have been required to call
upon the Union Pacific to take up those bonds by money or substitution
of other bonds, and we preferred to do that ourselves voluntarily, before
the question arose with the trustee.

Q. Your action was then equivalent to a vote of want of confidence
in these bonds?—A. Yes, sir; it was liable to that construction.

Q. I find in your reports that the total issue of bonds on the Denver
and South Park was $4,725,000, of which the company held $2,797,000,
and there were afloat—the public held—$1,928,000. On what proportion
of the bonded indebtedness of this road was it that the Union Pacific
ceased to pay interest?—A. One million eight hundred thousand dol-
lars of the $1,928,000 that were afloat.

Q. That is, the underlying first mortgage that was on the property
when you bought it?—A. Yes, sir; these first mortgages are entirely
independent of each other. The $1,800,000 is on the first 150 miles
which we bought, and the other bonds were issued on the extensions of
the road which we have built since; and those are all first mortgages
too, on that part of the road.

Q. What proportion of the bonds held by the public are on the 15
miles?—A. The whole $1,800,000 that were issued.

Q. So the Union Pacific Company owns no portion of that $1,800,000?
—A. No, sir; they owned none of the bonds which were defaulted upon
on the 1st of May.

Q. And the Union Pacific Company does continue to pay the interest
on the bonds, which are a first lien on the extensions, that being in sub-
stance a payment to itself?—A. No interest has matured since the de-
fault of May 1st. The interest on the $1,800,000 in bonds was, I think,
all paid up to that time, or had been previously.

Q. It has paid the interest on the bonds which are a lien on the ex-
tension regularly, up to the last day?—A. Yes, sir.

Commissioner ANDERSON. I notice that some portion of the bonds on
the extension must be held by the public.

The WITNESS. I think there are one hundred and some odd thousand
dollars.

Q. One hundred and twenty-eight thousand dollars?—A. I think it is
likely.

Q. So that the effect of this payment of interest by the Union Pacific
is that all the payment of interest on its own bonds comes back to it-
self?—A. Yes, sir.

Q. But that the payment of interest on the $128,000 goes to the holders
of those bonds?—A. Yes, sir.

Q. Do you know where those bonds are, or who holds them?—A. I
do not know who holds them now.

Q. Did you ever know who held them?—A. Yes, sir.

Q. Who did hold them?—A. I think they were issued to the Westing-
house Company for air-brakes that were put upon the South Park equip-
ment.

Q. How long ago did the Westinghouse Company sell them?—A. I do not know that they ever sold them.

Q. They may own them now?—A. They may own them now.

Q. What would the object be of paying interest on those bonds at all, if the money merely goes back to the company, excepting that portion which goes to the Westinghouse Company?—A. I imagine it is more a matter of book-keeping than anything else.

Q. Is it not a matter of about $7,000 a year if the Company does not earn its interest?

The WITNESS. That which goes to the Westinghouse Company?

Commissioner ANDERSON. Yes, sir.

A. We had not made any default at all on any of the bonds up to that time. We were still paying the interest on the $1,800,000 bonds.

THE OBJECT OF PAYING INTEREST ON A PORTION OF DENVER AND SOUTH PARK BONDS.

Q. What was the object, or the advantage to the Union Pacific Company, in paying the interest on those $1,800,000 bonds if the Denver and South Park did not earn it?—A. It was a matter that was discussed a good deal, whether the amount of business which we were able to control in Colorado by the ownership and operation of that road did not give us a benefit in the long haul we got from Denver more than offsetting the loss which we would make in paying this interest. We were paying about $126,000 a year.

Q. Does it follow, if you ceased to pay interest on the bonds, that parties and business people on the line of the road who desire transportation of articles from the East would not pay their freight on it, and that you would cease to get the benefit of the haul over your own road? What difference would the payment of interest make?—A. The great bulk of the business of the South Park road was Leadville business, which was controlled by a pool between the South Park Company and the Denver and Rio Grande. Of course the interest of the Denver and Rio Grande was to take the whole of it if they could, and if we gave up the control of the South Park road we would practically turn over the whole of the Leadville business to the Denver and Rio Grande, and they, at that time, were working in connection with the Burlington and Missouri River road and the Atchison, Topeka and Santa Fé line. The result would have been that the Union Pacific would have been left out entirely.

Q. If you could not make this road pay under your management how could the Denver and Rio Grande road make it pay any better by operating it for themselves?—A. Because they would have the whole of the business there.

Commissioner LITTLER. They had an independent line.

Q. I understand that; but if the Denver and South Park operated in connection with the Union Pacific, and, receiving its merchandise over your road, was unable to make enough money to pay its interest on its bonds, then I ask how, by merely doing its business in connection with the Denver and Rio Grande, it could earn any more money than it did before?—A. If the Denver and Rio Grande had the whole of the business in their hands to deal with as they pleased they could use that business to get concessions or terms out of the roads connecting with them at Denver, which would pay them a great deal better than we could make it pay operating it independently.

Q. So that, for what might be called ulterior advantages derived out of other connections, it would be worth the while of the Denver and Rio Grande to take this road, even though the road itself did not earn enough to pay the interest on its bonds?—A. Yes, sir; the Denver and Rio Grande could have turned this whole business off the South Park road, which was a very much more expensive road to operate than their road, on to the Denver and Rio Grande road, and practically have done little or no business at all over the South Park line.

Q. How could the Denver and South Park take this road from you if you owned all the bonds on the extension except the trifle that was held by the Westinghouse Company?

The WITNESS. How could they take it from us?

Commissioner ANDERSON. How could they take, under the foreclosure of the $1,800,000, anything but the first 150 miles?

A. That is all they could take, probably, when we got the thing straightened out; but that 150 miles was the link that connected it with our system.

Q. Please give the exact limits of that 150 miles.—A. It is 150 miles running from Denver to the Arkansas River at Buena Vista. I think that substantially covers it.

THE "HIGH LINE."

By Commissioner LITTLER:

Q. What is the length of the High Line from Denver to Leadville? You know what is called the "High Line," turning off there at Como and running over the mountain to Breckenridge?—A. I could not give you the exact figures. It is about 65 miles.

Commissioner LITTLER. My question is how far it is from Leadville to Denver by the High Line?

Mr. MINK. I think that it is about 150 miles.

The WITNESS. There is another line that they call the High Line, by the Colorado Central over to Dillon.

Commissioner LITTLER. I have not been over that.

The WITNESS. Very few have.

By Commissioner ANDERSON:

Q. Then the 150 miles would carry the link that, in your judgment, would operate to the advantage to the Rio Grande road and to the disadvantage of the Union Pacific?—A. Yes, sir.

Q. It is that fact that has kept you paying interest during the past year?—A. Yes, sir.

Q. Is your judgment clear as to the future policy which should be pursued?—A. No, sir.

Q. You are in doubt about it?—A. I am in doubt about it.

Q. I believe I understood you to say that you did not know anything about the subject of the stock that Mr. Gould acquired under the Construction Company, or what his interest was?—A. No, sir; I never knew; on inquiry I find that the Denver, South Park and Pacific Railroad Company has not paid all the interest due on the bonds issued on the extensions; that company has had no funds with which to pay the coupons, and the Union Pacific Company has not deemed it wise to surrender its coupons and receive merely a credit for them on book account; my previous answers should, therefore, be modified to this extent.

Q. Do you know of any other of these branch roads on which the Union Pacific has been paying interest, and where the roads have not

themselves earned the interest so paid?—A. No, sir; I do not know of any others; this is the only branch road of the Union Pacific where the securities, to any extent, are outside of the Union Pacific treasury.

UNION PACIFIC PAYS INTEREST ON KANSAS CENTRAL BONDS.

Q. Take the Kansas Central; that does not earn its interest, does it?—A. No.

Q. And the Union Pacific still pays it?—A. Yes, sir; but I had forgotten the Kansas Central when I spoke; there are but $186,000 of the Kansas Central bonds out in the hands of the public, out of $1,348,000 issued.

Q. How much has that company run behind in earning its interest; take the gross deficit up to 1886?—A. I could not say.

Q. You have it in the report of 1886, have you not?—A. That balance of $867,000 is made up by charging the interest, as I understand it, on the bonds which are held by the company to that account.

Commissioner ANDERSON. The balance-sheet does declare that the amount by which this company has failed to earn the interest on all of its bonds, including those in the hands of the Union Pacific Company, is $867,000?

The WITNESS. Yes, sir; while actually the money paid out is only the annual interest of the $186,000.

Q. What is the object of continuing payment of interest on the bonds of the Kansas Central?

The WITNESS. On the $186,000?

Commissioner ANDERSON. On any of their bonds; is not the only effect to pay the holder of $186,000 of bonds interest on his bonds?—A. Yes, sir; I should say that the reason was that it was thought better policy to keep the road in hand than to allow it to go to foreclosure.

Q. If you hold four-fifths or seven-tenths of the bonds, what danger does the Union Pacific Railway anticipate from a foreclosure?—A. No particular danger, I should imagine.

Q. Do you know who holds that $186,000 bonds?—A. No, sir.

Q. You do not know to whom that interest was paid?—A. No, sir.

Q. Have you ever known?—A. I have never known. I imagine that those bonds were outstanding at the time we purchased the property.

Q. Do you know of any other of these branches on which the interest was being paid, which is not being earned?—A. The Oregon Short Line, I think, fell somewhat short last year.

Q. In the case of the Oregon Short Line, the company's interest is very small in the bonds, is it not?—A. No interest, I think, in the bonds.

Q. The bonds are substantially in the hands of the public?—A. Yes, sir.

Q. So that in that case a failure to pay the interest would lead to a loss of the road?—A. That would probably be the result of it.

POOR PROSPECTS OF KANSAS CENTRAL.

Q. It is a question of the policy or advantage of that road, as a connection with the Pacific Ocean, to the Union Pacific? I mean, it does not present the same question as is presented by the last two cases.—A. No, in regard to the Kansas Central, I would say that we have always been in hopes every year that the road would get on its feet, and show better earnings, and that there would be a change there which would enable the road to take care of itself.

Q. Is there anything to indicate a likelihood that that result is coming, in the financial history of the company, as contained in your book?—A. I think if we could keep the other railroads from building into that territory, we would very soon bring it about; but they are cutting it all to pieces now with new lines, and the chances look rather dubious.

Q. It never has had a good year's work since you got it, has it?—A. No, sir; when we first bought it we had practically to spend a great deal of money upon it in rebuilding the bridges. They had an extraordinary freshet on it, as I remember, the first summer, that swept away all the bridges on the road. We have spent a great deal of money on the property, looking towards the widening of the gauge at some future time, which has made the net earnings show very much less.

Q. The Kansas Central is one of the roads that was inherited from Mr. Gould on the 14th of January, I believe?—A. Yes, sir.

Q. It is mentioned in that paper, is it not?—A. Yes, sir.

THE UNION PACIFIC SELLS STOCK TO EXTINGUISH FLOATING DEBT.

Q. We find that on the 15th of December, 1880, the Union Pacific passed a resolution authorizing the company to sell, at its market value, the stock of the Union Pacific Railway Company, which is still the property of the company, for the extinction of the company's floating debt. During that year your company was paying dividends, and we desire you to explain how you reconcile the propriety of declaring dividends with the condition of finances which would require the sale of stock for the purpose of extinguishing the floating debt.

Commissioner LITTLER. And thereby increasing the liabilities of the company.

A. I do not directly see what connection the two things have with each other. The declaration of dividends is made upon the statement of the net earnings for the period covered by the dividends. And we might very well have earned the dividend several times over, and at the same time have been building roads and borrowing money and using our funds for other purposes, in addition to the property, which would not interfere with our rights to declare dividends, and pay them.

Q. Would you limit that explanation to the floating debt actually incurred in construction during the same year, and for which you could show the construction as the offset to the issue of stock; or would it be your judgment that, if a company earns in any given year enough to declare a dividend, it is proper to declare such dividend without reference to the condition of the floating debt, as created by the transactions of prior years? Suppose a company has a floating debt of $10,000,000 incurred no matter how, in the year 1883. It has net earnings, after deducting operating expenses and fixed charges, which leave a surplus of two millions of dollars. In your judgment would it be proper to declare a dividend out of that $2,000,000, without regard to the fact that at the commencement of the year you had a floating debt of $10,000,000?—A. That would depend, I think, entirely on what the floating debt was made from, or what was the cause of the floating debt. If the floating debt was the result of the expenditure of money to add to the property of the concern, for which we received additional roads, and we had the property to show for it, to be used to pay for the debt, I do not see any objection to paying a dividend if we have earned it. My idea is that it would be improper to pay a dividend where we had not earned the money, and had to run in debt to get the money to pay the dividend.

PROPRIETY OF DECLARING DIVIDENDS NOTWITHSTANDING A FLOATING DEBT EXISTED.

Q. The theory of the question is that you had earned the money, but that, upon prior transactions, you owed it; and I understand your explanation to be that if the floating debt was actually represented by property, either in the shape of construction or in the shape of legitimate purchases, in that case you consider it would be a proper thing to declare a dividend out of the earnings?—A. Yes, sir.

Q. Would it not be usual, if the floating debt had been created in the way you have described, to have it form a part of either a construction or investment account?—A. That is a matter of book-keeping.

Q. Is it not more than a matter of book-keeping? Is it not a fact, that when you spend money derived from earnings or otherwise for construction, that it immediately increases the construction account, and it is charged to construction?—A. I was speaking more particularly about, not the construction of the Union Pacific road itself, but money that was expended in building branches and extensions outside the Union Pacific.

MONEY EXPENDED IN BUILDING BRANCHES.

Commissioner ANDERSON. When you spend money in building branches outside of the Union Pacific you receive pay for them in all cases, as I understand it, by the stocks and the bonds of the roads constructed?

The WITNESS. Yes, sir.

Q. In such case is not the money that is used and spent in building the branch charged to investment account and taken out of your floating debt?—A. I do not know how it is charged; in fact, if we borrowed the money and had not paid it, it would still remain the floating debt.

Q. Then is it your judgment that this floating debt referred to when you declared this dividend, or during the year when you did declare dividends, in December, 1880, did represent actual expenditures for property and for value?—A. That is my understanding of it; yes, sir.

Q. And it was not the result of liabilities for temporary indebtedness or borrowed money?—A. I do not know that I understand the distinction. We borrowed the money to pay for this construction of these branch lines, the bonds and stocks representing which went into the treasury of the company. The acquisition of those bonds and stocks led to the creation of the floating debt.

Q. Your statement, then, is that for the floating debt there was an equivalent of property to show?—A. Yes, sir; I see that in the report for 1880 we constructed 279 miles of branch lines, which undoubtedly was paid for out of the $10,000,000 which you used for your illustration.

GOVERNMENT SUIT TO RECOVER MONEY.

Q. Do you recollect in 1876 that there was a suit pending against this company, instituted by the United States, under the bill that was passed on the report of the Wilson committee, with the avowed purpose of recovering moneys that were alleged to have been improperly taken from the company through the Credit Mobilier?—A. I remember there was such a suit; yes, sir.

Q. Do you remember the fate of that suit—what became of it?—A. I do not remember exactly. I remember that the suit was decided, as I

understood, in favor of the company, or of the stockholders, as against the Government.

Q. Do you remember the names of the prominent people who were threatened by that suit?—A. It included every one who had any interest in the Union Pacific.

Q. Do you remember the fact that while that suit was pending motions were made in the board of the Union Pacific by Mr. Jay Gould, ostensibly, that the company should itself institute proceedings against these same persons, and that Mr. Gould's motion was voted down? Do you recall something of that kind?—A. That I do not remember. I was not a member of the board until 1877.

Q. Still you say you were quite familiar with the affairs of the company?—A. Yes, sir.

Q. Do you not remember that it was then arranged through Mr. Gould, and on motion, I think, of Mr. Dexter, that a settlement should be made with all those people?—A. I remember there was a settlement made with all those people.

Q. What did you hear of that settlement when it was made? I do not mean mere rumors, but by conversation either with Dr. Dexter or with any of the parties to the settlement?

The WITNESS. As to what the settlement was?

Commissioner ANDERSON. Yes.

UNION PACIFIC AND CREDIT MOBILIER SETTLEMENT.

A. As I remember the settlement, there were certain claims of these people who were the stockholders in the Credit Mobilier. They had large claims against the Union Pacific Railroad Company, and these people gave up their stock. On the other hand, there were suits threatened by Mr. Gould as against these people, in behalf of the railroad company, and the result of the arrangement was that these people all surrendered their stock to the Union Pacific Railroad, and exchanged releases. There was no money paid, as I understand, to any one.

Q. Is it your understanding that the Union Pacific Company released to all these people the claims which the United States was then alleging in its bill against them, and demanding that they should pay back to the Union Pacific Railroad Company?—A. No, sir; my impression was that that settlement was made after the decision of the suit.

Q. That appears not to be so. But the question I ask you is, whether your understanding is that these same claims were described in the bill as arising out of the Credit Mobilier transactions, and representing a large mass of fraudulent payments, whereby many millions of dollars were taken away from the Union Pacific Company, and whereby these different persons were enriched; and that in that bill the prayer was that those persons should be required to account to the Union Pacific Railway Company and refund all amounts improperly taken?—A. I remember there was such an allegation and such a suit.

Q. The question I put to you is, whether the release that was obtained from the Union Pacific Railroad Company, through this action of Mr. Gould and Mr. Dexter, was a release of these very claims?—A. I think it was.

Q. So that, as you understand matters to-day, if the United States should ask the Union Pacific Railway Company to assign such claims to it for prosecution it would be unable to do so?—A. That is my understanding of it.

Q. Is it your personal belief that Mr. Gould intended seriously to bring such a suit?—A. I never believed that he did.

Mr. JOHN F. DILLON. How?

The WITNESS. I never believed that he did.

Commissioner ANDERSON. He did bring a suit, but nothing came of it.

The WITNESS. My idea at the time was that it was to bring about just such a settlement as was accomplished.

By Commissioner LITTLER:

Q. You have already stated that on the 14th of December, 1879, Mr. Gould owned a controlling interest in the Kansas Pacific, and he owned the Missouri Pacific. How much did he own in the Union Pacific? What was his holding in the Union Pacific Company?—A. It is my impression that it was somewhere between $2,000,000 and $2,500,000.

MEETING AT GOULD'S HOUSE ON JANUARY 14.

Q. When you gentlemen met at Mr. Gould's house on the 14th of January, and this paper was the result of your negotiations that night, would the directory of the Union Pacific have acceded to the terms contained in that paper if they could have avoided the transfer of the Kansas Pacific to the Missouri Pacific system, as threatened by Mr. Gould? Would you, as a director, have consented to those terms?—A. I think I should have staid out to try to get better terms, probably. But we did not think it was safe to wait.

Commissioner ANDERSON. Undoubtedly, from what you have said, the directory of the Union Pacific were largely controlled, in the signing of this paper, by reason of Mr. Gould having you cornered in that way.

The WITNESS. Yes, sir.

THE CONSOLIDATION A "GOOD TRADE."

Q. I want your opinion after this length of time as to whether that transaction was a wise one or not for the Union Pacific Railway Company.—A. I think it was eminently a wise one.

Q. You think it has proved to be so?—A. It has proved to be.

Q. Then you think that, notwithstanding Mr. Gould had you cornered, and compelled you to do what you did do, it has resulted beneficially to the Union Pacific Railroad?—A. I think it has resulted in a very good trade, indeed, for us.

Q. You would not take it back if you had a chance?—A. No, sir.

Q. You think this, notwithstanding the large increase in the capital stock of the consolidated company, and the large increase of fixed charges following the consolidation?—A. Yes, sir; I think so. The result of the consolidation was to diminish our fixed charges per mile very considerably.

REDUCED RATES THE CAUSE OF DECREASED EARNINGS.

Q. Can you explain how it is that the gross as well as the net earnings of the consolidated system have decreased in the last two or three years?—A. In the reduction of rates. There has been a very large increase in tonnage all the time, and the amount of business has increased very much.

Q. Why have you been compelled to reduce your rates under the line of competition?—A. Under the competition of the roads in the adjoining country.

Q. Do you know how much you made as an individual by this consolidation? I mean on your holdings?—A. I do not think I made anything.

Commissioner LITTLER. You are like Mr. Gould; you just came out even.

WITNESS' PROFITS FROM THE CONSOLIDATION.

The WITNESS. I got $180,000 par value of Kansas Pacific stock, which, at the time of the consolidation, stood in the market at a higher value than the Union Pacific stock, in which it was converted.

Q. Considering the fact that you did not give anything for that stock, you cleared $180,000 somewhere in the deal, did you not?—A. I did not clear it out of the consolidation.

Q. You cleared it in the deal, did you not?—A. No; I never sold the stock. I have got it yet.

Commissioner LITTLER. I guess you held on too long.

The WITNESS. I should not wonder.

MR. GOULD'S PROFITS FROM THE CONSOLIDATION.

Q. Assuming that Mr. Gould's holdings of stock in the Kansas Pacific cost him 6¼ cents a share, I wish you would state to this Commission his profits growing out of that transaction?—A. I do not know what his interest was.

Commissioner LITTLER. He had 79,000 shares.

Commissioner ANDERSON. That is 40,000 full shares.

The WITNESS. What did he pay for it?

Commissioner LITTLER. 6¼.

The WITNESS. What did he sell it for?

Commissioner LITTLER. He turned it into Union Pacific stock at par.

The WITNESS. They cost him $500,000 at that rate, and if he got $4,000,000 he made three and a half millions of dollars.

The CHAIRMAN. Have you any suggestion to offer the Commission?

The WITNESS. No; I would like to say one thing. The question of my exchange of the funding bonds was brought up. I wanted to say in regard to those bonds that they were considered at the time that I put them in—they drew 10 per cent. interest, and I was asked to exchange them for the consols which drew 6 per cent., and I was unwilling to put them in because I thought they were worth a great deal more than the consols were. They were considered a bond that was perfectly good. Finally, in order to let the thing go through, I consented to put them in with this guarantee that they should be made up equal to par at the end of six months.

Mr. JOHN F. DILLON. I should like to ask a question or two, without going into too much detail.

The CHAIRMAN. Certainly.

NO DIVIDENDS EXCEPT FROM EARNINGS.

By Mr. JOHN F. DILLON:

Q. The act of Congress provides, in terms, in this language, applicable to the old Union Pacific Company: "No dividend shall hereafter be made by the said company but from the actual earnings thereof." State whether or not you understand that the Union Pacific Company, after the year 1873, made, declared, or paid any dividend that it had not

earned.—A. No, sir; it did not. We were always very particular about that, because there was a clause in that act which made it for our interest.

Q. It made it penal?—A. It made it penal.

Q. Take the year in respect to which Mr. Anderson interrogated you, namely, 1880. I call your attention to page 4 of the company's report of that year, in which it is stated that after the payment of all the operating expenses, after the payment of its fixed charges, and after the payment of the dividends of that year, there was a surplus remaining of $2,656,078.92. I now ask you whether you understood in 1880 the fact to be that there was a considerable surplus of earnings, after the payment of this dividend?—A. Yes, sir; I understood it as it was shown in the report.

Q. And, so far as you know, such was the fact, and is the fact?—A. Yes, sir.

Q. Is that general statement true as to the other years in which you paid dividends?—A. Equally so as to every dividend that was paid.

WITNESS' INTEREST IN UNION PACIFIC.

Q. I think it important here for you to state to this Commission, if you can with accuracy, just what interest you had in the Kansas Pacific Company, and its interest, and what interest you had in the Union Pacific Company and its securities at the date of its consolidation?—A. In the Union Pacific, January 24, I had 38,612 shares of stock.

Q. Give the par value in money.—A. Three million eight hundred and sixty-one thousand two hundred dollars. I had $969,000 of the Union Pacific bonds; mostly in sinking-fund bonds.

Q. Is that all of the Union Pacific securities you had?—A. That was what I had in the Union Pacific.

Q. Amounting together in par value to what?—A. Four million eight hundred and thirty thousand dollars.

Mr. JOHN F. DILLON. Now give your interest in the Kansas Pacific.

WITNESS' INTEREST IN KANSAS PACIFIC.

The WITNESS. I had $179,600 in Kansas Pacific stock at par. I had $635,000 of Kansas Pacific consols, and $14,000 of Denver extensions.

Q. Amounting to how much, par value?—A. Eight hundred and twenty-eight thousand six hundred dollars.

Q. Your total interest, therefore, in Union Pacific was about $4,830,000, against $828,000 in Kansas Pacific, at the date of the consolidation?—A. Yes, sir.

Q. Will you state when and under what circumstances you acquired your interest in the Kansas Pacific security?—A. Three hundred and eighty-three thousand dollars of the $635,000 of consols I took in exchange for an equal amount of funding bonds.

Q. Where did you get the funding bonds?—A. The funding bonds were some bonds which we had as collateral for money loaned the Kansas Pacific road, and which we took in settlement of the debt or of their notes. We surrendered their notes and took the bonds.

Q. In what year?—A. I think in 1878.

Q. That was a transaction wholly irrespective of any consolidation?—A. Entirely; nothing was thought or dreamed of, of that kind, at that time.

Q. Where and when did you get your other interest in Kansas Pacific securities?—A. I think that I bought the bonds in the market.

Q. How early? When did you buy them?—A. I could not tell without looking at my books. I think along in 1878 and in 1879; in 1879, probably.

Q. Does this statement include your interest in the Saint Joseph and Western?—A. No, sir.

Q. You had how much of the securities of the Saint Joseph and Western?—A. I had $100,000 of the first-mortgage bonds and 475 shares.

Q. You stated 450 before; which was it?—A. Four hundred and seventy-five shares of stock.

Q. When did you acquire that?—A. I got that May 2, 1879.

Q. It was wholly irrespective of the consolidation.—A. Entirely so; long before it was thought of.

Q. Did you acquire any of these securities with any reference to the consolidation which was effected in January, 1880?—A. None of them at all; not a dollar.

Q. Did you, as an individual, purchase or sell any shares or securities on the market or in any way make any transaction, with a view to profit or otherwise, based upon the fact that a consolidation would or might be made?—A. I never bought a share or sold a share of stock or a bond.

HIS PRESENT INTEREST IN UNION PACIFIC.

Q. What is your interest now in the Union Pacific Company?—A. About 40,000 shares.

Q. You never sold any of your interest?—A. No, sir.

Q. You have held it through good report and ill report, have you?—A. Yes, sir; and got left.

Q. How high did the stock go after the consolidation?—A. I think it went up to somewheres between 135 and 140.

Q. When it turned, how low did it go?—A. It went out of sight.

Commissioner ANDERSON. Thirty-nine.

Mr. JOHN F. DILLON. I want to get it on the record.

The WITNESS. Somewheres about 30, I think.

Q. What is it now, about?—A. About 62, I think.

Q. How does the interest which you have in the Union Pacific at this time compare in amount with the interest which you had in 1880, at the date of the consolidation?—A. It is larger.

Q. You are now one of the largest shareholders, I suppose, in the Union Pacific Company?—A. I think so.

THE GOOD FAITH OF THE PARTIES IN FORMING THE CONSOLIDATION.

Q. As far as I can see, the point of these specific inquiries in regard to the consolidation which this Commission is making in obedience to some requirements of the act of Congress, seems to be directed to the good faith of the parties who, on the part of the Union Pacific, entered into that arrangement. It appears from your statement, as you had only about $800,000 Kansas Pacific securities against $5,000,000 of Union Pacific securities, that any bad bargain you made would hurt yourself. I now want to ask you more particularly as to the good faith with which, as an individual, you entered into this arrangement, and I would like to have you state somewhat in detail the motives and considerations which actuated you in acceding to this arrangement.—A. I do not think that in making this arrangement the fact ever occurred to

any of the parties interested in the Union Pacific road, or that it cut any figure in influencing their minds, that they had a small interest in the Kansas Pacific stock, which was the only security which would be affected at all by the consolidation. As I said before, the fact was that at that time the Kansas Pacific stock was selling higher in Wall street than the Union Pacific stock. We felt at the time that if we allowed this opportunity to go by to put the two properties together and allowed Mr. Gould to retain the Kansas Pacific and use it in connection with his Missouri Pacific system, it would, practically, be fatal to our interests in the Union Pacific; that he would be competing with us all along on our line, cutting up our local business, and that we should have to go to the wall. We all felt it was a matter of life and death to the Union Pacific Company to secure this consolidation and to prevent the Kansas Pacific from going into and forming a part of the Missouri Pacific system.

Q. I will not ask you in detail as to the relative interest of Mr. Baker, who also signed this agreement, and of Mr. Dexter and Mr. Atkins and Mr. Dillon. As they have been or will be examined, and have spoken or can speak for themselves. I ask, generally, your understanding as to their respective interests in the two companies at the date of the consolidation.—A. It was understood at the time that their interests were all very small in the Kansas Pacific Company.

Q. In comparison with what they had in the Union Pacific?—A. In comparison with what they had in the Union Pacific, and I am sure we all worked in the interest of the Union Pacific Company as strongly as we could.

THE MEETING ON JANUARY 14 AT GOULD'S HOUSE.

Mr. JOHN F. DILLON. When you met, on the evening of the 14th of January, at the house of Mr. Gould, there seemed to have been present, among the gentlemen who subscribed the agreement, Russell Sage, Jay Gould, yourself, Mr. Baker, Mr. Dexter, Mr. Sidney Dillon, and Mr. Atkins. Practically that was a negotiation, as I understand it, between Mr. Sage and Mr. Gould on one hand, and the other gentlemen, including yourself, on the other hand; the latter as representatives of the Union Pacific Company?

The WITNESS. That is the way we understood it at the time.

Mr. JOHN F. DILLON. You were there face to face, at arm's length, each struggling for the assertion of your rights, and to make the best bargain you could?

The WITNESS. Yes, sir.

Q. I want to ask you directly whether the fact that you held at that time about $800,000 of the securities of the Kansas Pacific Company against about $5,000,000 of the other had any influence in your mind or in your judgment in determining you to assent to this arrangement embodied in the paper?—A. Not the slightest. Because we all felt that whatever happened, if the thing drifted apart, very likely the Kansas Pacific securities, both the bonds and the stock, would be worth more to us who held them, with Mr. Gould managing the roads as an independent system, than possibly they might be if merged into the consolidated company.

Q. At that time, as the stock of the Kansas Pacific in the market was worth the most, so far as your interest represented in the stock was concerned, there was no prospect of profit by converting one into the other?—A. No, sir.

THE SITUATION OF AFFAIRS IN 1880.

Q. At that time, namely, in January, 1880, the situation was this, was it not, as you understood it and as you now understand it: That Mr. Gould had the control of the Missouri Pacific absolutely in his hands?—A. Yes, sir.

Q. That he had absolute dominion over the Central Branch?—A. Yes, sir.

Q. Also over the Kansas Central?—A. The Kansas Central, I think, was included in his purchase of the Missouri Pacific.

Q. So he states and so it is. He had also the control of the Saint Joseph and Western?—A. Yes, sir.

Q. Let us suppose that the other event had happened, namely, that you had separated at that meeting and war had come, the Union Pacific remaining in the hands of yourself and your friends, the Missouri Pacific and the Kansas Pacific, the Central Branch, the Saint Joseph and Western, and the Kansas Central remaining in the hands of Mr. Gould and his friends, the latter being managed with a view to its possibilities and to its interest. What did you fear then, and what do you believe now, would have been the result of the failure to agree on some plan of unificatiom and identity of interest with respect to these properties?—A. I believe it would have been very disastrous to the Union Pacific. Of course I could not undertake to say what would have happened, but what probably would have happened was very unpleasant for us to consider at the time.

POSSIBLE RESULTS IF CONSOLIDATION HAD NOT TAKEN PLACE.

Q. Let us look at it; suppose the Central branch had been extended on the natural line west, it lying between the Union Pacific on the north and the Kansas Pacific on the south, and running nearly parallel to the Kansas Pacific, and in a direct line to Denver; how would the extension of that road have affected the values of the Union Pacific property?—A. It would have damaged the Union Pacific very seriously. It would have drawn away a great deal of business which we now get, and it would have put that whole territory into occupation by Mr. Gould, and we should have had to cut our rates and our income would have been very materially impaired.

Q. On the other hand, there was the Saint Joseph and Western; how would that, in the hands of a rival and hostile interest, able to hold it and to push it for what it was worth, have been used injuriously to affect the values of the Union Pacific property?—A. It could have been used to cover the country that was tributary to the Union Pacific division, and would have drawn off a great quantity of business which we got and carried it down to the Missouri Pacific system, and we should have lost it. It would have made a great difference in our earnings.

THE SAINT JOSEPH AND HASTINGS AS CHECKMATE TO IOWA ROADS.

Q. Mr. Gould stated in his testimony that one reason which operated with him as a motive for acquiring the Saint Joseph and Western property, and its extension from Hastings to Grand Island, was to enable you to have a counter-check on the Iowa roads, so as to have an eastern outlet in that way in case they attempted to deprive you of the constructive mileage which they had always theretofore awarded, namely, one and one-half or two to one; do you recollect that?—A. Yes, sir;

all the roads with whom we connected at Omaha united in what was called the Omaha pool, and they were disposed at times to sit down on the Union Pacific very hard, and to cut down the allowance which we had about constructive mileage; and as a means of protecting ourselves against that, and making ourselves independent of them, it was thought very important that we should have this line, which would give us connections outside the Iowa pool and make us independent.

Q. The Union Pacific people (neither you nor any other director) had no interest in the acquisition of the Central Branch by Mr. Gould?—A. No, sir; never.

Q. You were not interested as a seller, were you?—A. Not at all.

Q. Not a cent?—A. No, nor in buying.

Q. Nor were you interested in the purchase which Mr. Gould made?—A. Not a cent in any way.

Q. He has testified, and I believe it is not now disputed, that he turned it over to the consolidated company at just what it cost; that is your understanding?—A. Yes, sir.

Q. I will ask you now, as that is an element here, whether the turning over of the Central branch and the Kansas Central to the Union Pacific were the terms which Mr. Gould insisted on?—A. No, sir.

Q. Or whether they were the terms that the Union Pacific wanted made?—A. The Union Pacific insisted on their coming into the trade and being covered by the preliminary consolidation agreement.

AGREEMENTS CONCERNING KANSAS CENTRAL AND CENTRAL BRANCH.

Q. In that connection I will ask you what that is [handing paper to the witness].—A. This is an agreement for the operation of the Central Branch and the Kansas Central.

Q. This is an agreement, or purporting to be, between the Kansas Central Company, party of the first part, the Central Branch of the Union Pacific Railway Company, party of the second part, and the Missouri Pacific Railway Company, party of the third part. It is dated the 6th day of December, 1880, and is signed by the Kansas Central Railroad Company, by Sidney Dillon, president; the Central Branch Union Pacific Company, by Sidney Dillon, president; and by the Missouri Pacific Railway Company, by Jay Gould, president. It was not reduced to form?—A. No. This was included in the agreement of January, 1880.

Q. It recites, among other things, that it was understood at the time the Union Pacific obtained the control of the parties of the first and second parts—that is, of the Kansas Central and the Central Branch—that an equitable arrangement between the parties hereto of the general nature embodied in this contract should be made. That, I understand, is a true recital according to your recollection?—A. Yes, sir.

CONSTRUCTIVE MILEAGE.

Q. It provides that it shall be operated in the most economical manner, and in such manner as to yield to the parties of the first part the largest practical amount of revenue. Then follows this clause:

It is expressly understood by the parties hereto that all the business done by said roads of the first and second parties [that is, the Central Branch and the Kansas Central] and taken from said roads and delivered to the Missouri Pacific, shall be adjusted and settled for on the same basis as the Iowa roads in respect to the local business of the Union Pacific Railway.

What did you understand that clause to mean?—A. That was to give us constructive mileage.

Q. That is to say, you stipulated for the same advantage in the way of what is very inaptly termed, I think, constructive mileage, that you got from the Eastern roads on the Union Pacific proper?—A. Yes, sir.

Q. Then is contained a provision that it is understood that this agreement may be terminated by either of the parties on six months' notice, but if terminated it is also understood and agreed that some other equitable arrangement shall be made, and that in any other arrangement that may be made or contemplated the business from said road shall be given to the Missouri Pacific Railway on equitable terms and conditions to be agreed upon. How long did this agreement, as respects the Central Branch, remain in force?—A. Until about a year ago.

NEW LEASE OF CENTRAL BRANCH MADE A YEAR AGO.

Q. Then what happened?—A. Then we made a new lease (I do not remember the number of years) for the balance of the term of this, I think.

Q. There are no specific terms in there. You made a new lease, which appears and is in writing?—A. Yes, sir; twenty-five years, I think.

Q. That was done in pursuance of the original understanding?—A. Yes, sir.

Q. The result of which is, if I understand it, namely, that the Union Pacific gets the net earnings of this road?—A. Yes, sir.

Q. They own the stock and therefore can control the extensions, and prevent its being extended as to invade territory which, if invaded, would result in an injury to your other property?—A. Yes, sir; they own about 86 per cent. of the stock.

Q. It would appear from the testimony here that the Kansas Central is not operated by the Missouri Pacific. Can you give the reason why?—A. This agreement was made and signed here by Mr. Sidney Dillon, as president of the Kansas Pacific; and when the Missouri Pacific undertook to act upon that, they discovered that Mr. Dillon was not the president of the Kansas Central road; neither did the Union Pacific own a controlling interest in the securities. So, naturally, the agreement, as far as the Kansas Central was concerned, fell through.

Q. The only effect of which is that, instead of being operated by the Missouri Pacific, it is operated as one of the associated or allied lines of the Union Pacific system?—A. Yes, sir.

Mr. JOHN F. DILLON. I offer that agreement in evidence.

It is marked "Exhibit No. 1, May 25, 1887," and is as follows:

Agreement between the Kansas Central Railroad Company, party of the first part, and the Central Branch of the Union Pacific Railway Company, party of the second part, and the Missouri Pacific Railway Company, party of the third part, witnesseth:

Whereas the road of the party of the first part and the road of the party of the second part connect with the road of the party of the third part; and

Whereas the Union Pacific Railway Company is the beneficial owner and controller of the party of the first part and the party of the second part; and

Whereas it is deemed desirable by the parties in interest to make an arrangement so as to secure the economical operation of the road of the party of the first part, and the road of the party of the second part; and

Whereas it was understood at the time the Union Pacific Railway Company obtained the control of the parties of the first and second parts that an equitable arrangement between the parties hereto of the general nature embodied in this contract should be made; and

Whereas it is believed that the arrangement embodied in this contract, whereby the party of the third part will agree to operate the road of the party of the first part and the road of the party of the second, will, if properly carried out, result to the advantage of the parties concerned:

Now, it is hereby agreed by the party of the first part for itself, and the party of the second part for itself, that their respective roads may be run and operated by the party of the third party until this agreement is terminated as herein provided.

The Missouri Pacific Railway Company is to operate the said roads during the continuance of this agreement in the most economical manner practicable, and in such manner as shall yield to the party of the first part and the party of the second part the largest practicable amount of revenue.

It is expressly understood by the parties hereto that all the business done by said roads of the first and second parties, and taken from said roads, and delivered to the Missouri Pacific, shall be adjusted and settled for on the same basis as the Iowa roads in respect to the local business of the Union Pacific Railway.

It is understood that the purpose of this agreement is to secure the harmonious and beneficial operation and use of the said roads in the interest of all the parties concerned. The said party of the third part is not to operate the said road of the first and second parties to their detriment, or that of the Union Pacific Railway Company, but fairly and equitably to all parties concerned. All business taken from the said roads that would be competitive business, if this agreement were not made, shall be pooled wherever practicable.

It is understood that this agreement may be terminated by either of the parties on six months' notice, but if terminated it is also understood and agreed that some other equitable arrangement shall be made, and that in any other arrangement that may be made or contemplated, the business from said roads shall be given to the Missouri Pacific Pacific Railway on equitable terms and conditions to be agreed upon.

It is hereby expressly agreed that any dispute that may arise under this agreement shall be referred to the president of the party of the third part and to the president of the Union Pacific Railway Company for settlement.

The said party of the third part hereby agrees to pay over respectively to the parties of the first and second parts all the net earnings of their respective roads, and to render to them respectively regular monthly accounts of the earnings and expenses.

In witness whereof the said parties have executed this contract this 6th day of December, 1880.

KANSAS CENTRAL RAILROAD COMPANY,
By SIDNEY DILLON, *President.*

[SEAL.] CENTRAL BRANCH UNION PACIFIC RAILROAD COMPANY,
By SIDNEY DILLON, *President.*

Attest:
A. H. CALEF, *Assistant Secretary.*

[SEAL.] THE MISSOURI PACIFIC RAILWAY COMPANY,
By JAY GOULD, *President.*
A. H. CALEF, *Secretary.*

DIRECTOR SINCE MARCH, 1887.

Q. How long have you been a director in the Union Pacific?—A. Since March, 1877; ten years.

Q. Giving how much attention to its general affairs?—A. I have given a good deal of attention to them. I am in and out here every day, and keep myself posted.

Q. Are you in the habit of going over the road every year?—A. Yes, sir.

Q. How long have you been a member of the executive committee?—A. Since I have been a director, ten years.

METHOD OF ACQUIRING BRANCH LINES.

Q. During the ten years it appears from the facts already before the Commission that nearly all the branch and associated lines of this sys-

tem have been acquired. I wish you to state the manner—I do not want you to go into detail, but I want to show, if I can, the good faith and integrity of the management of the company—in which these branches and additional lines have been acquired.—A. All the branch lines of the Union Pacific road, with the exception of the Oregon Short Line, have been built by the company for cash, and all the securities, both stock and bonds, that have ever been issued on them, have gone into the treasury of the company.

NO IMPROPER PROFITS TO DIRECTORS OR OFFICERS.

Q. During the period of your connection with the company as a director and as a member of its executive committee, and as one fully cognizant of its affairs, I want to ask you, in the broadest possible manner, whether you ever made any personal profit, or whether any other member of the board of direction or other officer of the company, within your knowledge, has been interested in any contract for the purchase of materials or the building or extension of roads or acquiring of the securities by which these roads have been added to the system?—A. As far as I am concerned I would say that I have never made a cent out of the construction of any branch of the Union Pacific road, and I never had any interest in any concern or company that made any money out of them in any way, and I do not believe or know of any director or officer of the company who has ever done so.

Q. Has it, on the other hand, rather been your pride since your connection with the company to keep it in all respects clean and beyond unfair criticism?

Commissioner LITTLER. Do you not think your interrogatories are a little leading!

The WITNESS. I think so.

Mr. JOHN F. DILLON. That is not any objection with a fair witness. I want that question to go on the record. I do not see any point to this investigation on this subject, except as intended to impeach these gentlemen.

A. We have always prided ourselves on it. We have never allowed any one to have an opportunity to make any money out of the company. We have tried, as far as we could, to keep its record clean, and we believe it is clean.

THE SOUTH PARK ROAD.

Q. A word or two about the South Park road. Do you recollect the purchase of that road and the investment of the company in other securities, being specifically submitted to the shareholders of your company, and if so, what action did they take thereon?—A. My recollection is that at one of the stockholders' meetings a list of those securities was submitted, or the transactions resulting in the purchase of those securities was submitted and a vote of the stockholders was had ratifying and approving it.

Mr. JOHN F. DILLON. I will ask you to have the vote you refer to annexed to your answer as a part of your testimony.

The CHAIRMAN. There is no objection to that.

It is as follows:

EXTRACT FROM MINUTES OF MARCH 7, 1883.

Extract from the records of the proceedings of the stockholders of the Union Pacific Railway Company at their meeting held at the office of the company, No. 195 Broadway, New York, on March 7, 1883.

No. 2. Whereas investments of the earnings and means of this company have heretofore been made from time to time in the stocks and bonds of other companies, as follows:

Statement of stocks and bonds owned by the Union Pacific Railway Company, held in the consolidated mortgage trust, December 31, 1882.

	Stocks.	Bonds.
Junction City and Fort Kearney Railway Company	$720,000	$970,000
Golden, Boulder and Caribou Railroad Company	60,000	60,000
Solomon Railroad Company	1,000,300	575,000
Denver and Boulder Valley Railroad Company	.....	540,000
Lawrence and Emporia Railroad Company	.....	465,000
Salina and Southwestern Railroad Company	.....	540,000
National Land Company	94,800	.....
Totals	1,875,300	3,150,000

Statement of stocks and bonds owned by the Union Pacific Railway Company, December 31, 1882.

	Stocks.	Bonds.
Omaha, Niobrara and Black Hills Railroad Company	$977,000 00	$977,000 00
Omaha and Republican Valley Railroad Company	928,900 00	1,851,000 00
Marysville and Blue Valley Railroad Company	64,000 00	128,000 00
Echo and Park City Railway Company	480,000 00	480,000 00
Utah and Northern Railway Company	4,816,400 00	4,968,000 00
Colorado Central Railroad Company	6,229,000 00	4,697,000 00
Colorado Central Railroad Company of Wyoming Territory	130,000 00	.....
Lawrence and Emporia Railroad Company	465,000 00	.....
Salina and Southwestern Railroad Company	231,700 00	.....
Saint Joseph Bridge Building Company	500,000 00	784,000 00
Central Branch Union Pacific Railroad Company	858,700 00	.....
Atchison, Colorado and Pacific Railroad Company	150,000 00	508,000 00
Kansas Central Railroad Company	1,313,400 00	1,162,000 00
Utah and Nevada Railroad Company	438,500 00	.....
Manhattan, Alma and Burlingame Railroad Company	400,000 00	330,000 00
Nevada Central Railway Company	950,500 00	250,000 00
Denver, South Park and Pacific Railroad Company	5,192,500 00	1,489,000 00
Wasatch and Jordan Valley Railroad Company	.....	10,000 00
Manhattan and Blue Valley Railroad Company	44,341 98	.....
Saint Joseph and Western Railway Company	1,536,200 00	.....
Saint Joseph and Pacific Railroad Company, first mortgage	.....	1,303,389 00
Kansas and Nebraska Railroad Company, first mortgage	.....	1,114,661 40
Kansas and Nebraska Railroad Company second mortgage	.....	24,700 00
Saint Joseph and Denver City Railroad, receivers' certificates	.....	113,000 00
Hastings and Grand Island Railroad Company	.....	375,000 00
Utah Central Railway Company	1,886,900 00	.....
Utah Southern Railroad Extension	.....	982,000 00
Saint Louis, Council Bluffs and Omaha Railroad Company	.....	19,500 00
Denver, Western and Pacific Railroad Company	762,500 00	694,000 00
Loveland Pass Mining and Railroad Tunnel Company	4,400 00	400,000 00
Salt Lake and Western Railroad Company	1,080,000 00	1,080,000 00
Grays Peak, Snake River and Leadville Railroad Company	6,000 00	.....
Colorado Western Railroad Company	9,100 00	.....
Totals	29,462,041 98	23,749,230 40

Statement of miscellaneous stocks and bonds owned by the Union Pacific Railway Company December 31, 1882.

	Stocks.	Bonds.
Elk Township, Cloud County, Kansas, bonds		$11,000
Lawrence Township, Cloud County, Kansas, bonds		10,000
Lincoln Township, Cloud County, Kansas, bonds		17,000
Clyde City, Cloud County, Kansas, bonds		000
McPherson Township, McPherson County, bonds		5,000
McPherson City, McPherson County, bonds		2,000
National Mining and Industrial Association, Colorado		10,000
Occidental and Oriental Steamship Company	$150,000	
Kansas Central Elevator Company	25,000	
Union Depot Company, Kansas City	1,000	
Saint Joseph Union Depot Company	1,000	
Kansas Carbon Company	250,000	
Welch Coal Mining Company	100,000	
Topeka Iron Company	55,000	
Denver and South Park Railroad Construction and Land Company	12,000	
Bakerville and Leadville Toll Road Company	22,000	
National Land Company	9,500	
Saint Louis and Mississippi Valley Transportation Company	100,000	
Union Elevator Company, Omaha	76,500	
Other small investments	18,000	
Totals	822,000	56,000

Statement of stocks and bonds of the company owned by the Union Pacific Railway Company, December 31, 1882.

	Stocks.	Bonds.
Union Pacific Railroad Company, Omaha bridge bonds		$5,000
Kansas Pacific Railroad Company consolidated mortgage bonds		1,892,000
Union Pacific Railway Company stock	$50	
Union Pacific Railroad Company stock	159,600	
Kansas Pacific Railway Company stock	200	
Denver Pacific and Telegraph Company stock	300	
Totals	160,150	1,897,000

Now, therefore, resolved, that the stockholders sanction and approve each of the said investments, and the policy and purpose of the directors and executive officers of the company in making the same; and the said investments, and each of the same, are hereby ratified and confirmed as the lawful corporate act of said company.

WHEN UNION PACIFIC ACQUIRED THE SOUTH PARK ROAD.

Q. There seems to have been a little uncertainty in your mind as to when the South Park road was acquired. I read from the Report of the Union Pacific Company for 1884, at page 30, in which it states that the South Park Company came into the control of the Union Pacific Company January, 1881, by the purchase of stock, and that it completed the line. Your memory thus being refreshed, what would you say as to the time when the South Park road was acquired; was it in 1881 or before?—A. In 1881.

Mr. JOHN F. DILLON. It says it came into its control January, 1881.

The WITNESS. It was my impression that we took it in 1881.

Mr. JOHN F. DILLON. It must have been before, for it says that you came into the control of it in January, 1881. Would it not be in 1880, rather than 1881, if this statement is right; did you acquire the control of it January 1, 1881?

The WITNESS. Well, I do not know. I should have supposed, naturally, that we would not have come into the control of it until we had purchased the stock.

Q. In 1880 it is reported that there were 162 miles operated, and in 1881, December 31, 213 miles; who made the extension there, as you understand it?—A. The Union Pacific Company. At the time we took the road there was a large amount of construction under way. The road over to Gunnison was under construction, and I think some part of it, perhaps, had been completed, so that it was being operated.

Q. Do you recollect the amount of stock on the road at the time you purchased it?—A. I think it was a little over $3,000,000 of stock.

Q. The official report is that in the year 1880 the South Park road earned *net* $996,000; was it your understanding at the time you made this purchase that it was a large dividend-earning property?—A. Yes, sir.

DENVER AND RIO GRANDE'S OFFER TO BUY SOUTH PARK ROAD.

Q. And was not that the fact?—A. Yes, sir; at the time we bought it we considered it was going to be a very profitable piece of property. I would say here that immediately after we made the purchase the Denver and Rio Grande people came to us—General Palmer, who was then managing it—and offered us $500,000 bonus.

Commissioner ANDERSON. We heard it was $50,000.

The WITNESS. Five hundred thousand dollars; it was not $50,000.

Commissioner LITTLER. Who made the offer?

The WITNESS. General Palmer came to me in New York one day and said if I would get our people to surrender and give us that trade, he would reimburse us for all we had paid and give us $500,000 bonus.

Q. Who was General Palmer?—A. He was the president and manager of the Denver and Rio Grande Railroad.

Q. He was a power in the Denver and Rio Grande?—A. Yes, sir.

Q. Do you know anything about the negotiation which he had carried on with Governor Evans for the purchase of this road in behalf of the Rio Grande?—A. Yes, sir; I know at the time that the purchase was made by Mr. Gould from Governor Evans that Governor Evans represented that Palmer was making him large offers for the property, as he was very anxious to get control of it. Governor Evans and General Palmer were at swords' points personally. They had had a very bitter personal quarrel, and he told them that he preferred to give Mr. Gould the preference.

Q. Did this purchase of the South Park property have the sanction of your own judgment, when it was made?—A. It did, at the time; yes, sir.

Q. Was the fact, if fact it be, that Mr. Gould had some interest in the South Park securities, any element that controlled the result?—A. None at all. I do not think it was ever considered in the trade.

Q. What did you say to this offer of an advance of half a million dollars on what you had given for the read? Did you accept it?—A. That only confirmed our judgment that we had got a very good trade.

Q. So far as you know, that transaction was one of entire good faith on the part of the Union Pacific directors?—A. Entirely in good faith.

Q. And it was made in the interest of their property?—A. Made in what we believed at that time to be the interest of the whole property.

Q. What changed the fortunes of that road?

Commissioner LITTLER. He has gone over that.

Mr. JOHN F. DILLON. Well, I want to ask him that.

Commissioner ANDERSON. The lapse of the mineral interests there.

The WITNESS. The collapse of Colorado, I think.

Mr. JOHN F. DILLON. I wanted to show the good faith of these men, which has been inquired into. That is all, I believe.

RELATIONS OF CENTRAL PACIFIC AND UNION PACIFIC.

By Commissioner ANDERSON:

Q. Have you much information on the subject of the relations between the Central Pacific road and this road?—A. No, sir; only in a general way. That is a matter that comes entirely in the charge of the traffic department at Omaha.

Q. Have you any information to give as to what may happen, in your judgment, in case the Central Pacific people so manage their road as to divert all its traffic to the Southern Pacific system, and as to what the Union Pacific would have to do in order to preserve its direct outlet to San Francisco over the Central Pacific?—A. I do not know. They would either have to buy the Central Pacific or build a line of their own if they thought the business was worth it.

Q. Has the subject received any special consideration from your board or yourself?—A. Yes, sir; it has been a matter of consultation and discussion a great many times.

Q. Who, in your board, has given most attention to that matter?—A. Well, I think, perhaps Mr. Adams has.

DIVERSIONS BY CENTRAL PACIFIC TO SOUTHERN PACIFIC.

Q. It is your opinion that the management of the Central Pacific is, in fact, diverting what would naturally be your traffic to the Southern system?—A. Yes; we be believe so.

Q. To an extent that imperils the maintenance of the Central Pacific as an operative road?—A. I could not say as to that. The value of that transcontinental business has grown to be so small, at such low and rates, from competition, that it is a matter that has cut a very small figure in the earnings capacity our transcontinental road.

Q. Its main feature is that it affects you not by threat of discontinuance of that road, but by decreasing the through business that you would naturally be able to do if they sent none over the southern road?—A. Certainly.

THE PACIFIC MAIL SUBSIDY.

Q. Do you know anything about the Pacific Mail subsidy?—A. There is none, is there?

Q. We are not investigating simply as of to-day. Do you know anything about it?—A. I knew about it at the time it was being paid.

Q. Is it a subject that you have given attention to?—A. Yes, sir.

Q. So that you are able to explain to us what difference in the earnings of the Union Pacific resulted from the payment of the subsidy?—A. I do not think I can give you any figure; only a general impression that I have that the money which we paid to them was a great deal more than was returned to us by the increased earnings which we were able to make.

Q. That is your judgment?—A. Yes, sir.

Q. But it is not based on any examination of figures?—A. I think there have been some statements made.

Q. I mean an examination made by you personally?—A. No, sir.

Mr. JOHN F. DILLON. I would like to have Mr. Ames, when he is prepared to do so, submit his judgment as to the wise and proper and just

course which should be pursued in the future relations between the Government and the company. I will ask to have him state that here after if he forms any definite notions on that subject.

Commissioner ANDERSON. I suggest that the proper way to state that would be in writing. It is a formal matter, and it would be a great deal better to have it in writing.

Mr. JOHN F. DILLON. The witness may then state that in writing.

Commissioner ANDERSON. Yes, sir.

Mr. JOHN F. DILLON. All the directors are here and would like to be examined.

The CHAIRMAN. We will finish with the directors to-morrow.

By the CHAIRMAN:

Q. I want to ask you one question. How did you acquire your interest in the Union Pacific?—A. Largely by inheritance.

Q. From whom?—A. From my father.

Q. What was his name?—A. Oliver Ames.

The CHAIRMAN. We are obliged to you. Have you anything more to suggest?

The WITNESS. Oh, no; but I am at your service.

FRED'K L. AMES.

The Commission then adjourned to Thursday, May 26, 1887, at 11 a. m.

EQUITABLE BUILDING, BOSTON, MASS.,
Thursday, May 26, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

F. GORDON DEXTER, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. You are to-day one of the directors of the Union Pacific?—Answer. I am.

DIRECTOR FOR TWENTY YEARS.

Q. How long have you been such director?—A. About twenty years, at different times; not entirely consecutive.

Q. You have always been familiar with its affairs?—A. More or less.

Q. You heard the testimony of Mr. Ames yesterday, I believe?—A. I did; the whole of it.

Q. In regard to the relations existing between the Kansas Pacific and the Union Pacific prior to 1877 and during a part of 1877, you heard Mr. Ames's testimony, and I ask you whether that is also your view of the situation, or whether you desire to add anything to what he said?—A. I do not remember that special date, 1877. What was that?

Commissioner ANDERSON. It was prior to the attempt to unite the Kansas Pacific and Union Pacific managements.

The WITNESS. That was three years later, was it not?

HOSTILE RELATIONS OF KANSAS PACIFIC AND UNION PACIFIC PRIOR TO POOL.

Q. No; it was May, 1878. Probably it will take less time to ask you the question: Before the pooling agreement of 1878, between the years

1873 or 1874 and 1878, what were the relations existing between the Kansas Pacific people and the Union Pacific?—A. I do not think I heard Mr. Ames's testimony about that.

Q. I ask you whether they were hostile?—A. Hostile, of course.

Q. And competing for control and for prorating and advantage against each other?—A. Yes, sir; certainly.

Q. What, generally, down to the year 1878, was the financial condition of the Kansas Pacific?—A. Very bad, I believe.

Q. You heard Mr. Ames's testimony as to that?—A. Yes, sir.

Q. And that is your own view, substantially?—A. Yes, sir.

THE POOL OF 1878.

Q. To come right down to the pooling agreement of April, 1878, please look at the agreement, and state whether you are one of the parties named in it. I believe you were not a party to the pooling agreement.—A. I think not.

Q. Did you have any interest in it through any other name?—A. No.

Q. Do you know anything of the management of that pool?—A. No, sir; I was not familiar with that at all.

WITNESS' INTEREST IN KANSAS PACIFIC.

Q. Please tell me what, in October, 1879, were the interests which you held in the Kansas Pacific or any of its securities.—A. In April, 1879, I had an interest of $25,000 in the purchase made of $70,000 Kansas Pacific consols; $10,000 Denver extension bonds, and 2,514 shares of Kansas Pacific Railway stock. I had five-fourteenths of that.

Q. From whom was that stock obtained?—A. I do not know. It was a purchase made by three gentlemen here, and I took five-fourteenths interest. I do not know how it came about.

Q. Who were the three gentlemen?—A. Mr. Elisha Atkins and Mr. John R. Brewer.

Q. And yourself?—A. I had five-fourteenths.

Q. Have you the price which that stock cost?—A. I put my five-fourteenths down as costing $25,000. It was $70,000, apparently.

Q. Seventy thousand dollars for the whole purchase for the three?—A. Yes, sir.

Q. Do you mean 2,514 full shares, or shares as they were?—A. Shares as they were; half shares.

Q. The stock cost you about $20 a share, then, or it cost you 20 per cent., I should say?—A. It depends on what you put the bonds at.

Q. If the stock was worth $50, and you had 2,500 shares, is not 20 per cent. correct about the cost of the stock to you?—A. Altogether, the bonds and all. There were $70,000 Kansas Pacific consols, $10,000 Denver extensions, and 2,514 shares.

Q. The stock and bonds were all purchased together?—A. This was all purchased together.

Q. Do I understand that your five-fourteenths of the stock and bonds cost $25,000?—A. They all cost $25,000.

Q. You cannot ascertain the amount paid for the stock without separating the cost of the bonds?—A. No, sir.

Q. Who conducted that purchase?—A. My talk was with Mr. Atkins.

Q. I mean who effected the purchase? You say you do not know from whom the purchase was made.—A. There is no memorandum on my books at all, and I do not know. I talked with Mr. Atkins about

it, to buy this, and I do not remember from whom we bought it. He and I consulted together, and whether we bought it from one or another I do not know. Perhaps he may know.

Q. Do your books not show from whom the purchase was made?—A. No; it was put in the bank together, and the books do not show.

Q. Was your payment made by one check?—A. We borrowed the money; these were pledged there; we gave a joint note.

Q. The money must have been paid to the person who held these securities before you got them?—A. Yes, sir; that I did not conduct; Mr. Atkins did.

Q. Mr. Atkins made the payment to the seller?—A. Yes, sir; I do not know about that, but that is my remembrance.

Q. And his memory or his check will tell us who it was?—A. Yes, sir.

Q. Did you keep this 2,514 shares of stock down to the date of the consolidation?—A. Yes, sir.

Q. Did you acquire any other interest in Kansas Pacific securities between the dates you have given and the consolidation?—A. Yes, sir; I bought in October, 1879, $50,000 of Kansas Pacific consols, and in December, 1879, $53,000.

Q. Were these obtained by purchase or by conversion of other securities?—A. Those were obtained by purchase.

Q. What further interest, if any, did you acquire?—A. That is all.

WITNESS' INTEREST IN ST. JOSEPH AND WESTERN.

Q. Did you during the year 1879 obtain any interest in the Saint Joseph and Western securities?—A. I did.

Q. Please state such interest.—A. I had 142 shares, $12,400 first-mortgage bonds, $17,600 Kansas and Nebraska bonds; that is, $30,000 bonds of the two classes of bonds, and 142 shares. They cost $12,238. Those were converted into 329 shares of the Union Pacific Railway, which I now hold.

Q. From whom did you acquire that interest in the Saint Joseph and Western?

Mr. JOHN F. DILLON. What was the cost?

Commissioner ANDERSON. Forty per cent.

A. I had that, as I understand it, to be in the same proportion and same relation in the pool that Mr. Ames talked of yesterday. He had $100,000

Commissioner ANDERSON. He says his securities were assigned to him by Mr. Gould at 40 per cent. of the bonds, the stock being thrown in?

The WITNESS. Yes, sir; that seems to be about it. There is a fraction here more on my part, but it is the same transaction. He has $100,000 interest, and I had the quantity I stated.

Q. What was the date on which you acquired the securities?—A. June, 1879.

Q. Who talked to you about that operation of taking those securities in the Saint Joseph and Western?—A. Mr. Ames; I fancy. I do not remember much about it.

Q. Do you remember seeing Mr. Gould in reference to it?—A. I do not think I ever exchanged a word with Mr. Gould about that.

Q. But you knew the securities came from him?—A. Yes, sir.

Q. Was it suggested between you and Mr. Ames, or between you and any other of the persons in interest, why it was that Mr. Gould wanted

all of the directors apparently to have an interest in the Saint Joseph and Western?—A. No; I do not remember that it was. When Mr. Ames had an interest, I was very apt to have, and some of the other directors also smaller interests in the same thing.

Q. Your status on the Kansas Pacific side, when the matter of consolidation came up, was, then, that you were the holder of 2,415 shares of Kansas Pacific stock. Will you recapitulate them?—A. Yes, sir; $70,000 consols, $104,000 in another lot.

Commissioner ANDERSON. I want the aggregate amount.

The WITNESS. One hundred and four thousand dollars and $70,000, making $174,000.

Q. Give the Saint Joseph and Western, please?—A. Thirty thousand dollars of the two classes of bonds, and 142 shares.

WITNESS' INTEREST IN UNION PACIFIC.

Q. Please state what securities of the Union Pacific you held at the time of the consolidation.—A. I had 6,376 shares on my books, and I have an impression that there was something more in another account, but that I am not sure of.

Q. Did you have any of its bonds?—A. I have not got the amount here.

Commissioner ANDERSON. We will postpone the answer. You probably would like to put them in yourself, to make the picture complete?

The WITNESS. Yes, sir. I had them at the time, but I have not the amount here.

Q. How did you stand during this fall of 1879 on the subject of consolidation?—A. I was very anxious to consolidate with the Kansas Pacific, if we could do it on terms that I thought fair.

Q. Was there much discussion in October and November as to the question of these terms?—A. A great deal.

GOULD'S TERMS FOR KANSAS PACIFIC THOUGHT UNREASONABLE.

Q. Tell us what you remember to have been said and done between the parties in interest.—A. Very much what Mr. Ames testified to yesterday. I remember very well being in New York at a meeting at which it was discussed, and we thought Mr. Gould's terms for Kansas Pacific were unreasonable, and we could not concede them.

Q. What were the terms he asked?—A. I do not remember. I know that he valued Kansas Pacific, compared with Union Pacific, very much higher than I did, or than the rest of the directors did, and we could not and would not accede to his terms.

Q. What I want to get at is whether he valued it higher than it was finally put in the articles, or whether you came up to his valuation finally?—A. He changed his valuations. I can tell you that.

Q. Is it your memory that he considered the Kansas Pacific stock as worth twice as much as the Union Pacific stock?—A. I should hardly have thought anybody did so. No, sir; I do not remember that. I do not know that he did.

Commissioner ANDERSON. I want to get at the limits of your recollection.

The WITNESS. I do not remember it.

Q. But you are quite positive that he did think that the Kansas Pacific stock should go on terms into the pool which would make one full share of Kansas Pacific stock equal to more than one full share of

Union Pacific Railroad stock?—A. I did not mean to imply that. I meant to say that, relatively, they were higher. I do not remember what the figures were.

Commissioner ANDERSON. These were terms of consolidation, and not market prices, that I am speaking of.

The WITNESS. Yes, sir; terms of consolidation.

Commissioner ANDERSON. You are positive that he claimed that the Kansas Pacific should be represented by more in value than the Union Pacific, for equal amounts, in the consolidation?

The WITNESS. No, sir; that is not what I mean to say. I mean to say that he put the relative value of Kansas Pacific, as compared with Union Pacific, too high, in our judgment.

Q. As to the terms of consolidation which he proposed and which you thought unreasonable, in what respect can you specify that he claimed something relating to terms of consolidation which was unreasonable?—A. I do not remember the figures at all, but if, for instance, he said Union Pacific would go in at $100, and Kansas Pacific at $125, that is the kind of thing that I should have thought was unreasonable. Whether he put those figures before us, I do not remember. But the relative comparative values were not what I thought right.

GOULD'S CLAIMS AS TO KANSAS PACIFIC IN THE CONSOLIDATION.

Commissioner ANDERSON. In answer to the prior question I put to you, you said that you do not wish to be understood as saying that Mr. Gould claimed that the Kansas Pacific stock should be put in relatively higher than the Union Pacific, and yet you now say, as I understand you, that is precisely what he did claim?

The WITNESS. I did not say that. I do not quite understand whether you want the precise figures, which I say I am unable to give.

Q. I want to know whether it was in relation to the Kansas Pacific stock, and the adjustment of the terms of consolidation, that the claim that the Kansas Pacific should be entered on terms which should recognize it as the superior of the Union Pacific?

Commissioner LITTLER. In other words, what did Mr. Gould claim a dollar of Kansas Pacific stock was worth, as compared with a dollar of Union Pacific?

A. That is what I cannot give you.

Q. I ask you whether he claimed that a dollar of Kansas Pacific should be worth more than a dollar of Union Pacific in the consolidation, without specifying how much?—A. You are asking me figures again. That is what I do not know.

Q. I do not ask you figures. I only ask you whether he claimed it should be worth something more, no matter how much?—A. Supposing I thought it was worth three quarters per cent. of Union Pacific, and he claimed it was 90 per cent. That is what I do not want to give, because I do not remember.

Q. Then as I understand it, you simply have a general recollection that during the discussion that preceded the consolidation Mr. Gould claimed more than you were willing to concede?—A. That is it exactly.

Q. Without being able to be any more precise than that?—A. Exactly.

THE MEETING ENDED IN DISAGREEMENT.

Q. How long did this state of affairs continue; I mean these discussions?—A. We broke up that meeting, and the meeting came to an end

in a disagreement. Mr. Gould showed some irritation in the matter and I remember his saying to us, "Gentlemen, you are making a great mistake." Mr. Atkins, Mr. Ames, and I think Mr. Dillon, were on what I called the Union Pacific side, and Mr. Gould represented the Kansas Pacific. Then, after that, Mr. Gould said he was going to Kansas, and I thought he had his war paint on and his trunk in hand. He started for Kansas to see his property. I was a great deal disturbed about it because I recognized Mr. Gould's energy and ability; and with him as an enemy with the Kansas Pacific to fight us with, it was a serious matter. That was in the fall; I do not know the exact date.

Q. It was just before Mr. Gould went to Kansas?—A. Yes, sir; he said he was going to Kansas, I remember; and remember the fact that he went.

Q. Do you remember whether it was just before or after he had purchased the Missouri Pacific?—A. Before; I am pretty sure. I think that was in November.

Q. The purchase was the 13th of November?—A. Yes, sir; that is my recollection. But I do not remember particularly.

LETTER OF DODGE AND HUMPHREYS.

Q. Do you remember whether this interview was before or after the letter that was written to Mr. Dodge and Mr. Humphreys, of which I show you a copy?—A. I could not say whether he went to Kansas before or after that date.

Q. Do you remember that letter that you are looking at?—A. I remember the fact.

Commissioner ANDERSON. That is the whole letter on the first page. It is just a few lines.

The WITNESS. Yes, sir; I recollect that.

Q. Did Mr. Gould sign that letter with you? The names of the writers are at the top and the answer is addressed to the writers.—A. I suppose he did; I do not remember the fact.

Q. Do you remember whether it was the fact that at the time this inquiry was made of Messrs. Dodge and Humphreys the negotiations between you, called the Union Pacific people and Mr. Gould had made some progress and were under way?—A. It has been d scussed several times, but this meeting that I have referred to seemed to rather bring it to a head. I cannot remember whether it was before or after that date.

Q. The object of this letter was the very purpose of obtaining a report as to what would be a fair scheme, was it not?—A. Yes, sir.

Q. So that the subject had certainly been seriously discussed before the letter was written?—A. Oh, yes, sir.

Q. Do you remember how long Mr. Gould remained away in Kansas?—A. No; I do not. I remember that he was home before we went to his house that evening, January 14.

Q. Did you see him between the interview you have referred to and the interview of January 14?—A. I probably saw him passing in and out of the office, but I remember no conversation with him at all.

Q. There was no formal discussion of this subject again?—A. Not not to my recollection.

Q. How did this meeting of January 14 come about?—A. I was informed here that the Burlington and Missouri or the Chicago, Burlington and Quincy in Nebraska were about building pretty extensively, and it seemed to me that it had so much bearing on our interest that I wrote to Mr. Dillon that I was satisfied they were going in largely

and it seemed to be a pity that the Union Pacific and Kansas Pacific should have a fight, and have a third party coming in too, and we probably ought to do something, and I asked him to show my letter to Mr. Gould. I wrote that. I have no copy of that letter. I have not got the telegram, but my impression is very strong that the next morning I had a telegram, from Mr. Dillon saying that Mr. Gould wished we would all come over. I showed it to gentlemen here. Mr. Atkins, Mr. Ames, Mr. Baker, and myself did go over, and in the evening we saw Mr. Gould in his house.

THE MEETING AT GOULD'S HOUSE.

Q. Do you know whether they received similar telegrams, or did you communicate with them?—A. I communicated with them.

Q. Did you all go together to his house?—A. Yes, sir; the only difference between my recollection of that interview and Mr. Ames's—it will shorten matters to state that—is that I had more familiarity with the Burlington and Missouri than he had. I had been a stockholder in it for a good while, and I probably had less thought about the Missouri Pacific properties. He was rather more impressed with the Missouri Pacific, but I was impressed with the idea that Mr. Gould was quite alive to the disadvantage of having a third party come in there where I thought they were tied, and he seemed to fully appreciate the advantage of having both hands loose in going into that fight with the Chicago, Burlington and Quincy.

Q. All the Boston directors, then, were substantially disquieted, if not alarmed, by the facts before them?—A. I confess I was very much so, and I think all the rest were.

Q. How long did this interview last at Mr. Gould's house?—A. I do not remember exactly; I should suppose about a couple of hours.

Q. Will you state the discussion, as you remember it, or the substance of it?—A. The strong impression on my mind is that Mr. Gould was in an entirely different state of mind from when we discussed it in the Union Pacific office and when we could not agree on terms. I think he had changed his mind very much about the necessity. What seemed to me was that he appreciated the necessity of putting those roads together.

Q. State what difference in terms he made?—A. I cannot do it. I do not remember.

WHAT CONCESSIONS WERE MADE BY GOULD.

Q. Did he make any difference in the terms that he had asked in October?—A. Yes, sir. Every one of us felt at that time that we could not accept them, and every one of us felt at this time that we were very glad to get the offer.

Q. But you say you had all realized that there was a danger threatening, and my question to you is whether you conceded Mr. Gould's terms just exactly as made by him in October?—A. No, sir.

Q. Please indicate in some direction what concessions were made?—A. The first proposition that he made, of course, was compared in my mind with the way we talked before, and I found it so much more favorable that I was greatly relieved.

Q. Can you state in what respect it was more favorable? The arrangement as made is not regarded by many persons outside of the Union Pacific as being a favorable arrangement, and it is a little difficult to

understand what more he could have asked than he did get.—A. It depends upon the point of view. We knew it.

Q. It depends upon the man who is asking it, somewhat, perhaps. Can you specify in what respect Mr. Gould was gracious and made concessions from his former demands?—A. No, sir. Then I should be undertaking to say what he offered before and what he offered now. I have not seen that paper which was drawn up in my handwriting from that day until a few days ago. It seems to me a very reasonable thing that a person may have a general impression, without his mind being full of figures, of a thing that happened ten years ago.

Q. Can you give any more of the discussions?—A. Yes, sir; there is another matter. This Missouri Pacific purchase had been made since that. There was every reason why we should wish to consolidate. We all thought we made very good terms.

Q. But my inquiry is, what was said and done between the parties in Mr. Gould's house before the paper was signed?—A. He made a general proposition, what he considered fair; and one point after another was discussed a little. I cannot remember precisely what the points were. I have forgotten entirely what they were. The impression left on my mind was that he was more open to reason, as I called it; more amenable to reason. In the first place, he was in pleasanter frame of mind, I thought. He was rather irritated before. Here he met every suggestion pleasantly, and I think generally yielded to suggestions.

Q. Can you state in particular in regard to the price at which the various stocks were to be represented, or in regard to any terms whatever embraced in the consolidation, as to which he yielded anything during this interview?—A. No, sir.

Q. Can you state any particular in which the statement made by him at the beginning of the interview differed from the statement as prepared by you and signed by you and your associates?—A. I cannot. My knowledge is limited to that paper.

THE AGREEMENT THAT WITNESS WROTE.

Q. After considerable discussion you sat down and wrote this paper?—A. Yes, sir.

Q. The parties having substantially agreed that they would do this thing?—A. Yes, sir; I remember the interview very well. We discussed it, one after another, and some one remarked, "Well, I do not see but the child is born." That is the phrase somebody used to imply the conclusion was arrived at. And then Mr. Sage suggested, "Supposing you put it down and we will put our initials to it."

Commissioner ANDERSON. Mr. Sage, I assume, was a little shrinking and a little nervous, in the usual way.

The WITNESS. He generally agreed, as he does, with Mr. Gould. I sat down by Mr. Gould and he pushed the paper over, and I observed that it had the Kansas Pacific heading. He pushed the paper over and said, "Suppose you put it down." I wrote that hastily and read it over for suggestions or alterations. I do not think a great many were made. They said it was all right, and Mr. Sage put his initials on, as you see, and the other gentlemen signed it.

A BLUNDER IN A ROAD.

Q. How did you come to write the name of the Central Branch Company as the Union Pacific, Eastern Division?—A. The same way a

which I added it up and made it $51,000,000—a pure blunder. That is all I can say. It was written in a hurry, and I added it up $51,000,000 and wrote the wrong description of the road. That is all I can suggest.

Q. Then the parties immediately separated after the paper was signed?—A. Yes, sir.

Q. Did you take it?—A. I think I took it.

Q. Was there any copy used or prepared?—A. No; my impression is I gave it to Mr. Sidney Dillon the next morning.

Q. This paper itself was never reported to your board, as I understand?—A. I do not remember that it was; no.

Q. It was never made public in any way?—A. No, sir.

Q. Nor any information given?—A. No, sir.

THE GOVERNMENT NOT INFORMED.

Q. The Government of the United States was never informed of the details of the transaction or how it had been brought about, was it?—A. Not that I know of. Those would be in the records of the Union Pacific, I suppose.

Q. What disposition did you make of this paper after it was signed?—A. I think I put it in my pocket that night and went to a hotel and the next morning took it to the Union Pacific office and gave it to the president of the road.

Q. Mr. Sidney Dillon?—A. Sidney Dillon.

Q. And the next you heard of it was when it was produced on this examination?—A. I had not heard of it or seen it since. I did not know it was in existence.

THE PAPER LOST AND FOUND.

Commissioner ANDERSON. Judge Dillon, I think you told us it was found among your papers?

Mr. JOHN F. DILLON. Yes, sir.

Commissioner ANDERSON. Can you put here your recollection of where it was gotten?

Mr. JOHN F. DILLON. I cannot. I think Mr. Dexter's statement is entirely probable, that I got it from Mr. Sidney Dillon, but I have no recollection about it whatever.

Q. You have referred to some of these other gentlemen as being interested in the general purchase of the Saint Joseph and Western securities. Did you know at the time that you took those that Mr. Ames also had some?—A. Yes, sir.

Q. And Mr. Baker had some?—A. I probably did. I am not sure about that.

Q. And that Mr. Sidney Dillon had some?—A. Yes, sir.

Q. And Mr. Atkins?—A. I should rather say with him as with Mr. Baker, that I was not sure that he had. Probably yes, sir.

Q. Was the subject of the propriety of putting in these securities at par, when you gentlemen all knew that they had cost you 40, discussed at all at this meeting?—A. I do not remember that it was.

WITNESS' INTEREST IN SAINT JOSEPH AND WESTERN.

Q. You say that you received stock for your interest in the Saint Joseph and Western; was that obtained personally by a delivery of

our own securities and the issue of the stock, or was it done through Mr. Gould?—A. I do not remember. The only memorandum—I have been looking in my books—is, "Converted into 329 shares of Union Pacific Railway," which I now hold.

Q. Do you remember that you had personally possession of the Saint Joseph and Western securities?—A. No, I do not remember.

Q. Or whether they were left with the party who had the whole lot of them?—A. I do not recollect at all.

Q. What personal knowledge had you of the Saint Joseph and Western road at that time?—A. I do not remember much about it. I was here as a director, and probably knew more or less about it.

Q. Do you know whether you had been over the road?—A. No, I never was over it.

Q. After this interview the meetings of January 24th were held, and you voted for the consolidation, as I remember it?—A. Yes, sir.

THE KANSAS PACIFIC.

Q. How closely had you examined the history of the Kansas Pacific as to its earning power, in order to form your judgment as to whether it was prudent to increase the capital stock of the new corporation $14,000,000, based upon the new road which was brought in, and with reference to the question whether that new road would earn as much in proportion to such new stock as the Union Pacific did in proportion to its stock?—A. That is a very general question. I can only say that my interests in the Union Pacific were what I have given. They were very much larger than anything else. I was perfectly well satisfied that the acquiring of the Kansas Pacific was a very valuable and a very important thing for the Union Pacific.

Q. The question is, how far you had examined its financial history and its earning power? Had you read its reports?—A. Oh, yes, sir; I was generally familiar.

Q. Familiar with the Kansas Pacific reports?—A. Yes, sir.

Q. Had you examined its books?—A. I do not think I had examined the books. A director does not, often.

Q. Could you tell what the Kansas Pacific earned for the year 1878?—A. No, sir.

Q. You could not give its gross earnings for 1878?—A. No, sir; nor the Union Pacific either.

Q. I am talking of whether you could have stated them at the time you voted for the consolidation.—A. I am sure I do not know; I do not remember. I considered that I had sufficient knowledge to vote intelligently.

Q. Could you have stated the gross earnings of the Kansas Pacific for 1879 when you voted for the consolidation?—A. I do not know whether I could or not.

Q. Could you have stated its operating expenses?—A. Probably not.

Q. Could you have stated the percentage of the operating expenses?—A. I do not know; probably not.

Q. Could you have stated the amount of the bonded debt?—A. I might then; I do not know now.

Q. Did you know that all of its bonded debt was in default?—A. Certainly I knew that.

Question. Is it your present judgment that the Kansas Pacific, including the Denver Pacific, has earned as much in net earnings in relation to its length as the Union Pacific Railroad (the old road) has

relation to its length since the consolidation?—A. I do not know. That is not the whole bearing of the thing.

Q. I do not say it is. I will ask the other general question afterwards; but I ask this one for information first.—A. No, sir; I do not know. I could not tell what any one of the branch properties of the Union Pacific earned.

THE CONSOLIDATION A BENEFIT TO UNION PACIFIC.

Q. Is it your best judgment to-day, after reviewing the financial history of these roads for the past six or seven years, that the consolidation was an advantage to the Union Pacific?—A. Beyond a doubt.

Q. That question you are quite ready to answer?—A. Yes, sir.

Q. Is it also your judgment that the consolidation was an advantage to the Kansas Pacific?—A. Certainly.

Q. Is it also your judgment that the consolidation was an advantage to Mr. Gould?—A. No; I am not sure of that. His Missouri Pacific system came in there that I had nothing to do with.

Q. Is it your judgment that Mr. Gould received more for the Kansas Pacific securities which he held through the consolidation than they had cost him?—A. I suppose so, of course.

Q. Have you any knowledge how much more?—A. No; I do not know at all about the figures.

Q. That advantage was at least a specific advantage, whereas the advantage of combining with the Missouri Pacific was a speculative and future advantage; is that not so?—A. Yes, sir; to a certain extent.

Q. Have you given us all the information you have to show your financial status with reference to both these roads at the time the consolidation was voted for?—A. Yes, sir; I have given all that I had; I may want to add some Union Pacific bonds that I may have held; I have not got them down; I do not remember.

THE PART TAKEN BY GOVERNMENT DIRECTORS AS TO CONSOLIDATION

By the CHAIRMAN:

Q. What part did the Government directors take in the consolidation that you recall?—A. I must say I do not remember; I do not recollect what they did; the records will show.

Q. Was there any discussion in the board of directors with them?—A. I do not recollect anything about it.

Q. Did they have any notice of the agreement that you made at Mr. Gould's house?—A. Probably not; I do not think that was official.

Q. They were never given any information concerning that transaction at all?—A. I should rather turn to the record.

Q. You do not recall anything about that?—A. I do not recall.

Q. Do you recollect any expression of opinion on the part of the Government directors concerning the consolidation?—A. I was trying to think who they were.

Commissioner ANDERSON. Mr. Chadwick, Mr. Buckland, and Mr. Niles, the magnificent. You certainly remember him.

The WITNESS. I do not remember.

Commissioner ANDERSON. To see him is to admire him.

The WITNESS. They generally acquiesced in what was considered the policy of the road,

Q. This was a very important change in the road, and I want to know whether you recall any part they took in the consolidation?—A. No, sir; I do not remember anything about it.

Q. The Government then had its principal, $27,000,000, and its interest accumulated and a great change was to take place, and it seems to me an important fact to know whether the representatives of the Government took part. Do you recall any part that they took?—A. I do not; I recall no objection that they made, or discussion.

By Commissioner ANDERSON:

Q. Mr. Chadwick voted against it. Do you remember that fact?—A. I did not. I had forgotten it.

Mr. HOLMES. Somebody did not vote.

Commissioner ANDERSON. Mr. Buckland did not vote

The WITNESS. The Government directors in this, then did not take any active part?

Q. The fact that Mr. Chadwick voted against it, and was the only one who voted against it, I should judge, made some impression upon the minds of those present?—A. I do not know that they ever even voted for a dividend. They seemed to be non-committal and afraid to take any action whatever about it. They hung back always.

By the CHAIRMAN:

Q. Was that due to a lack of interest, or to a lack of encouragement on the part of the railroad directors?—A. Not at all that last. Lack of interest, I think. One of them was offered his choice of being a postmaster at New London or a Government director of the Union Pacific, and he stated, and always told me about it, that he had made a mistake, for he did not make so much money out of it.

Q. That was the measure of the interest of the Government directors, as you observed?—A. It seems to me so. I should not like to leave an impression, while I am on this subject, that there was any concealment or anything of the kind from the Government directors. But they did not as a rule, and I sat with a great many of them in the changes made, take a great deal of interest. They generally sat by themselves, and generally refused to vote on a dividend, and hung back. We did not expect them to take any active interest, or express any decided opinion, but in order to be safe they would vote no against anything, when they knew they were going to be entirely voted down. That was about the attitude they took.

THE UNION PACIFIC AND CREDIT MOBILIER SETTLEMENT.

By Commissioner ANDERSON:

Q. Do you remember the transaction that occurred in December, 1875 (and I think there was further action in the same direction later), in reference to a motion made by Mr. Gould for the institution of suits against certain persons against whom it was alleged that the Union Pacific Railroad Company had claims, and who also, through their ownership of stock in the Credit Mobilier, claimed to be interested, on their side, in claims in favor of the Credit Mobilier, and against the Union Pacific Railroad Company? Do you recollect motions made by Mr. Gould in regard to the institution of such a suit?—A. I do not.

Q. Do you not recollect that you moved that Mr. Gould be authorized to effect a settlement with the persons holding stock of the Credit Mobilier?—A. I do not remember the motion; no, sir.

Commissioner ANDERSON. I think, for an understanding of this matter, there may as well be placed on our minutes just what occurred. I will read an extract from the minutes, and put them in our record, and ask whether you remember them. The first reference to this matter appears from your minutes of March 6th, 1873, page 195:

EXTRACT FROM MINUTES OF MARCH 6, 1873.

Mr. James F. Wilson submitted a preamble and resolution, which were adopted as follows:

Whereas a committee of the House of Representatives of the Congress of the United States, known as Credit Mobilier No. 2, of which Hon. J. M. Wilson was chairman, embraced in its report the following paragraph, viz: The committee deem it proper here to direct attention specifically and separately to the following transactions in disbursement of portions of the assets of this road, which seem to the committee to have been wrongful, and to demand the immediate and grave consideration of the present directors of the Union Pacific Railroad Company, and of whatever authority may be charged with the duty of securing the recovery of the property of the company from those who are responsible for or the recipients of these illegal disbursements. $126,000 were paid to C. S. Bushnell on the 9th day of March, A. D. 1871, and denominated "special legal expenses," which was disposed of as follows:

(1) To G. M. Dodge, for services in procuring the passage of the act of March 3, 1871, in relation to transportation by said company for the Government.

(2) $19,000 were paid by C. S. Bushnell to Thomas A. Scott on private account.

$82,000 were retained by Bushnell on his own account.

$50,000 were paid to Governor John A. Dix as a purchase by the railroad company of its own stock.

(3) $25,000 were paid to a Government commissioner to secure the acceptance of a portion of the road, as completed.

(4) $435,754.21, designated as "suspense account," were allowed to T. C. Durant, vice-president of the company, which appear from the evidence to have been disbursed in connection with the passage of the amendatory act of July, 1864, of the particulars of which disbursements the committee have been unable to obtain satisfactory account.

For disbursement of such moneys, so far as ascertained, the committee refer to the evidence herewith reported, as they do also as to the disposition of the other moneys above named: Therefore,

Resolved, That the subjects embodied in the recitals of the foregoing preamble be referred to the president, for him to consider what action should be had in regard thereto, and that he report his conclusions to the board at the next meeting thereof.

EXTRACT FROM MINUTES OF JUNE 25, 1873.

At page 205 it further appears from the minutes of June 25, 1873, that, on motion of Mr. Dillon, it was

Resolved, That in relation to the pending suit of the United States against this corporation and others, although the company has not been requested by any of its shareholders to investigate the alleged wrongs done to the company as set forth in that suit, and to redress the same, nor has any appeal been made to this board on the subject-matter of said suit, so that they might examine and act thereon, yet as the United States has deemed itself authorized and justified in bringing said suit, this board does not deem it proper to direct that the suit be defended in behalf of the company.

EXTRACT FROM MINUTES OF OCTOBER 15, 1873.

At page 212 it further appears that at the meeting of October 15, 1873, Mr. Duff submitted the following report, which, on motion of Mr. Ames, was adopted:

The undersigned, upon whom, by the decease of the president——

Who was the president?

Mr. MINK. Mr. Horace F. Clark, I think, in 1873. John Duff was the vice-president.

Commissioner ANDERSON (continuing the reading):

is devolved, under the by-laws, the duties of president, finds on the record of the directors a resolution passed on the 6th day of March last referring to certain paragraphs contained in a report made by a committee of the House of Representatives of the United States, of which the Hon. Jeremiah M. Wilson was chairman, to the president of this company, with instructions to consider what action should be had in regard thereto, and that he report his conclusions to the board. Assuming, as he does, that the duty thus imposed upon the late president remains to be discharged by him, the undersigned submits the following report:

Since the passage of the resolution of this board (pages 195 and 196) there has been filed by the Attorney-General of the United States, in its name and behalf, in the circuit court of the United States for the district of Connecticut, a bill in equity against the company and numerous others, its present and past stockholders and officers, in which bill the United States seeks to investigate and redress most, if not all the supposed wrongs to the company referred to in the paragraph from the report of said committee thus referred to the president. If any part of said supposed wrongs should be found not to be embraced in said suit, it is to be assumed that further investigation has satisfied the Attorney-General that they are got sufficiently well founded to warrant action in relation to the same. Under these circumstances the undersigned is of opinion that it is proper for this company to forbear to take any action in relation to the subject, at least until the suit by the Government shall have terminated and the result be known.

It also appears from the minutes that you were present at the meeting of March 6; also present at the meeting of June 25, 1873; and also at the meeting of October 15, 1873, when Mr. Duff's report was read. Have you a general recollection of the subject-matter referred to?—A. Not much.

Q. Do you remember that there was such a suit brought by the United States—the Credit Mobilier suit?—A. There have been so many suits brought, I do not think I could distinguish one from another.

Q. Do you not remember that there was an enormous suit, with everybody in the world, almost, as defendants in it, in which it was alleged that through the Credit Mobilier many of these defendants had inflicted very great injuries on the Union Pacific, aggregating millions of dollars; and that such a suit was pressed for a long while?—A. I thought that was the Credit Mobilier, and not the Union Pacific.

Q. Do you not remember that the Union Pacific was a party defendant in that suit, and that you were yourself a party defendant?—A. Yes, sir; I remember generally about that.

EXTRACT FROM MINUTES OF DECEMBER 18, 1873.

Q. In connection with this same subject, I read to you from the minutes of December 18, 1873, at which meeting you were present, at page 224:

On motion of Mr. Bushnell,

Resolved, That the committee of this board, no one of whom is a holder of the stock of the Credit Mobilier of America, shall be appointed by the president to examine carefully the accounts and find the sum, if any, due from this company to the said first-named company. And, in case a balance is found to be legally and justly due, to report the same to the board for action at the next meeting.

Q. Do you remember that motion?—A. No, sir.

Q. Then,

Then, on motion of Mr. Wilson,

Resolved, That Elisha Atkins be directed, with the consent of the Credit Mobilier of America, to surrender to the treasurer of this company for cancellation, the note of this company now held by him in trust for $2,000,000, alleged to be due to the said Credit Mobilier of America.

Q. Do you recollect that?—A. I remember the fact of the note; I do not remember the passage of that vote; no.

Q. Do you know whether anything was done under that resolution; I mean whether Mr. Atkins tried to get the consent of the Credit Mobilier?—A. I do not remember.

EXTRACT FROM MINUTES OF SEPTEMBER 22, 1875.

Q. I now read to you from the minutes of September 22, 1875, at page 267, at which meeting you appear to have been present:

On motion of Mr. Gould, the following preambles and resolution were adopted:

Whereas there are in the hands of Mr. Oliver Ames, one of the trustees under the Ames and Davis contracts, so called, certain securities and property and claims belonging to said trusts;

And whereas this company has large claims against said trustees which ought to be satisfied out of the property and claims so in the hands of Mr. Ames;

Resolved, That he be notified not to deliver up, or otherwise appropriate, said property and claim until a final adjustment of the claims of this company; and, if he will consent to hold the same accordingly, the treasurer is hereby authorized, in the name of the company, to indemnify him for so doing.

LETTER OF JAY GOULD, FROM MINUTES OF JUNE 3, 1876.

I now read to you from the minutes of June 3, 1876, at page 287, at which meeting you appear to have been present, the following letter:

BOSTON, *June 1st*, 1876.

To the President and Directors of the Union Pacific R. R. Co.:

GENTLEMEN: Some time since I made a written request to your body to bring suits against all parties who had received the profits or proceeds of the Oakes Ames and J. W. Davis contracts, upon the ground that said contracts were illegal and void as against the corporation, and that said profits or proceeds ought to be refunded to the company. The executive committee, by vote, refused to comply with my request. Since that period the corporation have entered into arrangements with some of the beneficiaries under those trusts, by which they have agreed, for a proper consideration, to release the claims of the company against them. I now renew my request that the company will forthwith institute suits against all parties with whom they have not made such arrangements, in order that they may be compelled to refund to the company the money and property which they ought not to be allowed to retain.

JAY GOULD.

On motion of Mr. Ames, the board declined to bring suits, as requested by Mr. Gould.

Do you remember that action?—A. In a general way; yes, sir.

Q. Did you vote against bringing that suit?—A. Probably; I do not remember.

Q. Is it your judgment that Mr. Gould, in writing that letter, seriously intended to bring and prosecute such an action?—A. I do not remember. It was all very complicated. This happened a dozen or fifteen years ago. I would rather go by the record. I cannot pretend to remember every motion. It was Mr. Oliver Ames who made that motion, I suppose.

Commissioner ANDERSON. I suppose so. That was doubtless so.

Mr. JOHN F. DILLON. Yes, sir; the father.

The WITNESS. He had a very large interest, and was familiar with the matter, and I probably should have voted with him without fully going into the matter.

Q. You have no doubt that the judgment of his son in regard to his intention in that matter, as given yesterday, is correct?—A. I have no doubt. I do not remember about it personally.

Mr. JOHN F. DILLON. I think Mr. Gould brought such suit, in point of fact. The records will show.

EXTRACT FROM MINUTES OF JULY 21, 1875.

Q. It appears from the minutes of the executive committee, at page 315, July 21, 1875, that a letter from Jay Gould, already substantially read, and referring to the institution of a suit to recover, in relation to these same matters, was moved in the executive committee, and that, on motion of Mr. Dexter, it was

Resolved, That the committee decline to bring suits, as requested by Mr. Gould.

And thereupon,

On motion of Mr. Dexter,

Resolved, That Messrs. Jay Gould, Samuel M. Mills, and George S. Scott, directors of this company, be, and they are hereby, appointed a committee to negotiate and complete a final settlement of all claims between this company and the Credit Mobilier of America, or the respective stockholders of said corporations, and, if such settlement shall be made, to execute final releases to be interchanged between the parties, and to do all other acts that are necessary to give complete effect to such final settlement; and that the secretary of this company be empowered to set the seal of the company to all written releases or other papers which shall be executed by the above committee in pursuance of their powers.

Q. Do you remember moving the appointment of such committee?—A. I do not remember, specially, that act of moving it; no.

Q. You know that negotiations did proceed for the purpose of making this adjustment and bringing about a release?—A. Yes, sir.

Q. It appears from the minutes of the executive committee of September 22, 1875, at page 325, that Mr. Gould, from the special committee appointed July 21, submitted a form of agreement with the Credit Mobilier of America, which was approved. Please look at the paper I now show you and tell whether that is the copy of the form of settlement that was finally agreed upon?—A. I presume it was.

The paper is marked "Exhibit No. 1, May 26, 1887," and is as follows:

AGREEMENT WITH CREDIT MOBILIER.

This indenture, made and executed this 31st day of December, 1875, by and between the Union Pacific Railroad Company of the first part, and such shareholders of the corporation known as the Credit Mobilier of America, whose hands and seals are hereto set, of the second part, witnesseth:

First. That a claim has been made that the contract heretofore entered into between the Union Pacific Railroad Company and one H. M. Hoxie, which contract was assigned to the Credit Mobilier of America, was voidable by said Union Pacific Railroad Company, and that the Union Pacific Railroad Company were and are entitled to recover from the shareholders of the Credit Mobilier of America all sums by them derived, by way of dividend or otherwise, under said contract of said Hoxie so assigned to said Credit Mobilier of America, as well as all sums paid by said Union Pacific Railroad Company to said Credit Mobilier of America, in any way connected with the construction of the road of the party of the first part, which claims are wholly denied by the several parties of the second part, but, by way of compromise of any or all possible claims of such character, it has been agreed between the parties hereto as follows:

First. That the parties of the second part shall and do hereby assign, transfer, and set over to the said Union Pacific Railroad Company, all their respective shares in and to the capital stock of said Credit Mobilier of America, and agree that such transfer shall be formally carried into effect by indorsement on the back of the certificates held by them, respectively, and the delivery of the same to said corporation.

Second. In consideration of the premises, said Union Pacific Railroad Company agrees to, and does hereby, forever discharge and release the several parties of the second part whose hands and seals are hereto set, from all and all possible claims in the premises which it might or could in any way, directly or indirectly, have against them, or either of them; that is to say, from all and all possible claims of the charter hereinbefore set forth: Provided, however, that the foregoing release shall not be deemed or construed to impair, alter, or discharge the rights of the party of the first part to use or rely upon by way of defence or suit its aforesaid claim or rights against

the said Credit Mobilier of America, nor against any of its shareholders who shall not become parties hereto within the period of ninety days, and that if by law it shall be held otherwise, then this contract is to be void, and said shares to be returned to the respective parties of the second part.

In testimony whereof, the parties of the second part have hereto set their hands and seals, and the party of the first part has caused its corporate seal to be hereto affixed, and the same to be executed in its name by its treasurer thereto duly authorized.

THE UNION PACIFIC RAILROAD COMPANY, [SEAL.]
(By E. H. Rollins, its treasurer.)

OLIVER AMES. [SEAL.]
S. HOOPER & CO. [SEAL.]
E. H. BAKER. [SEAL.]
ELISHA ATKINS. [SEAL.]
R. C. ROBBINS. [SEAL.]
E. H. BAKER, Jr. [SEAL.]
F. NICKERSON. [SEAL.]
HORATIO GILBERT. [SEAL.]
HORATIO J. GILBERT. [SEAL.]
GAML. BRADFORD. [SEAL.]
BENJ. E. BATES. [SEAL.]
E. W. GILMORE. [SEAL.]
WM. B. STEVENS, trustee. [SEAL.]
ISAAC THACHER. [SEAL.]
AARON HOBART, Jr. [SEAL.]
C. S. BUSHNELL, [SEAL.]
JOHN B. ALLEY. [SEAL.]
O. S. CHAPMAN. [SEAL.]
S. H. FESSENDEN. [SEAL.]
J. RICHARDSON. [SEAL.]
NATHAN PECK. [SEAL.]
H. TROWBRIDGE. [SEAL.]
SIDNEY DILLON. [SEAL.]
OLIVER W. BARNES. [SEAL.]
HENRY L. HOTCHKISS, [SEAL.]
Executor of will of Henry Hotchkiss.
WM. B. BRISTOL. [SEAL.]
PIERREPONT B. FOSTER. [SEAL.]
W. A. CUMMINGS. [SEAL.]
H. A. ROBBINS, [SEAL.]
(By D. F. Appleton, att'y.)
ELI BEARD. [SEAL.]

C. C. WAITE. [SEAL.]
WM. H. MACY. [SEAL.]
E. H. TROWBRIDGE. [SEAL.]
ELIZABETH S. GRIMES, [SEAL.]
(By Elizabeth S. Grimes, executors of the estate of J. W. Grimes, of Burlington, Iowa. All by Sidney Dillon.)
LYMAN COOK. [SEAL.]
GEO. C. LANMAN. [SEAL.]
GEO. J. MARSH, [SEAL.]
Admr. of estate of Benj. K. Hough.)
GEORGE OPDYKE. [SEAL.]
JOHN R. DUFF. [SEAL.]
C. H. MCCORMICK. [SEAL.]
A. A. LOW. [SEAL.]
J. A. B. JOHNSTON. [SEAL.]
DAVID JONES. [SEAL.]
S. M. BEARD. [SEAL.]
E. C. MOORE. [SEAL.]
ANNIE DODGE. [SEAL.]
CHAS. H. NEILSON. [SEAL.]
H. B. CLAFLIN & CO. [SEAL.]
GARD. G. HOWLAND. [SEAL.]
HENRY BLOOD. [SEAL.]
JANE M. CHARLICK,
(Executrix of estate of Oliver Charlick, deceased, by Wm. M. Reynolds.)
H. C. CRANE.
JOSIAH HEDDEN,
Per J. C. Babcock.

WHAT DIRECTORS SIGNED THE AGREEMENT.

Q. Are you a party to that agreement?—A. I am; yes, sir.

Q. And you signed it?—A. I did.

Q. Are all the persons who were directors of the Union Pacific Railroad Company at the time this agreement was signed parties to this agreement?—A. That is more than I can say, without examination.

Q. We will read you the list: Oliver Ames?—A. Yes, sir.

Q. Elisha Atkins?—A. Yes, sir.

Q. F. Gordon Dexter?—A. Yes, sir.

Q. Benjamin E. Bates?—A. Yes, sir.

Q. Oliver Ames second; is that another gentleman?—A. That is the way they designate royalty.

Mr. JOHN F. DILLON. He did not sign it; he stood out. There is a long story about that.

Q. Ezra H. Baker?—A. Yes, sir.

Q. Sidney Dillon?—A. Yes, sir.

Q. Jay Gould? No; he is not there. He was not in the suit.

Mr. JOHN F. DILLON. He was on the other side.

Q. Jay Gould does not sign?—A. No, sir.

Q. Charles J. Osborn?—A. He was a Gould man. I suppose not; I do not see his name here.

Commissioner ANDERSON. He was not a Credit Mobilier man; that is the point.

The WITNESS. Why?

Commissioner ANDERSON. There was nothing to release. There could not be a claim against Osborn?

The WITNESS. For some reason, Gould's agent here, Osborn, was not.

Q. George S. Scott?—A. He was one of the same. I do not see his name here.

Q. Samuel M. Mills?—A. I think he was another.

Q. James G. Smith?—A. I do not think so; I do not see him.

Q. Joe Richardson; that is the Mormon?

Mr. JOHN F. DILLON. He built the Mormon road.

A. I do not see his name here.

Q. Granville M. Dodge?—A. I do not see it.

Commissioner ANDERSON. I think he is there.

The WITNESS. No; no Dodge.

Mr. JOHN F. DILLON. Annie Dodge, who I presume is his wife, is there.

The WITNESS. I do not know who she is, or anything about her.

Q. His signature does not appear there?—A. I do not see it; no.

Q. John Sharp?—A. He was a Mormon. I do not see his name there.

Q. When the resolution approving that form of settlement was read in the executive committee, the minutes show no dissent from it. Do you remember whether there was any?—A. No; I do not remember.

Commissioner ANDERSON. The directors present were Messrs. Dillon, Atkins, Ames, Bates, Dexter, Gould, and Wilson. Does not this transaction appear reported at a meeting of the board?

Mr. JOHN F. DILLON. The custom is to approve, I believe, the executive committee meetings by the board.

WHAT SIGNING DIRECTORS WERE DEFENDANTS.

Q. Of the parties who signed the agreement which I have read, and who were directors in the board of the company, which of them were defendants in the suit which is referred to and which was then pending?—A. I should have to ask the lawyers.

Q. You know you were a defendant, yourself?—A. Yes.

Q. Do you not know that Mr. Dillon was a defendant?—A. I should only have to presume that he was. No; I do not know it.

Q. What was your practice about approving executive committee minutes?

The WITNESS. By the board?

Commissioner ANDERSON. Yes.

A. Never approved them.

Q. They were simply read for the information of the board?—A. We did not approve. The board does not approve.

Commissioner ANDERSON. Will you give us an answer to that question, so that we can have it all together. Which of these gentlemen were defendants? There are four pages of names there. I will read the names.

Mr. JOHN F. DILLON. I presume they all were.

Commissioner ANDERSON. No; they were not all; only those who signed the agreement. I will call the names. Was Oliver Ames a defendant?

Mr. JOHN F. DILLON. Oliver Ames was a defendant, I believe.
Commissioner ANDERSON. Was Elisha Atkins a defendant?
Mr. JOHN F. DILLON. Yes.
Commissioner ANDERSON. F. Gordon Dexter says for himself.
Mr. JOHN F. DILLON. Yes, sir.
Commissioner ANDERSON. Benjamin E. Bates?
Mr. HOLMES. Yes, sir.
Commissioner ANDERSON. Oliver Ames, second, was not, I understand.
Mr. JOHN F. DILLON. Oliver Ames, second, as executor of Oakes Ames, deceased, was.
Commissioner ANDERSON. But in his own capacity he was not a defendant? Is that so?—A. No; it was only that he was not a party to the agreement.
Mr. JOHN F. DILLON. I presume not, as an individual.
Commissioner ANDERSON. The question is whether he was a party to the suit.
Mr. JOHN F. DILLON. Oliver Ames, second, individually, was not; as an executor of his father, I think he was.
Commissioner ANDERSON. Was Ezra Baker a party defendant?
Mr. HOLMES. Yes, sir.
Commissioner ANDERSON. Sidney Dillon?
Mr. JOHN F. DILLON. Yes, sir.
Commissioner ANDERSON. Jay Gould is not?
Mr. HOLMES. No.
Commissioner ANDERSON. Charles J. Osborn is not?
Mr. JOHN F. DILLON. No.
Commissioner ANDERSON. George S. Scott?
Mr. JOHN F. DILLON. No.
Commissioner ANDERSON. Samuel M. Mills?
Mr. JOHN F. DILLON. No.
Commissioner ANDERSON. James D. Smith?
Mr. JOHN F. DILLON. No.
Commissioner ANDERSON. Joseph Richardson?
Mr. JOHN F. DILLON. No.
Commissioner ANDERSON. Granville M. Dodge?
Mr. JOHN F. DILLON. Yes, sir.
Commissioner ANDERSON. John Sharp?
Mr. JOHN F. DILLON. No.

EXTRACT FROM MINUTES OF JUNE 14, 1876.

Q. It appears, then, that all of the directors who were defendants in the suit of the United States were also parties to the agreement of release. I read to you from page 353, from the minutes of a meeting of the executive committee on the 14th of June, 1876:

On motion of Mr. Ames,
Resolved, That the time for the execution of a certain indenture, bearing date December 31, 1875, between this company and the shareholders of the corporation known as the Credit Mobilier of America, having, by the terms thereof, expired, and also the time for the execution of a certain other indenture, bearing date February 8, 1876, between this company, the trustees under what are known as the Ames and Davis contracts, and the parties beneficiaries under said contracts and trusts, having, by the terms thereof, expired, this company does hereby consent that the time for the execution of both said indentures be enlarged and extended to the 14th day of September next.

Have you ever seen a copy, or the original, of the other indenture referred to, bearing date February 8, 1876?—A. I do not remember it.

Commissioner ANDERSON. Have you that, Judge Dillon?

Mr. JOHN F. DILLON. We have it whenever you want it.

Commissioner ANDERSON. We would like to see that in connection with this matter now.

The following is a copy of the paper referred to:

AGREEMENT BETWEEN CREDIT MOBILIER AND UNION PACIFIC.

Whereas certain contracts heretofore made by the Union Pacific Railroad Company with Oakes Ames, and also with James W. Davis, for the construction of portions of the road of said company, were assigned to Thomas C. Durant, Oliver Ames, John B. Alley, Sidney Dillon, Cornelius S. Bushnell, Henry S. McComb, and Benj. E. Bates, in trust to execute the same, and divide and distribute the profits thereof to and among the several parties named or described in said assignments, and thereafterwards John Duff duly succeeded to John B. Alley as such trustee;

And whereas, under said assignments, said trustees have proceeded in the construction of said road, and claim to have completed the same, and further claim that there still remains due them from said corporation an unsettled balance of account, which claim is denied by said corporation, which asserts that a large sum of money is due to it from said trustees;

And whereas doubts have been suggested whether said contracts so made for said construction are not in law or in equity voidable as against said corporation, in which event a claim would exist in behalf of said corporation against said trustees for the amount of all profits derived from said assignments and the execution of said contracts, and also against the several parties who shall have received any share of said profits from said trustees, under a distribution thereof, pursuant to said assignments, all which possible claims are wholly denied by said trustees and said other parties to exist;

And whereas there are now held by said trustees certain securities enumerated in the schedule hereto annexed, and also claims to a large amount against parties for the non-fulfillment of their contracts made with said trustees;

And whereas it has been agreed, by way of compromise, that said corporation will, upon the conveyance and assignment to it in the manner hereinafter set forth, by the several parties other than said trustees (and excepting R. G. Hazard who is not to be allowed to become party hereto unless by the consent of the party of the first part after his dispute with the company shall have been adjusted) who have received from said trustees any dividends or profits paid to them as aforesaid, and who shall execute this indenture within ninety days from the date thereof, of all their respective interests in said property and claims so now held by said trustees, release said parties severally and jointly from all right to claim of them, either in law or equity, the payment or restoration to it of the sums so received by the parties respectively, and has further agreed to and with said trustees and said Alley that it will hereafter, on the performance by them of the terms, condition, and release hereinafter set forth, also release said trustees and said Alley from all claim to recover from them any of the sums which shall have been paid over to them under said contracts and assignments and from all other claims whatsoever against them as such trustees:

Now this indenture, by and between the said Union Pacific Railroad Company of the first part, the several parties other than said trustees, and said Hazard, who shall have received from said trustees said dividends and said profits as aforesaid of the second part, and the said trustees, including said Alley, trustees as aforesaid, of the third part, witnesseth:

First. That the parties of the second part do hereby severally transfer, assign, and set over to said party of the first part all their rights, present or future, in and to the property, rights of action, and claims now held by the present trustees under said respective trusts, subject, however, to the release hereinafter contained, of all and all possible claims that they may respectively have against said trustees, or either of them, arising out of their past acts or omissions in any way connected with said trusts or the execution thereof; and the said parties of the second part do hereby release said present trustees and the said Alley from all the aforesaid claims or possible claims; and the said party of the first part, in consideration of the premises, does hereby release said several parties of the second part from all claims it may or might in any way have against them or either of them to account or pay over to said party of the first part the sums of money by them received by way of dividends or profits as aforesaid or in any other manner under and by virtue of said trusts.

Second. Said party of the first part does hereby covenant and agree to and with the said present trustees and the said Alley that if within two years from the date hereof, and either before or after said trustees shall have adjusted by suit, compromise, or release, which they are hereby authorized to conduct and make upon such

terms as they may think proper, all the claims now held by them under contracts with various parties hereinbefore referred to, they shall transfer and assign to said corporation all stocks, bonds, or notes described in said schedule hereto annexed, and also said claims not then collected or adjusted as aforesaid, and all money received from the enforcement of said claims, first indemnifying themselves from out of said property and moneys for all such payments as they may be compelled to make for existing liabilities and for costs and expenses; and if said trustees shall, at the time of such transfer and assignment, by a valid instrument, release all and all possible claims that they, the said trustees, may or can have as such against said party of the first part, and the said Alley shall also assign all his rights in and to said trust property, then and thereupon the said party of the first part will execute and deliver to the said trustees, including said Alley, a complete release of all and all possible right or claim it may or might have to require the payment to it of any sums received by said trustees in their said capacity from it under said contracts or otherwise, and from any profits which shall have been realized by them as trustees, or as individuals, arising out of the execution of said contracts with said Ames and Davis, and from all other claims of any description whatever against them as such trustees.

Third. This indenture is to be deemed perfect and effectual between the parties of the first and second parts, and also between the parties of the second and third parts so far as the release by said parties of the second part to the parties of the third part is concerned, although the same shall not be executed by all the parties of the third part.

Provided, however, That this indenture, nor any part thereof, shall be deemed or construed to impair, alter, or discharge the rights of the party of the first part against any party who may have received from said trustees any profits or dividends under the Ames and Davis contracts, except the said parties who shall execute this instrument, nor its rights or claims against said trustees or said Alley, or either of them, except to the extent which those claims may be diminished in amount by the release of the parties of the second part hereinbefore contained, until the execution and delivery to the corporation of valid assignments and releases to it hereinbefore provided, and which it is in their election to make or not; and that if by law it shall be held otherwise, then this indenture shall be wholly void and of no effect.

In testimony whereof the said party of the first part has hereto set its corporate seal and caused the same to be executed by its treasurer thereto duly authorized; and the said parties of the second part and of the third part and said Alley have hereto set their respective hands and seals this eighth day of February, in the year of our Lord one thousand eight hundred and seventy-six.

THE UNION PACIFIC RAILROAD COMPANY, [SEAL.]
(By E. H. Rollins, its treasurer.)

Signatures of parties of the second part.

ELISHA ATKINS.
F. NICKERSON.
ESTATE OF EZRA H. BAKER,
(By Ezra H. Baker, adm'r.)
EZRA H. BAKER, Jr.
S. HOOPER & CO.
F. W. ANDREWS.
GAMALIEL BRADFORD.
HORATIO GILBERT.
HORATIO J. GILBERT.
ROYAL E. ROBBINS.
E. W. GILMORE.
WM. B. STEVENS, Trustee.
ISAAC THACHER.
AARON HOBART, Jr.
C. C. WAITE.
ELIZABETH S. GRIMES,
(By Elizabeth S. Grimes,)
LYMAN COOK,
GEO. C. LANMAN,
(Executors of the estate of J. W. Grimes, of Burlington, Iowa, all by Sidney Dillon.)
GEO. J. MARSH,
(Administrator of the estate of Benj. K. Hough.)
O. S. CHAPMAN.
S. H. FESSENDEN.
J. RICHARDSON.
NATHAN PECK.
PIERREPONT B. FOSTER.
H. TROWBRIDGE.
HENRY L. HOTCHKISS,
(Executor of will of Henry Hotchkiss.)
WM. B. BRISTOL.
W. A. CUMMINGS.
H. A. ROBBINS,
(By D. F. Appleton, Att'y.)
JOHN B. ALLEY.
ELI BEARD.
E. H. TROWBRIDGE.
GEORGE OPDYKE.
JOHN R. DUFF.

Signatures of parties of the third part and of J. B. Alley.

OLIVER AMES.
BENJ. E. BATES.
C. S. BUSHNELL.
SIDNEY DILLON.
JOHN DUFF.
JOHN B. ALLEY.

Schedule referred to in the foregoing indenture.

[Schedule.—Memorandum, assets of the trustees, July 27, 1875.]

1,546 shares Union Pacific stock, at 75	115,9[illegible]
$27,000 Union Pacific land-grant bonds, at 99	26,73[illegible]
13,000 Union Pacific first mortg. bonds, at 100	13,00[illegible]
1,000 Union Pacific sinking-fund bonds, at 96½	96[illegible]
	156,6[illegible]

Q. I think you said you did not recollect this paper?—A. No, sir; I do not remember it.

DIRECTORS WHO SIGNED THE AGREEMENT.

Commissioner ANDERSON. Judge Dillon, I will ask you to name the directors of the company who appear to have signed this paper.

Judge JOHN F. DILLON. I do not know the directors. I will tell you, if you will read them, who are on this paper.

Mr. NORRIS. There were elected in March, 1876, the following directors: Oliver Ames.

Mr. JOHN F. DILLON. He signed it as trustee.

Mr. NORRIS. Elisha Atkins?

Mr. JOHN F. DILLON. He signed it as a party of the second part.

Mr. NORRIS. Sidney Dillon?

Mr. JOHN F. DILLON. He signed it as trustee.

Mr. NORRIS. F. Gordon Dexter?

Mr. JOHN F. DILLON. He does not appear to have signed it.

Commissioner ANDERSON. Is it your recollection that you did not sign it?

The WITNESS. Perhaps my firm signed it.

Mr. JOHN F. DILLON. What was your firm?

The WITNESS. S. Hooper & Co.

Mr. NORRIS. Benjamin E. Bates?

Mr. JOHN F. DILLON. He signed it as trustee.

Mr. NORRIS. Oliver Ames, second?

Mr. JOHN F. DILLON. He did not sign it.

Mr. NORRIS. James D. Smith?

Mr. JOHN F. DILLON. He did not sign it.

Mr. NORRIS. Charles J. Osborn?

Mr. JOHN F. DILLON. He did not sign it.

Mr. NORRIS. Samuel M. Mills?

Mr. JOHN F. DILLON. He did not sign it.

Mr. NORRIS. Jay Gould?

Mr. JOHN F. DILLON. He did not sign it.

Mr. NORRIS. Ezra H. Baker?

Mr. JOHN F. DILLON. Ezra H. Baker, administrator, signed it; Ezra H. Baker, jr., signed it.

Mr. NORRIS. S. H. H. Clark?

Mr. JOHN F. DILLON. He did not sign it.

Mr. NORRIS. Joseph Richardson?

Mr. JOHN F. DILLON. He did not sign it.

Mr. NORRIS. John Sharp?

Mr. JOHN F. DILLON. He did not sign it.

Mr. NORRIS. G. M. Dodge?

Mr. JOHN F. DILLON. He did not sign it.

EXTRACT FROM MINUTES OF JANUARY 26, 1881.

Commissioner ANDERSON. I read, in connection with this subject, from the minutes of the executive committee of January 26, 1881, page 46:

On motion of Mr. Ames, it was

Resolved, That for and on behalf of this company and in its name and on behalf of the Union Pacific Railroad Company, as its predecessor, in interest, any and every of the officers of this company be, and they hereby, are authorized to execute and deliver to Henry S. McComb such releases, compromises, and covenants relating to the claims of this company, or of its predecessor company, against said McComb, severally or jointly with others, as may be approved by counsel acting for this company.

Mr. JOHN F. DILLON. I recollect a long negotiation with Mr. McComb in 1881, in which I acted, in connection with Mr. Bartlett, for the company. McComb had his own counsel, I think Mr. Bangs of New York, and after a long negotiation, the details of which I do not recall, I should say mutual releases were executed between McComb and the company. I think they ought to be on the files of the company.

(A copy of these releases will be found printed in this record as part of the testimony of Mr. John F. Dillon, given in Boston on the 1st of June, 1887.)

EXTRACT FROM MINUTES OF MARCH 29, 1886.

Commissioner ANDERSON. I read to you this extract from the minutes of the executive committee, March 29, 1886, at page 313:

On motion of Mr. Baker, the following preamble and vote were unanimously adopted:

Whereas there has been pending, since July 19, 1875, an action against this company upon a note for $2,000,000, dated August 4th, 1869, upon which interest would be due from July 19, 1875, and upon other claims in behalf of the Credit Mobilier of America, and subsequent to the bringing of said suit a bill in equity was brought by this company against said Credit Mobilier of America to procure a decree declaring the contract out of which all said claims originated, and on account of which said note is alleged to have been given to the Credit Mobilier, voidable; which bill was adjudged by the court not to be maintainable; and pending this litigation, and to meet the possible contingency of the plaintiff's recovery in said action, it was deemed advisable by this company to procure the transfer to it of as many shares of stock of the said Credit Mobilier as could be obtained, for the purpose of protecting itself against the result, in case of the success of said suit; and

Whereas Oliver Ames and the other trustees under the Oakes Ames and Davis contracts, being individually stockholders in said Credit Mobilier of America, have heretofore, in effect, without consideration, transferred to this company their shares of stock in said Credit Mobilier Company, amounting to 11,256 shares in the aggregate; and

Whereas said trustees have assisted this company at its request in obtaining from other holders of the shares of said Credit Mobilier the transfer of the same to this company; and

Whereas certain suits are now pending and are threatened against said trustees and some of their successors and personal representatives, concerning their management of said trusts and the disposition of the trust property, which, if they can be maintained, would entitle the Credit Mobilier of America, or the shareholders of said Credit Mobilier, to share in the fruits of said suits, which benefits said trustees will have lost by the transfer of their said stock to this company:

Now, therefore, in consideration of the premises and of said services rendered by said trustees to this company, it is

Voted, That if in any suit or suits now pending, or any of which may hereafter be brought, of the character aforesaid, any damages shall be recovered against the said trustees, or either of them, or their respective administrators or executors, which recovery would inure to the benefit of this company as the holder of the Credit Mobilier shares aforesaid, this company does hereby release and transfer to the said trustees, and each of them, all of such damages or sums of money or other recovery in the event aforesaid, to which this company would be entitled as the owner of Credit Mobilier shares, without recourse, however, to this company for any purpose or in any event.

Also voted, That, notwithstanding the foregoing as to recourse to the company, if this company shall sell or transfer said Credit Mobilier shares, or any of them, it will provide, in such sale or transfer, for the indemnity hereinbefore secured to said trustees, their successors and representatives.

And voted, That the president of this company is authorized and directed, in its name and under its corporate seal, to execute all proper instruments, in such form as counsel shall advise, to carry out the purposes of the foregoing votes.

And I will read this also:

On motion of Mr. Baker, the following preamble and vote were unanimously adopted:

Whereas on August 19, 1881, a certain settlement was made by the counsel of this company, and in its behalf, with the trustees under the Ames and Davis contracts, which settlement is contained in a resolution of said trustees of said date, a counterfoil copy of which is spread upon the books of this company, to which reference is made, the details of which are shown by the accounts to which reference is thus made, and under which there was transferred to this company a claim of said trustees against the Credit Mobilier of America for $685,550.74, upon which suit has been instituted by this company and is now pending; and

Whereas under said settlement said trustees were entitled to certain releases, and to have the settlement confirmed by this company: Now it is

Voted, That said settlement be ratified and confirmed, and that the president of the company be and he hereby is authorized and directed to execute, in the name of this company, and under its corporate seal, all proper instruments to release said trustees, as provided in said resolution, and to carry out the purposes of the foregoing vote.

EXTRACT FROM MINUTES OF MARCH 31, 1886.

I read the following extract from the minutes of the directors' meeting of March 31, 1886, at page 136:

Present, Messrs. Adams, Ames, Baker, Dexter, Spaulding, Green, Hoyt, Dodge, and Government directors Alexander, Savage, and Hanna.

* * * * * * *

On motion of Mr. Baker it was

Resolved, That the action of the executive committee at its meeting, held on the 29th current, releasing and transferring to the trustees, under the Ames and Davis contracts, all damages or sums of money which may, by any possibility, be recovered as therein stated, to which this company would be entitled as the owner of Credit Mobilier shares, be and the same is hereby, ratified and confirmed.

On the passage of the above resolution Mr. Ames and Mr. Dexter did not vote.

Q. What was the reason you did not vote?—A. We were trustees.

Q. You were interested?

The WITNESS. Was not that the reason that we did not vote?

Mr. JOHN F. DILLON. You were interested in the matter.

A. We were interested; yes, sir.

Commissioner ANDERSON. I also read from the same minutes:

On motion of Mr. Baker, it was

Voted, That the action of the executive committee, at their meeting held on the 29th current, ratifying the settlement heretofore made by the counsel of the company, and in its behalf, with the trustees under the Ames and Davis contracts, be and the same is hereby ratified and confirmed.

On the passage of the above Mr. Ames and Mr. Dexter did not vote.

Q. That was for the same reason, I presume?

The WITNESS. Yes, sir.

AFTERNOON SESSION.

F. GORDON DEXTER, being further examined, testified as follows:

WITNESS' INTEREST IN BRANCH ROADS.

By Commissioner ANDERSON:

Question. Have you been personally interested in any of the branch roads of the Union Pacific system?—Answer. Except the Oregon Short Line.

Q. You have had no bonds or stocks in any of the other companies?—A. The Utah and Northern, I had forgotten. I should have to refer to find out. I had not thought of that.

Commissioner ANDERSON. I refer more especially to bonds and stocks which subsequently were transferred to the company itself.

The WITNESS. Do you mean with the construction contracts?

Commissioner ANDERSON. The bonds and stocks which you at one time owned and acquired, either under construction contracts or by purchase, and which subsequently were sold by you to the Union Pacific Railroad.

The WITNESS. No, sir.

Q. There are none?—A. Nothing of that kind.

Q. Do you know anything of the construction of the Utah and Northern?—A. No, I do not.

UNION PACIFIC POLICY AS TO BRANCH LINES.

Q. Do you know anything of the manner in which Mr. Gould purchased the interest of Mr. Richardson?—A. No, sir; nothing whatever.

Q. Will you give us your judgment as to the result of the policy pursued since 1875 by the Union Pacific Company, in connection with the construction of branch lines and the investments made by it in branch roads?—A. That there had been mistakes made in judgment is very possible. The Denver and South Park road disappointed us. But, as a whole, as I have uniformly voted for them, and aided to bring them about, I thought at the time, of course, that they were to the advantage of the Union Pacific. That has been my whole interest. I think so now as to the wisdom of the branch-line system, although we have made here and there a mistake. There is no question about the general policy being good.

Q. Would you advocate the pursuit of the same policy in the future?—A. Certainly.

Q. The reason being, I suppose, the one which was given by other directors, that a properly selected branch line, even though it does not entirely support itself, gives you the benefit of the haul between the point of junction and the origin of the road?—A. Undoubtedly. The Oregon Short Line is a very good example of it, giving us a haul over the whole length of the road.

THE BRANCHES WHICH CAUSE LOSS TO UNION PACIFIC.

Q. As to which of these branch lines which you have at present is it your judgment that they, on the whole, produce a loss to the company?—A. I think the Denver and South Park. That is the one prominent in my mind.

Q. And the Kansas Central?—A. Well, I suppose it is. We always have been expecting, for some reason or other, better results there. I think it is, but I would rather refer to Mr. Mink for figures.

VALUE TO UNION PACIFIC OF THE CENTRAL BRANCH.

Q. As to the Central Branch, while I believe the account shows has occasioned no loss, is it your judgment, on a review of the past years, that the price paid for it, $239 a share, was a reasonable price?—A. I think it was worth that to us, to have the control of the extension of the branches, &c. The Union Pacific was in rather a critical position,

between the Kansas Pacific, the Central Branch, the Missouri Pacific, and the Chicago Burlington and Quincy invasions into that territory, and we had to look, not altogether in every case at whether any particular step was going to be profitable, but whether we could protect our main line.

Q. But regarded simply by itself, as an investment of money, is it your judgment that the road was worth $239 per share, without reference to these other questions?—A. I could not answer that without the figures. That was for a small part of the road, controlling these other extensions and branches, and although it seems a high price, it was comparatively a very few miles of the Central Branch itself.

Q. Do you know anything of the circumstances connected with the transaction between Mr. Gould and Oliver Ames?—A. No, I do not; I heard from time to time that Mr. Oliver Ames was buying. I knew that fact. I do not know anything about the circumstances of the transfer.

Q. Was buying it from other stockholders?—A. Yes, sir.

Q. Before he sold it to Mr. Gould?—A. Yes, sir; he and Pomeroy.

Q. Was not the sale to Mr. Gould all accomplished in one transaction?—A. That I do not know.

Q. Do you know anything of the prices that Mr. Pomeroy and Mr. Ames paid to the stockholders?—A. I undoubtedly heard occasionally, but they do not exist in my mind now.

Q. Do you know that some of these stockholders have brought suits against Mr. Ames, alleging that they had cause of action against him arising out of the sale by them to him and the sale by him to Mr. Gould?—A. I have heard it. It was mere talk.

Q. Can you give us the names of any of those stockholders?—A. Oh, no; I do not know them at all. I heard there was a Mr. Stewart, of New York, through whom he bought a large lot; but if you ask as to the discontented stockholders, I do not know.

Q. What Mr. Stewart?—A. I do not know; I heard a talk of a large purchase he made through Mr. Stewart, but whether he was a discontented stockholder, I do not know. I do not think I quite understand your question.

THE PACIFIC MAIL SUBSIDY.

Q. What is your judgment as to the effect of the payment of the Pacific Mail subsidy?—A. I think there can be no doubt at all that it was beneficial to the Union Pacific road.

Q. Please explain in what way it was beneficial with reference to what the Pacific Mail Steamship Company could have done, if the subsidy had been refused?—A. A general cutting of rates, &c.; whereas we controlled rates and sent such things by water as had better go by water, and took such things by rail as we could afford to.

Q. Did you make any examination of the kind of freight that could profitably be taken by water, the time of transportation being something like twenty-five or thirty days, as against the freight routes, which would not be over fifteen?—A. No, sir; that was not a matter discussed in the board. I often saw Mr. Knowland, the freight agent, in New York, and have often heard it discussed, and by letter; but that made no impression.

Q. Then it was a mere surmise that the Pacific Mail competition would depress the rates?—A. Yes, sir.

Q. Do you know to what extent that has been verified by the experience of the past year, during which there has been no subsidy?—A. No; I do not. My information is rather antiquated—before so many

through lines were in existence. It was rather when we were a monopoly—the Central Pacific and ourselves. I do not know so much about it of late years.

DIVERSIONS TO SOUTHERN PACIFIC.

Q. In regard to the present connection with the Central Pacific, is it your judgment that the direction of the Central Pacific has favored the transportation of freight and passengers over the Southern Pacific road, to the detriment of the Union Pacific?—A. If you ask me if it is my impression, it is.

Q. Is it your judgment?—A. I should rather say, "My impression." I have hardly looked into it enough to have a deliberate judgment; but that is my impression.

THE OREGON SHORT LINE.

Q. Is it your judgment that the outlet that you have over the Oregon Short Line would suffice to protect the through traffic, without regard to the Central Pacific?—A. I regard it in this way: That that was in such a doubtful position that it was very good policy in us to have this outlet—the Oregon Short Line.

KNOWS OF NO USE OF FUNDS FOR INFLUENCING LEGISLATION.

Q. Have you any personal knowledge or information in regard to the subject of using funds of the company for the purpose of influencing legislation at any time?

The WITNESS. In regard to the Union Pacific matters?

Commissioner ANDERSON. In regard to the Union Pacific matters, yes.

A. Not the slightest.

The CHAIRMAN. Or any other matter?

Commissioner ANDERSON. In connection with any of the subsidized roads?

The WITNESS. Nothing, except I cannot be ignorant, of course, of the old talk about money that was used with the Credit Mobilier twenty years ago, but I do not know anything about that. I do not want to ignore the question entirely, when everybody must know it.

Q. Except what is contained in the Wilson report, you have no knowledge whatever?—A. No; none whatever.

OR TO INFLUENCE VOTES.

Q. Or of any other use of funds for the purpose of advancing the interest of the company by influencing the votes of any person?—A. Absolutely none.

Q. What examination have you personally made, before voting for dividends, in relation to the question whether the company had actually, and within the terms of the law, earned enough money to justify the declaration of a dividend?—A. From the accounts presented by the proper officers, showing the net earnings up to that time, within the period for which we declared the dividend. The preceding three months, we will say.

NET EARNINGS.

Q. In regard to the principle which had been applied for the purpose of reaching the net earnings, did you investigate that personally, or ac-

cept the result reached in the office?—A. That there had been more or less dispute arising between the Government and the company as to what constituted net earnings, of course I was aware, and I am not quite sure, but I presume we made it up as we claimed. My impression is that we have always been right.

Q. But you always accept it as made up by the proper officer of the company?—A. Yes, sir; I think they always were right as to the Government.

Q. Can you tell us what was the nature of the items in dispute between the Government and the company on that subject?

Mr. JOHN F. DILLON. I think Mr. Mink can explain that, or I can.

A. It always must arise as long as there is such a phrase as "net earnings." No two men, with the most honest intentions in the world, could agree on what they were.

Q. Have you paid any special attention to the question of the public land, and of their disposition?—A. No, sir; nothing more than pertains to me as a director of the company. It has been brought before us.

Q. But you would not be able to state the general gross amount of proceeds from the sale of lands, or the purposes to which the proceeds were applied?—A. No; Mr. Ames being a trustee of the land-grant bonds, we always supposed that he had more information on that point than any of us.

CONSOLIDATED MORTGAGE TRUSTEES' ACCOUNTS.

Q. Have you made any examination of the accounts of the trustees of the consolidated mortgage?

The WITNESS. The Kansas Pacific?

Commissioner ANDERSON. Yes.

A. No, sir.

Q. Have you heard that the terms on which those mortgages were issued to different persons varied from the terms prescribed in the mortgage itself?—A. No.

Q. Did you know that $2,000,000 of these bonds were issued to Mr. Gould at 75 cents on the dollar?—A. I never heard of it until you asked Mr. Ames the question yesterday.

Q. So far as you know, the issue at that rate was not authorized by any corporate action?—A. Not that I know of.

Q. And you had never heard that large quantities of mortgage bonds issued by those trustees had been issued and exchanged at much higher rates than those prescribed in the mortgage?—A. No.

Q. You know of no corporate action permitting such exchanges?—A. I know of none.

WITNESS' INTEREST IN OTHER ROADS.

Q. Have you been interested in any other companies than the Union Pacific in which other directors of the Union Pacific were also interested?—A. Yes, sir.

Q. Please name what other companies.—A. I have been interested in Iowa railroads, in which the Ameses have a large interest.

Q. Any others?—A. Oh, yes, sir; I think so. And I am very apt to act with Mr. Ames. I do not remember at this moment.

Q. But you recall no corporations whose interest would be either in common with or hostile to the Union Pacific?—A. Certainly nothing hostile to the Union Pacific.

Q. For instance, the Pacific Mail?—A. No. I never had a dollar's interest in the Pacific Mail.

Q. Or in the Central Pacific?—A. Or in the Central Pacific, or in the Southern Pacific.

BUSINESS INTERESTS OF DIRECTORS.

By the CHAIRMAN:

Q. Or in mining companies, or express companies, or telegraph companies?—A. I have had an interest in one or two telegraph companies, but never anything that was inimical to the Union Pacific. No mining company or railroad company, in fact, having anything to do with the Union Pacific. The American Union Telegraph Company I was a director of.

SUIT OF THE UNITED STATES VS. UNION PACIFIC.

By Commissioner LITTLER:

Q. I want to ask you one question. In this case of the United States against the Union Pacific Railway Company and others the Supreme Court of the United States grouped the allegations against the directory of the Union Pacific in these words:

"The substance of the charge in all these cases is that the board of directors of the railway company made contracts for the building of the roads, and for running the Pullman cars on them, and for the mining of its coal lands and the purchase of the coal so mined, which were a fraud upon the company whose directors they were; that these contracts allowed exorbitant prices for the work done and materials furnished for the use of the railroad company; that otherwise they were very advantageous to the parties contracting with the company and injurious to the company; that in all these contracts the directors of the corporation, or a controlling majority of them, were interested, and that interest being against the company; that, in fact, the directors were, in the name of the company, making contracts with themselves as the other parties. In short, it may be taken for granted that if these allegations are true, as they must be held to be on demurrer, more unmitigated frauds were never perpetrated on a helpless corporation by its managing directors than are set forth in this bill.

How much truth is there in the allegation which I have just read to you? Do you know of any of the directory of this company who have used their powers as directors in the manner indicated in this paragraph of the decision of the Supreme Court?—A. No, sir.

Q. You do not?—A. No, sir.

Commissioner ANDERSON. You know that refers to a period anterior to 1873?

The WITNESS. Of the Union Pacific.

Commissioner ANDERSON. Your answer stands good, then, back to 1869, back to the Credit Mobilier?

The WITNESS. I never knew of any member of the board of directors of the Union Pacific. You are speaking of the Union Pacific, and not of the Credit Mobilier board of directors?

Commissioner ANDERSON. The decision is speaking of directors who were stockholders in the Credit Mobilier, but who were also directors of the Union Pacific.

The WITNESS. I should have to answer for myself only, there.

Commissioner ANDERSON. That makes quite a difference in your judgment.

Q. Do you know of any director who is now, or has heretofore been, interested in any contract between the railway company and third parties?

The WITNESS. Going back to the time of Credit Mobilier, and the building of the road?

Commissioner LITTLER. You need not go back to that time. I do not want you to take into account anything which is covered by the Wilson committee report.

The WITNESS. I do not know exactly what that is. Do you mean during the construction of the road? As far back as that?

Commissioner LITTLER. After the road was completed. After 1873, if you please.

Mr. JOHN F. DILLON. The road was finished in 1869.

A. No, sir; I do not.

CONCERNING OUTSIDE BUSINESS INTERESTS OF DIRECTORS.

Q. Do you know of any director of the Union Pacific who is interested in this Pulman contract?—A. I do not.

Q. Do you know of any director who is interested in any contract subsequent to the Wilson committee report, 1873?—A. No sir; I do not.

Q. Do you know of any director or officer of this company who has made money out of his position as director, or other officer, illegitimately in any manner whatever?

The WITNESS. Since the road was built in 1873?

Commissioner LITTLER. Yes.

A. No, sir; I do not.

Q. Can you give us a list of the several companies or corporations in which officers of the Union Pacific Railway have interest? It is charged that the officers of this company have interests in coal mines and in silver mines, and in flouring-mills, and I do not know what else.

The WITNESS. At present?

Commissioner LITTLER. Yes.

A. I have not the slightest idea of it; no, sir.

Q. You give them all a clean sheet do you, as to that?—A. Absolutely, as far as my knowledge goes.

Commissioner LITTLER. I am glad to be able to hear you say so.

The WITNESS. I am rather surprised at the question, if you will allow me to say so. I had not heard of it.

Commissioner LITTLER. It is made a part of our duty, by the very terms of this act, to investigate all these matters.

The WITNESS. I do not know what they are aiming at; I do not know anything about it.

The CHAIRMAN. The Commission ought to say to these gentlemen that we expect to accept the findings of the Wilson committee, and that is why we have omitted the question as to this road. That is why, as I understand it, we do not go beyond 1873. It is just to say that to you, gentlemen, in explanation of why we do not question you beyond that period.

Mr. JOHN F. DILLON. You draw the line at 1873?

Commissioner ANDERSON. We will have that evidence before us.

Commissioner LITTLER. We do not propose to thrash old straw.

ARRANGEMENTS BETWEEN UNION PACIFIC AND PULLMAN COMPANY.

By Mr. JOHN F. DILLON:

Q. Do you know the present arrangement between the Union Pacific and the Pullman Company?—A. I do not know the details of it; no.

Q. I understand the Union Pacific owns three-fourths interest in the plant; is that so?—A. Yes; we had the option, and we availed ourselves of it, as I remember.

Q. State your recollection.—A. Just about that. Pullman submits his contracts to the companies, with an option to take what interest they like. As I remember it, it was one-quarter, two-quarters, or three-quarters. I did not understand that it differed from those of the other companies. We thought it to our advantage to take three-quarters, and we took it.

Q. That is to say, the present arrangement is, that the Union Pacific owns three-quarters of the plant, and gets three-quarters of the profit, with the Pullman Company, and that arrangement is in writing, is it not?—A. So I understand. It came up before us, and we discussed it, and thought it was for the interest of the company to take a three-quarter interest.

THE WARDELL CONTRACT.

Q. The coal company to which Commissioner Littler referred was the one known as the Wardell contract, was it not?—A. That is old history.

Mr. JOHN F. DILLON. I want to show that that arrangement is terminated.

The WITNESS. Oh, yes, sir; that is long ago.

Mr. JOHN F. DILLON. They did not know that, and I want to show it.

The WITNESS. That was an original thing, made when we first went out. This man Wardell knew more about coal than anybody else, and he took charge of the coal companies.

Mr. JOHN F. DILLON. And that arrangement is at an end.

The CHAIRMAN. It is all reported in the Government reports.

NO DIRECTORS INTERESTED IN COAL OPERATIONS FOR PRIVATE PROFIT.

Q. I understand you to say that no director or officer of the Union Pacific is interested, to your knowledge, in any coal operations of the company for any private profit?—A. Certainly not.

Q. You are not?—A. Never have been.

Q. And no one is, to your knowledge?—A. I have been under the impression that Mr. Oliver Ames, when he was president of the company, in a public-spirited sort of way, put some money in to develop a coal mine, and he lost some money in it; he is the only officer I ever knew to have any interest in a coal mine; I never had any.

HOW THE BRANCH LINES WERE BUILT.

Q. How have these branch lines been built and acquired?—A. They have been built by the company; they paid the money and took the securities.

Q. Built at the lowest practicable cost, as you understood?—A. Yes, sir; entirely so.

Q. And not through the intervention of construction companies?—A. No, sir.

Q. Those branch lines have been built or acquired at the lowest practicable price?—A. The cheapest way we could get them built, with men in whom we had confidence; and we paid the money and took the securities.

Commissioner LITTLER. We had all that yesterday.

Mr. JOHN F. DILLON. You go over it with each director, and I want to show the details with each.

Q. Have you had, or has any director of the company ever had, any personal interest or derived any personal profits in that direction?—A. Not one dollar.

PRESENT INTEREST IN UNION PACIFIC.

Q. What is your present interest in the Union Pacific stock?—A. I think rather more than I had at the time of this showing; I stated that I had 6,376 shares; it has not varied much from that; substantially, it is the same; I have held on to my stock, in other words.

Q. You kept identified in interest with the company?—A. Yes, sir.

INTEREST AT TIME OF CONSOLIDATION IN KANSAS PACIFIC AND SAINT JOSEPH SECURITIES.

Q. You have stated that at the date of the consolidation you held, in round numbers, including Kansas Pacific consols and Saint Joseph securities and stock, about $200,000 in interest?—A. I cannot make it cost more than $125,000.

Q. You had at that time Kansas Pacific securities which cost you about $215,000; you had at that time, par value, in Union Pacific stock, $637,600?—A. Yes, sir; I think you have got the Kansas Pacific rather high now; but the idea is, the comparison between the two?

Q. Yes; now let me ask you what influence, if any, the comparatively insignificant holding of Kansas Pacific securities relative to Union Pacific had on your judgment in assenting to the terms of consolidation, as finally agreed to?—A. Of course, none; I had five or six times as much Union Pacific as I had of the other.

EFFECT ON UNION PACIFIC IF CONSOLIDATION HAD NOT TAKEN PLACE.

Q. As a practical man, and known to be such, supposing that consolidation had not been made, and supposing the Central Branch had remained in control of Mr. Gould, with the Kansas Central in his control, the Kansas Pacific and the Missouri Pacific in his control, and that the development of that interest had been actively made in the direction in which, in your judgment, it lay, what would have been the result by this time on the Union Pacific property?—A. Oh, I think it would have been killed beyond question.

Q. Why so?—A. These properties were all cheaper. The Union Pacific cost a great deal to build, and with a man of the activity and enterprise, means and ability of Mr. Gould actively fighting us with these weapons at so much less cost, the result would have been fatal to the Union Pacific.

Q. Supposing the Missouri Pacific and the Kansas Pacific to be controlled by one party looking toward its development in the natural way, in what direction would the roads and branches have been building, and how would that have affected the Union Pacific proper?—A. They would have had an independent line to California at once, and the Union Pacific would have been left out entirely.

Q. Would that have passed through Utah and affected your Utah business?—A. Yes, sir. The best line would have been to have gone through Utah. I think it would have been ruin to the Union Pacific.

Q. What about the extension of lateral lines?—A. He had every advantage in the world to do that. The Union Pacific could not have built any lateral lines to compete with them.

WHAT INFLUENCED WITNESS IN FAVOR OF CONSOLIDATION.

Q. Looking at this matter as a practical man, what was it that influenced your own judgment in favor of the policy of consolidation, and consolidation on the terms which were finally agreed to?—A. It is perfectly evidenced to my mind that a man of Mr. Gould's ability—for he is the first man of the country on that subject—with such a weapon as the Kansas Pacific, let alone his Missouri Pacific, could have built branches and cut rates and cut us all to pieces. I never felt more despondent about the Union Pacific outlook in my life than I did when we came back, having unsuccessfully treated about the consolidation. I made up my mind for a big fight, and the cutting of rates and everything that that involved.

DESTRUCTIVE POWER OF KANSAS PACIFIC.

Q. You have been interrogated by the Commission in respect to whether you, at that time, had made a careful study of the earning power of the Kansas Pacific. I wish to ask you whether in your judgment that is the controlling factor or element in the case, necessarily the earning power of that company?—A. I knew more about its destructive powers than I did about its earnings. I knew it would be a death to us.

Q. Look at it retrospectively. Seven years have elapsed since then. What is your judgment to-day as to the wisdom of the resolution to which you then came?—A. There cannot be two questions about that to anybody who intelligently looks at the subject.

THE GOVERNMENT NOT INJURED BY THE CONSOLIDATION.

Q. Will you state to this Commission any ground or reason that occurs to you why this consolidation could, in any manner, and, if so, in what manner, injuriously affect the interest of the United States?—A. Nothing occurs to me. But that is a subject I should not feel as familiar with as I do about the traffic, &c. I know of no reason at all. If you look upon the prosperity of the Union Pacific as increasing the security of the United States it is a foregone conclusion that it is strengthened. It cannot be otherwise.

Q. The Kansas Pacific was aided in the same way as the Union Pacific, was it not?—A. Yes, sir.

Q. And the debt is running along, and interest accumulating, in the same way?—A. Certainly.

Mr. JOHN F. DILLON. Except that, as respects the Union Pacific, the Government gets 25 per cent. of net earnings, which tends to reduce the debt on that road, but it does not get a corresponding reduction on the Kansas Pacific.

The WITNESS. The only reason I hesitated at all before making any answer to your question was that something of that kind might be and it might not occur to me. Of course there can be no question that it is for the better security of the debt if the Union Pacific prospers; and that the consolidation with the Kansas Pacific road led to the advantage of the Union Pacific, no reasonable man can for one moment hesitate in believing.

NO EFFORT BY DIRECTORS TO INJURE THE GOVERNMENT'S RIGHTS.

Q. I want to ask you directly whether, in taking this action, or in the acquisition and building of branch lines, or in the arrangement for the division of earnings on the branch lines, any action has been taken ever on your part or on the part of any of the other directors which was intended to injure or impair the rights of the Government?—A. Never.

Commissioner ANDERSON. You make your answer cover Mr. Gould's transaction.

The WITNESS. He asked me as any action on my part.

Commissioner ANDERSON. No, it covered more.

The WITNESS. I cannot answer for other directors. Never, as far as I myself am concerned.

By Mr. JOHN F. DILLON:

Q. Or by other directors, to your knowledge?—A. Yes, sir. That is too general a question. Whether any other directors did anything I cannot tell.

Q. Has any other director to your knowledge ever been actuated in any action that he has taken to injure the Government?—A. Never that I appreciated, or that I know of.

Q. Do you know of any efforts on the part of the Missouri Pacific to purchase the Central Branch of the Union Pacific?—A. I do not know that I know of any efforts to purchase. It has always been a little unsettled question between Mr. Gould and ourselves.

Q. You cannot speak as to any negotiations or offers in that respect?—A. No, I have always had the impression that he would be very glad to take it.

By Commissioner ANDERSON:

Q. At what price?—A. It did not get as far as that. I think it was for his advantage to own it. I think it is to our advantage to own it.

By Mr. JOHN F. DILLON:

Q. That is your present judgment?—A. Yes, sir.

Mr. JOHN F. DILLON. You have put in your minutes the various records touching the Credit Mobilier litigation through this witness. I do not interrogate him about these legal proceedings, because I do not think he could give us any light. But I would like, at some time, if you desire it, as this matter is to be pursued, to refresh my recollection, and state the history of these various litigations.

Commissioner ANDERSON. We would like it very much indeed.

Mr. JOHN F. DILLON. I will do that in connection with the records you have introduced.

Mr. HOLMES. We want to put in the records that are now here.

Mr. JOHN F. DILLON. It is a very complicated story, and involves the suits in Rhode Island, Massachusetts, New York, Pennsylvania, Iowa, and Nebraska.

RELATIVE VALUES OF WITNESS' HOLDINGS IN KANSAS PACIFIC AND UNION PACIFIC.

By Commissioner LITTLER:

Q. I want to see if I cannot explode Judge Dillon's theory on the question of the interest of this witness. Judge Dillon has assumed in your examination that because you owned only $200,000 interest in the

Kansas Pacific, and you owned $600,000 in the Union Pacific, that therefore your interest was necessarily with the Union Pacific, and not with the Kansas Pacific, in this consolidation discussion. I ask you now, is it not true that if, by that consolidation, your interest in the Union Pacific would have remained *in statu quo*, and your interests in the Kansas Pacific would have advanced materially through consolidation, whether your interest would not then have been with the consolidation of the Kansas Pacific, and not otherwise?—A. In answer to that, my largest interests in the Kansas Pacific were in bonds that I bought, without regard to anything else. I find here this purchase of 104 bonds, of which I have given you the details, bought in October and December, 1879, before the consolidation, apparently because they were a cheap investment. I hold them to-day.

By Mr. JOHN F. DILLON:

Q. What did you give for them?—A. I gave 75 cents.

Q. Bought them in the market?—A. Bought them in the market.

By Commissioner LITTLER:

Q. How many shares of stock did you have?—A. Nothing of that purchase. It was simply a——

Q. How many shares of the Kansas Pacific stock did you own at the time, and before the consolidation?—A. Whatever five-fourteenths of 2,514 shares is.

Q. If it is true that those shares of stock would have been enhanced in value by the consolidation, and your Union Pacific had remained *in statu quo*, then, as a matter of fact, your interest lay in the direction of consolidation, notwithstanding your large holding in Union Pacific. Is that not true?—A. It might be that I derived a slight advantage from the consolidation, in that way, but that was not the prevailing idea. It was fear of a depreciation of the large interest in the Union Pacific.

Commissioner LITTLER. I am not questioning your motives. I am only exploding Judge Dillon's theory that because a man may hold largely in the Union Pacific, and less in the Kansas Pacific, therefore, his interest lies where his largest holdings are.

The WITNESS. Are you not forgetting that the depreciation would have been very large in the large interests that I held in the Union Pacific if this consolidation did not take place?

Commissioner LITTLER. I am putting a hypothetical case. As a matter of fact the Union Pacific did not depreciate, I believe.

The WITNESS. Because we got the consolidation. But supposing we had failed in that, my belief is that the Union Pacific would have depreciated very largely, too. That is what I was fighting for.

WITNESS' OPINION OF GOULD'S COURSE.

By the CHAIRMAN:

Q. Do you regard Mr. Gould's course at the time of the consolidation, as a director of the Union Pacific, one of good faith to the United States Government?—A. I do not know.

Q. He was a director of the Union Pacific; how do you regard his course?—A. Mr. Gould's ideas about the duties of a director are sometimes peculiar. I do not see exactly why he affected the interests of the Government.

Q. He was a director, and the Government had $27,000,000 accumu-

lated interest in the road; he acted as director and trustee; do you regard his course in the matter of the consolidation as one of good faith?

Commissioner ANDERSON. And in threatening the Union Pacific with ruin if they did not come to his terms.

The WITNESS. Well, I——

The CHAIRMAN. You certainly have an opinion.

The WITNESS. What is the use of asking? Yes; that is my opinion.

Q. What is your judgment?—A. That is not the duty of a director, of course.

Q. What is not?—A. To plan to build a rival road; that does not come within his duties; of course not.

Commissioner ANDERSON. Is it not a violation of his duties, as you understand it?

The WITNESS. Yes, sir; certainly.

THE NUMBER OF TRANSCONTINENTAL LINES.

By the CHAIRMAN:

Q. Then he was not acting in good faith, in the interest of the Government, at that time?—A. No.

Q. How many roads now cross the continent?—A. There is the Atchison; I do not know whether there is a San Francisco road, as an independent outlet, or not.

Mr. JOHN F. DILLON. It has a line from San Francisco, as I understand it.

The WITNESS. There are four or five.

Q. How many have been built since this threat of Mr. Gould to build a competing line?—A. All of them have been built since then.

Q. How have they affected the business of the Union Pacific?—A. It has lowered the rate very much by competition.

Q. Have they lowered it to such an extent as to bring about the results that you contemplated the competing line you thought Mr. Gould was going to build would have?—A. Ever since that time it has become more and more apparent, and it has been developed here, that a large part of the earnings of the Union Pacific are not in the transcontinental business. Perhaps at that time we overrated the importance of that through business. It has been developed more and more since then that the larger part of the earnings of the Union Pacific road are not from transcontinental business.

Q. So that the results that you expected at that time have not followed, or have not been so serious as you thought they would be?—A. To some extent; yes, sir.

ABILITY OF UNION PACIFIC TO PAY DEBT TO GOVERNMENT.

Q. Yet you have five roads as against, at that time, one road competing. What is the ability of the Union Pacific Railway to pay the debt of the United States with interest? I ask your judgment as a director.—A. Any other railroad, if it were not harassed by the Government, its credit being good, would pay its first-mortgage debt by an extension easily and readily at a lower rate of interest than it pays now. The earnings of the Union Pacific are amply sufficient for that. The whole thing that the Union Pacific suffers under is the uncertainty attending it in its relations to the Government.

Q. Growing out of what?—A. Well, growing out, in my honest opinion, of Wall street very largely.

Q. You do not call that the Government?—A. We do not call that the Government, no. There do not seem to be any fair attempts to settle the question with the Government with a fair extension of time and to put it on a proper footing with the Government. Of course, I believe that the Union Pacific is acting right, because I am a part of it and vote for it, and all that. That is most decidedly my opinion.

THE GOVERNMENT'S TREATMENT OF UNION PACIFIC.

Q. How has the Government harassed the Union Pacific Railway?—A. There are endless suits, which have almost always been decided in our favor. I think we have made very few claims that have not been sustained. I am no lawyer, but as to the justice of the Thurman 25 per cent., I never believed in it, and do not to-day.

Q. That bill was passed in 1878, was it not?—A. I do not remember.

Mr. HOLMES. Yes, sir.

Is it not the fact the Union Pacific stocks and bonds have appreciated in value since that day?—A. I dare say they may have.

Q. Then it was not the effect of legislation that depreciated the stocks and bonds of the Union Pacific?—A. I did not mean to intimate that. As long as you ask my opinion about that, it is fair to say that I think that was a case of oppression against the road. You asked me how it affected the road.

HOPING FOR GOOD RESULTS FROM THIS INVESTIGATION.

The CHAIRMAN. I asked you later how the road had been affected by legislation.

A. I do not doubt that some very favorable results may come from this Commission and inquiry, but my impression was that this was originally started in Congress because of the proposition made to extend the debt, &c.; and it was a way to kill that proposition for that session. I hope for some good results. I am pleased with the result of having the investigation, and all that. As we have always said, and always shown, the books are open, and we are thankful for the investigation on every and any point. I hope a good result will come from this, because there are other matters included in your powers; but I believe, at the beginning of this thing, that because there was a proposition to settle with the Government, this was an easy way to kill it and go on.

Q. But it is a fact, I think I can assume, that since the legislation of 1878 the stocks and bonds and the valuables of the company have appreciated very much during the period when there was very little legislation and there was seemingly no annoyance arising on the part of the Government, the stocks depreciated very much, so that it could not be from any annoyance on the part of the Government.—A. At one time or another—I do not mean to trace it to that—there have been panics and speculations in the stocks that have depreciated them. It was not any action on the part of the Government, that I remember now, that drove the stock down to 30, a fall of $100 a share. But that the stock suffers continuously, and always from being under the direction of the Government, I think nobody doubts.

NET EARNINGS.

By Mr. JOHN F. DILLON:

Q. The original acts required an account of net earnings to be kept

without undertaking to define what net earnings consisted of, and required 5 per cent. of that to be paid the Government, to be applied on the bond and interest account. That 5 per cent. provision remains in force, notwithstanding the Thurman act, to this day, and is the only requirement as applicable to the Kansas Pacific. In 1878 came the Thurman act, which required the company, including the 5 per cent., to pay 25 per cent. of its net earnings to the Government. Why does such an arrangement necessitate disputes with the Government; we have had a great many; now why is it?—A. What constitutes net earnings is the question. No two men, honestly trying to get at that, will agree as to what constituted net earnings. It has never been clearly defined.

Q. It is a question what expenditures should be charged to operating and what ought to go to construction accounts?—A. Certainly.

Q. And their is no fixed line to divide them, is there?—A. No, sir.

Q. In the case of a dispute of that kind between two companies is it easier of adjustment—and if so why—than a dispute with the Government?—A. The companies have a right to compromise a little, and they all do. The Government is brought up by law, and it cannot. There is nobody who has power to do it.

Q. So that every dispute with the Government must end in a law suit?—A. It must. That is our situation all the time, and I have the impression that we prevail in almost all differences of opinion with the Government.

LITIGATION AS TO NET EARNINGS.

Mr. JOHN F. DILLON. There have been three litigations with the United States that are reported in the Supreme Court of the United States, on the subject of net earnings—two in respect of 5 per cent. and one in respect of the Thurman act—in all of which cases the company has been sustained by the courts.

Commissioner ANDERSON. Not on the Thurman act.

Mr. JOHN F. DILLON. Yes, sir.

Commissioner ANDERSON. The court claimed that the Thurman act was not constitutional.

THE "MAIL" CASE.

Mr. JOHN F. DILLON. But in the mail case, and all the others, the Government retained $600,000 or $700,000 from the company on its construction of the net earnings, under the Thurman act, and the courts decided that the Government was wrong.

PLAN OF SETTLEMENT.

By Commissioner LITTLER:

Q. I want to ask you one more question. Do you agree with the president of this company that it is for the interest of the company, as well as of the Government, that the law should be so changed as to require the payment of a gross sum instead of the payment on this net-earnings basis?—A. Certainly.

Q. You do?—A. It is very important.

Q. Would such a modification of the law avoid all the litigation and difficulty?—A. That is the object. We are having continual disputes.

Q. If you knew just how much money you had to pay every year, you think it would be better?—A. I believe we could do everything. It is something like that tariff question. We could accommodate ourselves to it, if we know what would be.

By the CHAIRMAN:

Q. How much can you pay?—A. If we could have a fixed, sure thing, it would be very easy to find out.

Q. You would not be willing to make a guess?—A. Oh, its too big a sum to guess about; when you come to talk about that, I think that Thurman act was a simple outrage.

The CHAIRMAN. If you have any further information that you desire to give us, you can do so.

The WITNESS. No, I think you have got all the information I can give. I hardly like to have such liberty as that given, without expressing my opinion that this company is being treated very badly by the Government, and, more than that, that it is for the interest of the Government, just as well as it is for this company's interest, to settle all this matter, and take it out of the courts, by a fixed payment, and the extension of the debt to a proper time on easy terms of payment. I never before heard of a creditor who hounded his debtor as we have been hounded, and I cannot, for the life of me, see the sense of it. It is true we are not treated by the Government, and never have been treated, as one man should be treated by another. I never could see the sense of that.

By Commissioner ANDERSON:

Q. Are you in favor, in case you could get such a settlement of your difficulties with the Government, of adding to your security out of a portion of your property and investments, which are claimed to be free from the Government lien, so as to increase the security of the Government?—A. Yes, sir; I should advocate giving any amount of security to the Government. Anything looking like abandoning this road to the Government, which some people talk about, is the sheerest nonsense in the world. We believe we have a good property, and we stand by it. Mr Ames stated yesterday that he had five millions before, and he has got it now. If we are going to desert the ship, like rats desert a sinking ship, it is something I do not know of.

The CHAIRMAN. Have you anything further to say?

The WITNESS. No, sir; I have not.

F. GORDON DEXTER.

EQUITABLE BUILDING, BOSTON, MASS.,
Thursday, May 26, 1887.

EZRA H. BAKER, being duly sworn and examined, testified as follows:

By Commissionor ANDERSON:

Question. You are a director of the Union Pacific Company?—Answer. Yes, sir.

Q. How many years have you been such director?—A. I have been director since March, 1876.

A DIRECTOR OF THE UNION PACIFIC COMPANY.

Q. On what committees have you served?—A. I have been on the finance committee, and possibly on one or two other committees, the executive committee principally.

Q. You have heard the testimony of the other witnesses in regard to the relations existing between the Kansas Pacific and the Union Pacific before the attempted adjustment. I do not mean the consolidation, but before the attempted adjustment that was made under the pooling contract for pooling all their business together.—A. Yes, sir.

Q. Does the statement that you have heard made by the other witnesses agree with your own judgment?—A. The pool as between the roads escaped my mind altogether. I see nothing to object to in that. You do not refer to the purchase of the securities?

SEES NOTHING TO OBJECT TO IN THE POOL.

Commissioner ANDERSON. No; I refer to the general question that their relations were hostile from 1874 until 1877 or 1878.

The WITNESS. Yes, sir.

Commissioner ANDERSON. And that after that period there was more or less unity of interest arising out of the purchase of the securities of both roads by the officers of both roads, and so that they began to come together?

The WITNESS. Yes, sir.

Q. We do not want to spend any more time over that story, if it has been correctly told.

The WITNESS. Yes, sir; I agree with them in that.

Q. What was your interest in Union Pacific in 1879?—A. I have referred to my books in reference to this to see what I had at the time of the consolidation, and it was practically the same at the time of the consolidation that perhaps it was six months before, according to my best recollection. On the 1st of February, 1880, I held 3,037 shares of Union Pacific stock.

Mr. JOHN F. DILLON. The par value was what?

The WITNESS. $100 a share.

Q. During the year 1879 what interest, if any, did you acquire in the securities of the Kansas Pacific?—A. I had a half interest in a subscription of $30,000. My firm held it, and I had one-half interest. I will give you my interest, if you please.

Commissioner ANDERSON. Do so.

The WITNESS. Fifteen thousand dollars, which I acquired and paid for, apparently, on the 27th of March, 1879.

Q. Interest in what?—A. In the Kansas Pacific.

Q. Stock or bonds, or what securities?—A. I got for that probably a certificate. I do not remember now, but ultimately for that certificate and for that $15,000 I received $15,000 consolidated bonds; $2,000 Denver extension bonds, $175 in coupon certificates, and 548 shares of Kansas Pacific stock.

Q. Do you know how that stock came in, or from whom it was derived?—A. I always understood that Mr. Gould got the securities together, and I suppose that my interest came out of that. Probably in connection with Mr. Ames and Mr. Dexter.

Q. Did you hear at this time of the existence of this pooling agreement for scaling the securities down?—A. I presume I did.

Q. Then this interest which you acquired was doubtless an interest in that pool, not directly, but that you would take such a proportion as that amount of money would entitle you to receive?—A. Yes, sir.

Q. Then the stock that you received cost you nothing outside of this subscription of $15,000?—A. No, sir.

ACQUIRED AN INTEREST IN SAINT JOSEPH AND WESTERN IN 1879.

Q. Had you acquired, in the year 1879, any interest in the securities of the Saint Joseph and Western?—A. Yes, sir; I acquired $20,000 bonds and 95 shares of stock on the 27th of June, 1879.

Q. What was the price paid for the bonds?—A. I paid 40 for the bonds, and I had the stock thrown in.

Q. How did that transaction come about?—A. I bought the bonds from Mr. Gould personally.

Q. Can you tell us a little more how it was developed, and how you came to know that he had them for sale?—A. Mr. Ames, I think it was, according to the best of my recollection, told me of his having some—of Mr. Gould having made a purchase of that whole thing—and I bought it the same as I would buy anything else in the market.

Q. What I want to get at is whether Mr. Gould suggested that he would like to have the directors take an interest in this purchase, or whether they went to him?—A. My impression is that in this case I suggested that he had better let me have some of those bonds.

Q. You suggested he had better let you have some?—A. That is my recollection.

Q. Do you think you suggested the price also?—A. It was understood that it was to be at what he paid for them.

Q. Why should you suggest to him that he should let you have the bonds at the same price that he had paid?—A. Only that the others seemed to have some, and there did not seem to be any reason why he should not let me in as long as the rest were in.

Q. Do you remember the facts connected with the writing of the letter to Mr. Humphreys and Mr. Dodge in regard to an examination of the roads?—A. Since I have seen that letter my memory has been refreshed a little in connection with it. In a general way I recollect it.

CONSOLIDATION DISCUSSED.

Q. At that period the question of a possible consolidation was a matter of discussion among the parties in interest, was it?—A. Yes, sir; it had been at the time that letter was written.

Q. Did you have discussions with Mr. Gould on this subject in October, 1879?—A. I have no recollection of any particular conversation. I presume that, in connection with the others, we had general discussions about it.

Q. What is your recollection of his attitude in October, 1879, before he bought the Missouri Pacific, at the time this letter was written, in which he joined with the other gentlemen?—A. According to the best of my recollection the matter of consolidation had begun to be talked about. The road was earning more money, and there was apparently a better reason for consolidation.

Q. When you say "the road," you mean the Kansas Pacific?—A. I refer to the Kansas Pacific; and that letter was the outcome of it, looking to consolidation if the terms could be made satisfactory.

Q. The question is, what your recollection is of Mr. Gould's attitude at that precise period?—A. I have no definite remembrance, as far as that goes. It is only general, that he was disposed to consolidate.

GOULD DISPOSED TO CONSOLIDATE.

Q. He was disposed to consolidate on certain terms?—A. Yes, sir.

Q. Do you recollect anything about the terms that he first insisted upon or suggested?—A. No, sir; I have none in my mind.

Q. Do you remember that at any time Mr. Gould ever suggested that the Kansas Pacific stock should be represented in the consolidation on more favorable terms than the Union Pacific stock?—A. No, sir.

Q. Do you remember the fact that Mr. Gould bought the Missouri Pacific in November?—A. Yes, sir.

Q. Did any change in his attitude to the Union Pacific follow that purchase?—A. I think it did.

Q. Please describe what occurred, and what effect it had on the Boston people.—A. I had very few conversations with Mr. Gould personally in reference to the matter. Most of my information came through Mr. Ames or Mr. Dillon or Mr. Dexter, who had the ear of Mr. Gould more than I. I was influenced largely by their judgment in all these matters.

Q. Do you remember, as a matter of fact, that a great deal of alarm was the result of Mr. Gould's position after the purchase of the Missouri Pacific?—A. Yes, sir; I felt that way.

Q. And you gentlemen all went on to New York?—A. Yes, sir.

Q. More than once?—A. We must have gone on several times. That interview at which Mr. Dexter drew up the memorandum was the only one in which I was present at Mr. Gould's house.

Q. These visits to New York, then, were all between the time when you heard of the purchase of the Missouri Pacific and of Mr. Gould's intimation that he might extend it in connection with the Kansas Pacific, and the period of the 14th of January?—A. I do not recall any visits to New York except this. The probability is that our information may have come through the office in the regular way, or perhaps through one of our directors going on there and having a conversation.

Q. The only visit you recall making yourself is the visit of January 14?—A. Yes, sir.

Q. How did you come to go on?—A. I presume at the invitation of my associates.

Q. My question is, mainly, whether Mr. Gould sent you an invitation?—A. I think not.

Q. You all went on together and went to Mr. Gould's house?—A. Yes.

Q. Please describe that interview, as you recollect it, in the order of events.—A. I have no order in my mind further than we went over and had the matter under discussion. There is no order that lies in my mind in connection with it. Mr. Gould acquiesced finally in the justice of the arrangement, and the paper was drawn up.

Q. Do you remember whether at first Mr. Gould asked one price for his Kansas Pacific stock in the consolidation, and subsequently changed his price?—A. As it lies in my mind, it was a question of consolidation or not. It was as to whether he should connect it with his other system, or connect it with ours. I have no recollection of any difference in the terms demanded.

Q. You have no recollection, then, of any change or concession on the part of Mr. Gould at any time from October to January, meaning by that a concession of price in the terms which he asked for the Kansas Pacific?—A. I have not.

Q. Then, after Mr. Gould had finally conceded that the consolidation should go through, your recollection is that Mr. Dexter prepared the paper, and it was signed just as these gentlemen have signed?—A. Yes, sir.

Q. Did you at the time this meeting was held know anything about the circumstances under which Mr. Gould had acquired title to the Central Branch?—A. I heard of it at the time of the purchase; I presume I knew it.

Q. Did you at that time have any personal knowledge of the Central Branch road itself?—A. I never went over it.

EARNINGS OF CENTRAL BRANCH.

Q. You did not know what its earnings were?—A. Only as I heard it from the parties in interest, that they were very large. Governor Ames, I know, told me at that time that they were earning very large amounts of money, and he had a very high opinion of the stock.

Q. But at the time this paper was signed you had only general information in relation to it?—A. Excepting I knew that the purchase had been made.

Q. In regard to knowing that the purchase had been made, you knew that from whom?—A. It was common talk. I could not mention the person who told me.

Q. The price paid was what?—A. The price paid I understood at the time.

Q. Was it $239 a share?—A. Whatever it was, I understood at the time.

Q. That was a very unusual price for a railroad out West, was it not?—A. It was considered a round price.

Q. We want to be told how far, before agreeing to give Mr. Gould such a price as the price named, you had examined to see whether it would be a paying purchase or not?—A. In addition to the earning capacity of the road there was the other feature—the fact that they were building west and threatening to go to Denver. That was another very potent element that came in connection with our movement in the matter.

Q. In that point in view, the price, as forced upon you, had no relation to the actual value of the purchase, but was in the nature of a dictation of terms by rivals in business, was it not?—A. The road was actually earning a great deal of money at that time. It was stated, I know. Mr. Ames' feeling was that it was worth what he was getting for it.

THREATENED LINE TO DENVER.

Q. I am talking now of the reason assigned by you for conceding this price to Mr. Gould, that in addition to its earning capacity your language was, I believe, that there was the other consideration, that they threatened to extend the road and make a through line to Denver. In regard to that position of the matter, it was in the nature of compulsory terms forced upon you by rivals in business?—A. That element entered into it, in that respect.

Q. In regard to the Kansas Central, which appears to have been covered by this agreement, what knowledge had you at that time?—A. I had no personal knowledge whatever.

Q. In regard to the St. Joseph and Western, you were the owner of some bonds. How far had you examined or looked into the road?

The WITNESS. At the time I made the purchase?

Commissioner ANDERSON. Yes.

A. Not at all.

Commissioner ANDERSON. I mean at the time you signed, on the 14th of January, 1880.

The WITNESS. I have no recollection now of having any statement of earnings.

Q. Do you remember whether the subject of what Mr. Gould, who, I believe, was known to be the owner of the controlling interest at that time in the Saint Joseph and Western, should receive for these bonds was discussed at that meeting?—A. I think not. No, I think there was no discussion upon it.

Q. Who fixed the price? Who said that part ought to be paid for these bonds?—A. According to the best of my recollection, it was about the market price at that time, and it was a part of the whole trade, as it were, the whole consolidation.

Q. Yes, sir; but as $239 was fixed for Central Branch, somebody must have fixed some price or other for Saint Joseph. Was it not Mr. Gould who said he wanted par for these bonds?—A. Very likely it was.

NO PROTRACTED DISCUSSIONS.

Q. You do not think there was any very protracted discussion on that point in the arrangement, do you?—A. I should think not. No, sir, I have no recollection of it.

Q. As a matter of fact, was not Mr. Gould's position during that interview such that if he conceded the consolidation the directors felt that they could not discuss the question whether par for the Saint Joseph bonds was a proper price or not?—A. They would not have lost the consolidation for a matter of 10 or 20 per cent. in the value of the Saint Joseph bonds.

Commissioner ANDERSON. Whether it was a million or half a million dollars.

The WITNESS. I think I recall, in regard to the stock, that the value of the Saint Joseph and Denver stock, which was put in at 20, was actually worth some 35 or 40 in the market. That is my recollection of it. So that there was a concession, as far as that is concerned.

Q. When you say it was worth 35 or 40 in the market, do you refer to any sales of which you have any knowledge?—A. Only as it was quoted in the market. My impression is that it was quoted in the market, on the stock exchange, at that price.

Q. Do you know it was not a listed security?—A. I was not aware that it was not.

Q. Do you know how a quotation of an unlisted security is made in New York?—A. I am well aware that quotations can be arranged, if the parties are disposed to do so.

Q. Do you know the difference between the quotation of the listed security and the quotation of an unlisted security? Do you know how the newspapers obtain the one, and how they obtain the other?—A. I presume from the record of actual sales.

Q. Did you know that the quotation of a listed security is obtained from an actual sale, publicly made in the stock exchange, whereas the quotation of an unlisted security is obtained by merely going from office to office and being informed by brokers of their best judgment of the bids and offers for the unlisted securities?—A. Undoubtedly the market price can be fixed as well in one case as in the other. It is not necessary to have a stock exchange in order to fix values for stock or to fix negotiations for stocks.

ARE QUOTATIONS OF UNLISTED SECURITIES RELIABLE?

Q. In your judgment, is the quotation of an unlisted security, dealt in only from office to office, as reliable an evidence of value as the quotation of a security frequently dealt in and sold at public auction in a large exchange?—A. I think it may be.

Q. When you signed this paper had you any information about this Denver Pacific stock?

The WITNESS. Do you mean as to the market value of it?

Mr. ANDERSON. As to how it was held.

A. I cannot say that I had much.

Q. Did you know it was included in the schedule of securities assigned to the trustees of the Kansas Pacific consolidated mortgage?

The WITNESS. The Denver Pacific stock?

Commissioner ANDERSON. Yes.

A. I heard about that stock at the time, and about the effort being made to take it from the trust by order of the court.

Q. From whom did you hear of that?—A. From some of our directors. I cannot say.

Q. My prior question was, when you signed this agreement did you know that that stock was held by the trustees?—A. Oh, no, sir; I do not recall any special reference to that stock at that time.

Q. All you know of the proceedings by which it was taken out is such information as you heard from others?—A. Yes, sir.

Q. Did you ever hear Mr. Dillon speak of it?—A. I think very likely.

Q. Did he ever tell you that he had been a witness?—A. The only means of information I had was from some of our own people.

Q. Did Mr. Dillon ever tell you he had been a witness in the proceeding instituted for this purpose?—A. I have no recollection.

THE KANSAS PACIFIC CONSOLIDATION.

Q. You voted for the consolidation on the 24th of January?—A. Yes, sir.

Q. Do you remember Mr. Chadwick, a Government director, being present?—A. Not specifically.

Q. Do you remember the fact that he voted against the consolidation?—A. It has been called to my mind since.

Q. Does that recall the fact to your mind?—A. Not specially.

Q. I mean you do not remember that he made any opposition to it?—A. I do not recollect any opposition whatever on the part of any Government directors at that time.

Q. Have you given the subject of these branch roads any special attention?—A. Yes, sir; I have in common with the other directors.

WITNESS' INTEREST IN BRANCH ROADS.

Q. Have you had any interest in the bonds or stocks of any of the branch roads?—A. I believe I am a holder in the stock of the Utah and Northern; I think that is the only one; I think I have got a little stock in that road. I also have some stock in the Oregon Short Line. Perhaps two hundred shares in the Utah and Northern.

THOSE BRANCHES WHICH RESULT IN LOSS TO UNION PACIFIC.

Q. Which of these branches have, in your judgment, resulted in a loss to the Union Pacific?—A. I think the Denver and South Park there is no question about; it has resulted in a loss.

Q. Has the Kansas Central?—A. The Kansas Central also. The question is whether the loss there has not been offset by the prevention of some other line going in there that might have hurt us still more; that is problematical.

Q. Do not a large number of these branches show deficiencies?—A. Yes, sir; they do, some of them, as appears from the books.

Q. But these two are the only ones that you can recall by name?—A. The Oregon Short Line did not earn its interest last year. The Union Pacific was obliged to pay the interest, as appears from the books; but unquestionably the amount of business that the Oregon Short Line gave to the Union Pacific would offset any deficiency in that respect.

SAINT JOSEPH AND GRAND ISLAND ROAD.

Q. How did the Saint Joseph and Western or Saint Joseph and Grand Island operate between 1880 and 1884?—A. It was nominally a drag upon the road; but, in reality, I believe the Union Pacific got enough out of it to offset any deficiency.

Q. Do you know how it got the return out of it that it did; was it by sale of bonds?—A. No; I refer now to business entirely.

Q. You think the earnings of the road itself, without reference to the reorganization, resulted in a balance which was in favor of the company?—A. At least in not a very heavy loss. I only state it as a matter of opinion, without any figures to warrant it.

Q. Do you include in that estimate interest on the price paid for the bonds; do you think that on charging up interest and operating expenses there was no loss?—A. It is possible there was a loss, when you come to charge all the interest up.

Q. Do you know anything about a negotiation that was made of the bonds of that road, after the reorganization, or the guarantee given by the company on the bond?—A. That was done year before last.

Q. It went through Kidder, Peabody & Co., did it?—A. Yes, sir; that was done year before last; it is a matter of record on the books.

Q. Do you know, as a matter of fact, that the Union Pacific has guaranteed the interest, I believe, on the whole issue of $7,000,000?—A. Yes, sir.

Q. Was it, in your judgment, through such guarantee that it was enabled to sell the portion of its own bonds that it did sell?—A. I do not think they could possibly have sold the bonds at 105, which was the price we got for them, without the Union Pacific guarantee, at that time.

Q. The Union Pacific to-day owns none of these bonds, does it?—A. None; they were all sold.

Q. Do you know anything about the earnings of the road within the last year or six months?—A. I understand its earnings were more than its interest. Its earnings were enough to pay interest upon some of the junior securities.

Q. Do you know how their earnings have compared within the last two months, as compared with a year ago?—A. I have not seen a statement.

BUSINESS INTERESTS OF DIRECTORS.

Q. I ask you this question, taken from the act: are you now or have you been, directly or indirectly, interested, and to what extent, in any other railroad, steamship, telegraph, express, mining, construction or other business company or corporation, with which any agreements undertaken

or leases have been made or entered into? I presume the question is intended to be limited to companies which could by possibility be affected either favorably or unfavorably by the operation of the Union Pacific.—A. I have never been interested in any construction company whatever, whereby I have ever made a dollar, to the best of my knowledge and belief, out of the Union Pacific company.

Q. Will you make that broader than "construction company"?—A. It is intended to cover the question that you have gone over. If you will repeat it, I will answer more fully: "Construction or other company," you can add to that.

HOLDINGS IN UNION PACIFIC AT PRESENT.

By JOHN F. DILLON:

Q. How much stock have you, or your firm or family through interest with you, in the Union Pacific at this time?—A. The stock that I represent, including my partner and my family, is over 10,000 shares.

Q. How much par value is that?—A. A million of dollars.

Q. What was the amount of the same interest at the time of the consolidation in 1880? You have stated that your own was what?—A. 3,037 shares, I think I said I owned at that time.

Q. How much did you represent?—A. I should say we had a little more than we have now; 2,000 or 3,000 shares, perhaps.

Q. That is to say you had at the date of the consolidation, or represented, about a million dollars in the par value of the stock of the Union Pacific Company?—A. Yes, sir.

Q. You had 548 shares of Kansas Pacific stock, amounting, at the par value of $50 a share, as you have stated it, to $27,400; is that right?—A. That gave me 274 shares Union Pacific.

Q. It would be double that?—A. Yes, sir.

Q. So that you had $27,400 Kansas Pacific against a million dollars of Union Pacific?—A. Yes, sir.

HOLDINGS IN UNION PACIFIC ON JANUARY 14.

Q. Now, when you and Mr. Ames and Mr. Atkins and the others who signed the agreement, or memorandum, rather, of January 14th, at that interview, what interest did you represent at that time?—A. The amount I have just stated, upwards of 10,000 shares, according to the best of my recollection.

Q. Did you understand yourselves to be there as the representatives of the Union Pacific interest?—A. Entirely so. We were doing what we thought best for the Union Pacific's interest.

Q. Did you get the best terms you thought were practicable?—A. Yes, sir; we did the best we could.

Q. Of course your judgment approved the arrangement at that time, did it?—A. Yes, sir.

Q. Was that arrangement, as you understood it, forced upon you by Mr. Gould, or otherwise? I want your understanding of that.—A. No, sir; it was not forced upon us by Mr. Gould.

ALL GLAD TO CONSOLIDATE.

Q. State whether or not you regarded it as a hard bargain at the time for the Union Pacific, under the circumstances.—A. I think we were all glad to make the trade at that time, on the terms upon which we

did make it. If it had been nine months earlier it would have been a different matter. I do not think we should have felt so at all.

Q. Looking back at it now, over the lapse of seven years during which you remained connected with the road and its management, what is your present judgment as to whether it would have been wiser to have declined the consolidation, or to have made it?—A. I think it was wiser that we made it.

THE CENTRAL BRANCH.

Q. Have you any doubt on that subject?—A. Not the slightest.

Q. This memoranda states that the Central Branch was to be put into the arrangement at what it had cost Mr. Gould. Do you know whether that arrangement was carried out. Is that your understanding?—A. I understand the company bought the stock of Mr. Gould at what he paid for it.

Q. Will you state to the Commission whether that was one of the terms which was insisted on by Mr. Gould, that you should take that off his hands, or what was the fact in that regard?—A. Either at that time or earlier, my impression is that Mr. Gould preferred to retain the Central Branch for himself, but our people thought it would not be advisable to have him do so.

Q. He had only bought it the November previous?—A. Yes, sir.

Q. Mr. Ames testified that it was the Union Pacific party that wanted the Central Branch put in. I ask you for your own recollection. Is your answer second before the last your present recollection?—A. Yes, sir.

Q. Is the same true as to the Kansas Central?—A. I do not remember.

NO DIRECTOR INTERESTED IN CONSTRUCTION OR OTHER CONTRACTS.

Q. Since 1873, excluding the Credit Mobilier matter from review, as that is the line that has been drawn here, do you know of any director being interested in the construction or other contract, so as to make a personal profit at the company's expense?—A. No, sir.

Q. State whether you have any reason to suppose any such thing?—A. No, sir; I have no reason to suppose any director has.

Q. I will inquire whether you held any of the bonds of the Union Pacific at the date of the consolidation?—A. Yes, sir.

Q. How much and what?—A. I owned 134 sinking-fund bonds.

Q. One hundred and thirty-four thousand dollars?—A. Yes, sir.

Q. Is that all?—A. Yes, sir.

Mr. JOHN F. DILLON. That is all, unless you have something that you think material to state here.

DENIAL THAT LEGISLATION HAS BEEN INFLUENCED BY UNION PACIFIC.

By the CHAIRMAN:

Q. Do you know of any money being paid by the Union Pacific Railway Company to influence legislation?—A. No, sir.

Q. Did you ever hear of such a charge?—A. No, sir.

Q. You never heard of such a charge?—A. Oh, I do not say that I never read of such charge, because we have been charged with almost every crime that there is on the calendar.

Q. Would you, as a director, be in a position to have a knowledge of such a fact if it existed?—A. If there was any considerable amount paid I think I should be very likely to hear something about it.

VIEWS CONCERNING GOULD'S CONDUCT.

Q. How did you regard Mr. Gould's conduct at the time of the consolidation; as that of a friend to the Union Pacific Railroad Company?—A. I look at the matter from a little different point of view from what Mr. Dexter did. I think that his conduct at that time as a Union Pacific man was very proper indeed, because I feel that the rest of us were trying to bring about exactly what we persuaded him to do. Therefore I think he did right.

Q. Do you recall his invitation to the directors in 1878, after the passage of the Thurman act, to go outside of the Government line and build a competing line?—A. I do not remember that. But I know that he said to me once that he had a great mind to build a competing line outside of the Government line.

Q. What would you regard such conduct on the part of a director or trustee of so large an interest as the Government has?—A. He probably did not regard himself as a trustee of the Government.

Q. Was he not a trustee of the Government at that time? I am speaking of a trustee synonymously now, as a director.—A. Of course, a director is bound to look out for the best interests of his company. There can be no question about that.

Q. Do you think he was looking out for the best interest of the Government at that time, when he made that threat, or made the suggestion?—A. I doubt very much if he had that in mind.

Q. Was it in the best interests of the company?—A. No, sir.

INTEREST TAKEN BY GOVERNMENT DIRECTORS.

Q. Did you attend all the meetings of the board of directors during the time of the consolidation, and subsequently have you been a regular attendant of the board meetings?—A. I think so; yes, sir.

Q. Have the Government directors attended the meetings?—A. We have had, and almost always whenever we could get them, a representative of the Government attend the meetings.

Q. What interest did they take in questions that were brought before the board?—A. Of course, in the executive meetings we only have one. So far as I recollect them, they have taken a good deal of interest.

Q. What interest did they take in the discussion of the question of the consolidation in 1879, in the fall?—A. It is only an impression that lies in my mind, and that was that they approved of the general plan at the time.

Q. Were they informed beforehand of the thought of the board to make some sort of an agreement or consolidation?—A. I have no specific knowledge of their having been informed.

Q. Was any discussion had with them in which they took part?—A. I have no recollection other than they had the same discussion that the other directors of the company did. I have no recollection of the directors of the company having a separate meeting; that is, a meeting outside of the Government directors. That is what I mean. I think they had a fair chance to understand the whole business that was being done.

By Mr. JOHN F. DILLON:

Q. What is your business?—A. I am the president of a trust company.

Q. Give the name of it?—A. The American Loan and Trust Company.

Q. Do you recollect whether Mr. Gould was a director on January 14, 1880, of the Union Pacific Company?

The WITNESS. On that particular day?

Mr. JOHN F. DILLON. Yes, sir.

A. I should have said he was until the question of his resignation came up.

Q. You did not know that he had resigned, so far as you can recall, a few days before?

The CHAIRMAN. On that morning.

Commissioner ANDERSON. It was dated on the 10th, but the parties all agreed that it was not made public until the meeting of January 24, so far as has been testified.

Mr. JOHN F. DILLON. I am asking whether he knows about it.

A. Yes, sir; I remember his resigning; but it lies in my mind that he resigned and came back into the board again.

NO DESIGN TO ABANDON UNION PACIFIC TO THE GOVERNMENT.

Q. There has been some statement that I have seen in the press of a design on the part of the directors of this company to abandon the road to the Government. Has there ever been any such discussion, to your knowledge, or thought in the minds of the directors?—A. No, sir; it has been the desire of the directors of this company since I have been connected with it, and, in fact, I think I may say from the commencement (because my father was a director before I was, and I have some of the traditions of the company in my mind) that they always wanted to fulfill all the honest obligations of the road, and I believe they have done so to this time.

WITNESS' INTEREST IN THE UNION PACIFIC PARTLY INHERITED.

By the CHAIRMAN:

Q. Did you come into the possession of your interest in the road through your father?—A. Partly.

Mr. JOHN F. DILLON. Do you want to ask him anything about his judgment, as a director, as to the proper method of dealing with this subject? I think the company ought, perhaps, to formulate their views at some state of this investigation. I have no objection to asking him, or to your asking him.

The CHAIRMAN. Yes; we would simply like to know your judgment as to the ability of the company to meet the demands of the Government.

ABILITY OF UNION PACIFIC TO PAY GOVERNMENT LIEN.

The WITNESS. I think it is only fair for the Government to encourage the road. I know it has been the desire of the directors here in Boston—I say "here" because we have been, perhaps, more directly identified with the road since its formation than they have in New York—that every honest obligation of the road should be paid. Of course it is a matter of history that we have been harassed, from one cause and another, owing to the relations that we have had with the Government; and it seems to me only right that some arrangement should be made so that we should have a few years of comparative ease and comfort.

Commissioner ANDERSON. I think the question was addressed to you more with reference to the ability of the road than to its willingness. The financial power to pay.

WITHOUT CHANGE OF TREATMENT, OTHER MANAGERS NECESSARY.

The WITNESS. I am coming to that. If matters were to go on as they have for the last five years, I think they would have to find some other managers than these here, because I think I can speak for several in saying that they are tired of the burden. We have been carrying the stock without getting any dividends for a long time, and if the ownership is thrown into Wall street, and left for wreckers to take possession of, I cannot see that the Government's interest would be good for much. It seems to me that the road wants to be encouraged, and a reasonable bill prepared so that we can pay the Government its entire debt in time. I believe we can do it. I do not see any reason why we cannot.

A GROSS PAYMENT RATHER THAN PERCENTAGE OF NET EARNINGS.

By Commissioner LITTLER:

Q. In that connection, do you favor, as do Mr. Adams and Mr. Atkins, a modification of the law requiring the payment of a gross sum instead of payment of net earnings?—A. I should say, yes, sir. I think a stipulated sum each year on a long time would be the proper method.

Q. Would such a law necessarily get the company out of this rut of litigation?—A. I think it would. I think the feeling now is that perhaps not the Government, strictly speaking, that is harrassing us; that is, the representatives particularly of the Government. I do not think they have harassed so much. I think it is this constant introduction of troublesome bills in Congress that has the effect to keep the matter in constant agitation in the minds of the public, so that a great many people will not touch the securities of the Union Pacific for that very reason. They say, "We do not know what Congress is going to do next winter," and every winter, as certain as winter comes, somebody introduces some bill for the regulation of the Union Pacific, and it must be investigated. I think we are all glad that you have come to investigate this thing to the bottom. We have all said that the road has been honestly managed, and we believe you will find it has been, before you get through.

The CHAIRMAN. Have you any other suggestion?

The WITNESS. No, sir.

EZRA H. BAKER.

Mr. JOHN F. DILLON. I would like to ask Mr. Ames, with your concurrence, to formulate his views and submit them, and perhaps these other directors may have liberty to join in them.

Commissioner ANDERSON. Of course.

Commissioner LITTLER. We would be glad to have the directory present their views in one paper.

Commissioner ANDERSON. We will give them a chance to be heard by counsel, if they wish.

The Commission then adjourned to Friday, May 27, 1887, at 10 a. m.

EQUITABLE BUILDING, BOSTON, MASS.,
Friday, May 27, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

ELISHA ATKINS, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. You are one of the directors of the Union Pacific Railroad at present?—Answer. Yes, sir.

DIRECTOR SINCE 1869.

Q. How long have you been such director?—A. I was elected in 186
Q. Have you been a director ever since?—A. Ever since. I assume
the office of vice-president in 1874.
Q. What committees have you served on?—A. Principally on th
finance and executive committees.
Q. Were you familiar with the financial affairs immediately after en
tering on your duties in 1869?—A. I had occasion to be.
Q. Have you been closely identified with the company ever since?—
A. Ever since.
Q. When was the road completed?—A. In 1869.
Q. Did you go with the expedition that celebrated the event?—A.
did not.
Q. How soon after that did you go over the road?—A. I think I di
not go over the road until 1873, and then only over a portion of it.

TIME GENERALLY DEVOTED TO FINANCES.

Q. During these years your business was confined to meetings wit
the directors and with the committees in New York or in Boston; i
New York at that time, was it not?—A. Yes, sir. Most of my time w
given to the finances, and I took the office of vice-president with th
stipulation that I was not to be called upon to look into the details
the business. I was chairman of the finance committee, and it too
about all the time I wanted to give to it.
Q. Had the whole amount of the United States subsidized bond
been issued when you were elected a director?—A. I think so.
Q. They had been issued?—A. As the work progressed, I presum
they were all issued.
Q. Can you tell us how the road stood at that time? What was i
bonded indebtedness?—A. The first-mortgage bonds were $27,000,00
the same as the Government's. The other bonds were the land grant
at that time, and later than that were the sinking-fund bonds.
Q. Did you ever at that time examine into the construction account
of the road to ascertain what it had cost to build it?—A. Only ge
erally. The accounts were made up.

FORM OF CONSTRUCTION ACCOUNT.

Q. The ultimate form of most of the construction account final
took the shape of an issue of bonds and stock in payment of the co
struction of the road at so much a mile. You never, then, examined
went back of these accounts to ascertain what the actual cost in mon
was to the parties who really built the road?—A. No, sir; it was i
possible to find that out. It would cost more time than I could give
it. You can only look at the results and you know what the cost is i
the aggregate. You know at that time it was an enormously expensi
thing to build a road with the war prices existing.

CONSTRUCTION ENORMOUSLY EXPENSIVE.

Q. When you say that the cost was enormously expensive, how mu
of that expense do you charge to its being paid in paper, and how mu
to the fact that it was done under war prices?—A. We had only pap
at that time. Gold was 150 to 100 per cent. premium all the time. T
accounts were all kept in currency.

Q. What I refer to is the distinction between the cost of the road payable in its bonds and stock taken at par and what the cost of the road would have been, payable in what was then currency.—A. That I cannot say. It is impossible to state.

STEEL RAILS $100 A TON; TIES $3 EACH.

Q. You have made no estimate at all?—A. No, sir. When steel rails, or, rather, iron rails, were costing $100 a ton, and cotton-wood ties $3 a piece, you may imagine the cost ran up pretty fast. The roads built subsequently, of course, cost very much less money, and they have the advantage of us in every way.

Q. How much attention during these early years did you give to the earnings of the road?—A. Not much. We took the accounts as they were made up periodically. As I tell you, my time was almost entirely occupied in financial matters, and keeping the road out of bankruptcy, if I could.

FINANCIALLY EMBARRASSED IN 1873.

Q. At that time was its financial condition somewhat embarrassed?—A. Yes, sir. In 1873 particularly.

Q. You were then compelled to borrow money in order to meet the accruing interest, if I remember right?—A. Continually; from that time to this, very nearly. Not particularly to meet the interest, but to meet our obligations.

Q. Is it your judgment that during the years 1871, 1872, and 1873 the net earnings of the road were sufficient to meet the fixed charges?—A. No doubt of it.

Q. You have no doubt of it?—A. I have no doubt of it.

Q. When did they pay their first dividend?—A. I do not remember. Mr. Mink can tell.

Commissioner ANDERSON. When was the first dividend paid?

Mr. MINK. In 1875.

Commissioner ANDERSON. I am speaking of 1871, 1872, and 1873.

The WITNESS. The road was then taking care of itself. It paid the fixed charges.

Q. Did it not borrow the money to pay them with?—A. The money was borrowed. I did not trace the money to see where it went. The money was paid into the Treasury, to see that the obligations of the company were all paid.

Q. I will put it differently. Is it not true that the net earnings for the years 1871, 1872, and 1873 were less than the amount of fixed charges?—A. I cannot answer that question now. I do not know whether it was or not. We were doing all we could.

Q. Do you know when Mr. Gould became a director of the road?—A. No, sir; I shall have to refer you again to Mr. Mink.

Q. Was it in 1874?—A. It was about that time. Was it 1874?

Q. Were you acquainted with Mr. Gould about the time he became a director?—A. I knew Mr. Gould very well. I had no particular acquaintance with him. He was a public man and everybody knew him, or knew of him.

STOCKHOLDER OF CREDIT MOBILIER.

Q. Were you a stockholder of the Credit Mobilier?—A. Yes, sir; I was.

Q. How much stock did you hold?—A. My impression is I had 620 shares. I think it was exactly 620 shares.

Q. What was the total capital of the Credit Mobilier?—A. You are asking me questions that I cannot be supposed to remember. It is all a matter of record. Mr. Mink will have the kindness to help me.

Mr. JOHN F. DILLON. $3,750,000.

Commissioner LITTLER. What were the shares?

The WITNESS. $100 shares.

Mr. JOHN F. DILLON. Yes, sir; originally 2,500,000, and increased.

Commissioner ANDERSON. Increased when?

Mr. JOHN F. DILLON. I do not know. It appears in the Wilson report.

Q. When Mr. Gould became a director, were you aware that he had purchased a large block of stock?—A. Yes, sir.

GOULD A VALUABLE DIRECTOR.

Q. To what extent did Mr. Gould assume the general direction of the affairs of the company after he entered the board?—A. He took a pretty active part, and we considered him a valuable director. I think he was. I thought he was working in the interest of the road, up to a certain time; up to, perhaps, when this consolidation scheme came up we had no fault to find with Mr. Gould. I think he worked earnestly for the advantage of the road.

Commissioner ANDERSON. His holdings finally reached the amount of 200,000 shares of stock, I believe.

The WITNESS. I think it was something like that.

GOULD'S MAJORITY INTEREST.

Commissioner ANDERSON. So that he held a majority of all the stock in the road?

The WITNESS. Would that be a majority?

Commissioner ANDERSON. Yes; it was 364,000 shares.

The WITNESS. I know he put away 100,000 shares, which he said he did not particularly need.

By the CHAIRMAN:

Q. When was that?—A. Immediately after he came into the road. I signed the certificates, and he put them into his safe, and he said: "They are going to lie there so long as I live. They are going to my wife." But I think after that he owned another hundred thousand. I think he bought it in good faith, and intended to stand by the company, and he did. He was a valuable director. He assisted the road financially, when he was requested to.

KANSAS PACIFIC CONSOLIDATION.

By Commissioner ANDERSON:

Q. When was this subject of the relations between the Kansas Pacific and the Union Pacific first seriously discussed, with reference to the consolidation?—A. I think it was not seriously discussed much before the thing took place. That was in 1880, was it not? Perhaps in 1879.

Q. It took place on the 24th of January, 1880. But, as early as 1879, in the spring, a pooling arrangement was made by which all of the gross income of all the roads that were parties to that pooling arrangement

was apportioned according to certain rates between the Union Pacific, the Kansas Pacific, the Denver Pacific, and the Colorado Central. Do you remember that pooling arrangement?—A. No, sir; I do not.

Q. What was the first you heard of the idea of consolidation? Was it in 1879?—A. I cannot tell you that. I suppose 1878 and 1879. It was always a bugbear, this Kansas Pacific. As you know, the very worst competition we can have is with a road that does not pay any interest. They were cutting the business all to pieces, and were attempting to get a bill through Congress obliging us to prorate at very low rates; in other words, to oblige us to haul their freight over the mountains at the same price as they hauled it over the plains. We got alarmed at that, and the only way was to get control of the company. What particular time that was, I do not know. I think it was 1879.

GOULD'S CONTROL OF KANSAS PACIFIC.

Q. Did Mr. Gould, from the start, take an active interest in getting control of the Kansas Pacific?—A. I presume he did. He had a large interest. I could not say positively. He was in favor of the consolidation.

Q. You were yourself not a party to the pooling arrangement by which it was first arranged to scale the securities of the Kansas Pacific and bring them into the pool, were you?—A. No, sir; I was not.

Q. Did you know that such a pool existed?—A. Yes, sir. Those matters were done generally in New York, by Mr. Dillon, the president, and Mr. Gould, and, of course, when a thing of that kind was started it was talked over here, and Mr. Ames was requested to go and look after it.

Q. Still you knew that such an operation was going on?—A. Yes, sir; we knew it.

OFFICIALS COMMON TO UNION PACIFIC AND KANSAS PACIFIC.

Q. You knew that Mr. Dillon had become the president of both companies as early as the spring of 1878, did you not?—A. Yes, sir; I suppose I did, if that is the fact.

Commissioner ANDERSON. From the time when he became president of both companies this contention as to rates and this rivalry must have ceased?

The WITNESS. Yes, sir; it was not so prominent then.

Commissioner ANDERSON. You had the same superintendent?

The WITNESS. Of both companies.

Commissioner ANDERSON. Who was it?

The WITNESS. Was it Sickles?

Commissioner ANDERSON. Mr. Bromley, do you know who was the superintendent of both the Kansas Pacific and the Union Pacific after Mr. Dillon became president of both roads?

Mr. BROMLEY. No, sir; I do not.

The WITNESS. Was it Sickles?

Mr. MINK. I think there was the same general manager, Mr. S. H. H. Clark.

WITNESS' UNION PACIFIC HOLDINGS IN 1879.

Q. What were your interests in the Union Pacific during the year 1879, at the time of the consolidation?

The WITNESS. January 24, 1880?

Commissioner ANDERSON. Yes.

A. I held, then, of Union Pacific stock 2,937 shares, $513,000 of bonds, both at par, amounting to $806,700. The market value was considerably more; $100,000 more, perhaps. About $900,000.

Q. What bonds were they?—A. I think principally land grants and sinking funds.

Q. Had you held those securities through the year 1879?—A. I suppose I had, and more.

HOLDINGS IN KANSAS PACIFIC IN 1879.

Q. What had you in the Kansas Pacific?—A. I had 912 shares of the Kansas Pacific, which I afterwards exchanged for 456 shares of Union Pacific at par.

Q. What other Kansas Pacific securities had you?—A. I had an interest in some with Mr. Dexter. I had an interest in some in October, 1879, with Mr. Dexter.

Commissioner LITTLER. Mr. Dexter testified that he owned five-fourteenths of 2,514 shares.

The WITNESS. I had the same interest that Mr. Dexter had; five-fourteenths of $70,000, including $70,000 Kansas Pacific consolidated bonds, a thousand dollars Denver extension bonds, and $45,600 in Kansas Pacific stock.

Q. When had you acquired your Kansas Pacific stock?—A. I do not know how long I had owned it, but it seems I had it on the 24th of January. I had that 912 shares, but when I bought it I could not tell you. I could state by looking at the books.

Mr. J. F. DILLON. It is stated October, 1879.

The WITNESS. That is the date, then.

Q. From whom did you buy it?—A. Not all of this, because I had some Kansas Pacific stock before the consolidation was talked of.

Q. From whom did you buy the stock that you refer to in the Kansas Pacific?—A. I cannot tell you now.

Q. Did you buy it on the market, or did you buy it in connection with Mr. Ames and Mr. Dexter?—A. This stock that I speak of now, in connection with Mr. Dexter, he bought, and I took an interest with him.

Q. It came from the same source that his stock did?—A. I suppose so.

Q. Did he conduct the operation?—A. Yes, sir.

THE HUMPHREYS AND DODGE REPORT.

Q. Do you remember the letter that was written to Messrs. Humphreys and Dodge to report on what would be a proper basis of consolidation between the three companies?—A. I remember such a letter. I could not tell the contents of it. It was referred to them, I believe, for their opinion.

Q. Please look at the letter, of which I show you a copy, and see if you recognize it as a letter in which you joined. The answer is addressed to you.—A. I have no doubt that I knew all about this at the time. I cannot say positively. These things are always brought up in the committee at the meetings.

Q. At the time that letter was written, I assume that the subject of consolidation had received some considerable attention from the directors and had been discussed?—A. Yes, sir.

Q. Do you remember, when that letter was written, what Mr. Gould's attitude was on the subject?—A. It seemed to be very friendly at this date, so long ago as January, 1880, and I have no doubt it was.

Q. The letter is dated October 23, 1879. The inquiry was made, as appears from the letter by the directors, at the end of October, 1879, asking Mr. Humphreys and Mr. Dodge to look into the matter and report what would be fair terms for consolidation. What we want to get from you is, as far as you can give it, a recollection of the events beginning in October, 1879, and culminating with the consolidation. Can you give that?—A. I cannot tell the particulars of that. I have always been a pretty busy man, and have given as much time to the affairs of this corporation as it was necessary to do, and many of these things I only heard of in discussion in the committee, and they did not impress themselves particularly on my mind.

GOULD'S CHANGE OF ATTITUDE.

Q. Do you recollect the fact that Mr. Gould's attitude towards this question underwent a change between the writing of that letter and the consolidation?—A. No doubt it did. When he bought the Missouri Pacific his interest was entirely different.

Q. I ask you now whether you remember what his attitude was before he bought the Missouri Pacific?—A. The same as I said, very friendly.

Q. Very friendly to the consolidation?—A. Friendly to the Union Pacific.

Q. I refer more especially to the question of consolidation. Do you remember whether there was any warm discussion before he bought the Missouri Pacific between Mr. Gould and the Boston Union Pacific directors relating to the terms on which the consolidation should go into effect?—A. I do not recollect anything warm. I think there was a general discussion. It was a matter that troubled the directors a great deal, this competition with the Kansas Pacific, and they were ready to make some bargain. It was talked of, generally.

Q. I want to know particularly whether you remember that, in discussing the term of consolidation, differences arose as to the representative value that should be allowed to the stock of the Kansas Pacific as compared with the stock of the Union Pacific in the proposed consolidation?—A. Yes, sir; I remember the first terms submitted by Mr. Gould were not satisfactory. Afterwards he modified his terms.

Q. Is it not true that in the first part of the discussion the Union Pacific people thought that the Kansas Pacific stock ought to come in at a lower figure than the Union Pacific?—A. I think probably lower than the Union Pacific.

Commissioner ANDERSON. Yes.

A. (Continued.) Oh, yes; I have no doubt of it.

Q. Was it for the reason that the Union Pacific was a dividend paying road and the Kansas Pacific was just emerging from apparent bankruptcy?—A. Yes, sir. Scarcely emerged.

Q. And that proposition Mr. Gould would not accept?—A. The proposition came from him.

Q. The counter suggestion that the Kansas Pacific stock should have a less representative value than the Union Pacific stock he contested and would not yield to?—A. I cannot say that of my own knowledge. I only know what the gentlemen said when they came back, that he insisted on terms that they would not agree to; and they very properly left him and came home.

GOULD BUYS THE MISSOURI PACIFIC.

Q. And after that you remember that he went to Kansas?—A. Yes, sir; at least they told me he had gone to Kansas.

Q. Was that before he had bought the Missouri Pacific?—A. I think it was.

Q. When did you first hear, in relation of events, and not what day of the month, that he had bought the Missouri Pacific?—A. The information came to us from New York. I was not myself very frequently in New York. Mr. Ames was frequently there; Mr. Dexter occasionally. We got our information mostly from those gentlemen.

Q. Did you hear at the same time that he bought the Missouri Pacific that he meditated an extension in connection with his Kansas Pacific road so as to construct a rival to the Union Pacific?—A. That was always his scheme, I think, in connection with the Central Branch. The idea was to extend it and make a rival line.

GOULD'S "SCHEME."

Q. When you say it was always his "scheme," do you mean that it was his scheme when he accumulated his interest in the Kansas Pacific?—A. I do not know about that. We always understood that it was his very ardent wish to buy the Central Branch. He said so, and he would give a high price for it. And we knew, of course, that his object was to extend that line on to Denver, which would have been a very serious loss to us.

Q. So that, as soon as you heard that he had bought the Missouri Pacific, the danger of this competing branch was apparent to you all here?—A. Yes, sir; it loomed up then in large proportions—what we had to contend with.

Q. Did you thereupon go to New York before the day when the arrangement was finally made?—A. I presume I did. I had occasion to go over there whenever I was called. I do not remember.

Q. I mean, do you remember seeing Mr. Gould on any occasion before the evening of January 14, 1880, and after he bought the Missouri Pacific?—A. I cannot say exactly. I presume I did, but I cannot say positively that I did. I was not always in New York when the others were there. When I was there I was obliged to make my visits as short as possible in order to get home.

Q. What I want to get at is whether you remember any discussions with Mr. Gould upon this subject which occurred before the meeting of January 14?—A. No, sir; only general discussions.

WITNESS' HOLDINGS OF SAINT JOSEPH AND WESTERN.

Q. At this time had you acquired any interest in the securities of the Saint Joseph and Western?—A. I think so. I seemed to have had on the 30th of June, 1879, $13,000 of Saint Joseph and Pacific bonds, and 142 shares of the same stock purchased the 30th of June, and afterwards converted them into 308 shares. I had at that time $17,000 Kansas and Nebraska bonds, $13,000 Saint Joseph and Pacific bonds, and 142 shares of Saint Joseph and Western stock, purchased the 20th of June. Afterwards, on the 14th of February, 1880, I received 328 shares of the Union Pacific Railway Company stock for the lot. The bonds at par, the stock at $20 a share.

Q. What was the cost of your purchase? Was it $12,000?—A. I do not know, I am sure.

Q. You do not know the cost?—A. I can tell by my books. I have not got them here.

Q. Was the cost the same to you as it was to Mr. Baker?—A. $12,273.67 was the cost. Mr. Baker and I were jointly interested. Mr. Dexter managed it, I suppose.

Q. And you bought it at the same time Mr. Baker bought his and under the same circumstances?—A. Yes, sir.

Q. His statement, let me say, is that he found that all the directors were being interested in this purchase, and that he said to Mr. Gould he thought he might as well have such a share as he desired of the purchase, and that he took this amount.

The CHAIRMAN. That he might as well be let in.

Commissioner ANDERSON. Was that his expression?

The CHAIRMAN. Yes, sir.

The WITNESS. That is outside of this pool. Do you mean to say that he bought it himself to put it into this pool?

Commissioner ANDERSON. So I understand Mr. Baker to have said, and it was the same amount that you have, 30,000 bonds and 142 shares of stock, for which he paid $12,000.

The WITNESS. He may have given Mr. Dexter a check. I do not know where he got them. Mr. Dexter kept the account.

Q. You understood that the bonds you had were sold at 40 and the Saint Joseph stock thrown in—forty for the bonds and the stock thrown in. Is that your understanding after conferring with the gentleman?—A. I cannot tell you. I suppose I paid whatever Mr. Baker did. What he says it cost him it cost me.

INTERVIEW OF JANUARY 14, 1880, AT GOULD'S HOUSE.

Q. To come to the interview of January 14, 1880. How did you happen to go to New York to attend that symposium?—A. If I went there I was called.

Q. Do you remember receiving a dispatch from Mr. Gould or any one on his behalf?—A. Yes, sir; Mr. Dexter had such a dispatch asking us all to come on. My recollection is not clear about that interview. I presume I must have been there, as Mr. Dexter says I was; but I do not recollect the details.

Mr. JOHN F. DILLON. There is the paper that was signed that evening.

The WITNESS. You see here that my name is last on that, and my impression is that that paper was brought home, and this arrangement was made with Mr. Dexter and Mr. Ames there, and was brought home for me to sign afterwards. That is my recollection of it.

Q. You do not recollect being at this meeting at Mr. Gould's house?—A. Oh, yes, sir; I attended several meetings there.

Q. I mean the meeting at which that paper was signed?—A. No, I do not think I was personally present at this time. This is Mr. Dexter's handwriting. My impression is that this was agreed upon when I was not present, and brought to me to sign, as you see my name is the last. Not but that I was in accord with it fully and very glad to know that the arrangement was made.

Q. You say you remember being on several occasions at Mr. Gould's house?—A. Yes, sir.

WHEN TERMS OF CONSOLIDATION WERE DISCUSSED.

Q. Do you refer to occasions when this subject was discussed?—A. No, not particularly, but on a great many occasions on financial matters.

Q. You do not remember ever being at Mr. Gould's house in company with these other directors, on the occasion at which the terms of consolidation were discussed?

The WITNESS. When the terms of consolidation were closed?

Commissioner ANDERSON. No; my question is, when were they discussed?

A. Oh, yes, sir; I was present at the general discussion, but not where the value of the securities were fixed.

Q. Am I to understand that these discussions quite frequently took place at Mr. Gould's house?—A. Not very frequently; occasionally.

Q. Was that after he had bought the Missouri Pacific?—A. I do not remember.

Q. But it was during the fall of this year; during the period that led up to the actual fact?—A. It was about that time. I do not know. I cannot tell you whether it was before or after that. It was probably after that, because we were alarmed at the changed position of Mr. Gould, and we then became very anxious to get the control of this Kansas Pacific at the best possible terms we could, and as to taking these securities I do not think there was a gentleman in the board that would have altered his vote if he had not owned a dollar of the Kansas Pacific securities. They were all impressed with the great importance of getting control of that road, either by consolidation or in some other way. It was looked upon as vital to the interest of the Union Pacific, and I think it was.

THE CENTRAL BRANCH.

Q. When this letter was presented to you for signature what knowledge had you of the Central Branch? Did you know how much its bonded debt was?—A. No; I do not remember now.

Q. Did you know how much its earnings were?—A. We knew generally the earnings were very large.

Q. Did you know how much its debt to the Government was?—A. I suppose I knew, but I cannot tell now.

Q. Did you know, critically, anything about the Central Branch, so as to be able to determine whether the fair price for its shares would be $50 a share or $250 a share?—A. I only knew from Mr. Ames. I knew what he sold his shares for, and we considered it a valuable property.

Q. Did you know enough about the Central Branch to guide you if it had been an individual transaction of yours, entirely disconnected from consolidation, and that property had been offered to you when this paper was offered to you at $239 a share; would you have been prepared to say that was a fair purchase, and would you take it?—A. No; I do not, because I had not looked into the matter. I had great confidence in my associates. If they said it was worth that, I have no doubt it was right at that price. It was a very cheap purchase from Mr. Gould.

Q. You thought that was a cheap purchase?—A. It was, even at that high price, a cheap purchase.

Q. On what do you base that assertion when you say you did not know enough to have bought it on your own account, without any reference to questions of consolidation, and on its own merits?—A. You asked me if I knew enough about it to make negotiations myself, on my

own private interest. I am free to say that I did not, and I did not consider it in my province to do so. It was in the hands of Mr. Dexter and Mr. Ames and the other gentlemen who were fully competent to decide those questions, and I was willing to abide by their judgment.

Q. They all, however, inform us that they had not sufficient knowledge of the Central Branch to determine its value, but that they considered that they were bound to take it in connection with the consolidation without reference to the question whether it was fully worth that money or not. I understand your answer to be that you were guided by them largely in accepting these terms?—A. Yes, sir; I had not the personal knowledge that I should have if that was my own individual transaction.

THE KANSAS CENTRAL.

Q. In regard to the Kansas Central, had you any personal knowledge of the financial condition of that property?—A. No, sir; only generally.

Q. So that you would not have been able to determine in the transaction, either for yourself or for an associate in business, whether it was a prudent thing to give $479,000 for the securities mentioned in this paper or not?—A. You must bear in mind that we were very anxious to get it. We were under menace, and wanted to get it; and the price of the stock we did not take into consideration very much. When Mr. Ames came back and said the road could be had for so and so, we all agreed to it. We had no means of knowing, but we must have the road, and must have the assets of the road. It would not have altered the transaction at all if he had asked more than that. We should have been obliged to take it.

Q. We want to find out whether you were bulldozed, or whether you were buying something that you thought you were getting cheap?—A. No; I do not think we were bulldozed. You can easily see that those securities were worth more to the Union Pacific than they were to anybody else. We could put value into them that nobody else could. If they were worked against us, of course it would have been a very serious misfortune.

THE SAINT JOSEPH AND WESTERN.

Q. In regard to the Saint Joseph and Western securities, what knowledge had you of the condition of that road?—A. No more than I had of the others.

Q. Who presented that paper to you?—A. I do not know. I said I presume Mr. Dexter did. I cannot say that he did.

Q. When it was presented to you for signature was there any discussion between you and the persons presenting it as to the propriety of putting those securities into the consolidation by the directors at par, when you all knew that you had acquired your respective interest, including Mr. Gould, at 40?

The WITNESS. Was there any discussion about it, do you ask me?

Commissioner ANDERSON. Yes.

A. We talked the matter over every day when we met together.

Mr. JOHN F. DILLON. I doubt whether he understood the exact question.

Q. When it was presented to you for signature was there any discussion betwetn you and the persons presenting it as to the propriety of putting those securities into the consolidation by the directors, at par, when you all knew you had acquired your respective interest, including

Mr. Gould, at 40?—A. I do not remember that it was. It probably was not, because the committee that was empowered to make the trade had made it, and we all agreed to it. Then it was, I say, we should have taken the property even at a higher price, because we were obliged to. It was to the interest of the company, and more particularly to the interest of the Government that we should take that property.

Q. Why were you obliged to take par for your securities?—A. We were not obliged to take it unless we chose.

Q. You could have put them in at 40 if you had chosen to do so?—A. I think we put them in at 20.

Q. I am speaking of the bonds. I ask you why you say you were obliged to put them in at par?—A. The circumstances of the company were such as to oblige us to get possession of the property.

Q. The owners of the bonds could have put them in at 40 if they had wished to do so and declined to receive par. And I only ask an explanation of what you say, that you were obliged to take par for them.—A. I did not mean to be understood in that way, that we were obliged to take par for them, because we could have held them if we chose.

Q. You mean the Union Pacific was obliged to pay par for them in order to get them?—A. Yes, sir; I suppose so. I never had but one opinion of it, that it was a very excellent purchase. I think so to-day. It was almost vital to get control of the road and of those securities.

THE ATTITUDE OF GOULD AFTER ACQUIRING MISSOURI PACIFIC.

Q. In regard to the attitude of Mr. Gould between the purchase of the Missouri Pacific and the time when this paper was signed by all of you, you have said that there was a change in his interest. Please describe that a little more fully, and what position he took in regard to the matter.—A. I do not know what I can say in answer to that, only I knew the fact that he had bought the Missouri Pacific, and it was antagonistic to the Union Pacific, and that alarmed us very much.

Q. You say you saw him several times. What did he say his intentions were?—A. I had no definite consultations with Mr. Gould; I was not commissioned to treat with him.

GOULD'S SCHEME OF EXTENDING MISSOURI PACIFIC.

Q. Did he never talk to you about his scheme of extending it through Loveland Pass and carrying the road to Denver?—A. Not with me; he did with others. My business with Mr. Gould was more particularly in regard to the finances of the company.

Q. You subsequently attended the meeting of January 24th, when the consolidation was voted, and voted in favor of it?—A. I have no doubt I did; I do not remember it; the records will show. I certainly would have voted in favor of it if I had the chance.

Q. In regard to the matter of branch lines: Have you ever had any interest in any of these branch roads, personally?—A. Some; yes, sir. I have some 170 odd shares of the Utah and Northern.

Mr. JOHN F. DILLON. 173 was the number.

The WITNESS. 173, I believe, is the exact number.

Q. Had you any interest in the Denver and South Park?—A. No, sir.

Q. Or in the Colorado Central?—A. No, I had no interest, and none of us had any interest in the purchase, except in a few instances. The Oregon Short Line some had an interest in, and also in the Utah and Northern. We took it because other people did not want it; we took

it to enable them to build the road. With that exception I do not remember any other interest that any had in these branch lines.

VALUE OF BRANCH LINES TO UNION PACIFIC.

Q. In regard to these branch lines and their connections with the main line, have you made it a subject of study as to whether it would be an advantage to the company; and, if so, how much?—A. There would be no sort of question about that. The road to-day would be in bankruptcy if we did not have the branch lines.

Q. On what do you base that statement; is it on figures or on general judgment?—A. These branches do not, all of them, immediately pay, but in the aggregate they do. They bring a large amount of business to the line, and they secure us territory as far as they can. The Government restricted us from building these branch lines, but we had to do it under pressure, and wherever we could get the money, and on their bonds and stocks. They must be built. The Rock Island, the Chicago, Burlington and Quincy, and Northwestern are ready to come into our territory and take our business away. We have protected our interest there to the best of our ability. In fact not as much as we ought to. We ought to have to-day, instead of having the branch lines we have, a thousand miles more, which we should have had if the Government had taken its foot off us; and, undoubtedly, if we had done that the road would have been a dividend-paying road.

By the CHAIRMAN:

Q. You have not regarded that the Government should have built the branch lines?—A. My dear sir, it is for the benefit of the Union Pacific as well as for the Government. If we had lost our business the Government would not have got their debt. We have gone on as much as we dared to, and have put our hands in our pockets and raised the money to build these branch lines, but not to half the extent we ought to have done if we had the means; and we should have done it if the Government had allowed us.

BRANCHES BUILT ECONOMICALLY, AND THEIR SECURITIES HELD BY UNION PACIFIC.

By Commissioner ANDERSON:

Q. Does not your statement as to the branch lines still depend on the accuracy of judgment with which they were selected and the amount of money which you paid for them?—A. We built the roads as cheaply as we could, at cost, and the bonds and stocks are in the treasury of the Union Pacific.

Q. Did you build the Denver and South Park at cost?—A. No, sir; we bought that.

SOME BRANCH LINES WERE MISTAKES.

Q. Have you not built several branch lines, the operations of which are utterly disappointing?—A. It would be a little singular if we had not made some mistakes. In the early history of this road it was almost an unknown country. We used the best judgment to put the lines where the country would soon grow up to them. We made, possibly, some mistakes. The Northern Utah road was a large paying road for awhile, until we had competitors. We spent some money on it and

now it does not pay dividends. It would be a little singular if we had not made some mistakes. We might have put roads where they, perhaps, would have done us more good. Look at the Atchison and Topeka and the Chicago, Burlington and Quincy roads. They are continually building branches all over the country; and I suppose they make some mistakes. They build sometimes in advance of the wants of the country. We have made some mistakes, but generally we have not. It is the most important element of the Union Pacific.

Q. The solution of the question whether the branch lines are a benefit or a detriment to the road, then, depends upon the question whether the mistakes you made do or do not overbalance the judicious investments you have made?—A. You can see by the statement of the earnings of our branch lines that it will answer your question.

Commissioner ANDERSON. That is exactly what we are very anxious to see.

The WITNESS. That has been published and printed. Mr. Mink can tell you what are the earnings of our branch lines.

Commissioner ANDERSON. We will go over that with Mr. Mink. My only object was to find whether you based your assertion merely on a general feeling or conclusion that it was a good thing, or whether you had made it a subject of sufficient study to give the figures accurately?—A. No, I have not. Of course, we, none of us, could go into the figures and say exactly what these roads were earning after they were built. They were built for the extension of business, and it was a very wise thing to do.

EFFECT OF SOUTHERN PACIFIC'S LEASE OF CENTRAL PACIFIC.

Q. In relation to the Central Pacific, have you any knowledge of the effect on the through business of the leasing of the Central Pacific to the Southern Pacific?—A. I think it is very detrimental to the interest of the Union Pacific. We all thought so at the time, and I have no doubt that it has been a very serious damage to us in the through business.

Q. Have you kept track of the rise and fall of the through business?—A. We know our through business does not amount to much.

Q. At one time it was considered the very best, was it?—A. When the road was built it was considered the very best thing. My impression is that our earnings last year on through business were only about 9 per cent. Am I right, Mr. Mink?

Mr. MINK. I do not remember. It is not far from that.

The WITNESS. The transcontinental business is cut all to pieces. It was somewhere about 9 per cent.

Q. It was the attempt to protect this through business that, in a large measure, induced this rivalry between yourselves and the Kansas Pacific, was it not?

The WITNESS. The attempt to protect the through business.

Commissioner ANDERSON. It was that that was involved more than the local business?

A. No, sir; by no means. The principal revenue of the road is derived from local business, and our branch lines were built to maintain that local business.

THREATENING ATTITUDE OF KANSAS PACIFIC.

Q. I am speaking of Mr. Gould's project with reference to the Kansas Pacific question. I ask you whether that project threatened your

through business more than your local business?—A. It threatened both.

Q. Between what points of your local business did the Kansas Pacific affect you?—A. Wherever they came near us. But he, no doubt, would have built his branches right down through our territory and taken away our local business.

Q. The map is right behind you, and shows very clearly. Your own idea was that this Kansas Pacific, after building through to Denver and Ogden, would have been furnished with encroaching branches that would have drained the territory between the Kansas Pacific and the Union Pacific?—A. Undoubtedly. That was a business that was worth cultivating much more than the through business.

PACIFIC MAIL SUBSIDY.

Q. Do you know anything in regard to the Pacific Mail subsidy?—A. Yes, sir.

Q. What have been the approximate amounts paid per annum to the Pacific Mail?—A. If you want the details I cannot give them.

Q. That was about $80,000 a month?—A. You want to know the proportion we paid? We paid, I think, about half of that.

Q. Your proportion varied?—A. Yes, sir; it varied with the receipts.

Q. It varied also with the number of members in the pool as they came in?

The WITNESS. In the transcontinental roads?

Commissioner ANDERSON. Yes.

A. Yes, sir. My impression is that our proportion was somewhere about $40,000.

Q. Forty thousand dollars a month?—A. I cannot say exactly what it was. You will have an opportunity to see that.

Mr. MINK. I have promised to make a statement and give that.

Q. Can you tell me what class of business was protected by the payment of this subsidy?—A. They put the steamers on, and took any freight that they could get.

THE FREIGHT WHICH SEEKS WATER ROUTES.

Q. Could the steamers get every class of freight?—A. Perhaps not. They would not compete so actively for the high class of freight, but it was the coarser freight; and they would take that at any price they chose, and they would fix the price we would have to take.

Q. Can you designate any more particularly articles that would seek the water way?—A. It might be grind-stones, or something else; but it was a mixed quality of coarse freight, that they could take cheaper than we could.

Q. What are the main articles exported from California to the East?—A. Canned articles. Largely fruit.

Q. Canned fish?—A. I suppose salmon. They manage to get a good deal together.

Q. Does sugar come that way?—A. Yes, sir; unfortunately, it will. I believe the Southern Pacific have been taking sugars from California and delivering them in Saint Paul at the same price they take them from New York to Saint Paul, and consequently it takes that market all away from the East. They are refining sugar there free from duty, and we are paying 100 per cent.

Q. One hundred per cent.?—A. Yes, sir; 100 per cent., whereas California gets its sugars for nothing.

Q. What does the Southern Pacific take?—A. I do not know the exact quantity, but thousands of barrels of sugar.

Q. They carry that by what route?—A. Generally over the California Southern road.

Q. How does it get up to Saint Paul?—A. I do not know by what route. Perhaps they get it over the Canadian Pacific, or some other way. They are delivering a very large quantity of those sugars at Saint Paul.

By Mr. JOHN F. DILLON:

Q. How does it get there over the Southern Pacific?—A. The Southern Pacific sends sugar to Saint Louis at about the same price we can send it from the East to these points; the same price of freight.

NORMAL ROUTE FOR SUGAR FROM PACIFIC COAST.

By Commissioner ANDERSON:

Q. The normal route for that sugar, if it were not for this combination between the Central Pacific and the Southern Pacific, would be over the Central Pacific and the Union Pacific?—A. The Union Pacific would get a large share of it. As it is, I do not think we get much.

Q. In regard to the influence of the Pacific Mail route on the freight you have spoken of, you have enumerated fruit, canned salmon, sugars, and I suppose I may add wine?—A. Yes, sir; I think wine generally comes around by water in quantities.

Q. Which of the articles that you have enumerated could come, or would naturally seek the water route?—A. Wool, for instance; that is a very large item; a large quantity comes that way.

Q. Would sugar or fruit or canned salmon?—A. They would come by the route that would bring them the cheapest.

Q. Would that come by the Pacific Mail route in preference to the Union Pacific route if the Pacific Mail offered them cheaper terms?—A. They would come by the cheapest route. If the Pacific Mail could do as they have done, make rates that the railroads could not compete with, they would get it all. They are putting on steamers all the time.

Q. Do you know, as a matter of fact, whether any of those articles have come around by the Pacific Mail route?—A. Oh, yes, sir; large quantities of wool come that way.

Q. Has any fruit come around that way?—A. I do not know.

Q. Has any sugar come around?—A. I have not heard, but they find freight enough to load the ships. The misfortune is that it establishes rates which the railroads have got to take or quit the business; that is the idea—we tried it a while—to cut off the subsidy. We could not stand it. We could not afford it. They were taking freight for nothing; that is, nothing so far as any profits are concerned.

By Mr. JOHN F. DILLON:

Q. What year was that that you cut off the mail subsidy but had to renew it?—A. Two years ago.

Q. Did you renew it afterwards?—A. We renewed it afterwards.

Commissioner ANDERSON. Then it was cut off again by the interstate commerce bill?

The WITNESS. Yes, sir; we had to do that in order to save any business for the road. They carried it all off. All of the ships, to my knowledge, went out full.

By Mr. JOHN F. DILLON:

Q. You went out empty?—A. It was not empty, I suppose. I suppose you mean comparatively empty.

By Commissioner ANDERSON:

Q. What I am anxious to get at is, some factor of the rivalry of these two lines. I have been told that a single year of the persistent refusal to pay the subsidy would drive the Pacific Mail Steamship Company out of the business. Is that your judgment?—A. No, sir; it is not.

Q. You think they would get enough freight to continue the competition?—A. Oh, yes, sir; they have the steamers running and the finest steamers afloat; not only that, but they would carry passengers.

PERCENTAGE OF PASSENGERS BY PACIFIC MAIL.

Q. What is your judgment as to the percentage of passengers that they would take away from the transcontinental land routes?—A. They would take a large proportion of our emigrant passengers. Very few first-class people would go that way, if time was of any value to them; but they would take away steerage passengers.

Q. What rates did they offer for steerage passengers?—A. I do not know. It was very cheap. They at one time, after our Postmaster-General cut the subsidy off, took it at any price they could get. He was economizing, and saved $800,000 to the Government, and it cost about $2,000,000.

Q. Do you give those figures as actual approximation?—A. No; it cost them a great deal of money. He was obliged to send his mails by foreign steamers which were heavily subsidized, and the English steamers would take our mails for nothing, in order to get our steamers off, and that is why it was taken off.

REPORTS EXAMINED BEFORE VOTING FOR DIVIDENDS.

Q. Before voting for dividends declared by the Union Pacific, how closely did you examine the question whether the earnings applicable to dividends had, in fact, been earned during the year for which the dividends were declared?—A. Always examined them. Monthly statements.

Q. You would take, substantially, the reports made to you by the officers of the road?—A. I have no doubt of their correctness.

NET EARNINGS.

Q. What examination did you make as to the correctness of the principle on which the net earnings were reached? I mean as to the nature of the items deducted from the gross earnings.—A. I suppose the net earnings mean actual expenses deducted from the gross earnings, but that question has never been settled by anybody, I believe. It is still an open question what the net earnings are.

Q. For the purpose of declaring a dividend you determined to ascertain whether there were sufficient net earnings?—A. Yes, sir.

Q. Was it not necessary for you to familiarize yourself with the nature of the items deducted from the gross earnings?—A. That was done in connection with the Government. They came to some tacit understanding what they were, and our accounts were made up in that way. We had to pay our percentage on the net earnings.

Q. You did not declare your dividends on the same basis of the net earnings, as you paid the 25 per cent. to the Government?—A. I suppose it was arrived at on some principle. The amount of subsidy from the Government is always taken out of the gross earnings.

Q. The amount of payment to the Government was ascertained on a basis of a certain percentage of the net earnings?—A. Yes.

Commissioner ANDERSON. It is taken out of the gross earnings, because everything is; but it is not predicated on the gross earnings. The payment to the Government is a percentage of the net earnings?

Mr. JOHN F. DILLON. On the subsidized road.

Q. My question to you is, do the words "net earnings," as used by you in connection with the ascertainment of the amount due to the Government, mean the same quantity which was used by you in determining whether it was proper to declare a dividend?—A. I have no doubt it was properly done.

Q. In determining net earnings for one purpose, you must, for instance, deduct certain items of equipment—certain items of permanent repairs and betterments. Would you make the same deductions in order to ascertain whether you had a fund on hand applicable to dividends as you would make in ascertaining the quantity of net earnings that would form a basis for the computation of the amount payable to the Government?—A. As you are aware, that question of net earnings never has been settled. Even the Supreme Court has always avoided giving an answer to it. Nobody knows what net earnings are. They are what you choose to call them. It would be "what is left after paying expenses" is my definition.

WHAT ARE "EXPENSES."

Q. What are the expenses?—A. Whatever they are, having been paid first.

Q. The expenses are what?—A. The running of the road.

Q. Operating expenses?—A. Operating expenses and interest on the bonds and everything else.

Q. You would include interest?—A. All fixed charges.

Q. Would you include all fixed charges?—A. I do not know what I should do if I were the comptroller and made up these accounts. I should probably be governed by circumstances. I cannot tell you what has been done. All that information you can get better from the comptroller than you can from me.

Q. I know that, and my only inquiry was whether you used the same test for determining the question of dividend as you used for determining the question of the amount to be paid to the Government?—A. I suppose so.

Q. Or whether you used a different one?—A. We used the same test. Our object was to ascertain what the net earnings were, as we understand them.

CONCERNING BUSINESS INTERESTS OF DIRECTORS.

Q. Will you please tell me whether you have ever been interested, directly or indirectly, in any other railroad, steamship, telegraph, express, mining, construction, or other business corporation——

The WITNESS. You had better put in sugar.

Q. (Continuing)—or other business corporation, with which any agreements, or undertakings, or leases have been entered into by the Union Pacific?

The WITNESS. I do not fully understand your question. Whether I have been interested in anything detrimental to the interests of the Union Pacific, do you mean?

Commissioner ANDERSON. Interested in any companies of the character described, with which leases have been made or contracts made between such companies and the Union Pacific.—A. No, sir; I have not. I can answer that question clearly.

Q. The question is asked without reference to whether the lease was injurious or unjust to the Union Pacific.—A. There has been no lease made to the Union Pacific, to my knowledge or belief, but what was solely in the interest of the Union Pacific and in the interest of the Government.

Q. The question is whether you had any interest in any such companies, and have contracts been made between the companies in which you had an interest and the Union Pacific?—A. No, sir; I have not. I can answer that question very distinctly and clearly.

Q. Contracts would, of course, include loans of money. Have you been interested in companies which have loaned money to the Union Pacific?—A. I may have been. I cannot answer that question offhand. I do not know. I know I was very glad to get money wherever I could. Wherever I knew I could get money I would be very apt to go for it. Yes, sir; I am interested in a trust company.

Q. Please give us the name of the trust company?—A. The American Loan and Trust Company, here.

Q. Have they lent money to the Union Pacific?—A. Yes, sir.

Q. Is there now money due from the Union Pacific to that trust company?—A. I do not think there is. We paid up all our debts a while ago, and made a new line of them, to be sure. But I made no arrangement with them. In fact, I have not taken a very active part lately. I have not been very well. I do not think we owe the trust company anything.

NEGOTIATED MOST OF THE LOANS FOR UNION PACIFIC.

Q. Have you yourself negotiated many of the loans of the Union Pacific?—A. Yes, sir; very many of them. A large proportion of them. You may say all of them.

Q. Do you mean to say all?—A. I do not mean all the negotiations of the bonds, but they generally have passed through me. That has been my province.

Q. On what terms have these negotiations, conducted by you, been effected?

The WITNESS. What terms of interest?

Commissioner ANDERSON. The terms of personal compensation to yourself.—A. Nothing. Not a cent. I think it would be a matter of interest for you and I would like you to examine what rates of interest have been paid through all the hard times. You will find that the highest was 6 per cent. I think this company has raised money as cheap as any other company in existence.

Q. Please enumerate a few of the larger transactions that you have been a party to in respect to these loans.—A. From 1869; for the last fifteen or twenty years.

Q. There have been some large ones; collateral trusts and others running into the millions?—A. We have had large negotiations with Kidder, Peabody & Co., with Blake Brothers & Co., principally in sterling exchange, and a large portion of the negotiations were made with

banks in Boston. We would take money wherever we could get it at a fair, moderate price.

Q. Did you conduct the negotiation of the Saint Joseph and Grand Island through Kidder, Peabody & Co.?—A. That was done by the committee, Mr. Adams, Mr. Ames, and myself. I introduced Mr. Adams to them. I told Mr. Kidder what we wanted and Mr. Kidder did it. He gave us sterling exchange for it.

Q. That negotiation was brought about by a guarantee of the interest, I believe; is that not so?

The WITNESS. The negotiation with Kidder, Peabody & Co.?

Commissioner ANDERSON. The sale of the bonds that was brought about.

A. We did not guarantee the interest.

Q. You did not?—A. Not on the Saint Joseph.

Mr. JOHN F. DILLON. He means on the Saint Joseph and Grand Island bonds.

The WITNESS. What we negotiated with them was, we gave our own individual credit and put these bonds in as collateral to protect ourselves.

GUARANTY BY UNION PACIFIC OF SAINT JOSEPH AND GRAND ISLAND BONDS.

Q. The question is whether the Union Pacific did not guarantee the payment of all the interest on the $7,000,000 bonds before the sale of the bonds.

The WITNESS. Guarantee it on the bonds?

Commissioner ANDERSON. Yes.

A. Some did and some did not, I suppose.

Q. Did the Union Pacific not guarantee payment of the interest on all of the $7,000,000 bonds?—A. Because they promised it generally. They had to guarantee it. We did not sell those bonds, but we had those bonds to use as collateral security. When the company paid the notes the bonds came back again to the Union Pacific Company.

Q. The company does not own these bonds to-day?—A. Some of them have been sold.

Q. Have they not all been sold?

The WITNESS. What?

Commissioner ANDERSON. All the Saint Joseph and Grand Island bonds.

A. Oh, yes, sir; that is a different thing. I spoke of all the bonds in the treasury.

Q. I am only talking in reference to the issue of $7,000,000 Saint Joseph and Grand Island bonds, of which about $3,500,000 were owned by the Union Pacific Railway Company. My question is whether, before the sale of all these bonds, which were the property of the Union Pacific Railway Company, the Union Pacific Railway Company did not guarantee the payment of the interest on the whole issue?—A. I presume they did; I do not know. I presume they did guarantee the interest on them. They were their own property. They could not negotiate them unless they did guarantee the interest. You speak of this arrangement with Mr. Kidder which Mr. Adams and I did. We put in our individual credit and took sterling exchange for it, and when that was due we sold the bonds and paid Kidder off. That is the usual way of doing it.

Q. What do you know of the condition of the Saint Joseph and Grand Island?—A. Nothing.

Q. Do you know what its earnings are?—A. No, sir.

Q. So that the success of that operation will depend on the question whether you are called upon to make good the guarantee of the interest on the $7,000,000 bonds? If that road should not earn its fixed charges you may loose a great deal of money by that guarantee?—A. We should not lose the money now that the bonds are sold.

Q. If you have guaranteed the payment of the interest on those bonds and the road does not earn its fixed charges, will you not be obliged to pay the interest?—A. If we guaranteed the interest we should.

Q. If the road does not meet its fixed charges the transaction may result in a loss to the Union Pacific?—A. It is possible.

PLAN OF SETTLEMENT.

Q. Will you tell us what your judgment and views may be in regard to the best future policy between the Government of the United States and your company?—A. My idea is that the Government should treat the corporation in the same way that merchants do their business among themselves. If one merchant owes another money, the best policy in the world is to put him in the way of earning money enough to pay his debts. The Government instead of doing that has tried to embarrass us in every possible way; not intentionally, perhaps, but that is the effect of all the legislation. It has kept us in courts. From these, when they get through, we have to appeal. We cannot compromise, but we have to appeal at once to the United States Supreme Court, and that in every instance has said we were right, except in that unfortunate Thurman act, which it decided against us to the astonishment of almost everybody I know. With that exception I believe the Supreme Court has sustained us in every dispute we had with the Government. Is that not true?

Mr. JOHN F. DILLON. We failed with our claim on the mail.

The WITNESS. They did not give us the full amount that we claimed, so far as that is concerned. But we got a portion of it, as much as was due. Now you ask me about the policy the Government ought to pursue.

Commissioner ANDERSON. Both the Government and the company.

The WITNESS. It is the same thing. We want to pay the debt to the Government, and we mean to.

Q. You mean the whole debt, principal and interest?—A. Anything that we are obliged to pay.

Commissioner ANDERSON. That is a different proposition.

The WITNESS. If the Government should say we need not pay the interest on these bonds, we should say we are very much obliged to you, gentlemen. But we are legally bound to pay it, and we expect to pay it, but we want time to do it. If the Government would find the present value of the debt and give us an extension of 100 years at 3 per cent., the interest payable, if you like, semi-annually, we could pay the debt in installments. Then, still further than that, we have got lying in the hands of the United States over $7,000,000 which is bringing substantially no income to-day. It is doing nobody any good. It is not helping the Government at all. The first thing to be done is to allow us to sell those Government bonds, which are bringing a very high premium, and put them into some other securities, say, for instance, the first mortgage bonds of the Union Pacific, which are the best possible security a second mortgage can have, and let our sinking fund be invested in that as it is paid in. That is, reduce the first mortgage

that is paying interest, and increase the Government security all the time. There is no earthly reason why this $7,000,000 or $8,000,000 should accumulate all the time and should lie there without interest. The Government is getting nothing for it. The explanation of what I have said that our sinking fund is bringing in no income is, if you choose to put it down, that the bonds cost us a very high premium; they were selling at 120.

Q. They bring 4 per cent. on the par?—A. Yes, sir.

Q. And that would reduce the actual income to about 2 per cent. or 1¾ per cent.?—A. What are we getting for them then, if they lie there? We are only getting the premium. Interest on the bonds does not begin to cover the premium, and if they should lie there, as they do, all the premium is lost, about 20 to 25 per cent., and that is no possible good to the Government. You are aware, of course, that the only investment we can get is in Government bonds. There are no three per cents to be bought. They are all four per cents. They are all called.

Q. Do you wish to say anything further in regard to this subject of policy as between the Government and the railroad?

The WITNESS. The financial policy?

Mr. JOHN F. DILLON. The future adjustment of the relations.

WANTS GOVERNMENT TO STOP PERSECUTION.

The WITNESS. What we want is for the Government to stop the persecution—I cannot give any other term of it—and allow us to do business like any other railroad in the country—to secure our own territory against all comers. As it is now, we are cut to pieces by all our large rivals. That should be stopped. We cannot help it. We should have authority to build branch lines.

Q. What is your judgment as to the security which the Government would hold if it adopted this policy of annual payments of fixed amounts? Suppose you failed in your annual payment. What is their security?—A. They have the security of the second mortgage, the same as now. That mortgage would still be in existence until it was paid.

Q. The mortgage is not due until 1897?—A. It would be due if we should make default.

Q. Default in what?—A. Default in the interest. They could foreclose by paying off the first mortgage. They could not get possession unless they paid off the first mortgage.

Q. How could they foreclose for default in the annual payment unless the principal was due by the terms of the mortgage?—A. That is a legal question.

FAVORS ENLARGING THE SECURITY TO THE GOVERNMENT.

By Commissioner ANDERSON:

Q. I will not pursue that if you have not discussed it with the counsel of the company. I may say that it seems to me a very difficult question in connection with this subject of fixing annual payments, even if you should agree that the failure to pay would default the whole amount, because you cannot bind your junior securities by such an agreement, I suppose. Are you in favor of extending the security of the Government, in the event that such an arrangement is made, by adding to it from the properties which you hold by way of investment?—A. Yes, sir; I should say that was a very proper way to do

Let us go on and build these branch lines, and turn in these securities as we get them, and put them in escrow as security to them to a certain extent.

FAVORS EXTENDING DEBT 150 YEARS.

By Commissioner LITTLER:

Q. Why do you ask the Government to extend this debt one hundred years?—A. I would rather have it one hundred and fifty.

Q. I suppose so. Do you undertake to say that it is necessary to extend this debt one hundred years in order to enable this company to pay it?—A. Yes, sir.

Q. You do?—A. Oh, perhaps not absolutely necessary, because there are other ways. Perhaps we could raise the money. For instance, as I see Mr. Gould suggested to you the other day, if you take off the interest, the Government could let us place another first mortgage bond, and we could place that on the market immediately and pay it off.

Q. Could you not as it is?—A. It would be too large a sum.

Q. You have not carefully considered the question as to just how much of an extension this company ought to have in order to enable it to pay this debt, have you?—A. No, sir; I suggested the hundred years. I got that as a cue in Washington. I got it from the Comptroller of the Treasury, who said, we do not care; we do not want you to pay the money now."

Q. Suppose the Government should finally conclude to give the extension for one hundred years, what kind of security could you give?—A. The second mortgage they have now.

Q. That would be all you could give?—A. Mr. Anderson suggested we could give security on our branch lines. We could take that into consideration. I am not authorized to speak on that.

ADDITIONAL SECURITY ON NEW BRANCH LINES AMPLE FOR GOVERNMENT LIEN.

Q. Would you consider the additional security which these branch lines furnish ample security for the debt?—A. Yes, sir; ample, so far as they went.

Q. Would they be ample security for the entire debt?—A. That would depend on how much there is of them. If we should build 1,000 miles of road, and give you the first mortgage on the road, it would be very good security.

Q. All these lines are covered by first mortgages already?—A. They are mortgaged to us. We have the bonds in our treasury.

Q. In other words, you could give the Government a first mortgage on the thousand miles of branch lines?—A. If you took too much of it it would be rather embarrassing.

Q. It would be in your power, as I understand it?—A. Yes, sir; we have the first mortgage bonds in the treasury, and if the Government insisted upon it it could make the claim.

Q. That would help the security very much?—A. I am not authorized to make any such offer. We are so anxious to get a settlement with the Government that we should submit to almost any fair terms.

By Commissioner ANDERSON:

Q. Are you quite accurate in your statement; are not a large portion of the bonds that you refer to already involved in the collateral trust

mortgage and others?—A. A good many of them are. But I am speaking of the roads now to be built—the branch roads to be built.

Q. Those could only be built out of earnings. You have not the means on hand to build the thousand miles of the road to-day, have you?—A. We should not go any further than our means would allow.

Q. The only means you refer to are prospective earnings?—A. Yes, sir; prospective earnings. We could not, of course, give you all the securities we have got, because we want something to do business with. But we could turn in first mortgage bonds, I suppose, if the Government should ask it, on our branch lines, to a moderate, limited extent.

LAND GRANT TO UNION PACIFIC.

By the CHAIRMAN:

Q. The Government has granted to the Union Pacific and Kansas Pacific Railroads forty-eight millions in lands.

Commissioner LITTLER. Dollars or acres?

Q. (Continued.) Estimated in dollars; and $40,000,000 in bonds, including the principal, $27,000,000, and the interest due to date, making a total estimate, approximately, of $97,000,000, to which extent the Government has aided the Union Pacific Railway Company with the assurance that it would be paid in thirty years. Now, if an extension is granted, of one hundred years, what assurance has the Government that you will then be in any better position to pay it than you will be in 1897 to pay the $97,000,000?—A. We consider the country is in very much better condition than it was when this road was built. The country is developing very rapidly, and there is no doubt by building these branch lines it would develop along the line of our road much faster than it has done.

By Mr. JOHN F. DILLON:

Q. When you say one hundred years, you mean within that period you would liquidate the whole debt?

The WITNESS. I consider that we should pay it in installments.

DEBT TO GOVERNMENT NATURALLY EXPECTED TO BE RENEWED.

By the CHAIRMAN:

Q. The Government made this gift or grant of land, and this appropriation of money, and the interest during thirty years, with the understanding that, at the end of thirty years, the railroad company would meet its obligations and settle with the Government. Now, the railroad company asks an extension of one hundred years. What assurance can they give, any better than they gave thirty years ago, that they would settle at maturity?—A. I should hardly think the Government expected it to be settled up at maturity fully. With a large amount of bonds coming due it would naturally be expected to be renewed.

The CHAIRMAN. There was no question at the time when the money was loaned that the company would settle it at maturity.

The WITNESS. I do not know that the question was raised; 30 years was a good while then; it is running off pretty fast now. In the first place, the Government does not want the money; and why not have our securities in the Treasury just as well as dead capital; our 3 per cent. bonds might be made bankable, why not, to take the place of the 3 percents that are being paid off; how will that strike you?

The CHAIRMAN. We are here to hear any proposition.

The WITNESS. That is no proposition; I made that as a suggestion to see how it struck you.

Commissioner ANDERSON. It is all a question of amount, payment, and security; I do not think it is a question of time.

The CHAIRMAN. I only want to know whether you mean to pay it at all. When you fix it at 100 years, or 150 years, it is like a lease of 99 years.

Commissioner ANDERSON. Suppose we adjourn 100 years, and then ask Mr. Atkins over again when they will pay.

The WITNESS. We cannot get rid of that second mortgage. In the mean time we might be investing in the first mortgage, and, getting the benefit of that all the time, whatever we put into the sinking fund, invest that in the first-mortgage bonds. The company will continue to pay the interest on those bonds at 6 per cent., and that is added to the principal all the time; so you see, every day in the week, and every month in the year, your security is being increased. Now what will it amount to in 100 years, is a matter of mathematics and figures. You are getting more and more security every month in the year.

Q. I ask the question with reference to the hundred-year basis, upon the calculations that were made 30 years ago, as to the growth in the population of the country, and the value of the lands, with reference to the business meeting the debt when due. It is conceded that with the increased valuables the road would be able to meet these obligations, and the term was fixed at 30 years. I am only looking at the future; I want to know what you are basing your proposition upon.—A. As to that, I do not know whether anybody gave assurance of its all being paid in 30 years; you know how difficult it was to get people to go into it when it was built. Boston put in her money freely. Mr. Oakes Ames told me himself that Mr. Lincoln said, "Ames, take hold of that; and if that is not enough to build the road, ask double and you shall have it." He said, "That road must be built, and you are the only man to do it; and you take hold of it yourself." That is what Mr. Ames told me himself. Under those circumstances, I hardly think Mr. Ames said we would pay off everything at maturity. If it was only $37,000,000, I suppose we could pay it off next next month. We could raise that amount with the Government agreeing. The property will be worth a good deal more 10 or 20 or 30 years hence than it is now, I suppose.

WANTS THE "PERSECUTION" STOPPED.

The CHAIRMAN. Have you any other suggestion to offer with reference to the road?

The WITNESS. No; except the general suggestion that we want the Government to stop the persecution of us, and let us do business like every other railroad in the country. Our rivals are very wealthy, and have all the money they want, and all the credit they need, and do not have to go to the Government for anything, and we have to contend against that in order to hold our business and protect our own territory. We have got to have the means.

The CHAIRMAN. Judge Dillon, have you any questions?

Mr. JOHN F. DILLON. Only a few. The great practical object of this Commission, I take it, will be to report some plan, which commends itself to the judgment of the Commissioners, of adjusting the debt and fixing the future relations between the Government and the company. I have asked the permission of the Commission, which they have given

in the case of Mr. Ames and the other directors who have been examined before you, to have the directors, after they have fully considered the subject of the debt and the relations of the company to the Government, and after having formulated it to present it; and I will not trouble you further on that subject. That is a good idea. I ask the Commission if Mr. Atkins may join in it also?

The CHAIRMAN. Certainly.

WITNESS' INTEREST IN UNION PACIFIC.

By Mr. JOHN F. DILLON:

Q. I want to ask a few questions as to other matters. Do you know what your interest is in the Union Pacific to-day?—A. I hold to-day 9,324 shares of Union Pacific stock. That is my holding to-day. Two hundred and ninety-two thousand dollars of Union Pacific and Kansas Pacific bonds; about $50,000 of them are Kansas Pacific.

Q. That is, you hold 9,324 shares of Union Pacific stock now against 2,937 shares which you held at the date of the consolidation in 1880?—A. Yes, sir.

Q. So that your holdings have very considerably increased in the meanwhile?—A. Yes, sir; largely increased.

Commissioner ANDERSON. He took advantage of the drop.

Q. Was that stock bought at various times since that time?—A. Various times. A large portion of that 2,900 shares cost me $130, and I have held it, and have seen it go down to 15 or 20, or to 30.

"STOOD BY THE SHIP."

Q. You stood by the ship?—A. I stood by the ship.

Commissioner ANDERSON. You are "bearing" the market very much. Twenty-eight is the lowest.

The WITNESS. We have it back again to 60 odd, and I hope when we get a liberal report from you gentlemen it will go to par. It ought to be at par to-day.

Q. Do you consider that with such legislation as experience has shown to be essential to your protection and development, the Union Pacific and its associated properties are valuable?—A. I do consider them very valuable properties.

UNION PACIFIC FAVORABLY LOCATED.

Q. Is there any transcontinental road, all things considered, to the Pacific Ocean, that lies so favorably situated, in your judgment, as the Union Pacific?—A. With us the line is quite as favorably situated as any other road. Its local business is increasing rapidly all the time. The coal business is an enormous business. The consumption of that is, of course, increasing very fast.

Q. Kansas is understood to be one of the most prosperous States in the Union?—A. I should judge so the way they are building railroads. They are spreading them all over.

Q. And Nebraska?—A. Nebraska.

Q. Wyoming?—A. Yes, sir.

Q. And the Western region, generally?—A. Yes, sir; it is being developed very rapidly and will continue to be developed.

LOANS OF THE UNION PACIFIC.

Q. You have spoken of loans which have been, from time to time, made by the Union Pacific. I suppose this company, like every other railroad company, has to make loans more or less in order to conduct their business?—A. Yes, sir; and a great many of them.

Q. And you have been on the finance committee?—A. Yes, sir.

Q. You have had a good deal to do with that branch of the company's work?—A. Yes, sir.

Q. Please state to the Commission whether or not the company in any instance within your knowledge, has paid to anybody any more than the legal or any more than the market rates for money, or any more than they could at the time have secured it for.—A. No, sir; to my knowledge they never have.

Q. What is your belief on that subject?—A. I have reason to know that they have not, unless you reckon brokerages. Sometimes we paid brokerages.

NO IMPROPER PERSONAL BENEFITS DERIVED FROM UNION PACIFIC.

Q. I want to know whether you have sacrificed, or whether anybody else has sacrificed, to your knowledge, the interests of the company, for your personal benefit or for the personal benefit of any company in which you were interested.—A. No, sir; I never have and I do not think one of our directors has ever done it, or ever profited by any financial transaction that they made, excepting cases where we have been called upon to borrow upon our private securities, and then we were paid for it. I do not know what the instances are, but there are some such cases as that.

Q. When was that?—A. This instance of Kidder, Peabody & Company's that you were asking me about was one of them.

Q. Those transactions are all on the books?—A. All on the books.

Commissioner ANDERSON. I do not quite understand what the witness says about that.

The WITNESS. About what?

Commissioner ANDERSON. When you had to borrow money on your private securities for the use of the company, whether any special charges were made against the company?

The WITNESS. No; only in those cases where we got sterling exchange, such as I was speaking of, as in the instance with Kidder, Peabody & Company, where we put up our private credits or securities. It was in order to pay for those.

By Commissioner ANDERSON:

Q. Do I understand that in those cases you made a personal charge against the company or got some personal compensation for it?—A. In some instances we have.

ONLY MARKET RATES OF INTEREST PAID.

Q. To what extent?—A. I do not know. It would be the market rate of interest, whatever it was. For instance, we pay a banker half per cent. We do not know what the interest costs us until we remit for that exchange, you understand. Then there have been some instances where, perhaps, the parties have become individually responsible for it at the regular market rates of interest, at 8 per cent. or something like that.

Q. Will the books show that amount?—A. The books will show it.

Mr. JOHN F. DILLON. I will ask you to produce any entries on your books on that subject. Furnish them as soon as you can.

The WITNESS. They are not on my books.

Mr. JOHN F. DILLON. The company's books show them?

The WITNESS. Yes, sir.

Mr. JOHN F. DILLON. I will ask Mr. Mink to state them, as he says the company's books show them.

Mr. MINK. I will furnish the information.

DIVIDENDS.

By Mr. JOHN F. DILLON:

Q. You were interrogated in relation to dividends. The act of Congress forbids this company making any dividend except out of its net earnings. State whether or not you have ever voted to declare or pay any dividends in violation of that provision, so far as you know.—A. Never. If there was anything of that kind done I should have known it.

The CHAIRMAN. Include in your question the point as to the borrowing of money to pay dividends.

Q. In voting for dividends, state whether or not you acted in the *bona fide* belief that the amount out of which it might be paid had been realized in the way of net earnings.—A. The question of dividends has never been entertained by our Boston directors except when we knew we had earned it. They would not have entertained any such proposition.

MONEY NEVER BORROWED TO PAY DIVIDENDS.

Q. Have you ever borrowed money, or has the company ever borrowed money, in order to enable them to make or to pay a dividend, such borrowing being with a view to meet a deficit in net earnings, so as to enable you to pay the dividend?—A. No, sir; we never borrowed the money for the specific purpose of paying dividends.

Q. State whether you borrowed it to meet deficits in your net earnings and thus enabled you to pay dividends.—A. No, sir; we did not. The dividends have only been made when they were made out of the net earnings. We have borrowed money; but whether that money went to pay dividends I cannot state, after it got into the treasury.

Mr. JOHN F. DILLON. There is no provision in the act of Congress that you shall not borrow money?

The WITNESS. No, sir.

Q. What is your age?—A. Seventy-four.

THE MEETING AT GOULD'S HOUSE.

Q. I see your name attached to the memorandum of the 14th of January, 1880. Are you distinct in your recollection as to whether you were at that meeting or not?—A. No; I stated that my memory was not distinct as to that. My impression is that I was in Boston. We knew what was to be proposed, and my impression is that Mr. Dexter brought to Boston for my signature that paper after everybody else had signed it. You see my name is last.

Q. You do not recall being at Mr. Gould's house on the evening of the 14th of January, 1880, which resulted in the writing and execution of that paper; you do not recollect it?—A. I do not recall that I was there at that time when that paper was drawn up. I think if I had been present, I would have remembered it. Mr. Dexter wrote it out.

Q. Therefore you do not recall the fact that Mr. Dexter wrote it?—A. I see that is his handwriting.

Q. And you do not recall the fact of its having been written by him, nor what occurred there, and from the further fact that your name appears at the bottom your impression now is that this was afterwards brought to you and you signed it?—A. Yes, sir; but we generally understood what was to be done.

Q. When you signed it you understood what was in it?—A. Yes, sir.

Q. And it met your approval, did it?—A. Heartily.

THE CONSOLIDATION APPROVED.

Q. What was your understanding then, and what is it now, as to whether these Central Branch and the Kansas Central roads were included under terms which Mr. Gould dictated to the parties representing the Union Pacific, or whether the party representing the Union Pacific felt it to be essential to the interest of the Union Pacific that those roads should come to the Union Pacific Company in this arrangement?—A. We unanimously thought it was very much for the interest of the company to get those securities and to make this consolidation. As to the price of these different securities, I do not suppose any of us knew what they were worth. As to the Central Branch, I do not suppose that would have sold for very much, nor would the Kansas Central; but the arrangement was made, as I understand, and was talked over in different interviews with Mr. Ames and Mr. Dillon, and then prices were agreed upon and submitted to us and these prices were made. I do not know what these bonds would have sold for on the market. They would not have brought much, perhaps, but in the control of the Union Pacific we knew that they would be made very valuable.

Q. Standing for the Union Pacific, and in making this arrangement, you made what you deemed to be the best interest for the company, did you not?—A. Yes, sir; and the Government.

Q. What is your judgment now, looking back at it over eight years? If it were to be done again under the same exigencies, looking at the interest of the company and the Government, would you vote for the consolidation or not?—A. Most decidedly I should. If that was running eight years without the consolidation, the road to-day would not have been worth a great deal of money.

THE ISSUE OF K. P. CONSOLS TO GOULD UNDER MARKET RATES.

By Commissioner ANDERSON:

Q. Were you aware that in January, 1880, after the consolidation, there were issued out of the trust of the K. P. consols to Mr. Jay Gould two millions of dollars of the bonds held in the trust at the rate of 75 cents on the dollar, when the market price was 94?—A. No, sir; I do not seem to recollect that. The records will show whether that was done, but it was not done clandestinely. It was done by the committee as a part of the agreement, I suppose. Mr. Ames is not a man that would do anything of that kind and cover it up.

Commissioner ANDERSON. I do not think Mr. Ames had anything to do with it.

The WITNESS. Mr. Dexter and Mr. Ames particularly conducted the negotiations. If Mr. Gould had said we were to give him 94 as a part of the contract, we would have said yes.

Q. As a part of what contract?—A. A part of the consolidation scheme.

Q. It is not a part of the consolidation scheme as the scheme has been described to us by yourself, Mr. Ames, Mr. Dexter, Mr. Gould himself, Mr. Dillon, and all the other gentlemen. I asked you the question with reference to your statement, just made, that no director of this road, to your knowledge, has ever obtained an advantage amounting to anything from a negotiation of any of its securities or loans. Were you aware of the fact that $2,000,000 of these bonds had been issued to Mr. Gould at 75?—A. I cannot tell.

By Mr. JOHN F. DILLON:

Q. You do not now recollect it?—A. I do not now recollect it.

By Commissioner ANDERSON:

Q. When you made that statement, that no director had received any such advantage, you did know the fact that those $2,000,000 of bonds had been so issued?—A. I think your question only refers to loans; in borrowing money, whether anybody had been paid; and my answer to that was, the statement as to this matter of Kidder, Peabody & Co.'s in the sterling exchange. I do not think your question covered any sale of bonds.

Q. It was Judge Dillon's question. I am asking you whether you know that any of the directors of this company had derived any personal advantage from the issue of its securities to them at rates that gave them an advantage?—A. No; I do not think we ever had any advantage. We have bought them at what they were worth. Mr. Ames bought them—a great many of them—and he paid a fair price; all they were worth.

$3,400,000 BONDS ISSUED UNDER MARKET RATES.

Q. Did you know that $3,400,000 of these bonds were issued to the holders of certain securities, which had been in this Saint Louis pool arrangement, at rates differing from the rates at which these bonds were issued to the public?

The WITNESS. That was a private arrangement of Mr. Gould's, was it not?

Commissioner ANDERSON. Yes, sir.

The WITNESS. He bought out the Saint Louis people.

Q. It was a private arrangement of Mr. Gould's?—A. So I understand; yes, sir.

Q. I compare it with your answer just made, that no securities of this company have been issued to any of the directors at rates which gave them a personal advantage. How can you reconcile those answers?—A. What would consider a personal advantage? We considered a fair price a fair price.

Q. Is it considered a personal advantage if the bonds were issued to a director at 75 and issued to the public at 94?

The WITNESS. At the same time?

Commissioner ANDERSON. At the same time.

A. Well, it would depend on circumstances. It might not perhaps have been worth 75. Mr. Gould probably made that stipulation, "I will take that lot of bonds at 75." I have no knowledge of that.

Q. Are you not a little rash in saying that there are no cases in which the securities of this company were issued to directors at such rates as

to give them a personal advantage?—A. That may be an exception. I do not know whether it is or not. Generally, I should say, there has not been.

Q. That is an exception that involves $500,000, and if there is one exception may there not be five or six?—A. I guess not. How did we know that those bonds were worth more than 75 when they were issued to Mr. Gould?

Commissioner ANDERSON. I am only stating that we had the market price for that month.

Mr. JOHN F. DILLON. Mr. Dexter testified yesterday that he bought K. P. consols as late as December in the market for 75.

Commissioner ANDERSON. The highest price at which the bonds sold in February, after the consolidation, which was on the 24th of January, the issue being afterwards, was 97¼, and the lowest price, 96⅜. Of course, it may be said that $2,000,000 of them might not have sold at that price, being a large amount.

The WITNESS. Is it not possible that Mr. Gould, after getting control, put them on the market? In that case he gave an equivalent for that price.

Q. Then, I understand, you knew nothing of this transaction, personally?—A. No.

Q. Did you know that you referred to the fact that $3,400,000 was paid for the Saint Louis pool securities, as being a transaction of Mr. Gould's?—A. That, I suppose, was a transaction of Mr. Gould's.

WAS THE RATE TO GOULD PREFERENTIAL?

Q. But that did give him a preferential rate, did it not?—A. He had a right to buy his securities in the market at any price he could.

Commissioner ANDERSON. But the question I that am asking is about the sale to the Union Pacific of the securities. He sold them at a rate exceeding the rate prevailing for these same securities in the public market.

The WITNESS. Well, I do not suppose that is an exceptional case with Mr. Gould, is it? Mr. Gould does his business to make money. If he buys $2,000,000 in bonds, he would probably buy them with the understanding that he should put the market up.

Commissioner ANDERSON. I do not think you catch my point. I am not speaking of his purchase. I am speaking of a sale to a company in which he was a director, and it is in reference to your assertion that in no cases have directors made money out of the Union Pacific.

The WITNESS. That is a pretty broad question that no person made money.

Q. Out of the Union Pacific?—A. That is what I mean. I think as to Mr. Gould's doing, I do not know what he does.

Q. Do you mean to exclude Mr. Gould in your statement that none of the directors have made money out of the Union Pacific?—A. No, sir; I do not mean to exclude anybody. I will say generally that I do not know anything about it and I do not recollect about it. I have no doubt it was done honestly in the interest of the Union Pacific, whatever was done.

Q. No matter what he did?—A. No matter what was done with him, with the sanction of Mr. Ames and those gentlemen. I have no doubt it was honorably done.

Q. Do we understand you as approving of a bargain by which Mr. Gould should purchase from the Union Pacific these securities at bet-

ter rates than could be got in the open market?—A. Yes, sir. It might be because of the very fact that the settlement with Mr. Gould would put the price up. If Mr. Gould had them he probably did it with the understanding that he would take the bonds at the price agreed, and he would put the price up.

Q. Do we understand you to be approving of a bargain of this nature to be made between the company and its directors, where the directors, who are to take these securities participate in the conclusion which is reached, and vote upon it?—A. As a general rule, no; but there have been no such instances in the Union Pacific, that I know of.

Q. You know that Mr. Gould was a trustee of this very mortgage, do you not?—A. Yes, sir; he is now.

CONCERNING THE BONDS ISSUED TO SAGE.

Q. Did you know that many of these bonds were issued to Mr. Russell Sage at rates differing from the rates prescribed in the mortgage, and at better rates to him?—A. I do not remember.

Q. You do not know that?—A. I cannot say; I did not know; perhaps I did; I do not remember it.

Q. If such were the fact would you still adhere to the proposition that Mr. Sage, being a director, did not obtain from the company securities at prices which were a personal advantage to him?—A. I should think that whatever was done was done in the interest of the company. If Mr. Gould and Mr. Sage had not bought those bonds the price, probably, would not have been 94; would not have been above 75. I think it was to the interest of the company to give them a chance to buy those bonds below the market price, with the understanding that they would put the price up.

Q. If the terms of the mortgage forbid the issue of the bonds at the rate at which they were issued, would you consider it a proper discharge of the duties of the trustees of that mortgage to issue to themselves bonds at a more favorable rate than the rates prescribed in the mortgage, simply because, by so doing, there would be a better market made for the bonds?—A. Well, those gentlemen would ask you how you knew those bonds could be sold in the market above 75. I do not know that they could at that time.

Commissioner ANDERSON. If they asked me that I would say, "Gentlemen, you being the trustees, you cannot buy them, and if they sell for a lower price, that is the misfortune of the company; but it is not honest for you to buy them and fix your own rate."

The WITNESS. They were only one party to the transaction; the other people fixed the rates and they agreed to the terms, I suppose.

By Mr. JOHN F. DILLON:

Q. You have no personal knowledge, have you, of the alleged sale of bonds to Mr. Gould, or the prices of them?—A. No, sir.

Q. You have no knowledge of it?—A. I have no knowledge.

Q. What you said here is speculation as to the possible circumstances?—A. Yes, sir.

WITNESS' TRANSACTIONS IN SAINT JOSEPH BONDS.

By Commissioner ANDERSON:

Q. One thing more as to one of your own transactions. Did you not obtain advantage from the Union Pacific Company when you sold the

Saint Jo bonds, which cost you 40, to the company for its new stock, at par?—A. They bought my bonds as they bought any other in the market.

Q. I am talking about when you sold them to the company; did you not get a personal advantage for them from the company?—A. I sold them at the same price as anybody else that had the same bonds.

Q. Did you not personally make the difference between the 40, which the bonds cost you, and the value of the stock which you got?—A. Yes, sir; and lost the interest. The value of the stock I have got now, it is not worth what I took it for. The stock I bought and intended to hold, and am holding it now. That stock I took at par, and I have not seen many days since that I could have got over 60 or 70 for it.

Q. I ask you whether, when you made that exchange, the stock being worth 95 cents in the market, you did not make the difference between what you had paid for the bonds at 40 and what the stock was worth when you got the stock?—A. I suppose I did.

Q. And did you not sign a paper, which was equivalent to a vote, in favor of that transaction, which paper has been produced here, and which you say was brought to you and signed after it was drawn up?—A. Yes, sir; I answered that question two or three times, I believe.

By the CHAIRMAN:

Q. How do you answer it now?—A. I say I signed it, and it was equivalent to a vote in favor of it, if that is what you want. There was no difference of opinion among us. We were all of us glad to do it. If I turned my stock in at par or held it, it was a matter of no great consequence to the public. The stock could not be sold at par.

HOW THE GOVERNMENT WAS BENEFITED BY THE PACIFIC ROADS.

Q. Have you anything else to add?

The WITNESS. In regard to settling with the Government, and why we should be liberally settled with, I think you will agree with me. We have already paid to the Government an equivalent of fully $3 for $1 for everything that was advanced to us. Equivalent for cash to that amount. I get at it in this way: The Government gave us lands that were not worth a cent an acre without a railroad. They put their lands in the market at $2.50 an acre, and they realized on the advanced value of land probably the full amount of the subsidy of $27,000,000. I do not know how much. They have not got through with it yet. That is one advantage.

The next is the Government saving in the cost of transportation, which was cash. It saved them so much cash. It saved enough on that transportation to have paid every dollar of the subsidy. That is twice it was paid.

By Commissioner ANDERSON:

Q. Why do you call that a payment made by you?—A. It is a saving directly by the Government.

Q. You call it a payment?—A. Call it what you like. It is a saving the Government got. They got it in the reduced expense. I think they have saved more than that.

The third advantage is that the building the Union Pacific Railroad annihilated all the Indian wars. We have not had an Indian war since. Not one. No troops on the plains. That saved more than the whole amount of that subsidy. I say, with any fair-minded man, there is no reason why the Government should be hard on this company as to settlement. They ought to make liberal terms.

FORMER COST OF TRANSPORTATION.

By Commissioner LITTLER:

Q. Do you know the cost of transportation from the Missouri River to California prior to the construction of the Union Pacific road per hundred pounds?—A. The contracts, as I understand, with Mormons to supply the troops with grain when they carried on the Indian wars was a fabulous price, four or five times the cost of the grain itself. Fifty cents, I think.

Commissioner LITTLER. It is part of our duty to ascertain all those facts.

The WITNESS. I cannot give it of my own knowledge. The transportation of that grain across to the troops cost, I am told, three times the original cost of the grain.

Q. You do not know whether there were any fixed charges for the tansportation of supplies from the Missouri River to the Rocky Mountains and beyond there, prior to the construction of the Union Pacific?—A. The country was filled with troops and those troops had to be maintained.

Q. And for that reason I want to know what the regular rate per hundred for supplies to maintain those troops was?—A. Mr. Dillon could tell you more of that, because he was there when the road was built. I cannot tell you of my own knowledge. I know it was fabulous.

That question of net earnings can always be disposed of by you by fixing a net sum that we are to pay, so much a year; and then you settle the whole question.

ELISHA ATKINS.

Commissioner ANDERSON. Gentlemen of the press, while we would be very glad to have you present at any time, we intend to spend the afternoon in going over the question of net revenues, with the officers of the road, and may possibly take two or three days at it.

AFTERNOON SESSION.

EQUITABLE BUILDING, BOSTON, MASS.,
Friday, May 27, 1887.

OLIVER W. MINK, being further examined, testified as follows:

The witness, in answer to questions put by the Commission, made the following explanation relating to gross and net earnings:

GROSS AND NET EARNINGS, KANSAS PACIFIC DIVISION, FOR 1869.

First. Kansas Pacific division, aided or subsidized line:

The gross earnings of this division from November 2, 1868, to November 1, 1869, were	$2,031,854 86
These earnings were derived as follows:	
1. From commercial freight	$1,080,839 47
(This represents earnings derived from the transportation of all kinds of freight, excepting United States freight and express matter.)	
2. United States freight	334,990 39
3. Commercial passengers	432,450 65
(This represents earnings derived from the transportation of all classes of passengers, excepting officers and representatives of the United States.)	

4. United States passengers	$91,556 08
5. Express	24,432 10
6. Mail	50,020 19
7. Miscellaneous	8,565 78
(Included under the head of miscellaneous are rents, amounts received for switching, and miscellaneous revenues of all sorts. The rents include rents of tenement-houses, hotels, eating-houses, or any other buildings.)	
These sums aggregate	2,031,854 86

By Commissioner ANDERSON:

Q. This represents the total gross earnings of the Kansas Pacific for the year mentioned?—A. It represents the total gross earnings for the year mentioned of the 394 miles aided by the United States, and not the total earnings of the division. The remaining 245 miles, you understand, are not covered by the Government lien.

Q. You give these figures from what material?—A. From the evidence presented at the Court of Claims in the case of the Union Pacific against the United States, No. 12,515. It is on page 114 in one of the papers included in the record, but in the consecutive paging made by me, it is page 495.

EXPENSES: CONDUCTING TRANSPORTATION.

Mr. ANDERSON. Pass to the items charged under the head of expenses.

The WITNESS. The expenses were made up, first, of—Conducting transportation, $270,128,07.

By Commissioner LITTLER:

Q. What does that item mean?—A. Those are expenses incident to the movement of trains; conducting the transportation.

Q. Does it include all the officers and employés?—A. It includes the station expenses, and the employés on the trains, excepting those handling the locomotives.

Q. Excepting engineers and firemen?—A. Yes, sir; excepting the engineers and firemen. "Conducting Transportation" includes advertising, stationery, cleaning and inspection of cars, the wages of conductors, train agents, baggagemen, brakemen, porters, the salaries of agents off the line of the road, personal injuries to individuals, losses and damages to baggage and to freights, stock killed, oil, tallow, and waste for cars, repairs of tenement houses, hotels, station agents, operators and clerks, station labor, station expenses, switchmen and yardmen and train expenses.

Q. Explain what that covers?—A. Including fuel and light for cars; ice, stoves and fixtures, coal boxes, lamps, &c. I suppose that is definite enough. It is a very long classification. It also includes telegraph expenses and the use of cars.

By Commissioner ANDERSON:

Q. Use of cars hired from other roads?—A. From other roads; yes, sir.

MOTIVE POWER.

Second. Motive power, $439,113.03. This includes any books or printing and stationery for the locomotive department; the wages paid to boiler washers, engineers and firemen, fuel for locomotives, fuel and

light for engine houses and shops; oil, tallow, and waste; rent of locomotives, and repairs to locomotives; repairs of engine houses; turntables and machine shops; repairs of tools, machinery and of machine shops; repairs and expenses of fuel stations and of water stations; superintendence, watchmen and wipers. That is all under that head.

MAINTENANCE OF CARS.

Third. Maintenance of cars, $84,090.37. Under this head are included books, printing and stationery for the car department; fuel and light for car shops; repairs of car shops and sheds; repairs of freight, caboose, baggage, mail, and express cars; repairs of sleeping cars; repairs of tools and machinery in the car shops; repairs to air brakes; superintendence and watchmen.

MAINTENANCE OF WAY.

Fourth. Maintenance of way, $328,440.44. This includes ballast, books, printing and stationery for the maintenance of way department, engineering (when not chargeable to construction); frogs and switches; labor on the track; protection of river banks, where streams are near the track; renewal of cross ties; renewal of rails; repairs of bridges, fences, crossings and cattle guards; repairs of snow sheds and fences; repairs of telegraph; repairs of working cars and tools, and of section houses; removing snow and ice; spikes and fastenings; rent of track; superintendence and watchmen.

RENEWAL OF RAILS.

By Commisioner ANDERSON:

Q. Under the head of renewal of rails, is it your practice, when you substitute steel rails for iron, to charge the difference between the cost of the two to Construction Account?—A. No, sir; it is not our practice to do that.

Q. You charge it all as a part of the expenses?—A. The operating expenses? Yes, sir.

Commissioner ANDERSON. A good many roads pursue the other course?

The WITNESS. I know it. We have never done it on the Union Pacific. To a slight extent it was done on the Utah and Northern. At first, as it was constructed, it was built with 30-pound iron, which is too light for the work of to-day. Some part of the expense of renewal there was charged to construction; but never on any of our other lines.

GENERAL EXPENSES AND TAXES.

Fifth. General expenses and taxes, $140,216.87. This includes books, printing, and stationery used in the general offices of the company; the salaries of the clerks in the general offices; any expenses incident to the general offices; and miscellaneous payments on the general expense accounts not properly chargeable under any other head, such as legal expenses.

Q. That includes it?—A. Yes, sir; that includes legal expenses, salaries, and expenses of general officers, and taxes.

By the CHAIRMAN:

Q. On what?—A. On the roadway; not including the taxes on the lands granted by the United States.

CONSTRUCTION EXPENSES.

Sixth. Construction expenses, $189,481.62. This covers the construction of new shops and new station buildings, and the payments made for additional equipment. Those are the principal items that enter under that head.

By Commissioner LITTLER:

Q. It does not include the cost of extending the road?—A. No, sir; it does not.

Q. Do you call that construction account?—A. We call that construction. We call that, usually, the construction of an extension, as distinguished from construction expenditures made in the way of improvements.

By Commissioner ANDERSON:

Q. That item, as that account is kept, does not go to increase the construction account?—A. Yes, sir; it does. Under the ruling of the court that item was admitted as an expense, whether it was charged in the operating expenses of the company or not. If the earnings were sufficiently large to pay it, it was to be deducted.

The above item, in so far as it represents construction, is entered in the construction account, and does increase the balance of the construction account which appears in our balance sheet. It is balanced on the other side of the account by the fact that the balance of surplus earnings appears to be larger by the same amount than it would be if this item had been charged against earnings in the balance sheet, and not charged to construction; but it is not, I believe, balanced by any increase in the issue of bonds, stock, or other liabilities of the company.

Q. The figures you have given, then, leave the net earnings for the year ending November 1, 1869, at $580,384.46, 5 per cent. of which is $29,019.22; and this we understand to be the amount accepted by the Court of Claims in the adjustment made by Case No. 12,515?—A. Yes, sir.

GROSS AND NET EARNINGS, KANSAS PACIFIC, FOR 1870.

Q. Give the same item for the next year.—A. For the next year, ending November 1, 1870, the gross earnings were as follows:

1. Commercial freight	$1,557,069 43
2. United States freight	106,737 81
3. Commercial passenger	551,369 76
4. United States passenger	73,660 13
5. Express	34,369 94
6. Mail	52,137 85
7. Miscellaneous	19,680 73
Total	2,395,025 65

The expenses were:

For conducting transportation	424,034 07
Motive power	565,7?0 67
Maintenance of cars	143,559 92
Maintenance of way	373,187 28
General expenses and taxes	163,563 31
Construction expenses	934,322 68
Total	2,604,447 93

In that year there were no net earnings. The expenses exceeded the earnings.

CONSTRUCTION EXPENSES.

By the CHAIRMAN:

Q. What explanation do you make as to the item of $934,322.68 in the year 1870?—A. It was made up very largely of masonry, new machine shops, new car-shops, new stations and warehouses, new section and tool houses, new fuel and water stations, and new equipment; $440,353.56, representing new equipment.

By Commissioner ANDERSON:

Q. Do you suppose the vouchers at Omaha will show whether that was all actually expended during that year?—A. Yes, sir; I have no doubt they will.

Q. If you had not charged up that construction matter you would have had $700,000 of net earnings, on which the Government would have had 5 per cent.?—A. That is right.

ITS BEARING ON GOVERNMENT 5 PER CENT.

By the CHAIRMAN:

Q. Who is the loser there, on that system?—A. The Government has lost 5 per cent., because under that law, there were no net earnings that year. I will explain that briefly. I will tell you how this account was stated. In the beginning, the Union Pacific Railroad Company brought suit for its half of transportation withheld by the United States under the act of 1873. The United States filed a set-off, under which they made a claim for 5 per cent. of the net earnings of the Union Pacific Railroad Company. At the same time, I think, they brought suits against the Kansas Pacific; but they were never advanced. Finally, when the conclusion was reached with the Union Pacific Company, the account of the Kansas Pacific was stated under that ruling of the court, although it was not stated until 1881 or 1882, when the mail controversy and net earnings controversy, under the Thurman act, arose. So that this account, while made out under the rule laid down by the court in the case of the Union Pacific Railroad Company in 1875, was not passed upon by the courts until they made a ruling on the net earnings under the Thurman act. This account, I want to impress upon your minds, was before the courts for four or five years after the original definition of the term "net earnings" had been made by the Supreme Court; and nearly all the questions you have suggested, I remember, were then suggested in the courts.

GROSS AND NET EARNINGS FOR YEARS SUBSEQUENT TO 1870.

By Commissioner ANDERSON:

Q. Give us just the net earnings, as they appear, and the 5 per cent. for the subsequent years. We had better get these figures in the account stated, and not take them all down now.—A. For the year ending November 1, 1871, the net earnings were $13,942.99; but, as they were insufficient that year for the payment of interest on the first mortgage bonds, the United States became entitled to nothing in the way of 5 per cent.

By the CHAIRMAN:

Q. What was your total gross receipts that year?—A. $1,918,289.52. The operating and construction expenses were $1,904,346.53.

Q. What was your item for construction that year?—A. $375,727.26.

For 1872:	
Gross earnings	$2,202,704 60
Operating and other expenses	1,446,004 85
Net earnings	756,699 75
Five per cent	37,834 99
In 1873:	
Gross earnings	2,212,842 80
Expenses	1,441,614 52
Net earnings	771,228 28
Five per cent	38,561 41

Q. What were the construction expenses?—A. The construction item was $61,222.08.

In 1874:	
Gross earnings	$1,979,401 77
Expenses	1,114,019 66
Net earnings	865,382 11
Five per cent	43,269 11

Q. What was the construction item?—A. Construc tion, $26,612.72.

In 1875:	
Gross earnings	$1,987,323 86
Expenses	1,147,287 74
Net earnings	840,036 12
Five per cent	42,001 81
Construction expenses	4,998 12
In 1876:	
Gross earnings	1,858,749 48
Expenses	1,178,605 24
Net earnings	680,144 24
Five per cent	34,007 21
Construction expenses	2,658 09
In 1877:	
Gross earnings	2,287,947 55
Expenses	1,339,456 81
Net earnings	948,490 74
Five per cent	47,424 54
Construction expenditures	1 30
In 1878:	
Gross earnings	2,799,914 48
Expenses	1,587,521 25
Net earnings	1,212,393 23
Five per cent	60,619 66
Construction expenditures	59,011 87
In 1879:	
Gross earnings	3,385,885 00
Expenses	2,268,217 67
Net earnings	1,117,667 33
Five per cent	55,883 37
Construction expenditures	312,330 80

For the year ending November 1, 1880:	
Gross earnings	$3,661,197 [illegible]
Expenses	2,227,784 [illegible]
Net earnings	1,433,412 [illegible]
Five per cent	71,670 [illegible]
Construction expenditures	282,701 [illegible]

In the next settlement we covered the period extending from November 2, 1880, down to the end of the calendar year ending December 31, 1881, a little more than a full year.

From November 2, 1880, to December 31, 1881:	
Gross earnings	$4,409,463 [illegible]
Expenses	2,855,638 77
Net earnings	1,553,824 [illegible]
Five per cent	77,691 [illegible]
Construction expenditures	91,462 77
For the calendar year ending December 31, 1882:	
Gross earnings	3,162,351 [illegible]
Expenses	1,944,666 [illegible]
Net earnings	1,217,684 [illegible]
Five per cent	60,884 [illegible]
Construction expenditures	56,473 [illegible]

That comes down to the time of the judgment.

Q. Can you continue them?—A. If you would like to have me do so; yes, sir. We have paid the Government every dollar they have demanded down to date, excepting $43.

THE MANNER OF STATING THE ACCOUNT WITH THE GOVERNMENT.

Q. That is, assuming that your declaration of net earnings is on a correct basis?—A. The accounts to and including 1882 have been adjudicated. We did make a contest over 1885, but the Secretary of the Interior ruled against us, and we let it go. In all the figures which I have been reading I have been giving you the earnings on the 394 miles. I will have to make an equation to do it after this. The way the account is stated it gives the earnings of the whole line, and after the net earnings are struck the equation is made on the net. Last year we furnished the Commissioner of Railroads an account, and asked him if he would lay down a rule for ascertaining the actual earnings east of the 394th mile-post as distinguished from the earnings west. We came to no conclusion. The account was finally stated by taking the distances actually hauled. The earnings were distributed between the sections of road in proportion to the distance hauled east or west of the dividing line, at the 394th mile-post, on a pro rata basis. The Kansas Pacific, running out from Kansas City, has, in Missouri, about one mile of non-subsidized road. Then comes the State line, from which the subsidized line extends for 393$\frac{11}{16}$ miles. There is, I believe, nothing at the point to mark it. Then for nearly 245 miles, to Denver, it is non-aided. The business coming east naturally goes to Kansas City, and to give the seven-tenths of a mile in Missouri a prorate on earnings would be to give it nothing at all; while on the other hand the expenses incident to that seven-tenths of a mile are enormous.

By Commissioner LITTLER:

Q. That seven-tenths of a mile embraces all your sidings and terminal facilities?—A. Yes, sir; the taxes alone are more on that piece of road

than it would earn on a pro rata basis, and I confess I do not know how to divide the earnings except on a constructive mileage basis. We apportioned the earnings in the way I have indicated and paid the commissioner the amount claimed by him. We separated all the local earnings on the road east of the 394th mile-post, and gave the United States credit for them. All the business that passed over the line was divided in proportion to the distances actually hauled on a straight mileage basis, and a further credit was given for that. Then we stated the expense account, by including all the expenses that belonged to the section of the road east of the 394th mile-post, and divided the expenses that were general on a car or train mileage basis. The expenses on that basis were then deducted from the earnings.

Commissioner ANDERSON. Of course the entire terminal facilities of Kansas City are not included in the subsidized road.

THE OMAHA BRIDGE.

The WITNESS. We did include them in the account to which I have referred. We made no distinction in making our report as to that seven-tenths of a mile. We assumed it to be subsidized, and paid the United States whatever was earned on it. We allowed everything that was earned east of the 394th mile-post, although technically we ought not to have paid anything on that seven-tenths of a mile. The same question has arisen with reference to our Omaha bridge. The Union Pacific main line is subsidized from Omaha west. There is no subsidy on the bridge. The last subsidy bond was issued to our company in 1869; the bridge was not commenced until 1871; yet last year the Commissioner called on the company for 25 per cent. of the net earnings of the bridge, and the amount was paid, though under protest.

By the CHAIRMAN:

Q. Did the courts not put that bridge in as a part of the road?—A. Yes, sir; they did. I do not think the question was then understood. At all events the question was not then raised.

The CHAIRMAN. The question was raised in this way: Whether the transportation across the bridge should be at the usual rate of transportation across any other part of the railroad, or whether the company was entitled to charge according to its special rates, considering the bridge as something different from the rest of the roads.

The WITNESS. That was right. That was one question; but we had not raised nor thought or raising the question about the bridge being subject to the Government lien. The company did not want to make a further distribution of its accounts. It appeared to be unnecessary. It costs us eight or ten thousand dollars a year to apportion them, I presume. It would have been better to have paid the Government that eight or ten thousand dollars on the bond and interest account than to pay it for clerk hire. We therefore never raised the question as to the bridge. But the instant the Commissioner of Railroads made a demand upon us for a restatement of the accounts of the Kansas Pacific division, we proposed that we should exclude the bridge. Our proposition was rejected, the Commissioner's ruling confirmed by the Secretary, and we have had to pay under it, although under protest. We have now filed a petition in the Court of Claims to get it back. I would like to explain this right here. I think a restatement of the earnings on the Kansas Pacific would give the Government about $20,000 a year more than they get on a mileage basis. On the other hand, I think if we throw out the bridge

on the Union Pacific, it would represent about $75,000. I think, therefore, that the request of the United States to separate the aided from the non-aided road would, if carried out, save us about $50,000 a year.

Commissioner LITTLER. You cannot separate the earnings of this road, you say?

The WITNESS. After 1882, the figures I am going to read to you are from the report of the Commissioner of Railroads. From this time the equation was made against the net only. I can make an equation in a few minutes for the gross and operating expenses, and net.

Commissioner LITTLER. Give it as you have it.

GROSS AND NET EARNINGS FOR 1883 AND 1884.

The WITNESS.

For 1883 the gross earnings of the entire line from from Kansas City to Denver (639 miles) were	$4,543,317 30
Expenses, including construction and equipment	2,939,393 66
Surplus	1,603,923 64
⅔ of that amounts to	988,960 74
Deducting now the new construction and new equipment expenditures on the aided road	20,812 17
And it leaves the net earnings on the aided road	968,148 57
Five per cent. of this is	48,407 43
For 1884, the gross earnings of the entire line from Kansas City to Denver were	4,427,491 90
The expenses	2,511,035 83
The surplus	1,916,456 07
⅔ of that amount is	1,181,664 62
Deducting the new construction and new equipment expenditures	32,789 05
Leaves the net earnings	1,148,875 57
Five per cent. of that is	57,443.78

Q. Your construction item is equated also, I suppose?—A. No, sir; the improvements on the roadway, construction proper, are apportioned as the expenditures are made on the line. But the new equipment is equated on a mileage basis. In 1885 the gross earnings of the line from Kansas City were made up on the other basis.

GROSS AND NET EARNINGS FOR 1885.

Q. What basis was that?—A. It was by location, and not wholly on an equation.

The earnings of the aided part of the road from Kansas City to the 394th mile-post were	$3,815,287 22
The expenses	1,891,711 83
The surplus earnings	1,923,575 39
The new construction and new equipment expenditures were	39,837 61
The net earnings	1,883,737 78
Five per cent. of which was	94,186 89

The CHAIRMAN. Will you please to furnish to me, as a Commissioner, the balance received by the Union Pacific Company in pool settlements, and added to gross receipts, before the deduction of operating expenses?

Commissioner LITTLER. Will you also please let this statement show the amounts the Union Pacific Railway Company have paid to other companies in pursuance of the pool contract?

The WITNESS. We will furnish you with everything you ask for.

OLIVER W. MINK.

The Commission then adjourned to Saturday, May 28th, 1887, at 10 a. m.

EQUITABLE BUILDING,
Boston, Mass., Saturday, May 28, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

OLIVER W. MINK, being further examined, testified as follows:

GROSS AND NET EARNINGS FOR 1886.

The WITNESS. The figures for 1886 as to the Kansas Pacific Railway Company have never been acted upon by the Government. They appear as follows on our books:

The gross earnings of the whole line from Kansas City to Denver are..	$4,878,312 05
Expenses and taxes	2,799,237 68
Surplus	2,079,074 37
The [illegible] is	1,274,502 80
Deduct new construction and new equipment	188,149 38
Net earnings aided line	1,086,353 42
5 per cent	54,317 67

By Commissioner ANDERSON:

Q. Is that computation made by the old system?—A. That is made by the old system; yes, sir.

Q. And straight mileage?—A. Straight mileage; in order to protect ourselves, and not be obliged to write off any deficiency on this account when we come to make a settlement with the United States Railroad Commissioner, we had added, in a special entry, $35,000 in the way of contingent liability to our obligations for the year.

Q. To cover any additional charge that he might make?—A. Yes, sir.

By Commissioner LITTLER:

Q. That who might make?—A. The United States Railroad Commissioner.

By Commissioner ANDERSON:

Q. It does not profess to be accurate?—A. No; it is merely approximate, and entered now so that in case any further amount is hereafter found to be due from the company we will have charged off in our current account $35,000 of the amount; we did not want to inflate the expense account of some subsequent year by including items properly chargeable to a preceding year.

By Commissioner LITTLER:

Q. If any additional charges are made by the Railroad Commissioner in stating this account, that sum is held in reserve to meet those charges and any balance remaining will be covered back into the treasury?—A. Into our income; yes, sir.

METHOD OF KEEPING ACCOUNTS OF BRANCH LINES.

By Commissioner ANDERSON:

Q. How are the different accounts of these different branches kept?—A. Each one of the various companies has its own set of account books, showing its stock, its debt, and, on the other hand, its resources. The earnings of these various lines are ascertained at Omaha in the accounting office of the Union Pacific Railway Company.

Q. Then the different station agents and freight agents make their daily reports directly to Omaha?—A. Omaha; yes, sir; all the lines are operated as if they were members of one great system of railroads, and the distinction between the ownership is scarcely known on the line of the road.

Q. I want to ask you if we should take from the books just referred to the freight and passenger business of the Echo and Park City Railway, for instance, for one year (it appearing by your tables that that company is allowed a constructive mileage of two for one both on passenger and freight), could we not, taking a statement of that business for the whole year, apply to it such correction as would inform us how much those gross earnings would have been if computed on a straight mileage?—A. Yes, sir.

Q. The result would be an approximation, but if applied to the gross earnings of each month it would be reasonably accurate, would it?—A. Yes, sir; we have the monthly system of accounts.

STATEMENT OF FREE TRANSPORTATION.

The WITNESS. The chairman asked me to introduce a statement showing our free transportation in 1886, and I will submit the following table:

The paper referred to is marked "Exhibit No. 1, May 28, 1887," and is as follows:

EXHIBIT No. 1.

[The Union Pacific Railway Company, Office of Auditor of Passenger Accounts.]

OMAHA, NEBR., *March* 29, 1887.

Comparative statement of free transportation furnished during the years 1885 *and* 1886, *on trip, time, and annual exchange passes.*

TRIP PASSES.

Account.	1886.				1885.			
	Passes.	Fares.	Amount.	Mileage.	Passes.	Fares.	Amount.	Mileage.
President's office:								
Complimentary	112	172	$4,878 54	157,373	.....	.....	.....	.....
Press	2	2	63 98	2,064	.....	.....	.....	.....
Employés	3	3	57 26	1,847	.....	.....	.....	.....
Foreign roads	64	98	3,029 83	97,737	.....	.....	$7,511 73	229,[illegible]
Unreported	.....	.....	1,724 18	55,262	.....	.....		
Total	181	275	9,753 79	314,283	.....	.....	7,511 73	229,[illegible]
Increase	.....	.....	2,242 06	93,848	.....	.....	.....	.....

Comparative statement of free transportation, &c.—Continued.

TRIP PASSES—Continued.

Account.	1886.				1885.			
	Passes.	Fares.	Amount.	Mileage.	Passes.	Fares.	Amount.	Mileage.
General manager's office:								
Complimentary	688	1,511	$23,206 99	745,090	763	1,689	$23,360 03	687,039
Press	88	288	3,151 03	101,108	59	131	1,527 10	44,914
Legal	431	937	9,806 16	314,873	271	570	7,060 61	225,312
Employés	1,677	3,537	29,471 14	943,832	1,662	3,408	31,279 80	919,997
Employés' family	415	944	9,173 75	293,512	388	919	8,988 61	283,997
Eating houses	23	62	1,169 19	37,716	44	91	1,388 50	46,838
Foreign roads	1,565	3,585	71,171 84	2,280,894	1,549	3,646	74,564 75	2,190,052
Traffic	171	352	5,029 50	159,971	257	651	10,143 37	298,335
Stock	16	43	574 20	18,290	61	110	1,839 84	54,701
News agents	15	20	299 66	9,561	9	16	235 86	6,937
Total	5,089	11,279	153,053 46	4,904,947	5,065	11,231	160,958 76	4,734,032
Increase	24	48		170,895				
Decrease			7,905 30					
General traffic manager's office:								
Complimentary	84	205	2,906 58	96,463	109	235	3,249 18	95,585
Press	649	1,339	11,887 34	380,393	443	1,445	31,496 22	926,360
Legal	3	4	28 45	918				
Employés	296	661	5,887 11	188,928	217	563	5,937 22	174,623
Employés' family	114	270	4,422 47	142,516	78	186	2,752 80	80,965
Eating houses	2	4	9 60	310	7	14	359 21	10,565
Foreign roads	1,478	3,524	57,025 22	1,828,310	1,268	2,950	50,967 15	1,499,039
Traffic	1,344	3,015	28,981 30	928,279	763	2,102	20,765 91	610,762
Stock	1,305	2,244	29,642 34	951,937	1,018	1,780	34,965 89	1,028,496
News agents	1	2	63 98	2,064				
Total	5,276	11,277	140,924 30	4,520,138	3,900	9,275	150,493 58	4,426,281
Increase	1,376	2,002		93,857				
Decrease			9,569 19					
Generals uperintendent's office:								
Complimentary	680	2,569	17,209 52	553,987	721	1,732	15,766 62	483,734
Press	15	38	521 36	16,752	8	17	67 66	1,990
Legal	107	267	1,713 25	54,972	51	108	1,046 72	30,785
Employés	1,664	5,051	65,671 79	2,114,040	855	2,108	23,796 55	753,734
Employés' family	461	1,069	14,935 02	480,814	894	1,939	16,998 00	498,941
Eating houses	317	417	8,180 53	260,387	303	444	8,836 89	252,903
Foreign roads	558	1,433	15,374 64	493,883	585	1,594	15,541 00	460,050
Traffic	144	331	3,064 74	97,545	121	299	2,877 29	84,636
Stock	24	51	766 84	24,242	28	40	448 90	13,203
News agents	3	4	24 34	783	3	4	42 88	1,261
Total	3,973	11,230	127,562 03	4,097,407	3,574	8,305	87,522 51	2,574,192
Increase	399	2,925	40,039 52	1,523,215				
Assistant general superintendent's office:								
Legal		2	36 57	1,180	5	10	99 41	2,924
Employés	990	3,021	53,048 95	1,704,498	2,329	5,546	43,398 22	1,276,418
Employés' family	295	557	10,753 43	345,343	982	2,018	22,235 61	653,989
Eating houses	45	71	801 01	25,797	67	116	1,084 67	31,902
Foreign roads	2	3	59 43	1,917				
News agents	1	1	17 64	569				
Total	1,333	3,655	64,717 03	2,079,304	3,383	7,690	66,817 91	1,965,233
Increase				114,071				
Decrease	2,050	4,035	2,100 88					
Superintendent Nebraska division:								
Complimentary	1	1	2 17	70	3	3	56 34	1,857
Employés	2,500	5,379	17,674 94	565,143	1,911	3,844	15,347 68	451,463
Employés' family	870	1,913	7,962 62	255,431	194	458	1,939 64	57,048
Eating houses	13	16	152 96	4,913	7	9	64 19	1,888
Traffic	3	4	16 43	530				
Stock					7	8	26 05	766
Loup City Exc			497 61	16,032				
Total	3,387	7,313	26,306 75	842,129	2,122	4,322	17,433 90	512,762
Increase	1,265	2,991	8,872 85	329,377				

Comparative statement of free transportation furnished &c.—Continued.

TRIP PASSES—Continued.

Account.	1888.				1885.			
	Passes.	Fares.	Amount.	Mileage.	Passes.	Fares.	Amount.	Mileage.
Superintendent Kansas division:								
Complimentary	5	12	$15 25	492				
Legal	4	9	20 30	655	6	11	$64 02	1,[illegible]
Employés	945	3,061	11,198 72	356,896	1,150	2,294	13,669 34	402,[illegible]
Employés' family	430	976	4,959 81	159,297	451	979	6,006 69	176,[illegible]
Eating houses	88	178	1,302 39	43,676	99	181	1,312 28	[illegible]
Foreign roads	2	13	25 76	821				
Traffic	2	2	2 36	76	1	2	14 14	4,[illegible]
Total	1,474	3,251	17,558 58	561,923	1,708	3,407	21,066 41	618,[illegible]
Decrease	234	156	3,507 83	57,678				
Superintendent Colorado division:								
Employés	1,251	3,468	9,018 78	280,382	411	750	1,902 72	85,[illegible]
Employés' family	290	692	1,489 66	47,986	15	25	56 27	1,[illegible]
Eating houses	57	97	272 54	8,768	1	6	11 22	[illegible]
Foreign roads	9	10	46 66	1,480				
News agents	6	8	26 30	848				
Total	1,613	4,275	10,853 94	340,462	427	781	1,970 21	87,[illegible]
Increase	1,186	3,494	8,883 73	290,514				
Superintendent Wyoming division:								
Complimentary					1	2	9 25	272
Employés	784	1,745	7,397 47	233,781	893	1,830	5,491 43	161,[illegible]
Employés' family	240	489	1,518 17	48,890	72	147	416 79	12,[illegible]
Eating houses	100	143	743 48	23,582	58	104	488, 86	14,[illegible]
Foreign roads	13	22	44 31	1,394				
Traffic					1	2	3 60	106
News agents	5	9	94 95	3,063				
Total	1,141	2,408	9,708 38	310,710	1,040	2,085	6,409 93	188,[illegible]
Increase	101	323	3,298 45	122,478				
Superintendent Idaho division:								
Complimentary	8	19	37 81	1,112	3	17	50 12	1,474
Legal	2	4	33 46	984				
Employés	1,015	2,826	16,211 19	520,083	1,550	3,192	19,304 74	567,[illegible]
Employés' family	350	710	3,891 80	125,010	107	192	1,319 62	36,[illegible]
Eating houses	29	67	277 40	8,908	55	87	432 64	12,[illegible]
Foreign roads	8	13	128 21	4,096	1	2	4 06	146
Traffic	2	4	9 47	300				
News agents					2	2	11 15	328
Total	1,424	3,638	20,589 34	660,493	1,718	3,492	21,143 23	621,[illegible]
Increase		144		38,633				
Decrease	294		553 89					
Superintendent S. L. & W. division:								
Press	2	4	6 83	222				
Legal	1	2	3 35	108	1	2	3 60	106
Employés					126	244	369 75	7,[illegible]
Employés' family	2	6	9 80	316	8	12	19 96	586
Foreign roads	7	14	23 44	756				
Traffic	7	22	36 83	1,188				
Total	19	48	80 30	2,590	135	258	393 30	8,627
Decrease	116	210	313 00	6,037				
Superintendent of machinery:								
Employés	100	148	2,154 27	68,624	394	603	7,696 99	226,332
Decrease	294	455	5,542 72	157,758				
Superintendent of telegraph:								
Employés	196	264	2,261 27	73,041	315	491	4,425 20	130,135
Decrease	199	227	2,161 02	57,134				

Comparative statement of free transportation furnished, &c.—Continued.

TRIP PASSES—Continued.

Account.	1886.				1885.			
	Passes.	Fares.	Amount.	Mileage.	Passes.	Fares.	Amount.	Mileage.
Resident engineer: Employés	41	74	$1,531 27	48,139	125	219	$3,249 80	95,576
Decrease	84	145	1,718 33	47,437	.....	.....	.....	.....
Agent Council Bluffs: Stock	545	572	3,710 46	110,470	991	1,067	9,835 83	280,259
Decrease	446	495	6,125 37	169,810	.....	.....	.....	.....
Agent Omaha: Stock	523	548	5,231 42	171,256	498	563	5,741 60	169,871
Increase	25	43	.....	2,385	.....	.....	.....	.....
Decrease	.....	.....	510 18	.....	.....	.....	.....	.....
Agent Kansas City: Stock	2,022	2,023	11,527 82	368,690	1,896	1,896	11,963 77	351,876
Increase	126	127	.....	16,823	.....	.....	.....	.....
Decrease	.....	.....	435 95	.....	.....	.....	.....	.....
Agent Leavenworth: Stock	185	193	692 61	22,195	297	313	924 44	27,190
Decrease	112	120	231 83	4,995	.....	.....	.....	.....
Agent Denver: Stock	162	163	2,229 20	71,611	122	124	2,006 94	59,027
Increase	40	39	222 26	12 584	.....	.....	.....	.....
Agent South Omaha: Stock	251	257	1,481 11	47 778	.....	.....	.....	.....
Increase	251	257	1,481 11	47,778	.....	.....	.....	.....

SUMMARY OF TRIP PASSES.

President's office	.....	.....	1,724 18	55,262	.....	.....	7,511 73	220,934
Complimentary	1,578	4,483	48,446 86	1,554,580	1,599	3,698	42,491 54	1,249,751
Press	756	1,671	15,610 59	500,539	509	1,593	33,090 98	973,264
Legal	548	1,225	11,641 54	373,090	334	701	8,874 36	261,010
Employés	11,462	28,238	221,467 15	7,108,234	11,943	25,032	177,769 41	5,228,224
Employés' family	3,467	7,635	59,116 53	1,899,115	3,190	6,875	60,684 12	1,784,824
Eating houses	662	1,055	12,973 12	414,055	656	1,052	13,998 46	411,718
Foreign roads	3,705	8,714	146,929 54	4,711,298	3,403	8,192	141,177 66	4,152,261
Traffic	1,673	3,730	37,140 63	1,187,889	1,142	3,056	33,804 31	994,245
Stock	5,633	6,694	55,956 00	1,795,607	4,940	5,843	67,773 28	1,993,321
News agents	31	44	526 87	16,890	14	22	280 89	8,526
Loup City Exchange	.....	.....	497 61	16,053	.....	.....	.....	.....
Total	28,935	63,889	612,030 43	19,623,217	27,710	56,084	587,455 92	17,278,068
Increase	1,225	6,825	24,564 50	2,355,129	.....	.....	.....	.....

Comparative statement of free transportation furnished, &c.—Continued.

TIME PASSES.

Account.	1886.		1885.	
	Amount.	Mileage.	Amount.	Mileage.
Annual exchange, (Form A):				
Complimentary	$571 36	17,634	$1,081 00	31,794
Press	483 20	14,790	498 69	13,785
Legal			611 90	17,997
Employés	1,245 06	39,366	4,490 75	132,081
Employés, family	165 33	4,536	17 34	519
Foreign roads	34,688 60	1,118,192	26,752 76	786,846
Traffic	635 32	19,697	1,075 80	31,641
Total (Form A)	37,788 96	1,214,216	34,498 24	1,014,664
Miscellaneous (Form B):				
Complimentary	31,454 87	1,013,180		
Press	2,283 10	72,155		
Legal	39,540 38	1,274,003		
Employés	36,136 99	1,164,216		
Employés' family	1,892 24	59,568		
Eating-houses	875 35	28,744		
Foreign roads	4,618 22	147,452		
Traffic	11,395 05	366,089		
News agents	866 86	28,470		
Total (Form B)	129,063 67	4,149,905	139,837 54	4,112,889
Form D:				
Employés	257,971 34	8,269,882	203,847 88	5,995,523
Commercial (Form L):				
Complimentary	461 31	13,335		
Press	140 91	3,001		
Employés	2,211 22	69,785		
Foreign roads	4,499 96	143,422		
Traffic	20,111 30	647,207		
Stock	63,208 36	2,037,435		
Total (Form L)	90,627 06	2,914,185	91,972 35	2,705,069
Form P:				
Editorial	35,315 14	1,134,168	27,655 39	813,393
Form L—314:				
News agents	50,455 06	1,614,599	50,016 47	1,471,079
Total, annual and time	601,221 25	19,296,955	547,827 87	16,112,524

RECAPITULATION.

Complimentary	$80,984 40	2,598,735	43,572 54	1,281,545
Press	58,832 94	1,724,653	61,215 06	1,800,443
Legal	51,181 92	1,647,693	9,486 26	278,987
Foreign roads	190,790 22	7,120,395	167,930 62	4,939,160
Traffic	69,779 91	2,236,934	126,852 46	3,730,955
Stock	113,164 36	3,853,042	67,773 26	1,993,331
Total	565,623 75	18,161,452	476,830 20	14,024,367
Employés	519,031 76	16,651,483	356,108 04	11,355,731
Employés' family	61,174 70	1,963,217	60,701 46	1,785,394
Eating-houses	13,848 47	440,799	13,998 46	411,713
News agents	51,848 81	1,657,959	50,306 36	1,479,399
Total	645,903 74	20,713,458	511,114 32	15,032,237
President's office	1,724 18	55,262	7,511 73	220,934
Miscellaneous, Form B			139,837 54	4,112,889
Total	1,724 18	55,262	147,349 27	4,333,823
Grand total	1,213,251 67	38,930,172	1,135,293 79	33,390,427
Increase	77,957 88	5,539,500		

The WITNESS. I also produce a table showing the rates of constructive mileage allowed for the various branches and parts of the road. The paper is marked "Exhibit No. 2, May 28, 1887," and is as follows:

[The Union Pacific Railway Company, comptroller's office.]

Statement of constructive mileage allowances, October 11, 1886.

Road.	Mileage allowance.	
	Passenger.	Freight.
	Cents.	
*Union Division:		
Bridge	50	$4 per car and 3 cts. per 1 cwt.
East of Cheyenne	1	1
West of Cheyenne	1½	1½
Kansas Division	1	1
Leavenworth Branch	1	1
Denver Pacific Division	1½	1½
Omaha and Republican Valley R. R.	1½	1½
Omaha, Niobrara and Black Hills R. R.	1½	1½
Colorado Central R. R., Julesburg Branch	1½	1½
Echo and Park City Rwy	2	2
Colorado Central R. R.:		
Broad Gauge	1½	1½
Narrow Gauge	Local	Local
Salt Lake and Western R. R	Local	2
Denver, South Park and Pacific R. R.:		
East	Local	
West	2	Local
*Utah and Northern Rwy	1½	1½
*Oregon Short Line Rwy	1½	1½
Greeley, Salt Lake and Pacific Rwy:		
Broad Gauge		2
Narrow Gauge	1½	Local
Lawrence and Emporia Rwy	1½	1½
Laramie, North Park and Pacific Rwy	Local	1½
Junction City and Fort Kearney R. R.	1½	1½
Solomon R. R.	1½	1½
Salina and Southwestern Rwy	1½	1½
Denver and Boulder Valley R. R.	1½	1½
Golden, Boulder and Caribou Rwy	Local	Local
Georgetown, Breckenridge and Leadville Rwy	Local	Local
Kansas Central R. R.	Local	Local
Montana Rwy	1½	1½
Denver and Middle Park R. R.	Local	1½

NOTE.—The earnings on business passing between points on the Union Pacific east of Granger and points on the Utah and Northern north of Pocatello, when routed via the Oregon Short Line, are divided as follows:

The Oregon Short Line is allowed half a cent per ton per mile, the estimated cost of doing the work. This represents, on the distance from Granger, via the Oregon Short Line, to Pocatello, 214 miles, $1.07.

The distance between Granger and Pocatello, via Ogden, is 310 miles. There is, therefore, as opposed to the direct route, a loss of 96 miles. At half a cent a ton a mile the use of the straight route would result in a saving of 43 cents.

This saving, in addition to the rate of half a cent a ton a mile on the actual haul, is allowed to the Oregon Short Line Company, making, in all, $1.55, or .0072 +, or, say, ¾ of a cent per ton per mile.

This amount is allowed to the Oregon Short Line Company as an arbitrary. The balance of the through rate is divided between the Utah and Northern on a basis of two miles for one of the Union Pacific on a straight mileage basis.

Q. Have you a printed list of your rates of fare and freight charged?—A. Yes, sir. The printed lists are at Omaha. I will procure and deliver them to the Commission if you would like to have me do so.

Commissioner ANDERSON. No; we are going there and we can get them there.

AFTERNOON SESSION.

OLIVER W. MINK, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. Please continue your statement. You start with the Union Pacific in what year?—Answer. From the 5th day of November, 1869, the day when the Union Pacific was found to have been completed.

Q. At that time the United States was entitled to 5 per cent. of the net earnings, and to retain only one-half?—A. Yes; from that day down to the date when the Thurman act became operative.

COMMENCEMENT OF OPERATION OF 5 PER CENT. RULE.

By Commissioner LITTLER:

Q. At what time did the Supreme Court judicially determine the Union Pacific road completed for the purpose of computing the 5 per cent.?—A. November 5, 1869. The road was opened from Omaha to Ogden on May 10, 1869.

GROSS AND NET EARNINGS OF UNION PACIFIC FOR 1870.

By Commissioner ANDERSON:

Q. Please give us the net earnings as they appear each year.—A. For the year from November 6, 1869, to November 5, 1870, gross earnings:

Commercial passenger, representing the earnings derived from the transportation of all passengers excepting officers and employés of the United States	$3,643,228 01
United States passengers, representing the transportation of United States troops, &c	271,811 24
United States mail	271,352 04
Express earnings	284,841 71
Commercial freight, representing the revenue derived from the transportation of all freights, excepting United States and company freights	2,668,143 69
United States freight	236,047 98
Company freight	482,387 43
This latter represents the charge made by the company for the transportation of its own supplies. The rate at that time was probably three-quarters of a cent per ton per mile—either three-quarters or one cent per ton per mile. The amount is added to the cost of the material at the point at which it is laid down for use, and the expenses are increased to the same extent.	
Telegraph earnings	9,380 01
Ferry earnings	65,347 61
This latter represents the earnings of the ferry between Omaha and Council Bluffs prior to the construction of the bridge.	
Car service earnings	58,243 38
This represents the amounts received by the company from other roads for the use by them of this company's cars.	
Miscellaneous earnings	116,300 14
Rent of buildings	18,129 25
Total earnings	8,125,212 40

The operating expenses were as follows:

Conducting transportation	$329,771 15
Motive power	1,778,601 44
Maintenance of cars	608,622 90
Maintenance of way	1,403,090 22
General expenses, including taxes	445,119 88
This includes only the taxes on the lands in use by the railroad company in the conduct of its business; it does not cover taxes on lands granted by the Government.	
Ferry expenses	54,714 88
Deficiency in fuel and material accounts	75,577 54
This latter item represents the deficiency in our "material on hand" account as disclosed by the annual inventory. It is due to the fact that larger quantities of material were used during the	

year than had been theretofore estimated and charged. In other years I see that the inventory disclosed a surplus. That was the only deficiency we had for a number of years.

Legal expenses	$35,508 81
U. S. revenue stamps	6,639 32
Salary account	16,355 90
Government directors	3,655 30
Government commissioners	2,391 15
Expense account	26,057 18
Expenditures for station buildings, shops, equipment, &c	896,977 03
Total expenses	6,233,082 76
Net earnings	1,892,129 64

Now, as the net earnings were insufficient in amount to meet the first mortgage gold interest in that year, nothing was found to be due to the United States on account of 5 per cent.

By Commissioner LITTLER:

Q. How did you provide for the deficit of interest?—A. The net earnings were almost sufficient, I see, for the payment of the interest; the balance must have been provided by the sale of securities, or through the creation of a floating debt, or paid from the earnings of subsequent years—it is not disclosed here.

GROSS AND NET EARNINGS OF UNION PACIFIC FROM 1871 TO 1886.

For the year ending November 5, 1871:	
Gross earnings	$7,563,006 59
Operating expenses	3,764,164 65
Net earnings	3,798,841 94
Five per cent	189,942 09
For the year ending November 5, 1872:	
Gross earnings	$8,659,031 66
Operating expenses	5,399,025 34
Net earnings	3,260,006 32
Five per cent	163,000 32
For the year ending November 5, 1873:	
Gross earnings	$10,666,117 26
Expenses	5,481,727 56
Net earnings	5,184,389 70
Five per cent	259,219 49
For the year ending November 5, 1874:	
Gross earnings	$10,834,651 49
Expenses	5,392,825 63
Net earnings	5,441,825 86
Five per cent	272,091 29
For the year ending November 5, 1875:	
Gross earnings	$12,481,204 48
Operating expenses	5,999,521 47
Net earnings	6,481,683 01
Five per cent	324,084 15
For the year ending November 5, 1876:	
Gross earnings	$12,972,457 27
Operating expenses	5,826,629 35
Net earnings	7,145,827 92
Five per cent	357,291 40

For the year ending November 5, 1877:	
Gross earnings	$12,890,420 84
Expenses	5,721,222 76
Net earnings	7,169,198 08
Five per cent	358,459 90

The next period was from November 6, 1877, to June 30, 1878, the date when the Thurman act became operative—eight months:

Gross earnings for that period	$7,782,839 95
Operating expenses	3,892,262 05
Net earnings	3,890,577 90
Five per cent	194,528 89

Under the Thurman act, the account for the period from July 1 to December 31, 1878, stood as follows:

Gross earnings	$7,013,880 74
Operating expenses, including construction and interest on the first mortgage bonds	3,495,887 87
Net earnings	3,517,992 87
Twenty-five per cent	879,498 22

For the year ending December 31, 1879:	
Gross earnings	$12,983,155 74
Operating expenses, including $101,456.92 for construction	7,213 520 35
Net earnings	5,769,635 39
Twenty-five per cent	1,442,408 85

For the year ending December 31, 1880:	
Gross earnings	$15,755,526 36
Operating expenses, including $762,440.87 for construction and equipment	9,248,436 03
Net earnings	6,507,090 33
Twenty-five per cent	1,626,772 58

For that year we paid the United States, in addition to the amount required on the business of the year, 5 per cent. of $65,408.47, being an additional allowance for the transportation of United States mails from February 14, 1876, to June 30, 1878, $3,270.42, making total payments $1,630,043.

For the year ending December 31, 1881:	
Gross earnings	$17,144,860 49
Operating expenses, including $1,409,817.27, construction and equipment	11,249,497 83
Net earnings	5,895,362 66
Twenty-five per cent	1,473,840 67

For the year ending December 31, 1882:	
Gross earnings	$16,980,783 70
Operating expenses, including $382,230.82 for construction and equipment	9,233,768 33
Net earnings	7,747,015 37
Twenty-five per cent	1,936,753 84

For the year ending December 31, 1883:	
Gross earnings	$15,660,899 81
Operating expenses, including $203,048.12 for construction and equipment	8,626,115 94
Net earnings	7,034,783 87
Twenty-five per cent	1,758,695 97

For the year ending December 31, 1884:	
Gross earnings	$12,575,093 44
Expenses, including $374,546.46 for new construction and new equipment	8,034,212 82
Net earnings	4,540,880 62
Twenty-five per cent	1,135,220 16
For the year ending December 31, 1885:	
Gross earnings as claimed by the Commissioner	12,215,484 71
Operating expenses, including $137,471.20 for construction and equipment	7,761,605 61
Net earnings	4,453,879 10
Twenty-five per cent	1,113,469 78
For the year ending December 31, 1886:	
Gross earnings, including earnings of the Omaha bridge	12,072,204 18
Expenses, including $983,005.23 for new construction and equipment	9,476,598 39
Net earnings	2,595,605 79
Less the net earnings applicable to the Omaha bridge	326,190 05
Net earnings aided road	2,269,415 74
Twenty-five per cent	567,353 93

In stating our income account for the year we added to our annual obligations to the United States, for any contingent liability on this account, $111,000.

OLIVER W. MINK.

The Commission then adjourned to Tuesday, May 31, 1887, at 10 a. m.

EQUITABLE BUILDING,
Boston, Mass., Tuesday, May 31, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

OLIVER AMES, being duly sworn and examined, testified as follows:

WITNESS INTERESTED IN UNION PACIFIC CENTRAL BRANCH.

By Commissioner ANDERSON:

Question. In the fall of 1879 we are informed that you were the owner of a large interest in the stock and bonds of the Union Pacific Central Branch. Is that true?—Answer. Yes, sir.

Q. Will you please tell us what that road then consisted of?—A. I cannot remember the number of miles we had at that time. I went into the Central Branch originally when it had 100 miles of road.

Q. Beginning at what point?—A. Waterville.

By Commissioner LITTLER:

Q. In what State?—A. In Kansas—Atchison to Waterville.

By Commissioner ANDERSON:

Q. Atchison being the point on the Missouri River?—A. Yes, sir.

Q. Extending westward to Waterville?—A. To Waterville, Kans.

Q. Was there an extension of that road which was finally consolidated?—A. Yes, sir; we first made an extension of 20 miles to Washington, Kans., from Waterville. Then, afterward we commenced at a point, I think, called Greenleaf, on the extension, and we built altogether, I should say, some 200 miles more. My impression is we had 388 miles when we sold out, but I am not sure.

Mr. JOHN F. DILLON. I cannot say exactly.

THE ATCHISON, COLORADO AND PACIFIC ROAD.

Q. Did this extension bear the same name as the other part of the road?—A. No. We consolidated all our extensions, and called it the Atchison, Colorado and Pacific.

Q. Can you give the extreme points of that consolidated road, which began at Waterville and ended where?—A. One branch ended at Washington, one branch at Bull City, one at Kerwin, one at Scandia, and one we called the Atchison, Jewell County and Western went to Burr Oak, I think.

Q. You spread out like the roots of a tree, did you?—A. Yes, sir.

By Commissioner LITTLER:

Q. Is this Burr Oak, Iowa?—A. No, sir; all Kansas.

By Commissioner ANDERSON:

Q. How much of this was narrow gauge?—A. None of it.

Q. Do the branches you have described include the Atchison, Jewell County and Western Railroad?—A. Yes, sir.

Q. Were you connected with the Central Branch at its inception and during its construction?—A. No, sir.

Q. When did your connection with that road commence?—A. My father——

Q. (Interposing.) Mr. Oakes Ames?—A. Yes, sir—owned a sixteenth interest, I think. He had 666 shares of the stock and left it as part of his estate, and 27 of the bonds.

Q. Which you inherited?—A. Yes, sir.

HISTORY OF WITNESS' INTEREST IN CENTRAL BRANCH.

Q. Was that the inception of your interest?—A. Yes, sir.

Q. What was the capital stock of the Central Branch?—A. A million dollars.

Q. At the time of the consolidation with the Waterville road what was the bonded debt of the Central Branch?—A. It was $1,600,000.

Mr. JOHN F. DILLON. The Central Branch was not consolidated with the others. The extensions were all made one.

The WITNESS. When I took hold of the road it was in arrears of coupons for some five years. We had not paid coupons for five years.

Q. Was that the Central Branch?—A. Yes, sir.

Q. In what year was that that you took hold of it?—A. I should say about 1877. I am not sure.

Q. Was the Atchison, Colorado and Pacific then in existence as a consolidation of the branches?—A. No, sir; it had not been built. That was all built since then.

Q. It was all built after you took hold of it?—A. Yes, sir.

Q. How were the extensions constructed; by construction companies?—A. We had a subscription. It was through a construction company, yes, sir.

Q. Who were the prominent persons interested in that?—A. Mr. R. M. Pomeroy, Mr. A. S. Barnes, Mr. C. S. Parsons, Mr. W. C. Wetmore, I think it was, and myself were the principal subscribers.

Q. After the consolidation into the Atchison, Colorado and Pacific Railroad was the ownership in that railroad evidenced by separate shares of stock?—A. Yes, sir.

Q. It was not held, then, under the interest which the stockholders of the Central Branch had?—A. No, sir.

Q. Can you tell us about what was the cost of construction of the various branches that composed the Atchison, Colorado and Pacific road?—A. My impression is that it was about $8,000 a mile, net, to us.

Q. And the total mileage of that road was about 280 miles, I think you said?—A. I think so. We had help from the towns which reduced the cost of the road to us.

Q. Are you giving the cost net, after deducting that?—A. The net cost to us; yes, sir.

Q. What was the connection between the Central Branch and this consolidated road?—A. The Central Branch when we took it was of no value. It did not earn expenses. We built these roads as feeders, so as to make the property worth something. We first tried the experiment with what we call the Waterville and Washington Branch, and we found we increased our earnings enough to pay the interest on the bonds for that branch; a little more. Then we found that in the country beyond, where the land was pre-empted by homesteaders, there was a very large population waiting for a railroad, much larger than we had on the Central Branch, and so we kept building little pieces out, and trying that plan, and we found it worked well. The more road we built the better off the Central Branch was.

Q. At what date was the consolidation effected of the Atchison, Colorado and Pacific Railroad?—A. I think it was 1878 or 1879; in the summer. I cannot remember exactly.

LEASES OF ROADS TO CENTRAL BRANCH.

Q. My question as to the relation between the two roads is intended to obtain information as to the financial arrangements which were made between the two roads; whether one was leased to the other?—A. Yes, sir; the Atchison, Colorado and Pacific and all the branches were leased to the Central Branch.

Q. At what date?—A. As we built them.

Q. Are copies of the leases, do you know, in the possession of the Union Pacific Railway Company?—A. I think so.

Q. Do you remember the general terms of the lease or leases?—A. We had a guarantee from the Central Branch that they should pay the principal of our bonds at maturity, and a rental of $1,000 per mile annually until the bonds matured. That was all we had; all the rest went to the Central Branch. Any earnings above that went to the Central Branch.

Q. That substantially took all the ownership in the stock of the Atchison, Colorado and Pacific and transferred it to the Central Branch?—A. Yes, sir; and for 25 years.

Q. That was the term of the lease?—A. Yes, sir.

Q. It expires when?—A. I cannot tell you.

Q. About 1904, is it not?—A. I think so. The records tell. I cannot tell.

Q. Is there any provision for a renewal?—A. No, sir.

Mr. JOHN F. DILLON. There is a compilation made by Mr. Nichols, which, I think, sets out all the leases and consolidation. I have it in my office.

Commissioner ANDERSON. Do you mean the book entitled "Indentures"?

Mr. JOHN F. DILLON. No, sir; you never saw it. It contains the Central Branch charters, leases, and consolidation. I think the company must have a copy of it here somewhere.

The WITNESS. Poor's Manual states it correctly.

Q. Do I understand that at the end of the lease the branches are at liberty to ask new terms so as to provide a fund for the payment of dividends on the stock?—A. I should suppose so.

Q. And the stock of those branches is outstanding still, is it?—A. The majority of it is in the hands of the Union Pacific.

By Mr. JOHN F. DILLON:

Q. Was the majority of the stock an asset in the treasury of the Central Branch?—A. Yes, sir; when I sold it.

By Commissioner ANDERSON:

Q. Do you now own any of the stock?—A. I have got 162 shares of the Atchison, Colorado and Pacific.

Q. After starting in this work, did you increase your interest as a stockholder in the Central Branch?—A. Yes, sir; When I took hold of the Central Branch the stock had no market value; it was sold at auction as low as half a dollar a share, in Boston.

Q. In 1877?—A. About that time.

HOW WITNESS INCREASED HIS HOLDINGS.

Q. Please tell us how your interest increased, and when?—A. In the first place, I got the 666 shares that belonged to my father's estate into my hands, and as we went on building the roads I found that our object was being attained to make the Central Branch valuable, and I commenced buying all the stock I could buy. I think that was in 1878. I bought 333 shares at $50 a share. I bought considerable stock at $50 a share.

Q. The par value of the stock being $100?—A. Yes, sir; and I was the only purchaser in the market. I saw the future, and I began to buy the stock. I paid 60, 70, 80, 100 and 125 for it; and the day before I sold to Mr. Gould I bought 100 shares at 160. All this was at private sale; there were no public sales at all.

Q. Most of these purchases, then, occurred at the end of 1878 and through the year 1879?—A. Yes, sir.

Q. Who was interested in these purchases besides yourself?—A. Nobody.

Commissioner ANDERSON. The reason I ask is that I have been informed Mr. Pomeroy was interested?

The WITNESS. It was after the sale. After I sold to Mr. Gould I bought other stock and Mr. Pomeroy had an interest in that.

Q. Other stock in this same company?—A. Yes, sir.

NEGOTIATIONS TO SELL TO GOULD.

Q. When was it that any negotiations whatever occurred, relating to this road, between yourself and Mr. Gould?—A. I should say we commenced our negotiations about the last of September or the 1st of October, 1879.

Q. Were they all oral or were they partly carried on by correspondence?—A. All oral.

Q. Have you no letters received from Mr. Gould relating to the matter?—A. No, sir.

Q. Is there any letter in your letter-press book addressed to Mr. Gould?—A. Not on this subject.

Q. Are you quite positive? Have you examined?—A. No.

Q. Will you oblige us by looking to see if there is any letter to Mr. Gould relating to this matter in your letter-press book?—A. I will; but I am very sure there is none.

Q. Did he generally go to Boston or did you go to New York?—A. I went to New York.

BUILDING RIVAL ROADS "WITHIN A STONE'S THROW."

Q. How was the initial movement between you brought about?—A. It was brought about in this way: We were building our road in Kansas, and Mr. Gould in the mean time had got control of the Kansas Pacific road, and you know he always claims all the territory there is within 1,000 miles of his road, and so he claimed we were in his territory, and he commenced building a road right alongside of us. He built 20 miles almost within a stone's throw by the side of us. At this time I had a very large subscription back of me, somewheres about $2,800,000, on my paper. I could have taken $5,000,000 as well as $2,800,000, because people had confidence in my management at that time, and they were crying for a chance to subscribe.

Mr. JOHN F. DILLON. There was not enough to go around.

The WITNESS. There was not enough to go around. I did not want to dilute it too much.

Q. That is, in your scheme for the extension of this road?—A. Yes, sir; we had made up our minds we would go to Denver, and Mr. Gould saw we were going there pretty fast.

WHAT LED TO NEGOTIATIONS TO SELL TO GOULD.

Q. Were there any publications in the public press at the time relating to this matter that you recall?—A. No, sir. The Boston directors of the Union Pacific did not like to see their friends engaged in what they called a foolish expenditure of money, building two roads along, side by side, in Kansas, and they desired me to see Mr. Gould, to see if we could not stop this business and come to some arrangement. Meantime we were building our road as fast as we could, having plenty of means to build, and Mr. Gould was building alongside of us. I went and saw Mr. Gould. Said he, "I would like to know about your road," and I gave him all the papers I had, showing what the road was doing, what our earnings had been in the past, and what we were doing then, and how much road we were building. I gave him a statement of our lands, our land notes, and the profits of the railroad—I mean the earning profits—that is, the net earnings. I left those papers with him.

Q. What was that statement made up from?—A. It was made up in the office at Atchison. They kept me posted all the time as to what was going on.

Q. By whom was the statement prepared?—A. By the clerks in the office at Atchison.

Q. Who was the principal director of it; what is the name of the person to whom we can refer for information as to details of the state-

ment?—A. There was no principal director. I was as near it as anybody. Mr. Pomeroy is dead. He cannot testify.

Q. In whose handwriting was the statement?—A. I could not tell you. It was made up in the office at Atchison. I could not tell you the man's name.

Q. Did you revise it or look over it before it was handed to Mr. Gould?—A. No, sir.

Mr. JOHN F. DILLON. You looked over it, did you not?

The WITNESS. I looked over it, of course; but I did not revise at all. I gave it just as I received it from the office.

Q. Will the books now contain just the same information?—A. They would not contain it in that form.

Q. Where are the books that it was made from?—A. I do not know. I suppose they are in the office.

Q. The office of the Central Branch, Union Pacific?—A. At Atchison; yes, sir.

Q. Did you keep a copy of the statement handed to Mr. Gould?—A. No. I had them at the time, but I have not got them now.

Q. You had copies at the time?—A. Yes, sir.

Q. Have you ever seen the statement that Mr. Gould received since you delivered it to him?—A. No, sir.

Commissioner ANDERSON. Do you know whether Mr. Gould has it, Judge Dillon?

Mr. JOHN F. DILLON. No; I do not.

Commissionor ANDERSON. Will you continue the story now. Come to the point where you said you delivered the statement to Mr. Gould.

WITNESS "WILLING TO HOLD THE FORT."

The WITNESS. Yes, sir. He said he would look it over. In the mean time I was conducting negotiations with the Chicago, Burlington and Quincy and a little with Mr. Garrison, and we also had some talk through Mr. Pomeroy with the Rock Island; so that I had three or four strings to my bow. Finally I went on to New York; I think it was the 5th or 6th of November, 1879, and there I had an interview with Mr. Gould, Mr. Dillon, and Russell Sage. They began to speak in very disparaging terms of my road, and Mr. Gould said he did not think much of agricultural roads. I told him I saw he did not, but I noticed he was building all the time. Said he, "I build them as feeders and not as main lines." Mr. Sage had the impudence to say to me if I would sell him the road he would give me back the land assets in payment. The result of it all was, we came to no conclusion that night, and I said to Mr. Gould that I was willing to hold the fort; that I did not come there on my own motion, but because his and my friends in Boston wanted me to see him and they wanted us to stop the fight; that I was ready to go on with the road, and meant to go to Denver as soon as possible. I said to him also, "I do not suppose you want to talk any more with me on this subject?" "Well," he said, "I will talk with Mr. Dillon and Mr. Sage, as I go up in the cars to-night, and you come and see me to-morrow morning at 10 o'clock and I will tell you." So I went in and called on Mr. Gould the next morning at 10 o'clock, and he said he had talked the matter all over with Mr. Dillon and Mr. Sage, and he thought Mr. Sage would consent to pay me $200 a share for the stock. I had been asking $300 for it. I said to Mr. Gould that would not do at all. "But," I said, "I have in my board some very old men as directors, and I have told them what an awful man you are to fright and how you threw away a million of dollars in Colorado in building a road alongside of the

Denver and Pacific road, and that you were throwing money away by the side of us, and," said I, "those men are getting old and they do not want to fight. Now, I think I can induce them to put in their stock to you at $250 a share," and finally I said I would agree to give him five-eighths of the stock at $250 a share. Said I, "I do not know that Mr. Pomeroy will turn in his; he claims his is worth $500, but I will give it to you." Said Mr. Gould, "It's a bargain." Then Mr. Gould sat down and wrote this paper.

Mr. JOHN F. DILLON. I never saw it.

The CHAIRMAN. Read it.

MEMORANDUM OF AGREEMENT BETWEEN GOULD AND AMES.

The WITNESS (reading):

Memorandum of agreement, November 7, between Oliver Ames and Jay Gould. Oliver Ames sells and Jay Gould buys 6,250 shares of the total capital stock of $1,000,000 of the Central Branch, Union Pacific Railroad Company. The price paid is $250 per share of $100, amounting to $1,562,500, payable one-half in the new Union Pacific collateral trust bonds, and one-half in Kansas Pacific consolidated bonds.

Jay Gould is to have control of the board. Ames reserves the right to extend from Cornell to Logan; one-half profits to each, Ames and Gould. Also on same terms from Scandia to State line. All leased equipment to be paid for at cost by the company.

(Signed) JAY GOULD.
(Signed) OLIVER AMES.

You see, at this time there were a few of us who owned the equipment on the road, and that is what is referred to. We furnished the money to buy the equipment; the Central Branch was not able to buy its equipment.

By Commissioner LITTLER:

Q. Did you do that as an equipment company or as individuals?—A. As individuals. The moment we signed those papers Mr. Gould said to me, "Mr. Ames, you have undertaken a big bargain; let me give you some advice. You go to every man that has agreed to give you this stock and make him sign a paper to-day, so that you can get it." Said he, "They may go back on you."

By Commissioner ANDERSON:

Q. You had not secured all of this stock, then?—A. No, sir; at that time I had 2,890 shares of the stock.

Q. What was the entire capital stock of the company?—A. Ten thousand shares.

Commissioner ANDERSON. In whose handwriting is that paper?

A. That is in Mr. Gould's handwriting.

Q. The whole of it?—A. Yes, sir; all but my signature.

Mr. JOHN F. DILLON. That is all his handwriting except this; that is yours, I think.

The WITNESS. No; that is his, I guess—"at cost."

Commissioner ANDERSON. You see where the words "Jay Gould" come in it looks as if there had been a blank left, and as if he himself had written his name in the body of the instrument.

The WITNESS. Oh, yes, sir; that is the same handwriting; I saw him write it.

Mr. DILLON. Oh, yes; that is the same.

Commissioner ANDERSON. I suppose the fact is that his custom in writing his signature was to write it differently from the body of the writing?

The WITNESS. Yes, sir; he wrote that himself.

DID NOT KNOW GOULD'S OBJECT IN PURCHASING CENTRAL BRANCH.

Q. During all these negotiations, was it stated to you that Mr. Gould was making this purchase for himself, or did he describe for what account he purchased it?—A. He did not say anything about it. I know he was in consultation with Mr. Sage and Mr. Dillon about it, and it was the Union Pacific people here in Boston who asked me to go on and see him.

Q. Was there any other negotiation that Mr. Gould was interested in at the same time that was under way between yourself and him?—A. Immediately after this he bought some more stock of me.

Q. Stock of this company?—A. Yes, sir.

Q. But was there any other negotiation on foot referring in any way to any other companies or roads?—A. Not with me. But at this time he was negotiating with Mr. Garrison for the Missouri Pacific.

Q. When this purchase was made was that fact alluded to or disclosed in the conversation?—A. No, sir.

Q. But you knew the fact that he was then negotiating with Mr. Garrison?—A. Mr. Garrison told me so.

Q. Did Mr. Gould or Mr. Sage or Mr. Dillon give you to understand that this purchase was being made in connection with his prospective ownership of the Missouri Pacific?—A. No, sir.

Q. Was it your understanding that that was the object of the purchase?—A. No, sir.

Q. What, besides this stock at this time, did you agree to sell him? Any of the bonds?—A. No bonds. He gave me an option to turn in some more stock to him at other prices. Here are the options he gave me.

GOULD OPTIONS TO WITNESS.

Q. Give us the date of them.—A. November 11, 1879.

Q. You saw him again in New York?—A. Yes, sir.

OLIVER AMES, Esq.:

DEAR SIR: In addition to my purchase of 6,250 shares of Central Branch Union Pacific stock, as per contract, I will take 1,000 shares at $200 and 1,000 shares at 175, payable in Kansas Pacific consolidated bonds at par.

JAY GOULD.

On the 19th of November, 1879, he says:

OLIVER AMES, Esq.:

DEAR SIR: I will take of you the remaining 1,620 shares or any part thereof at 150, payable in Kansas Pacific consolidated bonds at par. This option good for 30 days.

JAY GOULD.

GOULD VERY "CHIPPER."

I will say that I was in the office frequently about this time, and Mr. Gould was a very happy man. He was very "chipper." But I never saw a more unhappy set of fellows in my life than the Union Pacific directors immediately after this sale, about a week or ten days after, when Mr. Gould got possession of the Missouri Pacific road.

Q. When the last option was taken by Mr. Gould you knew that he had obtained control of the Missouri Pacific?—A. Yes, sir.

Q. Is it not substantially your understanding that at this time, about the 15th to the 20th of November, when Mr. Gould tells us that he had concluded to oppose the consolidation, his plan was to utilize this purchase

of the Central Branch in connection with his Missouri Pacific project?—A. I should judge so from what I saw. He did not tell me so. I know I saw Sidney Dillon and Dexter and Fred Ames as gloomy and unhappy a set of men as I ever saw. Mr. Gould had them in his power. They supposed at the time, I think, that he was going to take the Kansas Pacific and this road and use it with the Missouri Pacific, and cut off the Union Pacific.

RANGE OF PRICES PAID BY WITNESS.

Q. Without some such project the price agreed to be paid was very much beyond anything that you had ever paid for the stock?—A. Oh, yes, indeed; but it was growing valuable all the time. The fact that I paid a dollar a share for my first, and then paid 50, 60, 80, 125, and up to 160, showed what I thought of it, and I was the only man in the crowd that had the courage to buy it.

Q. How much did you buy at 100?—A. I bought 100 shares at 160.

Q. That was after your negotiations with Mr. Gould?—A. No; it was before.

Q. I think you said it was just before the sale in November?—A. It was the very day before I closed negotiations; before I sold.

Q. It was after the negotiations commenced in September?—A. Yes, sir.

Q. So that the price may have been influenced by other considerations than questions of pure value?—A. No, sir; I believed in the property.

Q. You knew that Mr. Gould wanted it?—A. No, I did not; I never believed I was going to sell it to Mr. Gould until the morning I sold it.

ADDITIONAL SECURITIES TURNED OVER TO GOULD.

Q. What interest in either the Central Branch or in the Atchison, Colorado and Pacific did you pass over to Mr. Gould or to the Union Pacific in addition to this stock?—A. I made an oral agreement with Mr. Gould, in addition to that, at the time, that I would turn over with the Central Branch stock a majority of all the stock of the Atchison, Colorado and Pacific, and of the Atchison, Jewell County and Western.

Q. You then controlled that stock at the same time?—A. No, sir; there was a part of it in the treasury of the Central Branch and a part of it was in the hands of individuals.

Q. How much of it did you actually transfer?—A. I transferred over a majority of it. I cannot remember the number of shares, but over a majority of it.

Q. Can you state the cost of the stock which was not in the treasury of the Central Branch, and which you had to acquire from individuals?—A. I made these parties who furnished me the stock at 250 make a contribution from their own stock and I contributed from my own stock. I know Mr. Pomery said, "You have not agreed in that writing to give a majority of the stock, and they can't hold you." Said I, "I agreed to it verbally, and they have got to have it," and I made him contribute, finally, a part of his.

Q. Are these options also in Mr. Gould's handwriting?—A. Yes, sir; those are the ones.

Commissioner ANDERSON. They are in blue ink, as usual.

The WITNESS. I delivered to Mr. Gould altogether 8,443 shares of stock.

Q. Can you state specifically the prices at which the respective deliveries were made?—A. 6,250 shares were at $250 a share; the whole amount was $1,938,989.51.

By Mr. JOHN F. DILLON:

Q. For how many shares?—A. That was for 8,443 shares altogether.

By Commissioner ANDERSON:

Q. But you cannot separate the shares delivered under these options so as to state the prices of the respective deliveries?—A. No, sir; part of it was delivered at 200 and part at 175 and part at 250 and part at 150, the last I turned in.

Q. You would not know whether Mr. Gould passed the entire purchase over to the Union Pacific, would you?—A. No, sir; I think he did. I think some of the stock delivered by me to Mr. Gould was delivered subsequent to January 24,1880.

Commissioner ANDERSON. Judge Dillon, can you tell me whether the subsequent purchases were passed to the Union Pacific or not?

Mr. JOHN F. DILLON. No, I cannot; Mr. Mink can.

Commissioner ANDERSON. Mr. Mink, was there any subsequent purchases of Central Pacific stock, bought by Mr. Gould, passed to the Union Pacific?

Mr. MINK. I think there was; I will look and see.

By Mr. JOHN F. DILLON:

Q. The subsequent transactions in this stock were with Mr. Gould?—A. All with Mr. Gould. Mr. Ham turned the bonds over to me by Mr. Gould's order on my turning in the stock.

FURTHER OPTIONS FROM GOULD TO WITNESS.

By Commissioner ANDERSON:

Q. These options, I notice, were your options?—A. My options; yes, sir.

Q. Do I understand you exercised them in full?—A. No, sir; I did not get it all.

Q. Please look at the second page of the option of November 11, and see if it does not contain a memorandum of stock delivered under that option.—A. Yes, sir; I had not noticed that before.

Q. Will you dictate it to the stenographer?—A. There were 475 shares at 200; that was November 11; 300 at 200 on November 12, 1879; 200 on the 19th at the same price; 125 on December 30 at the same price. That made a thousand shares. On December 30, 1879, I turned in 366 shares at $175 a share.

Q. That makes a total so far specifically accounted for of 6,250 and 1,366?—A. That makes 7,616.

Commissioner ANDERSON. That is the figure in the minutes?

The WITNESS. Yes, sir. Then it appears I turned in to him 827 shares afterwards. I do not know what the price was.

Q. You have not the date?—A. No, sir.

Q. Can you ascertain the date and prices?—A. I think I can; yes, sir.

HOW GOULD WAS "FOOLED."

Q. Did that terminate your transactions with Mr. Gould?—A. Yes, sir. I noticed the other day that Mr. Gould said that we fooled him in

regard to the trains on the road. I want to say that Mr. Gould never went onto the road to my knowledge until after I sold it to him. So he was not fooled by me in that respect; but I did hear Mr. Pomeroy tell after he came home, after Mr. Gould was out there, that he had the trains held back a day, so as to make it look lively. He wanted to make Gould feel good. We earned that year, according to my calculation, 20 per cent. on our stock. That was my figure.

Q. What do you base those figures on?—A. On net earnings.

Q. On what books or what report?—A. On the accounts given to me by the superintendent of the road of the earnings and expenses. I figured it myself.

Q. Have you the computations that you made or any material upon which we could revise them?—A. No, sir; I have not. I have not got the figures.

Q. Do you know whether this road produced for 1880, 1881, 1882, or 1883, anything beyond the amount required for its fixed charges?—A. No, sir; it did not. There was a drought out there and things did not look very well for them.

Q. Were not the years 1880 and 1881 two of the best railroad years in the United States?—A. They might have been, and still it might have been poor for that part of Kansas.

Commissioner ANDERSON. We should very much like to see any figures of this road which would indicate any earnings at any time prior to 1884, exceeding fixed charges, including therein the amount of the interest on the Government subsidy.

The WITNESS. I know that for two or three years after we sold the road it did not earn much of anything, but it did first rate for us.

CERTAIN INTERESTS RETAINED BY WITNESS.

Q. What was the nature of this retained interest in the one or two of the extensions in reference to which you and Mr. Gould were to divide profits? You made some allusion to it.—A. I had already made contracts to build extensions to the road, and the contracts would have belonged to our construction company if we had built them, and Mr. Gould said that with the road on hand we had no right to go on and build those; he should object to our building them. We finally compromised by our going on, as we agreed, the purchaser having half the profits and we having half the profits. We furnished the money and the roads were built.

Q. What were those extensions; how large were they?—A. We had some 40 to 50 miles to build at that time.

Q. When was that completed?—A. In 1880.

Commissioner ANDERSON. In this connection, Mr. Chairman, I would hand in a memorandum, furnished to me by Mr. Mink, to complete the statement of the interest of the Union Pacific in the Central Branch, of subsequent purchases made by the Union Pacific Railway of the stock of the Central Branch, containing the number of shares, date of purchase, and price paid.

ADDITIONAL STATEMENT OF UNION PACIFIC INTEREST IN CENTRAL BRANCH.

The paper is marked Exhibit No. 1, May 31, 1887, and is as follows:

1880.			
January 31,	Jay Gould,	7,616 shares for	$1,826,500
February 28,	Oliver Ames,	634 shares at $175	110,950
February 28,	Oliver Ames,	121 shares at $150	18,150
May 31,	(?)	75 shares at $110	8,250
July 31,	Chas. W. Gould,	9 shares at $100	900
October 9,	Wood & Davis,	35 shares at $100	3,500
October 12,	Wood & Davis,	44 shares at $100	4,400
1881.			
January 31,	Thos. S. Thorp,	3 shares at $100	300
February 28,	James Potter,	50 shares at $100	5,000
1887.			
January 22,	Baldwin & Weeks,	1 share at $100	100
		8,588	1,876,100

Q. Please examine that and see if the items stated to have been bought from you agree with your recollection?—A. That agrees with my recollection. I know I turned in the last stock at $150.

Q. We will now return to where we left off. What did these profits amount to in the roads you retained?—A. I turned over to the Union Pacific Railroad 110 Atchison, Colorado and Pacific bonds as their share of the profits. We agreed to divide the profits.

Q. The construction contracts were payable in bonds, I suppose?—A. Bonds and stock.

Q. You turned over to the Union Pacific its share of the profits and bonds and stocks?—A. Yes, sir.

Q. Did that complete the transaction?—A. Yes, sir; as far as I was concerned.

Q. During these negotiations did you see a great deal of the Boston directors?—A. Oh, yes, sir.

Q. What is your recollection of the status of this impending question of consolidation, as represented by the gentlemen you met in Boston before the transaction occurred in regard to Central Branch and before Mr. Gould had acquired the Missouri Pacific?—A. At that time they had substantially got control of the Kansas Pacific—Mr. Gould and his allies. Mr. Gould was the controlling spirit. He managed things there about as he had a mind to. As I said before, he claimed we were in his territory, and he was building along side of us. We built 20 miles within a stone's throw, almost, of each other.

UNDERSTOOD CONSOLIDATION WAS IMPENDING.

Q. I am now inquiring in regard to what occurred within your knowledge between the directors of the Union Pacific, with reference to the interests of their road, and Mr. Gould, as representing the Kansas Pacific, during this period before he had acquired the control of the Missouri Pacific. Did you understand from them that steps were pending looking toward a consolidation?—A. Yes; that was my understanding.

Q. Did you ever, at that time, understand what it was that Mr. Gould was asking for the Kansas Pacific road, and understand that the Union Pacific directory in Boston considered his terms extravagant, and that they would not accede to them?—A. I know that a few months before the consolidation I got the understanding from Mr. Gould and from Mr. Dillon and my cousin Fred, that they were going to foreclose the stock

of the Kansas Pacific; that it was not worth anything at that time, and for that reason I did not buy any of it.

Q. Did you ever hear the terms mentioned before Mr. Gould acquired the Missouri Pacific as to his proposition in regard to the representation that the Kansas Pacific stock ought to receive in the consolidation, if it took effect?—A. No, sir.

THE BOSTON DIRECTORS UNHAPPY.

Q. You say that after the fact that Mr. Gould had acquired title to the Missouri Pacific was known these gentlemen in Boston appeared to be very unhappy and very uncomfortable. What reason did they assign for their dejection?—A. They found Mr. Gould in control of the Kansas Pacific and the Missouri Pacific and the Central Branch, with a disposition probably to retain them all for the Missouri Pacific, and they knew it would be ruin to the Union Pacific to have that done.

Q. Do you know whether any complaints were made of such action on the part of Mr. Gould while he was a director of the Union Pacific?—A. No; I used to see more than I heard.

Q. Have you any personal knowledge of the transactions that occurred afterward between the Boston gentlemen and Mr. Gould?—A. No, sir.

Q. Have you told us substantially all you know of this transaction between yourself and Mr. Gould?—A. Yes, sir.

Q. All in relation to the Central Branch?—A. Yes, sir.

Q. And all that you know or have heard from any of the parties in interest relating to the consolidation as it took place between the Union Pacific and the Kansas Pacific?—A. Oh, yes; I have told all I know about it. I was not a director, and I did not know anything about it only what I heard outside.

By the CHAIRMAN:

Q. When did you dispose of your interest in the Union Pacific?—A. I have not disposed of it.

Q. You still have your interest?—A. I have still got a small interest; yes, sir, unfortunately.

Q. Have you any other suggestion to make to the Commission with reference to the consolidation, or any information to give?—A. No.

The CHAIRMAN. You can ask him any question, Judge Dillon.

Mr. DILLON. His statement is so full that I have not very much to ask him.

DECLINED TO PUT CREDIT MOBILIER STOCK IN UNION PACIFIC TREASURY.

By Mr. JOHN F. DILLON:

Q. Were you at one time a director of the Union Pacific?—A. Yes, sir.

Q. Have you any objection to stating when you ceased to be such, and why?—A. I cannot tell why I ceased, but I always suspected——

Q. What year was it?—A. I think it was 1876. My father's estate owned about 3,500 shares of Credit Mobilier stock, and Mr. Gould and some of the directors were very anxious to have that stock put in the treasury of the Union Pacific. He advised the owners of that stock to invest in Union Pacific, so that they would have as big an interest in the Union Pacific as in the Credit Mobilier. Then they would turn in

the stock without any loss to them. But, unfortunately, my father's estate lost its Union Pacific stock in the panic, and we had nothing but the Credit Mobilier stock. They tried to have me turn that in free, and I declined to do it. Mr. Gould said, "You are a trustee of the Union Pacific." Said I, "Yes, sir; I am a trustee of the Oakes Ames estate, too, and I shall not allow one trusteeship to interfere with the other." They tried very hard to get that stock, but they did not succeed. At the next election I was left out of the board. I did not know whether he had anything to do with it or not. I always suspected it had.

Commissioner LITTLER. You were dropped out?

The WITNESS. Yes, sir.

By the CHAIRMAN:

Q. That was in 1876?—A. 1876, I think.

Mr. JOHN F. DILLON. They wanted you to sign a paper which other Credit Mobilier shareholders had signed, dated, I think, in 1875, to the effect that if they turned in their shares of the Credit Mobilier to the Union Pacific the Union Pacific would release them for alleged illegal or unfair profits?

The WITNESS. Yes, sir.

Q. A great many shareholders of the Credit Mobilier did that?—A. Yes, sir.

Q. You refused to do it?—A. I refused to do it; yes, sir.

Q. Mr. Gould urged you to do it?—A. Yes, sir.

Q. And your supposition is that because you refused to do that you were dropped from the board?—A. That is what I thought at the time. I had the satisfaction of making them pay me for it afterwards.

By Commissioner ANDERSON:

Q. Pay you for the Credit Mobilier stock?—A. Yes, sir.

APPOINTED RECEIVER OF CREDIT MOBILIER IN PENNSYLVANIA.

By Mr. JOHN F. DILLON:

Q. You were appointed receiver of the Credit Mobilier in Pennsylvania?—A. Yes, sir.

Q. By the circuit court of the United States?—A. Yes, sir.

Q. After your refusal to turn in your stock, and after you had been appointed receiver of the Credit Mobilier, do you recollect some direction of Mr. Gould to discontinue a certain suit here?—A. Yes, sir.

Q. State to the Commission what you know about that, in short.—A. The Credit Mobilier brought a suit against the Union Pacific to collect a two-million dollar note it had.

Q. And a balance of account?—A. And a balance of account.

Q. Brought here in Massachusetts?—A. Yes, sir. In the mean time Mr. Gould got elected president of the Credit Mobilier, and his confidential clerk, Mr. Morosini, and William Beldon, were also made directors, and they were constituted the executive committee. While this suit was going on I went to Russell & Putnam, the attorneys of the Credit Mobilier, and asked to intervene, so that I could pay a part of the expense of fighting this suit against the Union Pacific. They told me there was no necessity for it; that they were fighting it in good faith, and if they ever had any reason to doubt the good faith of the Credit Mobilier in fighting that suit they would notify me. So one day they sent me word that they had received orders from Mr. Gould to discontinue that suit for the collection of the note. This was on Saturday.

On Monday morning I appeared in court and asked for an injunction against it, and it was granted. Then I went to Philadelphia and asked that a receiver be appointed of the Credit Mobilier, and I suggested the name of John P. Guest.

By Commissioner ANDERSON:

Q. Was that application opposed?—A. It was not opposed; but they asked to have somebody else appointed. Mr. Gould wanted a friend of his in Philadelphia, and I asked to have John P. Guest; and finally Mr. Gould telegraphed to Philadelphia that they had better appoint Oliver Ames, that both parties would be satisfied with me. I was appointed and took charge of that litigation.

CONTEST BETWEEN CREDIT MOBILIER AND UNION PACIFIC.

By Mr. DILLON:

Q. As I understand it, prior to the time when the Union Pacific got control of the Credit Mobilier, the Credit Mobilier had instituted a suit to collect this two-million dollar note and this balance of account?—A. Yes, sir,

Q. And the Union Pacific was fighting it?—A. Yes, sir.

Q. It was resisting it. Under the arrangements of 1875, when the Union Pacific came into a majority of the shares of the Credit Mobilier, it undertook to direct the dismissal of this suit against the Union Pacific Company. Is that right?—A. Yes, sir.

Q. You, as a minority shareholder, and others, resisted that?—A. Yes, sir.

Q. And it was in aid of such resistance that you got an injunction here from the supreme court of Massachusetts to prevent the Credit Mobilier from dismissing that suit?—A. Yes, sir.

Q. And you went to Philadelphia and had the receiver appointed?—A. Yes, sir.

Commissioner ANDERSON. He was himself appointed.

Q. You were yourself appointed?—A. Yes, sir.

Q. Can you state to the Commission, briefly, what became of those litigations. I think I stated it, but we would rather have it from you?—A. I think the litigation is still pending.

Q. I will ask you whether you know enough about the technical features of this suit by the Credit Mobilier against the Union Pacific to say whether it was what we call a suit at law on the note and account?—A. Yes, sir.

Q. Do you know anything about the institution of a bill in equity alleging that the Credit Mobilier contract was either actually or constructively fraudulent, and asking for an accounting of profits and to have any such profits set off against the note?—A. I know that was done.

Q. Do you know what was the result of that suit?—A. No.

Commissioner ANDERSON. We know.

ANOTHER SUIT AGAINST CREDIT MOBILIER BY UNION PACIFIC.

Q. Very well. After that suit was decided, do you recollect about a suit in New York by the Union Pacific Company against the Credit Mobilier to recover about $685,000 and interest, amounting to about a million dollars, principal and interest, on an account which the trustees of the Oakes-Ames and Davis contracts assigned to the Union Pacific

Railway Company?—A. My recollection is that there was a suit of that kind brought in New York and it was allowed to go by default.

Q. By the Credit Mobilier?—A. By the Credit Mobilier. Mr. Gould had the notice and put it in a pigeon-hole, and that was all the attention he gave to it, I think.

Q. Then the Union Pacific, as the assignee of that account, took a judgment by default against the Credit Mobilier for the amount and interest?—A. Yes, sir; and I got that set aside.

Q. What did you do in your capacity as a Credit Mobilier receiver?—A. I went on to New York and got it set aside as receiver.

By Commissioner ANDERSON:

Q. After you were appointed receiver or before?—A. After I was appointed receiver.

By Mr. JOHN F. DILLON:

Q. As receiver and shareholder? Other shareholders united with you in that matter, did they not?—A. Yes, sir.

Commissioner ANDERSON. In what court was that?

Mr. JOHN F. DILLON. The supreme court. And the judgment was set aside.

Commissioner ANDERSON. On what date?

Mr. JOHN F. DILLON. I can give that exactly.

The WITNESS. I was the receiver at the time, and the first I knew of the suit was, I saw the judgment in the New York papers. The papers were served on Mr. Gould, instead of on me.

Commissioner LITTLER. As president of the company.

The WITNESS. As president of the corporation; yes, sir.

STILL ANOTHER SUIT BETWEEN SAME PARTIES.

Mr. JOHN F. DILLON. Under the settlement of 1881, between the trustees of the Oakes-Ames contract and the Union Pacific, which is before you, the trustees in the Oakes-Ames contract assigned an account against the Credit Mobilier for $685,550.74, and the Union Pacific Company brought suit in the supreme court, in October of 1882, against the Credit Mobilier to recover that amount, with interest, and obtained a judgment by default soon afterwards for $1,292,347.

Commissioner ANDERSON. That does not cover the question when it was set aside.

Q. I will ask you that. Can you state when; was it within a year?—A. I cannot. But I saw the notice in the paper, the first I knew of it, after I was receiver. I saw an account of this judgment, and I immediately went to New York and looked into it.

By Commissioner ANDERSON:

Q. Who were your attorneys?—A. George F. Betts, I think, in New York, for this thing.

Q. Who appeared for the Union Pacific Railway Company?—A. I do not know. Judge Dillon, I think.

Judge DILLON. Mr. Holmes and myself.

THE LARGE STOCKHOLDERS IN CREDIT MOBILIER.

By Mr. DILLON:

Q. I will ask you this: The capital stock of the Credit Mobilier Company is how many shares?—A. $3,750,000.

Q. Thirty-seven thousand five hundred shares. The Union Pacific held how many at this time?—A. They held pretty nearly 24,000 shares.

Q. Who held the other 12,000 or 13,000 shares?—A. I had about 3,300 belonging to the estate, and I guess about 1,200 that I owned in part and in whole. Then there was the New York Security Company, or something of that kind, which had about 1,300 shares; and Brayton Ives had about 3,500 shares, which stood in the name of one of their clerks.

Q. These parties united, did they not, with you in an application to vacate this judgment by default?—A. Yes, sir.

Q. And you were represented by Mr. Betts? I recollect that.—A. Yes, sir.

Q. And Mr. A. H. Holmes and myself represented the Union Pacific Company. Do you recollect filing affidavits on that matter and counter-affidavits being filed?—A. Yes, sir.

Q. You were not at the argument, were you?—A. No, sir.

Mr. DILLON. I will state that it came before Mr. Justice Daniels, of the Supreme Court—I cannot state the date—but within a year after October, 1882, when the judgment was rendered, I should say; and Judge Daniels decided against the Union Pacific Company, and entered an order that the judgment by default be set aside, allowing Oliver Ames and other shareholders to answer the complaint of the Union Pacific against the Credit Mobilier, and in its name, within 30 days from that time. I thought perhaps you might want to know about that. That suit is still there.

Commissioner ANDERSON. It never has been tried?

Mr. DILLON. It never has been tried; no.

Q. The minority shareholders sold out, did they not?—A. Yes, sir. The Union Pacific, after that, under the advice of counsel, bought these minority shareholders' interest, as the best means of defending against this suit and other liabilities.

THE MINORITY STOCKHOLDERS OF CREDIT MOBILIER SOLD OUT.

Q. Will you state what you know about that?—A. The first thing I knew most of my clients sold out the Credit Mobilier. They sold out their stock to the Union Pacific and left me pretty nearly alone. Then I sold my stock to the Union Pacific.

By Commissioner ANDERSON:

Q. At what price were these sales made?—A. At $20 a share.

By Mr. JOHN F. DILLON:

Q. Supposing the notes and accounts should be valid and all interest thereon, in connection with the other assets of the Credit Mobilier, what, in that event, did you ever estimate was the value of this stock?—A. I regarded it worth $75 a share or 75 per cent.

Q. But you sold it for about $20 to the company?—A. Yes, sir.

By Commissioner ANDERSON:

Q. Was there not another consideration paid?—A. No, sir.

Q. Did they not get released, or at least did not all the parties who had been shareholders of the Credit Mobilier during the time of the construction of the Union Pacific get released, from any liabilities there might have been?—A. No, sir; not at that time. They did not consider that they were in any danger. I never considered it a serious matter at all.

By Mr. JOHN F. DILLON:

Q. In these last dealings, you were all at arms-length?—A. Yes, sir. If you had seen these Union Pacific directors, as I did, just about the time this consolidation took place, you would have pitied them.

Commissioner LITTLER. It is pretty clear that Mr. Gould had them cornered.

The WITNESS. He had. I was an outsider, and could see it all and enjoy it all.

OLIVER AMES.

EQUITABLE BUILDING,
Boston, Mass., Tuesday, May 31, 1887.

MAHLON D. SPAULDING, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. You are at present a director of the Union Pacific?—Answer. I am.

Q. When were you elected?—A. I was elected first in March, 1885, I think.

Q. How closely have you examined into its financial affairs?—A. I have not been on the executive committee. I have been on the committee of finance. I have not been led to examine the transactions as closely as I would have, perhaps, if I had been on the executive committee; but still I have tried to give it my serious attention and thought.

Q. Have you been over the road?—A. I never have.

Q. Or over any of its branches?—A. No, sir.

Q. What is your interest in the road? How many shares of stock have you?—A. My interest is very small at the present time; I have but 500 shares in the road; I had 2,000 when I was elected.

Q. Have you examined into the question of its earnings and its earning capacity?—A. I have, so far as I was capable.

RELATIONS OF UNION PACIFIC TO THE GOVERNMENT.

Q. Have you examined into the relation which this company holds to the Government in reference to the amount and prospective amount of its liability to the Government?—A. I have.

Q. Have you any fixed ideas as to the policy that ought to prevail, with reference to this subject, between the Government and this railroad?—A. I do not think other than any business man would have. It has never seemed to me anything specially intricate. The principles are, I think, simple, and such as I should apply to my own business I could apply to this.

Q. Is the relation not different from any relation that you ever had or have known to exist in your own business in the point that the Government claim, being a large one, with interest not maturing for 30 years after its date, presents different questions from those that would generally arise between creditor and debtor?—A. It would seem to me that the principles you would apply would be the same. It seems to me it would be the same in regard to this matter that it would be in almost any other business interest. Of course the circumstances are quite different from anything that I have ever met in my business experience.

Q. Please answer this question in your own way. I will put the question in two branches: First, how complete do you consider the security of the Government for its debt to be; and, secondly, what are your views in regard to the best possible plan for adjusting the relations between the Government and the company, so as to secure independence of action to the railroad and absolute security to the Government for its ultimate payment?—A. I will answer it as far as I can.

Q. Do you remember the division I have made? First, in regard to the quantity of security, and, secondly, in regard to the plan?—A. And what I would do?

THE NATURE OF THE GOVERNMENT'S SECURITY.

Q. The first question is in regard to the nature of the security. How far do you think it is sufficient?—A. I think the security depends very much upon the management. If I had a debt that I was in any doubt about—if you will allow me to explain it in my own way—I should examine first into the affairs of my debtor, and see what the assets consisted of, and see what his financial condition was. I should go still further. I should then try to ascertain what the man's character was, what his ability was, what his integrity was, and it seems to me that I should have as much confidence, and rest my claim as much upon the capacity of the man, his integrity, and his ability, as upon his assets; but if I found that he had good and sufficient assets without the ability and integrity I should not want to trust him; I should want to take what I could get, and close it up. But, if I found that he had integrity and ability to manage the affairs better than I could, better than I believed any one else could, I should leave it for him to manage, giving him all the assistance and encouragement that I could. That would be the course that I should take. It would depend, first, upon the ability and next upon the integrity of the creditor.

By the CHAIRMAN:

Q. Applying that to the Pacific Railroad, what do you regard the Government security to be?—A. I believe that the Union Pacific Railway, so far as I can judge from the investigation that I have made, and from what I know of its earning capacity, is abundantly able to pay the Government every cent that is due to it, and I believe they will do so if they are left to manage their own affairs, and to do their business in their own way, and be placed in a position equally favorable to their competitors. Without that I should have my doubt. I do believe if they are hampered and interfered with and troubled and harassed they will get discouraged after a time. It seems to me so, and I think such proceedings will weaken instead of adding to their strength. But I know there is a disposition on the part of the management to pay the Government every dollar that is justly due it. I think they desire to do that, and I think they are able to do it, and I think they ought to do it, and I think, what is more, they will do it.

PLAN OF SETTLEMENT.

Q. How can they do it—in what way? What suggestions have you as to the method?—A. This debt matures in 1895, 1896, and 1897, and it is a very large indebtedness, and I do not believe they can pay it at maturity. I think they have got to have some extension in some way. I believe it is an utter impossibility for them to pay it without an ex-

tension. It is barely possible that they might do it by sacrificing everything. I have no opinion to give as to the result of any such extreme measure.

By Commissioner ANDERSON:

Q. Have you figured how much extension you think they would require?—A. Only that it would seem to me that the Government should not consider entirely what they could be forced to do. I believe the Union Pacific debt to the Government is perfectly safe. It does not seem to me that it is a matter of vital consequence to the Government when it receives its pay, so long as the Government shall not lose anything. I do not think the matter of five or ten years is of any great consequence to the Government, and I do think it would be of very great value to the company in the management of its business. If I were in the place of the Government, I would not seek the maximum amount that I could force out of the company, but I would see the minimum that I could get safely. I would give all the aid and encouragement that I could possibly give with prudence to the management of this company.

If you allow me to say so, I think the only way that danger to the Government security will be prevented will be to put this company in a position so that its stockholders can receive something. I do not think it is for the interest of the Government to get all, even if they can, because it would discourage the management, if it has an honest one. If it has not an honest management you had better get rid of it.

WRECKERS LIKE A NON-DIVIDEND STOCK.

Q. Please tell me why you consider that that fact, if the stockholders do or do not receive dividends on their stock, so long as there are large interests in the shape of bondholders, who are interested in the regular receipt of their interest, has any material bearing on the question of the honest or efficient management of the company?—A. A non-dividend paying stock is the stock that wreckers and speculators are looking for, and it is the stock that they deal in. They have dealt in the Union Pacific when it was a non-dividend paying stock. They bought it at 20 or 30 or 40 cents on the dollar, put it on a dividend-paying basis, and then sold out. They did not want to hold the stock after it was on a dividend-paying basis. The stock then became scattered all over the country. I do not remember now, exactly, but I think there are eight or nine thousand stockholders at the present time. I believe it is for the interest of the Government, and for the security of good management in this road, that its stock should be in the hands of investors and not in the hands of speculators. If allowed to pay dividends, it is almost certain to be kept out of the hands of speculators. It gives the stock a permanent value, and that is what the speculator does not want. You do not find speculation in the Chicago, Burlington and Quincy Road, or in the Rock Island Road. Both roads are competitors of the Union Pacific.

Q. Do you not think the management of the Northern Pacific is a good, prudent, and conservative management?—A. I am not familiar with the Northern Pacific; no doubt it may be.

Q. Do you not think the present management of the Erie Railway is a prudent and conservative management?—A. I have not heard anything against it. I have no doubt it may be. I do not say that the non-dividend paying stock may not be prudently and carefully managed, but I

say the tendency of a non-dividend paying stock is to get into the hands of speculators. With a dividend-paying stock I do not think there are the same inducements.

By the CHAIRMAN:

Q. When did you acquire your interest in the Union Pacific?—A. I acquired my interest, I should think, in 1884 and 1885. I paid par and above par for some of the stock that I bought then, and I have paid less since. I do not remember now the exact prices that I paid for the different lots of stock. I bought it at different times. I should say I bought some as low as 70.

Q. Do you attend the meetings of the board of directors of the road?—A. I do.

GOVERNMENT DIRECTORS.

Q. Do you meet the Government directors there?—A. I do.

Q. Do they ever participate in the discussions?—A. They do. The present Government directors in the road are intelligent and as pleasant and agreeable and valuable men as there are in the board. I think they are more valuable than I am. I have had some experience before in railroad boards where there were two sets of directors—the Government and the road directors. As a rule, I do not think that two managements work well together. I think that the present board of directors in the Union Pacific are an exception. I was for a long time in the Boston and Albany Railroad. I was there as a State director. The State owned a very large interest in the road, and out of the thirteen directors I think the State elected five. It never, as a rule, worked well in that board, and finally I exerted what influence I had to have the State exchange its stock for bonds, leaving the stockholders of the road free to manage their property as their competitors managed their property.

Q. You think, therefore, such a course with the Union Pacific would have a wise result?—A. I have no doubt of it. I think the present Government directors are good and valuable men. I think either of them is, perhaps, of more value to the road than I am, and I should be very happy, in case that was done, to resign my position as a director in the Union Pacific to either of the Government directors that are there.

Q. If the Union Pacific were prepared to hand over to the United States Government a check, and you were to settle with it, and the Government was perfectly willing to have the Government directors retire, would it thereby increase the happiness of the management?—A. I do not think there is any question about what any railroad would do. I do not think they would invite a second board of supervisors in. I do not think that admits of discussion. It seems to me it does not. It seems to me that in order that the Union Pacific Railway may do its best it has got to manage its affairs in its own way, and become wholly responsible for its acts.

Commissioner ANDERSON. Its own road, do you mean?

The WITNESS. No; but the management, I think, cannot be divided. If the Union Pacific has bad managers they ought to be thrown out. If they are dishonest they ought to be removed. If the Union Pacific at the present time has an honest management and a competent board of directors I believe it is going to inherit a good management. "Birds of a feather flock together." In the directories of almost all corporations the vacancies are filled through the influence of the remaining directors. If you have an honest board, and there is a vacancy to fill,

I do not think it is natural for an honest board of directors to invite in any bad element. On the contrary, if it is a bad board I do not think they will fill it with good and honest men.

The CHAIRMAN. Have you any other suggestion to offer?

The WITNESS. I have no suggestion to offer. I do not feel that I am competent.

The CHAIRMAN. Judge Dillon, will you ask any questions?

Mr. JOHN F. DILLON. I have nothing to ask.

MAHLON D. SPAULDING.

AFTERNOON SESSION.

JOHN F. DILLON, being further examined, testified as follows:

LITIGATIONS BETWEEN THE GOVERNMENT AND UNION PACIFIC.

By the CHAIRMAN:

Question. Will you make a statement of the more important litigations between the company and the Government growing out of the legislation applicable to the companies?—Answer. I had nothing to do with the litigations of the company prior to the fall of 1879, and what I shall say respecting litigations prior to that time is derived wholly from records, to which I will refer.

By Commissioner ANDERSON:

Q. Had you not a good deal of personal connection with some of the litigations between the Kansas Pacific and the Union Pacific in your official capacity as a circuit judge of the United States?—A. No; I think not. I believe that the prorate question was argued in 1878 or 1879 before the circuit bench when I was on it, as was also Judge Dundy; but my recollection is that I declined to take any part in the decision. I think that is of record. I recollect very well that was argued. Judge Usher was there and made an argument in favor of the Kansas Pacific view of that question, and it was argued on the other side by Mr. Poppleton and other gentlemen.

REFUSAL TO SIT AS JUDGE IN SUCH LITIGATIONS.

Q. Your refusal was based on your relationship to Mr. Sidney Dillon?—A. Yes, sir; I think I preferred not to sit in the decision of that cause for that reason. I did not know whether the reason was assigned of record. Undoubtedly that was the reason that operated in my own mind.

Recurring now to the question put to me, I will state that some of the important litigations between the Government and the company have grown out of the sixth section of the act of 1862, as modified by the fifth section of the act of 1864. The sixth section of the act of 1862 imposes on the company the duty of transmitting dispatches at all times, transporting mails, troops, munitions of war, supplies, &c., for the Government—

ACT OF 1862, SIXTH SECTION.

Whenever required to do so by any department thereof, and that the Government shall at all times have the preference in the use of the same for all the purposes aforesaid (at fair and reasonable rates of compensation, not to exceed the amounts paid by private parties for the same kind of services); and *all* compensation for services rendered for the Government shall be applied to the payment of the said bonds and interest until the whole amount is fully paid. And after said road is completed, until said bonds and interest are paid, at least 5 per centum of the net earnings of the said road shall be annually applied to the payment thereof.

In the amendatory act of 1864, section 5, section 6 of the act of 1862 was amended as follows:

ACT OF 1864, SECTION 5.

And that only *one-half* of the compensation for services rendered for the Government by said companies shall be required to be applied to the payment of the bonds issued by the Government in aid of the construction of said roads.

The Supreme Court of the United States, in the case of the Union Pacific Railroad Company, appellants, against the United States, at the October term of 1878 (99 U. S., page 402), decided that the Union Pacific road was completed on the 6th day of November, 1869. The Supreme Court had previously decided, at the October term of 1875, in the case of the United States against the Union Pacific Railroad Company (reported in 91 U. S., page 72), that it was not the intention of Congress, in the acts of 1862 and 1864, to require the company to pay the interest before the maturity of the principal of the bonds, and that the legislation implied an obligation on the part of the company to pay both principal and interest when the bonds shall become due, and did not imply an obligation to pay the interest as it semi-annually accrued.

On the 3d day of March, 1871 (16th statutes, 525), in the appropriation act for that year, Section 9, Congress enacted as follows:

ACT OF 1871, SECTION 9.

That, in accordance with the 5th section of the act approved July 2d, 1864 [giving its title, amendatory of the act of July 1, 1862], the Secretary of the Treasury is hereby directed to pay over in money to the Pacific Railroad companies mentioned in said act, performing services for the United States, one-half of the compensation at the rate provided by law for such services, heretofore or hereafter rendered: *Provided*, That this section shall not be construed to affect the legal rights of the Government or the obligations of the company, except as herein specifically provided.

Disputes arose between the Government and the company, which were considered by the Court in the Interest Case, above referred to (91 U. S., 72 A. D. 1875); and the Supreme Court in that case expressly decides, as you will see by reference to the opinion, that the act of 1864 imposed an obligation on the Government to pay the companies *in cash* for one-half of the transportation services. In the course of its judgment the Supreme Court said, giving the reason for this conclusion:

FROM SUPREME COURT DECISION.

If the Government consents to diminish its security so that only one-half of the money due for services is to be applied to the payment of the interest or principal, what is to become of the other half? There is no implication that the Government shall keep it; and, if not, who is to get it? Assuredly, the companies who have earned it.

Then the following sentence is instructive, as showing the course of practice of the United States under the legislation:

The practice [says the Supreme Court in that case] for a series of years was in conformity with the views we have taken of the effect of the charter, until the Secretary of the Treasury withheld the payment of the money earned by the companies for services rendered the Government. His action brought the subject to the attention of Congress, and the act of March 3rd, 1871 [16 Statutes, page 525, sec. 9, which I have above quoted], was passed, directing that one-half of the money due the Pacific railroad companies for services rendered either heretofore or hereafter be paid them, leaving open the question of ultimate right for legal decisions.

The next act relating to the Governmental business of the company, and the relations between the Government and the company, is the act

of 1873, which has been very prolific of litigation, and, as I view it, and as I think you will agree, this act was very unjust to the company in its relation to the Government. I read from the 17th Statutes, 506, Acts of March 3, 1873, as follows:

ACT OF 1873, SECTION 2.

SEC. 2. That the Secretary of the Treasury is directed to withhold *all* payments to any railroad company and its assigns, on account of freight or transportation over their respective roads, of any kind, to the amount of payments made by the United States for interest upon bonds of the United States issued to any such company, and which shall not have been reimbursed, together with the 5 per cent. of net earnings due and unapplied as provided by law; and any such company may bring suit in the Court of Claims to recover the price of such freight and transportation; and in such suit the right of such company to recover the same upon the law and facts of the case shall be determined, and the rights of the United States upon the merits of all the points presented by it in answer thereto by them, and either party to such suit may appeal to the Supreme Court, and both said courts shall give such cause or causes precedence of all other business.

FAILURE OF GOVERNMENT TO PAY CONTRACT RATES FOR TRANSPORTATION.

Now, I state, subject to correction by reference to the records of the company and of the Government, that it is my understanding that, with very trifling exceptions, since the act of 1873, the Government has never paid to the Union Pacific Company the half transportation money which by the terms of the contract is due from the Government to the company for Government services. And this is true not only prior to 1875, when it was expressly adjudged by the Supreme Court of the United States that this amount was due to the company in cash, but it is equally true since that time, and that decision has been not only disregarded but defied, as I take it, and desire to state it, by the officers of the Government from that time to this. In stating this I am not intending to criticise the motives or actions of the officers of the Government, but to state the fact as I understand it to exist, and, as I think, the records show.

Q. Are you not satisfied, however, that the amounts so due for this half compensation, payable in cash, have been applied to the liquidation of actual liabilities accruing from the company to the United States, which were also not paid in cash?—A. I understand that while the company insisted on their right to have the half services paid in cash, yet when that right was denied, they did afterwards consent that the Government might apply this sum towards the amounts that became due to the Government under the Thurman act, and that it was so applied.

Q. And also to the 5 per cent. due before the Thurman act?—A. Yes, sir; and it was applied. But we did not get our money as we earned it, and as we claimed we were entitled to it. The Government insisted on keeping it, and applied it on the subsequently accruing obligations of the company to the Government. Nor is that all, nor is it the worst. Not only did the United States claim to withhold all the Government transportation from the subsidized road, but also all the compensation of the unsubsidized road, and all the compensation of the branch roads or the auxiliary roads or any roads which were controlled or operated by the Union Pacific Company. Accordingly, contesting this right, which had no sort of basis to rest on, the Union Pacific Company brought two or three actions, one to recover compensation for mail and other Gov-

ernment service on the Kansas Pacific road, which you recall is subsidized to the extent of 394 miles, and the rest of it is unsubsidized; and it also caused an action to be brought by the Central Branch, which is subsidized to the extent of 100 miles, but which has a mileage of three or four hundred miles, the subsidized line controlling the others by way of lease. Those suits were tried in the Court of Claims.

SUIT TO RECOVER FULL COMPENSATION.

Q. Will you give us the numbers, if you have them?—A. I cannot give them. That suit was tried in the Court of Claims, which rendered its judgment and opinion, which will be found in the 16th volume, Court of Claims Reports, pages 353–361, in which that court decided all the points in issue in favor of the companies. That is to say, that neither under the original legislation nor as a result of the consolidation of the Kansas Pacific, Denver Pacific, and Union Pacific, was the Government entitled to retain anything but pay for half transportation on the subsidized lines; that the company was entitled to be paid in cash the other half for transportation on the subsidized lines, and to be paid in cash for the full amount for transportation on the non-subsidized lines, as well as full compensation for all services on the branch or auxiliary lines (16 Court of Claims Rep., 359; 20 *ib.*, 102). The Attorney-General of the United States took an appeal from this judgment to the Supreme Court. The cause or causes were on the docket for some time, and my recollection is that just before they would have been reached by regular order the Attorney-General dismissed the appeals.

FAILURE OF THE DEPARTMENTS TO RECOGNIZE DECISION.

Q. Who was the Attorney-General?—A. I think it was Judge Devens Meanwhile the Departments did not recognize the decision of the Court of Claims as binding upon them, and retained from the company *all* transportation of all kinds. Afterwards, on making application to the Treasury for some relief, the matter was referred, or came in some regular way, before the First Comptroller of the Treasury, the Hon. William Lawrence, in the case, as I recollect it, of the application of the Utah Northern to be paid for services rendered to the Government, all of which was withheld by the Departments on account of its relation, or supposed relation, to the Union Pacific Company. That matter was argued. I recollect going to Washington and arguing the matter before the Comptroller, who considered it, and, following the decision of the Court of Claims, and, as he interpreted it, of the Supreme Court of the United States, in the Net Earnings Cases, he decided that the Government had no right to retain the earnings for Government services of the Utah and Northern Railroad Company, which decision you will find in one of the volumes of his published reports (4th volume Lawrence's Decisions, pp. 188, 214). After that decision by the Comptroller, or as I understand it—and I state it subject to correction—it made no difference; we did not get any money, and never got any; they never would pay any. That is only important as showing the nature of the relations between the company and the Government, since, afterwards, by an arrangement between the Utah Northern and the Union Pacific, the Union Pacific settled with the Utah Northern for that claim, and, having so settled it, consented to its application to the payment of its own cash obligations to the Government. A year ago last month, I think it was—it was one of the last cases argued before the Supreme Court prior

to their adjournment for that year (the Central Pacific meanwhile having brought actions against the Government to recover for transportation on their non-aided lines and on their leased lines, and the Court of Claims having given judgment in favor of the company)—the matter came on for argument in the Supreme Court, and, as the Union Pacific had a common interest in the question, I was asked to assist in the argument, which I did. Ex-Senator McDonald was the leading counsel for the Central Pacific Company in that matter. The Supreme Court of the United States decided that the Government had no right to retain any but the half transportation on the subsidized lines, and the other half and all other transportation it must pay for in money. That decision will be found in 118 U. S. Reports, p. 235.

Q. That was within a year or two?—A. Last year. After the decision of the Supreme Court in the Interest case (91 U. S., 72), and after the act of March 3, 1871, above alluded to, and the act of March 3, 1873, above mentioned, Congress passed an act, approved April 30, 1878 (I think it is in the appropriation act of that year), in which there was a proviso as follows, namely:

ACT OF 1878.

That no part of this sum [that is, sums appropriated for Government uses], shall be paid to any railroad company or to its assigns on account of freights or transportation over their respective roads unless there be an excess due such companies after charging the amount of payments made by the United States for interest upon bonds of the United States issued to any such company; but the sum shall be paid to the Secretary of the Treasury, to be by him withheld as directed by existing law.

That is to say, that notwithstanding the Supreme Court of the United States had decided in the Interest Case (91 U. S., 72), at the October term, 1875, that the company was not indebted in respect of this interest, and was under no obligation to pay it until the maturity of the bonds, and notwithstanding the Supreme Court, in the same decision, held that for half transportation the Government was under an obligation to pay the companies *in cash*, the Congress of the United States in this act said that the Government should not keep its contract, should not pay any cash, but should withhold *all*—in direct violation of the letter of the act and of the meaning of the act as it had at that time been authoritatively interpreted by the Supreme Court.

Q. How do you make that out to be a violation of any duty that Congress owed to the road?—A. In this way, namely, the Supreme Court of the United States, in the cases above referred to, as well as subsequently (104 U. S., 662), held distinctly that the provisions of the sixth section of the act of 1862 constituted a contract between the Government and the company, which could not be altered without the consent of the company.

Commissioner ANDERSON. You have answered it in full, if that is correct.

The WITNESS. That contract was that the Government should retain one-half of these services, and apply it on their bonds and interest account, and pay the other half in money. The act of 1878 says, "We will keep it all."

Commissioner LITTLER. You are deducing an argument, as I understand it, to show either the bad faith of Congress or the unconstitutionality of the act that you are commenting on.

The WITNESS. I do not impute any bad faith to Congress. I do not call names.

Commissioner LITTLER. Is there any other deduction to be drawn?

THE COMPANY HAS KEPT ITS OBLIGATIONS.

The WITNESS. Suppose Congress either did not consider the thing carefully at all, or were not duly regardful of the rights of the company and the contract obligations of the United States? I am stating this to show what I feel convinced of, that in the relations between the Government and the company, ever since the completion of the road, the company has kept its obligations, and that whatever criticism may be offered is one, I think, justly imputable to the conduct of the Government towards the company, rather than any defaults or delinquencies of the company to the Government.

Commissioner ANDERSON. Did not the Supreme Court of the United States decide that the alteration effected by the Thurman act, whereby the *entire* transportation was to be held and applied as security for the debt, was a permissible exercise of the legislative power, and was not an impairment of the contract you refer to under section 6?

THE THURMAN ACT.

The WITNESS. I do not understand that the Supreme Court held that the Thurman act undertook, in any respect, to change the contract contained in section 6 of the act of 1862. On the contrary, the court, as I recollect it, said that the contract could not be changed, and that the Thurman act did not undertake to change it; and if the Thurman act is carefully examined you will perceive, I think, Mr. Commissioner, that it does not undertake to change the contract as to the Government transportation and the 5 per cent. as it existed under the acts of 1862 and 1864, but preserving that and providing that these sums shall be still paid in and still be applied on bond and interest account, makes a further exaction or requirement of the company to pay in addition to that such sum as shall amount to 25 per cent. of their net earnings, and the other half of that is to be carried to a sinking fund newly created by that act.

Commissioner ANDERSON. I call your attention to the first four lines of section 2 of the Thurman act, and ask you to compare it with section 5 of the act of 1864, and then state whether you can possibly assert that the court has not decided that the Government has power to increase the amount to be retained by the Government out of the earnings of the company.

The WITNESS. The Thurman act, in sections 2, 3, and 4, does provide, indeed, that the whole amount of compensation which may from time to time be due to the several railroad companies for services rendered to the Government, shall be retained by the United States, one-half thereof to be applied presently to the liquidation of the interest paid and to be paid by the United States upon the bonds so issued by it as aforesaid. That is precisely like the acts of 1862 and 1864. So that the Supreme Court regarded this as not changing the contract up to that point, but affirming it and providing for its being carried into effect. Then, as to the other half, the provision is:

The other half thereof to be turned into the sinking fund hereinafter provided for the uses therein mentioned.

SUPREME COURT DECISION ON THURMAN ACT.

The Supreme Court held—and that was the only point in the Thurman Act Case as I now recall it from memory—that it was competent for Congress, either by reason of its ordinary legislative power or by reason of the reserved right to alter, amend, or repeal, to provide, as they did in the Thurman act, that a company situated as this one was might be re-

quired by the Government to establish and create a sinking fund for the ultimate payment of its debts, the court saying at the same time, "This does not change the contract, if it did it could not be done."

Commissioner ANDERSON. The point with me is this, whether you call it a change of contract or not is not material, whether you concede, if we should report to Congress a scheme for the retention of 50 per cent. of net earnings, if we deemed that necessary, to make the United States secure, that that is within the powers of Congress and would not be an impairment or alteration of what you call the original contract? If you conceded the 25 per cent. why not as to 50?

The WITNESS. I answer that question in this wise: I should probably find it difficult myself to discover any ground—if it is competent for Congress to provide, without its being a violation of the contract, that the Government may require this company to pay 25 per cent. of its net earnings—on which an act requiring the company to pay 50 per cent. was unconstitutional; but whether the court might not deem one to be reasonable and lawful and the other not, I cannot say.

Commissioner LITTLER. Is all this discussion with a view of attacking the constitutionality of the Thurman act and the act of 1873?

The WITNESS. No; so far I state what I have simply to show the practical operation of the existing legislation, thinking it might afford to the Commission some useful light in the suggestions which they will have to make as to the adjustment of the relations between the company and the Government in the future. I think that is fair.

Now, there is a matter connected with the Thurman act which I think, in any adjustment of the debtor and creditor relations between the Government and the company, on equitable principles, should be regarded by this Commission; and as it is appropriate in this connection, I will state it.

SENATOR THURMAN'S SPEECH.

When the Thurman act was under discussion, Senator Thurman introduced it into the Senate with an elaborate and evidently a very carefully-prepared speech in its favor. You will notice that one provision of the act is that the money which the company is compelled to pay into the sinking fund, arising out of the 25 per cent., is to be invested in a certain restricted line of Government securities. The investment is restricted to that. I have before me the debates on the subject of the Thurman act; and in Mr. Thurman's speech, which has the weight of almost an official commentary on the act, for it was not in substance and in very few instances not even literally changed, he said, speaking of this investment feature, after stating that the Government debt bears 6 per cent., and runs twenty-three years:

> The companies have to pay 6 per cent. interest, but mark it, there are no rests. Twenty-three years from now they will have to pay the accumulated 6 per cent. interest, but there are no rests. If any one will make a computation he will find that money at 5 per cent., compounded semi-annually, as it is here provided it shall be compounded, will produce in the time we have to consider a larger sum than 6 per cent. upon the same amount of money not compounded.

That is, the Government should get it at 6 per cent.

> It is obvious [he continues] that the amount of accretion of this sinking fund—that is, the interest upon it—ought to be sufficient to meet the interest which the companies will have to pay for the same period of time upon the Government loan. The 5 per cent. bonds, even if purchased at a premium of 10 per cent., will produce that interest, owing to the compounding of interest as I stated. The provision of the bill, therefore, in this respect is perfectly fair to the companies, as it is just to the Government. Section 4 provides that there shall be carried to the credit of the said funds on the 1st of January, &c.

Quoting it as it was subsequently enacted.

DEDUCTIONS DRAWN.

I read that to show that so far as the author of this act was concerned, and I suppose, so far as the Congress of the United States was concerned, they did not mean that that act should operate with any injustice to the company or to the Government. They said, in substance, The Government has to pay 6 per cent. We require this, we compulsorily require it, to create this sinking fund; but under such circumstances as that it is no injustice to the companies, since they will get fully 6 per cent. for their money. Now, it has turned out that so far from the company getting 6 per cent. for this money, which they were compelled by this act to turn into the sinking fund, that money has practically lain idle, like the foolish man's talent, wrapped in a napkin. What I say is, that in adjusting the equitable relations, what is right between man and man as a matter of equity and conscience, under an act which we were compelled to accept, which was imposed upon us by the superior power of the Government, which has deprived us practically of all revenues from seven or eight millions of dollars, which I believe that fund now amounts to—you will get the figures from the Comptroller, but I think the net interest over and above the premiums is very little, if anything—that that constitutes, in any fair scheme of adjustment, an element which gives us a strong, equitable ground to have it considered, not only in respect of the future, but in respect of the past. Certainly any chancellor would say that if one man, the creditor, should take advantage of the power which he has to make a fund unprofitable in his hands, he should account for the loss. That is just what the Government did. I do not impute any bad faith. They intended it to operate justly, but they could not foresee the future, and no man can foresee it very far.

SUPREME COURT DECISION AS TO NET EARNINGS.

By Commissioner LITTLER:

Q. Have you any more cases?—A. The Supreme Court of the United States, in the cases reported in 99 U. S., 402, 455, and 460, decided at the October term, 1878, and which were pending when the Thurman act was under discussion and was adopted, decided very clearly what was the basis of ascertaining *net earnings* under the original acts of 1862 and 1864. Now, after the Thurman act came into effect, which in some respects defined, in a very general way, though, the test by which to determine net earnings, immediately disputes arose between the Government and the company as to what were net earnings.

THE COMPANY'S CLAIM AS TO NET EARNINGS.

To make this short, the companies claim, in substance, that if, by reason of the growth of the traffic on the road, or from any other legitimate causes, it became necessary to construct new sidings or necessary to construct new station-houses or necessary to sink new wells, to build new tanks, to do anything, in short, needful to accommodate the enlarged wants and the increased traffic of the company, the cost might be deducted from the gross earnings as a legitimate charge against the earnings, in order to ascertain the net earnings. The Department disputed that; they disputed it in the face of the decisions of the Supreme Court in these cases; and every February they came down upon us with a demand for the payment of the amount of the cash requirements under the Thurman act, based on their construction of it. My advice was

to the company (and my understanding is that it was done) to pay to the Department, to the Commissioner of Railroads, or into the Treasury, promptly every dollar which we owed under our construction of the act. I believe it was done; but it was not the full amount which they claimed under their construction of the act. Besides which, we had a suit pending in the Supreme Court for several years—I think it was pending at the time; the original institution of it was prior, perhaps, to the Thurman act; I am quite sure it was—for compensation for the carrying of the mails, based on the charter contract embodied in the sixth section of the act of 1862, which was in substance that we were to be paid for Government service at fair and reasonable rates, not exceeding what was paid by private parties for the same kind of service. That is almost literally the language of the contract. When we brought our action in the Court of Claims the Government came in and said, We will not allow your claim; the Postmaster-General has fixed what is a fair and reasonable compensation for carrying the mail; we will allow you that, and we will allow you no more. That was the same compensation, may it please this Commission, which was paid by the Government for the transportation of mail in thickly-settled States, as in Iowa, in Illinois, in Pennsylvania, where they had thousands of population to a mile where we had not hundreds. We had to carry our mail with doubled engines over the mountain, as you will see when you get there. You will see that that was not enough. That was the issue in that case.

DECISION THAT SIXTH SECTION WAS A CONTRACT.

The Court of Claims decided that the Government was right, and we carried that case by appeal to the Supreme Court of the United States, and it came before the court in 104 U. S., 662, and they decided that our company was right, and that the sixth section of the act of 1862 was a contract. (See, on this point, p. 664.)

By Commissioner ANDERSON:

Q. Do I understand that they decided that the company was entitled to its mail-rate claims?—A. They decided in that case that the sixth section—and you will see, as a lawyer, that I am accurate, when you look at it—of the act of 1862, constituted, between the Government and the company, a contract in relation to the price which was to be paid, just as much as if it had been written out and signed between private parties. That contract was "reasonable compensation, at not exceeding the rates which private parties paid to the company for like services." We claimed that we were not getting enough. After that decision by the Supreme Court, when the record was remanded to the Court of Claims—well, I am not going into that.

It took 1,400 printed pages to go into that in the courts. The Court of Claims made a finding, in general terms, that the amount which the Government allowed us "was fair and reasonable, "not exceeding the amount paid by private parties for the same kind of services;" refused to make any more specific findings of fact, and practically, in that way, cut off any appeal to the Supreme Court of the United States on that point (20 Court of Claims Reports, p. 102; 116 U. S., 403). I make not the slightest reflection on anybody or on any tribunal—for judicial tribunals are actuated generally by nothing but the purest motives—but the result under the forms of law, was the grossest injustice to this company, because—and I will submit that to your fair sense of justice when you go over this line—here was a road, necessarily constructed at

an enormous expense, running through a thinly-populated region, with a service in the mountainous portions of extraordinary expense, with a practical result that this company should not get any more for carrying the mails than the Government pays anywhere else in the United States. No judgment can sanction that result in conscience. It is wrong. A thousand judgments would not make it right. Because we could get no specific findings of fact as to the mail service, we got only the rates paid by the United States in the thickly settled parts of the United States (116 U. S., 403; 117 U. S., 355.)

DISCRIMINATION BY GOVERNMENT AGAINST UNION PACIFIC.

It appeared incidentally in that case—and that is another matter proved in that case—that the Department, although recognizing the fact that we were a large debtor to the Government, had actually discriminated in many instances against this road, preferring to send the fast-mail service and other services to other roads, which could have been given as well, if not better, to this road.

Commissioner ANDERSON. Please name the roads.

The WITNESS. I cannot recall them; that fact was proved in that case; Mr. Mink can give it, probably.

Mr. MINK. The Burlington and Missouri.

The WITNESS. The Burlington and Missouri, the comptroller states.

By the CHAIRMAN:

Q. Do you recall any other road?—A. I do not; I happened to meet that in that case.

Mr. MINK. The Milwaukee and St. Paul, and the Chicago, Burlington and Quincy.

VEXATIOUS DISPUTES AND INVESTIGATIONS.

The WITNESS. This is important for you to understand. In the Mail and Net Earnings Case, to which I have been referring, the company have had many unavoidable and very vexatious disputes with the Govment. Vexatious, I say, not because an ordinary honest business dispute, such as existed between the company and the Government, is particularly vexatious—that may be expected always—but it was vexatious, because at every session of Congress some one gets up and says, "I move an investigation; here is a company in default." It is used as terrible engine of oppression—the mere fact that there is litigation, especially when a great corporation like the Union Pacific is a party to it. Those litigations in that way have been a source of more injury to the company than the simple annoyance of having a litigation on their hands. In order to terminate our disputes with the Government and bring everything down to the 31st day of December, 1882, the pleadings on both sides of this case were so constructed as to put everything at issue between the company and the Government down to the 31st day of December, 1882, so that from that time on we would have had a clean sheet, whatever might be the result. The matter went to judgment.

By Commissioner LITTLER:

Q. That is the case where you paid the judgment?—A. Yes, sir; it went to judgment, and they decided against us on the question whether we were entitled to any more compensation for carrying the mail than

had been paid. They decided in our favor on the subject of new construction or net earnings, making a difference in the account in our favor of some $800,000.

WHAT CAN BE DEDUCTED BEFORE DECLARING NET EARNINGS.

Q. They adopted your construction, namely, that you had a right, before declaring net earnings, to take out the cost of betterments, including construction?—A. I would not like to answer it just that way.

Q. Will you tell us what they did decide?—A. I will tell you what they did decide. You will notice that the Thurman act provides, section 1, "That the net earnings shall be ascertained by deducting from the gross amount of their earnings respectively the necessary expenses actually paid within the year in operating the same"—that is, the road—"and keeping the same in a state of repair." The contention of the Government in that case was that this act impliedly recognized the distinction so prevalent among railroad experts and accountants, of expenses which should be charged to *operation* and other expenses which ought properly to be charged to *construction*; and therefore the making of a new station or the sinking of a new well, or the like, would be a construction as distinguished from an operating expense. Hence we were all wrong.

We contended, in the first place, that the line which divided operating expenses from construction expenses was vague and indefinite, and that this act intended to ignore that, and to allow us to deduct from gross earnings any sum which we actually paid out of earnings within the year necessary to enable the company to maintain the physical condition of the road and enable it to accommodate its traffic.

Q. Even if that involved the construction of side-tracks and new buildings, station-houses, wells, &c.?—A. Certainly, and the court sustained us (20 Court of Claims, Rep., 102.) Therefore, you see that we were justified in not meeting these demands of the Commissioner of Railroads every 1st day of February, because, if we had paid them or met them as he made the demand, we would have paid between 1879, when the Thurman act went into effect, and 1882, when this adjudication was made, $800,000 more than the court said we were legally bound to pay. And yet, because we did not do it, we were subjected to criticism in every session of Congress. That is the practical lesson, I think, you will derive from that.

ALL QUESTIONS ADJUDICATED DOWN TO DECEMBER 31, 1882.

The whole account, therefore, down to the 31st day of December, 1882, was adjusted, and it is, as you lawyers would call it, between the company and Government, *res adjudicata*. I see there is a direction here, in this act under which you meet, to look into the question whether there had not been arrears or mistakes in the account. We have no objection to that. We do not think there have been any. And if there have been, we do not stand on the conclusiveness of that judgment if it is not conclusive as against the United States; that is, I suppose the company would not. That litigation was well fought. The Government was represented by a very able attorney, a gentleman who impressed me professionally with his ability and his zeal.

Commissioner ANDERSON. Give us a precise reference to the record of the case which, in your judgment, adjudicated all questions up to the 31st of December, 1882.

The WITNESS. I refer you to the pleadings in the Court of Claims case. (20 Court of Claims, Rep., p. 102; same case on appeal in Supreme Court, 116 U. S., 402; 117 U. S., 355.)

Commissioner LITTLER. The case was affirmed by the Supreme Court, as I understand it.

The WITNESS. Yes, sir; there were three of those cases in the Court of Claims, Nos. 11,901, 12,515, and 14,389. (20 Court of Claims, p. 102.)

Commissioner LITTLER. Those cases were consolidated and argued together in the Supreme Court?

The WITNESS. Yes, sir.

Commissioner LITTLER. And there was one opinion?

The WITNESS. One opinion and one judgment.

Commissioner ANDERSON. Can you give us a reference to the decision of the Supreme Court?

The WITNESS. Yes, sir. (117 U. S., p. 355.) The court found in that case that the claimant, the Union Pacific Railroad Company, was entitled in the aggregate in respect of all its claims, including the Denver Pacific and Kansas Pacific, for the period in suit ending December 31, 1882, to $2,910,124.08. That the Government on its counter-claim, which embraced 5 per cent. net earnings of the Union Pacific from November 6, 1875, to November 5, 1876, and from November 6, 1876, to November 5, 1877, and from November 6, 1877, to June 30, 1878 (that was when the Thurman act went into effect), and 5 per cent. of the net earnings of the aided portion of the Kansas Pacific, from November, 1868, to December 31, 1882, and cash payments due on the Union Pacific (the Thurman act only applying to that) from July 1, 1878 (that is when it took effect), down to December 31, 1878, and for the years 1879, 1880, 1881, and 1882, to the sum of $4,487,807.39.

THE JUDGMENT PAID PROMPTLY.

Judgment was entered as follows: "The defendants"—that is, the Government—"are entitled to judgment for the difference, amounting to $1,577,683.31," *which judgment*—I want to put it on this record as evidence of the good faith of this company—*was paid as soon as it was signed*, reserving simply the right that that payment should not prejudice the company's proposed appeal.

Commissioner ANDERSON. That is not quite accurate.

The WITNESS. Why is it not?

Commissioner ANDERSON. Because there was a further accounting with the Railroad Commissioner, and the amount ascertained was substantially, in pursuance of that settlement, $916,000 instead of $1,500,000.

The WITNESS. It only increases the equity of this company.

Commissioner ANDERSON. You paid it on the 16th of April, 1885?

Commissioner LITTLER. You paid a part of it into the sinking fund?

The WITNESS. I want to put it on the record, that just as soon as the Commissioner would tell us what we owed, we paid it. We paid of that sum over $900,000 in cash. The balance, making up this million and a half, was money which the Government had had in its hands for an indefinite time arising out of the transportation over the non-aided portion of the road and the branches, which they had kept by force. The equity of the company is just as strong as, if not stronger than, if they had paid the whole amount in cash.

Commissioner LITTLER. Do you understand that the bill of particulars filed by the company against the Government in this suit you have been commenting upon included all the claims you had against the

Government for transportation on the non-aided portions of your road, including all its branch lines, up to that time?

The WITNESS. No; that claim is limited to the Union Pacific Railway Company. The bill of particulars of the claims sued on show that the claims sued on were for services rendered by the consolidated company, to wit, the old Union Pacific, the Kansas Pacific, and the Denver Pacific. The *Union* Pacific could not sue the Government on the other claims, in favor of the branch lines, for the reason that if there had been a regular assignment of these claims to the Union Pacific, there is a statute of the United States which forbids any assignee of a claim against the Government from suing the Government upon it. So that this suit did not involve at all the amounts due for branch-line service, or for any service, except services on the consolidated railway.

Commissioner LITTLER. Then you still have such a claim?

Commissioner ANDERSON. No; that is what reduced the million and a half to $900,000.

The WITNESS. They owed us on account of branch-line service, in round numbers, enough, with the $900,000 which we paid in cash, to make the payment of this judgment a payment in full to December 31, 1882.

Commissioner LITTLER. Then the payment of the judgment in full, in the manner which you have described the payment, canceled all your claims against the United States up to that time for all services, both on the consolidated line and on all its branches.

The WITNESS. I so understand it, distinctly. That is the way I understand it.

Commissioner ANDERSON. Welcome the day, December 31, 1882. We have one reckoning point. I am obliged to you for discovering that day, Mr. Littler.

Commissioner LITTLER. We have made the landing on that.

The WITNESS. We have another dispute, and I suppose it is embraced within the scope of your inquiry. I do not know why it is not. It is this never-ending question of *net earnings*.

Commissioner LITTLER. You have said all you desire to in regard to the Government case?

The WITNESS. Yes, sir; I think so, unless you want to ask some question.

PENDING ISSUES BETWEEN UNION PACIFIC AND THE GOVERNMENT.

By Commissioner ANDERSON:

Q. Will you please state, in a short form, the different questions on which there is now an issue between the Government and the Union Pacific Railway system?—A. We claim still that for mail services rendered since December 31, 1882, we are entitled to the contract rate, and that the amount allowed by the Department is inadequate and unjustly small; but we have no suit involving that issue. The only suit that occurs to me as now pending between the Government and the company, growing out of existing legislation, is one now pending in the Court of Claims in respect of the *Omaha Bridge*, and our relations to the *Pullman Palace Car Company*.

THE OMAHA BRIDGE.

The dispute in relation to the bridge is this: It is twofold. The first is, whether the bridge is a part of the subsidized line of road. The second is, if it is, then the disallowance by the Government of the net

essary expenses which we incurred in enlarging and putting it in a state of repair and safety, was erroneous. It is, comparatively, as I understand, a matter of indifference to the company, under its view of the act, whether or not the bridge is subject to the Thurman act in respect to net earnings.

The facts about that bridge are these, as I understand them: The bridge and its approaches are $3\frac{97}{100}$ miles long. The bridge was commenced, as the proofs show, in 1869. All that was gone into in the case in the Court of Claims, and also in the case of Hall *vs.* The Union Pacific, known as the Terminus case. It proved to be a very expensive thing to bridge the Missouri River. They had to go a very great depth, not only below the water, to the bed; but the bed itself was mud that had been deposited there for ages, and they had to go a great depth to find a rock foundation for the piers. It proved to be a very expensive undertaking. That matter was referred to Congress, and on the 3d of March, 1871, they passed what is known as the Omaha bridge act, authorizing the company to build a combined railroad and ordinary travel bridge, and to issue two millions and a half of dollars in bonds. Note the date: 1871. This road had been completed in 1869. The act authorized President Lincoln to fix the initial point of the road on the Iowa shore.

By Commissioner ANDERSON:

Q. By the act of 1862?—A. That was by the act of 1862. Mr. Lincoln fixed it, and that is a matter of record. It was at a point on the Iowa shore some distance above the location of the present bridge. The road was commenced to be constructed from the Omaha side of the river westward, and it was accepted on that construction clear through to Ogden, and subsidy bonds were drawn, the last subsidy bonds being drawn in 1869. Therefore the subsidy account between the company and the Government was closed in 1869.

By Commissioner LITTLER:

Q. In other words, you had spent all your money before you got to the bridge?—A. Yes, sir, before we built the bridge. We never drew any money in respect of mileage from the Iowa shore. Do you understand that? That is a point. Then came the bridge act. This was after this road was completed and the subsidy bonds all issued. In this act the Congress of the United States says to this company: For the more perfect connection with the roads on the Iowa shore—that is, for the public good—you may build this bridge. That was a mere gratuitous grant of authority, as the Supreme Court held we had the power under the acts of 1862 and 1864. And you may, said Congress in 1871, for that purpose issue $2,500,000 of your bonds. They were accordingly issued. Now the question is, legally, did the Congress of the United States perpetrate a practical fraud on the public, or provide for the issue of an illusory security by saying, Yes, you may issue these bonds for the purpose of selling them in the market, and getting investor's money, to the end that you may build the bridge; but they are subject to the $27,000,000 and accumulated interest which this Government has on the road of your company? If that is the true view, then this bridge is subsidized, and the Government is entitled to 25 per cent. of its net earnings. That is the way it strikes me.

DOES THE GOVERNMENT LIEN INCLUDE THE OMAHA BRIDGE?

Q. Do you understand the lien of the Government for the $27,000,000 extends to and includes the Omaha bridge?—A. If it does not, then the Government is not entitled to 25 per cent. of its net earnings.

By Commissioner ANDERSON:

Q. Might it not be in equity subordinated to the $2,000,000 which were issued by its authority, and yet, as against the company, be entitled to a lien?—A. If that is the view—that the Government had a second lien—then the difficulty is that the Supreme Court of the United States has decided in the Net Earnings cases, 99 U. S., 402, U. P. case, but particularly in the K. P. case, 99 U. S., 455, and more notably in the Denver Pacific case, 99 U. S., 460, that the lien of the Government was strictly limited to those portions of the road in respect of which—or, in the language of the act and of the Supreme Court, in *consideration of which*—the subsidy bonds were issued. Hence, the Government has no lien on the Kansas Pacific beyond the 394th mile. Hence, it has no lien whatever on the Denver Pacific. Hence, the Government, on the Kansas Pacific, is only entitled to 5 per cent. net earnings on the 394 miles. Inasmuch, therefore, as in respect of the 3.97 miles, the length of the present bridge and its approaches, the Government never issued any bonds whatever, the analogy of this decision, if not its indubitable legal effect, is, that the Government has no lien on this 3.97 miles. That is another answer to your suggestion. I am giving no definite opinion about that; it would not have any weight if I did. If, however, that view is right, then the Government is not entitled to call on this company for 25 per cent. or 5 per cent. or any other part of its net earnings on the bridge. That is one dispute. It is only one of an indeterminate and interminable number of disputes that will always exist, since it is not within the wit of man to devise an act to prevent, as long as you keep on foot a scheme which requires you or requires the Government to have an account of the net earnings each year. That is not all this dispute. There is another phase of it.

The other phase is this: That bridge was built in 1871. It was finished, say, about 1872. The world does not stand still. At that time—I cannot give your figures—the tonnage was comparatively small. In 1871, I will venture to say, Nebraska had not 150,000 people. There are more people in this city of Boston to-day than there were in 1871, probably, in the State of Nebraska, in the Territory of Wyoming, and in all the region between the Missouri River and Ogden. Very well. The locomotives were light, the tonnage was light, and the bridge at that time was adequate to all the wants of the road and all the wants of the public. Now we are using locomotives that weigh—well, you will see a picture of one of them there on the wall. It is colossal in its proportions. It is in the interest of cheaper transportation. The company is availing itself of the experience by which the price of transportation has been reduced ten-fold almost since it was organized. We find that that bridge, to be safe—absolutely safe—and to meet this changed condition of affairs, has to be substantially rebuilt. The company is doing it in good faith, and as cheaply as it can.

By Commissioner LITTLER:

Q. You are doing it now?—A. Yes, sir; we are doing it now. And when the Government made up its account against us, and did not allow us anything for expenditures made in making this bridge safe and adequate, which I say is the same question which the Supreme Court decided, in principle, in the case which we have just got through with—

By Commissioner ANDERSON:

Q. (Interposing.) You mean the new construction case?—A. Yes, sir; that is, the dispute about the bridge.

THE PULLMAN CAR INTEREST.

The other dispute is somewhat like unto it. We had a contract for a great many years between the Pullman Company and ourselves in regard to passenger transportation on the Union Pacific road. Originally the contract was, I think (such as Pullman has with many roads), that he should supply the cars and the equipment of the cars; that we should keep them in order; that he should have all extra tolls paid by the passengers for the sleeping-car accommodations, and that we simply receive the ordinary fare. As you will see, when you come to go over the road there, a journey that contemplates four or five days more or less—for a great part of the traffic is overland—that is a very important thing I know I said once or twice to the president of the company when we were having our disputes with Pullman, "Why do you not shake him off?" He said, "Well, you do not know as much about this as I do. Pullman's cars have a great reputation." They are on the Northern Pacific line, are they not?

Mr. MINK. Yes, sir; I think so.

The WITNESS. "They are on the lines of our rivals, and it will not do for us, as a business matter, if we can avoid it, to allow our rivals to run cars with the reputation of Pullman's cars, and we have our own or some other companies' cars." The result was, and I think you will find it in the report, that our arrangement with Pullman was criticised by men that did not know as much about it as we did. Finally, we did this: We bought a three-fourths interest of Mr. Pullman in every car—all the Pullman plant—on our road, and gave him our notes for it (which we afterwards paid), so that we share in all the proceeds of that arrangement in the proportion of three-fourths to one-fourth. This has turned out to be a very advantageous arrangement for the company, as I understand. The figures will show you whether that understanding is correct or not, but I think there is no doubt about that.

Now, the other existing dispute between the company and the Government is this: The Government says, "You have got to account to us for 25 per cent. of the net earnings of the Pullman cars." I think there was some suggestion at one time by the company that the Pullman earnings were no part of the earnings of the company. I do not believe there is any such thing as that. I think we are bound to account for this, and I do not think the company seriously denies it. But we say that we have a right to deduct the original cost of this plant, paid to Pullman from our gross earnings, before we are to account for 25 per cent. of net earnings; and, strange as it may seem, the Government contests that point. That is to say, they say, "You must account for the 25 per cent. of all your net earnings from the Pullman cars, but we will not allow you to deduct from your gross earnings what you paid Pullman in order to get the plant that yields the earnings," notwithstanding the Supreme Court and the Court of Claims have decided that for ordinary equipment—for that is one of the issues in the cases—we can deduct the cost of the equipment.

By Commissioner ANDERSON:

Q. Was it paid for by an issue of bonds or securities?—A. No, sir; it was paid out of earnings.

By Commissioner LITTLER:

Q. Has the Government a second lien on it?—A. Certainly; your lien extends to the Pullman cars, or to our interest in them, undoubtedly.

THE POWER TO CONSOLIDATE.

A few words as to the power to consolidate:

The consolidation was made chiefly under the 16th section of the act of 1864, and, among other litigations, you will find that this act has been thus construed by the Supreme Court of the United States in the *quo warranto* case brought by the State of Kansas; that this act would authorize the consolidation, irrespective of the legislation of Kansas.

Q. Let me see if I understand that suit. That was a suit brought by the attorney-general of the State of Kansas, was it not?—A. Yes, sir.

Q. To inquire into the right of this Kansas Pacific Railway to consolidate with somebody else?—A. That is correct.

Q. The result of that was that in the court below they were defeated and they appealed to the Supreme Court of the United States?—A. No; that is not quite right.

THE SUITS BROUGHT BY THE STATE OF KANSAS.

Q. Will you let us have that just as it was?—A. The legislature of the State of Kansas, about five years after the consolidation, passed a resolution directing the attorney-general of the State to bring an action of *quo warranto* against the Union Pacific Railroad Company, and against the directors, based on the idea that the Kansas Pacific was chartered as a *State* corporation, or, rather, as Territorial corporation.

Commissioner LITTLER. Yes, and could not be merged.

The WITNESS. And that it could not be merged or lose its autonomy or identity by virtue of anything it might do without the consent of its creator—the State of Kansas. Two suits were brought, one against the Union Pacific Railway, to know by what authority it operated the Kansas Pacific, and one against the directors of the Union Pacific, to know by what authority they exercised their powers to manage the Kansas Pacific. Those suits were brought in the supreme court of the State of Kansas. I prepared a petition to remove the causes to the Federal court, on the ground, chiefly, that the company had a defense arising under the law of the United States, and the supreme court of the State, I believe, made no order, but they approved our bond. We filed the record in the Federal court; whereupon the attorney-general of the State moved to remand it to the State court, and Judge McCrary, the circuit judge, and the district judge sitting together, sustained it, and made an order remanding the cause to the State court. The act of 1875 gives an appeal or writ of error in such case to the Supreme Court of the United States, which we promptly took. The case was very largely argued—and was a very interesting case—in the Supreme Court, and they reversed that order to remand. (111 U. S., 449.)

Q. That was all there was in that case?—A. That was all there was in that case. But they decided that point, evidently, like the Supreme Court often does, giving fully its reasons so as to prevent litigation in the future. You will see, when you read the opinion of the Chief Justice in that case (111 U. S., pp. 449, 462), that he says that the act of Congress gave the right to consolidate, and therefore this is a case arising under the laws of the United States, their contention being that Congress could not give the right in respect of a *State* corporation. There was a great deal more about it than this. I showed in the argument that the Kansas legislature had asked that this very thing should be done; but the court do not refer to that, I believe, in their opinion.

Commissioner ANDERSON. You were explaining the validity of the issue?

The WITNESS. I was switched off the track there by the question put to me by one of the commissioners. This 16th section of the act of 1864, a similar but not quite as broad a provision being in the 16th section of the act of 1862, provides—

ACT OF 1864, SECTION 16.

That any two or more of the companies authorized to participate in the benefits of this act *are hereby authorized at any time to unite and consolidate their organizations*, as the same may or shall be, upon such terms and conditions and in such manner as they may agree upon, and as shall not be incompatible with this act or the laws of the State or States in which the road of such companies may be, and to assume or adopt such corporate name and style as they may agree upon [hence our change of name from railroad to railway], with a capital stock not to exceed the actual cost of the road so to be consolidated, and shall file a copy of such consolidation in the Department of the Interior.

INCREASE IN KANSAS PACIFIC STOCK.

The Kansas Pacific had a stock capital of only $10,000,000. The report of the Commissioner of Railroads shows that it cost $30,000,000, or in that neighborhood. Hence the authority distinctly conferred by this act to increase the capital, a right reserved in the very articles of consolidation, as you may recollect, to any amount "not exceeding," in the language of this act, "the actual cost of the roads to be consolidated." That stock was issued for cash pay. It was paid in cash. The auditor of railroads was notified. His answer was received that, under the circumstances and for the purposes for which that capital was proposed to be issued, "this office sees no objection to it." That is all I want to say on that.

Commissioner ANDERSON. Were $10,000,000 actually received for it?

Mr. MINK. Nearly—within a few hundred dollars. I have a full account.

The WITNESS. I want to say one other word. You will see—I do not know whether you consider that you have the question of the legal power to consolidate referred to you or not?

Commissioner LITTLER. Not necessarily, I presume.

Commissioner ANDERSON. Only to report the facts.

MANNER OF CONSOLIDATION DEFINED.

The WITNESS. You will see that this act of Congress says they may consolidate "upon such terms and conditions and in such manner as they may agree upon, and as shall not be incompatible with this act or the laws of the State or States in which the roads of such companies may be." You will find that we not only complied with the provisions of this act, but we held consolidated meetings in Nebraska and Colorado and Kansas and assimilated the proceedings in those States to proceedings in like cases under consolidations made by State corporations under their laws.

By Commissioner ANDERSON:

Q. What other issues are there between the railroad and the Government?—A. I see some question made here in this act creating this Commission, as to our power to issue the collateral trust mortgages and guarantees. Counsel have written an opinion on that subject, which is

already before you, and I do not care to restate the argument, unless you desire it.

Commissioner ANDERSON. We only want our attention called to the disputes.

POWER OF COMPANY TO CREATE DEBTS.

The WITNESS. You will notice that in the act of 1873 there is no limitation on the power of the company to create debts. The only limitation is, You shall not make any mortgage or pledge on your property or earnings without the consent of Congress. That provision we have never violated; for in the contract by which we guarantee the Oregon short-line bonds, and in the contract by which we guaranteed the Saint Joseph bonds, we put an express clause, which you will find there, that nothing in this contract shall be construed as being any mortgage or pledge of the earnings or property of this company. Every lawyer knows, I take it, that a mere personal guarantee would not, in law, amount to a mortgage or pledge of the earnings or property of the company. But there seems to be a sort of popular impression that every time we have done that we have violated an act of Congress—a view which no lawyer entertains.

Commissioner LITTLER. Where is the precise form of that guarantee? I suppose the guarantee is stamped on each of those bonds.

FORM OF GUARANTEE OF INTEREST ON OREGON SHORT LINE BONDS.

The WITNESS. Yes, sir. The guarantee of interest by the Union Pacific Railway Company of the Oregon Short Line bonds is in the following form, stamped on each bond, to wit:

The Oregon Short Line Company, the obligor herein, having guaranteed to the Union Pacific Railway Company certain perpetual rights, privileges, and easements, and having also entered into a perpetual agreement with it for the interchange of business, dated the 12th day of January, A. D. 1882, and the Union Pacific Railway Company, in consideration thereof, having agreed, as therein provided, to such division of joint earnings as shall be sufficient, with the other net earnings of the Oregon Short Line Railway Company, to provide for the payment of the interest as it becomes due on this series of bonds.

Now, in consideration thereof, and of one dollar to it in hand paid by the said obligor, the Union Pacific Railway Company hereby guarantees for the holder thereof, for the time being, that the obligor herein will pay each of the coupons attached to these bonds when it falls due.

In witness whereof, &c.

That is signed by the Union Pacific Railway Company. It is not a guarantee of the principal, but of the interest.

Commissioner ANDERSON. The point is that it does not purport to pledge or guarantee either the property or the future earnings.

The WITNESS. Not at all; but such guarantee is expressly excluded by the terms of the contract referred to by the indorsement on the bonds. The contract itself distinctly provides that it shall not be construed as pledging the earnings, or creating any lien on the property of the company.

By Commissioner LITTLER:

Q. Is that contract on record anywhere?—A. It is referred to in the guarantee, and hence everybody is bound to notice it. It has been reported to the Department of the Interior and is there. It is the same as to the Saint Joe guarantee. The contract itself says that if we ever lose possession of these roads our guarantee ceases. So that if anybody gets the road out of our possession we are not any longer bound by our guarantee.

Commissioner LITTLER. Is that all you wanted to say?

The WITNESS. That is all I think of; I have some general notions, as the result of my general experience in undertaking to conduct the legal affairs of the company, as to the Government with reference to the adjustment of relations, but I do not know that a lawyer's opinion is worth much.

Commissioner LITTLER. Suppose you make any suggestion that may occur to you.

PLAN OF SETTLEMENT.

The WITNESS. I will make it very briefly. It seems to me that it is desirable, both for the Government and the company, which have, after all, a common interest, that, whatever may be done, it is wise to avoid, if you can, perpetuating any relation that requires an account of net earnings to be kept. If that were not so intrinsically difficult, it might perhaps be fairer, in the long run, than to have a fixed sum; since it makes the ability of the company to pay in any year to be measured by its success in that year. But, on the other hand, the difficulties of such an arrangement are so numerous as to overcome any advantages it may have in that respect. As I said before, and as the long history I have given tends to illustrate and emphasize, it is not within the wit of man to avoid these disputes if you have a state of affairs existing which requires an examination every year as to net earnings. If you undertake to go into great detail and to enumerate everything, then you run against the difficulty which a legislature would have in trying to make a code or a system of statutory law to meet every possible case that might arise. If you deal in general terms, then you have differences of opinion, and as the opposite parties in the controversies the Government, with no power to compromise. Hence there is inevitably a lawsuit. Every difference of opinion eventuates, of necessity, in a lawsuit. The Secretary of the Interior will say, "I cannot sit down with you as two men might do, and say 'this trivial matter is not worth a dispute and we will settle it.'" He cannot do it. If you have an account of a million dollars and you have a dispute as to ten dollars the whole thing is tied up, unless the company yields. The company cannot always yield. There is no one authorized to bind the Government. I do not make that as a complaint. It would be dangerous for the Government to invest its officers with any discretion. This difficulty is inevitable. That being the case, it is desirable, if you can, to substitute a fixed sum in the place of keeping an account. It would be more satisfactory for both parties. That is one suggestion I have to make.

A NATIONAL ENTERPRISE BORN OF NATIONAL NECESSITY.

Another suggestion is this: I love to picture a government as the highest embodiment of equity and justice. The condition of affairs here between this company and the Government is extraordinary, and, in some respects, anomalous. If you turn to the judgment of the Supreme Court of the United States in the "Interest Case," delivered by Mr. Justice Davis, you will see graphically portrayed the condition of affairs which the older among us recollect very well, especially those who, like some of us, lived in the West, which existed in 1862, when this legislation originated. I will not go over it, except so far as it bears on an equitable adjustment here; but it has a very great bearing in some respects. The courts say in that case, and they only affirm history

in saying it, that this was a great national enterprise originating in national necessity. The War of the Rebellion was flagrant then. We dreaded, night and day, foreign interference. It was a dread not without its foundation. Our Pacific coast possessions, a part of them acquired by Mr. Jefferson and a part of them acquired as the result of the war with Mexico, were in peril. Deserts and mountains intervened between the settled portions of this country and the Pacific coast, and all parties, with one voice and one acclaim, said, "We must have a road to the Pacific." In the State of Iowa to-day, with a population of two millions of people, or nearly that, no road had penetrated farther from the Mississippi than, I think, about 50 or 75 miles. In the great State of Missouri, with all the aid which the State of Missouri had been able to give to the Missouri Pacific—and it amounted to millions—I think it was not beyond Sedalia at the time of the rebellion. There was but one road, as I recollect it, to the Missouri River, and that was the Hannibal and Saint Joseph. If you have the report of the debates which are published in this form under the act of 1862, you will be very much instructed by recurring to them. Why, this whole country at that time was an unexplored wilderness. The lands were not surveyed, except for a little way.

Commissioner LITTLER. The lands of Kansas and Nebraska were, I think.

The WITNESS. A little ways.

Commissioner LITTLER. The homestead of Kansas, I think, was surveyed at that time.

THE INITIAL DIFFICULTIES.

The WITNESS. I doubt it; it may be, but not so with Nebraska. Hence, when Congress came to fix the initial point of this road, they could not do it except in the most general language. Now comes in a great equity. The Government said at first we will take a first lien; we will give you so many bonds, and we will give you so much land; that is the act of 1862. Capital would not build the road. They had to enlarge the grant of lands. I think it was doubled, and they subordinated their lien to the first mortgage, and then, for the first time, they got capital ready to venture. It looks like a simple thing now, but some of the ablest men in Congress said "You will never succeed; you cannot build the road; you cannot operate it over those mountains; it will be snowed under in the winter; they are inaccessible;" and they voted against the project on that ground, as impracticable. It was agreed finally that the Government would make these advances on a second mortgage. It was agreed that the interest was not to become due or payable, neither due nor payable, until the principal should become due. It was agreed that the only sinking fund, or anything in the nature of a sinking fund, which was required to meet this interest was 5 per cent. of the net earnings, and originally the Government said "*all* of our transportation," but finally they said "*half*." I will concede that it was supposed at that time that it would be much greater than it has proved to be, because if you will look at what it cost the Government to transport their mails and to transport their munitions of war, and, supposing that the railroad service would have any sort of approach in amount to what the Government had to pay, one-half the transportation and 5 per cent. of the net earnings of this road would have kept down the interest. But the result was that when you got this road through there the amount for mail transportation, certainly on the basis on which it was finally settled, came to a comparatively small sum. Somebody here

will give you the figures. The large expense which the War Department had been compelled to incur year after year, almost constantly, in order to fight the Indians, was, by the beneficent effect of building this road, entirely removed. Hence, this road, as the very result of its construction, has removed the necessity of any Government transportation. Hence, the amount does not equal the annual accumulations of interest. But that is the contract. In one respect it has perhaps been unfortunate for the company that this contract was made in this form. But the point I want to emphasize is this: The Government says:

We will advance you this money, and you need not pay the interest until the principal is due, and in the way of a sinking fund you shall only be required to pay 5 per cent. of your net earnings and one-half of the Government transportation.

That was the contract clearly. The iron for this road had to be got over the Missouri, and had to be taken up by steamboats and transported and transferred, and it cost $150 a ton. Ties cost two or three dollars apiece. There was not any timber in this region.

THE "PAPER COST" OF THE ROAD.

Commissioner ANDERSON. You do not deny that the paper cost of this road was at least twice its actual cost?

The WITNESS. The Wilson committee made a report on that.

Commissioner ANDERSON. So has Mr. Adams.

The WITNESS. That may be.

Commissioner ANDERSON. That is where the whole trouble came in.

The WITNESS. Is there a road in the United States that has any different record?

Commissioner ANDERSON. But they all get into trouble when they do that.

The WITNESS. No, sir.

Commissioner LITTLER. Confine yourself to the suggestions and please go on.

The WITNESS. I am coming to that. Now, it necessarily cost what a road would cost to be built when gold was at a large premium and wages were high. Scores of men were killed by hostile Indians during the progress of building this road. It was necessarily capitalized at enormous cost, to say nothing about paper cost. Now, in order to get this road—for, as the Supreme Court says, this act of Congress is in the nature of a proposal to capitalists to come in and advance their capital—the Government agreed to pay for it and agreed that it should cost this sum and to take their pay in this way. They could not foresee that within the thirty years when this debt would fall due you could get steel rails, which will last four times as long as the iron rails, for one-quarter the cost of the iron rails that went into this road. Congress did not believe, as you will see by the debates, that there would ever be any other road. The only speeches made in favor of this road were to this effect by the sanguine men: This road will carry the silks and teas of China and the Orient. But no man, no American statesman, foresaw that what he supposed was the great American desert, as well as these mountains, would yield a local business. That never was pictured, never thought of. Hence, you see no provision in this charter for building branches. They were glad enough to get a main line. They did not make any other provisions.

When a government of Europe puts its money into a road it says: "No other road shall come within so many miles of it," and protects it.

We are handicapped. We have no express charter or power to build branches and to protect ourselves, no power to issue stock, no power to take a lease, yet our rivals can go in there, with all the elastic and plenary power conferred by the States, and build right alongside of us at a cost of fifteen or twenty thousand dollars a mile. And they do it.

THE PRESENT SITUATION A LEGITIMATE OUTGROWTH.

I say that the existing condition of things, the size of this debt, and everything has legitimately grown out of this legislation, and the Government must do just as Mr. Spaulding said this morning: Instead of seeking to cripple its debtor, it must support and sustain him. It has a common interest with him. If you will allow me to say it, if I were the Government, or if any private individual had the Government's power and the Government's interest in this matter, the Government need never lose a dollar of its debt. On the other hand, with hostile legislation handicapping this company, its rivals being free, there might be danger. This company could be crowded to the wall, so that the future of the company depends upon the character of legislation. In many instances in the last six or seven years there have been railroad companies which have had debts falling due in large amounts—millions of dollars. The companies do not pay, except by way of renewal. Congress must have intended that this debt should be renewed. Here were $27,000,000 and accumulated interest, it might be, and there was no provision for a sinking fund, you see, to wipe out the principal. What did they mean? They meant either we will renew it or we will deal with it when we have to. That is all. They must have intended that the debt should be renewed.

All I have to suggest, in addition to what I have said, is this: Make provision for an extension and renewal of this debt, or of such portion of it as you can see the company will not be able to pay when it is due. Mr. Spaulding made a most sensible observation when he said: You should see not how much you can get out of the company, because it may have hard years, you may have revulsions, and you may have periods of depression for five or ten years; but how much can the company surely pay each year and live? How much can it certainly pay?

Commissioner LITTLER. Pay it in gross?

The WITNESS. Fix the amount. Do just as is arranged in any other railway mortgage. I have drawn scores of them. If you do not pay as agreed after the lapse of six months or a year, or on a certain demand, it will all fall due and be foreclosed.

LET THE COMPANY DISCHARGE ITS DEBT.

Then comes another point. You want your money. Every creditor wants his money. This is a grand and noble property, and you will find it to be so. It is beyond all odds the best route to the Pacific. It is the Broadway to the Pacific. It is the natural way. A company owning this property will be stronger if its relations with the Government are defined and set on a basis that the public can see there is no danger of insolvency arising from the enormous amount that it owes to the Government in any one year; and the easier those terms are the stronger the credit of the company. That is plain. If the Government cannot foreclose on us, if we pay $500,000 every year, we are certainly stronger than if we have to pay $2,000,000, and the investment public

knows it. Therefore the more secure those relations are the better the credit of the company. This extension ought to be accompanied with a provision that whenever we pay so much money we may make a mortgage. The money we are to pay may be the present worth of the Government debt, if you please, or whatever the sum may be; and it should be every cent the company is able to pay. I cannot state what that is; it may be the whole debt or less; but whenever the company is prepared to pay the present worth of that it may make a mortgage and pay the Government its whole debt. You ought rather to encourage the company to do it, and take the money. Then, when we come to an easy money market, such as we have had within the last five or six years, we can raise money at 4 per cent. or 5 per cent., and pay the Government off. The problem is simple, to my mind, very simple, as to what ought to be done. I understand the Illinois Central is now liquidating a 7 per cent. loan with money negotiated at 3½.

LET THE COMPANY HAVE ITS AUTONOMY.

By Commissioner LITTLER:

Q. Have you any suggestion to make as to legislation with reference to the increased powers as to the acquisition or construction of more branches?—A. I see the difficulty. The power to build branches, like every other power, may be abused. At the same time to deny a power is to stifle a railroad. If you change the basis from net earnings to a fixed sum, with power to declare your debt due, if we do not pay as agreed, let the company have its autonomy and manage its own business in its own way. Then, if it makes a mistake it suffers for it. I should say this: That the Union Pacific, if it is to flourish, ought to have all the powers in the several States that its rivals have. That would be my general conclusion. Here is the Missouri, Kansas and Texas, that Commissioner Anderson knows about, for we have been fighting over it on different sides. Its consolidated mortgage is $40,000,000 or $50,000,000. It owes as many dollars as the Union Pacific per mile, or with reference to the value of its property; but its bondholders do not come in and say, "We have got to have a representation on your directory; you have got to keep an account with us, and keep an account of every dollar you spend." They stand on their rights. They say, "We will stand on our rights. If you do not pay as agreed we will foreclose and take the property." The Government is not a creditor whose situation is different from every other mortgage creditor in the land. I mean railway-mortgage creditor.

Q. Assuming that some of these suggestions should be adopted by Congress, does it lie in the mouth of any of the lien-holders to object to such radical changes?—A. There are no junior lien holders who can complain. It does not occur to me that they can complain. You can extend a first mortgage, but the second mortgage cannot complain of that. That, I think, is well settled law. They would have no ground to complain of an arrangement that reduced the amount of charges from what they were when they took their liens.

JOHN F. DILLON.

The Commission then adjourned to Wednesday, June 1, 1887, at 10 a. m.

EQUITABLE BUILDING,
Boston, Mass., Wednesday, June 1, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

EDWARD PORTER ALEXANDER, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. You have been a Government director of the Union Pacific, I believe?—Answer. I was, from the summer of 1885 until February, I think, of this year.

By Commissioner LITTLER:

Q. Where do you reside?—A. I reside in Savannah, Ga. I am president of the Central Railroad and Banking Company, of Georgia.

By Commissioner ANDERSON:

Q. How much attention have you given to the affairs of the company?—A. I made three trips over the road during the time I was on the board, and I attended all of the meetings of the full board of directors, and most of the meetings of the executive committee.

By Commissioner LITTLER:

Q. What committees were you on?—A. I was on the executive committee. I do not remember that I was on any other.

By Commissioner ANDERSON:

Q. Have you been over the branch roads as well as the main line?—A. Not all of them. I have been over some of them.

Q. Which?—A. I have been over the road up to Georgetown (the Oregon Short Line); the road up to Butte City.

Q. That is the Utah Northern, is it not?—A. The Utah Northern; and down to Salt Lake.

Q. That is the Utah Southern?—A. Yes, sir; and then from Denver up to Cheyenne. I was on one or two of those roads along there.

Q. The Denver Pacific?—A. Yes, sir.

Q. Have you been over the Colorado Central?—A. I forget.

Q. It is from Denver to Cheyenne, but a roundabout way?—A. Yes, sir.

Q. You have not been over the other route?—A. I have been there twice, and I think once by each route. That is my recollection.

Q. Have you been to Leadville?—A. No, sir.

Q. What investigation have you made of the earning power of the Union Pacific Railway itself, I will ask you first?—A. The investigations that I made are given in the annual reports of the Government directors for the last two years. I cannot carry figures in my head.

Q. I am only asking how far you personally have examined the question, and how far you have merely received the reports of the officers of the company.—A. Of course I have not looked at original papers and bills of lading; I have accepted the annual statements of the company as representing the results of its operations.

Q. And those you have examined with some care?—A. Yes, sir; quite fully, and studied them, to arrive at what you express, or what I would call, the earning power of the company. I made a very full and careful study of that, and analyzed the condition of the loan upon the

company more fully than I have ever seen published before. It is in the first annual report which I made as chairman.

Q. It is all reduced, if I remember right, to a mile unit?—A. Yes, sir; to a mile unit.

By Commissioner LITTLER:

Q. Where is that report?—A. You have it; it is dated late in 1885, or early in 1886.

Commissioner ANDERSON. We have plenty of copies.

The WITNESS. I had before the general impression that the load upon the company was a very heavy one, something like $100,000 a mile, and I was quite surprised to find, when analyzed, and taking credit for its assets, what it really was,—a very small amount.

By Commissioner ANDERSON:

Q. You refer us to your statements in the report of 1886 as containing a complete and accurate statement?—A. Yes, sir; both reports,—1885 and 1886. The first is the fullest.

RELATIONS OF BRANCHES TO MAIN LINE.

Q. Have you examined particularly the relations held by the branch lines to the financial affairs of the Union Pacific Railway?—A. Not an exhaustive examination of each one, but an examination as to the results of the whole, and have inquired into their relations, and the manner in which they were working, and as to how the earnings were divided.

Q. When you say that you made an examination of the whole system of branch lines, do you mean an examination based upon general considerations relating to the advantages of a branch-line system-or do you mean an actual examination based upon the statements of the actual business done by those particular branch lines, and of the advantages of the haul of such business, to the parent line?—A. I mean an examination as to the amount derived by the main stem from these lines as feeders.

Q. When did you make that examination? On what years was it based?—A. Both 1885 and 1886.

Q. Did you reduce your conclusions to writing?—A. Yes, sir; I forget exactly how fully, but I think both of those reports make reference to it, and give some condensed figures on the subject.

Commissioner ANDERSON. I would like to look at the report, to refresh my memory.

Mr. JOHN F. DILLON. I have not the Government directors' report of 1886.

Commissioner LITTLER. Is it in the annual report of the Union Pacific?

The WITNESS. It is in the annual report of the Union Pacific.

Mr. JOHN F. DILLON. Here is one dated Boston, November 22d, 1886.

NET EARNINGS FROM BRANCH LINE SYSTEM.

The WITNESS [reading from the Report of 1886]:

The earnings of the system from traffic interchanged with its branch line system have been kept for twelve months, and were in gross $5,220,938, or about 30 per cent. of the total earnings of the parent company.

As this traffic is done at less average cost than its other business the net earnings from it are estimated at over $3,000,000, or 50 per cent. of the total net earnings.

This is page 152 of the Report of 1886. You will see two or three little paragraphs of the report on it.

Q. As to this sentence, "The earnings of the system from traffic interchanged with its branch line system have been kept for twelve months." Was that conclusion reached by you from information which the officers gave you, or from an examination of any book?—A. From information gathered here. The records are here. Mr. Adams told me shortly after I came on the road that there had never been separate statistics made of the earnings of the main stem from the branch lines; that he was just having it done.

Q. I ask you whether your conclusions, that the amount of these earnings were $5,220,938, were figures that you received from Mr. Adams, or that you took from a book?—A. Those are figures that I received from the comptroller, Mr. Mink.

Q. So that we cannot get any more force on the question of their accuracy by examining you than we could from Mr. Mink?—A. Oh, no, sir. Of course those are all made up from the details of the ten thousand way-bills.

Q. When you come to examine the principle by which they are made up, so as to see whether in very truth the existence of the branches are a benefit to the parent line, and, if so, of how much benefit, we want to know how closely the person making that statement bases it on a full appreciation and comprehension of the principle of division which has obtained in stating these accounts?—A. From my knowledge of the way in which railroad accounts are kept I feel entirely confident that that thing is correct to a cent, or else that the comptroller is not to be relied on to make a plain statement, for every way-bill that comes in representing a certain amount of freight, for instance, that has gone from Omaha, we would say, to Georgetown, will show the division of the total earnings between the main stem and the Georgetown branch. That is made up of the sum total of all divisions of the rate, and either it is correct to a cent, and that is the way the money was divided, or else the comptroller has deliberately made false reports.

Q. That we do not assume. Your understanding is that this sum, as stated, and which is designated as "traffic interchange," is the gross amount of traffic going in both directions, and passing partly over the parent line and partly over one of the branch lines?—A. Not the gross amount but the gross amount received by the main stem of freight that was exchanged. The earnings of the Georgetown branch, for instance, would not be in that. The statement is, "Earning of the system from traffic interchange with the branch lines." "This is in addition to the net earnings of the branch lines themselves," which you see in a later paragraph.

Q. I take your correction; you are perfectly accurate; the statement is that this sum of $5,220,938 represents the payment to the parent line?—A. Yes, sir.

Q. For its proportion of the interchanged business, and the interchanged business refers to all the business which passes partly on the parent line and partly on the branch line?—A. Yes, sir; both ways, I understand it.

METHOD OF DIVISION BETWEEN BRANCHES AND MAIN LINE.

Q. Do you understand in what manner the separation has been effected in order to determine what proportion of this interchanged traffic belongs to the parent line, as being its share of the earnings?—

A. The system adopted on the Union Pacific, which is a common one on all roads, is to give to the branch line a mileage, either actual or constructive, depending upon the circumstances of the case. When that mileage is once determined on or arrived at, then there is a basis for dividing the through freight. Suppose it was a thousand miles to Georgetown and 150 miles for the branch; that 150 miles, either actual or constructive mileage, as the case might be, is agreed upon, and then, when freight comes in, the comptroller will divide it. He will assign to the Georgetown branch, we will say, $\frac{150}{1150}$ and to the main stem $\frac{1000}{1150}$, making the total amount.

Q. So that for the purpose of applying what is considered a just and proper division as between the parent stem and the branch, the mileage of the parent stem is taken straight, the mileage of the branch is fixed by consent of the parties at a number in excess of the actual mileage, and bearing the relation of 1¼, 1½, or 2, or 2½ to the actual mileage, then the original straight mileage of the parent stem is added to the constructive mileage of the branch for the denominator, and the actual mileage of the parent stem is used as one numerator, and the constructive mileage of the branch line is used as the other numerator?—A. Yes, sir.

Q. And these are the factors which are employed for the freight that is to be divided?—A. Yes, sir; that is the common way among railroads that work together of dividing business and of putting in anything of that sort to save a separate tariff sheet with what we call "arbitraries" upon it. As an illustration of this sort of thing, a gentleman was stating to me yesterday the East Tennessee, Virginia and Georgia line receives its freight at Norfolk, and there is a transfer from boat to rail there. That transfer is put in as being 15 miles constructive mileage. Now, as to any freight going, we will say, from New York to Lynchburg, Va., the water line has a constructive mileage of, say, 200 miles. That is given to the carriage by water. It might be probably 500 more or less, actual distance, but it would be called (as water carriage is cheaper than the other) a constructive mileage to two-fifths, or half.

By Commissioner LITTLER:

Q. Of the actual distance?—A. Yes, sir; because that is water and is cheaper. Then comes the wharf and transfer, and that is put in as 15 miles.

Q As a matter of fact it may be a mile or less?—A. Yes, sir: or possibly a hundred yards. Then comes the actual rail mileage.

PRINCIPLES OF CONSTRUCTIVE MILEAGE.

By Commissioner ANDERSON:

Q. In order to determine whether the application of this principle is a just one or not, what elements should you consider in regard to the interest existing between the branch line and the parent line?—A. In the first place I would consider the length of the branch line; because a very short road cannot pro-rate strictly with a long road. As, for instance, two or three years ago, or a few years ago, I helped a railroad down in Georgia, or helped a town in Georgia, to build an 8-mile branch to strike the main line running from Augusta to Atlanta, at about 100 miles from Augusta. This little branch was 8 miles long. They wanted to make through rates for them, and they could not afford to pro-rate on 8 miles. I put them in, I think it was, at 25 miles. This

saved printing any new tariff sheet; freights to that place (Monroe) were charged 125 miles, and it was divided in the proportion 100 to main line and 25 to the branch. That is an illustration of a road where large constructive mileage was given on account of the shortness of the road. Sometimes you will give it to a local road simply because it is a local road, and a local road is entitled to a little higher rate because it can control the freight. Sometimes it will be given on account of heavy grades and trouble and greater expense in working. I think it was on that principle that all the roads east of Omaha gave constructive mileage to the Union Pacific from the very beginning.

Q. What other considerations occur to you as bearing on the question whether the constructive factor is a just and fair one or not? I call your attention to the possible complications that may arise where the interest of the branch corporation and of the parent corporation are so intermingled that, for any reason whatever, the parent corporation desires either that the branch road shall receive less than its due share, or that it shall recive more than its due share.—A. I have mentioned, I think, the only consideration, or the usual considerations, that call for and require the constructive mileage, or that suggest constructive mileage, as the simplest and the plainest way to keep a division of earnings between a road and its branch, and give the branch what the particular circumstances require. If there are any other considerations than those of length and grade, and the fact that the branch road may have very little business, and that you must give it enough to sustain it, they do not occur to me.

HOW CONSTRUCTIVE MILEAGE COULD BECOME AN ABUSE.

Commissioner ANDERSON. I will give you an illustration. For instance, it is said that the direction of the Missouri Pacific, in order to give advantage to and benefit the Missouri Pacific in its dealings with the branches of that road, or the extensions of that road—that is to say, the Missouri, Kansas and Texas, and the International and Great Northern, and, in former years, the Texas Pacific—so directed the formation of the constructive factors that in applying them to interchanged traffic a very much larger proportion of the amount earned was forced into the credit of the Missouri Pacific at the cost of the branches, for the purpose of promoting the interests and increasing the value of the Missouri Pacific stock. I do not say that this is true, but I suggest it to you as an illustration of what I mean.

The WITNESS. I still do not see exactly what I am to answer.

Q. I ask whether these considerations of mutual interests, apart from arithmetical considerations, such as you have given, may not lead to the establishment of unjust factors of constructive mileage?—A. Oh, it might, of course. The management of a road which managed also the branch road, and was therefore on both sides of the bargain, could make any bargain. Where the board of directors were on both sides, they could make any bargain they chose. I was simply speaking of the way in which those bargains are generally arranged among railroads, where they are fairly managed. It is a difficult thing sometimes to say exactly what is fair.

Q. Even assuming that the directors are entirely honest, if there is a motive to throw a larger proportion of the earnings into the branches than they would be entitled to receive, then, in your judgment, is it entirely safe to leave to a direction which has the adjustment of both sides of the question the determination of these factors? That is, as

suming them to be perfectly straightforward men.—A. If there is a motive to do what was not fair, of course it would be better to leave it to some other tribunal, if there was any other tribunal in existence.

BEARING OF CONSTRUCTIVE MILEAGE ON GOVERNMENT'S 25 PER CENT.

Q. As applied to the precise branch lines of the Union Pacific Railway, did you ever examine the question with the realization that there might be a motive to induce the directors—even on the assumption that they meant to be perfectly fair—to exaggerate the earnings of the branch lines, by reason of the effect that might have on the requisition that might become due to the United States on the 25 per cent. of net earnings?—A. I often saw that charge in the papers, and from all that I have ever seen and known of the divisions that are made, I have considered it entirely unfounded.

Commissioner ANDERSON. That is exactly what I wanted to get from you.

The WITNESS. The constructive mileages that are allowed seem to me to be not at all too liberal to the branch lines, if as liberal as they ought to be in many cases—such as the mountain roads that have heavy curves and grades, and where the expenses are very great and the earnings are small. The fact of the matter is, in adjusting those things, it is a hard thing to do until you try it on and see how it will work. A fair adjustment would be shown, would prove itself—the proof of the pudding being in the eating—in the branch lines making a good showing at the end of the year. According to the proof of this pudding, they have given them hardly enough. The constructive mileage allowed is not enough, because none of the branch lines show excessive earnings, and a great many of them show a great deficiency; and I think if they were owned by outside stockholders, the outside stockholders might very well object, in many cases, and go to the Union Pacific board and say they wanted a larger constructive mileage, because the business did not pay their expenses.

Q. In making the assertion that the branch lines make a poor return of earnings, do you refer to mileage earnings, or to earnings as based on the bonds and stock issued in the construction of the branch roads?—A. I refer to their net earnings, as compared with the fixed charges upon them.

Q. You do not refer to mileage earnings? That would be a better test, because there might be an overissue of stock or bonds?—A. Yes, sir; there might be. I speak of it more with reference to what their fixed charges are. A road ought to meet its fixed charges.

Commissioner ANDERSON. Unless its fixed charges are exorbitant?

The WITNESS. Unless they are exorbitant, and I do not know that they are on any of these systems.

REASONABLENESS OF CONSTRUCTIVE MILEAGE ALLOWANCES.

Q. However, I understand it is the result of all the examinations you have made, that the factors allowed to these branch roads are quite reasonable, and that in no case do they give any evidence of a design to divert the earnings so as to escape the burden of the United States 25 per cent.?—A. No, sir; from my knowledge of the way in which this constructive mileage is applied in railroads all over the country—and I have been a practical railroad man, and have been familiar with it for many years, and with the constructive mileages given—I think the injustice, if anywhere, is toward the branch lines.

NON-SUPPORTING BRANCHES OF UNION PACIFIC.

Q. In regard to the physical characteristics and the financial management of these branch lines in detail, are there any of them that you can refer to as being either undesirable or not self-supporting?—A. I cannot recall now the names, but there are some. I think particularly the Leadville line.

Q. The Denver and South Park?—A. The Denver and South Park. That was perhaps a particularly poor one.

Q. That is the blackest of all black sheep? Do you know anything of the Kansas Central?—A. I do not remember anything about that. It was my general recollection that that was a poor one.

Mr. JOHN F. DILLON. That is a narrow-gauge road running out from Leavenworth.

Mr. ADAMS. It is not a branch at all. It is a competing line.

The WITNESS. I do not know about that one.

Commissioner ANDERSON. You would not call it a competing line now, would you?

Mr. ADAMS. Yes, sir; it competes with our main line.

Commissioner ANDERSON. It is not a feeder?

Mr. ADAMS. No; it is not a feeder.

NECESSITY FOR BRANCH LINES TO UNION PACIFIC.

By Commissioner ANDERSON:

Q. Please give us your views, based on what you know of the territory occupied by the Union Pacific, and of the adjoining territory, and of the tributary valleys, which have led you to such conclusions as you have formed in regard to the necessity for the existing branch system, and in regard to any policy which should be pursued in respect to the same subject in the future.—A. Briefly, I think there can be no question on the part of any railroad man who examines the country and the system of the Union Pacific, and who sees the sources from which it now derives its revenue, and appreciates the competition for territory that is going on among the other systems that are stretching out there to the west, that the existing system of branch lines (the subject of criticism, perhaps, as parts of it are) has been the actual salvation of the road, and that it is of the utmost importance to its future prosperity that that system should be promptly and very considerably expand; that it should occupy the territory that is naturally tributary to it, and it should do so promptly before other lines do.

NEW BRANCHES SUGGESTED.

Q. Can you be more specific in regard to the particular places where, in your judgment, business is threatened, and where the branch lines would be of service?—A. Yes, sir; I think I mentioned one or two in the last report. The road from the crossing of the North Platte. Is that Rawlins, Mr. Adams?

Mr. ADAMS. You mean from Fort Steele down.

The WITNESS: From Fort Steele south, into that coking coal territory, I think, a road there of very great importance.

Mr. ADAMS. Will you point that out on the map?

The WITNESS (Indicating on the map). From Fort Steele practically to Dillon, with some branches, one or more, to the coking-coal and anthracite deposits.

Q. Is Fort Steele the same as Rawlins?—A. No, sir.

Commissioner ANDERSON. Fort Steele is a point on the Union Pacific in Wyoming, near the intersection of the north branch of the Platte River, and the branch indicated runs a little east of south to Dillon, which is on the branch line of the Gunnison, South Park and Pacific Railway.

The WITNESS. With one or more branches to coking-coal, anthracite, and mineral deposits.

By Commissioner LITTLER:

Q. Do you refer now to the coal deposits on the Grand River?—A. I think it is on one of the tributaries of the Grand River.

Q. Is Glenwood Springs the point at which they are building this standard gauge across from Leadville to Aspen?—A. Yes, sir.

Mr. ADAMS. The anthracite coal fields are right there, near the northern boundary of Colorado. In occupying that territory and getting in there, often there would not be more than one or two available gaps to reach some of these deposits and valleys, and it is of great importance, I think, to the Union Pacific to get to them before other lines do.

By Commissioner ANDERSON:

Q. What would be the cost of constructing such a road?—A. That would be impossible for me to say without investigation.

Q. Without going over the country closely, you could not say?—A. No, sir.

Mr. ADAMS. We have the exact estimates, if you ever want them.

The WITNESS. There are some branch roads, too, in Oregon and Idaho that should be put in.

Mr. ADAMS. I have estimates of the cost of such branch roads, and I will put them in.

By Commissioner LITTLER:

Q. What is the length of that proposed line?—A. About 400 miles.

Commissoner ANDERSON. Now, you may proceed with your description.

DESIRABLENESS OF ADDITIONAL LINES SUGGESTED IN REPORT TO GOVERNMENT.

The WITNESS. My last report refers to these lines as follows:

A number of additional lines should be undertaken at an early day in order to reserve to the main line its due proportion of territory. Among them perhaps the most important is a line from Fort Steele south to Aspen, and to a connection with the Colorado division at Dillon. This road would bring together the ores of Colorado and Wyoming Territories with the best coking coals of the west and the anthracite coal of Crested Butte.

The ores of those two Territories work very well together and act as fluxes for each other.

In Idaho surveys have been made with a view of connecting the tracks of the Oregon Short Line with those of the Oregon Railway and Navigation Company at or near Lewiston. In this case the proposed line will follow the course of the Weiser and Little Salmon and Salmon Rivers. A line has already been constructed from Cheyenne north connecting the central portions of Wyoming with the capital of the Territory.

(The witness indicates a location on the map extending from Cheyenne, in Wyoming Territory, in a northwesterly direction, reaching to and following the Platte River.)

Q. Have you ever examined the contrast afforded by the Central Pacific with the Union Pacific in relation to the different results attained

by reason of the fact that there are no branches to the Central Pacific, and that there is a branch system to the Union Pacific?—A. No, sir; I have never made that contrast. It never occurred to me to draw a parallel before.

Q. Are you at all familiar with the administration of the affairs of the Central Pacific as bearing on the Union Pacific?—A. No, sir; this is what you refer to, I suppose—I know generally that the Central Pacific is said to be interested, or has a large interest, in the Southern Pacific.

Commissioner ANDERSON. That is, the directors of the Central Pacific are said to have a large interest in the Southern Pacific?

The WITNESS. Yes, sir; I believe that is a more correct statement, and that the traffic managers, or the managers of the Union Pacific, have always felt a little jealous or feared that they might not get an exceedingly cordial co-operation of the Central Pacific in competing for freight that could go the other way, although I have never known of any direct accusation made that the Central Pacific was not doing fairly. Yet the Union Pacific people have always been a little suspicious on the subject.

Commissioner ANDERSON. Mr. Atkins has been much more plain spoken than you have been in regard to it. His views are that the Central Pacific management are diverting to or are preferring the Southern Pacific system for transportation as against the Union Pacific.

The WITNESS. My general idea was that while it was something they could hardly prove, yet they believed it.

PLAN OF SETTLEMENT.

Q. In regard to the best adjustment of relations between the United States and the Union Pacific, with reference to the future, have you any suggestion to make?—A. I do not know that I could say anything stronger as to what I think is the necessity for it and the desirability of it than was said in our last report, now before you, and which it is not necessary to read. It does seem to me the plainest and simplest proposition that could be laid before a business man that the present situation is one that is damaging to the Union Pacific and damaging, therefore, to the Government, its creditor, and that nothing would be simpler and easier than to adjust the matters to the great benefit of both.

Q. The first step to be taken, in your judgment, is to pass from an annual payment, based on any percentage of any kind of earnings, to a fixed sum, payable annually?—A. Yes, sir; I think that is the first. If you would allow me, I would like to read in that connection what is in that report.

Mr. JOHN F. DILLON. Nobody reads those reports, and I would like to have you read it over.

Commissioner ANDERSON. You flatter us very much

Mr. JOHN F. DILLON. I mean in a general way.

SUGGESTIONS IN REPORT TO GOVERNMENT.

The WITNESS. Page 154:

It is admitted upon all sides that existing legislation is insufficient and has utterly failed in several respects.

First. It does not provide an annual sum large enough even to prevent an annual increase of the debt.

The average amount of increase for some years past has been over a half million per annum,

Second. Existing legislation makes no provision whatever for the large amount of principal and accrued interest which will become due, at the maturity of the debt, in about ten years.

Third. Existing legislation locks up even the annual amounts which it does provide in such manner that they do not earn 2 per cent. per annum, benefiting no one by this low rate, but delaying the Government in the receipt of its dues, and causing serious and permanent loss to the railway company. The present amount thus locked up is about $6,500,000, and the annual loss to the company from the low rate of interest which it earns is over $200,000.

Fourth: The method of determining the annual amount to be reserved by the company for meeting its debt is vague and uncertain. Differences of opinion constantly arise between the representatives of the Government and those of the company, which create friction, and can only be authoritatively settled in the courts after protracted and expensive litigation. New officers of the Government possess and exercise the right of reviewing the methods and rulings of their predecessors in office, and reopening the accounts and settlements of former years. The Government, in short, is made a quasi partner of the company, with an interest in every detail of its business—an unnecessary relationship and vexatious to both.

ADDITIONAL SECURITY TO THE GOVERNMENT.

Q. In applying these suggestions, I see that in your report you refer to the point of additional security to the Government, and state that it does not simply comprise the stocks and bonds of the branch lines, many of which, standing alone, may possess but little value, but it is the absolute lien upon the entire system, main line and feeders. By what process of legislation or of contract would you suggest that the Government could obtain a lien, holding its present relative position, which should apply to the whole system?—A. By making the company deposit, or put up, as collateral security for its debt, the stocks and bonds that represent these branch lines.

Q. So then it would have a lien on the ownership of the Union Pacific Railway as to the branch lines and its present lien as to the main line?—A. Yes, sir; let it just have everything the company had.

Q. How far do you understand the direction of the Union Pacific to be willing to make that suggestion to the Government as to the increase of its security?—A. I have always understood that they were desirous to give the Government everything they had as security, and would hold back nothing; that, as they expected to pay the debt, they would make no bargain as to withholding any portion of what they had, but were simply willing to give everything they had; let the Government take everything they had as security for the debt.

Q. You know, of course, that a large portion of these branch lines securities are pledged for the collateral trust loans?—A. Yes, sir.

Q. So that all they could give the Government would be the remaining equities?—A. The remaining equities; yes, sir.

By Commissioner LITTLER:

Q. I do not understand that all these securities are pledged. Are they?—A. Not all; the books show.

By Commissioner ANDERSON:

Q. Would not that arrangement rather interfere with your suggestion of the use of the funds that those bonds represent for the purpose of constructing other branch lines? If so tied up, what would be available to the company for that purpose, except its earnings?—A. Its credit would be available. It could build new branch lines generally, I suppose, by issuing bonds upon them and indorsing them. That is about the way it has been done heretofore.

A FIXED ANNUAL PAYMENT SUGGESTED.

Q. To pursue this plan, your first point, as stated on this examination, is that a fixed annual payment be reached, instead of a fluctuating payment?—A. Yes, sir.

Q. Have you examined at all the question of the amount or present value of the debt and interest, with reference to the question of determining what that annual payment ought to be in order to effect a complete liquidation of the Government debt?—A. Yes, sir.

Commissioner LITTLER. Within a reasonable time?

The WITNESS. Yes, sir.

Commissioner ANDERSON. Of course the period will change the amount of the annual payment?

The WITNESS. Yes, sir.

Q. What have you to say with regard to the period of the extension?—A. The period of the extension would be simply what the company could do. You want to estimate what the company can do?

Commissioner ANDERSON. Yes.

The WITNESS. I should consider it exactly as if one had a shoemaker, some man in small business, who owed him some money that he could not pay right off, but had a business that would enable him to pay. I would size up his business, and see what he could do and live. Our report last year gives the sort of "sizing up" that I made of it. I think that the Union Pacific Company could afford to pay the Government in the neighborhood of $1,800,000 per annum now.

PRESENT VALUE OF THE DEBT ABOUT $53,000,000.

The first step in arriving at a settlement would be to determine the present value of the debt. Any actuary could do that. There is no trouble in arriving at the present value of the debt, bringing into that value and giving the company credit for the sinking fund that it has on hand, and arriving at it by ordinary actuarial calculations. Then the question is, to pay it. Now, suppose you make the payment $1,800,000 per annum. That present value of the debt, I think, would come to something in the neighborhood of $53,000,000, if it could be brought to a single cash payment, discounted at 3 per cent. interest.

Q. That is, you mean the whole amount of the debt to the United States, adding interest to the debt itself at 6 per cent. up to 1897, so as to obtain, theoretically, the whole amount that would then come due. Then, reducing that to its present value, at what rate per cent.?—A. The figure that I calculated on was about 3 per cent.; discounting at 3 per cent. interest.

Q. To ascertain the present value?—A. The present value; yes, sir; what it would cost the Government to borrow such an amount.

Q. That would give the present value of the indebtedness?—A. Yes, sir.

Q. And that figure obtained in that way you think was about $53,000,000?—A. About $53,000,000; yes, sir.

Q. For the debt of both the Union Pacific and the Kansas Pacific?—A. Yes, sir; that is my recollection—both the Union Pacific and the Kansas Pacific.

Q. You mean the Union Pacific Railway Company?—A. Yes, sir.

Q. That $53,000,000 is supposed to bear interest at what rate?—A. Three per cent.—what the Government would have to pay.

PERIOD OF EXTENSION SUGGESTED.

Q. The payment of that amount, with the interest accruing, would be effected by how many annual payments of $1,800,000 each?—A. Equal payments of $1,800,000 would pay that off in about seventy years. I have thought that possibly a system of increasing payments, gradually increasing, could be arranged that would pay it off to the advantage of both the Government and of the road in a smaller number of years; for $1,800,000 would be much harder for them to pay now than $2,000,000 probably would be ten or fifteen years from now.

POSSIBILITY OF INCREASED ANNUAL PAYMENTS.

Q. What special circumstances will occur in the course of eight or ten years which clearly would enable the company to increase its annual payment?—A. The general growth of the country, and the fact that they have a number of bonds out at 6 per cent. and 7 per cent. that will fall due that can probably be renewed at much lower rates of interest.

Q. What is the amount of bonds so maturing?—A. I could not tell you that off-hand.

By Commissioner LITTLER:

Q. They are a first mortgage loan?—A. They are a first mortgage loan. Roughly, there are nearly $16,000,000 8 per cent. bonds, and $2,000,000 of 7 per cent. bonds, which, by 1897, will be wiped out entirely by the land grant assets and sales of lands. You see there is a very large saving of interest.

Q. What is the interest?—A. About a million and a half of dollars.

Q. Saving in interest?—A. Yes, sir; per annum. Then there are $40,000,000 of 6's that will fall due about 1897, which can be refunded. If the Government choose to lend its credit, it might be refunded at 3 per cent. or 2½ per cent., probably. It seems to me, as a business proposition, that that is what I would do. If my shoemaker owed me some money, and somebody had a prior lien to whom he was paying 10 per cent. interest, and my credit would get him 6 per cent. interest, that I would lend him my credit and take that 4 per cent., and let that 4 per cent. saving go towards my security. But, under any circumstances, the company will doubtless be able to refund that $40,000,000 at 4 per cent. by the time it falls due. There will be a saving then of $800,000 more.

By Commissioner ANDERSON:

Q. The $40,000,000 you refer to includes the mortgages which are prior to the United States lien?—A. The $40,000,000; yes, sir.

Q. And also those that are subsequent?

The WITNESS. I do not know that there are any subsequent, are there?

Commissioner ANDERSON. Oh, yes, sir.

Mr. MINK. They are small. I did not include those. These are all prior to the Government lien.

Commissioner ANDERSON. There cannot be over $30,000,000 prior to the Government bonds.

The WITNESS. It includes the amount of the prior lien, and also the liens on such portion of the system as are not subsidized.

Q. So that these reductions of interest that you refer to would reduce the fixed charges of the system by about two millions of dollars per annum?—A. Yes, sir; over two million dollars per annum.

CONSEQUENCES ARISING UPON FAILURE TO PAY.

Q. What examination have you made of the feasibility of this plan with reference to the legal consequences which may be affixed to a failure to comply with the agreement in making the fixed annual payment?—A. My understanding is that the arrangement would be such that if the company fail to make a single payment when it fell due, the Government could at once enter upon the property and take possession of the whole of it, as a whole; not of detached parts, but simply as a whole; that that would practically wipe out the stock altogether, and as it is the stock that represents the company, the management, that penalty practically would be death to the management if they did not make their payment. A management, of course, represents stock. Bondholders have their bonds, and have trustees to look after them, and some sort of security, but the president represents the stockholder, who has no other security but his management.

Q. So that any enforcement of this new arrangement could be made binding, in your opinion, on the stock? Have you examined to see whether it could be made binding on any of the mortgages which are subsequent to the lien of the United States, or on the branch lines?—A. I do not know that it could, but, as these mortages fall due, doubtless arrangement could be made by which the Government could take up those mortgages that fall due, and then acquire the whole lien. I do not think there is any difficulty at all in working out the practical details of such an arrangement.

THE MANAGEMENT OF THE ROAD SHOULD BE UNTRAMMELED.

Q. Have you any further suggestions to make in regard to the future policy? Under your suggestions, I presume, you mean that the management of the road would, on its part, be left entirely free to pursue its own policy, with reference to branches?—A. Yes, sir; I think that is an exceedingly important part of any arrangement that should be made. I thought the bills that were introduced in Congress did not go far enough in that way; but being a practical railroad manager myself, and knowing the importance of prompt action and freedom to operate where you are in competition with other and stronger competitors, and are occupying certain territory, it seemed to me that the Government could not do better for itself and for the company and for the country than to simply take all the securities for its debt, and then turn them absolutely loose to operate their road, and *to be a railroad*, as free as the Rock Island, Chicago, Burlington and Quincy, and any other road, to do what they pleased in that territory and with their credit.

By Commissioner LITTLER:

Q. Assuming that the Government accepts your suggestion, what have you to say about continuing the Government board of directors?—A. I do not think it would be a matter of great consequence. There really would be no practical use for them, but it might give the Government, as it were, an insight into everything that was going on to have a representative of the Government there to have an insight into it all.

Commissioner LITTLER. We do not want to legislate you out.

The WITNESS. I am out already, so that I can speak entirely indifferently.

THE COMPANY MUST OCCUPY ITS TERRITORY, TO BE SUCCESSFUL.

Q. Have you anything further to suggest?—A. No, sir; nothing occurs to me further than what we said in our report, except that that does not emphasize the importance, perhaps, as much as it might, as I said, of having the company free to acquire by lease or contract or purchase, or in any other way, a branch line to protect itself. It has got to occupy that territory if it wants to make a success of the system.

Commissioner LITTLER. Judge Dillon, did you want to ask any questions?

Mr. JOHN F. DILLON. Mr. Adams does, I believe.

Mr. ADAMS. With the permission of the Commission, I will ask one or two questions.

By Mr. ADAMS:

Q. You have had long experience, I know, in all these questions. Will you state what your experience has been?

The WITNESS. My railroad experience?

Mr. ADAMS. Yes.

RAILROAD EXPERIENCE OF WITNESS.

A. I was superintendent of the Charlotte, Columbia and Augusta Railroad in 1871 and 1872. Then I was president of the Savannah and Memphis, it was called, in Alabama, from 1873 to 1875. I was president of the Western Railroad of Alabama, from 1875 to 1878; of the Georgia Railroad and Banking Company, from 1878 to 1880; vice-president of the Louisville and Nashville, from 1880 to 1882; and I am now president of the Central Railroad and Banking Company of Georgia, since January last.

Q. How many miles of road and what amount of steamship property have you in the organization of which you are now president?—A. We control about 2,200 miles of railroad, and three steamship lines running from Savannah to Boston, New York, and Philadelphia.

Q. As a railroad man, you have long been thoroughly conversant with the principle and practice of constructive mileage allowance, have you not?—A. Yes, sir.

CONSTRUCTIVE MILEAGE.

Q. I call your attention to the report of the Government directors for the year 1882; it is at page 193 of the reprint of the Government directors' report. Will you examine those mileage allowances?—A. That is a low scale of allowance.

Q. The scale of allowance there specified is a low one?—A. Yes, sir.

Q. In making an allowance between the ordinary main line and the ordinary branch, how is the allowance of one and one-half to one in favor of the branch considered?—A. One and one-half to one would be a very low scale of allowance, particularly where the main line is a very long line in proportion to the other one.

Q. Then, on a haul of, we will take the Echo and Park City, in the scale before you, that is what allowance?—A. That is 2 miles for 1.

ECHO AND PARK CITY ALLOWANCE RIDICULOUSLY SMALL.

Q. The Echo and Park City is 30 miles long, and is 1,000 miles from the terminus of the Union Pacific. How would such an allowance in such a case strike you?—A. It would strike me really as ridiculously

small. They get 60 miles out of 1,060, which is less than 10 per cent.; about 6 per cent. That road, too, is a difficult road to operate.

Mr. ADAMS. I think you stated that in your own practical experience a single ferriage of a mile or so counted as 15 miles?

The WITNESS. Yes, sir; less than a mile. The simple transfer from the Old Dominion steamers to the rail is so estimated, as I was told by Mr. Henry Fink, a few days ago; but it illustrates, perhaps, the reason for adopting that sort of allowance. The object to be accomplished is to give the branch lines more than a prorate. You can give it to it by one of two ways—an arbitrary or constructive mileage. Those are the two ways adopted by railroads. The steamers that I control, running to Savannah, give an "arbitrary" allowance. It is, say, 3 or 5 cents a hundred, and so on. Mr. Fink came to me and complained that the arbitrary way was too hard on cheap freights, and wanted me to adopt or to take a constructive mileage, instead of an arbitrary one, so that when freights went down very low it would go in proportion. You see, mileage will go down with cheap freights, but an arbitrary rate stays the same. Another instance of constructive mileage is with our steamers from New York to Savannah. It is about 750 miles of water transportation, and we give that a constructive mileage of one-third only. There it works the other way.

Commissioner LITTLER. You mentioned Mr. Fink. Just tell who he is, and what his relation is to the railway system of the United States?

Mr. ADAMS. That is Henry, and not Albert Fink.

The WITNESS. Mr. Henry Fink is vice-president and general manager now of the Richmond and Danville and East Tennessee, Virginia and Georgia system.

Mr. ADAMS. I would like to say that if the Commission would like to hear Mr. Albert Fink, we would be pleased to produce him. He is the highest expert in the country.

Commissioner ANDERSON. We will hear him when we come back.

INJUSTICE OF ALLOWANCE TO THE DENVER AND SOUTH PARK.

Q. Tell me if you find the Denver, South Park and Pacific in the list of allowances there.—A. No, sir; that is not in this list, I believe.

Q. You are acquainted with the grades, &c., of the Denver and South Park Road, are you not?—A. I do not recall the exact figures, but I know they are exceedingly heavy.

Q. Four per cent. is the grade. In that case the Union Pacific, as you may or may not remember, has a haul of 620 miles for delivery to the Denver and South Park. On a haul of 620 miles, with 150 miles or 200 miles of the branch line, with 200 per cent. grade, would you consider one and a half to one an extraordinary allowance?—A. No, sir; I should consider it exceedingly unjust to the branch line. If I were a minority stockholder of that branch line, I would think I was being imposed upon. A hundred and fifty would give it at one-half, 225 miles out of 825 miles; about 25 per cent. The freight of that road is local to that road; whereas the freight that the main line has on it is competitive. They could haul it by a different line, provided it could go there. I have no doubt any other line reaching it would be glad to make a contract with it and give it a higher constructive mileage.

Q. I will take one more case. Tell me what the constructive mileage allowance to the Utah and Northern is in the list before you?—A. One and three-quarters.

Q. To one?—A. Yes, sir.

ALLOWANCE TO UTAH NORTHERN NOT EXTRAORDINARY.

Q. The Utah and Northern (I may refresh your recollection in that respect) is a narrow-gauge road?—A. Yes, sir.

Q. Running north from Ogden on grades as high as 175 feet to the mile in Beaver Cañon. Should you consider, in such a case, the Union Pacific having a 1,000-mile haul on that business, that one and three-quarters was an extraordinary allowance?—A. No, sir; not at all. That road is a difficult road to operate, especially when its coal supply—I happen to know—has to be brought some distance to it. I think it has none on its own line. I do not think that allowance is at all an unfair one.

Q. Leaving that subject, you have referred to your knowledge of the Union Pacific country. I believe you went through that country before the railroad was constructed?—A. Yes, sir; I marched across the country in 1858 at the time of the Mormon war. I was in the old Army and went out with a re-enforcement to Albert Sidney Johnston in 1858.

Q. Therefore you have some familiarity with the topography of the road?—A. Yes, sir.

Q. Do the views you have expressed represent also the views of the other members of the board of Government directors?—A. I think so; entirely. We were all exceedingly unanimous upon it; and, as an illustration of the conclusion, the last few lines of our last report were written by Mr. MacVeagh on the special suggestion of the other members, while I wrote up the earlier part of it. I refer to the last few paragraphs of the report on "Physical Condition and Management."

FAVORABLE VIEWS OF GOVERNMENT DIRECTORS.

Q. Then, as I understand you, as respects all of these questions, the views as to what was desirable in the management and policy, as the course that should be pursued towards the company by the Government, and as to what was a reasonable basis of settlement, your board of directors were entirely of one mind, as expressed in that report?—A. Entirely so; yes, sir.

By Commissioner LITTLER:

Q. When was this report written? Did the last Congress have the benefit of this report?—A. Yes, sir; it was sent in on the 22nd of November. It was finished that day, and sent to Washington.

CONSTRUCTIVE MILEAGE IN GENERAL USE.

By Mr. JOHN F. DILLON:

Q. I want to ask you one or two questions: Since the Union Pacific is subsidized for a portion of its line, and since it has a branch system of two miles or more to one of subsidized line, it occurred to the framers of this act to suggest this as among the subjects of inquiry by this Commission—among other things—whether the system of constructive mileage is usual. What can you say in regard to the system of constructive mileage, as confined to some roads, or whether it is in general use among railways having branches?—A. It is in very general use. It is one of two ways of adjusting this thing, and this is the more usual way—to have constructive mileage rather than arbitraries.

Commissioner ANDERSON. He has been all over this.

Mr. JOHN F. DILLON. The framers of this act did not seem to understand it. They thought this was some special way of cheating the Government.

The WITNESS. It is not universal, but it is a very common practice.

NO ATTEMPT APPARENT TO REDUCE NET EARNINGS ON MAIN LINE.

Q. I want to ask you to state whether or not, in your experience as a Government director, in respect to these allowances, you ever discovered any evidence of a disposition to fix or adjust them with reference to reducing the net earnings of the main line.—A. No, sir; it is plainly stamped upon the face of it that there never has been any such idea, I think, in the minds of the gentlemen fixing them.

Q. On their face they show no such effects, but negatively, as I understand your judgment?—A. Yes, sir.

By Mr. ADAMS:

Q. I will ask you one other question: Have you at any period of your life had any interest of a pecuniary nature in the roads the other side of the Mississippi?—A. No, sir; I have never had any pecuniary interest, direct or indirect, in any railroad west of the Mississippi River, except once I did have a few Texas Pacific bonds, a long time ago, but only temporarily. That is the only time I have ever been interested at all in any of these roads.

Q. Your interest has been entirely in the Southeastern system?—A. Yes, sir.

E. P. ALEXANDER.

EQUITABLE BUILDING,
Boston, Mass., Wednesday, June 1, 1887.

JOHN F. DILLON, being further examined, testified as follows:

Commissioner LITTLER. I understand you have something else to add to your testimony. Will you proceed with your statement?

A QUESTION AS TO EXISTING DEBTS, BETWEEN GOVERNMENT AND COMPANY.

The WITNESS. You asked me yesterday as to the existing debts between the Government and the company. I forgot to mention one that has arisen under the very act which creates this Commission, namely, the fifth section of it, as to the investment of the sinking fund. Two questions have arisen under that already. That section provides—

That the sinking funds which are or may be held in the Treasury for the security of the indebtedness [of the company] may, in addition to the investments now authorized by law, be invested in any bonds of the United States heretofore issued for the benefit of either or all of said companies, or in any of the first-mortgage bonds of either of said companies, &c.

The question immediately arose after the enactment of this act whether it only applied to the $70,000 or $80,000, more or less, of cash uninvested in the Treasury, or whether it applied to the $6,000,000 or $7,000,000 of Government bonds; and the further question, whether the Union Pacific, for example, could purchase the first-mortgage bonds of any other company than its own.

That matter was presented to the Attorney-General, in behalf of our construction of that section, by Mr. Story, Mr. Bartlett, and myself

We thought it was very plain, but the Attorney-General has given an opinion ruling both those points against the company. I do not know whether you want to put his opinion on the record, but it is a very important matter.

Commissioner LITTLER. I think it is an important document.

The witness produced a paper, which is marked "Exhibit No. 1, June 1, 1887," and is as follows:

OPINION OF ATTORNEY-GENERAL.

DEPARTMENT OF JUSTICE,
Washington, D. C., March 31, 1887.

The SECRETARY OF THE TREASURY:

SIR: Your letter of the 16th of March, 1887, submits for my opinion—

First. Whether the provisions of section 5 of the act of the 3d of March, 1887, may be construed as applying to moneys now in the funds uninvested, and moneys hereafter paid in to be invested; or whether United States bonds in which the funds are now invested could be sold and the proceeds reinvested in the first-mortgage bonds of the companies.

Second. Whether investments can be made in the first-mortgage bonds of any of the companies, or only in the first-mortgage bonds of the company for which the investment is made.

The fifth section referred to is:

"That the sinking funds which are or may be held in the Treasury for the security of the indebtedness of either or all of said railroad companies may, in addition to the investments now authorized by law, be invested in any bonds of the United States heretofore issued for the benefit of *either or all* of said companies, or in any of the first-mortgage bonds of *either* of said companies which have been issued under the authority of any law of the United States and secured by mortgages of their roads and franchises, which by any law of the United States have been made prior and paramount to the mortgage, lien, or other security of the United States in respect of its advances to *either* of said companies, as provided by law."

The sinking funds referred to in this section were established by the act of the 7th of May, 1878 (20 U. S., page 56), known as the Thurman act. The investments authorized by law, the officer by whom they are to be made, the source whence the fund is to be derived, its administration and final distribution, are all fixed by the same act. The section referred to in yours is concerning the same subject-matter, and is substantially an amendment of the prior act. The two are to be construed together as one, and as a whole they must be viewed in connection, so as to make all the parts harmonious, if practicable. The whole law, as thus considered, received an authoritative interpretation in the the sinking-fund cases (99 U. S., 725), by which certain principles were announced which will aid in the determination of the questions submitted. It is there settled the fun dis a fund of the Union and Central Pacific Railroads, established by law, intended for the security and payment of certain of their several debts at maturity; that the United States Treasury is the depository, and the Secretary of the Treasury is the agent charged with the administration of the fund. The power of the Secretary of the Treasury as an agent over the fund is not enlarged by the section referred to in yours, except that he is empowered, "in addition to the investment now authorized by law," to invest in certain other securities not before authorized. His power is a special one, fixed by law, and must be strictly followed. We cannot enter into the inquiry as to whether the power is too limited or too extensive; whether the interest of the corporations and their creditors would have been better subserved had the Secretary been allowed to make other investments, or to buy and sell bonds, as to him would seem best, or not. That question has been already passed upon by Congress, and we are limited to determining whether Congress empowered him to sell the bonds in which the fund has been invested, and with the proceeds to buy others. If that power exists now, it will continue as long as the law remains unchanged. The bonds which might be bought with the proceeds of those sold to-day might to-morrow, by a change in the market, appear to be profitable to sell and reinvest. Each change in the market might be made an occasion for sale and reinvestment. A general power to deal in the bonds referred to in the act and amendment would be the result of such a construction. Whether a good or bad investment of the fund might be the result of the exercise of such a power would largely depend upon the agent's knowledge of the market and his judgment in the application of that knowledge. An error in a sale or purchase might result in a loss. During the course of such dealing the interest on the fund must be suspended. The

law contemplated no uncertainty on this subject. A certain steady gain, and not speculative profits, is shown to be the intent; for the third section of the act provides that—

"The semi-annual income thereon shall be, in like manner, from time to time, invested, and the *same shall accumulate* and be disposed of as hereinafter mentioned."

This semi-annual income clearly refers to the interest on the bonds purchased, and does not contemplate the uncertain quantity of profit or loss. The "same shall accumulate" leaves no discretion in the agent to subject the fund to a possible loss. The gain was intended to be a fixed and certain accumulation. The law authorizes the secretary to invest the fund established in bonds. This is equivalent to saying "with the *money* paid in you shall buy bonds." It does not say "with the *bonds* in the depository you shall buy bonds." Does the power to buy the bonds or the whole scope of the law imply the power to sell them? The language of the section just quoted says, "The semi-annual income shall be, from time to time, invested." If it had been the intention of the lawmakers to allow the investment, from time to time, of the principal from which the income was derived, such from-time-to-time investment would not have been limited to the income only. The inclusion of one is the exclusion of the other. The power of an agent to buy does not imply the power to sell. The subject is considered in Story on Agency, sec. 88, and the conclusion stated in the following language:

"So that we here see it laid down in positive terms that the agent to buy has no implied authority to sell, and an agent employed to sell has no implied authority to buy."

Without a conversion or sale of the bonds now in the Treasury until their maturity there can be no reinvestment. The section referred to in your letter only authorizes the investment of "the sinking funds which are or may be held in the Treasury." The ordinary signification of the word "funds" is "cash on hand." (Bouvier's Law Dictionary, vol. 1, page 701.) As a means of purchase this is the only signification the word could have in this connection, and this is the sense in which it is here used. This is shown by reference to the third section of the prior act, of which this is an amendment, the first clause of which is:

"That there shall be established in the Treasury of the United States a sinking fund, which shall be invested," &c.

It is clear the lawmakers did not contemplate that the Secretary of the Treasury should buy bonds with anything but cash on hand. The law says he is to buy them with the funds established. Another clause in the same section states:

"All the bonds belonging to said fund shall, as fast as they shall be obtained, be so stamped as to show that they belong to the said fund, and that they are not good in the hands of other holders than the Secretary of the Treasury, until they shall have been indorsed by him and publicly disposed of pursuant to this act."

Here the bonds are not spoken of as constituting part of the fund, but as investments of, or as property, of which the fund personified is spoken of as the owner, indicating a distinction between the money with which the property is bought and the property purchased therewith. The investment is shown to be intended as permanent, for the property thus obtained must be stamped and rendered valueless, except in the hands of the agent of the "fund,' until by him indorsed and publicly disposed of pursuant to the act." This is the only authority to sell the bonds. The act provides the funds; directs its investment; directs the investment from time to time of the semi-annual income, and authorizes nothing further with reference to the fund, as a fund, until the final distribution is provided for in the seventh and eighth sections of the act of the 7th of May, 1878. The seventh section of that act is:

"That the said sinking fund so established and accumulated shall, at *the maturity* of the said bond so respectively issued by the United States, be applied to the payment and satisfaction thereof according to the interest and proportion of each of said companies in said fund, and of all interest paid by the United States thereon, and not reimbursed, subject to the provisions of the next section."

Until action is to be taken in pursuance of this section, the law authorizes no use of the bonds, nor further disposition of them by the agent. After the investment is made, the first step required to be taken with reference thereto, pursuant to law, is the sale for the purpose of the application to the payment of the debts for which it was accumulated. The time when this step is to be taken is at the *maturity* of the bonds. The bonds whose maturity is referred to in this section are the United States railroads subsidy bonds issued on account of the Union Pacific and Central Pacific Railroads. Until those bonds mature, the power to dispose of the United States bonds purchased in pursuance of the act does not take effect. Therefore, in answer to your first inquiry, you are not authorized to sell the United States bonds in which the funds are now invested for the purpose of reinvesting in the first-mortgage bond of the company.

In reply to your second inquiry, the 5th section of the act of the 3d of March, 1887, authorizes the fund.

"In addition to the investments now authorized by law (to) be invested in any bonds of the United States heretofore issued for the benefit of *either or all* of said companies, or in any of the first mortgage bonds of *either* of said companies which have been issued under the authority of any law of the United States, and secured by mortgages of their road and franchises, which by law of the United States have been made prior and paramount to the mortgage, lien, or other security of the United States in respect of its advances to either of said companies as provided by law."

The second section of the same act defines the words "all said railroads" to mean "all the railroads that have received aid from the Government in bonds." The railroads which have received aid from the Government in bonds are set forth in the act of the 1st day of July, 1862, and the amendment thereto of the 2d day of July, 1864, and any of the United States railroad subsidy bonds issued in pursuance of such act as amended are a legitimate security in which to invest the fund under the first clause of the quotation under consideration. In the second clause "or in any of the first mortgage bonds of *either* of said companies" the word "either" is substituted instead of the phrase "either or all of said companies" in the former clause. This substitution of "either" for "either or all" is intended to limit the investment in mortgage bonds of the roads to fewer roads than are included in the expression "either or all." "Either" is generally used as signifying "one or the other of two." It is thus used here. The two roads in either of whose first mortgage bonds the investment may be made as referred to by the word "either" is to be determined by reference to the act of the 1st of July, 1862, with its amendments of the 2d of July, 1864, and the 7th of May, 1878. By reference to these acts it will be found the Union Pacific and the Central Pacific Companies composed the main line and central object of the legislation; that they, and they alone, pay in the money which constitutes the fund. They are the sole corporation embraced in the provisions of the Thurman act, in which they are frequently grouped under the word "either." Hence it is concluded they are the railroads embraced in the term "either" in the clause under consideration; and investments of the fund may be made in the first mortgage bonds of either the Union or Central Pacific Railroads. You may, then, invest any *money* paid into the sinking fund in pursuance of the act of the 7th of May, 1878, now in the Treasury or which may in future be paid in—

First, in United States bonds, as provided in the act of the 7th of May, 1878;

Second, in any United States railroad subsidy bonds of any of the aided roads as described in the act of the 1st of July, 1862, and its several amendments;

Third, in any of the first mortgage bonds of the Union Pacific or the Central Pacific Railroad Companies, such as are described in the third section of the act of the 3d of March, 1887.

Within this range the law leaves it to your discretion to invest in whichever of the securities will best subserve the securing and accumulating of the funds.

I am, yours, respectfully,

A. H. GARLAND,
Attorney-General.

The WITNESS. The Attorney-General holds, in substance and effect, that when this act says that the sinking funds which are in the Treasury may be thus invested, it only applies to the dribble of "*money*" there, and has no application to the "*bonds*" of the United States in which the fund now exists. That, we submit to the fair judgment of this commission, is directly contrary to what was intended, as well as contrary to the language of the act.

He also holds that, although this reads "may be invested by the companies in *any* of the first mortgage bonds of '*either*' of the companies," the act does not mean what it says, but that the Union Pacific is restricted to an investment in its own first mortgage bonds. That, we submit, is contrary to the plain language of the enactment, and is unnecessarily restrictive of the broad option which is intended to be given for the benefit of the Government itself as well as of the company.

Mr. Story had the provision to see that perhaps these objections might arise. He suggested them to the committee, and they said the language as it stood was so plain that it could not be misconstrued.

Q. That is, the Congressional committee having it under consideration?—A. Yes, sir. If there is to be further legislation, the practical point here is that attention should be called to the construction which has been put on that act.

Commissioner ANDERSON. Is what you say about the concurrence in the committee a matter of recollection or of record?

Mr. STORY. No, sir; it was a suggestion made to the conference committee.

DIVERSION OF MAIL SERVICE FROM UNION PACIFIC.

The WITNESS. In my testimony of yesterday I stated that I had understood that the United States had not given to the Union Pacific all the mail service which the Union Pacific might rightfully require to be given to it under the act, but that other and competitive roads had been allowed to do service which could as well have been, or better have been, done by the Union Pacific. I find this has been the subject of correspondence between the company and the Government, and I produce the letter of the company, dated Boston, June 8th, 1885, addressed to Hon. William F. Vilas, Postmaster-General, and signed by Mr. Oliver W. Mink, the company's comptroller, and I ask leave to reproduce and have go on your minutes what I think contains very pertinent and useful suggestions for your consideration.

The paper is marked "Exhibit 2, June 1st, 1887," and is as follows:

LETTER FROM COMPANY TO POSTMASTER-GENERAL.

BOSTON, *June* 8, 1885.

Hon. WM. F. VILAS,
Postmaster-General, Washington, D. C.:

SIR: By direction of our president, Mr. Charles F. Adams, jr., I desire to call your attention to a matter of considerable importance to the Union Pacific Railway Company, in which the United States is, as you probably know, interested to a very large extent.

In the transportation of the mails between Council Bluffs, Iowa, and Ogden, Utah, this company is, as it ever has been, most obedient to the calls of the Post-Office Department. Its facilities for transporting and handling the mail have constantly been in advance of the demands of the Government, and it has in every respect endeavored to perform the service to the satisfaction of the Department. For years the mail matter transported by the company has increased in quantity, until in 1882 the daily weight reached an average of 29,665 pounds. This appears to have been the maximum daily average, as in 1884 the average had fallen off to 23,990 pounds, a decrease within the two years of 5,675 pounds, or about 19 per cent., and the annual compensation of the company was reduced during the same time, by reason of the decrease in the weight, about $53,000.

This is a showing which is a matter of surprise to the officers of the company. The line of the Union Pacific Company has long been and still is the leading highway to Colorado, Utah, Idaho, Oregon, and Washington Territory.

Its geographical advantages are such that in the transportation of the Utah and Idaho mail, and in the transportation of the bulk of the Colorado mail, and a large proportion of the Oregon and Washington Territory mail, it stands unrivaled.

As the business of the Post-Office Department in these sections of the country has undoubtedly largely increased within this period, the only inference that can be entertained by the officers of the company is that much of the mail matter which formerly went by the Union Pacific is now delivered to and transported over other and competing lines of railway.

From information which has been furnished to me, it appears that the west-bound trains, on which a large proportion of the mail is carried, reach Chicago between six and eight o'clock in the evening. The trains thence, west-bound, leave between nine and ten o'clock in the evening. Under ordinary circumstances, I presume the mail matter would be divided among the railways running thence to Omaha, and could be easily transferred in the intervening time. If so transferred, it would reach Council Bluffs the next evening at about seven o'clock, in ample season for connection with the Union Pacific train leaving an hour or so later. I am informed, however, that a large part of the mail arriving in Chicago on the early evening trains is held over at that place until the departure of the fast mail train leaving for the west at 3 o'clock on the following morning. This train reaches Omaha a few moments only in advance of the regular evening trains. The mail matter which it brings to Omaha, however,

having passed into the hands of a competitive road at Chicago is retained by that road, and transported by it as far as may be to points west of the Missouri River, the most important of which are also on the line of this company's road.

If, now, the mail matter were to be distributed in Chicago among the various east and west lines early in the evening, as was the custom before the introduction of the fast-mail service, a very much larger proportion of that matter would, it is believed, reach the Union Pacific at Council Bluffs than is now the case.

I assume that the Department is familiar with the relations of the Government to the company; that it is aware that the United States is the company's largest creditor; that the contemplated repayment of the debt was primarily arranged for through the application of the Government transportation earnings, and that the ability of the company to repay its obligations to the United States is materially weakened by the diversion of Government business, which, all other things being equal, would most naturally be turned over to this company.

Under the company's charter, and under the terms of the Thurman act, one-half of the entire revenues of the company derived from the transportation of Government troops, stores, supplies, mails, &c., is retainable by the Government, and immediately applicable to the extinguishment of the subsidy debt and the interest accrued thereon. This debt, with the accumulated interest, is not otherwise due and payable by the company until some time within the period extending from 1895 to 1899. The United States, therefore, in allowing the Union Pacific to perform its mail service not only strengthens the ability of the company to pay the subsidy debt and interest, but it exercises its reserved option of declaring to be presently due a large part of the debt not otherwise due for some thirteen years. This option exists in the provisions of the charter, which require that one-half of the Government transportation earnings shall be presently applied to the payment of the subsidy debt. The Government, therefore, in making such application of these transportation earnings, secures the use of these earnings for some thirteen years in advance of the maturity of the debt. The value of this to the United States, reckoning the interest at 3 per centum, is equivalent to $214.50 on each $1,000 in Government transportation earnings. In other words, on each $1,000 earned by this company for Government transportation the Government may at once apply one-half thereof, namely, $500, the interest on which for, say, thirteen years, at 3 per cent., would be $195. It also saves the interest for the same length of time on 5 per cent. of the resulting and increased net earnings, which on each $1,000 would be $50, the interest on which amounts to $19.50. These two sums, aggregating $214.50, represent the amount saved by the Government on each $1,000 credited to this company for mail compensation.

It is, therefore, manifestly to the interest of the Government to permit the Union Pacific Company to render as large a proportion of the mail service as may be practicable, since, as the fact is, its compensation for that service is, by reason of its contract relations, fully 20 per cent. less than that of its competitors.

The mathematical process by which it appears that upon every $1,000 credited to this company for transportation services the Government saves $214.50 as against the same amount credited and paid to other corporations, though plain and simple, may have escaped observation. It is, of course, in the interest of the company that I present these facts to your notice; but it occurs to me that they are such as, in the interest of an economical administration of the public service, your Department may desire to entertain. If, upon a review of the considerations suggested in this letter, the Department shall find itself in a position where it may extend the usefulness of the company in the transportation of much of the matter which, for reasons not now apparent, has been transferred to railways having no relations such as subsist between this company and the United States, I beg to assure you that, aside from the mutual advantages likely to result from an enlarged service, the Department will receive, as now receives, a service unexcelled on any other railway route west of the Missouri River.

I have the honor to be, yours, very respectfully,

OLIVER W. MINK,
Assistant Treasurer.

The WITNESS (continuing). That is a basis for the suggestion that there ought to be some way whereby we can do such service; that it would come to us to do, since that was the original understanding, that we should do the mail service in this region, which we could supply.

Q. And you claim that the Government has diverted it?—A. Not a legal claim.

Commissioner LITTLER. But, in effect, you claim that the Government has diverted a part of your mail traffic.

The WITNESS. Yes, sir; and I say further, to their own injury; and that, perhaps, ought to be a provision in any adjustment that is recommended, if you continue the net earnings, or perhaps otherwise—that we should do such service which comes natural for us to do, *i. e.*, which we can do as well as anyone else.

I produce, at the previous request of the Commission, two contracts made between the Union Pacific Railroad Company and Rowland G. Hazard, in November, 1878.

[The papers are respectively marked "Exhibits 3 and 4, June 1, 1887," and are as follows:]

CONTRACT BETWEEN UNION PACIFIC AND R. G. HAZARD.

This indenture, executed the fifteenth day of November, A. D. 1878, by and between the Union Pacific Railroad Company, of the first part, and Rowland G. Hazard and Rowland Hazard, of South Kingstown, in the State of Rhode Island, Isaac P. Hazard, Elizabeth Hazard, Elizabeth Hazard, trustee, and Anna Hazard, all of Newport, in said State of Rhode Island, of the second part.

Witnesseth: That it is claimed by the party of the first part that a certain contract made with it by H. M. Hoxie for the construction of part of its road is void or voidable by it, and that it has the right to recover against each of the shareholders of the Credit Mobilier of America, to which corporation said contract of said Hoxie was assigned, all sums by them respectively received as dividends or otherwise from said last named corporation arising out of or connected with said contract assignment and the completion thereof, which claim and its validity is denied by said shareholders.

That it is also claimed by the Union Pacific Railroad Company that certain contracts made with it by Oakes Ames and also by James W. Davis for the construction of parts of its road are each void or voidable by it, and that it has the right to recover from each of the parties who have received from certain trustees to whom said several contracts were assigned by the said Ames and said Davis the proceeds or fruits arising out of or connected with the carrying out of said contracts, the validity of which claim is denied by all the parties who have thus received said proceeds or fruits.

And it is further claimed by said party of the first part "that the parties of the second part hereto were each of them shareholders of said Credit Mobilier of America, and each received from that corporation, by way of dividend or otherwise, sums derived by it from the assignment and the carrying into effect of said contracts with said Hoxie, and were and are also each of them parties who derived and received through said trustees portions of the proceeds or profits arising out of or connected with said contracts of said Ames and said Davis with said party of the first part, under said assignment thereof," which claims are not admitted by the parties of the second part, except so far that they do not deny that they were shareholders in the Credit Mobilier of America, and thereupon it has been agreed by way of compromise between the parties hereto as follows:

First. That the parties of the second part, each of them, shall, and by a transfer indorsed on the certificates of the shares hereinafter mentioned, contemporaneously with the delivery of this indenture, convey to the party of the first part each and all of their respective shares of the stock of the Credit Mobilier of America, namely:

	Shares
Said Rowland G. Hazard	1,000
Said Rowland Hazard	300
Said Isaac P. Hazard	300
Said Elizabeth Hazard	34
Said Elizabeth Hazard, trustee	13
Said Anna Hazard	9

Provided, however, That the above parties, one or more of whom are plaintiffs in two certain suits now pending, one against Thomas C. Durant and the Credit Mobilier of America, and the other against said Durant and the Union Pacific Railroad Company in the supreme court of the State of Rhode Island, shall be allowed to retain in the aggregate ten of their said shares in trust until the termination of said suits and upon such termination to convey the same to the Union Pacific Railroad Company; and

Provided further, That on the termination of said suits, or either of them, if a decree shall be rendered in favor of the plaintiffs, the party of the first part will not

subject to any allowance to plaintiffs for services and expenses out of any sum that shall be recovered and collected which the court may deem just and proper and decree: *And further*, That in case of any such recovery, should any part of the sums recovered be collected and received by the Union Pacific Railroad Company, it shall and will pay over to each of the parties who have thus transferred to it their share in the Credit Mobilier of America such proportion of the sum thus recovered as the number of the shares so transferred by them bears to the whole number of shares constituting the capital stock of said corporation. But the party of the first part, it is hereby declared, is and is not to be in any manner liable for any of the costs, expenditures, or services incurred, or to be incurred or rendered, in conducting said suits, or either of them: *And it is further declared*, That any proceeds of settlement of the suits against Durant or his bondsmen in the same shall be subject to the same provisions herein made in regard to the proceeds of judgment therein, a reasonable compensation for the complainants' expenses therein to be submitted for a judgment of a court as to the same.

Second. Said parties of the second part do hereby further assign, transfer, and convey to said party of the first part all their respective claims and rights in and to the assets or property of every description now held by said trustees arising out of or connected with the assignment to them of said contracts of said Ames and of said Davis, or out of the administration of said trust; but no right or claim against said trustees, or either of them, or their representatives, for any error, omission, or misconduct, if any, in the administration of said trust is hereby assigned, the parties of the second part having, by an instrument of even date herewith, released said trustees and their representatives from all and all possible claims on account of such error, omission, or misconduct.

Third. In consideration of the releases hereinafter specified, and the discontinuance of certain suits, said party of the first part does hereby forever release and discharge the several parties of the second part from the claims aforesaid, and from any and all possible claims it has or might have against them.

Provided, however, That this release shall not be deemed or construed to release the claim of the party of the first part against said Credit Mobilier of America, for which a suit is now pending, or against any of its stockholders, other than the parties hereto of the second part.

Fourth. In consideration of the premises, the several parties of the second part, except the said Rowland G. Hazard, do hereby release and forever discharge the party of the first part from all and all possible claims of every description, and the said Rowland G. Hazard, in consideration of the premises, and of the sum of fifteen thousand dollars this day paid him by way of compromise on account of a claim made by him of a larger amount for sums alleged to have been paid by him to certain Burge, Burlarge & Co., does hereby release and discharge said claim, and all other his claims or possible claims, against said party of the first part.

Fifth. It is further agreed between the said Rowland G. Hazard and the party of the first part that all suits now pending between him and the party of the first part shall be dismissed without costs to either party, and that the suit of said Hazard against the Credit Mobilier of America, pending in the court of common pleas for the city and county of Philadelphia, with the aid of said Hazard, be dismissed without costs to either party, and the bond of said Hazard given in said suit be, if the rules of the court will permit, surrendered to said Hazard or cancelled.

Page 5, line 20, "to" erased and "do hereby" interlined before signing.
Page 6, line 7, "said" erased and "such" interlined before signing.
Witness our hands and seals.

R. G. HAZARD. [SEAL.]
R. HAZARD. [SEAL.]

In presence of—
N. W. WILLIAMS.

I. P. HAZARD. [SEAL.]
ELIZABETH HAZARD. [SEAL.]
ELIZABETH HAZARD, *Trustee.* [SEAL.]
ANNA HAZARD. [SEAL.]

These four in presence of—
WILLIAM RAMWELL.

[SEAL.] UNION PACIFIC RAILROAD COMPANY (authorized by vote of executive committee, May 30th, 1878),

By ELISHA ATKINS, *Vice-President.*

Attest:
HENRY MCFARLAND, *Secretary.*

ANOTHER CONTRACT BETWEEN SAME PARTIES.

This indenture, executed this fifteenth day of November, A. D. 1878, by and between Rowland G. Hazard and Rowland Hazard, of South Kingstown, in the State of Rhode Island, Isaac P. Hazard, Elizabeth Hazard, Elizabeth Hazard, trustee, and Anna Hazard, all of Newport, in said State of Rhode Island, of the first part, and Sidney Dillon, John Duff, Cornelius S. Bushnell, Thomas C. Durant, Henry S. McComb, Frederick L. Ames, and F. Gordon Dexter, present trustees, under an indenture of three parts bearing date the fifteenth day of October, 1867, between Oakes Ames of the first part, the said Thomas C. Durant, Oliver Ames, John B. Alley, Sidney Dillon, Cornelius S. Bushnell, Henry S. McComb, and Benjamin E. Bates, of the second part, and the Credit Mobilier of America of the third part.

Witnesseth: First. That said party of the first part does hereby, in consideration of the covenants of the parties of the second part hereinafter set forth, release and forever discharge the said parties of the second part, and each of them and their predecessors in said trust, and each of them and the representative of each of said predecessors who have died, from all and all possible claims of every nature or description arising out of their or each of their errors, omissions, mistakes, or misconduct in the past administration of said trust created by said indenture in three parts as aforesaid.

Second. And the said party of the second part by their committee, F. L. Ames, John Duff, and Sidney Dillon, thereto authorized by vote of said trustees passed on the twentieth day of May last past, does release and discharge (each of said parties of the first part, except the said Rowland G. Hazard) from all and all possible claims and demands of every description which they or their predecessors as such trustees might or could have against said parties of the first part, and they do further discharge the said Rowland G. Hazard from all said claims, save and except a claim made by them founded on a contract signed by said Hazard, bearing date the twenty-sixth day of August, 1869, upon which a suit is now pending in their favor in the supreme judicial court of the State of Massachusetts, in the county of Suffolk.

Third. Said parties of the second part do further covenant to and with the said Rowland G. Hazard that the suit aforesaid shall be, by a rule of court, irrevocably referred to the arbitration or award of William Gaston and Alexander H. Bullock, ex-governors of the Commonwealth of Massachusetts, and that the suit in equity brought by said Hazard in said supreme court against said parties of the second part or some of them and now pending therein shall be referred to the same referees subject to the following limitation, and it is further provided, that any claims of said Hazard against said trustees or any of them arising out of the transactions complained of and set up in said suits at law and in equity may be used by him as a defense in said action or as a counter-claim to the extent of any claim established in said reference against him but no further, and shall not be the ground of any judgment in said reference or otherwise against said trustees or any of them over and above their claim, if any, established against him, and if no claim shall be found by the referees to exist in favor of said trustees or any of them against said Hazard, then no claim shall be presented or allowed by said referees in favor of said Hazard against said trustees or either of them.

Page 2, line 5, "John Duff," interlined before signing.

Witness our hands and seals.

In presence of N. W. WILLIAMS:

R. G. HAZARD. [SEAL.]
R. HAZARD. [SEAL.]

These four in presence of WILLIAM RAMWELL:

I. P. HAZARD. [SEAL.]
ELIZABETH HAZARD, [SEAL.]
Trustee.
ELIZABETH HAZARD. [SEAL.]
ANNA HAZARD. [SEAL.]

FREDERICK L. AMES,
JOHN DUFF,
SIDNEY DILLON,
Committee of the Trustees. [SEAL.]

The WITNESS. I produce also a copy of a release by Henry S. McComb, dated January 12, 1881, to the Credit Mobilier Company, also copy of release from Henry S. McComb, of the same date, to the Union Pacific Railway Company and Union Pacific Railroad Company.

The papers are marked respectively "Exhibits 5 and 6, June 1, 1887," and are as follows:

RELEASE BY H. S. M'COMB TO UNION PACIFIC.

To all to whom these presents shall come or may concern, greeting:

Know ye that Henry S. McComb, for and in consideration of the sum of one dollar, lawful money of the United States of America, to me in hand paid by the Union Pacific Railway Company, the receipt whereof is hereby acknowledged, have remised, released, and forever discharged, and by these presents do for myself and my heirs, executors, and administrators, remise, release, and forever discharge, the said Union Pacific Railway Company and the Union Pacific Railroad Company of and from all and all manner of action or actions, cause and causes of actions, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever in law or in equity which against the said companies said McComb ever had, now has, or which his heirs, executors, or administrators hereafter can, shall, or may have for, upon, or by reason of any matter, cause, or thing whatsoever from the beginning of the world to the day of the date of these presents.

In witness whereof I have hereunto set my hand and seal the 12th day of January, in the year of our Lord one thousand eight hundred and eighty-one.

H. S. McCOMB. [SEAL.]

Sealed and delivered in the presence of—
C. G. KIDDER.

RELEASE BY H. S. M'COMB TO CREDIT MOBILIER.

To all to whom these presents shall come or may concern, greeting:

Know ye that Henry S. McComb, for and in consideration of the sum of one dollar, lawful money of the United States of America, to me in hand paid by the Credit Mobilier of America, the receipt whereof is hereby acknowledged, have remised, released, and forever discharged, and by these presents do for himself and his heirs, executors, and administrators remise, release, and forever discharge, the said Credit Mobilier of and from all and all manner of action and actions, cause and causes of actions, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever in law or in equity which against Credit Mobilier said McComb ever had, now hath, or which his heirs, executors, or administrators hereafter can, shall, or may have for, upon, or by reason of any matter, cause, or thing whatsoever from the beginning of the world to the day of the date of these presents.

In witness whereof I have hereunto set my hand and seal the 12th day of January, in the year of our Lord one thousand eight hundred and eighty-one.

H. S. McCOMB. [SEAL.]

Sealed and delivered in the presence of—
C. G. KIDDER.

By Commissioner ANDERSON:

Q. Did Mr. McComb get a contemporaneous release?—A. My recollection is that Mr. McComb was threatening the company with suits

through Mr. Bangs, his counsel, and that there was a corresponding release.

Q. Delivered to Mr. McComb?—A. Yes, sir.

Q. A general release?—A. I think they were counterparts to these; that is my impression; I do not recollect it distinctly; we have no copies of it on the file of the company here, so Mr. Mink tells me; they are not papers that we would keep; they would be delivered to him; I would say, as far as the company is concerned, it was an adverse, threatening proceeding, and Mr. Bartlett and myself concurred in advising that settlement; I think we did not pay him any money.

Commissioner LITTLER. Is that all?

The WITNESS. Do you wish the settlement which resulted in the assignment of that account for $185,000 by the trustees to the Union Pacific Company?

Commissioner ANDERSON. Is it not necessary for the complete understanding of the story?

The WITNESS. I think not; they are all recited in the resolutions of the company, and Mr. Oliver Ames testified yesterday as to suits which had been brought on that and their condition.

Commissioner ANDERSON. We do not want them; if we find on reading the evidence that it is necessary we will send for them.

The WITNESS. They are with the company, and you can have them whenever you want them.

JOHN F. DILLON.

EQUITABLE BUILDING,
Boston, Mass., Wednesday, June 1, 1887.

AFTERNOON SESSION.

OLIVER W. MINK, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. Have you a statement of the issue of the stock of the Kansas Pacific Railroad Company, showing the persons to whom issued and the dates of issue?—Answer. Yes, sir; and I produce it.

The paper is marked "Exhibit 7, June 1, 1887," and is as follows:

STATEMENT AS TO ISSUES OF KANSAS PACIFIC STOCK.

The Kansas Pacific Railway Company.—Detailed statement of original issue of stock, date of issue, and to whom issued.

1866.			
June 8	For stock issued to J. Edgar Thomson and John D. Perry, trustees, until fulfillment of contract with R. M. S. & Co., 4,160 shares of stock subscribed and paid for by eastern and western parties, as per certificate No. 1, at $50 per share	.....	$208,000
	For 6,360 shares of stock issued March 29, 1866, certificate No. 2, as per contract, at $50 per share	.....	318,000
	For 5,280 shares of stock issued May 15, 1866, certificate No. 4, at $50 per share	.....	264,000
Sept. 15	For amount of legitimate stock found to be outstanding July 1, 1865, in the following names:		
	John D. Perry	995 shares.	
	A. Bennett	1,000	
	Saml. T. Glover	100	
	Thos. L. Price	5	
	C. S. Greeley	5	
	A. Meier	5	
	G. F. Filley	5	
	J. P. Usher	5	
	A. C. Anderson	5	
	J. P. Devereux	5	
	S. M. Edgill	5	
	S. A. Stinson	1	
		2,126 shares, at $50	106,300

The Kansas Pacific Railway Company, &c.—Continued.

1866. Nov. 30	For certificate No. 7, dated Sept. 1, 1865, issued to Leavenworth County in accordance with the resolution of directors, passed July 12, 1865, 5,000 shares, at $50			$250,000
	For certificate No. 8, dated Sept. 20, 1866, issued to H. M. Northrup in accordance with resolution of board passed Aug. 16, 1866, 40 shares, at $50			2,000
	For certificate No. 9, dated Oct. 15, 1866, issued to J. Edgar Thomson and John D. Perry, trustees, as per contract, 25,044 shares, at $50			1,252,200
1867. Mar. 29	For the following issued to Shoemaker, Miller & Co.:			
	No. 229	1,000 shares.	$50,000	
	230	800	40,000	
	231	800	40,000	
	232	600	30,000	
		3,200		160,000
1868. Mar. 28	For stock issued to Shoemaker, Miller & Co., February 25, 1868, certificate No. 233 for 1,000 shares			50,000
Apr. 2	For stock issued to Shoemaker, Miller & Co., Apr. 1, '68, certificate No. 345 for 100 shares			5,000
1869. Mar. 8	For stock issued Feb. 1, 1869, to Shoemaker, Miller & Co., certificate No. 354 for 49,130 shares, at $50, which with amounts heretofore issued is in full settlement of the total amount due said firm			2,456,500
1871. Mar. 31	For the following original issues of stock on account of land-grant subscription, as per resolution of stockholders passed at meeting held at Lawrence, Kans., Jan. 5, 1871, and circular of directors, Jan. 10, 1871, filed hereto:			
	No. of certificates.	No. of shares.		
	For 224 to 226 incl.	9,500	475,000	
	240 to 249	4,500	225,000	
	250 to 272	5,163	258,150	
	278 and 279	3,000	150,000	
	297	500	25,000	
	299	200	10,000	
	302 to 307	1,900	95,000	
	310 to 315	2,800	140,000	
	316 to 319	950	47,500	
	324 to 354	13,235	661,750	
	357	400	20,000	
	368	40	2,000	
	376 and 377	1,200	60,000	
	378 to 381	380	19,000	
	383	200	10,000	
	385	200	10,000	
	400	40	2,000	
	403 to 434	14,235	711,750	
	435 to 441	813	40,650	
	464	1,000	50,000	
	468	200	10,000	
	476 to 478	430	21,500	
	490 and 491	220	11,000	
	496 and 497	400	20,000	
	510 to 531	10,750	537,500	
	532 to 551	3,745	187,250	
	Total issue	76,000		3,800,000
May 31	For issue of certificate No. 585 for 2,000 shares, at $50, to Thos. A. Scott in payment of C & E, 179			100,000
1872. Dec. 31	For the following original issues of stock on account of 2d mortgage bond subscription, as per resolution of directors Aug. 23, 1871, approved by stockholders Jan. 20, 1872, 13,329 shares, at $50			666,450
1873. Sept. 30	For certificate No. 1,059, original issue, to T. J. Bartholow on account of his subscription to 2d mortgage land grant gold bonds, 340 shares, at $50			17,000
1874. Feb. 28	For certificate No. 1,180, original issue, dated Nov. 13, 1873, issued to M. Baird & Co., account of their subscription to 2d mortgage, land grant gold bonds, 680 shares, at $50			34,000
1880. Jan. 31	For original issue to parties holding consolidated bonds, for interest, 6,242 shares, at $50		312,100	
	Less for stock issued to parties to qualify them as directors, as per entry, Sept. 15, 1866, for which no certificates were given, 41 shares, at $50		2,050	
				310,050
	Total			10,000,000

BOSTON, *May* 11, 1887.

Q. Do you know whether these issues of stock to Thomson & Perry, as trustees, were intended to be used under construction contracts, and delivered as part of the payment for the work of construction?—A. I know nothing about the issues of the stock of the Kansas Pacific Company excepting as they may be shown in this account. I have no familiarity with the accounts of that company prior to the consolidation in 1880.

Q. You do not know, then, what consideration was received by the Kansas Pacific Railroad Company for the stock issued by that company?—A. No, sir.

Q. From what books can we derive that information?—A. From the general books of the company, the books from which that statement is drawn.

By Commisioner LITTLER:

Q. Do you mean the Kansas Pacific Company?—A. The Kansas Pacific Company.

Q. Where are those books?—A. They are here. I want to say, in that connection, that while the books of the Kansas Pacific Company are here, the vouchers which support the entries upon them are at Omaha. It would therefore be necessary either to bring the vouchers here or to take the books there in order to get any further details in relation to the capital stock account.

Commissioner ANDERSON. If the books here show that this stock was issued in connection with bonds in payment for construction, we probably will require no other voucher than that mere fact, because it will inform us what consideration was received by the company.

The WITNESS. Yes, sir; the accounts will speak for themselves.

Q. Does the entry in the statement you have handed me, under date of January 31, 1880, relating to the issue of 6,242 shares, refer to the 6,242 shares directed to be issued for interest on consolidated bonds and other indebtedness of the company in the resolution adopted at the meeting of January 24, 1880?—A. It does.

Q. Have you a statement of the consideration received for the issue of that stock, or any part of it?—A. I have. The entry and the vouchers filed against it show that $101,540 in amount of the stock was issued to parties holding consolidated bonds for interest due them on such bonds to November 1, 1879; and that $19,150 in amount of the stock was issued to Mr. Frederick L. Ames for six months' interest on $383,000 in funding bonds. I submit a copy of a statement showing the names of the persons to whom such stock was issued, and the amount of each issue, and the amount of the consolidated bonds held by each person.

The paper is marked "Exhibit No. 8, June 1, 1887," and is as follows:

Received of James M. Ham, treasurer, the amount set opposite our names, respectively, in stock of the Kansas Pacific Railway in full payment for interest due on consolidated bonds November 1, 1879, and not then paid.

Names.	Amount of bonds.	Amount of interest.	Shares.	Signatures.
Jay Gould	$2,105,475	$63,164	1,264	Jay Gould.
Sidney Dillon	195,650	5,900	118	Sidney Dillon.
Russell Sage	303,000	9,050	181	Russell Sage.
F. L. Ames	109,000	3,000	60	Fred'k L. Ames.
F. G. Dexter, trustee	70,000	2,100	42	E. Atkins for F. G. D.
A. Hebart, jr	10,000	300	6	E. H. Baker for A. H., jr.
Isaac Thatcher	20,000	600	12	E. H. Baker for I. T.
E. H. Baker	15,000	450	9	E. H. Baker.
Moe S. Lott	36,000	*1,080	21	Moe S. Lott by Geo. A. Saxer.

Received of James M. Ham, treasurer, the amount, &c.—Continued.

Names.	Amount of bonds.	Amount of interest.	Shares.	Signatures.
E. H. Perkins, jr	$20,000	$600	12	Russell Sage for E. H. P., jr.
Jas. C. Parrish	5,000	150	3	James C. Parrish.
Geo. S. Curtis	10,000	300	6	E. H. Baker for G. S. C.
Henry Villard	92,000	2,760	55	H. Villard by Geo. A. Saxer.
D. M. Edgerton	15,000	450	9	D. M. Edgerton.
R. L. Kennedy	21,000	*630	12	Robert Lennox Kennedy by W. C. Duvall.
Woerishoffer	42,000	1,260	25	Woerishoffer—M. J. Farwood.
A. H. Holmes	59,000	1,770	35	Artemas H. Holmes.
James T. Woodward	20,000	600	12	J. T. Woodward by Hally.
Geo. W. Perkins	20,000	600	12	G. W. Perkins by Hally.
G. M. Dodge	20,000	600	12	G. M. Dodge.
C. J. Morrill	15,000	450	9	E. H. Baker for C. J. M.
Drexel, Morgan & Co	45,000	1,350	27	Drexel, Morgan & Co. by Geo. A. Saxer.
H. H. Cook	6,000	*180	3	Jay Gould.
C. S. Greeley	50,000	1,500	30	C. S. Greeley.
Myers, Rutherford & Co	59,380	1,796	38	Myers, Rutherford & Co.
James Buell	30,000	900	18	J. Buell.
	3,386,005	101,540	2,029	
F. L. Ames	383,000	19,150	383	Fred'k L. Ames.
		120,690	2,412	
Less to balance		90		
		120,600		

*Less $30.

The WITNESS. The remaining 3,830 shares, amounting to $191,500, were put into the treasury of the Kansas Pacific Railway Company, and subsequently turned over to the Union Pacific Railway Company, the successor company. The stock thus turned over to the successor company forms a part of the treasury stock of the company referred to in my letter to the Commission, dated May 11, 1887, and was disposed of as stated in that letter.

Q. Have you a statement showing the issue of the Union Pacific Railroad stock, of the persons to whom the stock was issued, and the consideration received?—A. I have, and I now submit such a statement.

The paper is marked "Exhibit No. 9, June 1, 1887," and is as follows:

Detailed statement of the date of original issues of stock by the Union Pacific Railroad Company, amount of each issue, and to whom issued.

Date.	Object.	Shares.	Amount paid into treasury of company.
1863			
Dec. 22	For first installment of 10 per cent. on the entire subscription of the company to this date, as per following list:		
	Andrews, S	20	$2,000
	Ahern, S. J	20	2,000
	Ashley, O. D	20	2,000
	Blood, H	20	2,000
	Basford, H. W	20	2,000
	Belmont, Aus	10	1,000
	Bushnell, C. S	50	5,000
	Brodhead, R. C	20	2,000
	Bonner, G. T. & Co	20	2,000
	Butler, F	10	1,000
	Bartholomew, Geo. M	10	1,000
	Boody, H. H	20	2,000
	Barney, D. N	20	2,000
	Blatchford, R. M	20	2,000
	Butterfield, John	20	2,000
	Blair, John I	10	1,000
		20	2,000

Detailed statement of the date of original issues of stock, &c.—Continued.

Date.	Object.	Shares.	Amount paid into treasury of company.
1863. Dec. 22.	For first installment of 10 per cent. on the entire subscription of the company to this date, as per following list—Continued.		
	Case, G. W.	20	$2,000
	Clark, Edward	20	2,000
	Clarke, Dodge & Co.	20	2,000
	Cook, E.	50	5,000
	Curtis, N. B.	20	2,000
	Cisco, John J.	20	2,000
	Cheny, A. N.	20	2,000
	Crane, J. S.	5	500
	Crane, H. C.	50	5,000
	Cooper & Hewett	20	2,000
	Chittenden, L. B.	10	1,000
	Corning, Erastus	20	2,000
	Campbell, Allen	5	500
	Carver, E. F.	10	1,000
	Dix, John A.	20	2,000
	Duncan, Sherman & Co.	20	2,000
	Dehon, Clark & Bridges	20	2,000
	Dunham, E. W.	20	2,000
	Davis, G. T. M.	50	5,000
	Dunham, James L.	20	2,000
	Durant, W. F.	20	2,000
	Durant, Thomas C.	50	5,000
	Dows, D.	10	1,000
	Durant, W. W.	20	2,000
	Dodge, William B.	20	2,000
	De Rouge & Dyett	20	2,000
	Gibson, R. T. H.	50	5,000
	Grinnell, M. H.	10	1,000
	Gibson, C. D.	10	1,000
	Gray, L. M.	10	1,000
	Greswold, George	20	2,000
	Gould, Charles	20	2,000
	Gardner, Ransom	5	500
	Harison, G. B.	20	2,000
	Harriman & Jerome	20	2,000
	Hodges, G. W.	20	2,000
	Henry, J. E.	50	5,000
	Husford, O. P.	1	100
	Haven, F.	10	1,000
	Holliday, Benjamin	20	2,000
	Jerome, A. G.	20	2,000
	Jerome, L. W.	20	2,000
	Jones, David	20	2,000
	Kolwalski, C.	20	2,000
	Ketchum, Morris	20	2,000
	Kountze, Augustus	5	500
	Lambard, H. J.	20	2,000
	Low, A. A.	20	2,000
	Lambard, Charles A.	20	2,000
	McComb, H. S.	10	1,000
	Merriam & Bell	20	2,000
	McAndrews & Wann	20	2,000
	Maxwell, John D.	10	1,000
	McPherson, William M.	5	500
	McCormick, John	1	100
	Megrath, James G.	1	100
	Nye, E.	10	1,000
	Ogden, William B.	20	2,000
	Opdyke, George	20	2,000
	Pratt, G. W.	20	2,000
	Price, J. M.	20	2,000
	Pruyne, J. V. L.	20	2,000
	Poor, Henry V.	10	1,000
	Pomeroy, L. C.	5	500
	Quintard, G. M.	20	2,000
	Roosekrans, E. H.	20	2,000
	Ramsford, G. S.	10	1,000
	Richards, L. S.	20	2,000
	Richards, T. P.	20	2,000
	Richards, Dean	20	2,000
	Russell, C. H.	20	2,000
	Rickley, John	1	100
	Roberts, M. O.	20	2,000
	Scott, Thomas A.	20	2,000
	Scranton, J. H.	50	5,000
	Stebbins, H. J., & Sons	20	2,000
	Smith, Samuel B.	20	2,000

Detailed statement of the date of original issues of stock, &c.—Continued.

Date.	Object.	Shares.	Amount paid into treasury of company.
1863.			
Dec. 22.	For first installment of 10 per cent. on the entire subscription of the company to this date, as per following list—Continued.		
	Smith, Platt	5	$500
	Sloan, Samuel	5	500
	Smith, Francis	1	100
	Smith, Geo. R	1	100
	Sweesy, William J	1	100
	Tuttle, Charles	20	2,000
	Thomson, J. E	30	3,000
	Tuttle, J. T	20	2,000
	Train, Geo. F	20	2,000
	Tracy, J. T	20	2,000
	Truis, W. R	20	2,000
	Train, Willie D	20	2,000
	Tilden, William	10	1,000
	Thayer, Nathaniel	20	2,000
	Tiffany & Co	10	1,000
	Tilden, S. J	20	2,000
	Taylor, Moses	20	2,000
	Thomson, G. A	5	500
	Van Schaick & Massett	20	2,000
	Winslow, Lanier & Co	20	2,000
	Wright, J. B	20	2,000
	William & Guion	5	500
	Watkinson, Robert	10	1,000
	Williams, John M. S	20	2,000
	Weed, Thurlow	10	1,000
	Williams, N. S	20	2,000
	Winslow, F. S	5	500
	Young, Brigham	5	500
	McCready, F. H	20	2,000
		2,177	217,700
1864.			
Sept. 26	By cash: Second installment on following subscription:		
	Wm. B. Ogden		500
	R. Watkinson		1,000
	Williams & Guion		500
	Aug. Belmont		1,000
	J. Butterfield		1,000
	E. H. Rosekrans		2,000
	K. Cook		2,000
			8,000
Sept. 26	By cash: First installment, 10 per cent.:		
	S. Seymour		3,000
	Clark Bell		3,000
			6,000
Sept. 27	By cash: Second installment, 10 per cent.:		
	G. F. M. Davis		3,000
			3,000
Oct. 1	By cash: Ten per cent. on following new subscription:		
	C. S. Bushnell		10,000
	J. C. Kennedy		1,000
	Alex. Hayes		2,000
			13,000
Oct. 1	By cash: Second installment of 10 per cent:		
	J. F. Tracey		1,000
	J. C. Kennedy		1,000
	C. S. Bushnell		5,000
	Alex. Hayes		2,000
			9,000
Oct. 3	By cash: Second installment, 10 per cent.:		
	J. C. Durant		5,000
	W. W. Durant		2,000
	A. Koontze		500
	T. G. Megrath		100
	W. J. Swasey		100

Detailed statement of the date of original issues of stock, &c.—Continued.

Date.	Object.	Shares.	Amount paid into treasury of company.
1864.			
Oct. 3	By cash: Second installment, 10 per cent.—Continued.		
	J. Bickley		$100
	O. P. Hasford		100
	J. McCormick		100
	J. E. Henry		2,000
			10,000
Oct. 28	By cash: First installment, 10 per cent.:		
	H. C. Crane, agent		25,000
	H. M. Hoxie (made in accordance with provision in Hoxie contract)		25,000
			50,000
Nov. 15	By cash: Second installment, 5 per cent.:		
	Robert Watkinson		500
			500
Nov. 15	By cash: Second installment, 5 per cent., paid on the following subscriptions:		
	E. C. Broadhead	20	
	H. W. Bashford	20	
	D. Dows	10	
	N. B. Curtis	20	
	H. Blood	15	
	M. H. Grinnell	10	
	T. Haven	10	
	Thurlow Weed	10	
	Ransom Gardner	5	
	Clark Bell	30	
	J. M. Price	20	
	G. M. Quintard	20	
	J. T. Tuttle	20	
	M. Van Schauch	20	
	Merriam & Bell	20	
	G. M. Gray	10	
	H. C. Crane	40	
	A. N. Cheeny	20	
	G. W. Pratt	20	
	W. W. Durant	20	
	H. C. Crane, agent	250	
	Pickering Clark	10	
	J. G. Butler, trustee	20	
	C. S. Bushnell	100	
	G. T. Bonner	20	
	J. E. Henry	10	
	E. Cook	10	
	McAndrews & Mann	20	
	S. J. Ahern	20	
	Ed. Clark	20	
	E. Butler	10	
	R. F. Carr	10	
	T. H. McGready	20	
	W. F. Durant	30	
	S. Andrews	20	
	J. D. Maxwell	10	
	N. S. Williams	20	
	T. P. Richards	20	
	G. B. Hartson	20	
	De Shon, Clark and B	10	
	Clark Dodge	10	
	Harriman & Jerome	20	
	Samuel B. Smith	20	
	E. H. Rosekrans	20	
	H. M. Hoxie	250	
	L. C. Clark	10	
	T. C. Durant	165	
	H. M. Hoxie	30	
		1,525	76,250
1864.			
Dec. 27	By cash, being 95 per cent. balance due on subscription to capital stock of this company by Brigham Young, for 5 shares of $1,000 each, making it full paid stock		4,500

Detailed statement of the date of original issues of stock, &c.—Continued.

Date.	Object.	Shares.	Amount paid into treasury of company.
1865.			
Jan. 20	By cash, E. Cook, 15 per cent		$1,500
Jan. 20	By cash, John E. Henry, 15 per cent		1,500
May 17	By cash, R. Watkinson, 5 per cent. on 10 shares		500
Nov. 8	By cash, R. Watkinson, 5 per cent. on 100 shares held by him		500
1866.			
Feb. 17	By cash, O. P. Hinford, 5 per cent		50
Mar. 8	By cash, received from Credit Mobilier of America for account of installment on the following subscription to capital stock of this company, making the said stock 50 per cent. paid:		
		Pr. ct.	
	T. C. Durant	10	20
	Do	10	20
	Do	10	10
	W. D. Train	10	20
	G. F. Train	10	20
	John A. Dix	10	20
	Clark Bell	10	20
	J. J. Cisco	10	20
	J. F. Tracy	10	20
	H. V. Poor	10	10
	C. A. Lambard	10	5
	Milo J. Burke	10	15
	J. M. S. Williams	10	20
	Charles Tuttle	10	20
	J. H. Scranton	10	50
	E. C. Brodhead	5	20
	H. W. Bashford	5	20
	D. Dows	5	10
	N. B. Curtis	5	20
	H. Blood	5	15
	M. H. Grinnell	5	10
	F. Haven	5	10
	Thurlow Weed	5	10
	Rawson Gardner	5	5
	Clark Bell	5	30
	G. T. Bonner & Co	5	20
	J. E. Henry	5	10
	E. Cook	5	10
	McAndrews & Wann	5	20
	S. J. Abern	5	20
	E. Clark	5	20
	E. Butler	5	10
	B. F. Carver	5	10
	F. H. McCready	5	20
	W. T. Durant	5	20
	J. M. Price	5	20
	S. Andrews	5	20
	G. M. Quintard	5	20
	J. D. Maxwell	5	10
	J. F. Tuttle	5	20
	N. S. Williams	5	20
	Van Schanck & Massett	5	20
	T. P. Richards	5	20
	Merriam & Bell	5	20
	G. T. Hartshorn	5	20
	G. M. Gray	5	10
	Dehon Clark & B	5	10
	H. C. Crane	5	40
	Clarke Dodge & Co	5	10
	A. W. Cheney	5	20
	J. Harriman	5	20
	G. W. Pratt	5	20
	Samuel B. Smith	5	20
	T. C. Durant	5	50
	L. C. Clark	5	10
	Pickering Clark	5	10
	T. C. Durant	5	115
	J. G. Butler, trustee	5	20
	H. M. Hoxie	5	30
	C. S. Bushnell	5	100
	Sidney Dillon	5	25
	O. S. Chapman	5	25
	W. T. Glidden	5	50
	John Duff	5	50
	Oliver Ames	5	50
	J. M. S. Williams	5	50

Detailed statement of the date of original issues of stock, &c.—Continued.

Date.	Object.	Shares.	Amount paid into treasury of company.
1866.			
Mar. 8	By cash, received from Credit Mobilier of America for account of installment on the following subscription to capital stock of this company, making the said stock 20 per cent. paid:		
		Per ct.	
	Frederick Nickerson	5	25 .....
	R. G. Hasard	5	25 .....
	C. A. Lambard	5	50 .....
	H. M. Hoxie	5	150 .....
		1775	$102,250
1866.			
Mar. 24	By cash: For received from Credit Mobilier of America for account of installments on the following subscription to capital stock of this company, making the same 30 per cent. paid:		
		Per. Ct.	
	Sidney Dillon	10	25 .....
	O. S. Chapman	10	25 .....
	W. T. Glidden	10	50 .....
	John Duff	10	50 .....
	O. Ames	10	50 .....
	J. M. S. Williams	10	50 .....
	Frederick Nickerson	10	25 .....
	R. G. Hasard	10	25 .....
	C. A. Lambard	10	50 .....
	C. M. of A	10	875 .....
	H. W. Gray	30	5 .....
	Griswold	20	20 .....
		.....	127,500
June 22	By cash: H. C. Crane, assistant treasurer, being 30 per cent. on new subscription for 5,000 shares, of $100 each, to capital stock of this company	.....	150,000
July 1	By cash: For received from H. C. Crane, assistant treasurer, installments to capital stock, as follows:		
	N. B. Curtis	200	.....
	T. Weed	100	.....
	F. Haven	100	.....
	—, Rosekrans	200	.....
	R. Gardner	50	.....
	W. H. Grinnell	100	.....
	P. Clark	100	.....
	G. T. M. Davis	100	.....
	C. A. Lambard	200	.....
	J. F. Tracy	200	.....
	J. J. Cisco	200	.....
	J. A. Dix	200	.....
	J. E. Henry	200	.....
	E. Cook	100	.....
	C. Tuttle	200	.....
	T. C. Durant	100	.....
	C. M. A	5,100	.....
			7,450
		Per. Ct.	
	George Opdyke	20	200 .....
	H. S. McComb	20	200 .....
	C. H. McCormick	20	50 .....
	B. Holladay	20	200 .....
	650 shares at 20 per cent., 7,450 shares at 10 per cent.	650	67,500
Aug. 18	By cash, scrip account: For amount of scrip received from the following-named parties, in payment of 70 per cent. on number of shares standing in their names, same having been transferred to them by Credit Mobilier of America, being 30 per cent. stock, making their stock full paid:		
	Oliver Ames, March 29	1,563	.....
	Oakes Ames, March 29	449	.....
	James W. Grimes, March 29	125	.....
	Paul Pohl, jr., April 4	3	.....
	J. M. S. Williams, April 4	313	.....
	W. T. Glidden, April 4	312	.....
	John Duff, April 4	625	.....
	Elisha Atkins, April 5	156	.....
	William H. Macy, April 5	125	.....

Detailed statement of the date of original issues of stock, &c.—Continued.

Date.	Object.	Shares.	Amount paid into treasury of company.
1868. Aug. 18	By cash, scrip account: For amount of scrip received from the following-named parties, in payment of 70 per cent. on number of shares standing in their names, same having been transferred to them by Credit Mobilier of America, being 30 per cent. stock, making their stock full paid—Continued.		
	R. G. Hasard, April 6	500	
	I. P. Hazard, April 6	125	
	C. A. Lambard, April 6	625	
	S. Hooper & Co., April 10	250	
	F. Nickerson, April 10	125	
	G. G. Gray, April 11	633	
	Ezra H. Baker, April 12	156	
	Thomas Nickerson, April 12	50	
	E. Reed Meyer, April 12	10	
	J. B. Alley, April 13	250	
	W. D. Forbes, April 13	50	
	O. S. Chapman, April 13	156	
	S. Dillon, April 13	313	
	H. S. McComb, April 19	250	
	George Opdyke, April 27	231	
	O. W. Barnes, April 30	20	
	H. W. Gray, May 9	12	
	C. H. McCormick, May 14	313	
	L. E. French, June 10	10	
	H. J. Gilbert, June 15	44	
	Horatio Gilbert, June 19	63	
	Oliver Ames, July 26	1,563	
	Oakes Ames and E. W. Gilmore, July 26	450	
	John Duff, July 26	625	
	J. M. S. Williams, July 26	312	
	W. T. Glidden, July 26	313	
	H. W. Gray, July 26	12	
	G. G. Gray, July 26	634	
	W. D. Forbes, July 26	50	
	J. B. Alley, July 26	250	
	Sidney Dillon, July 26	312	
	H. S. McComb, July 26	250	
			$901,530
Sept. 21	By cash: Amount paid in by John A. Dix for 50 shares, of $100 each, subscribed for him this day, making the same full paid		5,000
Sept. 24	By cash: For amount of scrip received from the following-named parties in payment of 70 per cent. on number of shares standing in their names, same having been transferred to them by Credit Mobilier of America, being 30 per cent. stock, thus making their stock full paid:		
	I. P. Hazard, August 3	250	17,500
	R. G. Hazard, August 3	1,250	87,500
	Charles M. Hall, August 10	15	1,050
	O. S. Chapman, August 28	150	10,920
	J. Bardwell, August 30	250	17,500
	R. E. Bates, September 18	600	42,000
	James W. Grimes, September 19	125	8,750
	S. Hooper & Co., September 19	250	17,500
	Horatio Gilbert, September 19	63	4,410
	Horatio J. Gilbert, September 19	44	3,080
	F. Nickerson, September 19	125	8,750
	Ezra H. Baker, September 20	156	10,920
	C. S. Bushnell, September 22	750	52,500
	Benjamin Holladay, September 22	500	35,000
	Elisha Atkins, September 22	156	52,500
	Paul Pohl, jr., September 22	3	210
	Joseph Nickerson, September 22	125	8,750
	H. S. McComb, September 23	50	3,500
	C. A. Lambard, September 23	625	43,750
	Thomas Nickerson, September 19	50	3,500
			388,010
Sept. 22	By cash: Received from Credit Mobilier of America an installment of 30 per cent. on subscription to capital stock of 2,000 shares subscribed for by them 21st instant		60,000
Sept. 22	By scrip: For amount of scrip received from Thomas C. Durant, being for an installment of 25 per cent. on his subscription for 12,000 shares of the stock of the company, 21st		300,000
Sept. 27	By cash: For amount paid by Charles Tuttle on 22d instant, being payment in full on his subscription for 20 shares of the capital stock of this company		2,000

Detailed statement of the date of original issues of stock, &c.—Continued.

Date.	Object.	Shares.	Amount paid into treasury of company.
1866.			
Oct. 23	By cash: For amount of installment of 5 per cent. on capital stock of his subscription		$500
Dec. 31	By cash: For subscription, this day, to capital stock by the Credit Mobilier of America, for 19,192 shares, of $100 each, 30 per cent. paid		575,760
Dec. 31	By cash: For 5 per cent. installment received from Credit Mobilier of America on subscription of 12,000 shares made by T. C. Durant, on which 25 per cent. was paid, this installment making the same 30 per cent. stock		60,000
Dec. 31	By cash, for 30 per cent. installment on new subscription of Credit Mobilier of America for 19,200, on which they paid upon 19,192 shares, leaving 8 shares now received		240
Dec. 31	By scrip, for 70 per cent. on 24,494 shares capital stock paid in this day:		
	John Duff	1,250	
	S. Dillon	625	
	J. M. S. Williams	620	
	Oliver Ames	3,125	
	B. E. Bates	600	
	John B. Alley	500	
	W. D. Forbes	100	
	H. Gilbert	125	
	C. H. McCormick	625	
	Elisha Atkins	312	
	H. S. McComb	550	
	P. Pohl, jr	6	
	Thomas Nickerson	100	
	B. D. Stuart	5	
	R. Hazard	250	
	G. F. Train	125	
	Williams & Guion	250	
	C. S. Bushnell	700	
	J. H. Scranton	5	
	David Jones	250	
	C. C. Waite	50	
	George Opdyke	350	
	T. C. Durant	5,808	
	G. G. Gray	1,267	
	G. F. Train	125	
	C. A. Lambard	1,250	
	W. T. Glidden	625	
	O. S. Chapman	312	
	J. Nickerson	250	
	F. Nickerson	250	
	I. P. Hazard	250	
	S. Hooper & Co	500	
	H. J. Gilbert	87	
	Oakes Ames	800	
	E. H. Baker	313	
	J. L. King	50	
	J. W. Grimes	250	
	J. Bardwell	250	
	E. W. Gilmore	100	
	O. W. Barnes	10	
	L. E. French	20	
	H. W. Gray	25	
	W. H. Macy	250	
	Benjamin Halladay	500	
	E. Reed Meyer	20	
	H. C. Crane	30	
	T. C. Durant	260	
	D. Jones	250	
	George Opdyke	119	
		24,494	1,714,580
Dec. 31	To scrip, for 70 per cent. on 313 shares stock belonging to C. H. McCormick, paid in by him this day, making said stock full paid		21,910
Dec. 31	By scrip, for 70 per cent. on 6,000 shares stock belonging to T. C. Durant, paid in by him this day, making said stock full paid		420,000
1867.			
Feb. 27	By scrip, for 70 per cent. paid in by Elisha Atkins on 50 shares		3,500
Mar. 26	By scrip, for scrip received from R. G. Hazard, March 9, on account 250 shares		17,500

Detailed statement of the date of original issues of stock, &c.—Continued.

Date.	Object.	Shares.	Amount paid into treasury of company.
1867.			
April 29	By scrip:		
	Scrip received from Credit Mobilier of America to make the following stock 30 per cent. paid: One thousand four hundred shares Credit Mobilier of America, 10 per cent. paid, paid 20 per cent		$28,000
	Less overpayment as follows:		
	E. H. Rosekrans, 200 shares, 5 per cent $1,000		
	Credit Mobilier of America, 200 shares, 5 per cent.. 1,000		
	Credit Mobilier of America, 250 shares, 10 per cent. 2,500		
			4,500
			23,500
Oct. 10	By scrip, for amount scrip surrendered by John B. Henry, being 15 per cent. on 100 shares standing in his name, making same 30 per cent. stock		1,500
Oct. 28	By scrip, amount received from S. B. Chittenden, being 20 per cent. on 10 shares, making same 30 per cent		2,000
Oct. 31	By scrip, for amount received from Morris Ketcham, being 20 per cent. on subscription of 20 shares, making same 30 per cent. paid		4,000
Nov. 1	By sundries:		
	By scrip		1,970
	Credit Mobilier of America, for amount paid in this day following subscriptions		13,530
	V. W. Shipman, 20 shares, 20 per cent		4,000
	D. W. Barnes, 20 shares, 20 per cent		4,000
	C. R. Sheldon, 15 shares, 20 per cent		3,000
	W. B. Ogden, 5 shares, 10 per cent		500
	O. D. Ashley, 20 shares, 20 per cent		4,000
	Making same 30 per cent		15,500
Nov. 7	By Credit Mobilier of America, for amount paid this day on account following stock:		
	E. V. W. Shipman, 10 shares, 20 per cent		2,000
	A. Campbell, 5 shares, 20 per cent		1,000
	Making same 30 per cent. paid		3,000
Nov. 20	By cash, capital stock, R. Nally		4,000
Dec. 15	By cash, capital stock, sundries:		
	Francis Smith		200
	Samuel Sloan		1,000
	Cornelius Mead		4,000
			5,200
Dec. 17	By cash, cash to sundries, capital stock on account:		
	James Barthish, 20 shares, 20 per cent		4,000
	J. F. Chamberlan, 30 shares, 20 per cent		6,000
	G. W. Cass, 5 shares, 20 per cent		1,000
	J. F. Lamo, 5 shares, 20 per cent		1,000
	J. E. Thompson, 5 shares, 20 per cent		1,000
	J. Ulrich, 65 shares, 20 per cent		13,000
	Silas Seymour, 30 shares, 20 per cent		6,000
	G. A. Thompson, 5 shares, 20 per cent		1,000
			33,000
Dec. 18	By cash, cash to sundries, capital stock on account		4,000
Dec. 20	By cash, capital stock:		
	Tiffany & Co., 10 shares, 20 shares		2,000
	A. G. Butler, 10 shares, 20 per cent		2,000
	W. B. Dodge, 20 shares, 20 per cent		4,000
	D. A. Carrington, 20 shares, 20 per cent		4,000
	G. W. Hodges, 20 shares, 20 per cent		4,000
	F. S. Winston, 5 shares, 20 per cent		1,000
			17,000
Dec. 24	By cash:		
	Clark Bell, 20 shares, 10 per cent		2,000
	Clark Bell, 10 shares, 20 per cent		2,000
			4,000

Detailed statement of the date of original issues of stock, &c.—Continued.

Date.	Object.	Shares.	Amount paid into treasury of company.
1867.			
Dec. 27	By cash:		
	Alex. Hay, 20 shares, 10 per cent		$2,000
	A. G. Jerome, 20 shares, 20 per cent		4,000
	W. Tilden, 10 shares, 20 per cent		2,000
	Henry Blood, 5 shares, 20 per cent		1,000
	James C. Kennedy, 10 shares, 10 per cent		1,000
			10,000
Dec. 28	By cash, capital stock, E. Cook:		
	J. E. Henry, 100 shares, 15 per cent		1,500
1868.			
Jan. 4	By cash, capital stock:		
	Contractors, 23,960 shares		2,396,000
	Credit Mobilier of America, 15,881 shares, at 70 per cent		1,111,670
	R. F. Gordon, 5 shares, at 90 per cent		4,500
Jan. 31	By cash to capital stock:		
	T. C. Durant		8,000
	J. G. Megrath		800
			8,800
Feb. 27	By cash to capital stock:		
	August Belmont, 80 per cent. on 10 shares		8,000
	L. W. Jerome, 90 per cent. on 20 shares		18,000
	W. R. Travers, 90 per cent. on 20 shares		18,000
	G. R. Smith, 90 per cent. on 1 share		900
	John Rickley, 80 per cent. on 1 share		800
			45,700
April 7	By cash to capital stock:		
	S. C. Pomeroy, 90 per cent. on 5 shares		4,500
	O. P. Hurford, 75 per cent. on 1 share		750
	A. Kountze, 80 per cent. on 3 shares		2,400
			7,650
June 17	By cash to capital stock, Benjamin E. Bates, treasurer		1,500,000
July 3	By cash to capital stock, contractors, 25,000 shares		2,500,000
July 9	By cash:		
	B. E. Bates, trustee for contractors		300,000
	J. J. Crane		4,500
Sept. 16	By cash:		
	John Butterfield		8,000
	Ransom Gardner		3,500
	Moses H. Grinnell		7,000
			18,500
Dec. 30	By cash, H. C. Crane, assistant treasurer, 75,000 shares		7,500,000
1869.			
Feb. 17	By cash, H. C. Crane, assistant treasurer, subscription 40,000 shares		4,000,000
Oct. 26	By cash, B. E. Bates, treasurer of trustees, subscription 10,000 shares		1,000,000
Nov. 3	By cash, John A. Rice, assistant treasurer of trustees, subscription 10,000 shares		1,000,000
Nov. 26	By cash, B. E. Bates, treasurer of trustees, subscription 10,000 shares		1,000,000
Dec. 18	By cash, B. E. Bates, treasurer of trustees, subscription 10,000 shares		1,000,000
1870.			
Jan. 11	By cash, B. E. Bates, treasurer of trustees, subscription 10,000 shares		1,000,000
Jan. 25	By cash, B. E. Bates, treasurer of trustees, subscription 10,000 shares		1,000,000
Feb. 11	By cash, B. E. Bates, treasurer of trustees, subscription 20,000 shares		2,000,000
Feb. 18	By cash, B. E. Bates, treasurer of trustees, subscription 10,000 shares		1,000,000
July 29	By cash, B. E. Bates, treasurer of trustees, subscription 30,000 shares		3,000,000

Detailed statement of the date of original issues of stock, &c.—Continued.

Date.	Object.	Shares.	Amount paid into treasury of company.
1864.			
Nov. 11	Capital stock debtor to cash:		
	For amount paid Robert Watkinson, being 10 per cent. on his subscription paid by him in error on second installment, new call, made for 5 per cent., and paid by him		$1,000
1868.			
July 30	Capital stock debtor to cash:		
	For repaid 10 per cent. installment on stock, 20 shares, in name of H. S. McComb, being amount overpaid, 18th instant		2,000
			3,000
	Total		36,762,300

The WITNESS. The form of the entries on the books of the company indicate cash payments in all cases. The connection of the subscription by the Credit Mobilier, by H. C. Crane, assistant treasurer, by Opdyke, McComb, McCormick, Holliday, and by all other persons whose names appear after 1866 with the construction contracts of the road, will be disclosed by an examination of the contracts and amounts maturing thereunder, and are not within my personal knowledge. My recollection in relation to the capital stock account is that the books show that the stock was paid for in cash, with the exception of a small amount that was paid for in scrip of some kind.

ISSUES OF STOCK.

The two statements just produced, Exhibits 7 and 9 of this date, cover the issue of $36,762,300 in the stock of the Union Pacific Railroad Company, and of $10,000,000 in the stock of the Kansas Pacific Railway Company.

In addition to those, the Denver Pacific Railway and Telegraph Company had issued $4,000,000 of its stock. The consideration for which it was issued is not within my personal knowledge, and must be derived from an inspection of the books and construction contracts.

TOTAL STOCK OF UNION PACIFIC RAILWAY COMPANY.

The aggregate amount of these stocks, $50,762,300, was fixed upon as the capital stock of the Union Pacific Railway Company, the successor by consolidation. The new corporation accordingly exchanged its new stock for the respective issues of the constituent corporations, on the terms stated in the consolidation agreement. This completes the explanation of the issue of $50,762,300 of the present stock of the Union Pacific Railway.

ISSUE OF STOCK IN 1881.

In 1881 a further issue of $10,106,200 was made by the Union Pacific Railway Company, a detailed statement of which is now submitted.

(The witness produced the statements referred to, which were marked respectively Exhibits 10 and 11, June 1, 1887, but which are not entered at length in the record.)

Q. Do your books show, as a matter of fact, all of the last-mentioned stock was, in fact, issued against cash, and that the company, in fact, received for this stock the whole par value thereof, to wit, $10,106,200?

FOR WHICH THE COMPANY REALIZED CASH.

A. The books show that the company did receive the amount in cash.

Q. Do you know whether this stock was issued in connection with any construction contract or purchasing contract to which the parties subscribing for the stock were parties?—A. No, sir; it was not.

Q. The money then realized actually went into the treasury of the company, without commitment or entanglement by reason of pending contracts, and was applied by the company in such manner as the books will show?—A. It was. The money received from this stock was largely used during the year 1881 in the development of our branch lines, and its application is shown in general by the change in our investment account, which, at the commencement of 1881, amounted to $22,043,127.89, and at the close of that year amounted to $34,359,888.49. The principal subjects of expenditure during the year, to which this money was applied, was as follows:

WHICH WAS APPLIED AS FOLLOWS:

The extension of the following lines:	Miles.
Utah and Northern	65 4/5
Omaha, Niobrara and Black Hills	9 4/5
Echo and Park City	5
Julesburg Branch	151 1/5
Greeley, Salt Lake and Pacific	18 2/5
Boulder line	2 2/5
Denver, South Park and Pacific	33
Making a total of	285 4/5
In addition to these lines grading was done in advance of track laying (excluding the Oregon Short Line) to the extent of about	149 4/5

As is shown in our report for 1881, at page 14. The Oregon Short Line was constructed through the issue of its own securities.

Q. Do you know whether all this work was done under the construction department of the Union Pacific Railroad?—A. Yes, sir; I believe it was.

Q. From what books can we get the account of that construction, showing the parties to whom the money was paid, and who were the parties in interest under the contracts?—A. From the books of the Union Pacific Company at Omaha.

Exhibits Nos. 10 and 11 show certain details relating to the subscriptions to our stock. The paper I now produce is a recapitulation showing the actual issue of the stock with the amounts and dates.

[The paper is marked "Exhibit No. 12, June 1, 1887," and is as follows:

The Union Pacific Railroad Company—Statement of debits to installment account.

DR.

1881.			
Mar. 31.	To capital stock: Amount of new full-paid stock issued to subscribers:		
	March 23, 1881	$13,800	
	March 25, 1881	122,700	
	March 26, 1881	72,000	
	March 28, 1881	56,000	
	March 29, 1881	1,190,000	
	March 30, 1881	920,950	
	March 31, 1881	2,220,700	
			$4,588,150
April 1.	To capital stock: Amount of new full-paid stock issued to subscribers		2,406,300
3.	Do		309,450
4.	Do		140,400
5.	Do		16,100

The Union Pacific Railroad Company—Statement of debits, &c.—Continued.

DR.

1881.				
April 1.	To capital stock: Amount of new full-paid stock issued to subscribers—Continued.			
6.	Do			$245,300
7.	Do			7,100
8.	Do			172,900
9.	Do			898,700
12.	Do			7,300
13.	Do			2,300
14.	Do			18,050
15.	Do			134,700
16.	Do			4,700
18.	Do			15,300
19.	Do			200
20.	Do			
	April 19, 1881		22,700	
	April 20, 1881		4,100	
	April 21, 1881		1,700	
	April 23, 1881		48,400	
	April 25, 1881		900	
	April 28, 1881		4,100	
	April 29, 1881		600	
				82,500
May 12.	To capital stock: Amount of new full-paid stock issued to subscribers:			
	May 7, 1881	100		
	May 10, 1881	3,000		
	May 12, 1881	635,500		
				638,600
13.	To capital stock: Amount of new full-paid stock issued to subscribers			4,000
31.	Do			
	April 22, 1881	4,500		
	April 26, 1881	1,200		
	April 30, 1881	500		
	May 3, 1881	200		
	May 9, 1881	100		
	May 10, 1881	4,100		
	May 13, 1881	20,000		
	May 20, 1881	100		
	May 24, 1881	100		
				30,800
June 12.	To capital stock: Amount of new full-paid stock issued to subscribers			4,000
July 30.	Do			201,000
30.	Do			
	July 7, 1881	100		
	July 11, 1881	56,600		
	July 14, 1881	10,800		
	July 25, 1881	58,500		
				126,000
Aug. 31.	To capital stock: Amount of new full-paid stock issued to subscribers			50
31.	Do			100
Oct. 8.	Do			19,000
21.	Do			37,900
1882.				
July 31.	Do			
	December 17, 1881	100		
	January 17, 1882	100		
				200
				10,106,100

The WITNESS. I also submit a statement showing the dates of conversion of the stock of the constituent companies, and the date of issue of the $10,000,000 increase in 1881, the total amount of which statement represents the present capital of the Union Pacific Railway Company, namely, $60,868,500.

(The paper is marked "Exhibit 13, June 1st, 1887," but is not entered at length in the record.)

Q. Have you a detailed statement of dividends declared or paid to stockholders?—A. Yes, sir. I submit a statement of the dividends declared by the Union Pacific Railroad Company prior to the consolidation, and by the Union Pacific Railway Company since the consolidation.

[The paper is marked "Exhibit No. 14, June 1st, 1887," and is as follows:]

The Union Pacific Railway Company.—Statement of dividends paid by the Union Pacific Railroad Company and the Union Pacific Railway Company to April 1, 1884, as shown by the company's books.

Date.	Company.	Rate per cent.	Amount paid.
1875.			
July 1	The Union Pacific Railroad Company	1½	$551,175 00
Oct. 1	do	2	734,900 00
1876.			
Jan. 1	do	2	734,900 00
April 1	do	2	734,900 00
July 1	do	2	734,900 00
Oct. 2	do	2	734,900 00
1877.			
Jan. 1	do	2	734,900 00
April 2	do	2	734,900 00
July 2	do	2	734,900 00
Oct. 1	do	2	734,900 00
1878.			
Jan. 1	do	2	734,900 00
April 1	do	2	734,900 00
Oct. 1	do	1½	551,175 00
1879.			
Jan. 1	do	1½	551,175 00
April 1	do	1½	551,175 00
July 1	do	1½	551,175 00
Oct. 1	do	1½	551,175 00
1880.			
Jan. 1	do	1½	551,175 00
			11,942,125 00
1880.			
April 1	The Union Pacific Railway Company	1½	761,424 50
July 1	do	1½	761,424 50
Oct. 1	do	1½	761,424 50
1881.			
Jan. 1	do	1½	761,424 50
April 1	do	1½	888,340 25
July 1	do	1½	1,058,402 62
Oct. 1	do	1½	1,064,197 75
1882.			
Jan. 2	do	1½	1,063,193 50
April 1	do	1½	1,065,197 00
July 1	do	1½	1,065,197 00
Oct. 2	do	1½	1,065,197 00
1883.			
Jan. 1	do	1½	1,065,197 00
April 1	do	1½	1,065,197 00
July 1	do	1½	1,065,197 00
Oct. 1	do	1½	1,065,197 00
1884.			
Jan. 1	do	1½	1,065,197 00
April 1	do	1½	1,065,197 00
			16,766,643 13
	Total		28,650,770 13

COMPTROLLER'S OFFICE, *Boston, May 10, 1887.*

Q. Were any dividends whatever declared by the Kansas Pacific Company or the Denver Pacific Company before the consolidation?—A. I believe not.

DIVIDENDS DECLARED BY BRANCH LINES.

Q. What dividends, if any, have been declared by the branch lines of the Union Pacific Railway?—A. The Colorado Central and the Utah and Northern Companies have paid small dividends. The Central Branch of the Union Pacific Railroad Company has also declared and paid two

dividends. One on November 2, 1885, for 5 per cent., or $50,000, and another on December 20, 1886, of 10 per cent., or $100,000, together making $150,000. The Utah and Nevada Railroad Company has also paid a dividend. In the case of the Utah and Northern, the Colorado Central, and the Utah and Nevada Companies, the Union Pacific Company is the owner of nearly all the stock. The Montana Railway Company has also paid one dividend. That is a little road away up at the end of the Utah and Northern track. It was built under a separate charter. It has no mortgage debt. I believe that statement covers all the dividend paying properties. All income received from investments, including those before referred to, is stated in detail in the company's accounts. The current income also appears in detail in our more recent reports.

Q. Can you state the amount of the earnings of the Union Pacific Railroad Company, of the Kansas Pacific Railroad, and of the Denver Pacific Railway, arising from transportation for the United States Government, and also the earnings of the Union Pacific Railway, and of the branch lines of your system, showing by such statement the total amount of money earned for transportation from the United States Government from the time of the inception of the business down to the present time?—A. The actual detail of the amounts earned appears in full on our books at Omaha, but I submit an approximate statement of the amounts drawn from our reports and records here.

[The paper is marked "Exhibit No. 15, June 1, 1887," and is as follows:]

Union Pacific Railway Company. Memorandum in relation to United States transportation. (Approximate.)

UNION DIVISION.

Amount paid in cash to Union Pacific to June 30, 1878	$2,367,905 65
Same sum carried to interest account to June 30, 1878	2,367,905 65
Amount found to be due in cash June 30, 1878	2,534,792 81
Same sum applicable to interest account June 30, 1878, Ex. Doc. Sen., 48th Cong., No. 124	2,534,792 81
Union Division transportation, July to December, 1878, Ex. Doc. Sen., 48th Cong., No. 124	483,650 10
Union Division transportation, July to December, 1879, Ex. Doc. Sen., 48th Cong., No. 124	943,734 70
Union Division transportation, July to December, 1880, Ex. Doc. Sen., 48th Cong., No. 124	1,093,660 14
1881	1,162,949 65
1882	1,139,709 38
1883	1,043,957 69
1884	1,079,696 18
1885	949,719 21
1886	963,873 62
Total	16,303,441 94
Deduct cash payments	14,740 64
	16,288,701 30

KANSAS DIVISION.

To December 31, 1878, paid in cash	$1,112,358 77
To December 31, 1878, interest account, &c	2,415,551 75
1879	158,236 69
1880	2[illegible],003 43
1881	21[illegible],725 24
1882	19[illegible],038 04

1883	$135,907 47
1884	163,499 96
1885	149,523 23
1886	131,919 13
Total	3,790,334 93
Deduct cash payments	32,554 42
	3,757,780 51

SUMMARY.

Union Division, transportation as per annexed statement		$16,288,701 30
Union Division, cash, July 6, 1881	$69,358 83	
June 24, 1884	718,814 60	
April 16, 1885	916,704 02	
December 4, 1886	155,246 59	1,860,124 04
		18,148,825 34
Kansas Division		3,757,780 51
		21,906,605 85
Interest collected on United States sinking fund		572,891 61
		22,479,497 46
Ledger account, December 31, 1886		22,459,727 56
Difference		19,769 90

BOSTON, *June* 1, 1887.

CREDITS THE UNION PACIFIC IS ENTITLED TO.

The WITNESS. I find that to June 30, 1878, the United States paid to the Union Pacific Railroad Company, in cash, $2,367,905.65. I assume, therefore, that the same amount was retained by the United States and applied on the bond and interest account, because, under the terms of the act, it was only half the transportation that was payable to us, the other half being reserved for the account mentioned. To the same date, namely, June 30, 1878, there became due to the company, in addition to the amounts paid, $2,534,792.81. This amount is included in various recoveries in suits brought in the Court of Claims, in which the Union Pacific Railroad was plaintiff against the United States. The numbers of the cases are as follows: 9,830, 10,899, 11,901, and 12,515. The amount I now refer to has been examined by the Commissioner of Railroads, passed by him, and allowed in our settlements. I assume that an equal amount was also retained by the United States and applied on the bond and interest account, as the amount before mentioned represents solely the half transportation which we claimed in the cases before mentioned to be payable to us, all of it having accrued, or having become due, prior to June 30, 1878.

From the 1st of July, 1878, to December 31, 1878, the company was entitled to credit for transportation to the amount of $483,650.10. This amount has been adjusted with the Railroad Commissioner. We were given credit in that year, in the settlement, for that sum. Being subsequent to the Thurman act, this amount represents the whole transportation services on the Union Pacific division for the period named. The credit appears in the Report of the Commissioner of Railroads, at page 14.

In the same way, for the year 1879, the company became entitled to $943,734.70. This credit appears in the same Report of the Commissioner of Railroads, at the same page.

For the year 1880, the company became entitled to credit for $1,098,660.14. The amount of this credit appears in part ($1,016,079.23) in the same Report of the Commissioner of Railroads, at page 15, and in part ($82,580.91) at page 16.

In the year 1881, the company became entitled to a credit for $1,162,949.65. These credits appear in the report of the Commissioner of Railroads for 1882, at page 34, in two items, namely, $1,012,316.62 and $150,633.03.

In the year 1882, the company became entitled to a credit for $1,139,700.38. These credits appear in the Report of the Commissioner of Railroads for 1883, in two items, one on page 28, for $932,975.41, and the other on page 29, for $206,733.97.

For the year 1883, the company became entitled to credit for $1,043,957.69. Of this sum, $960,502.46 is shown in the Report of the Commissioner of Railroads for the year 1884, page 27, and the balance of $83,455.22 is shown in the same report, on page 28.

For the year 1884, the company became entitled to credit for $1,079,696.18. Of this amount, $765,559.65 is taken up to our credit in the Report of the United States Commissioner of Railroads for 1885, at page 11; and the balance, of $314,136.53, is put to our credit in the same report, at page 12.

In the year 1885, the company became entitled to credit for $949,719.21. Of this amount, $674,646.18 is taken up to our credit in the Report of the Commissioner of Railroads for 1886, at page 6. The balance, of $275,073.03, does not appear in the Commissioner's report. It represents the earnings on the non-aided line of the Union Pacific system for that year, retained by the Treasury Department and allowed us in settlement by the Secretary of the Treasury. This amount was not settled between the company and the Commissioner of Railroads, but it was adjusted between the company and the Treasury Department. I produce a letter from Hon. Charles S. Fairchild, Secretary of the Treasury, dated December 4, 1886, in which this matter is adjusted, and he enumerates the various transportation charges for branch lines, amounting in all to $377,763.90. The settlement, as far as it has progressed with the Commissioner of Railroads, left an apparent amount due from this company, under the terms of the act applicable to its earnings, which amounted to $533,010.49. After deducting the amount of $377,763.90, adjusted as before stated, there remained a balance of $155,246.59, which was paid in cash by the company on December 4, 1886.

It follows, therefore, that the whole of the item for 1885, amounting to $949,719.21, has been adjusted between the company and the Government. That is to say, the $674,646.18, allowed by the Commissioner of Railroads, and the $275,073.03, allowed by the Secretary of the Treasury, amount to $949,719.21. The amounts allowed by the Secretary of the Treasury, as appears from his said letter, December 4, 1886, aggregated $377,765.90. This allowance includes $102,690.87, which belonged to the Kansas division, and is not included in the figures given for 1885—that is, $949,719.21—for the Union division.

For the year 1886 the company became entitled to credit for $963,673.62. This is the amount as it appears on our books, but has not yet been adjusted with the Government. It includes the earnings for transportation of the branch lines. The total so far for transportation amounts to $16,303,441.94. This embraces all the transportation taken up to the credit of or claimed for the Union Pacific division to December 31, 1886, and includes the branch line transportation to that period, but does not include the Kansas Pacific division at all.

The company has also received from the Government, through sundry small cash payments, made for branch-line services, the sum of $14,740.64, leaving the balance on this account for transportation earnings $16,288,701.30. On the Kansas division, in the statements which were furnished to me from Kansas City, covering all Government trans-

portation accounts to December 31, 1878, the total amount of transportation was shown to be $3,527,910.52. There has been paid to the company in cash on account of these transportation accounts $1,112,358.77, the balance, $2,415,551.75, having been retained and applied on the bond and interest account. This amount of $3,527,910.52 represented all transportation done by the Kansas Pacific Company from 1866 to December 31, 1878.

In a similar statement for the year 1879 the total amount of transportation is shown for that year to have been $158,236.68. No money payments were made on this account.

Q. Can you refer us to where it has been adjusted?—A. I can. It is in the report of the Commissioner for 1881, at page 17.

The statement to December 31, 1878, shows that of the $3,527,910.52 $2,160,402.50 was payable to the company in cash. This represented one-half of the earnings on the road east of the 394th-mile post, all of earnings on the road west of the 394th-mile post, and all of the earnings on the Leavenworth branch, Arkansas Valley, and the Junction City and Fort Kearney branches. On account of the $2,160,402.50 payable to the company in cash the Government has paid but $1,112,358.77, leaving the cash balance due to the Kansas Pacific Company at that date of $1,048,043.73.

For the year 1879, out of transportation earnings amounting to $158,236.68, there was payable in cash $107,713.89, on account of which the Government had paid nothing. There was, therefore, due the Kansas Pacific Company on December 31, 1879, a cash balance of $1,155,757.62. On the other hand, the Government was entitled to 5 per cent. of the net earnings of the Kansas Pacific road, which for the period from November 2, 1868, to November 1, 1879, amounted to $388,621.32. There was, therefore, a cash balance due to the Kansas Pacific, in excess of the 5 per cent. obligation, of $767,136.30. This balance is taken up to the credit of the company in the report of the Commissioner for 1881, at page 17. This result was reached by the Commissioner of Railroads, after adjusting the prior accounts at the figure and in the manner before stated by me.

For the year 1880 the company became entitled, on account of its Kansas Pacific division, to credit for $235,003.43. Of this amount the company was entitled to credit for the portion thereof payable in cash, $170,455.05, and the credit for this amount appears in the Report of the Railroad Commissioner for 1881, at page 17.

The balance of this transportation, $64,548.38, consists of one-half of the transportation for that year on the aided road, and is applicable to the bond and interest account. These figures must have been adjusted by the Government as above, in order to reach the cash portion of the transportation as adjusted in the Railroad Commissioner's account.

The company became entitled to credit in 1881 to the amount of $215,725.24. This amount is shown to have been adjusted by the Railroad Commissioner from the entries appearing at page 35 of the Report of 1882. It appears on that page of the report that the cash portion of the company's transportation in 1881 amounted to $150,845.25. The bond and interest account, being one-half of the subsidized earnings, $29,867.75, and also one-half of the subsidized mail earnings, $35,012.24, make together $64,879.99, which sum, being added to the cash portion as above stated, $150,845.25, gives the aggregate, $215,725.24. The figures for the transportation, contained in the same page, $253,239.41, exceed the amount above stated, for the reason that the report is made from November 2, 1880, to December 31, 1881, including fourteen months.

For the year ending December 31, 1882, the company was entitled to a credit on account of the Kansas Pacific division for $185,038.04. This item was adjusted by the Commissioner of Railroads, and appears in his Report for 1883, at page 30. The cash portion due the company for transportation for that year was $127,580.91. The balance of $57,457.13, namely, one-half for transportation on the aided roads, was applicable to the bond and interest account. The figures showing this amount appear on the same page, one-half the subsidized passenger freight and express earnings, $16,004.74, and one-half mail earnings, $41,452.36.

For the year 1883, on account of the Kansas Pacific division, the company became entitled to $135,907.47. This amount was adjusted by the Commissioner of Railroads, as appears from his report for 1884, at pages 28 and 29. The Government earnings on the main line are stated at $132,387.61, and on the Leavenworth branch at $3,519.86. The aggregate of those two sums is the amount stated, $135,907.47.

For the year 1884, the company became entitled, on account of Kansas Pacific division, to a credit of $163,429.96. This amount was adjusted by the Commissioner of Railroads, as appears from his Report for 1885, at page 15, where the amount of transportation for that year on the aided lines is stated at $101,016.29, and on the non-aided lines at $62,413.67, the aggregate of which sums is the amount above stated, $163,429.96. The statements of Kansas Pacific division transportation from the year 1880 to the year 1885, as above explained, also appears to have been adjusted by the Commissioner of Railroads, as appears from the statement contained at page 15 of the Report of 1885, the addition of the two items entered for each year applicable to the aided and non-aided portions of the lines giving the results above stated for the respective years 1880, 1881, 1882, 1883, and 1884.

For the year 1885, the company became entitled, on account of the Kansas Pacific division, to a credit of $149,523.23. The amount of earnings on the aided road, namely, $93,664.71, is shown in the Report of the Commissioner of Railroads for 1886, at page 7. The balance, $55,858.52, the earnings on the non-aided portion on the Kansas Pacific division, is referred to in the letter from Assistant Secretary Fairchild, of December 4, 1886, heretofore mentioned.

For the year 1886, the company became entitled, on account of the Kansas Pacific division, to a credit of $131,919.13. This amount has not yet become the subject of settlement.

These various sums, extending from 1866 to the 31st of December, 1886, aggregate $3,790,334.93, against which various small cash payments have been received from the Government, amounting to $32,554.42; leaving a balance retained by the Government, on account of the Kansas Pacific division, of $3,757,780.51.

We have, therefore, this result:

Transportation earnings, on account of the Union Pacific division and its branches		$16,288,701 30
On account of the Kansas Pacific division		3,757,780 51
In addition to which the following cash payments have been made by the company:		
July 6, 1881	$69,358 83	
June 24, 1884	718,814 60	
April 16, 1885	916,704 02	
December 4, 1886	155,246 59	
Total cash payments		1,860,124 04
Add interest collected on the bonds in the sinking fund, established under the Thurman act		572,891 61
These various sums aggregate		22,479,497.46

This statement will explain, as far as I am able to explain it with the material now at hand, the manner in which the amounts repaid by the company on account of the United States debt were made up. The aggregate of these amounts, as stated in the report for 1886, is $22,459,727.56. In the statement above made by me, the cash payments made by the United States to the company have been deducted. For the purpose of ascertaining the total amount of the services rendered by the company to the Government, these amounts should be added to the amount before found, with the following result:

Amount found above	$22,479,497 46
Cash paid to Union Pacific to June 30, 1878	2,367,905 65
Sundry small cash payments to branches of Union Pacific	14,740 64
There was also a cash payment made in 1883, as appears from the Commissioner's report of 1884, at page 28, amounting to	117,635 38
This amount was not included in the adjustment for 1883, hereinbefore given at $1,043,957.69, and must, therefore, be added, in order to ascertain the total amount of transportation services rendered.	
December 31, 1878, paid in cash, Kansas division	1,112,358 77
Sundry small cash payments	32,554 42
These amounts, being added to the result before found, give us the total aggregate of all transportation services rendered from the inception of the business to December 31, 1886, the sum of	26,124,692 39

OLIVER W. MINK.

The Commission then adjourned to Thursday, June 2d, 1887, at 10 a. m.

EQUITABLE BUILDING,
Boston, Mass., Thursday, June 2, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

OLIVER W. MINK, being further examined, testified as follows:

MATTERS IN CONTROVERSY BETWEEN THE GOVERNMENT AND UNION PACIFIC.

Commissioner LITTLER. Please state what matters are now in controversy between the company and the Government, either relating to past accounts or relating to the present, applying to rates of charges in making up your accounts with the Government.

The WITNESS. I understand this question to apply to our transportation accounts exclusively?

Commissioner LITTLER. I want it to cover all subjects of controversy between the company and the Government.

The WITNESS. There are no important controversies between the United States and the company growing out of our rates for transportation, of which I have any knowledge. There is a controversy between the company and the United States with reference to the land grant, but I am not able to define it. Our general land commissioner at Omaha will be able to give the particulars in regard to that.

By Commissioner LITTLER:

Q. Does the Government admit all the charges for services you claim to have rendered?—A. I know of no considerable amounts in dispute. I should say that not more than from $20,000 to $30,000 at the outside,

out of several millions of dollars, were disputed by the accounting officers of the United States. The company usually conforms, in making out its bills, to the rulings laid down by the Department officers at Washington.

THE COMPANY USUALLY CONCEDES THE CLAIMS MADE BY THE GOVERNMENT.

By Commissioner ANDERSON:

Q. Do you mean all Department officers?—A. I should say all Department officers; yes, sir.

By Commissioner LITTLER:

Q. Do you state that where differences exist in the accounting between the Government and the company, the company usually concedes the differences to the Government, and settles on their statement?—A. Usually; yes, sir.

Q. Do you now make any claim on account of improper concessions made to the Government heretofore, in order to get your account settled?—A. Not here. There are, I believe, some differences between the company and the Interior Department, growing out of transportation connected with the Indian service; but the amount involved in that controversy I believe to be less than $20,000. It is an old controversy, and has been pending for several years.

Q. Do you still make claim for that $20,000?—A. Yes, sir; we do. I do not understand that the Department resists the approval of the company's claim so much as they do the regularity of their own agent's action in connection with it. It is a matter that I am sure will adjust itself in time. It is not a matter of pressing importance.

Q. Do you desire this Commission to consider that item in stating the account?—A. No, sir; it is not of sufficient importance.

SUITS PENDING IN COURT OF CLAIMS.

By Commissioner ANDERSON:

Are there not one or two suits in the Court of Claims?—A. Yes, sir; but not connected with questions of transportation. The suit now pending in the Court of Claims involves a construction of the term "net earnings." In brief, the questions at issue are, first, as to whether or not the earnings derived from our investment in the Pullman cars now running on our lines should be included in the gross passenger earnings of the company.

Commissioner LITTLER. Judge Dillon spoke of that.

The WITNESS. Yes, sir; Judge Dillon spoke of that yesterday. Next, whether or not the net earnings of the Omaha Bridge should be included in the earnings of the Union Pacific division, as a part of the aided line, upon which the United States is entitled to twenty-five per cent.

Commissioner ANDERSON. We understand that perfectly.

The WITNESS. Shall I put in a copy of the petition?

Commissioner ANDERSON. No; we know the fact.

The WITNESS. There is also a question in relation to the subdivision of the earnings of the Kansas Pacific between the 394th mile post and the western terminus of the road.

By Commissioner ANDERSON:

Q. The figures that you have given for the total transportation embraced what roads?—A. They embraced the lines of the Union Pacific

Railway Company as consolidated, namely 1,832 miles, including the Union Pacific, the Kansas Pacific, and the Denver Pacific divisions; and they also include the accounts of our various branch lines. Shall I enumerate them?

Commissioner ANDERSON. No, unless there is an exception.

The WITNESS. No, there are no exceptions.

Commissioner ANDERSON. Yes, you say you do not include the Central Branch lines

The WITNESS. We do not call that a branch. Our current reports upon our various branch lines exclude the Central Branch Union Pacific Railroad Company.

GROSS AGGREGATE CHARGES FOR TRANSPORTATION, $26,000,000.

Q. The conclusion I gather from your figures is that the gross aggregate of all this transportation, from the inception of the services to the 31st day of December, 1886, is something over $26,000,000. Is that right?—A. Yes, sir.

$4,000,000 RECEIVED IN CASH; BALANCE SHOULD BE TO COMPANY'S CREDIT.

Q. That of this sum, the various companies have received in cash from the Government, from time to time during the period when cash payments were made, about $4,000,000, and that the sum of $22,000,000 is claimed by you to have been earned, and that the credits for this transportation should appear either in the Bond and Interest accounts or the Sinking Fund account. Is that correct?—A. Your understanding of the matter is correct. The amount of $22,000,000, however, includes the accumulation of interest in the sinking fund, amounting to upwards of half a million of dollars.

By Commissioner LITTLER:

Q. Is that interest?—A. Yes, sir. Commissioner Anderson's statement in his last question is correct, except as to the amount of the accounts not yet passed upon by the accounting officers, and which represents, I think, between $400,000 and $500,000. This is not an unusual amount, in my opinion, to be pending investigation.

By Commissioner ANDERSON:

Q. It also includes the cash payments made by the company to the United States?—A. Yes, sir.

Q. So that we should find either in the Bond and Interest account or the Sinking Fund account about $21,500,000 of credits?—A. Yes, sir.

By Commissioner LITTLER:

Q. Will you furnish a statement of the Government transportation earnings of the Central Branch?—A. It will be submitted as soon as it can be prepared.

Q. Have you a statement showing the relative earnings of the Union Pacific division compared with the Kansas Pacific division for the years 1879, 1880, 1881, and 1882?—A. I have.

The paper is marked "Exhibit 2, June 2, 1887," and is as follows:

STATEMENT SHOWING RELATIVE EARNINGS OF UNION PACIFIC AND KANSAS PACIFIC DIVISIONS.

[The Union Pacific Railway Company. Comptroller's Office.]

General income account of the Union and Kansas divisions for the year 1879.

	Union Pacific R. R.	Kansas Pac. & D. P.	General.	Total.
Gross earnings	$12,983,135 74	$4,839,198 42	.....	$17,822,344 16
Operating expenses and taxes	5,475,503 44	2,881,689 32	.....	8,357,192 76
Surplus earnings	7,507,632 30	1,957,499 10	.....	9,465,151 40
Miscellaneous income	436,889 84	.....	.....	436,889 84
Total income	7,944,542 14	1,957,499 10	.....	9,902,041 24
Interest on bonds	3,390,595 36	1,388,083 23	.....	4,778,677 59
Sinking funds	207,444 00	.....	.....	207,444 00
Discount and interest	76,984 86	26,523 39	.....	103,508 25
Miscellaneous	268,791 24	148,259 94	.....	417,051 18
Dividends	2,204,700 00	.....	.....	2,204,700 00
United States requirements	1,443,076 35	91,599 13	.....	1,534,675 48
Total charges	7,591,591 81	1,654,464 69	.....	9,246,056 50
Balance over all charges and payments	352,950 33	303,034 41	.....	655,684 74

BOSTON, *May* 31, 1887.

[The Union Pacific Railway Company. Comptroller's Office.]

General income account of the Union and Kansas divisions for the year 1880.

	Union Pacific R. R.	Kansas Pac. & D. P.	General.	Total.
Gross earnings	$15,755,526 36	$6,520,129 04	.....	$22,275,655 40
Operating expenses and taxes	6,839,425 16	3,685,694 36	.....	10,545,119 52
Surplus earnings	8,896,101 20	2,834,434 68	.....	11,730,535 88
Miscellaneous income	1,129,247 51	150,391 54	$33,000 00	1,312,639 05
Total income	10,025,348 71	2,984,826 22	33,000 00	13,043,174 93
Interest on bonds	3,586,105 42	1,588,367 65	.....	5,174,473 07
Sinking funds	334,000 00	100,000 00	.....	434,000 00
Discount and interest	.....	.....	114,315 43	114,315 43
Miscellaneous	130,386 49	.....	.....	130,386 49
Dividends	2,205,738 00	840,000 00	.....	3,045,738 00
United States requirements	1,626,772 58	132,468 26	.....	1,759,240 84
Total charges	7,883,002 49	2,660,835 91	114,315 43	10,658,153 83
Balance over all charges and payments	2,142,346 22	323,990 31	81,315 43	2,385,021 10

BOSTON, 31, 1887.

[The Union Pacific Railway Company. Comptroller's Office.]

General income account of the Union and Kansas divisions for the year 1881.

	Union Pacific R. R.	Kansas Pac. & D. P.	General.	Total.
Gross earnings	$17,144,860 49	$6,960,519 92	.....	$24,105,380 41
Operating expenses and taxes	8,208,820 56	4,271,522 15	.....	12,480,342 71
Surplus earnings	8,936,039 93	2,688,997 77	.....	11,625,037 70
Miscellaneous income	1,618,550 63	281,454 50	.....	1,900,005 13
Total income	10,554,590 56	2,970,452 27	.....	13,525,042 83
Interest on bonds	3,597,561 11	1,526,473 28	.....	5,124,034 39
Sinking funds	340,000 00	100,000 00	.....	440,000 00
Discount and interest	.....	.....	$95,542 95	95,542 95
Miscellaneous	125,738 40	6,344 42	.....	132,082 83
Dividends	3,096,134 13	980,000 00	.....	4,076,134 13
United States requirements	1,473,840 67	137,142 27	.....	1,610,982 94
Total charges	8,633,274 31	2,749,959 98	95,542 95	11,478,777 24
Balance over all charges and payments	1,921,316 25	220,492 29	95,542 95	2,046,265 59

BOSTON, *May* 31, 1887.

[The Union Pacific Railway Company. Comptroller's Office.]

General income account of the Union and Kansas divisions for the year 1882.

	Union Pacific R. R.	Kansas Pac. & D. P.	General.	Total.
Gross earnings	$16,980,783 42	$5,729,544 33		$22,710,327 75
Operating expenses and taxes	7,221,457 51	3,505,591 77		10,727,049 28
Surplus earnings	9,759,325 91	2,223,952 56		11,983,278 47
Miscellaneous income	1,819,850 70	*423,425 00	$237,081 34	2,490,357 04
Total income	11,579,176 61	2,657,377 56	237,081 34	14,473,635 51
Interest on bonds	3,554,466 27	1,680,012 66		5,234,478 93
Sinking funds	342,000 00	100,000 00		442,000 00
Discount and interest			172,722 31	172,722 31
Miscellaneous	119,666 99	15,216 00		134,882 99
Dividends	3,280,788 00	980,000 00		4,260,788 00
United States requirements	1,936,753 84	118,341 39		2,055,095 23
Total charges	9,233,675 10	2,893,570 05	172,722 31	12,299,967 46
Balance over all charges and payments.	2,345,501 51	236,192 49	64,359 03	2,173,668 05

*Including $192,000 received from trustees Kansas Pacific consolidated mortgage for payment of interest on consolidated bonds pursuant to the terms of the mortgage.

BOSTON, *May* 31, 1887.

The WITNESS. I will say that the gross earnings differ from the earnings published in our annual reports, owing to the fact that in the statements which I have now produced we have not included the amount of our claim against the United States for postal compensation, and which claim was disallowed by the Court of Claims. The statements now produced I believe to be correct.

In the statement for 1879, the Kansas Pacific did not, in fact, pay its interest, and I have therefore included the interest which was properly chargeable during that year. The interest charged in the statements for 1880, 1881, and 1882 is the interest actually accruing in or payable on account of those years. I believe that I have now put in everything that you have asked for.

Q. Is there any other table you desire to present?—A. Yes, sir; I have a statement here showing the net income of our various branch lines (excluding, of course, the Central Branch), applicable to the payment of interest on their bonds. To the net income I have added the net profit of the Union Pacific Company in the haul of the traffic turned over by or interchanged with those companies, or, in other words, 60 per cent. of our proportion of the joint earnings with those lines.

Q. Of the interchange traffic?—A. Of the interchange traffic; yes, sir.

The statement is marked "Exhibit No. 3, June 2d, 1887," and is as follows:

Statement showing the net income of the auxiliary lines of the Union Pacific system; the estimated net earnings of the parent company from traffic interchanged with such lines, and the interest accrued on the bonds issued on such lines; and in the same connection the interest actually payable on the bonds thus issued on such lines, but which are not owned by the Union Pacific Railway Company.

Road.	Net income, as per annual report, excluding interest on bonds.	Sixty per cent. of interchange traffic.	Direct and indirect income.	Interest on bonds.	Balance surplus or deficit.	Interest on bonds afloat only.	Balance of surplus.
Omaha and Republican Valley	$4,443 75	$362,568 24	$367,012 00	$157,990 00	$209,022 00	$140 00	$366 872 00
Omaha, Niobrara, and Black Hills	39,007 08	163,372 21	202,379 29	68,390 00	133,989 29	.....	202,379 29
Echo and Park City	17,660 17	129,507 49	147,167 66	28,800 00	118,367 66	.....	147,167 66
Colorado Central	414,371 82	573,927 40	988,299 22	326,030 00	662,269 22	5,480 00	982,819 22
Salt Lake and Western	20,383 25	41,536 97	70,920 22	64,800 00	6,120 22	.....	70,920 22
Denver, South Park and Pacific	*66,581 56	37,977 31	*28,604 25	301,500 00	*330,104 25	133,680 00	*162,284 25
Utah and Northern	460,909 54	639,235 66	1,100,205 20	388,010 00	712,195 20	40,250 00	1,059,955 20
Oregon Short Line	500,756 29	656,741 12	1,157,497 41	889,755 00	267,742 41	889,755 00	267,742 41
Greeley, Salt Lake and Pacific	*21,679 48	54,727 90	33,048 42	56,560 00	*23,511 58	.....	33,048 42
Lawrence and Emporia	*16,384 21	5,875 44	*10,508 77	27,900 00	*38,408 77	.....	*10,508 77
Laramie, No. Park and Pacific	*1,158 70	987 91	*170 79	.....	*170 79	.....	*170 79
Junction City and Fort Kearney	49,776 78	170,767 39	220,544 17	85,000 00	135,544 17	.....	220 544 17
Solomon	27,632 92	180,060 37	207,693 29	34,500 00	173,193 29	.....	207,693 29
Salina and South Western	25,305 38	94,827 84	120,133 22	32,400 00	87,733 22	.....	120,133 22
Denver and Boulder Valley	15,639 75	48,798 34	64,438 09	.....	64,438 09	.....	64,438 09
Golden, Boulder and Caribou	6,464 29	6,662 72	13,127 01	4,800 00	8,327 01	.....	13,127 01
Georgetown, Breckenridge and Leadville	*4,117 72	3,158 26	*959 46	8 890 00	*9,849 46	.....	*959 46
Kansas Central	*78,523 62	11,398 19	*67,125 43	80,820 00	*148,005 43	11,160 00	*78,285 43
Montana	18,304 40	52,037 44	70,341 84	.....	70,341 84	.....	70,341 84
Denver and Middle Park	*2,333 42	925 63	*1,407 79	.....	*1,407 79	.....	*1,407 79
Denver, Marshall and Boulder	12,005 16	6,488 65	18,493 81	5,400 00	13,093 81	.....	18,493 81
Manhattan and Blue Valley	6,406 63	11,640 14	18,046 77	.....	18,046 77	.....	18,046 77
Salina, Lincoln and Western	8,774 76	23,848 20	32,622 96	7,785 00	24,837 96	.....	32,622 96
Total	1,446,123 26	3,277,070 92	4,723,194 18	2,579,390 00	2,143,804 18	1,090,465 00	3,642,729 18

*Deficit.

COMPTROLLER'S OFFICE, BOSTON, *May* 27 1887.

CONSTRUCTIVE MILEAGE IN THE ACCOUNTS.

Q. That includes constructive mileage?—A. That goes into the net income of the auxiliary lines; their net income is, of course, just that much larger than it would be without constructive mileage. The sum of the two, that is, the net income of the branch and the net income of our company, from the carriage of this interchange business produces what I call the direct and indirect income from the operation of the branch lines; from that income I have deducted the full amount of the interest on the bonds of the various branch line companies, whether they are in the treasury of the Union Pacific or in the hands of the public. This statement will show you that, taking this view of the matter, these lines contribute, directly and indirectly, $2,143,000 in excess of the full amount of the interest on their bonds, taking the good with the bad; but as a very large amount of these bonds is owned by the Union Pacific that is not the proper way to look at it, and I have therefore stated it in another light. Under this last-named view I have taken only the interest on the bonds held by the public into consideration, and in that light these lines show a balance of $3,642,729.18 coming to our company, either in a direct or indirect way.

By Commissioner ANDERSON:

Q. I will ask you whether the sum which you credit as the net earnings of the parent line, being 60 per cent. of the interchange traffic, and the sum which is credited to the branch lines on the constructive mile factor basis, added together equals the net earnings actually received for the business or whether it exceeds that amount?—A. The net income of the branches represents the earnings of those branches, made up of their local business and of the interchange business on the constructive mileage basis, less their operating expenses and any other proper charges against earnings, excepting alone interest on bonds. The earnings of the Union Pacific Company represent what we estimate to be the profits derived from the transportation of that business after the business reaches our line. In other words, we estimate that it costs about 40 per cent. to move that business after it reaches the parent line. The sum of the two is what I estimate to be the direct and indirect net income. Now, if there were no constructive mileage allowances made to the branch lines the Union Pacific's proportion on this business would be just so much larger and the branch line company's earnings, or net income, would be just so much less. Therefore the "direct and indirect net income" would not be altered by reason of any change in that respect.

CONCERNING BALANCE SHEET OF 1886.

Q. Referring to the balance sheet for 1886, at page 91 of your report, and to the item "cash and cash resources, $1,351,189.73," and comparing that item with the table of your floating debt, at page 93, I notice that the liquidation of the floating debt and the appearance of an asset of "cash resources" are obtained as the result of a decrease in the item of company stocks and bonds; that is to say, by the conversion of company stocks and bonds into money and the application of the proceeds to the liquidation of the floating debt and to the acquisition of items which go to make up the credit for resources. I ask you to explain why the company's stocks and bonds are regarded as part of your floating debt account, and are not contained in the general statement of your investment account?—A. The company's stocks and bonds, a detailed

statement of which appears on page 90 of the report, were held by the company for the express purpose of liquidating, as far as they would go, its gross floating debt. The securities had been entered in the funded debt accounts of the company as they were issued.

Q. Still, were not those elements of value acquired by purchase in the usual way, and is it fair to conclude that the proceeds resulting from the sale of the company bonds and stock were available in reduction of the floating debt, unless it should appear, on the liquidation of the entire investment account, that you were actually entitled to a net balance of profit after having gone through the complete liquidation of all your investments?—A. I think the statement is perfectly fair and reasonable. The company had expended its means, or income, in the acquisition of its own bonds. I remember, in the case of the consolidated mortgage bonds, that the company acquired a number of them in this way: The Kansas Pacific coupon certificates issued for varying amounts, $35, $87.50, $135, and so on, were held by individuals, who, of course, could not group and present them for exchange into consolidated bonds in multiples of a thousand dollars.

Q. Because there were no small bonds?—A. Because there were no small bonds. The company, therefore, paid the holders cash for their certificates. Subsequently the company turned them over to the trustees under the consolidated mortgage, and received bonds for them. The bonds, therefore, represented an actual outlay of money, money that might otherwise have remained in hand, and it seems to me, therefore, to have been perfectly proper for the company to have sold the bonds in question to pay off debts incurred for that purpose, or debts incurred for any other purpose. That is a general explanation. I think it will hold good with reference to the securities included in our floating debt account generally.

Commissioner ANDERSON. The only criticism I have to make is that, under this method of doing the business, the item of company bonds and company stock does not appear in your balance sheet, but only the balance derived after having credited this amount in your statement of floating debt.

The WITNESS. The officers of our company have never looked upon its own bonds and stock, thus temporarily held, as an investment so called. Our investments have generally been confined to extensions of branch lines and to corporations incident to the operation of the road. The company bonds and stock have been held with a view to a sale for the purpose of discharging the gross floating debt. I think the condition of the market had as much, perhaps, to do with our carrying them as anything else.

Q. I call your attention to the fact that you would have reached the same result by stating among your assets separately the amount of company stocks and bonds, and stating your cash resources at a figure less than the figure actually stated by the amount of the company bonds and stocks, and that in this manner your balance sheet would inform a person examining it of the value which you attributed to the company stocks and bonds; whereas, by the principle pursued by your company of crediting the company stocks and bonds in the floating debt at the cost to the company of the stocks and bonds, and then stating the floating debt as an amount diminished by the amount of such entry, or stating the resources at a figure increased by such amount, it is impossible to ascertain with precision the condition of your actual floating debt without examining that account, and that the balance sheet can be safely relied upon only in the event that the cost price to the com-

pany of the company stocks and bonds can really be realized in the market. That criticism would be just, would it not?—A. I do not think so. I would like to make a specific answer to that question. It seems to me that there can be no misapprehension concerning our balance sheet, because the amount of our cash and cash resources is indicated on the balance sheet at page 91, and is detailed on page 93. Furthermore, a reference is made in the balance sheet to the last-named page. The manner of stating this account was not peculiar to the year 1886. We had been stating it in this way for a number of years; and the market price of the securities was so well known that any one could have figured up the value of them and told whether or not they were being carried at an inflated price. I may say that I think the account was properly handled. The company was owing certain sums of money; it had in its possession certain securities which it held for the specific purpose of applying on the debt, and for no other purpose. The balance between our liabilities and these quick resources was what we estimated to be either our floating debt or the balance of our resources. It strikes me as being, on the whole, a proper and conservative way of stating the account.

CONCERNING FLOATING DEBT ACCOUNT.

Q. The balance which is credited in the floating-debt account is the result, is it not, of your account of purchases and sales of company stocks and company bonds, after all the anterior transactions have been debited and credited? The stocks and bonds remaining on hand are considered by you to have cost just the balance which is required to make that account good?—A. No, sir; I will explain that. Our practice is to write off our profit or loss on transactions as they take place. If, therefore, during the previous year bonds had been sold on which we had lost, say, $10,000 or $15,000, the loss was written off in the year in which we made the sale.

Q. Suppose you made a profit?—A. We would write off that profit in the same way. We believe we are justified in doing so.

Q. So that the cost price of your bonds remains unchanged?—A. Unchanged. It represents what we paid for them That is, I may say, our universal practice. We face the music.

COST OF DENVER, SOUTH PARK AND PACIFIC.

Q. Can you state from the books of the company the cost of your interest in the Denver, South Park and Pacific road?—A. Yes, sir.

Commissioner LITTLER. I understand this company does not own that road in full, but owns a controlling interest in the stock. You can give us your interest in the cost of all those branches, can you not?

The WITNESS. Yes, sir.

Q. Do they appear anywhere in your reports?—A. Not in detail in our reports. I will answer that question now, or I will submit a statement about all the branches.

Commissioner LITTLER. That will be more satisfactory.

Commissioner ANDERSON. The only thing I want now is the Denver and South Park.

The WITNESS. The Kansas Pacific Railroad Company, at the time of the consolidation, held an interest in the Denver and South Park Railroad Construction and Land Company amounting to $12,000.

Q. Twelve thousand dollars in stock?—A. $12,000 in stock, yes, sir. I do not know the total amount of the stock of the Denver and South

Park Railway Construction and Land Company. Mr. Charles Wheeler, of Denver, Colo., was at one time the auditor of that company, and may be able to inform you in relation to it.

On August 31, 1880, we received, as a dividend on this construction company stock, $300,000 in the capital stock of the Denver, South Park and Pacific Railroad Company. This stock was entered upon the books of the company at a nominal value of a dollar a share, or $3,000. Our next investment in the stock of that company was made on December 31, 1880, when 4 shares were bought from John Evans at par, $400. On January 25, 1881, we bought 30,993 shares of Denver, South Park and Pacific Railroad Company stock, as the entry reads, "from Charles O. Niebuhr, on a sixty days' contract dated November 15, which contract was assigned to Jay Gould, as of that date." This stock at par cost $3,099,300.

Q. Does that amount appear to have been credited to Jay Gould?—A. It was, and settled with him in his current account.

Q. Is there a current account with Jay Gould?—A. We had one at that time. This transaction was one of the items in an account which was afterwards settled.

Commissioner ATKINSON. I would like to look at that account.

The WITNESS. With pleasure. I will show it to you. I had drawn it up for the Commission. Our next investment in the stock was made on December 31, 1881, when 7,012 shares of stock were received by the company on account of the securities due from the Denver, South Park and Pacific Railroad Company to the Denver and South Park Railroad Construction Company. This stock was entered by the Union Pacific Company at its estimated cost, namely, $87.50 per share, or $613,550. As I understand it, this last named construction company constructed the extension of the Denver, South Park and Pacific Railroad, commenced immediately after the completion of the first 150 miles, which had been constructed under the contract with the Denver and South Park Railroad Construction and Land Company. There were two construction companies—one named the Denver and South Park Railroad Construction and Land Company, the other named the Denver and South Park Railroad Construction Company. The contract between the Denver, South Park and Pacific Railroad Company and the last named construction company was made on September 22, 1880, and was subsequently assigned by the construction company to Jay Gould. The following is the indorsement on the back of the contract:

Certified copy of contract between the Denver, South Park and Pacific Railroad Company and the Denver and South Park Railroad Construction Company.

The Denver and South Park Railroad Construction Company hereby assigns to Jay Gould all of its right under this contract upon condition that he takes care of and meets its obligation incurred in pursuance thereof.

(Signed)

THE DENVER AND SOUTH PARK RAILROAD CONSTRUCTION COMPANY,
By JOHN EVANS, *General Agent.*

There also appears indorsed the following assignment:

I, Jay Gould, the assignee of the within contract, for and in consideration of $1, to me in hand paid, do hereby assign, sell, and transfer the same, and all right thereunder, unto Sidney Dillon, trustee, subject to its obligations and without recourse on me.

Witness my hand and seal this 18th day of October, 1881.

[SEAL.] JAY GOULD.

There is attached to the construction contract the following letter:

DENVER, SOUTH PARK AND PACIFIC RAILROAD COMPANY,
PRESIDENT'S OFFICE,
Denver, Colorado, January 12, 1880.*

DEAR SIR: Until to-day I had supposed the inclosed ratification of my assignment of the contract for building branches and extensions to you had been forwarded by mail. I now send it, and trust it will be satisfactory.

Very truly, yours,

JOHN EVANS.

JAY GOULD, Esq.

The paper referred to as inclosed is also attached to the construction contract, and is as follows:

DENVER, SOUTH PARK AND PACIFIC RAILROAD COMPANY,
PRESIDENT'S OFFICE,
Denver, Colo., December 16, 1880.

Extracts from the record of the proceedings of a meeting of the Denver and South Park Railroad Construction Company, held at the office of the company in Denver, Colo., this 16th day of December, 1880. * * *

Mr. J. F. Brown offered the following preamble and resolution, which was seconded by Mr. William Barth, and unanimously adopted:

Whereas the Hon. John Evans, attorney in fact for this company, did, by virtue of a resolution passed October 17th, 1880, transfer to Jay Gould the contract existing between the company and the Denver, South Park and Pacific Railroad Company, for the construction of its extensions and branches: Therefore,

Resolved, That his action in so doing be, and the same is hereby, ratified, confirmed, and approved.

L. H. EICHOLTS, *President.*

Q. From what do you derive the estimated cost of the 7,012 shares of stock as being $87.50 per share?—A. That was merely an estimate. At that time the Union Pacific Company, as assignee under the contract, became entitled to $901,000 in bonds and the 7,012 shares of stock. That portion of the road on which these securities had been issued was estimated to have cost $1,514,550. The bonds were entered at par, $901,000, and the balance of the cost of the road was assumed to be the cost of the stock. Of course, the figures are not actual; they are merely provisional.

Q. By whom was that portion of the road actually constructed?—A. It was constructed by the Union Pacific Company, under the assignment of that contract, as I understand it. That has always been my understanding of it.

Q. And the construction account itself for that portion of the road will be found where?—A. Found in the Union Pacific Company's books.

Q. Where?—A. The detail account is at Omaha.

Q. With regard to the entry that you have made against this stock as representing its cost, no portion of the money that has been actually expended for the construction of the road, as far as you know, was credited to Mr. Gould, or any one on his behalf, as far as your books show?—A. No, sir. On June 30th, 1882, we received 9,386 shares of the Denver, South Park and Pacific Railroad Company stock, the assumed cost of which was 20 per cent., or $187,720. It is possible that in this case the cost of the stock was very much reduced in comparison with the cost of the previous lot, because the cost of the first-named lot may have been over-estimated. We had to keep the account running as best we could at the time.

* Probably an error for 1881.

Q. That is, you entered the cost, in order to cover the balance of the construction account?—A. On that portion of the road on which the securities were issued, yes, sir.

On September 4, 1882, we received a further installment of 330 shares, which were entered at 20 per cent., or $6,600.

Q. Did you not receive bonds with the stock, too?—A. I intend to take up the bonds afterwards, as we started with the stock. On December 30, 1882, we received 1,200 shares, which was entered at 70 per cent., or $84,000.

Q. That, again, is entered at the price required to equal the balance of the construction account?—A. Yes, sir. I ought to say that it was very difficult to estimate the price of stock issued in this way, but the prices were fixed at about what was thought to be the cost of the road. On December 31, 1884, we received 2,500 shares, the estimated cost of which, at par, was $250,000. This is the last installment of stock received on account of the contract with the Denver and South Park Railroad Construction Company. On July 21, 1883, the Denver, South Park and Pacific Railroad Company made a contract with Chester W. Collins for the construction and equipment of a number of lines therein set forth, in consideration of which the railroad company was to pay Collins $32,000 per mile of its first mortgage consolidated bond, and $20,000 per mile of its full-paid stock. I produce the original of that contract. On April 21, 1884, a contract was made between Mr. Collins and the Union Pacific Company, under which Collins assigned to the Union Pacific Company all the bonds and stock to which he became entitled under his contract with the Denver, South Park and Pacific Railroad Company in consideration of the fact that the Union Pacific Company had advanced whatever sum of money was necessary for the construction of the roads in question.

Q. There were $1,800,000 of first mortgage bonds on the roads?—A. Yes, sir; there were $1,800,000 in first mortgage 7 per cent. bonds issued on the first 150 miles of road. Then a consolidated mortgage was made, under which it was, I believe, expected that the bonds issued on the first 150 miles of road would be taken up. This, however, has never been done. The consolidated mortgage is therefore a first mortgage on all of the road, excepting the first 150 miles. On December 31, 1884, the Union Pacific Company received under its contract with Collins 6,000 shares of Denver, South Park and Pacific Railroad Company stock, which it entered at an estimated cost of 20 per cent., or $120,000. On December 31, 1885, a further installment of 926 shares of Denver, South Park and Pacific Railroad Company stock was received on the same account, which was entered at an estimated cost of $142.49.

Q. Per share?—A. No; for the whole lot.

Q. I would like you to say a little more definitely whether that figure you arrive at as the cost of the stock was simply the amount required to balance the construction account.—A. It was.

Q. That represents all the stock acquired by you?—A. Yes, sir.

Q. The total amount being how much?—A. Sixty-one thousand three hundred and fifty-one shares, or $6,135,100 at par, costing $4,364,712.49. Our interest in the bonds of the Denver, South Park and Pacific Railroad Company is represented by the estimated cost of $901,000 in the first mortgage 6 per cent. bonds.

Q. Is that the consolidated or the other?—A. The first mortgage consolidated 6 per cent. bonds; yes, sir; received on December 31, 1881, under the contract of September 22, 1880. These bonds were estimated to have cost, par, $901,000.

Q. Did you get no bonds with the stock that you purchased from Jay Gould?—A. No, sir; that is our first transaction in the bonds of that company. On June 30, 1882, we received $903,000 in bonds on account of the same contract, which we estimated to have cost, at par, $903,000. On September 4, 1882, we received twenty-five bonds under the same contract, which were estimated to have cost par, or $25,000. On December 30, 1882, ninety bonds were received on the same contract, which were estimated to have cost par, or, $90,000.

Q. They were all on the same contract?—A. So far; yes, sir. On December 31, 1884, two hundred bonds were received under the same contract, which were estimated to have cost par, or $200,000. This is the last installment of bonds received under the contract of September 22, 1880. On December 31, 1884, we also received, under the contract with Collins, $1,000,000 of bonds, which were estimated to have cost par, or $1,000,000. On December 31, 1885, we received one hundred and eight bonds under the contract with Collins, which were entered as having cost $15,000. These one hundred and eight bonds and the nine hundred and twenty-six shares of stock, which I have already reported as having cost $142.49, closed the account with Mr. Collins.

Q. And balanced the construction account?—A. Yes, sir; balanced the construction account under that contract with Collins. The amounts of bonds thus received, as already stated, aggregate $3,227,000.

On June 30, 1882, the Union Pacific Company turned over to the Denver, South Park and Pacific Railroad Company, on account of an indebtedness due from the Union Pacific Company to that company, $430,000 in the first mortgage consolidated bonds, at par.

Q. Can you explain what the indebtedness was?—A. It was on current account.

Q. Arising out of operation?—A. Arising out of operation; yes, sir. This reduced our holdings of bonds to $2,797,000, the net cost of which was $2,704,000. The Union Pacific Railway Company was, under the terms of the contracts assigned to it, obliged to pay a judgment recovered, arising out of litigation with subcontractors. The amount thus paid is added to the cost of its bonds. The amount of the payments was $42,905.86. There were several payments made on the same judgment. The cost of the $2,797,000 in bonds, as now represented by the book account, is, therefore, $2,746,905.86.

Q. Will the construction books at Omaha show the exact amount expended by the Union Pacific in constructing these lines?—A. Yes, sir. The amount expended in the construction of these lines is really the cost of the securities received by the Union Pacific company under the construction contracts covering the lines. The details of those expenditures are, however, at Omaha.

AFTERNOON SESSION.

OLIVER W. MINK, being further examined, testified as follows

THE LEGAL EXPENSE VOUCHERS.

By the CHAIRMAN:

Q. What vouchers have you given to the Commission representing the legal expense account?—A. I have given you the vouchers covering the amounts charged in the legal expense account on the books of the company in Boston from 1864 to 1885, both years inclusive.

Q. Are there any other legal expenses chargeable to any other account in the books on file in the office in Boston?—A. No, sir; we have other legal expenses which are paid on the line of the road, and the accounts for which are kept on the books at Omaha.

By Commissioner LITTLER:

Q. And the vouchers for which will be found there?—A. And the vouchers for which are on file there; yes, sir.

By the CHAIRMAN:

Q. In what office are filed the vouchers for the bills for legal expenses along the line of the road?—A. In the office of our auditor at Omaha.

PAYMENT TO WALKER & STANTON.

Q. Will you please look at the voucher dated New York, September 8, 1864, to Thomas C. Durant, for amount paid to Messrs. Walker & Stanton, Attorneys, Washington, D. C., $2,400, and explain to the Commission what it is?—A. I have no personal knowledge or information in relation to this payment. The amount of the voucher was charged in our legal expense accounts, and the voucher has been produced by me in answer to your request for the legal expense voucher.

By Commissioner LITTLER:

Q. When did your connection with this road begin?—A. In 1872, December.

Q. Do you personally know anything about these vouchers up to 1872?—A. Not until that time, certainly, and after that time I should know nothing about them except what might appear upon the face of the vouchers. I can, perhaps, tell you in many instances, the character of the services in which the professional gentlemen were employed.

TO E. H. ROSENKRANES.

The CHAIRMAN. Look at the bill for the same year of E. H. Rosekranes, for services as counsel and expenses at Washington, $3,000, and explain that.

The WITNESS. I know nothing about the voucher or the services rendered by this gentleman. I never saw the voucher before.

TO DANIEL LORD.

The CHAIRMAN: I read to you a voucher for the year 1866:

DEAR SIR:—I received your check for the opinion in the railroad case, for which, and still more the generous consideration at which you have valued it, I offer my sincere thanks.

Yours truly,

DANIEL LORD.

Will you please explain how the road determined upon the amount of $500 to be paid to Mr. Lord for his services, since no sum is named in the body of the voucher?—A. I cannot explain that. I presume that the amount of compensation was fixed by the president of the company, General John A. Dix.

The CHAIRMAN. But there is no amount named.

The WITNESS. No. I assume that that was done from the fact that correspondence appears to have been carried on to that effect.

Q. How would you file a voucher in your account, in order to balance your books, when there was no sum named?—A. In a case of this kind, the check that was remitted to Mr. Lord ought, I think, to have been filed with these papers. Whether the check can be found or not to-day I am not able to say. Probably not.

TO C. F. SHERMAN.

Q. There appear to be no vouchers for an item of $1,000 paid to C. F. Sherman, June 23, 1866; also no voucher for recording mortgage, December 8, 1866, for $22. Where are the papers in connection with those items? I call your attention to these items, because they are not given among the papers with the vouchers for legal expenses. I will read over these vouchers, and you can then make a written explanation.—A. So far as vouchers covering payments made prior to 1873 are concerned, my impression is that many of them, owing to the investigations made by the Wilson and Poland committees, or as a result of those investigations, were required in Washington, or in the courts, and were taken from our files. Many of them, I remember, went to New York, and were in use for a while there. I presume that a number of the vouchers connected with or incident to the Hoxie and other contracts were sent to New York in connection with controversies which arose between the various construction companies and the railroad company. This will, I think, account for the fact that so many of the vouchers prior to 1873 are missing.

So far as the payments to Mr. Sherman and for recording the mortgage are concerned, I am unable to give you any explanation. Personally, I am very sorry that I am not able to give you the information you ask for.

By Commissioner LITTLER:

Q. You were not connected with the company then, were you?—A. No, sir.

TO B. F. BUTLER.

By the CHAIRMAN:

Q. In 1867 there is a voucher to Hon. Oliver Ames, President Union Pacific Railroad Company:

Please pay to my own order $3,000 on account of services as counsel fee for said company, and oblige

Yours, very truly,

BENJAMIN F. BUTLER.

For what services was that voucher rendered? He did not mention whether it was for legal services or for what services.—A. General Butler was, I believe, for a while consulted with reference to Union Pacific matters. I think I have read in the report of the Wilson committee that the general acted as our counsel in the company's early history.

TO J. S. BLACK.

Q. There is a draft dated September 3, 1867, by H. S. McComb, drawn o the order of F. Skinner & Company. Where is the voucher for the services rendered for which this draft was drawn and paid?—A. This voucher appears to have covered a payment made to J. S. Black for legal services in connection with a contract between the Union Pacific Railroad Company and Oakes Ames and others and the Credit Mobilier of America. The voucher of Mr. Black, however, appears not to have been filed.

By Commissioner LITTLER:

Q. What is the amount?—A. I think it is for $3,500. There is a charge of $4.76, which appears to have been for exchange on the draft.

TO A. J. VANDERPOEL AND OTHERS.

The CHAIRMAN. During the year 1868 we find no vouchers for items of A. J. Vanderpoel paid $500, July 10; August 28, Van Zandt & Jenks, $500 each; July 27, Charles Tracy, $50,000; and December 7, Thomas Ewing, $1,000?

The WITNESS. I can offer no explanation in regard to these vouchers. They appear not to be on our files.

TO MR. VAN ZANDT.

By the CHAIRMAN:

Q. During the year 1868 a sight draft appears, dated October 21, from New York, for Kiesley & Company's express, $500. How does that come to appear among the items of legal expenses?—A. The payment was made to Mr. Van Zandt, although the draft was made payable to Kiesley & Company's express.

TO MR. BELL.

Q. Voucher dated June 11, 1868, for $3,500, on account of legal expenses. What were the legal services and when were they rendered?—A. That I could not tell you. Mr. Bell's voucher appears to me to be like most of the legal expense vouchers that we pay. Professional men rarely ever specify the service. A professional gentleman is retained, and he merely says, when making his bill or his receipt, that he has received so much as retainer, without specifying the case; or that he is paid so much on account of services rendered, without specifying any case. I think you will find a large number of our vouchers made up in that way.

TO EMOTT & HAMMOND AND OTHERS.

The CHAIRMAN. For the year 1869 there appear no vouchers for the following items: March 25, H. W. Gray, $500; March 29, W. F. Allen, $500; April 3, C. S. Bushnell, $2,500; April 11, McFarland, $2,500; April 14, C. S. Bushnell, $5,000; April 27, S. J. Tilden, $120; May 18, Emott & Hammond, $1,000; December 2, B. F. Butler, $3,000; December 15, Emott, Hammond & Pomeroy, $3,410.09. What explanation have you of that? There is no voucher there as to March 18, 1869, Tracy & Olmstead, $3,000.

The WITNESS. I am not able to explain the disappearance of these vouchers. The payments appear to have been regularly entered on the books of the company, and were apparently at one time supported by vouchers, but what has become of the vouchers I am not able to say.

TO TRACY & OLMSTEAD.

Q. On January 9, 1869, Tracy & Olmstead were paid $4,000. For what services was that sum paid?—A. There is nothing on the books to indicate the character of the services.

TO THOMAS EWING.

Q. On February 4, 1869, there appears a draft at sight to the order of Thomas Ewing or bearer, $10,000. Can you explain that? It is

signed by Thomas C. Durant, vice-president, and addressed to J. J. Cisco, treasurer of the Union Pacific Railroad Company.—A. There is nothing on the books of the company to show what it was for.

TO C. C. VAN ZANDT.

The CHAIRMAN. On May 10, 1869, there appears a draft at sight to the order of the Newport National Bank, $500, addressed to John J. Cisco, treasurer of the Union Pacific Railroad Company, and drawn by Charles C. Van Zandt. Please explain what service was rendered in that case?

The WITNESS. There is nothing on the books of the company to show what particular service was rendered by Mr. Van Zandt.

TO HAMMOND & POMEROY.

The CHAIRMAN. On July 29, 1869, there appears a draft at sight to Hammond & Pomeroy for $500, addressed to John M. S. Williams, esq., treasurer of the Union Pacific Railroad Company. For what service was that rendered?

The WITNESS. I am not able to tell you; but Messrs. Emott, Hammond & Pomeroy, and later on Messrs. Emott, Hammond & Stickney, and still later on Emott, Hammond & Kidder, I believe, were our counsel in New York, and attended to the legal affairs of the company. I presume that is one of the regular vouchers.

Q. Where are the vouchers for the service for which the draft was drawn? Do you file the draft as a voucher without putting on record any bill of services usually?—A. Not usually; no, sir; I believe that later along you will find another payment to Messrs. Hammond & Pomeroy, in which the amount of the draft is taken up to our credit in the general account.

TO WINGATE HAYES AND OTHERS.

Q. In the year 1870 there appear no vouchers for entry of December 15, 1870, $5,000; December 16, 1870, $3,500; Wingate Hayes, $100; Wingate Hayes, $250; George Armstrong, February 21, 1873, $25; June 21, 1870, $4,008.65; same date, $45.42; H. B Hammond, $500. Will you please explain about these?—A. The vouchers for $5,000, December 15, 1870, and $3,500, December 16, 1870, are not on file. I am not able to account for their disappearance.

Q. Except on the explanation you made before?—A. I do not see why these vouchers should have been required in any litigations. I am not able to account for their disappearance. The payment for $4,008.65, on June 21, 1870, appears to have been made up, as shown by the books of the company, of various expenses in the Noonan case; expenses of witnesses, &c., which are detailed at considerable length on the books of the company. The amount was paid at Omaha, and that is probably the reason the vouchers are not on file here.

The item of $451.42 is on the same account. The voucher No. 1364, in favor of George Armstrong, for transcript of the record in the case of Monroe, appears to have been sent to Mr. Ham, in New York, in February, 1873, and never returned.

The vouchers for the payments 156, Wingate Hayes, $250; 262, Wingate Hayes, $100; 333, H. B. Hammond, $500, cannot be found.

TO CLARK BELL.

Q. I find on June 14, 1870, a voucher for $10,000, paid to Clark Bell; why was the charge made of the entire amount against the Union Pacific Railroad when the services seemed to have been rendered to the trustees of the contract for constructing parts of said railroad?—A. I cannot say.

Q. Would you, as comptroller, charge that amount against the Union Pacific Railroad?—A. On the face of this voucher it would seem as if the contractors or trustees under the contract ought to have borne some part of the expense; but I do not know what the circumstances were at the time of the settlement; they would influence us to some extent

TO W. F. ALLEN.

Q. There is a paper filed May 30, 1870, for $5,000, in full for services in the city of New York by W. F. Allen; what services?—A. I cannot say, except as it is set out in the voucher for services as counsel in the city of New York.

TO MONTGOMERY BLAIR.

Q. I find on June 17th, 1870, a voucher, "To professional services in the Interior Department, in the Senate, before the President, Secretary of the Treasury, and Attorney-General, in the contest with the Central Pacific Railroad, $3,000." It is a charge by Montgomery Blair. Please explain what services were rendered.—A. I think the services must have been in connection with the controversy between the Central Pacific Company and the Union Pacific Company, as to the point of junction. It was finally fixed at a point about five miles west of Ogden, some time, as I recollect it, early in 1869. I notice that this bill is made out for services rendered in that year.

TO W. E. CHANDLER.

Q. I find, on December 1st, 1870, Washington, D. C.:

Received of the Union Pacific Railroad Company $6,000, in full for professional services from June, 1867, to this date.

WILLIAM E. CHANDLER.

Q. What services did he render?—A. I do not know what services were covered by this voucher. I know that Mr. Chandler has represented us at Washington, on one or two occasions, since I have been connected with the company.

Q. Was he regularly employed during that year as the attorney?—A. For the period from June, 1869, to December, 1870, I am not able to tell you, but after my connection with the company I remember Mr. Chandler being regularly employed. He represented us in the Court of Claims, I know, in one or two instances.

By Commissioner LITTLER:

Q. What is the character of the services usually rendered by those attorneys at Washington?—A. Mr. Chandler, so far as my recollection goes, represented us in the Court of Claims, when we brought the first suit to recover our moiety of the United States transportation moneys. You will remember that under the act of 1873 the Secretary of the Treasury was directed to withhold our half of the compensation for ser-

vices rendered for the United States. We brought suit to recover, and my recollection is that Mr. Chandler represented us in that case.

Q. Were any of these attorneys who rendered service at Washington employed to lobby or look after legislation in which the company was interested?—A. Only so far as would be legitimate and proper. Messrs. Shellabarger & Wilson, our attorneys there to-day, are of course watching our interests constantly. I frequently go there myself, and with Judge Shellabarger or Judge Wilson have called upon members of committees, whenever it was deemed proper and fitting.

TO JAMES BROOKS.

By the CHAIRMAN:

Q. I find a paper, which I hand to you, purporting to be a bill of James Brooks for $8,131.67. The amount receipted for appears to be $1,504. Please explain the paper to the Commission, and how it came to be charged to legal expenses?—A. The payment to Mr. Brooks of $1,504 appears to be for his services as a Government director, and was erroneously charged in our account to legal expenses. I find that it was afterwards transferred, on February 28, 1870, to the appropriate account, namely, "Government Directors." The balance of the expenditure I am not now able to explain. A portion of the amount was charged to "Discount and Interest," and still another portion to "Government Directors." It appears to have had some connection with his services as a Government director; but no part of it was charged, eventually, to the legal expense account.

TO TRACY & OLMSTEAD.

Q. I find a paper drawn to Tracy & Olmstead for $20,000. Please explain to the Commission what service that represents?—A. The voucher filed against this entry shows that the services were in connection with the suit of James Fisk, jr., against the Union Pacific Railroad Company, the Credit Mobilier of America, and others; the suit of Charles W. Pollard against the same corporation, and others; the suit of the Credit Mobilier against J. M. S. Williams; the suit of the Credit Mobilier against Dillon, Hazard, Williams, and others; the suit of McComb against the Credit Mobilier, Dillon, Hazard, and others; the suit of the Commonwealth of Pennsylvania against Dillon, Hazard, and others; the suit of Hazard against Durant and others; the Fisk suit, and other suits.

Q. What is the total amount?—A. The total is $78,150, apparently.

Q. How much was paid?—A. Twenty thousand dollars.

Q. Why was it charged as against the Union Pacific, and not as against the Credit Mobilier, or a part of the charge made in the suits of the Credit Mobilier?—A. I cannot tell you.

Q. Was the Union Pacific properly chargeable at that time with the expenses?—A. That I could not tell you.

By Commissioner LITTLER:

Q. The Union Pacific was not a party to that suit at all, was it?—A. Yes, sir; in a number of the cases the Union Pacific Company was apparently the principal defendant. In the Fisk case, for instance.

Q. Were Dillon, Durant, and others sued as directors and representatives, or in their individual capacity?—A. Apparently, in their official capacity. I fancy, by the statements made in the papers accompany-

ing this voucher, that they were made parties to the suits after the usual custom for the protection of any legal rights that the plaintiffs might be able to maintain.

Q. Who audited that bill, and who ordered it paid?—A. That was in 1870. There is nothing on the face of the voucher to show, but I think it was either Mr. B. F. Ham or Mr. Horace B. Wilbur. Mr. Ham was formerly auditor, and Mr. Wilbur afterwards succeeded him.

Q. At that period of your history, whose business was it to pass upon such bills?—A. I think the president of the company would be called upon to pass upon a voucher of this size. I think, generally speaking, this would be true as to all legal expense vouchers.

Q. The president's business was to approve them?—A. Yes, sir. Of course, in the case of counsel with whom we are well acquainted, and where we know what they are doing, their vouchers go through subject to any final adjustment that may be made.

By the CHAIRMAN:

Q. I find on February 1, 1870, voucher 322 appears to be indorsed with the sum $557.90, while the amount named on the bills within the voucher appears for a considerably less sum. Please explain that. What is the explanation between the indorsement upon the voucher and the amount named within being less?—A. I think that some of the papers have become detached from the voucher. The expenditures, as shown on the books of the company, were for printing and other work connected with the preparation of some legal matters at Washington.

TO F. P. BLAIR.

Q. I find a sight draft, dated September 23, 1870, to the order of F. P. Blair, drawn by C. S. Bushnell, addressed to John Duff, vice-president, for $1,000. Will you explain that item?—A. There is nothing on the books of the company to show what it was for.

TO E. H. ROLLINS.

Q. I find in the year 1870 a voucher to E. H. Rollins, secretary, March 9th, for amount paid for special legal expenses, as directed by report of the special committee of the board, $126,000: "I hereby acknowledge to have received $126,000 in full of the above bill. E. H. Rollins, secretary." Can you explain this voucher?—A. No, sir; I know nothing about it. This voucher was gone over at great length by the Wilson committee in 1873, but it is so long since I have read the evidence taken before that committee that I forget it in this particular.

Q. Where is the report of the special committee?—A. This matter was referred to in the testimony taken before the Wilson committee, and on page 189 I see some testimony in relation to the payment. It is detailed also on page 17 of the report of the committee.

TO E. H. ROLLINS.

The CHAIRMAN. I find in 1871, January 16th, E. H. Rollins, cash paid, expenses to Washington and legal expenses, $198.50. Explain that.

The WITNESS. I know nothing about that. Mr. Rollins was an officer of the company, and that seems to be a reasonable and proper charge.

TO J. M. S. WILLIAMS.

Q. I find on February 10, 1871, a draft drawn by J. M. S. Williams, to the order of E. H. Rollins, for $500, charged for legal expenses. What were those legal expenses?—A. I do not know what that is for. Mr. Rollins represented our company in Washington for one year, I think.

TO EDWARD ATKINSON.

Q. I find on April 22d, 1871, a voucher to Edward Atkinson, Boston, for services in making business arguments as to liability on the interest of the Government bonds, $1,200; with the following letter, dated April 22d, 1871:

Mr. EDWARD ATKINSON:

DEAR SIR: The matter of compensation for services rendered by you to this company was referred to me by the executive committee, and I declined to act, and brought the subject before the committee at their last meeting. The treasurer was directed to pay you twelve hundred dollars for your services, which you will be paid by calling at the office.

Yours, truly,

JOHN DUFF, *Vice-President.*

What services were those?—A. My recollection of this is very indistinct, but I believe that Mr. Atkinson——

Q. Is he a lawyer?—A. No, sir; he is not a lawyer, but he is a man of experience, character, and reputation—a man of high standing in this community.

Q. How was such an item charged to legal expenses?—A. Perhaps that ought not to have been charged to legal expenses. It more properly belongs in the general expense account of the company. Mr. Atkinson, at our request, I think, prepared an article on the interest question. This payment represents his compensation.

TO HAMMOND & POMEROY.

Q. I find a draft at sight, dated September 9, 1871, to the order of ourselves, $3,000, drawn by Hammond & Pomeroy. Where is the voucher for the services for which the draft was drawn?—A. That I believe you will find embraced in the settlement ultimately made with them, covering their services.

TO H. LATHAM.

The CHAIRMAN. I find, on January 3, 1871, a voucher to H. Latham for expenses to Washington and return, $100. Please explain that.

The WITNESS. I know nothing about it. I never heard of the gentleman before. In its present shape it would not pass to-day.

TO EMOTT, HAMMOND & POMEROY.

The CHAIRMAN. I find a sight draft, dated March 20, 1871, to the order of ourselves, drawn by Emott, Hammond & Pomeroy, $3,500.

The WITNESS. If you can turn to the voucher of October 30, 1871, I think I can explain it. This draft formed a part of a settlement subsequently made with Emott, Hammond & Pomeroy. I am sure of that.

Q. And was deducted at the time of the settlement?—A. Yes, sir; deducted at the time of the settlement.

TO G. A. JENKS.

Q. I find this paper:

NEW YORK, *March* 2, 1871.

J. M. S. WILLIAMS, *Treasurer of U. P.*

Pay to the order of G. A. Jenks, $4,500, and charge the same to his account in full settlement.

C. S. BUSHNELL.

Also a receipt filed with draft, dated Washington, March 2, 1871, for $4,500:

Received of C. S. Bushnell $4,500, in full for services rendered the Union Pacific Railroad Company, the Credit Mobilier of America, Oliver Ames, John Duff, Sidney Dillon, and C. S. Bushnell, in the case of T. P. Hazard.

Why should the Credit Mobilier expenses at this time be charged to the Union Pacific?—A. I cannot say. That would be for the officers to pass upon at the time.

Q. Can you give any other explanation?—A. I can give no other explanation.

TO C. S. BUSHNELL.

The CHAIRMAN. I find this:

Union Pacific Railroad Company to C. S. Bushnell, Dr.

1871. Cash paid February, 1876, for counsel fees	$20,000
Interest to October 18, 1871	1,000
	21,000

I hereby acknowledge to have received $21,000 in full of the above bill.

I hand you the voucher to have it explained.

The WITNESS. I am not able to explain it. I notice the voucher was approved by the vice-president of the company, and I presume it was paid on his approval.

TO L. P. PEASE.

The CHAIRMAN. I find this: Voucher of February 12, 1872, to L. P. Pease, Voucher No. 3,154 for the year 1872, appear to be missing. They are small vouchers, and I suppose they dropped out. I want to call your attention to them.

The WITNESS. The payment to Mr. Pease was made at Omaha, and was for copies of papers. That is the reason the vouchers are not on file here. The voucher of Minot & Balch, No. 3154, is missing. It was for services in regard to some safe-deposit company.

TO E. H. ROLLINS.

The CHAIRMAN:

Union Pacific Railroad Company to E. H. Rollins, April 11, 1872.

For expenses to Washington and return, and cash paid legal expenses, at Washington	$90 50

The WITNESS. I am not able to explain that, but Mr. Rollins was in our service, and it seems to me to be a reasonable voucher.

TO B. W. SPENCE.

The CHAIRMAN [reading]:

BOSTON, *October* 14, 1872.

Received of the Union Pacific Railroad Company, $2,314.12, in full satisfaction of a judgment in the supreme judicial court for the county of Suffolk, in suit brought by me against the Union Pacific Railroad Company, being the sum for which judgment by agreement has this day been entered.

BENJAMIN W. SPENCE,
By his Attorney.

Q. Why is the amount of the judgment charged to legal expenses?—A. This was a controversy between Mr. Spence, a former employé of the company, on the one hand, and the company, on the other. Mr. Spence claimed that he was entitled, by reason of the extraordinary labor imposed upon him, to a larger amount of compensation than had been paid to him by the company, and he brought suit against our company. Technically, I suppose the amount ought to have been charged to salary account, but it was looked upon by the company as most unjust, and I presume they let it go under the head of legal expenses.

Q. As a rule, you did not charge a judgment to your legal expenses?—A. No, sir.

Q. You charge it to what?—A. Taking the case in point, I should say the amount ought to have been charged to the salary account, as it was, if for anything, on account of services rendered, or claimed to have been rendered, by Mr. Spence.

TO U. H. PAINTER.

The CHAIRMAN:

The Union Pacific Railroad Company to U. H. Painter, of Cleveland, Ohio, 1873.

Eighth month, 20. Partial expenses of detectives in collecting testimony to convict the forger of income bonds.....$300

The WITNESS. I recollect the forgery of the income bonds, and I presume Mr. Painter must have been engaged in some way in ferreting out the forgers. It seems to me the expense is a reasonable one.

Q. Was he employed by the company?—A. I know nothing about it, but my impression is that he had more or less to do with the investigation of this forgery.

Q. Who was Mr. Painter?—A. Mr. Painter is a correspondent of a newspaper, I believe, and resides in Washington; at least he does for a part of the time during the year.

Q. Was he subsequently employed by the company?—A. I think Mr. Painter has been employed occasionally by the company. My recollection is that Mr. Painter has made two or three compilations of laws, or opinions, for the company, and that we paid him for his work. The payments, as I recall them, have always been reasonable.

Q. Where does he reside now?—A. I do not know. I see him occasionally when I am in Washington. I suppose he resides there the greater portion of the time.

TO W. W. WARDEN.

The CHAIRMAN:

The Union Pacific Railroad Company to William W. Warden, Washington, D. C.

Special services and all claims whatsoever to date.....$700

The WITNESS. I know nothing about the voucher, and I am unable to recall any circumstances connected with it.

Q. Was it any legal service that you recall?—A. No, sir; I do not remember his name even.

TO U. H. PAINTER.

The CHAIRMAN:

Union Pacific Railroad Company to U. H. Painter, West Chester, Pennsylvania.

Balance due for expenses, suit, arrest, and conviction of L. White alias William Ellis, forging and issuing income bonds.....$2,174 30

The WITNESS. That voucher confirms my recollection with reference to Mr. Painter's connection with this case. Our income bonds were printed, and they were therefore very easily counterfeited. The counterfeiters in this case succeeded in floating a large number of forged bonds in New York, and the company was naturally interested in discovering the forgers.

Q. Was Mr. Painter employed as a detective?—A. I am not able to tell you, but my recollection is that Mr. Painter did some work in that connection.

Q. Detective work?—A. Not detective work.

Q. What kind of work?—A. I think he visited the brokers, and followed up the forgers, so far as a man outside of a detective agency might do so. He attended the trial, if I recollect right. My impression is the forgers were tried in Cleveland, Ohio.

Q. Do you regard this as a sufficient voucher for such an expenditure?—A. I think it is.

TO U. H. PAINTER.

The CHAIRMAN:

Union Pacific Railroad Company to U. H. Painter, Washington, D. C.

On account of expense, arrest, and conviction of William Ellis alias Loren White, who issued and passed the forged income bonds, balance unadjusted $500

The WITNESS. I presume this is a part of the voucher previously referred to.

Q. How long have you known Mr. Painter?—A. I think since about 1873 or 1874.

Q. Has he not been employed regularly by this company in Washington?—A. I think not. I have no recollection of his having been employed by the company regularly. My recollection is that Mr. Painter has only been engaged in special tasks, such as those already indicated by me.

Q. What are they? Just name some of the special tasks.—A. The only ones that I recall are the compilations of the laws. I know there have been two or three compilations of the laws, or of the debates in Congress, in relation to the Pacific railroads that were compiled by Mr. Painter, and my impression is that we paid him for his work. I have no recollection of any other payments to Mr. Painter now.

Q. How many compilations has he made of the laws?—A. I do not know. I think he compiled the laws, or compiled the proceedings in Congress in relation to the Pacific Railroads, in 1873, and, if I am not mistaken, again in 1878. I may as well add here that I have no knowledge of any considerable sums having been paid to Mr. Painter. The payments which we have made to him have been of moderate sums only.

Q. Have you any copies of the compilations?—A. I think I have one on my table. I have one compilation which, as I recall it, was made by Mr. Painter, and which apparently covers the Congressional proceedings in relation to the Pacific railroads in the Thirty-seventh, Thirty-eighth, and Fortieth Congresses. I may be mistaken as to this, but my recollection is that this is Mr. Painter's work.

Q. How was he paid for that work?—A. I think we paid him on a voucher.

Q. How much did you pay him?—A. I cannot tell you from memory, but I will look it up.

Q. Will you give me the payments to U. H. Painter, from time to time, in any other account except legal expenses?—A. Yes, sir.

TO R. E. ROBBINS.

The CHAIRMAN:

Union Pacific Railroad Company to R. E. Robbins.

1874, September 15. Legal expenses incurred by me in the matter of the petition of H. W. Golden $5,300

Who was R. E. Robbins, and what was the nature of the proceeding referred to?—A. Mr. Robbins was, I believe, at that time one of our directors. As I recall this matter, Mr. Golden was in some way interested in a suit brought for the purpose of compelling the company to pay its income bonds. I presume this voucher covered the expenses incurred by the company in resisting that proceeding. I notice the voucher bears the approval of the vice-president.

Q. Do you regard this as a sufficient voucher for such a payment?—A. Knowing the character of the gentleman, I should say it was.

TO W. E. CHANDLER.

The CHAIRMAN:

The Union Pacific Railroad Company to W. E. Chandler.

WASHINGTON, D. C.

1874, July 15. For general retainer on account of services as counsel to said company with reference to proposed suit in Court of Claims, and other legal expenses $2,000

What other legal expenses does that refer to?—A. I do not know. This voucher confirms my recollection, as I have already given it to the Commission, concerning Mr. Chandler's employment. He conducted the suits of the company in the Court of Claims, which arose under the act of 1873.

TO J. M. THAYER.

The CHAIRMAN:

Union Pacific Railroad Company, Dr., to J. M. Thayer.

WASHINGTON, D. C.

June 15, 1874. Legal expenses $500
Received payment in full.

The WITNESS. I am not able to give you any explanation of that voucher. I notice the payment had the approval of our auditor.

TO J. H. WORCESTER.

The CHAIRMAN:

The Union Pacific Railroad Company to J. H. Worcester, Dr., of Washington, D. C.

June, 1874. To services rendered, legal, and disbursements $300 00

The WITNESS. I am not able to explain it. I have no recollection of the voucher.

TO HAM BROTHERS.

The CHAIRMAN:

The Union Pacific Railroad to Ham Brothers, Dr..... $21,969 83

Why is this charge made to legal expenses?

The WITNESS. This voucher, although amounting to $21,969.83, was not all charged to legal expenses. The amount paid on April 30 for attorneys' fees, $6,000, and the amount paid on May 5 to H. L. Bur-

ney, attorney, in settlement of the Pollard suit, $10,000, was charged to legal expenses. The release of Mr. Pollard is attached to the voucher.

TO HAM BROTHERS.

The CHAIRMAN:

Union Pacific Railroad to Ham Brothers.

For attorney fees and legal expenses	$5,000 00
Interest to date of payment	93 33
	5,093 33

The WITNESS. I know nothing about that voucher. I notice that it bears the approval of Mr. Dillon, who was then the president of the company, and it is also approved by Messrs. Jay Gould and Oliver Ames, then directors in the company.

Q. Who were the attorneys?—A. I am not able to tell you.

Q. Do you regard that as a sufficient voucher?—A. I do; yes, sir.

TO E. W. STOUGHTON.

The CHAIRMAN:

June 4, 1875, paid to E. W. Stoughton	$5,000
June 5	5,000
April 15	2,500
November 19	2,500
November 19 (again)	2,500
December 8, 1875	7,500

Q. What were the services rendered by Mr. Stoughton during the year 1875 for the compensation that was paid to him, and was he the regularly employed counsel of the Union Pacific Railroad Company? There was also another one on April 15, 1875, for $4,000, that being in connection with Mr. Burnett and Mr. Dillon.—A. I am not able to tell you definitely, but my impression is that Mr. Stoughton was interested in the preparation of and appeared for us in court in the case of the company against the United States arising under the act of 1873. The first case so arising under that act was esteemed, very naturally, to have been of grave importance to the company.

TO W. E. CHANDLER.

The CHAIRMAN:

Union Pacific Railroad Company to W. E. Chandler, Concord, N. H.

May 1, 1875, to services as attorney and counsel in full to date, in all matters at Washington, including attempted adjustment of interest account with the United States in transportation suits in the Court of Claims	$3,000

The WITNESS. I know nothing more about that than what appears on the face of the voucher. I know that Mr. Chandler was representing the company at that time.

TO EMOTT, BURNETT & HAMMOND.

The CHAIRMAN:

Union Pacific Railroad Company to Emott, Burnett & Hammond.

July 30, 1875	$1,669 00
January 1, 1876, Union Pacific Railroad Company to Emott, Burnett & Hammond	3,036 00
Total for the year 1876	9,046 00

Please explain the difference between the amounts indorsed upon the voucher and the amounts as charged within? There seems to be a mistake there.

The WITNESS. The difference is due to the fact that partial payments had been made to Messrs. Emott, Burnett, and Hammond, on account of their services. These partial payments were included in the amount entered on the books of the company on March 10, 1876, and were in addition to the amount of the balance claimed to be due them on that day.

TO J. F. FARNSWORTH.

The CHAIRMAN:

Union Pacific Railroad Company to J. F. Farnsworth, Dr.

May, 1876. Retaining fee $500
Received payment of W. E. Chandler.

J. F. FARNSWORTH.

For what services, in what case, was that paid?—A. I cannot tell. I know nothing about it.

TO SIDNEY DILLON.

The CHAIRMAN:

The Union Pacific Railroad Company to Sidney Dillon, Dr.

November 6, 1875. For extra attorney fees, paid..... $330
Also advertising dividend, analyzing coal, expenses to Washington of self, and taking depositions. Total $558 25

What attorneys were employed, and why were the other charges made against legal expenses—analyzing coal, and other expenses?—A. The expense of analyzing coal was not included in our charge to legal expenses. The amount of the voucher, $558.25, was apportioned; $228 to expense account, and $330.25 to legal expenses.

Q. Who were the attorneys?—A. There is nothing on the voucher or on the books of the company to show.

TO SIDNEY DILLON.

The CHAIRMAN:

The Union Pacific Railroad Company to Sidney Dillon, Dr.

October, 1876. For amount paid for counsel fees at sundry times $5,000

Who were the attorneys, and for what services was that amount paid?—A. There is nothing on the books to show who the attorneys were. We have nothing more on file in relation to the voucher.

TO SIDNEY DILLON.

The CHAIRMAN:

The Union Pacific Railroad Company to Sidney Dillon, of New York, Dr.

March 18, 1875. For legal expenses incurred in the question of the termini of the Omaha bridge and the road, and for attorney fees in the same case..... $5,000

Who were the attorneys employed in that case?—A. I cannot tell you. I know nothing about this payment, except what appears on the face of the voucher.

TO W. E. CHANDLER.

The CHAIRMAN:

WASHINGTON, *December* 31, 1875.

Received of the Union Pacific Railroad Company two thousand dollars on account of legal services in the transportation suit, and various other matters.

$2,000.

W. E. CHANDLER.

WASHINGTON, D. C., *April* 12, 1876.

Received of the Union Pacific Railroad Company two thousand dollars on account of legal services, and in all other matters pending in this city.

W. E. CHANDLER.

NEW YORK, *February* 28, 1876.

Received of Sidney Dillon, president, one thousand dollars on account.

W. E. CHANDLER.

Union Pacific Railroad Company to W. E. Chandler, attorney at Law.

To services in the United States Court of Claims, and all other matters at Washington during 1875, and the present year $2,000

W. E. CHANDLER.

Making a total of $7,000. Can you explain these vouchers?

The WITNESS. Only on the supposition that Mr. Chandler was then engaged, as I recollect that he was, or as I believe that he was, in the preparation and trial of our cases before the Court of Claims; proving the claims and getting them in shape to go before the court.

Q. Was he the only attorney in Washington at that time?—A. I am not sure; I think he was. At all events he was our most actively employed attorney there at that time.

Q. Was he the leading attorney of the road in Washington at that time?—A. At that time, I should say he was.

TO H. M. BAKER.

The CHAIRMAN:

WASHINGTON, D. C., *August* 28*th*, 1876.

Union Pacific Railroad Company to Henry M. Baker, Dr.

For retaining fee and on account of services $100

The WITNESS. I am not able to explain that.

Q. Who is Mr. Baker?—A. I do not know.

Q. Do you know whether he was a lawyer?—A. I do not know. I see the voucher bears Mr. Chandler's approval, and I think, therefore, it had some connection with the controversy in the Court of Claims.

TO F. A. SAWYER.

The CHAIRMAN:

F. A. Sawyer.

August 9, 1876. For services as attorney $150

The WITNESS. I cannot explain it.

Q. Who was Mr. Sawyer, and what kind of services did he render, and where did he render them?—A. I am not able to say. I notice the payment is approved by the auditor.

TO SHELLABARGER & WILSON.

The CHAIRMAN:

Received, December 19th, 1876, of Sidney Dillon, esq., by check of Ham Brothers, $5,000, retainer for professional services for the Union Pacific Railroad Company, as per agreement.

SHELLABARGER & WILSON, *Attorneys.*

What was that agreement?—A. I do not recollect what the agreement was, but this appears to have been our first payment of any considerable amount to Messrs. Shellabarger & Wilson, and I presume the agreement must have been the one that led to their employment as our regular counsel.

Q. Have you the agreement?—A. I have no recollection of ever having seen it. I am not able to find on file any contract with Shellabarger & Wilson. It may have been that the agreement was an oral one

TO U. H. PAINTER.

The CHAIRMAN:

Union Pacific Railroad Company to U. H. Painter.

1877, February 1. To clerical work..... $2,500

The WITNESS. I am not able to explain this payment. I do not know whether or not it is in connection with or on account of the compilations. I notice that it bears Mr. Dillon's approval. It was paid, of course, on that approval.

Q. Do you know of any service rendered by Mr. Painter in Washington during that year?—A. No, sir; not at Washington.

Q. Or any other place?—A. No, sir; in 1877 I do not. I do not remember anything going on in Washington or elsewhere in 1877 where Mr. Painter would have been called on to render us any service.

Q. Has he been employed by the Union Pacific Company at Washington to make explanations of legislation to members of Congress?—A. I think not; I never heard that he was.

Q. Do you know?—A. No, sir; I do not. I never heard that he was so employed.

Q. What clerical work would he be employed to perform for the company at such an expense of $2,500?—A. I can think of nothing excepting the compilations of the debates already referred to; I know of nothing else.

TO GEORGE RHODES.

The CHAIRMAN:

Received from the Union Pacific Railroad Company $2,000, it being in full for services of the months of August, September, October, and November, as per agreement of July 23, 1876.

G. RHODES.

WASHINGTON, *November* 14, 1876.

Approved.

SIDNEY DILLON.

The WITNESS. I cannot recall any of the circumstances connected with this payment.

Q. Who is Mr. Rhodes?—A. I do not know.

Q. Was he a compiler, like Mr. Painter?—A. I have no recollection of ever having heard his name before.

Q. Was he a lawyer?—A. I do not know.

TO GEORGE RHODES.

The CHAIRMAN. In connection with the voucher now in your hand, I call your attention to this voucher:

Union Pacific Railroad Company to George Rhodes, Dr.

1877. For services and expenses in Washington during the months of December, January, February, and March..... $3,000

The words "months December, January, February, and March" appear to have been written over, and an attempt to erase the words "sessions Forty-fourth Congress." Please look at that bill and explain it.

The WITNESS. I am not able to give you any explanation in relation to these vouchers. I have no recollection of Mr. Rhodes's name. The voucher for $3,000 appears to have been paid through Mr. Sidney Dillon.

Q. Who audited the bills?—A. Both bills were approved by Mr. Sidney Dillon.

Q. Who audited the bills?—A. They appear to have been verified by the auditor.

Q. Who was the auditor?—A. Mr. Wilbur.

Q. Where is he?—A. He is not living; he is dead.

Q. Were you connected with the road at that time?—A. Oh, yes, sir; I have been connected with the road since 1872.

Q. In what position?—A. I think in 1876 I was the assistant secretary and assistant treasurer.

Q. Did you ever hear of Mr. Rhodes in connection with the business of the road?—A. If I did, his name has entirely passed from my memory.

Q. Did you ever hear his name before?—A. Not to my recollection.

Q. Who could give the information about this voucher?—A. I think Mr. Sidney Dillon can. Mr. Rhodes's name has entirely passed out of my mind. I have no recollection of ever having seen the voucher before.

TO SIDNEY DILLON.

The CHAIRMAN [reading]:

Union Pacific Railroad Company to Sidney Dillon, Dr.

1877, April 24. For cash paid out at sundry times for legal expenses..... $20,274
Approved.

JAY GOULD.

The initials, perhaps, you can explain. "F. L. A." and "B. E. B." Who were the attorneys, and what were the legal expenses?

The WITNESS. I know nothing about the voucher, except what it shows on its face, and the memorandum which is annexed to it. The voucher was approved by Messrs. Jay Gould, Frederick L. Ames, and Benjamin E. Bates, who were then directors in the company, and also by the company's auditor. The memorandum attached to the voucher indicates that the payments were made in settlement of the Pollard, Fisk, and other suits in New York.

Q. But the voucher already produced shows payments for these very suits. How do you explain that? I call your attention to that voucher in the Fisk and Pollard suit.—A. I am not able to explain it. That fact escaped my recollection. I know nothing about this voucher, except what appears on its face. I presume the expenditure was made by Mr. Dillon on behalf of the company.

Q. Can he explain it?—A. I have no doubt that he can.

TO W. R. MARTIN.

The CHAIRMAN [reading]:

The Union Pacific Railroad Company to Sidney Dillon, New York.

1877, July 25. For cash paid William R. Martin for counsel fees in various matters..... $1,000

Who was Mr. Martin, and what were the various matters?—A. I cannot tell you. This voucher appears to have been subjected to a good deal of scrutiny, since it was approved by four of the directors as well as having passed through Mr. Dillon's hands.

Q. Was he a lawyer?—A. I have no recollection of his name.

Q. Did you ever hear of him in connection with the road?—A. If I ever heard his name it has since entirely passed out of my mind.

TO J. W. JENNINGS.

The CHAIRMAN:

Union Pacific Railroad Company to J. W. Jennings, Dr.

March 5, 1877. For salary and expenses in full to date..... $600

The WITNESS. I am not able to explain that voucher. It came to us from the president.

Q. Do you know who Mr. Jennings was?—A. No, sir; I do not. That was an expenditure made through our president, Mr. Sidney Dillon, and I presume it can be explained by him.

TO W. S. LINCOLN.

The CHAIRMAN:

The Union Pacific Railroad Company to W. S. Lincoln, Washington.

1877, March 7. For expenses and services rendered as attorney $1,000

The WITNESS. That I cannot explain. The amount was paid in the same way. The case was one connected with the construction of the road. I remember the man's name, Miller.

Q. Cook was the attorney. He represented the road. Do you recollect Cook?—A. No, sir; not at all. I assume that the voucher had connection with the original construction, because of the name of Miller as contractor.

TO JAMES F. WILSON.

The CHAIRMAN:

Union Pacific Railroad Company to James F. Wilson.

1877, March 9. For retaining fee in the suit of Miller and Paterson and other suits in Illinois and Iowa..... $6,000

The WITNESS. That is the case I had in mind in connection with Mr. Cook's voucher. Miller and Patterson were contractors on the road. This must have been a payment made to Mr. Wilson on account of the services rendered by him on behalf of the company in that controversy.

TO J. F. FARNSWORTH.

The CHAIRMAN:

Union Pacific Railroad Company to J. F. Farnsworth, Washington, Dr.

March 1, 1877. To counsel and making brief, &c., in opposition to application of the Burlington and Missouri River Railroad Company to be declared a branch, &c., of the Union Pacific Railroad Company, second session Forty-fourth Congress $1,000

The WITNESS. I know nothing about that. It was paid by Mr. Dillon.

Q. Can Mr. Dillon explain that?—A. I should say it was already explained in the voucher.

Q. Who was Mr. Farnsworth; was he a counsel regularly employed?—A. No, sir; not regularly employed. He was specially employed.

Q. Why was he specially employed as against the regularly employed counsel in Washington?—A. That I cannot tell.

Q. Who will answer that?—A. I think, perhaps, Mr. Sidney Dillon can recall the circumstances.

TO W. E. CHANDLER.

The CHAIRMAN:

WASHINGTON, *March* 5, 1877.

Union Pacific Railroad Company to W. E. Chandler, Dr.

To services in the suit of said company against the United States, in the Court of Claims, and various other suits of said company, in its controversy with the Burlington and Missouri River Railroad Company, and as to all other matters in my charge $5,000

The WITNESS. I think that voucher sufficiently detailed.

Q. Was he the regularly employed attorney at that time?—A. My recollection is that he was regularly employed for a few years.

Q. What other attorneys had you during that year? Messrs. Shellabarger & Wilson seem to have been paid $10,000 for services in Washington pending this same suit.—A. Shellabarger & Wilson were representing us there at the same time; but I think Mr. Chandler's connection with the company did not continue long after Shellabarger & Wilson were retained by us.

OLIVER W. MINK.

The Commission then adjourned to Friday, June 3, 1887, at 10 a. m.

EQUITABLE BUILDING,
Boston, Mass., Friday, June 3, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

OLIVER W. MINK, being further examined, testified as follows:

TO CHARLES A. ELDRIDGE.

By the CHAIRMAN:

Question. Please explain the voucher No. 13794, dated April 19, 1878, Washington City, D. C.

Union Pacific Railroad Company in account with Charles A. Eldridge, Dr.

To professional services rendered said company $2,000

What professional services was that for, and was Mr. Eldridge the regular employed attorney of the company?—Answer. I am not able to tell you what the service was. I notice that the voucher is in the handwriting of our attorney, Hon. J. M. Wilson, of Washington, and I presume the service must have been in connection with the services that were rendered by him there. I would like to add, that since the adjournment of yesterday I have thought more or less upon the phraseology of vouchers presented to the company by professional gentlemen, and my general impression is confirmed that the practice of the profession is not to detail the character of the services rendered. It is, therefore, very difficult for me to go over vouchers extending over a number of years past and tell you on the instant what the service, in any special case, may have been.

TO SIDNEY DILLON.

Q. Voucher No. 13357.

Union Pacific Railroad Company to Sidney Dillon, Dr.

For cash paid for legal services $2,500

To whom were the payments made?—A. They do not appear in the voucher, but they were undoubtedly on account of the suit of Miller and Patterson. This was a troublesome suit then on trial in the State of Illinois.

Q. Have you any memorandum or record showing what individuals received payment of this sum for legal services?—A. Not here.

Q. How was the money paid; in cash or check?—A. It would take us a long time to determine that.

Q. Why?—A. Because we would have to hunt for our check-books for that period. I think there is no reasonable doubt that this money was paid by check to Mr. Sidney Dillon.

Q. You think the check was drawn to Mr. Sidney Dillon?—A. I think there is no reasonable doubt of it.

TO JAMES M. HAM.

Q. Voucher No. 13,703, dated March 30, 1878, sight draft, dated "New York, June 1, 1877," to the order of James M. Ham, drawn by Sidney Dillon for James M. Ham, and addressed to H. MacFarland, treasurer, Boston Mass.; expenses, in part, of Fisk suit. Please explain that voucher?—A. Our entry, covering this transaction, says that the amount was for the expenses in part of the Fisk suit, which suit, as advised by letter of Messrs. Emott, Burnett & Hammond, who were our solicitors in New York, dated June 1, 1887, has been compromised, settled, and discontinued.

Q. I want to know what expenses were incurred, and to whom those payments of the sum of $20,000 were made?—A. There is nothing in our correspondence to show. It may be that the money was paid to the executrix of James Fisk.

Q. Who could explain?—A. I think Mr. Sidney Dillon could explain this in full.

TO SIDNEY DILLON.

Q. Voucher No. 14666, dated November 27, 1878.

Union Pacific Railroad Company to Sidney Dillon, Dr.

For cash paid for advertising and printing and attorney fees $750
Paid.

What attorney fees—I especially call your attention to that matter—were paid, and who were the attorneys paid?—A. I am not able to tell you.

Q. Who can tell?—A. Mr. Sidney Dillon, I think.

Q. Voucher No. 14545, dated October 30, 1878. The Union Pacific to H. B. Hammond of New York, $250. Was Mr. Hammond an attorney?—A. Yes; he was at one time one of the firm of Emott, Burnett & Hammond.

Q. Was he regularly employed by the company at that time? I mean by the year?—A. I think he was. My recollection is that he was. If I recollect right, he attended more directly to the matters assigned to the firm of which he was a member.

TO A. S. ROACH.

Q. Voucher No. 13756, dated April 12, 1878.

Union Pacific Railroad Company to A. S. Roach.

April 11, for services as attorney at law $2,000

Who was Mr. Roach and what services did he render?—A. I do not remember him at all. Mr. Dillon, I think, can explain that voucher.

I notice that it is approved by him. I ought to say in this connection that a voucher coming to us, bearing the approval of Mr. Dillon, as this voucher did, would be paid without attracting any special attention.

TO E. ATKINS.

Q. Voucher No. 14792, December 27, 1878, dated—

BOSTON, *January* 30, 1877.

Received of the Union Pacific Railroad Company, $3,500, to be accounted for.
E. ATKINS, *V. P.*

Please explain that voucher.—A. This amount appears to have been a part of the sum, the payment of which was approved by the executive committee on January 27, 1879, at which meeting the treasurer reported that, under the resolution of the executive committee of May 30 and November 25, 1878, he had paid to R. G. Hazard the sum approved by counsel, namely, $15,000, and for counsel fees and expenses connected with the Hazard suit the further sum of $11,855.47, of which this $3,500 is a part.

Q. What connection has that with the Hazard suit?—A. Without knowing definitely, I presume that Mr. Atkins was a party to the suit, was acting on behalf of the company, and was obliged to incur this legal expense.

Q. Was it a payment for attorney fees, or was it a payment on account of a claim against the company?—A. I think not on account of a claim, because the claim appears to have been specifically settled at a sum approved by counsel, namely, $15,000. I conclude, therefore, that it was on account of counsel fees.

After conference with Mr. Atkins, since giving the foregoing answer, I learn that he is under the impression that the amount was paid to Mr. Hazard through Mr. Bartlett, in addition to the sum of $15,000 named in the release.

TO B. H. HILL.

Q. Voucher No. 15961, dated October 30, 1879.

The Union Pacific Railroad Company to B. H. Hill, Dr.

1879, October 18, for services as attorney in Supreme Court of the United States $10,000

What services were rendered by Mr. Hill?—A. This was Senator Hill. My recollection is that Mr. Hill made an argument in behalf of the company in the Supreme Court on the constitutionality of the Thurman Act.

Q. Was he in the Senate at that time?—A. That I am not able to tell you; I do not recollect.

TO SAMUEL WARD.

Q. Voucher No. 14929, dated January 27, 1879, being a draft dated New York, 2d January, 1879:

Pay to the order of Messrs. S. W. Boocock & Co., $500.

SAM'L WARD.

And addressed to "Sidney Dillon;" also draft, 2d December, 1878:

Pay to the order of Messrs. S. W. Boocock & Co., $500.
(Signed) SAM'L WARD.

Addressed to "Sidney Dillon." Will you please explain these?—A. I am not able to explain these vouchers, but I presume Mr. Dillon can.

Q. Who was Mr. Ward?—A. Mr. Samuel Ward, a gentleman of some prominence in Washington. I never saw him, however.

Q. Was he an attorney of the Union Pacific?—A. Not regularly employed. If we paid him any other sums, they must have been very inconsiderable in amount, since they never made any impression on my mind.

Q. What kind of services did he render in Washington?—A. I am not able to tell you.

Q. Was he employed anywhere else?—A. Mr. Dillon can undoubtedly tell you. The voucher was paid through Mr. Sidney Dillon, and on his approval.

Q. Was Mr. Ward the gentleman that had some reputation as a lobbyist in Washington?—A. I think so.

Q. This is the same person?—A. I believe it to be.

TO SAMUEL WARD.

Q. Voucher No. 14980, February 4, 1879, being a draft dated New York, 2d February, 1879, to "the order of Messrs. S. W. Boocock & Co., $500." Signed "Samuel Ward," and addressed to "Sidney Dillon" and "Approved, Sidney Dillon." Will you please explain that?—A. That is exactly like the two preceding drafts. They were paid on the approval of Mr. Sidney Dillon.

Q. What were the services rendered?—A. I am not able to tell you.

Q. Would you, as comptroller, approve of such a voucher?—A. I should be relieved of the necessity of approving such a voucher as this, because it bears the approval of Mr. Dillon, the president.

Q. Wherever a voucher appears, whether, in your judgment sufficient or not, with the approval of a director or officer of the road upon it, you would pass it as a sufficient voucher?—A. I should, in a voucher for this amount. If a voucher came to me approved by the president for an unusual amount, or for an unusual purpose, I should feel, as a matter of self-protection, that I ought at least to speak to some of the directors in relation to it, although I am relieved, under the instructions laid down to govern me in my official conduct, of any responsibility in cases similar to the one now in question.

Q. Would you have required an explanation of a voucher like this?—A. No, sir; I should not. I should have passed a voucher for that amount on the approval of Mr. Dillon without a moment's question.

TO SIDNEY DILLON.

Q. Voucher No. 15775, September 9, 1879:

Union Pacific Railroad Company to Sidney Dillon.

1879. September 4. For cash paid for attorney and counsel fees $3,500

What attorneys' and what counsel fees were paid?—A. This is another one of the vouchers paid by Mr. Dillon that he, I presume, can explain. It bears the approval of our vice-president, and was paid because of that approval. I think I ought to say that I have no reasonable doubt that the expenditures were incurred by Mr. Dillon, because he was joined as a defendant in suits that were brought, from time to time, against the company and to which he was obliged to make answer in the courts in New York and elsewhere.

TO SIDNEY DILLON.

Q. Voucher No. 15192, April 8, 1879:

Union Pacific Railroad Company to Sidney Dillon, Dr.

1879. April 7. For attorney and counsel fees paid	$1,000 00
Sundry expenses	244 54

What attorneys were employed and what services were rendered and what were the sundry expenses thus paid?—A. As to the counsel fees, I can only say that I know nothing about them, except what appears on the face of the voucher. The other advertising and sundry expenses appear to be reasonable, and they were paid without question.

Q. Without items?—A. With Mr. Dillon; yes, sir. Not ordinarily.

TO J. B. STEWART.

Q. Voucher No. 15140, dated March 25, 1879:

The Union Pacific Railroad Company to Sidney Dillon, Dr.

1879. March 20. For cash paid Joseph B. Stewart for professional services..... $390

Who was Joseph B. Stewart?—A. I do not know.

Q. What services did he render?—A. I do not know.

TO E. R. MEADE.

Q. Voucher No. 18878, dated November 30, 1880:

The Union Pacific Railroad Company to E. R. Meade, New York, Dr.

For legal services and retainer..... $500

Who was Mr. Meade? What services did he render at that time?—A. My recollection is that Mr. Meade was retained by Mr. Dillon and that he attended to matters before the Departments in Washington, in connection with the land grant of the Kansas Pacific Railroad Company. I may be mistaken in that, however.

Q. Mr. Dillon could give us the information?—A. I think Mr. Sidney Dillon or Judge Dillon can explain the voucher without the slighest difficulty.

TO S. BARTLETT.

Q. Voucher No. 18681, dated November 10, 1880:

[*The trustees under the Ames and Davis contracts to S. Bartlett, Dr.*]

1876 to 1880.	To retainer and services in the suit against John B. Alley. Costs of court in same. Retainer and services in the suit of Mudge, in equity, vs. The Trustees. Costs of court in same. Retainer and services in the suit of Shorey, in equity, vs. The Trustees. Costs of court in same. Retainer and services in the suit against Nickerson. Costs of court in same. Retainer and services in the suit against Stetson. Costs of court in same. Retainer and services in the suit against Bushnell. Costs of court in same. Services in directing and consultation as to the New York suits. Services and advising counsel in the suits in Connecticut.	$3,500 00
	Bill of C. E. Gross	622 66
	Bill of Emott, Hammond & Kidder	300 00
	Total	4,422 66

(Indorsed:) U. P. should pay the above %.
October 7, 1880.

JAY GOULD.

59 P R

Why was the charge in the voucher made against the Union Pacific Railway Company?—A. This was paid by the Union Pacific Company on the approval of Mr. Dillon, our president, and Mr. Gould, one of the most active of our directors. The ground upon which they authorized the approval of this voucher, and the ground upon which one or two subsequent vouchers of a similar character were approved, was this: The trustees under the Ames and Davis contracts were the owners of upwards of $40,000 in the securities of the Union Pacific Railroad Company. The securities were in the possession of the Union Pacific Company. Of course, they should not have been in our custody. They ought to have been in the custody of the responsible officer of the trustees. The Union Pacific Company, however, claimed the securities on an account current, sold them, and appropriated the proceeds. The payment to Mr. Bartlett and the subsequent payments to which I have referred have been held by the officers of the company to have been made on account of those securities, if it shall ever be determined that the trustees were the lawful owners of them. That, in brief, is the ground upon which this payment was made. If the securities had not been appropriated by the company the trustees would have been in possession of funds to have met this claim.

Q. Why was the method of indorsement of the voucher changed by Mr. Gould from his initials to writing the sentence, "U. P. should pay the above %," such indorsement appearing upon another voucher?—A. The fact that Mr. Gould made that indorsement is conclusive in my mind that the propriety of payment on the part of the treasurer of the Union Pacific Company had been questioned, and the indorsement was made in the way of approval. I may say that the matters in connection with the appropriation of these securities are complicated and are hardly to be handled by me. Perhaps they should be explained by counsel.

TO SIDNEY DILLON.

Q. Voucher No. 19481, dated February 28, 1881:

Union Pacific Railway Company to Sidney Dillon of New York City.

1881, February 2. For cash paid for attorney and counsel fees and legal expenses of sundry old suits and settlements in full of same..... $5,000

Who were the attorneys and what were the old suits for which the payments were made?—A. I am not able to tell you.

Q. Who can?—A Mr. Sidney Dillon can tell. I have an impression, from the date only, that these expenses were incurred in connection with the contest which arose over the Kansas Pacific income bonds.

Q. Why were not the subjects of the payments set out in the voucher?—A. That I am not able to tell you. I only give that explanation, as my general impression.

Q. Was Mr. Dillon in the habit of receiving the payments of the vouchers in check or cash?—A. This payment was made to Mr. Dillon by Mr. Ham, who was then and who is now our assistant treasurer in New York. The entry shows that the money was paid to reimburse Mr. Dillon for attorney and counsel fees paid by him. I know nothing more about it.

TO J. B. HENDERSON.

The CHAIRMAN. Voucher No. 20327, dated June 30, 1881:

The Kansas Pacific Railway Company to J. B. Henderson.

To legal services from 1872 to 1876; to oral argument and brief before Pacific Railroad Committees in Congress ex. Union Pacific Railroad Company, to secure equality of rates.

To preparing bills for same purpose to be introduced into Congress.

To oral argument and presenting briefs before Committees of Congress on Public Lands, to protect land grants of said company, &c.

Please explain the voucher, if you have any information to give about it.

The WITNESS. I know nothing about the voucher, except what appears upon its face. The services rendered by Mr. Henderson were in connection with the Kansas Pacific Railway prior to the consolidation. I beg to call your attention to the certificate of Mr. Robert E. Carr, formerly the president of that company, and of Mr. John B. Perry, formerly a director of that company, to the effect that they have personal knowledge that the services were rendered as set forth in Mr. Henderson's bill.

Q. Why was that charge made against the Union Pacific? Some of the litigation seems to have been against the Union Pacific. It was a contest at that time, when the Kansas Pacific was contending with the Union Pacific Company.—A. This was a claim existing against the Kansas Pacific Railway Company. It may be that the contest from which this claim arose was a contest between the Kansas Pacific and the Union Pacific Railroad Companies; but I do not think that circumstance would relieve the Union Pacific Railway Company, as the successor of the Kansas Pacific Railway Company, from the payment of any just claims against the last-named company; and the voucher in question appears to have been a valid claim.

TO BURRILL, DAVIDSON & BURRILL.

Q. Voucher No. 21178, dated October 31, 1881:

The Union Pacific Railway Company to Burrill, Davidson & Burrill, and John E. Burrill.

October 24. To services in the suits of Williams, Fremont, Train, McKratney and others against the Kansas Pacific Railroad and Union Pacific, and all services of every kind to date..... $20,000

Please explain that voucher.—A. I am not able to tell you anything about this voucher. All I know about it is what appears upon its face. It appears to relate to the Kansas Pacific Company prior to the consolidation.

TO E. R. MEADE.

Q. Voucher No. 19261, dated January 21, 1881, for $500:

NEW YORK, *January* 17, 1881.

Received of John F. Dillon, general solicitor of the Union Pacific Railway Company, the sum of five hundred dollars in full of all claims and demands of all kinds against said company.

E. R. MEADE.

What claims or demands had Mr. Meade against the company at that time?—A. I take it, from the fact that the settlement was made by

Judge Dillon, that it had some relation to the former payment made to Mr. Meade and that this was the balance.

Q. Who could explain the bill—Judge Dillon?—A. Judge Dillon: yes, sir.

TO E. R. MEADE.

Q. Voucher No. 23054, August 31, 1882, against the Union Pacific Railway Company:

NEW YORK, *August* 7, 1882.

The Union Pacific Railway Company to E. R. Meade, Dr.

To professional services to date, in full of all demands $250

What professional services did Mr. Meade render at that time and in what cases?—A. I am not able to tell you. I think it was litigation connected with the Kansas Pacific Railway Company. Judge Dillon will be able to tell you all about Mr. Meade's vouchers.

TO J. S. MERRITT.

Q. Voucher No. 22230, dated April 21, 1882:

The Union Pacific Railway Company to J. S. Merritt, Dr.

For legal services rendered from March 15 to date..... $1,782

What legal services were rendered and in what cases?—A. This voucher was paid by Mr. Ham, our assistant treasurer in New York, undoubtedly under the authority of Mr. Sidney Dillon, the president. I am not able to tell you what services Mr. Merritt rendered; but I have no doubt either Mr. Sidney Dillon or Judge Dillon can do so.

TO M. E. OLMSTEAD.

Q. Voucher No. 24661, dated June 30, 1883:

HARRISBURG, PA., *June* 12, 1883.

Credit Mobilier of America in account with M. E. Olmstead, Dr.

To professional services in securing the withdrawal of the company from the list of delinquent corporations whose charters were declared forfeited by the governor of Pennsylvania and an adjustment of State taxes and capital stock for years 1879, 1880, 1881, and 1882..... $100

Can you inform me how the Credit Mobilier Company's name was withdrawn from the list of corporations by Mr. Olmstead at that period, as he suggests?—A. This voucher was paid through our New York office, by Mr. James M. Ham, our assistant treasurer there. I am not able to inform you by what means the name of the Credit Mobilier of America was withdrawn from the list. I know nothing about the voucher. You understand that the Union Pacific Company had acquired the stock of the Credit Mobilier.

TO E. R. MEADE.

Q. Voucher No. 25958, dated February 28, 1883:

The Union Pacific Railway Company to E. R. Meade.

To professional services and retainer in old K. P. matters..... $500

What services did Mr. Meade render for that sum of money, and in what cases?—A. I am not able to advise you. Judge Dillon, who approved the voucher, can undoubtedly tell you.

TO W. H. TOWNLEY.

Q. Voucher No. 24797, dated July 31, 1883:

NEW YORK, *July* 21, 1883.

Received from Sidney Dillon, esq., $250, in full for legal services rendered to Theodore L. Bassett, trustee for certain bondholders of the Utah and Nevada Railway Company.

W. H. TOWNLEY.

Why was that charge made to the Union Pacific Railway Company?—A. The Union Pacific Railway Company was the holder of the majority of the bonds of the road which was foreclosed, and which after the reorganization was known as the Utah and Nevada Railway Company. Our expense was incurred in that direction, because we werethe owners of the bonds of the constituent company.

TO E. R. MEADE.

Q. Voucher No. 26442, dated March 31, 1884.

The Union Pacific Railway Company to E. R. Meade.

March 3, 1884. To legal services old Kansas Pacific matters, rendered from last payment to date, and retainer for the year 1884 ..... $500

Will you please tell me what services were rendered by Mr. Meade and in what cases he rendered them?—A. I am not able to tell you. The payment was made through the office of our assistant treasurer in New York, and probably Judge Dillon can tell you all about it.

TO A. L. WILLIAMS.

Q. Voucher No. 26298, dated March 6, 1884.

THE UNION PACIFIC RAILWAY COMPANY,
TREASURER'S OFFICE,
Boston, March 6.

Received from the treasurer of the Union Pacific Railway Company one thousand dollars, on account of expenses incurred in behalf of the company.

A. L. WILLIAMS.

What were the expenses incurred for, and in what suits?—A. Mr. A. L. Williams is our attorney at Topeka, Kans. He spent, I think, nearly six months in the East, at Boston, New York, and Washington, during the winter of 1883-'84, and I presume that this amount was allowed to him in that connection.

Q. Engaged in what?—A. In the regular legal work of the company. The questions before the United States Supreme Court were those growing out of the Quo Warranto suits. The questions before the House committee at Washington were those in relation to the transportation rates charged by the company. I remember that I spent a portion of the same winter there. I presume that voucher No. 26,513, April 14, 1884, in favor of A. L. Williams, for $1,000, and voucher No. 27,102, July 5, 1884, for $150, were made to cover expenses of a similar character. Voucher No. 26,097, February 12, 1884, recites that the expenses were incurred in connection with the Quo Warranto case as well as for other matters. Mr. Williams, I recollect, was under such expenses during that winter as any one away from home for an extended period would be subjected to.

TO SIDNEY DILLON.

Q. Voucher No. 26444, dated March 31, 1884.

The Union Pacific Railway Company to Sidney Dillon.

March 6, 1884. For cash paid for attorney fees and expenses $1,000

What attorneys did Mr. Dillon pay, and for what services, and in what cases?—A. I am not able to explain this voucher, but I presume Mr. Sidney Dillon can do so.

AFTERNOON SESSION.

OLIVER W. MINK, being further examined, testified as follows:

TOTAL SECURITIES OF UNION PACIFIC.

By the CHAIRMAN:

Question. What is the total amount of securities, in bonds or stock, held by the Union Pacific Railway Company?—Answer. The face amount of the securities owned by the Union Pacific Railway Company is $74,509,599.12, in which is included $22,467,500 in bonds of other railroad companies, which are detailed on page 96 of our last annual report; $43,275,774.12 in stocks of other railroad companies, which are set out in detail on page 97 of our last annual report; $279,000 in miscellaneous bonds, namely, township, precinct, and miscellaneous bonds, which are set out in detail on page 95 of the report; $3,329,825 in miscellaneous stocks, such as the stock of the Pacific Express Company, the Occidental and Oriental Steamship Company, and other miscellaneous companies, the details of which are shown on page 95 of the last report of the company; $3,160,000 in bonds of other railroad companies, which are held by the trustees under the Kansas Pacific consolidated mortgage, the details of which are shown on page 98 of the last annual report; $1,797,500 in stocks of other railroads, and $200,000 in stock of the National Land Company. These last are also held by the trustees under the consolidated mortgage, and are set out in detail on page 98 of the last annual report.

THEIR MARKET VALUE.

Q. What is the market value of the securities?—A. It would be very difficult to determine; the Union Pacific Company, in nearly every case, is the principal owner of the securities, and their value to the Union Pacific Company is in the control of the properties upon which they were issued as contributary or feeding lines.

Q. Have you ever made an estimate of the market value based upon the company's idea of worth?—A. No, sir; I have not.

Q. Is it 50 per cent. of the face value?—A. I should say that they were worth to the Union Pacific very much more than that. Taking into consideration the value of the lines upon which these securities were issued, as feeding lines to the Union Pacific Company, I estimate that they produce an annual income of not far from 11 per cent.—not on the face of the securities, but on the cost of the investment. I should say, therefore, that the securities were worth very much more than they cost.

Q. Will you furnish to the Commission an approximate estimate of the market value of these securities?—A. That will be a very difficult thing to do, since but few of them are upon the market. The Union Pacific Company in many cases is the sole owner of the securities. If

the securities were to pass out of the Union Pacific Company's possession we should lose control of the properties upon which they were issued. It would be very difficult indeed, therefore, to determine a market value for them. They may be mainly valuable to the Union Pacific because they represent the control of the feeding lines.

DISPOSITION OF THE SECURITIES.

Q. Where are these securities?—A. Those that are not pledged are in the vaults of the company here, or with our assistant treasurer in New York; almost all of them not pledged are here.

Q. How many are pledged?—A. I would have to go over the accounts to give you the exact number; but those that are pledged in the various trusts are all set out in detail in our last annual report. For instance, there were on December 31 last, in the 6 per cent. collateral trust, $5,529,000 in bonds, which are set out on page 96 of our last annual report; in the 5 per cent. collateral trust there were $6,204,000 in bonds, which are set out on the same page of our last annual report; in the Kansas Pacific consolidated mortgage trust there were $3,160,000 in bonds, and in the same trust $1,997,500 in stocks. I think of no other securities pledged in any trust now.

Q. Where else are the securities pledged?—A. Some of the securities are pledged against loans made to the company; they will be disclosed by the proposed examination of our securities in detail. I am having an account prepared which will show the whereabouts of all of our securities.

Q. Please furnish the Commission the loans, either in bonds or stocks or other securities, that have been hypothecated or pledged for loans of money from time to time from other institutions.—A. I will submit such a statement in writing.

OLIVER W. MINK.

The following letter was subsequently sent to the Commission by Mr. Mink:

[The Union Pacific Railway Company, Equitable Building, Charles F. Adams, president; Henry McFarland, secy. and treas.; Oliver W. Mink, comptroller; James G. Harris, ass't treas'r and tranfer agent; Alex. Millar, asst. sec. Post-office box No. 5287.]

BOSTON, *June* 16, 1887.

Hon. ROBERT E. PATTISON,
Chairman United States Pacific Railway Commission, 10 Wall St., New York:

DEAR SIR:—In answer to a request on the part of your Commission for a statement of the consideration paid to the Denver Pacific Railway and Telegraph Company by the original subscribers to the capital stock of that company, I have to advise you that the books of that company show, under date of December 15, 1869, an issue of $4,000,000 in capital stock, all of which, together with $2,500,000 in that company's first mortgage bonds, was apparently delivered on account of construction and equipment. The entry is as follows:

DENVER, COLORADO, *December* 15, 1869.

1. Construction and equipment: To sundries	$6,500,000
2. Capital stock For amount paid in	4,000,000
3. First mortgage bonds	2,500,000

I feel sure from the manner in which this account is stated that there were issues of the stock of the Denver Pacific Company prior to December, 1869; but I have been unable to find any books of account covering such transactions. Of course any prior issues, if such were made, form a part of this $4,000,000—entered on December 15, 1869.

Yours truly,

OLIVER W. MINK,
Comptroller.

EQUITABLE BUILDING,
Boston, Mass., Friday, June 3, 1887.

FREDERICK L. AMES, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. Mr. Ames, you are the trustee, I believe, of the Union Pacific land-grant mortgage?—Answer. Yes, sir.

TRUSTEE OF LAND-GRANT MORTGAGE.

Q. When did you become trustee of that mortgage?—A. October 15, 1873; I was appointed as successor to Cyrus H. McCormick, one of the original trustees.

Q. And you have acted as such trustee ever since?—A. Yes, sir.

Q. When you took possession of this office in 1873 had all of the $10,000,000 bonds provided for by the mortgage been issued?—A. Yes, sir.

Q. They were all outstanding?—A. They were all outstanding; I do not think there were ever quite $10,000,000; I think the amount was $9,600,000 or $9,700,000; I will correct that; the aggregate issue was $10,400,000.

Q. An additional mortgage for $10,000 for each mile of railroad?—A. Yes, sir; $10,400,000 were issued; that would be on 1,040 miles.

Q. Do you know how many acres of land in all the Union Pacific Railroad earned under the acts and which were included in the description contained in the mortgage?—A. About 11,200,000 acres.

Q. And that amount of land is situated in alternate sections on both sides of the railroad from Omaha to Ogden?—A. Yes, sir; on both sides.

By Commissioner LITTLER:

Q. How far out beyond the limits of the road did you have a right to the land?—A. Twenty miles on each side of the road.

DESCRIPTION OF THE LANDS.

By Commissioner ANDERSON:

Q. Please give me a general description of these lands, starting from Omaha; I do not mean in any detail, but their general character. Certain parts we understand are much better than others?—A. When I first became connected with the trust the belief was that the lands for the first 200 or 250 miles west of the Missouri River, in Nebraska, were capable of cultivation, and were called "agricultural lands." Beyond that it was believed that the lands never would be arable, and they were classed as "grazing lands." But, as time has gone on, the western limit of the arable lands has steadily moved westerly, so that now the lands practically almost to the western boundary of Nebraska or the Wyoming line, are all agricultural lands.

Q. That carries you substantially to Cheyenne?—A. Yes, sir; and a great many lands which we sold three or four years ago for grazing lands are now being put upon the market and are being bought up by settlers for farming purposes.

Q. Between the western boundary of Nebraska and Ogden what is the character of the lands?—A. From where the North Branch of the Platte River intersects the railroad, east of Rawlins, to the Utah State line, the lands are very rough and sterile, covered with sage brush; and there is a good deal of alkali land; and those lands have only been used

up to this time for grazing purposes; but the experience has been there that where they could get water out of the streams on to these lands and irrigate them for a short time they became very fertile and made very good farms.

Q. What is the average height of the plateau on which those lands are to be found in this part of Wyoming?—A. It is almost the highest part of the railroad. The summit is at Sherman, which is 8,200 feet high from the level of the sea. Sherman is a point between Cheyenne and Laramie, and is the highest elevation of the road, the elevation there being 8,200 feet. From this point as you go west the railroad runs at a lower elevation. It runs on a comparatively level grade until it gets to Aspen. Aspen is situated on the road shortly before reaching the western boundary of Wyoming Territory. From Aspen the road descends as you go west into the Salt Lake Basin.

Q. What is the character of the railroad lands in Utah?—A. The lands there are better, because there is more water there, and where they are capable of cultivation there is water to irrigate them. The lands there are very good, but the Mormons were in there so largely before the road was built that the best lands in the valley which the railroad runs through were already taken up by the Mormons, and we got comparatively little agricultural land. We have a good deal of land in Utah that lies back on the mountains that has some timber on it.

SALES OF THE LANDS.

Q. When you entered upon the duties of your office, what was the condition of the land-grant accounts as to lands sold and lands remaining unsold? What were the outstanding contracts and the amounts due for lands previously sold?—A. I could not tell that from memory. I will have a statement made up and give it to you.

Q. Do you not remember how many acres of lands remained unsold when you took possession?—A. There was a great deal of land on hand at that time. The sales had been comparatively small, and had been confined to the eastern end of the road. No land had been sold, I think, west of Grand Island, in Nebraska. All of the lands that had been sold were on the eastern end of the road, in what was termed "agricultural lands."

Q. Are there any of those lands remaining unsold; I mean the agricultural lands?—A. No; I think not. There may be scattered around here and there a 40-acre tract, or something of that sort, that might have been undesirable, for some reason, which is yet unsold; but all the desirable lands have been culled out and sold.

I find on inquiry that when I assumed the office of trustee there had been sold about 819,000 acres of land and there remained unsold about 10,381,000 acres. There were at that time contracts outstanding for lands previously sold amounting to $1,956,000.

Q. Please state to us the land account as it stands to-day?—A. I have here a statement drawn off. I can only state the account to-day as it stands at this office. We get a monthly statement on the first of each month, showing the results of the transactions for the preceding month and bringing the whole business down to the first of the month. Of course the statement for May I have not yet received.

Q. That report you got from Omaha?—A. Yes, from Omaha.

Q. Who is your agent at Omaha?—A. The land commissioner is George M. Cumming. On the 30th of April, 1887, we had on hand land unsold 3,168,990 acres, valued at $2,386,140. We had contracts on hand—that is, representing balances due on lands sold—$8,727,204.45.

That is the account as it stood at Omaha on the first of May, 1887. That is, April 30th inclusive.

Q. Can you tell me how many acres of lands the contracts related to?—A. It was a balance of 11,200,000 acres.

Commissioner ANDERSON. If you had 2,300,000 on hand, and started with 11,000,000 acres, you must have sold about 8½ millions.

The WITNESS. Yes, sir. The amounts remaining due are for contracts on so much of the 8,000,000 which have been sold as were not paid for in cash or have not been fully paid for on time sales.

Q. What I want to know is, how many acres secured those contracts?—A. I cannot give you that except by a calculation. I should have to have a statement made up, showing just how many acres of land had been deeded. Then, by deducting the amount that had been deeded from the amount that had been sold, I could ascertain the figures.

Commissioner LITTLER. I suppose those $8,000,000, represented by notes in your hands, cover most of this grant except the land still unsold.

The WITNESS. Oh, no; no, indeed. By the statement here it is shown that I have received on account of the principal over $11,500,000, exclusive of interest; and that, of course, must represent a large amount of land.

Q. For which deeds have been given?—A. Yes, sir.

Q. When you make a sale you either give a deed or make a contract?—A. The great part of the land is sold on time; a part of the purchase money down, and nothing more until two years have elapsed.

By Commissioner LITTLER:

Q. You take a contract or lien on the land?—A. Yes, sir.

Commissioner ANDERSON. Mr. Ames, you have a statement there. Suppose you give a full explanation regarding all that has been realized from this land grant, and all that may in future be realized from it.

The WITNESS. I have had a statement made in detail, down to the 1st of January, 1887.

Commissioner ANDERSON. Please produce it.

The witness produces a statement, which is marked "Ames No. 1, June 3, 1887," and is as follows:

Statement of the Union Pacific Railroad Company land grant to December 31, 1886.

Income.		Amount.
Land sales, net	Acres. 7,986,346.40	$19,080,306 35
Town-lot sales, net		399,728 80
Interest received from land contracts		3,047,628 32
Interest received from town lot contracts		28,385 15
Forfeited contracts, lands		314,370 76
Forfeited contracts, town lots		4,309 44
Miscellaneous income		63,838 47
Total income at land department		22,938,727 30
Deduct commissions, discounts, and railroad fares allowed		617,903 79
Net income at land department		22,320,823 51
Deduct:		
Land contracts outstanding	$9,677,643 10	
Town-lot contracts outstanding	17,697 50	
Land-grant bonds taken in payment of land	1,058,000 00	
Interest accrued and allowed on the same	30,127 83	
		10,783,468 43
Cash balance remitted to trustee		11,537,355 08
Add interest received by trustee		429,130 74
Total amount received by trustee and in transit		11,966,485 82

Statements of the Union Pacific Railroad Company land grant, &c.—Continued.

Income.		Amount.
Accounted for by the trustee in the following manner:		
Land-grant bonds purchased and canceled	$6,695,000 00	
Premium paid on the same	367,212 43	
Expense account	375 00	
		$7,063,587 43
Cash balance		4,912,906 39
Cash on deposit	$4,381,860 66	
Notes receivable	505,000 00	
Cash in transit from Omaha	26,045 73	
		4,912,906 39

BOSTON, *June 3, 1887.*

Commissioner ANDERSON. It appears from this statement that the total amount of land sales effected under this mortgage to December 31, 1886, is 7,986,346.40 acres, for which a gross sum of $19,080,366.35 has been received, and that from the sale of town lots and interest on your land contracts, forfeited contracts, and miscellaneous income, the total income of the lands up to the date before mentioned is $22,938,727.30.

The WITNESS. Yes, sir.

By Commissioner ANDERSON:

Q. That represents the gross receipts for lands to that time?—A. Yes, sir.

DEDUCTIONS AND COMMISSIONS.

Q. Will you explain in a general way the deductions for commissions, railroad fares, etc.?—A. That item is made up of allowances made to purchasers. If a man goes out to examine the lands, in case he purchases, his railroad fare is refunded to him; and there are also discounts made from the regular prices, where a man sees fit to pay cash instead of taking the time allowance; and the aggregate of them, I see, amounts to $617,903.79.

Q. There is also an item of commissions. Is that the usual allowance or commission for the sale of lands?—A. Yes, sir; that is, an allowance that used to be made of commissions to the people who are located along the line who took purchasers out to examine them, and also covered the commissions that were allowed to these people for collecting the payments that were due; that is, the installments as they became due.

Q. Where shall we find a detailed statement of these amounts?—A. At the land office at Omaha.

Q. Were proper vouchers in all cases taken?—A. I presume so.

Q. You have not personally examined?—A. I have examined a few, not all. The auditor of the company has that done in his office, and he is supposed to look after all those items and see that they are properly vouchered. I have no doubt they are.

Q. Is there one particular person or set of persons as to whom question has arisen in regard to these commissions?—A. No, sir.

Q. They are distributed generally amongst agents?—A. There is a regular tariff or schedule of commissions that were allowed. They have been very much reduced of late, as the lands have been sold off, and as it has been less necessary to employ these agents. The system has been much changed, so that there are no agents employed now on a large part of the line.

Q. Has any considerable portion of this amount for commissions been allowed to purchasers who were officers of the Union Pacific Railroad?—A. None of it, except, possibly, in cases where the station agents of the railroad also acted as agent of the land department and received commissions on sales the same as anyone else.

Q. There is no director of the company who has received any compensation?—A. Oh, no indeed.

NET AMOUNT.

Q. This leaves the net amount for which you are accountable, as trustee, $22,320,823.51; that sum, of course, includes all lands outstanding on contracts?—A. Yes, sir.

Q. And any securities you may have taken in payment, any securities you may have purchased with cash, any expenses you may have been put to, were paid out of your available assets which were on hand?—A. Yes, sir.

Q. The amount of these respective credits are correctly given on the statement you have handed me?—A. Yes, sir.

LAND CONTRACTS.

Q. In regard to these land contracts, what percentage of cash payment do you require when the contract is made?—A. Usually 10 per cent.

Q. How much time do you give?—A. It varies somewhat. I think that on the agricultural lands we have allowed six years' time; on the grazing lands we have allowed ten years.

Q. What rate of interest do the contracts carry?—A. Seven per cent.

Q. Interest payable semi-annually, generally?—A. Annually.

Q. Do you know what proportion of the land contracts, which are stated on the 31st of December, 1886, as amounting to $9,077,643.10, are under default?—A. A very small proportion of them. It has always been our practice at least once a year to go over them, and where parties are in default, and we were satisfied as to their inability to pay up the balance, we have usually forfeited the contracts as provided therein.

Q. Do your contracts call for payment of principal as well as of interest?—A. The cash payment is made when the contract is given, and ordinarily no further payment is made until the end of the second year. That is, on a six years' contract. Then there would be four more payments, one coming due at the end of each year.

Q. Is the same general course pursued in regard to land contracts?—A. Yes, sir.

BONDS RECEIVED FOR LANDS.

Commissioner ANDERSON. Your statement shows that $1,658,000 of land-grant bonds were taken in payment of lands.

The WITNESS. This was under provision of the mortgage by which purchasers were allowed to turn the bonds in at par in lieu of cash, and at the time the bonds were being quoted at less than par they were largely availed of for that purpose by purchasers.

Q. When did that state of affairs cease? That is, when did the bonds go above par?—A. I do not think there were any bonds used for that purpose after I became trustee. It was previous to that time.

Q. So that these bonds had all been accepted in payment before your trusteeship?—A. Yes, sir; there were perhaps a few of them afterwards.

Q. Does the mortgage provide that the bonds shall be retained in

the trust?—A. No, sir; it provides that the bonds purchased shall be canceled and discharged.

Q. The effect of that is to decrease the fixed charges against the Union Pacific Railroad?—A. Yes, sir.

Q. The item of interest accrued and allowed on these bonds means that there was interest on them at the time they were given in payment? I refer to that small item after the land-grant bonds.—A. Yes, sir.

Q. That was on the bonds that were taken at Omaha in payment for lands? The total amount of the items that I have referred to is $10,783,468.43, which, deducted from the net gross proceeds of the land department, leaves the cash balance remitted to the trustee, $11,537,355.08.—A. Yes, sir.

ACCRUED INTEREST.

Q. I find you have added to this item the sum of $429,138.74 as interest received by the trustee. Interest accruing on what is that?—A. On the money that I have had on deposit.

Q. It has nothing to do with the contracts?—A. No, sir; the money that is received here is deposited in the trust companies and draws interest, and that interest makes up this accumulation of $429,000.

Q. Please gives us an explanation of the status of this fund which was in your hands on the 1st of January, 1887, amounting to $11,966,493.82.—A. I have prepared a special statement of the condition of the assets of the land department, which I now produce. This statement only differs from the previous one in omitting to charge the land department with the cash in transit, amounting to $26,045.73, which amount, being deducted from the amount previously shown, $11,966,493.82, leaves the sum of $11,940,448.09, for which amount the present statement is rendered.

The statement is marked "Ames No. 2, June 3, 1887," and is as follows:

The Union Pacific Railway Company—ledger balances, trustee under the land-grant mortgage of the Union Pacific Railroad Company, December 31.

Land department			$11,053,293 38
Town-lot department			456,045 97
Interest and exchange			429,138 74
Land-grant bonds		$6,686,000 00	
Premium on bonds redeemed		367,212 43	
New England Trust Co	$205,424 00		
American Loan and Trust Co	812,152 04		
Union Trust Co	1,310,752 21		
Central Trust Co	537,427 09		
Mercantile Trust Co	1,516,045 32		
		4,381,860 66	
Loan account	465,000 00		
Eastern R. R. Car Trust	40,000 00		
		505,000 00	
Expense		375 00	
		11,940,448 09	11,940,448 09
Land-grant bonds issued	$10,400,000 00		
Canceled as above	$6,686,000 00		
Canceled at Omaha	1,658,000 00		
	8,344,000 00		
Bonds outstanding	2,056,000 00		

Commissioner ANDERSON. It appears from this statement that you have purchased for the account of your trust $6,686,000 of these land-grant bonds?

The WITNESS. At that date.

Commissioner ANDERSON. This I understand to be in addition to the amount of $1,658,000 previously referred to, and which had been taken by the company in payment of lands?

The WITNESS. Yes, sir; it appears here in this statement. A reference to the bonds so taken appears at the foot of my statement.

Q. So the total amount of bonds then outstanding on the 1st of January, 1887, was $2,056,000. Are these bonds which are purchased retained by you, or canceled?—A. They are all canceled immediately.

Q. So that interest has ceased to accrue on them?—A. Yes, sir.

PREMIUM ON BONDS REDEEMED.

Q. The item "premium on bonds redeemed" refers to what?—A. That was the amount we had to pay above par for them when we were purchasing them in the market.

Q. Are these bonds now mature? That is, are they due?—A. About a third of the bonds that were outstanding at that time became due on the 1st of April, and were then paid.

Q. Since this statement?—A. Yes; the 1st of April last, so that the amount of bonds outstanding to-day is $1,177,000.

Q. When do those bonds mature?—A. Those not already due mature on the 1st of October, 1888, and the 1st of April, 1889.

Q. What is their present market value?—A. About 104 or 105. There are no transactions in them now.

Q. They bear 7 per cent. for the short period they have to run?—A. Yes, sir.

THE INVESTMENTS OF THE FUNDS.

Commissioner ANDERSON. The succeeding items in your statement are the investments that you have made of the funds in your hands, I understand?

The WITNESS. The deposits.

Commissioner ANDERSON. New England Trust Company, $205,484; at what rate of interest did your deposit stand?

The WITNESS. At that time the New England Trust Company paid 2½ per cent. They pay that now.

Commissioner ANDERSON. American Loan and Trust Company, $812,152.04?

The WITNESS. Two and one-half per cent.

Commissioner ANDERSON. The Union Trust Company, $1,310,752.21?

The WITNESS. That was 3 per cent.

Commissioner ANDERSON. Central Trust Company, $537,427.09?

The WITNESS. Three per cent.

Commissioner ANDERSON. Mercantile Trust Company, $1,516,045.32?

The WITNESS. Three per cent.

Q. Are the certificates of these deposits in your possession?—A. There is an ordinary running bank account. I have my bank books written up each quarter. They can be verified by application to the trust companies.

LOAN ACCOUNT.

Commissioner ANDERSON. I then find the item "loan account, $465,000." Please explain what that is.

The WITNESS. It was a loan made to the Old Colony Railroad Company. It was a demand loan at 4 per cent.

Q. On what security?—A. None.

Q. Made to the Old Colony Railroad Company?—A. Yes, sir.

Q. Has the loan been paid?—A. A part of it has been paid; $200,000 still remains unpaid, which they have been trying to pay for the last two weeks. I have been fighting them off.

Commissioner ANDERSON. There is also the item, "Eastern Railroad car trust, $40,000."

The WITNESS. That is standing at 6 per cent. It is a balance of a loan of $97,486.65 which I made to them some years ago, with a large amount of cars and rolling stock as security. It has been paid up to that amount, and we still hold the full amount of the original security.

Commissioner ANDERSON. Then an item of expense, $375?

The WITNESS. That is for legal expenses; attorneys' opinions which the trustees have had since the opening of the trusts.

Q. With reference to your contracts?—A. In reference to the duties of the trustees in certain questions which came up, and which were in doubt. That is all the compensation that has been paid to anybody in connection with the management of the trust. The trustees have not been paid anything.

Q. You say the trustees have never accepted any compensation?—A. They have never received any compensation.

Q. Is there provision in the mortgage relating to that matter?—A. I think there is a provision that they shall be paid, but without defining the amount of the compensation.

Q. I presume that it is merely deferred, and the trustees expect when closing the trust to charge such compensation as shall be proper and reasonable?—A. Yes. On inquiry, I find that in February, 1877, the Union Pacific Railroad Company paid in a settlement with Mr. John Duff, former trustee under the land-grant mortgage, $14,339.27 for his services under that trust. I believe that no further sums have been paid by the railroad company or out of the trust fund for compensation of the trustees.

Q. You are the sole trustee?—A. I am the sole trustee.

Q. Were you the sole trustee at the start?—A. No; I was the successor of one of the original trustees. At the time of the resignation of Mr. Cyrus H. McCormick, who was one of the original trustees, I was appointed in his place. In February, 1877, I think, my co-trustee, Mr. John Duff, resigned, which vacancy has never been filled; and I have since then been sole trustee. I have prepared a statement showing the condition of the cash here on the 3rd of June, bringing it down to the present time.

Q. Does the explanation that you have heretofore given as to statement No. 2 apply to the present statement?

Witness here produced a statement which was marked "Ames No. 3, June 3, 1887," and is as follows:

The Union Pacific Railway Company. Statement of the trustee under the land grant mortgage of the Union Pacific Railroad Company, June 3, 1887.

Land department			$11,828 670 02
Town lot department			465, 536 98
Interest and exchange			463, 409 39
Land-grant bonds		$7, 565, 000 00	
Premium on bonds redeemed		374, 191 80	
New England Trust Company	$356, 646 78		
American Loan and Trust Company	698, 154 80		
Union Trust Company	1, 304, 781 77		
Central Trust Company	774, 672 57		
Mercantile Trust Company	1, 996, 393 67		
		4, 578, 649 59	
Loan account	200, 000 00		
Eastern Railroad Car Trust	40, 000 00		
		240 000 00	
Expense		375 00	
		12, 757, 616 39	12, 757, 616 39
Land-grant bonds issued	10, 400, 000 00		
Canceled, as above	$7, 565, 000 00		
Canceled, at Omaha	1, 658, 000 00	9, 223, 000 00	
Bonds outstanding		1, 177, 000 00	

Q. Under the mortgage, as I understand it, all the bonds were issued to the company itself as the construction progressed. Was that the fact?—A. No; I think not. It happened long before I had any connection with the company, but my understanding of it was that these bonds were issued about the time of the completion of the road in order to furnish additional funds which were required to complete the road and pay the bills.

Q. But was not the first issue made to the company itself; that is, from the trustees to the company?—A. Yes; the company took all the bonds and sold them all.

Q. You have no books whatever, then, to show who were the actual beneficiaries of these issues?—A. No; they were on the company's books.

Q. Do you know, as a matter of fact, to what persons these bonds went at the time of the original issue?—A. No; I do not.

Q. You have made no examination of the books of the company for that purpose?—A. No, sir.

OUTSTANDING LAND CONTRACTS ALL GOOD.

Q. In your judgment, are the outstanding land contracts, amounting, at present, as you state, to between eight and nine millions, all absolutely good?—A. Absolutely. I have no doubt that the land represented by those contracts, if it came back into the company's hands, could be sold for a large advance over and above the amount of the outstanding contracts.

Q. What is your judgment as to the estimate made of the value of the lands unsold?—A. A very low estimate.

LOCATION OF UNSOLD LANDS.

Q. Can you give us any information as to the locality of the remaining 3,000,000 acres?—A. It is mostly, as I stated before, west of Rawlins.

Q. Mostly in Wyoming?—A. Almost entirely in Wyoming; a very small percentage of it outside of Wyoming.

Q. Is there anything of consequence left in Nebraska?—A. Nothing; only an occasional small lot of waste land that, for some reason, was not desirable. Speaking in regard to this unsold land we have fixed a minimum of a dollar an acre on all this land, and are not allowing any sales or considering any applications for lands at less than $1 an acre, and in some cases we are getting for this land as high as $1.50 and $2.50 an acre.

By Commissioner LITTLER:

Q. You do not own more than a section in any one place, do you?—A. No, sir.

DISPOSITION OF SURPLUS.

By Commissioner ANDERSON:

Q. Has any provisions been made in the mortgage relating to the surplus that will remain on hand after the land-grant bonds are all retired?—A. I think the land-grant mortgage provides that it shall be turned over to the company, but the company has since made an additional mortgage on these lands called the sinking-fund mortgage, which provides that the proceeds of all the lands after satisfaction of the land-grant mortgage shall be turned over to the trustees of the sinking-fund mortgage.

Q. Will you please refer me to that mortgage?

(The witness referred to the sinking-fund indenture of December 18, 1873, page 41.)

Q. The Union Trust Company of New York is trustee of this mortgage?—A. Yes, sir.

Q. Have you the accounts of the Union Trust Company; do they render any statement to you?—A. They have no occasion to do so; they are not yet active as trustees, so far as the lands are concerned? No, sir; they render no accounts to me.

Q. What is the amount outstanding of these sinking-fund bonds?—A. Twelve million three hundred and seventy-seven thousand dollars coupon bonds and $1,971,000 registered bonds, making a total of $14,348,000.

Q. I find by a provision of this sinking-fund indenture, at page 40, that $11,111,111, to be issued under this mortgage, were to be used as determined by the directors of the corporation, in exchange for the bonds known as the 10 per cent. income bonds of the Union Pacific, or else they were to be sold and the proceeds used to purchase these income bonds. Do you know to what extent that exchange has been made?—A. The whole of the income bonds were taken up by this issue of sinking-fund bonds. There was a bond known as the income bond. When those bonds became due the company offered the holders of the 10 per cent income bonds six of the 8 per cent. bonds in exchange for five of the 10 per cent. bonds.

Q. Is the income mortgage you refer to the indenture contained at pages 76 and following of the book of indentures?—A. No, sir; that is the Kansas Pacific; this is a Union Pacific mortgage. It does not appear in this book.

Q. What books will show the circumstances connected with the issue of the bonds, both under the second land-grant mortgage and under the income mortgage, so as to inform us of the persons to whom those bonds were issued?—A. It will undoubtedly appear on the books of the Union Pacific Railroad Company.

Q. You know nothing of those circumstances?—A. No, sir.

Q. Then your duty as trustee is to turn over the balance that may remain in your hands after your trust shall have been completed to the trustee of the second land-grant mortgage?—A. To the trustee of the sinking-fund mortgage.

THE SINKING-FUND MORTGAGE.

Q. I should have said the sinking-fund mortgage. And that trustee will hold the funds so turned over as security for an issue of about $14,000,000 bonds now outstanding?—A. Yes, sir.

Q. What other property is conveyed by the sinking-fund mortgage?—A. I do not remember.

Q. Are there any other circumstances connected with your trust, that you can recall, that may be of importance to us to know?—A. Nothing.

Q. Will you please state what you estimate will be the value of the surplus which will remain in your hands applicable to the sinking-fund mortgage after you shall have completely discharged your own trust?—A. There is about $1,200,000 land-grant bonds now outstanding. The interest accrued on contracts, which does not appear in any statements that we have given here, and that which will accrue before maturity of those bonds, will very nearly pay off the whole of the land-grant bonds now outstanding, which would leave about $4,820,000 of cash, $8,700,000

of contracts, and $2,400,000 of unsold lands, making about $16,000,000, not to say anything of the interest to be received on the contracts for the balance of the time that they have to run. The company pays the interest on the sinking-fund bonds as it matures. There is also a sinking fund on these sinking-fund bonds under which the company makes an annual payment. In the year 1886 the company paid off, under the operation of that sinking fund, $135,000 of these bonds; so the result will be that through the operation of the sinking fund and the land grant the bonds will be entirely provided for by maturity. There will be a very considerable amount of money coming to the company after the cancellation of the sinking-fund bonds.

FRED'K L. AMES.

The witness subsequently submitted the following certificates respecting the amounts on deposit, at his credit, as trustee, on December 31, 1886:

[D. R. Whitney, actuary; Nath'l H. Henchman, secretary, New England Trust Company, 85 Devonshire and 16 Water streets.]

BOSTON, MASS., *June* 4, 1887.

F. L. AMES, Esq.,
Trustee Union Pacific Land-Grant Bonds, Equitable Bld'g, Boston, Mass.:

This certifies that the balance to your account as trustee with us, January 1st, 1887, at beginning and close of business, was, two hundred and five thousand four hundred and eighty-four dollars.
($205,484.00.)
Resp'y yours,

N. H. HENCHMAN,
Secretary.

[American Loan and Trust Company, 55 Congress street. Erra H. Baker, president; N. W. Jordan, actuary; E. A. Coffin, treasurer.]

BOSTON, *June* 4, 1887.

FRED'K L. AMES, Esq.,
Trustee:

DEAR SIR: I hereby certify that the balance to your credit as trustee upon the books of this company at close of business, January 1, 1887, was $512,152.04.
Yours resp'y,

N. W. JORDAN,
Actuary.

[Union Trust Company, of New York, 73 Broadway, cor. Rector street. Edward King, pres't; James M. McLean, v. pres't; James H. Ogilvie, 2nd v. pres't; A. O. Ronaldson, sec'y; A. W. Kelley, ass't sec'y.]

NEW YORK, *June 4th*, 1887.

This is to certify that Fred'k L. Ames, trustee land-grant mortgage, Union Pacific Railway, had to his credit on deposit with this company, January 1st, 1887, the sum of thirteen hundred and ten thousand seven hundred and fifty-two and $\frac{21}{100}$ dollars.
($1,310,752.21.)

UNION TRUST COMPANY OF NEW YORK,
By EDW'D KING,
President.

Correct.

E. MERRITT,
General Book-keeper.

[Central Trust Company, of New York. F. P. Olcott, pres't; Geo. Sherman, vice-pres't; E. P. Hyde, 2nd vice-pres't; C. H. P. Babcock, sec'y; B. G. Mitchell, ass't sec'y.]

15 NASSAU STREET, *June 4th*, 1887.

This certifies that there was on deposit in this company, on January 1st, 1887, to the credit of Fred'k L. Ames, trustee, the sum of five hundred and thirty-seven thousand four hundred and twenty-seven (537,427) $\frac{1}{100}$ dollars.
[SEAL.]

C. H. P. BABCOCK,
Secretary.

THE MERCANTILE TRUST COMPANY.
New York, June 4th, 1887.

FRED'K L. AMES, Esq.,
Trustee, 47 Equitable Building, Boston, Mass.:

DEAR SIR: In reply to your inquiry of the 3d instant, we beg to say that the balance to your credit, as trustee, on January 1st, 1887, was $1,516,045.32.

Very truly yours,

JOHN MONTGOMERY,
Vice-President.

EQUITABLE BUILDING,
Boston, Mass., Friday, June 3, 1887.

CHARLES FRANCIS ADAMS, being further examined, testified as follows:

EXPLANATION OF CERTAIN VOUCHERS.

By the CHAIRMAN:

Question. Will you please explain vouchers No. 28488, 28462, 28308, 553, 17713, 343, 29146, and 29599, aggregating $11,245 40?—Answer. When I took charge of the Union Pacific, and for some time afterward, there were various questions connected with the country through which it was running—labor questions and matters of that sort—about which it was necessary for me to be promptly and correctly informed. They had nothing whatever to do with politics or legislative matters. They related to various matters which it was necessary for me to be well advised about from private and outside sources. I had therefore to organize a bureau of information, and it cost about $15,000 in all. It was in operation for over two years, and has since been discontinued. Those were vouchers relating to it.

CONCERNING THE BUREAU OF INFORMATION.

Q. How did they come to be charged to legal expenses?—A. Because the party at the head of the whole thing was a local lawyer.

Q. Was the money paid to you in check, or was it a cash distribution from time to time?—A. No. In all these cases this lawyer or agent drew on me, sending his vouchers, and I had a check sent to him for the amount expressed in his voucher, which I made myself responsible for. He had also to be paid for personal services, &c. The whole thing is discontinued, I will say, now. I got the information I wanted, and the necessity for it has ceased to exist, but it was at the time very useful to me. If you wish to examine the reports that were made they are very much at your service. They are interesting reports, too.

Q. Who was at the head of the concern to whom these payments were made?—A. I should prefer not to mention his name. It was one of the conditions of the service that I should not do so. It was a matter between himself and myself. You are welcome to see it yourself, or any other member of the Commission. You can see all the reports. There is a volume of the reports at your disposal.

CONCERNING QUO WARRANTO PROCEEDINGS.

The CHAIRMAN. I find a number of vouchers—Nos. 28735, 28747, 28746, for the year 1885—drawn in the names of George S. Green, A. L. Williams, A. A. Harris, and W. H. Rossington (as the name seems

to be upon its face). There is a draft in each case for services in the *quo warranto* proceedings. Will you please explain those?

The WITNESS. Those were some suits, which gave us a great deal of trouble, instituted, as expressed in this voucher No. 28747, and they were settled through our local attorney, Mr. A. L. Williams, as the result of long and vexatious negotiations and proceedings. These were the vouchers pertaining thereto, amounting to about $9,000. It was done by my authority and under the advice of counsel.

PAYMENT TO E. L. ANDREWS.

The CHAIRMAN. Voucher No. 32, for $1,000:

NEW YORK, *October 19th*, 1885.

Received of the Union Pacific Railway Company the sum of $1,000, in full of all demands to date, and in full for any services which I may render for one year, under the direction of the railway company, in respect to negotiations to purchase of Kansas Pacific income bonds or coupons, or other securities of the Kansas Pacific.

E. L. ANDREWS.

The WITNESS. Mr. Andrews brought a suit against us in New York, representing certain parties that held these securities, and one of the agreements of the settlement was that we were to pay Mr. Andrews' fee; and further, the agreement between us and Mr. Andrews was that he should work for us in getting in all of that issue of bonds he could under the settlement. He is a well known lawyer in New York. Mr. Anderson knows all about him.

TO JOHN S. BLAIR.

Q. Voucher No. 993.

UNION PACIFIC RAILWAY COMPANY,
Boston, December 17.

Received from the treasurer of the Union Pacific Railway Company five hundred dollars as retainer, the amount to be credited by me on such services as I am to render for the company.

JOHN S. BLAIR.

$500.

What services was he to render?—A. He is a lawyer in Washington, and we found that there were some matters which required closer attention than our regular counsel could give, of which matters Mr. Blair had peculiar information, and I directed that he should be retained. The matters related to controversies before the Land Commissioner, and I directed Mr. Blair to be retained. He rendered the service.

SECRET SERVICE VOUCHERS.

The CHAIRMAN. Voucher No. 1213, dated January 22, 1886, appears to be a receipt of C. F. Adams, jr., president, for $750. Please explain that?

The WITNESS. That was another voucher for the secret service that I have already explained.

The CHAIRMAN. Also voucher No. 1649, dated February 20, "C. F. A."

The WITNESS. That is the same thing.

Q. The same explanation is made as to that?—A. Yes; the same explanation, exactly.

Q. Voucher No. 2009, March 11, 1886, Charles F. Adams, jr., $597.05. Do you make the same explanation as to that?—A. The same explanation. It is for services in procuring information which I had to have.

Q. Voucher No. 2701, dated April 28, 1886, Charles Francis Adams, $655.55. Does that receive the same explanation?—A. The same thing.

The CHAIRMAN. Voucher No. 3271, dated June 11, 1886, $466.75, "C. F. Adams."

The WITNESS. The same explanation also as to that.

Q. Voucher No. 2941, dated May 11, 1886, "Charles F. Adams," $622. Is that the same thing?—A. Those are all the same.

Q. Voucher 3747 dated July 8, 1886, "Charles F. Adams, jr." $650. Do you make the same explanation?—A. Yes, that is the same thing.

TO H. G. WOOD.

The CHAIRMAN. Voucher No. 3845, dated July 20, 1886, to H. G. Wood, for $1,000. Please explain that.

The WITNESS. That was to pay an accountant in New York. Mr. Mink says that he assigned it to legal expenses, because it was for examining and reporting on the charter of the Oregon Railway and Navigation Company; as to the extent of the powers conferred under it, &c. It was in the nature of a legal examination.

TO W. M. JONES.

The CHAIRMAN. Voucher No. 3873, dated July 23, 1886:

Received from the treasurer of the Union Pacific Railway Company five hundred dollars for professional services.

W. M. JONES.

$500.

What is your explanation of that?

The WITNESS. Mr. Jones appeared as attorney and made an argument before the Committee on Pacific Railroads in relation to the branch-line bill.

TO E. R. MEADE.

Q. Voucher No. 4103, dated August 19, 1886:

The Union Pacific Railway Company to E. R. Meade.

For professional services in full to date..... $100

What services did Mr. Meade render?—A. Mr. Mink tells me that this was the final payment for services rendered in connection with the Kansas Pacific prior to the consolidation, and approved by Judge Dillon.

Q. Judge Dillon could explain it?—A. I know nothing of it, because it was before my time, although it was settled recently.

SECRET SERVICES.

Q. Voucher No. 4121½, dated August 12, 1886, Charles F. Adams, president, for $400. What explanation do you make as to that?—A. That is the same as before, in the matter of services and information I mentioned.

TO J. M. THURSTON.

Q. Voucher No. 5731, dated December 23, 1886:

The Union Pacific Railway Company to John M. Thurston..... $5,500

What explanation do you give as to that?—A. He is our regular counsel in Nebraska, and these were for moneys which he had expended for which vouchers were furnished.

Q. What special services; are all named there?—A. They are all named, I think.

FINAL SECRET SERVICE VOUCHER.

Q. Voucher No. 5901, dated December 31, 1886, Charles F. Adams, $1,000. What explanation do you make as to that?—A. That was a final payment on that matter of information, which I have explained.

Q. It was for obtaining secret information?—A. Yes, sir; private information.

CONCERNING THEOPHILUS FRENCH.

Q. Was Mr. Theophilus French paid the sum of $500 in December last by you or by Mr. Sidney Dillon, or by any other person, for the Union Pacific Railway Company for the purpose of suppressing the publication of a railroad article during the month of December, 1886, or at any other time?—A. Not to my knowledge, and certainly not by the Union Pacific. No such payment was ever authorized or suggested by me, nor would I have consented to it; nor to the best of my knowledge and belief was any such payment ever made. There would have been no object whatever in making it, as the theory that five days' silence at that time was important to us, is wholly imaginary. Five days' silence at that particular time would not have been worth to us twenty-five cents. Mr. French had written to Mr. Mink some time before, stating that unless we employed him he would sell certain information to the newspapers. We declined to employ him.

HIS SERVICES.

Q. Had he been employed by the company before?—A. Mr. French had been employed by the company before in various ways and at various times after he ceased to be railroad commissioner. Mr. French was a skillful accountant, and was familiar with the whole connection between the railroad company and the Government as to which there was continual litigation or question. There was nothing in his employment by the company which was in any way discreditable to him.

Q. What were his duties while in the employ of the company?—A. He codified the laws relating to Pacific Railroads, and my impression is he made himself useful to us in various ways in unraveling complicated financial and other questions between the Government and the company. We have those letters of French in which he offered his services to us. I will submit some of the letters written by Mr. French to this company. The letter dated April 15, 1886, closed our correspondence with Mr. French.

CHARLES F. ADAMS.

LETTERS FROM THEOPHILUS FRENCH.

The letters referred to are marked, respectively, "Exhibits 2, 3, 4, and 5, June 3, 1887," and are as follows:

[Copy.]

VINELAND, N. J., *December* 10, 1885.

DEAR SIR: Having been confined to the house under my doctor's hands for two or three weeks past, I have been thinking over the legislation proposed as a relief to the Union Pacific.

"Pacific Railroad Legislation, 1862-1885," which I see is ascribed to Mr. Bromley, of your office, I have carefully perused. It is a clear and forcible presentation of the case, but, to my mind, does not assert sufficiently the strong equities of the case. I am now writing a short essay on "The law, the facts, and the equity of the case."

The original intent of Congress was that repayment should be made by service rendered—"all compensation, &c., shall be applied." The common sense and common law equity is that all repayments in advance of a debt not due draw interest at the same rate and in the same manner as the debt itself draws. These two points are the pith of all the law and all the interpretations of law in the case. The Supreme Court decisions in the sinking fund case, delivered by the Chief Justice, is so full of contradictions that it could not stand a moment before the present bench.

Taking the Union Pacific and Kansas Pacific together, the result of my plan of repayment is something extraordinary. To December 31, 1883, the total service in round figures was $21,000,000, which average into 32 semi-annual payments drawing 6 per cent. simple interest gives a total credit of $32,000,000, or thereabouts. To January 1, 1884, which includes the interest to December 31, 1883, the United States had paid out just $32,093,000, the total amount of interest on the 33½ millions of bonds.

For a short period only were the companies paid one-half of the compensation for services rendered, and the Government has virtually gone back to the original condition of retaining all of it, while the companies themselves have appeared to acquiesce in that plan, both as to aided and non-aided lines.

As to the pamphlet itself, I shall print about five hundred, enough to go around the Senate and House if you should at any time deem it expedient to take this position. I believe it would reach that sensibility of real justice between man and man which is latent in the moral nature of all human beings. It goes right home to business principles.

A word now on a less important matter. I have some four hundred copies of the laws, &c. (two hundred for the Union Pacific and two hundred for the Central Pacific), which I am now endeavoring to finish; two hundred pages printed, and am just beginning on the Kansas Pacific mortgages. The paper, composition, press-work, binding, to finish me your two hundred copies, will alone cost me about $300, and just now I am not overburdened with ready money. Collections hard to make and many of my ventures in trade and otherwise have turned out profitless. To finish this work I would like to have $250 now and $250 on their delivery. The Central Pacific has advanced me such an amount for its share.

Very truly yours,

THEOS. FRENCH.

VINELAND, N. J., *March* 1, 1886.

MY DEAR MR. MINK: On Friday and Saturday last I was in New York and missed having a talk with Mr. Ames by reason of his being called back to Boston. I had previously spoken with Mr. Dillon, who looked favorably on my proposition. On Friday I talked with Mr. Huntington and Mr. Tweed, and Mr. Colburn, who all thought that such an arrangement would be advantageous to both companies. Mr. H. said, "Yes; I think we will do so."

Now, what I want is to be employed by both companies—Union Pacific and Central Pacific—to look after pending legislation and the settlements involved, with a view to keep them thoroughly advised, to give them the benefit of my experience and suggestions, and to aid in working out an equitable adjustment of the accounts between them and the United States. Not only to aid in just and beneficial legislation, but to prevent, by all honorable and legitimate means, unjust, antagonistic, or proscriptive legislation.

The salary spoken of with Mr. Huntington was $250 per month by each company. I should give up all other work and attend solely and wholly to the companies' affairs.

If Mr. Adams should be in New York or Washington this week, or at an early day, I would like to meet him, and will make it my business so to do, if you will notify me when and where. Or, Mr. A. might see Mr. Huntington some time and determine the matter.

Yours, truly,

THEOS. FRENCH.

VINELAND, N. J., *March* 3, 1886.

OLIVER W. MINK, Esq.,
Comptroller Union Pacific Railway Company, Boston, Mass.:

MY DEAR SIR: Your favor of the 2nd instant is received. I am sorry that you have so decided, for the reason that the amount involved in the "interest" matter alone for the Union Pacific is about three times that of the Central Pacific ($15,000,000 to $5,000,000), and it would be hardly fair to work to that end for both companies and be paid only by one.

Senator Wilson has asked me to meet him and help him with suggestions. Owing to the circumstances of to-day connected with the business of both companies, there are some things which might be proposed for one company which might not suit the other, and *vice versa*.

If the present bill (S. 1200) goes through *as at present worded*, or if the present laws remain in force and no new legislation is had, there is a strong probability that the companies will be successful in obtaining credit for interest on all repayments. I want to work to that end, but I do not care to do it for both companies and be remunerated only by one of them.

I shall be in New York again on Monday to see Mr. Huntington, and should you have any further word I would like to have it by Saturday.

Yours, very truly,

THEOS. FRENCH.

VINELAND, N. J., *April* 15, 1883.

MY DEAR Mr. MINK: Again I must ask you to excuse me for bothering you.

The New York Herald has signified its willingness to pay me for a series of articles which I am preparing. The first one is a history of the Central Branch, in which I take the ground that the Union Pacific has no right to hold the stock, and that Mr. Gould and his associates of 1879 can be required to take it back and pay the Union Pacific the principal and interest on that wild and profitless investment. Perhaps Mr. G. would be *glad* to take it, and the Union Pacific certainly should not object. Capitalized now at about $7,000,000, the 100 miles of subsidized road is probably the very worst of all the Government's investment.

Now, I don't want to do or write anything detrimental to the interests of the Union Pacific, not only because of the kindness shown to me by Mr. Dillon and yourself in the past, but also because I think the outlook for your company was never so good. I have concluded an arrangement with Mr. Huntington to the end of the present session of Congress, holding myself available to counsel and aid if forwarding any matters before the Departments or Congress, and would very much like to make a similar arrangement with Union Pacific for a like consideration, viz.: $250 now and $250 at the close of the session.

Yours, truly.

THEOS. FRENCH.

EQUITABLE BUILDING,
Boston, Mass., Friday, June 3, 1887.

UHION PACIFIC SECURITIES.

Mr. Henry McFarland, the treasurer, and Mr. Oliver W. Mink, the comptroller, appeared before the Commission and produced the following certificates of shares of stock owned by the company, which were counted and found to be correct:

Certificates for 1,244 shares of stock of the Atchison, Colorado and Pacific Railroad Company, of the par value of $100 each, aggregating $124,400.

Certificates for 3,221, 2,412 shares of Blue Valley Railway Company stock, amounting to $322,124.12.

Certificates for 1,136 shares of stock of the Bakerville and Leadville Toll Road Company, of the par value of $25 each, aggregating $28,400.

Certificates for 960 shares of the stock of the Bozeman Coal Company, of the par value of $100 each, aggregating $96,000.

Certificates for 2,418 shares of stock of the Central Branch Union Pacific Railway Company, and a letter from the Hartford National Bank, of Hartford, Conn., certifying the fact that they held as collateral security 1,000 shares; a letter from the National Bank of Commerce, Boston, certifying that they held 500 shares of that stock as collateral security; a letter from the National Revere Bank, of Boston, certifying that they held as collateral security 500 shares; a letter from the Na-

tional Bank of North America, Boston, certifying that they held as collateral security 500 shares; a letter from the Mercantile Trust Company, New York, certifying that they held as collateral security 2,670 shares.

Mr. Mink stated that the Merchants' Bank have apparently omitted to advise the Union Pacific Company of 500 shares placed as collateral to a loan with them, and 500 shares with the Massachusetts Hospital Life Insurance Company. This accounts for 8,588 shares of stock of the Central Branch Union Pacific Railroad Company of the face value of $858,800.

Certificates for 1,825 shares of stock of the Council Bluffs Street Railway Company, of the par value of $25 each, aggregating $45,625.

Certificates for 62,290 shares of stock of the Colorado Central Railroad Company, of Colorado, of the par value of $100 each, aggregating $6,229,000.

Certificates for 1,300 shares of stock of the Colorado Central Railroad Company, of Wyoming, of the par value of $100 each, aggregating $130,000.

Certificates for 37,100 shares of stock of the Credit Mobilier of America, of the par value of $100 each, aggregating $3,710,900.

Certificates for 10,000 shares of stock of the Denver, Marshall and Boulder Railway Company, of the par value of $100 each, aggregating $1,000,000.

Certificates for 61,351 shares of stock of the Denver, South Park and Pacific Railroad Company, of the par value of $100 each, $6,135,100.

Certificates for 4,800 shares of stock of the Echo and Park City Railway Company, of the par value of $100 each, aggregating $480,000.

Certificates for 60 shares of stock of the Gray's Peak, Snake River and Leadville Railroad Company, of the par value of $100 each, aggregating $6,000.

Certificates for 1,277 shares of stock of the Georgetown, Breckenridge and Leadville Railroad Company, of the par value of $ 100 each, aggregating $127,700.

Certificates for 8,085 shares of stock of the Greeley, Salt Lake and Pacific Railway Company, of the par value of $100 each, aggregating $808,500.

Certificates for 440 shares of stock of the Junction City and Fort Kearney Railway Company, of the par value of $100 each, aggregating $44,000.

Certificates for 13,134 shares of stock of the Kansas Central Railroad Company, of the par value of $100 each, aggregating $1,313,400.

A letter from the Atchison, Topeka and Santa Fé Railroad Company was produced acknowledging the fact that they held stock of the Kansas and Eastern Railroad Construction Company for the Union Pacific, amounting to 2,300 shares, of the par value of $230,000.

Certificates for 644 shares of stock of the Laramie, North Park and Pacific Railroad and Telegraph Company were produced, of the par value of $64,400.

Certificates for 4,650 shares of stock of the Lawrence and Emporia Railway Company were produced, of the par value of $100 each, aggregating $465,000.

Certificates for 240 shares of stock of the Loveland Pass Mining and Railroad Tunnel Company were produced, of the par value of $20 each, aggregating $4,800.

A letter was produced from the Atchison, Topeka and Sante Fé Railroad Company, acknowledging the fact that they held stock of the

Leavenworth, Topeka and Southwestern Railroad Company, amounting to 5,509 shares, property of the Union Pacific Railway Company, of the par value of $550,900.

Certificates for 4,186½ shares of stock of the Manhattan, Alma and Burlingame Railway Company were produced, of the par value of $100 each, aggregating $418,650.

Certificates for 6,000 shares of stock of the Montana Railway Company, 70 per cent. paid, of the par value of $100 each, aggregating $600,000.

Certificates for 1,000 shares of stock of the Montana Union Railway Company were produced, 50 per cent. paid, of the par value of $100 each, aggregating $100,000.

Certificates for 9,595 shares of stock of the Nevada Central Railway Company were produced, of the par value of $100 each, aggregating $959,500.

A certificate for 25 shares of stock of the Nevada Improvement Company was produced, and a letter of ownership, from the secretary of the company, of an additional 25 shares, making in all 50 shares, of the par value of $100 each, aggregating $5,000.

Certificates for 18,669 shares of stock of the Omaha and Republican Valley Railway Company of Nebraska were produced, of the par value of $100 each, aggregating $1,866,900.

Certificates for 80,156 shares of stock of the Oregon Short Line Railway Company were produced, of the par valve of $100 each, aggregating $8,015,600.

As to the Ogden and Syracuse Railway Company, 10 per cent. was paid on 2,000 shares, the funds being held by the Union Pacific Railway Company, the certificates not yet having been issued.

As to the Occidental and Oriental Steamship Company, installment receipts were produced for 3 per cent. on 50,000 shares, or $150,000.

Certificates for 24,000 shares of stock of the Pacific Express Company were produced, of the par value of $100 each, aggregating $2,400,000.

Certificates for 10,491 shares of stock of the Salina, Lincoln and Western Railway Company were produced; 9 shares being held by A. L. Williams, attorney at Topeka for the Union Pacific Railway Company, to qualify directors; total aggregating $1,050,000.

Certificates for 2,317 shares of stock of the Salina and Southwestern Railway Company were produced, of the par value of $100 each, aggregating $231,700.

Certificates for 10,800 shares of stock of the Salt Lake and Western Railway Company of Utah were produced, of the par value of $100 each, aggregating $1,080,000.

Certificates for 10,000 shares of stock of the South Park and Leadville Short Line Railroad Company were produced, of the par value of $100 each, aggregating $1,000,000.

Certificates for 23,015 shares of stock of the Saint Joseph and Grand Island Railroad Company were produced, of the par value of $100 each, aggregating $2,301,500.

Certificates for 1,160 shares of stock of the Saint Louis and Mississippi Valley Transportation Company were produced, of the par value of $100 each, aggregating $116,000.

Certificates for 18½ shares of stock of the Union Pacific Railway Company were produced, of the par value of $100 each, aggregating $1,850.

Certificates for 1,596 shares of stock of the Union Pacific Railroad Company were produced, of the par value of $100 each, aggregating $159,600.

Certificates for 18,869 shares of stock of the Utah Central Railway Company were produced, of the par value of $100 each, aggregating $1,886,900.

Certificates for 48,164 shares of stock of the Utah and Northern Railway Company were produced, of the par value of $100 each, aggregating $4,816,400.

Certificates for 1,385 shares of stock of the Union Coal Company were produced, of the par value of $100 each, aggregating $138,500.

Certificates for 810 shares of stock of the Union Elevator Company of Omaha were produced, of the par value of $100 each, aggregating $81,000.

Certificates for 467 shares of stock of the Union Elevator Company, Council Bluffs, Iowa, were produced, of the par value of $100 each, aggregating $46,700.

Certificates for 210 shares of stock of the Union Depot Company, Kansas City, were produced, of the par value of $100 each, aggregating $21,000.

Certificates for 5,550 shares of stock of the Utah and Nevada Railway Company were produced, of the par value of $100 each, aggregating $555,000.

In addition to the certificates of stock produced, the Commission is informed that Messrs. Gould and Sage, as trustees under the Kansas Pacific consolidated mortgage, hold the following certificates of stock:

170 shares Denver and Boulder Valley Railroad Company stock, par value	$17,000
600 shares Golden, Boulder and Caribou Railway Company stock, par value	60,000
7,200 shares Junction City and Fort Kearney Railway Company stock, par value	720,000
2,000 shares National Land Company stock, 20 per cent. paid, par value	200,000
20,010 shares Solomon Railroad Company stock, par value, $50 per share	1,000,500

OLIVER W. MINK.

The Commission then adjourned to meet on Saturday, June 4, at 10 o'clock a. m.

Mr. Mink subsequently sent the following statement with reference to the securities owned by the Union Pacific Railway Company:

[The Union Pacific Railway Company. Charles F. Adams, president; Henry McFarland, secretary and treasurer; Oliver W. Mink, comptroller; James G. Harris, assistant treasurer and transfer agent; Alex. Millar, assistant secretary. Post-office box No. 5287.]

EQUITABLE BUILDING,
Boston, June 14, 1887.

Hon. ROBERT E. PATTISON,
Chairman United States Pacific Railway Commission, 10 Wall Street, New York:

DEAR SIR: In accordance with your request I have made an examination of the accounts relating to the securities owned by the Union Pacific Railway Company, and I have now to report to you upon them.

The bonds owned by the company, and their location, are as follows:

Council Bluffs Street Railway Company bonds, owned by the company and in the hands of the treasurer		$16,000
Colorado Central Railroad Company first mortgage 7 per cent. bonds.		
Pledged as collateral:		
Tremont National Bank, Boston	$87,000	
State National Bank, Boston	83,000	
Massachusetts Hospital Life Insurance Company, Boston	27,000	
Merchants' National Bank, Boston	119,000	

Colorado Central Railroad Company first mortgage 7 per cent. bonds.		
Pledged as collateral:		
American Loan and Trust Company, Boston	$129,000	
Warren & Co., Boston	38,000	
Central Trust Company, New York	143,000	
Mercantile Trust Company, New York	144,000	
National Bank of Commerce, New York	285,000	
Chemical National Bank, New York	128,000	
Six per cent. collateral trust	2,078,000	
Five per cent. collateral trust	1,379,000	
	4,629,000	
Deposited with the First National Bank of Denver as security for appeal bonds	50,000	
In the hands of the New England Trust Company of Boston, subject to this company's order	18,000	
Total owned by the company		$4,697,000
Colorado Central Railroad Company first mortgage 8 per cent. bonds, owned by the company and in the hands of the treasurer		22,000
Denver, Marshall and Boulder Railroad Company first mortgage 5 per cent. bonds:		
Deposited with the American Loan and Trust Company, Boston, trustee under the indenture of July 1, 1886	202,000	
In the hands of the treasurer	14,000	
Total owned by the company		216,000
Denver, South Park and Pacific Railroad Company first mortgage 6 per cent. bonds:		
Pledged in the 5 per cent. collateral trust	$1,777,000	
In the hands of the New England Trust Company of Boston, subject to this company's order	22,000	
In the hands of the treasurer	998,000	
Total owned by the company		2,797,000
Echo and Park City Railway Company first mortgage 6 per cent. bonds, owned by the company and in the hands of the treasurer		480,000
Georgetown, Breckenridge and Leadville Railway Company first mortgage 7 per cent. bonds, owned by the company and in the hands of the treasurer		127,000
Greeley, Salt Lake and Pacific Railway Company first mortgage 7 per cent. bonds, owned by the company and in the hands of the treasurer.		808,000
Kansas Central Railroad Company first mortgage 6 per cent. bonds, owned by the company and in the hands of the treasurer		1,162,000
Loveland Pass Mining and Railroad Tunnel Company first mortgage 7 per cent. bonds, owned by the company and in the hands of the treasurer		400,000
Manhattan, Alma and Burlingame Railway Company first mortgage 6 per cent., owned by the company and in the hands of the treasurer		339,000
Marysville and Blue Valley Railroad Company bonds, acquired by the company but not yet delivered		128,000
Nevada Central Railway Company income bonds, owned by the company and in the hands of the treasurer		250,000
Omaha and Republican Valley Railroad Company first mortgage 7 per cent. bonds.		
Pledged as collateral:		
National Bank of Commerce, New York	$275,000	
Six per cent. collateral trust	1,023,000	
Five per cent. collateral trust	676,000	
	1,974,000	
In the hands of the New England Trust Company, of Boston, subject to this company's order	8,000	
In the hands of the treasurer	273,000	
Total owned by the company		2,255,000

Omaha, Niobrara and Black Hills Railroad Company first mortgage 7 per per cent. bonds.		
Pledged as collateral:		
Tremont National Bank, Boston	$93,000	
State National Bank, Boston	95,000	
Massachusetts Hospital Life Insurance Company, Boston	250,000	
Merchants' National Bank, Boston	128,000	
American Loan and Trust Company, Boston	165,000	
Warren & Co., Boston	57,000	
Central Trust Company, New York	70,000	
	868,000	
In the hands of the treasurer	109,000	
Total owned by the company		$977,000
Salina, Lincoln and Western Railway Company first mortgage 6 per cent. bonds, owned by the company and deposited with the American Loan and Trust Company, Boston, trustee, under the indenture of July 1, 1886		519,000
Salt Lake and Western Railway Company first mortgage 6 per cent. bonds, owned by the company and in the hands of the treasurer		1,000,000
Saint Louis, Council Bluffs and Omaha Railroad Company 6 per cent. bonds, owned by the company and in the hands of the treasurer		19,000
Utah Southern Railroad Extension first mortgage 7 per cent. bonds.		
Pledged as collateral:		
Merchants' National Bank, Boston	$35,000	
State National Bank, Boston	92,000	
Tremont National Bank, Boston	93,000	
Chemical National Bank, New York	228,000	
Mercantile Trust Company, New York	254,000	
Central Trust Company, New York	150,000	
American Loan and Trust Company, Boston	42,000	
Five per cent. collateral trust	92,000	
	975,000	
In the hands of the New England Trust Company, of Boston, subject to this company's order	1,000	
In the hands of the treasurer	6,000	
Total owned by the company		982,000
Utah and Northern Railway Company first mortgage 7 per cent. bonds.		
Pledged as collateral:		
Massachusetts Hospital Life Insurance Company, Boston	$316,000	
Six per cent. collateral trust	2,356,000	
Five per cent. collateral trust	2,204,000	
	4,876,000	
In the hands of the New England Trust Company, of Boston, subject to this company's order	27,000	
In the hands of the treasurer	65,000	
Total owned by the company		4,968,000
Junction City and Fort Kearney Railway Company first mortgage 7 per cent. bonds, owned by the company and held by the trustees under the Kansas Pacific consolidated mortgage		970,000
Junction City and Fort Kearney Railway Company, Belleville Branch, bonds owned by the company and deposited with the American Loan and Trust Company, Boston, trustee, under the indenture of July 1, 1886		171,000
Union Pacific Railroad Company first mortgage 6 per cent. bonds.		
Pledged as collateral:		
National Bank of Commerce, New York	$77,000	
In the hands of the treasurer	5,000	
Total owned by the company		82,000

Union Pacific Railroad Company sinking fund 8 per cent. bonds.		
Pledged with the American Loan and Trust Company, Boston, in connection with a guarantee for the completion, within a given time, of first 125 miles of the Cheyenne and Northern Railway	$60,000	
In the hands of the treasurer	366,000	
Total owned by the company		$426,000
Union Pacific Omaha Bridge 8 per cent. bonds, owned by the company and in the hands of the treasurer		5,000
Union Pacific Omaha Bridge renewal 5 per cent. bonds, owned by the company and in the custody of the Central Trust Company of New York		103,000
Kansas Pacific subordinated income bonds owned by the company and in the hands of the treasurer		15,200
Kansas Pacific unsubordinated income bonds, owned by the company and in the hands of the treasurer		23,100
Kansas Pacific first mortgage 6 per cent. bonds.		
Pledged as collateral:		
National Bank of Commerce, New York	$29,000	
In the hands of Lee, Higginson & Co., Boston, subject to the order of this company	5,000	
Total owned by the company		34,000
Ord Precinct, Valley County, Nebraska, bonds, owned by the company and in the hands of the treasurer		12,000 00
Kansas Pacific Railway consolidated mortgage 6 per cent. bonds, owned by the company and deposited with the American Loan and Trust Company, Boston, trustee, under the indenture of July 1, 1886		6,000 00
Denver and Boulder Valley Railroad Company first mortgage 7 per cent. bonds, owned by the company and held by the trustees under the Kansas Pacific consolidated mortgage		550,000 00
Golden, Boulder and Caribou Railroad Company first mortgage 8 per cent. bonds, owned by the company and held by the trustees under the Kansas Pacific consolidated mortgage		60,000 00
Lawrence and Emporia Railroad Company first mortgage 6 per cent. bonds, owned by the company and held by the trustees under the Kansas Pacific consolidated mortgage		465,000 00
Salina and Southwestern Railway Company first mortgage 6 per cent. bonds, owned by the company and held by the trustees under the Kansas Pacific consolidated mortgage		540,000 00
Solomon Railroad Company first mortgage 6 per cent. bonds, owned by the company and held by the trustees under the Kansas Pacific consolidated mortgage		575,000 00
The stocks owned by the company and their location are as follows:		
Atchison, Colorado and Pacific Railroad Company stock, owned by the company and in the hands of the treasurer, 1,244 shares		124,400 00
Blue Valley Railway Company stock, owned by the company and in the hands of the treasurer, 3,221 1/2 shares		322,124 12
Bakerville and Leadville Toll Road Company stock, owned by the company and in the hands of the treasurer, 1,136 shares		28,400 00
Bozeman Coal Company, owned by the company and in the hands of the treasurer, 960 shares		96,000 00
Central Branch Union Pacific Railroad Company stock:		
Pledged as collateral:		

	Shares.
Massachusetts Hospital Life Insurance Company, Boston	500
Merchants' National Bank, Boston	500
National Bank of North America, Boston	500
National Revere Bank, Boston	500
National Bank of Commerce, Boston	500
Hartford National Bank	1,000
Mercantile Trust Company, New York	2,670
	6,170
In the hands of the treasurer	2,418
Total owned by the company	8,588

	858,800 00

Council Bluffs Street Railway Company stock, owned by the company and in the hands of the treasurer, 1,625 shares		$45,625 00
Colorado Central Railroad Company, Colorado, stock, owned by the company and in the hands of the treasurer, 62,290 shares		6,229,000 00
Colorado Central Railroad Company, Wyoming, stock, owned by the company and in the hands of the treasurer, 1,300 shares		130,000
Credit Mobilier of America stock, owned by the company and in the hands of the treasurer, 37,109 shares		3,710,900
Denver, Marshall and Boulder Railway Company stock, owned by the company and in the hands of the treasurer, 10,000 shares		1,000,000
Denver, South Park and Pacific Railroad Company stock, owned by the company and in the hands of the treasurer, 61,351 shares		6,135,100
Echo and Park City Railway Company stock, owned by the company and in the hands of the treasurer, 4,800 shares		480,000
Gray's Peak, Snake River and Leadville Railroad Company stock, owned by the company and in the hands of the treasurer 60 shares		6,000
Georgetown, Breckenridge and Leadville Railroad Company stock, owned by the company and in the hands of the treasurer, 1,277 shares		127,700
Greeley, Salt Lake and Pacific Railway Company stock, owned by the company and in the hands of the treasurer, 8,085 shares		808,500
Junction City and Fort Kearney Railroad Company stock:	Shares.	
In the hands of the treasurer	440	
Owned by the company and held by the trustees under the Kansas Pacific consolidated mortgage	7,200	
Total owned by the company	7,640	764,000
Kansas Central Railroad Company stock, owned by the company and in the hands of the treasurer, 13,134 shares		1,313,400
Kansas and Eastern Railroad Construction Company stock, owned by the Union Pacific and in the custody of the Atchison, Topeka and Santa Fé Railroad Company, 2300 shares		230,000
Laramie, North Park and Pacific Railroad and Telegraph Company stock, owned by the company and in the hands of the Treasurer, 644 shares		64,400
Lawrence and Emporia Railroad Company stock, owned by the company and in the hands of the treasurer, 4,650 shares		465,000
Loveland Pass Mining and Railroad Tunnel Company stock, owned by the company and in the hands of the treasurer, 240 shares		4,800
Leavenworth, Topeka and Southwestern Railway Company stock, owned by the Union Pacific and in the custody of the Atchison, Topeka and Santa Fé Railroad Company, 5,509 shares		550,900
Manhattan, Alma and Burlingame Railroad Company stock, owned by the company and in the hands of the treasurer, 4,183½ shares		418,650
Montana Railway Company stock, owned by the company and in the hands of the treasurer, 6,000 shares, 70 per cent. paid		420,000
Montana Union Railway Company stock, owned by the company and in the hands of the treasurer, 1,000 shares, 50 per cent paid		50,000
Nevada Central Railroad Company stock, owned by the company and in the hands of the treasurer, 9,595 shares		959,500
Nevada Improvement Company stock, owned by the company and in the hands of the treasurer, 50 shares		5,000
Omaha and Republican Valley Railway Company of Nebraska stock, owned by the company and in the hands of the treasurer, 18,669 shares		1,866,900
Oregon Short Line Railway Company stock, owned by the company and in the hands of the treasurer, 80,156 shares		8,015,600
Ogden and Syracuse Railway Company stock, owned by the company and in the hands of the treasurer, 2,000 shares, 10 per cent. paid		20,000
Occidental and Oriental Steamship Company stock, owned by the company and in the hands of the treasurer, 50,000 shares, 3 per cent. paid		150,000
Pacific Express Company stock, owned by the company and in the hands of the treasurer, 24,000 shares		2,400,000
Salina, Lincoln and Western Railway Company stock, owned by the company and in the hands of the treasurer, 10,500 shares		1,050,000
Salina and Southwestern Railway Company stock, owned by the company and in the hands of the treasurer, 2,317 shares		231,700
Salt Lake and Western Railway Company stock, owned by the company and in the hands of the treasurer, 10,800 shares		1,080,000
South Park and Leadville Short Line Railroad Company stock, owned by the company and in the hands of the treasurer, 10,000 shares		1,000,000
Saint Joseph and Grand Island Railroad Company stock, owned by the company and in the hands of the treasurer, 23,015 shares		2,301,500

Saint Louis and Mississippi Valley Transportation Company stock, owned by the company and in the hands of the treasurer, 1,160 shares	$116,000
Union Pacific Railway Company stock, owned by the company and in the hands of the treasurer, 18½ shares	1,850
Union Pacific Railroad Company stock, owned by the company and in the hands of the treasurer, 1,506 shares	150,600
Utah Central Railway Company stock, owned by the company and in the hands of the treasurer, 18,869 shares	1,886,900
Utah and Northern Railway Company stock, owned by the company and in the hands of the treasurer, 48,164 shares	4,816,400
Union Coal Company, owned by the company and in the hands of the treasurer, 1,385 shares	138,500
Union Elevator Company, Omaha, stock, owned by the company and in the hands of the treasurer, 810 shares	81,000
Union Elevator Company, Council Bluffs, stock, owned by the company and in the hands of the treasurer, 467 shares	46,700
Union Depot, Kansas City, stock, owned by the company and in the hands of the treasurer, 210 shares	21,000
Utah and Nevada Railway Company stock, owned by the company and in the hands of the treasurer, 5,550 shares	555,000
Denver and Boulder Valley Railroad Company stock, owned by the company and held by the trustees under the Kansas Pacific consolidated mortgage, 170 shares	17,000
Golden, Boulder and Caribou Railway Company stock, owned by the company and held by the trustees under the Kansas Pacific consolidated mortgage, 600 shares	60,000
Solomon Railroad Company stock, owned by the company and held by the trustees under the Kansas Pacific consolidated mortgage, 20,010 shares.	1,000,500
National Land Company stock, owned by the company and held by the trustees under the Kansas Pacific consolidated mortgage, 2,000 shares, 20 per cent. paid	40,00

RECAPITULATION.

Bonds:		
Held in the 6 per cent. collateral trust		$5,457,000 00
Held in the 5 per cent. collateral trust		6,128,000 00
Held by Messrs. Gould and Sage, trustees, under the Kansas Pacific consolidated mortgage		3,160,000 00
Held by the American Loan and Trust Company, Boston, trustee under the indenture of July 1, 1886		898,000 00
Pledged as collateral security for loans		3,620,000 00
Held by the treasurer		6,594,800 00
Held subject to the order of the company		184,000 00
Held as security for appeal bonds, &c		110,000 00
Acquired but not yet delivered		128,000 00
Total		26,279,800 00
Stocks:		
Held by Messrs. Gould and Sage, trustees, under the Kansas Pacific consolidated mortgage		$1,637,500 00
Pledged as collateral security for loans		617,000 00
Held by the treasurer		49,168,949 12
Held, subject to the order of the company		780,900 00
Total		52,404,349 12

SUMMARY.

Bonds owned by the company, par value	$26,279,800 00
Stocks owned by the company, par value	52,404,349 12
Grand total	78,684,149 12

Respectfully submitting the above, I remain, yours, very truly,

OLIVER W. MINK,
Comptroller.

EQUITABLE BUILDING,
Boston, Mass., Saturday, June 4, 1887.

The Commission met pursuant to adjournment.

Present: Commissioner Pattison (chairman), and Commissioner Anderson.

STATEMENT FROM GOVERNMENT ACCOUNTS OF TRANSPORTATION SERVICES.

Commissioner ANDERSON. I offer, in connection with the testimony of Mr. Mink, a statement prepared by Mr. Calhoun from the Government accounts and containing a statement of all transportation services appearing on the Government bond and interest account; also a statement of all transportation services on aided and non-aided roads applying to the sinking fund; also a statement of cash payments by the companies, and interests accrued on the investments.

The paper is marked "Exhibit 1, June 4, 1887," and is as follows:

Table showing credits for transportation to the Union Pacific Company, the Central Branch Union Pacific Company, and the Kansas Pacific Company and amounts covered into the Treasury to the credit of the sinking fund of the Union Pacific Company (to March 31, 1887.)

Union Pacific Railroad Company.						Central Branch U. P. R. R. Co.		Kansas Pacific Railroad Company.	
Date.	Credits for transportation.	Transportation applied to sinking fund.		Cash payments to sinking fund.	Interest on sinking-fund bonds.	Date.	Credits for transportation.	Date.	Credits for transportation.
		Aided roads.	Non-aided roads.						
Jan. 27, 1870	$685,731 44					Feb. 10, 1870	$3,490 79	Feb. 10, 1870	$546,569 10
Mar. 25, 1870	166,156 43					Apr. 7, 1870	1,811 13	Apr. 2, 1870	84,655 89
Mar. 29, 1870	55,539 67					Aug. 19, 1870	2,100 00	Aug. 17, 1870	53,134 13
Sept. 2, 1870	182,149 33					July 31, 1871	1,875 00	Feb. 6, 1871	83,789 54
Feb. 6, 1871	145,375 46					Jan. 24, 1872	6,562 50	July 31, 1871	89,182 27
July 31, 1871	365,562 70					Jan. 8, 1873	1,875 00	Jan. 9, 1872	70,498 37
Jan. 9, 1872	224,325 05					July 11, 1873	937 50	July 24, 1872	46,078 39
July 24, 1872	217,139 25					Jan. 24, 1874	5,116 25	Jan. 8, 1873	93,274 34
Jan. 8, 1873	115,302 58					July 11, 1874	3,781 23	July 11, 1873	15,016 33
July 11, 1873	86,143 77					Feb. 5, 1875	4,375 00	Jan. 26, 1874	123,537 92
Jan. 26, 1874	238,459 67					July 22, 1875	7,500 00	July 11, 1874	85,538 96
July 10, 1874	294,694 70					Feb. 5, 1876	4,962 55	Feb. 2, 1875	36,120 00
Feb. 1, 1875	243,981 38					July 28, 1876	14,090 30	July 23, 1875	76,161 95
July 22, 1875	444,670 66					Jan. 8, 1878	4,500 00	Feb. 5, 1876	36,780 62
Feb. 5, 1876	438,889 51					Aug. 10, 1878	4,500 00	Aug. 21, 1876	7,662 55
Aug. 19, 1876	133,990 12					Oct. 6, 1880	3,947 19	Jan. 29, 1877	67,591 10
Jan. 20, 1877	47,166 75					Dec. 8, 1880	1,697 19	July 28, 1877	15,961 57
July 28, 1877	660,170 15					Jan. 5, 1881	6,926 91	Mar. 8, 1878	670 01
Mar. 8, 1878	347,092 17	(1879)			(1879)	Oct. 31, 1881	27,346 22	Aug. 10, 1878	180 35
Aug. 10, 1878	718,767 11	$200,809 86			$743 75	Jan. 5, 1882	18,547 47	Oct. 6, 1879	212,153 47
Oct. 6, 1880	292,343 91	(1880)			(1880)	Sept. 18, 1882	15,516 68	Dec. 16, 1879	580,226 66
Dec. 28, 1880	1,172,843 52	331,894 37			12,034 36	June 27, 1883	15,607 79	May 21, 1881	45,199 33
May 21, 1881	96,268 48				(1881)	Sept. 14, 1883	17,999 79	July 5, 1881	77,287 40
July 5, 1881	390,157 51	(1881)			19,540 98	Nov. 26, 1883	9,526 46	Oct. 31, 1881	55,327 04
Oct. 31, 1881	188,452 45	265,222 30			(1882)	Oct. 13, 1884	10,241 28	June 5, 1882	62,719 12
June 5, 1882	142,941 74	(1882)			33,019 35	Dec. 11, 1884	2 89	Sept. 18, 1882	59,846 07
Sept. 18, 1882	91,416 14	298,542 43			(1883)	Feb. 5, 1885	9,536 71	June 27, 1883	96,952 59
June 27, 1883	226,242 90	(1883)			30,980 05	Oct. 12, 1885	47,803 50	June 29, 1883	3,216 23
Sept. 14, 1883	362,451 25	420,110 12			(1884)	June 24, 1886	19,249 56	Sept. 14, 1883	92,871 39
Nov 26, 1883	117,304 02				42,809 48	Mar. 31, 1887	17,789 21	Nov. 26, 1883	150,899 87
Oct. 13, 1884	588,845 95	(1884)		(1884)	(1885)			Oct. 13, 1884	85,694 02
Dec. 11, 1884	483,968 97	971,895 84		$788,173 43	87,837 23			Dec. 11, 1884	367 99
Feb. 6, 1885	489,741 82	(1885)	(1885)	(1885)	(1886)			Feb. 5, 1885	152,630 75
Oct. 13, 1885	434,892 68	641,471 72	$723,917 42	633,541 03	188,157 43			Oct. 13, 1885	76,371 88
June 24, 1886	182,829 89	(1886)	(1886)					June 24, 1886	92,871 05
Mar. 31, 1887	167,228 71	350,049 05	280,800 99		(10 m's 1887)			Mar. 31, 1887	45,705 15
Ten months of 1887		304,405 20	282,625 68		206,478 85				
	11,281,208 00	3,804,201 49	1,367,344 09	1,421,714 46	619,601 48		290,238 20		3,422,870 43

RECAPITULATION.

Credits to transportation:		
Union Pacific Company		$11,281,208 00
Central Branch		289,233 20
Kansas Pacific		3,422,870 43
Total credits to March 31, 1887		14,993,311 63
Credits to sinking fund:		
Aided roads		3,804,201 49
Non-aided roads		1,367,344 09
Total credits in account		5,171,545 58
Credits in cash		1,421,714 46
Credits of interest on bonds		619,601 48
Total credits to March 31, 1887		7,212,861 52
		22,206,173 15

E. & O. E.
Respectfully submitted.

WM. CALHOUN,
Accountant.

BOSTON, MASS., *June* 2, 1887.

GOULD'S ACCOUNT CURRENT.

Commissioner ANDERSON. I also offer, in connection with Mr. Mink's evidence, Mr. Jay Gould's accounts current with the Kansas Pacific Railway Company, the Union Pacific Railroad Company, and the Union Pacific Railway Company.

The papers are marked respectively "Exhibit 2, 3, and 4, June 4, 1887," and are as follows:

Jay Gould in account with the Kansas Pacific Railway Company.

1879.				1879.			
July 31	To amount from treasurer		$800 00	Aug. 31	By 166 funding coupons due April 1, 1877, to be applied on notes and interest, at $50 each		$5,300 00
Sept. 30	To following amounts paid him on account of money advanced and bonds purchased by him, viz:				By payments and advances made by Mr. Gould from April 12 to 25:		
	July 1st, account bonds	$16,137 04			For am't deposited with U. S. Trust Co., New York, in accordance with circular issued to bondholders to pay past due interest, &c., on bonds:		
	Sept. 1st, account loan	100,000 00			Deposited, account interest	$1,053,938 38	
	Sept. 5th, account loan	50,000 00			Deposited, account expenses, &c	125,000 00	
	Sept. 17th, account loan	75,000 00					$1,178,938 38
	Sept. 30, account bonds	10,841 71			For notes of the Ks. Pac. R'y held by Rütten & Boun, issued June 12, '75, paid by him, viz:		
			251,978 75		Note No. 322	62,500 00	
Dec. 30	To this amount to reverse entry (part of $1,552,241.24) of Aug. 31, 1879; the 10 Den. Pac. bonds having been returned to him		6,912 50		Note No. 323	17,500 00	
"	To this amount paid Jay Gould by the trustees:						80,000 00
	July 10, 1879	125,000 00			For am't advanced to pay 4,032 bond and certificate coupons due June, 1876 and '7, at $56.70 each		230,372 10
	Aug. 30, 1879	15,000 00			For $22,000 1st m't'ge land grant bonds purchased by him		26,978 75
			140,000 00		For 10 1st m't'ge Denver Pacific R'y Co. bonds purchased by him, 10 bonds at $1,000 each, $10,000; cost		6,912 50
1880.					For the following am'ts advanced by him for services, &c.:		
Jan. 31	To bonds issued to him (Mr. Gould) in settlement of his account, $2,000,000 consolidated mortgage bonds, at 75 cents	1,500,000 00			J. P. Usher	$1,000 00	
	To cash paid treasurer for fractional bonds	185 93			C. E. Bretherton	500 00	
			1,500,185 93		N. Y. Stock Exchange	50 00	
"	To amount to correct over-credit in St. Joseph and Pacific bond entry		20		Rutten & Boun	750 00	
"	To balance		5,390,668 28		For int. charged and paid by him, to June 1, '79, for payments and advances made:		
					Int. charges on deposits and advances	$11,471 90	
					Int. from June 7, '76, to Apr. 25, '79, paid on note sold by Rutten & Boun, at 8½ per cent	19,606 67	
						31,078 66	

	Less int. received from U. S. Trust Co. on deposit of above amount from Apr. 15 to June 7, at 2½ per cent... 4,329 15			
		28,739 51	29,039 51	1,552,241 24
Nov. 30	By amount paid treasurer on account consolidated bonds Oct. 22nd, 1879			251,935 04
Dec. 31	By payments made by him as per statement of Oct. 22, 1879, filed hereto:			
	For Jay Gould	$45 00		
	For J. P. Usher	19,409 29		
	For disct., int., and exchange	35,327 70		
			54,781 99	
	For payments to John Evans, Sept. 24, 1879, for services as trustee D. P. and D. and B. V. Ry. Companies	5,000 00		
	For payment to A. G. Dulman, Sept. 5, '80, for services as trustee D. P and D. P and B. V. Rys. and for legal and travelling expenses, &c., paid by him during 1877, 1878, and 1879	3,020 63		
			8,020 63	
	For payment to Baltzer and Lichtenstein for interest on matured interest on June and Dec., bonds		4,533 53	
	For payment to C. C. Welch for 665 shares (two-thirds of the total stock of 1,000 shares at $50 each) in the Welch Coal Mining Company of Colorado	$12,879 42		
	Less ½ chargeable to U. Pac. R. R. Co	6,349 71		
			6,349 71	
	For Union Pacific R. R. Co., ½ cost of 665 shares of Welch Coal Mining Co's stock, as per above entry		6,349 71	
1880.				
Jan. 31.	For amount paid by him to treasurer, balance on consolidated bonds as per treasurer's Jany statement			80,214 97
"	For 7,616 shares Central Branch Union Pacific Railroad Company stock			185 98
"	For 10,000 shares Denver Pacific Railway and Telegraph Co., stock at $10 per share			1,826,800 00
				100,000 00

Jay Gould in account with the Kansas Pacific Railway Company—Continued.

				1880.			
				Jan. 31	For bonds and scrip bought from him and paid for in stock, as follows:		
					St. Joseph and Pacific R. R. first mortgage bond scrip	$204 23	
					190 St. Joseph and Pacific $100 first mortgage bonds	19,000 00	
					272 St. Joseph and Pacific $500 first mortgage bonds	136,000 00	
					865 St. Joseph and Pacific $1,000 first mortgage bonds	865,000 00	
				"	For Kansas and Nebraska second mortgage bonds:		$1,020,204 23
					2 $100 bonds	200 00	
					3 $500 bonds	1,500 00	
					23 $1,000 bonds	23,000 00	
				"	For Kansas and Nebraska 1st mortgage bonds and scrip:		24,700 00
					Scrip	120 00	
					322 $100 bonds	32,200 00	
					89 $500 bonds	44,500 00	
					653 $1,000 bonds	653,000 00	
				"	By $29,000 St. Joseph and Denver City R. R. receiver's certificates (first lien on the St. Joseph and Western Railroad) bought of Mr. Jay Gould, to be paid for in stock:		729,820 00
					45 St. Joseph and Denver City R. R., western division, receiver's certificates, of $1,000 each, at par. $45,000		
					14 St. Joseph and Denver City R. R., eastern division, receiver's certificates, $1,000 each, at par... 14,000		
				"	By the following securities bought from him, to be paid for in stock:		59,000 00
					For 15,362 shares of the capital stock of the St. Joseph and Western R. R. Co., at $20 per sh	307,240 00	
					For 479 Kansas Central first mortgage bonds, at $1,000 each, and 2,251 shares of Kansas Central R. R. Co. stock	479,000 00	
							786,240 00

						For amount advanced by Mr. Gould, now assumed by this co. on account of 875 first mortgage bonds of the Hastings and Grand Island R. R. Co., of $1,000 each		60,204 25
					"	By 784 St. Joseph Bridge Building Co. first mortgage sinking fund 7 per cent. gold bonds, and 4,000 shares St. Joseph Bridge Building Co. stock, at par, for bonds		784,000 00
				7,290,545 66				7,290,545 66
						By balance		5,290,068 28

Jay Gould in account with the Union Pacific Railroad Company.

1880.				1880.				
Jan. 5.	To 30 collateral trust bonds delivered to Mr. Gould by President Dillon as cash, January 1, at par		$30,000 00	Jan. 1.	By amount of dividend No. 18, stock in the name of the following persons:			
					W. E. Connor	$36,000 00		
					Sidney Dillon, trustee	18,000 00		
							$54,000 00	
31.	To cash paid for Mr. Gould's account at Omaha		36,000 00					
	To balance		9,807 58	5.	By am't paid by Mr. Gould to Mr. Dillon Jan. 2, to balance our accounts against Mr. Gould to the 1st inst., excepting the charges for advances to the Hastings and Grand Island Railroad Co. since Sept. 30, 1879		22,807 58	
			75,807 58				75,807 58	
					By balance		9,807 58	

Jay Gould in account with the Union Pacific Railway Company—Continued.

1880.				1880.			
Feb. 16	To 34,641 shares of Union Pacific R'y Co. stock delivered by Asst. Treas. Ham to Mr. Gould at par, in payment for securities purchased by the Kansas Pacific R'y Co., and which have now come into the ownership of this company		$3,464,100 00	Feb. 2	By cash balance, as per account annexed		$9,807 58
				"	By balance, as per account annexed		5,390,668 28
				Apr. 1	By dividend No. 1, as follows:		
					G. P. Morosini	$30,000 00	
					J. L. Mathes, jr	30,000 00	
					C. E. Silkworth	4,350 00	
					A. G. P. Segur	30,627 50	
					W. E. Connor	25,350 00	
					S. Dillon, trustee	15,000 00	
					J. Gould	2,250 00	
28	To balance due Mr. Gould on purchase of St. Joseph and Western R. R. Co. bonds and stock, paid to him by Mr. Ham, February 10		24 01				141,217 50
"	To 600 Collateral Trust Bonds delivered to Mr. Gould on account of the purchase made by the Kansas Pacific R'y Co. of 7,616 shares of Central Branch Union Pacific R. R. Co. stock, and of 10,000 shares of Denver Pacific R'y and Telegraph Co. stock		600,000 00	July 7	By following securities purchased by the K. P. R'y Co. from Mr. Gould, Jan. 23, 1880, but not heretofore entered, now delivered to the company:		
					10,300 St. Jos. and Pac. R. R. Co. 1st mortgage bonds at par	10,300 00	
					1,700 Kansas and Neb. R'y Co	1,700 00	
							12,000 00
Mar. 31	927 Consolidated Mortgage Bonds delivered to Mr. Gould, Mar. 22, on the accounts stated below: For payment by means of above bonds of one-half the am't due him on account of the Kansas Pacific R'y Co. for 7,616 shares of stock of the Central Branch Union Pacific R. R. Co	$913,250 00			By transfer of the following am'ts, as advised in letter of J. M. Ham, Asst. Tr., Oct. 5, 1880:		
	For part payment for 10,000 shares stock of the Denver Pacific R'y and Telegraph Co., sold by Mr. Gould to the Kansas Pacific R'y Co	13,250 00	926,500 00		For cash paid Washington Dunn, Mar. 31, 1879, ch'g'd contractors for building the Utah and Northern R'y	3,000 00	
					For cost of 2,300 shares of U. and N. R'y Co. stock, bo't for account of Sidney Dillon, Jay Gould et al., paid for at Omaha, as follows.		
					Oct. 11, 1879, cash paid Moses Thatcher	15,000 00	
					14, 1879, cash paid Moses Thatcher	5,000 00	
					17, 1879, cash paid Moses Thatcher	5,000 00	
					24, 1879, cash paid Moses Thatcher	8,000 00	
							36,000 00
"	To am't advanced by the Union Pacific R. R. Co. in September, 1879, on account of the Hastings and Grand Island R. R. Co., and assumed by Mr Gould, but not heretofore transferred to his account		45,807 58	Oct. 1	By amount deposited in Union Trust Co. as call loan		80,000 00
April 1	To Co. note dated to-day, on demand, his order		140,000 00				
"	To balance of dividends paid to-day		1,217 50				
2	To 400 Collateral Trust Bonds delivered to Mr. Gould in full settlement of the purchases made by the Kansas Pacific R'y Co. of 7,616 shares of stock of the Central Branch Union Pacific R. R. Co., and of 10,000 shares of stock of the Denver Pacific R'y and Tel. Co		400,000 00				
July 7	To 120 shares Union Pacific R'y Co. stock delivered by Asst. Treas. Ham to Mr. Gould at par, to pay for bonds entered to-day		12,000 00				

Sept. 30	To cost of 689 shares Utah and Northern R'y Co., stock bought for his ac. at $10 per share. (Carries interest from Oct. 15, 1879, at 6 per cent.)		6,890 00	1881. Jan. 25	By 30,993 shares Denver, So. Park and Pacific R. R. Co. stock, bo't from Chas. C. Niebuhr on a 60-days' contract, dated Nov. 15, which contract was assigned to Mr. Gould, as of that date, at par		3,099,300 00
Oct. 12	To balance of interest on ac., at 6 per cent.		264 01				
"	To balance of ac. settled this day		72,845 99	April 2	By balance of interest at 6 per cent. on his ac. to date		51,917 23
Dec. 31	To am't paid by Mr. Ham, balance due on purchase of securities, &c., by the Kansas Pacific R'y Co. from Mr. Gould, as per voucher	44 47					
	Less am't written off by the Kansas Pacific R'y, Jan. 31, 1880	20					
			44 27				
1881. Jan. 25	To am't paid by Mr. Dillon to Mr. Gould on ac. of the am't due on the contract for 30,993 shares Denver, So. Park and Pacific R. R. Co. stock. (See entry this date.)		890,000 00				
Feb. 17	To am't paid Mr. Gould this day on ac. Denver, So. Park and Pacific R. R. Co. stock sold to the company		500,000 00				
April 2	To am't paid this day to Mr. Gould, balance due on the 30,993 shares of Denver, So. Park and Pacific R. R. Co. stock, bought by the company on a contract from Chas. C. Niebuhr, which contract was assigned to Mr. Gould		1,761,217 23				
			3,220,910 50				3,220,910 50

INDENTURE SECURING INCOME BONDS.

Commissioner ANDERSON. I also offer, in connection with Mr. Mink's testimony, a copy of the indenture securing the income bonds of the Union Pacific Railroad Company, dated the 1st of September, 1869. The paper is marked "Exhibit 5, June 4, 1887," and is as follows:

This indenture, made and executed at the city of Boston, on the 1st day of September, A. D. 1869, by and between the Union Pacific Railroad Company, of the first part, and John R. Duff, Benjamin E. Bates, and F. Gordon Dexter, all of the city of Boston, trustees, as hereinafter set forth, of the second part:

Witnesseth: That the party of the first part has caused to be made and executed its bonds, of $1,000 each, bearing even date herewith, amounting in the aggregate to ten millions of dollars, payable on the 1st day of September, 1871, or on the first days of March or September, in either of the years 1872, 1873, 1874, at the election of said company, with interest thereon at the rate of 10 per cent. per annum, payable semi-annually, and proposes to sell said bonds to parties desirous of purchasing the same; and said party of the first part, for the purpose of securing the payment of the interest warrants attached to said bonds, according to the tenor thereof, to the parties who may have purchased or hold said bonds, has agreed to devote the net earnings of its said railroad, after deducting therefrom the payments of interest that shall fall due upon the first mortgage of its road, and also upon the mortgage of its lands, heretofore made and already issued or to be issued by it, to the payment of the interest warrants attached to the bonds thus proposed to be sold.

Now, therefore, the said party of the first part, in consideration of the premises, does hereby covenant and agree to and with the said parties of the second part, the survivors and survivor of them, who are hereby declared to be trustees for the several parties who may purchase and hold said bonds, that it will, semi-annually, on the first days of the months of January and July of each year, make up and furnish to said trustees a fair and just account of the net earnings of said road for the six months next preceding, and will deduct therefrom the interest due and payable from it upon the first mortgage of its road heretofore issued, and upon its land mortgage bonds heretofore issued, or to be issued, so as to exhibit the true sum applicable to the payments of the several interest warrants attached to said bonds, bearing date September , 1869.

And farther, will, in case they shall fail to pay said interest warrants according to their tenor at the time the same fall due, pay over to said party of the second part the said net income of their road, after the deductions aforesaid, or such part thereof as may be necessary to pay said interest warrants, with interest thereon from their maturity, and a reasonable compensation to said party of the second part for the performance of their said trust, which sum thus paid, except their compensation aforesaid, is to be, by said parties of the second part, held and applied to the payment of said interest warrants to the holders thereof with interest.

And said parties of the first part do further agree to hold said net income in trust for the parties of the second part, to be applied to the purposes aforesaid in case of its failure to pay its warrants at maturity.

And said parties of the second part do hereby accept said trust and covenant and agree to execute the same, but without any responsibility except for their wilful negligence or default in the premises, and without responsibility for the acts or omissions of each other.

In testimony whereof the said corporation has hereto affixed its seal, and caused the same to be signed by its president and treasurer, thereto duly authorized; and the said parties of the second part have hereto interchangeably set their hands and seals the day and year first above written.

JOHN R. DUFF. [SEAL.]
BENJ. E. BATES. [SEAL.]
F. GORDON DEXTER. [SEAL.]

[Copy.]

UNITED STATES OF AMERICA.

No ——

$1,000.

UNION PACIFIC RAILROAD COMPANY.

[50 cent stamp.] Bond. [5 cent stamp.]

The Union Pacific Railroad Company acknowledges itself to owe to bearer $1,000, which sum said company promises to pay the holder hereof, at its office in the city of Boston, on the first day of September, A. D. 1871, or on the first days of March or Sep-

tember in either of the years 1872, 1873, or 1874, at the election of said company; and also interest thereon at the rate of 10 per cent. per annum semi-annually, on the first days of each March and September ensuing the date hereof, until said principal sum shall be paid, on the presentation of the annexed interest warrants at the office of the company in the city of Boston.

In testimony whereof the company has caused to be affixed hereto its corporate seal, and these presents to be subscribed by its president and treasurer, this first day of September, A. D. 1869.

[SEAL.] OLIVER AMES, *President.*
JOHN M. S. WILLIAMS, *Treasurer.*

This bond is one of a series of bonds of $1,000 each, dated September 1, 1869, amounting in the aggregate to $10,000,000, and payment of the interest warrants attached thereto is secured by an indenture of covenant between said corporation and John R. Duff, Benjamin E. Bates, and F. Gordon Dexter, trustees for the holders of said bonds, whereby said company agrees to apply the net income of the road, after deducting therefrom the payments of interest that shall fall due upon the first mortgage of its said road, and also upon the mortgage of its lands heretofore made, and to the payments of said interest warrants.

JOHN R. DUFF,
B. E. BATES,
F. G. DEXTER,
Trustees.

Copy of one of ten coupons attached:

$50. $50.

Warrant of fifty dollars, half-yearly interest on bond of the Union Pacific Railroad Company, No. ——, dated September 1, 10 1869, payable September 1, 1874, upon the surrender of this warrant, unless said bond shall have been previously paid.
J. M. S. WILLIAMS, *Treas.*

EQUITABLE BUILDING,
Boston, Mass., Saturday, June 4, 1887.

CHARLES FRANCIS ADAMS, being further examined, testified as follows:

The CHAIRMAN. We shall be glad, Mr. Adams, to hear now anything further which you desire to say to the Commission.

THE CONSOLIDATION OF 1880.

The WITNESS. Before the Commission leaves Boston I wish to refer to one or two points which have been dwelt upon in the course of the investigation, upon which my observation or experience may throw light. There has been a great deal said about the consolidation of 1880, and I have noticed that there seems to be an impression, which has been also widely spread through the press before and during the investigation, that the result of the consolidation was to foist a couple of worthless lines upon the original Union Pacific, much to its detriment. I wish to submit a table, showing how mistaken such an idea is.

COMPARISON BETWEEN KANSAS PACIFIC AND UNION PACIFIC EARNING POWERS.

The Kansas division, as a property, was not at the time of the consolidation so valuable property as the Union division; but in proportion to the rate at which it was put in it was equally valuable with the Union division. As showing that, I now submit a table of the earnings per mile of the Kansas division and the Union division through the years since 1879—that is, from the year which preceded the consolidation to

the present time. It appears from this table that, while at the time of the consolidation the Kansas division was earning per mile about half what the Union division earned and was capitalized on the basis of earning half as much, it has since gone on gaining upon the Union division, until at the present time it earns two-thirds as much per mile. The only reason the Union division then earned and now earns more than the Kansas division is that the Union division then was and still is the channel through which the transcontinental traffic—at the time of the consolidation immensely valuable—was sent. The transcontinental traffic has since lost most of its value, owing to the coming in of competing lines and the consequent division of business and reduction of rates, so that from the way the two divisions are now going on it will not be long before the Kansas division will earn as much per mile as the Union division, although it was capitalized at only half as much in the consolidation.

Commissioner ANDERSON. I do not quite understand what you mean. If it is as much per mile, and they were capitalized according to their relative lengths, then that would be a just apportionment, assuming that the earnings per mile were equal.

The WITNESS. They were capitalized at so much per mile, and I am now showing their earning power per mile. They were capitalized, respectively, at $40,000 and $80,000 per mile of road, if I am right in my figures. They earned about in the same proportion.

Mr. MOORFIELD STORY. The Kansas Pacific went in at $40,000 per mile and the Union Pacific at $80,000 per mile.

The WITNESS. Now, two to one is not at this time their relative capacity, inasmuch as the Union Pacific earns less than $5,000 net per mile per annum and the Kansas Pacific earns net over $3,200. That is in earning capacity they now stand, not as two to one, but about as two to three.

The paper referred to above is marked "Exhibit No. 6, June 4, 1887," and is as follows:

Earnings and expenses per mile of road, Union and Kansas Divisions, Union Pacific Railway.

UNION DIVISION.

	1879.	1880.	1881.	1882.	1883.	1884.	1885.	1886.
Earnings per mile	$12,455 06	$15,114 67	$16,447 49	$16,290 08	$15,023 41	$11,991 13	$11,515 46	$11,509 36
Expenses per mile	4,967 72	6,301 31	7,631 72	6,628 61	6,193 52	5,264 62	5,391 65	6,166 45
Surplus	7,487 34	8,813 36	8,815 77	9,661 47	2,829 89	6,726 51	6,123 81	5,343 91
Taxes	285 00	279 11	243 20	299 11	515 04	288 66	319 25	309 56
Net earnings	7,202 38	8,534 25	8,572 57	9,362 36	8,314 85	6,437 85	5,804 56	4,973 95

KANSAS DIVISION.

	1879.	1880.	1881.	1882.	1883.	1884.	1885.	1886.
Earnings per mile	$7,151 57	$9,289 39	$8,850 70	$8,032 56	$7,115 61	$6,883 57	$7,090 57	$7,580 76
Expenses per mile	3,976 21	4,962 39	5,810 29	4,560 21	4,372 19	3,681 30	3,681 99	4,070 85
Surplus	3,175 36	4,327 00	4,040 41	3,472 35	2,743 42	3,202 27	3,408 58	3,509 91
Taxes	193 95	200 12	178 80	235 91	231 40	222 68	206 48	279 09
Net earnings	2,981 41	4,126 88	3,861 61	3,236 44	2,512 02	2,979 59	3,202 10	3,230 82

THE TERMS OF CONSOLIDATION.

The WITNESS. The terms of the consolidation also have been much criticised. I had nothing to do with the consolidation; at that time I was not connected with the company in any way, whether as an officer, a director, a Government director, or a stockholder; but since I have had a great deal to do with getting in the outstanding balance of these securities, the bulk of which were brought in under the Kansas Pacific consolidated mortgage.

ADVANTAGES OF CONSOLIDATION.

I wish to call the attention of the Commissioners, therefore, to how advantageously the basis of that consolidation, which has been so much criticised, has practically worked for the consolidated company in the light of subsequent events. Under the consolidated mortgage, you will remember that the Stamped or Subordinated Income Bonds were put in, I think, at 30 cents on the dollar. The Unsubordinated Bonds were put in at 50 cents on the dollar. The Leavenworth Branch bonds were put in at 50 cents on the dollar. The vast bulk of those securities were fortunately put into the consolidation at these figures. Meanwhile, a certain portion of them were left outstanding. When I became president of the company in 1884, I found them still outstanding. Being the remnants of the underlying mortgages, they gave us a good deal of trouble. One of my first efforts was, therefore, to pick them up—that is, to clean up the consolidation. Those bonds that were put in at 30 cents I have since been buying up at par. The bonds that were put in at 50 I have bought up at 160. The Leavenworth Branch bonds, which were provided for at 50, we have since been paying interest on in full. Therefore, the practical working of the consolidation, so far as the present company is concerned, has been most advantageous. It has relieved the company, on advantageous terms, of a very heavy debt, which it otherwise would have had to pay.

Q. You mean, by the fact that a number of these securities were put in at rates you have mentioned of 30 and 50?—A. Yes; since that I have been obliged to buy up those that were not put in at the prices named, at very much increased figures. So that I have purchased, since I became president, about $680,000 in face value of these securities, paying therefor about $600,000. The bulk of these same securities were put in under the terms of the consolidation at rates which would have made those bought by me cost about $240,000—that is, if they could have been got in then instead of since by me, the company would have made a saving of more that 50 per cent. on what I paid.

Q. Before you leave that subject I would like to ask you whether you make your statement that a very large proportion of the securities of the character to which you refer were retired at mortgage rates? Do you mean that remark to apply to any of those securities except those actually negotiated through the Union Pacific?—A. I do not remember how they came in. I merely remember that they did come in at those figures.

HOW THE SECURITIES WERE COMMUTED.

Q. Do you know that the securities, amounting to $4,000,000, that were held by Mr. Gould, and formerly by the Saint Louis people, were commuted at the mortgage rates, or do you know the fact to be that

they were commuted at a special rate?—A. I understood they were commuted at the mortgage rate.

Commissioner ANDERSON. I invite you to examine the mortgage, and you will find that they were commuted at such rates that the Stamped Incomes, which were the main feature of the holdings, were commuted at 70 instead of being commuted at 30.

The WITNESS. Those are the ones that I have since been buying in at par.

Commissioner ANDERSON. I also invite your examination of the books of the consolidated mortgages of Mr. Gould and Mr. Sage. I think you will find that, apart from the securities which were commuted through the Union Pacific, and which I am informed were commuted at the mortgage rates, all of those which have been taken in by the trustees, and, of course, paid for substantially out of the assets of the Union Pacific Company by being paid for in consolidated bonds of the Kansas Pacific mortgage, have been commuted at very different rates from those prescribed by the mortgage, running up as high as 80, 90, par, and over par.

The WITNESS. Were they commuted, then, at market values? That would be the question.

Commissioner ANDERSON. That I am unable to answer. The mortgage forbids the trustees from commuting except at mortgage rates; but the prohibition in the mortgage in my judgment has been disregarded. The only bearing of it is on this question of the quantity debt, and of stock which the Union Pacific Railway has had to carry. I mean that it has not been contracted as much as would have appeared from your statement unexplained.

RESULTS HAVE JUSTIFIED THE CONSOLIDATION.

The WITNESS. This may be so. Of course the propriety of these transactions was largely a question of market values at that time. Securities were then bought and sold at prices very different from those which have since obtained. As I said in the beginning, whatever was done in these matters was done years before I was in any way connected with the Union Pacific, and I have never looked into anything which preceded the consolidation. I take the figures on their face; but even at the prices suggested by you, the transaction was far more favorable to the consolidated company than anything which I have been able to effect during more recent years. In other words, the consolidation long since more than justified the price paid for it.

ARTIFICIAL BARRIERS BROKEN DOWN.

As for the effect upon the public of this consolidation, I can only say that I think there can be but one opinion. It broke down an artificial barrier which existed between the two old companies, and has been of manifest service to the community.

FAVORABLE EFFECT ON GOVERNMENT'S SECURITY.

As for the effect upon the Government and the Government security, I think there can be no room for difference of opinion among those familiar with the subject. The security of the Government for the repayment of its debts has been enormously enhanced. Any steps to break up the consolidation, such as were threatened through the *quo warranto*

proceedings of the legislature of Kansas, I should regard as most unfortunate, should they result in anything, from every point of view, whether from the point of view of the company and its stockholders and secured creditors, or from the point of view of the United States as being one of the secured creditors, or from the point of view of the communities which the roads serve. From whatever point of view you regard it, the consolidation of 1880 seems to me, judging by the light of experience, to have worked nothing but benefit. I cannot see that it has worked injury anywhere.

It does not seem necessary to go into details. Any one familiar with railroad traffic, and the method in which railroad traffic is done, would see the beneficial working of the consolidation at once. It has broken down barriers, enabling business to flow as it naturally inclined to flow, instead of in ways which were artificial and expensive.

Mr. STORY. So that it has reduced the cost to the public.

The WITNESS. It has reduced the cost to the public and reduced the cost of operating to the company. It has increased the Government security. I do not think any rational and well-informed man could regard it otherwise than as a general benefit.

PROPRIETY OF ACTION OF DIRECTORS.

By Commissioner ANDERSON:

Q. Before quitting that subject, I would ask you this question: Is it your judgment, from the knowledge you have of the terms of this consolidation, that any of the directors of the Union Pacific Railroad or Union Pacific Railway, as it existed just before and after the consolidation, made an illegitimate use of their position and office as trustees of this property for the purpose of securing a pecuniary profit to themselves which they should not have taken?—A. When I was examined in New York a month ago, never having had occasion to look very carefully into this matter, except from the practical point of view, in order to satisfy myself how the consolidation had resulted and worked for the company of which I was president, I was not familiar with the historical order of events as they took place. I was under the impression that Mr. Gould acquired his interest in the Union Pacific at a subsequent time, and that his so doing had nothing to do with the consolidation. I find now that this transaction antedated it, and was a large factor in the consolidation. I can only say, from reading the evidence, that it seems to me, under the circumstances, that the consolidation was more advantageous to the Union Pacific and its stockholders than I had before supposed. That is, it was effected on more advantageous terms, for it would appear that Mr. Gould, at the time the consolidation was effected, was a trustee, as you term it, for the Missouri Pacific as well as for the Union Pacific. That is, he was director and largely interested in both companies. Under those circumstances, the Missouri Pacific seemed to have been the concern which suffered rather than the Union Pacific.

By the CHAIRMAN:

Q. Why not have effected it by direct methods rather than by indirect methods?—A. These consolidations are things very difficult to bring about. There are many interests to be considered, and, so far as I know, they always have to be effected indirectly. I have seen no reason to suppose that any of the directors profited illegitimately by it.

Commissioner ANDERSON. Then I understand your judgment to be that the business of purchasing the Missouri Pacific, while being a

member of the board of the Union Pacific, and making terms of consolidation, which the parties all testified were more favorable to the Kansas Pacific interest than the Union Pacific people had been willing to grant, meets your approbation as being a justifiable use to make of the functions of a director.

The WITNESS. I do not feel called on to answer your question in that form. It is an abstract question. I merely look at the practical question, whether under the circumstances of the case it was on the whole a good and an advantageous arrangement for the Union Pacific, and I say undoubtedly it was.

By Commissioner ANDERSON:

Q. I do not desire to insist upon an answer to the question, but I want to understand whether you are merely stating that the arrangement as it resulted was, as a matter of fact, an advantageous one for the consolidation, for the public, and for the Government?—A. That is what I mean to say.

Q. Then you prefer not to pass judgment on Mr. Gould at all?—A. I do not feel called upon to pass any further judgment.

Commissioner ANDERSON. It is more especially with reference to the question whether there is a practical legal claim against him in which the company and the Government are interested or not, that I make the suggestion.

The WITNESS. I do not care to pass on those questions. I say that in itself it was a settlement advantageous to the Union Pacific, and the result has shown it to be so. The company was extricated successfully from a very dangerous position, and at a cost that under the circumstances was not by any means large. That is what I mean. Is that all yo wish to ask?

Commissioner ANDERSON. Yes, sir.

CONCERNING VALUE OF BRANCH LINES.

The WITNESS. I wish to recur again, for a moment, to the question of our branch lines, which has played so large a figure in the previous examinations. The idea has been repeatedly advanced through the public press, and on more than one occasion by officers of the Government, that the test of the profit of a branch line is to be looked for in the fact whether the returns of that line show that it, in itself, is a source of profit; accordingly, if the returns show that a branch line is not paying its fixed charges it cannot be considered profitable. If they also show that it is not paying its operating expenses, the fair inference is that it is a drain on the main line and not a benefit; a sucker and not a feeder; and as such it should be cut off. I have seen this repeatedly advanced as a proposition which did not admit of successful contradiction. I wish to cite one or two concrete cases bearing upon this proposition, and showing how a branch line might be a most valuable feeder to the main line even though run at a constant loss in operating expenses; even not paying those expenses.

THE ECHO AND PARK CITY.

I will take the case of the Echo and Park City branch. The Echo and Park City leaves the Union Pacific at Echo, almost exactly 1,000 miles from Omaha. The branch is 30 miles long, running up to Park City and the Ontario Silver Mine, and is allowed by us a constructive mileage of two to one, which, you will remember, Government Director

Alexander thinks absurdly small, and in that I agree with him. Under these circumstances the Echo and Park City, according to the returns, showed, I think, last year a deficit of $30,000 in round numbers. Thanks to a constructive mileage of two to one, it did pay its operating expenses, and it had $5,000 over, but it was short $35,000 on its fixed charges. It was, therefore, in default to that amount. Meanwhile the Echo and Park City road, having a constructive mileage haul of 60 miles, gave to the Union Pacific its entire business, upon which the Union Pacific had a haul of 1,000 miles. The nearest figures that I can get show that out of the Echo and Park City branch the Union Pacific Company last year netted some $250,000; that is, it had the lion's share of the business and of the profit, because it had a haul of 1,000 miles to 60, and, owing to the manner in which it received and did the business, it was making money on every mile of its haul.

Commissioner ANDERSON. Before going to that Oregon Short Line, I would like to ask two or three questions about the manner in which this profit is made out of the Echo and Park City.

The WITNESS. Certainly.

By Commissioner ANDERSON:

Q. The total business as given for 1886 is $70,664. That consists of passenger, freight, mail, express, and miscellaneous. Take the passenger business first, which is $12,755. Do I understand that your proposition is that the Union Pacific carried those passengers, all of them, 1,000 miles over its main line?—A. Not at all. Many of them would probably go merely to Ogden, on the way to Salt Lake City. Salt Lake City is a local center.

Q. And many of them might be confined to local movement on the road itself?—A. Yes.

Q. So that, as far as that item is concerned, it would not be the source of any special revenue?—A. It might or it might not. It would depend on where the passengers went. The probability is, however, that the $12,000 earnings of the Park City from that source would represent three or four times as much on the Union Pacific.

Q. Do I understand, as to passengers who are merely local movers on the branch line itself, that the constructive factor has any application?—A. None whatever.

Q. As to the item of freight, $63,000, much of that, especially of the freight delivered on the line, comes, I presume, from the Omaha terminus of the road?—A. That is bullion, probably, very largely, going from Park City to Omaha, the entire thousand miles over the Union Pacific, and paying a high rate.

Q. That is the chief source of revenue to the parent line of the freight?—A. That is the chief source of revenue to the parent line. I presume that $63,000 of freight, which is credited to the Park City road, might be estimated to represent three times as much, or $190,000 earned by the parent line.

CONSTRUCTIVE MILEAGE.

By the CHAIRMAN:

Q. How much did you pay to the branch line under the constructive-mileage system?—A. It is all included in the $63,000.

Q. What proportion of it was under constructive mileage and what proportion local?—A. I suppose in that case at least $25,000 would come to it by constructive mileage.

Q. That is more than one-third of the entire amount?—A. I should say more nearly half.

Q. So that, as far as freight was concerned, the branch line is helped out one-third by the main line?—A. Undoubtedly.

Q. Then before the income is paid to the main line the operating expenses are deducted and the interest on the bonds, and then if there was any profit it went to the owners of the stock?—A. Yes.

Q. That is, after paring down the income by the interest on the bonds and the operating expenses?—A. The bonds in this case are owned by the main line.

THE OREGON SHORT LINE.

Q. That the constructive-mileage system helps out?—A. Undoubtedly. Without the constructive-mileage system it could not be operated. I will now take the Union Pacific business—freight—to the Oregon Short Line, in order to show how profitable that traffic is to the main line. The Union Pacific at present delivers to the Oregon Short Line about 103 cars a day of freight. That represents five full trains. Much of it is coal, which comes from Rock Springs and goes over the Oregon Short Line to local points or to Butte, Mont., the balance comes from Omaha. I will take the case of freight trains from Omaha to the Oregon Short Line. The trains are made up in the Omaha yard, we will say—two trains a day. Each train consists of 24 cars. Those cars, on an average, carry 15 tons apiece of paying freight. That freight pays three-quarters of a cent a ton per mile, or about that—it really pays more—but we will suppose three-quarters of a cent. Therefore, each car would earn 12 cents a mile, and there being 24 cars in a train, the train would earn $2.88 a mile, and it would go 860 miles. In other words, that train earns, between Council Bluffs and Granger, the sum of $2,500, all of which goes to the Union Pacific. The Union Pacific, before the Oregon Short Line Company built its road, had its own complete facilities, its general staff, general expenses, and fixed charges, none of which were increased perceptibly by the new business which goes to or comes from the Short Line. The cost of hauling a train on the Union Pacific is about 55 cents a mile. Therefore it will be, in the case of a train to or from the Short Line, 860 times 55 cents, or, in round numbers, $450.

Q. The cost of such a train as this?—A. Yes; such a train would cost the Union Pacific proper $450 to haul. In addition to that, I am not aware of any expense which the main line is put to, except the wear and tear of its track, which in the case of a single train is imperceptible. It is so small, that we are unable to approximate it in our statistics, although we carry them down to as fine a point as we can. But we will suppose that it amounts to $250, which is a very liberal estimate; that would make $700 as the total expense to which the Union Pacific was subjected to on account of a Short Line train which earned for the Union Pacific $2,500. Upon that single train, therefore, as nearly as I can ascertain from the best figures at my command, the Union Pacific earns net about $1,800. The branch line business is accordingly the best business that the Union Pacific main line does, and my impression is, although I cannot give exact figures——

Q. Your figures, as you are now giving them, relate to your own haul exclusively?—A. The Union Pacific main line haul exclusively, and whatever the train earned on the Oregon Short Line would be over and above the $2,500.

Q. And whatever it earned on any other line that delivered it to you at Omaha, that would be over and above?—A. Yes; that also is over

and above. I take, as a basis, the lowest freight we haul—three-quarters of a cent a mile. The Oregon Short Line business averages more than that. I merely now present this case as showing how profitable to the main line this branch-line business is, and how small a proportion of the expenses incident to it is borne by the main line. The expense of the traffic is large, but it falls mainly on the branch line, which has to do handling, distributing, and all the incidental work. The profit is comparatively small to the branch line. It is again the main line which gets the lion's share of the benefit. Yet uninformed critics are continually speaking of the branch lines, which permit this traffic, as being "suckers and not feeders," and as burdens which a competent management would cut off. This has been repeatedly said of the Oregon Short Line; yet my own belief is that the Union Pacific proper earned net last year on Oregon Short Line traffic between Omaha and Granger at least $500,000 over and above all it advanced to the Short Line to meet the deficit of interest on the Short Line bonds. The critics who talk so freely about such branch lines being "suckers and not feeders" do not understand the first elementary principles of the subject they are discussing. They need to go to school and learn their alphabet.

NECESSITY OF FOLLOWING ESTABLISHED RULES OF BUSINESS.

Q. Would it not have been clearer and easier to understand if you had made all your apportionments on the straight-mileage basis, and then paid an annual subsidy, the amount of which would appear directly on your books, to the branch road?—A. In the first place, that is not the way in which the business is done. We do it on one system of arithmetic or division, whether with our connections or our branches. In so doing it, whether better or worse, or whether well or badly, we have, as General Alexander very clearly stated the other day, merely adopted the system which the experience of all time has shown to be most convenient; and because it has been the most convenient, it has been generally adopted. In adopting another system, we would have had to break through all rule, establishing a rule peculiar to ourselves, the working of which would not be understood by the ordinary freight man. In the second place, an annual subsidy would necessarily tend to fluctuate, according to the amount of the traffic, the rates charged, the expenses incurred. This is exactly what the constructive-mileage allowance does of itself. It was adopted into general use for that very reason. For the Union Pacific to discard it would surely, in my opinion, be to create confusion, and to adopt a poorer and unusual system in place of the usual and better one.

"ARBITRARIES."

Mr. STORY. The other system is a system of "arbitraries" or local rates, is it not?

The WITNESS. The other system is a system of local charges, which is extremely unjust and almost impracticable.

Commissioner ANDERSON. Because it does not participate in the good fortunes or misfortunes of the general line?

The WITNESS. To recur to the question of branch lines; the Union Pacific, as nearly as I can ascertain, earns from the Oregon Short Line on the present volume of traffic some $1,200,000 a year in round numbers; of this amount my own judgment would be that $800,000 at

least was net; showing what the profit of the branch line is in this particular case to the main line, although the branch line on the face of its returns does not earn its fixed charges. Mr. Story asks me what the system of arbitrary local rates would be. The whole object of constructive mileage is, to divide proportionately among the several parties who participate in the rate the burden of the reduction or cut caused by the practical working of the competitive system. It apportions itself in that way insensibly. If, of course, the branch line, in every case, was allowed its full arbitrary or local rate, the main line would have to stand the entire cut. For this reason, as I say, the local rate principle of division is unjust and impracticable.

Mr. STORY. So that the present system is better for the Government than the other.

The WITNESS. The present system of constructive mileage is undoubtedly better for the Government than the system of local rates.

CONSTRUCTIVE MILEAGE RULE IN FAVOR OF UNION PACIFIC.

As respects this matter of constructive mileage, upon which I was examined at length a few days since, I will state that I have sent instructions to Omaha to have the subject worked up and approximate results reached; I have endeavored also to reach some approximate results here from such material as we have in the office. I had no great confidence in being able to do so, but, as nearly as we can guess—for I wish it to be understood that it is purely a guess—from such figures as are in our office, and the memoranda we have received from time to time, we are inclined to think the Union Pacific receives from the lines east of it about $1,200,000 a year on account of constructive mileage. It pays out, as nearly as we can approximate, to its branch and other lines west about $600,000 a year. The result, therefore, is, as near as we can now get at it, that through the general application of the constructive mileage principle in use throughout the country, and which always has been in use, the Union Pacific receives about $600,000 more than it pays out, all of which, of course, is net; and in so far as that is received upon the Union division the Government gets its 25 per cent. The Government might, therefore, under the rule of constructive mileage, be approximately said to be better off by $100,000 a year than if there were no such rule working. All this is as nearly as we can now estimate, subject to more careful revision at Omaha.

Q. This is apart from your estimate of the advantage to the Union Pacific derived from the amount of the interchange traffic while on the parent line?—A. Entirely apart from it. There is one other point upon which I am not prepared to give the Commissioners any figures, but to which I want to call their attention, as it would be an interesting subject of inquiry. Much has been said, first and last, about the fact that a large portion of the stock of the Union Pacific and of the Kansas Pacific was issued in the course of construction and in payment for construction, and is not supposed to have been paid for in cash. So much, indeed, has been said on this subject, that it would be supposed that the Union Pacific was a glaring exceptional case in that respect—a case of which no other example existed. There has been paid, beyond cavil, more than 16 per cent. in cash on the present stock of the Union Pacific, and I venture to express a pretty decided belief that an examination would show that 16 per cent. is more than has been paid in cash upon the stock of any other road west of the Missouri River, if not, indeed, west of Chicago. In other words, more cash has been paid in on the capital

stock of the Union Pacific, as it stands to-day, than has been paid in upon the stock of any other existing railroad in competition with it.

Q. That includes the $10,000,000 subscription which was paid in in money?—A. Certainly. I refer to the present Union Pacific stock.

Q. That is all that you refer to as the 16 per cent.?—A. I say nothing about other sums. I do not go into that. I say more than 16 per cent. has been paid in, and I am not aware of any other stock west of the Mississippi of which that can be said. I would very much like to have that matter investigated. I think you know something of it, Mr. Anderson. Take the Atchison, for example; there never was a dollar paid in upon its capital stock to my knowledge. Take the Burlington and Missouri also. If there is another road west of Chicago that has as much paid in on its stock as the Union Pacific, I would like to see evidence of the fact.

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THE GOVERNMENT THE GREATEST BENEFICIARY FROM CONSTRUCTION OF PACIFIC ROADS.

Passing on to yet another matter, much has been said, first and last, about what those connected with the Union Pacific have made out of the Government of the United States. We have heard a great deal about the subsidies received by the company in money and in land. But I now wish to express the belief that, however much may have been made by any other parties, whether connected with the original construction of the road or not—and of this I only know as a matter of investigation and hearsay—or however much has been made since by any private individuals, no matter how or when, there is no party to the transaction, public or private, who has begun to make so large a profit out of the Union Pacific as the Government of the United States itself. The greatly maligned Union Pacific has been one of the few instances where the Government went into a business enterprise, and got from it all that it ever hoped, in any respect, to get from it, and that several times over. I do not say this with the slightest intention of expressing regret at anything which the Government got. I am glad it got it. Nevertheless, so far as the Government is concerned, the entire amount it advanced to the Union Pacific, I insist, has been repaid to it at least five times over.

Q. Why do you say "repaid"?—A. Because I mean repaid.

Q. Tell me this: If you had lent money to a railroad company in a region where you and your family were constantly in the habit of traveling, and that railroad was built and owed you $100,000, would you think it just for them to say when you presented your note that if that railroad had not been built you and your family would have to travel in stage coaches and pay high fares, and they therefore considered that they had repaid you that note?—A. We have never asked the Government to take any such a view. We are ready to repay it, and propose to repay it.

Q. Why do you say "repaid," then?—A. Because the Government has made—I will put it in that form—out of the Union Pacific every cent it ever advanced to it five times over and in five separate forms.

SOLUTION OF TRANSCONTINENTAL PROBLEM.

Q. Is it not true that wherever steamboats and factories have been constructed by private enterprise, it is a great benefit to the commonwealth?—A. Undoubtedly it is so. But in this particular case the

Union Pacific was an enterprise which in any other country would have been built by the Government as a military road, and then the question would have been, how much has the Government got out of that military road? But in the present case the Government has got back all it ever advanced to the Union Pacific (and that is one of the subjects of inquiry which is referred to you by Congress) in at least five different forms. In the first place, take the rates at which it has had the mails carried. In the second place, take the rate at which military supplies have been carried and the economies thereby effected. The Government aided this road in order to secure those economies, and it did secure them. It secured them to a far greater extent than was supposed possible when the road was designed. It ended for the Government the Indian wars. Much also has been said about the land grant. The road opened the whole region it traversed, so that the lands were taken up. The alternate sections which the Government reserved were then sold for twice what they would otherwise have been sold for. They sold by law at double price, simply because the railroad was built. Finally they went into the construction of the Pacific railroads as a pioneer experiment. It resulted in the solution of the transcontinental railroad problem. The moment it was found that such a road could be built and operated at a profit other roads were built. We all see what the development of that country has since been. If any private person had been engaged in an enterprise of the sort in order to solve such problems, and had solved them as successfully, I hardly think such private party would have thought he had made a bad bargain. But I have here several papers which I wish to put into the record. I have caused estimates to be made of the amount of saving which was effected by the Pacific roads in the carriage of United States mails, military supplies, &c. The showing is a very startling one. In 1869 the Government paid $1,750,000 for the carriage of 1,000 pounds of mail matter during a year, for a distance of 987 miles. In 1876 the company's original charge was $574,000 for the carriage of 15,000 pounds of mail matter a distance of 1,034 miles. That is, it carried fifteen times as much the amount carried seven years before for one-third of the money. The Government, however, not satisfied with this saving, assumed the power to cut down the allowance to $325,000, the sum actually paid for that year's service. The saving effected can thus be easily demonstrated. The statements contained in these papers are very interesting, as bearing on a portion of your inquiry. I put them into the case.

STATEMENTS SHOWING AMOUNT SAVED TO GOVERNMENT THROUGH CONSTRUCTION OF UNION PACIFIC RAILROAD.

The paper is marked "Exhibit No. 7, June 4th, 1887," and is as follows:

MAIL SERVICE.

In 1864 the Department paid for service between Saint Joseph, Mo., and Placerville, Cal., a distance of 1,892 miles, "six times a week; time, 20 days each way for 8 months, and 23 days for 4 months in each year, supplying Denver and Salt Lake City 3 times a week each way with 'Pony Express,' twice a week; time, 10 days for 8 months and 12 days for 4 months of each year, limited to California letters, about 600 pounds," $1,000,000 per annum, the contractor being the Overland Express Company. This contract began July 1, 1861, and continued till June 30, 1864. The Department at the same time were paying for mail carriage via Aspinwall, 3 times a month, $150,000. The contract expiring in 1864, a new one was made running to September 30, 1868, for the same service, or about the same, at $910,000 per annum. In 1868 for a daily service between "Cheyenne or that point on the Union Pacific Railroad where the

mails are being conveyed when this service goes into operation, to Virginia City, Nev., 897.7 miles," Wells, Fargo Express Company were paid at the rate of $1,750,000 per annum, pay being reduced pro rata for every 50 miles of railroad completed. In addition thereto the same contractors were paid for service 6 times a week between Phil Sheridan, Kans., and Delaware, Colo., a distance of 200 miles, $79,000 per annum, and between Cheyenne Wells and Denver, a distance of 164 miles, $64,851 per annum, the contract for Aspinwall service continuing the same—$150,000.

The reports of the Postmaster-Generals from 1862 to 1863 made frequent references to complaints of irregularity in the service and failure in the mails owing to the depredations of the Indians, who not only interrupted the progress of the mail coaches, but carried off the stock of the company at various stations, and so crippled their resources. During all this time the amount of mail matter was strictly limited, the services being confined to the through-letter mails, the paper and document mails being carried by sea.

In 1864 Postmaster-General Dennison in his report says: "Owing to Indian depredations the mail service was much interrupted during the months of August and September last, and for a period of four or five weeks the whole mail for the Pacific States and Territories was necessarily sent by sea from New York."

The insufficiency of this service was spoken of in 1865, being attributed to "high water, bad roads, and hostility of the Indians."

In 1867 the Postmaster-General reported unusual complaint as to the inefficiency and irregularity of the service. The excuse for this was Indian troubles, which were alleged to be a mere pretense on the part of the contractors. Official reports from General Sherman proved that "serious trouble did exist on the plains, and that there was no safety for either passengers or mails except under ample military escort, which could not be furnished daily." A special agent of the Post-Office Department reported that the difficulties were such as "precluded the possibility of any man or set of men making regular trips over the route unless securely guarded by an armed force of considerable magnitude." It is further stated that from papers submitted by the contractor to the inspection division it appeared that "from April 1 to August 15, 1867, the Indians robbed him of 350 head of stage stock, burned 12 of his stage stations, with large amounts of grain and hay, destroyed 3 coaches and express wagons, severely wounded several of his passengers, and killed outright 13 of his most reliable employés."

In 1868 the overland mail contracts having expired, the Department advertised for proposals for two routes, to wit: "From Cheyenne, or that point on the Union Pacific Railroad to which the mails might be conveyed when this service goes into operation, to Virginia City, Nev., 1,095 miles and back daily, the trip to be performed in 9 days each way in summer and 12 days in winter," and "from Cheyenne to Denver, Colo., 102 miles and back daily, the trip to be performed in 24 hours each way."

The original contractor having failed to fulfill the terms of his contract, and the Department having encountered many difficulties, a contract was at last made with Wells, Fargo & Co., "to carry the mails between the termini of the Union Pacific and Central Pacific Railroads daily for a term of one year, or until the two railroads meet, at the rate of $1,750,000 per annum, subject to deduction pro rata for every section of 50 miles of railroad completed and reported to the Department ready to carry the mails." This was on the first of the above-named routes. Upon the second route, from Cheyenne to Denver, the same parties contracted at the rate of $9,970.50 per annum.

At the time of making this contract it was supposed that the junction would be made about the 31st of July. The work, however, was hurried forward so rapidly that the roads joined on the 10th of May, 1869, and the Postmaster-General in his report for 1869 mentions that this circumstance effected a saving to the Government of $214,339.36 below the estimate.

The contract with Wells, Fargo & Co. was for carrying not to exceed 1,000 pounds of mail matter daily, between the terminal points of the Union and Central Pacific Railroads, at the rate of $1,750,000 per annum. On the completion of the roads in May, 1869, the quantity of mail matter was increased to 6,500 pounds daily. From May 10, 1869, to December 31, 1872, three years and eight months, the amount paid by the Government to the railroad company for carrying more than six times the matter, twice the distance, was $1,065,804—40 per cent. less than was contracted to be paid for a single year, for less than one-sixth of the amount and less than half the distance.

The saving in cost to the Government on mail transportation may be fairly estimated from a comparison between 1869 and 1876, a point nearly as may be half-way between the opening of the road and the present time.

In 1869 the Government paid $1,750,000 for carriage of 1,000 pounds of mail a distance of 897 miles.

In 1876 the company's original charge was $574,139 for carriage of 15,000 pounds of mail matter a distance of 1,034 miles. The Government, not satisfied with this saving,

by which it was paying one-third as much for carrying 15,000 pounds a distance of 1,034 miles, as seven years before it was paying for carrying one-fifteenth as much matter a distance of 897 miles, assumed the power to cut down the allowance to $325,143, which was the sum paid for that year's service.

The increase in distance carried and in weight of matter being taken into account, it will be seen that upon any fair estimate the Government was saving in mail transportation alone a sum equal to the entire interest of the subsidy loan.

INDIAN WARS.

There are no data for the cost of carrying on the constantly recurring wars along the line of the road prior to its opening in 1869. The reports of the Post-Office Department, above alluded to, furnish some idea of the difficulties attending any mode of transcontinental communication, occasioned by the Indian depredations. So late as 1869 it was necessary to furnish military escort for the overland mail coaches, and the reports show that the stations were subject to constant attack from roving tribes of Indians so that garrisons were necessary at every station, and even then no sufficient security was offered for passengers or freight.

It is impossible to obtain from the War Department any statistics to the cost of these wars, so that they can only be made a matter of estimate.

In estimating the amount of money actually saved to the Government by the building of the roads, it is necessary to take into consideration the fact that the constantly increasing demand for greater security and more rapid service in transcontinental communication necessitated the employment of troops in larger numbers each year.

The cost of maintaining these at frontier posts and of the transportation of provisions, ammunition, and Army supplies would have been a constantly increasing burden upon the Government.

The cost of maintaining these garrisons cannot be given in exact figures, but must be estimated. A fair criterion is furnished in the figures taken from the War Department as to the cost of transportation of men and provisions and munitions of war prior to the building of the roads. A transcript from the books of the Quartermaster-General's Department shows that the cost of transportation of military supplies from Fort Leavenworth, Kans., to Fort Union, New Mex., which may be taken as a fair illustration, the entire distance being 750 miles, was for 100 pounds $10.95 in 1860; $15.22 in 1864, and $11.02½ in 1869.

A statement showing the rates paid for the transportation of United States soldiers by stage, between points west of the Missouri River at various times between 1860 and 1867 gives a rate per mile varying from 8 cents to 45 cents, the rate in a majority of the cases given being over 20 cents per mile. An estimate found on page 182 of this company's report of 1884 shows the cost of transportation for supplies for 3,000 men in Utah, in 1857, to have been more than $4,000,000, while the cost to the Government for moving all Army supplies for more men a greater distance, by the Union Pacific Railroad, for 1883, was $342,958, less than one-tenth the amount annually paid in 1857 and 1858.

The average cost to the Government for five years previous to March, 1862, for transporting mails, troops, and munitions of war between the Atlantic and Pacific coasts and intermediate points, was reported by the Secretary of War that year to be $7,309,341 annually, the time for the transmission of the mails between New York and San Francisco being on an average of 40 days. For the year 1886, as the report shows, the Government paid for the carriage of its freight, mail and passengers over 4,548 miles of the Union Pacific system $1,093,901.16.

LAND GRANTS.

It is customary to speak of the land grant to the Pacific railroads as a magnificent gift of an imperial domain to this company. The truth is, that it was never in any sense a gift, but, independently of the building of the railroad, was purely a business transaction between the Government and the corporations which undertook to give value to an immense tract of lands without any value whatever, the consideration being one-half the lands so made valuable.

It can be shown even if the lands along the line of the road retained by the Government were ever worth or could ever have been sold at $1.25 an acre—the Government price—that the increase in their value of 100 per cent.—the Government price for lands within the railroad grant being raised to $2.50 an acre immediately upon the completion of the road—has, of itself netted the Government a sufficient sum to almost pay the subsidy debt. In order, however, to appreciate fully the profits of the transaction by which the Government brought its lands into market and gave value to barren wastes that had none before, the disposals of public lands for cash, and under the homestead and timber-culture laws from 1869 to 1885, should be taken into account in this connection, particularly in the States and Territories made accessible by the building of the road.

The number of acres disposed of by the Government in Arizona in 1871 (no sale having been made in 1869 and 1870) was 160 acres. From 1871 to 1885 there was a gradual increase, until the latter year they amounted to 144,393 acres. During this time Government disposed of 485,721 acres.

In Colorado 19,919 acres were disposed of in 1869. They increased to 552,599 acres in 1885. During this time Government sold 3,494,081 acres.

The Government sales of land in Dakota in 1869 were 95,809 acres. They increased gradually in 1883, when they amounted to 6,089,595 acres. In 1885 there was a falling off, the sales amounting to 3,744,136 acres. For the 17 years between the opening of the road and 1885, Government sold in Dakota 30,706,438 acres.

In Idaho, Government land sales in 1869 were 14,658 acres, which increased to 284,903 acres in 1885. Total sales for the 17 years, 1,573,731 acres.

In Kansas, sales were 265,191 in 1869. In 1885 they were 2,832,401. Total sales in the 17 years following the opening of the roads were 20,073,637 acres.

In Montana, Government sold in 1869, 16,932 acres. These sales ran up to 418,302 in 1884 and 318,601 in 1885. In the 17 years Government sold 1,736,656 acres of land.

The Government sales of land in Nebraska in 1869 were 566,304 acres. In 1885 they were 3,515,705 acres In the 17 years Government disposed of 18,226,319 acres.

Nevada began with 4,041 acres in 1869, running up to 96,467 in 1878, from that point falling to 3,637 in 1885. During these 17 years Government sold 348,054 acres of lands which without the railroads would have been valueless.

In Oregon, in 1869 Government sold 101,735 acres. In 1885 its sales were 407,859 acres. In the 17 years sales amounted to 3,464,551 acres.

Government sales of land in Utah in 1869 were 148,402 acres. In 1885 they were 167,730 acres. During the 17 years since the railroad opened the Territory of Utah to immigration the Government has disposed of 1,575,368 acres of its lands in that Terr.tory.

In Washington Territory the Government sales were 167,802 acres. In 1884 they were 915,128 acres, falling from that to 480,181 acres in 1885. The Government land sales in Washington Territory during these 17 years were 4,936,914 acres.

The first Government land sales in Wyoming were 953 acres in 1871. In 1885 the Government sales were 552,807 acres. In these 15 years the Government sold 1,578,805 acres of land which would have had no value except for the building of the road.

In these States and Territories most of which are traversed by the railroads, and all of which are affected by it in a greater or less degree in the matter of valuation of lands, the Governmet has sold in 17 years 88,210,265 acres.

Figures are not at hand from which to give the amount of gross revenue accruing to the Government from these sales, nor is it possible to separate the sales of lands within the railroad grant from other Government lands, the former of which were increased in value 100 per cent. by the building of the road. None of the lands were sold for less than $1.25 an acre, and the lands within the railroad grant were sold for $2.50 an acre.

In estimating the profit to the Government from its land transactions with the Pacific railroads, it should not be limited to the increase in the value of the lands within the railroad grant. This in itself was an immensely profitable transaction. It not only doubled the asking price, but it brought them into market and made them immediately salable. But there should be included in the profit of the transaction the gain to the Government from the vast amount of lands outside the railroad grant and within the territory traversed by the road which it made accessible to immigration and brought at once into the market.

TRANSCONTINENTAL SERVICE.

In 1857 the cost of transporting supplies, as appears from official documents in the War Department, varied from 26 cents to 71 cents per ton per mile. Taking an average of 45 cents per ton per mile, it may be interesting to compute what would have been the cost of moving the freight that passed over the lines of the Union Pacific system during the year 1886. By reference to the last annual report of the company it will be seen that the number of tons moved 1 mile was 1,269,500,133. The rate per ton per mile was .01.59 cents. The gross receipts for the carriage of this matter were $18,588,744. If it were supposable that this vast amount of freight could be carried under the same conditions and at the same rate as in 1857, the cost of carriage would reach the almost incredible sum of over $500,000,000.

BUSINESS OBJECT OF GOVERNMENT IN DONATING LANDS.

The WITNESS. I have already referred to the question of the land grant.

Q. In what respect?—A. The familiar aspect. The Government did, in connection with the Union Pacific and other land-grant roads, exactly what every private party is doing constantly. Within the last six

months I have done it myself. I, with others, owned a tract of land of, I think, about 100 acres in immediate proximity to one of our Western cities. A suburban railroad company came to us and proposed to extend their railroad through our tract of land, and asked us what we would give them. We had no trouble in reaching an agreement. We said we would give them what they asked for—40 acres of land—as a subsidy if they would build their road through our land, just as the Government gave alternate sections to the Union Pacific. The land, also, was divided in much the same way, pieces here and pieces there. We deeded the land to the railroad company; the company built its road through it, and the land we gave is now supposed to be worth $160,000. That was precisely the arrangement which the Government made with the Pacific roads. It said, "If you will build a railroad through this uninhabited and desert land, in which buffaloes and Indians range, and will develop the property, we will give you the alternate sections along your road." We did build the road, and those alternate sections of land, which before probably would not have commanded a market value of 5 cents an acre, now range anywhere from $2.50 to $50 an acre. The Government got its advantages just as we did in the case I have mentioned, from the inducement we held out to this company to build its railroad through our farm. Did the Government get no advantage from this transaction? As for the advantage the Government derived from the successful solving of the transcontinental railroad question, it does not admit of computation. That one item alone, the facility with which men and munitions are moved about and brought to a given spot, has enabled the Government to fight out the last Indian war the country will probably ever see. The saving in this respect is something which does not admit of computation.

By the CHAIRMAN:

Q. Is that not due more to the scarcity of the Indians?—A. The Indians would not have been scarce if the railroads had not affected their food supply. The Government thus went into a business scheme for a given purpose, and for once it got everything it went in for, far more than it hoped to get, and at an extraordinarily moderate cost.

Mr. STORY. The statistics show the Indians are increasing.

The WITNESS. These are semi-civilized Indians. I am not aware that I have anything further to say on that point. The Union Pacific, I want it to be understood, does not object in the slightest degree to repaying the Government every dollar, principal and interest, which the company has received from it. We do object to the commonly received idea that the company owning it is the only beneficiaries through the construction of the Union Pacific road. On the contrary, we maintain that when the Government subsidized that road the Government did what any private party, under similar circumstances, would have afterwards considered the monumentally successful business operation of his life. That private persons made money out of the Union Pacific Railroad we do not seek to deny. We do insist that if the account was struck in any court of equity to-day, and all proper allowances made, it would be found that the Government of the United States had made five or ten or twenty dollars out of the Union Pacific to every one dollar that the owners of the property ever derived from it.

Commissioner ANDERSON. I am very happy to say that I do not think that question is referred to us to take and state.

The WITNESS. It would be an account that I should like to see taken and a balance struck.

Commissioner ANDERSON. You will never see it in this world.

GOVERNMENT NEVER EXPECTED TO GET BACK A DOLLAR.

The WITNESS. If I could see it I should be very glad on the part of the company to agree in advance to abide by it. I repeat that, as a mere business operation, there have been few things on record so successful where private parties were concerned, and I doubt if there is any precedent for a thing so successful where a government was concerned. People are apt to forget the past. They look upon things in the light of the present; and in the case of the Union Pacific they are disposed to insist that the private parties concerned in the construction of the road saw perfectly clearly what the course of future events was to be, and, seeing it clearly, succeeded somehow in swindling a confiding Government. Meanwhile, what did this "confiding" Government itself get out of the enterprise? It went into what was at the time regarded as one of the maddest material ventures ever suggested. It went into it as a political necessity, during a period of war. The chances were large that, after the road was constructed, it would have to be operated by the United States Government as a military and political necessity. The Government never expected to get back one dollar it advanced to aid the construction of the Pacific roads. That is simply a matter of record. It runs through all the debates of Congress preliminary to the passage of the charters. Meanwhile, what was the result? Instead of losing its entire advances and finding a military road on its hands to be operated at the public expense, it in the first place saved for the national Treasury several times the entire cost of the road through reduced rates in carrying its mails. Second, it saved several times the entire cost of the road through the economy with which it transported its material and general supplies. Third, through the rapidity with which it was able to move troops and munitions it put an end to a most costly and unending series of savage wars. Fourth, it filled up a desert country with a producing and tax-paying population. Fifth, it solved the problem of transcontinental transportation, rendering it possible to develop a mineral region of unsurpassed richness among mountains before considered inaccessible. I hold, therefore, I am clearly justified in saying that from a merely business point of view this transaction was a monumentally successful one. It would have been monumentally successful, and so considered universally, had private parties alone been concerned in it; and it does not cease to be such because the Government was concerned in it. I confidently submit, therefore, that there is no good reason for the Government of the United States to turn upon the company in this matter and insist upon it that the transaction has been one of fraud from which the Government has sustained nothing but loss. The Government, I say again, made at least five dollars in this enterprise to every single dollar that was either honestly or fraudulently made in it by private parties, from the year 1863 to this day.

THE GOVERNMENT ONLY IS THREATENING ITS SECURITY.

We now come naturally to the question of repayment to the Government of the amounts which the company owes it. On this point I wish to say, as the result of my experience as president of the company, I agree with Government Director McVeagh. The Government directors had occasion to write certain letters in February last bearing upon some legislation then proposed in Congress, and Mr. McVeagh, one of the directors, and one of them who had given great attention to the affairs

of the company, in closing his letter, which is printed on page 161 of our last annual report, uses this striking expression, which I think perfectly true: "Nobody at present threatens the security of the Government debt but the Government." I think it would be hard to express the present situation more tersely.

ANNOYANCE AND TROUBLE RESULTING FROM CONNECTION WITH GOVERNMENT.

As a matter of record I want to say, as a result of three years of incessant struggling with this question, that, during those three years, I have had, I think, the full share of trouble and difficulty which falls to the lot of the average railroad presidents; but, taking all the trouble and vexation and causes of anxiety I have had connected with the financial management of the road, connected with its operation, and connected with labor troubles—taking all these and putting them together, they have not begun, as a combined mass, to give me the annoyance and trouble and anxiety which the relations of the company with the Government have given to me. I would rather take them all twice over than have to deal with the United States complications of the company. This is my deliberate judgment.

UNFAVORABLE ACTION OF THE THURMAN ACT.

Further, I have to say it is my deliberate judgment that if the Union Pacific, at the time of the maturity of its debt to the Government in the year 1897, is unable to pay that debt, and finds itself at issue with the Government in regard to it, it will be through the action of the Government and through the working of the Thurman act, so called. The result of the Thurman act has been to hold the Union Pacific responsible pecuniarily for a financial policy against which it protested, in which it does not believe, and which is working to nothing but disaster. There is an erroneous impression in the public mind, because the Union Pacific was paying dividends prior to the year 1884, that before the passage of the Thurman act the company was making no provision whatever for paying the Government debt when due; in fact, that it was squandering its assets, dividing them among the stockholders. That is the common form of expression. This is in no respect true. The Union Pacific, up to the year 1884, was systematically making the very best and safest provision which could have been made to pay the Government, having long before established its own sinking fund to that end, although it was called by another name; and if the company had been allowed to go on in the course it was pursuing, I have no question in my mind as to what the result would have been. The Government saw fit to interfere. Instead of occupying the position of the ordinary creditor, and saying to its debtor, "We have a lien on your property; go ahead and manage your business in your own way; but if, when the day comes, you cannot pay us, we propose to show you no mercy; we propose to exact from you all that you owe us, principal and interest," the company would then have had no right whatever to complain. Such a course would have been business like and justifiable; and though, perhaps, under all the circumstances of the case, and in view of the benefit the Government had derived from the road, it would have been harsh, yet it would have been legal, and according to the bond. Instead of pursuing this course the Government, by the strong hand, took from us the money which we were putting

into our railroad development, and which was there accumulating at the rate of 10 or 12 or 15 per cent. a year, and locked it up in the Thurman act sinking fund. The originator of that fund is on record as saying he expected it to accumulate at the rate of 6 per cent. a year, and based his calculations thereon, and in reality it is a fund accumulating at the rate of 2 per cent. a year.

RETENTION OF MONEYS DUE FROM GOVERNMENT UNFAVORABLE TO COMPANY.

By Commissioner ANDERSON:

Q. On that point, is it not substantially true that, with the exception of sums not exceeding $2,000,000, all that the Government has taken from you has been in the form of retention of moneys due you for transportation service and mail service?—A. Undoubtedly it is true. Meanwhile, if they had paid that money over to us, according to the original contract, and let us turn it into our business, we would now have been considerably better off. If I had, to-day, at my disposal the amount locked up in the Thurman act sinking fund, and producing interest at 2 per cent. a year, I have no question in my own mind it could be so invested that by the time of the maturity of the debt, ten years hence, it would be worth to the company $20,000,000. But it is locked up at 2 per cent. per annum, and it does not grow. It is hid away in a napkin. Such is the course the Government has taken. It has held us to a strict liability, informing us that we shall pay every dollar we owe at the time of the maturity of the debt. But it will not allow us in the meanwhile to do business in our own way and as all others do it. It forces us to do business in a way in which we have no confidence, and in which no human being has confidence, and then holds us to a strict liability. I submit that is not business; it is not justice; it is not common sense. I make no objection to having the Union Pacific held to the strictest responsibility if only it is allowed freedom of action until its debt matures.

By the CHAIRMAN:

Q. Then your trouble is more due to the course of the Government than to the construction of competing lines?—A. Undoubtedly, for the construction of competing lines is now going on because we cannot defend ourselves. Our means of defense are taken from us. As I have explained once before, in remarks made to a Congressional committee, we stand in the position of a tradesman whose creditor holds his arms while his competitor robs his till. Such is our position to-day; and we have to bear it with what philosophy we may. The Government says we shall not borrow; we shall not lease; we shall not guarantee except within very narrow limits. Our competitors can borrow, lease, and guarantee; and they are doing it every day, notoriously. Of course they do it, and we ought to be able to do it. The Government says, "You earn money, and you might put that into your business; very well, we will take that also away from you and put it into a sinking fund to accummulate at 2 per cent. per annum." That is our last resource, and the Government takes that away from us, all for our supposed benefit.

Q. If the Government acquiesced in a request to pay to the company the amount held by the sinking fund, would the Union Pacific be able to hold its own as against five competing lines that were built since the opening of the Union Pacific?—A. Yes; if I had that $7,000,000 which

is to-day in the sinking fund I verily believe I could in one year transform the whole future of the Union Pacific and lift it out of the mire.

PROPOSED BRANCH LINES.

Commissioner ANDERSON. Tell us what lines you would construct?

The WITNESS. I should at once proceed to develop the country beyond Cheyenne, beyond our 500-mile post; also Idaho and Western Colorado and Wyoming—the region from which we have a 500-mile haul on the business—the lines, in short, that General Alexander referred to the other day, and which have been examined by the Government directors and their construction heartily approved by them.

By Commissioner ANDERSON:

Q. The line that was constructed in 1881, at the time of its construction met the approval of all parties engaged in it, did it not, or was supposed to be a very valuable line?

The WITNESS. Which line was that?

Commissioner ANDERSON. The Denver and South Park.—A. We never constructed that. That was a line constructed by Governor Evans during the great Colorado mining "boom"; it was earning enormously, and then Governor Evans sold it out. He had two bidders for it—one, General Palmer; the other, Mr. Gould, representing the Union Pacific. Unfortunately for the Union Pacific, Mr. Gould succeeded in getting the road. Immediately after that, General Palmer, who represented the Denver and Rio Grande, offered the Union Pacific $250,000 for its bargain. And most unfortunately the Union Pacific declined to take the money.

Q. Are you quite sure you are correct in your statement as to the manner in which the road was constructed, and that the original construction contract was not made something like the year before the Union Pacific acquired any interest, and that Mr. Gould was not substantially the holder of a large interest in that contract, and did not acquire his stock for his own account long before he sold it to the Union Pacific?—A. I have never heard that alleged.

Commissioner ANDERSON. We have heard the statement of Mr. Palmer's bid, at three different sums; one gentleman put it at $50,000.

The WITNESS. That was a mistake on my part.

Commissioner ANDERSON. You have just put it at $250,000, and Mr. Gould, I think, or some other gentleman, put it at $500,000.

The WITNESS. I only know it by hearsay. My informant is Mr. F. L. Ames, who was a director at that time.

Commissioner ANDERSON. It was Mr. Ames who put it at $500,000.

The WITNESS. Mr. Ames is my informant, and he knows. I do not.

Commissioner ANDERSON. May it not have been simply a bluff? The money never was produced.

The WITNESS. General Palmer had a surprising way of producing money when it was necessary. I had a talk with Palmer about that at the time. I had then no connection whatever with the Union Pacific, but I passed a day with him at his house in Colorado, and he told me himself what he had done and what he proposed to do, which entirely agreed with the statement I have just made.

Commissioner ANDERSON. The object of my question was only to illustrate the point, that if you had this $6,000,000, and should build the branches you refer to, while they hold out the same expectations to-day that you say this Denver and South Park did in 1881, there might be the same result.

The WITNESS. That is possible. Meanwhile, if that is the case, why

are all our competitors building so eagerly into that territory? The Northern Pacific is borrowing money to do so, on almost any terms. The Northwestern is heading directly for Ogden, and is within striking distance of it.

Q. In Wyoming?—A. In Wyoming, beyond Fort Fetterman. The Rock Island, the Saint Paul, the Burlington and Missouri, the Missouri Pacific, and the Atchison are all building eagerly into the territory which ought to be contributary to our line; and is it likely, I would ask, that they are all crazy, and erroneous in their calculations? They know perfectly well the disadvantage at which they have us. They understand the situation. The Denver and South Park is entirely exceptional in our branch-line organization, but the region which the Union Pacific ought to develop now, and which they would develop if they had the ready means, is the region west of Sherman, beyond the mountain divide.

Q. Suppose you could get your grant from the Government, of $6,000,000, do I understand you to suggest the continued partnership with the Government?—A. No; exactly the other way. I expressed my views on that subject in a letter to the Secretary of the Interior, which I should be glad to put in evidence. The Commissioners have read it, so that it is not necessary to read it. It was written more than fifteen months ago; I would by no means suggest a continuance of the partnership. I would have the Government assume towards the Union Pacific the ordinary business relations of a creditor and debtor. Let it say to the company, "Go on and manage your affairs in your own way; if your money is not ready when pay day comes, look out!" We have a stake in this property at the market values of to-day. It represents nearly forty millions of dollars, all of which we must lose if we fail to pay. I cannot protect the stockholders of the Union Pacific without protecting the United States Government. If the stockholders of the Union Pacific save anything through the efforts of the present board of directors, the Government has to have everything paid to it. All we ask is to be allowed to go ahead, under the penalty of sixty millions of dollars at present market values, and see what we can do to save ourselves.

Q. Will not the stockholders take the place of the Government by paying the Government?—A. That is a question which I shall be prepared to take up with you gentlemen whenever you say you are prepared to come to it. Mr. Gould, the other day, proposed to pay to the Government twenty-seven millions of dollars, cash. On behalf of the Union Pacific, I will say here and now, that I will do better than that, if you gentlemen are authorized to deal for the Government, which, of course, you are not.

Commissioner ANDERSON. We are not.

$35,000,000 TO BE RELEASED BY GOVERNMENT.

The WITNESS. I would agree to pay thirty-five millions of dollars down on the Treasury table to have a release from the Government in full, and that, too, in a very short time. I will put in evidence this letter to the Secretary of the Interior, in which I have stated at length, as you gentlemen know, the policy which I think the Government should pursue towards the company.

The paper is marked "Exhibit No. 8, June 4, 1887," and is as follows:

BOSTON, MASS., *March* 4, 1886.

Hon. L. Q. C. LAMAR,
Secretary of the Interior, Washington, D. C.:

DEAR SIR: When I saw you in Washington, on the 26th ultimo, I ventured in the course of conversation to say that, in my opinion, it would be better for the United

States to lose every dollar it had loaned to the Pacific railroads, rather than, by continuing and enlarging its present connection with them, to introduce the worst elements of Wall street stock-jobbing into the innermost circles of Congress and the Executive Departments.

You suggested to me that I should submit my views on this subject to you in writing. Acting on that suggestion, I submit these views as follows:

As you are well aware, when once a Government bureau is established, its tendency is to perpetuate itself and continually increase its range of activity. The railroad bureau of the Interior Department was established some eight years ago in connection with the Pacific railroads, and as an outcome of the so-called Thurman act. The Thurman act, therefore, brought the Government into relations which had not before existed with companies, the securities of which are freely bought and sold on the stock exchange. Measures of legislation, either proposed or enacted, might sensibly affect the market price of those securities; and information to be found in the railroad bureau not impossibly would have large market value. I beg to point out that from these premises the inevitable consequences at once followed. The stock exchange is composed of men very acute, very unscrupulous, and controlling vast resources. A fluctuation of one-half of one per cent in the value of the stock of the Union Pacific alone represents over $300,000 in money. Within the last two years I have seen the stock of that company worked up and down by means of the manipulated action of Congress through a range of at least 15 per cent. I have known information obtained directly from the Railroad Commissioner's office which has affected its market price 4 or 5 per cent. within twenty-four hours. These fluctuations, as you will see, represent a change in value rising high among the millions. I submit it is futile to hope that, where manipulation, or the corrupt purchase of information, may thus affect the value of a stock, such manipulation will not be brought about or such information purchased. The men engaged in this work are adroit. The most honest, well-intentioned, and even the more discreet members of Congress or officers of Departments, are used in a way in which they do not suspect. Influences which they feel, but cannot see, are brought to bear upon them. A direction is given to their investigations, and even to their thoughts. All this has been done, and will continue to be done, to bring about, not the result the agents in question suppose they are bringing about, but some other results which they do not expect, but which are seen in the stock quotations. I have no hesitation in saying, and with perfect confidence in my facts, that this has been especially the case within the last four months. The market has been influenced through the action of the Interior Department inspired from Wall street, but without the slightest idea on the part of those concerned from whence the inspiration came. They have been as tools moved by unseen hands. Moreover, this fact has been notorious among those with the best means of information.

I submit also that where information in the possession of the various Departments is of large value no effort to keep it from the public will long avail. The price to be paid for it is of no consequence. Where the information is worth millions, it is idle to suppose that clerks living upon a small salary, often in debt, subject to pecuniary pressure, can long resist the temptation brought to bear upon them. As I said before, Wall street men are adroit. They know just how to accomplish the ends they have in view, and where information is needed, they know just how to obtain that information. They always have obtained it; they do now obtain it; they always will obtain it. I have myself had erroneous statements accidentally made by me in the Railroad Commissioner's office given to the press and published before I had an opportunity, by the use of the telegraph, to correct my own error. Two hours in that case sufficed; and the information, though wrong, was worth many thousands of dollars.

I wish now to submit that this whole thing is unnecessary. The Thurman act brought the Government into a position it never should have been brought into. It made the Government a partner in the profits of railroad companies. Instead of being a creditor, as the original acts contemplated, occupying simply the position of one calling for the payment of a debt, that act set aside for the benefit of the Government a portion of the earnings of the company, thus giving the Government an interest in the way in which the business of the company was conducted. This was a grave error. It was a deviation from correct principles; and like all deviations from correct principles it brought its own penalty. The Government was drawn into the position which a partnership implied, with no single satisfactory result.

The remedy, I submit, is obvious. The mistake should be rectified. The business connection between the Government and the companies should be severed. The Government should again take its former, original, and correct position, that of a creditor, to whom money is due from the company, and who, until such money is paid, or default made in its payment, holds the ordinary position of a creditor.

The Pacific railroads owe the Government large sums of money. They also owe private parties large sums of money. The Government has a lien upon certain prop-

erties of the company for the repayment of the money due it. So have the private parties. The positions are identical. The proper course, therefore, for the Government to pursue is the familiar business course pursued between debtor and creditor. If by contract, or by force of law changing the original contract, the companies are to make certain specified payments to the Government, so long as those payments are regularly made the Government should leave the companies to conduct their business in their own way. When default is made in those payments, the Government should resort to its remedy, just as any other creditor would resort to his remedy.

So long as this simple, ordinary, every day principle is strictly observed, I am unable to see why the Government stands any more in need of a railroad bureau, or of supervising the accounts of the railroad companies, than the private creditor does. The Union Pacific has many issues of its securities upon the market. In the original instruments, whether mortgage or otherwise, creating those securities, provision is made as to the course to be pursued in case of default. Until default, the private parties to whom we owe these sums of money do not audit our accounts, do not interfere with our business, do not in any way concern themselves in what we are doing. They simply wait for a default to take place, and then, in the method indicated in their bond, they proceed to secure themselves against loss. This is business. The same course should be pursued by the Government. Instead of calling for a percentage of our earnings, as now, the ascertainment of which percentage will be an endless source of vexatious litigation, affording stock-jobbers the best possible opportunity for manipulation—instead of this, the Government should establish a system of fixed, specified payments, to be made by the companies to it. The security for these payments should be stipulated. Then, so long as the companies complied with the conditions and made their regular payments, the Government should leave them absolutely alone, just as their private creditors leave them alone. When default was made, the Government should pursue the course indicated in the law or in the bond, just as private creditors pursue it under similar conditions.

The correct course, therefore, to be pursued by the Government is to my mind plain. Falling back upon well-defined principles of both law and business regulating the relations of creditor and debtor, it should assume towards the Pacific railroads the attitude of a creditor. The companies should be held to a strict responsibility in case of default. Were this course adopted, the entire present railroad bureau of the Interior Department would be unnecessary; just as unnecessary as a similar bureau is found to be in the numberless similar contracts between railroad companies and individuals. The whole thing could be swept away. Nothing would be affected by any action of Congress. There would be no inducement for corruption, because it would be out of the power of any one either to suggest legislation or to sell information. We would, by the familiar business road, get back to correct principles, and the existing difficulty would disappear.

I also beg leave to suggest that this is true democratic doctrine. We need less government, not more. Whatever can be lopped off it is highly desirable should be lopped off. Wherever ordinary business principles can be made to do any needed work they should be looked to to do it. New and untried experiments should not be put in force. The Thurman act was a new and untried experiment. It resulted in failure. Finally, I would confidently urge that the Democratic Secretary of the Interior who, falling back on cardinal principles, should divorce the Government from all business connected with the Pacific railroads, would not only, following the line of correct business and political action, relieve an overburdened Department of an unnecessary excrescence, but he would cut out from the body politic a dangerous and growing spot of political gangrene.

I remain, most respectfully, yours,

CHAS. F. ADAMS, JR.,
President.

WILLING TO BE ACCOUNTABLE FOR DEBTS.

The WITNESS. We do not object to being held accountable for our debts. On the contrary, we agree it is right and fair and according to the contract. What we object to is being held responsible for our debt and yet not being allowed to manage our business as we and every one else know it ought to be managed until the debt becomes due; so that when it becomes due we may have the money with which to pay. We cannot possibly have the money to pay the debt unless we can do business until the debt becomes due, on business principles, and as our competitors do business. But if you, the creditor, say to us that we shall not do business during that time, we reply at once, "Then we

cannot pay our debt." But who, then, is responsible for our failure? The Government has put us in such a position that we carry on business at a great disadvantage in every respect; first, because we cannot contract, negotiate, borrow, lease, guarantee, and consolidate, as every other company does; and, secondly, because whatever money we make by our business is taken from us and locked up at 2 per cent. interest.

By the CHAIRMAN:

Q. Have you any other suggestion to make?—A. None that I know of.

MARKET VALUE OF THE SECURITIES.

Q. Can you give us an approximate idea of the market value of your securities? They are placed in your reports at about $73,000,000.—A. I cannot give you an approximate value, because there are no market quotations, but if the Union Pacific were free to negotiate for its branch system of 3,000 miles, I should be surprised if it could not get for it very near the face value of $23,000 a mile from the companies which would be in competition for them. The main stem of the Union Pacific would not be worth much after the branches were gone; but I think the Chicago and Northwestern, the Burlington and Missouri, the Rock Island, and other companies would be eager competitors for them. The only way you could ascertain what you could sell the branches for would be by dickering. I can say this as an illustration of what the branch system is worth: If we have one poor property in the system, it is the Denver and South Park, which has not failed to earn its interest, but ran behind last year $60,000 on operating expenses. We defaulted the interest May 1, having various reasons for so doing; among others, because so much had been said about our branches being "suckers instead of feeders," and because this investigation was pending. We wanted to proceed very slowly. We did not wish it to be said that for one reason or another we were going along bleeding the main line to support a hopeless "sucker." Meanwhile I have been making investigations into the case of the Denver and South Park line, which will come before the board of directors at their meeting which takes place next week. I can only say, as the result of my investigations, that the most extreme doubt has been expressed by those best competent to form an opinion as to the desirability of the Union Pacific lopping off even the worst showing of all its branches.

DENVER AND SOUTH PARK RAILROAD FORECLOSURE EXPECTED.

By Commissioner ANDERSON:

Q. Have foreclosure proceedings been instituted?—A. They have not, but they will undoubtedly be instituted sixty days after default; that is, the 1st of July.

Q. On the $1,800,000?—A. On the underlying mortgage of $1,800,000.

Q. In which the Union Pacific has no interest?—A. We have no interest whatever.

Q. What value will be left in the extensions of the Denver Pacific on the 150 miles if that should be foreclosed?—A. I think they would be just as valuable as ever, for we would then undoubtedly connect with them by way of Graymont. You will see how when you go there. It is an interesting problem. By building 14 miles of road we could reduce the distance and make a better line to Leadville, and then the old Denver and South Park would be absolutely worthless.

Commissioner ANDERSON. You have the bondholders in a very bad place?

The WITNESS. If we chose to crowd them, we have them entirely at our mercy. The 14 miles of road would be expensive. It involves a tunnel which would cost us $1,000,000, but it would give us a line to Leadville of only 94 miles, and we could make it a standard gauge. It would solve the problem. But the rest of the Denver and South Park road, I think, would then be of very questionable value.

But the whole matter of the value of the branch system to the main line is one that I think it would be little better than waste of time for us to discuss here, for when you go over the system the situation will be, whether for better or worse, clear to your minds. On the spot it becomes intelligible, whereas here it is a mixed-up matter.

CONCERNING PLAN OF SETTLEMENT.

Q. Are you prepared to specify an annual fixed sum that you would be willing to say that this road could undertake to pay, and would pay? —A. I am not prepared to take that matter up to-day. The Union Pacific cannot, in my opinion, stipulate to pay any annual fixed sum, separate from the question of its independence.

Commissioner ANDERSON. I assume that you get your independence?

The WITNESS. If you would give us our independence of the Government, as other lines are independent, I do not believe we would have any difficulty in arriving at a result; our independence we would prize at a large sum of money.

Q. How would you propose to provide for the case of a default, supposing the company should receive its independence?—A. You could proceed, when we defaulted, to take our property and foreclose on us.

Commissioner ANDERSON. It would be impossible to foreclose against your junior mortgages by any act of yours.

The WITNESS. You would retain your second mortgage lien and then you would have to pay the first mortgage; our property is well worth that.

Q. How could we make the second mortgage, which the United States has, and which becomes due in 1897, mature against holders of junior mortgages on your main line, for default made now?—A. That would be a question for lawyers to decide. Our property, I think you would find, would be amply sufficient to cover you from any danger of loss.

Q. Have you estimated the reduction of fixed charges, which are bound to occur, in the accounts of the Union Pacific between now and the year 1900?—A. I have.

Commissioner ANDERSON. I think some statement of them was made the other day, but it was not very complete, I believe.

The WITNESS. I could not undertake to speak from memory. Our books show exactly. It is a matter of record. It is far better to have it in exact figures than in round numbers.

A FIXED ANNUAL PAYMENT.

Q. So that there would be nothing to prevent the company agreeing to a fixed payment, which, after 1900, might be materially increased?—A. If we are to discuss this question, I will say at once that our stockholders, at their last annual meeting, passed a vote instructing the board of directors to meet the issues squarely, and to make a direct proposition to the representatives of the Government. The trouble is that the

Government has no representatives. You are the first persons who have even approximated to such a body. When we have sought to take the question up we have always been referred, in a vague way, to Congress. But I will say at once that I have found among those of our stockholders with whom I have talked a strong wish that we should meet the Government on the basis suggested by Mr. Gould. That is (as we would with a large creditor) to enter into the question of "How much will you take to-day in payment of your debt due ten years hence?" I myself am on record repeatedly as saying that I thought the debt could not be so met, and that an extension of time would be necessary. But I have found so strong a feeling existing among our stockholders in favor of the other scheme, that of meeting the thing at once, as you would with a private creditor—if any one can be got at who represented the Government—that I should feel strongly inclined to endeavor to deal in that way.

DIFFERENT BASIS OF SETTLEMENT FOR CENTRAL AND UNION PACIFIC ROADS.

Q. Is that without any reference to a connection with the Central Pacific's future at all?—A. I think the Commissioners will find it necessary, when they go into this matter, to adopt a different basis of settlement for the Central Pacific from that for the Union Pacific. Such I know is the opinion of the representatives of the Central Pacific. Mr. Huntington has said to me, in conversation, that the Union Pacific was so differently placed from the Central Pacific (owing to the country through which it ran), to the policy of building branch lines which it had pursued, and to possible development in the region which it served, that he thought each of the two companies must be treated with on its own basis. I am decidedly of the same opinion. I think you gentlemen will be of the same opinion after you have been to California.

GOVERNMENT LIEN MORE SECURE ON UNION THAN ON CENTRAL PACIFIC.

Q. You mean he intimated that the Government lien was very much better on the Union Pacific than on the Central?—A. That was his intimation, and it goes without saying. It is apparent from our reports; it was proposed last year (a proposition, which, had it been carried out, would have sent me out of the management of the Union Pacific at once) to increase the annual payments under the Thurman act to 40 per cent., and to extend it over our entire system. When this measure was proposed the Central Pacific took it very calmly. They then found that in the case of the Union Pacific this plan would amount to the payment of $3,000,000 a year, while in the case of the Central Pacific it would amount, I think, to about $400,000. That shows the difference between the two properties. On the same basis we would have paid $3,000,000 a year more than all the interest on the subsidy debt, and the Central Pacific would have paid a fifth part of its interest.

Commissioner ANDERSON. The figures show 25 per cent. of the net earnings to be five or six hundred thousand dollars, so that 40 per cent. would not have been over $900,000.

The WITNESS. Are you speaking of the Union Pacific?

Commissioner ANDERSON. No; the Union Pacific, with the portion of the Kansas Pacific that pays.

The WITNESS. The computation was made and it was found and stated in debate in the Senate as a reason why the proposed increase

should not be adopted, that it would amount in our case to about $2,700,000 a year. That was on the earnings of 1885. Our earnings of 1887 have already run ahead of last year $1,300,000.

Commissioner ANDERSON. The $2,700,000, or 40 per cent., would have been on the earnings of 1885 or 1884?

Mr. MINK. On the earnings of 1885.

The WITNESS. I have substantially finished my statement.

The CHAIRMAN. Have you any other suggestions now, or will you reserve any further suggestions for a future occasion?

The WITNESS. We shall have abundance of time hereafter. Here is another paper I should like to put in evidence. I have made a verbal statement as to the amount of trouble I have had in dealing with the Government, as compared with all other troubles combined. This statement shows the difficulties in that way which I had to meet during the sessions of the Forty-eighth Congress.

The paper is marked "Exhibit No. 9, June 4, 1887," and is as follows:

CONGRESSIONAL INTERFERENCE.

The question having been asked as to the precise manner in which the company has been "harassed" by Congress it may be well to state the following facts:

There is an erroneous impression that the present situation results from the action of the company in urging upon Congress the passage of a funding bill to take the place of the Thurman act and make a permanent adjustment of the relations between the Government and the company. In this, as in almost everything else concerning its affairs, the company has been misrepresented. It did not take the initiative, and had no hand whatever in opening this question. From the beginning of the present agitation it has been simply on the defensive.

In the fall of 1883, before the assembling of the Forty-eighth Congress, a strong combination was formed in Wall street to speculate on the bear side of Union Pacific. The firm of Woerishoffer & Co. was at the head of the combination. An enormous lobby was employed at Washington, led by a well-known speculator and lobbyist, who is reported to have received a stated salary of $10,000 a year for this service, his special qualification being a certain familiarity with the affairs of the company derived from business relations, he having been a sort of fiscal agent for the Kansas Pacific Company prior to the consolidation.

At this time, when the newspapers, subsidized by the bear combination, were charging daily that the company had an enormous lobby at work upon Congress, it had in fact but one person employed in what might be called the lobby, this being Mr. Williams, of Kansas, whose business it was simply to observe the progress of legislation and report whenever anything affecting the interests of the company should come up.

The attacks of the Wall street combination upon the company began with the opening of the first session of the Forty-eighth Congress, and were directed at every point that seemed weak or vulnerable.

Mr. Dunn, of Arkansas, opened the ball on the 10th of December with House bill 35, compelling the company to pay the costs of surveying all unsurveyed lands, with a view to making them amenable to State and Territorial taxation. On the same day, Mr. Anderson, of Kansas, introduced House bill 507, being a bill with the same title and for the same purpose.

On the same day, December 10, Mr. Rosecrans, of California, introduced House bill 64, establishing a minimum of freight rates for the road, and on the same day Mr. Sumner, of California, introduced House bill 99 for the same purpose, by the provisions of which the freight rates on the Union and Central Pacific railroads were reduced to 70 per cent. of those in force on December 3rd, 1883.

On the 11th of December, Mr. Valentine, of Nebraska, introduced House bill 934, compelling the company to pay costs of surveying, similar in terms to the bills introduced on December 10 by Messrs. Dunn and Anderson. On the 7th of January, Mr. Weaver, of Iowa, introduced House bill 2381, being a bill for the same purpose as the one last mentioned, the purpose being to compel the company to pay for surveys and take out patents on all lands granted by the Government, and so bring them within State and Territorial taxation.

On the 7th of January, Mr. Sumner, of California, introduced another bill, House bill 1803, regulating freight rates. On the 14th of January, Mr. Belford, of Colorado, introduced House bill 3081, also regulating freight rates.

On the 15th of January, Senator Van Wyck, of Nebraska, introduced Senate bill 1101, regulating freight rates. On the 17th of January, the same Senator introduced Senate bill 1156, on the same subject.

On the 21st of January, Mr. Dunn, of Arkansas, introduced another bill relating to the payment of the cost of surveying lands, &c., being House bill 3562.

On the same day, Mr. Throckmorton, of Texas, introduced House bill 3801, being an amendment to the Thurman act, the principal feature of which was the increase of the sinking fund requirements from 25 to 35 per cent.

On the same day, in the Senate, Mr. Edmunds introduced Senate bill 1178, being an act to amend the original acts of corporation, and also "to provide for the settlement of the claims growing out of the issue of bonds to aid in the construction of said railroads, and to secure to the United States all indebtedness of the companies therein mentioned."

This is the first record of any bill for a public act being introduced in Congress which embodied the principle of the funding bill and provided for an extension of the debt. That the company had nothing whatever to do with the preparation or the introduction of this bill is clear from the remarks with which Mr. Edmunds introduced it, which were as follows:

"I desire to say in connection with this bill that it has been prepared by the Commissioner of Railroads, and is a very important bill. The object of it is, if possible, to bring to a termination the controversy that appears to be perpetual between the United States and these railroad companies about what they shall pay in respect of their bonds, and in respect of the security that we have for them, and provide for closing up the transaction by a new arrangement on a long bond to take the place of their obligation to repay the United States, and provide certain legal securities and other arrangements for carrying out the transaction. It is quite clear to my mind that it would be well, if it is possible, to make some arrangement by which we shall provide for the United States being certainly reimbursed by these companies for the vast sums of money it has advanced. Whether the time that is provided for, and the method, is precisely what it ought to be, I am not sure. That deserves consideration. We ought also, I think, in the same connection, although it is not in the bill, to provide some authority in the President of the United States to secure the interests of the United States in case of an attempted foreclosure or sale or other disposition of this property under the mortgages that are prior to our lien."

On the 4th of February, Mr. Anderson, of Kansas, introduced House bill 4447, the purpose of which was ostensibly to prevent the sale of the Pacific railroads before providing for the payment of the United States debt.

On the 25th of February, Senator Logan introduced two resolutions calling upon the Secretary of the Interior and the Attorney-General for information as to whether the company had failed to comply with the requirements of the Thurman act; whether dividends had been declared in violation of the law, and what steps had been taken by the Government in regard thereto.

On the 12th of May, Senator McMillan reported another resolution instructing the Committee of the Judiciary to make inquiry as to whether the company had obeyed the provisions of the law, and giving it the power to send for persons and papers.

On the 16th of June, Senator Van Wyck introduced a resolution directing the Judiciary Committee to inquire whether the company had become responsible for, or had guaranteed the interest on, any bonds other than those specifically authorized by Congress.

On the 5th of July, Mr. Thompson, of the House Committee on Pacific Railroads, introduced a resolution authorizing the Speaker to appoint a committee of five members of the Committee on Pacific Railroads to investigate the affairs of the Pacific roads, and report concerning a number of alleged violations of law and frauds upon the Government. This resolution was not considered, one member objecting that it was "too late a day in the session to provide for a junketing expedition."

It will be seen by this statement that the bear combination got in their work at once upon the opening of Congress, and kept up a rattling series of attacks in the form of new bills for the first two or three months. The effect of these attacks upon the stock market is apparent from the record of sales. The highest price in November, before the session of Congress began, was 91. In December the highest price was 89. It varied during this month 19 points—the lowest price being 70—its general tendency being downward.

On the 26th day of April, the Pacific Railroad Committee reported the Phil. Thompson bill (so called), which provided for an increase of the sinking fund requirements to 35 per cent.

On the 29th of April the Judiciary Committee of the Senate reported what was known as the Garland bill, which embodied the funding bill principle in the original Edmunds bill, for which it was a substitute, but confined its operations to the Central Pacific, committing the Union Pacific, which was left to the tender mercies of the Thurman act, with the possibility of the increased pressure put u pon it by the passage of the Phil. Thompson bill. The results aimed at by the Wall street combination were accomplished. In April, when these two bills were reported, t he stock had been rattled down by these continuous attacks to 63¼.

On the 18th of June, a vote was taken upon the Phil. Thompson bill. Meantime, a minority committee had reported as a substitute what was known as the Post bill, which contained the funding-bill features of the original Senate bill, applying them to the Union Pacific as well as the Central Pacific, in this respect differing from the Senate bill. The effort to substitute this for the majority bill was very feebly urged. Before the final vote was taken Mr. Thompson moved an amendment to his original bill increasing the sinking-fund requirements to 55 per cent. of the net earnings. This was adopted with scarcely any opposition, and the bill as amended passed the House.

The effect upon the stock was visible at once in a further fall. During June it dropped to 28, the lowest point reached for several years.

The decline was no doubt aided by well authenticated reports in circulation at the time that Senator Edmunds contemplated action in the Judiciary Committee of the Senate of a still more hostile character than any yet taken. The impression was very general that Congress was angry and indignant at the conduct of the Union Pacific, and was determined to force the company into the hands of a receiver.

An interesting circumstance in connection with the record of these concerted attacks upon the credit and standing of the company in Congress is that in the act organizing the commission, Congress thought it worth while to specially order an inquiry as to whether the company had expended any money "for the purpose of influencing legislation." The natural inference is that while it is perfectly proper, and perhaps on the whole commendable, for a combination of speculators in the stock of this company to employ a lobby at Washington to procure hostile legislation, it is contrary to public morals for the company to expend any money in defending itself.

From the beginning of this discussion the company has been on the defensive. It has made no definite proposition or suggestion, but simply remained in an expectant attitude with occasional suggestions as to the details of bills which were being worked out by the committees of the Senate and the House.

Only two methods have ever been proposed for the settlement of this question—one, the funding-bill plan providing for an extension of the debt; the other, an expansion of the Thurman act, by increasing the sinking-fund requirements.

At one stage in the progress of the bill under which the Commission is organized, an amendment was pending which provided for an increase of the sinking-fund requirements to 40 per cent.

As a considerable misapprehension exists concerning the effect of such a provision as this upon the earnings of the railroad company, it may be well to state the results of a calculation made upon this basis in connection with the earnings of a half dozen of the most prominent railroad companies in the country, taking, for instance, the Boston and Albany, Boston and Maine, Fitchburg, New York Central, Pennsylvania Railroad Company, and the Chicago, Burlington and Quincy. Were these companies required by the Government to turn into a sinking fund 40 per cent. of their net earnings, the effect would be a deficit on the part of three of the roads, and in the case of three others so small a return as to make the investment practically without profit. In the case of the Boston and Albany, which in 1885 showed a surplus of $2,344,306, a deduction of 40 per cent. from net earnings would leave but $840,847. In the case of the Boston and Maine, which showed a surplus in 1885 of $2,350,552, the deduction of 40 per cent. would leave a deficit of $2,847. In the case of the Fitchburg, with a surplus of $3,110,069, it would be left with a deficit of $262,585. The Pennsylvania Railroad Company, with its enormous surplus of $21,293,144, would be left by the deduction of 40 per cent. from its net earnings with a deficit of $650,586; while the Chicago, Burlington and Quincy would find its surplus of $14,262,526 reduced to $2,527,304.

The calculations which give the above results are made upon the same principles as in the calculation of the Union Pacific net earnings. It must be borne in mind, of course, that the amounts given above as the surplus of the several companies include income from other sources than net earnings, from which deductions are made.

CHARLES F. ADAMS.

The Commission then adjourned, to reconvene in Omaha on June 20, 1887, at 10 a. m.

No. 10 WALL STREET, NEW YORK,
Tuesday, June 7, 1887.

Examination of JAMES MIDDLEDITH, taken before Hon. E. ELLERY ANDERSON, one of the Commissioners of the United States Pacific Railway Commission.

As preliminary to the examination of Mr. MIDDLEDITH, the following memorandum received from him is here inserted:

PRELIMINARY STATEMENT OF JAMES MIDDLEDITH.

Since 1874 the Union Pacific Railroad has paid in dividends to its stockholders over $27,000,000. According to the decision of Chief Justice Waite, affirming the Thurman act, October, 1878, these stockholders were not *legally* entitled to any dividends. Hence all dividends since 1878, about $18,000,000, are illegal.

The dividend of 1884 was declared in face of a gross floating debt of $13,000,000, consisting largely of advances to unprofitable branch roads, and hence not available as assets. (See Government Directors' Report, 1884). The law of 1873 prohibits, under penalty of fine and imprisonment, the payment of unearned dividends, or the issuing of stock and bonds without consent of Congress. *Without such consent this road issued:*

The collateral trust bonds of 1878, about $4,600,000; stock, in 1881, $10,000,000; collateral trust bonds in 1883, about $3,700,000; issued and guaranteed, 1884 to 1886, at an annual loss of about $500,000; some $14,800,000 Oregon Short Line bonds, and guaranteed in 1886, $7,000,000 Saint Joe and Grand Island bonds.

Why has this law not been enforced?

By referring to the report of the Government directors of 1882 you will find the road intended to issue in *that* year the collateral bonds they issued in 1883; but on the expressed doubt of the Government directors as to the legality of such a step, the road dropped the project for that year. The same report shows how these Government directors were treated in the manner of dividends being declared without notification to them.

From the proceeds of the collateral trust bonds of the $10,000,000 stock and of the surplus of the income of the main (or subsidized) road, since 1878, some 2,300 miles of branch lines have been purchased or constructed, and under the Thurman act (which see) all assets of the road of every nature, including lands and all income, are liable for the Government claim. Hence under the law the Government lien is a first lien on all investments made from disposition of property held by the Union Pacific, or investments acquired from investments of its assets and annual surplus income, and therefore is a first lien on the branch lines, ahead of *any branch-line bonds issued since* 1878.

These branch roads (according to Commissioner Johnson's report, 1886) failed to earn their annual interest by $1,238,000, which the subsidized road had to pay, in so so far the outside branch line bondholders are concerned. For instance, Denver and South Park road earned $16,000 *less than operating expenses*. The Union Pacific held over $2,000,000 Denver and South Park bonds, and received no interest on its holdings; but, in addition to paying the deficiency of $16,000, had to pay outside bondholders $130,000 interest on their $1,900,000 bonds, a net loss of $146,000 to the main line, besides loss of interest on $4,000,000 invested in ownership of Denver and South Park Railroad.

Allow me to ask you to look at the charges per passenger mile on branch roads, as high as 7 cents, and compare with low rate on main line. Also read in Railroad Commissioner's Report of 1886 how the statement of the earnings of the east and west branches of Kansas Pacific is made up, to the detriment of the Government 25 per cent., and also see the list of constructive mileages of 1½ to 2 miles allowed to the branch line by the main line for "every 1 mile of service performed."

The Union Pacific has redeemed *before* maturity, at an *average premium* of 12 per cent., all but $2,000,000 land-grant bonds. It has $13,000,000 in unsold lands, and $13,000,000 in land notes, &c., on hand, from which it proposes to redeem before maturity $14,800,000 income bonds or sinking-fund bonds, due in 1894, selling at 118.

These bonds are a renewal of the income bonds of 1874, made by giving the holder of every six old bonds seven of the new ones bearing 8 per cent. On what basis does the road claim that these are a second lien on the land, and by what right are they to be redeemed before maturity out of assets, which, under the acts of 1862 and 1878, are part of the lien of the Government?

The Government directors have recommended a seventy-year extension bill, claiming it gives the Government new assets. On the contrary that bill exempts from the Government lien $27,000,000 of land assets now under the law part of the lien, and gives *not a single new asset*. The Government has paid *each year* for over twenty years $3,800,000 (the anual interest on the $64,000,000 bonds loaned the subsidized roads). The bill recommended by the Government directors and by the Secretary of the Interior assumes that these amounts are not due till 1897, and *discounts them to* 1886, instead of adding interest thereto, as the law requires, according to the speech of Senator Edmunds. (See Record of February 25, 1887.) The Government is entitled (making a loss of interest to the Government) to $40,000,000 alone. The bill allows over $3,000,000 credits for interest on part payments made by these roads to the Gov-

ernment, and allows the latter none on absolute payments. An acceptance of that bill, as a renewal of that bill, at 5 per cent. instead of 5 per cent., omitting even the above errors, would involve a loss of $1,012,000,000 to the Government. (See letter of Professor Elliot, Treasury expert, to Senator McPherson.)

If the Union Pacific gives ample security and pays 6 per cent. to its first mortgage bondholders, 6 per cent. and 5 per cent. to its collateral bondholders, 7 per cent. and 6 per cent. to its branch-line bondholders, and 8 per cent. to its extended income bondholders, on what basis should a second mortgage (or Government lien) be extended for seventy years, giving up its present ample security for none? May I suggest the Government directors be required to answer these questions?

Please compare income account of Union Pacific Railroad (subsidized line) with income account of Union Pacific Railway or system. The former shows a surplus of nearly $1,000,000 greater than the latter. This difference is the result of operation of branch lines despite higher passenger and freight rates and constructive mileage allowed them.

JAMES MIDDLEDITH being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your business?—Answer. At present I am out of business and living on my income. I was formerly a member of the Stock Exchange.

Q. What is your residence?—A. Orange, N. J.

Q. Will you give it sufficiently explicit for us to find you?—A. Park avenue, Orange.

Q. There are so many Oranges, will you please state which one it is?—A. Brick Church.

Q. What attention have you given to the financial affairs of the Union Pacific Railroad?—A. I have examined them for two years.

Q. Basing your examination on what papers?—A. On their reports.

Q. What other sources of information had you?—A. The official documents and copies of the United States laws.

Q. And the Railroad Commissioner's Reports?—A. Yes, sir.

Q. Have you derived any of your information from personal statements made by persons who would have original knowledge of their own?—A. Yes, sir. I have had an interview with an attorney of the road, with Franklin MacVeagh (at request of Secretary Lamont), with F. R. Coudert, and with General Joseph E. Johnston, United States Railroad Commissioner.

Q. Have you not also conversed with Senator McPherson in regard to it?—A. Yes, sir. I thought you meant those who were interested in the road. I have also considered the propositions made by Senator Edmunds in his various speeches relating to these railroads. I have also had interviews with Representatives Springer and Henley.

UNION PACIFIC DIVIDENDS.

Q. I will follow the order of suggestions which you yourself have indicated to us in your communication, and question you in regard to the matters there alluded to. The first matter you refer to is the fact that from 1875 to 1884 the Union Pacific Railway has paid dividends amounting to about $27,000,000. We have the complete statements, and I think they exceed $28,000,000. On what do you base your assertion that the stockholders are not legally entitled to any of these dividends?—A. On Chief Justice Waite's decision. It is incorporated in the Report of 1884 of the Union Pacific Railway Company, at page 188, as follows:

DECISION OF CHIEF JUSTICE WAITE.

The company has been in receipt of large earnings since the completion of the road, and, after paying interest on its own bonds at maturity, has been dividing the remainder, or a very considerable portion of it, from time to time among its stockholders, without laying by anything to meet the enormous debt, which, considering the amount is so soon to become due. It is easy to see that in this way the stockholders of the present time are receiving in the shape of dividends that which those of the future may be compelled to lose. Under these circumstances the stockholder of to-day has no property right to dividends which shall absorb all net earnings after paying debts already due. The current earnings belong to the corporation, and stockholders, as such, have no right to them as against the just demands of creditors.

DIVIDENDS ILLEGAL WHEN IN DEBT.

Q. Do you conclude from the extract you have just read that the stockholders are not entitled to dividends at all, so long as any of the creditors of the company are not paid, or only that they are not entitled to dividends which should imperil the security of the creditors?—A. I do not see why I should answer that question. I have simply quoted the decision of the Supreme Court in the matter, which is supposed to be sufficient authority against any dividends, although Mr. Adams says the road has a legal right to pay dividends. I believe literally in law any dividend is illegal as long as the road has a large floating debt. I am not a lawyer, but that is my opinion, that any dividend is illegal when the road is largely in debt.

Q. If the floating debt represent an actually paying asset, would that proposition not be broader than you care to make it?

The WITNESS. That may be the spirit of the law. Does not the letter forbid dividends when the corporations are in debt?

Commissioner ANDERSON. They may pay dividends when they are in debt, provided the debt is actually represented by actual property which will redeem and pay the debt if the dividend is earned during the year.

BRANCH LINES.

The WITNESS. So you consider advances to branch lines that do not earn anything, comparatively speaking, and that are a burden to the main road, paying assets, especially when such advances were not paid at the time the Government directors reported, and were only eventually paid by the main line selling bonds for these advances, thus funding a floating debt.

Commissioner ANDERSON. That is another question. I would not in all cases by any means; but all I call your attention to is that the general proposition without qualification, that the road that earns a great deal of money can never declare a dividend so long as there is a floating debt on its books, without referring to the property which the floating debt has been used to acquire, is broader than the law would justify, and that it is necessary to look into the use that has been made of the floating debt and of the branch lines, or whatever the property may be that has been acquired, in order to determine whether the declaration of a dividend would be a violation of the law or not.

The WITNESS. I place against your views the decision of the Supreme Court forbidding any dividends, and in regard to this special dividend I refer, for the proof of the fact that the floating debt of the Union Pacific was at that time $13,000,000, to the report of the Government directors of 1884, at page 150, showing that nearly $7,000,000 thereof was unavailable.

SECURITIES SOLD TO REDUCE FLOATING DEBT.

Q. Have you examined the subsequent reports of the company to ascertain what the company has done since 1884 in liquidation of the floating debt referred to?—A. Yes, sir; slightly.

Q. You are, of course, aware that they have paid no dividends since 1884?—A. Yes. They sold securities in 1885 and 1886 and reduced the floating debt by funding it. They sold nearly $2,000,000 Oregon Short Line bonds since I made that charge, while they were reducing the floating debt, and probably sold some other things.

Commissioner ANDERSON. The principal securities that they have sold have been Saint Joseph and Grand Island bonds.

Q. At what page is that of the report of 1886?—A. I had not seen that report. On page 19 of the report of 1886 is a line of securities reported by the company to have been sold. They were sold for the purpose of paying off the floating debt. I see they sold a million and a half of the Oregon Short Line.

Q. You refer to the law of 1873 as requiring the consent of Congress, both to the issue of collateral bonds and the issue of stock, and refer to the issue of collateral bonds in 1879, as a violation of that agreement. Do you know what securities were pledged for that loan?—A. I can find the list. The securities pledged are the property of the Union Pacific, subject to the lien of the Government, according to the Thurman act.

Q. Do you know that no lien on the property or earnings of the Union Pacific Railway was given?—A. I know they pledged a large lot of branch-line securities, the property of the Union Pacific, and hence belonging to the Government lien. The main line is responsible in case of a deficiency on part of these pledged lines to earn the interest on the collateral bonds, and the main line will pay it. Hence both the property of the Union Pacific is mortgaged and a pledge made on its future earnings contrary to the law of 1873. If my information is right, and I quote Mr. Henley, of California, the Judiciary Committee of the House reported favorably in 1886 a resolution instructing the Attorney-General to prosecute the officers of the Union Pacific Railroad civilly and *criminally* for issuing those collateral bonds.

THE GOVERNMENT LIEN COVERS ALL ASSETS.

Q. Still, as a matter of fact, the only security given for the bonds are these bonds and properties of the branch lines. No specific lien, that you know of, was given on the property of the Union Pacific proper or on its earnings?—A. If I were a lawyer, I would take issue with you then and there on two points. First, that those branch-line securities are the property of the Union Pacific Company, and they are liable for its debt to the Government under the Thurman act, 1878. If you have a copy of that act I shall be very glad to read it to you and point out wherein they are so held. Are you aware how these roads have been built?

Commissioner ANDERSON. Perfectly.

The WITNESS. Did the Directors put their hands in their pockets?

Commissioner ANDERSON. No, they were built out of the earnings and out of the proceeds of lands and out of the issue of $10 000 000 stock.

The WITNESS. No, sir; there was no land sold for it.

Commissioner ANDERSON. Yes, there was some land sold, but it was chiefly done out of the stock and earnings.

The WITNESS. They were entirely built out of bond and stock issues and out of the surplus earnings, which are a part of the lien of the United States. In fact the Government has a lien on all assets. These issues are a mortgage on the earnings of the subsidized lines.

Q. You refer to the issue in 1881 of $10,000,000 stock as being made in violation of the law. In what respect do you consider that a violation of law?—A. Because they had no right to issue any stock or bonds without the consent of Congress. I am aware that they got $10,000,000 cash for it.

Q. Are you also aware that under the original act they were authorized to consolidate, and that that original act limited the capital stock to the actual cost of the roads, and under that act they claimed this right to issue the $10,000,000?

THE GUARANTEE OF BONDS A VIOLATION OF ACT OF 1878.

The WITNESS. Do they claim the right to issue these bonds under that same law?

Commissioner ANDERSON. No.

The WITNESS. Under what right do they claim to issue the bonds of the Oregon Short Line?

Commissioner ANDERSON. I want to dispose of the stock first. You have not looked into that feature of it, that under the orignal act of 1862 and 1864, under which they claim they were entitled to consolidate, and to issue under the consolidation stock equal to the cost of all the consolidated roads.

The WITNESS. Is it not perfectly well known that the road did not cost it bonds; that the stock represented next to no cash? If, as you say, there is such a law, can the stock be issued under it in violation of the law of 1878?

Commissioner ANDERSON. It presents a question of fact as to what the cost of the consolidated roads was; but it steers clear of the difficulty that that issue was illegal, if the cost of these roads was equal to the stock of the consolidated company. You referred to the loan of 1883 as being also a violation, and I assume for the same reasons you assigned for the loan of 1879.

The WITNESS. Exactly. Have you that law here? I mean the railroad law of 1873.

Commissioner ANDERSON. You referred to the guarantee of interest on the bonds of the Oregon Short Line and the Saint Joseph and Grand Island. In what respect do you consider that a violation of the act of 1873?

The WITNESS. In the words of this law I find my support for this statement:

> No dividends shall hereafter be made by said company but from the actual net earnings thereof, and no new stock shall be issued or mortgages or pledges made on the property or future earnings of the company, without leave of Congress, except for the purpose of funding and securing debt now existing [that is 1873] or the renewals thereof.

I totally misunderstand the case if these collateral trust bonds are not a pledge on the future earnings of the company, and if they are not a mortgage on the property of the company; because these branch roads, being constructed out of the assets of the Union Pacific, are therefore the property of the Union Pacific Company. The collateral bonds are secured by a mortgage on the branch-line bonds, which are the property of the Union Pacific Railroad Company. The collateral

bonds are both a mortgage on the property of the Union Pacific and a pledge on the future earnings, in violation of this law of 1873, and "any director or officer who shall pay or declare, or aid in paying or declaring, any dividend, or creating any mortgage or pledge prohibited by this act, shall be punished by imprisonment not exceeding two years, and by fine not exceeding five thousand dollars."

Q. In what respect does a guarantee of the interest accruing on the Oregon Short Line amount to a pledge of the property of the Union Pacific or a pledge of its earnings?—A. Because the Oregon Short Line earns just about half of its interest.

Q. But a pledge would prevent the property being mortgaged to anyone else or disposed of in violation of the terms of the pledge. How does the guarantee, assuming the earnings to be deficient, amount to a pledge of the earnings?—A. If you indorse a man's note, if the man does not pay it you pay it.

Commissioner ANDERSON. But it is not a pledge on anything.

The WITNESS. What is the reason it is not? If the Union Pacific indorsed these bonds and the Oregon Short Line does not pay them or their interest, the Union Pacific has to pay both. If it is not a lien on that road, what is it?

Commissioner ANDERSON. It is an agreement to pay.

The WITNESS. It is just the same thing, for it renders the Union Pacific liable. My opinion in regard to the guarantee of interest on these bonds is that, whether the guarantee amounted technically in law to a lien or pledge or not, the effect of the guarantee is to compel the Union Pacific to pay out of its earnings money that would not otherwise be paid, and the result is injurious to the financial capacity of the Union Pacific to respond to the United States, and is therefore precisely the same as though a formal lien or pledge had been given. These collateral loans are a lien both on the property of the subsidized road and its earnings.

THE BRANCH LINES SUBJECT TO GOVERNMENT LIEN.

Q. You state that the branch lines have been largely constructed from the proceeds of the collateral trust bonds, the $10,000,000 of stock, and surplus income, and that for this reason the property purchased with these assets is subject to the Government lien. On what ground do you make that proposition?—A. Section 9 of the Thurman act is:

That all sums due to the United States from any of said companies, respectively, whether payable presently or not, and all sums required to be paid to the United States or into the Treasury, or into the sinking fund, under this act, or under the acts hereinbefore referred to, or otherwise, are hereby declared to be a lien upon all the property, estate, rights, and franchises of every description granted or conveyed by the United States to any of said companies, respectively or jointly (that includes *the lands*), and also upon all the estate and property, real, personal, and mixed, assets, and income of the said several railroad companies, respectively, from whatever source derived, subject to any lawful prior and paramount mortgage, lien, or claim thereon.

Q. What railroad do you consider as intended by the act?—A. Any of them. Any of "the said several companies, respectively."

Q. That is, the Union Pacific Railroad?—A. Union and Central Pacific roads.

Q. In what respect would it apply to a branch line having an organization of its own?

The WITNESS. How was this branch line bought? It was bought by stock issued, the proceeds of which are paid into the treasury of the

Union Pacific road. The Union Pacific is liable for the stock. The branch railroads bought or constructed are the equivalent for the money received for the stock. Therefore, the road purchased is the property of the Union Pacific.

Q. Your proposition, then, is that the money subscribed for the stock became subject to the lien of the Government advance?—A. Yes, sir; and all the surplus earnings, that is the income of the road from whatever source derived.

Commissioner ANDERSON. I wanted to get your idea.

The WITNESS. The law certainly says assets, which includes what the road had then, and then whatever income they had used—their income from year to year—in buying or constructing new lines or new assets.

Q. Is the word "income" used there?—A. It is; "and *income* of the said railroad companies, respectively, from whatever source derived." I have submitted that clause to lawyers, and they hold that under that the United States has a first lien beyond the branch line bonds on certain of the branch lines. I call special attention to the fact that by the language of section 9 the income of the Union Pacific Railroad, from whatever source derived, is declared to be subject to the lien of the United States. Whatever shape this income has assumed, or whatever property it has been put into, the United States has a first lien on. I think I can trace $13,000,000 of that that has gone into these branch lines.

THE BRANCH LINES A DETRIMENT.

Commissioner ANDERSON. You state in your communication that you are informed that the branch lines in 1885 failed to earn their interest by $1,288,000.

The WITNESS. Have you General Johnston's last report?

Commissioner ANDERSON. We have the figures.

The WITNESS. It is $1,288,000, if my memory serves me right. I made up an analysis of those roads before General Johnston referred to their deficiency, and it was incorporated in a speech of Mr. Henley in 1886. I showed that nineteen or twenty branch roads failed to earn their charges.

Q. Do you conclude that those branch lines are necessarily a detriment to the Union Pacific?—A. I think that the bulk of them are, unquestionably.

Q. Could you answer that question intelligently without examining the amount of moneys earned by the Union Pacific for the haul over the parent line before reaching the branch lines?—A. From the annual deficiency of $1,288,000 in the earnings of these roads, and that in despite of constructive mileages allowed to them by the parent line of two miles and of a mile and a half for every mile a train is transported I should say they were a detriment to the main line. I could not say what their traffic is.

Q. Would it not be necessary, in order to solve that question accurately, to put on the other side of the account just what the parent line derived from the haul over its line?

The WITNESS. Is the reverse not true? Is the parent line not as essential to the branch lines?

Commissioner ANDERSON. That is true. I say, that in order to determine whether the branch lines be a profit or a loss, you must have the whole picture of transportation from the initial point on the parent line to the final point on the branch line, and then examine the whole

question, charging what is lost by the constructive factor, and crediting what is gained by the haul; and without all those figures you cannot determine whether the branch line is a detriment or a benefit. Does that not seem to be accurate?

The WITNESS. Do you think you will find that out?

Commissioner ANDERSON. If I do not find it out, I cannot solve the problem.

The WITNESS. You will not. I have seen one of the clerks that have been at work at that down at the United States Railroad Commissioner's. He was very able, but found out little.

Q. Mr. Walker?—A. Yes, sir.

Q. He worked at it for what month?—A. I do not know.

Commissioner ANDERSON. He covered the work for one month.

AMOUNT INVESTED IN BRANCH LINES.

The WITNESS. I would like to say here that it is my impression that the Union Pacific has got $38,000,000 invested in these branch line securities.

Commissioner ANDERSON. It is $75,000,000, I understand.

The WITNESS. They put $38,000,000 in railroads, represented principally by bonds. The stock for same amount cost but a few millions, though it has a face value of $38,000,000. They put $4,000,000 in this Denver and South Park road. That is one-tenth of their real investments. What do they reserve from the Denver and South Park? What feeding does that do to the main line? It earns $16,000,000 less than operating expenses. If that road does that, what advantage can it be to the main line?

Q. Are you aware they stopped paying the interest?—A. I am aware that a year ago they advertised to buy their coupons. I was not aware that they had stopped paying interest. They got $2,000,000 of bonds themselves; probably over that. My impression of the way they got those $2,000,000 of bonds was that they issued them to make good advances that were made to that road.

UNSOLD LANDS.

Q. You assert that the Union Pacific has $13,000,000 of unsold lands. Do you know how many acres they have?—A. I can find out from the report.

Q. Perhaps you include the Kansas Pacific?—A. I include both the lands of the Union Pacific and the Kansas Pacific, because these roads constitute the present Union Pacific Railroad Company.

Q. In what respect do you consider that the lands, or the land proceeds, are subject to the lien of the United States? Do you refer to the Thurman act?—A. No; I refer to the original act of 1862, as follows:

ACT OF 1862.

To secure repayment to the United States, as hereinafter provided, of *the amount* of said bonds so issued and delivered to said company, together with all the interest thereon which shall have been paid by the United States, the issue of the said bonds to the said company shall *ipso facto* constitute a first mortgage on the whole line of Railroad Telegraph Company, * * * and on the refusal or failure of said company to redeem said bonds, or any part of them, when required so to do by the Secretary of the Treasury, in accordance with the provisions of this act, the said road, with all

the rights, functions, immunities, and appurtenances thereunto belonging, and all *the lands granted to said company by the United States, which at the time of the said default shall remain in the ownership of said company*, may be taken possession of by the Secretary of the Treasury for the use and benefit of the United States.

Commissioner ANDERSON. Until the bonds become due, or default is made, it cannot, under the original act, be said that the Government has a lien on the lands which would prevent the sale or mortgage of the lands by the company.

The WITNESS. These roads have announced in advance that they cannot meet the payment of the Government when due, and it is a question whether the road has a right to get these lands out of the way by anticipating the payment of these bonds, which are not due for seven years.

Q. Why do you think the Government gave them the lands? For what purpose?—A. To build the road, or help to build the road, and also to put them in shape where they could pay their debts. Most assuredly to help enable them to pay the Government lien besides building the road.

Q. Could they build the road with the help of the lands, except by selling or mortgaging them?—A. Yes; they could if they had been honest, from proceeds of $33,000,000 Government bonds and $33,000,000 first mortgage bonds on 1,400 miles of road. They did mortgage the lands also for $10,000,000 more.

Commissioner ANDERSON. You say they have no right to mortgage them against the United States?

The WITNESS. I put that as a question. Had they a right? According to my reading of the law, the United States has a lien, in a certain contingency, on those lands. The Union Pacific have, in advance, stated that they could not pay the Government; that they would default at maturity, and therefore it is the duty of the Government to protect its assets, which this road is attempting to divert.

Commissioner ANDERSON. The lien is only to apply to the lands which remain on hand, implying that they have the right to sell and mortgage before default.

The WITNESS. I do not know about that. According to that law, they would not have any right to mortgage. They would have a right to sell. The lands might be on hand and they might be mortgaged, and if mortgaged such mortgage would be subject to this special lien of the United States.

Q. Does it not appear to you that if those lands were a gift made, in good faith, to enable the company to build its road, it was understood by the Government, and by every one, that they should be authorized to borrow on those lands, and apply the borrowed moneys to the construction of the road?

The WITNESS. Is not the road constructed?

Commissioner ANDERSON. I am speaking about the time when they made the mortgages on the lands, in 1866 and 1867.

The WITNESS. If the Government gave them the lands for the profit of the road and not for its own protection, why does the law of 1878 put the lands as the assets of the Government?

VALIDITY OF LAND GRANT MORTGAGES.

Q. I want to get your views as to the validity of the land grant mortgages made by the companies prior to the act of 1878?—A. In my judgment, they have no right to anticipate the extended income bonds,

as these sinking fund bonds practically are, out of the proceeds of the land.

Q. Do you know when the mortgage was made which took up the original incomes?—A. In 1874, it is my impression, or thereabouts.

Q. That was before the Thurman act?—A. Yes, sir.

Q. If those lands were the property of the company in 1874, why had they not the right to mortgage them?

The WITNESS. Do you think they were?

Commissioner ANDERSON. I do.

The WITNESS. I do not. For then the Thurman act approved by the Supreme Court is wrong.

Q. You say that the proposed extension bill for seventy years exempts from the Government lien all the land assets, which, under the law, are a part of the lien. Have you anything more to say in regard to the existence of that lien on the land assets than the explanation you have already given under the law of 1862?—A. And 1878.

Q. You think that under the law of 1878 a lien has attached to the land assets, as they stand?—A. Exactly, under the laws of 1862 and 1878.

Q. And that, therefore, it would be improvident to grant an extension which would exempt the land assets from that lien?—A. In other words, I do not see why the Union Pacific Railroad should refuse to pay the full 6 per cent. interest on its second mortgage claim, and pay 8 and 10 per cent. on its subsequent liens, and anticipate them before maturity, at a premium of 16 or 18 per cent. That they should pay subsequent creditors their full debt and a premium and refuse to pay the Government even face value. Have you seen the Outhwaite bill?

Commissioner ANDERSON. I have seen it.

The WITNESS. I would like to explain that.

Commissioner ANDERSON. I think I understand your point.

The WITNESS. It was the biggest piece of robbery that ever was proposed.

Commissioner ANDERSON. We do not propose to examine these bills in detail until next fall, after we have taken all our evidence. All the statements I have seen so far are substantially as to the effect of an annual payment of $1,850,000 for a period of seventy-five years.

The WITNESS: Seventy years.

LOSS OF $1,012,000,000.

Q. Seventy-five it is stated was necessary to liquidate the indebtedness. Is there not a mistake in that figure of a thousand millions [pointing to a paper submitted by witness]?—A. No, sir; I say that renewing or extending the debt of the Pacific Railroads at 3 per cent. instead of 5, is a loss to the Government in seventy years, on the same basis of calculation as the Outhwaite bill, of $1,012,000,000, according to the calculation of Professor Elliott, the Treasury expert.

Q. Is that computation a computation of the difference between 3 and 5 per cent.—that is, 2 per cent., with the interest compounded for the seventy years?—A. Yes, sir; that does not take in the principal. They offered to pay some $1,850,000 as equivalent, on their basis, to $3\frac{1}{10}$ per cent. on the debt of the subsidized roads. Three per cent. pays the annual interest, and $\frac{1}{10}$ of 1 per cent. is, semi-annually, compounded and recompounded with these semi-annual payments. Mr. Elliott has taken the annual payment at $3\frac{1}{4}$ per cent. The difference of $3\frac{1}{4}$ per

cent. and 5 per cent., compounded in the same way, would amount in the seventy years to the national debt.

Q. Do you make this computation as the result of the entire indebtedness of all the Pacific Railroads, or only of the Union Pacific?—A. All, on a less basis, than they actually owe. On the basis of the Outhwaite bill, which is robbery.

Commissioner ANDERSON. You suggest that we ask Mr. Ames some questions in regard to his interest with Mr. Gould in the Union Pacific stock?

The WITNESS. In 1874 or 1875, one of the Ames—it is my impression it was Oliver Ames—was speculating (right in this very building, where Smith & Seaver used to be located) at the same time that Jay Gould was buying the control of the Union Pacific Road. I simply sent you that point to show you that at that time these two gentlemen were in harmony, whatever their relations are now.

Commissioner ANDERSON The Mr. Ames that we have examined in Boston is Frederick L. Ames.

The WITNESS. Did you not examine Oliver Ames?

Q. That is not the same Oliver Ames who was connected with the Credit Mobilier?—A. I know it is not; but it is my impression that he is the one who was operating with Mr. Gould in 1874. I remember it very distinctly.

PAYMENT TO MR. FRENCH.

Q. You suggest that we ask Mr. Adams in regard to the payment of $500 to Mr. French for five days' silence. Do you know anything of the fact?—A. Nothing but what I saw in the papers at or about the time. I think in January last French made a statement to the New York World—it may be of value as about the time French says he was bought, the Pacific Railroad Company of the House attempted to whip the Outhwaite bill through by surprise.

Q. Did he state that $500 had been offered to him?—A. I am entirely depending on my recollection now. The other things I have stated are facts as far as figures go. It is my impression that he said he was paid $100 each for five days' silence.

Q. Have you seen our examination of Mr. Adams on that point?—A. Yes, sir.

Q. Have you seen Mr. French's letters written at that same time to the Union Pacific Railway Company?—A. No, sir.

Q. Are you under employment with any one in New York or elsewhere in regard to this legislation in Congress?—No, sir; not a particle. I act in no way, directly or indirectly, for anybody but myself.

Q. Have you been, during the past two years, personally interested in the stock of the road?—A. Yes, sir; I sold 100 shares short on the Government directors' report last year. Since that time I have been long of it several times. I have no interest in it now. It never amounted to more than 100 shares either way. It was at my own risk each time and at nobody's suggestion but my own.

Q. Did you assist in drawing the bill under which this Commission was appointed?—A. I did not.

Q. Were you consulted in regard to the terms of that bill?—A. I was not.

CONFERENCES WITH REDDINGTON.

Q. Do you know Mr. Thomas Reddington in Washington?—A. Yes, sir.

Q. Have you conferred with him in regard to the Pacific Railroad affairs?—A. Yes, sir.

Q. Did you know him when he was a Government employé?—A. I did not.

Q. Your acquaintance with him was subsequent?—A. Yes, sir.

Q. Do you know anything of the circumstances that led to his discharge from his office?—A. I only know Reddington's story—that he refused a bribe to make a favorable report, and that the corporation had influence enough with the Administration to cause his discharge.

Q. Do you know Mr. J. C. Reiff?—A. Yes, sir.

Q Have you conferred with him in regard to the Union Pacific affairs?—A. I obtained through him a Government directors' report for 1882. I have spoken incidentally, meeting him on the street.

Q. Have you talked a good deal with Mr. Springer in regard to the matter?—A. Yes, sir. Well, "a good deal?" I have had several interviews with him.

Q. Have you substantially stated all the sources of actual information which you have which lead you to the conclusions stated in your paper, and in this examination?—A. I do not know of any other except their own reports, and the laws of the United States; and that by putting two and two together you make four.

Q. Have you any suggestion to offer as to what, in your judgment, ought to be the terms of adjustment between the United States and the railroad companies? You can take time and care to prepare your answer.—A. I will send it to you within the three months you say I can have.

JAMES MIDDLEDITH.

1st Session. S. P. Lr. Part 4.
1388

TESTIMONY

TAKEN BY

THE UNITED STATES PACIFIC RAILWAY COMMISSION

APPOINTED

UNDER THE ACT OF CONGRESS APPROVED MARCH 3, 1887, ENTITLED "AN ACT AUTHORIZING AN INVESTIGATION OF THE BOOKS, ACCOUNTS, AND METHODS OF RAILROADS WHICH HAVE RECEIVED AID FROM THE UNITED STATES, AND FOR OTHER PURPOSES."

ROBERT E. PATTISON, of Pennsylvania, *Chairman*,
E. ELLERY ANDERSON, of New York,
DAVID T. LITTLER, of Illinois,
Commissioners.

VOLUME III.

REPORTED BY

CHARLES P. YOUNG, of New York,
SECRETARY AND STENOGRAPHER TO THE COMMISSION.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1887.

TESTIMONY

TAKEN BY

THE UNITED STATES PACIFIC RAILWAY COMMISSION,

AS TO

THE WORKING AND FINANCIAL MANAGEMENT OF THE RAILROADS THAT HAVE RECEIVED AID FROM THE GOVERNMENT IN BONDS.

UNION PACIFIC RAILWAY OFFICES,
Omaha, Nebr., Monday, June 20, 1887.

The Commission met, pursuant to adjournment.

Present, Commissioner Pattison, chairman, and Commissioner Littler.

Mr. POPPLETON. Mr. Kimball asked me to say to the Commission that he was aware, for the first time this morning, upon seeing Mr. Mink, that he was likely to be called upon now as a witness, and that he would very much prefer, if it could be made satisfactory to the Commission, that his testimony should not be taken until to-morrow morning. He has had very little time to systematize or arrange his ideas upon the matters in respect to which, perhaps, he might be called upon to testify. Of course we are anxious not to delay the Commission. We want to facilitate it in every way in going on with its inquiries, but we thought that a request for delay until to-morrow morning would not, perhaps, be unreasonable.

The CHAIRMAN. What do you say, Commissioner Littler?

Commissioner LITTLER. I think the request should be granted. I suppose you will be able, Mr. Kimball, to go along without delaying us then?

Mr. KIMBALL. Yes, I think so. I would like also, if consistent with your plans, to get, if I could, to-day, the leading points to which you want me to testify.

The CHAIRMAN. We want to know what your business is, please.

Mr. KIMBALL. I am in charge of the traffic.

The CHAIRMAN. You had better be sworn, though we will not take your testimony in detail to-day.

THOMAS L. KIMBALL, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your position?—Answer. I am the general traffic manager of the Union Pacific Railway.

DUTIES OF GENERAL TRAFFIC MANAGER.

Q. What are your duties?—A. I have charge of the freight business, the passenger business, the commercial coal business, and the commercial stone business of the Union Pacific system.

Q. Are there any other duties?—A. No other duties in my direct charge.

Q. Do you direct all the detail in connection with the several branches that you have named?—A. I have responsible charge of the making of the rates that are in use and of the agreements for the division of rates with other roads. I have general charge of the business arrangements for procuring traffic, local and through, of the company.

Q. Have you charge of the arrangements for allowing rebates?

The WITNESS. Rebates with branches?

Commissioner LITTLER. Shippers.

The CHAIRMAN. Individual shippers, firms, or corporations.

A. Yes, sir. I have charge of them.

Q. Have you charge of the pool arrangement with other roads?—A. Subject to the authority of the general manager of the road.

The CHAIRMAN. I understand that we have been referred to you for information on these points.

WHO ADJUSTS CONSTRUCTIVE MILEAGE?

Q. Have you charge of the arrangement of the constructive mileage allowance?—A. That has been adjusted by the auditing department, in connection with the management of the road.

Q. Who adjusts it in the auditing department?—A. I apprehend the auditor in charge of the local business of the company here.

The CHAIRMAN. Those are about the lines of examination we shall pursue with you. You speak of the auditor having charge of the constructive mileage.

The WITNESS. I ought, perhaps, to qualify what I have said about the auditor's duties in respect to that, by saying that the exact figures that are adopted and the inspections given for working the division of joint revenue between the main line and the branches are issued by the auditing department, and presumably on the authority of the manager or president or comptroller of the road. Mr. Mink would certainly be able to explain that more definitely than I could.

The CHAIRMAN. Mr. Adams, the president, has referred us to you on the question of constructive mileage. Probably he was mistaken as to that.

Mr. POPPLETON. He must mean the reasons for adopting constructive mileage at all.

Commissioner LITTLER. What we want to get at, Mr. Poppleton, is the practical working of this constructive mileage system. We want, if possible, to see the accounts.

Mr. POPPLETON. You want to get at the facts.

Commissioner LITTLER. Yes. Now, refer us to some one who can give us all these facts.

Mr. POPPLETON. The auditor will do that.

The CHAIRMAN. Does the auditor fix the rates of constructive mileage that you allow?

The WITNESS. Yes; they are arranged as I have stated, and issued by the auditing department.

The CHAIRMAN. That is one of the matters we want to inquire into. We want to get at the man who fixes the rates of the constructive-mileage allowance to the several branch roads.

Commissioner LITTLER. He not only fixes the rate, but keeps the account, as I understand you?

Mr. MINK. Governor Pattison means to inquire, Mr. Kimball, whether in the case of the Echo and Park City, for instance, where two miles are allowed for one, the rate is fixed by you or by the auditor. I understand that the auditor does nothing but settle the account under a rule laid down by another department.

The WITNESS. The traffic department has been consulted and its advice given in almost all cases of that kind, but I never understood I had the exclusive authority to say how the earnings should be apportioned between the two departments—between the main line and the branches.

COMMERCIAL STONE BUSINESS.

Commissioner LITTLER. Mr. Kimball, I would like you also to furnish this Commission all the information you can in relation to this commercial stone business—did you call it commercial stone business?

The WITNESS. Yes.

Q. And the coal business?—A. Yes.

Commissioner LITTLER. Be ready to explain all that, please.

By the CHAIRMAN:

Q. What other information have you in the offices in Omaha other than that which we have already called for?

Commissioner LITTLER. Information which is peculiarly within your knowledge.

A. I think your questions, governor, are broad enough to cover about all I know.

Mr. MINK. The general questions are those relating to pools, rebates, constructive mileage, and the coal and stone interests.

The CHAIRMAN. Yes; Pools, rebates, constructive-mileage allowances, commercial stone and coal. And, of course, we want passenger rates on the branch lines, freight rates on the branch lines, passenger rates on the main line, and freight rates on the main line. I would also like you to be prepared to give me any information concerning deductions that have been made by you before making up your gross receipts to be returned to the main office at Boston.

Mr. MINK. That has been called for in the form of a statement, I think, governor.

The CHAIRMAN. What I desire from Mr. Kimball is how he makes it up (the information in detail) before he gets to the item of "gross earnings." I also want information as to passes, your method of granting them. I only give you now the heads on which I want to examine you.

The WITNESS. Yes.

By Commissioner LITTLER:

Q. Whose business is it, in this department, to approve vouchers?—A. I approve vouchers that directly affect the department I have charge of.

COMMERCIAL, OPERATING, AND CONSTRUCTION DEPARTMENTS.

Q. How extensive is your department?—A. It embraces the freight, passenger, coal and stone business—the commercial business, really, of the road.

Q. What other departments are there besides the commercial department?—A. The operating department. That has charge of the maintenance and operation.

Q. You have nothing to do with that?—A. I have nothing to do with that.

Q. Who is the chief man in control of that?—A. Mr. Potter is the head now, but he is absent at present. Mr. Cumming, who is assistant general manager, is also away just at present.

Q. What other departments is this business divided into?—A. The construction department. The engineers would be in charge of this department.

Q. Any other?—A. No; no other distinctive department except the legal department, and land department.

Q. The auditing department is another?—A. Yes; the accounting department is in charge of the comptroller.

APPROVAL OF LEGAL EXPENSE VOUCHERS.

Commissioner LITTLER (to Mr. Poppleton). Do you, Judge Poppleton, approve of all the vouchers for legal expenses that are incurred at these headquarters? I mean on all the lines and branches of the Union Pacific road.—A. West of the Missouri River and outside of Kansas I have for some time approved all legal vouchers. Kansas has been under a separate control.

Q. Who is chief of your land department here?—A. Mr. Cumming.

Q. Mr. Cumming is the land commissioner?—A. General land comsioner and assistant general manager.

COST OF FORMER GOVERNMENT TRANSPORTATION.

Q. Will you be able to give this Commission any information in relation to the average cost per annum of Government transportation in the region now traversed by the Pacific roads between 1850 and the completion of the road?

The WITNESS. I would like that question written out for me.

Commissioner LITTLER. Also the average cost per annum of Government transportation since the completion of the Union Pacific road. I direct your attention also to the question whether the United States, since the Union and Central Pacific Railways have been completed, has granted aid in lands or money to competing parallel roads; and if so, to how many such roads and to what extent, that have impaired the earning capacity of the Union Pacific Railway.

The CHAIRMAN. But I understand Mr. Kimball to be subject to any examination to-morrow. I have only given him an outline of what we will examine him on to-morrow—the subjects we have named. We reserve the right to ask any question. I do not want him to be misled into thinking that any particular questions will be the only ones that will be asked.

Commissioner LITTLER. Exactly. We only want to direct his attention to the questions that we shall ask. Of course we may ask him any other questions that may occur to us.

The CHAIRMAN. At what hour will you be ready to-morrow?

The WITNESS. At 10 o'clock to-morrow.

Commissioner LITTLER. Can we examine anybody else?

Mr. POPPLETON. Mr. Cumming, our assistant general manager, is on the line of the road, but Mr. McAllaster is here.

THO. L. KIMBALL.

OMAHA, NEBR., *Monday, June* 20, 1887.

BENJAMIN McALLASTER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your position on this road?—Answer. Land commissioner.

LAND COMMISSIONER'S DUTIES.

Q. What are your duties?—A. I look after the selling of the lands and the collections from the same.

Q. Do you keep the land account?—A. Yes, sir.

Q. How do you keep it—I mean, do you enter the number of acres held by the Union Pacific from the Government, the number of acres disposed, of and the prices per acre?—A. The acres disposed of, as they are disposed of.

Q. You keep the account only of the acres disposed of?—A. Yes.

Q. I understand you to say that you keep only the account of lands disposed of?—A. Well, we have a list of the lands that have been granted to the road; that is, that inure to the road in the grant, and from time to time they are appraised by appraisers.

Q. Now, up to the present time, how many acres of land have been granted and patented by the Government to the Union Pacific road?—A. I will have to go to our books to ascertain.

The CHAIRMAN. Very well.

Commissioner LITTLER. You had better take a memorandum of such facts as the Commission calls for, which you are not now able to supply, and you can supply them hereafter.

UNPATENTED LANDS.

By the CHAIRMAN;

Q. Are there any unpatented lands?—A. There are.

The CHAIRMAN. That is one of the things we want to know.

The WITNESS. Then you want to know how many there are patented and how many not patented?

The CHAIRMAN. Yes.

Commissioner LITTLER. Let him state any reason why any lands remain unpatented, if he knows.

The WITNESS. Many of them have not been selected or the fees paid, and would not be patented until then.

Q. How do you pay the taxes on the land held by the Union Pacific—the local tax?—A. Annually, upon lands that have been selected and patent applied for.

TAXES NOT PAID ON UNPATENTED LAND.

Q. Then there is no tax paid on the land remaining unpatented by the Union Pacific?—A. Not heretofore. There was an act of Congress passed this last year by which the lands have all become taxable in organized counties for this present year whether the fees have been paid or not.

Commissioner LITTLER. And whether patents have been granted or not?

The WITNESS. Yes.

Mr. POPPLETON. Provided they have been surveyed.

The CHAIRMAN. Please furnish the Commission with a statement of the lands patented, of those unpatented, and the amount of tax paid up to date.

Q. Was it the policy of the company to permit the lands to remain unpatented in order to avoid local taxation prior to the passage of the act to which you refer?—A. We have paid taxes on lands before they were sold.

Commissioner LITTLER. Read the question to the witness again.

The question was read as follows:

Q. Was it the policy of the company to permit the lands to remain unpatented in order to avoid local taxation, prior to the passage of the act to which you refer?—A. I do not know that I can answer that question.

CONCERNING PURPOSE OF COMPANY IN LEAVING LANDS UNPATENTED.

Q. Why not? What was the purpose of the railway company in leaving lands in the possession of the Government that rightfully belonged to them, and failing to take out patents for them?

Mr. POPPLETON (to the witness). Did you settle that matter? Had you any authority to settle it—whether patents should be taken out or not?

The WITNESS. Certainly not.

Mr. POPPLETON. The question whether patents should be taken out or not was not for him to settle.

By the CHAIRMAN:

Q. Then in whose authority or in whose power was it to settle?—A. Within the power of the president and directors.

Q. Then you had no authority or information upon that question?—A. Not direct. Not that I can call to mind.

Q. Were you communicated with, whenever patents for land were applied for, by the officers of the road?—A. Not in all cases. I cannot say that I have been. We have usually applied for patents. Now, where that authority comes from is the question.

METHODS EMPLOYED IN KANSAS DIVISION.

Q. Who instructed you in each case?—A. What the usual plan has been on this division, I could not say. In the Kansas Division we have usually or frequently paid the fees on land prior to being sold—if other lands were partly patented up to that line. We have applied for patents for all lines that were deeded during the year; all lands on which a fair proportion of the purchase money had been paid, so that we were satisfied that it would be all paid.

Q. Then you did not patent lands until they were sold by the company to individuals?—A. Many times.

AVOIDANCE OF LOCAL TAXES.

Q. And in some cases not until some time after they were sold, I understood you to say.—A. Well, very soon afterward; within a year afterward. O, I don't mean sold; I mean sold and patented; some time after they were sold; may be two or three years after they were sold. So far as I was concerned, and my predecessor, we acted on this plan:

that the Government lands adjoining ours were not taxable. A man on the Government land had no taxes to pay; therefore the man buying railroad land was but getting a fair show if he didn't pay taxes for two or three years after he bought his land. He was taking up land by the side of a man who paid nothing for it.

Q. Then, I understand, it was the policy of the road not to take a patent for the land, in order that it might avoid the local tax. That was the purpose of it?—A. It was, I must say; yes.

Mr. POPPLETON. You are speaking now for the Kansas Division?

The WITNESS. For the Kansas Division.

The CHAIRMAN. I do not understand that.

Mr. POPPLETON. He has not made it plain that he has come very recently into the control of the entire land department. He has been employed in Kansas, and has had the Kansas Division, which extends from the Missouri River to Denver. The balance of the land department has been under the control of other officers until quite recently.

OFFICIALS OF LAND DEPARTMENT.

The CHAIRMAN. Who are the other officers?

Mr. POPPLETON. Mr. Cumming has had it for the last six months; Mr. Leavitt Burnham had it prior to that, and prior to that Mr. Oscar F. Davis, who is now dead.

Q. Where is Mr. Cumming?—A. He is the assistant general manager of the road now, and is supposed to be in Salt Lake City, or near there, with Mr. Potter.

Q. When do you expect his return?—A. That I could not say from personal knowledge. Mr. Mink says he may be expected the last of this week.

Q. Do you know of any policy pursued on the balance of the Union Pacific Road different from that of the Kansas Division?—A. I cannot say; I have not investigated that matter at all.

Q. How long were you on the Kansas Division?—A. Since 1875.

Q. When did you enter on this division?—A. This present season; in May last.

The CHAIRMAN. If you will furnish the Commission with the statements that we have called for, I do not know of any other questions that we have to ask you, unless Commissioner Littler has some.

Commissioner LITTLER. No; I do not think I have any.

The CHAIRMAN. Mr. Poppleton, do you wish to ask any questions of Mr. McAllaster?

Mr. POPPLETON. I think not; I think he has made all the explanation that is necessary.

The CHAIRMAN. In order that there may be no misunderstanding, let me say that I understand that the policy pursued on the Kansas Division with reference to the unpatented land was in order to avoid the local taxation that would be put upon the land if the title was in the company.

DELAY OF GOVERNMENT IN ISSUING PATENTS.

The WITNESS. Well, we have not, for the last five years, on the Kansas Division, applied for a patent for half the land we would have done if we had got the patent on those we had paid on. I mean to say that we have applied for patents for nearly a million acres of land and paid the fees—since 1881—that we have got no patents for. Had we got those

patents we would have paid on a million more acres of land on that division.

Q. And on the remaining unpatented lands you would, of course, have had to pay the additional taxation, beyond that on the million, if you had received them?—A. Oh, yes. The company were inclined to do that, I think.

Q. How much do you estimate that the company, on the Kansas Division, saved by reason of the policy pursued in not taking out patents for their lands?—A. I do not know. I have no idea.

Q. It was a considerable amount, was it not?—A. It is a problem. Through the country where this land is, of course, the railroad is taxed for what taxation there is—the railroad and rolling stock. If the road and rolling stock both paid, there would be the same amount of tax levied. The tax would be no more. So that you can see where the problem is as to whether the road saved.

The CHAIRMAN. It is only the fact I am after.

Mr. POPPLETON. But his point is that the roads and the land are the only taxable property there is in these counties. So that whether there was anything saved by the lands being unpatented is a question.

The CHAIRMAN. The question is asked because the act under which this Commission is operating specially directs us to ask you, or the railroad company, for the reason why you have not patented the lands.

TAX RATES ON LANDS SOLD.

Q. How are the tax rates upon the lands that have been sold by the road to individuals or to companies; are they high or low? How do you estimate them, if you know anything about them?—A. Well, of course the localities vary very much. It depends on what is required, what taxes are required to be levied for and whether they include the school tax.

Q. How did they run on the Kansas Division?—A. Well, they vary in counties as they have the improvements completed.

The CHAIRMAN. Please add to the statement that I have already called for, a statement of all the rates of taxation for the last year, along the line of, say, the Kansas Division, if you are familiar with that.

Commissioner LITTLER. Different counties.

The CHAIRMAN. Different counties.

Mr. POPPLETON. That is, of the land?

The CHAIRMAN. Yes.

Commissioner LITTLER. Have you a tax commissioner, judge?

Mr. POPPLETON. Yes.

METHOD OF PAYMENT OF TAXES.

The CHAIRMAN. How are the taxes paid by the company on the lands that they have patented and which are still in their possession? Is that matter in your jurisdiction?

The WITNESS. Do you mean by whom they are paid?

The CHAIRMAN. No. Are they paid by cash, or check, or by an order, or how?—A. Paid by cash or by our cashier's check.

Q. By whom are they paid?—A. At present by the cashier; the local cashier.

Q. How does he get the notice of the account of tax due?—A. From the land commissioner—by the land commissioner applying to the county treasurer.

Q. Does the county treasurer notify the land commissioner and then the land commissioner the cashier? Is that the system?—A. Yes; the land commissioner makes the list of the lands on which he desires to know the amount of taxation for the year, and he is furnished with the amount.

Mr. POPPLETON. What does he do with it? He sends it to the tax agent, does he not?

The WITNESS. Not on our division.

Mr. POPPLETON. You speak of the Kansas Division?

The WITNESS. Yes.

Q. On the Kansas Division how is it done?—A. It is paid through the cashier; by funds from the cashier.

Q. What voucher do you, as land commissioner, give to the cashier?—A. The county treasurer's receipt.

Q. Will you furnish the Commission, in addition to the statements already called for, the total amount paid by the Kansas Division during the last year—the current tax year; and can you furnish the same for the division you are now in control of?—A. I will endeavor to furnish it as to both divisions.

Mr. POPPLETON. Will you allow me to make a suggestion?

The CHAIRMAN. Certainly.

Mr. POPPLETON. I think you would get more satisfactory information as to the lands outside of the Kansas Division from the tax agent, or from the auditing department, which pays these taxes directly.

Commissioner LITTLER. That is the reason I asked whether you had a tax commissioner.

The CHAIRMAN. If it is in the auditor's control, of course we will meet with it in the examination hereafter.

APPLICATIONS FOR LAND GREATER THAN PATENTS ISSUED.

By Mr. POPPLETON:

Q. It is true, is it not, that the railway company has applied for much more land on the Kansas Division than the Government has ever patented to it?—A. Oh, yes.

Q. How many acres?—A. About a million acres.

Q. Has it been the company's fault that that land was not patented to it?—A. It has been no fault of the company's that I am aware of.

Q. So that it is true, is it not, that the company has not been able to get from the Government the land that it is entitled to—to get it patented—land on which it had paid surveying fees and costs of entry upon?—A. Yes.

Q. Did you, in your own person or by your own judgment, settle in any way the policy of applying for patents to lands, or did you act under instructions of the president in that respect while you were in charge of the land department in Kansas?—A. I may say that no positive instructions came from the president, unless by my suggestion that we should pay fees on lands thus and so; and he never demurred.

Q. Did you ever apply for lands and tender surveying fees and costs of entry for any considerable body of land, except upon the direction of some superior officer?—A. Well, I cannot say that I could get the money without authority of the president; no.

Q. Precisely. You could not get any money to pay with without the authority of some superior officer, could you?—A. No, that is a fact.

KANSAS LANDS UNTAXABLE AND UNPATENTED IN UNINHABITED LOCALITIES.

Q. These untaxable lands which had not been patented in Kansas; in what sort of country did they lie; an uninhabited and unreclaimed country, or a cultivated and inhabited country?—A. Where there was no habitation; very little land under cultivation; not any, in fact. I would not say all of it, either; some parts of it.

Q. What ratio would the taxable property of the Union Pacific road in those counties bear to the entire taxable property of the county?

Commissioner LITTLER. To what period are you directing his attention?

Mr. POPPLETON. All this time, when these lands were unpatented. I am asking for an estimate. Of course you cannot get accurately at these things without going to the books.

The WITNESS. I do not exactly get at your question.

RATIO OF COMPANY'S TAXABLE PROPERTY TO ENTIRE TAXABLE PROPERTY IN COUNTIES.

The question was read as follows:

"What ratio would the taxable property of the Union Pacific road in these counties bear to the entire taxable property of the county?"

Mr. POPPLETON. Would it be 70 per cent., or 80 per cent., or 90 per cent.? I am speaking now of road-bed and lands both. Of course if you cannot give any estimate you had better say so.—A. I cannot give any estimate.

AMOUNT OF LAND FOR WHICH PATENTS HAVE NOT BEEN SOUGHT.

By Commissioner LITTLER:

Q. Judge Poppleton has asked you the question whether you have not applied for at least 1,000,000 acres of land which has not yet been patented. I will ask you to state how much land belongs to this company, to which you are entitled to patents and for which you have not applied for patents?—A. That I would have to ascertain from the books.

Q. Can you explain why the Union Pacific Railway Company has not selected all the lands to which it is entitled under the original grant? I understood you a while ago to say that a portion of lands to which the company was entitled had not yet been selected. Now, I ask you can you explain why those lands have not been selected before this time?—A. Well, many of them are in localities where there is no demand for land.

Q. That does not hinder you from selecting them, though, does it?—A. No.

WHY COMPANY DOES NOT COMPLETE SELECTION OF LANDS.

Q. Why does not the company go on and complete its selection? Can you answer that question, Judge Poppleton?

Mr. POPPLETON. No, I do not know that I can. I never determined the question of the policy in regard to these lands. There are a good many unsurveyed lands that could not be selected under any circumstances. West of the eastern base of the Rocky Mountains there are vast tracts of land that, if the company could escape the responsibility

of taxation, it might be desirable not to select at all—that is, if it could escape the necessity of taking the land.

The CHAIRMAN. The selection would involve taxation?

Mr. POPPLETON. It would involve taxation. If they could let the lands go and escape the liability for taxation it would be desirable.

UNSELECTED, UNSURVEYED LANDS COVERED BY LAND-GRANT MORTGAGE.

By Commissioner LITTLER:

Q. Are these unselected, unsurveyed lands covered by your land-grant mortgage?—A. In terms, they are.

Q. And when selected they will become subject to the terms of the mortgage?—A. I think so.

Q. Is it not important that these selections should be made, in order that the company shall have the benefit of selecting from the best lands?—A. They cannot select from the best lands; they are bound to take from the lands as they stand, every alternate section.

Q. Yes, I understand; but in case locations have been made by private parties you have to go further out in order to get the alternate sections. Is not that true?—A. No, I think not; the grant excepted in the first instance all lands to which homestead pre-emption or other claims had attached.

Commissioner LITTLER. Yes.

Mr. POPPLETON. And there has since been an act which authorizes the selection of indemnity lands, where lands were taken in that way, but the amount is small, and the indemnity, as I understand it, has been nearly exhausted already.

The CHAIRMAN. Will you furnish, in addition to the statements already called for, a statement containing the names of the counties through which the road passes, the quantity of land remaining unpatented, and the rate of the county tax in the several counties?

Commissioner LITTLER. Is that as to the whole line?

The CHAIRMAN. Yes. [To the witness.] When can you give us these statements, Mr. McAllaster?

The WITNESS. I will do so as soon as possible.

THE BOOKS CONTAINING LAND ACCOUNTS.

Q. What kind of books do you keep in your land accounts?—A. A journal, ledger, cash book, and sales book. Our sales book might be denominated bills receivable book.

Q. What do you enter in your journal?—A. An original entry would not be in the journal, of course.

Q. Just go through the process. I want to know how you keep your books. How do these accounts come to you as the Land Commissioner?—A. By an application for purchase first.

Q. What do you do with that?—A. It goes on our sales book as so much land, sold for so much money, and to such a man. So much of it is cash, and so much bills receivable.

Q. How do you carry that in your books?—A. As land sold for such an amount—so much cash and so much bills receivable.

Q. And you carry it through your ledger in that way?—A. Yes.

Q. Have you entire control of these books?—A. Yes, sir.

Q. Do you make an annual report of your accounts?—A. We do, and a monthly report.

Q. Will you furnish, in addition to the statements that have been called for, your last report?

The WITNESS. The last monthly report?

The CHAIRMAN. Yes. And your last annual report, if you make one. That is about all, I believe. When did you say you would be ready?

The WITNESS. Well, on these items it would possibly be two weeks before we could complete them all.

The CHAIRMAN. But we want them all made up before we leave here, if possible.

The WITNESS. Well, if we possibly can we will do so.

The CHAIRMAN. The reason why we do not ask you questions now is because you have not got the figures. We are perfectly willing that you should get the figures before we ask you any questions. That is fair to you. I should like to examine you further about this land question, but I want you to inform yourself as to your figures.

The WITNESS. I shall endeavor to give the information as soon as possible.

AMOUNT OF TAXATION DUE IF LANDS WERE PATENTED UPON SURVEY.

The CHAIRMAN. You might add to your statement what amount of taxation the company would have paid if it had patented all the lands as soon as the survey was made.

The WITNESS. That could not be answered by anybody.

Mr. POPPLETON. Excuse me, governor, but is it quite fair to ask that question, in view of the fact that it is not in the company's option or volition to say what they should patent and what they should not?

The CHAIRMAN. The question is, whether the company shall do it or the Commission shall do it. That is the only question. The provision in the act of Congress requires that we shall make such a calculation; and it is only fair to you to have it done here.

Mr. POPPLETON. Yes. But that assumes that it is the fault of the company that it has not patented all its lands, when the fact is that there are many of them that are not surveyed; and we have had great difficulty in getting patents when we wanted them; and, as I understand it, there is an order now absolutely prohibiting the issuing of any patents at all until this Commission is all through.

The CHAIRMAN. Probably that is because questions may arise under this very matter; but we are to inquire into all questions concerning the payment of taxes; especially upon lands granted by Congress.

Commissioner LITTLER. You can accompany your answer to that question with such explanations as you think proper.

The CHAIRMAN. This form of question may take the place of the other form: What would have been the amount of taxes paid if the company had applied for patents as soon as the lands were surveyed, assuming that patents would have been granted as applied for?

Mr. POPPLETON. Yes; I desire to say that if it is the intention of the Commission to examine me for any purpose, you would do me a favor by doing what you have done with Mr. Kimball—indicating the subject of examination. I do not say this because I am not ready to tell anything that I know at any time or upon any notice, but I think it may save some time for you if I have a little notice.

The CHAIRMAN. We have examined Judge Dillon on the legal aspects of the bill, and if you desire to place your views in the shape of testimony, just as he did, we would be glad to have it.

Mr. POPPLETON. Well, I have no statement to make unless the Commission proposes to question me in regard to some particular matter. I supposed Judge Dillon had covered all questions relating to the legal department.

The CHAIRMAN. We took his testimony very fully in Boston on the legal aspects and relations of the bill.

BENJ'N McALLASTER.

OMAHA, NEBR., *Monday, June* 20, 1887.

ERASTUS YOUNG, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Q. What is your full name?—A. Erastus Young.

Q. What position do you hold with the Union Pacific Railway Company?—A. I am its auditor.

DUTIES OF AUDITOR.

Q. What are your duties as auditor?—A. I have charge of all the accounts of the company at this place—Omaha.

Q. What accounts?—A. The accounts of what we know as the operating department; or the operating accounts—traffic and expenditures.

Q. How do you come into possession of the accounts; do they reach you at first hand or does another officer furnish them to you?—A. They reach me through another officer as a rule.

Q. What other officer?—A. The earnings would reach me through the auditors of passenger receipts and freight receipts; while the operating accounts would reach me through the superintendents of the various departments; and, at present, through the auditor of disbursements

The CHAIRMAN. Give me the names of the different officers, please?

The WITNESS. At present the arrangement is that the operating accounts—operating expenses and construction expenditures—reach me through J. W. Griffith, auditor of disbursements. The reports are rendered to him by other officers of the operating department.

NAMES OF CHIEFS OF DEPARTMENTS.

Q. What are the names of the other officers?—A. The superintendent of the Kansas Division, Mr. Brinkerhoff; the superintendent of the Colorado Division, Mr. J. K. Choate; the superintendent of the Nebraska Division, Mr. Edward Dickinson; the superintendent of the Wyoming Division, Mr. C. E. Wurtele; the superintendent of the Idaho Division, Robert Blickensderfer; and the superintendent of the motive power department, Clem. Hackney.

Q. I want to know where those gentlemen are to be found.—A. Mr. Brinkerhoff is at Kansas City; Mr. Choate is at Denver; Mr. Dickinson, at Omaha; Mr. Wurtele, at Cheyenne; Mr. Blickensderfer, at Pocatello; Mr. Hackney, at Omaha. The accounts of the store department are furnished us by J. J. Burns, supply agent, at Omaha; in the revenue department, D. D. Davis, auditor in charge of freight accounts, and W. S. Wing, auditor of the passenger receipts, have charge of the passenger revenue. All other revenue comes more directly under me—

revenue from miscellaneous sources, mail earnings, telegraph receipts, &c. The mail earnings are made up from orders of the Post-Office Department fixing the compensation for mail service, which are sent to me through S. Guthrie, our agent at Washington, D. C.

Q. What do you do with the accounts when you receive them?—A. They are compiled into books of record, and earnings and expenses stated each month are reported by us to the Boston office.

DISCRETION AS TO APPROVAL OF ACCOUNTS.

Q. Have you any discretion as to approval or disapproval?—A. Yes, sir.

Q. To what extent?—A. When I know an account to be wrong, I withhold my approval until it is passed upon by higher authority.

Q. Do you mean by an account being wrong that it was wrong in figures, or wrong in charge, or wrong in services rendered?—A. Wrong for any purpose or on any account.

REBATE ACCOUNTS.

Q. How does the rebate account reach your department in cases where rebates are allowed by the company?—A. That is handled by the freight claim department, which is directly under the freight auditor, and reaches me by a report from him. Vouchers made by him are passed through the records of the auditor of disbursements to the local treasurer for payment.

Q. Do you accept his approval as final?—A. Unless we discover something wrong. As a rule, his approval is that on which I certify for payment.

Q. Is his approval final as to the amount charged in rebate?—A. Yes, sir. It is upon the statement of account made by him that the payment is made. He states the account, adjusts it, and passes it for payment; and it is upon his certification that payment is made.

CORRECTION OF ERRONEOUS ACCOUNTS.

Q. As an illustration of what you consider an error, so that you would return the voucher to him, what error would you find?—A. I might have evidence that it was not according to contract, and that the account was incorrect in amount or wrongly stated. I would then return it to him for correction.

Q. Have you possession of the contracts?—A. Yes, sir; all the principal contracts or copies of them.

Q. Will you furnish the Commission with copies of the contracts of the original contracts?—A. We will furnish the originals or copies of those we have.

Q. Have you a contract book?

The WITNESS. To what contracts do you refer?

The CHAIRMAN. All contracts referring to rebates that are in your possession as auditor.—A. I do not have the contracts relating to rebates.

Q. What did you mean by saying that you would ascertain if it was in accordance with the contract?—A. Well, we have a few contracts; such as pool contracts.

The CHAIRMAN. I am speaking of rebates now.

The WITNESS. We very seldom, if ever, have a contract relating to rebate.

Q. Then how would you correct an error in a rebate account furnished to you by the general freight agent that was approved by him?—A. We would have no means of correcting that. There are many vouchers charged to freight earnings that are not rebates, for which we have contracts, such as pools. These as well as all vouchers for which we have contracts are compared with the contracts before they are approved for payment, and if incorrect in any particular they are returned to the maker for correction.

THE RECORD BOOK OF VOUCHERS.

Q. Have you the names of parties to whom rebates are allowed?—A. We have a record of all the vouchers that are paid for rebates.

Q. Will you furnish the Commission with a list of the vouchers?—A. Yes, sir; we will furnish you with the register—the book in which they are registered.

The CHAIRMAN. Please bring that register now, Mr. Young, if it is in this building; also the contract book.

The WITNESS. The contract book will not show anything; it simply gives the numbers and the dates of the contracts.

POOL CONTRACTS.

Commissioner LITTLER. I suppose your pool contracts are in writing, are they not?

The WITNESS. Yes, sir.

Commissioner LITTLER. Suppose you bring those down.

The WITNESS. Either the originals or copies?

Commissioner LITTLER. Either will do.

The WITNESS. I could not furnish them immediately; it will take a little time to get them out of our files.

Commissioner LITTLER. That will do. Have you a record of all the traffic arrangements with these branch lines?

The WITNESS. I do not know whether we have or not.

Commissioner LITTLER. See if you have. Are you operating any of those branch lines under a lease?

The WITNESS. Not that I know of.

Commissioner LITTLER. If you are, we would like to see a copy of the lease.

The WITNESS. Well, I will bring the book.

Commissioner LITTLER. Please do so.

The CHAIRMAN. The book and the pool contracts.

TWO ROADS ONLY OPERATED UNDER WRITTEN CONTRACTS.

Mr. MINK. There are, I think, but two roads in the Union Pacific system that are operated under written contracts.

Commissioner LITTLER. Under leases, do you mean?

Mr. MINK. Under contract. The others are under arrangements which have not been reduced to writing.

Commissioner LITTLER. What kind of an arrangement?

Mr. MINK. Arrangements under which the Union Pacific accounts for the net earnings of the branch lines. The only arrangements that have been reduced to writing are those with the Saint Joseph and Grand Island and the Oregon Short Line.

The CHAIRMAN. Mr. Mink, while I think of it, I would like to examine the balance of the legal-expense account of the eastern division.

Mr. MINK. The items are being drawn off. They may be ready tomorrow or next day.

The CHAIRMAN. Very well.

Mr. MINK. It had not escaped my attention.

THE REGISTER OF "FREIGHT EARNINGS REFUNDED."

(The witness produces the register of "freight earnings refunded" from April 1, 1885.)

By the CHAIRMAN:

Q. I call your attention to the item of "Recapitulation" in book produced, and to the memorandum on page 197, "Total freight earnings refunded, $119,727.89." For what period is that?—A. That is for a month.

Q. For what month?—A. The month of July, 1886. It is the charge to freight earnings of the Union Pacific Railway and branch lines for the month of July, 1886. The book does not show the divisions. This charge is to the freight earnings of the entire system.

Q. Turn over to the month of June, 1886. Please state the amount for that month.—A. The amount for that month is $105,418.90.

Mr. MINK. Do you get the impression from his answer that these amounts refunded are for rebates only?

Q. How much of this amount is the amount refunded from rebates?—A. I could not answer that. We have not kept our account to show that information.

METHOD OF KEEPING THE ACCOUNTS.

Q. How do you make up that sum?—A. This is made up of all charges to freight earnings, which include overcharges, pool balances, and everything else that would be a proper charge to earnings. For instance, an error on a way-bill, if adjusted after the close of the month, would be made by voucher and charged to earnings. For instance, if a shipper at New York held a bill of lading for a shipment from that point to San Francisco at a certain rate and the agent, in billing it, made a mistake and overcharged the shipper, if it was not corrected before the account of that month was closed it would be refunded to him in a subsequent month by voucher and charged to freight earnings.

Q. I call your attention to the last entry on page 197. Voucher, favor of Whittier, Fulton & Co. Account of oil, $6.95; "Division O, $2.47," in red ink. "Division B, $9.42," in black ink. Who are Whittier, Fulton & Co.?—A. I cannot answer that question.

Q. Who can?—A. The freight auditor.

Q. What do the figures represent?—A. The amount paid them.

Q. For what?—A. I do not know for what purpose it is.

Q. Where is the voucher for that item?—A. It is in the office.

Q. Will you produce it?—A. Yes, sir.

The CHAIRMAN. We shall be obliged if you will do it right now.

The WITNESS. I will do so.

Q. I will call your attention, while you are doing that, to another item, voucher 19073. "Holt Brothers, account of spokes, $214.62. Division O, $85.96; Division B, $128.66." Also vouchers 19201 on same page; 18944, on page 166; 19589, on same page; 19500, on same

page; and 19383, on same page. What is the charge of return freight for in the case of voucher 19075 to Holt Brothers of San Francisco?—A. My impression is that that is an overcharge, but I cannot tell without reference to the papers.

Q. Ought not the voucher to show?—A. Not necessarily, for even though it may represent the payment of a rebate it would be made up on the same blank and might therefore appear as an "overcharge" on the face of the voucher, all charges to freight earnings being made upon the same form.

Q. That is, if you allow a rebate when the voucher is made up it is for overcharge?—A. It is made up on that form. It is an overcharge to earnings.

OBJECTIONS TO EXPOSING BUSINESS METHODS TO COMPETITORS.

Mr. POPPLETON. Mr. Chairman, I would like to make one suggestion in relation to this inquiry. Of course the interstate-commerce law wipes out the rebate question substantially, and for this open and public investigation to go on in respect to past rebates is simply to advertise through the public press here the dealings of a railway company in that particular to all its competitors in all time past. It is of the highest importance that this Commission should know all these things in detail and have everything that they ask for to the fullest extent. But is it desirable that it should be spread before the public until the Commission see fit to spread it before the public in their own way? I say this in view of the fact that the press is represented here, and its representatives are taking down every item that the Commission is investigating. It is practically opening up our books and our business in the past to our competitors, which it seems to me should be avoided, if possible.

The CHAIRMAN. I do not see, judge, that we can avoid that. We have never in our investigation at the headquarters of the Union Pacific, or anywhere else, in the minutest detail attempted to hold any session but a public session. I do not think we can have any control over that matter. We certainly cannot hold our sessions in private. The law has given us a certain line of topics to inquire into, from the organization of these lines down to date, and to the best of our ability we are endeavoring to pursue a course that will give the information for which Congress asks. We have never undertaken to make the investigation private.

Mr. POPPLETON. I do not think the question is whether the investigation should be private or not. It is not important to the Government of the United States to know whether John Smith had a rebate two or three years ago, when it is of no importance one way or the other. Everybody knows that rebates were given, and given by all roads. There is no sort of controversy about that. But when the Commission sits and makes this sort of investigation in detail, and reads a list of names, if you please, and reads them in public, that is information that our competitors would have paid a good deal of money for heretofore, and puts us at a disadvantage. And what the company has, perhaps, had some reason to complain of heretofore is, that the Government put it at a disadvantage all the while in its dealings with its competitors. It is possible that it is one of those things that cannot be met; but it does seem to me that in investigating things of this sort the Commission might reach its conclusions without publishing all the details.

The CHAIRMAN. How are we to ascertain whether the rebates that have been allowed from time to time have been fair or not? That is one of the questions for inquiry. Unless we take up each individual account, how are we to ascertain whether or not injustice has been done to individuals along the line of road, unless we take up the individual case? We come to your office here and ask for the books and the witnesses.

Mr. POPPLETON. We do not object to that; but we say that when that information is put into a newspaper and published broadcast before the country from this Commission, and given to the public before this Commission makes an official communication on the subject, it is putting before the public information which there is no necessity for putting before it, and which cripples the company—weakens it; does exactly what the Government ought not to try to do, or ought not to do—to weaken the Union Pacific Company. Still there may be no remedy for it. It may be one of those inevitable things that it seems the fate of the company to encounter.

The CHAIRMAN. One of the essential things to which we were referred to the Omaha office by the Union Pacific Railway Company was the very subject of rebates. We adjourned at their request and on their reference from Boston to Omaha to take up in detail the rebate account, the pool account, and the constructive mileage account, simply because they could not there afford any information, and they informed us at that point that the freest and fullest information could be given at Omaha.

Mr. POPPLETON. Well, the books are there, the safes are open, and everything else is open for the inspection of the Commission, but I do not think it ought to be open to promiscuous and general public inspection. I am speaking only for myself, and upon my own impulse, in the matter, but it seems very plain to me.

The CHAIRMAN. I do not see how we can alter our line of inquiry.

Commissioner LITTLER. It is a question that we have not considered, judge.

EXPOSURE OF PRIVATE BUSINESS OF SHIPPERS OBJECTED TO.

Mr. POPPLETON. If you have had experience as a railway attorney you know precisely what effect this will have and just exactly where it puts this company in respect to its competitors and its own shippers. There is another thing about it. It is not right. It may be the law. The Government may have required it. But it is not right for the Commission to compel the exposure of the private business of these shippers and of their transactions. Suppose any person, outside of a Government officer, should come here and ask us for that information or any other information, or should go to the Western Union Telegraph Company or any other corporation, what answer would he get? He would be told, "We obey legal process, but we do not expose the business of our customers." It is one of the first duties of a common carrier or any business concern to keep the confidence of those with whom it deals. We may not have the power to do it, but we ought to do it if we can. And we are now not only acquainting our competitors with these matters, but we are exposing the business of shippers and subjecting them, possibly, to the persecution of our competitors, because of things that are past and that were confidential, things that they ought not to know, and that no Government ought to compel a railway company or any other business organization to disclose. As I said before,

I know this Commission is a creature of law, and that this bill under which it operates is a sweeping, broad, and conclusive one, and it may be that there is a necessity for violating these things that are fundamental as between men and as between business organizations, but it does not seem to me that it ought to be done. It seems to me that some way ought to be found to avoid it, without detriment to the Government.

ACQUIESCENCE OF COMPANY IN THOROUGH INVESTIGATION.

As I have already said, every book, every paper, every vault, everything is open to the Commission. The more closely they investigate it, and the longer they look into it, the better it will suit the company, because we believe that, in the main, there is a clean record here from beginning to end. As I have explained, it certainly is a tremendous hardship, and it will cost this company and, through this company, the Government a great deal of money if it goes on.

Commissioner LITTLER. We have no desire to embarrass the company at all. You understand, we are desirous of promoting its best interests. For it is from the company that the Government is hoping to get its money.

It is now after 4 o'clock. Suppose we confer about this matter, Governor Pattison, and give our conclusions in the morning.

The CHAIRMAN. So far as I am concerned, I want to say now that the Commission cannot hold any sessions but public sessions. We shall have no "star-chamber" business.

Commissioner LITTLER. There is no occasion for any "star-chamber" at all. We may reach a plan by which we can arrive at all we want.

Mr. POPPLETON. Is it not possible that the Commission may make some direction as to the publication of these names, and in that way control the matter?

The CHAIRMAN. We do not offer anything for publication.

Mr. POPPLETON. But your honor opens the doors here.

The CHAIRMAN. We cannot close the doors of the court room. You would not suggest that?

Mr. POPPLETON. No, but the court frequently says what a newspaper shall publish, and what it shall not; and verdicts are often set aside because of the promiscuous publication of information. Thousands of them go by the board for that very reason.

The CHAIRMAN. Well, I would suggest, Commissioner Littler, that we finish the vouchers that we have.

Commissioner LITTLER. Very well.

VOUCHER 19,073.

By the CHAIRMAN:

Q. I show you voucher 19,073. Please explain what that is?—A. It purports to go for an overcharge; but I cannot be positive, without reference to the papers.

Q. Are all your rebates made in the nature of an overcharge?—A. All vouchers are made on a blank, stating it to be for an overcharge.

Q. Is there not a memorandum on the bill to indicate whether it was for a rebate or for damage to goods, or for any other purpose?—A. They are upon a paper, but not always on the voucher as made up. It depends somewhat upon the clerk.

Q. Then do I understand you to say that you cannot explain for what purpose the overcharge was made in the voucher 19,073?—A. Yes, sir.

Q. Do you regard it as a sufficient voucher therefor?—A. Yes, sir.

Q. And yet you do not understand it?—A. I do not understand whether it is an overcharge or a rebate.

Mr. POPPLETON. Is there any way of finding that out?

The WITNESS. Yes; the papers would show.

Q. How would you determine that, as an auditor, when presented? A. That is paid ordinarily on the certificate of the freight auditor.

Q. Do you accept that as final?—A. Yes, sir.

VOUCHERS 19,201 AND 18,944.

Q. As to voucher 19,201, can you explain that?—A. It is not in the office.

Q. It is a voucher for E. Rochat on account of chairs. Total amount $166.65. Please explain voucher 18,944, which I now show you?—A. That is evidently a rebate.

Q. To whom was the rebate made?—A. To M. Erman & Co., of San Francisco.

Q. For what was it?—A. For rebate.

Q. Rebate for what?—A. Rebate on a shipment from various points to San Francisco, Cal.

Q. What business are they in?—A. I do not know.

Q. Who allowed the rebate?—A. The rebate was made on the authority of the traffic department.

Q. Why was it made?—A. I do not know.

Q. Who does know?—A. I presume the original authority is in the hands of the freight auditor.

Q. Who is he?—A. D. D. Davis.

Q. Where is he?—A. In this building.

VOUCHER 19,589.

Q. Can you explain voucher 19589? What is that voucher for?—A. This voucher is for payment to the Consolidated Tank Line Company, Cincinnati, Ohio, $39.84.

Q. For what purpose?—A. That I am unable to state positively.

Q. Is it a rebate?—A. I cannot tell without reference to the papers.

Q. How soon can you get the papers?—A. Perhaps in half an hour.

The CHAIRMAN. To-morrow morning will do.

The WITNESS. I shall have them to-morrow morning.

CONSOLIDATED TANK LINE COMPANY.

Q. Who are the Consolidated Tank Line Company?—A. I do not know them.

Q. Who does know?—A. I presume Mr. Kimball would know.

Q. On whose authority?—A. On the authority of Mr. H. A. Johnson, assistant freight agent.

Q. Where is he?—A. His office is in this building.

Q. Is he here now?—A. I cannot answer.

Mr. MINK. He was here this morning.

The CHAIRMAN (to Mr. Mink). Will you please have him here to-morrow?

Mr. MINK. Yes, sir.

VOUCHER 19,500.

Q. Will you please explain voucher 19500?—A. That was paid on the same authority.

Q. Can you say whether it was a rebate or not?—A. I cannot.

Q. Then, in so far as the voucher fails to show on its face whether it is a rebate or an overcharge, as auditor, do you regard that as a sufficient voucher?—A. I do, sir; because the authority for it is filed in my department.

Q. Are the papers filed together?—A. Yes, sir.

PAPERS FILED SEPARATELY AND NOT WITH VOUCHER.

Mr. MINK. I should like to have Mr. Young explain why it is that the papers are not attached to the vouchers, but are filed in separate packages.

The WITNESS. The custom with all railroads is to file the papers separately from the vouchers. The papers are made up from a statement giving all the details, showing the transaction and referring to the authority for making the rebate or overcharge, or whatever it may be. Those are filed in the claim agent's office; that is one reason for not filing them with the voucher; another is, they are, with rare exceptions, so bulky as to make it impracticable to file them with the voucher.

By Mr. POPPLETON:

Q. They are filed in the office of the freight claim agent?—A. Yes.

By the CHAIRMAN:

Q. Then, how is this paper made out?—A. From the papers in his hands, which show all the authority and all the details. They are often very bulky.

Q. Did you see the other papers?—A. No, sir. He is authorized to make up these papers on proper occasions.

Q. You regard them as final?—A. Yes; unless there is something on them that would call our attention to a manifest error; but, as matter of fact, we pay them on his authority. That is the rule; anything else would be an exception.

VOUCHER 19,383.

Q. Please explain voucher 19383, on page 196.—A. The explanation is on the voucher itself.

Q. What is the explanation?—A. This voucher is for the refunding of freight paid on lumber used in building the road bridge over the Platte River.

Q. Was that a rebate?—A. It was in accordance with an agreement made by Mr. Kimball.

Q. Does Mr. Kimball know all about the charge?—A. I presume he does.

POOL CONTRACTS.

The CHAIRMAN. We would like to have the pool contracts now.

Mr. KIMBALL. I am having an abstract made of all the pools that the Union Pacific has ever had anything to do with. We have the membership of each pool, the percentages assigned to each road, and also a full history of the business done under the contracts.

The CHAIRMAN. But, in addition to that, we want the real basis of the pool—which is, the contract.

Mr. KIMBALL. Those contracts are all covered in the proceedings, are they not? We can produce the copies we have; but the originals are the property of the Pool Association, and are in their possession.

ORGANIZATION OF THE POOLS.

The CHAIRMAN. That would be sufficient. Who are the officers of the Pool Association?

Mr. KIMBALL. Primarily the traffic men of all the roads constituting the pool organizations, and the different companies engaged in the pool, in many cases, select an independent set of officers to conduct the pool business.

The CHAIRMAN. Who are the officers in the pool arrangements the history of which you are going to give us?

Mr. KIMBALL. Various officers.

The CHAIRMAN. Well, say the Utah pool.

Mr. KIMBALL. Of that the present commissioner is Mr. Rich.

The CHAIRMAN. Where is he?

KIMBALL. In Denver. Of the transcontinental pool we had once Mr. Ristine, of Chicago. His successor, Mr. Cannon, is, I think, also in Chicago.

The CHAIRMAN. Have you not a Nebraska pool?

Mr. KIMBALL. We have had.

The CHAIRMAN. Who is in that; what commissioner?

Mr. KIMBALL. There is no organization of that pool. The auditors of the railway companies keep the accounts themselves.

REBATES.

By the CHAIRMAN:

Q. How much in any one month do the rebates in the book that you have produced amount to?—A. I do not know.

Q. Who does know?—A. I do not think anybody knows. It can only be determined by going over the work again and separating rebates from all other matters.

Q. How can you separate them?—A. By going back to the papers.

Q. What papers?—A. The original papers on which the voucher is based.

Q. Then the original papers of these items will show whether they are rebates or not?—A. Yes.

Q. Have you in your possession the original papers?—A. They are in the possession of the department; yes, sir.

Q. You can produce them?—A. Yes, sir.

The CHAIRMAN. It may become necessary for us to take up these matters in detail, because it is utterly impossible for us to report as to whether these things are fair or not unless they give us the detailed information. Suppose the Standard Oil Company has a rate on this road—I only use that as an illustration—or suppose the cattle shippers have a given rate allowed them by this company. How are we to say in our report whether it is fair or not?

Mr. MINK. I think we had better show the Commission the tissue copy of the report already submitted to the Government. That will probably be sufficient.

The CHAIRMAN. No. I think we shall have to go through five years' individual cases in order to determine whether your rates of rebate have

been fair or not. I used the Standard Oil Company as an illustration, because it is a constant matter of public reference—as to whether it was fair or not. The same may be said as to the cattle dealers along the road. There are a number of charges made from time to time through the country, and this Commission has, among the specific things into which it must inquire, the question whether the rebates have been fair or just.

Mr. POPPLETON. How can you do that without knowing whether or not the rebates allowed by other railroad companies operating in the same territory are the same?

The CHAIRMAN. That might do as to comparison of rebates on different roads, but we are to compare with each other the rebates allowed by you to different shippers.

Mr. POPPLETON. How do you know about other shippers—whether they have rebates or not?

The CHAIRMAN. Suppose you render the Union Pacific Railway Company utterly inaccessible, as a common carrier, to many people who are dealing in oil, by reason of your rebates to the Standard Oil Company. If that is so, it is for us to say whether it is just or not.

Mr. POPPLETON. How can you say that without knowing what other people have? The simple looking at a rebate does not show. There are two or three other factors in that problem.

The CHAIRMAN. Well, that will start us on the way.

Mr. POPPLETON. But the trouble is that when you reach that you will have reached a point where you will not have any power to make that investigation, and so you will have to make your report, after all, on a one-sided statement.

INSTRUCTIONS OF SECRETARY LAMAR TO RAILROAD COMMISSIONER.

The CHAIRMAN. The twelfth paragraph of Mr. Lamar's statement to the Railroad Commissioner, published November 27, 1885, reads:

A distinct and full report of all special rates, if any, that were allowed. Also all, if any, rebates or drawbacks, and to whom, and the aggregate amount of each; to be returned within fifteen days after the close of each quarter.

Now, if they have complied with that interrogatory they ought to have given considerable information.

The WITNESS. We will submit a statement.

Mr. POPPLETON. I do not see how the fairness of a rebate can be settled without the Commission investigating every rebate.

Commissioner LITTLER. We have the power to determine whether these rebates are fair and reasonable.

Mr. POPPLETON. Suppose you should send a subpœna to the Chicago and North Western road or to the Chicago, Burlington and Quincy road; which are not Government roads.

Commissioner LITTLER. Suppose we should go ourselves?

Mr. POPPLETON. But suppose you should send a subpœna for that kind of information? As matter of law, do you think you could get that information?

Commissioner LITTLER. If we could not get it on the subpœna *duces tecum*, I think we could get it by going to their office.

POWER OF COMMISSION.

The CHAIRMAN: The act reads:

That the Commissioners hereby created, or either of them, shall have power to require the attendance of witnesses and the production of all books, papers, contracts,

agreements, and documents relating to the matter under investigation, and to administer oaths; and to that end may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of books, papers, and documents under the provisions of this section.

Mr. POPPLETON. Do you construe that to authorize you, for instance, to send a commission—

Commissioner LITTLER. A subpœna, you mean.

Mr. POPPLETON. Either a subpœna or a commission—to a private merchant anywhere who has never had anything to do with the Union Pacific Railway?

The CHAIRMAN. We have all the power of the United States court. It is a large power.

ERASTUS YOUNG

The Commission then adjourned to Tuesday, June 21, 1887, at 10 a. m.

OMAHA, NEBR., *Tuesday, June* 21, 1887.

The Commission met pursuant to adjournment.

Present, Commissioner Pattison (chairman), and Commissioner Littler.

RAILWAY LANDS.

The chairman submitted a communication from H. L. Muldrow, as Acting Secretary of the Interior, inclosing a communication from W. A. J. Sparks, Commissioner of the General Land Office, dated Washington, May 31, 1887, relating to the lands of the Union Pacific Railway Company; which was ordered filed and to be embodied in the printed record of the Commission.

Commissioner LITTLER. Judge Poppleton, here is a report from the Commissioner of the General Land Office, giving a statement of the lands, &c., of the Union Pacific Railway Company. Do you care to see it?

Mr. POPPLETON. If I could have it when I am a little at leisure I would like to see it.

The CHAIRMAN. The communication cannot very well be allowed to be taken away. I suppose the only part that you are interested in is that relating to the Union Pacific?

Mr. POPPLETON. Yes; I do not suppose it would be of very great importance to us, one way or the other. The facts are what they are after, and the records will show them.

(The paper is handed to Mr. Poppleton, who examines it.)

DATE OF CERTIFICATION.

Mr. POPPLETON. There is one suggestion I want to make about this. I suppose the Commission has power to call for whatever information it wishes from the Commissioner of the General Land Office. He gives here a statement of all patents, and the dates when issued; the dates of certificates of instruction entitling the respective railway companies to the issue of patents, and the amount of lands, &c., for which the patents may be issued. It seems to me that the Commission ought also to have the dates when these lands were certified to the railway company for patenting. The date of the completion of the road, upon this theory, may have entitled us to patents. But the question is—at least it

is an important question, it seems to me—when the Government was ready to certify these lands to us. These two items of information ought to be had, I think.

SURVEYED AND UNSURVEYED LANDS.

The CHAIRMAN. I would suggest, Commissioner Littler, that the Commission inquire of the Land Department for the number of acres of land surveyed and not patented, and the lands remaining unsurveyed.

Mr. POPPLETON. At the present time?

The CHAIRMAN. Yes; because you could not make your selection before they were surveyed.

Mr. POPPLETON. No; and if the lands were unsurveyed at the time the roads were completed and accepted by the Commissioners, we could not do it. That information you ought also to have. For instance, the Commissioner of the General Land Office certifies here that the road was completed, at different times, in sections of 20 and 40 miles, as we all know. Now, it is an important question, if the object of this inquiry is to fasten upon the railway company odium, or to prejudice the railway company in this investigation, or in respect to action with regard to it in any way—it is important to know how many lands were surveyed at that time, and whose fault it was that these patents were not issued. That may be made up of the fact that they were unsurveyed, or that the Government did not certify them to us, or of the further fact, if you please, that the Government never called upon us—never demanded of us in any way the payment of surveying fees and costs of entry.

PAYMENT BEFORE SURVEY OF LANDS.

As a matter of fact, there were many of these lands that were not surveyed at the time the several sections of the road were completed; and I think, in many instances, the company was required to put up the money for surveying the lands before the Government did survey them. All those things, it seems to me, it will be desirable to bring out.

With due respect, this statement is a misleading statement, because it assumes that the company could have these lands when the different sections of the road were completed, when, as matter of fact, that is not at all true. Still, perhaps that is matter of criticism, is matter of argument or discussion. But the information ought to be here to lay the foundation for it. Now, if it is a practical matter and the Commission care to take any action in regard to it, I will undertake to formulate two or three questions that I think will bring out this information, and present it to the Commission at noon or this evening. It can at least do no harm to do that, even if they do not take any action on it.

Commissioner LITTLER. We will consider anything you may prepare, judge.

The CHAIRMAN. If you will formulate questions with respect to lands that remain unsurveyed we will submit them to the Government for answer.

TIME OF SURVEY.

Mr. POPPLETON. Is there any objection to submitting also the other question, that is, when these lands were surveyed?

The CHAIRMAN. No objection at all. Any questions you desire information on we will submit to the Government.

Commissioner LITTLER. Had we better let the minutes show that the letter was authorized to be written to the Commissioner? We can write it at our rooms.

The CHAIRMAN. I think, when the judge submits the questions, I would make it a matter of motion to be entered on the minutes, showing that "on motion, the following questions were submitted to the Department at Washington for answer."

Commissioner LITTLER. And let those questions appear at large on the minutes.

The CHAIRMAN. Yes.

OMAHA, NEBR., *Tuesday, June* 21, 1887.

THOMAS L. KIMBALL, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. How long have you been connected with the Union Pacific Company?—Answer. Since the early part of 1871.

Q. What was your position?—A. General passenger and ticket agent at that time.

Q. How long did you remain general passenger and ticket agent?—A. Until 1880.

Q. What position did you then fill?—A. Assistant general manager.

Q. How long were you assistant general manager?—A. Until the autumn of 1884. Then I was appointed to my present position.

Q. That is, general manager?—A. General traffic manager.

DUTIES OF GENERAL PASSENGER AND TICKET AGENT.

Q. What were your duties as general passenger agent in 1871?—A. I had charge of the making of all the rates that were in use upon the Union Pacific lines for the carriage of passengers and baggage and also of all the agencies that were employed to procure business in the passenger department, the traveling agencies, the advertising agencies, &c.

TICKET AGENTS AS SOLICITORS OF BUSINESS.

Q. What was the nature of the agencies that you employed to secure business?—A. They were ticket agents, for the sale of tickets, in some cases; but generally they were the solicitors of that department, to induce people to travel by the Union Pacific.

Q. How did they induce people to travel by the Union Pacific road?—A. By the circulation of advertising matter that we issued, and by showing the advantages of the Union Pacific Railroad over any competing road or route.

Q. What had you to do with the soliciting of freight at that time?—A. Nothing; that was in charge of another man.

Q. Was your business entirely with passenger traffic?—A. Yes; up to 1880.

PASSES—TO WHOM ISSUED.

Q. What power had you in the granting of passes?—A. I was furnished during the most of that period with blank books with authority to issue them under the rules made by the general manager of the road to govern the issue of passes.

Q. What were the rules?—A. We were allowed to pass representatives of newspapers, when such representative would give us an equivalent for their transportation in advertising, editorial notices, and descriptive articles bearing upon our line and its business.

Q. Who else?—A. I was authorized to issue passes to representatives of other roads—connecting roads; particularly those that issued passes to my representatives in traveling over their lines in pursuance of their duties as advertising agents, solicitors, &c.

Q. Who else?—A. We gave passes in some instances to clergymen, and to people who were subjects of charity. It was in my discretion to determine whether an applicant for free passage, on account of charity, was entitled to it or not.

Q. Who else?—A. I do not recall (during that period) that, I had discretion to issue passes outside of the cases I have named; except that, in the transportation of parties, we would give a pass to the leader of the party—a man who might organize a colony to settle on our lands, or the advance agent of an opera company or theatrical company, or a party of tourists. We frequently issued transportation free to the man in charge of such parties.

Q. Have you named all parties or classes to whom you issued passes?—A. I do not think of any other general class that would be included.

CLASS OF PASSES ISSUED BY GENERAL MANAGER.

Q. Did you issue passes to public officers?—A. Those would be issued by the general manager of the road, or general superintendent.

Q. All forms of passes, then, other than those you have named, would be issued by the general manager of the road?—A. Yes, I think so; should be, or, possibly, by the president of the road in some instances.

Q. Were your rules printed?—A. No; I think not.

Q. How did you get the instructions?—A. I got my instructions from my immediate superior, who would be the general manager.

Q. By word?—A. Yes, generally; or, possibly, by letter. I do not recall the exact facts about that.

Q. Did you ever receive a letter instructing you as to the method of distribution of passes?—A. Yes, recently; but not in connection with the period you are talking about now.

The CHAIRMAN. I am speaking of the period from 1871 down to 1880.

The WITNESS. You mean the period when I was general passenger agent?

The CHAIRMAN. Yes, sir.—A. I do not remember it.

Q. What other duties had you?—A. I had none; unless, on special occasions, I might be called upon to assist any other officer of the road.

Q. Had you a knowledge of the general passenger traffic at that time—from 1871 to 1880?—A. Yes.

GENERAL PASSENGER TRAFFIC FROM 1871 TO 1880.

Q. If you have a knowledge of the passenger traffic from 1871 to 1880, I ask you, as a matter of information, how does the passenger traffic during those periods, or during the years between 1871 and 1880, compare with the passenger traffic now?—A. Well, I should prefer to answer that by the records. In the early period of the Union Pacific's history it was the only railroad crossing the continent. We carried all the passengers across the continent that went by rail, and our competitor was the Pacific Mail, by way of Panama, and our volume of busi-

ness was large; but as to its exact amount, in comparison with our passenger earnings now, I should prefer to consult the record before attempting to give the figures.

PASSENGER RATES.

Q. What were your passenger rates during that period?—A. The passenger rates when I first came on the Union Pacific Railroad, in 1871, were about an average of 7½ cents, but as high as 10 cents on some portions of the line.

Q. Had you authority to give to your agents power to make special rates for the carrying of passengers?—A. Yes, sir.

SPECIAL RATES.

Q. What kind of instructions did you issue as to your special rates to your agents?—A. In those days the agents all had to refer to me for the settlement of the question as to whether a special rate should be granted or not. I did not give them discretion to make rates until we had competition by rail. I determined in, practically, all cases whether a rate should be reduced or not. But we had for the tourist business—the round trip business—a system of graduated rates, dependent on the number in the party. Commencing with five or ten in the party—that number would take the highest rate; a very slight deduction from the general tariff. Then we graduated down to parties of one hundred and fifty or two hundred.

Q. Had you any other special rates?—A. We had half rates for clergymen and families. We had special rates for foreign missionaries that were traveling across the continent. We had a special rate to officers of the Army when traveling on leave. We gave them about half the local rate, with their families.

Q. Had you special rates to any shippers—not as to freight but as to passenger traffic—by the issuing of passes or the making of a special rate, such as a half rate or quarter rate?

The WITNESS. Bearing on freight business?

Q. No; I refer only to passenger business now.—A. Only in the special cases I have alluded to; such as in the case of leaders of parties, like the organizers of colonies. In some cases we gave free transportation and in some cases reduced rates.

Q. Were passes issued by you to the authorities of cities or towns through which the road passed?—A. Not unless I was requested to issue them by the manager of the road.

Q. Will you furnish this Commission with all instructions, either printed or by letter, concerning the granting of passes?—A. Yes; I will give you all that I can find or recall in respect to the issue of passes. The records are a little musty.

ACCOUNTING FOR PASSES.

Q. How did you make a return to the company of the passes granted, and how were they charged or entered as a charge by the company?—A. They were returned to the auditor of ticket accounts or to the clerk in the ticket department, whose duty it was to receive and check the collections by the conductors. Passes would be taken up and returned in connection with tickets. Then they were turned over to the general superintendent or general manager of the company. They were in his custody.

Q. What was the next position you held in the company?—A. I was assistant general manager; appointed in 1880.

Q. Now, have you named to me all your duties as general passenger agent from 1871 to 1880?—A. All my official duties, yes.

Q. Well, had you any private duties as passenger agent?—A. None, except, as I said, when called upon to perform any special service for the company.

Q. What special service were you called upon to perform for that period?

The WITNESS. During the period of 1871 to 1880?

The CHAIRMAN. Yes, sir.

A. That would be very difficult to state.

SPECIAL DUTIES OF PASSENGER AGENT.

The CHAIRMAN. If it was special, I should not think it would be very difficult.

The WITNESS. Well, I have been called upon to canvass the territory in which the Union Pacific Company was proposing to build new lines and to make a thorough canvass of the resources and put them in such form as would establish to the directory whether the project was feasible—whether there was revenue enough or supporting traffic enough in sight to warrant the construction of a proposed branch line or extension. That was one of the matters I was called upon to perform outside of my regular duties as passenger agent. I have been called upon frequently to assist the other departments—in all of the departments, nearly—by investigating problems that have been submitted to them or have come up in the course of their official duties; and I have always done it to the best of my ability.

Q. Then, while acting as general manager, you filled, as assistant, most of the regular operating departments of the road?

The WITNESS. Well, you say "while acting as general manager." I thought you were asking me about my duties as general passenger agent.

The CHAIRMAN. Yes; your special duties. Have you given me all your special duties?

The WITNESS. I have not given you all the work I have done for the Union Pacific Railroad, outside of my regular department.

DEFENSE OF RAILROAD POLICY.

Q. Well, what other work?—A. I have written for the press, more or less, in defense of the policy of the Union Pacific Company. That happened to become part of my duties; not voluntarily, but by request of the company. Also when questions of legislation have come up I have been detailed occasionally to assist in explaining to the law-makers the position of the Union Pacific Company; the effect of proposed legislation against its interests; and in some instances, to do what I could on my own judgment to defeat the proposed legislation.

Q. What other special business?—A. I do not recall anything now, particularly worthy of mention.

REPORTS ON RESOURCES OF THE COUNTRY.

Q. Were your reports as to the resources of the country through which the Union Pacific contemplated building a road, made in writing?—A. Not always; but frequently.

Q. Have you any of those reports?—A. No; I have not, in my own custody.

Q. Where are they?—A. I could not tell you now.

Q. Are they in the custody of the railroad company?—A. They may be.

Q. Well, would you not know?—A. No; I could not tell you whether they have been preserved or not. Generally the results of a trip or exploration would be given to the manager of the company, or to the president of the company. That information, acted on, would end it.

REPORT ON COUNTRY TRIBUTARY TO THE COMPANY.

Q. But sometimes you wrote out the information and submitted it to the president. Where are those reports?—A. Well, one report that was made—one general examination of all the country tributary to the Union Pacific Railway and available for a branch system of lines—was written up and published.

Q. Where is that publication?—A. Published in connection with a general advertising book that was issued. I presume there may be some copies of that still in existence.

Q. Will you furnish it to the Commission, if you can find one?—A. Yes.

Q. Do I understand, Mr. Kimball, that you know of the existence of but one published report of that kind?—A. The publication that I refer to was drawn up as a popular advertisement—a popular publication for circulation; but it contained descriptions of the country and the resources of the district into which we proposed to extend lines.

Q. You would make that to the public before you made it to your officers?—A. Oh, no; I am talking now about the way that much of the matter which was worked up through my department became published.

Q. But where are the reports that you made of the business resources of the sections of country through which the company contemplated building a road?—A. Well, if they were preserved at all, and in written form, they would probably be filed in the correspondence of the general manager's office.

Q. Will you examine and ascertain for the Commission if such correspondence at that date is on file; and, if so, furnish us with any such correspondence?—A. Yes; I will furnish you all I can obtain.

DEFENSE OF RAILROAD CHARGES.

Q. Please explain what you mean by being employed in writing articles in defense of the Union Pacific Railroad while general passenger agent.—A. The Union Pacific Railroad, like all other roads, was and is liable to be attacked for its rates of charge for the transportation of freight and passengers; those are two of the grounds on which the Union Pacific road and all other roads are liable to be attacked, and are frequently attacked. It happened to become part of my duties to explain, through the press, and defend the acts of the company that were so attacked.

RAILROAD LEGISLATIVE SCHEMES.

Q. What else did you write in defense of the company? I call your attention to the matter of hostile legislation, which is one of the subjects of the bill.—A. I have analyzed and commented on bills that

were proposed by legislators in the territory through which the Union Pacific Railway runs. You know our system touches some ten States and Territories. In nearly all of them, about once a year or once in two years, we have some legislative scheme bearing upon the Union Pacific Company and other roads in those States and Territories. I have frequently commented on the proposed measures, explaining as best I could the effect of such measures upon the interests of the railway company that I represent and upon the people at the same time.

PUBLICATION OF AGENT'S ARTICLES NOT PAID FOR.

Q. Did you pay for these publications?—A. No; I do not remember of any case where we paid for the publication of matter of that sort.

Q. Were they in the nature of a correspondence to a newspaper?—A. Sometimes they were in the nature of correspondence and sometimes they were accepted as editorials.

Q. Were they accepted as editorials in the nature of an advertisement paid for by the company?—A. No, sir.

Q. What consideration, then, was given to the newspaper company for the publication of these articles in defense of the road?—A. I do not know of any special consideration.

Q. Any general consideration?—A. Those topics are generally pretty interesting to the press and the public during the sessions of the legislature; and they are very glad to get any arguments or facts that bear upon the questions that are immediately in the minds of the public.

Q Did the company have any interest in any newspaper at that time?—A. The company had an interest in one paper during the period that I was general passenger agent of the Union Pacific Railroad.

Q. Were your publications generally made in that paper?—A. That was one of the papers that published articles I wrote.

Q. Now, when the legislature was not in session and it was not such an interesting period, how did these newspapers accept them?

The WITNESS. Accept what?

The CHAIRMAN. Your articles.—A. Generally I found them glad to get them.

FREE TRANSPORTATION TO EDITORS.

Q. You say there was no special consideration. What was the general consideration?—A. Throughout the territory of the Union Pacific Company (if a paper was of sufficient importance and had a large circulation) we generally gave some free transportation to the editorial staff. That was the practice of all the roads in our territory at that time—that free transportation was usually treated as an exchange for favorable notices of the railroad and the publication of time cards and special correspondence.

Q. Any other consideration?—A. I do not recall now that we had very much cash advertising during that period. We did some; but generally our paid advertising in the press was limited. It was small in amount.

Q. Have you now given me all the considerations that were paid for the advertising of these publications written by you in defense of the road?—A. All that I can recall now.

Q. If you had paid any money consideration you would recall the fact; or would it be in your knowledge?—A. Well, I do not recall the fact; and yet I might have paid for the publication of articles specially contributed to papers; but I do not recall it.

Q. Would you pay it directly, or through the cashier of the company?—A. Oh, it would be paid through the regular department. It would go through the cashier. The account would be audited.

Q. Under what heading would the account be entered?—A. Advertising, generally.

The CHAIRMAN. I wish you would produce the advertising account for the years 1871 to 1880, while you were general passenger agent.

RAILROAD METHODS OF DEFEATING LEGISLATION.

Q. What did you do to defeat legislation? You said, a moment ago in your testimony, that you were sometimes employed specially, among the things named, to defeat legislation.—A. I generally undertook to persuade the legislator that what he proposed to do was not right; was not for the interests of the people he represented, or for the interests I represented.

Q. The legislators of how many States?—A. Well, particularly, the State of Nebraska. Colorado was not a State then; it was a Territory. I also include the State of Kansas and the Territories west of us.

Q. What Territories?—A. Wyoming, Utah, and Idaho.

ONLY ARGUMENT USED.

Q. With the legislature what persuasive powers did you exercise?—A. Well, if you could bring me the bills that were under discussion, then I think I could recall the arguments I used.

Q. Did you always employ only argument?—A. That was my method of reaching a legislature.

Q. Did you employ any one else to aid you?—A. I may have done so, but it was not within my province to employ others.

Q. Well, outside of your province?—A. I was one of the men that was employed in that work occasionally.

WHO WERE EMPLOYED TO ARGUE.

Q. Whom did you employ?—A. I generally made use of some of my subordinates in the employ of the Union Pacific Company.

Q. Who were they?—A. Mr. Shelby was one.

Q. Where is he?—A. He is at Salt Lake.

Q. Who else?—A. Mr. Newman was another.

Q. Where is Mr. Newman?—A. He is in Chicago.

Q. What business is he now in?—A. He is in some private business there. I do not know; some patent machinery, I think, he is dealing in.

Q. Who else did you employ?—A. Mr. Jones, of the passenger department.

Q. What is his first name, because it may be hard to find the right Jones unless we knew the initials?—A. S. B.

Q. Where does he live?—A. He lives here.

SOMETIMES LAWYERS.

Q. Who else?—A. Some of the representatives of the legal department were active on such occasions in the interest of the company.

Q. Who were the gentlemen?—A. Mr. Thurston was one.

By Commissioner LITTLER:

Q. Do I understand that these were regular attorneys of the company that you are mentioning now?—A. Yes.

The CHAIRMAN. Who else?—A. Mr. Stull was another.

Q. An attorney of the company?—A. Yes.

Mr. POPPLETON. That is a mistake, Mr. Kimball. He was a claim agent, or right-of-way agent.

The WITNESS. I believe he was. Was not Mr. Newman a right-of-way agent too?

Mr. POPPLETON. Yes.

The WITNESS. So he was, I think.

Q. Where does Mr. Stull live?—A. At Hailey, Idaho.

Q. Where does Mr. Thurston live?—A. Here.

Q. Who else?—A. Mr. Williams, of Topeka, Kans.

Q. What is his full name?—A. A. L. Williams.

Q. Is he an attorney?—A. Yes, sir.

Q. Have you given me all the names?—A. All I think of at this moment.

PERSUADING MEMBERS AND COMMITTEES OF LEGISLATURES.

Q. Among the employés of the company that you have named is Mr. Shelby. How did you employ him about the legislature?—A. I asked him to go and labor with the committees and with the members of the legislature, and persuade them and show them that the proposed legislation ought not to be passed, and show them the objections to it.

Q. What arguments did he use, other than persuasion?—A. I never knew him to use any.

Q. Did he ever use money?—A. Not to my knowledge.

Q. Would you not know it? If he used money for you, you would be likely to know it?—A. If he was working directly under my instructions I should know it.

Q. Would he use money without your instructions?—A. I think not.

Q. Well, do you know?—A. No, because the Union Pacific Company might have a ranking officer who did not consult me in a matter of that sort, if such a thing was done—without my knowledge.

Q. Had it such an officer?—A. It had a general officer who outranked me.

Q. Was he such an officer you have stated, who had that authority? A. He had authority to deal with Mr. Shelby or anybody else without consulting me. I am only trying to give you such facts as are within my knowledge.

Q. Well, what were the duties of Mr. Newman?—A. Mr. Newman would be engaged in the same service as Mr. Shelby.

Q. While so employed were these two men subject to your immediate direction?—A. They would be, to some extent.

Q. Who else would direct them?—A. Well, I should say the genera manager of the road would be the man that would have authority over them.

Q. Who was the general manager at that time?

The WITNESS. What time are you talking about?

The CHAIRMAN. The time that you were general passenger agent; when you were doing this special work, from 1871 to 1880.

A. S. H. H. Clark was the ranking officer in those days.

Q. Is Mr. Newman a member of the firm of Wells & Newman, of Chicago?—A. I do not know that he has any associate of that name.

DUTIES OF INDIVIDUALS IN OPPOSING HOSTILE LEGISLATION.

Q. What were the duties of Mr. S. B. Jones, at the legislature, under you, in special service?—A. They were the same as mine. He would

be there for the purpose of preventing the passage of unfriendly legislation—hostile legislation.

Q. Do you state that with reference to Mr. Thurston?—A. Yes.

Q. And Mr. Stull?—A. Yes.

Q. And Mr. A. L. Williams?—A. Yes.

NOT ALL ATTENDING LEGISLATURE AT SAME TIME.

Q. Were you all at the legislature together?—A. No; I do not remember that we ever were.

Q. Well, how many of you were there?—A. I remember being at the legislature——

Mr. POPPLETON. You had better state what legislature. These men spread over all these six or eight Territories.

A. I remember being at Lincoln with Mr. Shelby, but I would have to tax my memory in order to fix the definite date of the occasion when either one of those gentlemen was with me in attendance upon a legislative committee or a legislature itself.

Q. How could you refresh your memory?—A. I could tell by my diary.

Q. Have you got that?—A. I have a diary; yes, sir.

Q. Have you got it with you?—A. No; I have not got it with me. It is rather bulky. I have kept it since I was twenty-one years old.

The CHAIRMAN. If there is any public entry there concerning the performance of duties for the Union Pacific Railroad before the legislature, with these gentlemen as your special agents, we would like to have it.

The WITNESS. I will see if I can assist you any by consulting my diary.

Q. Were you present with these gentlemen while they were at the different legislatures during the different years?—A. I remember occasions when I was present with one or more of the gentlemen that I have named.

INSTRUCTIONS TO RAILROAD AGENTS.

Q. How did you instruct them?

The WITNESS. As to what they were to do?

The CHAIRMAN. Yes.

A. I could only give you my instructions in a general way.

The CHAIRMAN. That will do.

A. If I were satisfied that a certain explanation of a measure pending would influence the judgment and understanding of a member, I would ask one of those gentlemen to bring the fact, or facts, to bear on the member.

Q. Would you do that by letter?—A. No; I would tell them.

Q. Would you do it by written memorandum?—A. I might not.

Q. Did you?—A. I do not remember.

ARGUMENTS BEFORE COMMITTEES.

Q. Have you any copies of such memoranda issued at the time?—A. No. Generally we have been allowed to appear before the committees when very important measures were pending, and submit arguments—written and oral arguments—to members of the legislature—to the committees.

Q. Would you do that with employés of the road as special agents? Would it not be through your attorney? Would not that be the usual

course?—A. Most of that work has been done by representatives of the traffic department. I have done my share of it.

Q. Did you correspond with any members of the legislature?—A. I do not recall any case now. I might have done so. If I thought that I could explain a bill to a member of the legislature so that he would oppose it, I should certainly write him.

Q. Did you keep a copy of such correspondence?—A. I would; yes.

Q. Have you such a copy?—A. I do not know that I ever wrote to a member.

Q. Will you produce to the Commission, if you have it, any letter written to a member of the legislature or any other individual during these years, affecting the Union Pacific Railway?—A. I will.

Q. What other means would you exert if you failed to do it by argument and a presentation of the facts?—A. I cannot recall any instance in which I ever used any means beyond what I have already described, that of legitimately persuading and inducing members of the legislature to oppose measures that I wanted defeated in the interest of the company.

Q. Did you authorize or permit any one else to use any other means?—A. I do not recall an instance.

PASSES TO MEMBERS OF THE LEGISLATURE.

Q. Did all the members of the legislature have free passes?—A. Generally, they did. They were offered free passes. If they were not offered, they generally asked for them.

Q. Did they ask for passes for others?—A. Yes.

Q. Did they get them?—A. They did in many cases, especially if they were anti-monopoly members. (Laughter.)

Mr. POPPLETON. And they generally were?

The WITNESS. Yes; they generally were. They were allowed to call for passes, and generally got them.

"ANTI-MONOPOLY" MEMBERS.

Q. What do you mean by "anti-monopoly" members?—A. Those men who believe that anything is justifiable to defeat whatever is wanted by a railroad company.

Q. Have you had to use a different line of argument with these men from that you used with members?—A. They generally furnished the line of argument themselves.

Q. You said you generally issued passes to those men.—A. Yes; they generally applied for and got them.

Q. Was that because they were opposed to the legislation?—A. We made it a rule to tender to every member of the legislature a pass. That was, as I recollect, the general practice.

Q. What other practice had you about passes?—A. There might have been during that long period of time occasions when we did not give members of the legislature—when we did not offer to members of the legislature—passes; but that I cannot swear to now.

Q. Did you grant them any other privileges on the road?—A. I do not recall any.

PASSES ISSUED ON REQUEST OF MEMBERS OF THE LEGISLATURE.

Q. Did you grant to any other persons, for them, privileges over the road?—A. I cannot recall any at this time.

Q. Did you grant any passes to others for members of the legislature?

The WITNESS. When asked for by others?

The CHAIRMAN. Yes.

A. Undoubtedly.

REBATES AT REQUEST OF MEMBERS.

Q. Did you grant rebates on the request of any member of the legislature?

The WITNESS. Because he was a member? That being the consideration?

The CHAIRMAN. To any member of the legislature.

A. I do not remember any.

Q. Did you grant rebates to any constituent of any member of the legislature on the application of the legislator?—A. I do not recall any such instance.

Q. Was any such application ever made?—A. I do not remember any now.

Commissioner LITLER. You mean, governor, rebates on shipments?

The CHAIRMAN. Yes.

The WITNESS. I do not remember any.

NO IMPROPER MEANS USED TO INFLUENCE LEGISLATION.

Q. Have you given to the Commission all the methods exercised by you, or by any one under your direction, in influencing legislation, whether for or against the company; or has any one within your knowledge exercised any other methods than those you have named?—A. Well, I can only speak for myself in that matter. I do not recall an instance in which I exercised or authorized to be exercised any illegal or improper means to influence legislation in the States and Territories through which the Union Pacific runs.

Q. Did you ever permit others?—A. (Interposing.) Well, you are going beyond my authority now; I am the servant, and not the master; or at least during that period I was the servant.

The CHAIRMAN. I am asking for your knowledge during that period.

The WITNESS. I could not swear to any definite instance or case in which other or improper means were used.

Q. Any indefinite instance?—A. No.

INFLUENCING ELECTION OF MEMBERS.

Q. Has any influence used by you as an officer of the company, acting in the line of special duty in reference to legislation, been directed to the election of members of the legislature or the selection of members for the legislature?—A. Yes; I think my answer to that question would be that there have been, during the period that you refer to, times when I have influenced the nomination, and the election or defeat, of candidates for the legislature.

Q. What influence did you use or exercise upon such an occasion?—A. I used my personal influence and all the help I could enlist when I undertook to do anything in that direction.

Q. What kind of help?—A. My personal acquaintance.

Q. Were you acting under the direction of the company?—A. Not always; in some instances where men were nominated to the legisla-

ture expressly for the purpose of attacking the interests of the Union Pacific Railway we felt justified—I did, particularly—in doing everything I could legitimately to defeat the nomination, and, if nominated, to defeat their election. That is something that has not often occurred. I have, on my own individual responsibility and as a personal right, worked against the nomination of individuals worked for the nomination of others, and worked for their election; but that was a right I exercised as a citizen and not as a representative of the Union Pacific Company.

INDIVIDUAL EXPENDITURE OF MONEY.

Q. Did you use any money upon such occasions?—A. Yes.

Q. Money of the company?—A. No; I used my own on those occasions. And, during some of the campaigns of the past, I may have paid out some expenses for the company, but my practice has been to pay my own political bills when I have engaged in a party campaign.

Q. Where would those expenses of the company, that you were sometimes called upon to incur, appear in the accounts of the company?—A. I could not tell you. And I cannot say that I can swear definitely to the payment of money, but it might have been done.

Q. Well, can you swear indefinitely? You have sworn already.

Mr. POPPLETON. Indefinite swearing is rather objectionable.

The CHAIRMAN. I am taking the witness' own story; he is discriminating between "definite" and "indefinite" all the time, and I want to know what the difference is. If he will state to me when he has a definite knowledge and when an indefinite knowledge, I can understand him.

The WITNESS. I can remember some instances where I have paid money for political purposes; instances where I have paid money myself—subscribed to a political fund.

NONE EXPENDED BY THE COMPANY.

Q. Do you recall any instance in which you paid money for the company to influence an election?—A. No.

Q. Or a nomination?—A. No.

Q. What influence and what arguments did you use in the nomination or election of members of the legislature?

The WITNESS. You refer to nominations that I opposed, as in the interests of the company. Those are the kind you refer to?

The CHAIRMAN. Any in which you participated, where you believed the interests of the company were involved? I am only questioning you as to your course in those instances?—A. I would use every argument that I could, or any persuasion that I could, to induce people not to support the men that I did not want nominated. I would enlist all my friends—people that I could influence—to co-operate with me in that.

NO PROMISES OF PLACE USED.

Q. Did you make promises of place or position in the company's service?—A. I do not remember any case of that sort.

Q. Did you ever make such a promise on such occasions?—A. I do not recall any.

Q. Did you ever make a promise of any rebate or business advantage with the company to any one at that time?—A. No; not that I know of; not that I can recall.

Q. Of what other officers did you at any time participate in the nomination or election, for or against, on account of the interests of the company?—A. I do not remember any now.

LOCAL ELECTIONS.

Q. Did you participate in the elections in the cities and towns along the line of the road?—A. Very rarely.

Q. Did you occasionally?—A. There may have been a few occasions in the city of Omaha; but I do not recall any definite case.

THE COMPANY'S EMPLOYÉS FREE TO VOTE.

Q. Did you instruct the employés of the company to participate or how to vote in those elections or canvasses for nomination or election?—A. I have, at times, asked them to vote to support the interests of the company when they were being assailed, but never instructed a man working for the company how to vote; never ordered a man to vote as I wanted him to when I had authority to do it.

Q. During this period who else assisted you, other than the subordinates you have named, in effecting or opposing legislation; either a superior officer, general officer, or others than those you have named?—A. I do not recall any. I have generally employed the men that were associated with my department when they understood the question and understood the bearing that the proposed bills would have upon our traffic. I have generally made use of those men, and, as I said, to some extent we have been assisted by the representatives of the legal department and some of our right-of-way men.

"SMART" RAILROAD AGENTS.

Q. Were those men selected with regard to a peculiar fitness for this kind of work that you have spoken of?—A. If they understood the questions that were pending and if they were available for that kind of work.

Q. How available?—A. Well, generally smart.

Q. How "smart"? What do you mean by that term?—A. They could convey their opinions so that they would be understood.

Q. You employed them and paid them in addition to the compensation paid by the company?—A. No; I do not know of any instance where we paid anything outside of their regular compensation.

Q. That was all the consideration they received?—A, Yes.

NO MEMBERS RETAINED AS ATTORNEYS.

Q. Were members of the legislature retained by you as attorneys pending any legislation?—A. No.

Q. Do I understand the statement that you have made with reference to legislation to apply to all the States and Territories that you have named during this period?—A. So far as I have had anything to do with the legislatures in the States and Territories.

Q. Do I also understand by your testimony that you mean it to apply to nominations and elections in all the States and Territories you have named with reference to the legislatures?—A. No; the only case that I can recall where I ever had anything to do with the nomination or the election of a member of the legislature is in the State of Nebraska.

HOSTILE LEGISLATION.

Q. What was the effect during that period of the hostile legislation actually passed in sections through which the Union Pacific Railway ran?

The WITNESS. The effect if the legislation had been adopted, you mean?

Mr. POPPLETON. What was the effect upon the business of the company?

The CHAIRMAN. Yes.

Mr. POPPLETON. That is what the act of Congress creating this Commission calls for—the effect upon the business of the company.

The CHAIRMAN. Yes, enacted legislation.

Mr. POPPLETON. That is, in the way of diverting business to competitors and destroying the interests of the company itself.

The CHAIRMAN. Yes, legislation in any sense antagonistic. What was the effect upon the business of the company?

THE WITNESS. I would like to see the exact form of the inquiry in the act of Congress.

Mr. POPPLETON (reading): "Also to inquire if either of the Pacific railway companies have been embarrassed in their earning capacity, and hampered by antagonistic local or State legislation"

The CHAIRMAN. That is the question. What has been the effect, my question is, of the antagonistic local or State legislation along the line of territory through which the Union Pacific Railway passes, during the period I have mentioned, from 1871 to 1880?—A. There was no hostile legislation, that I can recall, up to 1880. My present recollection is that no hostile legislation was actually passed during that period.

Mr. POPPLETON. That is, State legislation.

The WITNESS. Up to 1880?

The CHAIRMAN. Any local legislation?

The WITNESS. None that I recall.

RIGHT OF EMINENT DOMAIN IN NEBRASKA.

Q. So that, during the period from 1871 to 1880, as I understand you, there was neither local nor State legislation antagonistic, hostile, or embarrassing in any way to the company?—A. None that I can recall, excepting a provision incorporated into the constitution of 1875, prohibiting the Union Pacific Railway Company from exercising the right of eminent domain in the State of Nebraska.

Q. Does that apply to the new corporation—the Union Pacific Railway Company?

Mr. POPPLETON. Yes. Because the consolidated corporations takes all the rights and all the burden of the constituent companies, as matter of law.

The CHAIRMAN. They have taken the United States charter and wiped it out by this provision of the State constitution?

Mr. POPPLETON. Precisely. I have been trying for years to get Judge Dillon to allow me to take it to the Supreme Court of the United States, because I do not think it would stand an instant when argued there. But, from considerations of policy, it has not been thought best to take it there. We cannot, to-day, take a piece of property if we wanted it, even as an approach to a bridge. We have got to go and buy it, like anybody else.

The WITNESS. In section 8, page 33, of the compiled statutes of Nebraska for 1885 appears the following, in the constitution of the State of Nebraska adopted in 1875:

No railroad corporation organized under the laws of any other State, or of the United States, and doing business in this State, shall be entitled to exercise the right of eminent domain, or have power to acquire the right of way or real estate for depot or other uses, until it shall have become a body corporate pursuant to and in accordance with the laws of this State.

EFFECT OF ITS PROHIBITION.

The CHAIRMAN. What has been the effect of this provision?

Mr. POPPLETON. The effect has been to prevent the Union Pacific Company acquiring property for railway uses by condemnation and appraisement. In all instances where it has been necessary to acquire real estate for railway purposes we have been compelled to pay the price asked by the seller.

The CHAIRMAN. To what extent has the business of the company been hampered by reason of this?

Mr. POPPLETON. That could not be accurately answered. But it has been a source of perpetual inconvenience and perpetual imposition, I might say. Because the company has been, to a very large extent, at the mercy of property holders. And as soon as it became known that the company would require land in a certain vicinity, the prices have advanced immensely.

MISSOURI RIVER BRIDGE-APPROACH.

We have paid from $10,000 to $15,000 for lots, after it became known that they were a necessity in connection with the approach to the Missouri River bridge, that, before that knowledge, and not more than eighteen months before, could have been bought for less than $5,000.

RIGHT OF WAY IN NEBRASKA.

The CHAIRMAN. How much has your company paid by reason of that legislation?

Mr. POPPLETON. I could not tell that.

The CHAIRMAN. Mr. Mink, could you tell that?

Mr. MINK. I could not.

Mr. POPPLETON. I could not get at it accurately; I can only say that we have paid, in every instance, a high price.

The CHAIRMAN. Can you give an approximate idea of the amount that you have paid for right of way in Nebraska since the passage of that legislation?

Mr. POPPLETON. It will be difficult; it is possible that it might be made up, but the great majority of the right of way that has been acquired has been for branch lines. But for terminal facilities here in the city, probably that could be made up.

Mr. MINK. We can look the ground over after the adjournment, and see what can be ascertained.

The CHAIRMAN. I would like you to furnish the Commission with the amount paid in the State of Nebraska for the right of way since the passage of the provision in the constitution of 1885 just quoted.

DELAY IN ITS ACQUISITION.

By Commissioner LITTLER:

Q. Has the constitutional provision above referred to operated to hinder, delay, or prevent the Union Pacific Railway Company from ac-

quiring the right of way in the State of Nebraska for any proposed branch lines which were sought to be constructed?—A. My recollection is that that has been the effect—that we had to use the alternative of another or branch-line corporation to cover the right to condemn and acquire property for the indirect use of the main line.

Mr. POPPLETON. I did not bring this to the attention of the Commission so much on account of the amount that has been involved in it as that I thought they ought to know the fact.

Commissioner LITTLER. I think Congress ought to know the fact.

Mr. POPPLETON. Yes; and it is a good way to get it before them—through this Commission.

BRANCH LINES.

By the CHAIRMAN:

Q. How many miles of branch line, Mr. Kimball, have you built in Nebraska since the passage of the act?—A. Substantially all the Nebraska branches have been built since that date.

Q. How did your branch lines get the right of way?—A. By a charter granted by the State of Nebraska.

EMBARRASSMENT IN OMAHA.

Q. Then the actual loss, as I understand, or embarrassment, has been on the terminal facilities of the main line—in adjusting or changing them. Is that true?—A. Well, it would also apply to our station facilities, depot grounds, and right of way for terminals and side tracks throughout the State; but the most serious difficulty we have had has been the embarrassment right here in Douglas County—in the city of Omaha.

Q. It would be no embarrassment to the branch lines?—A. No; they could take property under their franchises; but the embarrassment has been to the main line.

Q. As general passenger agent during the period from 1871 to 1880 have you anything to suggest or to say to the Commission that has not been called out during the examination?—A. Nothing that suggests itself to my mind at this time.

CONCERNING INFLUENCING LEGISLATION.

By Commissioner LITTLER:

Q. I want to ask you just one question, Mr. Kimball. From your testimony on this subject I understand you to state emphatically that there has never been any money paid by the Union Pacific Company for the purpose of improperly influencing State or local legislation at any time during the period you have spoken of?—A. None by me or within my knowledge. That is correct. That is what I intended to say.

Q. Are your avenues of knowledge such as to enable you to have known of the fact if it existed?—A. Well, not necessarily and absolutely. I was only one officer of the company.

Q. Money might have been illegitimately paid for the purposes mentioned without your knowledge?—A. Yes; that is possible, of course.

PASSES.

By Mr. POPPLETON:

Q. In respect to the passes to the legislature. You say that it was the custom to tender passes to members of the legislature. Is that a

general custom among railways in this State?—A. Yes; that is the general practice of all the roads—to tender passes over the road to members of the legislature.

DUTIES OF ASSISTANT GENERAL MANAGER.

By the CHAIRMAN:

Q. What were your duties as assistant general manager from 1880 to 1884?—A. The title implies virtually what my duties were. The general manager is the ranking local officer having jurisdiction of all the departments, or authority over all, except, I think, the auditing department. I was exercising the authority and performing the duties of the general manager, subject to his instructions mainly; and, quite largely, my work was in connection with the traffic of the company during that period. When the general manager was here he took immediate charge of his work. When he was absent I attended to such duties as he delegated to me.

Q. Did you have entire control as assistant general manager of all the operating departments of the railway?—A. I had authority over all the operating departments when the general manager was absent, either to issue orders and instructions in his name or in my own name.

Q. What control, as assistant general manager, had you over the passenger traffic?—A. The head of the passenger department and the head of the ticket department reported to me as assistant general manager.

SPECIAL PASSENGER RATES FROM 1880 TO 1884.

Q. What special rates for passengers had you during the period from 1880 to 1884 over the Union Pacific main line?—A. I think it was in 1880, or about the time that I was appointed to that position, that we made a pretty general reduction in our tariff over pretty nearly the whole system; but I could not recall now, without consulting the tariffs or records, just what the scaling of rates on the Union Pacific was at that time.

Q. You speak of tariff rates with reference to passengers only, now?—A. Yes; I referred to passengers only. We were compelled to make special rates on passengers, and freight as well, to fit that period, because we had much stronger competition than we had previously.

Q. During your active performance of the duties of general manager did you exercise the same policy as to the passenger department that you had as general passenger agent?—A. Yes, sir; except that we had to grant more reduced rates—more special rates than previously—because of the competition that did not exist during most of the time that I was general passenger agent.

Q. How many different special rates did you grant after that?—A. I could not tell you without reference to the records.

Q. Where is the book that has the memoranda?—A. I do not know whether the record so far back as that would be preserved. I think I could, generally, give you a pretty good idea of the prevailing special rates; that is, rates made lower than the public, official tariff.

Q. Will you please produce the record, if you have it in your possession, or if it is in possession of the company?—A. I will.

Mr. POPPLETON. The main line, that is, I believe?

The CHAIRMAN. I think we had better have it as to the whole system.

NOT DIFFERENT FROM RATES BETWEEN 1871 AND 1880.

Q. What special rates do you recall now that were allowed at that time?—A. I do not recall any that differ materially from the specials that I described in my previous testimony as applicable to the period from 1871 to 1880.

Q. The special rates during the period that you were assistant general manager, as to passenger traffic, remained about the same?—A. They would cover the same classes of business; but just what the rates were, I should have to consult the records to show.

APPLICABLE TO MORE CLASSES.

Q. Was there any increase of the classes that were allowed special rates in consequence of the competition that you have spoken of?—A. Yes.

Q. What were they?—A. They would be the shippers of freight over the line who could obtain passes or reduced rates over a competing line with the Union Pacific to the point that such passengers wanted to reach.

FREIGHT RATES.

Q. Did you fix the freight rate during this period, from 1880 to 1884?—A. I was consulted as the ranking officer of the man who did fix the freight rates during that period.

Q. How did the rates upon the main line, under your management, differ from the rates upon branch lines, as you recall them?—A. The rates on the branch lines at that time were, as a whole, higher than on the main line, except in the western portion of our territory—the western portion of the main line.

PRINTED SCHEDULE OF RATES.

By Commissioner LITTLER:

Q. Have you not a printed schedule of those rates?—A. Yes; I can show, I think, those figures during the period.

By the CHAIRMAN:

Q. Will you please produce the record of rates during that period?—A. Yes; what you want is the basis of rates; if it was so much a mile for the branch line and so much a mile for the main line and certain portions of the main line during that time?

By Commissioner LITTLER:

Q. You have a detailed freight tariff, have you not, between all stations?—A. Yes; but I do not imagine there is one of those in existence as far back as 1880.

Mr. POPPLETON. They can be furnished as far back as you can give them.

The WITNESS. Yes; I can furnish the basis per mile on which all the passenger tariffs were made at that time.

By the CHAIRMAN:

Q. To this date?—A. To this date, or until subsequent changes were made. I would like to file that in connection with the present testimony and let it go in here.

The paper is as follows:

LOCAL PASSENGER TARIFFS IN 1880.

THE UNION PACIFIC RAILWAY COMPANY, GENERAL TICKET OFFICE,
Omaha, Nebr., June 22, 1887.

Basis upon which local passenger tariffs were constructed in 1880, when the constructive-mileage basis of divisions between main line and branches was adopted in April, 1880, with changes made since. Rate in cents per mile except between Council Bluffs and Omaha, where actual fare in cents is given:

	April, 1880.	Nov., 1880.	June, 1883.	June, 1885.	Jan., 1887.	June, 1887.	July, 1887.
Consolidated line.							
Council Bluffs to Omaha:							
Limited	25						
Unlimited	50					25	
Omaha to North Platte	5	4		3		3	
North Platte to O'Fallon	7½	4		3		3	
O'Fallon to Chappell	7½	4				4	3
Chappell to Nebraska and Wyoming line	7½	5		4		4	3
Nebraska and Wyoming line to Cheyenne	7½	5		4		4	
Cheyenne to Laramie	9	7		6	5	5	
Laramie to Almy	9	7			5	5	
Almy to Ogden	9	6½		5	4	4	
Kansas City to Topeka	3					3	
Topeka to Kansas and Colorado line	4		3			3	
Kansas and Colorado line to Denver	5				4	4	
Denver to Cheyenne	7	5.2			4	4	
Leavenworth Branch	3					3	
Auxiliary line.							
Omaha and Republican Valley	5	4		3		3	
Omaha, Niobrara and Black Hills	5	4		3		3	
Saint Joseph and Grand Island:							
In Kansas	5	4	3			3	
In Nebraska	5	4		3		3	
Lawrence and Emporia	4		3			3	
Manhattan and Blue Valley				a 3		3	
Junction City and Fort Kearney	4		3			3	
Solomon	4		3			3	
Salina and Southwestern	4		3			3	
Salina, Lincoln and Western					b 3	3	
Kansas Central		c 4	3			3	
Colorado Central:							
Julesburg Branch		d 5.1		e 5	f 4	4	
Denver and Cheyenne	5				4	4	
Denver, Georgetown and Central City	10	g 7½			6	6	
Georgetown, Breckinridge and Leadville			h 7½		6	6	
Greeley, S. L. & P.:							
Greeley and Stout			i 5		4	4	
Boulder and Sunset			j 8		6	6	
Denver, Marshall and Boulder				k 5	4	4	
Denver and Middle Park				5		5	
Denver and Boulder Valley	7	5.2			4	4	
Golden, Boulder and Caribou	4					4	
Denver, South Park and Pacific:							
Denver, Platte Cañon and Morrison		16			4	4	
Platte Cañon and West		9½			6	6	
Cheyenne and Northern			m 5			5	
Laramie, North Park and Pacific			n 7		5	5	
Oregon Short Line		o 8			5	5	
Echo and Park City		p 6½			5	5	
Utah and Northern:							
Ogden and Franklin	5	q			5	5	
Franklin and Arimo	10	8½			5	5	
Arimo and North	10	8			5	5	
Salt Lake and Western		r 6			5	5	

a August, 1886.
b June, 1886.
c February, 1881.
d November, 1881.
e June, 1885.
f January, 1887.
g November, 1880.
h April, 1884.
i July, 1882.
j April, 1883.
k September, 1886.
l January, 1881.
m December, 1880.
n April, 1885.
o October, 1882.
p December, 1880.
q November, 1880.
r September, 1882.

C. S. STEBBINS,
General Ticket Agent.
O. P. McCARTY,
Assistant General Ticket Agent.

Q. Will you furnish a similar schedule as to the freight rate?—A. I will do the best I can.

The CHAIRMAN. Let your statement go back to the beginning, if you can.

The WITNESS. A history of the rates from the beginning of the Union Pacific?

The CHAIRMAN. Yes, sir; freight rates and passenger rates.

The WITNESS. Well, I will do the best I can for you.

Mr. POPPLETON (to the chairman). Will not this table here (referring to a table in a book of reports of the Union Pacific Company) suit your purpose?

The CHAIRMAN. Does it show the increase and decrease?

Mr. POPPLETON. It is a table showing the rate per mile for the different years.

The CHAIRMAN. What I want is the open local rate; not the average. This is a table showing simply the average rate. That is not what we want.

The WITNESS. I will try to give you the information.

TARIFFS ON BRANCH LINES.

Q. Did you discriminate in your rates in favor of the branch roads as against the main line?

The WITNESS. Do you refer to the division of the rate on joint business interchanged between the branches and the main line?

The CHAIRMAN. I mean as to the general local and through rates. Were the rates fixed rather in favor of the branch lines—the unaided lines—and against the main line?

A. As a rule we made our local tariffs on the branch lines higher than the main line tariffs in the same vicinity, wherever we could do so, on account of the short haul and extra expense and small amount of business of the branch lines as compared with the main line. We generally adjusted our rates higher on the branch than on the main line.

Mr. POPPLETON. You are stating now the non-joint business?—A. Yes; I mean the official local tariffs that they asked for.

Mr. POPPLETON. Yes; local.

NO DISCRIMINATION IN THEIR FAVOR.

Q. Did you discriminate in the fixing of your rates in favor of the branch lines as against the main line?—A. No, sir; I think the discrimination, as matter of fact, has been the other way.

Q. Were the benefits derived by the main line from the rates fixed equal to the benefits derived by the branch lines?—A. I think so. I think clearly so.

Q. Were the rates the same?—A. In some cases the same.

Q. Well, what in other cases?—A. Generally the branch line had a higher rate than the main line.

Q. You would not regard that as a greater benefit to the treasury of the branch line than was conferred on the main line?—A. If the branch line received an additional compensation of, say, 50 per cent. on each mile of the haul of freight or passengers, and the haul on the branch line was 50 miles and the haul upon the main line was 500, it does not require much argument to show the profit—the direct advantage to the main line, at 50 per cent. less rate per mile on all business that could be

gathered up or created by the branch line and given to the main line—it seems to me it is perfectly clear that the benefits are decidedly greater in favor of the main line by such an adjustment.

CONSTRUCTIVE MILEAGE.

Q. By the term "50 per cent." which you have used you mean the system of constructive mileage that is now in operation? I do not mean fixing the percentage; but that is what we denominate constructive mileage.

The WITNESS. Where the tariffs allow a branch line, or make for a branch line, a 50 per cent. higher rate per mile than is obtained on the main line, would you call that constructive mileage?

The CHAIRMAN. I am asking you.

A. No, I should not call it constructive mileage. I think "constructive mileage" is a misnomer in such case; it is misleading, especially misleading to Congress. "Constructive mileage" if applied at all in such cases, simply signifies, as I understand it, the ratio that the local rates of compensation bear to each other, between the main line and the branch lines.

By Commissioner LITTLER:

Q. You simply used the term "50 per cent." to illustrate your point?
A. Yes.

By the CHAIRMAN:

Q. But your haul of 50 miles on the branch line and of 500 miles on the main line, and the allowance in favor of the branch line as against the main line, is the system of constructive mileage that you are now operating under?—A. If the tariff of the branch lines is based on a figure 50 per cent. higher than that of the main line, then it should not be called constructive mileage.

Q. What is it?—A. It is simply compensation on the basis of its local tariff.

CONSTRUCTIVE MILEAGE DEFINED.

Q. What is "constructive mileage"?—A. It is a term applied to the allowance between railroads for a service not performed, or for a distance greater than the actual haul.

Q. A service for what?—A. Transportation of freight or passengers.

THOS. L. KIMBALL.

Afternoon session.

THOMAS L. KIMBALL, being further examined, testified as follows:

INTRODUCTION OF CONSTRUCTIVE MILEAGE SYSTEM.

By the CHAIRMAN:

Question. When was the plan of constructive mileage first introduced into the Pacific system?—Answer. My recollection is that it was about 1880—1879 or 1880.

RATES.

Q. What were the rates fixed for that year?—A. I have a list here of the basis of divisions between the lines, but I see noted on it "Octo-

ber 1, 1880," and the present basis I find on the same sheet, so that the application of the percentages that I am going to read will not in all cases date back to 1880, but will apply when the branch line named was opened for business, since that time:

The Union Division, designated A, Omaha to Cheyenne, 1 mile.
Cheyenne to Ogden, 1½ miles.
Kansas Division, N, 1 mile; Leavenworth Branch, O, 1 mile.
Denver Pacific, U, 1½ miles.

Auxiliary lines.

Omaha and Republican Valley, designated B, 1½ miles.
Omaha, Niobrara, and Black Hills, C, 1½ miles.
Colorado Central, Julesburg Branch, 1½ miles.
Echo and Park City, G, 2 miles.
Colorado Central Railroad, H, broad gauge, 1½ miles; narrow gauge, arbitrary (or local tariff).
Salt Lake and Western, I, arbitrary.
Denver, South Park, and Pacific, J, arbitrary, east-bound; 2 miles for one, west-bound.
Utah and Northern, K, 1½ miles.
Oregon Short Line, L, 1½ miles.
Greeley, Salt Lake and Pacific, M, 1½ miles.
Lawrence and Emporia, P, 1½ miles.
Laramie, North Park and Pacific, Q, arbitrary.
Junction City and Fort Kearney, R, 1½ miles.
Solomon Railroad, S, 1½ miles.
Salina and South Western, T, 1½ miles.

Denver and Boulder Valley, V, 1½ miles.
Golden, Boulder and Caribou, W, arbitrary.
Georgetown, Breckinridge and Leadville, X, arbitrary.
Kansas Central, Y, arbitrary.
Denver and Middle Park, arbitrary.
Salina, Lincoln and Western, 1½ miles.
Cheyenne and Northern, arbitrary.
Denver, Marshal and Boulder, 1½ miles.
Manhattan and Blue Valley, 1½ miles.

All business to be divided on basis named, except—

(1) No line receives more than its locals; (2) special rates based on half-local to be divided accordingly; (3) round-trip rates covering two routes to be split in the middle and each half apportioned according to the route of the same.

Mr. MINK. That is all passenger business?

The WITNESS. Yes.

ARBITRARIES.

By Commissioner LITTLER:

Q. I would like to have you explain what you mean by "arbitrary."—A. That is a fixed sum without any pro rate of a cut rate. The local tariff applies.

By the CHAIRMAN:

Q. For what time were these rates fixed?—A. The first division noted here was in effect October 1, 1880, and so down to the present date.

CHANGES IN DIVISIONS OF RATES.

Q. Have they remained the same from that date?—A. I think there have been some slight changes in the basis of divisions.

Q. What are the changes?—A. There was a change made on the Oregon Short Line by which business going north of Pocatello, on the Utah and Northern, pays the Oregon Short Line about three-quarters of a cent a ton a mile from Granger to Pocatello.

Q. Who fixed the rates?—A. That was ordered, as I remember, by the president of the company, through the general manager. The divisions were published by the auditing department.

Q. Did the president communicate with the general manager?—A. I think he did.

Q. Have you that communication?—A. No; it would not be in my possession.

Q. In whose possession would it be?—A. In the files of the office of the general manager.

Q. Will you procure that communication for the Commission? Mr. Adams referred us to you on the question of these rates. He said you fixed them.—A. Well, it is generally true that these matters would be referred to me.

Q. Well, did you fix the rates?

The WITNESS. You are asking me about this particular case, are you not?

The CHAIRMAN. No, sir; I am asking you about the general rates.

The WITNESS. There is a chance for misapprehension here. Your question is addressed to the general tariff of the company, and not to the division of rates?

Q. Yes.—A. Well, my answer to that would be that I am responsible for the making of the rates.

Q. Are you responsible for the change in the rates also?—A. Yes, sir.

BASIS OF DIVISIONS OF RATES.

Q. Upon what basis did you first fix the rates?

The WITNESS. Do you mean in this case—in the case of these lines of which I read the divisions of the rates—or do you mean generally the tariffs?

The CHAIRMAN. I mean how do you reach a conclusion as to the rates charged upon the several branch lines and upon the main line, and from Ogden to Cheyenne?

The WITNESS. You mean the divisions of rates and not the rates themselves?

The CHAIRMAN. Yes.

A. Originally, when the question came up as to the relation that branch-line rates should bear to the main-line rates, we made allowances in favor of the branch lines in consequence of the extra cost of maintaining and operating such branches; also in consequence of the meagerness of the business of the branch lines as compared with the main line. Those were elements always taken into account, together with the general fact that the main-line haul is much greater and its earnings larger on a given shipment of freight interchanged between a branch and the main line than the earnings upon the branch would be.

RATES IN FAVOR OF BRANCH LINES.

Q. Was the rate fixed in favor of the branch lines because of the deficiency of the branch lines as compared with the main line?

The WITNESS. In respect to the volume of business?

The CHAIRMAN. In respect to general conditions?

A. Yes, that was taken into general account. The circumstances generally would be in favor of a larger rate per mile on a given amount of business than on the main line.

Q. Was the main line made to support the branch lines to the extent of the deficiency?—A. I don't so understand it.

THE DENVER PACIFIC.

Q. What do you understand?—A. If you take, during this period of 1880, our tariff on the Denver Pacific road, running from Cheyenne

to Denver, you will find that it was 6½ cents a mile. That was the local passenger tariff. Now, the average rate between Omaha and Cheyenne on our main line would be in the neighborhood of 5 cents. I could not this moment give it to you exactly, but it would certainly be in the neighborhood of 5 cents. Now, in the division of a through rate between the main line and the Denver Pacific we allow the Denver Pacific a mile and a quarter to a mile. We were really giving the Denver Pacific less than the proportion to which it would be entitled. On the basis of its local tariff and the main line tariff the Denver Pacific would have got more at that time than a mile and a quarter to a mile.

THE OREGON SHORT LINE.

By Commissioner LITTLER:

Q. I want to get that straight. Suppose I had bought a ticket from Omaha to some point on the Oregon Short Line. You would have charged me at the rate of 5 cents a mile, if there had been no constructive mileage on the Oregon Short Line, for the several miles of travel on the main line. Then would you have charged the local rate, or the tariff rate prescribed for the Oregon Short Line, the balance of the way?—A. Yes.

Q. You say that if that had been done the Oregon Short Line would have got more money than it would have got under this constructive mileage plan?—A. Yes; it would have got 8 cents per mile.

Q. Because the rate on the main line was 5 and on the branch 8?—A. Yes. Now, if we had applied the rule that any corporation owning and operating the Oregon Short Line, independently of the Union Pacific, would have applied, the Short Line would have exacted from us on the through rate her local tariff, or her pro rata proportion of any through rate we wished to make.

CONDITION OF THE ROADS

By the CHAIRMAN:

Q. Have the conditions on which you based your rate of constructive mileage in 1880 remained the same as to all these roads?—A. No; they have not remained the same.

Q. In what respect have you changed the rates?—A. We have reduced them.

Q. Upon what roads?—A. Reduced them, I think, on all the roads. Our main line has gone down to 3 cents per mile within the States of Kansas and Nebraska.

The CHAIRMAN. You misunderstand me. I am speaking of constructive mileage. You gave me certain rates that you fixed in 1880, and I understood you to say that the rates remained the same except in a few cases.

The WITNESS. Yes.

Q. Now, have the conditions of the roads on which you based the constructive mileage of 1880 remained the same?—A. The relative condition, substantially the same.

IT HAS IMPROVED.

Q. Then I understand you that since 1880 there have been no improvements in the branch lines?—A. No; I do not think you should infer that from my answer.

Q. Well, what am I to infer?—A. I said "relatively."

Q. What do you mean by "relatively"?—A. I mean that the main line has improved in its earning capacity, and that the branch lines have improved as a whole.

Q. Then I understand you that the main line has improved equally with the branch lines, and the ratio upon which you base the constructive mileage of 1880 between the branch lines and the main line remains about the same?—A. Well, I should say without going into a careful calculation or analysis, that that was a fair proposition. I should be willing to state that as a general opinion.

HOW IMPROVEMENT IS SHOWN.

Q. State the conditions on which you framed your conclusion.—A. My general knowledge of the fact that most of the main-line territory and most of the branch line territory is developing and its traffic improving. I think the development will be in proportion on the branch and auxiliary system to the progress made on the main line.

RELATION OF POPULATION TO PASSENGER BUSINESS.

Q. In making the estimate of the rate of constructive mileage, have you taken into consideration the population along the territory contributing to the support of the lines?—A. Generally, we take that into account. In calculating the amount of passenger business to be derived from any locality, we take into account the population in the district reached and served by the branch line, or any portion of the main line.

RELATIVE VALUE OF BRANCH LINES.

Q. As I understand you, there were two elements that entered into the conclusion as to the rates of constructive mileage: the deficiency of the branch roads as compared with the main line and the sparseness of population. Now, what other condition?—A. We have in view, as well, the value of the branch-line system to the main line, and the importance of securing to the branch line supporting earnings, so as to encourage the building of other branch lines.

Q. You would not include that under the head of deficiency—the support of the branch road due to the fact that it was not earning sufficient to support itself?—A. It would be, if we appropriated money for that purpose; but if we adjust our divisions so as to give the branch line only an equitable share of the earnings on the interchanged business, I do not think that would be so construed. I think the branch line is entitled, on its merits, to all it gets.

ADJUSTMENT OF RATES BETWEEN MAIN AND BRANCH LINES.

Q. The main line, under the constructive-mileage system, was made to contribute to the support of the branch lines? That is it, is it not?—A. No; I do not understand it so.

The CHAIRMAN. Then please explain how you understand it.

The WITNESS. I understand it in this way—as I explained before: If, in the distribution of a through rate over the main line and the branch lines, we give the main line an equitable and fair division, and the branch line (taking all the circumstances into account) no more than its equitable and fair share of that through rate, I do not consider that

a "contribution" of the main line to the branch line. I do not consider it an improper tax on the main line's revenues.

Q. Are there any other conditions, then, on which you base your calculations or estimate?—A. I would have some other things in my mind in making an adjustment of rates between the main line and branches. The consideration as to what that branch would do if it was independent of the main line, controlled by an independent set of men, owned by independent capital—I should call that a legitimate consideration.

Q. That is to say, what would be necessary to support that branch line if it were an independent line?—A. Yes.

THE DENVER AND RIO GRANDE.

Q. You consider that a fair estimate to enter into the calculation?—A. Take, for illustration, our relations to the Denver and Rio Grande Road—its line between Denver and Pueblo, 120 miles. That road is independent of the Union Pacific Company, and of the Burlington, and of the Santa Fé. But our company and the Burlington and Santa Fé have lines connecting with it: two at Denver and one at Pueblo. Now, in consideration of the fact that the Denver and Rio Grande has a short haul, that it does a terminal business either at Pueblo or at Denver for these roads—in dividing all through rates from that line we allow them a mile and a half to the mile. And that is considered a fair distribution of the through rate—not paying them more than they are entitled to, under all the circumstances.

LEGITIMATE COMPENSATION TO BRANCH LINES.

Q. Is not that a contribution to their support, however, under the circumstances?—A. I do not see how you can call it a contribution; because the Rio Grande Road could say to us, and to the Burlington, at Denver, "You must stop shipping through freight and passengers over our line"; and it could say to the Santa Fé, at Pueblo, "You must quit sending passengers and freight over our line; we will do that business at our own rates between Denver and Pueblo." The earnings of the Rio Grande Road would be just what the Rio Grande chose to make them by their tariff between Denver and Pueblo; and they would be entitled to all they would get from their local tariff, out of the through rates on stuff coming over our line.

Q. What other explanation can you give besides that of deficiency in the earnings of that road, the sparseness of population, and the question of independent control, unless it is that this additional one mile, or half-mile, or three-quarters of a mile is given in order to contribute and make up for these deficiencies and those conditions?—A. We regard it only as a fair equivalent.

The CHAIRMAN. I am not questioning the fairness of the matter at all. It is not for me to say whether it is fair or unfair; but I want to know from you whether it is in the nature of a contribution? Do not understand me as questioning, now, its fairness.

AN EQUITABLE RETURN.

The WITNESS. No; I do not so regard it. I regard it as a legitimate compensation for the work done by the branch line and as some return for the value of the business created by the branch line and given to the main line, which, without such branch lines, the main line would never get.

Q. Is not the compensation a contribution to the support of the branch lines?

Mr. POPPLETON. It is a premium for getting business, if anything.

The WITNESS. I think "contribution" is the wrong word to use.

Q. What word would you use?

The WITNESS. Would it be a contribution in the sense of a gift if any one of the branches of the Union Pacific was in independent ownership and made its tariffs on the basis that our interchange of business on constructive mileage is done; simply declared such local tariffs as would give it exactly the same revenue; or, suppose they cut loose from us, run their line independently then as to all interchange business they might get on the basis of their tariff, more than we now allow, would you call that "contributing" on the part of the Union Pacific Railway to the support of a branch line? Would it be a contribution, or would it simply be taking its legitimate compensation for the work done?

CONSTRUCTIVE MILEAGE NOT NEW.

Q. Are there any other conditions?—A. That is, substantially, all that occurs to me. I might mention the fact that the allowance of a higher rate per mile (or "constructive mileage," if you choose to call it so) is not new and is not exclusive in its application to the Union Pacific system. It is as old as the Union Pacific road, and it is practiced on some of the most important roads in the Western country to-day, and is considered a legitimate policy to encourage development of branch lines—of feeding lines—by allowing them more than an equal mileage distribution of earnings.

COMPARATIVE COST OF TRAFFIC ON MAIN AND BRANCH LINES.

Q. What was the cost along the main line, as compared with the cost along the branch line, at the time you fixed this rate, that led to your calculation on that basis?—A. I do not remember what the relative cost at that time was; but, as a generally recognized fact that we need not stop to investigate very much, it would be admitted among railroad people that a line carrying a small tonnage and a small number of passengers to the mile of road would do it at a higher rate of cost per passenger and per pound of freight than another line carrying a larger volume and on longer mileage.

Q. Have you any record of the cost at the period when you fixed the rate of constructive mileage upon which you based your calculation?—A. That may be shown in the records of the company.

Q. Will you furnish the commission with the cost?—A. I will if I can find it in the records of that period.

RELATIVE SPARSENESS OF POPULATION ON BRANCH LINES.

Q. What was the population upon which you based your estimate at that period, of the main line and of the branch lines—the relative population?—A. That I could not tell you just now.

Q. Have you any memorandum?—A. No.

Q. Had you at the time?—A. In our calculations of the necessity and fairness of an adjustment of the branch line tariffs with respect to the main line, we should calculate that a territory like that through which the Oregon Short Line runs would have very little population to serve it, compared with the main line, which receives not only the busi-

ness of its own local territory and the trans-continental, but receives the traffic and travel of all those branches in addition.

Q. What definite figures had you at the time, to make up your rates under the constructive mileage system?

The WITNESS. With respect to population?

The CHAIRMAN. Yes.

A. I do not think I could tell you at this late day.

Q. Did you have any figures?—A. We had knowledge of the fact that there were no people out in that country, except in a few mountain camps, on a good deal of the line.

THE OMAHA AND REPUBLICAN VALLEY ROAD.

Q. How much was contributed under the rate of one and a half allowed to the Omaha and Republican Valley Railway Company during the first year that the rate was fixed?—A. I do not remember.

Q. Have you any account to show how much, under the rate fixed by you, a mile to one-and-a-half miles, was contributed by the main line to the Omaha and Republican Valley Railway Company during the first year, I think in the year 1881?—A. I do not recall that any statement was ever made on that interchangeable business by me. I do not remember to have looked it up.

Q. Who did make it?—A. I have never known of any separation or analysis of the business on that basis, except latterly. There has been an analysis of the interchangeable business and the effect of the constructive mileage principle for the month of January, 1887. That has been worked out in detail.

Q. You would know if any such calculation had been made at any time?—A. I should be likely to remember it; but I do not recall it.

Q. Was the calculation during the month of January, 1887, the first one you made under the constructive mileage system?—A. I think the Interior Department made a statement for July, 1886, or, possibly, 1885.

Mr. MINK. 1885.

The WITNESS. 1885. I have never seen that.

AMOUNT PAID BY MAIN TO BRANCH LINES.

Q. Can you give the Commission any figures showing what contribution under the constructive mileage system, in total, the main line has contributed to the branch lines?

Mr. POPPLETON (to the witness). It seems to me you ought to "hedge" against this word "contribution" all the time. I do not think it has any application.

The WITNESS. Yes; I do not think it is a correct expression.

The CHAIRMAN. I will put it in any other shape that is agreeable. How much money went from the treasury of the main line of the Union Pacific Railway company into the branch line treasuries, under the constructive mileage system? You may call it payment or contribution or anything else.

Mr. POPPLETON. I think the answer would be "not a dollar," or that the money went the other way.

The WITNESS. I think the answer would be that a careful analysis of the effect of what you call "constructive mileage" upon the revenues of the Union Pacific Company and its auxiliary lines will show that the Union Pacific Company makes money by that principle. It has more money in its treasury to-day than if, by act of Congress, the strict mileage pro rata distribution of revenues were insisted upon.

Q. What amount of money has been paid in the settlement of the Union Pacific Railway Company with the branch lines under the constructive mileage system?—A. You understand that I stated that no calculation had been made and no analysis entered into except for the month of January, 1887, and that is as follows:

Allowances in favor of branch lines in January, 1887	$29,591 13
Allowances in favor of auxiliary lines of the Union Pacific contributed by the lines east of the Missouri River	18,445 51
Balance contributed by the Union Pacific	11,145 62
Amount contributed by the roads east of the Missouri River to the Union Pacific, in addition to the amounts contributed by said roads to the auxiliary lines of the Union Pacific	31,080 61
Balance to the credit of the constructive mileage account in the treasury of the Union Pacific Company in the month of January,	19,934 99

CONTRIBUTIONS TO MAIN LINE BY OTHER ROADS.

Q. Do you carry, in that calculation, the amount paid by the Union Pacific Railway Company to other roads—roads outside of the Union Pacific system?

Mr. MINK. That has nothing at all to do with the account.

The CHAIRMAN. You have brought items from foreign roads into this account, have you not?

Mr. MINK. Yes, sir.

The CHAIRMAN. Now, have you taken out the amounts that have gone out from the Union Pacific to those roads?

Mr. MINK. Such roads, if I understand your question, do not get anything from us. In this connection, I do not class our branch lines as foreign roads.

Mr. POPPLETON. It is an allowance to the Union Pacific Company from those roads.

The CHAIRMAN. Is the balance always in favor of the Union Pacific in the constructive mileage system?

Mr. POPPLETON. Yes; it always has been.

The WITNESS. Yes; two miles to one, or one and a half to one.

Mr. MINK. And sometimes three miles to one, is it not?

The WITNESS. Yes; in some cases more.

Q. How much money in that estimate—throwing out the contribution of the foreign roads to the main line—was paid as between the main line and the branch lines by the main line to the branch lines?—A. Eleven thousand one hundred and forty-five dollars and sixty-two cents.

Q. Is that a statement for one month?—A. One month; yes.

Q. Would you base an estimate for a year on that sum for each month?—A. Well, the amount of business transacted in a given month may not be a fair measure of the twelfth of the total business for the year; but that statement will give you a basis upon which you can show, approximately, what the total contribution for the twelve months would be, based on the earnings for the entire year.

Q. That is to say, I am to understand (correct me if I am wrong) that it would be a fair estimate to say that the main line contributed $120,000 annually to the branch lines under the constructive-mileage system?—A. I should say it would amount to more than $120,000.

Q. How much more?—A. Well, on the same basis as your calculation, it would amount to $166,000.

"AUXILIARY LINE."

By Commissioner LITTLER:

Q. Will you explain the difference between the auxiliary lines and branch lines, as you used those terms here?—A. We use a general term, "auxiliary lines," to cover all the lines that the Union Pacific Company has an interest in or controls.

Q. Or has traffic arrangements with?—A. No; I think it is limited to lines in which we have an ownership, or absolute control.

THEIR POSITION IN RELATION TO CONSTRUCTIVE MILEAGE.

Q. Assuming that these several branch lines were independent corporations, entirely independent of the Union Pacific, would you as general manager of the Union Pacific, having control both of the branches and of the main line, make such contracts for constructive mileage as you have fixed for those branches?—A. I should say yes, as a rule. There might be some individual exceptions when I should come to analyze them in their details. But as a general proposition I should say such a contract was exceedingly favorable to the Union Pacific.

Q. You would make such contracts if the lines were independent of you?—A. Yes.

Q. What are the exceptions?—A. None occur to me at this time.

Q. Some of those branch lines have a constructive mileage of two for one?—A. Yes.

Q. Are they among the exceptions?—A. I think the Echo and Park City has a very liberal arrangement for the main line, and not for the branch. It is a very small piece of road, right up into the mountains.

"CONSTRUCTIVE MILEAGE" WITH THE DENVER & RIO GRANDE.

By the CHAIRMAN:

Q. What constructive mileage account has the main line with roads other than the branches or auxiliary roads?

The WITNESS. The foreign companies that we are not interested in, do you mean?

The CHAIRMAN. Yes.

A. We allow, as I stated, the Denver and Rio Grande a mile and a half to the mile in dividing through rates.

Q. Do you pay out, in your settlements, that additional half mile? Does the Union Pacific Railway Company pay to the Denver and Rio Grande that additional half mile for freight or passengers carried over it?—A. Yes.

Q. Then that is a payment taken out, is it not, from the main line?—A. If the passenger or the shipment of freight originate on that road, they collect the money on it and pay out to us, after deducting what belongs to them. They report to us the balance.

Q. It is that much less in your receipts from them in your settlement? If they collect and take out the additional half mile for freight and passengers, when they settle with you they pay you that much less?

The WITNESS. Less than they would if they made a straight mileage division?

The CHAIRMAN. Yes.

A. Oh, yes.

Q. Is not that a payment?

The WITNESS. In the sense of a contribution by our company to that?

The CHAIRMAN. No; I am not speaking of a contribution.

A. It is simply allowing them their rate—paying them what they ask.

Q. Do they collect for you?—A. Yes; they collect for us on east-bound passenger business.

Q. Do you permit them to make this deduction?—A. We do.

Q. What do they do with the amount they deduct?—A. They keep it, I suppose. It belongs to them.

Q. Could you not collect it and pay it back to them?—A. We have no right, at Pueblo, to ticket out over their railroad.

Q. Is it not, as matter of fact, a payment on the part of this Union Pacific main line? We are differing about a matter of mere words. You have that much money left?—A. Why, no; it is not a payment at all, in the ordinary sense. It is simply an arrangement by which each company gets its agreed share of a through rate.

Q. Is it an allowance?—A. It is simply a collection by the Rio Grande road of its tariff, or its proportion of the rates. They either collect it from the public or from the connecting road, as the case may be.

Q. Do they settle with the Union Pacific Railway?—A. Yes.

Q. Do they settle as upon mile for mile?—A. No.

Q. How do they settle?—A. They take a mile and a half to the mile, or 22 per cent. They keep that. They give us that much less than the total amount collected to the Missouri River.

Q. That is in payment for the half-mile allowance, is it not?—A. Yes; you may call it that.

Mr. POPPLETON. That is, assuming that they would give you the joint rate in lieu of the local rate?

The WITNESS. They allow us to do business over their road on the basis of 22 per cent. of the through rate. Now, if we refuse to pay that, they will shut us off their road.

"ARBITRARIES" ALLOWED TO FOREIGN ROADS.

Q. What other foreign roads have you the constructive mileage relation with?—A. I do not recall any now. We allow arbitraries in dividing with other roads. We allow the Utah Central an arbitrary between Ogden and Salt Lake, in consequence of a short mileage and the necessity of running a good many trains that would not pay on the local business between the two towns—Salt Lake and Ogden—to carry our main-line passengers.

Q. What foreign roads?—A. Any road that charges us a rate higher than a pro-rate per mile we would be dealing with on the basis of what you call constructive mileage as compared with the strict pro-rate per mile.

THE NORTHERN PACIFIC.

The CHAIRMAN. Name the roads.

The WITNESS. In the Northern Pacific local territory that company sometimes makes us pay more than a pro-rate per mile.

Q. Then you make a payment on account of the Northern Pacific under this constructive mileage system?—A. We pay them more than a pro-rate per mile.

OTHER ROADS.

Q. What others?—A. The Central Pacific, O. R. and N. Co., and others.

BASIS OF MEASUREMENT OF RATES.

The WITNESS. I would like to know what ground there is for measuring all rates by a pro rata rule—exact mileage—as a basis of distribution of joint earnings. Why do you make your calculations by that rule to ascertain the "contributions?" Because one road gets more than another per mile on interchanged business is no evidence that either is wronged.

The CHAIRMAN. I am asking you, Mr. Kimball. You are the witness.

The WITNESS. I thought you might give me some light that I have never been able to get on that subject. I thought you might show me where the justice comes in for such a test of our main and branch line divisions.

Q. You have named the Denver and Rio Grande and the Northern Pacific. What other road?

Mr. POPPLETON. This works both ways I suppose, whether the Union Pacific pays constructive mileage or whether the other roads pay it to the Union Pacific?

The CHAIRMAN. Yes.

Mr. POPPLETON. And includes the roads that give us constructive mileage as well as those we pay it to, in the chairman's theory.

The WITNESS. We are doing business with many roads in the West where our long-haul in connection with their local short-haul pays them more per mile than we would think of asking, or more than we would get.

Q. What other roads?—A. Well, I know very few of which that might not be true in respect to some portions of our interchanged business.

Q. Then I understand you that under the constructive mileage relations which you hold with nearly all these roads that in any way connect with this system, you, at times, make payments to them based on a percentage per mile greater than mile for mile?—A. In other words, in dividing through rates our connecting roads sometimes get more than we do per mile. That is right.

Q. Have payments by the Union Pacific main line been carried into this $31,000 for the month of January, 1887? Have they been included in that statement?—A. There is no item of business in that account, that I can recall, that would pay to our eastern connections a higher rate per mile than the Union Pacific earns on the same business.

The CHAIRMAN. Excuse me, but that does not answer my question.

The WITNESS. There are not any in that statement. The statement of business on which this $31,000 is based has none of that kind of business in it on which we earn a less rate per mile than our connections do. Because the business on which the statement was based was to and from the Mississippi and East, interchanged with our company. On that traffic we get a higher rate per mile than our connections do.

Q. That is all true; but I want to know what payments the Union Pacific Railway Company has made on the basis of the constructive mileage system during the month of January to foreign roads, other than the branch or auxiliary roads.—A. There would be no considerable item of business that I can think of, in the month of January, that would earn a greater rate per mile to foreign roads than the Union Pacific earns, except the business going to and coming from the Rio Grande road and the Central Pacific, delivered at local points on the latter line. But these figures are based on our earnings, without regard

to what these eastern roads have contributed to the Central Pacific or to the Rio Grande. They collect the money. They pay us what we are entitled to under the regular divisions, and if the constructive mileage or excess of a mileage rate is allowed to the Rio Grande, the road on which the business originates collects for the ticket that is sold through, and the public pays that difference.

Q. Would the balance of $31,000, in the estimate for January, 1887, be increased or decreased if the payments on account of constructive mileage were carried into the account?—A. I don't think it would be affected at all, on the basis of that statement.

Q. On what basis would it be affected?

The WITNESS. I should like to hear the question read.

The question was read, as follows: "Would the balance of $31,000, in the estimate for January, 1887, be increased or decreased if the payments on account of constructive mileage were carried into the account?"

Mr. MINK. To other roads, including, of course, the Union Pacific's own branches?

The CHAIRMAN. Certainly.

The WITNESS. I think that would be more than offset by the advantages we get on other business under the constructive-mileage rule that is not included in this statement.

Q. Would the item of $31,000, then, entirely disappear by other advantages that the Union Pacific would get?—A. No; I do not see how it could.

Q. Then what do you mean by "offset"?—A. There are some items of business on which we have constructive-mileage advantages that are not included in this statement.

THE MILEAGE PRINCIPLE A DECIDED ADVANTAGE.

Q. What are they?—A. In our passenger business (which is not included here at all), when the business is running at full tariff, we would show a very decided advantage and gain by the application of the mileage principle. We are not able to show it now, because of the exceedingly low rates on which we are doing our business.

Q. Then is that a just estimate of the amount contributed by the main line, under the constructive-mileage system, to the branch lines, if you have not carried into it all of your constructive-mileage accounts with other roads?—A. I do not think the result would be materially affected if the entire business was analyzed on that basis.

The CHAIRMAN. I would like to have that statement put in evidence.

Mr. MINK. Yes; and it would be well to have the other statement which you have before you go in with it.

(The papers are put in evidence and marked, respectively, Exhibits 1 and 2, June 21, 1887.)

EXHIBIT 1.—*June* 21, 1887.

Memorandum in relation to constructive mileage allowances, January, 1887.

STATEMENT A.

On the business interchanged by the Union Pacific with its auxiliary lines in January, 1887, on constructive mileage and other bases as opposed to a straight mileage basis, the parent company lost $29,591.13.

The total freight earnings of the system for the year ending January 31, 1887, were $18,963,353.16, of which $1,262,229.74 was earned in January, 1887. The January earnings were 6.69 per cent. of the total earnings of the year.

If the constructive mileage and other allowances for the month of January, 1887, bore the same relation to the allowances for the year that the January earnings did to the total earnings for the year, the total allowances would amount to	$442,318.58
On the other hand, the Union Pacific received from its connections on the east, at Omaha and Kansas City, on constructive mileage and other bases, as opposed to straight mileage, $49,526.12. On the above-named basis that would amount for the year to	740,300.74
Balance of profit under the constructive-mileage rule in favor of the Union Pacific	297,982.16

EXHIBIT 2.—*June* 21, 1887.

STATEMENT B.

Allowances in favor of the branch lines in January, 1887, as per memorandum "A"	29,591.13
Allowances in favor of the auxiliary lines of the Union Pacific, contributed by the lines east of the Missouri River	18,445.51
Balance contributed by the Union Pacific	11,145.62
Amount contributed by the roads east of the Missouri River to the Union Pacific, in addition to the amounts contributed by said roads to the auxiliary lines of the Union Pacific	31,080.61
Balance in favor of the Union Pacific	19,934.99
If $19,934.99 = 6.69 per cent., 100 per cent. will amount to	297,982.16

PROFITS TO MAIN LINE UNDER RATES ALLOWED TO BRANCHES.

Q. In Exhibit No. 1, marked A, balance of profit under the constructive mileage rule in favor of the Union Pacific, is given at $297,982.16. Am I to understand that, under the rates allowed by the Union Pacific Railway Company to the branch lines, that company has profited in money to the extent of $297,000?—A. Yes; that is the result for the year.

Q. In money?—A. In money. In order to show that the parent company has gained by the application of the "constructive mileage" principle, as a whole, to its connections, as well as to its auxiliary or branch lines, we have made a calculation, showing what the year's business (1887) would produce on the basis of what did actually happen in the month of January. We say it produces a contribution equal for the Union Pacific system, by its connections, to $740,347.74. Now, taking by the same process the contributions or allowances that have gone to the branch lines, we have a net result of $297,982.16 in favor of the treasury of the Union Pacific Railway.

CONSTRUCTIVE MILEAGE WITH FOREIGN ROADS OMITTED.

Q. In that calculation have you omitted the constructive mileage allowance to foreign roads?—A. The business on which that statement is based would not have a constructive mileage allowance to foreign roads.

Q. Have you not based your estimate upon freight coming from the branch roads over the main line and running into the foreign lines?—A. Yes.

Q. Then, why do you not carry into that calculation the constructive mileage relation with the foreign roads?—A. I understand that the ex-

ception would be in the case of interchanged business with the Rio Grande and the Central Pacific. That would cover about all that there would be that would be stated on the other side of that account.

Q. Do you not have such business with the Rock Island, the Chicago, Burlington and Quincy, and the other roads?—A. We have very little business interchanged with the lines east of here that pays them a higher rate per mile than we get.

Q. And have you a constructive mileage account with them?—A. No.

THE PERCENTAGE BASIS EAST OF THE MISSISSIPPI.

Q. Have you not a system of constructive mileage in making settlements with them?—A. In our business east of the Mississippi River and west of Chicago we have a percentage basis that is better to us, on the whole, than a mile and a half to the mile.

Q. Have you carried any of the accounts into the statement rendered, marked A (Exhibit No. 1, June 21, 1887), east of the Mississippi?—A. It would be all east. It ought all to be in there.

Q. Well, is it there as matter of fact—your constructive mileage account?—A. Yes, that is my understanding. Of course I did not make up the details of this account.

Q. Who did make it?—A. It was made in the auditor's office.

Q. Under whose instructions?—A. Made at my request and under the direction of the auditor.

AMOUNT CONTRIBUTED BY MAIN LINE TO SUPPORT BRANCHES.

Q. I understand you, Mr. Kimball, to say that the constructive mileage system in operation on the Union Pacific Railway contributes annually about $160,000 to the support and maintenance of the branch lines?—A. Yes.

Q. Then the president of the Union Pacific Railway Company, Mr. Adams, when he stated that it contributed millions, was wrong?—A. What he stated I do not know.

Q. Well, I now inform you, as a fact, that in his testimony under oath he stated that. And, further, that Mr. Mink, who is here now, undertook to furnish a statement and an estimate in Boston of what the main line contributed under the constructive mileage system; and after a calculation, and a very careful one at the time, they said it was $600,000. If they made any such statement, they were in error? That is so, is it not?—A. Well, I should say that if they made that statement in respect to the items in this account on which you asked me the question, they were in error.

Q. To what account do you refer?—A. I refer to the balance that is shown to have been contributed in the month of January, multiplied by twelve months' business, producing $166,000.

Q. Leaving that account out of the question, how much do you estimate that the Union Pacific Railway Company contributes to the branch lines under the constructive mileage system?—A. I do not believe she contributes a cent.

Mr. POPPLETON. That is it. That is the proposition. No matter what anybody has said, that is the fact.

WITHOUT BRANCHES THE UNION PACIFIC WOULD BE BANKRUPT.

The WITNESS. I believe that without the branches, without the traffic that we have secured by our system of branches, the Union Pa-

cific road would be bankrupt to-day. If you apply the principle of mileage pro rata to the Union Pacific system, you will bankrupt that system within twelve months.

Mr. POPPLETON. It would have been bankrupted years ago if it had been applied in connection with the Kansas Pacific.

THE STRICT MILEAGE BASIS WOULD RESULT DISASTROUSLY.

The WITNESS. We cannot go to our connections and predicate a claim for larger divisions than the mileage pro rata that they will listen to for one moment. If the Government of the United States says that we must deal with our branch or auxiliary system on a strict mileage pro rata basis—if there is such a platform declared and made legal by the Government of the United States on which the distribution of earnings must be made, I do not see how we could face our connections with the proposition (after that is done) to allow us 50 per cent. more than we allow our branches or auxiliary lines, and in violation of the principle which the Government has declared to be law for us.

ADVANTAGES OF CONSTRUCTIVE MILEAGE TO BRANCHES.

Q. What, then, are the advantages of the constructive-mileage system to the branch lines?—A. I think the "constructive-mileage" system is "rot" in name. I think it is unfortunate that the term was ever invented or applied in this case. It leads to confusion—misunderstanding—of the relations (as a matter of equity) that should exist between the branch lines and the main line. I believe, further, that if the branch system of the Union Pacific Company to-day was taken out of the hands of the Union Pacific and put into the hands of an independent corporation having no interest in the earnings of the Union Pacific Company that that very fact would sap the Union Pacific of sufficient net revenue to bankrupt the road.

Mr. POPPLETON. What kind of an arrangement could it make with the Chicago, Burlington and Quincy, and the Chicago and Northwestern, with a branch system like that?

The WITNESS. Give me the management of the branch system, and instead of 50 per cent. I will make it 100 per cent. And they would gladly come and take business from us at that premium instead of 50 per cent. allowed by the Union Pacific Company.

PRESENT AND FUTURE BENEFITS TO MAIN LINE OF BRANCH SYSTEM.

Q. Are the advantages of the branch system to the Union Pacific main line future advantages or present advantages?—A. They are both, I think. If we were shut out of our distributing lines in the State of Colorado to-day—our branch or auxiliary system that we control—I believe our earnings on the Colorado business (the Union Pacific proper, I mean) would shrink a million dollars in twelve months by the loss of the South Park branch alone. I believe that is demonstrable by a statement of the facts. That our power to control 50 per cent. of the business of the city of Denver, for example, lies in our having the control of a thousand miles of distributing railroad in the State of Colorado. The jobbers, the manufacturers, and large shippers, whose patronage is exceedingly valuable to a railroad, recognize that, and they designate the Union Pacific road on shipments in, because they know that we have control of the system of roads where their

merchandise will go after it is shipped to Denver. But our branch system does not get proper credit in our method of accounting, for the large amount of business that is controlled, by our having the branch system in Colorado, over the main line to Denver, because almost that entire busines is taken there upon local bills. It is credited to the Union Pacific consolidated road, mainly. Then this property is taken from the warehouses and distributed by our lines through the State of Colorado on local bills of those branches. Now, our accounts between the Union Pacific and the branch system in Colorado do not show this traffic as interchangeable, nor to what extent the main line is indebted to the branch system for the great amount of earnings it has secured by having control of that distributing system. It does not appear upon the books. Nevertheless, it is a fact that we do get the bulk of our Colorado business through the power that the branch system puts into the hands of the management of the Union Pacific Company.

FORMER TRANSCONTINENTAL BUSINESS COMPARED WITH PRESENT BRANCH LINE BUSINESS.

Q. How does your business since the construction of the branch system compare with the business prior to that time?—A. I could not quote those figures out of hand, but before we established connections through our branch system with territory not reached by our main line we had the entire traffic of the continent—the transcontinental traffic—and the Asiatic business. We had then a large business that since has been divided up, and what sustains the Union Pacific to-day, relatively to the travel and traffic it had then, is this branch system, creating new business, pouring all its small streams in upon the trunk line. That business, which has been created by local development very largely, has taken the place of the through business that we used to have before we had the branch system, and which is now divided between four or five competing trunk roads.

BRANCH LINE SYSTEM COMMENCED IN 1871-'72.

Q. When did your branch system begin; when was it commenced?—A. We really began developing the branch system in 1871—1872, I think.

Q. To what extent had you developed it up to 1880?

Mr. POPPLETON. The Julesburg branch was built since 1880.

The WITNESS. That was opened in 1881, and the Oregon Short Line about two years later.

Q. Is it not a fact that proportionately more dividends were declared by the Union Pacific Railroad Company before the establishment of the branch system than since its construction?

Mr. POPPLETON. That is, earnings, instead of tonnage.

The CHAIRMAN. Explain that. Is it not a fact that the Union Pacific Railway Company declared more dividends prior to the general establishment of the branch system than since its establishment?

The WITNESS. I do not remember.

The CHAIRMAN. Dividends commenced in 1875 and extended down to 1883, or the spring of 1884. The last dividend declared was declared in April, 1884.

Mr. POPPLETON. That period covers, really, the development of the branch line system.

The WITNESS. Dividends were paid from 1875 to the first quarter of 1884, I think. So that the dividend-paying period represents the period in which the branch system was developed, very largely.

Q. What has become of the branch system since 1884?—A. It has been added to somewhat.

Q. Has the Union Pacific Railway Company declared any dividends since then?—A. The Union Pacific Company, in 1875, did not have the competition that it has now.

RELATIVE PROFITS BEFORE AND AFTER BRANCH SYSTEM WAS DEVELOPED.

Q. I call your attention to the fact that, to December, 1880, 1,033 miles of the branch system had been constructed; and on December 21, 1885, 2,687 miles had been constructed, or 1,600 additional miles. Those figures are before you. Now, I ask you, has not the period prior to the general establishment of the branch system been more productive in profits to the stockholders than since the general establishment of the branch system?—A. Yes, I think so.

"ARBITRARIES."

Q. What do you mean by the term "arbitrary" in your statement, referring to the Laramie, North Park and Pacific Railroad Company, the Georgetown, Breckinridge and Leadville Railroad Company, the Golden, Boulder and Caribon Railroad Company, the Denver, South Park and Pacific Railroad Company, the Denver and Middle Park Railroad Company, and also the Salt Lake and Western?—A. I mean that they have a fixed charge, an arbitrary allowance or tariff in the division of passenger rates.

Q. What was that charge, with reference to the main line, in 1880?—A. I find I have not all of the rates noted, and I would like you to allow me to file a statement in answer to that question showing the tariffs that were charged.

The CHAIRMAN. There is no objection to that. But you can explain generally what you mean by an arbitrary charge?

The WITNESS. A charge not prorated on any basis. A fixed charge. It may be the local tariff.

DIFFERENCE BETWEEN "ARBITRARIES" AND "CONSTRCUIVE MILEAGE."

Q. What is the difference between the term "arbitrary" and a rate fixed under the term "constructive mileage?"—A. Well, one implies that in the making of divisions of a through rate over two or more roads, no matter what rate may be obtained, there is a certain fixed arbitrary figure on a portion of such through line that must be paid. A constructive mileage rule applies generally on the understanding that whatever the rate may be, more or less, it will be divided between the lines in interest upon the basis of the constructive mileage allowance.

Q. Why were exceptions made in the case of the companies marked "arbitrary?"—A. In the case of one of the lines—the Laramie and North Park—it is only a few miles long. It runs out to a local town where we obtain soda. It has very little passenger business; only such as is local to the soda lakes at one end and the city of Laramie at the other. Nothing that I can think of would call for a prorating in that case with the main line.

Q. You mean by "prorate" constructive mileage?—A. On any basis less than its ordinary tariff.

Q. Is there an advantage in the arbitrary rate over the constructive mileage rate or the prorate system?—A. There is an advantage to the fellow that can get it.

Q. Who is the "fellow" in this case?—A. In the case anybody travels from Laramie to the soda lakes, the Laramie and North Park road would be the "fellow."

Q. Well, take some of the other roads. The Georgetown, Breckinridge and Leadville, for instance, and the Golden, Boulder and Caribou?—A. They are very short local roads, and have no occasion to accept less than their local tariffs.

Q. Is that the case with all the roads you have marked "arbitrary?"—A. The Denver, South Park and Pacific has practically no constructive mileage arrangement. Our relations with that road are very largely upon a tariff basis.

Q. Was the arbitrary rate so made because of the extra cost in those cases?

The WITNESS. The arbitrary rate on the South Park?

The CHAIRMAN. On any of them.

WHY DENVER, SOUTH PARK AND PACIFIC IS TREATED AS A LOCAL ROAD.

The WITNESS. There were circumstances in the case of the Denver, South Park and Pacific that made the arrangement a natural and proper one for the Union Pacific Company, after it came into the control of it, to treat it as nearly as a local road, under local management, as possible.

Q. What were the circumstances?—A. The arrangements between the Denver and Rio Grande and the South Park (competing lines) were such that it made it desirable to let the business begin and terminate at Denver—the business handled by those lines—as far as possible.

LENGTH OF ROAD AN ELEMENT IN ARRANGING CONSTRUCTIVE MILEAGE.

Q. Has the length of the road anything to do, with the constructive mileage system, with making up the rate?—A. Yes; ordinarily.

Q. To what extent would it enter into the calculation of a rate?—A. We could hardly lay down any exact rule that would control in making rates on a branch line higher than the main line, on the basis of distance. That would be one of the considerations that would weigh.

VOLUME OF BUSINESS ANOTHER ELEMENT.

Q. Does the volume of traffic or business enter into the calculation?—A. Yes.

Q. To what extent?—A. To a very considerable extent. It is one of the first considerations. The question of the cost of carriage and maintenance, the ratio of cost to revenue, turns very largely on the volume of business.

Q. Why did you not state in your original statement these two conditions—length of road and volume of business?—A. Well, I think I did state in my testimony that the branch system had been favorable to the parent company, because it so largely gives the parent company

the long haul; and that we favored the branches in the establishment of rates, because of the much greater volume of business on the main line. I think I stated that in my first testimony.

ECHO AND PARK CITY CONSTRUCTIVE MILEAGE.

Q. The Echo and Park City Railroad Company has been allowed 2 miles to 1 on the main line; the Omaha and Republican Valley Railroad Company 1½ miles to 1 mile on the main line. Am I to understand that this half mile additional given to the Echo and Park City Railroad Company was based on sparseness of population, length of road, and volume of business, and that proportion of difference between the two sections—the territory through which these roads pass?—A. I think, in the case of the Echo and Park City, that population would be considered in connection with the making of a tariff that would pay for the running of passenger trains on that particular piece of road. And if the consideration of all the elements that go to the making up of a tariff fixes it at twice what we were charging on the main line, it would stand at that; it would be made with that consideration in view. Even though the population for the twenty odd miles of the Echo and Park City might be greater per mile than the average population of the entire Union Pacific system per mile, we might arrive at a conclusion, that, with this local population on twenty odd miles, there would not be business enough, there would not be passenger movement enough to pay for its passenger-train service that we would put on that mountain road at anything less than twice the main-line rates.

OMAHA AND REPUBLICAN VALLEY CONSTRUCTIVE MILEAGE.

Q. What was the difference in the population between the Omaha and Republican Valley Railroad territory and the main line between Cheyenne and Ogden at the time the rates were fixed?—A. I do not remember.

Q. Were they equal in population?—A. I could not say.

Q. The rates fixed upon the two roads were equal. Upon what basis did you make them each 1½ as against 1 mile on the main line?—A. The main line west of Cheyenne takes 1½ miles to the main line east of Cheyenne. The basis upon which we make that extra charge would be, very largely, the lack of local business over that division of the line, together with its mountainous character, making it expensive to operate a railroad there.

Q. What was the consideration in the case of the Omaha and Republican Valley?—A. I should say the lack of business. The western half of the Union Pacific road gets the hauling of the transcontinental business, and the Utah, Montana, and Idaho business that the eastern half gets. But the eastern half has a large local business that comes into it from branches, and that originates along the line of the road, because the territory is very much more productive of traffic and travel on the eastern than the western half. Now, on the Omaha and Republican Valley the probability is that at that time it was sending out branches here and there, projecting into a territory comparatively new, and to some extent undeveloped. That road does not have much in addition to its local business—business produced on its line; it does not have any share in the main line through business—the transcontinental business. So we should say that branch therefore would be entitled to something more than the main line in Nebraska.

Q. The main line contributed to that extent then in the shortcomings of other roads?—A. Well, you can state it that way.

The CHAIRMAN. I am not on the stand. I am not a witness; I am here to ask you.

BRANCH LINES ENTITLED TO 50 PER CENT. PER MILE MORE THAN MAIN LINES.

The WITNESS. I do not think so. I do not think that expression conveys the exact idea. The branch line is entitled to and is certainly allowed 50 per cent. more on the mile's service than the main line in Nebraska.

Q. Is the allowance an aid to the road?

Mr. POPPLETON. In the sense of a contribution, do you mean, or an assistance?

The CHAIRMAN. I want to know what he means.

Mr. POPPLETON. "Aid," in this country, means a donation.

The CHAIRMAN. Is the allowance on the branch system an aid to the road?

The WITNESS. Well, it does not strike me that that conveys the correct idea. As I believe, the branch line is entitled to just what it gets; it earns it; and if it was independent of the Union Pacific management, it would take it. Now, it does not seem to me that it is proper to call that a "contribution."

Mr. POPPLETON. Or an aid.

The WITNESS. Or an aid, in the sense of a contribution.

The CHAIRMAN. If it is not an aid or a contribution or an allowance, what do you call it?

The WITNESS. It is a legitimate division of the through rate.

Q. Is the division of the through rate in favor of the branch lines?—A. Yes, sir.

Q. Have you anything to suggest with reference to the constructive-mileage system?—A. I have nothing at present. But if any statements or figures occur to me that will give any light to the Commission on that subject I would like to be allowed to present them hereafter.

The CHAIRMAN. Any suggestion or statement you may have to make we will be glad to have, subject, of course, to the right of the Commission to examine you on the statements made. (To Mr. Poppleton.) Judge Poppleton, have you any questions to ask?

Mr. POPPLETON. No; I think not. Perhaps I ought to apologize for putting in my oar during these examinations; but it was what I might have asked, perhaps, if I were to examine the witness.

The CHAIRMAN. That is all perfectly proper.

Commissioner LITTLER. The Commission accords you the privilege of asking any questions that occur to you.

The CHAIRMAN. Then, Mr. Kimball, we will excuse you until to-morrow morning.

THOS. L. KIMBALL.

OMAHA, NEBR., *Tuesday, June* 21, 1887.

JAMES W. DAVIS, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your full name?—Answer. James W. Davis.

Q. Where do you live?—A. I reside in Omaha, Nebr.

Q. How long have you lived here?—A. Since the fall of 1867.

Q. What is your business?—A. Attorney-at-law.

Q. How long have you been practicing law?—A. About two years. But I practiced in early days. I was admitted to the bar in 1856, in Illinois, and practiced ten or twelve years there before I came here.

Q. Have you been engaged in constant practice since your admission to the bar?—A. I have not.

A CONTRACTOR OF UNION PACIFIC IN 1868.

Q. What other business have you been engaged in?—A. Well, I was a contractor at one time, of the Union Pacific Railway.

Q. When were you a contractor?—A. I think, in 1868.

Q. What contract did you have with the Union Pacific Railway Company?—A. I never had any contract whatever with it.

Q. With whom did you have a contract?—A. With the trustees or contractors who constructed the Union Pacific Railway.

Q. What was the nature of your contract with the trustees or constructors of the Union Pacific Railway?—A. I furnished them ties, timber, and lumber for construction of road.

Q. Who were the trustees?—A. It is a good long while ago, but I think I can recall them: T. C. Durant, Sidney Dillon, C. F. Bushnell, Benjamin E. Bates, John B. Alley. If I have not named them all, I have forgotten the others.

Q. Was Oliver Ames one?—A. Yes; Oliver Ames was one of them.

Q. Was Dexter one?—A. No, sir. Henry S. McComb and John Duff.

Q. Are they all living?—A. I believe not, sir; I believe Mr. Duff, Mr. Ames, Mr. Durant, and Mr. McComb are dead.

Q. Did you perform the work under the contract?—A. I did, sir.

Q. How long were you engaged?—A. The contract was made in New York in December, 1867, and the work was completed, I think, and the line connected with San Francisco, in 1869—about May.

Q. Did you make an assignment of the contract?

The WITNESS. For furnishing ties and lumber?

The CHAIRMAN. Yes, sir,

A. Never in the world.

CONTRACTED WITH THE TRUSTEES.

Q. Did you originally contract with the company?—A. Never made a contract with the railway company of any kind or character.

Q. Was your contract direct with the trustees?—A. Yes, sir; with the trustees for building the Union Pacific Railroad. My contract was with them, and with no one else.

Q. With the trustees for the building of the Union Pacific Railroad?—A. Yes, sir.

HAD THE "DAVIS CONTRACT."

Q. Are you the Mr. Davis who had the "Davis contract" with the Union Pacific Railroad Company?—A. Yes, sir.

Q. Was not that contract signed to the Credit Mobilier?

The WITNESS. For furnishing ties and lumber?

The CHAIRMAN. Any contract. A building contract or any other contract that you had?—A. Well, no, sir; I never signed any contract with the Credit Mobilier. I never had anything to do with it.

Q. What other contract did you have?—A. Well, I took a contract nominally at the expiration of what is known as the "Oakes Ames con-

tract," for the building of the rest of the road to where it intersected with the Central Pacific Railway—came to a point.

ASSIGNED THE "OAKES AMES CONTRACT" TO THE TRUSTEES.

Q. Who really was associated with you?—A. Well, I do not know. I never asked any questions.

Q. Then what do you mean by "nominally?"—A. I mean that I never performed that contract for building the Union Pacific road.

Q. Well, who did perform it?—A. The trustees.

Q. Did you assign it to the trustees?—A. Yes, sir.

Q. For what consideration?—A. Nothing.

Q. What induced you to assign it?—A. Well, Dr. Durant and Mr. Dillon asked me to assign it.

Q. Did you do it without any hesitation or question?—A. I certainly did, sir.

Q. Why?—A. Well, I had what I considered a lucrative tie and lumber contract, and they asked me to do that, and I did it.

Q. Was that the consideration for the assignment?—A. Oh, no, sir; that was not the consideration.

Q. Did you bid directly in your own name, or did the trustees use your name in this contract?—A. Well, I do not think there were any bids proposed. There were no proposals.

Q. Did the trustees use your name without your knowledge or consent, or did they do it with your consent?

The WITNESS. For the building of the road?

The CHAIRMAN. Yes.

The WITNESS. Why, certainly, they did it with my consent; not without my knowledge or consent.

WITNESS'S ASSOCIATES IN FURNISHING LUMBER AND TIES.

Q. Were you alone in this contract for the supplying of lumber and ties to the road?—A. No, sir; I had some associates.

Q. Who was associated with you?—A. Mr. Durant, Mr. Sprague, William Ruth, and James H. Gessner.

Q. Any one else?—A. That is all.

Q. What was the price for the ties?—A. The prices ranged from 65 to 90 cents, owing to locality—owing to the distance from the main line of the place where we had to get the material from.

Q. What was the price for lumber?—A. Forty dollars to $45 per 1,000 feet.

Q. Did you receive a greater price for either lumber or ties than the prices charged in the contract?—A. No, sir.

Q. Did any one associate with you?—A. Not that I know of.

Q. You would know it, would you not?—A. I think I would, if they did.

Q. How much did you receive under the contract?

The WITNESS. For the ties and the lumber, do you mean?

The CHAIRMAN. Yes; what total amount did you receive?

A. It has been a long while ago, but I think it was about $700,000; near that. This excludes a final settlement made in 1870; the amount agreed upon was $329,000.

Q. Did you receive $700,000 in cash?—A. Well, we had to pay freight over the road; and it was charged to us, of course. I could not tell you the exact amount in cash, because our freight bills were very heavy. We had to transport many men and much machinery.

LOSSES UNDER THE CONTRACT.

Q. How much did you receive in cash?—A. I could not tell you that.
Q. How much cash did those associated with you receive?
The WITNESS. How do your mean?
The CHAIRMAN. Individually or collectively.
A. The associates individually never got a dollar out of the settlement in 1870.
Q. Who got all the money?—A. We paid it out to creditors.
Q. You did not make anything?—A. Not much.
Q. Well, how much?—A. Well, the way it turned out we were about $200,000 behind, owing to frauds in New York.
Q. You were out, then, $200,000?—A. Yes, sir; as I explain it.

WRECKED BY BOSS TWEED'S JURISPRUDENCE.

Q. How did it turn out so—in what way? What was the cause of the loss?—A. The Union Pacific Railroad Company never got a dollar of it, nor any of its officers. It was a matter between the associates. They got into trouble in New York. I will answer your question very frankly. The firm was wrecked by Boss Tweed's jurisprudence. The fund was stolen—under color of legal proceedings.
Q. Did Boss Tweed exercise the jurisprudence?—A. No, sir; it was done by his trusted lieutenants in New York.
Q. Who did it?—A. Well, I will tell you. Judge Cardoza granted a writ of injunction against me; and, to escape impeachment, he resigned. Afterwards a receiver was appointed who never performed a single act of his office, and judgment for $200,000 was fraudulently taken against me in New York without the presence of counsel, or any testimony being heard, or any accounting whatever; and they absolutely stole the whole amount of the money, under cover of law, from Davis and his associates. Who got it I do not know. I wish I did know.

SUPPLIED TIES AND LUMBER FOR THE ENTIRE ROAD.

Q. Did you supply ties for the entire road?—A. Yes, sir; from Cheyenne westward.
Q. And also lumber?—A. Well, lumber, too. We furnished most of the lumber. We had quite a number of mills, and we subcontracted the lumber all along the line.
Q. That was the most difficult and inaccessible portion of the road to reach at that time, was it not?—A. Yes, sir; we had to go along distances from the line of the road.
Q. The cost of the ties and lumber east of Cheyenne was much less than those supplied west?—A. I do not know as to the cost of the ties west. The cost was materially increased.
Q. But it was more difficult, as you say?—A. Yes, they were more inaccessible; and we had to run the ties down the mountain streams and cut them in the cañons.
Q. Did you ever receive any price greater than this charged in the contract for your ties?—A. Certainly not.
Q. Did any of your associates?—A. Not to my knowledge.

THE SETTLEMENT MADE WITH THE TRUSTEES.

Q. Was any bill rendered at a higher rate than that named in the contract?—A. Well, there was a settlement made between the trustees

and my company. I was not present at the settlement and knew nothing about it until some time afterwards; and I really do not know. The settlement was made by another party.

Q. Who was the other party?—A. An attorney.

Q. Who was the attorney?—A. Mr. Woolworth.

Q. What settlement did he make?—A. Well, he settled up everything that was between the trustees and myself under power of attorney.

Q. What was there to settle?—A. When the road was completed we had considerable material on our hands. I was, unfortunately, the representative of the others, and acted under the orders of Mr. Thomas C. Durant, who had plenary power. We were sent without any reference to care of material wherever he wished us to go—even up streams that were inaccessible. When the road was completed we had in the neighborhood of $500,000 worth of material on hand. That material laid there from the time of the completion of the road until 1871, subject to the fires and depredations of anybody that chose to do harm to the property. Efforts were made for settlement immediately both by Mr. Poppleton, representing the contractors, and Mr. Woolworth, representing myself. A settlement was finally reached in the fall of 1870, Mr. Woolworth settled up with them.

NO CONTRACT OF SETTLEMENT IN WRITING,

Q. What were the terms of settlement?—A. The contract was in writing. I can't speak as to its terms.

Q. Where is the contract?—A. I have not got it. I do not know.

Q. Who has it?—A. I do not know.

Q. Did you see it?—A. No; not until months afterwards.

Q. What was paid you under the terms of settlement?—A. Well, we did not get much of anything. They appointed a receiver, and obtained an injunction against me in New York, and took judgment against me, as I have previously indicated. Afterwards they sent stool-pigeons out here from New York and bought up the claim here for 15 cents on the dollar. I do not know who sent them out here. I certainly did not do it.

Q. Is Mr. Woolworth, who was your attorney, living?—A. I guess he is.

Q. Where is he?—A. He lives in Omaha.

Q. Is he here now?—A. I don't know, sir; I presume he is. I want to be understood, and I want this taken down: That I do not desire to reflect in any way on Mr. Woolworth. That was only in answer to an interrogatory as to whether we had charged more for material than the contract price. In that connection I say that if there was anything more charged I do not know it. I never saw the proposal for a settlement. It was made in Boston in 1870.

Q. Who would know it?—A. I suppose Mr. Woolworth would know it. If he had a copy of the contract he could tell it himself. It would probably be in Boston. It is not likely he recollects anything about it after so long a period.

Q. Who was the party in Boston?—A. The trustees.

By Mr. POPPLETON:

Q. Was not that settlement made in New York with Durant instead of Boston?—A. Well, sometimes they were in New York and sometimes in Boston. They might have made it in the two places; I cannot say positively.

DID NOT APPEAR BEFORE CONGRESSIONAL COMMITTEE.

By the CHAIRMAN:

Q. Were you subpœnaed to appear before the Congressional committee to investigate the Pacific Railway construction years ago?—A. Yes, sir; I suppose so.

Q. Did you appear?—A. No; I did not.

Q. Why not?—A. Well, I was away from here.

Q. Where did you go?—A. I went to Illinois.

Q. At whose instance?—A. I went there of my own accord.

Q. Did you go there to avoid the committee?—A. No, sir.

Q. Or the subpœna of the committee?—A. No, sir; I was not subpœnaed. "John H. Davis" was not my name. I went away from here.

Q. Did you go away on account of the subpœna?—A. Well, no, sir; not particularly.

Q. Did business call you to Illinois at that time?—A. Well, I went down on a visit.

Q. Did any one suggest to you to go there at that time?—A. No one.

Q. Did you receive an invitation to go?—A. No, sir.

Q. Were you paid anything to go?—A. No, sir; not a dollar.

Q. Were you paid anything to stay away from the committee?—A. No, sir.

Q. Did you volunteer any statement to the committee?

The WITNESS. To the Congressional committee?

The CHAIRMAN. Yes.

A. Not that I know of; I had nothing to offer it.

Q. Had you any information that would be of service to the committee?—A. Well, I really had not. I did not know anything about the Credit Mobilier of America, or its relations to the Union Pacific Railroad Company. I never had any dealings with them, directly or indirectly.

THE WYOMING COAL AND MINING COMPANY.

Q. Did you have any dealings with the Wyoming Coal and Mining Company?—A. I believe I was elected a director in that corporation.

Q. Who was associated with you?—A. I cannot remember; I think Thomas C. Durant was in it.

Q. Where was the company located?—A. It was doing business here in Omaha. Its mines were located along the line of the Union Pacific Railroad.

Q. Were there any other officers, directors, or employés of the Union Pacific Railroad at that time interested, besides Mr. Durant?—A. Not that I know of.

Q. What were the advantages offered by the Union Pacific to this company? Did they serve the company with coal?—A. Yes; they had a contract.

Q. How long?—A. Oh, it ran for a number of years; I have forgotten.

Mr. POPPLETON. That has all been through a long litigation.

Q. Did you have any stock in that company?—A. There was some stock subscribed for me in that company; yes, sir.

Q. Have you the stock still?—A. No, sir.

ASSIGNED THE STOCK TO UNION PACIFIC.

Q. Did you assign it?—A. Yes, sir; I assigned the stock.

Q. To whom did you assign it?—A. I assigned to the Union Pacific Railroad Company years afterwards.

Q. For what consideration?—A. Nothing.

Q. At whose solicitation—at the request or solicitation of the Union Pacific Railway Company?—A. No, sir.

Q. Did you volunteer to assign it to the company?—A. I won't put it that way. I think some one—I can't recollect who—wrote to me from New York, or somewhere, saying that they were assigning the stock to the company and asking me to assign it to the company, and I did so. I never paid a dollar for the stock and did not know that I had any stock until after it was subscribed.

Q. Did you get any dividends from the company?

The WITNESS. The coal company?

The CHAIRMAN. Yes, sir.

A. No, sir.

Q. Do you know what amount of cash was charged by the trustees to the railway company on account of ties and lumber?—A. I do not. Never had access to books of trustees.

WENT VISITING AFTER BEING SERVED WITH SUMMONS UNDER WRONG NAME.

Q. How long were you in Illinois?—A. Well, I think it was not over a couple of weeks.

Q. Did you know that the sergeant-at-arms of the committee was looking for you at that time?—A. No, sir.

Q. Did you ever hear it before?—A. No, sir.

Q. This is the first information you have had that the sergeant-at-arms of the Congressional committee that investigated the affairs of the Credit Mobilier was making inquiries for you?—A. Well, as I say, they brought a summons for me for "John H. Davis," summoning me to Washington; and I went away from here.

Q. When did you return from that trip?—A. I think it was about two weeks. It is a long while ago.

Q. Were you asked to come back?—A. No, sir.

Q. Were you directed to come back?—A. No, sir.

Q. Did you receive an invitation to return home?—A. Why, no; I came home when I was ready to return.

EMPLOYED 3,000 MEN AND 500 TEAMS.

Q. How many men did you employ while you were engaged in the contract with the Union Pacific Railroad Company?—A. We had 3,000 men at work for us at one time and 500 teams.

Q Did you sublet any part of your contract?—A. Yes, sir; we sublet portions of it.

Q. To whom?—A. To quite a number of men. They were men that would come in in squads and would cut ties, and we found they were pretty competent and we would first appoint them foremen, and then we would let them contracts.

Q. How would you fix the prices?—A. Well, we generally gave them such prices as would make them a little more than the current wages we paid to the tie cutters. It was necessary to get out the ties.

PAROL CONTRACT WITH DURANT.

Q. After the construction of the road did you have any contract with them?—A. About the time the road was constructed, Mr. Durant, representing the railway company, gave to me a parol contract to deliver

2,000,000 feet of lumber to the road. I went on, under that contract, and cut quite a large number of logs in the neighborhood of Piedmont, and hauled out some lumber. The contract was referred to the company by Colonel Hammond, then superintendent of the railroad company, who referred it to Boston. Mr. Duff was then president of the road. After operating under it for some time I received a letter from Mr. Duff stating that they did not recognize the authority of Mr. Durant to make such a contract; and I stopped it.

Q. What year was that?—A. 1869.

Q. What was the price per 1,000 feet for your lumber?—A. It was $40.

Q. Did you make any expenditure under that contract?—A. Yes; there are judgments against me now for it, over $20,000.

Q. Were you paid by the company?—A. No, sir; I was not paid $1 by the railroad company.

Q. What is the amount of your claim against the company for breach of contract?—A. Well, I will have to explain that. Mr. Woolworth settled my matters in Boston, and everything was included—individually and as a firm.

Mr. POPPLETON. You are mistaken about Mr. Duff being president of the road.

The WITNESS. Then he was vice-president.

Mr. POPPLETON. Mr. Oliver Ames was president.

The WITNESS. The letter was written by Mr. Ames, and Mr. Duff, at the bottom of it, said he had no knowledge of the contract.

COST OF THE TIES.

Q. Did you know of any ties on the road costing as much as $5 apiece?—A. Oh, no. There is nothing in the statement.

The CHAIRMAN. Mr. Gould swore that some of the ties cost as much as $5 each.

The WITNESS. Mr. Gould was misinformed. We had the most expensive ties that were got out on the road. We had to go 160 miles sometimes from the line of the road to get the timber, and had to float the ties down the streams.

By Commissioner LITTLER:

Q. What did that cost the company?—A. From 65 to 90 cents.

Q. I mean the railway company?—A. That is what it cost them; and if anything more was charged to the company at Boston I do not know it. It would be a fraud on the Government.

RUINED BY THE CONTRACT.

By the CHAIRMAN:

Q. Have you had any other relations to the company since the contract?—A. No, sir. I was ruined by the contract; but I do not charge it to the company or its officers. They treated me kindly. They paid all the freight bills. I will, furthermore, say that I think the contract was an exceedingly low one; and, taking all the circumstances into consideration, such as the inaccessibility of the ties and lumber, I had a good, fair contract; and if I had been treated fairly I would have made money.

THE CONTRACT MADE WITH SEVEN TRUSTEES.

Q. Do you know anything of a contract made with the seven trustees?—A. Well, Dr. Durant was there. I think he was the only trustee

that was there. A paper was drawn up and given me, on the same conditions and terms as the Oakes Ames contract, on the construction of the rest of the road. Subsequently I assigned that paper to the seven trustees. I never dealt with the Credit Mobilier of America, or had anything to do with anybody interested in it, as far as I know.

Q. Or received any consideration?—A. Not a five-cent piece.

Q. Or knew anything about it?—A. Not a thing about it. It is just as I tell you, strange as it may appear.

Q. What was the length of mileage covered by your contract?—A. I think 146 miles.

Q. West from Cheyenne?—A. 146 miles from where the Oakes Ames contract terminated.

Q. Have you anything, Mr. Davis, to suggest to this Commission concerning the construction, operation, finances, or management of the Union Pacific Railroad?—A. Nothing whatever. I know nothing about it.

JAMES W. DAVIS.

The Commission then adjourned to June 22, 1887, at 10 a. m.

OMAHA, NEBR., *Wednesday, June* 22, 1887.

The Commission met pursuant to adjournment.

Present: Commissioner Pattison (chairman) and Commissioner Littler.

AS TO THE OMAHA AND GRANT SMELTING AND REFINING COMPANY.

GUY C. BARTON, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am engaged in the smelting and refining business.

Q. Where?—A. At Omaha.

Q. With whom?—A. It is an incorporated company.

Q. What is the name of the company?—A. The Omaha and Grant Smelting and Refining Company.

Q. How long have you been connected with them?—A. Since 1881.

Q. What position do you hold?—A. I am president of the company.

Q. Who are the directors?—A. They are J. B. Grant, of Denver, Colo., Edward Eddy, E. W. Nash, of Omaha, Charles Balbach, J. H. Millard, and myself.

Q. When was the company incorporated?—A. The Omaha and Grant Smelting and Refining Company was incorporated, I think, in 1882, under the laws of Colorado.

Q. When was the refining company under its present title, "The Omaha and Grant Smelting and Refining Company," incorporated?—A. That was the time of the incorporation of the present company.

NUMBER OF ITS STOCKHOLDERS.

Q. How many stockholders have you?—A. Well, I could not say; there are probably fifteen or twenty.

Q. Who are they?—A. Before answering that question I would like to ask the nature of the information as to which you want to inquire

I have no objection to telling the Commission the name of any stockholder that may be in any way connected with the Union Pacific road, if that is the purpose of this examination, but I would hardly want, without seeking legal advice, to give a full list of our stockholders to the public.

TWO STOCKHOLDERS INTERESTED IN UNION PACIFIC.

Q. Who are the stockholders of the company interested in the Union Pacific?—A. So far as I know there is Mr. Frederick L. Ames and Mr. Sidney Dillon.

Q. How far do you know?—A. Well, I know all the stockholders personally. I am very positive that those are all the stockholders that have any interest in or connection with the Union Pacific.

Q. Are any of the employés of the company interested?

The WITNESS. In the Union Pacific?

The CHAIRMAN. Are any of the employés of the Union Pacific interested in the smelting company?

A. No.

Q. Is any of the stock of the Omaha and Grant Smelting and Refining Company held in trust by any one for the employés of, or for any one interested in, the Union Pacific Company?—A. No, sir; not a share.

AMOUNT OF CAPITAL STOCK.

By Commissioner LITTLER:

Q. What is the capital of the company?—A. $100 a share.

Q. How many shares are there?—A. It has $2,500,000 altogether.

Q. What is Mr. Sidney Dillon's interest?—A. He holds 880 shares.

Q. What is Mr. Ames's interest?—A. It is the same; they each hold 880 shares.

By the CHAIRMAN:

Q. How long have those gentlemen been interested in the corporation?—A. Since its incorporation.

Q. Was the same consideration paid by them for their interest in the company as by the other shareholders?—A. Precisely.

ITS RELATIONS TO UNION PACIFIC.

Q. What business has the company with the Union Pacific Railway Company?—A. It has the ordinary shipping business. We receive ores and bullion over the Union Pacific.

Q. What do I understand to be your objection to furnishing a list of the stockholders of your company?—A. It is that it is not usual to publish a list of stockholders in any business; and I do not like to make public what the list is, any further than to serve the purpose for which the Commission called me.

Q. Do you object to it merely on the question of publication?—A. That is all. I have no objection to showing the list to members of the Commission, if it is not for publication.

The CHAIRMAN. Well, we would like to see the list of the stockholders, not for publication.

The WITNESS. With that understanding, I have no objection whatever to showing it to the Commission.

(The witness hands a paper to the chairman.)

Q. Is the capital stock of the company all paid in?—A. No.

MR. DILLON INTERESTED WHILE PRESIDENT OF UNION PACIFIC.

Q. Did Mr. Dillon have the interest that you have named in the company while he was president of the Union Pacific?—A. Yes, sir.

Q. Did Mr. Ames have the same interest while he was a director?—A. Yes.

The CHAIRMAN (to Mr. MINK). When did Mr. Dillon go out?

Mr. MINK. Mr. Dillon went out, as president, in 1884.

The WITNESS. Yes; Mr. Dillon had this interest while he was president, and Mr. Ames while he was director.

Q. Are any of the names that you have given to the Commission relatives or connections by marriage in any way of any of the officers or employés of the Union Pacific Company?—A. No, sir.

(The chairman hands the list back to the witness.)

WHERE THE OMAHA AND GRANT COMPANY DOES BUSINESS.

Q. Where do you do business, principally?—A. Here in Omaha.

Q. Where are your principal shipments from?—A. We ship from all the Territories west of Utah. We ship from Utah, Montana, Nevada, Arizona, and New Mexico.

Q. Where do you ship to?—A. To Omaha and Denver.

Q. What roads are your shipments made over?—A. Well, we make shipments over all the railways in the West that connect with mining districts.

Q. Do you have the same rates over other railroads that you have with the Union Pacific?—A. Precisely; that is, from common points. Of course, from local points the rates would be fixed rates.

REBATES.

Q. Are you allowed any rebates on your shipments by the Union Pacific?—A. No, sir.

Q. Were you allowed any rebates prior to April 1?—A. Yes. Before putting that answer down I would like the privilege of explaining what rebate is, so far as I understand it. The method of doing business on the road is for the road to make a schedule of charges upon ore and bullion from the various points along the line. We ship on those rates. There have been instances, and instances frequently arise, when a quality of ore at a certain shipping point will not be of sufficiently high grade to warrant shipping under that grade. That is to say, the value of the metal contained in the ore is not sufficient to pay our treatment charge and the schedule rate. It has been customary heretofore, when there were large quantities of that low grade ore, for the road, while maintaining the tariff rate, to fix a lower rate for that low grade of ore. The rate is open to everybody; and we have purchased large quantities of ore on the lower rate. We do not get the advantage of the lower rate. It simply enables us to pay a higher price for the ore than we could otherwise. In other words, it nets the miner more than he could get under the other rate. So the miner is the man that gets the advantage; and this rate is not a special rate to us; it is a rate open to any competitor who desires to buy that class of ore. In that way the ore would be billed to us on the tariff. In that way we get the difference between the new rate and the rate shipped. So also would any other shipper that furnished ore. That is the reason I have entered on this explanation. While it would seem that shipping on the lower rate the

road was giving us a lower rate for our benefit, as a matter of fact it is enabling the miner and us to ship a lower grade of ore than we could ship under the tariff rate.

REBATES VARY IN SPECIAL CASES.

Q. What was the rate of rebate allowed by the company to you?—A. It varies in special cases.

Q. What special cases?—A. Well, for instance, we will take a case in one town, say, where the tariff rate was $18. A case will arise where a certain lot of ore could be moved if we could pay the miner $4 more or $3.75 a ton more for his ore. Now, while we could not move it at $18, we could move it at $14 or $14.75; so, in order to enable us to move that ore, it would be billed at $18 and we would pay the miner $3.75 more than we could otherwise pay him. The road, in order to get that ore, would cut its rates. That is universal, and our competitors have always done it. On the low-grade ore the rate now is $12.40; and since April 1 that is the rate on all qualities of ore.

RATES ON MINING PRODUCTS.

Q. What has been the rate prior to April 1?—A. It varied from various points. You understand these mining points are local points in Idaho and Montana. We were paying on heavy ores $20 from Wood River. That is the rate now, for that matter. We have paid $14.75 for Montana ores that we are shipping now at $12.40. In rearranging the tariffs on the 5th of April, I find that the road was compelled to—or it did, at least—fix the lowest rate that had been fixed. That is, where low-grade ores had been shipped (as in the case of the Montana) at $12.40, the rate of $12.40 became the open rate. It had already opened in the East and a great many low-grade mines had opened up, and low grade became a regular matter of shipment, and it became desirable to keep up that business.

COMPETITORS PRIOR TO APRIL 1, 1887.

Q. How many competitors had you at that time?—A. We have none at that point. We have a brisk competitor at Kansas City, an active one at Denver, one at Pueblo, and four, I think, at Leadville, three at Salt Lake, one at Ketcham, one at Wickes, Mont., and one at Glendale, Mont. That is the competition we have in the smelting business.

Q. Have they all received equal rebates with you?—A. They might not be equal, but Kansas City has enjoyed the same rates we have. The nearer points would have different rates, but all on the same principle.

PRIVATE AND OPEN RATES.

Q. Why should the company make a private rate instead of an open rate?—A. It is private to this extent: Take a higher ore and it will bear a higher rate. It is of more value and the risk is greater. On ore worth over $100 per ton the risk of loss is greater, and it gets into another class, and for that reason the railroads maintain a tariff; but, practically, in some places they have abandoned the tariff rate entirely.

COMPETITORS ENJOYED SAME RATES.

Q. Prior to April how many of your competitors enjoyed the same rates or rebates over the Union Pacific with you in ore and bullion?—

A.—Every one of them—not only over the Union Pacific, but over every other road. The special rates have been open rates.

Q. Were the rates, prior to April, to you and to your competitors private or open rates?—A. The rate was an open rate, so far as our competitors went. It was not a published rate. That is to say, there was no tariff published, so far as that went, but ore and bullion shippers knew what it was very well.

Q. To whom did you make application for this rate?—A. To Mr. Kimball, of the Union Pacific.

HOW REBATES WERE MADE.

Q. How were the rebates on each payment made to your company by the Union Pacific?—A. The billing has been on tariff. We would pay the tariff rate on that, and then, through the auditor's office, we would get our rebates.

Q. Monthly?—A. As we made settlements.

Q. How often did you make settlements?—A. Well, as often as we could, because it was quite a load to carry. The railroad people were not always very rapid in making settlements.

Q. What did your rebates amount to in any one month?—A. That I could not tell without getting the record.

REBATES ON ORE.

Q. How much for a year?—A. I could not say that. It would be quite large, as I was going to explain to you. For instance, we ship from our works at Denver alone, in bullion, about 20,000 tons per annum. Now, the tariff rate from Denver to Omaha for two years, on bullion, was $10 per ton; but, by common consent, all of the roads reduced the rate to shippers to $7. While they did not change the tariff at all, any one of them would ship the bullion, and they were all shipping it at that rate—$7. But we were paying $10, at that time, on every ton of bullion shipped, and got a rebate of $3; and on that one item alone, therefore, it would amount to $60,000 per annum. But if the Union Pacific had held their rate of $10 (the tariff rate) we could have shipped by any one of three lines at $7.

Q. What other articles did the company get a rebate upon?—A. Nothing but the bullion and ore.

Q. What was your rebate on ore?—A. As I have stated, it would be different from different points.

Q. Did you ever receive a rebate on your coal?—A. No, sir; we bought all our coal at a fixed rate.

Q. Did you ever receive a rebate on any of the acids used in your business?—A. They did not come over the Union Pacific at all.

Q. Then, of course, you receive no rebate for any such purpose?—A. Not from the Union Pacific; no, sir.

Q. Did you receive any rebates for drugs shipped over the Union Pacific Railway?—A. We do not use drugs. I have stated it frankly. The only rebates we have received from the Union Pacific have been on ore and bullion.

Q. Nothing else?—A. Nothing else.

Q. Was any one authorized to receive rebates for you on any other articles?—A. We ship nothing else.

NO REBATE ON COAL.

Q. You ship coal, do you not?—A. We buy coal here. The principal amount of coal we use we buy in Iowa.

Q. Then, if any one has charged to you on the books of the Union Pacific Company a rebate on coal consigned to you—the Omaha and Grant Smelting and Refining Company—that was an error?—A. The coal was billed to us at a fixed price, which we paid, and there was no rebate about it, either to ourselves or to any representatives of ours.

Q. If there is any such charge on the Union Pacific Railway Company's books as a rebate on coal to the Omaha and Grant Smelting and Refining Company, that charge is an error, is it?—A. I should say so, as far as I ever knew.

A REBATE ON SLAG.

Q. If there is any charge of rebate on slag to your company on the books of the Union Pacific the charge is an error, is it?—A. Well, slag would be in the nature of an ore. You understand what slag is. It is a product that remains after smelting ores. In smelting originally at Leadville the slag was very rich. The method of smelting was very crude, and after the works at Leadville were burned and removed to Denver there was a large amount of this rich slag left, and that may have been shipped at lower than the tariff rate. It may have been shipped as a low grade ore, or it may have been shipped as slag.

Q. Would a charge be made on ore?—A. No; I feel confident it was shipped as slag. The original smelting did not take out all the metal, and this would be worked to get out the remainder.

PRINCIPAL COMPETITORS TO OMAHA AND GRANT COMPANY.

Q. Will you be kind enough to name all your principal competitors?—A. At Kansas City, there is the Kansas City Smelting and Refining Company; at Denver, there is the Holden Smelting and Refining Company; at Pueblo, there is the Pueblo Smelting and Refining Company and the Colorada Smelting Company; then there is a Massachusetts Company, though I don't think that is operating now; there is the Royal George Smelting Company at Cañon City, Colo.; the Arkansas Valley Smelting Company at Leadville; the Harrison Smelting Company, the La Plata Company, the Manville Smelting Company, and the Marquand Smelting Company. In some branches of our purchases we come in competition with the Argo Works at Denver. At Salt Lake, there are the Hanauer Works, the Germania Works, and the Mingo. At Ketchum, Idaho, there is the Philadelphia Mining and Smelting Company. I do not know the name of the concern at Wickes; it does not cut much of a figure; but the works are located at Wickes, Mont.

By Commissioner LITTLER:

Q. You have not mentioned the Hill Works?—A. They smelt from a copper base instead of lead, and it is only in a certain class of ore that we come into competition with them.

Q. They smelt refractory ores, chiefly, do they not?—A. No; they smelt copper ores, and we smelt from a lead base; so that our lines do not cross each other.

By the CHAIRMAN:

Q. Have you named all the companies?

The WITNESS. Those are all the smelting companies. Do you want the refining companies also?

The CHAIRMAN. Yes.

A. The Kansas City Works is a smelting and refining works; so is the Pueblo company. Then there is the Aurora company, which is located at Aurora, Ill., and at Chicago; the Saint Louis Smelting and Refining Company, at Saint Louis; the Pennsylvania Lead Company, at Pittsburgh, and the Balbach Works, at Newark, N. J.

By Commissioner LITTLER:

Q. Are those the only refiners in the United States?—A. Yes, sir.

THEY ALL SHIP OVER THE UNION PACIFIC.

By the CHAIRMAN:

Q. How many of the shippers you have named ship over the Union Pacific Railway Company?—A. All of them.

By Mr. POPPLETON:

Q. Have you named the Butte companies?—A. No; they are not competitors with us. The Anaconda companies smelt nothing but copper ores. They do not come in competition with us; but they are a large concern.

ALL SHIP AT SAME RATES.

By the CHAIRMAN:

Q. Do all the companies shipping over the Union Pacific receive an equal amount in rebates?—A. They all ship at the same rates; yes, sir.

Q. Did they prior to April 1?—A. So I understand. In conversation with the officers of those companies the question of rates is discussed openly; and I have never known that there was any difference in the rates. If there was a special rate given it was understood by us all, and in bidding it was understood what the rate would be.

Q. Did they receive the same amount, in money, each one of them?—A. In proportion to their shipments, I think. I think, however, that we are the largest shippers of that class of goods over the Union Pacific.

Q. Have you named all the companies that are in competition with you?—A. I think so, as far as I know.

VOLUME OF SHIPMENTS OF OMAHA AND GRANT COMPANY.

Q. Will you give the Commission the volume of your shipments, as to the amount of ore?—A. I could not give that, without taking some time to think.

Q. What would be the proportion of the volume of business of ore, as compared with bullion shipment?—A. Well, the shipments to our works at Denver would be exclusively of ore. You know the bullion is made from the ore. It is the metal that is in the ore. So that all the shipments to Denver would be ore, and the shipment out would be bullion.

THE DENVER SMELTING WORKS.

By Commissioner LITTLER:

Q. I understand you have a smelting works at Denver?—A. Yes; that is exclusively for smelting. The plant here (at Omaha) is both smelting and refining.

By the CHAIRMAN:

Q. Can you give an estimate of the total amount of rebate paid to your company by the Union Pacific in one year prior to April 1, 1887?—

A. I would not attempt to give an estimate. I could get the exact figures.

Q. Will you furnish the Commission with the figures?—A. Yes; I will try to do so.

OVERCHARGES SHOWN IN VOUCHERS.

Q. I call your attention to page 10 of the Union Pacific Railway Company's book called "register of vouchers" for the year 1885, for "freight earnings refunded," and to the item on that page, No. 34085, "Omaha & G. Smelting & Refining Company;" overcharge, coal, $180.80. Do you recall that?—A. I do not recall that; but that would be an overcharge, perhaps, for coal.

The CHAIRMAN (to Mr. Mink). Will you please produce that voucher with the papers in connection with it?

Mr. MINK. Yes.

Q. I call your attention to page 22, same book, voucher No. 34697, Omaha & Grant Smelting & Refining Company, coal, $68. Also, same page, No. 34698. Omaha and Grant Smelting and Refining Company, coal, $2,039.44. Will you please explain to the Commission what those items are for, if you have any knowledge of them?—A. I have no knowledge of them. I would prefer to see the vouchers.

The CHAIRMAN. I call your attention also to page 33, same book, No. 35167, Omaha and Grant Smelting & Refining Company, overcharge, coal, $147.50.

The WITNESS. That is an overcharge.

Q. I call your attention to the same book, page 80, same year, voucher No. 37289, Omaha and Grant Smelting and Refining Company, coal, $672.07. Will you please explain that item?—A. That is an item of overcharge.

Q. I call your attention to page 94 of the same book, No. 37839, Omaha and Grant Smelting and Refining Company, iron, $50.31. What is that?—A. I think I can explain that iron item.

$250,000 REFUNDS NOT CONSIDERED EXCESSIVE.

The CHAIRMAN. I call your attention also to page 190 of the same book, voucher No. 41838, auditor's No. 16716, Omaha and Grant Smelting and Refining Company, bluestone, $26.53. While these vouchers are being produced belonging to these different items, I will ask you whether you would consider $250,000 as a large sum to be refunded to the Omaha and Grant Smelting and Refining Company for rebates and overcharges during any one year?—A. No, sir; I should not.

Q. Would it be in excess of what you have received in any one year?—A. Well, as I have said before, I would rather tell the facts in the case than to guess at it, and I will furnish them.

By Commissioner LITTLER:

Q. Do you understand that you are required to furnish all the rebates you received since your company was organized?—A. No; I understood that it was what had been received in any one year.

Q. Why not furnish it year by year?—A. I think, perhaps, we can get at that. It would require a good deal of work.

The CHAIRMAN. We do not want the detail. We simply want the totals, because we have the details here. We can prove it by the company, but we are simply asking for corroboration of the matter in the books; that is all.

The WITNESS. Very well.

CHANGE IN REBATE ALLOWANCES SINCE APRIL 5, 1887.

By the CHAIRMAN:

Q. Have the rebate allowances or rates varied much since the organization of the company?—A. They have varied since the 5th of April.

The CHAIRMAN. We are dealing with the time prior to that.

The WITNESS. It would depend on the volume of business. Sometimes we have been doing an immense business in one region, without any rebate at all, because the quality of the ore enabled us to ship it at tariff rate. Then again we would be running on a low grade of ore which would always be overcharged. So that while I might say that the rate would not vary very much, still it might. I should think, however, that it would be an average each year.

HOW RAILROADS ASCERTAIN THE GRADES OF ORES.

By Commissioner LITTLER:

Q. How do the railroad people find out the grade of your ores?—A. We state the case to them. It is reached by assay. The fact that a large body of ore is on the dump, and not being shipped, and that we cannot offer the miner a rate that will enable him to ship or us to purchase, brings out the fact that the ore is of such a grade that it will not stand the tariff rate; and I think, perhaps, that was the reason why, under the interstate law, it was decided to put it at the lowest grade, so that it would enable the miners to ship, although by that they were putting high-grade ore at the lowest price. It operates against the road in that respect.

SPECIAL CASES REQUIRE SPECIAL REBATES.

By the CHAIRMAN:

Q. Have the rebate rates of the Union Pacific Railway Company varied much since the organization of the Omaha and Grant Smelting and Refining Company?—A. No, sir; I do not think they have. Of course special cases would require special action.

Q. What do you mean by special cases?—A. As I have explained——

The CHAIRMAN. I am speaking now of the Union Pacific Railway Company; not of others.

The WITNESS. As I have explained, if a lot of low-grade ore could not be moved without cutting the rate, then the necessity would arise for cutting the rate.

By Mr. POPPLETON:

Q. And the different mines and districts vary in the rate?—A. Yes. And if competitors cut the rate on bullion, for instance, from common points, then, in order to meet that cut, after dragging along for three or four months at tariff rates, if we acquire proof that other roads were cutting rates, and we submit that proof to the railroad, the railroad would have to meet it, or else we would go to other lines.

IOWA COAL OVERCHARGED ON THE BRIDGE AT OMAHA.

Q. [Voucher No. 31,085 shown to witness.] Can you explain by that voucher the overcharge of $108.80?—A. Yes; it was simply an overcharge on the bridge on shipments of Iowa coal from our works. It was charged at 3 cents a hundred, and should have been charged at 2 cents a hundred.

Q. Was the claim presented by you to the railway company?—A. Yes; by my company.

Q. What papers did you present to them?—A. This voucher is an exact copy of the papers we presented.

Q. You do not mean to say that this is the original paper?—A. No; I mean to say that this is a copy of the paper that we furnished. And we furnished, in addition to this, the expense bills that were paid, showing that we did pay that amount.

Q. Have you those?

Mr. MINK. They are all filed with the auditor.

The CHAIRMAN. Where are they?

Mr. MINK. The vouchers are bound, and so we cannot keep the papers with them.

By Mr. POPPLETON:

Q. What bridge was this that you referred to?—A. The Missouri River Bridge, between Council Bluffs and Omaha.

Q. [Voucher No. 34,697, dated July 9, 1885, shown witness.] What is the explanation of that?—A. That is also an overcharge on shipments of coal from Iowa. The rate across the bridge should have been 2 cents, and it was charged 3 cents. That $68 was the amount of overcharge.

VOUCHER REPRESENTING A GENERAL SETTLEMENT OF OVERCHARGES.

Q. [Voucher No. 34,698, dated July 9, 1885, shown witness.] What is the explanation of that? What explanation have you to offer of this voucher—$2,039.44 charged on there fund book as coal?—A. The same explanation. The voucher is not for coal, but for a general settlement of overcharges on the bridge. There is some coal in it, but it is an overcharge.

By Commissioner LITTLER:

Q. What other articles?—A. There are some Leadville ore settlements in it.

The CHAIRMAN. Slag?

The WITNESS. And slag.

OTHER BRIDGE OVERCHARGES ON COAL.

By the CHAIRMAN:

Q. [Voucher No. 35,167, dated August 4, 1885, for $147.50, shown witness.] Will you please explain that voucher?—A. That is also a bridge overcharge on coal. Just the same thing. It should have been this amount at 40 cents a ton, instead of 60 cents a ton.

Q. [Voucher No. 37,289 dated December 17, 1885, for $672.07, shown to the witness.] Will you please explain that voucher?—A. Fifty-one dollars and thirteen cents of that seems to be an overcharge on the bridge for coal. The balance is for bullion and matte.

Q. How soon will you be able to furnish the total refunds from the Union Pacific Railway Company?—A. I will try to do it to-day, or as soon as possible. I will set the force right to work at it. It may be that it will be much simpler than I imagine; if you only require the footings.

The CHAIRMAN. That is all we want.

DIVIDENDS PAID BY OMAHA AND GRANT COMPANY.

Q. What have been the profits of the Omaha and Grant Smelting and Refining Company?

The WITNESS. Is that a fair question?

The CHAIRMAN. I am asking you. I will put it in any other form. What have been Mr. Dillon's profits and what Mr. Ames's?

A. We have been paying, up to the present time, since the organization of the company, an annual dividend of 10 per cent., 2½ per cent. quarterly.

CONCERNING AMOUNTS PAID MR. DILLON AND MR. AMES.

Q. Will you please furnish to the Commission the sums paid from time to time to Mr. Sidney Dillon and Mr. Ames, officers of the Union Pacific Railway Company?—A. Yes. That would be just the amount of the quarterly receipt.

Q. We would like to have it from you as to those men who were officers of this company.

The WITNESS. Very well, sir. You can see that there are objections to giving the inside of our business to the public.

The CHAIRMAN. The Commission only wants information as to the Union Pacific Railway Company and its officers, as to whether they have profited in any way outside while dealing with the company.

The WITNESS. I shall answer every question that you may ask that has any bearing on the Union Pacific Railway Company.

Commissioner LITTLER. Would it not be fair, with the view of fixing the profits of those gentlemen, to ask the question what their stock is worth? That is an element of profit.

The CHAIRMAN. Do you ask the question?

Commissioner LITTLER. Yes; I will ask the question.

VALUE OF DILLON'S AND AMES' STOCK.

By Commissioner LITTLER:

Q. I will get you to state whether the stock held by Sidney Dillon and Frederick Ames is worth par, or more than par.—A. There have been no sales by which to gauge the value. I believe it is worth par. There have been very few transfers of stock in our company.

Q. Is the stock now held in the treasury of the company for sale?—A. No, sir.

OVERCHARGE ON SLAG.

By the CHAIRMAN:

Q. [Voucher No. 37839, dated January 6, 1886, shown witness.] Will you please explain this voucher?—A. That was some slag shipped from Leadville to Denver.

Q. What was that item of return for?—A. It was for an overcharge.

Q. For what?—A. For a shipment of slag from Leadville to Denver, amounting to $50.31.

Q. Based upon what?—A. It was a special rate for that class of material.

NO CAUSE FOR THE REBATE.

Q. Was this a rebate?—A. It is the same kind of rebate that all of those goods are subject to. As I have explained, where material will not bear the tariff rate, and, in order to move it, a special rate has to be given, then this will appear as an overcharge, or a rebate on the tariff rate. Now, that material was very poor in silver. It had very little

silver or lead in it; but, you see, it carried a little iron, so that as a flux we could use it, provided we could get it there at that rate; and by an agreement, I think between the Union Pacific and the Denver and Rio Grande, we were given that rate; but even at that rate it did not pay us, and we returned it.

Q. How does this return from the Union Pacific Railway to the Omaha and Grant Smelting and Refining Company, of overcharge, differ from the vouchers that you have already explained?—A. In no way.

Q. Are the other vouchers representative of the same character of rebate?—A. Yes, sir; I believe so. I should hardly want to answer that until I saw the vouchers; but I think so. That is my understanding. [After a pause.] Yes, it is the same.

Q. This is a similar character of rebate to that on the vouchers shown you already?—A. Yes.

EXPLANATION OF BRIDGE OVERCHARGE.

Q. Do you mean to say to the Commission that the overcharge in the rate by reason of the transportation on the bridge is the same character of overcharge as the return made to you on slag shipped to you from Leadville?—A. No; I think not. I think that the overcharge on the coal crossing the bridge occurs by their billing the coal at local rates, instead of what is known as a through rate, and ours was a through shipment. I am quite sure that that was the nature of the coal voucher. This was one of the character I have already explained—a rate to enable the shipper to ship the slag. There were two rates—the through rate and the local rate. Here was a rebate of the rate, to enable us to move the goods and to get the traffic for the road.

Q. Does voucher 37839 represent the character of rebates that are allowed to you monthly by the Union Pacific Railway Company on bullion and ore?—A. Yes, sir.

REBATE ON SULPHATE OF COPPER.

Q. [Voucher No. X 838, dated August 12, 1886, shown to the witness.] Will you please explain this?—A. This refers to a shipment of sulphate of copper (blue vitriol), a drug that we manufacture, to Helena, Mont. The rate to Helena of $1.75 was given in order to enable us to reach that market in competition with blue-stone which was manufactured in Cleveland, which could reach Helena at a cheaper rate than we could deliver it there. The rate of $1.75 per hundred was given to us to enable us to make that sale, or we could not do it, in competition with the Chicago dealers.

Q. The rate was fixed by the Union Pacific Railway Company to the Smelting Company, in order that they could compete for this article?—A. That was it, or in order that the railway might get the freight. I always felt that any favor they showed us was in order to get business for themselves rather than doing anything for us. This was creating a traffic for the road.

Q. Was this voucher X 838 a different character of voucher from the vouchers already shown to you relating to coal—in its charges for rebate?—A. No; it was not, only as to the direction in which it went, only as being a west-bound shipment.

Q. Do I understand you to mean that a rebate allowed because of an error made by the company in a charge for a shipment of coal over the bridge, is the same character of rebate as a rebate made in order that

you might compete with other shippers on a given article? You certainly do not mean that?—A. One is an overcharge and the other is a special rate given for a special purpose.

Q. Are these vouchers shown you, of rebates for coal and for bluestone and for slag, the only exceptions in rebate allowances to those on bullion and ore shipments?—A. So far as I know.

The CHAIRMAN. Have you any suggestion to offer to the Commission, or any statement to make, with reference to the inquiry for which the Commission is here? (To Mr. POPPLETON:) If you have any suggestions to make to Mr. Barton, you may make them.

Mr. POPPLETON. I have none.

The WITNESS. It has been generally understood, and our competitors have taken pains to convey the idea, that our company, by reason of the connection of Mr. Ames and Mr. Dillon with us, has been treated more favorably by the Union Pacific Company than our competitors have been. In my evidence I have shown just what our relations with the company have been.

REASONS MESSRS. AMES AND DILLON BECAME INTERESTED IN OMAHA AND GRANT COMPANY.

I will say, in relation to the connection of Messrs. Ames and Dillon with the company, that at the time they came into it the company was almost bankrupt (it was a concern that had been running quite a number of years, and was right on the point of bankruptcy) and it became necessary for new capital to take hold of the enterprise. It was a very important enterprise for the Union Pacific Company, because the shipments of ore, bullion, and other material were very large; and, in order to put the company on its feet, I urged these gentlemen to take an interest in it. They did take a small interest, as shown by the list I have produced. The joint interest of those gentlemen amounts to about 7 per cent. of the capital stock. Of course, their interest in the Union Pacific Company was very much larger than the interest they could have in our works. So that their interest would have been more to enhance the earnings of the Union Pacific Company than of our company. I have felt that we were handicapped, more or less, by reason of their connection.

DIRECTION BY MR. AMES THAT NO FAVORS SHOULD BE SHOWN BECAUSE OF HIS INTEREST.

When Mr. Ames obtained this interest he wrote a letter to Mr. Auditor Gannett, informing him that he had got an interest in the Omaha and Grant smelting and refining works, and that he relied on him (Gannett), as auditor of the Union Pacific Company, to see that no favor should be shown to our company that was not shown to any customer of the road, doing the amount of business we were doing. And I think that the trouble that has come to us has been principally from the general understanding of railroads and smelters that we were enjoying special privileges over the Union Pacific, which is not true in any one instance. The business has been done by us precisely as it has been done by our competitors. We have all enjoyed the same rates. While we have largely confined our shipments to the Union Pacific, it has not been because of any special privileges we were getting, but because most of the material we were handling was on the line of the road, and they have shipped our bullion from Denver because the ore that that bullion came from came from their territory. It was desira-

ble, and necessary perhaps, for us, that instead of the ore coming to us direct it should be shipped to Denver. Well, the rates on that, excepting in one instance, have been the same as by other lines. In that one instance we were paying for, I think it was, five months $10 on our bullion, when our competitors were shipping over the Burlington and the Santa Fé road at $7. That was a clear case of overcharge, and it required strong proof on our part before we could get the rebate on our shipment.

I feel free to take up the time of the Commission on this matter because I have felt always (or for years, at least) that there was a determination on the part of our competitors to show that our success depended on favors or privileges that we enjoyed from the Union Pacific.

"THE VOLUME OF BUSINESS MAKES THE PROFIT."

Now, as possibly one member of the Commission may know, it is the volume of business that makes the profit. Our capital is very much larger than that of any other company engaged in the business. Our tonnage is very much more. The value of tonnage we did last year was nearly $15,000,000, perhaps twice as much as any competitor we have. Now, a small profit on an immense tonnage will make a large aggregate, and in handling tonnage in that way we can afford to do it for less per ton, and our fixed charges are less in proportion in handling a large amount than a small amount.

Q. Do you get lower rates in consequence of your large shipments?—A. No; that is not the sense in which I mean it. But in competing for a lot of ore with our competitors, on the same rate, if we handle a thousand tons while they handle only a hundred, we can afford to pay a closer margin, because the profit, though smaller, aggregates greater. The competition we meet wherever we are successful is just on that ground; and, as a matter of fact, unless we have some personal feeling in the matter at any common point, we could ship as low by any other road as by the Union Pacific.

SMALL AND LARGE SHIPPERS OBTAIN EQUAL RATES.

Q. Does the small shipper ship at as low a rate as the larger?—A. Precisely.

Q. Over the Union Pacific?—A. Over the Union Pacific, or any other line.

The CHAIRMAN. We are dealing with the Union Pacific.

The WITNESS. Well, the Union Pacific, particularly, because I have means of knowing that. A small shipper can get a ton of ore, or a load, shipped to this place at the same rate we have been allowed.

THE MINERS RECEIVE BENEFIT OF LOWER RATES.

Q. Would he have the same rate allowed him?—A. Precisely. The rate was the tariff rate. And if, by reason of the lowness of the ore, it became necessary to name a lower rate, it was not for the profit of the company but for the miner. We turn right round and give it to the miner. Rebates are a nuisance to us. We would be very glad to have tariffs fixed, so that we would not have to bother with these things.

REFUND OF $40,871.25.

Q. Well, here is a little of the "nuisance" I would like to have you look at while you are on the subject. On page 191 of the same book

that you have looked at before, voucher No. 18605, August 23, 1886, Omaha and Grant Smelting and Refining Company bullion, $40,871.25. Will you please explain that item of refund?

The WITNESS. That item of "nuisance"?

The CHAIRMAN. Yes.

A. That is a pretty large item. The rate, as I have explained, from Denver, was $10 a ton. The rate that every other road was shipping at was $7 a ton. The bullion was shipped to us at $10 a ton, and we paid the bill. Now, the "nuisance" of that, as I have said, is that we have got to carry that until it accumulates to such an amount as that, for instance, and lay out of the money, without interest, continually paying new charges, until we finally get it back. Now, if we could have shipped at $7 per ton, this overcharge would never have appeared. It was true that every other road was shipping at $7. If the shipper could have got a straight rate of $7 a ton, all this waiting and payment of money would not have occurred at all. The shippers by other roads were shipping at $7 a ton.

Q. How long were you out of this $40,000?—A. Well, I could not tell without reference to the expense bills that made up that voucher.

The CHAIRMAN. I read from page 1 of the same book, payments as follows:

Freight earnings refunded.

Page.	Date.	Amount.	Page.	Date.	Amount.
	1885.			1886.	
1	April 16	$3,228.95	94	Jan. 23	$50.31
2	April 25	1,169.00	96	Feb. 1	67.00
5	April 25	8,591.73	101	Feb. 15	174.97
7	May 5	5,345.59	103	Feb. 19	7,046.22
8	May 19	1,037.69	104	Feb. 19	6,512.42
10	May 20	108.80	109	Mar. 9	1,651.73
16		10,163.09	111	Mar. 10	6,809.12
22	July 13	11,000.00	114	Mar. 18	687.08
33	Aug. 12	3,305.31	117	Mar. 30	4,927.87
40	Aug. 31	8,388.68	126	April 9	3,883.30
41	Sept. 4	8,329.54	127	April 9	7,291.02
42	Sept. 9	7,112.71	129	April 14	78.63
47	Sept. 28	4,458.81	130	April 14	2,398.53
50	Oct. 8	9,444.14	132	April 26	827.72
55	Oct. 23	1,181.54	136	May 13	138.69
60	Nov. 4	11,100.16	138	May 13	5,624.31
61	Nov. 11	684.00	139	May 13	1,910.90
62	Nov. 16	1,858.70	141	May 22	2,252.39
66	Nov. 25	4,534.00	143	May 26	173.21
67	Dec. 1	11,401.13	147	May 28	36.29
72	Dec. 11	2,574.68	148	May 31	4,747.59
78	Dec. 18	10,879.47	154	June 21	446.42
80	Dec. 23	389.53	170	July 26	1,331.85
80	Dec. 23	1,907.61	171	July 26	112.50
80	Dec. 23	5,243.45	174	July 26	21.93
	1886.		175	July 30	229.87
	Jan. 4	877.57	190	Aug. 19	950.00
83	Jan. 13	5,702.12	190	Aug. 19	265.57
87	Jan. 13	5,383.46	191	Aug. 23	40,871.25
89	Jan. 20	1,189.38			
92	Jan. 23	977.28	Total for 16 months of over		253,000.00
92	Feb. 1	4,767.66			

INCONVENIENCED BY DELAYS IN PAYING REBATES.

Do I understand you that, during that period, you, for any length of time, were inconvenienced in any way by lying out of your money?—A. Why, everybody is inconvenienced when lying out of money, without interest. To that extent we were inconvenienced.

Q. For how long a period during this sixteen months, at any time, did you lie out of any considerable sum?—A. As shown by voucher X. 842, the settlement was made September 1, 1886, and the date of the voucher commenced May 27, and it was cumulative, running along to later dates. There are June, April, and March of the same year.

Q. In the mean time were you making settlements of the other vouchers?—A. Yes, sir. That is to say, we were paying bills right along. They were presented regularly.

METHOD OF SETTLING FOR FREIGHTS.

Q. How soon after the freight was delivered did you make your settlements?—A. It was usually about once a week, I think, that the bills would be presented. The cashier—or freight agent at the depot—is supposed to collect his bills daily; but, where we were doing a very large traffic, they were delivering the goods. The goods are delivered at our works, you know. They would let them run a week, perhaps, until a few thousand dollars would accumulate, and we would pay them. And it has run along and accumulated in two weeks up to thousands of dollars. But, generally, it was a week or ten days before the bills were sent down for settlement.

Q. Were any of the rebates paid to you, for the period of sixteen months, rebates in the nature of private rebates allowed to the Omaha and Grant Smelting and Refining Company?—A. No, sir; I think not.

THE REBATES THE SAME TO ALL.

Q. Were the rebate rates to you the same as were allowed to other shippers?—A. That was always my understanding; the same rebate on the same quality of ore.

Q. Was it the open rebate known to all shippers?—A. To all shippers of that grade of ore. It was not a published rate in the sense that the tariff rate was a published rate, but it was known to all competitors just at what rate those ores could be shipped.

Q. How were you informed of this rate?—A. By Mr. Kimball, on application, or by any agent of the company.

Q. Were you informed by letter?—A. No.

Q. How?—A. Probably by inquiry at the office.

Q. Were the other shippers informed in the same way?—A. Yes, sir; either by letter or by personal application to the agents at the town at which they were shipping.

ALL EQUALLY INFORMED AS TO REBATES.

Q. Do you know of your own personal knowledge that the other shippers were notified?—A. I know by general conversation with them, in which these matters were discussed. When we were to bid on certain ores it was known just what the rate was, and it was talked of among the purchasers of the ores. Some mines, having a large output, invite bids. They invite all the smelting fraternity to bid on their output of ores for sixty or ninety days, or sometimes six months, and frequently for a year.

By Commissioner LITTLER:

Q. The entire output of a mine?—A. The entire output of a mine. Now, while no one of the proposed purchasers of that output would know what we were to bid, yet in the general discussion among our-

selves the freight rate would be talked of openly, although the rate might be one below the tariff; so that I think there is no question but that every shipper of that quality of goods knew what he could obtain.

The following letter was subsequently received from Mr. Barton:

[Omaha and Grant Smelting and Refining Company.]

OMAHA, NEBR., *June* 29, 1887.

Hon. R. E. PATTISON,
Chairman:

DEAR SIR: The total amount of overcharges and rebates paid to this company by the Union Pacific Railway Company, from 1st September, 1883, to 1st of April, 1887, was $570,112.26. Total amount of dividends paid to Messrs. Frederick L. Ames and Sidney Dillon during that time was $30,800 each. Messrs. Ames and Dillon each hold $88,000 of Omaha and Grant stock, which was purchased by them on the same terms that was paid by the other members of the company at the time of organization. The above amount includes all moneys paid Messrs. Ames and Dillon by this company.

Yours, very truly,

GUY C. BARTON,
President.

OMAHA, NEBR., *June* 22, 1887.

Afternoon session.

A. PERRY NICHOLAS, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I own real estate here at the present time. I am not in any active business.

Q. Where do you reside?—A. In Omaha.

Q. How long have you been here?—A. I have been here twelve years, or shall have been, this coming fall.

Q. Have you been engaged in business with the Union Pacific Railway Company?—A. I have been.

Q. When?—A. In 1878.

THE OMAHA STOCK YARD.

Q. What business relations did you have with the company?—A. I built what was known as the "Omaha Stock Yard."

Q. Upon your own suggestion?—A. Yes, sir.

Q. Were you engaged in the stock business at the time?—A. No, sir.

Q. Where were the stock yards built?—A. On the south side of the Union Pacific track, above the lead works.

Q. Did you complete the construction of the yards?—A. I did.

Q. Did you enter upon your business as a stock-yard man?—A. I did; as manager of the yard.

Q. How long were you engaged in the business?—A. From 1878 until 1880.

Q. Why did you close your business in 1880?—A. If you will allow me, I will go back and make a little statement; I intended to start the fall before.

Q. What fall?—A. The fall of 1877; and I made application to Mr. Clark, the former manager, for a lease.

ELECTION OF COUNTY COMMISSIONER OF OMAHA.

At that time there seemed to be some difficulties with the road, some litigation pending here; and he said that unless I would help to adjust

that in some way he could not give a lease, because the people of Douglas County were fighting the Union Pacific Road. I said, "I don't see what I have to do with that. However, if I can do anything to bring about an amicable adjustment, I will do so." The city of Omaha was, during that fall, to elect a county commissioner, and the point was to elect one who would be friendly to the road. Well, in the fall we did so. After the election, or about that time, there was an excursion given to the Omaha board of trade, of which I was a member, and I suggested to Mr. Clark the idea—requested him, rather—to invite the county commissioners to come along also; to extend an invitation to them.

Q. Will you explain what the county commissioners had to do with the stock yard?—A. They had nothing to do with it. This was a step to get down to it, before he would give a lease. There was a suit pending in the courts; the county commissioners had brought a suit against the company, and it was desirable to have that adjusted.

Q. What had the county commissioners to do with the matter?—A. It was a suit to forfeit bonds, I believe, to maintain a transfer on this side of the river, instead of going on the other side.

THE USE OF MONEY.

Q. At whose request did you go into the matter of helping the election?—A. At the request of Mr. S. H. H. Clark. I took quite an active part. I used some means that were given me.

By Commissioner LITTLER:

Q. Do you mean money?—A. Yes; that was given me.

By the CHAIRMAN:

Q. Who gave it to you?—A. Mr. S. H. H. Clark.

Q. How much did he give you?—A. I do not remember just the amount. I remember that I returned the balance to him. It was a legitimate expenditure.

Q. Was it an expenditure of a thousand dollars?—A. No; the amount given to me was a small amount.

By Mr. MINK:

Q. How much was it? Let us clear it up as we go along.—A. A hundred dollars. Out of that amount I spent $80, and returned him $20.

HOW IT WAS SPENT.

By the CHAIRMAN:

Q. How was the money spent?—A. Spent on election day, in simply treating men at the different polls, especially the ward I live in, the Fourth ward. I live there still.

EXCURSION OF OMAHA BOARD OF TRADE TO COLORADO.

Well, after the election, the Omaha board of trade made an excursion to Colorado, and I requested Mr. Clark (or rather suggested the idea to him) to invite the county commissioners along, and that I would explain to them about the matter; that this stock-yard enterprise would really involve the whole enterprise of developing this side of the river, and would eventually bring all the business on this side of the river; and that I believed it would be to our interest to adjust that matter, i

possible, and bring it about, because we wanted friendly relations. We certainly could not expect success if we were to be constantly in a fight. They were very favorably disposed. And between that time and the 28th day of April the matter was adjusted.

ORGANIZATION OF THE OMAHA STOCK YARD COMPANY.

On the 20th or 26th of April I organized my company.

Q. What was the name of the company?—A. My company's name was, "The Omaha Stock Yard Company."

Q. What was the date of the organization? Just give the years as you go along.—A. The commencement of the corporation was the 27th day of April, 1878.

Q. Who was in the corporation?—A. A. P. Nicholas, H. K. Smith, S. R. Johnson, J. F. Sheeley, C. F. Goodman, and E. Estabrook.

ORGANIZATION OF A SECOND OMAHA STOCK YARD COMPANY.

Q. After your company was organized, what then?—A. Just at that time, when I organized, immediately, on the same day or the day following after I had filed my papers, another so-called "Omaha Stock Yard Company" was organized. The parties that were in that were W. C. B. Allen, at that time secretary of the board of trade; J. L. Lovett, and W. J. Broatch, the present mayor of the city. Just after we had organized we came down for our lease and called on Mr. Clark. Mr. Clark made some remark to Mr. Smith. He said, "Unless you parties meet and unite, we will divide this." I said, "That is not just, Mr. Clark. That belongs to my company—to me." But he said, "We will not do anything unless you parties meet and divide." So I called them together. We met in my office, which was up in the Faulkner Building at the time. General Estabrook was our attorney. He made some remarks about the other corporation; that it was not legal, and so on; and I suggested to the General to keep quiet a moment, and if these gentlemen would come in and join with us we would divide; what we wanted was an equal division. Mr. Broatch jumped up and said he was not going into anything to be "divided up," or something of that kind. I said, "You will find, Mr. Broatch, that Nicholas is the man you will have to settle with." At that time these men that were there got up and left.

Q. Left the company?—A. Yes. General Estabrook said he would "stand by the ship." I said "All right."

ORGANIZATION OF THE UNION COMPANY.

They went off immediately and organized what was called the "Union Company," another company, at the head of which was William A. Paxton.

Q. Who was he?—A. He was a cattle-man. He is a citizen here; the man after whom the Paxton Hotel was named. Well, they went on and shoved up their yards.

Q. Where?—A. On the opposite side of the track from mine. I had just started in on mine. The trouble was owing to the fact that men connected with the company owned a couple of thousand acres of land on the other side of the river.

Q. Who were they?—A. Mr. Dodge was one.

Q. What is his full name?—A. Granville M. Dodge, I think, and his associates.

Q. Was he interested at the time in the Union Pacific Railway Company?—A. I so understood it.

Mr. POPPLETON. It seems to me it is hardly the thing to listen to this loose talk. General Dodge and his associates did not have any land. He was general manager of the Fort Worth and Pueblo road, and is building it now, I believe.

Commissioner LITTLER. Does he live here?

Mr. POPPLETON. His residence is in Council Bluffs.

The WITNESS. They owned some land, I believe, or a company of them did. Well, I went on and built my yards; and that fall Mr. Clark asked me if I could get A. H. Swan interested.

Q. Who is he?—A. A large cattle-man of Cheyenne. I advertised my own affair out at Cheyenne, posting up bills for my yards. I had a talk with Swan, and he agreed to go in; but he said he wanted to buy the Union yard. I told him to wait, and he could buy the other yard, and I could probably get a lease, or make some arrangement to go over the river; but I had not the means; and, anyhow, my side of the river was the Omaha side.

SALE OF THE UNION YARD.

I believe they bought out the Union yard the next spring.

Q. Who bought out?—A. Swan bought out Paxton, Lovett, Broatch, and their associates. They pulled those yards up the next spring, and moved over the river. I telegraphed to Swan that I wanted him to come here and fulfill his agreement. He sent me a letter referring me to his brother and Mr. Paxton.

Q. Have you that letter?—A. Yes.

Q. Where is it?—A. I think I have got it here.

The CHAIRMAN. Read it.

The WITNESS (reading letter):

LETTER OF A. H. SWAN.

CHEYENNE, *May* 29, 1879.

A. P. NICHOLAS, *Omaha:*

DEAR SIR: Your telegram received. I go west to-day. Will be gone some time, looking after cattle. I have written Mr. Paxton and my brother about it, and any trade you may make with them and Mr. Spartly will be entirely satisfactory to me. We would, under the circumstances, feel willing to give you a little more than the other yards cost, but, at the same time, you can do well to keep them and run them, and get the year's business. We shall not have any one out on the road soliciting consignments. Hence you should feel that a very fair share of the business would naturally come to your yard.

You spoke to me once about taking an interest with you in your yards, even though we built in Council Bluffs. Now, I have thought that matter all over carefully, and will briefly give you my conclusions and reasons therefor.

(1) I could not give it the personal attention that would be necessary, as most of my time would be necessarily taken up with the range during the summer months.

(2) Connected as I am with the interests on the other side of the river, having larger interests on that side, I feel that it would create a prejudice in many, thinking that my larger interests would lead me to quietly favor that side. I would be censured even if I went a thousand miles away——

The WITNESS. Is it necessary to read the whole letter?

Commissioner LITTLER. Yes, sir; read it all, since you have started.

The CHAIRMAN. Unless there is something private in it, or something not relating to this matter.

The WITNESS. No; I will finish it (continues reading.)

for not controlling certain men's stock and have it stop at the Omaha side. Now, I want you to feel that we will not in any way injure your legitimate patron-

age, but will be pleased to see your enterprise prove a success. But, as for myself, I must decline to take an interest with you in the yards for the reasons stated. However, if you should decide to sell to our folks, they will confer with you at any time, and if prices can be agreed upon they will close the trade at once. The parties you will have to see will be Mr. Paxton and my brother, who will represent myself in my absence. You can readily see that if we owned your yards there would be no room for prejudice, for it would not matter to us where they were handled because of the ownership being the same.

Respectfully, yours,

A. H. SWAN.

PROPOSED SALE OF THE OMAHA STOCK YARD.

Q. What did you do on the receipt of that letter?—A. I met Mr. Henry Swan and William A. Paxton at the Withnell Hotel, andmade a proposition to sell a half of the yard for $5,000, or the entire yard for $10,000, which was $2,000 less than it cost me. Mr. Paxton declined. After their declining I called to see Mr. Clark and stated to him that I had offered to sell my yard; that I did not feel it just for me or fair in him to change on the statement of one party, but better hear both sides. Mr. S. H. H. Clark, the manager, said to me, "Why, they say they cannot do anything with you." I said, "Is that possible?" He said that they said I would not make any proposal. I said, "Is that possible?" Well, what to do next I hardly knew. Then, along some little time after that, I went on running the yards and trying to do what little I could. Mr. Clark was East, in New York, stopping at a private house there, I believe.

FLANNIGAN'S STATEMENT ABOUT COUNCIL BLUFFS CONVERSATION.

In the mean time an engineer told me that he had heard my yards and myself discussed.

Q. Who was the engineer?—A. His name is John O'Brien. He is now, I believe, in Portland, Oreg. He said that a conversation took place on the transfer platform. I have a statement of about what took place there. There was also a gentleman named Flannigan present. He is here in the city at this time. I requested Mr. Flannigan to make a statement to me of what took place. He did; he wrote a letter. In fact, I employed him as my yardmaster, and he expected to go to work for those parties on the other side of the river, inasmuch as he had been yardmaster on this side of the river. I will say right here that when I got this statement of Flannigan's, I wrote a letter to Mr. Clark, in New York, and said to him: "You say these parties say I refused to sell, and that they cannot do anything with me." I said, "Here is a statement of their own which verifies everything I have said." In the letter I said, "Will you take an interest?" And if you won't take an interest, won't the party you are stopping with do so?" When he returned home I asked him if he had seen the letter. He said, "Yes." I asked if the gentleman he had been stopping with had seen it. He said, "Yes."

LETTER OF WM. A. FLANNIGAN.

I will read this statement of Flannigan's [reading]:

OMAHA, NEBR., *September* 16, 1879.

Mr. A. P. NICHOLAS:

DEAR SIR: Yours received and noted; and in reply I make the following statement of a conversation which took place on the transfer platform at Council Bluffs,

in the latter part of May last, on a Sunday, between the following gentlemen: A. H. Swan, Henry Swan, J. W. Spratly, W. A. Paxton, and J. T. Clark, assistant general superintendent of the Union Pacific Railway Company, relating to the Omaha stock-yards and myself.

That gentleman is in town and can be subpœnaed if you wish him. [Continues reading]:

One of the parties (William A. Paxton) remarked that the "damned fool" (meaning you) persists in asking $10,000, or $5,000 for one-half interest, he (Nicholas) to retain the other half. W. A. Paxton again remarked, "Who in hell wants to go in partnership with a fool. The best way is to freeze out the son of a bitch."

Mr. POPPLETON. This is not under oath. This is a letter from somebody whom we have never seen, putting words into the mouth of Mr. Paxton, who is one of the leading citizens of this town. No justice under heaven would ever listen to it for an instant.

The WITNESS. The gentleman is right in town and can be subpœnaed. [Continues reading]:

After the above remarks the conversation turned on the subject of who should be yard-master, or who should have charge of the yards in Council Bluffs. I was standing near there; and J. T. Clark, assistant general superintendent, looked up and said, "There is Flannigan. He was in the yards at Toledo and bursted them. You take him. He will burst you up."

Respectfully,

WILLIAM A. FLANNIGAN.

STATE OF NEBRASKA, *Douglas County:*

William A. Flannigan, being duly sworn, deposes and says that he wrote the contents of the foregoing letter, and that the facts set forth therein are true.

EDWARD W. SIMERAL,
Notary Public.

I think that Mr. Clark was satisfied, but I was forced to quit the yards.

DISCRIMINATION AGAINST THE OMAHA STOCK YARD.

By the CHAIRMAN:

Q. What took place after you got that information from Flannigan?—A. Why, I ran the yards until the next year, and had the encouragement from another party that if I should hold on until the next year the Wabash road would run into Omaha. I did hold on; and when it came round to next year we did quite a good deal of business; but that year there was quite a good deal of discrimination against us.

Q. What kind of discrimination against you?—A. Well, for instance, I made a contract for 2,500 head of cattle for feeders to be unloaded at Omaha. The owners of these feeders wanted, of course, to save the bridge toll, and peddle them out here to farmers in Nebraska. I tried to get cars from the Union Pacific. I asked them to furnish cars. They claimed that they had none. I went myself, individually, to the Burlington road (W. J. Davenport being agent at that time), and requested the loan of seventy-five cars to bring in these cattle. He offered to let me have the cars, and I tendered them to the general superintendent of the Union Pacific Railway Company. He refused to send them down. Then I went to Mr. J. T. Clark, agent of the Northwestern. He is a different Clark from this I have mentioned. He also offered to send me seventy-five cars. I tendered those cars to the Union Pacific Railway Company, but they refused to send them out. The result was the owner of the cattle that I had contracted with shipped them East over the Burlington road. Of course I lost the entire trade.

Q. What other discrimination was made against you by the Union Pacific Railway Company?—A. Sturgiss was the man that owned the

cattle. I made my contract with his agents, Brown, Price & Co., commission brokers, at Chicago. They were here and represented Sturgiss at that time, and made the contract with me for the cattle. But failing to get the cars, the cattle were driven away. That same fall there was a lot of cattle billed to the Omaha yards from the Council Bluffs side, and $5 paid in advance to unload them down at the bridge. Through that kind of discrimination I was finally closed out.

THE OMAHA STOCK YARD TRANSFERRED TO THE ROAD.

Q. How long did this discrimination continue against you or your company?—A. It was from 1878 to 1880, when I turned the yards over to the Union Pacific Company.

Q. How did you turn them over to that company?—A. Mr. Poppleton, here, drew up the receipt. I gave them possession, and turned them over to the company, they paying off for me certain mortgages that were on my property. It amounted to about 40 per cent. on what my yards had cost me.

Q. How much did they pay you in all?—A. I say about 40 to 45 per cent. of what the yards cost me. The arrangement was made by Mr. Dillon, president of the Union Pacific Company. It was through his instructions that the Union Pacific Company paid off certain mortgages I had on my property. Mr. Poppleton drew up the receipt; and when it was said that I should not bring any suit against the company for discriminations——

NOT TO SUE ON GROUND OF DISCRIMINATIONS.

Q. Was that the agreement that you made with the company—that you would not bring any suit for damages on the ground of discrimination made against you?—A. Not in the first place; no, sir.

Q. Well, did you make such an agreement in the second place?—A. Well, as I say, Mr. Poppleton drew up the receipt. The receipt would be the best evidence. I forget just how it was drawn.

Q. Did you keep a copy of the receipt?—A. No.

Q. Did you give Judge Poppleton a receipt as the representative of the Union Pacific Company?—A. No, sir. I represented the stock yards. Mr. Poppleton represented the Union Pacific Company.

Q. Did you give him the receipt as the representative of the Union Pacific Company?—A. Yes.

The CHAIRMAN. Judge Poppleton, have you got that receipt?

Mr. POPPLETON. If such a receipt was taken it would be filed with the papers or vouchers showing the money that was paid to Nicholas.

The CHAIRMAN. Please produce it to the Commission.

ITS LIENS AND LIABILITIES ASSUMED BY THE ROAD.

By Mr. POPPLETON:

Q. In this the company assumed all liens and liabilities against you?—A. I assumed all liens and liabilities.

Q. But they were paid out of this money?—A. Yes, of course.

By the CHAIRMAN:

Q. What was the character of the discrimination made against you by the company?

"FROZE OUT."

A. Well, I could not explain it in any other way than by saying that I was "froze out." That was all.

Q. What do you mean by "froze out"?—A. Well, by the combinations. I could not control the business because the general superintendent at that time seemed to be in with the cattle men, and encouraged them to go over the river, inasmuch as it was the company's interest to go over the river, as I said.

Q. How did he encourage them?—A. At this time I speak of, when he refused to send out cars for cattle, he furnished cars for cattle that went over the river.

Q. Where did they go then?—A. To Chicago.

Q. To whose yard did they go?—A. To Paxton, Swan & Co.

Q. Was there any other yard?—A. Not at this time.

NO DISCRIMINATION BY THE ROAD AS TO RATES.

Q. Were there any other differences, as to any rates furnished to shippers shipping to the Paxton Company, as against your company?—A. Not unless there were rebates given. That I know nothing about. There was really an advantage to the shipper on this side, because he saved the bridge toll of $10, or $6 on the through rate at that time.

REFUSAL TO FURNISH CARS.

Q. The discrimination, I understand, against you, and which drove you out of business, was the refusal of the Union Pacific Company to furnish you with cars; is that true?—A. For that lot of cattle. And then the agents along the line seemed to have instructions, or labored under the idea, that they must work for the Swan yards, the yards on the other side of the river.

Q. What agents?—A. I think there was one by the name of Sinclair at North Platte. He could explain.

Q. What is his first name?—A. I do not know.

Q. Where is he now?—A. I do not know.

Q. Were they the agents of the company?—A. They were the agents of the company.

A STOCK KING.

Q. Have you been in business since?—A. No, sir.

Q. Why not?—A. Well, I cannot explain that exactly, unless there has been a disposition to "freeze out." There seemed to have been a ring of some kind here—a stock ring.

Q. Who composed the stock ring?—A. Swan and Paxton.

"SILENT PARTNERS."

Q. Only two?—A. Who the silent partners were I could not say.

Q. How do you know there were silent partners?—A. Well, I do not know.

The CHAIRMAN. Well, you have said "silent partners." I want to know what you mean by that?

The WITNESS. They had other partners, I believe; because the superintendent of the road seemed to stand by them.

Q. Was J. A. Jennings interested in that Paxton Company?—A. I do not know. I am not acquainted with him. Spratly was interested on the other side of the river.

Q. What other cattle dealer was interested?—A. Those were the only heavy shippers at that time that I know of.

THE NEW COMPANY.

Q. Does the Paxton Stock-yard Company still control the cattle interest under the same conditions as they did when you went out of business?—A. Well, they organized a new company, I believe, on this side of the river. They came back.

Q. Who organized?—A. Paxton, Swan, and others.

Q. Any others?—A. The Union Company, this present company that is in existence out here. There is no other company in existence but the one.

Q. Do the same conditions exist to-day in relation to the shipment of cattle that existed when you went out of business?—A. I could not answer that question, because I have not investigated it. I am not interested in it, and I cannot answer.

THE NEW MANAGEMENT.

Q. Would the same discrimination to-day prevent you from going into the cattle business?—A. I do not believe it would—the shipping business.

Q. Why not?—A. Because I think there is a different management.

Q. How long has the different management existed?—A. Well, I think from the time that Mr. Callaway took charge of the road.

Q. When did he take charge?—A. I think over two years ago.

Q. Then, up to two years ago, the same conditions of discrimination continued as existed when you went out of business?—A. I believe they did. Favoritism, or whatever you may call it.

Q. How has that changed since then—under Mr. Gallaway's management?

The WITNESS. In what way do you mean "has it changed?"

The CHAIRMAN. In the way of discriminations?—A. That I could not say, because I am not in business, and I do not come in contact with other parties.

Q. Are there any other cattle dealers that have undertaken to build a stock-yard?—A. No.

Q. Does the Paxton company still have the monopoly of the stock-yard business?—A. They have the monopoly, yes, sir, at the present time. I believe that if any other strong company should organize they would have a very full share of business.

THE SWAN LAND AND CATTLE COMPANY.

Q. Are you acquainted with the Swan Land and Cattle Company?—A. No, sir.

Q. Do you know anything about it?—A. No, sir.

Q. Did you ever hear of it?—A. Yes, sir; I know Mr. Swan. I believe he is president of the company. That is all.

Q. Where is the company located?—A. In Wyoming Territory.

Q. Have they any privileges in the stock-yard?—A. He is one of the large owners, or was before he got tired.

Q. When did he get "tired?"—A. I believe a few weeks ago.
Q. What made him "tired?"—A. He had too much of a load, I guess.
Q. A load of what?—A. Debt.

"WANTED THE WORLD."

Q. Was it the discrimination against him that prevented him from continuing business?—A. No; I think he wanted the world, and one little corner of the other country for a calf pasture, and he could not carry it.
Q. Then it was not the railway company's discrimination that crippled him?—A. No, I think not, as far as I know.

THE OGALALLA CATTLE COMPANY.

Q. The title of the Paxton company is the "Union Company;" it is not?—A. The title of the Paxton company, I believe, is the Ogalalla Cattle Company.
Q. What is the Union Cattle Company?—A. That I do not know.
Q. Did you ever hear of it?—A. I have heard of it, but I do not know who the officers are or who are connected with it.
Q. Where is it located?—A. I think in the western part of this State, or the eastern part of Wyoming; I am not positive.

IMPROVED FACILITIES TO CATTLE DEALERS UNDER NEW MANAGEMENT.

Q. What other changes have been made since Mr. Callaway took charge of the management that have improved the condition of cattle dealers?—A. This large land purchase, I believe, was prior to Mr. Callaway's time; that is, these South Omaha stock yards.
Q. What have been the changes in the conditions of the discrimination that you have spoken of under Mr. Callaway's management?—A. I believe his disposition is to deal fairly and justly with everybody.
Q. Has any one, under his management, attempted to build stock yards?—A. No, sir.
Q. During the last two years?—A. No, sir.
Q. Have you any other information or suggestion to give to the Commission?—A. I don't know that I have.

LOSSES BY THE OMAHA STOCK YARD COMPANY.

By Commissioner LITTLER:

Q. State the amount of your losses growing out of the stock-yard enterprise.—A. Well, I said that I received between 40 and 45 per cent. That would make 55 or 57 per cent of a loss.
Q. How much was the original investment?—A. It would amount, at that time that I turned the yards over, to about $16,000. I had the land really under contract to purchase; but, of course, when I turned it over I surrendered that.

SUIT FOR DAMAGES AGAINST CLARK, SWAN, AND PAXTON.

Q. You never brought suit for damages growing out of this discrimination?—A. No, sir; that is, not against the railway company. I

brought suit against J. T. Clark, Swan, and Paxton. The amount of that suit was for $50,000 damages.

Q. On what ground?—A. For the combination, or conspiracy, as I call it.

Q. What was the ground on which the suit was based?—A. I think it was that.

Q. What was the result of that suit?—A. I dismissed the suit.

Q. Did they pay you any consideration for dismissing it?—A. No, sir. Mr. Clark, when he left and went to Milwaukee, came to me and claimed that he had instructions to do what he did. I consented to let it go.

Q. Why did you not bring suit against the parties for this discrimination?—A. My understanding was that I was to have my yards back, and that I was to manage them.

CONSIDERATION FOR WITHDRAWING THE SUIT.

Q. How did you have that understanding?—A. Verbally.

Q. Who made that promise?—A. Mr. Kimball. When I turned the yard over to the company the understanding was that I was to run the yards.

Q. Did that form part of the consideration for your doing it?—A. Yes, sir. I wanted something to do. Then, when I found that I could not get the yards, I asked Mr. Kimball, "What shall I do? I have got to do something. Here I am, in debt. I must get to work."

Q. Would you have sold the yards for the consideration mentioned, but for that promise?—A. Well, there was a judgment standing over me and I could not help myself; I had to do it or else lose more valuable property.

Q. Do you know of any officer, stockholder, or agent of the Union Pacific Railway Company having an interest in these yards across the river in favor of which discriminations were made, as you allege?—A. I labored under the impression at the time that Clark was interested.

The CHAIRMAN. An "impression" is hardly evidence, Mr. Nicholas.

The WITNESS. I have no positive evidence, only in the affidavit that I have read. That man Flannigan is here and can be subpœnaed, if you wish.

Q. Have you any other complaints against this company, or do you know or desire to state any other matter or thing?—A. No; I may have, of course, personal matters that do not bear on this.

THE ROAD'S MANAGEMENT OF THE OMAHA STOCK YARD.

By the CHAIRMAN:

Q. What did the Union Pacific Company do with the yards when they got them?—A. The first year Mr. Kimball, I believe, put them in charge of a man by the name of C. R. Shaller, and I believe Shaller tried to get Paxton & Company to go in with him, or something of that sort, claiming that he had a lease. I believe he expended a little money. He stated to me that Paxton asked him to show his lease, and he could not produce any; so Paxton did not go in with him; but, however that was, Paxton had his name on the sign. "Shaller & Paxton," I believe, was as near as he got into the yards.

Q. How was Shaller paid?—A. I suppose out of the earnings of the yards. The next year, I believe, Swan used the yards.

Q. What are the charges?—A. Twenty per cent. for weighing cattle, $1 per 100 pounds for hay, and 8 cents a head for hogs, and the same for sheep; so much for unloading and so much for loading the cars; and if it was necessary to put the cars into shape for shipping, so much for getting them into shape.

Q. Did Paxton & Shaller lease the yards from the Union Pacific Railway Company?—A. Mr. Paxton discovered that Shaller had no lease, and refused to go in with him, as it was stated to me.

Q. What other advantages had Paxton & Shaller in the possession of the yards over the possession of a yard by any other private individual?—A. Well, there was no other yard here.

The CHAIRMAN. Suppose a private individual should build alongside?

The WITNESS. Well, Paxton claimed to be an influential man, and so he would get special favors, possibly.

ADVANTAGES OF ITS LOCATION.

Q. Were there side tracks put in?—A. I put those in. I built those, so that it was very convenient. I had a platform that will accommodate 15 cars, loading and unloading.

Q. What advantage would the lease made by you from the Union Pacific have been over other stock yards?—A. My recollection is that there was embodied in the lease a contract to purchase at a certain rate per acre, or the same rate that the company paid at the time they bought, and that if I had been able to hold on to it and procure the land—the land is very valuable to-day——

Q. What advantage would the lease have been to you, as a cattle shipper or dealer or stock-yard keeper, over other individuals engaged in the business with the possession of this lease?—A. It was a desirable location.

DISADVANTAGES OF OTHER STOCK YARDS.

Q. Was there not room for other stock-yards in the same locality?—A. There were others built right on the north side.

Q. Would they have the same advantages?—A. They did not have the locality, because the way they were situated without a great deal of expense they could not have built a track or switch connecting with the main line; so that a train load of cattle coming from the West would require two locomotives to shove them up a grade back into the other yards. In my yards the way I had the trackage I had connected the upper end of the yard with the main line. When an engineer would come in from the West with a train loaded with cattle he would open up the yard, go down, place the train, detach his locomotive, go down to the yard with his caboose, and by the time the switch-engine would get up there our cattle would be in the yard, feeding, and so save delay, whereas the other way the company would have to keep two locomotives in the other yard. No other place around there had the same facilities, on account of its location.

REBATE ON EASTERN SHIPMENTS OF CATTLE.

Q. What was the advantage of this provision in the lease [reading]:

It is further covenanted and agreed that upon all stock whose destination is Omaha the same tariff for transportation will be charged as to Council Bluffs; but in case the same stock should be reshipped to Chicago, Saint Louis, or other points east of Council Bluffs no further charge will be made for transportation over the bridge and to the eastern terminus, or elsewhere.

A. As I remember it, our contract recognized the terminus of the Union Pacific Railway Company on the other side. If a sale took place on this side of the river we had to charge the rates through, as though it was through to the Bluffs; but, however, that was regulated afterwards, and the bridge toll was knocked off in case the cattle were sold on this side of the river. But if reshipped it was added on to the rate going on east.

Q. Would you have had the same advantages as a private dealer, without this lease?—A. I presume I should.

INABILITY OF OMAHA STOCK YARD COMPANY TO PAY RENT.

Q. Did you pay your rent?—A. I paid a portion of it.

Q. And your taxes?—A. No, sir.

Q. What was the objection to the payment of the rent?—A. I was not able to pay. I got in there and got my money tied up, and could not control the business, owing to the combination, as I said before, made over the river and other yards.

Q. Was the rent demanded?—A. No, sir; not to my recollection.

The CHAIRMAN (to Mr. Mink). Will you give us a copy of this lease and papers?

Mr. MINK. Yes, sir.

The papers are as follows:

LEASE BETWEEN UNION PACIFIC RAILROAD COMPANY AND OMAHA STOCK YARDS COMPANY.

This lease, made this thirtieth day of April, A. D. 1878, by and between the Union Pacific Railroad Company, a corporation created and organized under the laws of the United States, lessor, and the Omaha Stock Yards Company, a corporation organized and existing under the laws of the State of Nebraska (articles of incorporation adopted and acknowledged April 27, 1878, and recorded on the same day), lessee,

Witnesseth, that said lessor, in consideration of the rents, covenants, and agreements hereinafter contained, to be paid, kept, and performed by the said lessee, hath demised, leased, and let, and by these presents doth demise, lease, and let unto the said lessee (the following-described tract of land situated in the county of Douglas and State of Nebraska, to wit: commencing at a point 104 feet south of the northeast corner of the southeast quarter of section 28, township 15 north, range 13 east, in Douglas County, Nebraska, thence south along the east line of said section 28, 1,216 feet to the southeast corner of the northeast quarter of the southeast quarter of said section 28, thence west along the south line of said northeast quarter of the southeast quarter 687 feet to an intersection with a point on the said line at right angles to and 50 feet distant from the center line of railroad track; thence northeast along the southeast side of the railroad track, keeping 50 feet distant from center line of same, to place of beginning; containing 11¼ acres more or less) for the term of five years from the date hereof, with the right and privilege to purchase the said leased premises, at the expiration of said lease, at the original cost thereof to said lessor, when purchased of the Hazard Powder Company; the election of said lessee to so purchase to be made and notice thereof to be given lessor at least sixty days before the expiration of this lease.

To have and to hold the same until the said lessee and its successors for the term aforesaid. And the said lessee in consideration of the leasing aforesaid, doth hereby agree to pay as rent for said premises the sum of $300, payable quarterly in advance on the first days of January, April, July, and October of each year, and all taxes or assessments levied or falling due during the continuance of this lease, whether national, State, county, school, municipal, general or special.

It is further covenanted and agreed that said demised premises are to be occupied and used by said lessee for the purpose of building and maintaining thereon cattle and stock yards and transacting the business authorized by its articles of incorporation, and that it will, before the fifteenth day of July, 1878, expend in grading and preparing said premises and building thereon the necessary fixtures erections and structures for the transaction of said business not less than five thousand dollars.

It is further covenanted and agreed that the said lessee shall do all grading necessary to be done for the laying of tracks in said stock yards, and that said lessor will

furnish and lay ties, iron, and fixtures necessary to complete said tracks and maintain and use the same for the transaction of the business of said stock yards.

It is further covenanted and agreed by said lessor that all stock in transit over the road of said lessor shall be by said lessor stopped for unloading at said stock yards whenever consigned thereto, or when so directed or ordered by the shipper, consignee, or owner having authority to control the same in that respect.

It is further covenanted and agreed that upon all stock, whose destination is Omaha, the same tariff for transportation will be charged as to Council Bluffs, but in case the same stock shall be reshipped to Chicago, Saint Louis, or other points east of Council Bluffs, no further charge shall be made for transportation over the bridge and to the eastern terminus of the lessor.

It is further covenanted and agreed that said lessee shall not maintain, permit, allow, in any way or manner, any nuisance whatever on said premises, or use or permit the same, or any part thereof, to be used, for any purpose, or in any way, in violation of any law of the State of Nebraska, or the United States, or ordinance of the city of Omaha; and that it will not sublet said premises or any part thereof without the consent in writing of said lessor hereon indorsed.

And the said lessee further agrees that at the expiration of the said term above granted, or at any earlier termination of this lease, in case it should be sooner terminated, it will quietly and peaceably yield up possession of said premises unto the said lessor in as good condition as the same were when entered upon, ordinary wear or damage by fire excepted.

And it is further expressly agreed and understood by and between the parties hereto, that in case the rent above reserved or any part thereof be not paid at the time the same becomes due and payable, or if any other condition or agreement herein contained, on the part or behalf of said lessee, be not by it fully complied with and performed, then and in that case the said lessor shall have the right, at its option, to declare this lease at an end, and thereby cancel and annul the same, and to retake immediate possession of said premises, and to put out and remove any person or persons occupying the same.

Witness the signatures of the general superintendent, of the lessor and lessee hereto affixed by authority of the board of directors of the respective corporations, this 1st day of May, 1878.

UNION PACIFIC R. R. CO.,
By S. H. H. CLARK,
General Superintendent.
OMAHA STOCK-YARD CO.,
By A. P. NICHOLAS,
Managing Superintendent.

In presence of—
M. H. GOBLE.

STATE OF NEBRASKA, *County of Douglas, ss:*

On this 7th day of June, A. D. 1878, before me, a notary public in and for the above-named county and State, personally appeared S. H. H. Clark, general superintendent of the Union Pacific Railroad Company, and A. P. Nicholas, managing superintendent of the Omaha Stock-Yard Company, whom I know to be the identical persons whose names are signed to the foregoing lease, and they thereupon severally acknowledged the execution of the same to be their voluntary act and deed and the voluntary act and deed of their respective companies for the uses and purposes therein set forth.

Witness my hand and notarial seal the day and year above written.

[SEAL.]

THOMAS S. McMURRAY,
Notary Public.

This lease having been forfeited by non-payment of rents and taxes therein stipulated to be paid on the part of the lessee, and the lessor having by reason of such forfeiture entered and taken possession of the demised premises, I, A. P. Nicholas, for myself individually and as managing superintendent of the Omaha Stock-Yard Company, and on behalf of said company, hereby surrender said lease to said lessor and cancel and annul the same.

Witness my hand this 16th day of April, 1881.

A. P. NICHOLAS,
Omaha Stock-Yards Company.
By A. P. NICHOLAS,
Managing Superintendent.

CHICAGO LUMBER COMPANY,
Omaha, April 4, 1881.

We will take the sum of $500 as settlement of our claim on the Omaha stock yards if said $500 is paid inside of five days from this date. This proposition is made for

the purpose of obtaining a settlement only and not an admission that the sum of $500 is all that is due Chicago Lumber Company, and A. P. Nicholas, signing this paper, admits that the claim of Chicago Lumber Company, now in court, is a just claim for amount claimed.

CHICAGO LUMBER CO.,
F. COLPETZER.
A. P. NICHOLAS.

Witness:
C. H. GUION.

In consideration of the sum of $500, the receipt of which is hereby acknowledged, the Chicago Lumber Company, doing business in the city of Omaha, doth hereby sell, assign, and transfer to the Union Pacific Railway Company a certain book account for lumber and timber furnished, against the Omaha Stock-Yards Company and A. P. Nicholas. Said account being of the face amount of $1,139, being now in suit in the district court of Douglas County, and being the only claim or demand of the said Chicago Lumber Company against the Stock-Yards Company and the said A. P. Nicholas.

Witness the signature of the said Chicago Lumber Company this 5th day of April, 1881.

CHICAGO LUMBER COMPANY,
By F. COLPETZER,
Manager Omaha Yard.

[Foster & Gray.]

OMAHA, *April* 4, 1881.

A. P. NICHOLAS: Will take $100 for my claim against you, providing you pay same within five days.

Secured by lien against Stock Yard.

WM. M. FOSTER.

In consideration of $100 to me paid, the receipt of which is hereby acknowledged, I, Wm. M. Foster, hereby sell and assign to the Union Pacific Railway Company a certain account against the Omaha Stock Yards Company and A. P. Nicholas, and which is claimed to be lien on the stock yards of said company and of the face amount of about $139, said claim being now in litigation in the district court of Douglas County, and being the only claim I have against the stock yards company and said Nicholas.

Witness my hand this 5th day of April, 1881.

WM. FOSTER.

A. P. NICHOLAS, Esq.: I will take $50 for my claim against you, providing you pay the same within five days, said claim secured by lien against Omaha Stock Yards Company.

A. W. PHELPS.
A. W. FERGUSON.
His Attorney of Record.

APRIL 5, 1881.

In consideration of the sum of $50 to me paid, the receipt of which is hereby acknowledged, I hereby assign and transfer to the Union Pacific Railway Company the claim and account above referred to, and authorize it to enforce and collect the same.

A. W. PHELPS.
By A. W. FERGUSON.
His Attorney of Record.

OMAHA, *April* 5, 1881.

For a good and valuable consideration to me paid, the receipt of which is hereby acknowledged, from the Union Pacific Railroad Company, I, A. P. Nicholas, of Omaha, Nebr., hereby remise, release, and forever discharge the said company of and

from all manner of actions, causes of actions, suits, debts, and sums of money, dues, claims, and demands whatever in law and equity, which I ever had or now have against said company, whether arising upon contract or tort, to the present day.

And for a like consideration the Omaha Stock Yard Company, by said Nicholas, its managing superintendent and agent, hereby makes a like release and discharge of said railway company.

Signed this 16th day of April, 1881.

A. P. NICHOLAS,
Omaha Stock Yard Company,
By A. P. NICHOLAS,
Managing Superintendent.

(This conveys the yards, wind mill, fences, and improvements of stock yards.)

OMAHA, NEBR., *April* 16, 1887.

The Union Pacific Railway Company to A. P. Nicholas, of Omaha, Nebr., Dr.

April 16. For account and amount as per original bills, duly approved, filed in auditor's office:

For amount paid on his account and paid him as follows: For surrender of lease of Omaha Stock Yard Company and sale and delivery of its yards and property to the Union Pacific Railway Company, and its receipt and his individual receipt in full of all demands, as per annexed receipt No. 1 and lease surrender and receipt No. 2, indorsed on lease	$6,500 00
For amount paid claim of Chicago Lumber Company, receipt No. 3	500 00
For amount paid claim of Wm. M. Foster, claim No. 4	100 00
For amount paid claim of A. W. Phelps, claim No. 5	50 00
	7,150 00

Approved:

THOS. L. KIMBALL,
General Manager.

Received ——, —— 188—, from the Union Pacific Railway Company $7,150, in full payment of above account.
Receipts attached.

[Copies of receipts.]

$6,500.] OMAHA, *April* 16, 1881.

Received of F. D. Brown, cashier Union Pacific Railway Company, $6,500.

A. P. NICHOLAS,
Order T. L. K.

$650.] OMAHA, *April* 5, 1881.

Received of F. D. Brown, cashier Union Pacific Railway Company, $650, for to be accounted for.

A. P. NICHOLAS.

Commissioner LITTLER. Judge Poppleton, do you want to examine Mr. Nicholas?

Mr. POPPLETON. No, I think not; it is one of that sort of subjects that I think no light can be thrown on unless a man has lived with it from the commencement, as I have done.

The WITNESS. That is so.

SURRENDER OF LEASE.

The CHAIRMAN. Here is an indorsement on the lease:

This lease having been forfeited by non-payment of rent and taxes therein stipulated to be paid on the part of the lessee, and the lessor having, by reason of such forfeiture, entered and taken possession of the demised premises, I, A. P. Nicholas,

for myself individually and as managing superintendent of the Omaha Stock Yard Company, and on behalf of said company, hereby surrender said lease to said lessor, and cancel and annul the same.

Witness my hand this 16th day of April, 1881.

A. P. NICHOLAS,
Omaha Stock Yard Company.
By A. P. NICHOLAS,
Managing Superintendent.

Q. Is that your signature?—A. Yes, sir.

Q. Well, the failure to pay rent and taxes was the "freezing out, was it not, more than the discrimination?—A. No, sir.

WHAT CAUSED THE SURRENDER.

Q. Then how do you explain such an indorsement as that?—A. Of course, in signing, as I say, there was a judgment of foreclosure against me on my property in the North, and they drew up that to suit themselves. That was all. What I was to have was enough money to cancel the mortgages. It was pressure; I could not help myself; it was "Hobson's choice." Either that, or lose my property, and lose that too. The fact of the business was that I did not have money enough to push the enterprise. That was the secret of it. Mr. Kuntz, Ezra Miller, and Frank Murphy were urged to go in, and I believe afterwards would have gone in; but, of course, it was too late.

DISCRIMINATION AND LACK OF MONEY.

Q. Was it the lack of money and not the discrimination that compelled you to go out of the business?—A. No; it was the discrimination. Well, it was in part the lack of money. If I had had a fair chance I could have held on until to-day—if I had had sufficient money. The discrimination took the business away from me, as I have stated.

By Commissioner LITTLER:

Q. You mean to say that if you had had plenty of money you could have overcome the discrimination?—A. Yes, sir; I could have overcome the discrimination, if I had had money enough back of me; as eventually it was that struggle that forced the yards over on this side of the river.

UNSAFE ON THE OTHER SIDE OF THE MISSOURI.

As I claimed in the first place, I thought it was unsafe to go on the other side of the river, because, as I believed, the Missouri River had a mortgage on that bottom. The whole bottom over there was about 4 feet under water, and their yards (a portion of them) went down into the Gulf of Mexico.

Q. Then the Commission is to understand that it was the unjust discrimination on the part of the Union Pacific Company against you that forced you out of the cattle-yard business?—A. That, and my lack of means, as I stated. If I had had sufficient means I could have overcome anything that would have discriminated against me.

Q. If you had not been discriminated against you would have had means to go ahead?—A. Yes. With the means I had I could have gone ahead if I had not been discriminated against.

SELLING AND FEEDING CATTLE.

By Mr. POPPLETON:

Q. What did your business in these stock yards consist of?—A. It consisted of the feeding of cattle which were in transit to Chicago, and

in the selling of cattle from the owner of the cattle to feeders—farmers and other parties.

Q. What proportion of the cattle which were shipped from this State and the Western Territories eastward over the line of the Union Pacific stopped here in Omaha and were sold and disposed of? I am asking you as to the fact.—A. A very small percentage at that time; the percentage I could not say.

Q. Do you think 10 per cent. were sold?—A. No; I do not believe the first year that there was 10 per cent.; the second year there was more.

Q. Then the great bulk of your business was simply receiving and feeding and reshipping stock?—A. That was what it was, excepting where I made a great effort to get "feeders" to distribute among farmers. Those were sold.

THE YARD ON THE IOWA SIDE.

Q. At the same time, on the opposite or the Iowa side of the river there were stock yards at the terminus of the road, were there not?—A. The first year there were two yards on this side and a little yard on the other side of the river; three or four pens; a mud-hole, you might say.

Q. Which afterwards became large and commodious yards?—A. Well, I did not get my yards completed until late in the fall, and the company had been stopping most of the cattle on this side, but after I gave notice to the company most of the cattle went over to the other side of the river.

DESTINATION OF CATTLE CONTROLLED BY THE ROAD.

Q. What controlled the destination of the cattle, the railway company or the consignors?—A. The railway company controlled it. That was my understanding at the time.

Q. Do you know that?—A. That is the way I understood it.

Q. I ask, do you know it? Had the railway company any power, or did it, as matter of fact, carry any train of cars to Council Bluffs that was consigned to Omaha, for feeding?—A. Yes, sir.

Q. In what instances?—A. I can give you an instance.

Q. How many instances?—A. I can give a number of instances.

Commissioner LITTLER. Give one.

The WITNESS. I can give an instance where cattle were billed to Omaha, and billed to the Omaha yards, and not put in the Omaha yards.

BULK OF THE TRADE TO THE EAST.

Q. But I speak of cattle coming east. The great bulk of the cattle business was in the moving to the east, was it not?—A. Yes.

Mr. POPPLETON. You have spoken of J. T. Clark, the general superintendent, as the man who discriminated against you, as one of the men?

The WITNESS. He was in this party.

DELIVERY OF CATTLE ON THE COUNCIL BLUFFS SIDE OF THE RIVER

Q. That is your idea. Now, do you not know it to be a fact that since he was connected with this road Mr. Clark insisted openly and publicly to everybody, everywhere, that the true policy of the Union Pacific Company was to deliver cattle on the other side of the river, at the end

of its road, when they were once on its rails—to get rid of them; and that he applied that rule to everybody as well as he applied it to you, as far as he could?—A. Yes, excepting when there were "feeders" billed to Omaha here, and "feeders" for that side, they were not shipped to the other side.

Mr. POPPLETON. But I am speaking of where cattle were going through, which was 90 per cent. of the cattle business.

The WITNESS. Yes.

Q. There was not any secret as to his views on that subject, was there?—A. No secret of his. I suppose he had his instructions.

Q. Is it not true that from the time you got into the cattle business until the time you got out of it you were perpetually pinched for money with which to conduct it?—A. Not at the time I went into it.

Q. I am speaking of the time that you opened your yards and commenced to do business. Is it not true that you were constantly harassed for means and for money with which to do the business?—A. Yes; I lacked the means. I will say that.

SHIPPING CATTLE CONTRARY TO ORDERS OF OWNER.

There is one case I will mention, a shipment of cattle that Mr. Spearman bought in Sarpy County, five cars of cattle that were at Council Bluffs yards, for feeding. Mr. Spearman says [witness reads from a paper]: "I ordered them shipped to the Omaha stock-yards. They were loaded at Council Bluffs before I left the yard, between 3 and 4 p. m. on Saturday last (that is, October 24, 1880), for shipment to Omaha. The stock-yard company paid $5 per car of $10 per car charged by the Union Pacific Company, for shoving back to the Omaha stock-yards. I came over to the Omaha yards expecting to find the cattle there, but did not find them; but feeling sure they would come, according to directions, I ordered hay put out in the yard, which was done. I [Spearman] then went back to find where the stock was, and found them unloading in the bridge yards below."

The reason Spearman wanted them in the Omaha yards was that he lived there and wanted to drive them down.

By the CHAIRMAN:

Q. Have you any other papers or memoranda that you want to furnish the Commission?—A. No; I have not any others. There are others that I could not put my hand on. There are many other instances of that kind. Those were facts.

OMAHA, NEBR., *Wednesday, June 22*, 1887.

THOMAS L. KIMBALL, being further examined, testified as follows:

By the CHAIRMAN:

Question. During what time were you assistant general manager?—Answer. I was assistant general manager from the fall of 1880 to the fall of 1884.

Q. And what after that?—A. After that I was general traffic manager.

REBATES.

Q. As assistant general manager did you make rates for rebates for freight shipped over the Union Pacific Railway?—A. During that pe-

riod rebates were authorized and made, generally by the general freight department, subject to my authority and to consultation with me or the general manager.

Q. Were the rates fixed by you?—A. They were fixed generally by the general freight agent, Mr. Vining.

Q. Were the rates returned by him, as the freight agent, to you?—A. Not necessarily; not unless he thought it necessary to confer with me about making the arrangement.

Q. What supervision had you over the rebates allowed during that time?—A. I was the direct superior officer to the head of that department in the absence of the general manager, and the general freight agent, when he had any doubt about the propriety or necessity for making some arrangements that he regarded important, conferred with me.

Q. Was he under your instructions as to the rate allowed upon rebate?—A. In the absence of the general manager he would be.

HOW FIXED.

Q. Upon what principle did you fix the percentage of rebate sallowed along the line of the road?—A. Generally rebates were fixed by our competitors on business to and from competing points or competing territory.

Q. Was that the basis upon which all rebate allowances were made?—A. No; not from local territory.

BASIS OF RATES FROM LOCAL TERRITORY.

Q. Upon what basis did you make the rate from local territory?—A. In cases of the shipment of ore we would rebate from our regular open tariff, in some instances, because the ore was of a grade that could not bear the full tariff; it could not be moved at that. In other instances, where smelters that shipped their product over the Union Pacific road wanted dry ores for mixing with their lead ore, or when smelters wanted lead ores that would combine with other ores from our line or from other roads, and they would promise us the shipment of their product, we would frequently give them reductions in their rates from the regular tariff as a consideration for the shipment of the bullion product by our line.

Q. You speak of ores with reference to your local system of rebates?—A. With respect to local and through, both. That consideration would apply in both cases. But, generally, when rebates were paid from points of competition, it was because a rebate corresponding to the amount paid was being paid by our competitors.

REBATE RATES PRIVATE.

Q. Did you have an open and a private rebate rate?—A. All our rebate rates were usually considered private and treated as private.

Q. Why were they treated as private?—A. For the reason, in many instances, that if the net rate produced by a rebate was openly published and generally known, localities shipping corresponding distances, where there was no necessity for a rebate, might claim, on that knowledge, a corresponding reduction.

Q. Did you determine the necessities of the localities as to the rebate?—A. Yes, we aimed to.

NECESSITY OF REBATES: HOW DETERMINED.

Q. Upon what basis did you measure the necessity of a locality as to rebate rates?—A. If a camp shipping ore to a given point ships a high-grade ore that will bear a high rate, or the regular open tariff, that camp does not get a reduction, generally; there is no necessity for it. The shipper of ore, the miner and the smelter, are doing as well as the railroad company, generally, on the rates we have given to mining districts, and as a rule they pay our tariff, our open rates. Another locality, or that same locality, may have a grade of ore that cannot be utilized on the tariff. There may not be lead enough, or gold or silver enough, in the ore to pay the same cost of transportation that the higher-grade ore bears. We would reduce the rate for that. But if we published that rate, the man who was paying the higher rate, even for a better class of ore, would declare he was discriminated against. That is one of the principles forming the basis of rebate rates.

Q. Does the explanation of the principle you have given as applying to rebates apply to all classes of goods and shipments on which rebates have been given by the company?—A. The explanation in respect to rebates paid by competitors would apply in all cases. The explanation, generally, in the other case, where the ore is of different specific value and cannot bear the same rates, would apply to pretty much all the localities.

VARIATION OF REBATES.

Q. What were your rebate rates during your term as assistant general manager?—A. They would vary according to circumstances.

Q. What circumstances?—A. Well, during that period, or a portion of it, the open traiff on bullion, for example, from Colorado common points to the Missouri River was fixed at $10. We found our competitors were all paying a rebate on bullion shipments, and our shipments declined; we lost, almost entirely, the product of the city of Leadville, a large mining and smelting camp. On investigation, we discovered that at least $3 a ton was being paid as a rebate from the open rate of $10; and after we became fully satisfied that that was the case we gave the same rebate.

REBATES VARYING WITH CONDITIONS.

Q. How often did your rebate rates vary during the year?—A. I could hardly give you a definite answer to that question. They would vary as often as circumstances varied. If a competitor raised his rebate a dollar we followed him, whether he did it once a week or once a year.

Q. Does that apply all along the main line and branches of the Union Pacific?

The WITNESS. Upon the local tariff?

The CHAIRMAN. Yes.

The WITNESS. No, that would not apply.

REBATES IN LOCAL TERRITORY WHERE THERE IS NO COMPETITION.

Q. How did you apply the rebate principle to the local territory along the main line and branches where there was no competition?—A. Our basis of rebates in such cases would depend on the price at which a smelter could purchase a particular body of ore or the product of a

particular mine. If that ore could be purchased and shipped to a smelting point over our road at a given figure, and we found our open tariff was too high to move it, we might change our rebate to meet that occasion. We might change our open rate by a rebate.

REBATES TO INDIVIDUAL SHIPPERS.

Q. Were there rebate rates allowed to individual shippers along the main lines?—A. I do not recall any instance where a rebate upon ore or bullion was ever paid to a private individual not engaged in that business as a smelter or a dealer in ore, or a sampler.

Q. Were any preferences given by rebate rates to any citizen or company in any town or city along the line of the Union Pacific Railway or the branch lines?—A. Yes, there were.

RATES ON SHIPMENTS OF ORE TO DENVER.

Q. How did you determine that preference?—A. In one instance we gave a lower net rate to a smelter in Denver than we gave to smelters in Pueblo, for the reason that the smelting company to which we gave the rebate or the lower rate was under an arrangement with the Union Pacific Company to ship its entire bullion product over the Union Pacific road from Denver to the Missouri River. The company that was competing for that ore in the Wood River country shipped its product over the Atchison, Topeka and Santa Fé road. If we had let the ore go to Pueblo, or the Pueblo works, at the same rate that he brought it to the Denver works we should have lost the shipment from Pueblo to the Missouri River; or, if we had not lost it, and had taken it, we should have realized upon every 2 tons of ore so shipped a loss of upwards of $5 over the earnings the Union Pacific Company could make, and did make, by sending the ore to Denver.

RATES TO GRAIN SHIPPERS.

Q. Does that explanation apply to the shippers of wheat and corn?

The WITNESS. Shippers of wheat and corn in the State of Nebraska, do you mean?

The CHAIRMAN. Anywhere along the system.

A. The rates allowed to shippers of grain in the Union Pacific territory have generally been controlled by competition, and the allowances, by rebate, on grain shipments have largely been controlled by the competitors in the grain business of the Union Pacific.

Q. How was it where there was no competition?—A. Well, there is not much territory that you can apply that rule to in our grain country.

Q. Do you exclude the local grain?—A. The grain business is controlled—the power to purchase grain is controlled—by the rates of transportation, and the market, on a given day. I mean the rates of transportation to market, and the prices paid at the point of destination—Chicago, Toledo, New York, &c.

Q. Does that apply to all dealers in grain and corn upon the lines in the system of the Union Pacific Railway Company?—A. No, not to all; but it applies, directly and indirectly, to nearly all.

OMAHA AND COUNCIL BLUFFS ELEVATORS.

Q. What are the exceptions?—A. The elevators at Omaha and Council Bluffs are allowed by the Union Pacific Company one cent, as a

charge or a terminal allowance for transfer by and through their elevators. That is an allowance not made to other elevators in the State.

THE OMAHA ELEVATOR.

Q. How many elevators are there in Omaha?—A. There is one elevator company in Omaha that controls all that trade.

Q. Who controls the elevator business in Omaha?—A. Himebaugh, Merriam & Co. control that business here.

Q. Who compose the company?—A. I do not know.

Q. With whom do you deal in fixing your rates, from time to time, as they vary?—A. Generally Mr. Himebaugh; sometimes Mr. Merriam and employés of the elevator company.

Q. Are any of the officers or employés of the Union Pacific Railway Company in the elevator company?—A. Not that I am aware of. I think not. I think it would be safe to say that they are not.

Q. What other elevators are there in Nebraska?—A. I think that there may be a hundred steam elevators on the line of the Union Pacific road, scattered through the State.

Q. Are the same rates allowed to the other 99 elevators as you allow to the Omaha elevator?—A. No, sir.

AN ALLOWANCE IN ITS FAVOR.

Q. What is the difference in the rates?—A. We allow this terminal charge to the Omaha and Council Bluffs elevator companies as compensation for a service that they perform for our company—for the use of their storage plant. The Union Pacific Company is itself a stockholder in the building, in both cases—in Omaha and in Council Bluffs. Our object in taking an interest in and promoting the building of these elevators here and in Council Bluffs was to enable our company to discharge train loads of grain here and send our equipment right back for more. We found that if we allowed our grain equipment to go east to Chicago, Toledo, New York, and elsewhere, the cars were so far away that we were crippled when the demand was active and the farmers all wanted to sell. We had not equipment enough to move their crops. So it became an absolute necessity for us to promote a system of storage here, so that when shipments come in, either to the Council Bluffs or Omaha elevator, they are immediately discharged, and the equipment can go back for another load.

Q. What is the difference in the rates allowed to the Omaha and Council Bluffs elevators and the other elevators in Nebraska?—A. The other elevators are not allowed anything on that account.

AN ADDITIONAL REBATE TO OMAHA ELEVATOR.

Now, in addition to that, there has been paid a rebate amounting to 2 cents and upwards (sometimes a good deal more than 2 cents) to the elevator companies here, and through them to the smaller elevators through the State, to the local buyers; and through the local buyers directly the advantage of that rebate goes to the producer of the corn or the grain. That allowance on the part of the Union Pacific Company and its Eastern connections is controlled by the allowances made by the Chicago and Northwestern Company and its Nebraska branches on the other hand, and the Chicago, Burlington and Quincy and its Nebraska system on the other hand. Those lines approach very

nearly to our grain territory, and in a great many instances actually cross our lines and intersect them. The other roads have been in the practice of paying directly to the elevators, or the elevator men throughout the State, an allowance of, I think, 2 cents a hundred. The interior grain men and the producers are protected to the same extent through the elevator companies, to which we pay these rebates at Omaha and Council Bluffs. Sometimes these rebates will go as high as 4 to 8 cents a hundred pounds, and sometimes higher than that when there is a fight or contest for the control of grain shipments. But you understand that that rebate is not retained by the elevator company that gets it.

IT GOES TO THE SELLER OF GRAIN.

Q. Who receives it?—A. It goes to the seller of the grain.

Q. How do you know that the seller gets it?—A. Well, we know it by the prices that are paid. We are daily advised of the prices obtaining at all points on our lines.

LENGTH OF EXISTENCE OF REBATE SYSTEM TO OMAHA ELEVATOR.

Q. How long has this rebate system to the Omaha Elevator Company continued?

The WITNESS. How long has it been paid?

The CHAIRMAN. How long has it been continued?

The WITNESS. It has been paid for quite a number of years.

Q. During your term as assistant general manager and as general traffic manager?—A. During a portion of my term as assistant general manager I think a rebate was paid, and subsequently during my term as general traffic manager.

ITS COMMENCEMENT.

Q. When did it commence; during your term as assistant general manager?—A. I do not recollect. If you wish to be definite I will look it up and give you the date.

Q. I wish you would. Does the rebate system to the elevator company continue at present?—A. No.

ITS TERMINATION.

Q. When did it cease?—A. It ceased on the 1st or 5th of April, I think; at the time that the inter-State law took effect.

Q. What has been the effect of the cessation of this rebate allowance upon the Omaha Elevator Company, as compared with the other elevators in the State?—A. I can only answer that they have complained they were not controlling the amount of business that they formerly did; and that the grain buyers for competing routes—routes competing with the Union Pacific—were getting a larger percentage of the business than the Union Pacific was getting.

Q. Was that control lost by reason of the rebate system stopping?—A. I think that, combined with the reductions in rates to Southwestern points, had a good deal of effect upon the control, or the losing of the control, of considerable of that business by our company.

Q. Is it a correct conclusion, then, that the rebate system allowed by the Union Pacific Company to the Omaha Company enabled them to control the grain business here at this terminal point up to April 1?—

A. I do not dare to express myself on that point, upon the complaint of the elevator companies here. I have not looked into the matter thoroughly enough to have formed a clear and satisfactory judgment of the situation.

OTHER OUTLETS FOR GRAIN.

Q. If their complaint is true, that would be a correct conclusion, would it not?—A. Well, it may be the fact that the grain buyers upon other routes than the Union Pacific have secured outlets for the shipment of grain at less rates than the grain men on the Union Pacific have been able to do since the 5th of April; and, if so, they can pay a higher price to the producer of grain than the buyers and shippers on the Union Pacific. That would control the market, the shipment of the grain would be made over those routes.

SHIPMENTS OF CATTLE.

Q. Would the same principle of rebates apply to shipments of cattle along the line of the Union Pacific Railway?—A. That would be governed by the same considerations as I mentioned in respect to any other competitive business, in many instances. If the shipper of cattle should come to us with an assurance and could prove that he could get a rebate upon a shipment of cattle by driving them to another road, we should meet that proposition by paying a rebate. If a shipper of cattle came to us and proposed to build a feeding plant on the line of our road, investing in permanent improvement anywhere from twenty to thirty or forty thousand dollars, and to become a permanent local patron of our line, and, as a part of that arrangement, should give me the assurance that he would drive cattle from the territory of another road if I would give him some special concession, making it a part of the arrangement by which the Union Pacific was to secure an important and permanent contributor to its revenues, I should make such an arrangement.

THE SMALL SHIPPERS.

Q. What would be the effect of such an arrangement upon the small shipper along the line of the road?—A. I do not know that it would hurt him any.

Q. Could he ship in competition with the other man?—A. A small shipper would not drive from the line of another road to ours, without a consideration. If he should come to us, and propose to give us his business with the conditions suggested, we would take care of him on the same basis.

NO RECENT CASE OF PREFERENCES TO SHIPPERS.

Q. Have you had any complaints made with reference to allowances made by the Union Pacific in the shape of a preference to one cattle shipper as against others?—A. I do not remember any recent case of that kind. There may have been, in the past.

Q. Well, have you had such complaints at any time during your management?—A. I do not recall any case.

Q. Would the complaint be made to you?—A. It would ultimately reach me. It might be made first to the assistant general freight agent, or to the general freight agent; but such a thing would reach me finally.

THE EVENERS' ASSOCIATION.

Q. Is there such an association (I ask you for information) as the eveners' association?—A. No; we have nothing of the kind here, that I know of.

Q. Have you ever heard the term before?—A. I have heard it in respect to Eastern cities, in connection with cattle shipments.

Q. What have you heard about it?—A. All I know about it is that it is just what the name implies.

WHAT IT ACCOMPLISHES.

Q. Well, what is that? For I do not know.—A. I am hardly competent to define the arrangements of a concern that I do not, personally, know anything about. I can give you my understanding of what an eveners' association would mean. That would imply to my mind, that there was an understanding between two or more roads that, while they would not pool their business, they would quietly divert business one to the other, until each line got about its share of the business that it would be entitled to if they had a pool.

HOW APPLIED TO CATTLE SHIPPERS.

Q. How do you apply that explanation to cattle dealers or cattle shippers?—A. That would apply to any business.

Q. How do you apply it to cattle shippers; I never heard of it in connection with anything else, in the East, except cattle shippers.

The WITNESS. Do I understand you to ask, how do we apply it? We have nothing of the kind.

The CHAIRMAN. How do you apply to cattle shippers the principle of the pooling of traffic between two roads, under the explanation you have given of the principle of the eveners' association? In other words, how would you divide cattle traffic?

THE SHIPPER'S CONSENT ORDINARILY OBTAINED.

A. Well, we would get the consent of the shipper, ordinarily. A man whose preference is to ship by one line, comes to that line to ship his stock. That line may be "over" in its shipments, and another road "short." With the consent of that shipper, with the request of the evener, the shipment would be shipped by the other line.

By Mr. POPPLETON:

Q. But do not the eveners make that diversion without the consent of the shipper; and is not that the great complaint made against them?—A. I know, in pool organizations, that has been done.

By the CHAIRMAN:

Q. What preferences have the eveners as shippers?—A. I do not know that I care to go any further in explanation of an institution that I never was in and do not know anything about.

Q. Did an evener ever ship over the Union Pacific line?—A. I have no knowledge of it.

Q. It is not a secret organization, is it?—A. I know nothing about it, except from hearsay.

Q. Have you knowledge of any individual or association known as an evener or an eveners' association shipping cattle over the Union Pacific road?—A. No, sir; I have not.

POOLS.

Q. Have you any knowledge as to a preference given to any individual or association known as an eveners' association in the shipment of cattle?—A. In the distribution of business under our pools the business has been divided and diverted.

Q. To what extent?—A. To a considerable extent in the past.

Q. Well, what is the extent?—A. When the Union Pacific Company and other roads that were in the pool have agreed between or among themselves how the business should be divided (live stock or any other freight), when they have agreed on the percentage that each line should take of a given competitive business, it has been the practice of the pool commissioners to direct or request the line that happens to be "over" its percentage in the pool to divert business to the line that was "short" in the pool. That has generally been the practice in pools—tonnage and revenue pools.

HOW THEY AFFECT INDIVIDUAL SHIPPERS.

Q. How was the individual shipper benefited by reason of such an arrangement?—A. I do not know that I can say the individual shipper was benefited or harmed by the arrangement. He got his property transported from and to the points he wished the same as if he had shipped by the line he had preferred. If the shipper opposed the diversion, I doubt very much if it would be insisted upon. I think it is generally admitted that a pool organization has not a legal right to divert shipments against the will of the shipper. We certainly never have insisted on that in later years.

COMPLAINTS THAT REBATES TO LARGER SHIPPERS SHUT OUT SMALL DEALERS.

Q. Does not the system of the allowance of rebates to a large shipper along the road, in consequence of the amount of his capital and the business brought by the shipper to the road, shut out the small dealer entirely?

The WITNESS. Do you refer to the business of these feeding companies or plants?

The CHAIRMAN. Any business where you give a preference to a company or to an individual, in order to secure business by reason of their capital and of the traffic that they will bring to your line.

A. I think that might be the case; that might be the fact in some instances, or in some cases.

Q. Have you ever heard of such complaints in your railroad management?—A. Yes; I have heard of such complaints. They are pretty general in the newspapers.

STOCK OWNED BY PROPRIETORS OF FEEDING PLANTS.

Q. Have they ever been made to you?—A. Very rarely.

In respect to these feeding plants, the stock shipped over our road, fed and handled at these feeding points, is generally stock raised, owned, and controlled by the company that runs the feeding plants.

Q. How do you run the stock yard connected with the Union Pacific Company in Omaha?—A. We do not have any connection with them, except through our tracks. We have no interest in the company.

Q. Do you own the stock yard?—A. No.

THE UNION STOCK YARDS COMPANY OF OMAHA.

Q. Who does own it?—A. There is a corporation known as the Union Stock Yards Company of Omaha.

Q. What was done with the stock yard purchased by the railway company from Mr. Nicholas?—A. The Burlington and Missouri River road took a good slice of it, building their track through it.

Q. What did you do with the other part of it?—A. The other part of it is still there.

Q. Have you used it?—A. Oh, no; we have no use for it.

NO REBATES GIVEN IT BY THE ROAD.

Q. What rebates or preferences do you give to the owners of the Union or Paxton stock yard in Omaha?—A. We do not give any, unless it be for service performed by the company, and then we would pay the same as anybody else.

Q. Was that the case prior to the 1st of April?—A. So far as my knowledge goes that has been the case from the time the yards were started.

THE YARDAGE CHARGE.

Q. How many yards have you in Omaha?—A. Only one of any extent.

Q. What is the charge by the company upon cattle—what is the system of charges—for feeding and watering and for hay?

Commissioner LITTLER. Loading and reloading.

Mr. MINK. What is called the yardage charge.

The WITNESS. It is the ordinary arrangement.

Q. Well, what is the ordinary arrangement?—A. About a dollar a hundred for the hay, and some fixed sum for loading and unloading. That varies somewhat in different yards.

By Mr. POPPLETON:

Q. These are the charges of the stock yards?—A. Yes.

UNLOADING OF STOCK.

By the CHAIRMAN:

Q. Do you require all stock to be unloaded at the stock yard?—A. We have nothing to do with it. The shipper or the consignee settles that.

Q. Do you ever have an application for the unloading of stock at any other place than the stock yards?—A. Yes; at the yards at Council Bluffs, which are in competition with the yards here in Omaha.

Q. Have you ever received any communication from any individual for the unloading of stock at any other place than the stock yard?

The WITNESS. Any other place than the Omaha yard, you mean?

The CHAIRMAN. Yes.

The WITNESS. Applications for unloading at the Council Bluffs yard?

Q. Any other place?—A. No other, I believe.

CONTROLLED BY SHIPPER.

Q. Would you regard such an application?—A. Why, we should follow the orders of the shipper. If he said he wanted his stock delivered at the Council Bluffs yard the stock would go there.

Q. Suppose he said he wanted his stock delivered somewhere else?
The WITNESS. You mean at a private yard or side track?
The CHAIRMAN. Yes.
The WITNESS. Yes, sir. We would deliver it there.
The CHAIRMAN. That is better than they do in Pennsylvania.
Mr. POPPLETON. There are many respects in which we do better here than they do in Pennsylvania; and I hope you will investigate to the very bottom.

THE STANDARD OIL COMPANY.

Q. Has the Standard Oil Company ever made any shipments over the Union Pacific Railway?—A. Yes, sir; a great many.
Q. When did they commence to ship?—A. I presume about the time the Standard Oil Company commenced.
Q. Well, when did it commence?—A. I could not tell you. I know this about the Standard Oil Company, that it has been a very large patron of the Union Pacific. We have made a good deal of money out of their business. We have paid them a good deal in rebates.

REBATES ALLOWED IT.

Q. What rebates did you allow the Standard Oil Company?—A. At different times different rates, according to the bids that other roads made for their business.
Q. When did you commence to allow the Standard Oil Company rebates on their business?—A. You will have to allow me to look that up. I could not tell you now.
Q. Was it during your official term as assistant general manager?—A. I will have that put in the answer, if you will allow me.

RATE OF REBATE.

Q. What was the rate allowed to the Standard Oil Company?—A. All sorts of rates, according to the point of delivery and the liveliness of competition at that point; 5 per cent., 10 per cent., 15 per cent., and up to 30 per cent.
Q. Prior to 1884, what was the rate that you allowed to the Standard Oil Company on oil sent to the dealers at San Francisco?—A. I could not tell you from recollection.
Q. Have you any memorandum that will show?—A. I think I could find it in the records.
The CHAIRMAN. Will you please produce the records, and also the subsequent rate—the rate allowed since the 1st of January, 1884, to April, 1887, to San Francisco?
The WITNESS. I will.

RATES TO OTHER OIL COMPANIES.

Q. What rate did you allow to shippers other than the Standard Oil Company?—A. The Continental Oil Company and the Consolidated Tank Line Company I think are on our books for rebates. Perhaps I ought to remark right here that the Standard Oil Company ships about 95 per cent. of the total oil distributed in this country. Prior to the payment of rebates to the Standard Oil Company that oil pretty much all went by ocean to the Pacific coast; and after we had agreed to pay them a rebate they transferred the business largely to the overland routes.

Q. How were the payments of rebate made to the Standard Oil Company?—A. By voucher, I think.

PREFERENCE TO STANDARD OIL COMPANY.

Q. Did the Standard Oil Company have a preference over all other shippers in oil?—A. There have been times when the Standard Oil Company had a preference.

Q. Was that preference very great as compared with the rates to the other oil shippers?—A. Yes; it was pretty large.

EMBARRASSING EFFECT ON SMALLER DEALERS.

Q. What was the effect of that on the smaller dealer or smaller shipper in oil?—A. I should think it would be embarrassing to the small shipper.

Q. Only embarrassing?—A. We found it very embarrassing when the Standard Oil Company took its business away from us on the 1st of April. They have got about 200,000 cases of oil on the ocean, and they will ship 600,000 before the year is out in the same way.

By Commissioner LITTLER:

Q. What do you call a case of oil?—A. About 80 pounds.

ALLOWANCE TO STANDARD OIL COMPANY ON ACCOUNT OF CAR SERVICE FURNISHED BY IT.

By the CHAIRMAN:

Q. What allowance was made to the Standard Oil Company by reason of that company's furnishing the car service for the shipment of oil?—A. I think that on a patent car owned by the Standard Oil Company—a car so arranged that oil in bulk or in case could be shipped by the same car, and merchandise or other property shipped back—a mileage allowance has been given on such cars, and refused on the boiler-tank car, no matter by whom used or owned, because the boiler-tank car does not admit of any return load.

HOW IT WAS SETTLED.

Q. How did you make a settlement with them on such an allowance?—A. Well, that would be a straight mileage claim, or it might be settled by voucher and go through the rebate or overcharge books.

Q. What account would it appear in?—A. I really do not know what treatment that particular item has had in our audit office. If it was a straight mileage allowance on the car it would go into the car-service account; but if it was treated as an overcharge or rebate, and went into the form of a claim, then it would go through the freight auditor's office, and a record could be found there.

Q. Then it would be either with the freight auditor or the car service account?—A. Yes.

Q. Was that independent of the rebate?—A. Yes; that would be independent of a percentage rebate.

RETURN OF CARS WITHOUT CHARGE.

Q. What allowance, rebate, or reduction would you make for the return of empty cars belonging to the Standard Oil Company over the

Union Pacific road?—A. We would make no charge. We would load them back.

The CHAIRMAN. My reference is to these tank cars that could not be loaded back.

The WITNESS. That would be controlled by our agreement with other roads. We charge in some cases $10, or $15, or $20, according to the distance of the haul—or more.

AGREEMENT AS TO EMPTY TANK CARS NOT IN WRITING.

Q. Did you have an agreement with the Standard Oil Company about their empty tank cars?—A. I think so. I think we have had in the past an arrangement with the Standard Oil Company.

Q. Was that arrangement in writing?—A. No; I think not.

CARS SOMETIMES RETURNED FREE, SOMETIMES NOT.

Q. What was the arrangement?—A. I think we have returned Standard Oil tank cars from Colorado points free, at times, and we have charged for the return of equipment at times. The rule of our company would usually be to apply the same principle that other roads did to the equipment of the Standard Oil Company.

Q. Did the Union Pacific Railway Company make the same allowances for the cars furnished by other oil shippers that they did to the Standard Oil Company?—A. I have not the information to answer that question.

Q. You would know that, as general manager, if it was so in the past?—A. I do not recollect; I can ascertain.

Q. Are there so many other dealers that you cannot recall?—A. There are a good many cars and there is a good deal of freight moved over this road that I personally do not know anything about.

The CHAIRMAN. I am speaking of oil.

The WITNESS. No cars pass over the road of which we do not have a record. I will ascertain the facts for you.

The CHAIRMAN. Please ascertain, then, what rate was charged to other dealers and what allowance was made on the return of cars; also what amount was charged, if any, for the return over the road of tank cars belonging to other oil shippers; also the total amount of rebates that were paid or allowed to the Standard Oil Company since the beginning of the rebate allowance.

The WITNESS. I will do so.

PRIVATE RATE ALLOWED THE STANDARD OIL COMPANY.

Q. Had you an open rate for the Standard Oil Company, and a private rate, prior to April 1st?—A. We have an oil rate that is published to anybody. Then we have a net rate or rebate rate to the Standard Oil Company.

ALSO WITH THE CONSOLIDATED TANK LINE AND THE CONTINENTAL OIL COMPANIES.

Q. Have you any other net rate or private rate to any other oil shipper?—A. The Consolidated Tank Line Company and the Continental Oil Company are organizations that we have given special rates to in the past.

Q. Does not the Standard Oil Company have a controlling interest in both the other companies?—A. I do not know, but I presume at the present time the Standard Oil Company does.

Q. Control both?—A. Yes; but they are operated in the names I have given you, and they so appear on our books.

Q. Then, outside of the Standard Oil Company, would it not be impossible for any other oil dealer to deal, with profit, in the shipment of oil, under the arrangement you have made with the Standard Oil Company and the companies in which that company has a controlling interest?—A. I cannot say that, because other shippers have shipped oil, and have competed with the Standard Oil Company in the various markets that our line reaches.

PURCHASE OF THE CONTINENTAL BY THE STANDARD.

Q. How long could such a competition last?—A. It was kept up in the case of the Continental until the Standard bought them out.

Q. Would the Continental have sold out to the Standard if it had been profitable to the Continental?—A. Yes; if it had been made more profitable to sell, and I guess that was the fact.

Q. It was made more profitable to sell than to continue in business?—A. Yes; I think, in considering this Standard oil proposition, particularly on the transcontinental oil traffic, it ought not to be lost sight of that the arrangements made by the railway companies secured to the railroads an immense volume of business, profitable business, that was entirely lost to them before.

DISCRIMINATION WOULD ASSIST THE STANDARD OIL COMPANY.

The CHAIRMAN. That is all true. That is a business matter. But I am asking you now what would be the effect, in so securing such a business, upon the small shipper?

The WITNESS. Well, any discrimination in rates in favor of the Standard Oil Company would assist that company in fighting competition.

ITS EFFECT ON OTHER SHIPPERS.

Q. Has not the effect been to drive every shipper off the road and out of the business except the Standard Oil Company?—A. No; that is not the case, because there has been, during a considerable period, a great deal of oil shipped. Not by comparison with the amount shipped by the Standard, but very considerable shipments of oil have been made in the Union Pacific and in transcontinental territory by other oil companies than the Standard.

Q. How much, now?—A. I would have to look that up before I could answer accurately.

By Commissioner LITTLER:

Q. The operation of this preference in mileage service, as I understand you, and in rebates, has resulted in giving to the Standard Oil Company substantially the entire traffic over your road. Am I correct?—A. I did not say that; but I said, in answer to the question, that the preference given by our road and other roads was a decided aid to the Standard company in meeting its competition.

THE STANDARD OIL COMPANY SHIP OVER 90 PER CENT. OF ALL THE OIL.

Q. You have said, as I understand, that 95 per cent., about, of the entire oil traffic——A. (Interposing.) I was speaking of the United States, not over our road.

Commissioner LITTLER. I thought you were speaking of 95 per cent of it going over your road.

The WITNESS. No; I meant to say that in dealing with the Standard Oil Company we were dealing with the shipper of over 90 per cent. of the oil of the country.

Commissioner LITTLER. It is our duty to develop these discriminations, and we want any fact within the knowledge of this company that goes to establish that discrimination.

Mr. POPPLETON. Ought not that information to be confined to shipments that originate with the Union Pacific road? So far as it must be gathered from outside sources—from Chicago and Saint Louis—this Commission is armed with its experts to do all that, and it does not seem to me that that labor ought to be imposed on this company.

POLICY GOVERNING THE ROAD IN REGARD TO SUCH SHIPPERS.

By the CHAIRMAN:

Q. Will you please furnish the Commission with a list of shippers in oil other than the Standard Oil Company, the Consolidated Tank Line Company, and the Continental Oil Company, and give us the lowest net rate to each?—A. Yes. It should be understood by the Commission that, in our dealings with the Standard Oil Company, we are governed largely by the policy and the business propositions of lines that would take the business, if we declined it, at the rebates we paid.

Q. Have you any other book containing an entry of any other rebate allowances or preferences other than the book that has been produced here, denominated the "Freight earnings refunded?"—A. I think that is the only book of record that would show the exact basis on which rebate and overcharge settlements have been made.

CAR SERVICE ACCOUNT NOT A REBATE.

Q. Do you not regard a car service account, representing the car service to the Standard Oil Company, as in the nature of a rebate?—A. No, I should not; because, if any other company would give us the same cars to transport over our road, we would transport them at the same rate as we did for the Standard oil—the cars on which we pay a mileage allowance.

Q. Does the car service allowance show all the returns that are made in the nature of allowances?—A. The car mileage accounts do.

Q. Will you produce the car mileage book account for the last five years?—A. I will.

THOS. L. KIMBALL.

The Commission then adjourned to Thursday, June 23, 1887, at 10 a. m.

UNION PACIFIC RAILROAD OFFICES.
Omaha, Neb., Thursday, June 23, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

REPORT OF IOWA RAILWAY COMMISSION.

Mr. POPPLETON. The testimony yesterday seemed to take a direction pointing toward little complaints and abuses that might have arisen here in connection with the operation of the road. A large number of

complaints made by the people of Council Bluffs were investigated by the Iowa Railway Commission last year and a full report made upon them; and it has occurred to me that it would be desirable for the Commission to have a copy of that report. I therefore present a copy of it.

Commissioner LITTLER. Was this report made to the Iowa legislature?

Mr. POPPLETON. The examination was made at the request of the governor of the State, and the report was submitted to him.

THOMAS L. KIMBALL, being further examined, testified as follows:

THE POOL STATEMENT.

By the CHAIRMAN:

Q. Have you any papers ready this morning that have been called for by the Commission?—A. I have ready the pool statement that was called for. I have it in pencil, but should have preferred to copy it on typewriter, if there had been time. Do you wish to have it go in now?

The CHAIRMAN. I think you had better produce now any papers that have been called for that you have ready.

The WITNESS. This statement that I submit shows the membership and divisions between the members in all the different pools of any importance that the Union Pacific Company has been in.

By Commissioner LITTLER:

Q. At any time?—A. At any time of which I have record. The Colorado pool, the Western Colorado pool, the Utah pool, the Colorado-Utah common points pool, the Nebraska pool, the Montana pool, the Oregon pool, and the California and Transcontinental pool.

By the CHAIRMAN:

Q. Does the statement contain the receipts and payments on account of pool settlements?—A. No; but it contains the basis on which the receipts and expenses are divided.

COLORADO RAILWAY ASSOCIATION.

AGREEMENT OF APRIL 7, 1879.

[Freight and passenger business. Lines interested: Union Pacific Railroad, Kansas Pacific Railroad, Atchison, Topeka and Santa Fé Railroad.]

Business pooled and divisions.

Between Denver and Missouri River points and junction points east of Kansas western boundary:

	Per cent.
Union Pacific Railroad	30
Kansas Pacific Railroad	40
Atchison, Topeka and Santa Fé Railroad	30
Between Leadville and same points:	
Union and Kansas Pacific roads	53
Atchison, Topeka and Santa Fé Railroad	47
Grain from local points to Denver:	
Union and Kansas Pacific roads	75
Atchison, Topeka and Santa Fé Railroad	25
Grain to Leadville (after first deducting 30 per cent. for operating expenses):	
Union and Kansas Pacific roads	53
Atchison, Topeka and Santa Fé Railroad	47

Agreement was changed June 1, 1879, by allowing 40 per cent. to be first deducted for operating expenses.

Amended September 1, 1879, allowing 40 per cent. for operating expenses and divisions, as follows:

	Atchison, Topeka and Santa Fé.	Kansas Pacific.	Union Pacific.
Merchandise:	*Per cent.*	*Per cent.*	*Per cent.*
Denver and Leadville	30	40	30
Denver and Rio Grande Railway points	70	17	13
Grain:			
Denver and Leadville	25	43	32
Denver and Rio Grande Railway points	75	14	11

Agreement expired April 1, 1880.

NOTE.—On passenger business agreements of September 1, 1879, Denver percentages were as above.

	Atchison, Topeka and Santa Fé.	Union Pacific and Kansas Pacific.
	Per cent.	*Per cent.*
Leadville business	30	70
Other Denver and Rio Grande Railway points	70	30

SECOND TRIPARTITE AGREEMENT.

[Atchison, Topeka and Santa Fé Railroad, Denver and Rio Grande Railway, Union Pacific Railway Dated March 27, 1880. In effect April 1, 1880.]

Business pooled and divisions.

Traffic to and from Missouri River, and all competitive local traffic, to and from territory south and west of Denver reached and covered by the Denver and Rio Grande Railway and Denver, South Park and Pacific Railroad:

	Per cent.
Atchison, Topeka and Santa Fé Railroad	30
Union Pacific Railway	70

All traffic to and from Missouri River points and Denver, &c., after first deducting 40 per cent. for operating expenses:

	Per cent.
Atchison, Topeka and Santa Fé Railroad	25
Union Pacific Railway	75

THIRD AGREEMENT, OF OCTOBER 13, 1882.

[In effect November 1, 1882, to July 1, 1883. *Lines interested:* Union Pacific Railway, Burlington and Missouri River Railroad, Atchison, Topeka and Santa Fé Railroad.]

Business pooled and divisions.

	Union Pacific Railway.	Burlington and Missouri River Railroad.	Atchison, Topeka and Santa Fé Railroad.
	Per cent.	*Per cent.*	*Per cent.*
Between Missouri River and Denver	51	30	19
Between Missouri River and Pueblo	25	25	50
Between Missouri River and Denver and Rio Grande Railway common points	40	25	35
Between Missouri River and other common points	40	25	35

Divisions in effect to September 30, 1884, when, under award of J. F. Tucker (arbitrator), following were substituted on business, commencing October 1, 1884:

	Union Pacific Railway.	Burlington and Missouri River Railroad.	Atchison, Topeka and Santa Fé Railroad.
	Per cent.	*Per cent.*	*Per cent.*
Between Missouri River and Denver	49	29	22
Between Missouri River and Pueblo	22½	22½	55
Between Missouri River and Denver and Rio Grande Railway common points	39	29	32
Between Missouri River and other Denver and Rio Grande Railway points	28	28	44

January 1, 1885, the following divisions were put in force under award of G. H. Daniels, commissioner Colorado Railway Association, based on earnings for last five months of 1884:

	Union Pacific Railway.	Burlington and Missouri Railroad.	Atchison, Topeka and Santa Fé Railroad.
	Per cent.	*Per cent.*	*Per cent.*
Between Missouri River and Denver	47	30	23
Between Missouri River and Pueblo	25	25	50
Between Missouri River and Denver and Rio Grande Railway common points	36	29	35
Between Missouri River and other Denver and Rio Grande Railway points	30	30	40

These percentages remained in force until April, 1887, when the association ceased by the operation of the interstate commerce law.

NOTE.—On passenger business there was no pooling of earnings from July 1, 1883, to October 1, 1884.

Following were divisions on passenger earnings under the Tucker award, covering the business of October, November, and December, 1884:

	Union Pacific Railway.	Atchinson, Topeka and Santa Fé Railroad.	Burlington and Missouri River Railroad.
	Per cent.	*Per cent.*	*Per cent.*
Denver business	49	22	29
Pueblo business	22½	55	22½
Denver and Rio Grande Railway and Denver South Park and Pacific Railroad common points business	39	32	29
Other Denver and Rio Grande Railway points business	28	44	28

[Under the Daniels award of January 1, 1885.]

Denver business	46½	22½	31
Pueblo business	23	62½	14½
Denver and Rio Grande Railway and common points business	41	33	26
Other Denver and Rio Grande Railway points business	22½	53½	24½

As such they remained until April, 1887, when the association ceased.

WESTERN COLORADO RAILWAY ASSOCIATION.

AGREEMENT OF OCTOBER 1, 1879.

[Freight and Passenger business. In effect to November 1, 1882. *Lines interested:* Denver, South Park and Pacific Railroad, Denver and Rio Grande Railway.]

Business pooled.

Traffic between Denver and Pueblo and points on joint track. First deduct 50 per cent. for operating expenses. To be in operation on the completion of Denver and Rio Grande Railway, and Denver, South Park and Pacific Railroad.

No settlements made and no statements of earnings made after February, 1881.

AGREEMENT OF OCTOBER 21, 1882.

[Same lines interested. In effect November 1, 1882. Changed to a gross pool.]

Business pooled.

Denver and Pueblo proper, and points east of Denver and Pueblo, on the Burlington and Missouri River Railroad, Union Pacific Railway, and Atchison, Topeka and Santa Fé Railroad. To and from Leadville and all points on joint trackage. Same to Gunnison. Joint track points to joint track points. Joint track points to Gunnison:

	Per cent.
Denver and Rio Grande Railway	60
Denver, South Park and Pacific Railroad	40

May 26, 1883, contract was made between Denver and Rio Grande Railway, Union Pacific Railway, and Denver, South Park and Pacific Railroad, settling all disputed claims, including amounts due under pool contracts prior to June 1, 1883, by the payment to the Denver and Rio Grande Railway by the Union Pacific of $260,000.

NOTE.—Passenger business. Agreement of October 1, 1879. Same as freights. No settlements made after February, 1881.

2. In effect November 1, 1882, to July 1, 1883. Same as freight, changing it to a gross pool.

These percentages remained in force until January 1, 1886, when they were changed thus on freight:

	Per cent.
Denver and Rio Grande Railway	66⅔
Denver, South Park and Pacific Railroad	33⅓

Settlements under agreement of October 1, 1879, were made in the contract of May 26, 1883, as the Union Pacific did not secure control of the South Park road and complete it until 1881–1882.

Agreement of May 26, 1883, was made to pay Denver and Rio Grande Railway for all claims arising from use of their track, &c., in the unfinished condition of South Park road.

UTAH TRAFFIC ASSOCIATION.

AGREEMENT MADE JANUARY 24, 1884.

[*Lines interested:* Central Pacific Railroad, Union Pacific Railway, Denver and Rio Grande Railway, Atchison, Topeka and Santa Fé Railroad, Burlington and Missouri River Railroad. Taking effect February 1, 1884.]

Business pooled.

Traffic to or from Ogden, Spanish Fork, and intermediate points, passing through Roseville Junction, Cheyenne, Denver or Pueblo, except strictly local business, coke, company material, and grain and cattle between Utah and California.

BASIS OF DIVISIONS.

On freight into Utah.—Central Pacific, 25 per cent. Of the balance, Union Pacific, 66$\frac{2}{3}$, and Denver and Rio Grande Railway, Atchison, Topeka and Santa Fé Railroad, and Burlington and Missouri Railroad, 33$\frac{1}{3}$ per cent.

On freight out of Utah.—Central Pacific, 10 per cent. Of the balance, Union Pacific 66⅔, and Denver and Rio Grande Railway, Atchison, Topeka and Santa Fé Railroad, and Burlington and Missouri Railroad, 33⅓ per cent.

This association virtually ceased September 1, 1885, by the withdrawal of the Central Pacific, but it was renewed on substantially the same divisions March 1, 1886.

A passenger association was formed March 12, 1885, with the following divisions:

	Per cent.
Union Pacific Railway	60
Denver and Rio Grande Railway, and Denver and Rio Grande Western Railway	24⅓
Atchison, Topeka and Santa Fé Railroad	8
Burlington and Missouri Railroad	7⅓

COLORADO-UTAH COMMON POINTS ASSOCIATION.

AGREEMENT MADE JANUARY 24, 1884.

[*Lines interested:*—Union Pacific Railway, Denver and Rio Grande Railway. Taking effect February 1, 1884.]

Business pooled.

Traffic between Utah common points and Colorado common points, except coke and company material.

BASIS OF DIVISIONS.

	Per cent.
Union Pacific Railway	50
Denver and Rio Grande Railway	50

These percentages were changed, taking effect January 1, 1885, as follows:

Union Pacific Railway, 40 per cent.: Denver and Rio Grande Railway.

These remained in force until April, 1887.

A passenger association was formed March 12, 1885, with the following divisions:

Union Pacific Railway, 42½ per cent; Denver and Rio Grande Railway, 57½.

These remained in force until April, 1887.

NEBRASKA TRAFFIC AGREEMENT.

AGREEMENT OF DECEMBER 1, 1884.

[Lines interested: Union Pacific Railway, Burlington and Missouri Railroad. In effect same date, to continue until December 31, 1885.]

Business pooled.

All freight traffic between Missouri River and following junction-points in Nebraska to be pooled at Omaha rates, and divided thus:

Junction points.	Burlington and Missouri Railroad.	Union Pacific Railway.
	Per cent.	*Per cent.*
Kearney	50	50
Grand Island	40	60
Central City	45	55
Columbus	50	50
David City	50	50
Lincoln	73	27
Beatrice	60	40
Wymore	50	50
Blue Springs	50	50

Earnings at Omaha rates on all grain, lumber, and live stock to or from any station in following groups, divided thus:

Group points.	Burlington and Missouri River Railroad.		Union Pacific Railroad.	
	Stations.	Per cent.	Stations.	Per cent.
Grand Island group	Phillips	50	Saint Libory, Alda, Lockwood.	
Central City group	Marquette	50	Chapman, Clark's	
Columbus group	Bellwood	22	Lost Creek, Platte Center, Duncan, Benton, Schuyler.	
David City group	Garrison, Ulysses	50	Brainard, Rising	
Beatrice group	Putnam, Caldwell, DeWitt, Wilber, Filley, Firth, Adams.	85	Holmesville, Pickrell, Cortland.	
Wymore and Blue Springs group.	Liberty, Odell	65	Otoe	
Lincoln group	Capitol Mills, Newton, Waverly, Woodlawn, Malcolm, Emerald, Pleasant Dale, Denton, Berks, Crete, State Prison, Saltillo, Roca, Hickman, Cheney.	85	Raymond, Jamaica, Hanlon, Valparaiso."	

NOTE.—Exceptions, and not to be pooled: All business now or hereafter included in the Colorado and Utah pools; soft coal from all points; hogs consigned to or purchased by packers at Columbus and Lincoln.

Agreement continued until February 1, 1885, when a new one was made, as follows, to continue until December 31, 1886.

Junction points.	Burlington and Missouri Railroad.	Union Pacific Railway.
	Per cent.	*Per cent.*
Kearney	45	
Grand Island	35	
Central City	42½	
Columbus	42½	
David City	50	
Lincoln	68	
Beatrice	65	
Wymore	50	
Blue Springs	50	

Earnings pooled at 40 per cent. of Chicago tariff rates.

Group.	Burlington and Missouri Railroad.	Union Pacific Railway.
	Per cent.	*Per cent.*
Grand Island group	55	
Central City group	45	
Columbus group	22½	
David City group	50	
Beatrice group	76½	
Wymore and Blue Springs group	87½	
Lincoln group	82½	

Forty per cent. of Chicago tariff rates on all grain, lumber, and live stock—steel cattle shipped in, for feeding, excepted.

MONTANA TRAFFIC AGREEMENT.

AGREEMENT OF FEBRUARY 23, 1883.

[Lines interested: Union Pacific Railway, Northern Pacific Railroad, Oregon Railway and Navigation Company In effect October 1, 1883.]

Business pooled.

Eastern pool territory to include Saint Paul, Duluth, for the Northern Pacific Railroad, and the Missouri River terminals for the Union Pacific Railway.

	Union Pacific.	Northern Pacific.
Eastern pool:		
Virginia City	*Per cent.*	*Per cent.*
Helena and points east of Garrison	50	50
Butte, Garrison, and intermediate points	40	60
Westward or Pacific coast business:	50	50
Butte, Helena, or intermediate points, and California	60	40
Butte, Helena, or intermediate points, to Portland	40	60

NOTE.—This agreement did not take affect until the completion of the Northern Pacific Railroad to Bozeman, October 1, 1883.

Until the completion of the Oregon Short Line to a connection with the Oregon Railway and Navigation Company's lines at Huntington, December 1, 1884, we were not in a position to do business between Montana and Portland.

ADDITIONAL DIVISIONS.

	Per cent.
Virginia City and California points:	
Union Pacific	60
Northern Pacific	40
Virginia City and Portland:	
Union Pacific	40
Northern Pacific	60

These divisions were as above until May 1, 1886, when the association was changed, the Northern Pacific reporting its gross revenue and the Union Pacific reporting its net revenue until Northern Pacific evened up its shortage.

The passenger divisions were same as above.

OREGON TRAFFIC ASSOCIATION.

AGREEMENT OF DECEMBER 1, 1884.

[Lines interested: Northern Pacific Railroad, Oregon Short Line for the Union Pacific Railway. In effect July 1, 1885.]

Business pooled.

Traffic passing eastern terminals of Union Pacific and Northern Pacific to and from Portland, Oreg., and Pacific coast points—50 per cent. allowed for operating expenses. Balance divided thus:

	Per cent.
Union Pacific	$\frac{5}{9}$
Northern Pacific	$\frac{4}{9}$

These divisions remained in force until April, 1887.

CALIFORNIA POOLS.

FIRST AGREEMENT.

[Lines interested: Union Pacific Railway, Atchison, Topeka and Santa Fé Railroad. In effect April 1 1881. Expired December 31, 1881.]

Business pooled.

Business originating at or east of the one hundred and fourth meridian and destined to any point west of Roseville Junction, vice versa.

DIVISIONS.

Gross earnings were pooled and divided thus:

	Per cent.
Union Pacific Railway	[illegible]
Atchison, Topeka and Santa Fé Railroad	[illegible]

SECOND AGREEMENT.

[Lines interested: Union Pacific Railway, Atchison, Topeka and Santa Fé Railroad, Texas and Pacific Railroad. In effect January 1, 1882. Expired January 31, 1882.]

Business pooled.

Business originating at or destined to the terminal and junction points on the east, and that section of country lying west of Roseville Junction and Fort Yuma, or of a straight northerly or southerly line passing through those points.

DIVISIONS.

Twenty-five per cent. of earnings retained by each line for operating expenses.

Balance divided:	Per cent.
Union Pacific Railway	[illegible]
Atchison, Topeka and Santa Fé Railroad	[illegible]
Texas and Pacific Railroad	[illegible]
New Orleans business divided thus:	
Union Pacific Railway	[illegible]
Atchison, Topeka and Santa Fé Railroad	[illegible]
Texas and Pacific Railroad	[illegible]

THIRD AGREEMENT.

[*Lines interested:* Union Pacific Railway, Atchison, Topeka and Santa Fé Railroad, Texas and Pacific Railroad, Galveston, Houston and San Antonio Railroad. In effect February 1, 1883, to June 1 1883.]

Business pooled.

Same as in second agreement.

DIVISIONS.

	Per cent.
Union Pacific Railway	[illegible]
Atchison, Topeka and Santa Fé Railroad	[illegible]
Texas and Pacific Railroad	[illegible]
Galveston, Houston and San Antonio Railroad	[illegible]

From June 1, 1883, to October 1, 1883, there was no pool on California business.

FOURTH AGREEMENT.

TRANSCONTINENTAL ASSOCIATION.

[*Lines interested:* Union Pacific Railway, Central Pacific Railroad, Atchison, Topeka and Santa Fé Railroad, Burlington and Missouri River Railroad, Denver and Rio Grande Railway, Galveston, Harrisburg and San Antonio Railroad, Northern Pacific Railroad. An agreement to maintain rates only. In effect October 1, 1883.]

The territory covered being all competitive points in the east and the Pacific coast territory, as described in former agreements.

The exceptions on freight traffic were United States Government business, European grain and freight interchanged with the Oriental and Occidental Steamship Company.

This contract was amended November 28, 1883, by an agreement on the part of the California lines to pay the Northern Pacific and Oregon Railway and Navigation Company six per cent. of San Francisco business to stay out of that business.

A supplemental agreement was entered into by the lines in the Trans-Continental Association pooling the business from October 1, 1884, to December 31, 1884, percentages to be fixed by arbitration of the lines interested could not agree.

In this agreement the Atlantic and Pacific Railroad concurred; also, the Northern Pacific Railway lines, the Oregon Short Line and the Utah and Northern Railway.

The Northern Pacific and Oregon Railway and Navigation Company were to be paid six per cent. subsidy not to compete for California traffic.

Business pooled.

For California passenger business—all passenger traffic including business interchanged with Pacific Mail Steamship Company, excluding Government business, passing ninety-seventh meridian on the east, and Yuma, Mojave, Roseville Junction, Cal., and a line drawn through those points, and from the latter due north to the California State line on the west.

Oregon—all passenger traffic passing the ninety-seventh meridian on the east, and on the west passing through Portland, to or from points south of Portland on the Oregon and California Railroad, including Portland. Same on freight traffic. Contributions to pool.

PASSENGER CONTRIBUTIONS.

Ninety per cent. of regular and special rates used locally between Kansas City and San Francisco, except on business between trans-Pacific and European points, and on emigrant business between Europe and California points, which were pooled on basis of agreed actual earnings between Kansas City and San Francisco.

FREIGHT CONTRIBUTIONS.

	Per cent.
New York and common points	66
Pittsburgh and common points	73
Cleveland and common points	77
Cincinnati and common points	80
Chicago and common points	85
Saint Louis, New Orleans, and common points	87

Percentages were submitted to arbitration and awarded thus by J. F. Tucker, arbitrator:

	Passenger.	Freight.
	Per cent.	*Per cent.*
Central Pacific	21.4	19.5
Union Pacific	20.6	18.0
Southern Pacific	17.8	20.2
Atchison, Topeka and Santa Fé Railroad	16.5	14.0
Galveston, Houston and San Antonio Railroad	3.4	6.0
Burlington and Missouri River Railroad	3.8	4.3
Texas and Pacific Railroad	3.5	5.0
Atlantic and Pacific Railroad	9.0	9.8
Denver and Rio Grande Railway	4.0	3.2

January 1, 1886, the association was divided into two pools, thus:

Eastern pool.—Union Pacific and Colorado connections; Denver and Rio Grande Railway; Denver and Rio Grande Railway and eastern connections of Denver and Rio Grande Railway; Atlantic and Pacific and eastern connections; Southern Pacific and connections at Deming; Southern Pacific and connections at El Paso.

Western pool.—Central Pacific; Atlantic and Pacific and western connections; Southern Pacific.

CONTRIBUTIONS.

Eastern pool.—Fifty-four per cent. of agreed poolable through rate in transcontinental association.

Western pool.—Forty-six per cent. of same.

Business pooled, same as before.

EASTERN POOL.

Percentage submitted to arbitration, and awarded thus by Arbitrators Bogue, Gray, and Ford, May 22, 1885:

Railroad.	Passenger.	Freight.
	Per cent.	*Per cent.*
Union Pacific	41½	40
Union Pacific and Denver and Rio Grande Railway, via Denver	2	10
Burlington and Missouri River Railroad and Denver and Rio Grande Railway	15¼	.....
Burlington and Missouri River Railroad and Union Pacific Railway	2	.....
Atchison, Topeka and Santa Fé and Denver and Rio Grande Railway, via Pueblo	2	1
Atchison, Topeka and Santa Fé and Atlantic and Pacific, via Albuquerque and Mojave	19	19
Atchison, Topeka and Santa Fé and Southern Pacific, via Deming	6	3
Texas and Pacific and Southern Pacific, via El Paso	6	10
Galveston, Houston and San Antonio and Southern Pacific	6	17

These percentages proving unsatisfactory, it was decided, June 16, 1885, to change them, July 1, 1885, to the basis of the revenues of each line earned in the previous three months. These were:

Railroad.	Passenger.	Freight.
	Per cent.	*Per cent.*
Atchison, Topeka and Santa Fé Railroad	21.193	18.597
Atlantic and Pacific Railroad	5.019	5.413
Burlington and Missouri River Railroad	5.948	2.279
Denver and Rio Grande Railway	10.123	2.280
Galveston, Houston and San Antonio Railroad	3.016	16.200
Southern Pacific Railroad	3.490	6.302
Texas and Pacific Railway	4.458	4.376
Union Pacific Railway	*49.473	42.540

* The passenger percentage varied between 49.473 and 49.469.

These divisions continued until the dissolution of the association, in February, 1886.

Q. Where are the accounts containing the receipts and payments on pool settlements?—A. That statement can be submitted later. I expected to have shown to the Commission in that statement the status of the Union Pacific road in all the associations; but the data have not yet been got together.

Q. Will you produce a statement showing the receipts and payments on account of pool settlements from time to time?—A. Yes.

Mr. MINK. A call for it already appears in the record, and the material is now being prepared.

The CHAIRMAN. Where is the material?

Mr. MINK. In our auditor's office here.

The WITNESS. It is spread over a period of quite a number of years, and it is a good deal of work to gather up and formulate a statement of that kind; but it will be done.

MILEAGE RATE FROM APRIL, 1880, TO JULY, 1887.

Q. What other papers have you ready this morning that have been called for?—A. I have a statement prepared by the general ticket office, showing the rate per mile charged upon all the branches and of the main line of the Union Pacific road at different periods from April, 1880, down to July, 1887.

The CHAIRMAN. July, 1886, I suppose you mean?

The WITNESS. 1887 I mean.

The CHAIRMAN. That date has not come yet.

The WITNESS. Well, the basis is fixed under the law of the State of Nebraska, and it is made up to July, 1887. That makes our basis 3 cents per mile. I would like to have that go in in connection with the question on that subject.

(Paper produced and handed to the Commissioners.)

INSTRUCTIONS RELATING TO FREIGHT AND PASSENGER RATES.

Q. Have you your instructions to agents relative to freight and passenger rates?—A. No; I have not anything prepared on that point.

Q. What have you to prepare on that point?—A. Why, I would have to write out the general instructions that are given to the agents of the passenger and freight departments.

Q. But I understood, in your testimony, that you issued, sometimes, written instructions to agents relative to freight and passenger rates.

Have you any of those instructions?—A. I shall have to explain, if I have not already explained, that question implies in its answer almost daily communication between my office and the different departments, or between the heads of those departments and their subordinates, as the competition at different points and at the different districts throughout the country in which we have representatives calls for authority to cut rates, to make concessions, or to authorize any arrangement. At one point the instructions would be to maintain the tariff at all hazards; at another point, on the same day, my instructions might be to meet the cut offered by the competitor. Now, does the Commission want me to go into my letter-books and produce the telegrams and letters that have been sent for the last half dozen or dozen years to subordinate agents, or cannot I make a general statement covering the policy that my department has pursued in respect to regular tariffs and special rates or reductions from those tariffs?

WRITTEN AND PRINTED INSTRUCTIONS CALLED FOR.

The CHAIRMAN. The call is for any written instruction as to freight and passenger rates.

Mr. POPPLETON. That legitimately calls for general instructions, instructions that are issued generally on those subjects and that are made common, as I understand it, to a given class of agents—circulars.

The WITNESS. A good deal of that would be found in the tariffs.

The CHAIRMAN. The Commission calls for written and printed instructions of freight and passenger rates as made by you as assistant general manager or traffic manager. It is for the Commission to say to what extent they will go in printing them; but at present they call for any written or printed instructions as to freight or passenger rates.

The WITNESS. Well, I will do the best I can for you.

Mr. POPPLETON. I do not think that question calls for letters, but for written or printed instructions that are sent out and made general to particular classes of persons.

The CHAIRMAN. Then I will enlarge the call to include letters or telegrams or any instructions of any kind, written or printed, with reference to freight and passenger rates.

The WITNESS. That involves time, of course.

INSTRUCTIONS FOR MARCH, 1887.

By the CHAIRMAN:

Q. What instructions have you, printed orwritten or issued by letter or telegram, for the month of March, 1887?—A. That I could not answer from recollection. I would have to look them up.

Q. Did you have one?—A. I might have.

Q. Did you have ten?—A. I could not tell you without reference.

INSTRUCTIONS CONCERNING PASSES.

Q. Have you your instructions relative to free passes, either printed or written or by letter or telegram?—A. My instructions in regard to passes, I think, as early as March, perhaps earlier than that, were to issue no passes. And I returned all blanks that were in the hands of my clerks and my subordinates, and I have not had a blank pass in my possession since. I do not think any man in my department has had since that time.

The CHAIRMAN. The trouble is you do not distinguish the fact that we are not the Interstate Commission by any means. Under the acts of Congress we are sent out specially to inquire as to matters prior to the time the interstate act went into effect, and our inquiry covers the time prior to April 1.

CONCERNING RECALL OF PASSES.

The WITNESS. But you asked me about instructions during the month of March, and I am speaking now from memory, and I remarked that during that month I was instructed to return all blank passes, and the order was issued about that time to recall from the traffic department all the passes.

The CHAIRMAN. I have not called for instructions for the month of March for free passes.

The WITNESS. Did you not ask me that?

The CHAIRMAN. You are confounding the inquiry in regard to instructions as to freight and passenger rates with the subsequent inquiry that I put to you with reference to another class of instructions as to free passes.

The WITNESS. Did I understand you to ask me what instructions I had received or had given during the month of March?

The CHAIRMAN. We asked you the other day for the instructions you issued to your agents as to free passes.

The WITNESS. Well, I am not prepared to give that this morning.

DECLINATION TO PRODUCE PRIVATE DIARY.

Q. Have you your diary?—A. No, sir; I have not.

Q. When will you produce it?—A. I do not intend to produce it.

Q. Did you not say that you would produce it?—A. I would "consult it," I said. I do not think you will find that I said I intended to produce that or any portion of it before this Commission.

The CHAIRMAN. The call was for your diary; and you led the Commission to believe that you would produce such entries as applied to the Union Pacific Railway Company or their business.

The WITNESS. I would like to have the record read. I may have misunderstood the request of the Commission.

Q. Do I understand you to decline to produce the entries in your diary with reference to any business transaction of the Union Pacific Railway Company in regard to legislation or communications to members of the legislature or anybody else concerning the interests of the Union Pacific Railway Company?—A. I should say, in answer to that question, that I should feel at liberty to use my own discretion. I will neither decline nor consent to produce my personal private diary before this Commission.

Q. When will you conclude as to your discretion whether you will produce the diary, or the entries having reference to the business of the Union Pacific Railway Company, or not?—A. I think I shall be willing to answer the Commission on that point to-day.

The CHAIRMAN. Very well, sir.

INFLUENCING LEGISLATION.

Q. Have you letters ready this morning relative to influencing legislation in which you believed the Union Pacific Railway Company to be interested directly or indirectly?—A. No, sir; I am not yet prepared to report on that.

Q. When will you be prepared?—A. As soon as I get time.

Q. What time do you want?—A. Well, perhaps I should explain to the Commission that I am generally a pretty busy man in my office. I am dancing attendance on this Commission, and am trying to keep up my office work at the same time. Beyond that, I am not well and have not been for a week or ten days. I am willing to work all day and part of the night, but there is a limit to what I can do in twenty-four hours; and I ask the indulgence of the Commission as to giving me time to make such examination, extracts from correspondence and statements as the Commission calls for from my correspondence in the books of the company in my custody and my personal diaries. That is all I ask.

Q. Have you a letter book containing any such communications?—A. I do not know whether I have copies of any such correspondence or not.

Q. Have you a letter book containing any such communications?—A. I cannot say with certainty now that I can find copies of such correspondence in any letter book in my possession. I do not remember.

Q. How much time do you want, Mr. Kimball?—A. I cannot tell; only sufficient time to make the necessary examination.

By Commissioner LITTLER:

Q. Does it require your personal attention, or can you not have it done by a clerk?—A. Well, I should not want a clerk to go through my personal diary.

By the CHAIRMAN:

Q. Will it require a week? I ask you the question because the Commission cannot remain in Omaha very long.

The WITNESS. Cannot this statement follow you?

The CHAIRMAN. No, sir. I think we should require to examine you on those letters.

The WITNESS. Well, you can examine me at any time.

The CHAIRMAN. I do not know that the Commission will have time to travel a couple of thousand miles to return here in order to continue the examination.

Commissioner LITTLER. I suppose that Mr. Kimball, in that case, would come to the Commission.

LETTER BOOKS OF ASSISTANT GENERAL MANAGER CALLED FOR.

The CHAIRMAN. I call, this morning, for your letter books as general traffic manager or assistant general manager of the Union Pacific Railway Company.

Q. Have you a statement containing the payments, in the aggregate, for the right of way in Nebraska since 1875, made by the Union Pacific Railway Company?—A. No; I am not prepared yet on that subject.

Mr. MINK. It will take two or three days yet to prepare it.

Commissioner LITTLER. Is it in course of preparation?

Mr. MINK. Yes, sir; it is.

The CHAIRMAN. There are several other papers that have been called for, but I have not the list here.

STATEMENT PRODUCED CONCERNING TAXES ON CERTAIN UNION PACIFIC LANDS.

(Mr. Mink produces a statement containing an account of taxes on lands on the Kansas Division of the Union Pacific Railway; the coun-

ties in which such taxes were paid; the amounts in each county, and the total payments from 1874 to 1886, inclusive.)

Mr. MINK. The account of the taxes paid on the lands granted to the Union Pacific Railroad Company will be produced in a few days.

STATEMENT CONCERNING TERRITORIAL POPULATION CALLED FOR.

Q. Have you ready this morning the statement containing the population of the Territories through which the branch roads pass, on which you based your constructive mileage rates?—A. No; I have not.

Q. When will you have such statement ready?—A. Have I been asked to furnish that, except in a general way?

The CHAIRMAN. I think there was a call for the population on which you based your statement. If not, I make a call for the statement showing the population of the Territories through which the branch roads and the main road passed at the time at which the constructive mileage rates were fixed.

Mr. POPPLETON. Anybody can do that, from the census; so you can get that out pretty quickly.

The CHAIRMAN. Well, if the census has any reference to constructive mileage, we could.

The WITNESS. I think I said that population was one of the elements that entered into the calculation of the resources of the branch and main lines, and that we would take that into consideration in calculating the divisions of the branch and main lines. I will give you the best knowledge I have, back to 1880, of the condition of the population at that time, if that is what you desire.

The CHAIRMAN. I want the data showing the population which entered into the calculation at the time that you fixed the constructive mileage rates.

The WITNESS. Well, I will do the best I can for you.

The CHAIRMAN. If you say that you base it upon the census, the Commission can ascertain that; the census of 1880?

Commissioner LITTLER. They were not issued then.

The CHAIRMAN. The rates were fixed in 1881.

The WITNESS. Yes; and they have been issued yearly ever since.

The CHAIRMAN. I ask you this in order that when the Commission makes its calculation they may make it by the same methods by which you make it. They do not want to differ with you in the matter of the basis on which they make their calculation.

By Commissioner LITTLER:

Q. Is the population a controlling element in fixing those rates?—A. It is only one of the elements.

THOS. L. KIMBALL.

OMAHA, NEBR., *Thursday, June* 23, 1887.

D. S. BARRIGER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am dealing in grain.

Q. Where is your place of business?—A. At Omaha. That is, I live here. My office and elevator is at the Council Bluffs transfer.

Q. Is your place of business in Council Bluffs?—A. Yes, sir; the office is.

Q. How long have you been in the grain business?—A. Since 1875.

Q. Have you always been located in Council Bluffs?—A. No, sir.

Q. How long have you been in business there?—A. Since about 1883.

Q. What is the nature of your business at Council Bluffs?—A. We handle grain there in an elevator. The grain comes off the Union Pacific lines.

THE OMAHA ELEVATOR AND GRAIN COMPANY.

Q. Are you engaged alone in the business?—A. No, sir.

Q. Have you a company?—A. Yes, sir; the Omaha Elevator and Grain Company.

Q. Who are the members of the company?—A. H. W. Rogers—I do not know that is necessary, though, is it?

Commissioner LITTLER. Yes, sir, we want it.

The WITNESS. There is no objection, however, to giving it. They are William H. Paxton, F. H. Davis, C. W. Thomas, and myself. Those are the members of the company.

Q. Are they directors of the company?—A. Yes, sir.

Q. Have you any stockholders?—A. They are the stockholders and directors and the owners of the company.

AN INCORPORATED COMPANY.

By Commissioner LITTLER:

Q. Is this an incorporated company?—A. Yes, sir.

By the CHAIRMAN:

Q. How many stockholders have you?—A. The gentlemen whose names I have mentioned are the stockholders.

Q. Are there any others?—A. No, sir.

NO UNION PACIFIC PEOPLE INTERESTED.

Q. Are there any officers, employés, directors, or any connections by relation of the Union Pacific Railway Company, interested, directly or indirectly, in the Omaha Elevator Company?—A. No, sir. None now and never have been.

Q. How much property or land have you in connection with the place of business of the elevator company?—A. The company that conducts the business does not own the building.

Q. Who owns the building?—A. It is owned by several railroads.

Q. What railroads?—A. The Union Pacific is one, and the five lines running east from Council Bluffs.

Q. What interest has the Union Pacific Railway Company in the elevator?—A. I believe it has an equal interest with the other roads. There are six roads interested.

ITS BUILDING ERECTED ON GROUND OWNED BY THE UNION PACIFIC.

By Commissioner LITTLER:

Q. You may have constructed the building under lease or contract with those parties. How is that?—A. I think the ground on which they are constructed was leased from the Union Pacific.

Q. Does the Union Pacific Railway Company own the land in fee-simple?—A. I cannot answer that question.

Commissioner LITTLER. How is that, Mr. Poppleton?

Mr. POPPLETON. That is true.

Commissioner LITTLER. Does the Union Pacific Railway Company own the land in fee-simple upon which this building stands?

Mr. POPPLETON. That is my understanding. And the Union Pacific Company leased to this company the right to construct the elevator. The six railroads built the elevator. They leased the ground from the Union Pacific Railway Company, and Mr. Barriger's firm leased the building and conducts the business.

VALUE OF ELEVATOR AND LAND.

By the CHAIRMAN:

Q. What is the value of the elevator and the land?—A. About $300,000. Well, it is not so much as $300,000; about $280,000, I should say.

Q. What do you pay to the Union Pacific Railway Company for the rent of the building and the land?—A. Well, I have not the lease here, and I do not know as I can figure up just what they do get.

Mr. POPPLETON (to the witness). Pay close attention to the question and answer it as it is asked. He asks you what you pay the Union Pacific Railway Company for the lease of the elevator and the ground.

NO RENT PAID TO UNION PACIFIC.

The WITNESS. Oh, we do not pay anything to the Union Pacific Railway Company.

Q. To whom do you pay any rent?—A. To the owners of the building.

Q. Who are the owners of the building?—A. The Union Elevator Company.

THE OWNERS OF THE UNION ELEVATOR COMPANY.

Q. Who compose the Union Elevator Company?—A. The Union Pacific Railway Company owns one-sixth of it, I believe; the Rock Island road one-sixth, the Milwaukee and Saint Paul one-sixth, the Chicago and Northwestern one-sixth, the Chicago, Burlington and Quincy one-sixth, and the Wabash one-sixth.

WHAT RENT IS PAID BY OMAHA ELEVATOR AND GRAIN COMPANY TO UNION ELEVATOR COMPANY?

Q. What do you pay the Union Elevator Company for the rent of the grounds and building?—A. Well, if that question is not a necessity in your business here—it is a private matter.

Mr. POPPLETON. Answer the question.

The CHAIRMAN. It is nothing private. It is a part of our inquiry, if it is the property of the Union Pacific Railway Company, or if they have any income from it.

The WITNESS. We would rather not publish to the world such relationship.

Commissioner LITTLER. It will not do any harm.

The WITNESS. I would not want to see that published in the newspapers to-morrow morning.

By the CHAIRMAN:

Q. Why?—A. If you were in my business you would not want to see it in print.

Q. What do you pay the Union Elevator Company for the rent of the ground and building?—A. I thought you were investigating the Union Pacific Railway Company. We have a contract with the Union Elevator Company. You can find out from the Union Elevator Company what part the Union Pacific gets; I do not know. We do not pay the Union Pacific Railway Company anything.

Q. What do you pay the Union Elevator Company?—A. That question is irrelevant.

DECLINATION TO ANSWER.

Q. Do you decline to answer that question?—A. Well, I do not know that you should ask me my relations with other corporations, when you are investigating the affairs of the Union Pacific Railway Company.

Q. You will please answer my question, yes or no. Do you decline to answer my question?—A. For the present I do.

Commissioner LITTLER. We do not want to give unnecessary trouble to you or to anybody that is interested with you, but I think you ought to answer that question.

The WITNESS. Why, I do not know what the Union Pacific Railroad Company gets from this company.

DUTY OF COMMISSION TO INSIST ON AN ANSWER.

The CHAIRMAN. This Commission is charged with the duty of ascertaining the resources and the income of the Union Pacific Railway Company, and, while other railway companies are interestsd in this building, yet there is a definite interest of the Union Pacific Railway Company in this building. It has an income from it, according to what you have already testified. Now, we are entitled to know how much this Union Pacific Railway Company, at all events, receives from you as the lessee.—A. I could not answer that question, because I do not know.

The CHAIRMAN. You should answer the question, because it is your duty. We do not want to put you to the trouble of going into court.

The WITNESS. You place me under oath here, and I say I do not know.

Mr. POPPLETON. I think you are making a great mistake in not answering the governor's questions as they are put. You may be a little squeamish about your private business, but you have nothing in your business that you cannot publish.

The WITNESS. Nothing whatever; but it is our private business, that is all.

PLENARY POWER OF COMMISSION.

Mr. POPPLETON. This Commission is here for the purpose of investigating the affairs of the Union Pacific Company. It has plenary power to ask these questions. If you should decline to answer questions as they are asked relative to that, they can compel you to go into court.

The WITNESS. I understand that. But they ask me what the Union Pacific Company receives. I do not know.

THE QUESTION ANSWERED.

By the CHAIRMAN:

Q. What do you pay the Union Elevator Company for the use of th building and the grounds used by you in your business?—A. Last yea we paid $5,000 per annum. That will answer the question. Now wha proportion of that the Union Pacific received I do not know.

The CHAIRMAN. That is for us to find out.

Mr. POPPLETON. You pay the taxes, too?

The WITNESS. The taxes come out of it.

By the CHAIRMAN:

Q. What other consideration do you give to the Union Elevato Company?—A. None whatever, sir.

OTHER COMPETING ELEVATOR COMPANIES.

Q. What other elevator company have you in competition with yo in that section?—A. Well, sir, that is a big question to answer. W have the entire Chicago, Burlington and Quincy system, the Burling ton and Missouri system in Nebraska, and all the elevators on thei lines, on either side, besides other roads.

Q. What other elevator company have you in competition with yo in connection with the Union Pacific Railway Company?—A. Hime baugh & Merriam, on this side, in competition with us.

Q. Have you any in Council Bluffs?—A. No, sir.

Q. Have any other individuals attempted in any way to ente into such a business in competition with you, on shipments over th Union Pacific Railway?—A. Why, we are in constant competition wit Chicago and Saint Louis grain dealers, and dealers in other large citie East—Baltimore and New York.

Q. Are they owners of elevators on the Union Pacific Railway?—A They go and make bids to the dealers on the Union Pacific Railwa lines just the same as we do. We are in competition with them.

Q. Will you give the names of some of the dealers; some of the mos active competitors?—A. W. S. McCrae & Co., of Chicago. I canno give the names of the different parties very readily without consultin the records. Redmond, Fair & Co., I suppose; W. F. Johnson & Co. Chicago; George T. Kimball & Co., of Baltimore.

Q. You are confining yourself now to the Union Pacific Railway?— A. They can ship over any railroad.

The CHAIRMAN. You confined me, a few moments ago, to the Unio Pacific Railway. Now I want you to confine yourself to the Unio Pacific.

A. Well, those gentlemen ship over the Union Pacific Railway.

Q. Do they have the same advantages with you in their shipment and their contract arrangements with the Union Pacific Railway Com pany?—A. I do not know anything about their contracts.

REBATES TO OMAHA ELEVATOR AND GRAIN COMPANY.

Q. Have you any preferences or rebates allowed to you by the Unio Pacific Railway Company?—A. At times we have had, in order to com pete with prices made on other lines.

Q. At what times?—A. Whenever the prices on other lines were above the prices paid by Union Pacific buyers, we have always man-

aged in some way to meet that price. We would report the fact to the Union Pacific officers and endeavor to meet it.

Q. What do you mean by "in some way" meeting these prices? What other way have you?—A. No other than to make the rate low enough to meet the price, considering the market.

Q. Since when have you had these arrangements with the Union Pacific Railway Company?—A. Up to the 1st of April we have had them, at times.

Q. From when?—A. Well, ever since we have been in business, more or less. Whenever it was absolutely necessary.

Q. Since 1883?—A. Yes, sir; I do not mean to cover all that period. At times. It might not last more than a week or a month.

Q. At times since 1883 and at times prior to 1883?—A. Yes, sir.

Q. How long prior?—A. Ever since we have been in business.

Q. Where were you when you received those preferences prior to 1883?—A. We had a house on this side then, which burned up.

Q. On the Omaha side?—A. Yes.

Q. At what times during this period did you fail to receive such rebates or preferences?—A. I cannot answer that, from the fact that I do not know.

FAILURE TO GET REBATES ONLY TEMPORARY.

Q. How long would the times last when you failed to get the rebates?—A. Only so long as the price would require it—the price made by the competing roads.

Commissioner LITTLER. You fail to understand the governor's question.

The question was read as follows: How long would the times last when you failed to get the rebates?

A. When the other roads were quiet, not making any inroad on the Union Pacific territory, none was made by the Union Pacific. They were not aggressive in these movements, to my knowledge.

Q. How long would such times last?—A. As long as the other roads would enforce it.

Q. What would be the period—one month or two months?—A. It might be one month; it might be three.

Q. Do you recall any period within the last three years when the time during which you failed to receive a rebate has extended over the term of three months?—A. Well, I could do it by consulting my books, but not from memory.

A CONTINUOUS REBATE OF ONE CENT A HUNDRED POUNDS.

I will amend that by saying that we always receive here at the transfer one cent a hundred pounds. That is continuous.

Q. Do I understand you to mean that you received such a rebate all the time?—A. Yes, sir; that has been paid. Well, it has not been paid all the time, but most all the time.

Q. What do you mean by saying it has not been paid all the time? You have said that that was continuous.—A. Well, I will say for the past two years that has been in force—one cent a hundred.

By Commissioner LITTLER:

Q. On all grain shipped?—A. That was in order to put us on an equality with other dealers who might have grain behind us at another

point. The dealer would ship the grain through, say, to Chicago; the grain would be transferred here in order to have the car stay in the Union Pacific territory, and the roads over which this grain passed—the Union Pacific and the eastern lines—would pay for this transfer. If our company bought a car load of grain on this road and shipped it, the roads did not pay us anything for the transfer, so they gave us this one cent to equalize that.

Q. What was the rate of transfer—what did you pay?—A. That was about it. That was the proportion that the Union Pacific paid for the transfer. The lines running east paid their proportion, whatever it was.

Q. Prior to the two years you have mentioned, at what times did you receive this one cent per hundred rebate?—A. I think the answer I made you a while ago, that two years——

Q. You said you had it continuously for two years. Now, at what times prior did you have it? I am speaking of the rate of one cent per hundred that you had continuously for two years. Back of that period, at what times did you receive that rate?—A. We have had it at times running through five or six months, through the busy part of the season, and then it would be dropped.

ADDITIONAL REBATES.

Q. What other rates of rebate, in addition to the one cent a hundred, did you receive from the Union Pacific Railway Company?—A. I answered that a while ago, if you will remember.

Q. I wish you would repeat it.—A. Would not the record show it?

Mr. KIMBALL. How many cents a hundred, he wants to know.

The WITNESS. Well, sometimes we have received two cents. Do you wish the answer to cover just what the Union Pacific Railway Company received, or some other road in conjunction with the Union Pacific?

Q. I want to know what rebate rates you received in addition to the one cent on the hundred, that you have spoken of as a continuous rate for two years; and as a rate that you received at times prior. In addition to that sum, what rates of rebate have you received?—A. Sometimes we would receive two cents, at certain stations, where necessary. Sometimes it would be six cents. The Union Pacific would give us six cents from one station to Chicago, but the Union Pacific would only bear a certain percentage of that six cents—say 40 per cent., and the lines east of here to Chicago would bear 60 per cent., making the Union Pacific proportion two and four-tenths cents on the six cents.

Q. How often would the rate vary?—A. As often as the competing lines south and north of us would compel it.

WHO ALLOWED THEM.

Q. Who allowed those rates of rebate to you?—A. The officials of the Union Pacific Railway Company.

Q. What officials?—A. Well, Mr. Kimball here has allowed some.

Q. Who else?—A. His predecessors.

Q. Who?—A. Mr. Vining.

Q. Any one else?—A. I cannot call to memory any one, of the officers of the Union Pacific Railway Company.

Q. Any other person in the employ of the Union Pacific Railway Company?—A. That is all.

Q. Did you appeal for those rates?—A. I have been consulted about them.

Q. Did you appeal for the rates as they changed?—A. Yes.

Q. How?—A. By furnishing the prices made by other buyers on other lines, and the prices that we could pay, considering the market where we were shipping.

Q. Were your communications made in writing?—A. Such communications are generally made verbally.

Q. Did you ever make any such appeals in writing?—A. Yes, sir; I think I have.

Q. Have you in your possession any correspondence in answer to such communications?—A. I have not.

The CHAIRMAN (to Mr. Kimball). Will you produce any letters of Mr. Barriger's that may be in your possession relative to the allowance of rebates at any time since 1876?

The WITNESS. I do not say that I wrote any to Mr. Kimball.

The CHAIRMAN. I am asking him as for the company.

NO INDUCEMENT FOR THEIR ALLOWANCE.

Q. Have you at any time offered any inducement to any of the officers or employés, or any one connected with them, directly or indirectly, for the allowance of a rebate?—A. No, sir; we have but one way to do business, sir, and that is on the principle of justice; we do not know any other, in our house.

Q. Have you ever offered any inducement to any one else to secure an allowance of rebates?—A. In order to state further in regard to your inquiry as to that, I can say that I have advised the Union Pacific Company, their officers, at times, not to make any reductions to meet competitors.

Q. Have you offered to any one other than the Union Pacific Company inducements to secure rates of rebate or allowances or preferences of any kind in shipments over their road?

The WITNESS. You mean over the Union Pacific road?

The CHAIRMAN. Over the Union Pacific road.

PRICES OF GRAIN ASCERTAINED BY UNION PACIFIC AGENTS.

A. No, sir. Now, I will say further, that the Union Pacific Railway Company keep themselves advised daily, through their agents, of the prices paid for grain at their different stations, and when we make statements to them regarding the values of grain there and what competitors pay, they not only have my statements and those of others of my company, but they have the statements of their own agents and their own records to confirm that. We have not any secrets. We are willing to tell you all we know about it.

REBATES TO OTHER SHIPPERS.

Q. Do any of your competitors, any of the gentlemen that you have named engaged in shipments over the Union Pacific Railway enjoy the rates of rebate or preferences that you have named that you have received from the Union Pacific Railway Company?—A. I cannot answer that question. I have understood that they have.

Q. Can you name any of the gentlemen that you have understood have received any such rates?—A. As I am under oath I do not care to name anybody, because I do not know. The Union Pacific Railway officers do not communicate to me what they do with other grain-houses.

Q. Would any of your competitors, if they failed to receive such preferences as you received, be able to compete with you in your business?—A. Well, sir, on account of our facilities for handling grain here (we get it as it comes from the thrashers), I don't believe they would be.

AGGREGATE REBATES.

Q. What do your rebates from the Union Pacific Railway Company amount to in a year?—A. Sometimes we have had 2 cents a hundred; and a few times, perhaps once or twice, since we have been in business here, we have had a rebate of as much as 10 cents a hundred.

Q. How much have your rebates or preferences amounted to in any one year—the total sum. Give an estimate.—A. Oh, say $25,000 or $30,000.

Q. Would that be an average estimate?

The WITNESS. Per annum?

The CHAIRMAN. Yes.

A. No, sir.

Q. What would be an average?—A. It would not be that much.

Q. How much would it be?—A. I dislike to guess at things when I am under oath.

Q. I am only asking for an estimate?—A. Some years we have not had as much as five; I don't know that we have had as much as that.

Q. How much did you receive in the year 1883?—A. I could not tell you without consulting my record. And even the remark I made a while ago about $25,000 or $30,000 may be an overestimate.

Q. Would you recall such an event as the receipt of $15,000 in one payment in one year? You say that the Union Pacific only pay 40 per cent. of those items, and it receives back from these Eastern lines 60 per cent.—A. Twenty-five or thirty thousand dollars would be the rebate through to Chicago; and possibly the Union Pacific portion would be 40 per cent. of that. They paid us the whole amount and would collect back from the Eastern lines 60 per cent. Sometimes we have been paid by the Union Pacific only their proportion, and we have ourselves collected from the Eastern lines 60 per cent.

EFFECT OF REBATE ON COMPETITORS OF OMAHA ELEVATOR COMPANY.

Q. How would that payment to you affect your competitors in business, notwithstanding the payment back to the Union Pacific Railway Company from other lines?

The WITNESS. Which competitors in business?

The CHAIRMAN. Your competitors.

The WITNESS. On other lines?

The CHAIRMAN. On the Union Pacific.

A. I understood, when these rebates were being paid, that my competitors had the same rebate.

Q. The competitors that you have named?—A. Yes, sir; some of them. I do not know all of them. I do not know what the Union Pacific gives to other shippers.

The CHAIRMAN. Mr. Mink, I would like to have vouchers Nos. 212 to 236, inclusive, of the Omaha Elevator Company, July, 1883, representing the entry in the book "Abstract of Vouchers; freight; 1883 to 1884," page 5.

Mr. MINK. I will get them.

REBATES ALLOWED IN JULY, 1883.

The CHAIRMAN. I read from the book entitled "Freight earnings refunded" for the month of July, 1883:

Omaha Elevator Company: $4,479.20, $1,398.84, $83.01, $403.17, $285.17, $176.53, $22.60, $229.86, $429.84, $837.37, $3,684.81, $991.62, $1,933.80, $998.85, $79.31, $146.41, $9.25, $303.50, 168.58, $1,148.37, $5.80, $352.84, $71.46, $1,494.11, $522.63.

Will you please state to the Commission whether these sums that I have read to you, in the name of the Omaha Elevator Company, represent payments or rebates or preferences made to your company at that time?—A. They are not preferences.

Q. What are they?—A. Why, they are rebate allowances below the tariff at which the goods were billed; but other dealers alongside of us were no doubt receiving the same.

Q. What other dealers?—A. Those that were here, operating on the line.

Q. Those that you have named?—A. Yes, sir; some of them. Have you ever been in the grain business?

The CHAIRMAN. Do you advise me to go in?

The WITNESS. Well, it is a pretty hard business. These railroads have printed tariffs, and their agents are instructed to bill by tariff. Of course, they cannot intrust their business here at the general office in the hands of agents in the country. Everything is billed straight as the tariff reads. If there is a cut from the regular tariff to meet a price made by a competing line, I would receive—my company would receive this rebate, and any other shipper shipping alongside of me on the Union Pacific road would receive the same—Himebaugh & Merriam, for instance.

Q. The competing shippers would receive the same?—A. I understood that they received the same. As an evidence of that, they paid the same price that we did, and they could not have done that unless they all received about the same.

Q. Is the company that I have named to you your company—the Omaha Elevator Company?—A. At that time it was my company. There was a change in the name of the company when the old company's elevator burned up.

HIMEBAUGH, MERRIAM & COMPANY.

Q. Who are the firm of Himebaugh, Merriam & Company?—A. That is an elevator company here.

Q. Have they any interest in your company?—A. No.

Q. None whatever?—A. None whatever.

Commissioner LITTLER. That is not answering the question whether you received those several sums.

The WITNESS. I imagine we did. I could only say positively by consulting our books. But I imagine we did.

REBATES IN OCTOBER, 1883.

The attention of the witness is called to entries in the same book for October, 1883, page 22:

The Omaha Elevator Company (rebate: Wheat, $55.96, $41.31, $34.96, $14.68, $13.13, $3.05, $5.41. Rye, $16.39. Oats, $19.08. Corn, $1,466.71, $491.61, $956.92, $1,962.61, $1,184.74, $410.03, $1,786.53, $377.70, $383.26, $805.23, $518.30, $507.44, $529.34, $396.81, $98.94, $1,193.33. Grain, $384.92. Corn, $99.45, $1,004.84, $108.41, $2,653.23, $798.51, $1,354.56.

Page 23.

Rebate on corn: $301.06, $558.97, $1,134.00, $402.31.

Q. Will you be kind enough to state to the Commission whether this refers to your company, and the preferences, rebates, or allowances made during the month of October, 1883?—A. Yes; that is my company. A number of these items may be overcharges in freight, in the weights of grain, corrected weights on which freight was paid. The facilities for weighing grain at the way stations is very poor, and the freight is paid on that weight to destination. Most generally that destination is Chicago.

METHOD OF WEIGHING GRAIN.

Q. Do you not regard your elevator facilities as very excellent?—A. Yes, sir. If it stops here it is weighed by the Union Pacific Company.

Q. Would a misweight often occur?—A. The biller guesses at it.

Q. Who weighs it, when the mistake occurs, in settlement with you?—A. The Union Pacific Company.

Q. Where?—A. On their own scales, in old times; but latterly they have had a man at our elevator.

Q. During 1883 was it weighed in your elevator?—A. It was weighed at their yards, at that time, at Council Bluffs.

Q. Would they furnish a certificate of the weights on their scales to you?—A. If we asked for it.

OVERWEIGHT.

Q. Then how did you discover that there was an error in the weight to get your overcharge?—A. Why, if the grain stopped here it would be weighed in our elevator, and if it went on to Chicago we would get the return from Chicago, showing the weight. We paid the Union Pacific Company on the weight at this point, and then they would correct any error.

Q. Then, on receipt of a certificate of overweight from Chicago, you would notify the Union Pacific?—A. Yes.

Q. How would you give the Union Pacific notice?—A. By letter.

Q. How?—A. We furnished the expense bill.

Q. With any communication?—A. It was not necessary to furnish any communication; the expense bill was sufficient.

The CHAIRMAN (to Mr. Mink). Will you please produce the vouchers showing the overcharges and rebates for the month of October, 1883, to the Omaha Elevator Company?

Mr. MINK. Yes, sir.

The WITNESS. Some of these items are rebates on prices and some overcharges in the weight. I could not distinguish one from the other.

Q. Would it be possible for rebates to be allowed to individual shippers or companies, under the head of overcharge, when there was no overweight?—A. I do not know how they keep their books.

Q. I am asking you for your general knowledge on such a question. Would such a thing occur?

The WITNESS. As to whether they would call it an overcharge or rebate?

The CHAIRMAN. Would a bill be paid as for overcharge when no overcharge was made?

24,000 THE MINIMUM ALLOWED FOR A CAR.

A. When the stock is billed under, say, 24,000 pounds, the company never allow us anything. They make us pay for the first 24,000 pounds, saying it is our fault if we do not get full weight in the car. But for overweight they make us pay.

By Commissioner LITTLER:

Q. Are you bound to ship 24,000 pounds when you ship by carload, or have you to pay for that in any case?—A. Yes.

Q. That is the minimum weight allowed for a car?—A. Yes; they make us pay for that, even if we do not put that much in.

Q. And if you put in more than that they make you pay for it?—A. Yes; they get all they can.

REBATES IN APRIL, 1884.

By the CHAIRMAN:

Q. I read from the same book, page 71, April, 1884: "Omaha Elevator Company. Rebate on sundry shipments: $100.65, $78.30, $5.68, $73.20, $33.37." Please look at the book and say whether these entries refer to your company?—A. Yes, sir.

Q. Are these all rebates?—A. Rebates or overcharges, one or the other; under the same head.

Q. Would they be entered as rebates if they were overcharges?—A. Any money paid back would be a rebate.

Q. Then they make no distinction in the book between a rebate and an overcharge?—A. I do not know whether they do or not.

Q. Do you enter in your books rebates and overcharges as the same?—A. I am not able to answer that question.

Q. Who keeps your books?—A. I have a book-keeper—half a dozen of them.

Q. Who is your principal book-keeper?—A. Mr. Traile is our principal book-keeper. I think in our books we make a distinction.

The CHAIRMAN. Well, that is what I want to know.

The WITNESS. You asked me under oath and I could not tell you positively.

Mr. POPPLETON. When you do not know a thing positively, give your best understanding.

REBATES IN JUNE, 1884.

By the CHAIRMAN:

Q. I read from the same book, page 79, June, 1884, and page 80, June, 1884, the following:

Omaha Elevator Co.	$48.60	$12.15
	$30.98	$3.60
	$5.87	$17.55
Rye	$11.57	$9.10
Rebate		$3.43
Rye	$8.86	$47.56 $4.38
	$14.18	$19.35
Rebate		$5.07
Oats	$25.98	$10.39
Barley		$20.33
Wheat	$134.19	$211.15 $50.09
Rebate		$4.19
Wheat	$13.26	$4.55 $4.47
	$10.37	$5.23 $40.56
	$9.72	$3.77 $4.68
	$38.29	$39.13 $5.12
	$5.43	$31.28
Corn		$112.86
Rebate		$4.26
Corn		$24.74
Rebate	$3.98	$3.97 $10.02
	$4.16	$8.65

Will you please look at this entry and state whether it refers to your company?—A. Yes, sir; it does.

REBATES FROM JULY, 1884, TO NOVEMBER, 1885.

Q. I read from the same book, page 93, month of July, 1884: "Omaha Elevator Company, $72.60." Does that refer to your company?—A. Yes.

Q. I read from the same book, page 94: "Omaha Elevator Company, corn, $41.67." Page 98, August, 1884: "Omaha Elevator Company, corn, $161.12, $8.16. Rebate, corn, $10.50; O'C. [meaning "overcharge"], $31.52."

The WITNESS. Now, that answers your question; "overcharge"—"O'C."

The CHAIRMAN. I see that "O'C" is on this book, but "O'C" in this book does not always mean "overcharge," by any means. This is a sort of "india-rubber" account. I will read from the same page the following items: "Omaha Elevator Company, $11.14, $103.70, $111.65, $275.93."

I read from the same book, August, 1884, page 103: "Omaha Elevator Company, O'C., wheat, $19.75; O'C., corn, $607.11."

Also, page 107, same book: "Omaha Elevator Company, O'C., wheat $4.37." The same: "Oats, $150.54." Same: "$255.92." Same: "Rye $8.45, O'C.; corn, $22.26."

Same book, page 116: "November, 1884, Omaha Elevator Company, O'C., corn $131.78."

Page 118: "November, 1884, Omaha Elevator Company, O'C., grain, $58.63."

Page 122: "December, 1884, Omaha Elevator Company, O'C., wheat, $1,118.75."

Page 128: "January, 1884, O'C., corn, $10.84."

Page 130: "February, 1885, Omaha Elevator Company, O'C., wheat, $167.78." Same: "Corn, $174.87."

Page 138: "May, 1885, Omaha Elevator Company, O'C., corn, $1,959.14."

Page 171: "November, 1885, Omaha Elevator Company, O'C., lumber, $29.22."

Do these items refer to your company?—A. Yes. We have small elevators out on the line. We built them.

HALF RATES FOR LUMBER FOR CONSTRUCTING ELEVATORS.

Q. Would you have a rebate rate on lumber?—A. Lumber shipped out to build elevators on the line would be shipped at half rates. We would pay the full rate, and get back half. Some railroads dead-head it entirely; but the Union Pacific ship at half rates and invite elevator companies to build.

Q. Was that privilege given to all grain dealers?—A. Yes, sir; it is open to anybody. I understand it so.

Q. Do you know it as a fact?—A. I know of instances where it was a fact.

ADDITIONAL ELEVATORS.

Q. Where else have you an elevator along the Union Pacific line?—A. We have a number of small houses.

Q. Where are they?—A. At stations on the line of the Union Pacific.

Q. Name them, please.—A. One at Fillion, one depot at Millard, and one at Saint Paul.

Q. In the Union Pacific system?—A. That is the only one we deal on. We have one at Brainard and one at Sheldon. There are some others, but that will give you an idea.

The CHAIRMAN. I would like to have all.—A. I could not give all from memory.

Q. Will you furnish a list?—A. I can.

Q. Do you include, in the names you have given me, the branch lines?—A. Yes; some of those are on branch lines, and some on the main line.

SAME REBATES ENJOYED BY OTHER ELEVATOR COMPANIES.

Q. Are the same rebates and preferences given to other parties as to the Omaha Elevator Company?—A. All the same, as far as I know.

Q. I read from page 176: "December, 1884. The Omaha Elevator Company. Merchandise, etc., $1,314.16."

Page 180: "January, 1885. Omaha Elevator and Grain Company"—

The WITNESS. That is the company at the present time.

The CHAIRMAN (continuing). "Corn and oats, $559.47."

Was it at this period you changed the name?—A. It was when we went across the river.

Q. That you changed your name?—A. Yes, sir.

Q. That was in January, 1885?—A. In 1884, I guess.

Q. This is the first entry that appears here in that name?—A. That is possibly correct. What date is it?

The CHAIRMAN. This is for January, 1885.

AN "EVIL" OF REBATE.

The WITNESS. Then we changed the name in the fall of 1884. When we shipped grain at a rate less than the tariff, you can see clearly that a large amount of money lies in the hands of the railroad companies, and they have the use of it, and it takes us some time to get that money back.

Q. That is not another "evil" of rebate, I hope?—A. Yes, sir; that is an evil of rebate. And sometimes the rebate we get does not cover the price of the grain.

The CHAIRMAN (jocularly). You do not mean to inform the Commission that the Union Pacific Railway Company would take any such advantage of you in that way?

The WITNESS. I do, sir.

Q. I read from page 185: "January, 1885. Omaha Elevator and Grain Company. Corn, $97.30."

Page 186: "January. OC. Corn, $4,633.06."

The WITNESS. I think it would be well to ascertain whether this is the amount that the Union Pacific Railway Company pays. That is the amount it pays to us, but the Union Pacific actually was responsible for only 40 per cent. of that; it received 60 per cent. of it back from some other lines.

ADDITIONAL REBATES.

Q. I read from page 189: "February, 1885. Omaha Elevator and Grain Company. OC. on grain, $2,009.33."

Page 193: "Omaha Elevator and Grain Company. Corn, $53.59. Omaha Elevator and Grain Company, $462.87."

Page 107: "March, 1885. Omaha Elevator and Grain Company. Lumber, $16.70. Corn, $81.83. Barley, $49.07."

I read from book entitled "Register of Vouchers, Freight Earnings Refunded." Page 10, May, 1885: "Omaha Elevator Company. Corn, &c., $380.63. Omaha Elevator and Grain Company, $2,723.65. Omaha Elevator and Grain Company, $1,299.29."

Page 12: "June, 1885. Omaha Elevator and Grain Company. OC. Corn, $1,277.13."

Page 16: "Omaha Elevator and Grain Company. Corn, $1,925.95."

Page 25: "Omaha Elevator and Grain Company. Corn, $791.55."

Page 28: "June. Omaha Elevater and Grain Company. Corn, $1,182.09."

Page 31: "July. Omaha Elevator and Grain Company. Refund storage charges, $15.77."

What does that last entry mean? What storage charges were refunded?—A. That may have been where some cars were broken down, some accident happened, and the road that hauled them was responsible for it.

The CHAIRMAN (to Mr. Mink). Please produce the vouchers representing that. It is auditor's No. 10161, for the month of July, 1885. That entry differs from any other entry here. It is a refund on storage charges.

The WITNESS. In all probability the item was paid back by some other company to the Union Pacific Company. But we paid the money and got it back from the company.

The CHAIRMAN: Here are some additional items:

"Omaha Elevator and Grain Company. Corn, $6[illegible].43." "Omaha Elevator and Grain Company. Corn, $2,255.24."

Page 47: "August, 1885. Omaha Elevator and Grain Company Corn, $1,247.73."

Page 48: "August. Corn, $3,800.17."

Page 53: "September. Omaha Elevator and Grain Company. Corn, $86.74."

THE RAILROAD THE GAINER BY REBATES.

The WITNESS. I think this, Mr. Chairman, that every dollar paid out in rebate represents ten or twenty times that amount paid to the company in revenue that they would not get if they did not pay the rebate.

FURTHER REBATES.

The CHAIRMAN. Page 60: "October, 1885. Omaha Elevator and Grain Company. Grain, $1,488.17. October, 1885. Omaha Elevator and Grain Company. Grain, $1,696.24."

Page 61: "October, 1885. Omaha Elevator and Grain Company. Corn, $1,032.05."

Page 63: "October, 1885. Omaha Elevator and Grain Company. Corn, $49.36."

Page 69: "November. Omaha Elevator and Grain Company. Rye, $54.01."

Page 69: "November. Omaha Elevator and Grain Company. Grain, $733.71."

Page 69: "November. Omaha Elevator and Grain Company. Grain, $154.87."

Page 71: "November, 1885. Omaha Elevator and Grain Company. Corn, $1,337.66."

Page 71: "November, 1885. Omaha Elevator and Grain Company. $31.80."

NO PREFERENCES RECEIVED BY THE OMAHA ELEVATOR AND GRAIN COMPANY IN ANY OTHER NAME.

Q. In what other companies are you interested that have rebate or preference allowances from the Union Pacific Railway Company?—A. None, sir.

Q. Have preferences ever been obtained in any other name?—A. I never heard of any.

Q. Would you not know it?—A. We have not received any, and I have not heard of any.

Q. I ask has your company received preferences in any other name?—A. No, sir. You mean in the name of any other company?

Q. Of any other company or individual, or in any other way.—A. In no way, directly or indirectly.

The CHAIRMAN. (Reading). Page 87: "December. Omaha Elevator and Grain Company. Corn, $400.55. Corn, $746.22. Wheat, $100.65. Corn, $279.65. Corn, $231.89. Flaxseed, $71.21."

ALL SEEDS AND CEREALS RECEIVED ON STORAGE.

Q. You receive every character of seeds and cereals on storage, do you?—A. Yes; all kinds of grain, and flaxseed.

Q. Do you receive the same kind of percentage on all alike—shipments of all kinds?—A. Well, it might be different.

Q. What fixes the rate?—A. Sometimes a certain rate might apply to corn and another to wheat. It is only on the cereal that our competitor happens to be cutting on.

ADDITIONAL REBATES.

The CHAIRMAN. I read the following additional items:

Page 94: "January, 1886, Omaha Elevator and Grain Company, Rebate on barley, $818.38."

Page 95: "January, 1886, coal, $961.32."

Page 95: "January, 1886, wheat, $178.78."

Page 106: "January, 1886, wheat, $966.33."

Page 114: "February, 1886, wheat, $49.20."

Page 114: "February, 1886, corn, $189.08."

Page 117: "March, 1886, corn, $187.63."

Page 117: "March, 1886, corn, $244.29."

Page 121: "March, 1886, wheat, $140.42."

Page 121: "March, 1886, wheat, $146.69."

Q. Do all the amounts that have been named as entered upon the books to which your attention has been called contain the refund items on account of the rebate rates that you have been allowed from time to time by the Union Pacific Railway Company?—A. I imagine they do.

Q. Do they contain the 1-cent allowance on the 100 pounds weight that you received continually for the last two years?—A. Yes, sir.

Q. Also the additional rates of rebate that were allowed from time to time, as they were changed by reason of competition upon the subject?—A. Yes, sir.

By Mr. POPPLETON:

Q. Do they not also contain rebates allowed you by other roads, but collected by the Union Pacific and paid to you?—A. Yes, sir; I have

stated two or three times, in order to impress it upon the Commission, that 60 per cent. of that came back to the road.

RECEIPTS FROM OTHER ROADS.

The CHAIRMAN. Where will the receipts from the other roads, on account of these items, appear?

Mr. MINK. In the accounts with the other roads.

The CHAIRMAN. Where are they?

Mr. MINK. In our auditor's office.

The CHAIRMAN. Will you furnish them to the Commission?

Mr. MINK. Yes, sir. We have accounts with all these lines.

The CHAIRMAN. Where do you keep them?

Mr. MINK. In the auditor's office. That is in a register of vouchers. Some part of a voucher will be properly chargeable to the earnings account, and another portion properly chargeable to the roads east of the river. In our auditor's office that distribution is made, and it would be in our current account with the railroad company. Subsequently, of course, the railroads return that amount, when they investigate the claim and pass upon it.

The CHAIRMAN. Will you furnish to the Commission the amount of rebates received from other companies on account of the Omaha Elevator Company?

Mr. MINK. We will try to do so, but that involves a good deal of work. We have got to run down every voucher that we have ever paid to the Omaha Elevator Company and its successor company.

The CHAIRMAN. Have you a ledger account with the Omaha Elevator Company?

Mr. MINK. I think we have, but I am not quite sure. We have for the last year or so, at all events.

The CHAIRMAN. Would that account show the rebate account of the Omaha Elevator Company with the Union Pacific Railway Company?

Mr. MINK. I think it would, from the period that we kept it.

The CHAIRMAN. So that, for the last two years, there would not be much difficulty in taking off the ledger account?

Mr. MINK. I think not; not with that company. But when you come to ask us how much was returned to us on account of shipments of the Elevator Company by the Iowa roads, it would take some time to prepare it.

The CHAIRMAN. Would you not see the account of the Elevator Company in the rebate account all the way through in the ledger statement? Under what arrangement would the 60 per cent. be paid back to you?

Mr. MINK. Under the arrangement with the traffic department.

Afternoon session.

THOMAS L. KIMBALL, being further examined, testified as follows:

The CHAIRMAN. I would like the stenographer to read to you your testimony in regard to your diary, given the other day.

THE "PRIVATE DIARY" QUESTION.

The testimony was read from the record of June 21, 1887, as follows:

Q. How could you refresh your memory?—A. I could tell by my diary.
Q. Have you got that?—A. I have a diary; yes, sir.

Q. Have you it with you?—A. No; I have not got it with me. It is rather bulky. I have kept it since I was twenty-one.

The CHAIRMAN. If there is any public entry concerning the performance of duties for the Union Pacific Railroad before the legislature with these gentlemen as your special agents, we would like to have it.

The WITNESS. Well, I will see if I can assist you any by consulting my diary.

The WITNESS. What I understand you to want is the fact in that diary.

The CHAIRMAN. We want to ascertain concerning the facts. Of course I do not want your private business. I only meant concerning the Union Pacific Railway Company. You volunteered it.

The WITNESS. I volunteered to consult my diary to fix the dates.

The CHAIRMAN. I only wanted to call your attention to the matter.

The WITNESS. Am I not right in saying that what the Commission wants is the dates on which I was in attendance on a legislature? That was the subject under consideration at the time of my former examination.

The CHAIRMAN. Any business transaction for the Union Pacific Railway Company that you entered in that diary we would like to have.

The WITNESS. Very well. I did not understand that you wanted anything but the dates.

The CHAIRMAN. That is all.

The WITNESS. If you please, I would like to have further time.

The CHAIRMAN. Oh, certainly. You volunteered the remark about a diary yourself. I did not ask you.

OMAHA, NEBR., *Thursday, June* 23, 1887.

D. S. BARRIGER, being further examined, testified as follows:

ADDITIONAL REBATES.

The CHAIRMAN. I read from the book entitled "Freight Earnings Refunded," page 135, month of April, 1886: "Omaha Elevator and Grain Company, wheat, $368.79; corn and wheat, $139.36; corn, $944.82; corn, $1,604.99."

Same book, page 149: "May, 1886. Account of corn, $802.52."

Page 150: "May. Account of corn, $1,216.21."

Page 158: "May. O'. C., oats, $269.65."

Page 170 (no time given): "O'. C., oats, $9.64."

Page 171: "June. Corn, $163.23; wheat, $31.19; corn, $318.86; wheat, $859.83."

Page 171: "July. Corn, $394.51."

FURTHER ALLOWANCES TO THE OMAHA ELEVATOR COMPANY.

Q. Have you any knowledge, without an examination of your books, of any rebates or preferences that have been allowed to the Omaha Elevator Company since June, 1886, the last date that I have mentioned?—A. I do not remember any exact amounts.

Q. Have there been any allowances since that date?—A. Since June, 1886?

Q. Yes.—A. Yes, sir.

Q. How long did they continue?—A. I do not remember.

Q. Did they continue until the enforcement of the interstate commerce bill?—A. No, sir; not continuously from June up to April 5.

Q. They did not continue until April 5?—No, sir; not continuously.

Q. When did they stop?—A. I do not remember that.

Q. Did they stop in January of 1887?—A. We were receiving a rebate to about that date—January, 1887. That is, I might say that current rates for shipments from Nebraska over the Union Pacific and other roads were less than the tariff.

THE ONE CENT PER HUNDRED REBATE CONTRACT VERBAL.

Q. Have you a copy of the written contract with the Union Pacific Railway Company allowing the 1 cent on the hundred weight of shipment?—A. We have no written contract that I am aware of.

Q. What was the nature of the contract that you made with the company at that time?—A. It was verbal. It was generally understood that we were to get 1 cent.

Q. With whom did you make the contract?—A. I do not remember now; some official.

Q. Did you make it with the general freight manager?—A. No doubt with some one of the freight managers.

Q. Did you make it with Mr. Kimball?—A. I do not remember that. That is no secret here, however.

The CHAIRMAN. I did not say that it was. [To Mr. Mink.] Mr. Mink, have you such a contract on file? [To Mr. Poppleton.] Was there any written contract of that kind?

Mr. POPPLETON. Not that I ever saw. I have no idea that there was.

The WITNESS. No railroads make written contracts for such things; no railroad that we have ever dealt with.

Q. How many have you dealt with?—A. Perhaps from a dozen to fifty.

A SIMILAR CONTRACT WITH OTHER ROADS.

Q. Do you enjoy the same privilege with other roads as with the Union Pacific?—A. Yes, sir.

Q. Have you the 1 cent arrangement with them, as well as with the Union Pacific, on that hundred weight of business?—A. Yes, sir; on that transfer business, we have. The Eastern line pays us 1 cent.

Q. Have you any other suggestions or information to give the Commission?—A. I think I have told you about all I know. I want to answer any of your questions that I can.

Q. Will you name to the Commission the other railroads from which you have received concessions such as you have received from the Union Pacific? I do not mean those received from other roads indirectly, through the Union Pacific, but such as you have received directly from the other companies?—A. Well, we receive these things sometimes indirectly, Governor. We have received rebates from roads east of Chicago. That is sometimes done through a road between here and Chicago. We will deal with the road between here and Chicago; for instance, the Chicago, Burlington and Quincy, or the Rock Island, which represent routes to the Atlantic coast—the seaboard. We deal with that road and we know what the connecting road does about it. We would deal with them and they would settle with the other road. We would sometimes have an arrangement with the Chicago line to go on to the seaboard.

The CHAIRMAN. Judge Poppleton, have you any questions to ask this gentleman?

Mr. POPPLETON. One or two.

"REBATE" OR "PREFERENCE" A MISNOMER.

By Mr. POPPLETON:

Q. Do you get from other roads in the territory of the Union Pacific the same rates, or similar rates, on grain that you do from the Union Pacific?—A. Yes, when we make shipments over their lines we do.

Q. Now by the word "rebate" or "preference" do you mean any benefit or advantage that is given to you over and above other grain shippers operating in similar territory, upon similar lines, or do you mean simply the difference between the open tariff rate and the rate that all grain shippers actually pay?—A. The difference between the current rate and the rate prevailing at that time. No preference.

Q. So that the word "preference" or the word "rebate," as indicating any advantage to you over other men engaged in the same business, is a misnomer?—A. Yes, sir.

CHARLES WELLS, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am a real-estate dealer; a broker.

Q. Are you engaged in business in Omaha?—A. Yes, sir.

Q. How long have you been in business?—A. Since February.

Q. Had you been in business in Omaha prior to that time?—A. Yes, sir.

Q. What kind of business?—A. In the grain business part of the time; not here in Omaha, though, but along the Union Pacific routes; and at the Council Bluffs Transfer.

Q. How long were you engaged in the grain business along the road and at Council Bluffs?—A. I should think eight or ten years.

Q. Have you had business transactions with the Union Pacific Railway Company?—A. Yes, sir.

Q. When did you commence?—A. I think I commenced in 1876, probably. It might have been 1875, somewhere along there.

Q. Were you associated with a company?—A. No, sir.

Q. Was there a firm?—A. In the grain business? Yes, sir.

Q. What was the name of the firm?—A. Hoge & Co., I think, part of the time; part of the time C. Wells, and part of the time S. F. Wells.

Q. Were you ever associated with Mr. Neiman in business with the Union Pacific Company?—A. No, sir.

Q. Are you acquainted with the firm of Wells & Nieman?—A. Yes, sir.

Q. Are you in any way connected with Mr. Wells of that firm?—A. No, sir.

Q. Where is it located?—A. Mr. Wells is located at Schuyler; has been for a good many years.

CONCERNING THE TRANSFER OF FREIGHT.

Q. What was the nature of your business transactions with the Union Pacific Railway Company?—A. The majority of it was handling the

freight—transferring it from road to road, and from car to car, by contract.

Q. What was the rate under that contract?—A. Twenty-two and a half cents per ton.

Q. Did you have a written contract?—A. Yes, sir.

Q. Have you a copy of that contract?—A. I have not. It has been destroyed, probably a year ago. I did not keep it after I quit them.

Q. Did the company have a copy of the contract?—A. Yes, sir.

The CHAIRMAN. Mr. Mink, I would like to have you produce a copy of the contract with Mr. Wells.

RATES FOR TRANSFER.

Q. So that the rate then existing was 22½ cents?—A. No; there were two rates. I cannot give you the exact amount for the other; but it was a little less than that. Owing to a strike that was on the Union Pacific Road, my men struck at the same time that the Union Pacific men did; and Mr. Clark came to their terms and got them all to work again. I did not. Mr. Clark informed me that it would not do for me to have trouble with my men there; that they would come out again with the Union Pacific men. I told him that I could not give what the men were demanding of me; and he asked me what the men were demanding. I said I could not do it for less than 22½. And he said, "Give it; put the men to work." I did so, and put the men to work again.

Q. What was the previous rate?—A. The difference was not a cent, I think. It was a very slight one.

Q. Did you have a rate with the company of 12½?—A. No, sir.

Q. At no time?—A. At no time; 22½ was the rate the major part of the time; that is, per ton of 2,000 pounds.

WHAT THE CONTRACT WITH THE COMPANY REQUIRED.

Q. Under the contract with the company, what were you to do?—A. I was to furnish all the labor; see that the freight was transferred from one road to the other—from the Union Pacific to the Eastern line, and from the Eastern line to the Union Pacific; to furnish all labor required for other purposes, no matter what; for cleaning up the yard, or any other purpose that the agent should ask for, for which I should receive at the same rate that I was paying my men by the day. They would even call for men by the hour, or three hours. They would often call for men for extra mail, or anything of that kind. In that case they would call on me for men, and I furnished them at the same rate that I was paying my men by the day.

Q. Is that all that you were to do for the company?—A. I think it was.

HOW THE TRANSFER WAS MADE.

Q. How was the transfer to be made? What do you mean by the transfer—wagons, or cars, or what?—A. Transferring all kinds of freight. We did it generally with trucks across a platform, and the company was to furnish the tools, trucks, platforms, &c., and to see that the cars were in order before unloading. The company was to do that. I did nothing but the handling of the freight—weighing the freight and opening packages, &c.

THE COMPANY'S PART OF THE WORK.

Q. You were going on to state what the company were to do in the shape of furnishing tools, &c.—A. They also, when I asked for it, did

the switching and placed the cars where I wanted them at the platforms; or, if I wanted to have the freight outside, they placed the cars on the track in the yard where they could be handled to advantage.

Q. And, in addition to that, they paid you 22½ cents a ton for the work?—A. Yes.

A PRIVATE CONTRACT.

Q. Did you bid for this work?—A. No; it was a private contract.

Q. With whom did you make the private contract?—A. Mr. Clark.

Q. Who was Mr. Clark?—A. The general manager. At that time he was general superintendent.

Q. What kind of a private contract did you make?—A. There was nothing private about it; it was simply a contract between him and me. I meant that there were no bids on it.

NO PUBLIC LETTING.

By Commissioner LITTLER:

Q. No public letting?—A. No; I simply found out, by watching things, about what it was costing the company. I made Mr. Clark a figure, which was less than it was costing the company. He asked me how I found out, and I told him. He called Mr. Shelby, and asked him how much it was costing the company by the day, week, and year. I was to meet him next day. I did. Mr. Shelby had the statement, and my bid was a little less than it was shown to have cost the company, and on that he gave me the contract.

TOTAL RECEIPTS FOR TRANSFER.

By the CHAIRMAN:

Q. What would be your total receipts from the company for the year?—A. I could not say; sometimes $5,000, sometimes $9,000, sometimes $7,000 by the month.

Q. Would it average about $6,000 a month?—A. I should think about that.

Q. About $75,000 a year?—A. I kept no account of it; that is, I have no account of it now. This is a good many years ago, and it has passed out of my memory.

Q. Have you been engaged during this last year in the transfer business?—A. I have not been there since 1883, I think.

Q. Was that the close of your business contract with them?—A. Yes, sir.

CONTRACTOR SUCCEEDED BY THE COMPANY.

Q. Who succeeded you?—A. The company. It was closed because I informed Mr. Clark that at the present price I could not handle the stuff and make anything, and that unless he would increase the price to me I would have to quit.

Q. What was his answer?—A. That if I could not do it at the price we had better annul the contract. Either party could annul the contract by giving three days' notice, and in his letter he stated that he could not give any more than the 22½ cents.

Q. Did you receive all this 22½ cents on the ton for the transfer of freight yourself?—A. Yes, sir; except that I had a partner.

Q. Who was the partner?—A. The partner was Dr. Miller.

NO MONEY PAID AS A BONUS BY CONTRACTOR TO ANY EMPLOYÉ OF UNION PACIFIC.

Q. Did you or Dr. Miller pay out any part of this to any employé of the Union Pacific company?—A. No, sir; there was nobody interested in any shape or manner but Dr. Miller and myself.

Q. Did you pay out any part of it to any officer of the Union Pacific Railway Company?—A. No, sir.

Q. Or to any employé of the company?—A. No, sir.

Q. Did you pay out any sum of money to any officer, employé, or any other person, directly or indirectly, from the sum that you received from the company in consideration of the transfer of freight?—A. No, sir; but I might at times—I think I did at times—pay a dollar or two to get some extra work done by some employé of the company. For instance, in fixing up a car that the company did not think it necessary to fix up and that I did. I have sometimes employed a man that way to fix up such things.

Mr. POPPLETON. I do not think you get the force of Governor Pattison's questions.

The WITNESS. He asked me if I ever paid anything to any employés of the company, and I say no, unless on something of that kind.

Q. What employé of the company did you make such payment to—what was his position?—A. No position, unless some employé working around on the other side of the river.

By Commissioner LITTLER:

Q. A common laborer, do you mean?—A. A common laborer; yes, sir.

THE COMPANY AS A GRAIN BUYER.

By the CHAIRMAN:

Q. Were you ever an employé of the company?—A. No, sir.

Q. At no time?—A. Well, I will take that back; I was for one month.

Q. When?—A. When I first started with the company I was employed by Mr. Vining to buy grain on the road; and I did that for one month and then withdrew, and told him I would not handle grain that way. He gave me a cent a bushel for buying, shipping, and handling grain for the company.

Q. What was the company buying grain for?—A. Because there was at that time nobody, or but one or two, on the road that were handling grain. The grain went to the Burlington and Missouri. The Burlington and Missouri drew the grain from the Union Pacific territory almost to the track. There were no buyers, hardly, on the territory of the company, and Mr. Vining asked me what I would go up and handle the grain for.

ONE CENT A BUSHEL FOR BUYING GRAIN.

Q. How much were you to receive?—A. One cent a bushel.

Q. How long did you continue in that position?—A. One month.

Q. Did they continue, after that time, to buy grain?—A. No, sir.

Q. Why did you stop?—A. Because there was nothing in it for me.

Q. How much grain did the company handle in that way, by such purchase, during that month?—A. Very little. The rates that the Union Pacific were giving to Chicago were such that nobody on the Union Pacific road could buy grain.

Q. What was the date?—A. I could not remember the date.

Q. Was it 1880?—A. No, sir; it was before that.

Q. 1875?—A. It may have been 1875 or 1876—it was somewhere along there about; I could not give you the year.

By Commissioner LITTLER:

Q. Was it before you made your contract for handling freight?—A. Yes, sir.

Q. That would take it back to 1875 or 1876?—A. Yes, sir; somewhere along there; but I can't remember the date. I handled so little grain that the amount did not justify me in keeping on; and I quit.

By the CHAIRMAN:

Q. Were you in any public position at the time you were acting as the transfer contractor for the Union Pacific Railway Company?—A. No, sir.

Q. Have you ever been in a public position?—A. I have not.

Q. Have you any suggestion or information concerning your business relations, or anything else, with the Union Pacific Railway Company?—A. No, sir; nothing. It was all plain. Everybody knew it.

EXPLANATION OF VOUCHERS.

Mr. MINK. Mr. Chairman, I have a number of vouchers here that you asked me to produce [hands a number of vouchers to the Chairman].

Voucher No. 10525, dated July 27, 1885, in the name of the Omaha Elevator and Grain Company produced, showing that the charge was caused by error at the station in delivery of cars. The amount was $15.79.

Voucher No. 956, page 22 of the Refund Book for October, 1883, is produced showing rebate on four cars of wheat from Schuyler to Chicago: "As per impression copy of bill No. 25877 on file, $55.96."

The CHAIRMAN. What other disposition of that $55.96 does this voucher show?

Mr. MINK. It shows that of the $55.96 only $15.79 was payable by the Union Pacific Company; the balance being payable by the Chicago, Rock Island and Pacific Company.

The CHAIRMAN. That is to say, that in this rebate allowed to the Omaha Elevator Company the Union Pacific paid the sum of $15.79 and the Chicago Rock Island and Pacific Railway Company paid $40.17.

Mr. MINK. That is about right. The Union Pacific Company paid the whole of it and recovered $40.17 from the Rock Island Company.

The CHAIRMAN. In either case, however, the Omaha Elevator Company received the benefit of the entire amount.

Mr. MINK. Precisely.

The CHAIRMAN. Is that the explanation of all the other vouchers to the Omaha Elevator Company?

Mr. MINK. Not of all; no.

(Vouchers Nos. 956 to 991, inclusive, are produced and explained by Mr. Mink to be rebates allowed to the Omaha Elevator Company, in part by the Union Pacific Railway Company and in part by the Chicago, Rock Island and Pacific, the Chicago, Milwaukee and Saint Paul, and the connecting roads on the east.

THE COMPANY'S CONTRACT WITH CHARLES WELLS, OF OMAHA.

A contract, dated April 16, 1877, between Charles Wells, of Omaha, and the Union Pacific Railroad Company, produced, showing that he

is to act as the transfer agent in the handling of freight, the consideration to be paid to be 22 cents per ton of 2,000 pounds for every ton of freight loaded and unloaded. The contract to take effect April 16, 1877.)

The CHAIRMAN (to Mr. Poppleton). Should you like to have the whole contract go into the record, judge?

Mr. POPPLETON. We do not consider it a matter of any importance. The whole examination of Mr. Wells had only one thing in it.

The CHAIRMAN. What was that?

Mr. POPPLETON. If Dr. Miller were not in it Wells would never have been called.

The CHAIRMAN. Who is Dr. Miller?

Mr. POPPLETON. He is the editor of the Omaha Herald and a Democratic politician in this State.

The CHAIRMAN. I only mention this to show that the company has produced the contract on call.

OMAHA, NEBR., *Thursday, June* 23, 1887.

THOMAS L. KIMBALL, being further examined, testified as follows:

CONCERNING THE LOWEST NET RATE ON GRAIN.

By the CHAIRMAN:

Question. Can you give the Commission the lowest net rate allowed by the company, for grain, during the several years of your management?—Answer. I could not do so from recollection.

Q. Can you produce accounts showing lowest net rate on grain during those periods?—A. It is possible that I can; but it would take some time to do it. You mean the lowest net rate from any given point? You know the rates varied.

The CHAIRMAN. The lowest net rate allowed in the whole system for transportation.

The WITNESS. That would be the lowest average rate for a period?

The CHAIRMAN. No; I want the lowest net rate per 100 pounds per mile, if you can give it in that way; or per ton, over the system, for any one year.

The WITNESS. I think it would be practically impossible for me to give you the information you ask for without a very great deal of labor and time.

Q. Can you give me the lowest net rate given to the Omaha Elevator Company, Himebaugh, Merriam & Co., the Standard Oil Company, the Union Cattle Company, the Omaha and Grant Smelting and Refining Company, per ton per 100 miles in each of the years from 1884 to 1886, inclusive, or per car per 100 miles, if you prefer it that way?—A. Per ton per mile, I think, would be the better way.

The CHAIRMAN. That will do.

The WITNESS. I think I can; but, like the other proposition, it is a matter that will take considerable time.

Q. What time would it require?—A. It is hard to tell.

Mr. POPPLETON. That would be a rate representing destructive competition, of course?

The WITNESS. Yes; and it might represent a low grade ore that was but little better than common rock.

Mr. POPPLETON. Yes; without regard to the kind of freight or the circumstances under which it was carried.

The CHAIRMAN. The lowest net rate in each year for each year?

REBATE TO OMAHA & GRANT SMELTING AND REFINING COMPANY.

The WITNESS. Yes; I so understand it.

Paper dated August 17, 1886, shown witness, as follows:

PERSONAL.

D. D. DAVIS, Esq.,
F. C. A., Union Pacific Railway Co., Omaha, Nebr.:

DEAR SIR: Returning herewith papers in claim of the Omaha & Grant Smelting & Refining Co., you may settle claim as follows:

On the shipments of ore from Park City to Denver you may reduce charges to $6 per ton. On the shipments of ore from Hailey to Denver you may reduce charges to $16 per ton. On the shipment of bullion from Denver and Golden to Omaha you may allow rebate of $3 per ton. On shipment of bullion originating at Morgan to Salt Lake City you may allow rebate of $3 per ton. On the shipment of ore from Hailey to Omaha you may reduce charges to $20 per ton.

Yours, truly,

THOMAS L. KIMBALL, *G. T. M.*

Q. Is that the letter, or communication, on which the $40,000 voucher of rebates was allowed to the Omaha and Grant Smelting and Refining Company?—A. All the items named in this voucher are covered by the authority given in my two letters of August 17, 1886.

THE PUBLISHED RATES ON ORE AND BULLION.

Q. What were the open or published rates at that time?—A. On bullion from Denver to Omaha the open rate was $10 per ton. On the same from Golden to Omaha, $10 per ton. From Salt Lake to Omaha, $18 per ton; Hailey to Denver, on ore, $20 per ton; Park City to Denver, on ore, $10.60 per ton; Leadville to Denver, on ore, $5 per ton; Hailey to Omaha, on bullion, $25 per ton; Ketcham to Omaha, on ore, $27 per ton; Morgan to Omaha, on bullion, $18 per ton; Ketcham to Denver, on ore, $20 per ton.

DIFFERENCE BETWEEN SPECIAL AND PUBLISHED RATES ON ORES.

Q. Was there 50 per cent. difference between the published open rate and the special rate allowed under your instructions to the smelting company?—A. On shipments from where?

The CHAIRMAN. On the average.

A. I hardly think that would be the average.

Q. What would be the difference on the average? Give me the difference in each. I only wanted to shorten it by taking the average.—A. I have not got the average.

Q. Give the difference in each, then.—A. There would be a difference of $3 in the first item—Denver to Golden; Salt Lake to Omaha, $3; Hailey to Denver, $4; Park City to Denver, $4.60; Leadville to Denver, 40 cents; Hailey to Omaha, $5; Ketcham to Omaha, $12. I make that statement with this explanation: That the ore from Ketcham was shipped from over the range of mountains and could not be hauled to market at the tariff rate from Ketcham and pay the wagon charge from the mines to Ketcham. The most we could get out of it was $15 for the railroad's part of the earnings. Morgan to Omaha, on bullion, $3

per ton; Ketcham to Denver, on ore, $4 per ton. That covers all the items in the voucher that I have noted.

"PERSONAL" CLAIM PAPERS.

The CHAIRMAN. The following communication, headed "The Union Pacific Railway Company, Accounting Department," was sent by the freight claim agent to the general traffic manager:

OMAHA, NEBR., *July* 9, 1886.

C. W. V. T. (Personal.) Claim 66861.

T. L. KIMBALL, Esq., G. T. M.,
Union Pacific Railway Company, Omaha, Nebr.:

DEAR SIR: Herewith please find expense bills in claim of the Omaha and Grant Smelting and Refining Company, which have been checked with our billing, and are now returned to you, under personal cover, as requested by you of June 25, attached.

Yours, truly,

D. D. DAVIS,
F. C. A.

Please explain to the Commission why it was necessary to place such a communication under personal cover.

The WITNESS. May I be allowed to see the letter?

The CHAIRMAN. Yes. [The chairman hands the paper to the witness.]

A. Those claim papers, in cases of rebate, are generally marked personal—the communications between the different departments of the company. That is our practice—marking pretty much all communications of that sort sort "personal," because most of the rebate arrangements are understood between the shipper and company to be private and personal. They are not public like the published tariffs of the company.

A REBATE ACCOUNT PRIVATE.

Q. Do I understand that the rebate account, then, is rather of a personal or private nature in the arrangement of the business of the railway company?—A. Yes. It covers transactions that, under the practices of competing railways, could not and should not be treated as openly and publicly as the open, published tariffs and ordinary transactions of the company. And in this regard our practice is the same as that of all other roads of which I have any knowledge, in respect to rebate transactions. If they were of a character that could be made public there would be no necessity for a rebate. We could change our tariff to cover the case and make it public.

PROPERTY OF THE OMAHA & GRANT SMELTING AND REFINING COMPANY.

Q. What interest has the Union Pacific Company in the property of the Omaha and Grant Smelting and Refining Company?—A. None that I am aware of.

Q. Does the company own the building?—A. I think not.

Q. Or the grounds?—A. I think, in Omaha, they are located on the Union Pacific's ground, under a lease; but in Denver they own their own site.

Mr. POPPLETON. In Omaha they are partly on ground to which the Union Pacific Railway Company has title and partly on ground to which it simply has easements from the city.

The CHAIRMAN. What is the nature of the lease?

Mr. POPPLETON. It is in writing and the best way will be to produce it.

The CHAIRMAN. We shall be glad to have it produced.

Mr. POPPLETON. They own a piece of ground 5 or 6 miles from us; to which, I think, they thought for some time it would be to their interest to move, and get out of town.

REBATES TO WELLS & NEIMAN.

Q. What business relations has the Union Pacific Railway Company with the firm of Wells & Neiman?—A. Wells & Neiman are manufacturers of flour and are shippers over the Union Pacific road. Their mill and elevator are located at Schuyler, in this State—a local station on our line.

Q. Upon what principles are rebates allowed to the firm of Wells & Neiman?

The WITNESS. On shipments to where?

Commissioner LITTLER. Anywhere.

A. My recollection is that the shipments of flour produced by Wells & Neiman, to Western points, are rebated from the regular rates; because they could not compete with the producers of flour, locally in the Western territory that they ship to, without rebate. We get the long haul out of their business.

Q. Why did you not make your open rate of such a figure that all could come in?—A. Well, the fellow that had a flour mill nearer to the market than they had would want a proportionate rate to the one we had made for them on the long haul.

RATE OF REBATE ALLOWED.

Q. What was the rate allowed to Wells & Neiman?

The WITNESS. At what period?

The CHAIRMAN. In the year 1883.

A. From recollection, I should say 50 cents a hundred pounds to Wyoming points.

Q. Did that rate continue through 1884 and 1885?—A. I don't know, personally, of the then current rebates on business of Wells & Neiman; and I hardly wish to testify to exact figures, without ascertaining just what they were. No original or other rates dating back to 1883, to Wells & Neiman, were made by me, as far as I can recall.

Q. By whom were they made?—A. I do not know, of my personal knowledge.

Q. Since 1883 who made the rates?—A. They would be made subject to my authority since 1884.

Q. What rates did you allow them?—A. I do not remember; but I think the rebate rate was in the neighborhood of 25 cents a hundred, as I said before.

Q. And what was the open rate?—A. Probably about 75 cents to $1.

UNION PACIFIC DIRECTORS OR EMPLOYÉS NOT INTERESTED IN THE FIRM.

Q. Are any of the officers, employés, or directors of the Union Pacific Railway Company interested in the firm of Wells & Neiman?—A.

Never, to my knowledge; I never heard of it. It is about the only case in regard to which I have not heard that charged. It is about the only case of a business on the line or in this city in which the officers of the Union Pacific Company were not accused of being interested, especially myself. I might as well say right here, now, that I have been on this road sixteen years, and I have never had any interest in any business of any sort connected with the Union Pacific road, where my interest in the business could possibly come in conflict or in competition with patrons of the road. I think that is substantially true of the other officers of the road, too.

THE CHICAGO LUMBER COMPANY.

Q. Who compose the Chicago Lumber Company?—A. The only two gentlemen that I know, positively, have any connection with that company are Mr. Colpetzer, of Omaha, and Mr. Green, of Chicago.

Q. Why were rebates allowed to the Chicago Lumber Company?—A. Only for the same reason that we allowed rebates to other lumber dealers and to other business men along the road. They have had to have them to meet their competition.

DIRECTORS OF THE UNION PACIFIC INTERESTED IN CORPORATIONS SHIPPING OVER THAT ROAD.

Q. Do you know of any officer or director or employé, of the Union Pacific Railway Company being interested, either directly or indirectly, in any firm or business house, or company, or corporation doing business and shipping over the Union Pacific Railway; if so, will you please name them?

The WITNESS. In Omaha, do you mean?

Commissioner LITTLER. Anywhere.

The CHAIRMAN. Anywhere. Take the whole system.

A. I know of no case of any sort among the local officers of the Union Pacific road.

The CHAIRMAN. I ask you as to any officer.

A. I know, or have understood, that Mr. Ames, a director of the company, and Mr. Dillon, another director, were interested in the Omaha and Grant Smelting and Refining Company, as stockholders.

PRESIDENT ADAMS A STOCKHOLDER IN THE ARGENTINE SMELTING COMPANY.

I have also heard that the president of the Union Pacific Company was a stockholder in the Argentine Smelting Company, of Kansas City.

By Commissioner LITTLER:

Q. Is that Mr. Adams?—A. Yes; and I understood that he owned that before he became connected with the Union Pacific road. I ought to say, perhaps, in addition that when it was first brought to my knowledge that Mr. Adams had such interest, he wrote me a letter, and said to me, personally:

I desire, in the adjustment of rates for that company, to have it distinctly understood that my interest shall have no influence whatever upon your department in the adjustment of rates. I want you to ignore the fact that I am a stockholder in that company,

DIRECTIONS GIVEN THAT NO FAVORS BE SHOWN BECAUSE OF SUCH INTEREST.

The same thing has been said to me by Mr. Ames and Mr. Dillon in respect to their interest; and I never yet had a request from either of the three gentlemen to do anything exceptional or special in favor of the companies they were interested in.

Q. Were any rebates allowed to the company in which Mr. Adams was interested?—A. Yes.

Q. What were the rates?—A. I cannot recall them. There were either special rates or rebate rates allowed to them, I think, in the past. But not very much, for the reason that that company does most of its business over roads competing with the Union Pacific.

Q. Who made application for the rebate in the case of the Argentine Smelting Company?—A. I do not know. The applications generally would come to me, through our agent at Kansas City, or some assistant in the freight department. If any applications were made they would come from that source, or to me direct. I do not now recall any special case.

Q. Have you now named all the officers?—A. Yes; I do not think of any other case.

Q. All the officers, directors, employés, and agents of the main line and branch lines?—A. So far as my knowledge goes, I have covered every instance.

THE NORTHWESTERN FORWARDING COMPANY.

Q. What is the Northwest Forwarding Company?—A. That is a concern in Utah that was organized to transport freight to and from the Union Pacific lines of the west to overland points off the line of the road, where wagon transportation is necessary.

Q. Why were rebates allowed to the Northwest Forwarding Company?

The WITNESS. Tell me what the rebates were.

REBATES ALLOWED.

The CHAIRMAN. In August, 1883, page 7 of the register of freight earnings returned $1,249.57 on an item of salt.

The WITNESS. I think that it is a concession allowed that concern for handling salt from Salt Lake to the mills in Montana or Idaho. It used to be 50 cents a ton. It may be that now; I do not recollect.

Q. Who compose the Northwest Forwarding Company?—A. I know two gentlemen, Mr. Lyman and Mr. Wallace, of Salt Lake, as members of the firm. Whether anybody else is interested in the company I do not know.

WHY ALLOWED

Q. Why did you allow to that company a concession of that kind?—A. Because they purchase the salt; they manufacture a great deal of it; they sell it, and collect, not only their charges, but the company's charges, transact all the business, and assume all the risk; and the commission allowed them is certainly not excessive for the risk they take and the amount of business they do.

UNION PACIFIC PEOPLE INTERESTED IN OTHER ROADS.

Q. Are any of the officers, directors, employés, or agents of the Union Pacific Railway Company interested in any company in which the

Union Pacific Railway Company has an interest, to your knowledge?—A. Not to my knowledge; unless you refer to some other railroad—branch or auxiliary line. It is possible that some of our officers may be stockholders in some branch roads.

Q. Can you name any of them?—A. I know of one.

Q. What is it?—A. The Utah Central.

Q. Who is interested there?—A. I am, unfortunately. I bought the stock at par, and I would like to sell it at 25 cents on the dollar. I would say, however, that I took my stock for a debt.

Q. What other officers, if any?—A. Well, I do not know. I suppose some of the directors of the company hold stock in some of the auxiliary lines, but probably to a somewhat limited extent.

Q. Is that the extent of the interest, to your knowledge, of the Union Pacific Railway Company in organizations in which their officers are interested?—A. Yes, sir; I do not recall anything else.

WHO COMPOSE THE UTAH FORWARDING COMPANY.

Q. Who compose the Utah Forwarding Company? I see an entry here of an allowance for coke, August, 1886, $833.46.—A. I think it is the same concern as the Northwestern Forwarding Company.

Q. What was the reason of an allowance of a rebate to them?—A. For the same reason that we made the allowance on salt. They took charge of the business, and advanced the money, and made the collections, and took the risk of getting the money back, not only from the coke but the freight.

Q. Then the rebate was in the nature of a commission or consideration for doing that service?—A. Yes.

Q. Do you allow the same consideration to others engaged in the business?—A. I do not know any others engaged in the business.

Q. Could they possibly engage in the business on such allowance or rebate to a competing company?—A. Oh, yes.

Q. How?

The WITNESS. In respect to the coke business, or salt?

The CHAIRMAN. Coke or salt.

A. There is nothing to prevent them that I see. The allowance made to those gentlemen is but trifling, to stand in the way of any coke producing company or coke shipping firm competing with them in that market. That is certainly shown by the fact that the Northern Pacific company is shipping coke into the same Territory (Montana) that this firm ships to by our line.

Q. Do you consider the item of 50 cents a ton a small item?—A. I think it is 25 on coke.

Q. Would you regard that as a small consideration in trade?—A. Yes; I should consider that a small consideration for the work done and the risk taken by those gentlemen.

COST OF COKE.

Q. What is the cost of a ton of coke in that section?—A. Sixteen to $18 a ton. In some localities they are selling at less, and the price varies according to the quality and kind of coke.

Q. That includes the transportation?—A. Yes.

Q. What is the price at the coke ovens?—A. We have no coke ovens on our line.

Q. Do you know the price?—A. Three dollars and a half, I think, in Colorado.

Q. Are you speaking of the ovens of Colorado?—A. Yes.
The CHAIRMAN. That is about 90 cents in Pennsylvania.
The WITNESS. Well, it is $9 a ton delivered here, now, since the interstate law was passed. We used to get it at $6 and $6.50. That is one of the blessings of the new law to this western country.

OTHER COMPANIES ENGAGED IN THE COKE OR SALT BUSINESS.

Q. As matter of fact, are there any other companies engaged in the salt or coke business in the same sections as are covered by these northwestern and Utah companies?—A. Oh, yes. About one-half our shipments are now made by the firm of Adams & Keisel, of Ogden.
Q. Were they there before the 1st of April?—A. They have been in the business two years, I think.
Q. Any other company?—A. I do not recall any at the present time.
Q. Is the Keisel you mention of the firm of F. J. Keisel & Co.?—A. Yes; that is the same man.

THE ELDON COAL MINING COMPANY.

Q. Do you know about the Eldon Coal Mining Company?—A. That is one of the things that never reached me.
Q. Did you ever hear of it before?—A. I cannot recall that I did.
Q. In your refund book, page 14, September, 1883, there are allowed items of rebate amounting to $2,790.23 on the 10th of October.—A. That is an Eastern coal company, probably.
The CHAIRMAN (to Mr. Mink). While looking at that you might as well look at another item on page 16—the Eldon Coal Mining Company; $1,120.07 is charged.

THE LA PLATA MINING AND SMELTING COMPANY.

Q. What do you know about the La Plata Mining and Smelting Company?—A. I know there is such a company engaged in smelting in Leadville.
Q. How long have they been shipping over the road?—A. I do not know how many years. I have known of the company being in Leadville several years.
Q. Do they receive the same rates of rebate as the Omaha Smelting Company?—A. On shipments from Denver to the Missouri River they would, if they applied for it; and if they shipped over our road they would be paid the same rebate.

THE BOSTON AND COLORADO SMELTING COMPANY.

Q. The Boston and Colorado Smelting Company—what do you know of them?—A. That is the name of a concern in Butte, Montana. It is part of the same organization or property which is owned by Senator Hill's company, of Denver. We have known that as the Boston and Colorado Mining and Smelting Company, or the Argo Works.
Q. What rebate arangements have you made with that company?—A. We have paid that company, on shipments of ore from Butte, a rebate, that I recall, and maybe other points.
Q. Is the rebate rate the same as to other persons?—A. I think so. I would have to look that up.

LARGE SHIPMENT OF LOW GRADE ORE AT LOW RATES.

I know that at one time we shipped a large quantity of low-grade ore for Senator Hill at less than we ever shipped for anybody else up to that time from Butte to Denver. I think that was the lowest rate we ever made from that camp for anybody.

Q. Did Senator Hill ever complain about the rates?—A. Yes, he always complained.

Q. Even when he was the lowest?—A. Well, he always suspected that somebody else was below him.

Q. Is he engaged in shipping over the Union Pacific Railway?—A. Yes; but not quite so much as I would like to have him.

HORN SILVER MINING COMPANY.

Q. What do you know about the Horn Silver Mining Company?—A. I know that to be a mining and smelting company at Salt Lake and at 'Frisco on the southern end of the Utah Central.

Q. Who compose that company?—A. I know the man that manages it—Mr. Hill, of Salt Lake. I used to hear that Mr. Jay Cook, of Philadelphia, was one of the owners of it, but I think he got out in time, when the stock was worth 16½. It is selling now, I think, at $1.50 or $2.

Q. What rebate rates have you allowed to the Horn Silver Mining Company?—A. I do not remember any, except——

REBATE TO HORN SILVER MINING COMPANY.

The CHAIRMAN. I find a rebate of $21,855.72 to that company.

The WITNESS. At what date is that?

The CHAIRMAN. September, 1883. The Horn Silver Mining Company appears on the return of freight-earnings rebate account to be allowed in the aggregate $21,855.72.

The WITNESS. Well, I do not know anything about that.

The CHAIRMAN (to Mr. Mink). Please produce the papers as to that item.

The WITNESS. I do remember that in 1885 the Horn Silver Mining Company offered me for transportation an amount of bullion that would give the Union Pacific road in earnings about $60,000. They offered it to me if I would cut the rate $3 a ton, I think. I declined to cut the rate. Every pound of it was contracted for by the Rio Grande and connecting roads at $4 rebate, was shipped that way, and we lost it.

Q. When was that?—A. I think it was in 1885.

Q. Did they, prior to that date, have the same rate of rebate as the Omaha company had at Omaha?—A. That I do not know; but at that time it was the agreement between the roads that no line should pay a cent of rebate on shipments from Utah to the Missouri River.

Q. Who would know whether the rebate to the Horn Silver Mining Company prior to 1885 was at the same rate that was allowed to the Omaha and Grant Smelting and Refining Company?—A. I could easily give that information when I get the papers showing the dates and the character of the shipment, whether ore or bullion.

C. W. COLLINS & COMPANY.

Q. What do you know of the firm of C. W. Collins & Co.?—A. The C. W. Collins & Co. I know about were contractors for building rail-

roads—branch lines of the Union Pacific—for a term of two or three years.

Q. I find on page 27 of the book entitled "Register of Refund Freight Earnings" October, 1883, entries covering sundries, coal, and grain, amounting, in the aggregate, to $43,000. Were the sums represented in the several cases, and in a total to the amount I have named, rebates allowed to Collins & Co.?—A. I presume they were allowances made to cover the difference between the published tariff and the special rate given to Collins & Co. as contractors. I presume, if you had the papers, you would see that.

STEVENS WAS THE "COMPANY."

Q. Who was in the company?—A. A man by the name of Stevens was the "company."

Q. Was it part of the contract into which they entered with the railway company that there should be an allowance in the nature of rebates?—A. Usually those arrangements are made in this way: A man would take charge of a piece of construction—take a contract to build a piece of road. He will stipulate, in his undertaking with the company, that he will make his bids on half transportation or free transportation or full tariff. Now, I apprehend that when Collins & Co. made their arrangements with the Union Pacific they had an understanding that their supplies, tools, teams, and men, and provisions for their camps—everything that they required in that service—would be shipped to them at half rates, or at a certain agreed discount from the open tariff.

Q. Would that include grain?—A. Yes; to feed their mules.

Q. The grain is $10,000.—A. That would not be a very large amount where the haul was from 1,000 to 1,500 miles. Of course I am not giving you this as the facts. I do not know the exact facts.

The CHAIRMAN. Will you produce the contract?

The WITNESS. I do not remember it. I do not know that there was a contract.

Q. Was Mr. Gould in that firm?—A. I never heard of it.

Mr. POPPLETON. It is pretty safe to say that he was not.

Q. Was Collins a contractor for Mr. Gould?—A. I never heard of it.

"VARIOUS STATIONS: FREE TRANSPORTATION."

The CHAIRMAN. I would like you to explain the nature of the entry, in the month of October, on page 29, of the refund book, voucher No. 1273 "various stations. Free transportation." It is a small item of $8.34?—A. I presume it was some shipper who was entitled to free transportation, who had paid his fare, and the money was refunded. But I am not sure; must see the voucher.

The CHAIRMAN. (To Mr. Mink.) Please produce the voucher for the item No. 1252, for the month of October, page 28. "Various stations, F. transportation issued," $11,989.19.

UNION PACIFIC COAL DEPARTMENT.

Q. What is the Union Pacific Railway coal department?—A. It is only a name.

Q. A name for what?—A. A name for the department of the Union Pacific organization which produces and distributes coal.

Mr. POPPLETON. It mines it for its own use?

The WITNESS. For the company.

Q. Who compose it?—A. The Union Pacific Railway Company. The men who do the work are myself, in the commercial department. The man in charge of the production of the coal is Mr. D. O. Clark.

Q. Is it an incorporated company?—A. No, sir.

Q. Is it a department of the railway organization?—A. Yes; like the passenger or the freight department.

Q. Is it also a mining department?—A. It includes the mining of coal by that department.

REBATE ON COAL.

Q. On what principle do you allow to the company a rebate on the shipment of coal—on what principle is a rebate allowed to the Union Pacific Railway coal department?

The WITNESS. Well, I should have to see the entry to understand it.

The CHAIRMAN. I find an entry on page 43, in the book of "Refund freight earnings" Union Pacific Railway Company coal department—rebate on coal, $3,423.33.

The WITNESS. If you will have that voucher brought in I will explain it.

The CHAIRMAN (to Mr. Mink). Will you please produce voucher indicated on page 43, reading, "the Union Pacific coal department, rebate on coal, $3,423.33."

Mr. MINK. Yes, sir.

SWAN LAND AND CATTLE COMPANY.

Q. What knowledge have you of the Swan Land and Cattle Company?—A. I know that there is such a company in Wyoming; the largest producer of live stock in the Union Pacific territory.

Q. How long have they been shipping over the Union Pacific?—A. Mr. Swan, or Swan & Brothers, have been shipping for a dozen years, I should think, over the Union Pacific; but the Swan Land and Cattle Company could not have been organized more than three or four years ago.

Q. What rates of rebate have you given to the company?—A. I do not remember.

Q. Have they had a rate?

The WITNESS. I would like to see the entry in the book and the voucher.

The CHAIRMAN. Page 54 of the book of "Refund freight earnings," February, 1884, voucher No. 2328, Swan Land and Cattle Company $408.

Mr. MINK. I will get the voucher.

THE PHILADELPHIA SMELTING COMPANY.

Q. What do you know about the Philadelphia Smelting Company?—A. It is the name of a company located at Ketchum, Idaho, on the Wood River Branch of the Oregon short line.

Q. Who compose the company?—A. A gentleman by the name of Wright, of Philadelphia, and another by the name of Elkins, of Philadelphia. Those are the only two that I ever heard of in that connection that I recall now.

Q. How long have they been shipping over the Union Pacific?—A. Ever since the Oregon short line was built; I think since 1882 or 1883.

Q. Did you make an allowance or rebate to that company?—A. Yes, sir.

Q. What rates did you give them?

The WITNESS. For what period?

The CHAIRMAN. The entry is on page 61 of the book "Refund of freight earnings" voucher No. 2,621 for the month of March, 1884, "Philadelphia Mining and Smelting Company, $16,591.44."

The WITNESS. It is on account of bullion shipments.

THE ROCKY MOUNTAIN NEWS COMPANY.

Q. What is the "Rocky Mountain News Company"?—A. That is a Democratic newspaper publishing establishment in Denver.

Q. A printing establishment?—A. A printing and newspaper publishing establishment. They print a daily paper.

Q. What business dealings have they had with the Union Pacific Railway Company?—A. They have, I think, shipped their supplies of paper, &c., over the Union Pacific.

Q. Has the company allowed any rebate or preference (not, of course, in consequence of their politics) to the Rocky Mountain News Company?—A. I think they have had a special rate (by rebate, I presume), but I do not now recollect.

Q. Did you fix the rate?—A. I would help fix the rate. It was an agreed rate by all roads.

REBATES ALLOWED TO IT.

The CHAIRMAN. I find, on page 55, of the book called "Register of refund of freight earnings," for the month of February, voucher No. 2457, "The Rocky Mountain News Company, $1,506 for sundries."

Mr. MINK. Do you wish that voucher, Mr. Chairman?

The CHAIRMAN. I would like to see the voucher, unless Mr. Kimball can explain it without the voucher.

The WITNESS. No; I could not do that without the voucher. It may have been for shipment of a printing press or a large quantity of paper supplies.

Q. Would that be on any general fixed rate arrangement that you would allowin such a case?

The WITNESS. In what year was that shipment made?

The CHAIRMAN. Eighteen hundred and eighty-four.—A. Then it would probably have been made by mutual consent of all the roads between the Missouri River and the city of Denver. The rates were published at that time as joint rates, all lines agreeing to them. We had a rule in some of our associations, probably in that one, to give reduced rates, or special rates, to publishers of daily papers. That is my memory about it.

Q. To what other newspapers did you allow such preference?—A. I do not remember.

The CHAIRMAN. I do not find any such upon your books for the period covering 1884 or 1885. There are two Omaha papers, I think, but none others that appear upon your records.

The WITNESS. Well, I could not say, of my own personal knowledge now, whether the rate was given to any other paper in Colorado or not.

METHOD OF ALLOWING REBATES.

Q. Then it was not a general method of management as to rate?—A. If made by an association it could not be made at all unless we made

it in this way. The management of the paper may have applied to the association for a special rate, to get in a new press, or a supply of paper; that would be acted on by the commissioner or the members on the application of any publishing house. That action of the association would establish a rate for all the lines. It might be an open special or a rebate rate, but it would be an agreed rate.

Q. For that particular case?—A. Yes.

Q. Would not that be rather a preference than a rebate rate?—A. It might be both.

Q. Will you please explain that.—A. If one publishing house in the city of Denver applied for a special rate and got it, and another publishing house applied and did not get it, it would be a preference. It would be a "rebate" rate, too, if the difference was refunded by voucher; but I do not know the facts in this case. I do not recall any of the circumstances.

APPLICATIONS MADE BEFORE GRANTING REBATES.

Q. Do you wait for an application before you fix your rebate rates?—A. We generally have applications for all the rebate rates we grant; and we have a good many applications that we do not grant.

Q. Then you have not any rule on which you issue your rates of rebate, without application?—A. No general rule. We prefer to get the tariff rate; but we cannot always do it.

Q. If an individual shipper fails to make an application he would be required by the company to pay the full rate?—A. He might be.

Q. Well, he would be, would he not?—A. Unless we should decide upon the application of one individual shipper, after investigating his case, that the rebate granted in his case would be advisable in all cases. Then we would apply it. We would be governed by circumstances.

Q. Would that be in the nature of a refund upon amounts paid by shippers?—A. It would be in the nature of a refund or an "overcharge." The rate would be named to the shipper as lower than the full open tariff; and, by rebate, the difference between the rate given to him and the open tariff would be refunded to him.

METHOD OF PAYING REBATES.

Q. Would the company notify him that, in consequence of a rate of rebate fixed he was entitled to an overcharge, and to appear at the company's cashier's desk and receive the amount?—A. He would send in his expense bill and make a claim.

Q. Suppose he failed to receive notice, what then?—A. He would not file any claim then.

Q. Would the company seek after him, to find him out?—A. Probably not in all cases.

THE CLYDE MILL COMPANY.

Q. What is the Clyde Mill Company?—A. I do not recall any, except that at Clyde, Kans.

Q. A rebate was allowed the Clyde Mill Company, on page 72 of your register of return freight earnings for April, 1884, voucher No. 3141, $2,112.83; voucher 3142, $594.72; voucher No. 3143, $38.42; voucher No. 3144, $3,124.03. Can you explain those items without the vouchers?—A. No, sir.

The CHAIRMAN. Will you produce the vouchers, Mr. Mink.

Mr. MINK. Yes, sir; I will.

THE HORN SILVER MINING COMPANY.

(The vouchers of the Horn Silver Mining Company are produced and shown to the witness.)

Q. Can you now explain the amounts of rates of rebate allowed to the Horn Silver Mining Company?—A. These all cover a period during which I have no recollection of having made the arrangement; and I would like the indulgence of the Commission until to-morrow morning, to answer the question.

The CHAIRMAN. There is no objection to that.

The WITNESS. I would like to investigate it.

THOS. L. KIMBALL.

The Commission then adjourned to Friday, June 24, 1887, at 10 a. m.

OMAHA, NEBR., *Friday, June* 24, 1887.

The Commission met pursuant to adjournment.

Present: Commissioner Pattison (chairman) and Commissioner Littler.

JOHN H. WALSH, being duly sworn and examined, testified as follows:

FAILURE TO SUBPŒNA J. M. THURSTON.

By the CHAIRMAN:

Question. Did you serve a subpœna on Mr. J. M. Thurston?—Answer. I called at his office, and they told me he was in Minnesota.

Q. Did you serve a subpœna?—A. No, sir.

Q. Did you make an effort to serve a subpœna?—A. I did.

Q. Have you got the subpœna?—A. I have.

Q. Where did you go to find Mr. J. M. Thurston?—A. To room 132 in the Omaha National Bank building.

Q. What was the answer?—A. That Mr. Thurston was out of town with his family, on a pleasure trip in Minnesota.

Q. When will he return?—A. They could not tell.

Q. How long has he been away?—A. They did not say.

ALSO W. A. PAXTON.

Q. Did you serve a subpœna on W. A. Paxton?—A. I did not.

Q. Did you try to serve him?—A. I did.

Q. Where did you go?—A. To the Paxton Hotel.

Q. What was the answer?—A. The clerk said Mr. Paxton was out of town.

Q. How long had he been out of town?—A. He could not tell.

Q. Whereabouts out of town did he say he was?—A. He could not tell that.

Q. Did you get any information as to his whereabouts?—A. He could not tell where he was, or anything about him at all.

ALSO G. M. DODGE.

Q. Did you serve a subpœna on G. M. Dodge?—A. I did not.

Q. Did you try to serve him?—A. I did.

Q. Where did you go?—A. To the office of N. P. Dodge, Council Bluffs.

Q. Was he there?—A. No, sir; he was not.

Q. What was the answer you received?—A. They told me that, when last heard of, he was at Fort Worth, Texas, but that he was now probably in New York.

Q. How long had he been away?—A. They said for quite a while.

Q. Did they say when he will return?—A. They could not tell, but thought it doubtful whether he would ever return to Council Bluffs, as he thought of locating permanently in New York.

Mr. MINK. He is building a railroad between Fort Worth and Denver. He simply maintains a residence at Council Bluffs. I do not suppose he has averaged a month in a year at Council Bluffs. For ten or fifteen years he spent most of his time in Council Bluffs. He originally lived there, before he embarked in the enterprises that take him away so much.

OMAHA, NEBR., *Friday, June* 24, 1887.

THOMAS L. KIMBALL, being further examined, testified as follows:

FREIGHT TARIFFS.

By the CHAIRMAN:

Question. Have you any of the papers called for yesterday or the day before?—Answer. I have a full set of the freight tariffs, arranged in the order of numbers, with notes in each case, showing to what portion of the line and between what dates these tariffs are applicable. These I will put in in answer to the question calling for them.

OPEN AND NET RATES.

Q. Do they contain the open rates?—A. The open rates.

Q. And the net rates?—A. The specials that were in effect. The rebate rates are not quoted, because rebate is a discount from the figures given there. It would be well to keep them arranged in the order I have given them, because in that way the explanation will be found connected with the tariff.

Q. For what years do the papers produced show the open tariff rate?—A. It is all shown in the memorandum submitted with the tariff according to the date when the tariff went into effect, and such of them as are now in effect. For instance, the tariff for February, 1885, is superseded by the tariff of another month.

Q. Do the papers contain the net rate for the periods that you have given?

The WITNESS. Do I understand the question to be, do those papers show the net rate produced by payment of rebate?

The CHAIRMAN. No; the net rates that you have allowed in rebates to different individuals, and in special cases.—A. Oh, no; those here now are the regular open tariff that Mr. Littler asked for, I think.

Q. Have you ready the papers showing the rates allowed to individuals in rebate on shipments over the road?—A. Such as have been called for I have had and am having made up, so as to give you the open and the rebate rate. You recollect that yesterday quite a num-

ber, covering, I think, all of the large rebate vouchers to the Omaha and Grant Smelting and Refining Company, I explained, giving the gross and the net rate, in my testimony.

Q. Will the other papers you are going to produce show the difference between the open rate and the net rate allowed to individuals?—A. In all cases where my attention is called to a rebate rate I can give you the net rate and the gross rate.

Q. In addition to the papers you have given, showing the open rate for the same periods, I call for the rates of rebate for the same period and for the same parts of the road, in contrast with the open rates produced by you.

The WITNESS. The rates allowed to everybody?

The CHAIRMAN. Yes; because I simply say to you that the rates you have produced are publicly advertised along the road and are of no earthly use unless you can show the contrast given by special rates, and that is just what we are after.

The WITNESS. That is just what you are getting.

The CHAIRMAN. We have been getting them in small details, and very small at that.

The WITNESS. It is a matter of time. I do not understand that we are limited as to the time in which to do it. We can show it all, with time.

Q. Is there any way by which you can give to this Commission the total sum allowed in rebates in special cases, as against the total of the open rates?—A. Yes; if we can have the time to do it.

EFFECT OF DISCRIMINATION.

The CHAIRMAN. I want to call your attention to the fact that the purpose of the Commission is simply to ascertain what the effect of the course of discrimination under special rates has been as against open rates. You have been kind enough to produce the open published rates. Now, it will be impossible for the Commission to report on the effect of the special rates as against the open rates unless they have both.

The WITNESS. In making up an analysis of the rebates and overcharges that are made and have gone into our accounts for one year, or for a term of years, do you want us to show to the Commission the gross sum so paid that would be in round figures, the representation of every dollar that has been paid in the form of overcharge and rebate, or do you desire us to separate the overcharge and rebate account into items, showing what would be simply a reduction of the tariff and a legitimate reduction of the tariff if, instead of making a rebate of it, or an overcharge by voucher, we had published the tariff at the net figures at which we took the freight, and a justifiable reduction in every case of that kind, as against what you call preferential rates, or rates that reduce the earnings of the Union Pacific Company improperly or irregularly?

CONCERNING AMOUNT OF REBATE.

The CHAIRMAN. I want to know the sums that have been allowed from time to time as a result of special rates, in comparison with the sums that result from the open rates produced by you.

Mr. POPPLETON. That could only be done by taking the records of the company from the beginning and making a complete detailed state-

ment And, even then, it would not be correct, as in many instances it would not show it. Mr. Barriger touched the point of this thing when he said that the rebate rate touched business that would never have been done at the regular rate, but that it did represent earnings on the part of the company, as he said, from five to ten times what it would have got without giving the rebate rate. So what good does it do; how does it benefit anybody; how does it benefit the Government to make a supposition on a hypothetical basis that you and I and every intelligent man knows does not exist, but that the mass, the multitude, the general public imagine has some foundation to it. It seems to me that if such a course as that is entered upon, instead of throwing light on the condition of the railroads, it will mislead, and mislead to the prejudice of both the Government and the company. Of course, if this can be done, if it can be approximated even, my idea and my advice in the matter would be to come as near to doing it as possible—to do it, if possible; and if not possible, to come as near to doing it as possible. But, when it is done, there is not a man at this table who does not know that it will be misleading to any one who does not understand the subject. So far as the outside world is concerned, every figure you make will be a falsehood, necessarily.

THE HORN SILVER MINING COMPANY.

The WITNESS. Allow me to call attention to a fact in connection with what Mr. Poppleton has been saying. Take the case of the Horn Silver Mining Company that I referred to yesterday. There were, in shipments from that company, if I understand it, 3,200 tons of bullion. We had been allowing them a rebate. All the roads that got their shipments allowed the same. By agreement we abolished our rebate. They demanded it. They said they were ready to load on our cars about $60,000 worth of freight, and all they asked was a rebate that would be equal to about $9,000. We refused to allow the rebate. Our competitor did not refuse, and got the business. Now, we lost about $60,000 worth of freight, less the rebate; the competitor gained $60,000 worth of business, less the rebate. If we had paid the rebate and taken the business, our books would show that we had shrunk the earnings of the Union Pacific Railway Company, of which the Government is entitled to 25 per cent.—that we had shrunk those earnings about $9,000. We took the other course and lost $51,000. Now, how am I to show, in such a statement as you call for, the line of distinction to be drawn between an actual rebate that shrinks the earnings of the company and a rebate that makes earnings for the company, a rebate on which our revenues depend and without which we could not get the business?

REBATES.

Q. Can you produce for the Commission a statement showing the total amount of rebates allowed in any one year?—A. I can show what appears on our books under the head of rebate for one year; but I think, as Mr. Poppleton says, that would clearly mislead the public if the figures were given to the public.

Q. Will you also produce a statement showing the gross sum of payments on account of overcharges, the gross sum of payments on account of rebates, the gross sum of pool settlement, and the gross sum of railroad settlements?—A. That inquiry should have been addressed to the comptroller instead of the traffic manager. It is a matter of bookkeeping now.

THE "REFUND OF FREIGHT EARNINGS" BOOK.

Q. Is it not a fact that the "Refund of Freight Earnings" book contains all the information that I have called for? What do you say to that?

The WITNESS. Do you want simply the showing of the figures, without explanation, that appear under the heads of overcharge and rebate?

The CHAIRMAN. Will the refund books show such a statement?

A. I think they would.

Q. What would be the difficulty of making a footing of the separate headings that I have given?—A. That would not be very difficult to do; but what would it mean after it was made?

Q. Will you produce, if it is not difficult to do so, such a statement as I have called for, with any explanation that you see fit to append at the end?

"THE GROSS SUM OF POOL SETTLEMENTS."

Mr. MINK. What is meant by "the gross sum of pool settlements"?

The CHAIRMAN. The entries in your refund book showing the settlements with the different railroad companies.

Mr. MINK. The amount paid?

The CHAIRMAN. Yes.

Mr. MINK. Without regard to the amounts received?

The CHAIRMAN. That is matter of explanation. I have no objection to your appending to it such explanation as you choose.

Mr. MINK. Are these statements to extend from 1869 to 1886, or will a single year answer?

The CHAIRMAN. We want a statement from the beginning. I understand, upon examination of your accounts, that the books are balanced monthly.

Mr. MINK. That is right.

DIFFICULTY IN OBTAINING INFORMATION DESIRED BY COMMISSION.

The CHAIRMAN. Then what is the difficulty in taking the amounts for each year?

Mr. MINK. The difficulty is that in many cases we shall be obliged to go back to the papers on which the vouchers were predicated, and that this will consume time and be most expensive.

The CHAIRMAN. Do I understand you that you desire that the Commission should pay for this information?

Mr. MINK. No, sir; still, I suppose that a statement of this importance should be paid for by the Commission, just as it is paying for the stock lists and the various other statements that are in course of preparation.

The CHAIRMAN. What statements, other than the stock lists?

Mr. MINK. I understand your experts at Boston are drawing off elaborate lists in relation to our land matters. I have not, however, paid much attention to what they are doing, and am not able, therefore, to tell you definitely how the matter now stands.

EXPENSIVE TO THE RAILROAD.

The CHAIRMAN. That work is done by the Commission's officers. What other statement do you refer to that the Commission is paying for?

Mr. MINK. We are keeping an account of the cost of all the statements made for the Commission. I have two or three hundred pages of matter in relation to legal expenses. I suppose the Commission intends to pay for this matter.

The CHAIRMAN. Do you propose to render bills to the Commission?

Mr. MINK. No, sir; still I suppose the Commission will desire to do what is right in the matter. It would be most unfair to throw the cost of this work upon the company.

The CHAIRMAN. We want to see where we are getting to in this matter.

Mr. MINK. These various statements will cost a great deal of money. I suppose that this statement of our legal expenses has cost us not less than $500 for clerk hire. We cannot go roaming over the records of this company for the past sixteen or seventeen years without spending money. What conclusion does the Commission arrive at concerning this question?

The CHAIRMAN. That you are to furnish the information.

OVERCHARGES AND REBATES.

Mr. MINK. Separating the overcharges from the rebates, and the pools from the two?

Commissioner LITTLER. Is this controversy hinging simply on the cost of producing these?

Mr. MINK. No, sir. There will be some cost and trouble; but, of course, we desire to do anything that you may wish done. But these specific vouchers, on their face, may appear to be for overcharges when in fact they are for rebates. There is a difference between the two. An overcharge voucher is made, of course, to correct an error; a rebate voucher is made pursuant to an arrangement with the shipper or the consignee. We shall have to go back to the original papers to ascertain whether the vouchers are in fact for overcharges or rebates, as we have taken no special care to distinguish between the two in phrasing the vouchers.

Commissioner LITTLER. You are willing, as I understand it, to furnish this information, notwithstanding the amount of labor involved, if the Commission will furnish you pay for it.

Mr. MINK. We will, if it is desired, furnish it without the Commission's paying for it. I merely wish the Commission to understand that this is a question of a great labor and expense.

The CHAIRMAN. At what do you estimate the expense?

Mr. MINK. I could not estimate it.

AUTHORITY OF COMMISSION TO PROCURE THE INFORMATION SOUGHT.

Mr. POPPLETON. May I ask you, Mr. Chairman, under what clause of the act this particular information is asked for? It is worth while, once in a while, to ascertain on what basis we are working; because it is an enormous work.

The CHAIRMAN. Under this clause (reading from the act):

What amounts have been deducted from the gross earnings of any of said aided railroad companies, by their general freight and passenger agents or auditors, by way of rebate, percentage of business done, constructive mileage, or monthly or other payments, on any pooling or rate arrangement, contract or agreement.

EARNINGS MADE UP AFTER MAKING DEDUCTIONS.

Mr. MINK. I should say that nothing had ever been deducted from the earnings of the company on any of those accounts, for the reason that

the "earnings" of the company are made up of the amounts remaining after making the deductions. As to any subsidy, such as, for instance, the Pacific Mail, or as to any special line of inquiry, we shall be glad to furnish whatever figures may be required. Any sums of money coming into our hands and afterwards paid out in the way of rebates are so many transactions in trust moneys, which cannot be esteemed to affect our revenues or income, though they may affect our receipts. They do not belong to us, and ought not to be treated in our accounts as if they did. Such shipments are made on the basis of the net rate, and not on the gross rate. It cannot be said that these shipments are made on the gross rate. They are made on the net rate.

THE FREIGHT BUSINESS AS A TRUST FUND.

The CHAIRMAN. Suppose you made your whole freight business a trust business under special rates?

Mr. MINK. Ah, but we do not.

The CHAIRMAN. But suppose you did? The principle holds good. If it is good in one case it would be good in a thousand. Suppose you had an open rate and published it in every direction, and then, in most of your business, you made a special rate, you could make such conditions as you pleased, and could then say that it was a trust fund, and that you were not, therefore, accountable.

Mr. MINK. That would be true, if agreements were made with the shippers beforehand.

GROSS EARNINGS.

Mr. POPPLETON. Gross earnings, as I understand it, means the amount of money that the company receives for the business that it does. I do not see how these published tariffs have any relation to the gross earnings, and if they have not, this inquiry is, in reality, as I have said before, fruitless and misleading. But it is not required. It is not authorized. Suppose it was a question of gross earnings, and, in a court of justice, a lawyer should get up and propose to put those tariffs in as proof of the gross earnings of the company, he would not be listened to for a moment. They do not represent the gross earnings, and have no relation to the gross earnings. Supposing those to be the rates, and supposing the company has a given amount of business, the gross earnings would be so much; but we are not dealing with supposition.

GROSS EARNINGS AND EXPENSES HAVE NOTHING TO DO WITH THE PUBLISHED TARIFF.

The gross earnings and expenses of the company have been reported to the Government, and have appeared from year to year. They have nothing to do with this published tariff, and throw no light on the subject, nor does it indicate in any way what the gross earnings are. The thing, it seems to me, that the Commission is required to do, under that clause, is to find out what the gross earnings are. The Government has been represented here by a board of directors ever since the passage of the Thurman bill. It has been represented by a commissioner, whose business it is to probe into the business and books of the company and see that it has proper information. That commissioner has reported the gross earnings; and the Government directors have

made similar reports; and it has been going on from year to year. That information is before the public, and that law does not assume that it is not before the public. It does not ask that gross earnings are to be dug out in some occult or secret way, and that nobody knows anything about it at the present time; but it does assume that this Commission shall find out, if possible, what the company has lost from the gross earnings that they have received by the payment of rebates and overcharges.

DIFFICULTY OF COMPARING THE ACCOUNTS.

I do not see what relation this printed tariff has to the matter in any shape or form. Hence, when you ask us to compare the two, you impose the labor of perhaps six months or a year on clerks at work in these offices in digging out information, which, when they have got it out, will do nothing but deceive and delude any man who has not the brains to comprehend railway business and the principles on which it is done. It does not seem to me that this Commission should impose on this company the enormous labor and expense of doing a thing that is fruitless in the end, and is of doubtful requirement and authority under that act of Congress. Of course, if the Commission say so, we must do it.

The CHAIRMAN. (To the secretary) Read the question.

The question was read, as follows:

Q. Will you also produce a statement showing the gross sum of payments on account of overcharges, the gross sum of payments on account of rebates, the gross sum of pool settlements, and the gross sum of railroad settlements?

RAILROAD SETTLEMENTS.

Mr. MINK. What is meant by railroad settlements?

The CHAIRMAN. Do you not ever have any railroad settlements?

Mr. FINK. Every day; yes, sir. But I do not really get the bearing of the question. For example: We repair a car for the Chicago, Rock Island and Pacific Company—put in a new door, or something of that kind—we pay them for the use of a car, or for their share of our ticket sales, or for their share of any traffic over their road. In turn they do the same for us. If credits are given, a balance struck, and accounts pass from one road to the other, the "settlement" might be represented by an insignificant payment, though involving large sums on both sides.

THE "REFUND OF FREIGHT EARNINGS" BOOK.

The CHAIRMAN. What does the book of the "Refund of freight earnings" show, other than your pool settlements, your rebate settlements, your overcharges, and railroad settlements?

Mr. MINK. It has nothing to do with anything except traffic matters. That is, overcharges, rebates, and amounts paid on account of pools. It also contains some corrections as between one department of the road and another. Frequently sums are at first carried into our freight earnings that belong in the passenger earnings. Such errors would be corrected here. In an organization of this character adjustments must go through the department in the regular way. As a correction, as a refund, it would go into the refund book, notwithstanding which it is merely an adjustment between the two departments of our own service.

The CHAIRMAN. Will you please show, in answer to the questions that have been put, the statements that can be obtained from your "refund of freight earnings" book for the several years during which you kept the book?

Mr. MINK. Is not that the same question in another form?

WHAT THE REFUND BOOK SHOWS.

Commissioner LITTLER. I think you are magnifying this. I may be mistaken. As I understand, these books of rebate and overcharge are balanced every month. Is that so?

Mr. MINK. Yes, sir.

Commissioner LITTLER. They show an aggregate amount of balance every month. Now, would it be any very great amount of labor to turn to those books, month by month, and show the monthly balances and footings?

Mr. MINK. No trouble at all. A few figures would cover it.

Commissioner LITTLER. And would it be any hardship to the company if the officers were allowed to make such explanations as they wish?

Mr. MINK. Not at all.

The CHAIRMAN. That is exactly what we want. The books for 1883, 1884, 1885, and 1886 show, in the aggregate, $8,000,000 that have gone from the company in rebates, in the settlement of pools with railroads, as well as account of overcharges and other payments that I call "settlement," simply to cover everything that I do not know about.

Mr. MINK. I understand you fully now, and we will furnish such a statement with great pleasure; but to me it seems to have no significance.

Mr. POPPLETON. Well, furnish it, and put right on the face of it any explanation you wish.

Mr. MINK. The Commission does not ask now that any distinction be made between the three classes of settlements. The Chairman will be satisfied with the gross footings.

The CHAIRMAN. No; that is not fair, Mr. Mink; the difficulty between us all along has been about words. If I do not put in certain words you take advantage of it.

DIFFICULTY OF DISTINGUISHING BETWEEN "OVERCHARGES" AND "REBATES."

Mr. MINK. I desire to assure you, Mr. Chairman, that I do not intend to take any advantage. But in this case the distinction between a rebate and an overcharge is so difficult of determination that if the question is left in its original form it will impose upon us a great deal of work.

The CHAIRMAN. We will put it, then, in this shape: Will you furnish to the Commission a division of the sums to which they severally belong, that appear from year to year in the book entitled "Refund of freight earnings?"

Mr. MINK. Does that involve the distinction between rebate and overcharge—"a division of the sums to which they severally belong?"

The CHAIRMAN. Yes.

Mr. MINK. Well, that is the very point of the objection. However, I do not wish to prolong the discussion; neither do I wish to appear to be contending over technical terms.

Commissioner LITTLER. If they are content to furnish the statement that we have called for, and if they are content to let it go without explanation, let them do it.

Mr. POPPLETON. My opinion would be that it would be better to furnish it without any explanation, because then the figures would be absolutely worthless.

The CHAIRMAN. What is your answer, Mr. Kimball? You appear as the witness.

Mr. KIMBALL. My answer would be that we will furnish the statement as requested by the Commissioners.

The CHAIRMAN. When?

Mr. KIMBALL. As soon as possible.

THE QUESTION OF REBATE.

Commissioner LITTLER. I think this whole question of rebate, so far as it depends on the officers of the road, depends on whether they give greater rebates than the necessities of commerce required in order to insure the business. That is the point to which it will narrow down, finally, I think.

Mr. MINK. I think the question is one of policy and ought not to have any bearing on the accounts of the company.

Commissioner LITTLER. It will involve the correct management of the road. If you gentlemen have been frittering away the earnings of the road, when it was not necessary, in paying rebates, &c., you will be found reprehensible.

Mr. KIMBALL. If, on the other hand, we show that we have not given as many preferential rates as our competitors I suppose we shall be commended.

OVERCHARGES, REBATES, POOL, AND RAILROAD SETTLEMENTS.

Mr. MINK. The question, as it now stands, Mr. Kimball, is virtually in its original form: A statement of payments made on account of overcharges, rebates, pool, and railroad settlements.

Mr. KIMBALL (to the Chairman). Do you wish to include all those?

Mr. MINK. I understand from Mr. Norris that he desires to have, stated separately, any amounts paid out on traffic settlements to railroads, whether on account of pools or to reimburse them for payments made on our account. In other words, he wants to know what is on our refund book.

The CHAIRMAN. That is all.

Mr. NORRIS. A division of it into four parts.

REBATE CONTRACTS.

By the CHAIRMAN:

Q. Have you produced your copies of rebate contracts?

The WITNESS. Rebate contracts in what cases?

The CHAIRMAN. In any cases that you made them.

A. No, I do not recall any that were asked for.

The CHAIRMAN. They were called for on June 20. What is the answer?

The WITNESS. Did you ask me if I was prepared to furnish rebate contracts?

The CHAIRMAN. Yes.
A. I am not, sir.
Q. When will you be?—A. As soon as possible.

AVERAGE COST OF GOVERNMENT TRANSPORTATION BY THE UNION PACIFIC BEFORE COMPLETION.

Q. There was a call for the average cost per annum of Government transportation in the regions now traversed by the Union Pacific Railway, between 1850 and the time of completing the road. Have you got that?—A. I have a clerk engaged on that now, and I hope to be able to report to you some information before your sessions close here.

AVERAGE COST SINCE COMPLETION.

Q. And the average cost per annum of the Government transportation since the completion?—A. Yes; and also some data as to the rates charged before the construction of the road, on overland freight.
Commissioner LITTLER. That is one of the subjects of inquiry in this bill.
The WITNESS. Yes; I noted that, and have a man at work on it.
Q. There was a question: "Have the United States Government, since the completion of the Union Pacific Road, granted aid in land or money to competing roads, and if so, in what respect it has impaired or injured the traffic of the Union Pacific;" have you got that?—A. That is also in course of preparation.
Mr. MINK. Is the statement of rebates and overcharges to include the rebates, &c., on the branch lines, or only the Union Pacific subsidized road and the Kansas Pacific subsidized road?
The CHAIRMAN. The branch lines.
Mr. MINK. The whole system?
The CHAIRMAN. The whole system. This book includes them.

RAILROAD TARIFFS.

By Commissioner LITTLER:

Q. How far back do these tariffs go, that you have furnished this morning?—A. Some of them, I think, to 1883 or 1885. The tariffs that date back to 1880, about the time that these constructive mileage rates were adopted, I am having worked up. You know we ordinarily destroy tariff stock, when one tariff supersedes another.
Q. Do you not keep files of all tariffs?—A. We keep a few files; but they have been badly broken into by calls from the Government at different times. But I have a clerk at work on that to show either the tariff itself in effect in 1880, or the basing rates on each division of the line.
Commissioner LITTLER. Notwithstanding that they are published on the road, they are not familiar to the people of the United States generally, and especially to the members of Congress; and one of the questions involved, I understand, is whether your tariff rates have been fair and reasonable, as published.
The WITNESS. That work is in hand now.
Q. Have you any copies of your rates on file?—A. I have a clerk at work on that now, who looks on the tariffs and from such information as we can get from the freight books and other sources, to get what the basic rates were. I understand now that you want us to go back as far as we have tariffs.
Commissioner LITTLER. Yes; we want to know.

The CHAIRMAN. I will hand you back the rates you have handed in this morning, which seem to be rates since the passage of the interstate commerce law, and ask you to amend it by including the rates prior to that time.

Commissioner LITTLER. It is a specific requirement of the act to report the rates of freight and passenger traffic both.

Mr. POPPLETON. They cannot be reported when they do not exist.

Commissioner LITTLER. Of course, we do not want you to do anything that you cannot do.

Mr. POPPLETON. But is it not a fact that all these rates are in the Government Commissioner's office at Washington?

Commissioner LITTLER. If they are that would help us. I do not know why this law should require this information if the information is already in the Commissioner's office.

Mr. POPPLETON. Well, that is one of the questions that bothered my mind.

The WITNESS. I doubt whether all of these tariffs are in the Commissioner's office.

BUSINESS RESOURCES OF THE UNION PACIFIC COUNTRY.

Q. Have you your reports or correspondence as to the business resources of the country through which the Union Pacific Company contemplated building or did build?—A. I have not; and have not had time to look into the matter.

Q. Have you your advertising accounts from 1871 to 1880, while you were general passenger agent?

Mr. MINK. They will have to be prepared in the accounting department.

The CHAIRMAN. You are preparing it?

Mr. MINK. I sent word to our auditor. I cannot say that he is preparing it, but I have no doubt that he is. It is going to take a long time to work up this statement. I suppose that not more than two or three men can work at it at one time; but we will get it out as soon as possible. I understand you wish the name of the person to whom the money was paid and the amount, or something of that sort.

STATEMENT IN REGARD TO REBATES.

I have just spoken to Mr. Young, our auditor, on the question of rebates, and, in his opinion, we could not possibly get that statement out short of an expense of $15,000 to $18,000. He has gone to make some further examinations; but I thought I would mention his estimate to you. The difficulty is in the direction I have already pointed out, namely, the distinction between a rebate and an overcharge.

The WITNESS. Yes; and without the explanation it would mislead the public and the Government.

Mr. MINK. I do not think it can be made for any such sum, myself.

"CONSTRUCTIVE MILEAGE."

The CHAIRMAN. You must remember, Mr. Mink, that you were a long way out in your estimate of constructive mileage.

Mr. MINK. I think you ought to recollect that when I gave you my estimate on constructive mileage it was announced to be the rankest kind of a guess, and that I then had no satisfactory information on

which to base the estimate. I thought those allowances would represent a net sum of $600,000 a year, and I am apparently out of the way about $200,000. The freight business shows about $300,000, and my estimate is that the passenger business amounts to $75,000 or $100,000 more. That makes about $400,000, and leaves me out of the way about $200,000. I do not think it a poor estimate.

INFORMATION IN REGARD TO REBATES.

The CHAIRMAN. The information as to rebates is bound to come out in the examination of your income account. It will have to be gone over in that. We shall have to have it somehow. You have to get it yourselves, here in Omaha, before sending your returns to Boston and before making your returns to the Government.

Mr. MINK. We have already shown you the principle upon which the amount is stated. The earnings of the company are supposed to be the sums received for doing the business. If now, by any chance or arrangement, a sum of money passes into our hands and remains there for ten or fifteen days, or for six months, and belongs to our customer, we do not mean to include it in our earnings. It is a debt and belongs to the customer.

A POOL PAYMENT A TRUST FUND.

Q. Is a pool payment a trust fund?—A. Yes; I understand it to be from the time the contract is made.

Q. For whom are you acting as trustee?—A. The associates, the members of the pools.

Q. The more pools the more the trust fund enlarges?—A. Precisely.

The CHAIRMAN. At that rate a large portion of the business might eventually be run into a trust fund?

Mr. MINK. So far as the share in the pool belonged to the other companies it would; yes, sir.

The CHAIRMAN. If so, then, with all those funds, although representing the large sum of business of the corporation of the Union Pacific Railway Company, there would be no accounting to the Department of a sum on which the gross income was based?

Mr. MINK. Yes, sir; there would be an appropriate method of accounting, since whatever share in the pool the Union Pacific enjoyed would represent part of our gross income.

The CHAIRMAN. After settlement?

Mr. MINK. We might not wait for the final settlement. We know what the percentages are and what is due to the pool. We pass to the credit of the others their share and appropriate our own share. It seems to me to be a very simple proposition.

RELATION OF POOLS TO RAILROAD EARNINGS.

Commissioner LITTLER. A very large portion of the entire earnings of the company, as I understand you, arises from these pools?

Mr. MINK. Yes; there are a great many of them. Mr. Kimball can tell you how much of the territory is covered by pools.

The CHAIRMAN. What proportion of the traffic for the year 1885 or 1886 was pool business?

Mr. MINK. I could not answer that question. Mr. Kimball can tell.

The WITNESS. We can show that from our books, but I should hardly care to guess on it. My guess might be "rank." [Laughter.]

Q. You mean as to the pool traffic?—A. The percentage that the pool traffic bears to the whole traffic.

LETTERS TO MEMBERS OF THE LEGISLATURE, ETC.

Q. Have you ready any copies of your letters written to members of the legislature?—A. I have not looked them up yet, but I have a young man who was at it all day yesterday, searching for them.

Q. Have you examined your diary, and are you prepared to furnish all public information it contains regarding the Union Pacific Railway?—A. I have not had time to look at that yet.

The CHAIRMAN. We have not very long to stay here, Mr. Kimball. Have you the statement showing the amount paid by the Union Pacific Railway Company on account of the right of way in Nebraska?

Mr. MINK. That was referred to me.

The CHAIRMAN. Have you that ready?

Mr. MINK. No; not now.

The CHAIRMAN. When will it be?

Mr. MINK. I thought it would be handed down this morning; it is well under way.

The CHAIRMAN. Have you produced the records showing special passenger rates since 1880?

Mr. MINK. They also are being prepared.

The CHAIRMAN. We called attention to the demand for printed schedules of the regular rates, open local rates, since 1880.

The WITNESS. 1880 and since?

The CHAIRMAN. Yes, sir. Our call on June 21 included the rates since 1880. That included freight and passenger rates.

Q. Have you any record ready as to the basis on which rates of constructive mileage were based?—A. That I am having prepared.

Q. Have you ready the written and printed instructions that were called for as to freight and passenger rates?—A. That is being looked up in the books of correspondence now.

THE OMAHA ELEVATOR AND STANDARD OIL COMPANIES.

Q. Have you the information called for on June 22 as to the date or period when the rebate system to the Omaha Elevator Company commenced, and how long it continued, and when the company began allowing rebates to the Standard Oil Company? There was also a call on June 22, as follows: "What was the rate allowed the Standard Oil Company prior to 1884; also the rate January 1, 1884, to April 1, 1885, to San Francisco; also what allowance was made by the Union Pacific for the return of cars for other shippers than the Standard Oil Company; also the amount charged, if any, for the return of the tank cars of other shippers than the Standard Oil Company." Have you not any of this information ready? We called for it on June 22.

The WITNESS. In the form in which these questions are now put, some of the preparation that is going on, and about ready to answer, will not be applicable

The CHAIRMAN. These are taken from the stenographer's notes as they were called for. They are not new questions. These are the stenographer's minutes that I am reading from.

There was also called for the total amount of rebates allowed the Standard Oil Company since the beginning of the rebate allowances to that company.

Mr. MINK. I have here now [handing it to the chairman] a copy of the lease made with the Omaha and Grant Smelting and Refining Company.

The paper is as follows:

LEASE OF UNION PACIFIC RAILWAY COMPANY WITH OMAHA AND GRANT SMELTING AND REFINING COMPANY.

Agreement No. 1009.

This indenture, made this twenty-third day of April, A. D. 1886, between the Union Pacific Railway Company and the Omaha and Grant Smelting and Refining Company, witnesseth:

(1) That the said railway company, in consideration of the covenants and agreements of the said smelting and refining company hereinafter set forth, does by these presents demise, lease, and let unto the said smelting and refining company the following described premises, situate in the city of Omaha, Douglas County, State of Nebraska:

(2) Beginning at a point where the south line of Cass street intersects the east line of Seventh street; thence south along the east line of Seventh street 966 feet to a point 42 feet north of the north line of Capital avenue; thence south 32° 30′ east 925 feet to the north line of Douglas street; thence east to the bank of the Missouri River; thence northerly, following the meanderings of the Missouri River, to the south line of Cass street; thence west along the south line of Cass street to the place of beginning; containing fourteen acres, more or less. A correct plat of said premises is hereunto attached, marked Exhibit "A," to which reference is had for greater certainty.

(3) To have and to hold the same to the said smelting and refining company for the period of twenty-five years from the date hereof, for the purpose of smelting and refining ores, and such other business pertaining thereto as said company may engage in: *Provided, however*, and it is hereby expressly stipulated, agreed, and understood, that said railway company leases and demises to said smelting company no other or different or greater estate in the above-described premises than is vested in it (said railway company) at the date of making this lease; and covenants to continue said Smelting Company in possession thereof no further or longer time than its own lawful possession continues, and in case of the eviction of the said railway company from said premises, or any part thereof, at any time, such eviction shall operate to terminate this lease as to that portion of the premises upon which such eviction operates.

(4) And for the consideration aforesaid the said railway company covenants and agrees to furnish all material for, and to lay upon the grading therefor, as hereinafter set forth, all necessary tracks over and upon said premises, which the said smelting and refining company may require to be laid for the handling of its freight and material in the prosecution of its business, and to do all switching of its cars within its premises necessary in placing the same for loading and unloading freight, or material therefor, free of charge to the said smelting and refining company.

(5) In consideration of the leasing aforesaid and of the foregoing covenants on the part of the said railway company, the said smelting and refining company agrees to pay as rent therefor the sum of $150 per month, payable at the expiration of each quarter during said term, and to pay all taxes and assessments which may be assessed, levied, or in any manner imposed, or fall due upon said premises, or any part thereof, during the period of this lease.

(6) And it further agrees to do all necessary grading for the road-bed of such tracks over and upon said premises as may be required as aforesaid.

(7) It is mutually agreed and understood that the land herein leased shall revert to the said railroad company whenever the said smelting and refining company shall cease to use it for the purpose hereinbefore stated; at the expiration of this lease the said smelting and refining company shall have the right, within a reasonable time thereafter, to remove from said premises all buildings, structures, and other property belonging to it.

It is hereby further agreed that this lease may be terminated by the lessee at any time by giving the lessor six months' notice in writing.

(8) And the said smelting and refining company further agrees that at the expiration of the lease, or at any earlier termination thereof, it will give peaceable possession of said premises to the railway company, and that if any portion of the rents stipulated for herein shall not be paid when the same become due, according to the tenor and effect hereof, or if the said smelting and refining company shall fail in the

performance of its agreements herein contained, or any part thereof, then the said railway company may, at its option, declare the lease at an end and retake immediate possession of the said premises.

(9) These covenants herein contained shall extend to and be binding upon the representatives, successors, and assigns of the parties hereto.

(10) Nothing in this lease shall be construed as conflicting with or abrogating any of the terms of the contract now existing between the said railway company and the Grant Smelting Company of Denver Colorado.

In witness whereof the said parties have caused these presents to be signed, executed, and acknowledged by their respective presidents and attested by their respective secretaries, with the seals of the respective companies hereto attached, the day of the year first above written.

[SEAL.] CHARLES FRANCIS ADAMS, JR.,
President Union Pacific Railway Company.

Attest:
HENRY MCFARLAND,
Secretary.

Witness the signature of Charles Francis Adams, jr.;
J. S. SHROPSHIRE.

GUY C. BARTON,
President Omaha and Grant Smelting and Refining Company.

Attest:
E. W. NASH,
Secretary.

Witness the signature of E. W. Nash and Guy C. Barton:
F. R. MCCONNELL.

STATE OF NEBRASKA,
County of Douglas, ss:

On this 24th day of April, A. D. 1886, before me, J. S. Shropshire, notary public in and for said county, personally appeared Charles Francis Adams, jr., who is personally known to me to be the president of the Union Pacific Railway Company, and the identical person whose name is affixed to the above lease, and who acknowledged the instrument to be his voluntary act and deed, and the voluntary act and deed of the Union Pacific Railway Company.

Witness my hand and official seal the date aforesaid.

[SEAL.] J. S. SHROPSHIRE,
Notary Public.

STATE OF NEBRASKA,
County of Douglas, ss:

On this 4th day of May, A. D. 1886, before me, a notary public in and for said county, personally appeared the above-named Guy C. Barton, who is personally known to me to be the president of the Omaha and Grant Smelting and Refining Company, and the identical person whose name is affixed to the above lease, and who acknowledged the instrument to be his voluntary act and deed, and voluntary act and deed of the said Omaha and Grant Smelting and Refining Company.

Witness my hand and official seal the date aforesaid.

[SEAL.] J. S. SHROPSHIRE,
Notary Public.

TO WHOM REBATES ARE ALLOWED.

The CHAIRMAN. I call your attention to information you said you would furnish, in many of the individual cases that I read to you yesterday, as to whom rebates had been allowed, from time to time. You said you would examine, and give the Commission the information.

The WITNESS. You gave me a list of companies and firms; and that is being looked up.

The CHAIRMAN. I will furnish you a list of names, reading them over now, where rebates were allowed, that appear upon the refund book for 1885 and 1886, and ask that you furnish information in each case, stating what parties are interested in each company, the location, and the reasons for the allowance of rebates, and whether the Union Pacific Railway Company, or any of the directors, officers, or employés, have any interest in any of the companies named, and whether there are any

public officers interested in any of the firms or companies named, or were interested during the time of the allowance of the rebates.

The WITNESS. What is meant by "public officers?"

Commissioner LITTLER. Any public official.

The CHAIRMAN. Federal, State, or local.

THE CONSTRUCTIVE MILEAGE ACCOUNT: HOW KEPT.

Q. Does the book entitled "Refunds of freight earnings" show the allowances on account of constructive mileage?—A. I could not answer that.

Q. Who could answer that?—A. Possibly Mr. Mink may answer it.

The CHAIRMAN. Mr. Mink, what do you say as to that?

Mr. MINK. It does not.

The CHAIRMAN. Where is that account shown?

Mr. MINK. It would be in our freight auditor's office, here in the building.

Q. Will you produce that?—A. There is no account showing the amount allowed for constructive mileage. An account, however, can be prepared from materials in our freight auditor's office.

The CHAIRMAN. Have you any book containing the constructive mileage account?

Mr. MINK. No; we have no such account.

The CHAIRMAN. Where do you keep your constructive mileage settlements?

Mr. MINK. We have no such settlements. The settlements are made on the basis of constructive mileage.

The CHAIRMAN. Where do you make an entry in any book of any constructive mileage rate in settlement of a constructive mileage account?

Mr. MINK. I do not think I understand your question. To prepare an account covering the distribution of the earnings the percentages would first be ascertained on the basis of the actual mileage, on the one hand, and the constructive mileage on the other. Those percentages having been ascertained, the earnings would be divided accordingly. There is no account to show how much is allowed to a branch line in the way of constructive mileage under the agreed or established percentages, as opposed to the amount that would be allowed to that branch on a straight mileage basis.

DEDUCTIONS ON ACCOUNT OF CONSTRUCTIVE MILEAGE.

The CHAIRMAN. Where do you keep the account showing deductions on account of constructive mileage from the gross earnings?

Mr. MINK. We have no such account.

The CHAIRMAN. Or from the net earnings?

Mr. MINK. We have no such account.

The CHAIRMAN. What do you deduct them from?

HOW CONSTRUCTIVE MILEAGE ACCOUNTS ARE MADE UP.

Mr. MINK. They are not supposed to be a part of the net earnings. I do not know that I can do better than to give you an illustration. Take the case of a haul of 100 miles; 50 miles on the Union Pacific and 50 on one of the branch lines. Under an agreement the branch line mile is to be allowed, say, 2 miles for 1. It would therefore be

taken into the account as 100 miles for the branch against 50 miles for the main line. The proportions would therefore be two-thirds on the branch line as against one-third on the main line; although the exact mileage proportion would be 50 per cent. on the one and 50 per cent. on the other. When the percentages are ascertained they are furnished to the auditor, and he makes up the accounts on the basis of the arrangement. No account is kept of the way the matter would stand if the arrangement had not been in force. Therefore, to answer your question we should have to go into the account in detail, and at great length.

WHEN AND WHERE.

The CHAIRMAN. How often does the freight auditor make the settlements?

Mr. MINK. Monthly.

The CHAIRMAN. From what book can the Commission get the information?

Mr. MINK. From the freight auditor's account.

The CHAIRMAN. Can you produce now an account for the month of February or March?

Mr. MINK. Do you mean an account showing the settlements between the main lines and the branch lines?

The CHAIRMAN. Yes.

Mr. POPPLETON. I do not think the company ought to decline to furnish any information on account of cost, trouble, or expense.

Mr. MINK. We do not.

Mr. POPPLETON. Or to seem to do so, whether the request is made as "modified" or as originally put. I would come just as near to it as I could, and get at it just as quickly as I could.

Mr. MINK. I think it only right to inform the Commission what expense is involved in the question.

COMMISSION LIMITED AS TO TIME.

The CHAIRMAN. To us time enters into it just as much as money, because we must get through by the fall; certainly by the 1st of October. Therefore the question of time with us is as important as that of money; more so in this matter. Therefore we want, if possible, to bring it in time within the work of the Commission. I am willing to say from January, 1884, and 1885 and 1886.

Mr. MINK. To December 31, 1886?

The CHAIRMAN. Yes. And then simply add to that the titles of books of prior years, which can be taken off, I think, in an hour.

Mr. MINK. Oh, yes; that is nothing at all.

Mr. POPPLETON. Then add to that a full explanation of the railway company's view of the bearing that it has.

The CHAIRMAN. Oh, yes; any explanation.

Commissioner LITTLER. Anything you want.

INFORMATION AS TO REBATES.

Mr. MINK. I understand the fourth clause of the request calling for railway settlements on any of these preceding accounts, includes any amounts paid to other railroad companies to reimburse them for overcharge or rebate payments, or anything else paid by them on our account?

The CHAIRMAN. The simplest way to put it is an analysis of this book.

Mr. MINK. Then this request stands modified so as to make it go back to January 1, 1884?

The CHAIRMAN. Of course you will make an explanation as to the other question. We only recall that because from your statements it is utterly impracticable and impossible.

Mr. MINK. You would like me to give my idea of cost?

The CHAIRMAN. Yes; because we only modified it on that account. If it takes twenty years, of course it would be absurd to ask it.

Mr. MINK. I think we can get at the information you want from the 1st of January in a few weeks.

The CHAIRMAN. You had better put it on record that you cannot furnish the call as it originally stood, because there is not sufficient time.

Mr. MINK. Because there is not sufficient time; I will not say anything about the expense. But the request as modified we can furnish in a reasonable time.

The CHAIRMAN. The request is only modified because of the time it would take and the large expense involved.

Mr. MINK. I understand it so.

The CHAIRMAN. Will you produce that account?

Mr. MINK. I have sent up-stairs for it.

"MOVEMENT AND DISTRIBUTION OF FREIGHT EARNINGS" BOOK.

(The book called "Movement and distribution of freight earnings" was here produced.)

The CHAIRMAN. In explanation of the constructive mileage account this book is produced. What does it contain in reference to constructive mileage?

Mr. MINK. It shows the distribution of the earnings made on shipments passing from a point on the Union Pacific Railway Company's lines to a point on one of the so-called branch lines, or *vice versa*.

ITS RELATION TO THE CONSTRUCTIVE MILEAGE ACCOUNT.

The CHAIRMAN. What relation does this book bear to the constructive mileage account?

Mr. MINK. I have answered that question.

The CHAIRMAN. Where is any constructive mileage account shown in this book?

Mr. MINK. I will answer that by giving an illustration. On page 7 of this distribution book is shown the earnings on shipments between Council Bluffs and, say, for illustration, Georgetown, Colo. The gross earnings of the Union Pacific system on those shipments were $157.58, of which $2.13 was assigned to the Omaha Bridge, $73.06 to the main line, Union Division, $82.39 to the Colorado Central from Julesburg to the point of destination.

The CHAIRMAN. When was the division made?

Mr. MINK. It was made soon after the close of January. This distribution was made in the month of February.

MONTHLY SETTLEMENTS.

The CHAIRMAN. Are all such items belonging to the same business of shipment and the same places thrown together at the end of the month, as you have read off, in monthly settlements?

Mr. MINK. Yes, sir; all the settlements from one point to every other point you see in this book are put in here in territorial order.

The CHAIRMAN. Then as they appear from time to time in each month they are finally totalized at the end of the month; and to that particular point that you have used by way of illustration it is summed up and the settlement made with the road in the way you have named?

Mr. MINK. Precisely.

"JOINT EARNINGS."

The CHAIRMAN. Where does that settlement for the road you have named come in?

Mr. MINK. For instance, at the head of the column marked "Union Division, Main Line," appears the proportion of the joint earnings credited to the main line of the Union Pacific; under the head of "Colorado Central" appears the proportion of the joint earnings credited to that division.

The CHAIRMAN. Where does the settlement appear finally?

Mr. MINK. For the month in question, the earnings of the system on east bound shipments were $613,159.58; on west bound shipments, $649,040.16. The succeeding column shows the distribution between the Omaha Bridge, the main line, Kansas Pacific, and Leavenworth Branch, &c.

NET EARNINGS.

The CHAIRMAN. From the net earnings, what did they get?

Mr. MINK. The Omaha Bridge, on east bound shipments, received $10,439.06; west bound, $22,267.80; the main line of Union Pacific, east bound, $273,810.63; on west bound, $256,680.47; the Kansas division, on east bound—

The CHAIRMAN. Now you are following one case. You have the one of January, and I want you to follow that through the divisions.

Mr. MINK. I am doing it.

STATEMENT OF CONSTRUCTIVE MILEAGE SETTLEMENTS FOR JANUARY, 1887.

Railroads.	South bound.	North bound.	East bound.	West bound.
Kansas Pacific			$92, 982. 22	$145, 033. 29
Leavenworth Branch			1, 320. 02	3, 706. 49
The Cheyenne division			20, 793. 55	11, 463. 35
The Omaha and Republican Valley Railroad			33, 698. 03	19, 228. 22
The Omaha, Niobrara and Black Hills			4, 999. 80	1, 726. 46
Echo and Park City			4, 019. 78	1, 871. 33
Colorado Central Railroad			34, 266. 92	46, 231. 67
Salt Lake and Western Railroad			3, 473. 70	480. 79
Denver, South Park and Pacific			39, 529. 23	17, 622. 51
Utah and Northern	15, 001. 06	61, 033. 04		
Oregon Short Line			28, 428. 42	43, 903. 89
Greeley, Salt Lake and Pacific			2, 070. 73	598. 27
Lawrence and Emporia			944. 19	65. 94
Laramie, North Park and Pacific			87. 24	Nothing.
Solomon Railroad			3, 322. 49	2, 747. 69
Salina and Southwestern			1, 536. 28	1, 806. 53
Denver and Boulder Valley			4, 845. 90	1, 060. 65
Denver, Marshall and Boulder			8, 950. 57	1, 291. 39
Georgetown, Breckenridge and Leadville			1, 054. 00	127. 63
Kansas Central			5, 066. 63	5, 454. 73
Salina, Lincoln and Western			1, 018. 15	1, 089. 81
Denver and Middle Park			411. 44	12. 39
Manhattan and Blue Valley			6, 966. 70	5, 672. 96
There should be added to the earnings of the Omaha and Republican Valley the earnings of the Grand Island Branch			4, 131. 18	2, 394. 19

The CHAIRMAN. The figures you have given are the totals for the constructive mileage settlements for the month of January, 1887?

Mr. MINK. Yes.

The CHAIRMAN. Under what rates?

Mr. MINK. Under the constructive mileage rates in force in the system. So far as the earnings were local to each of these various lines, of course the constructive mileage rates do not affect them. So far as the business was interchanged between the parent line on one hand and the branch line on the other, of course the constructive mileage rates will affect the earnings.

The CHAIRMAN. Where do the rates for the constructive mileage appear in this statement? What are the rates on which you base these allowances for the month of January? Are the rates given by Mr. Kimball as to the rates of constructive mileage the basis of the rates for the calculations in the month of January, 1887?

Mr. MINK. I understand that to be so.

Mr. KIMBALL. I understand, Mr. Mink, you have filed with the Commission a statement of the actual division and the constructive mileage division.

Mr. MINK. For that single month as an illustration; yes.

THOS. L. KIMBALL.

Afternoon session.

STATEMENTS PRODUCED BY COMPANY.

Mr. MINK. I have here a number of statements that I wish to put in. They are as follows:

A statement of legal expenses of the Union Pacific Company from 1863 down to the consolidation in January, 1880.

Also, a statement of the legal expenses of the Kansas Pacific Railway Company from April, 1867, to January 31, 1880; which includes the Leavenworth Branch.

Also, a statement of legal expenses of the receiver of the Kansas Pacific Railway, including the Leavenworth Branch from November 1, 1876, to August, 1879.

Also, a statement of legal expenses of the Union Pacific Railway Company (the present organization) from February 1, 1880 (the date of the consolidation of the accounts), to December 31, 1886.

I think there is a request on the record for us to furnish a detailed statement of the advertising account. I understand that that request is, to some extent, modified, and I do not want to appear on the record as not producing it.

The CHAIRMAN. I understand that you have taken off the total of the advertising account, and taken it into your annual account.

Mr. MINK. Yes, sir.

The CHAIRMAN. That includes everything?

Mr. MINK. Yes, sir. We can give you the total amount charged to advertising since the consolidation in 1880, without any difficulty at all.

The CHAIRMAN. Then we will leave the question of the advertising account to the accountant of the Commission.

Mr. MINK. And relieve the company of the necessity of preparing the detailed account?

The CHAIRMAN. Yes.

OMAHA, NEBR., *Friday, June* 24, 1887.

JOHN H. WALSH, being further examined, testified as follows:

FAILURE TO SUBPŒNA GEORGE M. CRAWFORD.

By the CHAIRMAN:

Question. Did you have a subpœna for George M. Crawford?—Answer. I did.

Q. Did you serve that subpœna on George M. Crawford?—A. No, sir.

Q. Did you make an attempt to serve him?—A. I did.

Q. Where did you go?—A. To his office at the corner of Harney and Thirteenth streets, and his residence on Sheridan avenue, near Leavenworth avenue.

Q. What answer did you receive?—A. At his residence his sister told me he had gone to Iowa early this morning.

Q. When will he return?—A. She could not tell. She said that he said he did not know when he would return.

OMAHA, NEBR., *Friday, June* 24, 1887.

ERASTUS YOUNG, being further examined, testified as follows:

By the CHAIRMAN:

Question. Will you please repeat to the Commission your duties as general auditor of the company?

DUTIES OF GENERAL AUDITOR.

Answer. My duties as auditor are to supervise the accounts of the company at Omaha.

Q. What accounts have you supervision over?—A. I have the supervision of the accounts of operating departments, expenses and revenue.

Q. Are there any other departments of income that are subject to your control as auditor?—A. All the income is subject to my control as auditor; that is, all the earnings on the line of road in the West.

Q. West of where?—A. West of the Missouri River—all the lines of the Union Pacific Railway Company.

HOW ACCOUNTS ARE RECEIVED.

Q. How do you receive your accounts?—A. The accounts come to me by reports from the various sub-officers of the accounting department; the freight revenue from the freight auditor; the passenger revenue from the passenger auditor, and the expenses from the various sub-departments of the operating department.

Q. Have you printed blanks that the subordinates return to you?—A. Yes, sir.

Q. Can you furnish us with copies?—A. Yes, sir.

Q. Will you do so now?—A. It would take some time.

The CHAIRMAN. I do not want anything but the blank forms.

The WITNESS. There are several hundred of them, and it would take some time to get them.

Q. How do you distribute these blanks?—A. They are distributed by the stationery department, after being arranged under my direction.

Q. How often are the blanks returned to you?—A. Some are returned in the shape of monthly reports, mostly in monthly reports; some daily, but mostly monthly.

HOW THE BOOKS ARE KEPT.

Q. What books do you keep?—A. I keep the general accounts; that is, a condensation of the reports made by the various departments of the accounting department. Those of the freight auditor, the passenger auditor, the auditor of disbursements, auditor of agents' accounts, car accountant, &c., are condensed in the general books kept by the auditor.

Q. In what books are the freight accounts and passenger accounts carried in detail?—A. Passenger accounts in the books in the office of the passenger auditor, and the freight accounts in the books of the freight auditor.

Q. Where do you enter your pool accounts?—A. Pool accounts take the same course. Those affecting freights are made up in the office of the freight auditor, and those affecting the passenger department in the office of the passenger auditor.

Q. Why do you carry pool accounts into freight accounts?—A. Because they are proper additions to or deductions from freight earnings, as the case may be. The same with passenger pool accounts.

Q. Where do you carry your freight rebate accounts?—A. Freight rebates into freight accounts, passenger rebates into the passenger accounts.

Q. What business, other than rebates and pool accounts do you carry in your books in that way?—A. We have the mail earnings and the earnings from miscellaneous sources.

Q. They all, as I understand, go into either freight or passenger earnings?—A. No, sir.

Q. Where, then, do they go?—A. We have a subdivision for express, for mail, and for those from miscellaneous earnings. Freight and passenger earnings relate specially to those branches of the service.

Q. How often do you make your return to Boston?—A. Monthly.

Q. In what form do you make it?—A. In the form of statements that show the earnings and expenses in the various details.

GROSS EARNINGS AND GROSS RECEIPTS.

Q. Do you show the gross earnings in your return to Boston?—A. Yes; after deducting the rebates.

Q. Do you show the gross receipts?

The WITNESS. I do not know whether I understand your question exactly.

The CHAIRMAN. Do you show the gross receipts of your company, in your reports to Boston?—A. Yes; the gross receipts, after deducting rebates.

Q. But you would not call that a gross receipt, if you deducted it, would you?—A. Yes, we do. We make simply a statement of earnings and expenses. Before we declare our earnings we have deducted all rebates and charges against them.

Q. Where do you keep your gross receipts, before the deduction?—A. The gross receipts of freight in the office of the freight auditor, and of the passengers in the office of the passenger auditor. They each make the deductions.

Q. What deductions do you make from the gross receipts from freight?—A. Principally rebates, overcharges, and debit balances on account of pools.

DEDUCTIONS FROM GROSS RECEIPTS.

Q. What deductions do you make from the gross receipts on passenger earnings?—A. Well, the same. Overcharges, refundments, or rebates, if any, or pool balances affecting passenger business, would be deducted from the passenger earnings in the office of the passenger auditor before being reported to the general auditor.

Q. Have you given all the deductions that are made before you report to the general office, at Boston?—A. I think I have.

Q. How do the authorities at Boston ascertain what deductions you have made from the gross receipts?—A. Well, if they desire to know, they call for a statement.

Q. How often have they called for a statement in the last year?—A. I think that during the last year we have furnished a statement, perhaps not every month of the year, but for quite a good many, for a number of months, for the freight business; not for the passenger business.

Q. How was such a call made?—A. Through the comptroller.

Q. In writing?—A. I am not certain as to that, whether in writing or verbally.

Q. Did you ever receive a communication to forward the deductions made from the gross receipts from the general auditor of Boston, or any other officer?—A. I have received instructions from him either verbally or in writing to furnish a statement of our deductions on account of freight.

Q. During the last year?—A. During the last year.

Q. Will you produce it?—A. I said I have received it either in writing or verbally. I am not sure about that.

Q. Will you produce any that you have received in writing?—A. Yes, sir.

The CHAIRMAN. Do so, now, please.

The WITNESS. I will have to hunt it up, if there is any. I do not think I have any letter, but I will not be positive about it.

Q. Will you name the list of books you keep in your department and the passenger department?—A. I would not attempt to do so now, but I can have such a list made.

The CHAIRMAN. We shall be obliged to you if you will have such a list made and furnished to the Commission—a list of the books under your control in which the accounts of the Union Pacific Railway Company are kept.

The WITNESS. You do not want all records, or only the books pertaining directly to the accounts?

GROSS RECEIPTS AS DISTINGUISHED FROM GROSS EARNINGS.

Q. What you keep your accounts in. What were your gross receipts for 1886?—A. I could not state them off-hand.

Q. Where are they entered?—A. In the books and in the annual report.

Q. Where do they appear in the annual report? Here is the annual report (handing to the witness a copy of the report of 1886 of the Union Pacific Railway Company).—A. Page 28.

Q. What were the gross receipts for the year 1886?

The WITNESS. The gross earnings?

The CHAIRMAN. The gross receipts I asked for.

The WITNESS. I could not tell you if you put it on the ground that the rebates should be added.

The CHAIRMAN. I want a statement showing the gross receipts for the year 1886.

The WITNESS. That I should have to have made upon your statement of what gross receipts are.

The CHAIRMAN. All receipts. What you understand by all receipts, generally?

The WITNESS. You mean gross receipts, before rebates are deducted?

The CHAIRMAN. Receipts of all kinds by the company entering into your department.

The WITNESS. I should have to have that made.

Q. How soon can you give that to the Commission?—A. I do not know; as I should have to look it up and see.

Q. Have you any books in which you carry the gross receipts.—A. No, sir.

Q. How do you ascertain the gross receipts?—A. We do not ascertain them, except month by month.

Q. Will you give me one month in the year 1886?—A. Yes.

Q. What month?—A. Any month.

Q. Will you give me the sum of the twelve months; will you do that now?—A. I can have it done. There is one question I would like to have made clear; does it include back charges on freight collections on account of other roads proportions on joint freight and passenger business; do you mean all that comes in the Union Pacific revenue?

GROSS RECEIPTS DEFINED.

The CHAIRMAN. I want the gross receipts for the Union Pacific system for the year 1886.

The WITNESS. The gross amount of money?

The CHAIRMAN. The gross receipts.

The WITNESS. I shall have to ask you to define what you mean by "gross receipts," as I do not understand the question in the way you state it.

Q. What is the difficulty about the question?—A. Because gross receipts would mean all the money we have received from every source.

The CHAIRMAN. That is just what I mean; the gross receipts of the Union Pacific system for the year 1886.

Mr. POPPLETON. All the money collected from any source, no matter from whom collected.

The CHAIRMAN. Yes.

The WITNESS. We can give you the gross receipts; the cash receipts.

Q. Will you do that?—A. Yes.

Q. When?—A. I can have it made to-day.

A CALL FOR THE GROSS RECEIPTS FROM 1869 TO 1886.

Q. Will you include the year 1885 and give an account of your gross receipts from the beginning, 1869 to 1886, inclusive?

Mr. MINK. Including the Kansas Pacific?

The CHAIRMAN. The Union Pacific system.

Mr. POPPLETON. The Kansas Pacific constituted no part until 1880.

BOOKS OF THE KANSAS PACIFIC.

The CHAIRMAN. I understand that. Have you the books of the Kansas Pacific in this department at Omaha, prior to the consolidation, showing the gross receipts, such as you are going to give me, from the consolidation of the Kansas Pacific down to date? Where are the books?

The WITNESS. I do not know.

The CHAIRMAN. Are they in Boston, Mr. Mink.

Mr. MINK. I think the only books of the Kansas Pacific Company that we have in Boston are the ledger and journal in use at the date of the consolidation.

The CHAIRMAN. They would not show it.

Mr. MINK. They would be necessary in order to make the statement you ask for, but they would not in themselves show the information you desire.

Q. Where are the other books of the Kansas Pacific prior to 1880?—A. A portion of the books are in our possession here; what ones they are I do not know.

The CHAIRMAN. If you have the books of the Kansas Pacific in your possession, please include, in the information that you are to furnish, the gross receipts from the Kansas Pacific from its organization till 1880.

HOW GROSS EARNINGS ARE ASCERTAINED.

Q. What did you deduct from gross receipts to ascertain gross earnings?—A. We do not ascertain our gross earnings in that way.

Q. How do you ascertain your gross earnings?—A. We ascertain our gross earnings, for instance, on freight by taking the amount that is charged on the way bill—if it is a local way bill—and crediting it to freight earnings. The value of a passenger ticket is credited to passenger earnings. It would be credited if we never received a dollar on that account. The cash receipts cut no figure in determining the earnings.

Q. The gross earnings of the Union Pacific Railway Company appear in the annual report for the year 1886 (on page 88) at $17,806,132.59. What deduction did you make, as auditor, from the gross receipts, in order to enable the authorities of the company at Boston to ascertain the gross earnings reported?—A. I made no deduction from the cash receipts that would enable us to arrive at that figure. It would not be arrived at in that way.

Q. How did you arrive at the figures as reported in the annual report as gross earnings? Just name me the subjects that you deduct or that do not appear in the gross earnings?—A. I think I had better go back to the transaction. If, for instance, there was a shipment from Omaha to Ogden, if it was $100—

The CHAIRMAN [interposing]. Excuse me; but in dealing with your annual settlements do not go so far into detail. If you take your annual balance sheet, when you strike it, to make return to the Boston authorities, in order to enable them to make up the gross earnings, we can get at it. Did you, in that, make comparison between your gross receipts and gross earnings?

CASH RECEIPTS CUT NO FIGURE IN DETERMINING EARNINGS.

The WITNESS. We make no comparison between them at all, except to take them in connection with other accounts that enter into our busi-

ness. We do not make any deductions from our gross earnings, month by month, or from our gross receipts in arriving at our earnings. In other words, the cash receipts cut no figure in determining the earnings of the road, as stated in those reports.

The CHAIRMAN. Well, what does cut the figure?

The WITNESS. On a shipment from Omaha to Ogden, if we earn $1,000, that is credited to earnings. Perhaps, however, there may be another $1,000 due on it as charges—money due the connecting line—making $2,000 cash to be remitted by the agent at Ogden, making our cash receipts that amount ($2,000), only $1,000 of which would be Union Pacific Railway earnings. In this way thousands of transactions enter into our business, in which we collect money for account of other roads, that does not affect our earnings at all, but that does affect our receipts. We sell material and collect rents and balances due from other roads for various purposes, some of which relate to earnings, but very many do not. On the other hand, we pay out hundreds of thousand of dollars per month that are not earnings and are not deducted from our gross receipts to determine our earnings.

DEDUCTION OF POOL BALANCES, REBATES, AND OVERCHARGES.

Q. Do you deduct your pool accounts or pool settlements?—A. We deduct our pool balances, even though we never earn them.

Q. And do you deduct your rebates?—A. From our earnings; certainly.

Q. What else?—A. Any overcharge, even though it had accrued six months prior and not paid until to-day. We deduct that as a charge against our earnings; but our gross receipts may include collections on account of debts that may have been due six months or a year previous. We have hundreds of thousands of dollars due us from individuals and companies on charges that may, perhaps, have been charged against them six months previous. They enter into our receipts, but have nothing whatever to do with our earnings. In other words, there is only an indirect relation between gross receipts and earnings, as stated in our reports.

NO COMPARISON OF GROSS EARNINGS WITH GROSS RECEIPTS.

Q. But, as a matter of fact, do you not compare your gross earnings with your gross receipts?—A. No, sir; I know no comparison between them.

Q. Do not sums of money, as gross earnings, appear on your books as receipts from time to time?—A. Yes; all money we get from freight and passenger traffic enters into our gross receipts; but it is only one factor.

Q. In addition to pool balances, rebates, and railroad settlements, what else do you deduct from your gross receipts?—A. Overcharges, refundments, &c.

Q. Are those items added to the items you have named, the gross receipts, that, according to your testimony, bear no relation to your gross earnings?—A. Those would have some relation to our gross earnings, because they are deducted from them.

Q. Where do you carry the deductions? Into what account?—A. We carry them into earnings in those cases, although we may not pay them. We may charge for freight earnings to-day $50,000 for a freight balance due another road, or a pool balance, and not pay it for two

months; or, I may credit a bill that is due to us from another road and not collect it for six months or a year.

Q. What do you do with the sums that you deduct from time to time from gross earnings and other sums that you have named that never appear in gross earnings nor bear any relation to them? Do you carry them together into an account?—A. We carry them into the accounts of parties from whom they are due or vice versa.

ANNUAL BALANCE SHEET.

Q. Do you strike a balance of such accounts at the end of the year?—A. We have a balance sheet of the amount due us from other parties and due by us to other parties.

Q. Containing all the sums you have named?—A. Yes; all that have not been paid.

Q. I want to know what becomes of the sums that disappear out of the item of gross receipts and leaves the net earnings that come annually to the company?—A. I do not know that I understand you. The items that are charged to earnings? Do you want to know what becomes of the rebates, overcharges, and such items as I have named?

GROSS EARNINGS.

Q. The item of $17,806,132.59 for 1886 represents, as I understand you, the total gross earnings, after deducting overcharges, rebates, and pool balances. Anything else?—A. Anything else that may be a proper charge. I do not remember anything else now.

Q. Where do you carry the remainder, after making these deductions?—A. To earnings.

Q. What earnings?—A. Freight earnings, in the case of freight.

Q. Where does such account, in the year 1886, appear in the annual report?

The WITNESS. The amount deducted?

The CHAIRMAN. Yes.

The WITNESS. It does not appear in the annual report.

Q. Why is not such a return made?—A. Because it is not necessary to make it.

Q. Is it not part of the gross receipts?—A. It is; but in determining the earnings these items are all deducted on our books as an overcharge to earnings. On one side we have an account representing the gross traffic receipts, freight or passenger, as the case may be; on the other side a charge representing these various items. The *balance* of the account represents freight or passenger earnings.

Q. Under whose instructions do you make up your accounts in the method you have stated?—A. I make them up under the orders of the comptroller, as the head of the accounting department. I will say, however, that is the customary method, the method in use on all railroads.

CAR SERVICE ACCOUNT.

Q. Have you a car-service account?—A. Yes, sir.

Q. How is the car-service account reported in the annual reports or monthly statements to the authorities at Boston?—A. It is included in the monthly report as car service.

Q. On what page of the report of 1886?—A. Page 99 of the report of 1886 [referring to page]. The first process is to credit our "car-service

account" with the amount due us on this account from other lines, and to charge the same account with the amount due other lines on this account. If the *balance* is a debit, it is charged to expenses as "use of cars" (account 22); if the *balance* is a credit it is credited to earnings as "car service."

CAR SERVICE BALANCE INCLUDED IN GROSS EARNINGS.

Q. The car-service balance, then, for 1886 ($9,586.55) is included in the gross earnings of the company, $17,000,000?—A. That is included in gross earnings. That represents the service of cars owned by lines whose cars have earned more than they have paid to other lines for this service, while the debit balance represents the debit balances of lines which have paid more for car service than their cars have earned. For instance, in the Union Pacific Railway system many of the branch lines, having no equipment, are charged the same rate for car service that we pay foreign lines. That goes to their debit in the expenses. The Union Pacific Railway, having a large equipment, may possibly earn more than it pays. That credit balance will go to the credit of earnings under the heading of "car service."

Q. And it will appear in your general balance of gross earnings?—A. Will appear in our general balance of gross earnings. This statement here (page 99) represents the Union Pacific Railway Company.

Q. Have you given all the sums that have been deducted from the gross earnings of the Union Pacific Company?—A. I stated overcharges, rebates, and pools. That is all that I can remember now. If there are any other items they are very small.

THE POOL BALANCE.

Q. When the pool balance is in favor of the Union Pacific Railway Company, into what item is that reported to the general office at Boston?—A. It is included, if it relates to freight, in the freight earnings; if to passengers, in the passenger earnings.

Q. Have you a separate account of the pool balances upon freight in favor of the Union Pacific Company for the year 1886?—A. No, sir.

Q. Have you a separate account of the amount due the Union Pacific Company from passenger pools?—A. No, sir.

Q. How do you determine, then, the amount due from freight balances in favor of the Union Pacific, or from passenger balances, under the pool system?—A. We determine it from monthly statements made up by the freight and passenger auditors, in connection with other lines, or with the pool commissioner.

Q. What proportion of the earnings of the Union Pacific Railway Company, under the term "freight," represents pool business, and how much straight railroad business?—A. I could not answer that question off-hand.

Q. Can you give such a statement for the year 1886?—A. I think I can have it prepared.

Q. Without much difficulty?—A. It will be considerable work.

Q. Why?—A. Because we have not kept our business covered by our pooling agreements separate from business not covered by such agreements.

ORDINARY BUSINESS AND POOL TRAFFIC.

Q. What do you denominate the ordinary business of the railroad as distinguished from pooling?

Mr. MINK. I suppose it includes the ordinary traffic and business as distinguished from pool traffic or business.

Q. Do you keep the accounts of the ordinary traffic and the pool traffic together?—A. Yes, sir.

Q. Have they ever been separated?—A. Not to my knowledge.

Q. How does the company determine how much they get from the ordinary traffic and how much from the pool traffic?—A. It has never been determined to my knowledge.

Q. How does the company ascertain whether it is an advantage to work under the pool arrangement or under the ordinary traffic arrangement?—A. That is a question for the traffic department, I think, to answer.

Q. Will you furnish a statement showing the amount in passenger earnings that have been derived from pool balances and the amount from ordinary business?—A. I will endeavor to have it prepared.

Q. How long will it take you to prepare the two statements as to freight and passenger earnings?—A. I cannot tell you. I would have to look over the ground and see. It will involve considerable labor.

RELATIVE PROFITS FROM POOL SYSTEM AND ORDINARY SYSTEM.

The CHAIRMAN. Mr. Mink, will you tell me why the company has not ascertained how much they get under the pool system or how much under the ordinary system?

Mr. MINK. Because it has not been deemed essential. Each pool is measured by its own results. The value of one may be, and often is, contingent upon another. Special circumstances, however, govern in nearly every case. Without the intervention of the pool, demoralization of rates may prevail. Under such circumstances, with advantages far superior to those enjoyed by a rival, the stronger company may deem it wise to make concessions in exchange for concessions, the value of which must be determined under rules applicable to each individual case. No book account is therefore necessary. If confronted, on the part of a competitor, with an ultimatum of "half the business or a fight," the problem is one for the traffic department and not for the accounting department.

Commissioner LITTLER. Explain what is meant by "fight"?

Mr. MINK. A radical drop in the rate.

HOW DETERMINED.

The CHAIRMAN. Has the company never ascertained, in the settlements from month to month, how much they were getting from pools and how much from the ordinary business?

Mr. MINK. I think not, in that form.

The CHAIRMAN. How do you determine whether the pool system is a success or not?

Mr. MINK. By the general results of the year.

The CHAIRMAN. How do you know that ordinary railroading under the ordinary method produces less results than that method?

Mr. MINK. By experience we can tell the instant a pool is disrupted. Perhaps it is determined more by the negative process than the positive. In the case of the recent transcontinental trouble, the effect was instantly noticable.

The CHAIRMAN. Then you determine by the percentage of falling off?

Mr. MINK. No, sir; we determine the value by taking the general results of the year's business. If we can earn a given sum of money, and our expenses are kept within a certain figure, the managers of the property are satisfied. If these conditions do not obtain, the conclusion is that there is something wrong.

The CHAIRMAN. Now, how do they determine what is wrong?

Mr. MINK. They would have to determine that by special investigation.

THE TRANSCONTINENTAL POOL.

The CHAIRMAN. Would not that special investigation involve the ascertainment of exactly what the pooling was doing?

Mr. MINK. Yes, sir; but I have never known of special investigations, except in one or two instances. In the recent case of the disruption of the transcontinental pool, the demoralizing effect was so evident that no investigation was necessary. We actually received more for the sleepng-car fare than for the transportation of a passenger. I cannot estimate the cost of that war of rates. In my long service with the company I do not think I have heard so broad a question relating to pool matters as the one you have now put to Mr. Young. The traffic of the road is handled under terms fixed by the traffic department, and they are responsible for the results.

WHAT DETERMINES WHETHER A POOL IS SUCCESSFUL.

Q. How do they determine whether the pool is a success or not?—A. Only by the result of the business.

The CHAIRMAN. Would I be justified in taking a percentage of the falling off, and saying that that percentage is the injury done to the business by the pool?

Mr. MINK. I think I can explain the matter. We will take any given pool. The Union Pacific is entitled to 33⅓ per cent., the Santa Fé to 33⅓ per cent., and the Burlington road to 33⅓ per cent. Now, if the Union Pacific is actually earning 45 per cent. or 50 per cent., fault would soon be found, and we should insist on a rearrangement of the percentages. If we occupied a very strong position the percentages would most certainly be revised. If, however, investigation should show that our increased earnings in the pool were due to some accidental circumstance, of course the percentages would remain undisturbed—33⅓ per cent. in each case. It is a matter of barter, dicker, or trade, or whatever you choose to call it.

GROSS RECEIPTS AND GROSS EARNINGS.

By Commissioner LITTLER:

Q. I want to recall your attention to the subject of gross receipts and gross earnings. Do I understand you to say that in the course of your business you receive large sums of money due to other railroads? For instance, where a shipment is made from Chicago, if you please, through to Ogden or any other point on your line, is it true that the charges follow that shipment and that they are all collected by your company?—A. That is determined by the method under which the shipment is made. If it is billed for collection at the point of destination the charges would be collected by the Union Pacific.

Q. And the whole sum of money would be paid into your treasury?—A. Yes, sir.

Q. Is that the ordinary course of business?—A. It is a very general course.

OTHER SOURCES FROM WHICH MONEY IS RECEIVED.

Q. From what other source do you receive money which, in fact, was not earned by the Union Pacific Railway Company and which, in fact, does not belong to the Union Pacific Railway Company?—A. Well, there are not many sources that do not belong to the Union Pacific road. But it is like this: We may, in the month of June, collect a balance that was due us in December. That would go into our receipts.

Q. Into your gross receipts?—A. Yes.

Q. Without any deduction?—A. Without any deduction; without any reference to the earnings for that month.

Q. I repeat: From what other sources does the company receive into its treasury money that does not belong to it, and which it never earns, if there are any?—A. From the sale of coupon tickets, for instance.

COUPON TICKETS.

Q. For instance, if a coupon ticket is sold in Ogden for New York, a through ticket, you receive the entire cost of that transportation, and that money is paid into your treasury?—A. And afterwards drawn out. The same is true of a ticket sold in Omaha, of which we only get the revenue over the bridge. If it is sold for New York or Portland, Me., or San Francisco, or a point in Mexico, or anywhere else, we get the entire revenue, the entire amount, and afterwards pay it to the parties to whom it belongs.

Q. To the roads over which the passenger went, in the journey?—A. Yes, sir; the same is true of freight. But, aside from that, there are large amounts of money continually on our books, in the way of accounts against individuals and companies, that will stand there for six months or a year before they are settled.

RECEIPT OF MONEY NOT EARNED.

Q. Give us an illustration of the process that brings money into receipts that you do not consider you have earned.—A. Take, for instance, rails purchased by the Missouri Pacific; they amounted to a large sum of money. When they were shipped they were billed against that company, but it was six months or longer before the amount was collected. When we did collect it, it went into our receipts; but that had no relation whatever to our earnings. This is but one of a thousand items of a similar character that I might name, some of which might have a direct or indirect bearing upon our earnings, but a very large proportion would not have the least connection with them.

Q. It went into the receipts of the Union Pacific?—A. It went in as gross receipts.

Q. What proportion of that was deducted, if any, before the grand total was struck? In making up your grand total of gross earnings at the end of the year, what proportion of that money, if any, was subtracted from the gross receipts in order to determine the gross earnings?—A. That I could not tell; it would be difficult to tell that.

Q. But a portion of it would be?—A. Might be.

CAR SERVICE ACCOUNT.

Q. You have spoken in relation to the car-service account. You know there are car companies all over the United States who make traffic arrangements with railroads by which their cars are run over the roads on a mileage contract. Are there any such companies doing business over the Union Pacific?—A. I could not answer that question definitely, because I am not familiar with the details; I think there are some.

Q. Who would be the proper officer to answer that question and give the information?—A. The traffic manager, I think, would be the proper officer.

POOL BALANCES.

By the CHAIRMAN:

Q. How much do the pool balances in favor of the Union Pacific amount to in the year 1886?—A. I could not answer that off-hand.

The CHAIRMAN. You will furnish that?

The WITNESS. I will furnish it.

The CHAIRMAN. That has been already called for, I believe.

The WITNESS. Yes, sir.

Q. How soon will you be able to furnish it?—A. The freight statement will not be ready before the middle of next week; the passenger statement I think, very possibly, by Monday.

Q. How soon can you furnish the item of gross receipts for the year 1886?—A. Oh, I think we can furnish it within a day. We shall certainly have it by Monday morning.

VOUCHERS FOR EXPENDITURES.

Q. Do you receive a voucher for all of the expenditures made by the Union Pacific Company?—A. All expenditures made in the West; yes, sir.

Q. Are there vouchers on file for all expenditures made in the West on account of the Union Pacific Railway Company?—A. Yes, sir; unless they have been lost or mislaid. We have a voucher for everything that is paid.

Q. Have you ever had a voucher presented to you for the expenditure of money for any unlawful purpose?—A. Not to my recollection.

Q. Would you not recall such an event if it had occurred?—A. I am quite sure I should. I have never had any such thing, I am very positive.

Q. Have you ever had any voucher presented to you for the expenditure of money for the influencing of any legislation?—A. I do not recollect any.

Q. If such a voucher had been presented would you not recall it?—A. I think I should.

AN "INDIA RUBBER ACCOUNT."

Q. How are payments made for expenditures other than actual railroad expenditures, and to what accounts are they charged?

The WITNESS. I do not know that I understand your question—as to actual railroad expenditures.

The CHAIRMAN. Operating expenditures other than actual railroad expenses.

The WITNESS. I do not know of any other expenses than actual railroad expenses, as far as my connection with the company is concerned.

Q. Have you such an account as an india-rubber account?—No; that is not in our classification.

Q. What corresponds, in your classification, to an india-rubber account?—A. I am sorry to say that I do not understand the term, as applied to accounts.

THE LAND ACCOUNTS.

Q. Have you any control over the land accounts?—A. Yes, sir.

Q. What control have you?—A. To supervise them and see that they are properly kept.

Q. Are they under the auditing department?—A. Yes, to a certain extent.

Q. Will you furnish a list of the books that are kept in that department?—A. Yes, sir.

Q. Where do you charge the land expenses?—A. The expenses of the Union Division land department accounts are charged to the Boston office.

Q. To what account?—A. The Boston office account.

Q. Is that the land account?—A. That is our account. The expenses of the Union Division land department are not paid out of the receipts of sales of land. They are paid by the local treasurer of the railroad company at Omaha.

Q. How are they paid?—A. Out of the current receipts of the company on duly approved vouchers.

Q. Is that a deduction from the gross receipts before the return of the gross earnings?—A. No, sir; it is charged to the Boston office and transferred there as so much money, as paid for account of the Boston office at this point.

Q. Is that part of the operating expenses that are deducted from the gross earnings?—A. No, sir.

LAND VOUCHERS.

The CHAIRMAN. Mr. Mink, how do you make that deduction?

Mr. MINK. Mr. Young's explanation is quite correct. The vouchers for payments made by the company here on account of the land grant to the Union Pacific are sent to Boston as so much money, and are then taken up by us and charged against our current income; they are not included in the operating expenses, but are charged against the current income of the company, the income derived from all sources. The taxes on the lands along the Kansas division and the expenses of conducting the land sales along that division are paid from the proceeds arising from the sale of the trust or granted lands. The mortgages provide, in one case, that the company shall pay the expenses, and, in the other case, for the payment of the expenses by the trustees. In neither case do they enter into the operations of the railroad as such.

DEDUCTION OF LAND EXPENSES FROM NET EARNINGS.

The CHAIRMAN. Are not the land expenses deducted before you ascertain the net earnings?

Mr. MINK. Never. The land expenses of the Union Division, as we term it, are deducted from our current income before we reach the balance of our net income; which is an entirely different term from net earnings.

The CHAIRMAN. Then the net income or the item of net earnings is, virtually, decreased to the extent of the deduction for the expenses of the land account?

Mr. MINK. No, sir; the net income, but not the net earnings.

The CHAIRMAN. Why not?

THE INCOME ACCOUNT.

Mr. MINK. Let us turn to page 88 of our last annual report, which contains the income account. The income of the company is made up, first, of its earnings. Next, the expenses of conducting its business on the railroad, the maintenance of and the taxes on the roadway, excluding the taxes of any lands subject to the land-grant mortgages or lands outside of the operations of the railway. Then any miscellaneous expenses of the company are taken into account. Then follows the interest on the mortgage debt; the interest on the floating debt; then the annual contribution or requirement for the company's sinking funds; the percentage of earnings due the United States; and then the items to which you now refer, namely: Taxes on granted lands, Union Division; and next but one after that is an item for expenses of conducting the land sales along the Union Division. These are the two items referring to this class of expenditures.

The expenses incident to the Kansas lands are paid by the trustees, practically, out of the proceeds of land sales, and do not enter at all as a charge into the general income of the company.

TAXES—STATE, COUNTY, AND CITY.

The second item in that report is detailed at pages 100 and 101. If you will turn to page 101 you will find, under the head of general expenses, an item—the last one under the head of general expenses, entitled "taxes,—state, county, and city." This includes the taxes on the road-bed and station grounds,—all the real estate incident to the operation of the road; but no amounts for taxes on lands subject to the land-grant mortgages. The taxes paid on the entire Union Pacific system of roads are shown on page 125 of the report for 1886; and they amounted to $1,055,000 for that year. We are estimating them this ye r at the rate of $1,100,000, which, it seems to me, is out of all proportion to the amounts imposed on railroad companies generally. It represents an enormous outlay of money to make for this purpose.

LAND EXPENSES NOT CARRIED INTO LAND ACCOUNT.

The CHAIRMAN. Why are the expenses of obtaining the land not carried into the land account, Mr. Mink?

Mr. MINK. On the Union Pacific Division?

The CHAIRMAN. Yes.

Mr. MINK. Because, under the terms of the land-grant mortgage of the Union Pacific Railroad Company, the trust was relieved of the expense incident to the sale of the land, and the payment of the taxes assessed on the land.

The CHAIRMAN. Would not that decrease the general balance of income to the extent of the expense?

Mr. MINK. Yes, sir.

The CHAIRMAN. Would not the Government receive that much less?

Mr. MINK. No, sir.

The CHAIRMAN. Why not?

Mr MINK. Because the computation on which the payment to the United States is made includes, first, the gross earnings.

The CHAIRMAN. Have you the land expense in that item?

Mr. MINK. No, sir.

The CHAIRMAN. Then what?

Mr. MINK. Next the amount paid by the company for betterments, as we term it, and for new equipment, and, next, the interest on the first-mortgage bonds. Those are the only items entering into the computation. Any other payments made by the company are never taken into the account.

STATED AS SEPARATE ITEMS.

The CHAIRMAN. Where are your land expenses charged?

Mr. MINK. They are stated, you will notice, in the account on page 88 of the report, as separate items.

The CHAIRMAN. When you are ascertaining the amount due the Government, after deducting betterments and interest on the first-mortgage bonds, &c., to ascertain the amount due the Government, where, in that item, have you carried, anywhere, the expenses that are charged to current expenses of the railroad?

Mr. MINK. Under the head of operating expenses and taxes.

AN ILLUSTRATION.

The CHAIRMAN. Then the land expenses appear under the head of operating expenses and taxes?

Mr. MINK. No, sir; they do not. I may have misapprehended your question. The percentage of earnings due the United States—the 25 per cent. due the United States—is made up, first, by taking into account the gross earnings derived from the transportation of passengers, freight, mail, and express, and any other miscellaneous revenues that we may happen to have; next, the transportation and maintenance expenditures, and the taxes on the roadway. Those, in brief, comprise the ordinary operating expenses of a railway, and do not include the taxes on our lands or the expense of selling lands. Then follows the amount expended by the company for additional construction, or betterments, and for new equipment, and next, the interest on the first-mortgage bonds. Now, having deducted those various items of expense from the gross earnings, we have remaining what are called the net earnings, 25 per cent. of which is payable to the United States. You see, therefore, that the expense incident to the land department does not enter at all into the computation with the United States.

LAND EXPENSES NOT INCIDENT TO ORDINARY OPERATIONS OF THE ROAD.

Mr. POPPLETON. The question is, if I understand the governor, why the expenses paid by the railway company, administering the land grant, is not a legitimate charge against the gross earnings in reaching that conclusion.

The CHAIRMAN. Yes; where do you carry them out?

Mr. MINK. For the reason that they have nothing to do with producing the revenue upon which the United States is entitled to a certain percentage. They are not expenses incident to the ordinary operation of the railway.

Commissioner LITTLER. Why do you say these taxes are not incident to the operation of the road?

Mr. MINK. Because the lands are not required by the company in connection with the operation of its railway. They were granted to aid in the construction of the road. The company derived the aid by placing mortgages on them.

GROUNDS FOR RIGHT OF WAY, ETC.

Commissioner LITTLER. Is not right of way and such necessary grounds as you occupy for depots, side tracks, &c., necessary for the railway?

Mr. MINK. Yes, sir, absolutely necessary, and such lands have been withdrawn from the limits of the land department, and are no longer subject to the trust. They are now in use by the operating department of the railway; and the taxes on such lands are, of course, included in the ordinary operating expenses under the head of "Taxes."

BRANCH ROAD ACCOUNTS.

By the CHAIRMAN:

Q. How do you keep your account with the branch roads—the construction of branch roads?—A. We keep an account that shows the amount expended for the construction of these lines, showing how much is expended.

Q. When the Union Pacific Railway Company begins a branch road, what is the first intimation, as auditor, that you receive as to the expenditure of moneys?—A. Well, as a rule, it is in the shape of estimates from the chief engineer, that so much money has been expended for account of a branch line. It is in the shape of a voucher.

Q. Where do you enter that expenditure?—A. It is entered in the books of record in the office.

Q. What do you call the book of record?—A. Voucher register.

Q. Do you keep a separate account from the beginning?—A. Yes, sir.

Q. For that particular road?—A. For that particular road.

Q. Can you produce a book containing an account, for instance, of any one road, say your last road?—A. Yes, sir.

The CHAIRMAN. I wish you would do so now while we are on this question of construction.

THE CONSTRUCTION OF BRANCH LINES.

Q. What deduction do you make from the income account or gross receipts of the Union Pacific on account of the construction of branch lines, and when do you make it?—A. We do not make any deduction from gross receipts for these purposes. They are in the nature of payments made from our gross cash receipts, and paid on vouchers precisely the same as vouchers for ordinary expenses; the same character of vouchers in every way.

PAID FOR OUT OF GROSS CASH RECEIPTS.

Q. Are any deductions made on account of the construction of branch lines from the gross receipts?—A. No, sir; they are paid out of our gross cash receipts; they have no relation to our earnings.

Q. Are they deducted from gross receipts before you ascertain gross earnings?—A. No, sir; they have no relation whatever to gross earnings.

Q. Do you deduct the item expended for the construction of branch lines from gross receipts, before you ascertain gross earnings?—A. No, sir; it is really in the nature of an advance to those lines.

Q. What do you mean by in the nature of an advance?—A. That is to say, we build these lines and pay for them. We pay the vouchers made out by the engineer, and they have no relation or connection with the gross earnings whatever, in any way.

Q. Then the account of the construction of branch lines, as I understand you, is separated entirely from the account of the ordinary operating expenses of the road?—A. Entirely; yes, sir.

AN ILLUSTRATION.

Q. How do you carry over a fund that is not borrowed, but is part of the income of the road, for the purpose of expenditure in the direction of branch lines?—A. Well, perhaps I can best illustrate it in this way: We take out of our current receipts the money to pay the expenditures for construction. Or, if we were short of money, we would make a draft on the treasurer of the company at Boston for it, for enough to pay our current expenditures. We use our net earnings, and after that is exhausted, if we need more money for construction, we expect to draw upon them for it.

Q. Would not a deduction from the current expenses or from the current income be a deduction that, at the end of the year, would affect the gross receipts to such an extent as to enter into the calculation when you made up the gross earnings?—A. No, sir; not the least. They have no connection with them.

Q. If you took money out of the treasury of the Union Pacific Railway for construction purposes, then when, at the end of the year, you ascertained the balance and had not yet paid it back, would not that affect your gross earnings, your cash on hand, in comparison with your gross earnings?—A. It would affect our cash, but would not affect our gross earnings or net earnings in any way. The amount paid for construction is simply the amount borrowed out of our net earnings.

WHAT THE COMPANY'S BOOKS SHOW.

Q. Do your books show that difference in your cash between the gross earnings for the year and the gross expenditures from time to time that you have made on construction account?—A. Our books show expenditures that we have made on construction account, but do not show from what source we obtained the money to go into that particular account.

Q. When you make a loan and borrow money, where do you carry the proceeds of the loan?—A. We carry it to the credit of the account from which we borrowed it.

Q. That is, if it was for a branch line——A. (Interposing.) We make no distinction as to the purpose for which we borrow.

Q. What would be the name of the account for a branch line?—A. We would have no account of money borrowed for a branch line.

MONEY BORROWED TO CONSTRUCT BRANCH LINES.

Q. If a sum of money was borrowed for the construction of a branch line, where would that money appear?—A. The only way we borrow

money here is to draw it by draft on the Boston office, and it would appear to the credit of the "Boston office" account.

The CHAIRMAN. I misunderstood you. I thought you would borrow outside. You would borrow from the Boston office?

The WITNESS. We would borrow from the Boston office. After the net earnings were exhausted, if we had accounts of any character to pay we would draw on Boston office for the money needed.

Q. Are the receipts of the company used from time to time in the construction of branch lines?—A. Yes, sir.

Q. You pay for the construction of those branch lines out of any money in your treasury not otherwise appropriated, without regard to where it came from?—A. Yes, sir.

DRAWING ON THE BOSTON OFFICE.

Q. And if there is no money in the treasury, you borrow money?—A. Yes; that is, we draw on the Boston office for it.

Q. Then, do you have two treasuries?

The WITNESS. Perhaps I had better withdraw the term "borrow" and say that we would *draw* on the Boston office—draw on the treasurer at Boston.

Q. After your account had been exhausted you drew on the Boston office. What office did you draw on before your account was exhausted?—A. The expenditure would be taken from funds in the hands of the local treasurer in Omaha derived from current receipts.

Q. And if the Omaha treasurer was short you would draw on the general treasurer at Boston?—A. Yes, sir.

Commissioner LITTLER. Where is the chief account kept—here or at Boston?

Mr. MINK. At Boston. It is expected that everything will be sent to Boston.

METHOD OF BUILDING BRANCH LINES.

By Commissioner LITTLER:

Q. Have those branch lines been built by the Union Pacific Railway Company through their own officers and agents?—A. Yes.

Q. Without any letting of the contracts of construction to outside parties?—A. There have been contracts made in the name of outside parties—with outside parties—for the construction of some of the branches; but the construction has been actually done by the Union Pacific.

Q. Have these outside contracts been made with parties entirely disconnected from the Union Pacific or with parties connected with the Union Pacific?—A. Parties disconnected with the Union Pacific.

Q. Do you recall an instance where a contract was made by outside parties, which also included parties connected with the Union Pacific Railway officers or agents?—A. No, sir.

NO ILLEGITIMATE PROFITS MADE BY OFFICIALS OF COMPANY.

Q. Do you know of any instance in which an officer of the Union Pacific Railway Company has made any illegitimate profit in any way whatever in connection with the construction of these branch roads?—A. No, sir.

Mr. POPPLETON. At some time before the Commission leaves I wish it would call Mr. George W. Frost, who can give information as to the cost of the road.

The CHAIRMAN. Suppose we hear him on Monday at 2 o'clock.

Mr. POPPLETON. Very well. He was the purchasing agent at the time of the construction, and he ought to be a pretty good witness to be examined.

Commissioner LITTLER. Then you might inform him that we will examine him on Monday, and ask him to be ready.

Mr. POPPLETON. I will do so. I think he can give the Commission considerable information.

UNION PACIFIC PEOPLE NOT INTERESTED IN CONTRACTS.

By the CHAIRMAN:

Q. Have you ever had a voucher presented to you or to your department in which an officer, director, or employé of the Union Pacific Railway Company was interested in the supplies or contracts for which the voucher was presented?—A. No, sir; not so far as my knowledge of the matter would enable me to determine.

The CHAIRMAN. Of course, other than salaries, I mean.

The WITNESS. No, sir; I have never known of such a transaction.

Q. Under what voucher would an expenditure by the general manager for election purposes appear?—A. I do not remember having seen any such voucher for election purposes.

Q. Have you been auditor during the whole term of Mr. Kimball's connection with the company?—A. No, sir; I have not. I have been here only four years.

Q. Did you ever have a voucher which, on its face, indicated any such expenditure?—A. I have no recollection of ever seeing one, and I am quite sure I would recollect it.

COST OF BRANCH LINES.

Q. What was the actual cost of each of the branch lines of the Union Pacific system?—A. I will furnish a statement of the actual cost, as shown by the books at Omaha.

On investigation I cannot find any letter from the comptroller of the company directing a statement of rebates to be sent to Boston, and I am now satisfied that the instructions were verbal.

ERASTUS YOUNG.

The Commission then adjourned to Monday, June 27, 1887, at 10 a. m.

UNION PACIFIC RAILWAY OFFICES,
Omaha, Nebr., Monday, June 27, 1887.

The Commission met, pursuant to adjournment, all the commissioners being present.

WILLIAM A. PAXTON, being duly sworn, testified as follows:

The WITNESS. Before being examined, I desire to say that I knew nothing of this Commission coming here, and I left last Sunday week to go to Racine, Wis., to see my son graduate at college, and when I heard that this Commission wanted me I came voluntarily.

By the CHAIRMAN:

Question. Where do you reside?—Answer. In Omaha.

Q. What is your business?—A. I am in the wholesale grocery business, and in the cattle business, and several other small businesses. I have also considerable real estate interests.

Q. How long have you been in business in Omaha?—A. I have been in active business in Omaha not more than twenty years. It has been my place of business, however, for thirty years.

Q. Have you had business dealings with the Union Pacific Railway?—A. Yes, sir.

Q. When did you commence?—A. My first business with the Union Pacific Railway was, I think, about 1869. I went into the cattle business in 1868 and 1869. I think that was the first business dealing that I had with the road.

Q. What business did you have with it in 1869?—A. My business dealings with them have been as a shipper over the road, as a cattle-dealer, since that time.

Q. Did you ship anything else besides cattle?—A. Well, yes; but not a great deal, though. It would be in the shape of provisions, wire, and wagons, and that kind of stuff.

Q. Were you interested for yourself or for your company?—A. For myself, until December, 1879.

THE OGALALLA LAND AND CATTLE COMPANY.

Q. Then with whom were you interested?—A. Since then I have been interested in the cattle business with the Ogalalla Land and Cattle Company.

Q. Who compose that company?—A. I should not be able to tell you all of them.

By Commissioner LITTLER:

Q. Is it a corporation?—A. Yes, sir; it is a corporation. A. H. Swan, A. H. Bosler, of Carlisle, and others are interested in it. Do you want the full names as far as I can give them?

The CHAIRMAN. Yes.

The WITNESS. (Continuing.) Isaac Waxel, of Chicago; George A. Clark, of New York; Augustus Richard, of New York; C. E. & C. W. Anthony, and divers others whose names I do not remember. Those are the principal men that are interested in the company.

UNION PACIFIC NOT INTERESTED.

Q. Has the Union Pacific Railway Company any interest in that company?—A. Not a dollar's worth.

Q. Have any of the officers, directors, or employés of the Union Pacific any interest in the cattle company?—A. No, sir; not to my knowledge.

Q. Have they ever had any interest?—A. Not to my knowledge; no, sir.

Q. What was the business of the cattle company?—A. Simply raising cattle and shipping them to the market; to Chicago.

TERRITORY COVERED BY CATTLE COMPANY.

Q. What territory did it cover?—A. It covered a space in Western Nebraska of about fifty or sixty miles on the north side of the North Platte River, 350 miles west of here.

Q. Is the territory within the range of the Union Pacific Railway Company or its branches?—A. Yes. Our ranch runs parallel with the Union Pacific Railway, 30 miles north of it. Our home ranch is about 10 miles north of the road.

Q. Does the cattle company do all its shipping over the Union Pacific?—A. Yes.

REBATES ALLOWED.

Q. What rebate has the Union Pacific allowed to your company?—A. Not a dollar, to my company or to me personally, except one time.

Q. When was that?—A. A good many years ago; that is, from seven to ten or twelve years ago; I do not remember what time it was. There was a cut in rates; that is, the roads were cutting east, and I got a small rebate at that time. I do not remember what it was; a few hundred dollars; it was just to compete with the cut, whatever that was.

Q. What year was that?—A. I could not tell you, sir.

Q. Do you recollect the amount?—A. No, sir; it was a few hundred dollars; I can't recollect the amount.

Q. Was it prior to 1883?—A. Yes, sir.

THE SWAN LAND AND CATTLE COMPANY.

Q. Has the Swan Land and Cattle Company any relation to your company?—A. Mr. Swan, of the Swan Land and Cattle Company, is interested in the Ogalalla Land and Cattle Company.

By Commissioner LITTLER:

Q. He is a stockholder in your company?—A. Yes; but the interests are entirely separate.

OTHER INTERESTS IN CONNECTION WITH UNION PACIFIC.

By the CHAIRMAN:

Q. What other interests have you had in your business dealings with the Union Pacific Railway?—A. Well, I did have quite considerable; but that was simply in a business way, when we started the Union Stock Yards here. I started, or helped to start, that concern, and run it to a year ago, since which time other parties have been handling it. That is all. Our business interests have been in connection with the stock or cattle interests.

Q. Where did that interest begin?

The WITNESS. The stock-yard interest?

The CHAIRMAN. Yes. At Council Bluffs or here?

The WITNESS. It commenced here in a small way, and from Council Bluffs back here on this side.

COMPLAINT AGAINST UNION PACIFIC.

Q. Was there a complaint made against the Union Pacific Company on account of preferences extended to your company while at Council Bluffs?—A. Well, I don't know that there was any complaint. There was a complaint, I think, too. There were opposition yards on this side of the river, and, in fact, opposition on the other.

Q. Did the State of Iowa investigate the complaint?—A. I think they did; yes, sir. Well, I do not know that they investigated the complaint between the two stock-yard interests. I do not think they did. Did they, Mr. Poppleton?

Mr. POPPLETON. They investigated the complaints made by the people of Council Bluffs for discrimination against their town

The WITNESS. Yes; I believe that was it.

By the CHAIRMAN:

Q. Well, what was the complaint; you were the subject of investigation?

The WITNESS. No, sir; I was not.

NO PREFERENCE AS A STOCK-YARD COMPANY.

Q. What preference did you enjoy as a stock-yard company?—A. I do not know that I enjoyed any preference.

Q. Did other stock-yards companies have the same privilege that you had?

The WITNESS. With the railroad?

The CHAIRMAN. Yes.

The WITNESS. So far as I know. I do not know whether they did or not.

Q. What other stock-yard companies were there?—A. There was a stock yard company on this side, of which I was a member. I had $100 worth of the stock. Mr. Nicholas had a stock yard on this side of the river. I would just like to explain that in my own way, if you will let me.

The CHAIRMAN. Certainly.

FACTS ABOUT THE STOCK YARDS.

The WITNESS. I will just explain, and I am very glad to get a chance to do it. There was a company formed here to start a stock-yard; and we rented the ground from the Union Pacific Railway. The parties came to me and wished me to take an interest with them. I did not think it was the place to start a stock yard. Had I thought so I would not have asked anybody to put in money, but would have done it myself. They insisted so much, however, that I took $100 of the stock and became president of the company. Mr. Nicholas was building stock yards here at the same time. I think our leases were about the same from the Union Pacific. Both yards were on their lands. We ran those yards a year or two. Then the manager of this road came to me, and Mr. J. H. Swan and a man from Leavenworth, Kans., by the name of Spratly, and asked us to build the yards on the other side of the river. We looked the matter over and did so, and bought the yards that I was president of on this side and moved the yards over there and ran them until three years ago last April. In fact, we are running them yet. And we then built the stock yards on this side, where they are at present, and have been handling them that way ever since. Those are the facts about the stock yards.

Q. Did you have a written lease?—A. Yes, sir.

Q. With the company?—A. Yes, sir; for the stock yards.

Q. Have you got that lease?—A. I think it is among some of our stock-yards' papers.

The CHAIRMAN. Have you a copy, Mr. Mink?

Mr. MINK. I think so. We will try to find it.

REPORT MADE TO GOVERNOR AGAINST UNION PACIFIC.

The Chairman read to the witness the following quotation from a report made to the governor of Iowa in 1886 by a committee appointed

by him to investigate the complaints of the citizens of Council Bluffs against the Union Pacific Railway Company:

We now come to the consideration of a failure to act on the part of the Union Pacific Railway Company, which we consider censurable, and which may have resulted in serious injury to Council Bluffs and her business interest. The evidence establishes the fact that in 1878 the Union Pacific Railway Company leased ground at Council Bluffs to William Paxton, of Omaha, and required him to erect thereon stock yards, extensive in their character. The term of lease was for sixteen years, the lease, however, not being reduced to writing until 1881, and running for thirteen years from the latter date. In that lease the Union Pacific Railway Company covenanted that all stock in transit over said road should be stopped for unloading at said stock yards, *whenever consigned thereto, or when directed by the shipper, consignee, or owner having authority to control the same in that respect.* The lessee was required to maintain said stock yards in the most approved method, to improve and enlarge the same from time to time, to accommodate and transact business, and enable them to compete successfully with any *other stock yards or stock yards' company doing or competing for the same business.* Charges were to be made such as to *attract* and *hold* all business which can *be made tributary thereto*, and *compete successfully with rival yards*, and enable said lessee to control and transport the largest amount of business in the transportation of stock, and to insure the performance of this contract the railway company reserved the right by any authorized agent, designated by the general manager, or other authorized managing officer, to examine the books and accounts of the lessee. If the lessee failed to perform his duties faithfully, the lessor reserved the right to build and maintain its own stock yards at Omaha and Council Bluffs, and also the right to cancel or annul the lease for neglect.

The stock yards erected at Council Bluffs did a very large business in 1878 and 1879. The attention of eastern capitalists was attracted to the point as a convenient one for the erection of packing houses, but for some reason such proposed enterprises were all abandoned. The packing houses were erected at Omaha. Large and commodious stock yards were built and maintained there. The stock yards at Council Bluffs were allowed to go out of repair, and a portion of them were removed to Omaha, their capacity being reduced one-third. The commissioners, in person, visited and inspected both the Council Bluffs and Omaha stock yards, and the contrast between the two yards was very marked. It was shown that at times the hay at the Council Bluffs yards was very bad—some of the witnesses said "rotten." One shipper testified that strenuous efforts were made to compel him to unload at Omaha, and he was compelled to use exertions and threats to have his cattle unloaded at Council Bluffs.

Q. Are the statements in said report, as read to you, true?—A. Well, we did move part of the stock yards away from that side of the river to this side; but it is not true as to the stock yards over there not being kept in good repair. It is a fact that they were kept in good repair and were commodious enough to accommodate everything that was shipped there.

CATTLE AND GRAIN CHARGES AT YARD.

Q. What were your charges?—A. Our charge for hay was $1 a hundred.

Q. Were there any other charges?—A. When cattle were sold there there was a charge of 20 cents a head.

Q. What else?—A. And the grain charge. I do not know what that was. That would go up and down.

Q. How would you regulate the grain charge?—A. I do not remember that.

By Commissioner LITTLER:

Q. Was it the market price?—A. It was the market price charged by stock-yard companies.

By the CHAIRMAN:

Q. How did the prices that the stock yard charged compare with the local prices?—A. Well, I could not say as to grain; but hay, I say, was a dollar a hundred. I was there but a little of the time.

HIGHER THAN LOCAL RATES.

Q. Were they higher or lower than the local rates?—A. They were higher.

Q. What were the charges at Omaha?—A. It would be about the same price.

Q. Were they the same?—A. Yes. That is, the prices at our present stock-yards that we are running in connection with those over the river are just the same, I think, in every particular.

Q. You name the prices at Council Bluffs as $1 a hundred for hay and 20 cents a head for selling cattle; can you not give the price for grain?—A. No.

Q. At that time were the prices the same in Omaha as in Council Bluffs?—A. At that time I did not have any interest in the Omaha yard.

Q. At the time you were running the stock-yard at Council Bluffs and the stock-yards in Omaha were the prices the same?—A. I never ran them at those places at the same time until three years ago last April.

Q. That is what I am speaking of.—A. Then the prices were the same, as I understand it.

PRICES HAVE REMAINED THE SAME.

Q. How long have those prices remained?—A. Ever since we opened the yard for business.

Q. Have you ever raised them or put them down at any time?—A. We did not put them down, certainly; but we might have raised them. I do not know about that, however.

PRIVILEGES EXTENDED AT COUNCIL BLUFFS "JUST AS GOOD" AS AT OMAHA.

Q. At the time you were running the stock-yards at Council Bluffs and at Omaha, were the same privileges extended at Council Bluffs as at Omaha for the purpose of unloading?—A. Yes, sir. I do not say the same, but just as good facilities.

Q. What do you mean by "just as good"?—A. The conveniences for unloading and loading were just the same. They might have been a little larger on one side or the other; I do not know.

NOT TRUE THAT SHIPPERS WERE COMPELLED TO UNLOAD AT OMAHA.

Q. Were efforts made to compel shippers to unload cattle at Omaha rather than at Council Bluffs?—A. Not to my knowledge.

Q. Then it is not true, as stated in the testimony taken before the investigating committee, where one shipper testified that he was compelled to unload at Omaha, and was compelled to use exertions and threats to have his cattle unloaded at Council Bluffs?—A. I do not think there is any part of that true; but I was not the manager of the stock-yards on this side at that time. I could not answer positively as to that, but I am almost positive it is not so. I never heard of it as it is, and I am a director in the company, and these things come up in the meetings. I never heard anything of the kind. I know the charge was made by people on this side of the river, but by whom I do not remember now.

Q. Was there any competition between the two yards—the one at Council Bluffs and the one at Omaha?—A. Not with ours; no, sir.

NO OTHER PRIVILEGES THAN THOSE NAMED IN THE LEASE.

Q. What other privileges than those named in the lease with the Union Pacific Railway Company were extended to you by the company?—A. Nothing whatever.

Q. Did you pay the same price for the shipment of cattle as other shippers of cattle?—A. Yes, sir; so far as I know I paid the regular tariff prices.

Q. The open rate?—A. Well, whatever the rate was I paid.

Q. Was the rate public along the line and given to other shippers?—A. I think so; yes, sir, I am satisfied it was.

Q. Did you have a rebate on any other business than cattle and groceries?—A. Not to my knowledge.

Q. Are you connected with a Mr. Gallagher in business?—A. Yes, sir. I want to make an explanation here. I never got a rebate, but I may have had special rates made me on shipping cattle west.

Q. Who would make such special rates?—A. The freight agent of this railroad. I do not think it was the case; but I think that possibly in one or two instances I have had a special rate made me for fencing—a big lot of wire or something of that kind; but I do not know that it was so.

NO SPECIAL RATE ON CATTLE.

Q. Did you ever have a special rate made on shipments of cattle?—A. No.

Q. Did you ever apply for one?—A. Yes, many times.

Q. To whom?—A. To the freight agents of this road.

Q. Did you ever know that other shippers were getting rebates?—A. No, I never did.

Q. Did you ever hear of others getting special rates?—A. Well, I do not know. I have had suspicions, but I never knew of anybody getting a rebate.

Q. Or special rates?—A. I do not know.

Q. If anybody had a special rate or rebate, would it not interfere with your business?—A. I never had a special rate on cattle.

Q. If any one else in the cattle business—any company or individual—had a special rate or rebate from the Union Pacific road would it not interfere with your business, you paying the open rate?—A. I do not know that it would; no, sir. I always felt that I could get as good accommodation as anybody, and that was all I asked for.

Q. If one shipper received a rebate and your company failed to receive a rebate, could you sell and compete equally with the shipper receiving the rebate?—A. Most assuredly not.

Q. Then it would interfere with your business?—A. Most assuredly it would, in the cattle line. But I never had anything of that kind in the cattle business.

By Commissioner LITTLER:

Q. Suppose some other gentleman was receiving a cut, the question that the chairman puts is, would it not interfere with your business?—A. Yes, it would. But I say I do not know of anybody that ever got any rebate of that kind.

By the CHAIRMAN:

Q. I call your attention to the fact that there are a large number of cattle shipments that appear in the books of this company on which

the shippers have received rebates or special rates. Among those shippers are the Swan Land and Cattle Company and the Union Cattle Company, the last-named company receiving one rebate or special rate alone in the year 1885 of $4,704.

The WITNESS. A rebate?

DIFFERENCE BETWEEN SPECIAL RATE AND REBATE.

The CHAIRMAN. Or a special rate, whatever you please to call it. What is the difference?

The WITNESS. In the case of rebate, I believe they get money back; in the case of special rate, they pay less than the tariff rate.

Q. Why do you call it special?—A. Because there is a difference between a rebate and a special rate.

Q. What is the difference?—A. One you get in money and in the other case you get a concession in the rate you pay.

Q. Is not the concession worth the money?—A. Well, the concession I have got has been very trifling, and I think it has been on wire that I have shipped out for fencing purposes.

Q. What was the nature of the concessions that you had?—A. As I told you, it was a special rate on this wire that I had shipped west to Ogalalla, 354 miles west of this place.

VOUCHER OF PAXTON & GALLAGHER.

The CHAIRMAN (to Mr. Kimball). Will you please produce a voucher indicated on page 241, refund of earnings book, for 1885, Paxton & Gallagher, groceries, $357.05?

The WITNESS. I would not know anything of that item at all.

Q. Who would know?—A. Mr. Gallagher, or the people at the store.

Q. Would that be the case with rebates or other special rates in which you were interested; might those have been extended to other companies in which you were interested and you not know it?—A. It might be the case with that concern of Paxton & Gallagher, because I did not know much about that. It would not be with the cattle company.

Q. Did you make the arrangements with the company?—A. There was no arrangement to make, but just to walk up there and ship.

NOT AFRAID TO TELL THE FACTS.

Q. How did you get the special rates?—A. I have tried to tell you. I do not want to keep a single thing back from you. I want to tell you the facts. I am not a bit afraid.

The CHAIRMAN. You have not been charged with that yet.

The WITNESS. No; but I want you to understand that I am not the least timid, or afraid to tell you anything. I never got a rebate on cattle in my life, except the time that I speak of; at one time when there was a cut here on all the roads between my place and Chicago. Then, I think, I got a rebate of possibly $5 a car. I say that may be so. As to this rebate that was paid to the store—Mr. Gallagher runs that—I would not know anything about it. This is the first time I ever heard of it in my life.

Q. Did you have any special rate while you were shipping cattle? A. Never.

Q. Did you ever apply?—A. Yes.

Q. Then you did not go to the place and ship your cattle without any effort at all, but you applied, from time to time, for special rates?—A. No; not from time to time. When we began the cattle business we thought the rates were high and we tried to get, not a special rate on cattle, but a lower rate than they were charging us.

NO BONUS PAID TO UNION PACIFIC PEOPLE.

Q. Did you ever pay to any officer, employè, or agent of the Union Pacific Railway Company any money or any bonus of any kind for any privileges extended to your company?—A. Never a dollar nor a cent, in any way or under any circumstances.

Q. Have you any suggestions to offer to the Commission or anything to say with reference to the Union Pacific Railway Company?—A. Not a word, sir.

GENERAL SENTIMENT OF THE COMMUNITY.

By Commissioner LITTLER:

Q. You have been in business here a good many years?—A. Yes.

Q. What is the general sentiment of the people of this community in respect to the manner in which this company has treated them in the past, if you know?—A. Well, I will answer that in this way: In a general way people have been very well satisfied; occasionally some shipper or some man that thought he was not treated fairly, or that had a better lay-out than some one else, has been a little annoyed, but in a small way.

Q. What is the general sentiment of business people in this city who have had transactions with this company from year to year and have had for the last twenty years?—A. To go back twenty years would be a little too long for me; but for the last fifteen years the merchants of this town have, I think, as a rule, been very well satisfied with the treatment they have had from the road.

Q. You know of no general complaint as to the management of this road?—A. Well, that is pretty broad.

ONLY ONE GROUND OF COMPLAINT.

Q. I mean by that do the people generally complain about their treatment by the company?—A. All the complaint I ever heard was from merchants of this town. I will just state one point—there has been more complaint over that than any other; for instance, the rate from here to Cheyenne is just the same as it is from Kansas City to Cheyenne; our house of Paxton & Gallagher has had some trouble growing out of that; the distance from Kansas City to Cheyenne is, I think, some 200 miles further than from here to Cheyenne.

Q. That is an exceptional case?—A. Yes, sir.

Q. As I understand you, the general-traffic public has no serious complaint to make of this road. Is that so?—A. That is the way I understand it.

Q. There are individual cases where they have failed to get special privileges and are disposed to complain, as I understand you?—A. Well, I do not want to say special privileges. I do not know that that is the fact in some cases.

Q. I ask you these questions because we are charged with the duty, under the act, of ascertaining how this company treats its patrons and serves the public in the regions through which its road runs?—A. I

would like to answer that in this way: That the Union Pacific has treated its patrons as well as the roads east of us have, and the people are as well satisfied with the Union Pacific as they are with any of the roads east of us.

WHY ONE STOCK YARD PROSPERS AND OTHERS FAIL.

By the CHAIRMAN:

Q. How do you account for one stock-yard prospering under relations such as your company had with the Union Pacific Railway Company and another stock-yard failing to succeed because it could not obtain the same relations that you had?

Mr. POPPLETON. What stock-yard do you refer to?

The CHAIRMAN. Any stock-yard that may be competing with him.

Mr. POPPLETON. But one may fail for one reason and another for another.

The CHAIRMAN. Well, let him explain.

The WITNESS. We can start a business in one place and prosper in it, and start the same business in another place and fail on account of location, on account of the place to do business. I suppose you have reference to stock-yards on the other side of the river and the stock-yard on this side—that of Mr. Nicholas. His stock-yard was situated like mine. Each on a big side-hill. Over on the other side of the river we had a flat, nice bottom and a good place to do business. I never asked anybody to do business with us while I ran it. We built the yards and the Union Pacific ran their trains to them just the same as they would do on this side of the river. If a man built on this side of the river he had the same opportunity as on the other side. Speaking of the yards on the other side of the river, and the Council Bluffs complaint that you have read, the people who complained put great stress on our not making that a permanent place. Now, the high water came up there, all over, and we had to change the place. I bought a place for a packing-house there; and after I did that the people who promised to put in the money refused to put the money in after the high water. But that is the place to do the business, on the other side. The yards on the other side are running yet and will accommodate anybody that wants to go there. We do not care where they go. We get the same pay on one side as on the other.

Q. Would any other individual going into the business be accommodated in the same way?—A. I would suppose so.

Q. That is your explanation of the failure of Mr. Nicholas—that he was on the wrong side of the river?—A. Not on the wrong side of the river, but at the wrong place; and so was the other yard.

By Mr. POPPLETON:

Q. It has been stated here before this Commission by Mr. Nicholas that you stated on the platform at Council Bluffs, in the presence of a man named Flannagan (whom, I presume, you may know), in substance, that Nicholas was not doing any business here, and that you proposed to freeze him out of these stock-yards on some terms or in some way. Is there any truth in that?—A. Not a word of it. I never made such a remark to any living man.

NO INSTRUCTIONS TO FAVOR COUNCIL BLUFFS YARD.

By the CHAIRMAN:

Q. Are you acquainted with the firm of Carter & Philpot?—A. No, sir.

Q. Did you ever hear of them?—A. I don't know that I ever did, sir.

Q. Do you recall any instructions by station agents, conductors, or trainmen, or by yardmasters at North Platte, instructing shippers to go through to the Council Bluffs ("Swan") cattle-yards?—A. No, sir; I do not.

Q. Did you ever hear that any such instructions were given out along the road?—A. Never.

Q. What is the amount of rent your company pays to the Union Pacific Company under the lease?

The WITNESS. For the ground on the other side of the river?

The CHAIRMAN. On this side of the river.

The WITNESS. We own our own grounds here.

Q. Do you own any other property; that is, in houses or buildings?—A. Only the exchanging buildings, barns, offices, &c.

LEASE FROM UNION PACIFIC TO OMAHA UNION STOCK YARDS.

Q. The lease of the Union Pacific Company to the Omaha Union Stock Yards provides that said lessor, the Union Pacific Company, in consideration of the rents, covenants, and agreements hereafter to be paid, have leased and let unto the said lessee the following described lands: Commencing at a point 36 feet west of the north quarter of the south-east quarter section——

The WITNESS (interposing). That is the yard started here many years ago.

The CHAIRMAN. This lease is dated May, 1878.

The WITNESS. Signed by whom?

The CHAIRMAN. It is unsigned, and is for property covering 18 acres of ground.

The WITNESS. I never heard of it; but that is evidently the piece of land up here that we vacated.

Mr. POPPLETON. This is evidently a mistake. This is a duplicate, unsigned. And it states that it is signed by S. H. H. Clark, on the part of the company, and by Mr. Lovett, manager of the yard.

The WITNESS. That is for the 18 acres, I presume.

By the CHAIRMAN:

Q. Are these acres in use now?—A. Not for that purpose.

Q. When did that lease run out?—A. Well, I do not know, really.

Q. For what purpose is that property now used?—A. I do not know. I could not tell you.

Q. Where is the lease for the property you now hold or have from the company?—A. The Union Stock Yard Company only owns one lease on the other side of the river where those stock yards stand, at Council Bluffs.

Q. Was that lease made with the Union Pacific Company?—A. Yes, sir.

Q. Have you any lease for the property over here at all?—A. I have not. I have never seen a lease.

Q. Have you any contract or arrangement?—A. I have not.

Mr. POPPLETON. The Union Pacific Company has no interest in it.

WITNESS HAS NO LEASE WITH THE UNION PACIFIC.

Q. Have you any agreement, contract, or arrangement, in writing or otherwise, with the Union Pacific Company concerning your stock-yard company in Omaha?—A. No, sir; not that I know of.

Q. You would know if you had such an arrangement?—A. I should know. The first year I had none. Mr. McShane has been the president of the company since.

Q. What is his full name?—A. J. H. McShane.

Q. Where does he live?—A. In the city of Omaha.

Q. What business is he in?—A. In the cattle business. He is a Congressman. The Union Pacific Company has not got a dollar's interest in our company. I am ready to say that. I do not know but what our company may have some arrangement with it about trackage or something of that kind.

OMAHA, NEBR., *Monday, June 27, 1887.*

LEAVITT BURNHAM, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am engaged in the loan and insurance business at present.

Q. Where do you reside?—A. In Omaha.

Q. Have you had business with the Union Pacific Company?—A. In the sense that I have been an employé and officer of the company, I have had.

LAND COMMISSIONER.

Q. When were you an employé?—A. I was land commissioner of the Union Division, as you term it—that is, of the original Union Pacific line—from the 1st of February, 1878, to the 1st of June, 1886.

Q. What were your duties?—A. To handle, sell, and dispose of the lands of the Union Pacific Railway on the Union Division.

Q. What was the policy of the company during your administration as to the sale of lands due to the company?

The WITNESS. You mean the manner of the sale of them?

The CHAIRMAN. Yes.

GENERAL POLICY OF THE COMPANY.

The WITNESS. The general policy of the company as to lands that we termed agricultural lands was to dispose of them to actual settlers. There were other classes of lands. There were agricultural lands, grazing lands, and waste lands, of which we had large quantities. So far as the grazing lands were concerned, the policy was to sell them in large bodies to parties using them for grazing purposes. So far as the waste lands were concerned, they were gradually coming into use for grazing purposes and would, after a while, come into the same general policy as grazing lands.

Q. Were patents taken out after the sale?—A. Not in all cases.

Q. Why not?—A. Because it was not the policy of the company to take them out, as far as I understood.

PATENTING THE LANDS.

Q. What was the instruction, as far as you understand?—A. There was none, apparently, given. I may say here that the general policy of the company with regard to patenting lands during the time I was

in their employ was to patent as fast as the lands could be settled or disposed of and the country could be occupied, or used in such a way that there could be a fair and honest utilization of taxation, after being patented.

Q. Were lands patented immediately upon survey?—A. No, sir.

Q. What were your instructions?—A. The instructions were embraced, perhaps, in the suggestion I have made as to the policy of the company. It was a matter of discussion and consideration in various ways, and of correspondence at various times, as to what steps should be taken in regard to the patenting the lands.

ADJACENT LANDS NOT ENTERED.

Q. Were entries made upon the lands of the Union Pacific Railway Company through other individuals in order to acquire title to property adjoining the Union Pacific property?—A. Not to my knowledge, in relation to any lands that I had or handled or disposed of.

Q. Would such an account of lands come under your department?—A. Well, I can hardly conceive of there being such a case as you suggest. There was certainly nothing of the kind so far as I had anything to do with the lands. The lands I had and handled were the lands granted to the railroad company by the act of Congress creating or chartering the road. Those were, substantially, the only ones I ever had or handled or had to do with. There was never anything done, so far as I know, with regard to getting adjacent lands.

Q. Were you land commissioner in 1884?—A. I was, from February 1, 1878, to June 1, 1886.

Q. Who would have a knowledge of such a transaction of the company?—A. That I can hardly say, sir.

The CHAIRMAN. I call for the following papers: Voucher for payment to J. M. Tisdell for cash advanced for prospecting for coal, $105; voucher for amount paid to Edwin S. Crocker, $19,206; voucher for amount paid to Beckwith & Co. for coal-land entries, $6,400; and voucher paid to Walter S. Hurlburt, $9,615. These seem to be cash entries for coal lands.

WITNESS' CONNECTION WITH ONLY UNION DIVISION.

Q. I ask you, by way of explanation, this question: Whether you have any knowledge of the difference existing between the accounts of the Government Land Department as to the lands unsold, amounting to $8,000,000, and the land as accounted for by the railroad company, amounting to $3,000,000? What would be the cause of the difference?—A. I apprehend that your reference to the Government account takes in the whole Pacific Railway as it now stands. Bear in mind, I had nothing to do with anything but the Union Division, or the original Union Pacific. I included in my estimate of the amount—being, in round numbers, 11,500,000 acres, or about that—all lands that were supposed to be in the grant, whether surveyed or not. There was, as I knew when I left the road, much land that was not surveyed and could not be surveyed at the price paid for the Government survey.

LAND PROCEEDS REMITTED TO TRUSTEE.

Q. What control had you over the proceeds of the land in your accounts?—A. They were remitted immediately to the trustee of the land-

grant mortgage, except for a very brief time, when they were remitted to the treasurer of the company. Mainly, during my time, they were remitted to the trustee of the land-grant mortgage.

Q. Did your department have entire control of the land-grant accounts?—A. No, sir; because they were checked and kept to a certain extent simultaneously in the auditor's office of the road. The transactions of the land department were reported to and were checked in the auditor's office of the railway company; that is, they kept what you might term a "check" or running account of what we kept in our office, only not so full, perhaps.

NO DIVERSION OF LAND PROCEEDS.

Q. During your administration as land commissioner were any of the proceeds resulting from the sale of land, directly or indirectly, used by the Union Pacific Railroad Company or by the Union Pacific Railway Company for the purpose of paying dividends?—A. Not to my knowledge, so far as I had to do with them here. Of course, what happened after they went east I could not say.

Q. Would the diversion of the land proceeds in that direction come under your supervision of accounts?—A. Well, it would not if it took place east. After I had accounted for it there would be the end of it, so far as I was concerned.

Q. Would such a diversion of the proceeds appear in your accounts, west?—A. No; I answer that way because no such diversion ever took place.

Q. But if such diversion ever took place, would it?—A. I can only say as to the fact that such diversion never did appear. I could not say that it should appear or should not appear.

Q. But if such a diversion had been made of the funds in the western accounts, would you have had knowledge of it?—A. Yes, sir; if it had been made here, I should have knowledge of it. I understood you to ask whether, if it had been made east, it would have been reported to me. In that case, no.

Q. During your administration as land commissioner was there a diversion in any other direction than by dividends of the proceeds of the sale of lands?—A. No, sir; none whatever. The proceeds of lands were very rigidly kept and accounted for at all times.

Q. Have you any other information to give to the Commission?—A. No, sir; I think not; except to indicate, generally, the policy and character of business during my administration.

POLICY WITH REGARD TO PATENTS.

By Commissioner LITTLER:

Q. I will get you to state whether or not it was the policy of the railway company, during the time you were commissioner, to defer the application for patents for these lands as long as possible, for the purpose of avoiding the local or State taxation.—A. Well, I can hardly answer it in that way, or other than I undertook to do in the outset, that the policy of the company was to patent as rapidly as the country was settled and as rapidly as there could be an honest utilization of the taxes that should be put upon the lands. We had some very bitter experiences of the non-use of the taxable funds.

LANDS PATENTED ABOUT AS SOLD.

Q. Is it or not true that a large amount of unpatented lands remained unpatented for the reason that to obtain a patent would subject them to heavy local or State taxation?—A. I cannot say as to that now. Up to the time I left the company steps had been taken and preparations made for going on with patenting. That is something within my time; and I cannot tell what has been done since that time.

Q. As a rule those lands were not patented much in advance of their sale to actual settlers?—A. No.

By the CHAIRMAN:

Q. Was that the first time the company had made any preparation for the obtaining of patents?—A. No; it had been going on all these years.

SALES OF LAND.

Q. What special preparation had they been making at the time of your leaving?—A. I speak of it as down to the time of my leaving. During the last two or three years of my administration the sales of land had been very large. Prior to this time some lands near North Platte had, by climatic and other changes, come within the range of agricultural lands. That being the case, we then commenced to sell them to settlers for agricultural purposes. The same policy was then applied to them as had been before applied to the other lands.

Q. Did you patent them as you sold them?—A. We took them by counties, or parts of counties, or so that we could have our patents in one large volume. It was very inconvenient to have patents in a single section or quarter-section. Therefore we would take them up every three or four months, or at reasonable intervals.

Q. Was the patent of a section in anticipation of a sale in that direction?—A. Sometimes it was; but usually not until about the time of the sale.

EXPERIENCE IN CONNECTION WITH TAXES.

Q. What were the experiences you have spoken of in connection with the taxes?—A. Taxes laid upon the road bed and right of way in sections through which it passed, and unorganized sections mostly, where there were heavy stealings. The experience was that the class of people that occupied them up to the time they became agriculturally developed made bad use of the money, and the money paid in taxes was simply stolen. That is all there was of it.

Q. Was the taxing of the road bed due to local legislation?—A. It was taxable under State legislation; has been for many years.

Q. It was under State legislation that the road-bed taxation was imposed?—A. Yes.

NO HOSTILE LEGISLATION.

Q. Was there not local legislation that affected the land through which the road was going—special legislation hostile to the company?—A. No, there would not be; because, under the decisions that have been rendered, no taxation would apply. The Supreme Court held that the lands were not taxable until they were the subject of application for a patent; and, of course, local legislation would not affect them.

Q. After they were patented and still in the hands of the company, was there any hostile local legislation?—A. I think not; I don't know of anything particular.

POLICY IN REGARD TO SCHOOL DISTRICTS.

By Mr. POPPLETON:

Q. If you know, I wish you would explain to the Commission the principle on which the counties of Wyoming, for instance, were organized and existed for years in respect to the road bed.—A. I will state in regard to that—and I might enlarge the answer to the inquiry by referring to school districts and other organizations of a district character that for years the policy apparently, as to school districts was for the authorities to make them of such a character that they would be as long as possible along the line of the road, and as narrow as possible within the line of the limit of the county. In other words, that they might bring as much result in taxation purely. I investigated a district where I found a school district 1 mile wide and 9 miles long.

By the CHAIRMAN:

Q. By whom were the school districts arranged?—A. They were arranged by the county authorities.

SCHOOL DISTRICTS FROM 75 TO 80 MILES LONG.

By Mr. POPPLETON:

Q. Do you not know of one district in Wyoming where there was a school district 75 miles long?—A. Well, I can recall one in Nebraska, in the county of Cheyenne; I do not recall the length of the county of Cheyenne, but, as the school district stood, it was perhaps 75 to 80 miles long. At one time there was one school district that extended the whole length of the county.

Q. Is it not true that commencing with Laramie, Albany, Carbon, Sweetwater, and Uintah, the counties extend from the northern to the southern boundaries of the Territory?—A. I think they do.

Q. And the road crosses them at an average of about 30 or 40 miles north of the Colorado line?—A. Yes.

Q. What is the distance across Wyoming?—A. Some 200 or 300 miles.

Q. Now, do you not know, as a matter of fact, that the county seat of Sweetwater County was about 120 miles from the railroad?—A. I have no doubt of it.

Mr. POPPLETON. They annually gathered from us from $100,000 to $150,000 and took it over there to invest.

POLICY TO SECURE LEGITIMATE SETTLEMENTS BY GOOD CITIZENS.

By the CHAIRMAN:

Q. Have you anything else you wish to say?—A. I believe not, only to say that the policy of the company was to secure legitimate settlement of the lands by good citizens, and not for speculation. That was my policy, and one that was seconded earnestly and heartily by the company.

OMAHA, NEBR., *Monday, June* 27, 1887.

WILLIAM A. PAXTON, being further examined, testified as follows:

LEASE OF CATTLE YARD FROM UNION PACIFIC.

By the CHAIRMAN:

Question. I have here a lease made between the Union Pacific Railway Company and William A. Paxton, of Omaha, dated 1st May, 1881, for a tract of land, 663 acres, in the county of Pottawattomie, in the State of Iowa, for stock-yard purposes, in which, among other conditions, it is provided as follows:

And the said lessor, the Union Pacific Railway Company, further agrees not to grant leases or permits of any character to any party or parties without the consent of said lessee, to erect, maintain, and operate stock yards, other than those existing at the present time upon ground or premises of said company, either at Council Bluffs or Omaha, reserving, however, the right to erect, maintain, and operate such yards in its own name, at its own expense, whenever said lessee shall fail to carry on said yards to the satisfaction of the said lessor.

And it is further stipulated and agreed, as part of the consideration of the execution and delivery of the lease on the part of the lessor, the Union Pacific Company, that after the expiration of three years from the date of this lease the said lessor shall have the right and option to purchase one-half of said lease and the yards, structures, erections, improvements, and property, of whatsoever name and nature, accumulated under said lease; and, if then held by a corporation, one-half of the capital stock thereof representing said property at a price equal to the value of the said yards, structures, erections, and property, regardless of the revenue earned by the same, said value to be fixed by mutual agreement; and if the parties hereto fail to agree, by three arbitrators.

It is further agreed that no charge shall be made to said lessee by said lessor for setting into said yards trains or cars loaded with live stock, but the same shall be unloaded at the expense of said lessee; and all connecting railroad companies shall have access to said yards over the tracks of said lessee laid therein for the purpose of taking out cars and trains loaded with live stock.

PREFERENTIAL FEATURES OF LEASE.

Were not the provisions I have read to you of such a preferential nature as to exclude absolutely any other individual or company from engaging in stock-yard business at Council Bluffs?—A. It would, at that particular piece of land. I do not see how it would prohibit them from starting stock yards at any other place. There was a strong talk of doing so at one time there.

Q. How could any individual or company engage in fair competition with you unless they had the same accommodations from the railroad company?—A. They could not on that piece of land, of course.

Q. Or any other piece of land?—A. They could. They could have gone on any piece of land there and started stock-yards.

Q. What part of the company's land could they have gone on?—A. I do not know. The company had several hundred acres of land there.

NO ONE ELSE HAD SAME ACCOMMODATIONS.

Q. What part of the Union Pacific Railway Company's land could any individual or company have gone on and competed with you with these conditions in your lease, unless they had the same accommodations?—A. They could not have done it on that piece of land.

Q. Were there any other companies that had the same accommodations?—A. Not on that side of the river; but there were other stock-yards on that side of the river.

THE LEASE OF 1879.

The CHAIRMAN. Here is a lease dated May 1, 1879, between the Union Pacific Railway Company and W. A. Paxton, of Omaha, Nebr., A. H. Swan, of Cheyenne, Wyo.; and J. W. Spratley, of Leavenworth, Kans., lessees, signed by A. H. Swan, W. A. Paxton, and J. W. Spratley, in which it is provided, "And the said lessor further agrees not to grant leases or permits of any character to any party or parties;" then there are added, in lead pencil, the words "without the consent of the said lessees"——

Mr. POPPLETON. This looks to me like a lease that was drafted and signed by the parties on one side, but was not signed by the company. In the mean time Mr. Paxton bought out his people, and then he wanted his lease.

The WITNESS. That was the fact.

Mr. POPPLETON. I do not recollect, but I have no doubt that was so.

The CHAIRMAN [continues reading]. "To erect, maintain, and operate stock-yards other than those existing at the present time upon the grounds and premises of said company either at Council Bluffs or Omaha, reserving, however, the right to erect, maintain, and operate such yards in its own name and at its own expense whenever said lessee shall fail to carry on said yard to the satisfaction of said lessor."

Q. Are not the advantages in the lease just read the same that you stated in the lease of 1881 to your company?—A. I think so; yes, sir.

Q. When did A. H. Swan's and J. W. Spratley's interest in said lease expire?—A. I could not tell you for a certainty, but as I remember it, I bought Mr. Spratley out within a year, and Mr. Swan was in probably two years, or not to exceed two years.

OMAHA AND COUNCIL BLUFFS STOCK YARDS.

By Commissioner LITTLER:

Q. How many stock-yards are in operation here in Omaha and at Council Bluffs now?—A. Two.

Q. How long have they been in operation?—A. They have been in operation about—this is the fourth year. The yards on the other side have been in operation since 1879.

Q. Who controls the yards?—A. The Union Stock Yards Company.

Q. Of which you are a member?—A. Yes.

Q. Under that lease?—A. Under that lease at Council Bluffs, and on our own land on this side.

Q. What sort of a written agreement have you in regard to the yards on this side, if any?—A. As I said a while ago, I do not know that we have any, unless it be about trackage.

PROTECTION FROM RIVAL YARDS NECESSARY.

By Mr. POPPLETON:

Q. What was the amount of your investments in stock-yards at Council Bluffs at the time this second lease was made, when you went on and completed your yards for business generally. I do not mean to get down to details, but I want to gauge it somewhat?—A. As well as I remember it was nearly a hundred thousand dollars.

Q. Now, would you have made that investment and built those yards except on the condition that the company would not set up a rival to you?—A. Why, certainly not.

UNION PACIFIC'S RESERVATION OF RIGHT TO BUILD STOCK YARDS.

Q. What was the object of the provision in the lease which provided that, if the company was not satisfied with your management, they could build yards of their own?—A. If I did not run them to the satisfaction of the company, and the same as all other stock yards were run, and at satisfactory prices, they would build yards themselves.

Q. In other words, they reserved the right to build yards of their own in order to compel you to serve the public properly?—A. Certainly.

Q. Who got the best of that bargain, in your opinion?—A. We got the best of it, of course. That is, as soon as we ran there, nobody else interfered with us in any way. If there was any "best" of it, we got it.

UNION PACIFIC BENEFITED BY CONSTRUCTION OF STOCK YARDS.

Q. What was the effect on the business of the Union Pacific Company of the construction of those large yards and the facilities they gave for the handling of cattle? Did the railroad company make or lose money by it?—A. They made money by it.

Q. How?—A. By getting shipments over the road.

Q. By increasing the business of the road?—A. Yes, sir.

Q. Why would people drive to the road and ship?—A. Because that afforded a market and a good place to ship. It was at the end of the pool-line roads, and it opened quite a market there, for a while.

Q. What was the character of the facilities there for handling stock?—A. Outside of Kansas City they were the best in the country.

DIVIDENDS OF UNION STOCK YARDS.

By Commissioner LITTLER:

Q. I understand that this is a corporation, the Union Stock Yard Company?—A. Yes, sir.

Q. What sort of dividends have you paid on your stock? How has the investment paid?—A. We have paid but very little in the way of dividend. I do not think we have ever declared more than one dividend.

Q. How much was that?—A. I think it was about 4 per cent. It was either 3 or 4 per cent.

Q. When was that?—A. I am not positive. We may have declared two, but I do not think it was more than one. That was two years ago last December.

Q. How are the yards paying now?—A. They are doing very well now.

Q. What dividends are you able to pay now?—A. Well, our capital stock is about $1,200,000. This is only a guess now as to the probable dividend, but I think we will probably pay 8 per cent.

Q. You say the capital stock is $1,200,000. What was the actual cost of the plant?—A. I could not tell you.

Q. Approximate it?—A. Probably $750,000 or $800,000, or may be pretty near plump up to the amount of the stock. We have built three large packing houses, and built a great deal of railroad track and cut-houses.

Q. Are those packing houses a part of the stock yards?—A. Yes, sir.

"WATER" IN THE STOCK.

Q. There is some little "water" in the stock, is there not?—A. Well, I don't know but there is.

Q. About how many hundred thousand dollars?—A. Now, I can tell you how the water in the stock comes, if there is any. The stock yards on the other side (but I am not able to give all the particulars of this) were put into the Union stock yards. And that is the way that we issued the last stock that was issued. Everybody paid par for it. We are now increasing, and everybody is paying par for the increase.

VALUE OF STOCK YARD PROPERTY.

Q. You are increasing the yards here?—A. Yes.

Q. You are not increasing the yards on the other side?—A. No.

Q. You are letting those go down?—A. No; we are keeping them up.

Q. What is the cash value of the stock as it is to-day, approximately?

The WITNESS. The Union Stock-Yard plant?

Commissioner LITTLER. Yes.

The WITNESS. Well, I think it is worth a lot of money.

Commissioner LITTLER. That is rather indefinite. Approximate it within $50,000 or $100,000, if you can.

The WITNESS. I do not know that I can do that. I think the stock of the yards on this side of the river could be sold to-day, every dollar of it, on a basis of $1,250,000.

Q. In other words, it is your judgment, as I understand you, that the property is reasonably worth, in cash, $1,250,000, as it stands to-day?—A. Yes. And I am low on the price.

Q. I will ask you again as to the dividends. Does that property pay dividends on that sum of money?—A. It will pay a reasonable dividend, I think, this year. But I am not managing it. Mr. McShane can give you these figures. He can give you pretty close to the facts; mine is only a guess.

CATTLE CHARGES.

Q. Have you any other charges against cattle except charges for hay, grain, and yardage?—A. That is all. And I think we are inside other yards on that.

Q. What do you charge on sheep and hogs?—A. I do not remember; but it is less than the charge made in Kansas City or Chicago.

Q. What other stock yards along the Union Pacific or its branches have you any interest in?—A. None whatever.

Q. Are there any other stock yards along the line?—A. There are small yards, like one at North Platte, and such places.

Q. Do you know of any complaint on the part of shippers as to their treatment?—A. None whatever.

Q. Are you interested in any feeding places along the line of the road?—A. None whatever, except at those two places.

Q. What two feeding places are you interested in?—A. Omaha and Council Bluffs.

Q. You refer to the two stock yards here?—A. Yes.

REBATE ALLOWED PAXTON & GALLAGHER.

By the CHAIRMAN:

Q. I show you voucher No. 34702, dated July 11, 1885, being a voucher against the Union Pacific Railway Company by Paxton & Gal-

lagher, of Omaha, Nebr., showing a refund on bill of shipments composed of sundries, groceries, and sugar, of 33⅓ per cent.; also, a voucher, by the same parties, dated July 13, 1885, against the Union Pacific Railway Company, which shows a refund of 12½ per cent. Will you please explain, if you know anything about those items?—A. My partner would probably know more than I do about these; I would not know anything about these, unless I knew where the shipments went to; if these goods were shipped to Norfolk, they would be on the Sioux City and Pacific road, and we could not get into that country with our business; this is the way I understand it; this cut was made to enable us to do business there; we started a branch house at Norfolk, but had to abandon it on account of the differences in the rates.

By Commissioner LITTLER:

Q. Where is Norfolk?—A. Out here in the State, on the Sioux City and Pacific road; and on the Elkhorn Valley road, too.

REBATE TO UNION CATTLE COMPANY.

By the CHAIRMAN:

Q. I call your attention to voucher No. 33949, dated May 1, 1885—"The Union Pacific Railway Co. to the Union Cattle Co., Dr.—showing rebates from $8 to $9 and $10 per car for shipments on cattle amounting in all to $4,704. Had your company any special rate or rebates at the time that the Union Cattle Company, in 1885, was having these rates?—A. No, sir.

Q. Did you ever hear of the rates allowed to the Union Cattle Company?—A. I think probably I did at the time. I can explain that a little, probably. That is the Sturgis company.

Q. Who was in it?—A. Well, I do not know. Lane and two or three others. Mr. Sturgis is the manager. I think that in 1885 he drove a lot of cattle north to the Sioux City and Pacific road. I can only account for it in this way—I do not know that it is for me to answer, really; but I will answer it in my way, the only way I know how to answer it. He probably got a rate on the Sioux City and Pacific Railroad, and that rate was made probably to even it up.

Mr. POPPLETON. To meet it?

The WITNESS. To meet the rate, yes. I know that in 1884 (or may be it was in 1885), I came very near driving to the Chicago, Burlington and Quincy road for the same purpose.

THE "EVENERS'" ASSOCIATION.

Q. Did you belong to the "Eveners'" Association?—A. No, sir; I was trying to "even up," however.

Q. Did you ever know anything of the Eveners' Association?—A. No, sir. I think that was done in that way.

Q. Who is Mr. Lane and who is Mr. Sturgis?—A. There is a firm of Lane & Sturgis, and a firm of Sturgis & Goodell. I believe they are different firms, however.

LOCATION OF UNION CATTLE COMPANY.

By Commissioner LITTLER:

Q. Where was this Union Cattle Company located—where was their stock at the time they drove to the Sioux City for shipment?—A. They were on the western Wyoming, northwest of Cheyenne.

Q. How far were they from the Sioux City connection?—A. I do not know just how far it was.

Q. Well, about how far?—A. I could not say. From about where I think Sturgis is located it would be some 200 miles; but that is only a guess.

Q. Did they drive their cattle 200 miles?—A. Yes, sir; and some of them drove farther.

Q. In order to get the cut rate?—A. Yes; or in order to get a better rate than the Union Pacific was giving them, or to force the road to give them a better rate.

Q. They did not drive across the Union Pacific?—A. Oh, no; they drove northeast.

STURGIS & LANE.

By Mr. POPPLETON:

Q. As to this firm of Sturgis & Lane, I desire to ask you whether that Lane is any kith or kin to Gardner M. Lane, the assistant to the president of the Union Pacific?—A. I think not. I do not know anything about it; but I do not think he is.

Q. What was your place of shipment on the Union Pacific?—A. Ogalalla.

Q. And what was Sturgis'?—A. His was Cheyenne and Laramie and Rock Creek.

Q. And what was the distance?—A. From Cheyenne it would be 140 miles; and from Laramie it would be farther. I think he shipped from all those points. Rock Creek would be about 225 miles.

Q. Then the conditions that would control competition at your point of shipment and at Sturgis' point of shipment might, and frequently would, be different?—A. Yes, sir.

OMAHA, NEBR., *Monday, June 27*, 1887.

MILTON H. GOBLE, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am a member of the Pacific Hotel Company.

THE PACIFIC HOTEL COMPANY.

Q. What is the Pacific Hotel Company?—A. They operate the eating houses on the Union Pacific.

Q. What interest has the Union Pacific in that?—A. It has a half interest in the contract.

Q. What interest has the Union Pacific in the profits?—A. One-half.

Q. Who has the other half?—A. The members of the firm that I am connected with.

Q. Who are they?—A. J. E. Markel, Thomas Swobe, and myself.

Q. How long have you been interested in the Pacific Hotel Company?—A. Since the 1st of December, 1884.

Q. What was your business prior to that time?—A. I was railroading.

WITNESS' FORMER CONNECTION WITH UNION PACIFIC.

Q. With what company were you?—A The Union Pacific.
Q. What position did you hold in the Union Pacific?—A. Purchasing agent.
Q. How long were you purchasing agent?—A. About three years.
Q. Did you ever hold any other position with the company?—A. Yes.
Q. What?—A. Freight auditor.
Q. How long were you freight auditor?—A. I think about four years.
Q. What other position did you hold?—A. Previous to that I was private secretary of the general manager.
Q. What general manager?—A. Mr. Clark.
Q. What other position did you hold?—A. Previous to that I was a short time in the general auditor's office; I think that would be about six months.
Q. Any other position?—A. Previous to that I was auditor of the Texas and Pacific during its construction.
Q. Any other position in the Union Pacific?—A. No; I was in the auditor's office before I went to Texas, and for a short time after I returned.
Q. What was the date of your first connection?—A. I think it was August 15, 1868.
Q. You were in at the beginning?—A. Very nearly.
Q. Have you been promoted from the auditorship to an interest in the Pacific Hotel Company?
The WITNESS: Is that in the line of promotion?

CAPITAL OF THE HOTEL COMPANY.

Q. What is the capital of the Hotel Company?—A. We have a cash capital of $50,000.
Q. How much did the Union Pacific Railway contribute?—A. They contribute their buildings.
Q. Have you a written contract with them?—A. Yes, sir.
Q. Have you a copy of that?—A. I have not.
The CHAIRMAN. Mr. Mink, will you produce a copy, please?
Mr. MINK. I will send for it.
Q. What did the individuals put in?—A. They put in cash.
Q. How much cash?—A. Fifty thousand dollars.
Q. Have you given all the classes of employment that you have been employed in in the Union Pacific Company?—A. I believe so.

NO MONEY EXPENDED TO INFLUENCE LEGISLATION.

Q. Did you, while holding any of those positions, attend the legislature of Nebraska?—A. Never.
Q. Have you any knowledge of any expenditure of money during the time you were connected with the Union Pacific Company, for the purpose of influencing legislation, directly or indirectly?—A. None at all.
Q. Is any officer, director, or employé directly or indirectly interested in the profits of the hotel company?—A. No, sir.
Q. During the time of your administration as an officer of the company had you any knowledge of any interest that the Union Pacific Railway Company took in legislation?—A. I had not.
Q. Did you ever hear that they took any interest?—A. I might have heard of it through the papers. I do not know of any direct interest at all.

MR. KIMBALL'S ALLEGED INTEREST IN ELECTIONS.

Q. Did you ever know that Mr. Kimball, one of the officers, took an interest now and then in the elections?—A. I have heard he did.
Q. Where did you hear that?—A. Through the newspapers.
Q. Is that the only information you ever had of his participation?—A. That is all.
Q. Did he publish it?—A. I do not know that he did.
Q. What do you mean by hearing it through the newspapers?—A. I have seen it in the papers.
Q. What have you seen?—A. I do not know; I took your question as general and answered it that way.
Q. What have you seen in the papers about the interest of the Union Pacific in elections?—A. I cannot speak in general.
Q. Speak in detail then.—A. Simply that he had taken an interest in politics; that is about all I can say. I cannot say anything specific.
Q. What were his politics?—A. That I do not know.
Q. Did you ever hear them mentioned?—A. No, sir.
Q. Have you any suggestion or information to give to the Commission?—A. No.
Q. Did you acquire any information while you were connected with the company?—A. Yes.
Q. Have you any opinion on any information you have ever had in favor of or against the company?—A. I would be supposed to; yes.
Q. Well, what do you know? What information can you give this Commission?—A. I do not think I can give you any.
Q. Because you have not any?—A. Well, if I knew what you wanted, I might be able to give you some information.

OVERCHARGES AND REBATES.

Q. Did you ever hear of any allowance of a rebate by the company during your administration, while you were freight auditor?—A. I have issued vouchers for overcharges.
Q. What do you mean by overcharges?—A. Refunding overcharges on freight collected.
Q. Did you ever issue a refund on account of rebate?—A. Possibly I have. It is a question of what you would call a rebate.
Q. What would you call a rebate?—A. I would call a rebate a cut from a tariff rate.
Q. Would that be a general rate?—A. No.
Q. How would the cut from the tariff rate be allowed—to individuals or to the general public?—A. A rebate would be to individuals.
Q. Were there any such rates allowed, generally, during your time as freight auditor?—A. I do not remember.
Q. Do you recall any individuals who had any special rates or preferences during your time?—A. I do not.

POOLS.

Q. Did you ever hear of a railroad pool during your administration?—A. Yes, sir.
Q. Were there many such agreements made, under pool arrangements, during your time as auditor?
The WITNESS. What arrangements do you mean?
The CHAIRMAN. Pool arrangements with other railroads.

The WITNESS. Oh, yes, sir; quite a number of them.

Q. Were pool balances during your auditorship at any time contributed to or participated in as well by the branch lines as by the main line?—A. I do not remember; but they were if the branch lines were interested in the pool. I think there were one or two pools in which the branch lines were interested; but I cannot remember now.

Q. Can you recall any particular case of that kind?—A. I cannot. I know it was the custom to have the branch lines prorate in everything that they were interested in.

OMAHA, NEBR., *Monday, June 27, 1887.*

P. L. PERINE, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am in the real estate and loan business, in Omaha.

Q. How long have you been engaged here in business?—A. In that business, since the 1st of February.

Q. What were you engaged in prior to February?—A. Railroading.

Q. What railroad?—A. The Union Pacific.

Q. What position did you hold in the Union Pacific?—A. I was in the loan department.

Q. How long were you engaged in the loan department?—A. I commenced there in 1869.

DUTIES OF CASHIER.

Q. What position did you hold in the loan department?—A. I was cashier.

Q. What duties did you have as cashier?—A. I had to receive the money that came in, for the selling of lands; and to remit it to the company.

Q. Had you entire control and supervision over the cash account, for the western end—for this division, as distinguished from the Boston end?—A. Yes.

Q. The Kansas division.—A. Yes.

Q. How did you receive the proceeds from the land account?—A. They came in by letter, and were paid over the counter.

Q. What did you do with them?—A. We remitted them to the Boston office; to the trustees.

Q. How often?—A. Sometimes two or three times a week, and as they came in.

Q. In the meantime what did you do with them?—A. They were deposited every day in the bank.

Q. What bank?—A. The Omaha National Bank.

PROCEEDS FROM SALE OF LAND.

Q. During your administration as cashier of the loan department, or at any other time, were the proceeds from the sale of land—the cash in your possession—used by the railroad company for the purpose of paying dividends?—A. Not that I know of.

Q. You would know it if such use was made of the funds?—A. No, sir; I would not know anything about it.

Q. Was the cash at all times remitted by you to the Boston office?—A. Yes, sir.

Q. Was there ever a diversion of the cash from you to any other source than the Boston office?—A. No, sir.

By Commissioner LITTLER:

Q. To what person did you remit?—A. We remitted most of the time to Mr. Ames, the trustee. For a short time we remitted directly to Mr. McFarland, the treasurer.

By the CHAIRMAN:

Q. Were the remittances you have mentioned the only remittances made by you as cashier to Mr. McFarland and to Mr. Ames?—A. Except some little expenses, like allowances on tickets, &c., under the rules of sale, and commissions.

Q. Upon whose order did you make such remittances?—A. It was in accordance with the rules of the company—the rules on which sales should be made.

Q. Would such remittances be made upon the settlement at the time of the sale?—A. Yes, sir.

Q. Were there any other remittances?—A. No; not that I remember.

Q. Were you employed in any other capacity by the company?—A. No, sir.

ALLEGED IMPROPER USE OF FUNDS TO INFLUENCE LEGISLATION.

Q. Have you any knowledge of any improper use of the funds of the company, over which you had control, or any other funds, for the purpose of influencing legislation?—A. No, sir; I have not.

Q. Did you ever hear of such a charge?

The WITNESS. Of our funds?

The CHAIRMAN. Yes; or any funds of the company.

The WITNESS. Well, I have heard or seen newspaper charges about the funds.

Q. What newspaper charges have you seen?—A. I have seen charges in one or two of the papers here.

Q. What newspapers?—A. The Omaha Bee.

Q. Any other newspapers?—A. I do not recollect.

Q. What were the charges?—A. I could not tell you now, because they were indefinite charges. I suppose you have seen charges in newspapers, and how indefinite they make them. I could not specify any charges.

Q. Were the charges at any time published in the newspapers that you have seen with reference to the use of money true?—A. I do not believe they were. I never believed them.

Q. Do you not know?—A. No; I would have no means of knowing. There was nothing true, so far as concerned the department I was connected with.

Q. Or any other department?—A. I am speaking of my own department now.

ALLEGED PARTICIPATION OF THE UNION PACIFIC IN LEGISLATION.

Q. Do you know of any legislation that the Union Pacific Railway participated in?—A. I do not know of any.

Q. Did you yourself participate in any?—A. I believe in every man assisting to carry forward the principles of his party, and as such I have done it. I never worked for any other men than men of my party.

Q. I am speaking now of the part taken by the Union Pacific Railway as testified to by Mr. Kimball. Did you ever, with Mr. Kimball, or in any way, participate, for the interest of the Union Pacific Company, in any primary or general election, for the purpose of influencing any legislation?—A. No, sir; not outside of my own party.

The CHAIRMAN. I am not speaking of your party principles. Mr. Kimball said he sometimes took part in the elections.

The WITNESS. I used to do so a great deal more in New York City then I have since I have been here. That was a fighting State—New York was.

Q. Have you any suggestion or information to give the Commission?—A. No, sir; I have always done the best I could for the Government and the company.

Q. Did your duties extend, when you were in the land office, any further than the mere adjustment of the cash account?—A. I had to do, of course, more or less with the collections and the sales account.

Q. Were you subject to the commissioner of lands?—A. Yes, sir.

Q. So that the policy of the company with regard to land accounts was subject to the commissioner?—A. Yes.

Q. Who was the land commissioner in your time?—A. The first one was O. S. Davis, and the second one Leavitt Burnham.

THE "LAND TICKET."

By Commissioner LITTLER:

Q. Is there any general complaint among the people here as to their treatment by this company?—A. Well, no, sir; I do not think there is.

Q. You spoke of refunding money to persons who bought land; was there a rule of this company by which they sent purchasers over the line of the road on a cut rate or a full rate, under the agreement that, in case they purchased, their fare should be refunded and should be made a part of the purchase money of the land?—A. Yes, sir; there was an arrangement made with the eastern roads by which what was called a "land ticket" was put on sale in the East, at a low rate; and if the person purchased land, he would be entitled to a certain amount of rebate on that ticket, according to the amount of the purchase.

Q. Not the full amount paid?—A. Not the full amount paid. Not to exceed a certain amount.

Q. That is the kind of ticket you have reference to?—A. Yes.

CHARGES IN THE "BEE."

By Mr. POPPLETON:

Q. You have seen it charged, you say, in the Bee that there had been an improper use of money?—A. Yes.

Q. Did you ever see in the Bee any charge that there had been any misappropriation of the sales of granted lands?—A. Not at all.

Mr. POPPLETON. Even the Bee never got down to that, I think.

OMAHA, NEBR., *Monday, June 27, 1887.*

MILTON H. GOBLE, being further examined, testified as follows:

UNION PACIFIC EATING HOUSES.

By Commissioner LITTLER:

Question. How many eating houses have you along the line?—Answer. We have sixteen, I believe.

By the CHAIRMAN:

Q. Do you come in competition with any other individuals or companies along the line of the road?—A. No, sir.

Q. Are there any boarding-house keepers, eating-house keepers, or restaurant keepers?—A. Not that I know of. Not in the same business with us.

Q. Are you the only restaurant keeper along the line of the road?—A. Yes, sir.

Q. Does that include all the terminals?—A. It does not include Ogden. We run straight from Council Bluffs to Huntington, Oreg.; and then we have two houses in Colorado, off from the main line.

The CHAIRMAN. In a communication of October 19, 1885, directed from the Pacific Hotel Company, Omaha, Nebr., addressed to Mr. S. T. Smith, general superintendent of the Union Pacific Railway Company, and signed by the Pacific Hotel Company ("by M. H. Goble"), the following paragraph occurs:

HALF TARIFF RATES CHARGED HOTEL COMPANY.

"To allay dissatisfaction along the line of road, owing to the fact that outside parties have been informed as to the special rate allowed to the Pacific Hotel Company, the order of the general freight agent making a half rate to be canceled, and all freight thereafter to be billed at full tariff rates, the bill to be rendered against the Pacific Hotel Company to be at half tariff rates, as heretofore."

The WITNESS. That was simply my suggestion.

Q. Why was that suggestion made?—A. On general principles.

Q. What general principles?—A. There was nothing to bring that up at all.

Q. What were the general principles which would apply there?—A. I do not know as that would apply at all in our case, because we were running the only eating houses that are on the line.

Q. What was the dissatisfaction that you referred to?—A. There was none.

Q. What did you mean by "to allay dissatisfaction along the line of the road?"—A. Well, that does not read right; that is all. There was no dissatisfaction to allay; at least, I never heard of any.

Q. What was it that induced you to put such a sentence in your letter?—A. I do not know, sir.

Q. What was the result of this letter of yours to Mr. Smith? Were the bills changed?—A. I think not.

Q. Well, would you not know?—A. No, sir; I think that freight is being billed the same as it was before that letter was written.

NO DISSATISFACTION TO ALLAY.

Q. And do you mean to tell the Commission that when you wrote this letter to allay dissatisfaction along the line of the road, owing to the

fact that outside parties had been informed that there had been a special rate allowed to the Pacific Hotel Company, that you did not mean anything at all?—A. Oh, no; but that matter was under discussion, in some way, in some conversation, that there possibly might be such a thing; and that is what that referred to—that it might possibly occur.

Q. What led to the idea that, possibly, something of that kind might occur; that kind of a complaint?—A. That is purely general. Of course there are people along the road that would consider it a basis of complaint. It might be in this way: On the purchase of supplies for our house (and we purchased most of our supplies in the markets, like any other house, in place of buying from Tom, Dick, and Harry along the line) these men, some of them, might think "these men ought to buy their supplies from us."

Q. Was that the reason?—A. That might have had something to do with it.

Q. Did it?—A. We never had any general complaint of that kind.

Q. Did it have anything to do with it?—Well, it might have had, indirectly; I do not remember now.

Q. Were you not allowed these rebates on the shipments of supplies, and did not the people complain, and, to overcome the complaints, did you not have your bills made out at the public rates, and afterwards were you not allowed a reduction by the company?—No, sir; I think not.

Q. Is not that what you mean by your letter?—A. No, sir; there was no complaint that I am aware of. There has been dissatisfaction along the line, at different points, from people who are in business and from whom we did not buy our goods. That was all.

HALF RATES IN THE CONTRACT.

Q. Was it not part of your contract that some of your goods were to be shipped free and some at half rates?

The WITNESS The original contract?

The CHAIRMAN. Yes.

A. I think the original contract was at half rates; I do not remember now.

Q. Do you know what was in the contract?—A. The original contract?

Q. Yes.—A. The original contract, I think, was at half rates.

Q. Did you read the contract?—A. Oh, yes, I read it a number of times.

Q. Who drew up the contract for you?—A. That I do not remember. That contract was drawn up before I had anything to do with it. I went into the company on the start, but the contract and everything of that kind was arranged before I went in.

Q. By whom was the contract arranged?—A. I think by Mr. Swobe and Mr. Markel.

PACIFIC HOTEL COMPANY PAYS NO FREIGHT.

Q. What individual pays the bills of your company for the freight that comes to the different places for transportation?—A. We pay no freight—do you mean over the Union Pacific?

The CHAIRMAN. Yes.

The WITNESS. We pay no freight.

Q. How do you make your settlements?—A. We make our settlements through a subsequent addition to that contract—through a con-

promise. We give the company reduced rates on certain classes of its employés as an offset.

Q. Does the railroad company carry all of your goods free?—A. Yes, sir.

A MATTER OF CONCESSION.

Q. What do you call that, a special rate or rebate, or a preferential rate?—A. I would not call it that under that contract.

Q. What would you call it?—A. It is a matter of concession entirely. The Union Pacific are half owners in that contract and receive half the benefits.

Q. This is another way, in addition to rebate and special rates and preferential rates by contracts and agreements, by which freight is shipped free over the Union Pacific road, is it not?—A. I would not look at it in that light about that, for the reason that there is nobody else on the road shipping in that business.

Q. If the railroad company does not allow the free shipment of this freight to you by way of rebate, preferential rate, or rebate, then it has another method by which it allows you to ship free, under an agreement, has it not?—A. Yes.

Q. Do you have boarders and lodgers?—A. Yes, sir.

Q. Are there any other individuals or companies along the line of the road, in any of the towns through which the road passes, that take boarders or lodgers?—A. I presume there are hotels at different points.

Q. Are the companies in competition with your company?—A. Not directly. Our business, mostly, is to feed the trains; and they have nothing to do with that whatever. In some of our places we have hotels, and we accommodate people.

Q. Are there other hotels at those points?—A. At some of them, and at others not.

MEALS AT SCHEDULE RATES.

Q. Then, if the railroad company transported your supplies free to the points where there were other hotels, how could they successfully compete with your company in their line of business?—A. Because we pay for the transportation of that freight in another way.

Q. How?—A. We have reduced our schedule rates. That contract provides two rates; one of 75 cents per meal and one of 25 cents per meal. We made a concession for having that freight shipped free. The company is more than paid for that concession. There is a circular that should be attached to these papers, if there is not.

The CHAIRMAN. There is a circular here attached.

Afternoon session.

MILTON H. GOBLE, being further examined, testified as follows:

By the CHAIRMAN:

Question. How often do you make settlements with the railroad company?—Answer. We report once a month.

AGREEMENT BETWEEN UNION PACIFIC AND MARKEL, SWOBE & CO.

The CHAIRMAN. The agreement dated December 1, 1884, between the Union Pacific Railway Company and Markel, Swobe & Co., doing business in Douglas County, Nebraska, referring to the Pacific Hotel

Company, contains the following provision: "Said first party (the Union Pacific Railway Company) also agrees to transport all perishable goods, including butter, oysters, &c., in the baggage cars of its trains free of charge, and to pass free over its own lines to the place of employment all necessary help employed by said second party in the management of said eating houses and hotels upon the lines of said second party." In addition to the list of goods contained in the provision I have read to you, what other articles were shipped free over the line of the road?

The WITNESS. At the time that contract went into effect?

The CHAIRMAN. Yes.

The WITNESS. That is all, I believe.

Q. Were you allowed half rates on any other articles?—A. Yes.

Q. What other articles?—A. Everything else that we shipped.

Q. Does your contract apply as well to the branch lines as to the main line?—A. Yes, sir.

Q. All its provisions apply as well to the branch lines as to the main line?—A. Yes, sir.

Q. What consideration were you to render to the company for this allowance of free freight?

The WITNESS. The one made subsequent to the contract?

The CHAIRMAN. Yes.

The WITNESS. We were to make a reduction in our rates to employés.

Q. What reduction did you make?—A. We have a circular that gives a list of it. I think it is attached to those papers that you have.

IMPOSSIBLE FOR ANY EATING HOUSE TO COMPETE.

Q. Under this contract, with its modifications, was it possible for any hotel company or eating house, along the line of the road, to enter successfully into competition with you?—A. Not for any eating house. Nobody could operate an eating house unless the trains were run to it.

By Mr. POPPLETON:

Q. Would it be possible to maintain the eating houses at all the different stations in connection with which you were to give the rates that were given by the company, without the contract and the co-operation of the railway company?—A. No, sir; it would not.

Q. It could only be done at the leading points?—A. Yes, sir.

NECESSITY OF RAILROAD TO CONTROL EATING HOUSES.

Q. State, if you know, whether, as matter of practice and of business, railroad companies do not find it necessary to control eating houses in order to keep them up to the standard that the public demands?—A. That is the case all over the country at the present time, I believe. It is a necessity, certainly, on the Union Pacific.

Q. Why?—A. Because they were formerly so poorly run. Each house was independent, and some of them were very miserable places. We run a house on the principle of efficiency, whether we lose $500 a month or make $500.

Q. I will ask you the question whether the eating house service, taken as a whole, was ever before up to the standard that it has been since this contract was made?—A. It never was.

PROFITS OF THE BUSINESS.

By Commissioner LITTLER:

Q. What are your profits per annum under this contract?—A. I think last year it was sixty odd thousand dollars.

Q. Your share?—A. No; that was the whole thing.

Q. That was the total profit?—A. Yes.

By Mr. POPPLETON:

Q. How many men give their attention to this as managers on your part?—A. There are three of us that give the matter our time and attention.

DISPOSITION OF PROFITS.

By the CHAIRMAN:

Q. You do not know what the railroad company does with its profits?—A. I do not.

The CHAIRMAN. I would like to have you state what becomes of the profits from this business.

Mr. MINK. My recollection is that the amount is credited against the expenditures that were made to put the eating houses in order. But I will state that definitely when the statement is received.

The CHAIRMAN. It does not appear at all.

Mr. MINK. I will explain it to you when I get the statement. I shall know definitely then. I know that that was the arrangement that was made.

The CHAIRMAN. It is an unaccounted item?

Mr. MINK. Yes. It stands in a state of suspense. We spent $60,000 or so to put these houses in order, and held that sum in a special account, to be absorbed by the profits we received under the contract.

The CHAIRMAN. How large is your suspense account? What else have you in it?

Mr. MINK. Nothing else. That is all.

The CHAIRMAN. Will you produce this suspense account to the Commission?

Mr. MINK. Yes; I have called for it.

MILTON H. GOBLE.

OMAHA, NEBR., *Monday, June* 27, 1887.

W. F. GURLEY, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am an attorney.

Q. Where do you reside?—A. I reside in Omaha.

Q. Have you had any business relations with the Union Pacific Railway Company?—A. No, sir.

Q. Were you ever employed by them?—A. Not by the company.

EMPLOYED BY MR. THURSTON.

Q. By whom were you employed, connected with the company?—A. I have been employed at different times by Mr Thurston.

Q. Who is Mr. Thurston?—A. He is an attorney here in the city.

Q. Is he connected with the Union Pacific Railway Company?—A. He was, and I suppose he is now.

Q. What was his position?—A. He was one of the attorneys of the road, I believe.

Q. One of the regular attorneys?—A. I believe so; yes.

Q. How were you employed by him?—A. I have looked after various matters for him, connected with the law business at different times. That is, I have tried small cases for him and looked after the continuance of cases, and that kind of work, at different times.

Q. Did he have charge of the trial of causes for the Union Pacific Company?—A. He tried them. I do not know whether he had charge or not.

Q. Were you employed as special counsel?—A. No, sir; I presume not. I have attended to matters for him. My arrangements were personal with him.

Q, Did the Union Pacific Railway Company pay you?—A. No, sir.

Q. Who paid you?—A. I have been paid by him for the work I have done for him.

RAILROAD LEGISLATION IN THE NEBRASKA LEGISLATURE.

Q. Were you employed by Mr. Thurston to visit the capital during the session of the legislature, in the interest of the Union Pacific Railway Company?—A. I was employed by Mr. Thurston one time, to look after certain matters at Lincoln.

Q. What were they?—A. Well, I looked after railroad bills there, to see what time they came up, and of what nature they were—that is, whether they related to railroads or not, in legislation.

Q. When were you employed—how long ago?—A. I was there last winter.

Q. What other session?—A. That is the only session.

Q. How long were you there?—A. I think I was there ninety days.

Q. Was that the entire session?—A. Yes, sir; that covered pretty nearly the entire session, I guess.

Q. What bills were pending before the legislature, that the Union Pacific Railway Company was specially interested in?—A. I do not know, I am sure.

LOOKING AFTER BILLS.

Q. Well, what did you do there?—A. Well, as I say, I looked after the bills, to see when they were introduced, and to see what their nature was, and looked after them generally.

Q. Did you study the bills?—A. Well, I generally made up my mind what the intention of the bill was.

Q. What were the bills?—A. There were quite a number of them. I could not state specifically any particular bill.

Q. Can you name any one of them?—A. I do not think I could; no, sir.

Q. Who was associated with you at Lincoln in watching the interests of the Union Pacific Company?—A. I do not know what other parties were doing there. I know what I was doing. There were a great many people down at Lincoln.

Q. Connected with the Union Pacific Company?—A. I do not know. There were a great many interests represented there.

Q. Do you know of anybody else working with you in connection with the interests of the Union Pacific Railway Company?—A. I was working alone, so far as I was concerned.

Q. What kind of work did you do?—A. Well, I have tried to state. As soon as a bill was introduced I endeavored to find out and see when

it was liable to come up for discussion and passage, and to look after it in a general way.

Q. What did you do to influence the members of the legislature with reference to bills?—A. Nothing more than talk in regard to bills, sometimes.

Q. Did you talk to them individually or collectively?—A. I talked to them individually, not collectively.

THE "OIL ROOM."

Q. Did they have a room in the halls of the legislature known as the "oil room?"—A. I have heard of such a room, but I never saw it to my knowledge.

Q. Where did you hear of it?—A. In the papers; principally through the Bee.

Q. As an actual fact, you do not know of such a room?—A. I do not know of such a room; no, sir.

Q. What did you hear about the "oil room" through the Bee?—A. I simply heard that there was such a room. I never understood what they meant by it, myself.

Q. What was it reported that they did in that room?—A. I do not know that I could tell.

Q. Did they have drinking materials? Was that the allegation?—A. I do not know, really.

Q. Were drinking materials, as matter of fact, provided anywhere in the halls of the legislature?—A. I do not know of any.

Q. Or in the vicinity?—A. I could not say as to that.

Q. Did you ever provide for members of the legislature?—A. No, sir.

Q. Did you ever use any money, directly or indirectly, to influence any legislation?—A. No, sir.

Q. Concerning the Union Pacific Railroad Company?—A. No, sir; nor any other legislation.

PAID BY MR. THURSTON.

Q. How were you paid?—A. I was paid by different parties. I was paid by Mr. Thurston for the work I did for him. I did other work there for other individuals, that I was paid for.

The CHAIRMAN. I am speaking of the Union Pacific Railway Company.

The WITNESS. I have no knowledge of being paid by them. I was employed by Mr. Thurston and was paid by Mr. Thurston.

Q. How much were you paid by Mr. Thurston?—A. I do not remember the exact amount.

Q. Were you paid $100 a month? I am speaking as to the Union Pacific legislation.—A. I do not remember the exact amount that Mr. Thurston paid me. Perhaps something like $300 or $400. Probably about $400, I guess.

Q. That was the total amount, was it?—A. No; that was what he paid me. Then he paid my expenses.

Q. What expenses?—A. Expenses while I was at Lincoln—living there.

Q. What expenses do you mean by "living"?—A. I mean my living expenses—my board and that kind of thing.

NO MONEY USED TO INFLUENCE LEGISLATION.

Q. Have you any knowledge of any expenditures of money or bonds of any kind given to members of the legislature to influence legislation for or against the Union Pacific Railway Company?—A. No, sir; none whatever.

Q. Do you know any individuals that were employed in the same capacity that you were employed?—A. No, sir; I do not know what the arrangements of any other party there were at all. I know my personal arrangements; but outside of that I do not know what arrangements other parties made.

PASSES.

Q. Had you the power to grant passes to members of the legislature or their friends?—A. No, sir.

Q. Did you procure passes through others for members of the legislature?—A. Yes, sir.

Q. And for their friends?—A. Yes; I presume I did, probably.

Q. To what extent did you procure passes?—A. Not a very great extent.

Q. Have you ever procured any other benefits or privileges or preferences from the Union Pacific Railway Company for members of the legislature or their friends?—A. No, sir.

Q. Were your traveling expenses allowed you?—A. I traveled on a pass when I went down there and back.

Q. Were you paid by Mr. Thurston by check?—A. He paid me at different times; I think he gave me some money at one time and a check at another.

Q. Was it his own personal check or a check of the Union Pacific Railway Company?—A. He gave me his personal check.

Q. Did you receipt for the payment by Mr. Thurston to you?—A. I think I did; I am not positive, but I think I did.

Q. In all cases?—A. Well, I am not sure about that; I do not know whether I did or not.

CONCERNING "LOBBYING."

Q. Did you do the lobbying of the Union Pacific Company at the capitol?

The WITNESS. What do you mean by "lobbying"?

The CHAIRMAN. I am examining you.

The WITNESS. I know; but I want to understand the question fully.

The CHAIRMAN. I have put the question. Did you do the lobbying of the Union Pacific Railway Company at the capitol during the session of the legislature?

The WITNESS. I have stated that I was employed by Mr. Thurston to go down there and look after those bills; they were railroad bills; I did so. The employment was from him.

Q. Did you report the result of your work there in writing to Mr. Thurston?—A. No, sir; I made no report at all.

Q. Did you make any communication to Mr. Thurston?—A. Why, I would certainly, at times, make verbal communications. Very often.

MR. THURSTON PRESENT AT LINCOLN.

Q. Would he come to you or would you go to him?—A. I would go to him, generally.

Q. Where was he located at that time?—A. He was there at Lincoln a portion of the time.

Q. Was he there during the whole session of the legislature?—A. No, sir.

Q. Did you ever write to Mr. Thurston?—A. I do not think I did. I am not positive about it.

Q. How long did he stay at the capitol?—A. Well, I could not say exactly. He was there a number of times; I could not say exactly how long.

Q. Did he act in co-operation with you before the individual members of the legislature, or before the committees?—A. I do not know of his going before committees.

Q. Did you appear before committees?—A. No, sir.

DISCUSSING BILLS WITH MEMBERS.

Q. How did you convince the members?—A. I do not know that I convinced any of them. I very often discussed bills that were pending.

Q. Can you name one single bill that you discussed with any one member of the Nebraska legislature?—A. I do not believe I can name a single bill now. There were a great many of them.

Q. It did not make much of an impression on you at the time?—A. It may have, at the time, but it has escaped my memory now.

Q. Did you ever succeed in convincing a member of the legislature that he ought to change his opinion?—A. I do not know that I ever convinced any of them, I am sure.

Q. Did any of them afterwards change their opinions?—A. I cannot say.

Q. How did you observe the result of your work at Lincoln?—A. I do not know that I did observe the result very closely.

"VERBAL COMMUNICATIONS" IN REGARD TO PENDING LEGISLATION.

Q. Did you talk over the result with Mr. Thurston?—A. I do not remember that I did.

Q. What kind of talks would you have with him about your work?—A. What do you mean by talks?

Q. You said, a moment ago, that you would have verbal communications.—A. Yes, I did.

Q. What were they?—A. Simply in respect to what was being done, and what bills were pending, and when they were liable to come to a vote, and that kind of matter.

Q. What other kind of matter?—A. That was all.

Q. Did you talk about what the vote was likely to be?—A. We may have done that.

Q. Did you discuss the probable manner in which members of the legislature would vote?—A. I may have done that; I do not remember. I think very likely.

Q. Did you inform him that certain members would likely change?—A. No, sir; I did not.

Q. Did you ever find any trouble with any members that you had interviews with?

The WITNESS. Trouble?

The CHAIRMAN. Yes.

The WITNESS. In what way?

The CHAIRMAN. In order to secure their support.

The WITNESS. Beyond the fact that I discussed questions with them, there was no more trouble about it. It was a mere discussion of the facts. They voted as they pleased.

Q. Did you report that fact to Mr. Thurston—the fact that you discussed the matter with them and they did about as they pleased?—A. No, sir; I do not know that I did.

Q. What report, on such an occasion, did you make?—A. I was not in the habit of making a report on every conversation. If I met Mr. Thurston I had a conversation with him and, of course, we would be likely to discuss matters that were before the legislature at that time. I cannot remember any particular conversation or any particular thing that was said. There is nothing that I would be liable to remember.

COMPENSATION PAID.

Q. Then, $400 represents the sum paid to you, and, so far as your knowledge goes, the whole amount of expenditure made by the Union Pacific Railway Company during the session of the legislature of 1887?—A. The amount that I stated; $400, or whatever it was (I said about that), I received from Mr. Thurston. That is all I know of that. It was paid to me by him personally.

Q. Did you receive any other sum?—A. That may not have been the exact amount. I cannot remember it.

Q. Did you receive anything else?—A. Whatever the amount was (I could not state it exactly) I did not receive anything beyond that from him. I did work for other parties there besides him.

The CHAIRMAN. I am only asking with respect to the Union Pacific Railway Company.

The WITNESS. I do not remember the exact amount.

The CHAIRMAN. Mr. Mink, I would like you would produce the statement of legal expenses in Mr. Thurston's name, or all the legal expenses for 1887.

Mr. MINK. I will have them produced.

Q. Did you ever write to Mr. Kimball concerning the legislation?—A. No, sir; I never had any correspondence whatever with Mr. Kimball.

Q. Did you ever meet him at the session of the legislature?—A. I do not think I ever saw him there; no, sir.

Q. Did you ever have a conversation with him in Omaha concerning the legislation of the Union Pacific Company?—A. No, sir.

Q. Did you ever talk with any other of the officers or employés concerning the legislation in the direction of the Union Pacific Company?—A. I may have talked with some of them. I cannot remember now.

Q. With whom? Name one.—A. I cannot remember now. I think I probably did.

Q. Can you name any one of the individuals connected with the Union Pacific Railway Company that you talked with?—A. I think I probably talked with several of them, but I do not remember the conversations just now.

Q. Can you name one?—A. I think, probably, Mr. Manchester.

Q. Who is Mr. Manchester?—A. He is connected with the road.

Q. In what position?—A. I do not know exactly what his position is.

Q. Where did you meet him?—A. I met him here and at Lincoln, both.

Q. What led to your conversation with Mr. Manchester?—A. I do not remember. I know him personally.

Q. Did you talk with him at the capitol or here in Omaha?—A. I talked with him in both places.

Q. Was he there at the session that you were?—A. He was there a number of times. He was not there right along.

EMPLOYMENT OF DAVID MERCER.

Q. Was there a man there by the name of David Mercer?—A. Yes.

Q. Was he employed in the same capacity with you?—A. I do not know the nature of his employment. He never told me.

Q. Did you have a conversation with him, when he was there, concerning the legislation of the Union Pacific?—A. I have had a number of conversations with him. I do not remember what they were. I do not think I could remember any of them.

Q. Did you have a conversation with Mr. Mercer upon the legislation pending in the legislature of 1887, in which the Union Pacific Railway Company was interested?—A. I think I may have had, yes, sir; but I cannot remember what they were.

Q. Were there any employés of the Union Pacific Railway Company who were members of the legislature in 1887?—A. I do not know as to that.

MEMBERS OF THE LEGISLATURE EMPLOYED BY THE UNION PACIFIC.

Q. Do you know David Knox?—A. Yes; I know who he is.

Q. Was he a member of the legislature?—A. Yes.

Q. Was he not an employé of the Union Pacific Railway Company?—A. I believe he was.

Q. At the same time that he was an employé, he was at Lincoln engaged in legislation?—A. I have heard so.

Q. Do you not know so?—A. No, I do not know.

Q. Do you know Patrick Garvey?—A. Yes.

Q. Was he from Omaha?—A. Yes.

Q. Was he an employé of the Union Pacific?—A. I do not know as to that.

Q. Was he a member of the legislature?—A. Yes.

Q. Do you know James Young?—A. Yes.

Q. Was he a member of the legislature?—A. Yes.

Q. Was he from Omaha?—A. Yes, sir.

Q. Was he an employé of the company?—A. I do not know as to that, whether he was or not, positively.

The CHAIRMAN (to Mr. Mink). How is it as to these two gentlemen?

Mr. MINK. I never heard their names before.

The CHAIRMAN (to Mr. Kimball.) Can you tell us about those gentlemen? You know Mr. Knox, do you not? And Mr. Young?

Mr. KIMBALL. I know Mr. Knox. I do not know Mr. Young.

The CHAIRMAN. Was not Mr. Garvey an employé of the company at the time he was a member of the legislature?

Mr. KIMBALL. I do not know.

The CHAIRMAN. Who would know?

Mr. KIMBALL. The man he works for. [To the witness.] Were they shop men?

The WITNESS. I do not know.

Mr. POPPLETON. If they were among the Union Pacific employés, they were Knights of Labor who were employed in the shops; and whoever has control of the motive power or shop roll would know about

them. I do not know. I have read a good deal in the newspapers about these men being employés, but I do not know whether they were employés or not.

The CHAIRMAN. I would like to have a statement as to those men, whether or not they were members of the legislature: Garvey, Knox, and Young.

Mr. POPPLETON. And any others?

The CHAIRMAN. Any others.

Mr. POPPLETON. There are one or two more, I believe.

The CHAIRMAN. Who are they?

Mr. POPPLETON. I do not know, but I can tell you now who suggested those names.

The CHAIRMAN. We should be glad to have any other names.

Q. Were you employed at any other session of the legislature?—A. No, sir.

METHODS USED TO INFLUENCE LEGISLATION.

Q. This was your first experience in the direction of influencing legislation?—A. It is the first time that I had been to the Nebraska legislature.

Q. Were you ever employed by the Union Pacific Railway Company?—A. No, sir. As I have said before, I have done work for Judge Thurston at different times.

Q. But in any other position were you ever employed by the Union Pacific Railway Company?—A. No, sir.

Q. Did you ever have a conversation with any of the gentlemen I have named (Knox, Young, or Garvey) concerning the legislation of the Union Pacific Railway Company?—A. I may have done so, but I could not be positive as to that.

Q. Did you indicate in any way to them your desire as to how they should vote?—A. No, I do not remember that I did.

Q. Did you ever ask them to vote for or against any particular bill?—A. I do not remember that.

Q. Did you ever ask any member of the legislature to vote for any particular bill in which the Union Pacific Company was interested, or against any particular bill?—A. I do not believe I ever did. As I say, I have talked the matter over with them; but I do not think I ever made any direct request of any of them.

Q. Would you regard that as a rather abrupt method of approaching a member of the legislature?—A. I do not think that that is the proper way to talk to any man, that you want to do a thing. The way to do is to talk with him and advance arguments, if you can.

Mr. POPPLETON. The name of the other man I referred to is Matthieson.

Q. Were you acquainted with Mr. Matthieson, a member of the legislature?—A. Yes; I know him.

Q. Did you have to use any arguments with him or with other Union Pacific Railway men there as to legislation in which the Union Pacific Railway Company was interested?—A. I do not think there was any different method pursued as between them and others.

Q. Did you ever secure situations for any men on the recommendation of men in the legislature or their friends?—A. No, sir.

Q. Did you ever give them letters to Mr. Kimball for employment?—A. No; I know I never did.

ARGUING WITH MEMBERS.

Q. Were more arguments needed with some members of the legislature than with others?—A. Of course there is a difference in men; one would not be so successful, perhaps, with some of them as with others.

Q. What difference did you mark in men that required a different appeal?—A. I do not know that I did mark any special difference. It would be difficult to tell that.

Q. What is the difficulty?—A. Well, I do not know that I could remember now as to individual men, to remember their peculiar manners at the time of conversation with them.

WELL ACQUAINTED WITH MEMBERS.

Q. Did you have a large acquaintance with members of the legislature?—A. I knew most of them.

Q. Were you acquainted with them through Mr. Thurston or through your own personal acquaintance?—A. I had a pretty good personal acquaintance with a number of them. Of course I met others of them while there.

Q. What previous acquaintance had you had with members of the legislature?—A. I had the acquaintance that would, of course, come to a man living here as long as I have. I have lived here five or six years; six years, I guess.

Q. In Omaha?—A. In Omaha; and I have been through the State somewhat.

Q. Were you engaged in the political party work?—A. No, sir.

Q. How have you secured this acquaintance outside of Omaha?—A. When I had business in a town I would get acquainted with people.

Q. How did you manage to hit a member of the legislature every time?—A. I did not manage to do that.

PARTICULAR QUALIFICATIONS UNKNOWN.

Q. Then what qualified you for this special work in 1887?—A. I do not know what my particular qualification was. I did not ask that. I was employed, and went.

Q. Did you have an acquaintance with one-third of the members of the legislature of Nebraska at that time?

The WITNESS. Before I went down there?

The CHAIRMAN. Yes.

The WITNESS. I do not believe I did.

Q. Did you have an acquaintance with one-fourth of them?—A. I could not state. I knew quite a number of them. There are one hundred and thirty members of the house; and, of course, I did not know them all; I met them afterwards.

INSTRUCTIONS FROM MR. THURSTON.

Q. What instructions did Mr. Thurston give you?—A. I do not remember any particular instructions.

Q. Did he have any conversation with you before you left?—A. I believe he did; yes, sir.

Q. What was the nature of it?—A. I do not remember that exactly.

Q. What did he tell you to do?—A. To look after these bills and to see when they were coming up for discussion; and, as I say, I reported

to him verbally the situation from time to time, and had these conversations myself.

Q. Did you go up before or just at the time of the opening session of the legislature?—A. Yes, sir.

Q. What instructions did he then give you concerning any bills that were pending?—A. Well, he was up there at the opening of the legislature, I think, himself.

Q. Then this conversation took place there at that time?—A. It may have been. I am not positive as to that. I had a number of conversations with him, and I could not remember any particular one.

MR. THURSTON'S APPEARANCE INSISTED UPON.

The CHAIRMAN. I want to insist, Judge Poppleton, that Mr. Thurston be brought before this Commission.

Mr. POPPLETON. I have no control over him.

The CHAIRMAN. He is an officer of this company, I believe.

Mr. POPPLETON. He is an attorney of this company; but I have no control over him, except to direct him in respect to the legal business of the company; the strictly legal business.

The CHAIRMAN. I give notice now that we shall want him, and I call for the presence of Mr. Thurston, the solicitor of the Union Pacific Company. We have already made an effort to serve a subpœna on him and failed.

Mr. POPPLETON. There is something in terms, Mr. Chairman. Mr. Thurston is not a solicitor of the Union Pacific Company. If he has any title at all, it is as assistant attorney, and, so far as I am concerned, he is detailed to certain business.

The CHAIRMAN. Then we call upon Mr. Thurston, the assistant attorney.

Mr. POPPLETON. We have no power to produce him. His office is in the Omaha National Bank and his residence is well known in this city.

The CHAIRMAN. We have made every effort to find him.

Mr. POPPLETON. I doubt it. I do not mean to say that you do not think you have made every effort, but it is a question in my mind whether your man has.

BILLS IN WHICH THE UNION PACIFIC WERE INTERESTED.

By Commissioner LITTLER:

Q. You say you cannot recollect the subject-matter of any bill that was pending before that legislature in which the Union Pacific Railway Company was interested?—A. No, sir; I do not remember now.

Q. How many bills were there of that character?—A. There was quite a number of bills, but I do not recollect the number.

Q. Was your employment by Mr. Thurston for the purpose of securing affirmative legislation, or defeating supposed unfriendly legislation to the company?—A. My employment by Mr. Thurston was, as I have stated, to look after these bills and report to him (which I did) the time when they were pending, and when they were liable to come up.

NO BILLS INTRODUBED BY FRIENDS OF THE COMPANY.

Q. Do you know of any measure introduced into that legislature by the friends of the Union Pacific Railway Company?—A. I do not remember any.

Q. Can you give a general idea of some of the hostile legislation contained in those bills?—A. No, sir; I could not do it. There was a great number of bills there, and I was interested in other bills besides railway bills, and I could not remember.

Q. Were those bills all numbered?—A. Yes, sir; they were on house files and senate files.

Q. Is it a custom of the secretary of state to keep copies of all measures introduced, whether passed or not?—A. I am not sure as to that. I think he does, however. He keeps on file all that pass, anyhow.

Q. When you received instructions from Mr. Thurston to go to Lincoln, did he say or did you understand that it was on behalf of the Union Pacific Railway Company or on behalf of him individually?—A. He said nothing about it, except that he wanted me to go down there.

Q. You are not certain whether you gave him receipts for the money you got?—A. I am pretty certain I gave him receipts. I am quite sure I did. I do not know whether I gave him receipts every time or not.

Q. I understand you to say that your net compensation was $400?—A. I think it was about that.

Q. Do you recollect what your expenses were for board bills and such things?—A. No, sir; I do not.

Q. Were they large?—A. I do not remember what they were.

Q. What was the price of board at Lincoln that winter where you boarded?—A. Well, I boarded at the Capitol Hotel.

Q. Is it a pretty good hotel?—A. Well, not very bad. The best, I guess, that there was there.

THE "OIL ROOM."

Q. As to this "oil-room" you spoke of; you say that room was not located in the capitol building?—A. I said I did not know. I had heard of the "oil-room," but I did not know what it was.

Q. Did you understand from the use of that term in connection with that room, that it was a room, somewhere in Lincoln, used for the purpose of getting members into it with the view of negotiating with them for their votes on the passage of measures?—A. My idea of the use of that term, as I have seen it used in the Bee, was that it was a room intended to be used for corrupt purposes.

Q. You say you were never in that room?—A. I never was in the room at all.

Q. Did you ever see any of the other Union Pacific men in there?

The WITNESS. Where?

Commissioner LITTLER. In the oil-room that you speak of.

A. I never was in the oil-room that I know of.

NO MONEY USED TO INFLUENCE LEGISLATION.

Q. Do you know any officer or employé, regular or otherwise, of the Union Pacific Railway Company who was there, using money corruptly for the purpose of influencing legislation?—A. No, sir; I do not know of a single dollar that was ever used that way.

By Mr. POPPLETON.

Q. Have you ever seen this oil-room outside of the Bee newspaper?—A. I think that was the only newspaper I saw it in.

Q. Then you do not know exactly what the Bee means when it talks about the oil-room?—A. No, sir; I do not know.

THE SENATORIAL ELECTION.

Q. It may be imagination; there was something else going on down at Lincoln last winter, was there not? There was a Senatorial election, was there not?—A. Yes.

Q. What was the political complexion of the legislature?—A. It was Republican.

Q. Well, in what ratio?—A. I did know exactly, but I have forgotten that.

Q. Was there not nearly two to one, and even more, between the two parties?—A. Yes, sir; I guess so.

Q. Is it not a fact that you were acquainted with most of the Republican members of the legislature?—A. I stated that I was acquainted with a good many of them; I could not state how many.

Q. Did not that come from the fact that you yourself had been engaged in politics and in canvassing, to a greater or less extent?—A. I had; yes, sir.

Q. When you went to Lincoln at the request of Mr. Thurston you went there under his personal directions, you say?—A. Yes, sir.

LENGTH OF CONTEST.

Q. How long did this Senatorial fight last before they got to legislation at all?—A. I think it was quite a while. I forget how many days it was, from the first day of the session, before they got to a ballot; quite a number; and then, I think, the Senatorial fight covered some four days. There was some little time between the opening of the legislature and the beginning of the ballot for Senator.

Q. I think you said you were a lawyer?—A. Yes.

Q. Do you know of any law of this state that prevents an employé of the Union Pacific Company from becoming a member of the legislature, if he can get elected?—A. I never heard of any.

Q. Do you know of any that prevents a Knight of Labor from becoming a member, if he can get elected?—A. No, sir.

By the CHAIRMAN:

Q. Have you anything else to say to the Commission?—A. I believe I have nothing that would interest them.

The CHAIRMAN. Anything that concerns the Union Pacific Railway Company we will be glad to hear from you.

A. I do not know anything.

OMAHA, NEBR., *Monday, June 27, 1887.*

J. M. EDDY, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am a railroad man.

Q. What road are you connected with?—A. With the Omaha Belt Railway at present.

Q. Were you ever connected with the Union Pacific road?—A. Yes, sir; I have been.

Q. How long ago?—A. Well, I have been connected with it at two different times; once from 1866 to 1872 or 1873, I think 1872, and then again directly, in 1875 and 1876, I think it was. Not since then.

Q. In what capacity were you connected with the Union Pacific road?—A. I served in a great many capacities.

HELD VARIOUS POSITIONS IN THE COMPANY.

Q. Commence at the beginning and state what your relations were in 1866.—A. I was first connected with it as receiving clerk; receiving material down on the river. Then I became purchasing agent, and then I went into the engineering department and was chainman, rodman and leveler, and assistant engineer. I was assistant engineer in 1872, at the time I left. Also, at one time, probably for a year or two, I was what was called general town lot agent, for the sale of lots that this company owned. Then, in 1875 or 1876 I located a line for them and built what was known as the Omaha and Republican Valley road for them.

Q. That was 1876?—A. Yes; I went away from here in the fall of 1872 and went to Texas. After that, either in 1876 or 1877, I was general agent, for a time, for the Union Pacific in Denver. I think that was in 1876 or 1877. I have had no connection with the company since then.

Q. What year were you superintendent of construction of the Union Pacific Company?—A. I was superintendent of construction of what was called the Omaha and Republican Valley road. It is a branch road that runs southwest. It was only about 30 or 40 miles long.

ESTIMATE OF COST OF CONSTRUCTING THE UNION PACIFIC.

Q. In 1866, or near that period, did you make an estimate as to the construction of the Union Pacific Railroad, as it crossed the continent?—A. I was in the office where those estimates were made—where profiles were made, and estimates; but if I did anything at all it would be more clerical work. I was connected with the chief engineer's office.

Q. Did you ever hear of any estimate of $30,000 per mile for the construction of the railroad at that time?—A. No, sir; I never heard any amount or anything of that kind.

THE OMAHA AND REPUBLICAN VALLEY RAILROAD: HOW BUILT.

Q. How was the Omaha and Republican Valley Railroad built?

The WITNESS. In what respect do you mean?

The CHAIRMAN. Was it built by the company? By whose money was it built, I mean?

The WITNESS. I think it was built by the company. I really do not know anything about it, except that I was in the field and built the road. I think that the contracts and all vouchers were paid here in the Omaha office. If they were not, I do not know anything to the contrary.

Q. In what county was the road located, or through what counties did it run?—A. I really could not say, now.

Q. Did it go through Saunders County?—A. Yes; it ran through Saunders County.

Q. Was there an effort made, by private subscription, to raise the money for the construction of that road in that county?—A. There might have been, but I never heard of any such thing. There might

have been a fund talked of, but I never heard of it at the time, and have not since. This road leaves the Union Pacific at a place called "Valley," out here.

THE SUBSIDY FROM SAUNDERS COUNTY.

Q. Was there a subscription by Saunders County to the company?—A. There was a subsidy that was given, in case the road reached Wahoo (which was the county seat) at a certain time. That time was very short. The limit was the 1st of January. The first 21 miles were built between the 10th of November and the 1st of January. I was on the ground every day myself, and know but little else except the fact that we got in there and got the subsidy, if there was one; and yet I am not sure that there was one.

Q. Do you know the amount of the subsidy?—A. No; I do not.

Mr. POPPLETON. It was $140,000 of bonds.

METHOD AND COST OF CONSTRUCTING THE ROAD.

Q. What was the cost of the road?—A. I do not know. It was built under some difficulties. It was built very rapidly, and as cheaply as possible. That is, everything was done to make it cost as little as possible for a permanent road. In fact, it was not what you might call a permanent road until the next spring, on account of the frost in the ground.

Q. What was the estimated cost?—A. I do not think an estimate was ever made on it.

Q. What was the approximate cost?—A. Well, I should have to jump at it. To iron it and tie it, and do the whole thing, I should think, without rolling stock, would cost about $14,000 or $15,000. But it might have cost more than that on account of the bridge. I think the bridge made it cost more than that; probably $16,000 or $18,000. There was no estimate made, simply because we had no time. We were locating and grading, and building the track all on the same day.

Q. Have you any knowledge of any influence exerted by the Union Pacific Railway Company to force a contribution on the part of Saunders County in the nature of a subsidy?—A. No, sir; I have not.

Q. Have you any information that you can give the Commission concerning the Union Pacific Railway Company?—A. I do not know that I have.

Q. Any suggestion that you can make?—A. I do not know of any suggestion that I have to make.

ITS PRESENT CONDITION.

Q. Have you been over the road lately?—A. Not for six months.

Q. Have you been over its branches?—A. Not all of them. A great many of them I have. Not for six months, though.

Q. What is the general condition of the road, so far as you observed?—A. My impression is that the physical condition of the road is good; the road-bed and everything, I think, is in good condition. It was so the last time I was over it. I judge by what I have known in the past. I have seen it when it was in very much worse condition than it is now.

Q. Do you speak of the branches?—A. No; I speak of the main line.

Q. What do you say of the branches?—A. I have not been over the branches in a year, I think.

CONDITION OF ITS BRANCHES.

Q. In what condition were they when you did pass over them?—A. They were in very good condition for Nebraska railroads.

Q. Are they up to the standard of Eastern railroads?—A. No, sir.

Q. How far below are they?—A. They are below about 18 inches of gravel. [Laughter.] There is no road west of the Missouri that is as good as the roads east of the Missouri.

The CHAIRMAN. I understood that Mr. Adams was fixing the Eastern standard as the standard of the Union Pacific. That is why I asked. That is true, is it not, Mr. Mink?

Mr. MINK. The eastern standard is being kept in mind all the time.

Q. Had you any business relations with the Union Pacific Railway in 1884 and 1885?—A. Well, I was not connected with them, if that is what you mean.

THE CONSTRUCTION COMPANY.

Q. Do you recall any large payments received from the Union Pacific Company or made by the Union Pacific Company to you during 1884 for grading?—A. No; I do not recall that.

The CHAIRMAN (to Mr. Mink). I wish you would produce voucher No. 41, John M. Eddy, grading, to July 1, 1884, the amount of which is $18,791.20. Also voucher No. 42, grading, to September 1, $16,841.50. Or perhaps Mr. Eddy will remember them without the production of the vouchers.

The WITNESS. I remember now what you mean. My name was used in a contract that I did not perform.

Q. Who did the work?—A. A contractor who did the work under me, and the contractor got the money.

Q. Who was the contractor?—A. It was a company, a construction company.

Q. Who composed it?—A. Some parties that lived in Salt Lake, or had headquarters there. It was a grading contract.

SUBSTITUTING NAME OF INDIVIDUAL FOR THE COMPANY.

Q. What was the idea of substituting your name?—A. Well, I suppose it was done at the time to use my name as a matter of convenience in handling the accounts. It was not anything else that I know of.

Q. What would be the convenience to the company?—A. The convenience would be in making a contract with one individual, instead of making various contracts, I suppose. I have done the same thing before in Texas and other places. I suppose that is what it was for; although I do not think I ever asked a question of anybody in regard to it. It was a matter of having a contract with one responsible man, instead of having a great many contracts with, probably, individuals that you were not so well acquainted with, even if they were fully responsible.

DONE ON SUGGESTION OF THE CHIEF ENGINEER.

Q. Who made the request to you to so act?—A. I think that all the conversation that I had was with Mr. Blickensderfer, the chief engineer. I gave Mr. Blickensderfer my power of attorney to sign my name to divers small contracts for ties and little things out there. In-

stead of having a number of contracts, it was thought preferable to have me as one contractor. The use of my name was given for the convenience of accounts, I suppose.

Q. Were you acquainted with the people for whom you were put forward, or whom you represented in Idaho—the construction company?—A. I did not represent the construction company.

Q. Whom did you represent?—A. I simply represented myself.

Q. I know, but you represented somebody to whom the Union Pacific Railway Company was paying money.—A. The construction company out there, probably, was representing me.

Q. But they did not appear.—A. I think you will find that they appear on the voucher. I do not remember whether I signed the voucher or whether Mr. Blickensderfer did.

The CHAIRMAN. Well, we will have the vouchers.

Q. Did you ever hear that Mr. Gould threatened to remove the Union Pacific Company shops from Douglass County and from Omaha if the county contributed towards the construction of the Omaha and Republican Valley Railroad under private subscription?—A. No, sir; I never heard of it.

OMAHA, NEBR., *Monday, June 27, 1887.*

FRANK P. HANLON, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am in the banking business now.

Q. Were you ever employed by the Union Pacific Railway Company?—A. I was.

Q. In what position?—A. Special agent.

Q. In what year?—A. From, I think, the year 1872 or 1873, up to two or three years ago.

Q. That would be from 1872 or 1873 up to 1885?—A. Yes.

Q. Continuously?—A. Yes, sir.

DUTIES OF SPECIAL AGENT.

Q. What were your duties as special agent?—A. Going on any business that I was sent on on the line.

Q. What kind of business on the line?—A. Principally in criminal matters.

Q. What do you mean by criminal matters?—A. Well, in secret-service work—detective work.

Q. What kind of detective work?—A. Any cases that might come up that the road was interested in.

Q. What kind of work would the road be interested in?—A. I cannot recall all the different cases.

Q. Can you recall one?—A. Yes, I can recall one; the case of a man named Moore, disposing of tickets over in California.

Q. What other case?—A. I could not recollect them all.

Q. What other kind of criminal cases?—A. Whatever the road was interested in.

Q. What kind of crimes would be committed on the road?—A. Well, the three card-monte men gave the passengers a good deal of trouble.

They worked the passengers up as they went out on the through train. They would take what little they had left.

Q. What other kind of criminal business?—A. That is all, I believe.

Q. That composed your line of duty as special official?—A. Yes.

ASSISTING COUNSEL FOR THE UNION PACIFIC, AT LINCOLN.

Q. Were you ever engaged in Lincoln?—A. Yes.

Q. During the session of the legislature?—A. Not for the past four years.

Q. Were you there prior to four years ago?—A. I have been; yes, sir.

Q. How often?—A. I was there about every session.

Q. What were your duties there?—A. I was down there with Mr. Thurston, assisting him.

Q. What did you do to assist him?—A. Different things.

Q. Did that assistance extend to detecting the crimes that were committed against the Union Pacific?—A. No.

Q. What then?—A. Looking after the interests of the company there.

Q. Looking after their interests in connection with legislation, do you mean?—A. Yes.

Q. How did you look after that?—A. Looking to see how the members felt on the matter of bills that were pending before the legislature.

Q. How did you find that?—A. By conversation with them.

VERBAL REPORTS.

Q. How did you make report?—A. To Mr. Thurston.

Q. What report did you make?—A. To Mr. Thurston, telling him how members were on the bill.

Q. Were the reports in writing?—A. No, sir.

Q. They were verbal?—A. Yes, sir.

Q. Did you use arguments with the members?—A. No; I simply ascertained how they stood. My duties ended there.

Q. How were you paid?—A. By the Union Pacific Company.

Q. In what capacity?—A. Special agent.

Q. Was that your title while at Lincoln?—A. Yes.

Q. What was your compensation while at Lincoln?—A. My salary and expenses.

Q. What was your salary?—A. I think it was $1,800.

Q. For the session?—A. No, sir.

Q. By the year?—A. Yes, sir.

Q. You were simply detailed for the three months of the legislature for Lincoln?—A. Yes, sir.

Q. What were your expenses?—A. I do not remember now.

Q. What do you include in your expenses?—A. I include my hotel bills generally, and cigars, and anything that comes up in that way.

Q. Hotel bills?—A. Yes; and general expenses pertaining to a thing of that kind.

ENTERTAINING FRIENDS AND MEMBERS.

Q. What general expenses would you have in a matter of that kind?—A. There is a good deal of expense in a matter of that kind. Entertaining friends that came there.

Q. Did you entertain friends there at Lincoln?—Yes, sometimes.

Q. Was the entertaining at the expense of the company?—A. Generally; yes, sir.

Q. Would the memers of the legislature be entertained by you?—A. If they happened to be near where I was they were always welcome.

Q. Were your expenses very large?—A. Oh, no; they ran, probably, from $150 to $200 a month. We live very moderately down there.

NO MONEY EXPENDED TO INFLUENCE LEGISLATION.

Q. Did you ever expend any money directly or indirectly for the purpose of influencing any legislation for the Union Pacific Railway Company?—A. No, sir.

Q. Or preventing any legislation?—A. No, sir; I never have.

Q. Did you ever know or have you any knowledge of any one expending money for the purpose of preventing legislation?—A. No personal knowledge; no, sir.

Q. What other knowledge have you?—A. No other knowledge. It never came under my observation.

Q. Have you any knowledge?—A. No, sir; not any.

Q. Did you have any help while you were there?—A. Yes; there were several there.

ALWAYS TEN OR FIFTEEN UNION PACIFIC MEN AROUND.

Q. Whom did you have to help you?—A. I cannot recall all that were there. There are generally always ten or fifteen men around there to do whatever they are called upon to do.

Q. Were they detailed by the Union Pacific Company?—A. I cannot say about that. I do not know who they were. They were men that were friends of the company.

Q. Were they working with you?—A. Well, at times.

Q. How were they paid?—A. I do not know. I never asked them how they were paid.

Q. What instructions did you receive?—A. I cannot recall any particular instructions.

Q. Did you ever receive any?—A. Well, I do not know that I have any particular instructions. At least I cannot recall any now, because it was some time ago.

Q. Did you have any talk with Mr. Thurston before the passage of any bill that was pending?—A. We talked matters over every day while I was there, each evening.

ASCERTAINING HOW THE MEMBERS STOOD.

Q. What were you talking about?—A. About the condition of bills that were before the legislature. That was the principal conversation we would have.

Q. Did you report as to the probable vote?—A. No, sir; I never paid any attention to that.

Q. What part of the work did you report?—A. I generally ascertained how the members stood, whether they were adverse to a bill or favorable to it.

Q. Could the vote be ascertained on that showing?—A. No, not always. It was very changeable down there, sometimes.

Q. How would the vote be affected?

The WITNESS. What vote do you mean?

The CHAIRMAN. Any vote. What would be the cause of the change? I refer to the change you say would be made.

"MEN OFTEN CHANGE THEIR MINDS."

The WITNESS. Men very often change their minds. I do not know what the cause of it is. In the evening they might be in favor of the passage of a bill, and in the morning they might not be so strongly in its favor.

Q. Did you secure promises from members of the legislature on bills?—A. No, sir; I never have.

Q. How have you been able to report about how they stood?—A. By conversing with them.

Q. Did they tell you how they were going to vote?—A. Generally; those I was acquainted with.

Q. How many members were you acquainted with?—A. I cannot recall them all.

Q. How many sessions did you serve?—A. That I could not tell myself.

Q. Were you there for five years—every year prior to 1884?

Mr. POPPLETON. Our sessions are biennial.

The CHAIRMAN. Then were you there every other year for some years before 1884?

The WITNESS. I really could not tell you.

Q. To what department did you render your bill?—A. I do not know any particular department. My name was on the roll and my expense account went in on a regular voucher.

Q. On a regular Union Pacific Railway Company's voucher?—A. Yes.

Q. Were you paid by their check?—A. Yes; when they were paying by checks.

EMPLOYÉS OF THE RAILROAD MEMBERS OF THE LEGISLATURE.

Q. Were there any employés of the Union Pacific Company members of the legislature during the terms you were there?—A. Yes; I think there was.

Q. In every session, did they have their employés?—A. Generally, every session. There was generally one or two from Omaha here; principally from the shops.

Q. Have you any information that you can give the Commission, or suggestions that you have to make?—A. No, sir.

OMAHA, NEBR., *Monday, June* 27, 1887.

J. M. EDDY, being further examined, testified as follows:

CONSTRUCTION COMPANY'S VOUCHER.

By the CHAIRMAN:

Question. I show you voucher No. 7681, dated July 10, 1884, "The Union Pacific Railway Company to John M. Eddy, Dr.," from Vol. 27 of Vouchers. Please explain this voucher.—Answer. I do not know

whether it is the first or second or third of these vouchers; but there is one of these vouchers that is the summary of the whole, or should be.

Q. What does that voucher show?—A. This voucher shows the sum for embankment and clearing that was paid by the Union Pacific Railway Company to this construction company that did the work, or to their subcontractors.

Q. Who were they?—A. Well, I do not remember the names. I do not remember the title of that contracting company. It is on record somewhere here.

The CHAIRMAN. I think we ought to have that.

Mr. MINK. I think we can get it from the engineering department.

DEALT WITH IN NAME OF AN INDIVIDUAL.

Mr. POPPLETON. Mr. Blickensderfer will know.

Q. Then I understand your name was used by the construction company for the purpose of dealing with the Union Pacific Company?—A. Well, I would not put it that way. I would say that my name was used by the Union Pacific Railway Company for the purpose of dealing with the construction company.

THE WORK DONE BY THE CONSTRUCTION COMPANY.

Q. But what knowledge would you have of the construction company?—A. Why, the construction company did the work. They were subcontractors under me. I took the contract to build this line of road for so much per mile. The contract is on file somewhere here. I have got a copy of it myself. And the chief engineer, Mr. Blickensderfer, who was on the ground, let this work to others, using my name, as the subcontractor with authority from me to sign my name to contracts.

Q. Would you not be liable?—A. Yes.

Q. Would you not ascertain whether the parties were proper persons?—A. I did do that.

THE ARRANGEMENT ONE OF CONVENIENCE.

Q. What knowledge did you gain?—A. The reputation that the parties had at that time. I must have satisfied myself. I remember that the question of responsibility came up, and I knew that I was responsible for it. I knew that before I receipted a voucher they presented to me the receipts from the man that did the work, showing that the work was done, and that they had been paid. Then this voucher was used like a drawer in a table, for convenience. I saw none of the money.

Q. Were the payments usually made by check?—A. Well, I do not know how they were made. Possibly by check from this office, possibly not.

Q. You would not indorse the checks?—A. No, the checks were not made to me, but to the men who did the work. I remember that I required from the auditor, or Mr. Blickensderfer, that they should show me the receipts, showing that the men received the money, before I receipted for it. I did that for my own responsibility.

The CHAIRMAN (to Mr. Mink). Would you pay a check to any person other than the one named in the voucher?

Mr. MINK. Yes, we would, on Mr. Eddy's receipt, or on the authority of our construction department. These men were working under the immediate supervision of our chief engineer, although nominally for Mr. Eddy. That is right, is it not, Mr. Eddy?

The WITNESS. Yes, sir; they were working under Mr. Blickensderfer, as chief engineer, on the ground.

Mr. MINK. We paid them, took their receipt, and afterwards took Mr. Eddy's receipt, because we had a contract with Mr. Eddy for the construction of the road.

"A SORT OF SMALL CREDIT MOBILIER."

Q. What position did you hold in the construction department of the Union Pacific Railway Company?—A. I was not in the construction department; I was simply in this as the main contractor, a sort of small credit mobilier, I suppose. My name was used as a contractor. I took the contract from the company and then made a contract with others, or Mr. Blickensderfer did for me. It was a small extension up in Idaho. The money was paid to them every month on their estimate.

Q. Did you receive any profits out of this contract?—A. No, sir; I did not; I was paid for my services.

Q. Your services as engineer?—A. No; I was paid a percentage on the contract.

Q. That was the consideration for the use of your name?—A. Yes, sir.

PAID WITH PERCENTAGE, NOT WITH PROFITS.

Q. What was the total cost of that road and the total amount of expenditure?—A. I do not remember, though I have all the papers and contracts, and I think a copy of the final estimates, though I am not sure of that. I know I did sign a receipt of the final estimate, showing the entire amount paid for the final account.

Q. What percentage did you receive?—A. I do not remember what the percentage was. I believe that it amounted altogether to between $1,200 and $1,500. I do not remember what it was. You remember, do you not, Mr. Poppleton?

Mr. POPPLETON. No; I do not.

Q. Was that for the whole year or on the contract?—A. That was on the contract; for being responsible and knowing these contractors, and for the assistance that I gave in the business.

Q. Was that a percentage by the year or on the whole contract?—A. It was on the whole contract.

By Mr. POPPLETON:

Q. Are you not mistaken about percentage? Was it not a fixed sum that you were to have?—A. It was a fixed sum. But that was based on a percentage. I remember something about it, because I remember that I did not get the percentage that I thought I ought to have.

The CHAIRMAN. Mr. Mink, I want the company to produce the contract and all the papers bearing on this construction.

Mr. POPPLETON. Mr. Eddy is mistaken about there being a construction company.

WORK DONE BY CONTRACTORS; NOT BY A CONSTRUCTION COMPANY.

The WITNESS. No construction company, but a firm of contractors. My recollection is that they were called the Salt Lake Railway Construction Company, or something of that kind. They were men that I knew at that time.

Q. Who were they?—A. I do not remember who they were.

Q. What was the amount of money involved?—A. I think the line cost about $70,000, or something like that.

By Mr. POPPLETON:

Q. How many miles of road were there in it?—A. From Hailey to Ketchum.

By the CHAIRMAN:

Q. What other contracts were you interested in in which your name was used?—A. That was all.

Q. Is this the first and last time in which your name was used on the records in that way?—A. Yes, sir; that is the first and last time in connection with this company.

Q. Were the bills I have read to you, for $16,000 and $18,000, part of the same contract?—A. Yes; I presume they were. I do not remember. They were monthly estimates. This is the monthly estimate for July, this one that you showed me.

Q. Were you an officer of the Union Pacific Railway Company at that time?—A. No, sir.

THE OMAHA BELT LINE.

Q. What relation did the Belt Line have to the Union Pacific Company during the year 1884?—A. I do not think it had any except connections.

Q. Did the Union Pacific Company have control of the Belt Line?—A. I do not think it did. The general manager of the Union Pacific Railway Company at one time was president of the Belt Line, and at the same time general manager of the Union Pacific.

Q. Was that by reason of the controlling interest of the Union Pacific in the Belt Line?—A. No; I do not think it was. It was one of the schemes that Mr. Clark had for a good long time trying to work it up.

HOW ACQUIRED.

Q. How did they secure the controlling management of the Belt Line without the controlling interest?—A. He was the president of it.

Q. I say, how was that brought about without the controlling interest?—A. I do not think he was president, on account of his being general manager of the Union Pacific. The subscriptions, all that I got, about, were private subscriptions, and were nothing but private subscriptions at that time, 1884.

Q. Was there not an effort on the part of the Union Pacific Company to take possession of the Belt Line?—A. I think there was, sir.

Q. Was not that on the ground of ownership?—A. Well, they used almost any kind of ground they could get to stand on. I think that was one of the grounds. I think they tried to control it on the ground of ownership.

ALLEGED FRAUDULENT DEALINGS.

Q. Was not an allegation brought against Mr. Clark on account of some alleged fraudulent efforts on his part in the organization of that road?—A. I believe there was, and against myself also. I was vice-president of the company.

Q. Did the Union Pacific Company make the allegation?—A. Well, I do not know whether the Union Pacific Company—I do not know whether it was ever made or not. I think if it was ever made Mr. Poppleton, probably, made it.

SUIT BROUGHT TO ACQUIRE CONTROL.

Q. What was the basis of the suit of the Union Pacific Railway Company against the Belt Line?—A. Well, I think one of the arguments that was used was that it had been taken from the control of the Union Pacific unlawfully, illegally, or improperly, and they sought to gain control of it through the courts.

Q. During the time the Union Pacific Company claimed the ownership of the Belt Line, which they brought suit to recover, where you not an officer of the Belt Line?—A. Yes, sir.

Q. Would you regard such a position as you would regard a similar position in a leased line?—A. No, sir.

Q. Why not?—A. Because there was no lease.

Q. Were you not subject to the officers of the Union Pacific?—A. Not after Mr. Clark left the Union Pacific. Well, no, I never was. Up to that time Mr. Clark left the Union Pacific I was called the general manager; that is, I was treated by him (as president of the company) as general manager of the Omaha Belt Railway; and I cannot recall an instance where I received instructions or anything of that kind from any officer of the Union Pacific, as an official of the Union Pacific. I received it from the president of the Omaha Belt Railway. That was the only title that ever was used.

The CHAIRMAN (to Mr. Poppleton). What was the ground on which that suit was brought by the Union Pacific Railway Company against the Belt line?

HISTORY OF BELT LINE.

Mr. POPPLETON. The Belt line was organized and constructed (as far as it had been constructed, at the time the suit was brought) while Mr. Clark was general manager of the road. The directors of the Belt line company were in the employ of the Union Pacific Company, a majority of them—Mr. Clark, Mr. Burnham, and Mr. Thurston. All the work, amounting to from $100,000 to $125,000 in amount, that had been done on the Belt line had been paid for by vouchers made against the Union Pacific Railway Company and approved by Mr. Clark in most instances. Possibly in some instances it may not have been so done. The Union Pacific Company always understood that it was their property until Mr. Clark took the position that he did. The original subscriptions to the stock were made, mainly, by Mr. Ames. The stock subscribed was 80,000 shares, I think. Mr. Ames was a subscriber for, I think, 79,800 shares; and the balance of stock was distributed around sufficiently to make these people eligible for officers. After Mr. Clark left the Union Pacific road he took the position that that was his private enterprise, and subscribed the balance of stock, which gave him the majority in his own name. He reorganized the board of directors in such a way that he could control it, and took possession of the road and held it; and it has finally been turned over to the Missouri Pacific. The merits of the controversy, legally, have never been tried out, because, after the suit was commenced, the Union Pacific Company decided not to pursue the struggle any further, believing that the game was not worth the powder, so far as the Union Pacific was concerned.

The CHAIRMAN. What did the Union Pacific do with the interest they had in it?

Mr. POPPLETON. That, I believe, has been adjusted and paid, and Mr. Ames has been repaid the amounts that he advanced on his stock, I believe. Is not that so, Mr. Eddy?

The WITNESS. Yes.

ARBITRATION OF DIFFERENCES.

Mr. POPPLETON. There was some difference between Mr. Clark and the company as to the amount of the expenditures and the justice of the charges that were made against the Belt line for material, &c. That, I think, was arbitrated by Mr. Hayes. It was submitted to Mr. Hayes, and there was, I think, an award made on that.

The WITNESS. I may state that the Omaha Belt line has never been entirely out of the control of the Belt Railway Company. The Union Pacific never had any more control over the Belt line than the Burlington and Missouri, in Nebraska, had.

Mr. POPPLETON. But it had as much control of it as of any of these branch lines, by its board of directors, by virtue of its having its employés in the directory.

RELATIONS OF UNION PACIFIC TO BELT LINE.

The WITNESS. I will make one more remark. I believe, from the construction of the road, nothing has ever been billed, of any name or nature, contracted for for the benefit of the Belt Railway that the Union Pacific has ever been responsible for.

Mr. POPPLETON. Why, then, did Mr. Clark approve vouchers to the amount of $125,000 against the Union Pacific Company and pay them from the treasury of the Union Pacific Company?

The WITNESS. The Union Pacific need not have paid them if it did not want to.

Mr. POPPLETON. I know the interior history of the Belt line, and I know just what happened the day after Mr. Clark put these articles on file.

The CHAIRMAN. The same relation that the main line holds to the branch lines, had the main line held to the Belt line?

Mr. POPPLETON. I do not mean to say that exactly, but I mean to say that the board of directors of the Belt line was made up by putting Union Pacific employés into it.

The CHAIRMAN. Did the Union Pacific get back at the settlement all that they paid into the Belt line?

Mr. POPPLETON. Yes, in this sense: They did not get back all they claimed, but they got back all that the arbitrator allowed.

The CHAIRMAN. Do you recall the sum?

Mr. POPPLETON. I do not recollect. The original sum was about $120,000; but how much he allowed I do not know.

The WITNESS. The difference was in charging old steel rails as new—charging a first-class price.

Mr. POPPLETON. And another thing was that after Mr. Clark took possession it was used considerably for switching purposes for the wood men and linseed-oil men. That was put in as a set-off.

The WITNESS. So much a car.

Mr. POPPLETON. Do you recollect what the whole amount of that was?

The WITNESS. No; I do not recollect the amount; $14,000 or $15,000, or somewhere about that.

Mr. POPPLETON. I might say that this was the subject of a litigation; and the files of that suit will disclose the respective positions of the parties in respect to that controversy.

HISTORY OF THE DISPUTE.

The CHAIRMAN. I just wanted to get the history of the dispute in brief; that is all.

Mr. POPPLETON. The dispute simply arose as to whether Mr. Clark, while general manager of this company, when organizing that company did it for himself or for the Union Pacific Company, and whether Mr. Ames, in subscribing for a great majority of the stock, subscribed for himself or in the interest of the company. He has sworn (and his affidavit is on file) that he made that subscription for the interest of the company, and never for his own; and that he never thought of such a thing.

The CHAIRMAN. How far did the litigation go?

Mr. POPPLETON. Well, it stopped, largely, at a preliminary stage. Of course, when we found that Mr. Clark intended to assert this position of his, we filed a lien and then we brought suit to restrain him from incumbering the road. The bill was answered, and a great deal of *ex parte* testimony taken, and a hearing had. The court refused to enjoin the continuance of the work, but did enjoin the Belt line from incumbering the property in any way until the Union Pacific was paid, or at least until the further order of the court, which practically amounted to that. At that stage it was decided that it was best to take the money, if we could get it, and let the enterprise go. As, while it might be worth a good deal to Mr. Gould, it was not regarded as of much value to the Union Pacific, and if it was taken by the Union Pacific it would be mainly to keep it out of Gould's hands. Otherwise the litigation would have gone on. I ought to say, in this connection, that that settlement, legally, was made against my judgment. I believe we had a case in which we could have succeeded in the Supreme Court of the United States. That was my judgment then and is now.

MR. CLARK'S ACTION.

The WITNESS. Since you bring Mr. Clark's name in, you ought to tell these gentlemen that Mr. Clark did his best, by letter and every other way, to have Mr. Adams take up that property; and he said that it could not possibly be held.

Mr. POPPLETON. I am perfectly willing to say that I do not want to be understood as impeaching Mr. Clark's integrity, or fairness, or anything else. I simply want to state the facts. I have no doubt it is true that Mr. Clark did correspond with Mr. Adams. I do not know it as matter of fact, but I have no doubt it is true. And Mr. Adams may have been slow and hesitating about taking up the enterprise. It was at a time when he first came into the road and was not very familiar with it; and when, as I suppose, he was exceedingly cautious as to the expenditures that he made. I do not want anything I have said to be construed to the disparagement of Mr. Clark, as my intention has been simply to state facts; that is all. If the facts hurt, why, that is not my fault.

WHAT WITNESS' CONTRACT COVERED.

By the CHAIRMAN:

Q. Have you any explanation to make of those vouchers, other than you have made?—A. No; I do not think I have. The contract between myself and the Union Pacific Railway Company, and the con-

tract between myself and the subcontractors are matters on file; and you can produce them probably, here.

Mr. POPPLETON. Certainly, they can be produced.

The WITNESS. I have a copy of them myself which I will not hesitate to produce if you do not get the other. When you read them you will understand it entirely.

Mr. POPPLETON. The whole transaction is perfectly open and above board. There is one question I would like to ask Mr. Eddy.

The CHAIRMAN. You may do so.

By Mr. POPPLETON:

Q. Your contract covered not only grading but ironing and equipment?—A. Yes, sir.

Q. That is, you took the contract to deliver a completed road?—A. Yes, sir.

WHY UNION PACIFIC DID NOT CONSTRUCT THE ROAD.

By Commissioner LITTLER:

Q. What is the reason this company could not have constructed these ten miles of road without any intervening agency, such as the contract you mention?—A. I do not know any reason why they could not have done it; but, in my judgment, it was very much better for them to have done it the way they did.

Q. You say Colonel Blickensderfer was on the ground superintending it?—A. He was there two or three times.

Q. Did he pay out this money to the subcontractors?—A. Either he or the subengineer immediately under him, or some agent he sent there.

Q. I still do not understand why it was not perfectly safe for the company, through their chief engineer, to go on and pay the bills just as they did pay them through you?—A. Well, the question of responsibility of the contractors, I suppose, would govern it.

Q. How long have you lived in Nebraska and in Omaha?—A. I came into Nebraska in the winter of 1855 and 1856.

Q. To what extent are you acquainted with the people of Nebraska along the line of the Union Pacific and its branches?—A. Well, I am not very well acquainted with them now. I was up to, say, ten years ago, quite well acquainted; in fact, with all the old original "back numbers" in all the towns. I knew them all.

PUBLIC SENTIMENT MIXED AS TO SERVICE OF UNION PACIFIC.

Q. What is the public sentiment of the people along the line of this road as to the sort of service the company furnishes the people?—A. Well, it is mixed. It is like every railroad in that respect, that goes through a town where there is no other railroad. There are a great many people that have complaints. Some of them probably are just, but generally they are unjust. They are all astonished when another fellow builds a railroad there to find that he is just as bad and perhaps worse.

Q. What is your opinion, as a railroad man and knowing something of the modes of business and the rates of transportation charged by the Union Pacific, as to the fairness with which they conduct their business with the public?—A. Well, I am not competent to answer that, because I do not know anything about their rates. I know more about the service than I do about the rates.

NO GENERAL COMPLAINT.

Q. Do you know of any general complaint along the line of this road or its branches anywhere, as to the manner in which the people are being treated by the company?—A. No, sir; I do not. That is, no more than as to the road that I represent here—the Missouri Pacific, or any other railroad.

Q. Do you mean to say that there is a disposition on the part of the people to speak unkindly of any railroad?—A. Well, there is a percentage of people in the West here that never have anything good to say of railroads. It would be very difficult for them to say why it is so, or for anybody else to explain it; that is, according to my observation.

Q. Do you think of any information that would be of interest to the Government or this Commission, which you have not already imparted?—A. No, sir; I do not know of anything.

THE UTAH CONTRACT COMPANY.

By the CHAIRMAN:

Q. (Handing a paper to witness). Will you look at this contract and see if you can recall by reading it any of the names of the people connected with the company who did the work of building that piece of road you have been testifying about?—A. There is another contract; I see the company is called the Utah Contract Company.

Q. Who compose the company?—A. I have forgotten now; they are men that I used to know, though a long time ago. I know that a man named Doremus was superintendent of it; I see that my name is signed to it by Mr. Blickensderfer—he had a power of attorney from me to do so. The contract is as follows:

CONTRACT BETWEEN JOHN M. EDDY AND THE UTAH CONTRACT COMPANY.

This agreement, made this 11th day of June, A. D. 1884, by and between John M. Eddy, of the first part, and the Utah Contract Company, of the second part, witnesseth: That the said party of the second part agree to do all the grading of the extension of Wood River Branch of Oregon Short Line Railway, Ketchum, together with all sidings, Y's, roadways, ditches, creek channels, or other works connected therewith, or rendered necessary thereby, and also all culverts, bridges, masonry or other work of any kind, as may be required by the engineers in charge of said work, except so much of the bridging as may be assumed by the party of the first part, if any. Said work to be performed in such manner as shall in all respects conform to the annexed specifications and the instructions of the engineers of said Oregon Short Line Railway in charge of said work, and to the following conditions:

(1) The work will be commenced immediately, and be entirely completed by the 1st day of August, 1884.

(2) The work shall be performed under the direction and supervision of the division engineer and his assistants in charge of said work, by whose measurements and calculations the amount of work performed under this contract shall be determined, and who shall have full power to condemn and reject any or all work which in his opinion is unsatisfactory, or does not fully conform to the spirit of this agreement, the whole to be under the supervision and subject to the approval of the chief engineer of the Union Pacific Railway Company. And said chief engineer shall decide all questions which may arise between the parties hereto relative to said work, or its execution, and his decision, in the nature of an award, shall be final and binding upon both parties to this contract.

(3) If the said party of the second part shall fail to prosecute the work with the proper dispatch, the said party of the first part shall have full power (after giving ten days' notice to the party of the second part by said chief engineer, or any engineer in charge of the work) to put on such additional force of men and teams as in the judgment of the chief engineer of the Union Pacific Railway Company may be requisite to complete the work in the time specified, and to pay such additional, and all other necessary forces, and charge the same to said party of the second part as so much paid

to said party on this contract. Or, in case of such failure to prosecute the work with proper dispatch as aforesaid, the said chief engineer may (after giving ten days' notice to said second party) declare said contract forfeited and abandoned, which declaration shall absolve said first party from all obligations under or in any wise growing out of this agreement.

(4) No extra charge shall be claimed or allowed on account of changes in either the line or grade of the road, nor for hindrances or delays in obtaining right of way, or from any other cause; but in case of delay the contractor will be entitled to an extension of time for the completion of the work, sufficient to compensate for such detention, to be determined by the chief engineer of the Union Pacific Railway Company.

(5) None but competent foremen, mechanics, and workmen shall be employed on said work, and any person or persons whom the party of the first part or the chief engineer of the Union Pacific Railway Company considers incompetent or disorderly, shall be immediately discharged by the party of the second part, and shall not again be employed upon said work without the consent in writing of the chief engineer of the Union Pacific Railway Company.

(6) No part of the work to be performed under this contract shall be sublet or transferred without the written consent of the chief engineer of the Union Pacific Railway Company, and no such written consent shall release the party of the second part from any obligation either to the party of the first part or to the persons employed by the subcontractor; and in all such cases the subcontractors will be considered merely as foremen employed by the party of the second part, and liable to be discharged by the party of the first part, or by the division engineer, for incompetency, neglect of duty, or misconduct.

(7) Said second party shall be subject to the laws of Idaho Territory regarding liens for labor and materials furnished for said work, and shall protect or indemnify said first party against all legal claims or liens against the work for labor or materials furnished said second party; and the said first party may, whenever they may deem it proper or expedient to do so, pay to the laborers or other persons employed by said second party, or who may have furnished materials for said work, out of any moneys due for any monthly or other estimates, any sums due for labor, service, or materials, under this contract, and charge the same to the party of the second part as so much paid on this contract.

It is understood and agreed that there shall be but three classes of excavation, viz: Earth, loose rock, and solid rock.

Solid rock of whichever class shall consist of rock in place, which can only be removed by blasting, and all detached masses or bowlders exceeding in size one cubic yard.

Loose rock shall consist of rock in place, whatever its character, which can be removed without the use of gunpowder, or detached masses or bowlders exceeding in size one cubic foot, but less than one cubic yard.

Earth shall include all material not included in the classes of loose and solid rock.

In consideration of the faithful performance of said work, and of all the conditions of this agreement, and the specifications hereto attached, said first party promises and agrees to pay said second party as follows:

For grubbing and clearing	per acre..	$25 00
For earth excavation	per cubic yard..	20
For loose rock excavation	do	
For solid rock—sandstone excavation	do	
Limestone excavation	do	
Lava excavation	do	
Granite excavation	do	
For embankment	do	10
For riprap	do	

For overhaul per 100 feet per cubic yards three cents.

For wooden box culverts, in place, sixty dollars per 1,000 feet.

Transportation for reasonably required tools, teams, and laborers to be furnished to second party both ways; and for any other work such price as may be fixed by the chief engineer of the Union Pacific Railway Company.

An estimate of the relative value of the work done shall be made on the basis of the prices herein, on or about the last day of each month, by the engineer in charge, subject to the approval of the chief engineer of the Union Pacific Railway Company, and on or about the 20th day of the succeeding month the amount of said estimate, deducting 10 per cent., shall be paid to said party of the second part, said retained percentage to be paid when the work shall have been fully completed as herein provided, and received and accepted by the division engineer in charge of said work, and said acceptance approved by the chief engineer of the Union Pacific Railway Company, and when in addition said second party shall have executed to said first party

a receipt and release in full of all claims and demands whatsoever (either directly or indirectly) arising upon or growing out of this contract or any stipulation thereof, or the performance of work under the same.

In testimony whereof, the parties have hereunto set their hands and affixed their seals the day and year first above written in duplicate.

JOHN M. EDDY,
By J. BLICKENSDERFER.
UTAH CONTRACT COMPANY,
By A. F. DOREMUS,
Superintendent.

Grading specifications.

(1) The dimensions of the work in all its parts shall be determined by the chief engineer of the Union Pacific Railway Company, and may be varied from time to time as he may deem necessary.

(2) A berme not less than five feet in width shall be left between the slope stakes of embankments and adjacent borrow pits; and no material shall be wasted within fifteen feet of the slope stakes of cuts.

(3) Loose rock and solid rock, when in place, shall be measured in place, and when in bowlders, each separate bowlder shall be measured by itself.

(4) Embankments shall be measured in embankment when the same is finished, settled, ready for the track, and accepted, and only the net width and height allowed; but any additional height deemed proper, to allow for shrinkage, shall be added by the contractor without being included in the measurement.

(5) All embankments will be paid for, and all material necessarily excavated, either from prism of road, ditches, channels, or elsewhere, shall be placed in the embankments without charge or any allowance therefor, except as embankment, unless the same is necessarily hauled more than one thousand (1,000) feet, in which case a price for overhauling the same into embankment will be allowed in addition to the embankment price, for which overhaul contractors will bid per one hundred feet of overhaul per yard.

(6) No earth excavation, whether in prism of road, ditches, channels, pits, or otherwise, will be paid for unless the material must necessarily be wasted, and then it will be measured in place before being moved. Loose and solid rock excavation will be paid for, but when excavated it shall if required be placed in the embankments without additional charge, and the quantity as measured in place be deducted from the embankment, but if to place it in embankment it is necessarily hauled more than one thousand feet, overhaul will be allowed.

(7) Material borrowed for embankments shall be taken from the places designated by the engineer in charge, and shall in no case be measured in the borrow pit, unless necessity requires the use of rock as borrowed material, in which case the rock shall be measured in place and classified and paid for as rock excavated from the prism of the road, and the quantity, as measured in place, deducted from the embankment; but for any borrowed material necessarily hauled more than one thousand feet the price for overhaul will be allowed in addition to the price for embankment.

(8) All material within the limits of the right of way belongs to the party of the first part, and all work or material upon which an estimate or any payment shall have been made shall be deemed the property of said first party.

(9) Side ditches and surface drains shall be made at all places directed by the engineer in charge; and all borrow pits shall be so left that water will drain off them and leave no stagnant pools.

(10) No stumps, logs, brush, or other perishable matter will be permitted to occupy any portion of the embankments.

(11) In finishing the tops of banks and the bottoms of cuts, care must be taken to leave no cart tracks or other depressions which might lead the water in the direction of the length of the road. As far as practicable embankments will be commenced at full width at bottom, keeping the sides at all times as high as the center, and thus carried up till finished, in layers not more than three feet in thickness.

(12) Commodious passing places for public and private roads shall be made and kept in good condition by the contractor, and he will provide and maintain good and sufficient fences for keeping up inclosures and the preservation of crops. The contractor shall be held responsible for trespass or damage to the adjacent properties or the public for any acts or omissions on the part of himself or his subcontractors or employés; and any damage so caused may be paid by the party of the first part and deducted from any moneys due or to become due to the contractor.

(13) Contractors must carefully preserve stakes and bench-marks, and in case of neglect they will be charged with the expense of restoring them.

(14) Contractors shall take all risks from floods and casualties of every kind, or of possible loss of material in building embankments in water or in streams, and shall make no claims for loss, damage, or detention thereby.

(16) All damage occasioned by blasting of rocks, in the progress of the work, or any injury done by the contractors or those in their employ to the crops, fences, buildings, or other property of the party of the first part, or of the adjoining land owners or occupants, shall be paid by the contractors, or may be paid by the party of the first part and charged to the contractors.

(16) Contractors shall not, by themselves nor by their agents, give or sell any ardent spirits to their workmen, or any person at or near the line of the railway, nor allow any to be brought to work by the laborers or any other persons.

(17) Contractors must inform themselves of the nature of the soil and character of the work before making their contracts, and no information derived from profiles, maps, plans, or specifications, or from the engineer or his assistants, will relieve contractors from risks or responsibilities or from fulfilling the terms of the contract, and no plea that any work or material has been approved or accepted shall bind the party of the first part to receive or pay for any which is intrinsically bad.

(18) The engineer in charge shall have power to direct the application of force to any portion of the work which in his judgment requires it; and to order the increase or diminution of force to any point he may direct.

(19) Grubbing and clearing shall be of such width as the engineer in charge may direct. In all excavations, and under all embankments of less than two feet in height, the trees and stumps must be grubbed.

(20) Material taken from the enlargement or changing of creek channels or watercourses must be put into embankments, if required by the engineer, subject to the same conditions as any other excavated material.

(21) Whenever necessary, in the opinion of the engineer, embankments shall be protected by riprap; but when stone is excavated from rock cuts and placed in such embankments the same shall be placed on the outside or exposed points to protect embankments, and no allowance be made for riprap.

(22) No material shall be borrowed from between the line of the railway and an adjacent stream, where the natural surface is below high-water mark, and where above high-water mark no borrow pits shall in such cases be excavated to a depth below high-water mark.

The following contract and specifications were also shown witness:

CONTRACT BETWEEN OREGON SHORT LINE RAILWAY AND JOHN M. EDDY.

Memorandum of agreement made this 5th day of June, A. D. 1884, between the Oregon Short Line Railway Company and John M. Eddy, of the city of Omaha, county of Douglas, State of Nebraska, witnesseth:

That the said Eddy, in consideration of the payments and stipulations hereinafter contained, hereby agrees to construct a railroad from Hailey, Idaho Territory, the terminus of the Oregon Short Line Railway, to Ketchum, in the Territory of Idaho, upon such route and between such points as may be determined upon and designated by said Oregon Short Line Railway Company, such road to be built in accordance with the specifications hereto attached, which are made a part of this agreement, said road to be completed with the necessary complement of station and section houses, water-tanks, round-houses, and turn-tables, machine shops, sidings, &c., in running order, as rapidly as practicable and deliverable to the Oregon Short Line Railway Company in finished sections of not less than 5 miles each.

And said Eddy further agrees to furnish, in addition to the construction of said road, an equipment of motive power and rolling stock adequate to the requirements of the road and its traffic at the time of its completion, and to the satisfaction of the general manager and chief engineer of the same.

In consideration of the building of the said road and the full and complete performance of the stipulations hereinbefore contained said railway company, upon the completion and delivery of said road, as hereinbefore provided, agrees to pay to the said Eddy $20,000 per mile of the first-mortgage bonds of the said company and $20,000 per mile of the full paid capital stock of the said company for each and every mile of railroad constructed by the said Eddy aforesaid, said first-mortgage bonds and stock being estimated at par value.

It is further agreed that the said railway company may retain out of the consideration agreed to be paid to said Eddy such an amount of said bonds and stock as it may deem necessary for the purpose of insuring the performance of the stipulations contained in this agreement.

In witness whereof the said railway company has caused the signature of its general manager to be hereto affixed, and its corporate seal to be hereunto attached, and the said Eddy has hereunto set his hand this 5th day of June, A. D. 1884.

OREGON SHORT LINE RAILWAY COMPANY.
By S. H. H. CLARK.
JOHN M. EDDY.

Specifications.

(1) The dimensions of the work in all its parts shall be determined by the chief engineer of the Union Pacific Railway Company, and may be varied from time to time as he may deem necessary.

(2) A berme not less than 5 feet in width shall be left between the slope stakes of embankments and adjacent borrow pits; and no material shall be wasted within 15 feet of the slope stakes of cuts.

(3) Loose rock and solid rock, when in place, shall be measured in place, and when in bowlders, each separate bowlder shall be measured by itself.

(4) Embankments shall be measured in embankment when the same is finished, settled, ready for the track, and accepted, and only the net width and height allowed; but any additional height deemed proper, to allow for shrinkage, shall be added by the contractor without being included in the measurement.

(5) All embankments will be paid for, and all material necessarily excavated, either from prism of road, ditches, channels, or elsewhere, shall be placed in the embankments without charge or any allowance therefor, except as embankment, unless the same is necessarily hauled more than 1,000 feet, in which case a price for overhauling the same into embankment will be allowed in addition to the embankment price, for which overhaul contractors will bid per 100 feet of overhaul per yard.

(6) No earth excavation, whether in prism of road, ditches, channels, pits, or otherwise, will be paid for unless the material must necessarily be wasted, and then it will be measured in place before being moved. Loose and solid rock excavation will be paid for, but when excavated it shall, if required, be placed in the embankments without additional charge, and the quantity as measured in place be deducted from the embankment, but if to place it in embankment it is necessary to haul more than 1,000 feet, overhaul will be allowed.

(7) Material borrowed for embankments shall be taken from the places designated by the engineer in charge, and shall in no case be measured in the borrow pit, unless necessity requires the use of rock as borrowed material, in which case the rock shall be measured in place and classified and paid for as rock excavated from the prism of the road, and the quantity, as measured in place, deducted from the embankment; but for any borrowed material necessarily hauled more than 1,000 feet the price for overhaul will be allowed in addition to the price for embankment.

(8) All material within the limits of the right of way belongs to the party of the first part, and all work or material upon which an estimate or any payment shall have been made shall be deemed the property of said first party.

(9) Side ditches and surface drains shall be made at all places directed by the engineer in charge, and all borrow pits shall be so left that water will drain off them and leave no stagnant pools.

(10) No stumps, logs, brush, or other perishable matter will be permitted to occupy any portion of the embankments.

(11) In finishing the tops of banks and the bottoms of cuts care must be taken to leave no cart tracks or other depressions which might lead the water in the direction of the length of the road. As far as practicable, embankments will be commenced at full width at bottom, keeping the sides at all times as high as the center, and thus carried up till finished, in layers not more than 3 feet in thickness.

(12) Commodious passing places for public and private roads shall be made and kept in good condition by the contractor, and he will provide and maintain good and sufficient fences for keeping up inclosures and the preservation of crops. The contractor shall be held responsible for trespass or damage to the adjacent properties or the public for any acts or omissions on the part of himself or his subcontractors or employés; and any damage so caused may be paid by the party of the first part, and deducted from any moneys due or to become due to the contractor.

(13) Contractors must carefully preserve stakes and bench-marks, and in case of neglect they will be charged with the expense of restoring them.

(14) Contractors shall take all risks from floods and casualties of every kind, or of possible loss of material in building embankments in water or in streams, and shall make no claims for loss, damage, or detention thereby.

(15) All damages occasioned by blasting of rocks, in the progress of the work, or any injury done by the contractors or those in their employ to the crops, fences, buildings, or other property of the party of the first part, or of the adjoining land owners or occupants, shall be paid by the contractors, or may be paid by the party of the first part and charged to the contractors.

(16) Contractors shall not, by themselves nor by their agents, give or sell any ardent spirits to their workmen, or any person at or near the line of the railway, nor allow any to be brought to the work by the laborers or any other persons.

(17) Contractors must inform themselves of the nature of the soil and character of the work before making their contracts, and no information derived from profiles, maps, plans, or specifications, or from the engineer or his assistants, will relieve con-

tractors from risks or responsibilities or from fulfilling the terms of the contract, and no plea that any work or material has been approved or accepted shall bind the party of the first part to receive or pay for any which is intrinsically bad.

(18) The engineer in charge shall have power to direct the application of force to any portion of the work which in his judgment requires it, and to order the increase or diminution of force at any point he may direct.

(19) Grubbing and clearing shall be of such width as the engineer in charge may direct. In all excavations, and under all embankments of less than 2 feet in height, the trees and stumps must be grubbed.

(20) Material taken from the enlargement or changing of creek channels or water-courses must be put into embankments, if required by the engineer, subject to the same conditions as any other excavated material.

(21) Whenever necessary, in the opinion of the engineer, embankments shall be protected by riprap; but when stone is excavated from rock cuts and placed in such embankments, the same shall be placed on the outside or exposed points, to protect embankments, and no allowance be made for riprap.

(22) No material shall be borrowed from between the line of the railway and an adjacent stream where the natural surface is below high-water mark, and where above high-water mark no borrow pits shall in such cases be excavated to a depth below high-water mark.

The following contract was also shown witness:

CONTRACT BETWEEN CHARLES FRANCIS ADAMS, JR., PRESIDENT, AND JOHN M. EDDY.

Memorandum of contract, made this 5th day of June, 1884, between Charles Francis Adams, jr., of Boston, Mass., as president of the Union Pacific Railway Company, party of the first part, and John M. Eddy, of Omaha, Nebr., party of the second part, witnesseth:

Whereas the Oregon Short Line Railway Company did, on the 5th day of June, 1884, make a written contract with the said John M. Eddy for the construction and equipment of the Oregon Short Line Company from the town of Hailey, in the Territory of Idaho, to Ketchum, in the same Territory, whereby the said Eddy undertook to build and equip the said line according to the terms and specifications of said contract, for the first-mortgage bonds and capital stock issued upon the line so constructed, to the amount of $20,000 per mile, par value, of the first-mortgage bonds, and $20,000 per mile, par value, of the capital stock of said company; and

Whereas said Eddy is desirous of raising money to execute the said contract, and the said party of the first part, on behalf of said Union Pacific Railway Company, is willing to advance and furnish the amount necessary to the execution and completion of said work upon the considerations hereinafter stated:

Therefore this contract is made as follows:

In consideration of the stipulations and agreements hereinafter contained, the said party of the first part, as such president and not individually, agrees to advance from time to time, according to the needs of said Eddy in the execution of said contract, all moneys necessary for the construction of said work when the same shall be required by the said Eddy in the prosecution of said work; such advances in no case to exceed the amount actually required for the construction of said road according to the terms of said contract.

In consideration of the foregoing stipulations, and the fulfillment thereof according to their tenor and effect, the said Eddy hereby contracts and agrees, upon receiving the said first-mortgage bonds and capital stock of said Oregon Short Line Railway Company, as stipulated and provided for in said contract with said company for the construction of the road aforesaid, to convey and assign the same, without further or other consideration than a reasonable compensation for his services, not exceeding ——— dollars, to the [said] Charles Francis Adams, jr., as trustee for the said Union Pacific Railway Company, in payment and satisfaction of the cash advances hereinbefore stipulated for; and the said party of the first part hereby agrees to accept the same in full satisfaction of all claims against said Eddy on account of said advances.

In witness whereof the parties have hereunto set their hands the day and year first above written.

CHARLES FRANCIS ADAMS, JR.,
President Union Pacific Railway Company.
JOHN M. EDDY.

The following telegram was submitted:

TELEGRAM FROM MR. ADAMS TO MR. CLARK.

BOSTON, MASS., *Aug.* 20, 1884.

To S. H. H. CLARK, *Omaha, Nebr.:*

Thought contract between Eddy and the Oregon Short Line in regard to Ketchum extension had been executed. Was it not presented to me? If it has not been executed, you can execute it on behalf of the company.

CHARLES F. ADAMS, JR.

The following letter was submitted:

LETTER FROM SAME TO SAME.

UNION PACIFIC RAILWAY COMPANY
(195 *Broadway*), *New York, August* 27, 1884.

MY DEAR SIR: Referring to your favor of the 21st inst., covering memorandum of contract in regard to Hailey extension, I inclose the said contract, duly executed by me. You will be so good as to hand the within contract to Mr. Poppleton, as at my request it has been changed in certain respects to conform to the views I have heretofore expressed to you.

The changes in question have been made under the advice of Judge Dillon, from whose office the present contract came.

I am, very truly, yours,

CHARLES F. ADAMS, JR.,
President.

S. H. H. CLARK, Esq.,
General Manager, Omaha.

The following letter was submitted:

LETTER FROM MR. POPPLETON TO MR. CALLAWAY.

OMAHA, *September* 5, 1884.

DEAR SIR: Referring to letter of your predecessor of August 30, inclosing to me contract between Charles Francis Adams, jr., president and trustee, with J. M. Eddy, in which I am asked if I have any suggestions to make to them to you, I see no objection to the legal aspects of the contract.

I return (1) President Adams's letter of August 27 to general manager; (2) contract referred to.

Yours, respectfully,

A. J. POPPLETON,
General Attorney.

S. R. CALLAWAY, Esq.,
General Manager, Omaha.

THE PURPOSE OF THE AGREEMENT.

Q. What was the purpose of that last agreement?—A. Well, I should say that the contract itself discovers what the purpose was.

Q. Why was it necessary to make conveyance back to Mr. Adams of this property by this last agreement?—A. I suppose they wanted to be certain they owned it themselves.

Q. Was not the purpose to bond and stock the road to the extent of $40,000 per mile?—A. Thirty thousand dollars, I think.

The CHAIRMAN. No; $40,000; $20,000 in stock, and $20,000 in bonds, and then give it back to the company at the amount of $20,000 per mile, whereas you get simply the cost of construction, or $12,000 per mile.

The WITNESS. It does not say there what the cost is.

Q. Well, but is not that the fact?—A. That part of it is the fact, I suppose; but you have not yet discovered what the railroad did cost per mile. You say $12,000.

THE AVERAGE COST OF CONSTRUCTING OREGON SHORT LINE.

Q. Well, what do *you* say?—A. The vouchers will show. But it is nearer $30,000 than $12,000. That is, the equipping and building the road. The final estimates that are on file somewhere will show.

Q. What is the average estimate of the cost of construction? Of course some miles, I suppose, would cost more than others?—A. Well, what do you call the construction of a railroad—the grading and the iron and right of way?

The CHAIRMAN. I am asking you.

Mr. POPPLETON. The thing covered by your contract, which is to construct and equip that road.

The WITNESS. That contract does not state specifically about equipment. The matter of equipment may be anything from $10,000 to $30,000. It is one thing to put a road in shape for equipment, and another to equip it.

WHAT WITNESS DID UNDER HIS CONTRACT.

Q. What did you do under this contract—under your contract with Mr. Adams?—A. Graded and made the ties and track, and furnished a certain amount of rolling stock. I do not remember what that was.

Q. Was the road built and equipped by you?—A. Yes. Well, I will not say it was equipped. It was built under my contract and equipped under my contract, too.

Q. What was the total amount of the contract?—A. I do not remember what it was. I should have to refresh my memory.

Q. What was the length of the road covered by your contract?—A. I do not remember the exact length.

Q. Was it the whole 600 miles of the Oregon short line?—A. It was the distance between Hailey and Ketchum.

Q. What was the distance between Hailey and Ketchum?—A. I do not know, exactly.

Mr. POPPLETON. It is about twelve miles.

The WITNESS. About that.

Q. Who had the contract for the Oregon short line?—A. Oh, that had been built before; I do not know anything about that.

PAPAR COST *vs.* CASH COST.

Q. I want to understand how this stands. Under these contracts the Union Pacific Railway Company received this road that you built in stocks and bonds at $40,000 per mile. Whereas the actual cost by you was between $24,000 and $30,000 per mile. Is that true?—A. Well, I do not say what it was.

Q. Was it $40,000?—A. I could not say that; and there is no way of my knowing it without knowing how much of this rolling stock was furnished. The Union Pacific bought the rolling stock for this additional extension. I did not buy it.

Q. But under the contract you were to furnish it?—A. Well, I understand that. I mean by not buying it that actually I did not do it. If I had done it I would have remembered it. But the final estimate, the statement of the final results of the contract, has all that in. I do not remember what it was.

Q. When was the contract modified?—A. It never has been modified.

CASH COST FIFTY PER CENT. LESS.

Q. Was the actual cost of the road and its equipment, under the contract, the amount named in the agreement with Mr. Adams?—A. Well,

the sum named in the contract is the par value of stock and bonds which, the probabilities are, were not worth par. If they were worth 50 per cent. it was as much as they were worth.

Q. Then, if it was 50 per cent., the actual cost would be $20,000, would it?—A. I do not know what the stock or the bonds were.

Q. Well, I have read to you what the stock and bonds were, $20,000 in bonds and $20,000 in stock per mile. Was that the actual cost for construction paid to you?—A. I do not understand your question exactly.

Q. What is the difficulty about it?—A. Your question would require me to know the value of the stock and bonds. I do not know what they were worth.

Q. I ask you what was the cost of the construction and equipment of the road you built, under your contract with the Union Pacific Railway Company that I read to you?—A. I can answer that. I answer that I do not know, and would have to refer to the papers on file. The final estimate, which has a statement covering all the cost, would show, I suppose.

The CHAIRMAN. Mr. Mink, I call upon you to produce to the Commission a statement of the actual amount paid to Colonel Eddy as an engineer, on account of this contract.

Mr. MINK. In the way of compensation, or under the contract?

The CHAIRMAN. In the way of compensation and also for construction.

DESCRIPTION OF COUNTRY FROM HAILEY TO KETCHUM.

By Commissioner LITTLER:

Q. Give a description of the country through which these 12 miles of road were built.—A. It is a rough mountainous country.

Q. What are the grades?—A. I do not remember what the maximum grade is.

Q. By what name is that particular piece of road known?—A. It is called the Hailey Extension, I think.

Mr. POPPLETON. It is called the Ketchum Extension.

Q. Did you have the contract for the Wood River branch also?—A. No.

DESCRIPTION OF CONSTRUCTION.

Q. Were there any streams to be crossed, any large bridges to be built?—A. No.

Q. No extensive tressle work or bridge work?—A. No; not very extensive.

Q. Do you know what kind of equipment was put on under this contract?—A. No, I do not.

Q. What does it cost, in cash, to build a road through that sort of country, as this road was built, and equip it in first-class style?—A. Well, I would not offer a guess at the cost of a road in that country without knowing all about it.

Q. Were the cuts through solid rock, or how?—A. There was some rock; but most of it was ordinary work.

Q. Did you have to blast much?—A. I do not remember now whether there was much blasting; but there was some. You could not go far in that country without hitting rock.

Q. What was the highest grade?—A. I do not remember what the highest grade was.

Q. When was this work commenced and when completed?—A. It was commenced in June, I think, 1884, and completed that season.

Q. What kind of ties and what kind of iron or steel was used?—A. I do not remember the kind of steel.

Q. Do you know what steel was worth delivered there?—A. I do not.

Q. Do you know what it was worth in the markets?—A. I think it was worth $33 or $34 a ton.

Q. What kind of ties were used?—A. I do not remember what they were. I think they were ties made from wood found there.

Q. Do you regard the road, as completed, as a substantial, durable structure?—A. Yes, sir; as much so as any road, probably, that there is in the State.

Q. You still think that the road, with its equipment, must have cost from $25,000 to—how much?—A. Well, I would simply say, I do not know what it cost with its equipment.

WITNESS' COMPENSATION AND METHOD OF SUPERVISION.

Q. Your entire profits arising from this transaction were $1,200 or $1,500, I understand you?—A. I do not say that that was my profits. I was paid for my services as an engineer, and for other business connected with the contract what I suppose would be a percentage; but it was less than $1,500. That is not my profit, however. There were some miscellaneous expenses, such as traveling expenses.

Q. How much time did you devote to this matter?—A. Well, I devoted, probably, at different times, an hour or two a day; sometimes five minutes; sometimes a day or two.

Q. Were you in that part of the country during the time?—A. Yes; I was there during the time; but I did not give it attention on the ground. Most of my business and most of my work was here in Omaha. In fact, I will say it was all done here, for that that was out there was attended to by men on the ground.

By Mr. POPPLETON:

Q. Figuring the bonds at par and the stock at, say, 30 cents (about the present market price of the Oregon Short Line) makes the amount $30,000 per mile. Would you regard that as an unusual price for the construction and equipment of the road?—A. Well, I will say this: I would not build and equip the road for the $20,000 in stock and $20,000 in bonds and take the chances of getting what I could for the stock and bonds, and I do not think there is any man on the earth that would.

PLAN BY WHICH UNION PACIFIC ACQUIRED CONTROL.

By Commissioner LITTLER:

Q. As I understand, the payment was made in stocks and bonds of the Oregon Short Line?—A. Yes.

The CHAIRMAN. Less the cost of construction. Mr. Adams only got the actual cost, and immediately conveyed back, under this subsequent agreement, the excess of bonds and stock per mile.

Mr. POPPLETON. Mr. Eddy got the stock and bonds and Mr. Adams advanced him the money.

The CHAIRMAN. But Mr. Eddy made, on the same day, an agreement by which Mr. Adams got the difference.

Mr. POPPLETON. Mr. Eddy received the stock and bonds and Mr. Adams advanced the money to perform the contract. Mr. Eddy conveyed the stock and bonds to Mr. Adams in cancellation of that debt.

The CHAIRMAN. One agreement provides for that, less the actual cost.

Mr. POPPLETON. No, there is no "less" about it. The fact was, that Mr. Adams bore the actual expense of twelve miles of road, and in return he got the stock and bonds.

The CHAIRMAN. It looks to me a little like the system pursued by the Credit Mobilier, as has already been testified.

Mr. POPPLETON. There is no resemblance to the Credit Mobilier except that there is a middle party here, who got about $1,200 or $1,500.

The CHAIRMAN. I want to say to you, gentlemen, that in Boston Mr. Adams estimated the cost of this road (he may have been mistaken, however) at $24,000 per mile.

Mr. MINK. That was the whole Oregon Short Line.

The CHAIRMAN. Yes; of which this is a part.

OMAHA, NEBR., *Monday, June* 27, 1887.

JOHN R. MANCHESTER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Claim agent of the Union Pacific Railway Company.

Q. How long have you been such?—Two years.

Q. What were you before?—A. Assistant claim agent for two years.

Q. What before that?—A. I was county clerk of this county; Douglas County.

DUTIES OF CLAIM AGENTS.

Q. What were your duties as claim agent?—A. To settle all classes of claims except for goods in transit; personal injury, stock, fire, &c.

Q. Have you named all the duties that you performed while connected with the Union Pacific Company?—A. No. I also purchased the right of way for the company a good deal in this State.

Q. What other duties did you have?—A. Anything that might be assigned to me by the superintendent or general attorney.

Q. What has been assigned to you?—A. I do not know that I could say; I could tell you a great many things that have been assigned to me.

The CHAIRMAN. Tell us a few. Were you ever assigned to visit Lincoln to look after legislation?

The WITNESS. Not specially; no, sir.

CONCERNING LEGISLATION.

Q. Generally, were you?—A. Yes, sir.

Q. How often?—A. Whenever the legislature was in session.

Q. How many times have you visited the legislature on behalf of the Union Pacific Company?—A. Three times.

Q. At whose request did you go there?—A. At the request of Mr. Thurston.

Q. Were you receiving a compensation as employé while there?—A. Yes.

Q. What additional compensation did you receive while there?—A. Not any.

Q. What was your compensation?

The WITNESS. At the present time, do you mean?

The CHAIRMAN. No, at that time.

The WITNESS. Two hundred dollars a month.

Q. How many legislatures did you visit?—A. I think about five.

Q. Did you stay all through the session?—A. Yes; I think I have been there five sessions.

Q. What was your special line there?—A. To look after the company's interests generally.

NEBRASKA RAILROAD LEGISLATION LAST SESSION.

Q. What interest did they have in the last legislature to look after?—A. Nothing special, except legislation that might be against the railroad interests.

Q. What legislation was in the last legislature?—A. There was no legislation when I was there.

Q. What were you doing there then, if there was none?—A. There was none that passed, I meant to say, that was against their interests at all.

Q. What legislation was presented?—A. I do not know that I could tell, from memory. There were a good many bills there.

Q. How many bills in which the Union Pacific Railway Company were interested?—A. I do not know that there was any that they were specially interested in.

Q. What were you doing there then?—A. To see if there was any.

Q. Was there any?—A. There was some that I thought they were interested in.

Q. What were they?—A. Railroad legislation, we called it generally.

Q. Well, name some of it; name one bill.—A. We knew them, generally, by their numbers; I do not remember them now.

BILL NO. 192, TO CREATE A COMMISSION.

Q. Name the number of one bill.—A. Number 192, I think, was one bill.

Q. How do you recall the number and not the purpose of the bill?—A. Well, it was what we term railroad legislation.

Q. In what sense was bill No. 192 railroad legislation?—A. I could not tell you without referring to the bill; there were a great many bills.

Q. You do not wish to say to this Commission that you can remember bill No. 192 and cannot remember the subject of the bill?—A. Yes, sir.

Q. Or the purpose?—A. Yes, I say it was railroad legislation.

Q. Of what character?—A. Well, fixing rates.

Q. In what respect?—A. My recollection now is that bill No. 192 was a bill that provided for a railroad commission and gave them the power of fixing rates.

Q. What else did it contain?—A. I do not remember; I could not tell you.

ARGUMENTS USED AGAINST IT.

Q. Did you talk with any of the members about the bill?—A. I did.

Q. What arguments did you use with reference to the bill?—A. That I thought it was not to the interest of the State or the people to pass such legislation.

Q. What was not in the interest of the State or the people?—A. That sort of legislation.

Q. What kind of legislation was it?—A. It was such legislation as I speak of. It provided for a railway commission and gave them power that I do not think the legislature ought to put in the hands of a railway commission.

Q. Did it prohibit rebates?—A. That I do not remember.

Q. Did it prohibit discrimination?—A. I think it did.

MANY OTHER BILLS OF SAME CHARACTER.

Q. What else did it contain?—A. There were so many of these bills—a great many of them—that I could not call to memory now and tell you any particular thing that was in any of the bills.

Q. Were they all of the same general character?—A. They were. That is, with perhaps one or two exceptions, I think they were all of the same general character.

Q. Why would you regard a bill preventing a railroad discrimination as an impolitic bill?—A. Well, one reason is the class of men that I have seen put on such commissions.

Q. I am asking you why you regarded as an unwise piece of legislation a bill prohibiting railroad discrimination.

Mr. POPPLETON. That assumes that the bill was on that one subject.

The CHAIRMAN. He has said so.

Mr. POPPLETON. No; I beg pardon. He says the bill provided for a commission and gave the commission the power to fix rates.

The CHAIRMAN. Well, we will go over it again.

Q. Was there any bill in the legislature prohibiting rebates on the part of railroad companies?—A. I could not tell you. I do not remember now.

BILL TO PROHIBIT DISCRIMINATE COMPANY.

Q. Was there a bill in the legislature prohibiting discrimination on the part of the company?—A. I think there was. I would not say positively, though.

Q. Did you discuss such a bill with the members of the legislature?—A. I presume I did, if there was such a bill.

Q. Did you oppose the bill?—A. I could not tell you whether I did or not. I presume I did.

Q. How many bills of the character that you have named were presented to the legislature?

The WITNESS. Of that general character?

The CHAIRMAN. Yes.

The WITNESS. Well, I should say that this last session there were fifteen or twenty, probably.

Q. Were you kept busy?—A. Yes, sir; most of the time.

Q. How often did you see the members?—A. Every day.

Q. In committee or individually?—A. I used my discretion about that. Sometimes I saw them individually; sometimes on the floor of the house.

A LEGISLATIVE "OIL-ROOM."

Q. During your attendance of the legislature did you ever know of such a place as an "oil-room"?

The WITNESS. What kind of oil?

The CHAIRMAN. I am trying to find out. It is something under the name of an oil-room.

The WITNESS. I have seen something about that in the columns of the Omaha Bee, myself, but I do not know where the Bee had its oil-room.

Q. Was there such a place in Lincoln as an oil-room, inside the legislative building or outside?—A. Not that I know of.

Q. Did you ever hear of it?—A. I have read of it here.

Q. Where did you take the members and discuss legislation with them?—A. Sometimes on the floor of the house.

Q. Any other place?—A. It depended on where I met them.

ENTERTAINING LEGISLATORS WITH TALK.

Q. Did you entertain the members?

The WITNESS. How?

The CHAIRMAN. In the way people usually do entertain members of the legislature.

The WITNESS. I entertained them with my talk.

Q. Did you render an account of your expenses to your company?—A. No, sir.

Q. To whom did you render an account?—A. I do not know that I rendered any account. Yes, I think I rendered an account of my expenses to Mr. Thurston.

Q. What were your expenses?—A. Well, I do not remember now. What expenses do you mean?

The CHAIRMAN. The expenses at Lincoln while you were there.

The WITNESS. I think that my hotel expenses, altogether, were probably in the neighborhood of three or four hundred dollars.

Q. How were they paid by Mr. Thurston, in cash or by check?—A. Mr. Thurston paid me by check, I believe.

Q. Did you give a receipt for the check?—A. I do not think I did.

Q. Did you render a bill?—A. Only to Mr. Thurston. I did not make any bill at all, myself, that I know of. I told him what my expenses were, and he paid them.

NEVER USED MONEY TO INFLUENCE LEGISLATION.

Q. Did you ever use any money while you were in the employ of the company in Lincoln, or anywhere else, in influencing legislation by stopping the passage of a bill, or enforcing the passage of a bill, or securing a vote upon it in any way, directly or indirectly?—A. Never.

Q. Have you any knowledge of any person using money for such purposes?—A. No, sir; I have no knowledge of any other person using money for such purposes.

Q. Had you power to grant passes to members of the legislature over the road or its branches?—A. No; I could not say that I had any such power as that.

PROCURED PASSES FOR MEMBERS.

Q. Did you procure passes for members of the legislature over the main line?—A. Yes.

Q. And their friends?—A. Yes; when they asked for them.

Q. How did you get them?—A. From Mr. Thurston.

Q. Was he there?—A. Yes.

Q. Most of the time?—A. Not this winter; he was there part of the time this winter.

Q. Did he have passes in blank which he issued to you for members of the legislature?—A. Yes.

THE NUMBER ISSUED.

Q. How many passes have you issued in one session?—A. I could not say, I am sure, how many.

Q. Fifty?—A. Yes, sir.

Q. A hundred?—A. Yes, sir.

Q. Two hundred?—A. Yes, sir.

Q. Five hundred?—A. No, sir; I do not think I ever issued five hundred.

Q. Four hundred?—A. Yes, sir; I think I have.

Q. Now, what other privileges did you secure for members of the legislature other than passes?—A. Not any privileges at all.

Q. Any advantages?—A. No, sir.

Q. Any preferences?—A. No, sir.

Q. Any appointments? Did you ever ask Mr. Thurston for an appointment for a member of the legislature, or for a friend of a member of the legislature?—A. No, sir; I never did.

Q. To what department were your charges made for your services at Lincoln?—A. I could not say.

Q. Were you ever a member of the legislature?—A. No, sir.

Q. What acquaintance had you with the members of the legislature before you went there the first time?—A. Well, I had an acquaintance with quite a number of them.

Q. How did you secure this acquaintance?—A. By attending a State convention occasionally; having been in politics here, myself, considerably, in Omaha, at times.

NO SPECIAL INSTRUCTION HOW TO ACT.

Q. Did you receive any special instructions when you visited the legislature?—A. No, sir.

Q. Did you ever write Mr. Thurston a letter on the subject of what was going on at Lincoln?—A. No, sir.

Q. Did you ever write to anybody a letter on the subject of what was going on in the legislature?—A. No, sir; I do not think I ever did.

Q. Did you have a conversation with Mr. Kimball with reference to what was going on there?—A. No.

Q. Did you ever meet him there?—A. No.

Q. Did you ever engage in a primary or other election in which you thought the interests of the railroad company were involved?—A. No.

Q. You never assisted Mr. Kimball in any of his movements in that direction?—A. No, sir.

Q. Have you any other information that you can give the Commission concerning the Union Pacific Railway Company?

The WITNESS. In what respect?

The CHAIRMAN. In any direction.

The WITNESS. I do not know that I have.

PURPOSE OF HOSTILE LEGISLATION.

By Commissioner LITTLER:

Q. Did you personally know the several members of the legislature who introduced this so-called hostile legislation—these hostile bills?—

A. Some of them I did; some of them were strangers to me before I went there.

Q. You may state, if you know, the purpose these gentlemen had in introducing these measures. Was it for the purpose of passing them in good faith, or was it for the purpose of blackmailing railroad companies in some way or other?—A. It was always my opinion that they had several objects in view; one object was to show their constituents at home that they were doing something. Many of them were elected on the issue that they would come down there and see that there was something in the way of railroad legislation. I considered most of the bills buncombe, and they turned out to be such.

NOT GENERALLY PRESSED IN GOOD FAITH.

Q. Did the authors of those bills press their passage in good faith or not?—A. I do not think they did, with very few exceptions, I will say.

Q. Who introduced the bill providing for a railway commission and authorizing the commission to fix maximum rates?—A. I think that was Mr. Agee.

Q. Where does Mr. Agee live?—A. I think he lives in Hamilton County.

Q. From your knowledge of his management of that measure, did he seem to press it in good faith or not?—A. He seemed to press its passage in good faith.

Q. Can you name any other measure, the author of which pressed its passage in good faith? I am, of course, confining my inquiry to the bills affecting railroads.

THE COMMISSION BILL.

A. Watson's bill—the bill that was passed.

Q. What bill was that?—A. That was bill No. 41.

Q. Did that bill finally become a law?—A. Yes, sir. That is to say, it became a law, but not as originally introduced. It passed one house and was amended in the other.

Q. Do you remember the scope of the bill, as introduced and passed by one of the houses?—A. Well, not generally; no.

Q. Did it provide for a commission?—A. Yes, sir.

Q. Did it provide for that commission fixing rates?—A. No, sir; I think not.

Q. By the terms of that bill, who were required to fix the rates, if any were authorized to be fixed?—A. I will not attempt to answer, because I could not say positively. The bill is matter of record and can be easily procured. There were so many of these things that I could not keep them in mind. I do not pretend to keep any of them in mind, except as they come up at the time.

Q. Would the members of the legislature be influenced in any way by your furnishing passes to them and their friends?—A. I do not think so.

PASSES ISSUED BECAUSE ASKED FOR.

Q. Why did you furnish such an enormous number of passes?—A. Simply because they were asked for.

Q. Is that a species of blackmail which the Nebraska legislature levy on you?—A. Well, I know I did not consider it blackmail. It was always customary here to ask for passes and customary to grant them.

Q. What consideration do these members render the company for those passes?—A. I do not know that they render them any.

Q. It amounts to a gratuity, then, on the part of the company?—A. I think it does.

Q. A personal compliment, if you please, to the members of the legislature?—A. Yes.

Q. And the passes which you granted to private persons at their request were of the same character?—A. Of the same character—simply because they requested them.

THE PASS SYSTEM ONEROUS.

Q. Are not such favors becoming very onerous to the railroads, and particularly to the Union Pacific?—A. I think they have been so; but they probably will not be so much so hereafter.

Q. Do you know whether the general officers of this company have at any time protested against the granting of such favors?—A. I do not know personally.

Q. Are the directors, president, and general officers of the road familiar with this sort of business?—A. That I could not say. I presume they are.

Q. What is the custom of your company in relation to paying your expenses in the discharge of your ordinary duties? Do you render a bill of items and have it vouched?—A. Yes, sir.

Q. Can you give the Commission any reason why your expenses at Lincoln were not itemized and vouched in the usual form?—A. I can give no reason, except that I was there at Mr. Thurston's request, and he told me that he would pay my expenses. That was all there was of it.

Q. And he did pay them?—A. He did pay them.

Q. You do not know whether he rendered an account on a voucher for those expenses or not?—A. I could not say.

UNION PACIFIC LIKE OTHER ROADS, AS TO PASSES.

By Mr. POPPLETON:

Q. So far as the issue of legislative passes is concerned, is the practice of the Union Pacific in this State, or has it been, any different from any other railway company?—A. No; it is the same exactly.

Q. How has it compared with other railway companies in the issue of passes?—A. I think that last winter we issued less. I think we were more particular in this respect; that they were all issued from a stub, and a record kept; and I know that the other companies had them there and issued them promiscuously, and kept no record at all. There was a great deal of complaint that they could get passes more easily from other companies than from us.

PASSES ISSUED TO HOSTILE MEMBERS.

By the CHAIRMAN:

Q. Did you grant passes to the members of the legislature who were introducing this obnoxious legislation?—A. Yes, sir.

Q. Did they apply?—A. Just as much as anybody else.

Q. Did they receive them the same as anybody else?—A. Yes, sir; just the same.

Mr. POPPLETON. Generally better.

Q. You have spoken of fifteen or twenty bills of the character you have named. Can you name the people who introduced them?—A. I do not believe I could.

JOHN R. MANCHESTER.

OMAHA, NEBR., *Monday, June* 27, 1887.

P. C. HIMEBAUGH, being duly sworn, and having had propounded to him in writing the following interrogatories, made the answers attached to said several interrogatories, respectively, as follows:

HIMEBAUGH & MERRIAM.

First interrogatory. State your name, occupation, and residence. State title and composition of your firm, giving name of every person who is or has been interested in its profits or a participant therein, directly or indirectly?—Answer. P. C. Himebaugh; grain; Omaha; Himebaugh & Merriam. No person in said firm except P. C. Himebaugh and Nathan Merriam, and never has been, directly or indirectly, except about one year and half, commencing 1882, during which time the firm name was Himebaugh, Merriam & Co., and during which, at same time, Mr. F. Fartell, of Chicago, was a partner with us.

UNION PACIFIC IN NO WAY INTERESTED.

Second interrogatory. Have any directors, officers, or employés of the Union Pacific Railway Company, or of any of its adjunct or auxilliary companies, been interested in or connected with your firm or participants in its profits or recipients of bonuses, donations, or advantages in any form whatever? If so, give details.—A. No.

RELATIONS OF UNION PACIFIC TO HIMEBAUGH & MERRIAM.

Third interrogatory. State in detail the relations borne by yourself or by your firm toward the Union Pacific Railway Company, or toward any company in which said corporation has an interest. If there have been any leases, contracts, agreements, understandings, or undertakings of any kind between either of said companies and you or your firm or in behalf of either, set them forth at length in answer to this question.—A. The Union Pacific Company own the ground on which elevators A and B stand. The Union Pacific Company has no interest in elevator A, but own 60 per cent. of the stock of elevator B, known as the Union Elevator Company of Omaha. Himebaugh & Merriam own 35 per cent. of the stock in said Union Elevator Company, and lease the said elevator from the Union Elevator Company.

REBATES RECEIVED.

Fourth interrogatory. Give an itemized statement of rebates paid to you by the Union Pacific Railway Company from time to time, covering in each item the date and the amount of payment, the date of transportation, the article or articles transported for you or your firm or in behalf of either, the places from which and to which the articles were transported, the open rate which then prevailed, the cut rate or net rate which

was allowed to you or to your firm, the purpose for which such rebate was made, and copies of all letters or papers in possession of yourself or of your firm relating in any manner to any of the transactions covered by said statement?—A. It is absolutely impossible to answer the fourth question, as the data cannot be secured. Much of it was destroyed, considered worthless to keep, and had I the data at hand it would cost us at least $5,000 to formulate a statement from it, and even then I could not tell what amount the Union Pacific paid for their part of the rebate.

NET RATE AND REBATE RECEIVED.

Fifth interrogatory. State the lowest net rate paid by you or your firm in each year since 1880 and the greatest allowance per 100 pounds in each of the periods mentioned that were conceded to you or your firm on account of service rendered for you or your firm by the Union Pacific Railway Company, or by any company in which that company has an interest. Give the data at which said rate was authorized and the date of transportation covered by said rate.—A. Have no data on which I can answer this fifth question.

CONCERNING ADVANTAGES OTHER THAN REBATES.

Sixth interrogatory. Have you or your firm at any time received any advantage in any form other than rebates from the Union Pacific Railway Company, or from any company in which that corporation has any interest? If so, please describe said advantages, including facilities, and the measure of their value to you or to your firm.—A. Not that I know of.

NO SUCH ADVANTAGES RECEIVED UNDER ANY OTHER NAME.

Seventh interrogatory. Have you or your firm at any time received any rebate or advantage in any form from the Union Pacific Railway Company, or from any company in which that corporation has an interest in the name or names of persons other than those of Himebaugh, Merriam & Co.? If so, give details.—A. No.

OTHERS NOT ALLOWED TO OBTAIN ALLOWANCES OR ADNANTAGES UNDER NAME OF FIRM.

Eighth interrogatory. Have you or your firm at any time aided or allowed others, with or without consideration, to obtain rebates or other advantages from the Union Pacific Railway Company, or from any company in which that corporation has or had an interest, through the use of the name of yourself or of the name of your firm? If so, give details and state the nature of the consideration.—A. Not that I know of.

THE OMAHA ELEVATOR COMPANY THE ONLY COMPETING SHIPPER.

Ninth interrogatory. State the names of those shippers over the Union Pacific Railway system, if there have been any, who have been in active competition with you or your firm in the business of transportation or the storage or handling or purchase of grain or other articles. Also state the length of time during which such competition was maintained over the lines of the Union Pacific Railway system, and the periods during which the activity of their competition with you or your firm over

said lines was suspended.—A. None except the Omaha Elevator Company.

DISASTROUS EFFECT OF INTERSTATE COMMENCE LAW.

Tenth interrogatory. State the effect of the application and operation of the so called inter State commerce law, or of those provisions relating to publicity of rates, pooling, and rebates upon the business of yourself or of your firm.—A. Have made comparatively no shipments since the inter-State law went into effect except from Union Pacific western points here to store.

NO ATTEMPT EVER MADE TO INFLUENCE LEGISLATION.

Eleventh interrogatory. Have you or your firm attempted at any time, in any manner, to influence legislation for or in behalf of the Union Pacific Railway Company, either by the employment of individuals or by the payment of money or by other methods? If so, give details and the names of the person or persons at whose instance said action was taken.—A. Never.

SPECIAL AND OPEN RATES.

Twelfth interrogatory. Furnish an itemized form, with dates and details, of points of arrival and departure, the special rates, as distinguished from open rates or rebates that have been allowed to you or your firm by the Union Pacific Railway Company, or by its adjunct or auxiliary companies. Give the open rate from the same places prevailing on the Union Pacific Railway system when such special rates were given. State also the amount of transportation service performed for you or your firm under such special rates. State also the difference between the payments actually made by you or your firm on account of said special rates and the amounts which would have been paid by you or your firm if payment had been made on the basis of the open rate then prevailing on the Union Pacific Railway system.—A. Impossible to answer this twelfth question for same reasons as stated in fourth and fifth questions.

NO DIVERSION OF SHIPMENTS.

Thirteenth interrogatory. Have the shipments of yourself or your firm over the lines of the Union Pacific Railway system been diverted at any time from the route indicated by you or your associates? Has the Union Pacific Railway Company diverted the shipments of yourself or your firm or of any consignments to you from lines aided in bonds by the Government to lines that were not so aided?—A. No.

FIRM HAS NO HOLDING IN UNION PACIFIC SECURITIES.

Fourteenth interrogatory. What is or has been the extent of the holdings of yourself or your firm in the securities of the Union Pacific Railway Company or in the securities of any company in which that corporation has or had an interest?—A. None.

LOSS BY NOT GIVING REBATES.

Fifteenth and last interrogatory. Is there any other matter or thing within your knowledge in relation to the inquiry authorized by act of

Congress and covered by the annexed letter, which is hereby made a part of this interrogatory? If so, give details.—A. I have known for seven or eight years that the earnings in freight to the Union Pacific Company were very materially less than they would have been had the Union Pacific given from time to time the same rebates as given by other competing lines. The above has positively been proven to their satisfaction after the business in immense quantities was lost.

P. C. HIMEBAUGH.

Witnesses:
ALEX. G. CHARLTON.
ISAAC W. HALL.

Before me, a notary public of Douglas County, personally appeared P. C. Himebaugh, of said county, and whose signature appears attached to the foregoing, and solemnly swore that the answers to the foregoing questions are true to the best of his knowledge and belief.

Witness my hand and notarial seal this 25th day of June, A. D. 1887.

[SEAL.]

THOS. H. McCAGUE,
Notary Public.

The Commission then adjourned to Tuesday, June 28, 1887, at 10 a. m.

OMAHA, NEBR., *Tuesday, June* 28, 1887.

The Commission met pursuant to adjournment.

Present: Commissioner Pattison (chairman), and Commissioner Litler.

GEORGE N. CRAWFORD, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am in the real-estate business at present.

Q. Where do you live?—A. In Omaha.

EMPLOYED BY UNION PACIFIC.

Q. Have you ever been employed by the Union Pacific Railway Company?—A. Yes, sir.

Q. When?—A. Some six or seven or ten years ago; I do not remember. I was employed by Mr. Poppleton to prosecute some criminal cases. I am by education a lawyer, though not in active practice now.

Q. Have you been employed in any other capacity by the Union Pacific Railway Company?—A. Not by the company, within my knowledge.

ATTENDED THE LEGISLATURE AS A LOBBYIST.

Q. Have you ever attended the legislature in the interest of the company?—A. I have, by my own volition, except at the last session.

Q. What position or what character did you represent in the last session?—A. Well, to speak plainly, I was lobbying.

Q. At whose solicitation did you go to Lincoln at the last session?—A. I did not go to Lincoln at any one's solicitation, but I went there. I was interested in the senatorial contest, and, while there, Mr. Vandervort requested me to remain during the session.

Q. Who is Mr. Vandervort?—A. He is a pretty prominent Republican politician in this State.

Q. Has he any connection with the Union Pacific Railway Company?—A. I believe he has, but I do not know for certain.

Q. Had he at that time when he was in Lincoln?—A. He showed me a letter which led me to believe that he was not then in the employ of the Union Pacific Company, but had been prior to that time.

Q. What time in the session of the legislature did you get to Lincoln?—A. I went first, I think, on the second day of the session; came back to Omaha, and went back in a day or two, and remained there most of the time until the close of the session.

Q. What did you do as a lobbyist?

The WITNESS. In what respect?

DUTIES OF A LOBBYIST.

The CHAIRMAN. What are the duties of a lobbyist?

A. Why, they are diversified.

Q. What is the diversity?—A. Almost anything that you can think of to influence men to go the way you want them to; or, in other words, to enlighten members of the legislature; and I assure you that modern legislators need enlightenment.

Q. What influence did you use?—A. Eloquence, persuasiveness. [Laughter.]

Q. How did you exercise your eloquence, individually or collectively?—A. Not collectively, with a party. But I sometimes had three or four of the legislators collected together.

Q. What bills had you?—A. No personal interest.

Q. What interest had you?—A. To influence legislation in the interest of that company.

Q. In what bills had the company an interest that you, as a lobbyist, exercised your eloquence to prevent the passage of?—A. Bills establishing rates of transportation and the appointment of a railway commission.

Q. How many such bills were before the legislature?—A. I do not remember. I did not keep track of them.

Q. Were there any bills to prevent discrimination?—A. I think there were.

RAILROAD MAN FROM PRINCIPLE.

Q. What arguments did you use to prevent the passage of such bills?—A. I believed that all legislation inimical to the interests of the railroad was wrong. I believed it from principle. I have been actuated by that principle. I am opposed to all legislation that is opposed to the interests of railroads. I am a railroad man from principle, though not in the employ of a railroad.

Q. What compensation did you receive?—A. From different sources, probably.

Q. Did you receive any from the Union Pacific Railway Company?—A. Not that I know of.

RECEIVED $400 FROM MR. THURSTON.

Q. Did you receive any compensation from any one interested in the Union Pacific Railway Company?—A. I received payment from a gentleman, who, I understand, is in the employ of the Union Pacific

Q. What is his name?—A. John M. Thurston.

Q. How much did you receive from him?—A. I could not tell you, altogether. I received at intervals different amounts of money, always in his individual check; and at the close of it I think I received somewhere in the neighborhood of $400; that was the aggregate.

NO AGREEMENT WITH MR. THURSTON.

Q. Were your salary and expenses included in the aggregate sum of $400?—A. There was no salary agreed upon. In fact there was no understanding or agreement between Mr. Thurston and myself or any one else as to compensation.

Q. What was the $400 for?—A. I do not know. I honestly could not tell you. I can give you an opinion.

Q. Was it a gift?—A. I do not know.

Q. Had you any agreement with Mr. Thurston?—A. I stated a moment ago that I had not.

Q. What induced him to give you $400?—A. I presume it was for services that I had rendered during that session of the legislature.

Q. In the manner you have spoken of, by addressing the legislature?—A. I did not address the legislature.

Q. Individuals of the legislature?—A. I spoke to them, and, if they thought differently from what I did, I endeavored to convince them that they were wrong. In some instances I succeeded and in others I did not.

COUNSELED WITH MR. THURSTON.

Q. Had you instructions from Mr. Thurston?—A. No; I counseled with him.

Q. What was the nature of your counsel?—A. As to the methods best to adopt in opposing legislation inimical to railroads—all railroads.

Q. What methods did he suggest to you?—A. Nothing in particular.

Q. What was the general method? You have stated that he suggested to you methods of influencing legislation.—A. I beg pardon. You misunderstood me. I said I counseled with him.

Q. About what?—A. As to the methods and plans.

Q. Precisely. What was the method that you talked about?—A. It was in a general way.

Q. What was the general way?—A. I cannot describe it.

Q. What was it?—A. The arguments to be made use of.

Q. What arguments did Mr. Thurston suggest to you?—A. I do not remember of anything he suggested to me. He may have done so. It is all gone from my mind. I never bore it in mind. If you will be more pointed in your questions and tell me what you want I will try to answer you.

The CHAIRMAN. I want all you know.

The WITNESS. Concerning what?

The CHAIRMAN. All you know concerning the railroad legislation before the Nebraska legislature.

The WITNESS. If you will be specific I shall tell you what I know.

NOTHING TO CONCEAL.

The CHAIRMAN. I do not know your knowledge. That is why I am questioning you.

The WITNESS. I will give you all I know if you will tell me what you want to know. There is certainly nothing that I did myself that I have any desire to conceal.

Q. Have you anything to conceal that anybody else has done?
The WITNESS. With reference to these matters?
The CHAIRMAN. Yes.
A. No, sir; not a thing.
Q. Did Mr. Thurston furnish you with a brief?
The WITNESS. Brief of what?
The CHAIRMAN. Of the line of argument to use at the legislature?
The WITNESS. No, sir.
Q. Did you make any memorandum?—A. No, sir.
Q. Did you write any letters?
The WITNESS. To whom?
The CHAIRMAN. To Mr. Thurston or anybody else.
The WITNESS. In reference to these matters?
The CHAIRMAN. In reference to the legislation.
The WITNESS. No, sir; not to my knowledge or recollection. I may, possibly, some time when I wanted to communicate with him, have dropped him a note; but I do not know that I have done that.

PASSES SECURED FOR MEMBERS.

Q. Did you secure passes for members of the legislature?—A. Yes; when they requested me.
Q. Who gave you that authority?
The WITNESS. To secure them?
The CHAIRMAN. Yes.
The WITNESS. What do you mean by the term "secure?" I was requested by members of the legislature to ask for the issuance of passes, and I believe I did obtain a few.
Q. Whom did you ask?—A. Mr. Manchester, I think.
Q. Who else?—A. Mr. Vandervort, I think, and perhaps Mr. Thurston.
Q. Were you ever refused?—A. I do not remember of a single instance.
Q. Did you get all the passes?—A. I only went to them at the solicitation of others that desired the passes.
Q. At whose solicitation?—A. I do not remember.
Q. Members of the legislature?—A. Some of them; and some of their friends.
Q. How many passes did you get in a session?—A. I do not remember.
Q. Did you get fifty?—A. I do not think I did. I think probably eight or ten would cover the whole number. I do not think it would reach that number.

ENTERTAINMENT FURNISHED MEMBERS.

Q. Did you entertain members of the legislature?—A. Yes.
Q. What entertainment did you afford them?—A. That which suggested itself to my mind, and that which they seemed to desire.
Q. What suggested itself, generally?—A. It depended a good deal on the character of the men.
Q. As an illustration, what?—A. Social conversation and anecdotes.
Q. That is very interesting. What else?—A. Well specify what you think.
The CHAIRMAN. I am asking you.

The WITNESS. I am endeavoring to answer you.

Q. What other entertainment did you afford the members of the legislature?—A. Sometimes I would ask them to take cigars, and, perhaps, drink wine.

Q. What other entertainment?—A. That is all that I remember.

Q. That covered all the varieties of entertainment afforded the members of the legislature?—A. Yes.

WHO PAID FOR THE ENTERTAINMENT.

Q. Who paid for the entertainment?—A. I paid for some of it myself, individually.

Q. Who paid for the balance?—A. I do not know.

Q. How do you know it was paid for?—A. I do not know that, except that I was told so. I have no personal knowledge.

Q. Who told you so?—A. The proprietor of the hotel. I do not know who paid for it.

Q. Do you not know that it was settled by the authority of the Union Pacific Railway Company?—A. I do not know; I have no means of knowing that, and never asked the question. I do not know even by hearsay. That is the fact. If I did I would tell you frankly.

WITNESS ENTERTAINED IN HIS ROOM.

Q. Were those entertainments furnished by you at your own expense, to vindicate your opinions in the interests of railroads?—A. I do not know why they were furnished, whether to vindicate my own opinions or to vindicate somebody else's. I simply state the fact that I furnished them, and some I paid for myself, and those I did not pay for I don't know who did. I would state here, incidentally, that there were others, perhaps, who occupied my rooms at the time, and what they did I do not know. There was entertainment furnished by some of the parties, I presume.

Q. Did you have a room there?—A. I did, sir.

Q. Were your entertainments generally in the room?—A. Generally.

Q. Where was the room; in a hotel, or near the legislature somewhere?—A. In a hotel.

Q. Were you there the whole session?—A. Most of the time; until within about a week of its close; a few days before the close.

EFFORTS SUCCESSFUL.

Q. Were you successful in preventing the passage of legislation hostile to railroads?—A. That I could not answer. I know that the efforts that were made were successful. I could not speak of myself, or anything about it.

Q. By the efforts made before the legislature, all hostile legislation, or what you regarded as hostile legislation, was prevented?—A. Legislation inimical to the Union Pacific Railway Company.

Q. It was all prevented?—A. Almost all of it, I believe.

NO MONEY USED TO PREVENT LEGISLATION.

Q. Did you use any money to prevent legislation inimical to the interests of the Union Pacific Railway?

The WITNESS. What am I to understand by that question? Explain yourself.

Q. Did you ever hear of the use of money before legislatures?—A. Why, yes; certainly.

The CHAIRMAN. Then, what is the difficulty about understanding me when I ask you the question?

The WITNESS. Let me hear the question again.

The question was read as follows:

Q. Did you use any money to prevent legislation inimical to the interests of the Union Pacific Railway?

A. No, unless in the way of expenses.

Q. What do you mean by expenses?—A. Incidental expenses. This matter of entertainment that you spoke of a moment ago.

Q. What else?—A. That is all.

Q. Were they the only incidental expenses that you had there?—A. That is about all; except it may possibly be carriage hire for myself, for my own convenience. Something of that kind.

Q. Do you know of any one else, directly or indirectly, using money in the interest of the Union Pacific Railway to prevent the passage of legislation?—A. Not otherwise than as I have stated. Am I to understand that your question means to imply that money was used to influence members of the legislature? If that is the implication of your question, I emphatically give you but one answer, and that is, no; I never had anything to do with anything of that kind, and never expect to.

NEWSPAPER CHARGES.

Q. Did you ever hear of anybody else having anything to do with anything of that kind?—A. I have read in one newspaper published in this city charges of this character.

Q. Did you hear of them anywhere else?—A. Perhaps in other papers copied from the one I have mentioned.

Q. Did you hear of them anywhere else?—A. I have heard of them in Lincoln and other parts of the State; but I have never known anything as to the truth of them.

Q. You concluded that there was more smoke than fire?—A. Something of that kind. It simply gave some people an opportunity to air their petty grievances.

NO PRIVILEGES APPLIED FOR.

Q. Did you secure any positions for members of the legislature or their friends?—A. No; I never applied for any.

Q. Did you apply for any other privileges to the Union Pacific for the members of the legislature or their friends?

The WITNESS. Other than passes?

The CHAIRMAN. Yes.

A. No, sir; I have no recollection of doing so; I do not think I did; I certainly have not applied for places or positions for any members of the legislature or their friends. I never applied for a position for anybody in the Union Pacific Railway Company except for my son some years ago, and I obtained it.

ASSOCIATES AT LINCOLN.

Q. Who were associated with you in your work at Lincoln?—A. There were a number; I could not tell all; I could name a few.

The CHAIRMAN. Do so.

The WITNESS. Mr. Vandervort, and, I believe, Mr. Gurley. Mr. Thurston, of course.

The CHAIRMAN. You named one a moment ago that you have not repeated—Mr. Manchester.

The WITNESS. Oh, yes; Mr. Manchester.

Q. Who else, now?—A. There was a number. There are some the names of whom I have forgotten, and others whose names I do not know. They were simply pointed out to me as being there in the interest of different railroads.

WORKED TOGETHER.

Q. How did you co-operate with them?—A. Well, I do not know that I can answer that question. That is pretty general.

Q. What is the difficulty about the question?—A. I do not understand it. How I "co-operated" with them? What do you mean by "co-operate?"

Q. Were you there working together?—A. I presume it might be so stated that we were working together.

Q. What were your methods of working together?—A. Sometimes if I wanted to see some member of the legislature, I might ask one of the other gentlemen to find him for me, or I would go and see him myself at his room. I tell you frankly——

The CHAIRMAN (interposing). I hope you are telling everything frankly.

The WITNESS. Well, I do not see any necessity for that remark. When I first went to the legislature it was rather in the interest of the senatorial contest. I was opposed to the interests of Mr. Van Wyck. I was a pretty enthusiastic Democrat, and I wanted to keep the Democrats together. I want to state to you, too, that I did it particularly for the purpose of defeating Mr. Van Wyck. After that, I was requested by Mr. Vandervort to remain during the remainder of the session, in the interest of the railroads, because I saw that they were badly afflicted by the Van Wyck demagogism.

Q. Was this the first session of the legislature that you ever attended?—A. No, sir; I think I have been to every one of them, except one, since 1866 or 1867, either in the inside or outside.

GOVERNED BY CIRCUMSTANCES.

Q. Have your methods always been the same?—A. No, sir; I have been governed by circumstances.

Q. What were the circumstances?—A. By the surr on dings.

Q. What were the surroundings?—A. I cannot tell you.

Q. What is the difficulty about telling?—A. Well, I do not remember.

Q. Did you always use the same character of arguments?—A. Yes; I would generally use the same arguments at one session that I did at the others. Sometimes I would be more persuasive to one member of the legislature than another.

Q. How did you increase your persuasive powers?—A. I became a little more eloquent, I think.

Q. You grind out your eloquence at will, do you?—A. I believe that is one of the attributes of an orator. [Laughter.]

ELOQUENCE THE ONLY ARGUMENT USED.

Q. During these years that you have attended the legislature were entertainments, and these arguments you have mentioned, the only in-

ducements resorted to, to influence the members of the legislature?—A. I cannot tell what any body else has done; I can only speak for myself. If you ask me if I used any other, I say again, emphatically, no.

Q. Have you any knowledge of any one else using money at any time to secure legislation during these years?—A. No, sir; I have no special knowledge.

Q. Have you any general knowledge?—A. Nothing more than that I have read it in the newspapers some time.

Q. Have you heard it at Lincoln at any time?—A. Oh, yes.

Q. Then you have heard of it from other sources than reading it in the newspapers?—A. I have heard of it, but it has been started by the editor of some newspaper in this city; and he has either failed to materialize when the time came or utterly failed in making his proofs.

OPPOSED TO MEDDLING WITH RAILROADS.

Q. During all these years did you go to the legislature at the instance of the Union Pacific Railway authorities?—A. I have no recollection whatever of receiving any compensation from, or having been requested by, any officer of the Union Pacific Railway Company to work in their interests until this last winter, although, as I have told you before, I have always done so. I am opposed to meddling with railroads by legislation. More than that, I came here at a very early day, and I have seen the advantages of railroads over the methods of transportation in use when I came here, and, as a citizen, I felt like fostering those railroads, and for that reason I have been opposed to meddling with them.

Q. Has there been much legislation introduced in those years inimical to railroads?—A. Yes.

Q. What has been the cause of the introduction of such bills?—A. I do not know.

SENTIMENT OF THE STATE.

Q. Has there been any sentiment in the State in that direction?—A. There has been a sentiment, I believe, in that direction; yes.

Q. Were the bills introduced by members of legislatures out of regard to the sentiments of their constituents?—A. That I could not answer, because I am satisfied that it has frequently been the case that where members of the legislature have been elected for purposes of that character they have changed their minds, as wise men frequently do, as to such bills, if it has been shown to them that such bills were inimical to the interests of the people. I have stated frankly all that. Not only is this true as to the Union Pacific Railway but all railroads.

Q. Has there been much of a sentiment in the State that led up to the introduction of these bills in the legislature?—A. Yes, sir; and I have my opinion as to the cause of it.

SPECIES OF DEMAGOGERY.

Q. What is it?—A. That it is a species of demagogery inaugurated by designing politicians to subserve their own political and personal ends.

Q. Does this demagogery lie at the bottom of the opinions of the people in these matters?—A. That I do not say; but I say it has been one of the causes?—A. Demagogues have played on the people so as to lead them to believe that they have been imposed on by the railroads.

It is my opinion that, instead of doing that, they should have fostered the railroads.

DIVISION OF SENTIMENT.

Q. Was such a sentiment very prevalent among the people of Nebraska?—A. I do not know as to that. It was scattered, and I can only give it to you historically.

The CHAIRMAN. That is what I want.

The WITNESS. There seemed to be a division of sentiment in every locality. Sometimes one sentiment would preponderate in one locality and in others another. I am not giving you these things as matter of personal knowledge, however.

Q. Did it enter into the elections in the State, local or general?

The WITNESS. I can only give you my presumption.

The CHAIRMAN. Give us that.

A. I presume that it did.

VOTED THE STRAIGHT DEMOCRATIC TICKET.

Q. Did you participate in elections at the request of the Union Pacific Railway Company, or of its officers or employés?—A. No, sir; because when it came to elections I always voted the Democratic ticket straight [laughter] without regard to railroads. And, so far as interfering in primary elections went, I had nothing to do with them.

Q. How far did the railroad questions divide the State?—A. That I could not tell you. I state again that I have to give you my impressions in a general way. They are simply my impressions.

NUMBER OF BILLS INTRODUCED.

Q. Were the bills introduced in the legislature proportioned to the sentiment that prevailed throughout the State?—A. I could not answer that.

Q. Is that a fair conclusion?—A. I do not know.

Q. How many bills do you recall of a nature inimical to railroads in the last session? Some one here has said twenty. Would twenty be excessive?—A. I do not know as to that. There may have been that many; but, perhaps, most of them covered two or three subjects. Each member of the legislature wanted to go back to his constituents and say that his bill had become law.

Q. The proportion of twenty to the whole number of bills in the legislature would be a fair conclusion?—A. I could not answer that.

Q. What is the difficulty about it?—A. Because I never investigated the subject by statistics. I do not know what the number or proportion would be.

Q. Have you any other information that you can give to the Commission upon the general railroad question?—A. I cannot think of any. If I had I would be glad to do so—to enlighten you.

WITNESS HAZARDS A GUESS.

Q. We would be glad to have "enlightenment." Cannot you give us some of your "enlightenment" here? We would be glad to have some of it.—A. I am afraid I could not convince you. I will hazard the guess, governor, that you have "been there" yourself and know too much about it.

Q. What do you mean by being "there?"—A. I think, perhaps, you have used your influence, in legislatures or elsewhere, for the purpose of influencing legislation. I therefore hazard the guess, and consequently I do not think that I could convince you.

The CHAIRMAN. I want to say to you that I never appeared anywhere in the capacity of a lobbyist. That is a character which is new to me.

THE FURTHER WEST, THE GREATER THE ENLIGHTENMENT.

The WITNESS. Then, you see, the farther west you get the more enlightenment you find, and it will continue so until you get to the Pacific coast; I have been all over.

By Commissioner LITTLER:

Q. What is your age, Mr. Crawford?—A. I am pretty sensitive about my age; but I am 56 years old.

Q. How long have you been a Democrat?—A. Ever since I was twenty-one.

Q. Are you now a member in good standing in the party?—A. I do not know about that; I have not investigated.

Q. But, seriously, are you?—A. I think I ought to be.

Q. How long have you lived here?—A. I came here in 1854.

SENTIMENT IN REGARD TO UNION PACIFIC.

Q. Have you any knowledge as to the sentiment of the people of this State in relation to the Union Pacific Railway Company and the treatment they have received at the hands of that company?—A. Well, sir, I can only answer that question inferentially and by statements that I have heard. I meant my answer to the Chairman to cover that. I have heard complaints made that the Union Pacific Railway Company has not treated the people of this State fairly. Then, on the other hand, I have heard the friends of the railway and of railway enterprises complain that they have been terribly persecuted. I belong to the latter class.

Q. On which side does the sentiment preponderate?—A. It depends a good deal upon localities and the extent of the personal grievances of the men who make the complaints.

CHARACTER OF THOSE INTRODUCING BILLS.

Q. What, if you know, is the character of the authors of these divers bills that have been introduced into the legislature at Lincoln?

The WITNESS. Their personal character?

Commissioner LITTLER. Yes, and their public character.

The WITNESS. That would be inferred from their introduction of the bills.

Commissioner LITTLER. That is a violent presumption. I have been a member myself. [Laughter.]

The WITNESS. So have I. And I sympathize with you. [Renewed laughter.]

Q. Give me the character of the gentlemen who introduced these bills?—A. They were generally men of good character.

Q. Were they, or not, sincere in the introduction of the bills?—A. That I could not tell you.

Q. From their general character, surroundings, and associations, give me your best impression as to whether, as a rule, they were sincere in urging the passage of these measures?—A. I presume they were sincere; and yet might be mistaken.

Q. I understand you to say that, from your knowledge of the people of this State, you have reached the conclusion that it is for the interests of the Commonwealth to foster rather than to persecute the railroad system?—A. Yes; because these are factors in the development of the State.

DEVELOPMENT OF THE RAILROADS.

Commissioner LITTLER. I wish you would explain the development of railroads here.

The WITNESS. When I first came here the only means of transportation we had in this country were mule teams, horse teams, and bull teams. It took us from three to six weeks to reach Denver from Omaha. We do it now in thirty-six hours. Our freights have been all the way from 6 to 25 cents per pound from Omaha to Denver. I do not know what the rates are now, but I presume they are very much less than that.

COST OF TRANSPORTATION.

Commissioner LITTLER. That is one of the subjects of inquiry by this Commission, and I will get you to state all you know as to the cost of transportation prior to the completion of the Union Pacific road.

The WITNESS. I have stated, substantially. In the summer season freight was as low as 5 and 6 cents a pound from the Missouri River to Denver. In the winter season, when it was necessary to go by mule team, I have myself charged all the way from 18 cents to 35 cents per pound for that sort of transportation.

Q. What other advantages, if any, have inured to the people of this State by the railroad system, particularly the Union Pacific?—A. We have a great State here, now, and I do not think it would have been developed without the railroad.

NEBRASKA'S GREATNESS DUE TO UNION PACIFIC.

Q. How much of its greatness do you attribute to the Union Pacific?—A. I might say all of it.

Q. What were lands worth at the time of the introduction of the Union Pacific road?—A. They were worth from the Government, perhaps, from $1.25 an acre up to $10 or $15.

Q. You mean about Omaha?—A. Yes.

Q. What were they worth in the interior?—A. From $1.25 to $1.50 an acre.

THE ADVANTAGES TO THE STATE.

Q. What product had you then on the land?—A. There was very little raised except on the line of the road between here and Denver.

Q. What was the population of this Territory at the time of the inception of the Union Pacific Railway?—A. That I could not tell you; I do not remember.

Q. Has the railroad system contributed to the population of the State?—A. I do not think there is any doubt about that at all. It is not an open question.

Q. What other advantages do you recall accruing to the people of this State by reason of the railway system?—A. My answer to that would be based on the former one. It has developed the State.

Q. Have you any other suggestions to make to this Commission by way of enlightening it as to its duties and the subjects under investigation?—A. I cannot think of any, unless you could suggest something by questions.

By Mr. POPPLETON:

Q. Among what class of people in the State is this sentiment that leads to the introduction of these railroad bills strongest?—A. It is among a class of men who, I believe, have not the means of informing themselves upon the real views of the people, and who really do not know what they want themselves. It is not among the business men, or the men who take an interest in prosecuting enterprises, but among politicians. I have included them among the first class.

Q. What class of politicians?—A. Grangers and men who have been followers of late years of ex-Senator Van Wyck.

INTEREST OF FARMERS ENHANCED.

Q. Do you know what the condition of the land owners and farmers—the cultivators of the soil—in Nebraska was at the time the Union Pacific bill was passed, and what the value of their lands was?—A. Yes, sir; I was somewhat familiar with it.

Q. Is there any class of people, or any class of enterprises that have been so uniformly prosperous and the value of whose property has so uniformly enhanced and appreciated as that of the farmers in this State?—A. No class. I know of numbers of instances where their interests have been enhanced.

Q. Do you know any case of farmers or land owners whose interests have not been subserved by the railroad?—A. No.

LAND VALUES IN SAUNDERS COUNTY.

Q. What was land worth in Saunders County at the time the road was commenced?—A. I would not have given more than the Government price for it; and I would not have given that for the most of it.

Q. Do you not know that most of the Government lands in Saunders County were subject to homestead and pre-emption?—A. Yes.

Q. What are those lands worth now?—A. I should judge, all the way from $15 to $40 an acre.

Q. Has that been general throughout the State?—A. Yes.

Q. What has done that?—A. The building of these railroads.

Q. What was the condition of this State in respect to fuel at the time this railroad was commenced?—A. For want of fuel we had to burn corn. We had no timber.

DEVELOPMENT DUE TO UNION PACIFIC.

Q. State whether, in your opinion, this State could ever have been settled without the construction of railroads leading to coal mines to supply the people with fuel?—A. We should not have had the present population for twenty years hence if it had not been for the construction of the Union Pacific Railroad. It has been the means of bringing about that development.

Q. Then your opposition to this hostility to railways, and your opposition to legislation seeking to carry that out, has been based upon your conviction that they were the only salvation of the State?—A. Yes; both on the outside of the legislature and as a member, not only in the State, but in the Territory of Idaho.

FORMERLY OCCUPIED BY INDIANS.

Q. What was the condition of the country between here and Salt Lake at the time the road was commenced in respect to safety?—A. It was dangerous.

Q. Why?—A. Because of Indians.

Q. Where?—A. Along the line of the Union Pacific Railroad.

Q. Is it not a fact that, at the time the Union Pacific Railroad was constructed, the country was occupied for 300 miles west by buffalo and by Indians, to a large extent?—A. I have had two Indian fights myself between here and Denver.

Q. While you were doing what?—A. Freighting.

Q. The trains that moved over the road between here and Denver, Salt Lake City and California, were they really and in fact simple trains, or trains and military expeditions at the same time?—A. Sometimes they were accompanied by military, but they were always under the control of the military.

FORMER DANGER FROM INDIANS.

Q. Did they go always armed and ready to fight?—A. We went one hundred and fifty or two hundred strong, ready to protect ourselves.

Q. What did you do at night?—A. We put out guards and had our members under perfect military control.

Q. Was there any safety in moving through this country in any other way?—A. No, sir; and it was a risk then.

Q. Do you not know, as a matter of fact, that a freight train of the Union Pacific Railway was attacked and burned at Plum Creek, 250 miles west of here?—A. Yes, sir.

EFFECT OF ROAD ON MILITARY POSTS.

Q. What has been the effect of the construction of the road in any other respect—in respect to the disposition of military posts and in respect to classification of the Indian tribes in the West?—A. The rapid transit which is now afforded to troops is so much better than it was before that that I think it has rendered necessary the abandonment of several military posts.

Q. Many posts have been abandoned and smaller garrisons are maintained in others?—A. Yes. I can illustrate that: 200 miles from here, at Kearney, there was a post; 200 miles beyond that, at Cottonwood, was another; 200 miles beyond that, at California Crossing, was another; and at nearly every ranch of 25 or 30 miles apart there was a squad.

Q. Then the result of the construction of the road has been practically the classification of the hostile tribes?—A. There is no doubt about it.

MAILS BY PONY EXPRESS AND STAGE COACH.

Q. How was the mail carried then between here and Denver and San Francisco?—A. It was by pony express and stage coach.

The CHAIRMAN. None of this is questioned.

The WITNESS. It has been questioned, all over and over, in Congress.

Mr. POPPLETON. I know that. I have repeated it myself before Congress and no attention was paid to it. I thought it would be a good thing to have it repeated before this Commission by somebody that knows all about it.

Q. Have you been on the plains, yourself, and are you speaking of this from personal knowledge?—A. Yes; I have owned teams and driven some of them myself.

By the CHAIRMAN:

Q. Is it your opinion that because of this the Union Pacific Railway Company should not pay the $27,000,000 and other sums due the United States Government?—A. I have not said that. But I believe that the benefits inured to the Government in the saving of expense have been more than the Government has paid out. I believe, however, the company should pay every dollar of this.

DISADVANTAGES OF THE UNION PACIFIC.

Q. You have named the advantages of the Union Pacific, from personal observation. Did you ever hear of any disadvantages?—A. Yes, sir.

Q. What were they?—A. I have heard men complain of disadvantages.

Q. What did they complain of?—A. Freighters and men who have been inured to this western life, when the railroad came in and took their property away from them. They could not follow their occupation.

Q. What else did you hear of?—A. Nothing else.

REBATES.

Q. Did you ever hear of rebates being allowed to one class of shippers to the detriment of another?—A. I have heard it, but I have never investigated it.

Q. When I tell you that it is a fact, demonstrated here by the books of the company, do you consider that an advantage to all shippers?—A. I presume that it worked disadvantageously to some; it could not help doing so; all discriminations do; but I would like to see the man that can conduct any business without discriminating. I would not do it.

Q. If any locality is discriminated against, would it be a disadvantage to the locality discriminated against?—A. That would be an opinion.

Q. If such discrimination is shown in the books of the company, and it is the fact, would that be a disadvantage to the locality discriminated against?—A. It would be a discrimination against the locality, but an advantage to the railroad company.

REQUESTED TO SUBPŒNA GEORGE W. FROST.

Mr. POPPLETON. I would like to give a name to the Commission of a person to be subpœnaed as a witness as to the cost of material put into the road originally. The name is George W. Frost.

Commissioner LITTLER. Will he come without a subpœna?

Mr. POPPLETON. He was here last Saturday. I presume I can get him here.

The CHAIRMAN. If you will have an affidavit made by him we will take it.

Mr. POPPLETON. Very well. He was the purchasing agent of the company at the time, and I would like to get in his statement in some form, but it will suit me very well to have him go before a notary, make his statement, and swear to it.

Commissioner LITTLER. Yes; and anybody else who may be familiar with the cost of the road.

Mr. POPPLETON. I do not think of any others.

OMAHA, NEBR., *Tuesday, June* 28, 1887.

F. P. HANLON, being further examined, testified as follows:

VOUCHER 40902, TO F. P. HANLON.

The Chairman shows to the witness Union Pacific voucher No. 40902, account of F. P. Hanlon, dated November, 1883, "for hotel bill at Lincoln, eight days, $35. O. K. J. M. T. Approved. Thomas L. Kimball, A. G. M."

By the CHAIRMAN:

Question. Please explain that voucher.—Answer. I cannot recall just what this was for at that time, because I do not remember. There probably were some other parties there with me, and it includes the entire hotel bill at the time. That is the nearest explanation I can give of the bill. Sometimes there were three or four or half a dozen there at a time, and their bill would go in with mine as a whole.

Q. Was the legislature in session?—A. I do not think it was. The bill would be larger than that if it was.

Q. Can you not tell whether the legislature was in session?—A. It was not. It would not be in session in November.

Q. Where are the hotel bills of that date?—A. I have not got them. I never took any hotel bills.

Q. How was this bill made up?—A. By memorandum made at the time.

Q. Have you got that memorandum?—A. No, sir; I have not.

Q. To whom did you furnish it?—A. To Mr. Thurston, I guess, at the time.

Q. Whose are the initials on there—"J. M. T."?—A. John M. Thurston, I guess.

VOUCHER 41533, TO F. P. HANLON.

The Chairman shows to the witness voucher No. 41533 (reading):

The Union Pacific Railway Company to F. P. Hanlon, Dr.

December 21, 1883. For incidental expenses in December, 1883..... $125

Q. Please look at that and explain to the Commission, if you can, what incidental expenses you incurred at that time.—A. I cannot recall what those were. There is nothing here to show what they were.

Q. Did you furnish a bill to the company at the time?—A. I had a memorandum to show the amount, whatever it was.

Q. How did you make up your memorandum?—A. Generally at the end of each month.

HOW BILLS WERE RENDERED.

Q. Did you furnish a copy of your memorandum to Mr. Thurston?—A. I gave him a memorandum of the amount—if that was to Mr. Thurston. Yes; it must have been. I do not recall now what that was for.

Q. Did you always specify the kind of service you rendered?—A. I generally carried, at the time, a memorandum book and noted the expenses daily.

Q. Did you show to Mr. Thurston the incidental expenses you incurred?—A. I did; yes.

Q. Then if the bill to the company does not give the items, it is not the same kind of bill that you gave to him?—A. No; I do not think it is.

Q. You named the purposes?—A. Yes, sir.

Q. Did you generally make out a bill like that?—A. I do not know now.

Q. Is that in your handwriting?—A. No, sir; it is not.

Q. Do you know the handwriting?—A. No; I do not know the handwriting.

Q. Where is the bill that you furnished?—A. I cannot tell.

Q. Did you ever make out a bill, in your handwriting, for incidental expenses without naming the expenses?—A. I would give a memorandum in my handwriting.

Q. Did you ever make out a bill for incidental expenses without naming the expenses incidentally incurred?—A. I do not think I have.

The CHAIRMAN (to Mr. Mink). If you have any other papers showing how that bill was made up by the company, the Commission would like to have them.

Mr. MINK. Mr. Young, the auditor, will know whether there are any other papers.

Mr. YOUNG. We have no other papers in the office.

VOUCHER 12004, TO F. P. HANLON.

The Chairman shows to the witness voucher No. 12004, (reading):

F.P. Hanlon,

Expenses procuring witnesses in Hailey and other cases	$50
Hotel bill at Lincoln, from January 1 to 31	70
Total	120

O. K.

J. T. CLARK.

[The $70 is marked out, and $70 again written in lead pencil.]

Q. Please examine that bill and state whether the paper read to you is in your handwriting?—A. The top of it is; yes, the dates.

Q. What other part of it is in your handwriting?—A. My signature on the voucher.

Q. Do you recollect making out that bill?—A. I do not. I see my writing there, and the dates.

Q. In whose handwriting is the bottom of the bill?—A. That is Mr. J. T. Clark's.

Q. Who was he?—A. He was general superintendent of the Union Pacific.

Q. What expenses were incurred at Lincoln which are charged in that bill?—A. I cannot recall just what the cases were.

ERASURES AND CORRECTIONS IN A BILL.

Q. Why was the item of expenses to Lincoln stricken out and again inserted?—A. It was a mistake in the figures, probably.

The CHAIRMAN. No, the figures are the same; I call your attention to that fact.

The WITNESS. I do not know how it was. I could not say.

Q. Do you recollect discussing with Mr. Clark about that bill?—A. I cannot recall that. I must have explained, I suppose, whatever it was for at the time.

Q. Did you render an account for that bill?—A. Yes, sir; I would not have got it if I had not.

Q. Did you render it in detail?—A. Probably I did; yes, sir.

The CHAIRMAN. Mr. Mink, the Commission desire to have the original papers in the bill that I have been just questioning the witness about.

Mr. MINK. Mr. Young (the auditor) will make an explanation about it.

MANNER OF KEEPING PAPERS ACCOMPANYING VOUCHERS.

Mr. ERASTUS YOUNG. Prior to 1884 all papers belonging to a voucher or accompanying it were attached to the voucher. Subsequent to that time they were filed in envelopes, separate from the vouchers. In this case, therefore, this represents all papers that we have any record of.

The CHAIRMAN. Do you know the handwriting below Mr. Hanlon's handwriting on that bill? Mr. Hanlon says he dated the bill, but does not know who filled in the lower part of the bill.

The WITNESS. The dates I filled in. Whose writing that is I could not tell [indicating by reference to the voucher].

Q. Do you recall receiving such a sum of money?—A. No, sir; I cannot recollect now. I probably received it, though, or I would not have receipted for it.

VOUCHER 6682, TO F. P. HANLON.

The chairman shows to the witness voucher No. 6682, dated June 30, 1884 (reading):

The Union Pacific Railway Company to F. P. Hanlon, Dr.

Traveling and incidental expenses during the month of June, as special agent..... $74.50

Q. Can you explain the incidental charges in the voucher presented to you?—A. I could not recall what that voucher is for.

Q. Did you furnish a bill for that amount?—A. I must have furnished the items to somebody, whoever made out the vouchers, from my memorandum book; I cannot recall what that particular bill was for.

THE PURPOSE OF THE ENVELOPE ACCOMPANYING VOUCHER.

The CHAIRMAN. I call your attention to the fact that the envelope, according to the system adopted by the company, contains no original paper concerning the bill which the witness has just explained.

Mr. YOUNG. The object of having an envelope for every voucher is in order to keep the files straight. Even though we have no papers, we keep the envelopes with the files just the same.

The CHAIRMAN. Where are the original papers given by Mr. Hanlon to the officer who rendered the charge?

Mr. YOUNG. I could not tell you.

Mr. MINK. Do you know whether there ever were any?

Mr. YOUNG. I do not know whether there ever were any.

By Mr. POPPLETON:

Q. Can you recall whether that bill related to any criminal matter, or any investigation that you were detailed to attend to?—A. Why, certainly, that must have been it. That was my bill for expenses. But, whatever it was, I cannot recall what the case was now.

Q. They were services of a detective character?—A. Yes; I was a special agent. But what the case was I cannot recall at this time.

APPROVAL OF VOUCHER 6682.

The CHAIRMAN. Mr. Young, I call your attention to the voucher in the case of 6682. It bears this approval:

The above account has been examined, found correct, and hereby approved for payment.

ERASTUS YOUNG, *Auditor.*

Was that approval based on the charge above made?

Mr. ERASTUS YOUNG. In that case it is based on the approval of the assistant general manager.

The CHAIRMAN. Do you recall that there were any papers in this case?

Mr. YOUNG. No, sir.

The CHAIRMAN. After the adoption of this system would there be original papers accompanying that bill?

Mr. YOUNG. There might or might not be. Many vouchers have no papers. Wherever there are original papers they are filed.

VOUCHER 3850, TO F. P. HANLON.

The chairman shows to the witness voucher No. 3850, dated April 18, 1884 (reading):

The Union Pacific Railway Company to Frank P. Hanlon, Dr.

April 18. For traveling expenses on special business of the company..... $[illegible]

Q. Do you recollect the charge made in the voucher that is now presented to you?—A. I do not recall the particular case or what those expenses were incurred in.

Q. Did you keep a memorandum of your expenses?—A. I had a memorandum at the time that was made out.

Q. Did you make out a bill to the company from your memorandum?—A. Yes, sir.

Q. Did you do it in every case?—A. In every case where there was a memorandum.

Q. Who approved that bill?—A. That was approved by Mr. Kimball.

The CHAIRMAN (to the auditor). I do not find any original papers with that voucher. Where are they?

Mr. ERASTUS YOUNG. There are none, if they are not there.

VOUCHER 8816, TO F. P. HANLON.

The chairman shows to the witness voucher No. 8816, dated August 23, 1884 (reading):

Union Pacific Railway Company to F. P. Hanlon, Dr.

For incidental and traveling expenses and special services during July and August, 1884.

Q. Please examine that voucher and see if you recall anything connected with it?—A. These are expenses for the number of days in the month that I was out.

Q. What was the nature of your expenses?—A. Hotel bills and incidental traveling bills.

Q. Did you keep a copy of your expenses?—A. Yes; I used to carry a small memorandum, something like that [showing a small pass-book]. At the end of the month I would probably read the items off to some clerk in the office, and the items of the voucher were sent to the general manager, and they were subject to his approval.

ORIGINAL MEMORANDA OF EXPENSES DESTROYED.

Q. What did you do with those books?—A. They are probably waste paper at this time.

Q. Have you any of them in your possession?—A. No, sir.

Q. Were they destroyed?—A. Why, yes. There was no use for them after that.

Q. Did you keep them until the end of the year and then destroy them?—A. Yes; or until the end of the month. After I got the items copied into the voucher I might tear up the memorandum.

Q. In each case, for each month during the term you were employed in special services by the company, did you furnish to the company a memorandum of the charges and the subjects of the charges?—A. Certainly; that is what the vouchers are for.

The CHAIRMAN. I call for the original papers in the case of the voucher presented to the witness, and say that there are none in the envelope.

Mr. ERASTUS YOUNG. Then there are none.

Mr. POPPLETON. Are the expenses connected with that voucher anything more than ordinary expenses, while you were engaged in your detective work?

The WITNESS. That is all, sir.

The CHAIRMAN (to Mr. Mink). Have you furnished all of Mr. Hanlon's vouchers?

Mr. MINK. I think we have.

VOUCHER 4466, TO F. P. HANLON.

The chairman shows the witness voucher No. 4466, dated May 8, 1884 [reading]:

The Union Pacific Railway Company to F. P. Hanlon, Dr.

For expenses, traveling, April; hotel bill at Lincoln $63.50

CANNOT RECALL EXPENSES.

By the CHAIRMAN:

Q. Do you recall the expenses named in that voucher?—A. I cannot recall, at this time, what they were for.

Q. Did you make a memorandum of the charges named there?—A. They were copied from a memorandum that I had of my expenses.

The CHAIRMAN. I call for the original papers from which this bill was copied, as stated by the witness.

Mr. ERASTUS YOUNG. I have no papers, other than these that may be in the envelope.

The CHAIRMAN. There are no papers in the envelope.

Mr. ERASTUS YOUNG. Then there are none.

By Mr. POPPLETON:

Q. What work were you mainly engaged on during the time of these vouchers?

SECRET SERVICE AND DETECTIVE WORK.

A. In the secret service; detective work; whatever I was detailed to do.

Q. These vouchers cover the expenses of the work you were detailed to do?—A. There may have been a few extra cigars brought in there in some way; none of the bills are very heavy.

By the CHAIRMAN:

Q. Do all the vouchers that I have read to you represent all the sums of money received by you during the years for which they call for charges?—A. That I cannot answer. I do not know anything about it. All I have seen are correct, so far as I know.

By Mr. POPPLETON:

Q. Were you on the pay-roll?—A. Yes, sir.

AMOUNT OF SALARY.

By the CHAIRMAN:

Q. How much did you receive in any one year from the company?—A. That I could not tell.

Q. What was the amount of your salary?—A. From $100 to $150 a month.

Q. What was the salary during the session of the legislature?—A. Not any more than it was during the adjournment.

Q. Are your expenses in attendance upon the legislature contained in any of the vouchers I have named to you?—A. Probably some of them may be; yes, my personal expenses.

Q. Did the vouchers include all the sums of money expended by you during the session of the legislature?—A. Yes; all the vouchers are my monthly vouchers.

Q. Were bills rendered to Mr. Thurston?—A. I never rendered any bills to Mr. Thurston.

Q. Did you ever receive any money from Mr. Thurston?—A. I might have borrowed some money from him for my expenses while there. If I did I would pay it back at the first of the month.

Q. Did Mr. Thurston pay you by check?—A. I cannot recall whether it was by check or cash.

Q. Did you render a bill to Mr. Thurston?—A. He made a memorandum of it.

By Mr. POPPLETON:

Q. Now, what are you speaking of—money that you may have borrowed of him?—A. For my personal expenses.

MR. THURSTON MISSING.

The CHAIRMAN. I want to call again for the production of Mr. J. M. Thurston. We have searched the city of Omaha for him. We have sent out in every direction and have failed to find him. He is a very important witness, and it is of the utmost importance that his evidence, at some time, be produced to this Commission.

Mr. POPPLETON. I would like to say right in this same connection that no officer of this company, so far as I know, has any control of Judge Thurston, as to his movements. No officer, so far as I know, knows where he is. No officer of this company, or the company itself, has any process of law by which they can find him or compel him to come here. This Commission has process of law for that purpose; and, in that view, it is unreasonable to call on the comptroller of this company or anybody else connected with it to produce the body of Judge Thurston before this Commission.

The CHAIRMAN. In answer to that, I desire to say on the part of the Commission, that Mr. J. M. Thurston is the assistant attorney of the Union Pacific Railway Company; that the Union Pacific Railway Company authorities have repeatedly, and from time to time, assured the Commission that they had not anything to conceal, and were ready and prepared to offer any evidence, or testimony, or witnesses whatever to enlighten the Commission; that the Commission has made every effort to find this officer of the company by subpœna, and failed; and the Commission now asks, in order to secure information in regard to some expenses charged against the company, the assistance of the officers of the Union Pacific Railway Company to aid the Commission in ascertaining the whereabouts of Mr. J. M. Thurston.

Mr. POPPLETON. I would like to have the statement made on the record, in my name, that, speaking for myself, I am willing and anxious to assist the Commission in finding any witness or in reaching any information which it seeks; and when I learn where Judge Thurston is to be found, I have no hesitation in saying that I will inform the chairman of this Commission. But I am just as ignorant of his whereabouts, or when he left the city, or when he will return, as the chairman is. I do not believe, however, that he is away from the city with any intent of evading the investigation of this Commission. I do not believe that he has done anything that would make it necessary for him to take any such course.

DAILY EXPENSES: HOW PAID.

By Commissioner LITTLER:

Q. I want to ask you something more in relation to your accounts. I understand you to say that it was your custom, in keeping the accounts of the company, to enter in a memorandum book your expenses daily, as they occurred.—A. Yes, sir.

Q. And at the end of the month you would come to the accounting officers and have a voucher made, and get your money. Is that the way it was done?—A. Yes.

Q. To whom did you go usually to have that voucher prepared?—A. To some one of the clerks in the auditor's office.

Q. Did you simply read these items off to the clerk and have him make up the footings, and thus make out the voucher, or did you transcribe the items and furnish him a written memorandum of each case?—A. I read the items off from the memorandum.

DESTRUCTION OF MEMORANDA OF EXPENSES.

Q. Then you never gave the company a written memorandum, but kept it, as I understand?—A. Yes; kept it, and then scratched it out.

Q. What did you do then with the memorandum?—A. Probably tore it up.

Q. At all events you are not able to produce that original memorandum?—A. No, sir; I never kept one more than month in and month out.

Q. And that is the only memorandum you had on which this voucher is based?—A. That is all, sir.

By the CHAIRMAN:

Q. Have you anything to say that you have not said with reference to this company, or your connection with it?—A. No, sir; I do not think I have.

THE KETCHUM EXTENSION: EDDY'S COMPENSATION.

The CHAIRMAN (to Mr. Mink). What calls have you ready?

Mr. MINK. I have voucher No. 7672, in favor of Mr. Eddy, for work done on the Ketchum extension; the voucher being his compensation under the contract referred to by him yesterday.

The CHAIRMAN. It reads: "No. 7672," is dated "June 26, 1885."

The Union Pacific Railway Company to John M. Eddy, Omaha, Dr.

For amount agreed upon in settlement in full of all his claims accruing under a certain contract made by him with Charles Francis Adams, jr., as president of the Union Pacific Railway Company, in respect to the amount of money for the construction of the Oregon Short Line Railway from Hailey to Ketchum, in Idaho, and for all claims against the Union Pacific Railway Company and the Oregon Short Line Railway Company, in and to said contract; and also the contract of even date for the construction of said road from Hailey to Ketchum. It is the intention of the parties that this voucher shall operate as a satisfaction and receipt in full of all demands and claims of said Eddy of every nature and name growing out of said contract $1,500

Contract dated June 5, 1884, and numbered 397, auditor's office.

Mr. POPPLETON. Those contracts you have?

The CHAIRMAN. Yes; the receipt of Mr. Eddy for the above payment appears on the voucher under date of June 26, 1885. The voucher has also the approval of the officers of the company.

COST OF KETCHUM EXTENSION.

Mr. MINK. I can also inform the Commission that the cost of this extension appears to have been $190,580.05. That would be included in a detailed statement of the cost of these lines which we are having prepared. The distance was 12 miles.

The CHAIRMAN. That shows that the cost was about $15,881 per mile.

Mr. POPPLETON. Do you mean to say that that was the total cost of the grading, tieing, ironing, and equipping the road?

Mr. MINK. It is the total cost under that contract.

The CHAIRMAN. In this connection I will state that the capitalization was at the rate of $40,000 per mile.

Mr. MINK. That is right. Forty thousand dollars a mile is what the Oregon Short Line Company paid to the contractor for building the railway.

STOCK AND BONDS OF THE EXTENSION.

The CHAIRMAN (to Mr. Mink). Did the stock and bonds of the extension contracted for in the name of Mr. Eddy ever pass into his hands?

Mr. MINK. I do not think they did. But papers representing the ownership of the bonds and stock, I feel quite sure, passed through his hands into the hands of the Union Pacific Railway Company, to whom the securities were finally delivered.

The CHAIRMAN. To what papers to you refer?

Mr. MINK. I think there was a power of attorney for the transfer of stock; I cannot tell exactly. The records of the Oregon Short Line Company will show.

The CHAIRMAN. Does not the agreemeht show all papers that passed?

VOUCHER OF J. M. TISDEL.

Mr. MINK. I submit voucher E, 45958, in favor of J. M. Tisdel for $105:

July 21, 1884, June 15. For cash advanced to J. Hughes for expenses of J. Hughes and D. Thomas, prospecting for coal on Oregon Short Line west of Pocatello, during the months of April, May, and June..... $105 00

VOUCHER OF WALTER HULBURT.

I also submit voucher E, 50060, in favor of Walter Hulburt, receiver at Cheyenne, for $9,615:

For amount paid the Government of the United States for the following cash entries of the following lands entered at the local land office at Cheyenne W. T.:

No. 10. Jno. J. Hughes, southeast quarter 26-22-80, 160 acres	$3,200 00
No. 11. Samuel F. Adams, northeast quarter 26-22-80, 160 acres	3,200 00
No. 12. John Groves, southwest quarter 26-22-80, 160 acres	3,200 00
Board of C. D. Clark and L. R. Morse	9 00
Sleeping-car, C. D. Clark, two nights	4 00
Board on road, C. D. Clark	2 00

I hereby certify that payment of this voucher was made February 7, 1885, in currency, shipped to the First National Bank of Cheyenne, Wyoming, on order of E. Young, auditor, of same date; cashier's number, 4613.

Copies of receipt on file in auditor's office.

This certificate made on account of not being able to obtain Mr. Hulburt's receipt to this voucher.

F. D. BROWN, *Cashier.*

FEBRUARY 20, 1885.

The CHAIRMAN. You have different approvals here.

Mr. ERASTUS YOUNG. Different persons approve the different classes of vouchers.

The CHAIRMAN. Then the usual approval for such vouchers is appended?

Mr. ERASTUS YOUNG. Yes.

COAL LANDS.

The CHAIRMAN. Were those grants included in any of the grants made by the Government to this company? Are these additional lands acquired by the company, where entries are made in the names of strangers?

Mr. POPPLETON. They are coal lands acquired by the company for its use in supplying coal for the operation of its road, made in the name of individuals. These lands are situated at the Carbon mines, in Wyoming, and adjoin mines that the company has been working for ten or fifteen years.

Commissioner LITTLER. These lands are not embraced in the land-grant mortgage, are they?

Mr. POPPLETON. No, sir.

Commissioner LITTLER. Were they public lands?

Mr. POPPLETON. They were public lands subject to entry for the coal, and they were subject to entry by individuals for cash, as was done in this case.

VOUCHER OF BECKWITH & CO.

Mr. MINK. I also submit voucher No. 49856, January 19, 1885, in favor of Beckwith & Co., $6,400:

For account paidthrough C. B. Clark, for the following entries of coal lands: J. M. Tisdel, SW. quarter of section 24, 19, 105; William W. Funk, SE. quarter of section 24, 19, 105.

Total, $6,400.

Payable to F. D. Brown, cashier.

I certify that the amount of this voucher was paid to Beckwith & Co. January 6, 1885, by cash voucher No. 4326, and that the same was receipted by Beckwith & Co.

F. D. BROWN, *Cashier.*

The receipt of F. D Brown is appended to the approval of the officers.

The CHAIRMAN. Who composed the firm of Beckwith & Co.?

Mr. POPPLETON. I cannot say that. It is a firm doing business at Evanston, Wyo.

HOW ENTRIES OF COAL LANDS WERE MADE.

The CHAIRMAN. Are these in the nature of lands purchased by the company for coal?

Mr. POPPLETON. Those particular lands I have no personal knowledge of; but that is my understanding.

The CHAIRMAN. In whose name were the entries made?

Mr. POPPLETON. In the name of Tisdel and Funk, I take it.

The CHAIRMAN. Were the entries made at the request of the company?

Mr. POPPLETON. That I could not say. The entries were made, I think, under the direction of D. O. Clark, the head of the coal department. You will notice that my name does not appear on that voucher. I did not have any personal connection with it.

The CHAIRMAN. Where are the original papers on which that voucher was based?

Mr. ERASTUS YOUNG. I presume they are in Mr. Clark's hands, although I do not know.

The CHAIRMAN. Where is Mr. Clark?

Mr. ERASTUS YOUNG. He is in Omaha, in the coal department of the company.

Mr. POPPLETON. There would be no original papers, except papers showing the payment of this money. I know that we have these lands.

THE COMPANY'S ENTRY OF COAL LANDS IN NAMES OF INDIVIDUALS.

The CHAIRMAN. Was it the policy of the company to make entries generally on other public lands in the name of individuals, where coal was located?

Mr. POPPLETON. When lands were known to be coal lands that were considered absolutely necessary for the business of the road, either now or prospectively, to a reasonable extent it was the policy of the company to purchase those lands if they could.

The CHAIRMAN. Why did they use individual names?

Mr. POPPLETON. Under the coal law a corporation cannot purchase coal lands; but individuals may purchase at will.

The CHAIRMAN. What coal law do you refer to?

Mr. POPPLETON. The coal act of Congress.

The CHAIRMAN. Can we get it here?

Mr. POPPLETON. Yes.

The CHAIRMAN. I would like to look at that.

PROVISIONS OF THE COAL ACT.

Mr. POPPLETON. It provides two methods of purchase; one by preemption and one by private entry. In the case of private entry there is nothing to do but to pay the money and take the lands. The price is $10 an acre for lands that are more than 15 miles distant from a railroad and $20 an acre for lands less than 15 miles. In some cases parties acquire preferential claims by making improvements. If they make $5,000 worth of improvements they can enter the lands, and that will exclude the lands from purchase by other parties at private sale, if the improvements are made within a reasonable time—I think within a year.

The CHAIRMAN. How much has the company purchased in that way, of coal land, from time to time?

Mr. POPPLETON. I can only say within my own knowledge, about 3,200 acres.

DOUBT WHETHER IT EXCLUDES CORPORATIONS FROM ENTERING COAL LANDS.

The CHAIRMAN. What was the purpose of the act of Congress in preventing corporations from taking out entries of coal lands?

Mr. POPPLETON. The act does not prevent; it is simply silent; it gives the right to individuals to enter, and the right to associations to enter. It is, perhaps, a question whether that was meant to exclude corporations. I know of no test case that settles it, but there is no question of the right of individuals to pay for coal lands.

Commissioner LITTLER. Does the act use the word "individual" or "person?"

Mr. POPPLETON. It says "individual or association."

The CHAIRMAN. If we could get the act of Congress we could put it right in here.

Mr. POPPLETON. I can furnish you the act, but I would rather make a copy of it than furnish you the original.

Mr. Poppleton produces copy of the act referred to.

[It is the act approved March 3, 1873, and forms section 2347 of the Revised Statutes of the United States.]

THE $2,000,000 LOAN.

Mr. MINK. I produce memorandum in relation to the sterling loans guaranteed by Messrs. Frederick L. Ames, F. Gordon Dexter, Charles F. Adams, jr., and Elisha Atkins.

Commissioner LITTLER. Was that the $2,000,000 loan that has been spoken of?

Mr. MINK. The largest amount outstanding at any time was about $2,000,000. These are the loans referred to by Mr. Atkins in his testimony.

Commissioner LITTLER. For the making of which they received $20,000.

Mr. MINK. Precisely. I have also a memorandum showing the amount of transportation earned by the Central Branch, Union Pacific Railway Company, on Government business and mails, which may as well go into the record now. These papers were called for at Boston.

The CHAIRMAN. Have you appearing anywhere in your report a memorandum showing the land entries paid for by the company and the location of the land?

Mr. MINK. In the annual report, do you mean?

The CHAIRMAN. Yes.

Mr. MINK. No, sir.

The CHAIRMAN. Can you furnish the Commission with a statement of it?

Mr. MINK. I think I can. I will try to do so.

The CHAIRMAN. A statement of all land entries paid for by the company, the location of the lands, and the amounts paid thereon. I want it to include all entries you have made upon lands other than the lands granted to you by the Government.

Commissioner LITTLER. And a description of any lands purchased by you from private individuals. Do you not mean to include that?

The CHAIRMAN. Yes.

Commissioner LITTLER. The object is to get at the lands you have obtained in any way other than from the United States.

The CHAIRMAN. The company has gone out of its way to take, in individual names, lands which apparently were prohibited by the act of Congress from being held by a corporation. I do not mean to say that the act makes such prohibition in fact, but I say it apparently does so.

Mr. MINK. You do not mean held?

The CHAIRMAN. I mean purchased by a corporation.

Mr. POPPLETON. Our theory is that there is no question about the corporate power of a railway company to hold coal lands necessary in connection with its enterprise.

POWER OF THE COMPANY TO MINE COAL.

The CHAIRMAN. Has the company the chartered power to mine coal?

Mr. POPPLETON. Unquestionably, under the power to operate the road.

The CHAIRMAN. And to buy coal lands?

Mr. POPPLETON. I think so. I think it is all involved in the power and duty to maintain and operate a road. This road certainly never could have been operated without the power to mine coal. If the Rock Springs mine was under a combination which should withhold the coal from the company it would be a very serious matter.

The CHAIRMAN. Was the power to mine specifically given?

Mr. POPPLETON. No.

The CHAIRMAN. Or to mine coal lands?

Mr. POPPLETON. No.

Commissioner LITTLER. Was there any power of condemnation in the charter?

Mr. POPPLETON. In the amendatory act there was a power of condemnation.

Commissioner LITTLER. And such additional lands as might be necessary for the operation of the road?

Mr. POPPLETON. No.

Afternoon session.

OMAHA, NEBR., *Tuesday, June* 28, 1887.

WILLIAM M. FLANAGAN, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am cashier of the firm of Harris & Fisher, Omaha, Nebr.

FORMERLY CONNECTED WITH STOCK YARDS.

Q. Have you ever had business relations with the Union Pacific Railway Company?—A. I have been yardmaster of several stock-yards on the line.

Q. What stock-yards?—A. The Omaha stock-yards and the Union stock-yards on this side of the river; I built the Union stock-yards, of which Mr. Paxton was president, a short distance from the town here.

Q. When did you cease to be employed in or connected with the stock-yards?—A. About the year 1881 I ceased to be employed at any stock-yards in this vicinity.

Q. What was the cause of your cessation of that?—A. I got the appointment of superintendent of construction on the water-works here in Omaha.

Q. Were you aware of Mr. Nicholas's relation with the Union Pacific Railway Company?—A. I worked for Mr. Nicholas as yardmaster at his yard for several years.

Q. Did you make the affidavit presented by him to this Commission?—A. I did, sir.

Q. Are the facts set forth in the affidavit true?—A. Yes, sir.

DISCRIMINATIONS.

Q. Do you know of any discrimination by the Union Pacific against Mr. Nicholas that prevented him from engaging in the stock-yard busi-

ness?—A. Well, I only know that there has been a great deal of arbitrary work done. When there was stock shipped to our yards they were arbitrarily run over the river, out of our jurisdiction, by the authority of some one in the Union Pacific Railway Company.

AN ILLUSTRATION.

Q. How do you know that?—A. I have seen the bills and talked with the men who owned the cattle, in one instance. In 1880 there was a man by the name of Robbins at Kearney Junction, Nebr., who had seventeen cars of cattle, and he wanted to bill them to our yard. There was a great war of rates then between the Union Pacific and the Burlington and Missouri. He wanted to take the benefit of the cut-rate from Kearney Junction to our yard with his cattle. He had been in our yard several times. He told the agent at Kearney Junction that he wanted the stock billed for the Omaha yard. The agent said if he did he could not give him the benefit of the cut-rate, but if he would run them to the other yards (on the other side of the river) he could have the benefit of the cut-rate.

Q. That is, the Paxton yards?—A. Yes. And that if he pulled up this side of the river he could not have the benefit of the cut-rate.

Q. What was the difference between the two?—A. Perhaps it would be $70.

By Commissioner LITTLER:

Q. Per car?—A. Per car; yes, sir.

By the CHAIRMAN:

Q. What did he do?—A. The agent at Kearney Junction did not give him the benefit of the cut-rate, so that he had to bill the cattle over the river.

Q. Was the agent at Kearney the agent of the Union Pacific Railway Company?—A. Yes, sir.

Q. What was his name?—A. I do not remember his name now. It is a good many years ago. But there were a few prominent names of shippers that I can remember. That is all.

ANOTHER ILLUSTRATION.

Q. What other names do you recall?—A. I think there was a man by the name of Ferris that had some cattle addressed to our yard.

Mr. POPPLETON. I would like to know whether this gentleman is speaking from personal knowledge, or otherwise.

The WITNESS. I speak from personal experience. I was yardmaster at the yards. I am not going to state anything that is not literally true, if I know myself.

Mr. POPPLETON. Well, proceed.

The WITNESS. We made an engagement for him, and we engaged with parties to have the cattle taken on this side of the river as feeders. It appears, however, that the railroad people would not bill them into the yards, so that the cattle were billed to run on the other side of the river. That kind of discrimination hurt our business very much. It was done by authority of some one along the road. I do not know who it was. Probably by the authority of the superintendent of the road.

Q. How many other causes do you recall, or was that practice general?—A. No, I cannot say that it was very general; but there were a good many cases of that kind.

INJURIOUS EFFECT OF DISCRIMINATION.

Q. What effect did it have on your business?—A. It injured our business very seriously.

Q. To what extent?—A. Probably $100 or $150 a week.

Q. Were you able to go on with the business?—A. Well, we did go on with it. We had a light business, but we had some business.

Q. Were you compelled to go out of the business on account of this discrimination?—A. Yes; we could not pay expenses, and I sought other employment.

SALE OF UNION STOCKYARD TO SWAN & PAXTON.

Q. Have you any other information to give the Commission?—A. I was employed to build the Union stock yards on this side of the river by Mr. Paxton, Mr. Lovett, Mr. Broatch, and Mr. Murphy; and I was yardmaster of that yard nearly two years. This yard was finally sold to Swan & Paxton.

Q. What yard was sold?—A. The Union stock yard on this side of the river.

Q. On the Omaha side of the river?—A. On the Omaha side of the river. So I was employed to help tear up the yards and move them over the river, to commence building them on the other side. I worked there some two or three weeks and had a gang of men there, so as to build the other yard.

PERSONAL GRIEVANCE OF WITNESS.

There was a little personal matter between myself and J. T. Clark that injured me very much; and I felt very much aggrieved over it. Mr. Paxton intimated to me that I was to be his manager or yardmaster over there; and I went over with that intention. Mr. Paxton had informed Mr. Clark here, in Omaha, that I was his man; and that he would not be satisfied with any one else. So I went over with that intention and understanding, that I was to be the yardmaster. I was there about two weeks and had a gang of men, building a fence and laying the water-works, &c., through the yard. Then I found out that there was some gentlemen here belonging to the Rock Island road, and Mr. Bullard of the Northwestern road, and the Swan men, who were not personally acquainted with me, and who wanted somebody else for yardmaster. I presume they used their influence with Mr. Paxton and he came to me, the same day, and asked me how I would like to work under another man—a Mr. Witherow. I told him that Mr. Witherow had been a live-stock agent for the Northwestern road, but that he did not understand anything about the stockyard business and that I was not willing to work under such a man. Mr. Paxton said the matter was not settled yet; but I saw that they were drawing their net around me and wanted to get rid of me. Finally, one morning I saw a group composed of J. T. Clark, Mr. Spratly, Henry Swan, Alexander Swan, and Mr. Paxton. I was standing within 15 or 20 feet of them. They were talking about the stock-yard business.

Q. That is the occasion when you heard the conversation reported in your affidavit?—A. Yes, sir.

The CHAIRMAN. We do not want that; we have that on file.

The WITNESS. That is what I was going to tell. Mr. Clark said, "There is Flanagan, who has been yardmaster of the stock yard of the Lake Shore road at Toledo, Ohio, and of the Union stock yards at

Omaha; and he has 'busted' them up, and if you get him and he will 'bust' you up." I did not like that very well, because I needed the labor.

DISCRIMINATIONS.

Q. What rebate or benefit or discrimination did you know that the Union Pacific Company gave to any shipper, or cattle dealer or stock yard, other than what you have stated?—A. I do not know of any rebate to any particular person.

Q. Do you know of any preferences given to any others than the stock yard you mention?—A. I cannot say that I know of any one.

By Mr. POPPLETON:

Q. Where do you say the man Robbins lives, whom you have mentioned?—A. He lives around Kearney, somewhere at Plum Creek, or somewhere around there.

Q. You say he wanted to bill from Kearney, and the agent would not bill the stock through to the Nicholas yard at the cut-rate, but he would to Council Bluffs?—A. Yes.

Q. How did you hear that?—A. I talked with him in person.

Q. With whom?—A. Robbins.

Q. Then you do not know anything about it except what Robbins himself told you?—A. No.

Q. If he did not tell the truth, then what you have sworn to is not the truth?—A. Well, if you look at it in that light——

Q. (Interposing.) You have been testifying, in respect to Robbins, to what is mere hearsay?—A. No, sir; he told me.

Q. He was not under oath when he told you, was he?—A. No, sir.

Q. Now, about Ferris; where does he live?—A. I do not know where he lives now.

Q. You say you had a contract or arrangement by which his stock was to come in here and be sold as feeders?—A. Yes.

Q. Into the Nicholas yards?—A. Yes.

Q. What is the reason they did not come?—A. Because they would not ship them into the yard.

Q. That is what Mr. Ferris told you?—A. Yes.

Q. So that your knowledge of the Ferris transaction is just the same as Robbins'; that is, what he told you?—A. Yes; I suppose I am under oath, sir.

Mr. POPPLETON. I hope you are; I do not know; I was not here when you began.

The WITNESS. I am under oath, and my reputation for veracity is as good as anybody's.

Mr. POPPLETON. I am simply asking you whether you know what you have been testifying to, or whether it is only what you have heard. Do you not know that Nicholas never had the money to run that business, and that the reason he broke down was that he had no capital, and did not have the good-will of the stockmen?

The WITNESS. He had the good-will of the stockmen. I heard a number of them speak well of him.

Q. How about his capital?—A. Well, I presume he had enough to build the yard.

Q. Do you know whether he had or not?—A. I do not, positively.

Q. Was he not always pinched for money there?—A. I do not know. I always got my pay.

Q. You went into the employment of Nicholas when you left Paxton?—A. Yes.

Q. You never were in his employ before?—A. Yes; a year before.
Q. In connection with the stock-yard?—A. No; but I did some clerking for him.
Q. It was after you lost your place over there that you went to him?—A. I did not lose it. I quit because they were discriminating against me, and there was no just reason for their doing it. That is the only way I had to defend myself.

COMMUNICATION FROM MAYOR OF COUNCIL BLUFFS.

The CHAIRMAN. In answer to communications addressed by the Commission to different leading men of this section of the country, to mayors of cities and to boards of trade, I have received a communication from the mayor of Council Bluffs, which will be read.
The communication is as follows:

EXECUTIVE DEPARTMENT,
Council Bluffs, Iowa, June 28, 1887.

ROBERT E. PATTISON, Esq.,
Chairman Union Pacific Railway Commission, Omaha, Nebr.:

DEAR SIR: Your favor of the 25th instant was duly received and the contents are carefully noted. Upon consultation with some of our leading citizens and a committee of the board of trade, we find that we have no special grievences to present against the Union Pacific Railway Company, and that we are not in possession of such facts, coming within the scope of your inquiry, as to aid you materially in your arduous labors of investigation. However, should you wish any testimony bearing upon any special point, such as we might be able to give, we will gladly appear before your honorable commission and give such information as we possess.

Respectfully, yours,

WM. GRONEWEG,
Mayor.

(Indorsed:) Committee of Board of Trade:
H. M. PUSEN.
LUCIUS WELLS.

The CHAIRMAN. In answer to a similar communication Mr. Edward Rosewater, of Omaha, is here, and we will now hear his statement.

OMAHA, NEBR., *Tuesday, June 28, 1887.*

EDWARD ROSEWATER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am the editor of the Omaha Bee.
Q. How long have you been in business in Omaha?—I have lived in Omaha going on 24 years. I have been engaged in the newspaper business since 1871, when I started the Bee.
Q. During the years that you have resided in Omaha, have you had a knowledge of the business transactions of the Union Pacific Railway Company through their management and general policy?—A. I have had a partial knowledge of some of their business.

THE UNION PACIFIC INFLUENCING LEGISLATION.

Q. What information have you as to their methods in influencing legislation?—A. I have a great deal of information with regard to that.

Q. Will you please give that information to the Commission, commencing at the beginning and coming down to the latest influence exercised by the Union Pacific Railway Company over legislation, whether in counties or in States?—A. My attention was first called to their interference in our political affairs as far back, probably, as 1872 or 1873. In those times the Republican party (as it has been since) was dominant in this State, and its conventions were attended very frequently by officers and employés of the road, and nominations were very often influenced and made through their interference.

THE NEBRASKA CENTRAL RAILROAD COMPANY.

Q. Were they delegates or were they there as officers of the company?—A. They came sometimes as delegates and sometimes as lobbyists. The first very active work that I had noticed here and which brought on a general contest in this State, as between the railroad power and those who opposed it, came on between 1875 and 1876. In 1875 we engaged in a sort of economic-political contest in this State. There were a number of prominent capitalists and business men in Omaha at that time incorporated under the name of the Nebraska Central Railway Company (a narrow-gauge concern, if I am not mistaken), which company designed to extend a road from Omaha to Grand Island, or some point west, through the central portion of the State. It was a contest fought out in this city over a bond proposition.

"THE FEDERAL RING."

A combination was made which was known as the "federal ring." That is, it was composed of all the Government employés and officials, led by the United States Senator then resident here and the employés and officers of the railroad.

Commissioner LITTLER. Give the names.

The WITNESS. The name was Phineas W. Hitchcock. He was then in his fifth year in the senate, and a very active partisan of the Union Pacific Railroad. In fact, it was at that time that this building in which you are now sitting (in pursuance of a bargain that was generally known) was purchased from the senator, or his father-in-law, a man by the name of Dr. Monell. The managers of the road made the purchase, and at the same time a purchase was made by them of a large block of stock in the Omaha Republican. But that was all in connection with the proposition to defeat the issuing of bonds for the narrow-gauge road. By this combination between Senator Hitchcock and his political followers and the forces of the Union Pacific the bond proposition was beaten. As a result of that outcome the road finally projected the Republican Valley branch from here west.

CARRYING BONDS IN THE COUNTIES.

By the CHAIRMAN:

Q. The Union Pacific road?—A. The Union Pacific road. About the same agencies employed in beating the narrow gauge bonds in Omaha were then employed in carrying bonds in other counties. That is, postmasters, postal route agents, Federal officers, and railroad employés were used largely in those counties to carry the bond proposition for the railroad company.

Q. For the construction of branch lines?—A. Of the branch called the Republican Valley line. From that time on the influence of the political ring and the railroad forces became manifest to everybody. In fact, they "pooled their issues," so to speak.

VICTORY OF THE UNION PACIFIC AT LINCOLN.

In 1876 Jay Gould and Sidney Dillon came to Omaha, at the time we held the Republican State convention. I was a delegate in that convention. When we appeared at Lincoln, I think Mr. Clark and Mr. Kimball and a number of the prominent officers of the Union Pacific Company were there, together with all their retinue. Mr. Gould and Mr. Dillon remained here. We had a four-days' pitched battle. When the convention opened we carried the day against the Union Pacific; and when it closed, they had captured the whole convention and nominated the Congressman and the ticket.

"CORRUPTION OF DELEGATES."

A public protest was made on the floor of the convention by Gen. John C. Cowin, who was their candidate for Congress, against the notorious corruption of delegates by these officers in that convention.

Q. How did they corrupt them?—A. They bought them, outright.

Q. With what?—A. With money. I had a list of members; and I now know one of them, at least, who lives in this city, named Fitch, who was in that convention, and was to get, or did get, $100. He was elected to vote on our side, but he voted on the other side.

Q. How many others got money?—A. I presume they got twenty or thirty members.

Q. Did they buy each one of them for $100?—A. I have no knowledge of that.

"SOMETHING MORE THAN ORATORY."

Q. How much did they get?—A. It was generally understood that delegates that came there on one side of the question were brought over by something more than oratory.

Q. How do you know that money was paid?—A. In one case a Mr. Patrick O. Hawes told me that John M. Thurston paid $100 for the vote of that one member I named. Others were bought at the same time.

THE SENATORIAL CONTEST.

After the convention was over the senatorial contest began, and the issue was squarely made all through the State, and especially in this county, as between the railroad forces and the senatorial following of Mr. Hitchcock.

Q. What were the railroad forces—the Union Pacific Company alone, or that company and other railroad companies?—A. Well, I do not know that the company, as such, engaged in it. It was the officers of the company.

RIVALRY OF THE UNION PACIFIC AND BURLINGTON & MISSOURI.

Q. Were other railroad officers engaged besides those of the Union Pacific Company?—A. They were engaged partly on the other side.

In those days there seemed to be a contest between the Burlington and the Union Pacific line. The Burlington opposed Mr. Hitchcock and the Union Pacific supported him. But, independent of that, all those that were opposed to Hitchcock for either personal reasons or generally as a candidate, or on the ground of Federal interference in our politics, combined and acted together as the "field" against Mr. Hitchcock. The field was composed of all those elements. They met, finally, in Lincoln, in January, 1877; and after a very long and very fierce struggle Hitchcock was defeated.

THE BEGINNING OF RAILROAD MANIPULATION OF THE LEGISLATURE.

It was there and then that the first extensive manipulation of the legislature commenced, as far as I can remember. They brought down a very large force of men, both regular employés and hired men, and had them at the hotels.

Q. What were their names?—A. There was John W. Thurston. Mr. Kimball was there at the same time.

Q. What other names?—A. There was also Paul Vandervort, Horace Newman, I think; P. P. Shelby, who is, I believe, in the freight department, and who, I think, was then local agent at the Pacific Railway depot. I think Mr. Markel, their eating-house man, was also there at the time.

Q. Was Mr. Hanlon there?—A. I think Mr. Hanlon was there. I think, however, that he was not at that time a regular employé of the road.

Q. Was S. P. Jones there?—A. He may have been there. He was there off and on.

A NOTORIOUS JURY PACKER AND LOBBYIST.

Q. Was Captain Crawford there?—A. I do not remember Crawford. There was quite a number there who have since left the road. A man by the name of Frank Walter was there, who has now gone to Europe on a trip. He is notorious as a jury packer and lobbyist. It will be impossible at this time—it is so far back—to designate them all. But there were many of them from different parts of the State. They remained not only through the senatorial fight, but all along through the session to prevent any railroad legislation. From that time to this we have had a contest every session.

RAILROAD METHODS: "OIL ROOMS."

Q. What were their methods? What did these men do there?—A. The first thing they would do would be for the company or its officers to hire a large number of rooms at the hotels. Those rooms are what is known in Nebraska as "oil rooms," where they would get whisky and cigars and tell bad stories, and where, in due course of time, when men are in the humor and full of liquor, something can be done with them in regard to defeating bills, &c.

Q. There was such a thing as an "oil room," then?—A. There always has been, every session, for ten years.

Q. How did you know there was such a thing as an "oil room"?—A. I have not been in their "oil rooms," but they were designated to me. I can remember the number of the room (No. 30) at the Capital Hotel, at Lincoln, during the session of 1877. There were different rooms

converted into "oil rooms" each week of the session. I was assigned, several times, to the rooms adjoining the "oil room" and heard the orgies through the night. One night I had to get up and get dressed and go down to the clerk and ask him to give me another room.

CHAMPAGNE, BRANDY, AND WHISKEY.

In the morning the hotel corridors were blocked by trays with empty champagne, brandy, and whisky bottles and glasses.

Q. Who had charge of that particular "oil room"?—A. I think, last winter, that was Mr. Vandervort's room.

Q. The No. 30 that you speak of?—A. Mr. Thurston had charge of that.

Q. Was he in command all night?—A. He was in command at that time. That was in 1877. During the session last winter I roomed in No. 16, and their room was No. 14, right adjoining the partition, at the end of the corridor.

ORIGIN OF TITLE OF "OIL ROOM."

Q. Where do they get the title "oil room"?—A. I think Frank Hanlon gave it that name. It meant lubricating the members—oiling the machine and getting it to working.

Q. Did the "oil room" continue in operation during that session, and from 1877 down to the last legislature?—A. Every session of the legislature during that time has had about the same procedure, with some variation.

WHO HAD CHARGE OF THE "OIL ROOM."

Q. Who generally took control of the "oil room," from 1877 down to date?—A. As a general thing, as far as I understood it (without personal knowledge), Mr. Thurston had charge of all that department, such as hiring the men, ordering the refreshments, &c. I understood the bills were all paid through him.

THE "OIL ROOM" FREQUENTLY CHANGED.

Q. Were those places generally designated in Lincoln as "oil rooms"?—A. No; as a general thing they were rather secret. But members always understood that such a number of room was the "oil room." They very often, at the last session, changed the "oil room." They would have different ones every week, so as to deceive persons who were observant, and who might be watching those who went to the room, because it was generally understood that the "boodlers," as we would call them, were going to that room.

"BOODLERS."

Q. Who are "boodlers"?—A. Persons in official life who are willing to sell their votes for money or who barter their influence or votes for value received.

Q. Have you any knowledge of any votes being sold at any legislature of Nebraska for money, the money being expended by the Union Pacific Railway Company?—A. I have not, of my personal knowledge, because those things are not done generally in that way. At one sess-

ion the chairman of the railroad committee of the house of representatives was charged with having, I think, $5,000 or so offered to him to make a certain report, the offer being made to him by E. C. Carnes, who was lieutenant-governor of the State for two years and was very closely allied to the Union Pacific people. He resided in Seward County, in this State, and, as I understood it, had received very large rebates as a grain dealer and shipper, and had also a coal business in some other locality. The investigation brought out some of the facts.

By Commissioner LITTLER:

Q. Was that a legislative investigation?—A. It was a legislative investigation.

By the CHAIRMAN:

Q. What was the name of the chairman of the committee?—A. I think his name was Roberts.

UNION PACIFIC EMPLOYÉS AS LEGISLATORS.

Q. Did the Union Pacific Railway Company have employés who were members of the legislature?—A. Almost every session; or sometimes the members who were not employés before the session became such after the session. That was another way of influencing members. I have known members at different times to get lucrative positions after the session and remain in their employ.

Q. Can you recall any such persons?—A. There was one man at Columbus, I cannot remember his name, who was employed here after the session. He did not want to go home again. I cannot recall the names right off. I could get them if I looked over the list of names. I think a man named Savage has been employed as a railroad attorney, who was a member of the legislature, I think, six years ago. Then there is a man by the name of Thummell.

Mr. POPPLETON. Mr. Savage has never been an attorney of this company. You mean the Savage that has since been connected with the stock yard.

The WITNESS. Yes. There are not so many of them but what I could find them if I looked over the list.

Q. Who were in the last legislature that were connected with the Union Pacific Railway Company?—A. There was a man by the name of Tracey, from North Platte. Then there was Mr. Young, from this city; and there were Knox, Matthieson, and Garvey, all from this county. They had a less number this last time than usual.

AGENTS OF UNION PACIFIC ATTENDING THE LEGISLATURE.

Q. Who represented the Union Pacific Company in looking after the interests of the road at the last legislature, outside of the members?—A. I presume Mr. Thurston did, largely; but there were others. There was a man by the name of Mercer that used to be employed here at headquarters. I forgot to mention Mr. Church Howe. He was more or less employed to represent this road on former occasions.

Q. Was Mr. Gurley there?—A. Yes; but he was not a member.

Q. Was Mr. Manchester there?—A. Yes; and Mr. Shelby and Mr. Vandervort were there. Both railroads sent large numbers there. The Burlington and Missouri road sent a very large force there this last session.

WHAT THEY DID.

Q. What work did these men do there?—A. Principally drinking whisky and telling nasty stories and taking men to brothels, and all that; and having gamblers around them.

Q. Did they appear before committees, and, by argument, attempt to change or influence the legislation?—A. I do not think any of these people, except Mr. Thurston himself, have ever appeared before any committee.

"CONTINUOUS INTERFERENCE" TO INFLUENCE LEGISLATION.

Q. What other information have you concerning the interference or attempted interference of the Union Pacific Company, at any time, in any of the counties, or elsewhere, to influence legislation?—A. There has been continuous interference right along for many years. It is not so bad now as it used to be. There has been a great deal less in the last two years than there formerly had been. Still, they have always had favored parties in different localities who either had rebates or were retained in some manner, who managed the politics in the local counties. They had Democrats and Republicans alike. These people of course being supplied with passes, and, in many cases, being authorized to issue passes to others, had free transportation to every locality, and used their influence in every way possible to manipulate primary meetings and carry conventions. The worst of it has been in this city. We have often had droves of men taken from the shops to vote.

THE CLARKE REGIME.

Q. Under whose management?—A. Principally under the old management; under the Clark régime.

Q. Who marched the men out?—A. They usually had the shop bosses and certain men whom they picked out (employés of the road) who gave the word of command, practically, to the men. While not directly conceded they were practically told, in so many words, that it was not very safe not to do it.

GENERAL INTERFERENCE WITH ELECTIONS.

By Commissioner LITTLER:

Q. Were those primary elections that you speak of or general elections?—A. I speak of primary elections. But then there has been general interference with general elections also, so far as that is concerned. There have been times when the influence and pressure brought to bear on men on general elections were quite plain and obvious. I remember one general election in particular at which Mr. Poppleton thinks I played a very bad part; but I think I did perfectly right, and would do it again.

ATTEMPTED INSTRUCTION TO RAILROAL EMPLOYES HOW TO VOTE.

A. I was in my office the day before election; it was a county election, I think, in 1874 or 1875, I am not certain which, and a man came in with a piece of paper on which was written about the following message:

To H. H. CLARKE:

Please direct the shopmen to vote for Grebe for sheriff.

Mr. POPPLETON. Is that in writing?

The WITNESS. Yes.

Mr. POPPLETON. I insist that Mr. Rosewater shall give the message as it was, because he has not repeated it correctly.

The WITNESS. I simply want to state the facts as they occurred, because they involved me in a controversy about stealing dispatches. I said to the man here at the Western Union office, "Is this a message that came over the wires?" He said, "Yes." "Are you sure of it?" "Yes, sir; I will vouch for it." I said, "Very well." I published that message that afternoon, and made an appeal to the workmen to resent the outrage of being instructed how to vote, because here was a request for the instruction of the general manager of the road to tell the men how to vote and who to vote for at the election.

HOW IT WAS PREVENTED.

Before, however, that publication was made, the same operator came down and brought the original message, and, as I am very well acquainted with Mr. Poppleton's handwriting, and could tell it at a glance at any time, I saw it was genuine. I compared the message with what had been left with me, and found it correct, and made my charge. The charge was resented, of course, as an outrage, and the charge was made that I had gone to the telegraph office and, as I am a sound-reader, that I had heard the message go through, and had stolen it in that way. The fact that instruction was given (or rather it was not given, because Mr. Clark did not give it, finally) brought out the machinery by which the officers of the company sought to dragoon men into supporting particular men for office. In after times it was one of the many methods used to influence men.

CHOOSING BETWEEN DUTY AND BREAD AND BUTTER.

For instance, last winter one of the members, whose name is Young, said to me, "I wish to God I had never been down here to this legislature. I would not advise any man employed by the Union Pacific Railway Company to be here, for it is utterly impossible to resist pressure when a man has to choose between his duty and his bread and butter."

By Commissioner LITTLER:

Q. What Young was that—the auditor of the company?—A. No, the member of the legislature from this district. This interference with our political machinery has been so general that there has been an immense vote on that issue. We have mustered as many as 23,000 votes here for the anti-monopoly ticket.

THE SENATORIAL CONTEST LAST WINTER.

Q. Did the Union Pacific Railway Company participate in the senatorial contests last winter?—A. Not as a company, any more than that Mr. Thurston announced himself as a candidate for senator.

Commissioner LITTLER. He had a right to do that.

The WITNESS. Yes, he was voted for in the Republican caucus, and the men were told in caucus that it was the desire of certain forces that he should be elected. In the caucus two, at least, of the employés voted to have a secret ballot. They had pledged themselves at first to

vote openly, but after they hade balloted awhile, motions were made to go into a secret ballot, and it was very singular and significant that all railroad employés voted to go into the secret ballot, except one of them. Now, I do not know whether the railroad company in any way countenanced that movement. That I do not know anything about.

"WHOOPING UP" THE BOYS.

Q. What part did the general manager have in those elections?—A. Mr. Kimball did not take any part in the last elections, to my knowledge.

Q. Did he ever take any part? He has called our attention to that.—A. Oh, yes, he did; for years he was the head and front of the movement. Of course, Mr. Thurston was in the law department, and when it came to delivering orations, "whooping up" the boys, as the saying is, he was there. But Mr. Kimball was always recognized as a very powerful factor.

Q. What did he do?—A. Well, I was not here, at headquarters, to see exactly what he did do; but I know what he brought about.

BRINGING ABOUT COMPLETE SUBORDINATION.

Q. What did he bring about?—A. He brought about the complete subordination, you might say, of the forces here at headquarters to the railroad forces. I have seen them march one hundred or one hundred and fifty clerks up the street to a primary election, and there the baggage men and clerks of various kinds, of the land department or other departments, were giving out tickets; or they had got the tickets at the departments, and they carried the day, just as the railroad wanted them to do. It had become a force here in politics, so that it took pretty much a combination of every other element to combat them. Whenever the railway people were in the convention, of course everybody related to them voted one way. That showed that they were not exercising their free personal preferences.

CONSTITUTIONAL AMENDMENT OF 1875.

Q. What was the condition that led up to the insertion in the constitution of Nebraska of the amendment of 1875, as to the right of eminent domain?—A. The constitutional amendment of 1875 was made, you remember, probably, during the Granger excitement. There had been a Granger excitement east of here, in Iowa and Wisconsin. The same sentiment largely permeated this State. The Union Pacific Railway have resisted all recognition—or, rather, have refused recognition—of all State authority, claiming that national authority was exclusive over their road, and that the State had no authority over it. This proviso was, I think, inserted with the view of compelling the company to recognize the power of the State to regulate its traffic, the same as other railroads do. If I am rightly informed, they have not exercised the right of eminent domain; yet, as I understand it, for years they would condemn property in the name of the other corporations, but not in the name of the Union Pacific.

THE CONSTITUTION ON THE RIGHT OF EMINENT DOMAIN.

Mr. POPPLETON. But you know there is a constitutional provision that prohibits them from exercising the right of eminent domain.

Commissioner LITTLER. He is talking about that.

Mr. POPPLETON. I thought he did not seem to understand it.

The WITNESS. But our constitution says that all those who do exercise the right of eminent domain shall also recognize the other provisions of the constitution.

Mr. POPPLETON. The words are: "Shall reorganize itself as a corporation under the laws of Nebraska."

The WITNESS. Well, it was under that idea that the company did not acknowledge that the State had any authority over it. It was to controvert that idea.

AMOUNT PAID FOR RIGHT OF WAY.

The CHAIRMAN (to Mr. Mink). Was that $265, which was the total amount paid for right of way, an amount paid by the main line?

Mr. MINK. I did not look at that statement. Mr. Young, can you tell how that was?

Mr. ERASTUS YOUNG. It was in Nebraska, but I could not tell whether it was in the main line or not. My understanding was that it was the main line, but I could not be positive.

The CHAIRMAN. It must have been the branch lines, because, if I understand it aright, the main line had no right to do it.

Mr. POPPLETON. There never was any such amount paid by the main line. That would be my judgment, at least. There was never any right of way acquired west of Frémont, to amount to anything.

The WITNESS. I do not know anything particular about the right of way; but there is a gentlemen named Boyd, who was a member of the constitutional convention, who could tell why that was inserted in the constitution.

THE NEBRASKA CENTRAL RAILROAD COMPANY.

By the CHAIRMAN:

Q. Did I understand you to say that there was an effort made by private subscription to build a branch line now know as the Omaha and Republican Valley?—A. There was a corporation formed in this city known as the Nebraska Central Railroad Company. I do not remember whether or not they put the words "narrow-gauge" into their papers. I think not. But that corporation secured a proclamation from the commissioners of Douglas County (this county) and had that submitted to a vote on the 13th day of November, 1875. The proposition was to donate to the railroad $125,000, if I am correct. On November 13, 1875, the election took place; and in that election, of course, the Union Pacific Railway Company made very desperate efforts to defeat the bonds. They succeeded. Then, having defeated the bonds, they submitted propositions to the voters of Saunders, Butler, and Polk Counties. After carrying those bonds in those counties, they constructed what is known as the Omaha and Republican Valley road.

THREATS OF THE UNION PACIFIC.

Q. Were there any threats made at the time by any of the officers or authorities of the Union Pacific Railway Company, in that election, of what they would do in case the county should make a subscription to this road?—A. Yes. It was one of the most exciting contests that ever took place here. In the first place, all the papers in this city

urged and supported the proposition. It was pretty much unanimous in this city that the "Narrow-gauge," as we called it, should be built by Omaha enterprise, but after a proclamation had been issued two of the papers were bought up and turned back and a very exciting contest followed. A dispatch was sent here by Jay Gould to Dr. Miller, then editor of the Omaha Herald, threatening to remove the Union Pacific machine shops from here if the people voted those bonds. That dispatch was used largely to intimidate our people to vote down the bonds. But that is not all that was done. I think Mr. Hanlon afterwards told me that they had had a number of wagons running around the country, driven by employés, crying down monopoly, and there was a good deal of money spent, undoubtedly, to beat that proposition.

GOULD'S THREAT TO RUIN COLUMBUS.

Q. Was there any other threat made, as at Columbus, by any one?—A. That was another thing altogether. That was some years later. There was a proposition made, I think, to Columbus by the Atchison road, or some road, to build a branch to Columbus. Jay Gould was on the platform of the car as he passed through the town and he told the people that he would ruin their town if they dared to vote those bonds. Notwithstanding that, they did vote them. A station was afterward established a few miles west of Columbus. The Niobrara branch was, I think, to be built from there north, but a tremendous flood came up a year later and swept the entire town out of existence, and finally the railroad managers, finding themselves in that fix, made a new proposition and, I think, induced the people there to give them $25,000 to make Columbus the terminus of that line.

UNION PACIFIC LAND PURCHASES.

Q. Have you any knowledge as to the purchase of land by the Union Pacific Railway Company?

The WITNESS. In what way?

The CHAIRMAN. Lands purchased in large sections or blocks.—A. I do not know exactly what you mean. Do you mean purchasing rights of way?

Q. Have you any knowledge of purchases made by Mr. Sidney Dillon or Mr. Jay Gould?—A. Yes; they bought 1,200 acres of land over the river, at what I call Dillonville. The people of Council Bluffs resent that name, but it is Dillonville for all that. They wanted to build up a rival town, I think, to Council Bluffs and Omaha both, and did build a few houses. That was supposed to be a part of the scheme that followed the construction of the Missouri River bridge. After the bridge had been built they built a large depot over there on the same ground or in that neighborhood.

DISCRIMINATIONS.

Q. Have you any knowledge of any discrimination on the part of the Union Pacific Railway Company in regard to shippers or localities?—A. There have been a great many complaints made from time to time as to discrimination, both by localities and by shippers. They have been published from time to time. When the United States Senate Committee on Interstate Commerce was here last summer I gave them a number of instances that appeared in the testimony published by them.

I had the waybills that had been sent to me. There has been a great deal of complaint about coal rates. The price of coal has ranged all the way from Sydney to Omaha at the same price. The people out there, being a short distance only from the coal mines, complained that they had to pay as much to the company for coal as they do 400 miles further east. A great deal of complaint has arisen also from favoritism to grain and lumber dealers. I remember one grain man in particular, at Grand Island (he is dead now), who complained that he could not get the rates that were given to other shippers, and he was told, point blank, by the superintendent that he was not on their side of politics, and that he could not get their rates. He made a number of complaints without redress.

RAILROAD AND ANTI-RAILROAD REPUBLICANS.

By Commissioner LITTLER:

Q. What were his politics?—A. I think he was a Republican; but not a railroad Republican. We are all divided here, into Railroad Republicans and Anti-railroad Republicans. The division in this State means more things than one. There have been complaints by parties at Columbus. I think a member of the legislature called my attention to them.

OBJECTION TO HEARSAY EVIDENCE.

Mr. POPPLETON. I would like to ask the question whether it is the intention of this Commission to take the testimony of parties who give hearsay narration—what has been told or written to them—or whether there is to be any regard paid to ordinary rules that control the taking of testimony? Of course two-thirds of Mr. Rosewater's testimony, probably 90 per cent. of his testimony, on his own statement, consists of matters that he does not pretend to have any personal knowledge of whatever. He is simply repeating what other people have said. Now, I have raised no objection, because I thought it best, perhaps, to let the tide flow on. But he is reaching a point now where he is giving the Commission the statements not of parties who are living, but of parties who are dead. It is testimony that no court would ever listen to. I do not know what rule this Commission will lay down for itself in that respect; and I rise, in the first place, to get some light on that subject. If the Commission is not ready to give me any light, or simply say "Go on," I have nothing further to say.

SCOPE OF COMMISSION'S INVESTIGATION.

The CHAIRMAN. Speaking for myself, I think the act of Congress constituting the Commission contemplates largely the duties of a court examiner, who reports the testimony entire, with the objections, and then a conclusion can be reached as to the amount of credit to be placed upon the testimony, bearing in mind what is legal and what hearsay evidence or general testimony. One of the provisions of the act calls for information as to efforts to influence legislation in these counties through which the railroad passes. The Commission can only gather the general information. No ordinary rules of evidence would probably bring within the reach of the Commission evidence on that question. There are other points in the act that rules of evidence would absolutely exclude. Therefore, as a Commissioner, I will say that we will hear all the testimony of the complaints, and in the con-

sion give it such weight as it is entitled to under the circumstances, bearing in mind the objection.

Mr. POPPLETON. That is, in substance, saying that there is no limit to the statements that the witness may make.

The CHAIRMAN. That is it, sir. I do not see how there can be.

NOT BOUND BY RULES OF EVIDENCE.

Commissioner LITTLER. We have from the beginning paid no attention to the rules of evidence. We have found it impossible to do it. But, to counteract that feature, we have allowed counsel for the company to indulge in cross-examination to their hearts' content, to show the character of the testimony. I think, by allowing that latitude, the company is abundantly protected, assuming that the Commissioners are able to discriminate between legal and hearsay evidence.

The CHAIRMAN. Legal evidence would exclude information required by a great many provisions of this bill. For example, a provision of the act requires us to ascertain the "sentiment of the locality." How could we gather that under the rules of evidence, unless it was as to how the war matter spoken about in the community?

Mr. POPPLETON. One word further. The chairman says that the Commission will consider the objections. Of course the Commission must be assumed to be familiar with the rules of evidence. Do I understand that the Commission expect me to make the objections?

Commissioner LITTLER. I do not.

Mr. POPPLETON. That is as I understood it. I do not care to take up the time of this Commission by jumping up every time I see or hear anything objectionable.

The CHAIRMAN. The railroad company has been accorded the privilege, and is now accorded the privilege, of furnishing at any time any statements that will in any way aid this Commission in coming to a conclusion.

Mr. POPPLETON. I understand that.

PASSES AND SPECIAL PRIVILEGES TO MEMBERS.

The CHAIRMAN. What were you about to say, Mr. Rosewater?

The WITNESS. I was about to say that a member named Keogh, who lives at Columbus, told me that the member who represented that county in the previous legislature, whose name can be found in the record (I could not remember his exact name), not only had annual passes over the road, but had been accorded very valuable special privileges in shipping. He was in the hardware business. He broke up all his rivals. They could not compete with him. That same complaint has been made largely here through the State—that men who wanted to start in business here, such as lumber or coal merchants, throughout the State, or even in ordinary merchandising, were brought into competition with men who were having inside rates or rebates, and by that means were barred out of competition, practically, so that they could not do business in the locality. There are a number of such firms all through the State. I presume the rebate books will show that.

DISCRIMINATIONS AGAINST THE BEE.

Personally, we do very little shipping. The only shipping we did—running at one time for the period of a year or so—was of newspapers in

small packages to the little stations along the road. At one time the railroad company refused to take ours when they shipped others. But when the Doane law passed I called on Mr. Vining and asked him whether he would still persist in that discrimination, and he concluded that he would not persist in his refusal to ship our papers. After that we had very little difficulty in the way of shipping. I presume there are quite a number of people in this city, if they were not afraid to offend the railroad, that would come here and tell you that in competition with others they were unable to make ends meet.

RELATIONS OF UNION PACIFIC TO THE COMMUNITY.

Q. What has been the relation of the railroad, so far as your knowledge goes, to the interests of the community—this community or any other community—through which it passes?—A. This road, after the first few years of its existence, seemed disposed to get all the traffic would bear. On that principle they would get the highest rate they could possibly get—all that the people would stand; but since they discovered that the local business is the bulk of their traffic, they have been trying to pursue a little more generous policy. In the early period they treated the through traffic as the principal thing, and it made no difference to them whether the communities existed or not.

RELATIONS OF UNION PACIFIC PEOPLE TO ENTERPRISES ALONG THE LINE.

Q. Have you knowledge of any of the officers or directors or employés being interested, directly or indirectly, in any enterprise along the line of the road?—A. That would be very difficult to tell of my own knowledge, because as a general thing these partnerships, if they exist, are kept quiet; and all I could do would be to tell what people told me. I supposed the relations of the railroad here to certain other institutions was generally understood.

THE SMELTING WORKS AND OTHER CONCERNS.

Q. What other institutions?—A. I presume the smelting works, in in part. There has been an interest there held by some of the railroad people. There have been interests occasionally in various enterprises along the line of the road.

Commissioner LITTLER. Name them, please.

The WITNESS. As I said, it is a very difficult thing for me to tell you anything that I know of my own knowledge on that score. Because reports, for instance, have been current, time and again, that the eating-houses were owned by parties associated with officers of the road, and that there has been special favoritism shown in connection with them. But I do not know it of my own knowledge. Of course, officers here are more or less interested in the telephone, and different enterprises of that kind, but I do not know that that has any bearing on the traffic of the road.

POOR FACILITIES BETWEEN OMAHA AND COUNCIL BLUFFS.

Q. What have been the facilities and accommodations furnished by the railroad company to the patrons of the road?—A. I think that, in the

again, they have been very bad between here and Council Bluffs. They have been very bad between here and the Council Bluffs depot.

Q. What has been the complaint?—A. In the first place, overcrowded cars, and very often cars that were hardly fit for anybody to be in, have been used in transferring people across the river. There has been a great deal of complaint about the transfer. There have also been complaints from time to time by certain shippers that they could not get cars when somebody else could get them. They would say that one man who was doing a large business in a place could always get cars, while, although they were trying to get cars, no cars could be had, or they were secured so late that practically the merchants could not compete—could not do business.

BRIDGE ACCOUNT.

Q. Have you any knowledge of the bridge accounts of this company that you have spoken of?—A. I have no knowledge, excepting as we have published, from time to time, the income and the expenses of the bridge. We have had quite a controversy over this bridge from time to time. As far as I can recollect, the bridge is bonded for $2,500,000, and the company realized about $2,250,000 on the bridge out of the bonds; discounted them in England.

Q. Who discounted them?—A. I think it was Andrew Carnegie, under Thomas A. Scott's administration of the road. It has been generally believed that the bridge did not cost anything like the sum of money it has been bonded for, but in controversies that I have had from time to time it transpired that the income of the bridge, after it was completed—some time in 1872 and for the first six oreight years—varied from $300,000 to $700,000 or $800,000 a year. From that bridge income the bonds ought to have been paid off and the operating expenses also paid.

CHARGES FOR CROSSING THE BRIDGE.

Mr. POPPLETON. Are you speaking now of the gross or net income?

The WITNESS. I am speaking of gross income. I do not know whether my figures would be borne out by your books or not, but it was borne out by the quantity of business done over the bridge. The charge for crossing the bridge for many years was $10 per car-load, or 5 cents per 100 pounds for freight and 50 cents for each passenger. I think up to 1878 or 1879 the Government paid the same price. I think I made a complaint myself to the Quartermaster-General, and also to the President of the United States, against this overcharge. The act of 1866, which authorizes the construction of railway bridges across navigable streams and regulates the navigation, requires all railroads operating such bridges to make no higher charge for the transportation of freight or passengers for the Government over such bridges than is charged as mileage rate going or coming over the road adjoining the bridges. Now, the mileage rate on the railroad adjoining the bridge in Omaha was 5 cents per mile for quite a long time over the Union Pacific; and the length of the bridge, although the distance to Council Bluffs on the original maps of the company is made to be $4\frac{2}{3}$ or $4\frac{4}{5}$ miles, to what they call the Point O (to which no railroad has ever been built, however), the real distance is $1\frac{1}{2}$ or possibly 2 miles, including its approaches. Computed at 5 cents per mile, the charge should be 10 cents per passenger to the Government. All we used to pay was 10 cents to cross

the river on the ferry-boat; but for more than ten years 50 cents was charged for every man, woman, and child that crossed the bridge either way. I believe that to-day, if I am not mistaken, there is still a 50-cent charge exacted from people who are not fortunate enough to buy tickets at Omaha. A couple of years ago I saw a man in the interior of the State buy a ticket to Council Bluffs, and he had to pay 50 cents for crossing the bridge. When I made my complaint at the Quartermaster's Department, all the accounts that had been furnished up to that time for transporting supplies and military officers had all been charged up at the rate of 50 cents for each person and $10 per car-load for freight and so much per 100 pounds for every broken car. A change was made afterwards by Quartermaster-General Meigs. Some years later I was in the Quartermaster's office, and the returns, I think, had been made with the same charges, but the Quartermaster's clerk always struck them out and put in other figures. The charges for coal amounted to $1 per ton on the coal we got from the East; and everybody who used coal had to pay that extra dollar for the coal crossing the bridge. The charge for transporting live stock across the bridge at the rate of $10 per car-load made a little more than 50 cents on each head of stock. That was an embargo on this whole country.

EFFORTS TO REDUCE BRIDGE CHARGES.

We had bills in Congress several times to get this bridge toll reduced, and the House of Representatives did pass one such bill. We had State conventions passing resolutions denouncing the thing as an outrage, but still it kept on. After a bill had passed one House it would be defeated by the railroad lobby in the other. The last time I called on Commissioner French, of the United States Railway Commission, I drew a bill to make the rate per car $5, and Senator Saunders, who represented this State at the time, agreed to introduce the bill, but did not do so. The rate, however, has since been reduced, except on broken lots. I think we are still paying 5 cents per 100 pounds on everything we are getting from across the river on broken lots, though I am not certain of that.

$150,000 TO $250,000 A YEAR FOR OPERATING BRIDGE.

However, the bridge kept on earning from $300,000 to $700,000 a year. Against that, as I understand it, there was charged from $150,000 to $200,000 a year for operating it. Now, it always did strike me that nobody could explain, logically, how it could cost $150,000 a year to operate a railroad bridge between Omaha and Council Bluffs, or "Dilleville." So it seemed to me that in the $150,000 must have included an enormous number of charges that did not pertain to the legitimate expense of operating the bridge. I presume, though, that the accounts of the company will show, or the vouchers will show, just what was charged up to the expense of operating the bridge. This county paid $250,000 in bonds to assist the Union Pacific Railroad in building that bridge, so that actually the bridge did not cost them as much as they represented.

By Commissioner LITTLER:

Q. Were these bonds worth about par?—A. They were 10 per cent bonds. They ought to have been worth par. I do not think they could be bought for par now, if any of them are out.

DIVERSION OF BUSINESS FROM AIDED TO UNAIDED ROADS.

By the CHAIRMAN:

Q. Have you any knowledge of the diversion of any business or any earnings from the aided roads of the Government (like the Union Pacific) to any of its branches or unaided roads?—A. It would be very difficult to tell.

Q. Have you any knowledge on the subject?—A. No; I have no personal knowledge.

PLAN OF SETTLEMENT.

Q. Have you considered the various bills that were introduced in Congress during the last session, from time to time, as to the methods of settlement with the Union Pacific Railway Company?—A. I have considered all the propositions that have from time to time emanated either from the company, or the Government directors, or from Congressmen, that contemplated the funding of the company's debt at a low rate of interest. I appeared before the Committee on Judiciary of the United States Senate, I think three years ago, to protest against any such funding bill being enacted as was then in the hands of Mr. Garland. He was a member of the sub-committee. It was, I think, the Edmunds or the Hoar bill. Do you want my views on that question?

PROPOSED EXTENSION OF TIME.

The CHAIRMAN. We want your views as to the effect of an extension of time by the Government for the payment of the debt of the railroad company—the effect, I mean, in relation to the community through which the road passes.

THE WITNESS. I claimed that it was a great injustice, and would operate as a hardship, on the people that are compelled to be patrons of this great system of railroads, and not only on the people who patronize this road but on those who patronize any transcontinental road, to fund the Union Pacific debt, such as it is now known, and extend the time of payment for sixty or eighty or any number of years.

A LARGE PORTION OF THE UNION PACIFIC DEBT FRAUDULENT.

My reasons for opposing this proposition are, that a large portion of this debt was fraudulently contracted; that it represents quadruple, or perhaps quintuple, the cost of any other road that could be built to duplicate this system; that in funding the indebtedness of the road the Government of the United States proposes to recognize as valid the Credit Mobilier frauds, the thefts and misappropriations of the company under various managements, the mismanaged affairs of the company and the reckless extravagance that has characterized it under various administrations. In recognizing as valid all these fictitious and illegal obligations the Government proposes to place a mortgage upon the earnings and the product not only of this generation but of all the generations that are to follow us.

AN INCUBUS PLACED ON THE PEOPLE BY EXTRAVAGANT MANAGEMENT.

My opposition to this springs from the desire to see these people free from this incubus that has been placed upon them by the extrav-

agance and dishonesty of these various managements. It is for that reason that I say it would be a great outrage and an injustice to the people who are compelled to patronize this road, to go to work and take $150,000,000 in bonds, or about that sum, independent of the other $100,000,000, or perhaps more, which already encumber this company on a first mortgage, and say to the people of this western country that they shall be obligated for sixty or eighty years, or an indefinite period, to pay the interest on this enormous indebtedness and to pay gradually every dollar of the principal, and besides that, to pay a reasonable income on fictitious stocks which these companies are now holding as representative of what they pretend to be railroads owned by themselves.

AN INJUSTICE TO THE WESTERN PEOPLE.

If the people of this western section of country, and of the whole United States, are to contribute to the liquidation of these enormous sums of money, borrowed and stolen, it is saying to the people that the Government does not care for their interest as much as it does for the parties who are now owners of that stock. If this stock is in the hands of innocent parties, as has been represented time and again, if it is in the hands of orphans and widows, the responsibility rests with those that made the purchases. The men who would invest the trust money placed in their hands for widows and orphans in property that has been acquired notoriously by every scheme that confidence men can employ are entirely unfit for such trusts, and they should be held personally responsible, and not the people of this western country.

NOT MORE THAN TEN PER CENT. PAID ON THE STOCK.

My idea about these stocks is simply this: That they, in the first place, represent only the value that the company has actually received, and not what is on their face, or what people have paid for them in Wall street. In the next place, if it is true, as I am informed, that not much more than 10 cents on the dollar has ever been paid into the treasury of the company, the excess should first be collected from the parties who hold that stock, and applied to the liquidation of the debt. If, for instance, a national bank organized under the national authority should go into business and any of its officials should embezzle or misappropriate or mismanage its funds, it would not be expected that the Government would levy on the patrons of the bank—the depositors—and compel them to make up the losses sustained by the bank through dishonest management or theft or misfortune. What everybody would expect in such a case would be that the stockholders be first called upon to pay up these losses. If they could not pay up, the stock would be liquidated entirely. And, finally, they would go after the directors, and see if they could not be reached in their private relations to the bank. In some cases, as we know, officers of banks that have mismanaged and misappropriated their funds knowingly have been punished much more severely than by being compelled to restore what they have stolen or misappropriated.

EXTENSION OF RAILROAD DEBT WILL CONTINUE EXTORTION.

I do not see why the power of Congress should be used to rob all the people of this country by levying upon them a continuous tax upon fict-

[illegible] values; and, further than that, I claim that the extension of the railroad debt of the Union and Central Pacific roads, or of the Union Pacific, will continue during some time, if not almost perpetually, the extortionate and high rates of transportation which are now also charged by competing companies. Because the Union Pacific, weighed down with an enormous debt, would, after collecting its fixed charges, the interest on its bonded debt, and a reasonable amount of dividend on its fictitious stock, be compelled to keep up high rates, and the other railroads that are now competing, such as the Burlington and Missouri and the Atchison and Santa Fé, the Southern Pacific, and every other road going across the continent, would naturally feel justified in keeping up the same rate; and when they should want to cut under, knowing that the Union Pacific could not afford to cut below a certain rate, they could keep up their exorbitant tolls.

THE BURLINGTON SYSTEM.

I believe the Burlington system has been built out of the profits made in Nebraska. I believe the entire Burlington system, west of the Missouri almost, has been built of the money made from land, and that the enormous sums of money made for that road have been made in its extension. They have stocked and bonded the road up to the utmost.

EFFECT OF A LIQUIDATION.

If the Union Pacific road went through a process of liquidation, or whatever you might call it, so that it should get down to an actual valuation of what it would bring in the public market to-day, that road could reduce its rates 50 per cent. and still earn a very reasonable income upon its investment. That would be a great relief to the country. It would give this section fair rates after all these years of exorbitant tolls and oppressive taxation. This State has been enriched by the building of railroads; but it would have been threefold as rich if it had been properly treated. The wealth of this Western country to-day would have been three times what it is if it had not been for the enormous contributions we have been compelled to pay to the railroads.

PLAN OF SETTLEMENT.

Q. What would you propose as a basis of settlement?—A. I have not personally gone far enough into the matter. But the first proposition I would make would be this: to do just what any other business man would do if he found himself in a condition to be compelled partly to pay this debt, if he was the indorser of another man's note. He would first see whether the other fellow had anything.

Mr. POPPLETON. But suppose the other man had an incumbrance on his property?

The WITNESS. If the other "fellow" was my wife I would probably let up on her, and let her out of the debt; but in this case the payment must come from the people. That must not be lost sight of.

Q. What is your plan?—A. Well, as I am not a Congressman or Senator and not obliged to solve this problem individually, I have not given the subject such thought as it deserves.

RECOVERY OF MISAPPLIED FUNDS AND PAYMENT OF BALANCE DUE ON STOCK.

Q. Bearing in mind the interests of this community, what plan would you suggest?—A. The private interests of this community (speaking of

Omaha as a community) might be to go on and keep up this inflation system, and perhaps let the management go on, and let them squander all the money they can in every sort of way; but as a proposition for the people of the Western country and for the United States, who are really to pay this bill finally, my idea would be, first, to attempt to recover every dollar that has been improperly taken out of the road. That may be very difficult to do. If, as I believe, millions of money have been misapplied by the builders of the road originally, and by parties who have controlled it since, the Government should attempt to get all it can out of it. In the next place, if there are $36,000,000 of stock in the Union Pacific, and only ten cents on the dollar has been paid in, the stockholders should pay in the difference between that amount and the amount that the stock represents on its face; and if they do not so pay it in, then the stock should be wiped out entirely.

Commissioner LITTLER. That, without regard to the fact that the present stockholders paid 100 cents on the dollar for it?

The WITNESS. Without regard to anything. If I buy a stolen horse I have to give it up.

DECISION OF THE SUPREME COURT.

Mr. POPPLETON. Do you not know that the Supreme Court of the United States has decided that that cannot be done?

The WITNESS. If the Supreme Court of the United States wants to do something that is dishonest that is not my affair. My personal opinion is asked for, but my opinion is that this stock represents nothing but highway robbery in the first instance; and having been issued by a set of highwaymen in the first instance, the innocent parties must suffer.

LIQUIDATION OF FIRST MORTGAGE.

Commissioner LITTLER. Assuming that that is all so, give us your plan.

The WITNESS. The first mortgage would be the first thing to liquidate. I presume the first-mortgage bondholders would come in and claim the road, or they would put it on sale. If the road, on that sale, does not bring the amount, the first-mortgage bondholders lose the difference between that and what they paid, and the second mortgage is wiped out altogether, and the people are relieved from paying this money, for it is all the same. If, on the other hand, the first mortgage is satisfied, I want the Government that is going to take this money out of the hands of the people to say at once that there is no further excuse for legalized robbery, or for the expenditure of this money for investigations and millions of money spent every year in looking after these thieves. I would have the road put to a sale, and if it brought more than the first-mortgage bonds, very good.

Mr. POPPLETON. Its debt would in that case be donated to the people of the West.

The WITNESS. Its debt would be donated to the people of the whole United States. There are millions of people traveling over these roads that live east of the Mississippi River. Just as soon as you reduce the fare here for the people of the West, you reduce it for all the people. That is my plan; and it would be the most effective plan to do away with the systematic plundering that has been going on all these years.

RELATIONS OF THE GOVERNMENT AND THE PEOPLE.

Q. Have you any other plan, suggestion, or information to offer to the Commission?—A. There may be a good deal of information that I cannot give without having my attention called to it. Still, so far as solving the plan was concerned, and getting the money, I did not joke very much when I said what I should do if my wife had indorsed a note with me. I regard the Government and the people in the relation of man and wife in this matter. When a divorce is granted it should be perpetual. There should be no more nonsense about it; and, inasmuch as the people are to pay this money, I declare it is perfectly idiotic to go to work and levy a tax on them for 80 years, or, in other words, to authorize the robbing of the people for that length of time.

If this road were sold and the stock wiped out entirely, and the new management had a railroad for what it is worth in the market, they would be able to give us rates of transportation that would revolutionize the western traffic.

HOW THE ROAD CAN BE FORECLOSED.

By Commissioner LITTLER:

Q. Can you tell the Commission how the road can be sold out under foreclosure, so long as the company pays the interest on its first mortgage bonds, and so long as the Supreme Court holds that the money on the bonds is not due until 1897?—A. There is no necessity whatever for the legislation that is contemplated. When 1897 comes, and Congress meets and finds the country in the condition of second mortgage holders, it will be time enough to let the road go to the wall to be sold out, if it cannot be done sooner, although I have an idea that under the report you can make to Congress there could be such a showing made as that the road can be sold out. There was enough under the Lawrence investigation even to show that. But even if that were not so, there is need of legislation now. Let the road go on for ten years longer. I do not think it is 1897, though.

The CHAIRMAN. 1895, 1896, and 1897.

The WITNESS. Very well. I do not, even then, see the necessity of doing anything now. The objection I have to the bill is that it legalizes a fraudulent debt.

GIVE THE DEBT TO THE PEOPLE.

Mr. POPPLETON. You want the Government to give that to——

The WITNESS (interposing). To the people. If the people pay it, why not call it square at once? Go into the market and sell the road for what it will bring, and let it be operated honestly, without any Government interference whatever.

Q. Have you any other suggestion?—A. Nothing now. There are so many things that come up in years of discussion about a matter of this kind that they cannot be thought of on the spur of the moment.

REDUCING CAPITALIZATION OF ROAD TO ACTUAL VALUE.

By Mr. POPPLETON:

Q. If I understand you your plan would be, practically, to let the road go into bankruptcy and be closed out under the mortgages, and

in that way your idea is that the capitalization would be brought down to its actual value when bid in and reorganized; is that it?—A. Yes, sir; that is my idea. My idea is that this railroad should be brought down to the actual investment in it; that is, whatever it might be worth to-day to replace its equipment and track.

Q. But if sold out under foreclosure of course it would go to the highest bidder?—A. Yes.

Q. Is it not a matter of fact that under such foreclosure sales all property goes at a very low figure?—A. Yes.

Q. That being so, then this road, after it had been capitalized on that auction-block system, could afford to make to the people of this country lower rates than its competitors, could it not?—A. Yes; that is what I say. That is one of the objects I would have in view.

HOW FORECLOSURE OF UNION PACIFIC WOULD AFFECT OTHER ROADS.

Q. In other words, you think if this road was driven into bankruptcy by the Government, it would compel these other roads to go into bankruptcy in the long run; is that it?—A. Not necessarily, unless they are encumbered in the same way. I do not believe they are.

Q. Do you believe that there is any transcontinental line that could be operated in competition with an auction-block capitalization of the Union Pacific and Central Pacific roads without going into bankruptcy?—A. I think there are some, because they own their own bonds.

Q. They pay the interest on them, nevertheless?—A. They pay the interest out of their excessive earnings and pay themselves an additional income.

Q. Name the road?—A. The Burlington road for one; the Atchison, Topeka and Santa Fé the second.

Q. So that you think that the Central and Union Pacific roads, as a continental line capitalized upon an auction-block basis, would not seriously impair the value of these other roads or drive them into bankruptcy?—A. If you call their stocks worth what they are quoted at and regard their extravagant capitalization, it might impair it. Every man who owned a block of it might not consider himself worth as much as he was before. It would not drive him into bankruptcy, but would drive him into honesty. That would be all.

Q. If their earnings were not sufficient to pay the interest on their debt and pay their working expenses, they would have to go into bankruptcy, would they not?—A. They would earn a reasonable income.

WHAT THE UNION PACIFIC WOULD BRING UNDER THE HAMMER.

Q. How much do you think the Union Pacific road would bring under the hammer?—A. I have no idea. Probably $25,000 a mile; probably more.

By Commissioner LITTLER:

Q. Does that include the branch lines?—A. I only speak of the main line and the Kansas Pacific, not the little side branches.

Mr. POPPLETON: That would be just about the first mortgage.

A. Yes, sir; that would not do any harm, would it?

PERSONAL KNOWLEDGE AND HEARSAY TESTIMONY.

By Mr. POPPLETON:

Q. Wherever in your testimony you have personal knowledge of the facts, you have so stated, have you not?—A. Yes, sir.

Q. Very much of your testimony is from hearsay?—A. A good deal of it is from correspondence and verbal communications made to me by other parties.

Q. The chairman of the Commission asked you to bring in that telegram that you say I sent. Will you do that?—A. I will.

DISSOLUTION OF PARTNERSHIP BETWEEN GOVERNMENT AND UNION PACIFIC.

By the CHAIRMAN:

Q. If I understand you, your idea is to dissolve all partnership between the Government and the railroad at as early a day as possible; certainly in 1897, when the debt becomes due?—A. Yes, sir; just as soon as the first mortgage bonds become due or as soon as the Government can compel a liquidation, I would compel a separation of the interests of the Government and the road, divorce the road and the Government.

By Mr. POPPLETON:

Q. By sacrificing the interests of the road?—A. By getting as much as they can from stockholders and everybody that had been connected with it, and finally letting the road go at whatever it will bring at public sale.

The CHAIRMAN. You will bring the telegram spoken of?

The WITNESS. Yes.

The CHAIRMAN. And submit any other matters or papers that you may wish to present.

The WITNESS. Very well.

EDWARD ROSEWATER.

STATEMENT OF GEORGE L. MILLER, OF OMAHA.

The Chairman submitted the following communication:

OMAHA, NEBR., *June* 28, 1887.

Hon. ROBERT E. PATTISON,

Chairman of the United States Pacific Railway Commission:

MY DEAR SIR: I received your letter of the 25th instant a day or so ago requesting my views of the relations of the Union Pacific Railroads to the communities through which they pass, and such information or suggestion as I might be pleased to make, within the inquiry which is being made under your direction, into their administration and affairs.

HISTORY OF THE UNION PACIFIC.

I decide to reply by calling your attention to the history of the Union Pacific Railroad, with whose affairs alone I am acquainted, in order that I may possibly enable you to reach a judgment in respect to what has occurred in the progress of this trans-Missouri region under the influence of this great enterprise.

The severe and searching investigation which is now being prosecuted by your Commission in our midst precludes the necessity of any statements from me in respect to the management and policy under which the Union Pacific has been brought to its present position. I may say,

however, in a general way, that the testimony which has been produced in regard to the integrity and intelligence of the officers and men who have had charge of these complicated interests, in which the United States Government and the people of this State and city have been so largely concerned, is what I was sure would be developed when the test should come upon what, I understand, it will be a part of your duty to pronounce judgment. In respect to the broader policy of the Union Pacific, under various directions in New York and Boston, I shall say something perhaps in conclusion. What I wish to do at the outset is to direct the attention of the Commission to the conditions that existed in this trans-Missouri country previous to the advent of the Union Pacific Railroad, and down to certain periods after the railroad had been completed.

NEBRASKA IN 1854.

That I may do this the more effectively, I may say that I became a resident of this Territory soon after its admission to the Union in 1854. At that time there was not a single white inhabitant in this whole region who tilled the soil. It was exclusively under Indian occupation. Public opinion in the country at large and the belief among the few who were then here, was general that this whole land was little better than an agricultural waste. The uplands were regarded as being entirely unproductive. It was many years afterward that confidence was secured whereby settlements were made at any considerable distance from the Missouri River boundary. Since that time our progress has been one of continuous discovery. As long as ten years ago intelligent men held the opinion, which I shared, that west of a line 200 miles distant from Omaha the soil would prove to be sterile and uninhabitable by agriculturists. For quite as long a period before, for a distance of 100 miles east of this limit, vast districts were condemned as being worthless which are now occupied by a comparatively dense and prosperous population.

DISCOVERY OF GOLD IN COLORADO BRINGS TRAFFIC.

You will not expect me to go into statistical statements; I merely give you the general facts. For thirteen years from the first settlement little was done in the way of agriculture. The population was sparse and poor; the people were helpless. Products of the soil had no market. Gold discovery in Colorado brought a traffic across the plains by wagon. Government supplies were furnished the military garrisons of Forts Laramie, Kearney, and other posts by wagon trains from Atchison, Mo. The supplies to miners were carried at enormous cost in the same way from the Missouri River border. I myself received from the Government between $3 and $4 per bushel for corn delivered at Fort Laramie, and this was less than the contract price with what were known as Government freighters. In 1862, as post trader at Fort Kearney, I inaugurated the movement of inducing the Government to purchase Army supplies at that post from a small settlement of farmers who had located on the Platte River at Grand Island, 40 miles east of Fort Kearney.

MINERAL DEVELOPMENT IN COLORADO.

This was the first opening of a local market by the Government to the settlements on the frontier of our State. Mineral developments in Colorado caused a slight increase of farmers along the line of the

wagon-way to the Rocky Mountains. This movement of commerce over the plains furnished an additional home market to the few people along the line, which was subsequently the road bed of the Union Pacific Railway. Lands were practically worthless, even at the pre-emption price of $1.25 per acre, all over this vast area of 70,000 square miles. Even in the vicinity of Omaha there was no market for lands, or for the products of the soil, except what was purely local.

INDIAN WARS AND THE RAILWAY.

Indian wars supervened, driving in the few settlers that were on the western lines of our settlements. It was not in the power of the army to protect them. The commerce of the plains was interrupted in 1863, 1864, and 1865. Men and women were butchered without mercy. There was no confidence. Then came the railway. I pass over the struggle through which it was built in fighting Indians, and all the controversies that arose out of the Credit Mobilier. Men laid tracks with guns in one hand and their materials in the other; night and day the work had to be guarded by themselves, troops being insufficient and inadequate. But the road was completed, and then began the real conquest of the continent.

THE LOCOMOTIVE SUBDUED THE SAVAGE.

The locomotive was, with all respect to the army, the weapon that subdued the savage and gave security to the settlements. You will know, without being told, of the vast influence that was immediately exerted in enabling the Government to supply the troops and concentrate them for the protection of the people.

RELATIVE VALUE OF LAND IN 1869 AND 1887.

In 1869 lands of the Union Pacific in Saunders County, 40 miles west of Omaha, sold for $4 per acre; they are worth in 1887 from $20 to $30 per acre. I speak of unimproved lands. Improved lands are worth, and will bring, from $50 to $100 per acre. Lands in Dodge County, next west of Douglas and Omaha, sold from $5 to $7.50 per acre; they are worth now even more than they are in Saunders County. Colfax County, next west of Dodge, the same, and Platte County, 90 miles west of Omaha, the same; the highest priced lands, selling for $7.50 per acre, were very near the line of the road. Lands in 1877 in Platte County, for example, are worth from $5 to $30 per acre, unimproved. Lands in Hall County, which is 150 miles west of Omaha, were worth from $3 to $5 in those years, and are now worth from $10 to $25 per acre. Lands of Hall, Buffalo, and Dawson Counties, when put in market in 1871, were worth $2.50 per acre, except those right on the road; since the development by the Pacific road they are worth from $5 to $20 per acre; alternate sections, you are aware, then belonging to the Government.

RELATIONS OF THE PEOPLE TO THE RAILROAD.

Referring to the relations of the people to this railroad I may say with confidence that from the outset it has been one of sharp and on the part of many people unreasonable antagonism. The Union Pacific Railway is the chief parent, next to the fertility of the soil, of the rapid development and progress of this section of the Union. It brought the

markets of the world to the doors of the farmers upon our remotest borders. In the early operations of the road rates, freight and passenger, were exorbitant. There was little traffic. Settlements had to be planted; population had to be encouraged. The discovery that the whole country was rich in every agricultural essential had to be proclaimed to the people of the old States. This was done by the feeble voice of a feeble press, but more largely by the Union Pacific Company land department, aided by a sister road, the Burlington. The country through which you will pass as you ride over the great railway to the westward; the populous towns and cities; churches and schools, in every enlightened condition of civilization, you cannot fail to observe. It is a very garden of agricultural wealth.

PROSPERITY OF THOSE DEPENDENT ON THE UNION PACIFIC.

Against all complaints and clamor, I protest and declare, as a demonstrated truth, that not in all the world are there communities who work with their hands for a living who are so rich in the comforts, and even luxuries of life, as are those who have depended upon the Union Pacific and other railways in our State for their prosperity. To the stock interest, now so large, the Union Pacific has proven a boon.

HIGH RATES ON SHORT HAULS.

Injustice on the part of the road in the form of high rates on short hauls has undoubtedly existed. Wrongs have been done by local agents by high charges, but, in the main and upon the whole, the road has been an unmixed blessing to our people. Its value to the whole country no man can overestimate. With the incoming of independent lines, competition, conquering combination, has resulted in great advantage to the people, and also to the railways by increasing their volume of business and lowering the rate. This has been done *without* statutory regulation. Commercial law has asserted its own supremacy. The Union Pacific has had to contend first with State assault and the menace of hostile legislation. This has been continuous since our State was admitted. The road has been in an attitude of defense, resisting proposed legislation which, if enacted, would have been more hurtful to the people than it would have been to the railway. Superadded to this comes the Government, with its vast interest and its loan, with demands upon the administration of the road, and with proper inquiry into the Government interests in the property, which, it is only just to say, has been subjected to the speculations of markets and of its owners. The wrongs of the company in dealing with this property you are now investigating, if any wrongs were committed.

FAILURE OF UNION PACIFIC TO OCCUPY TERRITORY.

I will speak of one great mistake which I have always thought was made by the company. It failed to occupy the territory which naturally belonged to it within our own State borders with branch lines as feeders to the main stem, and it seemed to spend its energies and money for the control of the adjacent Territories. The result was that the Chicago and Northwestern on the one side, and Burlington and Missouri on the other, non-aided roads, have taken possession of the richest part of our State. The Union Pacific has been held too much as a speculative property to the neglect of this particular feature of what

shall always hold to have been its proper development. One of the results is that the Government, by its action and non-action in Congress, has made the Union Pacific an easy victim of its rivals; it is in a large measure at their mercy. Public opinion, misled to suppose that great wrongs have been committed by the company against the interests of the country and people, aided by Congressional action and non-action, has thrown it into discredit. It cannot borrow money, for that reason, to repair the omissions of the past.

NEEDS OF THE UNION PACIFIC.

I understand that the present administration of President Adams seeks to extend branch lines to recover what they may of traffic that is being diverted to other lines. If your investigations shall show that the company has been falsely charged, as would seem to be the case from testimony developed before you up to the present time, I may be allowed to express the hope that something may be done to restore its credit. What the Union Pacific needs above all things, in my judgment, to-day, is the means of constructing branch lines to restore what has been lost as far as this may now be possible. The safety of the public loan depends upon building up the earnings of the main stem. If these branches can be built, and can be made an additional security for the loan, this is the plain way of accomplishing what seems to be the main object of this investigation.

DIVIDENDS TOO LARGE.

I have the honor to invite your further attention, as follows:

It is no injustice to the Union Pacific Company to say that they have drawn too much money out of the earnings of the railway into the pockets of its stockholders in dividends in the past that should have gone to the better equipment of the roadway, and to the means of repairing its rolling stock. From this cause the road is now suffering, as you will readily see by examining the shops, and the inadequate facilities in Omaha for handling the increasing volume of freight and passengers that is carried over it. Such facilities have at last been projected, but nothing has been done to establish them.

STRENGTHEN THE CREDIT OF THE UNION PACIFIC.

The discredit that has been throw upon the company has made it difficult for them to borrow money for these purposes at rates which they can afford to pay. My suggestion is that anything that this Commission can properly do to strengthen the credit of the company and to compel or secure these advantages will, in my judgment, be a potential agency for the good of the Government and the people.

INTERESTS OF THE PEOPLE FOSTERED.

I cannot close this communication, long as it is, without saying of the Union Pacific that, under my own observation for the past twenty years, it has diligently fostered the interests and enterprises of the people in this city and State, and the great interests of stock-raising on the plains, with a liberal encouragement. The stock yards in Omaha and Council Bluffs, the vast herds on the plains, the silver works with their hundreds of well paid men in Omaha, bear their own testimony to this fact.

Omaha is, to-day, the third stock market in the world, and will be the first within a year largely by its aid.

INTEGRITY OF LOCAL MANAGEMENT.

Among all the charges made against the corporation, none within my knowledge have been made which reflect upon the integrity of the men who control the local management of the great railway; that is to say, so far as I know, they have been absolutely free from any taint of corrupt connection with the business interests of the Union Pacific. They have repelled assault of threatened hostile legislation with energy and success, as it was their duty to do, in my opinion. This has led to scandalous charges, and to angry contentions in which the demagogue of the period has played his full part.

I have the honor to be, very respectfully, your obedient servant,

GEORGE L. MILLER.

The Commission then adjourned to meet at Sioux City, Iowa, Wednesday, June 29, 1887, at 9 a. m.

(The evidence taken at Sioux City will be found in a later volume, in connection with other testimony concerning the Sioux City and Pacific Road.)

OMAHA, NEBR., *Thursday, June* 30, 1887.

The Commission met pursuant to adjournment.

Present, Commissioner Pattison (chairman) and Commissioner Littler.

EATING-HOUSES AND HOTELS.

In compliance with a call of the Commission, Mr. Mink submits the following:

Memorandum in relation to eating-houses and hotels from December 1, 1884, *to April* 30, 1887.

Improvements on eating-houses and hotels not charged to construction		$94,428 26
Deduct Union Pacific Railway proportion of net profit of operating hotels:		
For the year 1885 (includes December, 1884)	$14,311.42	
For the year 1886	31,464.30	
For the year 1887, January 1 to April 30	4,777.90	
		50,553 62
Leaving a balance to debit of the account of eating-houses and hotels of		43,874 64

THOMAS L. KIMBALL, being further examined, testified as follows:

SPECIAL PASSENGER RATES FROM 1880 TO 1887.

The WITNESS. I have several statements to submit this morning, in compliance with calls made by the Commission.

The first is the basis of passenger special rates from 1880 to 1887, the previous basis in figures having been already submitted; that is to say, the figures for the period while I was general passenger and ticket agent have gone into my testimony, and this statement supplements that through the period that I was assistant general manager and general traffic manager.

By Commissioner LITTLER:

Question. I understand that the schedule of rates now produced covers the period not covered by your former presentations?—Answer. Yes.

By the CHAIRMAN:

Q. I call your attention to the fact that all of the rates produced are rates of fare in effect subquent to or about the time of the passage of the Interstate Commerce bill. Is that true?—A. No; you called for the special rates.

Q. What are those [showing some pamphlet books to the witness]?—A. Those are the rates now in effect. I have brought the information all down to the present time.

Q. And we have all rates prior to the passage of the Interstate Commerce law?—A. Yes. In the previous statement that I have filed you have the basis on which the regular and special rates on the main line and all branches were made down to the period that is now covered by this. If there is any omission we will fill it up.

SPECIAL RATES TO EXCURSION PARTIES.

Q. What special rates had you at any time during your administration as an officer of the company, other than the published rates you have given?—A. We had none, except such as would be made for excursion parties that would be special and exceptional from the tariff. I think during a good deal of that period we had arrangements that were put in effect for a short time to cover a particular occasion—a State fair or convention or something of that sort. That would be by a joint agreement with other roads in Kansas and Nebraska.

FREIGHT TARIFFS.

Q. What other statements have you?—A. There was a call for a complete line of tariffs on freight, running from the commencement down to the present date, as I understood it.

The CHAIRMAN. Yes.

The WITNESS. So far as I have been able to do so I have got all the old tariffs.

Q. Open and special?—A. Open and special, everything we had quoted and published.

COMPARATIVE RATES FROM OMAHA WEST.

I have also got a statement showing the comparative rates from Omaha to points west from 1869 to 1887, giving distances and the tariffs in effect at all periods from June 7, 1869, to April 1, 1887, and other data which the Commission will probably find it interesting to examine; that is, a memorandum of the comparative rates from 1880 down, between the main line and the branch lines.

Q. Have you included the rates that have not been published?—A. Those rates that have not been published are the rates that you will

get in the rebate statement, as soon as I can get that prepared. That statement, as far as I am able to fix the figures, will show the regular open rate at any given date and the net rate, based on the rebate. That will yet come. It is no part of the statement called for in this call. I would like those old rate sheets returned when you get through with them.

THE COAL AND STONE BUSINESS.

There was a call that has not been answered, as I remember, in relation to our coal business and our stone business. The memorandum does not show any specific interrogatory, but I was asked to be prepared to answer some questions on the subject of our coal business and stone business.

Q. What have you prepared?—A. I have prepared merely a memorandum showing operations of the coal department and the stone department for 1886, with a memorandum showing the date or about the date when the department, now called the coal department of the Union Pacific Railway Company, took charge of the coal business on the Union Pacific line. Prior to that the Wyoming Coal and Mining Company had control of the Union Pacific coal business. That was from July, 1868, to March or April, 1874.

THE WYOMING COAL COMPANY.

Q. Who composed the Wyoming Coal Company?—A. A man by the name of Wardell and his associates.

Q. Who were his associates?—A. I have heard their names mentioned, but I cannot testify to the fact.

Q. Was it not a fact that nine-tenths of that organization was really composed of people connected with the Union Pacific Railway?

Mr. POPPLETON. It was finally held to belong altogether to the Union Pacific. The record in the Supreme Court in the case of Wardell *vs.* the Wyoming Coal Company will give you the bottom facts about it.

The CHAIRMAN. I am familiar with it. I only wanted Mr. Kimball, in connection with his statement of the organization, to state who was in the Wyoming Coal Company that, in 1874, was superseded by the Union Pacific Railway Company.

The WITNESS. Those facts are all I can swear to, because I have no personal knowledge of the composition of the Wyoming Coal Company. I know that Mr. Wardell was in charge of it when I came to the Union Pacific road.

Q. Have you that to produce in the shape of a memorandum?—A. No; what I have prepared as to the stone and coal department will be submitted to-morrow.

INSTRUCTIONS AS TO FREIGHT AND PASSENGER RATES.

Q. What others have you?—A. Written and printed instructions as to freight and passenger rates. I explained, at the time that call was made, that they would be found distributed through my office letter-books; and, as I remember, those letter-books were called for. We had the books examined and marked at all points, commencing at the time that I quoted rates directly from my office, together with direct instructions. I have had them paged, so that if the books are brought in here you can readily refer to them.

Q. Where are the books?—A. They are in my office.

The CHAIRMAN. We would like to have them produced before the Commission.

PASSES: TO WHOM ALLOWED.

Q. What other information have you ready that was called for?—A. There was a call for instructions in relation to the granting of passes. Instructions for the issuing of passes were general, and passes have been issued as follows:

To actual employés of the company and dependent members of their families.

The officers and employés of other roads, and their families.

To proprietors of Eating Houses.

To news agents.

To persons accompanying live stock.

To members of the Press; account of advertising.

To various State officers; account of complimentaries, and to meet the custom of other roads.

To sheriffs, in lieu of regular fees for services rendered.

To the principal representatives of religious denominations, bishops, and presiding elders.

To Sisters of Charity.

To canvassers and lecturers of the temperance cause.

To representatives in State legislatures, as matter of policy made necessary by similar action of competitors, and frequently, upon the request of members, for their friends.

PASSES TO LIVE STOCK COMPANIES AND FIRMS.

There were other passes, that occur to me now, during that period given, in many cases, to live-stock companies and live-stock firms, where they were raising live-stock, and where their shipments amounted to, say, 50 car-loads a year. One man, for such a firm would be allowed, on account of 50 car-loads, a time or annual pass over the road, taking in such of the territory as his business would require him to travel over on our line between the shipping point and Omaha, or Kansas City, or whatever point he was accustomed to ship to.

ALSO TO ELEVATOR MEN, MERCHANTS, AND MILLERS.

In some cases we have given elevator men, who had elevators at different points, passes to travel to and from those points. In a few instances, to merchants who had several stores, or millers who had different mills, and miners or smelters who had interests at different points, which would occasion frequent trips, we have given season passes or trip passes. But those arrangements were largely the result of joint agreements between our company and other competing roads throughout our territory.

Q. What do you mean by the term "custom of other roads?"

The WITNESS. In respect to granting passes?

The CHAIRMAN. Yes.

A. If the other roads in any State or Territory were accustomed to grant passes to members of the legislature, we would do the same.

AGREEMENT TO RESTRICT PASSES.

In connection with this subject the following circular was submitted by the witness:

Agreement to restrict the issue of free or reduced transportation, adopted October 29, 1884.

At a meeting of general managers, held at the Lakeside Building, in Chicago, October 29, 1884, it was agreed by and between the

Atchison, Topeka and Santa Fé Railroad Company,
Chicago and Alton Railroad Company,
Chicago, Burlington and Quincy Railroad Company,
Chicago, Milwaukee and Saint PaulRailway Company,
Chicago and Northwestern Railway Company,
Chicago, Rock Island and Pacific Railway Company,
Chicago, Saint Paul, Minneapolis and Omaha Railway Company,
Burlington and Missouri River Railroad in Nebraska,
Fremont, Elkhorn and Missouri Valley Railroad Company,
Hannibal and Saint Joseph Railroad Company,
Kansas City, Fort Scott and Gulf Railroad Company,
Kansas City, Saint Joseph and Council Bluffs Railroad Company,
Minneapolis and Saint Louis Railway Company,
Missouri Pacific Railway Company,
Southern Kansas Railway Company,
Sioux City and Pacific Railway Company,
Union Pacific Railway Company,
Wabash, Saint Louis and Pacific Railway Company,
Wisconsin Central Railroad Company—

I. That the issue of free passes by the parties hereto, to merchants, to be forwarded by them to their country customers, shall be entirely discontinued; and no passes shall hereafter be issued in that way.

II. That the parties hereto shall entirely discontinue the practice of allowing their general agents to furnish free passes to merchants, not only at Missouri River points, but at all points.

III. That the object of this agreement is to entirely discontinue the issue of free or reduced transportation for the purpose of controlling or influencing the movement of freight traffic, it being understood that each road through its president, vice-president, or general manager, may exercise its own judgment with reference to furnishing free or reduced transportation to promote local interests on its own line.

[NOTE.—So far as the lines west of the Missouri River are concerned, it was agreed to entirely discontinue the issue of free or reduced transportation for the purpose of influencing the movement of freight or passenger traffic.]

IV. That the issue of non-transferable 1,000-mile tickets at not less than 2 cents per mile may be continued until otherwise agreed, except in the State of Kansas, where no 1,000-mile tickets shall be issued or accepted at less than 3 cents per mile, excepting on the line of the Missouri Pacific Railway, between Kansas City and the Nebraska State line, it being understood that such tickets shall not be sold by any road party hereto, excepting on the written recommendation of the general freight agent, or his duly authorized representative of the road in question.

V. That the rules and regulations now in effect upon the several roads, parties hereto, governing the passage of persons in charge of live stock, east-bound, shall remain in force until they are changed by mutual consent, and that such persons be returned free in the following manner: Live stock contracts shall be surrendered, in place of which a special form of return drover's ticket shall be issued. The form of said ticket shall be that now in use by the Chicago, Burlington and Quincy and Chicago and Northwestern Railway Companies, with the addition that such ticket be so limited as to require the person to whom it is issued to commence its use for a continuous passage within twenty-four hours after the date of its issue.

VI. That parties in charge of rolling-stock be passed in both directions; provided, that one man only shall be passed with each locomotive.

VII. That authority to issue passes for commercial purposes be withdrawn from division officers of all grades, and that all transportation covered by this agreement be issued by the general manager, or the head of the freight department of the respective parties hereto; provided, also, that said division officers, general agents, or other like officers, shall be prohibited from procuring passes over any railroad for the use of persons engaged in commercial business.

[NOTE.—So far as the lines west of the Missouri River are concerned, the words "or passenger" were inserted after the word "freight" in the third line.]

VIII. That this agreement shall be binding upon the parties hereto in all territory where two or more of them have a common interest; provided, however, that in territory where other roads than those parties hereto are located or interested, and such roads are not, or decline to be, governed by the terms of this agreement, then the parties hereto, thus affected, shall be at liberty jointly, or by agreement among themselves, to act in such cases as, in their judgment, the circumstances may require, it being understood that wherever two or more lines cannot agree in the territory where they are interested this agreement shall not be held against any road in cases where it would operate to the prejudice of such road.

IX. That the following rules be adopted relative to the passage of men in charge of live stock, west bound, emigrants' movables, &c.:

LIVE STOCK.

Pass one man in charge of one or two cars; two men in charge of three, four, or five cars; three men in charge of six cars or more. Three men to be the maximum number to be passed in charge of any shipment. No return pass. Provided that, in the case of train loads of cattle shipped to the west for feeding purposes, the lines parties to this agreement shall be at liberty to issue a return pass the same as in the case of east-bound shipments.

EMIGRANTS' MOVABLES—EAST OR WEST BOUND.

No pass to be given unless the car contains horses, mules, cattle, hogs, or sheep, in which event pass one man in charge of one or more cars. No return pass.

POTATOES, APPLES, ONIONS, ETC.—EAST OR WEST BOUND.

Pass one man in charge of one or more cars of potatoes, apples, onions, and like freight, when necessary to have fire in the cars to protect contents from frost. No return pass.

X. That this agreement shall take effect January 1, 1885, subject to thirty days' written notice to the chairman of a desire on the part of either party to be relieved from the obligations of said agreement. Provided further, that any party or parties violating the said agreement shall be subject to the following penalties: $50 for the first offense; $100 for the second, and $500 for the third and each subsequent offense, the money to be paid to the party or parties proving the charge, it being understood and agreed that the arbitrator shall act as a court to decide each cause.

The following resolutions were unanimously adopted:

(1) That annual, time, or trip passes forbidden by the terms of this agreement, issued by any of the roads here represented for the year 1884, excepting exchange passes with other railway companies, shall not be continued after December 31, 1884.

(2) That Mr. George M. Bogue be appointed arbitrator, and that he shall have charge of all matters growing out of this agreement.

(3) That the arbitrator be instructed to have this agreement printed and distributed among the various lines parties thereto.

(4) That the arbitrator be instructed to communicate with the proper representatives of the St. L. & S. F. R'y; B. C. R. & N. R'y; Cent. R'y of Iowa; Wis. Ia. & Neb. R'y; D. M. & Ft. D. R. R.; D. & R. G. R'y; M. L. S. & W. R'y; Mil. & Nor. R. R.; Ill's Cen'l R. R.; Oregon Short Line; D. M. O. & S. R. R.; St. J. & W. R. R.; I. & P. R'y; St. L. F. S. & W. R. R.; St. P. M. & M. R'y; St. P. & D. R. R.; G. B. W. & St. P. R. R., and Ore. R'y & Nav. Co., and endeavor to induce them to become parties to this agreement.

Question was asked as to whether this agreement would be binding upon the parties thereto, provided other roads should decline to join in the agreement.

The sense of the meeting was, that all lines parties to the agreement were obligated to carry out its provisions regardless of whether other parties assented thereto or not.

J. W. MIDGLEY,
Chairman.
GEO. M. BOGUE,
Arbitrator.

ORDER CONCERNING PASSES.

The witness also submitted the following:

[General Order No. 43.]

UNION PACIFIC RAILWAY COMPANY,
OFFICE OF GENERAL SUPERINTENDENT,
Omaha, Nebr., December 23, 1886.

The following order, issued by the general manager, is published for the information and guidance of all concerned:

"The following regulations regarding the issuance of free passes will hereafter be observed:

"Complimentary passes will be issued only from president's office, and from the office of general manager. Those from the president's office will be signed by the president or by the vice-president, Mr. Elisha Atkins.

"Passes in connection with the commercial department will be issued only from the office of the general traffic manager, and will be so countersigned.

"All other departmental officers will be restricted in the issue of passes, to those required by employés traveling upon the business of the Company.

"Telegraphic passes must not be granted or honored except in cases of emergency, when they will be issued by the general manager, reading in one direction only, and countersigned by agents at receiving stations.

"Heads of department will make a return to the auditor of all passes issued, in accordance with previous orders to that effect.

"Passes must in all cases bear the name or names of parties to whom issued, or when it is necessary to make a pass for more than one person, all other persons must be explicitly designated, either by name or relationship, to the person named in the pass."

Conductors will not accept verbal instructions as authority to pass any one, but will collect fare from all persons traveling without a ticket or other proper transportation, and are allowed no discretion in the matter. All persons entitled to travel free will be furnished passes, and fares wrongfully collected will be refunded on application to the proper officers. The fact of being employed by the Union Pacific Railway Company or any other company gives no right to travel free on train. Conductors are instructed to carefully examine all passes, and not assume that persons have passes unless shown. They must know that the passes are of regular issue; that the conditions and limitations are complied with, and, particularly, that conditions on back of pass are acknowledged by signature of holder. When not so acknowledged, holder will be required to sign at first station reached.

Passes will not be changed by indorsements making them transferable, or to include persons not named therein.

Passes must give name or names of parties to whom issued, except when issued for two or more laborers sent over the road, when the number of men will be stated.

Supervisors, roadmasters, and others holding quarterly time-passes (Form D) good for themselves and men, will issue identification slips (Form 2650) to cover transportation of the men, which will be taken up and returned in the manner prescribed for trip passes.

S. T. SMITH,
General Superintendent.

INSTRUCTIONS AS TO TAKING UP PASSES.

The witness also submitted the following:

UNION PACIFIC RAILWAY COMPANY,
OFFICE OF THE GENERAL SUPERINTENDENT,
Omaha, April 4, 1887.

No. 225.

FOR BULLETIN BOARD.

To Conductors:

Conductors are hereby instructed to take up and return under cover to the general manager's office, at Omaha, all outstanding passes which may be presented to them for passage on and after April 5, with the following exceptions, viz:

(1) Passes issued to employés of this company.
(2) Passes issued to families of employés (when designated as such.)
(3) Passes issued to officers and employés of other railroads.
(4) Passes issued to employés of Pacific Hotel Company,

(5) Passes issued to managers of other Union Pacific eating-houses.
(6) Passes issued to employés of Barkalow Bros'. news agency.
(7) Passes issued to employés of Pullman Palace Car Company.
(8) Passes issued to employés of Pacific Express Company.
(9) Passes issued to contractors and their men employed upon work of the Union Pacific Railway Company.
(10) Passes issued to check agents in the employ of transfer and omnibus companies.
(11) Passes issued to employés of Western Union Telegraph Company.
(12) Passes issued to members of the State railway commissions of Kansas, Colorado, and Nebraska, within their respective States.

S. T. SMITH,
General Superintendent.

I think I am prepared to take up this morning the list of rebate vouchers, as to which you called for an explanation.

CALL FOR COST OF GOVERNMENT TRANSPORTATION.

Q. When will you have ready the other information called for?—A. On the average cost per annum of Government transportation from 1850 to the completion of the road, and the average cost since, I should have to ask the Commission to allow me to submit such data as I may be able to work up after your adjournment from here. I cannot do it immediately. Will that be satisfactory?

By Commissioner LITTLER:

Q. Within what time will you do it?—A. I will be able to do it in a week or so.

Q. Will you send it to us?—A. Yes.

Commissioner LITTLER. Very well.

The WITNESS. I shall not be able to give you any of that information immediately.

The CHAIRMAN. We can have a statement made by the Government as to what they paid prior to that time, but the company, I suppose, would want to submit it, in compliance with the call in the act of Congress, what their estimate would be.

Mr. POPPLETON. The company has no means of arriving at that, so far as it applies to the period before the completion of the road. The Government has. If we wanted to do it we would have to go to the Government for that information.

Commissioner LITTLER. I supposed you gentlemen, as old citizens here, would have some personal knowledge, outside of your records, as to the cost of transportation over the Union Pacific road.

Mr. POPPLETON. We wanted to show that by Mr. Crawford the other morning, and the chairman said that that subject had all been gone over.

Commissioner LITTLER. I do not think there are any figures before us on that subject. I do not know myself what it costs to transport freight from the Missouri River westward.

Mr. POPPLETON. The Government figures will show all that. The Government had the lowest bids.

The CHAIRMAN. The Government statistics will show that, as I understand it; but the call for that item of information was inserted in the bill, as I understand it, by the friends of the railroads, so that a comparative statement may be had. If the companies are willing to accept the Government figures, that will be satisfactory to the Commission.

CALL FOR CAR MILEAGE ACCOUNT.

Q. What other statements that have been called for will you be able to produce while we are here?—A. I was called on for the car-mileage account for the past five years. Those records can be produced if the Commission wants them.

Q. When will they be produced?—A. They can be produced now.

Q. Where are they?—A. They are in Mr. Buckingham's office.

Q. Under what "call" are you producing the car-mileage account?—A. I find it under a head given to me: "Car-mileage account for the past five years."

STANDARD OIL ACCOUNT.

Q. Have you the Standard Oil account ready?—A. I have here a memorandum of the car mileage paid the Standard Oil Company and the Continental Oil Company from 1882 to 1886, inclusive:

1882	$1,01[illegible]
1883	2,9[illegible]
1884	3,9[illegible]
1885	2,3[illegible]
1886	2,0[illegible]

Q. What other companies are paid sums of money on car-mileage account? Is that in your rebate explanation?—A. Yes, that will be explained in that statement.

Q. What other statements have you ready in compliance with calls?—A. Perhaps I had better answer your question as to the payment of car mileage to other companies.

The CHAIRMAN. I do not want that to go in here, if you have it in the rebate statements.

The WITNESS. It will not be directly in that. The companies named in that memorandum were the only ones.

Q. What other statements have you ready in compliance with calls?—A. That is all that I am prepared to submit this morning.

Q. When will you have the others ready?—A. I shall have several of them, probably, this afternoon.

REBATES.

Q. What information have you to give to the Commission in respect to the rebates allowed to the several companies named upon the memorandum given to you?—A. That is very largely answered in the general statements that I have made on the list of rebates submitted. I would like, later, to make some explanations that I have not fully prepared this morning, because I have not got all the data.

The CHAIRMAN. The Commission will hear you on the statement you have before you with reference to rebates.

REBATE TO THE ANACONDA MINING AND SMELTING WORKS.

The WITNESS. On page 1 of the Union Pacific book, entitled "Refund of freight earnings," there is an item reading: "The Anaconda Mining and Smelting Works, Butte and Anaconda, Montana, J. B. Haggin, San Francisco, owner."

This voucher was canceled and another voucher for $723.07 substituted, being the switching charges on 1,927,900 pounds of ore from the Anaconda Mine, near Butte, to Butte Station, Montana. This ore was

consigned to Swansea, England. It was the intention of the Union Pacific Company to make no switching charge on this shipment, in order to allow the rate to apply direct from the mine to the Missouri River. The rate charged from Butte or the mine to the Missouri River at the time the shipment was made was $16 per ton.

TRANSCONTINENTAL POOL.

Q. What is the next item of information you have?—A. On page 1 of the same book: "The transcontinental pool, $6,123.35."

This amount was paid to the Atchison, Topeka and Santa Fé Railroad Company on account of transcontinental pool, it being the Union Pacific Company's earnings in excess of the share of the Union Pacific Company in the pool.

Do you want any further information as to the way such balances occur?

The CHAIRMAN. I thought I would ask you that when we come to consider pool accounts later.

REBATE TO OMAHA & GRANT SMELTING AND REFINING COMPANY.

The WITNESS. The next rebate item is on page 1: "Omaha and Grant Smelting and Refining Company, Omaha, Nebr., $3,228.95." This amount consisted of a rebate of $3 per ton on 2,152,639 pounds of bullion from or passing through Denver to Omaha, the nominal rate being $10 per ton, the special or net rate $7 per ton. All lines engaged in carrying traffic between Pueblo or Denver, on the one hand, and the Missouri River on the other hand, gave the same special rate to all refiners of bullion for the purpose of bringing about an equitable division of this traffic; and as this special rate was given to several refiners, all in active competition with one another, it necessarily followed that the producers of the ore received the benefit of the rate.

OTHER REFINERS.

Q. What refiners, other than the Omaha and Grant Smelting and Refining Company, had that rate?—A. The Argentine Works at Kansas City, the Chicago Refinery, the Aurora Refinery, and the Pittsburgh. They were all paid the same, either by our company or other companies.

Q. Were there any companies east of Denver that failed to receive a similar rate?—A. No; none that I am aware of. I think they were all paid $3 rebate. I know of no exception to that rule.

EFFECT OF REBATE.

By Commissioner LITTLER:

Q. The operation of that rebate amounted to an abrogation of the regular tariff on that class of goods?—A. Yes. If it had been published as a special, open rate, it would not have appeared in the rebate accounts at all.

By the CHAIRMAN:

Q. There were no published instructions of any such rate, however?—A. No; it was an understanding between the members of the associa-

tion and the producers of bullion, or the purchasers of bullion. But it was given to all the refiners and all the smelters in Pueblo and in Denver, as I understand it, by all the lines, to all the producers of lead bullion.

SENATOR HILL'S COMPANY.

Q. Was the same rate allowed to Senator Hill's company?—A. Senator Hill did not ship lead bullion at all. He shipped copper matte-copper residue.

Q. What was it that he complained of, that you spoke about in your former testimony?—A. One of the things he complained of was that we charged less on the transportation of silver bullion—that is, lead bullion containing silver and gold—than we charged for copper. The matter was taken up and discussed several times between the lines in the Colorado association, and finally an $8 open rate was given. That is the open published rate now.

REBATE ON CATTLE SHIPPED FROM CHICAGO.

Q. What is the next item you have?—A. Page 2: "J. A. Jennings, Salt Lake City. $24. Cattle."

This is an amount of rebate on four cars of cattle shipped from Chicago to Montpelier, Idaho, and was given to equalize the west-bound and east-bound rates. The east bound published tariff at that time being $190 per car, the west bound $196, $6 per car on four cars ($24) was refunded to him by rebate voucher, so that it went into the rebate account.

Q. Was it, as I understand you, on his application?—A. I presume so. It was the policy of the company, as a rule, to equalize those rates in the stock-growing sections.

ALL SHIPPERS TREATED ALIKE.

Q. Had all of the stock raisers or grazers an equal benefit with Mr. Jennings?—A. This applies to the shipment of blooded bulls put on the ranges out there. All shippers, for the last five years, were treated substantially on the same basis.

Q. Were all shippers of this class of stock actually treated in the same way?—A. Yes.

Q. Did you put out an effort on the part of the company to discover such shippers?—A. Well, it was a general plan, in the adjusting of our west-bound rates, to make them substantially the same as the east-bound on blooded stock, either bulls, cows, or heifers, that were put on those ranges.

APPLICATION MADE FOR REBATE.

Q. How would such shippers know of such a policy of the company unless it was published?—A. It was generally understood among the shippers—the cattle men. It is only an exceptional case that that fact was not in the publications of the company; in the tariffs.

Q. If the company failed to publish it, how was a shipper of the class of stock you have named to ascertain that he was entitled to such a drawback or rebate?—A. Well, nine-tenths of them would apply for it, anyway, on general principles.

Q. To whom would the application be made?—A. It would be made to an assistant freight agent or the general freight agent, or, possibly,

to myself or my assistant. It might be made directly, first, to the station agent, and through him come to the freight department.

FAILURE TO MAKE SUCH APPLICATION.

Q. If the shipper failed to make such an application how would he get the benefit of the rate?—A. If it was by an error we would notify him of it, and make a voucher and refund him the difference between the rate and what he actually paid. Such errors are constantly occurring. Tariffs are issued and reissued. New rules for the application of rates are very often, in error, left out, and old rules left in, by error.

HOW REMEDIED.

Q. In such a shipment, without an application, who will be considered as making the error? If the railway companies waited for an application and there were no instructions to agents, how could such a transaction be regarded as an error?—A. If our general rules, our published rules in respect to most of the Territories were to make our west-bound and east-bound rates the same on blooded stock going west to these cattle men, and it should happen that at one point of delivery, or on one branch of the line, in issuing the tariff for that branch this rule was left out, or the notice to apply east-bound rates on west-bound shipments had failed in its application with that line or branch, it would be an error on the part of the company. When the shipment would be made and called to the attention of the company (as it would be liable to) it would be corrected. It would be corrected in that instance by rebate, and followed immediately by notice, or a reissue of the tariff.

Q. Who would call the attention of the company to the matter?—A. The man that made the shipment, if he knew that he had paid too much.

Q. Suppose he failed to have the knowledge?—A. If he failed, and the company did not notice it, he would be "out."

Q. The company, under such circumstances, generally took as much as it could get?—A. Yes. When the error was on the other side, and we got less than we were entitled to, we never knew of a shipper that came back to refund anything *he* got.

REBATE TO OMAHA & GRANT SMELTING AND REFINING COMPANY.

Q. What is the next item?—A. Omaha and Grant Smelting and Refining Company, Omaha; page 2, $1,189. This amount is made up of three different vouchers, the first being a rebate of $931, as follows: Forty cents per ton on 4,696,620 pounds of ore from Leadville to Denver, for the purpose of aiding in securing for the Union Pacific the carriage from Denver to the Missouri River of the entire bullion product of all ores smelted by the Omaha and Grant Smelting and Refining Company at Denver. Also, in consideration of the fact that the smelters competing with the Omaha and Grant at Pueblo were getting their coke at $1 a ton less than the Omaha and Grant could get theirs. There were competing smelters at Pueblo that got their coke at $1 less than the Omaha and Grant people could get coke delivered at Denver. Of course, that cheapened the prices of smelting, so that the Pueblo purchaser of ore could bid higher for it than the Grant people at Denver could do. That was one of the considerations that entered into the allowing of a 40-cent rebate on the ore from Leadville to Denver.

ADVANTAGE OF REBATES TO UNION PACIFIC.

Q. Would not the stockholders of the Union Pacific Railway Company, under such circumstances, be paying for the disadvantages of location of the Omaha and Grant Smelting and Refining Company as to the shipments of coke?—A. If the Omaha and Grant people could not, by this allowance of 40 cents a ton, purchase the ore in Leadville at all, every pound of it would be shipped to Pueblo, and the Union Pacific stockholders would not get any of those earnings. The product shipped out would go over the Santa Fé or the Burlington, and the stockholders of the Union Pacific would not get any of those earnings.

Q. Will you please give the rate in that case?—A. The rate was $5, open rate; rebate, 40 cents; so that it would be $4.60 net.

REBATES ON ORE AND BULLION.

The second item under the same head, $3.78 on one car of ore from Barratt's station to Omaha, was to correct an error in billing.

Third, A rebate of $254.30; being 50 cents per ton on 1,017,219 pounds of bullion from Melrose, Mont., to Omaha; given in order to duplicate the rate from Montana points by way of Saint Paul to Chicago.

PACIFIC MAIL SUBSIDY.

Q. What is the next item?—A. Page 2. "Pacific Mail Steamship Company, New York, $16,822.07."

This amount was paid as the Union Pacific Company's proportion in the transcontinental pool with the Pacific Mail Steamship Company—paid as the Union Pacific Company's share of the carrying capacity of the Pacific Mail steamers, and also as one of the conditions of the pooling arrangement with the Pacific Mail under which that company agrees to maintain passenger and freight rates between New York and San Francisco.

Q. What other companies or individuals contributed to the other shares?—A. All of the lines west of the Missouri River that were in the transcontinental pool. You have all that in the pool memorandum that I gave you.

HOW IT IS DIVIDED.

Q. Will you explain how the charge with reference to the Pacific Mail subsidy is divided?—A. In the refund book for the year 1883, in which the entry is made, the same appears: "Divided between Division A and Division O."

Mr. MINK. It was divided between the main line of the Union Pacific, the Kansas Pacific, and the Denver Pacific divisions.

Q. What part or what share of the subsidy have the branch lines contributed?—A. That I cannot answer. I do not know. It would be a matter that the accounting department would have to deal with entirely, and not I.

BRANCH LINES NOT INTERESTED.

Q. If the divisions are correct, as noted here, the branch lines made no contribution to the sum of $16,000 that you have read off?—A. Well, the traffic this arrangement with the Pacific Mail covers is traffic that would come over our main line system, and the branch lines would not cut much of a figure in that business anyway.

Q. In that distribution made here in the book referred to by divisions, there could not have been any contribution to this Pacific Mail pool on the part of branch lines.—A. Well, I do not know. That would be wholly a matter in the hands of the accounting department.

The CHAIRMAN. How is that, Mr. Mink?

Mr. MINK. I know of no reason why any of the branch lines should have borne any part of the subsidy. They derived no benefit from it. On the other hand, the advantages were derived by the main line and the Kansas Pacific line on the south. After the Oregon Short Line was completed, my impression is that it also bore a share of the charge.

Q. If the branch lines received an advantage from the pool, were they required to contribute to the pool?—A. Yes.

Mr. ERASTUS YOUNG. Yes; where the branch line participated in the business, their share in the pool was charged to them.

REBATE TO MURPHY, GRANT & CO.

Q. What is the next item?—A. Murphy, Grant & Co., $1,568.62; proportion of rebate, paid through the Central Pacific Railroad.

Q. What is the explanation of that?—A. This was was paid by an agreement between all the transcontinental lines (the lines that cross the continent) to secure the entire freight shipments of the firm of Murphy, Grant & Co., as against the Isthmus and the Cape Horn routes. Their custom had been to ship their high class goods or the goods they wanted quickly by rail, and to put the great bulk of their tonnage on the ocean, or send it by the Pacific Mail Steamship and Panama Railway line. We agreed to give them a special rate, by rebate, if they would give us their entire business; take it off the ocean and give it all to us. The result of the bargain was that it brought the entire traffic to the railroads, instead of its bulk going by the ocean.

RATE OF REBATE ALLOWED THEM.

Q. What was the rate?—A. I cannot give you the rate just at the time this account was settled.

Q. What was the average rate?—A. I could not give you that.

Q. What is an estimate of the rate?—A. It might be all based on a certain percentage.

Q. How great would be the percentage?—A. I do not want to state about what the rate was, when it is possible for me to ascertain *exactly* what it was.

Q. Will you please produce from any memorandum that you may have on record the rate allowed to this company?—A. Yes.

Q. Who composed the company you have named?—A. I know only from the names. I am not personally acquainted with them.

WHO COMPOSE THE FIRM.

Q. Who are they?—A. The gentlemen live in San Francisco—Murphy and Grant. Who the "Company" is I do not know. If you want to know whether this Grant has any connection with the Omaha and Grant Smelting Works, I can tell you it is not the same man.

Q. It is another Grant?—A. It is another Grant.

Q. Who is Mr. Murphy?—A. The original member of the firm is dead.

Q. Was he in any way connected with the "Mary Murphy" mine?—A. No.

REBATES TO OTHER SHIPPERS.

Q. Did other shippers along the line of the road have the same rebate?—A. There were a few houses in San Francisco that had this rebate, and the list increased from year to year; after the system of special rates or rebates was inaugurated it was expanded so that it took in nearly all California. My recollection is that it went up to nearly two thousand houses. But it began with Murphy, Grant & Co. and Levi Strauss & Co.

REBATE TO A. HANAUER.

Q. What is the next item?—A. Page 2. "A. Hanauer, Salt Lake City, $931.68 on ore"—the shipment being 621,000 pounds of ore from Park City to Salt Lake City; billed at the nominal rate of $6.50, afterwards reduced to $3.50 per ton, in order to secure the bullion product to be shipped east over the Union Pacific road.

Q. From what place to what place was the shipment made?—A. From Park City, a local station on the Union Pacific road, to Salt Lake City—to the local smelter there.

REBATE TO STANDARD OIL COMPANY.

Q. What is the next item?—A. Page 2. "Standard Oil Company, San Francisco. $96.11."

This refers to a car-load of oil shipped from Kansas City to Weiser, Idaho, 23,600 pounds; $640.75. A rebate of 15 per cent. was given on this shipment as part of an understanding by which we secured the competitive business controlled by that company.

Q. What was the rate?—A. The rebate was 15 per cent. off the rate. The total rate on that shipment was $640.75.

Q. Was that 15 per cent. off the open published rate?—A. Yes.

THE CONTINENTAL OIL COMPANY.

Q. What other oil companies, in competition with the Standard Oil Company, had such a rebate?—A. The Continental Oil Company.

Q. That was the Standard Oil Company, was it not?—A. That depends on the date. There is nothing to show the date of this shipment, but the Continental Oil Company was a competitor of the Standard Oil Company until December, 1885, I think, when the Continental Oil Company was absorbed by the Standard. I have the date somewhere.

The CHAIRMAN. That is near enough. What other company?

The WITNESS. No other that I think of.

STANDARD OIL COMPANY FURNISHED 50 PER CENT. OF PACIFIC COAST BUSINESS.

Q. Did the Standard Oil Company send all its shipments over the Union Pacific?—A. No. It sent all in certain districts; but the Standard Oil Company gave the Union Pacific 50 per cent. of its entire Pacific coast business.

Q. Was that under the agreement you have spoken of?—A. That was a part of the understanding had with them when we agreed to give them the rebate. We had 50 per cent. of Montana business; and I think at that time all of Utah and half of the State of Colorado.

Q. What roads received the other 50 per cent.?—A. It was distributed between the competing lines on Colorado business; the Santa Fé, and the Burlington, and the Northern Pacific took the other 50 per cent. of the Montana business.

POOL ON UTAH BUSINESS.

Q. During that period was there a pool in existence between those companies in Utah and in the sections covered by the agreement you have named?—A. I have not the dates on this particular shipment; but there has been a pool on Utah business for a number of years.

Q. Was not the pool able to maintain its rates as against the Standard Oil Company?

The WITNESS. How do I understand you?

The CHAIRMAN. Did you have to make that reduction of 15 per cent.? Were the railroad pools unable to contend with the Standard Oil Company?

The WITNESS. What have the roads to do with the shipments on the ocean that the Standard Oil Company was making round the Horn year by year? As part of our bargain we agreed to pay them something on all the business that they did control.

The CHAIRMAN. I am speaking of the Utah business.

The WITNESS. We could not segregate the Utah business, pool or no pool, and say to the Standard Oil Company, "We insist that you shall give us all the business you are shipping to Utah without rebate," because it was a part of the bargain that we should pay them something on Utah to get all their ocean business; all but an agreed amount. It was a general agreement, so far as our company and any other company was concerned. It was a general agreement to give us a certain percentage of their entire business wherever we could reach it. We paid the discount and got the business.

THE REBATE TO A. HANAUER.

Q. Go back a moment to the item of "A. Hanauer, $931.68." There is $363.36 of a foreign overcharge in the refund book. What does that refer to?—A. That is a division of the earnings or discount between the Utah Central and our company. The rate I read was the total rate to Salt Lake, including the Park City branch.

REBATE TO THE UTAH FORWARDING COMPANY.

Q. The next item is the Utah Forwarding Company. What have you to say as to that?—A. "The Utah Forwarding Company, of Salt Lake City," $1,093,51. Salt." I have already given some explanation of that, but I will give this: The Union Pacific Railway Company had an agreement with the consumers of salt for milling purposes at Butte to deliver salt to them at not more than $23.50 per ton, and, at the same time, had an agreement with the Northern Pacific Railway Company to the effect that salt should not be sold at less than the above figure in Butte, in order to give that company an opportunity to secure some of the salt from Duluth to Helena for milling purposes; the Northern Pacific shipping from Duluth, on Lake Superior. In order to carry out the two agreements it became necessary for the Union Pacific to buy salt at Ogden, for which we paid $3.75 per ton on board the cars at that point, and billed the same from Ogden to Butte at $23.50

per ton, then refunded to the producer of the salt $3.75 per ton from the freight earnings. This causes the item to appear as a rebate, when in reality it is not a rebate at all, but simply a plan adopted for the purpose of carrying out the two agreements referred to. The salt has been delivered at Butte since the 1st of January, 1886, in the same manner, but at a reduced price of $15 per ton, the Union Pacific Company paying $3 for the salt and allowing $12 for the freight charges. Two or more firms are now engaged in selling salt to the Union Pacific Company at above rates. Shippers, however, can buy the salt from whom they choose and ship at a freight rate of $12 per ton. This plan of handling the salt business was adopted for the reasons stated, and also for the purpose of preventing the producers of salt from making a corner and running the price up to an unreasonable figure. At one time the price of salt at Ogden was controlled by a corner, so that it was run up to $6.50 per ton. This plan, which has been carried out by the Union Pacific Company for some years, has prevented such a corner, as our company requires parties contracting to deliver salt to us under a contract; to deliver it at a certain price for a year at a time.

REBATE TO R. S. VAN TASSELL.

Q. What is the item of R. S. Van Tassell?—A. That was a rebate on corn—$915.10—and was got by making a special rate of 30 cents per hundred pounds on 788,980 pounds of corn and hay shipped from various stations in Nebraska to Cheyenne, as an experiment, for the purpose of demonstrating the practicability of hauling feed from Nebraska points to Wyoming to fatten the cattle, as against hauling the cattle to the feed. That arrangement would give us pay at a reduced rate for hauling the corn to Cheyenne, where it would be fed to the stock, and, when fattened, we would get the haul of the cattle back over the same portion of the line and the whole length of the line to the market. It meant more earnings to the Union Pacific if it succeeded; but it did not succeed.

A CATTLEMAN AT CHEYENNE.

Q. Who is R. S. Van Tassell?—A. A cattle-man living at Cheyenne. He is running the stock yards now at Cheyenne.

Q. Did he enjoy any other preferential rates by agreement, or any contracts as to a stock-yard management—did he then, or at any other time?—A. I do not think of any now. I do not think of any advantage given to him that any other man at Cheyenne did not have, or any other man would not have who would try this experiment.

REBATE TO N. W. WELLS.

Q. What is the next item?—A. "N. W. Wells. Schuyler. $1,200. Sundries."

This amount should read $1,238.94, collected from N. W. Wells, for the transportation of sundry shipments of Government supplies from Cheyenne to various points on or reached by the line of the Union Pacific Railway. $404.92 of this amount was paid to Mr. Wells on account of storage charges collected, and to correct errors in billing. The remaining $834.07 constitutes a rebate of 10 per cent. of the Union Pacific charges, given for the purpose of securing for our line the transportation of all Indian supplies controlled by Mr. Wells and consigned to various competitive points reached by the Union Pacific road for the year 1884.

Q. Who is Mr. Wells?—A. A gentleman living at Schuyler, Nebr., a partner of Mr. Neiman, of Wells & Neiman.

Q. Is he engaged in supplying Indians with merchandise?—A. Yes; all sorts of supplies.

REBATES ALLOWED TO COMPETITORS.

Q. Has he any competitors in business?—A. He gets his contracts by competitive bids in the first instance.

Q. Have rebates at such rates been allowed to others who have had such contracts?—A. We usually get applications from the bidders for the percentage we will allow them off our rates.

Q. Before the bids?—A. Before the bids. We give sometimes two or three or four of the bidders the percentage that we allow from the open tariff, if they get the contract and give us all the business—the competitive as well as the local.

Q. Do all bidders have the same rate?—A. I think so. I do not remember any case where they were not allowed the same rate, if the conditions were the same.

INDIAN SUPPLIES FURNISHED ON REBATE RATES.

Q. Suppose that a bidder was without the knowledge that such conditions existed as to the 10 per cent. allowance, could he successfully compete in bidding?—A. That is a presumption that can hardly be entertained in regard to a contract for Indian supplies. The Indian contractors understand that their business is universally done on rebate rates. When we came to the question, recently, whether under the interstate law we could be allowed to give rebates or make special rates, that was submitted to the Interstate Commission by one of the Departments of the Government, I think, and the ruling was that we could make any rates we saw fit, and that the law would not interfere with it.

Mr. POPPLETON. The road could make any rate it saw fit to the contractor, because it inured to the benefit of the Government?

The WITNESS. Yes.

Q. Nevertheless, it would be in the power of the railway manager to fix such a rate, if he was so disposed, as to absolutely exclude any other bidder. That is so, is it not?—A. Unquestionably.

Q. So that it would not be possible unless this rebate or discount was allowed for any other individual to compete in the bidding?—A. It might be true in respect to some of the business, but not in all.

REBATE OBTAINED AFTER BID.

By Commissioner LITTLER:

Q. Would this contractor obtain this rate from the company before he made his bid to the Government for the supplies that he would transport; did he bid for the contract in view of the special rate?—A. I think not. In this case that I refer to he did not get the rate until after he put in his bid.

Q. Did he put in his bid on the regular rate?—A. That I do not know. I know he was the lowest bidder.

Q. What I want to get at is, whether there was any practice between this company and any particular individual or individuals by which it was agreed that before the bids were put in to the Government you

would give this preferential rate so as to enable the bidder to underbid all others and get the contract?—A. No; I do not think that was done. I do not remember any instance where it was the fact. They put in their bids on business that is competed for by possibly half a dozen railways, and then they "work" the roads for the best terms they can get. They say, "Now I have got the contract, and if you do not give me the business at the same rate that I can get from your competitor, I will give it to your competitor."

REFUND TO CENTRAL PACIFIC.

By the CHAIRMAN:

Q. There are seventeen items making up the item "Central Pacific Railroad Company." What explanation have you to give of that? It is on page 3 of the refund book.—A. The explanation I would make, on general principles, would be that these amounts were the overcharges on shipments to various parties, chargeable to the lines east of Ogden.

Mr. ERASTUS YOUNG. That is correct.

REBATE TO S. R. HOWELL & CO.

Q. What is the next item?—A. The next item is, "S. R. Howell & Co., Omaha. $1,222.69. Sundries."

This is a rebate of 2½ cents per hundred pounds on lumber from Omaha to various points in Nebraska; given for the purpose of equalizing the through rates from Chicago to these Nebraska points, as against the rates from Chicago to Omaha, plus the local rate from Omaha to destination. It is the object of the Union Pacific Company to place Omaha lumber dealers on an equality with Eastern lumber shippers.

ALL LUMBER DEALERS HAD SAME REBATE.

Q. Had all the lumber dealers in Omaha the same rebate?—A. Yes, sir; at that time. I do not know of any exceptions to the rule.

Q. What knowledge had the lumber dealers or shippers of Omaha that you were allowing such a rate?—A. They were generally notified.

Q. Was there a printed or a written notice, or was it a personal notice?—A. That I cannot say. They were probably notified by the canvassing agent.

Q. Was the canvassing agent instructed to call on the lumber shippers of Omaha and give them such information as to rebates?—A. That I cannot tell you—at the date of this shipment. It does not appear when this was made.

The CHAIRMAN. I am not referring to this shipment. I speak generally.

GENERAL POLICY TO PROTECT LUMBER DEALERS.

The WITNESS. Our general policy here was to protect all the lumber dealers on the same basis from time to time. This thing might not have lasted more than a short time—our being obliged to rebate at all to them.

Q. Was that extended to all alike?—A. That is my impression.

Q. Have you any written or other instructions to any special agent, or do you remember any verbally, concerning notices to the lumber shippers of Omaha as to the rebate rates that you have spoken of?—

A. No, I do not recall any. Perhaps I ought to state that we have a contracting agent or freight canvasser, who takes his instructions from the general freight office daily. If he finds it necessary to rebate on shipments local from Omaha, lumber or anything else in competition with lines running through from Chicago, in order to equalize the through rate with the through rates of other lines, he would be sent out with this word to lumber dealers and dealers who represent other lines of trade. The representatives of almost all those wholesale establishments come daily to our office, if our men do not call on them.

REFUND TO CHICAGO AND NORTHWESTERN.

Q. What is the next item?—A. "Chicago and Northwestern, Chicago. $1,744.98. Green fruit." This is a refund of charges from California termini to the Missouri River on 100,000 pounds of green fruit destined to Chicago and points east thereof, in order to refund the amount of charges collected for 2,000 pounds of tonnage on each car to protect the fruit by allowing sufficient air to pass through it, $944.29 of this being assumed by the Union Pacific between Ogden and the Missouri River, $802.69 of the amount being charged to and paid by the Central Pacific Railroad.

REFUND TO UTAH FORWARDING COMPANY.

Q. What is the next item?—A. "Utah Forwarding Company, Salt Lake City. $1,577.57."

Q. As to that you make the same explanation as you have given of the other item?—A. Yes.

Q. Who compose the Utah Forwarding Company?—A. I know only two members of that company. The name of one is Wallace and the other is Lyman.

Q. Do they reside in this section?—A. They reside at Salt Lake City.

REBATE TO WILLOW SPRINGS DISTILLING COMPANY.

Q. What is the next? A. "Willow Springs Distilling Company, Willow Springs, Omaha. Corn. $2,775.58." This is a rebate at various stations in Nebraska to Omaha, in order to give the Willow Springs Distilling Company at this place the benefit of the Union Pacific Company's proportion of the through rate to Chicago, the Distilling Company agreeing to give the Union Pacific Company the haul of their entire shipments of alcohol to California.

Q. Is that the only distilling company in Omaha?—A. Yes.

REBATE TO "MARY MURPHY" MINE.

Q. What is the next item?—A. It is the "Mary Murphy mine. $1,700 on ore."

This was a reduction in the rate, from $8 to $6 a ton, by rebate on 214,350 pounds of ore from Saint Elmo to Denver, and 198,745 pounds from Saint Elmo to Argo, amounting to $1,113.10. The remainder of $1,700 was composed of overcharges caused by error in the billing.

Q. Who compose the company?—A. I do not know the members of that company. They are living at Saint Louis, and a man by the name of Frink, an old railroad man at Saint Louis, is the manager.

REBATE TO THE OMAHA & GRANT SMELTING AND REFINING COMPANY.

Q. What is the next item?—A. "The Omaha and Grant Smelting and Refining Company, Omaha; $8,391.73."

Q. Is that covered by the explanation you have already made with reference to the rebates allowed to that company?—A. Yes; I have already explained that.

REBATE TO UNION CATTLE COMPANY.

The next item is the "Union Cattle Company. $4,704." This amount is made up as follows:

Ten dollars per car on 41 cars of cattle from Denver Junction	$410.00
Eight dollars per car on 26 cars of cattle from Rock Creek	208.00
On 24 cars of cattle from Rock Creek	192.00
Nine dollars per car on 279 cars of cattle from Pine Bluffs	2,511.00
Total	3,321.00

One thousand three hundred and eighty-three dollars overcharge caused by errors in billing. This rebate was allowed in order to meet the competition of the Sioux City and Pacific Railway Company, on positive proof that the management of the Sioux City and Pacific Company first offered the Union Cattle Company the same net rates that were afterwards given by the Union Pacific Company.

Q. Did the net rates extend to all companies or cattle shippers at that period?—A. They would be extended under like circumstances.

Q. That would be based on the condition that the Sioux City made the same proposition?—A. Yes.

Q. Were all the points that you have named points on the main line, or the branch lines?

The WITNESS. In regard to the cattle shipments?

The CHAIRMAN. Yes, from which shipments were made. The points from which you have read.—A. They are all on the main line, I think.

ALLEGED DISCRIMINATIONS AGAINST SIOUX CITY SHIPPERS.

The CHAIRMAN. I will say here, not probably as bearing on the subject immediately under consideration, but since you have mentioned the Sioux City, that the citizens of Sioux City, in their shipments to Washington Territory, are compelled, as I understand, to pay twice the rates that shippers from Kansas City to the same points in Washington Territory are. Is that true?

The WITNESS. Shipped by what line?

The CHAIRMAN. The Union Pacific.

The WITNESS. No. We cannot quote rates to points in Washington Territory not reached by our line. We would quote rates just as far as our line went, and we would quote just the same rate from Kansas City and Omaha and Sioux City, plus the difference between the Sioux City and Omaha rate, to all the territories that we controlled. That is, substantially, the case.

Q. Taking all the territory you control, would it be a correct statement to say that under the shipping rates, the shipper from Sioux City is compelled to pay twice the amount that a shipper from Kansas City pays?—A. I do not know of any fact on which a statement of that kind

can be made by citizens of Sioux City. I think there must be some misunderstanding about it.

The CHAIRMAN. I understand that such a statement was made by the mayor of Sioux City.

Mr. POPPLETON. Is he a shipper himself?

Commissioner LITTLER. Not that we know of.

The CHAIRMAN. The complaint in Sioux City is that although farther north than Kansas City, the people of Sioux City are compelled to pay much more than the people of Kansas City pay.

Afternoon session.

THOMAS L. KIMBALL, being further examined, testified as follows:

POOL BALANCE.

The WITNESS. I would like to submit the audit office's report of pool balances on passenger business and on freight business.

The papers are as follows:

THE UNION PA

Statement of pool balances, by years, from February 1,

Year.	Transcontinental.		North lines subsidy.		Montana.	
	Balance due.		Balance due.		Balance due.	
	From.	To.	From.	To.	From.	To.
1880						
1881	$223, 233. 28					
1882	161, 890. 99					
1883	12, 718. 51		$5, 498. 63			$1, 178. 3
1884	46, 732. 66		49, 853. 65			6, 327. 6
1885		$20, 441. 38	27, 163. 63		$3, 456. 12	
1886						17, 336. 4
Totals	444, 575. 46	20, 441. 38	82, 515. 91		3, 456. 12	24, 967. 6
Balances	424, 134. 08		82, 515. 91			21, 491. 4

COLORADO RAILWAY ASSOC

1880		3, 910. 75		$87. 53		
1881		37, 594. 62		27. 23		
1882		72, 235. 97		904. 71		
1883	8, 181. 21			902. 12		
1884		10, 869. 23		930. 41		665. 9
1885	43, 748. 89					20, 147. 4
1886	37, 153. 33					123. 2
Totals	89, 083. 43	124, 610. 57		2, 232. 00		20, 961. 5
Balances		35, 527. 14		2, 232. 00		20, 961. 5

RAILWAY COMPANY.

1890, to December 31, 1896, inclusive. (Passenger.)

Virginia City.		Utah traffic.		Utah and Colorado commission points.		Total net balance paid by Union Pacific Railway.
Balance due.		Balance due.		Balance due.		
From.	To.	From.	To.	From.	To.	
$1,267.76						
Included in the Montana						
		$8,837.03			$3,746.65	
		3,755.66			4,040.41	
1,267.76		12,592.69			7,787.06	
1,267.76		12,592.69			7,787.06	$121,231.90

ATION, McPHERSON, OREG.

						58,640.69
						432,591.21

UNION PACIFIC RA

Statement of pool balances, by years, from Nov

Year.	New Orleans Pacific.		Kearney pool.		McPherson pool.		Northern lines subsidy	
	Balance due—		Balance due—		Balance due—		Balance due—	
	From.	To.	From.	To.	From.	To.	From.	To.
1880				$1,628.01		$8,457.89		
1881				2,225.16		5,790.58		
1882		$1,046.61	$80.19			4,831.74		
1883						2,599.55		$4,696.84
1884								71,943.87
1885								50,376.00
1886								
		1,046.61*	80.19	3,913.17		19,679.76		127,016.71
Net balance		1,046.61		3,852.98		19,679.76		127,016.71

Year.	Carbondale pool.		Virginia City pool.		Pacific freight pool.		Fremont pool.	
	Balance due—		Balance due—		Balance due—		Balance due—	
	From.	To.	From.	To.	From.	To.	From.	To.
1880		$723.61						
1881		776.59						
1882					$422,857.15			
1883			$4,968.28		21,779.81			
1884			640.48					
1885			(*)					
1886			630.61					$1,354.27
		1,500.40	6,268.37		444,136.96			1,354.27
Net balance		1,500.40	6,268.37		444,136.96			1,354.27

Year.	Norfolk pool.		B. and M. Cattle pool.		Colorado pool.		Utah Traffic Association.	
	Balance due—		Balance due—		Balance due—		Balance due—	
	From.	To.	From.	To.	From.	To.	From.	To.
1880				$748.13				
1881				1,955.64				
1882			$13.13				$1,861.83	
1883							7,815.35	
1884							24,483.23	
1885					$4.49			$24,696.37
1886	$802.25					$1,743.28		27,914.69
	802.25		13.13	2,703.77	4.49	1,743.28	34,160.41	52,611.06
Net balance	802.25			2,690.64		1,738.79		57,954.35

*Included in Helena and Butte.

OMAHA, *June* 29, 1887.

SAT, CONSOLIDATED.

ary 1, 1880, to December 31, 1886, inclusive. Freight.

Lawrence pool.		Atchison, Topeka and Santa Fé cattle pool.		Topeka pool.		Nebraska pool.		Total net balance paid by Union Pacific.
Balance due—		Balance due—		Balance due—		Balance due—		
From.	To.	From.	To.	From.	To.	From.	To.	
$8.76			$342.50		$4,427.90			
						$7,288.36		
						31,196.73		
						28,492.44		
8.76			342.50		4,427.90	66,967.53		
8.76			342.50		4,427.90	66,967.53		$104,444.23

Colorado Railway Association pool.		Oregon pool.		Transcontinental.		C. B. Mo. Pac. pool.		Total net balance paid to Union Pacific.
Balance due—		Balance due—		Balance due—		Balance due—		
From.	To.	From.	To.	From.	To.	From.	To.	
	$36,682.52						$10,347.66	
	235,493.82						3,836.91	
	168,676.23					$470.13		
	26,347.05					2,966.36		
	19,921.65		$3,645.81	$25,180.81				
			10,912.33	2,505.38				
	82,343.70	$1,985.41						
	603,464.96	1,985.41	14,558.14	27,686.19		3,436.49	14,184.57	
	881,761.46		12,572.73	27,686.19			10,743.08	$128,845.82

Boise and Butte.		Norton Co. pool.		Colorado and Utah Com. points.				Total net balance paid by Union Pacific.
Balance due—		Balance due—		Balance due—				
From.	To.	From.	To.	From.	To.			
		$148.58						
					$10,632.97			
	$115,188.54			$2,360.48	5,571.95			
	115,188.54	148.58		2,360.48	16,204.92			
		148.58			13,844.44			$137,495.58

Grand total paid by Union Pacific..... $301,989.77
Grand total paid to Union Pacific..... 129,845.52
Net balance paid by Union Pacific..... 172,094.25

REBATES TO HORN SILVER MINING COMPANY EXPLAINED.

The WITNESS. There was a call made, if I remember correctly, for information concerning the Horn Silver Mining Company. I did not answer that fully. I have since looked up the record of rebates, and I find that in explanation of the vouchers paid the Horn Silver Mining Company to the amount of twenty-odd thousand dollars, in 1883, there was an arrangement to pay $1.50 per ton rebate on all bullion shipped to the Missouri River, the open rates at that time being $15 to all shippers. This arrangement began in 1880 and was based upon this condition of facts: That the Horn Silver Company was mainly owned and controlled by some steamship parties in New York City by the name of Franklin & Brown. They wanted their bullion delivered in New York, and they made their own arrangements for the ocean shipments from San Francisco to New York. And as we had an arrangement with the Central Pacific that allowed that company to make its rates from Salt Lake or Ogden to San Francisco 85½ per cent. of whatever rate we made from Ogden to Omaha or to any Missouri River point, we found that the rate that they could get by the ocean, combined with the rate of the Central Pacific Company, could and did make a lower rate than we could make. Holding up our tariff to the Missouri River at $15 and what they would have to pay from the Missouri River to New York, it made a difference of about $1.50 per ton. We were offered the business if we would reduce the rates, and we agreed to do so by private rebate. The reason we did not make an open rate was that we had no business from that territory at that time that was governed by the same circumstances and conditions. The destination of the other bullion of that section was the Missouri River and other rail points. But the Horn Silver people wanted their bullion treated either in Europe or on the Atlantic coast; and the people who had their bullion refined here, or east of here, had no occasion and no necessity for the reduction. The circumstances were not the same, and it was no unjust discrimination to grant the reduction to the Horn Silver Mining Company while withholding it from the other shippers of bullion. I cannot find that we gave it to anybody else at that time.

By the CHAIRMAN:

Q. Have you a statement of that which you wish to submit?—A. No.

Q. Have you any other statements ready in compliance with our calls?—A. Nothing yet. I have just given you the record. That is all.

REBATES TO BOSTON & COLORADO SMELTING AND REFINING COMPANY.

You asked whether we had given rebates to the Boston and Colorado Smelting and Refining Company. I find that during 1883 we paid the Boston and Colorado Smelting Company at Argo, near Denver, $67,723.93 by rebates. The reason for making that rebate was that the Boston and Colorado Company had a large quantity of low-grade ore which they satisfied us could not be shipped at the open tariff; while the rich ores from the same camp would stand the open tariff and did not need the reduction that we made for Senator Hill's Company to move them; consequently we made a private arrangement with Senator Hill and treated it as a rebate case. Later we reduced our rates on shipments for the Boston and Colorado Company from Butte, Mont.

to Argo, running from October, 1886, to April, 1887, on 1,436,484 pounds of ore; total charges at tariff, $10,112.82; rebates paid on the same, $3,496 74; reducing the rate from the open tariff at $12.40 to a net rate of $10.60. The net rate has since been made the open rate.

Q. Have you any other papers to submit in answer to the calls that have been made?—A. If I remember, you asked me if there were other oil shippers shipping into the Union Pacific territory the same class of goods that the Standard Oil Company was shipping, and you asked the names of those shippers. I will give you that list now.

The CHAIRMAN. If you will give us a list it will save the time of the Commission.

The WITNESS. Then I will have it drawn off separately. As it is now, it is mixed up with other matters.

The CHAIRMAN. Have you any other papers ready now?

REBATE TO WHITTIER & FULLER.

The WITNESS. Here is a call for information as to a rebate paid to Whittier, Fulton & Co. That should be Whittier & Fuller. This was given to protect the current rate on oil from Minneapolis to Los Angeles. The total overcharge was $9.42 a hundred. Charge of the Union Pacific, $2.47; leaving a net overcharge of $6.95; which amount was paid to the consignee.

The CHAIRMAN. The secretary will now read to you the testimony taken at Sioux City relating to the Union Pacific Company.

SIOUX CITY COMPLAINTS.

The secretary read from the testimony of George D. Perkins, of Sioux City, as follows:

Q. Has there been any complaint in the community, of any kind, by reason of discrimination, preferential rates, special rates, or rebates, or contracts of any kind?—A. There has been more or less complaint among our jobbers, as I have heard.

Q. What has been the nature of the complaint?—A. Generally, I think, with reference to some local tariffs. And I have heard some complaints with reference to their inability to get West, complaining of some disadvantages that they labored under in shipping to the far West by reason of their not being regarded as a competitive point in the Union Pacific system.

Q. Has the complaint been as against the Union Pacific rather than against the Sioux City?—A. Not against the Union Pacific, because the Union Pacific has not been understood as having any connection with the place. There has been a good deal of anxiety to get the Union Pacific in from Norfolk here.

Q. What has been the complaint you have referred to by jobbers as to shipments of freight to the West—over what road do you refer to?—A. I presume the shipments would have to go by the Sioux City and Pacific, in connection with the Union Pacific at Omaha or Fremont, or some point on the Union Pacific. But the complaint has been that even Saint Paul or points on the Northern Pacific would be given advantages over shippers here—through shippers.

The secretary read from the statement of Jonas M. Cleland as follows:

Q. Have you any other information to give the Commission?—A. Nothing; but we would like, if the power exists, to have communication with the Union Pacific—to give us a route over the Sioux City and Pacific, in connection with the Union Pacific that would enable our people, especially our pork-packing establishments here, to put their product into the western country at a fair rate.

Q. How do they go—by the Fremont and Elkhorn?—A. No; they would go by the Union Pacific. Kansas City will ship its hog product by way of Saint Paul to Washington Territory from $20 to $40 a car cheaper than we can ship it from Sioux City. That is what the men here say to me.

Q. Is that the shorter haul?—A. It is the longer haul from Kansas City, and from $20 to $40 cheaper than we can send the same goods to Washington Territory.

Q. What line does it pass over?—A. I suppose the Kansas City, Council Bluffs and Saint Joseph. I do not know.

Q. By what line was the same character of freight passed from Sioux City?—A. That would have to pass over the Sioux City and Saint Paul only.

"Q. And by what lines into Washington Territory?—A. The Northern Pacific. Going down the other way from Portland, Oreg., my information is that our rates here would be from $30 to $40 a car more than it would be from Omaha."

THE REMEDY NOT WITH UNION PACIFIC.

The WITNESS. I can explain that in brief. The Union Pacific line has no road into Sioux City. The people of Sioux City asked us to pay out of our earnings, or out of our Omaha and Western rate, the cost of getting the property between Sioux City and Omaha. That is all there is of it. If we had a railroad there we could do it.

Q. What connection do they refer to?—A. A connection from the Sioux City line by way of Norfolk, called the Norfolk Branch of the Union Pacific, or by way of Fremont, with the other branch of the Northwestern system.

Q. What would that require on the part of the Union Pacific?—A. It requires about 8 cents a hundred pounds.

Q. But I am speaking of the connection. How would you make that connection with the Sioux City—what would be required?—A. To build from Norfolk to Sioux City, (about 75 to 80 miles); we would have to build that branch; and it would be a very good thing to do, if we had the money.

Q. With that connection, then, could facilities be afforded the citizens of Sioux City, through the Union Pacific system, equal with those of the citizens of Kansas City?—A. Yes; exactly. That would place them on an exact equality with the other Union Pacific towns, or the towns that the Union Pacific reaches.

A QUESTION OF RAILROAD CONNECTION.

Q. Then, as I understand you, the complaint is no question of rates, but a question of railroad connection with Sioux City?—A. Yes. The people of Sioux City asked us to neutralize the disadvantage—instead of paying it themselves—what it costs to get the freight from Sioux City to Omaha.

Mr. POPPLETON. And that statement from Sioux City has no reference whatever to the Union Pacific, because that freight does not touch the Union Pacific system.

The WITNESS. I do not believe he is correct in his figures, anyway.

By the CHAIRMAN:

Q. Has the Union Pacific any connections at all that would take the freight from Kansas City going north and going over to Washington Territory?—A. We might, except that we are out of that business. Our line is the long line and, practically, we are out of that field.

STATEMENT OF REBATES.

Q. How would you carry a piece of freight from Kansas City over your line destined for Washington Territory?—A. If we were to connect with the Northern Pacific we would have to go to Manhattan by the Kansas Division and then to Omaha, and make our delivery to the connecting road here or on the other side of the river for Saint Paul. I will now proceed with the statement of rebates.

DENVER AND RIO GRANDE RAILROAD COMPANY.

"Denver and Rio Grande Railroad Company, $10,823.69."—This amount was paid to the Denver and Rio Grande Railroad for the transportation of merchandise between Leadville and Buena Vista during the month of March, 1885, on traffic shipped by way of the Union Pacific road, South Park Branch, between Denver and Leadville, that portion of the Denver and South Park line between Como and Leadville having been blocked at that time by snow.

OMAHA AND GRANT SMELTING AND REFINING COMPANY.

Page 7. "Omaha and Grant Smelting and Refining Company, Omaha, $5,345.59."—The same explanation applies as before.

SAINT JO AND WESTERN RAILWAY.

Page 7. "Saint Jo and Western Railway, Saint Joseph, Mo., $553.98. Readjustment of bridge tolls."—As I have nothing to do with the negotiation that lead to the payment of this rebate or refund, I must refer the Commission to the audit department for the full explanation.

Commissioner LITTLER (to Mr. Mink). As to this item just read, the witness refers us to the audit department. Please take a memorandum of that and see what explanation they can give of it.

Mr. MINK. Very well, sir.

CENTRAL PACIFIC RAILWAY COMPANY.

The WITNESS. "Central Pacific Railway Company, San Francisco. Sundries."—This embraces charges on shipments for various parties, chargeable to lines east of Ogden. The same explanation applies as already given.

R. S. VAN TASSEL.

"R. S. Van Tassel, Cheyenne, $1,243.23, on corn."—The same explanation as already given applies to this.

By Commissioner LITTLER:

Q. That was an experimental shipment, as I remember?—A. Yes; to fatten cattle.

OMAHA AND GRANT SMELTING AND REFINING COMPANY.

Page 9. "Omaha and Grant Smelting and Refining Company, Omaha, $1,037.69." Page 9. "Omaha Coal, Coke and Lime Company, Omaha, $347.26."—Rebate given to secure shipments of coal to competitive points.

By the CHAIRMAN:

Q. Who compose the company?—A. I do not know who they are. A man by the name of Charles F. Labagh is one of them.

Q. Is he connected with the Union Pacific?—A. He was, but he left our service.

WELLS & NEIMAN.

Page 10. "Wells & Neiman, Schuyler, $2,206.16."—This amount of rebate was on shipments of flour from Scuyler to points in Montana, com-

mon to the Northern Pacific and the Union Pacific, where we were compelled to make a special rate as against the Northern Pacific competition; also on shipments from Schuyler to Western Wyoming and Eastern Utah in order to secure the long haul and better rates against similar productions coming from points on the Central Pacific; also from Schuyler to points on the Omaha and Republican Valley as against teaming from Schuyler across to the Omaha and Republican Valley points. The Omaha and Republican Valley runs parallel with the main line near Schuyler.

Q. Was Mr. Wells ever a member of the legislature?—A. Yes, sir.

Q. Was he when he was getting these rebates?—A. That I cannot tell you. My recollection is that Mr. Wells has not been a member of the legislature for eight or ten years, and these accounts do not run back as far as that time.

OMAHA AND GRANT SMELTING AND REFINING COMPANY.

Page 10. "Omaha and Grant Smelting and Refining Company, Omaha, $108.80."—This is an overcharge of 1 cent per hundred weight upon 1,088,000 pounds of coal from Council Bluffs to Omaha, billed at 3 cents; reduced by rebate to 2 cents, as against a rate that could have been obtained at that time by way of Plattsmouth, over the Burlington and Missouri, into Omaha. This 2-cent rate, or $4 per car, is the prevailing rate—the open rate now on all shipments from the interior of Iowa.

CENTRAL PACIFIC RAILROAD.

Page 10. "Central Pacific Railroad, San Francisco, $5,519.36."—The same explanation that has been already given applies to this.

HIMEBAUGH & MERRIAM.

Page 10. "Himebaugh & Merriam, Omaha, $5,552."—This item is made up of rebates of 47 per cent. of 4 cents per hundred weight on 27,777,975 pounds of grain shipped from various points on the Union Pacific system in Nebraska and consigned to Mississippi River points, 40 per cent. of 4 cents per 100 pounds on 1,391,935 pounds of grain shipped from various points of the Union Pacific system in Nebraska and consigned to Chicago, the remainder of the rebate, namely, 53 per cent. on Mississippi shipments and 60 per cent. on Chicago shipments, having been paid by eastern lines.

OMAHA ELEVATOR AND GRAIN COMPANY.

Page 10, "Omaha Elevator and Grain Company, Omaha, over $4,000. Corn."—This item consists of a rebate of 4 cents per cwt. on 12,286,000 pounds of corn shipped from various stations on the Union Pacific in Nebraska and destined to Chicago. Sixty per cent. of the above amount was charged to and paid by eastern lines, viz, Union Pacific stands $1\frac{4}{10}$ cents per cwt. and eastern lines $2\frac{4}{10}$ cents per cwt.

R. S. VAN TASSEL.

Page 10, "R. S. Van Tassel, Cheyenne, Wyo., $1,344.46."—Same explanation as is given on page 2.

PACIFIC MAIL STEAMSHIP COMPANY.

Page 11, "Pacific Mail Steamship Company, New York, $10,005.40."—This amount was paid to the Pacific Mail Steamship Company as the Union Pacific Company's proportion of the pool between the Pacific Mail Steamship Company and the transcontinental lines for the month of March, 1885.

TRANSCONTINENTAL ASSOCIATION.

Page 11, "Transcontinental Association, November, 1884, $16,000."—This amount was paid on account of the transcontinental pool, as follows:

Atchison, Topeka and Santa Fé Railway Company	$3,676.39
Burlington and Missouri Railroad in Nebraska	5,329.69
Northern Pacific Railroad Company	4,482.39
Denver and Rio Grande Railway Company	2,639.31

The Union Pacific having carried more than its allowance in the pool as allotted by the arbitrator to whom the division of traffic was submitted by all lines.

NORTHERN PACIFIC RAILROAD COMPANY.

Page 11, "Northern Pacific Railroad Company, Saint Paul, $48,027.21. Proportion of earnings for April, 1884."—This amount was paid to the Northern Pacific Company on account of the pool of all competitive traffic between the eastern termini of the Union and Northern Pacific, on the one hand, and Montana common points on the other, and between the Pacific termini of the Union and Northern Pacific and their connections, on the one hand, and Montana common points on the other hand. This item of $48,027.21 includes the earnings of the Northern Pacific on freight carried by that company, as well as the Union Pacific's excess of the amount allowed it by the pool. Reference would have to be made to the way-bills, which would require ten or fifteen days' work before a segregation of the amount could be made.

HIMEBAUGH & MERRIAM.

Page 11, "Himebaugh & Merriam, Omaha, $4,000. Grain."—This amount was paid by the Union Pacific to Himebaugh & Merriam, and afterwards collected from the Eastern lines, it being the proportion collected east of Council Bluffs of the 4 cents rebate. The Union Pacific Company merely acted as an agent in this matter for the convenience of shippers and Eastern lines.

BURLINGTON AND MISSOURI RAILROAD IN NEBRASKA.

Page 11, "Burlington and Missouri Railroad in Nebraska, $3,800.06. Pool earnings."—This amount was paid to the Burlington and Missouri Railroad on account of the pool between Missouri River and competitive points in Nebraska for the month of March, 1885, the Union Pacific having earned the above amount more than its share in the pool.

NORTHERN PACIFIC RAILROAD.

Page 11, "Northern Pacific Railroad, $3,865.69. Amount of subsidy in transcontinental pool."—This amount was paid to the Northern

Pacific on account of the transcontinental pool, it being the Union Pacific's proportion of $35,000 due the Northern Pacific for November, 1884, by all lines engaged in California traffic.

OMAHA ELEVATOR AND GRAIN COMPANY.

Page 12, "Omaha Elevator and Grain Company, Omaha, $1,277.13. Corn."—This amount is made up by a rebate of 4 cents per 100 pounds on 2,985,000 pounds of corn shipped from various points in Nebraska on Union Pacific, consigned to Chicago, amounting to $1,194, of which lines east of Missouri River paid 60 per cent. The balance, $83.13, is the result of overcharges caused by errors in billing.

HIMEBAUGH & MERRIAM.

Page 13, "Himebaugh & Merriam, Omaha, $1,177.21. Corn."—This mount was paid by the Union Pacific for the Chicago, Rock Island and acific on 5,552,900 pounds of corn, being 53 per cent. of 4 cents per 100 unds, which was afterwards collected from the Chicago, Rock Island and Pacific.

JOHN S. INGLES.

Page 13, "John S. Ingles, San Francisco, $2,174.86."—This was rebates paid by Mr. Ingles, who was agent of the Western Trunk Line Association at San Francisco, composed of the Union Pacific, Chicago, Rock Island and Pacific, Chicago, Milwaukee and Saint Paul, Chicago and Northwestern, and Wabash, Saint Louis and Pacific Railways. The money was paid to various shippers as rebates, for the purpose of securing their business to the above association, all of the above lines connecting with the Union Pacific, the Union Pacific bearing its proportion of such rebates on basis of earnings between Chicago and Ogden.

DENVER AND RIO GRANDE RAILWAY COMPANY.

Page 14, "Denver and Rio Grande Railway Company, $11,889.46. Sundries."—This amount was paid to the Denver and Rio Grande for the transportation of merchandise between Leadville and Buena Vista during the month of April, at which time the Union Pacific Company's South Park line was blockaded with snow between Como and Leadville.

F. KNOWLAND.

Page 14, "F. Knowland, general agent, New York City, $1,590. Three rebates."—This amount consists of rebates paid by F. Knowland, who is our general agent at New York City, to parties for the purpose of securing their business as against competitive lines.

PACIFIC HOTEL COMPANY.

Page 14, "Pacific Hotel Company, Omaha, $36.57. Sundries."—This amount consists of a rebate of one-half of our charges on a shipment of groceries from Omaha to Sidney for the Pacific Hotel Company. At the time these shipments were made we were charging one-half rate on their freight for their eating-houses; charges were reduced from $73.14 to $36.57 by rebate.

UTAH CENTRAL RAILWAY.

Page 15, "Utah Central Railway, $2,610.78. Sundries."—This amount consists of rebates and overcharges paid by the Utah Central Railway Company on freight for various persons on account of the Union Pacific on traffic between the Missouri River and points reached by the Utah Central Company.

F. J. KIESEL & CO.

Page 15, "F. J. Kiesel & Co., Ogden, $1,091.02. Salt."—The Northwestern Forwarding Company, having an arrangement with the Union Pacific to furnish salt at $3.75 per ton, as stated heretofore, with the understanding that the Union Pacific is to stand the shortage. This rebate was paid to Kiesel & Co., so as to place their company on an equality with the Northwestern Forwarding Company. We agreed to accept the same rate on salt shipped by Kiesel & Co. from Ogden to Butte as we received on salt shipped by the Northwestern Forwarding Company.

PACIFIC MAIL AND STEAMSHIP COMPANY.

Page 15, "F. J. Kiesel & Co., Ogden, $672.18. Salt."—Same as above.
Page 16, "Pacific Mail and Steamship Company, New York, $12,508.03. Subsidy for 1885."—This amount was paid on account of pool between the Pacific Mail Steamship Company and transcontinental lines, the Pacific Mail Steamship Company agreeing to maintain the same rates as charged by all-rail lines.

OMAHA AND GRANT SMELTING AND REFINING COMPANY.

Page 16, "Omaha and Grant Smelting and Refining Company, Omaha, $10,163."—Rebate of $3 per ton on bullion from or passing through Denver, as explained in former statements.

PHILADELPHIA MINING AND SMELTING COMPANY.

Page 16, "Philadelphia Mining and Smelting Company, Ketchum, Idaho, $94.72. Coal."—Overcharge caused by error in billing.

HIMEBAUGH AND MERRIAM.

Page 16, "Himebaugh & Merriam, Omaha, $10,000."—This amount consists of rebate of 4 cents per 100 pounds on grain shipped from points in Nebraska to Chicago, 60 per cent. having been borne by lines east of Missouri River, as explained in former statements.

OMAHA ELEVATOR AND GRAIN COMPANY.

Page 16, "Omaha Elevator and Grain Company, Omaha, $1,925.25."—This being made up by rebate of 4 cents per 100 pounds on shipments of grain from points on the Union Pacific system in Nebraska to Missouri River, 47 per cent. borne by Union Pacific and 53 per cent. by lines east of Council Bluffs.

GEORGE W. WALTS.

Page 17, "George W. Walts, $9,973.78. Rebates."—Mr. Walts was formerly general agent of the Union Pacific Company at San Francisco,

and this amount was paid by him to various parties as rebates, in order to duplicate the figures made by our competitors.

STANDARD OIL COMPANY.

Page 17. "Standard Oil Co., Denver, $203.19, oil."—This is made up by a rebate of 26 cents per 100 pounds on 94,200 pounds of oil from Council Bluffs to Laramie, Wyo., tariff, $1.31, being reduced to $1.05. This rebate was given for the purpose of securing competitive traffic of the Standard Oil Company for our line. Difference is accounted for by an undercharge on original billing amounting to $51.88.

ATLANTIC COAL AND MINING COMPANY.

Page 18. "Altoona Coal and Mining Company, Altoona, Ia, $406.03, coal."—This was a rebate paid in order to reduce the rate to $3 per ton from Altoona, Iowa, to Fremont and Norfolk, Nebr., in order to duplicate rates made by the C. and N. W. to the same points. The C. R. I. and P. Ry. paid $115.34 of this amount.

BURLINGTON AND MISSOURI RIVER RAILROAD.

Page 19. "B. and M. R. R. R. in Nebraska, $7,732.95."—This amount was paid to the B. and M. on account of pool on traffic between the Missouri River and competitive points in Nebraska for the month of April, 1885, U. P. having carried traffic in excess of its allotment in the pool, the revenue on which amounted to the above figures.

DENVER AND RIO GRANDE RAILWAY COMPANY.

Page 20. "D. and R. G. Ry. Company, Denver, $13,577.37."—This amount was paid to the D. and R. G. for transportation of freight for the U. P. between Leadville and Buena Vista during the month of May, 1885, the U. Ps'. South Park line having been blockaded with snow during the above period.

MARY MURPHY MINING COMPANY.

Page 20. "Mary Murphy Mining Company, $4,083.25."—This was a rebate of $2 per ton on 2,263,250 pounds of ore; also, 1,820,000 pounds of ore from Saint Elmo to Denver; the printed tariff of $8 per ton being reduced to $6 on this particular ore, on account of its low grade character, and as it would stand no higher rate.

PAYMENTS TO VARIOUS RAILROAD COMPANIES.

Page 21. "Payments to various railroad companies. (Amount not stated on Commission's memorandum)."—These amounts are made up by undercharges collected by the Central Pacific Railroad Company on account of errors in billing, weights, &c., which were afterwards paid by the C. P. R. R. Co. to the U. P. for lines east of Ogden. We credited lines east of Missouri River with their proportion.

C. BAILEY.

Page 22. "C. Bailey, Schuyler, Nebr., $1,231.20, sheep."—This rebate was paid on a shipment of 72 cars of sheep, shipped from Brady

Island to Schuyler at local rate; stopped at that point to be fattened, and then reshipped from Schuyler to Chicago at local rate; afterwards the party was given the benefit of the through rate from Brady Island to Chicago, plus $10 per car for stopping to feed. The difference between the combination of the two locals and the through rate from Brady Island to Chicago amounted to $1,231.20 after first deducting $10 per car for stoppage to feed.

UTAH FORWARDING COMPANY.

Page 22. "Utah Forwarding Co., $3,000, coke and salt."—$295.83 of this amount is overcharges on coke and a commission of 25 cents per ton. This amount was made up as follows: $255.75, overcharge on account of errors in billing on coke, $40.08 being commission of 25 cents per ton paid to the Utah Forwarding Co. for buying and selling the coke at figures named by the Union Pacific; $2,795.46 was paid on account of salt shipments, on the plan heretofore explained. It has been the plan, for some years past, of the Union Pacific to furnish coke at a fixed price, delivered on board cars at the various smelting points on its lines, so that the consumers of coke may depend upon a permanent price, and not be subjected to fluctuations in the price of coke, caused by "corners," strikes, &c.

HIMEBAUGH & MERRIAM.

Page 22. "Himebaugh & Merriam, Omaha, $2,000, corn."—This consists of rebates of 53 per cent., of 4 cents per 100 pounds, and various overcharges, account of errors in billing occurring on the Wabash Railroad, and which were paid for, charged to, and collected from the Wabash Railroad. It is customary in many such cases for the initial line to settle such claim, as a convenience to shippers and its connections.

OMAHA AND GRANT SMELTING AND REFINING COMPANY.

Page 22. "Omaha and Grant S. & R. Co., Omaha, $11,000.00, ore." This amount is made up as follows: 40 cents per ton rebate on 4,320,170 pounds of ore from Leadville to Denver, $864.34, in order to aid in securing the entire product of the Grant Smelter from Denver to the Missouri River, which amounts to about 30,000 tons per year.

Rebate of $3 per ton on 665,352 pounds of bullion from or passing through Denver to Omaha, $998.02. This rebate was given in order to duplicate rates made by our competitors, nominal rate being $10 per ton, actual rate $7 per ton.

Also, rebate of $3 per ton on 791,546 pounds of bullion, Denver to Missouri River, $1,187.32, for reasons stated above.

Also, rebate of 40 cents per ton on 357,090 pounds of ore from Leadville to Denver, $71.44, for the purpose of securing the entire output of the Grant Smelter.

Also, rebate of $3.50 per ton on 47,509 pounds of ore from Melrose to Denver, reducing the rate from $18.50 to $15 per ton, because the rate from Butte, the longer haul, was based on $15 per ton at the same time.

Also, rebate of $4 per ton on 141,740 pounds of ore from Hailey to Denver, $282.48, in order to secure the bullion product from Denver to Missouri River of all ore reduced at the Grant works, coming from

points on other lines, as well as Union Pacific line, and for the further purpose of enabling them to purchase low grade ore in Idaho.

Also, rebate of $3 per ton on 1,446,131 pounds of bullion from Denver to Omaha, $2,169.20, for the reasons stated before.

Also, rebate of 40 cents per ton on 675,240 pounds of ore from Leadville to Denver, $135.11, for reasons stated.

Also, rebate of $3 per ton on 676,760 pounds of bullion from Denver to Omaha, $1,015.15, for reasons stated.

Also, rebate of $4 per ton on 166,880 pounds of ore from Hailey to Denver, $367.19, for reasons stated.

Also, rebate of 40 cents per ton on 1,554,830 pounds of ore from Leadville to Denver, $311.06, for reasons stated.

Also, rebate of $3 per ton on 909,427 pounds of bullion from Denver to Omaha, $1,364.14, for reasons stated.

Also, rebate of 1 cent per 100 pounds on 950,000 pounds of coal from Coal Bluffs to Omaha, $95, as against Plattsmouth competition, being billed at 3 cents and reduced to 2 cents, which figure is now the open rate.

Also, rebate of $1 per ton on 71,344 pounds of ore from Red Rock, M. T., to Omaha, $35.68, it being necessary to make the rate $1 per ton lower than from Montana common points on account of the low grade ore found in the vicinity of Red Rock; and, also, on account of the shorter haul.

Also, rebate of 1 cent per 100 pounds, Council Bluffs to Omaha, on 680,000 pounds of coal, $68, for reasons stated.

Also, rebate of 1 cent per 100 pounds on 389,060 pounds of scrap, $50.90, which also includes an overcharge of $12 caused by error in billing from Council Bluffs to Omaha, this rate being afterwards made the open tariff rate.

Also, rebate of 1 cent per 100 pounds on 566,400 pounds of coal from Council Bluffs to Omaha, $55.64, for reasons stated.

Also, rebate of 40 cents per ton on 449,970 pounds of ore from Leadville to Denver, $90.03, for reasons stated.

Also, rebate of 12½ cents per 100 pounds on 147,050 pounds of slag from Leadville to Denver, $186.32. This was agreed rate made with the D. & R. G., in order to move the traffic, it being of so low a grade as not to be of sufficient value to pay regular rate of 25 cents, which we charge on ore.

Also, rebate of $4 per ton on 555,560 pounds of ore from Hailey to Denver, $1,111.12, for reasons stated.

Also, rebate of 12½ cents per 100 pounds on 246,480 pounds of slag, from Leadville to Denver, $308.12, for reasons stated.

Also, rebate of 40 cents per ton on 1,150,380 pounds of ore from Leadville to Denver, $231.31, for reasons stated.

Also rebate of 2 cents per 100 pounds on 25,000 pounds spelter from Council Bluffs to Omaha, $5, reducing the rate from 5 to 3 cents. This 3-cent rate was afterward made the open tariff rate.

CONTINENTAL TANK LINE COMPANY.

Page 23. "Continental Tank Line Company, Denver, Colo., $116.45, cars."—This rebate was paid on twelve cars of oil from Council Bluffs to Fremont for the purpose of securing the traffic as against competing line.

CONTINENTAL OIL COMPANY.

Page 23. "Continental Oil Company, Denver, Colo., $63.96, oil."—This is a rebate of 15 per cent. on one car load of oil from Council Bluffs to Cheyenne for the purpose of securing the competitive traffic controlled by the Continental Oil Company.

KANSAS SMELTING COMPANY.

Page 24. "Kansas Smelting Company, Kansas City, $490.18."—Five hundred and four thousand four hundred and eighty pounds of ore shipped from Hailey to Kansas City during the months of February, March, and April, 1885.

MARY MURPHY MINING COMPANY.

Page 24. "Mary Murphy Mining Company, Saint Elmo, Colo., $888, silver ore."—Eight hundred and eighty-eight thousand pounds of ore, Saint Elmo to Denver, billed at $8 per ton and reduced to $6, because the traffic would not stand the $8 rate.

PAXTON, GALLAGHER & CO.

Page 24, "Paxton, Gallagher & Co., Omaha, $357.05, groceries."—This amount was paid on a shipment of 175,800 pounds of groceries to Norfolk, Nebr., in order tosecure the freight as against competing lines.

V. M. C. SILVA.

Page 24, "V. M. C. Silva, Ogden, Utah, $944.25, hides and pelts."—Two hundred and thirty-two dollars and thirty-five cents of this amount was paid in order to make the same rate from Pocatello as from Ogden to Chicago—the distance being about the same in both cases. Seven hundred and eleven dollars and forty cents on 44,700 pounds hides and pelts from Pocatello to Chicago, billed at $1,415.40; weight reduced by correction to 44,000 pounds, and rate reduced to $1.60 per 100 pounds, making the correct charge $704.00; overcharge of $711.40.

R. S. VAN TASSEL.

Page 24. "R. S. Van Tassel, Cheyenne, Wyo., $619.47, oats and corn."—This, same as explained in former cases.

F. J. KEISEL & CO.

Page 24, "F. J. Keisel & Co., Ogden, Utah, $1,121.01, groceries and sundries."—This amount is the difference between regular tariff and special rates given between Ogden and Pocatello on groceries for the purpose of securing the competitive traffic of F. J. Keisel & Co. between Ogden and the Missouri River—this firm being the most extensive shippers in Ogden.

A. W. BRISTOL.

Page 25, "A. W. Bristol, Wood River, Nebr., $1,435.20, sheep."—This is an overcharge on a shipment of ——— sheep, billed at local rate from Denver Junction to Wood River and then billed at local rate from Wood

River to Chicago. Shipper was given benefit of the through rate from Denver Junction to Chicago, plus $10 per car for stopping to feed at Wood River.

CHICAGO LUMBER COMPANY.

Page 25, "Chicago Lumber Company, Omaha, $215.35, lumber."—Rate of 6½ cents per 100 pounds on 717,710 pounds of lumber from Omaha to Lincoln in order to duplicate through rate from Chicago to Lincoln. The tariff rate was 9½ cents.

HIMBAUGH & MERRIAM.

Page 25, "Himbaugh & Merriam, Omaha, $2,500, corn."—This consists of a rebate of $1,098.35, being a rebate of 53 per cent. of 4 cents on 783,340 pounds of corn shipped from various stations on the Union Pacific Railway to Saint Louis, the above amount paid for and charged to the Wabash, Saint Louis & Pacific Railway. Also $777.85, being a rebate of 53 per cent. of 6 cents on 852,675 pounds of corn shipped from various stations on the Union Pacific Railway to Saint Louis, paid for and charged to the Wabash, Saint Louis & Pacific Railway. Also a rebate of $634.88, being a rebate of 53 per cent. of 4 cents on 2,994,735 pounds of grain from various stations on the Union Pacific Railway to Saint Louis. This rebate was paid for and charged to the Wabash, Saint Louis & Pacific Railway.

GEO. W. WALTS.

Page 25, "Geo. W. Walts, $9,401.90."—This was money paid by Geo. W. Walts, who was then general agent of the Union Pacific at San Francisco, to various parties as a refund in order to secure their freight as against competing lines; vouchers for same on file.

MONTANA IMPROVEMENT COMPANY.

Page 26, "Montana Improvement Company, $1,900, lumber."—This amount was made up of $517.76, being a rebate of 2½ cents per 100 pounds on 2,071,155 pounds of lumber from Garrison to Butte; tariff rate 15 cents per 100 pounds, reduced to 12½ cents. Also $1,319.87, being a rebate of 2½ cents per 100 pounds on 5,279,400 pounds of lumber from Garrison to Butte; tariff rate 15 cents, reduced to 12½ cents. Also rebate of $87.12 on 193,600 pounds of lumber, Garrison to Butte, being a rebate of 2½ cents per 100 pounds; tariff 15 cents and net rate 12½ cents. These rates were given with the understanding that the parties would ship a certain amount of lumber during a certain time, and in competition with lumber produced near Butte. Also for the purpose of encouraging the mining interest at Butte.

REYNOLDS BROS.

Page 26, "Reynolds Bros., Chicago, Ill., $1,816.09, corn."—This is the difference between the tariff and the following special rates from different points in Kansas which we were obliged to make as against competing lines; 114,970 pounds from Lawrenceburg, reduced to 11 cents per 100 pounds; 27,300 pounds from Talmo, reduced to 11 cents per 100 pounds; 1,524,440 pounds from Belleville, reduced to 11 cents per 100 pounds; 2,036,770 pounds from Concordia, reduced to 11 cents

per 100 pounds; 3,868,460 pounds from Clyde, reduced to 11 7/10 cents per 100 pounds.

OMAHA ELEVATOR AND GRAIN COMPANY.

"Omaha Elevator and Grain Company, $791.35."—This is amount paid account of and charged to the Chicago, Rock Island and Pacific Railway for their proportion of rebate on 4,310,770 pounds of grain from points in Nebraska to Mississippi River.

LEGISLATION IN INTEREST OF COMPANY.

By the CHAIRMAN:

Q. Are you prepare to give us any information concerning the legislation in which you were from time to time interested in the interest of the company?—A. I will prefer to clean up this rebate business and take that up by itself.

The CHAIRMAN. We are prepared to take it up now. We will not ask you for any further rebate information.

Commissioner LITTLER. We are done with the rebate question, as I understand, for the present. Have you any more calls that you can submit?

OVERCHARGE SETTLEMENT.

Mr. MINK. I can now explain the overcharge settlement mentioned by Commissioner Littler a while ago, involving the payment of $55,398. It represents a settlement between the company, now known as the Saint Joseph and Grand Island, then the Saint Joseph and Western, and the bridge company owning the bridge over the Missouri River at Saint Joseph. The controversy was one concerning the rates of toll.

Commissioner LITTLER. Were those tolls adjusted and the money paid by reason of any contract existing between those two companies?

Mr. MINK. To some extent, yes. It was a settlement under what was claimed to be a contract. The rates were controverted.

Commissioner LITTLER. Does that settlement represent a settlement of differences?

Mr. MINK. It does.

Commissioner LITTLER. In which concessions were made by both companies?

Mr. MINK. I cannot say as to that. At all events the settlement was made. The Union Pacific, of course, on its own account paid no money out in the settlement. We were merely acting as agents.

Commissioner LITTLER. Who represented the Union Pacific in that settlement?

Mr. MINK. I think Mr. Adams on the part of the Saint Joseph Bridge Company, and Mr. Benedict on the part of the Saint Joseph and Western Railroad Company or the successor company.

INFORMATION NOT PRODUCED.

The CHAIRMAN. A great number of calls have been made as to which the information has not yet been produced. One is, How long has the rebate system to the Omaha Elevator Company continued? What have been the rebate rates to the Standard Oil Company? What has been the rate to San Francisco? What allowance was made by the Union Pacific Railway Company, for the return of cars, to other ship-

pere than the Standard Oil Company? What allowance, if any, was made for the return of tank cars of other shippers than the Standard Oil Company? These dates and figures are very important in making up our report.

The WITNESS. A statement of the total amount of rebates it would take some time to make up. I have got part of the data that you want in connection with the grain and the oil business. Now, if you will allow me to treat those interrogatories the same as you do the balance of the rebate memorandum, I will give you all those figures by the record, and do it very soon.

The CHAIRMAN. When will they be ready?

The WITNESS. I must have time to do it, but will do it as soon as possible.

The CHAIRMAN. But name your time.

The WITNESS. I will do it in a week; before you get off our line.

The CHAIRMAN. I wish you to bear in mind that we must have them. The calls we have made are very important, and the information ought to be furnished as soon as possible. Do I understand the company to be preparing answers to all calls that have been made?

Mr. ERASTUS YOUNG. Yes, sir; every one of them. It involves a great deal of labor, this going back to original way bills and other original papers.

Mr. POPPLETON. It does not seem to me possible to take up these calls in such a way as to dispose of them, unless they are formulated properly and put into the hands of the officers of the railroad company.

REBATE TO OMAHA ELEVATOR COMPANY.

The CHAIRMAN. Let us have no misunderstanding. On June 22 (to-day is the 30th) I called for information as to how long the rebate system to the Omaha Elevator Company has continued, and when it commenced.

The WITNESS. That date is November 1, 1882.

By the CHAIRMAN:

Q. When did it commence?—A. November 1, 1882.

Q. How long has it continued? You are still continuing it? There is no doubt about that, is there?

The WITNESS. Now?

The CHAIRMAN. Yes.

The WITNESS. No, sir.

Q. Did it continue to April 1?—A. Yes.

Q. From November 1, 1882, to April 1, 1887?—A. Yes; but further examination may show that it commenced prior to November 1, 1882.

COMMENCEMENT OF REBATES TO STANDARD OIL COMPANY.

The CHAIRMAN. Well, you can add that, if you ascertain it to be so. Another question was, "When did the company commence allowing rebates to the Standard Oil Company?" There ought to be no trouble about that.

The WITNESS. So far as I have been able to ascertain the dates the payments were made to the Continental Oil Company from 1874 to 1884. The Standard oil dates I cannot give you at present, but about that time in 1884 there was a consolidation, as I understand it, between the Continental Oil Company and the Standard.

Q. How long had the Standard been shipping over the road prior to that date?—A. I should judge about the same period. They were in competition, and we were paying rebates to both of them.

RATE ALLOWED STANDARD OIL COMPANY PRIOR TO 1884.

Q. Another call was, "What was the rate allowed the Standard Oil Company prior to 1884?"—A. That I cannot give you now.

Q. What has been the rate allowed from January 1, 1884, to April 1, 1887, to San Francisco?—A. I cannot give that, because it was a fluctuating rate.

Q. Can you give me an average rate?—A. No.

The CHAIRMAN. You led me into this subject under the idea that you would let me have those.

The WITNESS. Well, you must excuse me, because I have been working night and day.

The CHAIRMAN. If you cannot give the information you must say so.

The WITNESS. But I propose to give you the information as soon as possible. In a general way I may say that the rates went down to 30 cents, and were as high as a dollar per 100 pounds from Chicago.

Q. Is that from January 1, 1884, to April 5, 1887?—A. Yes, sir.

Q. What was the rate allowed the Standard Oil Company prior to 1884?—A. There might have been a hundred different rates during that period. If the Pacific Mail Steamship Company made a bid on the shipment of oil from New York to San Francisco, and we made a bid, it might drop our rate 5 cents a hundred, or considerably more.

Q. Can you give any fixed rate up to that time?

The WITNESS. The open published tariff?

The CHAIRMAN. No, the net rate. Can you give the fluctuations of the rate?

The WITNESS. I cannot give you that from memory.

The CHAIRMAN. I called for that eight days ago.

The WITNESS. We have got to go back over several years of record in order to get the rate.

The CHAIRMAN. Let us understand whether you intend to give the Commission the rates or not. Let us have yes or no on that subject.

The WITNESS. I intend to give the Commission the rate.

The CHAIRMAN. Do you think you can get it?

The WITNESS. I think I can.

Q. What was the rate of rebate given to the Standard Oil Company prior to January 1, 1884, and what was the rate from January 1, 1884, to April 1, 1887, from Omaha or Council Bluffs through to San Francisco?—A. It is in the hands of a clerk to make up from the record.

ALLOWANCE FOR RETURN OF CARS TO OTHER SHIPPERS.

The CHAIRMAN. Another of the questions already asked was, "What allowance was made by the Union Pacific Railway Company for the return of cars for other shippers than the Standard Oil Company?"

Mr. POPPLETON. There was a "car-service statement" put in here that I supposed answered that.

The CHAIRMAN. Does that cover other shippers?

The WITNESS. Yes.

The CHAIRMAN. All of them?

The WITNESS. The same rule for the return of cars applies in all cases.

Q. Now let us understand. Do you mean to say that other shippers had the same rate for the return of cars that the Standard Oil Company had?—A. That is what our record shows, except some rebate that has been paid in the last year, as I remember; those I am having looked up. They were charges refunded.

Q. Were they refunded to the Standard Oil Company?—A. I think so.

Q. Who else were they refunded to?—A. It was either the Standard or the Continental, I don't know which; but I can find out.

The CHAIRMAN. Now I understand you are to produce, then, the allowance made by the Union Pacific for the return of cars for other shippers than the Standard Oil Company?

The WITNESS. If any, yes.

RULE FOR RETURN OF CARS UNIFORM.

Mr. POPPLETON. Has not that been answered?

The WITNESS. I think it has gone in already.

Mr. POPPLETON. In what statement has it gone in?

The WITNESS. I have stated that our rule for the return of loaded or empty oil-cars was the same with respect to all companies.

Mr. POPPLETON. Was it applied to all companies alike?

The WITNESS. It was applied to all companies with the exception of some cases in the last twelve months where, my recollection is, the charge was refunded to the company—the Standard Oil or the Continental.

THE CONSOLIDATED TANK COMPANY.

By the CHAIRMAN:

Q. What about the Consolidated Tank Company?—A. It would be in the name of the Continental or Consolidated.

Q. There are amounts stated in your books as for both companies, the Continental and the Standard. How is that?

The WITNESS. The tank line and the Standard Oil Company always mean the same thing, as I understand it. The Continental was a rival company.

The CHAIRMAN. They do not appear in your accounts as the same. Does your statement contain the amounts paid to the Tank Line Company?

The WITNESS. That is as I understand it.

The CHAIRMAN. Then, in addition to the Standard Oil Company and the Continental Company, for those years there should be added, as I understand it, the Tank Line Company.

The WITNESS. The Tank Line was the name of a style of cars.

The CHAIRMAN. But they are charged in your books as separate companies, and I want to know if you have included both in this statement.

The WITNESS. I take it for granted that it includes both.

The CHAIRMAN. Then we will accept the statement produced as in answer to that call.

Mr. POPPLETON. So that that disposes of the question of car mileage for the "Standard" business?

RETURN OF TANK CARS TO OTHER SHIPPERS.

The CHAIRMAN. Yes. What amount was charged, if anything, for the return of tank cars of other shippers than the Standard?

The WITNESS. I have no recollection of any other shippers that had the same equipment as the lines I spoke of—the Tank Line Companies that were in the business at that time.

The CHAIRMAN. Then that ought not to be difficult to answer.

The WITNESS. No.

The CHAIRMAN. Then, as to the question, "What amount, if any, was charged for the return of tank cars for other shippers than the Standard," I understand your answer to be, "Not any." Is that right?

The WITNESS. There may have been an occasional tank car of a private company, but I have no recollection of anything of that kind.

The CHAIRMAN. Will you furnish an answer to the call?

The WITNESS. Yes. How far back would you like the answer to that question to go?

The CHAIRMAN. Since you made the charges.

The WITNESS. We have to go through the same records to find one entry as to find a thousand, and it is an enormous amount of work. And that is a trifling and insignificent matter anyway.

Mr. POPPLETON. And still to make a detailed statement of it, it would be necessary to go over the entire books and accounts?

The WITNESS. Yes.

Mr. POPPLETON. Now, is it worth while to do that as long as the witness says, in a general way, that there is very little of it?

The WITNESS. So little of it that it is insignificant.

The CHAIRMAN. Commissioner Littler, what do you think of that?

Commissioner LITTLER. If it is going to involve so much labor and is a trifling matter, I do not believe it would pay the Government to insist upon it.

The CHAIRMAN. Will you give us the information for five years?

BUT FEW EXCEPTIONS TO UNIFORMITY OF RULE ABOUT RETURN OF CARS.

The WITNESS. So far as the boiler tank equipment of any and all companies is concerned, the rule for their return has been uniform and open to everybody, and if there are any exceptions to that rule they are rare exceptions. The only ones that I can recall are a few refunds that have been made within the last twelve months to the Standard Company, or some of its associate lines. I think that rule has been uniform on all roads.

Q. Would it be difficult for you, as traffic manager, to recall the fact that you charged for the return of an empty tank car to any other company than the Standard Oil Company?—A. We have charged all in some portions of our territory and have brought all free in others. We have been governed in that respect by the rules that obtain on other roads that we have been competing with, generally, a uniform rule is adopted by roads engaged in competitive business. They agree to return all tank cars free, and then they agree to charge on all tank cars.

NO DISCRIMINATION AGAINST OTHER TANK COMPANIES.

Commissioner LITTLER. What we are trying to get at is whether you have discriminated in favor of one tank company as against another.

The WITNESS. I do not think we have, except that when we made our bargain with the Standard people for a certain amount or an increase of their business in our local territory, we agreed that we would bring back certain cars free that we had heretofore been charging for.

Mr. POPPLETON. Whom does that discriminate against? What companies do not enjoy that same rate; that is the essential point.

The CHAIRMAN. That is it.

Commissioner LITTLER. And what companies did enjoy the benefits of discrimination.

The CHAIRMAN. I put it that way. What amount was charged, if anything, for the return of tank cars of shippers other than the Standard Oil Company?

The WITNESS. I cannot recall that there were any other companies running tank cars in that territory at the time.

THE CALL FOR TOTAL AMOUNT OF REBATES ALLOWED STANDARD OIL.

The CHAIRMAN. We shall have to ask you to answer that for five years, if it is a difficult one to answer for all the time. What amount was charged, if anything, for the return of the cars of shippers other than the Standard Oil Company? Another question already asked is: "What was the total amount of rebates allowed the Standard Oil Company since the beginning of rebate allowance?" That was called for eight days ago—June 12.

Mr. MINK. I think that question has already gone to our freight auditor's office to be answered.

The CHAIRMAN. Will Mr. Mink say that we are to have it answered or not?

Mr. ERASTUS YOUNG. I understand that the clerks are doing all they can. They are hunting up the records.

The CHAIRMAN. Then I understand that that question will be answered?

Mr. ERASTUS YOUNG. Yes; it will be answered.

Commissioner LITTLER. And you will send it to us?

Mr. ERASTUS YOUNG. Yes.

THE CALL FOR TAXES ON LAND.

The CHAIRMAN. There was a call made June 20, as follows: "What would have been the amount of taxes paid if the company had applied for patents as soon as the land was surveyed, assuming that patents would have been granted as applied for?"

Mr. POPPLETON. The true thing to say is that the company has not the data to make such a statement. But if the Government will give a statement of the dates when the lands were surveyed, the computation can be made. We have no means of knowing when these lands were surveyed.

Commissioner LITTLER. But as to unsurveyed lands no computation can be made, of course.

The CHAIRMAN. Do you intend to give us any further answer?

Mr. POPPLETON. I do not see how we can. But, of course, the commission has the power to ask for that information from the Government in respect to the time when those surveys were made of the granted lands, and then, of course, it is a relatively simple matter to make that computation.

THE CALL FOR REBATE CONTRACTS.

The CHAIRMAN. There was a call on Mr. Young, the auditor, made June 20, for copies of the rebate contracts.

The WITNESS. I think I can state the situation so that you will understand it. In nearly all the cases where arrangements are made for special rates by associations of railroads, the understanding is that each railroad company generally can cut the published rate or it can maintain the open rate and settle by rebate, the net rate carrying the same result. Arrangements for rebate are ordinarily made this way: An application is made for a rebate either in person or by letter (the current rebates I am talking about), and the agent or representative of the traffic department who authorizes the rebate simply tells the freight auditor to recognize a certain net rate by rebate. That is all there is of it.

The CHAIRMAN. Then the answer would be, you have no contracts.

The WITNESS. I wanted to explain why we did not have them in the form of written contracts.

The CHAIRMAN. Then that is disposed of.

There was a call made for a report written by Mr. Kimball, submitted to the president of the Union Pacific Railway Company and published, descriptive of the country tributary to the Union Pacific.

The WITNESS. I would explain that the only form in which I have that data is in a copy of an advertising pamphlet or book that we have issued since 1878, or beginning with, I think, 1878. The data in respect to the resources of the country along the line of the Union Pacific road and its proposed tributaries or branches was carefully formulated and put into the hands of a gentleman to edit and write up in popular form.

Q. Have you got it?—A. Yes.

Q. Will you give it to us?—A. Yes. Here it is [handing a pamphlet to the Chairman].

The CHAIRMAN. There was a call for all reports made by Mr. Kimball, or for his correspondence, as to the business resources of the country through which the Union Pacific contemplated building?

The WITNESS. That pamphlet is the only form in which the facts have been preserved, on which I can lay my hands now.

THE DIARY FINALLY PRODUCED.

Q. Have you your diary?—A. I have it; yes.

Q. Will you give us any information from it concerning any matters in which the Union Pacific Railway Company is interested?—A. My diary is simply a personal diary, and contains nothing relating to the business or the accounts of the Union Pacific Railway, or the affairs of the Union Pacific Railway. It is simply a personal, family diary; but I have been able to locate what I suppose are the dates that you want to get.

Q. Do you mean the information that you said your diary would help you to give?—A. Yes. This was in connection with legislative matters, was it not, that the question was asked?

The CHAIRMAN. Yes.

The WITNESS. On the 12th of February, 1879, I and the general freight agent, Mr. E. P. Vining, appeared before a legislative committee on railroad legislation at Lincoln. On February 8, 1881, we also appeared before a legislative committee on the same matter. My recollection is that at that time we were discussing the Doane bill and other matters that were before the legislature. At Topeka, on the 16th of February, 1881, Mr. Vining and myself talked to committees, and so did Messrs. Williams and Usher, the attorneys of the Union

Pacific Company in Kansas. At Lincoln, in February, 1885, I appeared before a legislative committee to discuss railroad bills that were then pending. These are the dates that I can fix and confirm by my diary, when I appeared before legislative committees in connection with proposed legislation.

NO BEARING ON LEGISLATIVE MATTERS.

Q. What information have you in your diary other than you have given to this Commission, as to when you appeared formally before legislative committees or used your influence, spoken of in your former testimony, in the interest of the Union Pacific Railway?—A. Nothing having any bearing on legislative matters. No dates or data.

Q. Have you any names in your diary in connection with the Union Pacific Railway business or company?

The WITNESS. In that connection?

The CHAIRMAN. Yes.—A. I may have. In this case I have given the names that appear in the diary in that connection.

Q. Have you any entry in your diary of any payment of money or any promise made to any one on account of influencing legislation or any other matters in behalf of the Union Pacific Railway Company?—A. None at all.

Q. You have given the Commission all that your diary contains on that subject?—A. In that connection, yes.

The CHAIRMAN. That was not very difficult to do. What other connection have you spoken of?

The WITNESS. None.

Q. You have just said "in that connection." What other connection would you refer to?—A. I have given you the dates that occur in my diary which enable me to fix my connection with legislative matters by that diary.

Q. Have you given us the entries in the diary?

The WITNESS. What do you mean by the entries in the diary?

The CHAIRMAN. Under those dates.

The WITNESS. I have given you the dates that the entries in the diary enable me to fix, and I can give you the exact language, if that will do you any good.

The CHAIRMAN. We want anything in your diary that bears, directly or indirectly, upon the business or relations of the Union Pacific Railway Company.

The WITNESS. You have got all that I can give you on that subject.

CALL FOR KIMBALL LETTERS.

The CHAIRMAN. There was a call for copies of letters, if any, written by Mr. Kimball to members of the legislature regarding the business of the Union Pacific Railway Company.

The WITNESS. I would like to submit a report of what I said to the legislative committee on the subject of railroad legislation.

The CHAIRMAN. There is no objection to that. We will take it.

The WITNESS. That will show the kind of influence that I was exercising over them.

Q. Have you any copies of letters written to members of the legislature regarding the business of the Union Pacific Railway Company?

The WITNESS. Does your question say letters to members of the legislature?

The CHAIRMAN. Yes.

The WITNESS. I could not find any. But I have a letter to an attorney of the company.

Mr. POPPLETON. Then this is purely irrelevant.

CONSTRUCTIVE MILEAGE.

The CHAIRMAN. Purely.

A call was made for a record of the cost of service on which rates of constructive mileage were based.

Mr. POPPLETON. That is, as between the Trunk Line and the branches?

The CHAIRMAN. Yes, sir. I mean by that to get the basis by which Mr. Kimball fixed his original figures in 1881.

Mr. MINK. It would be difficult to make a statement of that character. I can file a statement showing how constructive mileage affects the parent road and its branches.

The CHAIRMAN. What is the difficulty about it?

Mr. MINK. I understand your question to be as to the relative cost of performing the service on the branch lines, compared with the cost of performing it on the main line at the time the constructive mileage rates were fixed.

The CHAIRMAN. And the rates still in operation.

Mr. MINK. So far as they are still in operation I can show you the cost instantly.

Mr. POPPLETON. In other words, there is no data which will show the cost of service at the time these rates were first established?

Mr. MINK. None that I know of, or that is presently available.

The WITNESS. There could not be any made, either.

COST OF OPERATING MAIN AND BRANCH LINES.

Mr. MINK. The annual report of 1886, page 22, shows that the cost of operating the main line of our railroad, including taxes, was 58 per cent. of the gross earnings, while on the branches it was as high as 83 percent. I made a memorandum some days since (I am not sure whether or not it has gone into the record) in which I withdrew from the earnings of the auxiliary lines the amounts allowed them under the constructive mileage rule in excess of the amounts that would have been allowed them on a pro rata basis. If those amounts are added to the earnings of the main line and deducted from the earnings of the branches the percentage of expense would be 88 per cent. for the branch lines to about 56 per cent. for the main line. Whatever statement I may make must be predicated upon some such general statement as I am now making to you.

The WITNESS. That would be the auxiliary system right through?

Mr. MINK. That is the auxiliary system as a whole. The expense of operation is therefore nearly 50 per cent. greater on the branch lines than it is on the main line.

POPULATION COVERED BY UNION PACIFIC SYSTEM.

The CHAIRMAN. What have you to say in answer to the question as to what was the population of the territory of the Union Pacific and branch lines on which constructive mileage was based?

The WITNESS. It was taken from the census report of 1880, of territory, by counties, through which the Union Pacific Railway passed. I have a list of the counties.

The CHAIRMAN. I would like you to make out for us a list of the population, by counties.

SPECIAL RATES.

What have you to say as to the question calling for the lowest net rate allowed to the Omaha Elevator Company, Himebaugh & Merriam, the Standard Oil Company, the Union Cattle Company, and the Omaha and Grant Company?

The WITNESS. The interrogatory calls for an immense amount of labor to give an exact answer. Would the Commission like my guess?

The CHAIRMAN. We will take your estimate.

The WITNESS. That would be an average. I should say that the Omaha Elevator Company and the Himebaugh and Merriam Elevator charges would be 1 cent per ton per mile as the lowest average. As to the Standard Oil Company, the great bulk of its business being transcontinental and carried at very low rates, would probably not pay more than one-half to three-fourths of a cent per ton per mile, on the average. The Union Cattle Company's business would, I should say, run about a cent and a quarter, while the Omaha and Grant Company would average in the neighborhood of eight-tenths of a cent per ton per mile. I mean the lowest of the rates—the average of the lowest rates. I imagine that the total tonnage of all these concerns will show better earnings than the figures I have named, but, taking their low competitive rates during that period, the average of those lowest rates would be approximately what I have given.

The CHAIRMAN. One gentleman here testified that for two years continuously there was 1 cent per 100 pounds allowed to the Omaha Elevator Company.

The WITNESS. That was a rebate for each 100 pounds that they transferred.

POOL EARNINGS.

The CHAIRMAN. There was a call made for a statement showing the amount of passenger earnings derived from pool balances and the amount from ordinary business.

The WITNESS. Also freight earnings derived from pools and the amount from ordinary business?

Mr. POPPLETON. By ordinary business you meant business outside of pools?

The CHAIRMAN. Yes.

Mr. MINK. We will try to file an answer to that.

The CHAIRMAN. I will accept either the answer that you will file as answer, or that you now say that the bulk of the business is from pools.

Mr. MINK. Since 1881?

The CHAIRMAN. Yes.

The WITNESS. I think we can answer the question.

COST OF BRANCHES.

The CHAIRMAN. There was a call for a statement of the actual cost of each of the branch lines of the Union Pacific System, as shown by the books at Omaha.

Mr. ERASTUS YOUNG. That is being prepared.

Mr. MINK. That information will have to be sent to you on the line of the road.

Commissioner LITTLER. Please furnish to the Commission a statement showing the amount of subsidies or donations voted in aid of each of the branch lines by counties, cities, towns, and townships in the States and counties through which the Union Pacific runs.

OMAHA BRIDGE.

Q. Is the bridge at Omaha a part of the main line?

Mr. POPPLETON. Yes.

The WITNESS. We are treating it as part of the main line.

Commissioner LITTLER. I will include in that question, then, the Omaha bridge and the main line.

Mr. POPPLETON. This $250,000 that Mr. Rosewater spoke of the other day, that was donated in aid of the bridge, was given to the company to induce it to locate the bridge at Omaha, after it was located at Child's Mill, below here; and it was supposed to represent the greater cost of building at one place instead of the other. So that it was in no sense a donation. It was an act of self-preservation on the part of this community.

Commissioner LITTLER. You will please give the Commission information as to what disposition the Union Pacific Railway Company made of such aid as I have mentioned in my last interrogatory. By the constitution of this State I understand that the State is prohibited from granting aid to a railroad.

Mr. POPPLETON. The State, as such, is; but counties and municipalities are authorized to give aid.

DISPOSITION OF AID.

Commissioner LITTLER. If you have received aid from any State I want you to state it.

Mr. POPPLETON. There was never a dollar, in money or land, received in that way, although in this State there was considerable land given away to railroads, and neither the Union Pacific nor any branch of it got a cent of it.

The CHAIRMAN. There was a call made for a statement showing land entries paid for by the companies, and the location of the land.

Mr. ERASTUS YOUNG. That will be furnished.

The CHAIRMAN. There was a call made for vouchers in Mr. Thurston's name, and other legal expenses.

Mr. MINK. They have been presented, and are about the room somewhere.

The CHAIRMAN. A call was made for the names of all persons, employés of the company, who were members of the legislature.

Mr. POPPLETON. For the legislature of 1887 the names have already been given.

DIVERSION OF FREIGHT TO SANTE FÉ ROAD.

By the CHAIRMAN:

Q. Is it true that, within the last six weeks or, possibly, sixty days (I am not sure as to the date), 300 cars of through freight were billed to go over the Union Pacific, at Kansas City, and were taken from the Union Pacific and sent over the Santa Fé?—A. I will make a memorandum of that question and give you the answer. I have no knowledge of that fact. But where does the question come from?

The CHAIRMAN. It is my question to you.

Mr. POPPLETON. Taken in what way?

The CHAIRMAN. What is the policy of diverting to the Santa Fé road 300 cars billed to go over the Union Pacific, a Government aided road?

The WITNESS. I do not know that there is any such fact.

Mr. POPPLETON. If the 300 cars were taken over the Santa Fé the question does not convey any idea as to whether it was done by consent or without consent or against knowledge.

The CHAIRMAN. Is it true that, within the last sixty days, 300 cars of through freight which had been billed to go over the Union Pacific, at Kansas City, were taken from the Union Pacific, or Kansas Pacific, and sent over the Santa Fé. Would such a thing be possible in the management of the Union Pacific?

The WITNESS. No; I do not think it would be possible to that extent.

Q. Well, to what extent?—A. It might occur to this extent——

Mr. POPPLETON. What, 300 cars?

The WITNESS. I say no. But I say that freight offered to the Union Pacific Company might find us without equipment to move it, and we might have to turn it over to the Santa Fé Company if we did not have the equipment, because the shipper would not consent to our keeping it indefinitely. Sometimes it happens that an intervening cut might take it away from the road that originally secured the freight; but I do not understand that this is such a case.

Q. Have fifty cars, representing through freight billed to go over the Union Pacific, at any time been diverted to go over the Santa Fé road?—A. I have no knowledge of such a fact.

Q. Who would have knowledge of such a fact?

The WITNESS. This inquiry is limited to sixty days, is it?

The CHAIRMAN. No. I only take that as an illustration, because it is given to me as a fact that that diversion that I have given to you occured within sixty days.

The WITNESS. It is not true. I do not think there is any substantial foundation for the statement.

Q. Within three months?—A. No.

Q. At any time?—A. I do not recall any facts that would warrant such a statement.

By Commissioner LITTLER:

Q. In the history of the road?—A. In the history of the road, unless we were washed out. More than that number of cars have been given to us from the Santa Fé.

Q. How many cars have been diverted at any time—how many cars have been sent over the Santa Fé under a pool arrangement, for example?—A. I do not remember any case where we have diverted freight to the Santa Fé road for California, and no case anywhere occurs to me within the last two years.

DIVERSIONS TO AND FROM UNION PACIFIC.

Q. Has it occurred with any other road at any point, at any time, in the history of the Union Pacific?—A. A great many car loads of freight have been diverted to the Union Pacific road, and shipments have been diverted during the pool period from the Union Pacific road to other lines. And the reason for that is, that it is cheaper for the road that is "over" in its pool tonnage to give the other roads the freight and let them stand the expense of hauling it than it is to pay the balance in net cash.

Mr. POPPLETON (to the chairman). You say that that was stated to you as a fact. Now, where was this freight from? Do you mean that it was loaded in cars and billed from Saint Louis or Chicago or any point out of Kansas City, or is the question aimed at the consent of the Union Pacific to do or to allow such a thing to be done?

The CHAIRMAN. That is precisely what I am at.

Mr. POPPLETON. Whoever has given those facts must have given out the fact as to whether it was freight billed out from Kansas City and diverted there, or whether it was through freight and diverted at Kansas City. Is there any objection to disclosing that fact?

The CHAIRMAN. I have no fact to disclose except the question to this company. That would appear somewhere if true. Is it true?

The WITNESS. You can take as my answer that it is not true.

Mr. POPPLETON. That question would mean freight that had been loaded on a Union Pacific car and billed by a Union Pacific route.

The CHAIRMAN. Yes, sir.

Mr. POPPLETON. I do not believe any such thing is possible.

The CHAIRMAN. I am asking for information.

Mr. POPPLETON. Yes, and I only wanted to know what kind of information you wanted.

The CHAIRMAN. I wrote it down, so as to be sure of the point, whether within six weeks or sixty days or six months, 300 cars of through freight had been billed to go over the Union Pacific at Kansas City—whether cars so billed were taken from the Union Pacific and sent over the Santa Fé.

A NAKED, ABLE-BODIED LIAR.

Mr. POPPLETON. We would like to have the name of the witness by whom we can prove the fact of that diversion, if it is true. If you want to serve this company, give us the name.

Mr. MINK. Some one's head will go off.

The WITNESS. It is not true.

Mr. POPPLETON. If any man has made such a representation it would be worth thousands of dollars to know who that man is; to know whether he has even the semblance of truth, or whether he is simply a naked, able-bodied liar, seeking to deceive this Commission.

The CHAIRMAN. What is your answer, Mr. Kimball? You are the witness.

The WITNESS. I answer, no.

Q. Has there been any such diversion of freight from the Union Pacific at any time, at any point, and to what extent, under your pool agreements?

The WITNESS. How do I understand the question—during the whole period of our pool business?

The CHAIRMAN. Yes.

The WITNESS. You ask, have there been 300 car loads, or any number of car loads?

The CHAIRMAN. You have answered about the 300 car loads and said it was not true.

The WITNESS. Do you mean, have there been diversions from the Union Pacific during the existence of our pool?

The CHAIRMAN. Yes.

The WITNESS. I answer that there have been.

Q. To what extent?—A. That I cannot say. I apprehend that, on the whole, considerably more freight has been diverted to the Union

Pacific road by other lines than has been diverted from the Union Pacific.

Q. What percentage of freight of the Union Pacific has been diverted, under pool agreements, over other roads?—A. That would require an examination of the records to show; and it would take some time to do it, too.

Q. Will you produce for the Commission a statement of the actual amount of diversion of traffic from the Union Pacific, under pool agreements over other roads?

The WITNESS: To and from—do you put it in that way?

The CHAIRMAN. Yes.

A. I will do the best I can.

HIMEBAUGH & MERRIAM.

Q. Is it true that Himebaugh & Merriam are now receiving a preference of two cents per bushel on joint tariff on shipments from any point on the Union Pacific Railway to Chicago or to any other eastern point?—A. They are not receiving a cent from any point on the Union Pacific system.

Q. Who is O. P. Mason?—A. He is a lawyer at Lincoln and secretary of the State railway commission.

PAY FOR POLITICAL SPEECHES.

Q. Was he at any time paid money by this company, when not in its employ, for making political speeches?—A. Never to my knowledge.

Q. Who would have knowledge of such a thing?—A. I do not believe anybody would.

Q. Was such a person as O. P. Mason paid $1,000 each for speeches he delivered in the Third Congressional district in behalf of the railroad company's candidate?—A. Not within my knowledge.

Q. Within whose knowledge?—A. I cannot tell you, because I never heard of it except in the newspapers.

Q. Who ought to know if such a payment was made?

The WITNESS. Is it alleged that it was paid by this company?

The CHAIRMAN. Yes.

The WITNESS. I do not know. I do not believe a word of it to start with.

By Commissioner LITTLER:

Q. The auditor of the company would have to know, would he not?—A. Yes; I think he would have to know.

By Mr. POPPLETON:

Q. Is it not a fact that Mason has always been hostile to this company, even in his official capacity?—A. Generally, and particularly so at this time.

The CHAIRMAN. Suppose you add to the data you have to furnish any memorandum or data you have of the diversion of freight from the Union Pacific over the Central Pacific.

The WITNESS. I will see if I have anything that I can present to the Commission on that subject.

COAL DISCRIMINATION DENIED.

I called the attention of the Commission to a newspaper publication a letter written to an Omaha paper from North Platte, Nebr., in which

It is charged that the Union Pacific Company charges for Rock Springs coal delivered at North Platte $1 per ton more than it charges for the same coal delivered in Omaha. It is not true, and has not been for years.

ALLEGED SALT DEAL.

It is also charged by implication that the Union Pacific Company has some inside salt deal by which we have a private agent who goes out and sells salt over the line. We have no arrangement of that sort in this part of the country. We have none anywhere. The statement in respect to the salt business is an entire misapprehension of the facts on the part of the writer of the letter.

THOS. L. KIMBALL.

REBATES, OVERCHARGES, AND REFUNDS.

The following statements were submitted:

Statement showing rebates and overcharges paid annually to the Consolidated Tank Line Company during years of 1882 *to June 22,* 1887, *inclusive, and also gross earnings on same business.*

Date.	Earnings.	Rebate, &c.
[illegible]	$112.15	$15.15
[illegible]	12,311.69	340.54
[illegible]	1,206.49	201.79
[illegible]	11,687.59	2,650.63
[illegible]	16,261.93	3,592.06
[illegible]	24,320.54	5,326.67
Total	66,210.39	12,365.67

Statement showing rebates and overcharges paid annually to the Continental Oil Company during the years 1881 *to* 1887, *inclusive, and also gross earnings on same business.*

Date.	Rebate, &c.	Earnings.
[illegible]	$12,313.66	$29,104.46
[illegible]	27,875.84	62,487.56
[illegible]	7,961.84	33,267.13
[illegible]	3,507.27	9,183.06
[illegible]	4,667.16	43,172.54
[illegible]	14,834.23	138,969.37
[illegible]	10,649.69	63,038.44
Total	81,529.49	380,161.86

Statement showing rebates and overcharges paid to the Standard Oil Company during 1880 *to* 1887, *inclusive, also gross earnings on same business.*

Date.	Earnings.	Rebate, &c.
[illegible]	$267.20	$212.16
[illegible]	2,345.15	514.42
[illegible]	415.13	212.63
[illegible]	816.90	420.20
[illegible]	3,262.57	806.23
[illegible]	11,783.52	2,453.78
[illegible]	34,945.52	4,718.17
[illegible]	5,275.76	990.65
Total	59,811.75	10,328.24

Statement of charges refunded annually to the Standard Oil Company, account of empty oil tanks returned.

Year.	Refund.
1880	$111.10
1883	36.00
1884	6.00
1885	636.12
1886	61.75
Total	850.97

Statement of charges refunded on empty oil tanks returned, account Continental Oil Company during the following years.

Date.	Amount.
1884	$738.00
1885	191.00
1886	469.20
Total	1,398.20

The Commission then adjourned to Friday, July 1, 1887, at 9.30 a. m.

UNION PACIFIC RAILWAY OFFICES,
Omaha, Nebr., Friday, July 1, 1887.

The Commission met at 9.30 a. m. Present: Commissioner Pattison (chairman) and Commissioner Littler.

Mr. POPPLETON. Mr. Chairman, Mr. Day, the chairman of the railway commission of Iowa, is here; and if the Commission could take him up early I would be glad.

The CHAIRMAN. We will examine him in a few minutes. Mr. Rosewater is here now with the telegram which he mentioned on the day when he testified before the Commission, and if you wish to examine him now, you may do so.

Mr. POPPLETON. I do not care to examine him; but I would like to see the telegram that he spoke about.

EDWARD ROSEWATER, being further examined, testified as follows:

By the CHAIRMAN:

Question. Have you the telegram which you mentioned in your testimony the other day?—Answer. I have.

Q. Will you produce it?—A. Yes, sir; here it is. [Producing paper.]

Q. Is this the original?—A. This is the copy I made from the publication made in the Omaha Bee on, I think, the same date as the dispatch. It was published in the Bee, as well as in the Republican, on the same day, and I have copied the dispatch from the paper.

The telegram is as follows:

[Telegram.]

OMAHA, NEBR., *October* 13, 1873.

S. H. H. CLARK or T. L. KIMBALL, *Denver:*

The vote of the shops will probably decide the election, and it is said it will go solid against Grebe for sheriff. He has served the road better than any sheriff we ever had. Can't you give this vote? I think you should if possible. If you agree, instruct proper parties to give him the vote, and send me copy of your telegram.

A. J. POPPLETON.

ENTRIES ON UNGRANTED LANDS.

Q. What information can you give the Commission concerning entries made by the Union Pacific Railway Company upon lands other than the lands granted by the Government to the company, and their methods as to making such entries?—A. I have no information, directly personal, as to any land entries by the railroad company. They have acquired lands at different times, as I am told, under condemnation process for a bridge and right of way in the city, but I do not know of any private entries.

Q. During Mr. Schurz's administration as Secretary of the Interior, do you recall the fact of his decision with reference to the land question, raised, indirectly, by the Union Pacific Company?—A. I recall a case that was made in Kansas, if I remember correctly, known as the Dudymot claim, which was brought into the Land Department of the Government and ruled upon by Secretary Schurz. I think it was in 1878. The charter of the Union Pacific Railway Company made all lands of their land grant not disposed of within five years after the completion of the road subject to pre-emption at $2.50 per acre.

Mr. POPPLETON. That was three years instead of five.

EJECTMENT SUITS.

The WITNESS. Well, I may have been mistaken about that. I know that in 1877 the time had expired within which the pre-emption was supposed to have been made, or could have been made. The Secretary ruled on the Dudymot case in 1878, that the lands coming under that act (I suppose in Kansas as well as in Nebraska) were subject to public entry. Shortly after that a party by the name of William H. Platt, who was an attorney of the Union Pacific Railroad at Grand Island, took possession of a quarter section of land under this order of pre-emption granted by Mr. Schurz. Thereupon the Union Pacific Railway Company made a legal process to eject him from the land, as I understood it. The case was carried into Judge Dundy's court, the United States district court for Nebraska. Mr. Poppleton appeared for the Union Pacific Railroad Company and Mr. Eleazor Wakeley, who was there as an assistant attorney of the Union Pacific Railroad Company, appeared on behalf of Platt. The case was made up on this issue, and the judge ruled that Platt had no right to pre-empt the land under the charter provision. This case was carried up to the higher courts and, finally, the Supreme Court affirmed the decision of Judge Dundy; although the case, as I have often charged, was made up here by the Union Pacific and its attorneys.

Commissioner LITTLER. Is not that part of the record of the court?

Mr. POPPLETON. Certainly it is.

The WITNESS. After this case had been decided the order of the Secretary of the Interior (if I remember correctly) had to be revoked, and

the lands were made only subject to sale by the Union Pacific Company, on the ruling that the land-grant bond was a disposal of the land. I did not know, however, until last winter that the case made up by the railroad company's attorneys was not upon an unpatented piece of land, but had been made upon a piece of land for which a patent had been issued; so that the decision did not involve any unpatented land, but land that had already passed from the control of the Government. This fact was stated to me by Commissioner Sparks himself. At the same time that this case was pending in the courts there were, I think, other cases that did touch the right of the railroad to exclusive control of the sale of the unpatented part of the land grant. I do not know whether any of these cases have yet been decided by the Supreme Court.

CASE OF AUGUST ARNDT.

By Mr. POPPLETON:

Q. Just name any case that involved that question.—A. The case of August Arndt. He was a citizen of Saunders County, Nebraska, and did take, I think, a quarter section of Union Pacific land that was not patented and did make pre-emption entry for that land. A litigation began in the United States court, and in the winter or late in the fall of 1881 the case was about to be tried in the courts, or called up in the courts in Omaha, when August Arndt was arrested on the charge of assassinating the clerk of the district court, Watson B. Smith. Arndt was taken to jail, and no person, not even his wife, was allowed to see him or converse with him. He was kept in jail for some time, until the grand jury made an investigation, and they, failing to find any proof that he was the assassin, discharged him.

Mr. Arndt told me that at the time of his arrest he had the documents and papers relating to his land claims in a trunk in the hotel in which he was stopping in this city. That trunk was taken by some officers pretending to look after evidence in the assassination case, and the documents that bore upon this railroad land were stolen and carried away, and when he recovered his trunk the papers were missing. But that was not the end of the case. Arndt was rearrested in January, I think, 1883, on the charge of threatening the life of Judge Dundy on account of this treatment. He was taken to Lincoln, tried, and convicted of this crime, although the judge himself testified that he had not any fear and did not believe that Arndt had made any such threat. But there had been some letters written by Arndt which had been construed to be such threats. He was imprisoned for some months. The Farmers' Alliance of Saunders County had a meeting and denounced that treatment and asked Senator Van Wyck to present a petition to the President of the United States for his pardon. I do not know whether such a petition was presented or not; but Arndt has since told me that he and his lawyers had full confidence in establishing his rights to the pre-emption, and that he had a clear case, in which a question that has not yet been passed upon might have been tested.

By the CHAIRMAN:

INFLUENCE ON FEDERAL OFFICERS.

Q. Was the Union Pacific Railroad Company connected with that case?—A. It was a case against the Union Pacific Railroad Company, brought in some way; I do not know the exact way.

By Commissioner LITTLER:

Q. How do you connect the Union Pacific Railway Company or any of its officers with these criminal proceedings?—A. They have managed, in some way, to have a great deal of influence upon the court officers in this State.

Q. These Union Pacific officers?—A. Yes, sir; and Mr. Thurston in particular. The court officers here, and the United States marshal and his deputies, have had annual passes, and charged the Government ten cents a mile for every mile they traveled on those passes. Those passes amount to thousands and thousands of dollars.

Q. Do you know that in making up the mileage account the marshal is compelled to swear that he traveled no part of the way on a free pass?—A. I do not know that; but I do know that the marshal and his deputies traveled on a free pass. I saw one deputy, myself, so traveling, and he told me that he had to divide his fee for traveling with the marshal.

Commissioner LITTLER. He ought to be prosecuted before the grand jury for that.

The WITNESS. I have nothing to do with that.

LANDS UNPATENTED.

By the CHAIRMAN:

Q. What other information can you give to the Commission on the land question?—A. Nothing more than this, that for many years our people have attempted to compel the company to take out their land grant patents. We have petitioned and we have had acts of Congress passed through one House or the other House, but there has always been a very active interference by the Union Pacific officers to prevent the passage of any such act of Congress as would give the right to tax the lands. This opposition has done very great damage to the people of this State. It has changed the burdens from the railroad company, who own these vast tracts of land, and put them upon those of other land and property owners and compelled them to pay all the tax.

By Commissioner LITTLER:

Q. How long has that practice (referring to the marshal) been in force here?—A. I believe it has been in force here ever since the railroads have been running politics in Nebraska.

Q. How long has that been?—A. Twelve or fifteen years. It has been done under all the marshals, and all the marshals have shown a very active subserviency to the railroad.

RAILROAD PASSES.

By Mr. POPPLETON:

Q. Has the practice of the Union Pacific Railway Company in respect to issuing passes to public officers in this State been any different from that of other railroads?—A. I do not know what the practice of other roads has been; but I claim that all our roads are wrong. They have all been operating against the public interest by a wholesale use of passes.

Q. Do you know whether the United States marshals have had passes on other roads?—A. Yes; I saw the passes.

Q. Have you any doubt that they have been treated substantially alike by the different roads?—A. No, sir.

PLATT TRACT.

Q. Do you not know that the tract of ground involved in the Platt case was actually occupied by Platt and had been actually occupied by him prior to any other person who ever settled on it, and that that was the reason why he set up his claim of pre-emption and was enabled to set it up?—A. I do not know of my own knowledge anything of the kind. I only understood that at the time he took possession——

Q. (Interposing.) You say he took possession?—A. Yes.

Q. Now, do you not know that he had been in the occupancy of it for years?—A. That is possible. I did not know it at the time it was pending in the courts. I simply knew it was a test case brought for the purpose——

Q. But what you testified to was that he went into possession of this tract of land after Mr. Schurz made this decision. Now, I ask you if you do not know that that is untrue, and that he had been in the occupancy of the ground for ten or fifteen years?—A. I do not know that; and if he had been in possession for ten or fifteen years it was his ground, and I do not see what the road had to do with it. It certainly was his if the Government had given him a patent for it. If the Government had issued a patent after these three years had expired and Mr. Schurz's decision was correct, that patent was annulled.

THE ARNDT CASE.

Q. As to the August Arndt case do you not know that Judge Miller decided that Arndt had no title ever to that land?—A. It was decided after papers that were important to him had been stolen, and it was after that affidavit and in consequence of it.

Q. That is about as true as anything else you have testified to, is it?—A. Yes; it is true.

Q. Then, if it should turn out that Arndt's arrest was after that decision, you would have testified to what would be false, would you not?—A. Not necessarily.

Q. If it should turn out that that was decided before Arndt was arrested for killing Watson B. Smith, then your testimony on that subject would not be true, would it?—A. Then I might be mistaken; but there was a case pending against the Union Pacific road, and it was to be tried, when he was arrested.

Q. Do you know anything about this except what Arndt told you?—A. Nothing more than what he and his lawyers have said.

Q. Do you not know that Arndt has been repeatedly impeached in court by swarms of witnesses who said they would not believe him under oath?—A. I do not know anything about it.

Q. Do you not know that he is an avowed anarchist and assassinator—that is to say, that he believes in assassination as a remedy for civil wrongs and avows it?—A. I do not know anything of the kind.

PERSONAL HOSTILITY OF WITNESS.

Q. Now, is it not a fact that since you started the Bee you have been individually in a chronic state of hostility to the railroads, and that that had been your stock in trade and the stock in trade of your newspaper?—A. I will deny that in toto. I have been simply opposed to the methods which the railroads of this State have pursued and the policy which they have carried on that has been oppressive to the people, inter-

fering with the political affairs of the State and the rights of their patrons, in violation of their charter obligations.

Q. You admit, then, that you have been in opposition to them?—A. I have not been in opposition to the railroads, but in opposition to the men who manage the railroads and to their methods.

Q. Have you not assailed almost every manager of the Burlington and Missouri and of the Union Pacific Railway Company, who has had charge here up to the time that Mr. Callaway came into office?—A. No, sir; I do not remember that I assailed Mr. Touzalin; he was the manager of the Burlington road before Mr. Callaway came in. I have not assailed any of them except when their conduct and that of their subordinate was criminally dishonest and dangerous to the public safety.

Q. Is Mr. Touzalin the only man you can think of that you have not assailed?—A. There are numbers of other men that I could mention.

Q. Mention all you can.—A. You speak of the managers of railroads. I have not assailed any of the managers of half a dozen roads on the other side of the river except, perhaps, the Northwestern, that has robbed our people by favoritism and discrimination.

Q. You were professionally a telegraph operator, originally?—A. Yes; for thirteen years.

Q. Where were you employed in that business when the war broke out?—A. I was employed, when the war broke out, in the State of Alabama.

TELEGRAPH OPERATOR WITHIN REBEL LINES.

Q. You were an operator within the lines of the Southern Confederacy, then, at the time the war broke out?—A. Yes, sir; I was an operator, working for the Southwestern Telegraph Company.

Q. Is it not a fact that you have been repeatedly charged with being a member of a committee who received Jeff. Davis at Montgomery when he went there to take possession of the Southern Confederacy?—A. I have not only been charged with it, but it is true. Now, I want to answer this question fully.

The CHAIRMAN. Let the witness explain.

Mr. POPPLETON. After he gets through answering my questions he can explain.

The WITNESS. I want to explain it now, because it is a matter that has been charged frequently, and there are parties who have been convicted of libel here in the courts for charging me with being a rebel and a rebel spy.

Q. Who are they?—A. Casper E. Yost is one and Fred. Nye is another, both of them editors of the Republican.

The CHAIRMAN. The war is over.

Mr. POPPLETON. Well, I do not know; there is some talk of a return of the flags.

The CHAIRMAN. Well, if you bring up that issue you had better let us know whether you are going to wave the bloody shirt.

WAR REMINISCENCES.

The WITNESS. The facts are these: I was located in Stevenson, Ala., from July, 1859, until March, 1861. When Jefferson Davis was United States Senator, representing the State of Mississippi, he stopped over at Stevenson twice, and called at the telegraph office and sent dispatches. It was in that way that I made his acquaintance. When he was elected president of the Southern Confederacy he was on his way to Mont-

gomery. Stevenson, Ala., at that time was a very small place, with only, perhaps, four or five hundred people living there. It so happened that no person in the place had ever met Davis or could point him out. He arrived at night at 10 o'clock on the train. A committee was appointed by the citizens who wanted him to make a speech. They added me to the committee simply to go and introduce him, or point him out. I went into the car and pointed him out. That was my whole connection with the matter. If that was any crime, you can make the most of it.

WORKING FOR UNCLE SAM.

Q. From there, after you got through the rebel lines, where did you go to work then?—A. For Uncle Sam. I enlisted at Wheeling, W. Va., took the oath, entered the United States army, and went with General Fremont through the entire campaign of West Virginia. After that I was assigned to the navy-yard at Washington, with Commodore Dahlgren, and in the latter part of July, 1862, I made an application to General Pope to accompany him on the way to Richmond, and I was assigned to his staff. I accompanied Gen. Pope through the entire campaign, from Warrenton to the Rapidan, and back to Bull Run. I was at the battle of Bull Run. After that I was assigned to the War Department, and remained there until I came to this country.

Q. So that you were the confidential operator of Halleck and Stanton and Lincoln during the Virginia campaign, were you not?—A. Yes.

Q. Now, can you tell me why it was and how it happened that Lee had such complete and exhaustive information of the plans of those three men? Do you know anything about that?—A. That may not enter into this investigation, but I will answer it. It was notorious when I was in the War Department that there were leaks in that Department, and that there were dispatches sent; that submarine wires had been laid across at Fredericksburg, for instance, at the time that Fredericksburg had been besieged by Burnside, and that information was smuggled across to the rebels through the lines by wire, in some way. Suspicion rested upon the wives of certain army officers who were southern women, and who, in connection with other southern people, managed to carry information through the lines.

Q. Do you not know, as matter of fact, and have not the rebel archives disclosed the fact, that telegrams passed from the War Department and were in the possession of Lee?—A. That is possible. I have not examined the archives.

Q. How long did you stay in the War Department?—A. Until the summer of 1863, when I came here. After the battle of Bull Run, in 1862, I took my place in the War Department and remained there until I came here.

Q. You were not there, then, previous to the battle of Gettysburg?—A. No, sir; I was in Omaha when the battle of Gettysburg took place. No, come to think of it, I did not get here until a few weeks later. I was in Cleveland at that time.

Q. General Longsteet says that when he got ready to move towards Gettysburg he sent his spy towards Washington, and that he came back with complete plans of the disposition of Meade's army in its advance on Gettysburg. Do you know anything about how that information got to him?—A. No; I would not know, certainly. How should I know? I was charged with being a rebel spy, and I brought suit and had it tried in this county two years ago, and at that trial I produced a deposition of General Anson Stager, chief of the United State

Military Telegraph Corps, stating that he had had the fullest confidence in my loyalty and integrity. My people all lived in Ohio and I went south as a freesoiler. I do not think that anybody can attach any sympathy with the rebellion to me. The fact is, the whole story originated in this building. All the schemes of persecution and falsehood that have ever originated against me have originated in these Union Pacific Railroad headquarters, from men who wanted to trample me under their feet, and from organs.

Q. But you admit these facts to be true?—A. I admit that I was in the Army and risked my life for my country, and that is more than can be said of many men about here, like Thurston and others that I could name.

Q. Do you know the name of the operator who sent that telegram which had been produced here?—A. I know what became of him, but I do not remember his name.

Q. What became of the operator that gave you the dispatch I sent to Manager Clarke?—He was discharged by the Western Union Company, he enlisted in the regular army, and served in the army about five years. He finally became a vagabond, and passed through here, and went down to Saint Louis in a dissipated condition. That is all I know about him.

Q. Was his name Bailey or Boylan?—A. His name was Barker, if I remember aright.

Q. Now, what did you pay that fellow for that dispatch?—A. I never paid him a dollar for the dispatch nor anything connected with the dispatch.

Q. Did you take it off the wires yourself?—A. I will tell you the whole story. I did not pay him anything. When he was discharged, a collection was made up by the Republican committee here, and I contributed my part to it, to send him away from Omaha.

Q. Now, if he ever made the statement, afterwards, that he never would have given you that dispatch—that he had no idea of giving it to anybody until you corrupted him and offered him $100 for it, was it true or false?—A. If he ever made that statement it was an infernal lie, that is all; because I did not know anything about the dispatch passing over the wire until the man brought it into my office. When the man brought it into my office I should have been very foolish not to use it to defeat the Democratic ticket, which I did. The dispatch suited my purpose. He was never betrayed, so far as I am concerned. He asked me just one thing, and that was that I should not betray him. The Western Union manager attempted to discharge all the operators in the office. Then he came forward and said, "I am the guilty party; I do not want my colleagues discharged." He gave himself away. In fact, there were two operators involved, and the Republican committee made up enough money to pay their fare to Saint Louis.

Q. If he ever made the statement that he had a standing arrangement with you to give you every telegram that would be to your advantage to use against the Union Pacific Railway Company, is that true?—A. I never had any conversation with that man, and do not remember of ever having any intercourse with him until he brought that dispatch. And he was drunk when he brought it; and it was probably mainly because he was drunk that he got it into his head that there was a chance to publish the fact that he was a Republican; and he probably thought that there was a chance to defeat the Democrats, and he brought the dispatch down. There is no truth whatever in the statement that I ever had any intercourse with him or arranged with anybody to give

me any dispatches. I did this, however: after he had given me the first dispatch I said, "If you can get me the answer that Clark sends, or Kimball" (because it was addressed to Clark and Kimball), "I will gladly have it and I will stand by you, no matter what happens."

Q. So that you did offer to pay him for the answer?—A. I did not.

Q. You offered to stand by him, and you contributed money to get him out of town?—A. I offered to stand by him if any trouble should occur to him, and I contributed money to get him out of town.

By Commissioner LITTLER:

Q. Is it true that you, at any time, betrayed your official trust when you were connected with the Government telegraph corps at Washington, or betrayed the Government in any respect whatever during the whole period of your connection with the public service?—A. Why, of course, it is not true. If I had been disposed to make use of the information I got there, I could have been a millionaire. There were every day (and it may be a little interesting to some of you) quotations sent in there of stocks and gold which were kept back for one day. Edward S. Sanford was the Government censor of dispatches. Every battle changed the value of stocks and gold; and very often information of battles was held back. And there is not any doubt in my mind that an immense amount of stock gambling was carried on under the censor's department. If any operator, however, had given away any of these secrets he would have gone into the Capitol prison very quickly. I have the certificate of General Eckert, who is now the general manager of the Western Union lines (and he is on just as friendly relations with me as any man anywhere), accepting my resignation from the Army Military Telegraph Corps; and not only that, but the Society of the United States Military Telegraph Corps, without my knowledge, when they organized at Niagara Falls four or five years ago, appointed me to wait upon Congress with regard to legislation. And for two successive terms I have been vice-president of that society, composed exclusively of military telegraphers who went out of the service with an honorable record.

Q. Then it is not true?—A. It is not true. I am now a member of that society. Another thing: I have two volumes of the History of the Military Telegraph Corps, which I can bring in at any time, in which my name appears in connection with Army telegraph service without the remotest reflection on my conduct.

Q. You were not discharged from the service, but resigned?—A. I resigned.

Q. Voluntarily?—A. Voluntarily.

COAL RATES.

By the CHAIRMAN:

Q. What knowledge have you of the coal dealings of the Union Pacific Railway Company in their shipments from Rock Springs Coal Mine?—A. Well, I have general knowledge only, such as has been published from time to time or given to me by parties residing along the road, and by people here. The coal supply in Nebraska has been Wyoming coal. The company has charged as high a rate at Sidney and North Platte as they did at Omaha, which is from three to four hundred miles from the mines. I have also been informed that at times, in order to break down all competition, the company has, in some cases, by main force, taken possession of lines, and, in other cases, by discrim-

fication, has destroyed the business of parties who have attempted to do mining. There is Jake Morrow, for instance, for one, and Wardell for another, who had mines in the neighborhood of Rock Springs. I have also been told that Wyoming coal was bought at almost nothing and carried out there in order to break up these parties, clear across in the neighborhood of Cheyenne, and delivered there at a much lower price than parties who were mining coal in Wyoming could deliver it at.

HOW THE GOVERNMENT IS FLEECED.

There is another thing that was particularly wrong, to my mind, and that is that the Government has paid $14 per ton, if I remember rightly, for carrying coal from Rock Springs to Omaha, when coal can be bought for $10.50 in Omaha. This I had from the man who was quartermaster's clerk, and kept the accounts between the Government and the road. The Government consumed a large quantity of coal here. This coal was bought from the contractors out there who were really employés of the Union Pacific Company—Beckwith & Quinn, out at the mines, and then brought in here; so that it costs more than double. But the records will show what that is. The quartermaster's clerk told me that.

By Commissioner LITTLER:

Q. What is his name?—A. His name is Patrick. He is now in Washington City. He is a Democrat, and has been trying to get a position in the Department since Cleveland came into power. His brother was, I think, at one time general passenger agent of the Rock Island Road.

BECKWITH & QUINN.

By the CHAIRMAN:

Q. Who were Beckwith & Quinn?—A. I think that that is merely a sham firm. I think the firm itself is simply made up of men who got so much for the mining of coal for the company in Wyoming. I think they are employés, and nothing more than employés, of the Union Pacific Company.

The CHAIRMAN (to Mr. Mink). I wish you would produce any contracts you have between the company and Beckwith & Quinn.

Q. Have you any other information that you can give to the Commission?—A. Nothing particular, unless something should be called out by a question.

By Mr. POPPLETON:

Q. Was not this man Patrick habitually drunk when not on duty? Was he not a common loafer?—A. I know he was not a loafer. He was in the Government employ for a great many years; but he was addicted to drinking.

EDWARD ROSEWATER.

Mr. Mink produced the following copy of a contract with Beckwith & Quinn:

Agreement made and entered into this 24th day of December, A. D. 1875, between Beckwith, Quinn & Co., of Evanston, Wyoming Territory, of the first part, and the Union Pacific Railroad Company, of the second part: Witnesseth:

The parties of the first part hereby agree to furnish to the party of the second part all the Chinese laborers requisite for the complete working of their several coal mines on the line of the Union Pacific Railroad, at the same prices and on the same terms

and conditions as stated in a certain contract for similar service made by Sisson, Wallace & Co., for and in behalf of Chinese laborers, with the Rocky Mountain Coal and Mining Company, a copy of which is hereto attached and made part of this agreement.

The said parties of the first part further agree to furnish to the said party of the second part, upon a reasonable notice from their general superintendent, a sufficient number of Chinese laborers for the repairs of the track of the Union Pacific Railroad, or such portion thereof, in addition to that which is now being worked by Chinamen, as the party of the second part may require.

It is hereby mutually understood and agreed:

First. That all of the Chinese laborers so furnished by the parties of the first part for the purposes named shall be delivered by them to the Union Pacific Railroad Company at Ogden free from all expense to it, and that free transportation shall be afforded by the Union Pacific Railroad Company for all such Chinese laborers to and from all points on its line, whorever their services may be required.

Second. That the surplus Chinese required and employed in the mines during the winter season shall be transferred in the spring to the repairs of track of the said Union Pacific Railroad, and continued there at the prices now allowed upon the company rolls for such labor during the summer, and until their services are again required in the coal-mines.

Third. That all mining tools required by the Chinese in their labors under this contract, and which are furnished by the said Beckwith, Quinn & Co., shall be charged at cost price only, with freight added, the said party of the second part hereby reserving the right at any time to provide same at their own cost and expense.

Fourth. The said Beckwith, Quinn & Co. shall become responsible to the said Union Pacific Railroad Company for all water furnished by it to white miners, and all other parties excepting Chinamen, and shall account for same at the present prices; also for all coal delivered to Chinese or white miners; and further agree that no extra charge will be made by them for delivering water or coal as above.

The said party of the second part hereby agrees, in consideration of the premises aforesaid, to pay to the said parties of the first part the amount of the rolls for Chinese labor so furnished by them, at and after the rates named in the Rocky Mountain Coal and Iron Company contract hereto attached, regularly on the 15th day of each month next succeeding that in which said labor has been performed; such payment shall be made in the same manner as the present track rolls for Chinese labor.

The party of the second part hereby agrees to sell to the said Beckwith, Quinn & Co. all the present stock of supplies, tools, store furniture, and fixtures contained in their store at Rock Springs, Wyoming Territory, on the following terms and conditions, viz:

For all staple articles, such as groceries and other goods bought on thirty days' time, the invoice cost thereof as ascertained from an inventory made about November 1, 1875, with freight added; for all other merchandise and supplies not within the classification of staples, a deduction of 10 per cent. from the inventory prices referred to shall be made.

For all store furniture and fixtures the prices shall be fixed by M. H. Goble and A. C. Beckwith, whose appraisal shall be final.

The value of said stock of supplies, tools, &c., shall be ascertained by said Goble and Beckwith in an inventory to be taken by them on or before the 1st of January, 1876, and payments made for the same shall be made by the parties of the first part to the party of the second part, as follows:

The aggregate value of the stock as ascertained shall be divided into fifteen equal payments, one of which shall be deducted commencing with January, 1876, from the pay-rolls for Chinese labor of each and every succeeding month, in consecutive order, until the full amount of same shall have been deducted and paid to the said Union Pacific Railroad Company.

The said party of the second part hereby further agrees to rent to the said Beckwith, Quinn & Co. their store-house and appurtenances at Rock Springs for the monthly rental of $100, and this amount shall also be deducted from the Chinese pay-rolls each month in the settlement of the joint accounts.

It is hereby mutually understood and agreed that this contract shall take effect on the 1st of January, 1876, and continue in force so long as it may operate to the mutual advantage of the parties hereto, but may be terminated by either upon giving a written notice of ninety days.

BECKWITH, QUINN & CO.
THE UNION PACIFIC R. R. CO.,
By S. H. H. CLARK, *General Superintendent.*

In presence of:
A. D. CLARKE,
O. H. EARLE,
CHAS. STONE.

[Executed in duplicate.]

OMAHA, NEBR., *Friday, July* 1, 1887.

PETER A. DEY, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Where do you reside?—Answer. I live in Iowa.

Q. You are president of the board of railway commissioners of that State?—A. Yes, sir.

Q. Have you ever had any relations with the Union Pacific Railway Company?—A. Yes, sir.

ORIGINAL SURVEY OF LINE OF ROAD.

Q. In what respect?—A. In 1862, after the organization of the company, I was sent out by certain gentlemen who proposed to interest themselves in the project.

Q. Who were they?—A. Henry Farnham was one, Mr. Durant was another, and General Dix was one of the gentlemen interested. I was sent out, and made a reconnaissance from this point to Salt Lake. I went to Denver and across the mountains, and followed north until I found what I supposed to be a practical line, and I followed it up till I reached the Salt Lake Valley. I came back in the fall and made a report. Mr. Farnham paid me for my services and time, and the matter ended, until the summer of 1863. Mr. Durant made some efforts to organize the company. The original parties who sent me out seemed not to take hold of the matter. Mr. Durant, I think, himself, almost started the organization. He sent me out here to make surveys during the summer and fall of 1863. I made surveys from this point over into the Platte Valley, and also a survey from the foot of the mountains over into Laramie plains, and also surveyed the pass into the main chain of mountains. That I did in 1863. The company was organized, I think, somewhere about the 1st of November, 1863; I continued in their employ until the 1st of November, 1864, when I was appointed chief engineer of the road, and held the position of chief engineer in 1865, when I resigned and left the road; and I have had no connection with them since.

ESTIMATED COST.

Q. What was the cause of your resignation?—A. I made the surveys and an estimate, I think (it is a good while since my attention has been called to it). I know I made the surveys, and I think I made an estimate to the one hundredth meridian, which is a point in the Platte Valley. I made an estimate of the cost of building that road. I submitted it, with maps, to the parties in New York. In the fall, or late in the season, I was notified from New York that there were parties there who claimed that my estimates were very much too low, and that the Platte Valley was subject to inundation. The profile I had shown showed no heavy embankments, and the work was extremely light. I was told that there were parties in New York who said the Platte Valley was flooded for several feet in depth, and my estimates were entirely too low. I explained that the Platte never was a troublesome stream and that the valley was wide. But I was, however, instructed to make an estimate of an embankment several feet high and a number of feet above the surface, and certain other matters on the line between here and the Elkhorn River, reducing grades to a very low grade—a grade that was really impracticable; I did so. It increased the amount very

largely. In December, I think it was, or else it was some time late in the fall, I received a copy (sent by Mr. Durant) of the contract made with Mr. Hoxie. Prices and labor of every description were then higher than I have ever known in my experience as a railroad engineer. They were almost double what I have ever known. My estimate of the cost was liberal, and it was $30,000 a mile.

ESTIMATES NEARLY DOUBLED.

Q. That was your first estimate?—A. Yes; this second estimate very largely increased it.

Q. Did your first estimate include equipment?—A. Yes, sir; the equipment, however, was based upon the equipment and station buildings of perhaps $5,000 a mile. I will not say that it was that, but it was a certain amount per mile for station buildings and equipment. It strikes me that it was a little more than $5,000 a mile.

Mr. POPPLETON. $7,500?

The WITNESS. Yes; $7,500. This contract that was sent to me, executed by Mr. Hoxie, was for the amount of $50,000 per mile. In that there was a clause that the iron delivered at Omaha should not cost more than $130 per ton; that the station buildings and equipment should not be more than a fixed amount. My recollection is that it was considerably less than my estimate, and that no bridge should cost more than a certain amount. Everything was scaled down in this contract. Then there was a rate at which the securities of the company—this first mortgage on the road, the mortgage on the lands, and I think the Government subsidy—were to be taken, some of them at a price less than par value. I think the land grant was 75 cents on the dollar and the other 80. It occurred to me that my second estimate had been used as a justification for making this contract, which was largely in excess of the value of the work. I had known General Dix, who was the president of the company, and Mr. Cisco, who was treasurer. I had known of these gentlemen and had a very high respect for them. I felt that I was being placed in the position of making an estimate that was not true for the sake of making a contract for something that was not to be done. I felt somewhat indignant about it, and I resigned my position and closed my connection with the company, and have had nothing to do with them from that day forward.

Q. I understand you that your first estimate was $30,000 a mile?—A. About $30,000 a mile.

Q. The contract returned to you, after you had forwarded your estimate, had been raised to $50,000 per mile?—A. Yes, sir.

Q. And, in your judgment, it was an attempt to raise the price for the purpose of some one's profiting by the difference between $30,000 and $50,000 on that contract?—A. Yes.

Q. And for that reason you resigned?—A. Yes.

By Commissioner LITTLER:

Q. It is set out in the report of the Wilson committee in full, is it not?—A. Yes.

Mr. POPPLETON. Was the contract extended to the one hundredth meridian?

The WITNESS. Not when I resigned. The copy that was furnished to me was for 100 miles.

THE WILSON COMMITTEE.

Q. Were you ever before the Wilson committee?—A. Yes, sir; my testimony is in full there.

Q. Did you report the estimate of $30,000 a mile?—A. I think I did, but it was so long ago that I cannot recall that.

Q. Have you any records preserved of the estimate upon which you based your calculation of $20,000 per mile as the cost of the road?—A. I cannot tell, really, whether I have or not. I think I have my correspondence and all matters connected with that somewhere at home. But it is a thing I have hardly thought of for twenty years, and I can hardly tell whether I have or not.

EXTRACT FROM THE WILSON REPORT.

Mr. POPPLETON. This is in the Wilson report.

The WITNESS. Is it?

Mr. Poppleton read from page 5 of the report of the Wilson committee to the House of Representatives of the United States, as follows:

Peter A. Dey, then engineer-in-chief, testifies that before this contract was made he had certified and estimated the 100 miles embraced in it, and that upon a full estimate he had made the cost not to exceed $30,000 per mile; that after this, Mr. Rees, as agent and director of the company, came there and directed him to make a larger estimate, putting heavy embankments where none were required, which he did, making an estimate of about $50,000 per mile.

By the CHAIRMAN:

Q. Have you any other information that you can give the Commission?—A. I think not.

Q. Have you any information that you can give the Commission with respect to rebates or pools?—A. No.

ESTIMATE FOR ROAD THROUGH TOOELE VALLEY.

By Commissioner LITTLER:

Q. Did you estimate for any other portion of the road?—A. My idea is that I estimated to the one hundredth meridian. During the summer of 1864 I connected the lines to Salt Lake, with the exception of the space from the one hundredth meridian to the foot of the mountain. That was up the Tooele Valley which was plain country; and it was not considered necessary to estimate it, because $10,000 per mile would cover the whole work, in embankment.

Q. Have you any general knowledge of the incumbrances upon this property?—A. No, sir; I heard during the examination of that Wilson committee a good deal of testimony.

HOW TO SECURE GOVERNMENT.

Q. Assuming that this road is mortgaged for a good deal more than it is worth, what suggestion have you to make to the Commission in connection with any additional legislation by Congress looking to securing the Government indebtedness? I ask you this as a railway man.—A. If you want my opinion as a railroad man, I would say that any scheme that the Government can make—any extension of time that the Government can make to secure its indebtedness ought to be made. I will give you my reason for it. My estimate for this work to the foot of the mountains, at the time that labor and material were double what they are now and have been since, was $30,000 a mile. I believe that that road could be paralleled to-day (I mean the construction could be paralleled to-day) for considerably less than $20,000.

Q. Including equipment?—A. Oh, no.

Q. Include in your estimate a first-class equipment and say what your estimate would then be.—A. A first-class equipment could be probably put in for from $8,000 to $10,000 a mile.

Q. How long have you been a railroad commissioner for Iowa?—A. Since 1878; since the organization of the board.

Q. During that time have you given your attention almost exclusively to railroad matters?—A. Entirely so.

Mr. POPPLETON. Let Mr. Dey go on and state the reasons why he comes to the conclusion to which he has alluded.

PRESENT REDUCED COST OF BUILDING.

By Commissioner LITTLER:

Q. If you have any other reason for that statement, give it.—A. My idea is simply this, that railroads can be built for one-half of the money that they could when we started the Union Pacific Railroad. The same class of equipment would cost now not to exceed one-half what it did then. The station buildings and the character of the equipment is probably more expensive than I estimated, but, at the same time, I believe that the entire road through could be paralleled at about $25,000 a mile, including equipment. I may err in that, but that is my judgment.

By Mr. POPPLETON:

Q. Your estimate for the completed road, in the first instance, was $30,000 a mile?—A. For the first 100 miles.

Q. Only for the first 100 miles?—A. That was all.

Q. That was the only estimate you gave, then?—A. That was the only one.

By the CHAIRMAN:

Q. Do you give that opinion as an expert, notwithstanding the fact that the Union Pacific Company in eleven years has paid nearly $30,000,000 in dividends and at the same time, during that period, has interested itself indirectly in the construction of 2,600 miles of branch lines?—A. Yes, sir; I think I understand that. My idea is simply this, that if I was the owner of the branch lines I would let the Government have the main line; that is, with the first mortgage indebtedness on it, and I would run the branch lines.

Q. Suppose the Government held its lien on the branch lines, what then?—A. That is a different matter.

EFFECT OF GOVERNMENT CONTROL.

Q. If the Government operated the main line (putting the branch lines out of the question) at simply the running expenses or operating expenses, what effect would it have on a parallel road?—A. It would have to be close competition. But, in the case of those long lines of road, my idea is that if the Government took it, they would have to work largely for through business; that the control, except for through business, would be largely in the hands of the branch lines.

By Mr. POPPLETON:

Q. Suppose it were operated at mere cost and paying no interest; suppose the Government took and operated it in that way, what would be the effect on branch lines of road?—A. Well, if you are going to get anything on your road, of course the other roads have to do the same business at the same rates.

Q. And if their income would not sustain their capitalization they would have to go into bankruptcy?—A. Of course.

Q. What would be the effect on the industries of the State as to general passenger and freight traffic?—A. I think the general effect would be demoralizing.

Q. In what respect?—A. Whenever you attempt to do business at a loss it upsets everything. It cannot be done for a great while. It disorganizes business and gives a great deal of trouble; and in the end it comes back to something like an arrangement to get something out of the business. I do not think it is possible for any running railway to be operated successfully unless it was earning something.

ADVANTAGES OF POOLS.

By the CHAIRMAN:

Q. Who are benefited by the pools?—A. Why, the roads that are running.

Q. What benefit do the people derive?—A. The only benefit that the public get from pools is a sort of uniformity of rates. I think I can express my idea in this respect. I am not an advocate of pools, but I think I can express what I believe to be the effect of them. You take the railroads and get them into contests; get them quarreling over rates. Take a point like Omaha. Every merchant here is obliged to sell (and stock up) largely at the low rates. He is compelled to sell what he has on hand at a loss. During the existence of a rate war he loses the freights he has paid on the stock on hand. There is a sort of unsettling of business that is always disastrous.

Q. On the other hand, does not the pooling arrangement put the merchant at the mercy of an arbitrary rate made by the railroad manager?—A. Yes, sir. There are objections to pooling and there are objections to contests of this kind.

Q. What effect, in your judgment as a railroad man, has constructive mileage allowance upon the management of railroads?

CONSTRUCTIVE MILEAGE DEFINED.

The WITNESS. Suppose you give me an exact idea of what you mean by the term "constructive mileage?"

The CHAIRMAN. I understand that, for instance, on the Union Pacific, if there is a 30-mile branch line and a piece of freight runs over that 30-mile branch and also passes over, say, 50 miles of the main line, which would make 80 miles altogether, the smaller or branch line would participate to the extent of one-half in the freight receipts. Would that be a benefit to the main line or to the branch line?—A. I should think to both.

Q. In what regard?—A. You cannot sustain a branch line with its local business if you have a pro rate. There is no branch line that can sustain itself on a local business. The main line is valuable because these branch lines gather up the business in car-load lots.

Q. The effect, however, in this case is that the Union Pacific main line supports the branch line to the extent of the constructive mileage allowance in order to get it back in the freight that would come over it?—A. My idea is this: You might have a branch line coming in to Cheyenne with freight destined for Omaha. All the freight of that branch line, in my judgment, could be carried to Omaha just as cheap and probably cheaper than it could be to points one or two hundred

miles from here, because there would be no freight to be hauled back. In other words, if you conclude to load back you would have to haul the cars here empty; after they were unloaded you would have to haul them here for loads back. Our Iowa freight west has been for five or six years a little larger than freight east, although they very nearly balance. So that, to a great extent, the amount of haulage of empty cars was very large. In my judgment, if you can load from these branches through to the terminus of your road and load your cars back the whole distance, you can carry the freight really cheaper than you could carrying it part of the way.

RATE OF WAGON TRANSPORTATION.

By Mr. POPPLETON:

Q. Have you any recollection, Mr. Dey, by which you can state what the prevailing rate of wagon transportation was from Missouri River to the West?—A. Yes, sir.

Q. If you can, please state it.—A. To supply my parties I paid from 16 to 20 cents a pound for freight from the Missouri River to points on the Black Hills, north of Denver. I paid 25 cents a pound for the rations to support my men out to Fort Saunders, and I paid 30 cents for freight that I sent to Salt Lake to supply my men. I might have paid a little more than the average price, but I think not. I loaded my teams with all the supplies that they could manage to carry, and then I left supplies at various points that were accessible to them when they were making their surveys. About 30 cents a pound to Salt Lake was as low as I have heard of its being done.

Q. That was in what year?—A. 1863 and 1864.

Q. How was transportation conducted?—A. By teams—cattle, mules, and horses.

By Commissioner LITTLER:

Q. Have you any accurate knowledge of the amount of discount that the railroad companies suffered on the Government subsidy bonds?—A. My recollection is that it is in the Hoxie contract.

Commissioner LITTLER. I do not want you to state anything that is in the Hoxie contract; but something outside of that, if you know.

The WITNESS. Then I cannot tell you.

OMAHA, NEBR., *Friday, July* 1, 1887.

JOHN A. McSHANE, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am connected with the Union Stock Yards Company in this city, and am in the live-stock business.

Q. How long have you been in the live-stock business?—A. About sixteen years.

Q. Where do you reside, in Omaha?—A. Yes.

Q. You are at present the member of Congress from this district?—A. Yes.

BUSINESS RELATIONS WITH ROAD.

Q. Have you had business relations with the Union Pacific Railroad Company?—A. Yes.

Q. During how many years?—A. I have had business relations with them since 1872.

Q. Your business consists in shipment of freight?—A. Shipping cattle.

Q. What have been the facilities and accommodations afforded you as a shipper?—A. They have been very good.

Q. Have you had any preferential rates, rebates, or special rates?—A. None that I ever knew of.

Q. Did your firm always pay the open rate?—A. Yes. The live-stock rate was always a published special rate. It was a special rate that was published.

Q. All shippers of cattle enjoyed the same rate?—A. As far as I know, they did.

COMPLAINTS AGAINST SPECIAL RATES.

Q. Did you ever hear of any complaints with reference to the management of the Union Pacific Railway as to special rates or rebates, or as to discriminations against persons or communities?—A. Yes, I have heard complaints.

Q. What has been the nature of the complaints?—A. I never heard any particular complaint with reference to the business that I was connected with; but other businesses. I have heard rumors, to which I paid no attention, and, consequently, cannot recall any special case.

Q. What have been the rumors?—A. That there were discriminations against persons and localities. But the rumors that I have heard have been mostly, I think, in our State legislatures.

EFFORTS TO INFLUENCE LEGISLATION.

Q. Have you had any knowledge of the participation of the Union Pacific Railway Company in efforts to obtain legislation or prevent legislation?—A. I presume that they have taken part in preventing legislation that was against their interests. All corporations in this State, I think, have been represented at the capitol to prevent legislation that was injurious to them.

PLAN OF SETTLEMENT.

Q. Have you considered the different plans that have from time to time been presented to Congress with reference to the settlement of the debt due the Government by the roads that have been aided by bonds from the Government?—A. I have never considered the subject very much.

Q. Have you considered the question of the financial ability of the companies to meet the debt, or the methods by which a settlement could be made by the companies with the Government at the time of, or before, maturity?—A. I think that the first-mortgage bonds of the Pacific Railroad, at maturity, will take the property, and that the Government's lien and the stockholders' interests will be wiped out. I do not think the stockholders or any holders of second liens will ever get anything out of the property by foreclosure.

What suggestion have you to make to the Commission with reference to a settlement, under such circumstances?

Mr. POPPLETON. Let me suggest, Mr. Chairman, that in view of Mr. McShane's official position, and as a matter that he must act upon in

that character, it might be well for the Commission to waive these questions, unless he should be perfectly willing to answer them.

The WITNESS. I should prefer not to commit myself on any basis of settlement on this matter until such time as the papers are all before the public. I should then have a basis on which to form an opinion.

The CHAIRMAN. We have no objections to that, although quite a number of public men have appeared before this Commission who did not hesitate to express their opinions.

Mr. POPPLETON. Yes; but an opinion on this subject, to be of any value, must be made up after thoughtful examination of data carefully obtained.

The WITNESS. My opinion, as I have stated, with reference to the condition of the Government lien and the stockholders' interests, is based upon the observation of years. It is just what I believe and have believed for some time would be the outcome; but how to overcome it and what plan to adopt to save the Government its lien—that is a problem that I cannot now solve.

Q. Have you any information or suggestion to give to the Commission with regard to the matters as to which it is seeking information concerning the Union Pacific Railway?—A. I believe not.

Mr. POPPLETON. Will you let me make an explanation of that Platt case right here?

The CHAIRMAN. Suppose you put a full explanation of that case in writing and submit it?

Mr. POPPLETON. Very well, I will do that.

OMAHA, NEBR., *Friday, July* 1, 1887.

ANTON GSANTNER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Where do you reside?—Answer. In Omaha.

Q. How long have you lived here?—A. Twenty-one years.

Q. Were you ever employed by the Union Pacific Railway Company?—A. I was.

Q. Where?—A. In the car shop, as draftsman.

INTERMEDIARY IN LAND PURCHASE.

Q. Was your name used by the Union Pacific Railway Company in the purchase of lands?—A. My name was used, but I do not think it was for headquarters. I do not know anything about it only what Mr. Gordon told me.

Q. What Mr. Gordon?—A. John H. Gordon.

Q. What did he tell you?—A. He told me they were going after coal out in Utah and they wanted all those outside sections. That is what my name was used for.

Q. Did you sign any papers?—A. I did.

Q. Who presented you with papers?—A. Mr. Gordon.

Q. Did you know what was in the papers?—A. No.

Q. How do you know that they were in connection with land?—A. Because he told me afterwards. I wanted to find out where my name went to, and then he told me.

The CHAIRMAN (to Mr. Mink). Where is Mr. Gordon?

Mr. MINK. I never heard of him.

Mr. POPPLETON. There was such a man once in the shops, but he is not there now.

Q. You do not know what he did with your name, do you?—A. Only what he told me.

Q. How many papers did you sign?—A. Only one.

Q. Did you ever see a deed?—A. No.

Q. You never got any paper back?—A. No.

Q. Did you never hear of the matter afterward?—A. Never.

The CHAIRMAN. Mr. Thurston telegraphs as follows:

"Can best meet the Commission in New York in September, at any date they may name."

OMAHA, NEBR., *Friday, July* 1, 1887.

ERASTUS YOUNG, being further examined, testified as follows:

The WITNESS. I produce, in answer to the calls of the Commission, a statement of gross receipts of the Kansas Pacific Railway from November 23, 1876, to 1880. I have not any books of the Kansas Pacific prior to that date.

GROSS CASH RECEIPTS OF KANSAS PACIFIC.

Statement of the gross cash receipts of the Kansas Pacific Railway Company from November 23, 1876, to June 18, 1880, inclusive.

1876 (November 23 to December 31)	$238,812.52
1877	5,376,545.39
1878	5,759,446.32
1879	6,027,951.54
1880 (January 1 to June 18)	1,576,193.50
Total amount	18,978,949.27

I also present a statement of the gross receipts of the Union Pacific Railroad Company from the year 1868 to January 31, 1880.

Statement of the gross cash receipts of the Union Pacific Railroad Company from 1868 to 1879 and January, 1880.

1868	$3,433,394.13
1869	11,481,054.74
1870	8,836,006.86
1871	7,791,003.47
1872	10,720,756.84
1873	12,662,682.92
1874	13,663,033.38
1875	15,200,621.78
1876	17,409,302.88
1877	19,467,894.66
1878	18,369,589.97
1879	21,492,656.39
1880 (January)	3,050,271.57
Total amount	168,578,271.59

I also present a statement of the gross receipts of the Union Pacific Railway Company from February 1, 1880, to January 23, 1887.

Statement of the gross cash receipts of the Union Pacific Railway Company from February 1, 1880, to June 23, 1887.

1880 (February 1 to December 31)	$32,690,828.18
1881	44,549,128.37
1882	45,288,998.91
1883	41,644,449.39
1884	36,593,038.99
1885	36,743,897.22
1886	38,993,187.33
1887 (to June 23)	19,363,920.35
Total amount	295,789,370.23

GROSS RECEIPTS AND GROSS CASH RECEIPTS.

The CHAIRMAN. I must call your attention to the fact that that is not a full answer to the call of the Commission. It is so only in part. I called for the gross receipts of the company, and you have given me the gross cash receipts.

The WITNESS. I do not know that I clearly understand your question. What is the difference between the gross receipts and the gross cash receipts?

The CHAIRMAN. Do the statements that you have furnished this Commission, under the head of gross cash receipts, contain all receipts of the Union Pacific Railway Company, of every kind and character?

The WITNESS. They do contain the receipts of every kind and character by the Union Pacific Company.

Q. Do they contain all credits?—A. I do not know that I can state it in that shape at all. It is impracticable for me to state the gross credit receipts. I have stated the gross business receipts.

Q. Does the statement furnished to the Commission under the head of gross cash receipts represent all forms of receipts of any kind whatsoever?—A. It does not.

FULL STATEMENT OF ALL RECEIPTS DEMANDED.

The CHAIRMAN. That is precisely what I thought. I want, and now call for, all forms of receipts that enter into the making up of your gross receipts, other than the statements you have furnished containing gross cash receipts.

The WITNESS. That is the only statement that I can furnish.

The CHAIRMAN. I call for them; that was my original call.

The WITNESS. I have here a statement of gross receipts by credits for one year.

The CHAIRMAN. I call your attention to the fact that when this call was made, nearly a week ago, it was for the gross receipts of the Union Pacific Railway Company. In answer to the call the company has produced the gross cash receipts, which is not an answer to the call at all.

FULL STATEMENT OF RECEIPTS FOR ONE YEAR.

The WITNESS. Here is a statement of gross receipts, irrespective of cash—a statement that includes cash and everything—for a single year.

Statement of gross receipts and gross earnings of the Union Pacific system for the year 1886.

Gross freight receipts		$21,969,409.39
Less amount paid foreign roads their proportions on interchange business	$2,122,896.85	
Less drawback (rebates, overcharges, pools, &c.)	1,257,768.08	
		3,380,664.93
Gross freight earnings		18,588,744.46
Gross passenger receipts		7,666,733.50
Less amount paid foreign roads their proportion of joint ticket sales	1,178,654.44	
Less refunds, pools, &c	391,841.70	
		1,570,496.14
Gross passenger earnings		6,096,237.36
Mail earnings		819,593.47
Express earnings		661,253.42
Car-service earnings		42,587.68
Rent of buildings		40,463.06
Miscellaneous earnings		354,918.03
Total gross earnings, 1886		26,603,797.48

The WITNESS. My understanding of your question at that time was that you wanted a statement of the gross cash receipts on which the gross earnings, as reported to Boston, were determined. I told you in my testimony that we could not make a statement of receipts that would correspond to our earnings; that earnings and receipts did not have any relation to each other.

Q. Have you produced to the Commission all forms of receipts by the Union Pacific Railway Company, of any character or of any kind whatever, that go to make up your item of general gross receipts?

The WITNESS. That go to make up the earnings?

The CHAIRMAN. That go to make up the item of gross receipts.

A. We have no such item as gross receipts.

Q. I repeat. Do the statements under the term of gross cash receipts and the statement of gross receipts and gross earnings, submitted in answer to the call for the gross receipts of the company, represent all forms of receipts of any kind whatever, in cash or otherwise, received by the Union Pacific Railway Company?—A. They include all receipts of the Union Pacific Railway Company from any source in one form or another.

Q. Of course you do not mean to say that the receipts of the Pacific Hotel are here?—A. Our proportion of the earnings of the Pacific Hotel Company is in there.

OTHER STATEMENTS SUBMITTED.

Mr. MINK. I submit a statement of the taxes paid on the lands granted to the Union Pacific Railway Company. I also submit a copy of the pool agreement between the Chicago, Milwaukee and Saint Paul Railway Company, the Chicago and Northwestern Railway Company, the Union Pacific Railway Company, and others, of date 15th May, 1885.

OMAHA, NEBR., *Friday, July* 1, 1887.

THOMAS L. KIMBALL, being further examined, testified as follows:

STATISTICAL AND OTHER INFORMATION.

By the CHAIRMAN:

Question. Have you any further papers you wish to submit to the Commission?—Answer. I have a table showing the population for 1880 of the counties on the consolidated lines and all the branches, giving the names of the counties and the branches that run through those counties. It is as follows:

Population, by counties, in 1880, *as per statements herewith.*

	Population, by counties.	Present number of miles operated.
Union Division	226,345	1,001
Kansas Division	342,477	643
Leavenworth Branch	54,055	34
Cheyenne Division	50,699	199
Union Pacific Railway, consolidated		1,876
Omaha and Republican Valley Railroad	108,049	250
Omaha, Niobrara and Black Hills Railroad	20,432	131
Oregon Short Line	20,587	611
Laramie, North Park and Pacific	4,626	15
Colorado Central	80,921	122
Denver, South Park and Pacific Railroad	93,187	236
Greeley, Salt Lake and Pacific Railway	10,528	8
Denver and Boulder Valley	49,182	27
Golden, Boulder and Caribou Railway (now in D., M. and B. R. R.)		
Georgetown, Breckenridge and Leadville Railway		1
Denver, Marshall and Boulder Railroad		2
Denver and Middle Park Railroad		4
Echo and Park City Railway	4,921	11
Salt Lake and Western Railway	25,944	72
Utah and Northern Railway	36,301	482
Montana Railway	8,876	
Lawrence and Emporia Railway	70,435	34
Junction City and Fort Kearney Railway	64,821	97
Solomon Railroad	55,812	91
Salina and Southwestern Railway	20,951	32
Kansas Central Railroad	139,647	240
Manhattan and Blue Valley Railroad	43,916	38
Salina, Lincoln and Western Railroad	22,390	34

The WITNESS. As the branch lines frequently run through a number of the same counties with the main lines, it became necessary to repeat the population of same in tables showing population of branch and main lines, to get anything like a proper result.

Population by counties, 1880.

	Population.
Union Division.	
IOWA.	
Pottawattamie County	30,850
NEBRASKA.	
North side of Platte River:	
Douglas	37,645
Sarpy	4,481
Dodge	11,263
Colfax	6,588
Platte	9,511
Merrick	5,341
Buffalo	7,531
Cheyenne	1,558
	83,918
South side of Platte River:	
Saunders	15,810
Butler	9,194
Polk	6,846
Hamilton	8,267
Kearney	4,072
Phelps	2,447
Cooper	1,673
	48,309
Both sides of Platte River:	
Hall	8,572
Dawson	2,909
Lincoln	3,632
Keith	194
	15,307
WYOMING.	
Laramie	6,409
Albany	4,626
Carbon	3,438
Sweetwater	2,561
Uinta	2,879
	19,913
UTAH.	
Summit	4,921
Morgan	1,783
Weber	12,344
	19,048
Total Union Division	226,345
Kansas Division, main line.	
MISSOURI.	
Jackson	82,325

	Population.
***Kansas Division, main line*—Cont'd.**	
KANSAS.	
Wyandotte	19,143
Leavenworth	32,355
Douglas	21,700
Jefferson	15,543
Shawnee	29,003
Jackson	10,718
Pottawatomie	16,350
Riley	10,430
Davis	6,994
Dickinson	15,251
Saline	13,808
Ellsworth	8,404
Russell	7,351
Ellis	6,179
Trego	2,585
Gove	1,196
Logan	
Wallace	686
	217,846
COLORADO.	
Bent	1,654
Elbert	1,708
Arapahoe	38,644
	42,006
Total Kansas Division, main line	342,177
Leavenworth Branch.	
KANSAS.	
Leavenworth	32,355
Douglas	21,700
Total Leavenworth Branch	54,055
Denver Pacific.	
WYOMING.	
Laramie	6,409
COLORADO.	
Weld	5,646
Arapahoe	38,644
	44,290
Total Denver Pacific	50,699

BRANCH LINES.

Omaha and Republican Valley Railroad.*	
NEBRASKA.	
From Valley Station:	
Saunders	15,810
Butler	9,194
Polk	6,846
Lancaster	28,000
Gage	13,164
	73,104

***Omaha and Republican Valley Railroad*—Continued.**	
NEBRASKA—continued.	
From Grand Island:	
Hall	8,572
Howard	4,391
Greeley	1,461
Sherman	2,061
Valley	2,324
	18,809
	91,913

*The Omaha and Republican Valley Railroad was not built south of Beatrice nor north of Grand Island in 1880.

Population by counties, 1880—Continued.

BRANCH LINES—Continued.

	Population.
***Omaha and Republican Valley Railroad*—Continued.**	
KANSAS (south of Beatrice):	
Marshall	16,136
Total	108,049
Omaha, Niobrara and Black Hills Railroad.	
NEBRASKA.	
Platte	9,511
Madison	5,569
Nance	1,212
Boone	4,170
Total	20,462
Oregon Short Line.*	
WYOMING.	
Sweetwater	2,561
Uinta	2,879
	5,440
IDAHO.	
Bear Lake	3,235
Bingham	
Alturas	1,693
Ada	4,674
Washington	879
	10,481
OREGON.	
Baker	4,616
Total	20,537
Laramie, North Park and Pacific Railroad.	
WYOMING.	
Albany	4,626
Colorado Central Railroad.	
COLORADO.	
Weld	5,646
Arapahoe	28,644
Jefferson	6,804
Clear Creek	7,823
Gilpin	6,489
Boulder	9,723
Larimer	4,892
Total	80,021
Denver, South Park and Pacific Railroad.	
COLORADO.	
Arapahoe	38,644
Jefferson	6,804
Park	3,970
Lake	23,563
Summit	5,459
Chaffee	6,512
Gunnison	8,235
Total	93,187

	Population.
Greeley, Salt Lake and Pacific Railway.	
COLORADO.	
Weld	5,646
Larimer	4,892
Total	10,538
Denver and Boulder Valley Railroad.†	
COLORADO.	
Arapahoe	38,644
Weld	5,646
Boulder	4,723
Total	49,013
Echo and Park City Railroad.	
UTAH.	
Summit	4,459
Salt Lake and Western Railway.‡	
UTAH.	
Utah	17,875
Tooele	4,467
Juab	2,474
Total	24,816
Utah and Northern Railway.	
UTAH.	
Weber	12,344
Box Elder	6,792
	19,136
IDAHO.	
Bingham	
Alturas	1,693
	1,693
MONTANA.	
Beaver Head	2,172
Madison	3,915
Silver Bow	
Deer Lodge	6,676
Total	12,763
	33,592
Lawrence and Emporia Railway.	
KANSAS.	
Douglas	21,700
Shawnee	28,468
Osage	19,942
Total	70,110

* The Oregon Short Line has a large through traffic not covered by the above population.

† G. B. & C., G. B. & L., D. M. & B., and D. & M. P. Railroads. Small branches—virtually in Colorado Central Railroad.

‡ This road has no connection with the main line; it connects with Utah Central at Lehi, south of Salt Lake City.

Population by counties, 1880—Continued.

BRANCH LINES—Continued.

	Population.
Manhattan and Blue Valley Railroad.	
KANSAS.	
Riley	10,430
Pottawatomie	16,250
Marshall	16,136
Total	42,916
Junction City and Fort Kearney Railroad.	
KANSAS.	
Davis	6,994
Dickinson	15,251
Clay	12,320
Cloud	15,343
Republic	14,913
Total	64,821
Solomon Railroad.	
KANSAS.	
Dickinson	15,251
Ottawa	10,307
Cloud	15,343
Marshall	14,911
Total	55,812

	Population.
Salina and Southwestern Railway.	
KANSAS.	
Salina	13,806
McPherson	17,143
Total	30,951
Salina, Lincoln and Western Railway.	
KANSAS.	
Salina	13,806
Lincoln	8,582
Total	22,390
Kansas Central.	
KANSAS.	
Leavenworth	32,355
Jefferson	15,063
Atchison	20,068
Jackson	16,718
Pottawatomie	16,250
Riley	10,430
Clay	12,320
Cloud	15,343
Total	138,667

The WITNESS. In reply to your question as to the rates charged on oil in tank cars for the Continental and Standard Oil Companies I would say that those rates were as follows:

1878.—$1.25 per hundred from Cleveland to San Francisco.
1879.—$1.20 from Cleveland, $1.10 from Pittsburgh. In cases, 90 cents per hundred from Cleveland; 95 cents per hundred from Pittsburgh.
1880.—Same as 1879.
1881.—7⅞ cents per gallon* from New York, 7¼ from Pittsburgh, 7 from Cleveland, 6⅞ from Chicago.
1882.—Same as 1881.
1883.—Same.
1884.—Same.
1885.—6¼ cents from Cleveland, Pittsburg, and Buffalo; 7¼ from Chicago.
1886.—Same as 1885 up to October 26; rates have been fluctuating since that time.

The WITNESS. The above special rates were given for the purpose of securing the greater portion of the shipment of oil by the Standard and Continental Oil Companies consigned to the Pacific coast as against the water routes, and for considerations that no other persons or firms were able to comply with.

You inquired as to the net special rate on dry goods for Murphy, Grant & Co., and Levi Straus & Co. Those ranged from $1.17 per hundred to $2.90 per hundred, according to classification, from the Missouri River to San Francisco. During the war, in rates on transcontinental business, all lines carried all freight coming from the East at about 20 cents per hundred from the Missouri River to San Francisco.

* 7½ pounds to gallon.

BASIS FOR DIVIDING RATES; UNION PACIFIC SYSTEM.

I will now answer your interrogatory as to the basis for dividing rates on the Union Pacific system.

When a through rate over a line composed of two or more roads is the sum of the local rates of the various roads constituting such through line, each road naturally receives its local rate in the division of the through rate; or, expressed in another way, each road takes out just what it puts into the rate. But when, for any reason, the through rate is made less than the sum of locals, another basis of division must be agreed on by the parties in interest.

The basis most commonly adopted by independent roads—the local tariffs of which are calculated upon the same or nearly the same rate per mile—is called "*a mileage prorate;*" that is, each road receives such a proportion of the through rate as its mileage bears to the total mileage over which the business is carried. For example, the line A, with a length of 100 miles, unites in a through rate with the line B, the length of which is 300 miles, the combined mileage being 400 miles. The mileage of A is one-fourth of the total mileage, that of B three-fourths. A receives one-fourth and B three fourths of the through rate.

A second method of division is called "*a prorate per rate,*" by which each road in interest receives such a proportion of the through rate as its local rate is of the sum of the local rates of all the roads composing the through line. For example, the road A, in the case just mentioned, might have a local rate of $5, based on 5 cents per mile, and the road B a local rate of $9, based on 3 cents per mile. The sum of these local rates is $14, of which the local rate of A is five-fourteenths and of B nine-fourteenths, and A and B would receive, respectively, five-fourteenths and nine-fourteenths of any through rate which might be made less than $14, the sum of the locals.

A third method of division is based upon what is called "*constructive mileage,*" that is, the division is made upon the actual mileage of one road, while the mileage of another road is increased by a certain agreed proportion. For example, in the case previously cited, the mileage of A might be increased one-half, making it 150 miles. This added to the actual mileage of B, 300 miles, would make a total of 450 miles, of which A's assumed distance is one-third, and B's two-thirds, and the through rate would be apportioned accordingly.

An "*arbitrary rate*" is the local rate of one portion of a through line which does not share with the other portions in the reduction necessary to make a through rate less than the sum of the locals. If, in the case last cited, the local rate of A were $3, and that of B were $6, and in the division of a through rate of $8.50, A were allowed its full local of $3, this $3 would be called an arbitrary rate. The rate between Council Bluffs and Omaha, and the rates on many other bridges throughout the country, are always arbitrary, suffering no discount in the division of through rates, no matter how low these may be made. The reduction in such cases is all borne by the other members of the through line.

In the division of the earnings of the Union Pacific system the local rates of certain branches are treated as arbitrary in certain cases, either because the through rate is based on the local rate of the branch, or because the reduction in the through rate is not made in any respect for the advantage of the branch, but wholly for the benefit of the main line or other branches. For example, the passenger rate from Omaha to Leadville is $27.25; which is the sum of the rates from Omaha to Denver, $18.50, and Denver to Leadville, $8.75. In the

division of this through rate the Denver and South Park branch receives its local rate, $8.75, as arbitrary, being precisely the amount it contributed to the rate. Before the Denver, South Park and Pacific Railroad was acquired by the Union Pacific, the Denver, South Park and Pacific interchanged business at Denver with the Union Pacific, the Burlington and Missouri River, and the Atchison, Topeka and Santa Fé Railroads, and it received its full local rate as an arbitrary on all such business. Since its absorption by the Union Pacific the same basis of division has been continued as was previously in force, except that since the Denver and Rio Grande line has been in operation through to Utah in competition with the line formed by the Union Pacific and South Park, a constructive mileage division has been adopted with respect to business affected by such competition.

The rate from Kansas City to Denver is $18.50, and the rate from Denver to Georgetown is $2.75, while the rate from Kansas City to Georgetown is $20.60. If this rate were made $21.25, the sum of the locals, instead of $20.60, a passenger could buy a ticket from Kansas City to Denver over a rival line, then buy again Denver to Georgetown and complete the trip at the same cost as if he had bought a through ticket over the Union Pacific. The reduced rate secures the business to the Union Pacific east of Denver If the passenger used a rival line to Denver the branch would receive its full local rate from Denver to Georgetown. The reduction is therefore made wholly for the benefit of the main line, and that line should stand the loss while the branch should receive its local rate as an arbitrary.

A method of divisions is sometimes adopted which differs from any of those described above, and is based upon peculiar circumstances of a particular case, or is simply the result of a compromise between opposing interests. Such basis is called an arbitrary division. The division agreed upon between the Union Pacific Railway and the Colorado Central Railroad, when the latter was an independent road managed by its own officers, was of this nature.

Under that agreement the Colorado Central received 25 per cent. of the through rate between Omaha and Denver and the Union Pacific 75 per cent. After the Colorado Central was leased by the Union Pacific and the constructive mileage basis of division adopted, the proportion of the former was reduced from 25 to 20 per cent.

In the examples I have cited, passenger rates are used, but the principles outlined apply in an equal degree to freight traffic.

As I understand the chairman's question, when he asked me to define the different bases of dividing rates, you desire my opinion as to the propriety and equity of each, in its application to the Union Pacific system, where all are in use.

First, the mileage pro rata principle for distributing earnings seems to me proper and equitable when all the circumstances and conditions of the interchanging roads are substantially similar, as is the case where we apply it—on our main line of the Union Division east of Cheyenne, and Kansas Division east of Denver. There seems to have been an impression in the minds of congressmen when this investigation was ordered and since in the public press, that the dealings of the Union Pacific Company with its branches on other than a strict mileage pro rata basis for dividing joint earnings are in violation of a generally recognized and binding rule of practice under all circumstances among the railways of the country. This is not the case. No such universal rule has been established, either by law or custom, nor can it be without the rankest injustice to the weaker roads, and I know of no

system of roads that will more aptly illustrate this than ours. The volume of business, average length of haul, the proportion of earnings per mile of road to the cost of receiving, storing, and handling of shipments is out of all reasonable proportion, against the branch system and in favor of the parent company, and no reasonable man or intelligent arbitrator would, in my judgment, accord to the latter equal mileage rates.

For the year 1886 the operating expenses of the main line, including taxes, were 57.75 per cent.; excluding taxes, 54.40 per cent. of the gross earnings. The operating expenses of the auxiliary lines, including taxes, were 83.26 per cent.; excluding taxes, 78.06 per cent. of the gross earnings. The gross earnings per mile of the main line, $9,717.12; net earnings per mile, $4,105.27. The gross earnings per mile of the auxiliary lines were $3,230.58; net earnings per mile, $485.62. These figures show conclusively that the average cost of performing a given service on the branch lines is much greater than on the main line, and the item of cost must certainly be considered in determining an equitable division of the earnings.

When for any reason one member of a through line receives on its local business a higher rate per mile than another member, or when the cost of performing service is greater upon one road than upon another, a division on an exact mileage basis is never regarded as equitable by the road having the higher rate and subject to the greater expense, and probably would not be so regarded by any disinterested person. If, for example, a through rate which yields two cents per mile from starting point to destination is made over two roads, one of which has a local rate of two cents per mile and the other a local rate of three cents per mile, a division on a mileage basis would allow the first road its full local rate and all the reduction would be sustained by the second road. In a majority of such cases the most equitable division would be a pro-rate per rate, by which each road would sustain the same percentage of loss from its local rate.

During the time the constructive mileage division has been used on the Union Pacific, the average local tariff rates per mile west of Cheyenne have been 50 per cent. greater than the average local rates east of Cheyenne and Denver, so that this division has produced almost exactly the same results as would have been obtained from a division on the basis of rates. The same is true with respect to most of our lines in Colorado, Wyoming, and the territory west. Competition with the main lines of other companies, legislative enactments, and other causes have prevented the maintenance of local rates on branch lines in Kansas and Nebraska higher than the main line rates.

It is true that in the East the mileage basis of division between independent roads is now generally adopted, for two reasons—first, because local rates of all roads in that section are nearly the same; and second, because the roads having the lower rates are generally the stronger roads, and have been able to force this basis upon their weaker connections. When the local rates west of Chicago were generally higher than the local rates east of that point, the roads east endeavored to force a mileage division in all cases, while the western roads strenuously resisted it and claimed a division on the basis of local rates.

It is a part of the common practice in the division of passenger rates east of the Missouri River, that no road shall in any case receive more than its local rate; but this is not observed in all cases—notably in that of the New York Central road, which receives on nearly all through first-class business a greater proportion than its local tariff.

On business between Chicago and Buffalo, via Suspension Bridge, the line between Suspension Bridge and Buffalo receives its full local rate. These instances, among others that could be mentioned, support the statement that there is no basis of division universally recognized and adopted as equitable east of the Missouri River; but that the basis used in each case is a matter of a separate and special agreement.

Until recently, through passenger rates, embracing rates east of the Missouri River and rates west, have generally been made the sums of locals, and each road has received in division its full tariff. There have been a number of exceptions to this rule, however. Out of the through emigrant rate of $65 from New York to San Francisco, made to meet rates offered by the steamship lines, the roads east of the Missouri River allowed the line west, for a period of ten years or more, $45, the former accepting $20. This, in effect, was a division giving the Pacific roads a constructive mileage nearly 50 per cent. greater than their actual mileage, although the term "constructive mileage" was not used in the agreements between the roads.

The most conspicuous departure from a prorate per mile division is seen in the arrangements made between eastern lines and the Pacific roads on freight traffic. A strict mileage division would give the lines east of Chicago 29.43 per cent., the lines from Chicago to the Missouri River 14.82 per cent., and the Pacific roads 55.75 per cent. of the through rate between New York and San Francisco. On the opening of the Pacific roads, in 1869, the divisions were established by agreement as follows: East of Chicago, 20 per cent.; Chicago to Missouri River, 12 per cent.; Pacific roads, 68 per cent. By this agreement the Pacific roads not only received a large arbitrary division, but the lines between Chicago and Missouri River received more than a pro rate per mile division of the earnings accruing between the Missouri River and New York. At the same time the divisions established between Chicago and Missouri River gave the Pacific roads 85 per cent. of the through rate, whereas a mileage division would have given them but 78.88 per cent. In 1870 the proportion of the Pacific roads was reduced to 66 per cent. of the through rate between New York and San Francisco. No change was made in the divisions between Chicago and San Francisco, and the basis as stated has remained in force ever since.

The present agreed divisions between the Union Pacific Company and its connections at Council Bluffs on freight traffic to and from Chicago are as follows: On Nebraska business east of the meridian of Plum Creek, 231 miles west of Omaha, the Union Pacific receives 40 per cent. of the through rate. On business to and from points west of Plum Creek the Union Pacific is allowed a constructive mileage of one and one-half to one, while the eastern roads are allowed actual mileage only. A strict mileage division would give the Union Pacific 31.77 per cent. on Plum Creek, which percentage would be lessened at each station east until at Papillion it would be only 3.29 per cent.

No stronger proof could be presented that a mileage prorate is not regarded by the expert railway men of the country as equitable even between independent roads under all circumstances than that arrangements giving the Pacific roads arbitrary divisions have been sanctioned during a period of eighteen years by the managers of all the important roads between the Missouri River and the Atlantic seaboard, when their own interest would lead them to an opposite conclusion if the evidence of the injustice were not overwhelming. It is absurd to suppose that these men have been actuated by motives of charity to take money from the treasuries of their own companies and bestow it upon the Pacific

roads. And if a mileage prorate is confessedly unfair as between independent roads, each of which is striving to obtain the largest possible income from its traffic, it is still more unjust as between the different members of the same system, where absolute equity, so far as it can be determined, should govern.

The branch roads are constructed in most instances not simply for the earnings which may be derived from the traffic over those roads alone, but principally for the earnings which are obtained on the main line from the business secured by means of the branches. The latter could not exist as independent business enterprises. Furthermore, they surrender absolutely to the main line all business for which the two would be competitors if independent. The Utah and Northern road, for example, if independent, might secure, in connection with the Northern Pacific, a considerable share of the traffic of Utah which it now relinquishes wholly to the main line, or it might secure a long haul on much other business to and from the southern portion of the road, which it now turns over to the main line, with but a short haul for itself.

On account of such sacrifices the branch roads are entitled to receive in divisions such increased proportions as will repay them substantially for what they have surrendered.

The Union Pacific Company is not alone in the policy of allowing its branch roads a constructive mileage in division. The Kansas Pacific Railway Company, previous to its consolidation with, or control by, the Union Pacific, while it was operated by its owners and while it was managed by receivers under the appointment and direction of the United States Court, allowed its branches the same constructive mileage in the division of earnings that has been allowed by the Union Pacific Company.

The Chicago, Rock Island and Pacific Railroad, the Missouri Pacific, the Illinois Central, and many other roads apportion earnings between their main lines and certain branches on an arbitrary or constructive mileage basis. The Chicago, Burlington and Quincy allows all its branches which it does not wholly own a large constructive mileage.

In his letter of the 11th instant, addressed to me, Mr. E. P. Ripley, general freight agent of the Chicago, Burlington and Quincy road says:

> Our custom is as regards branches which we (the Chicago, Burlington and Quincy Railroad) own outright to divide earnings on a strict mileage prorate as between such branches and the main line. Of course, this is not fair to the branch, and there are many cases where this process results in showing that the branch does not earn operating expenses and interest, and sometimes not even operating expenses, when, as a matter of fact, the business, taken as a whole, is profitable to the system.
>
> Our course, however, is entirely different in the case of roads of which we own a majority or controlling interest in the stock.
>
> In such cases our divisions give them a very large constructive mileage, and are intended, as nearly as may be, to represent the divisions to which those roads would naturally be entitled or which they might be able to get if they were wholly independent of us, and could make such arrangements as they might elect with other and competing lines.
>
> Owning outright as many branches as we do, you can readily see that to make divisions other than a prorate with each branch would be productive of such an extensive amount of book-keeping as to make the arrangement very expensive, and as the Chicago, Burlington and Quincy must pay all the deficit, if any, and receives into its treasury the profit, if any, it is entirely immaterial how the books are kept; whereas in the case of roads which we do not own outright we must, in order to treat them fairly, give them substantially the same divisions as if they were wholly independent.

The reasons given by Mr. Ripley undoubtedly apply in the case of other roads which allow their branches only a mileage division, namely,

that such division involves less work in the accounting department, and the results are unimportant in view of the fact that the parent company in any case receives the entire profit or sustains the entire loss.

In what has already been said I have attempted to show that considerations of pure equity require that the branch system should receive a larger proportion of joint earnings than a mileage division would secure, and I will again call your attention to the terms which the branches might make with other and rival lines if they were independent of Union Pacific control. I have not the least doubt that competitors of the Union Pacific would gladly contract with these branch roads, in consideration of receiving all the business controlled by them, to allow them much more favorable divisions than they now receive. Viewed from this standpoint, the present arrangements between our main line and branches seem to me decidedly illiberal to the latter.

Statements already presented show that during the month of January, 1887, the main-line earnings were $29,591.13 less than they would have been if divisions with branch roads had been made on the basis of actual mileage, but that of this amount $18,445.51 was received from connecting lines under the operation of the constructive mileage principle. The deduction from main-line earnings was therefore only $11,145.62, while the main line received from connecting lines in the same way, $31,080.61, a net gain to it of $19,934.99 for the month, equivalent to $297,982.16 for the year. If any action of the Government should require mileage divisions to be made between the different members of the Union Pacific system, it would be impossible to maintain the present divisions with connecting lines, and the earnings of the company would suffer an annual loss, taking the results for January, 1887, as a basis of calculation, of $297,982.16 on the main line, and $442,318.58 on the branches, a total annual loss to the entire system of $740,300.74.

Having advocated for the past sixteen years the policy of occupying the territory naturally tributary to the Union Pacific line by a complete system of branches, and believing, as I now do, more firmly than ever that the life of the main line itself depends upon the prompt opening of these affluents of commerce to make good the drains upon it by new and powerful rivals, I most earnestly hope no step will be taken by the Government to prevent the building of new branches or to cripple those we now have. With 25 per cent. of our net earnings locked up in the Government sinking fund, the company's treasury empty, the right to guarantee branch-line securities denied to it, the only chance remaining to secure the means of building needed branches lies in the assurance of just and fair treatment of them by the parent company. Enforce the equal mileage distribution of earnings against proposed branches and no prudent man would invest a dollar in their securities.

DEMAND FOR BRANCH LINES.

Mr. POPPLETON. I would like to put in a paper and ask Mr. Kimball a single question in respect to it.

By Mr. POPPLETON:

Q. Will you state what the paper is that I now show you?—A. A preamble and resolution unanimously adopted by the Board of Trade of Omaha, April 28, 1886, in respect to branch lines of the Union Pacific Railway; also a copy of a bill that was recommended in a memorial to members of Congress, which memorial was generally signed by all com-

munities through the Union Pacific system, and forwarded to the proper representatives in Congress.

PREAMBLE AND RESOLUTION OF OMAHA BOARD OF TRADE.

The paper is as follows:

OMAHA BOARD OF TRADE,
Omaha, Nebr., April 28, 188.

The following preamble and resolutions were unanimously adopted by this board at a special meeting held this date:

Whereas extensive new sections of country, tributary to the Union Pacific Railway Company, is being rapidly settled up, and branch lines of other railroad companies are being projected and now in process of construction into such territory, while the Union Pacific Railway Company is prohibited by the laws of Congress from an equal opportunity to assist in building branch lines into such territory, for the protection of its own business, and thereby to the great injury of the future business interests of the city of Omaha and all of Nebraska; and further,

That it becomes imperative that such legislative action shall be immediately taken by Congress as will remove the present restrictions and enable the construction of such branch lines this present year, as a longer delay will defeat, in a great measure, the object sought to be obtained: Therefore, be it

Resolved by the Board of Trade of the City of Omaha, That our Senators and Representatives from Nebraska, at Washington, be requested to urge upon Congress the immediate passage of the bill herewith attached, which is intended to secure the relief needed to commence the immediate construction of such branch lines by the Union Pacific Railway Company; and it is further

Resolved, That a copy of these resolutions, together with the proposed bill, be forwarded to the important business cities of Nebraska and Wyoming, and that when approved and signed by the business men of those communities they be requested to return the same to the secretary of the Omaho Board of Trade.

MAX MEYER, *President.*

Attest:
G. M. NATTINGER, *Secretary.*

BILL PROPOSED BY OMAHA BOARD OF TRADE.

A BILL to enable the Union Pacific Railway Company to aid the construction of branch lines and extensions for the purpose of protecting traffic and territory naturally tributary thereto.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled: SECTION 1. That the Union Pacific Railway Company is hereby authorized and empowered to lease, purchase, or make operating or traffic arrangements with any railroad built by any other railroad company organized and existing under the laws of any State or Territory; or aid such company in the construction of its road by subscription to its capital stock, or guarantee of its first-mortgage bonds, or otherwise, for the purpose of forming a connection of said road with said Union Pacific Railway; and for the purpose of building and acquiring such branches, extensions and feeders thereof as will enable it to secure and hold the traffic and business naturally tributary to said Union Pacific Railway: *Provided*, That such aid shall not be furnished, and such lease, purchase or arrangement shall not be valid until the same shall have been ratified by two-thirds of the stockholders of said railway companies: *And provided further*, That this act shall not authorize the Union Pacific Railway Company to aid, lease, purchase, or make any other arrangement with any railway company to an amount in excess of the actual cost to said company of its road, equipment, and appurtenances.

SEC. 2. Congress reserves to itself the right to alter, amend, or repeal this act whenever the public interests may require it, but such repeal shall not affect the validity of any action taken under the power by this act granted prior to such repeal.

OMAHA, NEBR., *Friday, July* 1, 1887.

D. O. CLARK, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Where are you employed?—Answer. By the Union Pacific Company.

Q. In what position?—A. Superintendent of the coal department.

Q. How long have you been in that position?—A. Since 1874.

Q. What department of the Union Pacific Railway did you occupy before that?—A. I was with the Wyoming Coal Company.

WYOMING COAL COMPANY.

Q. How long were you with that company?—A. Since its organization, in 1868.

Q. By whom were you employed while with the Wyoming Coal Company?—A. I was employed by Mr. Godfrey originally.

Q. Who composed the Wyoming Coal Company; it was really the Union Pacific, was it not?—A. That is something I am not able to answer. I do not know who the stockholders were.

Q. As superintendent of the coal department what are your duties?—A. To produce the coal and ship it on orders.

Q. What do you do with reference to producing coal?—A. Employ the men.

Q. It takes more than men to produce coal, does it not?—A. It takes men and material.

Q. Did you acquire lands?—A. Most of our mines are on land-grant lands.

Q. What have you off the land-grant lands?—A. Part of one or two of our mines are on what were originally Government lands.

Q. How have you acquired lands that are not so?—A. That has not been in my jurisdiction at all—acquiring titles.

LANDS ACQUIRED BY PURCHASE.

Q. Have you acquired any titles since the organization of the coal department?—A. Lands have been acquired, but I have not acquired them.

Q. Who has acquired them?—A. I presume Mr. Poppleton could answer that question. I could not.

Q. Has it been by purchase or lease?—A. By purchase.

Q. Does the company survey the lands—that is, what lands they have acquired—and then you put men on and work them?—A. No, sir; we put men on. In the original opening of those mines many of them were opened before the lands were surveyed at all, and they were opened at the best place to open them.

Q. How did you get knowledge that new purchases of lands had been made?—A. If you want to open a mine, you simply inquire of the Land Department whether you have any title to such and such a piece of land.

Q. And then, if you have not any title, what takes place?—A. We do not usually open it unless they can get a title to it.

OPENING COAL LANDS.

Q. Your duties then are to push out and ascertain and locate coal lands?—A. No, sir.

Q. How does a company get knowledge as to opening the land?—A. We always endeavor to find a location on company lands, if possible.

Q. And when they are not on company land?—A. That case has not come up recently.

Q. When the case does come up, what?—A. I do not know what will happen. We should endeavor to get a title to it, I suppose, in some way.

Q. Have you had such a case?—A. No. We have had one case where the land was taken up as indemnity land. That was at Carbon. Before we opened up the mine it was taken as indemnity land.

Q. How many mines is the company now operating?—A. Seven mines.

Q. Where are they located?—A. Two at Carbon, four at Rock Springs, and one at Almy or Evanston.

Q. How often do you make returns, in your department, to the company?—A. We make reports every month. The accounts of the department are all kept in the auditor's office.

PRICE OF COAL.

Q. Have you any control of the price of coal?

The WITNESS. As to the selling price?

The CHAIRMAN. Yes.

A. Well, yes, to a certain extent. The company's coal is supposed to be furnished at what it costs placed on the cars.

Q. What rates have been fixed by you or the department as to the price of coal to points of shipment?—A. I do not know that I quite understand that question. There is a regular published freight rate on coal at all points on the Union Pacific. It varies, of course, at different places.

Q. Have the coal shippers at every point on the Union Pacific system had the same rates?—A. They all had the same rates.

NO REBATES EXCEPT IN SUMMER.

Q. Have there been any rebates, preferential rate, special rate, or favor of any kind shown to one dealer, as against another, in the Union Pacific system?—A. No, sir. The only favoritism we show them at all is during the months of June, July, and August, when we give them a rebate for storing a certain amount of coal which they are to carry until the winter season; and we give that to them all.

Q. Do the Union Pacific mines furnish all the coal used by the company?—A. No, sir.

Q. From what other source do they get coal?—A. Most of it, I believe, from Iowa; that comes through the supply department, and I do not have anything particular to do with it.

Q. What proportion is supplied by the coal department of the whole amount used by the company?—A. I could not say, because I do not know what number of tons they purchase.

Mr. POPPLETON. Will you let Mr. Clark state here the reason for the rebate in the summer months?

The CHAIRMAN. Yes.

EXPLANATION OF REBATE IN SUMMER.

The WITNESS. It is simply because during the late fall and early winter the stock and grain shipments are all going over the road and we

have not equipment enough to supply the shipments. This coal is put in, and the rebate is simply to pay them for carrying the stock of coal for the three months.

By Mr. POPPLETON:

Q. That is, you carry the coal at a season of the year when you can carry it cheaper than at any other?—A. Yes; it is more of a favor to us than it is to them. We have to force most of them to do it.

COAL HIGHER AT MINES THAN AT OMAHA.

By the CHAIRMAN:

Q. Is it true that coal was at any time sold at a higher price per ton near the mining point than it was in Omaha?—A. Not that I remember of.

Q. Do you know of any instance where coal was ever sold at a higher price at the mining point than it was sold at Omaha?—A. No, sir; our price at the mine has always been the same.

By Commissioner LITTLER:

Q. One witness has stated that this company, in order to break down some coal dealers away out towards the mines, shipped Iowa coal from Omaha out there and sold it at a less price than it could be produced for there. That is about the substance of it.

The WITNESS. I do not think that would be done; not in our department, certainly. The only time I remember that Iowa coal was sent out was when we had strikes or something of that kind, when we could not furnish the coal.

By the CHAIRMAN:

Q. Have you any other information to give the Commission?—A. Not that I know of.

OMAHA, NEBR., *July* 1, 1887.

A. J. POPPLETON, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your connection with the Union Pacific Railway Company?—Answer. I am general attorney of the company.

Q. When did your engagement commence?—A. That engagement commenced at the time of the consolidation. My original connection with the road commenced on the 1st of December, 1863. From that time up to the 1st of January, 1869, I was paid simply for what I did, and I had no control or concern about the company's business except as called on; and I think I was never called upon to certify vouchers. From the 1st of July, 1869, up to the 1st of January, 1880, I had a separate office and worked upon a salary, and was concerned, to a greater or less extent, in the general control of the business; but during that time I was not expected to sign any vouchers except such as grew out of the transactions that went through my hands. Since the 1st of January, 1880, my connection has been closer. I have had an office in the company's building, and a great many transactions have since gone through my hands that did not before. I state that, so that the Commission may understand clearly my relation to the department.

By Commissioner LITTLER:

Q. Then, in the examination of these legal expense vouchers, we shall have to confine ourselves, so far as you are concerned, to vouchers from 1880 down?—A. Pretty largely. You will find, possibly, some back of that.

VOUCHER 5227 OF M. B. HOXIE.

By the CHAIRMAN:

Q. I show you Voucher 5227:

The Union Pacific Company to M. B. Hoxie, Dr.

LINCOLN, *February* 8, 186[illegible].

For cash paid on account of legislation in regard to railroad rates, &c., at Lincoln ..... $1,[illegible]

Will you please explain that?—A. I can make no explanation of it. My name does not appear upon it. I had no connection with it.

Q. Who can explain it?—A. I do not know of anybody, unless it would be Mr. Hoxie or Mr. Snyder. Mr. Snyder at that time was general superintendent of the road. He is now employed on some road in Texas.

Q. Where is Mr. Hoxie?—A. That I cannot say. He lived at Schuyler in this State, but it has been two or three years since I have seen him.

VOUCHER 5471 OF M. B. HOXIE.

Q. I show you Voucher No. 5471 for $1,800:

The Union Pacific Company to M. B. Hoxie.

FEBRUARY 27, 186[illegible].

For services at Lincoln during the session of the legislature, January and February, 1869 ..... $1,[illegible]
For balances due expenses ..... [illegible]
Approved.

W. SNYDER.

Can you explain that?—A. That voucher is in my handwriting. It appears to have been approved and paid by Mr. Snyder. I cannot recall now what that refers to, but it was probably some pending bill regulating rates on the Union Pacific.

Q. Who was Mr. M. B. Hoxie?—A. Mr. M. B. Hoxie was a brother of Mr. H. M. Hoxie, the general manager of the Gould roads.

Q. Was Mr. M. B. Hoxie a lawyer?—A. Yes.

Q. Was he a member of the legislature at that time?—A. No; I think not.

Q. What would those expenses be for?—A. I cannot tell you that.

Q. Were you paid a salary in 1869?—A. I was paid a salary either from the 1st of July or the 1st of January. I made the new arrangement on the 4th day of July; but I cannot now recollect whether it went back to the 1st of January or commenced from the 1st of July.

Q. Do you recollect the amount of your salary at that day?—A. $10,000, and has been ever since that time, until October 1, 1885.

Q. Who was Charles H. Hempstead?—A. A resident of Salt Lake City.

Q. Was he an attorney?—A. Yes.

VOUCHER 23029, OF WELLS BREWER.

Q. I show you voucher No. 23029.

The Union Pacific Railroad Company, Dr., to Wells Brewer, of Lone Tree.

March 10, 1873. For services as attorney for company in Merrick County, and amounts paid to assistants for traveling expenses..... $1,000

What was the character of the services rendered by Mr. Brewer?—A. I am unable to state.

Q. Was he an attorney of the company at that time?—A. Not regularly employed.

Q. Were there any cases of the Union Pacific Company pending in that section of the State at that time?—A. I cannot answer positively in that respect; but I do not recollect any case that was pending at that time.

Q. Do you recall any legal service rendered by him?—A. Not that I have any knowledge of.

Commissioner LITTLER. Who approved the voucher?

The CHAIRMAN. It is marked "Examined. Correct. S. H. H. Clark."

Q. What authority had the general manager for the approval of legal expense bills?—A. I suppose he had every authority. He was general superintendent at that time, I think, instead of general manager.

The CHAIRMAN. The voucher indicates him to have been their "general superintendent."

The WITNESS. He was in control here, recognized as having power to do what he pleased.

Q. Were you subject to his control?—A. Yes; as far as concerned the legal business.

VOUCHER OF M. H. SESSIONS.

Q. I show you voucher No. 32646.

The Union Pacific Railroad Company to M. H. Sessions, Dr., Lincoln, Nebr., 1875.

For retainer and professional services in defense of charges against agents of Union Pacific Railroad Company, in conducting election in Merrick County as to the proposed donation of $180,000 bonds, in aid of the construction of the Midland Pacific Railroad to Lone Tree..... $300

That voucher is certified as correct by A. J. Poppleton, attorney, and approved by S. H. H. Clark. Will you please explain it?

A. The Union Pacific Company has 44 miles of railway in Merrick County. The Midland Pacific Company, which was a company building from Nebraska to Lincoln, and then projecting an extension to connect with the Union Pacific at Central City in Merrick, submitted a proposition for a bond subsidy to aid that road in extending itself to Central City to a connection with the Union Pacific. Of course the Union Pacific was opposed to that, as it did not care to be taxed annually for twenty years to help build that road to a competing point on its own line. That election occurred. I do not recollect whether the bonds were carried or not; my impression is that they were defeated. After that was through with, the agent at that point had some sort of charge made against him, I don't recollect now what it was, and Mr. Sessions was employed to look after it.

Q. It grew out of the election?—A. It grew out of the election. It is to my mind a perfectly legitimate expenditure on the part of the company.

VOUCHERS OF J. M. THURSTON.

Q. I show you voucher No. 32649.

The Union Pacific Railway Company to J. M. Thurston, Dr.

OMAHA, NEBR., *August* 7, 1882.

For professional services in opposing the issue of bonds to the Midland Pacific Railroad Company in Merrick County, by public speeches to the people of that county..... $225
Cash paid expenses..... 10
225

Approved by "A. J. Poppleton" and "S. H. H. Clark."

Will you please explain that voucher?—A. That is part of the same transaction. My recollection is that at that time Mr. Thurston was not regularly employed by the road. He was employed to do that, and did it and was paid for it. He did it, too, with considerable effect, I think.

Q. I show you voucher No. 39680.

The Union Pacific Railway Company to J. M. Thurston, Dr.

1887. Legal services at Lincoln: Four weeks in January and February..... $500
Approved by "S. H. H. Clark" and "John M. Thurston."

Please examine that voucher and say whether you recall those services.—A. No; I do not. The supreme court meets at Lincoln, and the Federal court holds a session at Lincoln, in the month of January. But my name is not on that voucher and I have no personal knowledge in respect to it.

Q. I show you voucher No. 50563.

The Union Pacific Railroad Company to John M. Thurston, Dr.

January 31, 1879. For amount of payments for special service and for expenses incurred upon business of the company..... $500

Can you explain that?—A. My name is not on that voucher.

VOUCHER OF F. P. KENNARD.

Q. I show you voucher No. 50798.

The Union Pacific Railroad Company to F. P. Kennard, Dr.

February 15, 1879. For services as attorney, November, 1878, to February, 1879. $600

Who is Mr. Kennard?—A. Mr. Kennard is a resident of Lincoln and a lawyer.

Q. Was he retained by the company professionally?—A. He was employed by the company in acquiring right of way on the Omaha and Republican Valley road, when it was extended from Wahoo to Lincoln, and south of there. Beyond that, I have no knowledge of his employment.

Q. Who was William R. Steele?—A. He was a lawyer in Cheyenne, Wyo., who was regularly retained in Wyoming until he was elected Delegate in Congress.

Q. When was that?—A. It must have been from 1869 or 1870 up to about 1876, or along there. I cannot give the dates. When Mr. Steele was elected Delegate Mr. Corlett took his place. Steele now lives in Deadwood.

VOUCHER OF WILLIAM R. STEELE.

Q. I show you voucher No. 50816:

The Union Pacific Railway Company to William R. Steele, of Cheyenne, Wyoming, Dr.

January 31, 1879. To salary for quarter year ending January 31, 1879..... $500

Was that during the time that he was a Delegate from that Territory in Congress?—A. No, sir.

Q. Was it after?—A. I think not, but I will not answer that without looking up the records. I am not certain but that after Mr. Steele was defeated he took his old place for a year or two. Mr. Corlett beat him; but I can say this, that that voucher was not for any illegitimate purpose. If there is an honest man on the face of the earth Mr. Steele is that man.

The CHAIRMAN. The only question is whether it was paid to him while he was a Delegate in Congress?

The WITNESS. Not a dollar was paid to him while he was in Congress. There is not money enough in the United States to induce him to accept pay at such a time.

Q. That same explanation applies to Mr. Corlett?—A. Yes.

VOUCHER OF JOHN M. THURSTON.

Q. I show you voucher No. 51044:

The Union Pacific Railroad Company to John M. Thurston, Dr.

February 28, 1879. For amounts paid for board, traveling and other expenses, and disbursements on business of the company..... $500

Can you recall the services rendered in the case of that voucher?—A. My name is not on that voucher. I do not recall anything about it.

The CHAIRMAN (to Mr. Erastus Young). Would you regard that voucher as a sufficient authority to pay that sum?

Mr. ERASTUS YOUNG. I should regard that as a good voucher under many circumstances.

The CHAIRMAN. Does it state what it is for?

Mr. ERASTUS YOUNG. Many vouchers do not state what they are for.

The CHAIRMAN. Are you in the habit of paying vouchers that do not state the services?

Mr. ERASTUS YOUNG. Vouchers do not always give the details of the service.

The CHAIRMAN. Do I understand you to say, as auditor of the road, that many of your vouchers appear in that shape?

Mr. ERASTUS YOUNG. No, sir; I do not think there are many of them. I do not know that there are any in now in that shape. But it is a common practice to pay vouchers in that shape, paying them on the warrant of the officer authorized to order them paid.

Commissioner LITTLER. When a voucher is approved by the general manager of the company and sent to you for payment, have you any discretion about it?

Mr. ERASTUS YOUNG. If we had any idea that there was anything wrong about it we might refer it to higher authority; but as a rule, we would pay vouchers on the approval of the general manager.

Commissioner LITTLER. Without any further approval?

Mr. ERASTUS YOUNG. Yes.

VOUCHER 52274, OF J. M. THURSTON.

Q. I show you voucher No. 52274, dated May 31, 1879:

N. SHELTON, *Cashier:*
Please pay to J. M. Thurston, to be accounted for, $2,400.
J. W. GARRETT, *Auditor.*

And:

Received of Union Pacific Railroad Company $2,400, in full of above account, May 31, 1879.
J. M. THURSTON.

The signature is then crossed out, in red ink.

VOUCHER OF S. H. H. CLARK.

JUNE 9, 1879.

N. SHELTON:
Please pay to S. H. H. Clark $2,000, to be accounted for.
J. W. GARRETT, *Auditor.*

Received of Union Pacific Company $——, in full of above account.
S. H. H. CLARK, *General Manager.*

The signature is crossed out, in red ink.

GENERAL VOUCHER.

Then there is a general voucher at the end, reading:

June 29, 1879. For expenses incurred and money disbursed upon business of the company from April 22 ..... $6,262.35

Marked below (in a different handwriting), "legal expenses."

The voucher is receipted by John M. Thurston and approved by S. H. H. Clark. Do you know anything of it?—A. I have no knowledge of that voucher. My name does not appear on it.

Afternoon session.

JOHN J. DICKEY, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am superintendent of telegraph of the Union Pacific Company and also of the Western Union lines along the Union Pacific road.

Q. Are you employed by the Union Pacific?—A. Yes, sir.

Q. They pay your salary?—A. Half of it.

Q. Who pays the other half?—A. The Western Union. The salary is divided.

Q. Then you are acting in conjunction with the Western Union as well as the Union Pacific?—A. Yes; the contract between the two companies provides for a joint superintendency.

TELEPHONE COMPANY.

Q. Is there a telephone company connected with the telegraph company?—A. No; I am a stockholder and director in the telephone company, but it is not under my direction at all.

Q. Is it worked in connection with the telegraph company?—A. Well, that depends on what is meant by connection. We have a connection between the telegraph office and the telegraph exchange, for the purpose of handling business.

Q. Who are representatives of the telephone company?—A. Mr. S. H. H. Clark is the president, I am vice-president, and Mr. Kortz is secretary and treasurer. Mr. Flemon Drake is the general manager of the telephone company.

Q. Has the Union Pacific Company any interest in the telephone company?—A. They have no interest in it.

Q. Have any of its officers or employés any interest in the telephone company?

The WITNESS. Any of the officers or employés of the Union Pacific?

The CHAIRMAN. Yes.

The WITNESS. I think some of them are stockholders of the Union Pacific Company.

UNION PACIFIC OFFICIALS INTERESTED.

Q. What officers of the Union Pacific Company are interested in the telephone company?—A. Mr. Kimball has some stock in it; I have stock in it; I do not recall any others that have stock in it.

Q. Where does the telephone company have its office?—A. At Omaha. Their headquarters are here.

Q. Where in this city are their headquarters?—A. On Fifteenth street, between Farnham and Douglas.

Q. Is that the headquarters of the telegraph company?—A. No, sir; the telegraph company's headquarters for this district are in Thirteenth street.

Q. Have the telephone company the use of the poles of the telegraph company?—A. No.

Q. Have they separate poles?—A. Yes.

Q. Has that always been the case?—A. Yes.

Q. Have you any other information that you can give to the Commission?

The WITNESS. In regard to the telephone company?

The CHAIRMAN. No; the telegraph company.

The WITNESS. I would be glad to give any information that you can suggest. I do not think of anything that I could suggest. I am familiar with the relations of the telephone and telegraph company.

Q. Has the telegraph company any contract with the telephone company?—A. No.

NO BUSINESS RELATIONS BETWEEN TELEGRAPH AND TELEPHONE COMPANIES.

Q. Has it any business relation whatever with the telephone company?—A. The local telephone company and the telegraph company have no contract at all, but there is a contract between the Bell Telephone Company at Boston and the Western Union Company, that covers all the business of the United States.

Q. But have the telephone company any interest in the Union Pacific Telegraph Company that you have mentioned?—A. No. They have not. They have tried to make a contract with the railroad company for a number of years, but have not succeeded in doing so.

RETURNS OF TELEGRAPH DEPARTMENT.

Q. How do you make your returns as superintendent of the telegraph department?—A. The reports of officers come in to me at the end of the month and remittances are made to the local treasurer of the Union Pacific Railroad. I make up a statement of the business from the reports made in the auditor's office. They go to the auditor of the Union Pacific Company and settlements are made on those accounts.

Q. Are all your business relations governed by the contract between the Union Pacific Company and the Telegraph Company?—A. Yes, sir; I am governed by that entirely in my administration of the telegraph department.

DIVISION OF PROFITS.

Q. How are the profits divided?—A. The gross receipts at the railroad offices or stations are divided equally—50 per cent. to each company. Each company has its own line over the main line of the Union Pacific, you understand. There are two sets of lines; and under this contract they are operated at joint expense, and there is a division of receipts made, according to the contract.

MONTHLY SETTLEMENTS AND GROSS RECEIPTS.

Q. How often do you make cash settlements with the company?—A. Once a month. I do not handle any of the cash, but I make my reports once a month.

Q. Do you know about the annual returns?—A. Yes, sir. The gross receipts for last year were about $120,000.

Q. That was for the Western Union and the Union Pacific?—A. That was the gross receipts of the joint offices.

UNION PACIFIC'S PROPORTION.

Q. What were the net amounts paid over to the Union Pacific?—A. I have got a memorandum of it that I made on the probability that you would want to know something about that. For last year the Union Pacific proportion was $57,600.66.

Q. That was for 1886?—A. Yes.

FOR OTHER YEARS.

Q. What of 1885?—A. $53,604.82.

Q. Have you any other statement there covering different years?—A. I have, from 1878. That was before the present arrangement went into effect. For 1878 our total receipts were only $15,833. I would like to have you notice that this is the only arrangement that the Union Pacific made that they have found profitable.

The witness presented a statement of telegraph receipts and disbursements of the Union Pacific Company, as follows:

Statement of telegraph receipts and disbursements, Union Pacific Railway.

Year.	Receipts.				Credits.			
	This line.	Other lines.	Miscellaneous.	Total.	Government messages.	Paid other lines.	Miscellaneous.	Total.
1872	$15,823.10	$3,727.93	$431.80	$19,982.83	$1,696.41	$1,917.62	$2,441.89	$6,055.92
1879	18,602.83	2,993.46	619.68	22,215.97	2,158.58	2,905.55	2,253.96	7,318.09
1880	30,643.14	4,770.03	1,795.20	46,188.37	1,340.12	4,255.22	3,495.83	9,091.28
1881	82,104.65	9,783.11	4,998.30	96,828.06	914.47	5,908.94	12,199.25	18,022.66
1882	93,188.78	1,441.27	6,638.52	109,268.57	490.95	722.60	3,448.75	4,916.35
1883	107,912.60	1,600.43	6,059.89	115,572.86	465.78	1,225.09	3,765.39	5,456.25
1884	105,706.96	1,263.76	7,711.77	114,682.49	862.76	1,605.27	2,537.42	4,795.45
1885	110,777.71	1,301.43	5,284.34	117,363.48	847.11	1,734.20	2,896.79	5,478.10
1886	119,123.02	1,339.36	8,739.76	129,201.16	.....	.....	.....	6,914.54

Year.	Net receipts.	Western Union proportion.	Union Pacific proportion.
1878	$13,230.91	.....	.....
1879	14,895.88	.....	.....
1880	37,097.09	.....	.....
1881	72,745.40	.....	.....
1882	96,689.89	$50,230.22	$46,459.67
1883	110,116.63	57,304.01	52,812.62
1884	109,978.04	57,450.32	52,527.72
1885	111,885.38	58,280.56	53,604.82
1886	122,286.62	64,685.96	57,600.66

OMAHA, NEBR., *Friday, July* 1, 1887.

ERASTUS YOUNG, being further examined, testified as follows:

The WITNESS. I produce a schedule of books of account in use in the accounting department of the Union Pacific Railway Company at Omaha, July 1, 1887.

By the CHAIRMAN:

Question. Have you any other statements ready?—Answer. Not just now.

Q. When will you have them ready?—A. I think I shall have part of them ready this afternoon.

LAND DEPARTMENT LEGAL EXPENSES.

Mr. MINK. I submit a statement of the legal expenses incident to the land department of the Union Division of the Union Pacific Railway Company, from 1868 down; and a similar statement with reference to the legal expenses of the land department of the Kansas Division from 1868 down.

GROSS RECEIPTS.

Mr. POPPLETON. Mr. Young raises a question as to the call made by the Commission in respect to the gross receipts. There seems to be a difficulty on his part, and, as I understand, Mr. Mink shares it, in apprehending precisely what the Commission wants in this respect. Now, cannot the Commission frame, in writing, a question that will be a guide for those gentlemen in that respect and let them answer it as best they can; and when they have made the best answer they can they must rest on that.

The CHAIRMAN. I cannot see how we can make any call clearer than is call for the gross receipts of the Union Pacific Railroad Company.

Mr. POPPLETON. That is, you mean the gross amount made up of all the particular items that have come into the possession of the company, whether money or property, land, or otherwise.

The CHAIRMAN. Yes, gross receipts; what they call receipts.

Mr. POPPLETON. That would be everything that has come into possession of the company from the organization to the present time. But the gross receipts of its business is, it seems to me, what you want, or do you want everything that has come into its possession?

The CHAIRMAN. I want an annual statement of its gross receipts.

Mr. POPPLETON. I am not book-keeper enough, I suppose, to comprehend the situation.

The CHAIRMAN. I cannot see how I can make it any clearer than to ask for a statement of the gross annual receipts.

Mr. POPPLETON. Of what?

The CHAIRMAN. Of the company.

Mr. POPPLETON. From what sources?

The CHAIRMAN. From all sources.

Mr. POPPLETON. That means literally everything that has come into their possession, whether the receipts of their business or not.

AS DISTINGUISHED FROM GROSS EARNINGS.

The CHAIRMAN. As distinct from the gross earnings. The company reports a certain amount as "gross earnings." I want to subtract the gross earnings from the gross receipts.

Mr. POPPLETON. Then you want the gross receipts that are made a basis for gross earnings?

The CHAIRMAN. Yes.

Mr. POPPLETON. And then you can strike the difference between the gross earnings and the gross receipts.

The WITNESS. That is precisely what the last statement I have handed in shows, only it is for one year.

Mr. POPPLETON. And if that is extended over the other years that will be sufficient, will it?

The CHAIRMAN. Yes. We would like very much to have it.

The WITNESS. It is a question of labor only.

Mr. POPPLETON. I understand that the Commission is satisfied with the statement that Mr. Young has made for a single year, and that a like statement for the other years would be satisfactory.

The CHAIRMAN. We made a call for a statement showing the annual gross receipts.

Mr. POPPLETON. I do not understand that the act calls for anything of that kind.

Commissioner LITTLER. Here is what the act says:

> And what amounts have been deducted from the gross earnings of any of said aided railroad companies, by their general freight and passenger agents or auditors, by way of rebate, percentage of business done, constructive mileage, monthly or other payment, on any pooling or rate arrangement, contract, or agreement.

Mr. POPPLETON. I do not see anything stated there about "gross receipts."

LARGE DISCREPANCIES BETWEEN GROSS RECEIPTS AND GROSS EARNINGS.

The CHAIRMAN. But this Commission discovers that there are millions of dollars' difference between gross earnings and gross receipts,

and they want to know where they are and what they are. If this company does not explain them the Commission can only report its sentiments. It is with the company entirely.

Mr. POPPLETON. The object of my rising was to explain the difference between the chairman of this Commission, or the Commission, and the chief of the auditing department. It seems now that we have found out. Therefore let Mr. Young go to work.

The CHAIRMAN. I ascertain, in the consideration of your accounts, that there is a difference in your statement; that in your annual report you state gross earnings, and that that does not contain the gross receipts. As a Commissioner I want to know what the balances are. If the company does not care to submit an explanation of that difference, the company must finally submit to my interpretation of the difference.

Mr. POPPLETON. The answer is that one year's such statement is already furnished. If the Commission will designate what they want in that direction we will supply it.

By Commissioner LITTLER:

Q. Will you furnish a statement running over the entire business of the company?—A. Yes.

ERASTUS YOUNG.

OMAHA, NEBR., *Friday, July* 1, 1887.

A. J. POPPLETON, being further examined, testified as follows:

VOUCHERS OF J. M. THURSTON.

By the CHAIRMAN:

Question. I show you voucher No. 55322:

The Union Pacific Railroad Company to J. M. Thurston, Dr.

Sept. 30, 1879. For expenses and disbursements upon business of Company... $542.75

Will you please explain that?—A. I can make no explanation of that voucher. My name is not on it.

Q. I show you voucher No. 57626:

The Union Pacific Railroad Company to John M. Thurston, Dr.

Dec. 31, 1879. For additional compensation to date, as per agreement of November 1, with S. H. H. Clark, general manager $1,000

Can you explain that?

A. My answer would be the same in respect to that.

Q. I show you voucher No. 6634:

Union Pacific Railway Company to John M. Thurston, Dr.

Aug. 31, 1880. Paid out on purchase of suits of Patterson *et al. vs.* The Union Pacific Railroad, at Sterling, Ill..... $30

Can you explain that?

A. My name is not on that voucher.

"PURCHASE OF SUITS."

Q. What would the term "purchase of suits" mean?—A. I do not know what it would mean. There were suits pending in Whitesides

County, Illinois, brought by a firm of Paterson & Co., who were contractors on the Union Pacific. It was litigated in that county and went to the supreme court of Illinois. They were finally beaten, although they recovered judgment against us at one time for, I think, about $100,000.

By Commissioner LITTLER:

Q. How did they get service on you?—A. They served the local agent, and that is what we beat them on. It went to the supreme court, which held that the service was not good. And finally the thing was outlawed. There was never anything realized by the company on it. What that term is there for or what kind of transaction it refers to I cannot say, but I presume—well, I will not presume about it. It is quite likely he may have paid out that amount of money in connection with those suits. They served a party who was an agent of the land department for the purpose of selling land and nothing else.

VOUCHER 5829 OF EDWARD F. BISHOP.

Q. I show you voucher No. 5829:

The Union Pacific Railway Company Dr., To Edward F. Bishop, clerk of the U. S. court, Denver, Colo.

July 10, 1886. Fine in case of Western Union Telegraph Company in the matter of contempt of order of court $100

Why should such a charge be made against the Union Pacific Railway Company? What was the contempt?—A. I cannot explain that. That is a Kansas Division voucher.

Q. Do you recall the case?—A. No, I can't recall the title of the case, but I think it grew out of litigation that arose between the Western Union Company and the Atlantic and Pacific Company. There were injunctions issued back and forth, and it was a subject of litigation for, I think, over a year, and finally resulted in a settlement between the two companies. I think that fine was probably imposed for some supposed violation of an injunction. Mr. Egbert was the superintendent of the Colorado Division, and probably he got caught in some technical violation of an injunction, although he would not be liable to be caught in a thing of that sort if he knew. It is a Kansas City matter, and is audited, as you see, by "S. T. S," the superintendent of that division. It never came under my supervision, so that I cannot tell you exactly what it was.

Q. Were H. M. & Willard Teller attorneys for the Union Pacific Company during the year 1880, at Denver?—A. Willard Teller was, and H. M. Teller was in the firm up to the time he became United States Senator. When he was elected United States Senator he went out of the firm and never had any interest in the business.

Q. When was he elected?—A. I cannot give that date. He was Secretary of the Interior under the Arthur administration. He was elected last time, I think, a year ago last winter, but he was serving a term in the Senate when he was put into the Cabinet.

VOUCHER 11232 OF THUMMELL & PLATT.

Q. I show you voucher No. 11232:

The Union Pacific Railway Company to Thummell & Platt, Dr.

Jan. 29, 1881 ..... $1,[illegible]

In this voucher the following statement appears:

To services rendered in the case of the Union Pacific Railroad against W. H. Platt and Platt against the Union Pacific Railroad, in which the suit was to settle the pre-emption right of the Union Pacific Railroad to land. We charged, and supposed we were to get, $1,000 for this, and honestly supposed this was our due, but in October S. H. H. Clark said that on the settlement of the business of 1880 he would add the additional sum of $500, which we agreed to take in settlement of the matter. Hence we add $500.

Q. Is the Platt named in this case the Platt referred to by Mr. Rosewater?—A. Yes.

The CHAIRMAN. Were the attorneys on both sides paid by the Union Pacific Railway Company?

The WITNESS. Yes.

The CHAIRMAN. This was a sort of an amicable suit?

The WITNESS. I will explain. When Secretary Schurz's decision was made, the effect of which, upon his theory, was to subject all the land that had been earned, and not sold, in three years, to pre-emption, of course that raised a question, and a very important one, that affected our entire land grant. The first thing that happened after this decision was rendered was that a person named Rosenbaum (or some Jewish name; I cannot remember it now) filed on a piece of land (at Grand Island, where Platt lives) under that ruling, and claimed to be entitled to take it under that ruling. When we came to investigate, we found that if it did not belong to the Union Pacific Company beyond all controversy it did belong to Platt, because he was the first settler on it, and he had not exercised his right of pre-emption. All that he had to do was to file his claim. We said to Platt, "If this land is not ours it is yours, and if it is not ours we would rather you would have it than any man who has not been on it until this day, but gets it by pure force of a legal technicality, if he gets it at all." These suits grew out of that. They were prosecuted in good faith, and every fact on both sides was presented. It went up to the Supreme Court of the United States, and the Supreme Court decided in favor of the railway company.

Q. The purpose of the suit and the interest that the company took in Platt was to get a ruling against the Interior Department?—A. Yes; and to get an authoritative declaration from the Supreme Court of the United States to settle the matter of the land grant, which would affect our interests very much. I am not able to say at this minute whether Mr. Rosewater is correct in his statement that a patent had actually been issued; but if it had been actually issued it had been issued under circumstances where it would have been absolutely void if Mr. Schurz's ruling was correct.

VOUCHER 17775 OF J. M. THURSTON.

Q. I show you voucher No. 17775:

The Union Pacific Railway Company to John M. Thurston, Dr.

Aug. 30, 1881.	Special services from June 1 to September 1, 1881	$500
	And disbursements and expenses on special services	185

Please look at that voucher and state what special services were rendered.—A. I cannot make the statement. My name is not on the voucher, and I know nothing in respect to it.

VOUCHER 19846 OF M. J. REILLY.

Q. I show you voucher No. 19846:

The Union Pacific Railway Company to M. J. Reilly, Dr.

Oct. 31. For services and expenses while engaged on special service, from August 19 to Oct. 31, 1881. 67 days, $6 per day $402

What special service was Mr. Reilly engaged in?—A. I cannot say; that is a Kansas Division voucher also.

VOUCHERS OF JOHN M. THURSTON.

Q. I show you voucher No. 19922:

The Union Pacific Railway Company to John M. Thurston, Dr.

Oct. 31, 1881. Special services as attorney in September and October..... $333.33

What special service does that refer to?—A. I cannot say; as far as I know this voucher may be for Mr. Thurston's salary.

Q. You would not call that "special," though?—A. No; I would not call it so; but my recollection is that the pay-rolls show that he was paid on a pay-roll at that time.

Q. I show you voucher No. 22951:

The Union Pacific Railway Company to John M. Thurston, Dr.

Jany. 31, 1882. Services as attorney on special service, October 31, to date.... $500

Q. What special service does that refer to?—A. I make the same answer to that as to the last preceding question.

Q. That would not be for salary, would it?—A. I would not think so; but it is possible that it might be.

Mr. ERASTUS YOUNG. My impression is that at that time all attorneys were paid on voucher and not on pay-rolls. No salaries of attorneys were paid on pay-rolls at that time.

Q. I show you voucher No. 24707:

Union Pacific Railway Company to John M. Thurston, Dr.

April 30, 1882. To services as attorney on special service from January 31 to date $500

Do you make the same explanation with reference to that?—A. Yes.

Q. Are you acquainted with George H. Thummell, of Grand Island?—A. Yes.

Q. Was he an attorney of the company in 1882?—A. I think he was, and prior to that, a local attorney who attended to whatever he was specially directed to do in that vicinity.

Q. He was regularly employed by the company, was he?—A. Yes, I think I may say so; but he was not a salaried attorney, and he was not expected to pay any attention to the affairs of the company unless he was directed to do so in some particular case.

Q. Was he a member of the legislature?—A. He has been a member of the legislature; but whether he was at that time or not I could not say. I do not think he ever acted in the capacity of attorney for our company when he was a member of the legislature.

Q. When was he a member of the legislature?—A. I cannot say; I will not make any statement about that. Mr. Shelby says he was in

the legislature in 1877. I have no doubt that is true; but he may possibly have been in at some other time.

VOUCHER 33986, OF T. S. M'MURRAY.

Q. I show you voucher No. 33986:

Union Pacific Railway Company to Land Department, Dr.

For T. S. McMurray's salary and expenses for January $185.25

Was that an employment in the nature of an attorneyship for the company?—A. T. S. McMurray originally came into the employment of the Union Pacific Company as tax agent. He served some time as tax agent and then resigned and went home to Philadelphia and lived there a year. Then he came back on the road, under my appointment, under the title of special agent of the law department. This belongs to his tax agency, and it represents the proportion of his time and salary, I suppose, that was employed in attending to the tax department so far as the lands were concerned.

Mr. MINK. So far as the railroad was concerned. Evidently the whole amount was paid by the land department, and this voucher was presented to the railroad company.

The WITNESS. Yes.

VOUCHER 34134, OF J. G. M'INTYRE.

Q. I show you voucher No. 34134:

The Union Pacific Railroad Company in account with "The Arlington," J. G. McIntyre, proprietor, Lincoln, Nebr.

June 31, 1883:

January 31, rooms 9 and 10 with 31 days' board	$186.00
Rooms 31 and 32, 31 days' board	231.50
February 2, 7, 9, and 10, board 20½ days	139.15
Fires	43.35
Total	600.00

VOUCHER OF JOHN M. THURSTON.

Attached to that is a voucher:

The Union Pacific Railway Company to John M. Thurston, Dr.

Hotel bill of self and employés accompanying at Lincoln, for January and February $600

Do you know what that was for?—A. I have no personal knowledge of that voucher.

VOUCHER 34236, OF GEORGE M. CRAWFORD.

Q. I show you voucher No. 34236:

Union Pacific Railway Company to George M. Crawford, Dr.

March 3, 1883. Special services as attorney in February $100

What services were rendered by Mr. Crawford?—A. I cannot state. My name is not on the voucher.

The CHAIRMAN. He is the gentleman who was a lobbyist.

The WITNESS. He is a gentleman you have examined on the stand here.

Q. He stated that he was a lobbyist?—A. I do not know what he stated. He is the same gentleman that you have examined under that name.

VOUCHER 34237, OF FRANK P. IRELAND.

Q. I show you voucher No. 34237:

Union Pacific Railway Company to Frank P. Ireland, Dr.

March 3. Services as attorney, in full, on special employment for the months of January and February	$500
Expenses in said time	100
Total	600

Who was Mr. Ireland?—A. He is a lawyer living at Nebraska City, I believe.

Q. Was he a member of the legislature?—A. That I cannot say.

Q. What special services did he render for the company?—A. I cannot say. I have no knowledge of those services.

VOUCHER 34238, OF W. M. ROBERTSON.

Q. I show you voucher No. 34238:

The Union Pacific Railway Company to W. M. Robertson, of Madison, Dr.

March 3, 1883. Special services as attorney in the month of February	$100

Was Mr. Robertson a member of the legislature?—A. I cannot say whether he was at that time; I think he has been at some time.

Q. What special services did he render?—A. I cannot say. He is a lawyer, living at Madison, in this State.

Q. Belonging to the legal department of the Union Pacific Railway Company?—A. Not in the regular legal department. He has been occasionally employed to attend to particular suits.

Q. Does Mr. Crawford belong to the legal department of the Union Pacific Company?—A. No, sir; but he has been employed to attend to particular suits.

VOUCHER 34422, OF C. L. LAMB.

Q. I show you voucher No. 34422:

The Union Pacific Railway Company to C. L. Lamb, of Stanton, Dr.

March 13, 1883. Services as attorney on special service in the month of January	$100

Was Mr. Lamb a member of the legislature?—A. I do not know.

Q. Did he belong to the legal staff of the Union Pacific Railway Company?—A. Not the regular legal staff.

Q. What special services did he render?—A. I do not know.

VOUCHER 34635, OF LOREN CLARK.

Q. I show you voucher No. 34635:

The Union Pacific Railway Company to Loren Clark, of Albion, Dr.

March 3, 1883. Special services at Lincoln in the months of January and February upon employment of J. M. Thurston, assistant attorney..... $300

Was Mr. Clark a member of the legislature?—A. I cannot say.

Q. Did he belong to the Union Pacific staff?—A. Not the regular legal staff.

Q. What services did he render at Lincoln during the year?—A. I have no knowledge.

Q. Would such employment pass under your supervision as the attorney in charge of the legal department?—A. It depends altogether upon what the services were, and, possibly, upon some other things. Possibly the general manager or general superintendent at that time, if he had any particular business to be attended to, in a case of emergency, would employ a man to do it, but the ordinary course would be for it to pass under my supervision.

VOUCHER 34686, OF N. K. GRIGGS.

Q. I show you voucher No. 34686:

The Union Pacific Railway Company to N. K. Griggs, Dr.

March 30, 1883. Services as attorney in the month of February, in special employment..... $100

What services were those?—A. I know nothing about that employment.

Q. Was Mr. Griggs a member of the legislature?—A. I think not, at that time. I know he has been a member of the legislature, but I do not think he was at that time.

Q. Have you any knowledge of the special services?—A. None whatever.

Q. When was Mr. Corlett a Delegate in Congress?—A. I cannot give the date. I would not speak on that subject, because there are public records that will show that. Mr. Corlett was never on the Union Pacific road as attorney while he was a member of Congress.

VOUCHER 40048, OF GEORGE H. ROBERTS.

Q. I show you voucher No. 40048:

The Union Pacific Railway Company to General George H. Roberts, Omaha, Nebr., Dr.

Nov. 2, 1883. Services August 1 to November 1, 1883, 3 months, at $100 ... . $300

By order of S. H. H. Clark.
Approved, A. J. Poppleton.

Was General Roberts an attorney of the company?—A. General Roberts was a lawyer who settled in the southwestern portion of the State, but he determined to remove to Idaho. When he went there we had no representative in that country at that time, and an arrangement was made with him that for a year after he reached there he should be paid $100 per month by the Union Pacific Company. That was to be in consideration of anything that we might have for him to do there if we chose to use him as an attorney, and I think this is one installment of the compensation.

Q. He was regularly employed, then?—A. He was the only man in that section that we had in authority. It resulted that there was

but little for anybody to do there. That arrangement ran for a year and he was paid at that rate. Then it was discontinued.

F. E. SICKLES.

Q. Who is F. E. Sickles, for whom vouchers have not been produced for payments of several sums of money?—A. He was at one time superintendent of this road. He was the engineer who planned the old bridge. He was a civil engineer. But F. E. Sickles was an inventor and engineer—a mechanical engineer.

Q. How was he employed in connection with the legal department?—A. Some years ago a party named Richards, whose counsel was George Harding, of Philadelphia, brought suit against the Union Pacific Company for the alleged infringement of a snow-plow patent, and also for an injunction restraining the company from using the plows it had been using for a number of years, and which had been constructed by its own master mechanic. The trial of that suit and the preparation of it involved a great deal of labor, and, of course, necessitated an expert. Mr. Sidney Dillon employed F. E. Sickles to do that part of the work, and these disbursements to him are either for his services or expenses in that connection. It finally came to a hearing before Judge McCrary, at Keokuk, Iowa, and there were, at that time, between fifty and sixty models that Mr. Sickles had gathered up, and there were two volumes of testimony of 700 printed pages each; and the result of his work was that he gave me the materials out of which I was enabled to defeat that suit. And an equal amount of money was never better expended so far as Mr. Sickles was concerned.

The CHAIRMAN. That is sufficient explanation of that.

VOUCHERS OF J. M. THURSTON.

Q. I show you voucher No. 30038:

The Union Pacific Railway Company to J. M. Thurston, Dr.

March 31, 1884. To services as attorney from December 1, 1883, to April 1, 1884 ..... $666.66

What special services were those?—A. I cannot state.

Q. Was that on account of salary?—A. I cannot say whether it was or not.

Q. I show you voucher No. 6944:

The Union Pacific Railway Company to John M. Thurston, Dr.

June 30, 1884. For services as attorney for the months of April, May, and June.. $500

What was that for?—A. I can give you no explanation except what I have given, but my opinion is that that is his salary. Why it should be put in that special form is more than I can say, but I have no doubt it is his salary.

Mr. ERASTUS YOUNG. The circumstances, as I understand them, were that he was paid $250 on the pay-roll, and then every two or three months he was given a certain amount more. That went along for a year or more. Every quarter, for a period, he was paid $500 a quarter, or $2,000 a year. At that time the attorneys were not all on the pay-rolls.

VOUCHERS NOT PRODUCED.

The CHAIRMAN. The following vouchers have not been produced: No. 8068, $975.60; No. 28435, $738.50; No. 28434, $2,358.49; No. 9236, $833.

The WITNESS. Voucher No. 8068 is for expenses paid by J. M. Ham in New York, in connection with the snow-plow case; paid, undoubtedly, to F. E. Sickles.

THE TELEGRAM CONCERNING EMPLOYÉS' VOTES.

While I am on the stand I want to say a single word with reference to the telegram that Mr. Rosewater has put in evidence. That telegram was sent solely with reference to the candidate for sheriff, as will be noticed. We had been troubled for years with three-card monte men, who infested our trains, and we had the greatest possible difficulty in protecting passengers from their depredations. This man Grebe had been more successful than any other man we had ever had in protecting our property and dealing with those gamblers. In what I did to bring about his election I was moved by that fact alone, and by the fact that a property like this is very much affected by an efficient administration of the law. That was my aim, and not with the view of influencing elections generally, and not with the idea that anybody was to be coerced, but with the belief that if the situation was explained to the employés they would be willing, in the interest of the company, to support him for that office. My judgment of the man has been vindicated by the fact that there has not been an administration of the sheriff's office from that day to this that has not been compelled to make him a deputy sheriff until the last two months. He has been in the continuous service of the sheriff's office from that time to the present; and if I had the same thing to do over again I should do the same thing to-day if I thought it would effect anything.

A. J. POPPLETON.

OMAHA, NEBR., *Friday, July* 1, 1887.

THOMAS L. KIMBALL, being further examined, testified as follows:

POOL DIVERSIONS.

The WITNESS. There was a call made for diversions of earnings in the various pools. The figures are as follows:

Summary of earnings on freight diverted to and from the Union Pacific Railway, account of various pools during the year 1882 *to* 1886, *inclusive.*

Description of pool.	To Union Pacific Railway.	From Union Pacific Railway.
Colorado Railway Association, 1882 to 1886, inclusive	$105,873.61	$15,982.27
Western Colorado Railway Association (D. S. P. & P. R. R.), 1883 and 1885, inclusive	439,147.84	627.98
Utah Traffic Association, 1884 to 1886, inclusive	20,512.38	49,544.85
Colorado-Utah, common points, 1884 to 1886, inclusive	1,107.44	
Total	566,640.67	66,205.09

[1] Net gain to Union Pacific Railway, account of diversions, $500,335.67.

By the CHAIRMAN:

Question. Upon what basis did you make up this paper?—Answer. From the pool statistics kept in the traffic department.

Q. Does the statement show the diversions from all the pools during that period?—A. All that we have any record of diversions in. The statements of pool tonnage show the amount diverted, and the road to which, and from which, the diversions are made.

By Commissioner LITTLER:

Q. What do you mean by "diversions" in that sense?—A. I mean that, ordinarily, if a line has a given percentage allotted to it in a pool, and its tonnage overruns that percentage, it does not want to haul the freight, because if it does it will have to pay the money it receives for transporting freight to the road that was short, and it is better to turn the freight over and let the other road haul it.

STATEMENTS PRODUCED IN RESPONSE TO CALLS.

Q. Have you any other call?—A. I have here statements as follows: First. A statement showing rebates and overcharges paid annually to the Consolidated Tank Line Company from 1882 down to June 22, 1887, inclusive; and also gross earnings on the business on which the rebate was paid.

The WITNESS. I have a like statement as to the Continental Company from 1881 to 1887.

The WITNESS. I have a similar statement for the Standard Oil Company from 1880 to 1887.

The WITNESS. I have a like statement of charges refunded annually to the Standard Oil Company, account of empty oil tanks returned, from 1880 to 1886.

The WITNESS. I have also a statement of charges refunded on empty oil tanks, return account of the Continental Oil Company, from 1884 to 1886.

NO RETURNS OF TANK CARS.

The WITNESS. One of your calls was in regard to what amount was allowed, if any, for return of tank cars for any other company than the Standard Oil Company. As to that I say that the car accountant reports that he finds no record of any other tank cars during that period.

On my memorandum I have an entry as to the coal and stone business. The following is a brief statement of the operations of the coal business for 1886:

COAL DEPARTMENT, UNION PACIFIC RAILWAY.

The Wyoming Coal and Mining Company had control of the Union Pacific coal business from July, 1868, to March or April, 1874. The Union Pacific coal department has existed from March or April, 1874.

The Union Coal Company is a consolidation of Welch Coal and Mining Company, South Park Coal Company, Gunnison Land, Mining and Transportation Company, Colorado Coal Company, and Saint Louis and Denver Land and Mining Company.

The consolidation was made to simplify the keeping of the accounts. All belong to the Union Pacific Railway Company.

Operations of coal department for 1886.

	Mine.			Distribution.	
	Tons.	*Lbs.*		*Tons.*	*Lbs.*
Carbon	214,235	600	Company	422,345	1,700
Rock Spring	359,238	373	Commercial	346,659	1,873
Alley	158,618	500	At mines	8,266	600
Dana Creek	29,131	900		785,212	173
Slat coal	23,365	1,100			
Purchased*	882	600	On side-track December 31	258	1,900
Total	785,471	73	Total	785,471	73

*Purchased coal not included in expenses or receipts.

Receipts for coal	$1,287,178.37
Expenses, including taxes	1,161,685.52
	95,612.85
Freight earnings on commercial coal in 1886, exclusive of Union Coal Company's coal	1,510,956.12

Operations of the Union Coal Company for 1886.

	Mined.			Distribution.	
	Tons.	*Lbs.*		*Tons.*	*Lbs.*
Baldwin	29,845	1,800	Company	35,437	700
Como	24,207	800	Commercial	48,256	700
Purchased*	30,407	1,600	At mines	737	800
Total	84,461	200	Total	84,461	200

*Purchased coal not included in receipts or expenses.

Gross earnings	$124,130.10
Expenses, including taxes	135,481.08
Loss	*11,350.98
Freight earnings on commercial coal of the Union Coal Company in 1886	120,909.15
Monthly average number of employés	1,538

The following figures show the operations of the stone department for 1886:

Stone department, 1886.

	No. cars shipped.
Commercial use	3,303
Company's use	1,342
	4,645
Freight earnings	$34,352.94
Stone sold from Stout	120,932.39
Stone sold from Lyons	20,744.52
	141,682.91
Amount of commercial business	100,191.87

SUMMARY, 1886.

Stone sold in 1886	$141,682.91	
Stone in stock in 1886	24,607.68	
Tools and machinery on hand	13,838.99	
Rent collected at Stout	1,200.00	
Profit of Denver yard	5,329.94	
		$186,749.52
Amount of labor in 1886	$132,804.35	
Cost of tools and machinery, 1886	4,973.70	
	137,778.05	
Stone in stock January 1, 1887	48,592.95	
Stone purchased January 1, 1887	11,228.65	
	59,821.60	
		197,599.65
Difference		10,850.13

*On account of fire at Como, &c.

This difference is shown in the improved condition of the quarries by stripping, &c.

RAISING INVOICE PRICES.

Q. Is it true (if you have the knowledge) that it is the practice of the company, when it buys a car of oats or of lumber at a given price, to charge the car in the department invoices at a higher price than the price paid?

The WITNESS. I do not understand the question.

The CHAIRMAN. Perhaps Mr. Young can explain that. (To Mr. Erastus Young.) If the company buys a car of oats or of lumber or of any other article at a given price, is it true that it is charged at a higher price?

Mr. ERASTUS YOUNG. Charged to what?

The CHAIRMAN. I am asking you whether there would be two prices.

Mr. ERASTUS YOUNG. If we bought a car load of lumber at a certain price it might be charged at a higher price to expenses, for the reason that there would be the items of freight on the lumber and the cost of handling it, such as loading and unloading it, by the store department—which would be charged in addition.

The CHAIRMAN. That would make up the difference?

Mr. ERASTUS YOUNG. That would make up the difference.

The CHAIRMAN. Is that the case largely in the coal department?

Mr. ERASTUS YOUNG. Yes, sir; that is largely so in the coal department. There is the original cost of the coal, then there is the freight, and then the expense of handling it over platforms and from cars.

The CHAIRMAN. What effect would that have upon your earnings?

Mr. ERASTUS YOUNG. It would increase the expenses by decreasing the net earnings.

The CHAIRMAN. Are all of the charges made up with such differences in the bills; that is, by the addition of the freight and the handling of the articles where you make such purchases? Have you given me all the charges?

Mr. ERASTUS YOUNG. I have given you, in general, all the charges. They would be all the expenses that accrue upon the material after it is billed by the purchaser. For instance, if we bought lumber in Chicago, we would have freight to pay on it to Council Bluffs, and then if it were shipped on to Cheyenne to be used, there would be freight at a half a cent per ton per mile added to it.

The CHAIRMAN. What about a purchase on this system?

Mr. ERASTUS YOUNG. There would still be freight, if it was handled for one of our branch lines. The main line would get freight at half a cent a ton per mile on that material, and that would be charged in the expenses.

EFFECT ON EARNINGS.

The CHAIRMAN. Then the effect of that would be to decrease the earnings?

Mr. ERASTUS YOUNG. The effect would be to increase the earnings of the main line if the material were used on a branch line; if used on the main line there would be no charge for freight. That is, freight consumed on the line of road on which it is purchased pays no freight; but if it is consumed on a branch line the branch line pays a charge of half a cent a ton per mile for the distance that it is hauled over the other lines. For instance, lumber or coal hauled from Omaha to a point on

the Omaha and Republican Valley would pay freight to the main line between Omaha and the junction point, 25 miles out.

The CHAIRMAN. The general effect, however, of such a charge would be to decrease the percentage of the earnings of the road. That is, that would be the effect of increasing the price by reason of the freight charge and handling charge as against the price paid for the car—would decrease the earnings of the company just the percentage of expense that was involved in the difference?

Mr. ERASTUS YOUNG. No, sir; yet it would depend on the line upon which it was used. So far as the system is concerned it is simply a charge of one branch against the other. It increases the earnings of one line and increases the expense of the other, the result being no difference in net earnings so far as the company is concerned.

Commissioner LITTLER. If the main line hauled a great deal of freight to be used on the branch line it would increase the earnings of the main line?

Mr. ERASTUS YOUNG. Yes, and it would increase the expenses of the branch line.

The CHAIRMAN. Have you a bill that you could conveniently produce to the Commission to illustrate that?

Mr. ERASTUS YOUNG. No, sir; I should have to go to our accounts for it. The original material is charged to our store department and billed out by that department as used.

The CHAIRMAN. The discrepancy, then, between the original bill, rendered by the party from whom you purchased the material, and the price at which it is invoiced is explained by the difference in freight and handling?

Mr. ERASTUS YOUNG. The cost of freight and the expense of handling. That covers all that I know of.

DIVERSION OF FREIGHT.

Q. You have produced here a statement of the diversion of freight from 1880 to 1886. Can you not produce a statement from the organization to date?—A. I do not think such a thing ever occurred until the period of that statement.

Q. Does the statement that you produce contain all the diversion?—A. There was none prior, to my knowledge.

Q. As you were general manager or assistant at that time, connected with the road, you would have had a knowledge if there had been a diversion prior?—A. Yes, I think so; but I do not know of an instance in which it occurred.

Q. Who would have such a knowledge?—A. I should be quite as likely to know it as any one here.

Q. Have you any accounts that will show?—A. No, I do not think so. I do not believe it ever happened. There was no reason why it should happen until a pool was formed.

Q. Have you any books or any accounts or any memoranda on which you based the statement with reference to the diversion of earnings prior to the date you have given the Commission?—A. No, sir; I have not.

THOS. L. KIMBALL.

VOUCHERS OF JOHN M. THURSTON.

Mr. Mink produces vouchers Nos. 40639, 28434, and 28435. Voucher 40639 is as follows:

The Union Pacific Railway Company to John M. Thurston.

November 30, 1883. Special services, July 1 to date $833.33

Voucher No. 28434 is a settlement of legal charges and expenses divided between the Denver Pacific and the Kansas Pacific—amounting to $15,827.29, of which the legal expense item is $2,358.49.

Voucher No. 28435 being for the share of the Union Pacific Railway Company in the legal expenses as between the Denver Pacific Railway Company and the Union Pacific Railway Company, the share of the Union Pacific being $738.50.

The CHAIRMAN. I call for a statement showing a division of the items of miscellaneous earnings charged in the annual report from year to year, from the consolidation down to date.

Commissioner LITTLER. Any suggestions or presentations that either of you gentlemen may have to make to the Commission we would be glad to have.

The CHAIRMAN. I understood that Judge Poppleton would make a statement.

Mr. POPPLETON. I said I would make one in relation to the Platt case. Is it necessary now, after the explanation I have made?

The CHAIRMAN. I think not.

Mr. POPPLETON. There was nothing else to do, and Platt happened to be in a position by virtue of which he became the instrument by which we could get our property.

Commissioner LITTLER. While we have been exacting with the officers and have been anxious to get to the bottom of your affairs, we are equally interested to hear what the company's officers have to say.

Mr. POPPLETON. My feeling about the matter has been this, that the matter is in the keeping of people who are superior to me in command; hence I have no fixed opinion to give, although I have strong views in regard to it both in respect to its management and to Congressional action.

Commissioner LITTLER. It is our duty to submit to Congress such views as we may have; and if you have fixed views on the subject we would be glad to hear them now.

Mr. POPPLETON. I think I will not say anything now. If I decide to do so hereafter I will put it in black and white, in the form of a communication to the Commission.

The CHAIRMAN. I want to thank the officers of this department for the kindness and courtesy extended by them to the Commission during its stay here. I believe that every facility necessary to aid us in any way in the investigation required by the act of Congress has been afforded the Commission by the company. We thank the gentlemen, one and all, connected with this department.

Commissioner LITTLER. I fully concur in that expression.

The CHAIRMAN. There being no further business, the Commission stands adjourned subject to call.

The Commission then adjourned, to meet upon the call of the chair.

COLUMBUS, NEBR., *Saturday, July 2, 1887.*

At 9.30 a. m. the Commission met upon the call of the chair. Present: Commissioner Pattison (chairman) and Commissioner Littler.

JAMES E. NORTH, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. You are mayor of this town, I believe?—Answer. Yes.
Q. How long have you been mayor?—A. Since the 1st of April last.
Q. What is your business here?—A. Coal and real estate. I am also in the grain business.
Q. How long have you lived here?—A. Thirty-one years.

COMPLAINTS AGAINST MANAGEMENT.

Q. During that time have you heard of any complaints as to the facilities and accommodations afforded by the Union Pacific Railway Company to the people of this community?—A. Yes, sir; I have heard some complaint.
Q. What have you heard?—A. Well, for the last five years, before they put up this station, the facilities for the traveling public were very poor. Since they have put up this station there is no complaint on that head.
Q. Was there any complaint about favors being shown to any class of shippers?—A. There may have been, but I do not know of any.

COMPLAINTS AS TO REBATES AND SPECIAL RATES.

Q. Did you hear of any complaints of rebates allowed to one class of shippers against another?—A. I do not know, but I have heard men make that assertion—that they supposed some classes of shippers were getting rebates. But I never knew of any, as matter of fact, myself.
Q. How many grain elevators are there here?—A. Two.
Q. Have you heard anything as to special rates being given to one class of shippers as against another?—A. Ever since the elevators were started in Omaha there has been a feeling among the grain men that the Omaha grain men were having an advantage over the country shippers. I have never heard that any grain men, living here, were allowed any rates that others had not.
Q. No secret rates?—A. None that I know of.
Q. No shipper was given an advantage by the Union Pacific Railway Company over another?—A. No, sir, I think not.
Q. All had equal accommodations?—A. So far as I know they had.

RELATIONS OF ROAD TO THE COMMUNITY.

Q. Is there any other information you can give us as to the community's relation to this railroad?—A. Of course, the relation of the community to the Union Pacific Railway is very much the same as it is to any other road, I suppose, where they are wholly dependent on one road. This community for a great number of years was entirely dependent on the Union Pacific Railway for transportation. We now have another road here, a branch of the Burlington and Missouri Railroad, that comes in here from Lincoln. While the rates have not been any better, perhaps, since that road came in, at the same time there is very little complaint now, because people have the advantage of the two roads.

Q. Are the rates about the same as they were prior to the Burlington and Missouri Railroad coming in?—A. Grain rates are a little higher now on account of the interstate commerce law.

Q. Has the Union Pacific Railway Company any interest in grain, other than a railway interest? Have they purchased grain here through their agents?—A. No, sir.

Q. Can you give us any other information?—A. I do not know that I can.

Q. All your people are happy and contented with the railroad service?—A. I have not heard any complaint, as I say, lately. There may have been some, but I have not heard any.

By Commissioner LITTLER:

Q. Where is your elevator located?—A. At Platte Centre, 12 miles northwest of here.

Q. On this branch road?—A. Yes.

Q. Have you any special rates?—A. No, sir.

Q. Not one?—A. No, sir.

RATES ON CORN AND WHEAT.

Q. What is the rate per hundred on corn and wheat from your station here to Omaha?—A. I cannot tell you the rate on corn, but I can tell you the rate on wheat.

The CHAIRMAN. Tell us that.

The WITNESS. The rate on wheat now is 29 cents a hundred.

Q. What is wheat and corn worth here now?—A. They are paying 20 and 21 cents for corn.

Q. What is the character of the land in this country with reference to its productive quality?—A. Very good, indeed.

Q. Is it all adapted to growing grain?—A. Yes, sir; nearly all of it.

Q. Do you know what proportion of the land is under cultivation in this region?—A. Not over 30 or 35 per cent. of it.

VALUE OF LANDS.

Q. What are uncultivated lands worth here?—A. From $8 to $15 an acre.

Q. And improved farms, what are they worth?—A. From $15 to $40.

Q. In what business do the people generally engage here?—A. Raising grain and stock.

Q. Is this regarded as a good stock region?—A. Yes.

Q. Do tame grasses grow here?—A. Yes.

Q. And when the country is all brought under cultivation it will necessarily bring a very large business to this company?—A. Very large.

COLUMBUS, NEBR., *Saturday, July* 2, 1887.

CARL KRAMER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. When were you mayor of Columbus?—Answer. Last year; from April, 1886, to April, 1887.

Q. What was your business prior to that time?—A. I am a merchant here.

Q. How long have you resided here?—A. Ten years.

Q. Were you a shipper over the Union Pacific Railway prior to acting as mayor, or during that term?—A. Yes.

FACILITIES AFFORDED.

Q. What have been the facilities afforded to this community by the Union Pacific Railway Company?—A. Very fair.

Q. Were they ever unfair?—A. No, sir; not that I know of.

Q. Have all the citizens, all the shippers, been treated alike?—A. In my line, I think so; yes, sir.

Q. In any other line?—A. I do not know of any other line than my own. Our goods are known as first-class goods—merchandise; and the rate is uniform, I think, to everybody.

Q. Did you pay the open, published, rate?—A. Always.

Q. Did you ever hear any shippers complain of another class of shippers being allowed a special rate?—A. Not in our line; no, sir.

Q. The citizens of Columbus, here, have been satisfied with the railroad facilities?—A. Yes, sir; but they sometimes think that the rate from Chicago to Omaha is lower than from Chicago to Columbus.

Q. That is to say, the charges to one place are higher than to the other?—A. The rate from Chicago here is $1.31. It was so before the interstate commerce law. Now it is $1.30. I think the rate from Chicago to Omaha is 86 cents per one hundred, and from Omaha it is about 40 cents.

AMOUNTS OF LOCAL AND THROUGH TRAFFIC.

Q. What is the local traffic here—freight and passenger? Is it large or small?—A. I think there is a large local trade from here. Columbus, I think, has always been quite a good local trading point.

Q. Has the local passenger and freight trade been along the main line as well as the branch line?—A. Yes.

Q. Is there as large a local freight and passenger traffic on the main line as on the branch line?—A. The branch line here, as I understand, is doing a large local business; larger in proportion, perhaps, than the main line.

Q. What do you mean by that?—A. What I mean by that is this: I do not know that that has anything to do with this case, but these offices do a very large business. We had a local store, for instance, in Genoa, 22 miles from here, on the branch, and we shipped a good deal to that place.

Q. Taking an equal distance on the main line and on the branch line, how does the local traffic on the main line compare with the traffic, for the same distance, on the branch line, freight and passenger?

The WITNESS. Do you mean with reference to the amount of business done or the charges made?

The CHAIRMAN. The amount of business. From your observation, I mean.

The WITNESS. Perhaps I am not a competent witness in that respect.

Q. Why not?—A. The officers of the road could tell, by their books and statistics, just what they do.

The CHAIRMAN. That is true. But we want your observation as a citizen here, as to the traffic.

The WITNESS. Well, I think the branch roads are doing a very profitable business, and there seems to be more business every year. So far

as Columbus is concerned, I think they do a larger local business on that than on the main line.

RATES ON BRANCHES AND ON MAIN LINE.

Q. You speak of rates on the main and the branch line. What is the difference in the rates—in the local tariff?—A. I do not know exactly.

Q. Does the railway company here, through its employés, ever participate, as a company, in election?—A. No, sir.

Q. Did you ever hear of any complaint in that direction?—A. No, sir.

Q. During the last five years, since the Burlington and Missouri Railroad has been in here, what agency has the Union Pacific Railway used in securing trade?—A. The Union Pacific Railway Company has made less effort to get our trade than the Burlington and Missouri Railroad.

Q. How do you account for that?—A. They are a little more independent, I think.

Q. Independent what of?—A. Whether they get our trade or not.

Q. The Union Pacific?—A. Yes.

Q. Do I understand by that they are indifferent whether they get your trade or not?—A. Well, for the last few years we have not shipped much over the Union Pacific. We used to ship altogether over the Union Pacific. We had a claim against them that they did not make good, but they have made it good lately.

Q. What claim?—A. A small claim for goods that became damaged.

Q. Any other?—A. No.

PUBLIC PREFERENCE OF ROADS.

Q. How do you account for the citizens as a community going from the Union Pacific Railway to the Burlington and Missouri Railroad?—A. I do not think they have done so as a community.

Q. How do you account for the Burlington and Missouri Railroad getting more of the trade than the Union Pacific?—A. Well, the Burlington and Missouri Railroad gets considerable trade, but I think, as a rule, the people here patronize the Union Pacific Railway more than the Burlington and Missouri Railroad.

RATES TOO HIGH TO TRANSACT BUSINESS.

Q. Have you ever heard of any citizen or class of citizens not being able to get rates over the Union Pacific Railway such as to enable them to transact their business properly?—A. At the time we had the packing house here I heard complaints of that kind, but it is so long ago that I do not remember just what they were.

Q. How long is it since that packing house was here?—A. Five or six years.

Q. Who were in that?—A. Mr. Gerard, John H. Henry, and others.

Q. What complaint did the packing-house people make?—A. That they could not compete with Omaha in rates, or something of that kind.

Q. To what point?—A. To points South.

Q. For what reason?—A. That the rates were not as low to points South as Omaha could get. But that is something I do not know anything about myself. It is only hearsay.

Q. That is, that the packing house could not go on profitably with its business because it could not get the same rates to points South as the Omaha shippers?—A. Yes.

Q. Do you know what points South?—A. I cannot tell you that. I do not remember.

Q. How long did the complaints continue?—A. I cannot tell you exactly. People talked about that more or less all along.

Q. Are those men all in business here now?—A. Yes.

Q. What is the name of the firm?—A. Leander Gerard and R. H. Henry.

Q. Have you any other information that you can give the Commission?—A. No.

COLUMBUS, NEBR., *Saturday July* 2, 1887.

LEANDER GERARD, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Banking. I am president of the Columbus State Bank.

Q. How long have you been in business in Columbus?—A. Since 1867.

Q. Have you had any business relations of any kind with the Union Pacific Railway Company?—A. I have made very few shipments over the road. My business is not such as comes in their line of business.

Q. Were you in the packing business?—A. We were interested in the Columbus Packing Company for a time; but we have not been packing during the last two years.

HIGH RATES PREVENT BUSINESS.

Q. During the time you were in the business did you have any difficulty in securing rates from the Union Pacific Railway Company?—A. Not about securing rates, but about securing rates that we could live at we did. We could get rates, but they were so high that there was not any money in them, and we had to quit.

Q. Did you go out of business because you failed to secure rates such as would enable you to ship with profit?—A. Yes; that was the reason.

Q. What were the rates at that time?—A. I think that from here to Papillion (in shipping to Saint Louis and the South) we had to pay the Union Pacific 35 cents a hundred pounds.

By Commissioner LITTLER:

Q. How far is Papillion from here?—A. About 70 or 80 miles.

By the CHAIRMAN:

Q. Over what road?—A. The Union Pacific.

BUSINESS COMPETITION.

Q. Had you any competitor in business?—A. Only at Omaha, and other points. Our rate from here to Papillion was 30 or 35 cents. It was 5 cents higher from here to Papillion than it was from Papillion to Memphis; and when we wanted to get a better rate they told us that they would see if they could get the road running south to knock off

about 5 cents for us; but they did not succeed in getting it. It about 500 miles from Papillion to Memphis.

Q. Is Papillion on the main line?—A. Yes, sir. That is where t Missouri Pacific connected with the main line. Freight would go do to Papillion, and from there the Missouri Pacific would take it sou to Memphis and southern points. We thought that that was a litt extravagant—the rate from here down. The rate from here to Papill was charged by the Union Pacific, and from Papillion to Memphis th rate was charged by the Missouri Pacific, another road.

PROPORTION OF LOCAL RATES TOO HIGH.

By Commissioner LITTLER:

Q. What was the through rate?—A. The through rate was 55 cent I think.

Q. And 30 or 35 cents was the rate from here to Papillion?—A. Ye If it was 55 cents, 35 cents of it was from here to Papillion. I hav forgotten whether it was 55 or 60 cents, but it was 5 cents more fro here to Papillion than from Papillion to Memphis. It must be 50 miles.

Q. How far is Papillion from Omaha?—A. I cannot say.

Mr. DICKINSON. It is about 16 miles from Omaha to Papillion.

By the CHAIRMAN:

Q. Were there any other packing houses in this vicinity?—A. I thin not.

Q. Were you the only one?—A. I think we were the only one.

Q. How long did you make a struggle to keep up?—A. Three or fou years, I think. You could ship your live hogs from Omaha for les money per pound, with the meat that they would make, than we coul by killing them and shipping them down there when killed. So that gave the Omaha companies a great advantage over us.

WHAT FORCED THE PACKING TRADE TO OMAHA.

Q. The effect, then, was to concentrate the packing trade in Omaha?—A. Yes.

Q. There could be no packing house successful and profitable with those rates along the line of the Union Pacific Railway, outside o Omaha?—A. No, sir; there could not. The difference in the rate would be a good live profit between shipping live hogs and dead ones.

Q. Where was the live stock landed, at Omaha?—A. I do not re member about that. You could ship to Boyd's or to the Bluffs. At that time this Union Stock Yard was not started. The bulk of the hogs that left this part of the country at that time went either to Council Bluffs, Stewart's, or to Boyd's.

Q. What year was that?—A. I think we commenced in 1880 and ran three years. I may be mistaken about the year, without looking at our books, but I think that was the year we commenced.

Q. Were Stewart's and Boyd's stock yards competing stock yards?—A. They were packing houses.

Q. They had small stock-yards?—A. They had yards where they received their stock. I think that hogs were shipped from the stock-yards at Council Bluffs, and buyers bought them at the stock-yards. Boyd usually unloaded them at his own yards.

Q. Did you go out of business before the Burlington and Missouri Railroad got in here?—A. No, sir; the Burlington and Missouri Railroad was in here at the time, and we shipped some over the Burlington and Missouri Railroad.

BETTER RATE SECURED THROUGH COMPETITION.

Q. So that, as far as rates were concerned, there was no more advantage going over the Burlington and Missouri Railroad than over the Union Pacific Railway?—A. Well, the first year we commenced to ship the Burlington and Missouri Railroad gave us a better rate at first. We shipped a few cars over that road, and then some of the men that were interested with us thought, as we were on the Union Pacific line, and the switch was running to our packing-house, and the Union Pacific Company agreed to give us a rebate back of enough to make it the same rate, that we had better ship over the Union Pacific. So the balance of that winter we shipped on the Union Pacific, but we never got the rebate. So we were out that much.

Q. Did you ever make any application?—A. I should say we did.

Q. To whom did you make it?—A. To the authorities over at Omaha. I did not attend to that part of the business; Mr. Wiggins did.

Q. Did you make application to Mr. Kimball, the manager?—A. I do not know exactly. But they agreed to allow us the rebate and afterwards said the papers were lost. The matter was delayed and put off from one time to another, and we never got it.

Q. What was the answer, finally, from them?—A. I cannot tell you myself; I do not remember now.

RATES THE SAME ON COMPETITIVE ROADS.

Q. What did you do when you found that they were not going to give you a rebate?—A. The next year the roads were both the same on rates. They got the Burlington and Missouri road to make the same rates, so that there was no rebate about it, and it made no difference which road we shipped on.

Q. Did the Union Pacific Railway Company come down to the Burlington and Missouri Company's rates, or did the Burlington and Missouri Company come down to the Union Pacific Company's rates?—A. My recollection is that it was the Union Pacific rate.

Q. They pooled their business and their rates?—A. I do not know about the pools or the business, but I do know that we did not get a rate that was worth anything to us.

COMPETITION NO ADVANTAGE.

Q. Then the facilities arising from the fact of a competing line coming in here have not been of any advantage to this community, so far as your business transactions were concerned?—A. I do not think they have. Perhaps if there had not been any other road in here their rates might have been still higher. I do not know that, because our business did not commence until after the Burlington and Missouri road came in here.

Q. Has the growth of the population here been proportionately greater since the Burlington and Missouri Railroad came in here, as compared with what it was with the single road—the Union Pacific?—A. I hardly know what to say about that; I would not know what to base a proportion on.

EFFECT OF ROADS ON POPULATION.

Q. Taking the period during which the Union Pacific Railway was the only road and then taking the period since the other road came in, has there been a proportionate increase in population?—A. Well, the town is growing all the time; but about the same time that the Burlington and Missouri Railroad came in here the Union Pacific Company built some branches around here. I think both of those things have been of advantage; but both roads and branch lines cut off the wagon trade that came in here, and for a time trade was not so good as it had been with the wagons. But the general result has been better in the end, and the town has grown more and property is worth more. Changing our business from one in which farmers came in on wagons to a commercial town where the business is done by railroads at first gave us quite a backset. The people with wagons at one time came in here from 50 and 60 miles. Those teams tapped that country and brought considerable business. They came in here and traded. They brought their wheat in here and shipped it from here. We have found the country settling up better, however, to make up for the loss of having those teamsters cut off, but it took us quite a little while to do that.

GRAIN FACILITIES, RATES, AND PASSES.

Q. How many elevators are there here?—A. Three; two that run in connection with mills and one that runs independently.

Q. Have there been complaints on the part of the elevators about rates?—A. Well, people always complain of rates and about passes.

Q. Do they get passes out here?—A. Not now.

Q. When did they?—A. They did till the interstate commerce law was passed.

Q. Was there a general scattering of passes?—A. I think there was.

Q. Were passes issued to special shippers?—A. I do not think the shippers got as much in the way of passes as the politicians.

Q. You have some politicians out here, then?—A. Yes, sir; we have.

Q. Did the Union Pacific Railway Company participate in elections out here?—A. Until the last year or two it did. Under Mr. Adams's management I have not known near as much interference in politics by the Union Pacific Railway Company as before that.

INTERFERENCE IN ELECTIONS.

Q. What power did they exercise in election matters?—A. Well, they just controlled the elections on general principles.

Q. How did they indicate the direction that they wished the election to take?—A. They would tell their strikers what fellows they wanted elected.

Q. Who were the strikers?—A. Oh, they had them all over. When we had a State convention their fellows went there by the train load. Those that were not in their crowd could not so well go to the convention, because they could not pass free.

Q. Did they undertake to control elections by the expenditure of money?—A. I do not know that they did. They found plenty of fellows to work their elections for passes.

Q. Were their employés actively employed in the elections?—A. Sometimes they would be and sometimes not.

Q. Do you know whether, at any time, they undertook, in election matters, to exercise an influence by the granting of any special rates to merchants?—A. I could not say as to that. I have heard talk of that kind, but I do not know anything about it, and of course I cannot tell you from mere hearsay.

PRESSURE ON MERCHANTS.

Q. Were any of the merchants deterred from doing what they would otherwise have done by the manifestation of power on the part of this railway company?—A. That would be a hard question for me to answer. I could only give my opinion.

Q. What is your opinion?—A. My opinion is that they did exercise a great influence over the merchants and shippers in this part of the country and throughout the country, by the idea that if they did not do as they wanted them to they would discriminate against them; there was that idea. Whether there was anything in it or not I do not know, but that was the general impression. The fellow that was on "the inside" and was friendly to the company politically was supposed to have a great deal better chance.

ADVANTAGES EXTENDED TO FRIENDLY MERCHANTS.

Q. Is it your opinion, or was it the feeling out here, that those merchants or shippers had better rates than others?—A. I spoke more particularly of men that handled large shipments—lumber dealers or grain dealers. Other merchants did not, I think, cut much of a figure in it any way; but the idea was that men that were friendly to them would have advantages and privileges in the matter of establishing yards or elevators.

By Commissioner LITTLER:

Q. Was that only public rumor or do you refer to any particular case?—A. Not being in the business myself, I have no opportunity of knowing personally. I was not shipping or doing that kind of business. You could often see that politicians and fellows that were active had advantages.

PREFERENTIAL RATES, ETC.

By the CHAIRMAN:

Q. Was there any complaint of one elevator shipper having a rate lower than another, by way of rebate or preferential rate or special rate?—A. There was great complaint about that all the time.

Q. By reason of special rebates being made to one elevator company as against another that was charged the open rate?—A. You would hear that sort of complaint all the time; but, of course, whether there was anything in it or not I do not know; you never could satisfy everybody, anyway.

Q. Have there been a number of cattle shippers here?—A. Yes; quite a number.

Q. Have there been any complaints among that class of people?—A. The same complaints as among the others; some men thought that others were getting the advantage of them in the matter; but those are matters that no man could tell anything about that does not know; I could not tell.

Q. How many cattle shippers have you here?—A. There is a number that come in and ship more or less cattle here.

Q. Do they deal as a firm or individually?—A. Individually, mostly.

Q. Can you give us some of the names?—A. There is Mr. Wiggins, Mr. D. Anderson, Mr. George Willard, Mr. James Fraser, and Mr. Ransdell.

Q. Have you any other information that you can give the Commission?—A. I do not know of any that is of any importance.

By Commissioner LITTLER:

Q. What is the rate now from here to Omaha compared with what it was when you were in business—the through rate on hogs, dead or alive?—A. I do not know their rate on meat now, because there is none being shipped. I have not looked at their published rate.

Q. What effect does the interstate commerce law have on their rates here?—A. I cannot tell you that.

Q. You are not in the shipping business now at all?—A. No; it is something that I know only by hearing our customers speak about it. It seems to me that it is a little lower to Omaha than before the interstate commerce law.

NO GENERAL COMPLAINTS AT PRESENT.

Q. Has there been any general complaint in the community about the treatment of this company at present?—A. I think not. I think the feeling about the company here in the community here is better than it was—better in the last two or three years.

Q. Is that because of change in the management?—A. I think so. I think the feeling was more from their engaging in politics than anything else.

Q. Do you know of any general or special complaint existing in this community against the company at present?—A. I do not.

By the CHAIRMAN:

Q. Did these complaints continue up to two years ago?—A. I think that is about the date. I do not remember the exact date. Before the interstate commerce law came in there was considerable complaint; but since then the fellows do not have passes, and there does not seem to have been so much complaint.

PASSENGER AND FREIGHT ACCOMMODATIONS.

Q. How have the accommodations been along the road, as to passenger and freight facilities in the cars, during your residence here, so far as your observation has gone?—A. They have been pretty good. Of course there have been times when they could not give cars to ship the grain; but, as a rule, they have done pretty well, and the passenger cars and accommodations have been pretty good—as good as you would find generally.

COLUMBUS, NEBR., *Saturday, July* 2, 1887.

P. HEGEL, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your firm?—Answer. Hegel & Co.

Q. What is your business?—A. Produce, butter, eggs, fruit, &c.

Q. How long have you been in business in Columbus?—A. Six years.

Q. Have you been a shipper over the Union Pacific Railway?—A. Yes.

Q. To what extent?—A. Considerably, during the last two years.

FACILITIES AND RATES.

Q. What accommodations have you had in the line of shipments?—A. The accommodations were all right.

Q. What kind of rates have you had?—A. Well, we were dissatisfied in some respects.

Q. What were you dissatisfied with about the rates?—A. We had always had higher rates than Omaha had; but since the interstate commerce law has been in effect we have been badly affected by that.

Q. Prior to the interstate commerce bill, what were your rates from here?—A. To California we had $1.05.

Q. What were the Omaha rates?—A. $1.05.

Q. That is, you paid the same rate from this point as the shipper from Omaha paid?—A. Yes. Some years we had $2 to pay; but the last year before this law took effect we had $1.05.

Q. During all these years, prior to the passage of the interstate commerce law (say prior to the 1st of April, 1887), the shipper from Omaha to San Francisco shipped at a rate equal to your rate from here to San Francisco?—A. Yes.

Q. Did you ever complain to the company about the rates?—A. No; I do not think I did.

Q. Did you ever write to the company about the charges?—A. I did; yes.

$5,000 PENALTY FOR ALTERING RATES.

Q. What did they say in answer?—A. The last letter I wrote to Mr. Kimball was answered, saying that they could not make any other rate, and that they were under a penalty of $5,000 if they should alter the rates. I could not do anything further with them, and so I let the thing go. They have been having in Omaha, lately, a $1.40 rate, where they charged us $3, to San Francisco, unless we would ship the car, bill it to Omaha, and then rebill it to San Francisco; and then probably our rates would be $1.70.

Q. Did Mr. Kimball write you to that effect?—A. Yes, sir.

Q. Have you got his letter?—A. Yes, sir.

Q. Will you produce it here?—A. Yes. It would not mention that particularly; that we could get the rate if we shipped down to Omaha.

Q. But I understood that his letter was to the effect that if you made your shipment to California, you could do it to advantage by shipping from Columbus to Omaha and then from Omaha to California?—A. Yes.

Q. What is the difference in the rate?—A. The difference between $3 and $1.70.

Q. So that you could ship to San Francisco from a point east of you for $1.70 what you were charged $3 for from here?—A. Yes.

Q. How long did that continue in effect?—A. That was before the interstate commerce law.

Q. How long did that continue; ever since you have been in business?—A. No; only this spring.

Q. But prior to April 1, how long had this arrangement continued?—A. Since April 1, I think, it took effect. We had the $1.05 rate last year and last winter.

Q. How long before April 1 had the rates you have spoken of continued; for how many years?—A. I think we had, for about twelve or fifteen months, a $1.05 rate, and then, prior to that, we had a $2.10 rate.

PROHIBITIVE RATES.

Q. What has been the effect on your business?—A. The rates were too high for us. We could not ship unless we ran our goods down to Omaha, and that would be considerable expense.

Q. The effect of the rates was to destroy your profit?—A. Yes. We shipped 1 car-load out there under the high rate and that hurt our business considerably, because we could not ship any more to that point.

Q. How many other dealers are there in the same business you are engaged in?—A. There is one firm here that started in this spring.

Q. Have they made the same complaints?—A. I do not think they shipped any in that way. But Mr. Ransdell has been shipping here for six or seven years, with the exception of the last two years.

Q. Did you ever have any special rate allowed you by the company?—A. Not that I know of.

DISCRIMINATION AGAINST COLUMBUS.

Q. Did you ever apply for a rebate?—A. No.

Q. Did you ever have a pass?—A. I did not. I applied for passes, but I could not get them.

Q. You were not a politician?—A. No. That is the point.

Q. Did you ever have any preference given you by the company?—A. No.

Q. Have you any other information that you can give the Commission?—A. We would like to have rates like the rest of the cities have, so that we could live and do business.

Q. The effect is a discrimination against this community in favor of Omaha?—A. Yes.

Q. Can you give us any other information? Have you ever heard of any other complaints in this community as against the methods of the Union Pacific Railway Company?—A. Well, there have been complaints made, but I am not posted well enough on it to express myself. I have heard complaints; but I do not know anything of them personally.

MAJORITY FAVOR UNION PACIFIC.

Q. What have been the advantages to the community of having two roads instead of one road?—A. Well, I think the majority of the people here are in favor of the Union Pacific road. I do not think they have been particularly in favor of the Burlington and Missouri road.

Q. But has Columbus been better for having two roads?—A. I do not think it has. The Burlington and Missouri Railroad benefited some special shippers here.

Q. Is there competition between the two roads or are the rates about the same?—A. About the same; unless they give special rates to some shippers.

Q. So that they keep the rates about the same, even though they have two roads?—A. Yes.

Q. They make the rates about the same all the time, unless there is some special rate allowed?—A. Yes; that is it. It has not changed to my knowledge.

COLUMBUS, NEBR., *Saturday, July* 2, 1887.

WILLIAM T. RANSDELL, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am in the produce business.

Q. How long have you been in business in Columbus?—A. Since January, 1877.

Q. Have you been a shipper over the Union Pacific Railroad?—A. Yes, sir.

Q. In what direction?—A. To San Francisco, Denver, and Omaha.

SHIPPING RATES.

Q. What have been the rates, as to the shipments which you made, to California and other points to which you shipped?—A. During last year I was out of business here. I did not pack any at all during that year. Previous to that the rates varied from $1.05 to $2.55.

Q. Is that on the hundred pounds?—A. Yes. The rates were different at different times. I was not in business here last summer and did not pack any or ship any during last year.

Q. How did the rates among the same class of shippers at Columbus compare with the rates at Omaha?—A. As a rule, I think they were the same from here to San Francisco as from Omaha to San Francisco.

Q. How did it affect your business?—A. When I had the same rates as Omaha had I consider that I was as well off as they were there.

REBATES.

Q. Did you ever receive a rebate or special rate from the company?—A. I received a rebate; yes.

Q. What rebate?—A. From Norfolk to this point.

Q. Did you have a rebate from any other point?—A. I believe not.

Q. How many other shippers had a rebate?—A. I do not know.

Q. Did you ever hear of any having it?—A. I suppose I did. I brought produce from Norfolk that would naturally have gone over the Northwestern road. The rate from Norfolk most of the time was the same as from Columbus. The local rate I paid was refunded to me, but it amounted to nothing, because stuff going over the road to San Francisco from here would be the same as from Norfolk.

Q. You would not have any advantage over competitors?—A. The competitor at Norfolk had the same rates that I had, even if I paid the local rate and got the rebate back. If the rate was $2.10 from Norfolk it would be $2.10 from Columbus, and if I paid anything from Columbus to Norfolk the shipper at Norfolk would have the advantage of me of just the amount of the local rate.

Q. Did you apply for rebate?—A. Yes, sir.

Q. To whom?—A. I believe I applied first to Mr. Monroe.

Q. Is he the agent here?—A. No; at Omaha.

Q. Who was he?—A. General freight agent.

Q. When was that?—A. He was assistant general freight agent when I applied.

Q. What year was that?—A. I think that was in 1883.

ADVANTAGES OVER COMPETING RATES.

Q. Was it an advantage to your business that a shipper from Omaha could ship to San Francisco on equal terms with you from this point to San Francisco?—A. Well, you see, when stuff goes from here to Omaha they have to pay 30 to 40 cents a hundred to get it there, and in sending it there they lose on it, because it is so perishable. They have to send it there in the hot cars, and I do not think it does any good to go there. Therefore I think that I have the advantage over them at the same rate.

Q. From the fact that it is a perishable article?—A. Yes; from the fact that it is a perishable article.

Q. And that you were nearer to the point of destination?—A. Yes, I was nearer to the point of destination.

Q. Have you heard any complaints here?—A. There are always complaints.

TWO ROADS NO ADVANTAGE TO COMMUNITY.

Q. What have been the benefits to the community by the coming in of two roads here?—A. None that I can see.

Q. Has there been any increase of population or prosperity by having two roads rather than one?—A. I do not think so.

Q. Do the roads have about the same rates?—A. Yes, I believe so.

Q. There is no cutting or competition from having two roads?—A. None that I see.

Q. The community got no advantage by having two roads?—A. None that I saw.

Q. Were there any published rates of competition?—A. I never saw any.

Q. Have you any other information you can give the Commission?—A. No, sir.

The CHAIRMAN. Mr. Mink, have you any questions to ask the witness?

Mr. MINK. No, sir.

Q. Have you a letter from Mr. Kimball as to rates?—A. Yes.

The CHAIRMAN. I wish you would let the Commission have it, if it relates to the business of the Union Pacific Railway.

The WITNESS. It is with reference to business, but it is as to the time from the 1st of April.

The CHAIRMAN. Are there any other gentlemen here that can give the Commission any information as to the amount of passenger or freight rates of the Union Pacific Railway Company, or as to the relations of the road to the community?

(No response.)

The Commission then adjourned, to meet upon the call of the chair.

GRAND ISLAND, NEBR., *Saturday, July* 2, 1887.

At 7 p. m. the Commission met, upon the call of the chair.

Present, Commissioner Pattison (chairman) and Commissioner Littler.

O. A. ABBOTT, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am an attorney.

Q. How long have you been a resident of Grand Island?—A. A little over twenty years.

Q. Have you been lieutenant-governor of the State?—A. Yes.

Q. Have you ever had any business relations with the Union Pacific Railway?—A. I think not. I may have assisted in one or two petty lawsuits, and had one or two lawsuits against them.

Q. When were you elected lieutenant-governor of Nebraska?—A. In 1876.

Q. What was the term?—A. Two years.

Q. Did you serve more than one term?—A. No.

FACILITIES AFFORDED.

Q. What have been the facilities and accommodations afforded by the Union Pacific Railway Company to the citizens of Grand Island and its immediate vicinity?—A. The railway facilities have been good. If you ask me as to the question of rates and charges, I am not an expert on that.

Q. Have there been any complaints in that community?—A. Yes, sir.

Q. What has been the nature of them?—A. Complaints have been made of excessive rates at different times. I do not know, however, whether there has been any more complaint than is ordinarily heard against all railroad companies.

Q. How many railroads come in here?—A. The Union Pacific and the Chicago, Burlington and Quincy.

Q. When did the Chicago, Burlington and Quincy first enter here?—A. I think in the summer of 1885.

COMPETING ROADS MAINTAIN RATES.

Q. Have there been any changes of rate since the Chicago, Burlington and Quincy came in—any change in the passenger or freight rates?—A. I do not know about the freight rates. I think there have been in the passenger rates; but I do not think there has been any reduction.

Q. Do both companies charge about the same rates?—A. Yes; I think so.

Q. Has there been any rivalry or competition between them?—A. I think not, beyond the rivalry to get business. I do not think they cut rates.

Q. They work together under a pool arrangement, do they?—A. I do not know anything about that, but they maintain rates.

Q. Under an agreement?—A. I do not know.

Q. During your residence here I understand you that you have never heard any complaints other than a mere general complaint?—A. No.

Q. Has there been any complaint of preferential rates or advantages given to one shipper as against another?—A. Not that I know of. There might have been and I not know it.

Q. Did you ever hear of such a complaint?—A. I do not know that I ever did.

GRAIN ELEVATORS.

Q. Have you an elevator company here?—A. There have been different people here operating grain, but no elevator company. There is one elevator on the Burlington and Missouri road, and I think two on

the Union Pacific line, of what you would call elevators, and several that you would call "shovel houses," houses where they move direct from the same elevation into the car.

Q. What are the names of the two elevators on the Union Pacific?—A. One was operated by Wasmer and the other by Hedde. I do not know whether they are operated now at all. Our grain trade is not so large as it was awhile ago.

Q. Have you any cattle shippers here?—A. A good many.

Q. Have they complained about the rates charged by the Union Pacific Railway Company?—A. Well, I do not think they do. I know this, in regard to shippers, that they are recognized, some of them, as men who generally ship by the Union Pacific, and others as men who generally ship over the Burlington and Quincy.

Q. But prior to the time the Burlington and Quincy was here, how was it?—A. None, that I know of.

PARTICIPATION IN ELECTIONS.

Q. During your residence here have you heard of any complaints as to the participation of the Union Pacific Company's employés in elections?—A. Yes; sometimes when one fellow would get beaten, and sometimes when another fellow would get beaten.

Q. That was after election, was it?—A. Yes, generally.

Q. Did you ever hear of any complaints before elections?—A. I do not know that I did. I do not know but there may have been somebody saying that the railroad vote went one way, or something of that kind.

Q. It was very general, what you heard?—A. Yes.

Q. Did you ever hear of any participation by the Union Pacific Railway Company in the political affairs of the State?—A. Well; I have heard it charged, I think, as to the Union Pacific Railway Company. I imagine it was something like it was in the case of the Van Wyck election last year.

INFLUENCING LEGISLATION.

Q. You never heard of their being at Lincoln or having any of their representatives participating in the legislation of Nebraska, and influencing it in that way?—A. The representative men of the road? To influence legislation? Oh, yes; the newspapers would be full of it, once in awhile, saying the railroad lobbyists were there working against the interests of the people.

Q. Did you ever have any information, outside of newspapers, showing that the Union Pacific employés were at Lincoln attempting to influence legislation?—A. I have heard it from the papers.

Q. That was the only way you heard it?—A. Yes.

PUBLIC SENTIMENT AS TO MANAGEMENT.

Q. What has been the sentiment of the community here, so far as you know, through which the Union Pacific Railway runs, as to its conduct and management of the business?—A. It is a little difficult to answer that question. Time was, when I came here, when it cost $15.50 for a ticket from Grand Island to Omaha and the same back. Now it is down to about $4, I think. The rates have gone down as the country has got older. Now that the country has grown up, the rates have decreased

right along with the growth of the country from the beginning till now.

Q. They voluntarily decreased their rates, did they?—A. Yes. No State legislation has decreased rates. The Doane law has been the only law, I believe.

Q. The Union Pacific people, as a rule, have anticipated the wishes of the people and have always reduced, as to freights and passengers, have they?—A. Well, I do not know about that. There are some people whose demands are very large, and others who do not demand so much. I judge simply from the history of the past, taking the rate from the time when the trip from here to Omaha was $15.50. But they probably make more money now at a $4 rate than they did then, because then there were few traveling. Now a good many people travel.

VOLUNTARY REDUCTION IN RATES.

Q. Was it the desire of the Union Pacific Company to reduce rates, or was it the competition that reduced the rates?—A. It was done before there was any competition. The rates that are now fixed are a slight reduction on the rates that were in operation before the legislature passed a bill restricting passenger rates.

Q. Have you any information or suggestion that you can give the Commission concerning the Union Pacific Railway Company, its management, or its relations to the Government, or its relations to the community here?—A. None with regard to its relations with the Government, that I know of; and there is only one proposition, in regard to our community here, that would please us. We have paid considerable bonds to build those shops here, and they have not run them quite as lively as we thought they would. Whether it would be within the bounds of the railway company to increase the business in those shops is more than I know.

CITY AND COUNTY AID.

Q. What aid did this city give to the Union Pacific Railway Company?—A. There was no city here, and it gave no aid to the Union Pacific Company proper. The community gave aid to the Saint Joseph and Hastings, and to the building of the road north, and the building of the shops in connection with it.

Q. What was the amount?—A. The aid given the Saint Joseph and Grand Island road was $75,000 of 6 per cent. bonds, and to the road north, $50,000.

Q. Was there a contribution by the county?—A. The $75,000 was by the county; and the $50,000 was by the precinct in which this city is situated, and not by the county at large.

Q. Was there any contribution in property, such as town lots?

Commissioner LITTLER. Or private subscriptions?

A. No; none at all.

AID TO SHOPS.

Q. Was the $75,000 included in the aid to the shops?—A. No; $50,000 was included in the aid to the shops. There was no local rate, I suppose, to give aid to the shops alone; but aid was voted for the building of a road north; and one of the conditions was to give a certain amount of money for the building of shops. I do not remember the exact amount now. That amount has been honestly expended in building the shops. What we would like would be a little more assist-

ance in regard to employment in the shops. There has not been as much work or benefit as was generally anticipated.

Q. Did the Union Pacific Railway Company participate in the general election as to the bond contribution?—A. No; I think not. I think some men in connection with the road were in favor and I think some men in connection with the road were probably against it; but they voted on the proposition for the shop bonds practically unanimously; and so it was with the Saint Joseph and Grand Island, in this town—very nearly so. There were but few scattering votes against it.

REBATES OR SPECIAL RATES.

Q. Do you know of any discrimination on the part of the Union Pacific Railway Company against any class of shippers in the community?—A. No, sir.

Q. Do you know of any allowance of rebates or special rates or preferential rates?—A. Not to individual shippers.

Q. Or classes?—A. Or classes. In times past the company has helped the town, in giving lots for school-houses, and assisted in building public buildings, in the way of rates; but I do not know anything of the kind as to classes. There may have been, however, a preference given to men in the coal trade. I do not know how that was. It might be that they owned the coal. There have always been two or three or more dealers in the coal.

REBATES ON COAL.

Q. How many dealers have you here in coal?—A. I think three now.

Q. How many did you have before the Burlington and Missouri came here?—A. Two, I think, then.

Q. What are the names of the people who represent the Union Pacific Railway Company?

The WITNESS. In the coal trade here?

The CHAIRMAN. Yes.

The WITNESS. Mr. Myers and Mr. Eggie.

Q. Had they any competitors prior to the entry of the Burlington and Missouri into this place?—A. No, sir.

Q. Had any of the individual citizens—the two you have named—any competitors in the coal business?—A. I do not know that they were representing the Union Pacific Railway Company. They were dealers in coal on its lands and had a right of way, and received all their coal from lands of the company. I cannot say that it was as a representative of the company. I think that when individual shippers wanted to buy coal it was furnished them. I think that the school district and others bought that way, and I think Wasmer and others bought their coal direct.

ALL COAL DEALERS TREATED EQUALLY.

Q. That is to say, any individual citizen of Grand Island could enter into the coal business and have the same preference, if any was given, or have the same open rate, as any other individual citizen; and the Union Pacific Railway Company would give the same facilities to all alike?—A. I think so. I do not know whether a man could send a car-load as low as a man who sent a lot of car-loads. But I know that the shippers who wanted to send car-loads of coal could get it shipped.

The CHAIRMAN. I need hardly inform you that the Union Pacific Railway Company has been for years regularly granting rebates and preferential rates to individuals in different localities. That is pretty general. So that if this community has not had any such, it is rather an exception.

The WITNESS. I do not know anything as to that.

Q. Do I understand you that you have, from time to time, represented the railroad company in litigation?—A. No, I do not think I have. There was once or twice, I think, in some petty matter, that I may have represented it.

PLAN OF SETTLEMENT.

By Commissioner LITTLER:

Q. Have you any suggestions to make to the Commission in relation to the indebtedness of this company and any legislation, if any, that this Commission ought to recommend? It is part of our duty to recommend to the President of the United States a basis of settlement, or some basis upon which the debt to the Government will ultimately be secured and paid. Have you any suggestions to make to us on that subject?—A. I have none, except the one that would be made in the case of a man that had a poor debtor. The road cost much more to build than it would cost to-day; and if the Government did not get a dollar of the debt, yet, in my judgment, the giving of the aid to the Union Pacific Railroad was as good an investment as the Government could make of its funds.

PUBLIC SENTIMENT.

Q. What is the sentiment of the people of the community on the subject?—A. The sentiment is divided. Some men would like to see the Union Pacific crushed out—sold out; and I don't know whether they would even like to see it maintained; but I do not think that that feeling is general. I do not think that any considerable portion of them would be in favor of the release of the debt, and I do not know that I would be in favor of that. Yet if the question should come up whether we should extend the aid to the road that was extended to it at the time it was extended, with the certain knowledge that we should never get it back, I should vote for the aid, with the idea that it was the best investment that the Government ever made of its money.

Q. Have you anything else to suggest?—A. No, sir; nothing that I know of.

BRANCH LINES INJUDICIOUS INVESTMENTS.

By the CHAIRMAN:

Q. You would grant this extension notwithstanding the fact that the Union Pacific Railway Company, from 1874 to 1884, has paid nearly $30,000,000 in dividends to the people who made investments in it, and built 2,600 miles of branch lines?—A. Well, I am inclined to think that the results of those branch lines have been to make the road poorer than it was before. As I understand, some of those branch lines were very injudicious investments, and not at all profitable to the Union Pacific Company. I, myself, would not have built them. I would not have built any Oregon Short Lines, nor roads in Nebraska or Kansas. I would not have gone anywhere to build roads except where there was trade.

GRAND ISLAND, NEBR., *Saturday, July* 2, 1887.

W. H. PLATT, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am an attorney.

Q. How long have you resided in Grand Island?—A. Over twenty years.

Q. Have you had any business relations with the Union Pacific Railway Company?—A. I have.

Q. What have been your relations to it?—A. I have attended to considerable business for it, as attorney in this locality.

Q. How long have you represented it?—A. Well, our firm, the firm of Thummell & Platt, has done so for several years.

THE PLATT LAND GRANT CASE.

Q. Were you, or some one connected with you, the gentleman that was engaged in the land grant case—the Platt case?—A. Yes, sir; I am the man myself.

Q. What was the nature of that suit; that is, was it a friendly or was it a hostile contest between you and the Union Pacific Railway Company?—A. I intended to get the land if I could.

Q. Was it at your instance that the suit was commenced?—A. Yes.

Q. Had you any consultation with or suggestion from the Union Pacific Railway Company?—A. No, sir; not until after I filed upon the land.

Q. You were paid by the Union Pacific Railway Company?—A. No, sir; I was not.

Q. Were you never paid the sum of $1,000?—A. No, sir; I was not.

Q. Nor anybody representing you?—A. No, sir; not to my knowledge.

DENIAL OF RECEIPT OF MONEY ON A VOUCHER PRODUCED.

The CHAIRMAN. I only want to say to you that the voucher was shown to us the day before yesterday as having been paid to Mr. Platt by the Union Pacific Railway Company.

The WITNESS. I never received it.

The CHAIRMAN. And that that was the understanding between Mr. Platt, through his attorneys representing him, and the Union Pacific attorney. So Judge Poppleton stated to this Commission. Is that true?

The WITNESS. No, sir; not as to me.

Q. Then you never received anything?—A. No.

Q. And no one received anything for you?—A. Not to my knowledge.

Q. Would you not know?—A. I think I would if I had got it.

Q. But if some one else got it for you you might not have a knowledge of the fact that they might pervert that to their own purposes?—A. I might not.

Q. Did you ever hear that the Union Pacific Railway Company paid for that?—A. No, I did not.

Q. Is it a surprise to you to know?—A. No, sir; not particularly.

SENTIMENT OF THE COMMUNITY.

Q. What information or suggestion can you give to this Commission concerning the sentiment in the community here in reference to the Union

Pacific Railway Company?—A. Well, I do not know that I could give you anything any further than Governor Abbott has given you.

Q. Have you heard of any complaints?—A. No special complaints.

Q. Have you ever heard of any complaint of railroad discrimination as against one class in the community?—A. No definite complaint. I have never heard any particular person in this town making a complaint.

Q. Have you ever heard of any rebates having been given to anybody?—A. No, sir; my business is such that I might not have heard them if they were made.

FACILITIES AND ACCOMMODATIONS.

Q. What is the feeling in the community as to the facilities and accommodations given to the community by the Union Pacific Railway Company?—A. They have always been very good. Of course there are some people that will always complain. There has been no general complaint.

INTERFERENCE IN ELECTIONS.

Q. Have they ever participated or interfered in any way in the general or local elections?—A. Not to my knowledge—not to amount to anything. Of course the employés of the road take sides like the rest of the people; no more, so far as I know.

Q. They would take sides as individuals rather than as employés of the company?—A. Yes.

Q. Have you ever been a member of the legislature?—A. No.

Q. Would it be a surprise to you if I were to tell you that the general officers admit that they have, now and then, taken hold in general elections?—A. Well, no, it would not be a surprise to me. But I know if any of the railroad people participated in the elections here I would know, because I am something of a politician myself.

Q. Have you ever heard of their taking part in the elections in Nebraska?—A. I have heard it.

Q. Has it not been an issue?—A. I do not think it has; no, sir. There is a rivalry between railroads, possibly, more than between the people and the railroads.

Q. Then if it assumed any shape it would be where one railway company would be pitted against the Union Pacific Railway Company, and the citizens would take sides against one or the other?—A. Yes.

Q. That is the only contest you have known?—A. I have never known of contests in which the Union Pacific Railway Company would have their men take sides against any particular man. That is what I mean.

RELATIONS OF THE ROAD TO THE PEOPLE.

Q. Have you anything to say as to the relation of the Union Pacific Railway Company to the people?—A. Nothing more than Mr. Abbott has told you. It is a fact that the people of this town gave $50,000 for the building of a railroad here and, in connection with that, for the erection and maintenance of these shops. We do not believe that the shops have been maintained as they should have been maintained. The money was given, however, and the shops were built honestly, I think; but we do not think the company is maintaining its part of the contract. That is all the fault the citizens of Grand Island find as against the Union Pacific Railway Company. The Union Pacific has always been

good to the community. It has assisted the schools and assisted the community when the grasshoppers were bad; assisted largely in the carrying freight, and in other ways.

EFFECT OF A SECOND ROAD ON GRAND ISLAND.

Q. From your observation, has the city of Grand Island grown in population and property more under one road than under two?—A. That is hard to tell.

Q. Taking the period when there was but one road here, and then the same number of years when you have had two, how is it?—A. For several years we have been visited by the grasshoppers, and it was very difficult for the people to maintain themselves here at all. For the last several years, however, the country has been growing up; the rainfall has increased and the country has settled rapidly. I do not believe myself to-day that the building of competing roads is any particular reason for the building up of the country more rapidly than when the Union Pacific alone was here. There may be booms in other parts of the country or State, but this part of the country has never been either blessed or cursed with what may be called booms. It has got along quietly. When the Burlington and Missouri came here they came quietly. The freight rates have not been changed by their coming here. They are about the same, as I understand it. The Union Pacific Railroad has reduced its rates, as Governor Abbott has said, and I presume they deemed it their best interest to do it. It was not done by legislation.

VOLUNTARY REDUCTION OF RATES.

The CHAIRMAN. It is a new experience to me, in the East, to have railroad companies reduce rates voluntarily. They do not generally do that until they are compelled.

The WITNESS. That might be. They might have seen the handwriting on the wall, possibly, and may have, on that account, reduced their rates.

OPPOSITION TO THE BURLINGTON & MISSOURI.

Q. Was there any opposition to the Burlington and Missouri Railroad coming here?—A. No particular opposition. Some of the citizens did not like them to come through a certain part of the city; that was all.

Q. Did the Union Pacific Railway Company oppose them?—A. Yes; they opposed their crossing their main line.

Q. Did you assist them, as attorney?—A. I did, sir. I assisted in drawing an injunction to cross. We told them that if they would go a little further east they could cross, and welcome, but they crossed at such a place that we considered it a damage at the time.

By Commissioner LITTLER:

Q. Was that a damage to the city of Grand Island, or to the road?—A. To the road. They crossed right at the head of a hill; and the engineers of the Union Pacific road said it was a great damage to have to stop their trains on that hill.

HISTORY OF THE PLATT MATTER.

Commissioner LITTLER. I wish you would give a more detailed history of the matter of this Platt land transaction, inasmuch as that

seems to me some difference between your statements and Judge Poppleton's.

The WITNESS. It was several years ago, and I was attending at that time to a good deal of business with the United States Land Office and, of course, was conversant with the decision of Secretary Schurz. I thought the decision was a good decision and that the company had not complied with the law. Therefore, knowing that this piece of land which ran right through the town here was susceptible of pre-emption, I pre-empted it.

HOW THE CASE GOT OUT OF COURT.

Commissioner LITTLER. Tell us particularly how that case finally got out of court, whether by compromise or how.

The WITNESS. It was decided by the Supreme Court of the United States.

Q. Were there any subsequent negotiations between yourself and the company in relation to the costs growing out of the litigation?—A. No, sir; there was not.

Q. Who paid the costs of the litigation?—A. I presume the Union Pacific Railroad Company. I knew nothing about it.

Q. Were you represented by counsel or did you defend yourself?—A. I was defended by Judge Wakeley.

PAY OF COUNSEL.

Q. If the Union Pacific Railway Company paid Judge Wakeley, that is a matter you know nothing about?—A. They certainly never paid me.

Q. Or your partner?—A. That I cannot say.

Q. Did you have any conversation or conference with them in relation to the costs of the suit after it was closed?—A. No, sir; I never had a word with them about it since.

Q. My attention is called to the fact that your firm, perhaps, wrote a letter to Superintendent Clark, calling his attention to some proposition or agreement which he had made, either prior to the final decision of the case or after it was decided, by which he had agreed to pay a certain sum of money. Do you know anything of writing such a letter?—A. No, sir; I do not. I did not write it.

Q. Or your partner?—A. I do not know anything about it. I did not write it.

Commissioner LITTLER. The letter, I think, was written by Thurmond & Platt, or was so signed?

The WITNESS. I did not write it and I have no knowledge of it, if it was so done.

Q. Do you mean to say that the money did not inure to your personal benefit and that you have no knowledge of it?—A. I have no knowledge of it.

Q. And that no agreement was then made between Judge Poppleton and yourself, or at any time prior?—A. No, sir.

Q. Or with any other officer of the Union Pacific Railroad?—A. No, sir.

By the CHAIRMAN:

Q. Did Judge Poppleton ever say to you that you were entitled to the land and you ought to be protected in the possession of it?—A.

Judge Poppleton said something like this to me: that he would rather have a friend of the road get it than an enemy; and, while they would maintain their rights and win that land if they could do it, yet that if I got it, I should have it the same as anybody else.

Q. Was it at his suggestion that you took a patent on it?—A. No, sir; it was not. I had commenced it before having anything to say to anybody about it.

GRAND ISLAND, NEBR., *Saturday, July 2, 1887.*

FREDERICK HEDDE, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am the editor of the Grand Island Independent, but I have been in considerable other business before—the mercantile business.

Q. How long have you been engaged in the newspaper business?—A. Four years, and a little over.

Q. What was your business before that?—A. I was a merchant; and before that a farmer.

Q. How long have you resided in Grand Island?—A. As long as the white men have been living here—thirty years.

Q. You were here, then, at the time of the construction of the Union Pacific Railway?—A. Yes, and before that a good deal.

SENTIMENT OF THE COMMUNITY.

Q. What is the feeling of the community here with reference to the facilities and accommodations afforded by the Union Pacific Railway Company?—A. As a general thing, I believe they are pretty good; but I do not believe they are equal for every man. At least I think that, myself.

DISCRIMINATIONS AGAINST INDIVIDUALS.

Q. Have there been discriminations against individuals in the community?—A. Yes, sir; I know that there have been discriminations against myself.

Q. To what extent?—A. I was at one time in several kinds of business. Among others, I was in the lumber business. I kept a lumber yard; and another gentleman by the name of Wiseman had a lumber yard. We did not have the pleasure of knowing Mr. Vining, then the general freight agent. He charged such high rates that we could not compete with Hastings. They favored Hastings, which was the competing town, to such an extent that we could not compete with them; and the consequence was that the Union Pacific Railway Company lost a good deal of business. Men went to Hastings and bought all their heavier articles there, because it was so much cheaper. It paid men to bring from Hastings salt and apples and such things and sell them here to the merchants, because we could not buy car-loads and get them as cheap as those men got them from the Hastings merchants, after they had got them over here. The same thing prevailed in the salt business and the grain business. The result was that men went from Grand Island to Hastings and bought their lumber and grain and salt and all other heavy articles there. The result of it was that the Union Pacific Railway Company lost a good

[illegible] of their trade. Finally Mr. Vining found that out himself, though he was not very smart in finding out such things. Then he concluded to tell Mr. Clark, the general superintendent, that it was the fault of the merchants of Grand Island, especially of Hedde and Wiseman, who bought grain and lumber. And he induced Mr. Clark (this I have from Mr. Clark himself) to favor somebody else to put up a lumber yard.

PRIVATE REBATE GIVEN TO START A LUMBER YARD.

They induced the clerk of Mr. Wiseman to start a lumber yard and gave him a considerable rebate against us. It is about eight years since this occurred. I believe they gave him about $8 or $10 a car. It was enough, so that we could not compete with him. It was impossible. The result of that was that the whole community of merchants got on our side. They had all complaints of one kind or another. We presented these complaints in a written paper to Mr. Clark. Mr. Clark gave us a hearing here and afterwards in Omaha. Mr. Vining was there a few minutes. He did not like to be there very long it seems. But Mr. Clark said he had been misinformed and that he would give us some relief. We then got a rebate until the rebate rate was abolished altogether. But that was only the result of the strong fight that the community of Grand Island made. Of course it could not last long; and, finally, they raised the rates again and the old complaint of extravagant rates has lasted from that time until now. I believe that the same was true of the grain business. I have felt these things, but it is very hard to get at the exact facts about such matters. The result was that I sold my elevator and gave up my lumber business.

Q. The rebate system and the discriminations compelled you to give up?—A. That is what I believe.

Q. Who were the principal grain shippers here at that time?—A. Myself and Mr. Wiseman and a man by the name of Wells, who was in the employ, I think, of the Union Pacific Railroad, as far as I know.

Q. Was it the Wells of Wells & Neimann?—A. I do not know.

REBATES OR SPECIAL RATES.

Q. Have you a knowledge that Mr. Wells, during these years, was receiving a rebate or special rate on his grain shipments over the Union Pacific road?—A. I could not tell for certain.

Q. Did he continue in business?—A. No, I think he left after two seasons.

Q. Where did he go to?—A. To Omaha. He worked there in the neighborhood of the bridge, I believe.

FACILITIES FOR TRANSPORTATION.

Q. What have you to say as to facilities?—A. The system at that time was under an agent who is not here now. They distributed between the three or four grain shippers who were here the cars which were on hand. If they had eight cars they would say, "You can get through, you can get through," &c. But then, in the course of the day a lot of cars were emptied, and all those cars went to a man who was favored; and he got eight or ten cars during the day, while Mr. Wiseman and I were absolutely treated the same as nobody.

Q. So that under those circumstances it was impossible for you to continue to do business?—A. Yes; I had a hard time here in the time

of that agent, and told him right out that he was favoring other men; and he then gave me a car. I said, "Now you see that this man is loading the cars"—a man by the name of Wasmer.

Q. To whom were the cars being given at that time?—A. To other merchants here; and especially at that time to Mr. Charles Wasmer. I never went with that agent around to the saloons, and did not treat him to cigars or anything of that kind, because I never do that.

EFFECT OF DISCRIMINATION ON THE COMMUNITY.

Q. What effect had that discrimination or rebate system on the community at large?—A. It had effect, especially, only on those that traded in grain and lumber. On the other hand, I do not think that any rebates or any discrimination was made against those that shipped in small quantities.

DISCRIMINATION AGAINST TOWNS.

Q. What knowledge have you of any preference being given to coal shippers?—A. I do not know anything about it. With regard to rebates I might say that Grand Island was discriminated against by giving Kearney, 40 miles away, the same rates that Grand Island had. I do not know whether it is the same yet.

Q. How long ago was that?—A. Six or seven years ago. Kearney was preferred this way: That they had the same rates for the longer distance that we had to Grand Island.

COMPARISON OF RATES.

Q. How did your rates from this point to points on the Pacific coast, in the past, compare with the rates that were allowed to the citizens of Omaha to the same Pacific points?—A. I know that in Omaha they had the same rates we had from here.

Q. That is to say, a shipper from Omaha shipped to San Francisco at the same rate that the citizens of Grand Island did?—A. I have no personal experience of that, but I always understood that they had just the same rates. But there was hardly any shipping done from here to San Francisco at that time.

Q. Was that the open, published rate?—A. I believe it was.

INFLUENCING ELECTIONS.

Q. Have you any knowledge of the participation in, or the influencing of, elections on the part of the Union Pacific Railway Company's employés and its officers?—A. Yes, sir; they controlled everything in politics. You could not elect a constable without the permission of the Union Pacific officers; and one of those gentlemen went so far as to write "I could elect my yellow dog to an office." And that yellow dog is living yet.

Q. How long had they continued in that line of business?—A. Until they found out that they could not carry it through.

Q. Was that true, from your observation, from the beginning of the settlement of this part of the country?—A. Yes; all the time, except that I was away for a year and a half or so. What happened in that time I could not tell, but while I have been here it was so.

Q. What was the custom as to that?—A. They took their men to the polls and made them vote; and they were so dependent, then, on these superior men that they did what they were ordered to do. That is what Mr. Kimball calls expressing a wish and not an instruction, but I call it an order; because these men knew very well that if they did not comply with those "wishes" they were destroyed.

PARTICIPATION IN PRIMARY ELECTIONS.

Q. Did they participate as well in the primary elections as in the general elections?—A. Not so much in the primary elections. What do you call the primary elections?

The CHAIRMAN. The preliminary elections.

The WITNESS. Oh, well, of course, yes; because that was a very important thing.

Q. They were now on one side and then on the other; was that it, politically?

The WITNESS. Do you mean that they took part with Democrats and Republicans?

The CHAIRMAN. Yes.

A. Well, they were on both sides. Messrs. Thummell and Platt were their agents; Mr. Platt was a Democrat and worked the Democratic party, and Mr. Thummell was a Republican and he worked the Republican party.

Q. It was the Union Pacific party all the time?—A. It was always the Union Pacific party that was on top.

Q. Did any of the employés or officers use any money to influence elections during the events you have recited here?—A. I could not tell. They may have done that, but I could not prove anything of the kind.

METHODS OF INFLUENCING LEGISLATION.

Q. Did they participate in the State elections for the purpose of influencing legislation?—A. Well, of course that was more important than the city elections. That controlled that whole thing. That is just what made me an editor. I proposed to fight them, and that started me to be an editor. Since that time their control has not been so strong as it used to be.

Q. What were their methods in influencing legislation; how did they go about it?—A. They elected a man of whom they were sure; and when a man was elected that was not a Union Pacific man they gave him a pass when he went away, and when he came back he was a Union Pacific man you see.

Q. Have you a government here in the shape of a city council?—A. Yes, sir.

LEGISLATION IN CITY COUNCIL.

Q. Has there been any legislation in your council with reference to the Union Pacific Railway Company, as to right of way or anything of that sort?—A. Well, yes; there was some trouble in regard to the coming in of the Burlington and Missouri Railroad. The council would not allow them the right of way through the streets for a long while. There was a fight about their coming in here. The Union Pacific Railway Company tried to prevent it as much as they possibly could, and they influenced the council. I believe the mayor too, at that time, was opposed to it; but I do not know who was mayor at that time. I know

there was a strong fight in the council; but finally they came in and crossed here.

Q. Did the Union Pacific Railway Company's employés make an effort to influence the council in its judgment as to the admission of this road through the city?—A. I cannot tell; I have not been in the secrets of that thing; but the counsel for the company worked at that time pretty hard. I do not remember exactly, but I think it was a little before the election, and the old council was on the side of the Union Pacific Company, and tried to prevent the coming in of the Burlington and Missouri Railroad, and the new council granted permission to the Burlington and Missouri Railroad to come in. For a long time I have not thought of this thing.

COMPARISON OF BUSINESS ON BRANCH AND MAIN LINE.

Q. How does the support of the road, in freight and passenger traffic on the main line, locally, compare with the freight and passenger traffic on the branch line, taking the same distance traveled?—A. The main line exceeds the branch, I believe, ten times.

Q. Taking the same distance on the main line as on the branch line, is the freight and passenger traffic as great on the main line, locally, as it is on the branch line?—A. It is considerably larger, because we receive, in Grand Island here, a large amount of freight; and there is a special train every day to Omaha, going down every morning and coming back every evening. That shows that the amount of freight going and coming here is very large.

Q. Is it not a branch line that goes out from Grand Island?—A. Oh, yes.

Q. How long is it?—A. It has been here several years.

Q. How many miles long is it?—A. It must be about 65 miles.

Q. Taking the same distance on the main line as on the Omaha and Republican Valley line, is the local traffic as great, in passengers and freight, on the main line as it is on the branch line—the Omaha and Republican Valley?—A. I believe it is considerably larger on the main line. Of course I have no special knowledge on that. That is only my opinion.

RATES ON MAIN AND BRANCH LINES.

Q. Have you any knowledge as to the rate per mile on the main line and on the branch lines?—A. Yes; I have from experience.

Q. What is the difference?—A. On the main line they charge about three times as much as they do on any line in the east, and on the branch lines they charge about twice as much as they do on the main line. I have had a great deal of experience in that thing, because I have shipped lots of things, of grain and lumber, from Illinois and Ohio, and the freight that had to be paid, say from Ohio or the northern part of Wisconsin or Iowa to Council Bluffs, was generally about the same amount which again was charged by the Union Pacific Railway Company from Council Bluffs to here, while the distance from Ohio to Council Bluffs was about three or four times as great as the distance from Council Bluffs to here. It was only 150 miles from Council Bluffs to here, while the distance from where I shipped might have been 600 miles. In former times I could tell exactly how much they charged from the point of shipment to Council Bluffs, and how much was charged by the Union Pacific Railway Company to this point, because then there was no pool between this road and the outside road. They had a different charge for the

transportation to Council Bluffs, and then a different charge, which they called a local charge, to Council Bluffs. I knew exactly how much I paid on this road and how much on the Council Bluffs road. As a general rule it was the same thing. Sometimes they charged a little more, sometimes a little less, than other roads. I remember one time I shipped a cargo of nails from Pittsburgh here, and the rate from Pittsburgh to Saint Louis and from Saint Louis to Council Bluffs by rail was not any larger (I believe a little smaller) than the amount the Union Pacific Railway Company charged from Council Bluffs to here. The other distance was about 1,500 miles—from Pittsburgh to Council Bluffs—while the distance from here to Council Bluffs was 150. That was the way they treated us. When they commenced pooling with the other roads, then we could not tell how much was charged by one road and how much by the other, because they only had one rate from the point of shipment to Grand Island. That is the way they had of concealing it. In the old times they would say, "Well, what are you going to do about it?" But in later times they thought, perhaps, it was a little prudent not to let people know. On shorter distances the rates are considerably higher yet. The rate for lumber would be 14 cents a hundred from Chicago to Council Bluffs, and the rate from here to Saint Paul, which is only 25 miles, is also 14 cents a hundred feet.

DIVERSION OF TRAFFIC.

Q. Have you any knowledge of the diversion of traffic from the Union Pacific line to the Saint Joseph and Grand Island?—A. No; I have not.

Q. Have you any knowledge at all on that question?—A. No.

Q. Whether freight has been taken or whether passengers have been induced to go to the Missouri River by way of Saint Joseph and Grand Island, as against the Union Pacific?—A. No, sir; I have no knowledge of that.

Q. Have you any opinion as to the settlement of the Government with the Union Pacific Railway Company or the other aided roads?—A. Yes; I have.

Q. Will you please give it to the Commission?—A. Yes; I have no objection at all.

PLAN OF SETTLEMENT.

The CHAIRMAN. We should be glad to hear you.

The WITNESS. I think it would be entirely wrong towards the people to continue the tyranny of the road over the people as it at present exists. If the time is extended sixty or ninety years, or whatever it may be, it is very doubtful whether the roads will pay any more than they have done. They have avoided the obligation to the Government so far, and they will continue to do so, and in the mean time we shall be in their hands as much as we ever have been. We shall be compelled to pay extravagant rates. I think it would be the most terrible wrong that Congress could do to us here, and to the whole United States, to grant that extension. They ought to foreclose the mortgage as soon as the mortgage is in a condition to foreclose. Other companies could then buy the road; and if the United States thinks it would be better to let it go, they may do that. But I think it would be better for the Government to buy in the road and run it themselves. In that way they could easily make enough to pay off their second mortgage. They have been swindled out of the first mortgage, and the second mortgage will

not be paid unless it be done that way. At the same time you could reduce rates 50 per cent., I believe, and benefit the whole country; not only here in Nebraska, but all those who ship over the road, and would have a very wholesome influence on all the other roads, too. I do not see why the United States Government should not be able to run a road just as well as stock gamblers named Gould or Vanderbilt. The Government is just as able as anybody. It has been done, too, by other governments. I know it is done in Germany; and they charge there according to the distance, and not seven or ten times what they ought to charge. I believe our Government is able to do that business just as well as the people who are running it only for their own selfishness.

A SETTLEMENT BENEFICIAL TO THE COMMUNITY.

Q. Would the effect be beneficial to this community to make such a settlement on the part of the Government as you suggest?—A. I believe it would. In this community of Nebraska do you mean?

The CHAIRMAN. Yes.

The WITNESS. Yes, sir; and all other communities existing along the road. The Government can run a post-office department and it could just as well run a railroad department; and it will have to come to that, because I am sure it will become impossible to control these roads. We have an experience in the interstate commerce law. The railroads are fighting over the law and they will be fighting all the time until it comes to the point.

Q. Have you any other information to give to the Commission?—A. I think not.

Q. How old are you?—A. Sixty-nine years old.

Mr. PLATT. I desire to ask a question or two in behalf of the road?

Commissioner LITTLER. Proceed, sir.

AN "ANTI-MONOPOLY" NEWSPAPER.

By Mr. PLATT:

Q. What is the character of the paper you publish now?—A. An independent Republican paper.

Q. It is termed an "anti-monopoly" paper, is it not?—A. It may be termed an "anti-monopoly" paper. It is opposed to the rule of the railroad which I have just described.

Q. You have, through your paper, more bitterly opposed the Burlington and Missouri road than you have the Union Pacific, have you not?—A. No; I have opposed both of them so far as they are wrong. I first favored the Burlington and Missouri Railroad so far as to favor their coming in, and then I have fought them the same as the Union Pacific Railway Company, because they have been just as wrong.

PASSES FOR NEWSPAPER EDITORS.

Q. Is it not a fact that your editor has always had passes over the Union Pacific road?—A. No, sir; I have never had a pass.

Q. Your editor, Mr. Mobley?—A. I do not know that he ever had a pass.

Q. Do you not know that, during the last session of the legislature, Mr. Mobley secured passes over the Union Pacific Railway in the interest of Van Wyck?—A. I believe he did.

Q. You were strongly in the interest of Van Wyck, were you not?—A. Yes, sir.

The CHAIRMAN (to Mr. Platt). Do you represent the company as attorney before us?

Mr. PLATT. Yes, sir.

GRAND ISLAND, NEBR., *Saturday, July 2, 1887.*

SETH P. MOBLEY, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. My business at present is manager of the Independent, at Grand Island.

Q. How long have you been a resident of Grand Island?—A. About eighteen or nineteen years.

Q. How long have you been connected with the Independent?—A. With the exception of a year, for eighteen years.

Q. Have you had any business relation with the Union Pacific Railway Company?—A. Nothing, outside of what any other man of business here has—nothing special. I have been doing what necessary shipping I have to do over the road.

Q. What character of goods did you ship?—A. Printing materials, stock and stationery used in that business only.

DISCRIMINATIONS AND REBATES.

Q. During your shipments of freight have you observed any discriminations or rebates or preferential rates that have been allowed by the Union Pacific Railway Company, by contract or agreement or otherwise, to one class of shippers against another?—A. No, sir; as far as my knowledge went I never had any rebates; and I have known of none. In the printing business we do not do very heavy shipping, and we have not had rebates.

Q. Have there been any complaints in the community concerning rebates or discriminations?—A. Yes, from time to time; more or less all the time.

DISCRIMINATION IN THE COAL TRADE.

Q. What has been the nature of them?—A. Occasionally they complained in the coal business that it left no chance for competition, because there were only certain men allowed in the business; and the different dealers in grain and lumber have, from time to time, complained; but I know nothing of it personally.

Q. Who allowed coal dealers to go into the business?—A. They got the consent of the railroad company. They had to get the consent of the railroad company.

Q. Why did they have to get the consent?—A. I do not know that I can explain that. All the coal men have had their coal yards on the right of way of the company, and it has been the general understanding that they did not allow a man to deal in coal unless he had the consent of the company.

Q. That is to say, unless the consent of the company was given it would be impossible for a citizen to engage in business with any hope of success?—A. In the coal business; that has been my understanding.

Q. Did that arise from the fact that they could not get a fair chance?—A. Well, I know that when a man buys out one of these coal men he has to go to Omaha to see if he can become his successor.

Q. Where do they go to in Omaha?—A. That I cannot say.

Q. Do they go to the Union Pacific Railway Company?—A. To the Union Pacific Railway Company. I believe the company owns the coal fields.

OTHER DISCRIMINATIONS.

Q. What other discriminations do you know of?—A. When it comes to that, I do not know of any; but I have heard of it in grain and lumber. I do not know whether it was true or not.

Q. Was there a Chicago lumber company here?—A. I think there is such a company now here.

Q. Who compose the company?—A. That I cannot say.

Q. Do they do most of the business?—A. I do not believe they do.

Q. How long have they been in business here?—A. Two or three years, I think.

Q. Do they ship over the Union Pacific Railway?—A. I think so. They are located on the Union Pacific.

PARTICIPATION IN ELECTIONS.

Q. What information can you give the Commission concerning the participation of the Union Pacific Railway Company in the influencing of elections?—A. As to the Union Pacific proper, I do not know.

Q. How is it as to the employés?—A. Well, they have generally taken a pretty active hand in politics here.

Q. In what way—what have been their methods?—A. They would get together and talk the matter up, as to whom they wanted, and would then go to the primaries and get the fellows there that were for them, and then go to the polls and make up their votes.

Q. Did each man there make up his opinion as he would generally as to the individual or as to the measure proper to be voted for, or was he influenced by his company relation?—A. Well, I think that in some cases he was influenced by the company relations. But that I cannot say. They generally acted harmoniously together—all the boys. I have never heard any of them complain that they were forced to vote, but I know they have generally voted pretty solid in any election in which they took part.

DIVISION OF TRAFFIC.

Q. Have you any information concerning the diversion of the traffic to Grand Island from the Union Pacific?—A. No; I have not any knowledge of anything of that kind.

EFFECT OF BURLINGTON AND MISSOURI RIVER RAILROAD ON TARIFFS.

Q. Have you any knowledge as to the rates since the Burlington and Missouri Railroad has been in here, as compared with the time before they were in here?—A. I do not think there has been any material change. That is, so far as our shipments are concerned there has not.

Q. Has each company charged about the same rates?—A. About the same thing.

Q. As to freight and passengers?—A. I think so. I think it is exactly the same.

Q. Has there ever been any competition while they have been in here?—A. Not that I have heard of.

Q. Did the rates go down or up when the Burlington and Missouri Railroad came in?—A. I think they remained the same.

Q. Were they high or low when the Burlington and Missouri Company came in?—A. I am not a railroad man and cannot say; but comparing them with the rates of other roads they were generally high enough. The rates were a good deal higher than they were on other roads east of us. Of course I do not know what it costs to run cars.

Q. Did the citizens look for a reduction of the rates when the Burlington and Missouri Railroad came in here?—A. Some did and some did not. Some knew how those things were worked.

Q. How did it work?—A. The companies maintained rates. In that respect they got along wonderfully.

Q. Have you any other information that you can give to the Commission?—A. No; I do not know much about railroads.

COMPLAINT AS TO RAILROAD SHOPS.

Q. Have you anything, as to the community here, that would be of service to the Commission in relation to the treatment of the community by the Union Pacific Railway Company?—A. Nothing in particular that I know of, except that there is some complaint here about the employment of the men in the shops, and also the removal of machinery from them. It was the understanding when the shops were aided to be built that they would be manned, but some time after the shops were opened quite an amount of machinery was taken up to Montana, or somewhere, and some to Saint Joseph, and the shops are worked in name only. The men employed here are very few. There are complaints made in regard to that, and we are endeavoring to have our share of the work done at this place.

By Commissioner LITTLER:

Q. What complaints, if any, exist at this present time against this company, other than what you have mentioned?—A. I think at the present time there is less complaint. There has been less complaint for the last few months than for a long time.

CHANGE OF MANAGEMENT

Q. The management of this road has changed somewhat since the troubles and discriminations you have mentioned, has it not?—A. I believe there has been some change in the management. And another thing, a good many people came to the conclusion that it did not do any good to complain. It did not accomplish anything. Complaints were only wasted.

Q. Are the freights lower or higher now that they were prior to the 1st of April?—A. I cannot say. When the freight bill has come into our office it has been paid.

Q. What effect has the interstate commerce act had on freights in this community?—A. I cannot say.

Q. How long have you been editor of the paper?—A. I formerly edited the paper from its foundation in 1869 until 1882. Then I was out for a year, and then I have been manager and associate editor since that time.

Q. Have you any suggestions to make to the Commission in relation to what disposition the Government should make of its debt against

this company?—A. No, sir; I would not feel competent to suggest any course in that respect.

Commissioner LITTLER (to Mr. Platt). Do you wish to ask this witness any questions?

Mr. PLATT. No, sir.

The CHAIRMAN. Mr. Mink, do you wish to ask this witness any questions?

Mr. MINK. No, sir.

The CHAIRMAN. Mr. Bromley, do you wish to ask any?

Mr. BROMLEY. No, sir.

The CHAIRMAN. Mr. Potter, do you wish to ask any?

Mr. POTTER. No, sir.

Commissioner LITTLER (to Mr. Platt). I understand you are acting for the company?

Mr. PLATT. The auditor requested me to represent them.

The CHAIRMAN. Is there any gentleman here who has any information to give to the Commission?

(No response.)

At 9.30 p. m. the Commission adjourned, to meet upon the call of the Chair.

LINCOLN, NEBR., *Monday, July* 4, 1887.

At 9 a. m. the Commission met, upon the call of the chair.

Present, Commissioner Pattison (chairman) and Commissioner Littler.

CHARLES H. GERE, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am editor of the State Journal newspaper

Q. How long have you resided in Lincoln?—A. I have resided here since the spring of 1868.

Q. Have you ever had any business relations with the Union Pacific Railway Company?—A. Nothing more than that our firm has done some shipping over the Union Pacific road.

SENTIMENT OF THE COMMUNITY.

Q. Have you a knowledge of the sentiment that prevails in this community as to the relations of the railroad to the community?—A. Yes, sir; I suppose I have. This community has always, I believe, been on terms of friendship with the Union Pacific Railway Company. Occasionally they have had disputes about rates or something of that kind, but nothing of very serious import.

EFFECT OF POOLS ON SHIPMENTS.

Q. What has been the dispute as to the rates?—A. The fact was that after the Union Pacific Company built its line in here the rates were pooled. Previous to that time there had been a competition between the Burlington and Missouri and the Atchison and Nebraska, but about the time that the Union Pacific Railway was built in here the Atchison and Nebraska road was bought by the Burlington and Missouri Company

and then the competition ceased. Lincoln, after that, had a pool rate, and the rate was advanced somewhat.

Q. That is, the Union Pacific Company pooled with the Burlington and Missouri Company?—A. Yes.

Q. What effect had the pool on shipments? Did it lower or raise the rates?—A. It raised the rates.

Q. What percentage?—A. I do not believe I can tell exactly, now. This was back in 1870. But my impression is that the raise on first-class freight was about 10 cents.

Mr. RAYMOND. Fourteen cents.

By Commissioner LITTLER:

Q. Which of those roads ran here first, which second, and which last?—A. The Burlington and Missouri was the first road in here, and the Midland and Pacific was the second. That was very soon absorbed by the Burlington and Missouri Railroad. The Atchison and Nebraska was the third, and the Republican Valley branch was the fourth.

Q. That was the last?—A. Well, there have been two roads put in since.

Q. How long has the pooling system continued?—A. The pool was made about the time that the Union Pacific Railway began operations.

DISCRIMINATION AGAINST INDIVIDUALS.

Q. Was there any complaint as to discrimination between individual shippers during the period you have mentioned?—A. Nothing specific. It was always whispered about or talked about that some firms got rebates, but I am not aware that any individuals of a class of shippers were discriminated against. I think that probably all the shippers here got about the same rates. That is my impression.

Q. How many elevators have you here?—A. We have two, I think.

Q. Who are the owners?—A. Mr. Lowry owns one, I think, and Mr. Brown the other.

Q. How are they located as to the roads?—A. I cannot say; I am not personally informed as to the exact location of the elevators.

SPECIAL AND PRIVATE RATES.

Q. Have you any knowledge as to complaints with reference to discriminations or special rates, private rates, agreements, or contracts by which individual shippers profited as against their competitors in the community here?—A. No, sir; I have not. I know this, that there has been a good deal of complaint about an advantage being given to elevators in small towns on each side of this town in the matter of shipping; though whether these complaints are well grounded or not I am not certain. But there have been complaints made of that kind; that towns east and west and north and south on the various lines could have a little better rate for grain than we could at Lincoln.

DISCRIMINATIONS AGAINST COMMUNITIES.

Q. Have discriminations been made against this community by the Union Pacific Railway Company in favor of other sections?—A. I am not certain about the Union Pacific Company being particularly involved in those complaints. I think it is a general complaint against all the lines, that at times they have given shippers in small towns out-

side of Lincoln a better rate for grain than they have given to Lincoln shippers.

Q. To what point?—A. To Chicago.

Q. That is to say, they have given shippers beyond Lincoln a better rate to Chicago than they have to shippers at Lincoln?—A. Yes. The Union Pacific Company, the Burlington and Missouri Company, and the Midland Pacific, and at present the Missouri Pacific and the Northwestern roads, all have Chicago connections, of course, and all have towns on their lines outside of Lincoln—a little outside—not far away from the city, from which shipments can be made as well as from Lincoln to Chicago. But I have found, in my experience, that complaints of that kind are made in every town in the State, that the "next town" has a better rate than it has.

DIVERSION OF TRAFFIC.

Q. Have diversions been made, to your knowledge, by the Union Pacific Railway Company over the road by way of Marysville, as against that part of the road to Omaha on the Union Pacific line?—A. Not that I know of.

Q. What facilities and accommodations have been afforded by the Union Pacific Railway Company to this community for shippers of freight and for passenger traffic?—A. As good, I think, as the nature of their depot accommodations would admit of. Their depot or station is situated across the tracks of the Burlington and Missouri Railroad, and are necessarily not quite as accessible as they should be, and their grounds are somewhat limited. But I have never heard any complaints of shippers against those accommodations.

INFLUENCING LEGISLATION.

Q. Have there been any complaints, to your knowledge, as to attempts on the part of the Union Pacific Railway Company to influence legislation or interfere in any way with the politics of the State or city or locality?—A. There has been a good deal of talk of such things, of course, but I am not aware of how far the complaint is justified. I know that some of the officers and employés of the Union Pacific Railroad have always been here, and been very active, apparently, in influencing legislation. Perhaps no more so, however, than those of other companies.

INTERFERENCE IN ELECTIONS.

Q. Did the officers and employés of the Union Pacific Railway Company take as much interest in general legislation as they took in railroad legislation?—A. No, sir.

Q. Their attention was directed to the railroad legislation pending in the legislature?—A. Yes.

Q. Have the officers and employés of the Union Pacific Railway Company, to your knowledge, participated in conventions of either party?—A. Oh, yes.

Q. Has their participation been in the direction of their political bias or in the direction of the railroad interests?—A. They were, of course, primarily political. These gentlemen always were strong advocates of some candidates—worked for the nomination of certain candidates for State officers, and also in the Presidential nomination they were quite active; some of their employés or officers were in the State conventions

the selection of delegations to the national conventions, the Republican national convention especially; I do not know whether they had any representation in the national Democratic conventions, but Republican conventions, as I remember, have always had, or almost always, somebody in them connected with the Union Pacific Railroad, as members, or something of that sort.

PLAN OF SETTLEMENT.

Q. Have you considered the question of the settlement of the Government lien on these Pacific railroads from any standpoint, such as an immediate settlement, or an extension of time for the payment of the amounts due?—A. I have given the matter some consideration.

Q. What is your opinion as to a settlement?—A. I have always been in favor of giving them time to pay off their bonded indebtedness.

Q. What effect would such a settlement have on the interests of such a community as this, or on this particular community?—A. Well, perhaps no direct influence. The indirect influence of a settlement would be to give us, as we think, better rates; because the company could better afford to charge lower rates if they were released from this indebtedness, or if they had paid it off, than they are able to give us now. I do not know that there is any particular feeling, however, in the community on that subject.

The CHAIRMAN. We were asking for your own thought on the subject.

The WITNESS. That is my feeling.

POOLS.

By Commissioner LITTLER:

Q. Are there any railroad pools in existence here now?—A. There is simply an agreement. A pool, as I understand it, is where the earnings of the railroad are divided according to a certain percentage. I do not think there is any such thing now, but simply an understanding as to rates.

Q. Is there any arrangement now, here, between the railroads by which the traffic is to be divided on a percentage?—A. None that I know of.

Q. Is there an agreement by which they are to maintain rates?—A. Yes, sir; there is no doubt about that.

Q. What is the difference, practically, between a pool and an agreement to maintain rates?—A. Practically there is no difference, except to shippers who may have some reason for desiring their freight shipped over a certain road. Under the pool the shipper has no choice. He is obliged to send it over the road that the pool selects; but, practically, as to rates it is about the same if they have an agreement to maintain rates.

Q. Do you understand that either under the pooling system or under the present system the railways compel a shipper to ship his products over whatever line the pool pleases?—A. That is my understanding of the whole pooling arrangement.

EFFECT OF INTERSTATE COMMERCE LAW.

Q. Does that exist now, as you understand it?—A. No.

Q. What has been the practical effect of the interstate commerce law on pooling and upon rates in this State, to your knowledge?—A. The only practical effect so far has been an increase on long-haul rates.

Q. Take that law all-in-all, in its operations, is it favorable to the people or not?—A. While it is enforced, according to my understanding of it, it is favorable to the people; but the temporary suspension of the fourth section of the law has had the effect of increasing our rates instead of decreasing them.

Q. With the strict enforcement of the fourth section of the act, what would be the effect on the traffic in this country?—A. I think the effect would be beneficial generally.

EXTENSION OF TIME.

Q. Why do you say that an extension should be given to this company for the payment of its debt?—A. I say it simply from the reason that if the company was compelled to pay its debt according to the original contract it would be bankrupted and sold out.

Q. We have had a number of witnesses before us who, in answer to that question, have favored the immediate foreclosure of the mortgage on its maturity and the selling out of the property. Do you concur in that policy or not?—A. I do not think that would be the best for the country. I think the result of foreclosing the mortgage on the main line would be that the Union Pacific Railway Company would take the branch lines and have connections, and it would have a line of its own.

Q. In other words, it would break up the Union Pacific system as now organized?—A. Yes.

MAIN LINE AND BRANCHES SHOULD BE UNDER ONE MANAGEMENT.

Q. Do you think it for the permanent good of the people of the section through which the Union Pacific Railway and branch lines run that they should be run under one management?—A. I think the longer the line and the greater the consolidation the cheaper they could do business.

Q. What reason do you assign for that view?—A. Because consolidated lines get along with a great deal less of the high-priced service. It is on the same principle that a large business can always be transacted on a less percentage than a small business.

Q. Your theory is that under one management this entire system could be run at a comparatively smaller cost?—A. Yes; much more economically.

By the CHAIRMAN:

Q. Have you any other information or suggestion to give to the Commission?—A. No, sir.

LINCOLN, NEBR., *Monday, July* 4, 1887.

O. P. MASON, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What position are you now holding?—Answer. I am one of the secretaries of the railroad commission of the State of Nebraska.

Q. How long have you resided in Lincoln?—A. Twelve years.

REBATES AND SPECIAL RATES.

Q. Have there been any complaints in this community, to your knowledge, with reference to rebates, special rates, preferential rates, or dis-

criminations on the part of the Union Pacific Railway Company?—A. No specific complaints in that regard. There has been some talk—general complaint.

DISCRIMINATION AGAINST WAY FREIGHTS.

Q. What has been the nature of the general complaints?—A. That there were those who were favored with special rates. Whether that is so or not I do not know. They do, at the present time, under the present tariff, discriminate against this place on through freight from the Pacific coast. For instance, way freight that pays $1.70 from the Pacific coast to Omaha in some instances pays $3 and upwards to Lincoln. The present rates, therefore, discriminate against Lincoln and, in some classes of freight, the rates from San Francisco, as I have shown, discriminate against this place. So, also, grain from Lincoln to San Francisco would pay a higher rate, far in excess of the mileage.

Q. Far in excess of the mileage?—A. Yes, sir; in excess of the increase of mileage. And when the attention of the company has been called to it they have cited the suspension of the fourth clause of the interstate commerce act, I believe, as their justification.

Q. How much greater is the distance to San Francisco from Omaha than it is from Lincoln?—A. Very little farther; perhaps some 20 miles.

INTERSTATE COMMERCE LAW INCREASES WAY-FREIGHT RATES.

Q. Were those rates you have named prevailing prior to the passage of the interstate commerce bill?—A. Not to the extent they do now. The effect of that bill has been to increase the rates actually paid from 20 to 33 per cent. Lumber, prior to the interstate commerce law, was delivered in this State at 10 cents per hundred pounds and in some cases as low as 8 cents, while the open rate was 20 cents to the Missouri River, the same as now. A rebate from 10 to 12 cents a hundred pounds was given, so that the lumber was actually brought within the State, from eastern commercial points for that commodity, at about 10 cents per hundred pounds. Under the operation of the interstate commerce law the rate is now 20 cents on lumber. Other commodities of traffic are in about the same proportion.

Q. Were the rates you have named, and the differences, prevailing prior to April 1, 1887?—A. No, sir; to no great extent. The rate actually paid on lumber at this place by wholesale merchants, prior to April 5, was from 14 to 16 cents per hundred pounds. The rate actually paid since the passage of the interstate commerce law has been 20 cents per hundred pounds. About the same proportion prevails through the State.

Q. Were there open rates and special rates prior to the interstate commerce law?—A. The open or quoted rates were the same; but rebates were given on all the roads on lumber, as I said, from 10 to 12 cents per hundred pounds to Missouri River points.

Q. Were all shippers equally benefited by the rebate?—A. That I cannot say. I think they were. The wholesale men were, I think, generally so; perhaps universally so. Where individuals ordered lumber themselves they perhaps paid the tariff rate, which was the same as now.

RAILWAY COMMISSION OF NEBRASKA.

Q. How long have you been a member of the railway commission of Nebraska?—A. Since October last.

Q. Were your powers, as a member of that commission, to inquire into special rates, rebates, and discriminations?—A. Yes, sir.

Q. What information, during your term, did you obtain with reference to those particular subjects, as to the Union Pacific Railway Company?—A. The commission never made inquiry as to rebates. They did make some inquiries as to discriminations on specific complaints made. The authority of the commission is confined to the investigation of specific complaints. They have jurisdiction only on complaint made. On complaint made they have power to inquire into that particular case. They have no general jurisdiction, under the law, to inquire generally into rates or rebates.

Q. Have many complaints been made?—A. Quite a number; perhaps against the Union Pacific Railway Company some ten or fifteen during that time.

COMPLAINTS AGAINST THE ROAD.

Q. What was the nature of the complaints made against the Union Pacific Railway Company?—A. In some two or three instances that the charged for delivering goods at those particular points an increase on the tariff from Omaha to that point, while the goods did not go to Omaha, but came direct to Norfolk, the point being some 8 miles from Norfolk. Instead of charging the tariff rate from Norfolk to the place of delivery they charged the rate from Omaha to the point of delivery, some 100 miles or more.

Q. What was the result of the investigation?—A. They refunded the excess and said they would not do so any more. There is now a complaint, however, on file, in which I understand it is said they have been doing so.

Q. Has there been a diversion of freight by way of Omaha, as against the Marysville way, by the Union Pacific?—A. Not to my knowledge. I have no knowledge on that subject.

PUBLIC SENTIMENT.

Q. What has been the general complaint, or what has been the general sentiment prevailing throughout the State, with reference to the administration and conduct of this business of the Union Pacific Railway Company?

The WITNESS. You speak now of public sentiment and the mind of the people?

The CHAIRMAN. Yes.

The WITNESS. There is a general impression that they do not attend entirely to the business of transportation, but meddle in outside matters. For instance, the road is, I believe, at the present time the owner of water power at Blue Springs, which I guess is the best water power in the State. They have a depot there. A great many people think that railroads are not organized to manage water powers. I think they have improved it, and rent the power at a low rate at the present time. Some general complaints of that character are made.

Q. What do they use the water power for?—A. That water is used in manufacturing flour, and manufacturing stone, and manufacturing some articles of wood ware.

Q. In what else do you hear that they go outside of their proper administration?—A. Well, an answer to that question would require reference to memoranda that have been taken as we have had occasion

to go over their line. Most of the roads in this State have connected with the road, or within the organization of the road, what they call a town site company, that fixes the town sites, lays them out, and sells the lots. That is a source of irritation in the public mind and a means of speculation on the part of those who are within the organization of the town site company, which is generally made up of the railroad owners.

RAILWAY OFFICERS AND TOWN SITE COMPANIES.

Q. Are the officers of the Union Pacific Railway Company engaged in town site companies?—A. That I cannot say. I do not know who constitute the town site companies of either of the roads. I speak of the general fact of their doing this thing.

Q. Are there any town site companies connected with the Union Pacific Railway Company?—A. I think the town site company lays out their towns on their new branches, and is an organization within the railroad company.

Q. Who compose the town site company?—A. That I cannot say.

Commissioner LITTLER. Refer us to some particular town that has been laid out and managed by the officers of the Union Pacific Railway Company.

The WITNESS. That I cannot do. It is not managed by the officers of the Union Pacific Railway. They have their local agents, who sell the lots. I know that complaints come in on all the lines of road in reference to this outside management of town sites.

Q. Have you any memoranda or information that you can give to the Commission going to show that the Union Pacific Company has been engaged in town site companies?—A. Not the company.

Commissioner LITTLER. Or the officers of the company.

The CHAIRMAN. The officers, employés, or anybody who holds official relation to the company.

The WITNESS. I think I can.

The CHAIRMAN. Will you furnish such information to the Commission?

The WITNESS. I will.

EFFECT OF TOWN SITE COMPANIES ON COMMUNITIES.

Q. What is the effect of such a town site company on the community?—A. It fixes the station and locates the business at that place; sometimes, perhaps, with a proper regard to the interests of the company and the settlement. Sometimes it is, perhaps, with somewhat of a disregard of that interest, where they cannot get the land on an arrangement satisfactory to their judgment.

Q. Does the railway company take an interest in the lots?—A. No, sir. If I understand correctly it is done in this way: A corporation is generally organized, known in some cases as the "South Platte Land Company," in other cases as the "Northwestern Land Company," in other cases other land companies. That corporation manages the town site business; has its president and secretary. That is made up of the men that constitute the railroad company; but it is an independent corporation.

Q. Can you furnish the name of any one officer, employé, agent, or director of the Union Pacific Railway Company engaged in any such business?

The WITNESS. You mean of its branches or the main line?

The CHAIRMAN. Yes.

The WITNESS. At the present time?

The CHAIRMAN. Yes, or any time within twenty years.

The WITNESS. Yes, I can.

Q. Will you furnish such information and make it an exhibit, to be attached to your testimony?—A. I will.

INTERFERENCE IN PRIMARY ELECTIONS.

Q. You have named the water power and the town site business, and what else?—A. When the exigencies of the case require it they are generally charged with the running of "gravel trains," to change the results in primary elections. But I have never run "gravel trains" myself. I have seen them come in occasionally to the primaries so as to change the results.

Q. What are their methods of changing the results?—A. Men generally come in in a mass, in charge of the man who has control of the "gravel train;" and they usually take themselves away "silently" like the Arabs.

Q. Do they spend money for that purpose?—A. That I cannot say.

Q. Do they direct their energies to the railroad interests rather than the political interests of the community?—A. Well, I should presume that they do.

Q. They operate through both parties, you think?—A. I do not think it makes any difference to them. It is their own interest that they are looking after, as they regard it.

INFLUENCING LEGISLATION.

Q. Have they at any time attempted to influence legislation?—A. Well, I should say yes. I should say that that attempt was made, and not denied last year, at the last session of the legislature. The State Railroad Commission, I think, recommended that it be invested with power to fix rates upon complaint made within the State. That was opposed by not only the Union Pacific Railway Company but by all railroads alike. And I guess they acted as a unit. I think they used whatever influence was necessary to accomplish results. There was a bill introduced in the legislature, regulating, to some extent, telegraphic and telephonic communication. But after the general meeting of the managers these respective bills died a felon's death.

Q. What were their methods in influencing legislation?—A. Well, sir, I was not in their confidence. They are such methods, however, as men who combine to accomplish a result usually use. They had their managers, their men who came in contact with members, and who apply whatever methods are most successful to accomplish the result desired.

Q. Was money expended by them?—A. I know of no money being expended.

Q. Were passes distributed by them?—A. I think it was not difficult to obtain passes from any of the roads through one of the numerous watchmen appointed to watch their interests.

FACILITIES AND ACCOMMODATIONS.

Q. What have been the facilities and accommodations afforded here by the Union Pacific Railway Company?—A. I think they have been

all that could be expected, considering the volume of traffic and considering that the road was a branch road and a new one. There have been some complaints of delays of shipments; but, on investigation, there was some cause for delay. So far, however, as the facilities furnished by that road are concerned, the road is comparatively new; it is growing, and it has been reasonably sufficient to accommodate the volume of business.

COMPARISON OF BUSINESS OF MAIN AND BRANCH LINES.

Q. How does the volume of traffic, passenger and freight, on this local branch line compare with the local volume of freight and passenger traffic, for the same distance, on the main line?—A. I would not think it compared very favorably. The volume of local traffic to this point would be divided between, perhaps, two or three roads, whereas on the main line of their road the whole volume of traffic belonging to that community would go over that main line. Again, the country has but recently been settled so far as to have a farmer on every quarter section, say, from Valley to Lincoln, and it is not as well settled as it is along the main line this side of Grand Island, and I should think it would not compare very favorably with the main line for local traffic, both for passengers and freights.

LAND SPECULATORS.

Q. Are some sections of the land along the line of road held by speculators?—A. Some of them are, but at the present time comparatively few.

Q. Have the speculators who have been holding lands for the purpose of a rise been any of the town site companies that you have named?—A. Not to my knowledge. The land was entered at an earlier day, by another class of speculators, not railroad men.

FACILITIES THROUGHOUT THE STATE.

Q. Do the facilities and accommodations you have spoken of as to Lincoln extend throughout the State?—A. I think their facilities are all that reasonably could be expected when the newness of the country and the sparseness of population are taken into account. There are occasional complaints of the want of depot facilities and shipping facilities, but those are at points thatthe road has recently reached; and those demands, in every instance when attention has been called to the matter, have been complied with, or the demands of the local commission have been complied with, within a very reasonably short time after attention was called to the complaints.

Q. Does your remark also apply to the main line?—A. Yes.

EFFECT OF MULTIPLICATION OF ROADS ON FREIGHT RATES.

Q. From your knowledge and experience, have the rates been higher here with two roads than they were with one?—A. No, sir. Up to the time that the Atchison and Nebraska was sold to the Burlington and Missouri this particular community had lower rates than since that sale. The rate, for instance, from Saint Louis to Lincoln was the same as to Omaha, and that necessitated about the same rate from Chicago. After that transfer, and the consolidation of the Atchison and Nebraska with

the Burlington and Missouri (or the Chicago, Burlington and Quincy), rates have been put up at Lincoln, and the rate has been from four to ten cents higher per hundred pounds, depending on the class of freight, since that transfer than it was before, compared with what are called Missouri River rates. In making rates these companies all combine. No one company fixes the rate. They take the Missouri River as a rate-basing line to north and west of that point arbitrarily.

Q. The effect, then, of the multiplication of railroads in a community is rather in the direction of a fixed rate, by the companies combining, as against a competing or cutting rate?—A. That seems to be true in this State. In the beginning, you understand, we had wagon roads and wagon rates. When the railroads began, the business was slight and the rates were high, and as the country has settled the rates have been constantly coming downwards, not, I think, owing to the multiplicity of roads, but owing to the increased volume of traffic, thus enabling the carrier to actually do the work for less.

COMPETITION IN RATES BETWEEN ROADS.

Q. Have there ever been in this community any competing rates, as between the companies?—A. I think, up to the time I speak of (I do not remember the date of the transfer now without reference to some figures)—I think, up to the time of the transfer of the Atchison and Nebraska to the Burlington and Missouri, there was a pretty sharp competition at that time as to rates between the Chicago and Saint Louis lines, and the tendency was to beat down rates, but since that there is no such tendency in this community.

Q. They have been pooled rates?—A. Yes; they have been, in the language of Mr. Kimball, "agreed" rates.

POOLS.

Q. What chance has a shipper as against a railroad pool?—A. My answer to that question would be that the advantage of a pool is to maintain rates and to give no one shipper an advantage over another, provided the rates are maintained. The difficulty is that the pool fixes the rate and requires everybody to come to that rate.

Q. Did you ever know of a pool that maintained its rate?—A. I think, practically, this western pool across Iowa maintained its rate pretty well. When they gave rebates on lumber (as I have spoken of) it seemed to be the same rebate, no matter what road you shipped over. If they were giving 10 cents rebate over one road, either road gave that, and if they were giving 12 cents, either road gave that. Perhaps that is not true in every case, but I think that was generally the case with the wholesale dealers.

PLAN OF SETTLEMENT.

Q. If you have considered the question at all, what conclusion have you reached as to a plan of settlement or payment by these companies that have been aided by the Government from time to time?—A. Of course the matter has been thought of and discussed. My thought has been about this: As I understand matters at the present time, the Union Pacific Railway Company is in debt about $105,000 or $110,000 to the mile; the Central Pacific still more. They are struggling to earn interest and pay fixed charges upon that enormous debt. The lines,

perhaps, could be paralleled for $25,000 a mile. And while the present state of things exists the struggle will go on, to earn money to keep that interest and pay fixed charges. While that struggle goes on the tendency will be to keep up rates. Whereas, if the road was reduced in its capitalization by a sale, so that it would be simply required to earn what the property was worth, what it cost, the tendency, it seems to me, would be to work down rates. In that view, as a business proposition, I have been led to the conclusion that it would be best for the people that the matter be closed at once. If brought to the figure of actual cost, or what the property was worth, then you have some basis on which to fix rates. But if you are to fix rates on the basis that the property is worth $105,000 or $110,000 per mile, it is ruinous to the shippers, and in the end, it seems to me, it must be alike ruinous to owners of property.

EFFECT OF A SETTLEMENT ON THE PEOPLE.

By Commissioner LITTLER:

Q. While that would be a good thing for the people of Nebraska and all districts west of here, what effect would it have on the debt due the Government?—A. Well, the Government would be out, I should think, and they will be out, anyhow. Can this property earn money to pay that Government debt of $30,000 a mile and the accumulated interest? (The mountain divisions are more than $30,000 a mile.) It seems to me it is like the case of a man who is irredeemably bankrupt. The sooner he closes up and comes to a settlement, the better for the man and everybody else. So it is with the Union Pacific Railway Company.

MR. GOULD'S OFFER.

Q. Mr. Gould, I understand, offered the Government his check for $30,000,000 for his debt. Would you advise this Commission, as the representative of the Government, to make such a recommendation to Congress as would result in the total loss of the debt due the Government?—A. Not if they could sell and get $30,000,000 for the benefit of the Government.

Q. Or any reasonable sum?—A. Or any reasonable sum. But it is a question of requiring the people to pay such rates as to enable the company to pay this enormous debt, or the Government at once laying down the debt and the people having reasonable rates in the country at large. As between the two, I prefer that this generation and the coming one should have reasonable rates, based on the actual value of the property, rather than that the struggle should go on, in the attempt to pay this $110,000 per mile.

BENEFITS TO THE WHOLE COMMUNITY.

By the CHAIRMAN:

Q. The benefits would accrue to whole communities?—A. Yes, sir. In the latter case the benefit would be to the whole people of the United States; those who are in business now and those who will be in business hereafter.

Q. Would you regard that as a reasonable settlement?

The WITNESS. What settlement?

The CHAIRMAN. The settlement of the debt you have spoken of.

A. Well, that is a difficult question to answer. If I have a creditor who is irrevocably bankrupt, it may be well for me to charge my debt

to profit and loss and carry on my business without respect to that. So with the Government. It is better, in my judgment, to do that than have this struggle go on—the attempt to earn on that mileage $110,000 per mile, which could not be done without oppressing everybody along the line of the road and everybody that shipped a pound of freight. It would be better to cancel it at once and base charges on the actual cost. In my opinion, I think it is the same with the Government in that regard as with an individual.

BASIS OF SETTLEMENT, THE MARGIN OVER FIRST MORTGAGE.

By Commissioner LITTLER:

Q. Do I understand you to say to this Commission that if you were representing the Government of the United States you would ascertain what margin there is in this property over and above first-mortgage bonds, and that you would favor the settlement of the Government debt for a sum equivalent to the margin?—A. I would. And then reduce the rates to correspond—to meet the expense of the operation of the road and a reasonable interest on the actual value of the property—not on its cost, you understand.

Q. I understand. The actual value of the property, provided it had a value over and above its first-mortgage bonds, would be that sum of money which it would bring over and above the first-mortgage bonds.—A. Yes, sir.

VALUE OF ROAD PER MILE.

Q. Give us your opinion as to what this property is worth per mile, equipped as it is to-day.—A. Well, I would rather be excused as to that. I should only voice the judgment and views of the engineers that I have spoken with—the first engineer of the road, Mr. Peter A. Dey, and other engineers of the road. My judgment would be of very little value, perhaps. I suppose at the present time, and at the present price of iron, the road could be paralleled and equipped for between $25,000 and $30,000 per mile.

Q. That is the main line you speak of?—A. Yes; and the branch lines, $25,000 per mile. In saying that I only voice the opinion of those whom I regard as competent engineers.

LOWER FREIGHT RATES AS TRAFFIC INCREASES.

By the CHAIRMAN:

Q. There is one question I would like to have you answer, if you have knowledge and can recall; that is, as to the rates prior to the construction of the Omaha and Republican Valley Railroad, from Lincoln to Valley, as compared with the rates subsequently.—A. I could not recall without an examination of records and business transactions; but I can say generally that a careful examination of the rates would show that the tendency in the rate has been downward as the volume of traffic increases. Of course in a new country, when roads are first opened, if they do not charge a high rate it does not pay operating expenses, but as the volume of traffic increases it soon changes the balance. It must be borne in mind that since 1870 most of the country west of this has been settled and brought into cultivation, and the volume of traffic has wonderfully increased. It has increased amazingly, especially from east to west. When this road first opened, the

volume of traffic (because of grain shipments) from west to east would be in excess of the volume of traffic from east to west. But as the country settled up a change took place, and now the volume in all parts of the country from east to west is 100 per cent., when the volume from west to east is 60 per cent. A railroad when first opened earns but little; but the tendency in rates all the time, with the increased volume of traffic, is downward. The difficulty that presents itself in this State, and what the people of the State most desire relief in regard to, is this: Taking the whole freight bills, they are from 20 per cent. to 33 per cent. higher—that is, the actual amount paid for freights is that much greater—since the passage of the Interstate Commerce law than they were before, because rebates are cut off. That is very oppressive on the industries of the State.

The CHAIRMAN. I wish you would send us copies of your reports, if you have them printed.

The WITNESS. I will.

LINCOLN, NEBR., *Monday, July* 4, 1887.

A. J. SAWYER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. How long have you been mayor of this city?—Answer. Since last April.

Q. Were you engaged in business prior to that time?—A. Yes.

Q. What was the nature of your business?—A. Attorney at law.

Q. You have been a resident here how long?—A. Twelve years.

COMPLAINTS AGAINST THE ROAD.

Q. What complaints, if any, exist in the community as to the business relations of this community with reference to the Union Pacific Railway Company?—A. The general complaint is that the freights to Lincoln from the Pacific coast are considerably higher than to Omaha.

Q. How long has this state of affairs existed?—A. I think, for the most part, since the going into effect of the interstate commerce bill.

Q. What was the condition prior to that?—A. Prior to that, if am correctly informed, while they charged more to Lincoln than to Omaha, yet by a system of rebates freights were equalized.

REBATES.

Q. Were the rebates general to all shippers?—A. I cannot say as to that. The larger shippers, I think, had rebates; but whether they were general I cannot say.

Q. You have heard the testimony given here this morning by the gentlemen who have preceded you. Are you prepared to corroborate what they have said generally?—A. I think so. There have been individual complaints that have come to my knowledge during these years, before the passage of the interstate commerce bill, the same general complaints. But I know of two specific complaints.

A SPECIFIC COMPLAINT.

One that I might mention was made about a year or two ago by a gentleman living in Boston, who shipped over the Union Pacific Railway a

number of car-loads of iron posts, at an agreed rate of freight, to some point in the West (I do not remember what) where he had a large body of land which he was fencing. When the cars arrived at their destination the company taxed him a very much higher rate of freight than had been agreed upon; and before he could obtain his posts he had to replevin. This was some time before President Adams took office. Afterward he made complaint before President Adams, and the matter was then referred to the attorneys at Omaha and they ordered the removal of the case from the State court to the Federal court; and Mr. Brough (who was the complainant), rather than prosecute the case further, finally dismissed it. But he was quite emphatic, and said he had to pay an extortion of several hundred dollars, if my memory serves me right. That was one instance.

ANOTHER INSTANCE.

Another instance was that of a gentleman who went from here to Oregon. He arranged that his freight should be shipped to the Pacific coast at an amount agreed upon. When the goods got there the rate was double what they had agreed upon. He was a poor man; and before he could get his freight relieved he was obliged to pay double the agreed price. He wrote to me to investigate the matter; and finally, succeeded in getting back a portion of it, through Mr. Miller, the agent here; but then it was largely in excess of the proper rates. Those were the only two specific complaints that I know of over the Union Pacific.

On the 4th of April of this year I, myself, shipped four or five cars of lumber over the Burlington and Missouri Railroad. My consignee wrote me that he had arranged with the company to send the lumber through at the old rate, which I think he informed me was 26 cents. On the arrival of the lumber they presented to me bills calling for 29 cents.

By Commissioner LITTLER:

Q. Did this lumber come over any portion of the Union Pacific Railway?—A. No, I think not. I understood you were asking generally as to discriminations.

Commissioner LITTLER. We confine our inquiry to the Union Pacific Railway and its branches.

The WITNESS. This did not go over the Union Pacific.

GIVING PASSES TO JUORS

By the CHAIRMAN:

Q. Can you supplement the statements already given with any additional information?—A. I do not know that I have any additional information, any more than to say that one of the grievous complaints among the people here has been the favoritism shown by the company in the distribution of passes and favors. We find in the courts, both the State and Federal courts, that these favors are carried to a considerable extent, particularly in the giving of passes to jurors. When cases are commenced here between the companies and the people they are generally referred to the Federal court, and where they are tried by a jury the jury are favored by the company with passes; and in my opinion it is not promotive of the ends of justice.

Q. What favors have they granted other than passes? Have they ever granted rebates for the purpose of getting favors?—A. I do not

that I can give any specific cases, but there is a general rumor men who will work in their interests will receive rebates.

Q. What other favors have been granted from time to time?—A. who are particularly favorable to the company not only receive for themselves, but for their families.

INFLUENCING LEGISLATION.

Q. What knowledge have you as to the efforts of the Union Pacific Company in influencing legislation?—A. My knowledge on subject is simply general. I think that it is generally understood the Union Pacific Railway Company, when a United States Sen- has been elected, is always on hand with its political strikers in force. Particularly last winter they were well represented here. from all over the State were brought here in their interest.

Q. What were their methods in attempting to influence the legisla-?—A. The methods that are usually employed in such cases.

Q. Was there an expenditure of money on the part of the company?—I never saw any money paid. But they had men of influence from over the State here, and a legislator with whom such a man was ac- ted was singled out for him to work with. They exerted all the nce they could bring to bear in that way.

By Commissioner LITTLER:

Q. Are you now speaking of all the railroads, or of this particular ?—A. I am speaking now of this particular one, since you confine to this. Of course that was not confined to this particular road.

PLAN OF SETTLEMENT.

By the CHAIRMAN:

Q. Have you considered the question of the settlement with the Gov- ment by the Union Pacific Railway Company?—A. I have thought of it.

Q. What conclusion have you reached as to the best method of set- ment by this company with the Government as to the debt?—A. I thought that the best way was to allow them to continue on and off, if possible; as the bulk of the freight is growing larger and er and the traffic becoming greater and greater, population settling along its lines, I have been in hopes that they would be enabled to the demand on them and pay up, if they only had a fair show. I in favor of the extension of the line by branches, in order that they ht meet their obligation. I am in favor of giving them all the show can.

By Commissioner LITTLER:

Q. Are you in favor of extending the time for payment if it becomes ry?—A. Yes, sir.

EFFECT OF A SETTLEMENT ON THE COMMUNITY.

By the CHAIRMAN:

Q. In your judgment, what effect would such a settlement have upon community?—A. What the community wants is better rates; and inclined to think that such a settlement would give better rates, therefore give better satisfaction.

Q. How could such a settlement affect the rates?

The WITNESS. Such a settlement, rather than a foreclosure?

EFFECT OF SETTLEMENT ON RATES.

The CHAIRMAN. I am speaking of the settlement you have suggested. How would it affect the rates?

A. I think that, in all probability, if they are permitted to extend their lines and time is given them, rather than press them to the wall, the natural tendency would be, that they could then give better rates. If they are forced to meet their payments immediately, they have got to earn more money to do it and to meet their interest. If longer time is given them, they can reduce the rates. But I think that the interstate commerce law, if the fourth section is enforced, is going to benefit the people.

EFFECT OF SETTLEMENT ON POOLS.

Q. If the extension is to be granted, how could the Union Pacific Railway Company change rates without the consent of the other companies with whom they have pooled rates, both passenger and freight?—A. I think they would be, perhaps, more inclined to agree to a reduction.

Q. That is, the Union Pacific Company would agree?—A. Yes.

Q. Would the other companies?—A. Well, they have all got to agree before a pool can be entered into; and if you put it in a condition so that it is prepared for a concession, you have accomplished one step.

Q. That suggestion would be made by you, notwithstanding the fact that the Union Pacific Railway Company had, in a period of ten years, declared dividends amounting to nearly $7,000,000 and built 2,700 miles of branch lines?—A. I do not know that that would change the view.

LINCOLN, NEBR., *Monday, July* 4, 1887.

JOSEPH C. McBRIDE, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am in the real estate business at present.

Q. How long have you been in that business?—A. About a year and a half.

Q. How long have you resided in Lincoln?—A. Twelve years.

SENTIMENT OF COMMUNITY.

Q. What is the sentiment prevailing in Lincoln concerning the treatment of the community by the Union Pacific Railway Company, as to business matters, especially as to shipments?—A. I think it is about as stated by Mr. Sawyer. There have been some complaints; probably more along the line of the road in the small towns than here.

NATURE OF COMPLAINTS.

Q. What has been the nature of the complaints?—A. It has been that there was an exorbitant rate of freight—an exorbitant tariff.

Q. How long have the complaints continued?—A. I think fifteen years—since I have been in the State.

Q. Have the railroads discriminated as against shippers, one against the other?—A. They have been accused of that.

DISCRIMINATION AGAINST COMMUNITIES.

Q. Has this community been discriminated against?—A. As I am informed, it has been, in regard to the charges of the Union Pacific Railway Company on goods.

Q. That is, to points beyond the rates are lower than to Lincoln?—A. Yes; not only shipments from there, in this direction, but shipments from here in that direction.

DISCRIMINATIONS AGAINST INDIVIDUALS.

Q. Have there been complaints as to discriminations against individuals?—A. I do not know whether they have existed in this locality or not. There have been in the surrounding towns and counties, I think.

Q. What has been the nature of the complaints?—A. I remember a long discussion and quite an amount of talk over coal and lumber in Butler County, David City, and along there.

FACILITIES AND ACCOMMODATIONS.

Q. What have been the facilities and accommodations that have been afforded by the Union Pacific Railway Company with reference to passengers and freights?—A. I am not competent to testify on that point, for the reason that I do not know much about it. I have not been engaged in a business that would bring those matters to my knowledge.

Q. Have you been engaged in real estate business along the line of the road?—A. I bought quite a large lot of their land a few years ago.

TOWN-SITE COMPANIES.

Q. Have you any knowledge of the town-site companies?—A. I bought some of their town lots.

Q. On the line of the Union Pacific road?—A. On the branch from here to Omaha.

Q. Who compose the town-site company that you bought of?—A. I never noticed. I have got the deed in my office, but I did not notice it.

By Commissioner LITTLER:

Q. With whom did you deal?—A. I dealt with different parties. When I went to them about town lots they referred me to a Mr. Frank Smith, and when I went to him I asked him to submit me a proposition as to what they would take for lots in Weston. He notified me, after a few days, and I bought them.

By the CHAIRMAN:

Q. How long ago was this?—A. About a year ago last August or November.

Q. Where is the land located?—A. It is in Saunders County, between here and Omaha; a little town called Weston.

COMPANY NOT INTERESTED IN TOWN-SITES.

Q. Have you any knowledge of the town-site companies disposing of land in other localities?—A. No, sir; I do not think they have a town-

site company, for the reason that I talked with the officers and tried to get a town-site company to take in men who had been handling their western lands very largely. Mr. Burnham was then land commissioner, and he told me that the officers had never organized a town-site company, for the reason, he said, and the only reason, that the Union Pacific Railway, being a subsidized line, was subject to Congressional investigation, and they did not care to have the officers of the company mixed up with it. I also talked with Mr. Thurston, who was assistant attorney of the company, and he and others talked favorably of it for several months, but finally it fell through. This was only last year.

DONATIONS OF LANDS FOR DEPOTS, ETC.

Q. Has the railroad company, through individuals, participated in the holding of land and the disposal of it?—A. My judgment of it is that, without looking at papers that I have in my possession, in some cases where they built to a town that was already established, or where they located a town-site on some other party's land, they got part of the town lots in addition to depot grounds and such things as that. But whether they held them as part of the legitimate property of the road, or whether they were held by some of the officers for their own profit, of course I could not tell. I will submit my deed if it will be of any service.

The CHAIRMAN. We would like to have the names.

The WITNESS. It is signed by some one, but I really do not remember whom. I will submit it to you.

CITY AID TO ROAD.

Q. Has there been any aid afforded by the city of Lincoln to the Union Pacific Railway Company in the way of contribution of bonds?—A. No, I think not.

Q. Or by lots for station purposes?—A. I do not know. There may have been.

PLAN OF SETTLEMENT.

Q. Have you considered the question of a settlement and adjustment between the railroad company and the Government?—A. I have read the various opinions expressed through the newspapers, and have read opinions expressed by individuals on the subject.

Q. Have you formed an opinion?—A. Well, yes, my judgment would be that it would probably be a good thing to have the road closed out, and have it put into the hands of men who would conduct it on business principles, where they would be satisfied with a decent interest on the amount of money that was invested.

INFLUENCING LEGISLATION.

Q. Have you any knowledge as to the efforts of the company in the direction of influencing legislation?—A. I have some.

Q. What knowledge have you?—A. I have been familiar with the officers of the road for twelve or fourteen years, and know it was their constant practice to give passes to members and persons that they had here to influence members. They had also, undoubtedly, a very large roll. That is, I have had it from the lips of men who knew. They had men paid by the day here last winter, and their sole business was to influence members of the legislature.

USE OF MONEY.

Q. Have you had any knowledge of the use of money by them for that purpose?—A. I never saw any money paid out by them, of course.
Q. Had they headquarters here?—A. Yes.
Q. Were they here during the whole session?—A. Yes.
Q. Was their attention directed to questions affecting railroads?—A. Yes; and to the election of a United States Senator.
Q. This interest they took without regard to party?—A. Yes, as a general thing. I do not think the railroad companies care which political parties win. I know it has been conceded universally that in counties where the Democratic party is in the majority they have paid attention almost wholly to the election of friendly members to the legislature who are Democrats, and in Republican counties they try to elect friendly Republicans.

RAILWAY LEGISLATION.

By Commissioner LITTLER:

Q. I want to get a little more information about this railway legislation. Did this effort to influence legislation confine itself to the Union Pacific Railway Company, or was it a general railroad interest that confederated and combined here in the interest of railroads generally?—A. It was general. Other roads took hold. There were more here last winter from the Fremont and Elkhorn than ever before. Each company had some one here that was bossing the gang.
Q. Each of the important companies in the State?—A. Yes, sir. Mr. Thurston seemed to be bossing the gang for the Union Pacific Railway Company.

MONEY TO INFLUENCE LEGISLATION.

Q. You say you do not know of their paying money to influence legislation?—A. I say I did not see them pay it.
Q. Well, do you know that they paid it?—A. I am as well satisfied of it as I am that I live; but, of course, I cannot swear to it.
Q. How did you reach that conclusion?—A. I saw a list. I want to say this, however, that in my judgment the Union Pacific Railway Company did not spend much money last winter; but I think the Burlington and Missouri Railroad spent considerable money.

A "YEA AND NAY" LIST.

By the CHAIRMAN:

Q. What was the list you were going to give?—A. I say I saw a list in the hands of a prominent politician here, a "Yea and Nay" list, that was checked off, of speckled fellows; some members he said he could control, that he had pleasant relations with, and so on. That was in the Senatorial election, however.

A GRAND "COMBINE."

By Commissioner LITTLER:

Q. Was it in relation to the Senatorial election exclusively?—A. Well, my experience has been somewhat extensive in such matters. I have had more or less to do with politicians since I have been a resident of the State. They combine. It is a grand "combine" all the

way around in these matters. For instance, in the election of a Senator the railroad company would put out their best workers; and once they get a member in their power they are apt to utilize him, then, upon almost anything.

Q. Vote him right through?—A. Yes. Then they will change off a little. If they lack a few votes they will take in some other power that lacks a few votes, and they will utilize that. The Senatorial election, the railroad legislation, the Omaha charter bill, and one or two other measures I am satisfied, made a combination that, I think, made them strong enough to put them through.

Q. Getting a sort of omnibus interest?—A. Yes.

Q. That made them strong enough to put that through?—A. Yes.

Q. Including the United States Senators?—A. Yes.

THE "COMBINE" VOTE THE SLATE STRAIGHT.

Q. And the members of that "combine" would vote that slate right through?—A. Yes. Of course they would not be able to control all on everything, but there would be enough as to each to put them through.

By the CHAIRMAN:

Q. Who was the prominent politician who had the list?—A. It was Mr. Stout.

Q. Who is Mr. Stout?—A. He is a man who has shipped heavily over the Union Pacific Railway and the Burlington and Missouri Railroad here, for a number of years. He owns stone quarries east of here, and to the northeast.

Q. Did he ever sell any stone quarries to the Union Pacific Railway Company?—A. I am not sure about that. I rather think he did.

The CHAIRMAN. Are the stone quarries already referred to the stone quarries purchased of Mr. Stout?

Mr. MINK. I cannot tell you, Mr. Chairman. I think they are located to the south.

The WITNESS. I think they are the same.

Q. Does Mr. Stout live there?—A. Yes.

THE PART MR. STOUT TOOK.

Q. What part did Mr. Stout take here?—A. He only had a few conversations with me. I was friendly to General Van Wyck's interests, and those interests were not likely to combine. Mr. Thurston was a candidate for Senator, himself. I had talked with him as to how Mr. Van Wyck's interest would go in the event that it would break up. Of course Mr. Thurston was anxious, in case it did break up, to get all the strength he could from that side.

THE ROAD ACTIVE IN THE SENATORIAL ELECTION.

Q. What would be the interest of the Union Pacific Railway Company, or any company, in getting into the United States Senate?—A. I could not fully determine that. I suppose they had interests in the national legislature where it would be to their advantage to have parties there friendly to them, and specially friendly. They have also taken a very active part in the election of United States Senator.

THE PART MR. THURSTON TOOK.

Q. What part did Mr. Thurston take?—A. He was manageing the Union Pacific interests here; at the same time, as I say, he was a candidate, in a quiet way, for Senator himself. I think he managed their politics as far as he was able to, to prevent an election until they should be well tired of their original candidates, and he might probably be a compromise candidate, and a successful one.

COMPLAINT OF THE AGRICULTURAL INTERESTS.

Q. Has there been any complaint, to your knowledge, from the agricultural interests as to discrimination against them in grain shipments?—A. Yes; I think it is probably true that a farmer could not ship a car-load of grain within five or eight cents as cheap as a shipper can. I know those that have tried have always lost money in it—trying to ship direct to Chicago.

By Commissioner LITTLER:

Q. Trying to ship their own grain?—A. Yes.

By the CHAIRMAN:

Q. What was the reason?—A. They could not get rates.

REBATES.

Q. Was there not a published, open rate?—A. Yes; but there were rebates.

Q. What knowledge have you on that subject?—A. I remember reading the testimony of Mr. Carnes, of Seward County, which was taken here several years ago before the legislature. It was in relation to complaints, I think, filed by Mr. S. S. Reynolds, who was at one time a partner of Mr. Carnes. It developed finally that Mr. Carnes was getting rebates frequently, and Reynolds was compelled to abandon the business.

LOSSES BY REBATES.

Q. Then, if the agricultural interests were to ship openly at the open rates published by the Union Pacific Company, they would be losers, because there was a rebate or preferential rate given by the company to preferred shippers that enabled them to sell at a lower rate in the market?—A. Yes.

Q. Have you any other information that you can give us?—A. Not that I am aware of.

LINCOLN, NEBR., *Monday, July* 4, 1887.

ISAAC M. RAYMOND, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am senior member of the wholesale grocery house of Raymond, Brother & Co.

Q. How long have you been in business here?—A. Fifteen years.

Q. During that time have you had business relations with the Union Pacific Railway Company?—A. I have had, and with all other roads.

The CHAIRMAN. I make my inquiries especially with reference to the Union Pacific Railway Company.

The WITNESS. Yes, sir.

FACILITIES AND ACCOMMODATIONS.

Q. What facilities or accommodations have been afforded to you as a shipper over the Union Pacific Railway during the time you have been in business here?

The WITNESS. What do you mean by facilities—terminal facilities?

The CHAIRMAN. Terminal facilities and general facilities.

TERMINAL FACILITIES.

A. The terminal facilities at this point are only fair. The general treatment of the Union Pacific Company to the shippers of Lincoln, in my opinion, has not been generous or on an equality with that afforded to other points of like importance. I will illustrate. I think the Republican Valley branch of the Union Pacific Railway was built in here about 1880 or 1881. At that time Mr. Shelby and Mr. Kimball and other officers made Lincoln a visit and said that Lincoln should always be placed on the same basis as Omaha, on business from the Pacific coast, as to rates. That was maintained for three years. The published, open tariff was the same from Lincoln as from Omaha to the Pacific coast.

RATES TO OMAHA AND LINCOLN ON SUGAR.

When Mr. Spreckels, of San Francisco (the great sugar man), came into this Missouri River market to dispose of his sugar there was a special rate of 50 cents per 100 pounds made. That rate was made to include Lincoln. It included also Omaha, Nebraska City, Saint Joseph, Atchison, Kansas City, and Leavenworth. I think those were the main towns that were doing a shipping business at that time. Also the special commodity rate on canned goods was the same to Lincoln as to Omaha. Lincoln is somewhat the rival of Omaha in the way of jobbing and distributing goods. The Omaha merchants wrote a letter to Mr. Spreckels in regard to this business and asked him if it was not in his power to quote the price one-eighth of a cent higher on sugar to Lincoln than to Omaha. He said he would not do it. I have his letter, somewhere, now. The Omaha jobbers immediately appealed to Mr. Kimball. Mr. Kimball immediately saw a way out of it, and he struck Lincoln from that tariff and ordered that the sugar should be shipped to Omaha, and that Lincoln should be charged the local rate from there to Lincoln. That continued for some months, and the citizens got a little indignant and tried to do something about it, but nothing could be done. Finally we had a committee go to a meeting of the agents at Denver, and there we had the rate reduced from 19 to 16 cents. That continued for a year or so. Finally, a little while before the interstate commerce law went into effect, the Union Pacific Railway Company quoted the rates the same. Since that time they have refused to take sugar to Lincoln unless it was shipped to Omaha and then shipped from Omaha here. I have a few bills of lading of sugar consigned to Raymond Bros. & Co., Lincoln. They read "Raymond & Bros., Lincoln." The freight bills are at the office. They are charged 16 cents per 100 pounds to Omaha, and 5 cents from there to Lincoln.

By Commissioner LITTLER:

Q. Is it any further from here to the Pacific coast, by rail, than it is from Omaha to the Pacific coast?—A. It may be a few miles, 20 miles, possibly; but the distance is so little more that it makes no difference in the freight, because they would take it to Nebraska City or Council Bluffs and pay the arbitrary rate. All have the same.

EFFECT ON SUGAR BUSINESS IN LINCOLN.

By the CHAIRMAN:

Q. What effect has it had on your business?—A. It has almost ruined our business in the way of sugar, for the reason that the Omaha merchants can ship sugar to every point west of us, where we cannot make cost on it, because the Union Pacific rate is the same, or a little less, at points west of us, as at Lincoln. They have the advantage of us and it is the destruction of our business. It is the same way in California canned goods.

Q. What goods?—A. Anything that comes from the Pacific—beef, honey, &c.

By Commissioner LITTLER:

Q. How far is it from here to Omaha by the Union Pacific line?—A. The way they run, it is 95 miles, I think.

LOCAL FREIGHT RATES.

Q. Is, or not, 60 cents a hundred a high local rate, independent of any other consideration?—A. That 60 cents per hundred is from San Francisco to Omaha.

Q. How much is the local rate from Omaha to Lincoln?—A. Fifteen cents per 100 pounds by car-loads.

Q. Then the Omaha merchants have an advantage of 15 cents per 100 pounds over you here?—A. Yes.

Q. Is, or not, 15 cents a hundred pounds a very fair profit for handling goods at wholesale?—A. Yes, sir; it is on that commodity. Six cents a hundred is.

REBATES.

By the CHAIRMAN:

Q. During the time we are speaking of, have there been any rebates allowed to any shippers in your line of business in Lincoln?—A. I will tell you what rebate I got. When they changed the rate from San Francisco to Lincoln, making us pay the rate to Omaha, plus the local rate back to Lincoln, I paid it and put in my claim for the overcharge. They held it for two years or over. They made several overtures to me to settle at 6 cents a hundred, where they charged 19. I refused. I finally put it in the hands of a lawyer, and he put himself in communication with them, and they finally paid it.

But it has been a constant annoyance to the business interests of this community all the time, to get fair, equitable, and just rates, equal to those of other towns, as to this western business. I am free to say that the Union Pacific Company favors Omaha and Kansas City and other favor cities to the detriment of other points in the State. They have continued to do so.

Q. Their rates are made in that direction?—A. In that direction.

EFFECT ON COMMUNITIES.

Q. What general effect has it on the communities that are so discriminated against by those rates?—A. It increases the cost of all the material they use and all the provisions they consume. It increases the cost of sugar 15 cents a hundred pounds, and, of course, that increases the cost to the consumer.

By Commissioner LITTLER:

Q. Does most of your sugar come from California here?—A. At certain times of the year it all does.

SPECIAL RATES.

By the CHAIRMAN:

Q. Have complaints been made of special or discriminating rates made by the Union Pacific Railway Company in favor of certain shippers as against others?—A. Not that I have heard of.

By Commissioner LITTLER:

Q. Is that rate you have spoken of the prevailing rate in all places about here?—A. I presume it is.

Q. And is the rate at Lincoln the same to all men who ship car loads—all jobbers?—A. I presume it is; that is, since the 5th of April.

RATES FROM LINCOLN TO CALIFORNIA.

Q. Upon what principle of commercial dealing do the wholesale men of Lincoln claim the same rates from California as the Omaha people get?—A. Because we have other routes to California. The Chicago, Burlington and Quincy furnishes a through route to California, and they refuse to take sugar to Lincoln.

Q. Why is that?—A. Because of the combination.

Q. Is it a pool?—A. I do not know that it is a pool particularly, but it is a combination.

Q. Do you mean that the Burlington and Missouri system, at the California end, refuses to receive this class of freight for shipment over its lines?—A. It does, to Lincoln. I have a letter in my pocket, I think, from Mr. Miller, the general freight agent of the Burlington road, declining. He says, "I see no way for you to do but to ship 'flat' to the river, and pay the local freight back." I asked for the same rate that Omaha had, on a shipment of 3,000 cases of California canned goods.

By the CHAIRMAN:

Q. What is the date of that letter?—A. June 13, 1887.

FORMER TARIFFS.

Q. Was that the condition of affairs prior to April 1?—A. The tariffs at that time were openly quoted 5 to 6 cents higher on that class of goods to Omaha, but as to anything that came over the Burlington and Missouri not a single shipper has ever been successful in getting a rebate back. It was untenable to haul the goods right through our town and then bring them back. How other shippers have been treated I do not know. You can readily see how it would work to have railroads discriminating against a place in that way. If a man sees a published rate and then finds that they have discriminated against the town he

will not come in there and start a business; he will go where they give the cheaper rates.

AGREEMENT AS TO SUGAR FREIGHTS.

Q. Do I understand you that there was an agreement between the Burlington and Missouri Railroad Company and the Union Pacific Railway Company that the Burlington and Missouri should not carry any shipments of sugar from California to Lincoln?—A. Well, I should infer, from the correspondence I have had, that there was an agreement of that kind.

Q. How long had that system continued?—A. Since the 5th of April. The people of Lincoln look upon the Union Pacific Railway as the natural transcontinental route. It is a broad gauge all the way through. The Denver and Rio Grande being a narrow gauge it necessitates the transfer of everything into their cars. Other things being equal, the Union Pacific Railway is the natural route across. If rates were fair and equitable to the city of Lincoln and to the city of Omaha from the Pacific coast, the Union Pacific Railway would get the business in connection with the Central Pacific. It makes the quickest time. This sugar is at the depot here now. It left San Francisco June 23, and part of it arrived here last Saturday, July 2; I understand that it is all here; there are some fifteen cars. Other merchants have bought some at the same time. We do not propose to pay this freight bill; we cannot afford to pay it.

DISCRIMINATIONS.

Q. What other information can you give the Commission in respect to discriminations?—A. I would state this, in regard to discrimination against the city of Lincoln, that before April 5, the Union Pacific Railway Company, with the Omaha and Republican Valley Company, down to Marysville, formed a through line to Kansas, City Saint Joseph and Atchison. They took thousands of car loads of freight that way, right through the city of Lincoln. If freight was being hauled from Saint Paul to Kansas City for 10 cents per 100 pounds, say, they refused to make that same rate to Lincoln. They refused to switch off a car load of freight here on those terms, though the freight was carried through this city to Kansas City. Since the 5th of April that line has been abandoned. They do not solicit business that way any more, and the Missouri Pacific now takes that business. The only reason why, I think, they abandoned it is that if they quoted 30 cents per 100 from Chicago to Kansas City by that line they would have to quote that rate to Lincoln.

DISCRIMINATION AGAINST CERTAIN CITIES.

Q. By that route how much farther is it from Chicago and Saint Paul to Kansas City than it is from Lincoln?—A. I do not know how many miles farther. It would be a good many miles farther from Saint Paul to Kansas City than to Lincoln. I presume it would be fully the difference between Lincoln and Kansas City.

Q. In other words, I understand you that they were willing, while that system was prevailing, to haul that class of goods 200 miles farther for a less sum than they would haul it here?—A. Yes; they did it.

Q. How did that affect Lincoln?—A. It gave Omaha and other towns south of us much the advantage over Lincoln.

DIVERSION OF FREIGHTS.

Q. Has there been a diversion of freight by the Union Pacific people down by way of Marysville, as against Omaha, towards the main line?—A. That I do not know.

Q. I mean soliciting freight—the local traffic, to go down to Saint Joseph instead of going up to Omaha on the main line, for the purpose of shipment east or west?—A. I have no knowledge of that. I do not know.

The CHAIRMAN. Under the act of Congress, the question is as to the diversion of freight to an aided road rather than an unaided road. What other information, if any, can you give to the Commission?

The WITNESS. I do not know that there is anything except the discriminations against the city of Lincoln.

LOCAL BUSINESS.

By Commissioner LITTLER:

Q. Have you mentioned them all?—A. I do not know that I have. In regard to local business, it has been demonstrated here that under the arrangements which the Union Pacific Railway Company have with the lines east of the Missouri River, their Chicago connections, &c., a shipment of ten car loads of freight from Chicago to Lincoln, distributed over their line from Lincoln, would make them much more money than if it was distributed from Omaha. For instance, the Union Pacific Railway Company, whatever the rate is at Lincoln, gets 40 per cent., probably, of the through rate, while on the freight from Omaha it would only get the local rate out of the city of Omaha. If that freight was brought into the city of Lincoln they would get 40 per cent. of the through business and the regular rate, local.

Q. That 40 per cent. would have to be an agreed rate over the lines over which it passes?—A. Oh, yes; there is such an agreed rate as that. It is always agreed.

Q. Why do you assume that this company could make such an agreement as that?—A. Because they have it now, and it has always been that way.

Q. Then, as I understand you, there is and always has been an agreement between the Union Pacific Railway and the roads east of Chicago with which it connects, by which the Union Pacific Railway Company has for a long time received 40 per cent. of all freight passing beyond Omaha over its line?—A. Yes, sir; 40 per cent. or more. Sometimes it is more, I understand.

Q. Without regard to the distance over which it is hauled?—A. I presume that as the distance increases they get more.

Q. Do you mean that 40 per cent. is the lowest rate accepted by the Union Pacific Railway Company?—A. I mean to inform the Commission that 40 per cent. is the amount exacted on Lincoln business, and also, I think, on Wahoo business, but as it goes farther west they probably insist on a larger percentage.

EFFECT OF POOLS.

By the CHAIRMAN:

Q. What effect has the pooling of rates on a community?—A. An honest pool or an honest agreement as to rates, based on the commercial importance of a town, I think, would be no detriment to a community.

Q. What do you mean by an honest pool?—A. I mean an honest pool, where there is no rebate allowed, or any advantage to any particular shipper.

Q. Did you ever know of such a pool?—A. I do not know that I ever did.

Q. Then there never was an honest pool?—A. I do not think there ever was.

Q. Preferential rates by contracts or agreements are detrimental to the community whenever made, are they not?—A. That is a fact when there are two or more men in the same class of business in a community, one receiving a special rate and the other not.

COMPARISON OF RATES.

Q. How do rates compare now on the several lines into Lincoln with the time when you had but one line into Lincoln?—A. They are about the same. From 1873 to 1880 Lincoln was on an Omaha basis. That is, we received the same rates, say, to New Orleans, as Omaha did. When the roads became multiplied here the rates were advanced, and they have been advanced, so far as the open rate was concerned, ever since. During that time there have been cuts in freight rates that have placed Lincoln in the old position again.

INFLUENCING LEGISLATION.

Q. What information can you give to the Commission as to efforts on the part of the Union Pacific Railway Company to influence legislation?—A. Nothing more than was said by the others. They use all sorts of ways and means to accomplish their ends.

Q. Have they, through their officers and employés, participated in conventions and elections?

INTERFERING IN ELECTIONS.

A. They have been in conventions and elections. I look on that in this light, that if a railway company goes to a legislator and tenders him a pass for his family or friends, they at that time tender him money, substantially. It is the same as money, because it would cost money to buy that transportation. I think the main influence in legislation has been in that regard; favors shown that way, largely; free transportation given to a man and all his friends and relatives, good perhaps for a year, or with the promise that any request of that kind will be granted at any time. There may be other means used, of course. It is commonly understood here, when the legislature is in session, that nobody need pay a dollar of railroad fare, if anybody has the audacity to ask a member of the legislature for a pass, or anybody connected with the "lobby."

PLAN OF SETTLEMENT.

Q. Have you considered the question of the adjustment of the debt of the Union Pacific Railway Company and the other aided roads?—A. I have, to a limited extent.

Q. What is your judgment in regard to it?—A. I would treat it as I would any other business transaction.

Q. How would that be?—A. If the Government has a mortgage against the railroad company and that mortgage is due (either first or second mortgage) I would foreclose it and take the property.

By Commissioner LITTLER:

Q. Suppose the mortgage is not due until 1895 or 1897, what would you do?—A. If I could compromise some way to get the road in my possession I would do it.

EFFECT ON THE COMMUNITY.

By the CHAIRMAN:

Q. What effect would that have on the community?—A. I think it would have a good effect if the Government would take the road and run it for fifteen or twenty years and then sell it out to some body who would run it on a just financial basis. The Government can borrow money better than any individual or railroad corporation. She could float an amount of indebtedness on that line at 2 per cent. where individuals or corporations would have to pay 4 or 5. I think the Government could take that road and run it and after a period of twenty or twenty-five years the first-mortgage bonds would be absolutely paid and she would still have the road. Then, of course, if she cared to sell it out she would be that much ahead. Cheapness of money enters largely into this question. Who can furnish the money cheapest to carry this great debt? The Government can do it cheapest of anybody. If the bonds are to pay even 4 per cent. the Government could do it for one-half of that. I would, for my part, like to see the experiment of the Government taking the running of the road for twenty or twenty-five years.

LINCOLN, NEBR., *Monday, July* 4, 1887.

ALFRED E. HARGREAVES, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am a wholesale grocer, of Hargreaves Bros.

Q. How long have you been in business here?—A. Since 1876.

Q. You have heard the testimony of the gentlemen that have been before us this morning?—A. Yes.

Q. Do you corroborate the facts given here with reference to the Union Pacific Railway Company?—A. Yes, sir; I do.

Q. Have you any additional information that you can give the Commission?—A. I do not think I have anything more than what Mr. Raymond spoke of.

EFFECT OF DISCRIMINATION ON SUGAR.

Q. Have you, in your business, felt the effect of the discrimination on sugar, spoken of by the last witness?—A. Yes.

Q. What effect has it had on your business?—A. That we have no margin at all on sugar. We ordinarily handle it for nothing at all.

Q. It ordinarily puts you out of business on that article?—A. Yes.

EFFECT ON OTHER ARTICLES.

Q. To what other shipments does it apply?—A. We are extensively engaged in the fruit business, and every car load of it that we get here

we pay from $50 to $60 a car more for than Omaha pays; fully that—$60 a car.

Q. Any other articles?—A. On the canned goods the same discrimination applies as on sugar and fruits.

Q. Have you any other information you can give the Commission?—A. I do not think I have. I think Mr. Raymond spoke the opinion of the grocers here.

Q. Have you any information as to discrimination against other shippers?—A. No; I do not think I have.

Q. Have you considered the question of the settlement with the Government?—A. No, sir; I have not.

Q. You have not formed any opinion on that subject?—A. No, sir.

LINCOLN, NEBR., *Monday, July* 4, 1887.

JOHN E. UTT, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Commissioner of the freight bureau here, and secretary of the Board of Trade.

Q. How long have you been secretary of the Board of Trade?—A. Two weeks.

Q. What was your position before that time?—A. I have been in the railroad business for fifteen years, and I was identified with the business of Lincoln from 1874 to 1883.

Q. What railroad position did you hold?—A. General freight agent most of the time of the Atchison and Nebraska, and I was afterwards connected with the Rock Island road as Western agent. During that time it was part of my duty to visit Lincoln.

Q. Have you had any business connections, by shipments or otherwise, with the Union Pacific Railway Company?—A. Only in connection with the Rock Island road from Lincoln west. I contracted freight in Lincoln for three years.

Q. Under what arrangement?—A. By authority of the railroad company.

Q. Was that by contract between the two companies?—A. Well, yes; I believe they participated in the rebates.

Q. Who directed you in the matter?—A. I was authorized by the Rock Island Railroad Company—the general agent of that road.

Q. You were subject to the orders of the general freight agent?—A. Yes, sir.

NATURE OF FREIGHT BUREAU.

Q. What is the nature of the freight bureau that you are connected with now?—A. To remove the discriminations against Lincoln and place it on an equitable basis.

Q. How long has it been organized?—A. About two months, I think.

Q. How many members are there in it?—A. All the business men in the city. The Board of Trade is composed of about all the business men of the city of all classes.

Q. Has this organization been provoked by the course of the Union Pacific Railway Company as to discrimination in rates?—A. Well, by the lines generally. The Union Pacific is one of the combination.

Q. It is a party to the combination?—A. Yes, sir.

CLASS OF COMPLAINTS.

Q. What are the classes of complaints that the board has received up to the present time?—A. Lincoln competes with Omaha for the trade of Nebraska, and the people of Lincoln want to have the same rate as Omaha, or they cannot compete successfully. They want those rates from Chicago and from California; otherwise they cannot compete.

Q. How long has this sentiment prevailed in the community?—A. I suppose, since the interstate commerce law took effect.

Q. It existed prior to that time?—A. Well, prior to that date the people here had the effect of the Omaha rate, and they had not so much to complain of. They got it in a private way, however.

Q. What private way?—A. By a rebate.

PRIVATE RATES.

Q. Then the Union Pacific Railway Company established a private rate against the open public rates?—A. Yes, sir.

Q. Were all the citizens permitted to have the private rate?—A. I think it was only given to some.

Q. Was the private rate to deceive individuals or other companies?—A. It was to get the business, I suppose.

Q. Then, while they were in the pool they were cheating the others who were in with them by giving private rates?—A. They gave the rates privately because it was a fair presumption that Lincoln should have it. Mr. Raymond, for instance, would go to the company, and, after complaining, they would give him the rate.

Q. Did they give it to any other citizens that did not complain?—A. I think it had to be applied for.

Q. Suppose it was not applied for?—A. They probably would not give it.

Q. How then could any one engage in the business in competition with Mr. Raymond?—A. They probably could not.

Q. Has that been carried on to a considerable extent?—A. I think so. And it has been done everywhere.

EFFECT OF POOLS ON COMMUNITIES.

Q. What is the effect of pools on the communities?—A. It is a good thing if the rate is general. Of course, if the city was put on a proper basis, and rates were maintained by the pool, it would be a good thing. But, as a rule, when a pool is formed there are a dozen that are favored with pool rates, and a dozen that are not. So that, as a rule, it would be detrimental to business.

EFFORTS TO REDUCE FREIGHT RATES.

Q. What efforts have you made to reduce the rates?—A. We have drawn up protests to the railroad companies, and have presented arguments to the Interstate Commerce Commission.

Q. Will you furnish the Commission with copies of those?—A. Yes, sir.

Q. Have the railroads answered your protests?—A. They have not had time yet.

Q. Do your protests commence with the time before April 1?—A. No; they commenced with April 5.

Q. Do the discriminations you have spoken of apply to the period prior to April 1?—A. We set forth, in the argument, that prior to April 1 the railroads gave the business men the benefit of the reduced rates, and that that established a precedent. The present rates are from 18 to 30 per cent. higher than the net rate here prior to April 5.

COMPARISON OF VOLUME OF TRAFFIC.

Q. How does the volume of traffic, freight and passenger, on the Rock Island road, for the same distance of local traffic, passenger and freight, compare with the main line?—A. I think the country is about equally settled up between here and Omaha, and that the towns between here and Omaha have a fair business; but the Union Pacific Company could not get all that business. It would not be the fault of the company, but because other roads run in competition with them. They have other roads that would draw trade away from them.

Q. Do you corroborate the testimony given by the other gentlemen whom you have heard testify here this morning?—A. Yes; as to freight matters.

Q. And as to other matters, how do you say?—A. I cannot say anything about that. I am not informed on the other points.

LINCOLN, NEBR., *Monday, July 4, 1887.*

ELI PLUMMER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am a member of the firm of Plummer, Perry & Co., wholesale grocers.

Q. How long have you been in business?—A. I have been in that business eight years.

Q. You have heard the testimony with reference to complaints as to the sugar business; do you corroborate all the statements that have been given in testimony?—A. I do, sir.

EFFECT OF DISCRIMINATION.

Q. The effect of the discrimination as against the sugar trade has been very injurious to your business?—A. Very injurious to our business. It makes our percentage of profit very much smaller. In fact, it makes it nothing on sugar a great portion of the time.

Q. That applies also to all your California shipments?—A. Yes, sir. There is one item I should like to speak of, in regard to canned goods from California. I was informed by one gentleman in Chicago that they now received the same rate of freight on all California canned goods that they did to the Missouri River. We think that is a discrimination against this locality.

EFFECT ON INTERIOR OF NEBRASKA.

Q. What effect will this have on this community and the interior of Nebraska?—A. Well, in all probability they will be able to make some arrangement to drop those goods off somewhere along the line. If they

have the same rate to Chicago, and if they can drop them off, it will be very injurious to business here.

Q. What other information can you give as to the points that have been mentioned?—A. I do not know that I can give anything. The ground has been pretty well covered by the gentlemen who have preceded me.

PLAN OF SETTLEMENT.

Q. Have you any information to give or views to give as to the debt?—A. No; I have not informed myself on that.

Q. Have you any information to give as to the efforts of the Union Pacific Railway Company to influence legislation?—A. Not anything in addition to what you have heard this morning.

By Mr. RAYMOND:

Q. Were you present with Mr. Kimball when he was here before the railroad commission?—A. Yes.

DISCRIMINATION AGAINST LINCOLN.

Q. Did you hear the complaint made by a shipper of eggs?—A. That the rate was $3.40 a hundred from San Francisco to Lincoln, was it not, and the rate to Omaha was $1.40 from San Francisco?

Q. $2.40, was it not, to Omaha, and $3.40 to Lincoln?—A. Yes, sir.

Q. How did he tell him to ship his eggs?—A. He told him he had better ship them to the Omaha dealer and let him ship to Lincoln; that he had a better rate.

Mr. RAYMOND. That only illustrates the difficulty of getting business done here.

The WITNESS. I would add to that, that since then I called on the local agent here and he told me that that rate on that same article of merchandise had been advanced.

EFFECT TO BUILD UP OMAHA.

By the CHAIRMAN:

Q. The effect of such an arrangement on the part of the railway companies is to build up their influence in one locality (in this case, Omaha) as against Lincoln and the interior?—A. Yes, sir; we are 23 miles farther from San Francisco, according to their mileage, than Omaha is, and if we pay $1 per hundred more, and now $1.60 more on the same amount of produce, it would be very detrimental to that city.

Q. The effect is to drive such shippers in the interior, and in Lincoln, out of business?—A. They would have to do as Mr. Kimball says, ship to Omaha, and let the Omaha dealer reship for them.

DETRIMENTAL TO LINCOLN.

By Mr. RAYMOND:

Q. Do you think the attitude of the Union Pacific Railway Company towards the business interests of Lincoln has been of that nature that it would increase their business here, or build it up?—A. I do not; I think it has been very much to the detriment of Lincoln. The other railroads claim that the Union Pacific Railway Company has the making of the rate into Lincoln from San Francisco; if that is the case, of course, 10 cents a hundred, which we have paid a great deal of the

on sugar, is certainly very detrimental to the interests of Lincoln—a 23 mile haul on a 1,868 mile run. The terminal facilities are certainly as good; I do not think it costs any more to haul into Lincoln than to Omaha, though there is, of course, is a 23 mile further haul on a haul of 1,868 miles; but I think 19 cents, and even 15 cents, is excessive.

BUILDING UP OMAHA AT EXPENSE OF OTHER POINTS.

By Commissioner LITTLER:

Q. Do we understand you to state that it is the policy of the Union Pacific Railway Company to build up the city of Omaha to the detriment of all other points in the State?—A. I do believe that, sir; I believe it is the policy of the present management to wipe out the wholesale business from the city of Lincoln.

Q. Would it not be for the best interests of the people of Nebraska if there were four or five general distributing wholesale points in the State instead of one?—A. I think so.

Q. By that means the people would have the benefit of the competition in the four or five points so established?—A. Yes, sir.

Q. And the result of that would be to furnish the products of the country at lower rates?—A. Yes.

Q. What effect would that have on the railroad interests?—A. I suppose it would be some little detriment to the Union Pacific Company at Omaha.

Q. What detriment would it be to the Union Pacific Railway as a line, as a great system spreading out all over this Northwestern country?—A. I do not think it would be any detriment; they would haul a great deal of stuff; we are compelled to put in Eastern sugar here when we could put in Western sugar; and so give the Union Pacific Railway the haul.

Q. Where is the natural market for your purchase of sugar?—A. We are governed by where we can get the sugars cheapest.

SUGAR CHEAPER FROM THE WEST THAN FROM THE EAST.

Q. Other things being equal, you ought to buy the sugars at the nearest point, ought you not?—A. Granulated sugars from the West have generally been delivered here for less money than from the Eastern market; and when they could be put down here at a cheaper price than sugars from Boston and New York, it would be our policy to take the cheaper sugar.

Q. What is the distance from Boston or New York to this place?—A. The mileage is 1,868 miles from San Francisco to Lincoln.

Q. You are about half way between San Francisco and New York, then?—A. Pretty nearly; I think the New York route is a little the longer.

LINCOLN, NEBR., *Monday, July* 4, 1887.

H. P. LAU, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Wholesale grocer.

REBATE ON SUGAR.

Q. How long have you been in business?—A. About sixteen or seventeen years. I want to state about this rebate on sugar shipped in

1885. When they were charging 19 cents per 100 from Omaha down here, I put in my claim for, I guess, about ten car-loads for this 19 cents a hundred. The papers were lying in this local office here for a year. When I asked for them I found them stuck away in a pigeon-hole.

By Commissioner LITTLER:

Q. These were rebate claims that you speak of?—A. Yes; I took them myself up to Omaha and explained them. I told Mr. Davis there I expected to get 19 cents a hundred for so many of them and 15 cents a hundred for so many of them; and, after three or four months, my vouchers came down, some at 19 cents a hundred, but not the proportion that I wanted to have. I sent them back and refused them. It was for May and June that I asked the full 19 cents a hundred, and for the months when I understood other shippers had only received 13 cents I was satisfied. The agent sent them back again, and, here, about a month or two ago, I received what I asked for. That is all I wanted to state, that they seemed to pay this rebate as they pleased and as they felt like. I had a lot of other claims there, too. There was one class of freight here that was 43 cents a hundred from Chicago here. And for two or three months the freights came at 48 cents per 100. Our rates were advanced 5 cents a hundred on everything. I do not believe there was any difference in the classification. This claim I have not been paid for yet. I do not know whether they will ever give it to me.

REBATE CLAIMS AGAINST OTHER ROADS.

By the CHAIRMAN:

Q. What explanation did they give as to the detention of your papers?—A. Mr. Davis did not seem to know anything about them. They had lain in the local office here for a year. I had claims against the Burlington and Missouri Railroad Company for the same thing, and they paid me.

Q. You have heard the testimony that has been given by the different witnesses this morning. You corroborate them?—A. I think they were correct.

Q. Have you any other information to give to the Commission?—A. I have not.

Q. Or any suggestion to make?—A. I have not.

The Commission then adjourned, to meet at the call of the chair.

MARYSVILLE, KANS., *Monday, July* 4, 1887.

At 2 p. m. the Commission met, upon the call of the chair.

Present, Commissioner Pattison (chairman) and Commissioner Littler.

ANDREW FLUHRER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am in the butcher business.

Q. How long have you lived here?—A. Eight years.

Q. Have you ever had any business with the Union Pacific Railway Company?—A. Yes, sir; some.

Q. What has been your business with them?—A. I have had some freight shipped; different times.

DISCRIMINATIONS.

Q. Have you had any complaints with reference to the treatment of the Union Pacific Railway Company?—A. Not particularly so.
Q. Have you generally so?—A. Well, there has lately been some complaint that they get freights cheaper from Kansas City than by way of Saint Joseph. That is only lately, though.
Q. That freights are cheaper by way of Kansas City than by way of Saint Joseph?—A. Yes.
Q. How long has that been?—A. About three months, as near as I can think.
Q. Has that been since the passage of the interstate commerce law?—A. I am not certain about that.
Q. Prior to that time were there any complaints?—A. Not that I know of.
Q. Have you heard any complaints among shippers as to rebates being allowed?—A. I have not, sir.
Q. Have you heard of any discrimination by the Union Pacific Railway Company against one class of shippers?—A. I have not.
Q. Have you heard of any discrimination by the Union Pacific Company against individuals?—A. No, sir.

FACILITIES AND ACCOMMODATIONS.

Q. Have the facilities and accommodations here been such as you regard as good?—A. I presume they are.
Q. Do you not know?—A. From my own observation, I think they are.
Q. Has the Union Pacific Railway Company, its officers, or employés participated in influencing elections?—A. No, sir.

COMPETING ROADS.

Q. How many railroads come in here?—A. Two.
Q. What are they?—A. The Omaha and the Saint Joseph and Grand Island, east and west.
Q. Do they both charge the same for passengers and freight?—A. I do not know.
Q. Do you not know whether they charge the same for passengers and freight?—A. I do not know.
Q. Do you ship only over one road?—A. No; I get some goods over one road and some over another.
Q. Do they charge you the same rates?—A. I think from Omaha here it is a little bit cheaper.
Q. Are there any competing rates between the two companies?—A. Not that I know of.
Q. Do they run along together, about the same?—A. I do not know.
Q. Did you ever hear of the Union Pacific Railway Company attempting to influence legislation?—A. No, sir.
Q. Did you ever hear of them engaging in politics?—A. No, sir; not in this town, as far as I know.

BUSINESS RELATIONS WITH THE COMMUNITY.

Q. Have you any information that you can give this Commission concerning the business relations of this railroad company to the community here?—A. As far as I know the officials here are all very well liked by the citizens for gentlemanliness.

Q. How are the prices liked?—A. There seems to be considerable complaint about the Saint Joseph and Grand Island being considerably high.

Q. Are the rates of the Union Pacific Company the same as the Saint Joseph and Grand Island?—A. They are not, as far as I can tell. There are gentlemen here that ship more goods than I do, and can tell better.

CUTTING RATES.

Q. Are the roads cutting each other in the rates?—A. That I do not know.

Q. Did you ever hear of it?—A. No, sir; I never heard of cutting.

Q. Then there seems to be some difference in charges here?—A. Yes, sir; it seems so.

Q. How much difference?—A. That I cannot tell exactly. I suppose it depends on the character of goods shipped. When I get goods shipped from Kansas City by way of Saint Joseph it costs me more than when I get goods direct.

Q. How much nearer is Omaha than Kansas City?—A. That I could not tell exactly. I suppose the distance is about the same, or very near the same.

Q. Have you any other information that you can give the Commission?—A. No, sir.

FACILITIES FOR SHIPPING GRAIN.

Q. What are the facilities here for shipping grain? Do you have much grain brought in here?—A. Considerably so; yes.

Q. How many grain elevators have you here?—A. We have only two now. One was burned up this spring.

Q. Where are they?—A. One is across the river, at Perry Hutchinson's mills, and one is up here, north of the depot—called the Farmers' Elevator.

Q. Are they both on the Union Pacific road?—A. On the Grand Island.

Q. Have you heard any complaints by the elevator men as to discriminations, or anything of that sort?—A. I have not.

Q. Is there room for another elevator?—A. It seems to me there is. We had one burned down this spring, and none has been built since.

Q. Why does not some one else engage in the business?—A. I do not know.

Q. Have you heard of any explanation of it?—A. No.

Q. Have there been any complaints by the farmers in the community as to their inability to ship here?—A. Yes; there is lots of complaint about high rates generally, not about the facilities.

Q. Is it about rates of the Union Pacific Company?—A. They do not mean any one in particular. Lately there have been bonds talked of for a railroad, and about high rates, but no particular railroad was mentioned.

Q. How long has that been?—A. I do not know exactly. Not very long.

Q. Was it prior to the 1st of April?—A. No; since the 1st of April.
Q. How did the rates during 1886 compare with the rates in 1885?—A. I do not know, sir.

CATTLE SHIPMENTS.

Q. Are there any stock shippers here—cattle shippers?—A. Yes, sir.
Q. How many?—A. Well, there are at present two; only one, though, that does any extensive shipping.
Q. What is the name of the man?—A. John Degnan.
Q. Has he a stock yard?—A. Yes.
Q. Is it on the railroad company's property?—A. I am not certain whether it is, or whether it is on the street.
Q. Is there room for only one stock yard?—A. Not at the same place, or location.
Q. No; but anywhere here in the neighborhood?—A. I presume there is, outside of the limits. I do not know, hardly, that there is, inside the limits.
Q. Has there been any complaint of excessive charge by this one cattle shipper?—A. No, sir; there has not.
Q. On what lines does he ship?—A. Mostly to Omaha.

COAL SHIPMENTS.

Q. How many coal shippers have you in Marysville?—A. Two.
Q. What is the population here?—A. About 2,700, I think.
Q. Has there been any complaint as to the coal shippers having any preference from the railway company in their rates?—A. No, sir; not that I know of.
Q. Did you ever hear of a private rate being charged by the railway company here, as against the open, published rate?—A. No, sir; I never have.

MARYSVILLE, KANS., *Monday, July* 4, 1887.

HENRY D. WATTERSON, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Selling goods; I am a merchant.
Q. How long have you resided here?—A. Over twenty-seven years.
Q. Have you had business dealings with the Union Pacific Railway Company?—A. Not much.

COMPLAINTS AGAINST THE COMPANY.

Q. Have you had any complaints in this community as to the business dealings of the railroad company?
The WITNESS. Of the Union Pacific Company; do you mean by that the Grand Island Company?
The CHAIRMAN. Yes.
The WITNESS. My business has been nearly all with the Grand Island.
Q. The Saint José and Grand Island is a leased line of the Union Pacific Railway?—A. Yes.

COMPLAINTS AS TO CHARGES.

Q. Have there been any complaints in this community as to the charges for freights or passengers?—A. I have heard but little.

Q. What have you heard?—A. I have not heard anything lately; but here, some time ago—not very long, either—I used to hear a good deal of complaint that the rates of shipment for stocks and grain, &c., were much cheaper on the Central Branch than on this road. I investigated the matter a little, to ascertain why the stock-buyers and cattle buyers and grain-buyers could not pay as much here as on the Central Branch, and they universally told me that the rates were cheaper on that road than they were on this, and that they were not able to pay so much. I know that the price of grain and the price of hogs were cheaper on that road than on the Saint José and Grand Island. I know but very little about the North and South road, for I have had very little to do with it.

By Commissioner LITTLER:

Q. What do you call the North and South road?—A. It was called, originally, the Marysville and Blue Valley.

Q. What do you call it now?—A. The Omaha and Republican Valley, now.

By the CHAIRMAN:

Q. The complaint was that the rates from Saint Joseph to Marysville were higher than over the Central Branch of the Union Pacific; was that it?—A. That is what I understood them to say; I do not know it myself, only I have been told so by different parties.

DISCRIMINATIONS.

Q. Do you know of any discriminations here by the railroad company as against the individual shippers of Marysville?—A. No, sir; I do not.

Q. Did you ever hear of them?—A. I do not think I ever did.

Q. Did you ever hear of one citizen being favored more than another in charges?—A. I have heard a good deal of supposition; but it was only supposition. I could not find out a man who could say that he knew so and so.

Q. Were there any citizens of Marysville that had any advantages over any other shipper by reason of lower rates?—A. Not that I know of.

Q. Did you ever hear of any rates or agreements made for one class of citizens or shippers as against another?—A. No.

Q. Have there ever been any discriminations by the railroad company in favor of or against any one class of citizens or shippers?—A. Not that I know of.

Q. Have there been any complaints among the citizens on that subject?—A. No, sir.

COMPLAINTS AMONG FARMERS.

Q. Have there been any complaints among the farmers as to their shipments?—A. I have heard a good deal of growling.

Q. Of growling about what?—A. That the rates were too high.

Q. Do all the railroad companies coming in here charge alike?—A. They do.

Q. So that it made no difference as to whether there was one railroad or whether there were two or three; they all pooled?—A. They have all had the same rates.

Q. Have you any suggestion to make to the Commission, or any information that you can give it?—A. I have not. I have given this matter but very little thought, indeed.

MARYSVILLE, KANS., *Monday, July 4, 1887.*

I. C. WENTZ, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Buying grain.

Q. How long have you been in business here?—A. About four years.

FACILITIES OFFERED.

Q. What facilities have you had over the road controlled by the Union Pacific Company as to shipments?

The WITNESS. That is, you mean cars and such as that?

The CHAIRMAN. Yes; cars and sidings and accommodations.—A. We have never had any trouble.

Q. How has it been as to freight rates?—A. I am not shipping now. I have bought grain here for Himebaugh & Merriam, of Omaha. I used to be agent for them here for three years; but they put up an elevator, and since then we have never been able to do any business here. They claimed they could not let me pay enough to do business with.

GRAIN FACILITIES.

Q. Have Himebaugh & Merriam an elevator here now?—A. Yes; they have a warehouse here. I have it rented from them now. The main elevator they had here burned down. That was a large elevator and held about 30,000 bushels.

Q. Were you trying to compete with them?—A. Oh, no; I was buying for them. They cut my prices.

Q. Were you buying for yourself?—A. Yes; I am buying now from Saint Joseph.

Q. What rates did Himebaugh & Merriam pay?—A. I do not know.

Q. Did they pay the open rate?—A. I do not know.

REBATES.

The CHAIRMAN. I can tell you that they did not. They had a rebate from the company.

The WITNESS. Well, if they did, they never told me; and they did not do business after that time.

Q. The effect, if they had a rebate, would be that no other shipper could ship against them, if the other shipper did not get the rebate. Would not that be the effect?—A. Well, I do not know what effect it would have. I shipped direct for farmers here a good while, and we never had any rebate.

Q. If Himebaugh & Merriam had a rebate, how could you compete with them?—A. After they commenced here we did not do any; we sold to them.

Q. The effect of that was to compel everybody to deal with Hime-baugh & Merriam; was that it?—A. That is the way it looked to me.

Q. What other complaints were made here?—A. I do not know as that was a complaint. The farmers were perfectly satisfied to get on the track here what they could get at Chicago.

Q. Himebaugh & Merriam had no competitors, had they, here?—A. Oh, yes; Hutchinson has a large elevator here.

Q. On the same road?—A. Well, no; not on the same road.

Q. Did they have any competitors on the same road?—A. They had one man.

Q. How long did he last?—A. He was doing business for a year.

COMPLAINTS AS TO CHARGES.

Q. Have there been any complaints of charges being allowed the stock-yard company, or favorable rates being given to some one?—A. We have two stock shipping parties here; one shipping to Omaha and the other to Saint Joseph, and one is always complaining against the other, that the other is getting better rates.

Q. Have there been any complaints, to your knowledge, about discriminations by the company against any shipper?—A. No, sir.

Q. Have you any other information you can give to the Commission?—A. No; not that I know of.

COMBINATIONS OF FARMERS.

By Commissioner LITTLER:

Q. Is it not true that the farmers have combined together and built an elevator, in order to try and break the monopoly?—A. Well, yes; I was one of the main movers in that myself. Previous to that, Hutchinson was the only elevator man here, and we did not think he was paying enough, not as much as he ought to have paid. We put up our own elevator and commenced buying for ourselves; then Himebaugh & Merriam commenced buying on the track here, and Gregg Brothers of Saint Joseph commenced buying here. When Himebaugh & Merriam commenced doing business here we could do better to sell our grain to them.

Q. You found that you could not compete with Himebaugh & Merriam?—A. Yes; we found that out right away.

Q. They paid you more than you could get in the market by shipping yourself?—A. Yes, sir.

FREIGHT RATES.

By the CHAIRMAN:

Q. How have freights been—have they been high or low?—A. Last winter they were low. Our published rate here, I believe, has always been 32 cents, has it not?

Mr. LONERGAN (railroad station agent). It was 32 cents until the farmers complained that they could not ship their corn, and then the company reduced the rates to 27 cents—made a reduction of 5 cents, to enable the farmers to move their corn.

The WITNESS. That was so; but it went back again.

Mr. LONERGAN. It went back again when the market justified the raising of the rate.

GRAIN PRICES.

By Commissioner LITTLER:

Q. What are you paying now for corn?—A. Twenty-two cents.

Q. What are you paying for wheat?—A. Twenty cents for oats and 2 cents for corn. There is no wheat here.

Mr. LONERGAN. With the permission of the Commission I will say that there is no wheat here. Mr. Hutchinson has telegraphed to Chicago to see if he cannot get wheat to carry on his mill.

Q. What is the capacity of his mill?—A. From 230 to 300 bushels per day.

Q. What is the rate for shipping in here from Chicago?—A. That is what we are trying to find out by telegraph.

Q. That is a new element in your business here, is it?

Mr. LONERGAN. It is something we are trying to find out.

The CHAIRMAN. What percentage of land is under cultivation in this county?

Mr. LONERGAN. I believe about two-thirds.

Q. What is the average price of land in this county?—A. About $25 an acre.

Q. Are the people of this region reasonably prosperous, notwithstanding these rates?—A. I guess they are, about as well as they are in any part of the State.

INTERFERENCE IN ELECTIONS.

Q. Have the railroads been connected in any way with elections in this place, through their employés or officials?—A. Not that I know of.

Q. Have they in any way participated in attempts to influence elections?—A. I never heard of it.

Q. Have the rates by both railroads been the same here?—A. As far as I know, they have.

CUTTING OF RATES.

Q. Has there ever been any competition—any cutting of rates?—A. All the time I have thought there was, last winter. Hutchinson was on the Saint Joseph and Western, and went on the Union Pacific. He paid more for corn than we could pay. Whether he got it on a cut or not I cannot say. I was then buying for Himebaugh & Merriam. I wrote to them asking if they were paying that, and they wrote that they could not pay that. So we did nothing.

Q. The effect of that was to drive it over the other road?—A. Yes, sir.

Q. Have you any other information you can give the Commission?—A. No, sir.

MARYSVILLE, KANS., *Monday, July* 4, 1887.

WILLIAM BERKER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Newspaper man and postmaster combined.

Q. How long have you been a citizen of Marysville?—A. Seven years.

Q. How long have you been publishing a newspaper?—A. Six years.

FACILITIES AND ACCOMMODATIONS.

Q. Have you at any time heard complaints as to facilities and accommodations?—A. I think I have.

Q. What has been the nature of them?—A. High rates.

Q. How long have the complaints lasted?—A. All the time.

Q. Have both companies had the same rates?—A. Yes; the same complaints have been made against both.

Q. The rates have generally been the same?—A. Yes.

Q. In the time you have been here have the rates decreased or increased proportionately?—A. They have been pretty much the same, except since the interstate commerce bill went into effect there was more complaint than before in regard to shipping farther than Saint Joseph and so on.

Q. Prior to that time had there been complaints?—A. I have paid nearly as much, by 5 cents, to ship freight (newspapers) from Chicago to Saint Joseph as from Saint Joseph to Marysville.

Q. How long have the rates existed with reference to that charge?—A. A long time.

DISCRIMINATIONS AGAINST SHIPPERS.

Q. Have there been complaints made of discriminations against particular shippers?—A. We cannot tell as to discriminations. We have tried to get elevators here, and the man that has an elevator here has tried his level best not to have us do it. We have had meetings of citizens to get elevators, and he always had his henchmen here to vote it down. The man that was on the stand before me kept ignorant of it.

Q. When Himebaugh & Merriam moved in and built their elevator they had no opposition—no trouble.—A. There was at the start, but I guess they pretty soon arranged the matter.

Q. What was the opposition at the start?—A. It was like the case of men selling in stores, I suppose. One would try and beat the other; and then they would have a conclusion to have things go on smoother, and make the same rates.

DISCRIMINATION AGAINST MARYSVILLE.

Q. Have there been any discriminations against Marysville in favor of other points?—A. I cannot say anything as to that. I think the company did not charge any more from here than other points on the road.

Q. Did Marysville make any contribution in the way of bonds or town lots to the company for station purposes?—A. The county gave $100,000 of bonds. I am speaking now of the Omaha and Grand Island. And a little branch road got $15,000.

Q. Making $115,000 for the two?—A. Yes.

INTERFERENCE IN ELECTIONS.

Q. Have there been any complaints in the community as to the Union Pacific Company exercising any influence in elections?—A. Mr. Lonergan is the agent here, and he always says, "Vote as you please." He is a Democrat; but he has always said, "Vote as you please."

Q. Have the farmers and other shippers here complained of the rates?—A. You ought to have been here last week when there was talk of building a new railroad.

RAILROADS ROBBING THE PEOPLE.

Q. What was the talk?—A. Oh, great God, I could not tell you all—that the railroads were robbing the people.

Q. How robbing them?—A. By high freights.

Q. Were the complaints just?—A. Well, that I do not know.

Q. Were the complaints just?—A. The farmers had said that they would have to work for the railroads exclusively. The railroads take three-fifths of the farmers' receipts. One-fifth is left for interest and one-fifth left to live on.

Q. Have you any other information to give the Commission?—A. I have none. But I think it is quite a good thing that the Commission came around. It is the first time in the history of the United States that a United States commission came around here to see how the farmers were getting on.

PASSES.

Q. Have you heard anything about passes being issued here?—A. I had a pass right along until the 1st of April.

Q. Was it a general rule for the company to issue passes?—A. Well, I put a time card in for pay, and of course I received my pass regularly.

Q. Were there any other citizens that received passes?—A. Oh, lots of them. Every shipper got a pass.

Q. Does the town of Marysville do much shipping?—A. There are several men that ship.

PRINCIPAL SHIPMENTS.

Q. What products come in here for the purpose of shipment?—A. Grain—corn, mostly. I do not think there is any wheat shipped out here. Mr. Hutchinson has a large mill and consumes all the wheat.

Q. Any cattle?—A. Yes; lots of cattle.

Q. Where to?—A. To Kansas City, Saint Joseph, and Chicago.

DIVISIONS OF SHIPMENTS.

Q. How are the shipments on the railroads divided? Do the railroads controlled by the Union Pacific Company have a fair share of the agents?—A. There is only one agent here for them, and he says "take your choice."

Q. One agent for the whole?—A. For the whole concern.

Q. It is the same as if it was all one concern?—A. Yes, exactly; the same family.

Q. When they fix a rate there is no appeal?—A. You have got to take it as they make it. There is no kicking about it. Either pay or keep it at home.

INTERFERENCE IN ELECTIONS.

Q. Have the railroads, at any time, interfered in the political contests that took place here?—A. No; not as far as I know; except what Mr. Flanagan has said.

Q. Then the railroad question has not been as much of a factor in the State of Kansas as in Nebraska?—A. Not up here.

Q. You are very near the line?—A. Pretty near; it is a good thing, too. This is a prohibition State. [Laughter].

Q. Have you any other information you can give us?—A. No, sir.

MARYSVILLE, KANS., *Monday, July 4, 1887.*

W. S. GLASS, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Attorney at law.

Q. How long have you resided in Marysville?—A. Nearly eight years.

Q. Were you a member of the legislature last year?—A. Yes, sir; and in 1882.

COMPLAINTS AGAINST RAILROADS.

Q. Do you know of any complaints existing in this community against the railroads, especially those controlled by the Union Pacific Railway Company, with regard to charges on shipments of freight or passengers?—A. I have heard a good deal of complaint on the part of the farmers. In serving as a member of the legislature I received a great many petitions setting forth, in a general manner, complaints and grievances that they had of extortionate rates. Of course, not being in the shipping business myself, and not knowing much about it, I only learned a few facts. I went before the railroad commission of the State of Kansas—constituted by the State—and presented some of these facts and complaints, and asked why we could not get better rates over the Saint Joseph and Western. As you have been told here, along the Missouri Pacific, or Central Branch as it is called, it is claimed that shipments of freight were made at a lower rate, so that they were enabled, in that country, to draw the grain from here down there, and that this railroad was not affording them as good rates. I went before the commission and asked them about it. They said the Saint Joseph and Western was peculiarly situated and under peculiar circumstances; that they could hardly fix rates for them; that they had been fixing rates for the Atchison, Topeka and Santa Fé; but they had not been able to ascertain whether or not this Saint Joseph and Western was a paying road. That was the reason they gave me for their failure to do better in the way of rates for the people here. I can give you, as a mere rumor, the statement that the Saint Joseph and Grand Island, being under the control of the Missouri Pacific, received its material, that is, its coal and oil and all that material that entered into the running of the road, from the Union Pacific at high rates; that is, at higher rates than the goods could be bought in the market; and that the main line (or some part of the Union Pacific system) took the earnings, in great part, of the Saint Joseph and Western so as to render it a less paying property. In that way I reasoned that the rates were held up here. In other words, that our State railroad board did not take control and fix rates. Still, I do not know that those are facts.

COMPARISON OF RATES.

Q. As to the rates over these two roads; have those on the Central Branch road continued lower than on the Saint Joseph and Grand Island?—A. I think so. The Missouri Pacific lies entirely within the State of Kansas, and they have fixed certain lower rates. At least all our shippers and merchants complain that they could not compete with the merchants and shippers of the Central Branch. We have no connection with that road. It is a parallel line with us, about 12 miles off, and the people, the merchants and shippers on that line could afford to pay higher rates for any products or sell their goods higher than on this line.

Q. The effect of that exclusion on this community is to affect prices?—A. Yes; I have heard that complaint generally. Products of farmers come to Marysville than to this line have been drawn to that place rather than to Marysville.

Q. That is, have been drawn by the Central Branch of the Union Pacific Railroad?—A. Yes; controlled by the Missouri Pacific.

Q. How long has that continued?—A. That has continued as long as I have given any attention to the matter; probably four or five years. I am not a shipper, but I give you what the general complaint is.

REBATES.

Q. Have there been any other complaints?—A. Well, as gentlemen have testified here, there have been mutterings continually that certain persons here were receiving rebates and that others could not compete with them in the shipment of products from this point. I have heard it intimated that grain buyers and stock buyers both had rebates from here over the general public.

Q. That is, that there has been an open, published rate and then a private rate?—A. Well, it is a private rate in some ways. I do not know how they got it. I have been led to believe that it has not been as much in force of late as it was some time back.

INFLUENCING LEGISLATION.

Q. Has the railroad controlled by the Union Pacific Company attempted in any way to influence legislation?—A. Not to my knowledge. I probably saw some things wherein I believed they were trying to influence legislation, but not particularly, except as lobbyists do, at the legislature. I have never known them to take any hand in politics. It was generally understood at the legislature that there were certain men on the floor that were representatives of the Union Pacific Railway Company's interest.

Q. Do you recall their names?—A. I can give you one, if you desire it.

The CHAIRMAN. Yes.

The WITNESS. Colonel Veale, of Shawnee County.

Q. Was he a member of the legislature?—A. Yes; he was a member of the legislature.

Q. What did he do toward advancing the interests of the Union Pacific Railway?—A. He advocated any project that was in their interest on the floor in eloquent terms.

DISCRIMINATION BETWEEN COAL DEALERS.

Q. Have there been any complaints in this community as to the preferences given to coal shippers, or any one coal shipper over another?—A. No, sir; I believe not.

Q. Where do you get your coal from here?—A. A great portion of it from Missouri. We get some of it from Pennsylvania—the hard coal. There is also Colorado and Wyoming coal shipped here to some extent.

Q. What lines do they come from?—A. From the Union Pacific. I am not informed whether they come from the Union Pacific lines or not, but they come over the Union Pacific line.

Q. What do you pay for coal here?—A. About $6.50 or $7 a ton for soft coal in the winter time. Last winter hard coal ran from $12 to $14. About $11 to $14 is the price at which hard coal has run.

THE LUMBER TRADE.

Q. Have you any lumber shippers here?—A. We have three lum yards.

Q. Are they all on the road controlled by the Union Pacific Co pany?—A. We have none except those that are controlled by the Uni Pacific Company.

Q. What are the rates?—A. I cannot tell you that. I do not kno

Q. Have there been any complaints between them as to the ra charged?—A. No, sir; I have not heard of any. I have not heard complaints as to a difference of rates between the two lines, both bei Union Pacific lines.

Q. But, have there been any complaints as between the lumber shi pers themselves?—A. No; I think not. Their prices range about t same; and I suppose they get rates about the same.

KANSAS RAILWAY COMMISSION.

Q. Have you any other information that you can give this Commi sion?—A. No; I believe nothing further.

Q. I understood you to say you were an attorney?—A. Yes, sir.

Q. Have you a railway commission in this State?—A. Yes, sir.

Q. Are you familiar with its powers?—A. To some extent, yes.

Q. You spoke awhile ago about there being a different rate on th road 12 miles below here from this one. It is not the duty of your ra road commission to fix maximum rates all over the State on all ra roads?—A. I believe it is their duty to recommend it.

Q. To whom?—A. To the governor, I believe, and the legislature.

Q. Then they have not the power to fix rates?—A. They have power. They can enter into an investigation of the rates and determi what should be reasonable rates, and then give that rate to the railro company; and if the railroad company fails to comply with that, t Commission shall report to the governor and the legislature. That about all the power the Commission has.

Q. Do they make a schedule of rates for all the railroads in the Stat —A. Only on complaint.

Q. Then they have no power by virtue of their office to fix maxim rates?—A. No, sir; I do not so understand it. In fact I know they d not; because I remember the fight was very bitter when that bill w up in the legislature. They stripped the proposed bill of any such fea ure.

Q. Then of what account is your railroad commission?—A. To gath statistics; that is about all.

MARYSVILLE, KANS., *Monday, July* 4, 1887.

WILLIAM A. MOORE, being duly sworn and examined, testified a follows:

By the CHAIRMAN:

Question. What is your business?—Answer. The lumber business.

Q. How long have been in business in Marysville?—A. Twelve years.

FREIGHT RATES.

Q. Have there been any complaints as to rates during the time yo have been a shipper over the Union Pacific roads?—A. No; no com plaint, only that rates were high.

Q. Have the rates always been about the same?—A. They have been the same from Omaha and Saint Joseph, I believe, ever since I have been here. There has been one cent of reduction, I believe, since I came here.

Q. Have you always paid the open rate?—A. Yes, sir.

DISCRIMINATION AGAINST INDIVIDUALS.

Q. Do you know of any discriminations by the railroad company against individual shippers in establishing rates?—A. No; I think I do not. One man told me that he got a lower rate on some articles that he shipped, but I do not know the fact.

Q. You have heard the testimony of the gentlemen who preceded you?—A. No, sir; I just stepped in a moment since.

FACILITIES AFFORDED.

Q. What have been the facilities and accommodations afforded by the Union Pacific road?

The WITNESS. In the way of cars, &c.?

The CHAIRMAN. Yes.

The WITNESS. We have had no difficulty, so far as I am concerned. I ship to Chicago very frequently. Last year I shipped altogether by way of Omaha over the Union Pacific Railway, and have had no trouble on that subject.

DISCRIMINATION AGAINST COMMUNITIES.

Q. Has there been any discrimination as against communities in this neighborhood?—A. I do not know of any. If there have been any I have not heard of it.

Q. Have you heard of any complaints?—A. Nothing except that the rates were high.

Q. Did you ever make an appeal for the reduction of the rates?—A. I never did, personally. I had a partner before this year. I think he did, but we did not get any reduction.

Q. How many competitors have you in the business?—A. Two.

Q. Have you any information to give the Commission as to rates or accommodations afforded by the Union Pacific Railway Company?—A. No, I do not know that I have. I just accidentally stepped in here; I had not thought about it.

The CHAIRMAN. Is there any other gentleman here that can give us any information on the subject which the Commission is investigating?

(No response.)

The Commission then adjourned, to meet upon the call of the chair.

SAINT JOSEPH, MO., *Monday, July 4*, 1887.

At 9.30 p. m. the Commission met, upon the call of the chair.

Present, Commissioner Pattison (chairman) and Commissioner Littler.

THOMAS H. DOYLE, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. How long have you been mayor of Saint Joseph?—Answer. Since Apr'l, 1886; a little over one year.

Q. How long have you resided in Saint Joseph?—A. Since March, 1869.

Q. What business were you in prior to holding the position of mayor?—A. In the practice of medicine; physician and surgeon.

NUMBER OF RAILROADS AT SAINT JOSEPH.

Q. How many railroads come into Saint Joseph?—A. We have the Hannibal and Saint Joseph, the Kansas City, Saint Joseph and Council Bluffs, the Chicago, Burlington and Quincy, the Missouri Pacific, the Chicago and Rock Island, the Chicago, Kansas and Nebraska, running west of that, which is virtually the Chicago and Rock Island, the Grand Island Road, and the Saint Joseph and Saint Louis.

Q. What is the population of Saint Joseph?—A. About 60,000.

FACILITIES AFFORDED.

Q. Have there been any complaints in this community with reference to the facilities or accommodations afforded by the Saint Joseph and Grand Island to the public?—A. No, sir; I have not been in a position to know whether there have been any complaints. There have been none directly, to my knowledge; because, as I tell you, I have but little to do with railroads, my business being such that I am not brought into contact with the railroads unless I want to travel somewhere. I have never made it my business to inquire into the manner in which people have been treated by the different railroads, and, consequently, I have never made it my business to ascertain.

Q. Have there been any expressions of sentiment with reference to the business relations of the railroad to the community?—A. I have never heard anything, particularly.

Q. Have there been any complaints as to the freight rates or passenger rates charged by the Saint Joseph Railroad?—A. I have never heard any such.

DISCRIMINATION AGAINST COMMUNITIES.

Q. Have there been any complaints as to discriminations against this city in favor of other localities?—A. That is another question that I am not posted on; because, as I say, my business is such that I have hardly anything to do with railroads; and I do not remember to have heard anything particularly as to whether this road has favored the city or worked against it.

Q. Have you any knowledge as to the freight rates or passenger rates?—A. No, sir; I have not.

Q. Have you any knowledge as to the difference between the rates of the companies?—A. No, sir.

Q. Have you any knowledge whether they have charged the same, or whether one charges more or less than another?—A. No, sir; I have not.

Q. Have you any knowledge as to the attempts on the part of railroad companies, the Saint Joseph and Grand Island in particular, to interfere in the political conventions of the State?—A. No, sir; I have not.

INFLUENCING LEGISLATION.

Q. Have you any knowledge as to the railroad companies attempting to influence legislation?

The WITNESS. The Saint Joseph and Grand Island?
The CHAIRMAN. Yes.
The WITNESS. No, sir; I have not.
Q. When you speak of the Saint Joseph and Grand Island, you speak of the Union Pacific?—A. I understand it is a branch of that road.
Q. Have you any knowledge as to where the Commission could gather any information on this question?—A. Yes, sir; I believe I have. I think I could tell you of people that would be better posted and better able to give evidence on that matter than myself.
Q. Who are they?—A. Almost any of our wholesale men. We have some big wholesale business done here; almost the entire wholesale business of the country northwest of us. Saint Joseph does the biggest wholesale trade of any city on the Missouri River in boots, shoes, dry goods, groceries, and hardware, and consequently our shippers are in position to know those who discriminate, because they do business over every road. They have houses and correspondents everywhere between here and Yankton. Some of them have houses in Atchison, in Omaha, in Wichita, and Pueblo. Saint Joseph is the head center of the wholesale business of this western country; that is, west of Chicago and Saint Louis.
Q. Have you a board of trade here?—A. Yes.

BOARD OF TRADE DISCUSSION AS TO FREIGHT RATES.

Q. Has there ever been a discussion in the board of trade with reference to rates?—A. Yes; and while I am a member of the board of trade, it is very seldom that I attend a meeting, as it is not in my line, unless it affects the city.
Q. What discussion took place in the board of trade with reference to rates?—A. I cannot tell you, indeed.
Q. Who is the president of the board of trade?—A. H. R. W. Hartsook.
Q. Where does he reside?—A. He lives in Saint Joseph, on Main street.
Q. Have you any suggestion or information that you can give the Commission with reference to the Union Pacific Railway Company?—A. No, sir; I have not.

PLAN OF SETTLEMENT.

By Commissioner LITTLER:

Q. Have you considered the several propositions before Congress for adjusting the claim of the United States against this company?—A. No, sir; I have not.

By the CHAIRMAN:

Q. And you have no opinion as to what legislation ought to be adopted on that subject?—A. No.
Q. Can you put us in communication with any persons that could give us information on that subject?—A. I do not think I could. I did not receive your telegram until 6 o'clock this evening, and being the Fourth of July, nearly everybody was out of reach. I did reach a few prominent wholesale men. I did reach Mr. McCord, one of our largest capitalists and wholesale dealers, and also Mr. Steele, who was at one time president of the Saint Joseph and Denver road. Mr. Steele was here, but the evening wore on and you did not arrive, he went home. Mr. McCord went home also.

Q. Do they live far from here?—A. Yes, sir; Mr. McCord lives out in the extreme northwestern end of the city, and Mr. Steele in the heart of the city.

DISCRIMINATIONS AND SPECIAL RATES.

Q. Has there been, through the public press or by public meetings, or in any way, any discussion of the question of discrimination or special rates on the Union Pacific Railway Company?

The WITNESS. With reference to the Saint Joseph and Grand Island?

The CHAIRMAN. Yes.

A. I do not think there has been any up before the board of trade.

Q. You are speaking now of a period as far back as you can recall?—A. Yes, sir.

By Commissioner LITTLER:

Q. Is this Saint Joseph and Grand Island regarded as an important road in this city?—A. It is regarded as one of the most important in this city. I am told there is a larger amount of grain shipped over that road, in proportion to its length, than over the Atchison, Topeka and Santa Fé.

Commissioner LITTLER. Will you send those gentlemen a notification to meet us at Kansas City?

The WITNESS. They are not likely to go very much out of their way.

Commissioner LITTLER. They are, if they have any serious complaints.

The WITNESS. Oh, yes; they have branch houses in Kansas City, and can be represented there.

CUTTING OF RATES.

Q. Have you heard anything of the cutting of rates between the railroad companies here?—A. I have not heard of any. I think the Saint Joseph men can get as good rates as any men on top of the ground.

Q. Then you have not had any complaints?—A. No, sir; I have not heard of any.

The Commission then adjourned, to meet upon the call of the chair.

ATCHISON, KANS., *Tuesday, July 5*, 1887.

The Commission met upon the call of the chair, all the Commissioners being present.

G. W. GLICK, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Are you a resident of Atchison?—Answer. Yes, sir.

Q. How long have you been a resident?—A. Twenty-eight years.

Q. What business are you engaged in?—A. I am a farmer, and stock raiser, and pension agent.

Q. You were elected governor in 1882, were you not?—A. Yes, sir.

Q. How long did you serve?—A. Two years.

COMPLAINTS OF DISCRIMINATIONS AND EXCESSIVE RATES.

Q. Have there been any complaints in this community in reference to the business relations of the Central Branch Union Pacific to the com-

unduly as regards freight or passenger rates?—A. There has been a great deal of complaint about the discrimination in freight bills.

Q. When did the complaints exist; were they prior to the 1st of April?—A. Yes, sir.

Q. What were the nature of the complaints?—A. The nature of the complaints was that the rates were high, and that they were constantly discriminating between individuals, giving rebates and drawbacks to one class of men in business, while they were refusing them to another.

Q. How long had the discriminations continued?—A. They had continued for a long time.

Q. Were the complaints general against all the roads?—A. Generally so; yes, sir. Perhaps I had better explain a matter right here that comes in that connection. In 1883 the public clamor for railroad regulation was so great that our legislature passed a law regulating the railroads, and providing for the appointment of a commission, to which they gave the power to fix or control rates. Complaint was made against the Central Branch Railroad Company, and, on the hearing, the Commission took charge of the matter and fixed the rates, making a very material reduction in them. Since that time there has been but very little complaint about the rates; but there has been a great deal of complaint about discrimination.

REBATES AND DRAWBACKS.

Q. In that way?—A. For allowing rebates and drawbacks to parties, and allowing parties who were shipping east of this point to have a great deal less rate than those who shipped to this point.

By Commissioner ANDERSON:

Q. Can you give us the names of the parties?—A. No, sir; I cannot.

Q. Or of parties making complaints?—A. On being selected as executive there was a great deal of complaint made to me by citizens of this place and citizens along the line of the road. I visited the road and had a conversation with Mr. Hayes, who was general manager of the line, and got him to make some reductions and changes in the rates, which the people advised me were satisfactory if they were lived up to. I subsequently learned that they were not lived up to as had been proposed.

FACILITIES AFFORDED.

By the CHAIRMAN:

Q. What have been the facilities and accommodations afforded by the Central Branch Union Pacific to the community for the purposes of shipments and for passenger travel?—A. I think their facilities were about as good as the necessities of the business required. They would often run six to eight or ten freight trains each way on the road.

INTERFERING IN ELECTIONS.

Q. Have the officers or employés of the Central Branch Union Pacific taken part in any way in an attempt to influence legislation?—A. The Central Branch Railroad, in fact the entire railroad system of this country, undertook to run the politics of the State, and they have done so in controlling legislatures and local politics, especially in the election of members of the legislature and State officers, and, particularly, the governor.

Q. How long has that continued?—A. I do not think they have done much in that direction since the election of 1882.

Q. Prior to that time how was it?—A. Prior to that time they generally managed the campaigns, or at least it was so understood.

Q. Do you mean the primaries and the general elections?—A. Yes, sir; and they have controlled newspapers. They have established some newspapers. The Central Branch is no different from any other railroad in the State. It probably took a more active part than some of the roads.

Q. Has the board of trade in this section taken any action with reference to the discrimination you have spoken of?—A. I do not think they have.

Q. Have the citizens taken any action by public meetings or otherwise?—A. I do not know of any action taken since the time that I referred to, when I went to Saint Louis at the request of the citizens here. That was at the request of the board of trade and of individuals.

By Commissioner ANDERSON:

Q. When was that?—A. That was in 1883, March or April.

SENTIMENT OF THE COMMUNITY.

By the CHAIRMAN:

Q. What is the feeling in this community with reference to the railroad?—A. Since the railroad commission has been provided for in this State public sentiment has almost entirely changed towards the road. The commission have very large power in their control and regulation of the railroads, and when they have been called upon they have generally acted, and, I think, in 90 per cent. of their decisions they have made rulings in favor of the people as against the roads.

Q. Prior to the organization of the commission what was the condition of affairs?

The WITNESS. In what respect?

The CHAIRMAN. With reference to the railroads. What has been the feeling of the people?

The WITNESS. The feeling of the people was very bitter against the railroads.

By Commissioner ANDERSON:

Q. Against all of them?—A. All of them.

By the CHAIRMAN:

Q. What did it arise out of?—A. Out of the excessive rates and the continual interference in politics, making war upon individuals and making fights for men, and almost waging a war of extermination against the citizen who had the courage to attempt to resist them.

DISCRIMINATIONS IN GENERAL.

Q. Was there a fear on the part of the citizens to express an opinion?—A. Yes, sir. While I was governor of the State, citizens here who were discriminated against would take me around a building and off from corners, and would say to me that they were afraid of the employés reporting them, and that that would injure their business through discrimination by the railroads.

Q. Did that exist to a very large extent in the community?—A. To a very large extent; yes, sir.

By Commissioner ANDERSON:

Q. If you cannot name the persons affected by this discrimination, can you name the articles of commerce in favor of or against which it was used?—A. It was confined principally to grain and stock.

Q. Was the discrimination purely personal, or was it also local, so as to favor certain localities as against others?—A. It was both personal and local.

Q. Do you recall the names of any persons who have suffered from discrimination against them by giving more favorable rates to their rivals in business?—A. I do not recollect the names very well and I could not give you names. I could give you instances.

DISCRIMINATION AS TO BARBED WIRE.

Q. Will you give us some instances?—A. There was a party at Blue Rapids (I think that was the location) who shipped large quantities of barbed wire. He got rates and drawbacks so that he could drive all competitors west of here nearly out of business. When the commission fixed the rates they knew nothing about the matter, and the rate on barbed wire was fixed at a rate higher than he had been paying under his private arrangement with the company. He then made complaint, and letters were written to me on the subject. I referred it to the commission, and they investigated the matter and found that he had a private rate which enabled him to ship barbed wire to his point of business and sell it at a much less rate than anybody else could lay it on the ground at the regular rates. A gentleman informed me that in shipping wheat here he was charged $15 a car more than other parties shipping at the same point. I am speaking of the Central Branch. He threatened to commence suit and they refunded him $15 a car on three car-loads of wheat.

NUMEROUS COMPLAINTS.

Q. Were instances of that character very numerous during that period?—A. Yes, sir; I became cognizant of them through my official position. I received a great many letters, hundreds of them, from people along the line of the road making those complaints.

Q. When was this?—A. 1883.

Q. What officer of the Central Branch had charge of the fixing of those rates at that time?—A. I suppose the general manager at Saint Louis or the general freight agent.

Q. Do you know of any officers of the company who have had business relations with the company? I am referring to their private matters.—A. No, sir; I do not.

Q. Was much ore transported over the Central Branch?—A. Nothing but coal; coal is transported; no other minerals.

Q. Is it transported from the West to the East?—A. From the East to the West.

Q. It is simply delivered for use on the line of the road?—A. Delivered for use on the line. Of course there are large quantities of that. That country has most of its fuel supplied from those points.

SALE OF THE ROAD TO MR. GOULD.

Q. Do you know anything of the transaction that occurred in 1880, when this road was sold first to Mr. Gould and then to the Union Pa-

cific?—A. No, sir; I know nothing about that except from newspaper report.

Q. Do you know Mr. Oliver Ames, of Massachusetts, personally?—A. No, sir.

Q. Or Mr. Gould?—A. I have met them, but I have no acquaintance with them.

Q. Have you any personal knowledge of the amount of traffic done on this road?—A. The traffic is very large.

Q. What are the chief items?—A. I learned from the superintendent some years ago that he ran eighteen freight trains a day. The greater portion of the traffic is stock and grain going to the East, and merchandise and coal going to the West.

Q. Can you tell us what the population along the line of the road is that depends on the road for the receipt and delivery of merchandise?—A. I could not give you the exact figures as to that. You can get that from the secretary of our State Board of Agriculture. He can give the statistics of every county along the line of the road.

KANSAS RAILROAD COMMISSION.

Q. Did I understand you to say, generally, that these different causes of complaint, referring to personal or local discrimination and inequitable rebates, have substantially ceased since the establishment of your State railroad commission?—A. Yes, sir. If it has not ceased I do not know anything about it. I have not been in a position where I would be likely to know much about them.

PLAN OF SETTLEMENT.

By Commissioner LITTLER:

Q. Have you any suggestion to make to this Commission as to the settlement between the Government and this company?—A. I have thought about that a great deal, simply as an individual. It is a matter that has been running through my own mind.

Commissioner LITTLER. We would be glad to have your opinions.

The WITNESS. I do not think that the Central Branch, or that system of road with which it is connected, could pay the Government debt. I think the development produced in the West here by the building of those roads has more than compensated the Government for the outlay. It has received a sufficient amount in return to warrant it in canceling that indebtedness without any injury to the country. Of course these benefits are mainly indirect, though they are partly direct in the transportation of mails and supplies to the West and to the Army.

Q. Do you think, because the Government enabled these roads to pioneer the railway system to the Pacific coast, that the benefits inuring directly and indirectly to the people of the localities as well as to the people at large would justify the Government in a cancellation of the whole or of a part of the debt?—A. Yes, sir; I do.

ROAD NOT ABLE TO PAY GOVERNMENT DEBT.

Q. Why do you say that this road, with all its immense traffic, is not able to pay the Government debt?—A. My reason is this: It was built at a very early day, when it was an expensive work. It has passed out of the original hands of the projectors and proprietors, and whoever holds it now holds it as an investment, for which they paid

its value. Their income from it is perhaps nothing more than an income from ordinary business investments.

Q. How far do you reflect the sentiment of the people of the State in the views you have expressed?—A. I do not know.

Q. Has the subject been one of discussion here?—A. No; I never heard it discussed.

Commissioner ANDERSON. The press has had articles on the subject.

The WITNESS. I have never read one that I recollect. I have never read an article in the press on the subject. In fact, I do not have much time to read, except to look through the telegraphic dispatches.

Q. What is your business?—A. I am the pension agent for the western district. It keeps me very busy.

CENTRAL BRANCH TRAFFIC.

By the CHAIRMAN:

Q. Are you familiar with the traffic, freight and passenger, that passes over the Central Branch, Union Pacific?—A. I might say that I was familiar, and then again I am not familiar. I know there is a very large amount of freight business done over the road. The country is developing very fast, and is settling up very rapidly, and that makes a large business.

Q. Has it been a growing business?—A. Yes, sir; from year to year.

Q. Does it develop in proportion to the capital and population that locates along the line of the road in this State?—A. Yes, sir; I think it does; but it may not get its full share of development on account of the large number of roads that have been built in competition with it. The Kansas Central, the Central Branch, the Saint Joseph and Denver, and the Kansas Pacific, four railroads within the distance of sixty miles, all paralleled each other. Since that, the Burlington and Missouri have built lines in competition with those four roads.

DIFFERENCE IN RATES OF COMPETING ROADS.

Q. Have you any knowledge of the difference in rates between those lines?—A. No, sir.

Q. Do you know whether or not they work under an agreement or pool-rate?—A. No, sir, I do not. They used to pool everything at this point. But whether there is anything pooled now I cannot say.

Q. Prior to April 1st, 1877, were all the roads pooling at this point?—A. The passenger rates are fixed by law. It was three cents a mile. About their pool arrangement, I do not know anything now.

Q. Was there any difference between the lines coming into Atchison as to the freight rates?—A. The freight rates on the Atchison, Topeka, and Santa Fé road, both in and out, were considered and understood to be lower than on the Central Branch.

Q. Was that for the same distance of haul?—A. Yes, sir.

Q. Can you give us any other information or any suggestion that would be of service to the Commission?—A. I do not know that I could, without having my attention called to some matter.

Q. How does the traffic of the road to-day compare with the traffic prior to 1880?—A. I think it is increasing.

ATCHISON, KANS., *Tuesday, July 5, 1887.*

W. B. DODDRIDGE, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am superintendent of the Western Division of the Missouri Pacific road, commencing at Kansas City and including Kansas City to Portland, Nebr., and the Central Branch Division.

Q. In the lines you have named, the Central Branch Union Pacific Road is included?—A. Yes, sir.

Q. How long have you been manager?—A. Since April 1.

Q. Whom did you succeed?—A. W. W. Fagan.

Q. What position did you hold in the road prior to your present position?—A. I held none. I was not connected with the roads.

Q. Had you any information concerning the Central Branch road prior to that time?—A. Not any.

Q. With what road were you connected?—A. Formerly I was with the Union Pacific.

Q. In what department?—A. In the operating department, the western end of the Union Pacific. I had charge of the Idaho Division at one time.

Q. How long were you in the employ of the Union Pacific?—A. Eighteen years.

Q. Then your knowledge of the Central Branch, Union Pacific, is from April 1, 1887?—A. Yes, sir.

Q. What knowledge have you of the rates prior to April 1, 1887, of the Central Branch, Union Pacific?

The WITNESS. The rates of freight?

The CHAIRMAN. Yes; or passenger rates.

A. I have no knowledge of that at all. That is to say, that portion of the business does not come under my jurisdiction, and I know nothing scarcely about the tariff rates in this part of the country.

DUTIES AS GENERAL MANAGER.

Q. What are your duties as general manager?—A. I have charge of the maintenance of way and conducting of transportation.

Q. Do the officers on the Central Branch, Union Pacific, report to you through the general office?—A. They all do, with the exception of the agents of the line, with reference to matters connected with the commercial department. Those reports do not pass through me.

Q. Are appeals made to you by agents of the roads along the line for rates?—A. They are not.

Q. Are they forwarded to you by the agents, and by you forwarded to the general offices?—A. No, sir.

Q. What reports do the officers make to you?—A. They make all the reports relative to the practical part of their duties. For instance, I have the control of the appointment of the local agents and of the employés at the stations, and have charge of the discipline of the stations.

By Commissioner ANDERSON:

Q. Do they report the receipts of money to you?—A. They do not; no, sir.

Mr. MINK. They report operations entirely.

The WITNESS. They report those things direct to the heads of the departments that have control of those branches.

By the CHAIRMAN:

Q. Where are the heads of departments?—A. On Central Branch, they are at Saint Louis. The officers are the treasurer, the auditor, and traffic manager on the Missouri Pacific system.

By Commissioner ANDERSON:

Q. Do you mean local officers, such as station agents, report to Saint Louis?—A. There is what is termed a division freight agent, that has something to do with the rates, stationed at Atchison.

Q. What is his name?—A. His name is W. H. Garrett.

By the CHAIRMAN:

Where is Mr. Garrett?—A. His office is at Atchison, at the depot, but whether he is in town I am not informed.

Q. Will you have him meet us at Kansas City during the next three days?—A. Yes, sir.

The CHAIRMAN. Have him appear before the Commission on Thursday.

The WITNESS. Very well; I will do so.

Q. What other officers are there here at Atchison?—A. No others at Atchison.

Q. Do you issue instructions to the officers along the line?—A. Only those that are subordinate to me in the operating department. I issue no instructions with reference to the tariff or rates.

Q. Is the gentleman you have named the one who does that?—A. Yes, sir.

Q. Are appeals made to him along the line with reference to rates?—A. They are. He represents the traffic department.

CONDITION OF TRACK.

By Commissioner LITTLER:

Q. I will ask you to state the condition of the track. How much steel and how much iron is there?—A. There are 169 miles of steel rail on the Central Branch, laid on the main line from Atchison west. The balance of the road is laid with 50, 54, and 56-pound iron rail.

Q. Is that on the western end of the road?—A. Yes, sir; and on the branches running north. There are three branches of the Central Branch Road.

Q. How long has this steel been down?—A. They commenced to lay these steel rails in 1882, and they have been laid from time to time since then; each year a portion.

Q. Are you still replacing the iron with steel?—A. Yes, sir.

STEEL TO REPLACE IRON.

Q. Is it the purpose of the company to replace all the iron with steel?—A. The policy of the company is to gradually replace it all.

Q. Within what time?—A. I do not know that I can definitely answer that question, but we laid last year 16 miles, and there have been about 50 miles laid since. Arrangements have been made for 35 miles additional steel rails to be laid this season.

Q. When that is completed how much will then remain of iron?—A. Approximately 166 miles.

Q. Will remain?—A. Will remain of iron.

Q. What is the condition of your track, and what is the character of ballast you have?—A. The general condition of the track is fair. The main line, Atchison to Downs——

By Commissioner ANDERSON:

Q. Is not Waterville the terminus?—A. Waterville is the terminus of the Government section. I do not understand that you have asked me these questions with reference to the Government section only.

By Commissioner LITTLER:

Q. No; I desire to know the condition of the whole line, with a view of determining something as to the capacity of the whole line, including the branch, for the traffic. Is the entire subsidized portion of this line laid in steel?—A. It is; yes, sir.

Q. What is the condition of the track?—A. The condition of the road from Atchison to Downs is fairly good. It is the best part of the line.

Q. Is that the subsidy part?—A. It includes the subsidy part and 100 miles beyond. On the branches lying north of the main line the iron is, I should say, half worn out. The iron track west of Downs, on the North Solomon section, for 50 miles, is about the same as branches running north. The balance of that branch for 25 miles is laid with chair iron, and pretty well worn.

CHARACTER OF BUILDINGS, ETC.

Q. What is the character of the buildings, the water tanks, and stations?—A. The buildings that are being put up now will average with the other railroads of the country. The old original buildings of the Central Branch are small, and not very good.

Q. Are you replacing these old buildings with better ones?—A. We are, gradually, as the business warrants.

CHARACTER OF COUNTRY.

Q. What is the character of the country through which this Central Branch runs?—A. The country is a rolling, agricultural district.

Q. What per cent. of the lands tributary to this road are in cultivation?—A. That is a question that I am hardly in a position to answer without having looked into it. I have not given the matter any special investigation. I would say, in connection with that question, that the agricultural reports of the State of Kansas for the year 1886 give this information to the acre, in that year.

Q. I suppose that report will give the information in relation to each county in the State, but it will not show how much of the lands tributary to any particular road are in cultivation, will it?—A. The agricultural report gives a map of each county. By taking that report, and taking the counties through which the Central Branch road runs, the statistics may be ascertained correctly.

LOCAL TRAFFIC.

Q. What proportion of the traffic of this subsidized road is of a local character?—A. I should judge about 25 per cent.

Q. Does that proportion bear the same proportion to the earnings, or is it more?—A. I presume that it bears the same proportion to the earnings.

By Commissioner ANDERSON:

Q. Do you mean that the earnings of the subsidized portion is about 25 per cent. of the earnings of the whole road?—A. No; I do not mean that, because over the subsidized portion of the road all of the traffic of the entire line passes. The subsidized portion of the road is the main line, and is the east end of it; and all the traffic of the Central Branch passing out through that gateway, the business of that part of the line is probably three or four times greater than any other portion.

Q. You mean for the same length, do you not?—A. For the same mileage.

By Commissioner LITTLER:

Q. I will ask you again to state what proportion of the earnings arise from local traffic?—A. I will say that not more than 25 per cent. of the earnings of the subsidized portion comes from business that is local to that portion of the line.

Q. Do you mean business which arises on that portion of the line?—A. Yes, sir; because there are 300 miles of road that are furnishing business for that portion of the line, although the country is just as good on that first 100 miles as along any other part of the line.

EARNINGS OF SUBSIDIZED LINE.

Q. What proportion of the entire earnings of the system are properly to be credited to the subsidized portion of the line?—A. I do not think I am in a position to answer that question without investigating it.

Q. Do you keep an account of the earnings of this road per mile?—A. I believe such an account is kept in the auditor's office.

Q. Is that kept at Saint Louis?—A. At Saint Louis.

Q. Can you furnish the Commission with copies of the reports of the company?—A. I would suggest that copies of those reports be obtained from the Saint Louis officials.

Mr. MINK. Separate accounts are kept of the subsidized line. At least that has been true during the last few years.

Q. What was your position in the Union Pacific before you came here?—A. The last position I held with the Union Pacific was general superintendent of the Idaho Division.

Q. You resided then in Idaho, did you?—A. In Utah, at Ogden.

Q. Did you know anything about the affairs of the company at headquarters then?—A. No, sir.

NUMBER OF COMPETING LINES.

By the CHAIRMAN:

Q. How many lines have you competing with the Central Branch?—A. We have five. Shall I state them?

The CHAIRMAN. Yes.

The WITNESS. The Burlington and Missouri, in Nebraska; the Chicago, Kansas and Nebraska, which is an extension of the Chicago, Rock Island and Pacific; the Union Pacific, Kansas Division; the Saint Joseph, Grand Island and Western; the Kansas Central. Those roads are all competitors for business in this State.

Q. Have you any connection with the Saint Joseph and Grand Island?—A. No, sir.

Q. How far are you from the Saint Joseph and Grand Island?—A. The nearest point I am aware of is 18 miles.

Q. Do you go into the territory of the Saint Joseph and Grand Island for business?—A. Yes, sir.

Q. How much business do you draw?—A. That I do not know.

FREIGHT AND PASSENGER POOLS.

Q. Has there been a pool of these roads as to Atchison, with reference to freight and passenger traffic?—A. I do not know.

Q. Do you all have the same rates?—A. I believe they work on some sort of agreed rates. There is some kind of agreement with regard to rates, I believe, but I am not informed definitely on that subject.

Q. Is the freight rate over the Central Branch Union Pacific a lower rate than that over the Saint Joseph and Grand Island from Marysville, coming east?—A. I do not know about that.

By Commissioner ANDERSON:

Q. Can Mr. Garrett answer those questions?—A. Yes, sir; he can answer those questions.

The Commission then adjourned to meet upon the call of the chair.

TOPEKA, KANS., *Tuesday, July 5, 1887.*

The Commission met upon the call of the chair, all the Commissioners being present.

EDWARD WILDER, being duly sworn and examined, testified as follows:

PACIFIC MAIL SUBSIDY.

By the CHAIRMAN:

Question. You have some information that this Commission would like to secure from you with reference to the Pacific mail steamship subsidy. If you have no objections, we will take what information you can give us under oath. Where do you reside?—Answer. At Topeka.

Q. What is your business?—A. I am treasurer of the Atchison, Topeka and Santa Fé Railroad.

Q. How long have you been connected with the road?—A. Since 1871.

Q. Have you been filling your present position since that time?—A. As assistant treasurer or treasurer.

CONTRIBUTION OF ROAD TO SUBSIDY.

Q. During your connection with the road did the company contribute to the Pacific steamship subsidy?—A. Yes, sir; there were certain payments made to them.

Q. When was that?—A. That is beyond my memory. I do not pretend to carry those things in my head.

Q. How long had it continued?—A. It would be merely guesswork to tell you that.

Q. Will you give us your guess?—A. I think until within a year or two; a couple of years.

Q. What has been the annual payment?—A. I could not give you any idea of it.

BENEFITS TO ROAD.

Q. What have been the benefits to your road by reason of your contribution?—A. That is a matter that I should rather have the traffic department explain. It is simply my duty to pay whatever is approved by the proper officers, and the wisdom or propriety of the amounts or payments or contract are not for my discussion.

Q. Have you ever said to anybody at any time that you believed that it was money thrown away, and that you could not see the benefits at all of a contribution made by your road to the Pacific mail steamship subsidy?—A. I do not think I ever made any such statement. It would be entirely outside of my duties to do so.

Q. Have you any information in relation to it?—A. Practically no information; no exact information. I only know that we contributed, and that whatever I was directed to pay I paid; but I never kept any track of it.

Q. As I understand, it is asserted that contributions made by the Atchison, Topeka and Santa Fé Road to this subsidy have been virtually of no service whatever, and it amounts to money thrown away from year to year, and it has been said that some such assertions have been made by you. Is that true?—A. As I said before, I do not think I ever made any such statements.

Q. Of course, if you ever did make such statement, you would know it, would you not?—A. I would know it if I made it on any important occasion. I would not make such a statement as that in a court or before a commission or to anybody of authority; but I might make a great many statements incidentally in conversation with friends, unofficially, that would pass out of my mind after I made them, especially if it was a year or two afterwards.

Q. Did you ever make such a statement to a friend?—A. Not that I recollect.

NATURE OF TRAFFIC SEEKING WATER ROUTE.

By Commissioner ANDERSON:

Q. Have you any information in regard to the nature of the traffic that seeks the water route? I refer now to transcontinental traffic between the two oceans.—A. No, sir; it is entirely out of my department, and whatever I might know about it would be merely hearsay. It is a matter that the traffic department handles entirely.

Q. Have you never seen the figures showing the amount of different kinds of traffic so as to enable you to form some judgment as to what effect this water competition has on the through business done by the transcontinental railroads?—A. No, sir; I have never seen them.

Q. Have you never examined into the subject at all?—A. No, sir.

Q. Who, connected with your railroad, would be most familiar with it?—A. Mr. Goddard.

Q. Where can he be seen?—A. I do not know whether he is at home now or not. He was at home on Sunday.

Q. Do you mean at Topeka?—A. Yes, sir; he lives here. Mr. Goddard is our traffic manager.

Q. Do these same remarks you make in regard to your want of familiarity with the subject apply to all questions of local traffic as between your roads and the other roads of Kansas?—A. I have never given any study to the subject of traffic. As I say, it is not in my jurisdiction, and the natural relations of the treasurer are not such as to lead him to the

study of it, because it is not in the line of his promotion or in the line of his duties or ambition at all. My mind has never been turned that way. If I was an operating man I should have to study those subjects. I have never been in the operating line. I have always been in the other part, the official part, since I was a boy.

The Commission then adjourned, to meet upon the call of the chair.

LEAVENWORTH, KANS., *Wednesday, July 6, 1887.*

The Commission met upon the call of the chair, all the Commissioners being present.

SHAW F. NEELY, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. You are mayor of Leavenworth?—Answer. Yes, sir.

Q. How long have you been mayor?—A. I am serving my third term.

Q. What is the length of the term?—A. Two years.

Q. You are in your sixth year?—A. My fifth year.

Q. What business have you been engaged in?—A. Practicing medicine.

Q. How long have you resided here?—A. I have been here since the spring of 1869.

NUMBER OF ROADS AT LEAVENWORTH.

Q. How many railroads come into Leavenworth?—A. We have by consolidation—they put them together so frequently here I have to stop to think. We have the Missouri Pacific, the branch of the Kansas Pacific, or the Union Pacific.

By Commissioner ANDERSON:

Q. Called the Leavenworth Branch?—A. Yes, sir; the Leavenworth, Topeka and Southwestern, which is owned jointly by the Santa Fé and the Union Pacific. We have also the Rock Island, a branch of the Wyandotte and Northwestern, and the Leavenworth, Northern and Southern. Then we have the Chicago, Burlington and Quincy, across the river, at East Leavenworth; also the Kansas Central, a narrow gauge.

By the CHAIRMAN:

Q. Are there any others?—A. That is all.

FACILITIES AFFORDED.

Q. Have you a board of trade?—A. We have a board of trade and a merchants' and manufacturers' bureau.

Q. What have been the facilities afforded by the roads controlled by the Union Pacific Railroad Company?—A. Not first class.

Q. Have there been any complaints in the community as to the facilities?—A. Yes, sir.

NATURE OF COMPLAINTS.

Q. What has been the nature of the complaints?—A. There has been complaint as to the manner of running the trains over the Lawrence

branch, as we term it, of the Union Pacific. The Leavenworth and Lawrence Branch will better express it. You will notice by that map that our county extends as far south as the Kansas River, familiarly known as the Kaw River. By referring to the time table of the Union Pacific you will notice that the passenger train leaves here in the morning and returns in the evening. I will not attempt to state the times, because I do not remember them. But that arrangement gives the people of our county no facilities for getting to town. It is very natural that the residents all along the line of this road would desire to come here to pay their taxes and do their trading, this being the county seat of the county in which they reside; but the road has been operated the other way ever since I have known anything about it. There is a "plug" train, a mixed train, that is run the other way, in the other direction; that is, leaving Lawrence and coming here; but they spend so much time on the road, and give such poor facilities for travel, that when the people do desire to come here they prefer to come in their own conveyances. However, on this matter I would prefer to have you take the testimony of some persons who live out along the line and do business in the city of Leavenworth. Complaint has been made time and again on this matter, but it has never been remedied.

EFFECT ON BUSINESS INTERESTS OF MANNER OF RUNNING LEAVENWORTH BRANCH.

Q. What has been the effect upon the business interests of Leavenworth?—A. It could not be other than prejudicial. It has had the effect of alienating the people in the southern end of the county from this city, and they seek to transact their business elsewhere—in Lawrence and in Kansas City, Mo., even. Our community gave to that road or voted to that road $250,000 in bonds; and one of the conditions in that vote was that we were to have the same facilities for transacting business that Kansas City had. The claim is made by the road, or by the representatives of the road, that the branch does not pay; but the counter-claim is made by this community that they do not operate it to pay, which I firmly believe.

Q. What is your reason for such a belief?—A. For the reason that I just stated. That is one of the most formidable.

MOTIVE FOR FAILURE TO PROVIDE FACILITIES.

Q. What is the motive that inspires the people of the railroad not to run the road in such manner as to make it profitable?—A. I do not know that I can assign those reasons. I might make statements concerning the running of the Kansas Central road, which is part of that system of roads. That road seems to be operated on the same plan. It seems to be operated not so much in the interest of the whole line here as it is in the interest of the main line. It seems to me that as to this branch road the trains are started out from Leavenworth slowly with the view to make connections with the through trains, and that no trains are run in the interest of or for the accommodation of the community. Considering our railroad connections here at Leavenworth, we have very little through business for the Kansas Pacific road, I should suppose.

VOLUME OF BUSINESS.

Q. What is the volume of local business along this Lawrence Branch?—A. A great deal of it has been driven away by the manner of operat-

ing the road. They do not encourage local business. Of course there is a great deal of local business. I do not know exactly what the volume is, as I seldom ride over the road. The last time a complaint was heard by the railroad commissioners at Topeka, made by the board of trade of Leavenworth, I came down from Topeka, and rather than ride down by the "plug" train our party went to Kansas City and came up over the Missouri Pacific. That is frequently done. They go through to Kansas City and come up the Missouri Pacific.

TRADE DIVERTED FROM THE BRANCH TO THE MAIN LINE.

Q. Do they divert the trade of the branch line of Lawrence to Leavenworth over the main line to Kansas City?—A. Yes, sir; and then again, the effect has been to divert trade from this line over the Leavenworth, Topeka and Southwestern road, which is being operated now better than formerly. They started to operate their road in the same way, but they are now trying to accommodate the people. Complaint was made against the operation of that road; but they have now remedied that trouble, and are now running the road in the interest of the community.

By Commissioner ANDERSON:

Q. Do they go over substantially the same territory as the Leavenworth Branch?—A. No; they run west. They come to Topeka, however. They run through counties west. It goes through Jefferson County, and strikes the river at Topeka.

By Commissioner LITTLER:

Q. Have these complaints been made to the Commission?—A. These complaints I speak of have been made to the Commission.

Q. What action did they take?—A. They ruled against us very recently.

Q. On what ground?—A. That the road did not pay; that it did not pay to operate the road.

PROTEST OF BOARD OF TRADE.

Q. Was there a protest of the board of trade?—A. Yes, sir.

By the CHAIRMAN:

Q. Was that a printed protest?—A. I think not; still, I can furnish you with a copy of it.

Q. Will you furnish to the Commission a copy of the protest of the board of trade of Leavenworth?—A. Yes, sir.

Q. Who is president of the board of trade?—A. Alexander Caldwell.

Q. Is he in the city?—A. I think he is.

INSUFFICIENCY OF ACCOMMODATION.

Q. What other complaints have existed with reference to the facilities and accommodations afforded?—A. The complaint, I believe I stated, was as to the insufficiency of the accommodations. As to this "plug" train, I do not know what the accommodation of the car is now, but six months ago or a year ago it was in a horrid condition. It was hardly fit for the people to ride in.

Q. Have there been any complaints in the community, among the shippers, with reference to special rates being allowed to one shipper as against another?—A. I do not know. The complaint was made in

community with reference to connections made with the Southern Kansas system of roads at Lawrence. That complaint is still being made; they do not operate this line so as to make connections with what we call the southeastern train in Kansas. They operate the road so that there is a break; they do not make connections there, and our mails is allowed to lay over there on account of that break. I can bring a gentleman here who is more familiar with that than I am.

Q. How long is your freight compelled to wait before it reaches Leavenworth?

The WITNESS. Going out?

The CHAIRMAN. Yes.

The WITNESS. It would necessarily be compelled to lie over there a day—twenty-four hours. That is my recollection of it. I heard that statement made. Then at some points further south I think there is a break caused by reason of this first break, so that there is a delay there, or there has been. But now that these new roads have been constructed, the probabilities are that there will be better facilities for doing business in that particular part of the State.

NO COMPETITION AS TO RATES.

Q. Has there been any competition as to the rates between the railroads, or have they generally pooled their freight and passenger rates?—A. There was no road to compete with us in that direction.

Q. You have named several roads coming into Leavenworth. Have the rates of freight charged per mile been about the same on all the roads?—A. As these Western roads reach different districts of territory, I do not know that there has been any particular pool. That is, I have not been familiar with it. All three of these Western roads, the Leavenworth Branch, the Leavenworth, Topeka and Southwestern Branch, and the Kansas Central, have all been operated practically in the Union Pacific interest. So I suppose they have been operated in harmony. But the Missouri Pacific, running north, has had different rates, I presume. They have pooled as to eastern rates, I presume. They to all river points, I understand. We have received during the past year or two, according to my understanding, practically the same rates that Kansas City and Atchison and Saint Joseph have received, and perhaps lower rates.

DISCRIMINATIONS AGAINST COMMUNITIES.

Q. Have there been discriminations, or complaints of discriminations, I refer to communities throughout the State, in favor of one and against another community?—A. The complaint has been that this system of road in question has discriminated in favor of Kansas City as against this community. That complaint has been of long standing. I have not heard so much about it recently as I did a few years ago.

The CHAIRMAN. It has not been remedied, I understand you, however?

The WITNESS. I think not; although, on that point, I am not quite clear. I am not familiar with the freight rates.

ATTEMPTS TO INFLUENCE ELECTIONS.

Q. Has there been any complaint as to attempts of railroads to influence elections, either local or general?—A. I have not heard of any

complaints in this community. I have not known, in fact, of the Union Pacific taking any interest in our local elections. If they did, I would naturally know something about it; but I have not heard anything of the kind. I have heard general remarks about their taking interest in State elections; but whether that be true or not I am not prepared to state.

KANSAS CENTRAL OPERATED IN INTEREST OF KANSAS PACIFIC BRANCH.

Q. Have you any other information that you can give the Commission?—A. I desire to speak of the Kansas Central, the narrow-gauge railroad. It is generally understood in this community that that road is not operated as it might be, and my opinion, based upon very good reasons, is that the west end of the road is operated in the interest of the Kansas Pacific Branch, as we term it—the Kansas branch of the Union Pacific. The trade of the west end is diverted over the line running north, the main road—the Junction City and Fort Garrison, I think it is called; and in their operation of the passenger trains, we have got to lie over at the point where the break is made. We lose about twenty-four hours there. It is almost impossible for us to reach that territory. If we desire to reach the territory west of that point, we are compelled to leave here and go by way of Junction City. We cannot get out over the Kansas Central.

Q. Why?—A. They operate the east end of the road to that point so as to make a break, and not to make connections, and our passengers are compelled to lie over for twenty-four hours.

Q. Where do they make that break?—A. At Clay Centre.

By Commissioner ANDERSON:

Q. That is on this branch road?—A. Yes, sir; it is on this road.

By the CHAIRMAN:

Q. So that, as I understand, if you wish to reach points west of Clay Centre, you are compelled to go by way of Junction City, and go beyond?—A. Yes, sir. We are compelled to take that road. There, again, the road is operated in the interest of the main line.

Q. Have you any other information to give?—A. I will state that we also aided that road, and they agreed to give us good facilities for doing business. A reference to the time table of that road will explain this whole matter. You will see, by the running of the trains, that that break is made at that point. As regards freight facilities on that road, I have not heard any definite complaint.

Q. The complaints have all been with reference to passenger traffic?—A. Yes, sir. I think that complaints were made at one time; but my recollection is that that was remedied. But I notified Bitman and Taylor to be here, and they can inform you on this point. I notified Mr. Taylor and Mr. Todd to call upon you this morning, at your request, and if there be anything of that kind they can state it fully.

PLAN OF SETTLEMENT.

Q. Have you considered the question of the adjustment of the debt of the Union Pacific Railroad Company to the Government, or that of any of the bond-aided railroads?—A. I have not considered it very fully, only in a general way. I suppose some of these apparent discriminations on the branches were to aid the general showing of the main lines

have been aided by the Government. I understand that this branch has been aided by the Government. I presume the road has been compelled, or the management has, to make that showing to the Government.

Q. I speak with reference to the roads generally, as to the methods of settlement at the time of the maturity of the bonds in 1897. I ask whether an immediate settlement and extension to the several roads aided by the Government would be best, in your opinion?—A. I believe the general opinion of the Western people here, who have given the matter any thought, is that the Government ought to give them an extension. There is no doubt, in my mind, considering the present cost of building railroads, but what the branches of the Union Pacific road are bonded so heavily that they cannot afford to pay at this time, and I do not think the Government ought to require them. That is my individual opinion, and is the opinion expressed by almost everybody that I have heard make any expression of opinion on that point.

BENEFICIAL EFFECT OF EXTENSION.

Q. What would be the effect on the community of an extension of the debt? Have you considered that question?—A. I think the immediate effect of an extension, on the community, would be, of course, to put the company in better financial condition and enable it to fortify its system of roads by a legitimate system of extension. There is no question but what the road has been crippled; that is, in the way of making proper extensions in the West; and other systems of roads have taken advantage of that and entered the territory that naturally belonged to the Union Pacific system of roads, as I understand it, in the West. We speak of railroad territory here. A few years ago we understand they mapped out territory and divided it up, and considered it as their holding; but that has been broken up now, and encroached upon by the different systems in a mutual way; and we feel that the Union Pacific has not been enabled, because of its financial embarrassments, to compete with the other systems of roads. We also feel, as a Western community, that the Government ought to be lenient. While we have our own complaints to make against the Union Pacific, we do not feel that the Government ought to press that system of roads.

Q. Have you any other suggestions to make?—A. I have none whatever.

LEAVENWORTH, KANS., *Wednesday, July* 6, 1887.

HENRY SCHINDLER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am correspondent of the Kansas City Times.

Q. How long have you resided in Leavenworth?—A. Thirteen years.

Q. Have you any knowledge of any complaints that have existed in the community? I refer to the roads controlled by the Union Pacific Railroad Company.—A. Yes, sir.

DISCRIMINATION AGAINST LEAVENWORTH.

Q. Will you please state them to the Commission?—A. The road, as I understand, and knew it formerly, has been operated in the interest

of the citizens of Leavenworth. That is, in the interest of the road itself. Since it has come into the hands of the management of the Union Pacific, all of the business has been diverted as much as possible over the main line of the Union Pacific to Kansas City instead of going over the main line entire to Leavenworth. The running time of the trains has been changed, so that where the trains used to leave here at 10.15 in the morning for the West, now they leave in the afternoon, and only run as far as Garrison. Only one crew is used for the passenger trains. Formerly there were two crews, and the trains went clear to the end of the road. Now they only run to Garrison, and come back the next day at 11.15. All this was done for the purpose of cutting down the expenses of the narrow gauge, and to put all the business on the main line of the Union Pacific from Clay Center and other points above that.

FACTS CITED IN PETITION FOR RECEIVER.

I knew nothing of this, of course, as a matter of fact, until I went to the court-house and there found an application filed by a number of bondholders for the appointment of a receiver, in which all these statements were set forth, and I published them, of course, as I found them there, in the Kansas City Times.

By Commissioner ANDERSON:

Q. The bondholders of what road?—A. Of the Kansas Central road, representing some $500,000 worth of bonds. Since then I understand that Mr. Smith, who was the principal one of the local bondholders, has been to New York, and a settlement has been made with him by the Union Pacific. They had defaulted on their bonds, I think, for April, and the petition set forth that the Union Pacific was wrecking the road for the purpose of getting all the business on the main line of the Union Pacific, in order to show as big a traffic for that line as possible, and then, when they had completed the job, they wanted to sell the road. I spoke to Mr. Smith since then, and he told me that he had been to New York, and was there but a day when everything was settled—that is, as far as they cared for at that time. What has been done with the petition since then, of course, I do not know; but it is on file in the office of the clerk of the district court. The property which it stated was to have been bought by the Union Pacific, or by the Kansas Central, is a large brick building below here, used as a freight depot now, and is in the hands of Dillon and Ames under a deed of trust, and they now claim it is owned by the Union Pacific instead of by the Kansas Central. The petition sets forth that they have put down iron rails taken from their main line—second-hand iron—and charged for it to the road as new iron. They have taken their Colorado narrow gauge engines and put them down here almost as new engines—charged for them as such. That is about all that the petition contains. I only know that from the petition.

By the CHAIRMAN:

Q. When was the petition filed?—A. It is filed with the clerk of the district court.

Q. When?—A. About three weeks ago.

By Commissioner ANDERSON:

Q. Is it printed?—A. No, sir; but I told a gentleman last night that I thought that petition should be obtained by the Commission while

here, as it would be, perhaps, better evidence than anything that would be said.

Mr. CHARLES FRANCIS ADAMS. We will furnish a copy of it. It is a complaint and foreclosure.

EFFECT OF DISCRIMINATION UPON THE COMMUNITY.

By the CHAIRMAN:

Q. What has been the effect of the diversion of traffic over the main line upon Leavenworth and surrounding community?—A. It has injured the business of the merchants a great deal. In conversation with them I learned that from them.

Q. How has it injured them?—A. In place of getting the traffic from the surrounding towns, which are naturally tributary to Leavenworth, it goes the other way, to Kansas City. Formerly all of the trade of the towns lying along the Kansas Central, beyond Clay Center or Garrison, came to Leavenworth, and instead of that, it is all going to Kansas City over the main line, because it is the longest haul.

Q. What other complaints have you knowledge of with reference to the Union Pacific road?—A. I do not know that I have any other; I only know these because my business leads me to them.

Q. Have you any knowledge of any special or preferential rates being granted to individual shippers?—A. No, sir; I have not.

Q. Have you any knowledge of the participation by the officers or employés of the Union Pacific road in influencing legislation?—A. No, sir; the offices or headquarters were to be located at Leavenworth, according to the charter; but everything has been moved to Omaha.

The CHAIRMAN. I refer to the employés of the road that are here.

The WITNESS. Yes, sir; it has all been taken to Omaha.

Q. Have you any other information that you can give to the Commission?—A. I have not.

LEAVENWORTH, KANS., *Wednesday, July* 6, 1887.

EDWARD STILLING, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Are you holding a public position now in Leavenworth?—Answer. No, sir; I have never held any public position here; I have been a practicing lawyer since 1863.

Q. How long have you been a resident here?—A. Since 1863; since about this time of the year 1863.

LEAVENWORTH COMPLAINTS.

Q. Have you any knowledge of any complaints in the community with reference to the roads controlled by the Union Pacific Railway?—A. Yes, sir; I think I have.

Q. Will you state them to the Commission?—A. As far as this community is concerned, they have very great complaints. About the time I came here the road was being commenced, and the various aids the road required to be given were given.

AID GRANTED BY THE COUNTY.

Q. What were the aids?—A. The Congressional aid for the main line did not extend to here; but they had the charter for the Delaware

Diminished Reserve, or a very large portion of it, lying in the southern part of this county, and a part in Wyandotte County, which they were to get for building the road from Leavenworth west. This, as I understand, was the end of the main line of the original road as chartered by the legislature. They had a right to build a branch road to Wyandotte down the river. After they commenced grading here first they went down the river bottom. They came to the people of Leavenworth and asked them to give $250,000 of bonds to aid in building this branch as to which they were already in treaty with the Delaware Diminished Reserve Indians.

By Commissioner LITTLER:

Q. Do you mean county bonds?—A. Yes, sir; the county gave them $250,000 in bonds on their promise that this part of the road should be run and operated in the future just the same as the other part. They never kept that promise, I think, for a day, and do not do it now. Of course it did not create a good sort of feeling in this part of the community towards that road.

COMPLAINTS OF THE "PLUG" AND "MIXED" TRAINS.

Q. How far do they run?—A. They run a "plug" train from Lawrence to Leavenworth, connecting with certain of their east and west passenger trains on the line of the road up and down the Kansas River. Then they run what is called a mixed train; part passenger and part freight. I think they run three, if not more, passenger trains up and down the Kansas River, and to their terminus, right along.

MERCHANTS LEAVE BECAUSE OF DISCRIMINATION AGAINST LEAVENWORTH.

Q. What has been the effect of such management upon this community and the surrounding community?—A. The discrimination that has been made against this place and in favor of Kansas City has had the effect to compel merchants to leave here and go there. That was about the only railroad outlet that either place had for some time. The effect of that operation has been very disastrous to these people right along, and it is so now. They do not accommodate the business on the line of the road. It is some 36 miles to Lawrence. They do not run trains now so as to accommodate the business along that line, and the result is that the farmers and business men come into this place by wagon from places 30 miles away. The road runs a train out here in the morning and back in the evening, and the business men of the community cannot conveniently get to their county seat. This is the county seat for business thirty-odd miles along that road. They run that freight train there and back on the same day, and the business men cannot do their business in that way.

Q. How great is the population between Leavenworth and Lawrence along the line?—A. It is a dense farming population. There are three very considerable trading posts—Fairmount, Tonganoxie, and Reno.

THE KANSAS CENTRAL "SCALPED."

Q. Have you any knowledge of the management of the Kansas Central road, narrow gauge?—A. Yes, sir; I know something about that, too. I was connected with that road as attorney, and helped to get it

built as far as it was built. I knew pretty well the condition of that road when the Union Pacific got it, in 1882, I think it was. For the first year, or about that length of time, while Mr. W. A. Kelley had the management (he was a railroad man here), that road was pretty well managed. From that time on, I think, to use an expression that I understand the superintendent has used, it has been "scalped" by the Union Pacific road.

Q. In what way?—A. In this way: They have so neglected to keep it up, so as to accommodate the public along the line, that there is a universal complaint of the public along the line of the road that they are not accommodated. They already own a road crossing the Kansas Central road at Clay. The business of the Kansas Central road from that point west, from the time they acquired it, was principally diverted to and brought down on their main line, and the connections were abandoned for all parts east of that on the Kansas Central road to the portions west. About a year ago, perhaps more, they completed a road up the Blue Valley, about 50 miles this side of the terminus of the Kansas Central road.

DIVERSION OF TRAFFIC.

By Commissioner ANDERSON:

Q. You mean the westerly terminus?—A. Yes, sir; the westerly terminus of the Kansas Central road. Since that time the business of that road has, for some distance this side of and all beyond that point, been diverted down the Blue Valley to the other road.

By the CHAIRMAN:

Q. To the main line?—A. The business of this other road; yes. As I understand, from an investigation I made awhile ago, there has been no such connection with the passenger trains that a passenger from this end of that road could go west by way of Garrison without lying over seventeen or eighteen hours on that road. The consequence was it threw all the business off on the main line to Kansas City. That has been, of course, very injurious to our business community here at Leavenworth, who have done a great deal to build that road, because, in allowing the road to run down at this end, it has rendered the road of very much less value to the business community here; not half as much as it was before.

CONTRIBUTION OF LEAVENWORTH TO KANSAS CENTRAL ROAD.

Q. What was the local contribution of Leavenworth to the Kansas Central road?—A. Leavenworth gave, originally, $250,000 in bonds to the Union Pacific road, then called, I believe, the Kansas Pacific—Leavenworth, Pawnee and Western originally; but I am not sure about that. But they got in return for it $250,000 in stock of that road, as was required under the law. When the Kansas Central road was built they gave that in aid of the building of the Kansas Central road.

By Commissioner ANDERSON:

Q. Gave that stock?—A. That stock.

Q. Can you tell us what date that was?—A. My impression is that the road was built in 1872 as far as Holton. It was 1872 or 1873.

Q. How far is that?—A. That is 56 miles. The road now, I believe, is 170 miles long.

RATES.

By the CHAIRMAN:

Q. Have there been any complaints with reference to special rates that have been given to individual shippers?—A. I have heard remarks made about those things, but I am not in any business that would lead me to know exactly about them. A merchant would know about them. I have heard that was the fact; but I do not know it myself.

Q. Has there been any cutting of rates between the railroad companies coming into Leavenworth?—A. That I do not know.

Q. Are the rates about the same on all the roads running out of and coming into Leavenworth?—A. I do not know about that. I know nothing about the rates for carrying, or anything of that kind. I never had anything to do with mercantile business or shipments along the line of road.

Q. Have you any knowledge of employés of the road located here in Leavenworth attempting to influence local or general legislation?—A. No, sir; I have not.

Q. Have you any other information that you can give to the Commission?—A. I do not think of anything else.

By Commissioner ANDERSON:

Q. Was not this subject of the management of trains on the Kansas Central and on the Leavenworth Branch placed before your State commission and made the subject of a formal complaint?—A. I have understood it was. Mr. Moore, who is the secretary of the board of trade, can tell more about that than I can. I have heard that it was. It is pending there now. I am not connected with the board of trade.

TRANSFER OF KANSAS CENTRAL TO UNION PACIFIC.

Q. Were you residing here, and an attorney for this company, at the time of the transfer of the Kansas Central to the Union Pacific?—A. No, sir; I never was the attorney of the Union Pacific Company.

Q. Were you the attorney of the Kansas Central at that time?—A. I was attorney of the Kansas Central, not at the time the contract was made, but at the time the stock was transferred.

Q. From whom to whom?—A. Transferred from the county. I mean at the time the stock was transferred from the Kansas Central to the Union Pacific.

Commissioner ANDERSON. I am speaking of the time the Kansas Central was purchased by the Union Pacific.

The WITNESS. Yes, sir, I was attorney of the company, but I think you are not right about how the stock was transferred.

Q. Were you attorney for the company in 1880?—A. Yes, sir.

Q. Do you recollect the occasion when Mr. Jay Gould came out to examine both the Kansas Central and the Central Branch?—A. I remember his being here and going over the road. I do not remember any particulars about it.

EXTENSION BUILT BY GARRISON.

Q. Do you know who was building the Kansas Central at that time?

The WITNESS. In 1880?

Commissioner ANDERSON. In 1879 and 1880. On the 7th of November, 1879, if you want the exact date.

The WITNESS. At that time, I think—I may be wrong about dates—the road was built. The extension was made to Owaga. The road was extended by Mr. Garrison. He bought a half interest in it, or, perhaps, with one of the shareholders, he had a half interest. He assisted in building it to the town of Garrison.

Q. That town is named after him?—A. Named after him. That was about the time.

Q. At that time were you familiar with the business of the Kansas Central?—A. Oh, yes; I was.

TRANSFER TO JAY GOULD.

Q. Do you know, as a matter of fact, that Commodore Garrison transferred his interest in that road to Mr. Gould in 1879?—A. I understood that he transferred that at the time Mr. Gould bought the Missouri Pacific road.

Q. Do you know anything of those negotiations and transactions?—A. No, sir. I was not present at any of them. That was the general understanding.

Q. You know nothing personally about it?—A. No, sir; I know nothing personal about it.

Q. Who was the principal counsel of the Kansas Central at that time?—A. I was, here. I guess I was the only one.

Q. Have you no records that will show the fact of that transfer, and the circumstances attending it?—A. I have not. I do not know where the records of the Kansas Central are. I understood they were at Omaha.

Commissioner ANDERSON. I refer to your personal records, in your office as an attorney?

The WITNESS. No, sir; I have nothing at all. I had nothing to do with the transfer at all. That was done, I think, in New York.

By Commissioner LITTLER:

Q. How was this transfer effected? Was it by consolidation, or by purchase of the stock?—A. The original mortgage on the road was foreclosed, and it was bought in by Mr. Smith and Mr. Garrison. They reorganized the road, Mr. Garrison taking a half interest, and then they went on with the construction of it. About the time of the sale of the Missouri Pacific road, or the reported sale of it, Mr. Gould, I think, acquired the other half interest from Mr. Garrison.

Q. It was organized as a Kansas corporation, was it?—A. Yes, sir.

Q. Under the general incorporation laws?—A. Yes, sir.

Q. What was the new capital?—A. I do not remember that, but I have a copy of the charter in my office, and I will send it over here if you want to see it.

Q. We may want to see it. Did you prepare the papers?—A. Yes, sir; I think I did.

ISSUE OF NEW STOCK.

Q. Had you anything to do with the issuing of the new stock?—A. No, sir; I had nothing to do with that. The secretary of the company always issued that, and I do not think I ever saw the records as to that.

Q. Do you know what proportion Mr. Gould received of the stock?—A. I know from the reports of the company only—that he took Garrison's place, when he bought the Missouri Pacific road.

Q. Was that immediately after, or soon after, the purchase by Mr. Gould of the Missouri Pacific?—A. My understanding was that it was a part of the same purchase. Garrison bought this interest because it would be tributary to the Missouri Pacific, and when Mr. Gould bought the Missouri Pacific, Mr. Garrison required him, as I understand it, to take this interest with the Missouri Pacific, as a thing attached to it.

By Commissioner ANDERSON:

Q. Who was this other gentleman who was interested with Mr. Garrison?—A. Mr. Smith.

Q. Is he living?—A. He is right here in the city, building railroads.

Q. What is his name?—A. Leonard T. Smith.

LEAVENWORTH, KANS., *Wednesday, July* 6, 1887.

ALEXANDER CALDWELL, being duly sworn and examined, testifies as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am president of the Kansas Manufacturing Company.

Q. How long have you been engaged in business?—A. About fourteen years in that business.

Q. Are you the present presiding officer of the board of trade?—A. Yes, sir.

COMPLAINTS AGAINST KANSAS CENTRAL MANAGEMENT.

Q. Have you any knowledge of any complaints existing in Leavenworth, or in the surrounding communities, concerning the roads controlled by the Union Pacific Railroad?—A. Yes, sir; to some extent.

Q. What is the nature of the complaint?—A. There is some complaint about the operation of the Kansas Central road. It is a narrow-gauge road that runs westward from Leavenworth. It is complained that it is not operated in the interest of Leavenworth, or in the interest of the road. It is intersected at Clay Centre by a part of the main line that runs down to Junction City; and also at Blue River, near Garrison. The complaint is that trade is diverted on those cross lines, and taken down to the main line and carried to Kansas City. That is, the trade which is naturally tributary to Leavenworth, which assisted in building the road. That is all the complaint I know of on that line.

DIVERSION OF TRADE FROM LACK OF ACCOMMODATIONS.

Q. Has trade been diverted by reason of the failure of the Kansas Central to provide proper accommodation?—A. I think so; at least we think it has been diverted by the management of the Union Pacific so as to carry the bulk of the trade on the main line to Kansas City instead of to Leavenworth. That is the local complaint.

Q. Have the Union Pacific officers, through their agents, solicited trade by way of Clay Centre, over the main line as against the Kansas Central?—A. I do not know that to be the fact. I only know that the complaint is that trade goes that way, and I am satisfied it does so, because the trade does not come here.

Q. Are the citizens, because of bad accommodations, compelled to send freight over the main line from Clay Centre to that section?—A. Yes, sir; I think so. All the way down to Junction City it has to be sent over the main line.

Q. What effect has the diversion upon Leavenworth and the territory at this end of the State?—A. It has the effect to deprive Leavenworth of a good deal of trade that ought to come here, and I think it retards the development of the Kansas Central main line.

COMPLAINT OF MANAGEMENT OF LAWRENCE BRANCH.

Q. What other complaints have existed in the community?—A. There has been some complaint as to the operation of the Lawrence Branch, from Leavenworth to Lawrence; that that branch was not operated in the interest of Leavenworth as it should be. Most of that road was built through Leavenworth County, and this is the county seat, and we think it ought to be run so as to accommodate the traveling public and to give Leavenworth what it ought to get out of that line.

By Commissioner LITTLER:

Q. Did you hear the testimony of the mayor on that subject?—A. No, sir; I did not.

By the CHAIRMAN:

Q. What effect has the management of that Lawrence Branch had upon Leavenworth and the territory through which it passes? Has it compelled the citizens to send goods by way of Kansas City, and then to Leavenworth?—A. No, I think not; to some extent it may have done so.

DELAY IN TRANSPORTATION.

Q. To what extent?—A. For instance, the transportation of goods is very slow by way of Lawrence; frequently there are delays at Lawrence. They are sometimes delayed a long time before they are shipped south or west. That has happened frequently. We have had complaints of that kind come to our board of trade, and we have investigated them, and have asked for redress, but we have not got it.

Q. What has been the answer of the railroad authorities?—A. I do not recollect their answer now. But we have had some communications with them through the board of trade, and they promised to do better, and to give us better facilities at times, and promised to try to avoid any delay at Lawrence or elsewhere; but the delay continued all the same. Those are simply local complaints. Of course our people would like this Lawrence Branch to be operated so as to give all the facilities that could be reasonably expected. Leavenworth contributed to the building of that road, I think, $250,000; and by the terms of the contract, or the terms upon which the road received the bonds, it was to be operated in all respects as the main line was operated.

Q. What other complaints have you any knowledge of?—A. I have none. These are simply local matters that I speak of.

LOCAL LEGISLATION.

Q. Has there at any time been any legislation in the councils of the city with reference to railroads?—A. I do not know of any.

Q. Has there been any local hostile legislation on the part of councils of your city as against the railroad?—A. Not that I know of. The

board of trade and the city council have at times asked for better facilities, but I do not know of any hostile measures that have been taken.

Q. Have you any knowledge as to the efforts of the Union Pacific Railroad employés, or those of roads controlled by the Union Pacific Railroad Company, to influence local or general elections?—A. I have not.

Q. Has there been any complaint in that direction?—A. None that I know of.

LOCAL AID GRANTED UPON AGREEMENT AS TO TRAINS SERVICE.

By Commissioner LITTLER:

Q. You spoke a moment ago about a contract by which the people of this county voted this aid. What do you mean by that? Was there ever a written contract between the company and the county, specifying the manner in which they would run trains and do business with this city?—A. Yes, sir; there was a submission to the voters of the county as to the bonds, by which they were to vote $250,000 bonds, and under which the company was to complete the road from Lawrence to Leavenworth within a specified time.

Q. The only contract was embodied in the terms of submission of the vote?—A. I think so.

Q. You do not know of anything else?—A. That is all.

PLAN OF SETTLEMENT.

By the CHAIRMAN:

Q. Have you considered the question of a settlement by the roads aided by the Government with the Government at the time of the maturity of the bond?—A. I have thought a little on that subject, but have given it very little attention for the reason that my mind was occupied with other matters.

Q. Have you formed any opinion?—A. Yes, sir.

Q. Will you give the Commission the benefit of your thought?—A. Generally, I think, the building of the Union Pacific Railroad has been a great benefit to the country, and the branch lines that have been built have been of great benefit to the country, and that the country and the road would be benefited by the building of more branch lines to protect the territory. I think they are bound to do that in self-protection; and if I were managing it, or were arranging it for the Government I would certainly give the company all the time necessary to pay the debt, with reasonable interest, and would give them an opportunity to build all the branch lines that the interest of the road might require. I know that other systems are making inroads upon their territory and cutting them off here and there; and as long as the Union Pacific Railroad's hands are tied by the Government I do not think they can protect themselves.

UNION PACIFIC'S HANDS TIED.

Q. How are their hands tied?—A. I think they are tied if they are not permitted to borrow money and build branch lines. I am only speaking of what in my mind would be the policy to pursue to make the road ultimately valuable. It would appear to me that if the Government could have a mortgage upon the main line and all the branches, it could afford to give time to pay the debt.

DIVIDENDS.

Q. Are you of that opinion, notwithstanding the railroad company declared dividends from 1874 to 1884, of nearly $30,000,000?—A. It might have been wrong for the railroad company to declare those dividends when they owed the Government, but what I mean is that the Government should give them time enough to pay up, and the road should use all its means to pay its debts.

FAVORABLE EFFECT OF EXTENSION OF TIME.

Q. What effect would such an extension as you suggest, of the time the road is to pay, have upon this community?—A. I do not think it would be an unfavorable one. All this community wants is to have facilities for traffic. I presume the road would be in better condition to afford that if they had opportunities to extend and build branch lines to cover their territory and had money enough to give us better facilities.

Q. Have you any other suggestions to make with reference to the settlement?—A. I have not.

LEAVENWORTH, KANS., *Wednesday, July* 6, 1887.

H. MILES MOORE, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Lawyer by profession.

Q. How long have you resided in Leavenworth?—A. Since June, 1854. I helped to found this town. I named it, I think. I have the papers in my possession of the original town; all the maps connected with it.

Q. Are you the present secretary of the board of trade?—A. I am.

Q. How long have you been secretary?—A. It is five or six years since we organized. Mr. Caldwell has been president and I have been secretary since our organization.

LEAVENWORTH COMPLAINTS.

Q. Have you any knowledge of complaints existing in the vicinity of Leavenworth as to the facilities afforded by the roads under control of the Union Pacific Company?—A. There has been considerable complaint made by the people along the line of the road on the Lawrence branch. There was a petition prepared some time ago, which I think was referred to the chairman of our railroad committee, Mr. Todd, which was sent to the railroad commission. There was also a resolution introduced here in the board of trade, of which I have a copy, referring to the original contract made for the building of this road, stating what they were to do in regard to this matter.

The CHAIRMAN. Suppose you read the resolution right here.

The WITNESS. This was on the 21st of June, 1886, and occurs in our proceedings. That was the time it was before the board, when the formal complaint was made. [The witness then read the language of the contract referred to.] Upon those instructions those resolutions were forwarded to our railroad commissioners by a letter from myself.

BROUGHT BEFORE STATE RAILROAD COMMISSION.

Q. What action did the commission take?—A. They retained it in their possession until some time in May, 1887. We did not hear from them definitely, and then, by directions of the board of trade, I was instructed to write to them again and ask them to make a report on this matter. There was then a good deal of complaint made by our freight shippers. I wrote to them and they replied after a while. Their whole correspondence is here. They finally declined to accede to our request. That was the upshot of the whole matter after a long correspondence with them.

By Commissioner ANDERSON:

Q. Did they render a decision in writing?—A. Yes, sir.

Q. Have you it?—A. Yes, sir. They say nothing about the matter of freights. It is simply upon this question of passenger traffic. Our committee of the board of trade, of which Mr. Todd was chairman, examined their report, and was not satisfied with the make-up of how they got at their figures there, and I was instructed to write them for a fuller statement. In answer to that they sent back a lot of papers here which were furnished to them, I believe, by the railroad companies or the freight departments.

COMPLAINTS NOT REMEDIED.

By the CHAIRMAN:

Q. Have the complaints been remedied at all?—A. No, sir; not so far as the passenger matter is concerned.

Q. They exist to-day, then?—A. I believe they do. Mr. Todd there, who is chairman of the railroad committee, is a wholesale merchant here in Leavenworth, and is very familiar with the matter, and probably had more to do with it than anybody else; and, so far as freight is concerned, he can give more information on that subject than I can.

EFFECT OF KANSAS CENTRAL MANAGEMENT UPON LEAVENWORTH.

Q. What knowledge have you as to the management of the Kansas Central road, as it affects this community?—A. The same complaint exists with regard to passenger and freight traffic over that road. They have not run their passenger trains to suit our people, and there have been complaints, I believe, largely among our freight men, the shippers, that the road delays the freight west of Garrison twenty-four hours. They delay it at Garrison twenty-four hours before they forward it. Everything seems to be diverted since the building of what is known in this country as the Blue Valley road, where it intersects west of that, down that road on to the Kansas Pacific road or Union Pacific.

Q. What has been the effect upon Leavenworth of the diversion of traffic?—A. It has stopped all travel, pretty nearly, except so far out as Garrison, and perhaps Holton and some little towns out there.

Q. Have you any knowledge of discrimination in rates in favor of individuals?—A. No, sir; I have not.

Q. Have you any other information that you can give the Commission?—A. No, sir; I think not.

Q. Will you furnish the Commission with a copy of the contract that you have just read so that we can have it, and will you forward it to Kansas City?—A. I will.

Q. Also, the report of the State commission in answer to your protest or application?—A. Yes, sir.

DECISION OF RAILROAD COMMISSION.

Commissioner ANDERSON. I will simply call your attention, Mr. Chairman, to the fact that this decision of the railroad commission appears to have been very carefully made, and after an examination of the actual business done by the Leavenworth branch, and with an evident desire to promote the facilities of the business, if they could find any reasonable way of doing it; but, as far as I make it out, their refusal is based on the fact that the figures of the business show that the alterations called for could only be effected at a positive loss of money to the company operating this branch.

The WITNESS. I think that gentlemen a little more familiar with it than I am, and who have examined the whole matter, will testify on this subject, and show that they have made up the figures out of a large amount of money that should not come into the calculation. They have evidently, to my mind, charged the whole business up to Leavenworth. Here is the fort, which gets a large amount of freight traffic over that road, and the penitentiary is also here, and the coal shaft also, and all that sort of thing; and everything appears to be charged up to Leavenworth.

Commissioner ANDERSON. I will read this sentence from the conclusion of the report: "From this statement it will be perceived that at the time the complaint of the board of trade was made to us, the passenger business was actually diminishing on this road instead of increasing and demanding for its accommodation increased facilities."

THE "PLUG" TRAIN.

The WITNESS. I should think it would, for the reason that they ran the mixed train, "the plug train," with cattle and hogs and everything else into the town, and, as was very justly remarked, the advantage the boys had was that they got into the town first. They landed at about 11 o'clock, sometimes 2 or 3 o'clock, and then would go back again in an hour or two after that. Nobody could come into Leavenworth and do business under that state of things.

By the CHAIRMAN:

Q. Will you furnish the Commission with a copy of this decision of the railroad commission?—A. Yes, sir.

LEAVENWORTH, KANS., *Wednesday, July* 6, 1887.

W. M. TODD, being duly sworn and examined, testified as follows:

Question. What is your business?—Answer. Wholesale grocery business.

Q. How long have you resided in Leavenworth?—A. Thirty years.

Q. Have you been engaged in business during those years?—A. For the last twenty years I have been in this same business.

Q. Have you any knowledge of any complaint with reference to the management of roads controlled by the Union Pacific Railroad Company?—A. Yes, sir.

FREIGHTS DELAYED.

Q. What are they?—A. I have knowledge as to both our own business and as a member of the board of trade. I know that our freights are subject to delays of from two to three and even five days longer in transit than they are from Kansas City to their destination to western points. We have had occasion to go before the railroad company with these complaints a great many times. They make an effort to, and do temporarily, overcome this difficulty, which shows that it could be always overcome if it received the proper attention. Our freights then for a time reached their destination on good time. But no later than last week one of our traveling men was home and told me that the freight was suffering great delay again, and that he was receiving many complaints. That is on the Lawrence branch.

Q. Where does the delay take place?—A. It is pretty hard to say. We sometimes think that it is at Lawrence. Then it may be on some of the other divisions. We are unable to locate a delay. We know that the delay does not take place here. Our goods are shipped and loaded promptly and leave here the same day, that is, when they get to the station a reasonable length of time before the train goes.

Q. To what points are the shipments made?—A. All along the line and branches, from Leavenworth west as far as Lawrence, Kans.

Q. What effect has this had upon your business?—A. A very depressing effect.

Q. Have other shippers here made the same complaint?—A. Yes, sir; they have. One other wholesale grocery house here has had the same complaint.

Q. How long has it existed?—A. It has existed for the last five or six or ten years.

INSUFFICIENT TRAINS AND INCONVENIENT HOURS.

Q. Have you any knowledge as to any other complaint?—A. We have knowledge of complaints as to the passenger traffic on the branch road between here and Lawrence. That branch is not operated, I think, to favor people coming to Leavenworth. If they want to come in here on any business that they could transact in four or five or six hours, and go home, as they ought to, from the county seat of their county in one day, they are unable to do it. The train that arrives here in the morning is a mixed train and reaches here between 11 and 1 o'clock. Then they stop down below here and switch around and wait, and the passenger has to wait and be bumped around, or have to walk to town. Then the train leaves about 2 o'clock, and people cannot do their business here.

PRIVATE CONVEYANCES PREFERRED.

They usually come in wagons, in order to have time in which to do their business. The road runs a great many accommodation trains to Kansas City with which this branch has no connection whatever. If you want to go west there is only one train to go on each day, and if you leave in the afternoon train you have to wait at Lawrence three or four or five hours, or perhaps longer, to catch a train running to Kansas City. They make no connections at all. That was the basis of our complaint to the State commission. The statement, as rendered by the railroad company, shows an actual loss in the operating of this Leavenworth branch. They have rendered an itemized statement

for six months, which we have here. These papers are all here. In making up the expense of operating this road there are, as I think, a great many things included in those papers that do not belong to us. For instance, there is fencing of the road; that comes in for six months. I do not think they have to fence the road every month. There is a charge of from $1,000 to $1,500 for repairing engines every month for 30 miles of road.

IMPROPER CHARGES AGAINST OPERATING EXPENSES.

Q. What other expense?—A. Here is one of their statements right here. It is a statement of earnings and expenses of Leavenworth and Lawrence branch for the month of April, 1886 and 1885, "conducting transportation." There are "books, printing, and stationery," for 1886, $81.83. For 1885, in the month of May, $168.17. "Cleaning and inspecting cars," $63.93. This is for 1886.

Q. We want the items that you think have been improperly charged in operating expenses in order to show that this road has not been profitable?—A. That is what I understood your question to be. Here are the expenses that occur. This is only my supposition. "Repairs on locomotive" for the month of May were $451.62. That same item of expense occurs every month, only it is larger in some months than in others. "Repairs on fences and cattle-guards $1,082.37 for one month. Of course if those same charges did not occur every month I would not think anything of it, but for six months the same charges occur every month. They have not got more than three or four locomotives on the road, and they would have to be buying a locomotive every month, it seems to me. Then there is another item here, "taxes." The taxes for the month are $800, a clean $800, and no cents to it at all. Every month the taxes are itemized and they are never less than that a month.

SPECIAL RATES.

Q. Have there been any complaints as to discriminations or special rates granted to shippers?—A. No, sir; not that I am aware of. We have had no trouble in shipping our goods. Our rates have been the same. We have no trouble in that respect. The great trouble we suffer from and are suffering from greatly—worse to-day than ever before—is the operating of the road. Our goods are taken when they have nothing else to do.

Q. Did you hear the testimony of the gentlemen who preceded you with reference to the management of the Kansas Central?—A. Yes, sir.

PETITIONS TO BOARD OF TRADE TO ACT.

Q. Do you corroborate the facts testified to by them?—A. Yes, sir; most emphatically. I have petitions in my possession, up at the store, signed by the residents of every town along that line of road, regarding the operating of that road, and urging and begging us as a board of trade to do what we could and have better accommodations given to them. I forwarded all those things to the railroad company at Omaha. They respectfully referred them to their superintendent, Mr. Brinkerhoff, at Kansas City, and he referred them back to somebody else (and I finally got hold of them again), saying that they had investigated the matter, and that the people were well satisfied. I forwarded all of those petitions, with some thousand or

fifteen hundred names signed to them, I guess, on a rough estimate. The road ignored them. Afterward their agent came to me. This matter was in the papers. He said that he had received a request from the freight department of the Union Pacific Railroad that we lay that matter before them. I did make them a statement of it, but I have had no reply from them at all.

FREIGHT TRANSPORTATION "SIMPLY OUTRAGEOUS."

In regard to the freight transportation on the Kansas Central Railroad, it is simply outrageous. Our goods that leave here promptly at 6 o'clock in the morning go as far west as Garrison, and have suffered an outrageous delay of 23 hours, simply waiting for a train with a freight car attached to go on to Clay Centre and other points. Lately we have been forced to ship our goods to Clay Centre around by Lawrence in order to get them ahead of time over the Kansas Central to points west of Clay Centre. I believe all this is brought about to accommodate the Blue Valley road connecting with the main line at Manhattan. When that train comes along these goods of ours that have been laying at Garrison for so many hours are loaded and go on west.

Q. Have you any other information that you can give the Commission?—A. No, sir; I have not.

Q. Or any suggestions?—A. No, sir.

LEAVENWORTH, KANS., *Wednesday, July* 6, 1887.

LEONARD T. SMITH, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. Farmer.

Q. Where do you reside?—A. Here in Leavenworth.

Q. How long have you resided here?—A. Thirty years.

Q. What familiarity have you with railroad building?—A. I have been connected some time with them; for some twenty-odd years.

Q. With what railroad?—A. I was connected with building the road from Kansas City to Leavenworth, called the Missouri River, Leavenworth, Atchison and Northwestern Railroad, now a part of the Missouri Pacific.

Q. Any others?—A. The Kansas Central. I am building a road now, the Leavenworth, Northern and Southern.

INSUFFICIENT FACILITIES BY KANSAS CENTRAL.

Q. Are you familiar with the management of these roads?—A. Some; yes, sir.

Q. In reference to the Kansas Central, we have been informed that there is complaint here that its management does not afford facilities to this town that the town desires. What have you to say?—A. I think that is true. I think the road, as operated at the present time, is very injurious to this section of the country; not only to this town, but all along the line. The train on this road leaves here now after all trains come in that come in the morning, and no train goes out until 4.30, I think it is. It makes the mails all late. After you get out 50 miles or 100 miles the passenger train lays over for twenty hours.

Q. How can it be rectified?—A. I think changing the trains would rectify that; and it would be to the interest of the road. I may be mistaken, but it looks to me to be largely to the interest of the road to change the time of the trains.

ALSO BY LAWRENCE BRANCH.

Q. We have heard the same complaint with regard to the Lawrence branch, more especially with reference to freight. Do you know anything about that?—A. Yes, sir; some. I have heard read some of the testimony here, and I think what has been said is, to a certain extent, true. But there are some things to be taken into consideration. The Union Pacific's hands have been tied; and you might also consider the fact that they are poor. They have had no facilities to work with economy and to do their business. While it may seem to be a matter of expense, I do not think there has been any disposition to injure the town.

By the CHAIRMAN:

Q. How have the Union Pacific's hands been tied?—A. I think they have had pretty hard work to get along and make their earnings keep up, under the competition that they have now.

Q. How long has that been the condition of things?—A. Three or four years, and perhaps longer. It is a fact that a road, where it is a branch, cannot make the same business that it could in connection with the through or trunk road. If this Lawrence branch was run and operated without changing cars or trains, and so there was no delay, it would be better for Leavenworth. Sometimes the road has been at fault in the delay of freights. But there is no reason why they should not have the same facilities here for shipping supplies as are had in any other town.

By Commissioner ANDERSON:

Q. It is your judgment that if this subject receives proper attention it can, at least to some extent, be rectified by the Union Pacific?—A. I have no doubt of it.

ASSOCIATED WITH GARRISON IN CONSTRUCTION OF KANSAS CENTRAL.

Q. You say you constructed some portion of the Kansas Central?—A. Yes, sir.

Q. What portion?—A. Nearly the entire length of it.

Q. Did you know Commodore Garrison?—A. Yes, sir.

Q. Were you associated with him in that enterprise?—A. Yes, sir.

Q. With whom was your construction contract made?—A. I was president of the company always while it was being built. Commodore Garrison and myself bought in the road. It was sold on mortgage.

Q. When?—A. It was sold, I think, in 1879.

Q. How long before Commodore Garrison sold the Missouri Pacific to Mr. Gould was it that you bought in the Kansas Central?—A. Commodore Garrison had the road about, I think, six months; perhaps longer. He sold out in November, I think.

Q. He sold in November, 1879, did he not?—A. November it was; yes, sir. Then it was in the spring of 1879 that we bought in the road—1878 or 1879.

Q. After that what was the nature of your ownership? Did the company pass out of existence?—A. No, sir.

Q. Was it reorganized?—A. Yes, sir; Commodore Garrison retaining a half interest and I and my associates retaining the other half.

Q. That is, between you, you owned all the bonds and all the stock?—A. Yes, sir.

ITS ACQUISITION BY JAY GOULD.

Q. Who negotiated the transfer of Commodore Garrison's interest to Mr. Jay Gould?—A. Commodore Garrison.

Q. Did you take any part in it?—A. No, sir; I was telegraphed to to come on to New York after the trade was made and closed up. I went on there, and I was to approve the transaction, as Garrison told me, or otherwise it would break up the trade, as far as the Kansas Central was concerned. But they agreed, or the commodore agreed with me, to go on and build the road, and I told the commodore he had done exactly right. He had a large interest, while I had a small interest at stake, speaking of the Missouri Pacific. You know he sold that at the same time.

Q. You had an interest in the Missouri Pacific also, did you not?—A. No, sir; I was a director.

Q. What do you mean when you refer to his having a large interest?—A. The trade was made, including the Kansas Central and the Missouri Pacific, all in one, and he had a large interest because he had the Missouri Pacific.

Q. Did the trade include your interest in the Kansas Central also?—A. No, sir.

Q. You retained that?—A. We retained that, and went on building. We built out to Garrison. The town was named after the commodore. It was completed after the trade was made, in the spring.

NEGOTIATIONS WITH GOULD IN NEW YORK.

Q. Who did you see when you went on to New York?—A. I saw Commodore Garrison and Mr. Gould and Mr. Dillon and most all the Union Pacific people in New York at the time.

Q. Do you remember whether your visit to New York was before or after the consolidation?—A. It was before. I sold them our Kansas Pacific stock.

Q. You sold what?—A. The old company had $250,000 of the Union Pacific stock that they got in exchange for their bonds in this branch. I sold them to Mr. Gould on this visit.

Q. Do you remember the price?—A. Somewhere about 80. I could not tell exactly.

Q. Can you fix the exact date in any way?—A. No, sir; not without my books.

The CHAIRMAN. We will take a memorandum from you in writing if you can fix it from your books.

The WITNESS. Yes, sir; I can do that.

Q. At the same time and on the same occasion when you sold this stock to Mr. Gould you approved of the transfer of Commodore Garrison's interest in bonds and stock to Mr. Gould?—A. Yes, sir; Mr. Garrison left a note at the hotel to see him first, and we went down, and my remark to him was that he had done perfectly right.

Q. Did he make any statement in regard to his having required Mr. Gould to take the Kansas Central at the same time or in connection with the Missouri Pacific, or what was said about that?—A. The trade was all one. It was $3,800,000 that he received for the whole interest.

Q. Was the apportionment of so much for the Kansas Central and so much for the Missouri Pacific merely a matter of convenience?—A.

He gave just what it cost Commodore Garrison. Commodore Garrison turned it in and said, "I will charge you nothing on this, only you are to carry out the extension we agreed to make." Commodore Garrison concluded to go on, but the Union Pacific did not go on for a year or two. I think we commenced again in 1881 or 1882. I could not remember all those dates without referring to them.

ACQUISITION OF THE PROPERTY BY THE UNION PACIFIC.

Q. How soon after the transaction was closed in New York were you informed that the property had been passed over to the Union Pacific and they were to be the purchasers?—A. I do not know. I should say three or four months; perhaps longer than that. I do not remember.

Q. You came back here supposing Mr. Gould was going on with Mr. Garrison's work?—A. Yes, sir; with that understanding we did go on and build to this town called Garrison.

Q. When you returned to Leavenworth your impression was that Mr. Gould was to go on with the work, was it?—A. Yes, sir.

Q. And not the Union Pacific Company?—A. No; not the Union Pacific.

Q. Afterwards you learned that the Union Pacific had acquired it?—A. Yes, sir; in fact I knew right away, in the course of a month, any way, that the Union Pacific was going to have the Kansas Central, as Mr. Gould had stated that he bought that and turned it over to the Union Pacific. Mr. Gould, after buying this, came out and made a trip over the Central Branch, and I went with him.

MR. GOULD'S WESTERN VISIT.

Q. Are you quite sure whether Mr. Gould's visit was before or after he bought the Central Branch?—A. Both trades were made at about the same time—the Central Branch and Kansas Central.

Commissioner ANDERSON. Mr. Gould's visit here, as he states, was before the purchase of the Central Branch.

The WITNESS. I guess it was agreed upon, but perhaps not closed up.

Commissioner ANDERSON. Mr. Gould, in his evidence, told an amusing story about his coming out here and seeing freight trains poking their noses out at every corner to make a great show of business?

The WITNESS. Yes, sir; I was the one who got the story off on Mr. Gould. Mr. Pomeroy came out and he kept pitching into me about the narrow gauge and my little road, as he called it; and while going along, before we got to Atchison, I thought I would give Pomeroy a little dose. We sat there in the cars, and there was a band of music and stages at every station, and on the side tracks everything was headed East. They were tooting away there, and he said they were doing a great amount of business. As a joke on Pomeroy, I said to Mr. Gould, "Did you notice the trains are all headed East?" I said, "I do not believe there is anything in them; Mr. Pomeroy has probably prepared this for you two weeks before you came on."

COST OF ROAD.

Q. Can you tell us what the bonds that were sold to Mr. Gould had cost; that is, what the cost of your road was?—A. Just the actual cost. Mr. Garrison took the bonds and advanced the money, after bidding the road in, as long as he held it. Then Mr. Gould took it right off his

hands and the bonds were transferred to Mr. Gould, or the Union Pacific, and put in that office, and they advanced the money, taking the bonds and giving the money at $8,000 a mile. That is the bonded indebtedness now on the Kansas Central.

Q. Do your books show just what the cost of that road was to you when you bought it in?—A. Our books are all in the hands of the Union Pacific. After I sold out my interest they took all the books up to Omaha.

Q. The construction books also?—A. Yes, sir. We built the road without any contractor. The company built it, and they drew on them for the money.

Q. Do not your books show approximately what it had cost at the time you bought it in?—A. Somewhere in the neighborhood of $400,000.

Q. For the whole interest—yours and Mr. Garrison's both?—A. Yes, sir; that was as far as Omega. The road was bought in at that.

Q. Was there any money expended on the road between the time you bought it in and the time Mr. Garrison passed it over to Mr. Gould, during those six months?—A. There was. Mr. Gould assumed that indebtedness and took the bonds. Mr. Garrison had bonds at par. The Union Pacific did the same thing. They made Mr. Garrison do it in this purchase; but he turned over the bonds to Mr. Gould or the Union Pacific.

THE PURCHASE PRICE.

Q. Please state again what the whole price paid to Mr. Garrison was?

The WITNESS. You mean the present bonded indebtedness?

Commissioner ANDERSON. No, the amount he paid.

A. Three million eight hundred thousand is my present recollection; I think that was the entire amount.

Q. What did you get that figure from; is it from your memory only?—A. Yes, sir.

Q. And from information given to you by whom?—A. I saw it in the papers; and I was familiar with the checks, &c., and it was talked about when I was in New York.

Q. Your recollection is that the Kansas Central, which is all we are interested in up to this time, as far as constructed, had cost in the vicinity of $400,000—I mean up to November, 1879.—A. No, not up to that time; but up to the time Mr. Garrison bought it in, which was in April, I think.

Q. Can you tell me how much was expended on it between April and November, 1879?—A. No, sir; not without referring to the books, I could not. We built 35 miles of road. There was at least $20,000 to $22,000 a mile expended. It was pretty rough country we built through, but I could not tell the amount without reference to the books.

Q. When you say $22,000 a mile, do you mean in bonds or in money?—A. Money. The bonds were issued for it at par. The money was for every dollar that was spent.

CASH COST OF CONSTRUCTION.

Commissioner ANDERSON. I am talking about what it cost you in money to pay the engineers and workmen who graded the road, and the cost of the iron, ties, &c.

The WITNESS. Well, I should say, from memory, it was about $22,000 a mile. It might have gone up to $25,000. The books show that.

Commissioner ANDERSON. Mr. Adams, can you tell me?

Mr. ADAMS. I do not know.

Mr. MINK. The books are all at Boston. Mr. Smith says the company built its own road, and if that is true the books will show it. I think it was $479,000.

The WITNESS. I think I can explain that to you. The road was bid in for much less than what it cost. The first 50 miles of it cost a great deal of money. We paid $100 a ton for iron rails. The road was foreclosed on a mortgage, and was bought in, as I say, for in the neighborhood of $400,000, when there were about 80 miles of road completed, or 84. Not having much to do with it lately, the particulars are all out of my mind. We put a mortgage of $8,000 a mile on the entire road. I am not very far out of the way—not over $25,000 or $30,000—in saying that the indebtedness was over $800,000. We used up what the road brought in in paying off its debts, and the road was $150,000 behind in completing it to Meltonville, the floating debt, and since then, as I understand from their reports, it runs behind.

Commissioner ANDERSON. The point of inquiry is really to test the accuracy of a statement made that the interest bought from Commodore Garrison in November, 1879, in the Kansas Central was passed over to the Union Pacific at the same price at which it was purchased, and the price charged to the Union Pacific in money for that interest was $479,000.

The WITNESS. That must be correct, then.

Commissioner ANDERSON. We do not know. We thought that you could tell us.

The WITNESS. I could not tell without the books. It must be correct. I know it is. There was no profit to Mr. Garrison. He said that to me. He did not ask any profit, and they stepped into his shoes.

Q. Garrison did not ask any profit?—A. No, sir; he said they could have the Kansas Central at just what it cost him.

Q. We want to know whether Mr. Gould asked any profit?—A. I do not think he did. I think he turned in the Kansas Central and took just what it cost him.

Q. Do you know anything about the Central Branch, except from this trip you made over the road?—A. No, sir; except hearsay. I talked with Pomeroy and others in New York.

PLAN OF SETTLEMENT.

Q. Have you given the subject of the adjustment between the Union Pacific Railway Company, as subsidized, and the United States Government, any consideration?—A. Yes, sir; I have thought of it, and talked about it considerably to different persons.

Q. Will you kindly give us what, in your judgment, would be fair and proper and practicable?—A. I think, as the road has been a pioneer road, and as it has settled up this country, if the Government never got a cent for it it would be well paid. If the company was not compelled to pay off this debt, but simply the interest, say 2 per cent., or 2½ per cent., it would be a great help to the company and to the country. It would fix up the road and build branches, which I believe there is a disposition to do. As it is, there are roads that can be built for one-third or one-fourth of what it cost to build that road. If the territory is to be taken up by other roads, such as the Chicago, Burlington and Quincy, and the Santa Fé and other roads, I cannot see how the Union Pacific can live. It is an important road to this country.

By the CHAIRMAN:

Q. What difference does it make to these people whether they are served by the Union Pacific or any other road?—A. Nothing, except a rivalry. This road goes through a very fine country, and the branches that could be built would make great feeders to the road, and would help the company out. You cannot always get a trunk line that can come to the right place to suit all. This was the pioneer road to the West, and I have always had a great deal of sympathy and good feeling for it.

By Commissioner LITTLER:

Q. How far do you reflect the views of the people of Kansas and Nebraska?—A. I can only speak for myself.

By Commissioner ANDERSON:

Q. Mr. Littler means, how do they generally talk?—A. I believe the people here in Kansas would be glad to see what I say take place.

By Commissioner LITTLER:

Q. Has it been a subject of discussion among you?—A. It has a great deal; yes. I believe the people of Nebraska and Kansas, or any part of the West, would be very glad to see it. I do not know why they should not.

POOR FACILITIES OF LAWRENCE BRANCH.

By the CHAIRMAN:

Q. Did the disadvantages on this Lawrence Branch continue during the year 1883, that you have spoken of?—A. Yes, sir.

Q. During that year, do you not know that the Union Pacific Railway Company was declaring a dividend of 7 per cent. to its stockholders?—A. Yes, sir; I believe they did.

Q. If they supplied any part of the dividends to the improvement of this branch road, could they not have corrected the difficulty at that time?—A. Yes, sir; and they can yet.

Q. Then it was not on account of any financial embarrassment?—A. No; not altogether. You cannot make 30 miles of a road keep up its own end. If that road ran into Chicago, or into Saint Louis, it would be a part of a line, and it would be a paying road. I would like very much to see them sell it. I will make an offer for it.

Q. Have you any other information to give that would be of benefit to the Commission?—A. Not that I know of that will be of benefit.

L. T. SMITH.

The CHAIRMAN. If there is any other gentleman here that can give the Commission any information concerning these roads we would be glad to hear it. (No response.)

The following letter was subsequently received:

LETTER FROM L. T. SMITH.

[Leavenworth, Northern and Southern Railway Company. L. T. Smith, president. Office, 101 Delaware street.]

LEAVENWORTH, KANS., *September* 2, 1887.

CHAS. P. YOUNG, Esq.,
Secretary, New York:

DEAR SIR: Upon reflection I find that my estimate of the cost of the road from Onaga as being from $20,000 to $22,000 per mile was somewhat too high, and now think that $18,000 per mile would cover the cost of that portion.

Answering your marginal notation as to the date of selling the $250,000 Kansas Pacific stock to Mr. Gould, I can now state that it was on the 20th of November, 1879.

Very respectfully,

L. T. SMITH.

The Commission then adjourned to meet upon the call of the Chair.

LEAVENWORTH, KANS., *Wednesday, July 6, 1887.*

The Commission met upon the call of the chair, all the Commissioners being present.

JAMES C. STONE, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Are you a resident here?—Answer. A resident of Leavenworth County.

Q. How long have you resided here?—A. Since October, 1858.

INCEPTION OF LEAVENWORTH, PAWNEE, AND WESTERN.

Q. When you first came here the Kansas Pacific was known as the Leavenworth, Pawnee and Western, was it not?—A. When I first came here there was nothing. The Leavenworth, Pawnee and Western was a mere paper charter, given like many others were given by the Kansas legislature. They were just lying on the statute books, none of them being used.

Q. Who first became interested with you in the development of that charter?—A. Mr. J. H. McDowell.

Q. Of where?—A. Of Leavenworth, and Col. A. J. Isaacs, and General Thomas Ewing. General Ewing, however, came in later. He came in after we got it under way.

Q. What was the scheme in its inception?—A. In its inception it was a scheme to build a railroad from Leavenworth to Lawrence. Our views were not very extensive at the start.

Q. When was the first construction started?—A. We went to work first and got the first Delaware treaty made and confirmed, by which those lands which came up then to within six miles of Leavenworth were sold to the Leavenworth, Pawnee and Western Railroad Company, to be used for the purpose of constructing that road.

ENLARGEMENT OF THE SCHEME.

We found, after we made the treaty, that, although the lands were valuable, the country was so new to enterprises of that kind that this one was too small to engage the attention of capitalists. Kansas was then a long ways from New York. We went on and enlarged the enterprise. We made a treaty with the Pottawatamie Indians, by which we bought 50,000 acres of land northwest of Topeka. The Delaware treaty, I believe, covered 225,000 acres. It has been twenty odd years since my attention has been called to this, and you must excuse any mistakes I may make. We found that the enterprise was still too small; that there was not enough of it to engage the attention of capitalists; so we determined to see if we could not put it into a Pacific railroad scheme and

engage the attention of the whole country. We drew up the first Pacific railroad bill and worked it through Congress.

Q. Did this enlargement of your scheme cover the period from 1858 until the bill in Congress was passed?—A. It covered the period from the latter part of 1859 until the bill was passed. There was nothing done about it in 1858, at all. It was in 1859 and 1860.

CAPITAL STOCK.

Q. What was the capital stock of the company?—A. The capital stock of the Pawnee road was originally $5,000,000, with the right to add $5,000,000 more for the construction of branches, making $10,000,000 altogether.

Q. What bonds were issued, if any, before the passage of the bill in Congress?—A. There were no bonds issued, so far as I can recollect. I know there were not, in fact. There could not have been, because under that bill the United States had the first lien on the road.

Q. You mean the Government had the first lien until it gave authority to place a lien ahead of the Government lien?—A. That was the first bill.

Q. When did the construction of this road commence from Kansas City westward?—A. It was commenced from Kansas City and Leavenworth at the same time.

Q. And before the bill was passed in Congress in 1862?—A. No; after the passage of the first bill.

Q. Was that after it was passed?—A. After it was passed.

ISSUE OF STOCK.

Q. When was the stock issued? I do not mean in what year, but with reference to the act of Congress.—A. I do not know whether all the stock was ever issued. What do you mean by "is sued?" Do you mean when were the certificates made out?

Q. When were the certificates made out and delivered to any person with power to use them?—A. I guess it must have been about—it is pretty hard to date it now.

Q. Was it before the act of Congress of 1862 was passed?—A. Yes; before the act of Congress.

Q. By whom were the certificates signed?—A. By Mr. McDowell, as president of the road, and also by the secretary, of course.

Q. What was his name?—A. Samuel Denman.

Q. And by them they were delivered to whom? Was there an agent for the transfer of the stock?—A. It was all issued in my name. I should suppose that I had charge of it; but it was a joint concern.

Q. Did you have the control of all the certificates of stock in the first instance?—A. Yes. Of course I had that control in connection with these other gentlemen. I would not have had power to dispose of it without their consent.

CONGRESSIONAL LEGISLATION.

Q. Do you remember the session of Congress at which the law of 1862 was passed?—A. Yes; 1862.

Q. Was the vote for that bill for a long while uncertain?—A. Yes.

Q. Who was in Washington?—A. I was.

Q. Who else?

The WITNESS. Who had the bill?

The CHAIRMAN. Who else had charge of it to represent the interests of your company? Mr. Ewing?

A. No; Mr. Ewing was not there at the beginning. He was there before the bill finally passed the Senate, I think. He was not there when it was before the House at all.

Q. We have a statement furnished us from a Washington paper, I believe, which contains a number of curious entries relating to the alleged disposition of this stock with reference to the passage of this bill of 1862. You are familiar with that publication, I suppose?—A. I am; but have no means of knowing whether it is a correct copy of the paper from which it purports to be taken.

LIST SHOWING DISPOSITION OF STOCK.

The statement is as follows:

R. McBratney, 2,000 shares, $13,000. "Supposed to be for S. C. Pomeroy."
W. W. Gaylord, 2,000 shares, $100,000. "Supposed to be for S. C. Pomeroy. Think you understand this, gentlemen."
E. W. Chase, Chaseville, N. Y., 1,000 shares, $50,000. "But little service rendered, mostly blackmail."
Henry Bennett, Elmira, N. Y., 20,000 shares, $1,000,000. Supposed to be for H. Bennett, J. P. Usher, Caleb Smith, and R. W. Thompson. "Usher and Bennett right. Let Smith and Thompson 'slide.'"
G. W. Weston, Washington, 200 shares, $10,000. "Services rendered."
Henry Bennett, Elmira, N. Y., two issues, one of 200 shares and one of 2,300, aggregating $1,125,000. "Right."
Margall, 600 shares, $30,000. "Know nothing about it."
J. M. Shackleford, Kentucky, 300 shares, $15,000. "Right."
C. W. Chase, Chaseville, N. Y., 800 shares, $40,000. (See note above.) (The note is "but little service rendered, mostly blackmail.")
B. Reynolds, 400 shares, $20,000.
"Right," 200 shares, $10,000; supposed to be for C. Mitchell, of Indiana.
Hon. T. L. Price, Missouri, 500 shares, $25,000. "Right."
J. F. Cowan, 3,900 shares, $195,000. "Supposed to be for T. Stevens. See note." (The note reads: "If any of this stock, or land, or money furnished this man is really for Mr. Thaddeus Stevens, that part ought to be respected. This man Cowan still retains in his hands several certificates which have been liquidated.")
R. W. Latham, 100 shares, $5,000. "Right."
Bridges, 100 shares, $5,000. "Know nothing about him."
Mrs. Wallis, of New York Herald, 400 shares, $20,000. "Right."
Thirington, 100 shares, $5,000.00. "Do not know."
J. M. Winshell, 100 shares, $5,000. "Right."
N. H. Marston, 400 shares, $20,000; Lathrop, 200 shares, $25,000; King, 300 shares, $15,000; Brown, Simpson, Kansas, $13,000. "Blackmail."
R. S. Stevens, Kansas, 330 shares, $16,500. (No remarks.)
General J. Cooker, 80 shares, $4,000. "Right."
S. W. Johnson, Kansas, 400 shares, $20,000. "Right."
B. F. Camp, New York City, and others, $20,000. "Cut Camp to the red." "Supposed to be for Carlisle, of Virginia."
J. P. Usher, 10,000 shares, $500,000.
C. Babcock, Kansas, 1,400 shares, $70,000. "Supposed to be for Wilkinson. Act in reference to the future."
J. F. Cowan, Pennsylvania, 200 shares, $100,000. "Supposed to be for T. Stevens and others." (See note on him.)
F. P. Stanton, Kansas, 100 shares, $15,000. "No obligation for the past—look to the future."
Cheever, Washington, D. C., 500 shares, $25,000. "Supposed to be for Simmons of Rhode Island. The services contemplated were not rendered in full." See Judge Thomas Ewing, jr.
R. W. Latham, 300 shares, $15,000. "Supposed to be for Simmons, of Rhode Island. See note on Cheever."
H. F. Bennett, California, 100 shares, $5,000. "Right."
Whitely, New York Herald, 100 shares, $5,000. "Right."
Martin, California, 400 shares, $20,000. "Do not know."

Franchatt, New York, 2,000 shares, $100,000. "Right."
J. N. Cutts, 100 shares, $5,000. "No service."
Hon. J. S. Rollins, Missouri, 500 shares, $25,000. "Right."
Ross, Fletcher, Holliday, and Stinson, Kansas, 2,400 shares, $120,000. "Hold over them in terror."
Fielding Johnson, 100 shares, $5,000. "Right."
C. Adams, 200 shares, $10,000. "General Lane's son-in-law. Right."
W. W. Bachus, Leavenworth, 50 shares, $2,500. "Right."
General J. H. Lane, 9,400 shares, $470,000. "Right."
J. Moran, Missouri, 400 shares, $20,000. "No service."
Josiah Miller, Kansas, 100 shares, $5,000. "Right."
Chester Howard, 100 issued, $5,000. "General Lane's friend. Right."
Seventy thousand one hundred and forty shares ($3,507,000) of this stock was subject to assessment; 13,020 shares, ($651,000) not so subject. The total amount of the fund is 83,160 shares, or $4,158,000.

STATEMENT OF ASSETS AND LIABILITIES.

This document is supplemented by another, showing the assets and and liabilities of the concern, April 13, 1863, and made up by J. C. Stone.

ASSETS.

Messrs. Ross, Steel & Co., contracts overdrawn	$467.63
James Goodin	150.00
William Lisbaugh, bad money	15.00
Dr. R. Southwick, note	35.00
Large iron safe and office furniture	500.00
	1,167.63

LIABILITIES.

J. F. Cavan, of Pennsylvania, five notes of $1,000	$5,000.00
R. G. Corwin, Dayton, Ohio. "Shove him"	10,000.00
R. W. Thompson. "Shove him"	5,000.00
Balance due certain Pottawatomie chiefs. "All right"	1,883.00
Whitley, New York Herald. "All right"	200.00
General James Cooper, Fredericktown, Md. "All right"	1,000.00
Mark Delehay, surveyor-general of Kansas. "All right"	593.32
Sylvester Medbury, Columbus, Ohio. "All right"	250.00
Clark, Gruber & Co., supposed overdrawn bank account. "All right"	1,715.48

DELAWARE LANDS.

In the same report is the following schedule of Delaware lands conveyed and contracted to be conveyed by the road:

The number of shares conveyed, 11,441.50.
R. McBratney (General Pomeroy's friend), a contract, for 2,500. He has selected and received a quit-claim for all but 640.
S. A. Simpson, Kansas, has a contract for "blackmail," $320.
Thomas G. Gladding and others, Leavenworth. "All right," $2,500.
W. P. Dole, Commissioner of Indian Affairs. See Ewing, $1,280.
R. W. Latham, Washington, D. C. Attorney's fees.
Editor of Leavenworth Conservative, and brother of our M. C. "Right."
NOTE.—We find a memorandum made by Judge Ewing of 500 acres of Delaware land to one Lathrop, but do not know the terms or conditions of the contract with him, and whether there is such a contract.

POTTAWATOMIE LANDS.

Then is disclosed the Pottawatomie lands, "contracted to be conveyed to sundry persons:"

R. McBratney, register of the land office, Junction City, Kans. Pomeroy's friend	$2,500.00
Lathrop	500.00
R. W. Latham, Washington, D. C.	100.00

[illegible] F. Stanton, Kansas	$646.00
[illegible] F. Dole, Commissioner of Indian Affairs	1,280.00
[illegible]watomie men	1,920.00
[illegible] W. Ross, Pottawatomie agent	320.00
[illegible] Catholic mission on Pottawatomie Reservation	960.00
[illegible] E. Mix, Indian officer, Washington, D. C	640.00
[illegible] White	320.00
Total	9,240.00

GOVERNMENT LANDS.

The whole concluding with the Government lands disposed of:

[illegible] McBratney, register of land office, Junction City	$20,000.00
[illegible] W. Chase, New York	5,000.00
[illegible] F. Cowan	2,500.00
[illegible]nten, New Hampshire	2,000.00
[illegible]kop	3,000.00
[illegible]wn, supposey to be Forney's friend	5,000.00
[illegible]idges	500.00
[illegible]ington	2,500.00
[illegible], Forney's friend	1,280.00
[illegible] A. Trowbridge, Detroit	2,000.00
[illegible] F. Cowan, for persons unknown	5,000.00
[illegible]owers, of Washington, supposed to be for Simmons of Rhode Island	10,000.00
[illegible] W. Latham. Supposed to be for Simmons of Rhode Island	1,000.00
[illegible] P. Dole, Commissioner of Indian Affairs	3,840.00
Total	66,260.00

AUTHENTICITY OF THE STATEMENT.

Q. Can you tell me what degree of truth there is in the article as published, and especially as to the remarks contained in the newspaper opposite the persons' names to whom the different lots of stock appear to have been given?—A. I do not know anything about the newspaper remarks or whether the alleged copy is correct. Mr. McBratney was a citizen of Junction City, and was supposed to to have some influence about these matters. At one time he was a very zealous worker in the matter, and those shares were turned over to him for his work.

Q. He was not a member of Congress?—A. No; he was not a member of Congress. I did not deliver them myself, and, of course, cannot tell. I will explain the notes which appear opposite the respective amounts of stock. I will tell you exactly how that was done.

Q. In whose handwriting are the notes that you refer to in the original paper?—A. I expect they are in my own.

ORIGIN OF STATEMENT.

Q. You did prepare a similar statement to that?—A. I did. It occurred in this way. After the transfer to Hallett and Fremont, Hallett came to me one day and said that a great deal of this stock had been given out to various parties, and he had no list. He did not know where it was. There was a list in the books of the company; but it was not accessible just for the moment, and he asked me if I could sit down, and from recollection, as near as I could, make an imperfect list of it, so as to give him an idea how to operate, and let him know where the stock was, for information. My recollection was especially called to that afterwards, and therefore I recollect it better than a great many other things. Mr. Hallett was there; also Col. Isaacs, Mr. McDowell, and Mr. S. A. Stinson.

Q. Where was that?—A. In New York. I sat down and did the writing, and the others made suggestions as we went along. I wrote down just such names as I could recollect. For instance, I wrote "E. McBratney, 2,000 shares." Hallett said, "Just make a note of that; I think that was for Pomeroy." I wrote that. This was a confidential paper for his information, and this was his own note. So it was with every one of them. "Gaylord," he said; "I think that was for Pomeroy." Those notes are his suggestions and his suppositions. He asked me to put them down for his benefit. That is the way that occurred, exactly.

Q. Is Mr. Hallett living?—A. He is dead. He was killed at Wyandotte during the construction of the road.

Q. You knew who S. C. Pomeroy was, did you not?—A. He was a Senator from Kansas at that time. McBratney was a personal friend of his.

STOCK GIVEN FOR SERVICES.

Q. How did you come to part with the stock that you had in your hands?—A. It was just as I told you. McBratney was there at work, trying to help us to get the bill through the House of Representatives, and that much stock was given to him as his pay. We had no other way of paying him.

Q. With reference to these original deliveries, as stated in this paper before you, in these notes which you say were the suggestions of Mr. Hallett, you know that these statements, as to deliveries to McBratney, Gaylord, Chase, and others are substantially correct, do you not?—A. Oh, yes. They were correct as nearly as I could recollect at the time. The list was made from recollection. It was not intended to be anything more than a mere memorandum.

Commissioner ANDERSON. I refer to these words that you say you marked down opposite the name of W. H. Gaylord, for instance. "Think you understand this, gentlemen."

The WITNESS. That is Mr. Hallett's suggestion. Gaylord was a brother-in-law of Pomeroy's.

Q. You must have known what those words referred to?—A. That is what they referred to.

Q. In adding the words, "Think you understand this, gentlemen," what do you mean that was intended for?—A. It was for those who were sitting around the table. That was Mr. Hallett's remark, and I wrote it. A careless memorandum, that was.

Q. Who was Mr. Gaylord?—A. A brother-in-law of Mr. Pomeroy.

Q. Was he a Representative?—A. No.

Q. Where did he live?—A. He lived in New York.

Q. Is he living now?—A. I do not know whether he is or not.

SHARES GIVEN TO E. W. CHASE.

Q. "E. W. Chase, Chaseville, N. Y., 1,000 shares." That stock you say you delivered to Mr. Chase?—A. Yes, it was delivered to him by some one connected with the road.

Q. Where was that delivered?—A. In Washington. Chase was an ex-member of Congress, and was there assisting in the passage of the bill.

Q. He was not a member at the time?—A. Not a member at the time.

Q. When you gave him that stock, what conversation did you have with Mr. Chase? Of course I know you cannot remember it at this time in detail.—A. I do not know that I gave it to him. I do not think I did. I think it was one of the others that gave it to him. I may have done it, but I cannot recollect it now.

Q. The remark which was added are the words, "But little service rendered; mostly blackmail." What did you understand that to refer to?—A. That meant that Mr. Chase had been supposed to be very serviceable at the beginning, but it turned out that he had not done much.

Q. The expression "blackmail" would imply that he threatened to make some disclosure unless you gave him the stock, would it not?—A. Oh, no. That was long after the stock was given; a year or two afterwards.

THE WORK HE DID.

Q. It would, in any event, indicate that some pressure had been brought to bear on you to get the stock. Do you remember anything of that kind in connection with Mr. Chase?—A. No; I do not recollect anything of the sort at all.

Q. Did you see Chase frequently?—A. Yes; he was in Washington. This was long afterwards.

Q. Did he report to you what he was doing?—A. Yes; he used to report that he was accomplishing a great deal in the way of convincing people that the bill ought to pass. But I think we came to the conclusion he was mistaken about that; that he did not do anything.

Q. You do not recollect any threat made by Mr. Chase, or any indirect method by which he compelled you to give this stock to him against your will?—A. Oh, no, the stock was given long before that.

Q. By the expression "blackmail" means what?—A. That simply means that it was done without consideration. He did not do anything.

Q. That no consideration was given or rendered?—A. Yes.

Q. He made no threats?—A. No, he never made any threats that I know of. If he did, it would not amount to anything. We did not care.

Q. What market value did this stock have at the time?—A. None.

Q. You could not do anything with it except in this way?—A. No.

Q. Was he a member of Congress?—A. He was not.

SHARES GIVEN TO HENRY BENNETT.

Q. "Henry Bennett, Elmira, N. Y., 20,000 shares." Did you know him at this time?—A. Yes.

Q. Was he a member of Congress?—A. He was not.

Q. What connection had he with Congress or what influence had he with Congress?—A. I do not know. Mr. Bennett was an old man at that time, and he was introduced to me by Mr. Usher; he was represented to me as a man of great practical wisdom, one who would be extremely useful. He was, in fact, the man who drew the Pacific bill which passed. He was a good draftsman and a good lawyer; said to be. I think Mr. Usher studied law with him.

Q. Is Mr. Bennett dead?—A. Yes, he died long ago. He really had more charge of it than anybody else, and was very much trusted in the whole business.

Q. Did you see him from time to time?—A. Yes, I saw him very often.

DONATIONS TO CONGRESSMEN DISCOUNTENANCED.

Q. Did Mr. Bennett ever say to you that he had disposed of any of the shares by giving them to any member of Congress?—A. I might

as well tell you at the start that I told every man who had any stock around there at the beginning that if anything of that sort was ever done, I wanted nothing to do with it; that I should not do it myself, and should not advise it, and should not countenance it if they did it, and if any of them thought proper to do it on their own account, I wanted them to say nothing to me about it. I never knew it.

Q. Assuming that you had any part in it?—A. If I had I would not hesitate to avow it.

The CHAIRMAN. The fact that it was alluded to in that way shows that it was possible that the stock would be put to that use.

The WITNESS. I did not think that members of Congress were absolutely invulnerable. That was my opinion of them. But I wanted nothing to do with it. I made up my mind I would not. I did come to suspect afterward that some stock had been used in that way, but it was merely a suspicion, and I had no proof of it.

Q. Did you examine subsequent transfers on your books to see whether any member of Congress, or other persons who might possibly represent them, came to be stockholders?—A. So long as I had control of the books there was nothing of that kind.

"USHER AND BENNETT RIGHT; LET SMITH AND THOMPSON SLIDE."

The CHAIRMAN. The note relating to the one million dollars of stock is as follows: "Supposed to be for H. Bennett, J. P. Usher, Caleb Smith, and R. W. Thompson. Usher and Bennett right. Let Smith and Thompson slide."

The WITNESS. That is Mr. Hallett's comment.

Q. Which of these gentlemen were members of Congress?—A. None of them were.

Q. Is this Judge Usher?—A. Yes.

Q. H. Bennett was who?—A. The old man I spoke of awhile ago from New York.

Q. The same Bennett you have testified about?—A. Yes.

Q. Who were Smith and Thompson?—A. Smith was an Indiana politician. He was Secretary of the Interior at one time. Thompson was formerly a member of Congress.

By Commissioner LITTLER:

Q. Was that "Dick" Thompson?—A. Yes.

Q. He was Secretary of the Navy under President Arthur?—A. Yes; he was. That was afterwards.

By Commissioner ANDERSON:

Q. These words, "Let Smith and Thompson slide," mean what?—A. That Hallett thought that neither Smith nor Thompson had done any service, and Colonel Isaacs and myself had a transaction with Mr. Thompson in which we thought that he did not behave very well, and we did not feel very kindly to him.

Q. If I understand you right, you still had control of this million dollars of stock at the time this note was made?—A. The million dollars stock had been given to Bennett at the time the bill was passed.

HALLET AND FRÉMONT IN CONTROL OF THE ENTERPRISE.

Q. When were these comments made; after the bill was passed?—A. They were made after the transfer to Hallett and Frémont.

By Commissioner LITTLER:

Q. Was that after the bill was passed?—A. Oh, yes; long after. A year after.

Q. How could you let Smith and Thompson slide unless you could control the stock which they held?—A. Hallett and Frémont had control of the enterprise.

Q. This memorandum was intended for whose use?—A. Hallett and Frémont's. In fact it was Hallett's own memorandum, that part of it.

Q. What services had Usher rendered in connection with the passage of this bill?—A. The same that a great many had. He tried to explain it, I suppose, to members of Congress and urged its passage, being a Western man, and he had a great deal of influence with it.

Q. Were these 20,000 shares of stock passed to Mr. Bennett on the books of the company?—A. I cannot tell you; I think not.

CANNOT IDENTIFY THE TRANSFERS.

Q. Is there any way of identifying them?—A. I do not think any of these transfers were made upon the books—I think they simply held the certificates—as long as the books were open to me.

Q. Do you remember whether these 20,000 shares were transferred to Mr. H. Bennett in one certificate, or in a few large certificates?—A. No; I do not, but I should think that would be probable. I could not recollect now.

Q. Do you know whether you indorsed it in blank on the back or indorsed it to "H. Bennett"?—A. I do not. I do not recollect now.

Q. Have you any memoranda from which that certificate or those certificates can be identified?—A. I do not think I have. I can look and see.

Q. If you could see the certificates themselves would you know them?—A. I would know the handwriting.

Q. I mean, whether you could pick out from a mass of certificates that are referred to in this paper the particular certificates or the certificate representing the 20,000 shares transferred to Henry Bennett?—A. That would be just like all the balance, except, perhaps, there might be a difference in date, or something of that kind.

Commissioner LITTLER. There might be a difference in amount; 20,000 shares is a large amount.

The WITNESS. I know, but you see we were handling large amounts.

EMPLOYMENT OF G. W. WESTON.

Q. "G. W. Weston, Washington, 200 shares, $10,000." Who was he?—A. He was from Maine. He was supposed to be very familiar with public men from that part of the country, and could exercise some influence with them.

Q. Was he a member of Congress?—A. No.

Q. Did you deliver that stock to him?—A. Yes.

Q. You saw him from time to time?—A. Yes.

Q. What kind of a report did these gentlemen make—take Mr. Weston's case? Did he state what he was doing?—A. He would say, "Well, last night I had an interview with Mr. Fessenden, and we talked over the whole matter. He made certain objections, which I met in a certain way; and last week I saw so and so, and he made certain objections." That was about the usual amount of it.

Q. Do you mean to say that in no case did any of these gentlemen report that some advantage was expected by some member of Congress in some shape, way, or form?—A. They never made any report of that kind to me.

Q. Either by procuring some influence to be worked for measures that such members might be in favor of, by log-rolling, or some such method?—A. No; there was no attempt to get influence with any other scheme, any further than to unite with the California parties, who, at the same time, were getting up their scheme at the other end of the road. I do not think there was ever any attempt to unite with anything else at all. If there was, I knew nothing about it.

HENRY BENNETT.

Q. The next is "Henry Bennett, Elmira, N. Y., two issues, one of 200 shares and one of 2,300, aggregating $1,125,000." That is the same Henry Bennett?—A. The same Henry Bennett.

Q. Were those shares of stock to which I have just referred issued at the same time as the other lot, the 20,000 shares?—A. I suppose so. I do not know now. Do you mean issued to me?

The CHAIRMAN. Issued to Mr. Bennett.

The WITNESS. I do not know, really. I cannot tell you.

Q. The note is "Right." That, again, you say is Mr. Hallett's memorandum?—A. Yes; those are all Mr. Hallett's notes.

WITNESS KNOWS NOTHING OF MARGALL.

Q. Then we have "Margall, 600 shares." Do you know what that refers to?—A. I do not know.

Q. The note is, "Know nothing about it." Do you remember whether there was some inquiry between you and Mr. Hallett about that at that time?—A. I do not recollect anything about it. I do not recollect any such name at all. It has passed out of my mind altogether. I suppose I probably knew at the time who he was.

The CHAIRMAN. Probably not, since Mr. Hallett's note is "Know nothing about it."

The WITNESS. Either he or I knew nothing about it. Those are all his notes.

EMPLOYMENT OF J. M. SHACKLEFORD.

Q. "J. M. Shackleford, Kentucky, 300 shares, $15,000." What does that mean?—A. He had influence in Washington, and was acquainted with all the members of Congress from Kentucky, and agreed to remain there.

Q. He was not a member of Congress?—A. No.

Q. Did he reside in Washington?—A. No.

Q. Did he come on at your request?—A. He happened to be there, and agreed to remain and help the work in case we gave him that amount of stock.

Q. Did you know him before this time?—A. Yes; I knew him very well.

Q. He agreed to remain until the bill was passed?—A. He agreed to remain as long as he could, and I think he did remain until the bill was passed.

C. W. CHASE.

Q. "C. W. Chase, Chaseville, N. Y., 800 shares, $40,000." Who is that?—A. That is the same Chase.

Q. The same Chase who was referred to before?—A. Yes.
Q. What is your explanation about the note, "Mostly blackmail?"—A. It is the same as the other.
Q. That it means that same thing?—A. Yes.
Q. That he failed to render any services?—A. He failed to render any services that amounted to anything.
Q. How does it happen that he received two issues, one of 1,000 shares and one of 800?—A. I do not know how that happened.
Q. Do I understand that all of this stock still remained under the control of Fremont and Hallett at this time?—A. No; Fremont and Hallett controlled a majority of the stock, and in that way controlled the enterprise.
Q. Did they control the question whether this stock should be delivered to Mr. Chase or not?—A. No, it had been already delivered.

STOCK CONTROLLED BY HALLET AND FREMONT.

Q. A moment ago I asked you that same question, as to an explanation of the note, "Let Smith and Thompson slide," and you explained it by saying that the Fremont and Hallett combination still could control that stock through Henry Bennett, and prevent it being delivered to Smith and Thompson, did you not?—A. Oh, no; you misunderstood me. They could not control that stock, because it had been already issued and was in Bennett's hands; but the question was, whether Hallett and Fremont should make this stock which had been issued valuable or should make it worthless, which they had the power to do.
Q. How?—A. They had control of the whole enterprise and had a majority of the stock.
Q. How could they "let Smith and Thompson slide," except withholding the stock which they otherwise could get?—A. I suppose they had their own way in regard to that. I did not have it to do, and of course it did not concern me at all.
Q. Did I understand you to say that you knew Mr. Chase personally?—A. Yes.
Q. Had you known him before this visit to Washington?—A. I had not.
Q. Do you remember by whom you were introduced to him?—A. I do not. I should think probably by Mr. Bennett, but I would not be at all certain of that.
Q. Had Mr. Bennett great familiarity with all those gentlemen?—A. He seemed to have.
Q. Both with the lobbyists and the members of Congress?—A. He seemed to have.

WITNESS CONSULTED WITH BENNETT.

Q. Did he direct you as to what you were to do or did you each hunt on your own hook?—A. I guess each did what he thought was best. We consulted about it frequently.
Q. Very frequently, I suppose.—A. Yes.
Q. Every day?—A. Yes; every day, I should think.
Q. Can you recollect the form of consultations and reports you made? I mean especially with reference to the gaining of votes or the favorable opinion of the Congressmen.—A. I gave you an illustration of that a little while ago, when you were asking about Mr. Weston. It was substantially about the same with Mr. Bennett. He would report, "I

have seen so-and-so." He had a large acquaintance with members of Congress. My own acquaintance was limited and I did not extend it much. He would say, "I saw Mr. So-and-So and he seemed to be struck favorably with certain features of the enterprise." Some thought it was too large a sum and some did not. We devised means to meet the objections.

EMPLOYMENT OF S. REYNOLDS.

Q. "S. Reynolds, 400 shares, $20,000." Who was Mr. Reynolds?—A. I cannot recall at the moment. I do not recollect him.

Q. The note says, "Right, 200 shares, $10,000; supposed to be for C. Mitchell, of Indiana." Who was Mr. Mitchell?—A. He was a member of Congress from Indiana.

Q. When you wrote that you knew, of course, that it meant to imply that Mr. Mitchell had got the benefit of 200 shares of this stock, did you not?—A. That is what Mr. Hallett thought.

Q. There were present at that meeting, I understand, yourself, Mr. Hallett, Mr. McDowell, and any others?—A. Colonel Isaacs and Mr. Stinson.

T. L. PRICE.

Q. "T. L. Price, Missouri, 500 shares, $25,000." Was he ex-governor of Missouri?—A. No.

Q. What Mr. Price was that?—A. This was General Price—Thomas L. Price. He was lieutenant-governor of Missouri, I believe, once. He was a prominent man in Missouri. He was afterwards a member of Congress. He was not, I think, a member at that time.

Q. Did you know him personally?—A. Yes.

Q. Did you see him in Washington?—A. Yes.

Q. And did you confer with him in the same manner in regard to his work?—A. Yes.

Q. How long after the bill was passed was it that those notes were made? The same winter?—A. Oh, no; the bill was passed—does any gentleman recollect when the bill was passed?

Mr. MINK. In July, I think it was—July 1, 1862.

The WITNESS. Those notes were made in the fall of 1863.

J. F. COWAN.

Q. "J. F. Cowan, 3,900 shares, $195,000." Who was Mr. Cowan?—A. Cowan was a Pennsylvanian; "Judge Cowan" they called him.

Q. He was not a member of Congress?—A. No; not a member of Congress.

Q. Had you known him before?—A. I had not.

Q. Do you know who presented him to you?—A. I think he was an acquaintance of Colonel Isaacs.

Q. And he was supposed to be familiar with gentlemen in Washington?—A. Yes.

Q. Both lobbyists and members?—A. Yes.

By the CHAIRMAN:

Q. Was he in the United States Senate?—A. No.

"SUPPOSED TO BE THADDEUS STEVENS."

Q. "Supposed to be for T. Stevens." Does that mean Thaddeus Stevens?—A. That is meant for Thaddeus Stevens.

Q. I then find the following words under this same item: "If any of this stock or land or money promised this man is really for Mr. Thaddeus Stevens, that part ought to be respected. This man Cowan still retains in his hands several certificates which have been liquidated." Do you remember writing that note?—A. No; I do not recollect that special note.

Q. Do you remember feeling any surprise at the suggestion that some of this stock was to go to Mr. Thaddeus Stevens?—A. No; I was not in a condition of mind to be surprised very much.

Q. You were prepared to hear anything?—A. Anything at all.

Q. That is, the result of your operations in Washington and your confidential conferences on this subject had led you to the conclusion that while you did not personally know anything about it, you were prepared to hear that anybody had received stock?—A. I will give the history of that myself. Not that, by any means; but what I had heard afterwards, after the whole thing was over, led me to suspect that there was more irregularity than I had expected at the time.

Q. But after the passage of the bill and before those notes were made was not that so?—A. Yes; besides, those were Mr. Hallett's statements, and not mine.

Q. Can you tell us what it was you heard, after the bill was passed, that made you feel that you would be surprised at nothing in regard to the Congressmen?—A. I can hardly recollect it at this time.

MEMORANDA AS TO THADDEUS STEPHENS' STOCK.

Q. Are you not satisfied, after reading this note, that at the time these notes were made up quite a large portion of the stock still remained under the control of Hallett and Fremont? The words I call your attention to are these: "This man Cowan still retains in his hands several certificates which have been liquidated."—A. I do not know what that means. I cannot think now what it could have meant. I was trying to think, when you read it, what it could have meant.

The CHAIRMAN. I call your attention to the rest of the note, which says, "If any of this stock or land or money promised this man is really for Thaddeus Stevens, that part ought to be respected."

The WITNESS. That meant just this: Mr. Stevens had been a very warm advocate of the bill and had done as much as almost any other one man in getting it through, and I suppose Mr. Hallett thought that that being the fact, if any of it was due to him he ought to have it. That is what I suppose. He would very naturally feel that way.

Commissioner LITTLER. It seems to imply that this stock was still, as to a portion of it, under the control of Hallett and Fremont.

The WITNESS. It might have been so.

EMPLOYMENT OF MARSTON, LATHROP, KING, AND BROWN.

Q. "N. H. Marston, 400 shares, $20,000.
"Lathrop, 200 shares, $35,000.
"King, 300 shares, $15,000.
"Brown, 1,000 shares, $15,000."
Do you know who these people, Marston, Lathrop, King, and Brown, were?—A. Lathrop was a Virginian who was there, and who had some relation to the parties who were supposed to have influence. Marston I was trying to recollect. I think he was a Virginian, too, but I will not be sure at all.

Q. Were either of them members of Congress?—A. No.

Q. "R. W. Latham, 100 shares." Who was he?—A. He was a man around Washington and New York a great deal. He was a Virginian, I think.

Q. "Bridges, 100 shares." Who was he?—A. I cannot recollect. A great many of these men I had little or no intercourse with.

"MRS. WALLIS, OF NEW YORK HERALD," 400 SHARES.

Q. The note is, "Know nothing about it." Here is one: "Mrs. Wallis, of New York Herald, 400 shares, $20,000." Who was she?—A. She was the wife of Mr. Wallis, who was considered the editor-in-chief of the Herald at that time.

Q. Did you give her that stock?—A. I do not think I did.

Q. Did you know her personally at the time?—A. I called to see her once.

Q. Where?—A. Only once; in New York.

Q. At her office or at her house?—A. At her house.

Q. Was that before she had the stock or after?—A. It was afterwards.

Q. Did you have any conversation with her?—A. I had. Nothing about the road.

Q. Nothing about the road?—A. No, I did not talk to her about it.

Q. Or about her action with reference to this bill?—A. No. You see that stock was reported to have been passed to Wallis (I think they called him Dr. Wallis) by Latham, whose name you see there; and when I was down in New York he insisted on my going down to see Mrs. Wallis. They put the stock in Mrs. Wallis's name.

Q. You do not know whether that was intended for Mrs. Wallis's own benefit or for whose benefit it was?—A. No; I do not. Of course, I had my suspicions that it was for Dr. Wallis.

Q. Was he connected with the Herald?—A. He was the editor-in-chief, said to be, at that time.

Q. The New York Herald?—A. Yes. I do not know anything about the inside affairs of the Herald. It was so represented to me. He was the chief editorial writer, they said.

Q. Do you remember what tone the Herald assumed about this time with reference to the bill?—A. The Herald had been favorable to the bill all along.

Q. And remained favorable?—A. Yes.

SHARES TO OTHER PEOPLE.

Q. "Thirington, 100 shares, $5,000." Who was he?—A. I do not recollect him.

Q. "J. M. Winchell, 100 shares, $5,000." Who was he?—A. He was a prominent man in Kansas. He was president of the constitutional convention which made the constitution of the State.

Q. Is he alive?—A. I do not think he is; I am not sure, however.

Q. "Dewey, New York, 800 shares, $40,000." Who was he?—A. I recollect the name, but I cannot recall him.

Q. The note is "Blackmail." Does that bring him to your mind?—A. It was somebody else's transaction, I guess. I do not recollect about it.

Q. "Walker, 100 shares, $5,000." The note is, "I do not know." Do you remember him?—A. I do not.

Q. "Jones, 100 shares, $5,000. Supposed to be Forney's friend." Do you remember that?—A. That is Hallett's note; I do not know who he was.

C. A. TROWBRIDGE.

Q. "C. A. Trowbridge, Detroit, 2,400 issued, $120,000." Who was Trowbridge?—A. Trowbridge was from Detroit; he belonged to the Trowbridge family of that city.

Q. Did you know him personally?—A. I knew him very well.

Q. Did you give him this stock?—A. I suppose I did.

Q. This word "issued," after the figures "$24,000," is equivalent to "delivered," is it not?—A. I suppose so.

Q. What peculiar capacity had Mr. Trowbridge, if any?—A. The same as these other gentlemen had.

Q. Did he also report to you?—A. Yes.

Q. And the same style of conversation occurred as to what he had been doing?—A. Yes.

F. JUDAH.

Q. "F. Judah, 1,200 shares, $60,000." Who was he?—A. He was one of the California railroad men.

Q. Do you remember who introduced you to him?—A. No, I do not.

Q. He did not live in Washington, did he?—A. No, he lived in California.

Q. Did all of these gentlemen, as a part of their agreement when this stock was delivered, agree to remain in Washington as long as it was necessary?—A. No; some of them only agreed to remain a certain time and others agreed to remain until the end of the session. There were different arrangements with every one.

BRIGGES.

Q. "Briggs, 40 shares, $2,000." The note is "Don't know." Do you remember that?—A. You see, a great many of these arrangements were made by other people.

WILSON, OF NEW YORK TIMES.

Q. "Wilson, New York Times, 200 shares, $10,000." What was Mr. Wilson?—A. He was one of the writers for that paper.

Q. Did you give him that stock?—A. I suppose I did, but I could not be sure.

Q. Did you see him frequently, or occasionally, about it?—A. I saw him occasionally; not very often.

Q. What was the position of the New York Times?—A. It was favorable. All the New York papers were favorable; all the large papers were.

N. J. PARROTT.

Q. "N. J. Parrott, 500 shares, $25,000." Who was Mr. Parrott?—A. He was a Kansas man; he is dead now. He was Territorial Delegate afterwards.

Q. Was he a friend of yours?—A. Yes.

Q. He was not Territorial Delegate at that time, was he?—A. No, not at that time. Conway, from Lawrence, was Delegate at that time, I think. I think it was before that he was Delegate.

Q. Did you give him that 500 shares?—A. No, I think that was an affair of Colonel Isaacs for some services Parrott rendered.

SIMPSON, OF KANSAS.

Q. "Simpson, Kansas, 260 shares." Who was he?—A. Mr. Simpson was a banker in Lawrence, and he lives in Kansas City now. He is a real-estate dealer.

Q. Did you have personal acquaintance with him?—A. Yes.

Q. Did you give him that stock?—A. I think Colonel Isaacs did that, too; I am not sure.

Q. The remark is "blackmail." Does that mean the same thing stated before, that he had rendered no services?—A. That was a transaction of Colonel Isaacs, and I think he reported afterwards that he and Simpson had disagreed about it, and he thought he had not behaved well over it, and he thought he should not have it. I never had any dealings with Simpson at all.

POWER OF HALLETT AND FREMONT TO RENDER STOCK WORTHLESS.

Q. I ask you once more with regard to your explanation that he thought he ought not to have it, whether it does not appear clearly from these notes that Hallett and Fremont substantially had control of this stock and could prevent anybody getting it who had not earned it?—A. I think these parties, nearly all, had their certificates of stock; but I think it was in the power of Hallett and Fremont, the enterprise not being commenced, to do anything, and it really being in the air yet, to render it worthless. The fact is they did render almost all that stock worthless afterwards, or at least the railroad company did.

Q. By the bonds that were put on the road?—A. No.

Q. How?—A. Let me see if I can get it in a connected shape, so as to make it understood by you. My understanding in regard to this matter, which I merely state on hearsay, is that at a subsequent period the board of directors elected under the stock referred to in the memorandum from which you have been quoting, took certain measures, the precise legal force of which I am not able to state, by which the interests of the parties to whom the stock had first been delivered were substantially extinguished or ignored under a sale made by the said board of directors. You can get all that from the books of the company if they are in existence.

EMPLOYMENT OF R. S. STEVENS.

Q. "R. S. Stevens, Kansas, 330 shares, $16,500." Who was he?—A. He was a citizen of Lawrence, and a man of a great deal of prominence in Kansas.

Q. Did you give him that stock?—A. I did not. That was a transaction of Colonel Isaacs. I am informed that it is the same Robert S. Stevens who was a member of the last Congress, and who resides at Attica, in the State of New York.

GENERAL J. COOPER.

Q. "General J. Cooper, 80 shares, $4,000." Do you know him?—A. Yes; he was an ex-Senator from Maryland. He and Humphrey Marshall were partners.

Q. Did you know him at the time you gave him the stock?—A. Yes; Marshall introduced me to him.
Q. You think you gave him any stock?—A. I think I did.

S. W. JOHNSON.

Q. "S. W. Johnson, Kansas, 400 shares, $20,000." Who was he?—A. He was Judge Johnson at that time.
Q. Is he living now?—A. I think he is. I think he is living in Washington.
Q. Do you know him personally?—A. Yes.
Q. Do you remember whether the stock was given to him for any purpose differing from the other cases?—A. No, I do not. I do not think I gave it to him.

B. F. CAMP AND OTHERS.

Q. "B. F. Camp, New York City, and others, 300 shares, $150,000." It either must be 3,000 shares or $15,000. Do you know what it was?—A. No.
Q. Who was he?—A. A man that was down at Washington frequently, and who professed to have some influence.
Q. Had you met him before?—A. I had not.
Q. Did you meet him often?—A. Not often.
Q. Do you know who he was?—A. I think he was Mr. Bennett's man. He had a great many men that I did not know.
Q. "B. F. Camp, New York City, and others, $20,000. (Cut Camp to the red.)" What does that mean?—A. I suppose Hallett had something against him.
Q. That means to stamp him out entirely?—A. I suppose that is what he means. I formed a very bad opinion of him.
Q. The note also says, "Supposed to be for Carlisle, of Virginia." What does that mean?—A. I do not know; it was somebody who knew his relations with these men.
Q. What Carlisle is that—J. Mandeville Carlisle?
The WITNESS. What Carlisle was in Congress at that time?
The CHAIRMAN. I do not remember. Do you know what Carlisle that refers to.
A. I do not; that was a member of Congress, either in the House or in the Senate.

J. P. USHER.

Q. "J. P. Usher, 10,000 shares, $500,000." Do you remember that entry?—A. Yes.
Q. Who gave him that stock?—A. I do not know; I suppose they all consented to do it for some reason; all of these things were given by consent.
Q. Did Mr. Usher make any special report of what he had done with all this stock that he seems to have got?—A. I suppose he did.
Q. In writing?—A. Not that I have seen.
Q. You are sure it was not in writing?—A. Not that I have seen.

C. BABCOCK.

Q. "C. Babcock, Kansas, 1,400 shares, $70,000." Who was he?—A. Babcock was a Lawrence man.

Q. Was he a friend of yours?—A. Yes.

Q. You knew him at this time?—A. Yes.

Q. You knew what he could do in the way of influencing legislation?—A. Yes; he was a shrewd, sensible man.

Q. Was he well acquainted with members from this district?—A. Yes.

Q. Do you know whether you gave him that stock, 1,400 shares?—A. No; I do not recollect; I think probably I may have done it.

Q. "Supposed to be for Wilkinson." Who was he?—A. A Senator from Minnesota, I think; Babcock had some relations with him, I do not know what; that was the reason of the supposition.

Q. The note also says: "Act in reference to the future." What does that mean?—A. I do not know; I suppose you could guess about that as easily as I could; I should think that that meant that Mr. Wilkinson was a member of the Senate, and it would depend upon the way he behaved; that is what I suppose it meant.

VALUE OF STOCK DEPENDED ON HALLETT AND FREMONT.

The CHAIRMAN. Again I call your attention to the fact that all the indications to be gathered from these notes are that Hallett and Fremont could control the payment of or use to be made of this stock at the time these notes were made; that is to say, in calling in all this stock or reissuing new stock, or engineering the enterprise generally, they could make the stock valuable or not, as they thought proper.

The WITNESS. I suppose anybody could do that or not, as they pleased, that had the control they had.

Q. "J. F. Cowan, Pennsylvania, 200 shares, $10,000." Who is he?—A. The same Cowan.

The CHAIRMAN. The note is again, "Supposed to be for T. Stevens and others."

The WITNESS. The same note.

Q. The same explanation applies?—A. Yes.

EMPLOYMENT OF F. P. STANTON.

Q. "F. P. Stanton, Kansas, 100 shares, $5,000." Who was he?—A. He was secretary of the Territory here when Walker was governor, and had been a member of Congress from Tennessee. He was a man of prominence.

Q. Did you know him?—A. Yes.

Q. Do you think you gave him his stock?—A. I do not think I did. I may possibly have done so; but I do not think I did, from the fact that my acquaintance with him was very limited.

The CHAIRMAN. The note is, "No obligations for the past; look to the future."

The WITNESS. I suppose he probably had not done much, and it was a question what was to be done hereafter. They expected more legislation; they wanted the bill altered.

CHEEVER, OF WASHINGTON, D. C.

Q. "Cheever, Washington, D. C., 500 shares, $25,000." Who was he?—A. He was one of Bennett's men, I think.

Q. Did he live in Washington?—A. No.

The CHAIRMAN. It would so appear here.

The WITNESS. He was a Rhode Island man. I do not think he lived in Washington.

The CHAIRMAN. The note is, "Supposed to be for Simmons, Rhode Island."

The WITNESS. It may be that was where I got the idea that he lived in Rhode Island. I surely knew him.

Q. The note also says, "For services contemplated, but not rendered in full. See Judge Thomas Ewing, jr." Does that recall anything to your mind?—A. No, it does not. I never had anything to do with him.

Q. Was there any conversation at that meeting in which it was stated what had been expected from Mr. Cheever, and what he had failed to do?—A. I do not know. There was not much conversation there. Each man said his say, and it was written down right along.

Q. All the five who were present took part in the discussion, I suppose?—A. Yes.

Q. These notes which you have described as Mr. Hallett's notes were substantially conclusions derived from the conversation of all the five together, were they not?—A. They were nearly all Hallett's suggestions, and occasionally there would be a suggestion from somebody else. Most all of them were his.

Q. Did you ever talk to Mr. Thomas Ewing about this man Cheever afterwards, that you can now remember?—A. I do not recollect it, if I did.

R. W. LATHAM.

Q. "R. W. Latham, 300 shares, $15,000." Who was he?—A. That is the same Latham.

Q. The note is also, "Supposed to be for Simmons of Rhode Island." How did it happen that that hypothesis was made with reference to two men?—A. I do not know.

Q. Where was Latham from?—A. Virginia, originally. He was from Washington, New York, and nearly everywhere about that time.

H. F. BENNETT.

Q. "H. F. Bennett, California, 100 shares, $5,000." Did you know him?—A. There is some mistake about that. There was a Bennett there from Colorado.

Q. Did you know him?—A. Yes.

Q. You had known him before this transaction?—A. I did not know him before that.

Q. Whose man was he?—A. Bennett was a Territorial Delegate from Colorado, if I am not mistaken. I think the way that thing happened was, after the session of Congress was over Mr. Clark, of Leavenworth, came around and reported that Bennett had been very kind and had done a great deal for the railroad, and asked that we give him that stock, and it was handed to Mr. Clark.

Q. What Mr. Clark was that?—A. The banker here.

Q. What was his full name?—A. A. M. Clark.

Q. Is he still living?—A. No. I think that was the way that thing occurred. You must exercise a great deal of charity about those statements of mine. These things occurred twenty-five years or thirty years ago, and I have not had my attention specially called to them since.

WHITELY, OF NEW YORK HERALD.

Q. "Whitely, New York Herald, 100 shares, $5,000." What Whitely was he?—A. I was going to ask if he was a Washington correspondent of the Herald.

Mr. BROMLEY. Yes, sir.

Q. Did you know him?—A. I presume I did.

Q. Did you give him that stock?—A. I suppose I did. I do not recollect.

MARTIN, FRANCHOT, AND CUTTS.

Q. "Martin, California, 400 shares, $20,000." The note is, "Don't know." What does that mean?—A. I do not recollect him.

Q. "Franchot, New York, 2,000 shares, $100,000." Who is he?—A. That is one of Bennett's operations.

Q. You knew Franchot, did you not?—A. Very slightly.

Q. Was he Bennett's man?—A. Yes.

Q. Was Franchot a member of Congress at the time?—A. I do not think he was. I will not be sure. You can find that out.

Q. "J. N. Cutts, 100 shares, $5,000." Did you know him?—A. I do not recollect him.

HON. J. S. ROLLINS.

Q. "No services," is the note. "Hon. J. S. Rollins, Missouri, 500 shares, $25,000." Who was he?—A. Rollins was a member of Congress at the time the bill was passed and did as much as any one man in the passage of the bill. He never wanted anything at all or had anything to do with the stock. After Congress had adjourned and the whole thing had been settled I sent him a certificate of the stock for $25,000. It was not given by any arrangement at all. I did that myself.

Q. Is Mr. Rollins alive?—A. He is.

Q. Where does he live?—A. Columbia, Mo.

Q. Do you know the future history of that stock?—A. I do not.

Q. Had you known Rollins before that session of Congress?—A. Yes.

Q. Were your relations with him, personally, friendly?—A. Very.

Q. You never heard whether he got stock for that in the reorganization?—A. I never knew. I do not think he did.

C. ADAMS.

Q. "C. Adams, 200 shares, $10,000." Did you know Mr. Adams?—A. Yes.

Q. Who is he?—A. He is a Kansas man. He was a son-in-law of General Lane.

Q. General Lane?—A. Yes.

Q. Is he alive?—A. I do not know whether he is or not. I never knew him. I never saw him but once in my life.

ROSS, FLETCHER, HOLLIDAY, AND STINSON, OF TOPEKA, KANS.

Q. I find four names, "Ross, Fletcher, Holliday, and Stinson, Kansas, 2,400 shares, $120,000." Who were these gentlemen?—A. They are a number of gentlemen in Topeka. Ross is a brother of Governor Ross, of New Mexico. He is dead.

Q. Ross is dead?—A. Yes; Ross is dead. Colonel Halliday is a Topeka man. Fletcher is a Topeka man. I think he is dead. And Stinson was a Topeka Stinson—another Stinson.

Q. Was he any relation to the man who was in the room at the time with you?—A. No; none at all. Those parties assisted in arranging the Pottawatomie treaty. They assisted in getting up that treaty by which those lands were acquired that I was telling you about. This was

supposed to compensate them for the trouble they had taken in the matter.

The CHAIRMAN. The note opposite their names is underscored, "Hold over them in terror."

The WITNESS. Hallett had some reason for that, I suppose. I do not know what.

Q. Are you sure they were not in Washington?—A. No. I do not think any of them had anything to do with the passage of the bill.

Q. Was there no legislation pending in Kansas that you were then interested in?—A. Not that I know of.

Q. The words must have referred to some services that you expected in the future, did they not?—A. That Hallett expected. I had no expectation about it.

The CHAIRMAN. I mean the gentlemen in the room?

The WITNESS. I suppose so as to Hallett.

Q. Was there any question made as to the title to the lands that they had been interested in getting title to?—A. No; I do not think there had been any question ever raised up to that time. If there had been, I do not recollect it now.

Q. You do not know what that refers to?—A. No.

FIELDING JOHNSON, W. W. BACHUS, AND J. H. LANE.

Q. "Fielding Johnson, 100 shares, $5,000." Who was he?—A. I think he was a Kansas man, but do not remember precisely who he was.

Q. "W. W. Bachus, Leavenworth, 50 shares, $2,500." Who was he?—A. He claimed that he had rendered some service.

Q. That did not relate to Washington?—A. No.

Q. "General J. H. Lane, 9,400 shares, $470,000." What services did that stock cover?—A. I do not know. That arrangement was made between him and Colonel Isaacs. I had nothing to do with it. It was simply handed over to Isaacs.

Q. Was Lane in Congress at that time?—A. He was Senator at that time.

Q. Is Colonel Isaacs alive?—A. He is not.

Q. Is McDowell alive?—A. He is dead.

Q. Is Stinson alive?—A. Stinson is dead.

Q. All of them are dead but yourself?—A. All dead but me. I do not think General Frémont was present. I am almost sure he was not.

J. MORAN, JOSIAH MILLER, AND CHESTER HOWARD.

Q. "J. Moran, Missouri, 400 shares, $20,000." Who was he?—A. That was somebody else's transaction. I do not recollect.

Q. "Josiah Miller, Kansas, 100 shares, $5,000." Who was he?—A. I do not recollect even the name.

Q. "Chester Howard, 100 shares, $5,000." Do you remember him? The note is "General Lane's friend."—A. I cannot recall it. A great many of these transactions I had nothing to do with, and I have forgotten the name, if I had anything to do with it.

STATEMENT AS TO ADDITIONAL STOCK.

Q. There is then the following note: "Seventy thousand one hundred and forty shares ($3,507,000) of this stock was subject to assessment;

(13,020 shares) $651,000 not so subject; the total amount of the fund is 86,160 shares, or $4,158,000." That note was also in your handwriting, I suppose?—A. I do not recollect.

Q. What is referred to as "fund" here?—A. I do not know what it means.

Q. Does it not refer to the total of the stock, the detailed account of which precedes it?—A. I cannot tell you now. I do not know whether that is correct or not. I could not tell you what it did mean. It looks there as if that $4,137,000, or whatever it is, was the sum of what had preceded it. I do not know whether it is the fact or not. I can tell by adding it up.

ASSETS AND LIABILITIES.

Q. The last note I have read is supplemented by a statement showing the assets and liabilities of the concern April 13, 1863, made up by J. C. Stone, so stated. Do you recollect making that statement?—A. I have no recollection about it now. I suppose it is taken from the books of the company, probably.

Q. Do you remember whether there was a statement of assets and liabilities in your handwriting present in that room?—A. No; I do not recollect.

Q. Have you seen that paper since you were in that room with these other gentlemen?—A. I never have.

Q. Did you see the publication in the Post when it came out?—A. I think it came out in some New York paper first.

Q. You saw it when it came out in the papers?—A. Yes.

Q. Did you know that General Frémont had those papers?—A. I did not. I never thought anything about that paper afterwards. It was a mere memorandum. I was not in this country when it came out, but somebody sent me a copy.

LIABILITIES: J. F. COWAN, $1,000.

Q. Among the liabilities I find stated, "J. F. Cowan, Pennsylvania, five notes of $1,000." That is the same Cowan that had the stock?—A. Yes.

Q. What were those notes given for?—A. I suppose for services.

Q. The same transactions as were stated in relation to the stock?—A. Yes.

R. G. CORWIN, $10,000.

Q. The next is "R. G. Corwin, Dayton, Ohio." Do you know who he was?—A. Yes.

Q. That was for $10,000. What was that?—A. I had nothing to do with that transaction. I do not know anything about it.

Q. The note is, "Shove him." What does that mean?—A. I do not know. I cannot tell you that. That was somebody else's transaction. I had nothing in the way of business at all with him.

Q. Can you state how he, the holder of a note against the company, could be "shoved?"—A. No; I do not know what it means. I suppose the parties knew at the time.

R. W. THOMPSON, $5,000.

Q. "R. W. Thompson, $5,000." Who was he?—A. That was the same Mr. Thompson, of Indiana, that was referred to before.

Q. The same remark is opposite his name, "Shove him." What does it mean?—A. That, I understand——

Q. Will you please explain that?—A. Mr. Thompson was a friend of Colonel Isaacs. He introduced me to him, and he made arrangements with him by which he was to assist in securing the Pottawatomie treaty, I believe, or some Indian transaction. No; it was some change that we wanted made in the terms of the contract with the Delaware Indians. Something of that sort. I cannot recall precisely now just what it was. I suppose it is not material what it was; but it was something or other. He agreed to do it for $5,000. That is to say, that the company should pay him $5,000—the Leavenworth, Pawnee and Western Company—when the company was in condition to pay it, when the transaction was completed. He drew up a note to be signed, and Colonel Isaacs brought it down to me with his signature to it.

CONTROVERSY WITH THOMPSON.

Q. Whose signature?—A. His own, Isaacs'; and he asked me to sign my own name and McDowell's as the executive committee. I recollect that transaction very distinctly, as you will see before we get through. The obligation read, "The undersigned, the executive committee of the Leavenworth, Pawnee and Western Railroad, agree," &c. Colonel Isaacs, being the attorney of the company, said: "Colonel is this all right? I do not like the looks of it exactly." "Yes, sir," he said, "that is all right," I signed it. He took it back, and when he came back—he was a careless man about business—he remarked, "That is all right, except for one thing; it is an individual obligation." Said I, "If it is, I did not intend to sign any individual obligation, and I will not do it. I do not intend to obligate myself for this company." He went back and saw Thompson, and Thompson came down to our rooms. We talked it over, perhaps not in the best humor in the world. I told him positively and emphatically that I would repudiate the whole transaction and I would not do it; and he said he would change it. He did make some change in it; but it was not sufficient. Thompson left the note with a banking house in Terre Haute, and they sent it to New York to Winslow, Lanier & Co., and suit was brought on it, and service obtained some time when Isaacs and myself were both in New York. The suit remained there for some years; I do not know how long. It was finally dismissed at their cost. That was the controversy with Thompson. That $5,000 shows there as an obligation of the company. He tried to make it a personal one.

Q. Do you remember who Thompson's lawyers were in New York?—A. If I could hear the name I think I would know, but I do not believe I could state it from memory. I know who our attorney was. He was a South Carolina man who has considerable prominence at the bar in New York.

Q. What was his name?—A. John E. Burrill.

ENTRIES MARKED "ALL RIGHT."

Q. I find this entry: "Balance due certain Pottawatomie chiefs, 1863," with the remark "All right." What is that?—A. I do not know what that is.

Q. "Whitely, New York Herald. All right. $200." What was that?—A. That is the same Whitely you referred to.

Q. "General James Cooper, Frederick, Md. All right. $1,000." What was that?—A. That is the same Cooper.

Q. The same Cooper who received stock?—A. Yes; he was a partner with Humphrey Marshall, attorney in Washington.

Q. "Mark Delehay, surveyor-general of Kansas," marked "All right. $593.32." What was that?—A. I think that was money that Delehay claimed to have expended in surveys outside of the official surveys.

STATEMENT OF LANDS CONTRACTED TO BE CONVEYED BY ROAD.

Q. Then there follows a statement of acres of lands surveyed and contracted to be conveyed by the road: "The number of acres conveyed, 11,441.50." Then comes the statement, "R. McBratney (General Pomeroy's friend), a contract for 2,500. He has selected and received a quit-claim for all but 640." Do you remember anything about that transaction?—A. No; I recollect that there was some land conveyed to McBratney; but I do not recollect the particulars.

Q. Do you know on what consideration?—A. That is a part of the same transaction that occurs first there.

Q. Were these same matters discussed in this room where you all were present?—A. No; there was no discussion at all.

Q. I mean these matters were reported to these gentlemen who were there present?—A. Yes.

Q. The general object was to show what funds and assets of the company had been expended in the general purpose of getting the bill through?—A. Yes.

S. A. SIMPSON, 320 ACRES.

Q. "S. A. Simpson, Kansas, 320 acres." What is that?—A. That is the same Simpson.

Q. The note is, "Has a contract for blackmail." What does that mean?—A. That was a transaction of Colonel Isaacs. I do not know anything about it.

THOMAS G. GLADDING, 2,500 ACRES.

Q. "Thomas G. Gladding, 2,500 acres." What is that?—A. Gladding had been at work about the office a good deal, and that was supposed to be his compensation for what he had done.

W. P. DOLE, 1,200 ACRES.

Q. "W. P. Dole, Commissioner of Indian Affairs, 1,200 acres." What was that?—A. He was Commissioner of Indian Affairs under Mr. Lincoln.

Q. He was an official in Washington?—A. Yes.

Q. Do you know whether he received those lands?—A. No; I do not. I had nothing to do with that transaction. I do not think he did; but I am not sure at all.

Q. The note says, "C. Ewing." Was he a friend of Ewing?—A. I suppose so. I suppose he must have been. It was an affair of those other persons.

Q. Look at that statement and tell me whether the figures indicate dollars or acres?—A. I do not know. I think it refers to acres.

Q. Six hundred and forty would appear to be a complete section, would it not?—A. I think they must have been meant for acres.

Q. The first entry indicates that the figure is what has not been conveyed, stating that the party had received all except that. Do you understand the following figures to be what had not been conveyed in the same way, or do you not remember anything about it?—A. I do not recollect. I cannot say what that 11,441.50 means. That may mean acres.

R. W. LATHAM.

Q. "R. W. Lathan, Washington, D. C." The amount is not stated here. Why is that so?—A. That is the same Lathan.

Q. Was there any land conveyed to him?—A. I do not know; if there was any conveyance it was after I left the concern.

Q. Was he a member of Congress?—A. No; it is the same Lathan we were talking about at first.

Q. "Editor of the Leavenworth Conservative, and brother of our M. C." What do the words "M. C." mean?—A. It means ordinarly member of Congress.

Q. Who was referred to as the editor of the Leavenworth Conservative?—A. The only editor of the paper I recollect anything about was Wilder, who had a brother that was a member of Congress. There was nobody else of that relation that I know of.

Q. Did he receive land?—A. Not that I know of; he may have got it afterwards.

POTTAWATOMIE LANDS.

Q. There follows a statement of Pottawatomie lands contracted to be conveyed to certain persons. Will you please read the list and see if it is correct as far as your memory serves you?—A. I could not tell you whether it is correct or not. It is impossible after this lapse of time to recollect. I know in a general way there was some land contracted for, but how much, and whether it is correct or not, it would be impossible to tell.

F. P. STANTON.

Q. I find among other names F. P. Stanton, Kansas. Who was he?—A. The same F. P. Stanton that you had before; formerly secretary of the Territory.

C. E. MIX, INDIAN OFFICE.

Q. "C. E. Mix;" who was he?—A. He was chief clerk in the Indian Office.

Q. It says, "Indian Office, Washington, D. C., 640;" who was Mix?—A. He was in the Indian Office in Washington and was chief clerk for a good while, and I think he was a Commissioner of Indian Affairs afterwards.

Q. What was that land to be conveyed to him for?—A. I do not know; I do not know anything about those transactions at all.

ASH WHITE.

Q. "Ash White;" do you remember him?—A. There was a man by the name of White who was clerk in the Indian Office who was known as Ash White; that is all I know about him.

Q. The paper then states, "The whole concluding with Government lands disposed of;" what does that mean?—A. That may mean land donated by Congress to the railroad company.

"MARSTON," OF NEW HAMPSHIRE, BROWN AND CHEEVER, OF WASHINGTON.

Q. "Marston, New Hampshire, 2,000 acres;" who is he?—A. That is the name you had before and I could not recall him at all. That was somebody else's operation.

Q. Who was "Brown, supposed to be Forney's friend, 5,000 acres"?—A. I do not know.

Q. "Cheever, of Washington, supposed to be for Simmons, Rhode Island, 10,000 acres;" is that the same person we had before?—A. That is the same Cheever. The only man of all those men that I ever had much communication with was Bennett; most of the others I knew very little of, and many of them I did not know at all.

WITNESS SUBSCRIBED FOR STOCK.

Q. Do you remember how it was that those $5,000,000 of stock were issued to you; do you remember the fact that you subscribed for the whole amount?—A. Yes. There was a good deal of stock subscribed on the old books of the Pawnee Company. I was trying to recollect how much, but I do not believe I can. There was a considerable subscription, I know. There was an effort on the part of other parties here, whose names are on those books as stockholders and who never did anything or had anything to do with it, to get control of the company, and we were trying to prevent everything of that kind.

Q. You never, as a matter of fact, paid any money for the subscriptions, did you?—A. I paid out all the expenses of the company, you know.

Q. What was paid was paid for account of the company?—A. Yes.

Q. Was it reimbursed by the company?—A. No; it never was to me. Yes, a portion of it was, too. It never was paid by the company. It was paid in this way: We sold our stock to Hallett and Fremont, and when the payments were made to us my associates in the matter paid me a portion of my expenses. The company never paid anything.

Q. You understood that you held these $5,000,000 of stock as trustee or agent for the company?—A. Yes; everything was done by order of the executive committee of the company; I did not hold it individually at all and never claimed to.

LAND GRANT COMMITTEE.

Q. Do you remember that a resolution was passed by the board constituting Ewing, Alexander, Macauly, Isaacs, and Boyle, and any other members of the board of directors of said company who may visit Washington, a committee to procure a grant of land from Congress to aid in the construction of said road?—A. No. I imagine if you look at the date of that you will find that it is long before the date of these transactions we are talking about.

Q. Do you remember that such a resolution as that was passed?—A. There may have been, but that was before I had any connection with the company at all, if there was any such resolution at all.

Q. Subsequently was the power given to yourself and Mr. Ewing?—A. Yes.

EXECUTIVE COMMITTEE APPOINTED.

The CHAIRMAN. I read from the minutes of November 3, 1860:

The following resolutions were then offered in writing by J. C. Stone, and were unanimously adopted by the board, to wit:

"First. *Resolved*, That an executive committee of three persons, including the president, be appointed. Second. That it shall be the duty of this committee to make

contracts, borrow money, conclude mortgages, appoint agents, and do all other acts which in their judgment may be necessary and proper for the interests of the company."

Amos Rees, esq., then proposed the names of A. J. Isaacs and J. C. Stone to act as an executive committee in conjunction with the president.

THOS. EWING, JR., AN ADDITIONAL MEMBER OF COMMITTEE.

I read to you from the minutes of April 11, 1861:

On motion of J. C. Stone, it was resolved that Thomas Ewing, jr., be added to the executive committee, and that he have, during the months of April and May, 1861, all the power of the executive committee, and especially the power to make, execute, and deliver, on behalf of the company, any and all bonds of the company, and to sell the same and secure payment of the same by mortgage of any or all of the lands of the company, and also to make contracts for the construction of the company and for furnishing money to pay for the lands of the company and for professional services in the best interests of the company at Washington and elsewhere.

Q. Do you remember the passage of those two resolutions?—A. I recollect the fact that there were such resolutions. That is all. I recollect the general fact that power was conferred.

AUTHORIZING ISSUANCE OF CERTIFICATES OF STOCK.

Q. I find, from the minutes of July 1, 1861, that a resolution was passed providing that the vice-president, the president being absent, and secretary be authorized to issue, on demand, to Robert S. Stevens certificate of stock in the company marked paid to the amount of $16,666.66; also a certificate in like manner and for a like amount to Samuel N. Simpson; and also a certificate in like manner and for a like amount to Charles Robinson. Who were those gentlemen?—A. The same Stevens and Simpson you referred to above in the other matter.

Q. Do you know whether that stock was issued for the same consideration?—A. I do not; I had nothing to do with that.

APPOINTMENT OF A GENERAL AGENT.

Q. I read to you also a resolution dated June 27, 1862, in connection with the rest of the testimony:

Resolved, That James C. Stone is hereby appointed agent of the company until October 1 next, 1862, with power to borrow money and make contracts, execute mortgages, and to sell, mortgage, or encumber the land of this company, and to receive and receipt for the money or other consideration he may receive from such sale, mortgage, or incumbrance, and to do all other acts which in his judgment may be necessary and proper for the general interests of the company, as fully and effectually as the board of directors or other officers of the company could do the same, and to execute any contract for the purpose contemplated by the Pacific Railroad bill recently passed by Congress.

Does this show anything as to how this stock was frozen out afterwards?—A. I do not know. That was merely a power to put the company on its feet; to get to work so as to build the road.

By Commissioner LITTLER:

Q. When did you sever your connection with that company?—A. I think it was in the fall of 1863; I think it was; I am not sure.

Q. That was after the passage of the bill incorporating the Union Pacific Railroad?—A. Yes; after the passage of the first bill.

Q. Do you recollect the date of the passage of that bill?—A. I was going to say I thought it was July.

The CHAIRMAN. July 1, 1862.

Q. Was this $5,000,000 of stock, which was distributed in the manner you have indicated, of any value subsequently? Did it ever become of any value?—A. I do not think it ever did.

Q. What became of it?—A. I do not know.

NOTHING PAID TO INFLUENCE MEMBERS OF CONGRESS.

Q. Did you have any person pay to any member of Congress or to any officer of the United States anything of value either in this stock or in lands, or money or other valuable thing, as a consideration for his influence and support of the act of 1862?—A. I never did.

Q. Do you personally know of any such person having received anything of value for such service?—A. I do not.

Q. Directly or indirectly?—A. I do not know of any such transaction. As I said before, I may have had my suspicions aroused afterwards, but I do not know of any such transaction.

J. C. STONE.

LEAVENWORTH, KANS., *Wednesday, July* 6, 1887.

DANIEL R. ANTHONY, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. You are a resident of Leavenworth?—Answer. I am.

Q. How long have you resided here?—A. Thirty years.

Q. What has been your business?—A. I have been in the real-estate business and insurance, and for the last twenty years have been connected with newspapers.

A GOVERNMENT DIRECTOR.

Q. Were you connected with the Union Pacific Railway Company?—A. I was two years ago.

Q. How?—A. As Government director for one year.

Q. Did you report to Congress the result of your inspection and observations?—A. Yes, sir.

Q. Have you anything to add to the report that you submitted to Congress for 1884 in the way of suggestions to this Commission?—A. I can hardly say that I have anything to add. I have no special interest in it, any more than as a citizen, at this time.

The CHAIRMAN. But your report as Government director was the result of a good deal of personal observation, I suppose.

DIFFICULTY OF LEARNING ALL THE DETAILS OF RAILROADING.

The WITNESS. Yes, sir; I will say to you, as to that report, that I came to the position as a stranger, unfamiliar with the business of railroading except in the general sense; and while I was familiar with every detail, perhaps, as a newspaper man, from the commencement of the road up to the present time, yet I found that as a Government director, charged with the duty of reporting, twelve months was hardly sufficient time for me to acquaint myself with the details sufficiently to make such a report as would be creditable to anybody, and that, so far as I was concerned, I acknowledge my incompetency to fill the bill; to make a report that would be intelligent. And that was rendered the more so

because of the organization and management and procedure in building, and everything connected with it, and the further fact that Congress and the whole people were familiar almost with every fact connected with it. I felt my own weakness in that respect; that it was beyond my powers to make a report that would have any weight, or that would be felt; so far as the report is concerned that would be my feeling in regard to it.

PAST IRREGULARITIES BEYOND REMEDY—BRIGHTER PROSPECTS FOR FUTURE.

I have learned one thing, perhaps, that was not expressed in the report; and possibly it might be well to state it. That is, I became thoroughly convinced that whatever irregularities attended the organization and building of the road, those matters had passed out of reach of all remedy, and that the road was at that time in the hands of men in whom the people seemed to, and did, have confidence; that it was being managed for the interests of the public, and that if there could be ways and means devised to liberate it in such manner that it could operate in the building of lines, as other roads did, its usefulness would be extended. Otherwise it would be crippled and would be a worthless road. I acknowledge that my acquaintance with the road produced that impression upon me. I believe that to be the fact. That is about the most that I could say. The public sentiment here is that the road is doing as well as any road is doing for the benefit of the people. There is, of course, a general impression with everybody that there is a disposition on the part of newspapers and everybody to condemn every railroad.

MEETINGS OF BOARDS OF DIRECTORS.

Q. Did you attend every meeting of the board of directors?—A. I did.

Q. Did you participate in the discussions?—A. Yes, sir. Of course, in those discussions, so far as I know, everything is brought before the board of directors, and those things are largely managed by the executive committee.

Q. Was there a representation of Government directors on the executive committee?—A. Mr. Hoyt was the representative. He always assured us that everything of importance was brought before the board.

SETTLEMENT OF GOVERNMENT CLAIM IMPERATIVE.

Q. Have you anything else to add or suggest?—A. I have not, except the one suggestion, that the whole interests of the West demand, and the public and every intelligent man demands, some settlement of the Government claim that will liberate the road so that it can be made useful, as it was originally intended to be. To-day it cannot take hold of railroad enterprises where it ought to, and develop the country by constructing branch lines.

INABILITY OF ROAD TO UNDERTAKE NEW ENTERPRISES.

Q. Whose fault is that?—A. I cannot tell you. The management of the road claim that they cannot, under the laws as at present constituted, take hold of these new enterprises. The last attempt in that di-

rection was the building of the Leavenworth, Northern and Southern Railroad, which, in my judgment, and in the judgment of hundreds of others, it was absolutely important for the road to build, to make a common terminus for all the Union Pacific roads coming in from the west. They have four or five lines running east and west, and that would make a connection for them all; and they claim it was impossible for them to take hold of it.

Q. What paper do you represent?—A. The Leavenworth Times.

The Commission then adjourned to meet upon the call of the Chair.

KANSAS CITY, MO., *Thursday, July 7*, 1887.

The Commission met upon the call of the Chair, all the Commissioners being present.

WILLIAM H. GARRETT, being duly sworn and examined, testified as follows:

Question. What is your business?—Answer. Division freight agent of the Missouri Pacific Railway.

Q. How long have you been connected with that road?—A. Since January, 1883.

Q. What connection have you with the Central Branch Union Pacific Railroad?—A. The Central Branch is included. It is in the territory of which I have immediate charge.

DUTIES OF DIVISION FREIGHT AGENT.

Q. What are your duties with reference to the Central Branch Pacific Railroad?—A. I have charge of the local freight traffic.

Q. What do you do with reference to the freight traffic?—A. I attend to the immediate handling of it.

Q. Do you have anything to do with the fixing of the rates on the Central Branch Union Pacific?—A. Yes, sir; subject to my superiors.

Q. Have you any connection by rail with the Union Pacific Railway Company?—A. Yes, sir.

Q. Where?—A. At Clyde, Concordia, and Beloit.

Q. Have you any direct connection at Clyde?—A. I believe there is a track connection there; yes, sir. As to that I am not positive, but I think there is.

"AN UNDERSTOOD AGREEMENT" IN REGARD TO RATES.

Q. Have you a freight agreement or a pool with the Saint Joseph and Grand Island Railroad as to freight and passenger rates?—A. There is no pool, but there is an understood agreement as to the maintenance of rates.

Q. When was that understood agreement with reference to the maintenance of rates entered into?—A. It was a mutual agreement. I am not aware of any positive agreement. It is a mutual agreement existing among all lines.

By Commissioner ANDERSON:

Q. Do you mean it is a mutual understanding?—A. I mean a mutual understanding.

By Commissioner LITTLER:

Q. Do you mean a written agreement?—A. No, sir; there is no written agreement that I am aware of.

WHAT IT IS.

By the CHAIRMAN:

Q. What was the understanding?—A. It is a general understanding existing between all lines as to the maintenance of rates.

Q. What was that general understanding with reference to the Central Branch and the Saint Joseph and Grand Island?

The WITNESS. At Saint Joseph?

The CHAIRMAN. No. I refer to the railroad running from Marysville up to Saint Joseph, and then from the point where the Central Branch Union Pacific crosses the Pacific Branch to Atchison.

A. That is not the Saint Joseph and Grand Island. That is the Union Pacific proper, which crosses the Central Branch. The Saint Joseph and Grand Island does not cross the Central Branch at any point.

"MUTUAL UNDERSTANDING" WITH ST. JOSEPH AND GRAND ISLAND ROAD.

Q. Does the St. Joseph and Grand Island parallel the Central Branch from Marysville to Saint Joseph?—A. Partially so; yes, sir.

Q. What agreement exists between the St. Joseph and Grand Island, or the Union Pacific Railway Company and the Central Branch Union Pacific Railway Company, as to freight rates between those two points?—A. There is no agreement that I am aware of beyond a mutual understanding.

Q. What is the mutual understanding as to the rates?—A. It is as to the maintenance of rates; that the rates shall not be reduced without consultation and advice.

Q. Has the Central Branch, Union Pacific, a less rate from the point where it crosses the Union Pacific than the St. Joseph and Grand Island from Marysville to Saint Joseph?—A. No, sir; the reverse is the fact.

Q. What is the reverse?—A. The St. Joseph and Grand Island rates from Saint Joseph to the crossings with the Central Branch are less than the rates from Atchison or Saint Joseph to the same points. That, I am advised, is the result of an error, and is now being corrected.

Q. How long has it existed?—A. Since June 20.

NO MATERIAL EFFECT ON COMMUNITY.

Q. What effect has it upon the community through which these two roads pass?—A. It has had almost no material effect, owing to the short time it has been in effect.

Q. What were the relations prior to that time?—A. There were, so far as I know, no rates made from Saint Joseph by that route.

Q. What route are you speaking of now?—A. The route taking the St. Joseph and Grand Island from Saint Joseph to Marysville, and then the Blue Valley Branch of the Union Pacific, which crosses the Central Branch road at Irving and Blue Rapids.

Q. Is it true that a citizen shipper can ship freight from the point where the Union Pacific crosses the Central Branch, Union Pacific, to Atchison cheaper than a citizen can ship from Marysville over the St Joseph and Grand Island to Saint Joseph?—A. No, sir; I think not.

I am not sufficiently familiar with the local rates from Saint Joseph to Grand Island to answer that question.

MAINTENANCE OF FIXED RATES.

Q. Who fixes the local rates?—A. You refer now to the St. Joseph and Grand Island, with which I have no connection whatever.

Q. Do you know nothing about the rates?—A. No; except from information gained as to their terms.

Q. Have you not an understanding between the roads?—A. Yes, sir.

Q. What is the understanding?—A. That rates shall be maintained to suit the public.

Q. What rates?—A. The published rates.

Q. Have you any other rates than the published rates?—A. No, sir.

SPECIAL RATES.

Q. Have there ever been any special rates on the Central Branch, Union Pacific?—A. Yes, sir.

Q. How did you make those?—A. We have no rates other than those published.

Q. How do you make those rates?—A. There are no rates other than the published rates at the present time.

Q. Prior to April 1, 1887, what special rates had you other than the published rates?—A. There were a great many. I could not answer that.

Q. How did you make them?—A. Some were made by special billing instructions.

Q. Who gave the instructions?—A. They were issued from my office.

Q. Did you give the instructions?—A. Yes, sir.

Q. Were the special rates in the nature of rebates?—A. I am speaking of two points, Marysville and the point where the Central Branch crosses the Union Pacific going to Saint Joseph and Atchison. Prior to April 1 there were no special rates. There were no standing rates from either of those points. That is, within a reasonable period.

Q. Did you give special rates to shippers on the Central Branch, Union Pacific?—A. Yes, sir.

Q. How did you give them? Was it by way of rebate?—A. Partially so; yes, sir.

Q. Or was it by preferential rate?—A. Yes, sir; it was a preferential rate.

Q. In what other way did you give them?—A. No other way. I should say that what rates were made, wherever they were made, were to meet similar actions on the part of other roads.

COMPARATIVE RATES ON CENTRAL BRANCH AND SAINT JOSEPH AND GRAND ISLAND.

Q. How did your rates on the Central Branch, Union Pacific, compare with the rates on the St. Joseph and Grand Island?—A. Our rates, I think, are invariably higher.

Q. It is not true, then, that the declarations that the citizens of Marysville make that shippers along the line of the St. Joseph and Grand Island haul their freight 12 miles to the Central Branch, Union Pacific, because that road gives a less rate from where it crosses the Union Pacific to Atchison than they can get from Marysville to Saint Joseph over the St. Joseph and Grand Island, is it?—A. No, sir.

Q. Have you heard of any such complaint?—A. Yes, sir.

Q. It is not true, you say?—A. The grounds of the complaints are not sound. The fact that grain has been brought from a territory very near the St. Joseph and Grand Island is true.

HIGHER PRICES FOR GRAIN ON MISSOURI PACIFIC.

Q. Why would they haul it such a distance to your road, and not ship over the St. Joseph and Grand Island?—A. It is owing to the fact that prices at our station exceed those paid on the St. Joseph and Grand Island.

Q. How were you able to pay higher prices at your station than the people at Marysville on the St. Joseph and Grand Island road?—A. It was the grain dealers that paid the prices.

WHY?

Q. How were they able to do that, with a difference of 12 miles against them?—A. The fact possibly is due almost altogether to their reaching the Southern trade at a better advantage than it was possible for the dealers located on the St. Joseph and Grand Island to reach it.

Q. How could they reach the Southern trade better; through what means?—A. In connection with the Missouri Pacific.

Q. Then the advantage that the citizens in the neighborhood of Marysville gained by shipping over the Central Branch, Union Pacific, arose from the better rates that the people could get from the Missouri Pacific, connecting with the Central Branch, Union Pacific, at Atchison, did it?—A. You say the citizens at Marysville shipped over the Central Branch road. I do not think there has ever been a case in existence.

The CHAIRMAN. The citizens of Marysville have declared under oath that less rates are charged from the point where the Central Branch, Union Pacific, crosses the Union Pacific to Atchison than is charged for the same freight from Marysville over the St. Joseph and Grand Island to Saint Joseph.

The WITNESS. Not having any recollection as to the nature of rates made from Marysville and Saint Joseph, I cannot answer.

SAINT JOSEPH AND GRAND ISLAND SHIPPERS SEND FREIGHT OVER CENTRAL BRANCH.

The CHAIRMAN. But you have already said that the citizens do come from the neighborhood of the Saint Joseph and Grand Island and ship over the Central Branch, Union Pacific.

The WITNESS. I stated that grain was brought from territories very near the line of the Saint Joseph and Grand Island road to the Central Branch. That is, while the proper dividing would be equidistant from both lines, our buyers reach beyond that line in drawing grain to their stations.

Q. Did the shipper in the neighborhood of the Saint Joseph and Grand Island do that for the pleasure of hauling his freight down to the Central Branch, Union Pacific?—A. No, sir.

INDUCEMENTS TO SHIPPERS.

Q. What was the inducement?—A. Because of the higher prices paid by buyers located on our line.

Q. I repeat my question. How were the people able on that road to pay higher prices than others within a distance of 12 miles?—A. I have already stated that it was undoubtedly owing to the fact that they could reach the Southern market to better advantage than buyers located on the Saint Joseph and Grand Island road.

Q. Is that advantage not owing to the fact that a less rate for the freight was charged?—A. No, sir.

GRAIN MARKET FOR SAINT JOSEPH AND ATCHISON SHIPPERS.

By Commissioner LITTLER:

Q. What direction does grain take from Saint Joseph and Atchison? In other words, where does it find a market?—A. Under ordinary circumstances it finds a market in the East; that is, Saint Louis and Chicago, excepting that within this last year the market has been almost exclusively in the South.

Q. So that grain coming over either of those roads would pass down through Kansas City and over the Kansas City and Memphis road, would it?—A. Largely so.

Q. It is true that Atchison is nearer the point of destination, then, than Saint Joseph, is it not?—A. It is nearer the point of destination, although the rates are the same from Saint Joseph as from Atchison.

GRAIN COMBINATION ON GRAND ISLAND ROAD.

Q. Then that does not help us out any. Do you know of any grain combination on the Grand Island road by which prices are kept down?—A. Such a combination has been in existence. Whether it is at present I have no positive knowledge.

Q. Is your company in any way connected with the grain men along your line, or does each man operate on his own hook?—A. Each man operates on his own hook.

Q. Is there competition among grain men on your own line?—A. Yes, sir.

Q. May not that account for the increase of prices over those on the Grand Island road?—A. That very largely accounts for the trouble complained of by the Saint Joseph and Grand Island people at Marysville.

RATE ON CENTRAL BRANCH.

By Commissioner ANDERSON:

Q. Please explain to me, when you receive grain on the Central Branch for shipment South, how the rate is made. Is it from the point where the grain is to be received to a point where it is to be delivered?—A. In both ways. We publish a rate to Atchison; also a rate from all stations on the Central Branch to all of our stations in the South. In each case, however, the through rate is based on the sum of the rates via Atchison, excepting at present temporarily the rate from Central Branch stations to the Mississippi River and Chicago is less than the sum of the locals.

Q. It is made up of the aggregate, which is less than would be obtained by taking the local rates and adding them together?—A. Yes, sir.

Q. Are you positive that that has not been more or less the case during the last two or three years?—A. It has never been the case to my knowledge until in June some time.

Q. How many large shippers of grain are there on the Central Branch?—A. It would be almost impossible to mention them. There is an average of two or three to every station.

Q. To how many different purchasers is the grain that comes over the Central Branch consigned?—A. It is very largely distributed.

Q. Are there a number of buyers?—A. There are a number of buyers.

SAINT JOSEPH ROAD UNAFFECTED BY "SHORT HAUL" CLAUSE.

Q. Does the same state of affairs exist as to the grain that passes over the Saint Joseph road?—A. I have no knowledge as to that.

Q. Are you about to make any changes in your tariff rate to-day in consequence of the expiration of the suspension of the short haul?—A. That has not affected us in any way on the Central Branch.

Q. Will it affect you in any way when it expires?

The WITNESS. The dispensation from the application of the fourth clause of the interstate law, do you refer to?

Commissioner ANDERSON. Yes.

A. That would not affect us under any circumstances, I think.

Q. Is there no case, then, in which you charge more for the short haul than for the long haul?—A. No, sir.

Q. Do you contemplate no increase whatever of through rates in consequence of the expiration of that suspension?—A. No, sir; it will not affect us.

Q. What is the proportion of freight business done on the Central Branch compared with the passenger traffic?—A. I have no knowledge as to the passenger traffic.

Q. How much are the annual gross receipts from freight on your road?—A. I could not answer you.

Q. Have you no figures with you at all?—A. No, sir.

Q. Will you please look at the reports for 1884 and 1885 and see if they refresh your recollection?—A. I note a decrease in 1886 over 1885.

CHIEF ARTICLES OF TRANSPORT.

Q. What are the chief articles which you transport?—A. Grain and live stock, including the general merchandise business, make up the traffic.

Q. Corn and hogs?—A. Yes, sir.

Q. Do you recollect the proportion of cattle and grain as compared with general merchandise?—A. I never have had that before me; I never had figures showing that.

Q. Do the grain and cattle all come east?—A. Cattle largely moves west at certain times of the year; I refer to stock cattle—feeders.

Q. Does the grain all move east?—A. Not altogether.

Q. Does it substantially?—A. Substantially; yes, sir.

Q. Does your general merchandise move chiefly west?—A. Yes, sir.

Q. For consumption on the route?—A. Yes, sir.

Q. Do you say the traffic for 1886 was a decrease over that of 1885?—A. Yes, sir.

Q. How were the rates of 1886 as compared with those of 1885?—A. They were practically the same.

Q. Can you furnish us with the detailed figures of the various items of freight transportation for 1885 and 1886?—A. It would be impossible for me to do it. It could be obtained.

Q. Will you explain to whom you report?—A. To the freight traffic man.

Q. At Saint Louis?—A. At Saint Louis.

Q. What is his name?—A. Oscar G. Murray.

DECREASE OF FREIGHT BUSINESS FOR PRESENT YEAR.

Q. How does the freight business of your road for the current year compare with that of 1886?—A. It is a decrease.

Q. Decrease from that of 1886?—A. Yes, sir.

Q. To what do you attribute that decrease?—A. Largely to a short grain crop.

Q. Is the decrease confined to your grain transportation?—A. Without knowing positively I think it would be safe to say that it was.

Q. Would not the decrease of your grain crop affect your cattle shipments, and cause them to decrease?—A. The decrease in the grain crop is almost exclusively on the eastern portion of the line. The cattle feeding is confined almost exclusively to the West. The excess of cattle feeding also affects the reduction of the grain shipments.

INVASION OF TERRITORY BY COMPETING LINES.

By Commissioner LITTLER:

Q. Do you attribute the decrease of earnings of this road in part to the invasion of your territory by competing lines in the last two or three years?—A. That has had some effect; yes, sir.

Q. What roads have built into your territory within the last two or three years?—A. The Chicago, Kansas and Nebraska has crossed us at one point—Whiting.

Q. What other roads have invaded you?—A. The Burlington and Missouri River had built into Washington and Concordia, and it has also paralleled the extreme western end of the Central Branch.

Q. What other roads have invaded your territory?—A. The Union Pacific has also built a line north and south, crossing us at two points.

THEIR EFFECT.

Q. What effect has that had upon the general traffic of your road?—A. It has had the effect of dividing that immediately tributary to the two roads.

Q. And to the consequent reduction of the total traffic of the road?—A. Yes, sir.

Q. Do these facts in part account for the falling off of your aggregate business?—A. It would naturally do so.

Q. That, together with the shortage in the crop of last year, accounts for the decrease in earnings for the current year?—A. From such knowledge as I have, I believe so.

Q. Will not these competing lines being built into your territory produce naturally a permanent decline in your traffic?—A. Yes, sir; unless offset by the increase in production.

By Commissioner ANDERSON:

Q. You mean the increase in population and business?—A. Yes, sir.

CULTIVATION OF LAND.

By Commissioner LITTLER:

Q. What proportion of your lands through which your road runs are in cultivation?—A. I could not answer.

Q. Can you approximate?—A. Not with any degree of certainty.

Q. Is it probable that when all the lands tributary to your road as now constituted are put into cultivation, you will regain the amount of traffic that you have heretofore enjoyed?—A. I do not look for any great increase.

OPERATING EXPENSES.

By Commissioner ANDERSON:

Q. Do you know anything about the operating expenses of the road?—A. No, sir.

Q. Do you know how it came about that in 1886 the net earnings largely increased over 1885, though the actual gross receipts decreased?—A. My services are confined altogether to freight traffic. I have no knowledge outside of that.

INCREASE OF POPULATION AND OF SHIPPERS.

Q. Has the population adjoining your road increased regularly year by year?—A. I think so.

Q. Have the shippers grown in number?—A. Naturally so.

Q. You know the shippers personally, do you not?—A. Yes, sir; very largely.

Q. You must have quite an accurate knowledge on that point, have you not?—A. Yes, sir.

Q. During the years 1883, 1884, 1885, and 1886, can you tell me what the increase in the number of prominent shippers on the line of that road has been for those four years?—A. I can only speak for the time in which I have been in charge.

Q. Will you state it for the time during which you have been working?—A. They have to a large extent increased.

CHANGE IN CHARACTER OF TRAFFIC.

Q. Has there been any change in the character of the traffic during those years?—A. Yes, sir.

Q. In what respects?—A. Perhaps the most prominent change is the increase of cattle shipments within the last few years; that is, an increase of cattle feeding in the country.

Q. Is that particularly noticeable on all these different Kansas roads, to your knowledge?—A. I believe they are all experiencing that.

Q. So that the grain is being used for feeding to some extent, and in that way the cattle transportation increases. Is that it?—A. Yes, sir; that is it. The cattle transportation, I think, has not increased materially this last year.

ITS EFFECT ON GROSS EARNINGS.

Q. What effect has that alteration in the movement of commerce had on the gross earnings of the road?—A. It has the effect of reducing the grain shipments through the territory.

Q. I refer to the general balance. Do you make more when you transport the fed cattle, or do you make more when you transport the grain?—A. That is a question on which there may be a good deal said on both sides. It is my opinion that there is more traffic in transporting the grain than in transporting cattle, from the fact that one car of cattle will consume six cars of corn in the year's feeding.

Q. Then, on the whole, the alteration in the commercial movement would tend to effect a saving for the producer of the cattle and a decrease in traffic for the railroad, would it?—A. That would be naturally the result, I think.

Commissioner ANDERSON. I think we will have to see the general financial officer at Saint Louis.

LESS RATES WHERE CENTRAL BRANCH CROSSES UNION PACIFIC.

By the CHAIRMAN:

Q. The effect of the less rates from the points where the Central Branch Union Pacific crosses the Union Pacific is to divert the traffic or the freight from the St. Joseph and Grand Island—from the point at Marysville to Saint Joseph—over the Central Branch Union Pacific, is it not?—A. Less rates made from a station on the Central Branch, which is contiguous to St. Joseph and Grand Island, would have that effect.

Q. Has it not, as a matter of fact, that effect?—A. As a matter of fact it does not exist.

Q. Did it exist prior to April 1, 1887?—A. No, sir.

Q. Did it ever exist?—A. Not to my knowledge.

Q. Have you not obtained freight in the neighborhood of the line of the St. Joseph and Grand Island, and taken the same freight over the Central Branch Union Pacific and away from St. Joseph and Grand Island?—A. The only case in which we may have done that would be in grain, as I have already explained.

Q. Have you not said that by reason of the advantages you have over the Missouri Pacific in the shipments towards the south the grain dealer hauled his grain from near that line and had it carried that way?—A. Yes, sir.

Q. And is not the effect to divert the freight to the central branch from the St. Joseph and Grand Island?—A. Yes, sir.

REBATES.

Q. Have you to any extent granted rebates to shippers along the line?

The WITNESS. Prior to April 1, 1887?

The CHAIRMAN. Yes, sir.

A. That is done largely.

Q. Is it done directly by you?—A. No, sir; it was subject to approval. All such arrangements are subject to the approval of the traffic manager.

Q. What arrangement did you make for the granting of rebates?—A. The arrangements were made both with the shippers and with the consignees, as necessity might require.

Q. What were your instructions, or how did you base your rebate rates?—A. The basis was on the necessity of the case.

Q. What were the necessities of the case?—A. Competition existing with other lines, brought about by other lines.

Q. Were the same rebates allowed to all shippers?—A. Yes, sir.

NO PREFERENCES GIVEN.

Q. No preference was given to any particular class of shippers?—A. No special preference; no, sir.

Q. Had the other roads a knowledge of the granting of the rebates?—A. I am satisfied that they had, although they were not consulted.

Q. Were you in the pool agreement with the other roads while you were granting rebates?—A. No pool agreement; no, sir.

Q. Were you under any traffic agreement?—A. No, sir; we were under no traffic agreement.

Q. Were you under any arrangements for the purpose of maintaining traffic rates?—A. Yes, sir.

Q. Did the roads have a knowledge of the fact that you were granting special rates?—A. I am satisfied they did have.

Q. Was there any complaint?—A. No, sir.

Q. Did you give them any notice?—A. No, sir.

Q. Was there any general publication of the rates?—A. No, sir.

METHOD OF GRANTING REBATE.

Q. And how was the public to know of the rebate rate?—A. They did not know it.

Q. How did you grant it? How did your shipper get knowledge of it?—A. The shipper directly interested had knowledge of it.

Q. Did he inquire?—A. The shippers who handled the business certainly had knowledge of the rate that was made.

Q. Can you give us an illustration?—A. Yes, sir.

The CHAIRMAN. Do so; that will probably make it clearer.

The WITNESS. Take the point Warwick, for instance, we might have paid a rebate to that point.

Q. Did you?—A. We did not.

The CHAIRMAN. Just illustrate it by a shipper at that point.

The WITNESS. There was a rebate of 2 cents on the hundred for all grain shipped from there.

By Commissioner ANDERSON:

Q. What was the regular rate?—A. Fourteen cents.

By Commissioner LITTLER:

Q. To where?—A. To the Missouri River; to Atchison.

NOTICE TO SHIPPERS.

By the CHAIRMAN:

Q. How did the shippers get notice?—A. We notified them personally.

Q. Suppose you fail to notify a shipper how does he find out?—A. In that case it would not be applicable.

Q. Then he could not ship with the same profit over your road, having to pay 2 cents more than the other shippers who received notice?—A. It was given to all shippers, and would naturally apply to all grain handled by regular dealers.

Q. What was the rate, if you have knowledge, on the St. Joseph and Grand Island at the same points?—A. They did not come near enough at that point to affect us. I have no knowledge as to what rate they might have made.

NO POOLS ON CENTRAL BRANCH.

Q. What per cent. of the business passing over the Central Branch Union Pacific is pool business?—A. I have no knowledge of any pool existing on the Central Branch.

Q. Have you ever had any knowledge of any pool ever existing?—A. No, sir.

Q. Have you ever had any arrangement with other roads as to the shipment of freights and as to rates?—A. No positive agreement that I am aware of.

A "MUTUAL UNDERSTANDING" TO MAINTAIN FREIGHTS.

Q. Have you ever had one that was not positive?—A. A mutual understanding existed among all freight agents that rates would be maintained.

Q. Was that to the Missouri River?—A. Yes, sir.

Commissioner ANDERSON. Please select what was a competing point between the Saint Joseph and Grand Island and the Central Branch.

The WITNESS. Our Frankfort station would be competitive with theirs at Seneca. Our Waterville station would be competitive with theirs at Marysville.

Q. Take Waterville and Marysville. What was your rate on grain from Waterville to the Missouri River?—A. I think it was 11 cents.

Q. What was the rebate that you customarily allowed?—A. We paid no rebates from that point, unless it was to equalize the rate made from a point beyond. My recollection is that there was no rebate from Waterville. That is, speaking as far back as two years.

Q. Was there any other arrangement made there with shippers by which they got an advantage?—A. No, sir; none whatever.

Q. Compare Frankfort station and Seneca, what was the rate there?—A. I have forgotten the exact figure, but there was no rebate paid from Frankfort, and there has not been since January, 1886.

Q. At what point of your road is it that this hauling of grain from the Saint Joseph territory to your road occurred?—A. Waterville is the point that has been particularly complained of.

Q. Do you say your rate from Waterville is 11 cents?—A. That is my recollection. I would not speak positively.

RATES TO MISSOURI RIVER POINTS.

Q. What is the rate from Marysville to the Missouri River on the Saint Joseph road?—A. The tariff rate was, I believe, 12 cents.

Q. Do you know whether they allowed a rebate?—A. It is my understanding that they did.

Q. Would not that difference of 1 cent account for the hauling of the grain to your line?—A. No, sir.

Q. Why not?—A. The rates from Saint Joseph east on grain coming off the line of the Saint Joseph and Grand Island road are 2 cents per 100 pounds, or were, rather, less than the rates from the other Missouri River points to the grain market.

Q. What do you mean by the other Missouri River points?—A. Kansas City, Leavenworth, and Atchison. The legitimate market being east, equalized the 2 cents per 100 pounds accruing to the Saint Joseph and Grand Island road above the rates from other western points or other lines.

SHIPMENTS FROM SAINT JOSEPH.

Q. How did the Saint Joseph get that discrimination in its favor?—A. It is not a discrimination in its favor. It equalizes the difference in

local rates. It was originally done to allow the Saint Joseph and Grand Island the Saint Joseph bridge toll.

Q. Are those rates on goods shipped from Saint Joseph to the east still 2 cents less than from other points on the Missouri River?—A. It is still taken care of, but it is not uniformly 2 cents, according to my understanding. It is a matter of which I have no positive knowledge. I refer to this as explaining the higher rate to Saint Joseph from the Saint Joseph and Grand Island station than is made to Atchison from the Central Branch station.

Q. Does that difference apply to anything except grain?—A. It was also applicable on live stock.

GIVING REBATES TO INFLUENCE TRADE

By the CHAIRMAN:

Q. Have you granted rebates to shippers for the purpose of getting the trade?—A. That would be the only purpose for which they were granted.

Q. Do you grant them to all shippers alike?

The WITNESS. Do you speak of the past?

The CHAIRMAN. I am speaking entirely of the time prior to April 1st, 1887, since your connection with the Central Branch road, or since you had any knowledge of it.

The WITNESS. I am answering your question very fully by saying that any rebates granted were done indiscriminately to secure the freight traffic tributary to its line.

PASSES TO SHIPPERS.

Q. Have you issued passes to shippers in order to secure freight traffic?—A. That has not been done since my connection as division freight agent with the Missouri Pacific.

Q. Was it done prior to that time?—A. It was, to a limited extent, done on our line prior to sometime in 1884. That is the time the pass agreement went into effect.

Q. Were passes issued to all shippers alike?—A. I was not connected with the road at that time; since my connection with the line, no passes have been granted to shippers on account of traffic.

Q. At no time, in your knowledge, were passes granted to all shippers alike?—A. I can answer yes; because I say passes were not granted to shippers since my connection with the line.

Q. But you have said that passes were granted at one period. I am asking you with reference to that period. Have you any knowledge whether passes at that period that you have spoken of were issued to all shippers alike?—A. I have no knowledge of it.

Q. What other favors were granted by the Central Branch Union Pacific road to secure shipments from shippers?—A. No other favors.

Q. Were there no others than passes and rebates?—A. No others than rebates.

PERCENTAGE DIVISION WITH MISSOURI PACIFIC.

Q. Has the Central Branch Union Pacific a constructive mileage rate with the Missouri Pacific as to freight?—A. No, sir.

Q. Have they any percentage allowance from the Missouri Pacific?—A. In the case of through rates being made less than some of the locals, there is a percentage division.

Q. What is the percentage on through freight coming from the Central Branch Union Pacific?—A. From points west of Greenleaf, the Central Branch is allowed 45 per cent. of the rate to the Mississippi River.

Q. Where is Greenleaf?—A. Greenleaf is 113 miles west of Atchison.

Q. How far is that point west of the point where the Central Branch Union Pacific crosses the Union Pacific?—A. It is 20 miles.

Q. West?—A. West, yes, sir; about 20 miles. Our distance from Atchison.

Q. What is the distance to the Mississippi River?—A. Three hundred and thirty miles from Atchison to Saint Louis.

ITS ADVANTAGE.

By Commissioner ANDERSON:

Q. Please state the effect of this in favor of your road.—A. In case of through rates being made from the Central Branch point to the Mississippi River the aggregate rate is divided under agreed percentages, which allows the Central Branch from points west of and including Greenleaf 45 per cent. of the through rate to the Mississippi River.

Q. The distance being 113 miles from Greenleaf to the Missouri and 330 miles from the Missouri to the Mississippi River?—A. That would not be a fair statement of it.

Q. Will you correct it?—A. You take the shortest point, 113 miles.

Q. I understand. The distances so given are not the correct application for all points, but simply the limits. What is the furthest point?—A. Two hundred and ninety-three miles.

Q. Two hundred and ninety-three miles from the Missouri River?—A. Yes, sir.

Q. So that the points protected are between 293 miles and 113 miles, is that correct?—A. Yes, sir.

Q. As to the points between the Missouri River and the 113th mile point, is there any protection allowed?—A. To stations east of Corning the Central Branch is allowed 35 per cent.; to stations west of and including Corning, and east of Greenleaf, the Central Branch is allowed 40 per cent.

Q. How far is Corning from the Missouri?—A. Corning is 55 miles.

LOCAL AND THROUGH TRAFFIC ON CENTRAL BRANCH.

By the CHAIRMAN:

Q. How does the volume of traffic compare as between local and through traffic on the Central Branch Union Pacific?—A. The volume of traffic is largely local.

Q. What is the percentage?—A. I could not answer that intelligently.

Q. Is it 50 per cent.?—A. On east-bound traffic, yes, sir. On west-bound traffic, no. But taking the aggregate, I could not answer.

"AN EQUITABLE RATE."

By Commissioner LITTLER:

Q. State whether or not the percentage of mileage as described above inures to the benefit of your road.—A. It would be my understanding that no benefit inured to either line.

Q. Do you think that the rate was a strictly equitable rate?—A. Yes, sir.

Q. Between both lines?—A. Between line and line; yes sir.

Q. Why do you say that, in view of the fact that you obtained 45 per cent. for a short haul on your line as compared with the distance from Atchison to Saint Louis, 330 miles?—A. It would hardly be a fair traffic division, I think, to prorate 113 miles against 330 miles.

Q. Why would it not?—A. The percentage would be too low.

Q. Why would it be too low? In other words, explain to the Commissioners why the Central Branch cannot haul a car-load of freight 100 miles as cheaply as the road from Atchison to Saint Louis can haul it 300 miles, mile for mile.—A. I could not answer why the roads could not haul it that way.

LONG AND SHORT HAUL.

Commissioner ANDERSON. He wants you to say why you consider a constructive mileage allowance an equitable allowance, if you have a reason to give, as between short roads and long roads.

The WITNESS. Prorating a very short distance and a long distance and figuring it on percentages would allow a rate too low for the cost of handling.

Q. In other words, do we understand you to say that a railroad company cannot ship a load of grain a short distance at the same rate per mile that it can ship it a long distance?—A. I feel hardly competent to answer a question of that kind.

Q. Does not your experience as a railroad man enable you to answer that with more or less intelligence?—A. I have my own ideas as to the fairness of a division of the through rate.

Q. That is what we are after. How do you reach your basis of fairness in the division of this rate between points on your road and Saint Louis?—A. An actual mileage prorate is the proper basis.

Q. If an actual mileage prorate is a proper basis, then you are getting more on the through rate than you are entitled to, are you not? Because you get 45 per cent. of the entire through rate, whereas your mileage does not amount to 45 per cent. of the entire mileage. I mean straight mileage.

Commissioner ANDERSON. Do you mean straight mileage when you say actual mileage?

The WITNESS. Yes, sir.

THE SHORT HAUL AND CONSTRUCTIVE MILEAGE.

Q. Is it or not true that in the operation of railroads connected with each other the railroad which has the long haul, upon some principle of equity, always gives to the road having the short haul a constructive mileage? In other words, do they not give the short haul more miles in making up the division of rates than they are entitled to by the actual miles?—A. Yes, sir; that is the custom.

Q. Will you tell us why that is so?—A. As I said before, in case of a very short mileage, an actual mileage prorate would be an unfair basis.

Q. In other words, you cannot haul a car-load of grain 10 miles at the same rate that you can haul it a thousand miles; is that correct?—A. That is it.

Commissioner ANDERSON. Not to the same advantage.

Q. Is that the principle upon which constructive mileage is allowed to the short haul?—A. It differs with different roads.

Q. Is that the principle?—A. Yes, sir.

Q. Is that the general principle upon which constructive mileage is allowed to the short haul over the long haul?—A. That is the general principle on which it is based; yes, sir.

NO ADVANTAGE TO MISSOURI PACIFIC.

By Commissioner ANDERSON:

Q. In your judgment, is the traffic done over the Central Branch at the rates allowed to the Central Branch an advantage or disadvantage to the main line of the Missouri Pacific? I suppose your traffic passes over the Missouri Pacific main line. I refer to the traffic which is interchanged between your branch and the Missouri Pacific. Is the Missouri Pacific better off for the existence of the Central Branch, with a mileage allowed to the Central Branch, or is it worse off?—A. The Missouri Pacific, according to my knowledge, derives no benefit and suffers no disadvantage from the fact of the present arrangement as to the rates.

"ROUTING" OF THE CENTRAL BRANCH BUSINESS IN FAVOR OF MISSOURI PACIFIC.

Q. Does it get more business than it would get if the Central Branch were not there, in hauling the interchanged merchandise?—A. Preference is shown the Missouri Pacific in the routing of the business of the Central Branch.

Q. Does not this rate that you have given at 45 per cent., beginning at the point 113 miles away and ending at the point 293 miles from the Missouri River, give substantially a straight mileage basis for the extreme point 293 miles from the Missouri River?—A. I have no positive knowledge as to that.

Q. Will you figure it out and tell me?—A. A prorate on actual mileage basis from the extreme point on the Central Branch to Saint Louis would allow the Central Branch 47 per cent.

Q. And they only get 45?—A. They only get 45.

Q. Give us the rate on the straight-mileage basis from the point 113 miles away. What would the road be entitled to on the straight-mileage basis?—A. From a point 113 miles distant from Atchison the actual mileage prorate is 25.5 per cent.

Q. And instead of 25.5 per cent. they get 45 per cent.?—A. Yes, sir; that is correct.

Q. Do you know the amount of business in freight which is interchanged between the Missouri Pacific and the Central Branch annually, in tons?—A. No, sir.

Q. Can you furnish that information?—A. It could be obtained from our offices.

Q. At Saint Louis?—A. Yes, sir.

Q. You could not give it?—A. I could not give it.

UNION PACIFIC PEOPLE NOT INTERESTED IN STOCK-YARDS OR ELEVATORS.

Q. Have any of the officers or employés of the Central Branch Union Pacific any interest in any grain elevator or any stock-yard or in any other business along the line of the Central Branch Union Pacific?—A. Not to my knowledge.

Q. Is any officer of the Union Pacific, director or employé, interested in any elevator or stock-yard or any other business along the line of the Central Branch Union Pacific?—A. Not to my knowledge.

Q. If they were engaged in such business you would have a knowledge of it, would you not?—A. Yes, sir; I think I would.

KANSAS CITY, MO., *Thursday, July 7, 1887.*

J. S. TEBBETS, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Assistant general freight agent of the Union Pacific Railway Company, in charge of the Kansas Division.

Q. How long have you filled that position?—A. A year and a half.

Q. What other position did you hold in the Union Pacific system prior to the position now held by you?—A. Division freight agent at Salt Lake City.

Q. What other position did you hold prior to that?—A. Clerk in the general freight office in Omaha.

Q. How many years had you been connected with the Union Pacific?—A. Three years in November.

DUTIES OF ASSISTANT GENERAL FREIGHT AGENT.

Q. What are your duties as assistant general freight agent?—A. I have charge of the local business of the Kansas Division. That is under my control, and I report to Mr. Kimball and Mr. Monroe, and I look after the through business, both east and west bound, over the entire system passing over the Kansas Division.

THE KANSAS DIVISION.

Q. What part of the system composes the Kansas Division?—A. From Kansas City to Denver, and the branches between here and Denver, including the Kansas Central and the Manhattan and Blue Valley line as far north as the first station south of Beatrice, Holmesville.

Q. Do you recollect the freight rates between Kansas City and Leavenworth?—A. No, sir. We are not in the field for that business. Our line is some 73 miles from here to Leavenworth as against the Missouri Pacific 28, I think. I am not quite sure.

Q. How do you connect with Leavenworth from Kansas City?—A. We do no direct freight business.

Q. How is the freight regulated from Lawrence—I think that is the point of junction with the Kansas Pacific main line—and Leavenworth? I am not sure whether that is right. How is the traffic regulated going to or coming from Leavenworth over the branch line to Lawrence?—A. I make the rates and publish the tariff.

LEAVENWORTH ACCOMMODATIONS.

Q. What accommodations do you give to the citizens of Leavenworth for the transfer of freight from Leavenworth over the main line of the Kansas Pacific at Lawrence?—A. The freight train runs out of Leavenworth in time to connect with our fast trains running west.

Q. Is there any delay of freight at Lawrence?—A. Not to my knowledge. Occasionally there are times of delay, just as at Kansas City or any other place.

UNWARRANTED COMPLAINTS OF LEAVENWORTH PEOPLE.

Q. Have you heard of any complaint of the citizens of Leavenworth, or the Board of Trade, with reference to delays of freight at Lawrence?—A. No, sir.

Q. Have complaints ever been made to your knowledge at any time?—A. Not to my knowledge.

Q. Then it is not true, even if the citizens of Leavenworth have stated under oath that their freight is delayed some twenty-four hours at Lawrence and the junction with the Kansas Pacific?—A. No, sir.

Q. Would you have a knowledge of that fact if it existed?—A. Not necessarily; but it would be very apt to be brought to my attention if freight from Leavenworth, destined to points west, did not get there as soon as it did from Kansas City.

SPECIAL RATES TO KANSAS PACIFIC SHIPPERS.

Q. Have you, prior to April 1, granted special rates to the Kansas Pacific shippers?—A. At times; yes, sir.

Q. Were you instructed to grant such rates?—A. No, sir; I used my own discretion.

Q. What enables you to make up your mind as to the rates to be allowed?—A. To get the business as against competitors.

Q. To get the business of competitors?—A. As against our competitors on the north and south of us.

Q. Were competitors in any pool or freight contract or agreement with you?—A. We have had no freight contracts or pool of any kind or description since I have been on the road, that I am aware of, affecting the Kansas Division, except an agreement to maintain rates from junction points.

POOLS AND "ARRANGEMENTS."

Q. What is the difference between an arrangement to maintain rates and a pool and a written agreement or a contract?—A. My understanding of pools (from what I have known about them), stated generally, is that they provide for the division of gross earnings, or some division of the earnings.

By Commissioner ANDERSON:

Q. All the earnings?—A. Or a percentage of the tonnage. It varies.

By the CHAIRMAN:

Q. It may be of freight or passengers?—A. Certainly.

Q. A different kind of a pool?—A. Yes, sir; but according to the law of Kansas we cannot have a pool.

THE DISTINCTION.

Q. What is the difference between a pool and an arrangement between roads to maintain rates?—A. My answer to that would be that the pool provided for a division of the earnings, and an arrangement is simply an agreement to maintain rates. I may be wrong about that, but that is my understanding of the difference between the two.

Commissioner ANDERSON. To take whatever you can get.
The CHAIRMAN. Oh, no.
The WITNESS. At the agreed rates.
Q. Without any agreement as to the percentage each should have?—A. After we had got it, it was all ours, and we did not have to turn over any portion of it.
Q. Are not all divisions of profits in pools based upon rates named in the pools for the purposes of the agreement, and for pooling purposes?—A. I am not familar with the operations of pools.
Q. Is there a pool commissioner in the State of Missouri?—A. No, sir; I do not think so. We only have one mile of track, I think, in Missouri.
Q. Have you a railroad commissioner here?—A. I have not met him. If there is one I do not know him.
Q. Did you ever hear of a pool commissioner residing hereabouts?—A. No, sir; not in Kansas City.

SPECIAL RATES ALLOWED.

Q. Under the agreement to maintain rates with the roads that you had entered into arrangement with, have you allowed special rates by way of rebates or preferential rates, as against the rates fixed under the arrangement to shippers?—A. Yes, sir.
Q. Were the special rates public rates?—A. Not necessarily.
Q. What percentage of rebates did you allow to shippers along the line?—A. That is a very general question. I do not know that I can answer that. I do not understand what you want.
Q. What is the difficulty about it?—A. We have 1,100 miles of road, and I do not quite understand what you want.

TO SECURE BUSINESS.

Q. Are your rebates all the same? Are they based on the mileage or upon your desire to secure the business of the shipper?—A. Upon our desire to secure the business of the shipper.
Q. If the shipper is obstinate you will offer him a better rate than the man that is not so obstinate?—A. No, sir. Sometimes, if he is obstinate, I do not try to get his business.
Q. Supposing you make an effort to get the business of a shipper, what do you do with reference to the rate?—A. I do not think I quite catch your meaning.
Q. What is the difficulty about the question? Supposing you make an effort to get the business of the shipper, what do you do with reference to the rate?
Commissioner ANDERSON. Give us an illustration of some man that you talked to and show us how you come to terms.

COMING TO TERMS.

A. I take some junction point, and I find that a very large shipper there is shipping over a competing line. I go to him and say, "What's the matter with our having some of your business?" "Well," he says "if you make as good terms as your competitors, I would like to give you some." I figure out whether it was worth while to make him a proposition or not. I make him a proposition, and possibly he accepts it and possibly he does not.

Q. Have you an arrangement with that competitor as to rates?—A. It was an understood thing, possibly; there was no written agreement; rather an understanding that the rates would be the same for all.

EACH LINE "TRYING TO CHEAT THE OTHER."

Q. Then, notwithstanding that understanding, you went to the shipper and offered a rate under the rate agreed between the competing lines?—A. Because I was satisfied that he had a lower rate by the other line.

Q. Each was trying to cheat the other with reference to a low rate?—A. That is right.

Q. To what extent does this exist along the Kansas Pacific road—A. There is not much of it.

Q. Did you have a consultation with Mr. Kimball, the general manager of the Union Pacific, with reference to rebate rates?—A. Sometimes, but not very often.

Q. Had you any instructions from him at any time during your administration?—A. I think I may have; I would not answer that yes or no, here.

Q. What was the nature of the consultation?

The WITNESS. With Mr. Kimball?

The CHAIRMAN. Yes; concerning rebates, or special rates, or preferential rates?—A. I would explain to him what the business amounted to and where it was going, and what I supposed our competitors were doing. I had no actual knowledge of it. He told me whether he thought it was worth while to try to get it or not, if it was a pretty large thing.

Q. Was that all that took place?—A. Yes, sir.

Q. Then you would go and get it?—A. No, sir.

Q. How would you determine that question?—A. After getting a limit from Mr. Kimball I would try to get the business.

PASSES.

Q. Did you issue passes to shippers in order to secure their business?—A. No, sir.

Q. Have you power to issue passes?—A. Not now. I had passes in the office.

Q. All my questions now I am applying to the time prior to April 1, 1887. I have nothing to do with the railroads since 1887, April 1st. What power had you to grant passes prior to April 1st?—A. I had passes in my office, countersigned by Mr. Kimball, which I could fill up.

Q. Did you issue passes along the line of the Kansas Pacific for the purpose of securing shipments?—A. No, sir.

REGULATING THEIR ISSUE.

Q. How did you regulate the issuing of the passes?—A. I think that in the year and a half, or the year and three months that you refer to, since I have been here, I never issued a pass to any shipper, except some cattlemen. It has been the custom in the West to give them (cattlemen) passes. But I do not think, or I do not recall at this moment, of a single pass issued to a shipper other than what I have stated.

GIVEN TO CATTLEMEN AND RAILROAD EMPLOYÉS.

Q. What were the passes to be used for, which were in your possession?—A. For railroad men. For instance, there might be a gentleman

come over here from Chicago, or from Saint Louis, the chief clerk of a general freight office, and he brings a letter from the general freight agent asking me to furnish him transportation from Kansas City to Denver, or Topeka, or any point on our line, and I furnished it.

Q. Am I to understand you that at no time during your administration you issued passes to any other class than the class which you named, to wit: cattlemen and employés of the railroads?—A. I do not think I issued passes to any other parties. I would not be positive about it. It is several months since I looked over the record. In fact, I have no record now. The stubs are all returned to Omaha.

Q. What other inducement did you offer to shippers to secure their business?—A. I do not know that I could say by any other inducements but by calling attention to our facilities and fast time, and by answering their questions promptly and getting rates for them from our connections on shipments to the East, and doing everything we could for them.

Q. Is that all you could do?—A. That is about all.

Q. Have you named all the methods that you exercised in order to secure the traffic as against competing lines?—A. I do not think of any others.

UNION PACIFIC PEOPLE NOT INTERESTED IN ANY BUSINESS ENTERPRISE ALONG THE LINE.

Q. Are any of the officers, or employés, or directors of the Union Pacific Railway Company interested in any business, grain elevator, stock yard, manufacturing company, or any other business, along the line of the Kansas Pacific?—A. Not to my knowledge.

Q. Would you have a knowledge of it?—A. I should be very apt to.

By Commissioner ANDERSON:

Q. What are the points of junctions, as you call them, on the Kansas Pacific?—A. Lawrence, Topeka, Junction City, Salina.

Q. And Denver?—A. Denver. My jurisdiction ends at Jersey, which is one mile outside.

Q. Denver is a competing point?—A. Yes, sir.

COMPETITORS OF THE UNION PACIFIC.

Q. What are your chief competitors?—A. The Santa Fé and Missouri Pacific.

Q. Name them, with reference to junction points at which they are competitors.—A. At Lawrence, the Santa Fé and Southern Kansas; at Topeka, the Santa Fé, and Missouri Pacific, and the Chicago, Kansas and Nebraska; at Junction City, the Missouri Pacific; at Salina, the Missouri Pacific.

ROUTE OF MISSOURI PACIFIC.

Q. What is the Missouri Pacific route from Kansas City?—A. It is very roundabout from here.

Q. How does it reach Topeka?—A. Over what was formerly known as the Kansas, Nebraska and Dakota.

Q. Is it continuing its construction westward?—A. I think they are doing nothing at Topeka, but from Salina they have extended west through Ness City, about midway between the Kansas Pacific and the Santa Fé.

Q. What is the distance between the Santa Fé and the Kansas Pacific?—A. In some places it is as near as 35 miles, and it varies from that up to 150 to 175 miles. I have not the exact figures.

Q. The Missouri Pacific runs irregularly between these two?—A. Yes, sir.

Q. You are located in Kansas City?—A. Yes, sir.

PURCHASE SUPPLIES.

Q. Do you know anything in relation to the purchase of supplies for your road in Kansas City?—A. Yes, sir.

Q. Is that in your department?—A. No, sir.

Q. Who has charge of that?—A. I think the general storekeeper in Omaha, or the supply agent, J. J. Burnes. He regulates the business.

Q. Who regulates the prices at which the different articles purchased are bought?—A. I cannot tell you that. I like to keep posted as to what the Union Pacific buys here, because we can get freight to competitive points from parties here of whom supplies are purchased. And we say, "We want your business, as we make purchases of you."

Q. That is another method by which you induce business to go over your road?—A. That is a legitimate method; yes, sir.

Q. Are you personally informed as to what those purchases are?—A. I do not know what they amount to. They generally say they have bought such and such article, or so much from certain firms here.

Q. You are informed from Omaha?—A. Yes, sir; generally. In fact, always.

Q. Are there any special dealers in Kansas City whose names you can give us from whom the Union Pacific makes purchases of this character?—A. I do not think I can give you one at this minute; I can get two or three.

Commissioner ANDERSON. I refer to any purchases in large amounts.

The WITNESS. No; I do not think we make any very large purchases here.

PRICES CHANGED.

Q. Have you at any time heard that articles have been purchased for supplies in which the price of the article purchased was considerably above the proper market value of the merchandise?—A. No, sir; I have heard, rather on the contrary, that we were always screwing them down to the lowest possible figure; some of them said they would not sell to us for that reason.

Q. What is the principle article of freight that moves over the Kansas Pacific proper?—A. Grain and its products and live stock east bound, and lumber and coal and general merchandise west bound.

AMOUNT OF FREIGHT BUSINESS FOR CURRENT YEAR.

Q. How does the freight business of this road for the current months of 1887 compare with 1886?—A. They make the freight forwarded from Kansas City fall off a little. For April it was, I think, a little in excess of 1886. The receipts at Kansas City have materially decreased on account of the failure of the crop of wheat and the small crop of corn.

Q. In 1886?—A. In 1886; yes, sir. We received here, say month before last, 120 cars of corn where a year ago we received between 400 and 500.

Q. What is your expectation as to the traffic of 1887 as compared with 1886?—A. I think it will hold its own, and in some ways increase.

The present prospect is that we will have the largest corn crop that was ever harvested in Kansas, but we cannot tell as to that until July and part of August is over. It looks so now.

NATURE OF TRAFFIC CHANGED.

Q. Has the nature of the traffic changed materially during the last two or three years?—A. Yes, sir. The wheat traffic has fallen almost to nothing.

Q. And cattle and corn have taken its place?—A. Yes, sir; corn has hardly held its own for the last year as compared with a year ago, of course, on account of the failure.

Q. Was it not also on account of the fact that the corn was fed to the cattle and the cattle transported?—A. I am sorry to say, it is.

Q. Why are you sorry?—A. Because one car-load of cattle will eat up three to five car-loads of corn.

Q. So that the transportation of cattle is less profitable to the railroad?—A. It looks so.

RELATION OF BRANCHES TO MAIN LINE OF KANSAS PACIFIC.

Q. What, in your judgment, is the effect of the business done on the branches with reference to the main business on the Kansas Pacific?—A. If it was not for the branches we might as well shut up the main line.

Q. Explain that a little more fully with reference to the business done on those various branches.—A. Each one of the branches gives the main line a large amount of traffic, on which they get a reasonably long haul. It varies from the nearest, where the first branch goes off, to the most western one. The local business of the main line would not support the main line and keep it up in its present condition and make it a through line.

Q. Can you give any figures showing the proportion of the business properly belonging to the main line—that which is qualifiedly local, as distinguished from through business passing over the whole line, but still delivered on the main line—and the business which is interchanged between the main line and the branches?

The WITNESS. You are just referring to between Kansas City and Denver?

Commissioner ANDERSON. Yes.

The WITNESS. I do not know that I could give you an estimate on that.

THE MOST ACTIVE BRANCH LINES.

Q. Which are your most active branch lines?—A. The Junction City and Fort Kearney branch, the Solomon and Beloit, and the Salina and Southwestern.

Q. They are all lines north of Kansas Pacific?—A. No, sir; the Salina and Southwestern runs from Salina, 35 miles south, and there is a junction point at McPherson with the Santa Fé and the Missouri Pacific roads.

NUMBER OF FREIGHT TRAINS.

By Commissioner LITTLER:

Q. Who prescribes the number of freight trains passing over your line and fixes the time tables?—A. The business prescribes the number of freight trains.

Q. Have you no regular trains that run every day?—A. Yes, sir; we have regular trains.

Q. That run every day?—A. Yes, sir.

Q. How many have you running every day over the main line?—A. We have one through train to Denver every day, that leaves Kansas City at night and runs to Denver.

Q. What local freights have you running every day?—A. I will have to look at the time card on that. I am not quite sure; I think there is one other one. I would not be positive on that.

COMPLAINTS AT LEAVENWORTH.

Q. The point I am getting at is this: The people at Leavenworth are complaining very much at the sort of freight service you are giving them. The testimony of a dozen of the leading men of Leavenworth is to the effect that you run your freight trains from Leavenworth westward so as to make a provoking delay at Lawrence. The tenor of their testimony is that freight going westward from Leavenworth and also freight going eastward to Leavenworth is delayed all the way from three to twenty-four and thirty-six hours. My question is, how does this happen? They charge that you are running your trains so as to injure the city of Leavenworth and profit Kansas City. I want you to explain that.—A. I do not think there is any intention on our part to do that. I never heard a complaint. It has never been called to my attention.

Commissioner LITTLER. The board of trade at Leavenworth have presented a formal protest to the railway commission of Kansas, and have also presented a like protest to the Union Pacific Railroad Company, either at Kansas City or at Omaha, alleging those facts?

The WITNESS. I have not seen it.

Commissioner LITTLER. I am surprised that you are entirely ignorant of any such protest.

LEAVENWORTH INADVERTENTLY LEFT OUT.

The WITNESS. That is a fact; I have not seen it. There was one protest that I did see, that was made to the commissioners and referred to Mr. Brinckerhoff, that I published on the bottom of my tariff, that freight leaving Kansas City at night will reach the principal points of Kansas in time for early morning delivery the next day. Through an oversight the word "Leavenworth" was not inserted. They made a formal complaint to the commissioners and said we ought to be pulled up before the Interstate Commission. That was corrected and the word "Leavenworth" inserted in my last tariff.

NO DISCRIMINATION AGAINST LEAVENWORTH.

Q. Do freight trains leaving Leavenworth, in case they are on time, make a quick connection with your freight trains going west on the main line?—A. I think they do.

Q. Is it your intention that they should?—A. It most certainly is. Leavenworth is just as much a competing point as Kansas City. There are two other lines running west from there.

Q. Do you know of no discrimination in the management of your system against Leavenworth and in favor of Kansas City?—A. No, sir; whatever rates I make to and from the Missouri River or Kansas City are made from Leavenworth in either direction.

Q. Why is it that you did not run a passenger train sufficient to accommodate the public from Lawrence to Leavenworth in the morning instead of in the afternoon?—A. You are outside of my province now. I do not know anything about it.

FREIGHT ON MAIN AND BRANCH LINES.

By the CHAIRMAN.

Q. Taking a certain distance upon the main line of the Kansas Pacific at the eastern end, and the same distance upon the branch line, how does the freight traffic compare as between the main line and the branch line?—A. Last year we had no corn for a hundred miles west of Kansas City, and we had no local traffic.

The CHAIRMAN. I am taking the eastern end.—A. I am taking that now. One hundred miles west of Kansas City is the eastern end of the Kansas division. We had no corn, and for that reason the farmers were poor, and they shipped no merchandise out. Our business was materially less in both directions for, say, 100 miles west of Kansas City than it was the year before; while, when we got to our branches, we did have crops, and the farmers did buy merchandise, and we had traffic.

AN ILLUSTRATION.

Q. When you reach your branches, taking a junction with any branch and a similar distance on the branch line and the main line, how does the business compare?

The WITNESS. May I mention a station and see if I gather what you want?

The CHAIRMAN. Yes.

THE WITNESS. Junction City is 139 miles west of Kansas City. [Illustrating on a map.] *Here* is the main line of the Kansas Pacific, and the branch line comes in *here*. I take those two points to be equal.

Q. How does the freight on those two points compare in volume?—A. I should say that the branch line, in the last year that I have been here, gave more business.

Q. How much more?—A. I could not tell you.

Q. About what percentage?—A. I should not want to guess at it.

Q. Will you furnish the Commission with any figures?—A. I do not know that I can.

Q. What is the difficulty?—A. I do not know that I have the facts in my possession.

Q. Do you not return the volume of freight passed over your branch line against the main line?—A. I have returns of business forwarded and received at a station, but I do not necessarily know the destination or origin of it.

The CHAIRMAN. I am speaking altogether of local traffic between the points.

The WITNESS. I understand that.

CIGARS AND DRINKS TO SECURE BUSINESS.

Q. Have you ever entertained any of the residents along the line of the Kansas Pacific, or people whom you thought could be secured to ship over the Kansas Pacific road?—A. I may have given them a cigar occasionally when I met them, or something like that, or thrown a drink into them when they were thirsty.

Q. A cigar was the extent?—A. Yes, sir; possibly two or three.

Q. Were the two or three cigars the limit of your hospitality to shippers?—A. I do not recollect at this time having exceeded one, but I want to be on the safe side.

Q. How do you charge up your expenses for such entertainments to the Union Pacific Railroad?—A. I do not charge it up to the Union Pacific road. It is included in my salary, I suppose.

CARRIAGE FOR COMMISSIONER OF RAILROADS.

Q. Your expenses of that character are defrayed entirely out of your salary?—A. I have never put in one nickel for the entertainment of anybody, except, I believe, I put in a charge for a carriage which I hired for General Johnson.

Q. Who is he?—A. The United States Commissioner of Railroads, who was here on a tour of inspection, and I took him over to Armstrong.

Q. Under what account would you enter such a charge as that?—A. To the account of carriage to General Johnson, United States Commissioner of Railroads.

Q. How would they put it into the accounts at the office?—A. I do not know anything about it. I do not know how they divided it.

Q. You do not know whether they put it into the india-rubber account or not?—A. No.

Q. Have you any further information to give us?—A. No, sir; none that I think of.

KANSAS CITY, MO., *Thursday, July 7*, 1887.

A. J. MEAD, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Grain and elevator.

Q. How long have you been in business?—A. About eight years in this place.

Q. During that time have you been in Kansas City?—A. Yes, sir.

KANSAS CITY BOARD OF TRADE.

Q. Are you a member of the board of trade?—A. Yes, sir.

Q. Do you hold any position in the board of trade?—A. No, not at present.

Q. How long have they had a board of trade organization in Kansas City?—A. About ten years.

Q. Have you been a shipper over the Kansas Pacific or any of the lines subject to the Union Pacific Railway Company?—A. Yes, sir. That is, I have been a purchaser of grain on that line.

Q. Have you been a purchaser for your own account?—A. Yes, sir.

TWO LOCAL RATES EXCEED THROUGH RATE.

Q. During the time that you have been in business have there been any complaints with reference to the rates for freight on the Kansas Pacific or the branch lines?—A. I do not know that I could state that there has been. There has been a combination between the western and eastern points. There has been considerable complaint from the public here.

Q. What has been the nature of the complaint?—A. The excess of the two locals over the through rate.

Q. Will you please explain that?—A. That the rates through, for instance, from a western point, take any point west, we will say Saint Louis, have been less than the two locals. That is, the rate from the western point to Kansas City and Kansas City to river points. I think that is about the only complaint I know of.

DIFFERENCE OF RATES.

Q. What has been the difference in the rates?—A. That varies considerably.

Q. How much?—A. In the past months the difference in prices between Kansas City and Saint Louis have been between 1 to 4 cents a bushel on grain.

Q. Prior to April 1, what was the difference?—A. That is about the date that the markets have been closest.

Q. Have the rates varied to suit the market during the years you have been shipping?—A. The rates have been pretty steady. I do not think there has been much variation.

Q. Have you had any knowledge of any special rates that have been made by the company to shippers?—A. No, sir; not in a positive way. I know it only by hearsay.

Q. Have there been any complaints as to special rates being granted to shippers?—A. Not from the Western roads.

The CHAIRMAN. I am speaking of the Kansas Pacific now.

The WITNESS. No, sir; not that I know of.

Q. Have you as a shipper had any special rates?—A. No, sir.

Q. Have you ever had any rebates?—A. No, sir; I buy the grain at the stations. We take the current rate, whatever it is, and make the prices for the grain at the stations, less the freight.

Q. Have you ever shipped grain at any other rate than the public rate?—A. No, sir; not over the Kansas Pacific road. I shipped from here East, but not over the Kansas Pacific. All of my dealings on that road have been on tariff. That is, I buy it—I bid for the grain at the stations at a price less the freight to this point, taking the local tariffs.

The CHAIRMAN. We understood you had some figures you could give us.

The WITNESS. No, I have not.

KANSAS CITY, MO., *Thursday, July 7, 1887.*

Afternoon session.

EDWARD H. ALLEN, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am not in any commercial business; I am president of our Exchange Building Association and Board of Trade.

Q. How long have you filled that position?—A. Two years before this; this is my third term of one year each that I am now serving.

Q. How long have you resided in Kansas City?—A. I have resided in Kansas City since October, 1865.

TWO LOCAL RATES EXCEED THROUGH RATE.

Q. Have you any knowledge of any complaints as to the Kansas Pacific Railroad management in reference to freight rates?—A. I have no knowledge of any complaints other than that shipments from points on the Kansas Pacific road to points beyond us, through this town, can be made at less than the combined rates from that point to Kansas City, and from Kansas City to the remoter point of shipment, as, for instance, Memphis; that on a shipment from a point west, where the local rate from that point into Kansas City is 10 cents a hundred, and the local rate from Kansas City to Memphis is 18 cents, the through shipment from the western point to Memphis through Kansas City, involving transshipment from one road to the other, can be made for 25 cents.

EFFECT OF DISCRIMINATIONS.

Q. What effect has that upon this community?—A. It has interrupted the handling of grain at these points, and it forces persons who are dealing with these southern points to purchase their grain at points west of this, and handle it without loading or unloading at this point.

Q. Have the complaints been presented to the Union Pacific Company?—A. I do not know that they have; I only hear that from the shippers.

NO ACTION BY BOARD OF TRADE.

Q. Has the board of trade taken any action?—A. We have never taken any action upon them; we are just about in the shape of taking up a notice of that class of difficulties with a view to see what action is possible; we have delayed activity partly from the fact that the interstate commerce law has gone into operation, and our legislature has just adjourned, and we are waiting to see what the local legislation will be on the question here before dealing with the question ourselves.

Q. How long have the complaints existed?—A. I cannot answer that question; I have heard of them more or less for a year or more past, but I cannot tell how long they have existed.

BETTER TERMS ALLOWED CERTAIN GRAIN BUYERS.

Q. Have you knowledge of any other complaints?—A. I have heard the allegation made that there were parties here who were buying grain at the West, shipping it in over the Kansas Pacific road, who must evidently have better terms of shipment than the general public, from the manner in which they are transacting their business; but I only know the fact that on the existing state of the market they can afford to pay a higher rate for grain, if necessary, than the general body of shippers can.

Q. That is to say that there has been a special or private rate as against the open published rate?—A. Yes, sir; that has been the feeling.

Q. How would it affect the shippers generally in the community?—A. It would give all the business to one person at an advantage.

Q. Is there any individual shipper who gets such advantages, to your knowledge?—A. There is one shipper whose name I have heard mentioned in connection with that feature of the case. As I say, I do not know these things of my own knowledge. I only repeat what I hear.

there has been one shipper in the community respecting whom that allegation has been made.

Q. What is his name?—A. His name is W. W. Cowan. I know nothing about the matter of my own knowledge.

Q. Have you any other information that you can give the Commission?—A. I do not know that I have.

COMPLAINTS SINCE PASSAGE OF INTERSTATE COMMERCE LAW.

By Commissioner ANDERSON:

Q. Have these complaints been made since the passage of the interstate commerce law?—A. The conversation I heard has been since the passage of the interstate commerce law; yes, sir.

Q. Has the peculiar advantage that this Mr. Cowan seems to enjoy existed since the interstate commerce law?—A. That I cannot state to you. The allegations have been made to me since April; but whether they are born of transactions prior to April or whether they are understood facts since April I am not able to state.

PLAN OF SETTEMENT.

Q. Have you given any attention to the question of the relations between the subsidized roads and the Government of the United States?—A. No, sir; I have not paid any special attention to that question.

Q. Is the subject of the adjustment of those relations the subject of frequent discussion?—A. I have heard very little said about it in our community.

Q. Have you any suggestions to offer as to what would be deemed here a reasonable or fair adjustment of those relations?—A. No, sir; I could not say that I have.

KANSAS CITY, MO., *Thursday, July 7*, 1887.

WILLIAM H. MILLER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am secretary of the board of trade.

Q. How long have you been secretary?—A. I have been secretary fourteen years.

Q. How long have you resided in Kansas City?—A. I have resided in Kansas City since July, 1871.

COMPLAINTS OF HIGH RATES ON KANSAS PACIFIC.

Q. During your residence here have you heard of any complaints as to the facilities and accommodations afforded by the Kansas Pacific to the community?—A. I do not remember that I have heard very much complaint of it in former years. There has been some complaint, of course, of the Kansas Pacific, when it was the Kansas Pacific, as there has been of other roads. Years ago I used to hear a little complaint of the coal rates from this point to the West. I do not remember to have ever heard of any charge on that ground, however, except that the rates were excessively high. There has been some complaint made of their

rates from points on the Union Pacific Railroad eastward to Kansas City and through Kansas City; more particularly to Kansas City. Soon after the consolidation of the Union Pacific roads (the Kansas Pacific with the Union Pacific) there was a rate made on grain from the Kansas Pacific points which took the grain through to the Mississippi River points at about 7 cents a bushel less than it could be shipped to Kansas City, and thence on to the seaboard. There was considerable complaint by our merchants of that transaction. It was supposed to result from the fact that at the time that the consolidation occurred that road and the Missouri Pacific were in substance in the same interest, both belonging largely to and being under the control of the same parties.

FAVORS TO TOLEDO GRAIN FIRM.

I think it was in January, 1885—December or January—that some kind of an arrangement was made by which a grain firm in Toledo—I think it is Reynolds Brothers; it was always understood to be—were able to pay more for grain on the Union Pacific Railroad than anybody else was able to pay for it, no matter what advantages might be obtained by parties from points east of the terminus of the Union Pacific Railroad other in Kansas. They were always able to discount that by paying just a little more for the grain. Of course, what the facts were in the case, what was behind it, nobody was ever able to find out; but shippers naturally believed there was some combination by which the Union Pacific Railroad, or somebody connected with it, was being benefited by the rate.

A PRIVATE RATE.

Q. Was it a private rate or rebate?—A. Yes, sir; nobody ever exactly knew what it was. The only other complaints that I have heard that I remember of now are such complaints as those mentioned by Mr. Allen, and that was mainly on grain, rates being made from points on the Union Pacific through Kansas City to the other points at a sum lower than the sum of the two locals. In this connection, I would mention the fact that where the shipment breaks at Kansas City, the terminal expenses are all borne by the shipper; but where the shipment goes through and the terminal expense consists simply of switching the cars from one track to another, the terminal expense is borne by the railroads.

EFFECT ON GRAIN MARKET.

Q. What effect has it upon the community?—A. I cannot say that it has any particular effect on the community further than it has effect on the grain market. It takes away from us grain which we feel we ought to be able to handle, and would handle if the situation was equally favorable with us as with others. We have a very good grain market in Kansas City, and, of course, our people are desirous of handling the business; but when the rates are against them that way they have to quietly sit by and let the grain go through the city.

Q. Have you knowledge of any other complaints?—A. No, sir; I have not.

Q. Have these questions been discussed in the board of trade from time to time?—A. It has been a matter that has been under discussion with the board of trade, not with reference to the Union Pacific Railroad especially, but with reference to all the railroads. That has been a matter of constant discussion. We have made efforts to relieve ourselves in the past few years of some of these discriminations.

POOLS.

Q. During your residence here has there been much cutting of rates between the roads coming into Kansas City?—A. There has not been much since 1876. There was prior to that. That was eleven years ago. Since that time we have had a pool of the roads between Kansas City and Saint Louis and Chicago, and they have maintained the rates very steadily, except on two occasions. They had two rate wars during that time, when the rates were cut very severely.

THEIR EFFECTS.

Q. What effect has the pool upon the freight rates of a community like Kansas City?—A. The effect of the pool was to maintain a steady open rate, which was cut promiscuously by all the roads engaged in the pool, by secret rates and rebates to individual shippers. The consequence was that no man engaged in business knew exactly what rates his competitor was getting. Another effect that it had was to make the rates through the town lower than the sum of the two locals; more so than I believe would properly exist in the absence of pools.

TO RAISE THE RATES.

Q. After the contest of rates in 1876, when the pool was formed, were the rates higher or lower?—A. The rates were higher after the pool was formed. The object of it was to raise the rates. The pool did raise them steadily until, at the present time, the rates are, on some articles, higher. On merchandise they are higher. There are four classes, and they are higher than they were in 1876 and 1877, immediately after the pool went into operation. I have a rate sheet, but I did not bring it with me, and it shows that there is an advance of about 10 cents a hundred from 1878 to 1886 on the first four classes of merchandise, in consequence of the pool.

Q. Will you furnish the Commission with a copy of that?—A. I think I have it, and if I have I will hand it to you. I will look it up and see if I can find it. That was a rate sheet of the Southwestern pool, not of the Union Pacific Railroad.

Q. Was the Union Pacific included in that pool?—A. No, sir; it was not. It was one of its western connections. The pool terminated at Kansas City.

HIGHER RATES CHARGED BY ROADS WEST OF THE MISSOURI.

Q. During that time what was the rate of the Kansas Pacific, as compared with the pool rate?—A. The rates of all the Kansas roads have always been higher. The roads west of the Missouri River charge higher rates than the roads east of the Missouri River, in the same way that the rates east of the Mississippi River are higher than the rates west.

Q. Do I understand you that the Kansas Pacific did not enter into the pool of 1877?—A. No, sir. That pool terminated at Saint Joseph, Atchison, Leavenworth, Kansas City, and at East Saint Louis and Chicago. That was what was known as the Southwestern Railroad Association.

Q. My question was, since the cutting of rates and the formation of the pool—supposing that the Kansas Pacific had entered it—whether

the rates had changed; are they higher?—A. No; I do not understand that they had any effect whatever on the rates of the Kansas Pacific.

Q. How did the Kansas Pacific manage to stay out of the pool and maintain rates, although it came into Kansas City?—A. The pool did not extend west of Kansas City.

THE COLORADO POOL.

Q. Was there any other combination of railroads that ran west, in which the other roads and the Kansas Pacific were interested, as to freights?—A. Yes, sir; there has been what is known as the Colorado pool that embraced all the lines of roads that lead from Chicago and Saint Louis to Denver, Colo. Of that I know very little.

Q. When was that pool formed?—A. I cannot tell you when that was formed. I simply know of its existence. It was a pool that did not affect us materially, and I never had occasion to investigate it.

THE LONG AND SHORT HAUL.

By Commissioner ANDERSON:

Q. How would you suggest the rectification of the cases that you give of a through rate as compared with two locals, the through rate being 25 and the sum of the two locals being 28? Would you suggest raising the through rate?—A. I would suggest that the roads be required to charge the same, whether the shipment terminates at the end of the line or goes on to another road. In those instances mentioned by Mr. Allen, of two shipments of grain from points on the Union Pacific Railroad to Kansas City, and thence on the Kansas City, Springfield and Memphis Railroad, to Memphis, Tenn., at a lower rate than the sum of the two locals, where the shipment breaks at this point, it is evident that one or both roads get less for that shipment than if it terminates here and is reshipped, because we know that there is a terminal expense here in this city which the shipper bears and which the railroads in part bear when the shipment goes through. A cargo of grain coming into this city on the Union Pacific Railroad to go to Memphis is transferred by switching from one yard to the other, to the other road. That switch charge is paid for by the roads. The shipper, in that instance, has no terminal charge here whatever. But on a car coming in here to a shipper in Kansas City, who has it delivered into the elevator and reloaded and shipped to Tennessee, the switching charge is paid by him and all terminal charges are paid by him. It costs him $2 to have it switched. Consequently, there is that much that we know the roads are out, in addition to what they are out when it goes through; besides which, if they carry it through from the points on the Union Pacific to Memphis, Tenn., for 25 cents, when we know they charge here 28 cents, we perceive there is that difference also that they lose on the shipment.

The CHAIRMAN. But the consignee, when he receives the grain delivered at Kansas City, has absolute dominion over it and may ship it to Memphis or any other point.

The WITNESS. Yes, sir; he may do so.

EFFECT OF THROUGH RATES ON GRAIN SHIPMENTS.

Q. Is it not also an advantage to the ultimate point of delivery to be able to get the shipment there for 25 cents instead of being compelled

to pay 28 cents?—A. It is an advantage to the party who owns the grain.

Q. Is it not an advantage to the community of Memphis?—A. If the movement of grain at that price is of such magnitude as to affect the market in Memphis, it is.

Q. So that what would be the loss to Kansas City would be a gain at the other point, would it not?—A. It would be a gain at Memphis. What would be lost by the shipper or railroad in making the through shipment as against the sum of the two locals would be the gain at Memphis, if the movement of that amount to Memphis was sufficient to affect the market at Memphis so as to lower the price. If it was not of such magnitude as to have that effect, then the benefit would inure entirely to the shipper.

Q. Would it not be also an advantage to the farmer who sells his grain to be able to command the Memphis market at 25 cents, instead of being compelled to suffer the effect on his own local market, which would result if the charge were 28 cents?—A. No, sir; it would not affect the Kansas farmer a cent's worth. The price of the grain is not regulated by the Memphis market, but by the general market of the country; and it is worth the same price whether shipped to Memphis or in some other direction.

GENERAL LOW THROUGH RATES AN ADVANTAGE.

Q. Do you not think, if the general through rates are low for the transportation of grain, that that is an advantage to the farmer who grows the grain?—A. Certainly. The rate on grain between this point, or between Missouri River points, and the Atlantic seaboard is substantially the difference between the market value at this point and the seaboard markets. The freight is the substantial difference. Our market here is based mainly upon the Atlantic seaboard markets, and it is the same, less the cost of freight and handling in getting it there. So that, of course, any reduction that can be made in the transportation from here to the ultimate markets of this country is so much gain to the farmers and producers.

PLAN OF SETTLEMENT.

Q. Have you given any attention to the subject of the adjustment of the debts of the Pacific railways to the United States?—A. No, sir; I have not enough information to really have an opinion on the subject. From what little I have looked into the matter, I have a feeling that very probably it would be an advantage to the country, as well as to the railroads, to give them some extension of time in the payment of their obligations to the Government. I have not looked into the matter in detail; but I understand that it is quite a burden upon these railroads to meet their interest and to maintain themselves as against competitors which have been built since they were built and have been built largely upon the prosperity of the country which the Pacific roads created, and which they are now sharing. These competitors have the advantage by reason of the larger burden on the Union Pacific Railroads, and it is a little difficult for them to meet their interest.

Q. Is that the general sentiment of the community?—A. I do not think the matter has been discussed enough in Kansas City, among the people with whom I have talked, for me to know what the sentiment is.

DEBT SHOULD BE PAID BEFORE DECLARING DIVIDENDS.

By the CHAIRMAN:

Q. Do you express that sentiment, knowing the fact that the Union Pacific declared dividends to stockholders from 1877 to 1884, of $23,000,000, or over?—A. No, sir; I stated that I was not sufficiently familiar with the facts to form an opinion. I was simply expressing an opinion that I had from what little knowledge I had of it. No; if such a state of facts as that existed, I should say as long as they are able to pay dividends they ought not to be favored by the Government, most certainly.

Q. Have you talked with any of the authorities of the Union Pacific Railway with reference to this extension?—A. No, sir.

Q. Have they talked with you?—A. No, sir; I have never had any conversation with a Union Pacific officer on the subject.

KANSAS CITY, MO., *Thursday, July 7, 1887.*

Evening session.

JAMES HUMPHREY, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What position are you holding?—Answer. Railway commissioner of Kansas.

Q. How long have you been railway commissioner?—A. A little over four years.

Q. How long have you resided in Kansas?—A. Thirty years.

INSUFFICIENT PASSENGER ACCOMMODATIONS ON BRANCH LINES.

Q. During your term as railroad commissioner have there been any complaints as to the facilities and accommodations afforded by the Union Pacific branch roads, or by the Kansas Pacific, or any road under the control of the Union Pacific Railway Company?—A. Yes, sir; there have been several.

Q. What has been the nature of the complaints?—A. There have been two or three, I think, of insufficient passenger accommodations and facilities.

Q. Over what roads?—A. The branch roads—the Solomon Branch, the Leavenworth Branch, also the McPherson Branch, and the Salina and Southwestern.

Q. What other complaints have there been?—A. I do not recollect any others with reference to the supplying of additional facilities, except that on the main line there have been several complaints from different localities that the passenger accommodations were inconvenient. I might explain that.

TWO PASSENGER TRAINS DAILY OVER MAIN LINE.

There are two passenger trains running over the main line each day; that is, two each way; one chiefly to accommodate the through travel. That makes stops at the principal stations. At the small stations it

makes no stops, except that at a few of the more important small stations they stop when signaled; and at several of these small stations complaints have come to us, asking us to interpose our offices to have that through train stopped at these stations. I think there have been perhaps two or three complaints of that sort. In each case, however, we refused to entertain the complaints. We did not deem them reasonable. They had other passenger accommodations each way. The Denver express carried a large through passenger traffic, and was put on principally for the accommodation of that and the larger principal stations along the line, and not for the accommodation of the lesser local traffic. To have required stoppages at each station in the State would have disarranged the time schedule and delayed the through traffic, and broken the connections at each end, and delayed through passengers.

Q. Were there any other complaints?—A. I do not think of any others with reference to that matter.

UNFOUNDED COMPLAINTS OF DISCRIMINATION.

Q. With reference to any other matter were there any?—A. There have been some minor complaints, such as come from every railroad in operation in the State; and perhaps they have been in about the same proportion from that road in relation to the length of line and the amount of traffic as have come from the other railroads of the State, with reference to overcharges occurring chiefly from the mistake of agents in computing freight or giving the wrong rate. Those are the principal matters complained of. Yes, sir; there have been several complaints of discriminations, which, upon investigation, the board has ascertained to be unfounded.

ALLEGED DISCRIMINATION ON THE JUNCTION CITY AND FORT KEARNEY.

Q. What were the complaints of discrimination?—A. I remember one that was investigated pretty thoroughly about a year ago by a grain man. He was a man engaged in the grain trade along the line of the Union Pacific road. He had some competitors in the same market, and one or two of them were paying—two, I believe—a cent a bushel more sometimes than he could afford to pay, or the market would permit, with a profit. He thought they were getting a better rate than he was, although they shipped over a different road, the Missouri Pacific; but they were in the same competitive territory. He had made complaint to the company over whose road he shipped.

Q. What was the name of the road?

The WITNESS. Over which he shipped?

The CHAIRMAN. Yes.

A. It was a branch line, the Junction City and Fort Kearney, a branch line of the Union Pacific. He had made complaint that his competitors were getting a better rate on grain to the Missouri River than he was getting, and wanted them to cut down from the tariff and place him on an equality with his competitors.

INVESTIGATION SHOWED NO CUT IN TARIFF.

By Commissioner ANDERSON:

Q. When you say Missouri Pacific, do you refer to the Central Branch Union Pacific?—A. Yes, sir. We investigated the case, and found that there had been no cut. We interrogated the officers of that company,

and also the grain dealers, his competitors, and we ascertained that there had been no cut in the tariff. The rates were the same on both roads. The reason why his competitors paid a price slightly in advance of his was, that they were buying, not selling immediately upon the market, but to store for future rise, and to induce a large quantity to their warehouse and elevators they paid a little better price. One of the competitors had in store at that time 75,000 bushels of grain. That is one of the parties he complained was getting a better rate. They were not shipping at all, but were simply storing the grain, so that we, after investigating it, summed the matter up, and found there was no cut in the rates on either road. If the Commission would like, I can send to it a copy of that decision which states the facts very fully.

The CHAIRMAN. We will be obliged to you if you will furnish a copy of the report to the Commission.

The WITNESS. Yes, sir; I will do so. The decision is in print and incorporated in our report, and I can send the Commission either a manuscript copy of it, or a copy of our report.

SOMETIMES A CUTTING OF RATES AT COMPETING POINTS.

By the CHAIRMAN:

Q. Are complaints set out in full in the report?—A. Yes, sir.

Q. Do I understand you to say that during your term as railroad commissioner you have not found that there has been any cutting of rates as against the open rate by the railroad companies in the State of Kansas?—A. No; I do not say that. I said in that instance there had been no cutting of the rate. There sometimes have been on some roads a cutting of the rates at competitive points, or traffic brought outside of the State; on interstate traffic.

NO POOLS UPON STATE TRAFFIC.

Q. Is it not a fact that none of the roads that have entered into any pooling arrangement, or any agreement for the maintenance of the rates, have ever maintained either the pool or the arrangement as to rates?—A. I do not know about the pools. Our law abolished all pools within the State, and very soon after we came into office we had a conference with all the railroad managers operating in the State, and it was arranged then that all the pools should be abolished. A part of them had expired, and arrangements were made to put an end to them, and I think there have been no pools within the State upon State traffic since that time.

By Commissioner LITTLER:

Q. Since when?—A. Since 1883. There have been pools on inter-State traffic without doubt; in fact, I know there have been at some points.

MAINTENANCE OF RATE ON STATE TRAFFIC.

By the CHAIRMAN:

Q. How have they maintained rates upon State traffic?—A. They are pretty uniform. There has been very little complaint of cutting rates upon State traffic.

Q. How have they managed to maintain the rates?—A. I do not know. They have been pretty uniform; at least, so far as I know, there has been very little complaint of cutting.

Q. Has it been by agreement?—A. They have published tariffs, you know, and copies of those tariffs, both special and general tariffs, are filed in our office; and usually, when there is any cutting done, the man that does not get the cut complains. We have had complaints come to our office of cuts on interstate traffic, over which, of course, we have no control; but I do not now recollect of any complaint of any cuts on local traffic. There may have been, but it may now have escaped my recollection; but I do not recollect any.

PUBLICATION OF SPECIAL RATES.

Q. Are the special rates published?—A. Yes, sir; they are published, and copies are sent by the freight agents or the traffic manager to our office as soon as they are published.

Q. In what manner are they published?—A. Usually by posting; not always in that way, however. Each company has its own way. I am told, however, that no rates can be raised without publication, under the law, for sixty days prior to the taking effect of the rates. It is not necessary, under our law, to publish a cut—that is, to make it public—or any reduction in the rates; but usually, when a reduction has been made on local traffic, it has been announced by the road making the reduction.

MANAGEMENT OF UNION PACIFIC FAVORABLY REGARDED.

Q. Prior to your term as railroad commissioner, what was the condition of affairs with reference to the railroad management? I refer to the Union Pacific Railroad Company.—A. So far as my observation went, the Union Pacific was quite as well managed as any other road in this State.

Q. Were there any complaints at that time?—A. There were complaints from every part of the State—upon every line of railroad; and a great many of the complaints arose from the fact that there was no tribunal before whom to make complaints and have grievances redressed. Of course, that being the case, complaints or grievances, either real or supposed, were nursed by the people, and were talked of, and created a great deal of excitement and trouble. I presume, though I cannot state it as a fact, that there might have been more cause for complaint than there is now. That is very probable.

A GENERAL CUTTING OF RATES.

Q. Has there been any period when there was a general cutting of rates by the railroad companies?—A. There was a period soon after our board came into office when there was a general cut through the interposition of our board.

Q. In what year was that?—A. That was in 1884.

Q. After the settlement of the dispute between the companies, were the rates higher or lower?—A. They were lower.

Q. Have the rates continued at the lower rate to the present time?—A. Oh, yes, sir.

ITS EXTENT.

To give you some idea of the course of reduction in the rates, I may state the fact, which is a matter of computation from the reports to our board by the railroads operating in Kansas, of their traffic and earn-

ings, that although the freight traffic on all the roads had increased about 30 per cent. from the time we first came into office up to the 30th of last June, the freight earnings had decreased—the aggregate freight earnings—about one and one-half millions of dollars. That would indicate that the total reductions from local and through traffic had aggregated something over 30 per cent. within four years. I may say that besides the general cut to the whole tariff that was brought about by our board there have been other changes in rates, reductions chiefly on grain and coal and lumber and such articles; but the merchandise tariff, I think, has been pretty uniformly maintained at about what we fixed it.

RELATIVE AMOUNT OF TRAFFIC ON MAIN AND BRANCH LINES.

Q. How does the volume of local traffic over branch lines located in the State compare with the same character of traffic on the main line in the State?—A. In proportion to the length of line the traffic on the branch roads, I should think, equals the traffic on the main line, with this exception, that the traffic on the branch roads is taken on the main line and swells very largely its volume of traffic. They are very valuable and, indeed, necessary feeders to the main line. Take, for instance, the branches thrown out by the Kansas division of the Union Pacific road. You see there are five or six branches, I believe. The Leavenworth Branch, the Junction City and Fort Kearney, the Solomon, the Lincoln, and the McPherson. That makes five, I believe. I was going to state that I should think, speaking approximately and simply as a matter of judgment, I have no figures by which I can exactly verify my statement, but I should think that those branches bring upon the main line each day at least thirty-three car-loads of freight, and that, of course, swells the traffic of the main line that much. Possibly my statement is under the actual figures; but I should judge from my observation that would be approximately the case.

VOLUME ABOUT EQUAL.

Q. Taking the branch and a similar distance at the junction on the main line, tell me how the roads compare as to the local freight traffic on each?—A. Judging from the character of the country through which the branch roads run and the condition of agriculture, I should think that the local freight traffic for some distance would be fully equal on the branches to that coming on to the main line.

By Commissioner ANDERSON:

Q. That is, comparing local with local?—A. Yes, sir. The towns on the branches are as large, town for town, as those on the main line, and the country is as well cultivated and is as productive; and I should judge that there was not very much difference between the amount of local freight produced and consumed upon the branches and upon the main line for equal distances.

PASSES.

By the CHAIRMAN:

Q. Have there been complaints as to the issuing of passes by the Union Pacific Railway Company in Kansas?—A. I think the only complaint I have heard in that respect is that they are not quite as liberal as some of the other companies; that they are too sparing, or, at least,

that they are more sparing, in the matter of passes issued, or, to use a common phrase, more "niggardly" than some of the other companies.

Q. Have they been in the habit of issuing passes to any extent?—A. Yes, sir; to some extent.

TO WHOM ISSUED.

Q. To what classes of people are passes issued?—A. So far as my observation has gone passes have been issued to account of some county officials (for instance, the county attorney and perhaps the register of deeds), with the understanding between the law department and those officers that they shall reciprocate by assisting when called upon in the business that the company may have in that locality—the local business, and so on. Of course, passes have been issued by all the companies, more or less, to members of the legislature. That, I think, has been the universal custom among all the railroads for a good many years.

NO PARTICIPATION OF THE RAILROAD IN POLITICS UNDER PRESENT MANAGEMENT.

Q. Have any of the officers or employés of the Union Pacific Company, or the branches, roads under their control, located in the State of Kansas, participated in any way in influencing legislation or in political contests?—A. Not for the last four years. I think that there was, prior to Mr. Adams's management of the affairs of the company, some participation on the part of officers of that company with political affairs but since then there has not been.

FORMER PARTICIPATION.

Q. To what extent did they participate?—A. The attorneys of the company would, to some extent, try to influence the local elections for members of the legislature. I do not know how general that was. I know, I believe, of two or three local instances; but there was considerable complaint prior to about four years ago of interference by railroad companies generally with political affairs in the State. There has been less since then. I have heard no complaint lately. In fact, I am satisfied from my observation that there has been no grounds for complaint in that respect on the part of the Union Pacific officers and employés for the last four years. I know from personal observation that the employés and officers have been free to vote as they pleased, and were not required to participate actively in elections, except as other citizens have done.

HOSTILE LEGISLATION.

Q. Has there been hostile or general legislation in the State affecting the interests of the roads controlled by the Union Pacific Railroad Company?—A. No, sir; nothing that could be denominated really hostile. Of course there is in all of these Western States what is termed the "Granger" sentiment, that sometimes acts without due consideration or without perfect knowledge. But I will state that since our board has been organized there has been no attempt of any serious character to enter upon any hostile legislation against railroads in Kansas.

COMPLAINTS OF GRANGERS ABOUT HIGH RATES.

Q. What was the nature of the complaints the Grangers made?—A. That the rates were too high. That was the staple of the complaints; that they were paying too much for the services rendered.

Q. Were the rates too high?—A. We thought so, or else we would not have reduced them. After coming into office we examined all the tariffs of all the railroads in the State. Complaints were made to our board from different localities, but chiefly against other railroad companies, the Missouri Pacific and Atchison, Topeka and Santa Fé. There were no complaints along the line of the Union Pacific of excessive rates.

REDUCTION OF RATES ON RECOMMENDATION OF RAILWAY COMMISSION.

Upon those complaints first mentioned, after a thorough investigation, our board thought the rates were higher than they needed to be, and we recommended a reduction all through the tariff on an average of perhaps a little over 15 per cent. The Union Pacific conformed their tariff to the reduced rates of the other roads, when the other roads adopted our recommendation as to their lines, which rendered the tariffs of the leading lines of the State quite uniform. I might state that since then, a little over a year ago, a complaint came from a place up the road, complaining that the wheat rates were too high, brought about by the heavy reduction in the price of wheat; and the board took that into consideration and thought that a further reduction in the wheat rate might be made. It so certified to the company, and the company adopted the board's recommendation, and other companies made a similar reduction.

REBATES.

By Commissioner ANDERSON:

Q. In regard to the practice of allowing rebates on different kinds of merchandise, is that not very common on the lines of the Union Pacific and other railroads in Kansas?—A. I do not know. Of course we do not know anything about rebates in our office, unless complaint is made and some pointer is given for us to investigate.

Q. Is it not a matter of common notoriety that rebates are given and are claimed to be necessary for the protection of railroads?—A. No; I should not say it was a matter of common notoriety, but I presume that it is a fact that upon all railroads rebates are given at times, and under circumstances where it is supposed they ought to be given, and perhaps sometimes where they ought not to be given. I do not know. But there is very little talk in Kansas about rebates, especially about discriminative rebates, upon any road.

ON ORE SHIPPED TO OMAHA.

Q. Have you never heard, for instance, of the rebate allowed on ore shipped to Omaha for the purposes of the smelting works there?—A. No. You see there is interstate commerce, and we have nothing to do with that; and even if rebates of that sort were given it would not be likely to reach our notice or attention.

By Commissioner LITTLER:

Q. These rates you refer to are only as to the main line in Nebraska?

The CHAIRMAN. There are instances of complaints.

The WITNESS. Of course we do not know anything about these matters unless complaint is made by some party who is discriminated against.

Q. My object was to ask you, if you were familiar with the fact that such rebates were given, whether, in your judgment, they were in fact made necessary by the requirements of the parties and by the relations which that particular trade held to the railroad itself?—A. I could not deliver judgment on that unless I knew all the facts that would either justify or condemn the giving of the rebate.

PLAN OF SETTLEMENT.

Q. Have you given any consideration to the general question of the relations of these railroads to the United States Government, with reference to the adjustment of the debt?—A. Some; not very closely.

Q. Have you given it sufficient consideration to have matured a judgment as to what ought to be done?—A. Yes, sir; I think so. I have an opnion about it, and a pretty strong one.

Commissioner ANDERSON. We should be glad to hear it.

UNION PACIFIC PROPERTY SHOULD BE PRESERVED.

The WITNESS. I think it is very important, in the first place, to the Government as well as to the people that the Union Pacific property should be preserved, and that it should be preserved in a solvent condition; and in my judgment the only way in which that can be done is, in the first place, for the company to occupy its proper territory and field by a system of branch lines. Other roads are invading its territory. Unless that is done and a system of protection is carried out its business will be divided and the road will soon become bankrupt. That is inevitable to my mind. Of course to enable the company to do that I should think it would be necessary to extend the time for the payment of its debt and to give it the same facilities to borrow money and project these works that other railroads enjoy, preserving, of course, to the Government whatever of additional security the building of branch lines would create.

ITS PRESERVATION THE GOVERNMENT'S ONLY SECURITY FOR PAYMENT.

In my judgment the only security that the Government has in the future for the payment of its debt is to preserve the property in that way. That is, by preserving its territory from constant invasion, and that can only be done by occupying it. In the eastern part of the State the territory of the Union Pacific is already invaded and occupied by a number of rival lines now building very rapidly over and across its territory in different directions, which will divide a very valuable part of the traffic it now enjoys. The western part of the State is rapidly settling up, and its agricultural resources are being developed, and there is a field there from which the company might perhaps recoup itself so far as the Kansas line is concerned; but all that property will be occupied by rival lines unless the Union Pacific Company is permitted to occupy that property.

THE SALINA, LINCOLN AND WESTERN.

For instance, one very valuable territory which it now occupies of the line recently built (which is a very valuable feeder) would have been occupied to-day and would have been occupied for the last year or

two had not the company hastened the building of that line. I mean the Lincoln branch line.

Mr. ADAMS. The Salina, Lincoln and Western.

The WITNESS. Yes, sir. The Missouri Pacific had already projected a line up that valley, and in fact had solicited, and the people were preparing to vote them, bond aid to build a line up from Salina to Lincoln Center and beyond.

DONATION TO RAILROADS.

By Commissioner LITTLER:

Q. Are your people still allowed to vote donations to railroads?—A. Oh, yes; but the amounts which the people are allowed to donate now are restricted to $2,000 a mile; it was formerly $4,000.

EXTENT OF AGRICULTURAL LAND.

By Commissioner ANDERSON:

Q. How far to the west of the Missouri River does the line of actual agricultural land now extend?—A. We used to think that it extended to the region of Brookfield, 200 miles west; but the universal belief is now that it extends to the Colorado line. They are raising good corn and wheat and other agricultural productions in counties as far west as the Colorado line.

Q. That is how many miles?—A. A little over 400 miles, about 440 I think, by the railroad; but that whole region evidently will be brought under a state of culture within no long period, for several counties west of the place I speak of, Brookfield, 200 miles, the country is all cultivated and thickly settled, and they raise good crops year after year, where a few years ago we thought nothing could be raised; but the seasons have changed and the rain has come more frequently and more seasonably, and they are raising good crops and are prospering.

THE AGRICULTURAL LINE PUSHING WEST.

That agricultural line is all the time pushing farther west. When I first came to Kansas the people living at Topeka said that there was no country west of Topeka that was fit to be inhabited. It never rained west of Topeka. When I reached Fort Riley the same cry was raised. That is a little over 135 miles west. So it went on, but settlements kept pushing out, and they found lands just as good farther west as in the eastern part of the State, and the seasons improved with the cultivation. There seems to be no end to the limit of productiveness of Kansas soil and Kansas climate.

By the CHAIRMAN:

Q. Have you expressed to others the opinion that you have expressed to the Commission?—A. I think it is likely. Possibly a year ago I was interviewed by a Kansas City journal correspondent, and I expressed the same opinion, which was published in that journal.

IMPORTANCE OF THE LINCOLN EXTENSION.

Q. Have you talked with any of the officers of the Union Pacific Railway Company concerning this extension that you have spoken of?—A. I may have done so, I have no distinct recollection though now about it.

Q. Could you recall the fact whether you had such a conversation?—A. Yes, sir; I recollect having such a conversation with Mr. Adams prior to the building of this Lincoln branch road. I met him up the road and called his attention to the importance of building that road and occupying that territory.

Mr. ADAMS. You went up the road with me, if I recollect.

The WITNESS. Yes, sir; I recollect that now. I then told Mr. Adams that unless that company built up the Selina Valley from Selina northwest, it would be very soon occupied by other roads rival or competitive to the Union Pacific, and that that was their territory and ought to be occupied.

Mr. ADAMS. I remember you spoke to me about the richness and fertility of the country.

The WITNESS. Yes, sir; I think we had a general conversation at that time when I was suggesting those matters.

Q. Do you recollect any other officers of the Union Pacific that you talked to concerning the extension?—A. I do not now. I may have done so. I know I have had it on my mind several years in looking over the territory. It has impressed me very strongly that the future of that property was intimately dependent upon and connected with the occupation of that territory, where that road should have branch lines. It seemed to me that was the only way that the company could maintain its solvency and pay its obligation to the Government, and I think possibly I may have urged those views upon other officers of the company, but I have no distinct recollection now.

DIVIDENDS OF $23,000,000.

Q. Did you express this opinion with the knowledge of the fact that the Union Pacific Railway Company had declared dividends from 1877 to 1884 of $23,000,000 and had built over 2,000 miles of branch lines?—A. No; I had no knowledge of what dividends had been declared up to the time I took office. I had no knowledge of the operation and management of the property until that time. Since then, of course, the company has made, as required under our law, a very full report of all its doings and its earnings and its freight traffic and the management of the roads, both of the main line in Nebraska and the Kansas division, and also the branches to our office; and since then I have had knowledge of what has been done.

Q. And your opinion is based, with the other information you have, upon that knowledge?—A. Yes, sir; I think there has been but one dividend declared—I will not be absolutely certain, but it runs in my mind that there has been but one dividend of 6 or 7 per cent. reported to our office since our board was organized.

Q. Was the last dividend declared in April, 1884?—A. Yes, sir; that is my recollection.

By Commissioner ANDERSON:

Q. One and one-half per cent.?—A. It was at the rate of 6 per cent. a year.

EFFECT OF EXTENTION OF DEBT.

Q. What effect would the extension have upon the community as to rates?—A. The extension of the road?

Q. No, the extension of the debt. What effect would that have upon the community?—A. It would not have any effect whatever. You see

the Union Pacific occupies a competitive territory from Kansas City to Denver, and it is compelled in order to maintain its proper share of the traffic along its line to conform to rates charged on the roads on either side of it. It cannot charge higher rates. If it does it loses the traffic. It must conform to those tariffs that are made for other roads, the Atchison, Topeka and Santa Fé on one side and Burlington and Missouri on the other.

EFFECT OF FAILURE TO EXTEND TIME OF PAYMENT.

By Commissioner ANDERSON:

Q. What difference would it make if the extension were not granted?—A. It would not make any difference, except the road would likely either have to be operated by the Government at a loss or else go into bankruptcy and decay and its efficiency be wiped out and the people lose the service. The only way in which the people could be properly served would be by building another road in its place.

ANOTHER ROAD MIGHT HAVE TO BE BUILT.

By the CHAIRMAN:

Q. How would the people be served by building another road when they have half a dozen roads already?—A. No; there is no road that is exactly parallel to this—none that occupies exactly the same territory. There are quite a large number of towns, for instance, and a large scope of country that this road serves exclusively. If it were wiped out, those towns and that scope of country would have no railroad facilities. It would be necessary, in order to restore the railroad facilities to these people living along the immediate line of the road, if that road were wiped out, to build another.

MULTIPLICATION OF ROADS AN EVIL.

Q. If freight pools and passenger pools, or freight arrangements under agreement, and passenger arrangements under agreement multiply with the multiplication of railroads, how are the people to be benefited by the increase of roads?—A. Of course they are not. I think the multiplication of roads is an evil. I think where you multiply roads through a territory beyond the demands of traffic they are an evil. And the tendency, rather than to a reduction of rates, is to a rise of rates, making of pools, and cutting off competition.

Q. That is to say, do I understand you, the fewer roads the greater benefits conferred upon the people?—A. No, sir; I do not say that. I say where you multiply roads beyond the needs of traffic and the needs of the people you have more capital to sustain, and that capital, if it is sustained, must be sustained upon a higher average of rates.

MEASURING THE NEEDS OF TRAFFIC.

Q. How do you measure the needs of traffic?—A. That is only measured by testing it by the building of lines. For instance, if the people are well served by existing roads it is pretty good proof that no more are needed at present; but in this Western territory and all through the Western States it has occurred that railroads have been built ahead of population and business; and that is especially so in Kansas. Kansas seems to be a promising field for railroads. It is developing with

unexampled rapidity; its resources are rapidly developing. It seems to be a field that attracts investment of railroad capital far ahead of the present needs.

PUBLIC SENTIMENT.

By Commissioner LITTLER:

Q. To what extent are the views expressed by you in relation to the extension of this debt shared in by the people of this State generally?—A. So far as I have heard any expression, I think that the opinion is well-nigh universal.

Q. You have heard the subject discussed enough to enable you to reach that conclusion, have you?—A. I have heard it discussed by a number of intelligent men, especially public men, men connected with the government of the State, and that seems to be the universal opinion; that both the interests of the Government and the people would be equally served by some equitable extension.

Q. Has it been discussed in your legislature at any time?—A. No, sir; I think not. I think the subject has never been brought up there.

By the CHAIRMAN:

Q. Has it been discussed in the newspapers of this State?—A. Not generally. I think it has perhaps, to some extent, but I do not think the question has been very thoroughly understood. Several newspapers I have noticed have taken the matter up and have discussed it on that line. It was discussed some in Kansas City by the papers here, some time ago.

Q. Are they all of one mind?—A. I have heard no sentiment expressed to the contrary.

MEMBERSHIP OF RAILWAY COMMISSION.

By Commissioner LITTLER:

Q. What position do you occupy with the railway commission of this State? Are you its chairman?—A. I am simply a member of it. We have no chairman. The law does not provide for a chairman.

Q. How many compose your board?—A. Three.

Q. Please give us the names of the other two?—A. Almerin Gillette and A. R. Green.

Q. Where do they reside?—A. One resides at Emporia, and the other at Cedar Valley, in the southern part of the State.

The CHAIRMAN. You have promised to furnish us with copies of your annual report.

The WITNESS. I will send you, as soon as I reach Topeka to-morrow, copies of our reports. I am not certain whether we now have a full set.

Commissioner LITTLER. Send them to Denver, please.

The WITNESS. Very well, I will send them to your chairman.

RATES AT ATCHISON AND MARYSVILLE.

By the CHAIRMAN:

Q. Have you any other information that you can give the Commission?—A. I do not know. If the Commission will point out what they desire, I may possibly know something that I have not stated; but I do not think of anything now that will be of use.

Q. As a matter of information, we would like to have your judgment, if you are familiar with it, on how it is that the freight and passenger business, especially freight, from the junction of the Central Branch Union Pacific, with the Union Pacific where it crosses the State at Atchison, is shipped at a lower rate than from Marysville to Saint Joseph, on the Saint Joseph and Grand Island?—A. They each have their independent tariff. The chief market for all the productions on the Central Branch road is Kansas City, and the distance around is a little greater; but all the rates to the Missouri River from points in Kansas are the same. That is, they are not based exactly on distance, because the river does not pursue an exactly north and south line, but it runs northwesterly, so that as you reach the northern part of the State the distances from Western Kansas to the Missouri River are somewhat shorter.

GRAIN SHIPMENTS BY CENTRAL BRANCH TO ATCHISON.

By Commissioner ANDERSON:

Q. The point we could not understand is this: That the gentlemen familiar with the movements of grain there state that it is quite common for grain which lies quite close to the Saint Joseph road, and within its proper territory, has been hauled a distance of 12 to 15 miles to the Central Branch, and then carried over the Central Branch to Atchison, although the same freight agent states that the rates are substantially the same. Why is that?—A. The reason is this, chiefly—the reverse has sometimes been the case. The Missouri Pacific uses the Central Branch as a feeder to its line, and it reduces the rate at this end, where it reaches the main line, Pacific proper, for the purpose of inducing that traffic to go through to Saint Louis on its line. That is, it reduces the rate on its part of the line from Atchison south and east for the purpose of increasing the volume of traffic over that road.

Commissioner ANDERSON. I may say that that explanation suggested itself to me, and I have asked Mr. Garrett whether that was not the fact; but he stated that the rates to Saint Louis both from Atchison and from Saint Joseph were the same.

DISCRIMINATIONS.

The WITNESS. Yes, sir; the tariff rates are. But they sometimes, for the purpose of inducing traffic, vary them a little. We had a complaint that came to our board some time ago, charging that the rates on the Saint Joseph Railroad would be 3 cents lower on the Central Branch, and the grain was coming from points from 70 to 100 miles west of the Missouri River, right from the Central Branch road to the Saint Joseph and Grand Island. Complaints were made to our board that the Central Branch was charging a higher rate than was charged on the Saint Joseph and Grand Island. We inquired into it and ascertained that that was owing to the cut on the Chicago, Saint Louis and Wabash road. That was soon after the road went into the hands of receivers. They had made a cut for the purpose of getting a large grain traffic, and that cut of 3 cents, or of 5 cents, on that line brought grain from the Central Branch to the Saint Joseph and Grand Island.

MISSOURI PACIFIC ACCOUNTS TO UNION PACIFIC.

But I may say, that our understanding is that the Missouri Pacific is required to account for the tariff earnings, or for the earnings of that road in accordance with the tariff; so that whatever cut it makes, if that is the case, and that is my understanding——

By Commissioner LITTLER:

Q. Account to whom?—A. To the Union Pacific for the tariff earnings. If that is the case, the cut must be made on the Missouri Pacific.

Q. Have they a right to make such an arrangement as that under your railroad law?—A. Oh, yes, sir.

DETENTION OF FREIGHT AT LAWRENCE.

By Commissioner ANDERSON:

Q. In regard to the complaint made by some citizens of Leavenworth with reference to the management of freight on the Leavenworth Branch, and also to the management of passenger trains on the Kansas Central Branch, were those matters brought to the attention of your board?—A. Yes, sir.

Q. What truth is there in the assertion that freight bound from Leavenworth west is detained for a period of fifteen or twenty hours at Lawrence?—A. I do not know that it is detained, except in rare cases. I think that is not habitual.

AN EXPLANATION OF THE CAUSE FOR DETENTION.

But we have inquired into that, and find the facts to be as follows: The company runs a freight train, with a passenger car attached, out of Leavenworth at 2.50, I think, in the afternoon. That reaches Lawrence, I think, between 5 and 6 o'clock in the evening. The company starts a fast freight train at Kansas City in the evening of the same day; and the freight that is brought from Leavenworth is attached to that train, or put into that train and carried west. But a great deal of the freight from Leavenworth is broken freight. That is, there is not a full load for any one point; and when it reaches, for instance, a place like Junction City, a part of it has to be taken up the branch, and part on the main line and distributed. That car has got to be thrown out until the freight can be assorted. That is, until that part that goes up the branch can be put into another car. Meantime the train goes on and the car is left. That I understand, from my inquiries, is the principal cause of delay in the Leavenworth freight, which seems to be, if that is the case, somewhat unavoidable, although unfortunate.

TRANSFER OF FREIGHT CARS TO FAST TRAIN.

By Commissioner LITTLER:

Q. Is there any delay in car lots that you know of?—A. No; I understand not. I am sure that is not so. In fact, I have heard of no complaint.

Q. From your knowledge of the running of trains, should the trains from Leavenworth reach Lawrence in time for the cars to be added to this fast freight train and go right along?—A. Yes. The time is so arranged, as I understand, so that the freight from Leavenworth can be transported on the fast freight line on the same evening west.

Q. Provided it all goes on the main line?—A. Yes.

DIVISION OF FREIGHT.

By the CHAIRMAN:

Q. Have you any knowledge of the diversion of freight from any of the aided roads in Kansas to unaided roads?—A. No; I have not.

Q. Have you any knowledge of the diversion of freight from any of the aided roads to any of the unaided roads?—A. No, sir; I do not see

how that could very well occur in Kansas. I think the reverse of that proposition would be the case. The Leavenworth people have complained that the company, instead of carrying freights from the western portion of the Kansas Central road, the narrow-gauge, all the way to Leavenworth, diverted it down the branches on the main line. That is one element of their complaint. That is, instead of running it on the unaided road they run it down on the aided road, to swell the volume of traffic on that road; making even that road which runs to the Missouri River tributary to the aided line; at least to the western portion of it. I know that is the case; and it is very reasonable that it should be so, because freights have to be transported to Kansas City or Saint Louis or Chicago, and make connections here or find a market here. If the products were carried the whole length of the Central road they would have to be shipped around to Lawrence, and on the main line from Lawrence to here; whereas, if it is taken on the branches, the Junction City and Fort Kearny Branch and the Blue River Valley Branch, and down on the main road, it is carried more expeditiously and gets the longer haul on the main line, the aided road, and is carried more cheaply to the company. The rate would be substantially the same.

CONSTRUCTIVE MILEAGE.

Q. Have you considered the question of constructive mileage and its benefits to branch lines?—A. I think there is an obvious equity in giving branch lines a constructive mileage. I do not see how otherwise they could be properly credited with their proper earnings. For instance, a load of freight is taken from Kansas City destined to a point on a branch line. It is carried under one tariff, that is, the tariff is so much for the whole trip or for the whole haul, but the proportion of that tariff on the branch line, that being at the terminal or at the farther end of the haul, would be an infinitesimal quantity of the whole, a very much less proportion of the whole rate than the distance would warrant or call for. I understand that, as a rule, constructive mileage is given to a branch line for the purpose of showing its true earnings.

GIVES BRANCH LINE FAIR SHARE OF EARNINGS.

Q. Is constructive mileage an aid to a branch line or a contribution by the main line?—A. No; I should not think so. It is simply intended to give to the branch line its proper and equitable proportion of the earnings; that is, its real earnings; that is, that which it has earned.

Q. Based upon what?—A. Based upon the tariff.

ITS BASIS.

Q. What would the constructive tariff at a mile and a-half to a mile of the main line be based upon?—A. If it simply got that proportion of the actual tariff earnings that its mileage called for, getting the small end of that tariff earnings, it would not get as much of it as its mileage would warrant. For instance, suppose the whole earnings for 150 miles, 30 miles of which were on the branch line, were $40 a car. I give it simply approximately, as I have to make some nice figures to get it accurately. Under the tariff, as it is constructed, that 30 miles of branch line would get of that $40 total freight for the load, perhaps, $3 or $5. All the rest would go to the main line.

STRAIGHT MILEAGE.

Q. That is, you are speaking now of straight mileage?—A. Yes, sir; of straight mileage. You see, the tariff is so constructed that as you

increase the distance the amount of charge is less in proportion, as you increase the distance, for a short haul the tariff is much higher than for a longer haul, but as you increase the distance you do not increase in the same proportion the charge. If you did, you would make charge enough to confiscate the value of the product. You scale it down in proportion to the distance of the length of haul, so that the branch lines, away up the main line 120 or 150 or 200 miles, get the little end of that long haul.

METHOD OF MEASURING ALLOWANCE.

Q. How would you measure the amount or percentage that you would allow under those circumstances?—A. That, I believe, can only be measured by ascertaining what the traffic would be in proportion to the distance, taking the traffic of a given period. Experience has shown about what the proportion should be in order to give to each branch its proper proportion of the earnings.

POPULATION NOT A FACTOR.

Q. Would the population have anything to do with the percentage that should be allowed to the branch lines?—A. No, sir. The tariffs are uniform over the branches and over the main line. That is, they do not have separate tariffs for the branch roads, but in arranging the tariffs the branch road is reckoned as a part of the main line. That is, the tariff is continuous, as though it were a part of the main line.

By Commissioner ANDERSON:

Q. The chairman means that as the factor for a mile varies from 1¼ or 1½ to 2, as compared with each unit on the main line, whether the selection of 1¼, 1½, or 2 is guided by the population on the branch line?—A. Oh, no. As I understand, from conversation with these traffic men who study up the subject, it is based upon experience. That is shown by experience to be a proper equation, showing the real earnings of a branch line. I believe the principle is universal.

By Commissioner LITTLER:

Q. Does it grow out of the fact that it is impossible for the branch line, with only a short haul, to do business on the same tariff rate that a main line can do it, having a long haul?—A. Certainly.

CONSTRUCTIVE MILEAGE BASED UPON TRAFFIC.

By the CHAIRMAN:

Q. Then the general traffic manager, Mr. Kimball, of the Union Pacific Railway Company, is certainly in error, in your judgment, when he bases his percentage of constructive mileage in making his estimate partly on population?—A. My understanding is that it is based upon traffic. He may take that into his calculation. I do not see what bearing it would have.

Commissioner ANDERSON. Population would affect the traffic, of course.

The WITNESS. Yes, sir; the population would affect traffic. That is, your traffic is in proportion to the population you have. That is a fact. So that the same result would occur on either basis.

The Commission then adjourned to Friday, July 8, 1887, at 10 a. m.

KANSAS CITY, MO., *Friday, July* 8, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

JOHN P. USHER, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. At Lawrence, Kans.

Q. How long have you resided there?—A. I hardly know. I have been up in this country, connected with this railroad, since 1865. I have been here most of the time, and have considered myself a citizen of Kansas for the past thirteen or fourteen years.

Q. You moved your family here to Kansas City in 1873?—A. No, sir; to Kansas—to Lawrence. I built a house there. I do not recollect exactly; it was about that time.

THE LEAVENWORTH, PAWNEE AND WESTERN.

Q. When was your first connection with this railroad enterprise—with the Leavenworth, Pawnee and Western, for instance?—A. Actively, in 1865.

Q. You were connected with that enterprise prior to that date, were you not?—A. In some senses I was.

Q. Were you at the time of the passage of the original bill in 1862?—A. No; I had no connection with it then.

Commissioner ANDERSON. In 1862 was the passage of the original bill?

The WITNESS. I know what you mean. I think I did have something to do with the passage of the original bill; it was before I had any official position.

Q. Where did you then reside?—A. In Indiana.

Q. In what city?—A. Terre Haute.

Q. When were you admitted to the bar?—A. It was in January, 1839.

Q. In what State?—A. New York.

SECRETARY OF THE INTERIOR UNDER LINCOLN.

Q. What official positions have you held under the Government?

The WITNESS. The Government of the United States?

Commissioner ANDERSON. Yes.

A. I was Assistant Secretary of the Interior, and Secretary.

Q. In what years?—A. I was appointed Assistant Secretary soon after the passage of the act creating the office of Assistant Secretary.

Q. Under what President?—A. Lincoln. I was the first Assistant Secretary.

Q. You were the first to exercise the functions of that office?—A. Yes, sir.

Q. So that will give us the exact date. What other offices have you held?—A. I was Secretary of the Interior from early in January, 1863, to the 15th of May, 1865.

INCEPTION OF SCHEME TO BUILD THE KANSAS PACIFIC.

Q. Please turn your memory to the inception of this scheme of building this Kansas Pacific Railroad. What are your first recollections

about it? Who was interested in the scheme?—A. I may be a little at fault, but I do not know; I will tell you as well as I can remember now.

Q. Do you remember Mr. Isaacs?—A. I was here in Kansas in 1861, and was engaged by Messrs. Isaacs, Ewing, Stone, and McDowell about getting some treaties, just before the office that I afterwards held was created. I did help them. At that time I do not think that they or I—I am sure I did not—contemplated the subsequent legislation which took place in Congress.

NEGOTIATIONS FOR LANDS OF INDIAN TRIBES.

Q. The first steps, then, were negotiations for cessions of lands from Indian tribes?—A. Yes, sir; they already had a right to purchase certain lands from the Delaware Indians, and they wanted a further right to purchase of the Pottawatomie Indians.

Q. The right to purchase from the Territory of Kansas?—A. No, sir.

Q. A right obtained how?—A. Through a treaty which they hoped to have made and ratified by the Senate which would give them those rights; the State of Kansas had nothing to do with it; it had no control over the Indians. They succeeded in getting that treaty with the Pottawatomies which authorized them, or authorized this company, the Leavenworth, Pawnee and Western, as it was then called, to acquire these lands at a dollar and a quarter per acre.

Q. That was a Kansas corporation?—A. Yes, sir; it was chartered by one of the first Territorial acts of the legislature.

LOCATION OF LAND.

Q. That land was situated directly westward from this vicinity?—A. No, sir; it was beyond Topeka and was 30 miles square. The Pottawatomie reservation commenced from here 80 or 100 miles. The far side of it is 100 miles from here; I will say 70 miles to the side nearest here. Saint Mary's, which you may go through, is about in the center of it. The company had the right to purchase that land and promised their contractors to give it as part consideration for building the road. The contractors were to pay the stipulated price for the lands.

ITS QUANTITY.

Q. How many acres did the reservations embrace?—A. The whole reservation is 30 miles square.

Commissioner LITTLER. Ninety thousand acres.

The WITNESS. It was 30 miles square, but then there was a diminished reservation of 80 acres or 160 acres each, and the outlying lands were to be sold to the company at this price of a dollar and a quarter an acre. When the time came for paying the money, so inauspicious were the prospects of the increased value of these lands over and above what it would cost in money, that the contractors abandoned and did not purchase the lands at all. They were afterwards sold to some parties in interest in the Santa Fé Company for a dollar an acre, as I was informed.

FINALLY SOLD BY THE GOVERNMENT.

Q. Sold by whom?—A. By the Government, when a subsequent treaty was made; that is my recollection of it. I was talking with one

of the chief men of the Pottawatomies, and he said that when they were on at Washington to make the treaty they delayed the treaty for several days and hoped our people would come on and take the land, and they wanted them to have it, but they did not come, and it was sold. So the company never got anything out of that.

FORM OF PLAN FOR BUILDING THE ROAD.

Q. Please tell us the form and shape that the scheme for building the railroad took, starting from the inception, which I believe was to construct the road from Leavenworth to Lawrence; and describe to us what the plans of that old company were in regard to the construction of this railroad.—A. I, of course, cannot give you any very intelligent information upon that subject; I can only tell you my impression. This company was organized under a Territorial charter, and the directors were appointed by that charter.

THE "POTENTIAL" PROMOTERS.

About those times Russell, Majors, and Waddell, who afterwards were famous in respect to the Floyd acceptances, were potential men. Russell was in that scheme, and I think he was about the only man in the scheme that had much capital. As far as I know, the people here were generally without means to invest in railroads in those times; they perfected the organization, I should judge, from the records which I have seen. I have not got them now, they are at Topeka. The organization was about all they had, so far as I know, from any records I have seen. No money was ever paid up, but they kept the organization complete. Finally, General Stone, who was a man of some fortune at the time in this country, came here from Kentucky. This I do not know personally.

Commissioner ANDERSON. We will take it for what it is worth.

The WITNESS. That is what I heard. He was influenced by parties at Leavenworth to become interested in the project, I believe. And General Thomas Ewing was here. Stone was influenced to put in some money. I think they had already got this Delaware treaty, in Mr. Buchanan's time. So that that was a nucleus with which they claimed to have some hope of raising some money.

Then they went on, and, with a view of getting together some show of property and values, they procured this Pottawatomie treaty. I believe they also attempted to do some work on the road.

THE SURVEY MADE.

They had it surveyed, any how. I think they had the survey and location farther than Lawrence. There was a Mr. Medbury, of Columbus, Ohio, who was the engineer that surveyed and located the road.

Q. What is his full name?—A. I believe it was William. I used to know of him in New York. He was a famous civil engineer. He had been an engineer of the Ohio canal, and was acquainted with Ewing. At least, I suppose he was. I think they commenced to work some little.

THE DELAWARE TREATY.

By the Delaware treaty, the company was bound to pay a certain sum of money at a certain time; the time expired for the payment of this money early in Mr. Lincoln's administration—very early. They went

to him, or Mr. Ewing did, and explained the whole matter to him; Mr. Lincoln was anxious to help them, and to get the road made, or to do what he could for it, as was characteristic of him; and he proceeded to draw a modification of that treaty, by which they could pay over bonds instead of money, and so put the time off for the payment of these lands. The draft of that treaty, I think, will be found to be largely in Mr. Lincoln's handwriting. That, I think, was in 1861.

Q. Will you give us that date?—A. It is not here. I am very confident that it was in 1861 that the company was relieved of this forfeiture. That treaty was sent to the Senate and after various amendments it was adopted, and so the company was able to hold on to the property.

THE DELAWARE RESERVATION.

Q. These are not the same lands that you referred to in the early part of your examination?—A. They are not the Pottawatomie lands; they are the lands over here.

Q. From the Delaware tribe?—A. Yes, sir; the Delaware reservation. They are from Leavenworth to Lawrence.

By Commissioner LITTLER:

Q. How much land was embraced in that treaty?—A. Two hundred and fifty odd thousand acres, I think; that is my recollection. I do not pretend to be certain about figures. I have never schooled my mind in that direction. Therefore, I say I think about 250,000 acres.

Commissioner ANDERSON. Please proceed with your story.

PROPOSITION TO BUILD THE UNION PACIFIC.

The WITNESS. I think it was after this treaty was made and ratified that it was earnestly proposed to build the Union Pacific Railroad—the transcontinental road. The Republicans had the control of Congress in both branches and they were committed to that action by the Chicago platform under which Mr. Lincoln was nominated. All Republicans were committed to it that adhered to the platform. So they started in to get up a scheme to build this road.

Q. Was the scheme addressed to any particular road, or simply to providing communication between the Pacific Ocean and the East?—A. I do not remember the first draft, although I had much to do with it. There are a great many things in the bill now I recognize as mine. That was in 1862, I think. Mr. Bennett, of New York, with whom I studied law, was the draftsman of the bill.

ITS TERMINAL FIXED AT OMAHA.

When this bill was made and presented to Congress there came flocking in from all quarters parties who wanted the terminal point of this road to be at divers places upon the Missouri River, all the way from Sioux City to Kansas City. I remember when Mr. Lincoln had to determine the point at which it should be fixed in Nebraska, opposite Iowa. I went up with Dr. Durant, who had the thing in charge then for the Union Pacific, as he was vice-president, to see Mr. Lincoln about it, and Dr. Durant said, "Now, the natural place for this terminal point is at the mouth of the Platte River, but Omaha is the principal town in Nebraska. The wealth of the Territory is there, and the energies of the people radiate from

there, and I think they ought to be considered, and the best thing is to start it from Omaha." I remember very well Mr. Lincoln looked at the map and said, "I have got a quarter section of land right across there, and if I fix it there they will say that I have done it to benefit my land." But he said, "I will fix it there, anyhow." So that was the way it was done.

OPPOSITION.

I go back now. They came flocking in from all quarters. Here came Stone, Isaacs, and Ewing with their scheme to make Leavenworth the point. They complained that they did not have a fair show because of the war, and that the House and Senate were denuded of their proper representation, or Leavenworth would have been made the terminal point upon this river. Sebastian, of Arkansas, who was then out of the Senate, had been formerly chairman of the Committee on Indian Affairs, and had had something to do with this Delaware treaty, and they said he had been their warm friend. It seemed they had talked it over with him. Frank Blair was in the House from Saint Louis, and all Missourians in Congress who were accused of sedition and rebellion had been excluded from Congress, and the new men who filled their places were not all of them very much versed in the matter; but Blair was, and he insisted that instead of going from Leavenworth it should go from the mouth of this (Kansas) river.

THREE BRANCHES BUILT.

Q. The mouth of the Kaw River?—A. The mouth of the Kaw River, on the south side or east side, to connect with the Pacific Railroad of Missouri, which was then built to Jefferson City. It was built up to Otterville, where Frémont made a camp. With Blair's influence, and that of the members of Congress from Kansas, they succeeded in getting a compromise and getting the bill soformed that the main line should start from the hundredth meridian, between the Platte and the Republican Rivers, and from that point there should be three branches built; one opposite Iowa, one here at Kansas City, or rather at the mouth of the Kaw River, and one at Sioux City. That was all.

EXTENSION OF HANNIBAL AND SAINT JOSEPH.

And then it was injected into the bill that the Hannibal and Saint Joseph might extend its road from Saint Joseph to a connection with this line, not more than 100 miles from the river; and they construed that afterwards to mean that they could start down at Atchison, 25 miles below Saint Joseph, and give it to another company which had been organized under Territorial law, which they called the Atchison and Pike's Peak road, that they could give it to that company, and they did so, and that concern got a million dollars out of it, but it never did build the road. Afterwards we had a good deal of litigation with that company about the land. I insisted afterwards that they did not build the road that they ought to have built. They were outside of the scheme entirely.

THE ONE-HUNDRETH MERIDIAN.

Q. Just tell me how many miles west of the Missouri River is the one hundredth meridian.

Mr. MINK. Two hundred and forty-seven miles, at Omaha.

A. I would not know. The act of Congress authorized the Leavenworth, Pawnee and Western to build this branch. The act was passed, as I believe, through the persuasion and the constant interposition of Stone, Isaacs, and Ewing, and their friends. They got this act adopted. The road, as constructed, does not go to the hundredth meridian as provided in the act of 1862.

Q. What do you mean?—A. It does not connect with the Union Pacific on the one hundredth meridian.

Q. The Kansas Pacific does not connect with the Union Pacific at the one hundredth meridian?—A. No, sir.

Q. Please tell us the point on the Kansas Pacific where it crosses the one hundredth meridian?

Mr. MINK. There is no station there, I think. It is 393¼ of a mile from Kansas City.

The WITNESS. That is as far as the subsidy bonds go.

Mr. MINK. Yes. I cannot tell you where the one hundredth meridian is.

ROUTE OF ROAD.

The WITNESS. We came up this way to Fort Riley, and we veered off this way to the one hundredth meridian. [Indicating on a map.]

Q. Towards the north?—A. Yes, sir; that is the way we should have gone; but when we got up to Fort Riley we determined to go on farther than the hundredth meridian, and got leave to make a connection farther west, but not more than 50 miles west of the meridian of Denver, by a subsequent act of Congress. This is an act to amend an act entitled, &c., approved July 3, 1866. The first section of this act says, "And provided further, that said company shall connect their line of road and telegraph with the Union Pacific Railroad, but at a point not more than 50 miles westwardly from the meridian of Denver, in Colorado."

HENRY BENNETT'S CONNECTION WITH THE SCHEME.

Q. Please tell me, before we go further, what connection Mr. Henry Bennett had with this scheme, and how he came to draw the bill.—A. I cannot tell you very certainly; but I will tell you what I think.

Q. Did you not draw the matter to his attention?—A. Yes, sir; I think I did.

Q. Did he then live at Elmira?—A. No; he never lived there.

Q. Where did he live, then?—A. He lived at New Berlin, in Chenango County. I studied law with him, and was under many obligations to him for his kindness and friendship for me. He was a very able man. He had been in Congress for a good many years.

THOUGHT THE UNION PACIFIC WOULD GET ALL THE TRAFFIC.

I was friendly to this enterprise. I think it was a grand thing. I imagined that the traffic of this country would be bound to go by this line, since it was here on the bend of the Missouri River, which was the farthest inland navigable point to be found bearing directly west in the continent, and here would be the great line.

Q. Do you mean the Kansas River, or generally the Union Pacific?—A. I am speaking generally of the Union Pacific; that the Union Pacific, or a branch starting from here, would command the trade of the continent. You must recollect that there were no railroads then except the Saint Joseph, which was a very indifferent one.

Q. You visited Mr. Bennett at New Berlin?—A. No; he was in Washington.

Q. You conferred with him there?—A. Yes, sir.

Q. You first called the matter, I suppose, to his attention? He was not familiar with it before?—A. No.

PASSAGE OF THE BILL IN CONGRESS.

Commissioner ANDERSON. I mean the drafting of the bill.

The WITNESS. I imagine so. I think, perhaps, I had undertaken it myself, and he and I together finally prepared a bill that was submitted.

Q. Do you remember who introduced the bill in Congress?—A. No; I do not.

Q. This happened at the same session at which it was passed, I suppose; the session from 1861 to 1862?—A. I think it was passed the same session it was introduced.

ITS FRIENDS.

Q. Who were the gentlemen whom you recall at Washington who cooperated with you in the efforts used to bring about the passage of the bill?—A. I do not recall to mind now anybody but him. I thought all the Republicans were in favor of it, if they could agree upon terms.

Q. Mr. Isaacs was there, was he not?—A. No; I do not recollect whether he was there much of the time. Stone was there most of the time, and so was Ewing. I do not remember Isaacs so well; that is, of his being there. I remember him very well.

Q. Do you remember Mr. Stinson?—A. Yes, sir; I do not remember his being there more than once.

Q. Do you remember Mr. Sam Hallett?—A. Oh, yes, sir; I remember him very well; but he had nothing to do with it then.

Q. He subsequently became interested with Fremont?—A. Yes, sir.

Q. That was not long afterwards, was it?—A. Oh, well, it was 1863, I suppose; 1863 or 1864; it may have been 1864.

Q. Do you remember that Mr. Stone was there very much during that winter in assisting the passage of the bill?—A. I think he was. I am pretty sure he was. I knew he had rented a room. He had a room and he lived at the National Hotel; I was occasionally at his room.

Q. Do you remember to what committee the bill was referred in the House?—A. I think there was a railroad committee created.

Q. Do you remember the names of any persons who were interested in it and with whom you conferred from time to time?—A. I never conferred with any of them that I know of. I remember Hiram Price was the chairman of this committee at one time, probably in 1864.

Q. With whom do you think you conferred as to what should be done to secure the passage of the bill?—A. I do not remembe of any member of Congress.

Q. With whom did you confer, exclusive of members of Congress?—A. I do not remember that I did confer with anybody, unless it might have been with Stone and Bennett. Bennett had largely to do with it. He was there all the time. He knew all the members. I think he did.

Q. He had been a member of Congress for some time?—A. Yes, sir.

Q. He was not a member then?—A. No.

Q. He had a large acquaintance all over the country?—A. I think he had; a favorable one, too.

Q. At this time what stock of the Leavenworth, Pawnee and Western road had been issued?—A. I do not know, but I do not think any, or much of any.

STOCK OF THE LEAVENWORTH, PAWNEE AND WESTERN.

Q. Were you aware, or are you aware, that a certificate for $5,000,000 of stock had been issued to Mr. Stone at this time?—A. No, I do not think it ever was. I have no record of it and I have never seen any record of it and I do not believe it ever was.

Q. Are you aware that any measures had been taken for the issuing of certificates which would entitle the holders to receive stock, to the extent of $5,000,000, of the Leavenworth, Pawnee and Western road?—A. No.

ITS FIRST ISSUE.

Q. When was the first issue of the stock of the Leavenworth, Pawnee and Western road? I mean with reference to the passage of this bill and not as to the date—whether it was before or after the bill passed, in July, 1862?—A. The first within my knowledge was issued by the company after Mr. Perry and his party got control of it, which was after 1865.

Q. Have you never heard of an issue of stock prior to that?—A. In one sense you might say it was an issue, but I do not think it was. I do not consider it so in a legal point of view.

J. C. STONE'S SUBSCRIPTION.

Q. It was treated as legal stock and proceedings were taken to forfeit it; but what was it?—A. It was this, as far as I know: I will premise by saying that the charter of the Leavenworth, Pawnee and Western Railroad Company authorized the issuance of $5,000,000 of stock. That was the limit. Stone, upon the books of the company, subscribed for $4,000,000, or something like that.

Q. Was it not $5,000,000?—A. It might have been for fully five. I remember it was in various subscriptions, following one right after the other. He got a parcel of certificates issued to him and I have seen some of those. I do not know that I have seen all. They read: "This certifies that J. C. Stone has subscribed for so many shares of stock." Then, I think, there was pasted on the back of these certificates—this was all in or after 1865 that I saw those certificates—a power of attorney to transfer. If you call those certificates of stock, why I have seen them. I do not call them that. I call them a mere certification of what had been done, not that he was the owner of any stock.

"SHAM STOCK."

Q. We will call them certificates for short, without calling them shares. While this bill was pending in Congress, was it a fact that Mr. Stone had the certificates under his control, or in his possession?—A. I imagined he did, but I do not know it. I never saw one in his possession, and I do not know.

Q. Did Mr. Stone, while in Washington, inform you that he had the certificates in his possession, and did he converse with you in regard to them?—A. I do not think he did. I have no recollection of it.

Q. Did you talk to Mr. Stone in regard to the use that should be made in regard to these certificates in reference to the passage of that act in Congress?—A. Oh, no.

Q. You never did?—A. No; I did not know anything of them. I did not know of it until after I came up here. I do not think that any of our people that I afterwards represented did know the exact nature of that transaction, because Mr. Sam T. Glover, a very eminent man, and very able, had been employed by the company to get rid of this sham stock, and they had treated this as though these certificates had been out—probably so, judging from this paper that Fremont dropped somewhere, but I do not know; whereas they should have denied their existence as stock, and asked that the subscriptions be canceled. They would have done that way, I think, if they had known the exact character of the transactions, and that fact has very much embarrassed the company in getting rid of this spurious stock.

Commissioner ANDERSON. What I want to get at is, what knowledge some of these gentlemen had of the existence of this sham stock at the time, in the winter of 1861 and 1862?

The WITNESS. I cannot prove it for you that they had any knowledge of it.

CONNECTION OF WITNESS WITH THE COMPANY.

Q. What were your precise relations to this company, which was then still known, I believe, as the Leavenworth, Pawnee and Western Company at the time?—A. I do not know that I could enlarge upon what I have already said.

Q. Were you their attorney in Washington?—A. In one sense I was. I was doing what I could. I do not remember to have been particularly employed upon any occasion.

Q. Did you receive any compensation for your services in Washington?—A. No.

Q. At no time?—A. No.

Q. Who requested you to go to Washington to see about it?—A. I was there. I do not know whether it was about that business or some other. I felt a deep interest in this thing, you know. I was anxious about it, as any other citizen might be.

HELPING THE SCHEME ALONG.

Q. Either as a paid or volunteer attorney, you were attending to that part of the business which was usually transacted by an attorney at law?—A. I cannot say that; I was there, and it was perfectly natural, as I wanted the thing done, I suppose, to give what influence I could to it, and look after and help it along. That is what I did. It was in the line of my feelings, ambitions, and hopes. I wanted to see this road built, and I did what I could to aid it. I do not see any objection to that.

BENNETT'S 20,000 SHARES.

Q. Did Mr. Henry Bennett receive 20,000 shares, or a certificate representing 20,000 shares of these sham certificates, before that bill was passed?—A. Not that I ever heard of. I do not think he did.

Q. You never heard it rumored?—A. No.

Q. You never have heard it rumored until this day?—A. Yes, sir. I saw they had dug up something over at Leavenworth. I suppose it was in reference to that.

Q. Was that the first you heard of it?—A. I know I heard of that very thing before.

Q. How long ago?—A. I suppose it was ever since I was connected with the road, in 1865, that that paper was outstanding.

Q. The paper was not publicly outstanding at the time, was it?—A. To us it was.

Q. You knew all about it?—A. I knew there was such a paper. I do not know how many of the public knew of it.

THE SALE TO FRÉMONT AND HALLETT.

Q. I want to know when you knew it first. Did you know it as soon as the paper was drawn up?—A. No.

Q. From whom did you learn of its existence?—A. I never knew anything about it until after Stone, Isaacs and Ewing had sold out to Frémont and Hallett. Then I heard of such a paper, but not of its contents.

Q. When did they sell out to Frémont and Hallett?—A. I think it was in 1863.

Q. In the spring of 1863?—A. In the early part of 1863. You may know better than I about that, from some evidence you have. I do not remember, but I recollect going over to New York. I felt this anxiety about it. I heard a rumor that they were talking of selling out to Hallett and Frémont, and I went over to New York for no other purpose than to prevent it. They were stopping at the Metropolitan Hotel.

PROTEST AGAINST THE SALE.

I protested against their selling; said that they were not the men to have control of such a property; that I had talked with Samuel Ruggles and various gentlemen of character and ability whom they could get to take hold of this road and build it.

Q. Interested in what way?—A. This gentleman that I am speaking of was a man that had been interested in public works, and was an energetic sort of man. I told them I had talked with him. I told them that means could be raised to build this road, and that it would be better for them and better for the company to keep this property out of the hands of these men; that it would be a failure if they got it, and I begged them to stop it. I was so anxious about it that I did that. I had no money interest in it in the world, except that the administration was committed to it, and I wanted it to be a success. Still they went on and sold out, and then afterwards I heard of this paper, but I did not see it.

STONE'S CONNECTION WITH THE TRANSACTION.

Q. From whom did you hear of the existence of the paper?—A. I do not know. I think very likely from Stone himself. I do not remember what he said.

Q. Give the substance of his statement. Did he tell you he had given an account to Hallett and Frémont, what they had done and explained to them the entire transaction?—A. He might have done it. He said he had given an account of their condition, &c.

Q. What did you learn about the alleged statements of this paper in regard to the issuance of these sham certificates?—A. Nothing. I took it to be a paper, from what he said, containing what he supposed his promises were.

Q. His promises in reference to the distribution of stock?—A. Yes, sir.

Q. Is that all you learned?—A. I think so. That is all I remember.

CONSIDERATION TO BENNETT.

Q. Did you not learn that it appeared on that paper that Mr. H. Bennett had received 20,000 shares, or a promise of 20,000 shares, of this stock?—A. No.

Q. When did you first learn that?—A. I do not know. I knew that he was to have something. Afterwards he became a paralytic, and was poor and unable to help himself, and when the final arrangement was made, which I will refer to by and by, if you will allow me, with reference to the construction of this road I insisted upon Mr. Perry and the parties in St. Louis making some consideration to him. I said that he had been very instrumental in influencing it and passing this bill, and in getting it up, and it could not have been passed without his help. He was then poor; I got it done.

Q. That is to say, you got him a recognition in the stock?—A. Yes, sir; but I did not get it on account of any promise that these men made to him, for I did not know about that; but I knew they ought to have paid him something.

HIS CERTIFICATES.

Q. Do you not know that at the time you secured this recognition for Mr. Bennett he surrendered the certificate which he had received from some one before that time?—A. No; I do not know that he ever had any. I know that he was not pressing at all and he committed it all to me. He was suffering, and said, "Get me something if you can." He was away in New York.

Q. Did he not give you that certificate then?—A. No, sir.

Q. You say you have seen these certificates?—A. I never saw any of Bennett's that I know of. I have seen certificates.

LAWSUITS ABOUT CERTIFICATES.

Q. Where?—A. I do not know. I have seen them in the hands of the company. We have had lawsuits about them; various lawsuits, here and there.

Q. Lawsuits against persons who were supposed to have these certificates?—A. Yes, sir; and with them. They sued us. Some of these certificates had indorsed upon them "not assessable" by the secretary, Sam Denman. The holders were quite vociferous to be recognized as proper stockholders because they had that indorsement upon the certificates.

STONE'S MEMORANDA.

Q. When did you first learn that on this memorandum of Mr. Stone there was a statement that these 20,000 shares, or the 20,000 shares represented by this certificate, had been given to him for the benefit of J. P. Usher, H. Bennett, Thompson and Smith, and that there was a further statement that Judge Usher and Bennett were all right, but that Thompson and Smith should be allowed to slide?—A. I never learned that until I saw the paper, and I do not know when that was.

Q. Until you saw the paper?—A. Yes, sir.

Q. You have seen the paper?—A. I have seen a copy of it.

Q. Have you seen the original?—A. No; I do not think I ever did.

Q. Where did you see the copy?—A. I do not know but they had it at Saint Louis. I do not know where it was. I know we talked about

it there. It seems to me somebody got hold of it in some way; I do not know how.

Q. Did you see the copy before or after General Fremont's bankruptcy?—A. No; I do not know when he was bankrupt. He had lots of money at one time, but he did not it seems have the ability to keep it.

Q. When was he said to have been bankrupt?

Commissioner ANDERSON. In 1864 or 1865.

The WITNESS. It may have been about that time. I do not know. I presume that likely enough that was it.

THE PROMISED CERTIFICATE FOR $500,000 WORTH OF STOCK.

Q. Did Mr. Stone give you a certificate for $500,000 worth?—A. Never.

Q. Or talked to you about it?—A. Yes, sir.

Q. He did?—A. Yes, sir.

Q. What did he say in regard to giving you the control of $500,000?—A. I will tell you all about that. I was very anxious to be connected with the road, and I talked with Mitchell, who was a member of Congress, when this bill was passed, from the Fort Wayne district. He was a very particular friend of mine, and I was of his. He was a very nice man. I talked with Mitchell and I said, "Now, we can get up a scheme to get this road and build it ourselves." He was a railroad builder—an internal improvement man—and made his money that way. He was a man without much education, but a man of great ability; and Lincoln was very fond of him. Mitchell said he would think about it. He was then out of Congress and engaged in trading in quartermasters' vouchers. He went to Louisville, and there he met General Allen, as he told me, who was a rich man at that time, and he laid the matter before him, and General Allen said he would furnish a million dollars, if it was necessary, to start this road and build it. He said, "Now we are all right." I had before talked with Stone to see if I could get hold of it.

WANTED A CONTROLLING INTEREST.

Q. Get a hold of what?—A. Of the road. To get hold of the management of the road; I was ambitious to do that; I did not know anything about this matter, though.

Q. Did Stone say yes, he would give you an interest or control?—A. Yes, sir; he was very anxious and glad to have anybody to do it; but Mitchell went south and died.

Q. Was there not something said about how much interest you would have had in it?—A. Oh, no; I would not have had any interest in it unless it was a controlling interest, of course.

Q. When you say a controlling interest do you mean more than half of all the stock?—A. I expected to get enough for myself and party to control the road if we went into it.

Q. Was that the subject of conversation between you and Mr. Stone?—A. No; I do not know that it was. I casually spoke to him about it, if I could do so and so; that is my recollection. He was not anxious, he said, to control it himself and wanted to get out of it.

Q. In regard to the parties—you speak of yourself and parties controlling it—by "parties" you mean such gentlemen as this Mr. Mitchell and yourself and others?—A. Yes, sir.

Q. And Mr. Bennett?—A. No.

Q. He was merely the counsel?—A. He was just what I have told you and no more; he had no money to put in, and his age was such that he had no ambition.

Q. What other persons besides Mr. Mitchell?—A. John McManus was a very rich man, and he said he would go in.

Q. Of where?—A. Reading, Pa. But for the death of Mitchell there would have been no trouble about raising this money.

NO COMPENSATION RECEIVED BY WITNESS.

Q. You say that you received no compensation in any form for these services rendered in Washington?—A. No; I did not.

Q. You did not receive one of these certificates for $500,000 of stock?—A. Never.

Q. Or a note or memorandum?—A. Nothing of the kind.

Q. Or a verbal promise by Mr. Stone?—A. No.

SUBSEQUENT RECEIPT OF STOCK IN NEW ROAD.

Q. And when the road was subsequently organized did you receive stock in the new road?—A. Yes, sir.

Q. How much?—A. I have a paper here that shows. Here is a paper that I found among the papers of Mr. Devereux, who was a clerk of the Union Pacific, eastern division, or of the Leavenworth, Pawnee and Western.

Q. J. P. Devereux?—A. J. P. Devereux. This contains the names of the parties who furnished the money to build the road, which you can see. They are the names of the people who furnished the money to build the road and to whom the stock was issued.

Q. Where does your name appear here?—A. There it is [indicating] for $20,000.

Q. This paper that you produced was found where?—A. I found it among my papers or among Devereux's. I think among Devereux's papers. I was overhauling his papers. He was dead, and there was a great mass of immaterial and worthless matter among his papers, and I happened to see that and threw it out.

Q. What does it purport to represent?—A. It contains the names and the amounts that were furnished by the parties who advanced the money to construct the branch road from Leavenworth and the main line to Fort Riley.

Q. When was this paper found by you?—A. Four or five weeks ago.

Q. In whose handwriting is it?—A. I do not know; it is in the handwriting of one of the clerks. I do not think it is Devereux's.

R. M. SHOEMAKER & COMPANY.

Q. It is entitled "parties in interest in the firm of R. M. Shoemaker & Co." What was that firm?—A. I do not know that I can name them all.

Q. What was their business?—A. They had a contract—various gentlemen had—to build these roads, and they called it a firm. These gentlemen named in this paper advanced them money to aid in the construction or to construct the road and were entitled to the profits that should be made, and responsible for the losses in proportion to the amounts they advanced.

Q. How long after the passage of the act in 1862 is the date of the transaction referred to in this paper?

The WITNESS. With R. M. Shoemaker?

Commissioner ANDERSON. Yes.

The WITNESS. These contracts, I think, were dated July 1, 1865.

INTERESTS OF PERRY, GREELY, AND OTHERS.

Q. When was it that Messrs. Perry and Greely and the other gentlemen named here acquired their interests in this scheme?—A. I judge about 1864. I believe I told you that Hallett had the address to get Perry to advance him several hundred thousand dollars, not less than $250,000, and it may have been $500,000, towards building the road. Mr. Perry had nothing but the collaterals mentioned in his contract to get his pay back, and he got scared. He had the iron pledged to him that he had paid for, and he was bothered about that. He got into a lawsuit in New York with Fremont and he was a great deal worried. I think he had borrowed money from the bank that he was president of

Q. So that in this way the interest of Hallett and Fremont had passed into the hands of what was known as the Saint Louis party?—A. Yes, sir.

WITNESS' INTEREST IN THE SCHEME.

Q. And this was along in 1864 or 1865?—A. Yes; I believe so.

Q. Did you retain your interest in this scheme during these intervening years, between 1862 and 1864 and 1865?—A. I had no other interest than as I tell you. I became actively interested in it when this contract was made.

Q. Through whose intervention did you become actively interested in it?—A. I think Mr. Perry invited me and was willing to have me, but I think it was mainly through my own efforts. I wanted to be interested in it.

WHAT THE FIGURES REPRESENT.

Q. Do you assert that the figures appearing on this paper represent actual cash payments?—A. Yes, sir; except this $20,000 of mine, and that represents $10,000 of mine in money, and $10,000 which they gave Bennett, as I insisted that they should give him something. That was what he got. He was there and he was entitled to it.

Q. You actually paid $10,000 in cash?—A. Yes, sir.

Q. Does the sum, $217,000, opposite John D. Perry's name represent actual cash paid by him?—A. Yes, sir; I suppose so. It was agreed it was to be that.

FORM OF ORGANIZATION.

Q. What was the form of the organization which the company kept up during this period? Was there a regular board of directors?—A. Yes, sir. When Hallett came out here to take charge of the road and operate it I think the board was somewhat changed, but I do not know. I have not the record before me, but I have an impression of that kind, that he had the board about as he wanted it. The annual election came around in April, as I recollect, 1865, and then Fremont, who claimed to have some control of this spurious stock in some way, and his friends, tried to come in and wrest the corporation out of Perry's hands. Perry had succeeded to Hallett's rights and had got this stock as collateral.

HALLETT'S STOCK.

The stock that Hallett had was issued to him for work that he had done, or should do, in the construction of the road, entirely independent of this particular paper which seemed to have excited so much feeling in the country.

Q. Entirely independent of these sham certificates?—A. Yes, sir. Hallett had pretty nearly constructed the road to Lawrence with the money he got of Perry and some money that Fremont had given him. I think Hallett said that $75,000 or $80,000 was all he could get out of Fremont. But before we could get rid of Fremont we had to pay him $200,000. Hallett had stock issued to him, and he had put that stock up as collateral to borrow of Meier, Greely, Perry, and others, and they had foreclosed upon that stock in the Wyandotte court before I came out here. They had the stock sold, and upon that stock they tried to keep control of the corporation, and they did. There was a rival board elected under the Fremont interest, but the Perry party had the books and the line of railway in their own hands and they kept it, and the other concern dwindled out. But it was a fight right there. That was before I came out. Hallett's heirs, several years afterwards, brought a suit against the company and all, or nearly all, the parties who furnished the money to construct the road, claiming they were entitled to a million dollars and more, and this transpired in the making of a record as thick as your arm when it reached the Supreme Court of the United States.

"LAND SCRIP."

Q. Go back to this paper. What is the meaning of the heading of the third column, "Land scrip"?—A. In the contract for the construction of the road Shoemaker & Co. were to have those lands on account of the construction. Some of the lands had been sold, and that scrip means the price to be paid, the notes or whatever it was, I suppose, for the lands. It belonged to the contractors.

MONEY PAID IN BY JOHN D. PERRY.

Commissioner ANDERSON. I will read from the paper, as follows: "John D. Perry." That refers, of course, to the gentleman of that name. The sum is $217,000 which, as I understand you, means that $217,000 is the amount in money which he had subscribed to the enterprise or had paid in?

The WITNESS. Which he had already paid. An agreement was arrived at in Saint Louis after three days of consultation and figuring. Mr. Perry had with him there Mr. Burrill, who was his counsel and Hallett's counsel. You know him. Scott had Mr. Ashbel Green. I was there, a sort of indefinite person. I was not particular counsel for anybody, but was looking out for myself. The Saint Louis parties had Glover and Shepley. After three days' figuring and working, one way and another, it was determined that Perry's interest should be figured down, his and the Saint Louis parties, to a million dollars. Then the Cincinnati parties and the Ohio parties and the Pennsylvania parties were to make up another million dollars. There are the names that made up the other million dollars. So Perry did not have to advance. I think he and the Saint Louis parties had already advanced over a million of dollars. Out of the million dollars to be advanced by the Pennsylvania and Ohio parties they got some money back.

SHAM STOCK HAD NOTHING TO DO WITH CONSTRUCTION OF ROAD.

But it was all fixed up agreeably in that way, and then after that was done Mr. Tom Scott, who was there all the time, refused to go on and advance this money or have his friends advance it unless Perry and his parties would give an idemnifying bond against this spurious stuff of Stone's. Before we could get the arrangement made we had to sign a bond, which Ashbel Green perhaps has got. It was drawn up by him, I believe. I know there was an idemnifying bond in behalf of the Cincinnati and Ohio parties against this spurious stuff. This sham stock in the Fremont paper had no more to do with this matter of furnishing the money and constructing the road than the bones of the mules that Fremont left in the Rocky Mountains. You might as well have brought a bag full of them here and strewn them over the prairie.

TALK ABOUT SPURIOUS STOCK.

Commissioner ANDERSON. We may assume that the fact of the issue of this spurious stuff was a subject of general talk among you all at the time of this meeting?

The WITNESS. Yes, sir; they were more or less afraid of it; and Scott said, after we had agreed, "You have got to idemnify us as to that," and we had to do it.

Q. At this period, when you had the talk with Tom Scott, and when the bond of idemnity was drawn, was it not also the subject of common talk as to the persons to whom this spurious stuff had been given and who held it?—A. I do not know that it was.

Q. Was it not alleged at the time that a large number of persons held this spurious stock, and did you not hear it?—A. I presume I did. In that paper you have the name of Thomas L. Price, I believe?

Commissioner ANDERSON. Yes.

THOMAS L. PRICE.

The WITNESS. He is one of the subscribers in this million dollars It is not very likely that he had anything to do with that paper, or he would not have been here putting up his money.

Commissioner ANDERSON. He may have preferred the new love to the old.

The WITNESS. At any rate I never heard of his asserting anything of the kind. There is another man here, Rollins, and no more honest, faithful, and loyal man ever lived in Missouri.

MR. ROLLINS.

Commissioner ANDERSON. Mr. Stone has stated under oath that he himself personally delivered to Mr. Rollins 500 shares of these certificates.

The WITNESS. He has, eh? I would rather have Rollins say he did that.

Q. Have you ever heard Mr. Rollins deny that he had received that stock?—A. I have seen Mr. Rollins very little since that time, but I know very well he has never made any claim, or at least I never heard of his making any claim, in respect to anything of the kind.

Commissioner LITTLER. He is still living?

The WITNESS. He is living down at Columbia, as venerable and honorable a man as lives in this State.

Commissioner LITTLER. This Commission will give him an opportunity to be heard.

Commissioner ANDERSON. Of course. We want to hear any of those gentlemen who may wish to be heard.

NO CERTIFICATES OF STOCK OFFERED TO INFLUENCE MEMBERS OF CONGRESS.

Q. I will ask you this general question: Did you, at the time you were at work in Washington, know, either of your own knowledge or by indirect information of whatever character, these spurious certificates had been promised, or were being promised, to members of Congress for the purpose of influencing the passage of the bill under which the Leavenworth, Pawnee and Western road was constructed?—A. No, sir; I did not.

Q. You heard no rumors to that effect at that time?—A. I do not remember of any.

Q. Mr. Stone never questioned you about the delivery of or advisability of giving any of those certificates to members of Congress?—A. Never.

Q. Nor did he ever converse with Mr. Bennett in your presence on this subject?—A. No; I do not know that I ever met him with Bennett; I do not recollect.

DIFFICULTY IN DECIDING WHERE TO BUILD.

I will tell you what I thought at the time, that the whole trouble in this case was to get an agreement as to where these roads should be built, and where they should terminate, and what roads should be built; that there was no trouble with members of Congress about voting and passing the act whenever they could agree upon the terms. The Republicans had a large majority at that time in the House and in the Senate, and they were committed to the bill, and the Administration was in favor of it. Mr. Smith was there then, in the place that I afterwards occupied. Mr. Smith was secretary. I do not know of a dissent in the whole Administration. The Secretaries were all in favor of it.

Commissioner ANDERSON. But in the competition between different points for favor it is quite possible that methods should have been resorted to for the purpose of influencing Congressional votes. That is what we want to know about.

The WITNESS. That may have been done, but if it was so, it is without my knowledge. I did not know about these subscriptions, and I did not know how the thing stood at all. My only desire was to have the bill passed and to have this the point. I wanted it to start from the mouth of the Kansas River. I must say I have been a good deal disappointed that it has not panned out as well as I expected. We ought to have had the town on the other side of the river. There was no town here then.

THE SAINT LOUIS, CINCINNATI, AND OTHER PARTIES.

Commissioner ANDERSON. To come back to this paper: You say that this million dollars which was apportioned to the Saint Louis party, and the million dollars to the Cincinnati and other parties whose names ap-

pear here, were intended to be an adjustment of their various interests, and to represent the amount for which each name was to be credited as representing their interests in the new company?

The WITNESS. Yes, sir.

Q. It does not, then, represent cash actually paid at the time?—A. I do not think anybody was paid at the time. These Saint Louis and Cincinnati parties paid theirs by drafts, as I understood.

Q. To whom?—A. To Shoemaker & Co., who built the road; they drew on them for the money. This money mentioned here the Saint Louis parties had already spent. I believe as to Perry, who was deeply interested in this thing, and anxious to get his money back, that out of his money (he is credited with $217,000; I think he did really put in more money than that) this $10,000 for Bennett was taken.

Q. What had these people received for these amounts?—A. They received stock according to the contract, and bonds, and lands.

Q. Do you know the amount of bonds that were issued? Did they not receive bonds equal to the figures before you?—A. I do not know.

Q. Where will we find that statement of what was issued to them?—A. I had copies of the contract; you will find it in Washington. There was a suit there. Copies of all the contracts were set out in it.

SUIT BY BEN LEWIS

Q. What suit?—A. The suit of Ben Lewis against the company.

Q. On appeal to the Supreme Court of the United States?—A. Yes, sir.

Q. Have you a copy of the record?—A. No; I did have it; it is at Topeka now, I believe.

Q. What is at Topeka?—A. The record of this case. I am no longer the leading attorney of the company now.

Q. Is that suit still pending?—A. I do not know. It was ready for hearing, and I went to Florida and Judge Dillon said he would take care of it.

Q. It is still pending?—A. If it has not been decided or dismissed, it is pending.

Q. Can we retain this paper to make a copy of it? We will return it to you.—A. Yes, sir.

(The paper referred to is marked Exhibit 1, July 7, 1887.)

SUBSCRIBERS TO STOCK.

The WITNESS. You see by reading this paper over that a great many of these people you know; they live in Ohio and other places; Governor Dennison is here, and Judge Swan is here. Pendleton is here. George McCook is here, and Medbury, and the Jewetts. All of them are good citizens.

Commissioner ANDERSON. Is that a guarantee?

The WITNESS. It ought to be. Here is John A. Anderson. He was very anxious, I noticed, in Congress, to have your powers enlarged, and I suppose some of these enlarged powers you are after me about. His uncle is down here for $75,000. He is as good a man as there is in Kansas. I do not believe he has gone into any dishonest transaction.

Q. After this arrangement with the Perry parties, please describe the progress of this enterprise.—A. These contractors went on and built the road as they had agreed.

Q. Shoemaker & Co.?—A. Shoemaker & Co.

SHOEMAKER & CO.'S "EXHAUSTIVE CONTRACT."

Q. Have you their contract?—A. No.

Commissioner ANDERSON. That is copied in this suit?

The WITNESS. Yes, sir; it is in the suit; you will find it there; there were a great many copies about. It was what has been called an exhaustive contract, if I remember right. That is, that all the bonds and all the stock were to be issued at so much a mile in payment for the work. For that particular kind of road they were to have the Government bonds. That is, for that particular part of the road. They were to have the Government bonds, and so much stock, and so many bonds of the company, and these lands and the Leavenworth subscription. They got those.

ITS EFFECT.

Commissioner ANDERSON. The effect of the contract was to give all the assets of the company, represented by bonds and stocks, at so much a mile, to the contractors, and the parties whose names appear on that paper were substantially interested, under the name of Shoemaker & Co., according to their individual proportions in this contract.

The WITNESS. You say, given all their assets. They had no assets but the Leavenworth stock, which they would get when they built the road.

Commissioner ANDERSON. But they had their own bonds and stock?

The WITNESS. Yes, sir; they could make those indefinitely. I would not suppose that was an asset. A man can give his note. He could swell his assets pretty largely in that way.

FAILURE TO GET OUTSIDERS TO SUBSCRIBE FOR STOCK.

Q. Would it not have been possible for outside subscribers to have taken the bonds at par, have subscribed for the stock, and then to have paid the contractors in money what their work was reasonably worth?—A. Mr. Perry had tried that. I thought it might have been done through Mitchell and General Allen, who was a rich man. But that scheme failed. I do not think they could have negotiated the bonds for 50 cents on the dollar, cash. The Government bonds which they got they sold for less than par. They are now worth 117, or something of that sort.

VALUE OF GOVERNMENT BONDS.

By Commissioner LITTLER:

Q. Do you know just what they got for the Government bonds?—A. I know along first it was about 97. That is my recollection of it. It may have been 98. But their own bonds I do not think they could have negotiated at all. These lands up here that they got we paid $1.28 for. That was their appraised value. They took them on the appraisement.

By Commissioner ANDERSON:

Q. You mean the Delaware land?—A. Yes, sir. They are worth now, some of them, $100 an acre, and some of them are worth $10 an acre.

WORK DONE BY SHOEMAKER & CO.

Commissioner ANDERSON. Just describe what Shoemaker & Co. did in building the road.

The WITNESS. They went on and built it satisfactorily. I think they had ten locomotives.

Q. How far did they build it?—A. Up to Fort Riley, or a little beyond.

Q. That is 130 miles?—A. My impression was that it was 140. I believe they went to Junction City, which we call 140 miles.

Mr. MINK. I think it is 170 miles.

DECISION TO BUILD ROAD BY WAY OF SMOKY ROADS.

The WITNESS. After that was done that was a point where we should have diverged, if at all, to have gone to the one hundredth meridian, where the connection which the first act of Congress provided for was to be made. Shoemaker was a great big man, but he was a very timid one. He valued his own life more than he did any of our property. He sent out two men to inspect the country. One was a brave, gallant fellow, named Schuyler, who galloped over the Smoky Hill division. He came and reported it a most excellent country. The other was a sort of heavy Dutchman from Indiana, who went up the Republican and got up to about 50 miles of the Union Pacific line, and got scared at the Indians, and he reported it a very indifferent country; and it was upon the reports of these men that we determined which way we should go. We went to Philadelphia, after these reports were made, and after discussing them we concluded the best way to go was by way of the Smoky Hill.

THE WORST WAY.

It was the worst way we could have gone. If we had gone up the Solomon, or up the Saline, or up the Republican, we would have had a better and a more valuable road and had more profit from it. Those were the lights we had. Then we set in to try to raise the money to build as far as the Government bonds would be issued; we were to have Government bonds to the one hundredth meridian. Mr. Johnson was President, and he determined, since we had gone by way of the Smoky Hill, that he would send a party to measure the line from the turn-off, or where we might have turned off, at Fort Riley to the hundredth meridian, where we might possibly have connected, between the Republican and the Platte, and then would give us so much along the line that we had constructed as would be equal to that distance, which was 393⅛ miles. That gave us $6,300,000 of bonds. That is the way that went.

THE CONTRACT WITH SHOEMAKER, MILLER & CO.

Q. You received those bonds?—A. The company got them, yes, sir, or their contractors did. They made a contract with Shoemaker, Miller & Co. They were nearly the same persons that had the former contract, but they changed the name. There was a parcel of these gentlemen that were in the first contract who said they would not go in, not because they had not the money, but because they did not believe it would ever pay back the money they put in. That was the condition of affairs then.

CHARACTER OF THE COUNTRY.

It was generally believed by large masses of people in Kansas and in the East that this country was uninhabitable for farmers beyond about 200 miles west. About Salina was supposed to be as far as anybody would be wise to go. In fact, when I came here, in talking with the Topeka people they said, "You can go about 10 miles beyond here, but beyond that it is a droughty country." And so it was all the way through. The country, of course, has changed a good deal. We sold lands and lost a great deal of money. When Mr. Gould came into the road he was very generous——

Q. We will get to Mr. Gould chronologically. You say your road was then constructed to the 394th mile-post?—A. Under a contract.

Q. Under this Miller contract?—A. Yes, sir.

WHAT BECAME OF THE UNDERLYING FIRST-MORTGAGE BONDS.

Q. Please explain what happened in regard to the underlying first-mortgage bonds of the road itself.—A. They went to the contractors.

Q. You got leave of Congress to execute a mortgage which would have priority over the Government lien?—A. Yes, sir. They were issued to the constructors. I do not think they could have made that second contract, but that Captain Eads and McPherson came in and put in $100,000, and that sort of tided the thing along, but it was not all taken for some time.

CONSTRUCTION FROM THE 394TH MILE POST TO DENVER.

Q. Describe, in the order of time, the construction of the road from the 394th mile-post to Denver. When did that come about?—A. I think that was started in 1868 or 1869. I know we got through to Denver in September, 1870. That is my recollection.

Q. Were the same people interested in it who had been interested up to that time—the Saint Louis people?—A. No; the company undertook to build that itself. It put on a six-million-dollar mortgage, and had Jessup & Dabney, Dabney, Morgan & Co.

Commissioner LITTLER. You are thinking of Drexel, Morgan & Co.

The WITNESS. No; Dabney, I think it was. They were selected as agents to negotiate these bonds, and they had some arrangement by which they had certain of them taken in Europe I think at about 80 cents.

COST OF "DENVER EXTENSION."

Q. They were called the "Denver extensions"?—A. Yes, sir. That was a 7 per cent. gold bond, and we got it going, and then Ross, Steel & Co., who had a contract from the company antedating Hallett and Frémont, attached their bonds. They were in the hands of Dabney. He was a man of such high character that he would not go on and sell any more bonds until we settled with Ross, Steel & Co., and that cost us $100,000. So I say that a Western coporation like this ought never to have an office in New York, or have anybody there that could be sued. We lost that $100,000 just in that way. Jessup was willing to go on, but he could not do the whole of it. That was a bad backset. However, the road was built, and there was charged upon it this $6,500,000 of bonds.

Q. The amount of the Denver extension?—A. Yes, sir. So after that there was not much difference in the way of charges and liabilities upon the road from the way we got it than there was on the other.

Q. How was the Jessup contract drawn? Was that payable in money or bonds?—A. He was merely the agent to sell.

Q. The agent to sell the bonds?—A. That was all; yes, sir.

Q. Do you know what the actual cost of the Denver extension was, in money, per mile?—A. No, I do not.

Q. How can we ascertain that?—A. I suppose you could make that up from the books of the company in some way. I do not know. Smith used to keep the books. He is not in the service of the company now. He is the manager of the Denver and Rio Grande road. If he had access to the books he could tell you.

Q. Mr. Smith, then, could give us this information, after examining the books?—A. Yes, sir; but I presume the books are at Boston.

Q. We have enough information to base our questions on. The information we desire is the actual cost, measured in money, and not in bonds or stock, as to the Denver extension.—A. I do not know whether he could do that. I do not know enough about keeping books to give you any information.

Q. Were you not sufficiently familiar with the transactions of this company at that time to know what the actual cost of construction per mile was, as paid to the men who did the work, and as paid for the material bought by you?—A. No; the iron was bought at one place, and the ties at another, and the rolling stock at another. I do not know what they paid for the rolling stock. The first locomotives we got here cost, I guess, about $18,000 apiece. They cost enormously.

WITNESS AS COUNSEL FOR THE ROAD.

Q. During these years did you remain the attorney and counsel of the road, from 1865 to the completion of the Denver extension?—A. Yes, sir.

Q. You were familiar with all of its law business, and all of its operations?—A. I think measurably so. I do not know about some litigation they had in New York, but I believe I knew pretty much all about that.

ITS FINANCIAL CONDITION—ALWAYS "HARD UP."

Q. Will you please explain the history of its finances from 1869 to 1874; referring particularly to the different issues of bonds known as the Leavenworth Branch bonds, the bonds that were issued on the little gap intervening between the 394th mile-post, and the Denver extension bonds, and the funding bonds, and all the other issues that occurred.—A. I do not know that I could.

Q. Who drew those mortgages?—A. I think I drew most of them. It may be General Palmer drew one or two, but I think I saw all of them before they were executed, unless it may be one of the land-grant mortgages.

Q. Will you explain, generally, the financial condition in which the company got during these years?—A. As far as I know, it was always hard up.

Q. Did it not keep getting harder and harder up?—A. Yes, sir; I think so.

MORTGAGES.

Q. Do you remember being talked to and consulted with in regard to the drawing of these different mortgages?—A. I do not now call to mind any special one.

Q. Take the first land-grant mortgage, and then the income mortgage. Do you remember those mortgages?—A. I think Devereux drew the first or the second. I said I did it, but I think Devereux did it, and I think it was executed before I knew anything about it. It may be it was the second or maybe it was the first.

THE $6,000,000 MORTGAGE.

Commissioner ANDERSON. Let me call your attention to the act of subordinating the incomes to one of the mortgages, which otherwise would have been prior to it.

The WITNESS. The $6,000,000 mortgage?

Commissioner ANDERSON. Yes. How did that transaction come about?

The WITNESS. As far as I remember, it was reported to me at Saint Louis, when I was there, that they could not float or negotiate these $6,000,000 of bonds secured by the mortgage, with these income bonds ahead of it. They wanted it subordinated. I do not know for certain, but I believe I dictated or drafted the instrument which subordinated it; but it may be Mr. Glover did that, or Mr. Shepley; but I knew about it.

THE COMPANY IN DEFAULT.

Q. I understand you to say that during these different years the company got into great financial trouble, and the coupons on all of its different issues went to protest and were in default, and remained in default for a number of years. Is that substantially true?—A. When you say a number of years I do not know. It may have been in default two years; I do not know. They were in default, and they could not raise the money to pay it at the time; I do not know when that was, now. I do not recollect.

APPOINTMENT OF A RECEIVER.

Q. What happened to the company?—A. The bondholders interfered by trustees and got a receiver appointed.

Q. That is, Mr. Villard and Mr. Carlos M. Greely?—A. Yes, sir.

Q. They became the receivers of the road in what year? Was it 1875?—A. I do not know. I should think so. I will have to apologize about dates. I do not remember. By looking at some of these books I could find out. I had a record of those things, but I do not remember now.

SUIT AGAINST THE UNION PACIFIC.

Q. About when was it that Mr. Gould first became interested in the affairs of the company, with reference to the appointment of a receiver? Was it before or after the appointment of a receiver?—A. As far as I can remember now, it was after. We had instituted a suit against the Union Pacific Company, I think in the Federal court in Nebraska, under an act of Congress of 1875 or 1876, I do not remember which, which made it penal not to obey the law, asking a decree compelling the Union Pacific to prorate with us and operate its road without discrimination against us; and we had a severe litigation over it before Judge Dillon.

DECLINATION OF JUDGE DILLON TO MAKE DECISION.

Q. Judge John F. Dillon?—A. Yes, sir; he was then circuit judge. Mr. Woolworth was with me. We confidently expected a decree in our

favor under these acts of Congress, but it ran along, and finally he declined to make any decision about it.

Q. What ground did he assign?—A. As I understood, the ground assigned was, that he was embarrassed by the fact that one of the principal stockholders of the Union Pacific was Sidney Dillon, who was a relative of his. He did not feel inclined to make a decision in that case. We were a great deal disappointed about it, and aggrieved, because we had been fighting this for several months and were suffering very much for want of this favorable action which we thought the statutes permitted or allowed; and finding that Judge Dillon declined to make a decision, we made an arrangement with his help with Justice Miller, that he would hear the case in vacation of the Supreme Court, in the following February.

FINALLY BOUGHT OUT BY JAY GOULD.

Q. In what year?—A. It was in February, 1878, that he would hear this in the vacation. He reluctantly consented to do it; but the matter was so much involved that he said he would. We were then in Washington in force, such as we could muster, to try to get further legislation against the Union Pacific to compel it to operate these roads as one. We thought we had it before; we were before the committee every day, and Mr. Sidney Dillon and Mr. Gould on the other side were there. We were contending about it. I stopped at the Arlington, and so did Gould. I never had talked with him or spoken with him until then. One day he sat down by my side and said, "This thing ought to be settled," or something to that effect; and he made some suggestions about buying out our people and uniting the property in one interest. I talked with him some about it and told our folks I thought he would buy them out, and then that would relieve all this trouble and the property would be in one interest and the public would be served as it ought to be. I was inclined to wish them to do it. I felt anxious, not only for the company, but I felt a general anxiety, beyond that, that the public should not be discommoded as it had been. I wanted the roads operated as a unit, as they ought to be. Our folks had got tired and worried with the thing. Some of them wanted money and some of them did not. Finally they wanted to know what he would do; and after awhile they came to terms, and he bought them out.

Q. He bought their interest?—A. Yes, sir; he bought their interests and they were united then, I suppose, with the Union Pacific. The things all went along pleasantly enough then.

Q. Do you remember what those interests were?—A. Stock.

Q. Who were the parties?—A. Perry, Greely, Meyer, and others.

Q. Edgerton?—A. Edgerton had some; yes, sir. I do not think he had a great deal. I had a little in Perry's hands. But these interests were all bunched up together and sold.

Q. Was it all stock?—A. All I had.

Q. Kansas Pacific stock?—A. Yes, sir.

PRICE PAID FOR STOCK.

Q. What prices did you get?—A. I believe it was 12 cents.

Q. Twelve per cent.?—A. Twelve cents on the dollar.

Q. Six and a quarter dollars for fifty dollars?—A. Yes, sir; I got as much as the rest did. Perry got kind of scared, and said to me one day that he thought Gould was impecunious, and he had not the money.

I said, "Well, he will pay you in three days." So, when they came to making the trade, I said to Mr. Gould that he might make an obligation, so and so, to pay the money at a certain time; and he very quietly observed that it was as convenient for him to pay it then as at any time. It seemed to surprise Mr. Perry.

TIME OF SALE TO GOULD.

Q. Do you remember what month and year this occurred in? It was in 1879, I believe, after Judge Miller's hearing?—A. Yes, sir; it seems to me it was along in the spring; not very long afterwards; I know it was cold weather.

Q. Was not this purchase through Mr. Gould a year after the correspondence with Judge Dillon in regard to his not hearing the case?—A. It may have been, but my memory is not that way; I should say it was not. Was it so?

Commissioner ANDERSON: That is so.

The WITNESS. You say it was purchased, when?

Commissioner ANDERSON. I think it was purchased in February, 1879.

RAPID RISE IN STOCK AFTER SALE TO GOULD.

The WITNESS. I do not think that can be so; I know it was in the winter that I met him at the Arlington, and it seems to me that it was along in the spring that this trade was consummated; that is my distinct recollection, but I may be mistaken.

Q. Do you not remember that immediately after this transaction the stock went up very rapidly?—A. After Gould got it it did, and it made us all sick.

Commissioner ANDERSON. So he said. You knew Mr. Artemas Holmes at this time?

The WITNESS. Yes, sir.

POOL AGREEMENT GOTTEN UP BY ARTEMUS HOLMES.

Q. Do you remember the pool agreement that he had got up in February, 1878, for the purpose of attempting an adjustment or an arrangement of all those different interests?—A. Yes, sir; I remember there was such a paper, and I believe I signed it. I do not know who got it up.

Q. Do you remember that this general scheme provided for a commutation scale, by which the different securities were to be funded into a new intended stock?—A. Yes, sir; I think so. It was scaled down; the way it ought to have been done.

Q. The funding mortgage to be taken at par, and the unsubordinated incomes at 50, the subordinated at 30, and the stock at 12½? Have you a copy of that agreement?—A. No.

Q. The original plan was to convert these different securities into stock, and there decrease the fixed charges of the company. After the Saint Louis people had sold out to Mr. Gould, this was altered, and the conversion was to be made into consolidated bonds. Do you remember that?—A. I really do not know, after our people sold out or the Saint Louis people sold out, what was done.

THE CONSOLIDATED MORTGAGE.

Q. What was it about the consolidated mortgage?—A. I recollect hearing Holmes ask Gould how the stock was to be issued in the new

company. I do not know whether it was the new company or not, though. I had supposed it was to be issued at half or less, or at some diminished sum. I got the impression from Mr. Gould's answer that it was to be issued at par, just as it was before. I was a little surprised at that, but I had no interest in it and I do not remember well enough to say.

WHO DREW IT UP.

Q. Who drew the consolidated mortgage? They give you credit for having drawn it in New York.—A. I am hardly entitled to that, in all senses, and yet probably I am. I had a clerk, a Mr. Bretherton, an Englishman, who is now connected with one of the California and Oregon roads; you may have heard of him. He was very able and he was there with me in New York; and it was determined upon the advice of Mr. Gould how this mortgage should be drawn. Bretherton was a skillful conveyancer, so I walked around town and let him work. At evening we looked it over and if I had any suggestions to make we agreed upon them. I thought he knew as much about it as I did. In fact he did. It was fixed in that way. Now, as to this scaling, I think that was agreed upon by parties in interest, and may be Mr. Gould himself indicated how the scaling should be done. I should think he did.

Q. Where were you in New York at this time?—A. We were stopping at the Fifth Avenue.

Q. Did Mr. Bretherton do his work of drafting the mortgage at the Fifth Avenue Hotel, or did he have an office?—A. He had no office there. As far as I know he did it there. I do not remember distinctly about it.

Commissioner ANDERSON. I would like to have the mortgage.

The WITNESS. I considered myself responsible for the paper, but the manual work I did not do much of.

Q. What we want to get at is just what you have given us. That is, how the instructions were received by you and who gave them. You say substantially it was by Mr. Gould?—A. My memory now is that it was he. It may have been my own suggestion, but at any rate Mr. Gould knew it and approved it, I am very sure.

GOULD AND SAGE TRUSTEES OF MORTGAGE.

Q. I will ask you a question that will bring the matter up very sharply. Do you remember who were named as trustees of that mortgage?—A. Gould and Sage; yes, sir.

Q. How did you obtain those names? That was an important matter to determine who should be those trustees. Are you not satisfied that the subject was discussed between you and Mr. Gould and possibly Mr. Dillon?—A. No; I do not think Dillon did.

A FUNDING MORTGAGE.

I will tell you what I think about it without being certain. We had executed before that time what we called a funding mortgage and it was at pretty high interest.

Q. Ten per cent., was it not?—A. We were getting into trouble about it. Gould interfered and took up those bonds, or some of them, and relieved us, anyhow, of immediate trouble. Then he had already taken up the Denver Pacific bonds. That is, the bonds in Amsterdam.

GOULD'S INTEREST IN THE DENVER PACIFIC.

Q. The Denver extension?—A. No; the Denver Pacific, from Denver up to Cheyenne. He had considerable control; that is, he had a large interest in the securities of the company, and Sage had also. I think now, without consulting anybody, and knowing what his interests were, and what trusts he had already had with respect to the company, that I took it as a matter of course that they would be the trustees, and were the proper ones to be trustees. I do not believe he ever told me to put him in, or Sage, as trustee.

Q. He knew that you did it?—A. Undoubtedly.

Q. He had to accept the trust?—A. You were asking me how I came to do it. I do not think anybody ever told me to do it, but I did it in my own head, and I have given the reasons for it. He knew it, of course, and accepted the trust.

FIXING COMMUTATION RATES.

Q. In regard to the commutation rates described in the mortgage, how do you suppose you reached them?—A. I think it was my general idea that they ought to be scaled that way, and that to get a good security the holders would consent to scale that way. I do not recollect anybody telling me how to scale that down.

Q. How do you explain the fact that the commutation rates contained in the mortgage are the same as the commutation rates contained in the agreement executed a year before the mortgage?—A. I should have said that he—you speak of the Holmes paper?

Q. Yes. Do you think that was a mere accident?—A. My idea was that that paper was executed after the mortgage.

Commissioner ANDERSON. It was executed a year before the mortgage.

The WITNESS. I do not know about that paper. It may be they had it. I do not know.

Q. Is it not true that you and Mr. Gould and Mr. Dillon and Mr. Holmes talked over all these different matters at this time, and agreed upon them?—A. No; it is not true that Mr. Dillon did. It does not strike me that he ever had any mind about such things.

Q. Then did you talk with Mr. Gould and Mr. Holmes?—A. I do not know about Holmes. I was not on specially good terms with him.

Q. Then about Mr. Gould?—A. If anybody did, it was he.

SPECIAL SECURITIES.

Q. There is an enumeration of special securities in that mortgage, amounting to about four and a half millions, which are preferred, and as to which a conversion for $3,400,000 is specially provided. Do you know how that provision came about?—A. You say those $4,000,000 were preferred?

Q. There are $4,500,000 of these same class of miscellaneous securities, which, at the commutation rates named in the mortgage, would have produced about $2,200,000 of bonds. As to those securities, the mortgage contains a special provision that the holders of these securities, who are named, shall receive $3,400,000. I ask you if you know how that provision came to be in the mortgage?—A. No; I do not know, unless it was suggested by Mr. Gould, or unless I concluded that it was a good deal more than the current prices of those securities, and

that they would be likely to take them. I think very likely the latter. I had had some of these bonds.

FIXING THE PRICE OF BONDS.

Q. These were Mr. Gould's bonds that I am speaking of. Would you have fixed a price for Mr. Gould's and Mr. Sage's bonds and Mr. Villard's securities without receiving a statement from them that they were satisfied with that adjustment?—A. It does not seem natural to me that I would.

Q. Are you not satisfied that Mr. Gould instructed you to put in that provision?—A. It may be from what you say that I had that paper, or Bretherton had that paper that Holmes drew; I do not know.

Commissioner ANDERSON. That paper did not contain any such provision.

The WITNESS. It did not?

Commissioner ANDERSON. No, sir.

The WITNESS. No, except this: my memory is that those prices fixed for which they could get these consolidated bonds were a good deal more than the current prices of the securities which they had.

Q. That is, the general commutation rates?—A. Yes, sir; I had a few bonds along in the winter left—those income bonds—which I sold for 16 or 17. This fixed it at twice that sum. I think Gould paid about that. I really suppose now—it may have been in my mind—if they could get double what they cost, they would be quite willing to take that.

PROVIDING GENERAL RATES.

Q. That is not what I am talking to you about. I wish you would read article 23 of the mortgage, at page 169, where the general rates are provided, which, as you say, being above the market rates, would probably induce conversions by the holders, from the mere fact that they would get a better rate than that afforded by the market. After reading article 23 I ask you to read the paragraph at the foot of page 56, which recites an agreement between the company and Sidney Dillon, Russell Sage, and Henry Villard, as holders of certain securities therein named, amounting in all to $4,500,000, and states that as to those securities they are to receive $3,400,000 of the consolidated first mortgage bonds. The precise question I put to you is, who directed you to put in this division at page 156, which gives to the parties there named a very large preference over the commutation rates provided by article 23 at page 169?—A. I do not know how I learned that they had made that agreement.

Q. Did you receive any instructions from any person except Mr. Gould and Mr. Holmes about the structure of that mortgage?—A. I do not know that I ever received any from Mr. Holmes. I do not know that he ever talked to me about it.

INSTRUCTIONS IN REGARD TO PREPARATION OF MORTGAGE.

Q. Did you ever receive any instructions from Mr. Gould relating to it?—A. I must have received some knowledge, from some quarter, about the terms of this mortgage, but I do not know who it could have been from unless it was from Mr. Gould. But every idea of all this thing has gone out of my mind.

Q. I want to cover this point definitely. I want to know whether any other person than Mr. Gould gave you any instructions about the terms of that mortgage?—A. I do not remember talking with anybody else about it.

TALKING TO GOULD FROM TIME TO TIME.

Q. But you do remember talking with him about it?—A. I remember talking with him about it from time to time, but I was going to tell you, if you do not object.

Commissioner ANDERSON. I will not object as soon as I have it positively asserted that there was no other person or officer of this company who gave you instructions in regard to the preparation of that mortgage.

The WITNESS. I do not remember anybody else.

Commissioner ANDERSON. Now, you may make any explanation that you desire.

GOULD, VILLARD, AND DILLON HELD THE "JACK POT."

The WITNESS. After looking at this my thought is—I do not say that it is so, but I believe it is—that I must have had, or there must have been before me this paper, or some other paper, which showed that Mr. Gould, Mr Villard, and Mr. Dillon held what you might call this "pot."

Q. This "jack pot?"—A. Yes, sir; this mass of securities, for themselves and for others; and that those others, whoever they may have been, had signed this paper that you say was before this mortgage. I thought it was afterwards—I now imagine I was mistaken about it; I think I was—that this agreement was made by them as trustees in behalf of all the persons who had signed this paper, and they would share these securities in proportion to the amount that they appeared for on this paper. If Gould bought it all out, it would be all his. If he had a quarter of it, he would have a quarter of these advances. I expect that is so. It never occurred to me that they had any special advantage about it.

$3,400,000 FOR CERTAIN SECURITIES.

Q. That explanation does not touch the exact point that we want to find out, although it touches everything except the point. The point we want to find out is, how it was ascertained that they should receive $3,400,000 for those securities, and not some other sum?—A. Somebody told it.

Commissioner ANDERSON. That is why I was so particular to know who had given you the instructions.

The WITNESS. Yes, sir; but I do not remember.

Q. But you do remember that whatever instructions you received came from Mr. Gould?—A. I do not remember any others. It may be that Bretherton had talked with Holmes about it, and had that paper. It may be that Holmes had furnished him that paper. I do not know.

Q. I call your attention to the fact that the lines of the mortgage, to which you have been referred, declare or recite that the company, in pursuance of such resolution—referring to the resolution to issue the consolidation mortgage bonds—has contracted with the parties named here for the exchange of their securities for $3,400,000. Did you ever have any contract with the Kansas Pacific, Eastern Division, as the company then was known, to that effect, before you when you drew that mortgage?—A. I do not remember.

Q. Have you in your possession any papers that were used by you for the purpose of drafting that mortgage?—A. No; not one.

Q. Do you remember examining the records of the company to ascertain whether any such contract had ever been made?—A. No; I do not remember whether it appears on the records or not. I believe the records are at Topeka. No, they are not. They are in Boston.

Q. We have the record. Did you ever take the trouble to figure the difference between the value of these securities at the commutation rates offered to all holders generally, and the same special offer of $3,400,000?—A. No; not that I know of.

Q. You never have figured that?—A. No; I did not know the difference until you mentioned it.

NO SPECIAL ADVANTAGE OBTAINED.

Q. Why do you say that you do not think they got any special advantage?—A. I say that from the fact that they had such a large body of these securities that the advantages were not special enough to make any complaint about it; that the company could well enough afford to have given this amount of bonds to have got up this floating mass of securities. It would have been better for them if they had done that than to give more to persons who had one or two or three or four bonds, or whatever it was. It was a desirable thing, I should say, to have got up the whole pile at once. That is what I mean by saying that they got no advantage. But you remember that it was not I that was judging. I was neither a director nor anything else, except a lawyer.

MORE THAN $2,000,000 OF THE UNSTAMPED BONDS OWNED BY GOULD.

Q. When you and Mr. Bretherton drew this mortgage in which the amount of unstamped income bonds, which were to receive this preferential rate, are stated at $2,611,400, were you aware that more than $2,000,000 of those unstamped bonds were owned and held by Mr. Gould?—A. I did not know what he held, unless that paper showed it. If we have that paper before us it may be that it contained the schedule of what securities he had.

Commissioner ANDERSON. It did.

The WITNESS. Then of course if we had it we knew it.

Q. After the execution of the consolidated mortgage do you remember that the securities were, from time to time, exchanged at the rate specified in the mortgage?—A. I do not know anything about that.

Q. You had nothing to do with that?—A. I had nothing to do with it. It never was reported to me and I never inquired.

Q. Where were you during the summer and fall of 1879?—A. I do not specially remember; but I may have been in New York once or twice.

Q. Where was your actual residence?—A. In Lawrence, Kans.

EFFECT OF CONSOLIDATION ON APPRECIATION OF KANSAS PACIFIC STOCK.

Q. During that summer and fall what, if anything, did you hear about the proposed consolidation between the Kansas Pacific and the Union Pacific?—A. Nothing; nothing at all.

Q. Was there no talk about it in this part of the world?—A. Not that I know of.

Q. Was there no excitement in regard to the appreciation of Kansas Pacific securities?—A. I do not think there was. Nobody up here had any, unless it was some of this spurious stuff.

Commissioner ANDERSON. There were a great many persons who had had the stock and had parted with it early in the year?

The WITNESS. I do not know anybody who ever had any, except John B. Anderson and myself, in this State. I do not remember now.

Q. Did you not see any of the Saint Louis people during the summer and fall of 1879?—A. I guess so.

Q. Do you remember how much the stock appreciated between the time in 1879 when you sold at 12 cents and October and November of that same year?—A. I think it went up to between 70 and 100. You know more about that than I do. But my recollection is that it went away up.

Q. What I want to know is whether the people residing here, who had sold that stock, were not very much surprised at this sudden development of value?—A. I do not know whether they were or not. I guess our people in Saint Louis felt as though they had let a bird go.

Q. Did you not feel that way yourself?—A. I did not have much. I was cleaned out at that time. I was sorry I let that go.

GOULD'S WESTERN VISIT IN NOVEMBER, 1879.

Q. Do you remember Mr. Gould visiting the country here early in November, 1879?—A. I do not know that very specially. He used to be out here every year.

Q. Do you remember his coming out here just before he bought the Missouri Pacific?—A. I do not. I suppose he was here; but I do not remember.

CIRCUMSTANCES CONNECTED WITH CONSOLIDATION.

Q. Have you any knowledge whatsoever of the circumstances connected with the consolidation of these two roads?—A. I will tell you all I know about it in a very few words. I was either asked to go to New York, or I accidentally happened to be there, I don't know which. When I got there I went into Judge Dillon's office, which was in the same building where much of the work was done, and he had prepared a draft of the articles of consolidation in pencil on a loose pad—loose paper. It was not written closely together, but just dashed off. He handed it to me and said they were going to consolidate the two companies, and he wanted me to examine it and make any suggestions of criticisms of the paper that occurred to me. I remember very well I was taken a good deal aback with this information, and commenced to protest against it. I said I was sorry, or something of that sort. He told me it was not worth while to express any regrets, or to resist, for it was determined upon, and what was left for us to do was to get the best terms we could. So I looked the paper over, and I do not remember now of making any suggestions, even to a verbal alteration; but it may be I did. I remember to have examined it carefully then, and again on the same day. I read it thoughtfully and tried to comprehend what it meant; and if I made any suggestion or alteration we had no dispute about it, for I am pretty sure he adopted it. But I do not know as I did make any suggestion.

FEAR OF AN INJUNCTION.

I recollect after it was adopted and engrossed, and I was informed that they were determined upon making this consolidation, that I sug-

gested to them that there was a possibility of the information getting out to the public of what they were about to do, and if it came to the ears of the public some mischievous person or party in interest might intervene or get an injunction against their doing this thing, and that it would bother them very much, and that it was not safe at all until the articles were executed and filed in the Department of the Interior; and Sidney Dillon called a young man there and told him to get ready to go to Washington, and to be ready to go by the next train or that night. The paper was executed, and he put out with it, and came back the next day and said it was filed in the Department. That was all I had to do about it, or knew about it. I was very sorry it was done.

Q. What interest had you?—A. None at all; only I thought this was the best property and thought it would be best handled in the way it was going, and that that consolidated mortgage would furnish means to pay all the debts and leave a large sum of money to protect the property against competition and outlying schemes to break it down, and that it was the best thing to leave it as it was and to operate the road as the original acts of Congress required that it should be done.

Q. You think the Kansas Pacific was the better property of the two?—A. I still think it was the better property, and I believe it is to-day. I have not given up my idea about that. It is the best, and ought to be the best.

Q. What further connection, if any, had you with this consolidation scheme?—A. None at all, except to try to defend it, as well as I could, whenever it was assailed. It was my duty to do that, and I did it to the best of my ability.

Q. From that time to the present time you have remained in the employ of the Consolidated Company?—A. Yes, sir.

CLAIMS OF THE PEOPLE OF LEAVENWORTH.

Q. Is there anything in the subsequent history in the Consolidated Company, from 1880 to date, that you have been connected with, to which you desire to draw our attention—I mean any of its financial history?—A. No; only I had it in my mind, reading what occurred out at Leavenworth, to make a statement to you about the claim of the people up there, that they had some special interest in that branch road. They made that complaint before the railroad commissioners of Kansas, and I was requested to attend. I did not know what they were going to do. Dr. Neeley made his statement before the commissioners that the county of Leavenworth had built that branch road, or furnished the means to build it, and that it was not operated as it ought to be for their benefit and their accommodation, and that their money was misapplied. Now, it is true that they gave their bonds for the capital stock of the company to the extent of $250,000, which the contractors got. Some of those bonds they have paid, and some they have not. I suppose they have paid some of them, but they repudiated them wherever they could, coupons and all of it. Upon the issuing of those bonds the company issued to the county its stock certificate of capital stock to the amount of $250,000. That certificate is at Topeka now. I had it in a lawsuit. The county received it, and afterward they got up some sort of a vote by which the county commissioners were authorized to dispose of that stock in aid of the construction of that narrow-gauge road.

A STRUGGLE FOR CERTAIN STOCK.

Q. The Kansas Central?—A. The Kansas Central. They struggled to get our company to agree to the transfer of that stock. I fought it

off for two or three years. They never would have got it on earth if the county commissioners had stood by. They could have got their money, the highest price it ever obtained, under Gould's administration. He paid them finally par for it, and I could not do anything more about it. He paid the Kansas Central par for it; that is, to the parties that had it. They imported here a Pennsylvania corporation to do this business. That is the kind of way in which they built this road.

Commissioner ANDERSON. Please explain that Pennsylvania business?

The WITNESS. I do not know about it now.

Commissioner ANDERSON. I would like to know who got that stock.—A. I cannot tell you now; I would like to look at my books as to that.

Commissioner ANDERSON. Does that show in your statement, Mr. Mink? The witness says it was $250,000 of the old Kansas Pacific stock that was passed over from the Kansas Pacific and county of Leavenworth and was afterwards given in aid of the Kansas Central. Who got that $250,000 stock?

Mr. MINK. I do not know; that must have gone out before the reorganization of that company.

"A BAD EGG."

The WITNESS. I do not know what the transaction was, but Gould was trading with Len. Smith. He was in front of this business, and he put this Pennsylvania corporation ahead, and kept under the bed himself, and I called for him to come out, and we worried about it before Judge Dillon two or three years. I fought him all the time until Gould and he traded. He had these two roads up between here and Atchison, and it was convenient for them to make a trade, and we got in this Kansas Central, which was a bad egg for us. I got the stock certificate. We had a lawsuit about it, and I wanted it; I got it from Boston.

Q. You do not know, then, who got the $250,000 worth of Kansas Pacific stock?—A. I know that parties interested in this Central road got it.

Q. The Kansas Central?—A. Yes, sir; the Pennsylvania corporation, or the parties who were behind it got it, but Gould got it finally for the Union Pacific Company, as I understand it. But what I want to say is this: that if they did not want to keep that stock, it was their own fault, and they had no right to say that Leavenworth County built the branch road. They got the stock for their bonds. They had no right to complain of the management of the road because they had given the bonds of the county for the stock.

Afternoon session.

JOHN P. USHER, being further examined, testified as follows:

By the CHAIRMAN:

Q. How long were you attorney for the Kansas Pacific Railroad Company?

The WITNESS. Under all its names? It had several names.

The CHAIRMAN. Yes, sir.

The WITNESS. I think it was some time in June, 1865, that the record was made appointing me solicitor of the company. I have been that, or an attorney for it in one form or another, to this day.

Q. What were your duties as solicitor?—A. To attend to the local interests of the company, as far as I could.

ATTORNEYS TO LOOK AFTER THE LEGISLATURE.

Q. What assistance had you?—A. At one time Mr. Devereux helped me some. He was land commissioner. At another time Colonel Dennis, who was stationed at Topeka. I did not much care for the aid of Mr. Dennis. He was not absolutely necessary to me, to the legal defense of the interests of the company. But the company wanted a lawyer at Topeka, and it brought him there. I think he came under the advice of General Palmer, who was secretary. Dennis had a clerk or two. As I understood, in a manner they looked after the legislature, and they had conveniences for the members to come and see them, and sometimes, when I was up there, I saw members there. As to that, I would never have anything to do with it. My idea was that the legislature was charged with a duty, and they might do as they pleased, I would not interfere with it.

Q. Were all the attorneys subject to your order?—A. So far as the law business was concerned, they were.

Q. What control had you over the legal expenses of the company?—A. Anything that occurred in my office I certified to. I do not think I ever certified to any of Dennis' bills. I do not remember, I do not believe I did.

LEGAL EXPENSES.

Q. Did you approve of all the other legal vouchers?—A. I do not remember that I did, because they had lawsuits in New York. Mr. Burrill was counsel there, and I do not know but somebody else. They had a great deal of litigation there of one kind and another, and they had a great deal of litigation at Saint Louis; Glover & Shepley generally handled that. They had sometimes John B. Henderson, about some suits either there or in Washington. I have no recollection of ever approving of any of their bills. Have you got any that I have approved?

The CHAIRMAN. I show you voucher No. 243:

General expenses, legal expense account; Kansas Pacific Railway Company, to E. W. Dennis, debtor, assistant solicitor, 1870.

The WITNESS. Does it appear that I have approved of that?

ENTERTAINING MEMBERS OF THE LEGISLATURE.

The CHAIRMAN. I am going to hand it to you when I get it on the record. "For extraordinary expense paid during October, 1870, by order of the president, Topeka, $1,631.60;" approved by the president, and also by the auditor, and receipted for by Mr. Dennis. Please look at that voucher and explain, if you can, the extraordinary charges or services rendered upon that occasion.

The WITNESS. I cannot do it. I will tell you what I think. I do not imagine it will be of much use to you or to the public, but I will tell you. I think this was for cigars and liquor and such things with which members of the legislature were entertained. That is what I think, but I do not know. Dennis was a very clever gentleman.

Q. How long did he act for the company?—A. He acted pretty nearly until he died. He died four or five years ago.

Q. Did he engage in the trial of any of the causes of the company?—A. Oh, yes; he was a pretty good lawyer. He came from Canandai-

gun, and was well bred and had fine manners. His acquaintances were with gentlemen. He was a soldier, and had lived in Wisconsin awhile. I think this voucher was for cigars and liquor. I think so, because Mr. Greeley told me once that he would not approve any more bills of that kind.

LEGAL EXPENSE VOUCHER OF E. W. DENNIS, JR.

Q. Voucher 244, legal expense account:

Kansas Pacific Railway, to E. W. Dennis, Dr., assistant solicitor. 1870, August 1. For amounts disbursed for extraordinary expenses at Topeka, from August 1 to September 30, by order of the president, $5,044.90.

It is approved by the president, and also by the auditor, and receipted by Mr. Dennis November 11, 1870; will you please explain that?—A. I cannot explain it.

Q. Do you give the same explanation with reference to that voucher that you gave to the other?—A. That is my imagination; that is all. There were a lot of thirsty fellows there—one hundred and fifty of them. I have no idea anything was paid to influence legislation, for we did not want any.

LEGAL EXPENSE VOUCHER OF HENRY BEARD.

Q. Voucher 298, legal expense account:

Kansas Pacific Railway Company, to Henry Beard, Washington, D. C. September 14. Services at Washington as attorney for the company up to June 30, 1872, $500.

Will you explain that?—A. Yes, sir. I wish I had approved it, too. If it had been sent to me I would. Mr. Beard is an accomplished lawyer, and had charge of the business affecting our public lands. I think he had a salary of $3,000 a year. He was entitled to it. He earned it. I do not know his superior in Washington in that line.

Q. Who was your attorney in Washington during those years?—A. He was. They had a lawsuit there.

Q. Had you any other attorney?—A. They had a lawsuit there with somebody about this spurious stock that I told you of, and Mr. Perry consulted Reverdy Johnson, as I understood, and he suggested the employment of Mr. McFarland (I think that was his name), the son-in-law of Mr. Johnson, to defend that suit.

Q. What other attorney represented the company there during your term?—A. I do not remember anybody but Beard; he was enough. Shellabarger and Wilson came in after the consolidation some time, but I had nothing to do with them.

LEGAL EXPENSE VOUCHER OF W. E. CHANDLER.

Q. Voucher 302, legal expense account:

Kansas Pacific Railway Company, to W. E. Chandler, Dr. Washington, D. C., 1874, October 31. Services in Washington, D. C., in winter of 1873, in assisting to get prorate bill with Union Pacific Railroad passed, $7,500.

Approved by the president and by the auditor. Do you recollect the character of the services rendered by Mr. Chandler?—A. No, sir; I do not think I was there.

Q. As the general solicitor of the com pany residing here, have you any knowledge of any legal services rendered by Mr. Chandler during that year?—A. I have no personal knowledge. They had to have somebody, I suppose, or thought they had, to get this bill passed.

NOT CONSIDERED STRICTLY LAW BUSINESS.

Q. Then this was one of the attorneys at that time not under your control?—A. Not at all. I did not consider that sort of business strictly law business.

Q. Why not?—A. Because it was not.

Q. What was it?—A. The preparation of bills and soliciting their passage. That was the whole of it, as I understand.

Q. How did they solicit the passage of bills?—A. You ask me what was their business? I was not there. I suppose it was to go to members and explain to them the necessity of these laws. Have you seen the law? In what year was that?

The CHAIRMAN. 1874.

The WITNESS. I believe that was the time they got that bill passed upon which we based that lawsuit in Nebraska.

The CHAIRMAN. I know the act of Congress. I am asking as to the services.

The WITNESS. All I know is, I was not there when it was passed nor when it was pending. I heard Mr. Carr or Mr. Perry say—Carr was present at the time if he said it, or Perry—that they had a good deal of trouble about that, and that there was a Mr. Williams, who was a member of the committee to whom it was referred, from Michigan, who was apparently very friendly to the bill, and he settled it; that they had a good deal of controversy over it day after day.

Q. Would that be properly charged to the legal expense account?—A. I do not know. The auditor, Mr. Smith, had to charge it to some account, I suppose. It was not for me to direct how they should charge such things. I was going to say that Mr. Williams finally said, "I will cut this thing short, and it will be so and so," and that ended the whole controversy. They imposed a penalty for not prorating and abiding by the law. I suppose Chandler helped them. They were not able to do that themselves and had to have somebody.

VOUCHER OF J. B. HENDERSON.

Q. Voucher 304:

To J. B. Henderson, Washington, D. C., by C. S. Greeley, Saint Louis. Services rendered in Washington, D. C., in the years 1872 and 1873.

February 26, draft paid	$250
April 2, draft paid	250
August 1, draft paid	1,500
July 3, 1873, draft paid	2,500
July 1, 1874, tickets to Colorado and return	249
July 1	4,749

Approved by the president and auditor and by Mr. Henderson. Will you explain what services were rendered by Mr. Henderson in Washington for which the charges are made?

CONTROVERSY RELATING TO LANDS.

A. So far as I know from information derived from Mr. Carr, the president of the company, because of certain demonstrations from the Department he had become alarmed; he told me he had employed Mr. Henderson to assist Mr. Beard in the controversy relating to lands, involving the Congressional land grant, between the Kansas Pacific

Company and the Missouri, Kansas and Texas Company. That controversy had been going on some time and I had made an argument myself and Mr. Beard had, and it had been printed, which was satisfactory to me; but Mr. Carr evidently thought Mr. Henderson could do something more than we had done, and so he employed him, as he told me. It was about that time that we had evidences of an unfriendly disposition growing up in the Department of the Interior. Mr. Delano was Secretary. Henderson worked with it and made arguments and reiterated them from time to time and they were sent to me. I suppose I have got them. They may be bound up and it may be I have destroyed them. It resulted in our getting beaten in the Department. Then we had a lawsuit about it, and, finally, by the decision of the Supreme Court in 1878, we gained the land. We beat them out.

HENDERSON'S BILL FOR SERVICES.

Q. As you recall the circumstances, the bill read to you is in compensation for the services rendered?—A. Then Mr. Henderson wanted his pay. I know about that. His account or some account of his was sent up to me to approve and I sent it back without any comments upon it, but said, as I recollect, that I did not want to mix with these things. That Judge Dillon was at the head of the legal department and should pass upon the account. That I could not agree to it. It seems that he got the money.

VOUCHER OF E. C. INGERSOLL.

Q. Voucher 305, legal expense account:

To E. C. Ingersoll, Washington, D. C., by C. S. Greely, treasurer, Saint Louis, Mo., 1874. Services in Washington, D. C., in assisting to get prorate bill with the Union Pacific Railroad passed $7,500.

The WITNESS. I do not know an earthly thing about that, and it is the first time I ever heard of it. Will you explain that?

VOUCHER OF C. S. GREELY.

Q. Voucher 183, legal expense account:

Kansas Pacific Railway Company, by C. S. Greely, treasurer, to E. C. Ingersoll, Washington, D. C., May 10, 1875. This amount being for settlement in full for all services rendered to date in committee with getting pro-rate bill with the Union Pacific Railroad passed, $3,500.

Approved by the president and auditor and receipted for by Mr. Ingersoll. Do you recollect any services rendered by Mr. Ingersoll having relation to this bill?—A. I never knew that he had any employment or engagement with the company in any way, shape, or manner.

Q. Were you acquainted with Mr. Ingersoll?—A. I was, in his lifetime.

Q. Who was he?—A. He had been a member of Congress two or three times; two at least. He was from Peoria, Ill. He was a very bright man, and died suddenly in mid-life.

By Commissioner LITTLER:

Q. A brother of R. G. Ingersoll?—A. Yes, sir.

The CHAIRMAN. What year was he in Congress?

The WITNESS. He was in Congress before that time.

Q. Was he ever connected with the legal department of the Kansas Pacific, in any way?—A. In no way, shape, or form, that I know of, until I heard of these papers. I never heard his name mentioned in connection with it.

VOUCHER OF JOHN HUTCHINGS.

Q. Voucher 22, legal expense account, Kansas Pacific Railway Company to John Hutchings, Lawrence, Kans., Dr. The following is a bill rendered and filed in the auditor's office, and certified to by the general solicitor, January 22: Legal services rendered to Kansas Pacific Railway Company at sundry times from April 1, 1870, to January 22, 1875, inclusive, as per itemized statement attached to original bill, $1,045, compromised for $1,350. There does not appear to be any itemized bill attached to it.—A. I suppose there was one. The bulk of that arose in this way: A party at Lawrence sued the Union Pacific Company, or the Kansas Pacific Company, for the possession of its stations and station grounds. They brought an action of ejectment. I was compelled to go to Washington for some reason, I do not know what. I got Governor Shannon, who was then alive, to look after this case, and told him, if he wanted anybody to help him—he had then got to be an old gentleman—that he might get Hutchings, who was a young, active man there. It seems that he did. I wrote to him repeatedly from Washington every few days about this trial, to fight it from the word go and to object to everything that they offered against us, and I told them what they should say on our side, and to take exceptions to every decision that was made. I thought probably we would get beaten, from my knowledge of the parties and the judge, &c. I told them to take these exceptions and have everything on the record. That is the most that I charged them with. It resulted in the trial going on. We had already had a fuss about it for a good while, before a referee. Judge Cobb was on the other side. I have forgotten who the referee was, but it resulted in nothing, and finally came back to the court for trial. I wrote them repeatedly from Washington and gave them these instructions.

SUIT AT LAWRENCE, KANS., DECIDED AGAINST COMPANY.

When I came home I found that the case had been tried and decided against us, and on inquiry for the bill of exceptions and the case, &c., to see what they had done, it transpired that the bill of exceptions was not signed in time and all that, and I found I could not do anything with it. I was "busted." I could not say much to the governor. He said that John Hutchings had it to look after, and John said the governor had it to look after, and between them we fell. Then he wanted his bill. He had attended to some cow suits and other things and made up an itemized bill. I contended with him about it, but I did not like to, and finally reduced it to $1,300. Then we paid Shannon. He made a considerable bill. He had fallen into some trouble with his money matters and got his pay. He was an old man. Devereux said we had better allow his bill, which I think was $1,500. So the thing stood. I did not think they got a judgment that was of any account after they got it, and I would never give up possession, and have got it yet. I do not think they are in a condition to ever get it away from us. The city claims to own the grounds now. That is all that that is about. I guess that is about as fair a thing as lawyers generally would do. At any rate I thought it was pretty high, but I did not want to quarrel with him.

VOUCHER OF R. M. SHOEMAKER.

Q. Voucher 203. Legal expense account, Kansas Pacific Railway Company, to R. M. Shoemaker, Cincinnati, Ohio, 1872. Item in bill of June 1: February 28, 1869, three months services from December 1, 1868, to March 1, 1869, in Washington, by appointment of the board of directors, $2,000.—A. I do not know anything about that.

Q. Who was Mr. Shoemaker?—A. He was one of these contractors. I remember seeing him there with his wife. But I did not know we were paying the expenses.

Q. Was he a lawyer?—A. No.

Q. How would such a bill be charged to legal expense account?—A. You would have to ask the man that charged it. I do not know. I never directed it. I did not know anything about it.

Q. You were indifferent, then, as to whether the legal expenses ran up under your administration as general solicitor?—A. No; I was not. How did I know anything about these things?

HOW THE COMPANY'S LEGAL AFFAIRS WERE MANAGED.

Q. How did you protect your department as to legal expenses?—A. All the business that I had anything to do with, if I employed anybody outside, I settled with them. But what they did in New York or Washington about those things, I knew nothing about. What had I to do about it?

Q. Would it not make it appear, however, in the annual report, that your administration of the legal department was an expensive one?—A. I do not know that it would. I do not know of anything of the kind being made to appear in the annual report.

Q. So you took no particular care as to what the company charged in the legal-expense account?—A. No; I do not know why I should. If I kept charge of the legal expenses that I knew anything about, I performed my duty. They never asked me to indorse the appointment of Shoemaker as a lawyer. Of course, they would not do that, because he was no lawyer.

Q. You have no knowledge, however, of the charge in Washington, by Mr. Shoemaker?—A. Not a particle.

VOUCHER OF HORACE WHITE.

Q. Voucher 504—

Kansas Pacific Railway Company (A. H. Calef, cashier, Saint Louis, Mo.) to Horace White, Washington, D. C.

1878, March 13. To services at Washington, order of Villard, receiver:

Jan 30, 1878	$500
March 13, 1878	245
Total	745

Can you explain that?

MR. WHITE'S SPEECH BEFORE THE CONGRESSIONAL COMMITTEE.

A. I know nothing of this voucher unless it may have been on account of a discourse or address which Mr. White delivered before a Congressional committee in behalf of the company, relating to the controversy about the prorate bill in 1878—the time that I first met Mr. Gould, as I have before stated. If it was for that service, it is not as

bad as I might have expected, if he charged anything. My idea was that he was a volunteer, and was gratified to be enabled to display himself before the committee. Mr. Woolworth was there on behalf of the company—I believe that was the time; he was a very able man, and he had very few superiors; and Mr. White insisted upon taking up the time with enlightening the committee with his statements which he had written, and so he took up our time.

Q. You recollect the voucher?—A. No; I do not recollect any voucher.

A WRITTEN SPEECH.

Q. As you recollect the circumstances associated with this voucher, the compensation was for the speech?—A. Well, it was a written speech. He was not capable, I reckon, of getting up and talking right straight off, but he must have spent time in writing down his views on this subject. I thought he was a volunteer, and I considered that he was damaging our interests, inasmuch as he took up the time of others who were better able to argue the question. You can just say that I do not like him, and did not like him. I do not think he ever omitted an opportunity to defame Lincoln during the war, whenever he could. I refer to his paper.

Q. What was the subject that was being discussed?—A. I think it was this prorate matter. I did not think enough of his paper or his speech to keep it, and I could not tell what it was about.

Q. Was Mr. Woolworth employed at the same time?—A. Yes, sir.

Q. By the company?—A. Yes, sir; our heaviest fight and controversy there was immediately preceding Gould's buying out that interest. I never felt that we paid Mr. Woolworth anything he did not earn.

By Commissioner LITTLER:

Q. Where did he live?—A. He lived at Omaha; he is a very able man.

VOUCHER OF J. P. USHER.

The CHAIRMAN. Voucher 24.

Kansas and Pacific Railway Company to J. P. Usher, of Lawrence, Kans., 1879, January 31. Compensation for services rendered. Complaint made in case of Meier, Stuart *et al.*, against Kansas Pacific Railway Company *et al.*, allowed by the United States circuit court for district of Kansas, directed to be paid on order of court, dated January 27, 1879, $16,666.66.

The WITNESS. That is right.

By the CHAIRMAN:

Q. What was the nature of the suits pending?—A. I brought the suit to foreclose the $6,000,000 mortgage. They refused to pay me and we had an issue, and the court decided that I was entitled to that much.

Q. It was recovered under this suit?—A. Yes, sir.

Q. As compensation?—A. Yes, sir; the company did nothing except to obey the decree of the court.

The CHAIRMAN. These are vouchers that we could not get any explanation of at Omaha, and we brought them down here. Judge Poppleton referred them here.

The WITNESS. I regret to say that there are a great many of them that I do not know anything about.

Q. Have you any suggestions to give to the Commission other than those you have already named?—A. I do not know that I have.

Q. Have you any other information that you can give the Commission?—A. We employed a lawyer here.

Commissioner ANDERSON. I wish you would tell the Commission what you told me at the table about the transportation of mails and troops over the Santa Fé road.

PROCUREMENT OF INEXPENSIVE LEGAL SERVICES.

The WITNESS. Well, I had it in my mind I wanted to tell one thing. We had more or less suits brought against us here in Kansas City that required attention; I was up at Lawrence; some of them required immediate attention, such as attachments for small amounts, and it was necessary to have some one here that was acquainted with the laws of Missouri to look after them and see that we did not lose any advantages. So there was a young gentleman here who was a friend, I think, of Russell Sage. Sage wanted me, as I understood, to help him if I could, and so I had him put on the pay roll at $50 a month, and he was on there; he is able and faithful; I think that was all right; it was a small salary, and he has earned the money. Then along the road, of this 400, 500, or 600 miles of road and branches, at various places, we gave some young lawyer an annual pass, on condition that he would look after our business there and not charge us anything for it. In that way we got along, I thought, reasonably cheap. That is the way it has been done here. I do not know anything about these things except in Kansas, and that I have told you. You asked me to mention something about what I said at the table.

Commissioner ANDERSON. You surprised me by your statement in regard to transportation of mails and troops.

MAIL TRANSPORTATION DIVERTED.

The WITNESS. Of course, I cannot affirm for a certainty what I am going to say, but it is what I firmly believe. That is, that the Departments of the Government have never given to this road, or to the Union Pacific road, the business to which they were entitled, or for which they were created. I think you will find to-day, by examining and inquiring of the postmaster here and at Lawrence and at Topeka, that more mail comes to their towns sent from here, and more is received here by way of the Santa Fé (a rival road), than there is over the Union Pacific by many pounds of mail. I may be mistaken about this, but I believe it.* Also, in regard to handling of supplies for the Government, for which these roads were created.

TROOPS AND STORES SENT OVER OTHER ROADS.

I think that the War Department at Washington and its appendages send their troops and all that sort of thing over these other roads, without having any regard whatever to the rights of the Government in these roads and the obligation of the companies to carry them. I know when I was up at Fort Riley last year, or the year before at Junction City (Fort Riley being just this side), that I saw several car-loads of coal at the post depot which had been transported there for Government

* Since my examination I have made some inquiry about the handling of the mails, and my information is that mail matter from Kansas City to Lawrence and Topeka is carried mainly by the Santa Fé Company, and from Kansas City and these Kansas towns to Colorado by the Santa Fé Company.—J. R. M.

use. On reaching Junction City I inquired of the agent where that coal came from, and whether we had hauled it, and he said no; but it was hauled from Junction City down there and they got $2 or $3 a cart for hauling it; but that the coal had come around the other road, the Missouri, Kansas and Texas. My idea was that it was the duty of the War Department to see that this company hauled that coal. They let the contract, I suppose, to somebody to furnish coal, and then they tried to see from whom they could get the lowest rates. So that in that way my conviction is absolute that we have never got, or the Government has never given to these roads, what the acts of Congress contemplated they should have.

PLAN OF SETTLEMENT.

I believe now that if the Government would take all its securities, and take up those that are yet to fall due and that underlie the Government security, and convert them into preferred stock at 2½ per cent., and cut the rate in two, they would get their money. That would stop all this fuss about building cross lines and everything else. I believe that is the way to do. Here is the chance now to test it. It would be a wonderful thing for Kansas and these Territories and States beyond.

CHEAP TRANSPORTTATION.

Q. In what way?—A. It would make their transportation so cheap, because all the other roads would have to come in, and it would stop all this running of cross-roads over the Union Pacific road. Right up here at Bonner Springs the people of Leavenworth have taxed themselves $50,000 to pay this year and next (requiring the tax-payers to pay it in money) to build a road from Leavenworth that crosses at Bonner pile bridge for the Santa Fé Company to take their business away from us on the branch, and bring it down to the Santa Fé. We have to stop there with our trains. The proof was, on an application for an injunction, that our locomotives would not handle as many cars by six or seven loaded cars, by reason of having to stop for that crossing because there was a sag there. So we have to stop all our trains there. We got only $1,000 damages. I fought against it. They cut us everywhere, at every point along the way, and diminished the value of this property unspeakably. The Government ought to become the main stockholder and put the rates down and take away all their offices from New York and Boston, and everywhere else where they could be sued outside of these States where these roads are located, and stay away from these cities. I believe the Union Pacific Company pays the interest of 2½ per cent. on more than $10,000,000 to defend its lawsuits brought abroad. We ought to get away from Boston and New York and get rid of all the tack-hammer fellows, and of all of this advertising and everything of that sort; and the money received should be paid into the sub-treasury. Then the Government would have this thing in shape that would test the propriety of its handling the transportation of the country. The interstate commerce bill would not be very much in the way. It is futile to undertake to undo what has been done. Depend upon it, nothing can be accomplished in that direction. The vital question is what can the Government do with its interest in the property to benefit the people? What better can it do than to convert its credit into the capital stock of the company and reduce the rates to a mere minimum. The Santa Fé is going to build a through line. That road and these other

roads would, in the contingency I mention, have to make their rates to correspond with those, and would make them.

BENEFIT TO PEOPLE OF PROPOSED PLAN OF SETTLEMENT.

By the CHAIRMAN:

Q. The people generally would be benefited?—A. Yes, sir; they would. You must remember that Fort Riley is the geographical center of this Government outside of Alaska. Of course the majority, or an equal rate of population, cannot be west of that central line; but there will be an immense population. It will bring all these transcontinental roads to the same rates. It will finally accomplish what these roads were inaugurated and made for while the Government was in the very throes of war to prevent dissolution of the Union. The other roads would have to come into line.

FACTORS TO BE CONSIDERED IN PLAN OF SETTLEMENT.

I want to say another thing. We have a grant of land of 200 feet wide on each side of the track (not each side of the center), which would be 400 feet 8½ inches in all, over all the public domain. There was this Delaware reservation and the Pottawatomie reservation, which was a part of the public domain. It did not strike us at the start until I got to thinking about it more. We had a lawsuit (about killing some cattle and about cutting some timber) with one of these Delaware Indians here, and it appeared that it was all within 200 feet of the road, and I set up the defense that we had a right to do it, as it was on our land. It went to the supreme court of the State, and there decided that our right of way through this Indian reservation was 400 feet. It afterwards went into the Federal court in another form, and Judge Brewer of the Federal court decided that way. In addition to that, we have in our grant the odd-numbered sections in all the public lands. There was an agreement in the act to extinguish the Indian titles. Therefore we are entitled to the odd sections in the diminished Delaware reservation and to the odd sections in the Pottawatomie reservation, which would be worth now, estimating them at $2.50 an acre, some $700,000 or $800,000.

Q. Why do you estimate them at only $2.50 an acre?—A. Assuming that they were worth only that at the time we ought to have got them, but assuming that they were worth what they are now, they were worth $5,000,000. I brought that to the attention of Judge Dillon and Mr. Adams, suggesting that in anything that the Government did with reference to settling the accounts with the company, the value of those lands should be taken into account and that we should be credited for them, for the Government had sold them. It would diminish our debt very much if we got that allowed; and I do hope, if you report on this subject, that you will call the attention of the President and of Congress to our claim in that respect.

By Commissioner ANDERSON:

Q. Did the Government get $5,000,000 for them?—A. No; that is why I said $2.50 an acre.

By Commissioner LITTLER:

Q. Is that what the Government got?—A. Yes, sir; I think it was; something like that. But while they are dealing with an impecunious

party, they ought not to be very strict about a thing of that sort. They ought to make a liberal allowance.

IMPECUNIOUS, ALTHOUGH DIVIDENDS OF $28,000,000 WERE DECLARED.

Q. You do not think you are impecunious?—A. I reckon so. You have not seen any great amount of money around, have you?

Commissioner LITTLER. You made $28,000,000 in dividends.

The WITNESS. The Kansas Pacific never did.

Commissioner LITTLER. Or got the dividends on the stock?

The WITNESS. When?

Commissioner LITTLER. From 1880 to 1884.

The WITNESS. Oh, yes; that was after the consolidation. I do not know anything about that.

Mr. MINK. It is no crime to pay a dividend.

Commissioner ANDERSON. It was only in reference to the claim of impecuniosity.

The WITNESS. We are impecunious now, at any rate.

Commissioner ANDERSON. You paid too much in dividends.

The WITNESS. They ought to give us a liberal allowance.

By the CHAIRMAN:

Q. Why has not the company made this claim? What has been the answer of the authorities?—A. I cannot tell you why they have not, and I do not know but what they have. It is no fault of mine that they have not.

Q. How could this Commission suggest something which the company has not claimed?—A. I do not know what you have to do. I do not know the scope of your powers.

The CHAIRMAN. That is one of them—to inquire into the value of the property of the company.

SQUATTERS ON RIGHT OF WAY.

The WITNESS. If it is that, it is legitimate for you to mention this. Then I wish to say that I have striven to drive these people off the 400-feet right of way. Mr. Adams did not like to make them unhappy, and so we let them alone. There are people along there who have pig-pens, hay-stacks, and all that sort of thing. I wanted to put them off. We had a controversy about a quarry this side of Linwood that we wanted to get stone from for ballast of the road.

These are matters which I think the Commission should be made acquainted with.

CLAIMS AS TO ODD SECTIONS IN DIMINISHED DELAWARE RESERVATION.

By Commissioner LITTLER:

Q. Will you submit the claim of this company, in relation to the lands about which you have spoken, in writing, so that it may be considered formally?—A. Yes, sir; I will make a brief statement of it and refer to the authorities. I think Mr. Adams will do that. I have written to Dillon half a dozen times about it, and to Mr. Adams, while this thing was going on before Congress, begging him, in case Con-

gress was inclined to do anything, to have this land question settled; that we were entitled to large credit, and he ought to insist upon it while it was going on. He will tell you so. It was not his idea. I believe that it was wise to agitate the matter at that time, but to get the legislation then pending through the best way he could. But I thought it was the proper time to make our claim, as the thing was progressing. That was my notion. I do not know what else I can say. If I have omitted to answer any questions you have asked to the best of my knowledge, I do not know it.

J. P. USHER.

The Commission then adjourned, to meet upon the call of the Chair.

50TH CONGRESS, 1st Session. | SENATE. | EX. DOC. 51 Part 5.

TESTIMONY

TAKEN BY

THE UNITED STATES PACIFIC RAILWAY COMMISSION

APPOINTED

UNDER THE ACT OF CONGRESS APPROVED MARCH 3, 1887, ENTITLED "AN ACT AUTHORIZING AN INVESTIGATION OF THE BOOKS, ACCOUNTS, AND METHODS OF RAILROADS WHICH HAVE RECEIVED AID FROM THE UNITED STATES, AND FOR OTHER PURPOSES."

ROBERT E. PATTISON, OF PENNSYLVANIA, *Chairman*,
E. ELLERY ANDERSON, OF NEW YORK,
DAVID T. LITTLER, OF ILLINOIS,
Commissioners.

VOLUME IV.

REPORTED BY

CHARLES P. YOUNG, of New York,
SECRETARY AND STENOGRAPHER TO THE COMMISSION.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1887.

TESTIMONY

TAKEN BY

THE UNITED STATES PACIFIC RAILWAY COMMISSION,

AS TO

THE WORKING AND FINANCIAL MANAGEMENT OF THE RAILROADS THAT HAVE RECEIVED AID FROM THE GOVERNMENT IN BONDS.

DENVER, COLO., *Monday, July* 11, 1887.

The Commission met upon the call of the chair, all the Commissioners being present.

LEONARD T. SMITH, being further examined, testified as follows:

The CHAIRMAN. You were sworn and examined in Leavenworth, Kans.?

The WITNESS. Yes, sir.

By Commissioner ANDERSON:

Question. Since you were examined at Leavenworth we have been over the Kansas Central, and desire to call your attention to an answer made by you, that the actual cost of constructing that road was from $20,000 to $22,000 per mile. Please tell the Commission whether, on reflection, that was not an overstatement of the actual cost?—Answer. I do not think it is. As I said to you when I made the statement, I would have to refer to books to make an accurate statement. But I do not think the road could be built, at that time, for less than that money.

CONSTRUCTION OF KANSAS CENTRAL.

Q. When was it built?—A. A part in 1871 and 1872.

Q. How many miles?—A. Fifty-six miles in 1871 and 1872. During the panic, that was.

Q. The rest of it was built when?—A. To Onaga, 1877—28 miles. The rest of it was built from 1879 and 1881. I think we commenced in the spring. Mr. Garrison bought it in 1879. A part of it was built in 1879; 35 miles to Garrison.

Q. We are not inquiring as to how many dollars in bonds the company issued to construct and build the road, but we are inquiring as to what it cost the contractors themselves for the iron and material put on that road.—A. I think I explained to you that there was no contractor. The company built it themselves. I was the president of the company, and my associates and I, as we spent the money, made requisitions or monthly estimates and were paid by the company.

COMPANY ISSUED BONDS TO ITSELF AND ADVANCED THE MONEY.

Q. How did the company issue the bonds?—A. To themselves, and advanced the money. That was the first part. In the first place the road was built, the company building it and taking the bonds at par, and furnishing the money at par for the bonds, as far as Onaga.

Q. What company was that?—A. The Kansas Central.

Q. Do you mean they took their own bonds?—A. They took their own bonds and borrowed the money or advanced the money on the bonds. That was until Commodore Garrison came in.

Commissioner ANDERSON. Leaving out the bond transaction entirely, the Kansas Central must have bought the rails from dealers in iron?

The WITNESS. Yes.

Commissioner ANDERSON. They did not pay for those in bonds, but with money?

The WITNESS. They paid with money.

COST OF CONSTRUCTION.

Q. Measuring the cost of that road by the money so paid and by the money paid to the material men who ballasted and regulated the track, what is your judgment as to what it cost per mile to construct the Kansas Central?—A. Not less than $20,000 to $25,000 a mile. As I say, I would have to refer to books to give any data.

Q. What, in your judgment, was the iron worth per ton?—A. One hundred dollars per ton, the first iron, delivered in Leavenworth.

Q. How many tons per mile?—A. They were 30-pound rails, all of them, for the first 50 miles. That would be a little less than 50 tons per mile. Including side tracks and all, it would be a little over that.

Q. How much did the iron cost on the rest of the road, built in 1878 and 1879?—A. Some of it was built 29 miles from Onaga, or about 30 miles, say, at a cost of about $42 a ton.

Q. Was that 30 miles built before or after the period when the road was sold under foreclosure and bought in?—A. It was built before.

Q. Is that all that was constructed before?—A. Yes, sir.

Q. Between the May when it was sold, in 1879, and November, 1879, I understand you to state that 35 miles more of the road were constructed?—A. We were building that when Mr. Garrison sold out to Mr. Gould, and had nearly completed it.

Q. Do you know what that 35 miles of road actually cost per mile?

The WITNESS. That Commodore Garrison and myself built.

Commissioner ANDERSON. Then you certainly can tell.

The WITNESS. I can tell by the books.

Q. Did it cost, without the equipment, over $10,000 a mile?—A. Oh, yes, sir.

COST OF IRON AND RIGHT OF WAY.

Q. What did the iron cost?—A. If you went over the road you must have noticed that it was a very heavy road to build from Onaga to Garrison. It was a very rough country through Pottawatomie County.

Q. What did the iron cost on that section?—A. I could not say.

Q. Was it more or less than the preceding 30 miles? That was from May, 1879, to November, 1879?—A. I think it was about the same. I think it cost about $40 or $42 a ton, delivered in Leavenworth.

Q. Did the right of way cost anything?—A. Yes, sir; it was not very expensive, though. I should judge $500 a mile would cover it; perhaps less than that.

Q. Then the chief items of expense are the rails, the ties, the fish plates, and regulating and grading and ballasting?—A. Yes, sir.

Q. Are there any stone or iron bridges on that?—A. No, sir; there are stone culverts. There are no very long bridges.

THE AID EXTENDED BY LEAVENWORTH.

Q. I understand that $250,000 of the stock of the Kansas Pacific Company was delivered by the town of Leavenworth to the Kansas Central as an inducement for the construction of the road. To whom did that stock go after this delivery to the Kansas Central?—A. Kansas Central proposed to the county of Leavenworth, which had $250,000 worth of its stock, that if they would build 50 miles, they should have this $250,000 stock. That would take it to Holton or near Holton. It is 55½ miles to Holton. We built to Holton before asking for the stock. Then the county surrendered to us the stock. After that we went on and built to Onaga and then the road was sold out and a compromise made with the company. All the associates and Mr. Garrison and myself bought in the road at enough to cover its floating debt and everything we had outstanding. This stock belonged to the first associates—covering the 50 miles—and Mr. Garrison had nothing to do with it. It was not in the sale at all.

Q. How many of those associates were there?—A. There were twelve originally. They had not all staid in at the time we got it.

Q. So that these twelve retained the title to that stock after the transfer to Garrison?—A. Yes, sir.

Q. In what respect was this stock distinguishable from other stock of the Kansas Pacific?—A. I, of course, was claiming that it was the only stock paid for.

THE STOCK ISSUED THEREFOR TO LEAVENWORTH.

Q. It had been issued in consideration of actual bonds?—A. Actual bonds.

Q. Delivered by Leavenworth County to the company?—A. Yes, sir; $250,000 of bonds.

Q. You claim that it was non-assessable?—A. I did, in my petition to get the stock transferred on the books of the company. We had quite a litigation over it, pending for years; never accomplished anything until after Mr. Gould bought out the road. Then we compromised.

Q. Before we come to that, what position did the city of Leavenworth take in regard to this litigation to compel the transfer of the stock?—A. Not any, after they transferred it to us. They had no rights in it, I claimed.

Q. Did they not take some hostile action?—A. Yes, sir; not the citizens, but the county officers, and the lawyers threw some stumbling block in the way. The question was raised in the court that we had not had it legally transferred to us. The question was never litigated, but was always postponed and kept opened. Of course it was done to annoy us and to keep us from having this stock transferred. We never could get the stock transferred on the books of the company.

Q. Did you never make a proposition to the county officers of Leavenworth in regard to that?—A. No, sir.

Q. To whom did you make it, to allow a percentage?—A. That was made by our company. We happened to have a meeting two days before this trade of Commodore Garrison's, not knowing anything about

it, however, to know what we could realize out of the stock and what we could get for it.

THE SALE TO GOULD.

Q. The meeting of the associates?—A. The meeting of the associates, which was the Kansas Central. They directed me to offer to the county of Leavenworth, at my suggestion, to be a party to the suit with us to compel the transfer of the stock, and then I would immediately ask for a receiver. That was my arrangement. The resolution in the company was that I should do whatever I chose to with this stock. That I should have full charge of it. It was not more than a couple of days before Gould bought Garrison's interest, and I have never mentioned it to the county, as I had not had time, as I had a great deal of other business, when I got a dispatch to come on to New York. I imagined right off——

Q. Dispatch from whom?—A. From Mr. Garrison, and also, I think, from—no, it was from Mr. Garrison alone. He wanted to meet me, and I saw by the paper that he had sold out to Mr. Gould. That was the first I knew of it. The dispatch was, to come to New York at once; also all the directors of the Missouri Pacific. I was a director also. Commodore Garrison's brother joined me at Saint Louis, and I went on to New York. I had been at Mr. Gould to buy the stock two or three years before, several times. I talked with him. That was the time we sold the stock to him.

Q. You saw Mr. Gould?—A. Yes, sir.

PRICE OF THE STOCK.

Q. What occurred between you and Mr. Gould in regard to the price of this stock?—A. It was a new thing to me. I asked him to make me an offer. He offered me $100,000.

Q. It was $250,000, was it not?—A. Yes, sir.

Q. Five thousand shares?—A. Yes, sir. I told him I would not accept it.

Q. What was the market price?—A. I think about 80 or 85. I made this remark to Mr. Gould. He said, "The stock is selling here in the market." He said, "This stock has not been transferred; and not only that, I guess you understand the market here pretty well. It is made"—or something of that sort. You could not sell that amount at that time.

Q. At what figure did you trade?—A. I think on the basis of 80 per cent., and with the understanding that he should have the amount. I told him my arrangement.

Q. Then you allowed to him what amount you were allowed?—A. Yes, sir.

Q. So that it netted you about $150,000?—A. Yes, sir. I offered to take $200,000. Finally he offered $150,000, and I took it up.

Q. This happened a few days after the transaction as to the Missouri Pacific between Mr. Garrison and Mr. Gould.—A. Yes, sir.

L. T. SMITH.

DENVER, COLO., *Monday, July* 11, 1887.

SYLVESTER T. SMITH, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am general manager of the Denver and Rio Grande road at Denver.

Q. Where do you live?—A. Denver.

OFFICIAL POSITIONS HELD BY WITNESS.

Q. How long have you been manager of that road?—A. Since May 1, this year.

Q. Were you connected at any time with the Union Pacific Railway?—A. Yes, sir.

Q. When?—A. I commenced with the Kansas Pacific from February 1, 1864, and was with them until May of this year.

Q. What position did you hold in 1864?—A. I was auditor in 1864.

Q. How long did you hold the position of auditor?—A. I held it until 1878, when I was appointed receiver of the Kansas Pacific.

Q. What position did you hold after that?—A. I was general superintendent of the Kansas Pacific until November, 1884, when I was appointed general superintendent of the Union Pacific.

Q. What were your duties as auditor?—A. I had general charge of the accounts.

Q. To what extent had you power over the bills presented to you?—A. I had the approval or rejection of them and gave instructions to the subordinate officers and agents and other officers along the line, so far as the accounts were concerned.

REBATES.

Q. During your term as auditor of the company was it the practice of the authorities to allow rebates?—A. Yes, sir.

Q. To what extent?—A. I hardly know how to answer that question.

Q. Was it general or special?—A. There were rebates allowed to a certain extent every month. You can call it either general or special.

Q. Upon what basis did they allow the rebates?—A. I do not hardly know how to answer that. It was according to the circumstances, and they varied from time to time. There was no regular rule about it.

Q. What were the circumstances that made you change them?—A. Competition and rates made by other lines, and the weather, and the state of the crops, and the direction in which they moved.

Q. Do you recall any of the names of the shippers to whom rebates were allowed?—A. No, sir; not specially.

Q. Do you recall them generally?—A. I do not know as I could; it is a long time ago.

Q. Was it a fact that the same names were constantly being repeated?—A. Oh, yes, sir.

Q. Do you mean the names of persons to whom special rates were given?—A. Yes, sir.

Q. Were they small or large allowances?—A. Generally their heaviest shippers.

Q. During your term who were the heavy shippers?—A. It would be pretty hard for me to name them; I could not recall them; I could not begin to recall the shippers.

Q. Had you any instructions as to rebates?—A. No, sir. The vouchers were passed in the accounting department on the authority of the general freight agent and approved by the general superintendent.

ALLOWED UPON APPLICATION.

Q. Were rebates allowed upon application?—A. Applications were generally made to the traffic department, and if they passed on them it was certified by the traffic department and approved by the general

superintendent. That was all that was necessary to pass them through the accounting department.

Q. During your term as auditor was there, to your knowledge, any payment of dividends out of the land fund?—A. No, sir; there never was. I never was auditor of the Union Pacific road; it was the Kansas Pacific. I am answering now as auditor of the Kansas Pacific. There never was.

Q. Were you auditor after the consolidation?—A. No, sir; I was general superintendent after the consolidation.

UNION PACIFIC PEOPLE NOT INTERESTED IN OTHER BUSINESS ALONG THE LINE.

Q. During your term as auditor had you any knowledge of any officer or employé or agent of the Union Pacific Company or the Kansas Pacific Company being interested directly or indirectly in any manufacturing or business company along the line of the road?—A. No, sir.

Q. During the time that you held other positions in the company had you any knowledge yourself or through others of any officer or employé or agent of the company being interested in any business along the line of the road?—A. No, sir.

Q. What part did the officers or employés of the company take in elections during your term of service?—A. As far as I know, they all voted as they saw fit, and did not take any part.

Q. Have you any knowledge of interference on the part of the officers or employés of the company in politics?—A. No, sir; none whatever.

Q. In the direction of influencing legislation?—A. No, sir.

PASSES.

Q. Had you any authority to issue passes while you were auditor or subsequently?—A. Yes, sir.

Q. Did you issue passes?—A. Yes, sir.

Q. Were you instructed as to the manner of issuing them?—A. No, sir; not particularly.

Q. How did you issue passes, and to whom?—A. While I was general superintendent I issued them on the application of other lines, on application of heads of departments, and issued them on account of business sometimes, and issued them as complimentary.

Q. Under what other classes were they issued?—A. I believe that covers about all of them.

Commissioner ANDERSON. Complimentary would cover a great many.

TO WHOM COMPLIMENTARY PASSES WERE ISSUED.

Q. To whom did you issue complimentary passes?—A. To personal friends of mine, and to other officers, and to officials of other lines.

Q. Did you ever issue a pass to a member of the legislature?—A. I do not know whether I did or not. I suppose I have to a great many; yes, sir. I know I have.

Q. Would you not recall it if you did?—A. I say that I did.

Q. Have you issued passes on application of members of the legislature to their friends?—A. I think very likely I have.

Q. Was that for the purpose of influencing legislation?—A. No, sir; not at all.

Q. Was that for the purpose of making friends for the road?—A. It was issued as a compliment; it was complimentary. They were issued to a great many other people.

Q. What compliments were you under to the friends of the members of the legislature?—A. It would be considered complimentary if they made a request and we honored it.

Q. Have you named all the classes to whom you issued passes?—A. Yes, sir; I think I have covered all the classes.

Q. Have you issued passes to shippers for the purpose of securing their freight or business?—A. No, sir; personally I do not think I ever have. But they have been issued by others; by heads of departments. They were furnished by me.

Q. Did you authorize the person to whom you issued the pass to issue such a pass?—A. Yes, sir.

TRANSCONTINENTAL POOL.

By Commissioner ANDERSON:

Q. Was the Denver and Rio Grande a member of the transcontinental pool?—A. So I understand; yes, sir. I do not know that I have much information about that.

Q. While you were superintendent of the Union Pacific, did the question of the payment of the Pacific Mail subsidy come up?—A. No, sir; I never had anything to do with that.

Q. You have no knowledge whatever on that subject?—A. None whatever.

Q. When did you become receiver of the Kansas Pacific?—A. I think it was the 1st of November, 1879.

Q. You succeeded Mr. Greeley?—A. I succeeded Mr. Greeley and Mr. Villard.

Q. Was that just on the eve of the consolidation?—A. Just before the consolidation; yes, sir.

Q. How long did you remain receiver?—A. Up to the date of consolidation.

Q. The 24th of January, 1880?—A. Yes, sir.

By the CHAIRMAN:

Q. Can you be here before the committee within the next two days?—A. Yes, sir; I can. I was expecting, though, to go up the road the day after to-morrow. If you could call me to-morrow it would be more convenient.

The CHAIRMAN. There are some questions that are involved in some testimony taken at Omaha that we would like to examine you upon; so that if you would be in the neighborhood, we would like to have you here. The testimony has not yet been transcribed by the stenographers.

The WITNESS. I will be here, but I would prefer to come to morrow afternoon, if you could arrange it that way.

DENVER, COLO., *Monday, July* 11, 1887.

JOHN HARKINS, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am president and manager of the Rocky Mountain News Printing Company.

Q. How long have you been such manager?—A. I have been manager of the company in the neighborhood of eight years.

Q. During that time have you resided in Denver?—A. Yes, sir. I have been president and manager of it for about a year, or a little more.

COMPLAINTS.

Q. Have you any knowledge of any complaints as to the facilities and accommodations afforded by the Union Pacific Railway Company to this community?—A. Of a general character.

Q. Will you please give them to the Commission?—A. Those complaints that naturally drift into newspapers is all the knowledge I have.

Q. What were the complaints, or what are they?—A. The excessive rates, and so on.

Q. How long have those complaints existed?—A. They come from time to time to us, as to any newspaper office of a general character.

Q. Are the complaints true?—A. I could not say that. It is my business to investigate such matters only as a newspaper man.

Q. Have you any knowledge, generally, of any complaints existing in the community?—A. Only of a general character.

HIGH RATES ON THE COLORADO CENTRAL.

Q. What is the general character of the complaints?—A. Excessive rates; high rates to certain points. The complaints mainly that have come to me are complaints of high rates on the Colorado Central road.

Q. Have you any knowledge of any discriminations, or preferential rates, or special rates allowed by the Union Pacific Railway Company to shippers?—A. Of a general character.

Q. What do you mean by a general character?—A. I have heard that such things did exist; that such discriminations were made; that special rates were granted. I do not know of my own knowledge.

SPECIAL RATES TO ROCKY MOUNTAIN NEWS.

Q. Has your company ever had any special rate from the Union Pacific Company?—A. Yes, sir.

Q. How long has the special rate existed?—A. It had a special rate when I went into the company and became its manager, some years ago. It was at the time when Mr. Loveland was president of the company and was a director in the Union Pacific road.

Q. The special rate was from what point to what point?—A. From Missouri River to Denver.

Q. On what did you have the special rate?—A. On print stock.

Q. What special rate did you have?—A. I do not know what it was. The arrangement was made before I came there, and I know nothing about it.

Q. Do the special rates exist to-day?—A. No, sir.

Q. When did they cease?—A. When I became president and manager of the company, after Mr. Loveland went out of it.

Q. What year was that?—A. A little over a year ago.

Q. Have other shippers in the same line of business a special rate, or had they during that time?—A. I do not know anything about them.

Q. What was the open public rate from here to the Missouri River on the print stock?—A. Something in the neighborhood of $2, I believe; $2.30 or $2.40, or something along there.

By Commissioner LITTLER:

Q. Was that on the 100 pounds?—A. I think it was. Something like that.

By the CHAIRMAN:

Q. What was the percentage or cut rate that was allowed to the Rocky Mountain News Company?—A. I do not know.

Q. Has the Union Pacific Railway Company any interest in the Rocky Mountain News Company?—A. No, sir.

Q. Have they ever had any interest?—A. Not since I have been in it; no, sir.

Q. Have any of its officers, agents, or employés had any interest?—A. No, sir.

A REBATE OF $1,000.

Q. In the examination of the books of the Union Pacific Railway Company, a rebate or allowance of $1,000 to the Rocky Mountain News Company was found. Mr. Kimball, the manager, was unable to explain it. Can you give any explanation to the Commission as to what that rebate was for?—A. No, sir; that was some arrangement made, as I tell you, with Mr. Loveland at the time Mr. Loveland was a director in the Union Pacific Company.

Q. During your management in the last year, had you ever any rebate from the company?—A. No, sir.

Q. Where is Mr. Loveland?—A. I believe he is in Denver.

Q. Does he reside here?—A. He resides here; yes, sir.

Q. Is he here now?—A. I could not tell you; my impression is that he is. I saw him a few days ago in the street.

By Commissioner LITTLER:

Q. What is his full name?—A. W. A. H. Loveland.

The CHAIRMAN. We are much obliged to you and will excuse you unless you have some suggestions to offer.

The WITNESS. None at all.

By Mr. WILLARD TELLER:

Q. Do you know when Mr. Loveland ceased to be a director in the Union Pacific?—A. I could not give you the date.

Q. Was it several years ago?—A. Several years ago; yes, sir.

Q. Was it about the time you went in?—A. No, sir; it was after. About 1881 or 1882. That is my impression. I am not certain about that.

By the CHAIRMAN:

Q. Have you any other information that you can give the Commission?—A. I have nothing at all.

DENVER, COLO., *Monday, July* 11, 1887.

JAMES M. BURNELL, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. At present I am secretary of the Rocky Mountain News Printing Company.

SECRETARY OF ROCKY MOUNTAIN NEWS COMPANY.

Q. How long have you been secretary?—A. For about a year.

Q. Were you connected with the company prior to that time?—A. As a foreman in the news department of the newspaper.

Q. Were you connected with the Rocky Mountain News Company during the period when the Union Pacific Railway Company was allowing rebates to it?—A. I do not know what period that might be. I was foreman five years, from September, 1881, until I went into the company. I was foreman of the news department.

Q. Were you in a position to know of any rebates allowed to the Rocky Mountain News Company during your connection with it?—A. No, sir.

NO KNOWLEDGE OF SPECIAL RATES.

Q. Had you any knowledge, during the time that you were connected with it, of any special rate on print stock?—A. No, sir.

Q. Did you know that the Rocky Mountain News Company, during the time you were connected with it, was receiving special rates from the Union Pacific Company?—A. No, sir.

Q. Did you ever hear of it before?—A. No, sir.

Q. By whom were you employed?

The WITNESS. Do you mean the individual or the company?

Q. By whom were you employed?—A. By the manager, Mr. Harkins, for the company.

Q. Was Mr. Loveland in charge of the company when you were connected with it?—A. He was president of it, I believe.

Q. Have you any knowledge that Mr. Loveland had special rates with the Union Pacific Railway Company on shipments?—A. No, sir.

Q. During the time that you were connected with the company, did you know any officer, or employé, or agent of the Union Pacific Railway Company who was interested in the Rocky Mountain News Company?—A. No, sir.

DENVER, COLO., *Monday, July* 11, 1887

KEMP G. COOPER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am the general manager of the Denver Republican.

Q. How long have you been connected with it?—A. About six years, I think; a little over six years.

Q. How long have you resided in Denver?—A. About thirteen years, I think.

RAILROAD FACILITIES AND ACCOMMODATIONS.

Q. What have been the facilities and accommodations afforded to the community by the Union Pacific Railway Company?

The WITNESS. In what respect?

The CHAIRMAN. With reference to freight and passengers.

The WITNESS. I guess the facilities have been good enough. That is, the capacity for hauling what was wanted, if that is what you have reference to.

Q. Have there been any complaints as to the facilities or accommodations?—A. Not that I know of.

Q. Have there been any complaints as to the rates of freight?—A. Yes, sir; there have been.

Q. What has been the nature of them?—A. That they have been exorbitant.

COMPLAINTS OF EXTORTIONATE CHARGES.

Q. What do you mean by exorbitant? As compared with what period?—A. As compared with other points. More that than in regard to periods.

Q. What points?—A. For instance, we pay $1.50 a hundred for fourth-class freight from Chicago to Denver, and the same freight was carried to San Francisco for $1, as I understand it. In that particular it is an extortion, as we think.

Q. What effect has that upon the citizen shipper here?—A. It makes us pay a very much larger percentage for freight than we think we ought to pay.

Q. Of what other points as to rates have you any knowledge?—A. We pay 35 cents a hundred from Chicago to the river, and we pay $1.15 from the river to Denver, the distance being about the same. We think that the rate from the river to Denver is more than it should be.

Q. What do you pay that for?—A. In fourth-class freight. I speak of fourth-class freight because most of our freight is termed fourth-class freight—in car-load lots. We have had a good deal of first-class freight—job stock, and such things as that—that comes higher.

Q. Have appeals been made to the company by the community?—A. Possibly not in a public way, unless it has been done through the chamber of commerce. I do not know whether it has been done or not through them.

UNEXPECTED INFORMATION ABOUT SPECIAL RATES AND REBATES.

Q. Have you any knowledge as to preferential rates, or special rates, or rebates?—A. I have some knowledge that was brought out at Omaha that was a little unexpected in this community.

Q. What knowledge have you?—A. In reference to the News rebates and the smelting rebates.

Q. Have there been complaints as to the system of allowing rebates to shippers?—A. Yes, sir; I think there have.

Q. What has been the nature of the complaints?—A. That it is unjust to build up a few companies in business to the detriment of others.

BUILT UP ONE TO THE DETRIMENT OF OTHERS.

Q. What has been the effect upon the community in Denver and the surrounding country?—A. The effect, I think, with a great many shippers who have not had the rate that others have had, or were represented to have had, is that they have been losers in business, while those who had the rates have made money. It has built up one man to the detriment of the other.

Q. Have you ever had a special rate as a shipper?

The WITNESS. Over the Union Pacific?

The CHAIRMAN. Yes.

The WITNESS. No, sir; not at all.

Q. Have you ever applied to the Union Pacific Railway Company for a special rate?—A. No, sir; never.

Q. Have they ever given you any notice of any character that you might obtain a special rate?—A. Not at all; we did not want it.

Q. Would the effect be then that if they failed to notify you of a special rate being allowed to a competitor in the same line of business, you would suffer to the extent of the allowance of the rebate?—A. Exactly.

Q. Have you any knowledge as to preferential rates as between different points of shipment?—A. No, sir; I think not. That is a matter of detail that I have not gone into at all. There may be such things, but I do not know of them.

Q. Have you any knowledge as to discriminations in the State here against particular communities by the allowance of rates?—A. Only from general complaints.

Q. What have been the complaints?—A. I think there have been complaints that some points have rates better than others.

Q. What points?—A. I do not know that I could name them.

Q. What points have been complained of?—A. I cannot call to mind exactly. During the winter here there was some controversy as to points in the northern part of the State getting rates the same as Denver rates, or better, from the east, hauled through here. I think possibly the president of the Chamber of Commerce, or the secretary, could give you some information on that point. It is a matter that I have not looked into carefully.

INTEREST OF UNION PACIFIC PEOPLE IN OTHER BUSINESSES.

Q. Have you any knowledge as to the part taken by the Union Pacific Railway Company, its officers, employés, or agents, in influencing legislation?—A. Not personally; no, sir.

Q. What knowledge have you generally?—A. Just the general report.

Q. Have you any knowledge of any officer, agent, or employé of the Union Pacific Railway Company being interested, directly or indirectly, in any manufacturing company, smelting works, or business of any character along the line of the road?—A. Nothing more than you brought out at Omaha with regard to the officers of the road being connected with the Omaha and Grant Smelting Company. None other that I remember at this time.

PLAN OF SETTLEMENT.

Q. Have you considered the question of the settlement of the debt between the railroad companies, aided by the Government, and the Government?—A. Not specially.

Q. Have you considered it sufficiently to form an opinion?—A. As I look at it now, I think that the better thing to do would be to take possession of the road as soon as the Government could, and not grant the extension.

Q. Has there been any discussion of the question of settlement throughout the State or among the people here?—A. Not to any extent, I think.

Q. Has there been any sentiment expressed among the people at large, generally, as to the question of settlement?—A. I think when the matter was before Congress last winter, the sentiment was opposed to the extension; I should say so. That is, with those I associated with and knew and talked about it.

Q. Have you any other information or suggestion that you can give to the Commission?—A. Not at this time.

The CHAIRMAN. At any other time we would be glad to have it while we are here.

The WITNESS. If I have anything, I will be very glad to submit it to you.

By Commissioner LITTLER:

Q. Are you the editor of the Denver Republican?—A. I am the general manager of it, and control it.

Q. Do you prepare the editorials?—A. No, sir; I do not. They are prepared at my suggestion, frequently.

Q. Who prepares the editorials generally?—A. Mr. Hayward.

Q. Do you know who prepared the editorial in your paper of the date of June 4?—A. At the present time I do not remember.

CHARGES THAT THE COMMISSION WAS SKIMMING OVER THE INVESTIGATION.

Commissioner LITTLER. I wish you would ascertain it. There was an editorial in your paper of June 4, in which it was assumed that your paper was in possession of valuable knowledge, and the query was raised in that article whether this Commission was skimming over its investigation or whether they were going to the bottom of it. We want you to furnish us with all the information you have in relation to any matter within the scope of the law under which we are appointed. We are going to try not to skim it over.

The WITNESS. We will be glad to assist you all we can.

Commissioner LITTLER. The author of that article pretends to know some things, and we would be glad to have him as a witness.

Q. Have you given to the Commission all you know of value?—A. There may be some things in my mind that may come up afterwards that I can submit.

Commissioner LITTLER. We will be glad to have you come back, and will give you another hearing.

DENIAL OF HOSTILITY TO UNION PACIFIC.

By Mr. WILLARD TELLER:

Q. You heard Mr. Hill state this afternoon that he was interested in a newspaper?—A. I did not.

Q. He did state it. Is this the newspaper?—A. Mr. Hill is interested.

Q. He is a large owner?—A. Yes, sir; he is.

Q. State whether, for the last two years, your paper has not been generally hostile to the Union Pacific?—A. No; it is not, any more than to any other railroad that I know of.

Q. State whether it has not generally had articles reflecting very seriously on the management from day to day and from month to month for the last two years?—A. I think not.

Q. You think not?—A. Yes, sir.

Q. Has it had any such articles within the last thirty days?

The WITNESS. On the Union Pacific especially?

Mr. WILLARD TELLER. Yes.

The WITNESS. Yes, sir; possibly it has.

Q. Has the policy of the company been changed within the last thirty days?—A. No, sir; it has not.

EXCESSIVE RATES.

Q. Then is it not the fact that it has had such articles for the last two years?—A. For the last two years and longer, as far as that is concerned, we have taken the position that railroad charges and rates here were exorbitant, and we have so stated, not only in regard to the Union Pacific, but to all railroads.

Q. Have you not made a great many charges against the Union Pacific in respect to its management or mismanagement, different from what you have made in respect to other railroads?—A. I think not.

Q. Did not the paper take a very active part in the senatorial election two years ago?—A. Yes, sir.

Q. Is it not a fact that the paper assailed the Union Pacific at that time on the ground that it had been influencing legislation?—A. I think so; yes, sir.

Q. When did you let up on that kind of assaults on the Union Pacific—when did the Republican cease to make those assaults?—A. I do not think there has been anything in that connection since that time. There may be some special matter I do not know of.

Q. It continued throughout the winter, did it not?—A. I do not think so.

Q. Did it continue throughout the senatorial canvass?—A. Yes, sir; I think so.

Q. As soon as that was over you ceased?—A. Possibly.

Q Since that have you used the Union Pacific just the same as you have used any other railroad?—A. I think so; yes, sir.

Evening session.

DENVER, COLO., *Monday, July* 11, 1887.

CHARLES WHEELER, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. At Denver City.

Q. How long have you lived here?—A. Fifteen or sixteen years.

Q. Where did you live before that?—A. At Omaha.

Q. What has your occupation in Denver been?—A. Railroad accountant.

AUDITOR OF DENVER AND SOUTH PARK CONSTRUCTION AND LAND COMPANY.

Q. Were you formerly the secretary of the Denver and South Park Construction and Land Company?—A. I was auditor, not secretary.

Q. Who was the secretary?—A. L. H. Eicholtz.

Q. Where does he live?—A. At Denver City.

Q. Is he here now?—A. I think so.

Q. Where was the office of that company?—A. In Evans Block, Denver.

Q. Who was president in 1878?

The WITNESS. Of the construction company?

Commissioner ANDERSON. Yes.

The WITNESS. John W. Smith.

Q. Where is John W. Smith?—A. At San Francisco, Cal., at late advices.

Q. Who was the president of the Denver and South Park Railroad Company at that time?—A. John Evans. In regard to that construction company, as I kept most of the accounts for the secretary, I presume I am as familiar, and probably more familiar, with the transactions of that company than the secretary himself.

CONSTRUCTION OF DENVER AND SOUTH PARK.

Q. Do you remember when the construction of that road was first commenced?—A. Between 1872 and 1873.

Q. How rapidly did the construction proceed?—A. For the first year very sluggishly, and up to 1874 there had been but about 16 or 17 miles of the road constructed and operated.

Q. Did you keep the books of account during those years?—A. Yes, sir; all of them.

Q. Who kept the books of the railroad company?—A. I did. I was the auditor of the railroad.

Q. What books did the railroad company keep in regard to the transactions of the board of directors?—A. The secretary's book of minutes—the usual books.

Q. Were there any minutes of the transactions of the executive committee?—A. There is very little of the transactions of the executive committee that were not transcribed on the secretary's books. The executive committee was resident in Denver, and whatever they did was always ratified at the general meeting of the directors.

Q. What books did the company itself keep of its transactions?—A. The general ledger, journal, and the general side books—side ledgers pertaining to railroad business.

Q. What books did the construction company keep?—A. A general ledger, journal, and voucher register were the chief books. There were some minor side books, but those were the chief books.

Q. Until what period did you have charge of those books?—A. Of the construction company's books, until the company's accounts were entirely closed out and the business of the company wound up and settled in every respect.

OPERATIONS OF THE VARIOUS CONSTRUCTION COMPANIES.

Q. How was the business of that company wound up?—A. By dividends; by sale of its assets and divisions to its stockholders in dividends.

Q. When did that take place?—A. In 1881.

Q. What became of these books after the affairs of the company were closed up?—A. I have them in my possession.

Q. At present?—A. Yes, sir.

Q. You say that up to 1874 about 16 miles of this road had been completed?—A. That is about all; what is now the branch to Morrison from Denver.

Q. Please describe the construction during the next three or four years.—A. The original construction company was called the Denver Railway Association; that constructed that portion of it and had exhausted its means. After extending a little beyond, on the main line, and grading up the Platte, a new construction company, called the Denver and San Juan Railroad Construction Company, was organized, with

an increased capital stock, largely, if not all, composed of Denver citizens. That progressed, pushing the road up Platte Cañon probably 40 or 50 miles. It exhausted its means. The third and last construction company, the Denver and South Park Railroad Construction and Land Company, was then organized.

Q. In what year was that?—A. I think that was in 1877.

Q. That company then made a contract with the railroad?—A. Yes, sir; each one of the companies succeeded to the contract with the railroad.

Q. Have you these contracts among your papers?—A. I think I have.

HOW THE WORK WAS DONE.

Q. Can you tell me exactly how this was done? Was the contract first with the construction company, and then did the construction company make a contract with some one else to do the work?—A. No; the construction company did the work; it let the contracts, several contracts, for the construction, the grading, ties, and everything appertaining to it, including the rolling stock, and performed the work for the stock and bonds of the railroad company.

Q. In regard to the stock and bonds, what was the first mortgage issued by the railroad company?—A. I could not be precise from memory; about 1873.

Q. On how many miles of road built, or intended to be built, was the first mortgage issued?—A. I think it was 150.

Q. What was the total issue authorized?—A. $12,000 a mile of bonds.

Q. Is that all that would be authorized in bonds?—A. Yes, sir.

Q. That makes $1,800,000 in all?—A. Yes, sir.

Q. How much stock of the company was issued?—A. Altogether, there was $3,500,000 of stock.

Q. Was that issued at so much a mile?—A. Yes, sir.

Q. That includes all the stock issued to date, does it not?—A. I do not know the amount of stock issued to date.

Q. Was all the stock issued to 1881, when the affairs were closed up?—A. Yes, sir.

MR. GOULD INTERESTED.

Q. When did Mr. Gould first become interested in this work?—A. I think it was in 1878.

Q. How did he become interested?—A. He bought one-fourth—whether it was of the entire stock or nearly that, I do not remember. It was approximately one-fourth of the stock.

Q. Did he not acquire an interest in the construction contract?—A. That was it; the transaction was with the construction company, or, rather, with the stockholders of the construction company. It was not really a transaction of the construction company. It was an agreement by which he purchased one-fourth of the stock held by the several stockholders.

Q. Of the construction company?—A. Of the construction company; yes, sir.

UNION PACIFIC A PURCHASER.

Q. Do you not remember that the construction contract itself was assigned first to Mr. Gould, and then by Mr. Gould to the Union Pacific Company?—A. The Union Pacific Company had nothing whatever to do with the construction company until it purchased the stock of the company at par.

Q. Was it not true that at the time of that purchase the construction contracts were assigned?—A. My impression is that they passed over as part—let me recall that. If you choose I will give you my recollection of some of these items, and perhaps it may facilitate matters.

THE NEGOTIATIONS EXPLAINED.

Commissioner ANDERSON. Please do so.

The WITNESS. About November, 1880, negotiations were opened through Mr. Gould for the purchase of the stock for the Denver, South Park and Pacific Railroad Company, then owned by the citizens of Denver, mostly, who had been, or were, stockholders of this construction company. It resulted in the sale, through Mr. Gould, of the entire stock held by the citizens of Denver, who had pooled this stock—who held it in the hands of a trustee at par. Mr. Gould paid Governor Evans—so Governor Evans informs me—at the time, his personal check for this stock at par, for all that was issued, except $100,000 of that stock of the Denver, South Park and Pacific Railroad Company which belonged to Winslow, Lanier & Co., New York bankers. Three hundred thousand dollars of it stood in the name of Jay Gould and Russell Sage, trustees, for the Kansas Pacific Railway Company. Five hundred and seventy-one thousand dollars of that stock stood in the name of Jay Gould. The rest was controlled practically by Denver parties, and it was all paid for by Mr. Gould's check, which was subsequently distributed here in Denver to its owners.

Q. Can you tell me to how much the pool stock amounted?—A. About $2,300,000.

FINANCIAL HISTORY OF THE CONSTRUCTION COMPANIES.

Q. How did the $571,000 worth, held by Mr. Gould, and the $300,000, held in trust for the Kansas Pacific, come to be in these names?—A. In the construction of the road, by the Denver and San Juan Railroad Construction Company, the second company which took up the contract, as I said before, by Denver capital, which was a pretty scarce article in those days, the Kansas Pacific Railway Company agreed to deliver freights to the amount of $30,000, and did deliver freights to the amount of $30,000; and it was through that $30,000 and the subsequent transactions that that $300,000 of railroad stock came into their hands. I will explain these transactions as I go along. The capital stock of the Denver and San Juan Railroad Construction Company, if I remember it correctly, was $300,000. That company, having exhausted its capital, another company was started, with an option to all the stockholders of that company who subscribed to 40 per cent. of their holdings. That 40 per cent. gave the Kansas Pacific Company an opportunity to subscribe for $12,000 in the third construction company, the Denver and South Park Railroad Construction and Land Company. That $12,000 (which was a species of boiling down) of that construction company earned, in railroad stock, $300,000. Meantime, the Kansas Pacific Company had been in some trouble, and Mr. Gould and Mr. Sage took that as trustees. It was issued to them. They took it as trustees for the Kansas Pacific Company.

Q. Then this $300,000 was a dividend, as you may say, paid to the Kansas Pacific Company as the holder of $12,000 worth of the stock of the construction company?—A. Yes, sir; you see, they paid first

$30,000, then $12,000 additional, making $42,000; and from that they got this $300,000 of stock.

Q. The consideration of this $300,000 of stock was the work done by the construction company for the railroad company and the payment of it to the Kansas Pacific was the share of the profits to which the Kansas Pacific was entitled as the owner of the $12,000 of stock.—A. Yes, sir.

HOW GOULD ACQUIRED THE STOCK.

Q. How did Mr. Gould get the $571,000 of stock?—A. As I stated, it was by the purchase from the several stockholders of about one-fourth of their holdings.

Q. He got it, then, as his dividend on his holdings of stock in the construction company, did he?—A. Yes, sir.

Q. His holdings, you say, were about one-fourth?—A. He purchased that, but he had transferred subsequently a portion of that, so that that $571,600 of railroad stock which stood in his name did not represent fully one quarter.

Q. Have you a copy of the construction contract between the railroad company and this third construction company?—A. I think it is spread upon my records.

Q. If that contract was assigned by the construction company to Mr. Gould and by Mr. Gould to Mr. Dillon—— A. [Interrupting.] I know nothing about the transactions after they passed from my hands.

DENVER AND SOUTH PARK BOOKS IN POSSESSION OF UNION PACIFC.

Commissioner ANDERSON. This occurred in 1880.

The WITNESS. This must have occurred after the 1st of January, 1880. As auditor of the company I wrote up the books of the Denver, South Park and Pacific Railroad Company to December 30, 1880, and sent them to the Union Pacific Railroad Company at Omaha as soon after that time as it could be done, with all the vouchers, side-books, and everything pertaining to it.

Q. Did you not continue the work of auditor or secretary after that until 1881?—A. At the request of the auditor of the Union Pacific Railway Company, for the purpose of smoothing the way of their officers, I remained with them for two or three months.

Q. Will your books show those entries?—A. No, sir.

Q. Do they show nothing subsequent to the 1st of January, 1880?—A. The records of the construction company will show the transactions there, but there will be no records of the railroad company. That is, pertaining to the account after that.

Q. What is your recollection of this construction contract? What were its terms?—A. Mainly that in consideration of the stock and bonds of the railroad company——

Q. [Interposing.] Can you give the amounts per mile?—A. I could not positively. My impression is that it was $20,000 a mile.

Q. In bonds?—A. In stock, and $12,000 a mile in bonds.

THE SUPPLEMENTAL MORTGAGE.

Q. You think it was $12,000 in bonds and $20,000 in stock?—A. I think that is it. I could not be positive about that. There was a subsequent mortgage that was called a supplemental mortgage, that was executed just prior to the sale of the road, which contemplated an issue

of sixteen and two-thirds thousand dollars per mile. That is known in the Union Pacific accounts, I think, as the supplemental mortgage.

Q. What part of the road did that cover?—A. The several branches. The branch from Como over Breckenridge Pass and beyond Buena Vista.

Q. Did it cover the part included within the first 150 miles?—A. I think not, but I could not be certain without reference.

Q. How many miles did it cover beyond the 150 miles?—A. I think somewhere in the neighborhood of 250 or 300 miles were contemplated.

Q. By the supplemental mortgage?—A. By the supplemental mortgage.

Mr. MINK. I do not think there was any limit to the mileage.

The WITNESS. These transactions are seven years old. I have not given them any thought since that time.

THE CONSOLIDATED MORTGAGE.

Q. Was there not a consolidated mortgage?—A. Yes, sir.

Q. That was a blanket mortgage on the whole concern, was it not?—A. I doubt if I had much, if anything, to do with that consolidated mortgage. I think it has passed through my hands as a matter of courtesy to the Union Pacific sometimes, for they have called upon me for a number of years after the transfer for information which they always got if I possessed it.

Q. Then to come back to the construction contract; it was $12,000 in bonds of this 150-mile issue, as I understand it?—A. An issue of $1,800,000.

Q. Of first mortgage bonds?—A. Yes, sir.

Q. Then $20,000 in stock?—A. That is my impression, but I could not be positive about that.

Q. Did that contract make provision for the building of the road after you passed beyond the 150 miles?—A. That I have forgotten.

Q. Was there not a contract made between the railroad company and the construction company which contemplated enormous extensions in the south and southwest, covering something like 300 miles besides the 150 miles?—A. Not to my knowledge. Not during my time, or my connection with the company.

STILL ANOTHER CONSTRUCTION COMPANY.

Q. Was there also another company known as the Denver and South Park Construction Company without the words "and Land"?—A. Yes, sir; I think that was the construction company, organized probably in the latter part of 1880, under which but few, if any, transactions were recorded by me while I had charge of the accounts of the company. All of these side companies, with their several books, were assigned over to the Union Pacific; the several directors resigned and were succeeded by the Union Pacific selection of officers, and I cannot give you a great deal of information on that subject.

Q. Will your books show the completion of the various sections of the road and the amounts of bonds and stock issued at the time of these respective completions?—A. Yes, sir.

Q. Can you prepare for us a statement showing the entire issue of the bonds which were issued during your administration, and of the stock, and also a corresponding column of the number of miles completed?—A. Yes, sir.

THE ROAD THE CONSIDERATION PAID FOR BONDS.

Q. Then, as I understand you, the road as completed will be the consideration paid by the construction company for the bonds and for the stock?—A. Yes, sir.

Q. Will your books also show the cost to the construction company of the sections as completed?—A. Yes, sir.

Q. Will you then also furnish us a corresponding statement showing the actual cost of the sections, so that we may measure in money the consideration paid for the bonds and stock?—A. Yes, sir.

Commissioner ANDERSON. If you will furnish us those papers to-morrow I think that is all we want of you.

The WITNESS. I would like to recall the fact that the books of the railroad company showed only the amount paid for the road in stock and bonds.

Commissioner ANDERSON. Yes; we know that.

The WITNESS. The deal with the Union Pacific Company in the purchase of the South Park road was simply a stock deal, in which they purchased the stock of the company and paid par for it to its owners, who were the construction company.

Commissioner ANDERSON. We all understand that. What we want to get is, How much the stock cost the people who sold it to the Union Pacific Company.

The WITNESS. I can give it to you.

INTEREST NOT REGULARLY PAID.

Q. What rate of interest does these bonds bear?—A. Six per cent., I think.

Q. What was their value at the time of the sale of the stock to Mr. Gould?—A. The bonds had not been sold. The persistent opposition which the road had encountered had prevented their sale. I should estimate their value at about 60 cents.

Q. Was the interest regularly paid?—A. No, sir.

Q. At the time of the sale to Mr. Gould exactly to what point had the road been completed, with reference to Leadville?—A. I do not think any of those bonds have been sold in the open market. My impression is that they had been held and were distributed to the several stockholders in dividends.

Q. Had the interest been paid then regularly on the bonds?—A. No; the bonds had been held just like the stock, pooled. They were the accumulations of the construction company, which were practically unavailable. They answered frequently as collateral to borrow money upon.

EARNINGS OF THE ROAD.

Q. Do you know what the earnings of the railroad company were at that time?—A. Well, they varied exceedingly.

Q. Will their books show?—A. The railroad company's books; yes, sir; but this railroad company's books were sent to the Union Pacific at the time I closed them. I should estimate that, say for 1880, there were probably earnings sufficient to pay a dividend of, say, from 12 to 15 per cent. upon the stock.

Q. Besides paying 6 per cent. on the bonds?—A. Yes, sir.

Q. How was it in 1870?—A. That would be mere guess work with me.

SALE OF POOL STOCK TO GOULD.

Q. Did you take any part in the negotiations which led to the sale of the pool stock to Mr. Gould?—A. No, sir.

Q. Between whom were those negotiations carried on?—A. Governor Evans—John Evans, the president—and Mr. Jay Gould.

Q. Was it done here in Denver?—A. No, sir. The first correspondence was by wire. The transfer of the stock was by Governor Evans in New York, who went on for that purpose.

Q. What knowledge have you of the price paid by Mr. Gould to Governor Evans?—A. I saw the telegram.

Q. Did you see the checks?—A. No; not the check with which it was paid. Of course the distribution of the money to the several stockholders passed through my accounts.

PRICE PAID.

Q. Do your books show that they received par for their stock?—A. It did not really pertain to the books of any company. That was an individual matter between the stockholders, and was simply attended to by me for the satisfaction of the parties.

Q. Did that money simply go through Governor Evans's account?—A. It was distributed by J. S. Brown, who was the trustee of this pool stock. Mr. Brown lives in Denver.

Q. And is he here now?—A. He was a few days ago. I think he is here now.

NO OTHER CONSIDERATION GIVEN THAN STOCK.

Q. Do you know whether the parties holding the stock gave any other consideration to Mr. Gould than the stock?—A. I know of none.

Q. Were there no bonds?—A. Mr. Gould got no more bonds than he was entitled to by his holding of the construction company's stock.

Q. He bought no bonds from the holders of the stock which were included in the consideration for which he paid par for the stock?—A. That consideration of par for the stock was simply for the stock alone, and nothing else.

KANSAS PACIFIC TO FORBEAR DISCRIMINATION AGAINST DENVER AND SOUTH PARK.

Q. I find from the minutes of the Kansas Pacific Company that in October, 1879, the executive committee referred to a copy of an agreement made October, 8, 1879, between the Denver and South Park Construction and Land Company and Jay Gould, acting on the part of the Kansas Pacific Company, and the Union Pacific Railway Company, in which a stipulation was made that in consideration of the sale of certain stock to Jay Gould the company that he represented would forbear certain discriminations against the Denver and South Park Company. Have you a copy of that contract?—A. I suppose I have.

Q. Would it not be convenient for you to let me call at your rooms, or wherever your books are, and go over them with you, so that I can select what the Commission would desire in order to make their information complete?—A. With pleasure.

Commissioner ANDERSON. If you will appoint any hour to-morrow I will do so.

The WITNESS. Ten o'clock.

DENVER, COLO., *Monday, July* 11, 1887.

WILLIAM A. H. LOVELAND, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. Denver.

Q. How long have you lived there?—A. Twenty-eight years.

HISTORY OF COLORADO CENTRAL.

Q. What connection have you had with the Colorado Central?—A. I was the promoter of it; president and director.

Q. In what year?—A. In 1865 we obtained our charter.

Q. What was the first portion constructed?—A. From Golden to Denver.

Q. How many miles is that?—A. It is 16 miles.

Q. The direction being east and west?—A. Nearly so; yes, sir.

Q. Golden being west of Denver?—A. Yes, sir.

Q. What portion of it was constructed next after that?—A. From Golden to Forks of the Creek, 13 miles to the west.

Q. Was that a continuation of the first line?—A. Yes, sir.

Q. When was that finished?—A. That was finished, I think, in 1873.

Q. What office did you hold in this road during all this time?—A. At that time I was a director of the road.

Q. Had you been president?—A. I had been, but H. M. Teller was president at that time.

Q. How long after that was it before the connection was built between Cheyenne and the Colorado Central?—A. After that, in 1874, the road was built from Golden to Longmont.

Q. Was it in a northerly direction?—A. In a northerly direction towards Cheyenne; and in 1877 it was built from Longmont to a connection with the Union Pacific, 5 miles north of Cheyenne, called the Junction.

WHEN DENVER PACIFIC WAS COMPLETED.

Q. When was the Denver Pacific completed between Denver and Cheyenne?—A. In 1868, I think; perhaps it was 1869; the year 1868-'69, according to my memory.

Q. How was this last piece of the Colorado Central constructed?—A. I constructed it.

Q. By contract made with whom?—A. I made the contract myself and paid for it.

Q. With whom did you contract; with the Colorado Central Company?—A. Yes, sir.

Q. The company then built that branch?—A. Yes, sir.

RELATION BETWEEN COLORADO CENTRAL AND UNION PACIFIC.

Q. What was the relation then existing between the Colorado Central and the Union Pacific directory?—A. The relations at that time between the Union Pacific and the Colorado Central were simply as stockholders. They owned a certain amount of stock of the Colorado Central Railroad Company.

Q. Was it a controlling amount?—A. I think they did; yes, sir. I cannot say that it was a legally controlling stock.

Q. Still was not their influence paramount?—A. No, sir; it was not.

Q. Was the connection made between the Colorado Central and Cheyenne for the purpose of enabling the Union Pacific Railway to compete directly against the Denver Pacific road?—A. Not entirely so.

Q. How far did that element enter?—A. It partly entered into it.

DIVERSION OF TRAFFIC.

Q. The result was that a large amount of traffic that formerly passed over the Denver Pacific after that passed over the Colorado Central. Is that so?—A. I cannot say that, because the Denver Pacific shut out the Union Pacific road in the carriage of freight and other business.

Q. How do you mean shut it out?—A. It would not carry their business for them at rates that they could afford to pay.

Q. Could not the Union Pacific then carry it over the Colorado Central?—A. It did, after that was completed.

Q. After it was completed, did it have a disastrous effect on the Denver Pacific?—A. I think it did; yes, sir.

EFFECT ON RATES BY COMPLETION OF COLORADO CENTRAL.

Q. What was the effect on the rates obtained on the Denver Pacific by the completion of the Colorado Central?—A. The Union Pacific had nothing to do with that. I was manager and controller of the Colorado Central Railroad Company. That is, I was president and general manager, and I conducted the road according to the instructions of the board of directors.

Commissioner ANDERSON. I am not inquiring who conducted it, but as to the effect on the Denver Pacific securities.

The WITNESS. You asked me the rates, I believe.

Q. I ask you whether the rates were maintained or not.—A. As soon as I opened the road I cut the rates down one-half; that is to say, the Denver Pacific charged a round-trip rate from Denver to Cheyenne and return, of $20. I made it $10.

Q. They followed, did they not?—A. They cut down, I believe, to $7, and I think afterwards came down to $5. I am not certain; but we took the business.

LEASE OF COLORADO CENTRAL.

Q. Please explain what became of the Colorado Central organization after the consolidation between the Kansas Pacific and the Union Pacific.—A. The Colorado Central was leased either to Fred L. Ames or to the Union Pacific. I am not certain which.

Q. It was leased to the Kansas Pacific, was it not?—A. Probably it was.

Q. And the lease was canceled on the day of the consolidation, as explained to us, because of some requirements of the law, but without intending to disturb the relations; is that true?—A. I never knew that.

RELATIONS BETWEEN COLORADO CENTRAL AND UNION PACIFIC.

Q. What are the relations now existing between the Colorado Central and the Union Pacific system?—A. I do not know.

Q. Do they stand as one of their operated lines?—A. I understand so.

Q. Have you no connection with that railroad company whatever now?—A. None at all.

Q. Do you know the condition of the passenger and freight rates on the Colorado Central to-day?—A. I do not.

Q. Have you no business relations with that road?—A. None at all.

Q. Have you been a director of the Union Pacific?—A. Yes, sir.

Q. In what year?—A. I think 1877 and 1878, and to the spring of 1879. I am not positive, but it was 1879.

Q. Not since then?—A. No, sir.

Q. Are you interested in the Rocky Mountain News?—A. I am not.

Q. Have you ever been so interested?—A. Yes, sir.

Q. At what time?—A. I bought the Rocky Mountain News in 1878.

Q. And remained proprietor until when?—A. I was interested until a year ago last March.

REBATES TO ROCKY MOUNTAIN NEWS.

Q. We find on the books of the company at Omaha an allowance to the Rocky Mountain News of $1,000, which appears to be entered as a rebate on charges for freight; do you know to what the entry refers?—A. I only know this: I know that when I bought the Rocky Mountain News we did a great deal of service for them, and the Union Pacific felt, of course, very kindly towards myself on account of my being a director of the road, and for services, &c., and I asked them to bring freight through free; but they said they could not do it, but they would name a rate, and they did so. I do not know whether they entered it up as a rebate or not. I do not know what they called it. It was at a less rate than the established rate. But that, as I understand it, was simply out of good will and for services performed.

Q. To what services do you refer?—A. In my connection with the Union Pacific.

REBATE ALLOWED ON ACCOUNT OF CONNECTION WITH ROAD.

Q. Was it as director?—A. Yes, sir.

Q. You do not refer to services rendered by your paper?—A. No; I do not. I think that they made that allowance more on account of my connection with their road, and also with the Colorado Central, and services performed here. When I was a director and president of the Colorado Central here, I was also, as might be said, a general agent of the Union Pacific; that is, looked after business more or less for them.

Q. When was this allowance of $1,000 made to you?—A. I think it was some time in 1877 or 1878.

Q. Do you know when it appears to be entered on the books of the company?—A. I do not; I never saw it.

ARRANGEMENT MADE WITH S. H. H. CLARK.

Q. With whom did you make this arrangement that you should be allowed a consideration for these services?—A. I think it was with Mr. S. H. H. Clark, but I am not certain. It was some of the officers of the road.

Q. Was it not with Mr. Dillon?—A. I think not.

Q. Was it while Mr. Dillon was president?—A. I think he was at that time.

Q. And before Mr. Adams was president?—A. Yes, sir; before Mr. Adams. It was while Mr. Dillon was president.

Q. Are you positive of that?—A. I feel pretty positive of that.

Q. Were these allowances made to you on more than one occasion?—A. I think they were.

Q. Did you on each occasion have an interview with Mr. Clark?—A. No, sir.

Q. How did it come about?—A. It was an understanding they were to bring the freight for the News at a certain price.

Q. That extended over how long a period?—A. I think it extended over two or three years; probably it might have been longer, I do not remember now.

Q. What was the freight—printing material?—A. Printing material; yes, sir.

Q. Which was transported by them for you from Omaha to Denver?—A. Yes, sir.

REBATES ON NEWSPAPER MATERIAL.

Q. Did you ever have any talk with Mr. Clark to ascertain how much recognition you had received?—A. No, sir; I do not think I did.

Q. Was it just entered on this arrangement without any definite computation, and you knew nothing about it?—A. It was an understanding at the time I had a talk with him, and at the time I bought the Rocky Mountain News. They were to bring freight at a certain price; I do not remember the price now, but it was less than they were bringing freight for other people. I do not know whether it was any less than they were bringing newspaper material for other parties.

Q. Was it less than their schedule rate?—A. Oh, yes, sir.

Q. Did you not know how much freight you were carrying every year?—A. No, sir; I did not keep the books. I paid but little attention to them. I suppose they will show.

ALLOWANCES MADE WHILE UNION PACIFIC DIRECTOR, AND AFTER.

Q. Was this after you concluded your services as director?—A. No, sir; it was a part of the time while I was director.

Q. Did you cease being a director in 1880?—A. In 1879, I think.

Commissioner ANDERSON. We find these entries down to 1883.

The WITNESS. Yes; very likely they were kept right up.

Q. This advantage given to you, whatever it was, continued after you had ceased rendering any services, did it?—A. I think so.

Q. Did you make no comparison whatever between your ideas of the value of the services and the consideration you were receiving?—A. No, sir.

Q. Was it not simply an agreement to allow you a rebate, because they had a friendly feeling toward you?—A. You can put it that way if you choose.

Commissioner ANDERSON. I want to put it the right way.

FRIENDLY TO THE ROAD.

The WITNESS. I do not know that it was; I could not say that it was so. I know we had been great friends, and I had been a great deal of help to them, and I asked them that favor and they granted it.

Commissioner ANDERSON. The best of friends, when the service has been rendered, agree upon a specific price, and when the price has been paid they stop.

The WITNESS. If you have a specific, written agreement, or understanding, as to the time when it shall end, I suppose it does, but there was no understanding in that direction, as to when it should cease.

WHEN REBATE CEASED.

Q. Why did it ever cease?—A. I cannot tell you; I do not know?

Q. Did it cease when you went out of business?—A. I do not know whether it ceased before I went out or not. Our books will show whether it did or did not. If it did not, it ceased probably very soon after I did go out.

Q. Substantially you were allowed a favorable rate on the transportation of freight from 1878 and 1879 until you went out of business, four or five years, were you not?—A. If it commenced in 1878, which I think it did, or soon thereafter, I think that is about true; yes, sir.

Q. Can you give any idea how much this amounted to during each year?—A. No, sir, I cannot; I never kept account of it.

Q. Can you give any idea of the rate which was allowed you as compared with the schedule rate?—A. I do not know whether the books of the Rocky Mountain News Company would show it or not. I could not say. I never compared the schedule rate with the payments.

RELATIONS TO UNION PACIFIC.

Q. Has your paper always been favorable to the Union Pacific company?—A. It has been when we thought they were in the right.

Q. You generally thought they were in the right?—A. No, sir; we did not.

Q. Can you refer to any particular occasion when their policy has been criticised?—A. I would know if I could see the columns of the News.

Q. Can you refer to any subject in which you differed?—A. We differed with them in their management and in their treatment of the public.

Q. Upon what points?—A. Upon their rates and the general policy of the company.

Q. Was that because their rates were too high?—A. We thought so.

DIFFERENCE REGARDING LEGISLATION.

Q. Did you differ from them because they discriminated in favor of persons?—A. I was not the editor of the paper, and I do not remember now in reference to that; but we differed with them in a good many respects. Often when our legislature was in session we differed with them in reference to legislation.

Q. Was the Union Pacific Company recognized as having a policy with reference to public matters?—A. So far as their interest goes.

Q. To what extent have you understood that they have intervened for the purpose of influencing elections?—A. I do not know personally of their having anything to do with legislation in so far as trying to control it in their interests. I only knew so far as rumor goes.

Q. Do you say you differed with them on this particular subject?—A. I do differ with them, because it was rumored that they tried to influence legislation, and we were opposed to that.

Q. Do you refer to any particular period and to any particular measures?—A. I do not.

Q. Are there not some prominent measures that you remember?—A. No, sir; I do not now, only in a general way.

Q. What have you to say with reference to the part taken by the Union Pacific with respect to the recent election of Senators?—A. I was in New York at that time for some three or four months.

Q. Have you no knowledge of the events?—A. I have no knowledge at all, except what I gathered from the newspapers.

CUSTOMARY TO GRANT REBATES.

Q. On this subject of rebates, do you know that it has been the customary practice of the Union Pacific to grant rebates?—A. I know it is a general understanding that they have granted rebates here.

Q. In what particular trades?—A. To people in the commission business and dealers in grain and groceries; I do not know whether to dealers in dry goods or not; I do not know that personally, but only from rumor.

Q. How is it in regard to the transmission of ores?—A. I only know that by rumor, and not personally.

Q. Are the rumors the same as applied to other railroads, or is it more marked in regard to the Union Pacific?—A. I suppose it is about the same as between the Rio Grande and the Union Pacific. I do not know that there is any particular difference.

Q. They all have the reputation of cutting rates, have they not?—A. Yes, sir.

PLAN OF SETTLEMENT.

Q. Have you given the subject of the relations existing between the Union Pacific and the United States any consideration?—A. Not particularly so that I know of.

Q. Have you matured any idea as to the policy which should be pursued?—A. Yes, sir; in my mind, I have.

Q. Has it been the subject of discussion in this community, more or less, recently? I refer to the adjustment of the relations between the Union Pacific and the Government.—A. Yes, sir.

EXTENSION OF TIME TO PAY FAVORED.

Q. Will you please state your own views?—A. My own views of it are that the Government should give the Union Pacific sufficient time to pay the second mortgage.

Q. Why do you think they ought to receive an extension?—A. I think that it is the only chance for the Government to get its money. I think the fight made upon the Union Pacific by Congress is injurious to the Government's interests.

Q. How far, in making that statement, do you reflect the views of those with whom you have conversed?—A. I suppose it is pretty evenly divided.

ASSISTANCE REQUIRED FROM THE GOVERNMENT.

Q. Why do you imagine that there could be any question of the Government security in a company whose stock is selling at above 50, and frequently above 60, and which has a great many interests which are subsequent to the Government lien?—A. The numerous railroads that have been in opposition to the Union Pacific at the present time are taking its business from it, and it requires all the assistance and help it can get from the Government to help it along.

By the CHAIRMAN:

Q. Why should the Government particularly aid the Union Pacific Railway Company as against the other companies?—A. Because it is interested.

Q. Have you talked with any of the officers of the Union Pacific Railway Company about this view of extension?—A. I have not. I have not talked with any of the Union Pacific officers for a number of years. In fact, not since I ceased to be a director.

OPPOSITION ROADS TAKING UNION PACIFIC'S BUSINESS.

Q. What do you mean by an extension; how long?—A. You probably misunderstood me. I say the extension of opposition roads to the Union Pacific is taking their business, and I think that the Government should assist the Union Pacific road as much as it can, from the fact that it is an interested party.

By Commissioner ANDERSON:

Q. You did say, in answer to my first question, that you thought the Government should give them an extension of time to pay their debt, did you not?—A. Oh, yes, sir; I did. I think if the propositions that have been made to the Government are accepted the Union Pacific would be able probably to meet it.

By the CHAIRMAN:

Q. Are you of that opinion, with the knowledge of the fact that the Union Pacific Railway Company had declared in dividends to its stockholders $23,000,000 from 1877 to 1884 and had built 2,000 miles of branch lines in the same period?—A. I do not know that I understand your question.

DIVIDENDS DECLARED WHEN ROAD HAD NO COMPETITORS.

Q. Are you of that opinion, with a knowledge of the fact that the Union Pacific Railway Company had declared in dividends to its stockholders $23,000,000 from 1877 to 1884 and had built 2,000 miles of branch lines in the same period?—A. I will state that at that time the Union Pacific did not have the competition that it has at the present time, and its earnings were larger, I think, and they were better able at that time to build branch lines or feeders to their roads, and were earning money sufficient, I presume, to make those dividends. At this time they have greater opposition. Business is being cut in every direction. The question arises in my mind whether the Government, being an interested party, should not try to assist the Union Pacific, so as to get its money out of the road.

Q. Do you not think that the Union Pacific Railway Company should have given, during its prosperous period, some consideration to the fact that they had at some time to meet the debt due to the Government?—A. I do; yes, sir.

By Commissioner ANDERSON:

Q. Have you had many years' experience in the management of railroads in this section of the country?—A. Yes, sir.

Q. Are you familiar with the actual branches constructed on the main line of the Union Pacific and on the Kansas Pacific?—A. No, sir; I am not.

Q. You have not been over those?—A. No, sir; I have been confined to Colorado alone.

Q. Are you familiar with the branches in Colorado?—A. Yes, sir.

DENVER AND SOUTH PARK A DETRIMENT.

Q. What is your judgment as to the question whether the Denver and South Park is an advantage or a detriment to the Union Pacific?—A. It is a detriment. That is my opinion.

Q. What is the prospect as to the future development of that branch?—A. I think the future prospect is not at all good; that is, from being cut off by other roads. As soon as the Midland is opened it will just about take all the life there is left in it.

REDUCES EARNINGS OF WHOLE SYSTEM.

Q. And, in your judgment, the continued operation of the Denver and South Park reduces the earnings of the whole system instead of increasing them?—A. I do. I do not think that the amount of business the South Park will give to the Union Pacific, after the Midland is built, will pay them for keeping up the road, let alone the interest on its bonds.

MIDLAND ROAD.

Q. What is this branch that you refer to—the Midland?—A. Running from Colorado Springs to Leadville and westward.

Q. Is it being built by the Denver and Rio Grande?—A. No, sir; it is being built by the Midland Company.

Q. How long will the distance be from Colorado Springs to Leadville over this branch?—A. I think it is about 140 or 150 miles.

Q. Is it a standard-gauge or a narrow-gauge road?—A. It is a standard-gauge. I have never ascertained the distance, but I should judge that it was about 150 miles.

Q. Then you think that road, by increasing competition for the Leadville business, will still further reduce the earnings of the Denver and South Park?—A. Yes, sir.

THE COLORADO CENTRAL.

Q. What other branches has the Union Pacific in Colorado?—A. It has the Colorado Central, and it has connections under the different names they have for roads here; but it all goes by the name of the Colorado Central.

Q. How many miles of road does the Colorado Central cover?—A I should say about 160 or 170 miles, outside of what is known as the Julesburg Cutoff. The Julesburg Cutoff connects with the Denver Pacific just this side of Greeley, and runs through to Julesburg, I think, 150 miles, so that they must have nearly 300 miles.

EFFECT OF COLORADO CENTRAL ON UNION PACIFIC SYSTEM.

Q. What, in your judgment, is the effect of the Colorado Central Branch on the Union Pacific system?—A. The Colorado Central has been a paying branch of itself; a very paying road. It has controlled a large amount of business, and it is really the only feeder to the Union Pacific that has been valuable to it, as I regard it.

Q. You mean the only feeder in Colorado?—A. Yes, sir.

Q. Do you mean the only feeder anywhere?—A. Oh, no; I am speaking of Colorado.

Q. Does the Georgetown Branch also constitute a part of the Colorado Central?—A. Yes, sir.

Q. Is there any other branch in Colorado?—A. There is a branch running between Greeley and Fort Collins, but it goes by another name.

GREELY, SALT LAKE AND PACIFIC.

Commissioner ANDERSON. What is the name?

Mr. MINK. Greeley, Salt Lake and Pacific.

Q. How many miles does that cover?—A. I think that covers about 20 miles.

Q. What, in your judgment, is the effect of the operation of that branch on the system?—A. I think that is a paying branch.

Q. When you say "paying branch," do you mean that the business belonging to the road itself pays?—A. Yes, sir. I think it also creates quite a business for the Union Pacific.

BUSINESS OF BRANCHES A BENEFIT TO MAIN SYSTEM.

Q. What have you to say as to the theory that the business done by these branches, which afford to the parent line the entire haul from the initial point to the point of junction, is a benefit to the main system?

The WITNESS. Of the Union Pacific?

Commissioner ANDERSON. Yes, sir.

The WITNESS. You are speaking now of the Colorado Central and its branches?

Commissioner ANDERSON. Any branch. The assertion made is that it brings about a haul of all its business from Omaha to the point of junction, and the assertion made is that that haul can be done cheaply, and is therefor an advantage to the parent line.

COLORADO CENTRAL CONTROLS BUSINESS IN THE NORTHWEST.

The WITNESS. The Colorado Central has nearly controlled all the business here in the Northwest for the Union Pacific, and it is delivered to them by car-loads, which makes a through freight over their road. The expense of taking that from the junction of the Colorado Central with the Union Pacific to Omaha or to Ogden is very slight, because it is simply making up their trains as they pass through there. So far as the passenger interest goes, they hardly feel it. It is a direct benefit to them. It is almost a clear gain, If they had to run special trains for it, then it would cost them more; but they do not do that, or did not do so until the Julesburg Branch was completed and they ran special trains and connected with the Union Pacific; but the Union Pacific does that at Julesburg the same as they used to at Cheyenne, and it only increases the expenses very slightly.

CONSTRUCTIVE MILEAGE.

Q. Do you know what factor of constructive mileage is allowed to the Colorado Central?—A. No, sir; I do not.

Q. Do you know the constructive mileage awarded the Denver and South Park?—A. No, sir.

Q. Are you familiar with the subject of constructive mileage?—A. I am not familiar with that part of the business.

By the CHAIRMAN:

Q. Have you any further suggestion to offer to the Commission?—A. No, sir; I do not think I have.

DENVER, COLO., *Monday, July* 11, 1887.

NATHANIEL P. HILL, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am the manager of a smelting company. That is my principal business.

Q. How long have you been in that business?—A. Since 1867; twenty years. That is, we have been conducting the smelting business for twenty years.

Q. How long have you resided in Colorado?—A. Practically for twenty-three years. I was here nearly all of the time for three years before. Since we commenced the smelting business of course I have been a constant resident of the State.

Q. Did you represent the State in the United States Senate?—A. For one term.

Q. For what years?—A. From 1879 to 1885.

Q. Where are your works located?—A. Since 1878 they have been located in the suburbs of Denver, in a town we named Argo. Prior to that we were located at Black Hawk, a town in the mountains.

NUMBER OF ROADS AT DENVER.

Q. How many railroads have you coming into the city of Denver?

The WITNESS. At the present time?

The CHAIRMAN. Yes.

The WITNESS. Distinct companies? The Union Pacific, the Kansas Pacific, and the Denver Pacific are all owned by one company.

Q. How many distinct company organizations?—A. Five, I think.

Commissioner LITTLER. Name them.

The WITNESS. The Union Pacific Company. That includes the Kansas Pacific and the Denver Pacific and the South Park, the Burlington and Missouri River, the Atchison, Topeka and Santa Fé, the Denver and Rio Grande. (The Colorado Central is included in the Union Pacific also); the Denver and Utah, a short line. I have omitted one, I think. Yes, the Denver and New Orleans.

Commissioner ANDERSON. The Georgetown Branch?

The WITNESS. That is a part of the Denver Pacific, the Colorado Central. The Denver and New Orleans was the one that I was trying to think of.

FIRST ROAD TO DENVER.

By the CHAIRMAN:

Q. Was the Union Pacific Railway Company or the Union Pacific Railroad Company the first to come into Denver?—A. The Kansas Pacific Railroad Company, I think, was the first road into Denver.

Q. The other roads you have named have all been built subsequently?—A. The Kansas Pacific came in first. That is now a part of the Union

Pacific. Then next the Denver Pacific, also a part of the Union Pacific. Of the main Eastern roads, the next was the Atchison, Topeka and Santa Fé.

BUSINESS RELATIONS WITH UNION PACIFIC.

Q. Have you had business relations with the Union Pacific Railway Company?—A. Yes, sir; ever since that company commenced business here. When we commenced business there was no railroad in Colorado. We were in business before any road came into Denver.

Q. What was your business with the company?

The WITNESS. It was mostly that of shipping ores and matte over their lines. There is a product of smelting called matte.

FACILITIES AND ACCOMMODATIONS FURNISHED.

Q. What have been the facilities and accommodations afforded by the Union Pacific Railway Company during your business dealings with them?—A. I do not think there has been any cause of complaint as to the facilities for doing business. The charges have been very high. The rates have always been very high, particularly in the early days. We never had any ores, I think, transported in the early days on any of those roads for less than 10 cents per ton per mile. For many years we paid freight from Georgetown and Central City at the rate of 10 cents per ton per mile. It was $5.40 from Georgetown, 54 miles, and all down hill and no power required practically at all. However, as long as everybody was treated in the same way, and everybody paid the same rate, I do not think the people were very much inclined to complain. It was a little cheaper than wagon freights, and of course it saved time over wagon freighting.

REDUCTION OF RATES.

Q. How long did those prices continue?—A. Until within quite a recent period. There has been some reduction made within the last two or three years.

Q. What has been the reduction?—A. I think the rate is now $2.50 from Central City. It used to be $4. I pay very little attention to the details of our business. You may ask me a great many questions about details that I will not be able to answer promptly.

Q. I ask you approximately only as to the rates?—A. The rate from Georgetown has been reduced from $5.40 to I think about $4. It does not vary very much from that. Still, I want it understood that I may be in error on these figures, as I have not looked into it lately.

EFFECT OF CONSTRUCTION OF OTHER ROADS.

Q. What has been the effect of the construction of other lines upon the freight charges?—A. It does not appear to have had very much effect. As far as the freights from the East into Denver are concerned, they are higher than they were when we had a less number of lines.

By Commissioner ANDERSON:

Q. Freights going east?—A. I am now speaking about freight on merchandise coming from the East here. Shortly after the Burlington and Missouri River road was built to Denver there was a pool formed

which raised the rates on a good many articles. It raised the freights on our copper product which we shipped east from $5 to $8, and has maintained it ever since. I think there are a great many articles on which the freights have been higher during the existence of that pool than they were before.

BUSINESS DONE UNDER POOL.

By the CHAIRMAN:

Q. Has there been any competition at all in the rates between the old companies and the new companies that have been coming in, from time to time?—A. Practically all the business has been under a pool, and I do not think there has been any competition.

By Commissioner ANDERSON:

Q. Do you confine yourself to your own business?—A. No; I had reference more to the transportation of freight between Denver and the East, both ways.

CUTTING RATES.

By the CHAIRMAN:

Q. Has there been at any period any cutting of rates between the rival companies?—A. I only know there have been rumors of cutting rates, but we have never had any benefit from it in our business. We have had no cut rates, as far as I can remember, from east or west.

Q. Do you recall any other complaints as to facilities and accommodations in this community?

The WITNESS. From the lack of adequate facilities?

The CHAIRMAN. Yes.

The WITNESS. No; I do not.

SPECIAL RATES OR REBATES.

Q. What has been the special complaint that you mentioned incidentally with reference to special rates or rebates or preferential rates given to particular shippers?—A. Perhaps, in answering that question it would be better if I speak only of business of the kind I am in—which involves the transportation of ore. I have never been able to positively assert that one smelting company has been treated differently from another. That is, I have never seen any rebates paid, and yet I have had information for a number of years that special facilities were granted to some companies that were not granted to others—that were not granted to the company I represent.

CONTRACT BETWEEN ROAD AND OMAHA AND GRANT SMELTING COMPANY.

I have known, for instance, that a contract existed between the Union Pacific Railway Company and the Omaha and Grant Smelting Company, which gives them, for a term of years, some special favors. I have never seen it. It was not intended for me to see, of course, but I have known of the existence of that contract, and it exists to-day. It is a contract under which this company, I think, claims that it can, for a long time to come, maintain the special favors. Then I have known that the switching from Denver to this smelting company's works has

been done free, while the smelting company that I represent has owned its own locomotive, was forced to own it, and has paid trackage to get to its works over one of the tracks of the Union Pacific Company, and is at an expense of $7,000 or $8,000 a year in doing its switching. The special contract that I refer to provides that all the switching shall be done for the Omaha and Grant Smelting Company without any cost to them.

ROAD KEEPS TWO ENGINES FOR OMAHA AND GRANT COMPANY.

The Union Pacific Railroad Company must keep about two engines working all the time for the Omaha and Grant Smelting Company, with the men, equipments, fuel, and all. We maintain our own engine, and pay a certain amount a month for the use of the track beside. As we were the first company in the field and have paid the Union Pacific Company millions of dollars of freight since we have been here—I do not overstate it in the least when I say several millions of dollars—it of course always seemed a great hardship.

"A COMPLAINING KIND OF MAN."

I suppose that is one of the things that the general traffic manager of the Union Pacific referred to when he said I was a complaining kind of man; was always complaining about these things. I would be pretty good natured if they treat us as generously as they have other people in the same business. I think the expense of the Union Pacific Railroad for doing the switching for the Omaha and Grant Works cannot be less than $15,000 a year. When I complained to Mr. Kimball of the discrimination, his reply was "I have always regarded the Omaha and Grant people as being in our yard." They are further from the company's yard than we are. We are on one of their tracks and they are on another. It is a clear discrimination against us, to the extent of several thousands of dollars a year. I look upon it as a method of making a present to one company of about $15,000 a year and letting other companies pay full value for what they get.

SPECIAL PREFERENCES OR RATES.

Q. Have you knowledge of any other companies than the Omaha and Grant Smelting Company having any special preferences or rates?—A. I have not.

The CHAIRMAN. In the shipment of ore?

The WITNESS. I have no knowledge of what other companies may get. I have inquired of the managers of some of the other companies, and they have stated to me that they paid regular rates.

Q. Have you ever had a special rate from the Union Pacific Railway Company?—A. We never have asked for any rate lower than anybody else has had in the whole course of our existence. We have asked lower charges on certain classes of ores and materials that would not stand the rate that prevailed; but I do not remember of any case in which we obtained them.

SPECIAL RATES PRIVATELY MADE.

Q. Were lower charges privately made between the companies and the shippers, or were they the open rates?—A. The lower charges,

as I have understood, to which I have referred, were not made except to the particular party to be favored. In the case of the Omaha and Grant Smelting Company, they were given to them alone.

Q. Other shippers in the same business were paying the open published rate, while this company would pay a rate fixed by a private arrangement?—A. That is what I understand.

EFFECT UPON COMMUNITY.

Q. What effect upon the community and upon the shipper would such an arrangement have?—A. I have always looked upon it, and I regard it more now than ever before, as very destructive to the best interests of any community. If some parties cannot maintain a business on the same terms as to freight that others get, I think they ought to let other more skillful and able parties do the business—those who can do it without special favors by railroad companies. Denver would have been a town of at least 20,000 more people to-day if there had never been a discrimination in rates. I think every sensible man in this community who has not had these special favors will tell you the same thing. There is much unanimity of feeling on that subject. Two merchants will go into business, equally skillful and able and enterprising, and well provided with means. One will grow rich and the other will fail.

That has been the business history of this town since I first knew it. I have been hundreds of times asked if it is a good place to go into business, and my answer has always been, "Yes, if you can get on the inside track with the railroads; if you cannot, let it alone." It has always been a question of being a favored party with the railroad companies, and not a question of skill, ability, or enterprise at all.

EFFECT UPON SHIPPER.

Q. What effect has it upon the shipper who has to pay the open rate as against the private rate, as to his profits?—A. Of course, it cuts them down just to the extent of the difference in freight. If the company that I represent had been as liberally dealt with in respect to freights as some other companies, we would probably have made a good deal more money than we have divided. We have maintained a large business, but without any special help from the railroads.

SHIPPERS OF ORE AT DENVER.

Q. How many shippers of ore are there in and about Denver?

The WITNESS. Shippers?

The CHAIRMAN. Yes; engaged in the same business that you are.

The WITNESS. Those who receive ores for treatment?

The CHAIRMAN. Yes, sir.

The WITNESS. There are two other smelting companies here that are large consumers of ore, and several persons who are brokers or dealers in ore, who buy it to sell again; public sampling works, and institutions of that kind. There are three of them now.

By Commissioner ANDERSON:

Q. What are their names?—A. One firm is Matthews & Webb, another is The Public Sampling Works of Denver. Another is The Colorado Sampling Works. That is all I think of.

Q. And the name of the other smelting company is what?—A. The Omaha and Grant Company and the Holden Smelting Company.

APPLICATION FOR SPECIAL RATES.

By the CHAIRMAN:

Q. When you made application to Mr. Kimball for the same special rate as the other companies had, did you make it in writing?—A. There has been a good deal of correspondence at one time and another as to rates, and a great deal has been done by personal interviews. Most of what I have had to say on the subject was in personal interviews.

REPLY OF MANAGEMENT.

Q. What was the reply of the management of the company?—A. The reply has been that there were no special rates; that we were mistaken about it; that the company paid no rebates to any one. Only about a year ago—I cannot tell the month, because I have nothing to fix the date by, but I remember it was hot weather—Mr. Kimball was here in Denver and I had an interview with him at the Windsor Hotel in the presence of the general freight agent of the Rio Grande road, Mr. Hughes, and Mr. Henry R. Walcott. We four were together in the room, and we pressed the question very earnestly as to the rebates the Union Pacific Company was paying to other smelting companies, and Mr. Kimball stated, in the most positive terms, in the presence of all of us, Mr. Walcott, Mr. Hughes, and myself, that they were paying no rebates to anybody; that everybody was paying the same rates over the Union Pacific road. I think the gentlemen whom I have named will remember the interview, though I have not talked to them about it. It looked very inconsistent to me with the statement that I saw published in the papers a few days ago, that the chairman of this committee put his finger on a $40,000 rebate, paid in one payment to the Omaha and Grant Company at about the same time that this conversation occurred.

COMPLAINTS AS TO OTHER SHIPPERS.

Q. What knowledge have you of other shippers having complained of special rates such as you have spoken of?—A. I have talked with some of the managers of the other smelting companies, and they have seemed to feel as I did—that there were very unjust discriminations made in favor of one company. I had a conversation a few days ago with an agent of the Pueblo Smelting Company. He stated to me that he sent to the Wood River district in Idaho and tried to buy some ores, and he found that the rates were so high, if he had to pay the regular freight, that after buying the ore at the price that the Omaha and Grant people were paying, it would not allow him anything for the treatment of the ores.

OBJECTION TO HEARSAY EVIDENCE.

Mr. WILLARD TELLER. I do not wish to make any captious objections at all; but I suppose the committee will take into consideration that this is a matter of hearsay evidence. I simply suggest that that kind of evidence would not generally be received, although I understand that the committee receives it and takes into consideration the circumstances.

The WITNESS. I have no desire to give hearsay evidence.

The CHAIRMAN. The committee is after hearsay and every other kind of evidence. Under the act of Congress they would have to hear hearsay evidence, otherwise they never could perform their duties.

Mr. TELLER. This is what is done as to the freights.

The WITNESS. I have had conversation several times with the managers of smelting companies, but I have no desire to give it. It is a matter that I consider immaterial. Those persons are all within reach.

PREFERENCES GIVEN IN OTHER BUSINESSES.

Q. Have you knowledge on any other line of business of preferences being given as to rates?—A. When you ask for knowledge, of course my knowledge is based on statements made by various persons. It is a thing that one cannot have direct knowledge of unless he has had the benefit of the special rates.

Commissioner ANDERSON. We will take the names of the persons, and if we think it is sufficiently material we will send for these people.

The WITNESS. The subject came up before the chamber of commerce here some months ago, when the question of passing a resolution instructing our Senators and Representative in Congress to vote for the interstate commerce bill was under consideration, there was considerable discussion, and one prominent merchant of this town made a speech in which he said that it was a fact that could not be denied that some merchants did have rebates, and that it was the only way that they could conduct business; that the business could not be managed profitably without them. That statement was made in a speech in a public meeting.

REBATES A MATTER OF COMMON NOTORIETY.

By Commissioner ANDERSON:

Q. Who made it?—A. Mr. Cornforth, a prominent merchant of Denver. I have no desire to give any information as to what other people are doing in this matter, or to mention names, at all. I am not here for that purpose. If the Commission asks me any question as to my knowledge on any particular subject based on reports, I have no objection to give it. There are certain merchants in Denver who have been understood to have rates that no other parties could get. Other men, coming in here and undertaking to do the same kind of business, found it would not pay them. It is a matter of common notoriety and knowledge.

DISCRIMINATIONS AGAINST COMMUNITIES.

By the CHAIRMAN:

Q. Have there been any other discriminations against communities surrounding Denver through which the Union Pacific Railway Company passes of which you have knowledge? I am speaking now with reference to communities rather than to individuals.—A. As to communities, I do not think you need any stronger example than Denver. There is no better illustration of unjust discrimination than you can get right here. We have for years, on fourth-class freight, paid 50 per cent. more from all points east of the Mississippi River than it cost to send the same freight to San Francisco.

By Commissioner LITTLER:

Q. From what points?—A. From eastern points generally. I have an interest in a newspaper here. It costs us $30 a ton to get our paper from Chicago. The San Francisco Chronicle uses the same paper and it pays $20. It is a long haul from Denver to San Francisco, over three ranges of mountains, and it is a level plain between Chicago and Denver.

SUSPENSION OF INTERSTATE COMMERCE LAW.

By Commissioner ANDERSON:

Q. Is that the case since the 1st of April?—A. Yes, sir; because the Interstate Commerce Commission has suspended the operation of the law, and the same thing goes on to-day.

Q. Does the suspension expire on the 7th of July?—A. No; they renewed it and as I understand it left it indefinite, and left it with the people who suffer to carry the complaints into court. I was told by a fruit merchant a day or two ago, not directly by him but by a person who had just talked to him, that he could get his fruit cheaper from California by shipping it over the Northern Pacific road to the Missouri River and bringing it back here than he could by shipping it direct. I can find a verification of that if it is desired.

By the CHAIRMAN:

Q. What is his name?—A. The person who told me was not the fruit merchant himself; but if you will excuse me from mentioning names I will consult the person and see if he will give the testimony. I do not like to state too much second hand.

OTHER INFORMATION REGARDING REBATES.

Q. What other information have you with reference to rebates or discriminations?—A. If I were to go into details I might perhaps furnish a great many cases. We are constantly getting more or less information as to special favors and special rates to certain parties. None of it comes absolutely direct; it could not come direct. Parties who receive special rates and the parties who give them are both much interested in keeping the secret. It is very difficult to get information on that subject. I should think that if the Commission got at one-tenth of the truth they would be doing very well.

UTAH AND MONTANA ORES.

By Commissioner ANDERSON:

Q. Where does your ore come from?—A. We buy ores, or receive ores, from Colorado, and, I think, every Territory and State west of us and south of us. We are quite large shippers from Montana. We get a good deal from Utah, and considerable from New Mexico.

Q. As to Utah and Montana ores here, please describe the routes which your ores travel, so as to indicate the haul which the Union Pacific gets.—A. The Montana ore comes down the Utah and Northern road, I think, to Pocatello; and from there it is transferred to the Oregon Short Line, and runs down to Granger, and then on the Union Pacific to Cheyenne, and from Cheyenne to Denver.

NEW MEXICAN ORES.

Q. How does the New Mexico ore come?—A. That comes altogether on the Atchison, Topeka and Santa Fé road to Pueblo and from there to Denver on the Rio Grande.

Q. And as to the ore used by the Omaha and Grant Smelting Works, what do they use?—A. They do not treat exactly the same class of ores that we do. Their business is mainly with lead ores, and for that reason of course their ores come from somewhat different localities. I do not think that the Omaha and Grant people ever shipped ores from Butte City; that is one of the largest shipping points. I understand they ship a large quantity of ore from what is known as the Wood River country. I do not know from what railroad station.

Q. From the Oregon Short Line?—A. Yes, sir. That must come on the Oregon Short Line.

Q. Do they also ship from New Mexico?—A. Yes. I do not know how much. They ship some from New Mexico.

REFRACTORY AND LEAD ORES.

Q. Are the Omaha and Grant Smelting Works any better customers of the Union Pacific than you are, by reason of the length of haul?—A. Not by reason of the length of haul.

Q. Or for any other reason?—A. They work lead ores, and the largest production or tonnage of ores produced in this western country is of lead ores by far. They ship a greater number of tons than we do, because we confine ourselves to what are known as refractory ores. We are not in the lead ore business.

OMAHA AND GRANT REGARDED AS COMPETITORS.

Q. How do you regard them as competitors?—A. There is a large proportion of ores here that may be treated either by their method or ours. The products run into lead or into copper. We collect our gold and silver in copper. The Omaha and Grant people collect theirs in lead. There is a great deal of ore which is called dry ore. There is a good deal of it that contains very little lead or copper, and it may be mixed in with these ores and treated either way. We would have been conducting a lead smelting business long ago if we could have felt sure we could have had the same rates as our competitors. But in this class of business, the tonnage is large and the profits per ton are supposed to be small. A slight difference in the way of discrimination on rates makes it absolutely impossible for a company to handle that class of ore against a company in favor of which the discrimination is made. The class of ore we treat is more difficult to treat and we can better stand a discrimination against us on freight than we could on lead ore. For that reason we have been kept out of the lead smelting business. It is the heaviest part of the business in this Western country. The amount of ore which the Boston and Colorado Smelting Company has been treating for the last eight or nine years will vary from 35,000 tons to 40,000 tons per year, and our product has been worth in the neighborhood of $4,000,000 per year. It is a large business.

DISCRIMINATION IN FAVOR OF OMAHA AND GRANT COMPANY.

Q. That is, the business of your firm?—A. The business of our company; yes, sir.

Q. Can you assign any other motive which would induce the Union Pacific Railway Company to discriminate in favor of the Omaha and Grant Works as against your works?—A. I have always supposed, or

at least the common impression has always been, that the main motive was that there were certain interests attached to these works in connection with the management of that road that would furnish a sufficient inducement. I have known for a number of years that officers of the road were interested in the smelting works. In fact, when Sidney Dillon was president of the Union Pacific road he was also president of the Omaha and Grant Smelting Works, I think. I believe I am right in that statement. It has often been stated so, and I think it is correct. Since that time I have known that other officers of the road had large interests in the smelting works. Then there are indirect interests.

MR. DILLON A LARGE STOCKHOLDER.

By Commissioner LITTLER:

Q. What other officers?—A. Mr. Ames, for one.

Q. Can you name any others?—A. Mr. Dillon. I have named him as president, but he was also quite a large stockholder. Mr. Adams told me himself that he was a stockholder in the Meyer Smelting Company, at Kansas City.

Q. That is a concern located where?—A. At Kansas City. Other officers who may not be directly stockholders in the smelting company are interested in various other things. They are interested in real estate, and own corner lots in Omaha, and have various indirect interests which you cannot always point to that might furnish some inducement.

OFFICERS OF ROAD INTERESTED IN OMAHA REAL ESTATE.

Q. Because a man owned a corner lot, do you think he would favor the business of this firm in order to promote speculation in real estate?—A. If the officers of the Union Pacific Railway Company are pretty largely interested in real estate in Omaha, all I can say is it is a very bad thing for Denver, in my judgment.

Q. In regard to the ore that you referred to as being destined for Pueblo, would not the motive that appeared to control the amount of rebates on business located either in Omaha or Denver naturally arise from a purpose—to secure the business to the Union Pacific as against the railroad company to Pueblo?—A. No; because the Union Pacific is the only road that could take it; the only road that runs anywhere near the mines.

Commissioner LITTLER. It would benefit those localities to stop it either at Denver or at Omaha, so that it should be treated there instead of its going to Pueblo, and thus fostering a business that was off the line of this railroad?

The WITNESS. If the object was to assist Denver, of course they could do it by preventing the Pueblo smelters from getting ore.

DISCRIMINATION AS TO DENVER LOCAL BUSINESS.

Q. The complaints you chiefly drew our attention to is the discrimination as to local business in Denver itself, as I understand it?—A. Yes, sir.

Q. Have you any idea what these rebates amount to?—A. I have never had any means of knowing. All the information of any direct reliable character that I have is what was brought out before this Commission in Omaha. The amount was much larger than I supposed. I had every

reason to believe it was large, but I did not suppose it was as large as it turned out to be.

By the CHAIRMAN:

Q. What was the amount that you heard?—A. In the last forty months, $570,000. That was the statement that was sent by the Associated Press; and in the last sixteen months, $253,000.

PROPORTION OF ORE TAKEN TO OMAHA AND TO DENVER.

By Commissioner ANDERSON:

Q. What is the relative proportion of the amount of ore that the Omaha and Grant Works take to Omaha as compared with what they bring to Denver?—A. I do not know.

By the CHAIRMAN:

Q. The sum of $570,000 in special rates, if allowed to the Omaha and Grant Smelting Company, represents just so much that that company would be able to sell under the other smelting refining companies, does it not?—A. As I look at it, if I had been handling the same quantity of ore and from the same place, it would have cost me just $570,000 more to do it than it did for that company to do it. I do not know of any other construction to put upon it.

FAIR COMPETITION UNDER PRESENT RATES.

Q. Can there be any fair competition under such rates?—A. For a time it has been possible for us to maintain a pretty fair competition with that company—up to this time, that is. We produced last year a little over $4,000,000 worth of gold and silver and copper, and nearly all taken out of low-grade ores. If we had one cent of what could properly be called a rebate I am not aware of it. I cannot find it on our books. We smelted close to 40,000 tons of ore. We have had to maintain the business in the face of discriminations against us. I wish it understood that I am not complaining of the Omaha and Grant Smelting Company. I have never said anything against them. It is a very honorable concern, I believe, and reputable men are connected with it, and I have never said a word to indicate that I thought they were doing anything wrong.

"A PERFECTLY OUTRAGEOUS DISCRIMINATION."

By Commissioner LITTLER:

Q. You do not blame them for getting the rebates?—A. Not at all. The only fault I have ever found was with the railroad company for what I considered a perfectly outrageous discrimination against us.

Commissioner ANDERSON. How many rates are there?

The WITNESS. I do not understand the question.

Commissioner ANDERSON. You speak of low-grade ores and high-grade ores.

A. I think the Union Pacific Company maintained the policy of having but one rate on ore, unless it was valued at over $100 a ton; and practically there is no ore valued at over that. If a shipper has richer ore, he takes a risk of all over $100 and ships it as $100 ore; so that I think that from all points which the Union Pacific Railroad Company reaches there is but one rate.

WHERE ORES ARE SHIPPED TO.

By Commissioner LITTLER:

Q. I want to ask you to where in the East you ship the product of your reductions works?—A. Silver is our largest product. That we sell mostly to the Government on bids.

Q. Where do you ship it?—A. Either to Philadelphia or to New Orleans, to be coined.

Q. Do you ship to any Missouri River points?—A. No.

Q. Do you know what the rate is on ores from Denver to the Missouri River?—A. Yes, sir.

Q. What is it?—A. I know what the regular rate is.

Q. What is it?—A. Five dollars a ton.

Q. Now?—A. Yes, sir.

Q. From Denver to the Missouri River?—A. Yes, sir.

RATES CHEAPER THAN FORMERLY.

Q. It is cheaper than it was formerly, is it not?—A. Yes. We have, since we have been in business here, shipped a good deal of material containing copper from which the gold and silver has all been extracted, and we also had the ore rate on that until the pool was formed, and then they raised the rate from $5 to $8. That has been the rate ever since.

NEVER RECEIVED REBATES.

Q. Do you say you never received any rebates at all from this company?—A. The Commission is here a few days in advance of the time I supposed it would be. When I found they were coming so soon, I improved the time. I examined our books back as far as the year 1879. That is the year in which we commenced business in Denver. If the committee desire it, I will immediately put men upon our books and go back to the very beginning; but my assistants in the business are all of the opinion that there never were any rebates in our business at Black Hawk.

Q. What is the paper you have before you?—A. This is a prepared statement in which I have taken each year, from 1879 down to this time, by months, to show just what we have received. I will explain by taking the year 1879. In June there was a collection of $448.42 from the Union Pacific Railroad for an overcharge on freight on ore for a concern in Black Hawk, which we collected for them and credited to their account.

Q. Do you know how that overcharge happened?—A. I cannot tell how it happened now, any more than they charged that much more than the regular rate.

AN OVERCHARGE, NOT A REBATE.

Q. You are sure that is not a rebate?—A. No, sir; it is an overcharge on the regular rate. We never had a rebate from Black Hawk; nothing but the regular rate which was open to anybody. Then there is another collection of $4 in July. There is a collection of overcharge on supplies, fire-bricks, shipped from the east, $195. That makes $671.47 for 1879. The entire amount that the Union Pacific Railroad Company paid us for any and all purposes was $671.47.

In 1880 the entire amount paid us was $394.78, and the principal item of that was $268.88 for an overcharge on fire-bricks.

TOTAL OVERCHARGES FOR SEVERAL YEARS.

Q. In order to condense this statement I will ask you to give the totals for the several years, and state whether the amount refunded for any year or any part of the year is or is not a rebate, or whether it is not, in fact, an overcharge?—A. There is not a single amount that I have here that is not a return for an overcharge. That year we had a number of entries. There were three or four months in which we received nothing. But in every other month there was a little sum: $19, $13, $22, and $1.50. Those were amounts paid us by the Union Pacific Company as a return of an overcharge. For instance, there is a collection for Eddy & James. We collected $65.20 and we paid it over to them. There is not a single item of such collections that was not turned over, as soon as we received it, to the company or to the individual who had shipped the ore to us. In 1882 we received from the Union Pacific Company, all told, $30.92 with every month marked "nothing," except July, when we collected that amount.

In 1883 the entire amount received was $95.80 from the Union Pacific Company.

OVERCHARGE ON ORE.

Then commenced what has been called a rebate of $67,000, which I will explain by itself. The ore on which this was paid was shipped to us in the last part of 1883 and the early part of 1884. Outside of that in 1883 we have had the amount I have just named. In 1884 $431.57. That was a clear case of overcharge.

In 1885 it was $124.35, made up of the three small items: $57.85, $19, and $47.50.

In the year 1886 it was $831.89. We shipped from here east over the Union Pacific road copper in two or three different forms—either in slabs or what we call residues, which is an oxide of copper put into barrels. The rate was open at $8 a ton to the river. The amount that the Union Pacific refunded, viz, $314.32, was the overcharge in excess of $8. Then there is one item here where they reduced the open rate on ore and matte from Butte City last October from $12 to $10.60.

The first two or three shipments that came after that were charged at the old $12 rate, and they paid the difference back to us, which was $202.95. The entire amount for the eight years, from 1879 to 1886, inclusive, was $3,452.51.

MERELY CORRECTIONS OF OVERCHARGES.

By Commissioner ANDERSON:

Q. All of these being merely corrections?—A. Merely corrections of overcharges of the regular rates—the regular published open rates, which everybody knew.

Q. You were speaking a little while ago of $67,000. I want to say that Mr. Kimball informed this Commission that that sum had been paid to you as rebate. What have you to say about it?—A. I will explain exactly that matter. In 1883 the Colorado and Montana Smelting Company, located at Butte City, had accumulated a large

pile of very low-grade ore which they could not use. They could not treat it there, because it would not pay the expenses of treating it. That company, as I was informed, had been buying rich ores and material from the mining companies, and they took this low-grade ore and gave them $5 a ton for it without any assay at all, and took their chances on disposing of it, and threw it into a pile, until it reached about 8,000 tons. They could not treat it in Montana so as to make any profit on it. They could not ship it anywhere else on account of the high rates. The regular rate from Butte City to Denver was $22 a ton. That company obtained, after explaining these facts, from the Union Pacific Company a rate of $12.50. They made a contract with the Union Pacific Railroad Company to carry that one particular pile of ore, no more and no less, to Denver for $12.50 a ton. They were not to include another pound from any other source but that one particular pile of ore, which had been lying outside in the weather for years. That company then desired to sell the ore to us, and sold it to us with the understanding and agreement that we should pay the freight of $12.50. The Boston and Colorado Smelting Company had no interest in the pile of ore, none whatever. It made no difference to the company whether it had the ore or not, because it was a very low grade of ore. They had no interest whatever in the rate of freights.

MONEY REFUNDED TO BOSTON AND COLORADO COMPANY.

Q. How was the money refunded?—A. As the Boston and Colorado Smelting Company paid the freight on the ore and they billed it at the regular rate, $22 per ton, of course the money was refunded to the Boston and Colorado Smelting Company.

Q. Your company?—A. Yes, sir.

By Commissioner LITTLER:

Q. What did you do with the money?—A. The money belonged to us; we had paid $22 to the Union Pacific company and had bought the ore with the agreement that we should pay $12.50.

DIFFERENCE BETWEEN A REFUND AND A REBATE.

Q. What is the difference between that transaction and a rebate?—A. I understand it to be this: If we had bought this ore in Montana with the understanding that we had to pay the regular rate to get it here, and at a price that would justify us in bringing the ore here, at the regular rate of freight, and then the railroad company, to assist our company, should give us back a part of the freight, I should consider that a rebate, discriminating in our favor, and really a donation to the company. The rate was fixed by a special contract with which the Boston and Colorado Smelting Company had nothing to do. They got no benefit from it whatever.

FORM IN WHICH PRODUCT IS SHIPPED EAST.

Q. In what form do you ship to the east the product of your reduction works here? In the form of pure silver and gold?—A. Pure silver and nearly pure gold and copper.

Q. How do you ship it, as freight or otherwise?—A. Gold and silver all go by express.

Q. Your shipments are necessarily rather small—that is, the shipments which go by freight?

The WITNESS. From here east?

Commissioner LITTLER. Yes.

The WITNESS. They are comparatively small. We ship probably about a hundred tons a month.

SMALL REFUNDS MAY NOT APPEAR ON BOOKS.

Q. Can you give us any further information?—A. I do not know. I have touched on all the points that occur to me now. The $67,000 transaction was between the month of October, 1883, and March, 1884. It was a contract, as I explain, made by a smelting company in Montana with the Union Pacific Railroad Company. And that was made before we bought the ore and was made the basis of our purchase of the ore. I should say, perhaps, one thing more: It is possible that there may be a very few small items of returns made on overcharges that do not appear on our books at all, for the reason that we indorse the check over to the person from whom we bought the ore, instead of making an entry in our books, and the payment never went into our account at all. We found one or two little items of that kind—happened to discover them in a memorandum book—and put them in the statement I have made to-day, but they will not amount to $500, all told, for the eight years.

EFFECT OF POOLING UPON COMMUNITY.

By the CHAIRMAN:

Q. What effect has the pooling of passenger and freight rates upon the community by railroad companies?—A. Of course it prevents competition and the shipper has no redress, if he thinks the rate is extortionate, except to go to the pool. If you go to the officers of any of the railroad companies, they will say, "We will have to refer that question to the pool." It has happened with me that some important question has been referred to the pool, and after the matter had been considered we were informed that no change could be made; that, on the whole, the pool did not think it was best to make any change; yet the members of the pool told me privately afterwards that they were in favor of making the change; you will see that a pool is a difficult thing to get at. There is nobody responsible.

Q. Is a pool a benefit to the railroad company or to the people at large?—A. I suppose that is a matter of opinion.

The CHAIRMAN. That is what I am asking you.

The WITNESS. I am not a railroad man, but my opinion has always been that if there was a railroad running into Denver that conducted its business on fair business principles, and treated everybody alike, and made no distinction, and made a fair and reasonable rate and maintained it, that that company would prosper. That has been my belief. I may be wrong, but if I were a railroad man I would try it on that principle for a while.

EFFECT OF A POOL TO RAISE RATES.

Q. Is the effect of a pool to lower or raise the rate?—A. To raise it, unquestionably.

Q. Then the benefit certainly would be to the company and not to the shippers at large?—A. The benefit would be to the company temporarily;

but then they hurt and kill a great many interests. They retard the prosperity of the communities in that way, and I think they lose more than they gain. As you know, this community has been obliged to submit to rates that in any other part of the country would be considered very extortionate. For instance, a short time ago I got a lot of groceries from New York—a few articles that I could not get here. The rate was $8.50 from Chicago to Denver, and $1.50 from New York to Chicago. I took the bill to the freight agent of the road over which the goods came and asked him if that was right, and he said, "Yes; that was according to schedule." I only mention that to show that this community has patiently gone along paying these very exorbitant rates. But the complaint is not of high rates; it is of discriminating rates. Most of the feeling that exists in this State (and there is a great deal of it) comes from this kind of abuses of railroad management and not from high charges.

MEANING OF "DISCRIMINATING RATES."

Q. Do you mean by discriminating rates, private special rates?—A. Giving one merchant a rate on merchandise that another merchant cannot get.

Q. Doing it privately?—A. Doing it privately through a system of rebates.

Q. Has the Union Pacific Railroad Company been engaged largely in that kind of business?—A. I should say they have, very largely. I should say, judging from what I have seen, and I have watched it pretty closely for twenty years—that it has always been the policy of the Union Pacific Company to build up a few persons at the expense of others. I do not see how anybody can look over the field and become acquainted with the transactions of that company without being convinced of that fact.

INFLUENCING LEGISLATION.

Q. What part have the officers and employés of the Union Pacific Railway Company taken in influencing State and local legislation?—A. They have been active.

Q. In what direction?—A. Well, I would much prefer that the Commission should call witnesses who know all about it.

The CHAIRMAN. We want what you know.

The WITNESS. My knowledge must be mostly inferential. They never show me anything of the transactions of buying up members of the legislature.

OBJECTION TO MENTIONING NAMES.

By Commissioner ANDERSON:

Q. Can you refer us to the names? You say you hope we will call up people who know.—A. I do not care to assume the attitude of giving information about other people's affairs and mentioning names. I would very much prefer not to do it.

Q. How can we find them out?—A. I think you will find them out; there are plenty of people here who will be glad to tell you whom to call.

By the CHAIRMAN:

Q. What part have the officers of the Union Pacific Railway Company taken in influencing State legislation?

The WITNESS. When you say officers——

The CHAIRMAN. Well, employés.

The WITNESS. I would not object to handing to the chairman of this Commission the names of some persons who must know about it.

CHANGE OF OPINION AFTER ELECTION.

Q. What do you know?—A. I only know from the effects, from what an ordinary observer can see. I know when men enter the legislature strongly pledged to and advocating certain railroad legislation, and after they have been there for a time and have been seen in intimate relations and around a great deal with men who were known as railroad lobbyists, and then come out in the end opposed to all railroad legislation and vote it down, it is safe to form the conclusion that they were bribed in some way.

LOBBYISTS AROUND THE LEGISLATURE.

Q. Has the Union Pacific Railway Company had lobbyists and attendants upon the legislature?—A. Yes. I might mention the name of Mr. Williams, of Kansas.

Q. Was it A. O. Williams?—A. Archie Williams, he is known as. He spent two years ago last winter to my knowledge, to my certain knowledge, not less than a month here, with headquarters in this hotel. If he was here for any other purpose than to influence legislators, I do not know what it was. He had no case in court that he was trying, and no law business that was apparent that he could be interested in. I understand that he was here also for quite a long time last winter.

METHODS OF THE COMPANY.

Q. What methods has the company employed?—A. My belief is that they have employed the method of paying out money very liberally, but I cannot prove that fact.

By Commissioner LITTLER:

Q. To members of the legislature?—A. To members of the legislature and to everybody who could do them any good; everybody who could work on members advantageously.

PASSES TO MEMBERS OF LEGISLATURE.

By the CHAIRMAN:

Q. Have the Union Pacific Railway Company issued passes to members of the legislature?—A. Very abundantly. I might mention a circumstance that occurred here two years ago last winter. There was a member of the legislature whom they thought very important should be here at the time that the vote was taken in the Republican Senatorial caucus. He had to go to Nebraska on account of the severe sickness of a member of the family. A special private train was furnished to him and it was run through at a high rate of speed. It ran into a cut down here, and actually killed 60 head of cattle; the man who informed me about it told me that the train was running at about the rate of 60 miles an hour when it ran into that cut; the

train was sent at the expense of the Union Pacific Railway Company solely for the purpose of carrying this one member of the legislature. They needed his vote and he came back in time to cast it. There must be some officer of the Union Pacific Company who can give you all the details and tell you how much it cost the company.

KIND OF LEGISLATION OPPOSED.

Q. What kind of legislation did they have their officers here to prevent; or what was the character of the legislation?

The WITNESS. That was attempted here last winter?

The CHAIRMAN. Yes.

A. There were two parties who professed to be in favor of legislation. One was in favor of passing a bill that would simply prevent discriminations; the other was in favor of passing a bill which provided for a commission with power to fix rates. The division of the members who were elected on this issue was the method that was really taken to kill legislation; that is, by getting a few men that would go so far and demand so much that more conservative members would not go with them. It is one of those adroit methods of defeating legislation and making it appear that everybody was all right.

UNION PACIFIC AS A MANIPULATOR OF THE LEGISLATURE.

Q. How long has the Union Pacific Railway Company been playing the part of a manipulator of the legislature here?—A. I have not known very much about it, nor paid very much attention to it until two years ago last winter. I saw a good deal of it then. I do not say this company is any worse than others. Nearly all the roads in this part of the country took an active interest in it. They put up money in the hands of certain parties to use; as I believe, chipped in and made a sort of a pool of it. That is the way I have been informed it was done.

INTERFERENCE IN POLITICS.

Q. Did the company interfere in politics?—A. Apparently only so far as to secure the election of men who they thought would be favorable to their interests.

Q. Did they appear in support of both parties?—A. Party did not seem to enter into it. The Union Pacific company favored one man for the United States Senate. They had two objects to accomplish in that legislature. One was to elect a United States Senator who would be friendly to their interests, as they viewed it, I suppose, and the other was to defeat legislation. I do not think they interfered any further than that. I do not know that they cared anything for what was done beyond that.

INTERFERENCE IN LOCAL LEGISLATION.

Q. What part has the company taken in interference in local legislation or elections?—A. I do not know how far they have gone in that direction. I hear now and then of cases in which there are very strong reasons for believing that they took active measures to defeat men whom they could not control. I should say that they did that in

regard to Mr. Bergh, in Park County, year before last. I have been told by men whom I think know, and I think Mr. Bergh knows himself, that there was money spent by the Union Pacific Company to defeat him, and that the employés of the South Park road, which is a part of the Union Pacific system, had instructions to defeat him. I have no doubt that they have done it in a great many other cases, but it is a very difficult thing to prove, and it is useless to make assertions that cannot be proved.

Q. Has there been any local hostile legislation in the locality here, or any legislation in favor of the Union Pacific?—A. I do not think of any. I think all that the railroad companies have desired was to prevent legislation. I do not think of any legislation that was enacted especially in the interest of railroads.

PLAN OF SETTLEMENT.

Q. Have you considered the several acts that have been presented to Congress from time to time in reference to the settlement of the debt to the Government of the aided roads?—A. Yes, sir; I was in the Senate when these measures were, to some extent, under consideration. Not in the last Congress, when it was more prominently considered, but in the Congress before that.

SHOCKING ABUSE OF ITS PRIVILEGES.

Q. Will you give the Commission the benefit of any opinion that you have formed?—A. Of course, it is a mere matter of opinion. I think that the Union Pacific Railroad Company has shockingly abused its privileges. They have apparently adopted and worked on the policy of breaking down everybody they did not like and building up those whom they could make use of. As far as I am personally concerned, I would be pleased to see the road pass into the hands of the Government; and to see if one railroad in the United States might be run, as the Post-Office Department is run, without fear or favor. If it was in my power to do anything with the road, I would turn it into the hands of the Government to-morrow.

HOW THE GOVERNMENT CAN TAKE CHARGE OF THE ROAD.

By Commissioner LITTLER:

Q. Will you explain to this Commission how that end can be accomplished, in view of the present law which provides in substance that the interest on the Government subsidy does not mature until the principal matures in 1895, 1896, and 1897?—A. Only by the right of the Government to amend and alter the charter to any extent that it may deem desirable. Congress has already passed the Thurman act. If it was right to make that company provide for a portion of the interest before the maturity of the bonds, I do not see why it is not within the scope of Congress, in case of the failure of the company to conform to the requirements of the Thurman act, to take possession of the road.

GOVERNMENT WOULD HAVE TO ASSUME FIRST-MORTGAGE BONDS.

Q. How would the Government manage to take possession of the road without providing for the payment of the first-mortgage bonds of the

company?—A. The Government would have to assume the first-mortgage bonds, of course. It is a valuable property, and worth more than the first mortgage. Under a wise and honest management it would, I believe, pay the interest on the bonds and gradually pay the debt to the Government.

By Commissioner ANDERSON:

Q. Will you explain how, in your view, under the laws that now exist, the Government could take possession of any more of the road than those portions which are covered by the act? Take, for instance, the subsidy commencing half a mile from Kansas City, and ending at the 394-mile post on the Kansas Central. Would it be good policy to take that section, unless in some way or other you could get the whole road?

The WITNESS. Do you speak of Kansas Pacific road?

Commissioner ANDERSON. I use that as an illustration, applying it to all the roads, the Supreme Court of the United States having decided that the lien did not apply between the 394-mile post and Denver.

The WITNESS. Of course that would interfere somewhat with the interests of the Government in taking possession of the road. I had more reference to the main line running from Omaha to Ogden.

CONTROVERSY AS TO EXTENT OF SUBSIDY.

Q. With reference to the main line there is a controversy as to whether the subsidy embraces the bridge across the river, and of course the question would arise as to the ability, except perhaps through the interposition of the equity powers of the court on proof that the branch lines had been constructed from the profits of the road; but on the foreclosure of the mortgage itself there would be the difficulty in taking anything except the main line itself. So, on the Central Pacific the subsidy does not extend to San Francisco, but only to Sacramento. As we are extremely desirous of getting all the information we can from gentlemen who have examined these matters and been in Congress, in view of these facts I would ask you how it would be possible to take possession of a road which could be operated on the idea that you suggested?—A. There may be some difficulties; how far they would stand in the way I do not know. The matter of extending the Central Pacific road through to San Francisco is not a very great undertaking. The Government could have a through line from Omaha to San Francisco, and the shortest that has been built. I have only been stating general principles. A railroad should be managed purely and solely in the interests of the road and of the public, and not to make a few men rich. As this road would be managed under Government control, it would be demonstrated not simply what might be done by that particular road, but what can be done by any railroad. I do not know of any railroad now, certainly none of the great trunk lines East, which are not hampered more or less by all sorts of arrangements by which some individuals grow immensely rich at the expense of the stockholders and the public.

GOVERNMENT MANAGEMENT FREE FROM PARTISANSHIP.

Q. Is it your belief that a Government management would be free from a personal partisanship of that nature?—A. We have pretty good evidence of that in the management of the Post-Office Department. I do not believe any private company would have made the Post-Office Department as efficient and economical as it has been under the Government.

Commissioner LITTLER. The Government has no opposition in the Post-Office Department.

The WITNESS. And the result would not have been different if it had.

EFFECT OF SETTLEMENT ON RATES.

By the CHAIRMAN:

Q. What would be the effect as to the settlement of rates, passenger and freight, with reference to the public at large, with such a settlement as you suggest?—A. I suppose the policy of the Government would be—it should be—to make a low rate and a uniform rate, and the other roads would very soon conform to it. I believe the effect would be to make a permanent and moderate rate.

EFFECT ON INDIVIDUALS.

Q. What effect on the public interests would it have?—A. It would stimulate enterprise and hasten the growth of communities.

EFFECT ON COMMUNITY.

Q. What would be the effect of such a settlement upon the public and upon this community?—A. It would have a most excellent effect. Under existing arrangements a business man can never tell a day ahead what can be done the next. The railroad companies may not be able to form a pool now, but they may form some kind of traffic arrangement that will crush a great many men who are doing a good legitimate business. It may come any day, and you would have no means of foreseeing or of preventing it.

DANGER THAT ROAD WOULD BE USED AS A POLITICAL ENGINE.

By Commissioner ANDERSON:

Q. Is not the danger that a railroad of that character would be used by the Government as a political engine, and the appointment of persons of the same political faith as an administration, and that it would gradually become an aggressive and ugly political machine?—A. That was the argument that was used formerly in regard to the Post-Office Department. It has always been the one great argument that has been used to prevent the establishment of a postal telegraph system in this country. But as a business man I would much prefer to depend on railroads which were subject to any evils which may spring from political patronage than to be subject to the caprices of some men who are at the head of great railroad companies.

RECTIFICATION OF EVIL THROUGH STATE COMMISSIONERS OF RAILWAYS.

Q. Could you not rectify that evil through the intervention of active State commissioners of railways with power to investigate any such alleged infringement, and without asking the Government of the United States to enter as a competitor into the railroad business?—A. I have hoped that that might be done, but I must say that I am very despondent about it. If a great railway company like the Union Pacific Company determines to build up a concern by some system of discrimination it would find a way to do it. If it did not do it through a system of re-

bates, it would do it in some other way. There are many ways that a thing of that kind can be done and not be exposed until at least years afterwards.

HOW MUCH A GOVERNMENT CORPORATION COULD EARN.

Q. Have you considered the actual traffic of the Union Pacific system sufficiently closely, especially in view of the limitations of the United States lien that I have called your attention to, to be able to form an opinion as to exactly how many dollars per annum a Government corporation, fairly and justly administered, could earn?—A. No; I have not enough figures on that question to enable me to form any correct opinion.

Q. In order to determine the best policy for increasing the Government security, would not a careful examination of that subject be exceedingly essential?—A. I believe on general principles that the Government could manage the road to better advantage than the company has done under the system which has characterized its management.

ROAD WOULD EARN MORE MONEY UNDER GOVERNMENT MANAGEMENT.

Q. It would earn more money?—A. It would probably earn more money, and if it did not you have the fact that it is run in the interest of the public, as it should be, and the public would pay the shortage, and nobody would complain. I would like to pay my share of it and have it put into the hands of a management that would know no discriminations. How can it be said that the Union Pacific Company makes any money by favoring one smelting company and giving it an advantage over another smelting company in a few months of $570,000? How can that help the railroad company, and how does it affect the community? If every person could have the same rate you would find more smelting companies; you would find more enterprises; you would find the business more equally divided. The company that I represent would have been largely smelters of lead ores if they had same rates that our neighbor had.

POSSESSION OF ROAD COULD BE TAKEN FOR DEFAULT UNDER THURMAN ACT.

Commissioner ANDERSON. In answering Commissioner Littler's question as to how it could be done, you suggested that as the Thurman act had modified the original act and had been held to be constitutional, possession of the road could be taken for a default under the Thurman act. Assuming that no default which can be sustained in the court exists to-day under the Thurman act, then it could only be reached by a further amendment increasing the percentage that the companies would have to pay, or in some way or other bringing about a default.

The WITNESS. I understand the default exists now under the Thurman act.

Q. In what respects?—A. They have not provided for the sinking fund, as the law requires.

Q. Will you give us some information as to the basis of that assertion?—A. I cannot give you any detailed information. I know in a general way, and it has been so stated in speeches in Congress and other places. It is a subject that I have never made a special examination of.

ACCOUNTS OF COMPANIES SETTLED WITH COMMISSIONER OF RAILROADS.

Q. Do you not know that the accounts of these companies have been settled with the Commissioner of Railroads, and that the amounts called for by him are represented in their sinking funds, as they now stand, except as to some items which may be in the Court of Claims in dispute as far as the sinking fund is concerned?—A. If what has been paid by the railroad companies is in full and absolute settlement of all the claims the Government had against the railroads under the Thurman act, I have been in error.

PAYMENT OF DIVIDENDS A VIOLATION OF THURMAN ACT.

Commissioner ANDERSON. There are other points under the Thurman act. The payment of their dividend is alleged to have been in violation of that law, and it may be; but as far as the sinking fund is concerned it appears to have been adjusted by the Railroad Commissioner.

The WITNESS. I would not be in favor of taking the roads if the companies conform to the law and meet their obligations under the statute.

Q. Under those circumstances, the question recurs, What would be the best policy? We are asked by this act to report, and are very glad to get suggestions.—A. I do not say, and I have not said, that the time had come when it would be opportune for the Government to take the Union Pacific Railroad. I speak in a general way when I say that I would like to see that result as a matter of experiment with the railroad systems of this country.

LARGE ANNUAL PAYMENT INSTEAD OF PERCENTAGE OF NET EARNINGS.

Q. Have you considered the result of a quite large annual payment instead of this percentage of net earnings, which does not appear now to exceed $800,000 or $900,000?—A. Not particularly.

Q. How would it strike you as to the relative advantages, there being no default at present and the other question being reserved, to change from the system of 25 per cent. of net earnings, and instead of that to require an annual payment, fixing it at a sum exceeding the interest charged?

Commissioner LITTLER. An annual gross sum.

The WITNESS. I am not prepared to express an opinion as to that. It is a subject which I have not considered carefully, and I do not think I could give an opinion that would be of any value. I have spoken in very general terms as to a line of policy which I would be glad to see tried.

EXTENSION OF TIME TO PAY.

By the CHAIRMAN:

Q. Do you favor an extension of the debt after maturity?—A. I should vote against an extension.

Commissioner LITTLER. Have you considered the policy of the company as to its acquisition of its branch lines? Have you considered the wisdom or want of wisdom of that?

The WITNESS. I have only considered it perhaps from what you might call the moral aspect of it. I do not think the company had any moral right whatever to divert the earnings of subsidized roads into building other roads.

ACQUISITION OF BRANCHES A BENEFIT TO MAIN LINE.

Q. Assuming that they had no right, and viewing the matter as a business proposition, is it or not your opinion that the acquisition of these lines has inured to the benefit of the main line?

The WITNESS. For instance, the acquisition of the Kansas Pacific road?

Commissioner LITTLER. That was acquired by a consolidation. I refer particularly to the acquisition of these branch roads running out into Colorado and the branches running into Kansas and Nebraska.

The WITNESS. Of such acquisitions as that of the Kansas Pacific, the stock of which was worth $4 or $5 per share, and which was forced on the Union Pacific at $100 per share, there can be but one opinion. As to building new roads, that is a question for railroad men to consider.

Q. You do not claim to be a railroad man, I understand you?—A. Not at all.

RAILROAD OFFICERS INTERESTED IN MINING COMPANIES, ETC.

The CHAIRMAN. Have you any knowledge of any officer, employé, agent, or any one directly or indirectly connected with the Union Pacific Railroad Company, interested in any mining company, smelting works, or manufacturing company, or any other business along the branch lines or the main line, other than Mr. Ames and Mr. Dillon, whom you have named?

The WITNESS. And Mr. Adams. When you ask me for knowledge on that subject, I must say that what I know is based on what I hear from what I deem to be reliable sources. That there is the usual amount of interest in coal enterprises and other enterprises on the part of employés and officers of the Union Pacific Railway Company, I have no doubt.

NO DOUBT RAILROAD PEOPLE MAKE MONEY OUT OF BUSINESS CONNECTED WITH ROAD.

Q. Can you designate any firm or any company in the coal business to which your remarks would apply?—A. I very much prefer, if the Commission would indulge me to that extent, to say they could get this information by calling on officers of the company who know about it, and who should be made to state the facts. I have no doubt myself that there are persons connected with the Union Pacific Railway Company who make money out of business enterprises connected with the road. But I cannot furnish you with the proof. My belief is that you can obtain the proof upon careful examination of officers of the road who must know about it.

Q. Can you give the Commission any names of any officers, or, if you will, furnish us with a list?—A. There are certain officers who would suggest themselves to me as persons who must necessarily know something about all these things, and I would have no objections to make out a list of persons of that kind.

The CHAIRMAN. We will do so.

The WITNESS. If I mention their names, it is because they are in positions where they must know.

DIVERSION OF TRAFFIC FROM AIDED TO UNAIDED ROADS.

Q. Have you any knowledge of any diversion of freight or traffic of any character from the aided roads to any unaided roads by an arrangement or agreement of any kind from this point.

The WITNESS. You mean to the Union Pacific company?

The CHAIRMAN. Yes; we speak of the Government-aided roads.

The WITNESS. I am not prepared to say that I know of any. As I understand it, the two trunk lines from here east are both what you call aided roads.

The CHAIRMAN. Yes; and all their branches.

Q. Has there been, by the Union Pacific Railway system, any diversion of traffic to any other road, or any division of traffic?—A. I could not say that I have any knowledge to that effect.

TENDENCY TO REDUCE NET EARNINGS ON AIDED ROADS.

Commissioner ANDERSON. The point is, that the law requires them to pay 25 per cent. on the net earnings of the aided roads; and the suggestion of the chairman is whether you know of any policy that would tend to reduce the net earnings on the aided roads, and thus benefit another portion of the system, thereby injuriously affecting the payment to be made to the United States.

The WITNESS. The statement has often been made, and apparently on good authority, that the Central Pacific road had diverted a great deal of its freight to the Southern Pacific road.

EFFECT TO LESSEN AMOUNT OF MONEY PAID TO GOVERNMENT.

Q. Has freight been sent over by way of the Julesburg branch to the main line instead of sending it over the other way, by way of Cheyenne, on the main line?—A. The freight from here east I understand goes by the Julesburg Cut-off. I did not know that the effect was to lessen the amount of money to be paid to the Government.

The CHAIRMAN. The effect of that would be to put the freight earnings growing out the freight passing by way of the Julesburg Branch as against the section by way of Cheyenne, on the main line.

The WITNESS. I only have knowledge which is common to everybody, I suppose, that their business from here east is done over the Julesburg line.

Commissioner ANDERSON. It is much shorter.

The WITNESS. Shorter, and easier grades.

WILLING TO GIVE INFORMATION.

Q. Have you any other suggestion to make, or any other information that you can give, to the Commission?—A. I came before this Commission without having expended any time in thinking over the subject beyond that which relates to what the Boston and Colorado Smelting Company had received in the way of rebate. Nothing occurs to me now. If I should think of anything important, I should be very glad to have an opportunity of informing the Commission. I have no infor-

mation of any kind relating to the Union Pacific road that I am not at liberty to give to the Commission.

The CHAIRMAN. We will be glad to have you give any information that you can during our stay here.

INFLUENCING LEGISLATION.

By Commissioner LITTLER:

Q. I want to call your attention to the subject of influencing legislation. Do I understand you to state to the Commission that there is in this State what may be properly termed a combination of railways, by which they pool their issues before the legislature, and make up a pool of money to be expended to influence the legislature in relation to railway legislation?—A. It is my belief that when the legislature meets the railroad companies enter into mutual arrangements to defeat any legislation to which they may be opposed.

Q. Have they a headquarters anywhere?—A. No; I do not think they have, outside of their own offices. What they appear to do in common is to select persons to manage the lobby and furnish them with money.

Q. There is a head to this combination, I suppose, as there is a general management, and it is done under orders from somebody in command. Is not that so?—A. I think they delegate that business to a few men to manage and leave it to them.

USE OF MONEY TO INFLUENCE MEMBERS.

Q. Have you any knowledge of the unlawful payment of money to one or more members of the Colorado legislature for the purpose of influencing their votes?—A. I have not any direct and positive knowledge.

Q. Can you indicate to this Commission how they can secure such knowledge?—A. If they can do it in any way it will be by calling as witnesses the men who must have handled the money.

By Commissioner ANDERSON:

Q. Who are those men?—A. I am not willing to come out before this Commission with charges against particular individuals which I cannot prove.

Commissioner ANDERSON. It is a very serious charge against them.

The WITNESS. It is a very serious charge; but I have abstained from making it against any particular person. I am willing to indicate to this Commission certain persons who, I think, if they are willing to, and if they would tell the truth, could give all the information you want.

EFFORTS NOT TO PROCURE AFFIRMATIVE LEGISLATION, BUT TO PREVENT UNFAVORABLE LEGISLATION.

Commissioner LITTLER. The efforts of this combination, as I understand, from time to time have been not to procure affirmative legislation, but to prevent unfavorable legislation to railway interests generally.

The WITNESS. Yes.

Commissioner LITTLER. And in that combination the Union Pacific has contributed its full share of money and men, as I understand it.

The WITNESS. I have no doubt it has to defeat what they call unfavorable legislation. Whether legislation that would prevent all discrimination is unfavorable or not, would be a matter of opinion.

STATE RAILWAY COMMISSION.

Q. Have you any such thing as a railway commission in this State?—A. Yes, sir; we have a commissioner without any power. We have had one for two years.

Q. Only one?—A. Yes, sir. He has no power to do anything except to advise.

Q. Is he a good adviser?—A. I never heard much of his advice. I do not know whether it is good or not. I think all the advice he has given has cost the State a good deal of money in proportion to what it is worth.

RELATION OF MONTANA COMPANY TO BOSTON AND COLORADO COMPANY.

By Mr. WILLARD TELLER:

Q. I would like to ask you a question. You spoke of a Montana company. What relation does that company sustain to the Boston and Colorado company?—A. No relation whatever. The two companies have no interests in common at all.

Q. Do you know who the stockholders of that company were?—A. Yes, sir; and I am one of them myself.

Q. Were not stockholders of that company nearly identical with the stockholders of the others?—A. Not at all. I am a stockholder in the Montana company, and I think I am the only person that is a stockholder in Boston and Colorado company who has any stock in the Montana company now.

Q. You organized the company, did you not?—A. I had but little to do with the organization of it.

ONE STOCKHOLDER THE ONLY CONNECTION.

Q. Is that all the connection that this company has with that one—just one stockholder?—A. Yes, sir; the one stockholder. At the time that this contract was made with the Montana company Mr. Wolcott was a stockholder in the Boston and Colorado company, and he was a stockholder in the Montana company.

Q. Who was at that time the manager of the Boston and Colorado company?—A. He was the assistant manager, and really the active manager, as I was in the Senate at that time.

Q. He was the actual manager all the time you were in the Senate?—A. Yes, sir; he had essentially the management of it.

Q. He was then the manager from the commencement of that company until the time this company sold you the ore.

The WITNESS. The manager of the Montana company?

Mr. WILLARD TELLER. Yes, sir.

The WITNESS. He was not the manager of the Montana company. I was speaking of the Boston and Colorado company.

Q. Up to the time when the Boston and Colorado company bought that ore?—A. Yes.

Q. Who were the stockholders of that company?—A. W. A. Clark and H. Williams, of Montana, Richard Pearce, H. N. Wolcott and myself, of Colorado.

PROPORTION OF MONTANA STOCK OWNED BY BOSTON AND COLORADO STOCKHOLDERS.

Q. How large a proportion of the stock of the Montana company was owned by persons who were stockholders and were directly in the em-

ploy of the Boston and Colorado company?—A. One-half, I think; I think it was just one-half. No, I am wrong; it was three-fifths of it.

Q. You said that company had gone out of existence?

The WITNESS. Which company?

Mr. WILLARD TELLER. The Montana company.

The WITNESS. Oh, no; not at all.

Q. It is still in existence?—A. Yes, sir.

Q. That company sold to this company the ore which it is claimed the rebate was on?—A. Yes, sir.

Mr. WILLARD TELLER. You said you thought the Union Pacific Company had abused its privileges shockingly in respect to political matters, as I understood?

The WITNESS. No, I did not say that. I was speaking of their business management. When I used that expression, I had reference very largely to that system of destroying business interests through favoritism.

THE UNION PACIFIC IN POLITICS.

Q. You said you thought they had taken a very active part in politics. Have you stated generally the reasons for it?—A. I have given some reasons.

Q. Was that two years ago?—A. Two years ago, and last winter also, I believe. I did not see much of it last winter, but two years before I did.

Q. Two years ago you were an attendant on the legislature also, were you not?—A. Through a very few days of it, yes, sir; the early days of the session. I was a candidate for re-election to the United States Senate.

INFLUENCING LEGISLATION.

Q. You had no knowledge of what he was doing to influence legislation?—A. Only that members of the legislature were in constant attendance upon Mr. Williams and other lobbyists.

Q. You said also that the Union Pacific Company was very actively interested in the election of a Senator that year, did you not?—A. Yes.

Q. You were a candidate for the Senate at the same time?—A. Yes.

Q. Did you ever make the charge before this time that the Union Pacific had been thus acting?—A. I do not think I ever did.

Q. Did you ever say to any newspaper or others, so that it got into print, that such had been the case?

The WITNESS. That the Union Pacific Company had done it?

Mr. WILLARD TELLER. Yes, sir.

The WITNESS. I think that I never made any such statement.

UNFAIR MEANS USED.

Q. You did state in general that unfair means had been used?—A. Yes, sir; I made that statement.

Q. Afterwards were you notified to substantiate your charges?—A. I was notified to testify to whether I knew—the question was asked me whether I knew of my own personal knowledge—of any money having been paid by any persons around the legislature to any member.

COMMITTEE OF LEGISLATURE TO INVESTIGATE CHARGES.

Q. Was it not a fact that a committee of the legislature was appointed to investigate the charges that you have made, and which had been published in the public prints?—A. Yes, and it was a most unfair and partisan committee.

Q. Were you notified to appear before that committee?—A. I was notified to appear before that committee.

Q. Did you appear?—A. Yes, sir; I did appear.

Q. What did you say in reference to any knowledge you had?—A. Before I appeared before the committee a question was submitted to me. It was substantially whether I could answer the following question in the negative: "Do you, of your own personal knowledge, know of any money having been given by any person to any member of the legislature to influence the vote?" My answer to this question was "No," for which I thought I had good reasons. I regarded the majority of the committee as false and dishonest men, and believed they were put on that committee for partisan purposes.

COMMITTEE APPOINTED NOT TO MAKE A FAIR INVESTIGATION.

Q. They were members of the legislature?—A. Yes, sir; they were members of the legislature, and no worse than some of the others. They were put there, as I believe, solely for one purpose, and that was to whitewash the whole business. There was $5,000 appropriated by the legislature to pay the expenses of that committee. I was informed that a majority of the committee wanted to have the committee continued until the next legislature met; that would be for two years, so as to get the benefit of that $5,000. I knew that the investigation would come to nothing. I knew from the very moment the committee was appointed that it was not intended to make a fair investigation, and therefore I went before the committee with the intention of giving no information which could possibly afford any ground for extending its time beyond the session of the legislature.

INTERFERENCE IN AN ELECTION.

Q. Had you at that time any knowledge of any fact that induced you to believe that the Union Pacific had had a hand in that election?—A. A great many.

Q. A great many?—A. Yes.

Q. Did you offer that knowledge of these facts in evidence before that committee?—A. I did not.

Q. Have you ever offered it in evidence?—A. I never have.

Q. Will you offer it now?—A. It would be of no use. Some of the circumstances I have forgotten, others I could not state without violating the confidences of others.

PLEDGED TO VOTE FOR A CERTAIN PERSON FOR SENATOR.

Q. Is it not a fact that your feelings were largely biased or prejudiced at that time by the result of the election?—A. Not a particle. My judgment was not in any way influenced by the result.

Q. Having that knowledge at that time, you refused to go before the committee and disclose anything about it?—A. Yes; because no good could be accomplished.

Q. You now have forgotten what you knew?—A. No, I have not fo gotten it all.

INFLUENCING OF LEGISLATORS SUBJECT OF INVESTIGATION B COMMISSION.

Q. But you refuse to disclose it?—A. I do not know that the object this committee is to investigate the members of the Colorado legisl ture.

The CHAIRMAN. That is one of the special matters referred to by th act, the influencing of legislators.

The WITNESS. Whether particular persons sold their votes?

The CHAIRMAN. That is a part of the investigation.

Commissioner ANDERSON. That is, if the Union Pacific did it.

The WITNESS. My belief that they did was based on various su roundings and circumstances.

By Mr. WILLARD TELLER:

Q. You know nothing about the handling of money, do you?—A. did not see any money pass from one man's hands to another's.

UNION PACIFIC OPPOSED MR. BERGH'S ELECTION.

Q. You spoke about Mr. Bergh. What do you know about the Unio Pacific Company opposing his election?—A. I have been told by peopl who reside in Park County, and who are somewhat familiar with wha was going on, that there was a very active effort made to defeat Berg by the Union Pacific people.

Q. Do you know what efforts were made?—A. No; I do not.

Q. Do you know if it was anything more than some of the men wh worked for the road?—A. I could not tell you that.

Q. You do not know whether it was done at the instigation of th officers of the company, do you?—A. I do not know. I could not tel

Q. Do you know what reason was urged for the opposition that wa made, if any?—A. Simply that Mr. Bergh was supposed to be a man wh from his past actions (he had been in the legislature for a good while could not be controlled by the railroads.

MR. BERGH IN FAVOR OF REGULATING RAILROADS.

Q. Was it not a fact that Mr. Bergh was known to be rabidly opposed to railroads, and had made himself somewhat prominent in the legis lature before?—A. He was always in favor of regulating, to some ex tent, and controlling the action of railroads here. I do not know tha he was very rabid.

Q. He was very active, at any rate, in introducing legislation against the railroads, was he not?—A. He was active, and I believe if he was capable of being bought, he would have been on the other side.

Q. Have the Union Pacific people done anything more than to repel what they considered to be attacks?—A. I do not know that they have.

Q. Have they done anything more than any other railroad in the State?—A. Most of the railroads have taken an active interest at least by putting up money.

REBATES.

Q. Coming back to rebates: Did you ever ask the Union Pacific to give you any special rates at any time?—A. I have asked for lower

regular rates. I never asked any favors in special rates lower than were given to others.

Q. What do you mean by other people?—A. Other smelters. I have often asked for lower rates on ore from different places.

Q. Have you asked other railroad corporations the same?—A. Yes.

Q. Never got it from any of them?—A. I will not say that. I think there have been reductions made in rates on account of the request that people connected with our company have made. I think perhaps the last reduction on the rate from Butte City to Denver was made at the request of our company. But that was an open rate, and was given to everybody.

By the CHAIRMAN:

Q. What was the name of the Senator elected in the contest that you have spoken of?

The WITNESS. As my successor?

The CHAIRMAN. Yes.

The WITNESS. Senator Teller.

INFLUENCING ELECTIONS AND LEGISLATION.

Q. Will you furnish to this Commission any information that you have, of your own knowledge or through others, of any corrupt participation by the Union Pacific Railway Company in influencing that election, or any other legislation last session, or at any other time in the history of the Union Pacific Railway Company?

The WITNESS. Information of a personal character?

The CHAIRMAN. Personal or general, or through others, or hearsay, or in any way, so that we can get it.—A. I have intimated that I might name to the Commission some persons who, I felt confident, could give the information.

Commissioner ANDERSON. It is the names we want.

The WITNESS. I have explained what the character of my information is.

By the CHAIRMAN:

Q. Will you give the names of those?—A. I will think it over, and perhaps give the names of persons who could tell what you want to know if they were willing to.

Q. Will they tell it if they do not want to?—A. I presume you may have some way to force information out of unwilling witnesses. It comes pretty hard sometimes.

The Commission then adjourned to Tuesday, July 12, 1887, at 10 a. m.

DENVER, COLO., *Tuesday, July* 12, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

CHARLES WHEELER, being further examined, testified as follows:

The witness produces a balance sheet of the Denver, South Park and Pacific Railroad Company of December 31, 1880. It is as follows:

DR. *Denver, South Park and Pacific Railroad Company. Balance sheet, December 31, 1880.* CR.

Construction and equipment	$2,717,848.99			Capital stock		$3,500,000.00	
D. & S. P. R. R. Co. extensions	653,119.48			Bonds, first mortgage	$1,800,000.00		
			$3,370,968.47	Bonds, supplemental first mortgage	700,000.00		
Depot grounds (Denver)	42,034.18					2,500,000.00	
Real estate (Como)	302.50						$6,000,000.00
		$42,336.68		Audited vouchers	158,865.42		
Bills receivable	18,388.61			Audited pay-rolls	48,161.70		
Stocks of other companies	43,626.00			Advanced charge checks	5.00		
		62,014.61		Drawback checks	71.70		
Steel rails for replacement (purchased in Europe)	118,153.68					207,103.82	
Storeroom, as per inventory	$64,062.12			Suspense account		10.00	
Material at Alpine Tunnel	1,280.07			Railroad companies		24,643.13	
	68,242.19			Treasurer, on deposit in Colorado National Bank	13,815.32		
Fuel	10,224.34			Winslow, Lanier & Company, on deposit in New York	80,215.81		
Stationery	1,873.91			Union Pacific Railway Company	200,000.00		
		196,494.12				294,031.73	
			300,845.41	Accrued interest on first-mortgage bonds		21,840.00	
Farmers' Loan and Trust Company, trustees			700,000.00				547,632.65
Agents and conductors		16,703.51		Gross earnings	590,296.10		
Barlow & Sanderson	675.90			Warrants receivable	111.83		
Pacific Express	2,212.11			Foreign coupons collected	665.01		
United States Government, estimated mail service	7,107.87					591,092.99	
Kansas Pacific Railway Company	607.72			Loss and gain		1,340,908.59	
Buena Vista Land Company	37.28						1,932,001.58
Individuals and companies	5,038.25			Rental of track			1,550.25
		15,676.63					
Denver and Rio Grande Railway Company:							
Balance on pooled traffic adjusted	49,540.55						
Claims, proportion of expenses, &c	4,672.75						
		54,213.30					
South Park Coal Company	85,283.43						
Morrison Stone, Lime, and Town Company	3,099.72						
Pitkin and South Park Wagon Road	25,236.16						
Gunnison Town and Land Company	120.50						
Gunnison Land, Mining, and Tunnel Company	7,706.95						
		122,146.76					
			208,740.20				
Income expense	39,819.09						
Operating expense	329,994.87						
		369,804.96					
Interest on first-mortgage bonds		56,700.00					
			426,504.96				
Dividends declared			140,000.00				
Discount on stock and bonds			3,334,685.47				
			8,481,144.51				8,481,144.51

DENVER, COLO., *February* 14, 1881.

Detailed statements of various accounts will be made having reference by number to this statement.

CHARLES WHEELER, *Auditor.*

By Commissioner ANDERSON:

Q. You say this balance sheet shows truly the cost of construction and equipment of the Denver, South Park and Pacific road?—A. Yes; the cost of construction and equipment and the discount on the stock and bonds.

Q. Do I understand you to say that, by deducting the discount from the gross amount of stock and bonds, you obtain the actual cash cost of the construction and equipment?—A. Yes.

BUILT BY PROCEEDS OF BONDS: STOCK CLEAR GAIN.

Q. I understand you to say, substantially, that this road was built with the proceeds of $1,800,000 of bonds, and that the stock represented no actual subscription in money to build the road.—A. All the road was built by the construction company. I stated to you last evening, from memory, one or two matters that I would like to correct, after an examination of the papers here.

A portion of these bonds, when there was a sale for them and the road was making money, were put on the market and sold by Winslow, Lanier & Co. I have my book here to show the transactions of Winslow, Lanier & Co. I have in my possession a statement of the details of the sale to Mr. Gould of the one-fourth interest which he acquired in the stock of the construction company. This statement shows, in a column, the amount of the various drafts made on Mr. Gould, and the persons for whose account these drafts were made. The aggregate of the drafts is $202,255.

Q. When were these drafts made?—A. In the fall of 1879.

Q. Did you find the contract as to those extensions?—A. No.

The witness produces the original contract of the Denver and South Park Company with the Denver Railway Association, under which the first 16 miles, or thereabouts, of the road was constructed.

The Denver, South Park and Pacific Railroad Company first mortgage.

This indenture, made this 1st day of August, in the year of our Lord 1876, between the Denver, South Park and Pacific Railroad Company, a corporation duly organized and existing under the laws of the State (late Territory) of Colorado, party of the first part, and the Farmers' Loan and Trust Company, a corporation of the State of New York, party of the second part,

Witnesseth that, whereas the party of the first part, under and by virtue of the laws of the said State (late Territory) of Colorado, has become entitled to survey, locate, construct, maintain, use, and operate a railroad between the city of Denver and the Arkansas Valley, in Lake County, with a branch to Morrison, in Jefferson County, all in said State (late Territory) of Colorado;

And whereas, by virtue and authority of said laws, said party of the first part has surveyed and located its said railroad by way of the Platte Cañon, the mouth of Buffalo Creek, the north branch of the Platte River, across the South Park, to the Arkansas Valley, and its branch to Morrison, making 150 miles or thereabouts, and has constructed, equipped, and is operating that part of its road and branch between Denver and Morrison, being 16½ miles of road, and is engaged in the construction of the remaining part thereof; and by act of Congress approved March 4, 1875, "granting to railroads the right of way over the public lands of the United States," is entitled to its right of way, depot grounds, and material for its construction, free of charge, over, on, and from said lands;

And whereas said party of the first part is substantially free from debts, and its said road is free from any and all liens, but is desirous of raising means for the extension and completion of its road by borrowing money for the purpose, securing the payment of the principal and interest of the same by a first mortgage or trust deed on its said railroad, as authorized by the laws of Colorado;

And whereas, at a meeting of its board of trustees (directors), held on the 8th day of July, 1876, the following resolution was adopted by said company, viz:

"*Resolved*, That this company issue its bonds for two million five hundred thousand dollars ($2,500,000), in two thousand five hundred bonds (2,500), for one thousand

dollars ($1,000) each, payable in gold, in the city of New York, on the 1st day of May, nineteen hundred and five (1905), with interest in the mean time at the rate of 7 per cent. per annum, payable half yearly, on the 1st day of May and November, in New York, at the rate of $35, gold, for each half year's interest, or at the option of the holders, at the rate of seven pounds five shillings ten pence (£7 5s. 10d.) sterling, in London, or of 87 florins and 30 kreutzers, in Frankfort-on-the-Main, with coupons annexed, and privilege of holders of registry, on surrendering coupons, with a sinking fund of 1½ per cent. on all outstanding bonds of said issue, annually, after ten years from date, for the retirement of said bonds at par by lot, and to secure the payment of such bonds, interest, and sinking fund, this company make, execute, and deliver its mortgage or deed of trust to the Farmers' Loan and Trust Company of New York, as trustee, conveying to it in trust, for the bondholders, the company's line of railroad and telegraph from Denver to the Arkansas Valley, in Lake County, and its branch to Morrison, in Jefferson County, Colorado, being 150 miles of road, with all the appurtenances, and the rolling stock and equipments thereof, with its franchises:

"And the said mortgage or deed of trust shall contain provisions for the enforcement of the mortgage against the road, appurtenances, and equipments, and for foreclosure and sale in case of default, and for change of trustee, together with waiver of stay, execution, and appraisement laws, and full covenants for further assurance, especially of after-acquired property, and also covenants providing for the terms and manner of the delivery of the bonds by the trustee, and for the proper application of the proceeds of said bonds to the construction of the railroad, and that in these respects and in other matters of detail the said bonds and mortgage or deed of trust shall be in such form and to such effect as the president and secretary of this company shall determine and approve;"

And whereas, in pursuance of said resolution and as authorized to do by virtue of the laws of the State (late Territory) of Colorado, the party of the first part has determined to issue said bonds and to secure the payment of the same, principal and interest, with said sinking fund for their redemption, at par, by this mortgage or trust deed; the said bonds to be payable, principal and interest, in gold coin of the United States, of or equal to the present standard; the said bonds to stand equally and ratably secured hereby without any preference whatever arising from time of issue or otherwise, and to be issued as required for the purposes aforesaid, and in manner and on the conditions as herein provided, and each of said bonds to be duly executed by and under the seal of the party of the first part, signed and attested by its president and secretary, and the interest warrants to be authenticated by or with the name of the treasurer, and upon each of said bonds being so signed, sealed, executed, and authenticated, they are to be countersigned or certified by the said party of the second part in its capacity as trustee, which countersigning or certifying shall be conclusive and the only sufficient proof that the said bond is secured by this indenture, and each of which bonds is substantially in the following form:

First mortgage 7 per cent. railroad bond, principal and interest payable in gold coin, free of United States taxes, secured by first mortgage on 150 miles of railroad.

UNITED STATES OF AMERICA.—COLORADO.

The Denver, South Park and Pacific Railroad Company promises to pay to the bearer, on the 1st day of May, 1905, in the city of New York, $1,000 in United States gold coin, of or equal to the present standard, with interest thereon at 7 per cent. per annum, free of United States taxes, semi-annually, on the 1st days of May and November, in like gold coin, upon presentation and surrender of the annexed coupons therefor, such interest to be paid either in New York, London, or Frankfort, at the option of the holder, as specified in the coupons. In case of default in payment of such interest when due, and continuance of such default for sixty days after demand, the principal of this bond will be subject to become due and payable upon the conditions provided in the trust deed hereinafter mentioned. This bond is one of 2,500 bonds, for $1,000 each, of like tenor and date, numbered from 1 to 2500 inclusive, the payment whereof is secured by a mortgage or deed of trust of even date herewith, made by said company to the Farmers' Loan and Trust Company of the city of New York, as trustee, covering the company's railroad from Denver City to the Arkansas Valley, in Lake County, including its branch to Morrison, all in the Territory or State of Colorado, making 150 miles of road, with the appurtenances and equipments thereof, and the corporate franchises. Which mortgage or trust deed is a first lien upon the whole of said road, and provides a sinking fund, after ten years from date, of 1½ per cent. per annum, on all bonds outstanding for the redemption of said bonds by lot as therein provided.

In testimony whereof, the said Denver, South Park and Pacific Railroad Company hath hereunto affixed its corporate seal, and caused the same to be attested by its

president and secretary, in pursuance with a resolution of its board of directors, passed the 8th day of July, 1876, on this 1st day of August, 1876.

[L. S.]

——— ———,
President.

——— ———,
Secretary.

Whole issue, $2,500,000; principal payable May 1, 1905; coupons payable at the agency of the company in New York, London, or Frankfort-on-Main, at option of the holder.

(Form of coupon.)

£7 5s. 10d. $35.00. Fl. 87.30.

The Denver, South Park and Pacific Railroad Company will pay to the bearer, as he shall elect, in the city of New York, $35, United States gold coin, or in London £7 5s. 10d. sterling, or in Frankfort-on-Main 87 florins and 30 kreutzers, free of United States taxes, on the 1st day of ———, being six months' interest on bond No. ———.

C. B. KOUNTZE,
Treasurer.

(Back of the bond.)

No. ———.

The Denver, South Park and Pacific Railroad Company, first mortgage 7 per cent. sinking fund bond—$1,000—principal and interest payable in gold coin, coupons payable May 1st and November 1st in New York, London, or Frankfort-on-Main, at option of holder.

(Trustee's certificate.)

We certify that this bond is one of twenty-five hundred bonds of $1,000 each, secured by the mortgage or deed of trust within referred to.

THE FARMERS' LOAN AND TRUST COMPANY, *Trustee.*
By ——— ———, *President.*

This bond may be registered in the owner's name on the company's books in the city of New York, or at any other place which the company may determine, such registry being noted on the bond by the company's transfer agent, after which no transfer shall be valid unless made on the company's books by the registered owner and similarly noted on the bond, but the same may be discharged from registry by being transferred to bearer, after which it shall be transferable by delivery, but it may be again registered as before.

The registry of the bond as above shall not restrain the negotiability of the coupons by delivery merely, but the coupons may be surrendered and the interest made payable only to the registered owner of the bond.

And whereas, it is mutually agreed by the parties hereto that said bonds are only to be certified and delivered to the party of the first part, by the party of the second part in installments, to the amount of $16,666.66⅔, of the par value thereof per mile of its completed road, upon the president and chief engineer of the said party of the first part filing with the party of the second part their certificate, attested by proper affidavit, that such part of said railroad upon which said bonds are so to be issued, is actually completed in a good and substantial manner, and in operation at the time of such certification and issue of bonds.

And whereas it is the opinion of the party of the first part, that after the completion of the first 60 miles of said road, including its branch to Morrison, the net earnings of said road will be large enough to pay interest on the entire cost thereof and leave a surplus, therefore it is further agreed, that after the issue of bonds at the rate of $16,666.66⅔ per mile as herein provided, is made upon 60 miles of said completed road, the party of the second part shall make further certification and delivery of said bonds, only upon such certificate as above specified, and the additional certificate of the president and auditor, or chief accountant of said party of the first part, attested by their affidavits, setting forth that the net earnings of the road so completed and in operation, are sufficient in amount to pay the interest promptly on all of said bonds that may have previously been certified and issued, and also on the full amount of the additional bonds so to be certified and issued, on each additional completed section of the road.

And whereas, it is further agreed by the party of the first part, as a covenant and condition of this mortgage or trust deed, and of the certification and issue of said bonds to it by the party of the second part, that all and singular of the net proceeds of the sale of said bonds, so to be certified and issued, shall be faithfully applied to the legitimate expenses of the construction and equipment of its said railroad, in continuous and connected divisions of the same, until the whole extent of its one hundred and fifty miles of road is completed in a good and substantial manner, and in operation, and that to further assure this provision the party of the second part shall appoint an agent of known integrity and business capacity, with full power to dimiss him and appoint another in his stead at pleasure, who shall have the right to attend all meetings of the board of trustees, and who shall have free access to, and from time to time examine all of the books and accounts of the party of the first part pertaining to the application and expenditure of said proceeds of the sale of said bonds, and make full report thereon to the party of the second part every three months, and as much oftener as the said party of the second part may from time to time require for the information of the bondholders under this mortgage.

And the said party of the first part shall pay the said agent a reasonable compensation for his services during the time of the construction of said railroad, not to exceed, however, at the rate of $1,000 per annum.

And whereas, to further assure the payment of the said bonds at maturity by the party of the first part, and to provide for the redemption and cancellation of a portion thereof in advance of such maturity, it is agreed that a sinking fund of 1¼ per cent. per annum on all of said bonds that may have been issued, and which may be outstanding at the expiration of the term of ten years from the date of these presents, shall be provided from the net earnings of said railroad, after the payment of the operating expenses thereof and the interest upon said bonds, and the said sinking fund shall be annually thereafter paid over to the party of the second part, by the party of the first part, on the 1st day of April of each and every year thereafter, until the payment at par of said bonds so to be certified and issued.

And it is mutually agreed by the parties hereto that upon the receipt of said sinking fund annually, as herein provided, the party of the second part shall, by lot, determine which of the outstanding bonds of the issue hereby secured is to be redeemed by the said sinking fund for that year, and publish a notice of the result of such drawing, giving the numbers of the bonds so drawn for redemption, which notice shall be published for twenty days in some daily newspaper of the city of New York, selected by the party of the second part, and upon the presentation of the bonds so drawn and designated for redemption on or before the 1st day of May following, the party of the second part shall pay the same at the par value thereof out of said sinking fund, and, after cancelling said bonds so redeemed, return the same to the auditor or general accounting officer of the party of the first part. And the interest on all such bonds so designated by number, drawn, and advertised for redemption shall cease from and after the 1st day of May of the year the same are so drawn and advertised for redemption. But nothing herein contained shall prevent the full payment of all such bonds, principal and interest, at par, with all matured interest thereon up to the time the same shall be thus due and redeemable, at any time the same shall be presented for payment thereafter to the party of the second part:

Now, therefore, this indenture further witnesseth, that the party of the first part in consideration of the premises and of $1 to it in hand paid, at and before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, and in order to secure the due and punctual payment of the principal and interest of the bonds aforesaid to the amount of $2,500,000, issued or to be issued as herein before mentioned, has granted, bargained, sold, assigned, set over, released, conveyed, and confirmed, and by these presents does grant, bargain, sell, convey, and transfer, assign, set over, release, and confirm unto the party of the second part as trustee as aforesaid, and to their successors and assigns forever, all the right, title, interest, claim or demand whatsoever, which the party of the first part now has or is entitled to, or which it shall or may at any time hereafter acquire, or become entitled to of, in or to, all and singular the railroad or railroads of the said party of the first part, constructed, or now being or to be constructed, upon or over the line or route hereinbefore mentioned, viz: From Denver City to the Arkansas Valley in Lake County, with its branch to Morrison, all in the State of Colorado, a distance of 150 miles or thereabouts; and also all the lands, tenements and hereditaments acquired or appropriated, or which may hereafter be acquired or appropriated for the purpose of a right of way for said railroad, and all the easements or appurtenances thereunto belonging, or in anywise appertaining, and all railways, ways and rights of way, depot grounds, tracks, bridges, viaducts, culverts, fences and other structures, depots, station-houses, engine houses, car houses, freight houses, wood houses, warehouses, machine shops, work-shops, superstructures, erections and fixtures, whether now held or hereafter at any time acquired for the use of said railroad, or in connection therewith, or the business thereof; also, all locomotives, tenders, cars, and other rolling

stock or equipments, and all rails, ties, chairs, and machinery, tools, implements, fuel, and materials whatsoever, for or in respect of the constructing, operating, repairing, or replacing said railroad or any part thereof, or convenient or necessary for use for the purposes thereof, whether now held and owned or hereafter to be acquired by the said party of the first part, together with all the equipments or appurtenances whatsoever thereunto belonging, whether now held or hereafter acquired, and all franchises connected with or relating to said railroad, or the construction, maintenance or use thereof, now held or hereafter acquired by the party of the first part, and all corporate franchises of any nature relating thereto, including the franchise to be a corporation and operate said railroad, which are now or may hereafter be possessed or exercised by the party of the first part, together with all and singular the endowments, income and advantages, tenements, hereditaments, and appurtenances to the above-mentioned railroad premises or property belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, tolls, incomes, rents, issues, and profits thereof; and also all the estate, right, title, interest, property, possession, claim, and demand whatsoever, as well in law as in equity, present or prospective, of the said party of the first part of, in and to the same and every part and parcel thereof, with the appurtenances, to have and to hold, the above-described premises, property, rights, franchises, and appurtenances unto the said party of the second part, and its successors and assigns forever, to the only proper use, benefit, and behoof of the party of the second part, its successors and assigns.

In trust, nevertheless, for the equal pro rata benefit and security of all and every, the persons or corporations who may be or become holders of any of the above-mentioned two thousand five hundred bonds for $1,000 each, numbered from 1 to 2,500, inclusive, without any preference or priority of any one bond over another, or by reason of priority in time of negotiation thereof or otherwise, and for the uses and purposes herein declared and expressed.

And it is hereby granted, declared, and agreed that the premises, property, rights, interest, and franchises hereby conveyed or mortgaged are to be had and holden by said trustee, and its successors upon and for the trusts, uses, and purposes following, viz:

ARTICLE FIRST.—Until default shall be made in the payments of principal, interest or sinking fund, or some of them, or until default shall be made in respect to something herein required to be done, performed or kept by the said party of the first part, it shall be suffered and permitted to possess, manage, operate, use, and enjoy the said property and the railroad and its equipments, franchises, and appurtenances, and to take and use the rents, incomes, profits, and tolls thereof as if this indenture had not been made.

But, in case default shall be made in payment of any interest on any of the aforesaid bonds, issued under and secured by this instrument according to the tenor of the interest warrants thereto attached, or the sinking fund provided for, and if such default shall continue for the period of sixty days, or in case of default of said company in carrying out properly any of the provisions and requirements of this obligation, it shall be lawful for the said trustee, by its attorney or attorneys, agent or agents, to enter in and upon all and singular the premises and property, rights, and interests hereby conveyed, or mortgaged, or intended so to be, and each and every part thereof, and to exclude the party of the first part and its agents wholly therefrom, and to hold and use the same, operating by their superintendents, managers, receivers, agents, servants or attorneys the said railroad, and conducting the business thereof, and making from time to time, at the expense of the trust estate, all repairs and replacements, and such useful alterations and additions and improvements thereto, as well in respect to the rolling stock or equipments, as in respect of the railroad and appurtenances, and the other subject-matters as may seem to them to be judicious and to collect and receive all tolls, freight, incomes, rents, issues, and profits of the same and every part thereof, and after deducting the expenses of operating said railroad, and conducting its business, and of all repairs, replacements, alterations, additions, and improvements as aforesaid, and all payments which may be made for taxes, assessments, and other proper charges upon the said premises, or property, or any part thereof, as well as a just and reasonable compensation for their own services, and compensation of all agents, clerks, servants or other employés by them properly engaged or employed, to apply the moneys arising as aforesaid to the payment of the interest in arrear, or which shall fall due on the outstanding bonds, secured hereby in the order in which such interest shall become due, ratably to the persons holding the coupons therefor, and after paying all such interest which shall have become due, to apply the same to the satisfaction of the principal of the aforesaid bonds which may at that time be due and unpaid, ratably, without discrimination or preference. And further, provided that the party of the first part, at any time hereafter before the full payment of said bonds, whenever said party of the first part shall deem it proper and expedient for the better security of the said bonds, although there may not have occurred such default as to entitle the party of the second part to enter into

possession of the whole or any part of the said railroad, rolling stock, premises, property, and rights hereby mortgaged or intended so to be, for any term of years, certain or indefinite, and it shall be the duty of said trustee, upon any such surrender and delivery, to enter into and upon the premises so surrendered and delivered, and take and receive possession for such term or terms, certain or indefinite, as aforesaid, but without prejudice to their rights subsequently to insist upon and maintain such possession though beyond such term, whenever they would have been entitled thereto, if such voluntary surrender had not been made.

And upon the voluntary surrender and delivery of the said premises, or any part thereof, as herein provided, the trustee shall and will during the term or terms for which possession shall be taken, and while said premises shall remain in their possession thereunder, receive the income and revenues thereof, and work, use and manage, control and employ the same in such lawful way as may be most beneficial as well to the interests of the public as to the holders of said bonds intended to be secured hereby, in accordance with the acts of Colorado relating to said railroad and the provisions of this article.

ARTICLE SECOND.—In case default shall be made in the payment of any interest upon any of said bonds, or of the principal thereof as aforesaid, or of the sinking fund herein provided for, and shall continue for sixty days as aforesaid, it shall be lawful for the said trustee after entry as aforesaid, or other entry, or without entry, by their attorney or attorneys, agent or agents, to sell and dispose of all and singular the railroad and appurtenances, property, and premises, rights, interests, and franchises hereby conveyed or mortgaged, or intended so to be, at public auction to the highest bidder, in the city of New York, or the city of Denver, in Colorado, as they may designate, and at such time as they may appoint, having first given public notice of the time and place of such sale by advertisement, published not less than five times a week for three months in one or more newspapers in the cities of New York and Denver, with the right to adjourn the said sale or sales from time to time, in the discretion of said trustee, giving reasonable notice of such adjournments, and after so adjourning to make the sale at the time and place to which the same may be so adjourned, and on receiving full payment therefor, to make and deliver to the purchaser or purchasers thereof, good and sufficient deed or deeds in law for the same in fee simple, which sale made as aforesaid shall be a perpetual bar both at law and in equity against the party of the first part and all other persons lawfully claiming or to claim the said railroad and appurtenances, property and premises, rights, interests, and franchises so sold, or any part thereof by, from, through or under it.

And after deducting from the proceeds of such sale just allowances for all expenses of said sale, including attorney's and counsel fees, and all other expenses, advances or liabilities which may have been made or incurred by the said trustee in operating said railroad, or in maintaining the same, or in managing its business while in possession, and all payments which may have been made by them for taxes and assessments or other proper charges upon the said railroad and appurtenances, property and premises, rights, interests, and franchises or any part thereof, as well as compensation for its own services, to apply the said proceeds to the payment of the principal of such of the aforesaid bonds as may be at such time unpaid, whether the same shall have previously become due or not, and of the interest which shall at that time have accrued on the said principal and be unpaid, without discrimination or preference, but ratably, to the aggregate amount of such unpaid principal and accrued and unpaid interest, and after satisfaction of all such bonds secured hereby, with the interest thereon, to pay over the surplus of such proceeds as shall remain, to the said party of the first part, or to such party as may then be entitled to receive the same.

ARTICLE THIRD.—In case default shall be made in the payment of any half year's interest on any of the said bonds, at the time and in the manner in the interest warrants issued therewith provided, or of the sinking fund, and if such default shall continue for the period of sixty days after due demand for such payment, or if default be made in any of the undertakings or obligations herein agreed to be performed or kept by the party of the first part, then in such case the principal of all the bonds secured hereby shall, in case a majority in interest of the holders of the bonds secured hereby, in writing under seal, so elect, become and be immediately due and payable, anything contained in the said bonds or herein to the contrary notwithstanding. And a majority in interest of the holders of the said bonds may by writing under their hands and seals, executed at a regular meeting of the bondholders, or without such meeting, declare or instruct the trustee to declare, the said principal to be due, or waive, or instruct the trustee to waive the right so to declare on such terms and conditions as such majority may deem proper, provided always, and it is hereby declared, that no such action of the trustee or bondholders shall extend or be taken to affect any subsequent default or to impair the rights resulting therefrom.

Meetings of the holders of the bonds secured by this instrument for the determination of, or action upon, any of the questions upon which, in virtue of any of the provisions of this indenture, the majority in interest of the bondholders may have the

right to decide, may be called by the trustee, or in such mode as may be fixed by the regulations prescribed or established as hereinafter provided, and the bondholders may vote thereat by person or by proxy, and such other regulations or by-laws in respect to such meetings may be from time to time established, altered or repealed by the bondholders acting by a majority in interest, as to them shall seem expedient, and until the bondholders shall act such powers may be temporarily exercised by the trustee, and the trustee or any bondholder attending any such meeting shall have a right to require that any act or resolution of the bondholders affecting the rights or remedies of, or for the benefit of the bondholders, or the duties of the trustee, or the interest of the trust hereby created, shall be authenticated by the signatures of all the persons assenting thereto, as well as by a minute of the proceedings at any such meeting.

But it is understood and hereby expressly declared and agreed that no act or resolution of any meeting of bondholders, or of the trustee, nor any act or election of, or instrument executed by a majority in interest, shall impair, control or affect the rights, interest or remedies, legal or equitable, of any non-assenting bondholder, except in the particulars and to the extent to which the election or action of a majority in interest of the bondholders is expressly made controlling by express provisions to such particular contained in this indenture.

ARTICLE FOURTH.—The party of the first part shall and doth hereby covenant and agree to and with the said trustee, on behalf and for the benefit of the bondholders intended to be secured hereby, that it will from time to time, and at all times hereafter upon reasonable request, make, do, execute, acknowledge and deliver all such further acts, deeds, conveyances, and assurances in the law for the better assuring unto the trustee and its successors, in the trust hereby created, upon the trusts and for the purposes herein expressed or intended all and singular the premises, property, railway equipments and appurtenances, rights, interests, and effects, hereby mortgaged or conveyed in trust, or agreed, or purporting, or intended so to be, whether now owned or possessed by, or vested in the said party of the first part, or subsequently acquired by or vested in it, and all other property and things whatsoever which may be hereafter acquired in aid of, or by way of substitute for, or for whatsoever use for the purposes of the same or any part thereof, and all franchises, now held or hereafter acquired, relating thereto, including the franchises to be a corporation, as by the trustee or bondholders, or by counsel learned in the law, shall be reasonably devised, advised, or required. And the party of the first part shall furnish to the trustee from time to time, upon its reasonable request in writing, a full and true inventory of all the movable property appertaining to the said railroad and the operation thereof, and which is transferred, or intended to be transferred by this indenture, but no default to demand or to furnish such inventory shall impair the operations of this indenture upon any or all of the property herein agreed to be transferred or intended so to be.

ARTICLE FIFTH.—If the said party of the first part shall well and truly pay the sum of money herein, and by the said two thousand five hundred bonds and the coupons attached thereto, required to be paid by it, and all interest thereon, and the sinking fund herein provided for, at the times and in the manner herein specified, and shall well and truly keep and perform all the things herein required to be kept and performed by the said party according to the true intent and meaning of these presents, then and in that case the estate, right, title, and interest of the said party of the second part as trustee, as aforesaid, shall cease, determine, and become void, otherwise the same shall be, continue, and remain in full force and virtue.

But at all times until said bonds, with interest, shall be fully paid, the party of the first part will permit the trustee or its agents, clerks or attorneys for that purpose, to be duly authorized to inspect all the books of account of the party of the first part together with its books, reports, memoranda, or papers, and to take such extracts therefrom as may be deemed expedient.

ARTICLE SIXTH.—And it is further mutually agreed by and between the parties hereto, and is hereby declared to be a condition upon which the party of the second part have assented to these presents, that the said trustee shall not in any manner be held responsible for persons employed by them, unless chargeable with culpable negligence in their selection, or in the continuance of their employment, nor shall the trustee be answerable except for its own willful default or misconduct of its employés, and in all cases said trustee shall be authorized to pay such reasonable compensation as they shall deem proper to all the attorneys, servants, and agents who they may reasonably employ in the management of their trust; that the said trustee shall have and be entitled to just compensation for all services which it may render in connection with its trust, to be paid by said company, or out of the trust estate.

And it is further agreed and provided that the said trustee and its successor or successors may be removed, and a successor may be appointed, at any time by any court of competent jurisdiction, upon application of a majority in interest of the holders of the then outstanding bonds secured hereby, or for cause on application of the party of the first part. And in case of the appointment of a successor to the trust hereby

created, the said successor shall be invested with all and singular of the powers and duties hereby conferred and imposed upon the trustee hereby designated, while remaining such trustee.

ARTICLE SEVENTH.—And the said party of the first part, for itself, its successors, and assigns, doth hereby absolutely agree to waive, and doth hereby irrevocably waive the benefit or advantage of any and all valuation, stay, appraisement or extension laws, now existing or which may be hereafter passed by the State or Territory wherein the property to be sold hereunder, or any part thereof, may, at the time of sale be situate, or where the said sale may take place, which, but for this provision, agreement, and waiver, might be operative in respect of such sale and transfer, or might be availed of to prevent or postpone the absolute and immediate sale of said premises, property, rights, interests, and franchises to the highest bidder, upon compliance merely with the provisions herein provided: and the said party of the first part doth hereby covenant that it will not in any manner set up or seek, or take the benefit or advantage of any such valuation, stay, appraisement, or extension law, or other law, to prevent or hinder such absolute, immediate sale to the highest bidder, as hereby provided, or to hinder or delay any of the rights or remedies of the said trustee, or of the bondholders in respect to this mortgage, or upon, or in respect of, the bonds thereby secured.

ARTICLE EIGHTH. And it is hereby provided, declared, and agreed that in case of such auction sale being made by the parties of the second part, or their successors as aforesaid, the purchaser or purchasers thereat shall be entitled in making settlement for, and payment of, the purchase money by him or them bidden upon such sale, to deliver to said trustee, and turn in and use toward the payment of such purchase money, any of the bonds or coupons held by such purchaser or purchasers, to or towards the payment whereof the net proceeds of such sale shall be legally applicable; reckoning such bonds or coupons for such purpose, at a sum not exceeding that which shall be payable out of the net proceeds of such sale to such purchaser or purchasers, as the holder or holders of such bonds or coupons, for his or their just share and proportion, in that character, of such net proceeds of sale, upon due apportionment of and accounting concerning such net proceeds.

In witness whereof the party of the first part hath hereunto affixed its corporate seal and caused the same to be attested by the signatures of its president and secretary, in pursuance of said resolution by its board of trustees; and the party of the second part has hereunto affixed its corporate seal and caused these presents to be signed by its president.

THE DENVER, SOUTH PARK AND PACIFIC RAILROAD COMPANY,
[L. S.] By JOHN EVANS, *President.*
GEORGE W. KASSLER, *Secretary.*

THE FARMERS' LOAN AND TRUST COMPANY,
[L. S.] By R. G. ROLSTON, *President.*
Attest: GEO. P. FITCH, *Secretary.*

UNITED STATES OF AMERICA,
State of Colorado, County of Arapahoe, ss:

I, Edward F. Bishop, clerk of the district court of the first judicial district of the State of Colorado, within and for the county of Arapahoe, do hereby certify that John Evans, personally known to me to be the same person whose name is subscribed to the annexed instrument of writing, appeared before me this day in person, and acknowledged that he, as president of the Denver, South Park and Pacific Railroad Company, had signed and delivered the said instrument of writing as the act and deed of said corporation, for the uses and purposes therein set forth.

I do further hereby certify that George W. Kassler, also personally known to me to be the same person whose name is subscribed to the annexed instrument of writing, appeared before me in person on this day and acknowledged that, as secretary of the said corporation, he had sealed and attested the said instrument of writing as the act and deed of said corporation for the uses and purposes therein set forth.

Given under my hand and official seal at the city of Denver, in said county and State, this 16th day of October, A. D. 1876.

[L. S.] EDWARD F. BISHOP, *Clerk.*

I, Andrew W. Brazee, associate justice of the supreme court of the State of Colorado and presiding judge of the first judicial district of said State (of which district the county of Arapahoe forms a part), do hereby certify that Edward F. Bishop, esq., whose name is subscribed to the foregoing certificate of attestation, now is and was at the time of sealing the same, the clerk of the district court of the first judicial district of the State of Colorado, in and for the county of Arapahoe, and keeper of the records and seal thereof, duly appointed, commissioned, and qualified to office.

And that full faith and credit are and of right ought to be given to all his official acts as such, in all courts of record and elsewhere; and that his said attestation is in due form of law and by the proper officer.

Given under my hand and seal at my chambers, in Denver, this 16th day of October, A. D. 1876.

[L. S.] ANDREW BRAZEE, *Judge, etc.*

UNITED STATES OF AMERICA,
State of Colorado, County of Arapahoe, ss:

I, Edward F. Bishop, clerk of the district court of the first judicial district of the State of Colorado, within and for the county of Arapahoe, do hereby certify that the honorable Andrew W. Brazee, whose name is subscribed to the foregoing certificate of attestation of the above instrument of writing was, at the time of such attestation, associate justice of the supreme court of the State of Colorado, and presiding judge of the first judicial district of said State, of which district the county of Arapahoe forms a part, duly commissioned, sworn, and acting as such; and further that I am well acquainted with his handwriting, and verily believe that the signature to the said attestation is genuine.

In testimony whereof I have hereunto set my hand and affixed the seal of said court, at the city of Denver in said county, this 16th day of October, A. D. 1876.

[SEAL.] EDWARD F. BISHOP, *Clerk.*

UNITED STATES OF AMERICA,
State of New York, city and county of New York, ss:

On this 11th day of November, in the year one thousand eight hundred and seventy six, before me personally came R. G. Rolston, the president of the Farmers' Loan and Trust Company, of New York, to me known, who being by me duly sworn, did depose and say, that he resided in the city of New York, county of New York, and State of New York, that he is the president of the said Farmers' Loan and Trust Company of the city of New York, named in the foregoing instrument; that he knows the corporate seal of the said company; that the seal affixed to the foregoing instrument is such corporate seal; that it was so affixed by order of the board of directors of said Trust Company; and that he signed his name thereto by the like order as president of said the Farmers' Loan and Trust Company.

In witness whereof I have hereunto set my hand and affixed my official seal the day and date above written.

76.

[SEAL.] W. D. SEARLS,
Notary Public, New York County.

STATE OF NEW YORK,
City and county of New York, ss:

I, William Walsh, clerk of the city and county of New York, and also clerk of the supreme court for the said city and county, the same being a court of record, do hereby certify that W. D. Searls, whose name is subscribed to the certificate of the proof or acknowledgment of the annexed instrument, and thereon written, was, at the time of taking such proof or acknowledgment, a notary public in and for the city and county of New York, dwelling in said city, commissioned and sworn, and duly authorized to take the same.

And further, that I am well acquainted with the handwriting of such notary, and verily believe that the signature of the said certificate of proof or acknowledgment is genuine. I further certify that said instrument is executed and acknowledged according to the law of the State of New York.

In testimony whereof I have hereunto set my hand and affixed the seal of the said court and county, the 11th day of November, 1876.

[SEAL.] WM. WALSH, *Clerk.*

[4792.]

STATE OF COLORADO, *County of Arapahoe, ss:*

I hereby certify that this mortgage was filed for record in my office at 4 o'clock p. m., November 24, 1876, and is duly recorded in Book 81, page 396.

W. C. LATHROP, *Recorder.*

STATE OF COLORADO, *Jefferson County, ss:*

I hereby certify that this mortgage was filed for record in my office at 9 o'clock a. m., December 7, A. D. 1876, and duly recorded in Book 2 on page 558.

AL. TOWNSEND, *Recorder.*

4845.

STATE OF COLORADO, *County of Douglas, ss:*

I hereby certify that this mortgage was filed for record in my office at 4 o'clock p m. December 16, A. D. 1876, and was duly recorded in Book 4 on page 282.

S. M. DYER, *Recorder.*

No. 1699.

[4397.]

STATE OF COLORADO, *County of Park, ss:*

I hereby certify that this mortgage was filed for record in my office at 1.15 o'clock p m., December 29, A. D. 1876, and duly recorded in Book 8, pages 438 to 457, inclusive.

ED. B. HEPBURN, *County Recorder.*

STATE OF COLORADO, *County of Lake, ss:*

I hereby certify that this mortgage was filed for record in my office at 6 o'clock p m., January 15, A. D. 1887, and duly recorded in Book C, pages 7 to 30, inclusive.

JOSEPH H. WELLS, *Recorder.*

DENVER, COLO., *January* 31, 1877.

The above deed of mortgage is properly executed and properly acknowledged under the laws of Colorado and the indorsed certificates of record thereof are sufficient in our courts under our statute.

BELADE HUGHES,
Attorney for Denver, South Park and Pacific Railroad.

UNITED STATES OF AMERICA,
State, city, and county of New York, ss:

I hereby certify the foregoing to be a true and correct copy of an original first mortgage of the Denver, South Park and Pacific Railroad Company to the Farmers' Loan and Trust Company, trustee, exhibited to me this day by the trustee, and by me compared.

[SEAL.]

W. D. SEARLS,
Notary Public, New York County.

DENVER RAILWAY ASSOCIATION.

The witness states that about 16 miles of the road was constructed by the Denver Railway Association, an association which was not incorporated, and soon found its means exhausted. Its place was taken by the Denver Railway and Enterprise Company, which was a corporation organized by substantially the same interests.

From the minutes of this company it appears that on the 8th day of May, 1875, they entered into the following contract with the Denver, South Park and Pacific Railway Company:

CONTRACT WITH THE DENVER, SOUTH PARK AND PACIFIC.

ARTICLE FIRST. The road, as already completed, is hereby accepted as complying with the agreement for building the first division of the road from Denver to Morrison; and the issue of stock and bonds under said contract, as contemplated on the 1st of March, 1874, is hereby approved and directed to be consumated as of that date.

ARTICLE SECOND. It is mutually agreed by the parties hereto, that, in consideration of the undertaking of the party of the second part to go on with the construction and completion of the railroad of the company, the party of the first part will issue its first-mortgage bonds at the rate of $12,000 per mile on its whole line of road, making $1,800,000 as provided for by the action of its board of trustees, April 26, 1875, and deliver the same to the party of the second part as provided in the mortgage securing the same. And also issue and deliver to said party of the second part the full-paid stock of the company in instalments as the divisions of the road are completed, as in the original agreement provided. That is to say, upon the completion of the road to the mouth of Buffalo Creek, in addition to the $1,700,000 of said stock already issued, $300,000 more of said full-paid stock; and, when completed to Hall's Valley, an additional amount of $200,000 of said stock, and when completed

to Fair Play, an additional amount of $300,000 of the said stock, and when completed to Arkansas Valley all of the stock of the company remaining. Provided the party of the first part shall, if practicable, dispose of so much of said stock, for county bonds, as it may be able to do, under the law; and, as soon as received, turn over such county bonds to the party of the second part, to be applied to the construction of the railroad, in lieu of so much of said stock so to be issued to the party of the second part.

ARTICLE THIRD. It is mutually agreed, in consideration of the premises, that the said party of the first part shall maintain its organization under the law and aid, and in every proper way use its franchise and authority for and in aid of the party of the second part, for procuring the right of way and depot grounds, for the procurement of aid to assist in the construction of its road, for the issue of the bonds, and in every other way in which it may use its rightful authority for the purpose of carrying forward the work of constructing and equipping and completing the said railroad as contemplated.

ARTICLE FOURTH. And, in consideration of the receipt of the stock and Arapahoe County bonds heretofore delivered, and the covenants and agreements herein contained, the party of the second part agrees to go forward as rapidly as practicable and construct and equip in a good and substantial manner the railroad of the party of the first part, and turn the same over to the party of the first part in divisions, as herein contemplated, as soon as the money can be raised for the purpose from the sale of said first-mortgage bonds and other resources available for the purpose.

ARTICLE FIFTH. And in consideration of the covenants and conditions herein contained and the payments heretofore made and hereafter to be made by the party of the first part to the party of the second part, said party of the second part agrees to pay all and singular of the expenses pertaining to the carrying out of the stipulations and agreements of this contract.

ARTICLE SIXTH. And it is further mutually agreed by the parties hereto that the party of the second part shall have the transportation of its men and material over the completed portions of said road, during the progress of the extension, at the actual cost of said transportation.

ARTICLE SEVENTH. And it is mutually agreed by the parties hereto that the road so to be constructed and completed shall be turned over to the party of the first part, in divisions, as fast as it is completed to the satisfaction of and accepted by the president and chief engineer of the party of the first part.

In witness whereof the parties hereto have affixed their seals and have caused the same to be signed by their presidents, this 10th day of May, A. D. 1875.

THE DENVER, SOUTH PARK AND PACIFIC RAILROAD COMPANY,
By JOHN EVANS, *President*.

NECESSARY TO ISSUE STOCK IN ADVANCE OF CONSTRUCTION.

Q. This contract refers to $1,700,000 of stock as having been already issued. Was that issued to the association for the construction of the sixteen miles?—A. That had been issued, I suppose, to this company. There were certain needs of the road that came up. It becomes necessary sometimes to issue stock in advance for construction, for the purpose of giving some collateral upon which to raise some money. They had to borrow money, and raise it where they could.

Q. I mean, it had been issued?—A. Yes; it had been issued.

Q. And only 16 miles had been constructed?—A. Of course; the bonds could not be issued until the completion of the road.

Q. And then at so much a mile?—A. Yes; certified by the president and the chief engineer.

Q. The first mortgage was executed in 1876, and this contract providing for the issue of bonds was in April, 1875?—A. Yes.

MORTGAGE TO BE ISSUED WHEN NECESSARY.

Q. How did that happen?—A. Well, here was a contract; but there was an understanding that the mortgage would be issued whenever it was necessary. That is, they did not want to go to the expense of from $1,000 to $2,000 for engraving the mortgage, and the collateral expenses involved in the matter, until it was absolutely necessary, and until there was some chance of marketing the bonds. There was a great deal of

opposition which they met which Governor Evans has indicated. M
explanation of the fact that in the contract of April, 1875, provision w
made for $12,000 per mile of bonds and for 150 miles of constructio
which, in all, would make $1,800,000, is, that for some reason or oth
$700,000 of the total issue authorized, or to be authorized, by the mor
gage was not to be used in payment, and I think that this $700,000
the same which is represented in the balance sheet by the item "bond
supplemental first mortgage, $700,000." I know of no other first mor
gage than the one of which I now produce a copy [witness produc
copy of mortgage].

Q. Under this contract how much of the road was constructed?—A
The Denver Railway and Enterprise Company did not construct an
more than what is now known as the Morrison Branch, from Denv
to Bear Creek Junction, on the main line. Thence a branch runnin
west to Morrison. They also did some grading south of Bear Cre
Junction on the main line.

Q. What company then took up the construction?—A. The Denv
and San Juan Railroad and Construction Company.

DENVER AND SAN JUAN CONSTRUCTION COMPANY.

Q. Was there a separate contract made with them, or did they su
ceed to this contract?—A. I believe there was a separate contract; bu
my impression is that the Denver and San Juan Railroad Constructi
Company was simply a kind of intermediate company and that it di
not accomplish a great deal. The last company stepped in, I think
assumed what had been done and assumed the other company's debt
and liabilities; and perhaps it would be as well, for clearness and a
curacy, to practically ignore that company. I find also in my book
copy of the first contract between the Denver, South Park and Pacif
Railway Company and the Denver Railway Association. It bears da
March 1, 1874, and recites that the railway company has $3,200,000
capital stock and also $300,000 Arapahoe County bonds, and expec
to exchange $200,000 of its capital stock for a like amount of the bond
of Park County. The contract then provides that the Denver Railwa
Association agrees to procure suitable depot grounds and right of wa
for the railroad company and to construct and equip on said route
first-class three-foot gauge railroad, with all the necessary appliance
in sections, as follows: First. From Denver to Morrison. Secon
From the junction of the Morrison Branch and main line near the mou
of Bear Creek to the mouth of Buffalo Creek. Third. From the mou
of Buffalo Creek to Hall's Gulch. Fourth. From Hall's Gulch to Fa
Play. Fifth. From Fair Play to the vicinity of the salt works. Sixt
From the vicinity of the salt works to the mouth of Trout Creek an
the valley of the Arkansas River. The time at which each of the sai
sections is to be completed is then prescribed. The provision in regar
to payment is as follows:

CONTRACT BETWEEN DENVER, SOUTH PARK AND PACIFIC AND DE
VER RAILWAY ASSOCIATION: PROVISION AS TO PAYMENT.

Third. And, in consideration of the above agreement and undertaking by the sa
party of the second part, and to enable it to go forward with the work, the said par
of the first part agrees to pay the party of the second part the said $300,000 of Ar
pahoe County bonds upon the signing of this agreement, together with $1,800,000
its full-paid capital stock, and, as soon as the first division of the road, as above d
scribed, is constructed so that the cars run from Denver to Morrison, to pay over

said party $200,000 of the full-paid capital stock of the Denver, South Park and Pacific Railway Company. As soon as the cars run forward from Denver to the mouth of Buffalo Creek, $1,000,000 of the said stock; as soon as the cars run to Hall's Gulch, an additional $200,000 of said stock; as soon as the cars run on said road to Fair Play, an additional $200,000 of said stock; or, in case the county of Park shall have subscribed to the capital stock of said company and issued bonds therefor, the entire amount of said bonds, in lieu of the amount of stock issued to said county; and as soon as the cars run to or near the mouth of Trout Creek and the valley of the Arkansas River, $300,000 of said stock; or, in case Lake County shall have subscribed to the stock of said company and issued its bonds therefor, the entire amount of said bonds in lieu of the amount of stock as subscribed by said county.

Fourth. And said party of the first part further agrees, in consideration of the undertaking and agreement of the party of the second part, and to enable it to raise the money to carry forward its work, to issue its first mortgage coupon bonds to the amount of $20,000 per mile on that part of its road herein contracted, said bonds to be secured by a mortgage on said 150 miles of road and all other property of the company.

DENVER CONSTRUCTION AND LAND COMPANY.

Referring back to the enterprise. After the small construction done under the San Juan contract, the matter was then taken up by the Denver Construction and Land Company, which was a corporation formed for the purpose of completing this enterprise. A contract was made by that company in November, 1877, with the Denver and South Park Railroad Company, which recited that owing to the delinquencies in the subscription to the capital stock of the Denver and San Juan Railroad Construction Company, that company had been unable to complete its contract, and that the Denver and South Park Construction and Land Company was prepared to advance the money necessary for that purpose. Suitable provisions are made to transfer to the last-named company all the rights and interests of the San Juan Company, and to enable it to receive the bonds and stock which were to be issued for the completion of the road.

I am not able, at this moment, to find a copy of the agreement between the construction and land company and the railroad company. But, according to my recollection, it provided for completing the construction of the railroad to the Arkansas Valley, being the balance of the same 150 miles of road, for the sum which was subsequently paid, at the rate of $12,000 in bonds. And the provision being that all of the capital stock of the company should be issued in payment for the road, so that, when completed, the construction company should have received all of the capital stock of the company.

ISSUE OF BONDS AND STOCKS TO CONSTRUCTION COMPANIES.

Q. Have you a statement showing the respective issues of bonds and stocks to the construction companies, by dates and amounts?—A. The authorized issue by the railroad company would be in the railroad records which have been transferred to the owners—the Union Pacific Railway Company.

The whole issue of $1,800,000 in bonds was delivered to the construction and land company, commencing in March, 1878, and ending in October, 1879. The contract entered into by the construction and land company was dated 26th November, 1877.

AGREEMENT TO ADJUST INDIVIDUAL INTERESTS.

In 1880 the Construction and Land Company entered into an agreement, which is of record in its journal at page 168, by which it under-

took to adjust all the interests of the individual stockholders in the Enterprise Company and the Denver and San Juan Company. The parties so interested were credited with the value of their interests in ledger accounts, and the Construction and Land Company received all of the bonds and all of the stock of the railroad company. In this way all of the interests were transferred to the books of the Construction and Land Company; and, with this explanation, they appear to have become possessed of all of the stock of the railway company late in 1879 and during 1880, amounting in all to $3,500,000 of stock and $1,800,000 of bonds.

COST TO BOND AND STOCKHOLDERS.

Q. In regard to the actual cost to the parties who really were the owners of these bonds and of this stock—that is, to the stockholders in the Construction and Land Company—do I understand you to say that the balance sheet furnished by you, of December 31, 1880, will give the correct account?—A. That is my belief; and from the balance sheet, in comparison with the statement of the cost of construction, and this item. But the absence of all the railroad books prevents me from giving you a positive answer.

Q. I understand you to say that many of these bonds were sold for account of the Construction and Land Company through Winslow, Lanier & Co.?—A. Yes.

Q. When were these sales effected?—A. At the dates shown by the entry in the journal, ledger page 120; late in 1879 and in 1880.

Q. What were the prices realized?—A. From 93 to 104 cents on the dollar.

Q. And how much were the total sales?—A. $1,400,000.

Q. State to what point the 150 miles of construction extended?—A. It extended from Denver to Buena Vista, including the Morrison Branch. I think it also included the Little Como Branch, in the South Park.

ROAD BETWEEN BUENA VISTA AND LEADVILLE.

Q. Please explain how the road between Buena Vista and Leadville came to be built and who built it.—A. The line between Buena Vista and Leadville was built by the Denver and Rio Grande Railroad Company. The South Park secured trackage over it by agreement between the two companies.

Q. Was it built from Buena Vista by the Rio Grande before the South Park road reached Buena Vista, or afterward?—A. The grading had progressed beyond. But the Rio Grande had practically got to Buena Vista first.

Q. Have you a copy of the contract between the Buena Vista and the South Park?—A. No.

Q. Was that contract in existence at the time of the sale of the stock to Mr. Gould?—A. Yes.

Q. How valuable an element was it in the assets of the South Park Company?—A. It was considered very valuable.

KEY TO LEADVILLE BUSINESS.

Q. It was the key to the Leadville business, was it not?—A. We so considered it. And, to the best of my recollection, it was in the nature of a perpetual contract. But of that I cannot be positive.

Q. Please state, if you can, what your earnings were at this time; that is, after the completion to Buena Vista, and when you operated under this traffic contract so as to secure the Leadville business.—A. The only data I have are from the railroad accounts; that is, the impression of this balance sheet of the railroad company's books, dated December 31, 1880. Upon it is shown gross earnings of $590,296.10.

Q. For what period?—A. For the period of six months from the end of the fiscal year to the end of the calendar year.

FINANCIAL STATEMEMT.

Q. That is, from July 1 to January 1?—A. July 1 to January 1. In that time the operating expenses are here noted, including income expenses, at $369,804.96.

Q. Does that include taxes?—A. Yes, sir; it includes everything except interest on the first-mortgage bonds.

Q. How much is the interest on the first-mortgage bonds?—A. It is $56,700.

Q. And that would leave how much net income for the six months?—A. About $164,000.

Q. Which is what percentage on the capital stock?—A. About 5 per cent. on the capital stock for six months.

Q. How soon after the completion of the construction by the Construction and Land Company and the delivery to it of all of the stock and bonds that you have described was it that the sale of the stock was effected to Mr. Gould?—A. Within the same year.

DENVER, COLO., *Tuesday, July* 12, 1887.

EDWARD EDDY, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Smelting.

OMAHA AND GRANT COMPANY.

Q. With whom are you engaged in business?—A. The Omaha and Grant Smelting and Refining Company, as general manager.

Q. How long have you been connected with that organization?—A. Since its organization.

Q. When was the organization?—A. In 1883.

Q. What are your duties?—A. That of general manager.

Q. What do you do as general manager?—A. I have general charge of the business.

Q. What power or control have you as to making contracts or agreements?—A. Pretty nearly absolute.

Q. Are you subject to any revision or supervision?—A. Of course, on a question of large importance, we consult the general officers of the company.

Q. With what general officers of the company do you consult?—A. In relation to our Denver business, our vice-president, Governor Grant, or our superintendent, Mr. James.

Q. Do you report to them?—A. Yes, sir.

Q. How often do you report?—A. Several times a day when it is necessary.

Q. Do you report in writing?—A. No, sir. We have not much red tape about our business, for the simple reason that we are very large stockholders in the company.

SHIPMENT OF PRODUCTS.

Q. Have you charge of the shipment of your products?—A. Yes, sir; largely.

Q. Over what line do you ship?—A. Union Pacific principally.

Q. How long have you been shipping over the Union Pacific?—A. Since 1879.

Q. During that time what rate have you been paying from Denver to Omaha?—A. The same rates as our competitors.

Q. What rate have you been paying from Leadville to Omaha?—A. Full tariff.

Q. What do you mean by "full tariff?"—A. Five dollars per ton.

Q. Have you ever had any arrangement with the Union Pacific Railway Company?—A. Yes, sir.

Q. What was the arrangement?—A. I prepared the first arrangement that was made by the Grant Smelting Company.

SPECIAL RATES.

Q. When was that arrangement made?—A. In July, 1882.

Q. Was that the first arrangement that you had with the Union Pacific Railway Company as to special rates?—A. Since we have been in Denver; yes, sir.

Q. Did you have any special rates before you were in Denver?—A. In common with other people; yes, sir.

Q. Prior to doing business in Denver, what rate had you with the Union Pacific Railway Company?—A. I could not tell you that at present. That is a matter that was enjoyed by Eddy & Company and the Grant Smelting Company.

Q. Was it the open rate?—A. I do not know. There is no pool in these rates. The Rio Grande, and the South Park before and after its purchase by the Union Pacific, made what rates they pleased out of Leadville to common points. We tried to get as good rates as other people.

Q. During that time, before you entered upon your business location in Denver, did you have a special rate for the shipment of your freight?—A. No, sir.

Q. You did not have to Omaha?—A. No, sir.

A DAY OF "CUTTING AND SLASHING."

Q. What do you mean by saying that you did the best you could?—A. It was a day of cutting and slashing. I may tell the Commission, before the days of pools, on large shipments of low-grade ores, rates were made until the rate was established. When the rate was established, we enjoyed it in common with others, and no more.

Q. When did your company first have a special rate, by way of rebate, with the Union Pacific Railway Company?—A. The first to my knowledge was in 1879.

Q. Was there any agreement as to the rate?—A. No, sir.

Q. What was the rate?—A. That relates to Leadville business. I am unable to say, from memory, what the rate was at that time.

Q. What was the open rate at that time?—A. I am unable to say.

RATE OF REBATE ALLOWED.

Q. Have you any memoranda showing the rate of rebate that you were allowed by the Union Pacific Railway Company during that period?—A. I have no doubt that it can be found among the Grant Smelting Company's papers.

Q. Will you furnish the Commission with a memorandum of that?—A. If the Commission desires it.

Q. We are desirous of having that information. Subsequently, what arrangements did you make with the Union Pacific Railway Company as to rebates?—A. We have never made any arrangements and have no contract. We have no contract with the Union Pacific in the shape of anything on the freights or freight rates only to this extent, that we are to enjoy the same rates enjoyed by our competitors. That is the only understanding we have on rates and rebates or overcharges.

COMPETITORS IN SMELTING.

Q. Who are your competitors?—A. There are just about ten smelting companies in the State of Colorado that we consider our competitors.

Q. Will you please name them?—A. I will try to. The Boston and Colorado Smelting Company, the Holden Smelting Company, both located in Denver; the Pueblo Smelting and Refining Company; the Colorado Smelting Company at Pueblo. There are four or five companies at Leadville—five companies.

Q. What are the names of the companies?—A. La Platte, the Arizona Reduction Works, the American Smelting Company, the Arkansas Valley Smelting Company, the Manville Smelting Company, besides the Golden Smelting Company at Golden, and the San Juan Smelting Company at Durango. I think there must be eleven. They are all common competitors of ours. The Kansas City we consider a competitor to our Grant Works at Omaha, and of course at Denver, too. They compete with us occasionally here.

Q. Do I understand you to say that all the companies named by you enjoy the same special rate that you had with the Union Pacific Railway Company?—A. I do not know whether they do to the same extent or not.

"SECRET CONTRACT."

Q. What agreement did you make as to the conduct of your freight over the Union Pacific Railway?—A. I will leave this secret contract with the Commission.

Q. Why do you call it a "secret contract"?—A. Because Senator Hill called it a "secret contract" in his examination yesterday. I have no objection to the Commission and the public knowing the absolute secrets of this contract. If the Commission desires a copy of it, I will leave it with them to make a copy.

Q. Have you the contract?—A. This is the contract. [Handing it to the chairman.]

The CHAIRMAN. I will read this agreement, so that we can take it on our notes.

REQUEST NOT TO EXPOSE BUSINESS SECRETS TO COMPETITORS.

The WITNESS. I will make this statement. I do not like this to go to all the papers. It is a matter of interest to ourselves. That was not signed as the Omaha and Grant Smelting and Refining Company; but it was signed by the Grant Smelting Company, before the organization of the Omaha and Grant Smelting Company. As I understand it, the object of this Commission is to investigate the operations of the Union Pacific, and that contract was made before any officer or employé had any direct or indirect interest in the Grant Smelting Company.

The CHAIRMAN. It is executed by the Union Pacific Railway Company.

The WITNESS. Yes, sir; but not by the Omaha and Grant Smelting Company.

The CHAIRMAN. So far as our testimony is concerned, I do not see that we can make any rule as to taking testimony in private. Here is an agreement offered in evidence that Mr. Eddy desires should not be published in the newspapers. We must certainly have it on our notes, as it is a very important factor.

Commissioner ANDERSON. I know of no such thing as private evidence.

The CHAIRMAN. I do not see how we can control the newspapers.

The WITNESS. It probably will afford some satisfaction to our competitors if that should be published; yet we have no objection. We think it is a matter that does not pertain to the Commission. It is a private contract with a corporation, that the Union Pacific officials had no dealings with whatever. I think it is due to Mr. Ames and Mr. Dillon that this explanation should be made. It was long before the consolidation with the Omaha and Grant Smelting Company.

The CHAIRMAN. It is a contract executed in part by the Union Pacific Railway Company. It does not make a particle of difference about the other parties.

The WITNESS. I told you that Dillon and Ames never had any stock or thought of having any stock in that company when the contract was drawn.

Commissioner LITTLER. You may make such explanation as you see proper.

The CHAIRMAN. I only want to say that the Union Pacific Railway Company is a party to this contract, a corporation organized under the laws of the United States, the affairs of which we have been directed to examine. It makes no difference who is on the other side.

The paper is as follows:

AGREEMENT BETWEEN THE GRANT SMELTING COMPANY AND THE UNION PACIFIC COMPANY.

Article of agreement entered into this 31st day of July, A. D. 1882, by and between William H. James, Edward Eddy, and James B. Grant, of the county of Lake and State of Colorado, doing business under the firm name and style of "The Grant Smelting Company," party of the first part, and the Union Pacific Railway Company, a corporation organized under the laws of the United States, party of the second part.

Witnesseth: That whereas the party of the first part were heretofore desirous of erecting at the city of Denver, in the State of Colorado, certain works for the reduction and smelting of ores, and before doing so it was necessary to make certain ar-

agreements with railroad companies for the transportation of all material necessary for the proper and continuous operation of said works;

And whereas, before purchasing a site for the said works and erecting the same, certain of these arrangements were entered into between the said first and second parties, and relying upon the faithful observance of which the parties of the first part have purchased a site and commenced erecting their said works;

And whereas the said arrangements and agreements were to be reduced to writing and signed by the respective parties:

Now, therefore, in pursuance thereof it is mutually contracted and agreed by and between the said parties as follows:

The party of the second part contracts and binds itself, on the request of the parties of the first part, to connect the said works of the first party, now being erected upon what has heretofore been a part of Saint Vincent's Addition to the city of Denver, with the main line, branches, and leased lines of said Union Pacific Railway Company and roads owned, operated, or controlled thereby, or which may hereafter be leased, owned, operated, or controlled thereby, terminating or passing through the city of Denver; and also, on request of said first parties, to construct and put in and maintain all necessary side-tracks and switches upon the said grounds of the parties of the first part, and to locate and construct the same at such point or points and at such times as shall be determined upon by the first parties, and without expense to them, the first parties to be the sole judges of what are necessary side-tracks and switches for the proper operation and maintenance of their said works: *Provided*, That this clause shall not be construed in any event to exclude said railway company, its branches and connections, from doing the ratio and proportion of the business of said smelting company herein stipulated for, or compel the construction of unnecessary tracks upon said premises, and in case difference of opinion shall arise in respect to the necessity for the construction of any tracks or structures demanded or required under this contract, said difference shall be referred to and determined by the board of arbitrators hereafter provided for.

And the party of the second part do further covenant and agree that it will make and construct such connections and put in and maintain all such side-tracks and switches, without delay, on request as aforesaid; and will do all work and furnish all the material necessary for the complete construction, operation, and maintenance of the same, and will keep them in good repair at all times during the existence of this contract, all at their own cost and expense.

And the parties of the first part covenant and agree that all of their ground occupied and used by the party of the second part, with side-tracks and switches constructed as aforesaid by it, shall, so far as the use and occupation of the same in connection with the business of said first parties are concerned, be the sole property of the party of the second part, and no other, and different railway company shall use or occupy the same or any part thereof for the uses and purposes of their said business without the consent of the second party, or as herein specially provided, nor without such consent shall the Smelting Company admit upon its premises the tracks, side-tracks, and switches, or other railway structures or cars, or trains of any other railway company.

And the party of the second part doth further covenant and agree with the parties of the first part that it will receive from any and all railway companies at the city of Denver these cars loaded with such ores, fuel, and other material of whatsoever kind or nature as shall be shipped to the parties of the first part for the operation of, use in and about, or treatment in, their said works, and will switch and deliver the same from the roads of any and all such other companies, at the city of Denver, to the said works of the parties of the first part, free of cost and charges, whether for freight, trackage, or any other use or service whatsoever, and it will deliver the same immediately upon the delivery to it for that purpose, or upon notice that the same is ready for delivery or upon demand of the said first parties.

And the parties of the second part doth further covenant and agree with the said parties of the first part to receive at the city of Denver from any and all other railway companies such empty cars as the parties of the first part may require in which to ship over the roads of such other companies the product of their said works, and to transfer from said works and to deliver to any other company's line or lines of railway at the city of Denver such loaded and other freight cars as the parties of the first part may desire, and to switch, deliver, and receive all such cars free of costs and charges, whether for freight, trackage, or any other use or service whatsoever; and to receive, switch, and deliver such cars immediately upon delivery to them for that purpose on notice that they are ready for delivery or upon demand of said first parties.

And the party of the first part, in consideration of the foregoing to be done and performed by the said party of the second part, doth covenant and agree with the said party of the second part that they will ship over the line or lines of the party of the second part at least one-half of the freight, of whatsoever kind or nature, they shall

transport from any other point or station to the city of Denver, provided the said second party has at such points of shipment a line of its road, or branches or leased lines or roads, or roads owned, operated, or controlled thereby, or may hereafter acquire the same, and that the second party will transport such freight to the city of Denver, and deliver the same at the works of the first parties, with as much dispatch and at no greater rate of freight than will at the time be charged for like freight over any other competing line of railway from the point of shipment to the city of Denver.

And the said party of the first part doth further covenant and agree that they will ship over the line or lines of the said party of the second part at least three-fourths of all the bullion or other products of their said works, provided the said bullion or other products be destined and shipped to points towards which the lines of the second party extend, and that it will transport the same to or towards their point of destination with as much dispatch and at no greater rate of freight than will at the time be charged for like freight between the same points over any competing line of railway.

It is further mutually agreed that this contract shall remain and be in force and binding in all parts for the full period of twenty-five years from the date of its execution.

And the said party of the second part doth further covenant and agree to construct and maintain across and over said side-tracks and switches, at such points as said parties of the first part may designate, suitable wagon-crossings to facilitate the passage of wagons and teams over and across the same, and the said second party doth further agree that at the expiration of this contract, or other determination thereof, it will remove all side-tracks and switches from the premises of the first parties which it may have placed thereon.

It is further mutually agreed that in the event of a sale or transfer of their said property, such sale or transfer shall be made subject to the terms and conditions of this contract; but neither of the parties hereto shall be held liable to the other for the compliance by such successors or assigns with the terms and conditions thereof.

It is mutually agreed and understood that in the event of a failure of either party to comply with and fulfill the terms and conditions of this contract, the party in default shall be liable to and shall pay all damages which may result from such failure, and upon the failure or refusal of either party to pay any such damages when ascertained and adjudged as hereinafter provided for, or upon failure to comply with the terms and conditions of this contract, such failure to be ascertained and adjudged as hereinafter provided, and upon failure to pay such damages, or to perform the stipulations of said contract so ascertained and adjudged as aforesaid, for the term of ten days, upon such finding and adjudication as aforesaid, the complaining party shall have the right to terminate this contract by giving thirty days notice of its intention so to do, and upon such notice being given this contract shall no longer be of any force and effect.

And both parties hereto covenant, contract, and agree in all things herein set forth, not only for themselves, but for their heirs, successors, and assigns.

And whereas it is in contemplation by the parties of the first part to effect a consolidation of their said smelting business with the Omaha Smelting and Refining Company, of Omaha, in the State of Nebraska, and if such consolidation is effected, the rights, interests, and claims of the first parties will be merged and consolidated with those of the said Omaha Smelting and Refining Company, and the said united interests will be owned and represented by a company or corporation different in name and membership from the said Grant Smelting Company. Now, therefore, the parties hereto do mutually covenant and agree that in the event of the happening of the said consolidation the party of the first part will cause the company or corporation thus corporated to ratify and adopt this contract in all its parts and to substitute itself by formal action for the party of the first part; and the party of the second part doth covenant and agree, upon the happening of said consolidation and the adoption and ratification of this contract by said proposed company or corporation, it will stand by and abide the said contract in all its parts hereby when said consolidation is effected, substituting said new company or corporation for the parties of the first part, and covenanting and agreeing with the said new company or corporation and with the parties of the first part to stand by and abide by the terms, conditions, and obligations of this agreement without any other additional writing or contract being executed, and as though no change had occurred.

And it is further stipulated and agreed that all questions of difference which may arise between the parties hereto, touching claims for damages by either party, or of non-compliance with this contract or any stipulation or condition thereof, or any difference arising in the execution or performance thereof or growing out of the same, shall be submitted to a board of three disinterested arbitrators, to be chosen as follows: One by each of the parties hereto; and, in case of their failure to agree, they shall select a third, and the decision and finding of any two of said arbitrators shall be deemed the finding and judgment of said board, and shall be binding upon the

respective parties hereto, their successors and assigns; and the said parties mutually agree to accept and abide by the findings and judgment of said board of arbitrators.

In testimony whereof the parties hereto have caused their hands and seals to be affixed the day and year first above written.

The CHAIRMAN. It is signed "The Grant Smelting Company, by Edward Eddy; the Union Pacific Railway Company, by S. H. H. Clark, general manager," and is witnessed by P. P. Shelby.

CONTRACT STILL IN FORCE.

Q. Do you regard this contract as still in force?—A. Yes, sir.

Q. Do you regard this contract in force, notwithstanding the passage of the interstate commerce law?—A. Yes, sir.

Q. When was the consolidation mentioned in the contract effected?—A. In January, 1883.

Q. Was there any subsequent agreement or special arrangement at the time of the consolidation?—A. As stated in the latter clause of that contract, Mr. Barton, the present president of our company, met us in Denver, before that contract was signed, with a view of consolidation. I took the matter of the contract up with Mr. Clark and with Mr. Kimball in June, 1882, before we purchased any lands in Denver. We met the Santa Fé people at Pueblo, with a view of building works there and consolidating with the present Smelting and Refining Company, known then as "Mather & Geist." We came to Denver and looked up a site upon the line of the Denver and Rio Grande Railroad. We had several talks with the then general manager, General Dodge, as to privileges of switching, &c., if we decided to locate on their line.

ASSURED OF SAME PRIVILEGES AS IN CONTRACT.

We were assured by General Dodge that we could obtain from them identically the same privileges that were afforded to us by the contract just read if we decided to locate on the line of their road, or they could reach our grounds within a reasonable distance, if it did not cost too much for condemnation and right of way. We spent some two or three weeks looking over the various sites in this city, and decided to locate on our present site. Before making that fact known, as I said before, I took that matter up with Mr. Kimball, in the absence of Mr. Clark, with a view to the switching arrangements, which was a very important matter to us; and seeing that the railroad connections of the Union Pacific were much more extensive than those of any other railroad company centering in Denver, and there being a more favorable site contiguous to the Union Pacific Railroad lines, contiguous to their yards, we thought that we could make equally as good arrangements with them as we could with other railroad companies, and at the same time be in a position to assist them more largely than they could assist us. We could draw from a larger territory over the line of the Union Pacific than we could over the Denver and Rio Grande or the Santa Fé. We looked at the Northwest, Montana, Idaho, and Utah.

NO COMPETITORS IN THE MARKET.

There were no competitors at all in this market at that time for the class of ores produced in those Territories. That was the cause of the decision that led us to build there, and that was the cause of that contract. We considered that that contract is of much greater benefit, as it has re-

sulted, to the Union Pacific than to the Omaha and Grant Smelting and Refining Company. It has enabled them, by adding 75 per cent. to their bullion output, besides the ore and matte that we shipped to Omaha, to keep in this pool with 92 per cent. of all the freights that they have originated in Denver since the establishment of these works. Instead of giving them 75 per cent. of our product, we have given them a hundred per cent., except five cars that Mr. S. H. H. Clark requested of me, as a favor, to ship over the Burlington road. I told him I did not see the necessity of shipping over the Burlington line of road at all, as we did not want to change. He said, "I request that as a favor. For the return of your bullion I can get a higher class of freight on the line of the Union Pacific from the Burlington." We shipped the five cars, at the request of Mr. Clark. We did not ship any more, because the Burlington did not carry the contract out.

THE ONLY WRITING IN EXISTENCE.

Q. Was there any writing at the time of the consolidation, with the Union Pacific Railway Company, as to your arrangement after consolidation?—A. That is the only writing in existence that I am aware of.

Q. When were the works at Omaha erected?—A. They were erected about eighteen years ago. Eighteen or nineteen years ago. I suppose it was about 1868, if I remember right; it was before I came to this country.

Q. When did they fall into the possession of the present organization of the company?—A. In January, 1883.

Q. What part did the Omaha Smelting Works have in the arrangements with reference to your shipments from Denver?

The WITNESS. To what time do you refer?

The CHAIRMAN. 1883; at the time of the consolidation.

The WITNESS. It had nothing whatever to do with it. We directed our own shipments.

ARRANGEMENTS UNDER NEW ORGANIZATION.

Q. What arrangements had you with the company as to the location or arrangements of your property, and the improvement of it under the new organization?—A. That was a matter left entirely in the hands of the Omaha house. It is a matter that I did not know anything definitely about, and I cannot give you a clear idea as to the arrangement.

Q. Do your duties require you to superintend any part of the Omaha works?—A. No, sir; not necessarily so, only as a matter of consultation and interest as affecting the general policy of the company, in the policy of buying bullion.

SHIPMENT OF ORE TO OMAHA CONTROLLED BY OMAHA OFFICES.

Q. Were you at any time called into consultation with reference to the Omaha Smelting Works as to the arrangements made with the Union Pacific Railway Company for the shipment of ore?—A. No, sir; I may answer in this way: The shipment of ore to Omaha is conducted and controlled by the Omaha offices. The shipment of ore to the Denver works is controlled by the Denver offices. I may say in regard to this that the six offices of the company—we have three at Omaha and three at Denver—own nine-tenths or eight-tenths of the stock of the Omaha and Denver Smelting Companies. We are general partners, as

well as officers. We state our wants to the Omaha offices occasionally, and they state their wants to us. If we are short of ore at Denver, and we find some ore is going to Omaha that we can utilize, it is diverted to Denver. On the other hand, ore is diverted over the line of the Union Pacific to Omaha on some occasions.

Q. Had you any consultations with Mr. Dillon or Mr. Ames, or any other officer of the Union Pacific Railway Company, other than the general management, concerning these arrangements?—A. No, sir; never.

ARRANGEMENTS AS TO FREIGHT TRAFFIC.

Q. Had any one on the part of the company any conversation with Mr. Dillon or Mr. Ames, or any other officer, other than Mr. Clark, concerning the arrangements as to freight traffic?—A. As far as my knowledge extends I think that all freight arrangements have been made with the general officers of the company, either Mr. Clark, Mr. Kimball, or Mr. Shelby, who was freight agent at one time.

Q. Do you know of any officer of the Union Pacific Railway Company, other than Mr. Clark, having been talked with concerningt he freight arrangement made by the Omaha Smelting Company in 1882?—A. Mr. Kimball must have been somewhat familiar with it.

Q. What other officer?—A. Mr. Shelby might have been slightly familiar with it. Mr. Clark, being the ranking officer, would have the power to say yes or no. Mr. Kimball, I think, would be general adviser, and he has made more recommendations than anybody else, because he has been more familiar with the traffic of the railroad.

Q. Have you named all the officers that you know of, directors and president, that were talked with?—A. Those are all the officers that I came in contact with in the shipping business.

Q. Have any of the other members of your company come in contact with the president or directors concerning this arrangement?—A. Mr. Barton, our president, has.

Q. What did he ever do?—A. He is president of our company. I believe he was at one time a friend, or is a friend, of Mr. Dillon.

Q. What conversation had he?—A. I could not tell you.

Q. What arrangements did he make?—A. I do not know them.

QUESTIONS OF POLICY.

Q. Did he make any arrangements with Mr. Dillon or with any directors of the company?—A. None to my knowledge. If he had done so I should think sometimes in our meetings he would have informed me of the fact. In fact, I have found this, that sometimes questions of policy of the Union Pacific Railway Company towards our company would arise. I have met Mr. Dillon in a friendly and social way in New York. I have also met Mr. Ames in New York. All the talks we have ever had with Mr. Dillon and Mr. Ames were of an incidental character. I recollect once being in New York, and we thought we were not getting as fair a showing as some of our competitors were. I do not remember the date now. That was probably during the year 1884. We had found that there was a very large and deep cut in bullion between Denver and the Missouri River. We found that we were paying overcharges, and we rebelled against it. According to the contract we were entitled to the same rate on all classes of freight that our competitors enjoyed, and I remember Mr. Dillon said, "I will look into it." I do not think Mr. Dillon was looking into it all. The matter was taken up

at Omaha and settled at Omaha. Mr. Dillon's interest being so small in that company as compared with his holdings in the Union Pacific, this interest was probably a flea-bite to him. He looked upon it more as a personal, friendly matter that he had with Mr. Barton.

REBATE OR OVERCHARGES REFUNDED.

Q. Was the trouble settled?—A. We found afterwards that we were right in our surmises, and from that time until the 1st day of April we enjoyed a rate of $7 a ton on all the bullion shipped here at our works at Omaha.

Q. As against what rate?—A. $10.

Q. The company therefore had a rebate of $3?—A. No, sir; it was no rebate.

Q. What do you call it, then? They call it a rebate at the company's office.—A. I will tell you what I call a rebate. A rebate is a refunding of money to one concern which refund is not enjoyed by any other concern. Every freight agent of the Union Pacific line admits that they have given a four-dollar rebate to every competitor of ours in the last three years on shipments of bullion to Pueblo, Denver, and Kansas City.

OTHER COMPANIES ENJOY SAME REBATE.

Q. Do you know of any other competitor that enjoys any such rebate from the Union Pacific Railway Company of your own knowledge?—A. The Kansas City Smelting and Refining Company have from this city on what they have shipped over it. Any other company that is shipping over the Union Pacific has enjoyed the same rate, if not a lower rate.

Q. From where do you get your information?—A. We get our information from the wisdom of the freight agents, sometimes, in their cooler moments.

Q. What information have they given you?—A. The information I have just stated to you. I have met them in Boston and in Chicago, in company with our competitors, with our refiners of bullion there. They have admitted that they have given, and the refiners also admit receiving, the same rebate or overcharge that we received on bullion shipments.

REBATES APPEAR UPON COMPANY'S BOOKS.

Q. If the same rebate was given, or if the same allowance was made to other competing companies, is it not probable that such overcharge, rebate, or allowance would appear upon the company's books at Omaha, in the same way as the Omaha and Grant Smelting Company's account appears?—A. I can probably explain that to your satisfaction. The Union Pacific, in the pool between them, the Burlington and Missouri, and the Santa Fé roads, I think I am correct in saying, has 49 per cent. of the shipments of the material that originates in the city of Denver, and a certain percentage from Pueblo. The reason that the refineries do not appear on the face of their books is probably due to the fact, as detailed before, that our shipments alone amount to 92 per cent. of the business that originated in Denver from the Missouri River points. There is such a thing as diversion. They pay a pool commissioner for that purpose, I believe.

PERCENTAGE OF SILVER BULLION PRODUCED AT LEADVILLE.

Again, on the other hand, if you will allow me, a large percentage of the bullion that is produced in this country is produced at Leadville. Sixty or 70 per cent. of that is taken out there by the Denver and Rio Grande Railroad and turned over to the Burlington and Missouri, which is one of their connections at Denver, and to the Santa Fé, at Pueblo. Every pound of bullion that we have bought in Leadville we have shipped over the South Park, and we have shipped right through the Union Pacific from Denver. We have proved our loyalty by our signatures. We have more than kept our contract. That would explain why other smelting companies could not appear on the face of the books, and it has been very hard and severe work on the part of the Burlington and Missouri and the Santa Fé to break up this proportion of bullion shipments, and we have staid right here and maintained the balance, and the Union Pacific has had the benefit of it. Freight agents have told me that if it was not for our business the Union Pacific would not get 30 per cent., instead of 49 or 50 per cent. They do not say that they own us, but that contract gives them the advantage of the trade at Denver.

NO WRITTEN AGREEMENT WITH THE COMPANY AS TO RATES.

Q. Have you any written agreement or arrangement with the Union Pacific Railway Company concerning the allowance of $7?—A. Only as a matter of general talk. We never had any written agreement. The railroad officers are very careful about giving the least memorandum or a scratch of a pen. I have found it very difficult to ever place them on record.

Q. Had you any correspondence or any writing of any kind concerning the amount of rebates from the Union Pacific Railway Company, or allowance, or whatever you see fit to call it?

The WITNESS. To our company?

The CHAIRMAN. Yes.

CHIEF BUSINESS OFFICE AT OMAHA.

A. That is a matter that relates to the Omaha end of the business. That is our chief business office. All the business centers there, and the rebates or overcharges are collected there. We have nothing whatever to do here with the collections of the Omaha office. They would not appear on the face of our books, and if I understand the matter right, our president has already furnished you with the amount of rebates received by the Omaha and Grant Company. I could not give you that information.

Q. Did you make any rates here with the Union Pacific Railway Company?—A. No, sir.

Q. Were all the rates made at the Omaha office?—A. I usually go to Omaha and talk business there.

Q. Were all the rates made at the Omaha office?—A. Made in the Omaha office of the Union Pacific Company. We always had to go to Omaha.

THE REBATE ON ORE.

Q. What proportion of the traffic was diverted in the shipment of ore, after the Burlington and Missouri had reduced to $3.50 as against the

$3 by the Union Pacific Railway Company?—A. I think you misunderstand the answer I gave about that $3.50.

Commissioner LITTLER. Explain it.

The CHAIRMAN. Wait a moment until we get it clear. Had allowance of rebate by the Union Pacific Company been $3 on the shipment?

The WITNESS. Yes, sir.

Q. Did the Burlington and Missouri afterwards, in order to secure that traffic, increase it 50 cents, and make it $3.50?—A. I did not understand it so; no, sir. You misapprehend me altogether. I do not make that statement.

Q. Did you ever hear that the general manager of the Burlington and Missouri, in order to secure the traffic from the Union Pacific Railway Company, increased the amount of the allowance to $3.50, as against $3 to shippers?—A. We have heard statements to the effect that shippers over the line of the Burlington and Missouri to Omaha have received a rebate of $4 per ton; but the excuse was being made that it was not made between Denver and the Missouri River, but it was made on their own lines in the State of Nebraska.

THE BURLINGTON AND MISSOURI VS. THE UNION PACIFIC.

Q. Have you any knowledge of the rate being fixed by the Burlington and Missouri, as between Denver and Omaha, at $3.50 as against the charge made by the Union Pacific Railway Company at $3?—A. I have not. I have no direct knowledge of it. What I know of that is only hearsay.

Q. What have you heard with reference to it?—A. I have heard that. I do not know it to be so.

Q. Did you ever make any arrangement with the Burlington and Missouri under the $3.50 rate?—A. No, sir.

Q. Did you ever ship any ore under the rate after the change?—A. I told you we only shipped five car loads of bullion over the Burlington and Missouri. I do not know that the Burlington and Missouri ever quoted rates to the Omaha and Grant from Denver, for the simple reason that the Omaha and Grant never requested a rate from them.

Q. Why not?—A. We were satisfied to enjoy the same rate that was enjoyed by other shippers. We found all our competitors were receiving a certain rate on the Burlington and Missouri and on the Santa Fé from Pueblo or Denver, and we were simply asking the same rate, and the facts would be confirmed in one way or the other. We had no desire to play the Burlington against the Union Pacific. I think Mr. Potter said to me once, in a jocular manner, three years ago, "Give me 10,000 tons of your bullion and I will make any rate you please." I said, "Mr. Potter, you are joking; I do not want the rate from you in that way."

Q. Would it not be business for your company to get the best rate possible?—A. I do not know that it would.

Q. Why not?—A. Because if we got that rate, every other competitor would have got it; so in the long run, we would come out even.

INCREASE OF REBATE.

Q. When the rebate was increased from $3.50 to $4 under the arrangement, and your company was only getting $3, did you make an appeal to the Union Pacific Railway Company to make up the differ-

ence?—A. That fact was only developed since the passage of the interstate commerce bill; so there is no use in kicking.

Q. Do you mean the difference in the rate was only since the interstate commerce bill?—A. No, sir; it was only found out since the passage of the interstate commerce bill.

Q. What fact did you find out?—A. That other parties were receiving $4 as against our $3.

WOULD MAKE ANY RATE ASKED.

The CHAIRMAN. I mean when Mr. Potter made that proposition to you.

The WITNESS. He never made me any proposition. I do not state that he made a proposition.

Q. What was the conversation you had with him?—A. He asked me for a proposition. He asked me if I would give him 10,000 tons, and he said, "I will make any rate you ask." He made no proposition, because I did not offer any.

Q. When did you have that conversation with Mr. Potter?—A. I think about 1884. Mr. Potter was naturally desirous to get some of that trade, but never worked very hard for it.

SWITCHING FACILITIES.

Q. In addition to the rebate, or allowance, or whatever you see fit to call it, that you were allowed by the company, what was this contract worth to the Omaha and Grant Company as to the switching facilities and other accommodations afforded to the company? What was it worth per annum?—A. I cannot say that it was worth a cent.

Q. Do you know whether your competitors enjoy any such advantages?—A. Before answering that question, I may say not worth a cent, because, as a matter of fact, being on the Union Pacific land, as we are, or connected with it, they could not make any switching charges. They can, under that contract, charge any company a switching charge, if we say so. The Union Pacific Company has not charged one dollar of switching expense to any company; so I say the benefit to us is *nil*. As I told you before, the Rio Grande Company offered to give to us the same facilities that the Union Pacific were giving us under that contract.

NO DISCRIMINATION.

Q. Have any of your competitors the same advantages that you enjoy under this agreement with the Union Pacific Railway Company?—A. As a matter of fact, I do not bother myself about the competitors' business very much; but since the honorable Senator was on the stand yesterday, I did make some inquiry, and I find, by hearsay, that the old smelting company enjoy identically the same switching privileges that the Omaha and Grant Smelting and Refining Company do.

BOSTON AND COLORADO SWITCHING FACILITIES.

Q. You named eleven other companies. What other one has the same privileges?—A. I think the Boston and Colorado Company use their own switching engine.

Q. What other company?—A. The Pueblo Smelting and Refining Company, to my knowledge.

SWITCHING CHARGES.

Q. Do I understand you to say that there are no switching charges paid by any of the companies?—A. I do not know anything about their private business at all. But you must understand where there is a switching engine, such as I understand the Boston and Colorado Company have, they have the right over the branch of the Colorado Central Railroad. I think it is possible that if the Union Pacific Company had controlled the Colorado Central to the same extent, when these works were organized, as they now do, that General Manager Hill would have had the switching done just the same as we had it done. But there is more besides that. Where Mr. Hill does his own switching, he does not bind himself by a contract to keep, binding in its nature for a period of twenty-five years. We agree and bind ourselvesto deliver three-fourths of our entire product to one railroad company, against the interests of the others. They bind themselves to nothing of that kind. They are a free lance. I contend that by even paying our own switching charges to the Rio Grande Railroad, or to any other railroad that runs to this town, the Omaha and Grant Company would have received a larger benefit and a larger amount of overcharges than they have received on account of their "tie-up" with the Union Pacific Railroad. But you must understand that we are not a free lance, able to go around and dictate our own terms. It is on only one-fourth of our product that we can dictate. We consider that the advantage lies entirely with the railroad company, and not with us. It is all bosh to say that this thing is worth $15,000 a year to us. It is not worth 15 cents.

RATE OF SUCH CHARGES AT LEADVILLE.

Q. Did you ever pay any switching charges at any time?—A. I suppose that we have.

Q. What do they amount to?—A. We only paid switching charges to a very small extent at any time.

Q. What were the switching charges that you paid at any time?—A. We have paid at Leadville a switching rate of 50 cents a ton. I think then that rate was reduced to $4 a car. The Denver and Rio Grande did the switching for the Rio Grande; but that was from one point of the town to another point of the town, or from one works to another works.

Q. Were the allowances given to you, from $10 to $7, based upon the car?

The WITNESS. Was it upon the car or upon the ton?

The CHAIRMAN. Or per ton.

The WITNESS. Per ton, regardless of the weight of the car.

Q. If you paid switching charges of 50 cents on the ton at Leadville, that you have spoken of ——.—A. [Interrupting.] That was not in relation to this company at all. You asked me, did I ever pay switching charges. I paid switching charges at Denver, in the year 1882 only, to the extent, I think, of 50 cents a ton, from the Grant Smelter to the Fire Hill Smelter. Besides that, we have never paid switching charges.

Q. If you paid switching charges at 50 cents a ton, and by an agreement you were freed from the switching charge, with the rebate allowed from Omaha, the allowance to your company would be equivalent to $3.50 per ton, would it not?—A. That is, if they charged 50 cents a ton for switching; but they do not do that.

Q. What would be the average for switching?—A. They charge all the way from $1 to $2 per car, and the car-load averages 15 to 16 tons in these days.

Q. If your competitors have failed to make the same character of agreement as you have with reference to switching advantages, and yard advantages, and side-track advantages, and failed to receive also the rebate allowance, can they possibly compete with you in the line of business in which you are engaged?—A. Yes, sir.

SWITCHING FACILITIES NOT AN UNMIXED ADVANTAGE.

Q. How?—A. As I stated to you before, our switching advantage is a detriment rather than an advantage to us, because the Omaha and Grant Company is, to a certain extent, handicapped on account of that switching, for we bind ourselves to deliver a proportion of our freight to one railroad company. It is a good deal better at any time to go into the market as a free lance, and to do as you please, and make any terms you can; but if you are handicapped and get only 25 per cent. of your business at your disposal they do not want you. Moreover, it is not the custom, as I understand it, of railroads to make switching charges on their own cars in their own yards. Our freight bill, I believe, last year at our Denver works, was in the neighborhood of $900,000 to the Union Pacific Railroad for ores, fuel, and fluxes that came over on the branch lines and on their main line. On the other hand, the freight charges on the Rio Grande were about $275,000, I believe. So, if the worst should come to the worst, we would only have to pay the switching charges on the Rio Grande if the Rio Grande saw it to be a business policy to charge our company for the switching. The fact is, we buy our material delivered in our yard. Our yard is recognized as Denver, and the Denver and Rio Grande agrees when they place any stuff on their cars to deliver it in our yard at their card rates, without switching charges. So you see that is no benefit.

ABILITY OF OTHER COMPANIES TO COMPETE.

Q. If other companies competing with you pay switching charges amounting to $8,000 or $10,000 a year, and fail to receive the rebate that the Omaha and Grant Smelting Company receives, is it possible for such a competing company, under such circumstances, to compete with your company?—A. I think that if any one company with a very large degree of common sense and business ability would allow themselves to locate on the line of any one road that cannot be reached by all the privileges from any other road, it would show a great lack of business capacity and ability.

Q. Then if that be true, no company that is not located as the Omaha and Grant Smelting Company is, with reference to railroad advantages, can possibly have the opportunities for freight and shipments that your company enjoys, can it?—A. I might modify that statement to this extent: At the time of the location of the Argo works, the Burlington and Missouri was not in Denver. Competition was not quite as active between the railroads then as it is now. The Union Pacific did largely all the business of Denver. I will modify the statement about lack of business ability; I suppose they did the very best they could; but I consider this one fact in relation to that switching business: That a very nice engine and a nice car must be worth $8,000 or $10,000 a year in the shape of an advertisement to the Boston and Colorado Smelting

Company, in passing up and down the union depot eight or ten times a day. The Boston and Colorado Smelting Company have the right to the use of the tracks.

PERCENTAGE OF FREIGHT REBATED.

Q. What percentage of the $900,000, which I understand you to say was paid by the Omaha and Grant Smelting Company for freight during last year, was refunded or allowed to the Omaha and Grant Smelting Company by way of rebate?—A. I called your attention some time ago to the fact that that was a matter for the Omaha office. I can tell you what we collected, or what we are entitled to, for our Denver business.

Commissioner LITTLER. As I understood you, in mentioning the sum of $900,000, you referred to the amount of freight paid by the Smelting Works at this place, and not at Omaha.

The WITNESS. Yes, sir.

The CHAIRMAN. As between what points?

Commissioner LITTLER. Between all points.

The WITNESS. Between all points; on the main and on the branch line.

AMOUNT OF ORE RECEIVED FROM LEADVILLE.

Commissioner LITTLER. That is the aggregate of all the freight paid for fuel and ores coming into your works at this place?

The WITNESS. The statement I made was for ore, fuel, and fluxes. I will read and hand over a copy of this paper—the amount of ore we received from Leadville. I give this as a matter of information to our Leadville competitors and to Senator Hill.

We received from Leadville, in 1885 and 1886—I understood that this applied only back to 1885, or back to the days of Adam, if you want to. We received, in the two years:

	Tons.
In the shape of iron fluxes	34,925
Sulphides of lead and zinc ore	14,717
Carbonate ore that could be smelted at Leadville	1,197
Matte, the residue that is made from furnaces	2,137
Total	42,976

Of this amount the Denver and Rio Grande hauled 4,410 tons.

OVERCHARGES REFUNDED.

Overcharges collected on Leadville shipments:

1885	$9,697.47
1886	10,790.51
1887	4,335.19

These rebates or overcharges were on shipments of iron fluxes carrying 5 or 6 ounces of silver, 18 per cent. in water. I worked hard three months with the Union Pacific officials to cut the water rate in two. We paid for one-half of the water and they paid for the other. It cost us 80 cents per ton for every ton of ore we bring down in the shape of water.

That is the total of rebates we have received in two years on our entire Colorado business.

ORE RECEIPTS FROM OTHER SECTIONS.

For the information of the Commission I will read our ore receipts from other sections up the Union Pacific road:

	1885.	1886.
	Tons.	Tons.
Gilpin County	12,474	9,126
Clear Creek County	9,225	14,544
Chaffee County	11,290	15,500
Boulder County	694	710
Park County	2,087	1,175
Total	35,779	41,345

Q. The statements you have given to the Commission are of rebates or allowances that have been allowed to the offices located here, and are not included in the Omaha business?—A. Yes, sir; that is included.

Q. In the Omaha statements?—A. Yes, sir; that is included.

REBATES ON COLORADO SHIPMENTS.

I call the attention of the Commission to the fact that we have been charged with receiving enormous rebates on all the ore shipments on all Colorado points on the Union Pacific road; and for the information of the Commission, I state to you that we received for the entire Colorado business in the two years not more than 5 or 6 cents a ton.

Q. I understand you to say that the figures that you have given are included in the statement given by Mr. Barton?—A. Those overcharges were collected at Omaha; so they must be there.

Q. Is this the total of what you have been given for two years?—A. Yes, sir; $25,000.

Q. And it is included in the sum of $530,000 given from 1883 to 1887?—A. Yes, sir; undoubtedly.

RAILROAD COMPETITION IN DENVER.

Q. What railroad competition has existed in Denver? You spoke a moment ago of sharp railway competition.—A. We always experience competition in railroad business, as we do in any other line of business, when a new factor comes into the field; and the new factor in this field was the Burlington and Missouri. They made competition pretty lively for some time.

Q. What have been the competing rates between the two companies?—A. I have had no business relations with them, except in the ordinary mercantile business.

Q. Has there been any difference in their open published rates?—A. No, sir.

INCREASED RAILROAD COMPETITION SUICIDAL.

Q. Was not the effect of a new company coming in under the pool arrangement simply to raise the rates?—A. I have always contended that increased railroad competition, without an increase of business, is suicidal to the community. We are supporting three main lines at Denver to-day, when one main line could do all the business. I contend that

the building of railroads to Denver has been an injury, rather than a benefit to it, for the simple reason that they could operate one line for a good deal less expense than they could the three lines.

Q. Does not the destructive influence come from the fact that after railroad companies have made an arrangement to maintain rates they immediately turn around and commence to cut each other by private rates under the special rates?—A. There is no doubt of it.

Q. And by preferential rates?—A. There is no doubt of it.

COMPETITORS RECEIVED $2 A TON REBATE IN 1882.

Q. Have you any other information to give?—A. I might say, speaking of competitors enjoying the same rates, that it is a long time before you can get full and correct information from railroad agents. Only a month ago I was talking with the freight agent of one of our lines centered in Denver about a rate given by a competitor of ours in 1882. I have just read to you that we got 40 cents rebate on our fluxes. I was told that our competitor received $2 a ton rebate on such ores as were shipped by Eddy, James & Company from Denver in 1882. We shipped at the rate of 200 tons a day. That passed my comprehension. It took my breath away when I was told that—to think that one firm received $12,000 a month from one little line of road, in the shape of rebates.

$2.50 A TON REBATE.

At another time a rate was made—not by the same company, though—the minimum charge for car-loads being 16,000 pounds. We received instructions from the management of that company to put 16 to 20 tons of ore on every car; so that would make the rate at least $2.50 a ton rebate. We never enjoyed such things in Denver. It was enjoyed by a smelting company located on the line of the Santa Fé and Denver and Rio Grande, at Pueblo. Besides that, in 1883, we opened up business connections in New Mexico and Arizona, and we commenced to receive considerable shipments from these points on account of our standing, until the year 1884, when the Santa Fé Railroad Company commenced to put arbitrary rates on all shipments to the Omaha and Grant Smelting Company, at Denver, to such an extent that they charged us $1,800 and $2,200 per car freight, when the ore itself would not realize more than $800 or $1,000 or $1,100 per car-load.

RESULT OF SUCH DISCRIMINATION.

That discrimination was carried on to such an extent that we had to write to our patrons in that country to make no further consignments to us; that our bank account was not large enough to pay those outrageous overcharges and wait for the railroad company to return them to us, and if they desired any relations with us whatever, they had better consign their ore to themselves at Pueblo, and we would make arrangements with the Denver and Rio Grande to bring the material from Pueblo to Denver. The result was that we have closed pretty nearly our entire connection with our friends in New Mexico and Arizona. That was due to the fact that Mr. Nickerson was the president of the Santa Fé Railroad. He was also the president of the Pueblo Smelting and Refining Company; and anything that came to Denver must be discriminated against; and as a result, from that time to this, we have been unable to enjoy the same rates on the Santa Fé road that the Pueblo Smelting and Refining

Company does. It is utterly impossible to get a rate, and they make it so invidious that we cannot conduct the business.

CONCERNING SENDING FREIGHT OVER OTHER ROADS.

Q. Have you any knowledge, under any pooling arrangement or agreement to maintain freight, of the Union Pacific Railway Company directing any of the shippers to send freight over other roads?—A. No, sir.

The CHAIRMAN. By diversion of freight, I mean.

The WITNESS. Do you mean over other lines?

Commissioner LITTLER. Under a pool contract.

The WITNESS. No, I do not.

INTEREST OF UNION PACIFIC PEOPLE IN BUSINESS ENTERPRISES.

Q. Have you any knowledge of any officer, employé, or agent of any kind of the Union Pacific Railway Company being interested directly or indirectly in any smelting works, refining works, or manufacturing establishment, or any business of any kind along the line of the Union Pacific Railroad, or its branches, in this community, or in any other community?—A. Yes, sir.

Q. Who are they?—A. Mr. Dillon and Mr. Ames, I believe, have 880 shares in each of our stocks.

Q. Do you know of any others?—A. No, sir; I do not.

Q. Has the company in any way, by any bonus or subscription of any kind whatever, contributed towards securing or preventing legislation in the interest or against the interest of the Union Railway Company?—A. No, sir.

NOT AS BAD REBATE FIENDS AS PICTURED.

Q. Have you any other suggestions to make?—A. I was going to say that in the forty-two months that this $530,000 of rebates were paid to our company at Omaha there were 120,000 tons of bullion shipped from Colorado and Utah points, and it enjoyed the same rates that our competitors did. If you will figure it up, you will find that it will swell up to the same amount pretty nearly as the $500,000. So that we are not quite as bad rebate fiends as we have been pictured.

AGGREGATE OF FREIGHT PAID UNION PACIFIC.

By Commissioner LITTLER:

Q. Do you know the aggregate amount of money that has been paid to the Union Pacific Railway Company during this period?—A. I would not say exactly. I think our part of the rate was about $1,400,000 a year. It averaged in 1885 and 1886 $1,570,000; but for the four years that we have been an organized company our average freight bills have been $1,400,000 a year. I have been told by the traffic officers of the company that we are the largest single customer the Union Pacific has; that our freight bills amount to more than their entire earnings from the entire cattle trade from all their branches and the main line.

EFFECT OF INTERSTATE COMMERCE LAW.

Q. What effect has the interstate commerce law upon rates from here to the Missouri River, and how has that law affected the interests of

Denver?—A. I could not speak from a commercial standpoint. I have not paid very close attention to the tariff sheets. I know it has affected the miner and the smelter somewhat.

Q. Do you mean to say that under its operation rates generally have been increased?—A. I would not say that. I am more familiar with our own line of business. It cost us just about $1,800 a month, and the miners charge for that, of course.

UNION PACIFIC NOT PROMPT IN REFUNDING OVERCHARGES.

Q. Do you still continue to ship under this contract?—A. Yes, sir. The rate, as I told you, as it was enjoyed by all, was $7. The fixed rate now is $8.

Q. From here to the Missouri River?—A. Yes, sir. We are glad rather than otherwise that there is a fixed rate. I consider these overcharges have been a great source of annoyance to us for the simple reason that the railroad companies have been very prompt in collecting their freight bills; but they are not near as prompt in paying these overcharges. There have been periods when the Union Pacific has owed us in the shape of overcharges $80,000 to $90,000, and we had to go to the bank and borrow that amount of money.

THE CONTRACT AND THE INTERSTATE COMMERCE LAW.

Q. Do you rely on this contract in the future, notwithstanding the operation of the interstate commerce law?—A. We do; yes, sir.

Q. Do you not think that it is a preference within the meaning of the law?—A. I cannot say how it is. I think that is purely a local business. That is all.

Q. You ship through more than one State in going from here to Omaha, do you not?—A. Yes, sir; but we enjoy no different rate.

Commissioner LITTLER. I am only referring to this contract, in view of the provisions of the interstate commerce law, with a view of inquiring of you whether you regard it as a good contract in the face of that law, and one that can be enforced in court.

The WITNESS: We have never taken legal opinion on the matter and the interstate commerce bill, to tell you the truth, never entered our minds as affecting that contract. I think the Union Pacific wanted to carry it out, and we are willing for them to do so.

Q. Do you think that is a good contract for the Union Pacific Railroad Company?—A. As I stated in my examination, I think it is one of the best contracts they ever signed in the State of Colorado.

Q. What would have been the effect on the Union Pacific Railroad Company if you had made no such contract and had been a free lance, as you say, in negotiating rates with other competing lines?—A. I can only tell you what I have heard from officers of other railroads, that if it had not been for our confounded tie up the Union Pacific would not have 25 per cent. of the freight of this town in the pool.

POOLS.

Q. Are there any pool agreements existing in this city at present, to your knowledge?—A. I do not know of any.

Q. Do you know of the existence of an institution called the Colorado State Railway Association?—A. That is a new name to me.

Commissioner LITTLER. It is a new one to me. It has just been suggested.

The WITNESS. That must be something organized a few days ago.

Commissioner LITTLER. I understand it has been organized since the passage of the interstate commerce law, with a view of evading its provisions.

The WITNESS. I have not been in communication with any such company and have not heard of it.

Commissioner LITTLER. I understood you to say that the effect of pools and the effect of building competing lines in this city has had a tendency rather to retard and embarrass the development of the city than to foster and promote its highest interests.

ONE LINE CAN AFFORD TO DO BUSINESS CHEAPER THAN SEVERAL.

The WITNESS. I did not intend to convey any such impression as that. What I have intended to convey was that one line of railroad could better afford to make lower rates than three lines coming into Denver.

Q. But is it not also true that where there is only one line of railroad it fixes enormous rates, and thereby embarrasses the community?—A. I suppose if that was the case we should have had some State legislation before now.

Q. Do I understand you to question the wisdom of Senator Hill's location of his works, because he has not chosen to put them where they are only accessible by one line of railroad?—A. Yes, sir.

Q. That would be your condition if there had been no other railroads in the city, would it not?—A. There is no doubt in the world of that. We made the best arrangement we could out of a bad matter.

Q. You would have been subject to all the embarrassments of which he complains, would you not?—A. Yes, sir; and they might have ridden us a little harder than they attempted to ride him.

Q. Do you think this contract is a good contract, notwithstanding the seal of the company is not attached to it?—A. Yes, sir; I do.

DENVER, COLO., *Tuesday, July* 12, 1887.

JAMES B. GRANT, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Smelting.

OMAHA AND GRANT COMPANY.

Q. Are you connected with the Omaha and Grant Smelting Company?—A. Yes, sir.

Q. How long have you been connected with it?—A. Since the organization of the company, in 1883.

Q. During what time were you governor of Colorado?—A. In 1883 and 1884.

Q. Have you heard the testimony of Mr. Eddy, the general manager of the Omaha and Grant Smelting Works, and have you anything to add to it?—A. No, sir; I do not think I have anything to add to that. I do not think of anything of any importance that I could add.

Q. Have you any knowledge of the increase of allowance on shipments by the Burlington and Missouri as against the allowance made by the Union Pacific?—A. Since the passage of the interstate commerce bill

of course the different refiners of the east have exchanged confidences with each other, and have told what rates they have had. I would not like to tell the names of those parties. But refiners have told in confidence what rates they enjoyed. In some cases they have had lower rates than the Omaha and Grant Smelting Company enjoyed.

SPECIAL RATES.

Q. Was there a general granting of special rates as against open rates?—A. Yes, sir; it is universal.

Q. How long had they existed prior to April 1?—A. Three or four years at least. Since we came to Denver. It was not so when we first came to Denver. If I recollect aright the first few months we were here we did not enjoy any special rate on bullion.

Q. Have you any knowledge of any one enjoying the same rates and the same accommodations and facilities that the Omaha and Grant Smelting Works have?

The WITNESS. On the bullion business?

The CHAIRMAN. Yes.

The WITNESS. I know of but one refiner that shipped over the Union Pacific. I think that was the Kansas City Refining Company. I suppose they enjoyed the same rates.

Q. Has the Kansas City Refining Works the same rebate and the same accommodations?—A. I think on the Northwestern shipments it is 100 miles further to Kansas City than to Omaha. I think they pay an additional dollar; but that is all.

EFFECT OF REBATES UPON COMMUNITY.

Q. What effect upon the other shippers and upon the new community at large has the system of rebate allowances or special or preferential or private rates allowed by railroad companies?—A. If one enjoyed it and the other did not, of course the one that got it had the advantage. That is all.

Q. Is it not a fact that it is very destructive to healthy trade in a community?—A. Yes, sir; I should think on general principles it would be.

Q. Is not the effect to drive out the smaller shipper as against the larger shipper?—A. Yes, sir; it might be bad for the small shipper; and yet it might be to the general interest of the community.

Q. Is not its effect generally to concentrate entire business lines in one center and in one hand?—A. Yes, sir; I think so.

Q. What effect would such concentration have on the general business community, or in the distribution of business among shippers at large?—A. I think it is bad on the individual. Denver, I think, has been largely benefited by it. While it may be bad for some individuals, it has been a great help to the city.

Q. What have been the benefits?—A. It has built up the business here by establishing wholesale houses and getting the trade of outside places.

SPECIAL RATES ADVOCATED.

Q. Would not the effect have been that you would have had more companies and more distribution of trade and more large wholesale shipping houses under a fair open rate than you have under a private special rate allowed by railway companies?—A. I doubt that. Take the smelt-

ing interest for example. If we smelted 100,000 or 150,000 tons of ore a year, the cost of smelting would be much less than it is where there are thirty or forty companies doing that work. The miner has the benefit of a large smelting concern. If the ore had to be smelted by different concerns they could not mine within 30 per cent. of the amount mined to-day, the charge would be so high. A large concern doing a large amount of business is bound to do it cheaper.

Q. Would not the effect be better on the community at large if there were two or three large concerns than if there were only one?—A. Yes, sir; where there is business enough. We have two or three.

Q. Could there possibly be two or three where one enjoys a special advantage of shipping rates not known to others?—A. It depends upon the extent of that advantage.

Q. To what extent do you mean?—A. I would not say that 50 cents a ton would materially hurt any smelter. If there is not a profit of more than 50 cents a ton on smelting, the business is so close and uncertain that no one would continue in it.

Q. Have you read the testimony of Mr. Barton, given before the Commission?—A. Yes, sir.

Q. He is president of the company, is he not?—A. Yes, sir.

Q. Have you anything to add to the testimony given by him?—A. I did not see the full testimony of Mr. Barton; I only saw the extracts from it that were sent out by the Associated Press.

Q. Has he the entire management of the Omaha and Grant Smelting Works at Omaha?—A. He is president of the company, and, of course, he is familiar with all the important transactions.

Q. Is he responsible for the conduct of the works at that place?—A. Yes, sir; he and the others are. They have been in partnership there for a long time, and they consult each other about the management of the business there.

RAILROAD PEOPLE NOT INTERESTED IN BUSINESS ALONG THE LINE.

Q. What knowledge have you of any officer, director, employé, or agent of the Union Pacific Railway Company being interested, directly or indirectly, in any manufacturing establishment, or any refining or smelting works, or any business company along the line of the road other than those that have been named?—A. I have no knowledge of any such.

INTERFERENCE WITH LEGISLATION AND ELECTIONS.

Q. Have you any knowledge as to the part taken by the officers and employés of the Union Pacific Railway Company in attempts to influence legislation in Colorado?—A. No, sir; I have no definite knowledge.

Q. Have any complaints been made of interference by railroad officers or employés or their agents in attempts to influence legislation?—A. I only heard it said in a general way that they wanted to elect or defeat certain candidates that might be hostile to railroad interests. I heard some such talk, but I do not know anything definite about it.

Q. What is the nature of the complaints of interference on the part of the Union Pacific Railway Company, through their agents, in preventing or urging legislation for or against their interests?—A. I do not know of any definite complaints. Of course when a bill is up and the railroads consider it unfavorable to their interests, I have always heard that the combination of railroad interests would try to defeat it,

just as with any bill that might be up against any other interests—the people pool together and try to defeat it. I do not know anything particularly about it, though. I do not know that I ever talked to a member of the legislature about a railroad bill. I do not think I ever did.

NO HOSTILE LEGISLATION.

Q. Has there been any hostile legislation against the Union Pacific Railway Company in Colorado?—A. None that I know of. There was a bill passed two or three years ago, but I do not know that it was hostile to railroads. It was a bill to appoint a commissioner, but without much power, I believe.

Q. What is the name of the commissioner?—A. Judge Felker. That was three years ago that he was appointed. He has served two years.

Q. Who is the present commissioner?—A. Mr. Wilson. I think that under the bill passed at that time he could only hear complaints and report to the legislature.

PLAN OF SETTLEMENT.

Q. Have you considered the question of the settlement of the debt due by the bond-aided roads to the Government?—A. I have not thought very much about it. I supposed they would have to make some settlement when the bonds came due, and if the roads were not able to pay off the bonded indebtedness they would have to go into the hands of the Government, unless some terms were made by which they could pay off this debt gradually.

Q. Have you considered this question sufficiently to have formed an opinion?—A. I have thought about it some. My own view would be—I think the bonds are due in 1896—that the Government would not want to experiment with railroads. I do not believe it would stand much show for business, in competition with other corporations. I doubt if it would operate the road successfully. It seems to me the best settlement would be to have a long bond, paying so much every year, with a low rate of interest. The debt to the Government could be wiped out in time, and the company could keep the road.

GOVERNMENT CONTROL NO ADVANTAGE.

Q. What effect would such a settlement have upon the community?—A. I think very little. There are so many other railroads entering here now that the question of the policy of one or the other I think would not affect it materially. If the Union Pacific cuts the rate here, even in the hands of the Government, the other roads are bound to meet it. They are going to operate their lines. I do not think it could be any advantage to the community or to the Government for it to own the road.

Q. What would be the effect upon the passenger rates?—A. If the United States chose to haul freights for nothing, I suppose the other roads would have to do it or give up business. The Government agent would not be so dependent for his position as an outside agent. A railroad does not keep passenger or freight agents unless he can get business for it. A Government officer would not rustle for business as much as a railroad freight agent would, I think.

EFFECT OF EXTENSION OF TIME TO PAY.

Q. What would be the effect of an extension, with a long bond at a low rate of interest, upon the freight and passenger rates?—A. I do not see how it is going to affect it at all. As I said, if the Government takes the road it is in its power to make low rates, if it chooses to do it, because it can operate at a loss and expend its surplus in that way. It could get rid of the surplus in operating these Pacific roads.

Q. Is it not the fact that the cutting of rates exists the same to-day as it would under any other circumstances?

The WITNESS. Cutting of rates?

The CHAIRMAN. By railroad companies.

The WITNESS. Do you mean a cut from the regular rate?

The CHAIRMAN. Yes.

The WITNESS. I do not think there are any cuts made now. Do you mean overcharges or rebates?

The CHAIRMAN. Yes.

The WITNESS. I do not know of any. We have not been able to get any.

Q. You only speak of your personal business rebates?—A. Yes, sir; I am speaking of ourselves.

POOLS SHORT LIVED.

Q. Did you ever know of a railroad pool or an agreement to maintain rates that maintained it twelve hours after it was entered into?—A. I do not know enough of the details of railroad business to say; but I know that it does not exist in other forms of business if it does in railroads.

Q. Have you any information or suggestion that you can give to the Commission?—A. No, sir; I do not think of anything.

Q. Have you any knowledge of the diversion of traffic by the Union Pacific Railroad over unaided roads, under freight agreements?—A. No, sir.

By Commissioner LITTLER:

Q. Do you know how many officers and agents and employés are required to operate the Union Pacific system at present?—A. No, sir; I do not know anything about the details.

Q. Does it reach up into the thousands?—A. I do not suppose that they have any more men than other corporations.

Q. Assuming that they have not any more than they need, can you answer my question?

The WITNESS. The employés?

Commissioner LITTLER. Yes.

A. I suppose they have several thousand.

POLITICAL EFFECT OF GOVERNMENT CONTROL.

Q. Suppose the Government were to take possession of the road, and the Republican party should succeed the next time, would it not be a great objection if it appointed one or a thousand Republicans to run that road?—A. Yes, sir; it would make a political machine out of it, I guess, unless the civil service rules were enforced and strengthened. You might have a Democratic railroad corporation four years, and it might be Republican the next four. You might have it Democratic all the time; it would be a great help to us out here.

Q. When did you assume the office of governor of this State, and when did your term expire?—A. I think it was the first Tuesday in January, 1883, and I went out on the second Tuesday in January, 1884.

Q. During your term of office was there or not a corrupt combination among the railways of Colorado, organized for the purpose of influencing legislation?—A. None that I know of. As I said, I do not think I ever talked with a member of the Colorado legislature about railroad matters or railroad laws or laws affecting railroads.

Q. If such a combination existed did you know anything whatever about it?—A. No, sir.

Q. Can you give this Commission any information on that subject?—A. No, sir.

DENVER, COLO., *Tuesday, July* 12, 1887.

NATHANIEL P. HILL, being further examined, testified as follows:

By the CHAIRMAN:

Question. Have you any information that you can give to the Commission this morning?

SWITCHING CHARGES AND RATES FROM LEADVILLE.

Answer. I should be glad to explain a little a part of the testimony that was given here this morning in regard to switching charges and rates from Leadville. The principal cost of switching to these smelting works is not taking the cars from the yard of the railroad company and setting them in the yard of the smelting company; that is a very trifling matter. The principal item of cost is in keeping an engine equipped with an engineer and fireman and suitable attendants constantly at work in moving cars back and forth from the works. For instance, you get a train-load of ore, and, in unloading that, you have, as you unload each car, to move the train the length of the car, usually, or in unloading coal for your furnaces. In the handling of nearly all the products and everything that comes into the work, you have to be constantly moving your train. We keep an engine of ours which we were forced to purchase. We wore one out and bought a new one recently. That was because the company would not do our switching for us and we had to do it ourselves. That engine is kept constantly employed from very early in the morning until late in the evening in the works. It comes into the yards of the company twice a day at Denver to draw out three loads of coal and ore, and the rest of the time it is constantly employed in moving cars around the works; and it costs us to do that, on the amount of business we are handling, not less than $7,000. I assume, on the amount of business which I stated as being handled by the Omaha and Grant Company, that it must cost the railroad company at least double that. It would cost the smelting company at least double that if they did it themselves. But I understand that the Union Pacific Company furnishes those engines with the men and all the equipments, and everything that is necessary to do all that local work around the yard of the smelting company. That is what I understand. In other words, the smelting company keeps no engines and has no men employed for that purpose. I should say it was a very low estimate on the amount of business that is handled

by that company, the number of tons of ore that are stated here, to say that it would take two engines, constantly employed, to do the switching around the works, to say nothing of moving the cars from the yards of the railroad companies to the yard of the smelting company.

Mr. JAMES B. GRANT. It takes one engine.

The WITNESS. I do not know how that could be, for our engine is never idle, and we handle less tons than the Grant company, and there is no hour in the day in which we are not employed with the engine. At any rate it costs us to keep the one engine about $7,000 a year. Of course we have to repair it every little while, and occasionally we have to buy a new engine. Then, as to trackage, it was stated by Mr. Eddy that we have the use of the track. We have the use of the track by paying for it every month.

TRACKAGE CHARGES REDUCED FOR SLAG.

Q. What do you pay?—A. We are paying now, or rather we are giving them, two considerations. There has been a great demand at times here for our slag. The railroad company has taken it and sold it at quite a high price for securing embankments, and for various purposes, and they have been very strenuous in their demand that they should have our slag. Formerly they used to load it themselves as a consideration for taking it, and they made some reduction in the rate for fixed charges for the amount used for their tracks. They made it $100 a month. In consideration of that we were to give all the slag which we did not need, for all their purposes, and load it for them. Those are the two considerations that we pay for the use of the track.

SLAG USED FOR RAILROAD EMBANKMENTS.

Q. What is the latter consideration worth in money?—A. It is a thing that I cannot estimate very well. In the first place the company has used a great deal of slag in protecting their embankments. Our slag is very valuable for that purpose. It comes out in large blocks and is very hard and heavy, so that wherever it is thrown around embankments of railroads that are subject to wash it makes an absolute protection, as good as a solid stone wall.

Q. Have you any market for it here?—A. No, sir. I know they have sold some eight or ten cars a day for $3 a car. When they have an offer to sell, they sell it for that purpose. They have used it mostly themselves in protecting the weak points in the embankments along the line of their roads.

OMAHA AND GRANT SWITCHING FACILITIES.

I have constantly requested every officer of the Union Pacific Railway Company that has any authority in that matter, ever since I heard of this contract which furnished the switching for the Grant Company, that the road should do the same for us. I have had it promised from the local agent of the road here that it should be done. It has not been done yet. I have been at it for about four years. I attack every officer of the company and ask him if we may not enjoy that same privilege. Our works are no further from the yard of the company than the Omaha and Grant works. They may call it a part of the yard, but ours is no greater distance away than theirs. They are both on one of the tracks of the Union Pacific Railroad, only on different branches. It is a preference

that I do not suppose, under the interstate commerce bill, would stand an hour. I think that is probably the reason they are going to concede that to us. I have had a serious idea of trying that matter in the courts to see whether it could be allowed. It is a preference. The ore that comes into the Omaha and Grant works comes from a half dozen States and Territories, and the bullion that goes out goes through more than one State, and the switching of that material is just as much a part of the consideration for which it is carried as the rate from the works to the river for instance. A railroad company, in its desire to give a preference to one corporation, might charge a regular rate of freight, and give it a bonus for everything it took out of its yard, and say that is local, just as well as to do the switching for one company free and refuse to do it for another. That is the theory I hold. I may be wrong about that, but I do not think that discrimination could stand under the interstate commerce bill. I want to say a word in regard to the freights on ore and material from Denver.

WILLING TO MAKE SIMILAR CONTRACT TO THAT OF OMAHA AND GRANT COMPANY.

By Commissioner LITTLER:

Q. Before passing that, would you be willing to duplicate this contract with the Union Pacific Railway Company as a consideration for the switching charges and the track rates which you pay?—A. Of course I would. I would do it in a moment.

Q. That is, you mean to be understood as saying that you would agree to ship 75 per cent. of your products over the Union Pacific?—A. Provided they gave me as low a rate as could be obtained.

Q. Provided they gave the same rates as given in this contract?—A. As low rates as are given by any other company, as that contract provides for.

By the CHAIRMAN:

Q. Would that be a bonus?

The WITNESS. Giving the same rates?

The CHAIRMAN. Would it be equivalent to a bonus?

The WITNESS. Certainly.

Q. Would you pay any other additional bonus.

WITNESS. Do you mean a bonus to the railroad company?

The CHAIRMAN. Yes.

A. It is a bonus that really costs nothing to give. It provides that we shall not pay more than we would over any other line.

FREE SWITCHING THE CHIEF ADVANTAGE UNDER THAT CONTRACT.

Q. What would it be worth to you to have the same terms by the year?—A. As far as I understand that contract, there did not seem to be any special privilege granted there in regard to rates, except in providing for free switching. That is the only thing that I caught in hearing the contract read. The rest merely provides that they shall have the same rates as other parties, or it shall be carried at as low a rate as by any other railroad. As far as the switching charge is concerned I should say it is worth $7,000 or $8,000 or $9,000 a year to have just that one advantage.

The CHAIRMAN. I did not want to interrupt you. You may proceed.

REDUCED RATES ASKED ON ORES.

The WITNESS. In regard to freight from Leadville, our company has been desirous for a long time of buying certain classes of ore there; these ores that are mentioned as flux ores, I mean. I have asked the Denver and Rio Grande Company probably every month for the last two years if there was not some way by which a reduction might be made in the rates for these ores. They told me they were under a pool arrangement, and were solemnly bound not to make any reduction, and they could not do it. They would do it for us if they could do it for anybody. I have applied to every officer of the Union Pacific Railway Company that had any jurisdiction in the matter, and I have been assured by them that there was no difference in those rates. The very class of ore that I asked to ship was this low grade of flux ores. I felt perfectly confident that other parties were getting it at lower rates than we were, and I felt perfectly sure that we were getting it at the same rates that other people paid, but no rebates were granted to us. I do not mean to imply by that that certain officers of the road—that is, Mr. Choate—desired to deceive me or intended to deceive me. I think he is a truthful man, and I think he does not know about it. It does not come within his province, and he was not aware, probably, of the fact, as that is arranged in the office at Omaha. It was the reply uniformly made to me by the officers of the Union Pacific Company in regard to Leadville business, that that was one place where there was no rebate. The two companies entered into as solemn an agreement as I suppose two companies could enter into, and the Union Pacific and the Rio Grande assured me that there was no distinction between one and the other class of ores; that these low grades were treated as the higher grade ores were, as far as freights were concerned. Those were the only two points that I would like to speak about, after hearing the testimony of my neighbors.

Mr. EDDY. I would like to make an explanation.

The CHAIRMAN. Certainly, you may.

KIMBALL'S IGNORANCE OF CUT RATE ON ORE.

Mr. EDDY. In speaking of the rebate on the low-grade iron ore from Leadville, and since Mr. Kimball is taxed with concealing the fact, I think it is due on my part to explain that Mr. Kimball is entirely innocent about this whole matter. Mr. Kimball never knew of the existence of the 40 cent cut rate on iron ore until this committee met at Omaha. So I think he was perfectly justified in telling Senator Hill that he enjoyed exactly the same rates that his competitors did.

The CHAIRMAN. Who did know? Who had this information?

Commissioner LITTLER. And who made the rate?

Mr. EDDY. Mr Shelby made the rate, and it was filed away, and it was unknown to Mr. Kimball. I think I ought to state that in justice to Mr. Kimball.

Mr. HILL. Mr. Shelby is the man with whom I would like to get acquainted.

Commissioner LITTLER. Is not Mr. Shelby a subordinate of Mr. Kimball's?

Mr. EDDY. Yes, sir.

Commissioner LITTLER. Is it not true that all rebates are compelled to receive the indorsement of Mr. Kimball as general manager of the road before they are audited and paid?

Mr. EDDY. Sometimes the assistant does what the manager can do when the manager happens to be absent. He takes the power in his own hands and does it.

Commissioner LITTLER. How long has this cut rate gone on, that you speak of?

Mr. EDDY. Two years.

Commissioner LITTLER. Do you undertake to say that Mr. Kimball has been ignorant of that matter for two years?

Mr. EDDY. I believe so.

Commissioner LITTLER. Mr. Kimball professed to know all about this rebate business when he was on the stand, and claimed that it was all done under his direction.

Mr. EDDY. That might be, as far as the Omaha business is concerned.

Commissioner LITTLER. Where would this cut rate be made—here or at Omaha?

Mr. EDDY. That was made at Omaha during the absence of Mr. Kimball.

Commissioner LITTLER. And made by Mr. Shelby?

Mr. EDDY. Yes, sir.

Commissioner LITTLER. Mr. Kimball was not absent for three years, was he?

Mr. EDDY. No, sir; I do not suppose he was. But there are some of those little details that the general manager does not think worth looking up.

Commissioner LITTLER. Do you suppose for a moment that this rebate could have gone on for three years without the knowledge of Mr. Kimball, when it was his duty to know about these rebate vouchers?

Mr. EDDY. I said two years.

Commissioner LITTLER. This is a long while for a general officer to be ignorant of so important a matter affecting his company.

Mr. EDDY. I do not know—not very, when a man has so many duties and has so much care in a large road.

Commissioner LITTLER. We will have to presume on Mr. Kimball's ignorance.

DENVER, COLO., *Tuesday, July* 12, 1887.

JAMES MAXWELL CLARK, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Where do you live?—Answer. I live at Greeley, Colo.

Q. How far is Greeley from Denver?—A. I believe it is 52 miles by the Union Pacific Railway.

Q. On what road?—A. On what used to be called the Denver Pacific—the Union Pacific line.

Q. Is that the road running from Denver to Cheyenne?—A. Yes, sir.

Q. How long have you resided there?—A. Seventeen years.

Q. What is your business?—A. I am a farmer, stock-grower on a small scale, and dealer in agricultural implements and coal.

Q. Have you had any business relations with the Union Pacific Railway Company, either the main line or any of its branches?—A. Yes, sir.

Q. What has been the nature of your business dealings?—A. Transporting implements and coal from Erie, Colo., and from Denver; and other goods from the Eastern States.

Q. How long have you been engaged in the shipment of those goods?—A. Seven years.

COAL MONOPOLY.

Q. Have you had any business dealings with the Marshall Coal Mining Company of Northern Colorado?—A. I have sustained a relation to them damaging to myself.

Q. Where is the Marshall Coal Mining Company located?—A. It is between Erie and Boulder. I have never been to the mine myself.

Q. Who compose the company?—A. I do not know. It is ostensibly an independent company, doing business on its own account.

Q. Have they an agent at Greeley?—A. Yes, sir.

Q. Do they ship coal to Greeley through their agent?—A. Yes, sir.

Q. What has been the nature of the injury suffered by you as a shipper or coal dealer at Greeley through this company?—A. We have no competition at Greeley in the way of railroad facilities. We have this single branch line of the Union Pacific, running north, and we cannot get any other coal except over the Union Pacific line.

MARSHALL COAL COMPANY.

Formerly, through the ownership and control of the mines at Louisville by the Union Coal Company, which I suppose was a company of the stockholders of the Union Pacific, they mined and sold coal at Greeley in competition with other coal, put the price up, and kept it up to an unreasonable price compared with other points in the State, because there was but one line. Some time in 1886, for some reason or other, we presume on account of ill-will that they had secured from the people everywhere, they leased their coal mines at Louisville to the Marshall Coal Mining Company, and published in the paper a notice that they had done so; and from that time until this, while that company has ostensibly been an independent company, it has been manipulated, in all the towns outside of Denver, entirely in the interests of the Union Pacific Railway. They appear to have a proprietary interest in the mine and in the coal, and in the transportation of the coal as well, and they constantly manipulate it so as to damage and force everything to ruin, and to crush out competition with that Marshall coal.

COAL AGENTS AT GREELY.

Q. What agent do they locate in Greeley?—A. They have had two or three agents there. At one time I was agent for the Union Pacific Company, at the time they owned and ran the mines under the name of the Union Coal Company. I had the agency for a while.

Q. Who succeeded you?—A. Mr. Spier.

Q. Who is the present agent?—A. The present company is known by the style of Wood & Mayer, Mr. Mayer being the managing agent, and the only member of the company present.

Q. What connection has the latter-named gentleman with the Union Pacific Railway Company?

The WITNESS. This Mr. Mayer?

The CHAIRMAN. Yes.

The WITNESS. None other than that I have explained. He is the agent of the Marshall Coal Mining Company at that place. He is apparently the agent.

Q. Are there any other agents of any other companies there?—A. Oh, yes.

Q. What companies are represented there?—A. Goodrich & Marfel, of this city, and Mr. D. S. Woods, and the Jackson Coal Company.

LOCATION OF MINES.

By Commissioner LITTLER:

Q. Where are these Louisville mines located?—A. I have been at Erie and at Canfield, but I have never been at those Louisville mines.

Q. Where are they?—A. About 17 miles from Erie.

Q. Where is Erie?—A. That is on a spur out from Brighton, 15 or 20 miles.

Q. Where is Brighton?—A. On the Union Pacific, between here and Greeley.

Q. How far are these Louisville mines located from Greeley?—A. I should think the Marshall and Louisville mines were 60 to 70 miles away, and the Erie mines 45 miles perhaps.

OTHER COMPANIES' AGENTS.

By the CHAIRMAN:

Q. What other coal companies' agents are there?—A. I have named Goodrich & Marfel and D. S. Woods. There is the Star mine at Canfield; that, generally, has an agent there; and there is a little mine that has generally been operated during the last year—they call it The Standard. I forget the names of the agents.

Q. Are they all dependent upon the Denver Pacific road?—A. Every one.

Q. Do they all enjoy the same rate?—A. I think not.

Q. What is the difference in the rates?—A. I judge it to be 50 cents.

Q. How many enjoy the 50-cent rate?—A. Wood & Mayer, of this firm that operates the Marshall Coal Company.

EFFECT OF UNEQUAL RATES ON COAL DEALERS.

Q. What effect has it upon the other dealers in coal?—A. It has this effect, that the markets are entirely under the control of that company, and they constantly manipulate the price, and put it up and down just as they see fit, and it ruins competition and trade. I want to say now that I have no absolute knowledge about this difference of 50 cents; but I should judge it to be a fact from this, that every time the Union Pacific notifies me that after a certain date the price of coal will be raised a quarter of a dollar a ton from the mine in which I deal, I get a notice on the instant that the Marshall coal remains at the same price; that the Marshall Coal Mining Company have put down the price of coal a quarter of a dollar at the same time that the Union Pacific Company has put up the price of freight, just to equally balance the thing; and I infer, and every one infers, and it is a matter of general comment and conclusion. The railroad employés all over the State outside of this town—I do not know how they feel about it here—joke and laugh about it, and make fun of it the moment this thing takes place. They understand it. The last time this was done the agent came over to my office. I have no doubt he was sent by the Union Pacific Company. He told me, with a smile, that the rate would be a quarter of a dollar

after the 1st of June, but the company coal would remain at the same price, because they had put it down.

COMPANY COAL SOLD AND OTHER DEALERS DRIVEN OUT.

Q. Is the effect to sell the company coal and to drive the other dealers entirely out of business?—A. Yes, sir.

Q. How long has this continued?—A. It has continued always, ever since I had anything to do with the coal business, some seven years. The policy of the company was to maintain a heavy rate of freight on the transportation of coal, they being always interested in the product, in the output.

Q. What other facilities or accommodations has the agent of the Union Pacific Marshall mine over the others in the coal-yards?—A. Not any, that I know of.

Q. Are all of the other mines that you have named reached by the Union Pacific Railway Company?—A. All of them; yes, sir.

TRANSPORTATION FACILITIES.

Q. What other roads reach them?—A. In Denver, the Denver, Utah and Pacific, I believe, reaches them, or the most of them; but we have no access to them.

Q. Then the effort of the Union Pacific management is to force the coal dealer to deal with the Marshall mine as against the other mine, is it?—A. That is it exactly.

EXPERIENCE AS COMPANY COAL AGENT.

Q. When you were agent of the Union Pacific Company what advantage had you? You must have had some inside knowledge then?—A. No, sir; I handled this coal about two years, and at the time I handled it the company had no connection with the Marshall Coal Mining Company. They owned and controlled the Louisville mine, which was known as the Welsh mine, and I bought the coal of the company, and never dealt with any other. When I went into the business I looked around and saw what coal there was available, and found that, and I never had any rebates or any other advantages.

Q. How many competitors had you?—A. Always three or four.

Q. Could you undersell them by reason of any special advantages in rates or accommodations?—A. At that time I could not.

COAL OPERATIONS OF COMPANY.

Q. Could you at any time?—A. I do not know as to that. I will make a statement as to the operations of the company, which will show what their intent was. Shortly after I first went into the business they put up the price of coal. It had been down to $1 for some time, I think, and they put it up to $1.50, and then to $2, and, as had previously happened, it angered all the people in our community, and the farmers hitched up their teams and began to haul coal overland from Erie, 30 to 35 miles, and would not buy any coal of us at all; and they kept that up for about six weeks. Our cars stood on the track, as they have done two or three times, and the people would not buy any coal of us. They could not buy it of outside companies. They would not. The outside companies, of course, had nothing to do with the Union Pacific, and were not to

blame; but they could not sell any coal any less than I could, and I could not sell it any less than I did. They organized this force of teams and hauled the coal for about six weeks. They spoiled the trade for winter. I, and all the other dealers, remonstrated with the company, and told them we could not sell coal there, and that they were injuring the trade and creating a dislike to the company. They kept urging that the outside teamsters could not haul coal, and we showed them that they did. Finally, they sent an agent down to Greeley.

RATE ON COAL MUST BE REDUCED.

Q. What was his name?—A. I do not remember. He was a man sent there to look into the coal business. He went back and reported that they would have to put down the price, and they did so. They continued that for some time. When they first reduced the price, they made some such arrangement as this with me—it is quite awhile ago, and I cannot remember it exactly, but it was about this: That they would reduce the rate from the Louisville mine half a dollar, but they did not want it to be known by the other coal mining companies that there had been any reduction, and we were to go into the office and sign some kind of paper and pay some different sum for what was charged, or else we paid it over so that nobody could see what was charged. I do not remember about that. But there was some kind of secrecy about that, and we paid it. That, however, lasted but a short time, I do not think more than a month, and then they made the same arrangements with the other mine at Erie that they had with their own mines—put it to $1. They kept it at that rate until last fall; then they put it to $1.25. Now it is $1.50. When they first raised the price I complained, in company with other dealers who handled coal, to the agent here in Denver. He forwarded my complaint to Mr. D. O. Clark, in Omaha, and Mr. Clark forwarded me the letter, which I have in my possession, and which I shall read and submit, or submit without reading.

Commissioner LITTLER. Read it.

The WITNESS. It only has a bearing as indicating the points that I made, that they had an interest in this mine and were manipulating this as their own property.

Q. In what year was this?—A. 1886. This was shortly after they had made this raise in the price of coal, and after I had made this complaint, in company with Mr. Clayton and Mr. Roberts, of Greeley, outside dealers and coal men.

THE COMPANY'S DEFENSE OF ITS COAL RATES.

The letter is as follows:

[Union Pacific Railway Company, coal department, office of the general superintendent—Freight rates and prices of coal.]

OMAHA, NEBR., *October* 5, 1886.

J. MAX CLARK, Esq., *Greeley, Colo.:*

DEAR SIR: Yours of September 20, to Assistant General Freight Agent D. B. Keeler, was referred to me by General Traffic Manager Thomas L. Kimball, esq. The increase in the freight rate you speak of should not have increased the cost of coal at Greeley; our price has been for a long time $3 per ton at Greeley. We have given the exclusive agency of the Marshall and Louisville coal to Messrs. Wood & Mayer, they to sell the coal at $4.50 per ton; there are no special rates or rebates made on this coal. The freight rates are the same from Louisville, Marshall, Boulder, Erie,

and Canfield to Greeley for all parties. Your freight rate is the same as paid by Messrs. Wood & Mayer. If they get their coal any cheaper it is because the coal costs less at the mine. If the people of Greeley, who have for a year been calling for cheaper coal, see it to their interest to pay you $5 for coal when they can purchase the Marshall at Louisville for $4.50, don't think we have any objections. I fail to see where there is any imposition practiced by the company.

You do ask a better rate than the Marshall company are paying, and you would have just 25 cents per ton advantage over them if we made you a freight rate of $1 per ton and left the rate from Louisville and Marshall $1.25 per ton.

We have endeavored to be fair and just with all parties in Colorado, making same freight rates on coal from outside mines that we made from our own mines or from mines where we purchased the coal. If you are paying more than $3 per ton for coal at Greeley the mine owners are charging you too much for the coal. If you are getting your coal for $3 don't you think a little of the imposition is from the dealers, who charge the consumer $2 per ton for hauling the coal?

If the reduction of 50 cents per ton on retail price of coal will shut out the teaming there, the prices made by Messrs. Wood & Mayer will accomplish the desired result.

Yours truly,

D. O. CLARK,
General Superintendent.

The WITNESS. I stated that I did not ask any better rate than anybody else. The combination of coal dealers wanted the Denver coal rate of $1, and I reminded him that I was not asking any special rate over anybody else. He replied, "You do ask a better rate than the Marshall company are paying and you would have just 25 cents per ton advantage over them if we made you a freight rate of $1 a ton and left a rate from Louisville and Marshall at $1.25." "If the reduction of 50 cents per ton on retail price of coal will shut out the teaming there, the prices made by Messrs. Wood & Mayer will accomplish the desired result." We told them that if they would make it the old price we would all put it down for $1, and that would shut out this team trade that injures us in the winter. His reply to that was, "If half a dollar would shut it out, Mr. Mayer could do it, because he has the reduction." I offered that just to show that while they deny emphatically that they have anything to do with that company, the entire business is managed under the head of the coal department of the Union Pacific Railway, and that they have made prices both on the coal and on the freight, and collected it at the office at Greeley.

DENIAL OF INTEREST IN COAL COMPANIES.

Here is a letter which would not have any bearing except that it contradicts that the Board of Trade of Greeley, Colo., moved in this matter and complained to Keeler, the general freight agent here, and intimated that they thought that there was discrimination and rebates, and the Union Pacific was interested in this Marshall Coal Mining Company, and Mr. Keeler wrote this on June 7:

[Union Pacific Railway, traffic department, D. B. Keeler, assistant general freight agent.]

DENVER, COLO., *June* 7, 1887.

Mr. H. C. WATSON,
Secretary Greeley Board of Trade, Greeley, Colo.:

DEAR SIR: Replying to your favor of the 1st inst., complaining of an advance in coal rates from Erie to Greeley, you are under a misapprehension as to the relations between the Marshall Coal Company and the Union Pacific Railway. The Marshall Coal Company is composed entirely of men who have no interest whatever in the Union Pacific, and neither the Union Coal Company nor Union Pacific Railway have any interest in the Marshall Coal Company.

The Union Coal Company is not mining any coal in Northern Colorado, having leased the only mine that is being worked (the Louisville) to the Marshall Coal Company. The advance in rates has not advanced the price of coal, from the fact that

the Marshall Coal Company have reduced the price of their coal on cars at the mine 25 cents per ton. So far as this advance in rate is concerned in the crushing out of other mines, it has nothing to do with the case; if the rates were 25 cents per ton instead of $1.50, and the Marshall Coal Company still produced and sold their coal at $1.50 per ton, the other mines in Northern Colorado would be in precisely the same situation they are now in, unless they could produce and sell coal as cheaply as the Marshall Coal Company. The fact that they sell their coal at $1.50 instead of $1.75 per ton is something with which the railroad has nothing to do, and is something that is not affected by railroad rates.

Yours truly,

D. B. KEELER.

The WITNESS. The complaint we made is that they did not produce the coal at $1.50 a ton. They are getting rebates all the while from this company, and the Union Pacific Company has an interest in some shape or other in that company, and is oppressing all the other companies in this State.

By the CHAIRMAN:

Q. Have you any knowledge of the placing of agents by the Marshall Coal Company all along the line at other points than Greeley?—A. Not positive; no, sir.

Q. What have you knowledge of generally?—A. Just common report.

SPECIAL REBATES AND ADVANTAGES.

Q. The effect would be the same as in Greeley if they are located at different points, would it not?—A. Just the same. The Colorado Fuel Company, located in this city, possess the same advantages. Nobody can ship coal, and nobody can get the same rate that they enjoy. Last winter I wanted to handle some of the Gunnison anthracite coal, and on inquiring the rate that I could get from Denver to Greeley, Colo., and the rate at which I could purchase the coal, I found that I could not get within $1.50 a ton of what I could get by going to the company here in town and having them deliver it to me at Greeley. I was informed the reason why I could not. It was because they had special rebates and advantages from the road. The local agent here in town told me that he could not sell me the coal so that I could sell it. He did the business of the city, but the rate would cost me a dollar a ton more, or $1.50 more than the company would be able to furnish it to me for. I bought some coal and found it was the fact.

STONE QUARRIES NEAR FORT COLLINS.

Q. What quarries are located near Fort Collins?—A. There are stone quarries there.

Q. How are they managed?—A. They are managed and operated exclusively, I believe, by the Union Pacific Railway, or at least in the same manner that they manipulate this coal business.

Q. Where is Fort Collins?—A. Twenty-five miles northwest of Greeley.

Q. What roads run to Fort Collins?—A. The Greeley, Salt Lake and Pacific and the Colorado Central.

RATES PREVENT COMPETITION.

Q. Have you shipped, or attempted to ship, or have you knowledge of the shipment of stone from the quarries at Fort Collins to Greeley

and to other points?—A. No, sir; except I have been informed by those shipping stone that it would be utterly useless for any one to ship unless they bought under contract with the Union Pacific.

Q. Why?—A. Because of the rate. I have been informed that a couple of young men opened a quarry there, and spent a couple of thousands of dollars, and got already to ship, and found they could not get a car-load moved out.

Q. Is there only the one quarry at Fort Collins?—A. Only one that is operated. There is plenty of rock there.

Q. Why cannot the others be operated?—A. Because this company will not carry rock for anybody else at the same rate.

Q. What are the names of the men who organized the company and quarried the rock, who were unable to obtain shipments?—A. I do not remember the names. I saw it stated at the time, but I did not feel any interest in it then.

Q. Did the company absolutely refuse to make rates or take the freight?—A. They would make rates; yes, sir; and ship the rock; but they could not get as much for the rock as the freight came to.

Q. Who represents the Union Pacific at Fort Collins?—A. I do not know.

Q. Who is the agent there?—A. I do not know that.

Q. Do you know any one there?—A. Not many.

Q. Whom do you know at Fort Collins?—A. I have been acquainted with a number of gentlemen there, not connected with railroad affairs; some farmers.

QUARRY LANDS ALLEGED TO BE OWNED BY STOCKHOLDERS.

Q. Who owns the land upon which this stone is located?—A. I think a syndicate of Union Pacific stockholders own it.

Q. How did these young men get the property?—A. Oh, as to that, there is other land there, other good quarries; but the complaint is made that they cannot be operated.

Q. How near was it to the land owned by the Union Pacific stockholders?—A. Right in the immediate vicinity. There is nothing required but side tracks to go up in them.

Q. Did the young men engaged in that business apply for side tracks?—A. I believe they did; and got them, I think. I will not be sure of that, however. The difficulty was, as I understood it, that the freight on the rock came to more than the Union Pacific were selling the rock for when they got to a place.

Q. Was the freight so high that they could not sell in competition with the Union Pacific managers?—A. Yes, sir.

By Commissioner LITTLER:

Q. Will you give the names of the officers of the Union Pacific who own and operate that mine?—A. I could not tell that. I think there are parties here who are probably interested in it.

ONE WHO KNOWS.

By the CHAIRMAN:

Q. Can you give the names of any one who can give the information?—A. I think likely there is a man who handled all the rock in Greeley who can tell. He is an old gentleman who has been laying pavements there for a couple of years.

Q. What is his name?—A. I cannot give his name at present. I was talking to him the other day about the same matter.

Q. Will you furnish his name to the Commission?—A. I can do that at once, when I get home. He knows something of it.

Q. Have you any other information?—A. That is all.

GOVERNMENT SHOULD OPERATE ROAD.

Q. Have you any other suggestion to make?—A. I do not know that I have. You have generally asked something of witnesses of what they thought of the final relations of the Government with the Union Pacific. I do not know that my opinion is worth anything, but if it is, I would say that I would be in favor of the Government owning and operating the railway.

Q. On what do you base that opinion?—A. The Government manages the mail in better shape and more economically, I believe it is conceded everywhere, than it would be possible for a private company to do it. I myself paid 25 cents a letter, when I first came to this State, to the express company for letters, and I see no reason why the Government could not manage a railway or telegraph line just as economically as it can a postal department, and I see no reason why they should not do it. As for the competition, I do not know why they could not compete with any other line. Certainly they could see that justice was done, and prevent injustice in other lines. They would have that power, at least.

BENEFICIAL EFFECT ON COMMUNITY.

Q. What would be the effect upon your community?—A. I think it would be beneficial in every way.

Q. Have you thought over the question?—A. Yes, sir.

Q. Has it been agitated in your section of the State?—A. It has been discussed in all the newspapers making any pretense to editorial ability for five years, and the people everywhere are thinking of it, and I think quite a large share of the people feel that that would be a good solution of the difficulty.

INFLUENCING LEGISLATION.

Q. Have you any knowledge as to the part taken by the Union Pacific Railway Company in influencing legislation in the State?—A. No, sir; no absolute knowledge. I know the general feeling during the last session of the legislature. We were trying by every means to get the interstate commerce bill or a State bill that would cover its provisions and enable the laws to operate in this State. We were trying by every means to get the passage of such a law, and it was affirmed and believed by the people and by the principal newspapers of this State that an overwhelming majority of the people of this State was favorable to that legislation, and much more radical legislation than was contemplated in the bill, and was anxious to get it. The Denver News and the Republican of this city, two newspapers that are not harmonious in many respects, united in saying that there was a large railway lobby here using money to prevent legislation, and the principal newspapers of this city everywhere shadowed that charge out pretty plainly, that money was being used to defeat the wishes of the people.

PRODUCE SHIPMENTS OF GREELEY.

Q. What is the character of the shipments to Greeley coming in and going out, especially those going out?—A. We shipped eight hundred

car-loads of potatoes from Greeley last fall. It is the center of quite an agricultural community.

Q. Is there much grain?—A. Yes, sir; a great deal of grain and flour. It is a large stock country down there.

Q. Have you an elevator company there?—A. Yes, sir.

ELEVATOR AND MILLING SYNDICATE.

Q. Who has charge of it?—A. The Colorado Milling and Elevator Company I believe own it now.

Q. Who compose the company?—A. They are a company of monopolists in the State; they have bought all the mills.

Q. Have you any other elevator companies there?—A. No, sir.

Q. Why not?—A. I only know from hearsay; but Mr. Bowen, who was a book-keeper and partner in one of the companies at Greeley, said that they were obliged to sell out to this Colorado syndicate because the big head man of the milling association up here was getting rebates that amounted to more than all the profits they had in the business, and they were simply obliged to join the pool in order to live.

Q. So they went in with the pool, did they?—A. They were swallowed, as they say.

Q. How many were swallowed up that way?—A. About all of them. Governor Eaton, of this State, owned a mill 10 miles outside of Greeley, and he operated it to good advantage to himself and the people for about a year, but he had to give in. He refused to join them, and was offered very flattering inducements, and came and asked the advice of all the farmers, and we told him we would haul our wheat overland if he would hold out, and we did, and he stood out a year, and then they doubled the offer, and he and his partner, Mr. Nice, said they could not stand it, that the syndicate had advantages they could not get, and it was only a question of time when they would have to give in any way, and they were obliged to do it.

WHO COMPOSE SYNDICATE.

Q. Who are the gentlemen who composed the syndicate?—A. There is a very active little gentleman named Jack A. Muller, of this city.

Q. Does he live here?—A. Yes, sir.

Q. Do you know where he lives?—A. No, sir; I deal with him. He is an active business man.

Q. Who else is in the syndicate that you know?—A. Most all the mill men. Mr. Eaton is now in it. Mr. Ewing is in it at Greeley. Mr. Bruce Johnson, who owned the Greeley mills.

Q. Is it a company incorporated by the State?—A. I believe it is.

Q. Or is it a trusteeship?—A. I do not know whether it is in the form of a trust or what it is.

Q. Did they pool the profits or declare a dividend?—A. They bought every mill in the State they could get hold of. They bought them outright. They assessed them at a valuation, and the proprietor surrendered the mill and took a share in the property. That is the reason they could not stand out.

Q. What is the capital of this company?—A. I do not know as to that.

STOCK YARD AT GREELEY.

Q. How many stock yards are there at Greeley?—A. One.

Q. Who has charge of it?—A. I do not know the name.

Q. Is it a company?—A. No, I think not. The stock-yard there is a simple affair and it is managed by the local agents. The most of the cattle that are owned by Greeley operators are on the ranges contiguous to the lower end of Wells County, and they are shipped from Brush and Fort Morgan. They are big county shipping points for our cattle.

Q. They are not shipped at Greeley?—A. No, sir. They are shipped at a station up beyond us, too.

Q. Have you any other information that you can give to the Commission?—A. No, sir, I have not.

MR. ADAMS' REPLY TO MR. HILL'S CHARGE.

Mr. CHARLES FRANCIS ADAMS. Will you permit me to call the attention of the Commission of the record yesterday in order that a correction might be made?

The CHAIRMAN. Certainly.

Mr. ADAMS. I notice in the printed record of yesterday, in the Republican, and I presume it is correctly reported, the following, addressed to Mr. Hill:

Q. Do you know of any other interest of that kind elsewhere which led to rebates?—A. Mr. Adams, of the Union Pacific, told me that he would not swop his interest in the Kansas City Smelting Company for the entire Union Pacific road.

I do not think that Mr. Hill could ever have made that statement, or if he did, there is some very grave misapprehension in regard to it. I have no recollection of Mr. Hill ever having spoken to me about the Kansas City Smelting Company, or of my having any conversation with him in relation to any interest I might have in it. But if any such conversation ever was held, it is utterly impossible that I should have made any such remark. My connection with that company is very briefly stated. I subscribed to 50 shares, $5,000, of its stock, originally, when it was promoted, in order to help things along at Kansas City. That was eight years ago, if I recollect right. From that day to this the company has never, to my knowledge, paid a dividend. Once, I think, it gave me 15 shares of additional stock, representing the amount of its surplus revenue, which through a series of years had been put into the business of the company, and which was supposed then to represent that amount. My present holding, therefore, is 65 shares, which have no market value whatever, the whole value of which is prospective. The company does almost no business whatever with the Union Pacific Railway. The whole business is done with Atchison and the southwestern country, through which it draws its ores in Arizona, New Mexico, and, I believe, Mexico. But so far from my ever having made any such remark as that, that I valued my interest more than the entire Pacific road, it is simply absurdly preposterous, and Mr. Hill could never have made the statement. That company has no connection whatever with, and received no rebates or any advantages from, the Union Pacific, inasmuch as it does no business with the Union Pacific at present, and has not done so for years, as it is situated upon the line of the Atchison road, and draws its business from a country which the Union Pacific does not reach. I am merely anxious that this should be inserted in the record, as a thing of that sort is almost certain to be picked up at some time unless the statement is corrected and made public.

Q. Have you any other statement to make?—A. No, sir; I merely wish to set the record right on this point.

DENVER, COLO., *Tuesday, July* 12, 1887.

Afternoon session.

VIRGIL G. CAME, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your firm?—Answer. I am of the firm of Marlow & Came, of this city.

Q. How long have you resided in Denver?—A. I came here in 1879.

Q. Have you been connected in any way with the Union Pacific Railway Company?—A. Yes, sir.

Q. In what way?—A. I was the general agent of the freight department.

Q. Where were you located?—A. At Denver.

Q. How long were you so employed?—A. I think about two years.

Q. What years?—A. 1881 and 1882, I think.

DUTIES OF GENERAL FREIGHT AGENT.

Q. What position did you hold with the company prior to 1881?—A. I came here in 1879 as general agent for the Chicago and Northwestern Railroad. Then the Union Pacific gave me a better position, and more salary, and hired me in 1881, I believe.

Q. What were your duties as general agent?—A. I had charge of the freight business of Colorado. That is of securing business and so on for the company.

Q. What else had you to do than soliciting business?—A. Carrying out instructions as received from the general office at Omaha in regard to freight business.

Q. How often did you report to Omaha?—A. Oftentimes, daily.

Q. Did you make written reports?—A. Yes, sir; generally.

Q. To whom did you report?—A. At first I think it was to Mr. E. P. Vining.

Q. What was the nature of your reports?—A. Just the state of business, and so on, in regard to securing business; and suggestions, and so on, in order to secure business from this point.

REMOVAL WITHOUT EXPLANATION.

Q. Why did you leave the company?—A. I was removed.

Q. By whose direction?—A. Thomas L. Kimball's.

Q. Without an explanation?—A. I have never yet received any.

Q. Have you ever asked for any?—A. Yes, sir.

Q. What was the answer?—A. The answer that he always made me was that he did not know, and laid it to some one else, and so on.

Q. Did you ever think it of sufficient importance to inquire why you were removed?—A. I asked Mr. S. H. H. Clark at the Southern Hotel at Saint Louis last winter. He informed me that it was altogether a matter of Mr. Kimball's, and he understood it was a personal matter between him and me.

Q. What was the nature of the personal matter?—A. I made some suggestions here in regard to securing business, and Mr. Kimball rather rebuked me for doing it and perhaps I was a little stubborn in that direction.

SUGGESTING EQUAL REBATES AND FACILITIES.

Q. What was the line of your suggestions?—A. There was a good deal of disturbance about Mr. Hill's business here, and Mr. Hill called on me several times and Mr. Walcott, and asked for the same privilege that the Omaha and Grant Smelter had. I told them I was not posted in regard to the rebates, but I would present the matter to Mr. Kimball in person. Mr. Hill said that he was satisfied that the Grant Smelter was getting rebates that he was not receiving. I told him that part I did not know anything about, but I would ask Mr. Kimball; and during our conversation I told Mr. Kimball that I considered Mr. Hill's business here throughout the State of a good deal of value to the Union Pacific Railroad Company, and that I lived here as a citizen and expected to live here for some time to come, and I did not like to get the enmity of these shippers, where they thought that through my influence, perhaps, I could do something. He remarked that I had better attend to my own business and they would attend to Mr. Hill and Mr. Grant. From that on there was a disturbing element, and my rebates that I had paid here on passenger matters were discontinued and on the 1st of January I was removed.

PASSENGER REBATES.

Q. What rebates did you pay on passengers?—A. I furnished the shippers here with transportation and then refunded the money; bought the tickets and refunded the money.

Q. Who instructed you to do so?—A. Mr. Thomas L. Kimball.

Q. To what extent were the rebates to passengers?—A. The vouchers are all in the Union Pacific office, and I think that the amounts I paid were:

From April 17, 1882, to May 20, 1882	$446 85
May 20, 1882, to June 13, 1882	267 00
June 15, 1882, to June 27, 1882	206 30
June 27, 1882, to August 16, 1882	374 50
August 17, 1882, to September 19, 1882	828 55
September 19, 1882, to November 7, 1882	997 90
Making a total of	3,121 10

PASSENGER REBATES NOT GENERAL.

Q. Were rebates allowed to all shippers alike as passengers?—A. No, sir. The names appear in each one of my vouchers; each separate ticket and the name of the shipper; and those they have in Omaha.

Q. Do you allow rebates to shippers on freight?—A. That was all done by the office at Omaha, and was settled usually by Mr. Shelby when he would come here on his visits, and it was done through Omaha. I did nothing of that kind here.

SHIPPERS' ALLOWANCES REGULATED AT OMAHA.

Q. Were you permitted to offer to shippers allowances, as an inducement to ship over the Union Pacific Railway Company?—A. No, sir; that was done at Omaha. I was not instructed to do any thing of that kind. I made suggestions oftentimes as to what would be done, and those things were carried out. But that was usually done at the Omaha office direct.

Q. Were you instructed to, or did you, offer any bonus or any advantages to shippers in order to procure their freight shipments during your term of office?—A. No, I do not know that I did, personally.

Q. Did you do so indirectly?—A. No; I do not know that I did it indirectly. I do not know that I had anything to do with it.

Q. What do you know was done?

The WITNESS. From actual knowledge?

The CHAIRMAN. In any way.

REPORTED COMPLAINTS, AND LOST SITUATION.

The WITNESS. There were always complaints coming to me in regard to Mr. Hill and Mr. Walcott, and from different merchants throughout the State, claiming that these shippers, some of them, or some houses, were deriving benefits over others. The small shippers claimed that they could not ship any on account of the large shippers having rebates. That was reported to my office and I reported that fact, of course, to Omaha.

Q. Did you attempt to correct the feeling that existed in the community?—A. Yes, sir.

Q. How?—A. By having it equalized. I thought it was no more than fair that each one should be treated like the other.

Q. Did you succeed in having it equalized?—A. No, sir; I succeeded in losing my situation by attempting it.

POLITICS AND LEGISLATION.

Q. During your term of office what part did you take in the political interests in which the Union Pacific Railway was involved?—A. I took none to amount to anything.

Q. What part did you take?—A. Nothing more than to vote at elections usually. That is about all.

Q. Did you vote with reference to the Union Pacific Railway interests?—A. I always like my friends, the people that represent us, and so on. I usually vote the straight Republican ticket. Those are my politics, and I do not know that I have ever scratched the ticket; so that, if they were friends of the Union Pacific, I voted for them; that is about all.

Q. Did you inquire as to whether they were Union Pacific men or whether they were Republicans?—A. I usually inquired whether they were Republicans. I am rather a little particular in that direction.

Q. Did you participate in any primary election for the purpose of procuring the nomination of men in the interests of the Union Pacific Railway Company?—A. I do not know that I ever did. I think I was on a ticket once where we got very badly defeated. I hardly know what interest it was in. I am not much of a politician in that direction.

Q. Have you any knowledge of any agents, employés, or officers of the Union Pacific Railway Company participating in influencing legislation, local or general?—A. No, sir.

Q. Had you any conversation with any of the officers of the Union Pacific Railway Company with reference to the men to be selected for representatives?—A. No, sir; I do not think I ever did.

Q. Did you ever receive any instructions in that direction from any of the officers or employés of the Union Pacific Railway Company as to members of the legislature?—A. No, sir; I do not think I ever did.

Q. Did you ever have any conversation with Mr. Kimball?—A. I have had a good many conversations with Mr. Kimball, but I do not know that they had any particular bearing on any one particular man.

The CHAIRMAN. State generally, with reference to legislation.

The WITNESS. No, sir; I do not think I ever did.

Q. Did you have a chief clerk, while resident agent here, during your term of office?—A. Yes, sir; I had three.

Q. Who was your chief clerk?—A. My first one was Mr. Potter, who died while in my employ. The next one was Mr. Willard, who was an employé of the company. The third and last one was Mr. J. S. Williams, who now holds the same position with my successor in office.

Q. How long was Mr. Willard with you?—A. He was with me until, perhaps, a few weeks, or may be a month, before I left.

Q. Did he resign?—A. No, sir.

Q. Was he dismissed?—A. Yes, sir.

Q. For what?—A. I was instructed to dismiss him.

Q. By whom?—A. Through Mr. Egbert, who was at that time superintendent of the road. He said that he had instructions from Mr. Kimball that Mr. Willard could not remain in the employ of the company. He came here from Fall River, Mass., I think it was, as our local freight agent at the depot. He was removed. I liked the man very much and considered him a very competent man and put him into my office for a short time until I was ordered to remove him.

Q. Did he give entire satisfaction to you?—A. He did.

Q. What reason was assigned for his dismissal?—A. That Mr. Egbert was not satisfied with him.

Q. Who was Mr. Egbert?—A. He was at that time our division superintendent, with headquarters at this place.

Q. Had he the control of the employment and discharging of men in this division?—A. He had. That is, the employment would be recommended. Mr. Willard, as I always understood, was hired by Mr. S. H. H. Clark.

Q. Was any other explanation given?—A. There was never any other explanation given to me.

Q. Was there any correspondence with reference to his dismissal?—A. I do not remember. Possibly there might have been a telegram, but I do not remember.

REBATES; BY WHOM ORDERED.

Q. By whose authority were the rebates made to shippers between Denver and the Missouri River?—A. By Mr. Kimball.

Q. Did he issue written instructions to you?—A. No, sir; I do not think he did. I do not think I ever received any written instructions. I think he told me. He generally gave orders in person.

DENVER PACIFIC AND WESTERN ROAD.

By Commissioner ANDERSON:

Q. Do you know the road known as the Denver Pacific and Western?—A. Yes, sir.

Q. Who were the contractors that built that road?—A. I think Gibbons and Abbott were, perhaps, the contractors.

Q. Did you have any connection with the construction?—A. No, sir.

Q. Do you know the contractors?—A. Yes, sir; I knew them both. Mr. Gibbons is dead; I think Mr. Abbott is living.

Q. Do you know that at the termination of their contract there was some dispute as to the amount due them from the Union Pacific Company?—A. No, sir; I do not. I know nothing about it.

Q. Do you know that there was an arbitration to settle the amount?—A. I know there was some kind of an arbitration or lawsuit; I may have received my knowledge from the papers; that is all.

Q. Have you ever stated to any one that arrangements were amicably made between the Union Pacific Company and the contractors, so as to compel the Union Pacific Company to pay two prices for that branch?—A. No, sir.

Q. You never made any such statement?—A. I never made any such statement.

INTERFERENCE IN POLITICS NOT TOLERATED.

By Mr. WILLARD TELLER:

Q. How long was Mr. Egbert superintendent while you were in the employment of the company?—A. I think he was all the time.

Q. What are Mr. Egbert's politics?—A. I do not know. I always had an idea that he was a Democrat.

Q. Did not Mr. Egbert always oppose any of the employés of the company taking any part in politics?—A. Yes, sir, he did; that was a fact.

Q. Was not that his policy?—A. Yes, sir. He threatened to remove me once if I interfered at all in any shape, way, or manner with the political moves here. I did not consider that he amounted to anything. I remember at one time Senator Teller wanted to go up over the road, and rather than give him a private car, which the Senator was entitled to from his position, through Mr. Egbert's ugliness I know the Senator had to come down from Leadville on a very cold night with nothing but the common, ordinary coach No. 62. A friend of mine loaned the Senator a blanket to keep him warm; that was through the ugliness of this man Egbert, who permitted this rather than to treat the Senator in a respectable manner. Mr. Egbert was very bitter in regard to political matters.

Q. He was superintendent for how many years?—A. Perhaps for three or four years. I am poor at remembering dates. I do not remember.

Commissioner LITTLER. United States Senator Teller is present and desires to be sworn as a witness.

DENVER, COLO., *Tuesday, July* 12, 1887.

HENRY M. TELLER, being duly sworn and examined, testified as follows:

By Commissioner LITTLER:

Question. What is your name, and where do you reside?—Answer. Henry M. Teller, and I reside at Central City, in the State of Colorado.

Q. What is your profession?—A. I am a lawyer by profession.

Q. Do you hold any official position in this State or under the United States Government?—A. I am a member of the United States Senate.

Q. When were you elected?—A. In January, 1885.

Q. Is this on your second term?—A. I am on my second term. That is, I was elected in 1876, drew the term ending March 4, 1877, and then

was elected for the full term, and held it until the spring of 1882, and then I resigned to go into the Interior Department as Secretary.

ALLEGED RAILROAD POOL TO INFLUENCE SENATORIAL ELECTION.

Commissioner LITTLER. It has been stated before this Commission that in the legislature which elected you to the United States Senate there was a corrupt combination among the railroads of this State, which formed a pool to raise money for the purpose corruptly, not only of influencing legislation supposed to be prejudicial to the interests of railroads, but also for the purpose of controlling unlawfully the election of a United States Senator. I would be glad to have you state all you know in relation to that subject.

NO TRUTH IN CHARGE OF RAILROAD INTERFERENCE.

The WITNESS. I will say in general terms that in my judgment there is not a word of truth in that statement. I do not believe that there was ever a dollar put in by any railroad company for the purpose of electing any person Senator, at least as to the successful Senator there certainly was not. So far as I am personally concerned, I had no connection whatever with any railroad company at that time, and I never had passed a word with any person connected with a railroad company in any shape or manner in reference to the Senatorial contest, except with my brother, who is the attorney of the Union Pacific and its subordinate branches here, who was violently opposed to my being a candidate, and who, I think, will testify that he never raised his hand nor exerted the slightest influence towards my election. The Denver and Rio Grande was always understood in this community, among politicians at least, to be in full sympathy with and in support of Mr. Hill. The then receiver, Mr. Jackson, was certainly hostile to me and friendly to Mr. Hill. The Burlington and Missouri I had never had any relations with whatever. I did not know an officer of the road except Mr. Strong. I had not seen Mr. Strong for over a year before this election, and I do not think I have seen him since the election. I have never had a word of conversation, directly or indirectly, with any member of that company concerning the Senatorial election, nor have I any reason to suppose that any friends of mine had ever had any such conversation with any member of the company. I did regard the company, if it exerted any influence at all, which I am not aware that it did, as being hostile to my election. I confounded Mr. Strong, who is an Atchison man, with the Burlington. What I have said of this I will apply to the Burlington. Mr. Strong, I believe, was the Atchison and Santa Fé man. I can say the same of the Atchison and Santa Fé. Mr. Strong, I believe, was the president. I do not know who was the managing man of the Burlington. I do not remember. It was some one whom I did not know. I never had anything to do with the Atchison and Santa Fé people in any way, shape, or manner. I do not believe they ever contributed a dollar towards my election, directly or indirectly, nor do I believe that any other railroad man or railroad corporation did. On the contrary, I should have supposed, if they did anything, they would have done it for my principal opponent, Senator Hill.

NO INFLUENCE EXERTED BY UNION PACIFIC.

Q. What, if anything, did the Union Pacific do towards your election?—A. I am not aware that the Union Pacific ever exerted the

slightest influence, or attempted to do so, either at the primaries or anywhere else, and I am quite willing that this Commission shall go into the most exhaustive examination of its agents and attorneys and its president to prove that I never passed a word with any one on the subject, except what I have suggested with reference to my brother. I do not think they ever paid in a dollar, directly or indirectly. If I recollect, Mr. Egbert was then superintendent of the company. He might have been relieved about that time, or possibly a little before. I noticed what Mr. Came said about Mr. Egbert. Mr. Egbert was so violently opposed to the company taking any part in politics that when Mr. Meyers, who was a ticket or freight agent or something, I do not remember what, was nominated by the Republicans here without any interference of mine, and in which I had no interest, except as a Republican, he threatened him with dismissal if he did not withdraw from the ticket. I should have said that he was nominated as an alderman in this city. As I remember, I went to Mr. Egbert in the interest of Mr. Meyers simply and asked him to allow him to run, saying I did not think that a man being an alderman would interfere with his business and did not think it could be considered to be interfering with politics by the railroad company. That is as much as I had to do with Mr. Egbert or any officer of the railroad, I think, with reference to politics.

TIME SPENT IN DENVER DURING SESSION.

Q. How long were you in Denver and about the legislature during the session at which you were elected Senator?—A. I came here on Thursday, I think, and was here that week. I got here Thursday afternoon, if I recollect right, and the next week—Saturday of the following week—was the caucus. The election was on Tuesday, and I think I left that night or the following night, I will not be certain which.

INCIDENTS OF THE CANVASS.

I would like to speak a little further in reference to this election, since my name has been dragged into it. During the entire contest I had given no attention to the election of any member of the legislature, save two men in the county where I reside—Mr. Newall and Mr. Clark—except that I was asked as to one man, Mr. Green, of Boulder, who was elected to the State senate, if I knew whom he favored for the Senate. I replied that I did not know who Mr. Green favored; that I had the utmost confidence in Mr. Green's integrity and believed that if he voted for any other man for the Senate than myself it would be upon the theory that he was the best man in the field. Aside from that I had nothing to do with the selection or election of members of the legislature. I was then a member of the Cabinet, as Secretary of the Interior, and was here only a short time during the summer. I did not even solicit any person to have any member elected in my interest. In this State we have always selected Senators by the caucus method. The Republicans of both houses have gone into caucus and have selected the Senator and voted for him always, until that session, unanimously. In the caucus which was held Saturday night before the election I had 31 votes and my opponent had 22. Of the 31 votes not a man voted for me that had ever been a pronounced friend of Mr. Hill's. Not a man voted for me that Mr. Hill or any of his friends ought to have expected to have voted for him; not a man, unless they had given private pledges contrary to their public pledges and instructions. Eight men that were counted on our side and supposed to be for me, some of them nominated by

my friends in counties where the contest had been made between Mr. H and myself, voted for Mr. Hill. I do not say that the eight men vot improperly for Mr. Hill. They changed from me to Mr. Hill or chang from other parties who were opposed to Mr. Hill; but no man who w for Mr. Hill at any time, publicly understood to be for Mr. Hill, vot for me in the caucus.

THE CAUCUS NOT CONTROLLING.

After I was nominated in caucus, of course some men who had vot for Mr. Hill, about six of them, voted for me the first day in the legis ture. About sixteen, if I recollect right, voted for Mr. Hill in the legi lature, contrary to all precedents in Republican management in th State. Heretofore the caucus has decided, and all have dropped in. think on the second ballot they all voted for me with the exception pe haps of three Republicans. I think three Republicans—two or three failed to vote for me and voted for somebody else. I am not aware th any money was used improperly by anybody in my election. I am quit willing to expose to this committee or any other a statement of all th money that I expended in this election, which was so trifling that think nobody would find any fault with it. As to my personal solicit tion and that of my friends, of course everybody understood that I cam here at the urgent solicitation of Governor Routt. Governor Rou will testify that he urged me to come here. I came also at the solicit tion of Mr. Chaffee, who is now dead, and of General Hammill, who w somewhat active in managing the Republican affairs in this State that time.

NO CONFERENCE WITH RAILROAD PEOPLE.

As I say, I came here a week or ten days before the election. Durin that time I saw nothing of any railroad people and had no co nection with them, except Mr. Stevenson, who was a member of th senate from Gunison district, who had been elected, as understood b everybody, to be a supporter of mine, and who was never a friend Mr. Hill's at any time. Mr. Stevenson received a dispatch that h mother was dangerously ill, if not dying, in Nebraska. He procured pair with his colleague, Mr. Buckland, in the caucus, who was a frien of Mr. Hill's and an avowed supporter of Mr. Hill's, and, as I unde stand, the pair extended to the legislature if he did not return in tim Mr. Stevenson did not get the dispatch until it was past the train ho at which he could go; and I joined with Governor Routt and others asking the Union Pacific people to send him down on an extra. That w my connection with that matter. Whether he returned in six month or six days was perfectly immaterial if Mr. Buckland respected h pair, as I had no doubt he would. Whether there was a pool made f legislation, of course I know nothing. I never had any connectio with the legislature in this State. So far as my relations with the ra road company were concerned, I avowed then to a number of gentl men—and there was no secret about it—that I was in favor of Sta legislation to control railroads in the State. I have been in favor that, and I have been avowedly so. The Republicans in my coun have always been in favor of it.

FAVORED STATE CONTROL OF RAILROADS.

Q. You were in favor of State legislation looking to the control of ra roads?—A. Looking to the control of railroads as far as the State had

right to control them. So if, as was stated by Senator Hill, it was the intention of the railroad company to elect somebody favorable to them, his remark could not have been in reference to that.

FAVORED DEBT ADJUSTMENT.

I was favorable, of course, to the adjustment in some proper manner of their difficulties with the General Government. I had, as Secretary of the Interior, indorsed some general scheme by which there would be a settlement, by which they would be enabled to pay their debt at some time. It appeared to me that otherwise there was a probability that the Government would be compelled to take their road off their hands. I have not yet reached that high condition of statesmanship that induces me to believe that it is the business of the General Government to run railroads. I have failed to find the constitutional authority for that. Perhaps that is owing to my early defective education.

OPPOSED TO GOVERNMENT CONTROL OF RAILROADS.

I should regret most exceedingly to see the Government of the United States take a railroad with the purpose of running it. If it should run one railroad it must run them all. The thing is impracticable, and contrary to the proper idea of the Government, in my judgment; and therefore I favored, as Secretary of the Interior, a proper adjustment of this conflict; just such an adjustment as I have no doubt this Commission will recommend, in some shape, when they get through. I understand the purpose of its creation was to give to the Senate and House light on this subject as to what would be the proper adjustment between the Government and the company.

CHARGES OF IMPROPER USE OF MONEY.

Q. Is it not true that the charges of improper use of money were made at about the time this election took place, and that they were made in such a pointed manner as to induce the legislature to appoint a committee to investigate the truth of those charges?—A. I left here, as I said, immediately after the election; and I think two or three days afterwards ex-Senator Hill left.

The Chicago Times contained what purported to be an interview with Senator Hill, in which he charged that the Union Pacific Company had used corrupt means to defeat him. I learned this only from the public journals of the day, and in the mean time I had gone to Washington. When it reached here, Mr. Adam Burke, who had voted for Mr. Hill in caucus, and had been a friend of his, and who declined to put himself in the attitude of a bolter and go against the majority of the caucus, moved an inquiry. He was a member of the house.

INVESTIGATION AS TO CHARGE OF CORRUPT USE OF MONEY.

He moved an inquiry into the charges, reciting in the resolution, as I recollect it, that these charges had been made, and asked for a committee. The committee was appointed. It went through the house, I think I may say without opposition, as I recollect it, and when it went to the senate it was amended by making it a joint committee of the two houses—the senate and the house.

A telegram was sent to me, not in the nature of a subpœna, asking my attendance, to which I replied that I would attend at any day that

the committee would indicate, but saying that we were in executive session at an extra session, and I would like to remain as long as I could. The committee replied that they would give me notice when it was necessary for me to leave Washington. It was apparent that the United States Senate would adjourn before the Colorado legislature would.

Senator Hill came to Denver after some time and came before the committee. I believe he was served with a similar notice, and also with a subpœna after he came here. He first wrote a letter which, if you will subpœna the secretary of the state, Mr. Rice, you will undoubtedly find on the files of the State government here.

SECRETARY OF STATE HAS LETTER AND PAPERS.

If you will allow me to digress a little, I will say that I was not aware that this Commission was coming here, and I was out of town when they did come here. I was attending to some business in Pueblo, and I came here as soon as I saw the papers this morning, and knew you were here, and what your purpose was, and what Mr. Hill had said. I was going to say that I went to the secretary of state after I came here, and asked him to hunt up those papers, and I have no doubt that he will have them at your command if you will call for them.

SUBSTANCE OF LETTER OF SENATOR HILL.

Q. What are those papers?—A. A letter that Mr. Hill wrote to the committee. I do not remember who was chairman of the committee. That is a matter that can be proved readily, however. He wrote, denying that he had ever given this interview to the Times correspondent, or paper, himself, and saying that he knew nothing of any corruption, or that was the substance of it, and that he supposed the committee would not need his services before it. I understand that the committee thereupon notified him that they would require his attendance, and he attended; that he was put under oath, and that he not only disclaimed at that time having made the charges, but he disclaimed any knowledge of any corruption or any improper methods whatever in the Senatorial election.

CHARGES DENIED: NOTIFIED NOT TO APPEAR.

Q. Is that testimony reduced to writing?—A. I suppose so. I never inquired. The chairman of the committee, who, I think, was Mr. Carpenter, but I am not certain, notified me at once that, the charges not being made and the Senator having denied them, I need not appear before the committee. So I did not come. I understand the committee reported and were discharged.

PERSONNEL OF COMMITTEE.

Q. Are you personally acquainted with the members of the committee appointed to make that investigation?—A. It would be difficult for me to name them, except that Mr. Burke was one, I think; I think Mr. M. B. Carpenter was another, and I think Mr. Freeman was another.

Q. What are their characters so far as you know?—A. So far as I remember them, they would compare favorably with the gentlemen who criticised them before this Commission, in every respect, for truth and honesty.

Q. Were they such men as would favor the suppression of so important and grave a matter as was charged?—A. They would not, in my judgment; not a single member of that committee would do so.

NO AGENCY IN SELECTION OF COMMITTEE.

Q. Had you anything to do with the selection of that committee, directly or indirectly?—A. Not any more than you or the chairman of this Commission; not a particle. I did not know who they were. I never communicated with any person on that subject.

Q. To your knowledge had any of your intimate friends anything to do with suggesting or selecting that committee?—A. Not to my knowledge. I will say that I never had any communication with them except to simply say to them that I would be at their command here whenever they thought it necessary that I should come, feeling that I ought to remain during the extra session of the Senate, if I could, without waiting until the legislature adjourned.

IGNORANCY OF ALLEGED CORRUPTION FUND.

Q. Recurring to this corruption fund, which was supposed to have existed in the interest of railroads, and which was raised for the purpose of controlling legislation, what, if anything, do you know about such a fund having been raised by anybody?—A. I never heard of it before, and I knew nothing about it. I do not know, of course, but there might have been a fund raised. I know nothing about the proceedings before the legislature, and I have not been present in Colorado at a session of the legislature in ten years, except for the short time that I mentioned. It was eleven years ago in 1875.

POLITICAL METHODS IN COLORADO AS PURE AS ELSEWHERE.

Q. Can you give the Commission any further information on any subject which they are charged to investigate?—A. I can only give this: I can say that I have been engaged in the politics of this country since I came here, twenty-six years ago; that I think our methods, as a general thing, have been quite as pure and as proper as in other regions; that I never heard of any charges of corruption until 1878, when Senator Hill was elected. That was the first I ever heard of anything of that kind. Since that there have been more or less of charges of that kind, of course, going about. I have no personal knowledge of those things myself. I have no knowledge that any railroad company has actively engaged in politics in this State.

INSTANCE OF INTERFERENCE BY RAILROAD PEOPLE.

The only time that I think I could properly say the Union Pacific was ever engaged in anything of this kind is this: I was credibly informed that in 1882 some officers of the road exerted themselves to defeat Mr. Tedman in the county of Laramie, who was a candidate for the State senate and a special friend of mine. I suppose his attempted defeat was because he was a friend of mine. They attempted to defeat him by assisting the Democratic member. Mr. Tedman was elected and voted for me in the Senate, and it was understood when he was running that he was a friend of mine, and under all circumstances would vote for me. I heard from good authority that some of the railroad people

up there took some interest in attempting to defeat him. He was elected, however. I will say that is the only time I have reason to suppose the railroad company did anything in that line. I certainly have never asked them to support me in any shape or manner, and I am not aware that they ever did. I have never been indebted to them for a favor of that kind, nor any other that I know of, except it might be occasionally by way of transportation.

COST OF SENATORIAL CAMPAIGN.

Commissioner LITTLER. I will get you to state, if it is not an embarrassing question, just how much your campaign did cost you.

The WITNESS. I will state exactly what it did cost me. I contributed, in the county where I lived, to the committee $500. It was very much less than I had contributed when I was not a candidate to any office whatever. I gave nothing to the State committee or any other committee that I recollect of now. I paid my hotel bill at this hotel, which was $261.10. That is the sum total of my expenses, save and except the expenses of coming from Washington to Denver and returning to Washington.

FINANCIAL STATUS OF COMPETITORS.

Q. I will ask you to state what the financial resources of the respective candidates for the United States Senate are who were candidates against you at the time you were elected, as compared with your own resources.—A. I believe they were all moneyed men, except myself. I am not a moneyed man in any sense of the term. I would like to say that the money I contributed in my county I contributed through the committee. I had nothing to do with its expenditure. It was the Republican committee that expended it. The contribution was after the candidates were nominated.

ORIGINALLY ONE OF THE PROMOTERS OF COLORADO CENTRAL.

Q. When were you first employed by the Union Pacific Railroad Company?—A. I was originally one of the promoters, with Mr. Loveland, of the Colorado Central Railroad Company. I drew its charter originally, and took it to the legislature, and, with the assistance of Mr. Loveland and some other gentlemen, secured its passage. I was one of the organizers, with Mr. Loveland and several other gentlemen, of the company. After we had organized and made some effort to raise the money, failing to raise the money ourselves, we induced the Union Pacific people—not the road itself, but Mr. Ames and some others—to put some money in to build it up to Golden City first. That was built—I do not remember just when, but Mr. Loveland, I think, gave the dates. I have not a very clear recollection of the time at which it was built. Subsequently they extended the line to Central City, and subsequently to Georgetown. For, I think, about five years I was president of that corporation. It was more nominal than real, they having the directors in their interest, and I having very little to do with the railroad management or its concerns, except to attend to such law business as the company might have. I acted nominally as president, except during the panic of 1873, when I discharged the duties perhaps both of president and treasurer. The company being then in some financial stress here, I was left to look after it, and there being a large floating debt, I attempted to and did carry it through successfully. I continued nominally president of the com-

pany until the spring of 1876. At that time Mr. Loveland was elected to succeed me. I was not present at the election, and while I did not suppose Mr. Loveland would succeed me, it was understood that somebody else would. Then I had no connection with them except to do some occasional law business for them in this State. The firm of which I was a member for some time, with my brother, Mr. Orahood, did their business for some time; and in the spring of 1882, before going into the Cabinet, I went out of the firm of Teller & Orahood. Since that time I have had no connection with them in any shape or manner.

ATTORNEYS, THEIR FEES, &C.

Q. How were you employed as attorney, by salary or fees?—A. I think for a couple of years we had a salary. I am not certain about that. It was a small salary. I wrote a letter, I remember, in the summer of 1881, in which I asked them to select some attorneys, saying we did not care about doing their business any longer. I should have gone out of their employment whether I had gone into the Cabinet or not. This letter was not sent because the junior member of our firm thought it was best not to send it just then, and I turned the letter over to him. He held it. I went to Washington. I then left the firm, and since that I have not had anything to do with the firm or the Union Pacific.

Q. What was the salary paid?—A. I think for the most of the time they paid by the case. We charged them so much by the case as we tried it, as lawyers do, and I think then they made the salary $9,000 a year, although I am not certain whether it was $9,000 or $8,000. That was the total salary.

Q. Does the firm of your brother and the gentleman you have named still represent the company?—A. Mr. Teller and Mr. Orahood still represent the company, and, I think, probably at the same salary. I think I have been told that their salary is the same. It is an exceedingly small salary for the amount of work.

Q. What business does the firm control as applying to this section?—A. I could not say as to that. I suppose they do all the local business that comes here. They attend to all the controversies in the courts.

Q. Did your relations with the firm cease when you went into the Cabinet?—A. They ceased absolutely. I had no more connection with the firm than you have.

NO COMPENSATION FROM UNION PACIFIC SINCE 1882.

Q. Have you, since 1882, in March, received any fee or compensation from the Union Pacific Railway Company?—A. Not a cent, directly or indirectly, and never received a cent from them that did not go on our books, and they are at your disposal to-day, if you choose to look at them. I never did any business for them except purely in the capacity of a lawyer, and except as the president of the road which they ultimately become the owner of, and my connection with that ceased long before I went into politics. While I was president of that road they paid me $2,500 a year for a portion of the time.

Q. How did the Union Pacific Railway Company secure control of the Colorado Central?—A. I do not know how they secured the control of it. I suppose by buying the stock, in some way, of these parties. They had no control as a company while I was connected with it. It was Mr. Ames, Mr. Dillon, Mr. Duff, and people connected with them, that had control of the road.

TRANSFER OF COLORADO CENTRAL TO UNION PACIFIC.

Q. Were you brought into consultation as president at the time of the transfer of the road to the Union Pacific Company?—A. Oh, no; the transfer, if it ever took place, took place after I ceased to be president.

Q. Who succeeded you as president?—A. Mr. Loveland; and he ran the road for a year, if I recollect right, in hostile attitude to the Union Pacific. At that time they did not have control of the road. What arrangements were made subsequently I never knew. I had nothing to do with it. I was not consulted about it.

Q. Were you interested in the road during Mr. Loveland's presidency?—A. I had a $1,000 worth of stock—that was all I had.

Q. Were you connected with the board of directors of the Colorado Central Company?—A. Not after I left the presidency, I think.

Q. After the presidency were you?—A. Never afterwards; never after 1876; never after the spring of 1876; I should say June, but I may be mistaken; it may have been May. But it was the spring of 1876, any way.

NO IMPROPER USE OF COLORADO CENTRAL FUNDS.

Q. Had you any knowledge during your administration, or subsequently, of improper use of the funds of the Colorado Central?

The WITNESS. While I was connected with it?

The CHAIRMAN. Yes.

A. There never was any improper use of the funds, in my judgment, while I was president of it.

Q. Or at any other time?—A. I cannot say since. Of course I have had no more knowledge of the Colorado Central than you have, except that I ride over it. I even pay my fare over it.

LEASE OF COLORADO CENTRAL.

Q. Is there any rumor or discussion incident to the lease of the Colorado Central to the Union Pacific, as to the methods by which the Union Pacific Railway Company obtained control of the Colorado Central?—A. I do not think the Colorado Central was ever leased to the Union Pacific. If it was it was after my connection with the road, and I know nothing about it. There was an attempt to lease it to the Kansas Pacific, as I understand, and that was what called out the hostile attitude on the part of Mr. Loveland and his friends. They were opposed to its being leased to the Kansas Pacific, and therefore they attended the meeting, and took advantage of the fact that there was some irregularity in some of the stockholders' proceedings, Mr. Loveland and his associates not having, as I understood at that time, the full control of the stock itself. There being some technical objection to some stockholders voting on a proxy, they obtained control of the road, and then repudiated the lease to the Kansas Pacific. But of that I had no personal knowledge, never having attended the meeting. I received a notice after that, as president of the road, that my connection as attorney had ceased, although I never had been appointed attorney. I had acted as attorney.

GOULD ANXIOUS TO OBTAIN POSSESSION.

Q. Was Mr. Gould active in obtaining possession of the Colorado Central?

The WITNESS. How do you mean?

The CHAIRMAN. In securing control of it by the control of Mr. Loveland's interests.

A. I think he was, but I do not know how that was done. Mr. Gould was at that time, as I recollect, a large factor in the Union Pacific road, but how it was done I have no knowledge. I never was present at any conference between Mr. Gould and Mr. Loveland about it, and I know nothing about it.

The CHAIRMAN. We are very much obliged to you, unless you have some other suggestion to make.

The WITNESS. If you have anything further to ask, or the Commission happens to think of anything they desire, I will return again. I would be obliged if the Commission would call Mr. Rice, whom I have suggested, and get the papers on file.

H. M. TELLER.

DENVER, COLO., *Tuesday, July* 12, 1887.

JOHN EVANS, being duly sworn, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. In Denver.

Q. How many years have you resided here?—A. Twenty-five years, the 18th of last May.

Q. What has been your chief occupation?—A. For about four years I was governor of the Territory. Subsequently I went to Washington as Senator-elect, and tried to get the State admitted; and while there I was elected president of the Denver Pacific Railroad Company.

DENVER, SOUTH PARK AND PACIFIC.

Q. In what year was that?—A. I think it was in 1867. I will not be certain, but it was in the spring of 1867, I believe. Yes, sir; it was.

Q. And since that time what have you done?—A. I have been mostly engaged in railroad building.

Q. And also in the management of railroads and railroad business?—A. I know something of it; yes, sir.

Q. Were you constantly connected with the South Park enterprise, from its inception until 1880, or 1881?—A. I was.

Q. So that you are very familiar with it in all its details?—A. Up to that time.

HISTORY OF THE ENTERPRISE.

Q. To shorten matters, I will just repeat, for the information of the other members of the Commission, what Mr. Charles Wheeler, the secretary of the company, has explained this morning, and of which we have minutes. He says that the enterprise was commenced by what was known as the Denver Railway Association; that they constructed it under a contract for so many bonds per mile and so much stock per mile, the amount in that contract being, as I remember, $20,000 of bonds, and the provision being that on the total completion of the road the whole amount of the stock, $3,500,000, should be issued; and that they constructed about sixteen miles, when they became embarrassed, and were succeeded by a corporation known as the Denver Railway and Enterprise Company; that that company continued in the same direction, on substantially a similar contract, building the main line as far as Morrison Junction, with a short branch up to Morrison, and did some

grading to the south of the junction; that that company then became embarrassed and was succeeded by the San Juan Company, which did but little work, being unable to raise the funds that were necessary, and that the San Juan Company in November, 1877, was succeeded by the Denver and South Park Construction and Land Company; the last-named company continued the construction under a contract providing for the payment, to wit, of $12,000 in bonds per mile, and for an issue of stock of $20,000 per mile, being so arranged as to call for the entire issue of the stock when the road contemplated should be completed, and that they built from the point where the San Juan Company left off, which was about at Buffalo Creek, substantially the balance remaining, until 150 miles of the road was completed, carrying the road from Denver to Buena Vista. Mr. Wheeler states that the last-named company made an arrangement with the stockholders in the prior company, by which they were credited in ledger account with such interests as were represented by their actual subscriptions in money, and that the Construction and Land Company received or held for their account and on account of its own stockholders all of the bonds issued under the first mortgage on the 150 miles and all of the stock; so that, at the time the bond was completed, they held $1,800,000 of the bonds, and $3,500,000 of the stock; and that this completion occurred in the spring and summer of 1879. Is that substantially correct?—A. I think generally it is. Mr. Wheeler ought to know better, because he has looked over the books, than I would know without looking over them.

HOW CONSTRUCTED BETWEEN BUENA VISTA AND LEADVILLE.

Q. I would ask you first to state how the portion of the railroad between Buena Vista and Leadville was constructed?—A. That was constructed under a contract between the Denver, South Park and Pacific Railroad Company and the Denver and Rio Grande Railway Company, by which the Denver and Rio Grande agreed to build the road and to give the use of it in perpetuity to the South Park road, the South Park road to have equal rights on it, with the Rio Grande to pay 8 per cent. per annum interest on half the cost—the actual cash cost—of building it.

Q. Did the Denver and Rio Grande reach Buena Vista before the Denver and South Park?—A. No; the Denver and South Park reached there first, but there had been a great deal of work done by the Denver and Rio Grande and the Atchison and Topeka, who had a contest with them, between Buena Vista and Leadville previously.

Q. Was this contract to construct this piece from Buena Vista to Leadville entered into before the transfer of your stock, or of the stock held by yourself and your associates, to Mr. Gould?—A. Oh, yes, sir; long before. That was made before the Denver and Rio Grande reached Buena Vista. Then it was probably a year or more after that that we ran the road over that track to Leadville, doing business as under the contract.

Q. You had been doing business to Leadville before the transfer to Mr. Gould?—A. Yes, sir.

Q. Please state how valuable an asset you considered this traffic contract.

The WITNESS. That is, simply to give my judgment?

JOINT TRACKAGE CONTRACT.

Commissioner ANDERSON. State how far you considered it an essential portion of the Denver and South Park?—A. The other portion of

the joint trackage contract was that the Denver and South Park and the Denver and Rio Grande Companies should equally divide the business which ran over this joint track, and which was acquired at Buena Vista, the point of junction. It provided that they should divide equally all the business that ran over it, both to Pueblo and to Denver. That contract was, like the other, perpetual; but that was subject to an annual revision as to the percentages.

Q. The percentage to be allowed for operating, do you mean?—A. No; they were to have 40 per cent. of the operating expenses.

Q. Forty per cent. was to be taken out first for operating?—A. By the one that did the business.

Q. And then the balance was to be divided equally?—A. The balance was to be divided equally for the first year, and if either party wanted a readjustment it was to be decided by arbitration what would be equitable. It was to be an equitable division of the business.

Q. Based on the business actually done by each company, or based on what?—A. Based on the business that came from the road. I do not recollect the precise terms of the contract. I have not seen it for a great many years. But it was what they call a pooling contract. All the business that went to competing points was to be divided, at first equally, but subsequently it might be changed if it was found to be equitable to change the division or the percentage. That contract also had an arrangement by which the South Park had a right to run on all the extensions that the Rio Grande made from Leadville, and the Rio Grande had a right to run on the tracks that the South Park should build into the Gunnison country. So far as running on the Gunnison track that was built by the South Park road was concerned, that road was occupied and enjoyed by the Rio Grande at the time that the stock was sold.

ADVANTAGES, AND HOW FAR THEY WERE ESSENTIAL.

Q. Please state what all the advantages that you have referred to (being the common right of trackage between Buena Vista and Leadville, the pooling agreement as to business from competing points, and the right of common trackage in extensions) were worth, and how far they formed an essential part of the value of the Denver and South Park road?—A. I should regard it as forming really the key to the principal part of its business.

Q. Mr. Wheeler has explained that during the year ending December, 1880, it appears that the company earned a gross amount of over $500,000, and that after deducting the operating expenses and the interest on the outstanding bonds, there was a sufficient balance left, for the period of six months, to pay a 5 per cent. dividend on the stock. Do you remember that those were substantially the facts at that time?—A. That is according to my recollection. I have not looked lately to see the precise figures.

Q. Will you please explain to the Commission how the Denver and South Park stock was held at this time, exclusive of that portion which Mr. Gould had acquired as a holder of stock in the Construction Company?—A. It was held by Mr. J. Sidney Brown, of this city, as trustee under a contract between the stockholders, that they would not dispose of their interests individually, but would do so collectively.

Q. What amount did Mr. Brown hold in that way, about?—A. It was something over $2,500,000, I think.

Q. When were your negotiations had with Mr. Gould?

NEGOTIATIONS FOR SALE OF TRUST STOCK.

The WITNESS. Do you refer to the negotiations through which the Denver parties sold their stock?

Commissioner ANDERSON. Yes.

The WITNESS. The trade was consummated, I think, in November, 1879.

Q. Was it 1879 or 1880?—A. In 1879.

Q. Had you previously had any intimation or suggestion from other parties as to the purchase of the stock?—A. We had.

Q. Who in particular?—A. The parties owning and controlling the Denver and Rio Grande Company.

Q. Will you state generally what occurred about it?—A. After we had been running to Leadville on the joint track for some time, and were extending into Gunnison, the Denver and Rio Grande also commenced extending into Gunnison, which the Denver and South Park people thought was not in good faith, because they had agreed to go to Gunnison and to the Gunnison Valley, in this contract for joint trackage, over our track, over the South Park's track. But on examining the papers, Messrs. Evarts, Southmayd & Choate said there was nothing in the paper to prevent them from building an independent line, if they desired it. So they went on and built it, and got to Gunnison before the South Park road reached there. The South Park was in the process of constructing the line to Gunnison when the sale of stock to Gould was made, and the management of it was turned over.

Q. The question is, what negotiations, if any, took place between you and other parties before your arrangement with Mr. Gould?—A. The discussion or the conflicts between the South Park and Rio Grande led to an effort for an arrangement by which they should work in harmony. An opposition was made. I do not know who originated it, but it passed between the South Park and Rio Grande for a purchase of this stock of the parties who lived in Denver. That is to say, a purchase of the control of the South Park road by the parties that owned the Rio Grande Company.

SUBSEQUENT NEGOTIATIONS.

Q. Did you go to New York in reference to that negotiation?—A. Yes, sir, in regard to a subsequent negotiation. This proposition to purchase was terminated in this way: In the purchase of a quarter interest from the Denver parties in the construction company Mr. Gould had received an obligation from them not to sell without giving him an offer of their stock at as low a rate as they could get from other parties. This General Palmer, who was at the head of the Rio Grande at the time, said would prevent him from making a trade for the stock, because if he had made a trade and these facts were submitted to Mr. Gould, it would end in nothing, for Mr. Gould would take the stock, and therefore it was not worth while for him to carry that negotiation any further. But subsequently I went to New York, and in conversation with Mr. Gould and General Palmer, in Mr. Gould's office, he urged that we consolidate the Denver and South Park and the Denver and Rio Grande roads, as a matter of great interest to both companies, and after we all agreed that that would be a good thing to do, he left the city and went West. Messrs. Evarts, Southmayd & Choate, or one of the partners, representing the Rio Grande, and I, representing the South Park Company, commenced a negotiation for a consolidation. We carried that negotiation forward until we had agreed upon

every point except one. They were to pay the South Park Company the stock of the Rio Grande Company, dollar for dollar, for its stock. Then they were to carry out certain extensions which had already been commenced, and they were to pay $700,000 in cash in nine months. That was all drawn up by the attorneys of General Palmer, Messrs. Evarts, Southmayd & Choate; and the question was as to the security for the $700,000. That security I thought was not sufficient, simply by having the company's note, without any mortgage or any hypothecation, and Messrs. Woerishoeffer & Co. proposed, as they were in the negotiation, to guarantee it. I asked if that would make it bankable paper, and on inquiry I found that I could not discount that kind of paper in New York. Said I, "I do not want to take anything unless I can sell it, because my parties, if they part with the property, want the consideration for it." Woerishoeffer's partner, Mr. Somerhoff, thought this was very rigid and exacting on my part. He thought that they were perfectly good, which I was ready to admit; but at the same time it did not make the paper bankable. Said I, "I will leave this question," as I had to return to Colorado, "so that Mr. Gould and you may settle it when he comes home."

PROPOSITION TO EXCHANGE OR TRANSFER.

Q. Mr. Gould being interested with you?—A. Being interested in the construction company, and owning a part of the stock that was proposed to be exchanged or transferred. I told them that if he said that would be good security it would be satisfactory to us of Denver, and if he did not, that they could fix it so that it would be satisfactory to him, and the trade would be closed. On those terms I came back to Denver. When I got home, after Mr. Gould returned, I had a dispatch from him, or two or three dispatches, which I have in my pocket to refresh my memory as to the precise nature of the transaction.

Commissioner ANDERSON. You may as well read them as a part of your story.

The WITNESS. If that is desired I will do so.

Commissioner ANDERSON. That is the better way.

The WITNESS. Mr. Wheeler handed them to me just before I came here and said they would probably be wanted. I brought them along. I have given you a statement of the negotiation up to the present time. I will say that our people, in changing from the negotiation that I had with the Rio Grande, were satisfied that they got less for the road than they would if they had closed the trade in the exchange of stock. The stock went up above par pretty soon afterwards, and they would have got all that they got for the road from Mr. Gould, and they would have got the $700,000 more for the road than they did get. So that they made a bad trade by not carrying out the contract with the Rio Grande Company.

TELEGRAPHIC CORRESPONDENCE WITH JAY GOULD.

Mr. Gould got home on the 4th of November, 1880, and he telegraphed:

Have thought it wise to do nothing further in regard to proposal until I see you.
JAY GOULD.

The next day, November 5, he sent the following dispatch:

The proposed contract is too complicated. Suppose, in lieu of everything, we make a cash sale at 90 up, and you remain as president?
JAY GOULD.

DENVER, *November* 5, 1869.

JAY GOULD, Esq.,
80 Broadway, New York:

If we sell out for cash, why should I be president afterwards? Have we such an offer as you suggest?

That was my answer to Mr. Gould. This is another dispatch:

NEW YORK, *November* 6, 1869.

Hon. JOHN EVANS:

I thought you might like to remain as president and be identified with Union Pacific. I have no direct cash offer, but I could have one if I was authorized to negotiate at the price named.

JAY GOULD.

My answer to that is this:

DENVER, *November* 6, 1869.

JAY GOULD, Esq.,
New York City, N. Y.:

Our folks think the trade for Rio Grande stock and bonds (that is, the trade I told you we had pending at this time) better than 90, because the stock may appreciate. They decided not to take less than par from Palmer when he wanted a cash price. We told him his offer of par would be subject to your option, for which reason he said his parties declined to make it, for fear you would take the stock. I think I could get a cash par offer accepted at once. I would like the Union Pacific association if in a position where I could be of service.

JOHN EVANS.

NEW YORK, *November* 8, 1869.

Hon. JOHN EVANS:

Make me a cash offer. Answer quick, as Mr. Ames and other directors are in the city now.

JAY GOULD.

DENVER, COL., *November* 9, 1869.

JAY GOULD, Esq.,
80 Broadway, New York:

We will take par cash for our railroad stock.

JOHN EVANS

NEW YORK, *November* 9 1869.

To JOHN EVANS:

Your offer is accepted.

JAY GOULD.

AUTHORIZED TO SELL STOCK.

I went on, by the authority of Mr. Brown, who was then trustee, and who authorized me to act for him. He said: "You are hereby authorized to sell the stock I have transferred to your order at not less than par for cash, and deposit the proceeds in the First National Bank of New York to the credit of the City National Bank of Denver, for the use of J. S. Brown, trustee." All of which was carried out according to orders. I assigned the stock to Mr. Gould, and Mr. Gould gave me his checks for the money.

Q. Have you a memorandum for the amounts?—A. I do not know whether I have or not, but I find in this paper a memorandum, which I think is in his chief clerk's handwriting.

MEMORANDUM OF CHECKS RECEIVED.

John Evans:

One check for	$349,[illegible]
One for	98,[illegible]
One check for	19,[illegible]
One check for	2,[illegible]
Footed up	2,590,[illegible]

I do not know by what authority or how that memorandum came folded in here; but then that is, according to my recollection, about the amount that was paid for the Denver ownership of the stock—that is, for the stock that belonged to the Denver pool.

Q. Do you know in whose handwriting the words "Dillon & Ames" are at the foot of that memorandum?—A. No, I do not. You saw the memorandum, or of course I would not have brought it here. You wanted me to bring this paper and some others when I was in the office, which I have done. These words, "Dillon, F. Ames," I have no knowledge of. It looks more like my own handwriting than any other that I know of.

Q. The stock was then transferred and that transaction was closed?—A. Right then and there.

THE STOCK DELIVERED.

Q. Did the stock that you delivered embrace all the stock of the company substantially except what Mr. Gould himself owned?—A. Except what was in Mr. Gould's hands, and an option on $100,000, which we had given to Winslow, Lanier & Co., and they preferred to take the stock rather than to take the money that they had agreed to pay; in other words, they paid in, I think it was, $60,000 for $100,000 of stock. There was a little dispute between them and Mr. Gould about the value of a small part of the stock. Mr. Gould and Mr. Sage held at that time a large amount of stock, which had been acquired by the Kansas Pacific Railroad Company through its assistance in the early days of the South Park enterprise. In fact, when it was first organized and started they subscribed, in the name of John D. Perry, who was president, $30,000, to be paid in freights. They did pay it in freights at what we considered a fair and a low rate, which they gave us on account of our association with them. They expected that the road from here up into the South Park would be a good feeder to the Kansas Pacific road, as it would have been.

"STUCK" FOR THE WANT OF MONEY.

Q. For that they got $300,000 stock?—A. I think it was about $300,000. The construction company "stuck," as the saying is, for the want of money, in the Platte cañon, and they reorganized, so as to raise more money, and allotted the stock of the new company, to be paid for in cash, to the old subscribers. It was simply a concentration of their powers in raising the money to get through the cañon, where they struck business. That stock of the new construction company represented the whole property. It assumed the debts of the old company and took its property. That was the stock basis. It was $130,000 only. It was the basis on which the distribution was made. Each party that had been in the enterprise from the beginning held his interest, unless he sold it, and got his share of all the profits that were made from that last effort to get through the cañon.

RAILROAD STOCK AS A DIVIDEND.

Q. The holders of the construction stock got railroad stock as a sort of dividend, did they?—A. The holders of construction stock got railroad stock and bonds for the money they had put in as a kind of dividend, as you say. This $30,000 entitled them to $12,000 on the reorganiza-

tion, which was, after some bickering among themselves, finally assigned to Jay Gould and Mr. Sage, as was also the other stock of the Kansas Pacific Company; and through their interest in our pool here—that is, the pool that had the money and received the stock—Mr. Gould himself purchased from each of our proprietors here, each of our individual stockholders, one-fourth of their interest, giving them $2 for every dollar they had paid in for that quarter interest.

Q. That was some time before?—A. Oh, that was a good while before this sale took place. Now, Mr. Gould and Mr. Sage, for the Kansas Pacific Company and for themselves, owned all the rest of the stock except what I assigned to them, except what Messrs. Winslow, Lanier, & Co. took on their option.

Q. Did you remain president of the Denver and South Park after the transfer?—A. At their request.

Q. Was it for the purpose of facilitating the change?—A. The transfer, and, as they said, to look after their interest for them a little in that connection.

IMPETUS TO THE VALUES OF STOCK.

Q. What was the principal feature of the business that had given this peculiar impetus to the values of the stock and bonds of this road?—A. The Leadville business was the principal feature.

Q. The transportation alone?—A. The transportation of goods, wares, and merchandise up.

Q. Or out?—A. They had to haul the feed, and grain, and hay, and all the supplies that go to a mining camp, as well as coke, to go into the camp, and bullion and ores to come out. That was the principal business, together with a large lumber business along the line of the road, and a coal business of their own at Como, in the South Park, which we reached about half way to Leadville. It was a very fine coal mine. The best coal, I think, I ever saw anywhere was derived from that mine; that is, bituminous coal. Those were some of the sources of business. We carried horses and we carried cattle and everything that came along there, along the line of the road and from the ends of the road, from Leadville and from Denver.

CHANGE IN MANNER OF CONDUCTING BUSINESS.

Q. Did any change in the policy or manner of conducting the business of this corporation occur immediately after the transfer of the stock?—A. There did.

Q. Please explain what the nature of that change was?—A. The management of the company was transferred from Denver. Our board of directors were good business men here, and they looked after its interest, while we were managing it, at every point, and we made it pay very largely. We put a great deal of money that we earned, as well as the money that came from the stock, into extending it. The books and papers were transferred from Denver to Omaha immediately upon the transfer of the stock by an order from New York, and they commenced to run the road, managing it from Omaha, evidently not knowing very much about the peculiarities and difficulties that we have to contend with in holding and securing business.

CHANGE IN THE GENERAL MANAGEMENT OF THE ROAD.

Q. What change was made as to the general manager of the road?—A. It was put subject to the direction of the Union Pacific officers.

Q. What was the name of the person who took the direction after hat date?—A. I think it was——

Q. Was it Mr. Vining?—A. He was the traffic manager or freight gent.

Q. What steps did he take in regard to rates that had any effect pon the business of that road?—A. I infer from that question that ny best answer would be to read the letter you requested me to bring ith me.

Commissioner ANDERSON. Two letters, I believe. You may read hem both.

The WITNESS. Those letters close out my management.

Commissioner ANDERSON. They close out your relations with the oad.

The WITNESS. That is to say, my effort at managing. I think I ontinued president some little time afterwards. The annual election ame soon after this correspondence, however. I telegraphed to T. L. Kimball, assistant general manager, Omaha, Nebr. I think Mr. Clark as in California, on account of his health. He was actual general anager, and Kimball was assistant general manager. This letter is ated the 6th of January, 1881.

DISASTROUS EFFECT OF NEW POLICY.

The witness then read from his letter-press book as follows:

Being informed you had gone to New York, I telegraphed Mr. Dillon regarding he suspension of our local business. He replies he has forwarded it to you. The ules about car-load rates are turning all through business over the Denver and Rio rande, and the new local rates have literally suspended business along the line. any of our best customers will be bankrupted by it, and the road left without ame, unless changed at once. Orders to agents not to ship without prepayment of eights, issued from Omaha to-day, don't touch the case. Unless a change is made on the business will be ruined, and the road will not pay operating expenses.

JOHN EVANS,
President.

POLICY AND MANAGEMENT DICTATED BY GOULD.

On January 7 I wrote to Mr. Gould, who was then the principal pro-rietor of the road, and dictated its policy and management. I wrote o him as follows:

AY GOULD, Esq.:

DEAR SIR: The new construction company had never any stock subscribed. It was ly allotted to the old pool.

That is, I suppose, in answer to some question that he asked; but hat I have already explained—how that last construction company as organized, by allotting its stock to the parties that were most inter-sted.

PREVIOUS ARRANGEMENTS SET ASIDE.

[Continuing reading:]

We can, however, now have its stock all subscribed and issued to you, if you desire . The arrangements made when I was in New York for me to represent the Union cific out here, so far as its general interests go, contemplated that I should be the esident of the C. C., as well as of the South Park. This was set aside by a telegram to r. Gannett (who was the auditor of the Union Pacific at the time) from Mr. Dillon, which id he had written and explained to me, which, however, as yet has not come to hand. is all right, in any event, so far as I am concerned, provided my responsibility is

properly defined, which I very much desire at this time. The legislature is now in session and many members propose to regulate our tariffs and prohibit all pooling between railroads and the State, &c.

That, of course, would have been a serious thing to us, having gone on and joined trackage with the Rio Grande.

A NEW TARIFF ISSUED.

[Continuing reading:]

Just at such an unfortunate time Mr. Vining, without any consultation either with me, Colonel Fisher, or Colonel Hughes, our late general freight agent, who had arranged our tariffs and made our rules, revised them again and began to get business and make the most out of it, issues a new tariff raising the prices on our local business to a prohibitory point, and adopting rules which will throw most of the through freight onto the Rio Grande, and increase operating expenses greatly. For instance, we had, at great pains, got up cars to carry twelve tons, and thus save dead weight. He charges double rates for all over eight tons, in our car-load rates. The quarries at Morrison produce a great amount of freight, and mainly belong to the South Park Company. His rates for stone and lime are double the highest we had ever been able to get. This suspends work at your own quarries, and throws the business into the Denver and Rio Grande.

NO SIDE SPECULATIONS.

They had other quarries that were competing. I will just make this comment. When I say "your own quarries"—when we sold the Denver and South Park the company owned the coal mines and owned a great deal of property at various places along the line of the road, and owned the stone quarries or the stock of the stone company at Morrison, so that it all went with the stock of the railroad company. There were no side speculations along the line of the road while we held it.

BUSINESS SUSPENDED ON ACCOUNT OF HIGH TARIFF.

[Continuing reading:]

We had, with great care, worked up a lumber, wood, and tie business from the forests on our road, and, by liberal rates for timber from our own lands, had built up a very large and profitable traffic at high rates from this source. Vining's tariff on the products of the forests are so great that the business is suspended. His charge for wood from Buffalo is double that we had, and is nearly as much as wood is worth. It has not only stopped shipments, but will bankrupt the men we have induced to come on our road to do business. Coal, too, is put at prohibitory rates. Some ordered before knowing the rise is refused at the depot because the freights are more than the price of the coal in the market. This unfortunate blunder is followed up to-day with orders not to ship any more to parties refusing to take their goods, and pay more freights than the goods are worth, unless freights are prepaid. Of course this makes the matter, serious as it is, ridiculous in the extreme. The road will not pay operating expenses long under such management. The master of transportation, Mr. McCormick, says his empty cars are filling the side tracks for want of business, already. If continued much longer, this management will ruin the property. It will now require a long time to re-establish the business interrupted. Perhaps the most unfortunate aspect of the case is that it comes just as our legislature is convened. The men whose business is interrupted, both builders, shippers, quarrymen, lumbermen, wood choppers, &c., raise a great hue and cry against the operations of the Union Pacific monopoly, as they call it, and demand legislative protection. The papers have been pointing out the shortcomings of the Union Pacific, and praising the Denver and Rio Grande, to our detriment, for a week or two, and now urge legislation. Our board of trade last night took up the question and appointed a committee to prepare a bill. We had a pretty solid sentiment against any legislation at this time, lest it interfere with building roads, when this blunder was made. Now, I fear it will be difficult to prevent hostile legislation. I doubt the practicability of operating the South Park road from so great a distance as Omaha, where local questions cannot be well understood. The difficulty of hurrying the completion of our extensions without the aid of the Union Pacific in getting forward men to work on the

trusts is serious; but of this I will have time to speak hereafter. As I now hold a place of nominal responsibility, without any definition of my authority, I ask to know your wishes and that of the Union Pacific Company before the matter gets any more unpleasant. Of course I cannot stand in a place to be censured for acts I ought to correct, without any control over them. I shall be glad to hear from you by return of mail.

Very truly, yours, &c.,

JOHN EVANS.

REFERRED TO THE OFFICERS AT OMAHA.

Q. Did you receive any reply to that letter?—A. I was advised by Mr. Dillon, I think it was, when I asked for a reply (he was president of the Union Pacific at the time), that it had been referred to the officers at Omaha. That is the only response I got to it.

Q. That is all the notice you received?—A. The election came off shortly after, and probably for some reason best known to them the arrangement for my acting as their representative here was dissolved by their electing other officers, instead of re-electing Mr. Brown, Colonel Fisher, and myself, who had agreed to serve for the purposes indicated in the first part of my testimony.

Q. What became after this date of the trackage arrangement with the Denver and Rio Grande? Did that continue?—A. I think, until we sold, the trackage continued about a year.

Q. After you sold?—A. No; before we sold.

Q. After you sold how was it?—A. After we sold I think it continued for over a year. But I do not recollect. I have no dates in my office about it, because my connection with the company, and Mr. Wheeler's connection with it, was ended. In fact, our office had nothing more to do, and consequently we knew nothing about what was going on; but I think it must have been over a year.

JOINT TRACKAGE CONTRACT CANCELED.

Q. What change has been made?—A. I understand that this contract was canceled.

Q. You mean the trackage contract?—A. The trackage contract and the pooling contract and the extension contract, and that the officers of the Union Pacific took in lieu thereof a lease for six months.

Q. Terminable on a notice of six months?—A. A lease terminable on a notice of six months, and I understand that was made in the autumn, and that the notice was given almost immediately after the lease was made.

Q. Was that a lease for the right of passage or the use of the track between Buena Vista and Leadville?—A. Yes, sir; the same privileges that we had enjoyed we supposed they were to continue to enjoy perpetually.

A CHANGE DETRIMENTAL TO THE COMPANY'S BUSINESS.

Q. What, in your judgment, was the wisdom of that change?—A. I think it threw away what chances the company had of getting business from its principal source of business, which was Leadville.

Q. What did the Union Pacific Company then do in order to preserve its connection with Leadville?—A. As I repeated before, I do not know what they did, because I have no way of finding out.

THE BRECKENRIDGE BRANCH.

Q. What road did they construct?—A. The South Park Compa had commenced building over to Breckenridge; that is, over the ma range, by way of an old route that had been occupied from the setti ment of the country by a wagon road. They commenced building a trac over to Breckenridge instead of, as we had contemplated when we we to Buena Vista, building up to Leadville on our own track until w made this trackage contract. They took up this Breckenridge branc and went to the mouth of Ten-Mile Cañon, and then back up from th mouth of Ten-Mile Cañon, in which the Rio Grande had already a trac that was very narrow, and at great expense built a line crossing th Rocky Mountains twice to get to Leadville. I was very well acquainte with the chief engineer, for he was chief engineer of another compan with which I am yet connected—the Denver and New Orleans Railroa Company.

ITS DISADVANTAGES.

Q. What particular disadvantage does this line labor under as com pared with the line over which the common trackage contract applied?— A. It goes twice over the summit of the Rocky Mountains, and the othe does not go over them at all.

Q. Is it more exposed to snow in the winter—A. Very much. I fact, it has been, as I understand, impracticable, even after they bui it in winter at a great expense, to operate it during a good part of th winter.

Q. Is it an expensive road to operate as compared with the othe one?—A. Very.

Q. Is there anything to prevent their building a track paralleling th Denver and Rio Grande line between Denver and Buena Vista?—A Not at all. We had already contemplated that. We had examined th route before we made the contract to go to Leadville on the Rio Grand track. The Midland has since, nearly all the way, built on that same line their road from Colorado Springs up to Leadville. They pas Buena Vista and go right up parallel with the joint track to Leadvill now, or they will be running in a short time. I do not recollect now what time they expect to get to Leadville, but I see next week they ex pect to run cars to Buena Vista.

THE LEADVILLE BUSINESS.

Q. What has been the history, if you know, of the Leadville busines since 1881 and 1882? What company does the larger share of it?—A The Denver and Rio Grande.

Q. So that the Denver and South Park has never regained that bus ness?—A. Never by any means. I think they have had a pooling ar rangement with the Denver and Rio Grande, by which they agree substantially to let the Rio Grande do the business, because they ca do it at less expense.

Q. From what source do you derive that explanation?—A. I get i from Colonel Fisher, who was superintendent of the Denver and New Orleans, or the general manager of that road, which has been for fou or five years, and until the interstate-commerce bill passed, tabooed o boycotted by all the roads running into Colorado, except one, the Den ver, Utah and Pacific. It has always done business with us, but all th rest of the roads combined do not let us have any business. We coul not see any object in it, except to try and break us down.

SUBSIDY TO SOUTH PARK ROAD.

Q. What is the statement as to this subsidy or the amount paid?—A. Colonel Fisher had a conference with Mr. Gallaway, and I had a conference with Mr. Adams. I had a long correspondence with Mr. Adams, which was sent to Washington, in order to get this interstate-commerce bill to stop their discriminations against us, which was, fortunately, successful, and Colonel Fisher negotiated to get the Union Pacific Company to do business with us as they did with other railroad companies; for instance, with the Rio Grande. And in the intercourse between Mr. Gallaway and Colonel Fisher, Mr. Gallaway stated that the Union Pacific could not afford to do business with us under the existing circumstances. The reason was that the Rio Grande Company would burst up their pooling arrangements, and they would lose some $800,000 a year. That was the subsidy or pooling arrangement that was paid to the South Park road, or paid to the Union Pacific road, on account of allowing business to be done off the South Park road and not on the South Park road. That is the source of my information. I think it was $800,000 that Colonel Fisher reported to me. One of the Union Pacific Government directors was present when Colonel Fisher had this negotiation, in my house, but I left before it was through and the colonel continued it. He was the general manager. This is the reason that he reported why the Union Pacific could not afford to do business with the Denver and New Orleans road.

Q. How long do you understand this payment has continued, or is reported to have continued?—A. I have no idea. That is, I have no means of knowing. That is what I mean by saying I have no idea.

Q. Did you learn anything about the details of the manner in which these payments were made by the Rio Grande to the Union Pacific?—A. No; I do not recollect to have learned anything about how they paid, or what account they charged it to, or anything of that kind.

TO CONTROL THE DENVER AND SOUTH PARK BUSINESS.

Q. Was the consideration alleged to be simply this question of the control of the Denver and South Park business, or did it include other competing points?—A. It applied to the Denver and South Park business, as reported to me. That was the contest with the Rio Grande road. But I would like to say there may have been other considerations. This was what Colonel Fisher reported to me as the reason they would not do business with the New Orleans road, of which I was president; I am president yet of the company that succeeded it.

Q. Will you give us Colonel Fisher's name and residence, and also those of Colonel Hughes?—A. Col. Andrew Hughes is at present general traffic manager of the Rio Grande road. He is here in the city most of the time.

Q. He was connected with the Denver and South Park?—A. During these early days.

Q. What is Colonel Fisher's name and address?—A. Cyrus W. Fisher. I think he is at Topeka now. He is in the employ, as general manager, of the western extensions of the Rock Island road west of Saint Joseph, Mo., and of all this western country.

PLAN OF SETTLEMENT.

Q. Have you given the subject of the adjustment of the matters pending between the United States and the aided railways any consideration?—A. Very little.

Q. Have you formed any opinion as to what would be the best thing for the United States to do?—A. I was quite in favor of Mr. Thurman's plan of allowing them more time to settle the United States bonds, when it was proposed, when it was adopted. As to the present condition, I think it would be the best policy for the Government to, in some way, settle with them, so as to let the railroad company have it; and the best policy for them would be to locate their management near the middle of their properties, so as to know what is going on. I think it would be then the best policy for them to hold on to and extend their branches, and build up their property. If they had not built branches their road would have been almost—well, it would have been like they have left the South Park; their cars would have been standing empty on the tracks if it were not for the feeders. I think the Government's best policy would be to make an equitable settlement with them, by which they would have a plenty of time to settle their indebtedness to the Government, and let them manage the road themselves. As I heard Senator Teller say a while ago, I should think it would be a very unwise policy for the Government to undertake to run the property with Government officers. That is about what you meant I should answer?

Commissioner ANDERSON. We had no meaning on the subject. We wanted to get your views only. It is a subject we wish to inquire about.

The WITNESS. Have I answered it?

Commissioner ANDERSON. Yes; you have covered it as far as I know. Is the matter one of much discussion in this neighborhood?

The WITNESS. I think not very much, so far as I know.

Commissioner ANDERSON. So far as you have talked with other persons, do you reflect their views, or do you think there is much divergence from them?

The WITNESS. I think the views I have expressed are almost entirely my own, except what I got from Senator Teller's testimony. I do not think the subject has been very much discussed among our people here.

JOHN EVANS.

Mr. HILL. I would like to ask, as a matter of special privilege, to occupy the attention of the Commission for about five minutes at the outside, in making a statement.

The CHAIRMAN. You may take the witness chair.

DENVER, COLO., *Tuesday, July* 12, 1887.

N. P. HILL, being further examined, testified as follows:

STATEMENT CONCERNING MR. ADAMS'S KANSAS CITY INTERESTS REITERATED.

The CHAIRMAN. What statement do you wish to make?

The WITNESS. I would like to ask the reporter—perhaps he can tell me—what Mr. Adams said in contradiction of the statement which I made in my testimony. I think I owe it to myself to say that I made that statement very guardedly. I have a very distinct remembrance of the conversation which occurred in Mr. Adams's office last February. I certainly could have no motive to misquote him, as our personal relations have always been very friendly, as I hope they always will be. I think it is very probable that Mr. Adams made that statement a little

thoughtlessly and carelessly, and, perhaps, meant nothing by it. It impressed me at the time, and within an hour of that time I quoted it to an officer of our company in Boston. It was the first intimation I had had that Mr. Adams was interested in any smelting business in this part of the country at all. I was therefore somewhat impressed by the statement, and would not be very likely to forget it. I did not regard the conversation as of a private character at all. It was on official business that I called, and my conversation was of an official character. I remember the whole conversation, and what led up to this remark. Perhaps it is not necessary for me to state it. I am willing to admit that Mr. Adams may have referred in his statement to his other interests in Kansas City, of which he spoke to me, in addition to the smelting interest. He may have referred to all of his property when he said he would not give it up for the entire Pacific road. I think I owe it to myself to say that in the way of reiterating what I said.

By Commissioner LITTLER:

Q. Is that all?—A. That is all I have to say. I did not hear Mr. Adams's statement, and therefore, perhaps, I attach more importance to it than it is entitled to. I had heard that he had directly contradicted my statement.

Commissioner LITTLER. Mr. Adams stated, among other things, that his interest in this smelting works was a very trifling one, giving the precise amount of his holding.

The WITNESS. He did not state the amount. I did not ask him, and I did not care to know. He had asked me the question as to what I thought was the cause or reason for the discriminations of which I had been complaining to him. I answered that there was a general impression that it was owing to the fact that some of the officers or persons who regulated these things were interested in other works, and Mr. Adams said he did not think that would have any influence; that he himself was a stockholder in a smelting company, and he did not think that the fact that other officers were stockholders had any influence upon the rates charged for ore; and he then made the remark which I attributed to him. I regret very much that the matter has come up.

DENVER, COLO., *Tuesday, July* 12, 1887.

WILLIAM A. WILLARD, being duly sworn and examined, testified as follows:

Question. What is your business?—Answer. I am a clerk of the United States courts here at present.

Q. Do you reside in Denver?—A. Yes, sir.

Q. How long have you resided here?—A. Since 1879.

Q. Were you connected with the Union Pacific Railway Company?—A. At that time, yes, sir. I came here to go into their service as local agent here.

Q. What was the title of your position?—A. Agent.

Q. Were you under Mr. Came?—A. Not at that time. I was under him in 1881. I think it was for the month of February or March—March, I believe. I was with him one month.

Q. Did you serve continuously as agent from 1879, the period you have given, up to the time you served under Mr. Came?—A. No, sir.

Q. What was the order?—A. I spent five months as agent. Then I served as agent's assistant, and then as cashier, and then as a clerk in

the same department, the freight department, and then, finally, a month in the office of the general agent of the freight department, a his chief clerk.

Q. Did you resign?—A. I resigned from his office; yes, sir.

DISCHARGED BY UPION PACIFIC.

Q. Were you discharged from the Union Pacific Railway Company?—A. Yes, sir.

Q. What was the cause of the discharge? Have you heard Mr. Cass's testimony?—A. Yes, sir. I never succeeded in getting the cause assigned.

Q. Did you make any inquiry?—A. Yes, sir.

Q. To whom did you make application?—A. To the officer who discharged me, Mr. Egbert, the local superintendent.

Q. What was the answer?—A. I do not recollect the exact answer that he made me. He simply gave me to understand that it was the doings of Mr. Smith, the general superintendent of the Kansas Pacific Company, which was then a part of the Union Pacific system, although it was before the consolidation. It was a joint agency in which I was serving.

CLERKS PAID FOR SERVICES NOT RENDERED.

Q. During your connection with the Union Pacific Railway Company, had you knowledge of any party or parties being paid out of the company's funds for services that were not rendered?—A. Not anything material. I have known of parties who were in the service of the company, but whose time was rendered in excess of the time actually devoted, I think, to the company; that is to say, men whose time was rendered for a full month—clerks in the freight department. This was after I ceased to be agent. They were men whose time was rendered for a full month, but who really put in, perhaps, only half or two-thirds of that time. I have known instances of that kind.

Q. What was the character of their employment?—A. As clerks in the general freight office—the local freight office.

COAL TRANSACTIONS AT GREELEY.

Q. Have you had any knowledge, by reason of your association with the Union Pacific Railway Company, of the coal transactions at Greeley?—A. That was a part of my service that I omitted to tell you. I had forgotten it, I was really so short a time there. In February, 1865, I was again appointed an agent of the Union Pacific, or acting agent, to take the place of their regular agent, who was away on leave of absence. I went up there in February, the latter part of February, 1865, and remained there about three weeks. I know of coal coming in there. I do not just remember what your question was in regard to the coal business.

Q. What were your duties there?—A. I was agent, or acting agent.

Q. What instructions did you receive as to the rates on coal?—A. I know of no special instructions. Our instructions are general in such cases, by circular tariffs or rate sheets. Any special instructions are generally embodied in these rate sheets, or else special instructions sometimes come on another circular following it, supplementary to the rate sheet, modifying or qualifying those rates.

Q. From where was the coal shipped to Greeley? From what mines?—A. I do not know the name of the mine, but I think all the coal that

came into Greeley was from Erie. The fact is, my time was very much taken up when I first went there. I went there suddenly, and I had to brush up, particularly on the passenger business, and I left the details of the freight business more to my chief clerk, who was a good freight man, so that I could get the passenger department in hand. That is a part of the business that it will not do to neglect for a day, and freight business you can trust to others, where you have clerks enough to attend to it, and so get on to the detail of the work gradually. So that I did not give that full attention until the latter part of my being there.

Q. What coal shippers or dealers were engaged in business while you were there?—A. I cannot recall their names.

Q. Had all the individuals dealing in coal in Greeley the same rates and advantages that you had as the agent for the coal of the Union Pacific Company?—A. I do not know that I was an agent for the coal of the Union Pacific Company. The coal that came there, according to my recollection, was all billed to those individual consumers or dealers.

EQUAL RATES TO ALL DEALERS.

Q. Had you any knowledge at the time of any difference in the rates charged to dealers?—A. No, sir; there never anything came to my notice, I think, of a difference in the charges to dealers.

Q. Were the freight rates the same to all?—A. I should say so. I could not say that I looked into it carefully, to notice particularly. As to the freight rates, there may have been some back charges. I think now I remember back charges that I noticed sometimes that I never understood. The charge for the freight proper from station to station, I never looked into, nor did I to any very great extent the back charges.

Q. As I understand you, you were not there long enough to know anything about the differences in the coal rates charged?—A. I should not say that there were any differences there. I was there long enough to know it if I had given the matter particular attention.

DENVER, COLO., *Tuesday, July* 12, 1887.

WILLIAM A. H. LOVELAND, being further examined, testified as follows:

NO IMPROPER DIVERSION OF COLORADO CENTRAL FUNDS.

By the CHAIRMAN:

Question. During your connection with the Colorado Central were you aware of any improper diversion of any of the funds of that company?—Answer. No, sir; I am not.

Q. Had you a conversation with Mr. Gould concerning your candidacy for the United States Senatorship?—A. No; not particularly.

The CHAIRMAN. Well, generally?

The WITNESS. Nor generally; no, sir.

Q. Had you a conversation with Mr. Gould concerning your candidacy for the governorship of Colorado?—A. Yes, sir.

Q. What was the nature of it?—A. I want to state here that I never was a candidate for the United States Senate, so I never had any conversation.

The CHAIRMAN. I am only seeking information.

The WITNESS. All right; go on.

Q. What was the conversation with reference to the gubernatorial contest?—A. The only conversation, I believe, I had with Mr. Gould was while riding between here and Kansas City with Mr. Dillon and Mr. Gould. They expressed a desire that I would run for governor, but there was no particular conversation about it, any farther than that. I took it from that conversation that they thought they would have a friend, probably, if I was elected.

Q. Did Mr. Gould suggest to you the candidacy for the United States Senatorship?—A. No, sir.

Q. At any time?—A. No, sir; I do not remember that he ever did.

ALLEGED USE OF FUNDS FOR CAMPAIGN EXPENSES.

Q. During your conversation with reference to the contest for governorship, was there any question raised as to the campaign expenses?—A. No, sir.

Q. Did Mr. Gould or Mr. Dillon make any suggestion as to the expenses?—A. I have no recollection that they did.

Q. You would remember it, would you not?—A. I would remember it, I think; yes, sir. Speaking of expenses, I paid my own expenses during that campaign.

Q. Was there any suggestion as to the use of the Colorado Central funds towards the campaign expenses?—A. No, sir.

Q. None by Mr. Gould?—A. No, sir.

Q. Did you ever hear of such a report before, or of such a charge?—A. I have heard all kinds of reports about it; yes, sir; not before, but after the election.

The CHAIRMAN. The charge reached us, from a communication, that the funds of the Colorado Central had been by Mr. Gould suggested to be used towards the campaign expenses in which you were interested, in which some $60,000 were involved.

The WITNESS. Yes, sir; I wish he had paid it. I will take it yet, if the parties will pay it. I would be very glad to get it.

DENVER, COLO., *Tuesday, July* 12, 1887.

FREDERICK LOCKWOOD, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am now in the real-estate business in Denver.

MARSHALL COAL MINING COMPANY.

Q. What coal company were you connected with?—A. The Marshall Coal Mining Company.

Q. How long were you connected with the Marshall Coal Mining Company?—A. From August, 1882, until November, 1885.

Q. What was your position?—A. I was secretary and treasurer of the company.

Q. Who composed the company?—A. The company at that time was composed of A. G. Langford, president and manager, and other stock-

holders were J. M. Marshall, N. P. Langford, A. N. Rogers, and, I think, Henry M. Teller, at that time.

Mr. WILLARD TELLER. No, sir; William L. Lee.

The WITNESS. William L. Lee; yes, sir.

Q. Have you named all the owners?—A. Yes, sir.

Q. Were any of the officers, employés, agents, directors of the Union Pacific Railway Company interested in the Marshall Coal Company?—A. No, sir.

Q. Were any of the stockholders representative of any of the officers of the Union Pacific Railway Company?—A. No, sir.

Q. Had you any knowledge of any special rates granted to the company?—A. No, sir.

Q. Who had charge of the application for rates?—A. I sometimes attended to it; but it was principally done by Mr. Langford, the president of the company.

COULD NOT GET EQUITABLE RATES.

Q. When you attended to it, what arrangement did you make?—A. We never could get what we considered equitable rates, the same as our neighbors, let alone special rates.

Q. Did you pay more than your neighbors?—A. Yes, sir.

Q. How much more?—A. Different amounts; more at different times, according to the exigencies of the case.

Q. Your "special" was on the other side, then?—A. Yes, sir.

Q. What were the exigencies of the case?—A. One particular time there was the fact that the Union Pacific were interested in the Union Coal Company operating at Louisville, and wishing to take out the coal from their own mines in preference to carrying freight from others, they gave a low rate to their own company and a high rate to others. We were almost barred out from the market at different times. That is the reason I referred, in my statement before I was examined, to these papers that we have in the administrator's possession now.

INTEREST OF A UNION PACIFIC OFFICIAL.

By Commissioner LITTLER:

Q. Do you know who comprised the officers and stockholders of this company, to whom was given preferential rates?—A. I could not name them at this time.

Q. Are any of them connected in any way with the Union Pacific Railroad?—A. D. O. Clark.

Q. What relation did he sustain to the company?—A. I think he was president of the coal company.

Q. What relation to the Union Pacific Railway Company?—A. I cannot say that.

Q. Was he connected with it as an officer?—A. I think so.

Q. Do you not know his position?—A. I do not.

Q. Do you know of anybody else?—A. I could not name them at this time.

Q. Did Mr. Clark hold a large interest or a small interest?—A. I could not say that.

Q. You do not know of any other person connected with the coal company who was also connected with the railway company?—A. No, sir. It is two years since I have had anything to do with this company. I have been in other business.

Q. Is there any other matter that you desire to mention?—A. No, sir.

THE RATES A MATTER OF SPECIAL CORRESPONDENCE.

By Mr. WILLARD TELLER:

Q. During all this time that you were connected with the company, was this matter of rates a matter of special correspondence and negotiations between the officers of the company and yourself?—A. Yes, sir.

Q. Was there a great deal of misunderstanding in regard to the way you looked at it and the way they looked at it?—A. Very great; yes, sir.

Q. You did not see it exactly as they saw it, did you?—A. Of course, I speak partially for Mr. Langford. He did not see it, and, of course, my sympathy was with him.

Q. Was the correspondence kept up; did they have new arrangements from time to time, and were they adjusted from time to time; then did new subjects of dispute arise, and were they adjusted from time to time?—A. Yes, sir.

Q. Was that the sole cause of the controversy?—A. Yes, sir.

Mr. THOMAS M. PATTERSON. I would like to be examined on the same subject.

The CHAIRMAN. You may take the chair.

DENVER, COLO., *Tuesday, July* 12, 1887.

THOMAS M. PATTERSON, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Attorney at law.

Q. How long have you resided here?—A. Since 1872.

DISCRIMINATION AGAINST COAL MINING COMPANIES.

Q. Have you had any business relations with the Union Pacific Railroad Company?—A. I will state in a general way how I have had. For a number of years I have had an interest in a small coal mine, called the Fox mine, in the neighborhood of Marshall. Until a year or so ago, as I now recollect it, all the mines in the neighborhood of Erie and Marshall, except, it may be, the Louisville mine, seemed to be upon an equality; that is, they were all fighting for such accommodations as they could get and such terms as they could get. Within the past year there seems to have come a very radical change. Since then all of the mine-owners, except those who were operating the Marshall mine, have been apparently in the same boat, and a very leaky one, while the Marshall mine seems to be floating very safely and very high and dry. There are, in what we call Northern Colorado, a number of small mines, especially in the neighborhood of Erie, probably 30 or 40 miles by rail from Denver. There are some four or five there. Then there is over near Marshall what is called the Marshall mine, and also the Fox mine.

THE FOX MINE.

The Fox mine is the one in which I am interested. Some time last fall I learned—the truth of it I have not verified, but I have no reason

to doubt its truth—there was a reorganization in some way of the company owning the Marshall mine, and the stock of that company in the main went from the hands of the men whom the last gentleman upon the stand mentioned to men of more means and greater financial influences. For instance, I heard Mr. David H. Moffitt's name mentioned very prominently in connection with the ownership of that mine. I learned it has been stated that the stock of the mine has even been listed upon the stock board. There are evidences of a very large amount of money having been put into the property within that period. There was what seemed to me a very systematic and determined effort upon the part of the Union Pacific road to boom that property; to get for it the largest possible amount of custom. I presume it was to make the stock valuable. The first strong evidence we had of it, so far as our property, which is adjoining, is concerned, was last winter. It was almost an impossibility to get cars. When a particularly cold snap would come, two or three or five cars would come to the Fox mine, which is almost within a stone's throw of the Marshall, while the side tracks of the Marshall mine would be simply overflowing with cars.

INSUFFICIENT CAR ACCOMMODATIONS.

Q. With Union Pacific cars?—A. The Union Pacific cars. At one time I think I went and saw the railroad commissioner with reference to it, and was about to file a claim. I commenced a correspondence with Mr. Choate, the general superintendent of the Union Pacific road in Colorado. I laid our grievance before him. He always responded promptly. I do not call to question his veracity, and have no reason to doubt the truth of it; but he always assured us that he was giving all he could consistent with the demands of the company, claiming that the Marshall mine at that time was supplying the Union Pacific Company with coal for its locomotives and engines, and it was of the first importance that rolling stock should be supplied to that company, and other companies had to suffer. Whenever cold weather would come, we had scarcely any cars, and when warm weather came, we had an abundance of them. Those were the reasons that were usually given by Mr. Choate. Within the past three or four months I have had no active participation in the affairs of the Fox mine, but am in constant communication with Mr. Fox.

UNION PACIFIC INTEREST IN MARSHALL MINE.

First, as to the evidence of a large amount of money being infused into the Marshall mine about the time I suggest, and the fact that the stock changed hands and went, as we believe, very largely into the hands of those who were interested in the Union Pacific Railroad Company. That is simply a strong surmise of my own, without having any positive knowledge upon the subject. They put in a large amount of machinery to mine coal with machinery, which is very expensive and costs a great many thousand dollars. Within the past three or four months the cry from the dealers with all of the mines, except the Marshall mine, has been uniform and continuous and strong, from every station along the Union Pacific road where other mines have been dealing in coal in conjunction with the Marshall coal. The agents all report that it is utterly impossible for them to compete any longer, because of the superior facilities given to the Marshall Coal Mining Company. One reason that is given was suggested by Mr. Clark, and it seems to me

that it gives a full foundation for the charge that there is active discrimination going on. I think the coal tariff, until within the past year—I am not very positive about that—was about $1.25 a ton from all of these competing points; that is, from Erie, from Canfield, and from Marshall to Denver, and then a regular tariff at about the same rates to other points along the Union Pacific Road. I think the tariff was raised to $1.50 a ton.

SUPPOSED REBATES TO MARSHALL MINE.

Within the past month, or six weeks, or two months, this thing has happened: The railroad company has raised the tariff on coal. For illustration, to Denver, or to Greeley, or to some other point, 25 cents a ton, making now, I think, to Denver, $1.75 a ton. In conjunction with the raise of price of freight 25 cents a ton the Marshall Coal Mining Company reduced its price at the mine 25 cents a ton, making a difference of 50 cents in the ton of coal. The impression is, and the belief is, that this reduction in the price of coal at the Marshall mine is made up, to wit, by what are known as rebates. That is the general belief with every coal dealer in Northern Colorado. In other words, by tariff freights the Marshall Company pays the same rate per ton for coal to the different competing points, but as soon as it lessens its price per ton 25 cents it has just that much of an advantage in all of the markets over all of the other mines, and there is no good reason why that should exist, because the profits upon mining coal do not justify it. At least, that is what I am informed from all sources. It is the belief of the coal miners that the 25 cents per ton that the Marshall Company has reduced its rates is made up by the rebate of 25 cents a ton, the company practically getting the same rates that it had been getting theretofore. It would get no more than that if it could do what seems to be the object of the two companies—throw all the trade of the Northern Colorado into the Marshall mine. Does the Commission comprehend the point I make?

DISASTROUS TO SMALL MINES.

The result of that has been quite disastrous to the small mines, and to the miners themselves, and I can illustrate that no better than with the mine I am interested in. Immediately after the arrangement that was made it was found impossible to sell what was known as the Fox coal in Denver, or in the other markets, for the reason that the Marshall mines could undersell it, by reason of the arrangement we believed to exist. The mine was shut down and the miners were thrown out of employment, or they would have been thrown out of employment, but the condition of things was laid before the miners and they themselves voluntarily made a new proposition to the owners of the mine by which they were to work. I have what demonstrates that the Union Pacific Railway Company is in the coal business beyond peradventure. It has every inducement and every motive to make discrimination.

SPECIAL COAL TARIFF.

It is what is called "Tariff No. 2, special coal tariff on soft coal, Union Pacific Railway," taking effect April 15, 1887. This, I presume, is a document of twenty-four pages, having upon it every station perhaps on the Union Pacific line and its branches, in which it deals with coal, and showing the rates on coal from the various mines owned or controlled by the

Union Pacific road from Baldwin, from Como, Carbon, Rock Spring, and Aline. On the extreme left-hand margin of each page are the names of these different mines grouped that have I spoken of—the Erie, Canfield, Louisville, Marshall, and Boulder. An examination of this shows that the Union Pacific Railway Company proposes to lay down, at the different towns along its lines, coal at a certain stipulated price, including the cost of freight and including the cost of mining their coal at the mines. As, for instance, taking the very first in the list, Abilene (Kans.), Erie, Canfield, Louisville, Marshall, and Boulder, lump coal, $5 a ton; slack, $3.50; carbon coal, $5 a ton for lump, and for slack, $3.50; Rocky Spring coal, lump, $6; nut, $5; slack, $4.50. That shows that they are in the business. The Commission can have that paper.

TARIFF UPON DIFFERENT COALS AT DENVER.

I have also a circular which is a supplement to that, called the Union Pacific Railway, or from the Union Pacific Railway coal department, general superintendent's office, Omaha, Nebr., May 1, 1887, signed by D. O. Clark, general superintendent of the coal department. This, as I understand it, although I may be mistaken about that, is intended to give simply the tariff upon the different coals at Denver, Colo. There is no tariff on the Louisville, the Boulder, the Erie, or the Canfield coal for Denver, in that tariff sheet. Denver is there, but they give, so far as the Denver market is concerned, the price at which they will sell their own coal from their different mines in Denver; but a tariff or rate for these other outside mines is omitted from that. This latter paper, as I am informed by one of the coal dealers, is intended as a supplement to that, as showing the rates they charge for coal from the different mines. From the Louisville, $1.50; Erie, $1.50; Canfield, $1.50; Marshall and Boulder, $1.50. In the first the price of the coal is included in the figures that are given. In this it says, "On and after June 1, 1887, the cost of coal, added as advance charges, will be as follows, per ton of 2,000 pounds." That is, they add the cost of the coal as advance charges to this freight list that is given in the first paper.

COMPETING MINES WILL BE CROWDED OUT.

It is a pretty serious question in my mind, because I can see what the inevitable result, independent of the effect, will be upon the smaller mines in this sort of business. I understand the Marshall Company now has charge of the Louisville, which was formerly the mine that was owned and operated by the Union Pacific road. The effect of this cannot be otherwise than as follows: In a very short time, if this matter is allowed to continue, all of the competing mines in Northern Colorado will be crowded out of the market. They will do that for the time being by selling coal more cheaply than the other mines can do it. Then, when the mines are shut down and their machinery is dismantled and a thousand impediments are thrown in the way of opening them, they will be enabled to raise the price of coal. And it will also result, as I believe, in the substitution of machinery for the working of coal mines, instead of the coal miners that are now engaged in the work, so many of whom now receive employment. In this Marshall mine, of which the smaller coal dealers are complaining, they are now using machinery which dispenses with a very large number of hands that are necessarily employed where machinery is not used. The machinery itself is a sort of monopoly. It is patented. As I understand it, this

company has exclusive right to use the machinery in a certain section of the State. To my mind it seems very plain that if this line of policy continues, within a few years all small coal mines will be crowded out, and this company, in conjunction with the railroad, will have a monopoly of the coal business in Northern Colorado. Machinery will be used exclusively in the mining of coal, and hundreds, if not thousands, of men will be deprived of the employment they otherwise would have. It must ultimately result in this coal company fixing its own price for coal. I do not think there can be any doubt, when they are in a position to do that, that they will squeeze out every dollar they can from the pockets of the consumers. That is the general statement I wanted to make to the Commission.

THE FOX AND MARSHALL MINES EQUALLY WELL LOCATED.

By Commissioner LITTLER:

Q. Can you give us something more definite in relation to the ownership of this Marshall mine?—A. No, sir; I cannot. But it seems to me almost conclusive that there must be railroad interests in the mine now.

Q. How is the mine situated with reference to the Marshall mine and with reference to its capacity for producing coal cheaper?—A. The mine, physically speaking, is precisely the same as the Marshall. It is a part of the same field or bed of coal. It is a property that has about, perhaps, 12 feet of coal near the surface.

Q. At what depth?—A. Perhaps not more than 40 or 60 feet from the surface.

Q. How far is it from the railway?—A. We have a short switch running right from the railway, just as convenient for the main line of the road as is the Marshall, if not more so; even closer to it.

Q. How is the Marshall mine situated with reference to the railroad?—A. They are both, perhaps you may say, within a stone's throw of the main branch of the line.

FOX MINE ABLE TO COMPETE, ON EQUAL TERMS.

Q. Is there any reason why the Fox mine could not compete successfully with the Marshall line, the freights being equal?—A. There is none, except this; they may claim, and doubtless will, that by the introduction of machinery into the mine, they are able to raise coal at a smaller cost.

Commissioner LITTLER. I know of no way to prevent their use of the machinery.

The WITNESS. No, sir; there is none. The point is this, we do not believe there is a sufficient difference in the cost to amount to 25 cents a ton; and if there was, we do not believe that the company would give the people the full and complete benefit of that.

CHANGE OF SENTIMENT IN STATE SENATE.

Q. You are a lawyer of notoriety. Assuming that all these surmises are true, will you please suggest a remedy?—A. Yes, sir; we thought we had a remedy this last winter, when the legislature was in session. We had a house of representatives that was two-thirds in favor of a good, strong, wholesome railroad law. We had a senate that when it met was, by a majority of two, in favor of a good, strong, wholesome

railroad law. But by some hocus pocus known only to railroad companies, and railroad lobbyists, and railroad agents, while the house remained intact, the smaller body, the senate, only having a membership of about one-half that of the house, changed front, and by just enough votes to prevent legislation would give the people of this State none of the relief that they demanded and that had been promised.

ERECTING INDUSTRIAL ENTERPRISES INTO MONOPOLIES.

Q. You look chiefly, as I understand you, to your own legislature, and not to Congress, for relief?—A. Yes, sir; and to an exposure, through the agency of this Commission, of the ways and methods that railroad companies have of gathering under their own wings all kinds and classes of industrial enterprises and erecting them into monopolies, thereby driving out other people from engaging in the same business. There was the matter mentioned this morning of the stone quarries. That is simply another evidence of the evils—that is, to the public at large—of railroad companies engaging in industrial enterprises that come into competition with the business that the people should be engaged in, and for which railroad corporations were not organized. I do not suppose that anything that this Commission could do would give relief in the direction that I am speaking of. It is only by the creation of good, sound, healthy public sentiment that we can hope to have relief, except so far as the Union Pacific road is concerned. It is barely possible Congress would have the power, by virtue of the Union Pacific Railway Company's relation to the Government, of creating some general legislation to prevent the interference that 99 per cent. of our people believe is going on.

ESTABLISHED FACTS.

Q. Can you call our attention to any other discrimination?—A. No; I have no personal knowledge. What I have said now is very largely based upon argument from established facts. We conclude that when we find a railroad company engaged in private enterprises, such as mining coal and selling it, and quarrying stone and selling it, that, having the power within itself of driving competitors out of the market, it would be strange indeed if they did not exercise the power. Then, when we hear, in conjunction with the temptation that is before the company, what we think are material evidences, such as this freight hocus-pocus that I have spoken of, our conclusions are confirmed. I refer to the raising of freight 25 cents upon a ton of coal in a particular mine that is owned and operated by the company. It is the coal from this Marshall mine that this Union Pacific Coal Company sells in many of the towns that the Union Pacific Railway reaches. It is this identical Marshall coal that the agents of the Union Pacific Coal Company are engaged in disposing of.

SUPPOSED INTEREST OF UNION PACIFIC PEOPLE IN MARSHALL MINE.

Q. Can you give us the name of any man connected with the Union Pacific in any way who is connected with this Marshall Coal Company?—A. I have not examined into that subject. But I have just come upon the theory that there would not be a close corporation of this kind formed between the Marshall Coal Company and the Union Pacific Company unless there were men high in authority of the Union Pacific Company

that were interested in the Marshall coal. I have not given this matter any particular attention until the last few days. I have in my hands here a number of letters that were handed to me this morning. All of these changes I am satisfied have come within the past year.

Commissioner LITTLER. As I understand this is an incorporated company with a capital stock, and it has stock books, and these books ought to at least show the ownership of the stock.

The WITNESS. That is my understanding.

Q. Where can these books be reached?—A. Mr. David H. Moffitt, as I understood a few months ago, was very largely interested in this company.

Q. Are the books kept in this city?—A. That I have never inquired into.

Mr. WILLARD TELLER. He is the president of the company and has never had anything to do with the Union Pacific.

The WITNESS. He is the president of the company, that is true; but the railroad men have a fellow feeling for each other.

A VOICE. Mr. E. E. Quintard is president of the Marshall Consolidated Coal Mining Company, and the office is 19 Tabor Block.

The WITNESS. There were some letters that were handed to me which show the effect that this late freight arrangement has had on dealers. Here is one dated Omaha, Nebr. There is another one from Greeley, another from Fort Collins, and there are others. They are simply driving all of these smaller people out.

Q. Have you anything further to offer on this branch?—A. No, sir; that is all I came for.

OPPOSED TO GOVERNMENT GOING INTO RAILROAD BUSINESS.

Q. Have you considered the relations between the Government and this property, and, if so, have you thought of any plan for the adjustment of the indebtedness due the United States?—A. No, sir; I have not thought of it. I simply have general views upon it. I am certainly opposed on principle to the Government going into the railroad business; most emphatically so.

Q. Have you examined the resources of this company sufficiently to lead you to a conclusion as to whether it is able, or will be able, to pay the Government subsidy at the time of its maturity?—A. I never had occasion to investigate it.

Q. Have you no views or opinions to suggest?—A. No, sir, except the general proposition that I believe it would be a very great and lasting evil to throw all the great commercial interests of the country into the hands of Government. What I think are needed are good, strong, wholesome laws at the hands of Congress that will regulate the individuals in the management of these roads, and then let the exigencies of commerce and the business skill and enterprise of the different members of the company pull it through.

Q. Have you any other suggestions to make?—A. No, sir; nothing else.

[The following letters were submitted by the witness:]

"A GAME OF FREEZE-OUT."

COLORADO ELEVATOR COMPANY,
Fort Collins, Colo., June 8, 1887.

GENTS: Your letter received and contents noted. You certainly cannot expect us to pay you more for coal than the railroad company are charging for coal. Now,

what do you propose to do in this matter, or what are you trying to do, if anything? It looks to me as if it was a game to freeze you and outside banks out. Do you propose to let them do so? If you will keep your price with theirs, I believe we could make it warm for them, as I can deliver coal as cheap or cheaper than any one here.

Yours truly,

ALEX. AULT.

Messrs. GOODRICH & MARVELL,
Denver, Colo.

LETTER FROM W. L. CLAYTON ON PRICES OF COAL.

[Office of McClellan & Clayton, shippers of hay, grain, farm produce, dealers in coal, wood, lime, &c. Main street, near depot. Reference: First National Bank.]

GREELEY, COLO., *May* 27, 1887.

GENTLEMEN: Since meeting you yesterday I have seen schedule of coal rates to take effect June 1. Freight on coal will be $1.50 per ton to Greeley, but Marshall coal is reduced to $1.50 per ton.

That will make a difference between cost of Marshall coal and Stewart coal 50 cents per ton. Besides Marshall men make coal hold out to Wood & Mayher, which adds another difference of 25 cents. Total difference 75 cents per ton. You know your business better than I do, and you may not be able to stand it, but I cannot compete with Marshall coal unless you be able and willing to give me coal at $1.75 per ton.

Wood & Mayher can now sell coal at a profit of 50 or 75 cents per ton, when I couldn't begin to compete.

All county, hotel, brick-yard coal, and other large orders for coal will fall into their hands at that difference in prices.

You know what you can stand, but I cannot live and do business against such odds.

Very respectfully, yours,

W. L. CLAYTON.

GOODRICH & MARVELL,
Denver, Colo.

S. G. HOWELL ON UNION PACIFIC COAL.

[Office of Omaha Coal and Produce Co., dealers and shippers of hard and soft coal, baled hay, and grain, 217 South Fourteenth St. Telephone 114.]

OMAHA, NEBR., *May* 4, 1887.

GENTLEMEN: Replying to your esteemed favor of the 30th ultimo, we desire to state that the Union Pacific Railway, D. O. Clark, agent, is putting in coal here from the mines referred to in our last at $5, net. They do not say anything about rate of freight, but bill the coal to us or any other party or parties, dealers or consumers, at $5 straight. We, of course, have no knowledge of what they pay for it at the mine; all we know or care is that we get it at that figure. A slight difference in cost in winter does not make so much difference to us as in the summer, for in the latter season the trade is with the brick men chiefly and the margin is cut to almost nothing. Please try again and let us know at your earliest convenience and oblige,

Yours, truly,

SAM'L G. HOWELL,
President.

Messrs. GOODRIDGE and MARVELL, *Denver, Colo.*

CANNOT MEET THE COMPETITION OF UNION PACIFIC COAL.

[J. Max Clark, dealer in agricultural implements and machinery.]

GREELEY, COLO., *May* 26, 1887.

GENTLEMEN: I have just received notice from the freight agent here in Greeley, that after June 1st a new tariff on coal would go into effect, and that thereafter the rate from the Erie Group would be $1.50 a ton to this point instead of $1.25, as here-

tofore since the last raise. We have submitted to a difference of a quarter of a dollar between your coal and the price of the Marshal coal ever since the last raise, and I now have to notify you that unless you can put down the price of coal at the mine the quarter which the railway have raised us, the chances are that we shall soon have to get other coal—from the railroad company, perhaps—if we can or go out of business. I do not know whether you can make the reduction and still live and stay in the business, but it is certain that we can't meet the competition of Union Pacific coal with 50 cents difference in favor of the Marshal dealer.

I await your reply with anxiety.

Very truly yours,

J. MAX CLARK.

GOODRIDGE & MARVEL,
Denver, Colo.

EFFORT TO EXCLUDE ALL BUT MARSHALL COAL.

[J. Max Clark, dealer in agricultural implements and machinery.]

GREELEY, COLO., *June* 27, 1887.

GENTLEMEN: I have seen somewhere a notice to the effect that the United States Commission to inquire into the workings of the Union Pacific Railway system was to have a session in Denver some time in the near future. I think it would be a good idea for you to attend in behalf of your interests and put in some evidence as to the coal business, which is one of the matters they are organized to look into. You are of course familiar with the fact that while the company deny that it is in anyway interested in the Marshal Coal Company, that the railway company nevertheless acts as an exclusive owner or agent of the coal company's coal, and we are compelled to pay for their coal, whoever handles it, before taking it from the cars, and to the railway company. We all of us know that whether the coal company and the Union Pacific Company are the one and the same thing or not, that the coal company must have heavy rebates from the railway company in order to undersell other coal in the markets.

At the session of the Commission in Omaha the other day you have no doubt noticed that it was brought out in the course of the examination that the Union Pacific paid in sixteen months in the way of rebates to the Grant Smelter the enormous sum of $253,000. Now you can readily see that if this discrimination is allowed to go on in the matter of the rates and rebates on coal, all the other mines in Colorado will be shut out of the market.

Mr. Mayher, of this place, who is the agent of the Marshal coal, is in fact so confident of being able to down the rest of us that he has already been making us propositions to sell us our coal the next winter; he said to Mr. Clayton the other day that while the discrimination against other coal was unfair, yet he was in no way responsible for it, and that of course on his own account he was not sorry; said he was disposed to maintain prices as they now are until later in the season, but that in the fall he might conclude to knock the bottom out of things so as to secure the trade of the place.

I let you know the situation thus clearly in order that you may take what measures you can to protect your customers; we have been selling coal now continually for nearly eight months at the disadvantage of 25 cents a ton in his favor, and I have lately got on to another advantage which he possesses over us, and one which is fully as serious as the difference in price. The company overloads his cars, or rather they put in enough extra coal so that he loses practically nothing in shortage. Mr. Clayton and myself have both of us on occasions of scarcity got cars of coal of him to help us out, and, weighing it out carefully, we have found that whereas we always lose from 2,000 to 3,000 pounds on a car, never less than two, that these cars we have got of Mayher have in no case lost over 1,000, even when we have had them on the track a week. In fact, Mr. Mayher has let it out in the way of hints, that he lost nothing in shrinkage on his coal.

Will you please write me what you think of the matter and whether you will try and have the Commission examine into the matter?

Yours, very truly,

J. MAX CLARK.

GOODRIDGE & MARVEL,
Denver, Colo.

Office of Omaha Coal and Produce Company, dealers and shippers of hard and soft coal, baled hay and grain, 217 South Fourteenth street. Telephone 114.

OMAHA, NEBR., 5, 12, 1887.

GENTLEMEN: Your favor of the 9th instant to hand and note contents.
The freight at present from Erie is $3.25 per ton.
Until further advised, do not ship any more coal.
Yours truly,

OMAHA COAL & P. CO.
R.

Messrs. GOODRIDGE & MARFEL,
Denver, Colo.

THE INTERSTATE COMMERCE LAW CONTROLLING.

Mr. HENRY M. TELLER. I would like to make a suggestion. I did not come here to criticise this railroad, or to find fault with it in any shape or manner, and do not propose to do so, but I thought from a question answered it might be inferred that the last witness supposed, because this was operated under the Colorado Central charter—these roads that go to these coal fields—that the Union Pacific would be independent of, for, instance, the interstate commerce law or national control. It strikes me that the Union Pacific is a road that, when it accepts any other agency to do its business brings that agency within the national control; and consequently a discrimination there is interdicted by the interstate commerce law, just as much as it would be on their main line. That would be my judgment.

Commissioner LITTLER. I would like to ask the Senator a question or two.

DENVER, COLO., *Tuesday, July* 12, 1887.

HENRY M. TELLER, being further examined, testified as follows:

By Commissioner LITTLER:

Question. Have you considered the question as to whether Congress has the right, in view of the supposed vested trust of this Union Pacific Company, to make such changes as in its discretion may seem proper and for the interest of the United States Government to better secure the payment of this indebtedness?

POWER OF CONGRESS TO SECURE PAYMENT.

Answer. I believe the Supreme Court fully settled that in the decision that arose under what we call the Thurman and Edmunds bill; that the Government might require them to put up a certain amount of money in order to secure the Government. I think that perhaps has passed beyond the region of controversy, and perhaps that must be accepted now as the legal status of the power of the Government. The only question, then, is whether the company has the capacity to go further than the Government has gone. My own judgment would be that that bill probably went to the full extent that it is prudent to go at the present time, after some examination that I made of this while I was Secretary of the Interior. Having had some trouble in compelling them to keep up to the requirements of that act, I examined the matter carefully, not, however, with the view that I had anything to do, but to compel them to pay. They declined to pay upon the ground that they were not able, or some excuse of that

kind. I asked the Attorney-General to bring a suit against them to compel them under the law. The president of the company, Mr. Adams, then newly elected, came to Washington and saw the Judiciary Committee, and arranged with them to pay the money, stating to the committee, as I understood at the time, that they had to borrow the money to make this payment, which they did. So, I believe, up to the present time, they are not in default. At least I have not heard any complaint since 1885 that there has been any default. They fully complied during my term of the Secretaryship with the existing law, stating, however, and I have no doubt it is true, that they had to borrow the money to do this. Now, I suppose the question is, if we required them to put up 25 per cent. more, or as much more as they now do, whether they have the capacity.

FIXED ANNUAL PAYMENT OR PERCENTAGE OF PROFITS.

Commissioner ANDERSON. As I understand the company they would be willing to pay perhaps double the amount which the 25 per cent. requirement reaches under the Thurman act, provided it is made in the shape of a fixed annual charge and is not based on the computation of a percentage on the net earnings.

The WITNESS. Of course those questions have been very difficult to deal with. They were very difficult for the Department to deal with and determine what was fixed earnings. Of course there was a difference between the Department and the road, but they subsequently, by paying, practically settled those questions.

Commissioner ANDERSON. The last annual payment of the Union Pacific did not exceed $800,000 or $900,000?

The WITNESS. I have given no attention to it since it has passed into the hands of the new Secretary, because I have heard no complaint, and there seemed to be no necessity, as a member of the Senate, that I should look into it especially.

A FIXED SUM PREFERABLE.

By Commissioner ANDERSON:

Q. As to the general question, whether they should pay a fixed annual sum of a million and a half, or two million dollars, or two million and a half dollars, would it be preferred to any percentage of the net earnings, which you know is subject to a constant difficulty in determining the amount?—A. My own judgment is that a fixed sum would be preferable for the Government, because they must collect that amount of money. As it is now, there is a contention, and it requires an examination of all the detail business of the company to determine these questions. That is a thing that must be very largely left to the Commissioner of Railroads, it being almost impossible that the Secretary should give attention to these things. I think, in justice to the people who do business in this country and along the line of the road, that the sum should not be so great that the company would be putting exorbitant tariffs on things in order to raise this money, nor should they be allowed to pay dividends by charging extortionate rates in addition to the money they are to pay to the Government. I desire to make this suggestion, that it seems to me that all their branches are parts and parcels of the same road, and if they own the South Park and Colorado Central the legislation concerning the main branch must reach those also.

H. M. TELLER.

DENVER, COLO., *Tuesday, July* 12, 1887.

Evening session.

HENRY M. TELLER, being further examined, testified as follows:

By Commissioner LITTLER:

Question. I understand that you want to add something to your testimony in the shape of documentary evidence. Will you do so now?—

STATEMENT AS TO INVESTIGATING COMMITTEE.

Answer. Mr. Chairman and gentlemen: To-day when I was examined I made some reference to the proceedings of the legislature which I had not been able to put my hands on, and I now have before me the certified journal of the fifth legislative session of the State of Colorado, which was the session at which I was elected for the Senate, concerning which Senator Hill has spoken. I stated that I did not distinctly recollect who were members of the committee. That had passed my recollection at the time. I thought Mr. Burke was one. He was the mover of the investigation. He was excused, I find, on his own application. The committee of the house was composed of S. F. Rathbon—

MEMBERSHIP OF COMMITTEE.

Q. Of what county?—A. Of Sagauche County; John Campbell, of Colorado Springs, El Paso County, who is now a member of our State senate; Lafe Pence, the present county attorney, I believe, of this county, but at that time he was a resident of Ouray County; R. A. Quillan, a member from Huerfano County. Mr. Rathbon was a friend of Mr. Hill's and seems to have been chairman of the house committee. He never voted for me, neither in the caucus nor in the legislature. His vote was cast for Judge Hallett. John Campbell was a friend of mine, elected with an open square fight in his county as a friend of mine, or at least on my side of the fight against Senator Hill. Lafe Pence was an active, vigorous Democrat then and now. Mr. Quillan was an active Democrat, and I think about, perhaps, as active as any man in his part of the State. I will say for Mr. Pence and Mr. Quillan they were men of character, and I should not have objected if the whole committee had been made of that class of men. I had no fear on account of their politics that they would do me any injustice. John Campbell was a personal friend of mine as well as politically, and is a man of the very best character and standing in this State. There is no young man that stands better with the people of the State than John Campbell. S. F. Rathbon I had never met, and I believe I have seen him only once. So far as I know he was a man of respectability. I never heard anything against him in the world.

The members of the senate committee were A. N. Stevenson, of Gunnison; J. M. Freeman, of Weld County, and H. H. Eddy, who represented then a district composed of Summit and some other county I have forgotten, in the mountain regions up there. I was mistaken in the personnel, slightly, of this committee. I will not change what I said before as to the character of the committee. The committee were men of reputation and standing in this State.

Q. How many of those senators were Democrats?—A. There were no Democratic senators on the committee. They were all Republicans

on the senate part of the committee. I do not know how that happened, for I know nothing about it.

HOW SENATORS VOTED ON SENATORIAL CONTEST.

Q. How did either of those senators vote on the United State Senate question?—A. They all voted for me. They were all pronounced for me before they came here, or at least they were all pronounced opponents, more particularly speaking, of Senator Hill. They would have voted, I suppose, for almost any reputable Republican that might have been put up against Senator Hill. The lieutenant-governor, I suppose, made the appointment. I have not looked over the record to see, but I suppose he would do so. The house committee was appointed, of course, by the speaker of the house, who was Mr. T. B. Stewart, a man who had supported Mr. Hill in the caucus, but who did not follow Mr. Hill's sixteen men out of the caucus.

POLITICAL COMPOSITION OF COMMITTEE.

By Commissioner ANDERSON:

Q. Was the investigation conducted by the joint sessions of both committees?—A. Both committees.

Q. What was the total number?—A. The total number would be seven.

Q. Out of the seven how many Republicans and how many Democrats?—A. There were five Republicans and two Democrats out of the seven. The two Democrats were Pence and Quillan, and Mr. Rathbon and Mr. Campbell were both Republicans.

I spoke of a letter that Mr. Hill wrote after he came here, and as I spoke entirely from recollection, not having the files, I could not turn to them then. The report is now before me. I would like to read the letter of Mr. Hill's, and I would like to have the whole thing go into the proceedings of this Commission.

Q. Is it very long?—A. No, it is not very long; the report is very brief.

Mr. HUGHES moved that the report of the senatorial investigating committee be adopted and the committee discharged.

Agreed to.

The following is the report of the committee:

REPORT OF JOINT COMMITTEE APPOINTED TO INVESTIGATE THE RECENT SENATORIAL ELECTION IN THIS STATE.

To the President of the Senate and Speaker of the House of Representatives:

Your committee appointed in conformity to house concurrent resolution No. 10, introduced by Mr. Bergh, for the purpose of investigating certain charges as to the use of corporation money and other wrongful means, alleged to have been employed by, or in behalf of, the several candidates in the recent election of a United States Senator in this State, beg leave to submit the following report:

Upon the organization of the committee, the following telegram was sent to Hon. N. P. Hill:

To Hon. N. P. HILL,
Senate Chamber, Washington, D. C.:

I am directed by the committee appointed by the fifth general assembly to investigate the recent Senatorial election in this State to notify you that the committee has organized and is now ready to take testimony. You are respectfully requested to appear before the committee and testify. The committee will at once address you a letter. A duplicate of this has been sent to Mr. Teller.

A. M. STEVENSON,
Chairman.

The following telegram was at the same time sent to Hon. H. M. Teller:

To Hon. H. M. TELLER,
Washington, D. C.:

I am directed by the committee appointed by the fifth general assembly to investigate the recent Senatorial election in this State to notify you that the committee has organized and is now ready to take testimony. You are respectfully requested to appear before the committee and testify. The committee will at once address you a letter. A duplicate of this has been sent to Mr. Hill.

A. M. STEVENSON,
Chairman.

The following letters were also sent:

STATE OF COLORADO, SENATE CHAMBER,
Denver, Colo., April 4, 1885.

DEAR SIR: I am directed by the committee appointed by the fifth general assembly to investigate the recent Senatorial election in this State to notify you that the committee has organized and is now ready to take testimony. It is the earnest desire of the committee to give every person having information or knowledge of any circumstances tending to throw light upon the conduct of said Senatorial contest, as regards methods of corruption used in the interest of one or the other of the candidates, full opportunity to be heard, so that the investigation may be full, thorough, and complete, and that thereafter none shall have cause to complain of any refusal on the part of this committee to fully hear all evidence which any one may desire to produce before it. The committee desires that you should appear and testify. You are therefore respectfully requested to name the time when it will be agreeable for you to do so.

I am informed by the clerk of the house of representatives that he has forwarded to you a copy of the concurrent resolution relative to this matter.

Respectfully,

A. M. STEVENSON,
Chairman.

Hon. N. P. HILL, *Washington, D. C.*

STATE OF COLORADO, SENATE CHAMBER,
Denver, March 4, 1885.

DEAR SIR: I am directed by the committee appointed by the fifth general assembly to investigate the recent Senatorial election in this State to notify you that the committee has organized and is now ready to take testimony. It is the earnest desire of the committee to give to every person having information or knowledge of any circumstances tending to throw light upon the conduct of said Senatorial contest, as regards methods of corruption used in the interest of one or the other of the candidates, full opportunity to be heard, so that the investigation may be full, thorough, and complete, and that thereafter none shall have cause to complain of any refusal on the part of this committee to fully hear all evidence which any one may desire to produce before it. The committee desires that you should appear and testify. You are therefore respectfully requested to name the time when it will be agreeable for you to do so.

I am informed by the clerk of the house of representatives that he has forwarded to you a copy of the concurrent resolution relative to this matter.

Very respectfully, yours,

A. M. STEVENSON,
Chairman.

Hon. H. M. TELLER,
Senate Chamber, Washington, D. C.

On March 5, 1885, the following telegram was received:

WASHINGTON, D.C., *March 5, 1885.*

Your telegram received. I shall be delayed a few days in the discharge of Senatorial duties, but will appear before your committee at an early day. If it is necessary that I appear at once, please notify me, and I will do so.

H. M. TELLER.

To Hon. A. M. STEVENSON, *Chairman.*

In due time the following letter was received:

WASHINGTON, D. C., *March 13, 1885.*

SIR: I have your letter requesting me to appear before your committee to give evidence of and concerning any information I may have concerning the improper use of money during the late Senatorial election. I am, as you know, detained by the

session of the Senate, but am ready and willing to leave at any moment that your committee suggests that it is desirable that I should, and I respectfully request that you telegraph me, at my expense, the exact time you desire I should appear before your committee. I should have at least four days' notice by wire. I have nothing to conceal, for I can assure your committee that no money was used on my part or that of my friends, or in my behalf, to influence the vote of any member of the legislature. I made no promises of any character in order to secure my election, and I do not believe any were made on my behalf. May I hope that the committee will grant my request, and notify me by wire what day I shall appear before the committee.

Respectfully,

H. M. TELLER.

Hon. A. M. STEVENSON,
Chairman of Investigating Committee.

Mr. Hill failed to answer either the telegram or letter that was transmitted to him.

On Saturday, March 7, 1885, the committee met, agreeable to the call of the chairman, for the purpose of determining the mode of procedure of the investigation. Letters had previously been sent to Messrs. K. G. Kooper and C. F. R. Hayward, of the Tribune-Republican newspaper, requesting them to be present at this time for the purpose of giving such testimony as was in their power in respect to the matter pending before this committee. No attention was paid by either to this request.

By the concurrent resolution, in conformity to which the committee was formed, Hon. N. P. Hill was particularly requested to appear before said committee and establish his charges thus publicly made. After due consideration, it was thought best that he should be the first witness examined. The chairman was directed to issue a subpœna for and have it served upon him as soon as he should return to Colorado.

In accordance with these instructions, a subpœna was issued, directing him to appear at a meeting of the committee on Tuesday, March 24, 1885. He failed to appear at the time and place appointed. Instead, he sent the following letter:

DENVER, COLO., *March* 24, 1885.

MY DEAR SIR: A few days before I left Washington I received a letter from you, requesting me to come before your committee, appointed to investigate the recent Senatorial election in this State.

I expected, at the time I received the letter, to return sooner and comply with your request, and therefore did not reply.

I have made no specific charges against any person, and do not hold myself responsible for statements in newspapers unless they appear over my signature.

Any opinion I may hold regarding the conduct of the contest against me must necessarily be based upon representations made by other persons, and not a matter of personal knowledge, and, therefore, cannot be used as evidence.

If, after reading this letter, the committee desire my presence, I will cheerfully appear before it, but would prefer some other day than this, as I have several important matters of business needing my attention.

Very truly, yours,

N. P. HILL.

Hon. A. M. STEVENSON, *Chairman.*

As the investigation was based upon the charges alleged to have been made by Senator Hill, the committee decided to have him appear and testify under oath. And, accordingly, the next day he appeared before the committee and testified. His testimony is hereto attached.

Messrs. John S. Dormer, M. W. Howard, Thomas B. Stuart, and Abraham Bergh were afterwards requested to appear and testify, as their names were prominently at the time the concurrent resolution was under discussion before the legislature. They each promptly responded to said request, and their testimony is hereto attached.

As there were no charges made, or attempted to be made, by any person in any manner reflecting upon Senator Teller, or the manner of his election, the committee did not deem it necessary that he should appear, and so notified him. The committee therefore respectfully ask that they be discharged from the further consideration of the matters contained in said concurrent resolution.

All of which is respectfully submitted.

A. M. STEVENSON,
J. M. FREEMAN,
H. H. EDDY,
Committee on part of the Senate.
S. F. RATHBON,
JOHN CAMPBELL,
LAFE PENCE,
R. A. QUILLIAN,
Committee on part of the House.

The following evidence was given before the committee:

E. P. HILL, being first duly sworn, on his oath testified as follows:

Question. Do you know if any money has been used, or attempted to be used, in the recent Senatorial election in this State, by any candidate for the United States Senate, either directly or indirectly, to promote his interest, or if any other means has been adopted or used by any such candidate that is in any manner contrary to the interest of the public service?—Answer. I do not.

Q. Do you desire to make any further statement to the committee?—A. No; I have no statement to make.

That follows the testimony of the gentleman that I have mentioned.

THE SENATORIAL ELECTION.

Q. Do you desire us to print anything more than what you have read?—A. I do not desire that you should publish anything but the report and Senator Hill's testimony. I found that I had slightly forgotten exactly the way that this thing occurred in the caucus, until I refreshed my memory by looking over a report made to the legislature; of course in connection with this investigation. I had 31 votes and Mr. Hill 22. The contest in the caucus was whether we would have a secret ballot or an open ballot. I had instructed my friends that if I were a candidate, I wanted no man's vote who was not willing to stand up and cast his vote and let the people know how he voted. Consequently my friends were all for the open ballot, and all voted for the open ballot except one man, whose loyalty I have no reason to doubt, but who in some way did vote (and I always supposed he voted under a mistake) for the secret ballot, when he should have voted with my friends for the open ballot. When the open ballot was carried in the caucus it was by a vote of 28 to 23. I had my attention called to the fact that there was a pair or two. Sixteen of the members, of the twenty-two that were supposed to be friendly to Mr. Hill, went out of the caucus. Mr. T. B. Stuart (Mr. Galloway, who was chairman of the caucus), Mr. Abraham Bergh, and one or two others declined to go. They saw fit to assert their intentions to follow the caucus, as that had been the rule. Quite a number of other gentlemen went out; as I say, sixteen in all, I think. This was on Saturday. When the first day of voting took place in the two houses I think sixteen members of the legislature voted for Mr. Hill. Enough voted for him so that there was no election that day. I had a majority of the Republicans in the house and in the senate, but there was no majority such as was required in both houses. The next day when they came into joint convention I believe all these people who had voted for Mr. Hill the day before voted for me, with the exception of Mr. Rathvon, whom I have mentioned as being a member of this committee, and a Mr. Hinman, who had been elected and who announced himself for me originally. He voted against me, and so did some other man whose name I do not recollect; but he attempted afterwards to change his vote to me. That was in the legislature on the day that I was elected in the joint convention.

IRRELEVANT, EXCEPT AS BEARING ON UNION PACIFIC.

By Commissioner LITTLER:

Q. Is that all you desire to say?—A. All I desire to say, except to say that the majority of the Republican caucus was 27. That would nominate. I had more than that without the pairs. If the Commission desire, they can read the testimony of Mr. Stuart, and of Mr.

Howard, who has just come into the room, who was a State senator from this county, and who was a friend of Mr. Hill's, and voted for Mr. Hill on the first ballot, as I recollect, and voted for me on the second. You can read the testimony, also, of Mr. Dormer, who was also a friend of Mr. Hill, and who voted for him in the joint convention, and I think Mr. T. B. Stuart and Mr. Abraham Bergh were also before the committee. This may to the committee seem to be a little foreign to the general character of their investigation. But if it is true that the Union Pacific has been engaged in electing senators, in conjunction with other railroad companies, I think it is very desirable that this Commission should go into it; and I do not think that the Commission can, in justice to the railroad company, or to myself, or to the public, drop this matter with the mere statement of Mr. Hill that he has now forgotten who gave him this information, or that he does not desire to disclose the names of the persons who have told him these things.

THE FULLEST INVESTIGATION COURTED.

So far as I am concerned, I court the fullest and most complete examination that this Commission can make, and it would greatly please me if you would call the officers of these several railroad companies that are asserted to have chipped in or contributed to a pool to elect the United States Senator. I will say here, that if you prove any such state of facts as that I will resign my seat in the United States Senate within an hour, and Mr. Hill knows it. I have been elected three times in this State, with a less use of money than is ordinarily used to elect an alderman in this country. They generally spend as much as $500 or $600 at an election, and the sum total of my three elections would not amount to $1,000, all the expenses that I have been to in connection therewith; and there was never a dollar paid that I am not willing that the people of this State and of the United States should know where it was paid, when it was paid, and to whom it was paid. My expenses were the hotel expenses, or the contribution that I made openly to the committee, and not in large sums—for I have not been in condition to do that—but in ordinary sums, that every partisan politician is supposed to give; much less than I ought to give at a national contest; for, as I stated to-day, I notified the State committee that it would be impossible for me to give them a cent, and the only money that I did contribute was the money that I have mentioned to-day in my own account and by the payment of my hotel bills.

H. M. TELLER.

Evening session.

DENVER, COL., *Tuesday, July* 12, 1887.

EDWARD F. BURTON, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. Denver.

THE MARSHALL COAL COMPANY.

Q. Have you any official connection with the Marshall Coal Company?—A. I am known as vice-president of the company.

Q. How long have you been vice-president?—A. A year last June.

Q. Are you familiar with its affairs since you have been vice-president?—A. Partially so. I am not very intimately connected with it; that is, to know everything connected with it, for I have not been very active in it since November last.

Q. Do you know who the present stockholders of the company are?—A. I do not.

Q. Who does know?—A. I could not say that.

NO DIVIDENDS PAID.

Q. When was the last dividend paid?—A. There never were any.

Q. What other officers are there of your company?—A. A president, vice-president, secretary, and treasurer. The offices of secretary and treasurer are combined now.

Q. Who keeps the transfer stock-book?—A. The secretary.

Q. What is his name?—A. Rubige.

Q. Will you give the full name?—A. R. H. Rubige.

Q. Does he live in Denver?—A. He does.

Q. Could you send him to us, or shall we issue a subpœna?—A. I could not send him to you to-night, but I will see him in the morning. He is in the office. I saw him to-day. He is there every day.

Q. He would be more likely than any other officer to know the persons interested in that company, would he?—A. I suppose he would, from the transfers. Our stock is on the market, and who holds it I do not know.

Q. Do not your stockholders call at your office to inquire about the business of the company?—A. Not that I am aware of.

THE COMPANY'S CAPITAL STOCK.

Q. What is the total amount of your capital stock?—A. Two million dollars.

Q. Do you know whether the stockholders are numerous or few?—A. As I say, the stock has been recently put upon the market. As to whom may be the stockholders to-day I cannot say.

Q. How recently has the stock been put upon the market?—A. Within the last month or six weeks.

Q. Do you know who were the stockholders before that time?—A. The register will show that. Of course the transfer books will show.

Q. There were four or five gentlemen only who owned the whole of it; is that not so?—A. I think not. I think there were more than that.

Q. There were four or five that held the bulk of the stock, did they not?—A. I think so.

Q. Will you give the names?—A. I could not tell how much they held.

NAMES OF SOME STOCKHOLDERS.

Q. Will you give their names?—A. Mr. Moffatt was a stockholder; Mr. Cheeseman; Mr. Quintard, of New York, was a stockholder; there were quite a number in New York, whose names I do not remember; James E. Smith was one, the president of the New York Stock Exchange; there were some here; the record would probably show; I could not say as to that. It was a matter I never examined into. I never paid any attention to it.

Q. Where was the stock put upon the market?—A. In New York.

Q. Have you heard whether there have been numerous sales of stock there?—A. I have only noticed by the papers. I notice the quotations in the papers. That is all I know.

MARKET VALUE OF THE STOCK.

By Commissioner LITTLER:

Q. What has been the quotation?—A. Varying from 25 to 31, and then down; the latest was 22, I think, and 22½. During the last unpleasantness in the "street" they went down, with other things, to about 22½.

THE COAL COMPETITION.

By Commissioner ANDERSON:

Q. Do you know anything in relation to the matters which have been alluded to in regard to the competition of the Union Pacific Railway itself against your company in respect to the sales of coal?

The WITNESS. The competition of that company?

Commissioner ANDERSON. Yes, sir; the alleged use of their own transportation, so as to undersell you and take your market away.

The WITNESS. No, sir.

Q. Has there been any change in the management of the Union Pacific in the last two or three months in relation to coal?—A. Except that they have not been taking coal from us in the last two or three months, as they did prior to that, for their consumption for their motive power.

Commissioner ANDERSON. I inquire in regard to the sales at different points on the road.

The WITNESS. There have been but very few sales at points on the road since the warm weather, you may say, as far as I know. I have not examined the books to determine how much the sales have been.

NO CONNECTION WITH THE UNION PACIFIC.

Q. Does the management of the Union Pacific Railway Company, in reference to its dealings in its own coal and the sales made by it in the yards where you have been accustomed to sell them coal, interfere in any way with your business?—A. I cannot say as to that. I know that our orders fell off in certain districts; but we attributed it more to the fact that coal was not in demand than from competition. I could not say whether it was the result of competition.

Q. Have you any connection whatever with the Union Pacific Railway?—A. None whatever.

Q. Have you any contracts with it?

The WITNESS. Personally?

Commissioner ANDERSON. Are you interested in the transportation of freight over the Union Pacific?

The WITNESS. Not at all.

Q. Do you know whether any person in any way connected with the Union Pacific Railway is interested in the Marshall Coal Company?—A. I think there is no one. I never have heard any name mentioned as connected with it in any way.

REBATES ALLOWED.

Q. Has your company been allowed any rebates in the transportation of coal by the Union Pacific?—A. I believe they have.

Q. Have the amounts of rebates been constant or have they varied?

The WITNESS. Do you mean the scale of rebate?

Commissioner ANDERSON. The rate of rebate allowed. Has it been constant or varying?

The WITNESS. There was no variation in it as to amounts. It was only as to quantity that might be shipped. That is all.

THE CONSIDERATION FOR REBATE.

Q. What is the rebate allowed you?—A. The rebate from Marshall to Denver is 40 cents a ton on certain coals used here. The consideration of that, however, is that the company had a contract made to deliver them coal at cost, not to exceed $1.25 a ton, or less, if it could be produced at that, after the opening of the mine, which was regarded by whoever made the contract as a species of *quid pro quo*. As to that, I know nothing about it, as the contract was made before I had anything to do with the company. I had nothing to do with the making of it.

Q. How long has your company been allowed the rebate of 40 cents a ton?—A. I cannot say anything prior to a year ago last June. I presume it existed before, but I will not swear to it.

Q. Do the books show the total amount of rebate allowed you during the last two or three years?—A. The company has not been in existence two or three years.

Q. Only since a year ago last June?—A. Oh, no; it was a little prior to that; but this contract that I think was entered into with the Marshall Company is only about a year ago last December, or something like that, when their mine was destroyed or their works were burned up. Then they started in again. Very little coal was delivered from the Marshall mine to Denver after the 1st of May, on account of a strike we had on the introduction of the machine business.

WHERE COAL IS DELIVERED.

Q. At what points did you deliver coal?—A. We billed coal over the Union Pacific to any point they will take it. But the principal point where the rebate comes in is that which goes to Denver. It does not affect that which goes north, or outside of that which was hauled to Denver over the Boulder and Marshall Railroad, as it is called.

Q. Is it only in regard to coal that is delivered to Denver that you receive a rebate?—A. That is all; only what comes to Denver, as I understand it.

A TRADITIONAL CONTRACT.

Q. Is your rebate contract in writing?—A. No. I have never seen any contract. I only know it as a tradition, you may say. I have never seen any contract.

Q. What is the monthly output of coal that is delivered to Denver?—A. Very little now.

Q. What has been the average for twelve months?—A. I should hardly be able to tell you that. I should not like to trust my memory at any rate. It is easy to determine it elsewhere.

Commissioner ANDERSON. We would like to have the figures.

The WITNESS. Mr. Rubige can give them from the books.

Q. Can you give us the books to-morrow?—A. I presume I can, or Mr. Rubige can. He keeps the record of it. I would have to refer to that because I do not keep it in my recollection.

Q. Please ask Mr. Rubige to get it. What I want is the amount of rebate, a statement from Mr. Rubige of the terms of the contract, if it be not in writing, and the annual delivery of coal at Denver, so that we can compute the whole amount of rebate annually. Who are your competitors at Denver?—A. Every one that sells coal.

COMPETING MINES.

Q. Can you name some of the principal competitors?—A. I can put down the list of mines that are dealing in coal. That would include all that come here. We claim to be competitors of all that come here.

Q. Are there no competitors on the Union Pacific line in your neighborhood?—A. No. The Fox mine is adjoining ours at the same point.

Q. Do you know whether he is allowed any rebate on his coal?—A. I know nothing about his business at all.

Q. Do you know whether any other deliverer of coal here is allowed a rebate for transportation by the Union Pacific?—A. I do not. I am not familiar with the business of any other person. In fact, I am not very familiar with our own.

Q. Have you had any conversation with any officers of the Union Pacific in regard to this subject?—A. No, sir.

Q. You never have since the time you became vice-president?—A. At no time, before or since.

Q. Who made the arrangement, as far as you know?—A. That I do not know. It was made before I had anything to do with the company.

Q. Was Mr. Rubige there before you?—A. Yes, sir.

DENVER, COLO., *Tuesday, July* 12, 1887.

Evening session.

JOHN K. MULLEN, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. In Denver.

Q. How long have you lived here?—A. I have lived here since 1871 or 1872.

Q. What is your occupation?—A. I am a miller and grain dealer.

Q. Where are your mills?—A. In the city here; that is, at present I am merely in the employ of the company.

COLORADO MILLING AND ELEVATOR COMPANY.

Q. In the employ of what company?—A. The Colorado Milling and Elevator Company.

Q. What position do you hold in that company?—A. General manager.

Q. How many mills does it control?—A. Seven or eight mills.

Q. Are they all here in Denver?—A. No, sir.

Q. Where are they?—A. There are some up the road, and one in Collins, and some in Greeley.

CAPACITY OF ITS MILLS.

Q. What is their monthly capacity?

The WITNESS. All together?

Commissioner ANDERSON. Yes.

The WITNESS. If they should run right along, day and night?

Commissioner ANDERSON. No; as they work.

The WITNESS. About 4,000 or 5,000 sacks a day; 4,000, I guess.

Q. Where does your grain come from?—A. Colorado; that is, our wheat comes from Colorado.

Q. From what part of Colorado does it chiefly come?—A. From the northern part, most all of it.

Q. Does it come over the Union Pacific Railway?—A. Yes, sir; some of it.

LENGTH OF HAUL AND RATES ON GRAIN.

Q. What is the length of haul, about, on this grain?—A. About 50 miles it would average, I guess. From Fort Collins is 80 miles, and stations near by are 15 to 20 miles.

Q. What is the schedule rate for grain?—A. From Fort Collins to Denver it is 14 cents.

Q. Where did you say the other mills were that received the grain?—A. One is in Fort Collins and one is in Greeley and one is in Longmont—one or two.

Q. Then does all the grain come to these different mills from the northern part of the State?—A. Most of the mills up there buy grain right at home.

Q. So that the railway has no transportation?—A. Very little, unless they should run out of grain and should ship in from the station close by.

LOCATION OF OTHER MILLS.

Q. What other mills are there in Colorado outside of those you have enumerated; are they numerous?—A. There are seven or eight or ten more.

Q. Where are they?—A. There are two in Boulder, one in Longmont, one in Evans, one in Eaton, and one at a little town up above Longmont—I do not know what they call it—and one in Canfield, and one at Littleton.

Q. Which of these mills that you have last enumerated depend for their supply upon grain that is to be transported by the Union Pacific Railway?—A. All of the mills, except those in Denver, depend for their wheat supply upon the country right around the mills, with the exception of, perhaps, a month or so in the year, when it might get scarce.

Q. How many mills are there in Denver?—A. Four mills.

Q. Are all these in the control of your company?—A. Yes, sir.

Q. Do they all belong to your company?—A. Yes, sir.

Q. Have they always been in its control?—A. No, sir.

Q. How many originally belonged to your company?—A. The company has been organized but a couple of years, or less.

NOMINAL VALUE OF STOCK.

Q. What is its capital stock?—A. $1,000,000.

Q. Did it start with the four mills, or with one?—A. No, sir; it started with all of the mills, as it were.

Q. Who owned these mills before the company was formed?—A. J. K. Mullen & Co., and myself and my brother owned two of the mills; O. Ord Davis owned one; one was owned by the Crescent Milling and

Elevator Company, and one was owned by Mr. Cheeseman. Do you want all of them?

Commissioner LITTLER. Yes.

Commissioner ANDERSON. I am referring to mills in Denver.

The WITNESS. That is all of the mills in Denver.

REBATE TO DENVER MILLS.

Q. Prior to the organization of this company were you allowed any rebate on wheat that was delivered to you in Denver?—A. At times; yes, sir.

Q. Do you say the schedule rate was 14 cents?—A. I think at that time it was 15 from Fort Collins.

Q. What was the rebate allowed?—A. We never had any rebate except from Fort Collins, and one or two other stations, at certain times in the year.

Q. When you had it, what was it?—A. Two cents; 2½ cents was the most we ever got.

Q. How many bushels would you bring into Denver during the year?

The WITNESS. Before the organization of this company?

Commissioner ANDERSON. Yes.

The WITNESS. Probably 100,000.

Q. So that the rebate would amount to what, in the course of a year?—A. In some years we did not receive any rebates. Will you allow me to state the circumstances?

Commissioner ANDERSON. Certainly.

REASON FOR ALLOWING REBATES.

The WITNESS. When wheat would accumulate in a certain locality, and it would be pretty difficult to find a market for it, in consideration of an effort on our part to move it eastward, they would allow a rebate off what we shipped into Denver, and that would be only at certain stations and at certain times.

Q. Do you know whether the owners of these other mills in Denver were allowed a similar privilege?—A. I have been informed that they were - some of them.

Q. Is it not a fact that they complained to you that they were not able to get these same rates?—A. No, sir.

Q. Was no such complaint made?—A. No.

Q. Was it made by owners of any of the other mills at Denver?—A. I do not think any such complaint ever came to me.

Q. Did you ever hear that such complaint was made?—A. I have heard many times that we were receiving rates that others could not get; but the parties themselves never complained.

Q. Have you not heard the report that the owner of the mills at Greeley complained that he was unable to get the same rates that you got? I would like to have you explain, if you will do so, a little more fully.—A. I do not quite understand. The mills at Greeley do not do any shipping to Denver.

DESTINATION OF THE FLOUR.

Q. Before we pass to that. In regard to the shipments made by you after your grain had been milled, where do you deliver it?

The WITNESS. Most of it goes south.

Q. Over the Union Pacific?—A. No, sir.

Q. By what route do you send it?—A. By the Rio Grande.

Q. Do you send any by the Union Pacific?—A. No; not to the south.

Q. Do you send any by the Union Pacific to any point?—A. At times in the year, such times as I spoke to you about, when there is a surplus in Colorado, then we ship some east over the Union Pacific road, and also over the Burlington and Missouri. We send by both roads.

Q. To what points was that consigned?—A. That went clear through to the Southern States—Alabama, Tennessee, Georgia, and some of it to Kansas City; but only a very little.

Q. On that flour shipped east did you also receive rebates?—A. No, sir; never got a cent.

Q. What was the schedule rate for flour shipped to the south?—A. Twenty-five cents from here to the Missouri River where it originated in Denver and 30 cents under a milling and transit rate where it originated up on the road.

Q. Have you on every occasion paid those rates on your flour?—A. Yes, sir; on every occasion.

Q. Have you had no special rates allowed to you?—A. No, sir; not on anything of that kind.

NO DISCRIMINATION.

Q. Do you understand that no distinction or discrimination whatever was made between you and any other dealers in wheat or exporters of flour throughout the State of Colorado?—A. I have no reason to think that we obtained any better rates than were given to any one else. On the contrary, it often seemed to us that others were getting better rates than we were. You see the rate for flour from Greeley to the Missouri River would be 30 cents. I intended to say, and I think I did say, that the rate on wheat to be milled in transit at Denver from those points to the Missouri River was 30 cents.

RATE ON FLOUR FROM GREELEY.

Q. What would be the rate on flour shipped from Greeley?—A Twenty-five cents.

Q. Was that the rate to the Missouri River?—A. Passing over the same road, exactly, to the Missouri River. That we always considered a discrimination in favor of the outside towns.

Q. Was it because they got the same rate at Greeley that you received at Denver?—A. They got a less rate. For instance, a man in Greeley or Collins, wishing to ship a car-load of flour to Kansas City, would bill it at these stations right through to Kansas City, and pay 25 cents. If we wanted to do the same thing it cost us 30 cents; but we had the privilege of stopping it in Denver and milling in transit. That 5 cents a hundred, amounting to $15 a car, we often felt was too high. We complained of that.

Q. Do you know Mr. Eaton, of Greeley?—A. Yes, sir.

Q. Did he own a mill at Greeley?—A. He owns a mill above Greeley, at the town of Eaton.

Q. Did it subsequently become one of the mills controlled by your company?—A. No, sir.

Q. Has it never had a business connection with your company, so as to become a part of it?—A. No, sir.

Commissioner ANDERSON. Mr. Clark has informed us that Mr. Eaton's mill is one of the mills controlled by your company, or belonging to it.

The WITNESS. No, sir; it is not. I could explain that.

Q. Can you explain why he made that statement?—A. Yes, sir; I think I could explain what it led to, and, perhaps, make it pretty plain. The negotiations are now under way by which we will become interested in the mill in the future, but we are not at the present time. Whether the negotiations will fall through or not I am unable to tell you. We hope we will succeed.

Q. What is the inducement that leads him to come into your corporation? Has he represented that he will or can obtain better facilities for business by being a member of the corporation than in his present status?—A. I could not answer you. I think if he feels that way he will be disappointed.

The Commission then adjourned to Wednesday, July 13, 1887, at 10 a. m.

DENVER, COLO., *Wednesday, July 13, 1887.*

The Commission met pursuant to adjournment, all the Commissioners being present.

HENRY M. TELLER, being further examined, testified as follows:

The WITNESS. I wish to make an addition to my statement of yesterday.

THE LEASE OF THE COLORADO CENTRAL.

By the CHAIRMAN:

Question. What statement do you wish to make?—Answer. I think I said yesterday, in reply to a question asked me about the lease, that I thought the lease was a lease made to the Kansas Pacific. That lease, whenever it was made, was after I had ceased to have any active connection with the affair, and I did not remember definitely about it. Mr. Loveland tells me this morning that it was a lease made with the Union Pacific, of which I did not have any recollection. I knew there was a lease or talk of a lease being made to the Kansas Pacific, before the union with the Kansas Pacific; that is, when they were practically under the same control, but not yet joined in that consolidation, which, I understood, was quite objectionable to Mr. Loveland, who was the active man in the Colorado Central then. But in talking with him this morning he says that the lease that was made was made with the Union Pacific. I had no active connection with the road, and consequently did not know anything about that. I said yesterday I ceased my connection practically with the road when I ceased to be president. I think afterwards, either in 1877 or in 1878, I was elected a director, having then a thousand dollars' worth of the stock—not a thousand shares, but a thousand dollars' worth, or ten shares. But my recollection is that I never discharged any duties as director, or attended any meetings. I tried some cases in court for the company. That was my sole connection with it. I am not aware whether I was director one or two years or half a year. I was not present at the election and had nothing to do with it. That was why I did not remember about the leases, and I only now give Mr. Loveland's statement, for I have no recollection about it, except in a general way that there was some lease.

Q. Is that all?—A. Yes, sir; that is all.

H. M. TELLER.

DENVER, COLO., *Wednesday, July* 13, 1887.

JOSEPH F. CORNFORTH, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am a fruit and produce dealer.

Q. How long have you been in business?—A. We have been in business since 1861, here. In 1858 we commenced business in Kansas.

Q. Have you been located during that time in Denver?—A. We have been located in Denver in business since 1863, at different times.

Q. During the time that you have been located in business in Kansas or in Denver, Colo., have you had any business dealings, as shippers, with the Union Pacific Railway Company?—A. Yes, sir.

Q. What has been the nature of your business relations?—A. They have varied according to the prosperity of our country. Some years they were in larger volume than in other years.

Q. Between what points did you ship?—A. From the Missouri River and from Ogden, on the Union Pacific line of road, and along the full length of the other lines.

Q. To Denver?—A. Yes, sir; to Denver.

Q. And from Denver?—A. Yes, sir.

RATES FROM CALIFORNIA.

Q. What were the freight rates charged to your company by the Union Pacific Railroad Company?—A. According to the season. For instance, probably twelve years ago, we paid by express $740 or $750 a car from San Francisco to Denver, and now the rates have been greatly reduced until it is $420 a car by express; from $350 a car by freight, by gradual reductions, it is now $220 per car on freights from the Pacific coast; from Sacramento, San Francisco, or Los Angeles, or what they call common points, to Denver is under $220 a car for deciduous fruits and $220 a car for citrous fruits. It has been reduced from $1.75 per hundred or $350 a car.

NO SPECIAL RATES OR REBATES RECEIVED.

Q. Has that been the open public rate?—A. Oh, yes, sir.

Q. Have you ever had, as a shipper, any other rate with the Union Pacific Company?—A. No, sir.

Q. Have you ever had a special rate by way of rebate?

The WITNESS. What is meant by rebate?

The CHAIRMAN. I should call a rebate a reduction or allowance from the open rate returned to the shipper.

A. No, sir; we have never had that. I understand a rebate to be a rate that is a less rate than any competitors would receive in a like business.

Commissioner ANDERSON. A return; a refund.

RAILROAD FIGHTS INJURIOUS TO COMMERCE.

The WITNESS. We had some years ago a great fight between the Kansas Pacific and the Union Pacific, who were fighting for position, and when freights were brought here at very low prices. It was much to the detriment of our merchants, ourselves, and others, because it in-

duced us to buy too many goods. According to the rates that were made we had the money refunded to us. That was some years ago; it was before the consolidation of the Kansas Pacific and Union Pacific. We had a great war here, and goods were carried, I think, as low, to the best of my recollection, as 10 cents per hundred, and where we paid the freight they refunded us the money for what we had paid.

By the CHAIRMAN:

Q. That is to say, where you paid the open rate they repaid the difference between the open rate and the amount they charged to you?—A. No, sir; the open rate was 10 cents a hundred, but the tariff rate might be $1.25 a hundred. The agents were on the street soliciting business at all prices. It might be 10 cents to-day, or 25 cents to-morrow, or 50 cents; but the schedule rate we had to pay in some cases and then we would get a refund from the open rate they made.

Q. Did you have a private contract or agreement with the Kansas Pacific during that time?—A. No, sir.

AN EQUALIZATION RATE.

Q. Have you ever had any special rate with the Union Pacific since the consolidation?—A. No, sir; not with the Union Pacific.

Q. Have you ever had with any of the branches of the Union Pacific?—A. We had what we call an equalization rate. It was an open rate also. For instance, car loads of goods from Omaha, from Missouri River points to Denver, would be lower than in quantities less than car loads, and it was the same to Denver and to all common points, as it is called. We had a redistribution rate, or equalization rate, to make it a per hundred rate to these points; but it was an open rate that all merchants had, I think. There is no rebate about it. It was nothing else than the equalization of business from Omaha to Denver to permit us to do business with those towns, or it would have all gone to the Missouri River points. That has all been changed now by agitation of the people, saying they did not wish it.

Q. Have you ever made any application to the Union Pacific Railway authorities for any special rates?—A. No, sir; never.

Q. Have you had any correspondence with them?

The WITNESS. Special rate? Do you mean an annual contract by that question?

The CHAIRMAN. I mean any special rate.

A. Yes, sir; we have frequently made application for special rates on mixed cars of stuff that the tariff did not permit, but we have never obtained it, except by paying what they would call an equalization rate.

Q. Had all the shippers in the same line of business the same rate?—A. Yes, sir; the rates have always been open.

STATEMENT TO CHAMBER OF COMMERCE ABOUT EQUALIZATION RATES.

Q. During any session of the Chamber of Commerce of the city of Denver did you, at any time, make a statement concerning the rebates allowed by the Union Pacific Railway Company to special shippers?—A. That is the refund that I speak of, an equalization rate, that I wanted to impress upon our people the importance of, knowing Denver's commercial interest. It was not a secret rate or rebate. It was an equalization rate from Omaha to these points of consumption. Such a statement I made in the Chamber of Commerce.

By Commissioner ANDERSON:

Q. What was the statement?—A. That the rebate that they spoke of so much was simply an equalization rate, permitting Denver to distribute less than car loads of goods in equal competition with Missouri River competitive points.

EXPLANATION OF EQUALIZATION RATES.

Q. How was the equalization rate ascertained exactly where the quantities are brought here in less than car loads?—A. Without regard to facts as to the value of classification, we will suppose that in car loads it is $1 per hundred pounds to Denver and other common points. The less than the car-load rate would be to all the same common points $1.25 per hundred from Missouri River points. The local rate from Denver to these common points would be 40 cents. Therefore, to place us on an equality and basis with Kansas City, Leavenworth, Saint Joseph, Omaha, and Council Bluffs, we must receive a refund of 15 cents per hundred, or the orders would all be sent to Missouri River points.

Q. So as to bring the $1.40 down to $1.25?—A. Yes, sir; the same as exists from the Missouri River. I do not say now that this is according to any classification. It is simply an illustration of facts. That is all it is.

DENVER PEOPLE DISSATISFIED.

By the CHAIRMAN:

Q. What was the result of the discussion in the Chamber of Commerce?—A. The result is that our people are dissatisfied with the existing condition of affairs, without knowing that which is to their best interests.

Q. Were the Union Pacific Railway authorities communicated with by the officers of the Chamber of Commerce?—A. No, sir; I never had a conversation, excepting as I might meet you, gentlemen, with any Union Pacific officer at any time.

Q. Have you any knowledge of the giving of special rates by way of rebate, or by way of preference, to any particular shippers in Denver, by the Union Pacific Railway Company?—A. No, sir; I have not.

DENVER, COLO., *Wednesday, July* 13, 1887.

JOSEPH K. CHOATE, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. I am superintendent of the Colorado Division of the Union Pacific.

Q. Do you reside at Denver?—A. Yes, sir.

Q. How long have you resided here?—A. A little over two years.

Q. Have you been engaged in that business during that time?—A. Yes, sir.

Q. Were you in Denver during the session of the legislature of 1885?—A. Yes, sir.

Q. Do you know Mr. Edward Walcott?—A. Yes, sir.

Q. What is his business?—A. Lawyer.

Q. What is his connection? With what railroad company?—A. The Rio Grande; general attorney.

Q. Do you know Senator Stevenson?—A. Yes, sir.

LEGISLATIVE ACQUAINTANCES.

Q. What acquaintance had you, generally, with members of the legislature of 1885?—A. I had a speaking acquaintance with nearly all of them.

Q. Was Mr. Walcott also intimate with many of them?—A. I think he was.

Q. Where did you reside during that winter?—A. At Denver.

Q. In what place?

The WITNESS. What particular part of the town?

Commissioner ANDERSON. Yes.

A. At the corner of Olive and South Fifteenth streets.

Q. Where did Mr. Walcott reside?—A. I do not know exactly the street. It is Arapahoe, I think; between Fourteenth and Fifteenth streets. No; Stout, I guess, between Fourteenth and Fifteenth streets.

THE LEGISLATORS AND THE RAILROADS.

Q. Did you and Mr. Walcott have any discussion as to the standing of the members of the legislature, with reference to railroad affairs generally?—A. Yes, sir; very often.

Q. Did you have any enumeration of their names?—A. Yes, sir.

Q. Was the standing of these gentlemen on railroad questions entered on that paper from time to time?—A. They were checked off; yes, sir.

Q. Where would you go through this process of examination?—A. We did it very often.

Q. At your own rooms?—A. No, sir.

Q. At hotels?—A. Yes, sir.

Q. Have you that paper?—A. No, sir.

Q. Who prepared it?—A. It was a printed list of the call of the house.

Q. Was it one of the printed lists?—A. Yes, sir; we used to have them every day, and we used to check them off as we thought they would vote on the different questions.

By Commissioner LITTLER:

Q. Was it an aye-and-no list?—A. Yes, sir.

LEARNING "HOW THEY FELT."

By Commissioner ANDERSON:

Q. What other gentlemen interested in, or connected with, the railroads used to assist you in this work, or give you the information as to how these members stood?—A. Nobody ever assisted me, and nobody ever gave me the information. I got it myself.

Q. From what source did you get it?—A. From generally looking over the legislature, and coming in there occasionally.

Q. How could you find out how a man was going to vote on a particular bill?—A. They were very frank. If you talked with them, they would tell you frankly what they were going to do.

Q. Did you talk with the members of the legislature as to their views?—A. I found out how they felt. I used to talk with them on the different questions relating to railroad interests.

Q. Was Mr. Walcott also engaged in the same occupation?—A. I am unable to say; not with me. I think he very often did do that.

Q. You frequently saw him in the house talking to members of the legislature?—A. Yes, sir; often.

Q. You say there were no other members that you know of connected with the railroad companies excepting Mr. Walcott?—A. No sir; I know a great many other people connected with the railroads.

Q. Were they engaged in ascertaining the status of members of the legislature with reference to legislation?—A. I cannot tell you. There were a great many. I did not ask them. I was.

Q. By whose instruction did you do this work?—A. It was on my own authority. I had no instructions at all.

REPORTED RESULTS TO THE UNION PACIFIC.

Q. Do you mean to say that you never reported the results of your examination to any officer of the Union Pacific?—A. No, sir; I do not. I used to report very often what I thought would be done by the legislature.

Q. To whom?—A. Sometimes to the general superintendent and sometimes to the general manager.

Q. Do you mean Mr. Kimball?—A. No, sir.

Q. To whom?—A. I used to report occasionally to Mr. Smith, and I have reported to Mr. Dickinson.

Q. What was his position?—A. Assistant general superintendent.

Q. Mr. Dickinson and Mr. Smith, then, were perfectly aware that you were engaged in this work, and they desired it done, did they?

The WITNESS. Engaged in what work?

Commissioner ANDERSON. In the business of ascertaining the standing of the members of the legislature?—A. Yes, sir; I presume they were. I was up here to find out just what was going on. I used to come up here almost daily to see how they were voting, &c., and advise them of what action the legislature was going to take.

Q. What I mean is, did your superior officers desire to ascertain how the members would vote?—A. I think they did, although they never expressed this desire.

Q. You were in the habit of reporting so frequently, you must have been satisfied, if they preferred it should not be done, that they would have expressed themselves so to you? Is not that so?—A. Yes, sir.

COMPARED NOTES WITH WALCOTT.

Q. Do you say you frequently saw Mr. Walcott there, also?—A. Yes, sir.

Q. And did he have a similar list, or did he use the same list with you in checking them off?—A. We always had a number of those lists, and when a bill came up I have no doubt he checked them as often as I did. Sometimes I did and asked him what he thought about it and how it would go.

Q. Did you have a formula that you would enter opposite the name of anybody to indicate that he thought as you thought?—A. It was an aye-and-no list, and we would check the aye list to show whether they would vote for railroad legislation or against it.

Q. In regard to the method of ascertaining how members of the legislature were going to vote, you have said that you would go there and notice their action with reference to legislation that had preceded that period, and would also talk with them generally in regard to bills in which you had an interest. Was there anything else that would occur between you and any members of the legislature for the purpose of ascertaining their standing?—A. I cannot say that there was. Sometimes, if I knew a man who was a particular friend, I would go and ask him how he was going to vote on such a question.

Q. Were members of the legislature in the habit of dining with you?—A. I think that members of the legislature have dined with me; yes, sir.

Q. Was that at your rooms or at hotels?—A. I think it was never at my rooms.

Q. Where would they dine with you?—A. At hotels and restaurants.

Q. Was Mr. Walcott occasionally present, also?—A. I think he was on one occasion; I am not sure about that.

OPPOSED TO RAILROAD COMMISSION BILL.

Q. Please state, if you can, what special measures were pending in the winter of 1885, that you felt an interest in, as representing the railroads.—A. The Democratic party had made a strong effort here to draw favor to themselves by passing a law electing a railroad commissioner who should have power to fix rates. That was the principal one to which we were opposed.

Q. Do you remember the bill by its number?—A. I have forgotten it now. I think it was 103 in the house, and 206 in the senate, or *vice versa*. I think those were the numbers. I may be very far from it.

Q. How long was that bill pending in the house and senate?—A. How long was its fate uncertain? I do not think its fate was ever uncertain.

Q. How long were you busy with watching that bill; was it a month or six weeks?—A. They kept it up from the beginning until the finish, pretty nearly.

Q. Have you any of the lists you checked on that subject?—A. No, sir.

Q. You say you are satisfied that its fate was never uncertain; that it never would pass, do you mean?—A. Yes, sir.

THE MAJORITY HAD COMMON SENSE.

Q. How did you ascertain that?—A. I found that a majority of the members had common sense on the subject.

Q. Did you find that the members were all going to vote against it? We will not undertake to determine the merits of the bill without looking at it.—A. Yes, sir.

Q. Was that the result of these interviews and conversations?—A. Yes, sir.

Q. Was that the result of the investigations that you thought proper to make?—A. Yes, sir.

Q. Did you and Mr. Walcott have any special conversation in regard to the fate of that bill?—A. Oh, a great many times. I talked with everybody I could find on the fate of the bill.

Commissioner ANDERSON. I am talking more especially about your conversation with Mr. Walcott.

A. Yes, sir; a great many times; almost daily.

MANNER OF MAKING FRIENDS IN LEGISLATURE.

Q. Did you and he indicate to yourselves doubtful members who required further examination?—A. Yes, sir.

Q. Do you remember whether any suggestions were made, either by Mr. Walcott or yourself, as to measures that you might think entirely proper for the purpose of securing doubtful votes?—A. Yes, sir.

Q. What was said with reference to that subject?—A. For instance, if a man we knew was feeling very badly upon any one subject, we would go and see if we could not fix that up in some way that would make it agreeable to him and his friends from the part of the State that he came from, and in some way get him to vote for the bill.

Q. Do you remember any special persons as to whom that method was applied?—A. Yes, sir.

SENATOR BALLARD WAS ONE.

Q. Will you please name them?—A. Senator Ballard, of Fort Collins, was one. He was very anxious for the reopening of the part of the Colorado Central which had been closed after the Union Pacific obtained control of the Denver Pacific.

Mr. WILLARD TELLER. The witness is confounding the session of 1885 with that of 1887. Ballard was not a member of the senate.

The WITNESS. 1885? No, I was not here in 1885. Pardon me if I was talking about 1885.

Commissioner ANDERSON. The whole conversation was addressed to 1885.

The WITNESS. No, sir; I did not have a word to say to anybody on the subject. I had just got here. I thought you were speaking about 1886-'87.

Q. Will you please state in relation to what session of the legislature the testimony you have heretofore given applies?—A. 1886 and 1887.

Q. At what session of the legislature was it that the bill to appoint the railroad commissioner, with power to fix rates, was passed?—A. 1886 and 1887.

Q. Both?—A. Call it the 1887 session.

Q. Do you mean the last session?—A. Yes, sir; the last session. I was not here in 1885 at all to know anything about it.

HOW HIS FAVOR WAS SECURED.

Q. Will you go on with your explanation as to the manner in which Senator Ballard's vote was obtained?—A. They wanted that opened. I used to go and talk to them and advise our people how they felt, and asked what could be done, and told exactly what our people could do. Our people were in favor of opening the road, and had me make an estimate of what it would cost to put it in shape to run, and what business we would get, and I would tell Senator Ballard the same thing. I told him how our people felt about it. He said that was the only grievance he had against the Union Pacific Railroad.

Q. Do you remember how Senator Ballard voted on the bill?—A. Yes, sir.

Q. Did he vote against it?—A. He voted for it.

Q. Did he vote for the railroad commissioner's bill to establish rates?—A. Yes, sir; he voted for it.

Q. When you conversed with him in relation to the opening of th Colorado Central, which he desired, was the subject of his attitude t the railroad commissioner's bill alluded to in any way?—A. Yes, sir.

Q. In what way was it alluded to?—A. I told him that I was ver sorry to see that he was going to vote in that way, and said that h was very much misinformed in regard to the attitude of the Union Pa cific Railway towards the public at large, and that they were very gla to listen to any complaint, and would adjust it if they could get th opportunity; that I had such instructions from the highest officers u the road down to my immediate superior, to do always what I could t accommodate the public by good service, &c.

Q. Were these representations made by you at the same interview or during the same set of interviews, in which you informed the senato that the opening of the Colorado Central, or whatever it was he de sired there, would take place?—A. I never informed him so. I in formed him just what our people said, about how far they would go i the matter, and about how much it would cost. I told him what the would be likely to do.

Q. Did you gather from the result of those interviews that there wa a likelihood that Senator Ballard would vote against the railroad com missioner's bill?—A. I was sure he would vote for it.

Q. Were you disappointed then at the result of your investigation as far as he was concerned?—A. Yes, sir; I was.

Q. What other name can you give us?—A. I probably talked t every man in the legislature that I could get acquainted with, and I think I got acquainted with nine-tenths of them.

SENATOR POOLE INTERVIEWED.

Q. I am talking more particularly now about what you have jus said, that when you and Mr. Walcott had ascertained that a membe was doubtful, and was probably against you, but open to reason o argument or influence, you would seek some method by which his vot could be secured, and you mentioned Senator Ballard and what wa done in that respect. I asked you if you could name any other membe of the senate or house of representatives as to whom similar method were employed?—A. Yes, sir; I could name a great many. Senato Poole, for instance, in town here, voted against us right straight through He had some sort of a grievance in regard to his soap business, an we tried to argue and talk to him as well as we could, and show hi that he had a very erroneous idea of the treatment of the railroad here.

Q. What was it that he complained of about his soap business; wa it the rates?—A. Yes, sir.

Q. Or was it that he did not get rebates?—A. No, sir; he com plained of the rates. He complained that after he started the soa works here we shipped soap from the outside at lower price than h could make it. He did not complain of the Union Pacific, I think, i that matter. It was against other rates.

Q. Was there any change made in the rates?—A. Not that I know of; I am not familiar with it any more than that was always a claim h made.

Q. Did you suggest that the rates might be changed?—A. I did not

Q. Did you report the complaint this gentleman made to Mr. Smith or Mr. Dickinson?—A. No, sir.

Q. He voted for the bill also?—A. Yes, sir.

Q. Are there any other names you can mention in regard to whom anything was done or proposed to be done?—A. All that were in the senate that were against us. I think I talked to every man as much as I could.

EXPENSES PAID BY THE COMPANY.

Q. Was any arrangement, to your knowledge, made either by the Rio Grande or by the Union Pacific road to place you in funds to meet the necessary expenses of these explanations and interviews?—A. Any expenses that I wanted to pay here were vouchered and paid.

Q. In what form was the voucher made out—legal expenses, or what?—A. No, sir; it was made out in the form of expenses in connection with the Colorado State legislature; personal vouchers. They are personal vouchers. You will find them with other items.

Q. At Omaha?—A. Yes, sir.

Q. Do you remember how much thy amounted to for the winter of 1886-'87?—A. Between $400 and $500, I should think. It might not have been as much as that; between $400 and $500, I guess.

Q. Do you remember whether Mr. Walcott pursued a similar method with the Rio Grande?—A. I do not know.

Q. Was Mr. Walcott at this time retained by the Union Pacific?—A. No, sir.

Q. Are you positive of that?—A. No, sir; at least I never heard so. I do not think he was; I have no reason to believe so.

Commissioner ANDERSON. I do not mean with this matter, but in connection with any litigation or suit?

The WITNESS. Mr. Walcott is the general attorney of the Union Depot Company; he has been for many years. That is the only connection, I think, he has with the Union Pacific.

NO EFFORT MADE TO PURCHASE VOTES.

Q. During all of these interviews, did you ever, at any time, promise to any member of the legislature any advantage, or reward, or compensation, in consideration of the assurance by him that he would vote as you desired on this bill?—A. No, sir; nor to any other man, in the legislature or out of it.

Q. Did Mr. Walcott ever, to your knowledge, make any such promise?—A. No, sir.

Q. Directly or indirectly?—A. No, sir.

Q. Did you ever make such a promise, or intimate that such a promise would be made to any friend or any member of the legislature?—A. No, sir.

Q. Did you ever offer to any member of the legislature, or to any friend of a member of the legislature, any advantage to be derived from rebates or by passes to be issued by the road in consideration of his vote?—A. I have given passes, but I have never made an offer of any kind, shape, or fashion to anybody.

PASSES GIVEN TO LEGISLATORS.

Q. For what consideration have you issued passes? Had it any reference whatever to a vote on any subject?—A. We furnish the passes to each member of the legislature; and to a member of the legislature who voted favorable to us, at a request from him for a pass, I

would have it issued. To almost any man who was friendly to the railroad company and requested a pass I should have it issued.

Q. Would you have done it to any friend of his besides himself?—A. Yes, sir.

Q. Do I understand you that passes were more freely granted to your friends in the legislature than to those who were hostile to you?—A. Yes, sir.

Q. How many passes in the aggregate would you issue to members of the legislature?—A. I suppose we issued anywhere from twenty to fifty during the session. I might not have issued more than twenty, and it might have been fifty. It would be very hard to say. I could get the number for you.

Q. How many members of the legislature were there?—A. Forty-eight, I think it was.

SPECIAL PASSES ON APPLICATION.

Q. Do you mean this was in addition to the regular passes to the members?—A. We issued a pass, good during the session of the legislature, all over the State.

Q. Was it to each member?—A. To each member of the legislature.

Q. Then those you enumerated, as thirty, forty, or fifty, are the additional passes?—A. Yes, sir.

Q. Is there any additional person whom you can name who received a number in excess of the others?—A. I do not think I ever issued more than one or two to anybody.

Q. At the request of anybody?—A. No, sir.

Q. Do you say that during the winter of 1885 you had no connection with the legislature whatever?—A. No, sir; I was here in 1885, but not in connection with, or as superintendent of, the Colorado division.

Q. Do you remember the Senatorial contest that took place that year?—A. Yes, sir.

Q. Was that, during that year, a subject of discussion between Mr. Walcott and yourself?—A. No, sir.

Q. Did you know at that time that on the whole Mr. Teller was regarded as more friendly to the interest of your road than Senator Hill?—A. No, sir.

Q. You did not know it?—A. No, sir; I never heard such a thing broached.

THE KANSAS PACIFIC AND THE SENATORIAL ELECTION.

Q. During the year 1885, have you any knowledge of provision being made by funds of the Kansas Pacific, placed in the hands of any of its officials or persons employed by it, and intended to be used in any way for the purpose of influencing the result of that contest?—A. No, sir.

Q. Do you know anything whatsoever with reference to that?—A. No, sir.

Q. Have you heard any such remarks?—A. Senator Hill has made the remark.

Q. Have you heard it from any one else?—A. Yes, sir; I have heard it a great many times.

Q. From what source have you heard that such a fund had been raised?—A. From general conversations with people. I have often heard in conversation with people that Senator Hill said so. I have talked with our people and they have said there never had been a cent spent

They did not know or care whether he was elected or not. I have heard that many times.

Q. Can you refer us to any person who would be more likely to have knowledge on the subject than yourself?—A. I do not know anything about it. I had just come here. Mr. Dickinson was immediately in charge of the division at that time, and I talked to him, and I never heard him mention it.

ALL THE RAILROADS HAD REPRESENTATIVES.

Q. Did you know Mr. Archie Williams at that time, in 1885?—A. Yes, sir.

Q. And you also knew Mr. Walcott, did you?—A. Yes, sir.

Q. Do you know whether they had any charge of legislative matters in 1885?—A. No, sir.

Q. You do not know?—A. No, sir; Mr. Williams does not belong in Colorado—he was a Kansas man.

Q. He was here, was he not?—A. Yes, sir; I know he was here. But he is here very often. His division ends at Denver. But as to knowledge of that legislature, I do not know anything about it. I had nothing to do with it. Was not located here.

Q. In this session of the legislature, 1886-'87, who else participated in ascertaining the status of members of the legislature besides yourself and Mr. Walcott?—A. There were so many around here I could not state. All the railroads had representatives here. I saw representatives from every railroad.

Q. Give the names of some of those whom you recall.—A. The Pullman Company had Mr. Jewett of Chicago here. He is their division superintendent, or district superintendent. Mr. Gast of the Atchison, Topeka and Santa Fé was here at times. I think Mr. Fonts of the Denver, Utah and Pacific was here. I think Mr. Toll of the Colorado and Western was here. Everybody that was interested in railroads appeared.

MEETINGS OF THE RAILROAD REPRESENTATIVES.

Q. Did those gentlemen ever meet together for the purpose of conferring about those matters?—A. I do not know that they ever did.

Q. Did you ever meet in a room where three, four, or five of them were present at one time?—A. Yes, sir; I have been in a room.

Q. You have done that?—A. Yes, sir.

Q. Did each have one of these lists, and was each one talking about the status of the members?—A. I think they were all talking about the status of members. I do not remember about their having lists.

Q. Did they have any organization, or chairman, or roll of procedure?—A. No, sir; it is just meeting downstairs in the lobby of the hotel, or in the bar-room, or outside of the assembly rooms; no meeting; never went to a meeting of anything of that kind, nor were they called together for any such thing.

Q. Were not these gentlemen, being all in the same interest, called together to suggest methods about securing certain legislation?—A. Yes, sir; they never had a vote, but there was some attempt to see how we could reach this man or that man.

THE METHODS PURSUED MORE FULLY EXPLAINED.

Q. Can you give us a little more fully the method that was pursued?—A. The method was to find out just what each man's reasons were for voting against us. If it was a pure conviction that it was absolutely

necessary to have such a law, we never bothered him. If it was because he had some grievance, which the most of them who voted against us did have, which was of a personal nature, we looked into it, and if there was any reason, such as that they were being injured by the transportation or by any other means, we looked to see if it could not be adjusted to meet their views. If we could meet their views we would say so; or if we could make any change for them, we did it.

Q. Can you mention any vote that you secured by reaching a grievance?—A. Yes, sir.

Q. Please tell us whose vote you secured?—A. There was a member of the lower house, who came from Morrison, who had a grievance as to the readjustment of the local tariff that had come out, that the rate on grain which had been raised from 4½ cents to, I think it was, 8 cents. It was a mistake in the tariff, the tariff having been printed in Omaha on a mileage basis; and the rate was restored to the original rate, I think of 5½ cents. He said he had nothing more to say, and he voted with us.

Q. Were there any others that you can remember where the votes were obtained by the removal of grievances?—A. Partly; yes. I think that the votes of some of the people of Northern Colorado who had been shipping coal into the mountains, for some reason or other, had never seen a coal tariff, and had been supplying their coal entirely through an agent of the Union Coal Company, who had distributed the coal and had charged from 50 cents to 75 cents a ton for delivery. A man buying by the car could have bought direct exactly at the same price as the agent of the coal company. They did not seem to know it. At many places where I explained that they seemed to be surprised, and were grateful for the explanation, but it was something I would have been glad to explain before if I had known it.

Q. You think some votes were secured in that way?—A. I think they were aided.

Q. To what counties does that apply?—A. Gilpin and Clear Creek. There were one or two members softened in that way. I will not say that their votes were wholly secured to us by that.

Q. Do you remember any other cases?—A. I do not know; I tried so many, I suppose it would apply to almost everybody.

Commissioner ANDERSON. I mean cases in which you think you can trace the securing of the vote to the removal of the grievance.

The WITNESS. No, sir; I do not know that I can. The members of the legislature were stuffed here by a lot of buncombe talk of all sorts that was not true, and we did our best to counteract that by presenting our actual figures.

JOSEPH K. CHOATE.

DENVER, COLO., *Wednesday, July* 13, 1887.

MASON W. HOWARD, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am running the Transfer Company.

DENVER TRANSFER COMPANY.

Q. How long have you been engaged in the business?—A. Five years.

Q. Who compose the company?—A. It is a stock company of which D. C. Dodge and myself are the principal owners.

Q. Who are the officers of the company?—A. D. C. Dodge is president, and I am treasurer and superintendent of the company.

Q. Can you name any of the other individuals connected with the company?—A. Yes, sir.

Q. Who are they?

The WITNESS. Do you mean stockholders or directors?

The CHAIRMAN. Yes; stockholders or directors.

A. William Barth is a stockholder; W. G. Brown is a stockholder; Brown Brothers have some stock in the company; Mr. Gannett, of Omaha, has 10 shares, I think, in the company.

Q. Is it John W. Gannett?—A. Yes, sir. I believe that is about all the stock that is held outside of Mr. Dodge and myself.

BUSINESS RELATIONS WITH UNION PACIFIC.

Q. Has the company had any business relations with the Union Pacific Railway Company?—A. No, sir; nothing more than with other railroad companies.

Q. What business have you had with the Union Pacific Railway Company?—A. We receive and deliver freight from their road.

Q. Had you a contract with the Union Pacific Railway Company?—A. No, sir.

Q. What arrangement did you make with the company when you commenced business with them?—A. We did not make any, except to pay the freight bills and deliver the goods.

Q. How do you get the freight from the Union Pacific?—A. We solicit the business from the merchant of the town and get his order on the railroad company to turn over any goods that may come for him to us, and we haul them, for which we make a transportation charge to the merchant.

NO BETTER FACILITIES THAN OTHER TRANSFER COMPANIES.

Q. What facilities have you over other transfer companies from the Union Pacific Company?—A. We have none.

Q. What other transfer companies are there in Denver?—A. The City Transfer.

Q. Are there any others?—A. Not at present. There were two more; but they have gone out of the business.

Q. Has the City Transfer Company the same facilities from the Union Pacific that you have?—A. Precisely the same.

Q. Were the other companies that went out of business merged into your company or the City Company?—A. No, sir.

Q. Were the other companies bought out by your company?—A. No, sir.

Q. What was the difficulty with the other companies?—A. They could not make enough to sustain themselves.

Q. What facilities have you for receiving freight from the Union Pacific Company?—A. None over any expressman in the city.

Q. What are the facilities afforded you?—A. We drive down to the platform and get the goods out of the house and put them on our wagon and haul them to the merchant.

Q. Could any other expressman do the same?—A. Yes, sir; certainly. They do it every day.

NO BONUS PAID TO EMPLOYÉS OR OFFICERS.

Q. Do you pay any bonus to the employés or officers of the Union Pacific Company for this privilege?—A. Not a cent; never have done so.

Q. Did you make application for the business to any of the officers?—A. No, sir.

Q. Did you ever have any conversation with any of the officers or employés concerning the transfer business?—A. Many a time.

Q. Was that at the time of the commencement of your business?—A. I was not with the company when it was organized. I do not know anything about that. I took it afterwards. I simply went in, in starting the company, as a stockholder, and lost everything I put into it, and then I tried to resurrect the company and make something out of it.

Q. What did you do in the way of resurrecting it?—A. I did a great deal of hard work; that is about all.

INTEREST OF AUDITOR OF UNION PACIFIC TRANSFER COMPANY.

Q. Is this Mr. John W. Gannett, that you refer to, the auditor at the Omaha office?—A. He was at one time. I do not know whether he is now or not.

Q. How long has he had an interest in this company?—A. Ever since it was originated. He was one of the first that went into it.

Q. Has he a large interest?—A. He has ten shares, I think. I tried to buy him out, but he would not sell. I do not know why. He never had a cent for his money.

Q. Was he an auditor at the time of securing his interest?—A. I could not say that; I do not know.

Q. Was he an officer at that time?—A. In our company he was not. I do not know whether he was of the railroad company or not.

INTEREST OF GENERAL TRAFFIC MANAGER.

Q. Are any of the officers or employés or agents of the Union Pacific Company interested, directly or indirectly, in your company?—A. Perhaps I should state that Thomas L. Kimball holds 10 shares in our company, that he has had ever since it originated. I did not think of that in giving my former testimony. He still has that interest.

Q. Mr. Kimball is the general freight manager and traffic manager, is he not?—A. Yes, sir.

Q. Did he have the interest in the company when you went in?—A. Yes, sir; before I went in.

Q. Did you have a conversation with him concerning the transfer business?—A. Yes, sir.

Q. What was the nature of it?—A. I wanted him to pay us something for collecting these freight bills around town that we collect, and he refused to do it.

By Commissioner LITTLER:

Q. What is the par value of your shares?—A. $100 shares.

By Commissioner ANDERSON:

Q. What is the total capital?—A. 500 shares; $50,000.

EFFORTS TO SECURE BETTER FACILITIES.

Q. Did you have a conversation with Mr. Kimball concerning the facilities that were to be given to your company?—A. I talked with him about that; yes, sir.

By the CHAIRMAN:

Q. What kind of talk did you have?—A. I thought, in view of the business we transacted, that we should have some advantage over the

ordinary expressman that comes down there at the platform, perhaps once a week, in reference to unloading freight. For instance, if you had been down there yesterday, you would have seen ten to fifteen of our wagons in line waiting to unload at the depot. Any expressman or any teamster that comes in ahead of our teams takes his place, and it holds fifteen of our teams there half a day, while it would only hold one of the other teams belonging to somebody else, who would thereby undergo a good deal less expense and loss than we would; but that is something we never have been able to regulate or get fixed, and I do not expect to. I tried for five years and have not succeeded in getting it done. I have about given it up.

PERSONS INTERESTED IN TRANSFER COMPANY.

Q. Have you named all the officers, or employés, or agents of the Union Pacific Company that are interested, or that have been interested, in your company in the past?—A. I have named all that are interested; yes, sir.

Q. Have you named all that have at any time been interested in the transfer business?—A. No; that is, I have not named all that had stock.

Q. Who were the others?—A. Mr. Smith used to have some stock in our company, but he sold it out some years ago. I think it has been some three or four years since he had any stock in the company.

The CHAIRMAN. Mr. Smith is a very indefinite designation.

ORGANIZED TO HELP RAILROADS OUT OF A SCRAPE.

The WITNESS. I should have said S. T. Smith. It might be well for me to state, in this connection, that when this transfer company was organized it was organized to help the railroads out of a scrape. That is, it was during the Leadville excitement, and there were from 500 to 1,000 cars standing in the yards in Denver all the time. I was then in the railroad business myself. It was seen that some arrangement must be made in order to relieve the company of this load of cars. The present transfer companies were not able to handle the business. They would store goods with them. They would not only lose goods at times, I am told, but they lost the freight that was really due on the goods; and it was impossible, for self-protection, to get these cars unloaded. That was the way some of the railroad men happened to get interested in the transfer company at that time.

Q. Was the organization effected for the railroad companies?—A. No, sir; it was effected to relieve the railroad companies of this freight that had accumulated in cars and in warehouses in Denver.

Q. Who made the suggestion?—A. I think it was made by the various roads centering in Denver. That is my understanding of it.

Q. What consideration were the roads to give for this organization?—A. Nothing whatever.

FAILURE OF FIRST EFFORT.

Q. Were the individuals going into the organization to take the risk as to the profits?—A. It was understood and talked of in this way: That when the company was first organized the railroad should have a company on which they could rely to handle a certain amount of freight at certain periods and on short notice, you understand. After it was organized, it did not prove to be a success. Consequently, every rail-

road man that had taken any stock in it dropped out of it just as quick as he could, and let his stock go. I, with the rest of them, lost the first twenty shares I took in the company. Then two or three years after that, after they had got into debt a good many thousand dollars, it was proposed to me to resurrect the company, and I took it under advisement for two or three months, and tried to get an agreement for advantages, if I would resurrect the thing. But we never succeeded in getting anything of that kind done. However, I did resign my position on the railroad and took hold of the business and did get it on its feet.

SUBSEQUENT SUCCESS.

Q. Who suggested that you should do that?—A. Mr. Pierson is the first man that suggested it to me. He was then pool commissioner and owned ten shares in the company. He said he always thought that it ought to be an institution that would at least meet its obligations, and he thought I had better take it up and undertake to bring it out in that way.

Q. Was Mr. S. T. Smith interested at the time, or employed by the Kansas Pacific, when he had the interest in the transfer company?—A. It occurs to me that he was superintendent of the Kansas Pacific division of the Union Pacific.

Q. What other officers or employés of the Union Pacific Railway or branches were interested in the transfer business?—A. I do not know of any.

Q. Have you named all?—A. I think I have named them all; yes, sir.

Q. During Mr. Smith's connection with the transfer company what interest did he hold?—A. He had ten shares of the stock.

VALUE OF THE STOCK.

By Commissioner LITTLER:

Q. What is that stock worth now?—A. Well, of course, the most I paid for any of the stock has been $75 a share.

Q. What is it worth?—A. That is a problem that any two men would differ on.

By Commissioner ANDERSON:

Q. Does it pay any dividends?—A. No, sir.

Q. Is there any bonded debt?—A. No, sir.

PROPERTY OWNED BY THE COMPANY.

By Commissioner LITTLER:

Q. What property does the company own, and what is your capacity for handling freight?—A. We have five lots and a good barn here in the city. We own our horses and wagons and appliances.

Q. How many horses and wagons do you own?—A. We have about thirty wagons and eighty head of horses, all told.

Q. Is that the entire property of the company?—A. We have a ranch out here on Bear Creek.

Q. Do you put any of the earnings of the company into the ranch?—A. Yes, sir.

Q. Have the earnings of the company bought and paid for the ranch?—A. Yes, sir.

Q. How much of a ranch have you?—A. Four hundred acres.

Q. What did it cost you?—A. From $5 to $20 an acre.
Q. Have you got it all paid for?—A. Yes, sir.

HAS NO ADVANTAGE OVER OTHER CARRIERS.

Q. Is that the reason the stock has not paid any dividends?—A. That is a very good reason. I want to say this: That there is not a railroad company in the city of Denver that gives the transfer company one cent's advantage over any expressman in the city of Denver. Each railroad company in this city ought to pay us $1,000 a year for collecting their bills and they do not pay us a cent. The two transfer companies in this city pay $3,000 a year to collect bills for the railroad company, for which they get nothing but thumps and kicks when they come down and want certain things. We fight our own battles and fight them right from the shoulder at any time. Furthermore, I want to say this: That we pay thousands of dollars a day to the railroad companies for freight bills, and we take them to merchants in this city, and from clerical errors of clerks at this end and the other end we carry thousands of dollars all the time until this bill can be collected at the tariff and right rates. If there is anybody that thinks it is a plum, they had better try it awhile.

DENVER, COLO., *Wednesday, July* 13, 1887.

MASON B. CARPENTER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am an attorney at law.
Q. Are you a resident of Denver?—A. Yes, sir.
Q. How long have you been here?—A. I have been here twelve years.
Q. Do you desire to make a statement to the Commission?—A. Yes, sir.
The CHAIRMAN. We will hear you.

STATEMENT REGARDING RAILROAD COMMISSION BILL.

The WITNESS. I saw a statement in the newspapers, made by Mr. Thomas M. Patterson, to the effect that the house of representatives, at the last session of the legislature, passed a railroad commission bill, and that the senate refused to do so, although the people of this community desired such a bill, or at least ninety-nine out of a hundred desired such a bill passed. I will state that I have been a member of the senate for four years. During the sitting of the senate there was handed to me, and signed by people of this city, a protest against it, directing or asking me to vote against stringent railway legislation. That was signed by nearly every prominent business man in this city. I copied from that list, and have now, the names of people who signed that request to vote against such a proposition. It had some seven hundred or eight hundred names, and I have here a copy of the names of nine-tenths of the merchants of this city and of prominent people in the city, a few of whom have been interested in the railroads, and some who have not.
Q. Will you leave the list with the Commission?—A. Yes, sir. It is in pencil. I copied it before I handed in the petition to the senate.

CONCERNING ELECTION OF SENATOR TELLER.

Q. Have you any other statement to make?—A. I desire to make another statement, and that is in reference to the election of Senator Teller. I was one of the managers of the contest between Senator Hill and Senator Teller, acting for Mr. Teller, or rather as a friend of his, not at his solicitation. I was at all times, when not engaged upon the floor of the senate, in the lobby and in different parts of the Windsor Hotel, where there were rooms where this matter was talked over, and I never saw at any time any connection between his election and the Union Pacific, anywhere. It was a political move, and, so far as I know, no railroad move. In fact, at the primaries, the fall before, the influence of nearly all the railroads in this city was thrown for the Hill side. I do not know that we received in our contest any assistance from the Union Pacific. I think we did not receive any. We received no money influence, and I do not know that we received any influence in the election of individuals who were favorable to the Teller side.

Q. Have you any other statement to make?—A. No, sir; I think that is all.

Q. Are you employed by any of the railroad companies centering in Denver?—A. No, sir.

Q. Have you ever represented any of them as attorney?—A. No, sir; at no time whatever.

PRESENCE OF UNION PACIFIC PEOPLE AT LEGISLATURE.

Q. During your membership of the senate of Colorado, have you observed the officers or employés of the Union Pacific Railway Company present at the sessions?—A. Yes, sir; I have in the lobby, or rather in the lobby of the hotel; not in the lobby of the legislature.

Q. What were they doing there?—A. I do not know that I ever saw anybody, except around as other people were.

Q. What officers or employés did you see there?—A. I do not know of any except Mr. Choate. I saw him, I presume, during this last winter two or three times.

Q. Do you recall any other agent or officers or employés of the Union Pacific Company being present?—A. No, sir; I do not think I know others. I may have seen Mr. Touhy once.

Q. What is his full name?—A. Pat Touhy.

Q. Is he a resident of Denver?—A. Yes, sir.

Q. What was he doing there?—A. I saw him upon the occasion of the defeat of stringent railroad legislation in the senate with some three or four others. I think he was with Edward Walcott, who was the attorney for the Rio Grande.

Q. How was Pat Touhy employed by the Union Pacific Company?—A. My impression is that he was the local superintendent of some division, or assistant superintendent.

Q. What, from your observation, was the purpose of these men there?—A. Mr. Touhy was engaged principally with some of the others in drinking whisky.

Q. Who were the others?—A. I think there were two or three of the members of the legislature.

Commissioner LITTLER. Of the lower house, I suppose?

The WITNESS. I am sorry to confess that there were some of the upper house there.

The CHAIRMAN. Was Mr. Touhy successful?

The WITNESS. Yes, sir; in that branch of the business I think he was.

Q. Do you recall the presence of Mr. A. L. Williams?—A. I never spoke to the man in my life. I remember his being here at the session of 1885.

Q. What was he engaged in while here?—A. He was said to have been a Union Pacific or Kansas Pacific attorney. He made a speech, I think, before the senate railroad committee against the rate-making power in the commission bill. I know him only by sight. He was pointed out to me before he made that speech, and then I recollect his making that argument before the senate railroad committee.

Q. Did he remain here during the session?—A. I could not say as to that. He was here a part of the time I know.

Q. Mr. Touhy was engaged in drinking whisky with the members of the legislature; what else was he doing?—A. I never saw him except that one time. As I say, that was after the railroad legislation had been defeated in the senate.

THE PRESENCE OF LOBBYISTS EXPECTED.

Q. Was there any comment at the time upon the presence of these men at the legislature?—A. Oh, no, sir; we expected them.

Q. Why did you expect them?—A. We supposed that they were interested just the same as in all other branches of legislation; we had large lobbies always upon every kind of legislation.

Q. What method did the lobbyists use?—A. I never saw any, except that of consultation and begging of members to vote this way and that way.

Q. Have you named all the forms or methods of influence used on the part of the railroad companies for the purpose of influencing legislation?—A. All that I know of. I know that they were here. Mr. Walcott was busy, I think, probably, more than any one else. He stated to the railroad committee of the senate that it was of vital importance to the Rio Grande road, which he represented, to prevent this legislation. I think I saw him more frequently than anybody else of what would be known as railroad men.

Q. Had the railroad men, especially the agents of the Union Pacific Railway Company, any headquarters where they held their meetings with the members of the legislature?—A. None that I know of; no, sir. I never saw them except in the lobby of the Winsor Hotel, which was always the headquarters for everybody that had any matters before the legislature. The legislative halls were in the little building just above the hotel here. Upon the adjournment of the legislature the members generally came into the hotel, or a good many of them did, and there you would find the people from the different parts of the State and the city who were interested in matters before the legislature.

INFLUENCING LEGISLATION.

By Commissioner LITTLER:

Q. I will ask you a question. It is in evidence before this Commission that there was a combination formed between the representatives of the several railroads of this State for the purpose of influencing legislation at the last session of the general assembly, and that in pursuance of that combination large sums of money were raised for the purpose of

corrupting members of the legislature. Will you state whether that is true? State all you may know in relation to it, and state it fully.

The WITNESS. I know nothing whatever about that, except what was rumored and talked, or written and published in the Denver Republican. As to any money being used, I do not think there was ever a dollar used with any member of the senate of the last legislature.

Q. Were you at any time during your official career approached by anybody with a view of buying your vote on any question?—A. Oh, no, sir; at no time.

Q. Do you know of any other member who was so approached?—A. I do not. I do not think that any member of the last senate or the senate before—the senate of 1885—was ever paid a dollar at any time. Neither do I believe that there was any combination to pay money.

Q. So far as the investigations of that legislature went in that direction, as I understand, they failed to disclose any such combination. I refer particular to the Hill and Teller investigating committee?—A. I was not a member of that committee.

CHARACTERS OF MEMBERS OF INVESTIGATING COMMITTEE.

Q. Will you state what you may know in relation to the characters of the members of that committee? Do you recollect that?—A. I only recollect one.

Senator TELLER. I can recall them: Mr. Stevenson, Freeman, and Eddy, of the senate; Rathbon, Campbell, Pence, and Quillan, of the house.

Q. State what you may know in relation to their general standing as members of the legislature, and in what esteem they are held by the people of Colorado?—A. I know nothing against any one of them, and I believe they stand as well as any members of the senate or house.

Q. Did you ever hear of either of them accepting money as a bribe?—A. No, sir; and I do not think that any one would offer those people a bribe.

Q. Do you mean to state that their characters were such as would repel or deter any man from approaching them on that subject?—A. Yes, sir. I believe that is so as to most of them.

WHO HAS BEEN RE-ELECTED.

Q. Do you know whether either of those gentlemen have been re-elected?—A. Mr. Freeman has been eight years in the senate; Mr. Eddy has been eight years in the senate; Mr. Stevenson was not re-elected, and was not a candidate, I think; Mr. Campbell was then in the house, and has been since elected to the senate from El Paso County. Mr. Bence is now the county attorney.

Q. Of this county?—A. Of this county. He then resided in Rico, Dolores County.

Senator TELLER. Did he reside at Rico? I think it was Ouray.

The WITNESS. No, sir; he resided at Rico.

Senator TELLER. Then I was incorrect in my statement.

The WITNESS. He represented Ouray County.

Commissioner LITTLER. It is immaterial. That is all I desire to ask you in relation to that matter, unless you have something further to state.

DIVISION OF LEGISLATURE AS TO RAILROAD LEGISLATION.

The WITNESS. I desire to state this: that I think I have known as much about the matters that were going on in the legislature as anybody. But we could always tell, within a day or two, or within two or three days after we struck railroad legislation, how to divide the house or the senate. We knew about where they stood. A good many of the members of the legislature came here bent upon very stringent railroad legislation. But after argument before the committees, and after a full discussion of the matter in the senate and in the house, a good many of those members changed their minds. I think it was an honest change of mind, and not that produced by money. I do not know of a dollar being used in the legislature in the last four years that I have been there.

Q. Is that all you desire to state?—A. Yes, sir.

Q. I now invite your attention to another subject. Have you, at any time, considered the relation between the Government and these bonded railways; and, if so, have you had occasion to make up your mind as to what policy should be adopted by Congress in dealing with these properties?—A. No, sir; I have not. My attention has not been directed to that.

Q. Have you any suggestions to make to the Commission in relation to that subject?—A. No, sir.

Q. Have you any other suggestions to make to the Commission?—A. Not that I know of; no, sir.

HOSTILE LEGISLATION

By the CHAIRMAN:

Q. Has any legislation been enacted in Colorado hostile to the railway?—A. No, sir; unless you may call the railway commission bill, that has advisory powers simply, hostile to the roads.

Q. Would you regard that as hostile?—A. No, sir; I would not, although it has clauses against discrimination and extortion.

Q. Has the commissioner any power under the act to enforce the discrimination clauses, or other clauses?—A. No, sir. We attempted at the last session of the legislature to change it, and enact a law similar to what is now in force in Iowa, providing for an appeal from the advice or decision of the railway commissioner to the court, and with power in the court to enforce; but the people who desired stringent railroad legislation opposed it. They said that they would have a complete rate-making power, with power to do just as they wished with the railroads, or they would have nothing.

By Commissioner ANDERSON:

Q. Does this act make a violation of its provisions relating to discrimination a misdemeanor?—A. It does not.

Q. Does it prescribe any penalty whatever for violation?—A. I think it does not. That is my recollection of it.

REASON FOR HOSTILE LEGISLATION.

By the CHAIRMAN:

Q. Were many bills introduced during the session of the last legislature and the prior session, that you know of, hostile to the railroad?—A. Yes, sir; a large number.

Q. How do you account for the presence of so many bills? Was it reflecting the sentiment of the community throughout Colorado?—A. I think the most of them were introduced by those who voted steadily for stringent railroad legislation; particularly by the representatives from Clear Creek and Gilpin Counties. These counties claimed to suffer from the rate that was given to them by the Union Pacific. They insisted that the whole State should be put under the rate-making power, or a commission with the rate-making power, in order to give them the relief they needed. Those of us that were opposed to that antagonized that position as well as was possible to do so.

MANUFACTURED SENTIMENT.

Q. Was the number of such bills in the legislature a fair estimate of the measure of sentiment throughout the State?—A. I could not say as to that. I think that much of that sentiment of anti-railroad legislation was manufactured. I think much of it was made by the newspaper in this town, called the Denver Republican. They were continually howling for railroad legislation. They did not do that before they had a large contract with the Rio Grande for doing their printing. A few days after that the printing was taken away from them, they commenced this onslaught upon the railroads. That is my understanding of it.

Q. Was the railroad question an issue in the canvass for members of the last legislature?—A. Not that I know of. It might have been in one or two places in the State. I do not now recall any person who was elected upon that issue or any person who was defeated upon that issue. It is possible that such might be the fact.

Q. What would be the purpose of manufacturing sentiment upon that question?—A. I consider it the policy of the Denver Republican in its fight upon Senator Teller. I have always considered that the Denver Republican has attempted to hoist its proprietor by a sentiment of anti-monopoly. That is simply my own opinion.

Q. Have you any other suggestion to make?—A. None that I know of.

DIVISION OF THE LEGISLATURE ON RAILROAD LEGISLATION.

By Commissioner LITTLER:

Q. I will ask you one more question. What proportion of the last legislature was opposed to legislation on railroad matters? By what majority were these measures defeated?—A. The senate is composed of 26 members. Senator Waters, of this county, was opposed to railroad legislation, but was not present except one day. Without him the votes ordinarily stood 14 to 10 and 14 to 11.

Q. How did the votes stand in the house?—A. I do not know. The house passed the railroad legislation.

Q. And the senate defeated it?—A. Yes, sir; I think the vote there was about 4 or 5—or the same number the other way—the majority.

THE HOUSE FAVORABLE TO RAILROAD LEGISLATION.

By the CHAIRMAN:

Q. Were the members of the house elected upon that issue?—A. Not that I know of. I do not remember of any one now who was elected upon that issue. Those people who ran in Gilpin and Clear Creek Counties, irrespective of politics, were all one way, as I understand it.

Q. If the majority of the house voted that way was it not an indication that the majority of their constituents had sentiments in that direction?—A. That may be. I doubt it.

Mr. WILLIAM SCOTT LEE [mayor of Denver]. I must say that I know absolutely nothing about this matter, and I should regard it as a great favor if you will excuse me, for I have very important matters connected with this city that demand my attention, and I could not say anything at all on these matters.

Commissioner ANDERSON. I move that the mayor be excused.

The CHAIRMAN. You are excused, Mr. Mayor. We wanted to hear anything you had to say.

DENVER, COLO., *Wednesday, July* 13, 1887.

JOHN H. MARTIN, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. General merchandise; fruits and vegetables, &c.

Q. Is your business carried on in Denver?—A. Yes, sir.

Q. How long have you been here?—A. I have been in Denver for twenty-seven years.

Q. Have you had business with the Union Pacific Railway Company?—A. A great deal.

Q. What has been the nature of the business?—A. Shipping over the road; different things.

Q. From what points to what points?

The WITNESS. Do you mean where it originates?

The CHAIRMAN. Yes.

The WITNESS. From New York and Chicago, a great deal, and Missouri, and different places in Kansas.

Q. Have you named all the points of shipment?—A. We shipped some over it from New Orleans by way of Omaha, but only a few cars come that way.

PAID TARIFF RATES.

Q. What rates have you paid as a shipper?—A. The tariff rates, except when they were cut. When there have been any cuts, I suppose we have had the advantage of them.

Q. Cutting with whom or between whom?—A. Different roads, cutting east. The roads here do not cut. That is, they have been in a pool.

Q. Have you always paid the open public tariff rate?—A. Never knew but what we did.

Q. Have you had any special rate with the Union Pacific Company?—A. No special rates whatever from New York with the Union Pacific Company.

Q. Have you had any rebates allowed by the Union Pacific Company to your firm?—A. No, sir.

SPECIAL RATES TO COMPETITORS.

Q. Have you any knowledge of any special rates being allowed to other shippers engaged in the same line of business with you?—A. Not of my own knowledge; I have only heard of it.

Q. What have you heard?—A. I heard my friend Cornforth, my competitor, had $25 a car last year from Los Angeles to Denver, on the Central Pacific and the Union Pacific. I got that from Mr. Edward Earl, of California, week before last. He told me so. That is my source of information.

Q. What was the full rate at that time?—A. The full rate was $18.

Q. Do you know of any other shippers who received rebates?—A. I know that last year, just before the legislature sat, we had to take our goods to different shippers here to ship them on the Colorado Central, as we were informed by our customers at Boulder and Longmont and Collins that unless we could get such and such a rate they could not buy any goods of us. We had to take some to Estabrook & Co., and some to the Morey Mercantile Company, to ship them. I got hold of two of the first circulars, in which they said they would charge them 12 cents, when they were charging 25, and the next circular said that everything would be prepaid.

Q. What was this circular; was it written or printed?—A. I know the one I saw was written by a merchant here.

Q. Have you a copy of it?—A. I think I can find a copy. I have got it put away with some papers; I probably can find it.

Q. Will you furnish the Commission with a copy?—A. I think I can.

Q. What other shippers that you know have had special rates or rebates?—A. I only know from hearsay.

Q. What other?—A. The Morey Mercantile Company had them, and Brown Brothers had them, and Strubey, Estabrook & Co. had them.

Q. What rates did they have?—A. I know on the Colorado Central, because that was from one of their circulars. The first was 12 cents per hundred.

The CHAIRMAN. I am speaking of the Union Pacific Railway Company.

The WITNESS. They ran that; that is, the Union Pacific did.

Q. Is it a branch?—A. It is a branch of their own; yes, sir.

Q. What other rates?—A. The last circular said that they would prepay it, and they had nothing to pay; it was taken up there free. That is the way I understood the circular to be.

Q. Have you knowledge of any others?—A. Nothing in particular; only a general rumor.

EFFECT OF REBATE AND SPECIAL RATES ON COMPETITORS.

Q. What effect has the allowance of special rate or rebate upon your business?—A. It affects our business a great deal. If my competitor got $25 a car—$25 a car is a pretty good profit, if you can go to work and sell it entire; and he has that advantage of $25 a car over me, and he can go to work and undersell me the whole time. It is unjust.

Q. To what extent has your business been affected by these special rates?—A. That I could not tell you. I know one thing lately—that I do not think there were any special rates given for a short time before now, because I know our business has increased nearly double what it was.

Q. Please read the letter printed here, of Estabrook & Co., and see if you recall it as corresponding with the circular that you have spoken of.—A. That is the one; that was furnished by me.

The CHAIRMAN. Not by you.

The WITNESS. I furnished the paper.

Q. Did Estabrook & Co. issue the circular?—A. Yes, sir.

The CHAIRMAN. Please read it.

CIRCULAR OF ESTABROOK & CO.

The WITNESS. "From July first, until further notice, the freight rate from Denver to your city will be 12½ cents one hundred pounds on first, second, third, fourth, and fifth class goods. Please return us your freight bills from July 1, on goods bought of us, and we will refund the overcharge." Two days later, on July 12, the following letter was sent out: "Our circular letter of July 10 is hereby withdrawn. Until further notice our goods will be delivered as billed. We prepay the freight."

Q. What was the purpose of the latter notice?—A. So that it was free. That was the way I understood it. They prepaid it free.

EFFECT ON WITNESS' BUSINESS.

Q. What was the effect of that circular from Estabrook & Co. upon your business?—A. I do not know that that affected our business much, because they are not in the same business (only partially so) that we are in. There were some goods they sold that we had to ship to our customers through them, which is very mortifying to a merchant.

The CHAIRMAN. That is to say, by reason of the rates allowed to them by the railroad company you were compelled, in order to effect any dealings with profit with your customers, to deal through Estabrook & Co.?

The WITNESS. We did not deal through them; but these parties up at Boulder, and different parties, would order it shipped through them when we could not give them the rates. You see, we found out that we could not sell any goods there. We sent a man on purpose to find out the reason. Our customers had all dropped us, and I sent a man up on purpose to see what was the matter.

Q. What percentage of customers did you lose?—A. I suppose we lost a quarter of them, or more; in fact, we lost pretty nearly all for a while there because we could not ship. It would take away all our profits if we were to prepay the freight.

DENIAL BY THE UNION PACIFIC.

Q. Did you make application to the company in regard to this condition of affairs?—A. I went to see Mr. Keeler.

Q. Who was he?—A. The general freight agent here.

Q. What did he say?—A. Like all railroad fellows say—always deny it.

Q. Did you have any explanation from him?—A. No, sir; he knew nothing at all. They know nothing at all. None of them do.

Q. Had you any conversation with him further than that?—A. No, sir; no more than just as I told him it was unfair and unjust.

Q. Have you any knowledge of any other rebates or special rates or preferences given by the Union Pacific to shippers?—A. Nothing more than hearsay.

Q. What have you heard other than you have mentioned?—A. I heard of another competitor, the one I have named just now. He had, in 1886, $10 a car for all goods shipped from the East.

By Commissioner LITTLER:

Q. What is his name?—A. J. T. Cornforth & Co. If you put him on the stand I guess he will tell you the truth.

By the CHAIRMAN:

Q. Would you consider that an advantage over the other shippers?—A. Yes, sir.

Q. Had you the same rate?—A. No, sir.

EQUALIZATION RATES TO COMFORTH & CO.

Q. Was it in the nature of an equalization rate?—A. I understand that it was a rebate.

Q. Did you have any understanding as to the effort on the part of the company to issue equalization rates?—A. I understood it was given to him for his business; for him to ship nearly all over that road, which I have understood he does.

Q. Did you participate in that rate?—A. No, sir; I ship but very little over the Union Pacific road.

Q. Did you make application to participate in the rate?—A. No, sir; because I did not know they were doing any such thing. They pretended they were in the pool and no rebates given.

Q. So that when Mr. Cornforth stated here that the only advantages he enjoyed were under equalization rates, and that they were enjoyed by all the merchants in Denver equally, was he mistaken?—A. I never had them.

Q. Do you know of any other merchants that enjoy them?—A. Nothing more than hearsay. I do not know of my own knowledge of this. I know of one thing, the Union Pacific road will never give me any favors.

Q. Of what other shippers have you knowledge who have preferences?—A. I understood Mr. Cornforth had them.

Q. Have you not named him?—A. I mean Birtz Cornforth.

Q. Is he connected with the other Cornforth?—A. No, sir; his is a different store altogether.

Q. Is he a relative of the other Cornforth?—A. He is a brother.

Q. What other shippers?—A. That is all I recollect now.

UNION PACIFIC WORKING AGAINST WITNESS.

Q. Have you any other information that you can give the Commission with reference to the discriminations or preferential rates?—A. Two years ago I sent a man out to Central, and I found that the Union Pacific was sending a man to work against me, going one day to Black Hawk on horseback, and another day going to Idaho Springs. I sent a man there on purpose to find out. He found out that that man was riding one day to Black Hawk and canvassing for the different houses here, and the next day would go to Idaho Springs through Central City.

Q. Why should the Union Pacific Railway oppose you in trade?—A. Because Vining has no love for me at all.

Q. Who is Vining?—A. The general freight agent of the Union Pacific road.

SUING THE ROAD.

Q. Had you any difficulty with Vining?—A. I sued the road and got judgment.

Q. What was the nature of the suit; what was it for?—A. A contract that I made with them.

Q. What kind of a contract?—A. I think it was for 1,600 cars at one time.

Q. When was this suit?—A. It was several years ago. It was tried at Cheyenne.

Q. What was the condition of the contract. Was it for the use of 1,000 cars?—A. Yes, sir. We had hay and grain and flour.

RESULT OF THE SUIT.

Q. What was the result of this suit?—A. He went back on his contract; I won the suit; it was carried to the supreme court, or to the court of the Territory of Wyoming, and I beat him there. I beat him first in the district court and then in the other court; and he always had a grudge against me afterwards.

Q. What did you recover?—A. I forget exactly what were the damages I recovered; they were considerable; I cannot tell exactly the amount.

Q. So that you think from that time the Union Pacific Railway Company has pursued you?—A. Yes, sir; they have, right up to within a short time. I do not think they are pursuing me now. I think they have honest people here now, and are trying to do what is right.

By Commissioner ANDERSON:

Q. When was this judgment in your favor recovered?—A. I think it was in 1871.

Q. Eighteen hundred and seventy-one or 1881?—A. 1871. It was several years ago.

Q. Sixteen years ago?—A. Yes, sir.

DISCRIMINATED AGAINST FOR SIXTEEN YEARS.

By the CHAIRMAN:

Q. Has the Union Pacific Railway Company, up to the time of the 1st of April, been discriminating against you through their officers?—A. They have, more or less.

Q. During these sixteen years?—A. Yes, sir.

Q. Have they annoyed you?—A. Yes, sir.

Q. And pursued you in every way through their agents and officers?—A. Some of the agents have tried to do what is right, but they were all under instruction. It has been better since Mr. Vining went away, a great deal.

Q. When did this cease?—A. It stopped last year.

Q. That was the first?—A. Yes, sir.

Q. From 1871 until last year?—A. Yes, sir.

The CHAIRMAN. Unless you have some other suggestion, we will excuse you.

The WITNESS. I see there is a paper there, and I would like to know whether my name is on that paper or not.

Q. What is your full name?—A. J. H. Martin.

Commissioner ANDERSON. Is that the paper Mr. Carpenter laid before us.

Commissioner LITTLER. Yes, sir. Senator Carpenter.

Mr. WILLARD TELLER. I would like to ask Mr. Martin a question.

The CHAIRMAN. Certainly.

MAKING CHARGES AND HAVING TROUBLE.

By Mr. WILLARD TELLER:

Q. For the last sixteen years, or since that judgment was rendered, have you been in constant correspondence with the officers of the company from time to time?—A. Every now and then.

Q. Making charges against them, and having a good deal of trouble with them?—A. Having a good deal of trouble with them. You and I had a suit for $27 once.

Q. Were you constantly repeating those charges?—A. Not as much lately.

Q. But from time to time were you not having a good deal of trouble all the time, and making charges against them and writing letters to them?—A. I have written letters to them, because I think they are charging too high on all goods. There is one statement that I want to make since you have spoken. I want to let these Commissioners know how we are crushed here. I have just returned from California. I bought a car of raisins and dried fruit. I can go to the company and ship those from Kansas City, Omaha, Atchison, and Council Bluffs for $1.05 a hundred. I am charged in Denver $1.95 a hundred to bring them here, and if that is not unjust to the people of Denver, I do not know what is.

CHEAP RATES INDUCE GROWTH OF POPULATION.

I am one of those people that do not go for everything for myself. I want to see the State built up. Instead of seeing 300,000, I want to see 1,000,000 people in the State. A great many that signed there do not care a snap. They have said to me, "Why do you keep on wanting the freights lowered?" I said, "I want a lot of people to come here." "It don't make any difference to you," they say; "you get the same price for goods." I would rather sell two car loads of goods than one. That is my motto. When I introduced the resolution in the board of trade I did it in the interest of small merchants in the city. The large merchants do not care. The most of them have drawbacks all the time. I want to see our mines built up, and to have everything that a man lives on come in here cheap. I do not care what they charge for whisky, silk, or tobacco; but for everything else I want a reasonable rate. We are paying more freights to day than any other city in the Union. Why should we pay $2.15 for first-class goods when they are bringing them from the Missouri River for a little over 50 cents? We are about 100 miles farther I think. It is unreasonable. We are paying higher rates than we can find in any State in the Union elsewhere, and the roads do not cost any more to keep up than anywhere else. We are now thickly settled within about a couple hundred miles of Denver. Each road would get a share.

Q. I wanted to know of you in general if you have not been, for the last seventeen years, making it hot all the time for the Union Pacific with complaints and publications in the newspapers?—A. I have not written a piece in the newspaper for four years.

Mr. WILLARD TELLER. And with letters, &c.?

The WITNESS. When Vining was there I wrote pieces. I would answer him back every time. I wrote pieces in the newspapers. I do not deny it.

THE PEOPLE TAXED TO PAY INTEREST AND DIVIDENDS.

Commissioner LITTLER. Now you can make any other statement. Do not repeat, but give any additional information you desire to.

The WITNESS. Yes, sir. I see the Union Pacific has cost so much to build that they tax the people here to make them pay the interest on their bonds and stock, while the road can really be built to-day for

$63,000 per mile. There is no reason why the people of this city and the State should pay so much. I understand there is piled up on the Kansas Pacific over a $100,000 a mile of indebtedness, and we have got to pay the interest on those bonds and stock. I mean the people have to pay; I do not mean the merchants. It is unreasonable and unjust to make the people pay it. As soon as this car of raisins come in I am going to see what the Commissioners can do.

By the CHAIRMAN:

Q. That is to say, on this car of raisins that you want brought in here you pay nearly twice as much as the merchants at Omaha. Is that it?—A. Yes, sir; very nearly. When I was in California I went to the Canadian Pacific to see what they would do. They agreed to take the car of raisins and dried fruit to Omaha for 70 cents per hundred; and the rate under their pool here, or what they call an association now, is $1.15; so you see I could save 10 cents a hundred by shipping around by the Canadian Pacific and bringing them back here.

BETTER RATES WANTED TO DENVER.

Yesterday they brought a letter to me from the Union Pacific. I went to Mr. Gray, while out there, of the Central Pacific, and told them we had got to have better rates to Denver. I went to see him twice, and told him what I wanted to ship, &c., and he said he was very willing; that he would give us the same rates as to Kansas City. But he said the other roads were not willing to do so. So I then went to Mr. Eckles, and he said he would do what he could. He is the Union Pacific agent at San Francisco. A letter that was shown to me yesterday, written to Mr. Keeler, says that the Santa Fé will not agree to give us the same rates as to Kansas City. I offered them, when I was out there, $1.50 a hundred, rather than to have any trouble at all, to bring it here; and the Santa Fé, he says, will not consent to that. So you go to one road and there is always some one to object. They grind the people of Denver all they can. We are just like Ireland—that is what we are—because of the oppressions of the railroads.

The CHAIRMAN. I wish you would look over the list I hand you, representing the signers to a petition against the legislation proposed in the last legislature, and see if you observe any names reported as having had rebates from the Union Pacific Company or any other companies.

The WITNESS. There is one thing I would state. I was in favor of railroad legislation, and I had a bill drawn up which was partially approved of by my friend, Mr. Carpenter, who was on the stand a few minutes ago. But when I found he had gone back on me I did not have it introduced at all, because I thought it would not do any good, particularly after I saw that he was chairman of the senate committee. About half of these names are of shippers—in greenbacks. There are none here but what I have already named.

Q. Is about half of the list composed of shippers?—A. Here is Mr. Wood, who is a banker. Barker is a retired gentleman. Most of these are put on because the railroads send around with lobbyists and different ones, and they scared them, and said it would be an injury to Denver if they made a rate.

Q. What agents of the Union Pacific said that?—A. Pretty much all of them, and of all the other roads. They were not any worse than any of the others. They were all alike.

Q. Do you know whether Mr. Choate or Mr. Touhy made any such assertion?—A. They were around amongst them all the time lobbying. I would like to have you have Mr. Marshall up here to tell you a little about it. I do not know whether he has been examined or not.

Q. Who was Mr. Marshall?—A. He was employed as a lobby man.

Q. What is his full name?—A. I cannot tell you. I can give you his name by and by.

Q. Will you give it to the Commission, with his address?—A. I will hand it in to you.

SENTIMENT OF COMMUNITY AS TO EXTENSION OF TIME TO PAY.

Q. What is the sentiment of the community here with reference to the extension of the debt?

The WITNESS. The Union Pacific debt?

The CHAIRMAN. Yes.

The WITNESS. I think they ought to be made to pay their debts just like I pay mine.

Q. Have you thought over the question at all?—A. Yes, sir.

Q. What have you thought about it?—A. I see that is the bugbear. I have watched the thing a great deal. They say they bought the stock innocently. They knew all about it when the road was built. They bought with their eyes open. I saw it when it was built. I was on the Union Pacific more or less. I know there was more paid for the ties than ought to have been. After they got to Cheyenne I knew pretty much from there west what was built. I was up and down the road, and saw the contractors that contracted for ties and different things, such as for grading and bridges, &c. I know it was built very extravagantly after they got to Cheyenne. For some of the ties I think the price was $2.50 a tie. They could have been furnished just as well for a dollar.

Q. What have you considered with reference to the extension of the debt?—A. I consider they ought to go to work and pay it—or the Government will lose its debt. I do not think the people of the West ought to be made to pay the interest on this debt, and as long as that debt hangs over it so long we shall have to pay it. I prefer to see the road sold out when the time expires, and let the people pay what it is worth for shipping their goods. If we shall have to pay the interest on that debt right along we are in a pretty bad fix in Colorado.

OBJECTS TO GOVERNMENT RUNNING THE ROAD.

By Commissioner ANDERSON:

Q. You prefer to see it sold out for what it will bring, and not to be taken and managed by the Government, do you?—A. I do not think that the Government could go to work and run a road as well as individuals can. There is too much red tape about the Government.

By the CHAIRMAN:

Q. Have you any other suggestion?—A. Nothing at all.

Q. Will you give us the address of Mr. Marshall?—A. Yes, sir. I probably can furnish you with some other papers that I had when I was president of the board of trade here. I, with the board of directors, sent out circulars over the State.

The CHAIRMAN. You may furnish any papers.

The WITNESS. I think I can find you those papers.

DENVER, COLO., *Wednesday, July* 13, 1887.

JOSEPH T. CORNFORTH, being recalled and examined, testified as follows:

By the CHAIRMAN:

Question. What was it you wanted to add to your testimony?—Answer. I have made an assertion that I never received any rebate from the Union Pacific Railroad. Mr. Martin makes a very grave charge, made by an agent of mine to him in California. For a certain purpose I have had to change my agent, and I have now opened a business house of my own in Sacramento to keep my business to myself.

I should like to ask you, as chairman of this Commission, if you are investigating the Union Pacific Railway, or are investigating other roads centering in Denver?

The CHAIRMAN. We are investigating the Union Pacific Railway Company and all roads in which it has an interest.

DENIAL OF RECEIPT OF REBATE.

The WITNESS. I have never received $25 per car from the Union Pacific Railroad, the Central Pacific Railroad, or the Southern Pacific Railroad of California, at any time in my life, either last year, this year, or any previous year.

By Commissioner LITTLER:

Q. Have you ever received any rebate?—A. No, sir. I have received money for overcharges, as every merchant here has. If we have paid for 22,000 pounds and the car-load only weighs 20,000, they have paid us the difference of the overcharge they have made. With regard to the $10 per car, that requires an explanation. I received no $10 a car rebate from the Union Pacific Railroad, the Central Pacific Railroad, or the Southern Pacific Railroad, in all my course of business.

A RAILROAD WAR.

At one time a serious matter occurred, a difference between the railroad companies, and for some time there was no business intercourse between certain roads that connected with the Union Pacific Railroad. I made contracts and purchases, and to protect myself I sent the money to headquarters and instructed my agents to prepay the freights. I think the amount I forwarded was $5,000. In the mean time my competitors could not receive any goods until the squabble had ended, and I should not have known anything of it had I not made the purchase. By that means I do acknowledge that I saved money by paying the two freights. It was not through the Union Pacific. It was other lines connected with the Union Pacific. I received no $25 from either the Central Pacific or Union Pacific or Southern Pacific of California.

By Commissioner LITTLER:

Q. Is that all you desire to say?—A. Yes, sir.

Mr. MARTIN. Didn't you receive——

The WITNESS. I would like you to ask a question through the chairman. I will answer no question of Mr. Martin.

The CHAIRMAN. What do you want to ask him?

NEVER RECEIVED MONEY FROM ANY RAILROADS OR AGENTS.

Mr. MARTIN. I would like to ask if he did not receive $25 a car for all the material he shipped from Los Angeles in 1886.

The CHAIRMAN. You have heard that question.

The WITNESS. I have answered that question, Mr. Chairman.

The CHAIRMAN. Please answer it again.

The WITNESS. I never received any $25 from any railroad, or any agent, or any association, or any person, connected with the Southern Pacific of California, or the Central Pacific of California, Nevada, and Utah, or the Union Pacific Railroad of Utah, Wyoming, and Colorado, or any agent, or had any understanding with any agent. If I have transacted business over other transcontinental lines coming into Denver, I think that is my business; but I take an oath that they have never given me a dollar. It is a grave charge. It has been passing on the streets here for some time; a very grave charge.

By the CHAIRMAN:

Q. Have you ever had any agreement with any of the railroad companies under the supervision of the Union Pacific as to rates?—A. No, sir; I have not.

EXPLANATION AS TO EQUALIZATION RATES.

Q. Do I understand you in your assertion to repeat that the equalization rates were extended to all alike?—A. Yes, sir; that requires an explanation, probably. I went to see Mr. Keeler and asked him why we did not enjoy the 12½ and 15 cent rate for the distribution of our goods, produce, and freight from Denver. Mr. Keeler asked me, the first question, "What is your car rate from the river to Denver?" I told him it was nearly $1.98⅜ per hundred, or $1.97½, or in that region. He said, "That is in car-loads?" My answer was, "Yes." He said, "Your rate in less than car-loads is $1.40 a hundred. You don't want any relief, because the rate from here up there is 40 cents on soaps." I said I understood my competitors were working in barrel soaps for some other kind of goods. He said that was an extortion; if any such thing was being done they were being imposed upon, and they trusted to the honor of the merchants they dealt with. I stated it was done. He said I did not require any relief, for it was about $1 a hundred, and in less than car-loads the rates were less than $2 per hundred. He said, "It is impossible for them to buy at the Missouri River, and you need no relief." We do not handle groceries.

Q. What is the name of your firm?—A. A. Cornforth & Co., fruit magazine.

NOT A REBATE BUT AN OVERCHARGE.

Q. If your firm's name appears upon the rebate book of the Union Pacific Company at Omaha, is it a mistake?—A. Yes, sir; as a rebate it is; as an overcharge I will give you some illustrations. You will probably find where we have consigned to Cornforth & Co., for Central, Black Hawk, and other places, at a fraction less than if we took it off in car-loads here and reshipped it. There have been at times errors made, which we refunded at the destination of the goods. You will find we received last year $200 or $300 for different amounts of overweights. I will show you the expense bills and then the city scale weights here. When I was president of the first merchants' board of trade organized here things were in a very chaotic state, the railroad company having scales exposed and very little attention paid to them, and they would put one car on and weigh it without detaching it from the train, and the car would go 1,200 or 3,000 pounds in excess of the quantity contained in it. As president I got consent that the weights

should be corrected by a city scale weigher, who gave a bond to the city for $1,000; and to this day we seldom receive a car that is correctly weighed. We may have an overcharge of from 50 to 800 or 900 pounds. Some cars that pass over the scales weigh correctly, but as to nearly every car we weigh we find an error. The correction has been made by the city weigher here in Denver, and that is the way I received the money as refunded for overcharges. I think every merchant in the city of Denver receives them.

Q. Have you any other suggestion to make?—A. No, sir.

DENVER, COLO., *Wednesday, July* 13, 1887.

ROBERT H. RUBIDGE, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Have you brought any memorandum with you?—Answer. Yes, sir. I brought a memorandum that I was told would be required of me. It is a memorandum as to rebates.

(The witness produced a memorandum, which is marked Exhibit No. 1, July 13, 1887, and is as follows:)

Rebates paid to the Marshall Consolidated Coal Mining Company.

Date.	Amount.	Date.	Amount.
1885.		1886.	
November	$1,315.94	August	$286.44
December	1,522.55	September	804.26
1886.		October	1,772.63
January	1,058.32	November	2,205.44
February	1,520.60	December	3,120.36
March		1887.	
April	785.22	January	2,956.58
May	254.74	February	2,095.98
June	162.48	March	1,053.82
July	177.70	April	1,167.20
			22,289.45

Q. Please explain what it is?—A. There are the months, and the amount for each month.

Q. This is from November, 1885, to April, 1887?—A. Yes, sir. That rebate was given in consideration of our withdrawing a certain suit that we had with the Union Pacific Railway Company, and was mentioned in the contract and bond of indemnity, and also on account of our furnishing cheap coal, at a cost not to exceed $1.25 per ton. The amount of rebate was offset by our loss on coal.

Q. Was the contract in writing?—A. Yes, sir.

Q. Where is the contract?—A. The contract is in the office.

Commissioner ANDERSON. We would like to see that contract.

The WITNESS. I will have to go for it.

Q. On what coal are those rebate allowances made?—A. On the coal shipped to Denver proper.

Q. The period is from November, 1885, to April, 1887?—A. Yes, sir.

Commissioner ANDERSON. That is 17 months?

The WITNESS. In one month there was not any.

Q. The total amount being $22,000?—A. Yes, sir.

Q. Will you please bring that contract?—A. Yes, sir.

Q. What other memorandum have you?—A. I have no other memorandum, excepting a memorandum of the stockholders.

Commissioner ANDERSON. That is what we want.

(The witness produced the contract and the list of stockholders.

A copy of the contract will be found in the testimony of Mr. Willard Teller of this date.)

Q. Please explain of what date these memoranda speak?—A. That was the list of transfers to and including the 29th of June, this year.

Q. And brings the statement down to that date?—A. Yes, sir.

MARSHALL COAL COMPANY: TRANSFERS OF STOCK.

Q. How much of this stock has been transferred since the 1st of May last?—A. Since the 1st of May, I do not know; probably 7,000 or 8,000 shares. Something of that kind.

Q. Do you know whether any of the names that appear on this list are of stockholders in the Union Pacific?—A. No, sir; I do not know that any one of them is. In fact, I do not think that any of them are. None of the officers of the Union Pacific Railway Company are on there, to my knowledge.

Q. What is the par value of your stock?—A. The par value is $100 a share.

Q. When you say 7,000 you mean 7,000 shares?—A. Yes, sir.

Q. Seven thousand shares transferred since the 1st of May?—A. I think there are about that many. There may be a few more or a few less; probably less.

Q. Do you remember whether any of those transfers have been in large lots?—A. Some of them have been in lots of 1,000 shares.

Q. How many of these transfers have been made since the 1st of May last?—A. There was quite a number of them.

Q. Do you remember the large ones?—A. I think Lockwood & Crossman, of New York, 1,000 shares.

Q. They sold or bought?—A. They bought.

Q. Whose stock did they buy?—A. They bought various small lots.

Q. On the market in New York?—A. Yes, sir.

INSUFFICIENT SUPPLY OF CARS.

Q. Is there any large stockholder who has sold out his holdings within the past two months?—A. No, sir; not that I know of. They have been put on the market, and they have not been sold, except those that are mentioned there. I would like to say, I notice in newspapers that Mr. Patterson said that we had got a full supply of cars when he had not been able to get sufficient for their business. I would like to say that we lost a great deal of trade from not having a sufficient quantity of cars, and often we would run down to the office here several times a day to urge upon them the necessity of our having cars, or we could not start up the mines. We have asked the conductor occasionally when he was going out there with a large supply of cars, probably 30 or 35 cars, "How many are we going to get to-day?" "I do not know; we will have to fill Mr. Fox up first." That is what he said. Mr. Fox very often got a clean half divide when our standing order was for about 35 cars a day, but we often did not get more than 8 or 10, or 15 or 20. Mr. Fox got a larger proportion of his standing order than we did all along, and his was a smaller mine. If we had been treated

exactly the same pro rata as Mr. Fox, then we would have been a little better off. Instead of that, Mr. Patterson would have it that we were fully supplied, while Mr. Fox was not, but it was the reverse.

THE FOX MINES.

Q. How is it about those rebates? Mr. Fox's representative complains that he could not obtain the rebates that you had, and that this substantially drove him out of business. How is that?—A. It did not throw him out of the business, because their agent used to say here that he could not get enough coal, and very often got coal from us in addition to what he got from Fox. Whenever they got enough he would stop ours. He always preferred to take his own, and he would sell ours as his own.

Q. What truth is there in the assertion that he could not obtain the rebates that you did?—A. I do not know whether they got any rebates or not. I know that we got those in consideration of a certain claim that we withdrew from the Union Pacific Railway Company. It was the Denver, Marshall and Boulder in which they had a claim.

REBATES IN CONSIDERATION OF WITHDRAWING CLAIM FOR DAMAGES.

Q. When was that contract made?—A. This was made on October 15, 1885.

Q. Who negotiated it?—A. It was negotiated by George C. Lyman, of New York. He was out here at that time. He used to be a resident here.

Q. Who else took part in that negotiation?—A. Mr. Chaffee was one of the organizers. He had some hand, I believe, in assisting Mr. Lyman.

Q. With whom did they negotiate, representing the Union Pacific?—A. I think they negotiated with Charles Francis Adams.

Q. What was this litigation that you speak of?—A. It was for a damage sustained to the Marshall mines on account of this Denver, Western and Pacific, of which the Union Pacific, I believe, afterwards came into control. It was sustained through their cutting through the workings of one of our largest mines. We had about 14 miles of track in it. It got on fire, and has been on fire ever since.

Q. How was the Union Pacific responsible for the company you have named?—A. In getting possession of the other I suppose they assumed all the liabilities of it.

Q. Did they assume the fire, too?—A. Yes, sir; they had to assume everything, because we had attachments. The old Marshall Company had attachments on some of their property.

Q. I understand you claim that the Union Pacific was itself responsible to you for this damage?—A. No, sir; they were desirous of building that line from here to Boulder, or Marshall.

Q. And they wanted to get rid of these attachments?—A. Yes, sir; they wanted to get rid of these attachments and that suit.

Mr. WILLARD TELLER. I will state that I will make all that perfectly plain, if you will hear it.

Commissioner ANDERSON. We probably will, only I want to see what this witness's idea was.

Q. How much was the claim?—A. I do not know. I heard it was about $50,000. I do not know what the attachment amounted to, but I understood the damage was claimed to be $50,000.

Q. Was the outcome of it that this attachment was withdrawn and this contract was made under which these rebates were obtained?—A. Yes, sir.

LEASE OF THE WELCH COAL MINING COMPANY.

Q. We would like to see the contract. Has the Marshall Coal Company any business relations with the Union Coal Company?—A. No, sir; none whatever, except that we are leasing the Welch coal property from them, and paying a royalty to the original lessees and owners.

Q. Where is that property you leased?—A. At Louisville, Colo., 20 miles off.

Q. What is the output there?—A. The output has probably been somewhere in the neighborhood of about 50,000 or 60,000 tons last year; the twelve months of the year.

Q. What is the rate of the royalty?—A. Twelve and a half cents.

Q. Paid to whom?—A. It is paid to Charles C. Welch, of the Welch Coal Mining Company, now.

Q. Who are the parties interested in that company?—A. I do not know. Mr. Welch is one of them.

Q. Who holds the stock? Do you know whether the stock is held by the Union Coal Company?—A. No, sir; I do not think any of it is held by the Union Coal Company. It was leased to the Union Coal Company at this royalty, and the Union Pacific turned it over to us for a period of time.

Q. Do you pay the rent?—A. We pay the royalty direct to C. C. Welch. The only way they were interested in it was to get it off their hands, I believe, at that time. It had been shut up for probably six or eight months, or a year, with strikes.

Q. Is that the only consideration you paid for that property—the agreement to pay this royalty?—A. Yes, sir; that is the only consideration.

Q. You paid no expressed value at the time you obtained the lease?—A. No, sir; none whatever.

Q. Then, the Union Coal Company got no advantage whatever from the lease?—A. No, sir.

Mr. BURTON. Will you allow an explanation?

The CHAIRMAN. Yes, sir.

EXPLANATION AS TO CONTRACT FOR REBATES.

Mr. BURTON. I want to make an explanation in regard to that contract. I saw the contract a year ago last April. Mr. Rubidge called my attention to the fact. I looked the contract over. I never examined it closely, except as to a few points, according to my recollection. If it is a part of the contract, it is beyond my recollection. I have no recollection of its being in it. Of course, the document will show, but I may be mistaken.

The WITNESS. That rebate did not take place until a certain amount——

Mr. BURTON. I have no recollection of seeing it.

The WITNESS. That was a supplementary arrangement.

Mr. BURTON. I knew that was an understood thing, which I regarded as a mere understanding that they had. I never questioned the matter very closely. I was under the impression that it was not in the con-

trust, and he says it is. Of course, the contract will show whether it is or not.

Q. Is there anything else you desire to say?—A. No; I might say a great many things. I am not preaching now. I have no grievance.

ROBERT H. RUBIDGE.

The CHAIRMAN (to Mr. Teller). You might explain the lawsuit that this witness has referred to.

Mr. WILLARD TELLER. I can do it more accurately if you will allow me to get the papers in shape.

The CHAIRMAN. Very well.

Afternoon session.

DENVER, COLO., *Wednesday, July* 13, 1887.

WILLARD TELLER, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. In reference to what matter did you wish to speak?

Commissioner LITTLER. It was in reference to a lawsuit which was spoken of this morning.

Q. Will you make that explanation relating to the lawsuit that Mr. Rubidge mentioned? First, what is your occupation?—A. I am an attorney.

Q. Where do you reside?—A. I reside here in Denver.

Q. What relation, if any, do you hold to the Union Pacific Railway?—A. I am one of the local attorneys for this State.

Q. How long have you held that position?—A. I have had the position with the consolidated company since 1881. I was the attorney of the company before that, however, for the Union Pacific.

Q. Whom did you succeed?—A. There were probably 8 or 10 local attorneys here. There were attorneys in almost every town, until the consolidation, or at least until 1881, when I took all except the South Park branch. I succeeded a great number.

Q. Did you take all except the South Park?—A. Yes, sir; and then the South Park was turned over to us, for a part of the business, I think, in February, 1882.

Q. Are you familiar with the matters relating to the litigation mentioned by Mr. Rubidge this morning?—A. Yes, sir.

SUIT OF GIVEN & ABBOTT.

Q. Will you please explain that to the Commission?—A. In the summer of 1880 the Denver, Western and Pacific was organized, and commenced to build a road from here to Longmont by way of Boulder. They took the short cut of 29 miles as against something like 40 over the other routes. They nearly completed their road during that summer and the summer of 1881. In passing the Marshall coal mine they cut through into the drifts, and the result was, as it was claimed, they let fire that had been burning in some portion of the mine into another portion of the mine and did great damage. The Denver, Western and Pacific got into straits, and Given & Abbott, who were contractors, sued the company and got a judgment of $64,000 against the company, and it was sold out.

MARSHALL COAL MINING COMPANY'S SUIT.

Q. What was sold out?—A. The whole franchise of the road, and all the constructed portion of the road between here and Longmont on that section. Sidney Dillon was then president of the Union Pacific, and bought the judgment, taking an assignment to himself as trustee. When the property was bid off on sheriff's sale, it was bought in under the name of Sidney Dillon, trustee. Sidney Dillon, trustee, took a sheriff's deed for the property. Previous to that time, before Dillon had anything to do with it, the Marshall Coal Mining Company commenced a suit, in which I and my partner were attorneys, against the Denver, Western and Pacific, for damages done, by reason of the fire, to their mines, claiming, I think, some $25,000 damages.

Q. Where was that suit brought?—A. It was brought in this, Arapahoe County. That suit ran along, we acting as the attorneys of the Marshall Mining Company until after this acquisition by Sidney Dillon, as trustee, or about that time, when we understood that it was to come to the hands of the Union Pacific, or would probably come to them. This made our relations to that company a little complicated, and so we withdrew from the case as plaintiffs' attorneys. Wells, Smith and Macon, of Denver, were substituted in our stead. Judge Markham, of Denver, was attorney for the Denver, Western and Pacific.

SUIT FOR AN INJUNCTION.

The officers of the Marshall company threatened to interfere with the laying of the track, &c. There was a suit brought for an injunction, and they were restrained from interfering with the laying of the track, but the order provided, at the same time, that the Denver, Western and Pacific Company should proceed at once for condemnation of certain grounds that had not been secured, leaving the suit for damages still to be determined. That suit was hanging along until about a year and a half or two years ago.

Q. What was the date of the sale under the judgment?—A. I do not recollect exactly. It must have been, I think, in January sometime, in 1882. I cannot state positively.

Q. When was the suit brought by the Marshall Coal Company commenced?—A. I am mistaken in the date. That suit was commenced in 1882, and I think the sale on the execution did not take place until a year or so afterwards.

JUDGMENT RECOVERED IN THE GIVEN & ABBOTT SUIT.

Q. When was the judgment recovered in the Given & Abbott suit?—A. It was recovered in December, I think, of 1882.

Q. Was there a lien under the Marshall Coal Company's suit, which was prior to the lien of the judgment in the Given & Abbott suit?—A. Yes, sir; I think there was by attachment.

Q. Was there not an attachment in the Given & Abbot suit?—A. I do not think there was any attachment. I do not remember. I did not have anything to do with bringing that suit, and I do not recollect.

Q. It seems to be quite essential for the comprehension of what is to follow that we should know which of these two claims had the first lien on this branch railroad. Can you tell?—A. I can find that out easily, but I was not interested in the suit of Given & Abbott, and so I do not remember that date.

Commissioner ANDERSON. Please proceed.

SETTLEMENT WITH THE MARSHALL COMPANY.

The WITNESS. That suit, as I was saying, hung along, and the fire continued to burn in this Marshall mine, and they kept getting stiffer and stiffer in their claim for damages, and after we had got possession of the Denver, Western and Pacific under this sale, we undertook to settle it; and the lowest figures we could get was $15,000 for the settlement. Then it passed out of our hands and in some way was settled. I think President Adams settled the matter with the Marshall company in connection with the lease that has been spoken of.

Q. In connection with the contract for rebate do you mean?—A. Yes, sir. Upon that contract being executed, the Marshall company gave us a receipt in full in discharge of all claims on account of the fire.

PAPERS PRODUCED BY MR. RUBIDGE.

Q. Please examine the papers now produced by Mr. Rubidge, and state whether they are the papers referred to by you.—A. Yes, sir; this one paper is the paper that I referred to as an agreement or contract. The other appears to be a bond that was never signed.

Mr. RUBIDGE. It is a copy of the bond that was signed.

The WITNESS. I do not remember about the bond. That contract I saw before it was signed, I think.

Q. In order to understand it, can you state what that other paper is? It is a bond given by whom to whom?—A. It appears to be a bond by the Marshall Consolidated Coal Mining Company to the Union Pacific Railway Company.

Commissioner ANDERSON. Is it a part of the same transaction, Mr. Rubidge?

Mr. RUBIDGE. Yes, sir; it is the consideration of that contract that I mentioned before.

The WITNESS. It was in relation to the matters between the Welch Coal Mining Company and the Union Coal Mining Company. That is merely a copy that the Consolidated Company kept. I suppose our folks have a copy on their files somewhere else. We never keep those copies. They go to Omaha. That is the Marshall Company's copy, I suppose, which they keep simply for their guidance.

(The following are copies of the two papers referred to:)

Contract between the Union Pacific Railway Company and the Marshall Consolidated Coal-Mining Company of Colorado.

This contract, made this 13th day of October, 1885, between the Union Pacific Railway Company (a corporation organized and existing under the laws of the United States), of the first part, hereinafter designated as "The Railway Company," and the Marshall Consolidated Coal Mining Company of Colorado (a corporation organized and existing under the laws of Colorado), of the second part, hereinafter designated as "The Coal Company," witnesseth as follows:

Whereas the Union Coal Company of Colorado is the owner, lessee, or otherwise interested in the coal mines known as the Boulder Valley Mines, situated at Erie, Weld County, Colorado, and the Northrup Mine, so called, 1¼ miles west of Erie, in said Weld County, on lands originally owned by the Denver Pacific Railway and Telegraph Company; and

Whereas it is the lessee of a coal mine known and designated as the "Welch Mine," situated at Louisville, Boulder County, Colorado, on the Colorado Central Railroad, under a lease executed by Charles C. Welch, of the Welch Mining Company, dated November 1, 1878; and

Whereas the Union Pacific Railway Company is the owner of the capital stock of the Union Coal Company, and has heretofore controlled and operated the said mines; and

Whereas it is for the interest of the Union Pacific Railway Company and Union Coal Company to discontinue the actual working of the said mines, and contract

with said coal company to furnish said railway company any and all coal which said railway company may use for its consumption and for the consumption of its branches, connections, and railways owned, operated, managed, or otherwise controlled by said railway company, not to exceed 50,000 tons per annum the first year and 100,000 tons per annum for the second year and every year thereafter.

Therefore, in consideration of the mutual advantages to accrue to the respective parties to the said contract, and the sum of $1 paid by each to the other, it is hereby mutually agreed as follows:

In consideration of said railway company and the said Union Coal Company going out of the business of mining coal in the counties of Boulder and Weld, in the State of Colorado, and the purchase of coal used for its own consumption of the said coal company at the rate herein agreed upon, and in consideration of the rates for the transportation of coal herein agreed upon by said railway company, the said coal company agrees to furnish from its mines, to be hereafter acquired, now known as the Marshall mines, all coal ordered by the said railway company for its use or consumption, and for the consumption or use of its branches and connections owned, operated, managed, or otherwise controlled by the said railway company; such amount, however, not to exceed 50,000 tons per annum the first year and 100,000 tons per annum thereafter.

Said coal to be delivered loaded on the cars at the mouth of the mines, at the actual cost per ton of mining and loading the same, but in no case to exceed the cost of $1.25 per ton, delivered and loaded on the cars as aforesaid.

Said coal so to be delivered to be pure, well-screened coal, free from slate and other foreign and refuse substances. All settlements and payments to be made monthly between the parties.

It is further stipulated and agreed that the said coal company shall transport all coal mined by it in the counties of Weld and Boulder, other than such as is delivered by it to the Union Pacific Railway Company, for its own use, over the lines of the Union Pacific Railway, its branches and connections, from Denver, including and comprising all railways owned, managed, operated or otherwise controlled, either directly or indirectly, by the said Union Pacific Railway Company, so long as the rates do not exceed those charged by competing railway companies.

It is further stipulated and agreed that the said Union Pacific Railway Company shall give to the said Marshall Consolidated Coal Mining Company for the transportation of coal mined from above mines, over the said Union Pacific Railway, its branches and connections from said mines to Denver, the regular tariff rate not exceeding $1 per ton, unless 200,000 tons shall be mined and furnished for transportation from said Marshall Consolidated Coal Mining Company's mines in Colorado, and transported over said railway company's lines yearly; in which case a rate of 90 cents per ton shall be given for all coal transported: *Provided*, That in case the tariff rate shall be reduced by said railway company below $1 per ton, during the period of said reduction, the rate to said coal company shall be reduced in like ratio.

It is further agreed that the said railway company shall furnish at all times a supply of cars at the mines, aforesaid, so that there shall be no delay in loading and transporting coal as fast as the same shall be mined by said coal company. It not being intended, however, to include delays resulting from accidents, or providential, or other causes beyond the control of said railway company. The said railway company shall also erect and maintain at their own expense all the necessary side tracks and switches, for the purpose of loading and transporting coal both at the said mines and the city of Denver; and shall within a reasonable time and without unnecessary delay, build and extend track of the Denver, Western and Pacific Railway, now known as the "Denver, Marshall and Boulder Railway," to the said mines, and have the same in running order from Denver to the said Marshall coal mines.

Said mines shall at all times be kept accessible for the examination of the said railway company, or any person whom it may designate for examining into the condition, management, working, and operation of the same, and the foregoing shall be deemed to include the books of account and records of the proceedings of said coal company and of its business.

It is further contracted and agreed that for the purpose of ascertaining and fixing the weight of the coal to be delivered by the said coal company to the said railway company, as heretofore provided, the said railway company may at any time demand that said coal be weighed upon the cars upon its own scales and by its own agents at the mines, and if any difference shall arise in respect to the weights and measurements, or in respect to any other matters covered and included by said contract, the same shall be settled by a board of arbitration to be organized at the instance of either party as hereinafter provided.

The party demanding arbitration shall serve upon each of the other parties to said proposed contract whose interest may be affected by the decision a written notice of such demand and the name of one disinterested party chosen by the demandant as arbitrator. The other parties notified shall each, within ten days after receiving

such notice, select a disinterested person as arbitrator, and shall notify the other parties of such selection. If any party notified shall neglect or refuse to select an arbitrator within ten days of receiving such notice, the arbitrator, or arbitrators, chosen shall select the number necessary to give the parties interested each an arbitrator in said board, and in case such selection shall consist of an even number, the board thus constituted shall select an additional arbitrator. The arbitrators so chosen shall fix the time and place for hearing, if requested by either party, and shall give to the parties reasonable notice thereof. At the time and place named they shall proceed with the hearing. If a majority of the arbitrators shall agree upon an award, and shall reduce the same to writing, it shall be binding and conclusive upon all the parties who joined in the arbitration, from the date of the delivery of a copy of such award or decision to each of the parties to the arbitration, and shall be enforced accordingly.

It is further contracted and agreed that, in case the said Union Pacific Railway Company shall order coal in excess of the amount hereinbefore stipulated for, for commercial uses, or uses other than hereinbefore specified, of the said coal company, said orders shall be filled from said Marshall mines without unreasonable delay, and the price to be paid for all coal furnished on such orders shall be the cost of mining and delivery of the same on board the cars at the mouth of the mines, plus 50 cents per ton, but with this limitation, namely, that in no case shall the cost to said railway company of such coal upon the cars at the mine exceed $1.40 per ton: *Provided*, No orders for such commercial uses shall be made for coal to be sold except on the main line of the Union Pacific Railway Company, and lines owned, leased, operated, or otherwise controlled by said company north of Greeley, Colo. This exception not to include any lines in Utah or any lines in Nebraska reached by branches and connections from the main line in Nebraska, although the same or some branch thereof may be situated south of Greeley.

It is further contracted and agreed by and on the part of the said coal company, as a part of the consideration of this contract, that a majority of the capital stock of the said Marshall Consolidated Coal and Mining Company shall for a period of two years from the date of this contract be held, and in case the company shall desire to sell and shall offer the same for sale, be first offered to said railway company at the price bid therefor by any responsible purchaser; and that the said railway company shall have the option of taking the same at such price during the said period of two years in preference to any other purchaser.

It is hereby understood and agreed by and between the parties to this contract that if either party, after the execution of said contract, is temporarily unable to perform his part of the said contract on account of strikes by laborers, miners, and others employed by either, that during such strikes neither party shall be held by the other to the terms of said contract, but shall conform as nearly to the same as circumstances shall permit.

It is further contracted and agreed that said coal company shall pay for all machinery taken from the Erie, Northrup, and Louisville mines a reasonable compensation, to be determined, in case of difference, by arbitration, and said coal company shall take all machinery from said mines available for its use.

This contract shall be and remain in force for the period of five years from the signing thereof.

In witness whereof the respective corporations, parties hereto, have caused these presents to be signed by their respective presidents and secretaries, and their respective corporate seals to be hereunto attached, the day and year first above written.

THE UNION PACIFIC RAILWAY COMPANY,
[SEAL.] By CHARLES F. ADAMS, JR.,
President.

Attest:
HENRY MCFARLAND,
Secretary.

COPY OF BOND OF MARSHALL CONSOLIDATED COAL MINING COMPANY.

Know all men by these presents, that the Marshall Consolidated Coal Mining Company of Colorado, as principal, and ——— ———, as sureties, are held and firmly bound unto the Union Pacific Railway Company in the penal sum of ——— thousand dollars ———, well and truly to be paid to the said railway company, its successors or assigns, to which payment well and truly to be made we bind ourselves, our successors and assigns, firmly by these presents.

Signed and sealed this —— day of ———, 1885.

The obligation, however, is upon the following conditions, namely:

Whereas the Union Pacific Railway Company has contracted with the said Marshall Consolidated Coal Mining Company of Colorado for the delivery to the said

railway company of certain coal as in said contract dated October 13, 1885, set forth between the said parties; and

Whereas the said Union Pacific Railway Company and the Union Coal Company hold a certain mine known as the Welch mine, under a lease executed by Charles G. Welch, of the Welch Mining Company, dated November 1, 1878; and

Whereas there are outstanding against the Denver, Western and Pacific Railway Company, and its successor, the Denver, Marshall and Boulder Railway Company, certain claims for damages resulting to the so-called Marshall mines, by reason of the location and construction of the Denver, Western and Pacific Railway through and over the said so-called Marshall mine; and

Whereas it was a part of the consideration of the said contract that the said Marshall Consolidated Coal Mining Company should indemnify and hold harmless the Union Pacific Railway Company, the Denver, Western and Pacific Railway Company, and its successor, the Denver, Marshall and Boulder Railway Company, against all claims and demands, of any character or description, against any or either of the said parties, for damages by reason of the location and construction of the railway of any of the said companies through or over the lands upon which the so-called Marshall mines are situated, and the said mines themselves, and should also indemnify and hold harmless the said Union Pacific Railway Company against any damages which might accrue to it by reason of conveying the lease of said Welch mine to the said Consolidated Coal Mining Company, and the delivery of the possession thereof to the said company and the working thereof by the said company:

Now, therefore, if the said Marshall Consolidated Coal Mining Company of Colorado shall indemnify and hold harmless the said Union Pacific Railway Company, the said Denver, Western and Pacific Railway Company, and the Denver, Marshall and Boulder Railway Company against all loss and damages, or claims or demands, of any character whatever accruing to any or either of the said parties by reason of the matters hereinbefore stated and set forth, and especially against all claims for damages by reason of the location, construction, and operation of the railway or railways over, through, or upon said so-called Marshall coal mine and the property appurtenant thereto, and by reason of the transfer of the lease of said Welch mine to the said Marshall Consolidated Coal Mining Company, and of the delivery to the said Marshall Consolidated Coal Mining Company of the possession of the said Welch mine, and its occupation and working and use thereof, or non-working or use thereof, by said Welch Coal Mining Company, then this obligation shall be void, otherwise in full force and effect.

Q. Is the Marshall Consolidated Coal Company the obligor?—A. Yes, sir; they gave the bond. Of course we kept the bonds, and they kept a copy to know for what they were bound, I suppose.

PRIORITY OF LIEN.

Commissioner ANDERSON. I would like to be informed on that question of the priority of lien, as there would be no consideration for the execution of this agreement, as far as the litigation concerns it, unless the lien acquired by this suit brought by the Marshall Coal Company was prior to the lien obtained by the Given and Abbott judgment.

The WITNESS. Yes, sir; but there may be a lien by reason of the acts done and the suit commenced. I do not remember how that was.

Q. How could the lien apply after the sale of all the property and judgment, which passed all property to the Union Pacific? There would be nothing but a claim in the air against this corporation, in which the Union Pacific would have no concern, if they had obtained a complete title on the sale under execution.—A. I question that. Under our law, where damages are done by a railroad corporation either party may institute proceedings, and the damages may accrue, and I think they would be a lien upon the property (or at least the court, I think, would so declare it) from the time when the damages accrued, both for the taking and by reason of the taking. But I will look at that to see what the facts are.

Q. Does that complete your explanation of this litigation?—A. Yes, sir; I believe so.

Q. Was the suit brought by the Marshall Coal Company discontinued at the same time, or as a part of the consideration?—A. Yes, sir; that is it. I wanted Mr. Rubidge to state the consideration—to furnish the coal at cost.

DENVER AND SOUTH PARK MORTGAGE.

Q. You had better finish your statement first. In regard to the Denver and South Park mortgage, please examine the paper I show you, and state whether that is the first mortgage on the property, and the only first mortgage.—A. Of course these papers were all executed long before I had anything to do with the company, and I may state here that the most I know about it has been derived from what I have learned since. I have a statement made by the Farmers' Loan and Trust Company, who are the trustees of this mortgage, setting forth the facts about the execution of the mortgage—the second mortgage, the supplemental mortgage—and the Union Pacific's connection therewith, and everything about it, which statement I believe to be substantially true.

Q. Have you the statement? We will take it.—A. Not here. I can get it very easily. I did not bring it over. I think, however, this is the first mortgage.

Commissioner ANDERSON. We will take the statement; we would rather have that.

The WITNESS. As I understand, there was only $1,800,000 ever issued under this mortgage or any other mortgage.

SUPPLEMENTAL MORTGAGE.

Q. Was there not a $700,000 supplemental mortgage alluded to?—A. That might have been issued, but it has never been issued.

Q. Still there are $700,000 more bonds outstanding than the $1,800,000, as I understand it. Is not that so?—A. No; these bonds never have been issued. The mortgage provides that they might be issued, but they never have been.

Commissioner ANDERSON. They were entered on the railroad company's balance sheet, although of course it does not follow from that they are outstanding.

The WITNESS. That is what the Farmers' Loan and Trust Company in their late attempted foreclosure suit sets up and especially avers; and although it mentions these $2,500,000, only $1,800,000 were ever issued.

Q. Have you a copy of the complaint in that suit?—A. It is in my office; yes, sir.

Q. We would like to have that copy of the complaint and also that statement.—A. Very well; I will bring them.

Q. Have you a copy of the complaint filed by the holders of the Kansas Central bonds recently against the Union Pacific Railway Company?—A. No, sir; I have not.

Commissioner ANDERSON. That was promised to us, but we have not received it.

The WITNESS. That does not come under my department.

SURRENDER OF RIGHT OF TRACKAGE.

Q. Have you any knowledge of the circumstances under which the right of trackage between Buena Vista and Leadville was surrendered

by either Mr. Gould or the Union Pacific Railway Company?—A. No, sir; I really have no knowledge. A suit was instituted by the Denver and Rio Grande against the Union Pacific in which they claimed $300,000, more or less, perhaps some odd numbers, on account of rental; or, rather, for expenses in keeping up the repairs, &c., as to which it was alleged the Union Pacific had become delinquent. That suit was instituted here, and we put in an answer to it, and it ran along from time to time; and the only thing I knew about it was that we got word from New York that that suit would be dismissed, and that they had settled all the matters of difference between the Denver and Rio Grande Company and themselves at that place.

NEW CONTRACT AS TO TRACKAGE.

Q. When was that letter received?—A. I think that was received early in 1884 or 1883. We also received a notice at the same time that there was a new contract, by which the South Park would occupy the Denver and Rio Grande track until such time as they should have notice and for six months thereafter. I believe the Denver and Rio Grande concluded to give the notice, and it left the Denver and South Park in the position of either having no road on which to run to Leadville, or of building a road to Leadville at once. They commenced the construction of what is called the High Line, running from Como to Breckenridge, and from Breckenridge to Leadville.

Q. That construction was after the notice of discontinuance of the common trackage was served, was it not?—A. Yes, sir; and it was to have been completed so as to be running, I think, in December, 1884, or January, 1885. I think the first train passed over about that time, but it was not regularly operated for some months afterwards.

Q. Do you know anything about the terms of the settlement that was made in New York?—A. No, sir; nothing at all.

DENVER, COLO., *Wednesday, July* 13, 1887.

ROBERT H. RUBIDGE, being further examined, testified as follows:

CONSIDERATION OF REBATE TO MARSHALL COAL COMPANY.

By Commissioner LITTLER:

Question. Will you state substantially what you said to me awhile ago in relation to this rebate of $20,000 under this contract?—Answer. As to the bond of indemnity, we were to furnish coal at cost, or not to exceed $1.25. That was a part consideration for that rebate. There were times when we furnished them as much as 7,000 tons a month that was costing us from $1.35 to $1.62½ a ton, and since that even at a higher cost, on which we would only get $1.25. We had to furnish it.

Q. Will you state the balance of the consideration for the execution of these papers, the furnishing of this coal at cost being a part of the consideration?—A. The other was our giving them a bond of indemnity on that damage suit that we inherited with the property.

Q. How much were the damages estimated to be, at any time, growing out of that fire?—A. That was before I had any connection with the company, but the only time I ever heard anything about it was

their secretary saying it was something in the vicinity of $50,000. I cannot say whether or not that was the amount, but that was what he told me.

Q. You have already received $20,000 and upwards in the way of rebates under that contract?—A. Yes, sir.

Q. And it continues for the period of five years?—A. Yes, sir.

AMOUNT OF REBATE.

Q. Will you state to the Commission what your rebate will amount to in the aggregate if that contract is continued for the period of five years?—A. It is 40 cents a ton on coal coming to Denver proper. It depends upon the market.

Q. Assuming that your rebates in the future will be equal to those of the past, how much will it amount to in the aggregate at the end of five years?

The WITNESS. For the full term of five years, including what I have already reported?

Commissioner LITTLER. Yes, sir.

The WITNESS. About $60,000; $60,000 to $70,000.

Q. So that if this contract continues for the period of five years, and you continue to ship and receive these rebates, you will have received about $70,000 in rebates?—A. Yes, sir; but that would not any more than reimburse us, if it would reimburse us. If they order company coal in the same quantities that they have in the past, and if the cost is the same, if it would reimburse us it would not do any more than that.

COST OF PRODUCTION OF COAL.

Q. Will you explain how the production of this coal costs you so much?—A. You never can figure the cost of coal one month with another as being the same. There are casualties and one thing or another that affect the cost.

Q. What are your contracts for raising coal and putting it on the car?—A. We pay 92½ cents at Louisville, and we had paid the same at Marshall. That is what we call the district prices until we put in the machines at Marshall; and although in the East it is considered that the machines are one-half, out here we have only been allowed to retain one-third.

WHEN PRODUCED BY MACHINERY.

Q. What does it cost now to produce the coal by machinery?—A. It depends altogether on the output. At the present time we are not doing any more than the development work, taking out only a small quantity, and it has cost about $2 this last month. You cannot estimate it. In winter it might be got out for $1.25 at the same mine if we are in full run.

Q. How do you mean it costs $2? Do you charge up all this day-work to the cost?—A. We have to keep up tracks in the mine, and have engineers and track-layers, and we have to timber the mine on the inside, and keep fans going; and then we have about fifty day-men to handle this coal after it is contracted for with the miners. The mining is only a small proportion of it. Then there are supplies and blacksmithing. All these items enter into the cost of producing coal.

ABOUT TWO DOLLARS A TON.

Q. But I want you to explain how it is possible to charge up the cost of producing coal as $2 a ton.—A. It is just what the pay-roll shows. That is all we have to go by.

Commissioner LITTLER. We produce coal and put it on the cars at 85 cents a ton at my place.

The WITNESS. Yes, sir; that might be. Last month the cost came very near $2, for the simple reason that there is so little taken out, and we have so much daily expense that it would not increase the expense if we were taking out five times as much coal.

By Commissioner ANDERSON:

Q. At other periods could you produce it at 80 cents?—A. No, sir; we could not. The wages are different out here, and so is everything else.

PRICE PAID THE MINERS.

By Commissioner LITTLER:

Q. What do you pay the miners a ton?—A. We pay the miners an equivalent of 92½ cents; but that only throws it down on the ground in the mine.

Q. Does that deliver it at the mouth of the pit?—A. No, sir; just down in the room where it fell. Just as if this was one of the rooms, and they were working that way and they blasted it down.

Q. How far below the surface is the vein?—A. About 200 feet, and we have to haul it about three-quarters of a mile.

COST OF HOISTING.

Q. What does it cost to hoist it?—A. I do not know what it does cost to hoist it.

Q. It does not cost over 50 cents a ton, does it, including all the top work?—A. It depends upon the quantity. It is costing more than that now.

Q. What does it cost you a day to run your machinery, supposing you do not lift a pound of coal?—A. There are three firemen at $2.50 a day, and there are three engineers at from $2.50 to $3 a day; the one at $3 a day we pay every day in the year. And then there are our superintendent's expenses going on all the time.

Commissioner LITTLER. Take a piece of paper. I want you to itemize them.

The WITNESS. I am not practical miner enough to go into the details of all this.

Commissioner ANDERSON. This is only the question of the cost of your surface machinery.

The WITNESS. In addition to that?

Commissioner ANDERSON. In addition to what?

The WITNESS. Those men mentioned there, top-men and switch-men.

Commissioner LITTLER. I want it all. Include every item of cost.

The WITNESS. I am not practical miner enough to go into all the details and enumerate all the men that are necessary, because I would have to be on the ground and be familiar with that work in order to do so.

Q. How are you able to state to this Commission the cost of raising this coal?—A. Because I keep the accounts and make up the pay-roll; but I do not keep a great many different accounts to show the cost of haul-

ing and all those different things separately, as it varies one month from another, and there is no criterion to go by one month with another.

Commissioner LITTLER. You may charge the salaries of the principal officers in there.

The WITNESS. I have not put in any of the Denver office salaries. I put in just the mine-men.

TOTAL ANNUAL OUTPUT.

Q. Will you state the total output of this mine for a year, as near as you can remember it?—A. Probably 150,000 to 175,000 tons.

Q. A year?—A. Yes, sir.

Q. Would that be the total output?—A. Yes, sir. No, I mean for that whole time.

Q. For what whole time?—A. For the eighteen months. For the year it would be about 130,000 or 140,000 tons.

Q. What is this $46.50? Does $46.50 include the entire production?—A. It would probably be three times as much as that or more for the day men alone. I see those are the men that are on steady. The others are on when they are working. We employ from fifty to seventy-five day men around the mines when the miners are at work. Each man has his particular duty to attend to, and in order to run the coal they have all got to be at their posts.

PRICE PAID PER DIEM TO LABORERS.

By Commissioner ANDERSON:

Q. How much a day do you pay that class of labor?—A. From $2.50 to $3.

Commissioner ANDERSON. If you add the whole of that on for seventy-five men it would not still make over 15 or 20 cents a ton. Add one hundred men on at $3 a day.

The WITNESS. I am telling you the truth when I say that coal varies from $1.25 to $2. And it has been so all along. You cannot figure one month with another as any criterion. There are casualties and other things that have to go into consideration.

AVERAGE COST PER DAY OF RUNNING THE MINE.

By Commissioner LITTLER:

Q. According to your statement here, the gross average product per day for every day in the year costs $560 a day at $1.25 a ton. Can you figure to this Commission where it costs you an average of $560 per day to run that mine?—A. There are several mines.

Commissioner LITTLER. This is for the whole outfit?

The WITNESS. Yes, sir. My pay-rolls will show it.

Q. How much do you pay out a month?—A. I have paid out as much as $15,000 a month and $20,000; $22,000 I have paid out on an average for several months.

Commissioner LITTLER. Those were the results of an enormous production, undoubtedly?

The WITNESS. Yes, sir. Of course, when the coal comes out in such small quantities as it does now it costs from $1.50 to $2.

Q. Will you furnish to this Commission a statement showing the actual cost of the production of coal from these mines?

The WITNESS. On an average for the year?

Commissioner LITTLER. Yes.

The WITNESS. It will have to be furnished by our superintendent.

THE RAILWAY COMPANY BENEFITED BY THE CONTRACT.

Q. Will you have the company furnish the Commission with that sort of a statement, with a view of determining whether the railway company has really got any consideration whatever in the execution of these papers for coal at less than cost?—A. I have taken my oath to what that coal has cost us. We have furnished them as much as 6,000 and 7,000 tons of coal in a month when it cost us from $1.40 to $1.75, and we were only getting $1.25 for it.

Commissioner LITTLER. I can well understand how that might be for a month or two.

The WITNESS. Yes, sir; for a great many months we have not furnished them any coal whatever that ever cost us $1.25.

Commissioner LITTLER. You mean so little as $1.25?

The WITNESS. So little as $1.25. Not a pound of coal have we furnished them that cost us so little as $1.25.

Q. Assuming that you are not mistaken in your statement, or rather assuming $1.25 a ton would pay the cost of all the coal you ever produced for this company, then the only consideration for the execution of this contract, by which you get a rebate amounting to over $70,000 during the continuance of the lease, is the release of the damages growing out of that fire, is it?—A. Yes, sir; we always considered, as far as that is concerned, that the contract was rather a detriment to us, and we would just as soon not have it, and a great deal sooner.

By Commissioner ANDERSON:

Q. Are you willing to cancel it?—A. Yes, sir.

STATEMENT OF AVERAGE COST OF PRODUCING COAL.

By Commissioner LITTLER:

Q. Will you please furnish us with the statement I called for? You can furnish it at this place by Saturday night; we will be back to Denver then.—A. I will endeavor to furnish it as soon as I can. I understand it is to be the average cost.

Commissioner LITTLER. The average cost per day per annum for the production of coal?

The WITNESS. We will have to take it by the ton.

Commissioner LITTLER. Let us have it that way.

The WITNESS. Exclusive of any rebates or anything of that kind?

Commissioner ANDERSON. Give the cost of production to you at the mine.

The WITNESS. Yes, sir.

The following letter was subsequently presented to the Commission, and forms a part of the testimony of the witness.

[The Marshall Consolidated Coal Mining Company. Office, room 18, Tabor Block. P. O. box [illegible]. T. Longstreet, general manager. E. A. Quintard, president. E. F. Burton, vice-president. E. L. Rutledge, secretary.]

DENVER, COLO., *July* 13, 1887.

Output of lump coal during period November, 1885, *and May*, 1887, *inclusive.*

	Cost.
73,067 tons, Louisville mines	$1.60
79,970 tons, Marshall mines (average)	1.37

Of above, the Union Pacific Railway used for engines as follows, for which we received $1.25:

	Loss.
2,763 tons, costing $1.62½	$3,538.00
7,696 tons, costing $1.57	8,840.32
	17,378.32

Had they continued taking coal for company use since March 11, to May 30, the loss in supplying them would have swelled the above to more than the rebate amounted to. As cost coal varies so materially one month with another at Marshall, an average had to be made of the cost for above period.

Truly yours,

R. H. RUBIDGE,
Secretary.

DENVER, COLO., *Wednesday, July* 13, 1887.

JOHN H. WALSH, sergeant-at-arms of the commission, being further examined, testified as follows:

By the CHAIRMAN:

Question. Did you serve a subpœna upon W. H. Price?—Answer. No, sir; I did not.

FAILURE TO SUBPŒNA W. H. PRICE.

Q. Why not?—A. I could not find him.

Q. Where did you go?—A. I went to his place of business, 1631 Curtis street, and his residence on Welton street, and to several other places where I was told I might possibly find him.

Q. What information did you get as to his whereabouts?—A. He was out; possibly he was out of town, and he might be at his ranch; he had just gone out, and they did not know where he was and did not know when he was likely to return.

Q. What was the answer at his home?—A. They said he was at his office.

Q. What was the answer at his office?—A. He was not in. They did not know where he was.

Q. How often did you try to find him?—A. I have gone at least a half dozen times.

E. O. WALCOTT.

Q. Did you serve a subpœna upon E. O. Walcott?—A. No, sir.

Q. Did you try to find him?—A. I did.

Q. Where did you go?—A. I called at his office in Cheeseman's block and was told that he was East and would not return for about six weeks; about the 10th of August.

By Commissioner LITTLER:

Q. When did he leave home?—A. Some time ago, they told me.

By the CHAIRMAN:

Q. Whom did you see?—A. The clerks in the office.

MR. RICH.

Q. Did you have a subpœna for Mr. Rich?—A. I did. I went to his office at the union depot and was told Mr. Rich left last Wednesday, I think it was, and is now at Niagara, and will remain there until about the 15th of the month, expecting to get home on the 20th.

Commissioner LITTLER. I am just informed that Mr. Price was seen on the street within the last hour.

The WITNESS. I was told at Neff & Company's office that he was there a little while ago, but I was not able to get him.

Q. Did anybody say to you that if you would employ them they would find Mr. Price?—A. I was told to go and find a man and hire him, and he could produce him.

Q. Who told you so?—A. W. A. Willard. On seeing Mr. Willard this afternoon, he said he did not say "hire" him, but to go and see that man. He gave me his directions, and I went to the gentleman's residence and he was out. I was told I would find him here, but I have been unable to find him.

C. S. MOREY.

Q. Did you have a subpœna for C. S. Morey?—A. I did. I called at the Morey Mercantile Company this morning, and was told that Mr. Morey went to Idaho for his health.

Q. When did he go?—A. They said about last Sunday.

Q. Where else did you go to find him?—A. That is the only place I know of.

Q. Who told you this?—A. A clerk in the office.

Q. Is that his place of business?—A. Yes, sir.

F. S. STRUBE.

Q. Did you have a subpœna for F. S. Strube?—A. Yes, sir, for F. J. Strube. I called at the Strube-Estabrook Mercantile Company, and at the office there was told Mr. Strube was in California, and had been gone for some time.

Q. How long has he been away?—A. They said some time.

Q. Who did you see at his place of business?—A. A man I supposed was a clerk. He was in the office of the company.

Q. When will Mr. Strube return?—A. This gentleman said it was hard to tell.

DENVER, COLO., *Wednesday, July* 13, 1887.

EDMUND M. SMITH, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Editor of the Evening Telegram.

Q. How long have you been connected with the Telegram?—A. Since the 20th of last December.

Q. How long have you resided in Denver?—A. I have been here almost continuously since 1879.

CONCERNING EFFORTS TO INFLUENCE LEGISLATION.

Q. What knowledge have you as to the influence of, or the part taken by, the Union Pacific Railway Company in influencing legislation in this State?—A. None whatever.

Q. Have you any knowledge of the presence of any agents or employés of the Union Pacific Railway Company in attendance before the

legislature?—A. In what way? I have seen the employés around the legislature, like I saw anybody else—officers and different employés.

Q. When did you see them there?—A. During the last two sessions.

Q. Whom did you see there?—A. Numerous ones. Counsel, superintendents,——

Q. Name them.—A. I have seen Mr. Walcott around; I have seen Mr. Choate around; I have seen Mr. Dickinson around, and I have seen others around.

Q. Who were they?—A. It would be impossible for me to recall all now. I do not know that I could.

Q. What were they doing there?—A. That I could not tell you. I did not ask them, and they did not tell me.

Q. Were they participating in the doings of the legislature?—A. They did not seem to be.

Q. What did they seem to be doing?—A. Looking on at the proceedings.

Q. How long did they attend a session?—A. I used to go up every day, and I would probably see them around every day or two.

Q. Were they just standing around?—A. Yes, sir.

Q. Were they engaged in any business?—A. They did not seem to be. I did not ask them what their business was there.

Q. Have you an acquaintance with Mr. Pat Touhy?—A. I know Mr. Touhy by reputation as being, I believe, a sort of superintendent of one of the divisions of the Union Pacific.

Q. Did you meet him at the legislature?—A. No, sir; I do not believe I ever saw him up there.

Q. Did you see any of those agents of the Union Pacific Railway Company in conversation with the members of the legislature or of the committees?—A. No; possibly they may have been down stairs in the bar-room taking a drink after adjournment.

Q. Were the employés taking a drink, or the members of the legislature?—A. Both.

Q. Were they generally together?—A. Not generally; no, sir.

Q. Were you deputy Sergeant-at-Arms of the United States House of Representatives at any time in 1873?—A. Yes, sir; I was special deputy.

Q. Were you connected in any way with the committee investigating the Credit Mobilier, under the charge of Mr. Wilson as chairman?—A. Yes, sir.

FAILURE TO SUBPŒNA GENERAL DODGE.

Q. Did you serve a subpœna upon General G. M. Dodge?—A. I tried pretty hard, but did not succeed.

Q. Where did you go to find him?—A. I had a trip from about the 17th day January to the 2nd day of March, going all through Louisiana, Texas, and the Indian Territory; I finally wound up in Saint Louis and captured his private secretary; but I did not see anything of the general. I tried mighty hard to get him.

Q. What was the difficulty in the way of finding Mr. Dodge at that time? He was a prominent man.—A. He was like the gentleman who had gone to Idaho. He had started for Washington, as I was told, to testify before the Wilson committee, but I could not get him.

Q. Did you get near him?—A. I got pretty close to him.

Q. How close did you get?—A. I believe I landed in Saint Louis on a Saturday afternoon, and he got out of there Friday night, as far as I could learn.

Q. Was he trying to avoid the subpœna, in your judgment?—A. That I could not say. I did not catch up with him.

WITNESS NOT AN AGENT OF THE UNION PACIFIC.

Q. Have you ever been employed by the Union Pacific Railway Company?—A. No, sir.

Q. In no capacity?—A. No, sir.

Q. Were you ever employed as special agent by the Union Pacific Railway Company to look after legislation?—A. No, sir.

Q. Did you ever look after legislation against the interest of the Union Pacific Railway Company?—A. Against the interest of the Union Pacific? Neither *pro* nor *con*.

Q. Were you employed by the Union Pacific Railway Company to look after elections?—A. No, sir.

Q. Did you have any conversation with any of the officers of the Union Pacific Railway agents or employés as to how the elections were going?—A. No, sir.

Q. Have you participated in any way in influencing legislation for the Union Pacific Railway Company?—A. No, sir.

Q. Have you participated in any way in preventing legislation that you believe to be against the interest of the Union Pacific Railway Company?—A. No, sir.

Q. What were you doing at the legislature?—A. I was a newspaper man.

Q. Were you acting as correspondent or reporter?—A. Correspondent.

Q. For whom did you correspond?—A. Different papers East, when I received special instructions.

Q. Had you any instructions from any of the employés or officers of the Union Pacific Railway Company as to the subject of your correspondence?—A. No, sir.

Q. Did you make the subject of railway interests a matter of correspondence?—A. I did.

Q. In what direction?—A. A fair direction.

Q. What do you mean by a fair direction?—A. Impartially.

Q. How impartially?—A. I would neither side with one nor the other. I gave what I thought was a clear, succinct, fair, impartial report.

RAILROAD LEGISLATION IN THE STATE.

Q. Was there much railroad legislation in this last session?—A. Yes sir; but not as much as two years ago, or not as much as the previous session to the last one.

Q. Were there any bills introduced?

The WITNESS. In which session?

The CHAIRMAN. Either session?

The WITNESS. I think there was.

NUMBER OF BILLS INTRODUCED,

Q. Was the number of bills proportioned to the sentiment existing throughout Colorado as to railroad legislation?

The WITNESS. I do not understand the question.

The CHAIRMAN. Was the number of bills introduced with reference to railroad legislation proportioned to the sentiment existing throughout the State of Colorado?

The WITNESS. Yes, sir; it seemed to be. There were all sorts of bills.

Q. What direction did they seem to be leaning towards? Were they for or against the interests of railroads?—A. They seemed to be going for the Union Pacific pretty warmly.

SENTIMENT OF THE COMMUNITY AGAINST THE UNION PACIFIC.

Q. Did you regard the sentiment of the community, especially in the lower house, as against the Union Pacific?—A. Well, you could hear all sides. I should regard the sentiment in the house as against the Union Pacific.

Q. Did that represent the sentiment of the State?—A. It seemed to.

Q. How did you represent it in your correspondence?—A. I represented it as such, I think.

Q. Have you had any business with the Union Pacific Railway Company?—A. No, sir.

Q. As a shipper?—A. No, sir.

Q. Have you shipped printing stock at all, which was used in the getting up of your paper, over the Union Pacific Railway Company?—A. Yes, sir; some of it.

NO SPECIAL RATES ON PRINTING STOCK.

Q. Have you had any special rates?—A. No, sir.

Q. Have you had rebates?—A. No, sir.

Q. Have you had any preference at all from the Union Pacific?—A. No, sir.

Q. Have you made application to the Union Pacific Company for a special rate?—A. I have not. I would not get it, so I did not try.

Q. Why would you not get it?—A. Because they all claimed that nobody got any.

Q. Do you not know that some did get it?—A. No, sir.

Q. Do you not know that the Rocky Mountain News got it?—A. No, sir.

Q. Have you never heard that before?—A. I have heard it said. I I do not know it of my own knowledge.

Q. When did you first hear that?—A. I have heard it alleged for the last year or two.

Q. Did it never occur to you that your paper might get it?—A. Perhaps so.

Q. Why did you not make application?—A. I would not get it. Perhaps I was not among the favored parties.

Q. Why not?—A. That is too hard for me to tell.

Q. Did you ever meet General Dodge?—A. Yes, sir.

MEETING WITH GENERAL DODGE IN 1878.

Q. Did you have a conversation with him as to the pursuit that you made after him in 1873?—A. I never met General Dodge until I was with General Logan in Council Bluffs, I think in the fall of 1878, five years after the pursuit.

Q. Did you talk about the pursuit?—A. No, only casually. He and I had a sort of social conversation over it, and I told him I tried pretty hard to catch him.

Q. What did he say was the difficulty?—A. He did not make any explanation.

Q. What was the social conversation?—A. I cannot recollect now. I am not sure. I do not remember.

Q. You would not forget that, would you?—A. I cannot recollect it now. I do not think I can. I told him that I tried pretty hard to catch him. I had a pretty long race from New Orleans to Galveston and

across and up to Marshall, and from there through to Hearne, Tex., on the Texas Central, and then to Denison, and across the Indian Territory and down into Saint Louis.

Q. Did he say to you that you were very close to him at times?—A. No, sir; he made no admissions to that effect.

Q. What admissions did he make?—A. He did not make any.

Q. Did you find, in conversation, that General Dodge had taken about the same route that you had taken?—A. He was ahead of me a couple of weeks when I was at Longview, or rather at Mackinaw.

Q. Had he passed over the same road?—A. He seemed to have gone that way.

Q. How was it that you gave up the pursuit?—A. I did not give it up. I was stopped in Saint Louis by the committee and the Sergeant-at-arms and told to hold on until further orders.

Q. Do you think you would have got him if you had gone on?—A. It was getting pretty well along towards the 4th of March. It was then about the 20th of February, and I do not know whether I would have caught up to him or not before Congress adjourned.

Q. Do you recollect any part of the conversation that you had with General Dodge with reference to this pursuit?—A. No, sir; I can only say this: That the general and I talked it over in the Ogden House, in Council Bluffs. He told me I had tried pretty hard to catch him, he thought, and I said I thought so myself.

Q. Where did he say he was all that time?—A. He did not tell me.

Q. Where did he say he was, in reply to your statement?—A. I do not recollect anything particular.

Q. That was all the conversation you had with him?—A. Yes, sir; I have never talked with him on the subject since.

OWNER OF THE DENVER TELEGRAM.

Q. Who are the owners of the Denver Telegram?—A. I am now the sole proprietor.

Q. How long have you been the sole proprietor?—A. Since the 1st day of July.

Q. Since the 1st day of last July?—A. Yes, sir.

Q. Who was associated with you before?—A. Messrs. Carter and App.

Q. What interest had you prior to the 1st day of July?—A. I was a third owner.

Q. Have you any knowledge of any part taken by the Union Pacific Railway Company through its officers or agents in influencing legislation?—A. No, sir.

Q. Have you any knowledge as to the part taken in the primary or general elections of the State by the Union Pacific Railway employés?—A. No, sir.

THE RAILROAD QUESTION IN THE LAST ELECTION.

Q. Was the railroad question the subject of any issue in the last election?—A. In part I should judge it was.

Q. What part did you take?—A. I did not take any particularly.

Q. Generally what part did you take?—A. I wanted to see the Republicans win.

Q. Outside of the party, what part did you take in the railroad question?—A. None whatever.

Q. How far was it a subject at issue?—A. I should judge it was the people *vs.* the railroad.

RESULT OF THE ISSUE.

Q. Who was successful?—A. To the best of my knowledge I should judge the Republican party won.

Q. Is the Republican party in the railroads or are the people in the railroads?—A. I am not able to say whether the railroads won or did not win.

Q. What is the difficulty in the way of your saying so?—A. I do not know of any difficulty in the way at all.

Q. What, in your judgment, was the result of the issue?—A. I do not think the railroad got any very large advantage.

Q. Were you not in attendance upon the legislature after the election, nearly every day?—A. Yes, sir.

Q. Was the matter discussed?

The WITNESS. In the legislature?

The CHAIRMAN. Yes, sir; and about the legislature.

The WITNESS. Yes, sir.

A HISTORY FOR THE PEOPLE.

Q. What was the subject of discussion there as to the result?—A. The subject-matter discussed was, I should take it, that the railroad and the people had had a pretty good fight of it, and that the people seemed pretty well on top.

Q. The people seemed to be on top?—A. Yes, sir.

Q. Did the people succeed in accomplishing what they desired, as a result of their victory?—A. Perhaps members of the legislature could tell you better about that than I can.

Q. What was your observation?—A. My observation was that some bills that were introduced did not go through, and some did.

HOSTILE LEGISLATION.

Q. Was there any hostile legislation to the railroad interest?—A. Considerable of it.

Q. To what extent?—A. It seemed to be to the extent that those who were antagonistic to the railroad were trying to do their best to win.

Q. What laws were enacted hostile to the railroads?—A. I do not know of any particularly hostile to the railroads. I cannot recall it now.

Q. Was there a bill passed hostile to the railroad?—A. There was a senate bill there, I forget the number of it now, signed by fifteen senators, that was to be hostile to the railroad, but it did not seem to go through.

Q. Then there was no bill passed hostile to the railroads?—A. I cannot recall now.

Q. If such legislation had passed, being in attendance as you were there every day in the legislature, would you not recall such a bill?—A. I cannot remember now.

Q. Then, if no hostile legislation was enacted at the legislature, did not the railroads come out ahead of the people in that fight?—A. If there was not, I presume they did.

ATTITUDE OF POLITICAL PARTIES REGARDING RAILROAD LEGISLATION.

Commissioner ANDERSON. I would like to know whether, at either of the conventions, the platform adopted by the convention of this State contained any plank relating to railroad legislation?

The WITNESS. I think I saw accounts of any number of indignation meetings having been held all over the State.

Commissioner ANDERSON. I am speaking of the platforms adopted by conventions of the party.

The WITNESS. Yes, sir.

Commisioner ANDERSON. At which you made your nomination?

The WITNESS. Yes, sir.

By Commissioner ANDERSON:

Q. Was there inserted in the platform or resolutions adopted by conventions held in 1886 any plank relating to the passage of railroad legislation, hostile or otherwise?—A. I think in the Democratic platform there was.

Q. You think there was?—A. Yes, sir.

Q. Was there one in the Republican platform?—A. I think there was. I will not say for sure now. I cannot recollect.

Commissioner ANDERSON. If this question, whether it was an issue in the campaign, is to be examined into, we would have to know exactly whether there was such a question presented by the platform or resolutions.

The WITNESS. I cannot recollect as to the Republican platform at the present time. I know there was certainly one in the Democratic platform.

THE SENATORIAL CONTEST.

By the CHAIRMAN:

Q. Were you employed by the Union Pacific Railway Company at the last election to participate in any way in the Senatorial contest?—A. No, sir.

Q. Did you receive any consideration from the Union Pacific Railway for your participation in that contest?

The WITNESS. In the Senatorial contest two years ago last winter?

The CHAIRMAN. The last Senatorial contest.

The WITNESS. No, sir; I never received a dollar, directly or indirectly.

Q. Have you told the Commission all you know about the Colorado legislature?—A. I think I have.

Q. Have you omitted to say anything that you wanted to say?—A. No, sir; I am here to answer all questions.

By Commissioner LITTLER:

Q. Have you been in attendance on the sittings of this Commission?—A. I was up here once yesterday, I believe, for about fifteen minutes.

CONCERNING ALLEGED CORRUPTION FUND RAISED BY RAILWAY COMPANIES.

Q. I call your attention to a portion of the evidence submitted here, in which it was stated, in substance, that there was a corruption fund raised by the railway companies of this State, including the Union Pa-

the Company, for the purpose of corruptly influencing legislation and for the purpose of corruptly influencing the election of the United States Senator. Do you know anything whatever in relation to such a fund having being raised?—A. No, sir.

Q. Were your relations to the legislature such as would have enabled you, in all probability, to have learned that fact during your attendance upon the legislature?—A. I think I should have.

Q. Did you at any time see any evidence of the scattering of corruption money in the last legislature?

The WITNESS. In this last legislature?

Commissioner LITTLER. Yes, sir.

The WITNESS. Not a dollar.

Q. So that you know nothing whatever in relation to that matter?—A. I do not.

Q. Can you give us the name of any person who would be more likely to know that fact than yourself, if it existed?—A. I cannot.

Q. Have you, at any time, as a correspondent of the Eastern papers or local papers, stated that such a fund had been used upon the legislature?—A. I never have.

Q. Do you know of any other matter or thing pertinent to the subject of inquiry before this Commission which you have not already stated?—A. I do not.

DENVER, COLO., *Wednesday, July* 13, 1887.

WILLIAM B. FELKER, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. Attorney at law.

Q. Where do you reside?—A. I reside in Denver.

Q. How long have you resided here?—A. Since the spring of 1882.

Q. Have you been railroad commissioner of this State?—A. Yes, sir.

LAW CREATING RAILROAD COMMISSION.

Q. When was the law passed?—A. The law was passed in 1885. I think it was signed the 6th day of April, 1885.

Q. You were the first appointee?—A. Yes, sir.

Q. How long did you serve?—A. Until April, 1887.

Q. That law, it has been asserted, contains no provision by which you can interfere with rates or enforce any advice that you may give. Is that so?—A. That is so. The commissioner can inquire into rates and recommend rates, but he cannot enforce his recommendations.

ITS PROVISION AGAINST DISCRIMINATION.

Q. What provision does the law make in regard to private discrimination and favorable rates?—A. It prohibits discrimination and extortion under a penalty.

Q. What provision does it make by way of penalty for a violation of its provision?—A. The law is in the book before you. If you will let me have it a moment I can tell you. The damages provided by the act are triple the amount of damages established on the trial of the action in a court at law.

Q. A violation is, then, not made a misdemeanor?—A. No, it is not.

Q. Did you pay considerable attention to the management of the railroads in this State during your term of office?—A. Yes, sir; I devoted my entire time to it.

PROCEEDINGS ONLY BROUGHT BY COMMISSIONER ON COMPLAINT.

Q. Did you look into the subject of preferences and rebates and discriminations?—A. I did not, from the fact that there was no complaint made before the commissioner, the commissioner having no power under the act to institute any proceedings of his own motion. He can bring only such proceedings as may be brought before him upon complaint. No complaints were ever made to me while I was in office in regard to rebates.

Q. Was there no complaint made in a formal way for the purpose of bringing the matter forward and creating a public sentiment in regard to it?—A. No, sir; there was not a single complaint ever filed in my office in regard to rebates.

STREET TALK IN REGARD TO REBATES.

Q. Did no one engaged in business in Denver ever speak to you about rebates being granted?—A. They spoke to me on the street, and I said to them if they would file their complaints, I would order an investigation immediately; but they never would do it.

Q. Did they not speak to you on the street sufficiently often to awaken your curiosity, so as to lead you to inquire into the truth of the charges?—A. My curiosity was awakened, but I had no power to proceed unless a complaint was lodged with me.

Q. But could you not have found out to what extent the rebates existed? If the evil was embodied in the whole railroad system of the State, you could have reported to the next legislature for further action. My object was to ascertain what you found out in regard to rebates.—A. Nothing, only the report on the street that there were firms that had rebates.

FIRMS MENTIONED AS RECEIVING REBATES.

Q. What firms did you hear mentioned prominently?—A. There were the Struby-Estabrook Mercantile Company and the Morey Mercantile Company.

Q. State their business as you state the names of the firms.—A. The Struby-Estabrook Mercantile Company are dealing principally, I think, in groceries. The Morey Mercantile Company is in the same business. Brown Bros. are in the same line of business. The two Cornforth concerns——

Q. Are they dealing also in groceries and provisions?—A. Yes, sir; and I heard Daniels & Fisher's names mentioned as receiving rebates.

Q. Were they in the dry goods business?—A. Yes, sir; in dry goods.

Q. And did you also hear the name of the Omaha and Grant Refining and Smelting Works?—A. Yes, sir. That was generally conceded to be a firm that was receiving rebates.

Q. You heard of that quite prominently, did you?—A. Yes, sir.

Q. Were there any other interests that were reported to you as receiving this advantage?—A. I think not; only the smelters and the wholesale grocery men and dry goods men.

CHARGES OF DISCRIMINATIONS ON COAL.

Q. Were there any coal people?—A. Well, yes, sir. There were some two or three complaints alleged before me against different roads in regard to discriminations on coal, but none in regard to rebates.

Q. Complaining that who received advantage of the discriminations?—A. There was no complaint alleged against the Union Pacific Company on coal matters, with the exception of discrimination in furnishing cars. None in regard to rebates.

Q. To what company did they furnish cars, as was alleged?—A. The allegation was, or one complaint was (Goodrich & Marfell made the complaint), that they could not get any cars at their mines.

Q. Did they complain that the cars were furnished to some favored rivals?—A. Yes, sir; they complained that there were plenty of cars furnished to the Marshall Coal Company.

THE GOODRICH AND MARFELL CASE.

In the Goodrich & Marfell case I drew up a demand, under our statute, which provides how cars shall be furnished. They instructed Mr. Marfell to serve it upon the station agent and upon the superintendent of the company. Then I sent a copy to Mr. Gallaway, and notified him of the complaint, and also sent a copy of the complaint, and received a reply from Mr. Gallaway that he had instructed the agent to furnish cars. I saw Mr. Marfell a short time afterwards, and he said cars had been furnished him, so that the complaint went no further.

THE PATTERSON CASE.

In that connection, Mr. Patterson came to me a few days after that and made the same complaint, and wanted to know how to proceed. I told him to proceed in the same manner. I explained to him what I had done in the Goodrich & Marfell case, and told him to proceed in the same manner, and to make a written demand, and if they did not furnish the cars to him to make a complaint to me and I would proceed under the statute fixing the ratio, the power being given to the commissioner to fix that ratio of cars which should be furnished to the various companies.

Q. Did Mr. Patterson proceed as advised?—A. I think he did.

Q. Did he make any other complaint to you?—A. No, sir.

Q. That is all he said?—A. That is all there was of it.

Q. That was all in relation to those cars?—A. That was all the complaint he made to me.

"MILLAGE AND TRANSIT."

Q. In connection with the milling interest—the flour or grain interests—did you hear anything about rebates?—A. No, I never did. There never was any complaint made. There was a complaint abroad on the street that there were certain firms getting what they called milling contracts, where they would purchase grain and ship it to the mill, and then carry it right along on the same contracts.

By Commissioner LITTLER:

Q. That was called millage and transit, was it not?—A. Called millage and transit.

GENERAL FACILITIES AFFORDED IN COLORADO BY THE UNION PACIFIC.

By Commissioner ANDERSON:

Q. In regard to the general facilities afforded by the Union Pacific Railway in the State of Colorado for the successful and advantageous transaction of business, what have you to say?—A. In 1883 I went over the entire Union Pacific system, including the Utah and Northern and Oregon Short Line, to examine their road in reference to the facilities for furnishing communities in other localities in other States and Territories, and to get acquainted with their system. I inspected every road included in that system, and I found that the people of this city were, generally, furnished as good facilities as were furnished by this company in other States and Territories along the line of the road. There were a few exceptions.

RECOMMENDATION TO ESTABLISH DEPOT AT EMPIRE.

There was one complaint in regard to terminal facilities upon the Colorado Central. There was one complaint made and I made a recommendation that they establish a depot at that point.

Q. Have they ever done so?—A. No, sir; they never did. They still, I suppose, have it under advisement. They have always informed me——

Senator HENRY M. TELLER. I wish you would state where that was.

The WITNESS. That was Empire.

Senator HENRY M. TELLER. Did you not make the same recommendation in reference to Central City?

The WITNESS. No, sir; there never was a complaint in regard to the terminal facilities at Central City.

Senator HENRY M. TELLER. You have no depot there, have you?

The WITNESS. There never was any complaint. I never heard even a verbal complaint at Central City.

ADEQUACY OF FACILITIES FURNISHED BY UNION PACIFIC.

By Commissioner ANDERSON:

Q. In regard to this answer you have just made, you have simply stated that the facilities were as good as were given elsewhere. Will you please state whether the facilities are equal to the requirements of trade, in your judgment.—A. I think they are, generally.

By Commissioner LITTLER:

Q. How do they compare with the facilities furnished by other companies?—A. I think they are fully as good as those given by other companies in the State.

RATES HIGHER IN COLORADO THAN IN OTHER STATES.

By Commissioner ANDERSON:

Q. In regard to the rates prevailing in Colorado, have you made any examination or comparison of those rates with the rates existing in other States similarly situated?—A. Yes, sir.

Q. What have you to say as to that?—A. The rates in this State are considerably higher than in other States.

UNION PACIFIC RATES NOT HIGHER THAN RATES OF OTHER ROADS.

The rates on the Union Pacific Railway, and its system in this State, are not any higher than the other roads in this State, with the exception of the short mountain division of the Colorado Central. There, it is considerably higher than the rates ordinarily on mountain roads in this State.

Q. How do the rates on the Union Pacific compare with the Denver and Rio Grande, the Atchison, Topeka and Santa Fé, the Missouri Pacific, and the Chicago, Burlington and Quincy?—A. They are about the same in this State; that is, the same as these roads in this State.

LOWER CHARGES FROM PACIFIC COAST TO MISSOURI THAN TO DENVER.

Commissioner ANDERSON. As an illustration, it was stated in regard to a car load of California fruit, that it could be shipped from San Francisco to the Missouri River via the Union Pacific for a little over $1 a hundred, but being shipped to Denver it cost $1.95.

The WITNESS. That has been true of all the roads.

Commissioner ANDERSON. That is what I wanted to know.

The WITNESS. That has been true of all the roads during the two years while I was in office. In the shipments from the Pacific coast to the Missouri River the rate was less than it was from the Pacific coast to Denver over all the transcontinental lines.

Q. Is one of the factors that brings about that result the fact that at the Missouri River the California traffic enters more directly into competition with the Atlantic traffic?—A. I suppose it is; yes, sir; that is the reason for it. It is supposed that the water traffic, the ocean traffic, affects that to that extent. We are really, as far as that traffic is concerned, the local point along the line of those roads.

Q. What other information can you give us in regard to the administration of railroad affairs of this corporation in Colorado?—A. I do not know what you want. I can give you a good deal.

RATES TOO HIGH ON THE COLORADO CENTRAL.

Q. We want to be informed generally as to whether the management of the Union Pacific gives satisfaction to this community, and if it does not, whether the railroad company is to blame, or whether the community is unreasonable. Will you give us all the facts within your observation?—A. There has been on the Colorado Central Road, which is nearly a branch of the Union Pacific, a good deal of complaint for years. They filed a complaint with me in July, 1885, and I investigated that whole question of rates on that mountain division, and came to the conclusion that their rates were too high, that the complaint was well founded; and I recommended a reduction of rates. The tariff on all classes of merchandise, and coal, and ore, and in fact everything that was shipped over the road, was in my estimation, from all the evidence obtained upon the trial, considerably too high. The recommendation that I made as commissioner was not adopted by the company. On the 1st of May, 1885, the Union Pacific Company reduced the rate on ore, on that mountain division, 25 per cent. and the rate on coal 20 per cent. The Union Pacific claimed that that community up there had agreed to be satisfied with that reduction, if it would be made, and they claimed that when this complaint was filed that their rates were no higher than they ought to be. Since then there has been no reduction.

INCREASE OF TONNAGE IN COLORADO.

There has been on the tonnage an increase on all of the roads in this State, and the branches, with the exception of two. There has been considerable increase of tonnage in 1886 over 1885.

Q. Will you state the exceptions?—A. The decrease of tonnage on the Georgetown, Breckenridge and Leadville in 1886 over 1885 was 1,143 tons. That is upon the basis of 1 ton per mile. The decrease on the Golden, Boulder and Caribou was 6,691 tons for 1 mile. The increase on the Colorado Central was 277,539 tons; on the Denver, South Park and Pacific, 4,743,624 tons.

By Commissioner LITTLER:

Q. Is that an increase?—A. An increase.

By Commissioner ANDERSON:

Q. That is a mile ton?—A. A ton carried one mile. The Denver and Boulder Valley was 336,304 tons; the Denver and Middle Park, 18,991 tons; the Greeley, Salt Lake and Pacific, 285,605 tons; the Union Pacific Consolidated, 1,046,378,637 tons. Excepting the Union Pacific Consolidated, the increase tonnage in this State on their roads was 5,654,229, after deducting the decrease on the two roads.

RATE OF FREIGHT AS LOW AS EVER.

Q. Have the local rates remained the same?—A. It was the same for 1886 that it was in 1885. Notwithstanding this increase of tonnage, if the company had charged the same rate per mile on its tonnage of 1886 that it charged in 1885 it would have made on its entire system $1,406,153.64 more revenue than it did get. That is owing largely to the low rate of freight that existed at the time of this transcontinental war and the competition that grew up immediately after it and before things got settled.

Q. The rate of freight is as low as it ever was; is that not so?—A. Yes, sir.

Q. Do the rates remain down?—A. Yes, sir; the rate of freight is as low at this time as I think it has been any time in the history of the road in this State.

RELATION OF BRANCHES TO MAIN LINE.

Q. Have you ever given any attention to the question of the relations which the branches hold to the main line in the State of Colorado?—A. Somewhat.

Q. Do you think the Denver and South Park is an advantage or a detriment to the Union Pacific Railway system?—A. The way in which it has been managed, it has been a detriment to the system. It has a piece of road that is very expensive to operate; that high-line road. I think it would be an advantage to the system, as a whole, if it were lopped off the main line.

Q. Did you ever understand why the route by Buena Vista to Leadville, in common with the Rio Grande, was given up?—A. I heard both sides of that story. The Union Pacific people claimed that they could not get trackage over that road any longer, and the Denver and Rio Grande people claimed that they were perfectly willing to give them trackage over that road at a reasonable rate.

Q. Did you ever understand that the Denver and Rio Grande people paid to the Union Pacific an annual or monthly subsidy since the common trackage contract was given up?—A. No further than what they obtained through the pool. I never understood that there was a subsidy given.

Q. A pool that existed before the abandonment of the trackage; was that the same pool or was it then extended?—A. No; it was a subsequent pool.

THE COLORADO CENTRAL.

Q. Passing now to the other branch line, in regard to the Colorado Central, what is your judgment?—A. My judgment of that road is that it is the best paying piece of road that there is in this State, for the length of its line.

Q. Is it your judgment that it is a benefit to the main system?—A. Yes, sir; it is.

Q. I mean is it a benefit apart from its own earnings, by reason of the business which it furnishes to the main line?—A. Yes sir; it is a paying piece of property, independent of the main line.

OTHER COLORADO BRANCH LINES.

Q. What other Colorado branches are there?—A. There are all these little pieces of road here that are all the way from 3 miles in length to 27 miles.

Q. What is your judgment as to the small branches? You can give their names, and state whether they are an advantage or a detriment to the system.—A. They are an advantage to the main system as feeders. They are used only for that purpose.

AN ADVANTAGE AS "FEEDERS."

They are worthless for any other purpose than as feeders.

Q. Will you state exactly what you mean by feeders?—A. To furnish business for the main line.

Q. That is, does the interchange of traffic, by reason of the haul over the main line, prove a benefit to the whole system?—A. It secures to the main line the traffic of the localities through which those roads run, and keeps it away from the other roads.

Q. Is it your judgment that that advantage to the main line more than counterbalances the loss which may be incurred in the operation of the branch itself?—A. I think so.

Q. How closely have you studied this subject?—A. As closely as I could in the time I devoted to it.

CONSTRUCTIVE MILEAGE ALLOWED THEM.

Q. Have you ever taken the figures of any one of these special branches and examined to see how much might be lost by the local operation, and then how much might be gained by the haul over the parent line, and made up the full statement to convince yourself that on the whole it was a benefit?—A. I never could ascertain from the company what, if any, constructive mileage was allowed to these branch roads. The product hauled over these branches, a fair proportion of it, goes to the main line. Of course, it is a mathematical calculation that would require a good deal of time and careful study to get at, to ascer-

tain as to every particular piece of road by itself. It was a general impression that I had from the character of the traffic over the road, the commerce over the road, and the amount that reached the main line that led to my conclusion.

Q. Have you formed any conclusion relating to the adjustment of the debt?

LOCAL BUSINESS OF MAIN AND BRANCH LINES.

By the CHAIRMAN:

Q. Excuse me. Before you go to that subject I would like to ask him a question in this connection. How does the volume of business over the branch roads in Colorado, the local business, compare with the local business on the main line, comparing the same distance?—A. They have about the same amount of local business that they had along anywhere in this western country. The most of their short branch roads, local roads, in this State (outside of the Colorado Central and the Denver, South Park and Pacific) are roads, branches, and pieces that go to coal mines and stone quarries, and some of these branches do hardly any local traffic outside of those products.

Q. What would be your conclusion, based upon your observation, as to the volume of business, local, as compared with the same distance, local, upon the main line?—A. I think they compare fully as well as they do on the main line; and some of them have a great deal more than the local business along on the main line.

PLAN OF SETTLEMENT.

By Commissioner ANDERSON:

Q. In regard to the subject of the adjustment of the debt due to the Government of the United States by these railroads, have you given it any attention?—A. Yes, sir; some.

Q. Have you formed any conclusion as to what is the best thing to do?—A. Yes, sir; I formed a very decided opinion.

Commissioner ANDERSON. The Commission would be pleased to hear from you.

THE UNION PACIFIC SHOULD HAVE TIME.

The WITNESS. I think it is wisdom and policy on the part of the Government to give the Union Pacific road a fair length of time in which to pay its indebtedness. I think it would be a benefit, not only to the Government itself, but to the road, and to the community through which the road passes. I do not think it would be advisable for the Government to attempt to operate that road. I do not think that the road will be able to pay its indebtedness falling due in 1896 and 1897, and that an extension will have to be granted to the company.

Q. Do you mean it would have to be granted to the company, if the company desires to continue the management of the Union Pacific Railway in its present form and ownership?—A. Yes, sir.

Commissioner ANDERSON. They might sell the property to the highest bidder.

THE GOVERNMENT SHOULD NOT OPERATE THE ROAD.

The WITNESS. They either want to do that or give them time. I do not think it would be advisable for the Government to attempt to operate the road.

Commissioner ANDERSON. But there is the other alternative open; that is, to close the relation wholly out, so that the Government would be out of it entirely.

The WITNESS. Yes, sir; it is a question for the Government to determine which is for the best interest of the Government to do. I am inclined to think that if the company is dealt with liberally by Congress, they will in the end be able to pay, under an economical management of the road. The present management certainly is not responsible for the evils and misdeeds of the management of years ago. The cost of the road was very much more than it would be at the present time, or to lay down the same road at the present time. I mean the cost of this South Park, for instance. The actual cost of that road was less than $19,000 a mile. I had a report made to me while I was commissioner to that effect, by the party who was superintendent of the construction. Of course, upon the basis of the stocks and bonds that they have got on the road now, they never can pay interest and dividends.

Q. Are you talking of the Denver and South Park, or did you go back to the Union Pacific?—A. Not only on the Denver and South Park, but on the main line.

Q. On the Union Pacific?—A. Yes, sir.

DIVIDENDS AND INTEREST.

Q. Did they never pay dividends?—A. They never will pay dividends and pay the interest on their bonds honestly with the present stock and bonding of the road. You see, it amounts to about $105,000 a mile.

By the CHAIRMAN:

Q. Do you not know that they did pay $23,000,000 in dividends from 1877 to 1884?—A. Yes, sir.

Q. And that they built over 2,000 miles of branch lines?—A. Yes, sir. Very much of that building was out of the earnings of the road, too.

GOVERNMENT SHOULD NOT ENFORCE THE PAYMENT OF BONDS WHEN DUE.

Q. What do you mean by the United States Government dealing liberally with this company? Has it not dealt liberally with it?—A. I do not know but it has. In the future, in regard to enforcing payment of those bonds, I do not think they can pay the bonds at the present time, unless they should negotiate and make a loan in some way and pay them in that way. They cannot pay it out of the revenue of the road between now and that time.

SUPLUS EARNINGS.

Q. Have you a knowledge of their surplus earnings since 1884, since they stopped paying dividends?—A. I have a knowledge of two years that I was commissioner.

Q. What information have you as to the surplus earnings since they stopped paying dividends?—A. The reports they made to me under oath.

Q. What is the amount?—A. I could not state now without referring.

Q. Is it over $9,000,000?—A. Yes, sir.

EFFECT OF AN EXTENSION UPON THE COMMUNITY.

Q. What have you considered would be the effect of an extension or a settlement, in closing out by foreclosure, upon the community at large?—A. I do not know that a foreclosure of the road, if it passed into the hands of a good company, would affect the communities along the line of the road materially. If the company is given time by which it can pay its indebtedness, and given opportunity to protect itself by throwing out feeders along the line of the road and protecting its territory, it can increase the revenues of the road very largely. Without that the other companies are stripping it of its territory and leaving it without resources with which to earn sufficient to pay that indebtedness.

THE EFFECT AS TO RATES.

Q. What would be the effect as to the rates, passenger and freight?

The WITNESS. In what event?

Commissioner ANDERSON. In either.

The WITNESS. In either a sale, or what?

Commissioner ANDERSON. An extension, or foreclosure.—A. I think the rates of that company will depend altogether upon the rates established by other lines going through this section of the country. I think the rates will be maintained by the present associations and agreement just the same as they were by the pools. I do not think the interstate commerce law will help the people of this country, through which these roads pass, at all in regard to that. I think the agreements that they have made and are making in regard to the maintenance of rates will be just as effectual to maintain them as the old pool system.

Q. Do you think that whatever may be the settlement, the community at large will not be affected in any way?—A. I do not think they will materially. If it should be sold out to another company, of course they would have to adopt a policy that would bring them traffic, and in order to get traffic they would have to make the rate the same as the other road, no matter what company operated it.

A POOL CONTROLLED BY LAW AN ADVANTAGE TO THE COMMUNITY.

Q. What has been the effect of a pool arrangement in your State as to rates?—A. It has been to maintain rates.

Q. Is the result of a pool or a combination to maintain rates in the interest of a railroad or in the interest of a community?—A. That depends altogether upon the rates named in the pool. If the pool was managed rightly, it would be a benefit to the community. If it is not managed honestly, and a fair reasonable rate established by a pool, then it is a disadvantage to the communities along the line of the road. A pool will maintain stable rates, that is, until they get to stealing it from one another, and then they get into another row and make another pool, so long as they maintain them themselves. If a pool could be controlled by law I think it would be an advantage to the communities and shippers along the line of the road, because it would make a stable rate.

Q. Do you know of any pool that was ever managed honestly?—A. No, I never did. I think if the General Government would pass a law, and the States also, recognizing the validity of pools, and having them under the supervision of the law of Congress and of the States where they could control them, it would be a benefit. Otherwise I do not think pools are beneficial.

Q. Do you know of any agreement to maintain rates among railroad companies that was ever substantially carried out by the parties to the agreement?—A. Ostensibly they are always carried out, but in point of fact they are not, as between themselves. Every railroad in its own interest is trying to secure all the traffic it can; if it cannot do it under the pool agreement, they are going to do it on the sly.

METHODS OF RAILWAY COMPANIES WITH EACH OTHER.

By Commissioner ANDERSON:

Q. What are the varied methods of stealing the business from each other?—A. Soliciting it.

Q. What others?—A. Rebates.

Q. Secret rebates?—A. Yes, sir; secret rebates.

Q. What others as to capacity of cars? Is that also in use?—A. Yes, sir; that is also.

DIVERSION OF FREIGHTS BY POOLS.

The CHAIRMAN. And as to the diversion of freights?

The WITNESS. Well, I think the pool commissioners generally try to distribute freights equally over the lines in the pool, but freight agents, notwithstanding that, will seek to move freight over their line that does not come under the control of the pool commissioner, by getting the shipper to select a route for his freight. Of course, if the freight comes to the pool point, it is distributed to the lines equally, unless the shipper has routed his freight. Then, of course, it has got to go according to the route fixed by the shipper. Sometimes that is not the case, however, and complaints were made to me during my administration of the office in regard to that matter. But they were promised to be rectified in the future, and they never went to a determination of the commissioner on the point. In fact, so far as interstate commerce is concerned, the commissioner had no power or control over them. It was only in regard to local freight.

Q. Do you know of any arrangements among the railroads of Colorado by which, under an agreement, the freight was taken from the roads aided by the Government and carried over the unaided roads?—A. I have not. I never have understood that that was so. My understanding of the percentage which the Union Pacific got on this business was that percentage that was agreed upon by all the roads, and was attempted to be carried out by the pool commissioner.

Q. If the Union Pacific entered into an arrangement as to the distribution of freight in a pool with other railroads, would not the freight be diverted from the Union Pacific to the extent of the concession made by the Union Pacific in a freight agreement?—A. It would.

Q. That would be the effect of it?—A. That would be the effect of it, but it would get its percentage of business, whether they had the haul or not.

EFFECT UPON THE EARNINGS OF THE UNION PACIFIC.

By Commissioner LITTLER:

Q. What effect would that have upon the earnings of the Union Pacific?—A. That I cannot tell you.

Q. Would it have any effect?—A. If they had to rustle for all the business that they got, I am inclined to think, with the feeling along the line

of the road and in communities where it came in competition with other roads, they would not get as much freight as they would under their pooling agreement.

By Commissioner ANDERSON:

Q. Would not get as much money, do you mean?—A. No, sir; they would not get as much money if they had to rustle for their own business.

By Commissioner LITTLER:

Q. The percentage of course, is fixed by these pools?—A. Yes, sir.

Q. And it does not make a particle of difference which company transports the freight?—A. Not a bit.

Q. The only question is to the aggregate amount of freight transported in pursuance of the pool, is it not?—A. Yes, sir.

Q. So that it does not make a particle of difference whether the freight is diverted to the Union Pacific or from the Union Pacific road?—A. No, sir; not a bit.

By Commissioner ANDERSON:

Q. Provided the percentage is adjusted?—A. Yes, sir.

By Commissioner LITTLER:

Q. Provided they do not get cheated in making the pool contract?—A. Yes, sir, or in the adjustment; and I do not think the class of men that are managing that road would be cheated in that way. I think they have tried their very best to maintain their rights to this traffic in this country.

PACIFIC MAIL SUBSIDY.

By Commissioner ANDERSON:

Q. Have you ever looked into this subject with reference to the allowance to the Pacific Mail?—A. I never looked into it to ascertain whether it was a fair adjustment and allowance made to that company. It was no part of my duty. I suppose if it was satisfactory to the company it ought to be satisfactory to the communities as long as they were not damaged by it.

By the CHAIRMAN:

Q. Would not the Union Pacific Railway Company have to consent to a diversion of a part of the freight before they could get the percentage in the pool?—A. That would depend altogether upon the tonnage of the various roads that went into the pool. If their tonnage were greater than the other roads, then it was a concession on the part of the other roads in favor of the Union Pacific.

CONCERNING FORECLOSURE OF FITST MORTGAGE.

By Commissioner LITTLER:

Q. Recurring to the subject of the foreclosure of this first mortgage, I understood you to state that the foreclosure of the first mortgage and the sale of the property would not materially affect the interests of the people at large. I now ask you to state whether if the foreclosure resulted in the sale of the property at a sum only equal to or less than the amount due on the first mortgage, the people of the United States at large would not be seriously affected in the loss of their entire debt?—A. Yes, sir; the people at large, the Government, would be a loser to the amount of their indebtedness against the company. But I had reference to those con-

munities along the line of the road. Their proportion of it would be so small that it would not affect them.

Q. Do you mean it would not affect the local communities along the line of the property?—A. Yes, sir.

Q. Would it not affect the Government of the United States to the extent of the entire loss of its debt?—A. Yes, sir.

By the CHAIRMAN:

Q. Have you any other suggestion to make to the Commissioner?—A. I do not think I have.

Q. Or any other information to impart?—A. I do not think I have, unless it is on the subject of legislation.

The CHAIRMAN. We will be glad to hear you on that question.

The WITNESS. Any question you desire to ask I will answer. I have no information on that subject to give.

METHODS ADOPTED BY UNION PACIFIC IN INFLUENCING LEGISLATION.

Q. What part has the Union Pacific Railway Company taken in the State of Colorado in influencing legislation?—A. The same interest that the other companies have.

Q. What has been that interest?—A. They have adopted about the same methods that they have in other States to influence legislation.

Q. What are the methods in other States?—A. About the same as those in those States where you have taken testimony (in Kansas City and in Omaha) in regard to the influencing of those legislatures.

MORAL SUASION, DINING AND WINING.

Q. What are the methods in Colorado?—A. Ostensibly, moral suasion.

Q. Actually, what are they?—A. I do not know. I do not think that there has been a very large amount of money paid to members of the legislature; I do not know that there has been any; that they have been looked after by railroad lobbyists, taken care of when they have been here at the State government, there is no question. They have been treated and argued with until opinions have been changed. There is no question about that. They have been wined and dined as legislators generally are. We are not behind the Eastern States in regard to the way in which we treat our legislators. I think this last legislature when it convened was fairly in favor of some wise legislation in this State.

CHANGE OF OPINIONS OF LEGISLATORS.

By Commissioner LITTLER:

Q. In relation to railroads, do you mean?—A. Yes, sir; in relation to railroads. Opinions changed after they got to work.

By the CHAIRMAN:

Q. Who got to work?—A. Well, the railroad companies and the members got to talking the matter over.

Q. How did the railroad companies work? What instrumentalities did they use to change this settled opinion, or the opinion representing the sentiment of the State?—A. Well, now, that is a question that I cannot answer further than what you see on the outside. Of course, if members are tampered with, that is something that people on the out-

side cannot know. There have been suspicions that it has been done. Whether those suspicions have any foundation or not, I do not know.

Q. What did you see on the outside?—A. I saw men that were very firmly in favor of railroad legislation change frequently on that subject before they got down to voting on the question.

RAILROAD LOBBIES.

Q. What other methods than moral suasion and wining and dining did the railroad agents, especially the Union Pacific Railroad agents, adopt?—A. None that I know of personally. They usually have a lobby—the railroad interests have a lobby—to protect their interests. When there is any legislation to be had antagonistic to railroad companies they generally send a pretty social, jovial lot of fellows to do it; to talk with the legislators, and they convince them, in some way or other, that is, enough of them, so that they can get a majority when they come to vote.

Q. How long have these methods that you have spoken of been used in Colorado?—A. They have been established ever since the subject of railroad legislation was first broached.

EFFORTS TO CONTROL NOMINATIONS.

Q. What part has the Union Pacific Railway Company, through its employés or officers, taken in the influencing of nominations for members of the legislature?—A. I do not know as it has ever sought to control conventions since I have been in the State. It very carefully looks over the men who are nominated. They are not so particular whether they elect a Republican or beat him, if he is against them on a railroad question. They are what you might term "free lances" in the election of a legislature. They protect their interests the same as any other corporation or classes of business protect themselves from what they claim to be unwise and unjust legislation.

OTHER LOBBYISTS.

Q. What other classes in the community participate in legislation or the influencing of legislation to the extent that railroads do?—A. I do not think there are any in this State.

Q. Do you know of any class of lobbyists representing any interests in the State of Colorado equal to the lobbyists of the railroads?—A. None so persistent, unless it be a lobbyist that comes down on a county-seat question.

Q. How do they look over the field to ascertain whether the nominations are of railroad men or not?—A. They try to find out the opinion of those men on those subjects.

Q. How do they find that out?—A. They find out from their friends.

THE COMMUNITY IN FAVOR OF RAILROAD LEGISLATION.

Q. Have you any knowledge of any particular persons when you speak of a railroad making inquiries as to proper nominations?—A. I have not any particular one. A large majority of the people of this State are in favor of railroad legislation. There is no question about that. And in going over the State during the canvass, both last fall and two elections ago, in the election of the legislature, the majority of the

communities would put up those that were in favor of railroad legislation, and each party would vie with the other to see how far they could go on the subject of stringent railroad legislation, both parties claiming that they were in favor of it. There is very much more of that in our elections to accomplish the election of particular persons to the legislature, in both parties, than comes to the surface when they get to the legislature. When the legislature convenes the railroads are on hand to see that they are not attacked by stringent railroad legislation. The people are not so vigilant in regard to their rights, and I think it is owing to that very largely that we do not have more railroad legislation than we do. The people do not stand up and fight as persistently when the legislature meets as the railroad companies themselves do.

Q. If the sentiment of the people of the State of Colorado was in the direction of wise railroad legislation, and it was prevented in the last legislature, was it due to the efforts of the combination of the railroads in the State of Colorado through their lobbyists?—A. Entirely so.

Q. Have you any other suggestion to make?—A. No, sir.

By Mr. WILLARD TELLER:

Q. I would like to ask one question. The station, you say, that was recommended was what station? Was it Empire?—A. Empire Station.

Q. Empire Station is situated between Georgetown and Lawson, is it not?—A. Yes, sir.

Q. How far from Lawson?—A. About a mile and a quarter, I think.

Q. It is a little more than that, is it not?—A. A mile and a quarter or a mile and a half.

Q. How far is it from Georgetown?—A. I think about four miles, if I recollect right.

Q. And there was a good road from the place where the station was at Empire down to Lawson, was there not?—A. Yes, sir.

Q. Right down the creek?—A. Yes, sir.

DENVER, COLO., *Wednesday, July* 13, 1887.

DE WITT S. WOODS, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am the secretary and manager of the Jackson Coal Company.

Q. Where is your place of business?—A. In Denver. That is, my office is in Denver.

Q. Where are the Jackson mines?—A. They are situated at Canfield.

Q. Where is Canfield?—A. About a mile and a quarter west of Erie. About 36 miles from Denver.

Q. On what road?—A. The Union Pacific.

RELATIONS OF JACKSON COAL COMPANY WITH THE UNION PACIFIC.

Q. Do you ship over the Union Pacific Railroad?—A. Yes, sir.

Q. What facilities do you have for shipping?—A. They run their cars direct to our mine and we load them.

Q. Do they furnish you with switching and side tracks?—A. No, sir; we put in our own side tracks.

Q. Do you pay for any switching?—A. No, sir.

Q. What rates have you been paying?—A. One dollar a ton from the mine to Denver.

Q. Has that been the open rate?—A. Yes, sir.

Q. How does that rate compare with that to other mining companies?—A. I believe they are all the same; so rated, at least.

Q. Has the Jackson Company ever had any special agreement with the Union Pacific Company as to rates?—A. No, sir.

Q. Have they ever applied to the company for special rates?—A. No, sir.

NO REBATE.

Q. Has the company ever had a rebate?—A. No, sir.

Q. Have you any knowledge of any other company that has a preference or preferential rate by way of rebate or allowance?—A. Only what I have heard testified here yesterday and to-day.

Q. Was that the first knowledge you had of it?—A. That is the first knowledge I have had of it. Yes, sir; I have heard it asserted that they had some kind of rebate, but I did not know what it was.

Q. What is the difference between the rate you pay and their rebate?—A. Sixty cents a ton. According to the testimony here, they say they got 40 cents a ton rebate.

Q. What effect has that upon your business?—A. It cuts us to a great extent.

Q. Is that the competing company?—A. Yes, sir.

Q. How far are the mines from you?—A. About 10 or 11 miles.

Q. Are they beyond or nearer?—A. They are nearer to Denver over the new line.

Q. What is the volume of business of your company compared with that company?—A. I presume our volume of business is nearly as large.

DECREASE IN BUSINESS DUE TO NEW TARIFF.

Q. Have you at any time observed in the management of your business concern that there is a decrease or increase of business?—A. There is a decrease.

Q. Has that been the result of the management?

The WITNESS. The result of the management of what?

The CHAIRMAN. Of your company.

A. No, sir.

Q. What is it the result of?—A. The result of the rate being made lower than we can afford to produce the coal.

Q. To what extent has that affected your business?—A. It has curtailed it very materially.

Q. Did I understand that you just discovered that?—A. That rate has recently been made.

Q. When did you discover the decrease in your business?—A. Since that rate has been made.

Q. When was the rate made?—A. My recollection is that it took effect the 1st of April.

By Commissioner LITTLER:

Q. Do you mean this rebate in favor of the other company?—A. No; I mean the new rate. That was the 1st of April, was it not, Mr. Goodrich?

Mr. GOODRICH. The 1st of June.

By the CHAIRMAN:

Q. The 1st of April; yes. The interstate-commerce law went into effect on the 5th, and the rate was adjusted, I suppose, to that law. When did you discover the decrease in your business?—A. I discovered it since last fall. Yes, more than that; for over a year.

Q. What did you attribute it to?—A. To the rates of coal, and to the coal being sold at a less rate delivered in Denver than I could possibly do it by the Marshall Coal Mining Company.

REBATES TO COMPETITORS.

Q. How did you account for the possibility of a competitor selling under you?—A. Only from what I formed in my own mind.

Q. What did you form in your own mind?—A. That they were getting a rebate.

Q. Then the first suspicion you had of a rebate was when you discovered the decrease in your business by their underselling?—A. Yes, sir.

Q. How far has that injured your business?—A. One company that it was furnishing with coal it cut me out of entirely.

Q. If continued, what would be the effect?—A. It would wipe out the business of all the coal companies.

Q. Do you mean other than the Marshall company?—A. Yes, sir.

Q. Have you any other information that you can give the Commission concerning discriminations in the way of rates?—A. I will try and answer any questions you may ask.

EFFECT OF DISCRIMINATIONS ON INDIVIDUALS AND COMMUNITIES.

Q. What other knowledge have you as to discriminations on the part of the Union Pacific Railway Company as to individuals and communities?—A. I do not know that I have any.

Q. Did you apply to the company or any of the agents here when you suspected that special rates were being allowed?—A. I asked Mr. Clark—Mr. D. O. Clark, superintendent—if this matter could not be adjusted so that we could be put upon a fair basis with the Marshall Coal Company, or any other company. He said he did not know how it could be done. He said, "If you will get your people together and make your statement, perhaps it may be done," but he did not know.

Q. Did you get your people together?—A. Yes, sir.

Q. What was the result?—A. We have never received any result from it yet.

Q. Did you make application after the meeting?—A. We talked to Mr. Clark about the matter, personally; yes, sir.

Q. What was his answer after your meeting together?—A. He said he could not say what the result would be.

Q. When was this application made?—A. Some four or five weeks ago.

Q. Have you any knowledge as to any other discriminations to other individuals or communities?—A. No, sir.

Q. Have you any other information or suggestion that you can give to the Commission?—A. No, sir.

COST OF PRODUCING COAL.

By Commissioner LITTLER:

Q. What does it cost you to produce coal at the mine?—A. That varies with the amount produced.

Q. Take the average production, what does your coal cost you delivered on the cars or at the mouth of the shaft?—A. It runs from $1.50 to $1.75.

Q. How does your production compare in volume with that of the Marshal mine?—A. It probably is not as large.

Q. Have you a pretty fair knowledge of the Marshall mine and the cost of production of coal in that mine?—A. I have not. I never was at the Marshall mine in my life.

By the CHAIRMAN:

Q. What is the capital of your company?—A. The original capital was $25,000.

Q. What is the present capital?—A. Over $40,000.

DENVER, COLO., *Wednesday, July* 13, 1887.

HENRY GOODRIDGE, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Coal, lime, and wood.

Q. Where do you carry on business?—A. In Denver.

Q. How long have you been in business in Denver?—A. Sixteen years.

Q. Have you been in the same business during all those years?—A. No, sir. About eight years in the coal business and building material.

THE STUART COAL MINE.

Q. Are you interested in any mining company?—A. Yes, sir.

Q. What company?—A. In the Stuart mine.

Q. Where is the mine located?—A. At Erie.

Q. On what road?—A. On the Denver Pacific.

Q. How near to the Marshall mine?—A. I should think it was 7, 8, or 9 miles. I do not know the exact distance.

Q. What have been the facilities afforded to you by the Union Pacific Company for shipments?—A. At times they have given cars enough, and at other times we have had to stop. Once we had to apply to Judge Felker to have cars supplied to us. We did not have enough to do our business.

Q. Have you switching and siding facilities?—A. Yes, sir.

Q. What rates do you pay?—A. We pay $1 a ton.

Q. Is that the open rate?—A. Yes, sir.

AN ALLOWANCE OF $1,340.

Q. Have you ever had a rebate?—A. No, sir; we never had a rebate. We have had an allowance made for a discrimination that was made against us once.

Q. What was the allowance for?—A. They were shipping coal to their own agents here at 25 cents a ton and charging us $1.

Q. What appeal did you make to the company to secure the allowance?—A. We made an appeal to them and made our claim.

Q. What was the result of the appeal?—A. They paid us back the difference.

Q. What was stated at the time of the adjustment of the appeal?—A. I made an application to them several times to get the allowance, and I found they took no notice of it. The freight agent put us off from time to time, and we put it into an attorney's hands to collect, and finally they paid us back the $1,340 or $1,350.

Q. When was that payment made?—A. That was made in 1885.

Q. After that what rate did you pay?—A. A dollar.

Q. Was that the open rate?—A. Yes, sir.

Q. Did they still continue the shipments to their own agents at 25 cents?—A. No, sir; I think not.

REBATE TO MR. BINFORD.

Q. Had you had knowledge during that time, or during the time you have been engaged in business, of the allowance of a special rate by way of rebate to other coal shippers?—A. At that time I knew that they were allowing or charging Mr. Binford here at Denver 25 cents a ton.

Q. Who was Mr. Binford?—A. He was the agent for the Union Pacific Coal Company.

THINKS THERE WERE OTHER REBATES MADE.

Q. After your settlement, however, had you knowledge of any rebates, or allowance, or special rates being allowed to other competitors?—A. No, we had no knowledge; but I thought that there was a rebate made.

Q. When did you think that?—A. At various times. I went to Mr. Keeler at different times, and told him that I was well satisfied that the Union Pacific Coal Company was getting a lower rate than we were, and said I, "You give us the same rate." We did not care anything about the Union Pacific Coal Company, or D. O. Clark, but said I, "We cannot sell coal if you give them a better rate than we are getting."

Q. What was his answer?—A. He said they were not giving any one a better rate than we were getting.

Q. What led you to suspect that others were having a rebate?—A. Our agents outside said they could buy coal so much cheaper than we could furnish them with it.

Q. What effect did it have upon your business?—A. It injured our business.

Q. To what extent?—A. Several hundred dollars a month.

AFFECTED BY THE MARSHALL COAL COMPANY.

Q. When did you discover a decrease in your business by reason of this underselling?—A. It has been a gradual decrease for this last year, and more especially since the Marshall Coal Mining Company has taken hold of the Marshall mine.

Q. If continued, what would be the effect upon your business?—A. It would break us entirely up. We could not ship coal, and cannot now, and compete with them.

Q. How much capital have you invested?—A. About $20,000.

Q. Do you know of any other special rates being allowed to other shippers?—A. No, sir.

Q. In any other business?—A. No, sir.

Q. Do you know of any discriminations in favor of individuals or communities?—A. No, sir. We called on Mr. Clark and Mr. Kimball

about a month ago and laid this case before them, and told them how it would affect our business, and they said there was no difference; we had the same rate as the Marshall Coal Company. I told D. O. Clark, "I am satisfied it is not so." Said he, "You are getting just the same rates." Said I, "I will see the Marshall Coal Company and see if we can get them to advance the price of coal."

THE COMMUNITY NOT BENEFITED BY REBATES OR PREFERENTIAL RATES.

Q. What effect has a rebate or a preferential rate or a favor of the character that the Marshall Coal Company enjoys upon the community at large other than the mere shipper?—A. The community at large does not reap the benefit of it. There is our agent in Fort Collins; we had a letter from him last week. He said that the Marshall Coal Company was selling coal at $1.50 a ton at the mine. As I understand, in sending their bills out—billing their coal—they did not send a freight bill with their coal; they just put their coal and the freight together and collected from these men.

Q. If the system of special rates is continued, and you, with other coal shippers now in competition with the Marshall Company, are compelled to go out of business, does it not place the price of coal to the community absolutely in the power of the Marshall Company?—A. Yes, sir.

Q. Have you any other suggestions to make to the Commission?—A. No, sir; I do not know that I have any suggestion.

Commissioner LITTLER. Senator Campbell is here as I understand. He is one of the gentlemen of whom we wanted to inquire with reference to the frauds alleged to have been perpetrated in connection with the election of United States Senator. I would like to hear him.

The CHAIRMAN. There is no objection.

DENVER, COLO., *Wednesday, July* 13, 1887.

JOHN CAMPBELL, being duly sworn and examined, testified as follows:

By Commissioner LITTLER:

Question. Where do you reside?—Answer. Colorado Springs, in this State.

Q. How long have you lived in this State?—A. I have lived hereabout between seven and eight years.

Q. What is your business?—A. I am an attorney.

Q. How long have you practiced law?—A. Nearly eight years.

MEMBER OF STATE SENATE.

Q. What official position, if any, do you hold in the State of Colorado at the present time?—A. I am a State senator from the eighth senatorial district, El Paso County.

Q. When were you elected?—A. I was elected last fall.

Q. What is the length of your term?—A. Four years.

Q. Were you ever elected to a State office before?—A. Yes, sir; I was a representative in the lower house.

Q. When?—A. Two years before that.

MEMBER OF COMMITTEE APPOINTED TO INVESTIGATE CHARGES OF CORRUPTION.

Q. You were appointed, according to the journals of the last legislature of Colorado, to investigate certain charges of corruption in connection with the election of a United States Senator, were you not?—A. Yes, sir.

Commissioner LITTLER. I will get you to state all that you did and all that was done by the committee, and all you may know, in relation to these charges.

The WITNESS. I know that certain charges were made through the newspapers, the Denver Republican—the Tribune-Republican I think it was called then—that there was corruption in the election of United States Senator, and that the election of Senator Teller was secured through corruption and through combination, I think, of the Western Union Telegraph Company and of the different railroad companies of the State; and a joint committee was appointed, consisting of three from the senate, I think, and four from the house, to investigate those charges. Senator Hill was subpœnaed as a witness.

SENATOR HILL AND EDITOR OF TRIBUNE SUBPŒNED.

Q. Were you one of the committee?—A. I was one of the committee from the house. There were four from the house. Senator Hill was subpœnaed as a witness. I think Mr. Cooper, the managing editor of the Tribune (Republican), was also subpœnaed. All the witnesses who professed to know anything in regard to it, and Senator Hill, came before the committee. While my memory is not refreshed, and I do not recollect exactly what occurred, my recollection is that he swore at that time that he had no knowledge or information that he could give the committee in relation to any corruption, and that he knew nothing at all about it. That is my recollection. I suppose the journal of the time would exactly show what he swore to.

Q. What other efforts were made by the committee to ascertain the truth of those charges?—A. The committee asked him for information, if he could give the names of any who did know about those charges, and he said he could not give any information. Subpœnas were issued for Mr. Cooper. I think Mr. Cooper never responded to the subpœna.

COMMITTEE NOT APPOINTED FOR PURPOSE OF WHITEWASHING.

Q. I will get you to state whether that committee, so far as the senate was concerned, was or was not appointed with reference to whitewashing the matter?

The WITNESS. The senate, you mean?

Commissioner LITTLER. Yes.

The WITNESS. I was a member of the house and not of the senate.

Commissioner LITTLER. My remarks are also directed to the house.

The WITNESS. it was not, so far as I know. I know I was not appointed with any such motive in view.

Q. Did you have anything to do with your appointment?—A. I did not know it until the speaker read my name.

Q. You did not solicit this place?—A. No, sir.

Q. What were the relations of the speaker of the house to this Senatorial contest? Who was he for? Was he running for Senator himself?—A. He was Mr. Hill's man. He was elected as a Hill man, and

in the contest over the speakership he was recognized as the candidate of Mr. Hill for speaker, and was so elected; and he is the gentleman who appointed me as a member of that committee.

CHARACTER OF THE COMMITTEE.

Q. Not including yourself, what was the general character of that committee? How did it compare in point of intelligence and integrity with the members of the Colorado legislature?—A. Aside from myself—of course not speaking of myself—the committee, I think, was selected from the leading members of the house. The committee was composed from the house of two Republicans and two Democrats. Mr. Rathbun was Mr. Hill's special representative, and the Democrats were Mr. Pence and Mr. Quillan, the two leading Democrats of the house.

Q. In what esteem were those Democrats held by the Democratic party as represented in the house?—A. Of the very highest esteem, and are yet.

Q. Were they, or not, selected with reference to their recognized position in the party?—A. Yes, sir; Mr. Pence was the Democratic candidate for speaker. The Democratic caucus chose him, and he and Mr. Quillan were the leaders of the Democrats in the house, and they are as good men as there are in this State, in my judgment.

Q. Did you make every effort in your power to get at the bottom facts in relation to these charges?—A. Yes, sir; and when any one was brought up, nothing ever came of it. We could not arrive at anything.

THE ALLEGED RAILROAD CORRUPTION FUND.

Q. That is all I desire from you on that subject. It has been stated here that there was a large railroad corruption fund raised and used upon the legislature for the purpose of influencing legislation. Will you state whether you have any personal knowledge in relation to that matter?—A. No, sir; I have not.

Q. Through your association with members and your observation of their conduct from the time they were sworn in until the end of the session, was the conduct of any one or more of them particularly suspicious in relation to this railway subject?

The WITNESS. Railway legislation?

Commissioner LITTLER. Yes.

The WITNESS. To which session do you have reference?

Commissioner LITTLER. The last session.

The WITNESS. No, sir; I think not.

LEGISLATORS WHO CHANGED THEIR MINDS.

Q. Can you recall any gentlemen who were loud in their declarations in favor of rigid railway legislation at the start who changed their minds and subsequently voted against the legislation?—A. I think there were some; yes, sir. I am not so sure with reference to the senate; but I think there were in the house.

Q. From your knowledge of those gentlemen and of their character for integrity, have you any reason to believe that their minds were rechanged through improper influences, or was it the result of a thorough discussion of the questions involved?—A. That would be a pretty difficult question for me to answer. I cannot pretend to know what the

motives of men are. I know that some of them changed rather suddenly. Perhaps not suddenly, but between the time of the convening of the legislature and the close of it. I know there were changes that were somewhat surprising—I may say both ways, for that matter.

NO KNOWLEDGE OF CORRUPTION FUND.

Q. Then, as I understand you, you have no knowledge whatever of the existence of the fund I have described, have you?—A. No, sir; no personal knowledge of it at all. I did not know anything about that. Of course we always hear rumors to that effect.

Q. From your observation in and out of the house, was there anything which led you to believe that there were large sums of money being scattered by lobbyists among members? In other words, was there more currency in circulation about that time than the current demands of the country seemed to require?—A. Not as far as I know. I did not see any of it. I cannot say that.

NO REFLECTION ON SENATOR TELLER.

Mr. HENRY M. TELLER. I wish you would ask him about the legislature of 1885, of which he was a member.

Commissioner LITTLER. I do not understand that there has been any evidence given before this Commission which reflects in the remotest degree on your conduct during that session. We think this is a sort of side show, any how, and we would not have gone into it but for the fact that the Union Pacific Railway Company has been connected with it.

Mr. HENRY M. TELLER. I would like to say a word about that.

Commissioner LITTLER. I will hear you after we get through with this witness; but if you [addressing the witness] have any knowledge of any corruption during the session to which the Senator refers, we will be glad to hear you on his account.

The WITNESS. I can only say with reference to that that there were two gentlemen I have in mind that were nominated and elected as Teller men, and when they came into the legislature they voted for Senator Hill. That is the only change that I knew of after the session began. It was in that direction.

Q. You do not know of Senator Teller buying over any of the Hill men, did you?—A. No, sir; I never heard of it.

FINANCIAL RESOURCES OF THE CONTESTANTS FOR SENATE.

Q. What are Senator Teller's financial resources?—A. I always understood they were rather limited.

Commissioner LITTLER. I mean compared with the demands which would be required in order to secure a legislature.

The WITNESS. Exceedingly limited, compared with some other people in this State.

Commissioner LITTLER. It is already in proof that his competitors were in better circumstances financially than himself.

The WITNESS. Yes, sir. I will say that I was a Teller man.

Q. I will direct your attention now to the question whether you have considered the relations between the Government and this railroad, and particularly whether you have thought of any scheme by which this indebtedness can be secured, either by an extension of the time for payment or otherwise?—A. No, sir.

Q. You have not considered that question?—A. No, sir.
Q. You have no opinion on that subject?—A. No, sir.

By the CHAIRMAN:

Q. What did I understand you to say your business was?—A. I am an attorney.

Q. Are you retained now by any of the railroad companies in Denver?—A. I am retained by the Atchison, Topeka, and Santa Fé, or rather the Denver and Santa Fé, in securing the right of way through El Paso and Douglas Counties.

Q. By what other companies are you retained?—A. Not any now.

Q. By what other companies have you been retained?—A. I worked for the Denver, Texas and Gulf; that is, the old Denver and New Orleans, running from Denver to Pueblo.

Q. When were you first employed as attorney for the company?—A. The first year it was built through El Paso County—I think it was 1881 or 1882.

Q. Have you been continuously employed as their attorney?—A. No, sir; I was employed until the right of way was all secured, and I think one or two years afterwards.

RAILROAD PEOPLE IN ATTENDANCE ON LEGISLATURE.

Q. During your membership in the legislature, did you observe any of the officers or agents of the Union Pacific Railway Company about the legislature?—A. I have seen Mr. Choate, I think it is—the tall gentleman. I think he is connected with the Union Pacific. I saw him about there last winter.

Q. Whom else did you see connected with the railway company?

The WITNESS. With the Union Pacific?

The CHAIRMAN. Yes.

The WITNESS. I do not know many of the officers of the Union Pacific. I do not know whether there were any others or not. There may have been a number of them.

Q. Did you see Mr. A. H. Williams there?—A. No. I think I saw him there, though, the session before.

The CHAIRMAN. I am speaking of any session of the legislature.

The WITNESS. I think I saw him there at the session of 1885.

ARCHIE WILLIAMS CONSIDERED AS THE UNION PACIFIC LOBBYIST.

Q. Whom else did you see there connected with the Union Pacific Railway Company?—A. I may have seen a great many, but he was the only one I knew. I think he was considered the lobbyist of the Union Pacific Railway Company of 1885. Archie Williams, I suppose, you have reference to.

Q. Did you see Mr. Pat. Touhy there?—A. I do not know him. I may have seen him, but I do not know him.

Q. What were these men doing there?

The WITNESS. Archie Williams?

The CHAIRMAN. Mr. Choate, Mr. Archie Williams, and any others that you saw?

The WITNESS. I think I saw Archie Williams talking with the different members. I think I have. I have seen him at the lobby of the Windsor, more than at any other time, in the evening.

Q. Did he talk with you?—A. No, sir. I do not know him. I never spoke to him.

Q. Did he talk with any members who afterwards spoke to you about the conversation?—A. I do not know. I do not know whether any of the members I talked with talked with him or not.

Q. Did they talk of the Union Pacific Railway Company?—A. Not as far as I know.

Q. Were these men known as open lobbyists of the Union Pacific Railway Company?—A. I think Mr. Williams was. I so considered Mr. Williams. I supposed he was.

RAILROAD LEGISLATION.

Q. How was Mr. Choate recognized?—A. I think he was the general superintendent, and I think he was understood to look after what I would call railroad legislation. I think so.

Q. Was there much railroad legislation in that legislature?—A. There were a great many bills introduced; yes, sir.

Q. In what direction were the bills? Were they in the interest of railroads or against them?—A. That depends altogether upon how one would look at it. I thought some of the bills were in the interest of railroads. I thought in the end it would have resulted in the interest of railroads. I do not suppose they thought so.

Q. In your observation, were there many bills against the railroad interests?—A. There were some that I considered against the railroad interests.

Q. Was there any hostile legislation as against railroads? Was any passed?—A. No, sir; I do not consider it so. The only railroad bill that I know of that was ever passed was the bill during the session of 1885. I do not consider that hostile.

Q. What was it?—A. The commission bill, so called. I do not consider that a hostile measure.

Q. Were the number of bills introduced in the legislature proportioned to the sentiment prevailing throughout Colorado upon the question of railroad issues?—A. I would suppose so; yes, sir.

SENTIMENT OF THE LOWER HOUSE.

Q. Was the lower house, the house of representatives, in favor of the legislation that was introduced?

The WITNESS. You mean in which particular session?

The CHAIRMAN. In 1886.

The WITNESS. 1887; the last one?

The CHAIRMAN. Yes.

The WITNESS. I think it was. They were in favor of the most stringent legislation.

Q. Where did the legislation fail?—A. It fell in the senate.

Q. How did you stand in the lower house?—A. I voted for the bill that was passed when I was in the house.

Q. You voted, as I understand, for the bill that passed the house of representatives, but which failed in the senate? Is that it?—A. Yes, sir; three years ago.

Q. Was that in 1885?—A. In 1885; yes, sir.

SENTIMENT OF THE PEOPLE.

Q. Did you regard that legislation which was introduced, and which the railroads suspected was against their interests, as representing the

sentiment of Colorado?—A. I think the bill that passed the house in 1885 was not at all in advance of the sentiments of the people. I did not so consider it. I think that some of the measures that were introduced went to a greater extent than the sentiment of a majority of the people of the State. I think there were some bills introduced that were entirely unconstitutional, and that have been so declared. In that sense I do not think the people of the State would be in favor of bills of that kind.

Q. How was the legislation prevented?—A. I think it was prevented by the railroad companies and their agents.

THE ROLLINS BILL.

Q. Do I understand you to say that you voted in favor of all the bills that you regarded as respecting the sentiment of the State?—A. Not all the bills. A number of bills were introduced at the beginning of the session. I could not tell you how many. Then they were sent to the railroad committee, and then the committee formulated a bill, which went by a particular name, but was really a bill that was framed by the committee itself, and that was the bill that was passed. It was made up of a number of other bills.

Q. Was the bill you voted for the bill under which Mr. Felker was appointed?—A. Yes, sir; called the Rollins bill. I think that was the title of it.

TO PREVENT DISCRIMINATIONS AND REBATES.

Q. What effect had it so far as the enforcement of any railroad control was in that bill?—A. As I understand the bill it prevented discriminations and rebates, but it did not give any power to the commissioner to enforce his decrees or his advice or his recommendations.

Q. Were there any penalties?—A. I think there were penalties, such as triple damages for rebates.

Commissioner LITTLER. The statute itself is the best evidence.

The CHAIRMAN. I want to know all about the statute. That is what I am asking for, for I do not know.

The WITNESS. I could not tell you all about the statute, because I have not refreshed my recollection about it.

Q. Could the Commissioner enforce the penalties?—A. As to that I do not know.

Q. Was not the legislation merely advisory?—A. That is what it is, an advisory commission.

THE COMMISSIONER HAS NO POWER TO ENFORCE HIS DECREES.

Q. It actually did not change the position, so far as the regulation of the railroads of the State was controlled, did it?—A. I presume it was like this: It gave the power to the Commissioner to inquire into certain alleged violations of law, if certain persons made the complaint; but I do not understand that it gave him any power to enforce his decrees with reference to rates or any thing of that kind.

Q. Did that bill satisfy the sentiment of the people of the State of Colorado?—A. A portion, but not all, I think.

Q. Was it not an effort on the part of the railroads simply to meet in an indirect way the sentiment of the people of the State?—A. I think the railroads wanted to kill that bill; a part of them did.

Q. If they wanted to defeat any of the other bills, could they not have defeated them?—A. They might have been able to defeat it, but they did not defeat it. I talked to one man who was a representative of one of the railroads. He did not want any railroad legislation, he told me. So, if he was the exponent of the railroad interests, I take it that they wanted to defeat all the railroad legislation. I do not think all railroad companies wanted to.

Q. Was it not a fact that the bill was so weak and ineffective that the railroads did not care whether it passed or not?—A. I think that some of them were indifferent, and I think some were not.

Q. What railroads were not?

The WITNESS. Were not indifferent?

The CHAIRMAN. Yes.

The WITNESS. I think the Denver and Rio Grande were not indifferent.

Q. What other railroads?—A. I can only say as to that that I think the Union Pacific was indifferent as to that; but I think the Denver and Rio Grande did not want that bill passed. That is my impression. I may be mistaken with reference to it.

Q. Have you any knowledge as to the participation of the Union Pacific Railway employés, officers, or directors, or any of its managers, in influencing the elections at the primaries, or at the general elections?—A. No. I do not live on the line of the Union Pacific, and so I do not know anything about that. I live on the line of the Denver and Rio Grande.

Q. Where do you live?—A. At Colorado Springs, south of Denver.

LOCAL LEGISLATION.

Q. Do you know of any local legislation that has been hostile to the railroad interests?

The WITNESS. That has been passed?

The CHAIRMAN. Yes; any local legislation in Denver or Colorado Springs?

The WITNESS. I do not know of any legislation that has been passed, except that bill.

The CHAIRMAN. I am speaking of local legislation in towns or communities where efforts have been made hostile to railroads, through their councils.

The WITNESS. I do not know that they have any power.

Q. Have you a Denver council?—A. Yes, sir. You mean with reference to local regulations?

The CHAIRMAN. Yes.

The WITNESS. I do not recollect anything that is hostile.

The CHAIRMAN. That is all, unless you have some suggeston to make.

The WITNESS. I do not know that I have anything to say.

NOT AN ATTORNEY FOR RAILROAD COMPANIES WHILE A LEGISLATOR.

By Commissioner LITTLER:

Q. I want to ask you another question. You stated that you were attorney for the Denver and Rio Grand Company, did you not?—A. No, sir; the Denver and Santa Fé Railroad Company.

Q. Did you sustain that relation to them when you were in the senate or in the house?—A. No, sir. I did not sustain any relation to them. When I was elected to the house and senate, my relations with and

my salary from the railroad company ceased; I did not have anything to do with them. I did not have anything to do with the Denver, Texas and Gulf since that; I might say that the Denver and Santa Fé Railroad Company did employ our firm when I was a member of the senate, and I did not know anything at all about it until a few days before the close of the session.

Q. You were not influenced in your action in anything you did there on that account?—A. Not at all.

THE RAILROAD AND THE SENTORIAL CONTEST.

Q. Do you know whether the Denver and Rio Grande, or any of these railroads took a hand in the election of the United States Senator?—A. I only know this, that I was very vigorously opposed by the Denver and Rio Grande—that is, by the friends of the Denver and Rio Grande—at Colorado Springs.

Q. Did they oppose your election?—A. Yes, sir; they opposed my nomination and election by an independent ticket in the field. That is all I know. When I say the Rio Grande, I mean the friends of the Rio Grande at that place. I do not know what part the company itself took; I do not know anything about that.

Q. Do you know of any other company in this State taking any part in the Senatorial election?—A. I do not; I only know personally with reference to my own county.

Q. Do you know the feeling or sympathy or inclination of the railroad companies of this State to the respective candidates for Senator at the time Senator Teller was elected?—A. I know something; yes, sir.

Q. Will you state what you know?—A. All I do know is that the general supposition was that the Denver and Rio Grande was opposed to his election; that was my understanding of it; also the Burlington.

Q. What other roads?—A. I think the Santa Fé; I am not quite sure with reference to the Santa Fé.

Q. Whom were these companies supposed to be for in that contest?—A. For Senator Hill, I suppose.

WHO THE UNION PACIFIC FAVORED.

Q. What was the understanding as to the Union Pacific; for whom was it?—A. I suppose the Union Pacific was for Mr. Teller, although I do not know.

Q. Do you know what they did in the way of promoting his election, if anything?—A. No, sir; I do not know of anything.

Q. Did these lobbyists of the Union Pacific of whom you have spoken, who were around the legislature, participate in the election of the United States Senator?—A. No, sir. I did not see them, I think, until after the question of railroad legislation came up. I may say this with reference to the candidacy of Mr. Teller, it was generally understood that Mr. Teller was not a candidate until a short time before the election. I was elected, supposing that I would vote for Mr. Teller if he was the candidate.

By Mr. HENRY M. TELLER:

Q. Was it publicly known that you would vote for me if I were the candidate?—A. Yes, sir; I was elected, in other words, against Mr. Hill. Anybody to beat Mr. Hill. That was the ground of my election.

DENVER, COLO., *Wednesday, July* 13, 1887.

HENRY M. TELLER, being further examined, testified as follows:

By the CHAIRMAN:

Question. Senator Teller, did I understand you wanted to say something?

REPLY TO MR. HILL'S STATEMENT.

Answer. I do not wish to appear before this Commission as a person having a grievance, but Mr. Hill appeared before this committee and testified, as I understand, without any qualification, that the Union Pacific joined all the railroads of this State in putting up money to secure my election. I have pronounced it as distinctly as I could to be without the slightest foundation, as the Commission know. That leaves my word against his. If nobody was affected but this community I should be entirely willing to leave it there, but this is a matter that goes to the nation. Of course I do not think you have any jurisdiction over the Atchison, Topeka and Santa Fé, the Rio Grande, or the Burlington roads, which were the railroads that must have joined with the Union Pacific if his statement is true. But you do have complete and absolute control over the Union Pacific, for the purpose of determining whether it has violated its duty in this particular, and you have the right to go into the investigation of the others, it seems to me, and inquire of those roads also. I think Mr. Hill should be compelled, before this Commission, to state positively where he gets his information, or he should be compelled to decline to produce his witnesses. I do not know that the Commission would feel that they had the authority to compel him to disclose the names of those people whom he says he has forgotten, who told him this, or the names of those people who, he says, decline to allow their names to go before the public; but at least the Commission should insist that he come here and do one or the other.

ASKS A THOROUGH INVESTIGATION OF THE CHARGES.

If he furnishes the list, I think the Commission, in justice to myself and to the railroad company (the Union Pacific) under investigation, should call the witnesses whose names he furnishes, and see what they know about it. If he declines to furnish the names, then it seems to me, in order to make this examination, as it ought to be, exhaustive, and to determine what the conduct of this company has been, the Commission should call, for instance, Mr. Dickinson, who was the local superintendent at the time, as I learn from statements made here to-day—a gentleman whom I should not know if he stepped into the room now—and ascertain from him what influences that company did exert, or attempted to exert, on this election, and whether it did anything for me or not. I am entirely willing, never having passed a word with him on the subject, that the Commission should call him. I think it should call upon the man who handles the money of this company, whom I do not know. The Commission can find out who he is, and he must know if there was any money paid out for that purpose. Then I think the Commission should call the man who handles the money of the Burlington company and ascertain from him whether that company paid out any money, directly or indirectly, for the purpose of influencing the Senatorial election. And the same as to the Atchison, Topeka and Santa Fé, and the same as to Mr. Jackson, of the Denver and Rio Grande. If they put up this money then there is some record of it, and it is in shape so that

these men, under oath, must disclose what they know about it. I think that is due to the railroad company. I do not know that I can ask it as due to me, because I seem to be outside of this question.

DUE TO THE UNION PACIFIC.

But it is due to the Union Pacific to have the Commission at least satisfy themselves whether the Union Pacific has been doing such acts. Of course, the Commission may satisfy themselves in other ways, but I only suggest this, and the making of an exhaustive and thorough and complete vindication. It would refute the charge which this man has made, which I pronounce without qualification to be untrue in every particular. It is not a question that I can present to the Senate. It is not a charge that I have spent a dollar. This Commission knows that by the rules of the Senate it would be contrary to precedent to investigate the declaration that somebody else had spent money for me, without charging me with knowledge; the Senate would not entertain it for a moment. That question was thoroughly and fully settled in the Payne case. Knowledge must be charged to have come to me. If Mr. Hill had said Senator Teller knew this at the time and encouraged it, the Senate would take cognizance of it, but as he does not I am left without redress, except in the confidence of the people of this State, but as far as that is concerned I do not ask the Commission to vindicate me in any manner.

THE NAMES PRODUCED BY MR. HILL.

The CHAIRMAN. The Commission has called upon Senator Hill to produce the names before this Commission. He has given two names and the sergeant-at-arms has made every effort to find them.

The WITNESS. Will the Commission give me the names, and I will assist them in finding them?

The CHAIRMAN. E. O. Wolcott and W. H. Price.

The WITNESS. I would like to say as to Mr. Wolcott, he was no friend of mine. He was a supporter of Mr. Hill in that contest. I do not know who Mr. Price supported, or anything about it. I am told he is in the community. He is not a friend of mine, as I understand. I think I can secure him before the Commission. Mr. Wolcott is not in the State.

The CHAIRMAN. I will say this, so far as the Commission is concerned, that it has called for and means to insist upon the production of the names.

The WITNESS. I am obliged to the chairman. I did not know what had been done.

The CHAIRMAN. Three names were given by Mr. Hill: Mr. Came, Mr. Willard, and another man who has already been examined.

The WITNESS. I was not aware that he had furnished any names at all.

The CHAIRMAN. They were Mr. W. A. Willard, clerk of the district court, Mr. V. G. Came, Mr. W. H. Price, Mr. Wolcott, and another man. There were five names in all.

Commissioner ANDERSON. Did he give Mr. Choate's name?

The CHAIRMAN. I do not know.

Commissioner ANDERSON. Mr. Choate's name was furnished to me by some one as having acted in the same direction.

The WITNESS. I do not think I had ever seen Mr. Choate at that time.

UNION PACIFIC LOBBY NOT ON THE SCENE.

Mr. WM. B. FELKER. I simply desire to say that I was present during the whole of that Senatorial contest in 1885, and was present before that legislature urging railroad legislation and endeavoring to secure a law for this State. The lobby for the Union Pacific did not appear on the scene that winter until after the election of United States Senator. During the election of the United States Senator I knew of no person connected with the Union Pacific Railway Company that took part in that election.

H. M. TELLER.

DENVER, COLO., *Wednesday, July* 13, 1887.

WILLIAM B. FELKER, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. Who was present in the legislature on behalf of the Union Pacific after the election was over.—Answer. In regard to railroad legislation?

Q. Yes.—A. Mr. Williams managed the matter; he was the chief man.

NAMES OF UNION PACIFIC LOBBYISTS.

By the CHAIRMAN:

Q. Do you know all the lobbyists of the Union Pacific Railway Company?—A. I did then; I knew pretty nearly all of them.

Q. In your testimony did you name them all?—A. No; I did not.

Q. Will you name now all that you omitted?—A. I did not understand that you asked me who they were.

The CHAIRMAN. I would like to have the names.

The WITNESS. Which session?

The CHAIRMAN. Any session at all within twenty years; give the Union Pacific Railway Company lobbyists.

The WITNESS. The persons who appeared at this last session were Mr. Choate and, as I understand it, Mr. A. M. Stevenson. They were the principal ones.

By Commissioner ANDERSON:

Q. Was Mr. Stevenson the gentleman who had been in the senate previously?—A. Yes, sir.

By the CHAIRMAN:

Q. Was he in the session before?—A. At the session before there was Mr. Williams and the local men here in this city principally.

Q. Who were they?—A. Mr. Dickinson was around once in a while. I do not think Mr. Dickinson said very much to the members. He was around with the railroad people, but I do not think he approached the members; and I do not think he did last winter, but he was encouraging the boys. Mr. Touhy was around for the same purpose. I do not think Mr. Touhy approached any of the members and talked with them. I never saw him talking with any of the members, but he was around with the railroad lobby and entertaining the boys at the bar and around in the lobby.

Q. You have named five; who else was there?—A. I do not recall now the names of any other persons.

Q. Do you know of any others?—A. I do not.

Q. Have you named all the lobbyists of the Union Pacific Railway Company that you have had a knowledge of in the last twenty years?—A. No; I think there were other persons there in the interest of the railroad companies, but I cannot mention their names. I think there were people interested in defeating railroad legislation; but these were the prominent ones that I have mentioned.

Q. How did you manage to state to the Commission that they had their lobbyists there unless you had some knowledge of them?—A. From their actions.

Q. Have you named all the men that acted as if they were lobbyists?—A. Yes, sir; the names of all that I recollect.

Q. You have stated that you named the principal ones. Who were the others?—A. I could not give you their names; I do not now call them to mind. There were some persons who did not belong here who were here, generally understood as in the interest of the railroads.

THEIR METHODS.

Q. If you do not know them, and cannot recall them, how can you state that they did not do anything improper with the legislature?—A. I have not stated that they did not do anything improper with the legislature. I do not know of my own knowledge whether they did or whether they did not, unless it be improper to approach a member of the legislature and talk with him on the subject of legislation and try to convince him. Of their using money to purchase votes to pass railroad legislation I have no doubt whatever.

Q. You have stated that the Union Pacific representative in the lobby did not appear upon the scene until after the Senatorial contest. If you did not know all the lobbyists, how do you know that there were none present at the legislature, at the election of the Senator?—A. Those that were pointed out to me as railroad men were not so pointed out until after the disposition of the Senatorial question. The railroad lobby appeared in force about the time when the committee on railroads were ready to hear the various bills discussed. Then they appeared, about the time of that discussion, and the discussion was had in favor of the railroad measures that were before the assembly, and the lobbyists and some of the attorneys were heard by the committee. Mr. Williams spoke before the committee, and what is that gentleman's name down at Colorado Springs?

A VOICE. Cass.

ANOTHER VOICE. On behalf of the Denver and Rio Grande.

The WITNESS. It is a Mr. Cass, who appeared for the Atchison, Topeka and Santa Fé, and Mr. Walcott. They were all represented before the committee and heard by the committee, and talked with the members in the lobby.

Q. Have you given the Commission the names of all the lobbyists that you know of the Union Pacific Railroad Company?—A. Yes, sir.

DENVER, COLO., *Wednesday, July* 13, 1887.

JOHN CAMPBELL, being further examined, testified as follows:

EXPLANATION AS TO LOBBYISTS.

By the CHAIRMAN:

Question. What did you wish to add to your testimony?—Answer. I want to make a correction in my testimony with reference to lobbyists of the Union Pacific I saw during any time I was connected with the legislature. I saw Mr. Stevenson. I do not know whether he was connected with the United Pacific lobby or not. He was a railroad lobbyist.

Q. What is his full name?—A. A. M., I think. He is an ex-senator. I did not mention him. I did not know whether he was connected with the Union Pacific or not, and I do not know now.

DENVER, COLO., *Wednesday, July* 13, 1887.

JOHN H. MARTIN, being further examined, testified as follows:

By the CHAIRMAN:

Question. What do you wish to say?—Answer. I desire to make the following statement: Goods were shipped over the Atlantic and Pacific and the Santa Fé that Mr. Cornforth got his $25 a car on. It was the Atlantic and Pacific, and Santa Fé.

By Commissioner ANDERSON:

Q. You want to correct a statement of this morning, which was to the effect that they were shipped over the Union Pacific?—A. Yes, sir. I said I understood it was over the Union Pacific, but it was on the Atlantic and Pacific, and the Santa Fé.

INJURIES TO DENVER BY REASON OF RATES.

By the CHAIRMAN:

Q. Do you recall the fact that the chamber of commerce prepared a paper to the pool commissioner of the State on the question of the injuries done to Denver by reason of rates?—A. Yes, sir.

Q. Have you a copy of that paper?—A. I think I have.

Q. Will you furnish it to the Commission?—A. I will, if it is possible. I turned over a great many papers to the committee on railroads, and there is a part of them that I find has not been returned.

DENVER, COLO., *July* 13, 1887.

Evening session.

WILLIAM H. PRICE, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. In Denver.

Q. How long have you lived there?—A. About ten years.

Q. What is your business?—A. I am a railroad man.

Q. What connections have you had with railroads?—A. I have worked for them as agent and traffic manager.

Q. Agent for what road?—A. I have worked for the Rock Island road, and for the Union Pacific, and for the Rio Grande.

Q. What positions have you held under the Union Pacific?—A. I was general agent here for a long while.

Q. During what years?—A. In 1878 and part of 1879, here, and in Leadville part of 1879 and 1880.

CONSOLIDATION OF KANSAS PACIFIC WITH UNION PACIFIC.

Q. Were you here during the year of the consolidation of the Kansas Pacific with the Union Pacific?—A. Yes, sir.

Q. Do you know anything of the details of the negotiations that led to that consolidation?—A. No, sir.

Q. Did you know the Saint Louis people who held the stock of the Kansas Pacific?—A. I knew Mr. John B. Perry. He was the only one I knew, I believe, who was interested.

Q. Did you know of anything of the circumstances under which he passed his stock to Mr. Gould?—A. No, sir.

Q. Do you know anything concerning the examination of the Kansas Pacific that was required by Mr. Gould to be made by Mr. Dodge and Mr. Humphreys?—A. No, sir.

Q. Do you know the fact that they made an examination of its condition?—A. I have heard so.

Q. Do you know anything relating to the condition of the Kansas Pacific at that time?—A. No, sir.

Q. Either as to its physical condition or its finances?—A. No, sir.

PURCHASE OF MISSOURI PACIFIC BY GOULD.

Q. Were you living here when Mr. Gould visited this country and made the purchase, shortly afterwards, of the Missouri Pacific, from Mr. Garrison?—A. I presume I was living here. I do not remember it now.

Q. Do you know anything of the circumstances of that purchase?—A. No, sir.

Q. What position did you hold at that time? It was in the fall of 1879 and the spring of 1880.—A. I was then representing the Union Pacific and the South Park roads in Leadville.

Q. What position did you hold in the Union Pacific?—A. I was their general agent.

Q. Freight agent or passenger agent?—A. Both.

Q. Residing here?—A. I have always lived here; yes, sir.

Q. Were the rates made on coal within your jurisdiction at that time?—A. No, sir.

Q. Had you any connection with the making of coal rates?—A. No, sir.

Q. Or of any transportation rates at all, for freight?—A. I made the rates for freight in to Leadville, and bullion out.

Q. That is, of all merchandise in to Leadville, and bullion out?—A. Yes.

CONCESSIONS TO SHIPPERS.

Q. Do you know whether any discriminations were made in favor of certain shippers at that time?—A. Well, it is a long while ago. I do not think that I ever discriminated.

Q. How sure are you? Do you not recall the fact that certain purchasers were preferred at that time?—A. No. I generally gave everybody an even show on their freight, if they shipped with me.

Q. Did you not recognize some parties by making preferences for them in an indirect way?—A. Not unless I did it for all my customers.

Q. Well, what was the way in which you did it for all your customers?—A. I do not recall now any circumstances. We may have given some concessions on bullion or coke.

Q. How was the concession brought about, by a concession in rate or in money?—A. Sometimes we gave a smelter his coke at a little less.

Q. What shippers do you remember whom you helped by giving them their coke cheaper?—A. I think we gave them almost all. I had business from La Plata. That was Witherell's. I had business from the "Grant." I had business from the Ohio and Missouri. I think I had business from all of them. Possibly not from the American.

Q. What was their business transportation of ore—from what points to what points?—A. It was principally bullion. Some went to New Jersey and some to Kansas City.

Q. The bullion came out of Leadville?—A. Yes, sir.

EXTENT OF CONCESSIONS.

Q. Have you any books that will show the extent of the concessions made by you?—A. That was seven years ago. I used to keep a little memorandum of it, but I do not know where it is now. I presume, after some little trouble, I might hunt it up; but I might not find it.

Q. How extensive is the memorandum?—A. It is an ordinary memorandum of what I was to do.

Q. Does your book contain the transactions of thirty or forty different shippers?—A. I should judge that many, may be more.

Q. What will the concessions effected by the cheapness of the delivery of coke figure up, in money?—A. It all went into Leadville over the Rio Grande and Union Pacific. There was not much freight collected on it. The two roads were in competition for that business, and they both sent coke in there pretty cheap.

RATES ON COKE SHIPMENTS.

Q. Was the Utah Forwarding Company established in Leadville?—A. I do not think they were at that time. Who are the parties?

Q. Did they forward coke to Leadville?—A. Lyman was the superintendent of the company, and he furnished a good deal of coke there, in the spring of 1881.

Q. At what rate was that coke transported to Leadville?—A. I think we furnished it to the smelters at about $20 or $21 a ton. But that is only a guess.

Q. Was not a large part of it delivered without charge?—A. I think not.

Q. Was none of it delivered free of charge?—A. I think not.

Q. Was not coke forwarded by you from the Missouri River at a tariff of $1 per ton for transit?—A. No, sir.

Q. For no one?—A. For no one.

Q. But you say that there was coke carried in there, substantially for nothing?—A. It was not from the Missouri River, but from the junction down there at $1 a ton.

Q. What junction?—A. I have forgotten the name of the junction. There was some coke, I think, that went for a dollar a ton, but it was not from the river. It struck the Kansas Pacific at a place whose name I forget now.

Q. Was it on the main line?—A. On the Kansas division.

Q. Was it on this side of the river?—A. Yes.

Q. Junction City?—A. I think the Union Pacific Company got about $1 a ton on some of their coke.

Q. This point that you cannot recall is in the vicinity of Kansas City?—A. It is on this side, west of Kansas City.

Q. So that the haul was how long?—A. Over 500 miles.

Q. How long did that transportation of coke at $1 a ton continue?—A. I think that fight lasted thirty or sixty days.

REASONS FOR MAKING THE CONCESSIONS.

Q. What induced you to make such low rates?—A. The Union Pacific Railway Company had not had any bullion up there from the first day of November, 1881, until May, and they asked me to go up there.

Q. What did you find when you got up there?—A. That they had a pool agreement that was not lived up to. They had not got the freight, and it was my business to get the freight. I got it.

Q. What method did you adopt?—A. I had many friends there in this business, and they gave me the shipments.

Q. In consideration of what promise on your part?—A. I did not make them any very great promises. I told them we would treat them as well as any other road; and if they had any better rates than we were giving, we would make them the same.

Q. Did any of them show up?—A. I think some of them did. I cannot remember the instances.

Q. Did this cheap rate on coke come out of that visit?—A. I do not understand you.

Q. Did you not find that by agreeing to forward coke at $1 a ton you would be enabled to get freight?—A. Oh, yes; by giving them coke at a low rate, that would make them friendly, of course.

Q. Who were the parties to whom you furnished coke at $1 a ton?—A. We got more than $1 a ton. I was speaking of the transportation.

Commissioner ANDERSON. I am speaking of the transportation.

The WITNESS. We gave coke to all, I think.

Q. Did they all get the same rates?—A. All that shipped with me did. The La Plata, the Ohio and Missouri, the Grant, the Elgin. I think I did business with all except the American. I do not think I ever did any business with the American.

Q. Whose coke was this that came from the junction?—A. It was Connellsville coke.

Q. Coming from Pennsylvania?—A. Yes, sir; I think it was Connellsville coke.

Q. Who had the handling of it and who sold it to those people?—A. This man Lyman was the manager for some company, but I do not remember the name of the company now.

Commissioner ANDERSON. We will assume that it was the Utah Forwarding Company.

The WITNESS. I guess it was.

EFFECT UPON OTHER COMPANIES.

Q. The effect of this rate was what?—A. They had to give the smelters cheap coke.

Q. How would it do that unless the Utah Forwarding Company were to sell under the market price?—A. We were competing with the Rio Grande. They could furnish coke very cheaply. The only coke we had was the Connellsville coke, and we had to furnish it at the same price as the El Mora coke. I think we got $2 more for it than the El Mora Company. But it was necessary to get it in there cheaply to compete with the Rio Grande coke.

Q. Did the Utah and Northern reduce the rate after you were there, or did they sell at the same price as before?—A. A concession was given to the smelters.

Q. Do you know how the coke was sold to the smelters?—A. I think $22 or $23 a ton.

Q. What was the price of coke before you reduced the rate?—A. I cannot tell you that.

Q. Was any transported before you reduced the rate?—A. Yes.

Q. What was the rate before the reduction?—A. I cannot tell you now.

Q. Do I understand you to say that it was $6 a ton from the Junction to Leadville?—A. I do not remember what it was.

Q. You say the Union Pacific Railway Company has never paid you for that trip?—A. No, sir.

Q. Were they to pay you?—A. The attorneys have six or seven letters from the traffic manager, urging me to go there.

PECULIAR METHODS OF THE UNION PACIFIC.

Q. Was it not part of your duty, as an agent of the company, if you were directed, to go there?—A. Well, the Union Pacific Railway Company has peculiar ways; that is, the old management. They do not conduct business as most railroads do.

Q. Why was it that you, being the agent of that company, and being requested to go to Leadville, claimed that thereby there was an indebtedness from, or a liability of, that company to you, incurred which has never been discharged? What did they agree to pay?—A. They agreed to pay me $200 a month and my clerk hire.

Q. You mean to say you never have received your salary?—A. I mean to say I never received but $150 a month from them while I was there.

Q. What was your salary before that?—A. My salary was always $200 a month from them.

Q. Then what you mean is that there is a difference between you and the officers of the company as to what you were entitled to for that trip?—A. There cannot be any difference, because that is very plain. The attorney is here and has seen the letters from the general traffic manager urging me to go there and offering me the pay.

Q. What pay?—A. My old pay; $200 a month.

Q. You were there a month?—A. I was there over a month, I guess.

Q. Are there any other peculiarities that you have in mind when you referred to their peculiar methods of management, at this time?—A. Well, yes; I do not know of any other railroad that has been managed just like the Union Pacific.

CRITICISM OF MR. CHOATE'S MANAGEMENT.

Q. Indicate to what particular you refer.—A. Well, take their superintendent here, who is a graduate from some asylum in Massachu-

setts, who is in charge of hundreds of thousands of dollars and miles of roads, who has not had any experience, and who does not know anything about railroads. I should judge that a road should have something back of it to stand such management.

Q. Who is the gentleman to whom you refer?—A. His other name is Choate.

Q. In what particular do you criticise his management?—A. Well, he does not know a little bit.

CANNOT SPECIFY THE PARTICULARS OF MISMANAGEMENT.

Q. Can you not describe something he does or fails to do, so that it will indicate to us in what respect his management is open to criticism?—A. Well, suppose you should hire me to make a bust of Grover Cleveland, and I would not know a block of marble from a chisel?

Q. I want to know whether you can indicate something in his management that is detrimental to this community or to the company?—A. I say that the road has been mismanaged.

Q. Cannot you specify?—A. You can find it out in the department here.

Q. Is it in charging rates that are too high?—A. No, sir; it is in having bad management. Have they had any management here until Mr. Potter came? He is an "all round" railroad man, and if any man can bring out the Union Pacific Railway Company he can.

Q. Are there any other qualifications you find fault with, besides being the graduate of an asylum?—A. Yes; keeping things in the family. You had one man here the other day who said he was discharged because he tried to equalize rates and rebates. I do not believe that was the reason why he was discharged.

Q. To what man do you refer?—A. Mr. Came is his name.

Q. Is there anything else you have to say in regard to mismanagement?—A. Well, I did not want to say that. This was drawn out from me. I am only answering questions.

Commissioner ANDERSON. You made the remark that the road was badly managed.

CRITICISM OF MR. KIMBALL'S MANAGEMENT OF SOUTH PARK ROAD.

The WITNESS. Well, I read in the paper this morning an editorial, in the Republican, that Mr. Vining had ruined the South Park by his policy. I say that while he was in charge of the freight department of the South Park the road will show a bigger tonnage; that he made more money for it than any man has since then. Mr. Vining was not only an honest man, but an able man. He has gone. Now they have got Mr. Kimball. I guess he is an honest man. But if I was playing it, I would play it with a copper. [Laughter.]

Q. That is specific as to name, but it is not specific in the respects in which you criticise it. In what respect does Mr. Kimball mismanage the road?—A. I do not know how he has managed it well.

INJUDICIOUS IN SELECTION OF SUBORDINATES.

Q. How is he injudicious?—A. I think he is injudicious in the men that are around him. Take the Burlington road, that came in here years after the Union Pacific. They have more business than the Union Pacific has.

Q. What men has he that mismanage?—A. Is it fair to ask me? When you are gone from here you will be gone, and I will have to live here. You go away from here, and you leave me to bear the burdens, and I will have this great corporation down on me. I can tell you that the Union Pacific people follow a man. They blackball him. Mr. Kimball is a threatening man. I have got his letter threatening me.

Q. As you have already got the discharge of Mr. Kimball——

The WITNESS (interposing). Well, I am trying to make it up.

Commissioner ANDERSON. As you have incurred his displeasure, I should think you might bear the brunt of the displeasure of the men under him.

"HOW SMART HE IS."

The WITNESS. I do not think any man can conduct railroad business that is not truthful. I have got Colonel Dodge's statement that you can run a railroad with lying for six months, and after that it is hard work. Mr. Kimball has done it for two years. That shows how smart he is. [Laughter.]

Commissioner ANDERSON. We shall be glad if you can indicate the names of the men you criticise, their management, the rates they make, or the selections of improper persons to attend to the subordinate departments, from which we can judge whether you really make a serious criticism of the management of this road.

Q. While you were the agent of the company did you ever use station funds for the purpose of paying charges for running the stone quarries?—A. No, sir.

Q. On any occasion?—A. Not that I remember now. I was not station agent in that territory. That coal comes from Boulder and up there.

Q. You never did apply station moneys that came under your control to any such purpose?—A. Not that I know of now.

Q. Was any such charge made against you?—A. Not that I know of.

Q. You would know it if such a charge was made?—A. Well, I do not know. If I should keep a record of all the charges that were made against me I should have a heap of a book.

Q. How did you come to leave the company?—A. I do not know whether they asked me to leave or whether I left. I just quit.

Q. Were there any letters passing between you?—A. No letter of regret passed between us.

Commissioner ANDERSON. I judge that the feeling between you and the company is not friendly.

The WITNESS. Oh, the company is all right.

Commissioner ANDERSON. I am talking of the officials whose names you have used.

The WITNESS. Some of them I do not like; no, sir.

LENDING MONEY TO LEGISLATORS.

By Commissioner LITTLER:

Q. Do you know anything as to the Union Pacific Railway or its officers interfering with the legislation of the State?

The WITNESS. How interfering?

Commissioner LITTLER. By unlawful or corrupt means, or by the use of money improperly.

The WITNESS. I do not believe that there is any legislator that ever was bought. They may have had some friend that was in hard luck

and who was loaned some money, and of course he would feel friendly. But I do not think there was any legislator bought.

Q. Can you give this Commission any information as to the distribution of money, gratuitously or otherwise, to legislators or their friends?—A. No, sir; I could not.

Q. You have not been about the legislature much?—A. No, sir; I have not.

Commissioner LITTLER. It is our duty to ascertain how this property is being managed now, and how it has been managed in former years. We would be greatly obliged to you if you would point out specifically the defective management of this property during the period to which you have already alluded.

The WITNESS. I do not know that I can do that. That is a good deal like asking me about a man being honest. He is either honest or he is not. A man is either able to manage a property or he is not.

Q. You referred to Mr. Choate as a man not competent to manage the business here. I suppose you have good grounds for saying so.—A. Suppose I had been drawing a cart all my life, and you put me in a pulpit to preach.

The CHAIRMAN. We would prefer that you answer the questions, and not put questions to the Commissioners.

The WITNESS. I beg your pardon. That is the only way I can answer it. I have tried since I have been here to give straightforward answers. If I have done wrong, I regret it.

The CHAIRMAN. You have not done anything very wrong.

The WITNESS. I did not know but what I had.

The CHAIRMAN. If you will tell us how the company has suffered a loss of its revenue, in any way whatever, you will oblige the Commission.

The WITNESS. I do not know of any particular cases. I know they have lost business in the past by mismanagement. I know that one firm in Port Collins drove their horses down to the Burlington road. Is that good management?

Commissioner LITTLER. Well, you are on the stand.

The WITNESS. I only want to know whether I am right, that is all.

THE PRESENT SUPERINTENDENT A CAPABLE MAN.

Q. Can you give any other instance in which the company has lost freight?—A. Well, I do not believe a man can go into the office here and get an answer from them. They have to go to Omaha. Understand, I do not criticise the present management. I believe they have a railroad man at the head of affairs now.

Q. Do you mean that the man representing them here is not invested with discretionary powers, or that they are afraid to trust him with that sort of power, so that he cannot give answers?—A. I am referring to the freight and passenger men here.

Q. How long have they been here?—A. Some years, I believe.

Q. You indicated a moment ago that some of these men had been appointed on account of consanguinity. Can you indicate who they are?—A. Mr. Kimball had his brother-in-law in office here. He is not in the employ of the company now. I think there is one relative in the law department here. Of course, I do not know them all.

Q. Can you give this Commission any further information in relation to the several subjects of inquiry with which it is charged?—A. Well, I do not know as I understand just what that is.

DOUBT OF GOVERNMENT GETTING ITS MONEY.

Commissioner LITTLER. This Commission is charged with the investigation of the relations between the Government and the Union Pacific Railway Company, and particularly as to how the Government can get its money from the company. Can you give us any information on that subject?

The WITNESS. How they can get their money?

The CHAIRMAN. Yes.

The WITNESS. No, sir; I do not see how they can ever get their money.

The CHAIRMAN. If there is any statement that the Union Pacific people wish to make to the Commission, the Commission is prepared to hear them.

Mr. WILLARD TELLER. I would like to have Mr. Adams, the president of the company, explain the circumstances under which the contract with the Consolidated Marshall Mining Company came about.

The CHAIRMAN. We shall be glad to hear Mr. Adams.

DENVER, COLO., *Wednesday, July* 13, 1887.

CHARLES FRANCIS ADAMS, being further examined, testified as follows:

COMPLAINTS OF THE MARSHALL MINE.

When I came to Denver, shortly after I became president of the Union Pacific company, I found great complaints existing on the part of the then proprietors of the Marshall mine against the Union Pacific Railway Company, which was itself, through the Union Coal Company of Colorado, a miner of coal. It was complained by the Marshall Coal Company that the Union Pacific, having gone outside of its functions as a common carrier and become a miner, yet made as a common carrier such rates and so dealt with the whole situation that they were unable to sell coal. I looked into the matter with great care. The then proprietor of the mine appeared, and I endeavored to adjust the difficulty. I found that I could not do so. And, on looking the field over more carefully, I came decidedly to the conclusion that it was for the interest of the Union Pacific to confine itself, in Colorado, to its strict duties as a common carrier and to have nothing to do with mining.

THE COMPANY DECIDE TO SELL THEIR MINING INTERESTS.

My reasons for reaching this conclusion were twofold. In the first place, I was satisfied what with the price of the coal at the mine's month and the railroad rate added thereto, the private miner, whether he had a fair chance at the market or not, certainly did not believe that he had a fair chance at the market, and that we could not persuade him that he had a fair chance. In the second place, there were at that time very great labor troubles in Colorado; and the Union Pacific, as a railroad company, had labor troubles enough on its hands without also having labor troubles as a miner of coal. I therefore submitted to the board of directors a recommendation that I be authorized to dispose of the entire mining interests of the company in Colorado, so that the company thereafter might confine itself strictly to its duties and liabilities as a common carrier. My recommendation was adopted.

SALE OF THE MARSHALL MINE.

About that time Messrs. Moffatt, Quintard, Chaffee, and others bought the Marshall mine. They came to me in relation to the matter, and I took it up personally with them. It is one of the very few traffic matters I have ever taken up personally during my connection with the Union Pacific. Mr. Callaway, the general manager of the company, came to New York, and we there met Messrs. Quintard, Moffat, and Chaffee, and passed several days in negotiation. No director, officer, or stockholder of the Union Pacific, so far as I have ever been able to discover, has been directly or indirectly interested in the Marshall Coal Company from that day to this. It was one of the conditions of the negotiation that the mining part of the business was to be in the hands of an entirely separate company, in which neither the Union Pacific nor any one connected with the Union Pacific should have any interest. Finally, as a result of much negotiation, we reached a conclusion, which I mainly formulated. It was based upon my old experience in Massachusetts and the East, and, I thought at the time, was going to relieve us of what had become a heavy burden. The coal company agreed, for a nominal consideration, to take off our hands all our coal interests in that region, and consolidate them with the Marshall mine.

THE MARSHALL MINING COMPANY TO FURNISH COAL AT COST.

As I remember the arrangement, in consideration of that, this being done, the Union Pacific was to have its coal, whatever it required for its own use, not exceeding a very large amount—my impression is that it ran over 100,000 tons a year—for actual cost. The Marshall Mining Company was to receive no profit on that portion of its output. It was the consideration that was paid us for their taking our coal business off our hands.

A REBATE GIVEN ON THE REMAINING OUTPUT.

It is a long while since I saw the contracts, and they may possibly have been since revised by the traffic department. We were then to carry the remaining output of the coal company at a given price per ton. They were discussing, as part of their plan, the expediency of introducing improved machinery and getting out vast quantities of coal at a lower price than had ever before been done in Colorado. They expected to carry their coal over a large territory—even into Kansas. As an inducement to them to make the proposed outlay the Union Pacific agreed (as I remember) that in case they transported over our line in excess of a given amount of coal (a very large amount, 80,000 tons of coal, or it may have been 100,000; I remember I figured it very carefully at the time, but in excess of a certain amount) we were to give them a rebate of, I think, 40 cents a ton, on the recognized principle that we could better afford to carry 100,000 tons at 60 cents than 20,000 at $1. We thought we should make more money by so doing. That was the consideration involved. It was suggested to me (arising out of my experience in the East) that this might constitute a discrimination.

OTHER MINES TO RECEIVE SAME TERMS, UNDER LIKE CIRCUMSTANCES.

I then further stipulated that the rates given to this mine should be given to any person who shipped under the same conditions as to quan-

ney, &c. It was to be an open agreement; and any other company coming forward with similar terms and under similar conditions was to be entitled to the same advantages. That was agreed to, according to my recollection. The contract was then signed. It has since been in the hands of the traffic department, and I really am unable to say what the success of the Marshall Coal Mining Company has been or what further negotiations may have taken place between the traffic department and the company, except that Mr. Quintard came to me last winter and said they were moving an amount of coal so large that they could not get rolling stock enough to carry it. I then suggested that they should buy their own rolling stock, and that we should haul it, allowing them so much a mile for use of the cars. Whether or no that was ever done I do not know; but that was the last I heard of the Marshall Coal Company.

UNION PACIFIC IN NO WAY CONNECTED WITH ANY MINING BUSINESS.

By Commissioner LITTLER:

Q. Was this arrangement made public?—A. I have no reason to suppose that it was. It was like any other of our traffic arrangements, so far as I am aware. I merely have one thing to add (I have already said it, but I wish to repeat it), that, to my knowledge, no person connected with the Union Pacific Railway Company is interested in the Marshall Coal Company. If any such person is interested in the Marshall Coal Company it has been kept strictly secret, and is contrary to the express intention of the board of directors. It will appear all through my correspondence, if the Commission has a desire to look at it, that the whole object of the move was to take us out of this mining business in Colorado and confine our operations strictly to our business as a common carrier.

CLAIM OF MARSHALL MINE FOR DAMAGES.

Q. Do you recollect anything of the claim for damages growing out of that matter?—A. The Marshall mine was on fire at one end. It had been set on fire by our locomotives. The proprietors made this the subject of a very grave claim. They brought suits, which were in the legal department. Altogether the old Marshall Coal Company was one of the most troublesome matters we had to deal with when I became connected with the company.

TRAFFIC ARRANGEMENTS WITH OTHER MINES.

By the CHAIRMAN:

Q. How many such traffic arrangements did you have?—A. I cannot say. I remember this particular one, because it was a very vexatious one. But I have been very rarely called in by the officers of the traffic department. On that occasion I was called in because a change of policy was then inaugurated.

Q. How many such traffic arrangements has the company got?—A. That I am unable to tell you. The subject belongs to the traffic department, and I never interfered with it.

Q. Have you, individually, made half a dozen such traffic arrangements?—A. I should say certainly not. Perhaps I might refresh my recollection; but I cannot recall, except where other railroad companies were concerned, being called upon to act by the general manager

or the head of the traffic department half a dozen times since I have been president.

WILLING TO MAKE SAME RATES WITH ALL MINES.

Q. Do I understand you to say that you are prepared to make the same agreement with the mine at Jackson, and also with the one at Erie?—A. I understand it so.

Q. Is the company prepared to do that?—A. Undoubtedly, at once, Mr. Chairman.

Q. And with any other mine?—A. And with any other mine. Exactly the same contract with any other mine. That was specially agreed upon at the time this contract was executed; and it was understood that the privilege was to be open to all.

NOT GENERALLY UNDERSTOOD BY MINERS.

Q. Was there any publication of that agreement, so that other miners might know?—A. I am unable to tell you. If they had come to us with the proposition we should have spread the thing before them at once. At least it would have been the duty of the traffic department so to do.

Q. If they did not make such a proposition it would have been very disastrous to other coal companies?—A. I should think not.

WHAT AFFECTED OTHER MINES.

The CHAIRMAN. The effect was to drive almost all coal shippers at Erie and Canfield out of business?

The WITNESS. I should have to look into the matter first and see whether it was not other considerations that drove them out; inferior quality of coal, and inferior arrangements, tools, machinery, and appliances, resulting in higher prices for their output of coal.

The CHAIRMAN. They testify that they applied to the traffic manager and were informed that no special arrangement had been made with the Marshall Coal Company?

The WITNESS. I cannot answer as to that. I should have to go into the matter and ascertain about it.

Q. The question of the fire in the mine was not a factor in the making of this agreement?—A. Not the slightest. It was not alluded to.

Q. It did not enter into the arrangement?—A. No. In fact I had forgotten that there was such a fire until Mr. Teller referred to it.

The CHAIRMAN. Suppose you look up the bond that was given at the time.

The WITNESS. What is it?

Commissioner ANDERSON. It is a paper that Mr. Rubidge testified was given to your company at the time the contract was made.

The WITNESS. Oh, yes; I remember this. (Referring to the paper.) I can only say I had forgotten it. It made no impression on my mind at the time. I remember this portion of the agreement about the Welch mine, for at the time it entered largely into the discussion. Mr. Chaffee agreed to obtain the consent of Mr. Welch to this arrangement.

Q. Refreshing your memory, then, by reference to the bond, the fire matter must have been a factor?—A. All I can say is that it never was particularly discussed, although I see it is put in here.

Q. Then, so far as you conducted the arrangement on the part of the company, it was of no importance in the consultation?—A. I do not

remember its being even alluded to once in the negotiation. But, remember, it was all nearly three years ago, and a good many things have happened during these three years, and this has not been one of the most considerable. I remember this paper very well as a whole.

AMOUNT OF REBATES TO MARSHALL MINING COMPANY.

Q. It has been testified here to-day that the Marshall Coal Company has received, in eighteen months, $22,000 in rebates, and that the contract has about three and a half years yet to run, and that the money in rebate consideration was for damages done by fire.—A. Well, I did not know it. This is the first I ever heard of it.

Q. If not for damage done by the fire, what would the money consideration be for?—A. I know nothing about the money consideration. We have hundreds of traffic contracts of every description. But I should have said that the payment in this case was on the ground of the very large shipments of Marshall coal, if I had been asked to explain it.

Q. Please look at the signature to this agreement, and, if you can, say whether that agreement was subsequently altered.—A. That I cannot tell you. It could have been altered, undoubtedly, by mutual consent.

Q. Do you recall signing any other agreement of that character?—A. I do not. There has been a good deal of correspondence between the general manager and myself in relation to this matter, and I have a sort of recollection that the contract, in some respects, did not work satisfactorily, and I probably told the general manager, in whom I had perfect confidence, to agree to such changes as he suggested. I may have so instructed him. I could not vouch for it.

Q. But if they have been getting the rebates regularly, right along, there could not have been any subsequent modification of the agreement?—A. I do not know about that at all.

Q. Could there have been in that particular?—A. Yes; there might have been a modification either in the amount of coal for which the rebate was to be allowed or the amount of rebate that was to be allowed in consideration of the quantity, or in other respects.

Q. But the amount of the rebate could not have been changed?—A. Yes, it might have been changed by mutual agreement.

The CHAIRMAN. It has been testified here to-day that they have been continuing under that contract and receiving the same rebate.

TERMS OF THE ORIGINAL CONTRACT STILL MAINTAINED.

The WITNESS. Then it has not been changed. I have not read the evidence of to-day. I wish to say that I am speaking from memory, dating back several years, as to a matter which at the time gave me a deal of trouble, and in which I had hoped that I succeeded in effecting a settlement which would be beneficial to the community and relieve the railroad company from a source of considerable odium. Therefore it made some impression on my mind.

By Commissioner LITTLER:

Q. Have you anything else you wish to say?—A. Not on that subject. The Commission has been having a prolonged hearing here, and if there are any matters on which they would like to hear from me I would be glad to answer any questions they may ask.

Commissioner ANDERSON. The matters are very voluminous, but it is for you to decide whether you have anything to say about them.

The WITNESS. I have merely read the newspaper report of the matters coming before the Commission.

RELATIONS OF UNION PACIFIC TO THE LEGISLATURE.

Q. Have you anything to say in behalf of your company now?—A. I should like to put in some evidence, but a large portion of it would be documentary and other portions would depend on officers who are not here now. I should have also to read over the stenographer's notes and indicate the points on which we would like to put in further evidence on our side.

Commissioner LITTLER. That would be for a future time.

The WITNESS. Yes, that would be for a future time.

Commissioner ANDERSON. The subject of the relations of this company to the legislature has been alluded to at some length, with assertions more or less distinct that the company has used money for the purpose of defeating what it considered hostile legislation, or for the purpose more particularly of influencing the election of Senator Teller as against Senator Hill. Will you tell the Commission whether it has been your practice to discuss the attitude which the company should take with reference to measures pending in the Colorado legislature between yourself and any other officers of the company?

COUNSEL EMPLOYED TO REPRESENT ITS INTERESTS.

The WITNESS. Yes. When these measures related to railroad matters, of course. We hold that it would be just as absurd to call upon us to abstain from going into the courts of justice when we are sued there and not appearing to defend ourselves for fear we would influence the jury, and therefore suffer default in every suit brought against us, as it is to insist that when we are arraigned before the legislature, as we have been, we must not appear there before committees. Business is brought into the legislature and referred to committees. I hold that it is our duty to instruct counsel always to appear before legislative bodies and see that the interests of the company suffer no detriment.

Q. In the last two sessions of the legislature, will you state to the Commission the gentlemen whom you have named as counsel for that purpose?—A. Here in Colorado, Mr. Willard Teller is our regular counsel; but he has given very little attention, so far as I know, to legislative business.

THE SENATORIAL CONTEST.

Two years ago a Senatorial contest was pending in Colorado. The Union Pacific was peculiarly anxious at that time, under instructions given directly by me, to have nothing whatever to do with the contest—to support no one, and to attack no one. The choice of a Senator was none of our business, as I informed our representatives, and they were to let that matter severely alone. Mr. Teller, our counsel, was a brother of Senator Teller, one of the candidates. I understood at the time that his views as to the senatorship did not agree with those of his brother. That was none of my affair. But I did propose to keep the company wholly clear of any connection with the struggle. Therefore I gave directions, on the recommendation of Mr. Callaway, that, so far as our legislative business for that session was concerned, it should be

put in the hands of our counsel in Kansas, Mr. A. L. Williams, who accordingly was brought up here to take charge of any matters before the Colorado legislature in which we were interested. That was done in order that our skirts should be entirely clear of any connection with the Senatorial fight. He came up here and attended to our work.

Q. Do you remember whether he came up here before or after the Senatorial contest was concluded?—A. I do not remember. It was Mr. Callaway who made the recommendation to me to send Mr. Williams here, and I approved of his suggestion, as was my custom.

COUNSEL BEFORE THE LEGISLATURE.

Q. As to the legislature of 1886, what gentleman did you get to represent you at the legislature?—A. I instructed no one to represent us. All my information came from Omaha. I knew nothing about it myself, but I was advised from Omaha that it would probably be unnecessary for us to put in an appearance at all; it was a general railroad question, and the local roads would best attend to it.

Q. With whom did you discuss these questions, what officers in Omaha?—A. Always with the general manager, Mr. Callaway.

Q. Do you know anything about instructions having been given to Mr. Choate to ascertain the status and condition of members of the legislature?—A. I know nothing about such instructions. I do not doubt that Mr. Choate was looked to for information. He is our representative in Denver, and I have no question that, as to the general situation, Mr. Choate had his instructions, as he is always instructed about things in general, whether relating to the operating department or otherwise.

Q. Do you know whether Mr. Wolcott was called in in 1885 or 1886?—A. I have no particular knowledge on that point, or as to those years.

CONCERNING EXPENSES OF COUNSEL.

Q. Do you know anything about any money provision being made to cover expenditures that might be incurred in appearances before committees, or other legislative arrangements?—A. No; all such arrangements were made by others, and were only generally reported to me.

Q. No such vouchers have ever been called to your attention?—A. No; I think not; the only vouchers ever called to my attention were general vouchers which came down from the Omaha office.

Q. Do you remember whose vouchers they were?—A. No; they came in the regular order of business.

MR. WILLIAMS' VOUCHERS.

Q. Do you remember vouchers from Mr. Williams in connection with that matter?—A. No; Mr. Williams, I think, had nothing to do with matters here last winter.

Q. Mr. Williams was your representative, generally, where?—A. He has been for years our counsel at Topeka; the assistant of Judge Usher.

Q. Was Mr. Williams employed elsewhere than here; was he employed to do any Eastern work?—A. Never since I have been president.

Q. Was he employed at Washington at any time?—A. I cannot answer in detail as to the time before I was president; I know generally that he was in Washington before I was president of the company; he has

never been there since; his acquaintance in Kansas is very large; and he naturally was looked to for assistance in any legislative work about which members of Congress from Kansas were concerned; he knew them all intimately.

Q. Have you stated all you know in reference to the connection of this company with the legislature, or with the election of members of the legislature?—A. Yes; I have never had anything to do with the election of members of any legislature.

POLITICS NOT THE BUSINESS OF THE COMPANY.

Q. You have never had any reports made to you in the matter of assisting the election of a member from such a county, or such another county?—A. I do not remember to have ever had any reports on such matters; my instructions to our subordinates, ever since I have been connected with the company, have been to let politics severely alone—that our business was to run a railroad; and the business of our counsel was to present our side of the question to the legislature at the proper time, just as they would present our side of a case before a court of law.

By the CHAIRMAN:

Q. You are not familiar with the vouchers on file at Omaha?—A. I am not.

Q. So that if such vouchers were on file, you would know nothing about them?—A. No.

The CHAIRMAN. We found quite a number of charges on the vouchers filed at Omaha, of men employed at Kansas and Nebraska to go to the legislature; half a dozen of them.

The WITNESS. I should think that very likely, and entirely proper and legitimate; but I never saw any such vouchers.

DUTIES OF THE PRESIDENT OF THE COMPANY.

Q. Such information would never reach you?—A. It would no more reach me than similar detailed information as to conducting a defense in some case in a civil court; I should never expect Mr. Teller, for instance, to correspond with me in relation to expenses incurred in defending a suit for damages in a civil case involving $20,000 or $40,000; I should not even hear of such a case; his correspondence is with Mr. Poppleton, and it would reach me only in the report of the general counsel at the end of the year, which I examine cursorily.

Q. Such matters are, then, left entirely to the subordinates of the railroad in the department in which they are carried on?—A. Certainly; the president of the company has to attend to general work only; the detailed legislative work would be precisely like the detailed legal work, and would not reach the president at all; the only legislative work I have ever had to attend to, and to which I have given any personal attention, has been the Congressional work in Washington; that I have given personal attention to; I know all about it.

Q. So that if it has been done by the company it has been done without your knowledge?—A. And against my orders.

SYMTEM OF RAILWAY REBATES.

By Commissioner ANDERSON:

Q. It has been testified to before us that a very large amount of money has been allowed in rebates to a variety of people, the largest

amount being in relation to transportation of ore for the use of the Omaha and Grant Smelting Works. What have you to say as to the existence of the practice of allowing rebates?—A. I plead guilty, at once, on behalf of the corporation to conducting our business in the manner usual among railroad corporations. The whole system of railroad rebates is a matter of public notoriety that has been recently investigated at great length by the Cullom committee of the United States Senate. The result of their investigation has been the passage of the so-called interstate commerce law, which, undoubtedly, was intended to strike at a great evil. Before that law was passed the Union Pacific had to conduct its business as its competitors conducted theirs. The alternative was that the company would have to go out of competitive business. And the Union Pacific was a railway, and could not go out of the competitive business. It was built to do business, and could do it only in the way other railroads did it.

REBATES TO SMELTING COMPANIES.

Q. Please explain how the failure to allow the very large rebates would have caused a loss of business, and what amount of business.—A. I can explain it very readily. There has been no portion of the system of rebates which has been more vicious, in my opinion, than that which related to rebates given to smelters. When I became president of the Union Pacific I made an honest and resolute effort to break the whole system up. I believed it to be unnecessary, and that it was the cause of a great loss to the company; it was a most vicious way of conducting business. I found, after months of effort, that if I persisted in the line which I had marked out, the result would simply be that the smelters on the line of the Union Pacific would be bankrupted, and the smelters on competing lines, receiving their rebates from those competing lines, would take the business, which we and our smelters would lose. I had the alternative presented to me, therefore, of having our smelters bankrupted and the Union Pacific left out of business, or of consenting to conduct business in the usual though vicious way. Like many others before me, I had failed in my efforts at a reform, and I had no alternative but to let the Union Pacific go on doing business in the regular, recognized way of doing business until events took another turn.

Q. Why, then, not meet this difficulty by an open cut or an advertised allowance of rebate which would go finally to all smelters on the line of the Union Pacific Railway?—A. Because the immediate result of so doing would have been that the Atchison road, acting with the Pueblo smelters, and the Burlington road, acting with the Aurora smelters, would, by a secret arrangement have secured the traffic and the Union Pacific would have lost it. The other smelters would have enjoyed a secret, unpublished advantage.

Q. Did any smelters on the line of the Union Pacific Railway, other than the Omaha and Grant Smelting Works, apply to you for a rebate?—A. They did.

APPLICATIONS OF SMELTING COMPANIES FOR REBATES.

Q. What companies applied?—A. For one the Kansas City Smelting Company applied.

Q. Did any other company apply? Did the Boston and Colorado Company apply?—A. Yes; but they never came to me until last spring.

Q. What was the result of their application?—A. I referred them to the general traffic manager.

Q. Was the result ever reported to you?—A. Never.

Q. Do you know what the result was?—A. No; I do not. I then fully recognized the fact of my own failure to reform the difficulty, and as business had to be carried on in the old way, I thought it was useless for me to interfere further; accordingly I left the whole matter to those in charge of the traffic department.

Q. Did you hear any result as to the Kansas company?—A. I did.

Q. What was the result as to that company?—A. They came to me again and wanted me to interfere in their behalf.

Q. Well, why should not they have had as good terms as the Omaha company?—A. I told them I thought they ought to have the same terms.

Q. What happened in the matter?—A. I told them that, unfortunately for them, I was a stockholder in their company and that incapacitated me from interfering in their behalf.

Q. Did they get a reduction?—A. I apprehend not.

Q. How long ago was the application made?—A. The last application I refer to was made, I think, about eight months ago.

REFERRED TO GENERAL TRAFFIC MANAGER.

Q. To whom did you refer it?—A. I referred it to the general traffic manager; or, rather, I referred them to the general traffic manager.

Q. That is, to Mr. Kimball?—A. Mr. Kimball.

Q. Without interfering actively did you not, for the purpose of satisfying your curiosity, ask Mr. Kimball whether he had gratified them?—A. I never asked Mr. Kimball any questions on the subject.

Q. Did he never mention it?—A. No.

Q. Have you any suggestion to make as to why he did not grant it to them after having given it to the people at Omaha; it would not be because you were a stockholder that he refused it?—A. No; but he certainly did not show them any favor because I was a stockholder in their company.

REASONS WHY THE APPLICATION WAS REFUSED.

Q. Why should he refuse it?—A. The probable reason was this—at least I should infer that the probable reason was what I have already indicated. In the way in which the smelting business is practically done there are certain railroad companies behind the smelting companies. There are not many smelting companies in the country. The Atchison road was behind the Pueblo company; the Chicago, Burlington and Quincy was behind the Aurora company, and, as I understood, after my failure to improve matters, the Union Pacific was behind the Omaha and Grant Smelting Company. It was a method of doing business of which I entirely disapproved, and I had expressed my disapproval of it in the most distinct terms to the general traffic manager and before the Cullom committee. It was too strong for me, however, and could only be ignored at a business cost to the company which I did not consider myself as warranted in incurring.

Commissioner ANDERSON. But we do not hear why the giving of a general rate to all shippers should take away ore from your line.

The WITNESS. I left it to the traffic manager. A general rate would necessarily be an open rate, and our competitors would at once have

met an open rate by a more advantageous secret rate which would have driven us and our smelters out of the market.

Q. Your conclusion is that the Union Pacific Railway Company stood behind the Omaha and Grant Smelting Works, because the Chicago, Burlington and Quincy was behind another?—A. You have heard my explanation. The ground on which the Kansas City company was left out, as I was informed by the Kansas company, was that the haul to Kansas City from the region they wished to reach was 250 miles farther than the haul to the Grant company at Omaha, and I was unable to deny that fact. From a common point (Cheyenne) it is 250 miles farther to Kansas City than it is to Omaha.

Q. That explanation would not apply to the Boston and Colorado Works?—A. It would not.

Q. And as to those works you are unable to give any definite explanation?—A. None except the one I have given, that the Union Pacific had a contract with the Grant company. I never saw the contracts until they were produced in the papers here. What terms were offered to the Boston and Colorado I never knew. Mr. Hill came to see me about the matter some three months ago, and we had some conversation. I expressed to him the same views that I have expressed here; and I understood him to accept the logic of the facts, although he did not recognize the justice of the situation any more than I. But he intimated to me at the time that he did recognize the logic of the facts.

PUBLICITY A FEATURE OF SUCCESSFUL RAILROAD MANAGEMENT.

By the CHAIRMAN:

Q. Have you not always advocated publicity as one of the successful features of good railroad management?—A. I have.

Q. Have you changed your opinion?—A. I have not.

Q. Have you applied publicity to the management of the Union Pacific Railway?—A. I have not.

Q. Why not?—A. Because other and competing lines would not apply the same publicity. I could not show my hand unless the other companies would do the same.

Q. How are you to do it?—A. It is no use for me to slaughter the interests of the company intrusted to my hands. If I am playing a game of chance, and I show my hand where nobody else engaged in the game does, the effect is not to be long waited for.

EFFECT OF INTERSTATE COMMERCE LAW.

Q. What is to be the effect on the country if this vicious system continues?—A. As I understand it, the interstate commerce law has broken it up. This whole thing is no new matter. It is a matter that has long been under investigation, and one which we have been struggling against for years.

Q. Has it broken up in Colorado?—A. The interstate commerce act has broken it up so far as interstate commerce is concerned; and when a similar law applies to State commerce this company will be glad to do as well by the law as any other company.

RATES ARE NOW MADE PUBLIC.

Q. Are they not now making arrangements for the maintenance of rates?—A. Yes. The rates are public and are common to all.

Q. But, notwithstanding the arrangement for the maintenance of rates, does not each of the companies turn around and make secret rates immediately—even now?

The WITNESS. Under the interstate commerce bill?

The CHAIRMAN. Yes.

The WITNESS. Not that I am aware of.

Q. Have you examined the question at all in detail?—A. No; not in detail.

Q. Have you examined the facts?—A. No; not closely.

Q. Do you now feel qualified to express an opinion?—A. My understanding is that since the passage of the interstate commerce bill—at least my information from the traffic department has been—that there have been no cuts and no private arrangements; the rates have been published and are open to all. If anything of another character has been developed it has not come to my knowledge.

Q. Do you submit questions of that kind to your subordinates, as you do questions of legislation?—A. In the case of the Union Pacific, the head of the traffic department manages the business of the traffic department and is responsible for it. When I meet him we talk matters over, and we canvass his department as I canvass matters in other departments when I meet with the heads of those departments.

Q. And if he fails to report an infraction of the law you would be without the knowledge of it?—A. I would be without knowledge of it until we were sued, or something of that kind occurred, and then I would hold him responsible. I must depend on my subordinates, just as the President of the United States does, just as the head of an army does. If my subordinates are found unfaithful they will have to be discharged.

REFORMS MUST BE GRADUAL AND GENERAL.

The CHAIRMAN. I do not see, however, how you can bring about an improvement as to the publicity of railroad management, if you do not have the facts before you.

The WITNESS. I cannot undertake to reform the whole world, or to attend to all of its details, at least not in a day. If, when I became president of the Union Pacific, I had said, "I must have certain reforms go on, regardless of consequences, and make them," I should have had the railroad bankrupted on my hands at a very early day.

Q. Then publicity is more of a theory than a practical matter?—A. Not at all. But when it comes it has got to be general. A man who to-day undertook to manage a railroad on wholly correct principles would be much in the position of Don Quixote when he ran his tilt muck with the windmill. He would be in the ordinary position of the man who advocates a doctrine far in advance of his time—whether a doctrine of free trade, of morals, or of religion, or of anything else. If being in a position so to do he undertakes to put his theory into practice before the conditions are ripe for it, he merely by so doing sets his cause back for years.

Q. Do you think the tendency to publicity is increasing or decreasing?—A. I think when I look back twenty years over my experience it is increasing very fast. I think the change has been as fast as we have any right to expect.

MANAGEMENT OF THE DENVER AND SOUTH PARK.

By Commissioner ANDERSON:

Q. What knowledge have you in regard to the management of the Denver and South Park? We have been informed by Governor Evans

that shortly after the transfer of the stock of that company to Mr. Gould, steps were taken in regard to rates by a very great increase of the rates, which cut up that business and threw it all into the hands of the Denver and Rio Grande.—A. I know nothing about that, neither do I believe a word of the statement.

Q. That was before your time?—A. Entirely before my time.

THE UNION PACIFIC BUILDS AN INDEPENDENT LINE TO LEADVILLE.

Q. It has also been testified in regard to that road, that an exceedingly valuable traffic arrangement, by which a common right to the use of the track between Buena Vista and Leadville was secured to the Denver and South Park Company, was given up and an independent and exceedingly expensive road constructed. Do you know anything of that matter?—A. Yes; that was a question of judgment entirely. It was thought advisable, then, by those intrusted with the management of the Union Pacific, that the company should have an independent line into Leadville, which would put it in a stronger position to command its share of the Leadville business, especially as the proposed independent line was very much shorter than the Denver and Rio Grande line. It was therefore decided to build that line. The estimates proved to be radically wrong. It was estimated to cost $300,000. My idea now is that it cost fully $1,000,000. When we completed the independent line we concluded to abandon the arrangement we had before.

Q. In your opinion, was that action discreet?—A. I think it was an error of judgment.

Q. There was some statement, that, in competing for the Leadville business, the Union Pacific has received a large payment which amounted to as much as $700,000 or $800,000 a year from the Denver and Rio Grande. Is there any truth in that?—A. This is the first I have ever heard of it.

Q. You could not very well receive $800,000 a year and not know of it?—A. I hope not.

POOLING CONTRACTS.

Q. In what form would any money come that was agreed to be paid in consideration of forbearing to compete in the business—would it come by means of a pooling contract?—A. Undoubtedly.

Q. What pooling contract has existed between the Denver and Rio Grande and the Union Pacific?—A. With that company we have always had the Colorado pool and the Utah pool.

Q. In which of those pools was the Denver and Rio Grande a party?—A. It was a party in all of them.

Q. Then it might be that the joint payments from those pools might represent the amount of money referred to?—A. I do not think they ever represented such a sum. I have followed those pools pretty closely as a rule, and I do not think they ever amounted to so much.

Q. Who was the commissioner?—A. Mr. Daniels.

Q. He was the commissioner for all the pools, was he?—A. He was commissioner for the Colorado pool. He was stationed here at Denver.

Q. Who were the parties to that?—A. The Atchison, the Burlington, the Denver and Rio Grande, and the Union Pacific.

Q. It is only in that pool, then, that the Leadville business could enter?—A. The Leadville business entered into the Colorado pool.

Q. This is the Colorado pool that you have just spoken of?—A. The names of the several pools are rather vague in my mind; but the Colo-

rado pool was between the Denver and South Park and the Denver and Rio Grande.

Q. Who would be most familiar with the work of those pools, and the percentages?—A. Mr. Daniels.

Q. Where does he reside?—A. He is in Chicago, they tell me. I have not heard of him for months. Before Mr. Daniels, I think Mr. Pearson was the pool commissioner. He is now in the office of Mr. Fink, in New York.

Commissioner ANDERSON. This period would be 1882, '83, '84, and '85?

The WITNESS. I do not know who was then pool commissioner. After I came in in 1884, Mr. Daniels was the commissioner, and Mr. Pierson preceded him. Mr. Rich succeeded Mr. Daniels.

Q. The statement as to the amount of money was made by Governor Evans.—A. I can only say that it is a surprising statement to me, and wholly incredible.

Commissioner ANDERSON. I do not think he made it of his own knowledge.

The WITNESS. It is a very surprising statement to me; and if such a sum of money was paid over, it was before my time.

Commissioner ANDERSON. He said he was so informed by Mr. Fisher.

The WITNESS. Mr. Fisher is the general manager of the Denver and New Orleans road. I do not know what his sources of information may have been.

Q. Is there any other subject that you desire to refer to?—A. I should be happy to answer any questions the Commissioners wish to ask me. I have nothing further to volunteer.

INTERSTATE COMMERCE LAW AFFECTS UNION PACIFIC LESS THAN OTHER ROADS.

By Commissioner LITTLER:

Q. I will ask you a question. What effect has the interstate commerce law had upon the Union Pacific Railway system?—A. The only returns I have seen and examined since the interstate commerce law took effect were the returns for the month of April. The interstate commerce act has disturbed all our traffic. Shippers were in a panic in March before the act took effect, and they threw immense shipments over all our lines. I think, therefore, that the April returns show an artificial condition of affairs, and I am waiting for the May returns. I will say, however, that I fancy the interstate commerce law will affect the Union Pacific less than most other roads, for the reason that the law acts more particularly upon railroads in heavily manufacturing communities; the question of the long and short haul comes in there. So far as the Union Pacific is concerned the long and short haul affects only the Pacific coast business, and that business, the Commissioners intimate, does not, in their opinion, come within the operations of the law; as, for that business, we have to compete with railroads running through foreign territory, and with steamships making the passage by way of the Isthmus.

Q. How does it affect the people having traffic with the railway companies, and particularly with the Union Pacific Railway Company?—A. I cannot tell you. On that point I should have to refer you to those who come in contact with these people.

THE POOL SYSTEM IS BROKEN UP.

Q. Has it in its operation effectually broken up the pool system of the country?—A. Entirely, as I understand it.

Q. How do you regard such a result, favorably or unfavorably?—A. I regard it as unfavorable.

Q. From your experience and observation what has been the effect on local and through rates? Has it tended to lower or increase them?—A. It has tended to lower the local rate and increase the through rate.

Q. What has been the general effect of that?—A. I am awaiting information on that point. The impression on my mind is that the disturbing effect of the interstate commerce law will be less than was apprehended; but in that I may be wrong. I am very distinctly on record as having (with certain exceptions of considerable importance) expressed my decided approval of the general principles of the interstate commerce act. I do not pretend, as yet, to be clear in mind that in so doing I was right.

THE DIFFERENCE BETWEEN A POOL AND AN AGREEMENT TO MAINTAIN RATES.

By the CHAIRMAN:

Q. What is the difference between a pool and an agreement to maintain rates?—A. A pool is a matter of adjustment of balances, and an agreement to maintain rates is a matter of good faith only.

Q. Then a pool is not a matter of good faith?—A. Good faith is at the bottom of it; but the money receipts are returned to the commissioner, who divides them. In the other case no returns are made to any one; each party takes what comes to him and keeps it all.

Commissioner ANDERSON. In a pool it makes no difference to the business how much of the work either member does?

The WITNESS. None whatever.

Q. Does the maintenance of rates form a part of a pool?—A. Yes.

Q. Is it not an essential and vital part of the pool?—A. Undoubtedly.

Q. Is it not the basis of the pool?—A. Not necessarily. The basis of it is the making a return of all the money received into the hands of a pool commissioner.

Q. But is not the distribution of the balances a matter arising out of the maintenance of rates?—A. Not necessarily. That is a great fallacy. For instance, if in a pool consisting of three parties one of them cuts the rate, very good; he pays the full rate into the pool all the same. What he is struggling for is a large tonnage, to show a large amount of business.

Q. But a good deal of pooling is in existence, so long as the conditions for maintaining rates exist, under present circumstances?—A. No, none whatever.

The CHAIRMAN. You have just said that that is a very essential part of a pool.

The WITNESS. If two of us publish a tariff and agree to stand by it, it is a mere matter of good faith and there is no element of a pool in it. It is a matter of good faith such as would be made between any two men engaged in trade.

THE WEAK POINT IN POOLS.

By Commissioner ANDERSON:

Q. Still, in the application of a pool in which three companies share in the proportions of 25, 35, and 40 per cent., respectively, all those com-

panies will get more money by maintaining rates, and will be interested in having them kept up as much as possible; because, the aggregate of the receipts being enlarged, the share of each road will be enlarged?—A. Undoubtedly. I have had to do with pools for years before I had anything to do with the Union Pacific. The weak point in a pool always is the struggle for a record, for the tonnage. If you have three companies in it, two of them having 20 per cent. and the third 60 per cent, the 20 per cent. companies will fight for a record, for the tonnage. They will sometimes even carry the freight for nothing, in order to get up their proportion. The vital element of a pool is the payment of all money received into a common fund and the return of the money, in fixed proportions, to each party to the pool.

By Commissioner LITTLER:

Q. Why do you not make your contracts for such a term as to make the pool unnecessary?—A. When I was arbitrator of the trunk lines, an appeal for a new award was actually made before I had filed the first award. We never got the companies who wanted a larger percentage satisfied until they get their increased percentage.

The CHAIRMAN. That is all at present, unless you have something further to communicate.

The WITNESS. I shall be very happy at any time to give the Commission any information they desire.

CHARLES F. ADAMS.

DENVER, COLO., *Wednesday, July* 13, 1887.

WILLARD TELLER, being further examined, testified as follows:

The WITNESS. I want to make a reference to the date of the liens in the suit of Given and Abbott, entered in this county the last day of December, 1881.

THE GIVEN AND ABBOTT SUIT.

By Commissioner ANDERSON:

Question. The property was not located in this county?—Answer. No, sir; and our statute requires, in order to make it a lien, that a transcript of the judgment be filed in the county. That was not done. Mr. Dillon became the owner by assignment on the 5th of February. On the 6th of February execution was issued to this county and a considerable portion of personal property and a small amount of real estate was levied upon. Subsequently an execution was issued to Jefferson County and Weld and Boulder Counties.

Q. Before the issue of the execution in those other counties the transcript of judgment had to be filed in those counties?—A. No, not under our statute. The transcript of judgment is only filed for the purpose of making the judgment a lien; so that the judgment in Boulder County did not accrue until the 31st day of July, 1882. The lien on this judgment, in the case of the Marshall Mining Company, commenced by attachment on the 25th day of January, 1882.

Q. Who was acting as Mr. Dillon's attorney in this matter?—A. I acted as such. That is, the money was sent to me and I had the judgment assigned.

Q. You knew that the larger portion of the valuable real estate was not in this county?—A. Yes, sir.

Q. Then how did it happen that the transcript was not filed where it should have been filed?—A. There were no suits against the company and no claims against the company after this. There were two suits—that of the Marshall Mining Company and of a Saint Louis supply company; but they had both been commenced before Mr. Dillon got his interest in it; and, as we were acquainted with the situation of the company, we had no fears, and no suits were ever commenced.

Q. Was not this Denver, Western and Pacific substantially insolvent at this time?—A. Yes; but it had no debts here except the debt of Given and Abbott, the debt of the Saint Louis company and the claim of the Marshall Mining Company, except the claims that had already been instituted in condemnation proceedings.

Q. It would seem that when Mr. Dillon was taking an assignment of a judgment recovered against an insolvent company that had real estate in an adjoining county, the transcript of a judgment recovered here should, for prudential considerations, have been filed in the county where the real estate was situated. That would have cut off the other lien, would it not?—A. It would not have cut off that lien, because before Mr. Dillon got the assignment the suit of the mining company had been commenced and the attachment was served.

Q. I understood you to say that they were not served until the 25th of January, 1882.—A. Yes; but Mr. Dillon did not get his assignment of the judgment until the 6th of February, 1882. We commenced the suit before Mr. Dillon had any interest in the company, to our knowledge; and the moment he got it we turned it over to other parties, because we could not carry it on.

By the CHAIRMAN:

Q. Have you anything else that you wish to say?—A. No, sir.

The CHAIRMAN. Is there any one else you wish to examine?

Mr. TELLER. I would like to examine Mr. Bruce Johnson. It is only in respect to some matters that Mr. Clark testified about the milling company.

The CHAIRMAN. Mr. Johnson does not seem to be present. We will examine Mr. Ferguson.

DENVER, COLO., *Wednesday, July* 13, 1887.

J. H. FERGUSON, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. In Denver.

Q. What is your business?—A. I am in the cattle business at present.

Q. Have you been in the lead business?—A. Yes, sir; for several years.

Q. When?—A. From 1878 until a few months ago.

THE PENNSYLVANIA LEAD COMPANY.

Q. A purchaser of lead or ore for transportation?—A. I was employed as general agent of the Pennsylvania Lead Company to attend to their Western business; chiefly in making freight arrangements.

Q. What was the chief feature of your business?—A. The purchase of ore and bullion and making arrangements for transportation.

Q. Where did you purchase your ore generally?—A. In those days we had a smelter about 30 miles from Salt Lake.

Q. Where did you buy your ore?—A. Chiefly in that neighborhood; on the narrow-gauge roads running into Salt Lake.

Q. Where was the bullion transported to?—A. To Pittsburgh from Salt Lake.

Q. That would pass over what road?—A. Over the Union Pacific road then. That was before the Denver and Rio Grande reached Salt Lake.

CONCESSION IN RATES.

Q. Who made the freight rates with the Union Pacific Railway Company?—A. When I was engaged by the Pennsylvania Lead Company they had some arrangement that had been made by Mr. Clark and Mr. Gould with the president of the company, and they did not understand how to get at the collection of the rebates properly; and, I being a railroad man, they hired me to attend to that sort of business. When I went to Salt Lake they were in a kind of mix in the matter. I went to Salt Lake and subsequently to Omaha, and spent several weeks there and fixed up that particular part for them, amounting to several thousand dollars. After that we were notified by Mr. Vining that we were to have no further concession in rates.

Q. What concession was it that had been given to you before?—A. I think it was a rebate of $4 a ton from Salt Lake to Omaha. But it is several years since and I am not positive as to the exact figure. It was just one matter.

Q. And what was the full rate?—A. Fifteen dollars from Ogden to Council Bluffs.

THE OMAHA COMPANY FAVORED SUBSEQUENTLY.

Q. You say that Mr. Vining declined to continue this arrangement?—A. Yes, sir; we were interfering with the operations of the Omaha company.

Q. When was it that this happened?—A. In 1879.

Q. Did Mr. Vining assign, as a reason that he could not make these concessions, the fact that it would interfere with the Omaha company?—A. No, sir; he did not; but we found it out afterwards, that we could not buy the bullion when the Omaha company wanted it.

Q. What company do you refer to that you judge you were interfering with?—A. The Omaha Smelting and Refining Company at Omaha.

Q. On what do you base the assertion that that was the reason why Mr. Vining refused to make the concession to you?—A. Because the Omaha company could buy all the bullion they wanted in that country, when they wanted it, and we could not, or anybody else for that matter.

Q. And your conclusion on that was that they had got better rates than you had?—A. Most decidedly.

Q. Are there any other circumstances that might give them the advantage over you, such as having more extensive appliances and a more economical way of operating the ore?—A. I am referring now to bullion shipments entirely, and my impression is that our facilities were about the same. It is not a very difficult matter to get at. I myself, once figured out the number of men they employed and about what they paid their men, the cost of fuel, and other matters.

BULLION FROM WOOD RIVER.

Q. They were not purchasers of bullion, they were purchasers of ore?—A. They were purchasers of bullion. They were purchasers of both. They have both a smelting and a refining works.

Q. Do you remember the fact that there was a smelter on the Wood River, in the Utah northern country?—A. I do, well.

Q. Who supplied that smelter with ore?—A. I do not know; we had some dealings with them.

Q. What connection had you with that smelter? Did you buy bullion there?—A. We made a contract with them for, I think, twenty carloads of bullion, to be shipped to Bullion.

Q. Did you have any competitor in that business?—A. I presume so. I presume the railroad company had more business than ours.

Q. What rate did you get for your twenty car-loads?—A. Fifteen dollars a ton from Ogden to Council Bluffs—the Missouri River.

Q. Was that the open rate or was that the rate given to you?—A. That was the open rate; we never had anything else, after our first transaction.

RATES TO PENNSYLVANIA COMPANY INCREASED.

Q. What happened in regard to it so that they made a different charge to you?—A. I noticed, after three or four car-loads had come forward, that they were billing it at $20 a ton from Ogden to the river. That was an increase of $5 in the rate. I first took the precaution, however, to ask Mr. Vining whether there had been any change in my rate. He said no. I then showed him that it was billed at $5 a ton advance. He said then that that was the rate. Subsequently, I learned from the claim agent of the Union Pacific road (Mr. Goble) that the reason the Union Pacific advanced that shipment was that the parties making the bullion had refused to buy their fuel from the Utah Forwarding Company, which was a concern established to supply the people in that district with coke and the freighters with grain. I think on that account they put up the rate on that shipment. I told Mr. Vining that that did not hit them at all; it hit us. He said that that did not make any difference.

Q. Do you know whether they put the rate up on other people besides you?—A. I know they did not. The open tariff rate was $15 then.

THE UTAH FORWARDING COMPANY.

Q. How do you know that the same policy was not pursued as to other purchasers of bullion, for the purpose of forcing the smelter to take coke from the Utah Forwarding Company?—A. Well, we bought the whole product at that time. The smelter went out of existence very soon afterwards, however.

Q. In regard to this Utah Forwarding Company, what coke was it that they forwarded into this Western country?—A. Connellsville coke.

Q. Who first introduced the use of this coke at Leadville?—A. I did. I think I shipped the first car-load that ever went there.

Q. When was that?—A. In the fall of 1878.

Q. Before there was railroad connection?—A. Yes, sir. We hauled that from the end of the South Park into Leadville. It was delivered in Leadville at about $65 or $70 a ton.

Q. Did they continue to supply Leadville for several years afterwards?

The WITNESS. Will you allow me to make a statement?

Commissioner ANDERSON. Yes. I understand that there was a reduction of rate to $1, and there must be an explanation if you can make that.

CONNELLSVILLE COKE SHIPPED TO LEADVILLE.

The WITNESS. Yes. I was in Leadville, in the interest of the Pennsylvania Lead Company, in the fall of 1878. I saw that there would be a field there for Connellsville coke. The fuel they had was very poor for the ores they were refining. The first shipment made into Leadville was a trade with Gage, Hageman & Co., a firm that has long since gone out of existence. It was really a trade. I traded them 10 car-loads of coke for 10 loads of bullion, paying them the difference. That was the first car-load of coke that went into Leadville. When I returned East I telegraphed a friend at Kansas City, and he met me at the Coates House in Kansas City, and we organized a company. He was to take charge of the coke at this end and I was to attend to it at Pittsburgh. We kept up the shipments for several months and made some money on them. Subsequently Mr. Vining discovered that we were making some money that the Utah Forwarding Company should make, and he made a rate of $1 per ton from the Missouri River. Of course that squeezed us out of the business.

RIO GRANDE COKE.

It did not do him very much good though, because a few months afterwards the Rio Grande people got into Leadville with their coke, and had only to haul 300 or 400 miles, against 1,750. But I believe it is true, and I have heard it stated, that Mr. Vining lost his company a large amount of money on that transaction.

Q. From whom did you learn that?—A. I have learned that from different railroad officials with whom I came in connection. I cannot state it for a fact, because I do not know; but I believe there is good ground for the statement.

Q. Who was the commissioner of that pool?—A. I think Mr. Midgely was then. I am not positive as to that.

A WHEEL WITHIN A WHEEL.

Q. Do you know what persons were interested in the Utah Forwarding Company?—A. I cannot say. But it is a matter of common talk that it was a wheel within a wheel; that it was the Union Pacific Railroad officials.

Q. When you say it was a "wheel within a wheel," what do you mean?—A. You can find out from any man that did business in Salt Lake City.

Q. Where can we see their books?—A. Their chief office is in Salt Lake City.

Q. Their business still exists, then?—A. It still exists, I believe; yes.

Q. Who is the president?—A. C. W. Lyman is the general manager and George Y. Wallis, I believe, is the president of the company. There is something that put a very peculiar complexion on that coke business. At the time I formed the partnership I have mentioned in that business there was a great demand for coke. I learned that the Dayton Car Company were building one thousand two hundred and fifty

cars for use on the Harrisburg, Galveston and San Antonio road for delivery at Ogden. I obtained permission from the builders to load these cars west with coke. They were new cars. The Utah Forwarding Company, who were supplying most of the coke in Utah at that time, made a bad break on us through Mr. Vining, to get possession of those cars, claiming that we had no right to them. Mr. Vining went so far as to write Mr. Roberts, the president of the Pennsylvania Company, about it, and Mr. Roberts replied that he had no right to change the arrangement. The Utah Company was so pressed for coke that they had to buy from us, and they bought several car-loads from us. Through an error of the Omaha office the vouchers were sent to me, and I found that the coke was paid for by the Union Pacific, checked from the treasurer's office. I took a copy of the voucher and check, &c. There was a memorandum attached to it sending the voucher to G. Y. Wallis, Salt Lake City.

Q. When was this?—A. In 1880 or 1881.

At 10.15 p. m. the Commission adjourned, to meet upon the call of the Chair.

LEADVILLE, COLO., *Thursday, July* 14, 1887.

The Commission met upon the call of the Chair, all the Commissioners being present.

CHARLES T. LIMBERG, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Where do you reside?—Answer. Leadville, Colo.

Q. What is your business?—A. Smelting.

ARKANSAS VALLEY SMELTING VALLEY.

Q. What is the name of your company?—A. The Arkansas Valley Smelting Company.

Q. How long have you been engaged in business?—A. Since 1882, in the present business.

Q. Where are your works located?—A. About 2 miles outside of the city limits.

Q. Have you had any business relations with the Union Pacific Railway Company?—A. Yes; with the Denver and South Park branch.

Q. What have been the facilities and accommodations afforded by the Union Pacific Railway Company to you as a shipper?—A. They have furnished us at times with coke, but more recently they have been carrying our bullion.

THEIR SHIPMENTS.

Q. Have you had all the facilities in the matter of shipment that met your wants as a shipper?—A. Yes, sir.

Q. What have been the freight rates?—A. The fixed rates on bullion have been $12 a ton between here and Denver.

Q. What shipments do you make other than bullion?—A. That is our principal shipment. We sometimes ship products such as matte; but the matte has been going over the Denver and Rio Grande.

Q. Do you ship beyond Denver?—A. Our bullion goes sometimes to the Missouri River and, again, to Chicago or to Pittsburgh.

RATES.

Q. What has been the rate to the Missouri River?—A. The rate I know of has been $22 a ton, until quite recently.

Q. And what to Chicago?—A. I am not familiar with that rate.

Q. How long have those rates been in existence?—A. I think for years back; I think almost since we started shipping bullion. Say, for the last five years.

Q. Has it been the open tariff rate?—A. Yes.

Q. Has it been given to all shippers alike?—A. That I cannot tell. It has been intimated to us that there has been a cut on the rate, but we did not know it.

SPECIAL RATES.

Q. Have you at any time had any special rates?—A. Years back; yes.

Q. How far back?—A. I think in 1883.

Q. What was the rate you had?—A. I think I had a $3 cut.

Q. Did you make application for it?—A. No, sir; it came to me through our connection in Kansas City.

Q. What was the connection there?—A. The Kansas City Smelting and Refining Company.

Q. This rate came to you through the Kansas City company?—A. Yes. We were at that time shipping under contract to the Kansas City Smelting and Refining Company. The bullion would be billed on an open rate, and, at the end of every month, when the monthly business was adjusted, we were entitled to a $3 rebate on each ton.

Q. What company received the benefit of the rebate?—A. The Arkansas Valley Company.

CONNECTION WITH THE KANSAS CITY WORKS.

Q. What is your connection with the Kansas City works?—A. They are refining for us. At that time they were refining on commission. They were refining all our bullion at a fixed price; at, say, $13 or $14 per ton, of bullion, and they would turn the product over to us—the lead and fine silver.

Q. Was there any interest on the part of your company in the Kansas City company?—A. No, sir; not on the part of the company. Some of our stockholders held interests in both companies.

Q. What stockholders have interests in both companies?—A. At present, Mr. A. R. Meyer. As far as I remember, he is now the only one. At that time there was also Mr. F. L. Underwood.

By Commissioner ANDERSON:

Q. At Kansas City?—A. Yes.

REBATES.

By the CHAIRMAN:

Q. What benefit did the Kansas City company receive from the rebate?—A. That I cannot tell. The whole rebate, I believe, came to the Arkansas Valley Company. If they had a special rebate I was not aware of it.

Q. Did the special rate originate with the Kansas City company?—A. I was informed by Mr. Underwood, our president, that by entering into a contract with the Kansas City company we would have a rebate

of our shipments, and when we figured up our rebate their price—the offer at which they proposed to do our business—was better than any other offers we received.

Q. What other companies had the rebate?—A. I cannot tell.

Q. Had you negotiations with any other company?—A. I had never any dealings with any other company when I received rebates.

Q. How long did the rebates continue?—A. I think for about a term of four or six months; not to exceed six months.

Q. At what time was it?—A. That was in the year 1883, to the best of my recollection. Of course I can find out by going over our books, but I have no data at hand.

Q. When the rate stopped did you make any complaints?—A. No, sir.

A NEW CONTRACT.

Q. What occurred after that?—A. I made a new contract.

Q. What was the new contract, and with whom?—A. I think it was with the same company, at a reduced price. But I shared in no rebates after that.

Q. Was there anything said about rates in the contract?—A. No, sir.

Q. Was anything said, at any time, in any of the contracts that you made with the Kansas City company, concerning rebates?—A. This was the only contract in which rebates were mentioned. As I stated before, their's was the most favorable offer made.

Q. But subsequently, when the rebate ceased, in what position were you then?—A. The rebate ceased at the end of this contract, and I called for a new contract, and all the refiners made a flat price on my business, and the price received from the Kansas City company was the best. It was a flat price offered me here in Leadville.

Q. Was it equivalent to the net price received by you at the time you were getting rebates?—A. I think it was. I think the price received from the product then was fully as good as the price received during the six months previous.

COMPLAINTS CONCERNING FREIGHTS.

Q. Have there been any complaints in this community among the shippers concerning freight rates?—A. Yes, sir; they have all felt that they have been unjustly discriminated against, as far as concerned their product and their fuel.

Q. In what way were they discriminated against?—A. They think the price paid here for fuel is too high, as compared with the price paid by the Valley smelters. We pay $12 for the same fuel that they pay $7 for. We pay $7 here for fuel which is carried into the Valley for $5.

Q. What do you mean by Valley smelters?—A. The Pueblo Smelting Company and the Colorado Smelting Company, both of Pueblo; and the Holden Company, the Omaha and Grant Company, and the Boston and Colorado Company, of Denver.

EFFECT OF DISCRIMINATIONS ON BUSINESS.

Q. What effect on your business has the discrimination in rates that you claim is against your community?—A. The effect has been that our business has been carried on at a loss, or at least at no profit, for the last four years. Of course I am speaking for my own company now.

Q. Has the discrimination, so for as your company is concerned, continued only for four years?—A. It started when the Omaha and Grant started in Denver; ever since they have been bears in this market and since the Pueblo has come in heavily it has been down-hill business with the smelting industry in Leadville.

Q. Do you know of any other complaints?—A. No, sir; that is the principal complaint.

AN APPEAL TO THE COMPANY.

Q. Have you made any appeal to the company?—A. Yes, the smelters of Leadville generally appealed to Mr. Kimball and Mr. Jackson, I think, two years ago. We laid the whole matter before them, and showed them that we could not exist at the rate then prevailing—or the present rate. They took it under advisement. I learned afterwards that Mr. Kimball saw Mr. Edward Eddy and asked his advice as to whether it would be better to cut the rate. Mr. Eddy told me that he said to Mr. Kimball that whatever cut the railroad gave the smelters the benefit would go to the miners, and that the smelters would get no benefit from it at all; and he stated that Mr. Kimball had accepted his advice, and would not cut the rate.

REFUSAL TO MAKE CHANGES.

Q. What was the result of that interview?—A. They refused to make any changes.

Q. So that it continues to-day the same as during the time of the complaint?—A. Yes, sir.

Q. How many railroads have you coming into Leadville?—A. Two at present; the two pool roads—the Denver and South Park and the Denver and Rio Grande.

Q. Has there been any difference in their freight charges at any time?—A. They have had a higher rate on ores going out. But that is six years back. At that time the ore rate was $9 as against $12 on bullion. The ore rate has been reduced to $5 and the bullion rate has remained unchanged ever since the railroads entered here.

Q. As between the two roads, has there been any cut of rate on the same article?—A. That is a thing we cannot prove. I think there has been. I learned from a friend of mine who wanted to start a new smelting company here (the Holden Campany) that they would get a $3 rate from Leadville on ores, and that they could compete very successfully and make money.

Q. Did they say what company was to allow the rebate or special rate?—A. No, sir; they may have told him, but the gentleman did not tell me. He is here in the city now.

Q. Have the two companies kept the same open rate on the same articles?—A. Yes.

NO COMPETITION BETWEEN THE TWO ROADS.

Q. Has there at any time been any competition or cut of rates between the companies?—A. None that I know of. There has been no rate war here in Leadville.

Q. Since the two companies have been here, have the rates been higher or lower than when only one company was here?—A. The bullion rate has been the same all the way through, and the ore rate, as I have said, has been lowered to $5 per ton.

Q. Both companies are now maintaining the rate you have stated—$1?—A. Yes, sir.

By Commissioner ANDERSON:

Q. Twelve dollars on bullion?—A. Twelve dollars on bullion.

By the CHAIRMAN:

Q. Have the companies had a pool here?—A. Yes, sir.

Q. How long has the pool continued?—A. I think for five years or over.

Q. Do you know of any other complaint?—A. No, sir.

THE COLORADO MIDLAND.

By Commissioner ANDERSON:

Q. What other railroad is about to come to Leadville?—A. The Colorado Midland.

Q. When do you expect that to be completed to Leadville?—A. We think they will reach Leadville about the end of August. That is the nearest calculation we can make.

Q. When you speak of a pool between the Denver and Rio Grande and the Denver and South Park, you mean to say that there is a pool now existing between those roads?—A. To my knowledge; yes, sir.

Q. Do you mean since the passage of the interstate commerce law?—A. Yes, sir.

DIVERSION OF FREIGHT.

Q. What knowledge have you on the subject?—A. Only this: that the two roads maintain the same rate. Neither one has approached us and offered us any inducements to ship over their road. In fact, they divert our shipments. Our shipments are diverted just the same as before the interstate commerce act went into effect; the commissioner diverts the freight.

Q. Have you a commissioner here now?—A. The joint agent, I should have said.

Q. Who is the joint agent?—A. Mr. Samuel Brown.

Q. Are you aware that the maintenance of a pool at present would be in violation of law?—A. I was not aware that it would be, on local roads.

Q. For the State business you think the pool is still in effect?—A. Yes, sir.

Q. You speak of traffic being diverted. You mean that merchandise consigned by one route is sent by another route?—A. Well, in our business I mean this: that when the joint agent here sees fit to put in South Park cars he will do so, and load our product on them. At other times, when he thinks the South Park Company has received an excess of freight, he will put in Denver and Rio Grande cars.

Q. How does that indicate a pool; do you mean that the two companies have agreed to take the aggregate result of all the business and to pay a certain percentage of it to the Rio Grande and another percentage to the Denver and South Park?—A. Yes, sir; that is my understanding.

Q. What percentage do I understand that each of these roads receives?—A. I do not know.

Q. Have you any knowledge that such an agreement exists?—A. The knowledge I have is the same knowledge that all the shippers here

have. I understand that it exists, because they handle the freight in such a way as to lead us to believe that it exists. In fact they frequently tell us that one road has an excessive freight and another road a shortage.

Q. How would that necessarily prove that there was a pool?—A. If one road should complain of being short on freight it strikes me that there is some understanding between the two roads that the freight should be equally divided.

DISADVANTAGE OF EXISTING RATES.

Q. There may be an understanding without a pool. There may be an agreement, in other words, to maintain the rate and divide according to the traffic actually carried?—A. Yes. Well, that would be my understanding of a pool, if they maintain the rates and share the freight.

Q. In regard to this rate of $12. Do you say it shuts the market out from you in competition with the valley smelters?—A. Five dollars on ore and $12 on bullion works against us. It allows the valley smelters to come here at a rate that we could not touch.

Q. But, as matter of fact, does the rate cause that bullion to cost you such a figure in the markets where you desire to sell it that you cannot compete with the base bullion sent forward by the valley smelters?—A. Yes; figuring the value of the bullion and also the additional price we pay on our fuel. Combining the whole business, it works to our disadvantage.

Q. Does it cost you more to reduce here than in the valley?—A. Yes, sir.

WAGES AND FUEL EXPENSIVE.

Q. Is it because the fuel is more expensive?—A. Yes.

Q. And are wages higher?—A. Yes; but I would not take that into account here, because that is our misfortune.

Q. Is it not also your misfortune that fuel is higher?—A. I think not; because it is carried into Leadville as into Denver, and is carried over the divide. I do not see why we should pay $3 or $4 more for fuel than they do in Denver.

Q. How is it carried into Denver?—A. From the coke ovens at El Moro over the divide. Into Leadville it is carried up hill, from Pueblo to Leadville.

Q. Still the price of coke at Denver is fixed by considerations over which we can have no possible control, and if the consequence is that fuel is higher here than in Denver, it would appear to be the misfortune of Leadville?—A. The Union Pacific has nothing to do now with our coke. It is the Denver and Rio Grande Company. But there was a time when the Union Pacific Company did bring coke, and by agreement with the two companies it was stopped. So that there must have been some understanding by which the Union Pacific Company profited, and by which the Connellsville coke stopped coming in here.

Q. After that the Union Pacific coke was delivered, the rate of freight being only $1. Was that not so, for some time?—A. I do not know what the freight was, but the coke was brought in here in competition with the Denver and Rio Grande Company.

Q. Do you know who came here to make the arrangement?—A. It was a gentleman from Omaha that I purchased from; I could not give his name now; I have a record of it on my book.

Q. Do you remember a Mr. Ferguson coming in here to make the arrangement?—A. I do not think I remember him. You mean Mr. G. H. Ferguson, of the Mingo Company.

RAILROAD COMPETITION WITHDRAWN.

Q. Do you know the Utah Forwarding Company?—A. I have heard of it.

Q. They have sent coke here. It was their coke that came here when it entered into competition with the Denver and Rio Grande?—A. I remember there were two or three parties here at the time, offering coke; I made my purchases from an Omaha house; it was Connellsville coke, and was furnished by way of Omaha.

Q. You say that some arrangement was made between the two roads so that the Union Pacific Company was withdrawn and competition was withdrawn, and you were left to the price that the Denver and Rio Grande thought proper to charge for Leadville coke?—A. Yes, sir.

Q. Is there any other circumstance besides the cost of your fuel and the rate of your wages that makes it more expensive to reduce the product here than in the valley?—A. That is all I know of.

Q. Can you work to the same advantage all the year round that they can down there?—A. Our operations are somewhat more expensive during the winter months; there is no great difference, though—not enough to cut a figure.

EXCESSIVE RATES.

Q. Do you think the rate of $12 per ton for bullion excessive, as considered in comparison with similar services rendered under similar circumstances elsewhere?—A. I think $5 excessive, as to the ore.

Q. Only as to the ore?—A. As to any article delivered from Leadville to our competitors in the valley.

Q. But in view of the difficulties of approach and the cost of building the road and the profit that may be made for it, do you believe that $12 a ton for base bullion transported from here to the points you have named is an excessive and exorbitant rate?—A. That I cannot tell; I have no idea of the cost of operating a railroad; I can only make a comparison between the two articles—between bullion and ore.

Q. The main ground of your complaint is, as I understand it, that the price fixed for the ore, without saying that it is low absolutely, is low as to the price fixed for the bullion, and that results of the two together is to enable the valley people to buy the ore, and to impair the profits of the smelters?—A. Yes, sir.

RATES NOT PROPERLY ADJUSTED.

Q. In other words these are unbalanced rates. You think that either the bullion price ought to be lowered or the ore price ought to be raised?—A. Yes, sir.

Q. Either the one or the other?—A. Yes, sir.

Q. Do you feel pronounced in your opinion that the bullion should be lowered?—A. I should favor the lowering of the bullion price. At present the ores of Leadville are running down in grade. By reducing the cost of smelting at Leadville you will bring more ores into the market. Low-grade silver ores that cannot be treated successfully today can be treated, if the smelting cost could be reduced one or two

dollars a ton in our camp here; whereas, if you reduce the price of ore, it would not help the low-grade ores at all.

Commissioner ANDERSON. It is largely a matter of judicious and intelligent administration of this industry, rather than a pointed complaint against a railroad as charging an exorbitant rate, as it strikes me.

The WITNESS. In what way?

Commissioner ANDERSON. I mean to say that it is a matter that the interests of the railroad and the interests of the industries here ought to settle by intelligent conference among themselves, rather than to be regarded as a serious complaint of an exorbitant and improper charge.

DISCRIMINATION AGAINST ARKANSAS VALLEY COMPANY.

The WITNESS. Of course, it rests with the railroad companies what charges they will make. They run their business and try to run it at a profit, and we cannot tell whether $12 is exorbitant or not; but if they furnish our competitors an article at $5 freight and charge us on our product $12 "down," we think it is discrimination against us. We do not desire to dictate to the railroads what charges they should make.

By the CHAIRMAN:

Q. It forces you to either go to Denver or go out of the business?—A. Yes, sir.

By Commissioner ANDERSON:

Q. How many miles of transportation do you get for the $12—152, is it not?—A. I think it is between 140 and 170 by the South Park, and by the Rio Grande it would be more—about 180.

Q. Do you know what the volume of the traffic is per annum?—A. I do not.

Q. Do you know any of the figures relating to the daily, weekly, or monthly amount that goes over the road?—A. No, sir; I do not. I saw the figures two years ago, but they have slipped my memory. The Leadville business has been very large.

Q. Do you know whether the gross tonnage is increasing or not, either of ore or of bullion?—A. No, sir; I do not.

DIVERSION OF TRAFFIC.

By the CHAIRMAN:

Q. Do you know whether there has been a diversion of freight at any time from the Denver and South Park to the Denver and Rio Grande?—A. They have changed freight frequently at Malta. They have even gone so far as to take bullion out of a car of one road and load it onto the car of another road. That is, of course, hearsay with me. I have not seen it, but my men have reported it to me.

Q. Where is Malta?—A. Malta is a small station on the Rio Grande, about three miles below this town.

Q. How long has this diversion continued?—A. That has been done, off and on, for some time back. I have not heard of it for the last six months; but during the last year I heard of it several times.

Q. Have you any other suggestion or information to give to the Commission?—A. No, sir.

Q. Do you know of any other communities in the neighborhood of Leadville that are discriminated against by the Union Pacific Railway Company, or by the Denver and South Park?—A. No, sir; I do not.

Q. Do you know of any complaints?—A. No, sir.
Q. Have you knowledge as to special rates or discrimination with reference to other shippers?—A. My knowledge is only hearsay. I hear that the merchants of Leadville have been favored at times; that they have received cut rates from the Union Pacific Railway Company.
Q. Has it been general?—A. That I do not know.
Q. Have there been any complaints in the community that certain classes of shippers were receiving special rates, as against others?—A. Not that I have heard of.

LEADVILLE, COLO., *Thursday, July* 14, 1887.

H. I. HIGGINS, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Smelting.
Q. Where is your place of business?—A. In Leadville.
Q. How long have you been engaged in business?—A. I have been interested ever since 1880, I think; but I have only been in here since about four years ago.
Q. Are you engaged in business as an individual or in a company?—A. A company.

THE AMERICAN MINING AND SMELTING COMPANY.

Q. What is the name of the company?—A. The American Mining and Smelting Company.
Q. What have been the facilities and accommodations afforded you by the Denver and South Park Railway Company as to shipments?—A. I have no fault to find as to facilities. However, we have done very little with the South Park road.

COMPLAINTS AS TO RATES.

Q. Have you had any complaints, or do you know of any, as to the rates of freight charged by the Denver and South Park Railway Company?—A. Well, I have felt as though they were exorbitant rates. That is, the open rates made by both roads.
Q. What road do you ship by?—A. The Denver and Rio Grande.
Q. Have you shipped by the Denver and South Park?—A. We have never shipped that way. But some of our freight has been diverted by the pool commissioner—through his orders.
Q. When you say the rates have been exorbitant, and you so regard them, what do you compare them with?—A. Well, I consider 8 cents per ton per mile on freight an exorbitant price. I never heard of it before, in any country. That is the price on bullion from Leadville to Denver; that is, counting the South Park mileage, which is a short line—I think 150 or 152 miles. The rate is within a fraction of 8 cents per ton per mile. That is what I call an exorbitant rate.
Q. Between what points?—A. Between Leadville and Denver.
Q. Compared with the rate of charges from Denver to Leadville on the same shipment how does it measure?—A. I cannot answer that, because I am not familiar with the rates of freight up.

DISASTROUS EFFECTS UPON BUSINESS.

Q. What effect has the rate on your business?—A. It has a very disastrous effect.

Q. In what way?—A. Well, in a general way, it is impossible for us to make any profit here from the smelting business; principally on account of the rates on bullion down, and on our fuel—coke and coal.

Q. How long have the rates continued that way?—A. Ever since I have been here.

Q. Was there any change at the time of the removal of the Omaha and Grant Smelting Works from this section to Denver?

The WITNESS. On bullion?

The CHAIRMAN. Yes.

A. No, sir.

EVASIVE ANSWERS TO APPEALS.

Q. Have you made any appeal to the company?—A. Many times.

Q. Have you made an appeal in writing?—A. In writing; yes, sir.

Q. What has been the answer?—A. Well, it has been evasive. Most of the appeals have been made personally. When the subordinates are here they say, "We expect Mr. Adams or Mr. Callaway or somebody else out here soon and we will take this matter up." At one time we got them all here, Mr. Adams, Mr. Callaway, Mr. Jackson, and Mr. Goble and the chairman of the Denver and Rio Grande were here, and we went to them, but we got no relief. I remember a conversation I had here with Mr. Adams, Mr. Callaway, and some others two or three years ago. Mr. Adams was anxious to know what our grievances were, and we went over the whole case. He said he had so much to see to in the general matters of the Union Pacific Railway that he could not attend to details. We told him that we did not expect that, but that if he would instruct his subordinates, one of whom was there (Mr. Callaway), to look into the matter and give us relief, if we wanted it; that was all we asked. Then he said, "Supposing we do not make any change and you do not get any relief; in the language of Boss Tweed, 'What are you going to do about it?'" My reply to that was that one of three things would certainly happen. He became very much interested and wanted to know what those things were. I told him at once that the two roads, the Union Pacific road and the Denver and Rio Grande road, would come to the relief of the smelting industry of Leadville. That was the first proposition. Failing in that, the smelters would endeavor to relieve themselves, and if they could not do that they would go out of business. "What do you mean by 'relieving themselves'? I suppose you would build another railroad?" "No; we would not think of anything of that magnitude, Mr. Adams; but we might haul our bullion down the valley by bull-team, and we could haul it that way cheaper than we can get it done by railroad. If anybody would come along and build a railroad we would give them all the aid we could." He says, "We have got a railroad that we will sell you." I said, "We cannot buy it." He said, "We will lease you our South Park road at 6 per cent. per annum on its present value; that is, what it would cost to build." I said, "Well, possibly that is the best way out of the difficulty. It is a large proposition, however, and I will not tell you that we will or will not take it up. But it looks to me as if there was a way out of it. The proposition is so large that I do not feel authorized to say yes or no about it. I will consult our friends and associates. If you will reduce that proposition to writing I will con-

suit my associates, and I think I will advise them to accept it and run the railroad themselves." "Well," he says, "of course, as you say, the proposal is one of rather considerable magnitude, and I do not feel authorized to make a proposition of that kind in writing without seeing my directors." That is the last I ever heard of it. He had no more idea of renting the road, I suppose, than I had of renting it. All there is about it is, they had us, and they proposed to keep the thumb-screw on us. That is the way it looked to me.

THE MIDLAND ROAD.

Q. Taking the three propositions, the road not helping you and you not being able to help yourselves, have you gone out of business?—A. No; but we have been able to help ourselves.

Q. How?—A. We got another railroad to start; coming in here within thirty days from that date. It would never have come if we had been fairly dealt with.

Q. What is the name of the new road?—A. The Midland road.

Q. Have any of the shippers resorted to hauling the bullion down by teams?—A. No; we know what the result of that would be; so do you, I presume.

DISCRIMINATION AGAINST LEADVILLE BY DENVER AND SOUTH PARK ROAD.

Q. From your information, do you believe that the rates made by the Denver and South Park to the shippers of Leadville, on bullion, is a rate that is rather a discrimination against Leadville in favor of Denver?—A. I do; yes, sir. The rate on bullion from there East—you may take from Denver—from the Missouri River, say from the Missouri River to Chicago, three-quarters of a cent per ton per mile; from Chicago to New York half a cent per ton a mile. But you get from Leadville to Denver 8 cents per ton a mile.

Q. What would have been the result if you had resorted to teams?—A. The result would have been that they would have frozen the teamsters out.

Q. How?—A. By lowering the rate so that they could not haul. Then they would be left with their stock on hand.

DIVERSION OF FREIGHT.

Q. A moment ago you spoke of the diversion of freight from the Denver and Rio Grande to the Denver and South Park. Will you please explain what you mean by that?—A. I mean that about fifty cars of our bullion were shipped by the Union Pacific road instead of the way we consigned it. As soon as it came to my notice I notified the pool commissioner that if he did any more of that business I should hold him personally responsible for any damage that might accrue. Which I certainly should have done. I will ship my freight as I wish.

By Commissioner ANDERSON:

Q. That was Mr. Brown, was it?—A. No, sir; Mr. Rich.

By the CHAIRMAN:

Q. When was this diversion made?—A. Some time last year.

Q. Had it been done before?—A. Yes; to some extent; but not to so great an extent. This was an amount of fifty cars; and it had been diverted before I knew it.

Q. Do you know whether there has been any diversion between these roads since April?—A. I do not.

COMPLAINTS OF RATES ON FUEL.

Q. What other complaints have you knowledge of as to rates?—A. I complain of the fuel. I think that is high and unreasonable.

Q. What are the rates on fuel?—A. The rate on coke is $12.

Q. From where to where?—A. Delivered in Leadville.

Q. From what point?—A. Sometimes from El Moro, and sometimes from Crested Butte. Of course the Union Pacific Company is only indirectly interested. They have no coke. We get our coke from the Rio Grande road. When we have asked for a reduction on coke the answer has been that they could not do that without the permission of the Union Pacific, for the reason that they were in the pool, and the price of coke was fixed and understood, and could not be changed without the consent of the Union Pacific people; and, while they would be glad (of course) to put it down, the Union Pacific Railway Company would not allow it.

Q. Why would not the Union Pacific Railway Company allow the reduction?—A. I cannot tell you why.

Q. Do you know of any explanation?—A. No; I do not.

Q. Do you know whether this arrangement as to coke has changed since the 1st of April?—A. I know the prices have changed, and I have understood that the same relative proportion of business has been divided. But it is simply a local matter they claim.

EFFECTS UPON COMMUNITY OF EXISTING RATES.

Q. How does the rate affect the business of the community?—A. Quite seriously, I think. There are twenty-three furnace stacks, I think, in Leadville; and I do not think half of them have been running during the past year. And were it not for the hope we have for some relief in the future (we have kept them up now for a year and a half or two years) there would not have been a stack running in Leadville today; not one.

Q. Do you know of any other complaints?—A. I have no knowledge of any other. I know very little of the general rates.

RELATIONS BETWEEN UNION PACIFIC AND DENVER AND RIO GRANDE.

By Commissioner ANDERSON:

Q. I would like to know a little more about the attitude of these two roads in reference to Leadville business. Is the Union Pacific Railway Company an active competitor with the Denver and Rio Grande for business in Leadville?—A. Yes, sir.

Q. They have an agent constantly here?—A. Yes; and they have a joint agent.

Q. But does the special agent of the Union Pacific Railway Company solicit freights for his road here?—A. I do not think there is much solicitation done here in our business.

Q. With whom have you conversed with regard to the relations existing or which were to exist between those two roads with reference to Leadville business?—A. Mr. Hughes and Mr. Jackson.

Q. Mr. Hughes is of the Denver and Rio Grande?—A. Yes.

Q. And Mr. Jackson is of what road?—A. The same road.

Q. And who else?—A. No one else, except these interviews I told you we had here.

Q. Have you conversed with any of the officers of the Union Pacific Railway Company with reference to the relations existing between those two roads?—A. No, sir; we have done very little business, almost none, with the Union Pacific Railway Company.

THE UNION PACIFIC VETO ON RATE REDUCTIONS.

Q. Then it is largely surmise on your part that the Union Pacific Railway Company had entered into arrangements which gave it a veto on the reduction of freight rates by the Denver and Rio Grande?—A. Oh, no; it is a matter of information derived from those I have talked with.

Q. With whom have you talked?—A. Mr. Hughes and Mr. Jackson.

Q. They are both in the Rio Grande road?—A. I know; but they are familiar with the rates of both roads.

Q. What did they say?—A. I cannot tell you exactly.

Q. How long ago was this?—A. I do not think I said anything to them for six months.

Q. Are you sure you have done so within three or four years?—A. Oh, yes; over and over again.

Q. Which of these gentlemen made the statement that the Rio Grande road could not reduce the rates on coke without the permission of the Union Pacific Railway Company?—A. I think both of them did.

Q. Who is the pool commissioner to whom you refer?—A. Mr. Rich, of Denver.

POOL PERCENTAGES.

Q. What do you understand the relation of those roads, as to the percentages in the pool, to be?—A. Well, I understand that lately the percentages have been changed a little on passenger business. I think it was 60 per cent. and 40 per cent.

Q. Sixty per cent. to the Rio Grande and 40 per cent. to the Union Pacific?—A. I think so; or two-thirds to the Rio Grande and one-third to the Union Pacific. Lately I understand that they had a change as to passenger rates of 60 and 40 per cent.

Q. Do I understand that it is now two-thirds and one-third on freight, and 60 and 40 on passengers?—A. That is as I understand it.

AMOUNT OF RAILROAD BUSINESS AT LEADVILLE.

Q. Have you any knowledge of the magnitude of the railroad business of Leadville.

The WITNESS. In dollars and cents, or in tonnage?

Commissioner ANDERSON. In tonnage, we will say.

The WITNESS. I can give you an approximation of the entire business in dollars and cents for the past year.

Commissioner ANDERSON. Well, give us that.

The WITNESS. Last year the business of Leadville was about $2,500,000.

Q. Does that include both freight and passenger?—A. Yes.

Q. Do you know, with reference to the cost of the construction of the roads, the expense of operating the roads, and the expense of their equipment and repairs, whether this business was such as to yield them an extraordinary revenue?—A. Only in a general way. We all know

that it costs very much more to construct a road through a country like this, and probably considerably more to operate it, than it does lines East. We understand that. But we think that there is a point where they should stop.

Q. Well, is not that point reached when their profits exceed a reasonable return on what it has cost them?—A. That is one way of measuring it.

Q. Is there any other just way of measuring it?—A. I never heard of any such rates before, anywhere, as the prices we are paying.

Q. Have you heard of many such railroads elsewhere?—A. Well, no; not many.

Q. Does not a portion of the difficulty arise out of the fact alluded to by the prior witness, that there is a discrepancy or want of balance between the rate charged on ore and the rate charged on bullion, so that the valley smelters take the ore here at such a price as to make it unprofitable for the local smelter to bid for the ore?—A. Yes, sir.

NO COMPLAINTS AS BETWEEN INDIVIDUALS.

By the CHAIRMAN:

Q. Have you any other suggestions?—A. No; I do not know that I have. The matter of fuel is the only matter I thought of presenting.

Q. Do you know of any complaints existing in the community as to special rates, discriminations, or rebates?

The WITNESS. You mean as between individuals in the same place?

The CHAIRMAN. Yes.

A. No; I do not know anything about that.

Q. Have there been any complaints?—A. Not to my knowledge.

LEADVILLE, COLO., *Thursday, July* 14, 1887.

ALBERT SHERWIN, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Smelting.

MANVILLE SMELTING COMPANY.

Q. Where is your place of business?—A. In Leadville.

Q. Do you conduct your business under an individual name or a firm name?—A. Under a firm name.

Q. What firm name?—A. The Manville Smelting Company.

Q. How long have you been in business?—A. With that company since the spring of 1883.

Q. Have you made shipments over the Denver and South Park Railroad?—A. No, sir; my shipments have been made over the Rio Grande, but they have been diverted somewhat over the South Park.

DIVERSION OF TRAFFIC.

Q. When were they diverted?—A. Well, I cannot state just at what time, but at different times during the last three or four years. I have not known of any being diverted for the last three or four months, perhaps six months.

Q. How were they diverted?—A. They were diverted from the Rio Grande cars to the South Park cars.

By Commissioner ANDERSON:

Q. And they were hauled over the South Park road?—A. Yes.

By the CHAIRMAN:

Q. Had you made arrangements to ship them by the Denver and Rio Grande?—A. Yes; and loaded them in the cars on that road.

Q. Did you deal with the Denver and Rio Grande agent?—A. Yes.

ORDERED BY POOL COMMISSION.

Q. How soon afterwards did you ascertain that they had shipped them over the Denver and South Park?—A. I could not say just how soon, but I found that they had been diverted, and talked with the agent about it. He said they did that by the orders of the pool commissioner.

Q. Was the agent of the Denver and Rio Grande the agent of the Denver and South Park?—A. Yes, sir.

Q. He was acting for both roads?—A. Yes, sir.

Q. What did you understand to be the arrangement made by the company, so that the pool commissioner directed this diversion of freight after you had billed it over the Denver and Rio Grande?—A. I understand it had been the pool arrangement between the two companies.

Q. Do you know the extent of the diversion of freight?—A. No, sir; I do not.

Q. Do you know how general it has been?—A. I know that there has been more or less of it done, for I have seen some of it done. However, I have not seen my own freight diverted or changed, but have known through others of its being diverted, and I have seen other freight changed from the Rio Grande cars to the South Park, from other smelters here.

Q. What do you know of the facilities and accommodations afforded to the community by the Denver and South Park Railroad Company?—A. Well, I only know that it is similar to what is done on the other road. The price has always been the same, as I understood it, for both freights and passengers, for the last four years.

Q. You have heard the testimony of the witnesses who have preceded you. Do you corroborate generally the details?—A. Yes; I should, generally.

Q. What, in your judgment, will be the effect of such rates if continued by the roads, upon the community here?—A. I should think it would be deterimental to the community and to business interests here.

Q. Have you anything to add in the way of information or suggestion, other than has been testified to by the other parties?—A. No, sir; I do not think I could add anything to what has been testified to by them.

Q. Have you any other information or suggestion that you can give to the Commission?—A. I do not know that I have.

SPECIAL RATES OR REBATES.

Q. Have you any knowledge as to special rates or rebates allowed to shippers?—A. No, sir; I have none at all. I know that I have not had any, and I do not know that anybody else has.

Q. Do you know whether the practice of the Denver and South Park Railway Company, through its agents, has been to secure shipments by

offering inducements of a special rate?—A. No, sir; not for the last four years.

Q. Was it so prior to that time?—A. I think there was a time when there were inducements offered; but it is five (perhaps six) years ago. When the road first came in here there was a little time, I think, when there was some special inducements offered; but yet I do not know that our rate on bullion has ever been any different since the roads came here. I do not think it has, since the two roads were running.

AGREEMENTS TO MAINTAIN RATES FAVORABLE TO RAILROADS.

Q. How does the volume of business compare as between the two roads?—A. That I do not know. Only I have heard it from some of the agents of the road that the percentages were at one time 60 per cent. to one road (the Rio Grande) and 40 per cent. to the other. I understand, lately, it is 66⅔ and 33⅓. That is not anything that I know positively, though, but have heard it from the employés.

Q. Is an agreement to maintain rates, in your judgment, favorable to the railroad companies or to the community?—A. Well, it might be, I suppose, under certain circumstances, favorable to both, perhaps; but it would be favorable to the railroads, I should think, anyway.

Q. What effect on the community has an agreement between companies to maintain rates?—A. Well, ordinarily, I should suppose it had a bad effect. That is, the rates would be more liable to be higher than they would be if they had not an agreement of that kind. Rates generally, I should suppose, under those circumstances, would be kept higher than if there was competition.

LEADVILLE, COLO., *Thursday, July* 14, 1887.

SAMUEL M. BROWN, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. In Leadville.

Q. What is your occupation?—A. Agent of the railroads here.

AGENT OF UNION PACIFIC AND DENVER AND RIO GRANDE ROADS.

Q. What railroads?—A. The Union Pacific and the Denver and Rio Grande.

Q. How long have you been such agent?—A. A little over a year; not quite a year and a month.

Q. Were you agent of one of the companies before that time?—A. No, sir.

Q. Your knowledge, then, of their business is confined to this last year?—A. Well, somewhat. I have been connected with the Rio Grande here for seven years.

Q. What connection had you with the Rio Grande before that time?—A. I was a cashier.

DIVERSION OF TRAFFIC.

Q. It has been stated here that on a number of occasions within the last year or two merchandise consigned by smelters from Leadville, via the

Rio Grande, has been changed under your directions and shipped by the Denver and South Park. Please explain to what extent that has happened.

The WITNESS. Merchandise?

Commissioner ANDERSON. Bullion more especially.—A. Yes, sir.

Q. That has occurred?—A. It occurred up to last September, during the time I was agent. Not since then.

Q. Please state why the directions of the shipper were not followed.—A. They were not followed because the bullion particularly was diverted to the South Park to keep up their percentage—that is, the Union Pacific.

Q. Was that with the consent of the Denver and Rio Grande officials?—A. Yes, sir.

BY ORDERS OF THE OFFICIALS.

Q. By whose orders was that done?—A. By the orders of the officials, and, except in a few instances, by the consent of the shipper.

Q. By the order of Mr. Rich also?—A. Yes, sir. The orders came from Mr. Rich.

Q. To what extent did this occur, to your knowledge—about how how many car-loads?

The WITNESS. Within what time?

Commissioner ANDERSON. During any time that you have any knowledge of it.

The WITNESS. During the time I was agent?

Commissioner ANDERSON. Yes.

The WITNESS. I suppose, probably, during the time I was agent, 200 car-loads—more or less.

Q. Was the diversion always from the Rio Grande to the Denver and South Park, or was it sometimes one way and sometimes the other?—A. Always to the Denver and South Park.

INSTRUCTIONS CAME FROM POOL COMMISSIONER.

Q. What were those instructions you received? Did they send you instructions showing that the Union Pacific Railway Company's quota was falling off, or did you know what it ought to have been, and when it fell off make this diversion?—A. I knew how the percentages were here, but I could not tell how they were running in the whole pool; consequently the orders came from the pool commissioner, Mr. Rich.

Q. With what officials of the Union Pacific Railway Company did you confer on this subject?—A. In case of diversions to the Union Pacific I never conferred with them particularly, because the diversions were to them. If the diversions were from them the conference would have been with them probably.

Q. With what officials of the Rio Grand road did you confer?—A. With Mr. Hughes, the traffic manager, principally. Though the orders came through the pool commissioner.

Q. To whom do you attribute the fact that the Union Pacific Railway Company did not receive from the Leadville shippers its quota of the outgoing bullion and merchandise?—A. Well, the bullion was consigned by the smelters some other way. For what reason I do not know.

THE POOLING AGREEMENT.

Q. Do you know what the pool agreement between the Union Pacific and the Denver and Rio Grande was?—A. I do not understand that question.

Q. Do you know what the pooling agreement was?—A. A pooling of percentages and earnings, on a revenue basis.

Commissioner ANDERSON. I understand. But do you know what its terms were?

The WITNESS. As regards percentage?

Commissioner ANDERSON. Yes; and how long it was to run and whether it was to be revised, and whether it applied to passengers and freight both, or only to one or the other.

The WITNESS. It applied to traffic of all kinds from common points. The percentages were at one time, since I have had charge, 66⅔ and 33⅓; and now they are 65 and 35 on freights, and 40 on passengers.

IN FORCE SINCE 1882.

Q. When did this pooling agreement commence, do you know?—A. It has been in force since 1882.

Q. Since the time the right of common trackage over the Buena Vista ceased?—A. No, sir; they had a pooling arrangement from the time the two roads first ran in here. It was broken afterwards.

Q. Before or after the high line was finished?—A. Before.

Q. Do you know what provision there is in the pooling agreement for its revision?—A. No, sir; I do not.

Q. Does not the readjustment depend upon the amount of business that has been actually done by the companies for a given period?—A. I would presume so, though I do not know.

Q. And is not that the reason why the Union Pacific Railway Company was interested in having its quota maintained? A. Yes, I presume so.

Q. Do you know whether there was any provision in the pooling agreement as to the period that it was to last without revision?—A. I think there was; but still I do not know what the length of time was.

Q. Do you know whether the agreement was in writing?—A. It was; I so understand.

Q. Have you ever seen it?—A. I have seen it, but never read it thoroughly. I have seen a copy of it, but it is not in my possession, and I never read it thoroughly.

FORMER POOLING PERCENTAGE.

Q. What was the pooling percentage before you became joint agent?—A. It was 66⅔ and 33⅓ at the time I took charge; it was what it had been.

Q. Which it had been for some length of time?—A. Not so very long, I think, but for some time.

Q. Do you know that for some time prior to that it had been 60 and 40?—A. It had been always 60 and 40.

Q. Until it became one-third and two-thirds?—A. Yes; until it became one-third and two-thirds.

DECREASE OF UNION PACIFIC BUSINESS COMPARED WITH DENVER AND RIO GRANDE.

Q. To what do you attribute the fact that the amount of business done over the Union Pacific Railway appears to have decreased, as

compared with the amount of business done over the Denver and Rio Grande, to the present time?—A. Well, one important factor is that the ore that was shipped from this camp all went to the Pueblo smelters. It was a very important and very large revenue to the Rio Grande, as it went over the Rio Grande. Another factor is that the bullion went, principally, to Pueblo and by the Santa Fé. The ore, until the last year or so, was not going to Denver except in very small quantities.

Q. Why not? Was the rate higher over the Union Pacific?—A. No, sir; it was the same to Pueblo that it was to Denver.

Q. Was it due then to a rebate or cut from the Denver and Rio Grande or the Santa Fé road?—A. Not that I know of.

Q. Would that be your judgment as a railroad man, if you found the ore coming that way, when the rates were the same?—A. No, it would not. I never supposed there were any rebates paid on ore. I have always been told so, and I take it for granted.

EXPLANATION OF THE DIVERSION.

Q. What would be your explanation of the fact?—A. That the ore was going to Pueblo and not to Denver. What has been going to Denver it has not been required to divert to the Union Pacific.

Q. But I am asking an explanation of the fact that for quite a period the proportion of ores that had previously gone to Denver decreased and the proportion to Pueblo increased?—A. They had not previously gone to Denver.

Q. Then what would be your explanation of the fact that, the rebates being the same, the ores sought the smelters at Pueblo, and did not go to Denver?—A. I presume the smelters at Pueblo had to have lead ore, and the smelters of Denver were supplied.

Q. Supplied from where?—A. From other points. They had lead mines of their own.

Q. You say the ores do move to Denver now?—A. Yes, sir.

Q. Have they not the same supply from other points that they had before?—A. I presume they have.

Q. And the rates are the same as they used to be?—A. There is another smelter started at Denver that draws his sources, in a great part, from Leadville, I think.

PUEBLO SMELTERS HAVE HAD TO QUIT.

Q. Which one is that?—A. The Holden. The Grant Company is drawing heavily from here, and the Pueblo smelters have had to quit.

Q. You say they have had to quit?—A. They did quit. I suppose they had to.

Q. What do you mean by saying they had to quit?—A. I presume they had to.

Q. Do you refer to any irregularity in tariff or charges when you say they had to quit?—A. No, sir; no irregularities that I know of or have any suspicion of.

Q. What has been the increase of the shipment of ore to Denver in 1886 as compared with 1885?—A. I think it increased 75 per cent.

Q. How much is it running this year as compared with 1886?—A. It is running about the same, I think; a little less if anything.

Q. Now, in regard to the movement of bullion?—A. I think the bullion is running fully as heavily this year as last.

PRICE PER TON ON BULLION.

Q. What is your judgment as to the price of $12 per ton on bullion to Denver, taking into account the services and the cost of operating the road; is that an exorbitant rate or not?—A. Well, I think it is a high rate.

Q. And what have you to say in regard to the rate of $5 on ore?

The WITNESS. You just want it from my standpoint, do you, entirely?

Commissioner ANDERSON. Yes.

A. I think, as a protection to the smelters at Leadville, it is not any too low.

RATE HIGH COMPARED TO COST OF PRODUCTION.

Q. How much reduction, in your judgment, should there be on bullion to make it conform to similar services in other localities?—A. I am not conversant with rates on bullion from other localities.

Q. Then why do you say that you consider it a high rate; what do you compare it with?—A. I compare it with the cost of producing it here somewhat.

Q. Do you compare it with the cost of transportation and the question of whether it yields a large profit to the carrier or not?—A. Well, I compare it with the rate from Pueblo and Denver to the Missouri River, which is $8, as compared with $12 here. I think that compared with that it is a little high.

COST OF TRANSPORTATION.

Q. Is the cost of transportation from Pueblo to Denver and the Missouri River the same as the cost of transportation from Leadville to Denver over the Denver and South Park or the Denver and Rio Grande?—A. No, sir; it would not compare. It is very much less.

Q. Do you know the cost of transporting a ton of bullion from Leadville to Denver over either of these routes?—A. No, sir; I cannot tell you.

LEADVILLE, COLO., *Thursday, July* 14, 1887.

H. I. HIGGINS being further examined, testified as follows:

RATE ON ORE.

The WITNESS. You asked me as to the rate of $12. The rate from Salt Lake, for instance, to the Missouri River has been for several years $17. It has been $22 from Leadville to the Missouri River until the interstate commerce law went into effect on the 1st of April. They then made the Salt Lake rate $18 to the river and the Leadville rate $20.

By the CHAIRMAN:

Question. What was the cause of your preference for the Denver and Rio Grande as against the Denver and South Park?

PREFERENCE FOR THE DENVER AND RIO GRANDE.

Answer. I do not know; only when I first came here we did business with the Denver and Rio Grande, and their connection was the

Burlington road. I was, for a great number of years, connected with that, and, other things being equal, I would naturally prefer to send freight that way.

Q. Have the shippers generally preferred the Denver and Rio Grande as against the Denver and South Park?—A. No; not that I know of.

Q. Is there about an equal division of sentiment?—A. So far as I know.

PUEBLO SMELTERS PAID TOO MUCH FOR ORES.

Q. What was the trouble with the Pueblo smelters that they went out of business?—A. I think they had been paying too much for ores here. Mr. Brown said that the ores went from Leadville to Pueblo in large quantities; and my impression is that they paid much more for the ores here than Denver would, or than they could. Recently they have not been doing it. Their management has changed, so that the ores now are mostly going to Denver instead of to Pueblo.

Q. Have you any other explanation?—A. No, sir.

Q. Or any other suggestion?—A. No, sir.

LEADVILLE, COLO., *Thursday, July* 14, 1887.

CHARLES BOETTCHER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am in the hardware business.

Q. Is your place of business in Leadville?—A. At Leadville. I have been in business at one time at Denver.

Q. How long have you been in business in Leadville?—A. About 9 years—going on to that.

Q. Are you engaged in business individually or under a firm name?—A. I am alone.

Q. Have you had any business transactions as a shipper with the Denver and South Park Railway Company?—A. Yes, sir.

Q. What has been the nature of your business relations with them?—A. As far as I know, very friendly.

FACILITIES AFFORDED DENVER AND SOUTH PARK RAILROAD.

Q. What have been the facilities and accommodations afforded by the Denver and South Park Company?—A. I do not know that there was any difference between the two routes. One was about the same as other.

Q. What character of goods do you ship over the Denver and South Park?—A. Hardware of all kinds—iron, nails, steel, and a general stock of hardware.

Q. Between what points?—A. Between all points. We buy in Chicago, Saint Louis, Pittsburgh, New York, and different places.

Q. How many competitors have you in your business?—A. There is quite a number here; three or four, I think

RATES.

Q. What rates have you paid?

The WITNESS. Rates from where?

The CHAIRMAN. From the points of shipment over the Denver and South Park, or over the Union Pacific and its branches—local rates or through rates.

A. Our rates to Leadville are all local rates. It makes no difference where you ship from. If you ship from New York the goods will be shipped to Denver and a local rate charged from there on to Leadville.

Q. Have you always paid the open published tariff rate?—A. I have lately; yes, sir.

Q. What did you pay before?—A. Well, I do not know. It was quite a little while ago.

Q. From whom did you get the rate?—A. From the Union Pacific.

Q. Did you make application for a special rate?—A. Yes.

Q. To whom did you make the application?—A. I do not remember now to whom I did make it.

Q. To the local agent or to the general manager?—A. There was an agent here who was sent here from Omaha. I do not remember who it was, now.

SPECIAL RATES.

Q. How long ago was it that you had this special rate?—A. That is quite a while ago. I think it is about four years ago. I do not remember just when it was—that is, I do not remember whether three years or four years; I guess, four years.

Q. What difference was there between the special rate and the tariff or published rate?—A. I cannot tell you now just what difference there was. I would have to look that up. I cannot tell you without referring back.

Q. The Commission has in its possession all the rebates, and I only ask you for your recollection. We have them from their books at Omaha. How long did you have the special rate?—A. To make a rough guess, I should think two years.

Q. Did you pay the full rate?—A. Yes, sir.

Q. Was the difference refunded to you by way of rebate?—A. Well, you can call it rebate; yes.

Q. On what class of goods?—A. That was on a general class of goods.

Q. Had all your competitors the same rebate?—A. I do not know. I was not looking out for them.

Q. Was the rebate offered to you as an inducement to secure your shipments?—A. I guess it was.

DISCRIMATIONS.

Q. What other discriminations do you know of, so far as this community is concerned?

The WITNESS. As far as the rates go at the present time?

The CHAIRMAN. At the present time, or any other time?

A. I think the rates are too high at the present time, altogether.

Q. But I am speaking of discriminations in favor of one shipper as against another.—A. I do not know of any in Leadville at the present time.

Q. Was the rebate or special rate any advantage to you?—A. Yes.

Q. Were you enabled to sell your goods lower than your competitors?—A. I was enabled to reach towns that I cannot reach now.

Q. Could you undersell your competitors?—A. I did not try to.

Q. Was it necessary, in order to get the trade?—A. Yes.

Q. Did you get the trade?—A. Yes.
Q. Did you undersell?—A. Well, that is something else, again.
Q. How else would you do it?—A. We had the goods to sell and offered to sell them.
Q. So that the rebate or special rate you had, gave you that advantage over your competitors at Leadville?—A. I do not know that it gave us any advantage. We sold a good many goods here.
Q. Do you know of any other discrimination among other shippers?—A. I do not, sir.
Q. Why was your rebate stopped?—A. I guess they formed a pool here in such a way that there was not anybody who got a rebate.
Q. What did the pool have to do with rebates?—A. As long as they had their percentage, what was the use of giving a rebate?
Q. Who had the percentage?—A. All the railroads.

EFFECT OF POOLS ON REBATES.

Q. I would like you to explain what effect a pool has on a rebate?—A. If the roads were pooled, and they divided the profits, it would not be necessary to give any of it away, would it—if they were in a pool and divided the profits?
The CHAIRMAN. My observation is that after a pool is consummated, within a few hours (and less than that, sometimes) each road goes about cheating the other by special rates.
The WITNESS. Oh, we have not got that kind of people up here.
Q. What other complaints have you?—A. My present experience is that we cannot go a few miles out and sell a thousand dollars worth of goods. It is out of the question for us to ship goods and reship them again.
Q. How do the people in all those towns get their goods?—A. Over the same line. Take the rate to Malta, for instance. It is five cents per ton less than to Leadville.

By Commissioner ANDERSON:

Q. From where?—A. From Chicago, or Saint Louis, or anywhere. Take the next town—Granite—which has a rate, I believe, of 20 cents less than Leadville. So that I cannot get goods in here and reship them again at that difference.
Q. What effect has that on this community?—A. We are obliged to sell all our goods in this town. We cannot go out of town either one way or the other. Now, take Robinson, for instance, which, I think, is the next town on the South Park. We cannot sell a dollar's worth of goods over there. You can take any town you like. This town is handicapped by railroads any way you want to look at it, or any point yo want to go to.
Q. How long has it continued?—A. For the last four or five years.
Q. Was it that way when you were getting a special rate?—A. Yes; and that special rate let me into those towns that I cannot reach now.

DEPRIVED OF SPECIAL RATE, AND NO EXPLANATION GIVEN.

Q. Did you make a protest to the company when they cut off the special rate?—A. Well, I naturally did.
Q. How did they make answer?—A. They quit.
Q. What do you mean by "they quit"?—A. They stopped the special rate, and that is all the satisfaction we ever got.

Q. Did they give you any explanation?—A. No, sir.

Q. With whom did you talk about it?—A. Oh, I have talked to the different officials that I have met. I do not remember the general freight agent's name now. There has been a number of changes in that office.

Q. Do you know of any other complaints?—A. These gentlemen who represent the smelters have given you a full account of their complaints. They have given it to you as well as I can.

RATES TO LEADVILLE HIGHER THAN ELSEWHERE.

Q. Do you know of any additional information further than what they have given?—A. No; I do not know that I can give you any. The rate to Leadville seems to be higher than to any other place in the State. I do not know any other place in the State where the rates are higher.

Q. What would be the purpose of making the rates so high here?—A. Because they can get it, that is all.

You were speaking, a moment ago, about shipping here. When we were hauling goods from Colorado Springs I paid on an average 75 cents for my goods. The lowest rate I get now is $1. Lately, I believe, they have made it 85 cents; but it has always been $1. Before we had a railroad in this town my goods never averaged me to exceed 75 cents a hundred pounds for freight. And I can haul goods to-day in this town for that.

The Commission then adjourned, to meet upon the call of the Chair.

FORT COLLINS, COLO., *Saturday, July* 16, 1887.

The Commission met upon the call of the Chair, all of the Commissioners being present.

GEORGE W. BAILEY, being sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am an attorney-at-law, and am now editing the Fort Collins Express.

Q. How long have you been in business at Fort Collins?—A. Two years last November.

Q. Were you living here prior to that time?—A. I came here in 1873 and remained until 1882. I was over at Middle Park for two or three years, and came back two or three years ago.

COMPLAINTS CONCERNING STONE SHIPMENTS.

Q. Have you any knowledge of any complaints existing in the community at Fort Collins in reference to the shipment of stone from quarries controlled by the Union Pacific Railway?—A. Only in a general way. Of my own knowledge I know nothing about it.

Q. What have been or are the complaints?—A. The complaints are usually when those parties owning private quarries desire to ship stone to other parties than the Union Pacific, that they are unable to get cars. If the Union Pacific happens to want the stone, they can get all the cars that are necessary to do the shipping; but if the owners of these quarries prefer to sell out to different parties, then the company

refuses or fails to let them have a sufficient number of cars. One party—I cannot recall his name now—who owns a quarry, told me that he had been selling his stone to the company, but they were to pay him every thirty days; that his pay was behind sixty days, and he was unable to pay his men and they had quit him; that the parties who represented they were acting for the company had made repeated efforts to buy his cars.

By Commissioner LITTLER:

Q. What is the name of that man?—A. I cannot recall his name.

By Commissioner ANDERSON:

Q. Where does he live?—A. He lives in the neighborhood of Stout.

By the CHAIRMAN:

Q. How many quarries are there in this neighborhood?—A. A great many.

Q. What are the names of the quarrymen or companies who control them?—A. Cliff is one.

Q. Where is he?—A. I think he is in town. And Cavanaugh is another.

RED STONE QUARRIES.

Q. Does he live here?—A. No; he lives about Stout. Mr. Wilson controls the Red Stone quarries. The Red Stone quarries are some distance from the railroad. They have trouble, or have had trouble, about getting cars and facilities for loading their stone—something of that kind.

Q. What other quarries are there?—A. There are these Red Stone quarries and numerous gray sand-stone quarries. I could not make a guess as to how many there were.

Q. Are they all engaged in business now?—A. No; not all of them.

Q. When did they go out and what ones went out of business?—A. I am unable to tell. They work off and on as they can get a market for their stone or get cars to shift their stone, and when they cannot, of course, they quit.

Q. Where is the market for their stone?—A. In Denver, and Omaha, and Lincoln, and Kansas City.

Q. How else can they get to Denver except over the Union Pacific Railroad?—A. They cannot, unless they go over the Union Pacific road.

INSUFFICIENT CAR SERVICE.

Q. Why have they not a market?—A. The complaint is that they are unable to get the cars to ship their stone. They have no trouble about about finding a market for their stone, but they cannot get the stone there.

Q. There is no trouble about the Union Pacific carrying all their own stone out, is there?—A. No; they seem to be able to carry their own stone.

Q. Have they furnished plenty of cars to their own quarry?—A. I have not heard any complaint that they have not. Of course we would not be apt to hear complaints from that source.

Q. From your observation, are there plenty of cars to carry stone in and out for the Union Pacific quarries?—A. Yes, sir; as far as I know.

Q. Has that been going on when the other men were complaining of the want of cars?—A. Yes, sir.

By Commissioner LITTLER:

Q. Is there a large amount of business done in this stone-quarrying?—A. The shipments here amount to about 750 cars a month. The quarrymen say that it could be increased one-half or two-thirds if they had proper facilities for transportation.

INJURY TO PRIVATE QUARRIES.

By the CHAIRMAN:

Q. What has been the effect on the other shippers of stone of the refusal to give them cars or give facilities for shipment?—A. In 1880 there was no switch running up there and they hauled all of their stone to Fort Collins by wagon and loaded it on the cars. The Union Pacific owned no quarries there at the time. Quarries that then worked twenty or thirty men are now idle most of the time. So the conclusion we arrived at is that the ownership of those quarries by the railroad company has injured the private owners so that they are unable to haul their stone to this place by wagon and compete with the railroad companies. If they are unable to get cars to ship their own stone, the quarries remain idle.

Q. Do you know the rate paid between here and Denver and other points by the shippers?—A. No, sir; I do not.

Q. Do you know whether there has been any complaint as to special rates?—A. No; I do not.

Q. Do you know whether there has been any complaint that the Union Pacific Company enjoyed a rebate upon the actual cost of shipping that they gave to the public upon their freight?—A. I have not heard that they did.

Q. What other individuals than those that you have given us the names of in the town here are engaged in the quarry business?—A. I do not know of any. I know that there are a great many who own quarries, but just who they are I do not know. I have not looked into the matter much as to the ownership.

UNION PACIFIC SHIP 600 CARS MONTHLY, OTHER QUARRIES 100 CARS.

Q. Has the Union Pacific quarry interest absorbed the whole business?—A. Practically they have. The Union Pacific Company ship about 600 cars a month, so the agent here tells me, and from all the other quarries combined there are about 100 shipped every month. The most of them come from the red-stone quarries. The red-stone quarries furnish a class of stone which the Union Pacific Company has not, and of course there is no opposition.

Q, What is the capacity of the quarries outside of the Union Pacific quarries?—A. That would only be limited by the demands. The supply is equal to almost any amount.

Q. If facilities were afforded, could they produce 600 cars a month, equal to the business done by the Union Pacific?—A. Yes, sir; more than that; many times more than that.

Q. How much greater is the capacity of quarrying this stone than the Union Pacific quarries?—A. I think they produce only a small fractional part of the capacity of the stone business here; that is, what it could be grown to.

EXTENT OF UNION PACIFIC QUARRY INTEREST.

Commissioner ANDERSON. The agent tells me that the company owns 320 acres, and there is an unlimited amount of it.

The WITNESS. Yes, sir; there are thousands of acres.

Commissioner LITTLER. Describe it.

The WITNESS. Just beyond the first row of hogbacks there is a valley between the two ridges of hills. Each of these hills is filled with this gray sandstone, which may be obtained either in paving blocks, or thicker, for building purposes. There are three of these ridges that are just a mass of stone for 12, 13, or 14 miles along. You can see that you can form no estimate of the amount of stone here.

By the CHAIRMAN:

Q. It is unlimited, is it not?—A. Yes, sir; unlimited.

UNION PACIFIC MONOPOLIZES THE BUSINESS.

Q. So that the present arrangement of the Union Pacific Company as to the shipment of this stone has the effect of concentrating all the stone in Union Pacific hands, or keeping it out of the market entirely, has it not?—A. Yes, sir; that is the practical result of it.

Q. Is not the effect that all the smaller or larger quarrymen, with all the capacity that they have, are unable to conduct business because of the lack of accommodations and facilities furnished by the Union Pacific Railway?—A. That seems the tenor of the complaints.

DESCRIPTION OF THE STONE.

Commissioner LITTLER. I wish you would describe the layers of this stone and how it is found, and whether it is difficult to get it.

The WITNESS. The hills from the west run up at an angle of about 35 degrees, and on the eastern side they break right off straight. The stone lies in layers pitching with the angle of the hill, and these layers vary in thickness from 1½ to 2 inches to 2 or 3 feet.

By Commissioner LITTLER:

Q. What are the thickest layers?—A. From 3 to 6 feet, I should think. There are some after they get down deep in the mining that are of a great thickness.

Q. The layers are perfectly smooth, are they?—A. Yes; perfectly smooth.

Q. Will you describe their appearance as they come out of the quarry?—A. They come out in slabs, varying. The hill is cut by seams regularly, so that most of them come out in the shape of a parallelogram. Not square, but sometimes square, sometimes not. These slabs vary in size from 2 feet square, or a foot and a half, by 4 or 5 feet to 10 or 15 or 20 feet square, and vary in thickness from an inch and a half to several feet.

EASILY QUARRIED.

Q. Can you get out almost any size rock you please there?—A. Yes, sir; you can get out any size rock you please. That is, any size that a man ought to want.

Q. That is any size that machinery and men can handle?—A. Yes, sir. In the red-stone quarries, for instance, they get out blocks of stone weighing from 10 to 14 tons.

Q. Are those red-stone quarries in layers also, as the gray stone is?—A. Yes, sir; but much thicker.

Q. What is there immediately over the stone? Is it covered with a large amount of soil, so that it is costly to remove, or does the stone come right to the surface?—A. It comes right to the surface. Of course, right at the top there are small broken fragments of stone and a little earth, varying in thickness from an inch or two to several feet.

EXTENT OF THE STONE DEPOSIT.

Q. You describe the length of those quarries as from 12 to 14 miles. How wide are they?—A. Where there are quarries located now they are 2 or 3 miles wide, but really if there were facilities for moving stone they would be 8 or 10 miles.

Q. Do you mean 8 or 10 miles wide?—A. Yes, sir.

Q. Then, practically, there is a region of country there from 12 to 14 miles square with nothing but stone quarries?—A. Yes, sir. Of course, there are places in there where the stone would be difficult and expensive to work.

Q. Of this vast area does the Union Pacific only own a half-section, or 320 acres?—A. I do not know how much; it is only a small portion.

DEPTH NOT ASCERTAINED.

Q. How deep are they able to mine this stone? Is there anything to interfere with their going down to a great depth? Do they come to water?—A. There is no interference, I understand, from water, and the depth would only be limited by the depth of the stone. Of course, we have no knowledge as to that.

Q. Has not the depth been ascertained yet?—A. No; I have not heard of it. If it has, I have not learned it. You can form a slight conception of the amount of stone there from hearing it spoken of.

Q. Is this a fair sample of the surface of the stone as it comes out? I refer to these blocks of stone here on the cars.—A. Yes, sir; that is just the way it comes out.

Commissioner LITTLER. They appear to have been sawed out.

The WITNESS. Yes, sir.

Q. Is the surface of all the stone that comes out as smooth and handsome as that?—A. All of it, I guess. All that I have seen is as smooth as that.

SWITCHING FACILITIES OF THE QUARRIES.

Q. What are the switching facilities down at these quarries, with reference to the quarries that do not belong to the Union Pacific? Have they tracks running into these private quarries?—A. I understand not. At the Red-stone quarry I believe they are now building a switch to run up to their quarry.

Q. So that even if these private quarries had the cars, they could not get them to their quarries so as to compete fairly with the Union Pacific quarry?—A. I understand that some, at least, of the other quarries are so near the railroad there would be little difficult. Mr. Cliff and Mr. Bradley, owners of the quarries up there, are better acquainted with the country than I am.

Q. If they had sufficient switching facilities and cars and motive power, could not the product of this stone business be increased many times over?—A. Yes, sir; it would be unlimited.

COMPLAINT OF NOT GETTING CARS.

By Commissioner ANDERSON:

Q. I would like to know a little more definitely who made this complaint that you speak of, about not getting cars?—A. I think that is a pretty general complaint.

Q. Who made it to you?—A. It has been so general at different times that that covers nearly every person that is interested in the business.

Q. Are there not persons present, whom you know, who can give the times and occasions when they have not received the facilities that they have asked for?—A. There are persons present whom I should think could.

NO COMPLAINT AGAINST RATES.

Q. Is it a fact that you never have heard of any complaint relating to rates?—A. I never have heard of any complaints relating to rates.

Q. Have you never heard that the rates were so high that the markets were cut off by reason of the amount that had to be paid for freight?—A. No; I have never heard that in regard to the stone business.

Q. Has it been confined to this refusal to furnish transportation?—A. Yes.

NO THREATS AGAINST SHIPPERS FOR COMPLAINING.

By the CHAIRMAN:

Q. Have the railroad authorities here at any time made any threats as to shippers, because of the complaints that were made?—A. Not that I know of.

Q. Did you ever hear of any citizens, for fear of the railroad authorities, declining to make any complaint?—A. No, sir.

Q. Do you know of any officer, agent, employé of the Union Pacific Company being directly or indirectly interested in the quarry business?—A. No, sir.

Mr. LETT. May I ask a question?

The CHAIRMAN. Certainly.

INSUFFICIENT CAR SERVICE.

By Mr. H. C. LETT:

Q. You state to the Commission about cars. Do you know of any particular person who asked that question that has never been furnished cars, or cars were refused to when the company had them to supply?—A. I believe the company said they d.d not have them.

Q. Can you state any particular time you had any knowledge of that kind?—A. No, sir. The question was when they were unable to get the cars, the company said they did not have them.

Q. Who has been refused cars? Give me the name of any one person?—A. I believe I have heard Mr. Cliff, one of the owners of the quarries, state they were unable to get cars.

Q. To whom does Mr. Cliff sell stone?—A. I do not know. He is in the room.

Q. He is here now?—A. Yes, sir. I have mentioned him. I do not know as I remember just when, but the complaint has been general.

Q. You do not know that the company has never been short of cars, time and again do you?—A. No; I do not know anything about it.

Q. You do not know that there are weeks at a time that we are unable to get cars to furnish either for Mr. Cliff or anybody else, do you?—A. No, sir; I do not.

Q. You do not know anything about that?—A. I do not know anything about it.

RED STONE QUARRY.

Q. You speak of the red stone. Do you say that does not interfere with the business of the Union Pacific?—A. I should say I think not. It is a different quality of stone.

Q. You never heard Mr. Wilson, the superintendent of that quarry, ever making a complaint, did you?—A. No, sir; I am not acquainted with Mr. Wilson.

Then you do not know anything about the red-stone quarry, or any complaints coming from that quarry, do you?—A. Only as a matter of general talk. I do not pretend to speak of these complaints of my own knowledge. They are only talk that we hear.

COMPLAINTS AS TO SWITCHING FACILITIES.

Q. Did you ever hear of any person making complaint of not getting tracks or switches into their quarries in order that they might do their business?—A. I have heard the employés of the red-stone quarries.

Q. You do not know anything about that. But I mean where the Union Pacific are doing business, where there would be naturally a competition. Do you know of any person ever asking for tracks or switches who has been denied?—A. No, sir; I do not know that they have ever asked.

Q. You never heard that?—A. No, sir.

Q. Also you do not know whether they have ever been refused a car that could be supplied them or not?—A. No, sir.

By the CHAIRMAN:

Q. Have the officers or employés or agents of the Union Pacific Railway Company participated in any way in influencing elections in this locality, general or local?—A. I guess not.

Q. Have there ever been any complaints in that direction?—A. I have never heard of any.

By Commissioner LITTLER:

Q. What did you ever hear of the employés or managers or owners of red stone say about their failure to get cars?—A. I have heard nothing about their failures to get cars. It was the lack of switching facilities. The company, I understand, agreed to put in switches for them at various times.

Q. They have not done so?—A. I believe the material is on the ground now. I understood it was.

By Commissioner ANDERSON:

Q. Is it a Union Pacific connection?—A. No, sir.

Q. On what road is it?—A. This switch would run from the Union Pacific. That is the only road we would have.

FORT COLLINS, COLO., *Saturday, July* 16, 1887.

JOHN T. CLIFF, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I keep a little store here in town, and I run a quarry outside as well.

QUARRY AT SPRING CAÑON.

Q. Where is your quarry located?—A. In Spring Cañon.

Q. How near are you to the Union Pacific quarry?—A. From a mile and a half to 2 miles? About 2 miles from the upper quarries.

By Commissioner ANDERSON:

Q. East or west?—A. I am north of them. They are south of me about 2 miles.

By the CHAIRMAN:

Q. Are you nearer Fort Collins than are the Union Pacific quarries?—A. I am about 2 miles nearer.

Q. What is the capacity of your quarry as compared with the Union Pacific?—A. We have nothing of the capacity of theirs, of course, because we have not got the means to work it as they have.

Q. How many acres have you?—A. Forty acres.

Q. What have been the facilities afforded you by the Union Pacific Railway Company?—A. Of course we have not got the privilege of shipping the same as they have. We can ship all the dimensions of stone to them that we can get out, but as to shipping any outside contracts, which would be a great benefit, we have not got the tracks in the quarries to do it, and it would not pay us to take it out by teams.

Q. What kind of tracks ought you to have?—A. If we had tracks running up and down our quarries the same as they have, it would be a benefit; but we would have nothing but a spur from the main track.

Q. Have you made application to the company for better facilities?—A. No, sir; I asked them for the spur merely to load what I could, and they put it in. They began a year ago last summer.

Q. Have you made any complaints to the company about the lack of facilities?—A. No, sir; I have not.

Q. What rate have you paid on your stone?—A. We used to ship outside of them, and we paid $20 a car to Denver, and to Fort Collins it was 3 cents a hundred. I believe that is the rubble; 30 cents a thousand. I never shipped more than three car loads in here of rubble in my life. It would not pay.

Q. What other methods of shipment had you?—A. We have flagging.

The CHAIRMAN. You spoke of some other way of shipping just now?

The WITNESS. I say if we had our switches running in up and down our quarry, so that we could load from our derricks, it would be a big advantage; but we have never asked the privilege.

Q. Why have you not asked?—A. Because we have never opened the quarry sufficiently to warrant it.

INSUFFICIENT CAR SERVICE.

Q. Have you any complaints to make against the Union Pacific on account of lack of facilities?—A. No; I do not know that I have. Of course

their rates have always been higher than we could pretend to ship outside. There was one contract I took in Boulder, when they were building the court-house there. I turned out $400 or $500 worth of stone, and I asked them for cars and they refused me then half enough cars to load, and I never loaded it.

Q. Why did they refuse it?—A. Because I had no switch there. We used to load on the tracks. We used to load there all along.

SUPERIOR FACILITIES OF UNION PACIFIC QUARRIES.

Q. How many quarries other than those of the Union Pacific have the facilities that the Union Pacific quarries have?—A. Not one on the road. There is nothing but a spur from the main track to haul three or four cars.

Q. What effect has that had upon the other quarrymen?—A. If they had the tracks running up and down the quarries the same as the Union Pacific they could heave it right on the cars, and it would probably save $8 or $10 a car, with teams and loaders. For that reason they can ship cheaper than we can, and we cannot compete with them; and for that reason we have never bothered with it.

Q. Do you mean to say that you have given up quarrying on that account?—A. We have not given up quarrying. We are quarrying all we can, and teaming to town and shipping to them at the present time. We are loading cars chiefly with curbing for them, and selling our curbing to them, all we can get out. When we get a car-load we give them an order and they switch in a car and we load it.

Q. Do you prefer to sell to them and make your contracts through them?—A. We have got to, because we have no other way to do. I never asked for any rates to ship east.

OTHER QUARRIES SELL TO UNION PACIFIC QUARRY.

Q. To what extent do the Union Pacific quarry people buy the stone of the quarrymen?—A. I suppose they buy it cheaper than they can quarry it.

Q. Do the quarrymen sell to the Union Pacific because they cannot ship it out in any other way?—A. I do not know. They never asked for any other way. They come to them and offer a price and they talk it up and sell to them.

Q. Do you know of any special rates being granted to other quarrymen?—A. No, sir. We along there have no other way to do except to sell to them. We have no rates, and never ask for any.

Q. When you did ship stone, did you pay the open public rate?—A. I paid $20 a car from the track to Denver, and when we hauled it to the switch, 3 miles south of here, we paid $15 a car.

Q. Was that the open rate to everybody?—A. It was the open rate to all the parties at that time.

Q. Was that the public tariff?—A. That was the public tariff that I knew of. I did not know anything different at that time. Whether they charged any more or as much as to themselves, I do not know.

By Commissioner ANDERSON:

Q. What was the capacity of the car on which you paid $20?—A. 20,000 pounds. If we loaded anything over that we paid extra. That was the capacity that we were allowed to load.

By the CHAIRMAN:

Q. Do you know whether any other shippers have any private or special rate with the Union Pacific?—A. I do not know. I never asked and never heard them say.

INSUFFICIENT CAR SERVICE.

By Commissioner ANDERSON:

Q. When was this time that they refused to give you cars?—A. That was the time the Boulder court-house was built. It must be four years ago, I guess.

Q. Why would they not let you load on the tracks?—A. I could not tell you why they would not do it.

Q. Whom did you ask?—A. I asked the officials up there of the road. There was a man by the name of Stout, and one named Constable, who were the superintendents at that time.

Q. Was that before the Union Pacific was doing business on its own account?—A. I think so; I could not say, at that time; but Stout and Constable were the superintendents for that quarry at that time.

Q. Did you ever complain of the refusal?—A. Yes, I did.

Q. To whom did you complain?—A. I went to the man that had the contract with F. O. Brown and Robert L. James, at Denver, keeping the Brunswick Hotel at the time; I wrote to him and he came to me and said he would go and see the officials about it. Whether or not he did I could not say, but he told me he could not take the stone because I could not get the cars. That was all I could tell you about it.

Q. Has any refusal of that character occurred since?—A. No, sir; not with me.

EXTENT OF SWITCHING FACILITIES REQUIRED.

Q. In regard to putting in this switching; how much of a job would it be? How long a switch would you require?—A. If we were going to put in a switch there it would take probably a thousand feet to where we are now, and then make a derrick. It would make it handy to put it on the main branch.

Q. At whose expense are the switches of that kind put in?—A. I do not know. As to what I had done I did my own grading, and the Union Pacific furnished the material and put it in.

Q. Do you mean they put in the spur?—A. Yes, sir. How it would be if the company ran a long switch along there, I could not tell; I do not know whether they would do the grading or I would. I never asked them.

METHOD OF PAYMENT BY UNION PACIFIC QUARRIES.

Q. How do they pay you for your stone; on what time?—A. Twenty cents a foot.

Q. Do they pay cash or after thirty days?—A. Thirty days, thirty-five days, and sometimes sixty days; just as they get around to it. When they first shipped it, it generally ran sixty days, and afterwards thirty days.

Q. Then they generally kept you waiting for your money?—A. No, sir; it might be a few days under or a few days more. We have always had our money promptly enough.

By Commissioner LITTLER:

Q. Have you any complaint to make about the manner in which you have received your payment?—A. Not at all; only sometimes they discount a little too much at Omaha.

Q. What do you mean by that?—A. Probably some of the stone did not come according to their wants, and they discount it off.

Q. Do they discount the paper?—A. No, sir—that is cash. That is dollar for dollar.

QUARRIES NEAR FORT COLLINS.

By the CHAIRMAN:

Q. How many quarries are nearer Fort Collins than are the Union Pacific quarries?—A. We are all a little nearer; I am about the furthest of all, except the Union Pacific. There are five quarries working, I guess, right alongside of the track, and I believe there are three spurs run in within 2 miles, or 3 miles at the furthest. We will call it 3.

Q. Are they all nearer than the Union Pacific?—A. They are all nearer this way. They are right on the Union Pacific track.

Q. Are they all working now?—A. Yes, sir; every man is working all he is able to work. I shipped for the Union Pacific Company.

Q. Can they compete with the Union Pacific Company?—A. Oh, no; they cannot expect to do that.

Q. Why not?—A. Because we want more money to open up the ground and have a bigger capacity in order to compete with them.

Q. Suppose they had the money to open the ground, how could they compete?—A. They could compete then. They have as good rock as the Union Pacific has.

DIFFICULTY IN REACHING A MARKET IN COMPETITION WITH UNION PACIFIC QUARRIES.

Q. How can they get it to market?—A. That is the point. I do not know what facilities they would give people for shipping it. Whether they could get terms to compete with them, I could not tell. That is what we want to get at, or want somebody to get at for us, to know whether it would be so.

Q. If facilities were afforded, would the citizens be willing to put in capital?—A. I think they would be willing to do it.

Q. Have they capital to do it?—A. I do not know why there should not be.

Q. Has the drawback been because of the improbabilities of getting proper rates?—A. The market has never been big enough to go outside, like the present time. Now the market is spreading right out. I could have sold out the other day to a Chicago building committee. Mr. Southerland went to Omaha and talked with Mr. Kimball for three hours, and he could not get rates to ship flagging east. He could get rates for any other kind of stone, but not for flagging.

CHICAGO CAPITALISTS DETERRED FROM PURCHASING BY HIGH RATES.

Q. What are the names of the people who compose the Chicago company?—A. I think the gentleman's name was called Netherland. I think they are Eastern capitalists. Netherland Brothers—they employ about 2,500 men. They are a building committee, he told me. He said they had one firm in Chicago, and another in Kansas City, and another in

Saint Louis; and soon, he said, they would be in Denver. But, he said, "We want to get Colorado stone to the Chicago market, but we cannot get rates to do so." That is the gentleman who told me.

Q. Did he say from whom he could not get rates?—A. He said he went to Kimball, in Omaha, and talked with him about it.

COULD NOT GIVE RATES FOR FLAGGING TO COMPETE WITH UNION PACIFIC MARKET.

Q. What did Kimball say to him?—A. He told him that he could not give him rates for flagging to compete with the Union Pacific market. Those are the words he told me over in the house, sitting down, a month ago.

Q. He could not give rates for flagging to compete with the Union Pacific stone?—A. Yes, sir.

Q. Why?—A. I could not tell you why.

Q. Did he give any explanation to you of what Kimball said?—A. No, sir; he did not. He told me that was the reason he had to give up all thoughts of getting Colorado stone on the Chicago market, because they could not get the rates. Those were the last words he told me. What the rates were he did not tell me, and I did not ask him.

Q. Is there no other way for you to get to the market or to Chicago except over the Union Pacific?—A. No, sir; not at all; not here.

Q. Have you anything else to say?—A. No; I have nothing to say that I know of.

By Commissioner ANDERSON:

Q. How far is it from here to Denver on a straight line?—A. I believe the nearest way they can get there is about 80 miles; somewhere about that. I do not know the exact distance.

STOUT AND CONSTABLE GOT CARS.

By the CHAIRMAN:

Q. Have you any other suggestions to give or any complaint to make?—A. No, sir.

The CHAIRMAN. Have you any questions to ask, Mr. Lett?

Mr. LETT. I will call the witness's attention to one thing. I will ask you as to the time you had trouble about getting cars and the time this extra freight was paid, if it was not before the Union Pacific had quarries, and when Stout and Constable were running them?—A. I do not know whether the Union Pacific had control at all.

Q. Was it not when Stout and Constable were running the quarries?—A. Yes, sir; they were at that time. They went to work then, and furnished the same contract that I had got my stone out for at that time; Constable and Stout did.

By Commissioner LITTLER:

Q. Did they get cars?—A. They got cars. They were running cars every day.

By the CHAIRMAN:

Q. They were the people who sold to the Union Pacific?—A. They were selling to the Union Pacific, and shipping everywhere and anywhere at that time.

Q. Did you ever hear of Constable and Stout having special rates?—A. I heard such talk outside, but I cannot prove it by any fact. I have heard that they were shipping for $10, and we were paying $20 at the time. I heard so from outside parties, but I cannot prove it.

FORT COLLINS, COLO., *Saturday, July* 16, 1887.

JOHN J. BRADLEY, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Stone contractor and quarryman.

LOCATION OF WITNESS'S QUARRIES.

Q. Where is your quarry?—A. To the west and southwest of the town here.

Q. West of Fort Collins, do you mean?—A. Yes, sir.

Q. How far west?—A. I have one quarry about 5½ miles west, and another one about 10 miles southwest.

Q. Are both of your quarries nearer to Fort Collins than the Union Pacific quarry?—A. One is, and one is farther away.

Q. How many acres have you of stone?—A. I have 120 acres in one and 160 in another.

WORKING UNDER DISADVANTAGES.

Q. How long have you been in the quarry business?—A. My brother and I came here about seven years ago, when that country out there was a desert, and when we, under great disadvantages, developed that country and opened out those quarries, and in this stone we built up quite a trade. We had from one hundred and fifty to one hundred and seventy men working. That was previous to the Union Pacific Company coming in.

METHOD OF TRANSPORTATION.

Q. How did you get your stone to market then?—A. We hauled it on wagons from the quarries to Loveland and Fort Collins.

By Commissioner LITTLER:

Q. How far away was Loveland?—A. It was 7 miles from our south quarry and 5 or 6 miles from the north quarry.

Q. On what road is Loveland?—A. It is on the Colorado Central.

The CHAIRMAN. Go on with your statement.

DIFFICULTY OF OBTAINING CARS AFTER UNION PACIFIC BOUGHT QUARRIES.

The WITNESS. We built up considerable business there, and it was a great help to the town here. We bought all our provisions and clothing for the men here in the town. We had a contract then with the city of Denver to pave the city. At this time the Union Pacific had no quarries here of their own, and we had no trouble in getting cars. As soon as the Union Pacific came in we tried to get cars, and we got them for a little while at the end of a switch. We found that while they would not deny us cars, they would say: "Well, yes; you can have cars"; and when we sent for them and ordered them, "We have not got them to-day," and "We have not got them" to-morrow. You can understand the position we were in. With the contract on hand, and our men and material there, they could put us off from day to day.

EFFECT OF DISCRIMINATION.

We had to give up our Denver contract altogether and discharge our men and let our quarries lie idle, from the simple fact that we could

not get the facilities to ship that we could get before the Union Pacific got their own quarries. I went to Cheyenne and took quite a number of contracts, and I waited thirty-one days here to get cars. While they did not refuse me directly, they put me off. In that thirty-one days I got one car. The result was that I had to throw up my contracts in Cheyenne, and the Union Pacific flagging went in and filled those orders that I had procured. Mr. Hammer, the agent of the Union Pacific Company at Cheyenne, said: "It is no use in your trying to compete with us; we know how to work it. You cannot ship those flags here." I had to throw it up at a loss, besides all the time I was waiting.

CLOSING UP OF COMPETING QUARRIES.

By Commissioner ANDERSON:

Q. What is the name of the agent?—A. Pete Hamma. Then I wrote to Mr. Kimball, at Omaha, and asked if they would sell direct to me from their own quarries, or give me facilities to ship stone myself. I got no answer, and I wrote to Mr. Lett, in Denver. After a while I heard that this matter was referred to Mr. Lett. I got no satisfaction at all. The result was I had to shut up my quarries and buy of the agents here. Their agent would find what we could make it for, and they would come right down. The result was I had to shut up.

By the CHAIRMAN:

Q. How long has this continued?—A. From the time the Union Pacific Company put in tracks to their quarries.

By Commissioner LITTLER:

Q. How long ago was that?—A. That was about five years ago, I guess, since they commenced operations.

UNION PACIFIC HAD AN AGENT AT CHEYENNE.

By the CHAIRMAN:

Q. What is the effect upon your business?—A. The effect is that we have to throw up our business altogether, or work at a disadvantage. I went to Mr. Gray, their foreman at the quarries, and asked for rates to Cheyenne, and asked them to sell direct to me, so that I could get material from the company, or to give me a track, so that I could ship stone myself. Mr. Gray said, "We cannot put a track in. We have got an agent in Cheyenne." By the way, I believe Mr. Lett wrote to me, and I believe I have the letter here, saying that it would be better for me to buy from the agent at Cheyenne. You see, the result of that is that their agent there can undersell me, and if I get a good contract, they can put down the price. They have got me.

Q. Have you that letter?—A. I have not got it with me. I did not expect to be here. I asked Mr. Lett if they would buy the stone of me; provided I sold the stone to them, would they get the switch. "Well," he said, "what stone we cannot get ourselves, we will buy of you." Said I, "What am I going to do with the stone if I get a lot out?" "Well," he said, "that is not our business. If we have to get out a lot of curbing, and we cannot get it ourselves, we will buy of you." The result was that we had to shut down.

REFUSAL TO FURNISH CARS FOR QUARRY WITHIN 200 YARDS OF TRACK.

Q. Are your quarries shut down now?—A. Yes, sir; except what little we can haul in by wagon. I have an agent on redstone. I came

down to town here and asked for a car. We had a side track for the company's benefit. I asked them to give me a car to furnish some red stone to finish a contract I had here, and I could not get it, and I had to haul the stone to Loveland, about 17 miles, where I could get a car. There was a track within 200 yards of my quarry, but they would not let me have a car there.

COMPELLED TO SELL TO UNION PACIFIC QUARRIES.

Q. Would the output of your two quarries equal the output of the Union Pacific quarry?—A. If we had the facilities for shipping it. While I was waiting thirty-one days they had on an average eight, ten, or fifteen cars on the track idle, all the time.

Q. Are they purchasers of stone of the other quarries, generally?—A. They purchase one class of stone; that is the curbing. If a fellow gets out anything else, it is all right; he can keep it.

Q. The effect is, as I understand you, to compel the quarrymen to sell to the Union Pacific quarries, or to go out of business?—A. That seems to be the effect. Indeed, it is the effect, as far as I can see, with all the quarries. It is the effect on me.

Q. Have the Union Pacific authorities been soliciting the purchase of other quarries?—A. Not that I know of.

Q. Have they had their agents out trying to buy?—A. Not that I know of.

HOW THE UNION PACIFIC ACQUIRED TITLE TO STONE QUARRY.

By Commissioner LITTLER:

Q. Do any of the officers of this company own any interest in this stone quarry, to your knowledge?—A. I do not know.

Q. Do you know in whom the title stands of this stone quarry which the Union Pacific operates?—A. No, sir; there was a man working for us that took up that claim, and, as I understand it, the Union Pacific hired a man by the name of Brown to jump on him. I was going up to Collins that night, and this Brown and another fellow held the fort with a rifle apiece, and would not let us get into the cabin. There was a man in Denver backing up this man that held it, until he was "busted" himself, and Brown got the claim and then the Union Pacific Company got it, and Brown went away on a big drunk, and that settled it.

LACK OF CAPITAL NO OBSTACLE TO WORKING QUARRIES.

Q. Have you sufficient capital to work your quarry, if the proper facilities were afforded?—A. We went in there without any capital and worked up that business and developed those quarries, and we had 150 to 175 men working, and were making quite a success of it, and were making money, before the Union Pacific people put their road in.

Q. Then it is not the fact that it is for the lack of sufficient capital that these quarries are not worked?—A. No, sir; not by any means. The quarries pay for themselves. We ran our quarries without any capital at all. We sold our stone on thirty days, and paid our men on thirty days. We had no trouble to work the quarries at all.

CONDITION OF STONE BUSINESS BEFORE UNION PACIFIC HAD QUARRIES.

Q. Was there prior to the Union Pacific going into the quarry business any complaint of inability of the men of this section to furnish the stone that was demanded?—A. No, sir.

Q. Were you able at that time to meet all the demands?—A. We were able to meet all the orders that came in. We furnished all the orders that came to us.

Q. Were the efforts to push the stone into the market as great as they are now?—A. Oh, no; of course not. Of course a private company or private people could not push that business like a railroad company.

Q. Was it the lack of capital that prevented you from pushing it, or the lack of railroad facilities?—A. No, sir; at that time, before the railroad came, the stone business was a local affair. It was just beginning to grow. As it began to develop in various cities, we found the ability to supply the orders.

CHARACTER OF STONE.

Q. How many car-loads a day were you capable of producing with 175 men?—A. I really do not know. We probably used to ship four or five or six cars a day.

Q. Is this stone easily quarried?—A. Yes, sir; where we have it lying in layers right on the top of the ground. It was like leaves of a book on top of the ground, and all we had to do was to break it off the size that was necessary.

Q. This is a sample of it out here on the track now, is it?—A. Yes, sir.

FAILURE OF UNION PACIFIC TO REDEEM PROMISES OF FACILITIES.

By the CHAIRMAN:

Q. Have you any other information to give to the Commission? Do you know of any other complaint?—A. None only this; that at the time the Union Pacific first came in there they promised us, through their agents, switches and side tracks, and when they got in there we found they would not or did not give them to us. We held two or three meetings in the town, and we appointed a man to ask satisfaction of the company, but we could not get any satisfaction at all. The great trouble was, it was a kind of stave-off, and we could not get any satisfaction until they wore us out.

Q. Have they worn you out?—A. Yes, sir; they have worn us out, that is a fact.

Q. What will be the effect if they continue this?—A. I cannot tell. The effect on me is that I have just got to let the quarries lie, and go to work at different work.

OTHER QUARRYMEN.

By Commissioner ANDERSON:

Q. What other men are there here that are in the same business that you are?—A. I do not believe there is any one in town to-day.

Q. What are the names of some of the others?—A. Lord, Kane, Leiaher.

Q. Will you give the names of all of them?—A. That is all I remember just now. There have been others in with them, who had to quit and go out.

Commissioner ANDERSON. I want their names.

The WITNESS. I do not remember their names now.

Q. Have they quit and gone out?—A. Yes, sir.

Q. Was their business the same as yours?—A. Just the same. The Union Pacific will buy only one class of stone of them, and you see they cannot quarry all that way.

ALL "STAND OFF" IN REGARD TO FACILITIES.

Q. I want to know whether they had the same experience you had in regard to asking for cars and being staved off and not getting them, while the company was supplying itself sufficiently to meet the demands of trade.—A. I can say this much: that this has been the case with Kane, Lord, and Leisher, when I have been at Cheyenne and other towns, trying to get stone from them, that they would be put off from day to day for cars, and the result is that we could not not make a contract on time.

METHOD OF WORKING QUARRIES.

Q. How many quarries can you specify that have been closed since the Union Pacific has been operating in stone?—A. These quarries are in this shape: There is quite a territory, and the man that owns a piece of land will, for the royalty, allow a company, or two, or three, or four men to come in and quarry the stone for the company. After they work it for awhile they find they cannot make it pay, and they go off. The whole stretch of hills has been opened by various men in that way, and they have gone off because they could not make it pay.

Q. Do you now refer to those who work and pay a royalty to the owner?—A. Yes, sir.

Q. How many such cases can you cite?—A. There are quite a number that I cannot remember. I could, of course, get the facts, if I had time to think them over and investigate. But I cannot remember just now.

Q. Who are the principal owners of these quarries?—A. Mr. Lord, Mr. Kane, and Leisher, Mr. Cliff, and myself.

Q. Are any of those gentlemen in this city to-day?—A. No, sir; I do not think they are.

AREA OF QUARRIES.

By the CHAIRMAN:

Q. What is the extent of the area covered by those quarries?—A. Take them altogether there must be 10 or 12 miles of good quarry there, and probably a quarter of a mile wide; not quite that.

FORT COLLINS, COLO., *Saturday, July* 16, 1887.

JOHN T. CLIFF, being further examined, testified as follows:

By the CHAIRMAN:

Question. Perhaps you could give some of the names Mr. Bradley could not recall. Can you state any other than those mentioned by Mr. Bradley? I refer to the men who have been quarrying and have gone out of the business because of the lack of accommodations or of their ability to compete with the Union Pacific quarry.

ONLY A DEMAND FOR FLAGGING.

Answer. When they were quarrying there there was scarcely any demand for anything but flagging, and when the flagging market shut

down they had to quit because there was no demand for that stone. It was three or four years ago, in Denver, when they were flagging the streets.

Q. Who were they?—A. Some outsiders. I do not know that I could name any one particularly. A man by the name of Charles Smith has gone away entirely. There is a man running that now named Cavanagh. There was no curb wanted at that time. It was all the demand of the market at that time for flagging.

The CHAIRMAN. Perhaps Mr. Lett would like to ask Mr. Bradley a question.

FORT COLLINS, COLO., *Saturday, July* 16, 1887.

JOHN J. BRADLEY, being further examined, testified as follows:

By Mr. LETT:

Question. You spoke of Mr. Hamma being the agent. Do you know in what capacity he has worked for the Union Pacific Company?—Answer. I do not.

Q. Do you know that he buys all the stone he can get?—A. I do not know anything about his business, only he represents the company there.

APPLICATION FOR A RATE TO CHEYENNE.

Q. Did you ever make an application for a rate to Cheyenne that you did not get?—A. Yes, sir; I made an application. If I am not mistaken, you are Mr. Lett?

Mr. LETT. Yes.

The WITNESS. I made an application to Omaha, as I stated, and to Mr. Lett, in Denver; and, if I am not mistaken, Mr. Lett referred me to Mr. Hamma, and told me I had better buy my stone of him. I went to Mr. Gray, at the quarries, and he would not give me any price at all at the quarries, and told me I had better buy of Hamma.

By the CHAIRMAN:

Q. Will you please furnish to this Commission a copy of that letter, if you can find it? You can mail it to us at Cheyenne.

Commissioner ANDERSON. Perhaps Mr. Lett has a copy of it.

HOW HAMMA PURCHASED STONE.

Mr. LETT. I think he stated correctly about that, and I can explain it. Probably he would corroborate me. Mr. Hamma had for a number of years, long before the Union Pacific Company came in, operated the quarries, and he was the party that bought stone directly from the company. He buys it and pays "C. O. D." He has the same rate of freight that everybody else has. In reference to referring him to Mr. Hamma, he could do just the same with Mr. Hamma that he could with the quarry. There would not be a particle of difference. He could get the same rate. He could ship it himself from his own quarry or from our quarry, provided——

Commissioner LITTLER. You had better be sworn if you want this to come in as evidence.

Mr. LETT. He is asking me a question. I will be sworn, if you wish.

The WITNESS. I would like to ask him why it was I could not buy stone direct from the company as well as Mr. Hamma.

Mr. LETT. I never knew of any reason.

The WITNESS. I asked you to sell stone to me direct, as it was annoying to get it from Mr. Hamma, and I asked you if I could not ship my own stone.

Mr. LETT. I will be sworn.

FORT COLLINS, COLO., *Saturday, July* 16, 1887.

HENRY C. LETT, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am superintendent of the stone department of the Union Pacific road.

Q. How long have you been connected with that department?—A. About three years.

DUTIES OF SUPERINTENDENT OF STONE DEPARTMENT.

Q. What are your duties?—A. To look after everything that belongs to the stone department—getting out stone and finding a market for it, and everything that pertains to getting out material for individuals or companies.

Q. Do you make contracts?—A. Only with contractors and builders. We furnish the raw material.

Q. How many quarries have you?—A. Two.

Q. Where are they?—A. One is in this county.

THE STOUT AND BUCK HORN QUARRIES.

Q. Will you name the county?—A. This is Laramie County. It is known as the "Stout Quarries." The other is the "Buck Horn Quarry." I think it is also in Laramie County, about seven miles distance from "Stout."

Q. What position did you hold before you were superintendent of the stone department?—A. I was a resident of Nebraska for twenty years; and before that I was engaged in various businesses—real estate and railroads. When I came here I came principally for health. The first year I worked for Mr. Stout, and did some business for him. He is the same man that ran these quarries.

Q. What position did you hold under Mr. Stout?—A. I was not in any particular position. I just attended to any business that he referred to me, as I was here without any special business, being out for health that year. Being well acquainted with him, he referred a great deal of his business to me, and I transacted it for him.

Q. Was he the principal quarryman at that time here?—A. He was the lessee of these quarries.

Q. How did he ship his stone out?—A. He shipped it by the Union Pacific road.

Q. What rate did he pay?—A. I do not know. I never was familiar with that part of his business.

Q. Do you not know whether he paid the open tariff rate or a special rate?—A. No, sir; I do not know. I had nothing to do with that.

Q. Were there any other quarries competing with him at that time?—A. I do not know. About the same as they are now, I think.

Q. Had he not a monopoly of the business out here?—A. I do not know that he had. I thought he grew into probably doing more business than any one else, because he had more money than the balance of the quarrymen; but outside of that I do not know.

Q. Had he not more facilities than any other quarryman?—A. No, sir; I do not think he had, except the company had these tracks in there. They belonged to the company.

Q. Were the tracks being in there an advantage or disadvantage?—A. They would be an advantage. The company owned the tracks and owned the quarries.

THE UNION PACIFIC QUARRIES.

Q. After Mr. Stout went out of business, you assumed control of the business out here for the Union Pacific Company?—A. Yes, sir.

Q. What advantage in facilities have the Union Pacific quarries over other quarries located near Port Collins?—A. They have none, with the exception of the improvements they have put in for themselves, or that were in. There is no local advantage. In fact, I think there are better quarries right along where these gentlemen are speaking of than the Union Pacific quarries; considerably better.

Q. Do I understand you to say that the Union Pacific, in reference to the tracking facilities, have no more advantages for shipping than the other quarries?—A. I do not mean to say that. I mean to say there is no advantage in the quarry, so far as that is concerned. This man Stout had developed these quarries during his lease for probably two years, I should think, and there was more work done there than where these other men were working. Consequently there were more tracks put in. But after the Union Pacific took the quarries from Stout we put in a great many improvements of our own.

SWITCHES ALWAYS PUT IN WHEN ASKED FOR BY COMPETING QUARRIES.

As to these persons that are quarrying outside, in every instance that I remember of where they have asked for a switch, or where they were able to or wanted to produce any stone, the switch has been put in without a murmur from the company. That has been so in every instance. They generally apply to me and ask if there could not be switches put in, in order to get stone out, and I have applied to the company in order to get switches put in, and every switch that I have known of that has been asked for, unless it called for some extraordinary expenditure, the company has put in.

Q. How many acres has the Union Pacific?—A. I think about 320 acres in all.

Q. Then they have but a small proportion of the quarry land?—A. Yes, sir.

ADVANTAGES OFFERED BY UNION PACIFIC TO COMPETING QUARRIES.

Q. Is not the effect of the facilities afforded by the Union Pacific to their own quarries to compel other quarrymen to ship through or sell to the Union Pacific, or to go out of business?—A. No, I think not.

Q. How can they compete with the Union Pacific?—A. I will tell you. It has been the theory and practice of the company, and of this department of it, to assist any person who had a quarry and had stone

that he wanted to get out and ship on his own account, by giving to him the lowest possible rate that has been afforded to any person. Our freight rates have been made on account of competition that we have had to meet of stone coming from eastern quarries. There is not to-day a quarryman in this county or in this State who cannot ship on the very same rates we are having. And more than that, I will be glad to have them take 1,000 acres on contracts, and they can have all there is in it.

Q. Have you always furnished the cars demanded by those quarrymen?—A. I think so, as far as it was possible.

Q. Have you furnished the cars equally as readily to the other quarrymen as to the Union Pacific quarries?—A. That is something, of course, I do not have any control of. I make applications for cars just the same as Mr. Bradley would.

TROUBLE OF GETTING CARS.

Q. Do you have any trouble to get your stone out?—A. Very much, indeed; yes, sir.

Q. Do you ever have any trouble to get cars from the Union Pacific?—A. Very much, indeed. It is one of the great troubles in our department.

Q. To whom do you complain?—A. To the train dispatcher, Mr. McMasters, in Lincoln, and then to Mr. Choate, and if they are still slow with cars we complain to Mr. Kimball, who is at the head of this department.

Q. Have you not had cars standing out here empty when the other quarrymen needed them?—A. I think not. The agent could answer that better than I, but we are always in trouble about cars.

NO PREFERENCE IN THE MATTER OF CARS.

Q. Have you not a preference over the other quarrymen?—A. No, sir; never was such a thing expressed or uttered to me by these men.

Q. Do you make bids for stone contracts in Denver?—A. Yes, sir.

Q. Are you not enabled to underbid other quarrymen?—A. No, sir.

Q. Do you not do it?—A. No, sir.

Q. Do you not furnish stone at better prices than other people?—A. Simply because we have better facilities. The same facilities are open to any man who wants to furnish stone in this State.

Q. Would you not, if you wanted to get a large contract, make a rate so that you could underbid some other person?—A. No, sir.

Q. Then you do not do that?—A. No, sir.

RECOMMENDATION TO PURCHASE STONE OF CHENENNE AGENT.

Q. What did you mean when you directed this gentleman, Mr. Bradley, to go to the agent of the Union Pacific, located in Cheyenne, to buy his stone?—A. I will explain that. I do not remember his making application. I do not know that I understood Mr. Bradley to say that he made application, only to buy stone at our quarries and furnish it at Cheyenne. That is the way I understood it. He went to Mr. Gray, the foreman of our quarries, to buy stone to furnish on some contract he had at Cheyenne. If he wrote me, while I do not remember the exact letter, I know what I would be apt to say. I think it would be this, and it would compare with the letter, what if he wanted to buy

some of our quarries for Cheyenne, it would be better for him to go to Mr. Hamma, who is the person who has been doing, I may say, all the stone business of Cheyenne, and he would give him figures as low as we would give him at the quarries. That is what I mean. I say that for the reason that if Mr. Hamma has ever increased the price of our stone, as agent or as acting for himself, it was against the instructions of our department.

AGENT FOR STONE ON KANSAS DIVISION.

Q. Have you not, as superintendent of your department, agents out selling stone?—A. No, sir.

Q. Have you not had them out?—A. On the Kansas Division. I think about two years ago we had one man that used to go from one town to the other to sell stone on the Kansas Division.

Q. Did they not do all they could to sell the stone?—A. Yes, sir.

Q. Did they not try all the inducements possible?—A. Yes, sir.

Q. Would it not be natural for your company to take advantage of the fact that the Union Pacific owned the quarries and get a preference?—A. I never heard of it coming up.

OTHERS CAN BUT NONE DO SELL STONE.

Q. Will you explain to me why no one else in this neighborhood is able to sell stone out here except the Union Pacific quarries?—A. That is not the case.

Q. Is not that the fact?—A. No.

Q. Who else sells stone here?—A. They can sell it.

Q. Who does?—A. I do not know that anybody does.

Q. How is it that they do not?—A. Because they do not open their quarries to produce the stone. I mean to say, they can do it, for they have every opportunity and every facility to do it. They can get it from the Union Pacific Company any day they will apply for it, if they will open their quarries and find a market for any kind of stone they have to sell.

LACK OF CAPITAL THE CAUSE.

Q. Is it a lack of capital that prevents them?—A. I think it is.

Q. Do you mean to say to the Commission that the large proportion of the stone, of which the Union Pacific Company only has a fraction, is unquarried and unsold and unmarketed because of the lack of capital?—A. I think so, and for lack of the facilities for getting it out, which means capital. It takes a great deal of money to quarry this stone and get it ready for the market.

HOW BRADLEY WORKED A QUARRY BEFORE UNION PACIFIC BEGAN BUSINESS.

By Commissioner LITTLER:

Q. Can you explain to the Commission how Mr. Bradley worked successfully one hundred and seventy-five men in the stone quarry business before you got here?—A. I think I can do that clearly, from my information. That was before the Union Pacific had any quarries, or was operating any, when he was working that number. The city of Denver had passed an ordinance requiring every person that owned a lot to put sidewalks or flagging down in front of their lot. It forced the people to look in every direction to get stone to comply with that ordinance. Mr. Bradley and other persons that were furnishing the

material came in and furnished the stone to the contractors who were laying those walks. A short time after that law was passed, I think it was decided by the courts that it was not a good law, or that it was unlawful for the city to make such a requirement. The result was that these big contracts procured under the law requiring people to flag their front doors fell to pieces, and there has been very little flagging furnished there ever since. That was why Mr. Bradley, who had a large contract, was able to supply a large amount of it at that time.

Q. Why is it he is not able now to work that quarry with one hundred and seventy men, with such facilities as the road can furnish?—A. He can do it with the same facilities we have.

Q. Can you explain why he swore that he had been compelled to abandon the business entirely on account of the management of this roads?—A. I cannot explain why he swore that.

Q. Can you explain the fact that he has gone out of business?—A. I do not know any reason why he has gone out of business. I know that I am getting all for stone that I can possibly get, and I keep up the price as high as any outside quarrymen.

FREIGHTS ON STONE.

Q. Are you making money?—A. No, sir.

Q. How much do you make on freights?—A. I do not know anything about it.

Q. Do you know what the freights are?—A. I know what the aggregate is at the end of a year, but that does not belong to my department

Q. Is not the aggregate very large?—A. I know there is a special rate on stone.

Q. How may cars do you ship a month?—A. Sometimes from three hundred to five hundred.

Q. How much do you charge per car from here to Omaha and Lincoln and Kansas City?—A. So much a hundred pounds.

Q. How much does it amount to per car?—A. It runs all the way from $30 to $50 a car. It is owing to the class of material. I mean to say that every man has an opportunity, and can have an opportunity, of developing his quarries and getting the same rate of freight, and I will not cut his price.

CARS FURNISHED BY COMPANY.

Q. Do you pretend to say that this company is to-day furnishing all the cars that are required here for the stone which is demanded throughout the country?

The WITNESS. On the line of our road?

Commissioner LITTLER. Yes.

A. Yes, sir; as far as comparing them with ourselves. We are short of cars all the time.

Q. As I understand you, you ship from three hundred to five hundred cars a month?—A. Yes, sir; some months.

Q. Do you sometimes ship more?—A. Yes, sir.

Q. Does anybody else, or do all the balance of the stone men put together, ship half that many cars over your road?—A. No, sir; all the quarries have not developed so as to do it.

Q. But this man Bradley says that he has quarries sufficient to work one hundred and seventy workmen. How many men do you work?—A. I work from three hundred to four hundred.

Commissioner LITTLER. He says he can ship from four to five carloads a day.

The WITNESS. He can ship it if he wants to. I would give him a market, and a better market than he can get himself, because we have more than we can do.

FREIGHT AND COST OF PRODUCTION.

By Commissioner ANDERSON:

Q. If you add together the cost of getting out a thousand tons of stone, and to that add the rates that the stone department charges for freight which has to reach a market either at Denver or at any point on the Missouri River, and then in another column put down the proceeds of the stone sold at the price fixed at the competing point, which of these two figures would be the larger?

The WITNESS. Do you mean the freight?

Commissioner ANDERSON. I mean the freight and cost of production compared with the selling price. Which is the larger?—A. My balance is such that there is very little difference.

EFFECT OF FREIGHT ON PRICE OF STONE.

Q. In other words, does not the freight charge take substantially the difference between the selling price and the cost of getting it out of the quarry?—A. Yes, sir, I think possibly that is so. I know there is no money in getting it out. Our freight charges are governed by our competition east.

Q. Is your freight charge governed by the competition east?—A. Yes, sir; and we do not make anything for getting the stone out. So I do not see how it could be anything else.

Q. If you made the rates of freight less would that affect the price at which you sold the stone, or would that price remain the same as long as the competition remained the same?—A. I do not know how that would be.

Q. Is it not clear that you could get a price for the stone as long as there was a market for it, and that the freight, as far as freight was concerned, would make no difference at all?—A. No; the freight is something I do not pretend to know anything about. What is required of me is the production of the material.

LOWERING OF FREIGHT RATES.

Q. If the Union Pacific Company gets stone out at a given cost of production, and chooses to carry it to Omaha without charging any freight at all, that does not affect the price for which it sells that stone. The price for which it sells the stone is fixed by the competition at the Missouri, or at the other points of sale. Is that clear?—A. Yes, sir.

Q. If you chose to lower the rates of freight that would not affect the selling market price at Omaha or at any other point, would it?—A. Yes, sir; it would affect the selling price, because we should put it in cheaper, probably.

Q. Why would you put it in cheaper as long as you could get the market price?—A. We would not, unless competition drove us to do so.

Q. What other competition would the lowering of the rates of freight here let in, except from the quarry men of this vicinity, who would thus be able to carry their stone to market in competition with you?—A. I

do not think it would. Of course we were cutting at the competition east, but that is the question, whether the company could afford to haul it for less than it is. I know we could not get it out here any cheaper than we are. I could not answer that question, but the freight department could.

FREIGHT CHARGE THE DIFFERENCE BETWEEN COST OF PRODUCTION AND SELLING PRICE.

Q. I want to know whether the mode of doing the business does not take for the freight charge of the railroad the entire difference between the cost of production at the mine and the selling price fixed by competition at the selling point?—A. I think it would, if that were the true state of facts.

By Commissioner LITTLER:

Q. Does not the statement you made awhile ago, that there was no money whatever in mining the rock, explain the fact that there are none of those other quarries at work, and that you take all there is in it in freight charges?—A. No, sir; I do not believe it, because we are getting more for stone than ever before.

Q. I understand that there is no money in quarrying stone. Is that so.

The WITNESS. Not to say anything about freight.

Commissioner LITTLER. That explains why nobody else is in the business.

The WITNESS. I do not think it does.

Q. Why?—A. Because they have the same opportunities now as before, with the same privileges.

Q. But does not the fact remain that you charge a rate from here to the markets which consumes the entire product, so that there is no clear profit left for getting the stone out and putting it on the cars?—A. I do not think that is the case, because I do not think the price they are charging for transportation is so unreasonable. If it is, somebody else must determine that.

FREIGHT CHARGES TO OMAHA.

Q. How far is it from here to Omaha?—A. Nearly 600 miles.

Q. And you charge $40 a car?—A. From $30 to $40 a car on an average. If they are charging more freight than they ought to it would solve that question. But there is certainly more demand for stone than we can all furnish.

CHARACTER OF LABOR EMPLOYED.

By the CHAIRMAN:

Q. Where do your men working in the quarry live?—A. They are the element we pick up off the corners of the streets and everywhere. We hire any man that wants to work.

Q. Is there a settlement about the quarry?—A. No, sir; they are usually single men; men who tramp in from every limit of the earth.

Q. Do you give single men a preference?—A. No, sir.

Q. Have you a company store there?—A. No, sir.

By Commissioner LITTLER:

Q. How much a day do you pay to your men?—A. Two dollars is the cost of labor.

THE COMPANY BOARDING-HOUSE—NO INTEREST IN STORE.

By the CHAIRMAN:

Q. How are they provided with merchandise and provision?—A. The man that owns the boarding-house has leased it to the company. He has a little store, with cigars and tobacco, and overalls and boots, &c.

Q. What interest has the stone quarry in the store?—A. Not one nickel, except the rent. He pays $100 a month.

Q. Does the stone quarry furnish the capital to stock his store?—A. No, sir; not a particle.

Q. Was he invited to come there by the company?—A. Three or four men have owned it since they started there. When Stout sold his quarry and all the appliances he had there, I think he sold it, as far as I knew at that time, all in a lump for a certain price; and that took in the cooking utensils and dishes and mattresses and all the little things that belonged to the house, even including the house itself. They sold it outright to a party who paid the cash for all the store appliances, and leased the house at $100 a month, which he has been paying regularly. Two or three changes have been made since that time. They have sold out one to another, but the company has no interest in it whatever.

NO UNION PACIFIC PEOPLE INTERESTED IN QUARRIES OR STONE LANDS.

Q. Do you know of any officer or employé or agent of the Union Pacific Company being directly or indirectly interested in any quarry business or quarry lands or stone lands?—A. No, sir; I do not know of any one, and I do not believe there is a man that belongs to the company that has a nickel of interest as an individual. To the best of my knowledge I think I know all there is about it.

Q. Do you know of any company or syndicate, directly or indirectly connected with the Union Pacific Railway Company, that has an interest in any of the quarry lands out here?—A. No, sir; I do not think there is any such thing existing.

Q. Do you know of any formation of a company or syndicate for the purpose of securing control of the quarry land in this neighborhood by the Union Pacific Company?—A. I do not know of any such thing and I do not believe there is any such thing existing. The company, I am satisfied, does not want any more quarry lands.

Q. But do they not still continue in the business?—A. They have got all they need for one hundred years.

VALUE OF UNION PACIFIC QUARRYING FACILITIES.

Q. What would be the cost to a quarryman to have facilities in his quarry equal to those of the Union Pacific Company?—A. I could not give it, but it would be worth a great many thousands of dollars to have the same facilities we have. We have got, I suppose, $20,000 or $25,000 in it. That would not pay for our facilities there.

Q. Did the Union Pacific Railway Company originally pay for these facilities?—A. They paid for them when they took the quarry from Stout. Stout had a few derricks when the Union Pacific took it, very imperfect ones, and afterward it was put into my hands, and we improved the derricks and put in new ones, and finally put in a steam cable, and used all the means that we could use to handle stone as cheaply as possible.

OTHER QUARRYMEN COULD COMPETE.

Q. Must not any individual engaged in the stone-quarrying business, before it is possible for him to compete with the Union Pacific stone quarries, put in the additional capital of $20,000 to $25,000?—A. No, sir; I do not think it is really necessary. It would require that, possibly, to do as much business as we do; but he might do business and meet all the competition that we would offer with a great deal less money, because it is not necessary for any quarryman to go over there and put in that amount of expenditure. I am sure that I could take some of those quarries that those gentlemen spoke of and work them in a small way a great deal cheaper than we are doing, because we are there and we are fixed, and we cannot very well extricate ourselves.

OFFERS OF FACILITIES TO OTHER QUARRYMEN.

Q. Then could you sell to other contractors, located at Denver and Cheyenne, equally with the agent of the Union Pacific quarry company?—A. I could, if some person was managing it the same as I propose to offer to every man that has stone to sell, for the reason that we all can not furnish the amount demanded.

Q. Do you make that an open offer to quarrymen?—A. Yes, sir; to everybody on the Union Pacific system. It is open from now on, for all the stone they can get out, and we will not interfere with them. We will give them as reasonable facilities as to cars in proportion to our demands. I do not think it has ever been refused.

WHY BRADLEY WAS REFERRED TO DENVER AGENT.

The CHAIRMAN. Mr. Bradley, did you wish to ask a question? A while ago I think you wanted to ask this witness about a letter with reference to the selling of stone in Cheyenne.

Mr. BRADLEY. The question I wanted to ask was this: Why was it that I was referred to Mr. Hamma instead of your answering the question I asked when I requested you to sell to me direct? Why was it I could not go to the quarry and buy stone at the same rate as Mr. Hamma, instead of buying it from Mr. Hamma and paying a commission at Cheyenne?

The WITNESS. I answered that. I answer that you could. If I wrote a letter of that kind you misunderstood me, or it was something I knew nothing about. You can buy of us the same as you can of Mr. Hamma, or the same as Mr. Hamma can of the quarry; and if Mr. Hamma makes anything he makes it on his transfer and his management there, but not from our giving him any better rate than we would give Mr. Bradley. We do not allow any greater rate charged for freight on our stone on the cars.

THE PROFIT FOR HAULING AND TRANSFERRING.

Mr. Hamma, I understand, claims his profit is for the hauling and transferring, and we prefer to have a man that does all the stone business of a town to look after it, but not to the detriment of any contractor. If it is done I do not know it. That is the reason why I referred him to Mr. Hamma, because Mr. Hamma was compelled by his arrangements with me to give any outside contractor the same rate on board of the cars there. If not, I would furnish it myself. I

would not refuse Mr. Bradley, if he stated to me that Mr. Hamma would not let him have stone on board the cars in Cheyenne at the same figures that he paid for it himself. We never have done that to any agent anywhere. They may have done it without my knowledge.

Mr. BRADLEY. And yet, Mr. Lett, the fact remains the same, that I wrote to Mr. Kimball in Omaha and he referred me to you, and I wrote to you and that was the unsatisfactory reply, and I went to Mr. Gray, and it seemed to be the same business all the way through. I was not refused the car, but I lost by it. I could not get any direct information from any parties concerned with the company.

The WITNESS. That is something I do not know anything about. I never heard of it before. Mr. Gray would not have any power. All orders are referred to our headquarters in Denver. All prices are given there.

RAILROAD AGENTS FOR STONE.

We give the agency, or we look to some man who is the stone-man in a small town to work up the business. As every agent will inform you, the instructions to them are that as to any other person in that town wanting stone there is a printed list of prices from which they can order it from the quarry and pay the rate of freight, which is the same that that particular agent has. He is given not one cent of privilege over any other individual that wants to order it from the quarry. That is a fact, and I think there are a hundred letters out of that kind, where persons are referred to agents in the town, and "if you cannot buy refer to me and I will send you the stone direct."

THEY GET NO COMMISSION.

Q. What commission do the agents get?—A. They do not get any.

Q. How are they paid?—A. They are generally contractors. They are not my agents; they are simply persons buying the stone direct and paying for it cash on delivery.

Q. What did you pay your agents?—A. I never paid any.

Q. What did you pay your agents that you had out?—A. I never had but one employed, named Wallace. He was on the pay-roll on a salary, and he was in Kansas, where there was no competition, except in Fort Scott and Joliet.

Q. What salary did he get?—A. One hundred and twenty-five dollars a month. That is the only man we ever had out on the road to sell stock.

KIND OF STONE BOUGHT BY COMPANY.

By Commissioner ANDERSON:

Q. Do I understand you that you buy at the quarries all kinds of stone from any of these men who have it to sell?—A. No; I do not know that we do. I do not know that we ever had any application particularly. Occasionally we have for flagging. But we bought all the good flagging we could get a market for.

Q. Have you bought anything else?—A. Curbing; yes, sir. We get all we can.

Q. How about dimension stone?—A. Flagging would be dimension stone. I often would buy that if I had orders to fill; frequently would buy it.

Q. One of these men says that the company will buy when they have not produced a sufficiency themselves to fill the market demand; is that true?—A. I think that is true, for the reason that when we have been slack ourselves in the past we would keep our forces to work and take the stone off the ledges and bring it out and dump it along the side tracks at the bottom of the hill. We use the Denver yard for the dumping-yard.

SPECIAL RATE ON STONE.

Q. About these rates; do you say there is a special rate allowed by the freight department to this stone business in making up the statement of the freight earned by the stone transporters?—A. There is a special rate on all stone.

Q. What is the percentage off, or the rebate?

The WITNESS. Rebate to whom?

Commissioner ANDERSON. Off the tariff rate?

The WITNESS. I do not know what their regular tariff rate is. I never worked under it.

Q. If you do not know what the tariff rate is, how do you know there is a special rate?—A. Because I know it is given to me as a special. The general freight agent sends to me at the first of the year a special freight rate for nearly all the towns on the entire Union Pacific system.

Q. Is that the rate you have given us when you gave 3 cents to this point, 5 cents a hundred to Denver on rubble, and 10 cents on dimension?—A. Yes, sir.

OPEN TO EVERYBODY.

Q. Is that what you call a special rate?—A. Yes, sir; which is open to everybody, I am sure.

Q. When you say it is open to everybody do you mean to say it appears on their printed tariffs?—A. I do not know anything about their printed tariff. I am furnished with that through the freight department to my department.

Q. Does your department make it public in any way by putting up a list in your office, or by publishing it or giving notice of it in any way?—A. We do not in my office, because that does not come under my management. I get those rates for this purpose: A man will want a car of stone at Salina, Kans., or at Corona, Nebr., and he will ask this question: "What will you give me a certain kind of stone for, free on board of the cars here?" That special rate is fixed for this particular point. I put the price for the stone and add the freight, and then give them the price laid down on board the cars for this particular point. It is furnished to me for that purpose. It has never been changed at any time during the year. They give it to me, I think, soon after the first of the year, from the general freight department.

Q. So that the purchaser at these different points pays the cost of production with the freight added?—A. Yes, sir; when they ask it in that way. If not, I put the price of stone on, and then this freight follows.

THE REGULAR PUBLIC RATE.

By Commissioner LITTLER:

Q. Is there any business ever done under the regular public rate?—A. I do not believe there is.

Q. What sense is there in having a public rate if it is disregarded totally?—A. I do not know what the public rate is. I will answer that by taking it back.

Q. Is there a public rate?—A. I do not know.
Q. Is this special rate known to all these shippers?—A. I think so.
Q. Do you know that it is?—A. No; they never ask me.
Q. How do they ascertain the rate when they want to ship a carload?—A. They frequently ask me, and I give it to them. There is never any reservation.
Q. Why do you not publish it?—A. I should think they would be glad to do it.
Commissioner ANDERSON. Mr. Bradley, do you all know it?
Mr. BRADLEY. At the present time there has been no use of asking it.
Commissioner ANDERSON. Do they know?
Mr. BRADLEY. I do not know.
The WITNESS. Ask him if they ever asked. I do not think he ever asked.
Commissioner ANDERSON. Is your contract with Mr. Hamma in writing?
The WITNESS. I never had a contract. He simply buys the stone he wants and orders it and pays for it.

FORT COLLINS, COLO., *Saturday, July* 16, 1887.

JOHN J. BRADLEY, being further examined, testified as follows:

RESULT OF REFUSAL TO ALLOW SPECIAL RATE ON STONE.

By the CHAIRMAN:

Question. Do you want to state anything further?—Answer. I would like to say that my brother and I opened up some sandstone quarries at Natural Fort, 14 miles south of Cheyenne, and we asked for special rates, so that we could ship this stone to Cheyenne and to Denver, and they said there was no special rate on stone there; that we had to pay the local rate. And the result was we could haul it cheaper 14 miles on wagon than to ship it on cars to Denver. We could not ship it at all, because they wanted us to pay the local rates for that stone to Denver, and the result was we had to abandon that quarry.

By Commissioner LITTLER:

Q. When was that?—A. Two years ago.

FORT COLLINS, COLO., *Saturday, July* 16, 1887.

GEORGE E. BRISTOL, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. A physician.
Q. How long have you been mayor of Fort Collins?—A. Three years This is the third year. Two years and a half.

GENERAL COMPLAINTS OF DISCRIMINATIONS.

Q. Do you know of any complaints existing in the community as to the facilities afforded by the Union Pacific Railway Company?—A. I

know of general complaints. I do not know that I could specify any particular complaints in regard to discriminations.

Q. What are the general complaints?—A. The general complaints are that we are obliged to pay higher rates than surrounding towns on our goods, and we are obliged to pay more freight from Fort Collins to Denver than Denver pays to Fort Collins; and that we are obliged to pay more freight from Fort Collins to Cheyenne than Cheyenne pays to Fort Collins. I believe the rates are now a little more than double from Fort Collins to Denver what they are from Denver to Fort Collins, and about the same from Fort Collins to Cheyenne as from Cheyenne to Fort Collins.

EXTORTIONATE FREIGHT ON COAL.

Q. What effect has that upon the community?—A. We do not like to pay more for our goods than they do elsewhere. That is all. We regard it as an unjust discrimination; that is, I have been informed that we had been obliged heretofore at times to pay $2.25 a ton freight on coal here, and that they have carried coal by here from the same mine to Laporte, 5 miles beyond, at $2 a ton; also at Windsor, 12 miles below here. I have been informed so. I could not tell that of my own knowledge. I have never shipped any coal.

FORT COLLINS "SIDE-TRACKED."

Q. Do you know of any other complaint?—A. One complaint is that they have side-tracked us. They have closed this branch of the road north of us here, and give no communication to the country lying north of here.

Q. What is the branch that you mean?—A. The main line.

Q. Will you name it?—A. The Colorado Central line. They have closed the line from here to Cheyenne. That has been abandoned for four or five years.

Q. How much better off were you when you had it?—A. I could not tell how much, but certainly we were very much better off than we are now. We had direct connection with Cheyenne, and of course the main travel from Cheyenne to Denver was through here. Now it is through Greeley. It does not come here at all. We are simply side-tracked.

Q. Do you know of any other complaints?—A. No, sir. I do not know of any special complaint that I can think of at present.

Q. Have you any other information that you can give the Commission?—A. I do not know that I have. No, sir.

FORT COLLINS, COLO., *Saturday, July* 16, 1887.

A. H. PATTERSON, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Handling coal and farming machinery.

Q. Where is your place of business?—A. Fort Collins.

Q. How long have you been in business here?—A. About eight or nine years.

Q. Have you had business relations with the Union Pacific Railway?—A. Yes, sir.

DISCRIMINATIONS ON SHIPMENTS OF TWINE.

Q. What has been the nature of your business?—A. On our goods handled I have got some freight bills here now. I short time ago, with another party in Loveland, I cannot think of the name now, we shipped a car of twine between us. The rate on this twine from Saint Louis to this point was $1.25 a hundred; the rate on twine from Denver to here is 15 cents a hundred; that is the local rate. We shipped a car of twine to Longmont, and he was to take his half car out there and send the other half here to me. The twine from Longmont to here cost me 23 cents a hundred, when I could have hauled it from Denver for 15 cents a hundred. There are goods that cost us 20 cents a hundred from Denver to Fort Collins.

Q. Just name the articles?—A. That was on hay-rakes; there are two freight bills on road carts; they are sixteen days apart; one is 30 cents a hundred and the other is $1 a hundred from Denver to Fort Collins. There is the same class of goods at 20 cents—farm wagons—20 cents, 30 cents, and $1.

CHARGES ON COAL.

By Commissioner LITTLER:

Q. What is the explanation of this discrimination?—A. I do not know.

Q. Are the balance of those bills the same?—A. No; some of these are for coal.

The CHAIRMAN. Just give us the coal bills.

The WITNESS. There is a car of Rock Springs coal, the bill of which I now produce, which is $6.25 a ton here; they are retailing it in Denver at $6.

THE MARSHALL COAL MINE CASE.

By the CHAIRMAN:

Q. What is the difference in distance?—A. They haul further to Denver than to here; they retail it at Missouri for $6.

The CHAIRMAN. You can call them off, so that we can get the coal bills on the record.

The WITNESS. When Mr. Langford owned the Marshall coal mine, he charged me $2.25 a ton at the mine for coal; and the freight rate at that time, I think, was $2. I wanted a reduction at the mine, so as to get it here cheaper, and he told me there was no use of that, because every dollar that he would reduce it at the mine they would add to it on freight. He said he would try 25 cents off. The next car of coal I got I paid the additional 25 cents in freight. It did not make any difference in the price of coal. They have got now $2.25 a ton freight on coal from the Marshall mine to here, and from the Marshall mine to Greeley it is $1.50 a ton, the same distance.

COAL DELIVERED CHEAPER AT GREELY.

The result is, the farmers living between the two localities all go to Greeley. I asked a gentleman in authority that was looking up freight matters—I tried to get a reduction in the price of freights here—why they delivered coal cheaper at Greeley than they did here, hauling it the same distance, or perhaps a little further to Greeley, from the same mine. "Well," he said, "there are some other mines down here on Little

Thompson, below there, where people from Greeley can go to the mine and back in a day with teams, and it takes you folks at Fort Collins two days." That was the only reason they gave for charging more; it was not because it cost any more to haul it, but because they could do so. They have now the rate on coal, and I suppose it would apply to the quarrying business too. They are delivering this coal for somewhere about the cost of mining, but they have added all that reduced price to the freight, increasing the amount of freight, so that it shuts off all other coal mines competing with the Union Pacific Company. Of course, I expect the Union Pacific to shut down on me in the coal business now for giving this evidence, but it will apply to the quarry as well as to the coal. The money is made out of the freight and not on the material.

SHIPPERS HAVE TO BRING UNION PACIFIC COAL.

Q. How many coal shippers are here in Fort Collins?—A. Four.

Q. Are they all equally competing in the buying and selling of coal?—A. There are four of us. I handle the Union Pacific coal and the others handle coal from the individual mines outside of the Union Pacific; but now they cannot handle outside coal. They have got to buy the Union Pacific coal or none at all. If there are four dealers in town, they do not all want to handle the same coal. If a man works up a trade and gets up a business on a particular coal, he does not want everybody else to handle the same coal.

Q. Do you know whether any of the coal shippers have a special preference over the others?—A. No, sir; I do not think so.

Q. Is not the effect, then, to compel them to buy the Union Pacific coal or go out of business?—A. Or go without.

OTHER DISCRIMINATIONS AGAINST FORT COLLINS.

Q. Have you any other information to give the Commission?—A. I think not. But they charge us now 50 cents a ton more for freight from the mine to here than to Loveland, 12 or 14 miles from here. But at one time there was a greater difference than that, because the Loveland people could go, like the Greeley people, to a mine that took us longer to go to. It is a fact that they shipped coal to Laporte, 4 or 5 miles west of here, a little town that uses one or two cars a year, for 25 cents less than they ship coal to here. They always ship coal to Windsor for 25 cents a ton less than they do to here, and haul it right through here.

FUTILITY OF COMPLAINTS.

Q. Have you made a complaint to the Union Pacific Company?—A. I have done a great deal of complaining to parties I thought were in authority.

Q. What was the answer?—A. That was the only answer that I got om a man who was a representative of the company, who was going to fix freight rates. They gave me a reduction here on this coal question, but I think they reduced here 50 cents a ton and added 50 cents to the Greeley coal. In a little while our tariff was put back 50 cents and it was reduced at Greeley 50 cents. I asked the reason, and he gave the reason that I stated awhile ago.

CENTRAL COLORADO USED TO BUY UP DENVER PACIFIC.

Q. Why do you say that because you give this evidence the Union Pacific people will shut down on you?—A. We do not know that they will; but we feel it.

Q. Why?—A. For this reason: When they came in here with this Greeley, Salt Lake and Pacific road several years ago, this Colorado Central was running. The Colorado Central Railroad was used for the sake of buying up that Denver Pacific road. At the time the Union Pacific got control of the Kansas Pacific, the business was going over the two roads—the most of it over the Denver Pacific. As soon as they got full control of the Kansas Pacific, they tried to buy the Denver Pacific, but did not buy it at the figure they wanted to, and they sent all the through travel over the Colorado Central to Cheyenne. The Denver Pacific was only doing a local business and could hardly make its expenses, so that its stock was reduced to almost nothing. As soon as they picked up the stock of the Denver Pacific Railroad they took the entire travel off of this railroad and advanced it to 100 cents on the dollar, and shut this part of the country off entirely.

BUILDING THE GREELEY, SALT LAKE AND PACIFIC.

Then they came in to build this Greeley, Salt Lake and Pacific. They had a right of way man here that drew up a contract, and they had their articles of incorporation filed, &c., that this road was going clear through, west, to Salt Lake. They got us to guarantee a right of way. Ten or fifteen of us signed the guaranty. They ran up to these stone quarries and stopped. Instead of condemning the right of way, and then collecting it from us, or giving us the opportunity to condemn the right of way, they went to work and bought it and charged us for the whole affair. They got some money out of it and sued us for the balance, and we compromised it a few days ago. They always looked to me as though they had a spite against us at the time on account of this lawsuit about the right of way. They ran the railroad up into the quarries here, and then stopped. They represented that it was a main line running to Salt Lake. As soon as they got to the quarries they abandoned it from here to Cheyenne, and a person now going to Cheyenne has to go to Denver and Greeley and then up.

Q. Do you know of any special rates or rebates given to any particular shipper at Fort Collins?—A. No, sir.

FORT COLLINS, COLO., *Saturday, July* 16, 1887.

WILLIAM N. BAILEY, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Where do you conduct business?—Answer. At Fort Collins.

Q. What is your business?—A. Coal and grain implements.

Q. Have you heard the testimony of Mr. Patterson?—A. Yes, sir.

Q. Do you coroborate it in its details?—A. Yes, sir.

THE UNION PACIFIC TRYING TO "FREEZE OUT" COMPETING COAL DEALERS.

Q. How has the policy of the road affected your particular business?—A. The coal that I have handled, I think, for the last five years the Union Pacific Railroad Company has been trying to freeze out of the market entirely. Two years ago, when the Union Pacific road,

first got control of this Marshall mine, there was an agent here at the time, and he was over to see me to try to prove it was to my interest to handle that coal, and when he found he could make no arrangements whatever, his closing words were, as near as I can recollect, it was only a matter of time when I would be forced to handle their coal or quit the business; and they have evidently worked that way ever since.

Q. What is the name of the agent?—A. I do not remember. His coal office is at the union depot at Denver.

Q. What coal were you handling?—A. The Potts.

INABILITY OF OUTSIDE COMPANIES TO MINE.

Q. Where is the mine?—A. A little west from Boulder, in the neighborhood of the Marshall. During the last year in the coal business the effort has been to raise the freights, about the 1st of June, 25 cents a hundred. The company has taken off of the price of their coal at the mine, so that it leaves the price as it formerly was, except the outside coals. They have the price down so that outside companies cannot afford to mine it and sell it at that price and make expenses.

Q. Have you anything else to add to the testimony of Mr. Patterson?—A. No, sir.

Q. Have you any other suggestions or information to give?—A. No, sir.

The Commission then adjourned, to meet upon the call of the Chair.

CHEYENNE, WYO., *Monday, July* 18, 1887.

The Commission met upon the call of the chair, all the Commissioners being present.

FRANCIS E. WARREN, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Where do you reside?—Answer. At Cheyenne.

Q. How long have you resided there?—A. Over nineteen years.

Q. What has been your business?—A. I have been engaged in merchandising all the time and stock-raising most of the time.

Q. When were you governor of the Territory?—A. During the last eleven months of 1885 and the first ten months of 4886.

LINES OF RAILROAD COMING INTO CHEYENNE.

Q. How many railroads have you coming into Cheyenne?—A. We have at the present time the main line of the Union Pacific, which passes through from here to the West. We have the Denver Pacific (so called) from the south, and the Cheyenne Northern, now being built, running north.

Q. Are all the roads you have named under the control of the Union Pacific Railway?—A. They are.

By Commissioner ANDERSON:

Q. The Colorado Central branch is discontinued?—A. I was about to add that that branch has not had service on it or been kept in repair for a number of years.

CHARACTER OF FACILITIES AFFORDED BY UNION PACIFIC.

By the CHAIRMAN:

Q. What have been the facilities afforded by the Union Pacific Company to this community regarding freights and passengers?—A. They have been good of late years.

Q. Have there been any complaints as to facilities and accommodations?—A. There have been, of course, the usual complaints of one train a day each way, and but one through mail; but I think no complaints as to the train service or the manner of running or the accommodations furnished for freight or passengers.

COMPLAINTS OF FREIGHT AND PASSENGER RATES.

Q. Have there been any complaints as to the freight rates or passenger rates between different points?—A. The freight rates and passenger rates were very frequently complained of, and quite generally in the early days of Cheyenne; but within the past four years, other than general complaints that are always made of railroads (that rates are high), I think there has been no other complaint.

Q. What were the complaints in former years?—A. That local business was not fostered. That the through business was favored, as against the local business.

Q. How long ago did those complaints exist?—A. From the opening up of the line to, perhaps I might say, within four or five years.

NO GENERAL COMPLAINT OF SPECIAL RATES.

Q. Have there been any complaints as to special rates in favor of shippers in this community?

The WITNESS. Do I understand you to mean rates granted to one party and not granted to another?

The CHAIRMAN. Yes.

Commissioner ANDERSON. And that have been kept private?

A. I have heard no general complaint of that nature, and of my own knowledge, I know of no regular system of special rates.

CHARACTER OF TRAFFIC AT CHEYENNE.

Q. What is the nature of the traffic that goes out and comes into Cheyenne?—A. The largest shipments going out are of cattle. When I say Cheyenne I mean parties shipping from here; cattle, sheep, and wool have been the principal things.

Q. What do you get in Cheyenne?—A. General merchandise.

Q. Have there been any complaints among the cattle shippers that some individual shippers enjoyed special rates, rebates, or preferential rates?—A. I do not know that I have heard any complaint that was worthy of notice within, I might say, eight or ten years in that line. I think that cattle have been generally shipped on the same rate.

THE UNION CATTLE COMPANY.

Q. Have you a cattle company here known as the Union Cattle Company?—A. Yes, sir.

Q. Who compose that company?—A. I am not certain as to the stockholders. I think Mr. Thomas Sturgiss is president.

Q. What proportion of the business of cattle shipments have they controlled?—A. They have been one among perhaps forty or fifty companies that might not average as large in size, but that would average nearly the same shipments. Then there have been probably one hundred or more shippers of cattle that would average from a tenth to a half as many. I am simply giving that as an estimate.

Q. Have there at any time been any complaints in the community that the Union Cattle Company enjoyed special rates by way of rebate as against the other shippers?—A. I have never heard such a complaint.

UNION PACIFIC PEOPLE NOT INTERESTED IN SHIPPING OR BUSINESS ENTERPRISES.

Q. Do you know whether any officer, agent, or employé of the Union Pacific Railway has been at any time connected, directly or indirectly, with any of the shipping interests or business interests of this community?—A. No, sir; I do not know of any. It is difficult, in regard to a stock company, of course, to know who own the stock, but I have no reason to believe that any such persons have been interested in the companies.

NO RECENT ATTEMPT TO INFLUENCE ELECTIONS.

Q. Do you know whether the Union Pacific Railway Company, through its officers, employés, or agents, participated in any way in influencing elections in the Territory?—A. I think that during late years they have neither participated in the elections, in influencing them, or, as a general thing, allowed their employés to run for office or to influence others. In former times, perhaps ten or fifteen years ago, there may have been instances of that kind. I think there were.

Q. How did they take part in elections in early years?—A. In the same way, perhaps, that a private firm or corporation would; by the influence exerted at the polls, and before that time, through their employés.

Q. What was the purpose—to secure benefits as a corporation?—A. I think more to avoid legislation which might be against their interests than to influence legislation.

HOSTILE LEGISLATION.

Q. Has there been any hostile legislation, as against the Union Pacific Railway Company, enacted at any time?—A. I think there has been nothing of a hostile nature for some time. There has, of course, at times been such legislation introduced. But I think very little has been enacted.

Q. What was the character of the legislation introduced that was regarded as hostile to the railroad interests?—A. Well, there have been at times legislation that would require excessive payments in cases of damages to persons employed in the handling either of the road or its coal mines.

PAST PARTICIPATION.

Q. Do you know of any officer, employé, or agent of the Union Pacific Railway Company participating in influencing legislation—do you know them by name?

The WITNESS. Are you speaking now of the present time?

The CHAIRMAN. Of the past.

A. I should have to refresh my memory on that, because it would have been the local agents and operatives who were here, and they have all been changed. We have no one here now that was here at the time I speak of.

THE UNION PACIFIC IN WYOMING.

Q. Have you any other information that you can give to the Commission?—A. In finishing this subject I would say that during the legislature that last convened here there has been a total absence of any seeming influence exerted on the legislature by any one representing the railroad.

I wish to suggest to the Commission, as I understand one of the subjects for its consideration to be branch lines of the Union Pacific, that one of them is very peculiarly situated. In this Territory, some 200 odd miles by 300 and odd, we have the Union Pacific entering at the southeastern corner and passing through the southern portion of the Territory and out near the southwestern corner. [Referring to a map of the Territory of Wyoming.] Observe the streams, the way they pass, and the mountains making these boundaries. During the early part of the life of the Territory and up to a few years ago we enjoyed the trade on the southern portion of the Territory, along the line of the Union Pacific—the trade of about the entire Territory. Notice these wagon roads coming down from through the Territory. During the last two years of railroad building other lines are approaching and are very rapidly absorbing the business of the southern part of the Territory, and particularly Cheyenne.

THE NORTH WESTERN RAILROAD.

We have on the eastern side of the Territory, for instance, the Northwestern Railroad. It entered the Territory about 100 miles north of Cheyenne and passed along old Fort Fetterman, and from there along the north branch of the Platte and old Fort Casper. They are taking freight from old Fort Fetterman, but are laying rails to Casper, and will be ready to ship cattle from there this year. They are taking a very large proportion of business that way that formerly came to the road here, and which would come here now if the present Cheyenne Northern was extended and if other branches were built. Our interests, of course, are not specially with the Union Pacific. Our interests are with the city, and the city is located on the Union Pacific.

BRANCH LINES ADVOCATED.

It seems to us that there should be feeders thrown out from here to various points in the Territory in order to develop the Territory and maintain the business of the road. On the line of the Northwestern road the shipments of cattle last year amounted to not less than $300,000 in freights, that formerly went from points near Cheyenne. The supplies for all the ranches are coming that way now from the east, rather than from here. Nearly all of these interests are represented in Cheyenne. They are represented by parties who, perhaps, own the majority of a herd, or if it is a private herd, it is owned by parties living along the southern line, who will be obliged to ship by the Northwestern, because of the fact that the Union Pacific has no branch lines in that direction.

THE BURLINGTON AND MISSOURI.

The Burlington and Missouri is now approaching the Territory at a point about 65 miles south of Cheyenne, with the intention (according to their plat) of passing westward between the Northwestern and Cheyenne. They are coming into the Territory where the Territorial line crosses the Platte River, passing west to Fort Laramie, from there some 75 miles south of Fort Fetterman, and from there westward to the north of the Sweetwater River.

ITS DISTANCE FROM UNION PACIFIC.

By Commissioner LITTLER:

Q. How far is that north of Cheyenne?—A. About 80 to 110 miles north of Cheyenne, and about the same average distance from the Union Pacific. At some points it will be not more than 40 or 50 miles from the Union Pacific.

By Commissioner ANDERSON:

Q. And how far west from Cheyenne?—A. It will come north of Cheyenne 80 to 100 miles, and of course pass on westward, not affecting Cheyenne west, but affecting the points of the Union Pacific that I spoke of.

ADVANTAGE OF CONSTRUCTION OF BRANCH LINES TO UNION PACIFIC.

By Commissioner LITTLER:

Q. Have you made all the statements you desire to make?—A. I wish to say that business that has been enjoyed by the Union Pacific at Cheyenne, Laramie, and Rock Creek is already largely taken by these lines built north. Very nearly all the business could be brought to the Union Pacific, owing to the ownership being along the line, if branches could be thrown out from the Union Pacific connecting with it. What is true of Cheyenne and the towns connected with it is true of the towns along the road in Wyoming Territory.

Q. You have spoken of the policy of building branch lines. I would like you to describe the character of the country west of Cheyenne, and locate the points from which branch lines should, in your opinion, be thrown out in order to control the trade.

The WITNESS. Commencing at Cheyenne?

Commissioner LITTLER. Yes.

WHERE BRANCHES SHOULD BE BUILT.

The WITNESS. Commencing at Cheyenne and following up the portion of the Cheyenne Northern road already built, it should be extended across the Platte River, branching there with one branch running northwest, extending up into Johnson County, which is in a good agricultural country as well as a live-stock country. There should be one branch of the Cheyenne Northern from the Platte River, running north of northeast into Crook County, into a mineral, agricultural, and stock country.

A MINING AND TIMBER COUNTRY.

There should be branches from Laramie City both north and south; south into a mining and timber country, north into an agricultural and live-stock country.

By Commissioner ANDERSON:

Q. How far is Laramie City from Cheyenne?—A. About 56 miles; on the other side of the range.

Q. What is the population?—A. Something like three or four thousand; four thousand probably. There should be branches also from the Platte River near Rollins or Fort Steele running north and south. These branches would touch and reach a mining country, especially the northern branch, which would reach a country that is largely productive in oil, soda, iron, and other minerals. I might also say that the Cheyenne Northern passes through an oil country in southeastern Johnson and Cook Counties. The branches, if constructed to meet the Union Pacific, would have the advantage of the influence of those who live along the Union Pacific and who largely own these different interests in the north. In the absence of other roads the entire Territory was tributary to Cheyenne, and the men having capital have largely been inhabitants of towns along the Union Pacific.

RESOURCES OF COUNTRY ALONG PROPOSED ROUTES.

By Commissioner LITTLER:

Q. What is there along these proposed routes to support these railroads? Be specific, and give particularly a description of the country and its resources and the elements it contains that are requisite to the support of a railroad.

The WITNESS. Do you wish me to take them up in detail?

Commissioner LITTLER. Yes.

A. Crook County and the northern portion of Laramie and Albany have well-watered lands; are at present quite largely filled with cattle, horses, and sheep; and there is a fast growing agricultural element.

WYOMING DEPENDENT ON IRRIGATION.

Q. In that connection state whether the country is dependent on irrigation or not, or whether there is a sufficient rain-fall.—A. I will state generally that Wyoming depends on irrigation. But all of Eastern Wyoming, and especially Southeastern, is filled with "benches" along streams, capable of producing without irrigation. This is specially true of Crook County.

Q. What do you mean by "benches"?—A. Where a stream passes along, the immediate land on each side would be flat, and perhaps in some places a sort of marsh. It would rise a few feet from there, and then descend in a gentle slope, rising, perhaps, slightly towards the stream. I call those benches.

PETROLEUM, GOLD, SILVER, AND IRON.

Commissioner LITTLER. Mention the other resources, if any.

The WITNESS. There are very extensive deposits of petroleum oil, of soda, iron, and other minerals.

Q. Are gold and silver among the minerals?—A. Gold and silver are found along the main chain from north to south in the Territory.

Q. Are the mines developed?—A. The mines are largely undeveloped, owing to the lack of railroad facilities.

Q. Suppose these branches are not built by the Union Pacific, I suppose they will be built by the Northwestern or some other road, will they not?—A. I presume they will; they are being built by the Northwestern now.

EFFECT OF FAILURE OF UNION PACIFIC TO BUILD BRANCHES.

Q. Would they not conserve the interest of the people and the Territory if built by some one else?—A. They would not conserve the interest of the people living along the southern portion of the Territory and along the line of the Union Pacific.

Q. Have you estimated the number of miles of branch road which you consider necessary to develop the Union Pacific system and the Territory?—A. I have not, because I believe, as a railroad proposition, those branch lines should be developed according to the business that passes along them.

Q. What effect will the failure to build these branches have upon the Union Pacific Railway?—A. The same effect that it would have to take the limbs off a tree.

CHARACTER OF UNION PACIFIC SECTION OF WYOMING.

Q. What is the character of the country in Wyoming through which the Union Pacific Railroad runs, particularly with reference to its capacity for the production of traffic?—A. Wyoming is, generally speaking, a barren country; especially a barren-looking country from the Union Pacific into the western part of the Territory. It seems to have been built originally through as barren a portion, perhaps, as there is in the Territory, if not the most barren.

UNION PACIFIC SHOULD BE ALLOWED TO BUILD BRANCHES.

By the CHAIRMAN:

Q. Why should the United States Government contribute to the construction of these branch lines?—A. I am not able to state what should be the connection between the United States and the Union Pacific Railway Company; but I say, as a business proposition, that the Union Pacific Railway Company, in order to maintain its business and serve this country, should have the same facilities as other roads, or be allowed by the United States to protect its trunk by throwing out branches.

RELATION OF BRANCH TO MAIN LINE.

Q. I call your attention to the fact that since 1878 the Union Pacific Railway Company has built about 3,000 miles of branch lines; that it has declared dividends from 1875 to 1884; that since 1884 it has stopped paying dividends. If your proposition be true, is it a fact that the branch lines, under the present system of the road, have contributed more to the main line than the main line has to the branch lines?

The WITNESS. Do I understand you that the falling off has been of late years on the Union Pacific road?

The CHAIRMAN. Yes; from 1884 to date.

FORMER AND PRESENT CONDITION OF ROAD.

The WITNESS. I think if you gentlemen had passed over the Union Pacific in 1884 and would now compare the condition of the road with its then condition, you would consider the money very much better invested in the road than in paying dividends. During the time that the Union Pacific was paying dividends, it seemed to me, as an observer, that the road was not being kept up with the country; was not being

developed; but that at that time a heavy through business paid the road. In the last few years the Union Pacific seems to have been, I might say, almost renewed through Wyoming Territory. If you notice the stations as you pass through, at Cheyenne and other points, and if you notice the condition of the track, the rails and the ballast and bridges, and if you passed over it in the old times, you will notice a very great difference.

BRANCH LINES HAVE NOT DEPLETED THE UNION PACIFIC.

I do not think that the branch lines have depleted the Union Pacific road in any measure. The Union Pacific Railway is over 400 miles long in this Territory. Unless there is a very heavy through business, if there are no branches out, north and south, I do not see how it can pay the expenses of running the railroad, because there is so little that is immediately on the road and so much that lies back from the road that is naturally tributary to it. In speaking of these matters I am speaking of the interests of Cheyenne particularly, but also of Southern Wyoming, that depends on the Union Pacific for the development of the country.

CONSTRUCTIVE MILEAGE.

Q. Have you considered the question of constructive mileage with reference to the branch lines?—A. No, sir.

Q. Have you considered the question of allowing to a branch line a mile and a half of straight mileage as against a mile on the main line, in the adjustment of the balances resulting from business?

The WITNESS. In other words, the road receives more for handling its freight on the branch lines than on the main line?

Commissioner ANDERSON. The branch lines receive more.

The WITNESS. Well, I think they should receive more. The business originates there. The business on the branch lines must necessarily be less than the total business of the main line, and I should consider it should receive a larger mileage allowance for the business handled.

EFFECT ON MAIN LINE.

Q. What effect would it have on the receipts of the main line?—A. It would very largely increase the mileage, and would necessarily increase the receipts.

Q. Would it not have the effect of diverting the receipts from the main line to the branch lines, to the extent of one and a half miles on the branch lines to one mile over the main line?—A. Unless the proportion was greater than that, I think not.

BRANCH LINE NECESSARY TO REACH RESOURCES OF THE TERRITORY.

By Commissioner LITTLER:

Q. Your theory, as I understand, is that where a short branch line is thrown out into a rich region which could only be made tributary to the main line by a branch line, the main line is benefited by drawing to it and receiving a long haul of freight which it never would receive but for the construction of the branch line?—A. Yes, sir.

Q. In other words, that unless the branch lines are built, to draw to the main line the resources of this Territory, those resources will never reach the main line?—A. Emphatically not. I wish to observe, in that

connection, that the first proposition is that there should be some manner in which the Union Pacific could construct its branch lines as cheaply as its competitors. There should be the same facilities for that, or the business will go to those who can build the cheapest and maintain a road the cheapest.

COST OF BUILDING RAILROADS IN WYOMING.

Q. You may state now what it costs to build and equip a railroad in Wyoming Territory.—A. I am not well enough versed in the cost of railroad materials to give a definite estimate.

Q. Have you a sufficient idea of the topography of the country to state whether it will cost more or less than on the plains here?—A. It must cost very much more in a mountainous country than on the plains.

Q. Would these projected lines, of which you have spoken, run through a mountainous country, requiring large expense, such as bridges and trestles, or would the country be such as would not need those?—A. Very many of them would be built in a country easy to construct in. There may be points on each line passing through a rugged country.

PLAN OF SETTLEMENT.

Q. I was about to ask you whether you have considered the relations between the Government and this property, with the view of determining what legislation, if any, should be had in relation to the indebtedness of the Union Pacific Railway Company?—A. The only way in which I could treat that would be the same way that I would treat a debtor, if I were a creditor, or treat a creditor, if I were a debtor. The Government being a large creditor of this road, I believe it should secure itself upon all the property that it can obtain; and it should arrange the payments in such a way that the debtor can pay without having the property pass as a pledge to the creditor. I believe the payments should be commenced as soon as possible, and be as large as the property is capable of paying.

EFFECT OF EXTENDING TIME OF PAYMENT.

Q. Would you or not favor an extension of time for the payment of the present indebtedness of the Union Pacific Railway Company to the Government if it appears, on all the facts, that it is unable to pay the debt at maturity?—A. I certainly should.

Q. What effect would such an extension have on the substantial interests of this northwestern country through which the road runs, and how would it affect the material interests of the people?—A. If liberty is given the corporation to act exactly as other corporations do—to construct lines wherever there is business that would either pay the branch or main line—or even if there is a loss to the branch line, that would pay the main system, it would be a great benefit to the Territory, and especially to the road, in developing the country along its line, and passing business along this way rather than passing it over the "divide" by another route.

EFFECT OF COMPETING LINES.

Q. Do you know whether the Burlington road, the Rock Island road, and the Atchison and Santa Fé, or any other of the great trunk lines, are threatening to build, or are actually building into Wyoming Territory?—A. The Burlington and Missouri have notified shippers at Fort

Laramie, a trifle north of us, that they will deliver freight in December, and they are now constructing their road to that point. They have filed their papers in the Territory and mapped out a line nearly, if not entirely, north of us.

Q. Assuming that all these great trunk lines should build into what may be properly termed the Union Pacific territory in Wyoming, and thereby draw to their lines the traffic which legitimately belongs to the Union Pacific, what effect would it have on the Union Pacific Railway?—A. My judgment is that it would leave the portion of the Union Pacific Railway through Wyoming almost bare of local business.

NECESSITY FOR CONSTRUCTION OF BRANCH LINES BY UNION PACIFIC.

Q. Is it your opinion that by the construction of those proposed branch lines the main line through Wyoming could increase its earning capacity, and thereby the entire system be benefited?—A. I believe, first, that it would improve the business and add to it. I believe, second, that the business of the Union Pacific will be very much less than at present unless they are constructed.

Q. I asked you whether the Union Pacific Railway, as now constructed through Wyoming, will have more or will have less business in case the branch lines are constructed?—A. I do not see how the road can be maintained unless there is a much larger through business.

Q. Do you mean to say that the earning capacity of the main line through Wyoming will depend on the through traffic which it will receive almost exclusively?—A. That will be so, unless these branch lines are built so as to have the country that is tributary to the Union Pacific Railway retained for it. The business will otherwise go over the other road.

TO KEEP UP WITH DEVELOPMENT OF THE COUNTRY.

By Commissioner ANDERSON:

Q. Have you completed the enumeration of the branch lines that you consider necessary?—A. I have only given those I am particularly familiar with. I wish to say that changes are taking place in the country from time to time that cannot be enumerated now. But I speak of the necessity of keeping up with the development of the country by the building of branch lines.

PRODUCTS OF NORTHERN WYOMING.

By Commissioner LITTLER:

Q. How far is it from here to the Northern Pacific?—A. The nearest point is about 300 miles.

Q. It is in Montana, is it not?—A. Yes, sir.

Q. What is the character of the country in the extreme northern portion of Wyoming, and what is it adapted to?—A. In the extreme northwestern portion there is the Yellowstone Park. Immediately east of that is a mountainous country that would be useful only for minerals. Immediately east of there is the Wind River and Big Horn country, adapted to agriculture, the raising of wheat and oats.

Q. But not corn?—A. I think they are raising corn there; but it is not so well adapted to raising corn as wheat and oats. East of the Big Horn Mountains we have a very rich agricultural country, in the extreme north, about Tongue River and its tributaries, and a very ex-

cellent cattle country immediately south of there. The same may be said of the territory eastward, through Crook County.

WHERE ITS TRAFFIC GOES.

Q. Does the Northern Pacific reach the northern portion of the Territory with branches?—A. I think there are none that enter the Territory.

Q. How does the traffic that is there go?—A. There is a little pocket in the north of Johnson County by which traffic comes down the river to Miles City, on the Northern Pacific, but only a small portion. The business of Buffalo is largely controlled by men living on the Union Pacific.

Q. Does it come down the river, or is it hauled?—A. It is now hauled to the Northwestern road, but would, more than nine-tenths of it, in my judgment, come over the Union Pacific if the Cheyenne Northern were extended across the Northwestern to reach it. The business connections there are all with Cheyenne. Buffalo was started by people from here. The interests of the business begin in Cheyenne and reach as far north as the northern part of the Territory; and it is the same with the towns on the Northern Pacific. The new towns have been started mainly by men who have gone from Buffalo and who wish to keep up connections with the Union Pacific.

THE CHEYENNE NORTHERN.

Q. How far does the Cheyenne Northern now extend?—A. Freight is taken 75 miles, I believe.

Q. They are actually constructing it now, I believe?—A. Yes.

Q. To reach these points you suggest would require how many miles more of construction?—A. There should be 300 or 400 miles more constructed. But with 100 miles of construction the business could be very largely controlled at present. Understand, that the branches could be (as a business proposition) extended from time to time as the business developed. At the present time, if the Cheyenne Northern were 100 miles farther north, with these cattle yards owned by people living on the Union Pacific, nearly all that business could pass through here on the way East.

Q. Where are your own personal interests?—A. In Southern Wyoming and Northern Colorado.

Q. You have shipped exclusively over the Union Pacific then?—A. Yes.

RATES ON CATTLE SHIPMENTS.

Q. What are the rates on cattle shipments?—A. I think they are $115 a car from here to Chicago at the present time.

Q. How long have they been that much?—A. I shipped no cattle last season. In shipping sheep, I think I paid $118 through.

Q. Have you yourself ever been allowed a rebate or special rate?—A. I have never been allowed a rebate or special rate unless on some special occasion, to cover some special short-coming.

"DOUBLE-DECKERS."

For instance, I engaged last year double-decked cars for sheep. They were not obtainable on the day I shipped. Ordinary cars were shipped on the same day and at the same price, and rebates were made so as to make up the difference—as if I had "double-deckers" originally.

Q. What do you mean by the difference?—A. A car for the shipment of sheep has two stories and holds twice as many as what we call a "single-decker." During the time that I had to ship they were not able to supply, at this point, the double-deck cars.

A REBATE ON WOOL.

Q. And in adjusting the account they fixed the price just as if you had double-deckers?—A. Yes, sir. I have had, in one instance, a rebate on wool, under this condition of affairs. My wool was being taken out east and west of Cheyenne, and would be taken off at perhaps half a dozen different points, mainly east, where the rates were less than at Cheyenne. The proposition was made that I could pull it off at one place east of Cheyenne, and that the rate would be equalized. In that case it was necessary to bill out from Cheyenne.

Q. You mean various points east as well as west of Cheyenne?—A. Yes.

By Commissioner ANDERSON:

Q. You took the average rate?—A. I took the average rate.

Q. And how far was the most easterly point?—A. Thirty miles.

TARIFFS ON POINTS WEST AND EAST OF CHEYENNE.

Q. Is there any difference in the tariff on wool from points west and from points east of Cheyenne and Cheyenne itself?—A. I have not inquired as to the last year.

By Commissioner LITTLER:

Q. Does this country fatten cattle ready for beef?—A. Yes, sir. I have not received any special rates or rebates unless to cover some matter of the kind I have referred to.

By Commissioner ANDERSON:

Q. Have they been very numerous?—A. No.

PUBLIC SENTIMENT ON CONSTRUCTION OF BRANCH LINES.

Q. Is the subject we have been discussing—the branches and their effect on the development of Southern Wyoming—a matter of frequent discussion among persons interested in these matters in this country?—A. Those who have occasion to have their attention called to it as closely as I have had to in my business cannot fail, I think, to see the necessity of it.

Q. How far are the views which you have expressed the views of those with whom you have conversed here?—A. I think the business men of Cheyenne who have interests here, and at other points outside, would generally favor the necessity of branch lines to the Union Pacific. Speaking of the Burlington and Missouri, which is about to enter Cheyenne from the south, affording us additional facilities for shipping out from here; but it does not cover the ground of holding our outside business, which has very largely built up the town and which has, within the last few years, been getting cut off.

By the CHAIRMAN:

Q. Have you talked with any of the officers of the Union Pacific Railway Company concerning the views you have expressed?—A. I have not seen any of the officers for some time. Early in the spring I called

on the officers here to express the necessity of extending the Cheyenne Northern.

TO WHAT EXTENT GOVERNMENT SHOULD ASSIST UNION PACIFIC.

Q. Why should the United States Government assist the Union Pacific Railway Company in building branch lines any more than any other companies that you have named?—A. My judgment is that the United States should not assist the Union Pacific Railway Company in any way differently from what it should assist any other road. I believe the relations should be those of debtor and creditor, and that the Government should only assist the Union Pacific as far as it will assist itself. I believe the Union Pacific should be held to a strict accountability to the Government, but that it should be put in a position where it can assist the Government and meet its obligations.

TEMPORARY DECREASE OF PAYMENTS TO THE GOVERNMENT.

Q. Is not the effect of the construction of branch lines to divert the funds of the Union Pacific Company and decrease the amount of the payments to the United States Government?—A. Eventually it would increase the amount of those payments, but it would decrease it perhaps at the time of this building.

$23,000,000 IN DIVIDEND.

Q. Are you of that opinion, notwithstanding the fact that the Union Pacific Company, from 1875 to 1884, declared dividends to stockholders of more than $23,000,000?—A. During that period the railroad had little or no opposition or competition in this territory, and was able to make a great deal of money that it cannot make now. Then, too, I believe the road was neglected in a large measure. There was not money enough expended on the road to keep it good, and this money was expended for dividends when a large portion of it should have been kept in the road.

COMPETITION.

My observation, for the past few years, has been that the road has lately had to contend with a fully equipped road, starting, say, in 1884 or thereabouts, and with competition which has approached from both north and south—more particularly east of here, but even throughout the Territory. Points like Cheyenne and Pine Bluffs, east of here, were shipping hundreds and thousands of cars of stock which are now taken by the Northwestern east of here, and they were able to pay dividends better than they can now. The question now is whether the Union Pacific Company can pay anything more than its running expenses; and, if so, whether it should not have lines to recover this business and maintain its road and make it a business success. I have no interest in the Union Pacific or in the Government, other than being a citizen of the United States and living in a community through which the Union Pacific road runs. The relations of the road and the Government should be those of business parties.

Q. What effect would an extension have on the business of the community, as to freight rates and passenger rates?—A. I do not know that it would materially affect them. But if it placed the Union Pacific in possession of the necessary funds to develop the country it would, of course, in that, increase the business.

THE "EVENER'S ASSOCIATION."

Q. Have you ever heard of the "Eveners' Association"?—A. If so I have forgotten it now.
Q. Do you recall any such title?—A. I cannot remember it.
Q. Do you recollect it in connection with the cattle business?—A. No, sir.
Q. Did you ever hear of an association known as the "Eveners' Association," composed of a number of people who combined for the purpose of making contracts for freight rates as to cattle?—A. I have known of no such association. I have known of committees having been appointed here and sent east to obtain rates for the shipping of cattle, because it is an industry that freights cut a large figure in.
Q. Then the Eveners' Association never cut a figure in Wyoming?—A. I think not.
Q. Have you any other suggestion or information to give the Commission?—A. Nothing, I believe, unless you have some questions to ask.

CHEYENNE, WYO., *Monday, July* 18, 1887.

C. W. RINER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am now in the real estate and insurance business.
Q. What public position do you now hold?—A. I am mayor of the city.
Q. How long have you been mayor?—A. I was elected last January.
Q. How long have you resided in Cheyenne?—A. Permanently fifteen years.

COMPLAINTS OF HIGH RATES.

Q. What have been the facilities and accommodations afforded to the community by the Union Pacific Railway Company?—A. That of simply transporting freights in and out of the city.
Q. Have there been any complaints in the community as to the facilities and accommodations afforded by the company?—A. Yes; that of freights being sometimes high here when there was no competition.
Q. What was the character of the complaints as to high rates?—A. That they made high prices in the city.
Q. How high were they, and between what points?—A. From Omaha here, and from here to intermediate points.

RATES REDUCED TO SOME EXTENT.

Q. Have the rates been reduced?—A. To some extent; yes, sir.
Q. What is the difference now between those high rates and the present rates?—A. There is not a great deal of difference. Our rate now, I believe, has been made to correspond with the Denver rates, and the through rate is not very different from what it was during the time I was in the grocery business here, seven years ago.

By Commissioner ANDERSON:

Q. The rate from Omaha here?—A. Yes.

RUMORS OF PREFERENCE TO SPECIAL SHIPPERS.

By the CHAIRMAN:

Q. Have you any knowledge of complaints as to preference being given to special shippers?—A. I have never heard a great deal of that; no, sir.

Q. Has there been any of it?—A. Occasionally; simply in the way of rumor. I have heard it said sometimes that they thought Governor Warren got rebates. On my inquiring of Governor Warren, he always assured me that he did not.

Q. What other shippers?—A. I have known of no particular case where, on investigation, it has been brought to light that there have been any rebates.

DISCRIMINATIONS.

Q. Has there been any complaint in the community with reference to discriminations against Cheyenne or any particular part of the community around Cheyenne?—A. I think, since the interstate commerce bill went into effect, there was found to be some discrimination between this point and some southern point; for instance, Greeley and Fort Collins, as between Denver and this neighborhood. The matter was brought to the attention of the railroad authorities, and they gave immediately the same rates to those points that they gave from Denver to those points.

Q. This was since April 1?—A. Yes.

NECESSITY OF CONSTRUCTING BRANCH LINES.

Q. You have heard the testimony of Governor Warren. Have you any additional facts to give to the Commission?—A. I think the governor has very nearly covered the ground, and I think has given about the sentiment of the business community here, as a rule. The matter was talked up pretty thoroughly in our board of trade meeting, and that seems to be the general impression in the business community, that unless the Union Pacific is enabled to build branch lines and hold the business, or get back the business which has been diverted largely from the line, it will not only hurt the interests of the Union Pacific Railway, but those of a good part of their territory, and particularly Cheyenne, because heretofore it has been largely tributary to Cheyenne.

Q. Have you ever heard of the Eveners' Association?—A. No, sir.

By Commissioner LITTLER:

Q. I understand you to adopt the views expressed by Governor Warren, generally?—A. Yes, sir; I do.

Q. And you cannot add anything material to what he said?—A. No; I think he has covered the ground very largely, and I do not see that there is anything else.

CHEYENNE, WYO., *Monday, July* 18, 1887.

E. A. SLACK, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Publisher of a daily and weekly paper.

Q. What is the name of the paper?—A. The Sun.
Q. Your place of business is where?—A. In Cheyenne.
Q. How long have you been here in business?—A. In Cheyenne eleven years, and in the Territory nineteen years.
Q. How long have you been publishing a newspaper?—A. Eighteen years.

COMPLAINTS AS TO FACILITIES AND ACCOMMODATIONS.

Q. Have you any knowledge of complaints existing as to the facilities and accommodations afforded to the community by the Union Pacific Railway Company?—A. Yes, sir.
Q. What are the nature and character of the complaints?—A. There have been a great many complaints made prior to the past year, I should say, principally that the policy of the road was not sufficiently enterprising and was repressive rather than aiding in the development of the industries of the Territory—the mineral interests and others.

DESIRABILITY OF CERTAIN SPECIAL RATES.

Q. What were the rates that were charged?—A. I do not know just what the rates were, but they were probably just the regular tariffs. I do not know that they are any lower to-day, but it was the opinion that the company ought to have given special rates to certain parties that were opening certain mineral industries. For instance, there is iron ore and soda and coal in the Territory, to which it is believed the company ought to have given special rates to develop those industries, and that in the end it would have paid the company to do so.

PASSENGER RATES.

Q. What other complaints do you refer to?—A. The passenger rates in the Territory were high. I think, though, that they have been twice reduced in the last year and a half, so that I hear nothing about that now.
Q. Was any action taken by the board of trade with reference to these complaints at any time?—A. The board of trade passed a resolution in regard to the rates to Fort Collins and some other points near Cheyenne, as being higher than they were from Denver to those points, asking the railroad company to give attention to it. They afterwards reduced the rates.
Q. Were there complaints that the company allowed special rates to certain shippers, as against the open, published rate?—A. No, sir.
Q. Have you ever had any complaints as to a rate for freight or passengers (especially freight) differing from the open, published tariff?—A. No, sir.
Q. Of what other complaints have you any knowledge?—A. I do not recall any other.

SATISFACTORY RATES ON CATTLE.

Q. Have the cattle shippers had satisfactory rates?—A. I think they are pretty well satisfied.
Q. How was it before they were satisfied?—A. I think they had some complaint about the rate beyond Omaha.
Q. Have all the cattle shippers, as far as you know, had about the same rates?—A. I think so, as far as I know.
Q. Do you know of any other complaints?—A. I do not think of any other.

Q. Have you heard the views expressed by Governor Warren concerning these matters?—A. Yes.

Q. Do you corroborate his views?—A. I do; I agree with him in the main.

EFFECT OF SPECIAL RATES—THE DEVELOPMENT OF INDUSTRIES.

Q. Have you any detailed information to give beyond what he gave?—A. In addition to what he said, I think the company should have the right, where they wish to encourage the development of any mineral resources or industries, to make a rate that would favor their development.

Q. Have they not that right?—A. Well, I do not know whether, under the law, they have or not. They did not do it when they had the right. I do not know whether they have the right now or not.

Q. What effect would a special rate on one industry and to one shipper have on the other persons in that industry?—A. It would be a damage to those who did not have it.

Q. Then, I understand you that the special rates should be allowed to all?—A. Yes; on latent industries, to develop the property.

Q. I understand you that it should not be a special, private rate, but that the open, published tariff should be such as to develop the industries?—A. Certainly.

THE ROCK SPRINGS COAL MINES.

By Commissioner ANDERSON:

Q. Do you know anything in relation to the coal mines at Rock Springs? They are managed by the Union Pacific Company, itself, are they not?—A. Through Beckwith, Quinn & Co.

Q. Have there been any complaints made with regard to the management of the coal interests there?—A. Yes, sir.

Q. What are they?—A. There have been complaints made, for one thing, that they employed Chinamen.

Q. Is there any complaint made as to the price they charge for coal at various stations on the road, comparing distant stations with near stations—for instance, comparing Cheyenne with Omaha?—A. There has. The complaint is made that they charge $6.25 a ton for Rock Springs coal delivered at the place where it is used—at the house or business place where it is used, and only $6 at Omaha. Now, whether it is true that they deliver it at the house, in Omaha, for $6 I cannot say.

Q. Still, the price is, substantially, the same, and the distance is—what?—A. It is 516 miles farther to Omaha.

Q. How is it at other points between here and Omaha?—A. The rate, I think, is the same to Laramie City that it is here; and it is about 56 miles west of here.

COMPETITION FROM COLORADO.

Q. Do any of these points on the line of the Union Pacific road receive any coal except from Rock Springs? Is there any competition?—A. Cheyenne receives a large amount of coal from Colorado, of which the company only has the freight.

Q. And is it that competition which determines the price—the competition of the Colorado coal with the Rock Springs coal?—A. I think not. It is an inferior quality of coal and is not sold sufficiently lower

to reduce the price of the Rock Springs coal. The price of the Rock Springs coal was recently reduced 25 cents per ton. It has been $6.50 per ton for the last ten or twelve years.

Q. Do you know what the cost of production of the coal, at the mines, is?—A. I have heard, but I cannot say.

Q. Have you been there?—A. Yes, sir.

CHARACTER OF ROCK SPRINGS COAL.

Q. Describe the character of the coal and how it lies with reference to the surface, and how near to the track of the road.

Commissioner LITTLER. And how thick the vein.

The WITNESS. I have never examined the Union Pacific coal vein. I never went into the mine.

Q. Who is there in this city who is familiar with that coal mine?—A. There is no one in this city. Mr. Whaley, living at Carbon, being superintendent of the company's mines at both Carbon and Rock Springs, could give you all the information, I guess, that you desire.

Q. Mention some places where they sell that coal.—A. At every station, I guess. For instance, Rollins.

Q. How far is Rollins from Rock Springs?—A. About 125 miles east of Rock Springs.

Q. And what do they charge for coal at Rollins?—A. I do not know, sir.

Q. Do you know what the annual output is?—A. I cannot say.

COMPLAINTS ABOUT RATES ON COAL.

By the CHAIRMAN:

Q. Have you any grain elevators here?—A. No, sir.

Q. How many coal shippers have you here?—A. Four or five.

Q. Have there been any complaints by them as to rates?—A. Not lately.

Q. When were there any complaints?—A. It is over a year ago.

Q. What was the complaint?—A. They complained of the freight charge for coal from Colorado.

Q. Did all the coal shippers complain?—A. I cannot say that.

UNION PACIFIC HAS MONOPOLY OF ROCK SPRINGS COAL.

Q. Was there any particular coal shipper who had a better rate than others?—A. I think not.

Q. Was there always competition among the coal shippers here?—A. Among those who shipped Colorado coal; but I understand that the Union Pacific Railway Company has a monopoly of the Rock Springs coal and handles it by agents at each station—not their regular railroad agent, but an agent who handles that coal and who has a monopoly of that coal.

Q. How many agents have they here?—A. One.

Q. Can any other person get that coal?—A. Only through that agent.

Q. Can any other coal merchant sell Rock Springs coal?—A. No, sir.

Q. If a merchant wanted to get their coal could he get it through anybody else?—A. No, sir.

Q. Have there been any complaints among coal merchants that they could not get that coal?—A. They recognized the fact that they could not get it.

Q. Has there been much of a demand for Rock Springs coal here?—A. Yes, sir.

Q. Is there more demand for that than for Colorado coal?—A. Ye

AND FIXES THE PRICE.

Q. What is the effect on the community of the Union Pacific Railw Company giving to one particular shipper a monopoly of the Roc Springs coal?—A. I do not know in what way you mean.

Q. Is it not a fact that the Union Pacific Railway Company mak the price of the Rock Springs coal?—A. Yes.

Q. So that there can be no competition in the price?—A. There ca be no competition; and if different persons handled it, it would be th same price.

Q. Why?—A. Because the company only allows a percentage to th agent who handles it.

Q. So that the Union Pacific Company would fix the price of the Roc Springs coal in this community?—A. Yes.

THE BLAIR BROTHERS.

By Commissioner ANDERSON:

Q. Do I understand that they own the whole deposit of coal at Roc Springs?—A. No, sir.

Q. Who owns it besides them?—A. The Blair Brothers own a larg deposit there.

Q. Do they do any mining there?—A. No.

Q. They do not take out any coal?—A. No.

Q. Where do the Blair Brothers reside?—A. At Rock Springs.

Q. Do you know whether they have complained that they could no compete with the Union Pacific Railway Company?—A. Yes.

Q. They have complained?—A. Yes; they have complained to me about it.

Q. Is that deposit immediately adjoining the Union Pacific Railway Company's deposit?—A. It is right in the same vicinity. I could not say that it is immediately adjoining it.

Q. But it would have the same facility for loading and exporting to Cheyenne as the Union Pacific would have, as far as locality is concerned?—A. Yes.

Q. Now, what is the nature of the complaint made by Blair Brothers? Is it that the freight rates are so high they cannot compete?—A. Yes.

UNION PACIFIC STOCK-YARD AT CHEYENNE.

Q. How many stock-yards have you here?—A. One stock-yard.

Q. Who owns it?—A. The Union Pacific Railway Company owns it.

Q. Who conducts the business?—A. Mr. R. S. Van Tassel.

Q. Is he the lessee of the yard?—A. I think so.

Q. Has he the monopoly of the business?—A. There is no business except to ship the cattle and hold them over night.

Q. Is there not room for another stock-yard?—A. Yes.

Q. Why is there not another?—A. Because it would not pay for the parties to build fences. The Union Pacific Company, as well as the other roads, has each to build its own yard.

YARDAGE CHARGES.

By Commissioner LITTLER:

Q. Is there a charge for yardage?—A. I think there is no charge except for feeding—for the hay used.

Q. Who fixes that price?—A. The lessee.

Q. Suppose another individual should build another stock-yard and fix the same price, could he do business as well as the present lessee, Mr. Van Tassel?—A. I presume so.

Q. Has the present stock-yard every convenience?—A. Yes; it is on the main line.

Q. Would it pay another individual to build a stock-yard at Cheyenne?—A. No, sir.

Q. Why not?—A. Because there is no charge except for the grain and hay, and, as I understand it, a person could go and get them wherever he chooses.

Q. Mr. Van Tassel has not any competitor?—A. No, sir.

Q. Has his business been a losing business?—A. I do not know about that. I presume not.

Q. So far as the stock-yards are concerned there is no competition in the stock-yard business?—A. No, sir.

STONE SHIPPERS.

Q. How many shippers of stone are there here?—A. I only know of one who ships any by railroad.

Q. What is his name?—A. Mr. Bradley.

Q. What kind of stone does he ship?—A. What is called Fort Collins stone, and other building stone in Colorado. And, in addition to that, there is an agent here for the Fort Collins stone—Peter Hamma.

Q. Have you any other stone shippers here other than the Fort Collins stone shippers?—A. Mr. Hamma gets different kinds of stone, such as Colorado stone, what is called the lava stone.

Q. Have there been complaints that no Fort Collins stone could be got here except through the agent of the Union Pacific Railway Company?—A. I have no knowledge of it.

Q. Did you ever hear of the Eveners' Association?—A. No, sir.

Q. Have you any other suggestion to make?—A. I believe not.

CHEYENNE, WYO., *Monday, July* 18, 1887.

C. W. RINER being further examined, testified as follows:

By Commissioner LITTLER:

Question. Have you any information as to the coal business here?

COAL BUSINESS AT CHEYENNE.

Answer. Yes, sir; the Union Pacific Railway Company controls the price of coal in this town. They own the Rock Springs mines. Of course, as they own the mine, they have made the rate on coal from that point here, so that it is really prohibitory to other owners there shipping Rock Springs coal to this point. The only other coal we can use is Colorado coal. It is very inferior in quality to the Rock Springs coal, and the freight rate on that is such that it sells at a dollar a ton less than Rock Springs coal, or $2 a ton from Boulder, which is the principal shipping point at Cheyenne.

NEARLY A COMPLETE MONOPOLY BY UNION PACIFIC.

Q. The effect of this rate amounts to a complete monopoly in the Union Pacific Railway Company, does it not?—A. Well, very nearly

so. Of course, they admit the Colorado coal into the market at a dollar a ton less than they sell the Rock Springs coal. I presume the Colorado coal furnishes about half the consumption of the two.

COLORADO COAL.

By Commissioner ANDERSON:

Q. What is the total consumption?—A. I have never looked that up. I think the Colorado coal, however, during the cold season—which is, perhaps, seven or eight months in the year—averages 125 to 150 tons a day.

Q. You say you are a coal shipper yourself?—A. Yes, sir.

Q. Of Colorado coal?—A. Yes.

Q. Does it really compete with the Rock Springs for all purposes?—A. It is not so good a family coal as the Rock Springs coal; and, of course, the wealthy people in town buy Rock Springs coal even at a dollar a ton higher in preference; while there is a class of people in town that buy the Colorado coal at a dollar a ton less.

COST OF PRODUCTION OF ROCK SPRINGS COAL.

Q. Do you know the cost of production of the Rock Springs coal at the mines?—A. No.

Q. Do you know approximately; is it over $1.25?—A. I judge not. From $1 to $1.15 I think is the cost of mining it where we get it, and I think the Rock Springs is about as easily mined as the other; perhaps not quite so. It is a harder coal.

Q. What are the nearest points to the mine where this coal is mined?—A. Green River, I think.

Q. Do you know whether they charge the same price, substantially, for the coal at Green River that they charge at Cheyenne?—A. I do not know.

PRICES OF COAL.

Q. Do you know whether they charge, substantially, the same price at all stations between Rock Springs and Cheyenne?—A. That is my impression; except, perhaps, in the immediate vicinity. I know they charge the same at Laramie City that they charge at Rock Springs.

Q. So that, nominally, the cost of production, added to a freight rate, which is, substantially, the same for all intermediate points, fixes the price of coal?—A. Yes, sir.

By the CHAIRMAN:

Q. Have you anything else to add?—A. I think that is all.

CHEYENNE, WYO., *Monday, July* 18, 1887.

MARSHALL SMITH, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am a grocer, and I handle coal.

Q. Do you do business in Cheyenne?—A. Yes, sir.

Q. How long have you been in business here?—A. Nearly three years.

COLORADO AND ROCK SPRINGS COAL.

Q. What kind of coal do you handle?—A. The Stewart coal, from the mine of Goodrich & Marfel.

Q. It is known as a Colorado coal?—A. Yes, sir.

Q. Do you deal in Rock Springs coal?—A. No, sir.

Q. Why not?—A. Well, there is but one man that handles Rock Springs coal in the town. That is Mr. Van Tassel.

Q. Would you deal in Rock Springs coal if you could? Is it a better quality of coal than the Colorado coal?—A. Yes, sir.

Q. Is there more of a demand for it than for Colorado coal?—A. Yes, sir; in this part of the country.

Q. Have you endeavored to get Rock Springs coal?—A. No, sir; not from the company at all.

Q. Have you made application to buy Rock Springs coal?—A. Never, only from Mr. Van Tassel. I have bought it from him, not from the company.

Q. Have you made application to buy Rock Springs coal at the mine?—A. No, sir; I never did.

Q. Did you buy Rock Springs coal from Mr. Van Tassel?—A. Yes, sir.

Q. What price did you pay?—A. We only get a little for our customers. Our shed was burned a month or so ago, on the track, and for that reason we are not handling or storing coal any more, because we have no place to store it at the present time, and there is not a very large demand for it. We are buying of him when we have a demand for it from a customer. We are paying now $5.75 for it.

EFFECT OF THE ROCK SPRINGS COAL MONOPOLY.

Q. What effect on the coal business has the failure on your part to get Rock Springs coal?—A. It certainly has made a great difference for our trade; because we could sell lots of it if we had it.

Q. It sends all the trade of Cheyenne, to Mr. Van Tassel—that is, those who want Rock Springs coal?—A. Yes, sir; they are compelled to go there.

Q. Are all the coal-shippers compelled to deal through Mr. Van Tassel?—A. If they get Rock Springs coal they are.

Q. Do any of them deal in Rock Springs coal?—A. Nothing more than like myself, when they have an order. When they have a customer who wants it, they get it from Mr. Van Tassel.

COAL DELIVERED AT PRICE OF FREIGHT.

Q. Do you know of any complaints existing among the merchants as to special rates being given to particular merchants in Cheyenne?—A. No, sir; I know nothing about it; that is, nothing definite. The only point that I do know is that what is claimed to be Rock Springs coal (screenings and nut coal) has been sold and delivered here for just about the same price that the freight would be, and for less. It does not give us a chance to put in any coal for the electric light, or anything of that kind.

Q. Does Mr. Van Tassel supply the electric-light authorities?—A. I suppose he does; although on that I am not really certain. I think that everything that comes in that shape comes through him, though I cannot say positively.

DISCRIMINATION IN FURNISHING CARS.

Q. Have you any other information to give the Commission?—A. There have been times in the busy part of the season when we could not get a car of coal up from Erie for two or three weeks, and yet Van Tassel was getting two, three, four, five, and six cars of coal from the west every day; and the complaint was that they were special cars. A little over a year ago we were kept in that way, and I wrote to Goodrich & Marfel about it, and they went to the Railroad Commission, and they got cars after that. It was the same in Denver as here. They could not get coal from the Erie mines; yet the books will show, almost every morning, all the way from one to six cars of coal for Van Tassel coming from the west.

PLENTY OF CARS FOR UNION PACIFIC COAL.

Q. When cars were scarce, as far as you were concerned, Van Tassel was getting plenty of cars?—A. Yes, sir. We could not get a car; and our teams and men were lying idle, waiting for coal.

Q. Have you any knowledge of special rates of freight on merchandise—some merchants getting it and others not?—A. No, sir; I have not; because here I am doing a retail business, and not shipping goods by the car-load in any quantities. I used to be in Denver in business, and then I used to know something about it.

By Commissioner LITTLER:

Q. Mr. Van Tassel has a complete monopoly of the coal trade here, as far as you are concerned?—A. He has, of the Rock Springs coal; and that is the principal part of the coal of this country, when people want to get it.

DISCRIMINATIONS IN STOCK-YARD BUSINESS.

By the CHAIRMAN:

Q. Have you ever been engaged in the stock-yard business?—A. No.

Q. Have you any knowledge of preferences being given to those engaged in stock-yard business?—A. No; nothing special. The only point I know anything about is this: An old friend of mine from Nebraska was here with stock and came to buy hay of me. I sold him the hay at a certain price, and he came back and said he could not take it, because, if he took the hay of me, he could not have the use of the stock-yards, because Mr. Van Tassel had the stock-yards and they had to buy their hay of him, and they had to pay $7 or $8 a ton more for the hay than I sold it to him for. That is the only instance I know anything about.

Q. Is this the Mr. Van Tassel who is in the coal business the same man who has the stock-yard?—A. Yes.

ROOM FOR ANOTHER STOCK-YARD IN CHEYENNE.

Q. Is there room for any other stock-yard in Cheyenne?—A. I should think there was, sir; plenty of room for it.

Q. What is the trouble, then, about other individuals engaging in the stock-yard business?—A. That I do not know, because it is really out of my line of business.

Q. Has any citizen ever undertaken it?—A. Not that I know of. Of course I am not as old a citizen here as many others, and as to that point I do not know. This instance that I speak of came under my ob-

rvation from the fact that the man was an old friend of mine from olumbus, Nebr., my old home.

Q. How long has Mr. Van Tassel had the stock yard?—A. That I do t know.

UNION PACIFIC AGENT ALSO IN HAY AND GRAIN BUSINESS.

Q. How many other businesses has Mr. Van Tassel? He has the ock-yard business and the coal business.—A. I do not know. He is the hay and grain business, at any rate, as he needs hay and grain his stock-yard business.

By Commissioner ANDERSON:

Q. Is he an agent of the Union Pacific Railway Company, or does he these businesses on his own account?—A. As I understand it, he is ent of the Union Pacific Company as far as coal is concerned.

Q. How is it as far as the stock yard is concerned?—A. That I do t know.

By Commissioner LITTLER:

Q. Where is Mr. Van Tassel?—A. I understand he is not in the city.

WHERE HE GETS HIS GRAIN.

By the CHAIRMAN:

Q. Does all the grain that comes into Cheyenne come through Mr. an Tassel?—A. Oh, no.

Q. What control has he of that business?—A. I do not understand at he makes a business of selling grain here to the people. It is ther what he wants to send out to his ranch. I think it is more con- ed to himself.

Q. Where does he get his grain?—A. I guess he buys it in Nebraska d different parts of the eastern country.

Q. Does he buy any here, in this immediate neighborhood?—A. He uld only buy of the dealers here. He has bought several car-loads Mr. Gordon, who is the heaviest grain man we have here.

Q. What is his firm-name?—A. J. R. Gordon.

Q. It is not a firm?—A. No, sir.

Q. Do you know any other business that Mr. Van Tassel is in?—A. o.

COAL USED BY THE ELECTRIC LIGHT COMPANY.

Q. Have you any other information or suggestion to give to the Com- ission?—A. No, sir, nothing particular, except that it has always been puzzle to me to know how the electric light company could lay down al for $1.25 a ton and we pay $2.25 for freight from Colorado up here. that is not so, if I am misinformed, that I suppose can be settled.

By Commissioner ANDERSON:

Q. What coal do they use?—A. Part Rock Springs and part Carbon; t it comes over the Union Pacific Railway.

Q. Were there bids for the supply of coal to the electric light com- ny?—A. That I do not know.

Q. Has Mr. Van Tassel an interest in that company?—A. That I do t know.

Q. Has any officer or agent of the Union Pacific Railway Company interest in the electric light company?—A. That I do not know.

THE STONE BUSINESS IN CHEYENNE.

Q. Do you know anything about the stone business here?—A. No, sir, not here. I used to know something about it in Denver.

Q. What other stone do you get here besides the Fort Collins stone?—A. I do not know anything about it particularly, but I do not think anything else comes in but the Natural Fort stone and the Rollins stone.

Q. Has there been much of a demand for the Fort Collins stone?—A. That I cannot say, definitely, not having anything to do with that business. There is a man here by the name of Bob Bradley, a stone man, that would know all about that part of it.

CHEYENNE, WYO., *Monday, July* 18, 1887.

FRANCIS E. WARREN, being further examined, testified as follows:

COAL FOR ELECTRIC LIGHT COMPANY.

The WITNESS. With regard to Mr. Smith's reference to coal for the electric light company I desire to say that that company purchased its coal direct from the railroad company, delivered at that works on a side track of the Union Pacific Railway, paying $2.25 for Carbon slack, $2.75 for Rock Springs slack, and $3.75 for Carbon coal as it comes from the mine. There are no parties interested in that company, to my knowledge, that are interested in the Union Pacific Railway Company in any way.

PRICE PAID FOR ROCK SPRINGS COAL.

By Commissioner LITTLER:

Question. What do you pay for Rock Springs coal other than the slack?—Answer. We do not use any but the slack. We use about 50 to 100 tons a week, and our grates are so fixed that slack is better for our use than the coal. We formerly purchased it from the dealers here, but it was impossible to get slack enough. In fact, we have to draw now on both Rock Springs and Carbon, and allow the company to ship without promising us enough of either.

By Commissioner ANDERSON:

Q. Please define what you mean by slack?—A. It is what is left after all the merchantable coal is taken out. It is the dust, you may say—the fine stuff.

CARBON COAL.

Q. What is the Carbon coal you speak of?—A. It comes from Carbon, Wyo. It is a much poorer coal than the Rock Springs, and I think it is mainly used for steam. I think it is used by the company for locomotives.

Q. Are the mines worked by the company?—A. I believe so. That is, they are worked by the coal department of the Union Pacific Railway Company.

Q. It does not enter into competition with the Rock Springs for family use?—A. I think not.

CHEYENNE, WYO., *Monday, July* 18, 1887.

NATHANIEL R. DAVIS, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Where do you reside?—Answer. In Cheyenne.

Q. What is your business?—A. I am a ranchman, and am also interested in banking here.

Q. How long have you been engaged in business here?—A. About sixteen years; that is, here and Colorado.

Q. Are you a member of the board of trade?—A. Yes, sir.

Q. What position do you hold there?—A. Chairman of the committee on railroad extensions and building.

Q. How long have you been connected with the board of trade?—A. Comparatively recently. Our board of trade has been only started lately.

FACILITIES AND ACCOMMODATIONS.

Q. Have you any knowledge of the facilities and accommodations afforded to the community by the Union Pacific Railway Company?—A. I have heard a great deal of talk, but nothing definite.

Q. Have any complaints been presented to the board of trade?—A. Not that I am aware of; nothing that has been presented to my committee.

Q. Have you had any discussion in your committee as to freight rates or accommodations or facilities furnished by the Union Pacific Railway Company?—A. No; they would not come before my committee.

DISCONTINUANCE OF COLORADO BRANCH.

We are a committee on railroad extensions and building; and particularly, on the Colorado branch of the Union Pacific, which has been discontinued, between here and Fort Collins, and in reference to the building of the Cheyenne Northern.

EFFECT OF DISCONTINUANCE.

Q. What effect has the discontinuance of the Colorado branch on the community here?—A. From here we do a considerable business; and, in order to get from Fort Collins here, the people there must go by way of Greeley, and it takes several days. Formerly it was a matter of 45 miles ride. Now it is a matter of 95 or 100. The road was built from here to Fort Collins as part of the Colorado Central. They ran a road from Fort Collins to Greeley and discontinued the part between here and Fort Collins.

Q. What information did you get as to the reason for the discontinuance?—A. They never gave us any information.

By Commissioner LITTLER:

Q. Have they taken up the track?—A. No, sir; the track is still there.

ALLEGED REASON OF DISCONTINUANCE.

By Commissioner ANDERSON:

Q. What is the supposed reason?—A. The county, I believe (though this is hearsay with me, as I was not here at the time), promised to give a certain amount of bonds if they would make Cheyenne the termini

of that road. They made the terminus of the road actually at Hassel, about 6 miles from here; and I think on that ground the commissioners refused the bonds. And although they got the road operating soon afterwards they discontinued it. The road ran, I should judge, for a couple of years.

Q. But was not this place the terminus of the Colorado Central, when it was running?—A. Theoretically it was, but really it was not. We should do a large business with the people in Collins, but, as it is now, with the interstate commerce law, we can do very little.

Q. Do I understand you to say that that is the reason for this discontinuance of the road?—A. No, sir. The question was what reason was given to us. I do not know that they did it on that ground. They discontinued the road.

Q. But the question was asked you what you supposed was the real reason that actuated the railroad company?—A. I did not so understand it. I supposed that the reason was that they could run the business by Greeley and only operate one road, instead of two, and charge more freight for getting it here.

Q. As they own both roads, it could not make much difference in the freight, but it would be cheaper to operate one road than two?—A. That, I suppose, was the reason.

DATE OF DISCONTINUANCE.

By the CHAIRMAN:

Q. When did the road discontinue between here and Fort Collins?—A. I should say about three years ago.

Q. How long had it been running?—A. I should say two to three years.

Q. Then it discontinued just about the time of, or shortly after, the consolidation?

The WITNESS. Which consolidation?

Commissioner ANDERSON. About 1883.

The WITNESS. It was soon after that.

Q. How long after?—A. I should say about 1883 or 1884. I cannot be exact about those dates.

THE PROPOSED WYOMING EHTENSION.

Q. With reference to extension in Wyoming Territory, what consideration has been given to that subject by your committee—what discussion?—A. Not much discussion. But we have had some talk among ourselves in regard to it, and we are very anxious to have, if possible, the Union Pacific Railway Company aided to extend its railroad further north. As you are aware, I suppose, our county has voted them $400,000 of bonds for 100 miles, and they were to have 75 miles built this year. But, as I understand the matter, the Union Pacific Railway Company, in its present condition, is unable to go any further than these bonds will carry it. The town of Cheyenne furnishes about all the capital that runs the business all through the northern part of the Territory, and we ought to have some railroad connection with the north. We are very anxious to have some facilities to have roads built north as far as Buffalo.

WHAT PREVENTS THE UNIQN PACIFIC FROM BUILDING BRANCHES.

Q. What is there in the condition of the Union Pacific Railway Company that prevents them from building branches?—A. We understand that the opposition of the Government holds them up.

Q. But the Union Pacific Railway Company has been continuously building branch lines, has it not?—A. It has not been continuously building them north of us. That is the point we are interested in.

Q. What other information can you give us concerning the Union Pacific system here?—A. I do not think I can give you any.

Q. What suggestions have you to give as to the construction of branch lines in the Territory?—A. Nothing, except that anything you can do to aid us in the construction of this line and the opening of the Cheyenne and Northern we shall be glad if you will do.

DONATION OF COUNTY BONDS.

By Commissioner LITTLER:

Q. Have you issued these $400,000 of county bonds?—A. Yes; they are partly issued. Another installment will be issued shortly.

Q. You say you gave them as a donation?—A. Yes.

Q. $400,000?—A. $4,000 a mile.

By the CHAIRMAN:

Q. What would this road cost?—A. I cannot say.

By Commissioner ANDERSON:

Q. Does the company guarantee the interest on the bonds?—A. That I do not know.

By Commissioner LITTLER:

Q. What is the rate of interest?—A. Six per cent., I believe.

Q. How long do they run?—A. That I cannot say. I believe thirty years.

Q. What is the aggregate assessed valuation in this county?—A. I could not tell you that.

Q. Can you approximate it?—A. I am not very sure about the figures. But I think some $3,200,000, I believe, for the city; and the county $10,000,000. That is what I believe it is estimated that it will be when it is made out.

THE EVENERS' ASSOCIATION.

By the CHAIRMAN:

Q. I understood you had been in the ranch business?—A. Yes.

Q. Did you ever hear of the "Eveners' Association"?—A. Nothing but hearsay. There has been no such association here.

Q. What do you hear about it?—A. The only one I ever heard of was that between Chicago and New York. We never had any here that I know of.

Q. What did you hear was the purpose of the Eveners' Association?—A. I do not think I ever heard.

Q. Were you a member of it?—A. No.

Q. Were you in any way connected with it?—A. No.

ITS EFFECT ON RATES.

Q. Do you know what effect it had on the rates?

The WITNESS. You mean between Chicago and New York?

The CHAIRMAN. Yes.

The WITNESS. No, sir; I do not think I did.

Q. Do you know what effect the rates effected through the Eveners' Association had upon the cattle business of the West?—A. No, sir: I

do not think I could tell. They prohibit us, positively, from New York as a market and force us to sell in Chicago.

FORCING WYOMING RANCHMEN TO SELL IN CHICAGO.

Q. That is, the Eveners' Association forced the ranchmen in Wyoming to sell in Chicago?—A. That was one thing. Another was that where men shipped through Chicago to New York the stock-yard men in Chicago, who were also interested in New York, took great pains to arrange matters so that any man that shipped through Chicago to New York should lose money.

Q. How were you compelled, through the Eveners' Association, to ship your cattle from Wyoming Territory to Chicago?—A. It was the only market we had.

Q. How did you get that market?—A. By shipping our cattle there.

Q. But to get a profitable market you had to depend on the railroad rates?—A. Not exactly. We had to depend on what we could buy or raise cattle for here.

Q. What figure did the Eveners' Association cut in effecting the rate between here and Chicago?—A. I do not know that they cut any figure.

Q. Do you know what arrangement existed between the railroads and the Eveners' Association between here and Chicago?—A. I do not know there was any. I never heard of any.

METHOD OF CATTLE SHIPMENTS.

Q. Where did you ship your cattle from?—A. From a variety of points along this line, extending from Madison Bow to Ogalalla.

Q. At all points from which you shipped, were there stock yards? A. Yes.

Q. Were those yards controlled by the Union Pacific Railway Company?—A. Well, on the class of cattle we shipped there was no charge for stock yards. They used no hay, and they were entirely in charge of the company. We herd our cattle out; we do not want to feed them, except at North Platte, where we sometimes have to feed.

Q. What was the toll for feeding at the different stock yards?—A. I do not remember; we always paid for hay at the stock yards; I do not remember the price per ton, but we had the benefit of the help about the yards in loading and unloading, and they put the feed in themselves at some additional expense; we thought they were pretty high, but we paid.

Q. At any point, was there any charge for looking after the cattle? A. No, sir; that is, not between here and Chicago.

Q. Have you any other information to give the Commission?—A. Not that I can recall.

CHEYENNE, WYO., *Monday, July* 18, 1887.

GEORGE A. DRAPER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. The hardware business.

Q. Where is your place of business?—A. Ferguson street, Cheyenne.

Q. How long have you been in business?—A. For 12 or 14 years, here.

Q. What shipments do you make over the Union Pacific Railway?—A. All our shipments come over that road.

Q. What is the character of your shipments?—A. Hardware, iron, nails, &c.

Q. From what point do you ship?—A. Chicago, Saint Louis, and other points.

FREIGHT RATES.

Q. What have been the rates of freight from points east to this place?—A. $1.30 or $1.35 per hundred pounds by the car load. The local rates, fourth class $1.50, second class $2.45, and first class $3.

Q. Have the rates changed?—A. They are somewhat lower than they were a number of years ago. I cannot just say what the difference is now.

Q. Have you always paid the open, published rate?—A. Yes, sir.

Q. Have you ever had any special rates with the Union Pacific Company?—A. No, sir.

Q. Have you made any shipments out from here to Fort Collins?—A. No, sir; not recently.

Q. Have you had any trade with Fort Collins?—A. We used to have a trade with Fort Collins, a year ago, but they discontinued running trains to Fort Collins, and that shut us out.

Q. To what extent did that cut off your trade—the closing of that road?—A. Quite materially; but I cannot say the amount, without going over the figures.

SPECIAL RATES.

Q. Have you any knowledge of any preferential rates or special rates being given to shippers?—A. I have not.

Q. Have you any knowledge of any complaints existing in the community, of special rates?—A. No, I do not think I have; that is founded on anything. In former years there used to be some complaint here about discrimination and special rates, but I do not think anything of that kind now exists.

Q. How long ago did these complaints exist?—A. About three or four years.

CHEYENNE, WYO., *Monday, July* 18, 1887.

ERASTUS NAGLE, being duly sworn and examined, testified as follows:

By Commissioner LITTLER:

Question. You are a merchant, I understand?—Answer. Yes.

By the CHAIRMAN:

Q. What kind of a merchant?—A. A grocer.

Q. Where is your place of business?—A. In Ferguson street.

Q. In Cheyenne?—A. Yes.

Q. How long have you been in business?—A. Nineteen years.

Q. Have you shipped over the Union Pacific Railroad?—A. Yes.

Q. From what direction?—A. East and west.

Q. What points?—A. From New York, Chicago, Saint Louis, and San Francisco.

Q. Have you paid the open or tariff rate—the published rate—on all your freights?—A. Yes, sir.

SPECIAL RATES OR REBATES.

Q. Have you had a special rate?—A. Not from the Union Pacific Railway Company.

Q. Did you ever apply for a special rate?—A. I do not recollect that I ever did.

Q. Did you ever have a rebate?—A. Not over the Union Pacific.

Q. Do you know of any preferential rates, special rates, or rebates being given to particular shippers as against others?—A. Nothing more than common report.

Q. Have you had business with Fort Collins, or business dealings there?—A. I used to have.

Q. When did it stop?—A. It stopped when they stopped service on the Colorado Central, in Wyoming.

Q. How long ago was that?—A. I cannot tell you how may years it is.

Q. How much trade did you do in that direction?—A. I cannot state exactly.

Q. What amount of business did you do?—A. I cannot say, now.

Q. What effect had it on your business—the closing of that road?—A. It was detrimental to my business and to the general business of the town.

Q. What did you understand, at the time, was the cause of shutting off the road?—A. I do not know that I ever heard a reason given.

BRANCH ROADS.

Q. What other information can you give the Commission concerning the branch road to Fort Collins, or any other branch road?—A. I think it would be beneficial to reopen that road. That is my opinion only. Or (inasmuch as the Union Pacific Railway Company now owns the Denver Pacific, or is operating it) a branch might start at a distance south of this, from the Denver Pacific, and connect, I believe, near Taylor Station with the Colorado Central. The Fort Collins travel would probably come this way in preference to going by way of Greeley and La Salle. The banking business of this town and the business of Fort Collins would be more closely connected. For instance, as all our western goods are being delivered here, we have but 45 miles of transportation to Fort Collins; and those goods could be distributed over that and in that connection, instead of being hauled through to Denver over two other lines competing with the Union Pacific, and from there distributed north. That would be an advantage to the Union Pacific road and an advantage to this community. What is an advantage, I judge, to any community is an advantage to a railroad company. We should like to see that Colorado Central road reopened, and also an extension of this road north from here to the northwestern part of this Territory.

THE BURLINGTON AND MISSOURI.

By Commissioner LITTLER:

Q. Which do you regard as the most important to the interests of this community?—A. The northern road, probably, if we have but one.

Q. Is there not a road now building that it is contemplated will reach Cheyenne in a year?—A. Yes; the Burlington and Missouri.

Q. What territory will the Burlington and Missouri tap, coming through, that the branch line you speak of will tap?—A. It comes from south, eastward.

Q. Does it tap the same territory?—A. No, sir; it comes east of the Denver Pacific.

Q. What other information have you that you can give the Commission?—A. I know of nothing specia

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CHEYENNE, WYO., *Monday, July* 18, 1887.

ALEXANDER H. REEL, being duly sworn and examined, testified as follows:

By Commissioner LITTLER:

Question. Where do you reside?—Answer. I am stock raising, principally, and reside in Cheyenne.

Q. How long have you lived here?—A. About twenty years.

Q. What is the extent of your business as to the amount of business that you do?—A. I have been shipping cattle for the last seven years.

Q. How much do you ship annually?—A. About a thousand head.

Q. Where do you ship them to, principally?—A. To Chicago.

Q. Where are your ranches?—A. In the western part of this Territory, on Green River, what is called Ham's Port.

Q. Where is your shipping point?—A. At Waterfall.

Q. Is that west of this place?—A. Yes.

REBATES.

Q. Have you ever, at any time, received any rebates on shipments of cattle from here to the Missouri River?—A. None, of late years.

Q. In what years did you receive rebates?—A. I think that a good many years ago we all got a certain rebate at a certain time.

Q. Was that what they called a rebate rate, open to all the shippers, or was it confined to a few?—A. It was open to all.

Q. What was the extent of it?—A. I cannot remember now, but I think it was about 1875 or 1876.

Q. I asked how much it was. Was it a rebate on the car-load or on the head?—A. On the car.

Q. How much a car?—A. I forget now. A few dollars a car; $3 or $4 a car.

Q. That is, you were enabled to ship cattle to the Missouri River at $3 or $4 less than the published rate?—A. I do not know whether it was the published rate or not. We all shipped our cattle on that rate.

Q. Was it open to all the other shippers of cattle?—A. I believe so.

Q. What was the reason of that?—A. I never knew.

Q. Was it from competition?—A. I do not think it was. I do not think there was any competition with the Union Pacific at that time.

Q. What was the price at that time?—A. At that time I was shipping from Pine Bluff. It was then $118, and from here $125, I think.

Q. What are the facilities afforded by the Union Pacific Railway Company for handling stock?—A. They are very good.

NO COMPLAINTS.

Q. Do you know of any complaints among shippers in relation to facilities?—A. None at all, that I know of. Their rates used to be

somewhat different from the western portion last year. They charged me the same rate from Waterfall as from Soda Springs and Pocatello, probably 250 miles west. There was not any competition, so that I could not reach the Rio Grande, and consequently had to stand the rate.

Q. Do you know of any preferences shown to individuals against the community generally, or any complaints of that character here?—A. I cannot say that I do.

Q. Is this community fairly well satisfied with the treatment it receives from the Union Pacific Railway Company?—A. I think as a general thing it is so. I have not heard of any complaints. Of course, our city here has felt the need of these roads north of here, as well as the Union Pacific road. We have been compelled to sit here and see these roads extend through the other parts of the State, and our people have blamed the Union Pacific Railway Company for not extending its branch system and keeping the business here.

NECESSITY FOR BRANCH LINES.

Q. What is your idea of the necessity to the road of the branch line?—A. That necessity is as great to the road and to the trunk line as it is to the city. The branch lines are as much advantage to the railroad as to the city of Cheyenne. Should these roads continue through the northern portion of our Territory and Colorado they will take the travel from our town. The Union Pacific Railroad is losing its local travel through the Territory of Wyoming, to a great extent. The other roads are reaching out through the State, while the Union Pacific will reach out to the southern portion of the Territory, with nothing but the residents along the road, while the other roads will get the trade of the Territory.

SENTIMENT OF THE PEOPLE AS TO BRANCH LINES.

Q. How far do you represent the sentiment of the people?—A. I do not know. I have been here ever since the town was built.

Q. What is the general sentiment in regard to the extension of branch lines?—A. It has been looked at as a necessary thing for the Union Pacific Railroad, as well as for this city. The citizens here have at heart the interests of their own town and of their pockets; but the same thing is for the interest of the Union Pacific Railroad. It was necessary for the Union Pacific to take steps to hold as much trade as they could on the line of the road. As I said to Mr. Adams, it was necessary for them to help keep the freight from going away from here.

Q. By what majority did the people of this county donate $400,000 of bonds in aid of the Cheyenne and Northern Railroad?—A. I think it was a unanimous vote or nearly so.

Q. Do you regard that vote as an expression of the people as to the necessity of extending this road northward?—A. I cannot see it in any other light.

By the CHAIRMAN:

Q. But that vote did not indicate the necessity of the Union Pacific Railway Company building a branch line any more than the necessity of any other road building a branch line that would aid Cheyenne?—A. That is all.

THE ELKHORN AND FREMONT.

Q. If the Elkhorn and Fremont should build a branch line up here it would serve you just as well as if the Union Pacific built a branch?—

A. Yes. But the Union Pacific road was getting the advantage of the lands and also the advantage of the trade by getting this connection from Fort Collins.

Q. You said you had complained of the rates; that there was no other road, and you had to pay them anyhow.—A. You did not understand me. I said that west of here there were certain rates. The rate from Waterfall was $190 year before last and $180 last year. They charged the same for hauling cattle from Soda Springs, and from Pocatello they charged $180, the same as they did me. I was not far enough north to drive to the northern road and not far enough south to drive to the Rio Grande road, and so they would give rates farther west to get the trade. They knew that I would have to pay the $190 anyhow, while the people up farther could drive to the Northern Pacific.

Q. I understand you to say that the facilities afforded by Mr. Van Tassel are all that can be required.

The WITNESS. I did not mention Mr. Van Tassel.

The CHAIRMAN. But that is the only stock yard, I understand.

FACILITIES FOR SHIPPERS.

The WITNESS. The question was asked me as to facilities for shippers on the line; and I said they were very good. For instance, I billy cattle from Waterfall to Chicago. The cattle are unloaded at Rollins, perhaps, and are fed hay there. Then the company furnishes some help, probably; but the cattle are railroaded by our men, and they are rested on the road.

Q. Have you loaded any cattle at Cheyenne?—A. Yes.

Q. Have you loaded them from the stock yard at Cheyenne?—A. Yes.

Q. Suppose the facilities and accommodations afforded by the stock yard at Cheyenne were not sufficient, how would you get better facilities? Is there any other stock yard to go to?—A. No, sir.

Q. So that it does not make any difference whether the accommodation is good, bad, or indifferent, you are compelled to go to this one stock yard?—A. Yes.

NO STOCK YARD COMPETITION.

Q. There is no competition in the feeding business?—A. No, sir; the stock yard here has been run (and at places like this, and probably some other places) on a little monopoly, as to hay and feed, as I understand it. For instance, if they leased me the yards to look after them and keep them in repair, they would give me the right to charge for hay and grain to feed the cattle. And if people ship the cattle on the road they have to get hay and grain at the yard. I do not know how it is now, whether they have to buy the hay at the yard or not. I have heard of the same objection in regard to feeding the cattle, but the Union Pacific people claim that they do not get that. The men that handle the cattle charge for the hay. The bill follows the cattle to Chicago.

Q. What redress has the cattle shipper?—A. None at all, but to go and pay his bill.

Q. Can any shipper help himself if he is not satisfied with the stock yards accommodation?—A. I do not believe he could. If I had a stock yard down here and asked them to ship cattle to my yard they would say they would not do that.

CONTROL OF STOCK YARDS.

Q. So that, while the Union Pacific Railway Company does not put the money, it controls the location and the number of stock yards?—A. Yes; they would say, very soon, that they would not let the cattle come into my hands, because they are responsible for the cattle. The agent has to be responsible for the freight for all stock that is unloaded into those yards. They will not allow them to be unloaded into anybody's yard without guaranteeing the freight.

By Commissioner LITTLER:

Q. The chairman has asked you whether the building of another road into this section, by any other company, would not subserve the interests of the community as well as if this Union Pacific Railway Company did it. I ask you what effect the building of another road would have on the Union Pacific Railway. Would it be detrimental or advantageous to the Union Pacific Railway if some other road were to occupy the ground which this Cheyenne and Nothern occupies?

The WITNESS. It would be detrimental, of course, to the Union Pacific.

EFFECT OF COMPETING LINES ON UNION PACIFIC BUSINESS.

Q. In what respect?—A. The probability is that there will be a great many cattle shipped on this road if extended through on the Powder River; whereas, if there is no road there, the Northern Pacific will get that business. The cattle will not be driven down to Cheyenne. The sooner we gather our beeves on the range the sooner we can do well. The sooner the cattle get confined the sooner we can do something with them. These cattle come right over the Cheyenne and Northern, over the Union Pacific to Cheyenne and Omaha. Now, if there is no road going from Cheyenne, extending to these points, they will not send them this way.

Q. The construction of the Northern Pacific has already injured the Union Pacific, in a measure?—A. Oh, yes.

Q. And the construction of branch roads or main lines into this northern country will correspondingly reduce the traffic on the Union Pacific?—A. It will increase the traffic.

Q. That is, if the Union Pacific built the roads. But suppose some other company built in there?—A. Then, of course, the Union Pacific would naturally lose that business.

Q. What effect would that have on the business of the main line of the Union Pacific Railway?

The WITNESS. Do you mean the Cheyenne and Northern, if it is extended?

Commissioner LITTLER. No; I mean if other roads are built there and the traffic is taken east over roads other than the Union Pacific. Will it decrease or increase the business of the Union Pacific?

The WITNESS. It will decrease it.

Q. So that every competing line built in the Territory, tributary to the Union Pacific or its branches, necessarily depletes the business of the Union Pacific road?—A. Every other road will, of course. The way the roads are situated they have to have their feeders in order to protect their trade.

EFFECT OF COMPLETION OF THE NORTHERN PACIFIC.

Q. Has the Union Pacific suffered in other branches of traffic by reason of the building of the Northern Pacific?—A. Yes.

Q. In what other subjects of traffic?—A. In every one, I should say. In the old times we used to have shipments here every day from the northern country. The Northern Pacific took that trade from the line of the Union Pacific. The Northern Pacific took the bulk of our cattle from Wyoming Territory, by reaching that portion of the country which the Union Pacific could not reach. If this Cheyenne branch had been extended up to Fort Fetterman last year it would have got the majority of the cattle that the Northern Pacific road took from it.

Q. Does the cattle trade furnish a fair sample of the deleterious effects upon all other traffic in this city?—A. I should think it would.

Q. Prior to the completion of the Northern Pacific did merchandise come here from the east, and was it received by those teamsters and hauled out into the country?—A. Yes.

Q. The Union Pacific, I understand, since the construction of the Northern Pacific, has lost all that traffic?—A. They have lost a certain amount of it.

Q. And every competing line built into their territory will correspondingly reduce the business of the Union Pacific Railway?—A. Yes.

THE NORTHWESTERN ROAD.

Q. It is the Northwestern road that gets the most of this traffic, as I understand you, at present?—A. Yes; it runs up in that region.

Q. And also the Northern Pacific, still farther north?—A. Yes. The Northwestern has now put a branch into Deadwood and other places, like Rapid City. I used to have, at one time, a contract from the Union Pacific by which I delivered freight for them. Mr. Vining was at one time agent of that road, and lost a good deal of freight for them.

By the CHAIRMAN:

Q. How long has this depreciation of the Union Pacific Railway by reason of competing lines continued?—A. It has only been decreasing ever since the Northwestern got to work in the Territory.

Q. How long?—A. About a year now, I think, or a year and a half.

Q. Upon what do you base your opinion that there is a decrease of traffic over the Union Pacific?

The WITNESS. As far as the Northern Pacific is concerned?

The CHAIRMAN. As far as the Union Pacific is concerned.

TERRITORY FROM WHICH SHIPMENTS ARE RECEIVED.

The WITNESS. On two things. I see the shipments of cattle from the northern part of this Territory, that used to come over the Union Pacific. I know that those shipments are all going now over the Northwestern road. That is taking away the business from the Union Pacific. Instead of twenty-five or thirty wagons loading goods, and making the streets full of wagons, they are gone from here. Where does that freight now go? That is all supplied now by the Northwestern.

INCREASED RECEIPTS DUE TO GROWTH OF POPULATION.

Q. How then do you account for the fact that the gross receipts of the Union Pacific Railway Company have increased, and show an increase from year to year?—A. Our Territory is settling up very fast. Take the towns of Cheyenne, Laramie, Rock Springs, and Rollins. Each and every one of those has increased very rapidly of late, and the country about them. Population increases trade as it comes along.

Cheyenne, instead of having 4,000, as we had a few years ago, I think has now 9,000 people. It takes more to supply those people than it did before.

Q. So that, notwithstanding the competition, the Union Pacific Railway Company, in consequence of the growth of capital and the increase of value, is able to show from year to year an increase in its gross receipts?—A. I think so. They are doing more through business now than they have done for some time.

WHY GOVERNMENT SHOULD AID UNION PACIFIC.

Q. Then why should the United States aid the Union Pacific Company to have a monopoly of the business up here?—A. I suppose the Government want to make their property as valuable as they can, and they see the other railroads have advantages over the property of the United States.

Q. Does not the Union Pacific Railway Company enjoy the same increase as it enjoyed before it had any competition?—A. I do not think so, to-day.

Q. Are you acquainted with the figures at all?—A. No.

Q. Have you examined the figures?—A. No.

Q. Are you familiar with the gross receipts of the Union Pacific Railway Company?—A. No; I have only seen the statements.

Q. So that, as far as figures are concerned, you do not base your ideas on them?—A. Not particularly.

By Commissioner LITTLER:

Q. Notwithstanding the increase of business, is it not true that, with the branches you suggested, there would be a large increase of traffic over the Union Pacific road?—A. Of course there would. There is no question about that. It might hurt some of the other roads, though.

CHEYENNE, WYO., *Monday, July* 18, 1887.

FREDERICK S. HEBARD, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am a lawyer.

Q. How long have you resided here?—A. Eight years.

THE COAL BUSINESS AT CHEYENNE.

Q. Have you any knowledge of the coal business in Cheyenne?—A. I was in the employ of the Union Pacific Railroad Company from February, 1879, and until about September, 1881, and during that time I was a clerk in the Cheyenne freight office in different capacities of the clerking business; and, as such, I had occasion to enter up bills received for coal, and to know the published tariff they charge for coal.

Q. What other duties had you in reference to the coal business?—A. I was the check clerk at one time; and, again, I was a bill clerk. In those positions, as I have stated, I had a knowledge of their rates; that is, of the rates at which the coal was billed. That was all the knowledge I had, and those were my duties.

Q. How was the coal billed to individuals; at the open rate or at a private rate?—A. There was not any coal billed to individuals. All

the coal, except that billed to the Government, was billed on company way bills and at $5.50 a ton, from Rock Springs to Cheyenne.

Q. What price was the Government paying for coal?—A. I do not know what it was paying. I only know what it was billed at—$8.50 a ton, and that was to Camp Carlin; from Rock Springs to Camp Carlin at that rate.

FREIGHT RATE ON COAL.

Q. What was the individual rate for coal in Cheyenne at that time?—A. All coal shipped for consumption at Cheyenne was shipped as company freight and was shipped to the company's coal agent, who, at that time, was Mr. Hamma, and was shipped at the same rate as company coal. I think I am mistaken about that. It was $5.50 to Hamma, and the company coal I think was shipped at the rate of 1 cent per ton per mile.

Q. What other agent did the company have in Cheyenne?—A. No other.

Q. How did you sell to other agents?—A. I did not have anything to do with the selling of the coal.

Q. How could other dealers get the coal—the Rock Springs coal you speak of?—A. They could get it only through Mr. Hamma and at the rate of $6.50 a ton, which was the retail price in the city.

Q. What was the effect of that on this community?—A. The effect was that it crowded out other dealers in that Rock Springs coal.

Q. And compelled people to purchase from Hamma as agent of the Rock Springs coal?—A. Yes, sir.

SPECIAL RATES TO SHIPPERS.

Q. Have you any knowledge of special rates being given to shippers?—A. Nothing, only occasionally a special rate would come as half rate on some special shipment. That was about all that I can remember. It was generally one shipment or one class of shipments, for a very short time. We would get all our orders for special rates from Mr. Shelby, who was assistant general freight agent most of the time, I think.

Q. Were there many orders for special rates from Mr. Shelby?—A. They were frequent, but I cannot say whether they were many.

Q. What class of shippers got the rates?—A. As well as I remember they were mostly employés of the road, or some one connected generally with the operation of the road. They were generally small affairs.

REBATES ON CATTLE SHIPMENTS.

Q. Have you any knowledge as to whether any cattle company got the rebates?—A. No, sir.

Q. Were you in a position to know whether the Union Cattle Company had a rebate or not?—A. No, sir; I was not.

Q. What years were you in the service of the company?—A. From February, 1879, to September, 1881.

Q. Did the Union Cattle Company ship then?—A. I think so.

Q. Did they have any special rate?—A. I do not know. All cattle were billed at regular rates, and billing clerks would not know.

Q. So that if a rebate was allowed it would be allowed through the Omaha office and not through you?—A. Yes.

Q. What instructions had you as to giving special rates to shippers above other shippers in Cheyenne?—A. None. Nobody was discriminated against, that I know of.

Q. Your explanation in reference to rebates being allowed by the Omaha office would apply to all special rates and rebates?—A. Yes.

Q. Were any inducements offered to shippers here by the agents of the company, by way of special rates, in order to secure shipments?—A. Not that I know of.

Q. Have you any other information that you can give the Commission?—A. I do not know what you desire. Probably not.

CAUSE OF DISCRIMINATION AGAINST GOVERNMENT UNKNOWN.

By Commissioner LITTLER:

Q. Why did this company discriminate against the Government of the United States by charging $8.50 a ton for coal shipped on Government account?—A. I never was able to find out.

Q. That you state as a fact, however?—A. That is a fact, as far as the billing was concerned.

Q. They charged the Government $8.50 a ton for coal, from Rock Springs to Cheyenne, or a little station down here?—A. Yes.

Q. Was it worth any more to ship coal for the Government than for individuals?—A. Well, they seemed to think so.

Q. Do you know of any reason why they could not have shipped on the same terms?—A. I know of no reason, except, probably, that they charged for the extra mileage, probably one and a half miles, or something of that kind.

Q. But that would be disproportionate to the distance.—A. Yes.

Q. Is it not a fact that they shipped coal to stations considerably east of here at the same price that they shipped to here?—A. I understand so.

Q. Is it not a fact that they shipped as far east as Omaha at about the same price that they shipped it here?—A. I understand so.

CHEYENNE, WYO., *Monday, July* 18, 1887.

CHARLES N. POTTER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. You reside in Cheyenne?—Answer. Yes.

Q. For how long?—A. Eleven years last March.

EXTENSION OF BRANCH LINES.

Q. Have you any information concerning the question of the extension of branch lines of the Union Pacific Railway?—A. I do not know that I have any information except so far as the desires and sentiment of the community on the question are concerned, at different times when the matter has been discussed here.

Q. What has been the sentiment, as you have observed?—A. I think it has been in one sense, two-fold: First, with reference to the situation of the city, and also the situation of the company. So far as discussion has led to a knowledge, or would lead to a knowledge of the sentiment, it would seem that the general idea has been that the Union Pacific, as a matter of self-protection, needed branch lines both south and west in order to guard against competition and also to assist in developing the country and thereby enlarge its own traffic.

Q. To what particular lines do you refer?—A. One line particularly that I know of, southerly, between here and Fort Collins, has been discussed considerably; and a line reaching north from here, and also reaching north from other portions of the Territory, to tap the country which was being reached by other railroads from the east, so far as the north part of the Territory is concerned.

BENEFITS TO MAIN LINE.

Q. What benefits would they confer on the main line?—A. I think the Union Pacific, being the pioneer road here, with branch lines leading to different points in the northern part of the Territory, would control the greater share of the business, and therefore keep the traffic that in time would go to other roads. The country will certainly, in time, be embraced by other railroads. That matter had been advocated here years before it was known that any other road would build into the center of the Territory from the east; the feasibility of it was always understood, of course.

DESIRABILITY OF OPENING COLORADO CENTRAL.

Q. What effect would it have on the community to open the Colorado road and the Colorado extension in Wyoming?—A. My own idea is (and it is that of the community) that it would benefit the town. I believe that the benefit derived by the community would be a benefit that would necessarily be derived also by the railroad company.

Q. Have you any other information or suggestion that you can give to the Commission?—A. I have none, I think. I think that embraces everything I had desired to say.

The Commission then adjourned to meet upon the call of the Chair.

LARAMIE, WYO., *Monday, July* 18, 1887.

The Commission met, upon the call of the chair, all the Commissioners being present.

W. H. ROOT, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am dealing in agricultural implements, wagons, and machinery.

Q. Where do you do business?—A. On Second street, in Laramie.

Q. How long have you been in business?—A. I commenced in a very small way about ten years ago, the last time. I was a Union Pacific Railway contractor when the road was built.

Q. How many competitors have you in business?—A. Five of them, I believe. Some of them, however, combine the wagon business with grocery or other business.

Q. Have you had any business dealings with the Union Pacific Railway Company?—A. Yes.

Q. What is the character of the business?—A. Carrying freight.

Q. How long have you been shipping over the Union Pacific Railroad?—A. More or less for ten years.

FACILITIES AND ACCOMMODATIONS.

Q. What have been the facilities and accommodations afforded you for shipment?—A. The facilities and accommodations are all right

enough. That is, they bring the freight in in reasonable time, but if they break up anything or destroy it they never pay for it.

Q. What rates have you been paying for freight?—A. I never studied the schedule very closely. We paid $4.85 from Towanda, Pa. From Pennsylvania to the Missouri River the freight was $75 or $80, and from there the freight was $400 and odd.

Q. Each car?—A. Yes.

Q. Was that the open published rate?—A. We never knew. We never looked at that. There was no use fighting them. I have had spring wagons come here from Chicago, costing $90, and the freight was $60.75.

NO SPECIAL RATES.

Q. Have you ever had a special rate in your business from the Union Pacific Company?—A. Never.

Q. Has anybody else in your business?—A. I do not think so.

Q. Do the shippers in your lines pay the same bills that you do?—A. Whatever the bill is.

Q. Is it the same for all?—A. I never examined that. I had a wagon weighing 500 pounds, and the freight on that was $8.47 for 57 miles from Cheyenne. They can work on that wagon and call that 1,500 pounds. They might as well call it 3,000 and compel me to pay it.

Q. Have they not a regular schedule rate?—A. Yes; but I never paid any attention to that.

ARBITRARY CHANGES OF RATES.

Q. Do you pay more than the schedule or less than the schedule?—A. I cannot tell anything about that. For instance, for four or five years I had wagons coming as open freight from Omaha that were $45, and the first thing I knew they jumped the tariff to sixty-odd dollars. Instead of putting up the price they rated them differently. They make arbitrary changes that way. The first one that came I brought the matter to the attention of Mr. Clark, the agent at Laramie, and he said it was wrong. The next one that came he said there was something wrong about it, and that he did not dare say anything about it. They finally followed him up, and took it out of Mr. Clark's wages—this excess of freight. A gentleman in the bank told my brother that I should keep writing to Mr. Vining about it, which I did; and, finally, they paid me back $14. They worry a man to death, relying on the probability that a man will, in time, shut his mouth and mind his business. I paid Mr. Clark the $14, as he was poor and could not afford to lose it. If you could get Mr. Clark, the clerk here, he could tell you about the freight rates.

Q. What is his full name?—A. C. C. Clark.

SMASHED IN THE SIDES OF THE CAR.

Q. Do you know anything of Mr. Trabing receiving rebates?—A. All I know about it is that it was a matter of common report. Clarence Dunbar was one of the first merchants here (and he was drowned afterwards). Their price to them upon a car-load of flour was at a certain rate. This is the report. He went down there to get the car-load of flour and in some way, on looking over the tariff, they found they had not charged him all that thought they they could get out of him. He tendered the price and they refused it. He went and got a replevin and went down and smashed in the sides of the car. Mr. Trabing was in

competitor; and it was said that Mr. Trabing was told by Mr. Vining to make his own rate. We all have to sign an annual release here. Unless we sign the release we have to pay double. They finally drove that man out of business. He had to sell out. Unfortunately he got drowned here in the lake one day.

REBATES ON STUDEBAKER WAGONS.

Q. What other complaints have you to make?—A. I have been getting wagons from Studebaker, of South Bend, Ind., and Chicago. My brother-in-law, who was then in the office of the Union Pacific Railway Company at Omaha, handed me a piece of paper one day and says: "There is the amount of money that has been paid as freight on Studebaker wagons in Wyoming." There are only three men in Wyoming handling that wagon. He said to me, "15 per cent. of your money has gone where it will do the most good." Referring to the Studebakers, he said, "I paid the freight here and sent them back 15 per cent. of the amount." I wrote them a letter, and they acknowledged that they had received this 15 per cent. rebate. I think that every car-load of Studebaker's goods that ever crossed the Missouri River for years has paid that 15 per cent. to the Studebaker family for the sake of getting the freight.

Q. Have you got that letter?—A. I think I can find it. I had it a long time, but I looked for it the other day and could not find it. But I think I can find it.

Q. Will you send a copy of it to the Commission?—A. I will send you the original; I have no use for it.

COMPELLED TO SIGN A RELEASE.

Q. What other complaints have you heard of?—A. They have blackmailed men. If a stockman gets his cattle killed he gets one-half the value. But a Swede, or a poor devil who loses his cattle, is called into the office and has to sign a release. They shipped car-loads of goods from San Francisco to Cheyenne for $200 less than from here. But that has stopped lately.

Q. How many coal dealers have you here?—A. There is only one coal man, William Lawrence.

Q. What do you pay for coal here?—A. $6 and $6.25, I think, for cash.

Q. What is the distance from Rock Springs?—A. I cannot say exactly.

Q. Who is the man who is agent of the Rock Springs coal?—A. William Lawrence.

"A THOUSAND AND ONE COMPLAINTS."

Q. Do you know of any other complaints?—A. Oh, there are a thousand and one little complaints. But those are the only complaints of magnitude. But there are a great many things that would be dug up eventually, if the Commission were to have a session here of any length.

Q. How many stock-yards have you here?—A. One.

Q. Whose is it?—A. It is supposed to belong to the Union Pacific Railway Company.

Q. Who runs it?—A. Mr. Clark does, I believe. He is the agent of the Union Pacific Railway Company. They have a man who looks after the stock.

Q. Is he the lessee of the stock-yard?—A. I think not; no.

LARAMIE, WYO., *Monday, July* 18, 1887.

CHARLES CLARK, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Station agent of the Union Pacific Railroad, at Laramie.

Q. How long have you been so employed?—A. About twelve years.

Q. What position did you hold prior to that time?—A. I was clerking for the agent.

DUTIES OF LOCAL FREIGHT AGENT.

Q. What are your duties as freight agent?—A. I have got charge of all the business here, freight and passenger.

Q. How do you fix the rates?—A. By tariffs.

Q. By published tariffs?—A. Yes, sir.

Q. Do you receive instructions?—A. Yes, sir.

Q. Where from?—A. From Omaha.

Q. Who gives you instructions?—A. The general freight agent and traffic manager.

SPECIAL RATES.

Q. Have you given any special rates to any shippers?—A. I do not know that I have.

Q. You would know if you had?

The WITNESS. What do you mean by special rates; one man getting cheaper rates than another?

The CHAIRMAN. Have you given anybody anything other than the published rate?

The WITNESS. No, I think not.

Q. Have you given any rate, by way of rebate, prior to April 1?—A. No, sir; not to my knowledge.

Q. Have you given any shipper any preference?—A. Not to my knowledge.

Q. What do you mean by "not to my knowledge"?—A. If I give a man a rate, that is the last I know of it.

By Commissioner ANDERSON:

Q. He may get his rebate at Omaha, and you not know it, you mean?—A. Yes, sir.

By the CHAIRMAN:

Q. Did you ever give a special rate to a man other than the published rate, and not know anything about it after you gave it to him?—A. I may have made a man a rate that I got from Omaha by an order saying "make him such a rate." I may have given him that rate. I cannot make a rate, myself, from here to the Omaha bridge.

Q. Did you give any special rates under instructions?

The WITNESS. Prior to April 1?

The CHAIRMAN. Yes.

The WITNESS. I cannot remember; I may have.

Q. Did you give special rate to Trabing's firm?—A. No, sir.

Q. Did they, at any time prior to April 1, get special rates?—A. I do not think they did.

THE CASE OF DUNBAR.

Q. Was there any complaint, at any time, by any shipper in the same line of business with Mr. Trabing? Did Mr. Dunbar complain about the rates given to Mr. Trabing?

The WITNESS. How long ago is that?

The CHAIRMAN. If it happened twenty years ago, and you know it, we want to know it.

By Commissioner ANDERSON:

Q. How far back is that?—A. I cannot tell; it must be eight or ten years ago.

By the CHAIRMAN:

Q. Well, what happened?—A. I never heard any complaint from Mr. Dunbar.

Q. Did Mr. Dunbar go out of the business?—A. He died.

Q. What was the condition of his business before he went out?—A. I guess it was all right. He never broke up.

Q. Was there any complaint on his part?—A. Not that I know of. I never heard of it.

Q. Did you not hear it?—A. I might. I do not know.

Q. Who else might hear it?—A. I do not know. The superintendent might hear it. He was here then.

Q. Did Mr. Dunbar complain to you?—A. Not that I remember.

Q. Did you ever hear it spoken of that he was discriminated against?—A. I guess I did hear it.

Q. What did you hear?—A. I cannot tell now.

Q. What was the trouble?—A. I cannot remember.

REPLEVINED HIS FLOUR.

By Commissioner LITTLER:

Q. Were you here when he broke open your car and replevined the goods?—A. That was a car-load of flour that came from Colorado. We had a war between this road and the Kansas Pacific, I believe, at that time; and the car came here billed at the old Cheyenne rate, and I charged the Omaha rate, and Mr. Dunbar replevined the car and took it.

By Commissioner ANDERSON:

Q. How long ago was that?—A. I cannot tell without reference to my books.

Q. About how long ago?—A. Seven or eight years ago. We had a lawsuit about it, and he got beaten.

By the CHAIRMAN.

Q. What kind of a lawsuit did you have?—A. I cannot tell. It was a lawsuit.

Q. Well, what sort of a suit was it? Was it a case of assault and battery, or what?—A. It was about this car-load of flour. He would not pay it at first; and he had to pay it.

Q. Was this a common thing, that of allowing special rates, since you have been connected with the road?—A. There is nobody here that gets special rates, to my knowledge. They all pay the same rates.

SPECIAL RATES TO SPECIAL PEOPLE.

Q. Have you not had instructions from time to time to give special rates to special people?—A. Well, there are special rates on many

things. They used to make special rates on a car of cattle from here to Cheyenne, or something of that kind.

Q. Did they make that rate for all people on cattle to Cheyenne?—A. They ought all to have the same rate; yes.

Q. Well, did they all have the special rate?—A. There is a special rate now.

Commissioner ANDERSON. He means, did one get a better rate than the other.

The WITNESS. They all got the same rate, as I understand it. Our tariff rate was $45 from here to Cheyenne; and we would make a special rate for that of $30, and all would get that.

Q. Do you know of any one shipper, in any line of merchandise, having a better rate than the other shippers?—A. No, sir.

THE STOCK-YARD AT LARAMIE.

Q. Does the Union Pacific Railway Company operate the stock-yard?—A. Yes.

Q. What do they charge for hay to people who put their cattle with them?—A. They pay $20 a ton.

Q. What other charges are made in the stock-yards here, besides those for hay?—A. No other; the railroad company does not get that, either.

Q. Who gets that?—A. A man has a contract, who has been furnishing the hay himself all that time.

Q. What is his name?—A. I think it is old man Sprague.

Q. Why do you "think" about it, if he is there all the time, and you know him?—A. He is not there himself; a man attends to it for him.

PRICE CHARGED FOR HAY.

Q. What kind of a contract has he?—A. I do not know; a few years ago Mr. Hutton supplied the hay, and got $20, all the time, I believe.

Q. Who made the contract?—A. I do not know; Mr. Dickinson, I guess, when he was superintendent here.

Q. Who carried out the contract on the part of the company here when Mr. Dickinson was not here?—A. There was nothing to carry out.

Q. Who saw that he fed the cattle properly under the contract?—A. I did; or somebody else did.

Q. How did you know what the agreement was?—A. We knew nothing about it; there was a man there who told us how much the cattle ought to have.

By Commissioner ANDERSON:

Q. Is $20 the regular price of hay here?—A. Yes, sir; you cannot buy it here at all for less than $20.

Q. That was the regular price?—A. It is now.

Q. Was it then, when that man was supplying it at that rate?—A. Oh, yes.

By the CHAIRMAN:

Q. Has Mr. Sprague the contract now?—A. I do not think there is any contract at all now; but the old thing goes along.

Q. Who makes the money out of it now?—A. Well, he is furnishing the hay now.

Q. If there is any money in it he gets the money from it?—A. He gets the money for furnishing the hay, and the man that attends to it gets paid by Mr. Sprague.

Q. Where is Mr. Sprague?—A. He is on his ranch, I think.

Q. Is he connected with the company?—A. No.

A MONOPOLY.

Q. Are any of the officers of the company connected with the stock-yard?—A. No, sir.

Q. Is there room here for more than one stock-yard?—A. There is lots of room, but the company has only one; that is all that is needed.

Q. Could any other individual compete with Mr. Sprague for the supply of hay, cheaper?—A. I do not know whether the company would run the cattle to any other yard or not.

Q. Why would they not?—A. I do not know.

Q. Then that gives to Mr. Sprague a monopoly of the business?—A. That may be the way now; nobody has ever tried to put up any other stock-yard, or asked to.

Q. There would be no use, would there?—A. I suppose not.

Q. What does Mr. Sprague get for yardage?—A. Nothing; not that I know of.

Q. Who does get it?—A. Nobody.

Q. All that is paid is the price of the hay?—A. That is all.

THE COAL BUSINESS AT LARAMIE.

Q. Who has charge of the coal business here?

The WITNESS. Commercial coal—coal that is sold around town?

The CHAIRMAN. Yes.

The WITNESS. William Lawrence.

Q. How many kinds of coal are sold around town?—A. One—the Rock Springs coal.

Q. What rates has he got for coal?—A. He pays $4.75 for lump coal.

Q. Does any other merchant here ship coal, other than Lawrence?—A. No.

Q. Has any other merchant attempted to ship coal from here, other than Mr. Lawrence?—A. Not that I know of.

Q. Has any individual ever applied for rates for coal, other than Mr. Lawrence?—A. There have been two or three people apply lately for coal, and they gave them the same rate as Mr. Lawrence got. I told them that was the rate.

Q. Prior to April 1 were any applications made for coal?—A. Not to my knowledge; not from here.

By Commissioner ANDERSON:

Q. What does he sell the coal at?—A. I think he sells it at a dollar a ton profit—from $4.75 to $5.75; and to employés of the company 50 cents less.

Q. What is the rate on coal from the mines to this place?—A. Four dollars and seventy-five cents is the price—and the freight.

Q. Can you say what the freight is?—A. No; I do not know how it is divided, without going to my books to look—$2.50 and $2.25, I think.

Q. Do you know what it costs to mine a ton of coal at the mines?—A. No, sir.

LARAMIE, WYO., *Monday, July* 18, 1887.

W. H. ROOT, being further examined, testified as follows:

REBATES ON PAPER.

The WITNESS. A. S. Mercer, of the Northwestern Live Stock Journal, published in Cheyenne (of which I am the regular correspondent here), told me that they sent their expense bill back to Omaha and got half the money back on the freight on their printing paper.

By Commissioner ANDERSON:

Question. What do you mean by their expense bill?—Answer. The receipted bill.

CATTLE RATES.

By the CHAIRMAN:

Q. Where is the paper published?—A. At Cheyenne. I asked the manager of the Boomerang here if they got any such arrangement. He said they did not. That is different. There was a case of cattle, coming over this road, or horses, from up on the Oregon Short Line, or the main line. They have been in the habit of giving a Mr. Ora Haley, a very heavy shipper here, a rate of 10 cents per car per mile, and allowing him to unload his cattle whenever and wherever he liked, and to keep them as long as he liked, then feed them awhile, and so work them on down. Other people do not get those privileges and get charged a great deal more. Several years ago George Harper, of Rock Creek, and Mr. Conner (both of whom are living there yet) went to Omaha with cattle. Mr. Conner has been on the frontier all his life and is pretty sharp. Mr. Harper is rather of an innocent turn. They went into the Omaha office, and Mr. Shelby (I think it was) said, "Mr. Conner, where do your cattle come from?" Mr. Conner smelled a large-sized rodent and went back and told them that his cattle came up from the line of Fort Mackinaw. He got a rebate of $16 per car. Mr. Harper told them they came from the neighborhood of Rock Creek. He only got $10. That is the difference in the treatment of those two men. There are a thousand and one things of that kind. I do not suppose that one man's life would be long enough to dig up more than 1 per cent. of their "monkeying."

NO MAN CAN SELL COAL WHO DOES NOT "WHACK UP."

Q. What else have you to say?—A. I have to say that no man can get the job of selling coal in this neighborhood without "whacking" up with somebody.

Q. What do you mean by "whacking up"?—A. I mean he has got to pay for the privilege.

Q. Why do you say that?—A. I cannot swear to it positively; I never saw the money paid from one man's hand to another, but these men that sell the coal dare not come on the stand to admit it.

Q. To whom is the money paid?—A. I do not know who gets it. I do not know whether Mr. Clark or Mr. Dickinson gets it, or who gets it, but somebody gets it.

Q. What shippers have you here?—A. George & Godston ship grain here; and Mr. Trabing ships largely of grain. When he fitted up his store he claimed that he paid $30,000 to fit it up. We have to pay $1,000 a day on freight. And there are 3,000 people here. Some months $40,000 a month.

NO DUPLICATE RECEIPTS ISSUED.

Q. Have the rates of freight varied much?—A. Very little.

Q. Has the company ever issued tariff rates?—A. I have never seen any. If a man has a receipt for five or six hundred dollars and the wind blows it out of his hand it is "against the rule" to issue another one. That is to keep you from calling on the Omaha office. They absolutely refuse to issue a duplicate receipt.

By Commissioner ANDERSON:

Q. Why do you say it is "to keep you from calling on the Omaha office"?

The WITNESS. That is my idea.

Q. Can you not call on the Omaha office in case the wind does not blow the receipt away?—A. You may call on it, but that is all the good it will do you. I do not see why they should refuse to issue a duplicate receipt.

Commissioner ANDERSON. They might give that notice to avoid the trouble of making a duplicate receipt.

The WITNESS. Well, people in business have to take a little trouble.

COAL BUSINESS AND SODA WORKS RUN BY UNION PACIFIC PEOPLE.

By the CHAIRMAN:

Q. Do you know of any of the officers or employés of the Union Pacific Railway Company being engaged in any business on the line of the road?—A. I cannot say that, exactly; there are piles of things that can be said, but cannot be sworn to. The coal company is the Union Pacific people. That is the way it is understood here. The same is true of the soda works here. Mr. Hinckley is a relative, I believe, of Mr. Adams, and Mr. Sickles, who built the works, is a friend of his, I believe.

Q. How much ground is there connected with the soda works?—A. There must be four acres there now; and they are spreading.

Q. Are there any individual enterprises like these soda works here?—A. No, sir; this is the only soda works of its kind in the world.

Q. Does the Union Pacific Railway Company own all the territory covered by the soda works?—A. They are supposed to own the ground, and they are supposed to own the soda works. It took them thirty years to freeze out the man that had the other soda works—N. K. Boswell.

HOW THEY FROZE OUT A SODA COMPETITOR.

Q. How did they freeze him out?—A. He could do nothing with his soda. They charged $10 a car for lumber and $10 a car for cattle.

Q. Did Mr. Boswell have any way of getting the soda out, other than by the Union Pacific Railway?—A. No.

Q. Did he try to get it out?—A. He tried to get some to the Centennial, he told me. He was very poor then; and when he pulled it down here, with some cattle to the depot, he paid $200 for a cake a few feet square. He "bullywhacked" the bulls down to the Kansas Pacific, which was a rival road.

Q. How soon after that did the Union Pacific Railway Company get possession of the soda works?—A. Several years.

Q. When did they get possession of them?—A. It must have been five, six, or seven years ago.

EXTENT OF SODA DEPOSITS.

Q. What did they pay Boswell?—A. I understood they paid him $6,000. If the soda works were within a few miles of Philadelphia they

would be worth $1,000,000. There are 40 feet, solid, of soda there, 10 feet thick, and continually forming.

Q. Did the Union Pacific people buy the whole thing?—A. I think they covered the whole claim.

Q. There is no trouble now about getting the soda to market, is there?—A. If a man had a coal mine here in the middle of the town it would not do you any good.

Q. Since the Union Pacific Company has got it they have had no trouble in getting it to town?—A. No. The preparation is such that it is in the shape of glauber salts, and is in condition to make any kind of soda that the world demands.

By Commissioner LITTLER:

Q. Is there much demand for it?—A. Mr. Kirk, of Chicago, the soap man, was here, and he said that he could use more soda than this factory could produce.

Q. How much do they get out a day; how much do they ship?—A. They have been merely experimenting. They have to send to England for pans, and they have to send to Omaha; and the whole thing is in such a shape that, at times, they have not got under way. It is called the Laramie Soda Works.

W. H. ROOT.

The witness subsequently furnished the following:

THE STUDEBAKER REBATE LETTER.

[Wagons, carriages.—Studebaker Bros. Manufacturing Company.]

SOUTH BEND, IND., *March* 13, 1886.

W. H. ROOT, Esq.,
Laramie, Wyo.:

DEAR SIR: Your favor of the 10th is received and noted. * * *

We note what you discovered in looking over the railroad company's books at Omaha, but you overlooked one thing, and that was that this rebate was paid us for 1883 and 1884, and none of it for 1885. We have no recollections of your having done much business with us in 1883 or 1884, therefore we do not consider that you are entitled to any of this rebate. We will put in our claim for 1885 very soon, and whatever we get on the business going to you we will give you the proper credit for. We would say, however, that this rebate was not paid to us particularly on the Wyoming business, but on general principles, and they distributed it around among all the different car-loads we shipped, so as to look well.

Yours, truly,

STUDEBAKER BROS. MFG. CO.

Dictated by Byerley.

I haven't got to your prices yet, but will in a few days.

Also the following:

ANNUAL RELEASE.

Memorandum of agreement made and entered into this 1st day of January, A. D. 1883, by and between the Union Pacific Railway Company, party of the first part, and W. H. Root, of Laramie City, Wyo. T., party of the second part.

Whereas, the tariffs and classifications of the Union Pacific Railway Company provide two rates on certain kinds of freight, the transportation of which renders it liable to damage; and

Whereas, one of these rates is charged upon such freight when transported at the risk of the carrier, and the other, which is the lower of the two, is charged upon such freight when transported at the risk of the owner; and

Whereas, the party of the first part agrees to charge the rates provided in the classifications and tariffs for freight carried at owner's risk upon all freight susceptible to damage which it may transport for the party of the second part, from the date hereof until the 31st day of December, A. D. 1883.

Now, therefore, in consideration of the above agreement, the party of the second part expressly assumes all risk of damage to their freight which may occur while in transit on the Union Pacific Railway, during the period mentioned above, resulting from leakage, breakage, chafage, decay, or from any other cause incidental to its transportation, and not the result of derailments or collision of trains; and the acceptance of said reduced rates by said party of the second part expressly releases the said Union Pacific Railway Company from all liability on account thereof.

In witness whereof the party of the first part has caused these presents to be subscribed by its agent, and the party of the second part have hereunto set their hands, upon the day and year first above written.

THE UNION PACIFIC RAILWAY COMPANY,
By C. CLARK, *Agent.*

Duplicate.

This release to be issued in triplicate, the original to be retained by the agent, the duplicate by the party of the second part, and the triplicate to be forwarded to the freight auditor.

LARAMIE, WYO., *Monday, July* 18, 1887.

F. W. OTT, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Where do you reside?—Answer. In Laramie.

Q. What is your business?—A. I am publishing a newspaper.

Q. What is the name of the paper?—A. Wyoming and its Future.

Q. How long have you been publishing a newspaper?—A. About a year and a half in this town.

Q. Where did you publish before?—A. I published at Leadville, Colo., and at Columbus, Nebr.

FACILITIES AND ACCOMMODATIONS.

Q. During your residence here, or since your publication, have you any knowledge of any complaints existing in this community as to rates or facilities or accommodations afforded by the Union Pacific Railway Company?—A. Yes, sir; a great many.

Q. What is the nature of them?—A. Any man who wishes a car of coal, for instance, from Rock Springs, cannot get it on any consideration, at any rate whatever, but they say that their price is so much—$4.75 per ton; that is, they say their price is $4.75 per ton to this man, Lawrence, and every man that wants coal must buy the coal from William Lawrence. The coal cannot be got from the company, and William Lawrence will charge $6.50 a ton.

THE COAL BUSINESS AT LARAMIE.

Q. What effect has it on the price of coal?—A. It had a great effect, because you cannot buy it for less than $6.50; otherwise you could buy it for $4 or $5. Coal got out at Carbon is bought there at $2 a ton, and we have to pay for the same coal $6.50; and the same coal is sold in Denver for $4.

Q. How near are you to Rock Springs?—A. Two hundred and forty-four miles. But I am speaking of Carbon, which is 86 miles from here. They use a great deal of coal here which they put in as Rock Springs coal. The Rock Springs coal is much the better coal.

SPECIAL RATES.

Q. Have you any knowledge as to special rates being given to shippers?—A. Nothing definite. It is very difficult to find out anything

definite. We can only go by hearsay—by the expressions of people themselves who have been shipping that we happen to hear.

Q. Have you any knowledge of any complaints as to shippers having special rates by way of rebates or otherwise?—A. I understand there has been cattle shipped from this town and from other towns in Wyoming, in which one man can get a rebate if he belongs to their stock association here, which protects him, and if he does not belong to the association he cannot get the rebate.

WYOMING STOCK OWNERS' ASSOCIATION.

Q. What is the name of the association?—A. The Wyoming Stock Owners' Association.

Q. How extensive is that association?—A. It is very extensive. I believe it is considered that the company is worth at least $100,000,000; that is, the entire association. It is only a name that they have adopted because they started in here first, but the same company runs from north and south, into Dakota and other States and Territories. It is not in Wyoming alone that it runs. It goes, however, under the name of the Wyoming Stock Owners' Association, though it might really be called the Western Stock Owners' Association.

Q. Is it an incorporated company?—A. It is not really an incorporation, but an association of men interested in cattle raising. They associate together to help one another to control the markets and tariffs and everything else. Also to fight land cases, or to follow up men who have been stealing cattle, or anything of that sort.

WAITING FOR THE INTERSTATE COMMERCE BILL.

Q. So that if the shipper of cattle is not in the association he would not be able to get the special rates?—A. It was so prior to the interstate commerce bill. I do not know how it is now. People are all waiting and anxious to know how the interstate commerce bill will work on that.

THE STOCK-YARDS.

Q. Do you know anything about the management of the stock-yards here?—A. There is one man here that controls the stock-yards here. He feeds the cattle and charges so much. Nobody can put any hay and feed the cattle. This man has to be paid for it.

By Commissioner LITTLER:

Q. What is the market price of hay here?—A. From $9 to $10 a ton. And it has been as low as $6.

By the CHAIRMAN:

Q. What does the company charge at the stock yard?—A. $20 a ton.

COMPLAINTS AS TO REBATES.

Q. What other complaints have you knowledge of, here in the community, as to rates or discriminations of any kind?—A. The same case that Mr. Root stated, as to rebates. Mr. Slack, of the Cheyenne Sun, and the Stock Journal of Cheyenne (though this is hearsay) have received rebates on paper, while others cannot get it. I cannot get any rebates. I am not in with them.

By Commissioner LITTLER:

Q. Does this Boomerang paper get rebates?—A. They do not get enough paper to get a rebate on it.

Q. Who is the editor of that paper now?—A. A man by the name of Kent.

By the CHAIRMAN:

Q. Is there any special agency here in charge of the coal business or like the stock business?—A. None that I know of. The Continental Oil Company control shipments of oil here. Nobody but they can ship oil here.

Q. That is the Standard Oil Company?—A. Yes.

NEARLY EVERY HEAVY BUSINESS CONTROLLED BY THE COMPANY.

Q. Do you know whether any officer, employé, or agent of the Union Pacific Railway Company is interested, directly or indirectly, in the business enterprises along the line of the road?—A. I guess they own nearly every heavy business there is on the line of the road.

Q. What I mean, outside of the Union Pacific Company, what individuals among its employés or officers have such interests?—A. Well, as to the soda works, that is considered to be a company; that if you had any complaint to make you have to go to the Union Pacific Railway Company. It is owned by Mr. Adams, the president of the Union Pacific Railway Company.

Q. Owned by the Union Pacific Railway Company?—A. Owned by Mr. Adams's nephew, Mr. Hinckley.

PACIFIC HOTEL COMPANY.

Q. What other matter can you furnish information in regard to?—A. This hotel, for instance.

The CHAIRMAN. Yes; that belongs to the Union Pacific Railway Company; they lease that.

The WITNESS. It is so understood here.

Q. What officers of the Union Pacific Railway Company are interested in this hotel?—A. Every one of the officers are considered to be. Why, the officers get special rates. They do not have to pay anything in the hotel.

Q. This hotel is conducted by the Pacific Hotel Company?—A. Yes.

Q. That is like all the other hotels along the line?—A. Yes.

Q. And they have special rates, just as all other hotels have special rates?—A. Yes.

The CHAIRMAN. We got that information in Omaha.

By Commissioner ANDERSON:

Q. The Chairman asked you what officers had any interest in the hotel—the superintendent or president or who?—A. It is understood that Mr. Adams is the backer of Mr. Swobe.

Q. When you say it is considered, what do you mean?—A. We cannot prove anything, you know.

The CHAIRMAN. The Union Pacific Railway Company owns the building and a half interest. That information we got from those people, under oath.

The WITNESS. Well, that is a misunderstanding on my part. I take that back.

Q. Have you any other information?—A. I cannot think of any other just now; but you could get lots of points if you could remain long enough here.

THE STOCK OWNERS' ASSOCIATION.

Q. Will you give me the name of any officer of this Stock Owners' Association?—A. I have the whole list over at my office, in the paper.

Q. You have the whole list in what paper?—A. In my paper.

Q. You mean a published paper?—A. Yes.

Q. Can you give us a copy of this paper?—A. Yes.

Q. The association has $100,000,000 capital?—A. I do not mean that the association itself has it, but the representatives, the men who form the association, are considered to own stock and such like—and everything else that they own is considered to be worth that much.

Q. You use the term "is considered" very often. What do you mean by "is considered"?—A. Well, if a man has stock on hand, for every head of cattle, for instance, he is said to be worth $5. We sum up the number of cattle he has on the ranches, and that gives an idea of how much he is worth.

Q. Can you give us the name of any man at Cheyenne who is interested in this cattle association?—A. F. E. Warren, ex-governor, is one of them.

The CHAIRMAN. Will you send a paper to San Francisco, directed to this Commission, with the names and any other written information that you may have?—A. Yes, sir.

The Commission then adjourned, to meet upon the call of the chair.

SALT LAKE CITY, UTAH, *Wednesday, July* 20, 1887.

The Commission met upon the call of the chair, all the Commissioners being present.

PETER P. SHELBY, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am assistant general traffic manager of the Union Pacific.

Q. Where are you located?—A. At Salt Lake City.

Q. How long have you been located here?—A. Since January, 1886.

POSITIONS HELD IN COMPANY.

Q. Were you connected with the Union Pacific Railway prior to that time?—A. Yes, sir; I have been connected with the Union Pacific Company for a little over twenty-one years.

Q. What position did you hold prior to that of superintendent?—A. I have held various positions. I was general freight agent and assistant general freight agent and local freight agent at Omaha Station, and division superintendent, and so on down to the bottom.

Q. Have you named all the positions you have held?—A. Yes, sir; down to that of a clerk.

DUTIES AND POWERS AS ASSISTANT GENERAL TRAFFIC MANAGER.

Q. What are your duties as assistant general traffic manager?—A. As assistant general traffic manager I have immediate charge of the freight traffic of Utah, Idaho, and Montana, and the east-bound Pacific coast traffic.

Q. What powers have you as to the freight traffic?—A. I have discretionary powers to a certain extent. Of course I have to submit all important matters to my superiors, with any recommendations I may wish to make.

Q. Who are your immediate superiors?—A. Mr. Kimball.

Q. Do you receive instructions from Mr. Kimball?—A. Yes, sir.

Q. Do you report to Mr. Kimball?—A. Yes, sir.

Q. How often do you report?—A. Every day.

Q. Do you report in writing?—A. Generally.

Q. Who was your predecessor here at Salt Lake City?—A. We never had any here. I am the first man that came here as assistant general traffic manager. The office was created the 1st of January, 1886, and we never had any officer here with full authority before. We had a general agent here. All the important matters were attended to in Omaha prior to the time I came here.

FREIGHT RATES.

Q. During your residence here, how have you fixed the freight rates, by published order?—A. Yes, sir.

Q. Have any other rates been charged to shippers?

The WITNESS. Since I have been here?

The CHAIRMAN. Yes.

The WITNESS. Yes. We have charged sometimes better rates than the tariff rates.

By Commissioner ANDERSON:

Q. Do you say better rates?—A. Yes, sir.

By the CHAIRMAN:

Q. What other rates?

The WITNESS. Your question is hardly in the right shape. Do you want to know if we had any other rates?

The CHAIRMAN. I want to get that after awhile. Have any other rates been charged to shippers?

The WITNESS. Yes.

Q. What other rates have been charged?—A. I could not say what other rates without reference to records.

Q. Have there been special rates?—A. Yes, sir; special rates.

PREFERENTIAL RATES.

Q. Have there been preferential rates?—A. Not exactly preferential rates, but special rates that were made upon certain commodities.

Q. What other kinds of rates have you charged; have you charged the regular rates and allowed rebates upon the rates charged?—A. Yes, sir.

Commissioner ANDERSON. That is, you have allowed rebates?

The WITNESS. We have allowed rebates.

Q. To whom have you given special rates?—A. We have given them to all the principal merchants of Salt Lake City and Ogden, and all other competing points reached by the Union Pacific system.

Q. What merchants?—A. I can furnish you a list of them, if you want it.

PARTIES GRANTED REBATES.

Q. Will you name the principal ones?—A. We have given them to Lamington, Johnson & Co., George M. Scott, Zion Co-operative Mer-

cantile Institution; in fact, all the principal merchants of Salt Lake City.

Q. Will you name the business as you go along?—A. Remington, Johnson & Co. are wholesale grocers. Mr. Scott is in the hardware business. Chon Bros. are wholesale grocers; The Zion Co-operative Mercantile Institution. Those are the principal ones here. The rebates we have given to all these concerns are given as against competing lines; that is, the rates made by competing lines.

By Commissioner ANDERSON:

Q. Will you mention the points—from where to where?—A. From the Missouri River to Salt Lake City.

Q. And Ogden?—A. And Ogden.

By the CHAIRMAN:

Q. What rates have you allowed these different firms as compared with the public open rates?—A. They would vary according to circumstances. Sometimes they would be as low as 5 per cent. from the tariff and as high as 40 per cent.

Q. How long have you continued allowing special rates to the firms you have named?—A. Those allowances were only made at certain periods when the rates were fluctuating and pools were not in very good condition.

TIME DURING WHICH REBATES WERE GRANTED.

Q. How long has it continued?—A. It does not exist at all now, since the operation of the interstate commerce law.

Q. When did you commence this practice?—A. We gave the rebates that I refer to, to those merchants, about the 10th of March last, and continued until the 4th of April.

Q. Had no rebates or special rates been allowed prior to the 10th of March?—A. As a rule we did not allow any rebates or special rates prior to that time on traffic between the Missouri River and Utah common points from the time we made the pool with the Denver and Rio Grande. That was in February, 1884.

Q. While it was not the rule, but the exception, how long have you continued allowing rebates, and to what firms?—A. I do not think we allowed any rebates prior to the time that I speak of, last spring, when the rates were demoralized.

Q. Do you not recall any names in the books; you were present at Omaha when names of firms located here were mentioned as having had rebates extending back two or three years?—A. No; there were no Utah firms, that I remember, mentioned at Omaha, except that there was one firm dealing in salt, I think, from Ogden to Butte.

DESERET SALT COMPANY.

Q. What was the name of the firm?—A. The Deseret Salt Company.

Q. Who composed the firm?—A. I do not know all the members of the firm. I know the two active men—Lyman and Wallace.

Q. Why were special rates given to that firm?—A. I think the word "special" rate in that case is not the proper word; it is a misnomer. We bought the salt from this firm, and billed it at a certain figure, and then deducted an amount from the freight earnings sufficient to pay for the salt at $3.50 a ton.

By Commissioner ANDERSON:

Q. What do you mean by "sufficient to pay for the salt"?—A. That is all answered in Mr. Kimball's testimony. I prefer not to answer it myself, because he has answered it, and explained it in a very careful way.

The CHAIRMAN. We would like to have your explanation. You have charge of this division.

REBATES ON SALT.

The WITNESS. These rebates that you refer to were paid before I came out here.

By the CHAIRMAN:

Q. What knowledge have you of them?—A. I have that knowledge—that we used to bill the salt at, say, $25 a ton, and collect $25 a ton from the consignee, and then refund from the freight charges or pay over from the freight charges to this Deseret Salt Company an amount sufficient to pay for the first cost of the salt. That is all explained by Mr. Kimball.

By Commissioner ANDERSON:

Q. What other gentlemen are connected with the Deseret Salt Company, that you recall?—A. I understand you have subpœnaed one of those gentlemen, and you had better ask them. They can tell you.

Commissioner ANDERSON. If you know we want you to tell.

The WITNESS. I do not know positively who all the members of that firm are.

By the CHAIRMAN:

Q. Who is reported as being connected with the firm?—A. I have heard that Mr. Little was one of the members, and the late Mr. Jennings was a member.

Q. Have you named all of them?—A. Bishop Sharp, I believe I heard he was a member.

Q. Who else?—A. That is all I know of.

Q. Where does Mr. Little live?—A. Here, in Salt Lake City.

Q. What is his full name?—A. I do not remember his full name.

Q. Do you know, Mr. Ritter?

Mr. RITTER. Ferrymorz.

Q. Where does he live?—A. He lives here in the city.

Q. Whereabouts?—A. I do not know. He is a very prominent man here. He can be very easily found if you want him.

SPECIAL RATES.

Q. What other firms received special rates prior to March 10, 1887?—A. I could not tell you without going over the records in Omaha. From the time the company commenced business up to the present time, they have in the books the name of every firm that has ever received any special rates.

Q. Do you recall any other firm to whom you allowed special rates?—A. No, I do not, now.

Q. Why were special rates given to a few shippers and not to all in the same line of business?—A. I do not know of a case where we ever discriminated in favor of any particular shipper under similar circumstances. We have sometimes given a man a rebate that would control two or three hundred car-loads of freight, while we would not make the same rebate to a man that only controlled a few hundred pounds.

INDUCEMENTS TO LARGE SHIPPERS NOT OFFERED TO SMALL SHIPPERS.

Q. Would a man who controlled 200 or 300 pounds be compelled to ship at the open published tariff, while the other would be allowed the percentage off by way of rebate?—A. Sometimes our competitors would offer inducements to those large shippers that they would not offer to the small shippers, and we would have to meet the rates quoted by our competitors or go out of the business.

Q. When did your competitor, the Denver and Rio Grande, enter Salt Lake City?—A. In April, 1883. But we had a very active competition between our company and the Central Pacific for a year or two before that. The Central Pacific would compel us sometimes to make special rates on certain commodities that could come from either the Pacific coast or from Eastern cities.

AGREEMENT TO MAINTAIN RATES.

Q. Had you a pool arrangement with the Central Pacific or the Denver and Rio Grande?—A. We had an agreement to maintain rates with the Central Pacific Company, which was firmly and faithfully carried out for a number of years, until some disputes arose between the Central Pacific and our company regarding rates from Ogden to Montana, and then they withdrew from that agreement. That was along about 1880. Then the rates went to pieces. Both companies commenced cutting, and the cutting lasted until 1882; and along in August, 1882, our company made an agreement or went into a pool with the Southern Pacific Company.

Q. Do you mean the Central Pacific?—A. Yes, sir. They call it the Southern Pacific now. The agreement was to divide gross rates on the business. Then the rates were maintained without any deviation whatever until the advent of the Denver and Rio Grande, which was in 1883.

WAR OF RATES.

By Commissioner ANDERSON:

Q. What were the percentages?—A. 28 per cent. for the Central Pacific and 72 per cent. for the Union Pacific on freight from the Missouri River and on freight from the Pacific coast destined to these Utah common points; 10 per cent. for the Central Pacific, and 90 per cent. for the Union Pacific. That pool was faithfully carried out by both companies, as far as I know, until the advent of the Denver and Rio Grande, in April, 1883, and then the rates all went to pieces and fighting commenced and lasted nearly a year. The rates went down from $3 a hundred on first-class freight, from Omaha to Salt Lake City, to 25 cents.

Q. Is that from $3 a hundred down to 25 cents?—A. Yes, sir. We paid a great many rebates during that period. Then, after February, 1884, a restoration of rates was brought about by another pool, which consisted of the Central Pacific and the Denver and Rio Grande and its connections, and the Union Pacific.

PERCENTAGES UNDER THE NEW POOL.

By the CHAIRMAN:

Q. What was the percentage under the new pool?—A. The Central Pacific had about the same per cent. that they had in the other pool, and the remainder was divided between the Union Pacific and the Den-

ver and Rio Grande and its connections, by allowing the Union Pacific two-thirds and the Denver and Rio Grande and its connections one-third of the remainder after taking out the 28 per cent. for the Central Pacific on the freight into Utah and 10 per cent. on the freight out of Utah.

Q. Do you mean that the Union Pacific received 48 and the Denver and Rio Grande 24, and the Central Pacific the balance?—A. Yes, sir; it would figure out that way. That would be the result. Forty-eight and a fraction, is it not; or is it just 48?

Mr. NORRIS. 48, 24, 28.

The WITNESS. That is the way it figures. You take out the Central Pacific portion first and then divide the remainder, two-thirds for us and one-third to the Rio Grande, and it amounts to the same thing.

CUT RATES ADJUSTED BY REBATES.

Q. How long did that pool last?—A. That pool continued—subject to certain revisions—from February, 1884, until the interstate commerce law went into effect.

Q. Did the Union Pacific maintain the rates during that time?—A. There were times when there would be a little cutting going on. Some of the connections of the Denver and Rio Grande would find they were running behind and they would cut the rates and we would meet them, and these cuts were most always adjusted by rebate.

By Commissioner ANDERSON:

Q. They were equalized by rebate?—A. Adjusted by rebate. The freight would be billed at the tariff rate and the overcharge would be adjusted by rebate.

Q. It would be adjusted as between the shipper and the company?—A. Yes, sir.

By the CHAIRMAN:

Q. You do not mean adjusted as between the two competing railroad companies, do you?—A. No, sir.

Q. Did the Denver and Rio Grande earn its share in the pool?—A. At first, I believe, they ran behind, but, on the whole, they carried about their share of the amount allotted to them.

DIFFERENCES IN EARNINGS MADE UP BY DIVERSION OF FREIGHT.

Q. How did you make up the difference when they did not carry their share?—A. The difference was generally made up by diversion of freight; but I wish to state that the Denver and Rio Grande diverted, under that pool agreement, as much freight to us as we did to them. I am pretty well satisfied of that.

Q. Did the Union Pacific during the contest at any time fail to earn its share, and more?—A. Yes, sir; we failed to earn our share at times.

Q. For how long a period did that last?—A. We failed during several different periods. Sometimes the Denver and Rio Grande would be ahead in the pool, and sometimes we would be ahead, but, as I said before, on the whole I think we did not earn any more money in this Utah pool than was allotted to us.

Q. How much freight did you divert to make up the Denver and Rio Grande shortage?—A. I could not say, but I believe the Denver and Rio Grande diverted as much freight to us as we did to them.

EXPLANATION OF "DIVERSION."

By Commissioner ANDERSON:

Q. Will you explain what you mean by "diversion"?—A. The plan we had in these old pools, which are not in existence, was this: In case one party to the pool would run, say, $20,000 behind, we would take freight upon which the earnings would amount to $20,000 and turn it over to that party, or they would turn it over to us, as the case might be.

Q. Did you do that without paying attention to the directions of the shipper?—A. We generally used to conform to the wishes of the shipper in the matter, and would consult the shipper about it. We never diverted any freight contrary to the wishes of the shipper that I know of.

THE COAL BUSINESS AT SALT LAKE CITY.

By the CHAIRMAN:

Q. What kind of coal do you bring into Salt Lake City?—A. We bring Rock Springs coal and we bring coal from one or two other mines, but it is principally Rock Springs coal.

Q. What other coal comes here?—A. We have been bringing coal from a mine called the Grass Creek mine, not far from Echo. I do not know whether any is coming in from that mine now or not.

Q. Who has charge of the Rock Springs coal business here?—A. Our coal agent. It is a business that is conducted under the supervision of the superintendent of the coal department of the Union Pacific Company.

Q. How many agents have you?

The WITNESS. Here, in Salt Lake City?

The CHAIRMAN. Yes.

The WITNESS. Only one.

Q. What other company brings Rock Springs coal?—A. I do not think any other company brings it now. We are talking about having another agency established here.

Q. Do you sell Rock Springs coal by contract from the mine to any shipper in Salt Lake City other than your agent?—A. I do not know how the thing is managed in that respect just now, but we have not had any calls for coal delivered at the mine.

Q. Can a citizen of Salt Lake City buy Rock Springs coal—any other shipper of coal or dealer in coal—from any other concern than from your agent?—A. I do not know that there is any other Rock Springs coal here than that which our agent controls at present.

Q. At what price do you sell to the other dealers in Rock Springs coal?—A. We would be willing to sell it to them at a price sufficiently low to allow them a margin of profit for doing the business. We have not been asked for any coal until quite recently. I favored the establishment of another coal agency here, and submitted the matter to the Omaha office.

Q. At what price do you sell Rock Springs coal to other dealers?—A. I stated that we have not been asked for any prices.

COMPANY SELLS COAL SO LOW THAT SCARCELY ANY ONE COULD COMPETE.

Q. Why is it that you are not selling Rock Springs coal to shippers or coal dealers, other than your agent?—A. Our agent sells this coal

here at figures so low that it would be pretty hard for anybody to compete with him. We do not ask any profit for doing the work here, or any consideration, except the cost of handling it and teaming it.

Q. Do you charge nothing for the freight?—A. We charge for the freight and the price of the coal.

Q. Has not the company, through its agent, an entire and absolute monopoly of the Rock Springs coal business?—A. I do not know that it has.

Q. Is it possible for any other dealer in coal to sell Rock Springs coal in Salt Lake City?—A. We had a request a few days ago from a business man here for quotations for the coal, and I have made a recommendation that we place the coal to him at figures here so that he will have a reasonable profit for handling the coal, and so that he can sell it in competition with our own agent.

Q. How long have you been bringing Rock Springs coal into Salt Lake City?—A. I presume ever since the road was completed to Salt Lake City.

Q. How long is that?—A. I know we have been bringing it in here for fourteen or fifteen years, and probably ever since the road was completed to Salt Lake City.

Q. Then the arrangement you have named as being recommended within the last few days is the first one you ever made or proposed to give to any other coal dealer the same opportunity that your coal agent has had in selling coal?—A. I do not know whether that is true or not. I could not say that it is.

Q. When did you ever give any such opportunity before?—A. I believe we had one or two agencies, or one or two parties were handling the Rock Springs coal here, several years ago.

Q. Who were they?—A. I do not remember who they were, but you can ascertain more in relation to that from some of the other witnesses.

ROCK SPRINGS COAL COMPARED WITH OTHER COAL.

Q. How does the quality of Rock Springs coal compare with the other coal that comes into Salt Lake City?—A. It has the reputation of being as good as any coal that comes here.

Q. Is there as much demand for Rock Springs coal as for the other coal?—A. I could not say whether there is or not. I should presume there is more demand for Rock Springs coal, but the prices are fixed so that the other coal, which is not as good as the Rock Springs coal, is sold at about one-half a dollar a ton less. There are two or three grades of coal, and the prices vary according to the quality.

Q. What is the difference in the prices of coal?—A. I could not say off hand, but I think about from 50 cents to $1 a ton.

Q. Over what road was the other coal shipped?—A. We have had, I think, three qualities of coal come in over our own road. Then there is a coal that comes in from Pleasant Valley over the Denver and Rio Grande that is considered almost as good as Rock Springs coal. We have, of course, to sell Rock Springs coal in competition with this Pleasant Valley coal.

FREIGHTS ON COAL REGULATED BY COST OF PRODUCTION.

By Commissioner ANDERSON:

Q. What is the price at which your agent sells coal here?—A. I believe it is $6 a ton. He has different prices. He has a price for car-load lots delivered at the yard, and then he has prices for car-load lots

delivered at different places in town, and prices for lots less than car loads—one-ton lots. I could give the exact figures by reference, but I cannot from memory.

Q. Do they vary from $5.50 to $6.50?—A. I presume so.

Q. What is the cost of production at the mine?—A. I do not know.

Q. What is the freight from Rock Springs to Salt Lake City?—A. I could not tell from memory.

Q. Is it not a fact that you make the price here by adding to the cost of production so much freight as may be necessary to make up the prices at which you are willing to sell it for here in Salt Lake City?—A. It amounts to that, I presume. We find what we can get for coal here, and what it costs us to produce it, and then we deduct the cost of producing it and the cost of delivering it and running the office here from the gross price we are able to obtain for the coal, and the remainder we allow to freight charges.

Q. Is that allowance regularly made to the freight department?—A. Yes, sir.

Q. Is it not true that you sell coal at substantially the same price at all points between Rock Springs and Salt Lake City? That is, at about $6 a ton?—A. No; I do not think that is true. I do not think they ask that much for coal at points nearer to Rock Springs.

Q. Do you know of any change in the price?—A. No, sir.

SUPERINTENDENT OF COAL DEPARTMENT FIXES PRICES.

Q. Who would know about the price at which coal was selling?—A. The superintendent of the coal department has full charge of fixing the prices (subject to the approval of the general traffic manager) for all coal sold by the Union Pacific coal department.

Q. Take Evanston, for illustration. Do you know the price there?—A. No; I do not.

Q. If it should be true that the price of coal is substantially the same as soon as you get beyond the distance to which it may be profitably hauled in wagons from Rock Springs, then is it not a fact that you yourselves establish what you consider a reasonable price for coal, and make up the freight so as to absorb the entire difference between the cost of production and the price at which you sell the coal?—A. Yes, sir; the Union Pacific freight department receives the benefit of all that is received for the coal in excess of the cost of producing and selling it.

Q. Who fixes the price at which coal is sold?—A. The superintendent of the coal department.

Q. What is his name?—A. D. O. Clark. He fixes it, subject to the approval of the general traffic manager.

Q. Do you know how much coal comes to Salt Lake City?—A. I could not state off-hand how much comes here.

PROPORTIONS OF COAL HAULED BY UNION PACIFIC AND DENVER AND RIO GRANDE.

Q. Do you know the proportion of coal hauled over the Union Pacific and the proportion of coal hauled over the Denver and Rio Grande?—A. We handle over one-half.

Q. Do you not handle three-fourths?—A. We may handle three-fourths, but we have no way of knowing exactly how much they handle. We know what we handle, but we do not know what they handle.

Q. You speak of being willing to give rates to shippers here which would enable them to compete. Would you be willing to give rates for

transportation from the mines to other owners of coal property at Rock Springs, so that they could successfully compete with the Union Pacific?—A. I do not know.

Q. Would you have authority to do that without Mr. Kimball's cooperation?—A. No, sir.

CENTRAL PACIFIC CONTROLS MINES AT EVANSTON.

By Commissioner LITTLER:

Q. State whether the Central Pacific Company owns mines at Evanston or Alma.—A. I do not know that the Central Pacific Company owns mines there, but there is a mine there that is controlled either by that company or some of the men connected with the company. They get a certain amount of their coal there.

Q. How much do they get there?—A. I could not say.

Q. Is it a large amount?—A. Yes, sir; it has been large in the past.

Q. Do you know whether the Central Pacific have other mines along the line of the road?—A. I do not believe there is any coal between Ogden and San Francisco on the line of their road.

Q. Is it true, then, that they get the coal to operate their entire line from Evanston or Alma, or thereabouts?—A. No; I think not. They get a portion of their coal from up on the sound.

Q. Where is that sound?—A. Puget Sound.

UNION PACIFIC RATES FOR TRANSPORTING COAL.

Q. Do you know what the rates are of the Union Pacific for transporting their coal from their mines to Ogden?—A. I could give you the exact figures; it is about $1.25 a ton.

By Commissioner ANDERSON:

Q. Will you give us the distance?—A. Seventy-five miles.

By Commissioner LITTLER:

Q. Is that about a cent and a half a ton a mile?—A. A cent and two-thirds.

Q. Have you ever examined the coal mines at Evanston or Alma?—A. No, sir.

Q. Do you know anything about their extent or capacity?—A. No, sir.

Q. Who would know all about that?—A. D. O. Clark.

Q. Where is he?—A. At Omaha.

Q. The traffic of the Central Pacific coal over your road must be very large if they have no mines along their road, is it not?—A. I do not know to what extent they use the coal that comes from Alma.

ALMA COAL SECOND CLASS.

Q. What is the quality of the Alma coal?—A. I have understood that it is a second-class coal.

By Commissioner ANDERSON:

Q. Is it inferior to the Rock Springs coal?—A. Yes, sir.

By Commissioner LITTLER:

Q. Does any of that coal go east of Alma or east of the mines?—A. I do not think we were carrying that coal east to any great extent, because it would be like carrying coal to Newcastle.

Q. You have a large traffic in that coal along your own line, even here to Salt Lake, I suppose, and beyond, have you not?—A. Yes.

ABUNDANCE OF COAL SOUTH OF SALT LAKE CITY.

Q. Is there any coal in this region?—A. There is an abundance of coal south of here.

Q. On the line of your road?

The WITNESS. Do you mean the line of the Utah Central?

Commissioner LITTLER. On the line of the Union Pacific or any of its branches.

A. It is not on the line of the Utah Central, but it is not very far from the line. They use the Denver and Rio Grande to come to the Utah Central line, from Pleasant Valley.

Q. Do the mines you now speak of supply this region?—A. They supply a portion of it.

Q. I mean do they supply Salt Lake?—A. They supply a portion of the coal. I could not say how much, but probably somewhere in the vicinity of 40 per cent. of it.

Q. Does the balance of it come from Alma?—A. From Rock Springs.

Q. Do you ship Rock Springs coal here?—A. Yes, sir.

Q. Do you know who owns or controls the Pleasant Valley coal mines?—A. I do not.

NO RAILROAD OFFICERS INTERESTED IN COAL MINES.

Q. Are they owned or controlled by or do any of the officers of the Union Pacific have any interest in them?—A. No; I think not.

Q. Do any of the officers of the Utah Central have any interest in them?—A. I could not say.

Q. Is it a corporation organized under the laws of the Territory of Utah that operates the mine?—A. That I do not know.

Q. Have you heard how they are operated, or by whom they are owned?—A. No; I have paid but very little attention to it.

By Commissioner ANDERSON:

Q. Do you know who is the agent of the Pleasant Valley coal?—A. No, sir.

By Commissioner LITTLER:

Q. Have the Union Pacific any control of the mine in any way whatever? Do they furnish special rates to the mine?—A. No, sir; I could not answer that question. I do not know whether the Utah Central furnishes special rates on that coal or not.

Q. Is there any agreement by which the traffic between Rock Springs and these mines shall be divided evenly or otherwise?—A. No, sir.

LITTLE ALMA COAL SHIPPED TO SALT LAKE.

By Commissioner ANDERSON:

Q. Does the Alma coal come here?—A. Yes, sir.

Q. In what quantities?—A. Not very much. They do not ship very much Alma coal to Salt Lake City.

Q. How is it brought here? By whom?—A. By the Union Pacific.

Q. Do you buy it from the Central Pacific?—A. We have a mine there at Alma, also.

Q. Does that coal enter into successful competition with the Rock Springs coal here at Salt Lake City?—A. We have to make a differen-

tial price here so as to sell it as against Rock Springs coal. The haul is not as far from Alma to here as it is from Rock Springs, and consequently they can afford to sell it cheaper on that account; but we must sell it cheaper, anyhow, on account of the difference of quality.

Q. How much does the difference in quality represent in value?—A. I should say $1 a ton.

DIFFERENCE IN PRICE BETWEEN ROCK SPRINGS AND ALMA COAL.

Q. What is the difference in freight?—A. I could not give the exact figures without reference to the books.

Q. Then do you really charge the same for freight and only make the difference in price which covers the difference in quality?—A. No; the difference in favor of the Alma coal would be deducted from the freight earnings. The distance from Alma to Salt Lake City as against Rock Springs to Salt Lake City would be sufficient to justify a differential freight rate of about $1 a ton.

Q. One distance is 75 miles. What is the other distance?—A. The other distance must be pretty nearly 200 miles from Ogden.

Q. Is it 75 miles from Alma and 200 from Rock Springs?—A. Yes, sir.

Q. Can you tell us about what it cost to mine this coal per ton? Is it not about $1.25?—A. I have understood that it varies from $1.25 to $2 a ton.

Q. Do you say you are not sure about the officers of the Utah Central being interested in the Pleasant Valley coal?—A. I did not say so.

Q. You do not know whether they are interested or not?—A. That is what I said.

Q. Have you not understood that they were interested in it?—A. I have not.

Q. Can you refer us to some dealer in Pleasant Valley coal, or somebody connected with that business, who would know who controlled that mine?—A. Bishop Sharp can give you all the information that you require regarding that coal mine.

STOCK-YARD AT OGDEN.

By the CHAIRMAN:

Q. Have you a stock-yard here?—A. No, sir.

Q. Do you ship any stock from this point?—A. We ship very little stock from Salt Lake. We ship considerable from Ogden.

Q. Who has charge of the stock-yard there?—A. Our agent has control of it. There is very little feeding and raising done at Ogden, it being the terminal point for cattle.

Q. What is the name of the agent?—A. E. T. Hulaniski.

Q. Have you an agreement with him?—A. No; he is our local freight agent. Most of the cattle shipped from Ogden originates there, and consequently would not be fed. The yards are used entirely for loading and unloading.

Q. Do you feed cattle there at all?—A. Occasionally, I presume, there are some cattle fed there, and they get their hay from anybody they choose.

CHARGE FOR FEEDING CATTLE.

Q. What does the agent charge for feeding cattle?—A. The prevailing price for hay along the road is $20 a ton, along at the different stock yards.

Q. Has the company any share in that business?—A. No, sir.

Q. Who receives the profits?

The WITNESS. The difference between the actual cost of the hay and what they get for it?

The CHAIRMAN. Yes.

A. The different men the stock shippers buy their hay from get the difference, I presume.

Q. What is the price of hay in Ogden?—A. I should say about $10 or $12 a ton. Our agent does not have anything to do with the feeding of cattle there.

Q. Who does?—A. I could not tell you. Anybody that the stockmen want to buy the hay from. There is no monopoly.

Q. Who has charge of the stock-yard?—A. Our agent has control of the stock-yard, and if a man unloads ten car-loads of cattle to rest and feed, he can go and buy his hay wherever he wishes. But, as I said before, Ogden being a terminal point there is but little feeding done there.

CONTROL OF STOCK-YARD.

Q. What control has your agent over the stock-yard?—A. He has the same control he has over all other buildings of the company at Ogden.

Q. Who buys the hay for the stock-yards?—A. The man that owns the cattle buys his own hay as far as I know. Our agent at Ogden has nothing whatever to do with the feeding of the cattle at that station.

Q. From whom does he buy the hay?—A. I do not know; our agent buys no hay there.

Q. From whom does the stockman buy the hay?—A. They buy it from any one they can get it from the cheapest, I presume.

Q. How does he get the hay into the stock-yard?—A. The man that he buys it from teams it in there for him, I think. I have paid but very little attention to that.

Q. Do you know anything about that?—A. I have told you all I know about it.

Q. Then if there is any one buying hay and feeding cattle there under an arrangement of the company, you do not know anything about it?—A. We have no such arrangement there that I know of.

OGDEN YARD DIFFERENT FROM OTHER YARDS.

Q. Does your stock-yard at Ogden differ from the other yards?—A. We have a different arrangement at most of the yards. The arrangements depend upon the immediate circumstances surrounding each place. At some places we do not have anybody in charge of the yard. The man unloads his cattle and gets his hay wherever he sees fit. We tried to make the maximum price for hay about $20 a ton.

Q. Can you name any place along the line of the Union Pacific where the authorities of the Union Pacific, either by lease or indirectly, do not take charge of the stock-yard?—A. No; we have no such points.

Q. How many stock-yards have you at Ogden?—A. One stock yard.

Q. What is the capacity of it?—A. It will handle about twenty-five cars of cattle.

Q. What is the difference between the stock-yard at Ogden and the stock-yard at Cheyenne, as to feeding?—A. There is much more cattle feed at Cheyenne than at Ogden.

DIFFERENT ARRANGEMENTS AS TO FEEDING.

Q. What would be the difference between the arrangements at Cheyenne and the arrangements at Ogden?—A. The difference in amount of traffic would necessitate some difference in the arrangement for feeding cattle.

Q. Do you know anything about the arrangements at Cheyenne?—A. No, sir.

Q. Do you know whether Mr. Van Tassel is the agent there now?—A. I believe he is.

Q. Is that under your supervision?—A. No, sir.

Q. Have you not charge of Wyoming Territory?—A. No, sir.

By Commissioner ANDERSON:

Q. Are there any stock-yards in your department where this $20 price for hay is charged?—A. I believe that is the prevailing price for hay.

WHAT THE PRICE OF HAY COVERS.

Q. What does that price cover? Anything besides the hay?—A. It covers the cost of the hay and the cost of delivering it to the yard, and the cost of distributing it in the yard, so that the cattle can eat it.

Q. How many men will it require to perform these duties?—A. It depends upon the amount of hay they have to deliver.

Q. Will any book show whether the company makes or does not make any profit on the $20 price?—A. I do not know of any case where the Union Pacific Company has had any interest, in any way, shape, or manner, in any yard on the Union Pacific system. I do not believe they have; I never heard of it.

Q. Who gets this $20 price?—A. We usually arrange with some responsible person to keep on hand a supply of hay for the accommodation of shippers of cattle that may live a thousand miles from the yards, and with the understanding that they will sell it at some reasonable price. We very often hear that they charge much more than $20 a ton, and we tell them that they must not do it or we will deprive them of the privilege of selling hay in the yards.

Q. Will you name a point in your department so that I can identify this thing more accurately, where $20 is charged?—A. I am not certain as to just the exact charge, but I think that is the prevailing charge. Is not that the price charged at Cheyenne?

POCATELLO STOCK-YARD.

Q. Will you name the point?—A. I presume at Pocatello it is $20 a ton.

Q. What is the name of the agent in the cattle yard there?—A. I think his name is Keeney.

Q. Is Mr. Keeney an agent of the Union Pacific?—A. No, sir; our agents never pay any attention to the yards, so far as feeding cattle is concerned. They have charge of the yards, so far as the structure is concerned, to see that the fences are up and the gates in good condition, &c.

Q. Does Mr. Keeney receive a salary from the Union Pacific?—A. No, sir.

Q. Is Mr. Keeney the person who charges shippers of cattle $20 a ton for feeding them?—A. Yes, sir.

Q. Does he account for any portion of that money to the Union Pacific?—A. No, sir.

Q. Does he buy the hay that is used in the yard at any price he can get it for?—A. Yes, sir.

Q. And does he charge $20 for the hay and for the distribution and the expenses of attending to the cattle?—A. Attending to the cattle and seeing the cattle have water and are properly taken care of. Usually these men also assist in loading and unloading cattle.

Q. Have you any idea what figures that charge will amount to in the course of a year at some of the points?—A. I never heard of any of them making very much money out of it yet.

STOCK-YARD AGENT NOT A PAID AGENT OF UNION PACIFIC.

Q. Is it true, with reference to the stock-yards generally, that the agent in charge of the stock-yard is not a paid agent of the Union Pacific?—A. Yes, sir.

Q. Is it also true that at no stock-yard that you know of the Union Pacific receives any portion of the charge made for hay?—A. Not that I know of. It would be well to state that hay is more expensive in this western country than it is in Eastern Nebraska and Iowa and Illinois. The hay is of different quality and costs the men that supply it to the yard much more per ton than it does in the East.

MINERALS, WOOL, AND STOCK THE PRINCIPAL SHIPMENTS.

By the CHAIRMAN:

Q. What other principal shipments have you over the line from this point?—A. Mineral products constitute the principal shipments. The wool comes next; live stock next.

Q. Who are your principal shippers of mineral products?

The WITNESS. From here?

The CHAIRMAN. Yes.

The WITNESS. A. Hanauer, T. R. Jones, the Mingo Smelting Company. Do you want me to give you the names of all the shippers of ore and bullion?

The CHAIRMAN. Yes.

The WITNESS. J. Q. Packard——

By Commissioner ANDERSON:

Q. Are these all Salt Lake City people?—A. Yes, sir.

The CHAIRMAN. You can proceed.

The WITNESS. F. W. Billings, J. E. Dooley.

By the CHAIRMAN:

Q. To what point do you carry the ore?—A. We carry the ore from here to the Missouri River and to Denver.

RATES FOR CARRYING ORE.

Q. What rates do you charge?—A. The rate from here to the Missouri River is $12.40 per ton, and to Denver $10.60 per ton on ore. The charge is $18 per ton from here to the Missouri River on bullion.

Q. Were the rates named by you the rates prior to April 1, 1887?—A. Yes, sir.

Q. Have you given any special rates to any of the shippers that you have named?—A. At different times we have given special rates—I was going to say to all of them, but I do not know that we have. At different times we have given special rates to a portion of them.

PURPOSE OF SPECIAL RATES.

Q. What was the purpose of allowing special rates?—A. To control their traffic, and occasionally to make it possible to ship the ore at all. We have found, in one case that I have in mind, that the ore was of a very low grade, carrying but little lead, and that the producers of the ore could not ship it at the figures on our tariff, and we then fixed the rate on the ad valorem principal of adjusting rates so that the party could afford to ship.

LIKE REBATES TO ALL UNDER LIKE CIRCUMSTANCES.

Q. Did you allow rebates to all alike?—A. Under like circumstances and conditions we would allow rebates to all alike.

Q. What are the circumstances and conditions?—A. I have cited one case, that where our tariff rates would be so high as to place an embargo on certain low-grade ores, we would make a special rate by rebate, and occasionally we would make special rate with the understanding that they would ship a certain amount within a specified time. It might be at a time when we had a superabundance of cars lying idle that we would want to put in service, and the shipper would come and say, "We will ship 1,000 tons of ore within a certain period if you will give us inducement." If times were dull, and in order to get any money out of the traffic, we would often comply.

RATES GOVERNED BY INTERESTS OF UNION PACIFIC.

Q. Then quantity would have considerable to do with giving a rebate rate?—A. The interest of the company would have a good deal to do with the giving of the rate. I mean of the Union Pacific Company.

Q. Would the quantity that the shipper was sending over the line have anything to do with it?—A. Occasionally that would cut a figure, but we were generally influenced more by the interest of the Union Pacific Company than anything else. And having the freight moved at certain times when we could do it cheaper than at certain other times would be another reason.

Q. If you allowed to all of these ore shippers alike a special rate, what was the use of maintaining an open public rate?—A. I stated that under like circumstances and conditions we would allow them the same rate; but if we should establish a rate of, say, $20 a ton, which we would consider a fair rate for a certain haul, we might find that that rate was fair and just to the producers of certain kinds of ore produced from a mine located close to our track, while some other party would have a mine located at some remote point from our track, say 40 or 50 miles, and the ore might be of a low grade. He would come to us and show us that he could not move this ore at all at our open traffic rate. Occasionally, under such circumstances, we would make a special rate so that he could ship his ore.

SALT LAKE CITY SMELTERS.

Q. How many smelters are there in Salt Lake?—A. There are three now in operation.

Q. What are their names?—A. The Morgan Smelter owned by A. Messner. The Mingo Smelting Company, owned by the Pennsylvania Lead Company, of Pittsburgh, Pa., and the Germania, controlled by T. R. Jones, of this city.

Q. Have you not allowed to Mr. Hanauer a special rate as against the other smelters?—A. No; I think not. We would do for the other smelters just what we would do for Mr. Hanauer under the same circumstances.

Q. How often do the circumstances occur?—A. They do not occur at all now.

Q. Prior to April 1, how often did the circumstances occur?—A. I could not say just how often.

Q. Who made the circumstances?—A. Generally the shipper would make the circumstances. He would come to us and say he wanted certain rates on ore, and if he could not get them he could not ship the ore.

DEPRESSION OF BUSINESS CAUSES CARS TO STAND IDLE.

Q. As to the circumstances of a number of cars lying idle along the track, what would the shipper have to do? Would those circumstances be made by the company?—A. I could not say that our company made the circumstances. The depression of business throughout the whole country would cause those circumstances which would cause our cars to be lying idle.

Q. Would they not be circumstances over which the ordinary shipper would have no control?—A. In that case he would have no control.

Q. Then would you not fix the circumstances under which you would arrange your special rate?—A. No; I say very often the circumstances would be fixed by the man who would demand the rate. He would place himself in a position where he would demand certain concessions, or we could not get his competitive traffic.

By Commissioner ANDERSON:

Q. In addition to that shipped by the Salt Lake shippers, is there not also ore bought here by Missouri River smelters?—A. Yes.

NO SPECIAL RATES ON ORE TO MISSOURI RIVER.

Q. How is the rate of transportation then fixed?—A. I do not know that we ever made any special rates on ore from here to the Missouri River.

Q. Do not the Omaha and Grant works buy ore in this country?—A. I think they do buy considerable ore for Denver. But I do not believe they ship very much ore from here to the Missouri River.

Q. In regard to transportation to Denver from here, they receive a rebate on the ores they buy here, do they not?—A. No; they have received some rebates in times past. But they do not receive any now.

Commissioner ANDERSON. We are talking of the time prior to April.

The WITNESS. Yes, sir; I think they have in some cases received rebates. I could not say for certain without reference to the books. But I think you have all that on record.

REBATES NOT GRANTED MERELY TO BENEFIT SHIPPERS.

Q. What I want to know is whether it is not true that there are certain classes of business and certain prominent persons engaged in the transaction of business who habitually receive from the Union Pacific Company a rebate not based on any special circumstances affecting the particular trade at a particular moment, but based on a desire to advantage or benefit the shipper in question?—A. I do not know of a case since I have been connected with the Union Pacific Company—and I

have been connected with the road over since they have been carrying freight, where they have ever given a special rate that was not justified by the circumstances and conditions, and that was not given in the interest of the Union Pacific Railway Company. I have got the first case yet to know of where they have ever given it, unless it would be for charity or something of that kind.

OFFICERS OF ROAD DO NOT GET BENEFIT OF REBATES.

Q. Is it your belief that neither in the smelting business, nor in the coal business, nor in the forwarding business, nor in the salt business, nor in any other business, which leads to traffic over the Union Pacific, there is not to be found a case in which any director or officer of this company is engaged or associated in interest, so that such officer derives a benefit from rebates allowed?—A. I know, so far as I am personally concerned, that I have never had any interest in anything or in any business of any kind connected with the Union Pacific Railroad or with any other railroad. I speak only for myself. I do not believe that any of the officers of the Union Pacific that have the making of rates has ever had an interest in any concern or in any traffic carried by the Union Pacific Railroad.

INTERESTS OF UNION PACIFIC DIRECTORS IN SMELTING AND SALT WORKS.

Q. In making that answer, are you not aware that at least two directors of the Union Pacific are large stockholders in the Omaha and Grant Smelting Works?—A. Yes, sir; and I am also aware of the fact that there is no man connected with the Union Pacific road that has anything to do with the making of rates that would so stultify himself as to favor those concerns because those men are interested in them.

Q. In making the answer you have just made, were you not aware that Mr. Sharp was interested in the Utah salt works?—A. I have heard that he was interested in the Utah Salt Company.

Q. The Northwestern?—A. No; I never heard that he was interested in that. I have heard that he was interested in the Utah Salt Company, but I never had any conversation with Mr. Sharp about salt rates. He never has expected me to do anything for that company on his account.

NO REBATES ON SALT.

Q. Would he not derive a benefit from the rebate on salt transported to Butte?—A. As I stated before, we never have paid any rebates on that salt. We have conducted the business in a certain way, and we have charged a certain amount of money and refunded to the producers of the salt the cost of the salt on board of the cars at Ogden. It is all given in Mr. Kimball's testimony. At the present time we pay $3 a ton for salt on board of the cars at Ogden, and we get it from two different firms in competition with each other. We bill the salt from Ogden to Butte at $15 a ton. We deliver the salt to the customers at Butte at $15 a ton. We have an agreement with the Northern Pacific that the salt shall not be delivered at less than that, the same as all our other rates are made by agreement. Then we deduct from the freight earnings this $3 per ton, and pay it over to the producers of the salt.

THE SALT "REBATE" A MISNOMER.

So far as the rebate is concerned, that is a misnomer. It is not a rebate, in fact. It is simply a payment to them of what we are obliged

to pay for the salt. Before the Utah Salt Company made this contract with the Union Pacific, the consumers of salt at Butte used to pay as high as $6.50 a ton for salt, and I do not know but that they paid more. The producers would combine here and run the price up as high as they would think the consumers could stand, and then the consumers would often come to us and ask us to reduce the rate so as to neutralize the effect of this advance in price. After awhile we got tired of this plan of doing business, and we made a contract for the delivery of the salt to us at so much a ton on board of the cars at Ogden, for a year at a time. We were compelled at one time to send to San Francisco for salt to break a "corner" in salt down here, and we have been compelled to haul salt from Missouri River out to Butte.

WHO FURNISH SALT AT OGDEN.

Q. Who are these people that furnish salt to you at Ogden?—A. At the present time it is the Utah Salt Company and Adams and Kelsey Salt Company. Then there are some others. There is another salt company at Ogden that has salt works a little north of Ogden on the Utah and Northern road that also furnishes salt.

Q. Is not the effect of this return of $3 to the people that furnish the salt to you substantially to pay them a larger price for their salt than they would get if you did not return it?—A. We have a freight rate at the present time of $12 a ton. If any of the shippers of salt at Butte want to buy salt or produce their own salt, they can do so.

FREIGHT RATES ON SALT.

Q. But whether you call the freight rate $12 or whether you call it $15 and make the return of $3, is it not true that in either case the salt producer who delivers the salt at Ogden is $3 a ton better off than he would be if the freight rate were $15, without the return?—A. Certainly; he is $3 better off, but he would have to furnish the salt for nothing if the freight rate was $15 a ton and he sold it at $15 a ton. He could not get anything for his salt. Our freight rate is the difference between the cost of salt on board the cars at Ogden and what we charge for it at Butte.

Commissioner ANDERSON. The test as to whether that $3 represents any special advantage to the salt producers, is whether it be true that anybody who desires to can procure this salt and send it over your road at a tariff of $12 at ton.

The WITNESS. Yes, sir.

Commissioner ANDERSON. Is that true?

The WITNESS. That is true; it is true at the present time, and it has always been true, if the parties that wanted to ship the salt would agree to charge no more than $3 a ton for it, and would agree to do it for a year, so as to prevent these "corners" that I have spoken of. The whole salt arrangement has been made for the benefit of the Union Pacific road in the first place, and of the consumers of salt at Butte in the next. We consider that $3 a ton is a fair price and only a fair price for the salt at Ogden. As I said before, we got tired of submitting to these "corners" and having the consumers of salt ask us to reduce our rates to correspond with the advance in the price of salt.

AMOUNT REFUNDED ALWAYS THE SAME.

Q. Is this amount refunded always stationary and always the same?—A. Yes, sir.

Q. Is it never more than $3?—A. It was $3.50 prior to the 1st of August, 1886. I do not think we ever paid, under contract, over $3.50.

Q. Did you ever pay more than that by private arrangement?—A. Before we made this contract the salt used to represent as high as $6.50 a ton on board the cars at Ogden.

Q. During all the period that this salt has been exported from here, is it not true that Mr. Sharp has been largely interested in the company?—A. He may have been interested in one of the companies. I do not know that he is interested.

Q. Did you never have any talk with him about it?—A. I do not think I ever did. I do not think I ever talked on the salt question with him at all. In the first place, there is another company in active competition with this Utah Salt Company.

Q. I dare say they can make their own arrangements. What I want to know is, did you personally ever talk with Mr. Sharp, or any person or agent representing Mr. Sharp, on the subject of rates to be fixed on salt?—A. I have had a great deal of talk with the manager of the Utah Salt Company.

ANY BODY CAN SHIP AT SAME RATES.

Q. What is his name?—A. C. W. Lyman, and I have talked also with Mr. George Y. Wallace. I think he is secretary and treasurer. It took considerable talk before we could get them to agree to put the price down from $3.50 to $3 a ton. Mr. Wallace is here in the room. I would like to state in connection with this salt business that at the present time salt can be shipped by anybody, to Butte, at the same freight rate that we derive from this plan of buying the salt and selling it ourselves.

Q. What does it amount to per annum—how many tons?—A. 13,000 tons to Butte. It cuts a very large figure in the traffic of the Utah and Northern road, and is a very important factor in the reductions of silver ore at Butte. In 1881 our freight rate was about $35 a ton on salt, and it has been gradually decreased, until now it is $12 a ton. As they go down in the mines the ore becomes of less value, and we have been meeting that fact, or trying to neutralize it to a certain extent, by the freight rate on the salt.

ORE, LIVE STOCK, AND WOOL PRINCIPAL ITEMS OF TRAFFIC.

By the CHAIRMAN:

Q. What other shipments have you? I refer to your principal shipments.—A. We have all kinds of freight to and from this country. As I said before, the ore and its products, live stock, and wool, constitute the three principal items of traffic from this country. Of course there are all kinds of traffic coming in here.

Q. Who are the principal wool dealers?—A. There are a number of them here—Pickert, Summerhays, and Cohen. Those are the three principal shippers.

Q. Have you allowed the shippers of wool, or any particular shipper, any special rates by way of rebate or preference?—A. I could not tell from memory, but I think we have done so at certain times, when competition made it necessary.

DIFFERENT RATE FOR WOOL FROM PUBLISHED TARIFF.

Q. Have you allowed rates to all alike?—A. Yes, sir.

Q. Will you please tell me why you fix a different rate for the wool shippers from your published rate, if all are getting the same rates?—

A. We may publish a rate of $2 a hundred to Boston, and we may then find that our competitors quote a rate of $1.75 privately. We might make a special rate of $1.75 on some special lot, to meet the action of our competitors in that particular case.

Q. Have there been any complaints to you about the rate on wool from here to Boston?—A. There was an effort made by some of the lines to advance the rate on wool last March, and there was a good deal of complaint made in regard to that, but the rate was not advanced.

CHEAPER TO SHIP WOOL TO BOSTON VIA SAN FRANCISCO THAN BY DIRECT ROUTE.

Q. Is it true that a shipper from this point could ship wool over the Central Pacific to San Francisco, and reship it back from that point to Boston cheaper than he could ship it direct from this point to Boston?—A. That has been the case in some instances. I will explain the reason why. We may fix a rate of, say, $1.35 on baled wool from here to the Missouri River. The Southern Pacific—that is, the Central Pacific—has the right under our rate agreement here to make their rates from Salt Lake to San Francisco 85½ per cent. of any rate we fix from here to the Missouri River. Then the rate from San Francisco to Boston, having been made by water competition, sometimes goes down as low as 75 cents or $1 a hundred. This comparative rate, added to the rate from here to San Francisco, often makes a lower rate to New York or Boston than we could make direct. But when we find that to be the case, we generally get our connections, or prevail upon our connections to reduce their rate on wool coming from Utah, that is, the lines running between the Missouri River and Chicago, or the lines running between Chicago and Boston. This is done in order to duplicate the rate that is made by way of San Francisco. If the rates are equal both ways, the traffic will go direct. It never goes by the way of San Francisco and around by water, or by the sunset route, unless the rates are lower that way, because the time is so much longer.

WHEN THAT WOULD OCCUR.

Q. When was it that the wool shipper from Salt Lake City could ship over the Central Pacific to San Francisco, and from that point back to Boston, cheaper than he could direct from Salt Lake City?—A. I think that has occurred since the interstate commerce law went into effect, within the last sixty days.

Q. Had it ever occurred prior to April 1?—A. I believe it occurred prior to April 1.

Q. When?—A. I could not state the exact time, but it would occur at almost any time, or it might occur when there was a demoralization of the transcontinental rates. As I stated before, the rate from here to San Francisco is always 85½ per cent. of the rate from here to the Missouri River. So it does not make any difference what rate we make to the Missouri River, our company cannot meet that competition, because the Southern Pacific Company will make 85½ per cent. of the rate from here to San Francisco that we make to the Missouri River. It occurs sometimes that the lines running between the Missouri River and Chicago, or between Chicago and Boston, may decline to meet this competition, which, I may say, is the cut rate from San Francisco to Boston, but when they see the wool coming that way then they step in and offer us rates to take it over its natural and direct route.

VERBAL UNDERSTANDING BETWEEN UNION PACIFIC AND CENTRAL PACIFIC.

By Commissioner ANDERSON:

Q. Is there a general contract between the Union Pacific and Central Pacific under which this right to fix the Pacific Coast tariff at 85½ per cent. of the Missouri tariff is exercised?—A. There is a verbal understanding; there is no contract. The understanding has been in existence since the completion of the Union and Central Pacific roads. It is based upon the fact that the distance from here to San Francisco is 85½ per cent. of the distance from here to Omaha. They claim the right of making the same rate per ton per mile on traffic to and from competitive Utah points that we make. There was a written contract covering this point prior to the passage of the interstate commerce law, but there is no contract now. We know they will make their rates 85½ per cent. of our rates, just the same as they did when the contract was in effect.

CONCERNING POWER TO MAKE FREIGHT ARRANGEMENTS.

By the CHAIRMAN:

Q. Have you power to make a freight arrangement for the division under your control without consulting with the authorities at Omaha?—A. No; I might have power to make unimportant arrangements, but anything of any great importance I would submit to the authorities at Omaha.

Q. What do you call "unimportant"?—A. A free rate on a lot of charity goods, for instance, or anything of that kind.

Q. What else?—A. Where there was not very much money involved, or where there was not very much traffic involved. As a general thing, I consult with my superior on all important matters.

Q. Have you any authority in your division to make any arrangements with competing lines concerning rates?—A. I may, subject to the approval of the general traffic manager.

RATE AGREEMENTS OR POOLS.

Q. Have you certified to Omaha, or to the general traffic manager, Mr. Kimball, all these agreements by way of pools, or agreements to maintain rates?—A. Yes, sir.

Q. Are all of these pools in writing, or are they printed?—A. I do not know of a pooling agreement in existence prior to April 5 that was not a matter of writing.

Q. Were not the pooling agreements prior to April 5 in writing?—A. Yes, sir.

Q. Were all the agreements that you made with competing lines in writing?—A. Yes, sir.

Q. Were they all certified to the Omaha office?—A. Yes, sir.

Q. Were they given into the possession of Mr. Kimball?—A. Yes, sir.

Q. Have you any knowledge of any special agreement or rates entered into by you with competing lines that are not on file, or within the knowledge of Mr. Kimball at Omaha?—A. No, sir.

INFLUENCING LEGISLATION.

Q. What part have you taken in influencing legislation in the interest of the Union Pacific Railway Company?—A. I have not taken any part in influencing legislation for some years past.

Q. When did you take part in influencing legislation favorable to the Union Pacific, or in obstructing legislation that you believed to be directed against the Union Pacific?—A. I think that I aided in explaining to the members of the legislature in Nebraska, during the winter of 1884, the injurious effect of certain bills that they had before them.

Q. Were you an employé of the company at the time?—A. Yes, sir.

Q. Who asked you to go there?—A. I do not remember now.

Q. Who were you immediately under?—A. Probably Mr. Kimball might have been the man that directed me.

Q. Did you receive any instructions to that effect?—A. I do not remember what instructions were given, but probably the instructions were to call upon the members and explain to them the injurious effects of the legislation pending, and to explain it from a traffic standpoint. We have had bills before the legislature there at Lincoln, at different times, that probably would have bankrupted the Union Pacific road had they passed. It may be that I explained the effect such bills would have.

ATTENDANCE ON LEGISLATURE.

Q. How many sessions of the legislature at Lincoln, Nebr., or in any other State, did you attend, at any time?—A. I could not say. I have attended sessions at Lincoln probably two or three times.

Q. In what years?—A. I think it was 1878, 1880, and 1882, probably; and maybe 1884.

Q. Who paid your expenses?—A. The Union Pacific Company paid my expenses.

Q. How long did you continue there?—A. I would go down from Omaha and stay two or three days, and then return. Sometimes I would stay one day. I never was what was considered a professional lobbyist. I never had anything to do with politics for the Union Pacific road, excepting, as I said before, to explain the effects of certain legislation on the traffic of the road or the income of it.

Q. How many visits would you make to the legislature at intervals of two or three days?—A. I do not think I ever went to Lincoln more than twice during one session, and probably I may have remained—I think I did remain—one time about two weeks.

SALARY WENT ON.

Q. Was your salary as an employé of the company going on all the time?—A. Yes, sir; that was going on, and I never earned my salary by such hard work as I did under those circumstances.

Q. Had you any additional compensation?—A. No, sir.

Q. What kind of hard work did you do there?—A. Talking; explaining to members the effects of their proposed legislation—the inevitable effects.

THE CLASS OF LEGISLATION OPPOSED.

Q. What was the legislation that you wanted to prevent?—A. In one particular case, I remember, they had a bill up at Lincoln to reduce our freight rates 20 per cent.; an arbitrary horizontal reduction of 20 per cent. throughout the whole State of Nebraska, without any regard to what the figures were from which they intended to make this discount. We had some freight rates at this time that were based upon the cost of doing the work, and that were made for certain purposes, in the interest of the road. I remember we had a rate on hay that winter, which was shipped west, for the purpose of saving a great many cattle from starvation, that was figured at the cost of hauling the hay, so that we

might have a resultant benefit in saving the cattle, and shipping them east when they matured. The legislature proposed to reduce that rate 20 per cent. Of course, that would make it below the cost of doing the work. I remember another bill, at another time, that would have reduced the most of our rates, had it passed, to about 50 per cent. It was a copy of the Potter law that passed the legislature of Wisconsin some ten or twelve years ago.

SENTIMENT AS TO RAILROAD LEGISLATION.

Q. Was there much of a sentiment in the State in favor of the proposed legislation?—A. The sentiment in favor of legislation generally fluctuates in accordance with the times. If they have poor crops, they are in favor of railway legislation, and if they have good crops and good times, they never say very much about reducing the rates.

Q. Was there a sentiment in the State for legislation of this character at the time you were there in 1885 or 1884?—A. There was a certain amount of sentiment, but I do not think the majority of the people of the State were in favor of hostile legislation.

HOSTILE LEGISLATION.

Q. Was there ever any legislation hostile to the Union Pacific Railroad interests enacted in Nebraska or in any other State?—A. I do not think there was in Nebraska, but we have had such legislation enacted.

Q. You were at the legislature, were you not?—A. Yes, sir; but I would not want to say whether certain legislation was hostile or not. We have had legislation passed in nearly all the States traversed by the Union Pacific system that has affected our rates more or less, but I would not want to state now the final effect.

Q. Do you know of any hostile legislation? You have attended legislatures for years. You know what kind of legislation that is.—A. We have had our rates reduced by means of legislation.

"HOSTILE LEGISLATION" SOMETIMES PROVES BENEFICIAL TO COMPANY.

Q. Do you know of, or do you recall at this time, any hostile legislation enacted in any of the States along the line of the Union Pacific Railway?—A. It is pretty hard to determine just what "hostile legislation" means. We might have our rates reduced by means of legislation, and it would turn out afterwards to be for the benefit of the company; and then we might have them reduced by legislation that would be to the injury of the company.

HOW TO DETERMINE WHETHER LEGISLATION WAS HOSTILE.

Q. How did you determine when you were at the legislature whether the legislation was friendly or hostile?—A. I would determine it by figures. I knew what our gross earnings were and what our operating expenses were, and what the effect of a 20 per cent. reduction would be.

Q. Did the management of the road inform you what legislation you were to oppose before you went there?—A. Yes; I should say that they did. I do not remember now, but very likely the management informed me that they wanted me to explain, from a freight standpoint, the effect of certain measures before the legislature. I never had anything to do with any other kind of legislation or politics.

Q. Was the legislation talked about in those conversations as being friendly or hostile?—A. We would generally use the word "hostile." We never asked for any legislation. We were simply trying to prevent hostile legislation.

Q. With your knowledge of the term "hostile," have you any knowledge of any such legislation being enacted in any of the States?—A. We have had legislation enacted that reduced our rates. As I said before, this reduction might inure to the benefit of the company. In some cases it would increase our traffic. But I would not want to say that certain measures were gotten up from a hostile standpoint.

Q. Will you answer my question, yes or no, whether, with your knowledge of legislation, you know of the enactment of any hostile legislation in any of the States along the line of the Union Pacific Railway?—A. I do not know.

METHOD OF EXPLAINING TO MEMBERS.

Q. What methods did you adopt while in attendance upon the legislature in explaining to members?—A. Explaining the effect of the bills that they had before them, if possible, on our revenue and no other methods whatever.

Q. Did you use only argument?—A. Nothing but argument.

Q. Did you ever issue a pass to a member of the legislature?—A. No, sir.

Q. Did you ever grant a privilege to a friend of a member of the legislature by way of rebate?—A. No, sir.

NO INDUCEMENTS TO FRIENDS OF MEMBERS.

Q. Did you ever offer any inducement to friends of members of the legislature?—A. No, sir.

Q. Did you, during your attendance upon the legislature, entertain the members of the legislature?—A. No, sir.

Q. Who assisted you while you were there?—A. No one.

Q. Did you have a headquarters?—A. No; I had a room in the hotel; but I generally talked with the members in the house, in the lobby, or in the hotels.

Q. Did you meet Mr. Thurston there?—A. I never had but very little to do with Mr. Thurston. I was simply representing the freight department of the company; explaining to the members the effect of the proposed legislation.

Q. Did you report to any one while at Lincoln, Nebr.?—A. I certainly did not report to Mr. Thurston. I probably would have reported the facts or the prospects to Mr. Kimball.

NO METHODS BUT EXPLANATIONS.

Q. Have you any knowledge of any methods, other than argument, being used by the Union Pacific Railway employés while in attendance upon the legislature?—A. I have not. I never knew of the Union Pacific using any other argument than explanations.

Q. What other employés were in attendance at the same time you were there besides Mr. Thurston?—A. I could not say who they were. I never paid but very little attention to the men that were there. Mr. Thurston generally would have a few attorneys there with him. I do not know that he had any employés of the company there.

Q. Did you hear the names of members of the company mentioned at Omaha when you were present who were being examined in reference to legislation favoring the railway company?—A. I was not present at that time.

Q. Did you read their names as published?—A. No; I do not think I did.

EXPENSES CHARGED TO COMPANY.

Q. How were your expenses for attendance upon the legislature charged to the company?—A. They probably would be charged the same as any other expenses that I might incur in traveling on their account. While I was at Lincoln and Denver and Topeka, and at different places, I was certainly in the interest of the freight department, and I presume the expenses would be charged to freight earnings. I do not know anything about it. I never incurred any expenses in my visits to these places except my board.

Q. What position were you holding in the company at the time you were attending the legislature?—A. I was general freight agent, and assistant general freight agent, and assistant general traffic manager.

VOUCHERS FOR HOTEL BOARD BILL.

By Commissioner LITTLER:

Q. How would you make out your vouchers for those expenses?—A. I would make them out at so much a day for hotel board bill. That is the only kind of expense bills that I ever rendered to the Union Pacific Company.

Q. Did you itemize it?—A. Yes, sir; I always itemized it, so much a day for board.

Q. Are the vouchers on file at Omaha?—A. Yes, sir.

Q. Do you say you never paid out any money on any account whatever except for board bills?—A. Yes, sir; I never paid a dime to any man.

NO MONEY UNLAWFULLY PAID OUT.

Q. Do you know of any officer or agent of the company who did pay out any money illegitimately or unlawfully for the purpose of influencing legislation?—A. No, sir; I do not.

Q. How much did your bills aggregate?—A. About $3 to $4 a day. At Lincoln it would be about $3 a day. At Denver it would be about $4 a day.

Q. Did you put in cigar bills and whisky bills?—A. No; I never rendered any cigar bills or whisky bills in my life to the company.

A MEMBER OF THE LEGISLATURE.

By Commissioner ANDERSON:

Q. Have you been a member of the Nebraska legislature?—A. Yes, sir; I was a member ten years ago.

Q. Had you an intimate acquaintance with the members of the legislatures during the session you attended?—A. I had an intimate acquaintance with those that represented the same county that I represented.

Q. Had you a general acquaintance with all the members?—A. I had a general acquaintance with the entire body.

Q. How many members did it number?—A. One hundred and four-teen, I think, in the house, and about thirty, I think, in the senate.

HOW TO ASCERTAIN WHO WERE FOR AND WHO AGAINST.

Q. How would you ascertain who was for you and who was against you?—A. Some one would come and tell me that such a man was against us and such a man was for us, and I would generally get it from their actions and what they had to say in committee rooms, and so on.

Q. How would you sort out the set of men you thought most likely to be accessible to your explanations and arguments?—A. I would have to resort to, or would have to adopt, different methods for different people. If I would find one man that was rather stubborn, and I could not do anything with him, I would go and find some one else that had some influence over him, and show him that he was wrong. During the time I was in the legislature, ten years ago, I do not know that there was any very important matter up that affected the road.

Commissioner ANDERSON. I am not speaking of that time. I only ask you that question to ascertain how much personal connection you had with these gentlemen, because I presume that a number of them served several terms. I am now speaking of the time when you actually used these arguments and explanations. You say that when you found persons who were stubborn, you would get some of their friends to endeavor to make explanations of the same character?

The WITNESS. Yes, sir; I would try and find some one they had more confidence in than they would have in me; some one with whom they had a better acquaintance.

ASCERTAINING GRIEVANCE OF MEMBERS.

Q. Is it not true that when you found a member of the legislature hostile to the company you would ask him what his grievance was?—A. Yes, sir.

Q. Did that often happen?—A. Yes, sir.

Q. Is it not true that in many cases where members had a grievance which you thought could be removed you would do what you could to remove it?—A. If it was a just grievance I would certainly do so. I do not know that we ever found very many just grievances. They would have fancied grievances.

Q. Would the conversation between you and the members turn on the question of their fancied grievances to some extent?—A. Yes, sir.

Q. After you had either explained away such grievances, or said that you would see that they would be removed, would the persons with whom you had such conversation, in some cases, vote as you desired, or as you thought right, in regard to the company's interest?—A. I cannot remember of a case where a man swapped his vote or changed his vote on account of a grievance, fancied or real, that I removed. I could not say that there was such a case as that.

20 PER CENT. HORIZONTAL REDUCTION PROPOSED.

Q. When was this instance of a 20 per cent. horizontal reduction attempted? In what session was that?—A. That was in the session, I think, of 1882.

Q. When you reached the legislature was there an avowed majority in favor of the passage of that bill?—A. Yes, sir. It went through the senate of thirty-three members with only three dissenting votes, and it was defeated in the house.

Q. How many members were there in the house?—A. About one hundred, or something over one hundred, I think.

Q. What was the stage of that bill when you reached Lincoln?—A. It had just gone from the senate to the house when I reached there.

REFERRED TO APPROPRIATE COMMITTEE.

Q. Was it immediately referred to the appropriate committee?—A. Yes, sir; and I went before that committee and explained its effect.
Q. What committee was it?—A. The railroad committee, probably.
Q. Of how many members did the committee consist?—A. The usual number—probably seven to ten or twelve.
Q. Do you now recall the names of the gentlemen who formed that committee?—A. I cannot now.
Q. Did they report favorably or unfavorably?—A. I think there were two reports made in that case. There was a minority and a majority report.

MAJORITY REPORT AGAINST SWEEPING REDUCTION.

Q. Was the majority report in favor of the bill or against it?—A. I believe the majority report was against such a sweeping reduction. I think it was an arbitrary manner in which to establish rates.
Q. Do you remember who signed the majority report?—A. No.
Q. Do you remember none of their names?—A. No.
Q. In regard to this committee of 1882, do you remember any gentlemen connected with or interested in the Union Pacific, or any shippers over the Union Pacific, who were there to help you get that favorable report and to talk with the members of the committee?—A. No; I do not. I think I went down there alone at that time.
Q. Was Mr. Stout there?—A. He may have been there. I never had any political business with Mr. Stout.
Q. If he was there, did you see him and talk with him about it generally?—A. I do not remember.
Q. Did you talk with him about it as a matter of common interest, aside from its being a matter of personal business?—A. I never had any interest in common with Mr. Stout.
Q. He was opposed to this legislation, was he not?—A. I do not remember whether he was or not. I think he had enough of his own affairs to attend to about that time.

CONFERENCE COMMITTEE APPOINTED.

Q. Do you remember any specific interviews you had with that committee just before they made these two reports?—A. No; I do not remember, and I am not certain about these reports. I think that was the way the bill was disposed of—that there were two reports made, and that then there was a conference committee appointed from the house and one appointed from the senate, to agree on some percentage of discount, at something less than 20 per cent. discount. I believe the senate refused to recede from its position.
Q. Do you remember who drafted that report?—A. No.
Q. Do you remember who gave the suggestions on which it was drawn up?—A. No.

By Commissioner LITTLER:

Q. Were there any written reports of committees in the legislature on any subject?—A. I do not remember whether that was a written report or not.
Q. Did you ever hear of a written report, or did you ever see one, of a committee?—A. Yes, sir; I have.

Commissioner LITTLER. I never did.
Commissioner ANDERSON. Do they not write reports in Illinois?
Commissioner LITTLER. No; never.

ENOUGH SENSIBLE MEN TO DEFEAT THE BILL.

The WITNESS. I do not know whether this was a written report. But I remember this about it: that the bill was defeated because the house had too many sensible men there to vote for any such outrageous measure.

Commissioner ANDERSON. We want to be assured of the methods by which it was defeated.

By the CHAIRMAN:

Q. Was your salary going with the Union Pacific Railway Company at the time you were a member of the legislature?—A. I think that I had a leave of absence at that time. I did not stay at the legislature very long that winter. I used to go up every two or three days, and then attend to my business at the office: I worked nights and Sundays.

Q. Was your salary going on?—A. I think it was.

RAILROAD LEGISLATION AT EVERY SESSION.

Q. Was there any railway legislation during the session?—A. I do not think that we ever had a session of the legislature in Nebraska that there was not some railway legislation.

Q. Did you ever decline to vote on any railway legislation, because of an interest that your company had in the pending legislation? Did it ever occur to you to do so?—A. It would certainly occur to me. If it was a question of propriety, I would certainly decline to vote. But I do not remember of any important matters that ever came up during that session.

By Commissioner ANDERSON:

Q. How many years ago?—A. That was ten or twelve years ago.

By the CHAIRMAN:

Q. Did you ever decline while in the legislature to vote on any question because of the interest in the legislation of a party to which you were related?—A. I do not remember. I think I have declined to vote on some questions, but I could not recollect them now. It is a long while ago.

Q. Did you ever decline on account of your railroad interests?—A. I do not know that any measures ever came to a vote that affected the Union Pacific Railroad during that session of the legislature.

Q. Did you ever know a member of the Nebraska legislature declining, because of his interest in railroad companies, to vote on the legislation pending?—A. I do not know.

Q. Is it not a fact that you recall all the legislation within the last fifteen years in the State of Nebraska, and are perfectly familiar with it?—A. No. I am not familiar with any but three different sessions.

PASSES ISSUED TO SHIPPERS TO SECURE FREIGHT.

Q. Have you issued any passes to shippers for the purposes of securing their freight?—A. We used to do that before the passage of the interstate commerce law.

Q. To what shippers did you issue passes?—A. I could not remember now. We issued them to thousands of different shippers.

Q. Do I understand you to mean that you issued passes to a thousand different shippers in Salt Lake City and around it?—A. No. I mean over the entire Union Pacific system. During certain periods, when we were having a war of rates with our competitors, we would give most any important shipper a pass, but when rates were firmly maintained we would not give any of them passes.

Q. Would you give passes to friends of shipper on his application?—A. It was all owing to what his traffic amounted to. If he was a very heavy shipper, he could get a pass for a friend or two.

Q. What other bonuses have you offered to people to induce them to ship over your road, prior to the interstate commerce law?—A. We would offer most anything we could think of to get their business that was reasonable and to the interest of the Union Pacific Company.

MONEY THE POTENT FACTOR TO SECURE BUSINESS.

Q. What would occur to you to think of other than passes and rebates?—A. We always found money the most potent factor in securing freight.

Q. Did you pay money to shippers?—A. Yes, sir.

Q. To what extent did you pay money?—A. I could not say. We would pay money in the shape of rebates.

Q. In what other shape would you pay money?—A. I never knew of money being paid in any other way, except in the shape of rebates.

Q. Have you named all the inducements you have heard of to secure shipments—the payment of bonuses, money, passes, or rebates?—A. That is all.

UTAH FORWARDING COMPANY.

Q. Who composed the Utah Forwarding Company?—A. I know of only two men in that company. That is, C. W. Lyman and George Y. Wallace. I think they compose the company entirely. I do not believe there is anybody else interested in it.

Q. Are the Utah Forwarding Company and the Northwestern Forwarding Company the same?—A. Yes, sir.

Q. What was the first title adopted by the company?—A. I think they carried on their business in Utah under the name of the Utah Forwarding Company and in Montana under the name of the Northwestern Forwarding Company.

Q. Do you know of any officer, employé, or agent of the Union Pacific Railway Company being directly or indirectly interested in either the Northwestern Forwarding Company or the Utah Forwarding Company?—A. No, sir.

Q. What do they do?—A. They handle salt, coal, coke, iron ore, &c. I think that the way they came to get the name "Forwarding Company" was this: They used to receive freight at railway points that was destined to points beyond the railway and forwarded it by team. This is generally the name adopted in this Western country by parties who receive freight to be forwarded by team to destination.

DIVERSIONS OF TRAFFIC.

Q. Have you any knowledge of the diversion of traffic by the Central Pacific from the Union Pacific?—A. I will say that the Central Pacific

diverts all the traffic it can control to the Southern Pacific—to the "Sunset route"—which consists of the Southern Pacific and its lines of steamers from Galveston and New Orleans to New York.

Q. How do you get that knowledge?—A. By conversation with shippers.

Q. How long has the diversion continued?—A. They have sent all the trade they can control by the Sunset route since the line was completed.

Q. Since the Southern Pacific was completed?—A. Since the Southern Pacific was completed.

By Commissioner ANDERSON:

Q. Do you mean for the last three or four years?—A. Three or four years. In about 1882 they commenced.

PROPORTION DIVERTED.

By the CHAIRMAN:

Q. What proportion of the traffic is diverted as compared with the traffic passing over the Union Pacific?—A. It is pretty hard to say. It is pretty hard to draw the line right where the diversion would take place—whether it was done through the influence of the Central Pacific or the Southern Pacific, or voluntarily on the part of the man who wished to send the freight to New York.

Q. What conclusions have you reached as to whether it is the shipper or the Central Pacific Company, after conversation with the shippers with whom you have talked?—A. I have come to the conclusion that the Southern Pacific divert all the freight by the Sunset route that they can control.

CHARACTER OF FREIGHT DIVERTED.

Q. What is the character of the freight diverted?—A. All kinds of merchandise.

By Commissioner ANDERSON:

Q. What are the principal items? Are they fruits and canned fruits?—A. No; they send all the green fruits over the Union Pacific.

Q. Is it canned fish?—A. Canned fish and canned fruit, and freight of that kind. I presume they send all they can control for New York that way—by the Sunset route.

Q. Is one item wool?—A. Wool.

Q. Which way do they send wool?—A. They send it by the Sunset route, and also by our route. If we can prevail upon the shipper to designate the Union Pacific route, of course they respect his wishes.

Q. Does a good deal of wool go by the Sunset?—A. Yes, sir.

Q. How is it about sugar?—A. I do not think there is very much sugar going to New York, unless it is quite recently.

Q. The Sandwich Island sugar goes by what route?—A. That hardly ever, until quite recently, has gone east of the Missouri River. Some little goes to Saint Paul and Saint Louis, and a little east of those points.

Q. All that which goes west of the Missouri River goes how?—A. Some goes by the Atlantic and Pacific, and some by the Santa Fé.

FOREIGN GOODS.

By Commissioner LITTLER:

Q. Does it not embrace all goods shipped from foreign countries to New York through San Francisco?—A. Yes, sir. I think they give our

and the preference on tea, because we can make so much better time than they can by the Sunset route.

By Commissioner ANDERSON:

Q. Does not the same reason apply to the carrying of fruits?—A. Green fruits; yes, sir.

SHIPPERS PREFER SOUTHERN PACIFIC ROUTE.

By the CHAIRMAN:

Q. According to your judgment or estimate, if you have made any, what proportion of the traffic is diverted?—A. I could not say what proportion and I could not say to what extent, but I have heard shippers remark occasionally that they preferred to patronize the Southern Pacific route, because of the influence that the management of the Southern Pacific and Central Pacific had with them.

Q. What are the names of the shippers with whom you have talked?—A. I could not recollect them now, but that was the general talk in San Francisco every time I went there.

By Commissioner ANDERSON:

Q. Can you not give the names of some large shippers from San Francisco?—A. You can take W. T. Coleman & Co. as about the largest shippers there.

Q. Do they deal in canned fish?—A. I would like to state that the Southern Pacific, as between the Union Pacific and all other competitors outside of the Sunset route, treats us very fairly.

SAME PEOPLE INTERESTED IN CENTRAL PACIFIC AND SOUTHERN PACIFIC.

Q. Do you not know, as a matter of fact, that the same people who are interested in the Central Pacific are interested in the Southern Pacific, and perhaps to a greater extent?—A. Yes, sir. I think it would be better to get the information from those people right there.

Q. Will you give us some more names besides Coleman?—A. You can take the names of any merchants in San Francisco. You can get the Directory there and get a list of five hundred names.

Q. Have not some of them, according to your statement, intimated that their preference has been brought about by reason of the influence which the management and direction of the Central Pacific had on them? It is those who have been subjected to that influence that we desire to interview, and for that reason we ask their names, rather than to be referred to a Directory.—A. I could not name any one in particular, but it is the general talk there.

DECREASE OF UNION PACIFIC BUSINESS DUE TO SOUTHERN PACIFIC.

By the CHAIRMAN:

Q. Has 25 per cent. of freight been diverted from the Central Pacific to the Southern Pacific, or from the Union Pacific to the Southern Pacific?—A. I presume if there was no Southern Pacific line we would carry 25 per cent. more freight than we do now.

By Commissioner ANDERSON:

Q. Or rather, if the Central Pacific line did the best they could for you, and ignored the other line entirely—if they did everything they could to push the freight over your way—would you carry 25 per cent.

more than you do?—A. It is pretty hard to answer that. The Southern Pacific gives us a good deal of freight that we would not get if the Southern Pacific and Central Pacific were segregated. If there were two independent lines, under independent management, the Southern Pacific would not give the Central Pacific any freight at all. There is a great deal of freight that we now get that comes from points on the Southern Pacific that we would not get if it was not for the fact that they are both under one management.

FREIGHT DIVERTED FROM CENTRAL PACIFIC.

By the CHAIRMAN:

Q. What freight have you diverted from the Central Pacific?—A. All the freight from California destined to any point reached by the main line of the Union Pacific goes over the Central Pacific. We have a line from Portland by way of the Oregon Railway and Navigation Company and Oregon Short Line and the Utah Northern; but that line does not take any freight for any point reached by the Union Pacific subsidized line.

Q. Have you sent any freight by way of the Oregon Short Line over by Portland that could be sent to the same point by the Central Pacific?—A. We make the same rates from San Francisco to all points on the Oregon Short Line and the Utah Northern and Utah Central that are made by the Central Pacific to the same points.

Q. Do you divert freight from the Central Pacific over the Oregon Short Line, by way of Portland, that could go by the Central Pacific?—A. No, sir.

Q. Is the tariff so fixed that the result would be to divert freight over the Oregon Short Line by way of Portland?—A. No, sir; the rates are exactly the same.

Q. Does all the freight that is destined to the California coast go by way of the Central Pacific?—A. Yes, sir; it goes now by the Central Pacific. We do not take any freight from the east to San Francisco by way of Portland, nor do we take any freight from San Francisco for the east by way of Portland. That is, any freight that can be reached by the main line of the Union Pacific.

NO AGREEMENT WITH CENTRAL PACIFIC.

Q. Have you an agreement with the Central Pacific not to carry freight over the Oregon Short Line to San Francisco?—A. We have no agreement with the Central Pacific not to carry freight by the Oregon Short Line to San Francisco that can be reached by any point on the Union Pacific system; but so long as they give us good time and treat us fairly, we prefer to send the freight that is reached by the main line of the Union Pacific, that comes from points or goes to points reached by that line, by the Central Pacific. The only freight that we take from San Francisco is destined to points on the branches—the Oregon Short Line, the Utah Northern, and the Utah Central. We do not take any freight from San Francisco by the way of Portland that goes to any point on the Union Pacific main line.

Q. Have you an understanding with the Central Pacific that so long as they treat you well you will allow the freight to continue to go over the Central Pacific?—A. No, sir.

By Commissioner ANDERSON:

Q. Do you say you do take goods from San Francisco destined to points on the Utah Central and carry them around by Portland?—A. Yes.

Q. Why is that done instead of taking them by the Central Pacific?—A. We have more interest in the line by the way of Portland than we have by the Central Pacific. In fact, this line is a competitor. The Oregon Railway and Navigation Company, in connection with the Oregon Short Line and the Utah Northern, makes a line to Ogden in competition with the Central Pacific.

Q. Is that not still more true in relation to points on the main line east of Ogden? If you carry freight by Portland would you not have the whole haul except the water-course?—A. Yes, sir; but we do not wish to divert any freight from the Central Pacific going to any point reached by its own natural connection, the Union Pacific main line.

OREGON SHORT LINE.

Q. Can you tell us the amount of business sent by way of the Oregon Short Line to San Francisco?—A. There is very little business that goes that way. We have a line in connection with the steamers—the Oregon Railway and Navigation Company.

Q. Is the fact that you select this route for the Utah Central business the subject of complaint by the Central Pacific?—A. No; they told us that they could not expect us to do otherwise after we leased the Oregon Railway and Navigation Company.

Q. Are there any other competitors anywhere against which you use the Portland route?—A. No, sir.

Q. Do you use it for the Utah Northern?—A. Yes, sir. It is the Oregon Short Line, the Utah Northern, and the Utah Central. But the line being so much shorter by the Central Pacific to Utah Central points we do not expect to do very much business here. We put in the same tariff.

Q. Do I understand you that as to all points east of Granger you do not use the Portland route?—A. No, sir.

Q. How is it as to points between Granger and Pocatello?—A. As to points between Granger and Ogden we do not use the Portland route. We do not use it on any traffic coming from or going to any point on the Union Pacific main line or any point reached by it.

Q. Does what you have stated apply strictly to San Francisco business or are there other points in California from which you derive traffic which goes around by the Portland route?—A. It applies at present strictly to San Francisco.

Q. Did it formerly apply to other points?—A. We never undertook to make rates that way at all until we made the lease with the Oregon Railway and Navigation Company.

Q. Is the Oregon Short Line freight traffic under your control?—A. Yes, sir.

Q. Have you been over that country yourself?—A. Yes, sir.

Q. So that you are familiar with its capacity?—A. Yes, sir.

FUTURE TRAFFIC OF OREGON SHORT LINE.

Q. What is your judgment as to the future traffic to be done on that line?—A. I think the traffic of that road will grow right along year after year, for the next twenty years. The mining possibilities are very great. The ore traffic for 1886 was about 40 per cent. more than it was in 1885.

Q. How do the ore shipments of 1887 compare with those of 1886?—A. I could not make any comparison of 1887 with 1886. We have not got the figures worked up.

Q. What are the main features of the railroad business on the Oregon Short Line?—A. Ore.

Q. Do you mean ore going south and east?—A. Ore and bullion. And a portion of the Oregon Short Line forms a connection with the Utah Northern, and carries the entire Montana business that goes over the Union Pacific system between Pocatello and Granger.

Q. Do you carry much coal?—A. We carry a great deal of coal to Montana.

Q. From where?—A. From Rock Springs.

Q. Which side of Granger is Rock Springs?—A. East.

Q. How many miles?—A. About 40 or 50.

Q. What other traffic is there that is interchanged from the Union Pacific to the Oregon Short Line?—A. All the traffic carried by the Oregon Short Line.

CHARACTER OF TRAFFIC.

Q. No; I mean from the Union Pacific, and delivered to the Oregon Short Line. What is the character of the traffic?—A. There is wool, ore, and live stock.

Commissioner ANDERSON. Ore is not delivered from the Union Pacific to the Oregon Short line, is it?

The WITNESS. You refer to traffic west bound?

Commissioner ANDERSON. I refer to traffic west bound or north bound.

The WITNESS. There is merchandise and machinery.

Q. For the camps?—A. Yes, sir.

Q. What are the principal points?—A. Butte and Hailey. Butte is not on the Oregon Short Line, but is reached by the Oregon Short Line. Ketcham is another point.

DIRECTION OF PREPONDERANCE OF TRAFFIC.

Q. Do more loaded cars pass over the Union Pacific to the Oregon Short Line, or over the Oregon Short Line to the Union Pacific?—A. Sometimes the preponderance of the traffic is west bound and sometimes east bound. It fluctuates. Occasionally there is more east bound. I should say, however, that there is more freight coming east than goes west.

Q. Do the money values represented by the freight earned on these shipments vary much, or do the east bound and west bound money values about balance?—A. No; the west-bound freight would probably be the higher rate per ton per mile.

Q. You have enumerated general merchandise and coal as west-bound shipments; what else is there?—A. Machinery.

Q. What portion of this merchandise comes from points between Omaha and Granger?—A. Very little of it. It all originates at or east of the Missouri River.

Q. Does all the coal originate at Rock Springs?—A. Rock Springs.

Q. Does that form a very essential feature of the shipment west?—A. Yes, sir; it cuts quite a large figure in the tonnage.

Q. Then on that the Union Pacific does not have the advantage of a haul except between Rock Springs and Granger, does it?—A. That is all.

Q. In regard to the ores that come down the Oregon Short Line and eastward bound, where are they mostly delivered?—A. At Denver, Omaha, and Kansas City.

DESTINATION OF ORE SHIPMENTS.

Q. What proportion of these ores go to Omaha?—A. I should say the greater proportion goes to Denver. I could not say what proportion goes to Kansas City and Omaha.

Q. How many tons per annum of ores pass down the Short Line?—A. I could not tell without reference to the books.

Q. Can you approximate?—A. I would not want to. I would not want to make a guess at an important matter of that kind.

Q. Do you know the money value?

The WITNESS. Of the ore?

Commissioner ANDERSON. The amount of the freight rates per annum.

The WITNESS. No, I could not say it from memory.

Q. Can you inform us what proportion of the freight rates on ores are earned between the point of shipment and Granger, and what proportion of these freight rates are earned by the main line between Granger and the points of delivery?—A. You would have to get that from the books in Omaha. I do not know but that the main line of the Union Pacific road gets about as much freight out of the traffic now as it did when it was delivered to it at Ogden, on the east-bound traffic.

Q. Can you give us a statement showing the total amount of freight interchanged between the Union Pacific and the Oregon Short Line, and showing the amount which is earned by the main line and the amount which is earned by the Oregon Short Line?—A. You will have to ask the auditor for that.

Q. Will you have it prepared and sent to us at the Palace Hotel, San Francisco?—A. Yes, sir.

CONTRACT WITH UTAH SALT COMPANY.

By the CHAIRMAN:

Q. Have you a written contract with the Utah Salt Company?—A. We have a contract with them that provides they will furnish salt at $3 a ton.

By Commissioner ANDERSON:

Q. The chairman wants to know whether it is in writing?—A. I believe I wrote them a letter to the effect that we would take salt from them if they would furnish it at that figure.

By the CHAIRMAN:

Q. Have you any written contract with the Utah Salt Company?—A. No.

By Commissioner LITTLER:

Q. Did they reply to that letter in writing?—A. I do not remember. At any rate they complied with it.

By Commissioner ANDERSON:

Q. Will you let us have a copy of the letter that you wrote to them, and their answer, if there was any?—A. I can give it to you.

Q. Have you an agreement with the Utah Forwarding Company?—A. No, sir; we have no agreement of any kind with the Utah Forwarding Company, or the Northwestern Forwarding Company.

Q. Have you any memorandum of agreement with any of these companies you have named—I mean the Salt Company, the Utah Forwarding Company, or the Northwestern Forwarding Company?—A. I do not remember any, now.

Commissioner ANDERSON. We call letters agreements.

The WITNESS. Yes, sir; we have.

Q. Will you produce any letters you have with reference to any arrangements of that kind, and give the Commission copies of them?—A. I will look them up and see if there are any, and if there are, I will do so.

Q. Have you anything else to say, or any suggestion to make?—A. I have nothing more to say.

Q. Have you any information to give to the Commission?—A. No, sir.

Q. Do you wish to make any further suggestion?—A. No, sir; I do not.

PETER P. SHELBY.

SALT LAKE CITY, UTAH, *Wednesday, July* 20, 1887.

JOHN SHARP, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. How long have you resided in Salt Lake City?—Answer. I landed here in 1850, and have been here ever since. I have resided in Salt Lake City ever since.

SUBCONTRACTOR UNDER BRIGHAM YOUNG.

Q. What has been your connection with the Union Pacific Railway?—A. When they were constructing the road I became a subcontractor, I believe, under Brigham Young, in building the road.

Q. For what section?—A. From Echo to the promontory.

Q. Will you state your various connections with the railway since that time?—A. I was made superintendent of the Utah Central, and that brought me in connection with the Union Pacific.

Q. In what year was that?—A. In 1871.

Q. Have you remained superintendent of the Utah Central ever since?—A. Yes, sir.

Q. Were you interested in the construction of the Utah Central?—A. No, sir; I was not.

UTAH CENTRAL AND UTAH NORTHERN RAILROADS.

Q. Who built it?—A. Brigham Young and his friends. I was a stockholder in it and I had nothing to do with the construction of the Utah Central; that is, the Utah Central, that portion of the road between Ogden and Salt Lake.

Q. Was the Utah Northern built at the same time?—A. No, sir; it was built after that.

Q. Were you interested in that construction?—A. I was not.

Q. Were you a stockholder in that road?—A. No, sir.

Q. Have you ever been a stockholder in the Utah Northern?—A. No, sir.

TRANSFER OF UTAH CENTRAL TO UNION PACIFIC.

Q. How was the Utah Central transferred to the Union Pacific?—A. The Utah Central was built, as I said, by Brigham Young and his friends, and Brigham Young kept, or took in his possession, the control of the

stock, and in 1872 he wanted to sell it, and I went east and saw the Union Pacific folks and tried to persuade them to buy. Horace F. Clark was then the president of the Union Pacific. I persuaded them to buy 5,000 shares. Brigham Young held seven thousand six hundred and something; a little over the control. There were 15,000 shares of stock all together. And then the Union Pacific became connected with the Utah Central in the purchase of these 5,000 shares of stock.

Q. They did buy it, did they?—A. They did buy it.

Q. What was the price?—A. Fifty. They bid Brigham Young $250,000 for the 5,000 shares.

ITS EXTENSION BY UNION PACIFIC.

Q. Did they subsequently make further purchases?—A. They made further purchases only by the extension of the road. You see the road was only 37 miles long when they purchased this 5,000 shares of stock, and in proportion to the amount of stock of all the stockholders, as well as of the Union Pacific, we have extended the road until it is 280 miles long, and these former stockholders were the builders of the road until it has reached Frisco, a distance of 280 miles east of Ogden. Frisco is 240 miles from here, or from the end of the lake.

ITS BONDED DEBT.

Q. What bonds were on the road at the time it was sold to the Union Pacific?—A. One million dollars.

Q. How much was that per mile?—A. Thirty-seven miles, and there was $1,000,000 bonds.

Q. Were those all outstanding at the time you sold to the Union Pacific?—A. Yes, sir.

Q. And are outstanding still?—A. Yes, sir.

Q. Tell us when the road was extended after these purchases?—A. I think we commenced going south in 1871.

Q. Shortly after the Union Pacific purchased the 5,000 shares?—A. Yes, sir.

Q. Have you been interested in that construction?—A. I had not any interest; but I was really the constructor. I let out all contracts. I superintended the construction as well as the running of the road.

ISSUE OF UTAH SOUTHERN BONDS.

Q. As what; as the agent of the company?—A. Yes, sir.

Q. Please tell us how the bonds and stocks were issued as the road progressed?—A. We issued on a bond called the Utah Southern bond, commencing at Salt Lake and running south as far as a point on the road called York, about 75 miles from this. It has no name now. It was a place where we stopped, and it is no place now. We issued then $20,000 a mile on that 75 miles.

Q. And how much stock?—A. Fifteen thousand dollars a mile.

Q. The stock and bonds then were turned over by the Utah Southern to the Union Pacific in consideration of the construction of the road?—A. No, sir.

Q. Is that not it?—A. No, sir; that is not so.

BONDS TAKEN IN PROPORTION TO STOCK.

Q. Will you please explain how it was done?—A. Each stockholder in the Utah Central Railroad, in proportion to the amount of stock held

in the Utah Central, took the bonds of the Utah Southern and furnished the money. The Union Pacific and myself, and all our friends that held stock in the Utah Central, took the bonds in proportion to the amount of stock held in the Central, and furnished the Utah Southern with the cash, and they took the cash and purchased iron and fastenings, and purchased the ties, constructed the road, and laid down the rails and bought the rolling stock.

Q. In exchange for the cash you so furnished you received the bonds and stocks?—A. We received the bonds and stocks; yes, sir.

Q. At what rate did you take the bonds?—A. We took the bonds at 80.

Q. So that for $800 you received on $1,000 in bonds, or one bond of $1,000?—A. Yes, sir.

Q. And how much stock; $750 was it?—A. Yes, sir; the stock was issued $15,000 a mile and the bonds at 20. That was the proportion on that first 75 miles.

Q. Please continue and describe the completion of the Utah Southern?—A. Then, I think in 1876, we were persuaded to build more road. The point then, the initial point, was to go to Frisco, where were these big mines, the Horn Silver mines, they called them at San Francisco. From York it was about 160 miles to the mines, and we built the 160 miles on the same arrangement that we had built the 175 miles, with the exception that we issued fewer bonds and less stock.

COST PER MILE IN STOCK AND BONDS.

Q. How many bonds to the mile and how much stock?—A. I think it was fifteen bonds to the mile on the last 160 miles.

Q. And how much stock?—A. Twelve thousand dollars or $14,000. I will help my memory if you have no objection.

Commissioner ANDERSON. Certainly; do so.

The WITNESS. I put down a few figures to bring here. On the Utah Central, as I said, there was $1,000,000 bonds.

Commissioner ANDERSON. You need not repeat the figures already given correctly.

The WITNESS. There was $4,900,000 in bonds from Ogden to Frisco. That is a little less than $18,000. There was 42,225 shares of stock, or a little less than $15,000 a mile of stock.

Q. When was the road completed to Frisco?—A. I could hardly say when. It must be six or seven years ago.

THE CONSOLIDATION OF UTAH ROADS.

Q. Is the Utah Southern also under your control?—A. Yes, sir. I want to let you understand that after the road was completed to Frisco the Utah Central, the Utah Southern, and the Utah Southern extension were then consolidated, and it is now called the Utah Central Railway.

Q. Are the figures you have just given of the total of bonds and stocks those of the Utah Central Railway as it now stands?—A. Yes, sir.

Q. And you are its superintendent?—A. Yes, sir.

Q. The only payments made by those stockholders who were holders of the original stock for the bonds was this 80 per cent. that you have mentioned?—A. We took the bonds at 80 per cent. and the stock was——

Q. Thrown in?—A. Not thrown in particularly. On the first 37 miles there was 16 per cent. paid on the stock, besides the 80 per cent. on the bonds.

PAYMENT OF UTAH CENTRAL FLOATING DEBT.

Q. On the first 37 miles that was?—A. Yes, sir; on the first 37 miles we paid 16 per cent. on the stock. I remember, when I became superintendent of the road, there was a floating debt on the Utah Central Railway, and that I only agreed to go there and run the road if they would pay off this floating debt, and they levied an assessment of 6 per cent., and they had paid 10 per cent. to that, and they paid off the debt.

Q. That was on this first 37 miles?—A. Yes, sir.

Q. In regard to the stock that was issued for the construction of the Utah Southern from the 37-mile point to the end of the 75 miles, and from that point to Frisco, was any money whatever paid for that stock?—A. Very little, I think. I think there was 5 per cent. paid for the first 75 miles, but there was not any on the last 160 miles, I remember.

Q. Do you know whether the Union Pacific acquired any other interest in the bonds and stock of the Utah Central Railway than such as it acquired as being the holder of the 5,000 shares bought from Brigham Young?—A. I think they have changed a little stock. They may have sold some, and have got some back again. But I see the stock is now within 100 shares of the amount they first got. They may have sold some of the employés' or some of the officers' of the road or changed, but I do not know that. I see they have not got as much stock now as they had two years ago.

CHARACTER OF TRAFFIC.

Q. What are the main features of the business of this road?—A. I could get that by having our freight agent come down here to show the whole business of the road. The motive inducing us to build this 160 miles was to reach the mine. The ore from the mine was the traffic over the road, 240 miles. That was the principal business. They take merchandise to the people living at the south end of the line.

Q. What other items of commerce do you carry on this road?—A. Ore, and bullion, and coal, and limestone, and iron ore.

Q. Wool?—A. Wool and grain.

Q. Salt?—A. And salt.

Q. Have you gone through them all?—A. I think not.

Q. What are the names?—A. I can give a statement from the freight office.

Q. I want to find out how much you know about it?—A. We carry pretty nearly all there is in the country here, of the products of this country.

THE HORN SILVER MINE.

Q. Can you name some of the main shippers of ore in Salt Lake City?—A. The Horn Silver Mining Company.

Q. Are they the largest?—A. Yes, sir. They were the largest; but I do not like to say a little bottom has dropped out of the mine, because that would not be correct. They say there is a great deal of ore there yet, but they have not been shipping much lately.

Q. Who are the principal persons interested in that mine?—A. The old man Cunard, I guess, that owns that steamship line, holds a good deal of the stock, and Mr. Francklyn, of New York. I do not know how much he holds now. He did hold a great deal. Mr. Brown held considerable. They held about 40,000 shares, I guess, or Francklyn had in the beginning. But I think they parted with a great deal of their interest in that mine.

Q. Are any of the persons residing in this vicinity interested in the mine?—A. Yes, sir.

Q. Who can you name?—A. Oliver Hale, who is the general manager, holds some of the stock. And your humble servant holds some of the stock; I purchased it in New York.

WITNESS'S HOLDINGS IN HORN SILVER MINE.

Q. How much of the stock do you own?—A. I own 8,000 shares.

Q. What is the total capital stock?—A. 400,000 shares, $10,000,000.

By Commissioner LITTLER:

Q. What are these shares worth, what is the par value?—A. $25.

By Commissioner ANDERSON:

Q. How long have you owned your stock?—A. I owned the first thousand shares I think from its organization.

Q. That was in what year?—A. That was before the Utah Southern was built; that was just before the Utah Southern was built, I believe. No, I think we bought the Utah Southern about the time I got this 1,000 shares, and I just held that and did not have any more. This last year, in consequence of their stopping their payment, the stock went down low, and I, like a great many others, bought some.

Q. You own the 8,000 shares now?—A. I own the 8,000 shares now, and wish I was rid of it, too. I wish I had my money out of it.

Q. You say the ore shipments from this mine have fallen off?—A. Yes.

Q. How much were they in good times?—A. They went from 100 to 150 tons a day.

THE HORN SILVER MINE'S SMELTER.

Q. Where was this ore shipped to?—A. To their own smelter down here—6 miles south, down.

Q. What was the name of the smelting company?—A. The name of the smelter was Francklyn, after the name of the president of the company.

Q. Was that a stock company also, the smelter?—A. No, sir; it belonged to the mine.

Q. After the ore was smelted here, where was the bullion carried?—A. It was generally carried to Chicago and there refined. Some of it went to New York, I believe, but they had refining works in Chicago belonging to some of the parties interested in the mine.

Q. In regard to ore transferred from the mine to the smelter here, what rates of freight were charged on these ores?—A. Of late it has been $5 a ton.

Q. What was it when you were carrying large quantities?—A. Then it was $5 a ton. It was because of the quantities that we were able to carry it at that for 240 miles.

REBATES.

Q. What rebates, if any, were allowed on the ores so shipped?—A. I do not remember allowing any rebate.

Q. Were any rebates allowed by some authority on your business?

The WITNESS. On that ore?

Commissioner ANDERSON. Yes.

The WITNESS. Major, did I ever give you a rebate on that ore? I do not remember that I did.

Q. Do you mean that no rebates appear on the books of the Union Pacific in favor of this company, to have been paid to this company at Omaha?—A. If there is I am not aware of it. I do not think you will find anything on the books of the Union Pacific, because our books are kept here, you know.

Q. The books containing the ore business would be kept here?—A. Yes, sir.

Q. Your statement is that no rebate was ever allowed to this company for ores transferred from the mine to Salt Lake City?—A. Not one dollar.

FREIGHT RATES FROM SALT LAKE CITY TO MISSOURI RIVER.

Q. In regard to the bullion transferred or carried from Salt Lake City, or wherever that would go, what was the rate to the Missouri River?—A. I have only a knowledge of it from the smelter here to Ogden. It is out of my jurisdiction beyond that. I have nothing to do with the rates on the Union Pacific.

Q. The smelter did not ship it to Ogden. They shipped it to Chicago?—A. The smelter shipped it——

Q. Shipped the bullion?—A. (Continuing.) Shipped the bullion to Ogden and then to Chicago. It is possible enough that we may have given them a through rate, and then the Union Pacific and the Utah Central would make that rate; the two together. But very often the bullion was shipped to Ogden and then from Ogden to Chicago, or wherever it went, some to New York.

Q. Who had charge of the shipping of this bullion?—A. Major Hill, the general manager.

Q. Is he present?—A. Yes, sir.

Q. You were a director in the Union Pacific for a number of years?—A. Yes, sir.

THE CARRIER'S PERCENTAGES OF THROUGH RATE.

Q. Whether you call it shipped to Ogden or shipped to Chicago, as a matter of fact the bullion did go one transit from Salt Lake City to Chicago, did it not?—A. I know that some of it was shipped on a through rate right from the smelters to Chicago, and the Utah Central would have their proportion of that rate, agreed to by the Union Pacific.

Q. Was it the through rate from Salt Lake to the Missouri River?—A. It appears to me it was for a long time about $18.

Q. To the Missouri River?—A. No, to Chicago. As my memory serves me now, that was the rate.

CHANGES.

Q. Do you know, of that rate, how much belonged to the transit to the Missouri River?—A. I could not tell you. I could find it out, because all of us had our proportion of the through rate when it was the through rate, at $18 a ton. The Utah Central had so much, the Union Pacific so much, and the road east of the river so much.

REBATES.

Q. As a matter of fact do you know whether the Union Pacific was in the habit of allowing a rebate on that business to the Horn Silver

Mining Company?—A. It is possible enough that they may have allowed a rebate. That is very possible. I know, since we have had competition, that all the roads have granted rebates.

Q. Under the arrangement that was made would the Utah Central contribute to that rebate?—A. They would have to give their proportion.

Q. Of the rebate?—A. Yes, sir.

Q. Is it not a fact that a large amount of money was so refunded to the smelting company by means of this rebate?—A. I do not think there was very much. I would like to ask the major.

Q. Would the major know all about it?—A. Oh, certainly. It was he who made the bargain.

Q. Did you ever have any talk with Major Hill about the amount of this rebate?—A. I may have, but I do not think that I could be very exact about the amount of rebate.

DIVIDENDS OF MINING AND SMELTING COMPANIES.

Q. Did your mining and smelting company pay any dividend?—A. Oh, yes, sir.

Q. During what years?—A. I think they paid dividends for about three years.

Q. Did they pay dividends until about three years ago?—A. No; for about three years——

Q. How long ago was it that they paid the last dividend?—A. I think it was two years ago last February since they quit shipping and paying dividends.

Q. Is there business left for this company?—A. Oh, yes.

Q. How much ore do they now transmit?—A. They are sending about 100 tons of ore a week now.

THE SALT BUSINESS.

Q. In regard to the salt business here, through what company is that done?—A. I believe they call me the president of that salt arrangement. Let me see if my partner is here. I do not see him.

Q. What is the name of the company?—A. The Utah Salt Company, I think. That is the name, I believe.

Q. Are you president of the company?—A. Yes, sir.

Q. How much salt do you forward each year?—A. I could not say without getting the books.

Q. Did you hear Mr. Shelby's testimony? My recollection is it was 13,000 tons.—A. I think that is divided. There are two companies now, or three or four of them, in fact. But these two companies are interested in this shipment of salt to Butte and Park City; and the Utah Salt Company have their proportion of this amount that is exported here to go to these mines.

Q. Is the Utah Salt Company the company that makes the salt?—A. Yes, sir; they are the company that makes the salt; and also Keisel & Co. make salt on the edge of the lake.

Q. Are you interested in Keisel & Co.'s salt?—A. No, sir.

Q. What companies transport the salt?—A. The Utah Central and the Denver and Rio Grande transport it to Ogden.

TRAFFIC ARRANGEMENTS.

Q. Are the traffic arrangements made by an officer of the Utah Salt Company, or do they first agree with the Utah Forwarding Company

the Northwestern Forwarding Company, and do the latter-named companies make the arrangements?—A. It is the Utah Salt Company, through their superintendent, that makes all arrangements for freight—makes all contracts for freight; and they make them with the Utah Central and the Union Pacific and the Denver and Rio Grande; whatever road is going to take it.

Q. Who is the superintendent that makes these contracts?—A. Mr. Lyman. Mr. Wallace was here, but he has left.

Q. Where is Mr. Lyman?—A. I think he has gone East. Mr. Wallace is here, though.

UTAH FORWARDING COMPANY.

Q. What is the Utah Forwarding Company?—A. That is a company that is composed of Mr. Lyman and Mr. Wallace.

Q. Is any one else in it?—A. I think not.

Q. Have you no interest whatever in it?—A. No, sir.

Q. What do they do?—A. If you were living at Pioche (or we will take the people living at Pioche), and if you ordered a bill of goods from New York, or any point between New York and here, and it comes to the end of the railroad contract, for instance, this forwarding company will take that shipment of goods, and get the wagons and freight it and send it down to the people living at Pioche. That is the reason the name was put to it, "Forwarding Company."

Q. Is that all the forwarding company undertook to do with regard to them, or did they undertake to carry it all the way from the salt works to Butte?—A. No; it was the Union Pacific and the Utah Central that carried it.

WHO ARRANGED RATES.

Q. But I am talking about who made the arrangements fixing the terms on which it should be carried. Can you tell?—A. The superintendent of the salt works, I guess, would make the arrangements with the freight agents of either road that it went over.

Q. Do you state that the Utah Forwarding Company, or the Northwestern Forwarding Company, had nothing to do then with the freighting of your salt from the works here to Butte?—A. No, sir; they tried to make the rates. The present arrangement we have with the Union Pacific is that we deliver to them the salt at Ogden at $3 a ton. We make the salt, and gather it, and freight it up to Ogden. The freight generally is allowed at $1 a ton. One dollar is for the freight, and the $2 for manufacturing and loading and handling it.

WHAT IS NETTED.

Q. So that what you were to get was $3 net for your salt? Is that it?—A. Yes, sir.

Q. Has that always been the price?—A. I could not say.

Q. Do you not know that it was a few years ago $3.50?—A. No; I do not know. It may have been so.

DISTRIBUTION OF INTERESTS IN SALT COMPANY.

Q. How much interest had you in this salt company?—A. Not much, and I wish it had been less.

Q. Never mind about that. How much was it?—A. I will try now to give it to you as it is. But if I do not give it to you as it is it is not my meaning. I mean to give it to you just as it is. I think that Wal-

lace and Lyman were the salt company themselves, and in organizing the company, the Utah Central Railway Company took one-third, Wallace & Lyman retained one-third, and Captain Hooper, who is dead, and Mr. Jennings, who is also dead, and Mr. Eldridge and myself and Mr. Little took one-third. There were five of us. The railroad company took one-third; Wallace & Lyman retained one-third, and we took one-third; and that was the organization of the salt company.

Q. How is that held now?—A. The same as I told you.

Q. Has that company paid dividends?—A. Very little. We had a small dividend, I think, twice; but it was a very small dividend, indeed.

Q. What is the total amount of the stock?—A. I think it is $100,000.

Q. Is the company bonded at all?—A. No, sir.

Q. Is it $100,000 stock and no bonds?—A. No bonds.

ESTABLISHMENT OF SALT INTEREST URGED BY PRESIDENT DILLON.

Q. Do you own one-fifteenth; one-fifth of one-third?—A. One-fifth of one-third. I will give you the reason why we went into the salt business, if it will be of any use to you. While Mr. Dillon was president of the Union Pacific Railroad Company he made visits here, and this salt question was quite a question. It was thought it was going to amount to a good deal, and they wanted to be perfectly certain that salt could be manufactured here. He pressed upon us the necessity of making ponds on the lake, or on the edge of the lake, and being sure to have salt enough manufactured. Through this pressure the Utah Central Railroad went in one-third, as I have stated, and Mr. Wallace and Mr. Lyman retained one-third, and we other five gentlemen took one-third. We spent about $27,000 or $28,000 in making these ponds and fixing up for the manufacture of salt. That is the reason why we went into the salt business. I am no salt man myself.

FORWARDING COMPANY—OFFICERS AND INTERESTS.

Q. I will ask as to the Northwestern Forwarding Company who were the chief officers?—A. Mr. Wallace and Mr. Lyman, I believe, composed the company.

Q. Had you any interest in that company?—A. None whatever.

Q. What did that company do with reference to the transportation of this salt?—A. They just act as to that as they do with the forwarding of the other goods south. As I told you, they forward that salt to the north.

Q. Was it they who took charge of doing the business?—A. Certainly. One of them is secretary and the other is superintendent.

WHO FIXED PRICE OF SALT?

Q. Who was it fixed the question whether you should have $3 or $3.50 for your salt, on behalf of the Union Pacific; was it Lyman and Wallace?—A. It was Lyman and Wallace, I think, with Mr. Callaway or Thomas L. Kimball, I could not say which, but it was with one of the officers of the Union Pacific Railroad Company.

Q. Was the arrangement in writing?—A. I could not say that.

Q. Did you never see any contract?—A. I have never seen any contract. Perhaps Mr. Wallace could give all the information you would require.

COMPETITION IN SALT.

Q. Does the amount of salt you now ship equal the amount of salt you shipped two or three years ago?—A. Not quite; because we do not

have it all now. We had it all a few years ago. Since Mr. Keisel and Mr. Adams came in they claim a share of it; not of the products, but of the demands.

Q. Do you know what rate they get for their salt?—A. They get the same rate we do.

Q. Are you sure they get the same rate you get?—A. Yes, sir; the same rate we get.

THE TINTIC IRON COMPANY.

Q. Are there any other enterprises in this neighborhood that you have any interest in that do any freight carrying on this road?—A. Yes, sir; I have an interest in three or four things of this country. I have been here long enough. I am interested in the iron deposit down here at Tintic.

Q. Is any of that iron carried over this road?—A. Yes, sir.

Q. Do you mean the Utah Central?—A. Yes, sir.

Q. At what rate, and to where is it carried?—A. It is carried from Tintic, the place of deposit.

Q. To where?—A. To these smelters all along the line of the road; to all the smelters.

Q. To smelters on the Utah Central, do you mean?—A. These smelters use it for flux.

LENGTH OF HAUL OVER UTAH CENTRAL.

Q. How much of a haul has the Utah Central of that ore?—A. The Utah Central has too short a haul of it. It is only about 31 miles, I think. It is from a point on the Utah Central Railroad, called the Lehigh Junction, to the smelters; and then the Union Pacific own a piece of road from Lehigh Junction over to Silverton, and they bring iron from the place of deposit to Lehigh Junction, and the Utah Central Railroad takes it from Lehigh Junction and delivers it to the smelters.

Q. Do you own the whole mine, or is it a company?—A. No; it is a company.

Q. What is the name of the company?—A. I forget it. Mr. Wallace will help me.

Mr. WALLACE. The Tintic Iron Company.

Q. What is the capital stock?—A. We have $200,000, I believe, but I could not say.

PERSONAL INTEREST.

Q. What is your interest?—A. I think it is divided up—not quite like the salt. But I think some of my partners blame me very materially for letting go of my interest and selling theirs. It took this shape. There was a little competition in this iron with some parties owning some of the iron over at the same place of deposit as ours is, and it was quite a difficulty, with this competition, to get rid of some of it.

Commissioner ANDERSON. I only want to know what your interest is, so that I can ask the usual questions.

The WITNESS. Very little. I think it is 10 shares I hold now.

Q. You have only a trifling interest?—A. Only a trifling interest. We sold it to the railroad.

Q. When did you sell out your large interest?—A. We sold, I think it must have been, four or five years ago.

AMOUNT OF IRON SHIPMENTS AND RATES.

Q. Before that time how many tons of ore would you handle in the way of freighting on the Utah Central per month or per annum?—A. Five or six car loads a day.

Q. What were the rates allowed you from the junction to th smelter?—A. I would have to refer to the books. I think Mr. Wallac could help me in that.

Commissioner ANDERSON. Let him help you if he remembers it.

The WITNESS. I would have to refer to the books if he does not re member.

Q. Were special rates allowed to the concern at that time?—A. No sir; I think not.

Q. Were rebates allowed to them?

Commissioner LITTLER. Can you give the information, Mr. Wallace?

Mr. WALLACE. No, sir; they only have about 17 miles haul.

Commissioner LITTLER. The question Mr. Anderson asked was, wha was the rate per ton.

Mr. WALLACE. $1.85 is the through rate.

Commissioner ANDERSON. For the 31 miles?

Mr. WALLACE. No, sir; for the 80-odd miles.

Commissioner ANDERSON. You said there was a branch owned by the Union Pacific to Silverton?

The WITNESS. Yes, sir; called the Salt Lake and Western, running from the Lehigh Junction to Silverton.

Mr. WALLACE. Silver City. They have over 50 miles and we have 17 or 18 miles.

Q. Was the through rate $1.80?—A. $1.85, I think. But we can get that correctly from the books. I think that was the rate.

Q. Was that the open published rate?—A. Yes, sir.

Q. Was that the rate from the initial point to the smelters?—A. To the smelters; yes, sir.

NO PREFERENCE GIVEN.

Q. Was any advantage or preference given to that company during the time when you had an interest in it?—A. No; I sold my interest to the railroad.

Q. I ask you whether any advantage on the freight rates was given to your company during the time you had this interest?—A. I do not think there was; there was not.

Q. Was the rate always the same—$1.85?—A. No; I think we did not haul the iron ore from the same point. We hauled it for several years from a point on the Utah Southern road called Tintic.

Mr. WALLACE. Santa Quin.

Q. Then what was the rate?—A. They wagoned this iron ore to the place called Santa Quin, on the line of the road, and that is 70 miles south, or over 60, anyway, to the smelters, and we then hauled it 60 miles on our road.

Q. Starting from the time when you had the 130 miles haul over the railway, and the price was $1.85—A. (Interrupting.) No; the price was not $1.85, then; it was some five or six dollars.

Mr. WALLACE. You misunderstand the question, Bishop. He says from the time you shipped from Tintic.

The WITNESS. Yes, sir; I think that was the price, from the time we commenced until now.

NO REBATE ALLOWED.

Q. On that price are you allowed any rebate?—A. No, sir.

Q. Is that always the rate, or are there periods when a lower rate is made?—A. I think so.

Q. Do you say there are periods when a lower rate is made?—A. I do not think we have been changed from that rate, that I remember of.

PLEASANT VALLEY COAL MINE.

Q. What other interests have you here in enterprises that do any business on the line of the Utah Central, or of the Union Pacific, or any of the connections of the Union Pacific?—A. I thought I had an interest in this coal deposit up here, but I now find out that I had not.

Q. Which coal deposit—Rock Springs or Alma?—A. No, sir.

Q. Was it in the Pleasant Valley?—A. Pleasant Valley.

Q. When did you find out you had no interest?—A. At the time that we purchased; but it is all turned over to the Utah Central Railroad.

Q. What is the Pleasant Valley Coal Company? Is it a corporation?—A. Yes, sir; in connection with the Utah Central Railway Company.

OWNED BY UTAH CENTRAL.

Q. What is the nature of the connection between this coal company and the Utah Central?—A. The Utah Central owns it now. It gets its coal for its own use, and some for the market.

Q. When did it become the owner of it?—A. From its infancy; just when we commenced. As soon as we purchased the land and coal field we turned it over to the Utah Central Railway Company.

Q. What did you mean by saying you supposed you had an interest in it?—A. Because I purchased the coal lands.

Q. Was it passed over to the Utah Central, or Utah Southern, without your knowledge?—A. No, indeed; not without my knowledge. It was I who passed it over.

Q. What did you mean by saying you supposed you had an interest and found you had not?—A. Because I had sold it all out. I thought we five who purchased the coal land had retained a little interest; but we did not retain any of that. We retained some of the iron interest, but none of the coal.

Q. Then is your interest in this coal company solely as a stockholder of the Utah Central Railroad?—A. Yes, sir; that is all, or as a stockholder in the Union Pacific, because the Union Pacific has this interest in the Utah Central.

Q. When was the coal property transferred to the Utah Central?—A. It must be four or five years ago.

HOW PAID FOR.

Q. How long before that had you and your associates bought the lands?—A. Just a year before. We turned it over, and the company had to pay the money. I think it cost us some $33,000.

Q. During the year you owned it did you do any work on it to develop it?—A. No; the man we bought it from had developed some.

Q. From whom did you buy it?—A. Mr. Pugsley, of this city.

Q. Does he live here?—A. He lives in this city.

Q. What did you and your associates give for it?—A. I think about $33,000 we paid him for his claims.

MORE COAL LANDS ACQUIRED.

Q. Did his claims represent the entire ownership?—A. It represented not the entire ownership as it exists now. We have bought other claims since, besides what he had. We have three quarter-sections besides that we bought from him.

Q. How much did you buy from Mr. Pugsley?—A. I thought we bought some three quarter-sections from him with some desert land. We bought his entire interest out.

Q. When you sold to the Utah Central, did you sell just what you had bought from Pugsley, or something more besides?—A. We sold all our interest. Whatever interest we held we sold to the Utah Central.

Q. Did that also include some other things?—A. No; I think those other three quarter-sections that we got from men that had entered the coal lands, and which we bought out, we added to those.

Q. That would be six quarter-sections in all?—A. I think it is six quarter-sections.

Q. Who are those people from whom you bought the other three quarter-sections?—A. I think it was a young man in the bank here by the name of Cumings. It appears to me that he owned a quarter. I would have to refer to the books for the names of the other parties that entered and sold their claims to us.

Q. What did you give for these other three quarter-sections?—A. We did not give much.

Q. So that the total cost to you would come under $40,000?—A. I think it would, with the exception of the expenses we had in opening up the coal vein.

BOUGHT FOR RAILROAD.

Q. What were the terms of that sale to the Utah Central?—A. They just paid the debt that we contracted; that was all.

Q. Did you turn the property over at cost?—A. Certainly.

Q. When you bought it originally did you buy it for the railroad company, or was that an arrangement afterwards made?—A. No, indeed; we intended it for the railroad company at the time we bought it, because the railroad needed some coal and we did not have any. We intended to have coal of our own, if possible, and that was the reason we bought.

Q. Did you buy it with the knowledge and approval of the directors of the road?—A. Yes, sir.

Q. Who were the chief men besides yourself?—A. There were five of us always here, but two of them have died, as I have told you. They were Captain Hooper and Mr. Jennings and Mr. Eldridge, Mr. Little, and myself. We were the directors in the road.

Q. Why did not the Utah Central itself buy this property directly instead of buying it through you and these other gentlemen?—A. I do not know that the Utah Central really could buy except through us.

WHO WERE THE UTAH CENTRAL?

Q. Why could they buy through you any better than through anybody else?—A. Who were the Utah Central? The five men that I have mentioned, the five directors. Who was going to buy it?

Commissioner ANDERSON. The usual way is for the directors of a corporation to meet and pass a resolution approving or authorizing a purchase by an agent in its own name.

The WITNESS. I do not think that we ever took any liberty as directors of the Utah Central Railroad to make any purchase of any extent without first agreeing with the other directors belonging to the Union Pacific Railway Company. The Union Pacific had always furnished to the Utah Central its president, and the Utah Central generally furnished me as vice president.

Q. Do I understand you to say that under this purchase of the Pleasant Valley coal lands and the transfer to the Utah Central neither you nor any of your associates in that purchase obtained any advantage

whatever, directly or indirectly?—A. Not one dollar; we did not do that kind of work.

THE COAL BUSINESS.

Q. In regard to the business done with that coal afterwards, will you please describe how it was done?—A. We appointed a mining engineer as superintendent of the coal mine, and we put a drift into the coal vein. I think we went 400 feet before we struck the face of the coal, going through the dirt in the hill. It cost us considerable, and we made a very good entry; but that was burned up afterwards, and we made another entry. We take out of that all the coal being used by our own road, and we use it for the public here, as it is demanded. We form one of the coal-yards in the town. There are three or four. The Union Pacific has one, you know.

Q. What is the name of your local agent here?—A. We have no one now, only through the Union Pacific.

Q. What is his name?—A. Gunnell.

Q. Is that the same man that does the Union Pacific business?—A. Yes, sir.

QUALITY OF COAL AND COST OF MINING.

Q. At what price does he sell your coal here?—A. We have a contract between the Denver and Rio Grande in the market to sell our coal at $5, and we do sell it to our agents at $4.75, and they handle the coal and sell it at about the same rates. They have about 50 cents a ton for handling and selling.

Q. How does this coal compare in quality with the Rock Springs coal?—A. They always call the Rock Springs coal the best coal that comes in the market, but I know that it could not make any more steam in a locomotive than the Pleasant Valley coal. We have the best coal for making steam.

Q. What does it cost to mine your coal per ton at the mine?—A. It costs from $1 to $1.20.

TRANSPORTATION CHARGES.

Q. Then the difference between the price at which it is sold here and the cost of production represents what is charged for the carriage of the coal from the mine to this city?—A. No, sir; the first charge is, we charge $2 a ton for the coal delivered on the car at the mine. Then we pay the Denver and Rio Grande $1.25 a ton for hauling it to us at Provo. That is the point where it strikes our own line. We transfer the coal there on our own cars and haul it wherever it is wanted—to the places where we ourselves are the users of it, and where the public wants it.

Q. How far is the mine from the Utah Central?—A. It is very nearly 70 miles.

Q. Do you pay the Denver and Rio Grande $1.25 for a 70-mile haul?—A. Yes, sir; it is in the mountains. It is a mountain haul. They have some 200 feet grades in it.

PRICE FREE ON BOARD.

Q. Do you say you sell the coal at $2 a ton on the cars at the mines?—A. At the mines; yes, sir.

Q. Is that actually a figure at which you do sell coal, or only a statement of what you are willing to do?—A. No, sir; that is what we charge on the cars.

Q. Who buys coal from you at the mines shipped on the cars?—A. No one but ourselves. It is the mine that gets credit for that $2.

Q. Then is not that mere book-keeping?—A. Yes, sir; certainly.

Q. As a matter of fact, has not that coal for which you credit the mine $2 cost only $1 or $1.20?—A. You asked me what it costs us to dig the coal, and I told you from $1 to $1.20; but there is a superintendent that is paid, as well as these other men around. But the expenses altogether at the mine, the real production, would cost $1.25, say. Then the balance of that would be profit to the mine.

Q. Is it credited to your freight department, except what you pay to the Denver and Rio Grande? Is the difference between the cost of production and the price at which you sell the coal here credited to your freight department?—A. To our freight department; yes, sir.

PRICE CHARGED AT VARIOUS POINTS.

Q. So that it represents freight?—A. Yes, sir.

Q. Do you sell this coal at intermediate points between the mines and Salt Lake City?—A. Yes, sir.

Q. At what points do you sell it?—A. We sell at Provo.

Q. What price do you charge for the coal at Provo?—A. Five dollars.

Q. Do you not charge substantially the same price at Provo that you do at Salt Lake City?—A. The same; and the same as at Ogden; all points on the road. That is an understanding between the two companies that are supplying coal, the Denver and Rio Grande and the Utah Central.

Q. Do you not fix the price at which you can sell the coal at the highest price you can fairly get for it in view of the competition that is around you?—A. Yes, sir.

Q. You do not allow anything for being near the mine; you pursue the same rule at Provo that you do here, do you?—A. The same rule.

Q. So that the difference between the cost of production at the mine and the price at which you sell is simply fixed by the condition of the market; you get all you can, do you not?—A. Certainly.

Q. In determining the rate of freight that you shall charge on merchandise carried by your company, you only look to what you can get? You do not look to the actual cost of transportation?—A. No. Our coal costs us at this point called Provo $3.35—$2 on the cars, at the mines $1.25, and 10 cents per ton for transferring it from the small cars to our own.

TINTIC IRON DEPOSIT ACQUIRED LIKE COAL LANDS.

Q. Do I understand that the Tintic iron deposit was acquired in the same way as were the Pleasant Valley coal lands?—A. Very nearly the same way.

Q. You bought it and sold it to the company, did you?—A. Yes, sir.

Q. Do you also say that as to that iron mine neither you nor any of the other parties interested in the original purchase made a dollar of profit out of the railroad company?—A. I did not say that. We kept, five of us, so many shares. I forget how many. We had to keep so many shares, two or three, a merely nominal amount, in order to keep up our organization. We kept sufficient shares to be directors there. That was the only thing that we ever had out of it. We turned the whole of it over to the railroad company because the railroad company had the work to do. They had this competition to contend with.

Q. Did you turn it over at cost price?—A. Decidedly.

Q. Was the only advantage you got the retaining of such a number of shares as was necessary to qualify you to be directors—A. That was

all. Mr. Dillon was made very well acquainted with the transactions at the time, and so were the balance of the directors of the Union Pacific Railroad Company.

CASTLE VALLEY COAL LANDS.

Q. What other interests have you in this part of the world in property that is connected in any way with the railroads?—A. We have none that is connected with the railroads. We have other interests, though, besides. We have a lot of coal lands taken up in Castle Valley, but we have no railroads running to the mines in that valley. That is southeast of Pleasant Valley.

Q. Do you mine them?—A. No, sir; we will not mine them until the railroad gets there.

Q. What other interests have you?—A. I do not remember any others.

Q. I mean what interests have you in any business that is connected with the roads by furnishing freight to them, or having different products carried?—A. I do not remember anything else. And the reason why the railroad got the greatest portion of it is I did not want to have it mixed up. I wanted them to have it if they were going to do the work.

UTAH CENTRAL SHOULD ENTER NEVADA.

Q. Will you please tell us, from your point of view, what should be done to increase or stimulate the business now done by the Utah Central?—A. I, as a stockholder of the Utah Central, say that we ought to go on into Nevada with our road. We ought to extend the road into Nevada. The way that we have built the road from Salt Lake City south 240 miles, I have explained already. It was by the stockholders taking their proportion of the bonds, and furnishing the money and constructing the road. Now, it is possible enough that we might do so again; but I think that there are a great many of the smaller stockholders of the road that are poor and not able to take their proportion of bonds, although their proportion would be a small one.

WHY EXTENSION IS DESIRABLE.

Q. Pass over that. We do not care so much about how it is to be done. Will you explain for what reasons you think it would be desirable to have that extension constructed?—A. If we were to get to Pioche, for instance, 135 miles from where we are, we are assured we would get 100 tons of ore a day from that district.

Q. What is the direction?—A. In a southwesterly direction, clear through to Milford.

Q. What is the present end of the route?—A. Frisco. Milford would be the place where we are going southwest. Frisco is a little place, running up the hill to the mines, but *this* point, Milford, would be the point of starting, and we would have to go in this direction [indicating on the map].

Q. A southwesterly direction, do you mean?—A. A southwesterly direction. I have four men down there now, and I expect them home Saturday, and they will give me a report of the country. They have been investigating it, looking for the amount of traffic.

SALT LAKE CITY, UTAH, *Wednesday, July* 20, 1887.

Afternoon session.

Mr. CHARLES FRANCIS ADAMS. Have I permission to make a statement before the Commission begins taking testimony?

The CHAIRMAN. Certainly.

DENIAL OF NEPOTISM.

Mr. ADAMS. I am informed that at Laramie, and, possibly, at other places, it has been asserted, in an idle, gossipy sort of way, that certain persons connected with the company, either officially or having the management of business concerns connected with it, were relations, nephews, &c., of mine. I should not speak of this were it not that there seems to be, upon the part of some portions of the public, a great desire to connect the officers of the Union Pacific with its affairs in an improper way. I desire, therefore, to put on record a statement to the effect that there is no person connected with the Union Pacific in any capacity who is either a relation or a connection of mine, or of my wife, or of any member of my family; there is no person in the employ of the Union Pacific or connected with its affairs in any way, directly or indirectly, with whom I was even acquainted, or who I knew by sight, prior to the time that such person came to me as an applicant for a position in the service of the company. My statement, of course, relates to those who have been appointed since I have been connected with the company; but I wish, as a matter of record, to make this statement as sweeping and comprehensive as possible, in order to place it side by side with the tittle-tattle which has reached the Commission from one source or another, and been made part of its record.

Commissioner ANDERSON. One name was specified particularly.

Mr. ADAMS. What name was that?

Commissioner ANDERSON. Mr. Hinckley.

Mr. ADAMS. Will you put a question?

CHARLES FRANCIS ADAMS, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. It was stated at Laramie that Mr. Hinckley, in charge of the soda works, was a nephew of yours. Is that true?—Answer. It is not. Mr. Hinckley is a son of Mr. Isaac Hinckley, president of the Philadelphia, Wilmington and Baltimore Railroad Company. I never saw him, or heard of him, or knew of his existence until after I became president of the Union Pacific, when his father, with whom I had long been acquainted, suggested to me that his son would be a valuable assistant to me. He was three months in my office when his health proved unequal to the confinement; he then suggested that he would like to try his hand at running the soda works which had been built at Laramie, and were then lying idle. The result was that, after a somewhat prolonged negotiation, a lease was drawn up and he was given an opportunity to run the soda works, which has proved up to this point a very disastrous thing for him financially. He hopes, now that he has bought his experience at a cost of about $60,000, that he will hereafter make some money out of them.

Q. He is no relation of yours or of any member of your family?—A. He is no relation or connection of mine or of any member of my family; and I never heard of him until a short time before he came to me as an assistant in my office, somewhere in the summer of 1884.

CHARLES F. ADAMS.

SALT LAKE CITY, UTAH, *Wednesday, July* 20, 1887.

JOHN SHARP, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. Will you now continue your statement as to the suggested extension of the Utah Southern, and its effect on the road as a feeder, and its value as an individual line?

THE UTAH SOUTHERN EXTENSION.

Answer. The extension of the road was a matter of necessity; more so, because of the Horn Silver shipping but very little ore—about 100 tons a week in place of 150 tons a day. When it was shipping 150 tons a day, our road was maintaining itself, with all its fixed charges, and earning a small 6 per cent. dividend on its stock. They paid us the last year they shipped $369,000 for freight. That is $1,000 a day. When that was taken off all at once, it did not leave much. We were not able to pay our interest. At least that first year, I think, we lacked $150,000. We are just about paying our interest now. But we have a little debt; and I think in making this 160 miles of road that we built for that mine, and the mine giving out, if we were to go on as much farther we would be in the mining part of Nevada, and that would maintain the whole road, besides being a feeder for the whole road. I am not talking about going to Los Angeles, because we are not going there for a year or two; but we could maintain our road, in being a big feeder to the Union Pacific, if we went to that mining country.

LOCATION OF MINING COUNTRY.

Q. Will you describe where that mining country is?—A. It commences at Pioche, I think, 105 miles from Milford, and then from Milford away into the Prandicut Valley.

Q. What are the resources of that valley?—A. The resources of that valley are mineral. It is a barren looking country, I think. They say there are some ranches down there; but we would not only bring away the products of the country, but everything that would be needed by the people working it would have to be taken down there from this market. All they eat, drink, and wear would have to come from here.

Q. You have not told us yet what the resources of that valley are. How many mines are there in the valley?—A. I am told there were seventy-five.

Q. Seventy-five mines of what?—A. Principally silver and lead.

Q. Is it amalgamated with lead so that it would have to be smelted?—A. It would have to be smelted. Or if it was smelted there we would have to take the fuel in, because they have no fuel there. But my son has been down to Charleston timber mountains, 225 miles down, I guess.

Q. What degree of assurance have you that these mines would not give out after a little while and lead to a heavy loss?—A. They would not give out for a long time.

COST AND LENGTH OF PROPOSED EXTENSION.

Q. What would it cost to build this branch?—A. I think it would cost, say, $12,000 or $14,000. The last 160 miles that we bought cost a little over $11,000; but that was furnished with very little equipment. I only bought four locomotives and about two hundred cars.

Q. How many miles would have to be built to go through this valley?—A. Say 160. One hundred and sixty would give us traffic enough to maintain our road, with all its fixed charges, and a little dividend on its stock, besides being a feeder to the Union Pacific.

Q. At the rate you mention, it would cost more than $2,000,000; is that not so?—A. Yes, sir; about.

CONTRACT TO BUILD FROM ECHO TO OGDEN.

Q. I think you said you had been a party to the original contract for building from Echo to Ogden; is that so?—A. I was a subcontractor under Brigham Young.

Q. Did not Mr. Young have a contract with the Credit Mobilier?—A. No, sir.

Q. With whom?—A. He had a contract with the Union Pacific Railroad Company.

Q. Do you remember that contract?—A. Yes, sir.

Q. Did you ever see it?—A. Yes, sir.

DETAILS OF CONTRACT.

Q. What were the terms per mile?—A. The classification was all mentioned, and the amount per yard for each classification. So much for dirt common, so much for cement, so much for loose rock, so much for solid rock, and the different kinds of rock, mentioning sandstone, limestone, and granite, and all the balance of it.

Q. Was it all payable in money or payable in bonds?—A. Payable in money.

Q. How many miles is it from Echo to Promontory?—A. It is 150 miles.

Q. Is that what his contract covered?—A. Yes, sir; that is what his contract covered.

Q. Did it include the iron?—A. No, sir.

Q. Or the ties?—A. No, sir.

Q. Only the grading?—A. Just the grading.

GROSS COST.

Q. Do you remember what the gross sum came to?—A. I think it was $2,000,000.

Q. Was it more or less than $2,000,000?—A. I do not think it was much either way from $2,000,000. I remember I went over to make the settlement, and the company then owed him $1,250,000, and he had been getting some.

WHAT THE CONTRACT COVERED.

Q. Did not that $2,000,000 cover all the work required for that 150 miles of road, except the ties, rails, fish-plates, and the washers?—A. Yes, sir; all fastenings. His contract was just for the grading alone.

Q. Did it cover the bridges, iron or wooden?—A. No, sir; the company furnished them.

Q. Did it cover the masonry on which the bridges were to rest?—A. Yes, sir; it covered the masonry. I did the masonry myself.

Q. Did it cover the masonry for the culverts?—A. Yes, sir; and the abutments for the bridges on the Weber Cañon.

Q. Was the work all done to Promontory?—A. Yes, sir.

Q. How many miles west of Ogden is that?—A. I think it is a little over 50.

Q. Are you positive that the contract embraced 150 miles, or was it a little less?—A. His contract was a little less than 150 miles; but I made a contract for the Promontory work. It is a very heavy piece of work on the Promontory. There is a great deal of heavy rock cuts. I took the contract myself; not under Brigham Young, but from the company.

Q. Will the $2,000,000 contract mentioned cover all the work done for the 150 miles, including the work done by you at Promontory?—A. It might be a little more. I could not really tell it to a dollar. I am only guessing at it, in round numbers.

Q. Would it be $2,500,000?—A. No, sir; I am certain it was not.

CONTRACT BETWEEN BRIGHAM YOUNG AND UNION PACIFIC.

Q. Have you ever seen that contract between Brigham Young and the Union Pacific?—A. I believe so.

Q. Have you a copy of it?—A. No; I have not.

Q. Do you know where it could be seen?—A. I think, perhaps, you might get it in Boston.

Q. You do not know where we could find it?—A. I think you can get it right in Boston, because the contract was there. It was made right up here in the Continental Hotel with Mr. S. B. Reed, as the chief engineer of construction, and Mr. Blickensderfer.

Q. Is there no copy here among Brigham Young's papers, or with any one who has charge of them?—A. Possibly I might be able to find a copy in his papers.

UTAH NORTHERN.

Q. Do you know anything about the Utah Northern?—A. I know very little about it.

Q. Did you know Joe Richardson when he was here, personally?—A. I knew him very well.

Q. Do you know anything about the sale of the Utah Northern stock to Jay Gould?—A. That road was commenced by J. W. Young. It was built over into Cash Valley. Then Joseph Richardson went in with him and spent a good deal of money—some $700,000, I think. He was getting to the bottom of his purse—that is talking plain—and he did not want to spend any more money, and Mr. Gould came in to his assistance and took the road as it was and issued new bonds; and I think that the bonds he issued were some $400,000 to Mr. Joseph Richardson for his interest in the road; but I know that the old gentleman had spent $700,000 in cash. He purchased the iron and fastenings and everything and did the work. And Mr. Gould took it off his hands; and then, after Mr. Gould finished the road away up near to Butte, it was turned over to the Union Pacific Railroad.

Q. Do you know what Mr. Gould gave Mr. Richardson?—A. I could not tell you. I went up there with Mr. Gould and Mr. Dillon once. Both of them went together.

SALT LAKE CITY, UTAH, *Wednesday, July* 20, 1887.

CHARLES POPPER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Where do you live?—Answer. My residence at present is in New York city, although I have lived here for twenty-odd years. My business is mostly here in this country; all my business interests.

Q. What is your business?—A. My business at present is mining and stock-raising.

WOOD RIVER ORES.

Q. Have you had business relations with the Union Pacific Railroad or its branches?—A. Yes, sir. I have tried to have, at least.

Q. What business relations have you had with them?—A. In shipping our ores here, or trying to, this being the nearest market to where our ores are extracted ——.

Q. Will you name the place?—A. The place is on the Wood River, in Idaho. That is where we extract our ores and ship them. This is the nearest marketing point. In going to the purchasers of these ores, to the smelters, they have continually informed me from time to time, only as late as a few days ago, that it is not possible for them to buy any ores from that country, as they could not compete with the ore buyers or ore smelters in the east.

LONG AND SHORT HAUL DISCRIMINATIONS.

The prices are very near for hauling the ore to this market what they are 1,000 miles farther from here. We are left to the mercy of the ore buyers in the east, at just such prices as they have a mind to mention. For instance, in smelting similar ores to the ores that I produce, the smelting charges are $8. I have got to submit to being charged $11 for smelting in Omaha. There is no way that we can arrange it here whereby we will get equal treatment with the outsiders.

For instance, there is the difference in the freight for ores. There are the Butte ores, which are 300 miles farther off than the Wood River country ores, which are brought into this market for $7 a ton less than is charged for those ores, should we conclude to sell here to this market. By selling our ores to Omaha, the printed price of the rates of the Union Pacific are a great deal less, although the haul is over 300 miles farther than in our case. It acually, to a great extent, excludes our ores, or gives us hardly any chance to realize sufficient to work a great many of the mines that would be producing, and it is a great detriment to the ore producers.

ALMOST EXCLUDED FROM MARKET BY HIGH RATES.

I am very largely interested in one of the large producing mines of that country, the "Queen of the Hills" mine. Conkling is the manager of that. On account of the rates which have been established by the Union Pacific Railroad and the smelter—which we understand is controlled mostly by the Union Pacific, or some of the owners of the Union Pacific Railroad—we have been almost excluded from the market by some of their direction. I do not know what it is.

Q. What is the name of the smelter?—A. The Omaha and Grant Smelting Works. We sold our ores on condition that the charges would be so much per ton. In our charges we were charged up the full rate

$20 a ton, and here, not long ago, I believe before your Commission, Mr. Nash testified that he got a rebate of several hundred thousand dollars on ores shipped to that smelter.

REBATE DISCRIMINATIONS.

The CHAIRMAN. Mr. Barton, that was.

The WITNESS. Barton & Nash are partners. We never got any of that benefit at all, and we never could get any rebate from the railroad company or any one else. We were forced into that company, and are forced now to sell what ores I can to that company by the rates that are established by the Union Pacific Company at printed prices. I got no rebates.

Q. Did you apply for a special rate?—A. I did.

Q. What was the answer?—A. I applied to Mr. Shelby here, and Mr. Shelby said he would try his level best to lay it before the company and do something; but his answer finally was that he could not do anything. They concluded they had done the best they could.

QUANTITY OF ORE SHIPPED.

Q. What quantity of ore do you ship?—A. From the Queen of the Hills Company there are between 300 and 400 tons a month of ore shipped.

Q. What number of cars would that require?

Mr. SHELBY. About 20 tons to the car.

A. It is about 14 or 15 tons to the car. That is the amount that usually goes into a car.

Mr. SHELBY. It is about 20 tons now.

Q. That would be how many cars a month?—A. About 300 tons—about 10 tons a day.

Q. That would be about fifteen cars a month, would it not?—A. With very few exceptions, if I understand it right, there are about 14 to 15 tons, which has been the usual rate.

By Commissioner ANDERSON:

Q. It is about fifteen cars a month that you would use. Is that it?—A. Yes, sir.

EQUAL TARIFF DENIED.

By the CHAIRMAN:

Q. What other information can you give the Commission concerning these rates?—A. There is a price list now. The rates between Butte, which is 300 miles farther than the Wood River country, but is also controlled by the Union Pacific Company, are almost one-half less than from Wood River, whether it is to here or to Omaha. For that reason we are excluded with our ores. Omaha or this country cannot be supplied with ores from that country. It shuts our ores out. We cannot realize the benefit that we ought to if the Union Pacific would make equal rates and give us the same advantage.

Q. Is the effect to put you entirely out of the market?—A. It does, from this market, entirely.

FORCED TO GO TO OMAHA FOR A MARKET.

Q. What market do you get into?—A. We are forced into the Omaha market. It is the Omaha company that also runs the Denver Smelting Works.

Q. What do you lose by going into the Omaha market?—A. We lose the advantages that they gain from other places. For instance, from Butte, which is 300 miles farther, they charge $7 a ton less than they do to us.

Q. To what extent does it affect your business?—A. It affects our business in this way, that we cannot realize enough for our ores to compete with this other company that produces it. For instance, it throws us on the mercy of these smelters in Omaha. As I have stated, with equal ores and equal quantity, the smelters in Salt Lake charge us $8 for smelting, and I have got to pay $11 in Omaha for smelting. The railroad company really excludes us from bringing it here. I am compelled to ship it to Omaha.

EXTRAVAGANT RATES ON BULLION.

By Commissioner ANDERSON:

Q. What is the rate to Salt Lake?—A. $15.

Q. What is the rate to Omaha?—A. To Omaha it is $20.

Q. What is the rate on bullion from Salt Lake to the Missouri River?—A. $18.

Q. Is it $18 to the Missouri River?—A. From here; yes, sir.

Q. How could it be an advantage to you to send it here to be smelted at $8 and then have to pay $18 to transport the bullion to the Missouri River? How could that be an advantage to you, instead of sending it direct to the Missouri River and paying $3 more for smelting it there?—A. The freight charges are $20. Besides, my whole interest lies in Salt Lake City. I claim that Salt Lake City is deprived of privileges on ore, because the Union Pacific discriminated against us here.

Q. I ask you why it is not better for you to send your ore from the Wood River to Omaha and pay $11 for smelting there than it would be to send your ores here, even at the rate that you claim for transportation, and pay only $8, thereby making $3, when you would have to pay out the proportion of the charge on the bullion which is represented by the ton of ore, in order to carry the bullion from here to Omaha?—A. It acts in both ways. The charge on bullion is extravagant. They are extravagant charges all around. It prevents us from disposing of our ores right here where we live. For instance, the freight on the ores from Butte, Mont., or from Helena, from that country down to here, is only $8 and something. Now, that would be, perhaps, 300 miles nearer. The smelting charges would be $8. That would be $16. Instead of that we have to pay $34, $20 for freight charges and $14 for smelting the ores in Omaha. But that is only on certain qualities of ore, I may say. I am compelled to pay $11 in Omaha for work I could get done here for $8. It is the great difference of the discrimination against Salt Lake City that I complain of. It is not giving us a show here. There are other gentlemen here who have got facts and figures, and who can explain it better than I can. They are interested in the same industry as I am. Mr. Shelby will bear me out.

Mr. SHELBY. I would like to explain some of those points, if you care to hear them.

The CHAIRMAN. There are no objections to your asking him any questions.

Mr. SHELBY. I can explain them, in the first place.

By the CHAIRMAN:

Q. Have you any other information to give, Mr. Popper?—A. No, sir.

SALT LAKE CITY, UTAH, *Wednesday, July* 20, 1887.

PETER P. SHELBY, being further examined, testified as follows:

The CHAIRMAN. You may explain now.

EXPLANATION OF RATES ON WOOD RIVER ORES.

The WITNESS. The rate on ore from Wood River country, where Mr. Popper's mines are located, to Omaha is $20 per ton; to Salt Lake City, $15 per ton; to Denver, $17 per ton. The Salt Lake City smelters pay about double as much for coke as the Denver smelters are compelled to pay, consequently, if we should haul the ore from the Wood River country to Salt Lake City for a less rate per ton per mile than we charge to Denver, the Salt Lake City smelters could not compete with the Denver smelters for these ores, because it requires about one ton of coke to make one ton of bullion.

The fact that we haul ore from Butte, Mont., to Omaha, Denver, and Salt Lake City for less than we charge from points on the Wood River branch of the Oregon Short Line is forced upon us by the competition of the Northern Pacific and the interstate commerce law. Before the completion of the Northern Pacific Road we charged as much more for hauling freight from Butte to Omaha than is charged from Ogden, as the difference in distance would justify. Upon the completion of the Northern Pacific to Butte the management of that company insisted upon making the same rates between Saint Paul and Butte and Chicago and Butte that we made between Omaha and Ogden or Chicago and Ogden, because Butte and Ogden are on the same meridian. Hence, it will be seen that circumstances have forced extremely low rates upon us for Montana, and it is not therefore fair to compare the rates from Montana with rates from other points where these circumstances do not exist.

Q. Have you anything else to add?—A. No, sir; simply wanted to explain those points.

PETER P. SHELBY.

SALT LAKE CITY, *Wednesday, July* 20, 1887.

GEORGE Y. WALLACE, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Where do you reside?—Answer. Salt Lake City.

Q. How long have you lived here?—A. A little more than fifteen years.

Q. What is your business?—A. That is a pretty hard question to answer. I am engaged in a good many enterprises.

MULTIFORM BUSINESS MAN.

Q. What enterprises are you engaged in?—A. I am connected with what is known as the Forwarding Company; mining some, and making salt, and raising stock, and interested in some concerns and banks, and almost anything else you want.

Commissioner ANDERSON. You are a jack of all trades?

The WITNESS. Pretty nearly, and I am afraid master of none.

Q. How are you interested in these different enterprises; as an individual or a stockholder in the company?—A. Most of them are companies, and I am a stockholder in the companies.

NAMES OF COMPANIES.

Q. What companies are you interested in?—A. The oldest company is the Utah Forwarding Company. I am interested also in the Deseret Salt Company. I will say right here that in the evidence this morning that company was called the Utah Salt Company. That was a mistake; it should have been the Deseret.

Q. What other company?—A. The Clover Valley Stock Company, the Tintic Iron Company, and the Northwestern Forwarding Company. I guess that will answer your purposes.

Q. Have you given all the companies you are interested in?—A. No, sir; I think not all.

Q. What other companies? We want all.—A. I am interested in a telephone company. I am interested in a bridge company in Idaho and a water company in Idaho. I am interested in merchandise establishments at Blackfoot, and others at Eagle Rock. I guess that is all, all I can now recall anyway.

Q. What is the Utah Forwarding Company?—A. It is simply a name now. It is a name under which we do business.

NATURE OF BUSINESS OF UTAH FORWARDING COMPANY.

Q. What kind of business do you do?—A. The Utah Forwarding Company was established twelve or fourteen years ago to forward goods from the termini of the several railroads to the mining camps beyond where the railroads end. From that business we grew into handling some ore and salt, iron ore and coke. Now we do not forward anywhere except from Blackfoot, Idaho, and that is done under the name of the Northwestern Forwarding Company.

Q. Has the Utah Forwarding Company been merged into the Northwestern Company?—A. The Northwestern Forwarding Company is a partnership of C. W. Lyman and George Y. Wallace, and does business under the name of the Northwestern Forwarding Company.

Q. Who compose the Utah Forwarding Company?—A. Mr. Lyman and myself control all but what is necessary to keep up the corporation.

CONTROLLING INTERESTS.

Q. Who else has been interested in the Utah Forwarding Company at any time?—A. When it was incorporated, Mr. T. R. Jones, Mr. James T. Little, and Mr. John Sharp, jr., were stockholders in it; but they only held their stock about three months. That was, I think, fourteen years ago.

Q. Who got possession of it at the end of three months?—A. I did.

Q. Who was associated with you?—A. There was no person at that time, except three or four of my friends to keep up the organization.

Q. Who were your friends?—A. Mr. Voorhees, of Cheyenne; Mr. White, formerly a banker here; and my wife and her sister. They kept up the corporation.

Q. Was any officer, employé, or agent of the Union Pacific at any time interested in the Utah Forwarding Company or the Northwestern Company?—A. No, sir.

ARRANGEMENTS AS TO RATES.

Q. What special privilege had you with the Union Pacific Railway Company?—A. None.

Q. Had you any special arrangement as to rates?—A. Yes, sir; we had this assurance from Mr. Vining, when he was the general freight

agent of the Union Pacific Railroad, that so long as we continued in the business we were in we should have as low rates of freight as were given to any person.

Q. Did you have a written agreement with Mr. Vining?—A. No, sir.

Q. Did you have a correspondence with him?—A. No, sir.

Q. Was the arrangement merely a verbal arrangement?—A. Entirely so.

Q. How long did it continue?—A. I hope it is in existence to-day. I know nothing to the contrary.

Q. When did it begin?—A. I should say 1878 or 1879.

Q. How were you to determine who got a better rate than you, so that you might measure your rate?—A. I was perfectly willing to take my chances. I did not ask any questions as to that.

Q. What chances did you take?—A. None whatever, I think.

Q. Were you familiar with the open tariff rates?—A. Entirely.

Q. Did you always pay the open tariff rates?—A. Always, except in cases of competition.

Q. What competition?—A. At one time, when the Denver and Rio Grande came in here, we did not pay the tariff rate. Another time, after the Northern Pacific got into Butte, there was a little while we did not pay the tariff rate there.

Q. After they got in did you pay a tariff rate?—A. After the rates were established and fixed; yes, sir.

Q. Has the Utah Forwarding Company always paid the open tariff rate?—A. So far as I know.

REBATES AND SPECIAL RATES.

Q. Did your company ever have any rebates?—A. For overcharges, yes, sir; if that may be termed a rebate.

Q. What do you mean by overcharges?—A. When the charge was more than it was agreed it should be.

Q. Did you have an agreement what should be charged?—A. A rate was in force, say, at $1 a hundred pounds, and then there was a special rate made of 90 cents. That special rate was rebated to us. The difference of 10 cents would be rebated to us.

Q. Had you an agreement for the 90-cents rate?—A. No written agreement.

Q. Had you a verbal agreement?—A. Yes, sir; there was a time here when freights were only charged 25 cents from the Missouri River here, and we paid $1, I think, and we were rebated 75 cents.

Q. You paid the full rate and the company refunded to you the amount agreed upon between you?—A. Yes, sir.

Q. What other shippers enjoyed any such rate as that?—A. So far as I know, any shipper that asked for it.

Q. What relations did you have with the Union Pacific Railway Company?—A. That of a good customer; I hope nothing else.

Q. Did you make application for a special rate?—A. Yes, sir; very often.

Q. To whom did you make application?—A. To the freight department; the general manager.

TERRITORY COVERED BY FORWARDING COMPANY.

Q. What territory did you cover with your Utah Forwarding and Northwestern Forwarding Companies?—A. We did business in Nevada, Utah, Idaho, and Montana.

Q. Anywhere else?—A. No, sir.

Q. Was the special agreed rate extended to all these sections you have named?—A. I do not know what special agreed rates you allude to.

The CHAIRMAN. I allude to the one you have named as an illustration, 90 cents.

The WITNESS. No; it was to some particular point for some particular time only.

Q. Were you to have at all times as low a rate as anybody else had?—A. Yes, sir; we had that assurance from the freight department a good many years ago, and upon that we have done our business.

Q. How did you manage to make such a verbal agreement with the Union Pacific Company?—A. I think we were probably as large shippers as the Union Pacific had.

Q. Were other shippers then compelled, if they secured the prices or conveniences you had, to ship through the Utah Forwarding Company?—A. No, sir.

IMPOSSIBILITY TO COMPETE WITHOUT EQUAL REBATES.

Q. How could they compete with your establishment?—A. They could very easily. I do not know why they should not.

Q. How would it be possible, with the difference of 10 cents?—A. There was no difference of 10 cents. You misinterpret my comparison of 10 cents.

The CHAIRMAN. It is a fact that your company appears, by the books of the Union Pacific Company, as having a rebate and no other company appears that way. We know all that.

The WITNESS. I am perfectly willing that you should.

Q. Do you say there are other shippers that had that rebate? That is what I am asking you about.—A. Yes, sir; I am perfectly willing.

Q. If the other shippers had not this rebate at any time, then it would have been impossible for them to compete with you, if you got 10 cents difference on the hundred, would it not?—A. To that extent, certainly. And I beg your pardon for saying that I think there were shippers who had just as good rates as we had. In fact, I know so.

Q. Is it not a fact that if there were any shippers that had to pay 10 cents more on the hundred than you paid, it would have been utterly impossible for them to compete with you in the same line of business, to that extent?—A. Yes, sir; I suppose so.

CHARACTER OF ARRANGEMENT AS TO RATES.

Q. Did you make application at the time for all the territory you have named, in 1878, when you made this verbal arrangement?—A. It was just simply a talk with Mr. Vining, wherein he said, "If you gentlemen are going to such and such a place to go into this business we will protect you, to see that no other person shall have a better rate than you shall." I do not know that it was for any particular ground, or any particular ground was covered by it.

Q. Did that extend to the Missouri River?

The WITNESS. From the Missouri River west?

The CHAIRMAN. Yes, or to the Missouri River?

The WITNESS. We never ship anything to the East.

Q. Or from it?—A. Yes, sir; I should say from it.

Q. Had you special rates and agreements, or did the agreement that you have mentioned cover all the companies you have named here other

than the Utah Forwarding Company and the Northwestern Forwarding Company?—A. No, sir; nothing but the two.

TRANSPORTATION OF COKE.

Q. Were you engaged in forwarding coke?—A. Yes, sir.

Q. To what point did you forward coke?—A. To all the smelting points in the West.

Q. What smelting points?—A. To Salt Lake, to Butte, to Ketchum, to Glendale, over to Bay Horse.

Q. To Leadville?—A. To Leadville; I beg pardon, and to Golden City.

Q. From what points?—A. The Leadville coke all came from Connellsville.

Q. From what other point to the points have you named?—A. Most all the coke has come from Connellsville except these two years past, and then it has come from Colorado, by way of the Denver and Rio Grande.

THE COMMISSION ALLOWED.

Q. Under what arrangements did you forward coke to Leadville?—A. I cannot tell you; I did not make the arrangement; Mr. Lyman did; I never knew the exact arrangement.

Q. Did you have any conversation about it?—A. Yes, more or less. We were to receive a commission of 25 cents a ton, if I remember correctly, for doing the business.

Q. From whom were you to receive the commission?—A. From the Union Pacific Railway Company.

Q. Was that in consideration of having the entire business to Leadville?—A. We never had the entire business to Leadville.

Q. Was that in consideration of having the business at Leadville?—A. It was in consideration of attending to the business at Leadville; yes, sir.

Q. How was that paid to you?—A. I suppose by rebate vouchers. I do not know how.

Q. Were you acquainted with Mr. J. H. Ferguson, of Leadville?—A. I know a Mr. Ferguson. Whether his initials are "J. H." or not, I do not know.

FERGUSON, TOWLE & CO.

Q. Were you acquainted with Ferguson, Towle & Co.?—A. I know who the firm is.

Q. Where did you know him?—A. Ferguson was here for awhile. I knew him here. The other men lived in Omaha.

Q. Did you know them as engaged in the business at Leadville?—A. No, sir; I never did.

Q. Were you acquainted with them as engaged in the business of supplying coke from Connellsville to Leadville?—A. They tried to sell us coke at one time, but we made more satisfactory arrangements elsewhere.

Q. What kind of arrangements did you make?—A. Bought coke cheaper.

Q. Was anything said at the time you made the agreement with the Union Pacific Company, that in addition to the 25 cents you were to get as commission you were to force Ferguson, Towle & Co. out of the market there?—A. No, sir; not that I recollect now. I never heard anything of that kind.

Q. Did you have any better rate than Ferguson, Towle & Co.?—A. I do not know what they had.

Q What did you pay from the Missouri River to Leadville?—A. I could not recollect now. I have no idea what the rate was.

Q. Do you not recollect the fact that you only paid a dollar?—A. No, sir.

Q Do you not remember the fact that Ferguson, Towle & Co. were compelled to pay $6?—A. No, sir.

Q. Would you not recollect that difference if you had it in mind at any time?—A. I tried to explain to you that I knew very little about that Leadvillle business; Mr. Lyman attended to it entirely.

Q. Where is Mr. Lyman?—A. He is at Soda Springs.

Q. When did he go away?—A. Three weeks ago; three or four weeks ago.

Q. When do you expect him to return?—A. Not until the warm weather is over; not unless it is necessary.

Q. You can bring him down to-morrow if you want him, can you not?—A. He can come.

Q How far is it?—A. 200 miles.

By Commissioner ANDERSON:

Q. How far would it be to Ogden?—A. 37 miles less.

BASIS OF ALLOWANCE OF COMMISSION.

By the CHAIRMAN:

Q. At what other points had you an arrangement with the Union Pacific Railway Company in the shipment of coke?—A. To every place where they had coke they have paid us a commission for doing the business.

Q. Of the same amount?—A. Yes, sir; it was more than that at one time, but it was some years ago.

Q. Why should you be paid a commission as against any other shipper?—A. I do not know that I can explain it. I think that the furnace men would be as willing to pay a commission as the railroad. We have to buy this coke, and we have succeeded in doing all the business in getting coke a little cheaper than any other one person could buy it, and we have been able to make pretty satisfactory rates east of Omaha. Then when the coke is shipped to one party, as it was here some years ago, and then distributed to the several furnaces, there is no accumulation at any one furnace. It was not an uncommon thing for us, four or five years ago, to get in forty cars together in one day. No one furnace could attend to forty cars of coke in one day. We distributed it around and saw that the cars were unloaded and released for the benefit of the company as soon as possible. We have given the railroad company every advantage we could obtain in the way of price for the coke and rates to the Missouri River, and in return for it they have given us this commission of 25 cents. I do not think we have had it all. I think parties who have shipped for themselves, have, as a rule, quit shipping and come and shipped through us, after they shipped a little themselves.

LITTLE COMPETITION.

Q. Have you ever had a competitor for any length of time in the coke business?—A. None; 25 cents a ton, you understand, would not make much competition in the coke trade.

Q. Would it not be sufficient to prevent any other man from engaging in the business?—A. No, sir. There is not a furnace in this valley that is not shipping coke itself under just as good rates.

Q. Have they had the same arrangements that you have had with the Union Pacific Railway Company as to coke?—A. Excepting the 25 cents a ton commission. I have known the time when I could buy coke and deliver it here $3 a ton cheaper than any other furnace could do it. That accrued to the railroad company, of course.

Q. How would you do that?—A. By buying more coke and shipping more coke, and making better arrangements for our coke in Connellsville and from there to Chicago and from Chicago to the Missouri River. At times it would be advisable not to ship into Chicago, but to ship around Chicago. We have shipped to Saint Louis and then shipped up the Missouri River at one time.

Q. What other business have you been in that you have received a rebate on? You named the smelting business and the coke business.—A. No, sir; I did not mention the smelting business.

The CHAIRMAN. Well, the salt business.

The WITNESS. We have received no rebates for salt.

Q. Have you bought salt for the company?—A. We have made and bought.

Q. That is, for the Union Pacific?—A. Yes, sir.

COMMISSION ON SALT.

Q. Were you allowed anything by the Union Pacific Company for your purchases?—A. We were at one time, four or five years ago. We were allowed a commission of 50 cents a ton, if we were to buy the salt, take it to Butte, unload, and deliver it to the smelters there as they wanted it.

Q. What commission did you receive?—A. Fifty cents a ton. That was at the time when they cornered the salt here and put up the price.

Q. How were your commissions on salt paid, by way of rebate?—A. Yes, sir. We put in a bill for the salt and added 50 cents a ton for commission.

Q. Was that under a verbal agreement?—A. I think so; I am not sure.

Q. With whom did you make that agreement?—A. We made it with Mr. Vining, I think.

Q. When did you make it?—A. It must have been five or six years ago; I do not know how long it was.

Q. How long did that continue?—A. That ended within a short time. It was just when we had to buy five or six thousand tons of salt in the open market.

AMOUNT OF COMMISSIONS.

Q. What would your commission amount to on coke within a year?—A. It would amount to probably five or six hundred dollars now.

Q. I am not speaking of now, but of the year up to April 1, how much was it?—A. Our commissions on coke in 1885 and 1886 were comparatively nothing.

Q. What do you call nothing?—A. Two or three hundred dollars I imagine; not more than that.

Q. What were your commissions on salt?—A. Nothing, I think, in either of those years, 1885 and 1886.

Q. Will you state as to any other years?—A. I remember purchasing 6,000 tons at one time for the Union Pacific Railroad Company, upon

which we received a commission of 50 cents a ton. We saved either the railroad or the consumer, I do not know who it was, three or four dollars a ton.

Q. In what other business have you been allowed a rebate; the coal, coke, and forwarding business you have mentioned?—A. Nothing in the forwarding business whatever.

INTERESTED IN THE COAL BUSINESS.

Q. Are you engaged in the coal business?—A. We sell coal to the Union Pacific Railroad Company in Butte.

Q. What coal do you sell?—A. Rock Springs and Weber and Alma.

Q. Are you the agents of the Union Pacific Company?—A. Yes, sir.

Q. At Butte?—A. Yes, sir.

Q. What do they pay you there?—A. I think it is a dollar. I am not sure.

Q. A dollar a ton?—A. Yes, sir.

Q. Have you an agreement with them?—A. No; I think no written agreement. We had an agreement some years ago; but their agreement terminates the 31st of December.

Q. Have you a verbal agreement?— A. No verbal agreement now.

NO PROFIT ON COAL SALES.

Q. With whom did you talk about it when you made the arrangement?—A. I think the arrangement was made originally with Mr. S. H. H. Clark.

Q. What was the arrangement?—A. We were to have a dollar a ton for retailing coal up there and fifteen cents by the car load.

Q. Were you to be exclusive agents up there?—A. No.

Q. Are there any other agents there?—A. I do not know that there are any. The agents of the company sell coal.

Q. Would you not very soon discover if you had a competitor there?—A. I say there is no one except the company itself that sells coke.

Q. Who else is engaged in the sale of coal that you have named at Butte?—A. The railroad company's agent.

Q. The Union Pacific Railroad Company's agent?—A. Yes, sir.

Q. That is you?—A. No. That is every station agent or every local agent.

Q. Then, in addition to your agency there, the Union Pacific Railroad Company has an agency?—A. Yes, sir.

Q. Do you compete in prices?—A. No; the railroad company fixes the price. I do not know what the railroad company gets for its coal. It fixes the price that we shall sell at.

Q. What is your relation to the railroad company there?—A. That of any other agent, I imagine.

Q. Do you occupy the same position as the other Union Pacific agents?—A. No, sir; only in the matter of coal.

AMOUNT OF COAL SALES AND SELLING PRICE.

Q. How much coal is sold there in the year?—A. We have sold since the 1st of January 901 tons up the 31st of July. I happen to know that. What we sold last year, I do not know. I saw the statement since I left you this morning.

Q. About how much does the other agent sell?—A. They sell it by the thousand tons. Ours is simply a little retail coal business.

By Commissioner ANDERSON:

Q. At what price do you sell now?—A. $9, I think, for Rock Springs; $8 or $9. I am not sure, gentlemen, what the price is.

By the CHAIRMAN:

Q. Could anybody else sell coal there besides you and your fellow agent, especially Rock Springs coal and the coal you have named?—A. I suppose if they would buy it from the railroad company; yes, sir.

Q. Could they get the same privilege that you have from the railroad company?—A. I do not know whether they could or not.

Q. Has any one done so?—A. Not that I am aware of.

Q. How long have you been there?—A. Seven years. We were in Butte before the railroad was.

Q. What other business do you receive a commission on from the railroad company?—A. We receive a commission from the railroad company for nothing but the coke; no business whatever.

NO REFUND, REBATE, NOR COMMISSIONS ON SALT OR COAL.

Q. What other business do you get a rebate on? You have named salt and coke and coal. Now, what else is there?—A. I do not know why we get a rebate on salt or on coal; we do not on either of them.

Q. Do you get a refund or commission on them?—A. Neither; not at all.

Q. What do you call it?—A. We buy the coal from the railroad company for $8 a ton, and they say we may retail it for $9 a ton.

Q. You get a dollar a ton?—A. We pay them $8 a ton.

Q. Did you not say you got a dollar a ton off?—A. If I said that I said what I should not have said. We buy it and we sell it at a dollar a ton advance over what we buy it for.

Q. Do you get any allowance bill when you settle with the railroad company?—A. Never have. I wish we could for shortage.

Q. Have you ever had any refund from the company on coal?—A. We have put in some claims; whether they have ever been paid or not I cannot tell you—for bad coal, that was; several times. At one time we had quite a lot of coal, and the railroad company put the price of coal down at Butte and they reimbursed us for the difference between what we had paid and what we were to sell it for, allowing us our dollar's margin.

A DOLLAR MARGIN ON COAL.

Q. Allowing you a dollar's margin; that is what I want to understand. Was that on a ton?—A. Yes, sir.

Q. How is that dollar's margin allowed?—A. I do not know, unless I can give you an illustration of it.

The CHAIRMAN. I wish you would.

The WITNESS. We pay $8 a ton to the railroad company for the coal. At one time we paid $9 to them for the coal, and we had on hand, say, a thousand tons of coal. They put the price down to $8 after we had paid them $9. They allowed us that dollar.

By Commissioner LITTLER:

Q. On that which you had bought?—A. On that which we had bought.

By Commissioner ANDERSON:

Q. Paid you back a dollar a ton?—A. Paid us back a dollar a ton, because they reduced the price. We would have had all our expense for nothing.

By the CHAIRMAN:

Q. Suppose the reverse had happened and the company had advanced a dollar. Would your firm have paid the additional dollar?—A. I suppose we would, if the railroad company had demanded it of us.

Q. Would the company have demanded it?—A. It is not fair to say that.

THE SALT BUSINESS.

Q. I want to understand this salt business. I see a little more into the coal business. Do I understand you to say that you never received any refund on the salt business?—A. No, sir; I said we did some years ago; but we have not for several years. The railroad company has fixed a price that they would pay for salt on the cars at Ogden. We have delivered to them their salt.

Q. What was your refund on the salt when you were getting it?—A. 50 cents a ton.

Q. How long did you get it?—A. I think we handled about 6,000 tons on that; but I am not sure.

Q. What else is there that you received an advantage on in your dealings with the Union Pacific Company other than those articles of merchandise you have named—coal, coke, and salt?—A. I consider that you make an assertion that you ought not to when you ask the question. I do not think we received advantages.

Q. I repeat my question. What other advantages do you have in dealing with the Union Pacific Railway Company in other articles of merchandise than the coke, coal, and salt?—A. None in coke, salt, coal, or anything else.

GRAIN BUSINESS.

Q. Do you have any business transactions with the Union Pacific Company in grain?—A. Yes, sir.

Q. Are you a shipper of grain?—A. Yes, sir.

Q. In what direction do you ship the grain?—A. East and west and north.

Q. Have you charge or control of any elevators?—A. No, sir.

Q. Have you made any verbal arrangements with the Union Pacific Company concerning the shipment of grain?—A. We have had; yes, sir.

Q. What have been your arrangements?—A. We shipped in a lot of grain here once at 25 cents a hundred, under a verbal agreement.

Q. What advantage was that to you over other grain shippers?—A. None.

RATES ON GRAIN.

Q. What was the open, regular published rate at that time?—A. One dollar.

Q. How did you make the arrangements for 25 cents?—A. Everybody shipped at 25 cents.

Q. What was the use of the published rate, if everybody shipped at 25 cents?—A. I am not able to say.

Q. Did you make application for it?—A. I suppose so. Ordinarily, I make applications for rates. The railroad company does not go around and offer them.

Q. Who else shipped it at that rate? You say everybody else besides yourself.—A. I do not know.

Q. Can you name one?—A. Why, yes, if I could think of his name. Who filled Scott's warehouse?

Mr. SHELBY. Seers.

The WITNESS. I cannot remember their names. I think Mr. Seers and Armstrong, and I think a man named Rich. But I am not sure as to that.

Q. Does that include all the grain shippers?—A. The Zion Co-operative Mercantile Institution.

Q. Who else?—A. I think that is all the grain shippers that were shipping in the town.

Q. How long did that rate continue?—A. A few weeks.

Q. Between what points was it fixed?—A. There was no fixed rate.

Q. Between what points did you pay the 25 cents?—A. From Missouri River points to Salt Lake City.

Q. What was the rate when the change took place from 25 cents up? How did it go up?—A. They raised to 75 cents.

Q. Was that the published rate?—A. Yes, sir.

Q. What other business have you been engaged in in which you received a special rate or rebate from the Union Pacific Company?—A. None.

THE TINTIC IRON COMPANY.

Q. Have you been engaged in the iron business?

The WITNESS. Iron ore?

The CHAIRMAN. Yes.

The WITNESS. Yes, sir.

Q. Have you shipped any iron ore?—A. Yes, sir.

Q. In your individual name?—A. No, sir.

Q. In what name?—A. The Tintic Iron Company is the name of the corporation that does the business.

Q. How long have you shipped iron ore?—A. Ten to twelve years.

Q. Between what points?—A. Between points in the Tintic mining district and the furnaces in Utah and Idaho and Montana.

Q. Have you had any arrangement as to your rates in the shipment of iron ore?—A. Yes and no, both. Sometimes we would have, and sometimes we would not have.

Q. What rates did you have?—A. I cannot tell you. The present rates have been in force for four years.

Q. Did you pay, in the shipment of ore, the open, published tariff rate?—A. So far as I know we did.

RECEIVED A REFUND.

Q. Did you receive a refund from the company?—A. Yes, sir; we did.

Q. To what extent?—A. I do not remember that.

Q. What was the percentage refunded?—A. I cannot tell you that. It was some years ago.

Q. Had you talked with Mr. Vining about that?—A. It was not the Union Pacific Railroad. We never had any iron ore arrangements with the Union Pacific Railroad, in the world. It was the Utah Central. The Union Pacific had nothing to do with it whatever.

Q. Is not the Utah Central a branch line, controlled by the Union Pacific Company?—A. They run entirely independent, I think.

Q. Did you have a special arrangement with the Utah Central Company?—A. Not a special arrangement. We had an arrangement, but it was not a special arrangement.

Q. What businesses have you been in other than those you have named in which you had special rates or rebates over the Union Pacific or the Utah Central?—A. I have had none.

THE LIMESTONE BUSINESS.

Q. Have you ever been engaged in the stone business?—A. No, sir.

Q. Have you ever shipped any stone as the Utah Forwarding Company?

The WITNESS. Limestone?

The CHAIRMAN. Limestone or any other stone.

The WITNESS. Yes, sir; I think we did, some years ago, ship some limestone.

Q. Where?—A. From here to the furnaces.

Q. What furnaces?—A. Down here in the valley; 10 or 12 miles down here.

Q. From whom did you make the shipment?—A. We bought the limestone and sold it to the furnaces.

Q. Did you have an arrangement with the railroad company—the Utah Central?—A. No, sir; none whatever.

Q. Was that the road that it was shipped over?—A. Yes, sir.

Q. Have you named all the articles of merchandise in which you have been engaged where, in the handling of freight, as the Utah Forwarding Company or the Northwestern Forwarding Company, or any other company, you had special rates or rebates or preferential rates or refunds from the Union Pacific or any road controlled by it?—A. I think so.

REFUNDS OF OVERCHARGES.

By Commissioner LITTLER:

Q. I want to ask you one or two questions. I understand these commissions of which you have spoken were all refunded to you on rebate vouchers. Is that so?—A. All of the coke was—yes, sir; and that is the only commission we have ever received.

Q. That is the only money they have ever paid back to you, is it, on any account whatever?—A. Oh, no, sir; they have paid back to us thousands of dollars.

Q. On what accounts?—A. On account of overcharges, a great many of them.

Q. Have they paid them back always on vouchers which you yourself have signed?—A. Yes, sir, I think so; either myself or Mr. Lyman.

NO ATTEMPT TO INFLUENCE ELECTIONS.

Q. I do not care to ask you anything more. We have these vouchers at Omaha. But I will ask you on another line. Have you or your firm at any time contributed money to influence elections in this region?—A. No, sir.

Q. Do you know of any officer of the Union Pacific road who has been engaged in influencing elections in this region?—A. No, sir; I do not.

Q. Have you anything to do with the Territorial legislature of Utah?—A. No, sir; nothing whatever.

Q. Has there been any hostile legislation against railroads in Utah Territory?—A. No, sir; not a bit.

Q. Not a bit?—A. Not a particle.

Q. You have not been around the legislature at any time trying to influence legislation?—A. No, sir; I keep just as far away from it as I can.

RAILROAD OFFICERS PARTICIPATING IN PROFITS OF OTHER BUSINESSES.

By the CHAIRMAN:

Q. Has any officer, employé, or agent of the Union Pacific Railway Company, or of any branches controlled by it—I include the contractors also—participated in the profits or receipts of any of the enterprises in which you have been engaged?—A. Yes, sir; Bishop Sharp is an officer of the Union Pacific Railroad, and superintendent of the Utah Central. My impression is that I paid him, but I do not know the amount. He has a few shares of stock in this Tintic Iron Company, and he has participated to that extent. I think it is ten shares, although I am not sure. It does not amount to anything. It would not buy him a suit of clothes in the year.

Q. Is he the only man that you recollect?—A. The only man connected with railroads; yes, sir. He is also interested in the salt company.

By Commissioner ANDERSON:

Q. How long have you known Mr. Vining?—A. I have known him as long as I was connected with the road.

Q. Were your relations with him close?—A. No closer than I imagine any other business man's.

Q. Did you see him very frequently?—A. Not very often; so often as I might go to Omaha or he might come here.

Q. Did you have a social connection with him apart from your business connection with him?—A. Mr. Vining had very little social connection with any person.

Q. Had he any interest, direct or indirect, in this coke allowance?—A. No, sir; none whatever, or any other officer of the Union Pacific Railroad, in any way, shape, or manner.

SALT LAKE CITY, UTAH, *Wednesday, July* 20, 1887.

Mr. SHELBY. I would like to have you put me on the stand in relation to that Leadville coke matter.

PETER P. SHELBY, being further examined, testified as follows:

The CHAIRMAN. You may proceed.

The WITNESS. You spoke about a rate of a dollar a ton from Denver to Leadville on coke.

COKE HAULED FOR NOTHING.

The CHAIRMAN. I stated that Mr. Ferguson stated under oath at Denver that he undertook to and had made contracts at Connellsville to forward coke to Leadville, and when he had completed his arrangements the Utah Forwarding Company came in and furnished coke so much under him, that he was compelled to sell out. That was sworn to by Mr. Ferguson at Denver, and this was the company that was engaged in the coke business.

The WITNESS. We hauled coke for nothing for a while.

By Commissioner LITTLER:

Question. From where?—Answer. From Denver to Leadville, and for a dollar a ton from the Missouri River to Denver.

THE INDUCEMENT.

Q. What induced you to do that?—A. At the time our company obtained control of the Denver, South Park and Pacific road, we found that the bullion from Leadville was all going east over the Denver and Rio Grande, because they controlled the coke supply. In order to get bullion out we hauled coke there at rates that were about a dollar a ton from Missouri River to Leadville. That was about all there was to that coke transaction. I do not think we paid any commission on it. We obtained $22 a ton for hauling bullion out, and we thought it better to haul coke for practically nothing than to lose the hauling of bullion out, which amounted to about ten or twelve car loads a day at that time. Those were the reasons we made the rates we did make on coke, and Lyman & Wallace did not derive any benefit from it.

Mr. WALLACE. I hope you will not be kept from sending for Mr. Lyman, if you want him.

PETER P. SHELBY.

SALT LAKE CITY, UTAH, *Wednesday, July* 20, 1887.

JOHN W. SNELL, being duly sworn and examined, testified as follows:

The WITNESS. If it would not be objectionable I would like to make a little statement in my own way, then you can catechise me afterwards.

By the CHAIRMAN:

Question. In a moment. Where do you reside?—Answer. Salt Lake City.

Q. What is your business?—A. I am over here at what is called the "Idaho store" now. I have been in several businesses. I owned an iron mine at Tintic, and own lime rocks near the city.

Q. How long have you been in business?—A. Since 1869; general speculating business.

Q. Please give to the Commission any information you have concerning any rates or any business relations you have had with the Union Pacific Company or any shipper.—A. I would like to make a little short statement. It may be a little irrelevant.

The CHAIRMAN. Go ahead.

"A LITTLE SHORT IRRELEVANT STATEMENT."

The WITNESS. I have been an agent with the coal company, and I have been quite a heavy salt operator, and I shipped the first cargo of iron up from Tintic over the railroad south. I have been a coal miner in the Rock Springs Company and Excelsior Coal Company, and in the salt-rock and lime-rock business. I am giving a part of this for general information. There are some Utah citizens who are living out here at Coal Valley, 40 miles from Salt Lake City, who have been shipping coal to this city. I was in business, and I endeavored very strongly to do business with them. I theorized that it was only 40 miles to Salt Lake City, and it had a legitimate right to the coal business of Salt Lake City. They and I had done what little we could to promote the interests of the Union Pacific Railroad, and the legislature and everybody else in this Territory, I believe, without exception, had done what they could to promote the interests of the Union Pacific Railroad to get them in this country. As to the coal-mine owners, when the coal had

got in here—I had trusted some of them a couple of thousand dollars—rumor came along that they were going to be prohibited from shipping coal here, although there was no coal as good as theirs within 300 miles of Salt Lake City. The result was that they were prohibited from bringing coal at this distance of 40 miles. Some of them were ruined in the coal business. They were very much discouraged.

IN REGARD TO COAL

I was agent also of the Excelsior coal mine at Rock Springs. I had secured the contract with the gas works, and also had a great deal of trade with the smelters, so much so, that in the last month I was an agent I sold a large quantity at an average profit of $5 a car. I wrote out to the company, urging them to increase their endeavors. Said I, "You can not begin to meet the demand for that coal." I tried to get them excited, and to redouble their energies and pitch in. I heard a rumor of a change before the first of the month, and I went down to the railroad and asked three or four railroad men, and they disclaimed any knowledge about it. I was a little suspicious about the arrangement, and I wrote to the company that I would prefer not to ship any coal without direct orders from me to do so. Meantime Major Goodspeed came to me. He was superintendent of the Richmond mine at that time, or manager; he is in New York City now, I believe. Said he, "I would like to get two cars of your coal, but I want to buy it at the mines." Said he, "We are doing a great deal of freighting over the Union Pacific Railroad, and we think we get the best terms out." Said I, "All right; I will let you have it at $2 at the mine." I anticipated this. He did not. He said, "We are going to test a plan down here to desulphurize the coal." And I helped to make coke out there, too. So I thought I would like to make a test. I ordered that coal to come so that it would come in after the first with that new rate, if there was a new rate. This coal got in here, and he came around to my store, and said, "John, on this coal they charge me so much freight. That is an outrage." Said I, "Major, do not blame me for that. I sold the coal $2.25 at the mine." He said, "That is plenty cheap enough." Said he, after swearing a little, "I do not know what that means." Said I, "Go down to the company and curse them."

That cut me right off. I had worked three or four months there energetically to secure a big trade, and it rather demoralized me, and my credit was injured to some extent. The gas works continued to get that coal. It cost them $13 a ton. I was selling it at $9 and $10 when I was selling it. They considered it worth $13 rather than the coal the company was furnishing. So that the coal was worth comparatively, in the estimation of the gas works, $13 to the Union Pacific coal at $9. So much for that point.

THE FIST IRON ORE SHIPMENT FROM TINTIC.

When I was cut off from the coal shipment business altogether and lost $1,500 or $2,000 by trusting coal owners out here, under my theory that they were entitled to that consideration, I commenced to figure on iron ore. I went down and shipped the first car of iron ore that was shipped to these smelters from Tintic. At last, I concluded I would erect some buildings, going to some considerable expense, and building and fixing up on a larger scale for iron ore. Before doing so, I went and talked with Mr. Hill, of the Horn Silver, and he said he would let us have some of his patterns if I did so. I also went to Mr. Billings

and secured a contract from him to give him iron ore. I was to deliver it at $7 a ton, if I recollect rightly. This can be verified. I commenced to furnish iron ore. I hired a lot of teams, fifty or sixty of them, and jumped in energetically, and had my hands full of business. That increased the business rapidly. I went to see Mr. Billings before I finished the contract, and he said, "Snell, how would it be for you to come down and see Bishop Sharp and arrange definitely about this iron ore?" I said I would. I went down and talked to Bishop Sharp. Said I, "I propose to build ore houses down here and put up a store and buy some land and go to considerable expense, and I have come to see how far I will be protected in the iron ore." Said I, "I only ask equal terms with any other American citizen, and if I cannot get along that way I will quit and go at something else. I do not ask any particular favors." Said he, "That is fair and right and square and honest enough, and I promise that, so far as I am concerned, you shall have my support in that. But," said he, "James Sharp is the freight agent." I went and talked to James Sharp, and he coincided with Bishop Sharp's views, and said "That is fair and reasonable, and I promise you you shall be sustained. But," said he, "Mr. Cook is going to be general freight agent." I went and talked with him, and he indorsed it in the same way. I went down and built up this place and had a lot of teams running. I forget about what year it was, but about the 24th or 25th of November, I received a note from Mr. Cook, saying, "J. W. Snell: On and after November 25 the rate on iron ore will be changed from schedule A to tariff B." That was the amount of it. I telephoned down to him and asked him what that meant. "Instead of $2.80, you are now having, the rate shall be $6.40." I rushed right up to Mr. Billings.

THE UTAH FORWARDING COMPANY'S FINGER IN THE PIE.

Said I, "There is a contract that I have made with you, that I am unable to keep. I presume the Utah Forwarding Company have a finger in this pie. I guess if you will go right after them, they will protect you; but you see I am not able to keep up this contract on this basis, to sell you iron ore at $7.50 and pay $6.40." Said he, "We have a rate also from the Utah Forwarding Company, and I will show it to you. I will read from the letter to Mr. Billings." He presented the letter he received. "Germania Smelting and Refining Company: On and after November 25 we will furnish you iron ore at $7.50 a ton, and we will take the Central Railroad shipping bills as a part payment of the $7.50 a ton"—apparently selling for the difference between $6.40 and $7.50, an impossibility. That was the rate I was selling it for. I went down to Mr. Hanreau, and said, "I can not protect myself." Then I telephoned down to the railroad and asked if Bishop Sharp was there, and he said, "It was pretty dark, and he was going to leave in a few minutes. You hurry right down, and I will wait for you." I went down, and I was indignant enough to bite a nail in two and fight all three of them for two cents and a half, because I saw my credit ruined and my business demoralized. I was a poor man, and I went ahead and established a first-class industry and demonstrated it to be a success, and then have a railroad company come in and take it away from me made me indignant. Said I, "Bishop Sharp, our brethren are encouraging the railroad company all they can." Said I, "That was liberal and fair, and they ought to be all liberal; but these people out here forty miles have a legitimate right to coal, and anything that prevents their getting it is highway robbery, especially under the

circumstances of the building of the Union Pacific," and so on. I will drop that subject.

I mentioned this rebate on the iron ore, from $2.80 to $6.40, which the Utah Forwarding Company evidently got. Mr. Billings is cognizant of this affair, no doubt.

NO BRASS MEDALS GIVEN.

I went and talked with the three officers of the Union Pacific and Utah Central Railroad and got through. I said, "I have got a lot of teams hauling iron, and we have a lot of iron on the dump." Bishop Sharp said, "We will give you a rebate." We anticipated that. That was fair. My building is standing down there idle to-day, and it has been ever since, for years. Instead of giving me a brass medal for opening up a big industry, that was the way I was treated. Although John Sharp may be a figure-head for holding stock of that company, I am satisfied, from their actions, that they have an interest in some direction.

Before that I had been in the grain business. T. J. Clark, at Council Bluffs, shipped grain to me. I talked with Mr. Nolan here, a grain operator. He told me an officer of the Union Pacific Railroad was heavily interested in the shipping of grain. At any rate, if I had had grain given to me, if I recollect rightly, from Council Bluffs to Omaha, I could not get any grain out here. Mr. Nolan understands that better than I do.

Q. Who was he?—A. He was a grain man at that time.

Q. Is he here?—A. Yes, sir; he is in town. I do not know whether this has any particular point to it.

SHIPPING VATS FROM SAN FRANCISCO TO MONTANA.

I will mention another point on grain. Some little time ago I was up at Ogden, and I read in the papers of prices offered for oats at San Francisco. I went to Sinclair, the agent of the Union Pacific Railroad, and said, "What will you charge me to ship oats up to Montana?" Said he, "Fifty cents a hundred. That is a special rate." Said I, "What is it from Omaha?" Said he, "Fifty cents a hundred."

Q. How long ago was that?—A. That was some time ago. There was quite cool feeling between the Union Pacific and——

Q. Was this prior to April 1?—A. Yes, sir. I was satisfied afterwards that he drew the deduction, although without authority, that those oats were Utah oats. I telegraphed right down, in connection with George H. Tuhe, a merchant there, and ordered eight car loads of about 250,000 pounds of oats from California. I saw, I thought, $3,000 or $4,000 of prospective profit along the Oregon line, when they were building it, on this basis of 50 cents for carrying the oats. They did not drop on the fact of the oats being from California. When they arrived, and the oats were all on the track there, they telegraphed down to Omaha and said there was a lot of oats coming over the Union Pacific Railroad, and asked, "What will we do about it?" They raised it from 50 cents to $2 a hundred. I had, luckily, sold the oats on sample to one of the dealers there. The dealers had four or five articles in the papers for four or five days. They were quite excited. Although I did my business legitimately, and did not hide anything, I am satisfied, from the actions of the railroad people afterwards, that they supposed they were Utah oats.

A BIG SALT DEALER A FEW YEARS AGO.

I was one of the biggest salt dealers a few years ago. I was the first person to cut off a spur of Salt Lake and let it evaporate and made thousands of tons of salt. Some time afterwards I went up here to Hookerville and made a contract to furnish a mine in Montana with salt. I furnished them for one year and tried to do it the next year. They told me the Northwestern Company was the only party that could introduce the salt in that country up there. The Northwestern Forwarding Company controlled it. I shipped some to another party up there, and he said he liked the salt; but I was informed that it was impossible for me to reach that point. The amount of it was I was informed that the Union Pacific, in some way, favored some other parties. How they did it consistently, I do not know. They, of course, did it to evade the interstate commerce law, and probably they succeeded. Mr. Rich over here, who has examined into the salt business pretty thoroughly, could, I have no doubt, give you some points on that. I have no doubt Mr. Billings could give you some points about special deals, and so could Mr. Nolan. I have also been in the lime-rock business, and own lime rock here in Idaho now. I was informed that nobody but the Utah Lime and Cement Company could ship lime here at all. They apparently have a rebate or something of that sort.

Q. Who controls that company?—A. I think they have some smelters in there now.

Q. Is Mr. Wallace in that company?—A. No, sir; I think not.

Q. Is his partner in that company?—A. I do not think he is. Hanreau is, I believe. They had made a monopoly of it, and I believe the Denver and Rio Grande and the Utah Central simply pooled on the business. I believe they have smelting men interested in the business.

FIGURE-HEADS MAKE THE PROFITS.

Q. Is there anything else you desire to state?—A. Another word or two only. I will say that I am quite certain that as to any business at all along the line of the Utah Railroad that is demonstrated to be a good success, the Union Pacific apparently has figure-heads enough to control it, but the Union Pacific do not make all the profits. The figure-heads made the profit instead of the Union Pacific stockholders. That is my estimation of it.

Q. Have you anything else to add?—A. No, sir.

SALT LAKE CITY, UTAH, *Wednesday, July* 20, 1887.

WILLIAM W. RITER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I have charge of two short lines that are controlled by the Union Pacific Railway.

UTAH AND NORTHERN AND SALT LAKE AND WESTERN ROADS.

Q. What are the names of the lines?—A. One is the Utah and Nevada, and the other is the Salt Lake and Western Railway.

Q. Did you build the Salt Lake and Western Railroad?—A. Yes, sir; I built it for the Union Pacific Railway.

Q. What organization did you have? Did you build it as an individual or as a company?—A. No, sir; it was a local organization under the laws of the Territory of Utah.

Q. What was the name of the organization?—A. Salt Lake and Western Railway Company.

Q. What interest had the Union Pacific Railway Company in it?—A. They practically owned it all; with the exception of enough stock to hold locally to comply with the law.

Q. What was the capital of the company?—A. I really cannot tell you. I think $5,000,000.

Q. Who were the officers of the company?—A. I think Sidney Dillon was president, elected under the first organization, or Mr. S. H. H. Clark; I am not sure. I think some of the board of directors were residents and some not.

MEANS AND MATERIALS FURNISHED TO BUILD THE ROAD.

Q. Who built the road?—A. They furnished me with the means to build the road.

Q. How were the means furnished?—A. They furnished the iron, fish plates, spikes, bolts, and all material of that nature from the East and rendered me the bills, and then furnished me with the cash to pay for the grading and ties and building—the construction.

Q. What vouchers did you furnish the Union Pacific Railway Company?—A. I took vouchers in duplicate of all expenditures. We kept a set of construction books here and credited the Union Pacific Railway with all material and cash furnished and took vouchers in duplicate, and furnished one to the Omaha office and kept one voucher here for reference.

Q. Have you the vouchers here now?—A. I think I have. I think I have the duplicates or the originals. I do not remember which I furnished.

Q. Did you furnish copies to the Omaha office?—A. Yes, sir.

Q. Would they not be on file there now?—A. Yes, sir; I suppose they would.

VOUCHERS IN THE OMAHA OFFICE.

The CHAIRMAN. I want to inform you that there are vouchers on file now in the Omaha office for more than $400,000.

The WITNESS. That possibly represents the amount of cash. I did not furnish vouchers for the material they furnished. They furnished vouchers to me, and I took them up on construction books, but did not furnish them back again. The vouchers that I furnished were to cover the cash that they had furnished me.

Q. I call your attention to the fact that the vouchers missing in the Omaha office are the vouchers for cash, and there are no vouchers on file in that office. Have you duplicates?—A. Yes, sir; I think so.

Q. Can you furnish the Commission with the duplicates?—A. I think so.

The CHAIRMAN. We will be glad to have you do so to-morrow morning at 9 o'clock.

BOOKS WILL SHOW THE VOUCHERS.

The WITNESS. I think I have them all, and the books. I think my assistant made vouchers for every dollar. When I received the money

I would sign a receipt to the auditor, Mr. Ginnette, for every dollar. I would use that to pay for construction purposes, and when used up, I would make a statement, rendered with the vouchers in duplicates, all approved and checked off, for the amount furnished, and then call for some more. My books show all those vouchers properly approved and checked.

Q. Where will it be most convenient to see those vouchers? A. I think right in my office.

Q. You have them all in detail?—A. They are all put up in packages and approved.

By Commissioner LITTLER:

Q. Could you bring them here without any trouble?—A. They are quite voluminous. I think so, by taking a bushel basket. I think if you could adjourn to my office it would be better. The books and everything are there, and they will show every transaction connected with the Salt Lake and Western, its organization, election of officers, expenditure of money and where expended.

Commissioner LITTLER. We will meet at your office to-morrow at 10 o'clock, if you will have those vouchers there.

The WITNESS. All right.

Q. You have the accounts?—A. Certainly.

SALT LAKE CITY, UTAH, *Wednesday, July* 20, 1887.

JEREMIAH C. CONKLIN, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am engaged in the mining business; in the Wood River country mostly, Idaho.

Q. Where do you reside?—A. Salt Lake City.

Q. How long have you been in the mining business?—A. I have been engaged in it about eight or ten years there.

Q. Have you had any business transactions by way of shipments with the Union Pacific Company or its branches?—A. I have; yes, sir.

ORE SHIPMENTS FROM WOOD RIVER COUNTRY.

Q. What has been the nature of your business relations?—A. Ore shipments from the Wood River country and to Missouri River and Denver, also to Salt Lake.

Q. What is the name of your company? Is it an individual company?—A. An incorporated company, under the name of the Bellevue and Idaho Mining Company.

Q. Between what points did you ship your ore?—A. From Bellevue, Idaho, and Hailey, to Denver, Omaha, Kansas City, and sometimes Salt Lake.

Q. How long have you been shipping between those points?—A. Since some time in 1884, or 1883, I think.

SPECIAL RATES AN EXCEPTION.

Q. Have you had any special rate?—A. No special rate; no, sir; excepting on a few shipments of ore from Wood River to Salt Lake City, in the fall of 1884. I think for two months we had a contract here with

one of the smelters, when the published rate, I believe, was $18 a ton (if I recollect correctly); in order to enable the Salt Lake purchaser to get the ore here, the railroad company gave us a rate of $14 a ton to Salt Lake. With that exception, I believe we have had no rebate. That was, I think, in November and December—for those two months.

Q. Did you make application for that rebate?—A. Yes, sir; it became necessary, in order to fill the contract. The parties made the offer. Of course, we laid the matter before the Union Pacific officials, and they finally gave us a rate at $14, which enabled us to ship.

Q. Had other shippers the same rate?

The WITNESS. At that time?

The CHAIRMAN. Yes.

WOOD RIVER ORES EXCLUDED BY HIGH RATES.

The WITNESS. I think not. I think that was the only Wood River ore that came here at that time. The ores from that section of the country have been studiously kept out of this market for some time.

Q. In what way?—A. In the way of rates of freight. We had been unable to ship ore, with that exception since along early in 1884, or probably the latter part of 1883, when some was shipped here.

Q. What effect had it upon your business as an ore shipper?—A. Of course it has had quite a serious effect. We are compelled now to ship our ores to Denver and Omaha. At the present time we are shipping ore to California.

Q. Why do you ship it to California?—A. Simply because we have got a better price for ore.

THE RATES TO DIFFERENT POINTS.

Q. What is the difference in the rate between shipping to California and Omaha?—A. I will have to explain to you that the rate to Ogden is $15 from Bellevue, Idaho. To Denver, it is $17, a distance of over 800 miles. Whereas, to Salt Lake, coming around by the way of Granger, the way they usually ship, so as not to break the bulk, it is a broad-gauge road through our section of the country, the distance being about 450 miles to Ogden or something like that. By the Utah Northern it is considerably shorter; probably 350 miles. But that necessitates the transfer from narrow-gauge cars.

Q. What is the rate to California?—A. The rate is $15 to Ogden. The rate to California we have nothing at all to do with. That is made by the man who made the contract. What the rate is I am unable to know.

Q. You do know that you can get to California at a better rate than you can possibly get to Omaha, do you not?—A. That is, the purchasers pay us a better price than we could get to Denver or Salt Lake.

COMPLAINT MADE AS TO RATES.

Q. Have you made complaint to the company?—A. Yes, sir; a number of times.

Q. What has been the answer?—A. The answer is they are giving as low a rate as they can. They are charging us $17 to Denver, $20 to Omaha, and $21 to Kansas City from Butte. And from Helena, Mont., and common points between Garrison and Helena, Mont., the rates to Denver are $10.60, to Omaha $12, to Kansas City $13. The

difference, I think, in the haul is probably 100 or 200 miles farther from those points than it is from our section of the country.

Q. Have you any other information to give the Commission?—A. Nothing at present.

Adjourned to Thursday, July 21, 1887, at 9 o'clock.

SALT LAKE CITY, UTAH, *Thursday, July 21, 1887.*

The Commission met pursuant to adjournment, all the Commissioners being present.

W. W. RITER, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. I have charge of the two proprietary roads of the Union Pacific—the Utah and Nevada and the Salt Lake and Western.

Q. You are superintendent, are you?—A. Yes, sir.

CONSTRUCTION OF THE SALT LAKE AND WESTERN ROAD.

Q. How long have you been superintendent of the Salt Lake and Western road?—A. Ever since its inception, May, 1881.

Q. When was it constructed?—A. In 1881 and 1882.

Q. Was it constructed under the construction department of the Union Pacific Railway Company?—A. No, sir.

Q. How was it constructed?—A. I constructed it.

Q. For whose account?—A: For the Union Pacific Railway Company.

Q. What was the course of business with regard to the construction of the road, and payment for it?—A. They furnished me the money and material; they sent me vouchers for material, and sent me money on my demand, which I paid out; I took these vouchers and rendered them a statement, of which I have a copy here, whenever the money was exhausted—a statement of vouchers paid.

Q. Was the money sent to you against vouchers, or on drafts for gross amounts estimated to come?—A. It was sent on my request previous to the vouchers.

By Commissioner LITTLER:

Q. Previous to disbursement?—A. Yes.

By Commissioner ANDERSON:

Q. Was it sent against drafts, then?—A. Yes.

FUNDS PLACED IN BANK.

Q. Have you a memorandum of all the drafts made by you?—A. Well, it was not on a draft exactly; I telegraphed for it, and it was placed in the bank to my credit, and I gave a receipt for it.

Q. Can you tell me what the total amount so sent to you foots up?—A. Yes, sir; I can; here is a total sum of $819,534.32 of cash and material, and $64,000 more.

Q. See if that total amount will agree with their books?—A. It will not agree, because there were a few bills for material that they did not get towards the last; I have them credited with $947,026.70; but that

does not represent it all; there was a branch afterwards built, the iron for which they paid for, and I never received the bill; that made 4 miles of iron.

Q. You have no vouchers for that iron?—A. No; I think I have never received any on that Utah Central iron.

VOUCHERS FOR MONEY RECEIVED.

Q. Please tell the Commission what vouchers you have to show for that amount of money received.—A. We have them all here; twelve hundred vouchers.

Q. What vouchers were sent to the Union Pacific Railway Company?—A. My receipts for the money paid me.

Q. What vouchers were sent for the actual expenditure by you to the Union Pacific Railway Company?—A. Duplicate originals of the vouchers which I had on hand here, and which originals I now produce.

VOUCHERS COVERING AMOUNT CREDITED TO UNION PACIFIC.

Q. What is the gross amount represented by the vouchers you now produce, do you know?—A. I presume that this amount must be it. [After a pause.] I had better correct that, because there were some credits back. The net amount credited to the Union Pacific was $639,052.21; and for that I have vouchers here that cover the amount.

Q. How many of those vouchers are there?—A. Twelve hundred and ninety-nine.

Q. And these vouchers can be examined by an accountant here at any time?—A. Yes.

Q. How many miles of construction do these represent?—A. I cannot answer that without making a statement. This company was organized for the purpose of constructing a road to California—this and another company of the same name—under the laws of Nevada. I made surveys from here clear through to Mona Lake. All costs and expenses in connection with the two lines (which were identical in interest) are charged on these books, and, consequently, appear as the cost of the line already built. We have several miles of grading done beyond our present terminus.

By Commissioner LITTLER:

Q. What is your present terminus?—A. A place called Tintic. Then there is a branch line of 4 miles, or nearly so, running up to Cedar City.

ACTUAL COMPLETED CONSTRUCTION AND EQUIPMENT.

Q. With this explanation please state how many miles of actual and completed construction there are.—A. A few feet short of 58 miles; we call it 58 miles, but it is a few feet short.

Q. Do your vouchers also represent the equipment of the road?—A. $34,859.30 of the amount represents the equipment.

Q. The line is steel, is it?—A. No; it is part iron and part steel.

Q. What is the weight of the steel?—A. The steel weighs 52 pounds.

Q. What is the weight of the iron?—A. Some of it 58 pounds, and some of it 56 pounds.

Q. Is it the standard gauge?—A. Yes.

COST PER MILE OF CONSTRUCTION.

Q. What did the road cost, per mile, for construction?—A. I can only give it to you approximately, because there are 4 miles of second-hand iron that I did not get any vouchers for, and some mining and other material. Approximately, $16,000.

Q. Including the charge for equipment?—A. No; I think not. This shows $16,000, including the equipment, but there were some bills that were not rendered me; so that $16,000 is about what the construction cost.

Q. When did the construction commence and when did it end?—A. It commenced immediately after the 30th of May, 1881; I think we commenced the next day.

Q. And it ended when?—A. The main line ended the 1st of July, but subsequently we built the 4-mile branch.

CASH ITEMS DO NOT AGREE WITH BOOKS.

Q. Please look at the transcript furnished us from the accounts at Omaha, and state whether the items represent correctly the advances made to you for money and material.—A. This statement contains the remittances made to me from May, 1881, to November, 1882; but the subsequent cash items do not appear to agree with my books. The construction was completed in the summer of 1882, and remittances were afterward made to me on account of operating expenses; but it is impossible to ascertain whether the statement furnished to the Commission at Omaha agrees with the actual expenditures entered on my books without an examination in detail by an accountant.

Q. It seems singular that they should have you charged, on account of construction, with moneys paid for operating expenses, and yet that the total of their account should be pretty much like that of yours. Have you an account of the total amount of cash received, as distinguished from the total amount of materials?—A. In my cash book I credited them with cash received, and on two or three occasions, on running out of cash I furnished it myself, and when remittances came I was repaid.

MIXED UP ON A MONEY ITEM.

Q. What is the meaning of this item, "Cash paid, probably to W. W. Riter, $24,200"?—A. I do not know. I remember that there was a $50,000 item that they got into a muddle about at Omaha. It occurred in this way: When I went to Carson City to organize the Salt Lake and Western road in Nevada, it required $50,000 to pay the 10 per cent. that had to be paid on that organization in that State under the laws of that State. They sent me the money. I was made temporary treasurer; and, as the construction did not proceed, I returned it and got their receipt for it. But, in some way, in their accounting they got mixed up on that $50,000; and only a few months ago they wrote me about it, and I produced the receipt for that money. Whether they have it adjusted now or not I do not know.

J. W. GANNETT SIGNS RECEIPTS AS TREASURER.

(Witness produces receipts dated October 17, 1881, for the sum of $50,000, being the money received by him from the subscribers to the capital stock of the Salt Lake and Western Railway Company in Nevada; being a payment of an installment of 10 per cent. thereon. Such

receipt is signed by J. W. Gannett, treasurer of the Salt Lake and Western Railway Company.)

Q. Why is this receipt signed by Mr. Gannett as treasurer of the Salt Lake and Western Railway Company, when you state you yourself were the treasurer?—A. I was made the temporary treasurer, under the preliminary organization. Mr. Gannett was afterward made the permanent treasurer, and I turned over the money I had received as temporary treasurer to him as permanent treasurer.

Q. Is he an officer of the Union Pacific Railway Company?—A. Not now.

Q. Where does he reside?—A. I do not know. He was in ill health and resigned.

Q. Do you know whether he accounted for this money to the Union Pacific Railway Company?—A. I know nothing about that, sir.

J. W. GANNETT ELECTED PERMANENT TREASURER.

Q. Does the record show that he was elected permanent treasurer?—A. Yes; October 5, 1881, the minutes show that he was elected treasurer, at a meeting held at Carson City, Nev.

Q. Where did he reside then?—A. At Omaha.

Q. And you have no knowledge of his present whereabouts?—A. No. I think, however, that his home is in Omaha.

Q. Do you know whether this money was actually accounted for to the persons to whom it belonged?—A. I do not know that. I presume it was. I do not think he was ever called in question; but as a matter of book-keeping they got mixed up on it in some shape.

By the CHAIRMAN:

Q. Could you communicate with the Omaha office and call attention to the fact that you have duplicates on file and that the originals must be on file in the Omaha office?—A. I have the originals.

Q. Then the duplicates are in Omaha?—A. Yes.

The CHAIRMAN. Then you will telegraph about that.

The WITNESS. Yes.

SALT LAKE CITY, UTAH, *Thursady, July* 21, 1887.

FRANCIS ARMSTRONG, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I do some farming and stock-raising, and am in a number of businesses.

Q. Where do you live?—A. In Salt Lake City.

Q. How long have you lived here?—A. Twenty-six years.

Q. You are the present mayor of Salt Lake City?—A. Yes, sir.

Q. How long have you been mayor?—A. About nineteen months.

FACILITIES, ACCOMMODATIONS, ETC.

Q. Do you know of any complaints as to the facilities and accommodations afforded to this community by the Union Pacific Railway Company?—A. No, sir; I do not know of any particularly.

Q. Do you know of any complaints that have existed with reference to the facilities, accommodations, or freight rates?—A. When the

freights were fluctuating, a year or two ago, it was very unpleasant for us here. We hardly knew what to base our business affairs on relation to freight. There seemed to be a good deal of snap-judgment. One merchant would go to work stocking up, and another would hold on, and there was considerable of a flurry among the merchants and business men generally.

FLUCTUATIONS IN TARIFF RATES INJURIOUS TO COMMUNITY.

Q. To what were the fluctuations due?—A. Due to the different tariffs that were placed on business in such a short space of time; sometimes low, sometimes high. In the low tariff I think there was a rate at one time of 25 cents per hundred pounds from here to the Missouri River.

Q. What year was that?—A. That was about the time the Denver and Rio Grande first came in here. That, I believe, was an injury to the community. It made a regular stagnation of business. Every man stocked up, and it made our money market here very tight.

Q. How long did the low rates continue, or the cut rates?—A. Somewhere in the neighborhood of five or six months, to the best of my recollection.

TARIFF RATES FINALLY ADJUSTED.

Q. Were they finally adjusted?—A. Yes, sir; they were finally adjusted in some way, between the two roads.

Q. After the adjustment were the rates higher or lower?—A. Higher.

Q. Have they changed any since that time?—A. Yes; I think they have, some. I have not kept very well posted, though, in regard to it, only when there was a very radical change made, or something of that kind.

Q. What effect had the fluctuations on the community?—A. They had this effect: when the low rates were here the country was drained of almost every dollar that could be got hold of. The merchants had been stocked up heavily, and had to draw heavily on the banks and pay heavy rates of interest. It was a great injury.

Q. Have you any other information that you can give the Commission?—A. No, sir; I have not.

Q. Have you any suggestions?—A. No, not particularly, that I know of; only that I should be glad to see a fair living rate for both the shippers and the railroads.

Q. Do you know of any complaints as to special rates being given to particular shippers?—A. No; there have been some men, I understood, though I cannot point them out, who had special rates, and some that had rebates and one thing or another that others did not have.

Q. Have you any other information?—A. No.

SALT LAKE CITY, UTAH, *Thursday, July* 21, 1887.

C. C. GOODWIN, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am editor of the Salt Lake Tribune.

Q. How long have you been editor of it?—A. Seven years.
Q. Where do you reside?—A. In Salt Lake City.
Q. Have you any information to furnish to the Commission concerning the relations of the Union Pacific Railway Company, or its branches, to this community?—A. No; I could not tell you anything that was not hearsay.

PLAN OF SETTLEMENT.

Q. Have you considered the question of the adjustment of the debt between the railroads and the Government?—A. I have thought of it a great deal.
Q. Have you formed an opinion?—A. Yes, I think so.
Q. Will you please give the Commission the benefit of any opinion you have on the question?—A. I believe that if the Government expects to get its pay from the Union Pacific Railroad it will have to make an adjustment that will give the company a chance. I presume business men—men engaged in active business—could talk more intelligently than I could about this; but this is the way it strikes me. The Union Pacific Railroad begins at Omaha, where there is very sharp competition. It ends here, and in Oregon, where, if it goes on as it is going at present, it will have a tremendous competition all around, and the company will naturally die from asphyxia. If the indebtedness of the company were put on small bonds at long terms, at low rates of interest, and if it should get the proceeds of its road for five or six years to make extensions, and should have a fair show to fight the competition that is about it, it ought to pay its debt, and without any trouble; because the company is advancing very fast.

HOW THE COMPANY COULD BE BENEFITED.

There is one particular field open to the company that is not occupied yet, and it will be opened very soon, unless it is occupied by the Union Pacific. I refer to the field southwest of here, through the State of Nevada. Six hundred miles of road, from this city will tap about fifty mining districts. One-half of those are very splendid districts. They are worthless now, comparatively, because the ore is of low grade, and all profits that come from it are absorbed in freights.

By Commissioner LITTLER:

Q. Give the names of those mining districts.—A. I cannot now, without a little reference. I can bring you the names of them.

By Commissioner ANDERSON:

Q. South of Pioche, you mean?—A. No; I refer to the country southwest of here, and more north of Pioche than south of it. There is a range of country south of Pioche that my friends tell me has plenty of good mines; but I do not know about that. These other mines I have mentioned I staid with and slept with for twenty years, myself.

By Commissioner LITTLER:

Q. Where are these mines you staid with?—A. In the eastern and southeastern part of Nevada.
Q. What is the character of the deposits? Are they fissure veins or not?—A. They are either fissure or contact veins, as a rule.
Q. What other resources has the country through which these proposed lines should run to support a railway?—A. Nothing, except the pasturage of the country.

Q. You mean by that that it is adapted to grazing and stock raising?—A. Yes.

DESCRIPTION OF SURFACE OF COUNTRY.

Q. Give us a description of the surface of the country, as near as you can, and its grasses.—A. Nevada is cut north and south by parallel ranges of mountains which, as a rule, are good pasture clear to the top; and the Nevada valleys are just as susceptible of cultivation as this valley is.

Q. Are they wide or narrow?—A. Four or five of them are as wide as this valley; others are narrow.

Q. How wide is this valley?—A. It runs from 10 miles to 50.

Q. You mean the Salt Lake Valley?—A. Yes.

IRRIGATION NECESSARY TO RAISE CROPS.

Q. What are the facilities for growing crops? I suppose they will have to depend entirely on irrigation?—A. Yes, sir.

Q. What streams are there in these valleys?—A. There are no large streams.

Q. Are the streams sufficient to irrigate the entire land?—A. No.

Q. How do you expect to cultivate it, then?—A. I would expect to cultivate the lands near the streams and pasture the rest. As this valley is treated, exactly.

Q. If these valleys were under cultivation would they support a population sufficient, independently of the mining resources of the country, to support a railway?—A. No, sir; I do not think so.

THE ORE DEPOSITS.

Q. What evidence have you of large ore deposits in this region which you have mentioned?—A. I have seen them.

Q. What is the character of the ores generally, and are they refractory or are they easily reduced?—A. They are all kinds of ores. Some are entirely free-milling ores, some are roasting ores, and very many of them are smelting ores. They are just as varied as they are all over this place.

Q. The contact veins to which you refer, are they well defined in large deposits?—A. Yes; very many of them.

REASONS FOR EXTENSION OF UNION PACIFIC SYSTEM.

Q. What other reasons have you, in addition to the views you have expressed, for advocating an extension of the Union Pacific system?—A. Nothing, except this, that if that road is extended about 700 or 800 miles it would go to the sea shore on the Pacific coast.

Q. Where would it strike the Pacific coast?—A. In the neighborhood of Los Angeles.

Q. Would that line have any significance on account of forming a through line for the Union Pacific from the Missouri River to the Pacific coast?—A. Yes.

Q. What are the products and subjects of traffic from the Pacific coast which would naturally come over this projected line and over the main line of the Union Pacific to the Missouri River, and from there east?—A. I think the fruits of Southern California that go to the Northern States would naturally all go that way.

A SHORTER THROUGH LINE ADVOCATED.

Q. Would it be a shorter or longer through line than any line now constructed?—A. It would be about 750 miles.

Q. Would it be shorter or longer than any line now in operation?—A. It would be shorter. The Central Pacific is 750 miles from San Francisco to Ogden. I do not think this road would be any longer from this city to Los Angeles.

Q. Would there be anything on the Pacific coast except fruit to transport?—A. Fruits and wines.

Q. Fruits and other products?—A. Yes.

Q. Would any of the grain of California go over that route?

The WITNESS. For the Eastern markets?

Commissioner LITTLER. Yes.

The WITNESS. I think not, except, perhaps, barley for lager beer. I believe California barley makes better lager beer than Eastern barley.

EXTENSION NECESSARY TO MAKE PROPERTY VALUABLE.

Q. Do you consider it necessary that the company should construct this extension in order to make its property a valuable and paying property?—A. It seems to me they must do it or they will be choked to death.

Q. As I understand, the road running to 'Frisco or Silver City is not a paying road since the failure of the Horn Silver mine?—A. I do not see how it can be.

Q. It has no western terminus or southwestern terminus?—A. No.

Q. It stops in a barren country?—A. Yes.

Q. Does that furnish a reason, in your judgment, why it should be extended to the Pacific coast?—A. I would not extend that line to the Pacific. I think you would lose 200 miles by it.

Q. Does that furnish a reason why there should be a road to the Pacific coast?

The WITNESS. The fact that that has stopped?

Commissioner LITTLER. Yes.

The WITNESS. No; I do not think it does.

WHAT LINE TO EXTEND TO PACIFIC COAST.

Q. What part of that line would you use to the Pacific coast, if any?—A. If I was a director in the Union Pacific I would simply extend that line to Pioche and then to the Atlantic and Pacific Railroad, and I would start from this city and go through Western Utah and Eastern and Southern Nevada in a general southwesterly direction.

Q. To the Pacific Ocean?—A. Yes, sir.

Q. How much of this line running to 'Frisco would be utilized as a part of the through line? Where would you branch off?—A. That would be for engineers to say. My judgment would be to go from here; but engineers have told me it would be better to go over the branch at Tintic.

Q. You would not abandon the line from here to Tintic, would you?—A. Oh, no; Tintic will take care of itself.

EXTENSION OF TIME TO PAY INDEBTEDNESS.

Q. Referring to the extension of the indebtedness, I understand you to say that you would favor an extension. You have not intimated what sort of an extension nor the terms on which the extension should be

made.—A. Of course that is a matter of detail, and for financiers. My judgment is that the bonds ought to be very long bonds and small bonds. That is, they should be bonds of which the company could take up so much a year until they were all paid; say in one hundred years or sixty years, with a very low rate of interest—about 2½ per cent.

Q. You refer now to the Government lien. Would you fund that into a long and small bond at a low rate of interest?—A. Yes.

Q. You would have those bonds payable by installments annually, or how?—A. I would have them paid annually, and I would have them so long that the company could do it.

Q. Would you ascertain the total amount of the indebtedness due the United States, and would you divide that indebtedness into semi-annual payments, and would you evidence the payments by small bonds at low rates of interest?—A. Yes, sir.

EXTENSION OF LINE TO PUGET SOUND ADVOCATED.

Q. Have you anything else to offer?—A. No; except that, in building this road, there is another region left. Four hundred miles of the road would give them an outlet to Puget Sound, that would carry them through a State that would be equal to Illinois, in time.

Q. That is Oregon, is it?—A. No; Washington Territory. If they go from Huntington down the Snake River, and up the Columbia to the neighborhood of Spokane, and then west to Seattle, I do not think the distance is over 400 miles. That would not only give them a chance at that wheat State, but would place them in the direct neighborhood of a mining region which, I think, will, year after next, be the finest in the world. I refer to Cœur d'Alene.

Q. Would it be practicable to haul the products of Washington Territory to the Eastern markets?—A. I do not see how it could be. I do not see how you can haul wheat 3,000 miles. They would haul the wheat of Washington to the Cascades, where they would have a direct waterway to all the markets of the world.

RESOURCES OF WASHINGTON TERRITORY.

Q. What other resources has Washington Territory, to support a railroad, than the grains which are grown there?—A. The grains, and the mines north of Spokane.

Q. Are there any timber lands there which would furnish traffic to the railroad?—A. There is a great deal of timber in the Cascades. It is almost immeasurable. I do not think the timber on this side of the Cascade Mountains will do to transport.

Q. What is the character of the country?—A. It is composed of table-lands and rolling hills, except the Cascades.

Q. Are the lands productive?—A. Wonderfully. They raise more wheat to the acre than any place on earth.

Q. Are the lands adapted to any other kinds of grain?—A. All kinds; all that grow in the temperate zone.

Q. Does corn grow there?—A. Well, no; corn is an exception; the nights are too cold. Corn has got to have warm nights to make it grow.

Q. What kind of a fruit country is it?—A. Excellent.

Q. What kinds of fruits grow there?—A. Hardy fruits.

By Commissioner ANDERSON:

Q. What is the population of that country?—A. The population is increasing at the rate of about 3,000 a month, in Washington Territory, I am told. I do not know, however, whether that is true.

RAILROAD SITUATION IN UTAH.

By Commissioner LITTLER:

Q. What other suggestions have you to give this Commission?—A. I do not think any.

Mr. ADAMS. This witness is singularly well informed as to the railroad situation here. I should like to bring out some facts if the Commission will permit me to ask him a question.

By Mr. ADAMS:

Q. You have, I believe, paid peculiar attention to the railroad situation in Utah?—A. Well, such as an editor would.

Q. Take the country east of here, and describe to the Commission what its present situation is and what its probable situation in the future will be, so far as railroad construction and competition are concerned. That is, what comes in competition with the Union Pacific system?—A. Well, the Denver and Rio Grande is a direct competitor here.

DANGER TO UNION PACIFIC FROM ANTICIPATED COMPETITORS.

Q. What competitors are looming up in competition?—A. The Chicago and Northwestern is in Wyoming and is coming this way, and I believe the Burlington and Missouri is also coming. I hear that the Midland also is rushing with all its power to get here.

Q. You mean the Colorado Midland?—A. Yes.

Q. That makes three lines that are coming?—A. Yes.

Q. When these lines reach here what will be the position of the Union Pacific in regard to the territory west of here?—A. I think it will be out in the cold entirely.

Q. That is unless it bestirs itself?—A. Yes; and very quickly, too. I am trying to build a road, on paper, now, myself. I am trying to start the people here to build that road.

Q. This field west of here you regard as an unoccupied field of great value?—A. I do. When you get 150 miles away from the Central Pacific you are competing with no one.

DEVELOPMENT OF UNION PACIFIC SYSTEM OF VITAL CONSEQUENCE.

Q. Then, from your point of view, as I understand it, and from a common point of view here, you regard the development of the Union Pacific system into this southwest region as a matter of vital consequence to the main line?—A. I think it will be choked to death unless it is done.

Q. That is, that we cannot stand still?—A. You cannot stand still. You are right in the middle of a very bad place.

Q. Is that opinion commonly entertained by the more observant, well advised, and well informed people of this region?—A. I think so.

Q. Your means of information on this subject are as good as those of any one in Utah?—A. I think so. Of course I do not know the secrets of other companies, or what combinations have been formed by them. Railroads have not given me their confidence as much as they ought to have done.

The Commission then adjourned, to meet upon the call of the chair.

OGDEN, UTAH, *Thursday, July* 21, 1887.

The Commission met upon the call of the chair, all the Commissioners being present.

DAVID H. PEERY, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Where do you reside?—Answer. I live in Ogden City.

Q. How long have you lived here?—A. Since 1866.

Q. What business have you been engaged in?—A. Merchandising, milling, banking, and farming.

Q. When were you mayor of the city?—A. I was elected in 1883 and again in 1885—four years.

BUSINESS RELATIONS WITH UNION PACIFIC.

Q. Have you had any business relations with the Union Pacific Railway Company?—A. Yes, sir.

Q. What has been the character of your business dealings with them?—A. Shipping and receiving goods from the East.

Q. What character of goods?—A. General merchandise; and I have shipped a vast amount of flour, too. I have had a flour mill here for twelve or fourteen years.

Q. Are you president of the chamber of commerce?—A. Yes, sir.

Q. How long have you had an organization here?—A. Last spring, April 14.

FACILITIES AFFORDED BY UNION PACIFIC.

Q. What have been the facilities and accommodations afforded to the community here by the Union Pacific Railway Company?

The WITNESS. In what way do you mean?

The CHAIRMAN. Generally.

The WITNESS. Do you mean in shipping goods and doing business?

The CHAIRMAN. With reference to the shipment of goods or with reference to the passenger traffic.

The WITNESS. Do you mean the conveniences here?

The CHAIRMAN. Yes.

The WITNESS. They have been very bad, so far as our depot is concerned; very.

INDUCEMENTS MADE TO RAILROAD COMPANY.

Q. Will you state to the Commission your views on the subject?—A. I guess in the spring of 1869, in Brigham Young's day here, he thought it advisable, or that it would be to the interest of the people of Ogden, to give the railroad company a large tract of land here—about 130 acres. Some were opposed to it and some were in favor of it. But, anyhow, those who were opposed were bought out, and those 130 acres of land were turned over to them with the understanding that this should be the permanent depot, and with the understanding that we should have a depot house in keeping with the town and with the commerce that would grow from it. The people threw in a great deal of money for that day, at least, and were taxed voluntarily, I believe, expecting that the depot would be established here.

PROMISES NOT FULFILLED AS TO DEPOT BUILDING.

Not only that, we expected that we would have a suitable depot building; this being as it were the terminus. At that time there were three

railroads, the Central Pacific, the Utah Central, and the Union Pacific. From that time on we have been sadly disappointed. Further, while on that subject, I will say that we conceived that they had not dealt with us as they should; that we should have a depot here that would accommodate the people. Indeed, there have been complaints that it has been so crowded down there that there have been many persons killed. It is a subject that you can hear spoken of, even to-day, as well as for years back, that there has been no retiring room there for the women. They could tell you, and so could the hotel men, that there has been no place to go. And as to the receiving of goods, there has been no convenience to do business. But we have borne with it. We have frequently waited upon the authorities of the Union Pacific and Central Pacific railroads, with the understanding that we would get it.

ANOTHER PROPOSITION.

Finally, last fall, it was brought up, and attorney Williams, attorney for the Union Pacific Railroad, came up here and wanted to know if we would close Fifth street here. That is one of our principal streets, the one that we came up, and over which the street-car company has a franchise. We of the city council told them—I was then mayor—we would consider it, provided they would go on continuously in building this depot. He had a plan of it, a very nice building, acceptable to us, and we told him to draw it up and make his proposition as to what they would do, and we would take a vote of the city council of it. He said he was authorized to enter into obligations for the railroad company, being attorney for the Union Pacific, and he bound himself, or the railroad, to continuously go on and build this depot. It went on until somewhere about the 1st of January, when all at once the thing quieted down. Our town would probably have been much larger than it is, had it been known that this would be the central point and the depot. But, in consequence of that, many men who would have built and started factories, thinking it might be moved to Salt Lake or some other place, did not build. Indeed, I would have built for myself a large house last summer had that been done.

Q. What is the population here?—A. I would suppose about 9,000.

VALUE OF LAND DONATED.

Q. What was the value of the land donated?—A. Land in the country across here on the road leading north, farther off than that, and a mile from here, has been sold at $400 an acre. This is much closer to the city.

Q. What was the vote on the question of the donation?—A. I do not remember about a vote. It was more particularly urged upon the people to it. It was on me. If it came to a vote, I have forgotten. It was not a tax upon the city. It was a voluntary donation.

Q. What do you mean by some persons being bought off?—A. Some persons owned land, and did not want to give the land without being paid for it. Some of them owning small amounts did give it, and others were paid.

Q. How many did the city buy off?—A. Indeed, I could not tell you; but there are parties here, I guess, who can. Mr. Dee over there, I guess, can answer it more particularly than I can.

PUBLIC SENTIMENT THAT OGDEN WAS DISCRIMINATED AGAINST.

Q. Have you any knowledge of any other complaints?—A. These freighters can more particularly bring their grievances on that score.

I do not know that I have any at all on that score. It has been generally understood that we have been discriminated against as to that; but I did not want to make complaints myself about it. There has been a heavy feeling that Ogden has been particularly discriminated against in favor of other places. There are other parties here that I could mention that more particularly can bring those things up; they have been in that line of shipping.

Q. Have there been any complaints filed in the chamber of commerce since your organization?—A. I do not think there has; no, sir. But there has been a very strong feeling that we would combine for self-protection with some others who were opposed to going so far as that

REBATES FOR FAVORED SHIPPERS.

By Commissioner ANDERSON:

Q. Do the complaints that you refer to relate to discriminations against the place, or has it been complained of generally in this town that there are favored shippers who get rebates that others cannot get?—A. It is that. There are favored shippers that get rebates that make it difficult for smaller houses. Not only that, but the rates charged on goods shipped from Cash Valley to Ogden are the same as though they shipped to Salt Lake. For instance, they made a little rebate on wheat, but they get it from Cash Valley, north of this 40 miles, to Salt Lake, south of here 37 miles, the same as we do. I have understood virtually it is the same way from Salt Lake going north. As to that, I do not know. But I have understood that they charged the same to Ogden as to other places. You understand, in shipping goods from Cash Valley, as I am informed, they could ship to Salt Lake the same as they could to here, which is about 37 miles farther.

OGDEN DISCRIMINATED AGAINST.

There are other discriminations. From south of Salt Lake City they would charge so much to Salt Lake City. Then we had to pay them so much from Salt Lake City to here. There is that discrimination. I have not experienced very much of that myself, although there are other parties here who can tell you of it. Mr. Adams, I guess, could more particularly talk to you on that. There have been several discriminations against us on that. We contend that we should have the same rates that they have at Salt Lake. As to buying anything at Salt Lake and having it shipped here to Ogden, if they could get it to Salt Lake at the same rate we could, it makes it very hard. If we had the same privilege of buying wheat at Provo, and could get it at the same rate that they get it at Salt Lake, we would not complain. As to that, I do not know. But there are men who can more particularly enlighten you on that subject.

Q. In regard to your shipments of flour, where do you send your flour?—A. We ship flour to Montana—to all parts of Montana pretty much, and to Idaho, and to Wyoming.

NO REBATE ON FLOUR SHIPMENTS.

Q. In rendering you bills for your freight, have such bills been rendered at the open tariff rate?—A. I think so. We have no rebate on any shipments of flour. I think we have had a little rebate on wheat.

Q. Where do you ship wheat.

The WITNESS. I mean the wheat received from Cash Valley shipped to us.

Q. Where is Cash Valley?—A. North of this 6 miles. Logan is the capital town.

Q. Do you yourself ship wheat from there?—A. Yes, sir.

REBATES ON WHEAT AND GENERAL MERCHANDISE.

Q. What rebate has been allowed?—A. I think the regular charge was about 12½ cents a hundred, and we, I think, got it at about 10.

Q. Was there a rebate of 2½ cents?—A. Yes, sir.

Q. Was that done in a general way?—A. Yes, sir.

Q. Was it refunded on a rebate voucher?—A. Yes, sir. They acted very gentlemanly with us as to that. I told you I had no complaint to make as to that when you asked me the general questions.

Q. What has been the rate from the Missouri River on general merchandise from the East?—A. From Missouri River, on dry goods, it is $3 a hundred.

Q. Is that the open rate?—A. Yes, sir. From Chicago it is about $1.90, I think, on dry goods.

Q. Have you been allowed any rebate on that?—A. Very few persons have had any rebate on dry goods.

Q. Who has had a rebate on dry goods?—A. I could not tell you. Groceries, I think, are about $1.55.

Q. How has it been in regard to rebates on groceries?—A. We have never got anything that I remember.

Q. Have you any reason to believe that any dealers in Ogden have received a rebate on groceries?—A. I have heard so.

Q. Who have you heard had got it?—A. I have heard that the Zion Co-operative Mercantile Institution had, and also Mr Keisel. I have heard that he got rebates, but I know nothing about that. It is only rumor. There are other men who would know more particularly about it than I would.

OFFICERS AND EMPLOYÉS NOT INTRUSTED IN CONCERNS ALLOWED SPECIAL PRIVILEGES.

Q. Have you ever heard it intimated that any of the officers or employés of the Union Pacific are interested in any of those concerns that have been allowed special privileges?—A. No, sir; I do not know that any of them are.

Q. Have you heard that any of them are interested in any enterprise, manufactories or transporting companies, that have connections with the Union Pacific?—A. No, sir; I do not know anything of that kind.

CENTRAL PACIFIC AND UNION PACIFIC INTERESTED IN DEPOT BUILDING.

Q. Do the remarks that you have made in regard to the failure to establish suitable terminal facilities here, such as this town is entitled to, apply as well to the Central Pacific as to the Union Pacific?—A. I have never heard that the Central Pacific has discriminated as much against Ogden.

The CHAIRMAN. I am talking about the establishment of the depot building here.

The WITNESS. We considered them equally bound with the other company, and we have had many meetings with Mr. Crocker and others, with the understanding, from time to time, that this depot would be built.

Q. Does what you have said apply to both companies?—A. Yes, sir; to both companies, with regard to the railroads. We hold them both bound to go on and build this depot.

By Commissioner LITTLER:

Q. How was this land donated? To what company or companies?—A. I think it was donated to the Union Pacific and Central Pacific.

Q. How many other roads are interested in this union depot?—A. I guess the Utah Central and——

Commissioner LITTLER. That is a branch of the Union Pacific.

The WITNESS. Yes, sir; that is a branch, and the Utah Northern is also. I do not think the Denver and Rio Grande have any rights in it. They have bought another plot. You may say the two companies, probably.

STOCK-YARD AT OGDEN.

By the CHAIRMAN:

Q. Have you any stock-yard here?—A. There is a stock-yard down at the depot; yes, sir.

Q. Who has charge of it?—A. I could not tell you.

Q. Who furnishes cattle with hay at the stock yard?—A. I do not know anything about that.

A VOICE. John Dee, a livery-stable-man.

Q. How many coal shippers have you here?—A. That I could not tell you.

ROCK SPRINGS AND PLEASANT VALLEY COAL.

Q. What kind of coal do you use?—A. There is Rock Springs coal here, and the Pleasant Valley coal; more particularly those two are used.

Q. How many are in the habit of selling Rock Springs coal here?—A. I think there is only one.

A VOICE. Two.

The WITNESS. Mr. West can more particularly answer questions about coal.

Q. Have you any other complaints to make, or any information to give to the Commission?—A. No, sir.

OGDEN, UTAH, *Thursday, July 21*, 1887.

LOUIS B. ADAMS, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I have been in the produce and commission business and in the grain business.

Q. Where have you been doing business?—A. In this city.

Q. How long have you been engaged in business?—A. Since 1871.

BUSINESS TRANSACTIONS WITH UNION PACIFIC COMPANY.

Q. Had you business transactions with the Union Pacific Railway Company?—A. Yes, sir.

Q. What kind of goods did you ship over the road?—A. Grain. Produce of all kinds, such as potatoes and vegetables, and salt. I was in the salt business some years ago. All my transactions with the company have been very satisfactory, excepting in that particular line. In that I have been very badly dealt with.

By Commissioner ANDERSON:

Q. In what particular line?—A. In shipping salt east and north.

By the CHAIRMAN:

Q. Between what points did you make your general shipments?—A. I used to ship to Denver, and then I used to ship to Idaho, and principally to Montana.

Q. Where did you purchase the salt?—A. It is made by solar evaporation on the shores of Salt Lake. It is made about 6, 8, or 10 miles from here. There are salt beds at Hooper and at Plane City. The principal ones are at Plane City now.

DIFFICULTIES IN SHIPPING SALT.

Q. What were your difficulties in the shipping of salt?—A. I may say I was the first shipper, in the northern part of the country, of salt to Denver. I was the first exporter, and naturally had the business facilities for gathering salt and making the business contracts here. I traveled the road a great deal, and got custom at the other end, so that I would supply direct to men who would use it, mills, &c. They could get it direct from the producers, the men that would make it. I found, after an investment of several thousand dollars, that in the mean time another party in Salt Lake had the "inside track." I do not mean to complain, but still it was a matter of business.

Q. What was the name of that firm?—A. Lyman & Wallace. They apparently had what we call the "inside track" on us. I held up as long as I could, and I found that the Union Pacific was backing them. I have no data or figures or anything authentic, only I know that I bought salt cheaper than they did, and they disposed of salt in Butte, Mont., at less figures than I could. I handled, I do not know how many thousand tons one year at absolutely cost, just to see if I could not hold my own, and I found it was impossible to do it. I concluded that, the Union Pacific being behind it, I had better drop it, and I sold out at a small loss.

LYMAN & WALLACE FAVORED BY UNION PACIFIC.

Q. What made you think that the Union Pacific was behind it?—A. The general reputation was that Lyman & Wallace were favored to some extent by the Union Pacific. I do not know why. But that was the general impression. When I know what salt cost me, and when I know what salt cost the other party, in that particular year, and they sold it for half a dollar a ton less than I could in Montana, that naturally assured me they were not doing the business for the fun of it.

Q. How did they secure the advantage over you?—A. I do not know that. I presume they either got a direct or indirect rebate, or it got back to them some way.

HAD TO SELL OUT TO LYMAN & WALLACE.

Q. What was the effect on your business?—A. It was such that I sold out at a loss, and concluded to quit the salt business and devote my attention to something else.

Q. What did you pay for the salt?—A. I have no data. I did not come here with the expectation of testifying. I have my books, and I presume I could get full particulars; but, if I remember right, I sold out in 1882 to Lyman & Wallace.

By Commissioner ANDERSON:

Q. We want to know what the goods cost you per ton. Can you tell that?—A. At that time it was a great deal higher than now. I think it cost us $3 a ton, or possibly $3.50.

By Commissioner LITTLER:

Q. Do you mean on the track?—A. On the track.

By Commissioner ANDERSON:

Q. Do you not know whether it was $3 or $3.50?—A. I think it was $3.50 at that time. I am talking now of 1881 and 1882.

By Commissioner LITTLER:

Q. Do you not remember the rate you paid?—A. I really had nothing to do with the rate; I think at that time it was $35 a ton.

Q. To what point?—A. To Butte, Mont. The mill men paid their own freights.

Commissioner LITTLER. Mr. Wallace was examined before us yesterday and testified that he paid from $3 to $3 50 a ton for the salt delivered on the train here.

The WITNESS. That is correct, then. Possibly he refreshed his memory from his books. I did not.

COULD NOT COMPETE WITH LYMAN & WALLACE.

Q. Was the only reason you could not compete with Lyman & Wallace because of some favored rate which they must have received from the railroad?—A. That is it exactly. In fact, I know I made a contract for a thousand tons at a half dollar less than he did, because I know what he paid for his salt that same year. So I know that as long as I was working for nothing, he was making a dollar a ton in the way he was selling.

By Commissioner ANDERSON:

Q. Did the rate remain at $35 up to the time you went out of business?—A. I think it did up to the time I went out of business.

Q. When was that?—A. I went out of this particular business in 1882. It is down to $12 now, I think, or $12.50.

By Commissioner LITTLER:

Q. Since you have had competition here with the Rio Grande can you handle salt?—A. Not northward, you know. We only have the Utah and Northern out here.

Q. Is the chief demand for the salt over the Utah and Northern?—A. Yes, sir.

Q. Is it used for smelting purposes?—A. Yes, sir.

INEFFECTUALLY FIGHTING LYMAN & WALLACE.

By Commissioner ANDERSON:

Q. If Lyman & Wallace were allowed a commission of 50 cents a ton on all the salt they transported, would that be sufficient to affect the trade so as to drive people out of business who were not allowed such a commission?—A. It would, to a certain extent. That year I knew they were competitors of mine; and where we used to make a dollar and a dollar and a half a ton on salt, as I told you before, I handled it that year for nothing, absolutely at cost, in order to compete and hold my own. I had a custom and intended to keep that custom; but I found it was an outlay of considerable money and an outlay of considerable time. I knew that they were in business and had been in business at Salt Lake, and had flourished very well. The general feeling was that the Union Pacific was behind them. To my certain knowledge they must have got a rebate, or else they were handling the salt at a

the year I was handling it for nothing. I knew that, because I bought it at half a dollar less than they did, and they were selling at my price and half a dollar less than I was.

WOULD HANDLE SALT FOR NOTHING TO GET A SHOW.

Q. They swear that they were buying at $3 a ton, and were allowed a commission of 50 cents for salt at this time, which commission they afterwards received. I want to know if the allowance of 50 cents commission on the ton would be sufficient, from your knowledge of the salt market, to drive you out if you were not allowed anything?—A. No, sir; it would not, from the fact that I had other business that I was attending to. In order to hold my own, I stated then that I would handle the salt for nothing for three years if I had a show with them. But I saw that they would make at least half a dollar where I would make nothing.

Q. Is it your judgment that they must have had some rebate in addition to this 50 cents commission which they admit they received?—A. I am not prepared to say positively that 50 cents a ton was sufficient for them. Possibly they may have handled it the same way I did, in order to drive me out of the market, for a year or two.

Q. If they were getting 50 cents a ton would that not oblige you to leave the market to them?—A. No, sir; not necessarily.

Q. Would you not have to sell at a loss?—A. I knew it would if I was to continue for years; but I would hold my own for a year or two. They would be making a half a dollar and I would be making nothing.

UNDERSOLD HALF A DOLLAR.

Q. How much did they undersell you?—A. I think only a half a dollar.

Q. What makes you think they bought the salt cheaper than you did?—A. Because I am personally acquainted with the men who were making salt at the time. There were only two companies. I had two friends with me that made a special partnership on this salt question; and one of them was a party who lived there and had control of these men to a certain extent, or had more influence over them than I could bring to bear.

Q. Do you know the company that was engaged in this business of making salt in which Bishop Sharp was interested?—A. That company was not in existence at the time.

Commissioner ANDERSON. I refer to the Deseret Salt Company.

The WITNESS. That was not in existence at that time. That really sprung from the other shippers, who really were obliged to cease shipping at the time.

Q. Is there any other dealer who has attempted to compete with this concern of Lyman & Wallace, subsequently to your time?—A. Yes, sir; Fred. J. Keisel & Co. have since started in, and successfully; so I infer from that that they either got the same rebate or that there were no rebates given. After I sold out the salt business I paid no attention to it.

Q. Are they here?—A. Yes, sir.

EXTENT OF THE SALT TRAFFIC.

By Commissioner LITTLER:

Q. What is the extent of the salt traffic here?—A. I presume the Union Pacific officials could tell you better than I can.

Q. What was the extent of your shipments; how many tons a year did you handle?—A. At that time I might say the salt shipments were in their infancy, but I think not less than 10,000 tons, including the Denver shipments.

Q. From your knowledge of the traffic, what would you say it amounts to now?—A. I think it ought to amount to nearly double that. This is merely guesswork on my part. Undoubtedly you could get the exact figures from the officers.

Q. Have you ever heard that any officers of the Union Pacific were interested with Lyman & Wallace?—A. No.

WHO SHARED IN THE PROFITS OF LYMAN & WALLACE?

By Commissioner ANDERSON:

Q. Have you heard that they shared in their profits in any way?—A. I have heard rumors; but then I do not know anything about it.

Q. From whom have you heard that? We will ask them.—A. I might say that I have not. It is merely hearsay. It is here and there, you know—"Well, some of these officers must be in with them," or something of that sort. But no names were mentioned, to my knowledge or in my hearing.

WAS THERE A REBATE ON SALT?

By the CHAIRMAN:

Q. Did you make application for a rebate on salt?—A. I wrote to the officers at Omaha, and I was assured by them that that there were no rebates. In fact, I was informed, I think, by Mr. Kimball (I do not know but it was Mr. Shelby—no it was another officer, but it was a high officer in the Union Pacific office in Omaha at the time), that the books were open to my inspection; that there was not any rebate being given. I felt confident, however, that there was, and I wrote to President Adams and made a complaint, and he referred it, I think, to Manager Kimball at the time, and Mr. Kimball wrote to me and stated that the books of the company were open to my inspection; that there were no such things as rebates.

Q. Have you a copy of that letter?—A. I think that letter was burned. I had a fire here about four years ago.

Q. At what date was that when you made the application for the rebate and received such an answer from Mr. Kimball?—A. I do not think I worded my letter in the shape of a rebate. I merely made a complaint, stating that I was confident, from the experience of the past year, that other parties, and I think possibly I named Lyman & Wallace, were having rebates, and that it had worked a great injustice to me; that I had invested considerable money, and that it was going to be almost a total loss to me, and I wished—possibly, I may have said that—that I could have the same rebate.

Q. In what year was that?—A. That was in 1881 or 1882.

NEGOTIATIONS WITH LYMAN & WALLACE.

Q. When you sold out to Lyman & Wallace, did you have a conversation with them about being compelled to go out of the salt business?—A. No, sir; I did not have a conversation with Lyman & Wallace myself. Mr. L. W. Shirtliff, who was a partner of mine, conducted the negotiations with Lyman & Wallace.

Q. Did your firm go to Lyman & Wallace or did Lyman & Wallace come to you to make the negotiations?—A. We went to them.

Q. What induced you to go to Lyman & Wallace?—A. Because I knew that they would be able to do better. In fact, I think there were hints thrown out that it was merely a question of time before we had to give up, and possibly a short time, according to the length of our pocket-book. I did not have that direct from Lyman & Wallace, but still I feel that it came from one of the gentlemen.

Q. How many others were engaged in the salt business here?—A. Mr. William Vandyke, I think, was shipping some also at the time, but not as extensively.

Q. Has he discontinued the business?—A. He also discontinued the business. He was really connected with Lyman & Wallace at one time, however.

Q. Did he close his salt business by selling out to Lyman & Wallace?—A. That I could not say. The gentleman is in town, and I suppose he will be sent for.

DISCRIMINATION IN THE GRAIN BUSINESS.

By Commissioner LITTLER:

Q. What other discriminations do you know of here?—A. As to discriminations, I know of none, except from hearsay.

Q. What have you heard?—A. I have heard that there were discriminations in importing grain to here from the East; that some get small rebates. But I know nothing positive. I think it is whittled down now very small.

Q. Who are engaged in the grain business?—A. Mr. David Kay, Mr. Van Dyke, Mr. Stevens.

Q. Who else?—A. I think they are about the main ones. Mr. John Watson and the Zion Co-operative Mercantile Institution.

Q. What other discriminations in relation to merchandise or other business have you heard complained of?—A. I have heard that there have been some, but I do not know of my own knowledge.

Q. Do you think the general policy of the Union Pacific is to discriminate against the town generally?—A. I do not think so, although it is the impression.

Q. What motive could they have in discriminating?—A. That is why I think there is nothing in it. It is more the impression that seems to prevail, that they are doing it and have been doing it. I think, however, that they have been doing so in favor of other cities like Denver and Omaha, in shipments of ore from Idaho and Montana; but as to grain shipments or anything of that kind, I do not think there is anything in that.

Q. Are there any smelters here?—A. No, sir.

Q. Are there no ores handled here?—A. No, sir.

OGDEN, UTAH, *Thursday, July* 21, 1887.

JOHN M. DEE, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Livery.

Q. Where is your place of business?—A. On Main street; also on Fifth street.

Q. Do you mean in Ogden?—A. Yes, sir.

Q. How long have you been in business here?—A. Fourteen years.

Q. Have you any business relations with the Union Pacific Railway Company?—A. Yes, sir.

IN CHARGE OF OGDEN STOCK-YARD.

Q. What kind of business do you transact with them?—A. I carry their mail and take care of their stock-yard. I have done so for some years.

Q. Are you employed by the company?—A. Yes, sir.

Q. Do they pay you a salary?—A. Yes, sir.

Q. What salary do they pay you for the care of the stock-yards?—A. They only give me the privilege. They do not give me any salary. I take that part back. I just merely handle the stock-yards for them, and make what I can out of them.

Q. What privilege have you as to the stock-yards?—A. The privilege or right of feeding all the stock traveling over the road.

Q. What benefit is that to you?—A. It gives me a profit on what I sell to it.

Q. What do you feed to the cattle?—A. Hay.

Q. What do they give for hay?—A. They pay various prices.

Q. What are the prices?—A. They vary from $10 to $15 a ton for hay.

Q. What do you pay for the hay?—A. On an average $10 a ton.

Q. What do you charge to the feeder?—A. We attend to the stock and do everything, and we generally charge him $1 a hundred.

Q. What would that be for hay per ton?—A. That would be $20.

Q. Then your privilege consists in getting the difference between $10 and $20; is that it?—A. Yes, sir; on an average.

Q. How many stock-yards are there in Ogden?—A. Only one.

AGREEMENT WITH CENTRAL PACIFIC AND UNION PACIFIC.

Q. Had you any written agreement with any of the officers of the company?—A. Yes, sir.

Q. With whom did you make the agreement?—A. With both companies, the Central Pacific and the Union Pacific.

Q. Who acted for the Union Pacific?—A. The agent of the company, Humaliski.

Q. What kind of an agreement did you have with him?—A. I had an agreement to take charge of the yards, and to attend to their business at all times of the day and night, whatever it was necessary to do, and also gave them a bond for $10,000 for the return of and responsibility for all stock turned into the yards. I am responsible to the railroad company to the extent of $10,000 for any stock missing.

Q. Have you a copy of the agreement?—A. I have not with me; no, sir. I have one in my safe.

Q. Will you produce the agreement to the Commission?—A. Yes, sir.

Q. How many stock do you feed during the week?—A. Some weeks we may feed a thousand head. It may be a month or six weeks we do not have any at all.

Q. How many tons of hay do you consume in a week?—A. It depends on the stock that travels.

Q. What do you average in the year?—A. Probably 40 tons.

OFFICERS OF THE COMPANY NOT INTERESTED.

Q. Have any of the officers of the Union Pacific Railway Company an interest in your agreement with the company?—A. Not much. Not that I know of.

Q. Have you paid to any of the officers, employés, or agents any compensation or bonus?—A. Not a quarter of a dollar.

Q. Did you bid for this contract?—A. Yes, sir; I made an application for it.

Q. Were there any other applicants?—A. Not that I know of. There may have been for all I know.

NOW PAID FOR CARRYING THE MAIL.

Q. How are you paid for carrying the mail of the Union Pacific?—A. By the railroad company.

Q. What salary do they pay you?—A. Various ones pay a certain amount. The Union Pacific, and the Central Pacific, and the Denver and Rio Grande, and the Utah Central, all pay so much each.

Q. What mail do you carry?—A. I carry all the mails that arrive at Ogden from all parts.

Q. To what points?—A. From the depot to the post-office.

Q. What other business transaction have you with the Union Pacific Company?—A. None at all.

Q. Will you produce the agreement while we are here?—A. Yes, sir.

OGDEN, UTAH, *Thursday, July* 21, 1887.

SIDNEY STEVENS, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am in the machinery and buggy and wagon and carriage business.

Q. Where is your place of business?—A. On Fifth street, Ogden.

Q. How long have you been engaged in your present business?—A. About twenty years. Seventeen or eighteen years.

Q. Have you been engaged in any other business?—A. Yes, sir.

Q. What other business?—A. The grain business, and merchandise, general merchandise.

Q. Have you combined them all together?—A. No, sir; they are separate businesses. The merchandise business is at North Ogden. The grain and machinery business is here at Ogden City.

Q. And is the wagon business here also?—A. Yes, sir.

Q. Have you any other business?—A. No, sir.

Q. Are you engaged in the forwarding business?—A. No, sir.

Q. Have you had any business transactions with the Union Pacific Railway Company?—A. Yes, sir; a great deal.

CHARACTER OF SHIPMENTS.

Q. What has been the character of your business relations with them?—A. It has been in shipping grain and implements, wagons, buggies, and merchandise.

Q. Between what points?—A. From the Missouri River, on the Union Pacific, but the goods have come from Pittsburgh, Chicago, Saint Louis, and New York, and those manufacturing districts in the East.

Q. Have you shipped any over the Central Pacific?—A. Yes, sir.

Q. To what points?—A. San Francisco, Sacramento, San José, and different other points on the Pacific coast.

Q. What facilities and accommodations have been afforded to you by the Union Pacific and Central Pacific for shipments?—A. The accommodations are very limited. There is no place to unload and virtually there is no decent place to load the freight. It is very difficult to do business with the conveniences furnished here. It takes a good deal of extra labor and time, and furthermore I had a man nearly killed three years ago taking an engine off the cars. There was no place to unload it. It costs me a great deal of money.

COMPLAINTS AS TO FACILITIES.

Q. Have you made any complaint to the company?—A. Yes, sir; I made complaints at the time.

Q. What answer did you receive?—A. That after a short time there would be conveniences furnished. We have talked the matter over a good many times with the officers of the Union Pacific. We expected we would have some conveniences here for loading and unloading, such as freight houses and a passenger depot. Of course, with the understanding that they were going to be furnished, we have been very patient until the present time.

Q. Have you had any arrangement with the Union Pacific or the Central Pacific as to your freight rates?—A. Yes, sir.

Q. What arrangements have you made?—A. The arrangements have been the same as has been furnished to my competitors, I believe.

COMPETITORS IN BUSINESS.

Q. How many competitors have you?—A. I could not positively say how many. There is quite a number here.

Q. Will you name them?—A. There are in the grain business Mr. David Kay, Mr. L. B. Adams, Mr. William Van Dyke, and the "Z. C. M. I." I believe they do some shipping of grain. In the implement business there is George A. Lowe; formerly it was Howard Sebree, but he is out of town now. I do not recollect any others.

Q. Have you always paid the open public rates?—A. Yes, sir.

Q. Have you had any special rate?—A. No, sir.

Q. Have you ever had a rebate from either of the companies?—A. No, sir.

COMPLAINTS AS TO RATES.

Q. Have you ever made an application for a rebate?—A. I have complained about the rate, but I made no application for any rebate.

Q. Have you any knowledge, during the time of your shipments, that any of your competitors were receiving special rates?—A. Not positive knowledge.

Q. What other complaints, if any, have you to make as to rates?—A. I have complained in one matter—the shipping from here to San Pete County, south, or Milford, or any of those places south. It pays me best to ship it to Salt Lake and have it reshipped from there.

By Commissioner ANDERSON:

Q. Do you mean over the Utah Central?—A. Yes, sir; and in shipping north we get the same rate as Salt Lake gets, while Salt Lake is south of us about 37 miles.

By the CHAIRMAN:

Q. What is the reason for that discrimination?—A. I cannot tell.

Q. What explanation has been given?—A. There is none that is anyways satisfactory to me; only that it will be changed. I have never seen

any particular disposition on the part of the Union Pacific to injure me particularly or any of my competitors; but as to this method that is adopted they claim that it is not they that do it, and that the Utah Central is in fault, &c. But of course that does not amount to anything to me. I have my own ideas on the matter. I think that the Union Pacific has control of the Utah Central, and of course they want to get all the trade they can. They want to keep the Salt Lake business moving the best they can and therefore they have to keep in with the trade the best way they can manage to do so.

UNION PACIFIC PREFERENCE FOR SALT LAKE CITY.

Q. Why would they give a preference to Salt Lake City?—A. Seemingly they have some preference for Salt Lake City—I do not know what it is—or else they would not give Salt Lake the same rates to go north as Ogden has, to which place the trade usually and always had come.

Q. What has been the effect upon this community?—A. It has damaged our business at Ogden a great deal. A great deal of damage has been done to her business.

Q. Has it affected all classes of trade?—A. I think it has.

Q. How long has it continued?—A. About three years.

Q. What other knowledge have you as to any complaints existing in the community?—A. The community here is complaining very severely at the present time on account of having given the land here for a depot, and an excitement has been raised a number of times against the Union Pacific and Central Pacific for not doing as they agreed in relation to building depots, after the citizens gave the land.

Q. Have you any knowledge as to any other complaint?—A. I do not think of any at present.

Q. Have the Union Pacific employés, agents, or officers participated in any way in influencing the elections in this section?—A. I think not.

Q. Do you know whether at any time any of the agents, officers, or employés of the company in any way have interfered for the purpose of influencing legislation?—A. I think not.

FREIGHT RATES TO SALT LAKE CITY AND FARTHER POINTS.

By Commissioner ANDERSON:

Q. What is this particular point you referred to where you found it better to ship to Salt Lake City and thence to your further points? What are the rates?—A. The freight rate is less.

Q. Can you give us the figures?—A. I could not do it here. I would have to go to the office.

Q. What is the Southern point that you speak of beyond Salt Lake City?—A. The San Pete County.

Q. Do you say that the two local freights would be less than the through freight?—A. Yes, sir.

Q. How much less, about?—A. That I could not say. I would have to look it up.

Q. What do they do at Salt Lake City with your merchandise?—A. Receive it and reship it.

Q. Who gets any benefit from that?—A. I do not know of any one getting any benefit, only myself. That is, the freight is a little less by shipping it to Salt Lake and reshipping it to San Pete County.

By Commissioner LITTLER:

Q. Do you mean through freight from the Missouri River?—A. No, sir; that is the local freight from here.

By Commissioner ANDERSON:

Q. Does anybody make a charge for anything at Salt Lake City?—A. No, sir. My agent in Salt Lake City reships it.

Q. Do they have to break the bulk?—A. It is simply implements that are going south; implements or machines that are going south.

Q. Does it remain on the same car at Salt Lake City?—A. At Salt Lake the agent takes it and reships it.

Q. Does he take it off the car and put it on another car, or does he leave it on the car?—A. I think it is taken out on the platform; I am not positive as to that, whether he does take it out or not.

Q. Is there any charge for handling the goods?—A. He charges me nothing.

DISCRIMINATION AGAINST OGDEN IN FAVOR OF SALT LAKE CITY.

Q. Are you unable to give us any suggestion as to what advantage this is to anybody to induce them to do it that way, or to favor that way of doing it?—A. It is simply to take the freight so that the patrons south will come to Salt Lake and will bring their business to Salt Lake instead of to Ogden, as I take it.

Q. Why should that have that effect?—A. Because they can get goods from Salt Lake less than they can from Ogden.

Q. Then is it connected with the rates on other merchandise that goes from Salt Lake?—A. Yes, sir.

By the CHAIRMAN:

Q. Does the information you have given to the Commission with reference to rates and discriminations apply also to the Central Pacific, in a measure?—A. As to the Central Pacific I do not know of any discrimination particularly. They have a rate which is established that we go by. We can ship grain to California at about 32 cents, and we can ship it to any point this side of San Francisco at the same rate; but going east we cannot do so.

Q. Do you mean east of Ogden?—A. East of Ogden.

UTAH CENTRAL OFFICERS LARGELY INTERESTED IN SALT LAKE.

By Commissioner LITTLER:

Q. Is it not true that the chief officers of the Utah Central road are largely interested in Salt Lake City, and are large owners of property there?—A. They are, I presume. They are residents, some of them. That is, several of them are residents of Salt Lake.

Q. To the extent they are interested in property there, they are also interested in building up Salt Lake City against Ogden, are they not?—A. Possibly so.

Q. May that not account for the peculiar arrangement which requires you to ship to Salt Lake City and then reship?—A. It may. But there is one thing that I cannot understand in that matter, and that is why they can carry the freight to Salt Lake and back again to Ogden, going north, for nothing—free. I consider that is a discrimination against Ogden.

Q. That is pretty hard to understand, is it not?—A. Yes, sir.

Q. You cannot explain the motive, either?—A. No, sir. That is one thing that I have never got a satisfactory explanation of yet.

The CHAIRMAN. Perhaps Mr. Shelby can give an explanation of that.

OGDEN, UTAH, *Thursday, July* 21, 1887.

PETER P. SHELBY, being further examined, testified as follows:

By the CHAIRMAN:

Question. Will you tell us about that?—Answer. Yes, sir. The rates from the Missouri River to Salt Lake City and Ogden are the same, and we endeavor to make the rates from Salt Lake City and Ogden the same out on our local lines. But the Utah Central declined to do this, so far as their road was concerned. We have been trying to get them to make the same rates from Ogden to points south of Salt Lake City that they make from Salt Lake City, and quite recently they promised to do it. I propose to notify these merchants within a day or two that they will do it, and that will remove all that trouble.

UTAH CENTRAL NOT APART OF THE UNION PACIFIC SYSTEM.

Q. Is it not under the same management?—A. No, sir.

Q. Does not the Union Pacific control the Utah Central?—A. No, sir.

Q. Have they not the controlling interest?—A. They may have control of the stock and the bonds, but they do not control the road.

Q. What greater control would you want than the control of the stocks and bonds in a railroad?—A. The Utah Central is not a part of the Union Pacific system. It is operated independently of the Union Pacific.

Commissioner ANDERSON. It is a part of the system, certainly.

The WITNESS. No, sir; it is not in the Union Pacific system. There are other parties in interest in the Union Pacific that have about 40 or 45 per cent. of the stock of the Utah Central, but they are not interested in Ogden so much as they are in Salt Lake City. They would prefer to have the goods come to Salt Lake City and pay them 10 per cent. of the through rate from the Missouri River rather than to have them stop at Ogden. We have been corresponding on this subject for nearly a year, until finally the Utah Central management said that they would be willing to make the rates from Ogden to points south of Salt Lake City the same as from Salt Lake City, so far as practicable. Of course, they could not make them the same to points immediately south of Salt Lake City a few miles. Neither do we make the same rates from Salt Lake City to points immediately north of Ogden the same as from Ogden. The two tariffs run together at Logan, about 60 miles from here. But from points south of Ogden, the points have the advantage over Salt Lake City. It is customary, however, where the rates are the same from the east to two points to make the same rates, so far as practicable. It is done in Colorado and all over the country.

UNION PACIFIC DOES NOT OWN CONTROLLING INTEREST.

By the CHAIRMAN:

Q. You have no doubt, have you, as to the question of ownership of the Utah Central being in the Union Pacific?—A. I have some doubt about the Union Pacific even owning half of the stock. I think the

Union Pacific Company and Frederick L. Ames together own the controlling interest in the Utah Central road. But the Union Pacific Company proper does not own the controlling interest.

By Commissioner ANDERSON:

Q. Who is the president?—A. Mr. Adams is the president.

MR. AMES HOLDS THE BALANCE OF POWER.

By Commissioner LITTLER:

Q. How does Mr. Ames vote with his stock? Does he vote with the 45 per cent. of stockholders or with the Union Pacific?—A. He generally votes with the Union Pacific, I presume.

Q. Will the vote of his stock, added to the Union Pacific, control the organization?—A. Mr. Ames, I guess, holds the balance of power in the control of the road. If he should vote his stock with the local people here—Sharp and Littell, and the Jennings estate, and Eldredge, and those men—I presume the Union Pacific could not control it. We have never dictated the management of the Utah Central beyond a certain limit. If the interest of the Utah Central and those of the Union Pacific clash we do not undertake to dictate.

By Commissioner ANDERSON:

Q. How much stock does Mr. Ames hold?—A. I do not know. I would like to state that in no case have the rates ever been made lower from Salt Lake City to any point north than from Ogden. The complaint here is that we neutralize their geographical advantage, but the shippers that understand the situation do not complain that we discriminate in favor of Salt Lake City. The merchandise that is distributed here comes from the east, and pays the same rate from this point as Salt Lake City. What we are aiming to do is to put both places on the same equality. If we controlled the Utah Central road we would have put them on an equality long ago, and I think we can do it now within a few days, with the consent of the superintendent of that road.

OGDEN, UTAH, *Thursday, July* 21, 1887.

THOMAS D. DEE, being duly sworn and examined, testified as follows:

Question. What is your business?—Answer. I am justice of the peace and magistrate of this city.

Q. What business have you been engaged in?—A. I know nothing in regard to freights. The object of the ex-mayor in putting me on was to say something in regard to the depot. I am not in active business of any kind.

Q. How long have you been justice of the peace?—A. Five or six years.

Q. How long have you resided in Ogden?—A. I have resided in Ogden twenty-seven years.

Q. Are you a brother of Mr. Dee who has control of the stock-yards?—A. No, sir; he is a cousin.

BONDSMEN OF JOHN M DEE.

Q. Are you his bondsman?—A. I am one of his bondsmen; yes, sir.

Q. What amount of bonds did you give?—A. Two thousand five hundred dollars, I believe.

Q. Was that a part of the bond?—A. No; that was the whole bond. If I remember right, there were four parties who justified equally for the full amount.

By Commissioner ANDERSON:

Q. He meant $10,000 was the aggregate of all the bonds, did he not?—A. Yes, sir.

Q. What was the bond given for?—A. For the protection of the company in regard to any stock that may be turned over to Mr. Dee to be kept by him, and that he would indemnify the company for any loss or damage that they might be subjected to while the stock was in his possession.

Q. Was it given to the company?—A. Yes, sir. That is my recollection.

Q. Did you read the agreement that he made with the company?—A. Yes, sir. The agreement and the bond are one. They are the same thing, and all are combined in one instrument.

Q. Where is the agreement?—A. It was surrendered by Mr. Dee to the Union Pacific folks, and I think it is in Mr. Hulanisk's office, at the depot.

Commissioner ANDERSON. Mr. Bromley, can you give us one of the bonds?

Mr. BROMLEY. Perhaps Mr. Shelby can.

Commissioner ANDERSON. The bond probably recites the agreement, and is signed both by the principal and the sureties. Whatever papers the company is in the habit of having executed for the stock-yard business we would like to have.

Mr. SHELBY. I think I can get you a copy of the original contract.

Commissioner ANDERSON. Do you not know that they use the same form of paper all over the line?

Mr. SHELBY. In some cases we do not take any bond at all.

Commissioner ANDERSON. But when they do use a bond, is it not the same?

Mr. SHELBY. Then we use about the same form of bond.

The CHAIRMAN. You had better state right here that Mr. Dee cannot produce the bond because he has no copy.

The WITNESS. He stated a few minutes ago to me, and wished me to state to the Commission, that he had no copy of the bond.

Q. Have you had business relations with the Union Pacific or the Central Pacific?—A. No, sir; not of any consequence. The only thing I know of is something in regard to the depot question.

THE DEPOT QUESTION THE PRINCIPAL CAUSE OF COMPLAINT.

Q. What do you know about the depot question?—A. I know the principal complaint of the people in this part of the country is in regard to the tardiness of the railroad company in erecting suitable accommodations for the public to do business. They say that for the purpose of facilitating this matter many years ago the public here contributed quite a large tract of land. Some 130 acres were given to the two companies, the Union Pacific and the Central Pacific, for the purpose of making the junctions of their roads and erecting on them the necessary buildings for conducting their business in this part of the country. I may say also that temporary buildings were erected, and the passenger portion of them was destroyed by fire. A temporary building was again erected. And to-day, and for a great many years past, the accommodations are not at all in keeping with the amount of business

that has been done at this station in regard to freight or passengers. I may say that gentlemen who are traveling quite extensively in the different States of the Union say that it is, for the size of the place and for the amount of business done, the worst depot they have ever seen. It has the least accommodations for persons to do business at, or for the persons or employés that are there. They also say that in the way it is constructed, so far as the passenger part is concerned, it is constructed, I should suppose, especially to discommode the people who are doing business. The railroad tracks, or quite a portion of them, lie between the station and the town; and persons going down to do business at the depot and to take the trains for different portions of the country where the railroads at this center take them, have got to cross a number of railroad tracks; and the trains that are passing backwards and forwards on some occasions have caused some serious accidents.

DANGER TO LIFE.

It is quite remarkable to parties who are acquainted with it that a great many more accidents do not take place. Several persons have been killed there. Besides, the Utah Northern is on this side, and their trains have to move backwards and forwards for the purpose of weighing them on the scales. They have an abundance of land, but still the accommodations are very poor indeed; not sufficient for the amount of business that is being done here. This matter has continued for a great many years, and the depot question has been agitated quite frequently by the citizens of this town. The railroad officials have repeatedly told them that they were coming to it in the near future, which we firmly believed to be true. Last October the matter took a definite and permanent shape. At that time the Union Pacific Railway Company commenced the erection of the union depot here, and presented to the city council, as I remember, the following document——

Commissioner ANDERSON. As it will stretch our printing out considerably, I think we had better not take it in.

The WITNESS. Last fall the company said, "We are going to erect a depot, and we propose to prosecute the work until it is completed, and we ask you to facilitate the work by closing one of the streets of your city, in consideration of the fact that we are going to build you a depot." The work has been stopped now for the last seven months. The principal cause of complaint against the Union Pacific Company in this section is that they do not proceed and do as they agreed to in that matter—prosecute the work continuously until they complete their depot.

By Commissioner LITTLER:

Q. Have you any other complaints to make?—A. No, sir; that completes the whole of them, excepting the shippers' complaints.

By Commissioner ANDERSON:

Q. Has the subject of the adjustment of the relations and the debt between the Union Pacific and Central Pacific and the Government been discussed in this town?—A. Very little. Since the Commission has been started up we have thought a little of it.

Q. Have you given the subject any consideration?—A. Not any.

Q. Have you no suggestions to make?—A. Not any.

OGDEN, UTAH, *Thursday, July* 21, 1887.

JOSEPH A. WEST, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Civil engineer. I have no business in a commercial way with either of the companies.

Q. How long have you resided in Ogden?—A. About 25 years.

THE SALT QUESTION.

Q. Have you had any business transactions with the Union Pacific or the Central Pacific?—A. No, sir. I endeavored to enter into a contract with them last fall in behalf of the Utah Salt Company to furnish salt to the Montana millmen, but failed for some reason or other.

Q. What salt company did you represent?—A. The Utah Salt Company.

Q. Where is it located?—A. Its place of business is here in Ogden. The works are situated about 15 miles north of here.

Q. What contract did you try to make?—A. I understood that they were receiving bids for salt to be supplied to their Montana mills and the Utah Salt Company filed a bid for the salt to be furnished to that section of the country and offered to supply them salt at $1.75 a ton, to be delivered on the cars opposite our works situated 15 miles north of here.

By Commissioner LITTLER:

Q. Were you successful in getting the award?—A. No, sir; I understand it was awarded to other parties at a higher figure.

Q. What other parties?—A. Some Salt Lake firm, I believe. Lyman & Wallace, I think, is the name of the firm. I do not know to whom the contract went, but I know we did not get the contract.

LOWEST SALT BIDDER.

Q. Were you the lowest bidder?—A. I believe we were. I understand Mr. Shelby stated in Butte City some time ago that the Union Pacific paid $3 a ton for the salt. I do not know how correct that may be, but it was reported in one of the Montana papers. We offered to supply the salt at $1.75.

Q. Was it a public letting?—A. I understood so.

Q. Were you present when the bids were open?—A. No, sir; I was not present when the bids were open.

Q. How many bids were put in?—A. I do not know.

By the CHAIRMAN:

Q. How long have you been in the salt business?—A. Our company was organized last summer, along in September, I believe. We purchased a tract of land up here, 15 miles north, on the Utah Northern, and we thought, on account of its geographical position, we could compete with the other parties in the trade. We expended a great deal of money in the purchasing of land and buildings and dam, &c. We made the company a very good proposition, and offered to give them a bond to any reasonable amount that we would comply with the contract.

By Commissioner ANDERSON:

Q. Where were these bids opened?—A. I do not know. I wrote Mr. Shelby in respect to the matter, and he told me the bids would

be entertained, and we made a bid offering to supply salt, I think, of 10,000 to 30,000 tons.

Q. You wrote to Mr. Shelby?—A. Yes, sir.

DID NOT GET THE CONTRACT.

By the CHAIRMAN:

Q. Have you been able to compete with Lyman & Wallace?—A. It seems not. We did not get the contract in this case. I am quite certain that either company from any point on the lake could compete with us in point of price. There is one condition, however, that I should in justice to the company state, and that is this: That we were situated 190 rods from the lake, and we offered to put the salt upon the cars at the lake, they to build the switch and charge us nothing for the hauling of the cars up to the track. We offered to put the salt on the cars at the lake at $1.75 a ton.

Q. Were there any other conditions?—A. No, sir.

Q. Were there not as to freight rates?—A. No, sir; we were bidding. As I understand it the Union Pacific Company were receiving bids for the salt.

ACCEPTANCE OF BID REQUIRED BUILDING A SWITCH.

By Commissioner LITTLER:

Q. Did your bid require the company to build a switch 190 rods long in order to get to the works?—A. Our bid read as follows: "We will agree to put the salt upon the cars at our works, situated 190 rods west of Brigham Junction, for $1.75 a ton."

Q. In accepting that bid would the company be required to build a switch 190 rods long?—A. Yes, sir.

Q. What would that cost the company?

The WITNESS. What is the estimate on that?

A VOICE. I do not know.

The WITNESS. The company has since put in a switch of its own.

Q. To your works?—A. I mean the salt company. They made application to the Northern for a switch, and they were unwilling to put it in, and the company has put it in at its own expense.

Q. Your company?—A. Yes, sir; the salt company. They have the ties and iron, and will be, of course, compelled to pay the entire cost of the switch when it is in.

Q. You will be?—A. Yes, sir.

COST OF SWITCH.

Q. What will it cost you approximately?—A. A couple of hundred dollars. That is, the switch near the shipping point. We will have, of course, to convey our salt in wagons to the river, 190 rods away.

By Commissioner ANDERSON:

Q. Why do you not build your spur down to the lake?—A. We are intending to as soon as we can secure any patronage to justify it.

By Commissioner LITTLER:

Q. How many thousand tons did you bid for?—A. From 10,000 to 30,000, I think, our bid includes. We did not know the consumption exactly.

Q. It is probable that the company refused to accept your bid because it involved the building of a switch?—A. It might be.

ASSURANCES THAT THE RAILROAD COMPANY WOULD BUILD SWITCH.

Q. You do not know at what figure the successful bidder got this job, do you?—A. No; I do not know at what figure the contract was awarded. I will state further on that point, that when we first made the purchase of these lands at the salt works we had the assurance that the company would put in a switch down to the lake.

Q. From whom did you have the assurance?—A. From a gentleman that was in the office. I did not see Mr. Shelby at that time; I forget his name. He said there was no question, of course, but what the company would build us a switch. Of course there was no positive understanding about it.

Q. Was it on the faith of those assurances that you expended your money and went into the business?—A. Yes, sir; it was on the faith of those assurances that we made the expenditure we did, and because we believed we could control the trade from that point.

Q. Do you not remember the name of the gentleman who gave you the assurance?—A. I do not remember; it was not Mr. Shelby. Subsequently, we understood that, because of the cost of the Syracuse Branch, they would not put in the switch for us. Their salt is now brought over that branch line. The switch was built, I suppose, to accommodate the salt business at that point.

Q. Why did you not have these assurances put into the form of an obligation which could be enforced against the company?—A. We did not press that matter for some reason or other. We supposed that the assurances would be complied with.

By the CHAIRMAN:

Q. Is the firm of Lyman & Wallace a competitor of yours in the salt business?—A. Yes, sir.

Q. Do they compete with you at the same point?—A. Yes, sir.

Q. Have you been able to sell with them?—A. No, sir; we have not.

Q. Why not?—A. Because they got the contract. As I understand it, the contract was awarded by the Union Pacific Company.

The CHAIRMAN. No; I mean to other points where salt is used.

THE MONTANA TRADE.

The WITNESS. No, sir; we have not made any shipments. We organized last fall, and we have made a bid for the Montana trade, which is the bulk of the salt trade.

Q. Have you given up the salt business entirely?—A. No, sir; we are still operating, and in hopes that the interstate commerce bill will help us out.

Q. Are you making any shipments?—A. No, sir; we are accumulating salt.

Q. Have you made any shipments?—A. No, sir; none at all. We do not sell any.

APPLICATION FOR RATES.

Q. Have you made application for rates?—A. I believe we have.

Q. What answer was made to you?—A. Mr. Nelson was the secretary. He is better able to testify on that.

Mr. NELSON. Mr. Shelby told me that they would give us the same rate that Ogden had, $12.

The CHAIRMAN. Was that the open public rate?

Mr. NELSON. Yes, sir; I believe so. I am not aware of that. At any rate, he told me that was the Ogden rate.

Mr. SHELBY. That is the only rate. Will you ask the witness if he had any salt at all to ship, until quite recently, of his own?

Q. What do you say?—A. No, sir; we had no salt to ship at the time we made the proposition, but we were prepared to furnish the salt and furnish a bond that we would supply the salt.

Q. Was any complaint made to you because you were not ready?—A. No, sir.

Q. Was any suggestion made to you at the time that you would not be able to supply the salt?—A. No, sir. Mr. Armstrong, one of our leading capitalists here, was prepared to sign the bond.

PREPARED TO FULFIL TERMS OF BID.

By Commissioner LITTLER:

Q. Were you in fact prepared to supply the salt?—A. We would have been prepared at the time.

Q. Would you have been prepared to supply the salt in pursuance of your bid?—A. Yes, sir.

Q. Have you any other information to give?—A. No, sir; none, except on the depot question. I suppose you have everything you want on that question.

Q. Are you of the same opinion as the other gentlemen who have gone before you?—A. Yes, sir. I am a member of the city council and of the committee that was appointed to confer with the Union Pacific Railway officers in respect to this matter.

THE COAL BUSINESS.

Q. Have you ever been in the coal business?—A. Yes, sir; I have handled the Pleasant Valley coal a couple of years ago in a limited way, but not extensively.

Q. Whom did you represent?—A. I represented the Denver and Rio Grande at that time.

Q. Did you handle the Rock Springs coal?—A. No, sir; that is handled at Ogden by a local agent for the company.

Q. How many local agents has the company here?—A. One, I believe.

Q. Did you furnish to your customers Rock Springs coal?—A. I did not handle Rock Springs coal; I only handled Pleasant Valley coal.

Q. What is the name of the agent of the Union Pacific?—A. Mr. Cahoon.

PRICE OF COAL.

Q. What is the price of Rock Springs coal here?—A. $7.50, I believe.

Q. What is the price of Pleasant Valley coal?—A. $5.25. No; I think the Rock Springs is $6.50.

Q. What other coal did you get there?—A. We have the Red Cañon coal, as they call it.

Q. What is that worth a ton?—A. That is worth about $5.25, I believe.

Q. Is there a grade in quality as to price?—A. Yes, sir.

Q. Is there a larger demand for Rock Springs coal than for the other?—A. I believe so.

Q. Could the Rock Springs coal be obtained from any other agent?—A. No, sir.

Q. Could dealers here, or shippers, secure contracts for the supply of coal from the mines except through the agent?—A. I think not. I would not say positively as to that, but I do not think they can.

Q. Would they be compelled to pay the retail price in order to get it for customers if they demanded it?—A. I think they get 25 cents a ton off when they get it by the car load.

Q. From whom do they buy it?—A. From the local agents.

OGDEN, UTAH, *Thursday, July* 21, 1887.

PETER P. SHELBY, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. Can you explain this rejection of this bid?—Answer. I do not know that we ever had a bid from him.

The CHAIRMAN. Suppose you explain to the Commission what was the difficulty.

WHY CONTRACT WAS NOT AWARDED TO UTAH SALT COMPANY.

The WITNESS. I think we received a letter from him stating——

Q. You received a letter from whom?—A. Mr. West, stating that he would be prepared to furnish salt at $1.75 a ton on board of the cars at a point away from the track where we would be compelled to spend several thousand dollars in building a switch to it. We were already committed to build a switch at another point where we could get salt enough to supply the whole United States, and our company thought they would not care to put any more money into the salt switch up there. Besides, I believe we were getting the salt for less money than they offered it.

By the CHAIRMAN:

Q. Who had charge of that salt?—A. ——— Adams and Keisel made this other bid.

Q. Was the contract awarded to them?—A. A portion of it was.

Q. Who had the other portion?—A. Lyman & Wallace. I guess they are all.

Q. Was there any assurance given to this gentleman?—A. No, sir.

DENIAL OF ASSURANCE TO BUILD SWITCH.

By Commissioner ANDERSON:

Q. Was any assurance given about the switch?—A. No, sir. The best evidence that no assurances were given by anybody that had a right to give such an assurance comes from the fact that they are talking about putting in a track themselves. People, when they get assurances from railroad companies that are given by the proper officers, generally have them carried out before they spend money and put the tracks in themselves.

OGDEN, UTAH, *Thursday, July* 21, 1887.

FREDERICK G. KEISEL, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am a merchant here in Ogden.

Q. What character of goods do you deal in?—A. We sell groceries, and are jobbers of groceries and liquors, tobacco, and cigars.

Q. Where is your place of business?—A. On Fourth street.

Q. Do you mean Ogden?—A. Ogden; yes, sir.

Q. How long have you been in business here?—A. When I last came from Ohio, it was about six years ago. But I have been in business here, off and on, for twenty years.

ADAMS AND KEISEL SALT COMPANY.

Q. Have you been in the salt business?—A. Yes, sir.

Q. Have you associated the salt business with your other business?—A. No, sir; it is a separate business.

Q. Have you had any business transaction with the Union Pacific Railway Company?—A. Yes, sir.

Q. What has been the character of your business dealings with them?—A. I have been in the Adams and Keisel Salt Company. I sold that salt at Syracuse.

Q. When did you first go into the salt business?—A. F. G. Keisel & Co. first bought salt and resold it to the customers in Montana, in Butte, and afterwards we formed the Adams and Keisel Salt Company and made a contract with the railroad company to furnish them 10,000 tons or more, if needed.

Q. With what railroad company?—A. With the Union Pacific.

Q. What was the date of that contract?—A. That I cannot say.

Q. In what year was it?—A. 1886; just about a year ago.

Q. What price were you to receive for your salt?—A. $2 for the first 10,000 and $1.50 for what was furnished after that.

CONDITIONS OF CONTRACT WITH THE UNION PACIFC.

Q. Were there any conditions?—A. Yes, sir. There was another condition in connection with that; that we would build a lake resort or bathing resort for the benefit of the railroad company at Syracuse.

Q. What kind of a resort were you to build?—A. A bathing resort.

Q. What were you to put up?—A. It was to compare favorably with any other resort on the lake, as soon as practicable; to compare with other resorts on the lake.

Q. To compare favorably with Garfield, for instance?—A. Yes, sir; or with Lake Park.

Q. How much money did you estimate you would be compelled to expend to carry out that condition?—A. We figured it would cost $100,000 to do that. We have so far expended, perhaps, $20,000.

Q. Where have you expended it?—A. At Syracuse.

By Commissioner ANDERSON:

Q. Are you to have the money that comes from the bathing houses?—A. Yes, sir.

By the CHAIRMAN:

Q. What interest was the railroad company to have in the resort?—A. Their interest was in running passengers down there.

Q. What other conditions were there?—A. I think that was the condition. Those that I have mentioned were all. I do not know of any others.

Q. Did you make an agreement in writing?—A. Yes, sir.

Q. Have you a copy of it?—A. I think the contract is in Salt Lake, with my partner, Mr. Adams.

Q. Has the firm of Lyman & Wallace any interest in your business?—A. No, sir; we are competitors for the same fields.

Q. How soon were you to expend that money? In what time were you to expend $100,000 in fitting up that resort?—A. There was no time mentioned. The contract, my recollection is, was to be as soon as practicable; something like building the depot here—"as soon as practicable."

Q. Was there any conditions as to freight rates?—A. No, sir; we delivered them the salt on the cars at our works.

OTHER BIDDERS.

Q. Were there any other bidders?—A. I do not know of any bidding except our own bids.

Q. Did you get the whole contract?—A. I do not know of any other. We simply made that bid to them, that we would furnish them 10,000 tons or more; the first 10,000 tons at $2, and after that at $1.50. I do not think there were any bids invited. So far as I know I do not think there were.

Q. Who negotiated with you?—A. My partner, Mr. Adams, was the real negotiator in the business, and he negotiated with Mr. Callaway, I presume, in Omaha.

Q. How long were the negotiations going on?—A. I think it covered a period of about three months.

Q. What were the difficulties in the way of adjustment?—A. I do not know. It is like all such things; it takes time to do anything with railroad companies.

THE BATHING RESORT TO BE ESTABLISHED.

Q. Were you to provide in any way at the resort for the officers and employés or agents of the company?—A. No; they were to stand in with us in making the resort successful.

Q. How far were they to stand in?—A. Provide the trains and stand a part of the expense.

Q. What expenses were they to provide for?—A. Advertising and all the necessary expenses, whatever it may be. We have not been running the place long enough to tell just exactly what the expenses would be or where the expense would come in. It is all a new thing.

Q. Have they contributed with you?—A. They have not contributed a cent so far.

ADVANTAGE TO UNION PACIFIC.

Q. What share were they to have in the profits?—A. Their profits come in in hauling passengers, as I understand. They expect to make a good passenger traffic and accommodate their travel going west, I presume. They had to have it. Since the Denver and Rio Grande had a resort further down at Lake Park, it was necessary for them to have a resort from here, and they chose our place as the best place calculated for that business. It is the best beach on the east side of the lake. I would like to have you gentlemen go down there.

PRICE PAID FOR SALT.

Q. What did the company actually pay you for your salt?—A. They pay us $2 a ton right along.

Q. How do they pay you?—A. They pay very slowly sometimes.

By Commissioner ANDERSON:

Q. Do they pay "as soon as practicable"?—A. As soon as practicable. We get in our bills, and after two or three months, perhaps, we would get a little money from them; but they pay us at the rate of $2 a ton.

By Commissioner LITTLER:

Q. When they do pay, they pay in cash, do they?—A. They give us a check; yes, sir.

NO REBATES ALLOWED.

By the CHAIRMAN:

Q. What do you receive back from the company by way of rebate or overcharge?—A. There is no rebate at all.

Q. Do you receive an overchage?—A. No, sir.

Q. Do you receive anything from the company?—A. No, sir; not a cent in connection with that. We sell it to them at $2, and make out our bills just the same as we do to other customers, and expect to collect $2; that is all there is to it. Two dollars a ton is a very low price I can assure you.

Q. Do your bills in any way represent the price of the sale to be $3 instead of $2?—A. No; the price is $2, and they figure $1 from Syracuse here to Ogden; that makes it $3. The Syracuse railroad gets $1 for hauling to Ogden from Syracuse.

Q. Who makes out that freight charge?—A. I do not know anything about that. I have nothing to do with that, only to sell them the salt at Syracuse.

LENGTH OF HAUL.

By the CHAIRMAN:

Q. How long is that haul?—A. About 12 or 13 miles.

Q. Is one-third of the whole price paid to the company for freight?—A. No; we do not have anything to do with that. We get $2 at Syracuse. That is all there is to it. We make the sale at Syracuse to the company, and they can charge all they want to from there on. I understand they let the Syracuse Railroad earn $1 and it is $12 from here on to Butte. I believe that is the arrangement; but still I could not swear as to that. I do not know anything about that, except from hearsay. It is $2 to them at Syracuse.

Q. Did the company put in any sidings for you?—A. They built the Syracuse Railroad from Syracuse Junction down to Syracuse, about 5½ miles, with all the necessary sidings, the "Y," and so on.

By Commissioner LITTLER:

Q. The salt has to be transferred here, does it not?—A. Yes, sir; it has to be transferred here at Ogden on the narrow-gauge cars.

AMOUNT OF SALT DELIVERED UNDER CONTRACT.

By Commissioner ANDERSON:

Q. How many tons have you delivered so far?

The WITNESS. Under that contract?

Commissioner ANDERSON. Yes.

The WITNESS. I should judge it would be 7,000 or 8,000 tons.

Q. Have you signed any paper at all referring to this $1 charged on the branch?—A. No, sir; we have nothing to do with that at all.

Q. You have signed no paper at all, except bills for the $2?—A. We make out a bill for $2; yes, sir.

Q. That is all you have to do?—A. That is all there is to it. We have nothing to do with the traffic department at all.

Q. Against whom is your bill made out?—A. Against the company.

Q. Do you mean the Union Pacific Railway Company?—A. Yes, sir.

AMOUNT OF RECEIPTS OF BRANCH ROAD.

Q. Should this $1 for transportation on the branch appear among the receipts of the branch?—A. I suppose so.

Q. Will it amount to $7,000 or $8,000 on the amount of salt sold or delivered?—A. By the way, excuse me, I will correct that a little. That railroad has not been in operation long enough for that purpose. Since we made the contract with them we have sold them about 7,000 or 8,000 tons of salt, and for what we had to haul in wagons to Syracuse Junction we got $2.40. The Utah Central took 60 cents. That made $3. But since this road has been in operation it has been $2 at Syracuse.

Q. And $1 for the Syracuse road?—A. For the Syracuse road; yes, sir. I presume there has been 3,000 tons shipped over the Syracuse road. Before that it was $3 here.

Q. Of which you got $2.40?—A. Of which we got $2.40, delivered on the railroad by team. We had to haul it 5 or 6 miles.

NEGOTIATIONS WITH DENVER AND RIO GRANDE.

By the CHAIRMAN:

Q. Had you any assurance from the company before you went into business there that they would give you railroad facilities?—A. No, not with this company. We were negotiating with the Denver and Rio Grande.

Q. After your negotiations closed with the Denver and Rio Grande did you have negotiations with the Union Pacific?—A. Yes, sir; we commenced negotiations with the Union Pacific.

Q. What negotiations did you have?—A. I suppose Mr. Adams went down to Omaha and made it clear to them that they would make money by building down to the lake, and that by encouraging us in that way we would get out uniformly so much every year. They were bothered considerable. They had to pay as high as $4, $5, or $6. They wanted to get this thing settled down to a fair basis, and make contracts, and I believe we just came in in time to meet their wishes.

Q. When he returned from Omaha, what did he say to your firm?—A. He telegraphed me from Omaha that he had made a contract with Mr. Callaway; that we would have a railroad down there.

COMPETITION WITH LYMAN & WALLACE.

Q. Have you any competition with the firm of Lyman & Wallace in the salt business?—A. They are competitors of ours. I do not know what they are getting. They have been in the salt business for some time. They were selling salt and we were selling salt. It was a very

hard thing to compete with them, I know that, until we got that railroad down to the lake.

Q. Were they enabled to undersell you?—A. I do not know how much they got. We always got very small prices; $3.

Q. Were they underselling you in the market?—A. No; they sold about the same as we did.

By Commissioner ANDERSON:

Q. Do you sell to any one else than the company?—A. Oh, yes, sir, we are selling to everybody, and we are getting more from everybody else than from the company. We are selling coarse salt down at the lake for about $3, where the company pays only $2.

By the CHAIRMAN:

Q. Have you any knowledge of any other complaint?—A. I have not, except as to this depot. I would like to see a depot built here.

Commissioner ANDERSON. We think we know all about that question.

The WITNESS. Yes, sir; I suppose you do.

EFFECT ON OGDEN OF INTERSTATE COMMERCE BILL.

Q. Do you corroborate the testimony given by the other witnesses?—A. I have not been here; I just came in. I can say we need it very badly, and we have been promised that we shall have it. It keeps back our town. I think this: I believe that Mr. Adams, since his accession to the administration of this railroad, wishes to develop the country, and that he has done all he could. I think if the Government would let him alone he would come out all right with this road. I think it is much better than the Dillon management.

Q. What has the Government done to Mr. Adams?

The WITNESS. I mean to the road.

Q. Well, what has it done to the road?—A. It is interfering with him too much.

Q. How has the Government interfered?—A. The interstate commerce bill, in my opinion, is not needed. I think the question ought to be left to competition, just the same as anything else.

Q. How has the interstate commerce bill any more to do with the Union Pacific than with any other road?—A. It strikes us here, particularly. We only notice how far it injures us out here, being adjacent to the Union Pacific Railroad. I suppose it operates injuriously the same way all over the country, from all I can learn.

Q. Has it injured your business?—A. Yes, sir.

Q. To what extent?—A. To a very large extent.

PLAN OF SETTLEMENT.

By Commissioner LITTLER:

Q. Do you know the public sentiment in this vicinity in relation to the manner in which the debt between the Government and this road should be adjusted?—A. I have always thought they should be given the extension that is asked for, and a reasonable rate of interest.

Q. How far do you represent the general sentiment of Ogden in that expression?—A. We have never had any means of ascertaining that sentiment, but I believe that is the sentiment.

Q. Has there been any discussion of the subject?—A. Not in the chamber of commerce; but socially and around about the street they

all seem to fall in with the idea that it would be well to give the extension asked for. Speaking individually, now, I think Mr. Adams was sincere when he promised us that depot, and I believe he is simply prevented from carrying out his own wishes and giving us the depot, because that extension has not been granted yet. If it was granted I believe he would build it.

THE COMPANY SHOULD PAY IF ABLE.

Q. Suppose it should be ascertained by this Commission, or otherwise, that the company will be able to pay its indebtedness as it matures in 1896 or 1897, would it be your opinion then that the extension should be granted?—A. I think that if they can pay that they ought to be made to pay it.

By Commissioner ANDERSON:

Q. You mean unless it cripples them?—A. Yes, sir, without crippling the road.

AN EXTENSION OF TIME A BENEFIT TO COMMUNITY.

By the CHAIRMAN:

Q. What have you talked with others socially about the extension?—A. We have discussed it from what we have seen in the papers.

Q. How have you discussed it? What have you talked about?—A. We feel this way: that if the Union Pacific was given that extension it would enable the road to extend its system of feeders. For instance, right here, between here and Pocatello, the Utah Northern Railroad is narrow gauge. There is that transfer required which makes it very irksome and causes a great many goods to go over the Oregon Short Line from Granger which might go through here if this was a broad-gauge road. That road ought to be widened out. Other systems, other feeders, ought to be developed that would make this property valuable and help the Government.

Q. How would that benefit the community?—A. It would benefit us a great deal, and make this the point of distribution. We call this the great transcontinental "Y." You make a "Y," with Ogden in the crotch, the Utah Central continuing on to Los Angeles, and the Utah Northern, in connection with the Oregon Short Line, running clear over to the Pacific coast at Portland, and so on. That would make it a transcontinental "Y," with the stem from Omaha east.

Q. How would that confer any benefit upon the community?—A. It would make this a great distributing and manufacturing point.

EFFECT UPON RATES.

Q. Would it increase or decrease the rates for shipments and passenger traffic?—A. That would depend upon what the railroad would do.

Q. What have they done?—A. They would naturally concede to a point like this, being in that commanding position, facilities for traffic, so that we could reach these outlying points on the "Y."

Q. What advantage would it be to you for facilities if the rates remained the same or were increasing?—A. It would naturally extend our trade. With any railroad diverging from here it would extend our trade, and consequently it would increase our trade from here.

Q. Then if any other railroad should come into this center it would be just as advantageous to it as the Union Pacific Railroad?—A. That

would, of course, be just as advantageous; but still I think that the Union Pacific Railroad would be more advantageous to this town than any other railroad by reason of the facilities that already exist and the country that they already cover. They cover the best and most settled part of the country.

Q. What difference does it make to you or to the community so long as they reach the territory you have named, with equal facilities, whether it is done through the Union Pacific Railway Company or the Burlington and Missouri or any other company?—A. Well, it does not make any difference.

OGDEN, UTAH, *Thursday, July* 21, 1887.

EDMUND T. HULANISKI, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Freight agent of the Union Pacific road.

Q. How long have you been freight agent?—A. At this point, Ogden, four years last April.

Q. How long have you been connected with the company?—A. Since 1873.

Q. What position have you held?—A. Clerk and agent.

FREIGHT DEPARTMENT.

Q. What are your duties as agent in Ogden?—A. I have entire charge of the freight department and of the handling of freight and loading it.

Q. What have you to do with the rates?

The WITNESS. With the making of them?

The CHAIRMAN. Yes.

The WITNESS. Nothing whatever. I merely apply them when they are made.

Q. What effort do you make to secure shipments?—A. We treat our customers with the best consideration we know how and solicit their trade.

SPECIAL RATES AND PASSES.

Q. What inducements do you make in order to secure shipments?—A. None other that I know of; none that are made by me.

Q. Do you offer a special rate at any time?—A. No.

Q. Do you issue passes?—A. No; I issue no passes. That is outside of my line of duty.

Q. Have you power to issue passes?—A. None whatever.

STOCK-YARDS.

Q. What control have you over the stock-yard?—A. I have charge of it, as far as the Union Pacific stock is concerned; that is, I have the chief control of it, or of the business of the stock-yard.

Q. Do you manage it personally?—A. I do not.

Q. How do you manage it?—A. Through J. M. Dee.

Q. What arrangements have you with him?—A. He gives me a bond for the proper care of the stock, and his compensation for taking care of the yard is the furnishing of the hay which is used.

Q. Have you a written contract or bond?—A. I have a written bond.
Q. Have you got it with you?—A. Yes, sir.

BOND IN REFERENCE TO CARE OF CATTLE.

The witness then produced and read the following bond:

Know all men by these presents, that I, J. M. Dee, as principal, and R. A. Wells and J. W. McNutt and James Thomson, as sureties, all of the city of Ogden, county of Weber, and Territory of Utah, are held and firmly bound to the Union Pacific Railway Company, a corporation operating railroads in the said Utah Territory, in the sum of $5,000, to be paid to the said Union Pacific Railway Company, its successors or assigns, for the payment of which, well and truly to be made, we bind ourselves, our and each of our heirs, assigns, and legal representatives, jointly and severally, firmly by this instrument, signed and sealed this 15th day of January, 1887, at Ogden, Utah.

Now the condition of the above bonds are that if said J. M. Dee shall return to the custody of the said Union Pacific Railway Company or its agent, in as good condition as when received by him, all horses, cattle, mules, or other live stock which he may take charge of for the purpose of feeding and sheltering the same while such stock is in transit over the lines of the said Union Pacific Railway Company, and shall have all such live stock which may come into his custody for feeding, shelter, or other treatment, which may be shipped over the Union Pacific Railway, until all freight charges due the Union Pacific Railway Company on such stock are paid and the receipt is given to said Union Pacific Railway Company, signed by the owner of such stock, then this condition to be void; otherwise to be in full force and effect.

J. M. DEE, *Principal.*
R. A. WELLS.
J. W. McNUTT.
C. D. HAYES.

Witness:
McGAW VAN DYKE.

Q. Before you made this bond had you any conversation with Mr. Dee?—A. No. His former bondsman was his former partner, Carroll, now dead. He took up the business just as his partner left it when he died.
Q. Were there any other papers setting out the conditions?—A. Nothing whatever.
Q. Was his consideration to be the difference in the price of hay?—A. That has been the custom ever since I have been here. He thoroughly understood it and so did I, and I do not think the matter was mentioned.

PRICE OF HAY AT YARD.

Q. Who fixed the price of hay at the yard?—A. It was fixed when I came here. It has been the custom for a long time. I do not know who fixed it. The other roads are all parties to it. The Southern Pacific is a party. He holds their stock for them.
Q. What price was Mr. Dee to charge?—A. Twenty dollars a ton.
Q. How did he know he was to have that privilege?—A. Because it was an understood custom of the yards here.
Q. What did the custom come from?—A. I do not know. It was probably made by some former agent.
Q. Was it in your power to make it lower or higher?—A. I presume it was. I did this of my own motion. I never asked for any orders about it. I found it the custom when I came, and it seemed to be the correct thing to continue it, and I did so.
Q. Did you fix the price at $20 because you found that the former agent had fixed the price at that rate?—A. Yes, sir. It may seem a high price at this time of the year, but in the winter the market price runs higher. He is to furnish the hay at $20 no matter what the market price is in the winter.

Q. What is the average of the market price from January to December?—A. I suppose good hay can be got by wholesale for $10.

Q. Does he buy it in any other way than $10?—A. He buys it at wholesale and keeps it in store.

Q. So that he really gets on the average $10 for every ton of hay that he feeds to cattle, does he not?—A. Yes, sir.

Q. What other consideration does the company give him?—A. None whatever that I know of. In fact I know that there is none other given.

Q. Is there any other place to feed stock?—A. No.

Q. Is there any other place to receive stock than the stock-yard in charge of Mr. Dee?—A. The Denver and Rio Grande has a little yard down on their tracks that would hold probably two or three car-loads of stock.

DUTIES OF MANAGER OF STOCK-YARDS.

By Commissioner ANDERSON:

Q. What other duties does Mr. Dee discharge besides actually feeding the cattle?—A. He cares for them and watches them, and furnishes them with hay at any hour of the night that it is called for.

Q. Does he have to keep a man constantly there?—A. When there is stock there he does; not constantly either. But he goes there and sees that it is safe, and that the yards are securely locked, and that there is water for the stock, and that it is in good condition. There is another point. That yard is more directly controlled by the Southern Pacific Company. They keep it in good repair and have more control over it really than we have. It is in their yard.

THE COMPENSATION NOT EXCESSIVE.

Q. In your judgment, is the profit that he makes more than a fair consideration for the services he renders?—A. No, sir; I do not think anybody would touch it at all for any less.

By the CHAIRMAN:

Q. Nobody could touch it if they wanted to, could they?—A. I do not think anybody else would take it at this place.

The CHAIRMAN. There is only one stock-yard here and one price prevails.

RESPONSIBILITIES OF COMPANY FOR CARE OF CATTLE.

By Commissioner ANDERSON:

Q. Is the company responsible to the owner for these cattle as soon as they are in the stock-yard?—A. Yes, sir.

Q. It is a delivery to the company?—A. Yes, sir.

By Commissioner LITTLER:

Q. Do I understand that if that position was vacant now you could not fill the place on any more favorable terms?—A. I do not think it could be done. It is the smallness of the scale that makes the compensation so little. It does not pay a man to waste his time on it for so little stock.

By Commissioner ANDERSON:

Q. In your judgment, if the stock-yard was as large as it is at such a point as Omaha, might not the difference in the price of hay be a very considerable compensation?—A. If it could be done for less, certainly.

By the CHAIRMAN:

Q. Can it not be done for less at any other place along the road?—A. I have no knowledge about it outside of this point.

OGDEN, UTAH, *Thursday, July* 21, 1887.

DAVID KAY, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am mostly a grain merchant. I handle grain and builders' materials.

SHIPMENTS OF GRAIN.

Q. Where is your place of business?—A. On Main street.

Q. Do you mean in Ogden?—A. Ogden; yes, sir.

Q. How long have you been in business here?—A. About eight years.

Q. Have you had any business dealings with the Union Pacific Company?—A. Yes, sir.

Q. What has been the character of your business relations with them?—A. The character has been in the shipment of goods out over their lines and shipping them into Ogden.

Q. What kind of goods do you ship?—A. We ship mostly grain, vegetables, and building materials.

Q. Are you in business as an individual or as a company?—A. Individually.

Q. Between what points do you make shipments?—A. We ship all over the United States. We ship from here to Missouri, Illinois, and Texas; mostly into Colorado, Wyoming, Idaho, and Montana.

FREIGHT RATES AND REBATES.

Q. Do you pay the open tariff rate for freight?—A. Yes, sir.

Q. Have you ever had a special rate from the Union Pacific Company?—A. No, sir; none that I ever knew to be a special rate; no more than what other people have.

Q. Have you ever had a rebate upon freight paid by you?—A. No, sir.

Q. You have had none from the Union Pacific Company?—A. I have not of late years.

Q. When did you have?—A. Some years ago. It was the custom generally, I believe, with people who shipped over the different roads, that they were to have rebates on certain goods at certain rates.

Q. Did you make application for the rebate?—A. No, sir.

Q. Who suggested to you that you could get the rebate?—A. The people who looked after the business; the managers of the different roads.

Q. What did they say to you?—A. They said if we would ship over their roads they would give us rebates.

Q. What rebate did you get?—A. What I have reference to most is this: When the Rio Grande road first came, one road would say, "If you will ship over our road we will give you rebates on goods that you ship to certain points over our road, goods that you ship out again. If you will bring your goods in over our road, we will give you a rebate of so much per hundred on all shipments that you make to other points."

Q. How did the company make out its bill?—A. For the full rate, for the tariff rate.

HOW RECEIVED.

Q. How did you receive your rebates?—A. When we would receive our expense bills from our customers, we would send them in to the company and they would pay the rate agreed.

Q. How long did that arrangement continue?—A. I do not remember just now; but it was until such time as the companies pooled rates and agreed not to do that kind of thing. It was during the time while they were cutting rates more especially than any other time.

Q. After the pool was entered into were there any rebates allowed that you know of?—A. No, sir.

Q. Did you receive any?—A. I did not receive any. I have heard that there have been rebates given, but I never received any. I never was offered any.

COMPLAINTS OF SHIPPERS.

Q. Have you any suggestion to make or any information to give to the Commission?—A. No; I do not know that I have anything particularly, any more than this: We in our business here consider that we are overcharged, I might call it injured, by the action of the railroads in giving such low through rates. For instance, they can ship their grain and vegetables of all kinds from Los Angeles to points in Wyoming and Colorado and Montana and Idaho at very nearly the same rates that we ship from here, and in some cases I understand for less, so that it makes it very hard on our people here to dispose of their goods in those times. That is about the only thing that I know of that we would like to see arranged a little differently. Still I do not know that we could complain very much in that respect, because many times when we have a few hundred car-loads of goods they have made us a rate that was a very low one. If they had not made the rate somewhat lower than the tariff rate, we never could have moved our goods.

DIRECTION OF WHEAT SHIPMENTS.

By Commissioner LITTLER:

Q. Where do you ship your wheat to?—A. Our wheat goes mostly to Colorado.

Q. Do you raise more wheat than you consume?—A. Yes, sir; I do not know, but I think we have sent 2,000 car-loads to California and other points since last December.

Q. Did you send it mostly to California?—A. Yes, sir; I sent between 400 and 500 cars.

Q. Have you any other suggestion to make?—A. None that I know of at present.

RATES TO CALIFORNIA.

By Commissioner ANDERSON:

Q. Have there been complaints about rates over the Central Pacific, from here to California?

The WITNESS. Complaints that they are charging us too much?

Commissioner ANDERSON. Yes.

The WITNESS. No, sir; I think they have given us very favorable rates.

Q. How much a hundred does it cost to ship grain from here to California?—A. Thirty-two and a half cents a hundred to California. They have given it at 25. They have been buying lots there for speculation. They have millions of bushels stored there now.

OGDEN, UTAH, *Thursday, July* 21, 1887.

ALFRED H. NELSON, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am a lawyer by profession; I am the secretary of the Utah Salt Company. That is one thing that I want to talk about.

Q. You reside here in Ogden?—A. Yes, sir.

UTAH SALT COMPANY.

Q. How long have you been connected with the salt company?—A. Since it was organized, last year.

Q. Has the company had any business dealings with the Union Pacific Company?—A. We have tried to have, but we have not had any yet; we wanted to have.

Q. What did you want to have?—A. We wanted to ship salt over the Utah Northern road. It is the same company that Mr. West testified in reference to.

FAILURE TO SECURE THE CONTRACT.

Q. What was the difficulty? State it to the Commission.—A. I do not know what the difficulty was. We have not as yet been able to get them to do anything. They gave the contract to somebody else at a higher figure than that for which we offered to do it. The situation is this: The Syracuse Salt Works are south of Ogden, 12 or 15 miles. The company pays $1 a ton to haul salt to Ogden and transfer it to the Utah Northern. Our works are on the Utah Northern, 18 miles north, and we were that much nearer the destination. We offered to sell the salt for $1.75 on the Utah Northern. We offered to place the salt on the track or on the cars at that price. Of course we asked them to build a switch 190 rods long. They built a switch for the Syracuse Company 5¼ miles long. They pay them $2 a ton; they pay them, as I say, in addition, $1 to haul it out.

Q. What effect has the condition requiring them to expend $100,000 in a summer resort upon the bid?—A. I do not know anything about that part of it.

PREPARED TO COMPLY WITH TERMS OF CONTRACT.

Mr. SHELBY. Will you ask the witness if he had any salt on hand when he offered to sell it at $1.75 a ton?

The WITNESS. We had no salt of our own production, but we had the salt contracted for that we could deliver. We were prepared to deliver the salt; we are prepared now.

Q. Were you able at that time to comply with the conditions of the contract into which you were about to enter?—A. Yes, sir; we were ready to comply with it and to bind ourselves in any sum they required. They never said a word.

Q. Is not the bid, however, at $2 on the part of the gentleman who holds the contract conditioned upon the expenditure of $100,000 upon a summer resort, really a lower bid than your company bid?—A. I do not know anything about that.

By Commissioner ANDERSON:

Q. Have you any reason to believe that through this $2 bid, in any way, the Utah Forwarding Company, or any other favored dealer with

the Utah Central, succeeds in getting $1 a ton advantage out of this contract?—A. No, sir; I do not know anything about it. I cannot account for it. It is, of course, a mystery to me why the company would not take our salt at $1.75 when they would pay $3 for other salt.

Q. Why do you say $3 instead of $2?—A. Because they paid $3 at Ogden. That is the testimony here. That is what Mr. Shelby stated to the gentleman at Butte, that the salt cost the company $3 at Ogden.

Q. What would your salt cost the company at Ogden?—A. $1.75; and it is nearer to Butte than Ogden, on the same road.

Q. Is that the route the salt would take coming from the salt works?—A. Yes, sir; it is the road on which all the salt does come.

Q. Over the narrow gauge?—A. Yes, sir.

By the CHAIRMAN:

Q. Have you any other suggestion to make?—A. No.

PUBLIC SENTIMENT FAVORS EXTENSION OF TIME TO PAY.

By Commissioner ANDERSON:

Q. Have you anything to say in reply to this general question as to the relations between the Government and the railroads? Give the sentiment of the community.—A. I cannot say what the sentiment of the community is generally, but the sentiment of some gentlemen with whom I have talked is in favor of the proposition that Mr. Adams made to the Government. We thought it was a fair proposition.

Q. How did you understand that proposition?—A. I could not explain it at this time. But at the time when the proposition was made we talked it over quite generally, and I know that every man with whom I talked at the time, and I presume I talked with a dozen, perhaps, were of the opinion that Mr. Adams's proposition was a fair proposition to the Government.

Q. Do you mean by "Mr. Adams's proposition," generally an adjustment on terms of an extension of the debt and a reasonable rate of interest?—A. Yes, sir. Of course, I could not tell about details.

By the CHAIRMAN:

Q. Did you talk to Mr. Adams about it?—A. I never did.

EXTENSION WOULD BE BENEFICIAL TO THE COMMUNITY.

By Commissioner ANDERSON:

Q. Is that opinion based upon the assumption that the company is not able to pay its debt when it matures?—A. Yes, sir; that was the assumption.

Q. In what respect would the acceptance of an arrangement of that kind be of value or benefit to this community, in your judgment?—A. The benefit it would be is this: It would give the company an opportunity to branch out and spend money and build our depots and broaden the narrow gauge and build other roads that they need, and so on. That would be the advantage.

The Commission then adjourned, to meet upon the call of the Chair.

TESTIMONY

CONCERNING

THE SIOUX CITY AND PACIFIC RAILWAY COMPANY.

TESTIMONY

TAKEN BY

THE UNITED STATES PACIFIC RAILWAY COMMISSION,

AS TO

THE WORKING AND FINANCIAL MANAGEMENT OF THE RAILROADS THAT HAVE RECEIVED AID FROM THE GOVERNMENT IN BONDS.

OFFICES OF THE CHICAGO AND NORTHWESTERN RAILWAY COMPANY, 22 FIFTH AVENUE,
Chicago, Ill., June 18, 1887.

The Commission met upon the call of the chair.
Present, Commissioner Pattison (chairman) and Commissioner Littler.

MARVIN HUGHITT, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What position do you hold in the Sioux City and Pacific Railway Company?—Answer. I am president of that company.

Q. How long have you been such?—A. Two years.

Q. Who are the directors?—A. I will give you the list [referring to the list]: Marvin Hughitt, Albert Keep, Marshall M. Kirkman, Joseph R. Redfield, William H. Stennett, Martin L. Sykes, David P. Kimball, Horace Williams, and Philo E. Hall.

TERMINAL POINTS OF SIOUX CITY AND PACIFIC.

Q. Please tell us where the road begins and where it ends.—A. The Sioux City and Pacific terminal points are Fremont and Sioux City. That is, the Sioux City and Pacific proper. Then it owns a piece of road from Missouri Valley to California Junction. That piece is not a part of the line on which the Government made advances of money to aid construction.

Q. Please give to the Commission an outline of the Sioux City road aided by the Government.—A. It begins at Sioux City and extends down the east bank of the river.

The CHAIRMAN. Just follow it up.

The WITNESS. It begins at Sioux City, in the State of Iowa, and extends down the east bank of the Missouri River to a place called California Junction; thence to the Missouri River, and from the Missouri River to Fremont, the point of intersection of the Union Pacific Railway.

Q. How many miles?—A. One hundred and one miles and fifty-eight one-hundredths.

By Commissioner LITTLER:

Q. Is that the aided portion of the road that you have described?—A. Yes.

Q. One hundred and one and fifty-eight one-hundredths miles?—A. Yes.

By the CHAIRMAN:

Q. How was it built; I mean, was it built by the company or by a construction company?—A. I am not able to answer that question. I have never inquired into and don't understand how the road was built. I never looked into the origin of the company or its finances very far back.

ITS PURCHASE BY THE NORTHWESTERN COMPANY.

Q. When did the Northwestern Company acquire the stock?—A. In 1884.

By Commissioner LITTLER:

Q. Had this company any connection with the other prior to 1884?—A. No interest previous to 1884.

By the CHAIRMAN:

Q. Who can give me the information concerning its history prior to 1884?—A. I cannot answer that question. Mr. J. M. S. Williams, of Massachusetts, was treasurer of the road in its inception, and was undoubtedly familiar with its affairs; but he is dead.

Q. How did the Northwestern come into possession of the Sioux City?—A. The Northwestern company owns the bulk of the common stock of the Sioux City road.

Q. How did they get possession of it?—A. They acquired it through the purchase of certain Iowa roads, the proprietors of which owned the Sioux City Railroad stock.

PRICE PAID.

Q. What did they pay for it?—A. I could not answer that question.

Q. Where can we get that information?—A. It cannot be determined; in fixing the price on the Iowa roads just referred to, the price covered the Sioux City stock.

The CHAIRMAN. Please furnish the price paid by the Northwestern for the Sioux City stock.

The WITNESS. It cannot be given, because no separate price was ever put upon it.

Commissioner LITTLER. And give the number of shares.

The WITNESS. The Northwestern owns 18,838 shares of the common stock of the Sioux City road.

Q. Who represented the Sioux City at the time of the sale to the Northwestern?—A. The owners of its common stock.

DETAILS OF PURCHASE.

By Commissioner LITTLER:

Q. Was this stock bought from divers persons or from only one?—A. Bought from divers persons; *i. e.*, different interests had a share in its ownership.

Q. Was it picked up in the market or bought by private sale?—A. It came to us in connection with other transactions relating to the acquisition of leased lands in the State of Iowa, as already stated.

By the CHAIRMAN:

Q. What were the conditions—or were there any conditions—at the time of the sale or purchase by the Northwestern?—A. There were no special conditions.

Q. Was there any condition as to payment—as to time? Or was it a cash transaction?—A. A cash transaction, as I understand it, because the interests with which it was bulked were practically cash or the guarantee by the Northwestern of outstanding liabilities.

OFFICERS OF THE ROAD.

Q. Who was the general manager or freight manager of the road at that time and the passenger manager?

The WITNESS. Of the Sioux City and Pacific Railway?

The CHAIRMAN. Yes; in 1884, at the time of the purchase.—A. The general freight agent of the Sioux City and Pacific was K. C. Morehouse. The general passenger agent of the company was Mr. J. R. Buchanan, and the general manager was P. E. Hall.

Q. Are those gentlemen now connected with the road?—A. Mr. Morehouse and Mr. Buchanan are; Mr. Hall is not.

Q. Where do they reside?—A. At Missouri Valley, Iowa. Mr. Hall resides at Cedar Rapids.

Q. Are they employed in the same position?—A. Mr. Buchanan and Mr. Morehouse; yes, sir.

Q. How far back has the Northwestern company the books of the Sioux City?—A. The Sioux City has its general books from the opening of the road.

The CHAIRMAN. So that the accountant that we send to you here can have access to the books from the beginning of the road?

Mr. KIRKMAN. Yes; the accountant has made balance sheets from the commencement of the opening of the road, and has several years already completed.

FINANCIAL CONDITION.

Q. What is the ability of this road to pay or settle its debt due the Government?—A. That is a very difficult question to answer. It depends entirely upon competition, or quite largely so, and upon the ability of the road to hold the traffic that now passes over it. By examining this map, which you have before you, you will see that the Sioux City and Pacific road is very largely dependent upon the encouragement that it receives and the assistance that is given to it from the Chicago and Northwestern system of roads. These blue lines shown on this map represent the Chicago, Saint Paul, Minneapolis and Omaha road.

DEPENDENCE UPON ITS CONNECTIONS.

By Commissioner LITTLER:

Q. Is that part of your system?—A. It is treated as such, although this company does not own all its stock. The red line shown here indicates the Chicago and Northwestern system. The Sioux City road is now, and will probably continue to be, part of the through line. For instance, from Sioux City down to Missouri Valley, and thence on, down to Council Bluffs. The route of traffic over its line depends very largely upon the disposition of the roads that have the disposition of that traffic. If the Sioux City and Pacific road depended entirely on its local business and the business wholly within its control and was operated as a

perfectly independent corporation (independent of any succor from friendly connections) it has not earning capacity enough to pay its operating expenses, taxes, and interest on its first-mortgage bonds.

Q. The Sioux City has not?—A. The Sioux City has not. I think the past, and believe the present, results of the operations of that line would fully bear me out in that assertion.

Q. Is that your understanding?—A. It could not, depending on itself alone, earn enough to pay its interest, taxes, and operating expenses.

The CHAIRMAN. But with its connections?

CONSTRUCTIVE MILEAGE ALLOWED.

The WITNESS. With their aid it is barely self-sustaining. The division of earnings from joint traffic passing over the Sioux City and Pacific Division is made especially favorable, so as to aid the Sioux City Company.

Commissioner LITTLER. State that arrangement.

The WITNESS. The Sioux City road is operated independent of the Northwestern road; its cash, accounts, and staff are separate. All traffic passing over the Sioux City and Pacific has constructive mileage given it. It receives, for instance, 15 per cent. of the Chicago and Northwestern Railway Company's proportion on all business between points east of the Mississippi and west of the Missouri, and 10 per cent. between points west of the Mississippi and east of the Missouri.

Commissioner LITTLER. That results from a traffic arrangement between the two companies.

The WITNESS. Yes.

Commissioner LITTLER. Is that in writing?

The WITNESS. No; it is a traffic arrangement, but not a traffic contract. It is one of long standing. At times that arrangement was not sufficient—did not yield net money enough to the Sioux City and Pacific road to pay its accruing obligations. The roads with which it exchanged traffic (in the Northwestern system) contributed out of the earnings they had received from the business going on to the Sioux City road, or coming off from it, sums sufficient (varying with the necessities of the case) to carry it along.

CONTRACT WITH ELKHORN VALLEY ROAD.

By Commissioner LITTLER:

Q. I want to ask you whether there is not a lease or written contract of some nature now existing between the Sioux City road and this Elkhorn Valley road?—A. Yes, sir; a contract by which the Elkhorn is allowed to use the road between Fremont and Missouri Valley.

Q. Have you a copy of that, or can you produce it?—A. We have a copy of it, and can produce it.

Q. What is the nature of that contract?—A. The Sioux City leases to the Fremont, Elkhorn and Missouri Valley Company certain property between Fremont and Missouri Valley. Under this agreement the Fremont, Elkhorn and Missouri Valley Company runs trains to accommodate its traffic. It cannot, however, accept local business belonging to the Sioux City between Missouri Valley and Fremont, or that the latter would get if no lease existed. If the Elkhorn performs such business it must turn the gross proceeds therefrom over to the Sioux City Company.

EFFECT UPON GROSS EARNINGS OF SIOUX CITY AND PACIFIC.

Q. What effect does this agreement have on the net or gross earnings of the Sioux City and Pacific?—A. It increases its net earnings in this wise: The Elkhorn Company pays a net rental, based on the valuation of the Sioux City property used by it. That percentage was determined by a board of engineers appointed for the purpose. In addition it pays for the repairs of the Sioux City property thus used in the proportion that the wheels run by the Fremont, Elkhorn and Missouri Valley Company bear to the total number of wheels moved by both companies. And, as the Elkhorn business is greater than the Sioux City, the larger amount falls on the Elkhorn Company, and in that way the Elkhorn Company bears the greater portion of the fixed expenditures, to the material benefit of the Sioux City and Pacific.

BENEFIT DERIVED FROM CONSTRUCTIVE MILEAGE.

By the CHAIRMAN:

Q. What is the sum total of constructive mileage that you carry to the Sioux City? You say 10 per cent. under one and 15 per cent. under another. Does it make a certain sum annually?—A. No, sir; because the business changes month by month.

Q. Then you have never figured up how much the total constructive mileage would be carried over in one sum for a year or month?—A. No, sir; we have not kept that account separately. It would not be difficult, but simply tedious, and require time to keep it separate.

Q. How did you ascertain, then, the benefit in a sum of money that the Sioux City would derive from a constructive mileage of 15 or 10 per cent.?—A. They really get more than constructive mileage. They get, for instance, on certain business, 10 per cent. of the Chicago and Northwestern proportions, and on other business 15 per cent. of the Northwestern proportions. Formerly they received an amount not to exceed 10 per cent.; but, in order to help the Sioux City out of its troubles, the percentage was increased to 15 per cent.

AGGREGATE AMOUNT.

Q. What did you ever estimate the constructive amount would be—the entire total sum for a year?—A. Well, where the words "constructive mileage" are used in my answers, it should be changed; because they have received more than the term "constructive mileage" usually implies. For instance, if there is a car of freight passing from Chicago to Sioux City at $50 a car, and the proportion of the Sioux City were $4, and the Northwestern's $46, the former would get 10 per cent. of $46 of the Northwestern's proportion in addition to the $4 on a pro rata.

Q. What benefit has that, in any one year, been to the Sioux City's treasury?—A. A large sum of money in the aggregate. I could not answer particularly, without going over and computing every freight transaction between the Sioux City and the Northwestern Company.

FORMER RELATIONS OF SIOUX CITY AND NORTHWESTERN ROADS.

Q. Before the Northwestern assumed control of the Sioux City, by reason of its purchase, what relation did the Sioux City hold to the Northwestern?—A. That of perfect independence. But it enjoyed the same traffic relations then as now.

Q. How long had that relation existed?—A. I could not answer accurately without looking up the transfers of traffic between the two roads; but I think I can safely say that it existed from the beginning of the operation of the Sioux City road.

Q. Of the Northwestern?—A. Of the Sioux City and Pacific. From the time of its construction and connection with the Northwestern road it has enjoyed this (what I may call) "drawback."

Q. At what time did the Sioux City form the connection with the Northwestern?—A. In 1869 or 1870.

AMOUNT OF INDEBTEDNESS.

By Commissioner LITTLER:

Q. Will you state the total amount of indebtedness on this road, including the Government indebtedness?—A. The first-mortgage bonds, the Government lien, the deferred interest on the Government lien, and the deferred interest on the first-mortgage bonds up to the 1st day of May, 1887, amounted to $5,225,881.09.

Q. That is, the mortgage indebtedness?—A. Yes, including the deferred interest.

Q. But now, in addition to that, is there not stock of $16,000 a mile?—A. The common stock, $1,899,400; preferred stock, interest-bearing, $169,000.

DIVIDENDS.

Q. Has the Sioux City been paying any dividends on the stock?—A. It has never paid any dividends on the common stock. It has paid on the preferred interest-bearing stock issued for the purchase of the line of road from Missouri Valley over to California Junction, and on which the Government lien does not rest.

Q. What is the length of that line?—A. Five and nine-tenths miles.

By the CHAIRMAN:

Q. Has the Sioux City Company always made its interest on its bonds?

The WITNESS. From earnings?

The CHAIRMAN. Yes.

CONTRIBUTIONS FROM OTHER LINES.

A. No, sir; it has been assisted to meet its interest on the first-mortgage bonds from contributions by connecting lines of railway.

Q. How do you make up the contributions?—A. In some cases, by gift outright; in others, by connecting companies in the proportion in which they have received earnings from the business originating on or going to the Sioux City and Pacific road; the amount of contribution was determined by the amount of the deficiency. These contributions may be said to be in addition to the drawbacks that had been given to the Sioux City and Pacific Company in the course of the current interchange of freight traffic between the roads, as already described. I want to say, in that connection, that this drawback allowed the Sioux City is a system that does not prevail between the Chicago and Northwestern and any of the roads that it calls proprietary lines east of the Missouri.

INTEREST ON GOVERNMENT LIEN.

Q. What other interest charges are there? The preferred stock you have given me, and first-mortgage bonds; what other interest charge is there?—A. Interest on Government lien.

Q. Has the road ever made any payments to the Government?—A. Yes.

Q. Has the road ever paid to the Government the 5 per cent.?—A. The Government 5 per cent. has been paid in full up to within two years; and the reason it has not been paid latterly is because the Government owes it a sum of nearly the same amount, which it refuses or neglects to pay.

Q. How were the payments of 5 per cent. made?—A. In cash. The Government owed certain sums to the Sioux City, and in making payment it deducted the 5 per cent.

INDEBTEDNESS.

By Commissioner LITTLER:

Q. As I understand, this road, part of the time, has not been able to pay its fixed charges; and there are coupons due and unpaid on some of its bonds. I understand further, that the Northwestern pays these coupons in some way or other. Is that so?—A. Yes.

Q. What do you do with the coupons when you cut them off?—A. We hold them. They are an unsatisfied claim on the Sioux City road.

Q. How many of them have you?—A. $98,100 unpaid. And there accrues on the 1st July $48,840 more.

Q. So that this road is constantly becoming more and more indebted, is it?—A. Six months' coupons will be paid June 30 next by the Sioux City Company, lessening its debt that much.

HOW SECURED.

Q. And the form of indebtedness is secured by first mortgage?—A. Yes.

Q. And the lien of the Government is being more and more impaired year by year, as long as this state of things goes on, is it not?—A. I think it is.

Commissioner LITTLER. It is not a very flattering outlook.

The WITNESS. I want to say why I said "I think it is." I think it is because of the construction of rival railways to the Sioux City and Pacific by other companies. I will call the attention of the Commission to a line of railway that does not exist on the map already shown; it has recently been constructed by the Chicago, Milwaukee and Saint Paul Railway Company. If the Commission will get a copy of the map of that company they will find the road laid down more accurately than I see it on this map. But I can show how much it has become a competitor of this system. Going down through Yankton to Sioux City, then parallel with the Sioux City and Pacific road, following the bluffs, it comes down to a place called Defiance. They have a line of road right into Council Bluffs. That line has been recently built by the Chicago, Milwaukee and Saint Paul Railway Company, and the business that originated in Dakota on the system of roads controlled by that company, and which formerly passed over the Sioux City and Pacific, and then over the Northwestern to Council Bluffs, now passes over the Milwaukee and Saint Paul. In addition to that, it establishes competition out of Sioux City to Chicago and points eastward. That is one of the reasons why I have given the above answer.

NET EARNINGS.

Q. You have stated that the Sioux City pays its interest on its first mortgage bonds and dividends on its preferred stock, and then has a

sufficient balance to leave net earnings, on which it has, from year to year, paid 5 per cent., under the act of 1862, as an amount due the Government. That is correct, is it?—A. That is partly correct. I ought to explain here, however, that the use of the word "dividend" in connection with the preferred stock issued to build the non-aided road from Missouri Valley to California Junction is a misnomer. The so-called dividend paid on this stock is exactly like the interest paid on the bonds issued to build other roads. A certain amount of stock was issued to build the road in lieu of bonds, and a certain amount of interest was guaranteed on it by the Sioux City Company. This charge should be called an interest charge rather than a dividend, as the use of the latter term is liable to mislead. In reference to the manner of ascertaining the 5 per cent. Government tax, I would say that neither the interest on the bonds or stock or Government lien is deducted. There would be no net earnings if such were the case. Moreover, there have been many years in which there were no net earnings. In computing the 5 per cent. we deduct the gross operating expenses and taxes, then expenditures for construction, *i. e.*, additional facilities. That is all that is deducted. There is no interest charged. In the event that the surplus is not equal to the interest on the first-mortgage bonds, in addition to the 5 per cent., then the Government construes (and has from the start) that neither the 5 per cent., nor any portion of the same, shall be paid. The Government has no lien on the net earnings of the non-aided portion of the Sioux City road.

MARKET VALUE OF STOCK.

Q. What is the value of the Sioux City stock, other than the preferred stock?—A. That is a pretty difficult question to answer, to state the value of stock in a railway that is constantly in default.

Q. Has it ever had any market value?—A. Only nominal.

Q. What was paid in on account of the stock at the time?—A. I am not able to answer that.

ADDITIONAL ISSUE OF STOCK.

Q. Has there been any additional issue of stock since the original issue?—A. There has been no enlargement of the share capital of the company, either in preferred or common stock, since the completion of the road.

Q. How much of the common stock does the Northwestern hold?—A. It holds a controlling interest.

Q. How did you estimate the value when you made the purchase, if it had no value?—A. I do not remember how the value of the Sioux City stock was ascertained at the time it was sold.

VALUE OF STOCK AT TIME OF PURCHASE.

Q. Can you tell the Commission what gave you an idea of the value of the Sioux City stock at the time of the purchase?—A. The Sioux City and Pacific road had relation to the system of roads in Iowa that were leased to the Chicago and Northwestern Railway. Those leases were terminated and the Northwestern road purchased the lines. The leased lines connected at Missouri Valley with the Sioux City and Pacific road, with which they interchanged traffic, and it is through the purchase of the leased lines that the control of the Sioux City and Pacific road came into the possession of the Northwestern Company.

Q. Has the Sioux City any branch roads?—A. No, sir; unless this line from California Junction to Missouri Valley may be treated as a branch, it not being a part of the subsidized portion of the Sioux City and Pacific road.

FINANCIAL PROSPECTS.

Q. With the payments of interest on the first mortgage bonds and the payment of interest on the preferred stock, and the balance of net earnings due, and the fact that the Northwestern felt that there was sufficient value in the Sioux City common stock to make a purchase of it, what will be the ability of the Sioux City Railroad Company to meet its indebtedness to the Government, either in full, at the date of maturity of the bonds, or in annual payments of a fixed sum, and to what amount, if in annual payments?—A. It is my opinion that the Sioux City Company will not be able, at the maturity of the Government lien, to pay anything whatever towards discharging its obligations to the Government. If the future does not promise any larger return of net earnings to the Sioux City and Pacific Company than the past, it will constantly need succor to enable it to pay its taxes, interest on its first mortgage bonds, and its operating expenses.

Q. The value of the stock, then, would not be sufficient for the holders to preserve their interest in the road if the Government demanded the payment?—A. I think not. I do not think the holders of the common stock would hesitate a moment as to what course it would be proper for them to pursue in an emergency of that kind. They would undoubtedly abandon the property.

Q. Is it not the shortest line between Sioux City, with the connection of the Northwestern Railway system, and Council Bluffs?

The WITNESS. As a north and south line?

The CHAIRMAN. Yes, sir.

A. Yes, sir.

EFFECT OF COMPETING LINES.

Q. Has its value been depreciated by reason of the construction of competing lines between Council Bluffs and Sioux City?—A. Latterly; yes, sir. I think the construction of the Milwaukee and Saint Paul road from Sioux City southeasterly, so as to establish competition with the Sioux City and Pacific road for the north and south business, as well as for the business easterly from Sioux City, has materially impaired the the earning power of the Sioux City and Pacific road; and to such an extent that it is not in the power of the Chicago and Northwestern Railway Company to prevent serious loss of income in consequence of that.

LOCAL AND THROUGH RATES.

Q. What is the difference between local rates and through rates on the Sioux City?—A. On passenger business it has a uniform rate of 3 cents per mile. The rate has been higher, but it has been reduced by legislative enactment of the State of Iowa. There is a uniform rate of 3 cents per mile on passenger business, except where the road competes with shorter or more direct lines, in which case it is necessary to shrink the rates; in such event the Sioux City shrinks its rates pro rata with the others; but the average is 3 cents a mile for passenger business. The same general answer will apply to freights. The local freight tariff differs only from the rates it receives on through business in cases where the through business is transacted at rates that necessitate reduction.

REBATES.

Q. Have you any rebate account from Sioux City to Council Bluffs? Have you any rebates or discriminations in favor of shippers along the line?—A. No, sir.

Q. No system of rebates at all?—A. That has been entirely wiped out. There is at this time, since the passage of the interstate commerce law, no rebate arrangement between the company and its shippers, except in one case where a contract was made prior to the passage of the interstate commerce law, which requires a different rate of freight from that now published, and on which the rebate is to be paid when the freight is shipped. Aside from that there are none. Prior to April 1 there were simply current rebate arrangements, not in the nature of private arrangements, which one shipper enjoyed and another did not, but simply rebate arrangements that were open to all who shipped under similar circumstances. It is often necessary to make some corrections in charges where a line is only part of the route over which the freight is shipped. Whatever rebates it was found necessary to pay to protect the business of the Sioux City Company and bring to it all the earnings that it could consistently look for were paid.

Q. Do you keep an account of your rebate allowances?—A. Only in the aggregate.

Q. No individual account?—A. Only in the aggregate.

POOL ACCOUNTS.

Q. What pool accounts have you kept?—A. There was a pool on Sioux City business between the Sioux City road and the other lines reaching that point.

Q. What was the arrangement?—A. It was based on the percentage allotted to each of the lines. If any one of the parties was in arrears of the stated percentages the excess was paid by the parties that had the surplus.

Q. Was there a payment to the Sioux City road sometimes under that arrangement?—A. The balances were, as a rule, against the Sioux City and the Northwestern roads, because these two companies did jointly a larger share of the business than the other lines.

Q. In a payment on account, would you deduct that payment from the gross receipts before you ascertained the net earnings?—A. Yes, sir.

Q. Did you carry a payment made to you—or rather a receipt by you from the pool settlement from another road—into your gross receipts?—A. Yes, sir.

Q. Will you please furnish the Commission, or its accountant, with a statement of the pooling arrangement?—A. Yes.

Q. Will you furnish the Commission with a copy of the Northwestern Company's annual report?—A. Yes, sir.

LAND GRANT.

Q. Have you a land account?

The WITNESS. Of the Sioux City and Pacific?

The CHAIRMAN. Yes.

The WITNESS. No, sir.

Q. Was there any grant of land at the time?—A. Yes, sir.

Q. Who are the owners of the first-mortgage bonds of the Sioux City?—A. I do not know.

Q. Has the Northwestern any of them?—A. No, sir. They are probably pretty generally scattered. The coupon is presented, but the presentation of it does not identify the owner.

By Commissioner LITTLER:

Q. Does your company own largely of them?—A. No, sir; not any of them.

INTEREST IN ELKHORN AND MISSOURI VALLEY ROAD.

By the CHAIRMAN:

Q. What interest have you in the Elkhorn and Missouri Valley?—A. All the capital stock of that company is held in trust for the Chicago and Northwestern Railway.

Q. What proportion of the bonds of the Elkhorn do you hold?—A. We do not own any portion of them. The bonds of the Elkhorn and Missouri Valley road were sold and the proceeds used for the construction of the line. Some of the bonds of the Elkhorn and Missouri Valley were deposited as collateral and the Chicago and Northwestern Company's bonds issued in in lieu thereof, to raise money with which to build the line. Under that arrangement, the bonds of the Elkhorn are held as collateral by a trustee in New York for the Northwestern bonds issued.

Q. What is the condition of the land account of the Sioux City road?—A. Well, there are no lands, and there is no account of lands.

Q. When did the land account of the Sioux City close?—A. The last sale was made July, 1875.

SALE OF GOVERNMENT LAND GRANT.

Q. What did it do with the land granted by the Government?—A. The land not required for its own use was sold.

Q. How was the land disposed of by the Sioux City Railroad Company?—A. It was sold; the gross amount realized by the company from such sales was $330,050.98.

Q. Where are the books that will show that?—A. All the record books of the Sioux City company are here.

NO DIVERSION OF FUNDS.

Q. Has there been a diversion of any of the funds of the Sioux City road to any other company at any time, other than to the Sioux City Railway account?—A. Not to my knowledge. I should say no. I do not see how there could have been.

Q. Have the directors any interest in any manufacturing company, or any interest along the line, with which the Sioux City is in contract?—A. None whatever. The business of the Sioux City and Pacific Railway has been kept closely to that of transporting freight and passengers for hire, and it has no collateral issues, or side issues, or interest in other things.

COMPENSATION OF OFFICERS.

By Commissioner LITTLER:

Q. How much do you pay your officers?—A. I am president of the company, and I have never received any salary; none of the executive officers of the Sioux City company receive any salary.

Q. What could the Sioux City road be built for to-day, per mile?—A. When the road was built, the wages of labor and the prices of ma-

terial, I think it safe to say, were double what they are now. I am hardly able to answer what the road could be built for to-day. The Sioux City road was built during the period of high prices and at a point remote from markets for railway material.

Q. Could you get to Kansas without the Sioux City?—A. Yes; by simply turning traffic over the Omaha road, and sending it down on the west side of the Missouri, instead of on the east side.

Q. When was that branch built?—A. It was built four years ago, and consolidated with the Chicago, Saint Paul, Minneapolis and Omaha road.

Q. By whom was that done?—A. It was a local organization, originating at Omaha. No one connected with the Sioux City road or the Northwestern had anything to do with its construction.

MARVIN HUGHITT.

SIOUX CITY, IOWA, *Wednesday, June* 29, 1887.

The Commission met pursuant to adjournment.

Present: Commissioner Pattison (chairman) and Commissioner Littler.

WILLIAM F. FITCH, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Where do you reside?—Answer. In Omaha.

Q. What is your business?—A. I am general manager of the Sioux City and Pacific Railroad and the Fremont, Elkhorn and Missouri Valley road.

DUTIES OF GENERAL MANAGERS.

Q. How long have you been connected with the Sioux City and Pacific?—A. Seventeen months.

Q. Were you connected with the road in any other capacity prior to that time?—A. Not with the Sioux City road.

Q. What are your duties as general manager of the Sioux City and Pacific?—A. Operating it.

Q. What are included in those duties of operating the road as general manager?—A. The movement of trains, maintenance of track, and looking after the property generally.

Q. Have you control over the freight rates?—A. No, sir.

Q. Or of the passenger rates?—A. No, sir.

Q. How are they managed?—A. They are managed by the general freight agent and general passenger agent, under advice from the president.

REPORTS TO GENERAL MANAGEMENT AT CHICAGO.

Q. How often do you make returns or reports to the general management at Chicago—the Northwestern management?—A. I do not just understand what you mean.

Q. Do you make any report of your department to the general management of the Northwestern?—A. We keep them advised of the condition of affairs on the road.

Q. What condition of affairs?—A. The physical condition of the property.

Q. Who advises as to the financial condition of the road here?—A. Mr. Hughitt, at Chicago, the president.

Q. And does he examine the returns?—A. The accounts are all kept at Chicago and the returns are all made direct to him by the comptroller in Chicago.

Q. Who makes the returns to the comptroller at Chicago?—A. The station agents, who make their returns daily.

SPECIAL RATES.

Q. Have you any knowledge of the rates?—A. Nothing further than those in the printed tariffs.

Q. Are there any other rates than those in the printed tariff?—A. No.

Q. Are there any special rates?—A. No.

Q. Were there any special rates prior to April 1?—A. Yes.

Q. What knowledge have you of the special rates?—A. I have no knowledge of them.

Q. Have there been rebates allowed along the line of the Sioux City road?—A. Yes.

POOLS.

Q. Has the Sioux City road been in any pool agreements with any other road?—A. Prior to the 1st of April, yes.

Q. What other road?—A. We had pools with all the other roads entering Sioux City from the east.

Q. How was the Sioux City benefited?—A. I was not conversant enough with the accounts to know. I cannot tell.

Q. Has the Sioux City participated in any constructive mileage allowance from other roads?—A. I cannot answer that. I do not know.

Q. Or the Northwestern?—A. I do not know.

Q. Has it engaged in the conduct of business in the shipment of freight or passengers under a constructive mileage arrangement?—A. I cannot say.

Q. Are you acquainted with the early organization of the Sioux City?—A. No.

Q. Do you know anything about it?—A. Nothing at all.

Q. How many trains are run per day over the Sioux City proper?—A. There are more run over the Sioux City road between Missouri Valley and Fremont than there are between Missouri Valley and Sioux City; but just how many I could not tell you without looking at the time table.

NUMBER OF PASSENGER AND FREIGHT TRAINS.

Q. How many passenger trains?—A. There are four passenger trains a day between Missouri Valley and Fremont; two each way.

Q. How many between Sioux City and Missouri Valley?—A. Between Missouri Valley and Sioux City there are four; the same number.

Q. How many freight trains go out of here a day?—A. One each way, a day, between here and Missouri Valley, and one a day each way between here and Onawa. Between Missouri Valley and Sioux City there are two passenger trains a day, each way, and one freight train a day, each way. There are four passenger trains a day, each way, between Onawa and Sioux City. That includes the two between here and Missouri Valley and the other two; and there are two freight trains a day, each way, between Onawa and Sioux City.

Q. Have you given all the freight and passenger trains that pass over the line?—A. Yes, sir; and between here and Missouri Valley.

I have not given you the freight trains that pass over the road between Missouri Valley and Fremont.

Q. Can you furnish a schedule containing the number of trains that pass over from Fremont to Missouri Valley?—A. Yes. There are five scheduled freight trains, each way, a day.

NO COMPLAINTS OF DISCRIMINATION.

Q. Have there been any complaints as to discrimination, on the part of the merchants of Sioux City or shippers along the line?—A. Not to my knowledge.

Q. Have you ever heard of any complaints?—A. No, sir.

Q. Have there been any complaints from the shippers of Sioux City or along the line of the Sioux City road as to an allowance of rebates—special rates or preferential rates?—A. Not to my knowledge.

Q. To whom would such complaints be directed?—A. Either to Mr. Morehouse, general freight agent, or myself.

Q. Where is Mr. Morehouse?—A. In Chicago to-day.

Q. Is he located there?—A. At Missouri Valley, Iowa. The general officers of the company are there.

Q. Is he under your control?—A. Yes.

LOCAL TRAFFIC.

Q. To what extent does the local traffic of the road support the Sioux City—passenger and freight?—A. I cannot answer that question. I do not know.

Q. How does the local traffic of freight and passengers compare with the through?—A. I cannot answer that question either. I have no means of knowing.

Q. Do you make a report to the general office of the local traffic—passenger and freight—to the general office at Chicago?—A. The reports are made direct by the station agents to the officer at Chicago.

Q. Do they pass through your hands?—A. No, sir.

FINANCIAL AFFAIRS OF ROAD.

Q. What were the profits of the road during the year 1886?—A. I cannot answer. I do not know.

Q. Your duties simply comprehend the physical management?—A. Yes, sir.

Q. Have you any knowledge at all of the detail of the financial arrangements?—A. None whatever.

Q. Have you any records or statements that would inform the Commission as to the condition of the road?—A. None at all.

Q. Are all your returns made to Chicago?—A. Yes.

Q. What returns do you make?

The WITNESS. Individually?

The CHAIRMAN. Yes.

A. None whatever, except my general letters to the president giving him the condition of affairs generally.

Q. How often do you write to him?—A. There is nothing regular about it; I write when something turns up. It is simply a letter telling him of the condition of the property.

By Commissioner LITTLER:

Q. You are not required to report at stated times?—A. No, sir.

OFFICIAL INSPECTION.

By the CHAIRMAN:

Q. How often is the road inspected by the officers of the Northwestern?

The WITNESS. You mean the president of the Sioux City road?

The CHAIRMAN. The president, or directors, or any of the general officers.—A. The directors come out once a year; the president comes sometimes once a month or once in three months. He has been out here since I have been here, I should say, six or eight times.

COMPETITORS OF THE SIOUX CITY.

Q. Has the Sioux City any competitors between the terminal points?—A. Yes, sir.

Q. What are they?—A. The Chicago, Saint Paul, Minneapolis and Omaha, and the Chicago, Milwaukee and Saint Paul.

Q. How does the passenger and freight traffic on the Sioux City compare with the traffic on the competing roads you have named?—A. I cannot tell; I have no idea what their passenger business amounts to.

By Commissioner LITTLER:

Q. How are the competing lines located with respect to the Sioux City and Pacific?—A. The Chicago, Saint Paul, Minneapolis and Omaha crosses the Sioux City road at Blair.

Q. Does it run to Sioux City?—A. Yes; but the chairman asked what competition we had except at terminal points. That road starts at Sioux City, runs to Omaha, and crosses the Sioux City road at Blair.

Q. Where does the other one start?—A. At Sioux City, and runs southeasterly through the State of Iowa, and competes with the Sioux City road for business at the first three stations south of Sioux City.

PROPERTY OF SIOUX CITY AND PACIFIC ROAD.

Q. What is the physical condition of the property, the engines and cars, of the Sioux City?—A. Very good indeed.

Q. How many engines have you?—A. Twelve.

Q. How many passenger cars?—A. That I cannot tell you without looking at the record.

Q. How many freight?—A. I will have to look at the record to tell you.

Q. Are the records returned to the Chicago department—the general office?—A. They have a record of them there; yes, sir. We keep the movement of cars at Missouri Valley. The car-accounting office is at Missouri Valley.

Q. What property have you at Sioux City?—A. We have depot grounds on the river, that is all. The extent of them I could not tell you without looking at the record.

Q. Have you any buildings at all?—A. We have a freight house and a passenger house, a brick engine house and two coal sheds.

Q. Is the property of the Sioux City and Pacific Railway now in Sioux City a contribution by the citizens of Sioux City at the time the road was built?—A. That I could not say, sir.

Q. Who could give that information?—A. The comptroller in Chicago, I think, Mr. Kirkman.

Q. Do you know how much the citizens of Sioux City contributed at the time?—A. No, sir.

Q. In what county is Sioux City located?—A. Woodbury.

Q. Do you know of any contribution by the county of Woodbury in bonds or any subscription?—A. No, sir.

PROPERTY ALONG LINE OF ROAD.

Q. Have you any property along the line of the Sioux City road?—A. Nothing but the depot grounds, station houses, water tanks, and coal sheds.

Q. Have you any other properties along the road?—A. I think there are two or three flat warehouses that were built by the Sioux City road and are rented to parties who buy grain. They are just one floor; not an elevator. That is called a flat elevator. It was built at an early day by the company and leased to people to handle grain in. I do not think there are over two or three of them left. They have all rotted down.

Q. Have you any other information that you can give to the Commission?—A. Nothing that I know of that would be of any interest to them at all.

RENTALS.

Q. Have you any rentals along the line of the road?—A. We rent to parties for lumber yards, for elevators, and for coal sheds; parties who are buying grain and selling lumber.

Q. What have you in the way of payments going out, for rent?—A. Nothing at all.

Q. When were you first connected with the road?—A. January, 1886.

Q. Have you any knowledge of payments for rentals prior to January, 1886?—A. No, sir.

Q. The company paid $2,100 a year for rentals in the year 1885. Would you have any information or knowledge of that?—A. No, sir.

Q. But you are sure there have been no payments in your time?—A. Not to my knowledge. There may have been some paid by the accounting department that I know nothing of.

Q. Have you any other information or suggestion that you can give the Commission?—A. No, sir; I think of none.

RELATIONS OF THE SIOUX CITY AND NORTHWESTERN.

By Commissioner LITTLER:

Q. Do you not regard this Sioux City as a very important branch of the Northwestern road?—A. Not particularly so; no, sir.

Q. How could the Northwestern make its connections and do its through business without the Sioux City?—A. By building a road from Onawa up here.

Q. It is so important, that they would have to build a new road if they did not control this road, is it not?—A. Yes, sir; I suppose that is true.

Q. Have you any knowledge as to the mileage earnings of this road per annum?—A. No, sir.

DIRECTION TAKEN BY THROUGH FREIGHT.

Q. Is it true that a large part of the through freight passes over this road going to and coming from Chicago?

The WITNESS. A large part of what?

Commissioner LITTLER. A very large part of the freight of the Northwestern system?

A. A very small part of it.

Q. Which way does the through freight reach Chicago over the Northwestern road?

The WITNESS. From here?

Commissioner LITTLER. Or from west of Fremont.

A. That all passes over the Sioux City road.

Q. They would have to make a new road or make running connections with some other road if they did not control that 37 miles?—A. Yes.

Q. That must be an important link in their system, then, is it not?—A. Just at the present time, it is.

Q. It must earn a good deal of money, does it not—that is, if it is treated fairly in the accounting department of the road?—A. I suppose so.

Q. Do you know of any reason why this road is not able to pay its fixed charges, including the Government debt?—A. I have no opinion at all on that subject.

Q. From your knowledge of the bulk of freight which passes over the road, is it or not your opinion that it is paying fixed charges on reasonable cost of construction?—A. I should think it ought to, on a reasonable cost of construction; yes, sir.

LAND OWNED BY THE COMPANY IN SIOUX CITY.

Q. Do you know how many acres of land the company owns in Sioux City?—A. No, sir; I do not.

Q. You own quite a large amount of land?—A. We own extensive depot grounds here.

Q. Are those grounds valuable?—A. Yes.

Q. Are they in demand as terminal points for other roads that are coming in, or threatening to come in?—A. Well, I cannot say as to that.

Q. Are there any grounds so well situated for railroad purposes anywhere in reach of the city as these very grounds?—A. I do not know of any.

Q. It is true that they are located on a level, in the bottom here, and are peculiarly favorable for the laying of side tracks without grading or fills?—A. Yes.

FUTURE PROSPECTS OF THE ROAD.

Q. What do you think of the future prospects of the Sioux City, taking into account the splendid agricultural country through which it runs, and taking into account the fact that that country is only partially developed?—A. I think the prospects are not very good for the future of the Sioux City road.

Q. Why?—A. Because there are other lines being built that will draw from it.

CHARACTER OF COUNTRY IN IOWA.

Q. Is it not true that that road, so far as it is located in Iowa, runs through an exceptionally rich agricultural country?—A. Yes, sir.

Q. Is it not true that that region is capable of producing a very large amount of cereals, and thereby increasing the traffic of the road as the years go on?—A. There is no doubt that the country is very rich and productive and will raise a great deal of grain to be shipped out, and stock.

Q. It is also well adapted to the raising of stock, is it not?—A. Yes.

Q. Do you not have a large traffic in cattle and hogs over the road?—A. Yes.

Q. And that will increase naturally, as the country is well settled and brought into cultivation?—A. Yes, sir.

AMOUNT OF LAND NEEDED BY RAILROAD FOR SUPPORT.

Q. From your knowledge as a railroad man, can you give this Commission an idea of how much land of the character through which this road runs, on either side, is required to support a railroad, from local traffic?—A. No, sir; I cannot.

Q. Give your opinion as to whether 10 miles on either side of the Sioux City road, taking into account the character of the land, is not sufficient to support it and pay all fixed charges and a fair interest on reasonable cost of construction and maintenance.—A. I cannot answer that question. I do not know.

Q. What would it cost the Northwestern to parallel this road, if it becomes necessary?—A. I cannot answer that.

Q. They would have to parallel it a part of the way or make other running arrangements, if they were to lose control of the road, would they not?—A. I understand that they have a line out here a short distance that is headed for Sioux City.

Q. Would not this road be a valuable road to other competing lines in case the Northwestern should lose control of it?—A. I do not know.

COST OF CONSTRUCTION.

By the CHAIRMAN:

Q. What could this property be replaced for to-day?—A. I cannot answer that.

Q. Have you any idea as to the cost of grading, of ties, and of iron, per mile, in the construction of a road?—A. Very slight.

Q. Have you any such knowledge as to give the Commission information on the cost of construction per mile?—A. No, sir.

Q. Would $50,000 per mile be an excessive cost for the construction of this road?—A. I should think it would.

Q. Would one-half of it?—A. That I would not like to say.

Q. Would it cost $30,000 per mile to replace it?—A. I should think not.

Commissioner LITTLER. You mean to include equipment, do you not?

The CHAIRMAN. Yes.

COMPETING LINE OF NORTHWESTERN RUNNING INTO ONAWA.

Q. Has the Northwestern any interest in the lines competing with the Sioux City?—A. They have a line that runs into Onawa that competes with it.

Q. They have diverted freight from the Sioux City over the other line?—A. They do their Chicago business over their line, by way of Onawa.

Q. What proportion of that traffic does the Sioux City receive?—A. I cannot answer that question.

Q. To your knowledge, there is a diversion of traffic from Sioux City over the other line?—A. Yes, sir. The distance is shorter that way.

Q. Has there been any traffic originating on the line of the Sioux City that has been sent to Chicago by way of Onawa?—A. Yes, sir.

Q. Could that traffic have been passed over the Sioux City?—A. It could have gone that way; yes, sir; but the mileage would be greater.

Q. So that traffic and freight originating on the Sioux City has been passed over the competing line?—A. It goes to Chicago by the Northwestern road. All the traffic originating south of Onawa goes by the Missouri Valley.

Q. What effect would that have on the Sioux City?—A. I cannot tell, because I do not know what the divisions are.

Q. How does the road-bed compare with its condition ten years ago?—A. I think it is better.

Q. Have you any knowledge of the road-bed prior to that time?—A. No, sir. I never was over the road but once before I came on to it, and that was ten years ago.

Q. What would be the effect on the competing lines if the Government should take possession of the Sioux City road and run it at its operating expenses?—A. I cannot answer that. I do not know.

Q. Have you any knowledge which would warrant you in giving us an opinion on that?—A. No.

SIOUX CITY, IOWA, *Wednesday, June* 29, 1887.

F. C. HILL, being duly sworn and examined, testified as follows:

By the CHAIRMAN.

Question. What is your business?—Answer. I am in the hardware business.

Q. Where do you reside?—A. At Sioux City.

Q. How long have you lived here?—A. I have been here most of the time since 1868.

Q. When were you connected with the Sioux City road?—A. From March, 1868, until 1881.

Q. Were you familiar with its early construction?—A. No, sir.

STATION AGENT AT SIOUX CITY.

Q. What position did you hold in the Sioux City?—A. I was station agent at Sioux City.

Q. What were your duties as station agent?—A. The ordinary agent's duties.

Q. What are they?—A. Keeping the records of the station, receiving freight for shipment, and collecting charges on freight received.

By Commissioner LITTLER:

Q. Selling tickets?—A. Yes, sir.

By the CHAIRMAN:

Q. Anything else?—A. Only the routine work; looking after the making up of the freights and getting them off on time.

Q. What other position did you hold in the company subsequently?—A. Subsequently I was general freight agent and general passenger agent.

Q. At what time were you general passenger agent?—A. I do not remember exactly as to dates, but I think it was in 1871 that I was appointed general ticket agent.

Q. When were you appointed general freight agent?—A. I think my appointment was dated from the fall of 1870.

Q. Then you were promoted from general freight agent to general passenger agent?—A. No, I held both offices.

Q. At the same time?—A. At the same time; yes, sir.

Q. How long did that continue?—A. I continued that way until I left the road,

Q. When did you leave the road?—A. I left the road in 1881—the 1st of September, 1881.

COST OF CONSTRUCTION OF SIOUX CITY AND PACIFIC.

Q. Have you any knowledge of the cost of construction of the road?—A. I have not.

Q. Have you any knowledge of the history of its construction?—A. No, sir.

Q. Was the road constructed and equipped before you reached here?—A. Yes.

Q. Was it in running order when you were appointed station agent?—A. Well, I had to wait about a week before they commenced running trains here after I came up.

Q. What were you waiting for?—A. Because the road was not completed to the city within about a week of as early as they expected.

REPORTED AID BY THE CITY.

Q. Was the road aided by the city?—A. I do not know. I have no knowledge about that. It was reported, but I never saw any account.

Q. What was reported?—A. In regard to depot grounds.

Q. What did you hear?—A. That the city donated some depot grounds for the road here.

Q. Do you recollect how many acres were reported to have been donated?—A. Not definitely. I think it was about 20 acres that were said to have been donated.

Q. What was the value of the property at the time?—A. I could not answer that question definitely.

Q. Was that reported?—A. No, sir; I never heard it mentioned. The property was of very little value at that time.

Q. What would that property be valued at to-day?—A. It is pretty hard for me to put an estimate on the value.

Q. Has there been any increase in the value?—A. Oh, yes.

Q. To what extent; 50 per cent.?—A. Well, I should think 100 per cent.

Q. Would it be 500 per cent.?—A. It might be. I never looked the matter up.

By Commissioner LITTLER:

Q. Were is the property located?—A. Right along the levee at the foot of these streets.

By the CHAIRMAN:

Q. Has it increased in value in proportion to other property in Sioux City?—A. Well, not with the highest. It has, relatively, compared with the whole, I think.

AND BY THE COUNTY.

Q. Was there any contribution to the road by the county?—A. That I do not know.

Q. Did you ever hear it reported?—A. I heard reported something about some swamp lands, but I have no means of knowing anything about it. I had no access to the general books recording the construction or aid. Those were all kept at Cedar Rapids.

Q. Where are the swamp lands?—A. In Woodbury County.

Q. Whereabouts in the county?—A. That I do not know.

Q. Was there any subscription in the nature of bonds to the Sioux City by the county?—A. I never heard of any.

FALLING OFF IN TRAFFIC.

Q. How does the volume of traffic in 1871, when you were general freight and passenger agent, compare with the volume of traffic to-day, or at the time when you retired from the office in 1881?—A. Well, it is pretty hard to answer that question.

Q. When the road was opened here and the Montana and Idaho freight passed this way by river?—A. Since then that freight has all fallen off.

UPON COMPLETION OF OTHER ROADS INTO THE TERRITORIES.

Q. When did that fall off?—A. It fell off with the completion of the railroads into those Territories.

Q. When were they completed?—A. I do not remember definitely.

Q. During your term?—A. Yes, sir.

Q. What time?—A. I cannot mention the dates; as, of course, the boating required the freight for the whole year's business to be shipped in the spring. In the spring of the year the river is navigable through to Benton only; and, as the Union Pacific extended their lines through so that the goods could be hauled by wagon, it gradually fell off. There is a connection of the Union Pacific up into that Territory.

By Commissioner LITTLER:

Q. How far is it from here to Benton?—A. About 2,000 miles by river; but I guess not over half that distance by direct line.

By the CHAIRMAN:

Q. Do I understand you that the extensions made by the Union Pacific so affected the traffic over the Sioux City as to decrease the volume of traffic over the Sioux City Railroad?—A. Do not understand me to say that it is the Union Pacific, but the connections that way. Whether the Union Pacific built them or not I have no knowledge.

Q. Then you do not know whether they are extensions of the Union Pacific or not? I ask the question because it is a very important one to us.—A. No, sir.

The CHAIRMAN. I do not want the Union Pacific mixed up just now with the other roads.

Q. So then you do not know whether they were the extensions of the Union Pacific that hurt the Sioux City or not? They are both roads aided by the Government.—A. What I wish to be understood as saying is as to the effect of rail extensions over that territory.

Q. Was there any difference, at any time during your administration as general passenger and general freight agent, in the volume of traffic? Did it increase or decrease at any time?—A. Well, there was a very material decrease during the grasshopper raids here. We had some very bad grasshopper raids, that ate up all the surplus produce of the country, and there was very little business done at that time.

COMPETITORS COMING IN.

Q. With the incoming of population and capital to this section of the country was there a corresponding growth and development in the shipments and business of the Sioux City Railroad?—A. In answering that question I would have to state that the development of the country and the increase of productions were very material; but, as it increased, the Illinois Central and other lines built in here, and the business had to be divided, of course. The other roads took a percentage, or took a part of the business. If the Sioux City and Pacific could have done all the business that there was, there would have been a very material increase.

Q. When you left the Sioux City Railroad, in 1881, had the traffic increased or decreased, as compared with 1871?—A. I think it had increased.

Q. To what extent?—A. It would be impossible for me to state the percentage, but I think very materially.

LOCAL AND FREIGHT TRAFFIC.

Q. To what extent did the local traffic support the Sioux City road during your administration?—A. That would be impossible for me to say; the general accounts were made up at Cedar Rapids.

Q. What proportion of the freight and passenger traffic originated on the line of the Sioux City, as compared with the through passenger and freight traffic, during your administration?—A. It would have to be only a guess for me, at this date, to get at anything of that kind; the statistics in the office would show.

Q. Well, what would be your guess?—A. I should guess probably one-third local and two-thirds through.

INCREASE OF TRAFFIC NOTWITHSTANDING COMPETITION.

Q. What competition had the Sioux City from 1871 to 1881—what competing lines?—A. The Illinois Central in here, and the Saint Paul and Sioux City, the Union Pacific in Nebraska, and the Chicago, Saint Paul, Minneapolis and Omaha.

Q. All the roads you have named were built subsequently to the construction of the Sioux City?—A. Yes, sir.

Q. Then, notwithstanding the four competing lines that were constructed, the traffic over the Sioux City increased from 1871 to 1881?—A. That is my judgment and recollection; of course the statistics of the company would show that definitely.

Q. So that the competition of the four additional lines coming in had not the effect of decreasing the traffic over the Sioux City, if your conclusion be right?—A. The development of the country necessarily would increase the business, and the development may be sufficient to overcome what may be taken away by competing lines. I do not wish to be understood as saying that the construction of competing lines increases the business of any one local line. I would not want to go on record as making such an assertion, as I never saw it done yet.

Q. If the traffic increased from 1871 to 1881 the Sioux City participated in the growth and development of the population and capital that came in?—A. Yes.

EFFECT OF RAILROAD COMPETITION.

Q. So that the number of railroads that were built to compete with it had not any effect upon the ordinary increase by reason of the growth of capital and population?—A. I could not acquiesce in that.

Q. What is the difficulty?—A. The difficulty of it is that if the business of a country is divided between two roads, necessarily one of them can only do a portion of what it would do if it did all there was.

Q. Would the country have developed and grown as much with one road as with five roads?—A. No; I think not.

Q. Was not the effect of competition such as to help the community—to aid it?—A. Certainly.

COMPARISON OF INCOME FROM 1871 TO 1881.

Q. How did the income of the Sioux City from local and through traffic, in 1871, compare with the income of 1881, if you recall it? I am speaking now only of your general knowledge, and am asking for information.—A. It would be impossible for me to form any estimate.

Q. Have you any knowledge of any of the figures?—A. No, sir.

Q. Do you recollect anything as to the earnings during your administration?—A. No; I do not.

Q. Do you recall the fact that they doubled during your administration in any one year?—A. No, sir; I do not.

Q. Do you recall the fact that from 1871 to 1881 they increased to a double amount?—A. No, sir.

Q. What reports did you make during your administration?—A. I reported principally the commodities carried over the line, to and from each station, and the amount to be charged to each agent. The tickets that were taken up on the trains were returned to my office, and they were checked up and reported as against these agents, and the freight that was billed to a station was charged up to that agent. Those reports were sent to the auditor of the company at Cedar Rapids, and the balance sheets were all made up there.

Q. Have you any of the early reports of the Sioux City?—A. No.

Q. Were they all printed?—A. I never saw any, I believe.

Q. Did you ever see a printed report of the Sioux City road?—A. No, sir; I do not think I ever did. I have no recollection of ever seeing one.

Q. Have you any knowledge whatever of the early construction of the road?—A. No, sir; I have not.

COMPARISON OF PHYSICAL CONDITION DURING SAME PERIOD.

Q. What is the comparison of its physical condition to-day with what it was when you were the general passenger and freight agent in 1871?—A. Well, the road was new at that time, and the rails were new, of course. But, I think, generally speaking, the road is in much better shape than it was then.

Q. Than it was in 1871?—A. Yes, sir.

Q. It is in better shape now than in 1871?—A. Yes; I think so. That is, the Iowa Division. I have not been over the Nebraska line for some time.

Q. Is it in better shape now than it was in 1881?—A. I think so.

Q. Have you any knowledge of its condition in 1884?—A. No, sir.

Q. Have you any other information that you can give the Commission?—A. No; I have not.

NO COMPLAINTS OF SPECIAL RATES.

Q. During your administration were there any complaints as to rebates or special rates, or preferential rates, or discriminations in favor of one shipper as against another?—A. I never heard of any.

Q. Did you ever hear of them as in favor of one locality as against another?—A. No, sir.

Q. Did you never hear of such complaints?—A. No, sir.

HOW REBATES WERE GRANTED.

Q. During your administration as general passenger and freight agent were rebates granted?—A. There might have been a few cases, but very few.

Q. On what principle were they granted?—A. They were granted on the principle that the railroad was constructed to do the business, and it ought to be able to do it, as against hauling by teams, by wagons, by freight lines, or anything like that.

Q. On that principle, to whom did they grant a rebate?—A. I have no recollection of anything definite.

Q. Were there any large shippers at that time?—A. No, sir.

Q. At any period during your administration?—A. No, sir.

Q. Were there any large shipments of cattle?—A. No, sir.

Q. Who were the largest shippers over the Sioux City road during your administration?—A. I think Sanborn & Follett, lumber dealers here in Sioux City, were about as heavy shippers as we had.

Q. Was that firm allowed a rebate?—A. No, sir.

Q. What other firms were there?—A. I cannot designate any large shippers. There were a great many shippers that were small and ordinary shippers, shipping right along. But the country was new, and there was nothing that would warrant any great business.

Q. Was there any discrimination in favor of special localities as against others?—A. No, sir.

HAULING BY TEAMS.

Q. What do you mean by rebates or preferential rates as allowed against hauling by teams, as you undertook to illustrate a moment ago?—A. Well, in speaking of that, what I referred to was in regard to this milling, and to hauling flour one way and salt another, between stations.

Q. What connection had that with discriminations or rebates?—A. I did not wish to be understood as having made any discrimination or rebates between shippers. The arrangement was in making rates and settling any shipment that may have been made, one or two cars or so; not on a general large shipment.

Q. The rates were so made by the railroad company as to prevent competition by teams which were hauling the same character of freight, or competition by the river; that was it?—A. Yes, sir.

Q. So that the railroad arrangement in that way drove out the shipments by water and the shipments by teams?—A. Yes.

Q. Was there an open rate?—A. Yes.

SPECIAL RATES OPEN TO ALL.

Q. Was there then a private rate that was allowed, under such circumstances?—A. No.

Q. Was the special rate published as well as the open rate?—A. All the special rates that were made in that way were made open for every one.

Q. Were they published?—A. Not published; no, sir.

Q. Could every one participate in them?—A. Yes.

Q. But the man who had the team or the river boat had not any participation, however?—A. They did not want him to participate.

Q. You excluded him?—A. Yes.

POOLS.

Q. Were there any pools to which the road was a party during your administration—pool agreements?—A. Yes.

Q. Do you recollect any of them?—A. There was a pool here at Sioux City.

Q. What was the nature of it?—A. I do not know. I could not state exactly. It was made with the view of maintaining the rates and getting the most out of the business for all the roads. It was made after a fight for a whole season here.

Q. What part had the Sioux City in the pool?

Commissioner LITTLER. What percentage?

A. I cannot say exactly now. It was based on more than would be their share on an equal division.

Q. In what year was the pool made?—A. That I cannot state.

Q. Was it prior to 1881?—A. Yes.

Q. Was it in 1875?—A. It would be impossible for me to state. My duties in connection with the road were such—I had charge of operating the greater part of it, and I cannot remember all the details of these matters. I had charge of the trains, and of the advertising, and of baggage.

Q. Where would the printed open rates, during your administration, be filed?—A. In the general freight office.

Q. Where was it located?—A. It was located at Missouri Valley.

Q. Are all the records of the Sioux City—the old records—there now?—A. That is more than I could say.

Q. Where were they when you left?—A. All the records pertaining to my department were left there.

Q. At Missouri Valley?—A. Yes.

NO DIVERSION OF FREIGHT.

Q. Was there any diversion of the freight or passenger business from the Sioux City over any of the competing lines?

The WITNESS. Do you mean by consent of the Sioux City and Pacific?

The CHAIRMAN. Yes.

A. No, sir.

FORMER RELATIONS OF SIOUX CITY AND NORTHWESTERN ROADS.

Q. Prior to 1884 (I think that was the date when the Northwestern acquired control of the Sioux City) what were the relations of the Sioux City to the Northwestern road; were the relations friendly?—A. Yes, sir.

Q. Were there leases and agreements as to traffic, freight, and passenger prior to 1884?—A. There was up to the time I left the road.

Q. Had that always continued?—A. Yes, sir.

Q. From what period—from the time you were first connected with it?—A. From the time I had any knowledge of it.

Q. The Sioux City then was working in co-operation with the Northwestern before the Northwestern acquired control?—A. Yes.

Q. Was that as against the other roads?

The WITNESS. Against other competing lines, do I understand?

The CHAIRMAN. Yes.

A. Well, partially so, and partially to give the Sioux City and Pacific an outlet for business.

A TRAFFIC AGREEMENT TO GET AN OUTLET.

Q. Under a traffic agreement or arrangement the Sioux City was working with the Northwestern, as against other roads, for the purpose, as you have stated, of giving the Sioux City an outlet, as I understand you?—A. Of course, Chicago is the heart of this country here, and in order to get produce where it will realize the price it has got to go there.

Q. I am not questioning that, but I am simply asking whether that was the fact.—A. It was not for the purpose of antagonizing any other road, but to give an outlet to do business.

Q. Did the Sioux City give a preference under such an arrangement to the Northwestern, as against any other roads?—A. Yes, sir.

Q. Have you any other information that you can give to the Commission?—A. No; I think not.

SIOUX CITY, *Wednesday, June* 29, 1887.

WILLIAM F. FITCH, being further examined, testified as follows:

By Commissioner LITTLER:

Question. I will get you to state how much of the track of the Sioux City and Pacific Railroad has been relaid with steel rails.

The WITNESS. Since when?

RELAYING TRACK OF SIOUX CITY WITH STEEL RAILS.

Commissioner LITTLER. At any time. How much of it is now steel rail and how much iron rail?

The WITNESS. Sixty-one miles of it is steel.

Q. Is the work of relaying the road still going on?—A. Yes.

Q. What is the policy of the company with reference to relaying the entire line, and within what time do they expect to complete it?—A. I do not know that there is any definite time set to complete it; the intention is to take the iron up and to put down steel as rapidly as possible.

Q. Are you now engaged in that business?—A. Yes, sir.

Q. At what rate are you progressing?—A. We have laid 5 miles this season, and expect to lay 10 more.

Q. And you expect to complete the whole road with steel within the next year or two?—A. Within the next two or three years.

By the CHAIRMAN:

Q. Are the rails new steel rails or old steel rails transferred from the Northwestern?—A. They are new 60-pound rails, transferred from the rolling-mill.

Q. Did you ever have any old rails transferred from the Northwestern road and put on the Sioux City?—A. No.

Q. Did you ever hear of it?—A. No, sir.

SIOUX CITY, IOWA, *Wednesday, June 29, 1887.*

GEORGE D. PERKINS, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. You reside in Sioux City?—Answer. Yes, sir.

Q. How long have you resided here?—A. Eighteen years.

REPORTED DONATIONS—THE SIOUX CITY RAILWAY COMPANY.

Q. Have you ever been connected with the Sioux City Railway Company?—A. No.

Q. Have you any knowledge of its early construction?—A. None at all.

Q. Have you any knowledge of the fact that a contribution was made by the citizens of Sioux City to the Sioux City Railway Company?—A. Only from common report, after I came here.

Q. What was the report?—A. The report was that the citizens here had made a liberal donation of depot grounds at that time to the constructing company.

Q. What was the value of the contribution reported at that time?—A. I did not hear any value placed on it.

Q. What would that value be to-day on the basis of real estate in Sioux City?—A. Some one familiar with real estate value or that business could give you that; I do not know.

Q. What is your business?—A. I am the editor of the Journal.

Q. Your knowledge of real estate here would not warrant you in giving an opinion as to the value?—A. It is very imperfect.

THE SIOUX CITY AND PACIFIC AN ENTERPRISING ROAD.

Q. Was there any mention in the reports you have heard of aid by the citizens of the county to the Sioux City road at the time of its construction?—A. Well, sir, there was something in connection with the swamp lands, but the history of it I am not acquainted with.

Q. Can you give the Commission any information as to the facilities and accommodations afforded by the Sioux City road to the citizens of this community?

The WITNESS. In connection with other roads or as an eastern outlet?

The CHAIRMAN. As a railroad centering here generally; as to its freight and passengers.

The WITNESS. I think the Sioux City and Pacific has always been regarded as one of our most enterprising lines; kept its equipment as far in advance as any of the lines centering here, and has given very good service in all respects to our people; the best, perhaps, of any road coming in here.

Q. What have been the rates?—A. I am not at all familiar with the rates; I am not a shipper.

COMPLAINTS OF DISCRIMINATION.

Q. Has there been any complaint in the community as to the question of rates of any kind by reason of discrimination, preferential rates, special rates, or rebates or contracts of any kind?—A. There has been more or less complaint among our jobbers, as I have heard.

Q. What has been the nature of the complaints?—A. Chiefly, I think, with reference to some local tariffs; and I have heard some complaints with reference to their inability to get west—complaints of some disadvantages that they labored under in shipping to the far West by reason of their not being regarded as a competitive point in the Union Pacific system.

Q. Has the complaint been as against the Union Pacific rather than against the Sioux City?—A. Not against the Union Pacific, because the Union Pacific has not been understood as having any connection with the place. There has been a good deal of anxiety to get the Union Pacific in from Norfolk here.

IN REGARD TO SHIPMENTS WEST.

Q. What has been the complaint you have referred to as made by jobbers regarding shipments of freight to the west; over what road would such shipments go?—A. I presume the shipments would have to go by the Sioux City and Pacific to a connection with the Union Pacific at Omaha or Fremont, or some point on the Union Pacific; but the complaint has been that even Saint Paul or points on the Northern Pacific would be given advantages over through shippers here.

Q. Would the complaints be made with reference to shipments from Fremont and Elkhorn passing over the Sioux City?—A. No.

CHARACTER OF COUNTRY ALONG SIOUX CITY AND PACIFIC.

Q. Have you a knowledge of the locality through which the Sioux City passes?—A. No; only generally.

Q. Well, generally, what do you regard as its ability to maintain and support a road, either in passenger or freight traffic, locally?—A. I regard the territory that the Sioux City and Pacific occupies as among the best tributary to our city here.

Q. In what respect?—A. In fertility of soil and the capacity of the people for business.

Q. It is a thoroughly cultivated country?—A. There is a good deal of unoccupied or vacant ground yet that is tributary to the line of road.

Q. Regarding the population with reference to other sections of the State, relatively speaking, how does it compare with other sections?—A. Our population is hardly as dense as in the older portions of the State.

Q. How does the population run along the bottoms through which the road passes compared with other sections?—A. It is not as dense.

PLAN OF SETTLEMENT.

Q. Have you considered the question of the Government settlement with these roads—settlements that have been offered from time to time in various bills in Congress?—A. No, sir.

Q. What effect would a settlement with the United States Government, by payment or extension, have upon the Sioux City with reference to this particular community?—A. I cannot see that it would affect this community one way or the other.

EFFECT OF GOVERNMENT TAKING POSSESSION OF ROAD.

Q. What would be the effect of the Government taking possession of this road?—A. Simply that the Northwestern would probably have to look for other connections.

Q. What effect would it have upon the Sioux City so far as this community is concerned?

The WITNESS. The effect of the Government taking possession of the road?

The CHAIRMAN. Yes.

The WITNESS. It seems to me it would depend a good deal upon what the Government did with it after it took possession. If the road was maintained and operated as now, and made the same connections, it would not make any difference with the community; it is a "north and south" road.

Q. Is it not equally accessible to the Illinois Central as to the Northwestern road?—A. No, sir; I think not.

Q. If it effected a connection with competing through lines, preserving its local traffic, freight and passenger, the possession of it by the Government would not interfere with its relations to this community or with its capacity to earn its support, would it?—A. No, sir; not if the Government maintained the same connections, I should not think, provided the road did the same business that the Northwestern people are able to get.

Q. Or if the Government operated the road so as to serve all connections other than the Northwestern, or in connection with the Northwestern, what would be the effect of that on the community?—A. That would be an advantage to the community.

THE SIOUX CITY AS A CONNECTING LINK.

Q. In what respect?—A. Because it would open the Sioux City and Pacific as a connecting link over which all competing roads centering here might have equal advantage.

Q. And what would be the result as to rates, in your opinion, and as affecting the citizens of this community and the shippers?—A. The effect would be favorable.

Q. What constitutes the bulk of the shipments that pass over the Sioux City—what is the character of them?—A. I am not prepared to say from any positive knowledge, but I should presume the products of the country—cattle, hogs, corn, and merchandise.

THE MANUFACTURES ALONG THE LINE.

Q. Have you many manufacturing establishments through this section?—A. Not very many.

Q. Are the citizens of the community looking to the erection of manufacturing establishments here?—A. They are making efforts in that direction.

Q. What is the character of the manufactures of this place?—A. We have now one linseed oil mill, a flouring mill, and our packing establishments. That is, perhaps, our leading manufacturing business now. We have also foundry and machine works.

Q. Are there many cattle coming in here for shipment?—A. I understand that the yards are developing here a good bit.

THE UNION STOCK YARD COMPANY.

Q. Who have started yards here?—A. The Union Stock Yard Company.

Q. Is the Union Pacific interested in that company?—A. Not that I know of.

Q. Who is interested in it?—A. Edward Hawkins, I believe, is interested in the company. He is the secretary, I think. He lives here.

Q. Are your railroad people interested in it?—A. Not that I am aware of.

Q. Do you know of any special or preferential rates that are allowed to that company?—A. No, sir.

POPULATION AND REAL ESTATE VALUES.

By Commissioner LITTLER:

Q. What is the population of Sioux City?—A. I should prefer that a real estate man should answer that question.

Q. Give us your guess?—A. They took a census here the first of the year and the result of that census was 27,000 as they said.

By the CHAIRMAN:

Q. How have real estate values increased here during the last eighteen years—in what proportion? I am asking you generally now, if you can recall.—A. I should say from 200 to 300 per cent.

Q. That would be the average increase, would it?—A. Yes, sir.

SIOUX CITY, IOWA, *Wednesday, June* 29, 1887.

JONAS M. CLELAND, mayor of Sioux City, appeared in response to an invitation from the Commission.

CONNECTION OF SIOUX CITY WITH UNION PACIFIC.

The CHAIRMAN. We would like to have your views as to the Sioux City and Pacific Railway, its freight and passenger traffic, its relations to this community, and its settlement with the Government.

The WITNESS. I do not know that I can say anything as to that. There is but one question that affects us here, and it is a material one. That is a question of rate and the connection with the Union Pacific Railway by the Sioux City and Pacific.

By the CHAIRMAN:

Question. What has been the complaint?—Answer. That we cannot get to the Union Pacific, or that we cannot get approximately the same rate for distance that they give from Omaha.

Q. What seems to be the objection or the trouble that is in the way?—A. As to that, I cannot give you any definite information. I only say that the complaint has been made, and it has been suggested that the matter should be presented at some time to the Commission as to what the relations were between the Union Pacific and the Sioux City and Pacific as to through rate from here by the Sioux City and Pacific over the Union Pacific to western points. I have not any data by which to give you any information specifically on the subject.

Q. How long have you been here in Sioux City?—A. Twelve or thirteen years.

Q. Have you any knowledge of the construction of the Sioux City and Pacific?—A. No.

CONTRIBUTION BY SIOUX CITY.

Q. Have you any knowledge of the value of the property that was contributed by the city to the road at the time of its building?—A. At

the time of the contribution I think it was estimated in value at either $20,000 or $30,000; that is, gift here for depot facilities.

Q. What would be its value to-day?—A. That is a very hard question to answer.

Q. Has it increased in the same proportion as the other real estate of the community?—A. Yes, sir; I think it has. That is, I think for railroad purposes that the demand for those grounds by other roads for terminal facilities would make the increase in value proportionate to the general increase in values throughout the city.

Q. Would 200 per cent. of increase be a large estimate?—A. No, sir; it would be a low estimate. I think the grounds then donated to the Sioux City and Pacific road are now worth five times what they were when they were donated; I do not know but more than that.

NO COMPLAINTS OF DISCRIMINATION.

Q. Have there been any complaints with reference to discriminations in favor of one community as against another?—A. No, sir. I think the Sioux City and Pacific Railway Company have treated our people, so far as rates are concerned, generally very favorably and well.

Q. Have there been any complaints as to preferential rates?—A. Not that I am aware of.

PLAN OF SETTLEMENT.

Q. Have you considered the question as to the different bills of settlement that have been before Congress?—A. No, sir; I have never given it any thought one way or the other.

Q. What would be the effect of the Government taking possession of this road—the road to be operated by the Government and having the same connections with other roads as now exist between the Northwestern and Sioux City and Pacific?—A. I do not think I could make any intelligent answer to that; I have not had sufficient knowledge of railroad matters.

Q. You have not given the subject any thought.—A. Not sufficient thought to determine that. As I understand it, the Sioux City and Pacific Railway runs from Sioux City to California Junction and from California Junction to Fremont.

The CHAIRMAN. Yes, that is the aided part of the road.

The WITNESS. I think it is. I think that the benefit that the community here would get from it would be principally a better rate over the Union Pacific road. That might be possible.

CHARACTER OF COUNTRY ALONG THE LINE.

Q. Are you familiar with the section of country through which the Sioux City road passes?—A. Yes, sir; I have been over it a great many times.

Q. What is its ability in respect to supporting a railway?—A. The country from Sioux City to California Junction is one of the richest agricultural sections that there is in the Northwest.

Q. How does the population compare relatively to other populations of the State—the population of the Missouri bottom, for instance?

The WITNESS. The population of the Missouri bottom—the northwestern portion of the State?

The CHAIRMAN. Yes.

A. I should say it would be about an average. There are some large farms. There is some land held on speculation there, but I should think generally it would fairly average with the northwest.

IMPROVED FACILITIES.

Q. How would the facilities to the patrons of the road compare with the early facilities of the road given to patrons?—A. Generally speaking, I think they have improved by increase of trains, &c. The great cause of complaint with us is that neither the Sioux City and Pacific, nor any of the other roads except the Milwaukee, are giving us any passenger depot facilities. We have a passenger depot here for the night train, into which the Sioux City and Pacific train runs, in connection with the Saint Paul and Omaha, where there is not waiting room enough for one-half the passengers.

Q. Has the Sioux City road improved its accommodations for passengers during your knowledge of it?—A. Well, there has been an increased facility for travel. I think there has been an increase in proportion to the demands of the people in everything except passenger depot facilities, and they have been growing steadily worse, until they have become a disgrace and outrage not only to the company, but to our town.

Q. Has the Sioux City always had its relations under agreement with the Northwestern Company, such as now exist, by reason of the control of the Northwestern in the Sioux City and Pacific?—A. I do not know.

CHARACTER OF SHIPMENTS.

Q. What is the character of the shipments, as to variety of freight, that pass over the road?—A. Of course a large amount passes over the line of their road. It is a great corn belt and has a good deal of cattle. The shipments from here consist mostly of general merchandise. I think the Sioux City and Pacific road, from my knowledge of it, has done as well for the people of Sioux City, in so far as concerns affording them traffic facilities for freight, as any road has that comes into it, and, so far as rates generally go, over their line. The principal cause of complaint is in regard to a connection with the Union Pacific at Fremont on a better basis.

INCREASE OF TRAFFIC.

Q. How does the volume of passenger and freight traffic over the Sioux City road compare with that of ten years ago?—A. That would be mere guesswork on my part.

Q. What has been your observation?—A. I should say that it very materially increased.

Q. Increased with the growth of population and capital?—A. Yes. Of course that would be a mere impression. I have nothing tangible or definite.

DESIRABILITY OF CONNECTION WITH THE UNION PACIFIC.

Q. Have you any other information to give the Commission?—A. Nothing. But we would like, if the power exists, to have connection with the Union Pacific. We would like to get a rate over the Sioux City and Pacific in connection with the Union Pacific that would enable our people, especially our pork-packing establishments here, to get their product into the western country at a fair figure.

Q. How do they go; by the Fremont and Elkhorn?—A. No; they would go by the Union Pacific. Kansas City will ship its hog product by way of Saint Paul to Washington Territory from $20 to $40 a car cheaper than we can ship it from Sioux City. That is what the men here say to me.

Q. Is that the shorter haul?—A. It is a longer haul from Kansas City; and the goods are hauled at from $20 to $40 a car cheaper than we can send the same goods to Washington Territory.

Q. What line do they pass over?—A. I suppose the Kansas City, Council Bluffs and Saint Joseph. I do not know.

Q. By what line does the same character of freight pass from Sioux City?—A. That would have to pass over the Sioux City and Saint Paul only.

Q. And by what lines into Washington Territory?—A. The Northern Pacific. Going down the other way from Portland, Oreg., my information is that our rates here would be from $30 to $40 a car more than it would from Omaha.

Q. What company controls the line between Fremont and Omaha, the terminus of the Union Pacific?—A. From Fremont to Omaha the Union Pacific Company controls.

Q. And from Fremont to Blair, what?—A. From Fremont to Blair, as I understand, the Sioux City and Pacific, or the Fremont, Elkhorn and Missouri Valley. I do not know what the division line is there.

The CHAIRMAN (to Mr. Fitch). How is that, Mr. Fitch?

Mr. FITCH. The Sioux City and Pacific.

The CHAIRMAN. Where does the Sioux City connect with the Union Pacific?

Mr. FITCH. At Fremont.

The CHAIRMAN. What branch of the road runs from Omaha to Fremont?

Mr. FITCH. The main line of the Union Pacific.

DIFFERENCE IN FREIGHTS FROM SIOUX CITY AND KANSAS CITY.

Q. So that the Sioux City and Union Pacific are not to-day affording to the citizens of this community the same rates of shipment as to the citizens of Kansas City for freights going into Washington Territory—to the same point of shipment?—A. No; I cannot say that, because it goes over different lines of road. But I can say that over the two aided lines, the Union Pacific road to Portland, Oreg., and from Sioux City to the same point of destination over the Sioux City and Pacific to a connection with Fremont, there is a difference reported to me by our shippers of from $20 to $40 a car. Of course the distance is greater from Sioux City than it is from Omaha.

Q. Have you a knowledge of the ordinary rate from Sioux City to Fremont?—A. No, sir.

Q. Have you any other information?—A. No; except that I would like you to go to the depot and look at it. The local management here understands our wants, but the power behind the throne does not seem to help us.

The Commission then adjourned, to meet at Omaha to-morrow (Thursday), June 30, 1887, at 10 a. m.

CHICAGO, ILL., *Tuesday, September* 13, 1887.

MARVIN HUGHITT, being further examined, testified as follows:

Commissioner LITTLER. When you were on the stand before we asked you to furnish certain information, to which I will now direct your attention. Can you give us any further information in relation to the purchase of the stock of the Sioux City and Pacific road, and what it cost the present holders?

ACQUISITION OF SIOUX CITY AND PACIFIC BY CHICAGO AND NORTHWESTERN.

The WITNESS. Is that an inquiry directed to the affairs of the Sioux City and Pacific Company, or does it relate to the Chicago and Northwestern Company?

Commissioner LITTLER. We think it is pertinent to the Sioux City Company. We do not want to make any inquiry into the affairs of the Chicago and Northwestern Railway Company further than those affairs are connected with the affairs of the Sioux City and Pacific Company.

The WITNESS. I ask you if that is a question properly relating to the Sioux City and Pacific Railroad?

Commissioner LITTLER. Well, you promised to furnish the information, and we think it is germane to the subjects of inquiry imposed upon us by this act of Congress.

The WITNESS. I cannot answer the question. The Sioux City and Pacific Railroad stock came to the Chicago and Northwestern Company through the purchase of certain roads in Iowa. I explained the matter to you when you were here before. There was no separate account taken of the Sioux City stock.

Commissioner LITTLER. We ask you to furnish all the information you can.

The WITNESS. I can furnish no more information on that point than I have given already.

Question. Do I understand that the Chicago and Northwestern Railway Company own all the stock of the Sioux City and Pacific Railroad?—Answer. No.

Q. What portion of that stock does it own?

The WITNESS. We have answered that question, I think, once, have we not?

STOCK HELD BY M. L. SYKES, AS TRUSTEE.

Commissioner LITTLER. You furnished a statement of the holdings of stock by M. L. Sykes, trustee.

The WITNESS. Yes.

Q. My question now is, who is the legal holder of that stock?—A. The Chicago and Northwestern Railway Company.

Q. Please state how many shares of that stock your company owns.

The WITNESS. We have already furnished that information.

Mr. NORRIS. 18,838 shares.

The WITNESS. Yes; you have that in reply to the interrogatories submitted in your circular.

Mr. NORRIS. But it did not appear in that reply that M. L. Sykes was trustee for the Chicago and Northwestern Railway Company.

The WITNESS. He represents the Chicago and Northwestern Railway Company.

Commissioner LITTLER. Then the Chicago and Northwestern Company is the owner of that stock, and it is held by Sykes in trust for the company—is that true?—A. It is.

Q. Can you tell from whom the company purchased that stock?—A. The stock came to the Chicago and Northwestern Company with other property through the acquisition of the Cedar Rapids and Missouri River road, and the Chicago, Iowa and Nebraska road in the State of Iowa. Those roads were formerly leased by the Chicago and Northwestern Company. The leases were abrogated and the roads merged with the Chicago and Northwestern Company.

THE CONSIDERATION PAID.

Q. Do you know what consideration was paid for that stock by the Chicago and Northwestern Company?—A. No.

Q. I suppose it formed a part of the valuable things which the company took by the purchase referred to?—A. It was part of the things they possessed.

Q. As I understand you this stock came to the Chicago and Northwestern Company by purchase through the Cedar Rapids and Missouri River and the Chicago, Iowa and Nebraska roads?—A. Yes.

Q. Do I restate the fact as you stated it?—A. It came to the Chicago and Northwestern Company as a thing belonging to corporations formerly leased to the company, which leases were abrogated; then the roads were sold to the Chicago and Northwestern Company. This stock was part of the general purchase.

FORMER OWNERS.

Q. Prior to this purchase by the Chicago and Northwestern Company the stock of the Sioux City and Pacific was held, as I understand you, by the Cedar Rapids and Missouri River Company and the Chicago, Iowa and Nebraska Company—in what portions?—A. I am unable to answer.

Q. Do you know in what capacity it was held; whether in trust by John I. Blair and others prior to the time you acquired it in the manner indicated?—A. My understanding was that the corporations owned the stock, and that Oliver Ames, Horace Williams, and John I. Blair held it in trust. I do not know anything about the personal holdings of those people.

NUMBER OF SHARES ACQUIRED BY CHICAGO AND NORTHWESTERN.

Q. If you have not already stated, will you please state the number of shares that the Chicago and Northwestern acquired by this purchase?—A. Eighteen thousand six hundred and forty-one shares.

Q. Will you be kind enough to state the total amount of shares outstanding at the time of this purchase?—A. Eighteen thousand nine hundred and ninety-four shares common stock, and 1,690 interest-bearing stock issued to build the non-aided road from Missouri Valley Junction to California Junction.

Q. Will you please state what additional shares, if any, the Chicago and Northwestern Railway Company has acquired by purchase or otherwise since the original purchase?—A. One hundred and ninety-seven shares common stock.

Q. Will you please state what number of shares, if any, are now outstanding in the hands of parties other than the Chicago and Northwestern Railway Company?—A. One hundred and fifty-six shares common stock.

Mr. NORRIS. The total number of shares recorded here, including both preferred and common, is 20,684.

The WITNESS. There has been no increase of the capital stock since that report was made.

Q. You are not able to state what specific consideration was paid for this stock at the time the transfer was made; it was bought with this property?—A. I cannot; it was acquired with the other property.

Q. Did it go for a specific amount of money, or was it thrown in, or how was it regarded?—A. I did not conduct the negotiations on either side.

Q. Who did?—A. The officers of the Cedar Rapids and Missouri River road and the Chicago, Iowa and Nebraska road for their respective companies.

WHO CONDUCTED THE NEGOTIATIONS.

Commissioner LITTLER. Please give us the names of some gentlemen who were connected with these negotiations and who would naturally know all those facts.

The WITNESS. Mr. Horace Williams was the president of the two companies, the Cedar Rapids and Missouri River and the Chicago, Iowa and Nebraska.

Q. Where does Mr. Horace Williams reside?—A. At Clinton, Iowa.

Q. Would he probably know all the facts that we are seeking to ascertain in regard to this matter?—A. I cannot answer.

PLAN OF SETTLEMENT.

Q. In your former examination you were requested to submit your views to this Commission as to what the Sioux City and Pacific Railroad could do in the way of paying all or a portion of the indebtedness due to the United States. If I remember correctly you promised to give the subject your careful attention and to submit your views when an opportunity offered. Can you do that now?—A. I have no views on the subject other than those expressed in my former reply. The answer was quite full. The chairman of the Commission asked me if I would submit a plan involving the settlement of the so-called claim against the Sioux City and Pacific Railroad. I am not prepared to do so. The debt is not matured. It would be premature to submit a plan.

Commissioner LITTLER. You understand that this Commission is required by the act of Congress to ascertain the present value of all this property and to report by bill a plan for the adjustment of the indebtedness between the Government and the companies. Of course if you gentlemen take the ground that you ask no relief and are prepared to pay the debt according to the terms of your bond, in that case the importance of the inquiry is disposed of.

The WITNESS. I would like to ask the Commissioner whether he regards the debt as matured?

Commissioner LITTLER. Not at all. The Supreme Court of the United States has so decided.

The WITNESS. Is it not, then, premature to consider a plan of settlement eight years in advance of the maturing of the debt? Eight years hence radical changes may have occurred.

RELATIONS TO THE GOVERNMENT.

Q. I desire to ask you, as president of this company, whether you are asking any relief whatever from the Government?—A. We have not considered the question at all.

Q. You are, then, standing on your legal rights and asking no favors from the Government as to the indebtedness?—A. We are standing in the attitude of a concern that has received aid from the Government where the terms following it have not matured. We do not know what the proprietors of the stock of the Sioux City and Pacific Railroad may want to do eight years hence. The road, you will bear in mind, has never paid any dividends to its shareholders. It has conformed to all the requirements of the Government; it has paid no dividends; it has done nothing except to work the road in a spirit of fidelity to the stockholders, the public, and the Government.

Commissioner LITTLER. We do not want to misrepresent the attitude of this road to the Government. It will be our duty to report the situation to the President, so that he may report to Congress. I am particularly desirous of ascertaining with certainty whether this company asks any favors at the hands of the Government, or whether it proposes to pay according to the terms of its obligation.

The WITNESS. To answer that question as you put it would be to anticipate what would be to the interest of the company eight years hence, when the debt matures. I cannot answer.

EXTENSION OF TIME.

Commissioner LITTLER. You understand that the act of Congress under which this Commission is acting grew out of applications made by other bond-aided roads to Congress for an extension of time, and the ultimate purpose of this Commission and its inquiries is to ascertain what additional time, if any, these roads should have in order to meet their obligations to the Government. Now, if you desire to state to this Commission that you ask no further time and ask no favors at the hands of the Government I wish that you would so state, so that we may understand it.

The WITNESS. I will state it as I understand it. It is a subject that the stockholders of the Sioux City road have given no attention to. What the ability of the company will be to pay the Government at the expiration of eight years cannot be determined now. In saying that the company has not applied to Congress for relief and is not asking favors, I only state my impression; but it is my impression that it has never done so. It has gone along under the laws of Congress governing it, abiding by them as faithfully as it has been possible to do.

Q. As president of this corporation do you believe it, as your opinion, that the Sioux City and Pacific Railroad will be able to liquidate its indebtedness to the United States at maturity?—A. I do not think it will be; that is, it does not, under the present showing, give promise that at the end of the term it will be able to pay.

Q. Do you or not ask any extension of time for the payment of the debt, or do you desire this Commission to make any showing on that subject?—A. We do not at the present time; it would be premature.

OFFICERS OF THE ROADS THROUGH WHICH THE PURCHASE WAS MADE.

Q. Can you furnish me with a list of the officers of the Cedar Rapids and Missouri River Railroad, and the Chicago, Iowa and Nebraska Railroad?

The WITNESS. Of what date?

Commissioner LITTLER. I should like to have a list of all their officers from the time of the organization of those companies up to date. Have you a printed list?

The WITNESS. No; but if you will name some date, we will furnish the names.

Commissioner LITTLER. I will say for the year 1884.

The WITNESS. I will give you the names.

Commissioner LITTLER. We would like to have the names of the officers and directors, with their residences.

The WITNESS. We will give them.

Q. How many of the first-mortgage bond coupons of the Sioux City and Pacific Railroad remain now overdue and unpaid?—A. $98,085 on July 1, 1887.

PRESENT FINANCIAL CONDITION.

Q. It would appear from that fact that this road is not earning its fixed charges, independent of the debt due the United States.—A. At this present time I think it is; but there have been periods when it did not.

Q. It appears from abstracts taken from the books of the Sioux City and Pacific company that there was due the United States on account of interest, not including compound interest, including the year 1886, $1,757,395; and it appears from the same books, under the head of income account, that there is a deficit of about $250,000, which amount should appear in the treasury of your company. Can you explain that?—A. The difference between the amount standing to income and the amount of deferred interest on the Government lien represents the improvements that have been made by the company since the acceptance of the road.

Commissioner LITTLER. Are there vouchers of the company in the company's office showing the expenditure of that money?

The WITNESS. Yes; and your experts have examined the accounts in detail.

THE SUPREME COURT DECISIONS.

Commissioner LITTLER. You have kept an account of those things, and it appears from your books that there is an excess of money which ought to be on hand. I wish you would look at this and see if you can explain it. You understand, Mr. Hughitt, that under the decisions of the Supreme Court of the United States, while no part of this Government debt is due, either principal or interest, until 1896-'97, the court has held that it is competent for Congress to change the terms, not only of the act of 1862, fixing the 5 per cent., but the act of 1878, commonly known as the Thurman act, by which some of the Pacific roads are required to pay 25 per cent. into the Treasury of the United States. In view of the holdings of the court, you will understand it is competent for Congress, on the report of this Commission, to fix such additional terms or such different terms as in its wisdom it may determine to do. In view of the powers of Congress thus admitted, I ask whether it is not for the interest of this company to make some effort to pay some portion of this debt before it is due? In other words, I ask you whether it is not for the interest of the Sioux City and Pacific Company to submit some plan of settlement which may look to the extension of the time for the payment of the debt, and perhaps to a lower rate of interest on the amount due? I ask you to state whether it is not for the interest of the company as well as of the Government that you should seriously consider that proposition and submit a plan for the ultimate extinction of this debt, or such portion of it as you may be able to pay?

SUBJECTED TO SEVERE COMPETITION.

The WITNESS. The investigation you are making of the resources of the Sioux City road is a clear, and, I think, a direct negation of its ability to pay its debts. It would be a very pleasant thing for the Sioux City and Pacific Railroad Company to be freed from its debts. Now, what is its ability to free itself from debt? Investigation shows conclusively that the road is now subjected to severe competition. On that point I would say that since you were here last a new line has been projected by the Illinois Central Railroad Company down the Cherokee River, crossing this road at Onawa, going thence into Nebraska. This is new competition which has arisen since your first visit. I only refer to it now as showing how little we are capable of judging of the future value of a railroad situated as the Sioux City and Pacific is. The Sioux City Company, as a corporation, has no resources not understood by the Commission, and you are competent to estimate these resources as evidencing capacity to pay debts.

Commissioner LITTLER. We have personally examined this property, and we have also had our attention directed to the fact that it is now and has been, and will be in the future, subject to the severest competition. We met Mr. Clark, with his surveying party, at Salt Lake City looking for additional routes in the northwestern region. We understand how severe your competition is, yet we do not understand that you wish us to report to Congress that this Government lien is not worth a dollar, nor do we understand that you are willing to have it go to the country that you are not willing or able to pay a dollar on this indebtedness, notwithstanding the situation of your property. None of the bond-aided roads—and some of them are in as bad a condition as this road—have indicated anything of the kind. On the contrary, those who are least able to pay have asked to submit the terms on which they may be able to pay at least a portion of the indebtedness. We want to treat your corporation fairly.

The WITNESS. I do not doubt it.

Commissioner LITTLER. And we are here to ask how much you are able to pay. I am not willing to admit you are not able to pay anything. It is for that reason that I ask you to review any conclusion you may have reached to the effect that this debt is wholly lost to the Government, and I invite you to submit some proposition by which this debt may be liquidated.

CONDITION OF THE COMPANY.

The WITNESS. What the value of the property may be in 1896 nobody can predict. What the company may be able to do then no one can say. I can only judge from the situation as I find it to-day. To-day, if a demand were made on the company for any considerable sum of money, it would not be able to respond.

Q. Is it your opinion, as president of the company, that you will be able to liquidate the overdue coupons of the first-mortgage bonds and to keep the interest down until 1897?—A. Unless there are some very great changes the road will be able to pay the interest on its first-mortgage bonds as well as the interest on the debt created for the construction of the road from Missouri Valley to California Junction, the part not covered by the Government lien.

CHARACTER OF COUNTRY ALONG THE LINE.

Q. This road runs through a very rich corn-growing region and necessarily has a great deal of local traffic, has it not?—A. It runs through

a good corn-growing region, but it meets with failure as often as any other agricultural district.

Q. You regard the road as an important link in the Chicago and Northwestern system, do you not?—A. It is a link, but not an important link.

INTEREST ON GOVERNMENT LIEN NOT DUE.

Q. It appears from the earnings of the road for 1886, that it earned $97,680, the interest on its first-mortgage bonds, and that it earned $97,699.20, the interest on the Government bonds (which it did not pay)—— A. Wait a moment; you have touched upon the point "which it did not pay," before. I would not like to have that go into the record unchallenged. The interest on the Government lien was not due, is still not due.

Commissioner LITTLER. It further appears that it paid $37,357.74 interest on floating debt, and that it paid $11,830 dividends, I suppose, on stock.

The WITNESS. It is not, properly speaking, a dividend at all, but interest.

Commissioner LITTLER. It further appears that there was a profit, after paying those items, of $90,956.85.

The WITNESS. In that particular year.

Q. Was that an exceptionally good year?—A. Yes.

Q. Why?—A. Because the road was operated free from the competition that now exists.

Q. That was in 1886?—A. Yes.

THE MILWAUKEE AND SAINT PAUL.

Q. What roads have been built since then?—A. The Milwaukee and Saint Paul Railroad.

Q. What other?—A. That is the only one.

Q. Where does the Milwaukee and Saint Paul road strike the Sioux City and Pacific?—A. It strikes it at Sioux City and parallels it.

Q. Are you able to state what proportion of the traffic which produced this income originated and was carried from Sioux City?—A. No.

Q. I will ask you to give your opinion as to how much of a reduction followed the completion of the Milwaukee and Saint Paul road to Sioux City?—A. The Milwaukee and Saint Paul was only opened this spring.

Q. Have you operated the Sioux City and Pacific road long enough since the opening of the Milwaukee and Saint Paul at that point to determine how disastrous may be the effect of the opening of the Milwaukee and Saint Paul road upon the Sioux City and Pacific?—A. No.

Q. Then it may be that the Sioux City and Pacific road this year will be equally profitable with 1886?—A. I doubt it.

ANNUAL REPORT FOR 1887.

Q. You have not received the annual report for the fiscal year ending 1887, have you?—A. We have.

Q. Will you be kind enough to produce it to us?—A. Yes.

Commissioner LITTLER. We would like to see it now, if you please.

(The annual report for 1887 produced.)

Q. I call your attention to your current account for the fiscal year ending June 30, from which it appears that the operating expenses were $262,545.35, taxes $18,541.09, interest on the first-mortgage bond $97,680, interest on the United States Government lien $97,699.20, div-

idends on preferred stock $11,830, and interest on the floating debt $25,632.23. It also appears that the earnings of the road for that year covered the items above mentioned, and that there was left to the credit of the company the sum of $49,608.46 as the result of the year's transactions. In view of that fact, will you explain why this road is not a good property, and why it is not able to pay the Government debt?—

SHOWS ONLY HALF AS MUCH SURPLUS AS IN 1886.

A. The report for the fiscal year 1887 shows only one-half as much surplus as in 1886. The report for 1887–'88 may show instead of $49,608.46 profit, not net earnings enough to pay the interest on the first-mortgage bond and the Government lien.

Q. These figures, however, are the results of the operation of the road after the road had felt the deleterious effects of the Milwaukee and Saint Paul competition?—A. No; I wish to correct you on that point. The Milwaukee and Saint Paul competition against the Sioux City and Pacific Company has but just commenced and will not be felt until 1887–'88. Since the building of the Milwaukee and Saint Paul another railroad has invaded the territory of the Sioux City and Pacific, namely, the Illinois Central road, as already explained.

Q. You have not experienced the results of competition from the Illinois Central Railroad yet?—A. They are just building the road.

AMOUNT OF EARNINGS OF SIOUX CITY AND PACIFIC.

Q. The figures I have quoted show that the Sioux City and Pacific Company has earned enough money not only to pay all its fixed charges but also to include the interest on the Government debt. You so reported in this paper, did you not?—A. For some years, yes.

Commissioner LITTLER. Mr. Norris, the statistician of the Commission, calls my attention to the earnings of the Sioux City and Pacific road for the years 1884, 1885, 1886, 1887, excluding the interest on the Government debt. Those earnings appear to have been as follows:

1884	$125,000
1885	100,000
1886	187,000
1887	146,000

The WITNESS. I do not understand Mr. Norris's figures, but whatever the accounts of the company show are correct. I do not understand what those figures refer to.

WHY IT IS NOT A GOOD PAYING PROPERTY.

Q. In view of those figures will you please explain your former statement to the effect that this property is not a good paying property?—A. I have fully covered that ground in answers heretofore made.

Q. If I understand your former answer, you covered the ground by stating in substance that the earning capacity of this road was increased by contributions from connecting lines?—A. I think I stated at the first interview that it had been necessary from year to year, running over a considerable period of time, for other railroads to make contributions; also, in the division of joint earnings, or interchange of traffic, to allow it more than its pro rata proportion, in order to make up the deficiency in the Sioux City and Pacific income.

DIVISION OF FREIGHT EARNINGS.

Q. Can you furnish to this Commission a statement of the contributions made by the connecting lines to the Sioux City and Pacific Company in order to enable it to meet its fixed charges?—A. We can furnish you a statement of the basis of division of freight earnings between the roads that existed from year to year.

Q. Do I understand that that division was an arbitrary one and it resulted in favor of this company?—A. Yes.

Q. Did it represent excesses over a fair pro rata?—A. Yes. All of it was in excess of a pro rata.

USE MADE OF SURPLUS EARNINGS.

Q. In view of the fact that you are keeping your accounts so as to provide for the Government interest as it accrues, and in view of the fact that the earnings of this road cover the interest for the last few years, particularly for the years 1886 and 1887, I ask you to state what distribution you are making of this $97,699.20—whether you are placing it in a sinking fund for the purpose of ultimately applying it, or whether you are carrying it into the general account of the company?—A. As I understand, the surplus income, during the years that the road has had any surplus, has been applied to the payment of deficiencies in former years and for necessary improvements.

Q. Deficiencies to the Government of the United States?—A. No.

Q. Other deficiencies?—A. Yes.

NO PLAN PROVIDED FOR PAYMENT OF GOVERNMENT LIEN.

Q. My attention is called to the fact that during the entire history of this Sioux City and Pacific Railroad there has been but one or two years in which there has not been a profit arising from the operation of the road, excluding Government interest. I therefore ask you again to state whether you have created any fund for the purpose of liquidating the principal or interest which will be due the United States in 1896-'97.—A. There has been no fund created or plan provided by the stockholders for the payment of the Government lien at maturity.

TOTAL AMOUNT OF NET EARNINGS.

Q. State, if you can, the total amount of net earnings arising from the operation of this road from the time it was opened to the close of the last fiscal year.—A. Excluding interest on the Government lien, it was $410,003.57, including proceeds of lands sold, donations, accretions, &c.

Q. Do I understand that the road has only earned that amount of money, not taking into account the payment of any portion of the Government interest?—A. Yes. The amount of accrued interest on the Government lien on the 30th of June, 1887, was $1,855,094.29, but the total amount to the debit of income account to that period was $1,445,090.72. The difference between those two sums represents the income of the company over and above the interest on its first-mortgage bonds and other charges against income.

EARNINGS EXCEED INTEREST ON FIRST MORTGAGE BONDS.

Q. It then appears very clearly that, notwithstanding the misfortunes of this road, it has at all times been able to earn more than interest on its

first-mortgage bonds, and, according to the last statement, it has earned for the whole period of its operation a net sum of $410,003.57?—A. As you put the question it would convey an erroneous impression.

Commissioner LITTLER. You may answer it as you please.

The WITNESS. There were years when the income would not have paid interest on the first-mortgage bonds and interest on the preferred shares without the aid extended to it by connecting lines of road; but, covering the whole period, from the time the road was opened until the close of the fiscal year 1887, the figures just given are correct.

Commissioner LITTLER. But my assumption is also true, is it not?

The WITNESS. Yes; but if you have a note maturing at a bank you must have the money to pay it. It would make no particular difference about your expecting to have the money two years hence. If you have not the money to-day you are lost. If the road had been operated on its merits, as other roads are, there would have been no profit at all.

Commissioner LITTLER. That may be, but operated as it was and is, under the fostering care of the Chicago and Northwestern Railway Company, it has earned more than $410,000 beyond its fixed charges, excluding the Government debt.

The WITNESS. Not earned, but has received that sum.

OVERDUE AND UNPAID COUPONS.

Q. Now, I ask why there should be any overdue and unpaid coupons on the first-mortgage bonds? Why has not this surplus been applied to the liquidation of those unpaid coupons?—A. Because that surplus has been used in building the improvements necessary in the operations of the road, and as a working fund. Station agents and conductors owe the Sioux City and Pacific road, June 30, $133,714.64. The stock of material and fuel on hand amounts to $89,119.36. It had a cash balance of $31,014.76. The Chicago and Northwestern Company requires a working fund of about $7,000,000. The Sioux City and Pacific road requires a working fund of about $400,000. Such a fund is as necessary to a railroad as its track.

A WORKING FUND PROVIDED.

Q. Do you think it good management to set apart such a working fund, in view of the fact that you are allowing your first-mortgage coupons to mature and remain unpaid, and thereby putting it in the power of the bondholders to foreclose the road?—A. It is not set apart. Every dollar is collected as fast as it can be and applied.

Commissioner LITTLER. Do I understand you to say that there is $410,000 outstanding and uncollected of the funds of this company?

The WITNESS. No. $218,025.52 has been expended in new construction for sidings, additional platforms, buildings, and such things as were needed. The company has not had enough money, up to June 30, by over $100,000, to meet its just wants. There are $98,085 past due coupons unpaid. If the company had money enough those would have been paid and retired. As fast as the company gets the money the coupons are taken up and canceled. Ever cent that can be has been used to pay debts.

INTEREST ON COUPONS.

Commissioner LITTLER. Will you please tell us when you last paid any money on those coupons?

The WITNESS. On the 30th of June last six months' interest was paid, or $48,945; all that we had money to pay.

Commissioner LITTLER. It is not, I suppose, part of the policy of the company to allow the coupons of the first-mortgage bonds to accumulate and remain unpaid with the view of increasing the amount of the indebtedness due on the first-mortgage, looking to an ultimate foreclosure and the wiping out of the Government lien?

The WITNESS. On the contrary, it is the policy of the company to redeem every coupon as fast as it can. You will find, if you go back to June 30, 1884, that the amount of first-mortgage coupons unpaid at that time was $136,440. The amount has been reduced to $98,085.

FUTURE PROSPECTS OF REDEEMING COUPONS.

Q. Is it your opinion that in the future you will be able to redeem these coupons and from thenceforward pay all the interest accruing on the first-mortgage bonds?—A. That depends altogether on the earning capacity of the road.

Commissioner LITTLER. Of course. I expect you to take that into account in answering that question. You are thoroughly familiar with it.

A. I am not able to foretell the future earning capacity of the road. He is a wise man that can tell what a railroad will earn in the future, considering the number of roads constantly being built par alleling other roads, and considering the reductions in charge that are being constantly made. The whole tendency is towards lower rates, and consequently diminished income.

Q. Do you expect any further competition by the construction of new lines crossing the Sioux City and Pacific road?—A. During the last two weeks I have not heard of any new corporations being formed for the construction of additional railroads in that district. What the next two weeks may bring forth I cannot tell. I understand that there is a road being projected from Saint Paul down to that district.

REFUSAL OF UNION PACIFIC TO EXCHANGE TRAFFIC AT FREMONT.

Q. I understand you to attribute the failure of this property to earn money largely to the great competition to which it is being subjected and not to the fact that it has not a good local traffic, or that it does not run through a splendid country. How is that?—A. You should not overlook the fact that when the road was first built it ran through a country in which the population was very sparse. It had little or no business; and you understand, I suppose, that while it is a branch of the Union Pacific Railroad, the latter, from the date of its opening until to-day, refuses and persists in refusing to exchange traffic with it at Fremont.

ASSUMPTION OF OBLIGATIONS BY CHICAGO AND NORTHWESTERN.

Q. I wish to call your attention to a resolution that appears upon the minutes of the Sioux City Company, at page 567, under date May 21, 1884. In order that the resolution may properly appear upon our record I will read it:

On motion of Mr. John I. Blair, the following resolution was unanimously adopted:

Whereas negotiations are now pending for the sale by this company to the Chicago and Northwestern Railway Company of this company's interest in the rolling-stock and equipment furnished to this company by Oliver Ames and David P. Kimball, under the equipment lease, and also for the rolling-stock and equipment for which this company now has equipment notes outstanding, for which rolling-stock and equip-

ment, and for other good and valuable considerations, the said Chicago and Northwestern Railway Company is to assume and pay the indebtedness of this company under the said equipment lease; and also this company's equipment notes now outstanding, together with the interest on its preferred stock as it shall mature, and all other just debts and liabilities of this company other than its indebtedness to the United States: Now, therefore,

Resolved, That the proper officers of this company be, and they are hereby, authorized and empowered to make and execute whatever contracts and agreements shall be requisite and necessary to carry such arrangements into effect in the event that said negotiations shall be favorably concluded.

I will get you, if you please, to state whether you were present at the time that resolution was adopted.—A. I was not; it was before my connection with the Sioux City and Pacific Railroad Company.

EXCLUDING THE GOVERNMENT DEBT.

Q. Is it a fact that in pursuance of that resolution obligations were executed on the part of the Chicago and Northwestern Railway Company to assume all the obligations mentioned in the resolution except the debt to the United States Government?—A. Yes.

Q. Can you explain the partiality that was exhibited in this resolution in providing for all the debts except the debt to the Government?—A. I was not an officer of the Sioux City Company at the time, and am not in possession of the information that prompted that paper.

POOLS.

Commissioner LITTLER. My recollection is that we requested you to furnish us information in regard to pooling contracts.

The WITNESS. Yes.

Commissioner LITTLER. Have you that information at hand?

The WITNESS. In what form do you want it.

Commissioner LITTLER. We would like to see, in the first place, all the pooling contracts in which the Sioux City Company is interested.

The WITNESS. I do not think you asked for those, but we will furnish them. I do not know that the Sioux City and Pacific Company was a party, direct, to any pooling contract that we have record of here. There was only one pool, I understand, that the Sioux City and Pacific Company was directly concerned in; that was a pool on Sioux City business in which the Sioux City road, the Illinois Central road, and the Milwaukee and Saint Paul road were interested. The Chicago and Northwestern Company, as a connection of the Sioux City and Pacific, was a party to the pool.

THE DAKOTA SOUTHERN.

Q. Was the Dakota Southern Railroad embraced in that pool or in some other pool in connection with the Sioux City and Pacific?—A. There was such a road, I think, some time in the seventies. I think it was a road built from Sioux City up to Yankton, and was afterwards acquired by the Milwaukee and Saint Paul Railway Company. I have no knowledge, however, of any pool in which the Dakota Southern was interested with the Sioux City and Pacific. There may have been some pooling arrangement antedating my connection with the Sioux City and Pacific road with which I am not familiar.

REQUEST OF COMMISSION FOR COPIES OF POOLING CONTRACT.

Commissioner LITTLER. I will ask you at your leisure to furnish us copies of any pooling contract in which the Sioux City and Pacific Railroad Company is interested.

The WITNESS. Yes.

Commissioner LITTLER. I will also ask you to furnish us in that connection a statement of the amount received from those pools and the amount paid out on account of them by the Sioux City and Pacific road.

The WITNESS. Yes; if there was anything coming to the Sioux City and Pacific from any pool it got it.

Q. How long have you been connected with the railroad business?—A. Since 1857

POOLS ADVANTAGEOUS TO RAILWAYS AND SHIPPERS ALIKE.

Q. During that time have you had occasion to look into the advantages and disadvantages to railway companies arising from the making of pool contracts?—A. Somewhat.

Q. As an expert railway man I ask your judgment as to whether, prior to the adoption of the interstate commerce law, or even since, the pool contracts resulted favorably or unfavorably to railway companies?—A. I think they favored the railway companies and the shippers alike.

Commissioner LITTLER. I will ask you to elaborate a little on that subject.

The WITNESS. They favored the railway companies in the maintenance of uniform rates; the public were benefited by that uniformity in this respect, among others, that it was able to forecast the future.

EFFECT ON NET AND GROSS EARNINGS.

Q. What has been the effect, as a rule, on the net and gross earnings of railway companies who have engaged in pooling contracts?—A. That is so general a question that I could not answer it specifically.

Commissioner LITTLER. You may make your answer as broad as you please.

The WITNESS. Pooling prevented reckless competition, and that of course favored the income of railroads.

Q. Is it a fact that as a rule the pool contracts inure to the benefit of the parties to them?—A. Yes, but to shippers also.

POOLS HAVE NOT INCREASED RATES.

Q. I would like you to explain how the patrons of the railroads would be beneficially affected by a pool which increased rates?—A. The pools have not increased rates; they have preserved them, that is all.

Commissioner LITTLER. But in the hypothetical case which I put the pools do increase the rates?

The WITNESS. I hold that pools have not increased rates. That is proven by the decline in the rate per ton per mile that all companies have suffered. When I entered the service of the Chicago and Northwestern Railway Company in 1872 we had a pool between Chicago and Council Bluffs, which covered a large volume of business. That pool existed between thirteen and fourteen years, but there was not a month in all that period when the rate per ton per mile on the traffic it covered did not decline. As an evidence of the decline in rates on railways I would say that the rate per ton per mile on the Chicago and Northwestern road during the last thirteen years has declined 50 per cent. Pooling agreements have not had a tendency to increase rates.

POOLS PRESERVE STEADINESS OF RATES.

Commissioner LITTLER. I wish you would explain how a pooling contract fixing arbitrary rates per ton per mile could result (pro-

viding the agreement was kept in good faith) in the reduction of rates steadily year by year as you have described.

The WITNESS. I think you overlooked—and I think it is customary with most people who consider railway matters to overlook—the fact that a pool is not intended to keep rates at an excessive figure.

Q. They mention arbitrary figures, do they not, as a rule?—A. As a rule, but the pool simply preserves steadiness of rates. It does not follow that because there is a pool the rates under that pool are extortionate or unreasonable. The reverse is the case. A pool is a provision for tonnage to be moved at prices prompted by the necessity of the shipper and the carrier alike.

Q. But it depends entirely on the provision of the pool contract whether there is a sliding rate, does it not?—A. Not at all. The Chicago and Northwestern Company has never been a party to a pool the terms of which prescribed rates. Rates have been left to be decided according to the necessities of shippers.

HOW POOLS ARE MANAGED.

Q. Who decides that, the pool commissioner?—A. No; the board of managers having charge of the pool.

Q. Your pool contracts then differ greatly from a number of pool contracts that have been submitted to this Commission from time to time. The majority of those provide in arbitrary terms for rates which are specified, and provide that they are to be kept and maintained. If such a contract as that was made, I ask you how it would be possible for a change to be made in the rate, provided the contract were maintained?—A. I do not know of any pools in which the commissioner has the power to fix rates and maintain them arbitrarily. Pools simply cover an arrangement for the division of tonnage. That I believe is the principle underlying all pools. Where commissioners have any authority at all it is an authority to inquire into the manner in which the rates were kept by the roads having an interest in the pool.

TENDENCY OF COMPETITION TO FORCE DOWN RATES.

Q. Is it not true that the tendency of the times under the law of competition necessarily year by year forces down the rate charged by railways, independent of all pool contracts?—A. Yes; that is why the rate per ton per mile on the Chicago and Northwestern road has declined 50 per cent. in thirteen years.

Q. Is it not true that to counteract that natural law these pool contracts have been entered into by which it has been sought to maintain the rates?—A. Not at all; the pooling contracts are a necessity because of the great number of railroads that have been constructed.

A POOLING CONTRACT DOES NOT DESTROY COMPETITION.

Q. Is it not true that the pooling contract operates to destroy the law of competition to a certain extent?—A. No.

Q. Why not?—A. It operates only to maintain reasonable compensation for service rendered.

Q. Why does it not tend to destroy the law of competition? For instance, there are four or five great trunk lines running to Omaha; before the passage of the interstate commerce law, if there had been no pool, would there not have been such a scramble for the traffic as, under the law of competition, to force the rates down materially below

the rates fixed by the pool?—A. No; before the interstate commerce law we had pools, and there was competition within the pools.

Q. I understand that, but is it not true that you have now substituted for the pool contract an agreement to maintain rates?—A. We have substituted for the pool contract an understanding that rates shall not be changed without notice and agreement.

Q. That, in effect, amounts to a contract to maintain rates?—A. No, sir; it amounts to a contract not to change rates without notice.

Commissioner LITTLER. Well, I do not care to pursue that inquiry any further.

NOR INCREASE RATES.

The WITNESS. I would like you to pursue it, because I believe advantages accrue to the public from pools. They tend to maintain reasonable and uniform rates for service rendered, which is an advantage to the public as well as to the railway. I know that it cannot be shown that any pool in which the Chicago and Northwestern Company has been interested increased the rates. The first pool was between Chicago and the Missouri River. In that pool there were three railroad companies, the Burlington, the Rock Island, and the Chicago and Northwestern. They had what people called a monopoly—a term without significance when applied to American railways; but one much used and abused. The man that drove my cab home last night had a monopoly. There was only one cab on the stand and I had to take it or walk. The rate per ton per mile declined month by month during the operation of the Council Bluffs pool, and yet there was no quarreling, no disagreement; it was as firm a pool as could be made, yet the rates went down and down. Why? Because the necessities of commerce required it.

EFFECT OF COMPULSORY UNREMUNERATIVE TARRIFFS.

Q. Where do you think those rates would have gone if there had not been a pool?—A. They would have gone down to a figure that would have bankrupted the railroads. I assume that you must have revenue for a railroad; you cannot maintain them without. You have an instance of this in Illinois where there are more bankrupted railroads than in any other State in the Union, because of the tendency to make railroads adopt tariffs that are not remunerative. Under such a state of affairs there is always a disposition to run rates up excessively one month and then in the next month to put the tariff below a living figure.

RELATION OF POOL CONTRACTS TO GROSS EARNINGS.

Q. Is it not true that under the pool contracts the gross earnings of railroads have been increased over and above what they would have been without them?—A. I am not so clear about that. In the absence of pools the law of necessity would govern the railroads; they would run perhaps six months at a loss; they would then become alarmed at the result and in the next six months would endeavor to make up the loss by charging excessive rates.

Q. As the head of this great corporation you are entirely too smart, I take it, to make an agreement that would not be profitable for your company?—A. I hope so.

Q. And you enter into those agreements in the interest of your corporation?—A. Yes; but also in the interest of our patrons to a much greater extent than the public is willing to give us credit for.

Q. The patrons only pay into the treasury as they are compelled to do?—A. Some of our patrons are our stockholders.

Q. But I presume that only a small portion of your patrons have any interest in the corporation as stockholders?—A. I am not prepared to answer as to that.

Q. Not many of the people living along the 5,000 miles of this road are stockholders?—A. I could not say.

DIAGNOSIS OF A GOOD RAILROAD MANAGER.

Q. Is it not true that every good railroad man looks first to the interests of his corporation without regard to the public, and that in the operation of the road he is in antagonism, in one sense, to the traveling public and to the shipping public?—A. My diagnosis of a good railroad manager is one that looks quite as much to the interests of the public as of the shareholder, because that is the most direct and sensible way of keeping up the business of a company. Show me a railroad that is not at peace with the people along its lines, that does not try to deal fairly by them and I will show you a property, the securities of which are not held in good estimation. Therefore I say that the railroad man who looks after the interests of the shareholder must also look sharply after the interests of the public.

Commissioner LITTLER. Like Desdemona in the presence of her father and her husband you "perceive here a divided duty."

The WITNESS. I will say this, I spend my whole time in the interests of the public and this company; we try to serve the public faithfully.

Q. You will give us a copy of this pool agreement, I understand?—A. Yes.

OFFICERS OF THE CEDAR RAPIDS AND MISSOURI RIVER RAILROAD.

Q. And with it a statement of the amount paid and the amount received under the pool agreement?—A. Yes. The following are the officers of the Cedar Rapids and Missouri River Railroad, elected July 26, 1883: Horace Williams, president, Clinton, Iowa; Wm. T. Glidden, vice-president, Boston, Mass.; P. E. Hall, secretary, Cedar Rapids, Iowa; D. P. Kimball, treasurer, Boston, Mass.; J. Van Deventer, assistant treasurer, Clinton, Iowa; Henry V. Ferguson, auditor, Cedar Rapids, Iowa. There has been no change apparently in the officers of that road since the election of July 26, 1883.

Q. Have you such a book in your office as a rebate book, pertaining to the Sioux City and Pacific Railroad Company?—A. No.

RECORD OF REBATES.

Q. Where do you keep your rebate accounts?—A. We have a record of what you call rebates since 1884.

Q. What became of the rebate record of the Sioux City and Pacific Company prior to that time?—A. It is more or less incomplete before that time.

Q. They are in the custody of this company?—A. Yes.

Q. If you can make a statement with the rebate vouchers we should be glad to have you do so.—A. There is no such a thing as a distinct rebate book of the Sioux City Company, but a list of the rebate vouchers can be made up.

Commissioner LITTLER. I supposed they had been made up as the business was transacted.

The WITNESS. Precisely what information do you want?

Commissioner LITTLER. I will read from the act of Congress creating this Commission the provision that bears upon this point. The act requires us to ascertain "what amounts have been deducted from the gross earnings of any of the said aided railway companies by their general freight and passenger agents or auditors by way of rebate, percentage of business done, constructive mileage, monthly or other payments, or any pooling or rate arrangements, contract or agreement."

REBATE VOUCHERS AND WHAT THEY SHOW.

The WITNESS. It would be a full and complete compliance with that requirement if we were to furnish you with a list of all the rebate vouchers and of any moneys that the Sioux City and Pacific Company may have paid under any pooling agreement, where the balance for a stated period in the agreement would be against that company. But you should, I think, and I presume you intend to, inquire whether anything has been received from that source.

Commissioner LITTLER. Certainly. I do make that inquiry. The very object of this whole inquiry is to see what effect the pooling arrangement has on the operation of the road.

The WITNESS. These vouchers, except those relating to pools, simply represent overcharges that have been made.

PUBLISHED TARIFF RATES.

Commissioner LITTLER. Please furnish us with a copy of all your published tariff rates, embracing freights and passengers; and in addition to that, a statement of all special rates which you may have prescribed at any time, and a statement of net rates under which you have operated the road.

The WITNESS. All that information is on file with the Railroad Commissioner at Washington since July 1, 1884.

Commissioner LITTLER. I only call for such information as is prior to the time that you have furnished such information to the Railroad Commissioner. I also ask for a statement of gross receipts as distinguished from gross earnings.

STATEMENT OF GROSS EARNINGS, &C.

The WITNESS. I understand you want a statement of gross earnings without deduction of overcharges and so-called rebates?

Commissioner LITTLER. And without including the settlement of pool balances. I would like you also to furnish, if you can, a list of the officers and directors of the following companies: The Iowa Falls Contracting Company, the Missouri Valley Land Company, the Sioux City and Pacific Town Lot Company, the River Sioux Town Lot Company, the Missouri Valley and Blair Railway and Bridge Company, the Fremont, Elkhorn and Missouri Valley Railroad Company, and the Chicago and Northwestern Railroad Company, from 1869 down to date.

The WITNESS. We can only furnish you a list of officers of the Fremont, Elkhorn and Missouri Valley Company, the Missouri Valley and Blair Railway and Bridge Company, and the Chicago and Northwestern Railway Company.

Q. Can you direct our attention to any source from which we can get a list of the officers of the other companies?—A. Not unless you can get them from the old officers of the Sioux City and Pacific Company.

Q. What officer would be likely to know?—A. No one here that I know of. Nobody here has ever had anything to do with those companies.

Commissioner LITTLER. The reason why we ask for that information is, that the act of Congress under which we are proceeding calls for information as to whether the officers of any of those corporations are interested in other railway corporations, &c., and to what extent.

RELATIONS WITH CHICAGO AND NORTHWESTERN.

Q. From the time of the completion of the Sioux City and Pacific Railroad, state whether or not there were traffic or running arrangements between the Chicago and Northwestern Railway Company and the Sioux City and Pacific Railroad Company, and whether they were not operated in the interest of each other.—A. The Sioux City and Pacific Railroad was the connecting line of railway with the Chicago and Northwestern road at Missouri Valley to Sioux City and to Fremont, west of the Missouri River into Nebraska, and in competitive traffic they affiliated, as all railroads do, where two are necessary to form a through line of road.

GOVERNED ONLY BY MUTUAL INTEREST.

Q. They were operated as in mutual interest rather than in competition?—A. No; I cannot say that they were operated in mutual interest or that it would be proper to use the term "affiliate." They were affiliated to the extent that it was necessary to conserve their mutual interests in the transaction of through business.

Q. There was no antagonism?—A. There was no antagonism; neither was there any merging or anything of that sort.

Q. I suppose it is true that there was more harmony between the directory of those two roads than there was between either of the roads and any other road, for the reasons you have already given?—A. I cannot speak as to that.

Commissioner LITTLER. When I use that term, I mean the managers of the roads.

The WITNESS. The managers were on good terms and worked the roads in harmony wherever there was competitive traffic which they could get when acting together, and which they could not get when acting separately.

OTHER INTERESTS OF SIOUX CITY AND PACIFIC PEOPLE.

Commissioner LITTLER. I will direct your attention to this inquiry in the act: "Whether any of the directors, officers, or employés of the Sioux City and Pacific Railway Company have been, or are now, directly or indirectly interested, and to what amount or extent, in any other railroad, steamship, telegraph, express, mining, construction, or other business company or corporation, and with which any agreements, undertakings, or leases have been made and entered into."

The WITNESS. I am unable to answer that question in the form in which it is intended. I do not know to what extent people who are shareholders or directors in railroads other than the Sioux City and Pacific were shareholders in that company. I think that is as full and conclusive an answer as I can give.

Q. Do you know whether they were owners to any extent?—A. No.

Q. Do you know whether they had any agreements or leases with this company?—A. No.

Q. You know that John I. Blair is or was interested in the Sioux City and Pacific Company, and that he had large interests in other railroads, such as the Cedar Rapids and Missouri River Railroad?—A. There are persons who were interested more or less in all those companies, I presume.

Q. But you do not know the extent of their interests?—A. No.

BLAIR, WILLIAMS, AMES, AND KIMBALL.

Q. What persons do you refer to as having been interested in all those companies?—A. I presume that if you were to take a list of the shareholders of those roads at the time the books were closed at some annual meeting (and it is only when the books are closed and the shares are transferred that you are able to tell who owns the railway, and that only applies to periods of annual meetings), you would find on the list of the shareholders of those various companies parties who owned stock in the other companies. I am not able to say who they were nor to what extent they held stock.

Q. I suppose you are sufficiently familiar with the holdings of Blair and Williams and Kimball to know that they were interested in a number of these corporations, and continued from year to year to be interested?—A. I do not know to what extent the persons named were interested as shareholders in the Sioux City and Pacific Company.

Q. Is it not true that the Fremont, Elkhorn and Missouri Valley Railroad was owned and controlled by the same persons who owned and controlled the stock of the Sioux City and Pacific Railroad?—A. I do not know.

Q. Is it not true that Blair and his associates (Williams, Kimball, Oliver Ames, and other Boston parties) owned a majority of the stock of both these companies at the time they were leasing one to the other?—A. I do not know to what extent they were interested in the several companies.

LEASES WITH VARIOUS COMPANIES.

Q. There was a lease between the Sioux City and Pacific Company and the Fremont, Elkhorn and Missouri Valley Railroad?—A. Yes.

Q. Was there not also an agreement between the Missouri Valley and Blair Railway and Bridge Company and the Sioux City and Pacific Company?—A. Yes.

Q. Was there not also a contract or agreement of some kind between the Sioux City and Pacific Company and the Cedar Rapids and Missouri River Company?—A. I do not know.

Q. Was there not such an agreement with reference to the operation of those roads and the rates?—A. There was no agreement direct between the Cedar Rapids and Missouri River Railroad Company and the Chicago, Iowa and Nebraska Railway Company in relation to interchange of traffic with the Sioux City and Pacific Railway Company that I am advised of. You must bear in mind that the two former companies were leased, and the lessor had nothing whatever to do with the operations of the property. So far as there was any traffic arrangement, it was through the medium of the lessee, the Chicago and Northwestern Company.

THE CHICAGO AND NORTHWESTERN AGREEMENT.

Q. It was with the Chicago and Northwestern Company and not the other road that the agreement was?—A. If by "agreement" you mean

current daily transactions or understandings covering the interchange of traffic, the Chicago and Northwestern Railway Company was the party.

Q. Is it not true that at the time the agreement was made between the Sioux City and Pacific Company and the Chicago and Northwestern Company and the other roads you have mentioned, John I. Blair was a large stockholder in all those companies, or at least in more than one of them?—A. You persist in referring to an agreement between the Chicago and Northwestern Company and the Sioux City Company when I repeatedly say there was none. The two corporations chartered by the State of Iowa and operated in obedience to its laws must interchange traffic; if this requirement constitutes an agreement then you are right in referring to it as such. The two corporations had no agreement. I do not know anything of the holdings of John I. Blair.

JOHN I. BLAIR.

Q. Is he not a director in the Chicago and Northwestern Railway Company to-day?—A. Yes.

Q. Is he not a large stockholder in the company and has he not been such for years?—A. I do not know to what extent he is a stockholder to-day, nor for how many years he has been such, nor to what extent.

Q. But he is a stockholder to-day?—A. Yes.

Q. And has been such for how many years to your certain knowledge?—A. To my certain knowledge no longer than he has been a director.

Q. How long has he been a director?—A. Since June 4, 1885.

Q. Is it not true that his holdings with the Chicago and Northwestern Company were very large on the stock books prior to the last annual election?—A. I do not know.

Q. In view of the fact that we take hearsay evidence I will ask you in this connection what you understand to be the fact as to Mr. Blair's holdings in the Chicago and Northwestern Company?—A. I have no understanding as to the fact.

Q. What is he reputed to be the holder of?—A. I do not know. I have never heard it stated how many shares he had and I have never inquired.

SIOUX CITY AND PACIFIC STOCK HELD BY IOWA LEASED ROADS.

Q. Do you not understand that at the time these negotiations and contracts were made between the Sioux City and Pacific road and these other roads, John I. Blair was not only a large stockholder in the Sioux City and Pacific Company, but was also a large stockholder in the other roads with which these negotiations were carried on and finally completed, or whether he was not a large stockholder in those roads at any other time?—A. My belief is that John I. Blair was not a stockholder in the Chicago and Northwestern Company up to the time of the abrogation of the Iowa leases and the sale of those properties to the Chicago and Northwestern Railway Company. It is also my opinion that Mr. Blair was not a stockholder in the Sioux City and Pacific Railroad. You will remember that I have stated all along, in this inquiry, both when you were here before and now, that the Sioux City and Pacific Company's stock was held largely by the leased Iowa roads, but just in what proportions I do not know.

Q. John I. Blair was a trustee, was he not, with Oliver Ames and Horace Williams?—A. I do not know.

Q. The books will show?—A. I suppose so.

BLAIR'S INTERESTS IN OTHER ROADS.

Q. What have you to say concerning his interests in the other roads that we have been talking about?

The WITNESS. You mean the Chicago, Iowa and Nebraska and the Cedar Rapids and Missouri River?

Commissioner LITTLER. Yes.

The WITNESS. Do you want hearsay testimony on that subject?

Commissioner LITTLER. Yes.

The WITNESS. I understand Mr. Blair was a large holder in those roads, but whether stock or bonds, I do not know.

Q. Did that holding extend to a controlling interest?—A. I think not.

Q. What is your understanding as to the holdings of Horace Williams or of Oliver Ames?—A. I know nothing of the holdings of the various persons in those companies. I think it would be a fair statement to make, that the ownership of those railways—the Cedar Rapids and Missouri River road and the Chicago, Iowa and Nebraska road—was very largely represented in their respective boards of directors.

SIOUX CITY AND PACIFIC NOT INTERESTED IN OUTSIDE ENTERPRISES

Q. Please state whether the Sioux City and Pacific Company has at any time invested any of its moneys or other assets in the stock or bonds of any manufacturing, mining, or commercial company or companies, or of other railroad corporations.—A. I do not understand that it has.

Q. The books of the company fail to show anything on that subject; is not that so?—A. They would show it, I think, if anything of the kind had occurred.

Commissioner LITTLER. According to the balance sheet before me, under the head of "Due from other companies," there appears to be a number of large sums outstanding amounting to several hundred thousand dollars.

The WITNESS. The balances referred to are not cumulative. They represent traffic balances.

Commissioner LITTLER. From year to year?

The WITNESS. From month to month.

Commissioner LITTLER. Then they do not represent investments referred to in interrogatory No. 3 of the Commission's circular?

The WITNESS. No.

WHAT THE BOOKS SHOW.

Q. So far as you know, has the Sioux City and Pacific Company observed all the obligations imposed upon it by the laws of the United States, in reference particularly to the subsidy granted?—A. So far as I know.

Q. Have the books of the company been so kept as to show the net earnings of this road? In fact, what do the books show in regard thereto, and what have been in fact the net earnings?—A. My understanding is that the books and accounts of the company show the net earnings.

Q. Is it not true as to the Missouri Valley branch, six or seven miles long, that its earnings have been mixed up with the earnings of the Sioux City and Pacific proper, and that the earnings have not been kept separate so far as that little branch is concerned?—A. The books show

the separate earnings of that section, over which all traffic interchanged with the Northwestern Company must pass.

Commissioner LITTLER. They must be kept separate in order to arrive at the Government's 5 per cent.

The WITNESS. But the gross earnings of that section are shown in the gross earnings of the main line.

METHOD OF COMPUTING NET EARNINGS.

Q. In order to arrive at the net earnings you deducted from the gross earnings in Iowa seven and twenty-nine hundredths per cent. as the proportion of the road from Missouri Valley to California Junction, unsubsidized. Is that the way you arrived at the net earnings of the aided road?—A. Yes.

Q. On what basis did you reach the conclusion that seven and twenty-nine hundredths per cent. was a fair pro rata in this division?—A. That division was agreed upon years ago between the Sioux City Company and the United States, and all settlements have been made on that basis.

Q. But it still remains true that the books of the company show that the earnings of these six or seven miles run into the aided portion of the road and that you have not kept any separate books as between that little 7-mile branch and the Sioux City and Pacific Company proper?—A. No; the earnings are combined and divided on the basis stated, which I may say is an unfair basis for the non-aided portion, because the unsubsidized section earns more per mile than the subsidized section.

SAME FACILITIES FURNISHED THE GOVERNMENT AS OTHER PARTIES.

Q. The Sioux City and Pacific Railway Company, by proper instrument, has accepted the terms of the act of July, 1862, and the amendatory acts following, and has thereby made itself liable to the conditions imposed by the sixth section of the act of July, 1862. I will call your attention to that section, and ask you whether this company has complied with its terms [having read the section]. Has this company afforded the Government of the United States the same facilities that it has furnished other and private parties for like service?—A. Yes.

Q. And at like rates?—A. Yes; you understand that the Government does not pay as other people.

RATES CHARGED TO THE GOVERNMENT.

Q. The question is whether you have charged the Government the rates that you have charged to other individuals?—A. We have charged the rates agreed upon with the Government, which have never in any instance, to my knowledge, been more than the rate charged others.

Q. Have you at any time attempted to charge and collect from the Government the same rate that you have charged and collected from other persons?—A. The rate charged the Government in the absence of special understanding or lower rates, as I understand it, has been the tariff that other people would pay; but the Government has withheld part of this compensation.

Q. The Government has withheld it under the terms of the act and appropriated the money to your credit?—A. We claim it has wrongfully withheld a portion, according to the decision of the Supreme Court and the rulings of the Attorney-General.

Q. But the question is, have you charged the Government for its transportation more than you have charged individuals for like transportation, or have you charged the Government less?—A. My understanding is that we have not discriminated for or against the Government.

Q. Your reports to the Government will show what you have charged and what you have been allowed?—A. Yes. We have for the last two years, by the requirement of the United States Railroad Commissioner, sent to his office a copy of every tariff and rate. My understanding is that the Government has passed specifically upon every charge that has been made against it for services from the opening of the road till now.

Q. You have charged the Government the open tariff rate, have you not?—A. Yes.

Q. Have you not carried for other persons the same sort of freight on a rebate?—A. I think not, under the same circumstances. I understand that a very large proportion of the Government freight has been in connection with the Indian Department, and has been transported under advertised bids at much less than public rates.

NET EARNINGS.

Q. Can you state when this company began to report net earnings over operating expenses and fixed rates—how long after the road began?—A. The accounts furnished to you show that.

Q. As I understand, that $410,000 represents the entire net earnings of the road during its entire existence.—A. This amount is not net earnings in the sense that the Government applies the term; it is arrived at differently, as you will see by referring to the income account.

NO DIVERSIONS OF EARNINGS OR TRAFFIC.

Q. Do you know whether there has been any diversion of the earnings of this road by way of constructive mileage allowance or average mileage allowance between this road and any other road with which it has been connected?—A. No; certainly not since my connection with the company.

Q. Do you know of any diversion of the traffic of the road by any means whatever, either through pooling arrangements or otherwise?—A. No; the pools it has been interested in have been made to enable it to retain business.

CONSTRUCTIVE MILEAGE.

Q. Is there any constructive mileage allowed this road under your present arrangements?—A. Yes.

Q. I will ask you to state what constructive mileage is allowed?—A. That ground has been traversed before and specific answers made.

Q. If that subject has been gone into, is it not true that instead of constructive mileage you have allowed a certain percentage?—A. I will answer your question literally. There has been no constructive mileage in the division between the Sioux City road and the Chicago and Northwestern and other roads, but it is true that the Sioux City has been allowed a division in excess of its mileage proportion.

PRO RATA DIVISION.

Q. Recurring to this percentage of 7.29, is it not true that it is not based on mileage at all, but that it is based on the total earnings of the

properties?—A. It is a pro rata division. The earnings of both the subsidized and unsubsidized portions of the Sioux City and Pacific Railroad are divided first as between the State of Iowa and the State of Nebraska. The earnings in Iowa are then divided as between the subsidized and unsubsidized portions of the road, the latter being allowed a pro rata proportion, 7.29 per cent.

BETWEEN SUBSIDIZED AND UNSUBSIDIZED PORTIONS.

Q. I will ask you whether the rate of division is under all the circumstances fair and reasonable?

The WITNESS. You mean the division between the subsidized and unsubsidized portions?

Commissioner LITTLER. Yes.

The WITNESS. I do; or if unfair in any respect, unfair to the unsubsidized portion, because the earnings per mile of the unsubsidized portion, in view of its location, must necessarily be more than the average of the subsidized portion.

Q. Is it your opinion, then, that in its practical operation it results favorably rather than adversely to the subsidized portion of the road?—A. Favorably to the subsidized portion.

NO IMPROPER DIVERSION OF EARNINGS OR TRAFFIC.

Q. State whether there has been any diversion of the earnings of the Sioux City and Pacific Railroads to wrongful or improper purposes, and if so, to what extent?—A. There has been none to my knowledge.

Q. Has there been any discrimination of rates in favor of unaided roads connected with the Sioux City and Pacific?—A. No.

Q. State whether there is any money due and owing to the United States on account of mistaken or erroneous accounts, reports, or settlements made.—A. Not to my knowledge.

Q. Has there been any traffic or business which could or should have been done on the aided line that has been diverted to the lines of any other companies or to non-aided lines?—A. No.

Commissioner LITTLER. I believe that interrogatory No. 10 of our printed circular has already been the subject of answer by your company.

The WITNESS. Yes.

ASSETS OF THE SIOUX CITY AND PACIFIC.

Q. You may state, if you please, the kind, character, and amount of the assets of the Sioux City and Pacific Company.—A. The assets on the 30th of June, 1887, were as follows, viz:

Amount due from station agents and conductors	$139,058.40
Amount of material and fuel on hand	87,100.79
Cash	41,629.44
Total	267,788.63

There is also quite an amount due from the Government, but this is offset by the 5 per cent. on net earnings due to the Government.

WHAT THE GOVERNMENT LIEN COVERS.

Q. State what assets of the company are now subject to the lien of the Government, and the value thereof.—A. The only assets I under-

stand that the Government lien rests upon are what is comprised in the aided section of the road and its accretions; the value of that is questionable.

Q. Does the Sioux City and Pacific corporation own no other property or assets except its road with its turn-tables, side-tracks, water-tanks, stations, depots, &c.?—A. Nothing but the visible property of the railroad and its rolling stock, machinery, and tools, except as stated above.

NO DIVIDENDS DECLARED.

Q. What dividends, if any, have been declared on the stock of the Sioux City and Pacific Railroad?—A. No dividend has ever been declared or paid on its stock.

Q. What dividends have been declared or paid on this little road for which preferred stock was issued?—A. Stock was issued to pay for the construction of the unaided portion, and was interest-bearing. That interest payment is not a dividend, although so called. The interest thus paid annually is not dependent at all upon the earnings of the road. A fixed sum must be paid the same as if bonds instead of stock had been issued.

Q. Is it made a lien on the road?—A. Yes.

Q. How was that lien created—by an act of the legislature or by an instrument?—A. By a mortgage dated July 31, 1871.

Q. How much interest or dividend, or whatever you please to call it, is paid annually?—A. Seven per cent.

Q. That amounts, on the cost of the road, to about $11,830?—A. Exactly.

Q. I understood you to say that this little branch was a very profitable branch?—A. No; I never used such language, that I know. I said it earned more per mile than other portions of the road, and that a division on a pro rata basis was unfair to the branch in question.

STATEMENT OF NET EARNINGS FROM 1871 TO 1887.

Commissioner LITTLER. I have a statement here of net earnings of this piece of road, furnished by your people, running from 1871 to 1887, which shows the net earnings for the several years included in that period to be as follows:

For the year ending December 31—	
1871	$3,249.48
1872	3,282.37
For the six months ending June 30—	
1873	1,437.26
For the year ending June 30—	
1874	5,044.04
1875	4,608.77
1876	4,754.49
1877	4,609.83
1878	4,506.88
1879	5,498.10
1880	7,973.28
1881	.....
1882	.....
1883	10,122.27
1884	12,561.60
1885	11,092.86
1886	16,046.16
1887	14,660.55

(The net earnings for 1881 and 1882 are not given.)

So far as that road has gone, if it has not been a paying investment, it is increasing its earnings I observe.

The WITNESS. Yes.

Commissioner LITTLER. I will ask you to state where you obtained those figures?

The WITNESS. From the accounts. It was necessary that the Sioux City and Pacific road should have a connection with some other road, hence the building of the unsubsidized branch.

Commissioner LITTLER. I understand that; I am simply submitting these figures to you and asking you for an explanation. You say that the pro rata division between the subsidized line and this little line was more than fair to the Government?

The WITNESS. Yes.

Q. These figures show that the earnings of this little line have been very light indeed—not equivalent to the interest on the cost of construction. Where do you get these figures from?—A. From the books of the Sioux City and Pacific Company, and they agree exactly with the figures of the United States Government. The books of the company and the books of the Government, I may say here, harmonize to a cent throughout.

BASIS OF ACCOUNTS.

Q. I will get you to state whether these figures are made up from the actual earnings of this little branch or whether they are made up from the arbitrary basis?—A. From an arbitrary basis. I wish to state here, however, that the arbitrary division of 7.29 per cent. applied only up to July 1, 1886; since that time the earnings have been prorated on a mileage basis, in accordance with the decision of the United States Commissioner of Railroads, General J. E. Johnston. He required us to make up the earnings of the unsubsidized portion separately from the other, and in order to do so we found it necessary to divide on a mileage basis.

GOVERNMENT DUES.

Commissioner LITTLER. Can you state whether there is any money due and owing to the United States Government on account of mistaken or erroneous accounts, reports, or settlements made?—A. There is not to my knowledge.

Commissioner LITTLER. Is there nothing due under the Thurman act?—A. The act does not apply to the Sioux City and Pacific Company.

Commissioner LITTLER. Are you paying only 5 per cent.?—A. We have paid the Government a tax of $21,255.99, and stand ready to-day to pay the balance, provided the Government will settle the amount it owes us, which is nearly an offset.

LAND GRANTS.

Q. State whether the proceeds of any trust funds or lands have been diverted from their lawful use (interrogatory No. 15).—A. Not to my knowledge.

Q. I find that the Sioux City and Pacific Company received from the Government of the United States and other sources lands as follows:

	Acres.
From the United States	32,443.64
Add amount recovered from the Union Pacific Company account of joint patents	8,634.59
Making a total from the United States of	41,078.23

	Acres.
From the State of Iowa:	
Woodbury County swamp lands	11,046.09
From State of Nebraska:	
Northern Nebraska Air-Line lands	47,487.00
Making a grand total of	99,611.32

Q. Do you understand that to embrace the entire land grant that

RECEIPTS FROM SALES OF LANDS.

this Sioux City and Pacific Company availed itself of?—A. I do.

Q. I find that the Sioux City and Pacific Company received from sales of its lands the following sums:

September 30, 1871, cash received from W. W. Walker	$20,000.00
October 4, 1872, cash received	7,558.82
April 26, 1875, cash received from D. P. Kimball, trustee	9,962.96
May 3, 1875, cash received from D. P. Kimball, trustee	1,762.44
May 7, 1875, cash received from D. P. Kimball, trustee	16,000.00
May 11, 1875, cash received from D. P. Kimball, trustee	1,292.60
May, cash received	2,500.00
June 9, cash received	62.42
June 11, cash received	77.80
June 14, cash received	1,501.73
June 18, cash received	9,227.98
July 31, cash received from Missouri Valley Land Company	169,417.85
Making a total of	239,364.60

VALUE AND LOCATION OF LANDS.

Q. Do you know anything about the value of those lands at the several times when they were disposed of?—A. Nothing whatever, nor of any of the transactions referred to in the list, because they occurred some fourteen years prior to my having any relation whatever with the Sioux City and Pacific corporation.

Q. Do you know where any of those lands were located?—A. I do not.

Commissioner LITTLER. Where can we ascertain those facts?

The WITNESS. I do not know, unless you inquire of the former officers of the corporation.

Commissioner LITTLER. My idea would be that those figures are very low for those lands.

The WITNESS. Are those figures correct?

Commissioner LITTLER. They are taken from your books.

The WITNESS. My impression is that you have deducted from the amounts received the expenses connected with the sales of the lands.

Commissioner LITTLER. No; the expenses are indicated upon another sheet.

The WITNESS. Then you have only given a portion of the receipts from lands. To express an intelligent opinion about the value of the lands one would have to know their location. Some of them might be remote from the railway. You spoke of the Iowa lands as being swamp lands.

RECEIPTS FROM IOWA LAND GRANTS.

Commissioner LITTLER. Those were not granted by the Government, but by Woodbury County, Iowa.

The WITNESS. But they were swamp lands. I express the opinion without hesitation that at the time those lands were sold the prices real-

ized for them were fair prices. You could buy good lands in Western Iowa within the last ten years at as low figures as those given.

Commissioner LITTLER. They did not net the company that sum. It appears that there was only transferred to the income account of this company the net sum of $225,112.63, after paying the expenses of the transactions. That sum was realized from the lands donated to the Sioux City and Pacific Company in Iowa.

The WITNESS. There are in the aggregate $225,112.63 from Iowa.

Commissioner LITTLER. Two hundred and twenty-five thousand dollars from Iowa.

RECEIPTS FROM NEBRASKA LAND GRANTS.

I will now state the receipts from the Nebraska lands.

1873.		
Feb. 10.	Cash received from D. C. Blair	$2,465.52
Feb. 20.	Cash received from Sam'l Sloan	800.00
Feb. 25.	Cash received from C. E. Vail, jr., J. I. Blair	7,611.36
Feb. 27.	Cash received from C. H. McCormick	720.00
Feb. 28.	Cash received from sundry parties, collected by J. M. S. Williams	51,567.00
Mar. 1.		2,538.80
Mar. 1.	Cash received from J. Van Deventer	1,280.00
Mar. 21.	Cash received from E. S. Bailey	630.00
Mar. 31.	Cash received from sundry parties	14,464.06
Mar. 31.	Cash received from J. I. Blair	7,820.08
Apr. 9.	Cash received from E. S. Bailey	628.96
1874.		
Feb. 21.	Cash	160.00
	Making a total of	90,686.38

The expense of this trust was $3,202.35, leaving to be transferred to the income account March 31, 1879, $87,484.03. Can you explain the long delay between the sale of the last tract of land and the final closing of this trust?

The WITNESS. No; it occurred ten years before I had anything to do with the company.

GROSS RECEIPTS.

Commissioner LITTLER. According to our figures the gross proceeds were $239,364.60 added to $90,686.38, making altogether $330,050.98.

The WITNESS. That is about $3.30 an acre.

Commissioner LITTLER. There was covered into the Treasury at one time $225,112.63, and at another time (March 31, 1879) $87,484.03, making $312,596.66.

The WITNESS. The more I reflect upon the question as to the amount realized for the lands the more I am impressed with the belief that at the time the lands were sold those were good prices for them.

Q. Is it not true that most of those lands were purchased by stockholders of the company?—A. I do not know who purchased them nor anything about the transaction.

MISSOURI LAND COMPANY.

Q. Do you say that you know nothing of this Missouri Land Company?—A. Not a thing; no one here knows anything about it. Better lands than those sold have been bought 150 miles this side of the Missouri River in 1880 for $4 an acre. I think they got a good price for those lands.

Q. What new stock or bonds have been issued, or guarantees or pledges made contrary to or without authority of law by this company?—A. None that I know of.

GUARANTEES FOR LIABILITIES OF OTHER ROADS.

Q. Are there any outstanding pledges or contracts by which this company has assumed liabilities of any kind to other corporations or individuals?—A. None that I know of that do not appear on the records.

Commissioner LITTLER. I will ask you, if you please, to furnish us a copy of any guarantees or pledges you have made to any other railroad company or for the securities of any other railroad company at any time.

The WITNESS. There are none; or if made, have since been assumed wholly by other companies.

Q. Is it not true that the Sioux City and Pacific Company guaranteed the bonds of some of those roads with which it was connected?—A. It guaranteed the bonds of the Missouri Valley and Blair Railway and Bridge Company jointly in connection with the Chicago and Northwestern Railway Company, Chicago, Iowa and Nebraska Railroad, and Cedar Rapids and Missouri River Railroad. These roads also guaranteed jointly the interest on the bonds of the Fremont, Elkhorn and Missouri Valley Railroad Company. In 1884, when the Chicago and Northwestern Railway Company purchased the Iowa leased lines, it assumed the whole responsibility (through guarantees duly made and recorded) for the payment of both principal and interest of the bonds of the Missouri Valley and Blair Railway and Bridge Company, and Fremont, Elkhorn and Missouri Valley Railroad Company, thus releasing the Sioux City and Pacific Railroad Company, or making the guarantee of the latter applicable only in the event of the inability of the Chicago and Northwestern Railway Company to fulfill its agreement, a contingency in nowise likely to occur. So that, as a matter of fact, the Sioux City and Pacific Railroad Company may be said to be free of any guarantee. Its guarantee, in any event with the contingent liabilities it has, is valueless.

Commissioner LITTLER. Please furnish us a copy of the guarantees.

The WITNESS. We will do so.

MISSOURI VALLEY AND BLAIR RAILWAY AND BRIDGE COMPANY.

Commissioner LITTLER. On the minutes of the Sioux City and Pacific Company, at page 609, under date December 30, 1885, there appears the text of an agreement between the Sioux City and Pacific Railroad Company of the first part, and the Chicago and Northwestern Railway Company of the second part, and the Missouri Valley and Blair Railway and Bridge Company of the third part. We understand that that agreement is an agreement on the part of the Sioux City and Pacific Company to guarantee the securities of those corporations.

The WITNESS. On the contrary, it is an agreement releasing the Sioux City and Pacific Company.

Q. Will you furnish a copy of that agreement?—A. Yes.

Mr. NORRIS. If you will please refer to page 515 of the minutes of the Sioux City and Pacific Company, of date September 13, 1882, you will find a memorandum of guarantee of the bonds of the Blair Railway and Bridge Company, and at page 538 is the text of that agreement attached to the mortgage of the Missouri Valley and Blair Railway and Bridge Company.

DAKOTA SOUTHERN AND SIOUX CITY AND PEMBINA.

Commissioner LITTLER. It appears that in 1879 you made a pledge or agreement to pay certain drawbacks to the Dakota Southern and Sioux City and Pembina. Please report what was done about that.

The WITNESS. I cannot speak definitely: a road was built from Sioux City to Yankton, along the valley of the Sioux River towards Sioux Falls, Dak. It was intended to be an independent line. I am speaking now what I know in a general way. The various railways connected with it from Sioux City to Chicago agreed to give it a certain percentage over pro rata on traffic interchanged; but my impression is that that agreement never amounted to anything—that before it went into practice the line passed into the possession of the Milwaukee and Saint Paul Railway Company, and it is now a part of the Dakota system of that road.

FREMONT, ELKHORN AND MISSOURI VALLEY.

Commissioner LITTLER. I call your attention also to page 412 of the minutes of the Sioux City and Pacific Company, where you will find the text of an agreement guaranteeing interest on bonds to be issued on an extension of the Fremont, Elkhorn and Missouri Valley Railroad, from Battle Creek to O'Neal City and Niobrara. Please furnish the Commission with a copy of that agreement.

The WITNESS. Yes.

Commissioner LITTLER. We would like you also to furnish us a copy of all the leases in which the Sioux City is interested.

The WITNESS. Yes.

Commissioner LITTLER. We would like to have copies of all the leases; some no doubt have been canceled.

STATEMENT SHOWING RESULT OF ELKHORN LEASE.

I now call your attention to a statement showing gross earnings, operating expenses, taxes, rentals, and construction expenditures of the Fremont, Elkhorn and Missouri Valley Railroad from October, 1872, to June, 1884, inclusive, furnished to us by your company, from which it appears that the operating expenses were greatly in excess of the amount received by the company.

The WITNESS. This is the operation, as I understand you, of the Elkhorn lease?

Commissioner LITTLER. Yes; that paper shows the result of the operation of the property under that lease and it shows that it was a very bad bargain for the Sioux City and Pacific Company.

The WITNESS. I do not know anything about it.

Q. Who made that lease?—A. I do not know; I suppose the officers of the company.

Commissioner LITTLER. You do not know?

The WITNESS. Your statement does not show the exact facts. The two Iowa leased roads gave the Sioux City and Pacific road, in the way of aid in connection with the lease you refer to, about $160,000. That was one of the donations already referred to.

Commissioner LITTLER. Where does that donation appear?

The WITNESS. In the accounts.

Q. Has that lease been canceled?

The WITNESS. Do you mean the lease between the Elkhorn Company and the Sioux City and Pacific Company?

Commissioner LITTLER. Yes.

The WITNESS. Yes.

Commissioner LITTLER. We have already called for copies of all leases, whether canceled or not. Of course a copy of this will be among them.

The WITNESS. Yes.

EXPIRATION OF LEASE.

Q. Can you state the effect of the operation of this road under the present lease?—A. There is no lease now.

Q. Do I understand that all the leases of this property have been canceled?—A. There are no outstanding leases of the Sioux City and Pacific Railroad.

Q. How is the property being operated now?—A. As an independent railway. There is a trackage arrangement between the Elkhorn Railway and the Sioux City and Pacific Railway.

Q. Will you be kind enough to furnish us a copy of that?—A. You have that already.

Commissioner LITTLER. There is a lease on page 113 of the report of the Commissioner of Railroads for 1884 between the Fremont, Elkhorn and Missouri Valley Company and the Sioux City and Pacific Company, dated December 2, 1872. That agreement seems to have been abrogated on the 1st day of July, 1884. Where is the trackage agreement which you refer to?

The WITNESS. There is a copy of that in the Railway Commissioner's office in Washington, but we will furnish you a copy.

Q. Under that agreement there was an appraisement of this property, was there not?—A. Yes.

BENEFITS ACCRUING FROM THE LEASE.

Q. What was that appraisement?—A. $414,000.

Commissioner LITTLER. I would like you to explain how the Sioux City and Pacific Railway Company ever consented to this lease. It appears that you have leased to the Fremont, Elkhorn and Missouri Valley Railway Company for the term of fifteen years 37 miles of road for a sum equivalent to one-half of 6 per cent. upon the value of the property, as agreed in the lease. The lease states "The present value of said leased property is hereby agreed to be $414,000." The practical operation of the lease is to produce to the company $362.50 per annum per mile. I wish you would explain how such a lease could have been made in the interest of the Sioux City and Pacific road.

The WITNESS. It was simply a question whether the Sioux City and Pacific road would make an arrangement with the Elkhorn and Missouri Valley road whereby the trains of the latter road could run over the Sioux City and Pacific road by paying a fair rate of interest on a just valuation of the property, or whether the Elkhorn and Missouri Valley Company would construct an independent line. The Sioux City and Pacific Company is the gainer by the amount it receives under this agreement; also by the assistance it receives in the maintenance of its property used in common with the Elkhorn Company, the latter paying its proportion of all such expenses.

VALUATION OF THE ROAD.

Q. How does the value of this 37 miles, as fixed by this agreement, compare with the original cost of that portion of the road?—A. I do not know what the original cost of that line was. The valuation of the

road under the lease we are speaking about was determined by L. H. Clark, chief engineer of the Lake Shore and Michigan Southern Railway, and George C. Smith, chief engineer of the Chicago, Burlington and Quincy road. They inspected the property and made the valuation of it, and it was upon the valuation as returned by them that this lease was made. You understand that the Elkhorn Company does not do any local business on the leased portion of Sioux City and Pacific. It has nothing whatever to do with the business of the Sioux City and Pacific Railway Company proper.

RIGHTS CONFERRED BY ELKHORN LEASE.

Q. Do I understand that the Elkhorn Company pay the amount fixed in this agreement for the through traffic which runs over this part of the road, and that the Sioux City and Pacific gets the benefit of the local traffic in addition?—A. Yes. I want to be very precise about this and have you get the exact situation. This lease gives to the Elkhorn Company the right simply to run its trains over the track of the Sioux City and Pacific Railway Company for the accommodation of the business of the Elkhorn Valley Company.

Q. And not for the business of the Sioux City and Pacific?—A. No; nor for any business connected with the Sioux City and Pacific Company.

Q. In other words, the Sioux City and Pacific Company uses this same track for all the local business which arises along the line?—A. Yes; and should an Elkhorn train carry a local passenger of the Sioux City road, the gross revenue derived therefrom is turned over to the Sioux City Company.

OBLIGATIONS ASSUMED BY ELKHORN COMPANY.

Q. Your theory is that this lease is favorable to the company, because it avoids the construction of a competing line, and you get $362.50 per mile per annum for the privilege of running trains over it?—A. Yes.

Q. Your idea is that if they get anything out of this lease, they get that much clear gain?—A. Yes; plus whatever advantage it is (and it is an advantage) to have the Elkhorn Company bear a share of the fixed expenses of the property of the Sioux City and Pacific Company used in common; this expense is divided on the basis of the number of wheels of the respective companies run over the road.

Q. What other obligations does the Elkhorn Company assume in relation to the property, in the way of keeping up repairs, &c.?—A. It pays a proportionate rate of interest, also its proportion of all new construction on the leased section.

Q. If this arrangement had not been made the Elkhorn and Missouri Valley Company, you say, would have constructed its own independent parallel line through this region?—A. Yes.

Commissioner LITTLER. When you furnish a copy of this agreement I will ask you to furnish in the same connection a statement showing the amount which the Elkhorn and Missouri Valley Railway has actually paid to keep up repairs, &c., under this lease.

The WITNESS. Yes.

Q. What are the residences, if you know, of those two engineers who appraised this property?—A. Mr. L. H. Clark lives at Cleveland, Ohio; he is now consulting engineer of the Lake Shore road. Mr. George C. Smith lives at Creston, Iowa.

LOANS AND CREDITS.

Q. Please state what amount of money or credit has been or is now loaned by the Sioux City and Pacific Railway Company to any person or corporation.—A. We will do so in the papers you have asked for.

Commissioner LITTLER. I would ask you to furnish an itemized statement of all moneys loaned at any time during the history of the Sioux City and Pacific Company to any person or corporation. The credit part of the inquiry will be answered by your furnishing a copy of the guarantees and pledges which you have agreed to furnish.

Q. In connection with last interrogatory I call your attention to page 267 of the minutes of the Sioux City and Pacific Company, dated May 1, 1873, from which I read as follows:

The treasurer is authorized to loan any funds of the company in his hands on call upon the following-named securities as collateral, namely: The mortgage bonds of this company at 55 cents on the dollar, also the common stock of the Cedar Rapids and Missouri River Railroad at $35 per share, the preferred stock of the Cedar Rapids and Missouri River Railroad at $75 per share, the mortgage bonds of the Cedar Rapids and Missouri River Railroad at 75 cents on the dollar, the stock of the Iowa Falls and Sioux City Railroad Company at $50 per share, the mortgage bonds of the Iowa Falls and Sioux City Railroad Company at 70 cents on the dollar, the stocks of the Chicago, Iowa and Nebraska Railroad at $85 per share, and the bonds of the same road at 85 cents on the dollar. All certificates of stock taken as collateral to loans are to be transferred on the books of the company.

I will ask you to please furnish the Commission with a statement of all transactions that were made under that resolution.

The WITNESS. It is impossible to do so unless they appear of record on the general books of the company.

Q. What amount of money or credit has been or is now loaned by the Sioux City and Pacific Railroad Company to any person or corporation?—A. None at this time. What may have been done prior to my connection with the company I do not know.

Commissioner LITTLER. You can furnish a list of the transactions if they appear on your books—the transactions that took place under this resolution that I have read to you.

The WITNESS. Yes.

Q. What amounts of money or credits have been or are now borrowed by the Sioux City and Pacific Railroad Company? Give names of lenders and the purpose for which said sums have been or are now required.

The WITNESS. Does that refer to the Sioux City and Pacific Railroad since its organization down to the present date?

Commissioner LITTLER. Yes.

The WITNESS. That would require an examination of every financial transaction of the company, and will take a long time to prepare.

Commissioner LITTLER. I have in my hand a statement prepared by our accountant, which covers the period comprised in your books from December 31, 1872, down to November 30, 1884. That statement shows a total sum of $1,618,210.80 loaned to the Sioux City by different parties at different time. According to the same statement there was due on June 30, 1886, on bills payable, $78,783.93; on accounts payable, $25,828.56; due to other companies, $20,391.79. Are these several amounts still due and unpaid?

The WITNESS. No; the bills payable have been paid; the other sums represent current sums due for material and labor or on account of traffic, and have been paid.

INDEBTEDNESS OF THE COMPANY.

Q. What do their balances show in relation to the amount you owe?—A. The Sioux City and Pacific Company does not owe anything in re-

lation to bills payable. All it owes is in relation to current working indebtedness.

Q. How much is that?—A. Two hundred and twelve thousand dollars.

Q. Is that what you owe now?—A. That is what it owed on the 30th of June, 1887. If you want the particulars I will give them to you.

Q. Do you know on what account those loans were made?—A. No; if you refer to the old loans of the company, my impression is that there were periods or years when this road ran behind and had to have help. I suppose the aggregate of these loans represented money borrowed from time to time to float over the periods of insolvency.

Commissioner LITTLER. I call your attention to the prosperous periods of the road, when it was making money. Now, when it borrowed $30,000 at a time from the Chicago and Northwestern Railway——

The WITNESS [interposing]. That was borrowed temporarily like the rest, and was repaid afterwards. It owed at one time (including deferred interest) to the Chicago and Northwestern road $358,689, but has been paying it up as it was able.

Q. State what amount of money or other valuable considerations, such as stocks, bonds, passes, &c., have been expended or paid out by the Sioux City and Pacific Railroad Company, whether for lawful or unlawful purposes, but for which sufficient and detailed vouchers have not been given or filed with the records of the company?—A. I cannot speak of any transaction connected with the operation of the Sioux City and Pacific Railroad back of the time that I was elected president, about three years ago.

PASSES.

Q. Since 1884 what have you done in the direction indicated?—A. Since 1884 the Sioux City and Pacific Railroad has had no transactions that do not appear of record in the accounts. There have been some passes issued, but that represents an unknown quantity (if an entity at all), of which no record was kept.

Q. Can you furnish us with a list of the passes?—A. I regret that I cannot.

Q. Or the consideration for which they were issued?—A. They were issued for the consideration of good neighborhood. I have heard it said with regard to other roads that passes were issued when they were asked for, and that the only persons who did not get them were those who were too timid to ask. That system did not prevail, however, on the Sioux City and Pacific road.

Commissioner LITTLER. We have been requiring other companies, and I trust it will not be regarded as an unreasonable burden to you, to furnish us a list of the passes granted and an estimate of the cost of those favors to the company. The Union Pacific Company estimates that passes cost them $631,000.

NO RECORD KEPT OF FREE TRANSPORTATION.

The WITNESS. Oh, yes; I think I have heard something like that before. There is no record kept of free transportation on the Sioux City and Pacific road. We could give you a list of the annual passes as far as recorded.

Q. Have you no memorandum book by which you tell why you issued those passes?—A. No.

Q. I suppose a number of passes are issued in exchange to employés of other roads?—A. The majority of passes are so granted; that list

could be given, but the extent to which the passes were used could not, as no account has been kept of the number of miles traveled on passes.

Q. Has this company at any time paid out any money, whether for a lawful or unlawful purpose, for which it has not taken detailed or sufficient vouchers?—A. It has taken vouchers for all its expenditures; I do not know of any unlawful expenditures having been made.

NO MONEY EXPENDED FOR INFLUENCING LEGISLATION.

Commissioner LITTLER. In that connection I will call your attention to interrogatory No. 21, contained in the printed circular issued by the Commission: "Further, to inquire and report whether said company or its officers or agents have paid any money or other valuable consideration or done any other act or thing for the purpose of influencing legislation."

The WITNESS. The Sioux City and Pacific Company, while I have had any knowledge of it, has never done anything for the purpose of influencing legislation.

Q. What have the officers of the company ever done in that direction?—A. Nothing.

Q. Have the officers of the company ever paid out any money to prevent legislation?—A. No.

Q. Has this company kept any officer or agent at any of the State legislatures, as, for example, at Iowa, for the purpose of looking after their interests during the sessions of the legislature?—A. No.

Q. Then, as a matter of fact, they have not paid out money in any way to influence legislation?—A. Not to my knowledge.

PASSES TO LEGISLATORS.

Q. Have they issued passes for the purpose of influencing legislation?—A. We have been in the habit of issuing passes to members of the legislature.

Commissioner LITTLER. That is a well-established custom, do you understand?

The WITNESS. Yes; all over the country.

Q. Do you think that influences legislation?—A. I do not.

Q. Have you done any other matter or thing to influence legislation?—A. No.

Q. What consideration, if any, was paid by each stockholder of your company for his stock, and when and in what property was such payment made?—A. I do not know.

Commissioner LITTLER. I call your attention to entries on the minute book of the Sioux City and Pacific Company, as follows:

RESOLUTION TO DISTRIBUTE ASSETS AND SETTLE WITH CONTRACTORS.

At page 174, under date November 18, 1870:

The president was requested to make distribution, on or before the 1st of January, 1871, to the stockholders of his company, of all bonds, stocks, and cash assets which have accrued to such stockholders in the construction of the Sioux City and Pacific Railroad, and close any and all outstanding contracts for constructing, and to make final settlement with the contractors on or before said date.

At the same time, a committee, consisting of Messrs. J. B. Alley, J. W. S. Williams, and Charles E. Vail, was appointed to examine and audit all accounts for building and equipping the company's road, and all expenses connected therewith.

REPORT OF COMMITTEE ON CONSTRUCTION ACCOUNTS.

On page 178 of the minute book, under date November 29, 1870:

The committee appointed to examine accounts for the construction of the road made a partial report, which was considered and referred to the same committee for further report.

SETTLEMENT WITH CONTRACTORS.

At page 184 of the minute book, under date January 20, 1871:

The president presented and read a statement of the settlement with D. C. Blair and Oakes Ames, contractors for building the road, and a form of release from any further liabilities on the part of said contractors, which the president was directed to execute.

MORTGAGE TO IOWA RAILWAY CONSTRUCTION COMPANY.

At page 200 of the minute book:

The president is authorized to execute a mortgage on the 6¼ miles of road between Missouri Valley and California Junction, to secure the 7 per cent. preferred stock proposed to be issued in payment to the Iowa Railway Construction Company for the building of said piece of road.

I now ask you to furnish the Commission with a copy of the several documents referred to in the extracts which I have read to you from the minutes.

The WITNESS. I will do so, if the documents are on the records of the company.

Commissioner LITTLER. I also request you to furnish a copy of the settlement of John I. Blair, made by the company and referred to on page 265 of the minutes of the company, where it is said that such settlement was approved and placed on file.

The WITNESS. I will do so if it is on the records of the company.

FAILURE TO PRODUCE BOOKS.

Commissioner LITTLER. I ask you also to please produce your stock ledger and your certificate book or treasurer's book of the earlier years of the company. I make this request because our accountant failed to get possession of those books.

The WITNESS. He had access to all the books we have.

Commissioner LITTLER. If you cannot produce the books you can so state in your answer.

The WITNESS. I may say now definitely that these books, if any such ever existed, have been lost, mislaid, or sold for old paper; they were never esteemed of any value.

Commissioner LITTLER. I understand that no book was presented to our accountant which contains transactions prior to July, 1869. It is for that reason that I request you to produce the books I have mentioned. I should like you also to produce the books containing the entries that show the issues of capital stock, the issues of preferred stock and first-mortgage bonds, and the issues of United States Government bonds prior to 1871, and all books prior to 1869.

The WITNESS. I understand that all the books in the control of the company here were opened to your accountants without hesitation.

Commissioner LITTLER. I understand that.

The WITNESS. There are no others.

Commissioner LITTLER. That call is made for the purpose of making formal demand for information which we are required to get and which

must be in those books. When you make search you can answer whether you have the books or not. On page 355 of the minute book is this entry:

The report of the accountant relative to receipts and disbursements of the company was received and placed on file.

We request a copy of that report.

The WITNESS. We will furnish it if we have it.

CONCERNING STOCK HELD IN TRUST.

Q. Interrogatory No. 28 having been answered by our accountant, I will ask if any of the stock of this company is now, or has been heretofore, held in trust for the benefit of any other person than the name of the person appearing on the books of the company.—A. Stock has been held in trust in the name of M. L. Sykes. That has been already answered.

Q. You also know that John I. Blair held in trust a large block of that stock?—A. I do not know for whom.

Q. But he held it for somebody?—A. Even that I do not know personally.

COMPENSATION OF OFFICERS.

Q. State the amount of the annual salaries or compensation that are now, or at any time prior, have been paid to any officer or employé of the Sioux City and Pacific Company, when such salary or compensation amounts to $5,000 or more per annum.—A. No officer received from the Sioux City and Pacific Railroad Company $5,000 per annum.

Q. Did any officer ever receive that amount?—A. I should have to look into the records of the company to ascertain. The present president of the company receives no salary.

Q. Explain how the president can afford to work without salary.—A. It is a matter of gratuity.

Q. Is it not true that a number of officers of the Sioux City and Pacific Company were also officers in one or more other corporations, and that the said officers received compensation to the amount of $5,000 or more, and that the Sioux City and Pacific Company paid its pro rata share of those salaries?—A. The Sioux City and Pacific Railroad Company pays its proportion of certain officers' salaries, of the general passenger and freight agents, the chief engineer, and the general manager of the company—the operating officers of the roads. In that way it has salaried officers. These salaries are divided between the Sioux City road and the Elkhorn road in proportion to the earnings of the two roads.

Commissioner LITTLER. With the view of ascertaining whether the Sioux City and Pacific Railroad is being managed economically, I will ask you to furnish a statement of the total amount paid to officers.

The WITNESS. At the present time?

Commissioner LITTLER. You may run it back to 1869 or 1870.

The WITNESS. We will furnish all the information attainable on that subject.

NO BONUSES.

Q. Please state whether any bonuses or donations have at any time been paid or given to any person or persons, corporation or corporations, by the Sioux City and Pacific Railroad Company.—A. Not since my connection with it.

Q. And from your best knowledge, information, or belief there was none prior to your connection with it?—A. That would be covering a very long period of time as to a corporation that I know very little about prior to my connection with it.

LEGAL EXPENSE VOUCHERS.

Q. What payments, if any, have at any time been made by the Sioux City and Pacific Company on account of legal expenses for which specific vouchers have not been given?—A. I would answer that since my connection with the company no expenditures have been tolerated for which vouchers have not been produced. We have already furnished, as I understand, a list of expenses of that kind.

Commissioner LITTLER. I will ask you to produce a voucher dated May 28, 1883, for a payment to P. E. Hall for legal expenses in Nebraska for three years, "as per receipts on file," $3,103.75.

The WITNESS. This voucher represents payments covering a considerable period of time, and reads as follows, viz:

Legal expenses in Nebraska, past three years, as per receipts on file.

I have already made diligent search for the receipts referred to as being on file, but have been unable to find them. I presume that they were attached to the correspondence that occurred in connection with the statements of the claims made from time to time, as they accrued, and were paid.

THE ROAD FULLY ACCOMMODATES THE COMMUNITY.

Q. It is the duty of the Commission to inquire into and report upon the relations of the bond-aided railroads to the interests of the communities through which they pass. What have you to say on that subject?—A. That is a question that admits of a very wide range of answer. I suppose it is intended to inquire whether or not these railways have accommodated the people and given them satisfactory service, and whether the relations between the various railways and the people are satisfactory. My understanding is that this railway has fully accommodated the people. Its relation with the people has been harmonious and satisfactory.

TERMINAL FACILITIES.

Q. Are your terminal facilities at Sioux City and at the other end of the line sufficient?—A. Those at Sioux City are not sufficient. Proper passenger depot accommodations are lacking at that point. It has been in contemplation during the last two years to build a union station in that city in conjunction with the Chicago, Saint Paul, Minneapolis and Omaha, and the Illinois Central companies. A plan is now being considered under which these companies may build a union station there.

Q. Have not a good many complaints come to you from Sioux City as to the accommodations?—A. I would not say that they have been in the nature of complaints. The people have wanted better accommodations, but they did not want the Sioux City and Pacific Company to build a station for its own accommodation simply. They want all the companies to join in building a union depot.

Q. Is it the intention of this company to join in such an arrangement?—A. Yes, if we can secure the co-operation of the other companies, and provide the means necessary.

DISADVANTAGES AS A BRANCH ROAD.

Q. What other complaints have you had?—A. I do not know of any other. The people of Sioux City have complained, though not latterly, that this road, being a branch of the Union Pacific, did not enjoy the advantages that it should by reason of being a branch; did not enjoy the interchange of traffic with the Union Pacific at Fremont that it should, the Union Pacific having practically declared non-intercourse between itself and the Sioux City Company.

Q. Why is that?—A. It arises out of a disposition to force all traffic over its own line and across the bridge at Omaha.

Q. Do you regard that as good management on the part of the Union Pacific people?—A. I should not like to answer for them.

Q. I will ask you to state whether there have not been complaints as to the want of a sufficient number of daily trains over the Sioux City road, and whether there have not been complaints of discriminations in the case of different parties?—A. None have ever reached me.

Commissioner LITTLER. We took some testimony at Sioux City, and there were several complaints made to the Commission.

The WITNESS. I would like to have copies of them furnished to me. We are always ready to listen to and consider complaints.

Q. You say none have been made to you?—A. None.

TAXES.

Q. The next inquiry I have to make is with regard to the payment of taxes, especially upon lands granted by Congress. In this statement of the sale of the lands of this company we find an item which is mixed with other matters, otherwise we would not call for further information. The item furnished is, "To sundry expenses and taxes, $5,837.17." Will you be kind enough to furnish a statement of the amount of taxes paid on this Government grant from the time you took possession until the time it was sold?—A. We have not the details making up the item you refer to. We will, however, cause further search to be made. You will understand, in this connection, that there are many details connected with the expenditures of railroads (and with the receipts as well) that, while they are of the utmost importance at the time, cease to be so esteemed when the accounts have been examined, audited, and settled. Up to that time they are scrupulously preserved, but afterwards the same care is not always exercised, especially in the case of such roads as the Sioux City, remote from operating centers, poor in purse, and lacking in adequate and secure storage facilities. This explains why we are not able to furnish many details relating to the early history of the company, that, having been settled, were no longer considered important.

TARIFFS AND POOLS.

Commissioner LITTLER. We are also required to ask an explanation of any delay of which this company may have been guilty it taking out patents for its lands. I will also ask you to furnish copies of your tariffs, including freight and passenger rates, from the time of the opening of the road.

The WITNESS. We will do so as far as possible. You will find at Washington, on the files of the Railroad Commissioner, copies of all tariffs since the date that we were required by regulation of that office to furnish them, some three years ago.

Q. What discrimination and what differentials or pools or other devices have you resorted to in the operation of this road?—A. None whatever. All its transactions have been open and above board, and subject to every reasonable explanation.

FACILITIES AND ACCOMMODATIONS FURNISHED.

Q. What facilities and accommodations have you furnished to patrons of your road? That is one of the matters as to which we are obliged to inquire. We are also required to ascertain the interests and rights of the communities through which the road passes for the transaction of their business for the company.—A. The accommodations furnished for the transportation of freights and passengers have been adequate, and, so far as I am advised, the service has been prompt and satisfactory.

Q. Except, as before stated, in relation to the depot at Sioux City?—A. Yes; except as qualified with reference to the passenger depot at Sioux City. Somebody may have complained that there were not passenger trains enough provided, but the receipts are evidence that the passenger train service has been ample to accommodate the volume of business. The freight service has been prompt.

PLAN OF SETTLEMENT.

Q. The act of Congress requires that—

Said Commissioners [ourselves] shall also consider and report whether the interests of the United States require any extension of the time for the performance of the obligations to the United States of said companies, or any of them, and the facts and circumstances upon which said opinion is based.

What have you to say in respect to that inquiry?—A. That would be an obligation resting solely upon the Commissioners.

Commissioner LITTLER. In order that they may discharge the duty, they are taking the opinions of wise men. Do you desire to say anything on that subject?

The WITNESS. I do not think I have anything to add to what I have already said.

Q. Will you please inform the Commission what discount, if any, the Sioux City and Pacific Railroad sustained on its Government bonds furnished in aid of the road, in order to obtain gold coin?—A. I am unable to answer that question.

Commissioner LITTLER. If you find that you can answer it later on, will you do so?

The WITNESS. Yes.

Commissioner LITTLER. We are required to ascertain the comparative cost of construction of the Sioux City and Pacific Railroad as compared with what it would have cost with the prices of labor and commodities prevailing five years preceding and five years subsequent to the completion of the road.

The WITNESS. It is impossible to furnish that information; the facts are not ascertainable.

GOVERNMENT BENEFITED BY COMPLETION OF ROAD.

Commissioner LITTLER. We are also required to ascertain whether the Sioux City and Pacific road was completed in less time than was allowed by law; and, if so, in how much less time, and whether the United States was benefited thereby.

The WITNESS. I would answer that the United States were benefited by the completion of the road. The completion of the road was an advantage to the Government, because it furnished a means of transportation. The road was undoubtedly completed within the time required by law, otherwise it would not have been entitled to, nor would it have received, Government aid.

RAILROAD LEGISLATION.

Q. Please state whether the Sioux City and Pacific Railroad Company has been embarrassed, or its earning capacity impaired, by antagonistic local or State legislation.—A. I am not advised that there has been any antagonistic local legislation, and so far as State legislation is concerned the road is operated under the laws of two States. Deriving its powers from the States of Nebraska and Iowa, its operations have been conducted under their statutes, without any more friction or embarrassment than results from legislation bearing upon railway operations generally.

FAILURE TO PAY FOR MAIL SERVICE.

Commissioner LITTLER. We are also required to inquire as to whether the United States, by failing to pay for mail service, has embarrassed the Sioux City Company in paying its indebtedness to the United States?

The WITNESS. In so far as the Government has withheld moneys due, it has embarrassed the road, because it has compelled it to make up deficiencies by borrowing money from time to time and paying interest thereon. The payment of the 5 per cent. due the Government is now withheld by the Sioux City and Pacific Company because of the failure of the Government to adjust the claims of the company for transportation services.

UNADJUSTED ACCOUNTS WITH THE GOVERNMENT.

Commissioner LITTLER. I will ask you to present a statement to the Commission, showing the total amount of the credits which you claim for services, on all accounts whatever, to the Government, with the view of enabling us to state the account between this company and the Government correctly.

The WITNESS. You mean the credits unadjusted?

Commissioner LITTLER. Yes; all credits unadjusted. This includes mail service as well as the withholding of 5 per cent. As I understand, the Government is not paying you anything for services rendered by you?

The WITNESS. Nor are we paying the Government anything.

Commissioner LITTLER. It will be necessary for us to state this account, and we ask you to state your side of it. I will ask you to include in your statement the total amount charged for mail service rendered for the Government from the beginning of the road.

STATEMENT OF AMOUNT DUE FOR MAIL SERVICE.

The WITNESS. The amount due from the Government on June 30, 1887, according to our books, was as follows, viz.:

Transportation of mails over non aided portion of road	$2,711.82
Transportation of mails over aided portions of road, $36,596.88, less 50 per cent. retained by the Government	18,298.44

Transportation of freight over non-aided portion of road	144.70
Transportation of freight over aided portion of road, $1,106.42, less 50 per cent. retained by the Government	553.21
Transportion of passengers over non-aided portion of road	132.01
Transportation of passengers over aided portion of road, $2,531.23, less 50 per cent. retained by the Government	1,265.61
Total	23,105.79

There may be a slight difference between the books of the company and those of the Government in connection with these amounts, caused by accounts in course of settlement. The amount, as between the company and the Government for services rendered, that has been adjusted and applied on Government lien is $86,281.03. It is impossible to furnish you with a statement of the aggregate amount paid by the Government for services rendered. No particular importance was attached to these details after the settlement of the accounts with the Government. All accounts as between the company and the Government have been examined by the latter and accepted by it. I may say generally, however, that the total amount charged the Government for service from the opening of the road is about twice the amount that has been applied on the Government lien as stated above, or say $175,000.

ABILITY OF THE ROAD TO MEET ITS INDEBTEDNESS.

Commissioner LITTLER. We are required also to ascertain or inquire what sum of money the Sioux City and Pacific Railroad Company can pay annually on account of its indebtedness to the United States, without imposing such burdens upon the people, and particularly upon the localities through which the road passes, as to retard the development of the country. You can take time to answer that question if you wish.

The WITNESS. I can answer it now. The amount it can pay depends entirely on the operations of the road, the amount of local business of which this company has full control without competition, and on the amount of competitive business it can do and the prices it will receive therefor.

Commissioner LITTLER. I will ask you to furnish the commission a small map showing the Sioux City and Pacific Railroad, with its connection.

The WITNESS. Yes.

CONTRIBUTIONS FROM OTHER ROADS.

Commissioner LITTLER. I call your attention to the contribution of $160,000, which you promised to explain.

The WITNESS. I find that the amount was $180,000.

Commissioner LITTLER. Can you give us an explanation of that now?

The WITNESS. The explanation is the Iowa roads donated that amount of money to aid the Sioux City and Pacific Road in its distress.

Commissioner LITTLER. What roads did that?

The WITNESS. The Chicago, Iowa and Nebraska and the Cedar Rapids and Missouri River Road. The stockholders of these roads gave that amount, $180,875.50.

Commissioner LITTLER. In what form did they give it?

The WITNESS. In cash.

Commissioner LITTLER. At what time?

The WITNESS. About 1880.

Commissioner LITTLER. What was the condition of the Sioux City and Pacific road at that time?

The WITNESS. It was very poor.

Commissioner LITTLER. What consideration did these roads receive for the donation?

The WITNESS. None.

Commissioner LITTLER. How did they happen to be so liberal?

The WITNESS. Because the Sioux City and Pacific road represented a part of the general system in which they were interested.

Q. Is it not true that the leading stockholders and officers of those roads were also large stockholders and officers of the Sioux City and Pacific Company?—A. I do not think so.

Commissioner LITTLER. The Commission would like to have the docket number of the suit involving the right to lands granted by the State of Nebraska to the Northern Nebraska Air Line; also the docket number of the suit against John I. Blair and the docket number of the suit of Charles A. Lambard and the docket number of the Washington County suit.

NO RECORD OF PRESENT HOLDERS OF BONDS.

Can you furnish a list, or partial, list of the present holders of the first-mortgage bonds of the Sioux City and Pacific Company?

The WITNESS. The company has no record of the owners of the bonds of the company.

Q. From what sources do you usually receive your coupons?—A. They come usually through the banks.

Q. Do you know any of the present holders of those securities?—A. Not to my knowledge.

WHO REALLY BUILT THE ROAD.

Q. It has been a subject of serious inquiry with this Commission as to who really built this road. We have been unable up to this time to ascertain that fact. Can you tell us whether the Iowa Falls Company built it, or built any part of it?—A. I cannot. No one here knows anything about it.

Commissioner LITTLER. Who would be likely to know? That road was built by somebody.

The WITNESS. It was built by the Sioux City and Pacific Company, according to the records.

COST OF ROAD.

Commissioner LITTLER. Can you, from the books of your company, furnish a statement of the actual cost the Sioux City and Pacific road?

The WITNESS. There are no details in existence to-day of the cost of the road to my knowledge, further than those your accountant has.

Commissioner LITTLER. Do you know how much per mile that road cost, according to the data in your possession?

The WITNESS. It cost the amount of the Government lien and the first-mortgage bonds and the stock.

Commissioner LITTLER. And the stock?

The WITNESS. Yes; $49,570 per mile.

Commissioner LITTLER. You do not know whether there was any profit made on it?

The WITNESS. No.

EXPRESS AND TELEGRAPH ARRANGEMENTS.

Q. What arrangements have you with regard to the express and telegraph business?—A. West of the Missouri River, between Fremont and Missouri Valley, the express business is transacted by Wells, Fargo & Co., and between Sioux City and Missouri Valley by the American Express Company. It is done by these companies under written agreements, subject to change.

Q. Will you produce those contracts?—A. Yes.

Commissioner LITTLER. I will ask you to state whether there were not, in fact, net earnings of this company prior to 1880.

NET EARNINGS ON WHICH FIVE PER CENT. APPLIES.

The WITNESS. The net earnings, as construed by the Government, and upon which the 5 per cent. tax is due, are as follows, viz:

For year ending June 30, 1880	$142,659.46
For year ending June 30, 1883	108,895.94
For year ending June 30, 1884	173,564.47

Commissioner LITTLER. I mean net earnings exclusive of the service rendered to the Government for carrying mails.

The WITNESS. In computing net earnings we include all services rendered.

Commissioner LITTLER. In keeping your accounts you do not consider the Government lien a fixed charge at all?

The WITNESS. We bring it upon the books, but do not consider it a fixed charge.

LEGAL EXPENSES.

Commissioner LITTLER. It appears from the statement of legal expenses sent us that they only date back to 1871 or 1872. Can you explain why they do not run back to the time of the commencement of the road?

The WITNESS. I have no reason to suppose that the list furnished does not embrace all the legal expenses of the company.

Commissioner LITTLER. I call your attention to the fact that it does not, and I ask you to supply that deficiency if you can?

The WITNESS. There is no deficiency that I know of.

Commissioner LITTLER. There is a deficiency in point of time from 1864 to 1871. For that time no account of legal expenses was furnished.

The WITNESS. There is no record of there being any legal expenses during that time.

Commissioner LITTLER. There must necessarily have been important legal services rendered in that time, such as the obtaining of the right of way and the drawing of the divers contracts, deeds of conveyance, &c., that must have taken place simultaneously or co-extensively with the building of the road. There ought to be quite an account for legal expenses during that time, I should suppose.

The WITNESS. They were undoubtedly included in the cost of the road We have no record of any such sums.

ACCOUNTS RELATING TO CONSTRUCTION.

Commissioner LITTLER. You have no vouchers whatever in relation to the cost of the road, do I understand?

The WITNESS. We have no vouchers whatever antedating the opening of the road. The vouchers begin with the opening of the road for business. That is the case with the majority of railroads in the United States.

Commissioner LITTLER. If we could ascertain who constructed this road and if they kept books, we would get the information we are asking for.

The WITNESS. You would probably find that they did not keep books; that is, not in the sense that the Chicago and Northwestern Company keeps its books to-day. The Chicago and Northwestern does not possess the details of the cost of its original property. This is true of all railroads except those recently constructed. All the States require railroads to furnish the details of construction, but there is not a railroad in the United States that can do it accurately. They did not keep an accurate subdivision of cost.

A REQUEST FOR COPIES OF CERTAIN DOCUMENTS.

Commissioner LITTLER. A company could not build this road and expend $50,000 a mile without keeping some books.

The WITNESS. I think their accounts, if any, were kept mainly to secure honest expenditures. Further than this they would not care.

Commissioner LITTLER. I should like you to furnish us a copy of the charter of the Sioux City and Pacific Company both in Iowa and in Nebraska.

In furnishing us the leases in which this company has been interested from time to time, I will ask you to furnish in connection therewith a statement showing the amount paid by the company in rentals.

We should like also to have copies of your annual reports.

Please also furnish us a copy of the settlement made with John I. Blair, dated May 20, 1880, and in connection with that furnish all memoranda and papers connected with it.

In the balance sheet of this company for 1882 there was an item of bills payable amounting to $723,900. I will ask you to give a detailed explanation of the several items which went to make up that sum.

I have already asked for an explanation as to why the Nebraska land account was kept open, unsettled, for a period of four years after the last transaction appears on the books. I will ask you to explain that if you can.

PERIOD OF PROSPERITY.

The period of prosperity of this road seems to have begun in 1884 and continued up to the present time. Can you, Mr. Hughitt, explain the inertia which characterized the road prior to that time, and the improved condition which followed that time?

The WITNESS. I have no way of explaining why the road did not make more money than it did before that time, except the sparseness of population and consequent lack of freight and passenger traffic.

Q. Do you attribute its recent prosperity to your connection with it?—A. I would not like to make that claim.

Commissioner LITTLER. We should like to have a copy of the profile of the road and a copy of the engineer's original notes upon which the cost of construction was estimated.

The WITNESS. We can furnish a copy of the profile, but we cannot furnish the notes.

Commissioner LITTLER. You will do the best you can for us in that respect?

The WITNESS. Yes.

MARVIN HUGHITT.

CHICAGO, ILL., Thursday, September 15, 1887.

MARSHALL M. KIRKMAN, being examined, testified as follows:

LEDGER ACCOUNTS CALLED FOR.

Commissioner LITTLER. We would like to see the ledger account of the Sioux City and Pacific road containing entries in which John L. Blair, Horace Williams, D. P. Kimball, Oliver Ames, D. C. Blair, C. A. Lambard, Oakes Ames, the express companies, and the telegraph companies' accounts were kept, and contain the transactions between the company and those gentlemen.

The WITNESS. I do not know that there is any account on our books with those particular individuals. There is an account with the express companies.

Commissioner LITTLER. If you will be good enough to produce the books we should be glad to see them.

The WITNESS. Yes.

(The books are produced.)

Commissioner LITTLER. I will ask you to furnish the Commission a transcript of the account of these several parties.

RESOLUTIONS TO DISPOSE OF LANDS AND ISSUE LAND STOCK.

I now call your attention to page 187 of the minute book of the Sioux City and Pacific Railroad Company, in which there appears this entry:

Resolved, That the lands in Iowa be similarly disposed of to the Sioux City and Pacific Land and Town Lot Company of Iowa, and the President is directed to dispose of all lands and town lots in Iowa held by him in trust, to the same company.

Resolved also, That the officers be authorized to issue the land stock to be paid to this company the individual stockholders of this company pro rata, instead of to the company.

I request you to furnish us a copy of the entries showing that disposition of this stock to the several individuals.

The WITNESS. Yes; I produce a corrected list of the officers of the Sioux City and Pacific Railway Company from 1864 to date, asked for by you.

PENDING LAND PATENTS.

Q. I call your attention to a portion of a letter from the land commissioner, directed to the Secretary of the Interior, dated Washington, D. C., May 31, 1887, containing lists of lands patented and unpatented to certain railroad companies, and call your attention to the fact that there appear to be applications pending for patents to the Sioux City and Pacific Railroad Company amounting in the aggregate to 1,937.79 acres. I will ask you to state what you know about that matter.—A. I know nothing about it.

Commissioner LITTLER. I request you to examine the records of this company and furnish the Commission with any information relating to these unpatented lands which you may be able to produce. I will ask you also to inform the commissioner whether any efforts are being made to secure patents for those lands, and who is representing the company in that particular. I will ask you also to furnish a sectional description of the lands for which the applications are pending.

The WITNESS. We will ascertain and report as to that, with the other information called for.

TRAFFIC ACCOUNT.

Commissioner LITTLER. I wish you would also furnish the Commission, by years, as to the cost of moving freight, per mile, and also the

total amount of tonnage moved over this road per year from the commencement of operations to the present time; also the aggregate amount of passenger traffic and the amount per year, and the average cost per mile of passenger travel over your road.

The WITNESS. We can furnish an account of the traffic, but it is impossible for us to furnish the average cost of passenger and freight separately. There is no possible form under which that can be determined, or ever has been determined, because the expense of a railroad cannot be accurately apportioned as between passengers and freight. It would be only approximate; a guess in the dark.

Commissioner LITTLER. An approximate estimate will serve our purpose.

The WITNESS. Yes.

ADJUSTMENT OF GOVERNMENT'S FIVE PER CENT.

Commissioner LITTLER. It appears from the books of your company that for the year 1870 the net earnings in excess of fixed charges of the Sioux City and Pacific Company were $157,000, and that for the year 1872 they were $47,000, and that for the year 1878 they were $19,000. In view of these figures I will ask you (after verifying the figures) for any explanation you may have to make why the company did not pay to the Government 5 per cent. on these several sums representing the net earnings.

The WITNESS. The Government and the railroad company are perfectly in accord in regard to the amount of the 5 per cent. tax; everything that the Government claims up to 1884 has been adjudicated and paid. I do not know of any delinquency.

Commissioner LITTLER. The Government may not have discovered the facts to which I have called your attention. I do not think the Government would be in accord with you if those facts were undisputed. There may be some explanation, and we would like to know what it is.

The WITNESS. It will take some time to compile the information for the years specified. I have, however, the figures for 1878 at hand and find that the earnings over and above operating expenses, taxes, and construction expenditures were not enough to pay the interest on the first-mortgage bonds by $20,478.11, hence there were no net earnings. I will furnish you the details of these figures, as well as those for 1870 and 1872 hereafter. I presume that in compiling the figures, for the years you refer to, your auditor has omitted to accurately apportion the expenses, taxes, construction, and interest to the particular years in which they belong. I feel confident that the accounts as agreed upon between the company and the United States Government are absolutely accurate and full.

Commissioner LITTLER. Will you be good enough to furnish a statement showing the growth of population in the territory tributary to the Sioux City and Pacific Railroad?

The WITNESS. I have not the data, I am sorry to say.

AID FROM PRIVATE SOURCES.

Commissioner LITTLER. Also a statement showing all aid received from municipal corporations or from private corporations or individuals in bonds, money, or lands given or granted in aid of the construction of the Sioux City and Pacific road.

The WITNESS. Do you want it to include the land grants?

Commissioner LITTLER. We do not care specially about that, but it will not take more than a few minutes to include that information, and then we will have all that class of information on the same sheet.

The WITNESS. The only aid, so far as I know, received by the company was the 99,611.52 acres of lands already noticed, which netted a gross sum of $350,050.98. The proceeds of these lands were paid into the treasury. In addition to this the company received Government aid, amounting to $1,636,320. This is all the assistance the company received that I know anything about.

TELEGRAPH SERVICE.

Commissioner LITTLER. We called the attention of Mr. Hughitt at the last session to the express and telegraph service of the Sioux City and Pacific road. He answered as to the express service, but not as to the telegraph service. Will you give a statement showing your relations to the telegraph company, and what arrangements now exist and have existed, and what revenues and expenditures have grown out of that service?

The WITNESS. Yes.

INTEREST ON BONDS.

Q. Please explain why in 1879 you charged to the account of interest on first-mortgage bonds $146,520, why the annual interest on the first-mortgage bonds amounted to $97,680.

The WITNESS. The apparent discrepancy occurred in this way; in the year ending June 30, 1879, there were charged on the books—

The six months interest due July 1, 1878, amounting to	$48,840
The six months due January 1, 1879, amounting to	48,840
And the six months due July 1, 1880, amounting to	48,840
In all	146,520

This adjustment was made to facilitate book-keeping and bring the practices of the company more into harmony with other roads in this respect.

DEFAULT IN PAYMENT.

Q. Has there ever been a default in the payment of interest on the first-mortgage bonds of this company?—A. Yes.

Q. In other words, the company has not been able to meet its coupons as they fell due?—A. Yes.

Q. What action, if any, have the coupon holders taken in relation to that default at any time?—A. No action, to my knowledge.

Q. Have there ever been any foreclosure proceedings commenced or threatened in order to enforce payment?—A. Not to my knowledge.

Q. How did the company manage to bridge over this default and prevent a foreclosure?—A. By money loaned it by private individuals and corporations.

Q. Do I understand that in order to prevent a foreclosure and to keep peace with the holders of the first mortgage bonds the company borrowed money and paid these coupons and turned them over as collateral security to the party loaning the money?—A. I understand that it is due to the aid that has been extended to the company by various individuals and corporations that foreclosure proceedings have been avoided. Without that aid foreclosure proceedings would have been instituted, and the road would have passed into the hands of the holders of the first-mortgage bonds.

Commissioner LITTLER. I should like to have a categorical answer to that question.

(Question repeated.)

The WITNESS. I do not know that in all cases they turned over coupons as security.

Q. Did they do so in any case?—A. I do not know that they did so in any case.

MONEY LOANED BY INDIVIDUALS.

Q. On what security or pledges was this company able to borrow money for this purpose?—A. In many cases it borrowed on its note of hand.

Q. Secured by individuals or otherwise?—A. Whether these notes were secured or not I am unable to say now.

Q. Has the credit of this company been such that it could borrow money at the banks on its note?—A. No; not that I know of.

Q. Do you know what individuals or corporations loaned the company money for this purpose?—A. I understand that the Chicago, Iowa and Nebraska Company, the Cedar Rapids and Missouri River Road, and the Iowa Falls Company loaned money to it.

Q. On its note?—A. Yes.

Q. Have all those notes been canceled since?—A. They have all been paid and canceled, but only within the last two or three years.

FLOATING DEBT.

Commissioner LITTLER. The Commission would like to have a statement of the floating debt of this company, as it appears for the month ending August 31 last.

The WITNESS. The floating debt of the company on August 31, 1887, was as follows:

Current balances due railroad companies and various persons	$60,259.90
Due on pay-rolls	32,231.92
Sundry current bills	14,347.07
Accruing interest on preferred stock	4,929.17
Accruing interest on first-mortgage bonds	16,280.00
Past due coupons on first-mortgage bonds	98,095.00
	225,195.36

OVERDUE COUPONS PAID WITH BORROWED MONEY.

Commissioner LITTLER. I will get you to state how long these coupons had been overdue at the time you secured the payments of them by loans to the company.

The WITNESS. My impression is that the money was borrowed to pay them as they fell due.

Q. Then, as a matter of fact, there was no default as between the company and the holders of the coupons?—A. No; because the parties referred to loaned the company the money with which to pay the coupons; but for the last two years there has been a steady default, and there is a default to-day of a year's interest on the first-mortgage bonds.

Q. Do these coupons remain unpaid and in the hands of the owners?—A. Yes.

Q. Are they in the hands of the owners or in the hands of some friendly individual or corporation?—A. Both.

Q. Do you mean to say that when the coupons matured they were not taken up?—A. For the last two years they have been taken up and canceled only as the cash resources of the company permitted.

Q. In the mean time did this company secure loans for the purpose of paying the coupons to the original holders, and are those coupons now in the hands of the Chicago and Northwestern Company or some other institution friendly to the Sioux City and Pacific Company?—A. The money for many years was borrowed with which to pay the interest on the first-mortgage bonds. As fast as these coupons were paid with the money thus secured they were canceled, and in their place appeared on the books of the company the sums borrowed, under the head of bills payable.

Q. As a matter of fact, then, and as a matter of law, there has been no default as between the company and the original holders of the coupons. You have provided for the payment of them as they matured, notwithstanding that the earnings of the company were not sufficient to provide for their payment?—A. Yes; during the last three years, however, the coupons have only been paid as the actual cash resources of the Sioux City and Pacific Company permitted, without borrowing; the result is that to-day there are $25,000 of coupons outstanding.

BOUGHT UP BY CHICAGO AND NORTHWESTERN.

Q. Are these coupons outstanding in the hands of the owners of the bonds to your knowledge?—A. In order to save the credit of the Sioux City and Pacific road the Chicago and Northwestern Railway Company, entirely apart from the Sioux City and Pacific Company, has bought up these coupons as they fell due and were presented, and to-day holds them uncanceled.

Commissioner LITTLER. That is what I supposed to be the fact. Then, as between the Sioux City and the Chicago and Northwestern Company, there is a default to-day, for the reason that the Chicago and Northwestern Company went into the market, if you please, and bought those overdue coupons and now holds them, and they are unpaid.

The WITNESS. You say they "went into the market." They bought such as were presented by holders.

Q. And they hold them to-day?—A. Yes.

Q. And they are unpaid?—A. Yes.

Q. And they are overdue?—A. Yes.

THE DE SOTO BRANCH.

Commissioner LITTLER. Then there is a default as between this company and the Chicago and Northwestern Company. In Poor's Manual we find a reference to the construction of a branch road from Blair to De Soto. Was there ever such a road built?—A. I do not know.

Q. You would know if such a road was built, particularly if it formed a part of this system?—A. I never heard of such road and know nothing about it.

INDEBTEDNESS OF LAND DEPARTMENT.

Commissioner LITTLER. It does not appear in the records of your company, and it is for that reason that we ask some information about it. It appears from the balance sheets of your company that for the year ending June 30, 1875, the land department of your company was indebted $55,694.73. I wish you would explain how the land department could have incurred such an indebtedness.

The WITNESS. The amount in question is a credit. All receipts from United States Government lands appear to have been credited to "Land

department" and afterwards transferred to income account. On June 30, 1875, there was a credit balance to "Land department" of $55,694.73.

RESOLUTION TO SELL NEBRASKA LANDS.

Commissioner LITTLER. On page 86 of the minutes of your company of date of March 9, 1871, the following resolution appears:

Resolved, That this company sell all their lands in Nebraska except those deeded needed for station purposes to the Sioux City and Pacific Land and Town Lot Company, which has been organized under the laws of Nebraska, on cash terms as the executive committee shall deem just and equitable, and receive the stock of said Land Company in payment thereof.

I should like you to furnish a detailed statement of sales made in pursuance of that resolution, and all memoranda and papers in possession of the company bearing upon the transaction.

The WITNESS. This resolution was never consummated as intended. Afterwards the necessities of the company compelled it to sell its lands and town lots for cash. In 1875 it was compelled to sell its remaining holdings for a lump sum. By this sale the company received $200,000 in cash and was thus enabled temporarily to tide over its difficulties.

M. M. KIRKMAN.

The Commission then adjourned.

D. C. Lc 13879

50TH CONGRESS, 1st Session. | SENATE. | EX. DOC. Part 6.

TESTIMONY (2)

TAKEN BY

THE UNITED STATES PACIFIC RAILWAY COMMISSION,

APPOINTED

UNDER THE ACT OF CONGRESS APPROVED MARCH 3, 1887, ENTITLED "AN ACT AUTHORIZING AN INVESTIGATION OF THE BOOKS, ACCOUNTS, AND METHODS OF RAILROADS WHICH HAVE RECEIVED AID FROM THE UNITED STATES, AND FOR OTHER PURPOSES."

ROBERT E. PATTISON, OF PENNSYLVANIA, *Chairman*,
E. ELLERY ANDERSON, OF NEW YORK,
DAVID T. LITTLER, OF ILLINOIS,
Commissioners.

VOLUME V.

REPORTED BY

CHARLES P. YOUNG, of New York,
SECRETARY AND STENOGRAPHER TO THE COMMISSION.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1887.

TESTIMONY

TAKEN BY

THE UNITED STATES PACIFIC RAILWAY COMMISSION,

AS TO

THE WORKING AND FINANCIAL MANAGEMENT OF THE RAILROADS THAT HAVE RECEIVED AID FROM THE GOVERNMENT IN BONDS.

OFFICES OF THE CENTRAL PACIFIC RAILROAD COMPANY,
San Francisco, Cal., Monday, July 25, 1887.

The Commission reconvened upon the call of the chair, all the Commissioners being present.

EDWARD H. MILLER, JR., being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. In Alameda, Alameda County.

Q. Do you do business in San Francisco?—A. Yes, sir.

Q. How long have you been in business in San Francisco?—A. Since 1873.

THE CENTRAL PACIFIC OF CALIFORNIA.

Q. What has been your connection, if any, with the Central Pacific Railway?—A. I have been secretary and am a director of the company.

Q. When was your first connection with the company?—A. In 1863.

Q. When was your original connection?—A. My original connection was as book-keeper, for about one year.

Q. And that was for the Central Pacific of California, as it was then known?—A. Yes, sir.

Q. Where were their headquarters?—A. At Sacramento.

Q. Had they any office in San Francisco at that time?—A. No regular office. But President Stanford was in San Francisco a great deal of the time. He had an office here.

Q. But the headquarters of the company were at Sacramento?—A. At Sacramento.

Q. Please state what your connection has been with the company since 1863 to date?—A. For one year, about, I was book-keeper for the company. Since then I have been secretary continuously.

Q. How many years have you been a director?—A. I think the whole time that I was secretary. I think I was elected director at the same time I was elected secretary.

Q. Please state for what companies you have been secretary, indicating at the same time the changes in the corporate title of the railway?—A. It has been the Central Pacific Railroad Company of California, and then a change of title occurred.

Q. That was from 1863 until 1870, was it not?—A. Yes, sir.

THE CONSOLIDATION.

Q. What happened in 1870?—A. In 1870 a consolidation with two or three other companies took place.

Q. Will you name them, please?—A. There were several consolidations, and I cannot name them without reference to books.

Q. Will you name what you can?—A. There was the Western Pacific Railroad Company.

Q. Running between what points?—A. Between San José and Sacramento. The San Francisco, Oakland and Alameda Railroad Company, from Alameda, or including the line between San Francisco and Niles. No, I am mistaken; it was between San Francisco and Oakland and Alameda. It was a branch. It had two lines, one to Alameda and one to Oakland. I will explain them. There was a ferry from San Francisco, both to the Alameda wharf and to the Oakland wharf, and then local trains ran out from Oakland and also from Alameda, which were two different points on the opposite side of the bay.

By the CHAIRMAN:

Q. Have you a map on which you can point those roads out?—A. Yes, sir; I can furnish you one.

THE CENTRAL PACIFIC INCLUDED.

By Commissioner ANDERSON:

Q. What other company was included in this consolidation in 1870?—A. I do not remember.

Q. Was the Central Pacific itself included?—A. The Central Pacific itself. I am not sure whether the California and Oregon was consolidated at that time or at a previous consolidation. There were three different times when the consolidations were made, and we are getting it in consecutive form.

Q. I understand you remained secretary to the new company, as you had been to the old?—A. Yes, sir.

PREVIOUS CONSOLIDATIONS.

Q. How many consolidations were there?—A. The consolidations as they appear were several before these roads were consolidated with the Central Pacific of California. Several of them had had previous consolidations with other roads. I cannot give it to you in consecutive form without getting a statement I need for that purpose.

Commissioner ANDERSON. As I understand the method pursued, the several roads, consisting themselves of minor parts, had a species of integration among themselves, and then the whole was integrated into the Central Pacific Railway, about 1870.

The WITNESS. Yes, sir.

Q. And you do not remember how many of these consolidations took place?—A. Yes, sir; I can remember how many, but I cannot give you the dates. I can name all the companies that were consolidated.

ARTICLES OF CONSOLIDATION.

Q. Was the process of consolidation always by entering into articles of consolidation?—A. I think so; but as to some of the roads that had been consolidated previous to their coming into the consolidation with the Central Pacific, I do not know how they were consolidated with one another.

Q. Of the records of these consolidations, what have you on hand?—A. I have the minutes of the Central Pacific Railroad Company (and possibly of some of the other companies that were consolidated), which show the dates and facts of the consolidation.

Q. Have you the articles of consolidation?—A. Yes, sir.

Q. Of the Central Pacific alone, or of some of these others also?—A. I think I have of some of the others, but I certainly have those of the consolidation of the Central Pacific.

Q. Will you please produce for our information all the articles of consolidation?—A. Yes, sir.

OFFICERS OF THE CENTRAL PACIFIC.

Q. As to the present organization of the Central Pacific, who is the president?—A. Leland Stanford.

Q. He resides here in San Francisco?—A. San Francisco.

Q. Please state the other officers by name, or at least the principal officers?—A. Leland Stanford is the president, and C. P. Huntington is first vice-president.

Q. Mr. Huntington residing in New York?—A. Residing in New York. Charles Crocker is second vice-president.

Q. Mr. Crocker also residing in New York?—A. Residing in New York.

Q. And he is now in Europe?—A. Yes, sir.

Q. Do you know when he will return?—A. I do not.

Q. Can you ascertain for us?—A. I do not know how I can.

Q. Can you tell us where we can have his deposition taken abroad, if desired?—A. I do not know where he is in Europe. I can ascertain, probably.

Q. Mr. Charles F. Crocker is his son, is he not?—A. Yes, sir. I can ascertain from him, probably.

Q. What other officers are there?—A. Charles F. Crocker, third vice-president.

Q. Is that Colonel Crocker?—A. Yes, sir.

Q. Is he residing here?—A. Residing in San Francisco.

Q. Who else?—A. E. H. Miller, jr., is secretary. Timothy Hopkins is treasurer.

By the CHAIRMAN:

Q. Where does he reside?—A. In San Francisco.

By Commissioner ANDERSON:

Q. Who is your land agent?—A. William H. Mills.

Q. He is also residing here?—A. Yes, sir; also residing in San Francisco.

RAILROAD COUNSEL.

Q. Who are your present counsel?—A. Col. Creed Haymond and Judge Harvey S. Brown.

Q. Does Mr. Haymond reside here in San Francisco?—A. Yes; in San Francisco.

Q. Where does Judge Brown reside?—A. He resides in Oakland. Judge L. D. McKisick is another.

Q. Residing where?—A. In San Francisco. John Foulds, residing in San Francisco.

Q. What counsel have you in New York?—A. Charles H. Tweed.

Q. Have you any other counsel elsewhere?—A. No other counsel regularly employed.

ITS WASHINGTON COUNSEL.

Q. Have you permanent counsel in Washington now?—A. I do not think there is any one in Washington exclusively employed by the company. When I say permanently employed I mean employed exclusively in the business of the company, to give their exclusive attention to the business of the company.

Commissioner ANDERSON. You may give us the name of your Washington occasional counsel, if there be one.

The WITNESS. Henry Beard, I think it is.

Q. Has he succeeded Mr. Sherrill and Judge Franchot?—A. No, sir.

Q. In what respect does his employment differ from that of others?—A. His employment has been to look after the accounts of the company a great deal and to attend to general business.

Q. That is, the adjustments between this company and the Commissioner of Railroads?—A. The Government; yes, sir.

THE BOARD OF DIRECTORS.

Q. Of how many members does your board consist?—A. Seven.

Q. Will you please give us their names as the board is constituted to-day?—A. Leland Stanford, C. P. Huntington, Chas. Crocker, Chas. F. Crocker, W. V. Huntington, Timothy Hopkins, and E. H. Miller, jr.

Q. W. V. Huntington is what relation to C. P. Huntington?—A. Nephew.

Q. Where does he reside?—A. San Francisco.

Q. Has your board always consisted of seven?—A. I am not sure. I have an impression that at one time it was five, but it was a long time ago. I do not recollect. The report of 1872, I think, will show that it consisted of seven.

Q. It has ever since 1872 consisted of seven? Do you remember whether there was any change prior to that?—A. I do not remember distinctly, but I am now inclined to think that there was never any change; that it was always seven.

COURSE OF CONSTRUCTION.

Q. Will you please state the course of construction of this road in point of time?

The WITNESS. From the aided line?

Commissioner ANDERSON. In point of time; yes, sir.—A. I cannot do that without referring to some papers—documents.

Q. Will you state which portion was first constructed?—A. The line from Sacramento to Ogden was completed May 9, 1869.

Q. But was that from Sacramento to San José constructed before the railroad east of Sacramento?—A. No, sir.

Q. How far had the railroad east of Sacramento progressed when the line between Sacramento and San José was completed?—A. To Ogden. The line from Sacramento to Ogden was completed first.

Q. Before the road from Sacramento to San José?—A. Yes, sir.

Q. Was any part of that road which lies southwest of Sacramento completed before the railroad east of Sacramento was completed?—A. Yes, sir.

Q. Between what points?—A. Between San José and Niles.

Q. Was it after the act of 1862 had been passed?—A. Yes, sir.

Q. How many miles is it from Sacramento to Niles?

The WITNESS. Allow me to refer to papers.

The CHAIRMAN. Certainly. Refer to anything that will give you the information.

Commissioner ANDERSON. You will find it on page 5 of the report of 1872.

The WITNESS. This gives only the total from San Francisco.

By Commissioner ANDERSON:

Q. I will put this map in evidence. Please examine the map now shown you, and state whether the names of the roads and their lengths are correctly given?

The CHAIRMAN. You will find here, on this map, the consolidations, with the distances of the different roads given.

The WITNESS. Yes, sir; it is correct at the time of its date, May, 1878, but there may have been some little changes in the lengths of the lines since, although I do not see how there could be. The Southern Pacific Railway Company has extended its line since the date of this map.

Q. Your answer merely shows that it is correct at the time?—A. Yes, sir.

THE WESTERN PACIFIC.

Q. What is the corporate name of this railway constructed from Sacramento to Niles?

The WITNESS. What is it now?

Commissioner ANDERSON. What was it at the time?

The WITNESS. The Western Pacific Railroad Company.

Q. Which was built first—that portion of the Western Railroad Company from Niles to San José or the portion from Niles to San Francisco?—A. The portion from Niles to San José, is my recollection. It was built before the portion between Niles and Oakland.

Q. Was the portion between Niles and Oakland constructed before the consolidation of 1870?—A. Yes, sir.

Q. So that when the consolidation of 1870 took place the Western Pacific Railway Company was substantially completed from Sacramento to San José and to Oakland, was it not?—A. Yes, sir.

THE SAN FRANCISCO BAY RAILROAD.

Q. What was the name of the company from Oakland to Niles?—A. The San Francisco Bay Railroad Company.

Q. That was consolidated into the Western Pacific then, was it not?—A. No, sir; that was consolidated into the Central Pacific.

Q. Was that in 1870? Was there more than one consolidation to which the Central Pacific was a party?—A. Yes, sir.

COMMENCEMENT OF CONSTRUCTION OF CENTRAL PACIFIC FROM SACRAMENTO.

Q. When was the construction of the Central Pacific from Sacramento commenced? I do not refer to the day of the month, but with reference to the acts of Congress.

The WITNESS. Do you mean what year?

Commissioner ANDERSON. The first act of Congress was passed in 1862. How soon after that was it that construction was commenced on the Central Pacific east of Sacramento?

The WITNESS. The first actual work done on the construction was January 1, 1863, I think.

Q. That was east of Sacramento?—A. At Sacramento.

Q. And going east?—A. Starting east; yes, sir.

METHOD OF CONSTRUCTION.

Q. Under whose direction were the first contracts?—A. The board of directors.

Q. How was it done, I mean. Was it a large contract for the whole railroad, or was it let out in small sections under specific contractors at first?—A. The first contracts I think were in small sections, considering 18 miles to be a small section, and then in subsections or other sections of from 2 to 4 or 5 miles.

CONTRACT OF CHARLES CROCKER & COMPANY.

Q. Who took the first large contract for any portion of the work?—A. Charles Crocker & Co.

Q. Is that the same Charles Crocker who is now second vice-president?—A. Yes, sir.

Q. Was he at the time a director in the company?—A. Not at the time he took the contract.

Q. Who were the directors at the time he took the contract?—A. I will have to look.

Q. Will your book of minutes show?—A. Yes, sir.

Q. Does your company keep a book of contracts?—A. No, sir.

Q. What disposition do you make of contracts?—A. We file them in the office.

Q. Between what parties was this contract, the Central Pacific and Charles Crocker & Co?—A. Yes, sir.

Q. Who were the members of the company besides Mr. Crocker?—A. I do not know.

ITS TERMS.

Q. Do you remember for how many miles this contract extended?—A. I think it covered the first 18 miles from Sacramento.

Q. Do you remember the rate per mile?—A. I do not.

Q. Do you remember how frequently that contract was modified?—A. I do not remember that it was ever modified; it possibly was, but I do not remember it.

Q. You remember nothing about the terms of that contract, or what do you remember about the terms?—A. I do not think the contract was specific per mile; my recollection is that the contract was not specific, so much per mile, but that it was so much in the aggregate for the 18 miles, or else there were specifications which had prices fixed for grading and other work, masonry, bridges, &c. I cannot remember distinctly which it was.

CUSTODY OF THE CONTRACT.

Q. In whose custody was that contract?—A. In mine.

Q. Has it always remained in your custody?—A. No, sir.

Q. In whose custody did it pass?—A. I do not know.

Commissioner ANDERSON. If it were in your custody you must have delivered it to some one.

The WITNESS. I did not.

Q. Where did you keep it?—A. In a vault, or in the safe, at Sacramento.

Q. When did you last see it?—A. That I cannot tell you; a great many years ago.

Q. More than ten years ago?—A. I cannot specifically say whether it was more than that, but it was more than seven.

Q. How many copies were there?—A. But one that I remember.

Q. Did not the contractors have one?—A. Yes, sir; doubtless they did, but I do not remember.

Q. Were there two copies?—A. I do not remember.

Q. Do you remember in whose handwriting it was?—A. No, sir.

Q. Do you remember how many pages it covered?—A. No, sir.

Q. You do not remember how many pages it covered?—A. No, sir.

NOT ENTERED IN FULL ON MINUTES.

By Commissioner LITTLER:

Q. Was the contract entered on the minutes of the company?—A. Not in full, I think.

By Commissioner ANDERSON:

Q. Can you give us no further information as to its terms than you have heretofore given?—A. Not until I make an examination of the minutes; there may be something in the minutes.

Commissioner ANDERSON. We will ask you to do so.

CONTRACT MISSING.

By the CHAIRMAN:

Q. Where is the contract now?—A. I do not know.

Q. You do not know because you have not examined the safe for a number of years?—A. No; I do not know because I have examined the safe and I cannot find it.

Q. When did you make the last examination?—A. Within a few days.

Q. When did you make an examination prior to that time?—A. I had made no special examination for the contract prior to that time.

Q. Within a few days did you make a thorough examination?—A. Yes, sir; it was called for by the general accountant of the Commission.

NO MEANS OF ASCERTAINING ITS WHEREABOUTS.

By Commissioner ANDERSON:

Q. Has not this contract been called for in four or five litigations within the last four or five years?—A. I do not remember that it has, but I have no doubt that it has.

Q. Was it not called for in the Colton suit?—A. I do not remember that it was.

Q. Was it called for in the Stewart suit?—A. I do not remember.

Q. Was it not called for in the Hopkins's accounting?—A. I do not remember.

Q. Do you not remember, as a matter of fact, making several searches for it?—A. I do not remember, as a matter of fact, although I doubtless did.

Q. Do you not remember talking with different persons as to this contract and its whereabouts?—A. No, sir.

Q. Have you not talked with Governor Stanford as to its whereabouts?—A. No, sir.

Q. Have you not talked with Mr. Huntington as to its whereabouts?—A. No, sir.

Q. Have you not talked with Mr. Charles Crocker as to its whereabouts?—A. No, sir.

Q. Had you not, before Mr. Hopkins's death, talked to him as to its whereabouts?—A. No, sir.

Q. And you declare positively and in good faith that you have no means of ascertaining anything as to the disposition made of this paper?—A. I do.

Q. Have you any suspicion as to what has been done with it?—A. No, sir.

Q. Have you any idea as to what has been done with it?—A. I have not.

By Commissioner LITTLER:

Q. Was anybody interested in its destruction?—A. I do not know that there was.

PAPERS MISSING OWING TO FREQUENT USE IN SUITS.

By the CHAIRMAN:

Q. Were you in the habit of missing papers from your vault?—A. Yes, sir.

Q. Did you miss other papers?—A. Yes, sir.

Q. How many other papers?—A. A great many.

Q. What kind of papers?—A. Papers that were taken in any lawsuit and given to the lawyers—given to our lawyers or to the other lawyers. It became of very frequent occurrence that they never came back.

By Commissioner ANDERSON:

Q. Did you give up such papers as these without taking a receipt for them?—A. Yes, sir, I did; but we do not do it any more.

Q. Who gave up the papers without taking a receipt for them?—A. I do not say anybody gave any specific papers up, but I mean those papers that went to court in lawsuits. We became very much annoyed in one case, the Winchester case. The same question was asked me—if papers had been missing frequently, and I said "yes." The result of the examination brought out just what I am now saying, that probably they were in court or had been taken to court. A gentleman who was present went to court, and among its files found the very document they were asking for.

Commissioner ANDERSON. Somebody, on behalf of your company, must be in the habit of parting with these papers.

The WITNESS. I myself do that.

Q. You do not mean to say anybody could go in and get them, do you?—A. I was myself in the habit of giving them to our lawyers without taking receipts.

Q. Who was the lawyer you gave such papers to?—A. Any one of our lawyers.

PERSONS HAVING ACCESS TO VAULTS CONTAINING PAPERS.

Q. Who had access to your vault and safe?—A. No one but clerks in our office and myself.

Q. Had the clerks unlimited access, except under your supervision?—A. They had unlimited access, to go in and out when they chose.

Q. Had they any interest in taking these papers and losing them, or delivering them to any one without your knowledge or without conferring with you?

The WITNESS. Do you mean these contracts?

Commissioner ANDERSON. Yes.

The WITNESS. No, sir; not that I know of.

Q. Had Governor Stanford access to your vaults?—A. I do not think he was ever in them.

Q. Could he go there if he wanted to?—A. Certainly; if he undertook to go there I should never attempt to prevent him.

Q. And the safe was open all day long?—A. Yes, sir.

Q. Who were these attorneys to whom you parted with these papers?—A. They were the various attorneys of the company for all the time.

COUNSEL EMPLOYED AT TIMES PAPERS WERE MISSED.

Q. Give the names of those who were attorneys at the time you missed the papers?—A. Robert Robinson. I cannot specify any particular time.

Q. Give the names of all the attorneys, and their residence?—A. E. B. Crocker.

Q. He is dead, is he not?—A. Yes, sir. Robert Robinson, S. W. Sanderson.

Q. Is he dead?—A. Yes, sir. Judge Ramage. His first name I do not remember.

By the CHAIRMAN:

Q. State if he is living, and where?—A. I do not know. He was a resident of Sacramento. I think he is dead, but I do not know. I cannot think of all of them.

Commissioner ANDERSON. To limit this set of names, I think you stated you had seen this contract within seven years?

The WITNESS. No, sir.

WHEN CONTRACT WAS LAST SEEN.

Q. When did you last see it?—A. I do not remember.

Commissioner ANDERSON. You know you saw it twenty-five years ago?

The WITNESS. Yes, sir.

Q. Can you come down from that date and say when you last saw it?—A. It is very difficult to do that. I do not know that I have seen it within fifteen years.

Q. Do you know that you did see it as far back as 1879, before the consolidation?—A. I saw it when it was made.

Q. That was in what year?—A. That was in 1863 or 1864.

Q. Did you not see it frequently after it was made?—A. I probably did, during the time of the construction of the 18 miles.

Q. How long did that last?—A. A little over a year, I think.

Q. After it was completed do you not know that you frequently saw that contract, with other contracts, in your safe?—A. I cannot remember that I did. I will say, doubtless I did but I do not remember having seen it.

Q. Do you remember the fact that the first time you were asked to look for it you found it had disappeared?—A. I do not remember that fact.

Q. Do you not remember looking for that contract in the Colton case?—A. No, sir.

Q. Do you not remember being examined as to this contract and other papers in the Colton case?—A. I do not remember that I was examined as to this contract. I was examined, of course, as to papers.

Q. Do you not remember the fact that you were examined at great length in the Colton case?—A. Yes, sir.

Q. Who else was examined on behalf of your company in regard to the custody of these papers?—A. I do not know that anybody was.

OTHER CONTRACTS.

Q. What was the next contract made after the 18 miles that you have referred to?—A. There were contracts made with Cyrus Collins & Bros.; C. D. Bates & Co., I think; S. T. Smith; and, I think, there was another, but I do not remember the name.

Q. These were all small contracts, were they not?—A. All small contracts; yes, sir.

Q. Were these contracts in your custody?—A. They were; yes, sir.

Q. What has become of them?—A. There is one of them I found the other day. [Producing it.]

Q. Where did you find it?—A. I found it in the vault.

Q. Just alone by itself, without companions?—A. Without any companions of that nature.

CONTENTS OF THE BOX OF CONTRACTS.

Q. Was it by itself or was it mingled with other papers that it did not pertain to?—A. No; it was in the box of contracts, or that which I call a box.

Q. In a box of contracts?—A. In a file of contracts.

Q. What other contracts did you find with the Cyrus Collins?—A. I do not remember which one I found.

Q. What other contracts did you find with the contract you did find?—A. I cannot specify, because I was not looking for any but the contracts for building, but there was quite a package.

Q. Were they construction contracts?—A. No, sir.

Q. Were they contracts that belonged to the Central Pacific Company?—A. Yes, sir.

Q. Were they of the same date as the one you have found, or were they more recent contracts?—A. No; they were of all dates.

Q. Were some of them as old as the one you discovered?—A. I think not. Yes; about the same date. Contracts for iron, &c.

Q. When did you make this discovery?—A. Within the last week, or within the last two weeks.

Q. Did you go over any of those papers yourself personally?—A. Yes, sir.

Q. All the papers in that box?—A. Yes, sir; all the papers in that box.

Q. Did you find any other contracts relating to the construction of this road?—A. I did not.

Q. You say you do not remember the name of the contractor as to the contract you found?—A. No, sir; I do not remember which one it was.

Q. It was one of these small contracts?—A. Yes, sir.

Q. As to all the others you have no information to give us?—A. I have not.

TIME NEEDED TO THOROUGHLY EXAMINE THE VAULT.

By the CHAIRMAN:

Q. Have you made such examination of the vault as to swear now that the missing contracts are not in the vault?—A. I could not positively swear that, because the vault contains so many papers; but I can swear to the best of my knowledge and belief it is not there.

Q. Will you make such an examination as to be able to swear positively to this Commission that the missing contracts are not in the vault?—A. I will if you will give me a year. It will take at least a year to do that.

By Commissioner ANDERSON:

Q. Why?—A. The vault contains an immense number of papers, and we would have to go through every box and every paper to be able to swear it was not there.

The CHAIRMAN. We will give you all the assistance needed by detailing men to aid in going over the contracts, if you will give us access to the vault and to the old contracts.

The WITNESS. I have no objections to that.

Commissioner ANDERSON. I suppose you refer us to the president in answer to that; but we want to be perfectly satisfied that those papers are thoroughly examined.

The WITNESS. You ask me to swear to something that I cannot swear to. If you ask me to swear that it was not in this room, I could not swear to it.

POSITIVE CROCKER CONTRACT IS NOT IN THE VAULT.

The CHAIRMAN. We want to know that when you swear that the missing contracts are not in the vault you swear with positive information to that effect, having made such an examination as to enable you to do so.

The WITNESS. I have made such an examination that I am willing to state positively that it is not in that vault.

Commissioner ANDERSON. That conclusion may be reached in two ways: one, by having searched the vault, and the other by having information as to where the contracts may be.

The WITNESS. I tell you I have no information.

By Commissioner ANDERSON:

Q. Have you no direct or indirect information?—A. No direct or indirect information.

THE NEXT LARGE CONTRACT WITH CROCKER.

Q. What was the next large contract made after these small contracts you have referred to?—A. The next contract, I think, was made with Charles Crocker & Co. (calling the sections about a mile each, although they were not exactly a mile), for sections from section 31 east. I do not remember how many miles.

Q. Was it to Camp 24 that it went?—A. I am not sure of that. Camp 24 was named, I think, but it is indistinct in my mind.

Q. How many miles was it?—A. I cannot remember specifically how many miles, but my impression is to about section 58. That would be about 25 miles. I am not positive about that, however.

Q. When was that contract made?—A. I do not remember.

Q. Was the second Crocker contract made after the completion of these small pieces?—A. I think the second contract was made before they were entirely completed. They went on with the work beyond section 31.

Q. Was this firm of Charles Crocker & Co. the same firm that had taken the prior contract?—A. So far as Charles Crocker was concerned it was. As to the company, I do not know.

Q. You do not know anything about that?—A. No, sir.

Q. Was there any company?—A. Not that I know of. I do not know.

Q. Charles Crocker was the only person you dealt with?—A. The only person I know.

WHO COMPOSED THE BOARD OF DIRECTORS.

Q. Who negotiated that contract?—A. The board of directors made it. Whether the negotiation was referred previously to any committee or not I do not remember. In some cases it was.

Q. Who composed the board of directors at the time the Crocker contract No. 2 was made?—A. I will have to look to ascertain that.

Q. Perhaps you had better look. You can ascertain that in a moment, can you not?—A. I can, by going into the office. I can bring the list of directors from the commencement.

Commissioner ANDERSON. We would like to have that. Also bring the contract you found in the vault—The Last Rose of Summer.

The WITNESS (after returning). I can state now that the directors were nine instead of five for a certain time, if you care for that.

Q. Will you give their names in 1864, 1865, and 1866?—A. In 1864, Leland Stanford, C. P. Huntington, Mark Hopkins, A. P. Stanford, E. H. Miller, jr., Chas. Marsh, and E. B. Crocker. Those were elected October 8, 1864. If you want those in office during 1864 I will have to go back.

Commissioner ANDERSON. Give us those in office during 1864.

The WITNESS. Elected July 14, 1863: Leland Stanford, C. P. Huntington, Mark Hopkins, A. P. Stanford, James Bailey, T. D. Judah, Chas. Marsh, D. W. Strong, L. A. Booth, and John F. Morse.

E. B. CROCKER.

Q. What relation is E. B. Crocker, who appears in the year 1864, to Chas. Crocker?—A. Brother.

Q. What were their business relations?—A. They had no business relations together. One was a lawyer and one had been a merchant.

Q. Was E. B. Crocker the lawyer?—A. Yes, sir.

Q. Did not Mr. Chas. Crocker become his assignee subsequently?—A. Yes, sir; some time subsequently, though.

Q. Did you not know enough of their relations to say whether they had business relations together or not?—A. I never knew that they had.

Q. You say this second contract was made before the completion of the first contract?—A. I did not say that positively, but I think so.

SECOND CROCKER CONTRACT ALSO MISSING.

Q. Have you looked for that contract No. 2?—A. Yes, sir.

Q. When did you look for that contract?—A. The same time I looked for the other one, two weeks ago.

Q. Have you not also looked for that contract on other occasions?—A. I presume I have; I do not remember.

Q. When I asked you a few moments ago whether you had any suspicions as to who had removed these contracts you hesitated. Please tell me, did the name of any person occur to your mind at that time?—A. No, sir; I hesitated simply——

Q. (Interposing.) Wait a moment. Did anybody's name present itself to you at that time?—A. No, sir.

Q. You thought of no one?—A. I did not. I will explain that now.

Commissioner ANDERSON. You may do so now.

The WITNESS. I hesitated for the reason that I thought it was a proper question for me to decline to answer. That was the only cause for hesitation.

By the CHAIRMAN:

Q. Did you ever talk to anybody about the missing contract?—A. A. No, sir; except to Mr. Richard F. Stevens, your general accountant.

Q. Prior to that time did it occur to you that it was an unbusiness like method to have contracts on so important a matter as the construction of the road missing?—A. No, sir; I do not think it was.

Q. Did it make any impression on you at all?—A. You are getting by inference a statement that I have not made.

STATEMENT AS TO MISSING CONTRACTS.

Q. What is the statement that you have made?—A. The statement I have made is that I found the contracts missing within the last two weeks, and that I do not remember ever having searched for them before.

Q. When you discovered within the last two weeks that the contracts were missing did you discuss the question with anybody then?—A. No, sir.

Q. Did you not think it important to report it to your superior officers at that time?—A. I did not.

Q. Do I understand you to swear that that was the first indication, two weeks ago, that you had that those contracts were missing?—A. I do not swear to anything of the sort. I do swear that I do not remember ever having looked for them before, or ever having known that they were missing.

Q. Why do you hesitate to swear that you had not information prior to two weeks ago that the contracts were missing?—A. Because I do not remember that I had.

Q. Do you swear that the contracts were not called for in the Colton case?—A. I do not. I swear that I do not remember that they were.

DOES NOT BELIEVE THE PAPERS ARE IN THE VAULT.

Q. Then I understand, as you stated before, that you are not prepared to swear now that the contracts are missing?—A. I am prepared to swear that I have made an examination and a search for these contracts in the place where they ought to be, or the place where I supposed—where they formerly had been, and that I do not find them, and I do not believe that they are in the vault; that is, the vault in my office.

Q. Are you prepared to swear that the contracts are not in your vault?—A. I believe I have answered that before.

Q. I do not think you have, yes or no. I would ask you to answer that question yes or no.—A. You know very well, Mr. Chairman, that

I cannot possibly answer that question yes or no, after the explanation I have previously made to the same question.

The CHAIRMAN. I will repeat my question, and call for an answer. Mr. Stenographer, you will read it to Mr. Miller.

The STENOGRAPHER (reading): "Then I understand, as you stated before, that you are not prepared to swear now that the contracts are missing?—A. I am prepared to swear that I have made an examination and a search for these contracts in the place where they ought to be, or the place where I supposed—where they formerly had been, and that I did not find them, and I do not believe they are in my vault; that is, the vault in my office."

The WITNESS. Will you repeat the question?

By Commissioner ANDERSON:

Q. Are you prepared to swear that the contracts are not in your vault? Answer yes or no.—A. If I understand that question there is nothing to it except whether I am prepared to swear whether the contracts are in my vault or not. Is that the way it reads?

Q. Are you prepared to swear that the contracts are not in your vault? Answer yes or no?—A. No. I suppose I have a right to explain?

The CHAIRMAN. Certainly.

The WITNESS. I am not prepared to swear, because there is such a large mass of papers in my vault that I had not recently gone through all those papers. It would take a long time to do so. But I am prepared to swear that to the best of my knowledge and belief, after having examined thoroughly the place where those contracts should be, if they were in the vault, that—I think that I said to the best of my knowledge and belief—the contract is not in my vault.

TERMS OF SECOND CONTRACT.

Q. What do you recollect as to the terms of that second contract?—A. The best of my recollection is that that contract was made under certain specifications which required payment to the contractor at a specific price for grading per cubic yard, of all natures, rock work, &c., and for masonry and for iron, &c., furnished, to complete the road. I do not mean the rails, but iron work necessary for bridges, &c., at specified prices.

Q. Not including the rails?—A. Not including the rails, I think, but it may have included the rails.

HOW PAYABLE.

Q. Do you remember whether the amounts payable under that contract were payable in dollars or in bonds or in stocks?—A. My recollection is that it was payable, a portion in cash, a portion in bonds, and another portion in stock.

Q. Can you give the percentages?—A. I think it was five-eighths cash and three-eighths in bonds and stock. Of that, however, I am not positive. I do not recollect.

Q. Do you remember whether the percentages were altered from time to time?—A. My recollection is that the percentages were not altered.

Q. Will your minutes show?—A. I do not know whether the minutes will show or not, but the books of the company will show. The accounts will show.

Q. That is to say, the entries in the books of account of the company will show?—A. The entries in the books of account of the company will show.

METHOD OF KEEPING THE BOOKS.

Q. What distinction did you make in the entry of an issue of bonds on these contracts, or a payment of cash?—A. I do not quite comprehend.

Q. Did you debit in one case "cash" and in the other case "bonds," or what is the distinction made in your books?—A. We opened an account with the contractors, crediting them with the work done and charging them with the bonds and cash and stock when paid.

Q. In what account will the counter-charges be made, showing from whence the bonds came and from whence the cash came and from whence the stock came?—A. The contractor being charged with cash, the cash would take credit; and if with bonds, the bonds would be credited; and if with stock the stock would be credited.

CHANGES MADE IN CONTRACT.

Q. So that by following the contract down from the inception of that contract to the end, if there were any changes in its terms they will appear in your books?—A. Yes, sir; but I think I can explain it.

Commissioner ANDERSON. We will take any explanation you can give.

The WITNESS. This is the contract as I remember it. The stock was to be issued at 50 cents on the dollar, and there was a change made in the percentage to 30 cents.

Q. In the percentage of cash or the percentage of stock?—A. No, sir; the percentage of cash remained the same. The percentage of bonds, as I recollect it, remained the same. But as to the percentage of stock, the stock was not paid at par. First it was paid at 50 cents on the dollar and afterwards at 30 cents on the dollar.

Q. Do you remember the aggregate amount of stock, bonds, and cash which this contract called for?—A. No, sir.

Q. Can that be ascertained from your books?—A. Yes, sir.

THE CONTRACT AND FINANCE COMPANY.

Q. What was the next construction contract which this company entered into?—A. As I remember it, the next contract was with a corporation called the Contract and Finance Company.

Q. When was that company organized?—A. My recollection of dates, especially of those so long ago, is so poor that I cannot give it. I will explain that I do not remember my own age, without counting back to the year I was born.

Q. Was it organized shortly before taking this contract?—A. Yes, sir.

SPECIAL OBJECT OF ITS ORGANIZATION.

Commissioner ANDERSON. It was organized especially for the taking of these contracts. I am quoting from Mr. Huntington.

The WITNESS. That was its business. Undoubtedly it was.

Q. Who were its officers?—A. That I cannot say. I knew at the time, but now I do not recollect.

Q. Who were the principal stockholders?—A. I do not know.

Q. Who kept the books of the Contract and Finance Company?—A. William E. Brown.

Q. Where is he?—A. He is here.

Q. Is he president of the Southern Pacific Company?—A. No, sir.

Q. What is his office?—A. He is one of the directors of the Southern Pacific Company at present.

Q. Does he reside in San Francisco?—A. His office is here in the building.

Q. Is he present now?—A. I presume he is.

Q. Can you obtain from him a list of the officers and stockholders of this company at the time it took the contract I refer to?—A. I think I can.

Commissioner ANDERSON. We will excuse you for that. We would like to have that list now.

The WITNESS (after returning). Mr. Brown does not recollect. He was secretary himself. He recollects that, and can give the names of two other directors, but whether there were more than three he cannot say. He will ascertain, however.

ITS MEMBERS.

Q. Who were the directors he named?—A. Wm. E. Brown, T. J. Millikin, and B. R. Crocker.

Q. As a matter of fact, were not Mark Hopkins, Leland Stanford, C. P. Huntington, and Chas. Crocker the holders of substantially all the stock of this Contract and Finance Company?—A. Not to my knowledge.

Q. Have you not heard them say so in litigations?—A. No; I do not think I have. I presume that to be the fact. But that is my presumption.

Q. Have you not heard them say so?—A. No, sir; I never did.

Q. Have you not heard them say that Mr. Millikin, Mr. B. F. Crocker, and Mr. William E. Brown were holders of small portions of the stock for the purpose of qualifying them to act as directors?—A. I never heard them say that.

Q. You never heard any one say that?—A. I never heard any of them say that.

Q. Have you ever heard anybody say that?—A. I could only say for myself. That is my presumption. Nobody knew.

Q. I will read for you from Mr. Huntington's testimony, taken before us, referring to this Finance Company: "The stock of that company was nearly all held by Governor Stanford, Mr. Hopkins, Mr. Crocker, and myself; there were some few stockholders, but I could not say who." Are you satisfied that that statement is correct?—A. Yes, sir.

BOOKS OF THE CONTRACT AND FINANCE COMPANY.

Q. Have you ever seen any of the books kept by the Contract and Finance Company?—A. Yes; I saw them.

Q. What books did you ever see?—A. I saw the day-book and ledger, or journal, I suppose; cash-book, day-book, and ledger, probably.

Q. When did you see these books?—A. They had an office in the same building with me in Sacramento, and I saw them when I went into their office.

Q. At Sacramento?—A. Yes, sir; I saw them in use by their book-keeper.

Q. That was while this contract was under way?—A. Yes, sir.

Q. Have you never seen them since?—A. No, sir.

THAT CONTRACT ALSO MISSING.

Q. Where is that contract between the Central Pacific Company and the Contract and Finance Company?—A. That is missing.

Q. How many miles did that embrace?—A. It embraced a large portion of the road east of the contracts that have been mentioned previously.

Q. When did you last see that contract?—A. I do not recollect.

Commissioner ANDERSON. That contract embraces, as you say, a large portion of the construction of the Central Pacific?

The WITNESS. Yes, sir.

Commissioner ANDERSON. It is a contract of great magnitude and importance.

The WITNESS. Yes, sir.

Q. You say you never observed that it was missing until within the last few weeks?—A. I do not remember that I ever did.

THE COLTON CASE.

Q. Do you not remember being examined particularly with reference to all the papers of the Contract and Finance Company in the Colton case?—A. I do not remember.

Q. Do you not remember being asked if those books were in London?—A. I do not remember that.

Q. Or if they had been purposely destroyed?—A. I could not possibly know that.

Q. I asked you if you remembered being asked that question?—A. No; I do not remember being asked that.

Q. By Mr. Hayes?—A. No, sir.

Q. You know Mr. Hayes?—A. Yes, sir.

Q. You know he asked you a great many questions in the Colton suit three or four years ago?—A. Yes, sir.

Q. Do you not know that it was a question of public talk as to the disappearance of the books of this company, at that time?—A. I say I do not remember. I do not remember anything about it.

Q. You do not remember that the subject was discussed in San Francisco at all at the time of the trial of the Colton case?—A. No, sir.

Q. Will you swear that you and Governor Stanford did not talk this matter over, of the disappearance of these books, during the trial of the Colton case?—A. I will swear that I do not remember ever having spoken to him about it, or his having spoken to me about it.

GOVERNOR STANFORD'S DEPOSITION.

Q. Do you not remember Governor Stanford's deposition was taken at great length?—A. Yes, sir.

Q. Where was he when his deposition was taken?—A. In New York, I think.

Q. When he came back here, did you have no conversation with reference to that subject?—A. Not that I remember. Not only that I do not remember, but I do not think I ever did. I do not believe I ever did.

Q. Was no surprise expressed by any of the officers of the company as to the disappearance of such important papers as this contract?—A. Not that I remember.

Q. Was the subject never brought up in the board of directors when you were present?—A. No, sir.

Q. Has no fault ever been found with you for having permitted these papers to disappear?—A. No, sir.

TERMS OF CONTRACT AND FINANCE COMPANY CONTRACT.

Q. What do you remember about the terms of the contract made with the Contract and Finance Company?—A. I do not remember the details of it at all.

Commissioner ANDERSON. From Camp 24 to Ogden? That is, substantially, from the boundary of the State to Ogden, through Nevada and Utah.

The WITNESS. Does that say "Camp 24, the boundary of the State"?

Commissioner ANDERSON. It was substantially.

The WITNESS. Then I misstated the miles.

Q. I read to you from Mr. Huntington's testimony. He was asked:

Q. What was the subject of their contract? I want to know between what points?—A. It was Camp 24, if I remember right. I am not certain that I ever saw the contract.

Q. It was the road substantially after leaving the State of California?—A. Yes, sir. Camp 24 I think is on the State line. It was a contractor's camp, you know, and it was from that point to the point of junction.

In other words, the whole of this road in the State of Nevada and Territory of Utah. You can tell us nothing as to the terms of that contract?—A. No, sir; only what appears upon the books of the company now.

Q. Do you know whether it was an agreement at so much per mile?—A. I believe it was.

Q. Do you know whether the rate per mile was the same throughout the entire length of the road from Camp 24 to Ogden, or to Promontory Point?—A. I do not recollect that.

Q. Do you know whether the rate per mile was payable in money or in bonds, or whether it was mixed?—A. I think it was mixed.

Q. Do you know whether the payment included the Government bonds?—A. It did not.

Q. Do you know, as a matter of fact, that none of the Government bonds went to the Contract and Finance Company?—A. Yes, sir.

Q. They did not?—A. They did not.

GOVERNMENT BONDS SOLD FOR ACCOUNT CENTRAL PACIFIC.

Q. How were the Government bonds disposed of?—A. They were sold in New York by Mr. Huntington, almost wholly; possibly a portion may have been paid out directly on contracts for locomotives, engines, iron, &c.

Q. Do you know whether they were sold for account of the Central Pacific Company or on account of the Contract and Finance Company?—A. They were sold for account of Central Pacific Railroad Company.

Q. Do you remember that the price per mile was about $100,000 in the Contract and Finance Company's contract, payable in stocks and bonds?—A. I not remember that. I believe that was about the cost, as entered up on the books under that contract.

COST PER MILE, IN SECURITIES AT PAR, $100,000.

Q. Do you mean, when you say "cost," the amount of stocks and bonds issued at par?—A. The stocks and bonds paid to them.

Q. Taken at par it would amount to $100,000?—A. Yes, sir. The stocks, bonds, and cash, at par, amounted to about that amount.

Q. Do you remember that the amount of bonds issued per mile was $64,000?

The WITNESS. I do not think I understand your question. The amount of what bonds?

Commissioner ANDERSON. The amount of bonds issued to the Contract and Finance Company.

The WITNESS. I do not remember that.

CHARACTER OF SECURITIES ISSUED TO CONTRACT COMPANY.

Q. What bonds were issued to the Contract and Finance Company? What character of bonds?—A. The company's first-mortgage bonds, if any.

Q. Are you positive that any bonds were given to them?—A. No, I am not positive.

Q. Will your books show?—A. Yes, sir.

Q. And you have never examined them for the purpose of ascertaining whether they received any bonds or not?—A. I know, but I do not remember. I know perfectly well if I can look at the books.

Q. Do you not know perfectly well that the Contract and Finance Company did get bonds?—A. No, sir; I do not. You are asking positive questions.

Commissioner ANDERSON. No, I do not ask positive questions.

The WITNESS. Possibly I am technical in my answer, but I do not remember it. The books would show very plainly what they did get.

Q. How much of this contract with the Contract and Finance Company is entered in your books of minutes?—A. I do not know that any of it is.

THE WESTERN DEVELOPMENT COMPANY.

Q. What other large construction contracts has the Central Pacific made?—A. They made a contract for constructing the——

Q. (Interposing.) Well, I will follow my own order. Did it make a contract with the Western Development Company?—A. I do not think it did.

Q. Was the Western Development Company subsequent in time to the Contract and Finance Company?—A. Yes, sir.

WHAT BECAME OF CONTRACT AND FINANCE COMPANY.

Q. What became of the Contract and Finance Company?—A. It was disincorporated, I think.

Q. Was it wound up by judicial proceedings?—A. Not that I know of.

Q. Where was it last located?—A. At San Francisco, I think.

Q. In what building?—A. This building.

Q. In what room?—A. Room No. 1, on the first floor, at the side entrance.

Q. When did you last see that room occupied by the Contract and Finance Company?—A. By the book-keeper.

Q. When?—A. I think in 1874.

JOHN F. MILLER.

Q. Whom did you see there then?—A. John F. Miller.

Q. Is he a relation of yours?—A. No, sir.

Q. Where does he live?—A. He lives somewhere on the Sacramento River, in Sacramento County, I think.

Q. Can you identify it a little better than that?—A. No, sir; I really do not know.

Q. Who knows him here in this office?—A. Almost everybody connected with the office.

Q. So that we can find him? Does Mr. Brown know where he can be found?—A. I presume he does.

Q. You refer us to him?—A. Yes, sir.

By the CHAIRMAN:

Q. What is his business now?—A. Farmer.

BOOKS AND PAPERS OF THE CONTRACT AND FINANCE COMPANY.

By Commissioner ANDERSON:

Q. Were the books and papers of the Contract and Finance Company in that room when you saw it in 1874?—A. I never saw the books there.

Q. You only saw Mr. Miller there?—A. Yes, sir; I saw him.

Q. He had some books, I presume?—A. Well, he was connected with some other company—Western Development Company—I think; and whether he had any books of the Contract and Finance Company there, I do not know. I never saw them.

THE WESTERN DEVELOPMENT COMPANY.

By the CHAIRMAN:

Q. Who composed the Western Development Company?—A. I do not know.

By Commissioner ANDERSON:

Q. Who was its president?—A. That I do not know.

Q. Do you know the names of any of its officers?—A. F. S. Douty was one of its officers. He was either president or secretary; I do not know which.

Q. Where is Mr. Douty?—A. His office is in this building.

Q. What position does he now hold?—A. He is president, I think, of the Pacific Improvement Company, or secretary of it.

CONTRACT FOR ROAD FROM SACRAMENTO TO NILES.

Q. What was the contract with the Western Development Company?—A. I do not remember whether the contract for building the Western Pacific Railroad from Sacramento to Niles was with the Pacific Improvement Company or the Western Development Company.

Q. It was with one or the other?—A. I think so.

Q. When was that contract made? Was it before the Contract and Finance Company or after?—A. I think it was made very soon after the completion of the Central Pacific road to Ogden.

Q. That is, soon after May, 1869?—A. Yes, sir.

THAT CONTRACT ALSO MISSING.

Q. Where is that contract?—A. It is missing.

Q. Have you looked for that recently?—A. I have looked for all of them.

Q. What can you tell us in regard to the terms of that contract?—A. My recollection of the terms is very indefinite.

Q. Can you refer us to any entries in your books, or the minutes, that will furnish us with the terms of that contract?—A. The entries on the

regular books of the company will show the terms of that contract, but not in detail. I do not think there is anything in the minutes of the company in detail.

Q. How long did the Western Development Company continue to work this contract?

The WITNESS. In building that road?

Commissioner ANDERSON. Yes; from 1869 until when?

The WITNESS. They finished it in about a year.

Q. What became of the company?—A. I do not know.

OFFICES OF WESTERN DEVELOPMENT COMPANY IN SACRAMENTO.

Q. Where was their office?—A. At that time—I do not remember the date of the organization of the Western Development Company, but if I am right, their office must have been in Sacramento.

Q. Why do you say "must have been?" Is it because they were all kept together?—A. Because there were no offices here.

Q. Is it not also because the whole business of the Central Pacific was at Sacramento at that time?—A. Because the Western Development Company, as I understand it, was successor to the Contract and Finance Company, and they held their offices in the same place until we moved from Sacramento to San Francisco, which was in 1873.

Q. Do you know who the stockholders of the Western Development Company were?—A. No, sir.

Q. Do you not know that they were substantially the same persons who were the stockholders of the Contract and Finance Company?—A. I do not know; but I presume they were. That is all I can say.

Q. You presume they were?—A. I think they were.

CONSTRUCTION OF CALIFORNIA AND OREGON BRANCH.

Q. What subsequent contract did the Central Pacific make with the Pacific Improvement Company?—A. They made a contract—I will not say it was the Pacific Improvement Company, because I am not sure; but they made a contract with one of the three companies for building the California and Oregon Branch road.

Q. It was the Pacific Improvement Company, was it not?—A. Practically the successor.

Q. That is, the north part of that road?—A. Yes, sir.

Q. From what point; from Redding to the State line?—A. No; Roseville was the beginning. I think they had a contract for building some portion of the road between Roseville and Redding.

Q. Did they not have the contract for building the northerly 200 miles of that road?—A. Yes, sir.

THE PACIFIC IMPROVEMENT COMPANY.

Q. Who was the president of the Pacific Improvement Company?—A. F. S. Douty, I think.

Q. When was this contract made?

The WITNESS. The contract for building the northerly 200 miles, you are speaking of?

Commissioner ANDERSON. Yes.

The WITNESS. Last year.

Q. Was it not longer ago than that? When was that finished?—A. It was just finished.

Q. Last year?—A. No, sir.

Q. Finished this year?—A. Just finished within a month.

Q. Who are the directors of the Pacific Improvement Company?—A. I do not know.

Q. Can you ascertain?—A. I presume that I can from Mr. Douty.

Q. Who are the stockholders?—A. I do not know that.

Q. Are they not substantially the same persons who were stockholders in the Contract and Finance and the Western Development Companies?—A. I think so.

Q. Who keeps their books?—A. F. S. Douty.

Commissioner ANDERSON. I think you said he was president.

The WITNESS. He keeps the books also. They are in his charge, in one office.

Q. Where is the office of that company?—A. That is in room No. 3, on the first floor of this building.

Q. What other persons are in that room besides Mr. Douty?—A. There is Judge Underhill.

Q. What position does he hold?—A. He is a lawyer.

Q. Is he the lawyer of the Pacific Improvement Company?—A. He does and has done considerable business for the Central Pacific Railroad Company, and now does for the Southern Pacific Company.

ITS CONTRACT PRODUCED.

Q. Where is this contract with the Pacific Improvement Company?—A. I think I have it. At any rate it is entered in full on the minutes. Recently I have adopted the plan of entering everything in full on the minutes.

Commissioner ANDERSON. Please see if you can produce the contract.

(The witness produced the contract between the Central Pacific Railroad Company and the Pacific Improvement Company, dated October 11, 1886. It is marked "Exhibit No. 2, July 25, 1887," and is as follows:)

CONTRACT BETWEEN THE CENTRAL PACIFIC RAILROAD COMPANY AND THE PACIFIC IMPROVEMENT COMPANY.

This agreement, made and entered into on the eleventh day of October, 1886, between the Central Pacific Railroad Company, party of the first part, the Pacific Improvement Company, party of the second part, and the Southern Pacific Company, party of the third part, witnesseth:

That whereas the Central Pacific Railroad Company is the successor in interest of the California and Oregon Railroad Company, mentioned in the act of Congress of July 25th, 1866, entitled "An act granting lands to aid in the construction of a railroad and telegraph line from the Central Pacific Railroad, in California, to Portland, in Oregon;" and

Whereas the said Central Pacific Railroad Company has constructed a portion of the line contemplated by said act of Congress, to wit, that portion between Roseville Junction, on the Central Pacific Railroad, and the town of Delta; and

Whereas about one hundred and four miles of the line between Roseville Junction and the southern boundary line of Oregon, as contemplated in said act of Congress, has not been constructed; and

Whereas the Oregon and California Railroad Company, charged by said act of Congress with the construction of that portion of the said line of railroad between Portland, in Oregon, and the northern boundary line of California, has been in an embarrassed condition and has been unable to complete its road to said boundary line; and

Whereas until the whole of said line is completed, making a through connection between Portland, in Oregon, and the city of San Francisco, in California, no part of said line can be advantageously or profitably operated, nor the act of Congress in relation thereto be carried into effect according to the spirit and intent thereof, to wit, the construction and maintenance of a continuous railroad between the said cities, which the Government of the United States may use for the transportation of its

property, troops, and munitions of war when necessary, and to aid in the construction of which it has granted quantities of the public lands; and

Whereas the completion by the said Central Pacific Railroad Company of its own road to the southern boundary line of Oregon without assurance of the completion of that portion of the road from Portland to said boundary line would be a waste of money, the road having to be constructed through a rugged and mountainous country at great expense and without sustaining local traffic; and

Whereas it is of the greatest importance to the Central Pacific Railroad Company that it should have an opening into Oregon, both for local traffic and the through business of the two cities, and also to furnish business for its entire line from Ogden:

Now, therefore, for the purpose of completing its said road, and of securing the completion of the road between the California State line and Portland, Oreg., thus making a through line between said cities of Portland and San Francisco and a connection with the Union Pacific Railroad at Ogden, and in order to secure the business of the northern portion of the State of California and as much as possible of the business of the State of Oregon, and to bring such business to its line from Ogden, and for the purpose and with the intent of carrying into effect the provisions of said act of Congress, the said Central Pacific Railroad Company hereby covenants and agrees with the said Pacific Improvement Company—

First. That the said Pacific Improvement Company shall, in a good workmanlike manner, construct, finish, furnish, and complete the railroad and telegraph line of the said Central Pacific Railroad Company, commencing at a point near the said town of Delta and running thence in a general northerly direction by the most practicable route to a point on the southern boundary line of Oregon, there to connect with the road of the said Oregon and California Company, a distance of 104 miles, as near as may be, together with the rolling-stock, buildings, instruments, and fixtures thereof; that is to say, to construct, finish, and complete all the clearing, grading, excavations, embankments, ditches, drains, masonry, culverts, bridges, trestling, and necessary fencing, and furnish all the ties, timber, rails, all the chairs, fish-plates, spikes, frogs, and switches, lay and complete all the main line of track and all the side-tracks, spur-tracks, and turnouts necessary, usual, and proper for a single-track railroad; also all necessary and proper buildings and erections for stations, freight and passenger depots, water-tanks, turn-tables, engine-houses, section-houses, work and repair shops, with all the tools, furniture, and implements necessary and proper therefor; also to furnish and place on said railroad all necessary and proper rolling stock, instruments, and equipments, including locomotives, passenger, box, freight, baggage, platform, dump, and hand cars for the proper and successful working and repairing of said railroad and telegraph line, said rolling-stock to be furnished and delivered as the same may be required by the said Central Pacific Railroad Company, not to exceed the following quantity and proportion, namely: One locomotive for every eight miles of road constructed under the contract; one passenger car for every five miles of road; three box and flat cars for every mile of road, the proportion of each to be determined by the said Central Pacific Railroad Company; one hand car for every six miles of road; such number of dump cars as may be required for maintaining the line; said railroad to be constructed and completed to a point at or near the Klamath River within twelve months from the date hereof, and to the southern boundary line of Oregon as soon as the said Oregon and California Railroad is completed to said line.

Second. That the said Pacific Improvement Company shall furnish and pay for all the engineer service necessary or requisite for the location and construction of said railroad and its appurtenances, such location and construction to be subject to the approval of the president or chief engineer of said Central Pacific Railroad Company, who may direct such changes to be made as they may deem proper, but the salary of the chief engineer shall be paid by said Central Pacific Railroad Company.

Third. That the said Pacific Improvement Company will pay all the costs, damages, and other expenses incurred in obtaining right of way for the construction of said road, and to that end the Central Pacific Railroad Company agrees that it may use the name of the said company in any legal steps found necessary to be taken in securing such right of way.

Fourth. That the said Pacific Improvement Company will, within a reasonable time and as soon as it can be done to the best advantage, purchase, obtain possession and control of the said Oregon and California Railroad, or that it will, within a reasonable time, purchase the whole of or a majority of the shares of the capital stock of said Oregon and California Railroad Company, and in either event will within a reasonable time complete or cause to be completed the said Oregon and California Railroad to a connection with the Central Pacific Railroad at a point on the boundary line between California and Oregon, and, as the case may be, will enter into, or will cause the said Oregon and California Railroad Company to enter into, a contract perpetual with the said Central Pacific Railroad Company, its successors or assigns, that the said Oregon and California Railroad shall be operated in harmony with the said

Central Pacific Railroad, prorating for services and covenanting therein never to give to any other railroad company any better terms for through traffic and for the interchange of business than it gives to the Central Pacific Railroad Company, its successors or assigns.

Fifth. That the said Pacific Improvement Company shall and will repay to the said Central Pacific Railroad Company, within one hundred and twenty days from the date hereof, all sums of money, with interest thereon at the rate of 6 per cent. per annum, heretofore by the said railroad company expended upon that portion of its aforesaid line of railroad and telegraph line lying north of Delta, and that if said railroad company has not fully paid all the costs and expenses incurred as aforesaid, the said improvement company will assume the whole thereof, and will, upon demand, pay off and discharge the same; or that if the said railroad company is compelled to pay the same or any part thereof, then the said improvement company will, within one hundred and twenty days after notice thereof, pay to the said railroad company the full amount of any such payments, with interest at the rate aforesaid.

And the said Southern Pacific Company, lessee of the said Central Pacific Railroad Company, hereby covenants and agrees with the other parties to this contract that, in consideration of the advantages to be derived by it from the bringing of business to the main lines of the Central Pacific Railroad, it will, when said through line is completed, finished, and ready for operation, enter into an agreement in writing with the said Central Pacific Railroad Company whereby it shall lease from said company that portion of said line between Roseville Junction and the State line not now included within its lease, and will increase the consideration of twelve hundred thousand dollars, guaranteed rental mentioned in the existing lease, as much in proportion as 80,000 shares of the capital stock of said Central Pacific road shall bear to the whole amount of capital stock of said company now issued, and will also increase the limit of the maximum rental of thirty-six hundred thousand dollars therein provided for in like proportion; and that it will transport and convey, free of charge, over the lines operated by it in California, north of San Francisco, all agents, laborers, and employés, and all provisions, tools, iron, and other materials, and all other property employed or used, or to be employed or used, in and about the construction of said railroad and telegraph line and their appurtenances by or for said Pacific Improvement Company.

And the said Central Pacific Railroad Company hereby covenants and agrees to and with the said Pacific Improvement Company that, in consideration of the premises and of the faithful performance of the covenants herein contained to be kept, observed, and performed by said Pacific Improvement Company, it will, upon the execution of this agreement, issue and deliver to said company eighty thousand shares of its capital stock, and in addition thereto it will pay to said Pacific Improvement Company four million five hundred thousand dollars in mortgage bonds, as follows: When one-half of the work on said road between Delta and the Oregon line is completed, it will pay and deliver to said Pacific Improvement Company all of its first-mortgage bonds now unissued, part of an issue by it heretofore provided for, to be used toward the construction of its railroad between Roseville Junction and said Oregon line, and that it will pay to said Pacific Improvement Company the balance of said four million five hundred thousand dollars of bonds, in its mortgage bonds, part of an issue by it provided for in an indenture of mortgage by it made to William E. Brown and Frank S. Douty, bearing date October 1, 1886, and that it will make said last-mentioned payment as the work on said road progresses, and as sections of not less than ten miles between Delta and the Oregon State line are completed, and in the proportion which the completed section shall bear to the whole length of the road between the points last aforesaid:

In testimony whereof the parties hereunto have caused these presents to be signed by their respective presidents and secretaries and their corporate seals to be hereunto affixed. Done in triplicate the day and year first herein written.

LELAND STANFORD,
President of the Central Pacific Railroad Company.
[SEAL.]
E. H. MILLER, JR.,
Secretary of the Central Pacific Railroad Company.

LELAND STANFORD,
President of the Southern Pacific Company.
[SEAL.]
E. H. MILLER, JR.,
Secretary of the Southern Pacific Company.

J. H. STROBRIDGE,
President of the Pacific Improvement Company.
[SEAL.]
F. S. DOUTY,
Secretary of the Pacific Improvement Company.

(Indorsed on back:) Executed copy agreement between Central Pacific, Pacific Improvement Company, and Southern Pacific Company. Pacific Improvement Company to finish construction of California and Oregon Extension. October 11, 1886.

"Exhibit No. 2, July 25, 1887."

The WITNESS. I can furnish you with the printed copy of that, certified, if you wish it.

By Commissioner ANDERSON:

Q. We were so rejoiced to get hold of a copy of any paper that we thought we would have it copied. Have you enumerated all the construction contracts that you recall?—A. Yes, sir.

Q. They, then, represent substantially all the contracts under which the aided portion of the Central Pacific was constructed?—A. Yes, sir; more than that.

Commissioner ANDERSON. That is, the Crocker contract, the Contract and Finance Company contract, the Western Development Company contract, and the Pacific Improvement Company contract.

The WITNESS. Yes, sir.

Commissioner LITTLER. As I understand, the contract you found was a subcontract between Crocker and somebody else, who built a few miles of the road.

The WITNESS. No, sir; you are referring now to one of the original contracts?

Commissioner LITTLER. Yes.

The WITNESS. I found one of the original contracts for 2 miles.

By Commissioner LITTLER:

Q. Where is that?—A. I think Mr. Stevens has it. I will send for it.

REPORTS MADE BY STANFORD, HUNTINGTON, HOPKINS, AND CROCKER.

By Commissioner ANDERSON:

Q. Were Mr. Huntington, Governor Stanford, Mr. Crocker, and Mr. Hopkins in the habit of making reports to the company, from time to time, of the transactions effected by them in their respective departments?—A. I do not think Mr. Hopkins ever made a report. Yes, sir; he did, too, as treasurer; yes, sir; they all did.

Q. Where are those reports?—A. I have them, I think.

Q. How frequently were they made?—A. Mr. Huntington's were made in the form of a statement of accounts practically monthly.

Q. Have you all of these in your possession?—A. Yes, sir.

Q. Will you please produce them at the convenience of the Commission?—A. Yes, sir; I will do so. I beg to say that Mr. Stevens is using them right along, however.

Q. Mr. Stevens has access to them?—A. He has as he calls for them.

Q. Do you mean to say that Mr. Huntington has made monthly reports always?—A. Practically, monthly, yes, sir, except for the very first year or two.

Q. In the shape of statements of accounts?—A. Since 1865, as statement of accounts, monthly.

Q. What subject did Governor Stanford report on?—A. Governor Stanford did not make any report or statement of account. Governor Stanford's habit was, when he was in San Francisco, to draw his checks for anything and everything from his private account at the bank. When at Sacramento he handed me his check book, and from that I made up a statement of account, which I call his report.

Q. Explaining the application of these moneys?—A. Yes, sir.

Q. What was the subject of Mr. Crocker's reports?—A. I do not remember that Mr. Crocker ever made a report.

Q. What was the subject of Mr. Hopkins's reports?—A. The business of the treasurer.

PURCHASE OF SAN FRANCISCO AND SACRAMENTO STEAMERS.

Q. Do you recollect the fact that the Central Pacific made a purchase of the steamers plying between San Francisco and Sacramento, I think it was?—A. Yes, sir.

Q. Was that purchase made by a contract?—A. No, sir; I do not think it was.

Q. How was it effected?—A. I think the negotiation was carried on by Governor Stanford.

Q. And Mr. Huntington?—A. I do not think Mr. Huntington was here at the time, but I presume he knew all about it, and was a part of it, probably, but I do not think there was any written contract.

Q. Do you know how the price was negotiated?—A. No, sir; I do not.

Q. Do you know whether Mr. Stanford and Mr. Huntington were interested in those steamers before the Central Pacific acquired them?—A. I have never understood that they were.

OWNED BY THE CALIFORNIA PACIFIC.

Q. Do you know whether they were interested—I mean Mr. Huntington and Governor Stanford—in the stock of the corporation which owned these steamers? That was the California Pacific Railroad Company, I think.—A. Yes, sir; I believe so.

Q. The California Pacific, it was called?—A. Yes, sir.

Q. They were stockholders?—A. Yes, sir.

THE MINUTES WILL SHOW THE PRICE PAID.

Q. Do the minutes of this company show how the price to be paid for these steamers was determined?

The WITNESS. The minutes of the Central Pacific?

Commissioner ANDERSON. Yes.

The WITNESS. Is that Mr. Huntington's testimony.

Commissioner ANDERSON. Yes; Mr. Huntington's testimony.

The WITNESS. The minutes may show that. The minutes possibly show the price that was to be paid; but how that price was determined is more than I think is in the minutes.

Q. Could it be determined in any way except by a vote of the directors?

The WITNESS. I beg pardon; I had an idea that you meant how the actual amount to be paid was determined—the negotiations.

Commissioner ANDERSON. That is what I mean. Whether they were to pay $1,000,000 or $2,000,000 or $100,000?—A. Yes, sir. I misapprehended the question.

Q. What is your answer?—A. Yes, sir. The minutes of the books will show it. The books of the company show the amount they paid.

Q. Do you know who was present and voted as to whether the price should be approved or not?—A. No, sir; I do not remember that.

Q. Do you know whether Mr. Huntington voted in favor of paying the price?—A. I do not remember.

Q. Or whether Governor Stanford did?—A. I do not remember. It is easily ascertained.

Q. The minutes will show?—A. Yes, sir. That is, if it appears, the minutes would show it.

Q. Do you know the price that was paid?—A. No, sir; I do not remember exactly.

PURCHASES OF OFFICERS SUBSEQUENTLY RATIFIED BY BOARD.

Q. Do you know whether the officers of the Central Pacific were in the habit of making such purchases without any vote of the board of directors, and of their own motion?—A. I think they frequently made purchases to that extent, which were ratified by the board of directors afterward, or assumed to be ratified.

Q. Of properties where they were stockholders in the selling company?—A. No.

Commissioner ANDERSON. That is this case.

The WITNESS. Yes, sir; that is this case; but I did not gather that from the form of your question. For instance, Mr. Huntington purchases and has purchased from time to time large amounts of iron without any action of the board of directors.

Q. And procured its ratification subsequently?—A. No, sir; never procured any ratification.

Q. Simply did the business of his own accord?—A. Yes, sir.

Q. To very large amounts?—A. Very large amounts.

HUNTINGDON HAD FULL POWERS OF ATTORNEY.

Q. Who would then fix the price at which the iron was to be sold or paid for?—A. Mr. Huntington. I will add to that, however, that Mr. Huntington had full power of attorney.

Q. From whom?—A. From the company.

Q. Approved by the board?—A. Yes, sir; adopted by the board.

By the CHAIRMAN:

Q. Did the company keep a copy of the power of attorney?—A. Yes, sir.

Q. Have you a copy of it?—A. It is entered in the minutes. I presume I have a copy. I have the original, I presume. I have no doubt I have.

Q. Will you produce the original?—A. Yes, sir.

BOOKS KEPT BY THE CENTRAL PACIFIC.

Commissioner ANDERSON. Please describe in general the set of books which are now kept by the Central Pacific Company.

The WITNESS. You only mean the general books, of course; not the operative detail books.

Commissioner ANDERSON. Yes.

The WITNESS. They are the cash book, in the treasurer's office; a journal and ledger, in the secretary's office; and the minute book of the company. The stock journal, the transfer book and ledger.

Q. Are they all kept under your supervision?—A. Yes, sir.

Q. How many clerks do you employ under you?—A. In that immediate department there are seven. They are not employed now by the Central Pacific. There is only one in employ of the Central Pacific.

Q. You have not named all the books, have you?—A. I have named the general books.

GENERAL AUDITOR'S BOOKS.

Commissioner ANDERSON. Now, in regard to the books relating to the operation of the road, the receipts for freight and passengers?

The WITNESS. They are kept in the general auditor's office.

Q. What is the general auditor's name?—A. E. U. Wright.

Q. Where are his books?—A. They are now in room No. 1 of this building.

Q. What books does he keep, describing them generally?—A. He keeps a day-book and ledger and distribution book. That is about all the regular books that are kept.

FREIGHT AUDITOR'S BOOKS.

Q. Does he keep all the operating accounts, both the receipts from freight and passengers, and of operating expenses?—A. No, sir.

Q. Who keeps those?—A. Those books are kept for the freight department by C. J. Wilder, the freight auditor, and for the passenger department they are kept by A. G. W. McCullough.

Q. Where are these gentlemen?—A. They are here in this building.

Q. Take the freight department first. Is C. J. Wilder your freight auditor?—A. Freight auditor.

Q. Does he keep all the accounts of the Central Pacific receipts for freight?—A. Yes, sir.

Q. The form of the business, as I now understand it, is that the Central Pacific is leased to the Southern Pacific for the rent of its road, for the actual receipts?—A. Yes, sir.

Q. That is the amount they pay?—A. Well, a guaranty.

Q. Therefore the auditor keeps an account of the business done on the Central Pacific, just as he did before the lease?—A. Yes, sir; they are kept in just the same way.

Q. Does Mr. Wright receive reports from all your freight agents at different stations along your road?—A. No, sir.

Q. How does he get his receipts?—A. Mr. Wilder receives reports from all the freight agents on the road.

REBATE AND REFUND BOOKS.

Q. Do you know whether Mr. Wilder keeps rebate books or refund books?—A. No, sir; they are not in his charge.

Q. In whose charge is that subject?—A. That is kept by the general freight agent.

Q. What is his name?—A. His name is Richard Gray.

Q. Is he also in this building?—A. Yes, sir.

Q. And has he a book of the description I have mentioned, of refunds or rebates?—A. I do not know whether he has such a book or not, because those rebates are paid and go into the general auditor's office, Mr. Wright's office. Mr. Wright may have that book instead of Mr. Gray.

Q. They are paid on regular vouchers or receipts?—A. Yes, sir.

Q. Who has the custody of those vouchers?—A. Mr. Wright, the general auditor.

Q. Has Mr. Wright the general control of the whole subject as to whether rebates shall be allowed, and how much?—A. He has no control whatever.

Q. Who has control of that subject?—A. Mr. Stubbs, the general traffic manager, and Mr. Gray, the freight agent.

THE DISTRIBUTION BOOK.

Q. Is Mr. Stubbs also in this building?—A. Yes, sir.

Q. Do you keep a register called the expense-voucher register?—A. No; no register called expense-voucher register, but there may be such

a book kept in the general freight office. It will appear on the distribution book in the general auditor's office, under the head of "expense account," which I can explain.

Commissioner ANDERSON. Explain it.

The WITNESS. We have a very large book which we call the "distribution book." Every item paid that goes into the account of the auditor is entered under name, with the total amount. Then, if it is an expense, a portion of it, it is entered in the column of expense. If the voucher contains two or three items they are distributed along through the book under the various headings to which they belong. Instead of keeping several books we keep one of that kind.

By Commissioner LITTLER:

Q. Were all those books prescribed by you as secretary of the company?—A. Yes, sir; practically.

Q. Are they all made up and approved by you, and under your direction?—A. The blank books are. The voucher comes to me as auditor of accounts and I allow it; then it goes to the general auditor to be entered on his books. When it is so entered it comes to the paymaster to be paid, and the paymaster returns it to the general auditor, so that he can get credit for that amount of money.

REBATES ON VOUCHERS SEPARATE AND DISTINCT.

By Commissioner ANDERSON:

Q. Is the refund or rebate made out on a voucher separately by itself and without any necessity for following it in the distribution book? Can we recognize rebates simply from the voucher, or is the account mixed up with other payments?—A. No, sir; the rebates will appear on a voucher separate and distinct from anything else.

Q. Is there a separate book also?—A. No, sir; I think not. There may be a separate book kept in the general freight office.

Commissioner ANDERSON. We have the names and we will find them. What we desire to see is a statement of the course pursued by this company in allowing rebates or refunds to any of the persons with whom the company has dealt, and we will ask you to produce the book which will most readily give us that information.

The WITNESS. The distribution book will; you can have it.

RECEIPTS AND PAYMENTS OF POOL CONTRACTS.

Q. In what books do the receipts of the Central Pacific Railway Company and the payment by it on pool contracts appear?—A. They all appear on the auditor's books.

Q. How many pool contracts had this company prior to the act of last April, or, rather, of how many pools was it a member?

The WITNESS. Just at that time, or altogether? There were various pools from time to time.

Commissioner ANDERSON. Tell us of the various pools.

The WITNESS. I cannot do that. I do not know. There were several, but I cannot give them all.

Q. Have you the pool contracts?—A. No, sir; I do not think I have all of them. I think some of them are in the general freight office.

Commissioner ANDERSON. Tell me what pool contracts you remember.

THE TRANSCONTINENTAL POOL.

The WITNESS. There is one that we call the Gould-Huntington contract.

Commissioner ANDERSON. The Gould-Huntington pool?

The WITNESS. Yes, sir. There was a contract with the Pacific—I do not know the name of it—the Pacific Coast Steamship Company, I think.

Commissioner ANDERSON. The transcontinental pool?

The WITNESS. Yes, sir; there is one called the transcontinental pool. But I am not familiar with those pools.

Q. Who is familiar with them?—A. The general freight agent and the general traffic manager.

Q. Mr. Wilder?—A. No; Mr. Stubbs and Mr. Gray.

Q. Are those pool contracts in your possession?—A. I think I have one, or perhaps all. I do not think I have, though.

LAND-ACCOUNT BOOKS.

Q. We will ask you to look for them. Who keeps your land accounts?—A. William H. Mills is the land agent.

By Commissioner LITTLER:

Q. Does he keep the books?—A. They are kept under his charge.

By Commissioner ANDERSON:

Q. Where is his office?—A. I forget the number of the room.

Q. It is in this building?—A. Yes, sir.

Q. Do you know anything of the number of books kept by him, and what books they are?—A. Yes, sir.

Q. What books does he keep?—A. I cannot give you the details of just what he does keep.

Q. You refer us to him for all the books relating to land?—A. Yes, sir.

LAND-GRANT MORTGAGES.

Q. Who is the trustee of your land-grant mortgage?

The WITNESS. At present?

Commissioner ANDERSON. Yes.

A. William E. Brown and J. O'B. Gunn.

Q. Where is Mr. Gunn?—A. He is in San Francisco.

Q. How many land-grant mortgages has your company made?—A. Two.

Q. Have you copies of those mortgages?—A. Yes, sir. We have printed copies, I think.

Q. Can you furnish us with a complete printed copy of all the mortgages made by this company?—A. Yes, sir. I can have them printed by type-writer. Possibly I may have them all.

Commissioner LITTLER. We supposed you had them already.

The WITNESS. I think I have, but if I have not I can furnish them.

By the CHAIRMAN:

Q. Have you named all the books kept by the company in the accounting department?—A. No, sir.

AUDITOR OF MOTIVE POWER AND MACHINERY.

By Commissioner ANDERSON:

Q. Please tell what you have omitted?—A. There is an auditor of motive power and machinery.

Q. What is his name?—A. His name is C. H. Foster.

Q. He keeps the statistics relating to motive power and machinery?—A. Yes, sir.

By Commissioner LITTLER:

Q. Does that department include fuel?—A. Yes, sir.

THE TREASURER'S BOOKS.

By Commissioner ANDERSON:

Q. What other books are there, if any?—A. I mentioned the treasurer's office. Those books are a part of the general books. They keep simply a cash-book.

Commissioner ANDERSON. You mentioned that at the beginning.

The WITNESS. I think I mentioned that. I do not think of any others; that is, any other general books. Of course the agents at each shop have a set of books kept. They all come here for final collation.

LEASED LINES.

Q. Now in regard to leases: What companies have the Central Pacific Railroad Company operated under lease?—A. The Stockton and Copperopolis, the California Pacific, the Northern Railway, the San Pablo and Tulare, the Southern Pacific of California, Southern Pacific of Arizona, Southern Pacific of New Mexico, the Los Angeles and Independence, the Los Angeles and San Diego, and the Amador branch.

Q. Up to what period were those roads leased to the Central Pacific?—A. The leases of all except the Stockton and Copperopolis were transferred to the Southern Pacific Company in October, 1886. I may be mistaken as to the month, but it was about that—no, they were not transferred, but those leases were canceled.

Q. When?—A. In October, 1886.

Q. Have you those leases?—A. Yes, sir.

Q. Will you plesse hunt them up and produce them to the Commission?—A. Yes, sir; that is, the leases of the roads that were leased to the Central Pacific.

LEASE OF CENTRAL BY SOUTHERN PACIFIC.

Q. Yes. When was the Central Pacific leased to the Southern Pacific?—A. The date of the lease was in February, 1885, to take effect April 1, 1885.

Q. Will you furnish a copy of that lease?—A. Yes, sir.

(The lease will be found in the testimony of E. H. Miller, jr., given on August 16, 1887.)

CIRCULAR LETTER OF COMMISSION.

Q. Have you a copy of the circular letter issued by this Commission to this company?—A. Yes, sir.

Q. Have you prepared answers to the questions contained in that letter?—A. Yes, sir; I have prepared some. You mean the letter addressed to Governor Stanford?

Commissioner ANDERSON. Yes.

The WITNESS. I have prepared answers to such as Governor Stanford referred to me, but the answers are not complete. They are now in the hands of the type-writers, to be printed.

Q. Have you received another circular letter calling for answers to various other matters?—A. I have not got it here, but what you call

the circular was a letter addressed by the Commission to President Stanford.

Commissioner LITTLER. I call that a letter directed to the company, and not a circular letter.

The WITNESS. Yes, sir; that is so.

Q. Was that the one you refer to?—A. Yes, sir.

Q. You received another letter?—A. Yes, sir.

Q. Have you prepared answers to that?—A. I have not, assuming that the letter to Governor Stanford would take the place of the circular. They covered the same ground, as far as I understand it. This is the one I referred to [producing the printed circular letter of the Commission for public circulation]. This is practially a copy of the letter sent to Governor Stanford. The previous one, I think, covered only ten or eleven questions.

CONSTRUCTIVE MILEAGE ACCOUNT.

By the CHAIRMAN:

Q. Have you a constructive mileage account?—A. Yes, sir; your accountants are making it out. We had a constructive mileage account only from 1880 to one or two months in 1883.

MINUTE-BOOKS OF BOARD OF DIRECTORS.

By Commissioner ANDERSON:

Q. Where are your books of minutes of the board of directors?—A. They are in my office.

Q. How many books are there?—A. I think there are four.

Q. Will you inquire of the president of the company whether there is any objection to our having them moved to the hotel for convenient examination there this afternoon?—A. I will.

NO MINUTES KEPT BY EXECUTIVE COMMITTEE.

Q. Are there minutes of the meetings of the executive committee?

By Commissioner LITTLER:

Q. Are they kept in a regular book of minutes?—A. No, sir.

Q. Have you a different book of minutes of the executive committee?—A. No, sir; the executive committee never kept any minutes.

By the CHAIRMAN:

Q. How did they report to the general board?—A. They did not report.

Q. How often did they meet?—A. Occasionally.

Q. How occasionally; once in three or six months?—A. I do not know.

PERSONNEL OF EXECUTIVE COMMITTEE.

By Commissioner ANDERSON:

Q. Who composed the executive committee?—A. Charles F. Crocker, Timothy Hopkins, and S. T. Gage.

Commissioner ANDERSON. I do not remember Mr. Gage as being a director.

The WITNESS. Yes, sir.

INFORMAL VERBAL REPORTS TO BOARD OF DIRECTORS.

By the CHAIRMAN:

Q. How do the board of directors get information as to the work of the executive committee?—A. I am sure I do not know that they got any information from the executive committee, except as the individuals of the executive committee at the meeting of the board stated.

Q. Who was chairman of the executive committee?—A. I do not think they ever organized.

Q. Were you present at the meeting of the board of directors when any individual of the executive committee reported?—A. Only as I state, when they reported verbally.

Q. Did you take down the report as secretary?—A. No, sir.

Q. Were you present when any action was ever taken on a report of the executive committee?—A. There never was a report made by the executive committee as an executive committee.

METHOD OF ACTING ON SUCH REPORTS.

Q. Were you present when any action was taken on a report of any individual member of the executive committee?—A. Yes, sir.

Q. How did the board act?—A. Sometimes they adopted the action proposed by the executive committee, or by the members of the executive committee, to be adopted.

Q. How would the secretary of the board enter it upon the minutes?—A. He would enter it as the action of the board of directors.

Q. Would any intimation be given as to the report of an individual member of the executive committee?—A. No, sir.

Q. Then if they approved of the course of an individual member of the executive committee, it would take the shape of a resolution of the board of directors, would it?—A. No, sir.

Q. How would it appear on the directors' minutes?—A. The executive committee would not appear at all. As a member of the board of directors one of them would perhaps offer a resolution that certain things should be done in the board, and it was either adopted or not.

Q. Then where the individual members of the executive committee appear in the meetings of the board of directors as offering a resolution, and the board approved of it, that is the result of the action of an individual member of the executive committee approved by the board?—A. No, sir; I do not understand that they appeared before the board as an executive committee at all, but they appeared before the board as individual members of the board. If they, as members of the board, offered a resolution, and if the board approved it, it is adopted. But as an executive committee they never made any proposition to the board of directors, or offered a resolution to be adopted.

Q. Did the board of directors ever act upon any action of the executive committee?—A. I think not; no, sir.

Q. Was there ever any action on the part of the executive committee?—A. Not to my knowledge.

OBJECT OF THE EXECUTIVE COMMITTEE.

Q. What was the use of the executive committee?—A. I do not know, really.

Q. Had it any purpose?—A. Yes, sir; I think it had this purpose, that those three were to talk matters up and consult together, and then, if they agreed upon a certain proposition, it would be presented to the

board, not by the committee as an executive committee, but it would be presented to the board for its action.

Q. Would not that be the result of the executive committee, if they agreed upon it?—A. No, sir. They took no action. It was submitted entirely and always to the board of directors for their action.

Q. Was it after consultation by the executive committee?—A. I do not know about that.

Q. I understood you to say that after consultation the executive committee, reaching a point of agreement, then had one of the individual members report, and then, if approved by the board of directors, it went upon the minutes. Is that true?—A. No, sir; I did not intend to be understood in that way.

Q. Will you explain?—A. You asked me what was the use of the executive committee, and I explained it as well as I could, that they would perhaps get together and consult among themselves on what action, if any, in certain matters ought to be adopted by the company. When they came before the board of directors they did not come at all as an executive committee. They came just as individual members of the board of directors would come, and offered such a resolution. It was done in open board. If it was adopted, all right. It was the action of the board of directors, the executive committee having taken no action whatever on it; only, as I take it, every resolution offered before the board of directors of any company is always considered by somebody before it is offered.

Q. What I want to know is, after having ascertained the views of a member of the executive committee, and there having appeared on the minutes a resolution with the approval of the board of directors, whether that was the course of the executive committee as approved by the board of directors?—A. No, sir; it was not, in any case.

E. H. MILLER, JR.

The Commission then adjourned to meet on Tuesday, July 26, 1887, at 10 a. m.

OFFICES OF THE CENTRAL PACIFIC RAILROAD COMPANY,
San Francisco, Cal., Tuesday, July 26, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

EDWARD H. MILLER, JR., being further examined, testified as follows:

The WITNESS. I did not give you yesterday, by oversight, the index to the minute books.

The CHAIRMAN. We would like to have that.

The WITNESS. It is a separate book, and I ought to have handed it to you, but I overlooked it.

FURNISHING INFORMATION PREVIOUSLY CALLED FOR.

By Commissioner ANDERSON:

Question. Will you inform us what you have that we called for yesterday?—Answer. All the articles of consolidation. I have not had time to arrange them, but they are in this pile.

Charles Crocker's whereabouts I do not know anything about.

I have the list of directors at the time of the Crocker contract. I now furnish a complete list of the directors from the organization to the present time, as you will see. As to the members of Crocker & Co., I answered that yesterday.

Commissioner ANDERSON. You said you did not know.

The WITNESS. I did not know. As to Crocker's contracts, 1 and 2, I answered yesterday that they were missing. As to the contract with Collins & Bro., I believe that is here, but I am not certain, I have been in such a hurry to get them up.

As to the contracts with the Contract and Finance Company and the Western Development Company, I answered yesterday that they were missing.

The copy of contract with the Pacific Improvement Company the Commission had yesterday.

Reports of Messrs. Stanford, Huntington, and Hopkins are not all here; but the reports of Mr. Stanford, so far as I have found them, and of Mr. Huntington up to 1878, are here. Your accountants are using the reports for 1879.

The reports of Mr. Hopkins, as treasurer, are all here, that I can find.

The powers of attorney to C. P. Huntington are here.

The refund book has not come in.

I have here the distribution book and books showing pool payments and receipts, which will appear also upon the distribution book.

All pool agreements and leases are here that I have ever had in my charge.

I believe copies of all mortgages are here.

Q. Including the one of February, 1886?—A. Including the mortgage of February, 1886.

Commissioner ANDERSON. The mortgage that was given to secure the last $10,000,000 issue. I think that is the date.

The WITNESS. That is the mortgage October, 1886, I think. That is $16,000,000. They are all here, I think.

The minutes the Commission have.

PRODUCTION OF PAPERS.

The witness produced the following papers: Articles of association, of amalgamation, and consolidation between the Western Pacific Railroad Company and the San Francisco Bay Railroad Company, dated October 28, 1869.

(It was marked "Exhibit No. 1, July 26, 1887.")

The resolution agreeing to consolidate between the California and Oregon Railroad Company and the Yuba Railroad Company, dated December 15, 1869.

(It was marked "Exhibit No. 2, July 26, 1887.")

Articles of consolidation between the Central Pacific Railroad Company and the Western Pacific Railroad Company, dated June 22, 1870.

(It was marked "Exhibit No. 3, July 26, 1887.")

Articles of consolidation between the San Francisco and Oakland Railroad Company and the San Francisco and Alameda Railroad Company, dated June 28, 1870.

(It was marked "Exhibit No. 4, July 26, 1887.")

Articles of consolidation between the Central Pacific Railroad Company, the California and Oregon Railroad Company, the San Francisco, Oakland and Alameda Railroad Company, and the Joaquin Valley Railroad Company, dated August 20, 1870.

(It was marked "Exhibit No. 5, July 26, 1887.")

ORGANIZATION OF CENTRAL PACIFIC.

Commissioner ANDERSON. It appears from the first article of Exhibit 5 of to-day that the four companies mentioned in the last-named articles of consolidation became known by the corporate title of the Central Pacific Railroad Company.

By Commissioner LITTLER:

Q. Was the first corporation, the Central Pacific Railroad Company, organized under the statute of the State of California?—A. Yes, sir.

Q. Under a special act?—A. I think not.

Q. Was it under the general law?—A. I think it was under the general law.

Q. Where is the certificate of incorporation of that company?—A. I think I have it.

By Commissioner ANDERSON:

Q. That is filed here in your county clerk's office, and you have a certified copy?—A. Yes, sir; filed in the office of the secretary of state, I think.

ARTICLES OF INCORPORATION RECORDED IN MINUTE-BOOK.

By Commissioner LITTLER:

Q. Have you not in your minutes the record of the proceedings by which you became a corporation?—A. I think the articles of incorporation are in there.

Q. In this first book of minutes?—A. I think so. I think they are copied in there, but I am not sure of that. But I have a copy of it if it is not here. [After examination.] No, sir; I am mistaken.

Commissioner LITTLER. I wish you would furnish the date of the certificate of organization of the Central Pacific Company?

The WITNESS. I can get it now.

MORTGAGE OF JULY 5, 1865.

(The witness also produced a mortgage dated July 5, 1865, of the Central Pacific Railroad Company, of California, to D. O. Mills and William E. Barron, trustees. It was marked "Exhibit No. 6, July 26, 1887.")

By Commissioner ANDERSON:

Q. What was the amount of that mortgage of 1865? What was the authorized issue?—A. Series A, 3,000 bonds; series B, 1,000 bonds.

By Commissioner LITTLER:

Q. What is the denomination?—A. $1,000 each. Series C, 1,000 bonds. Series D to be of bonds for $1,000 each, and to include the remainder of said bonds authorized to be issued on said portion of said railroad line.

Q. How long do these bonds run, respectively, and what are they payable in, and how much interest do they pay per annum?—A. They were 6 per cent. thirty-year bonds.

Q. Each and all of them?—A. Yes, sir.

Q. What are they payable in, principal as well as interest?—A. In lawful money of the United States.

AMOUNT OF BONDS OUTSTANDING.

By Commissioner ANDERSON:

Q. What is the amount now outstanding?—A. The report of 1885 will tell. The amount of bonds to be issued was not definitely fixed by the mortgage.

Q. But it was to be equal to the amount of Government bonds?—A. Yes, sir.

By Commissioner LITTLER:

Q. Were all the bonds issued that were authorized by that mortgage?—A. Yes, sir.

Q. Are they all outstanding?—A. No, sir. The amount outstanding of Series A is $2,995,000; of Series B, $1,000,000; of Series C, $1,000,000; of Series D, $1,383,000.

By Commissioner ANDERSON:

Q. Making a total of how much?—A. Six million three hundred and seventy-eight thousand dollars.

ANTICIPATED TERMS OF RENEWAL AT MATURITY.

Q. Those mature in 1895?—A. They mature at different dates; they were issued at different dates.

Q. Between what years do they mature?—A. Series A matures July 1, 1895; Series B, C, and D mature July 1, 1896.

Q. From your knowledge of the financial markets, at what rate of interest can that mortgage be renewed when it matures?—A. It depends entirely upon the security.

Q. It is absolutely the first lien on your road, is it not?—A. It is now.

Q. Assuming that it so remains, what is your answer?—A. I think 3½; they would sell at par; possibly at 3 per cent.

HOW SECURED.

By Commissioner LITTLER:

Q. How many miles of road stand as security for that indebtedness?—A. About 125, I think.

Commissioner LITTLER. I wish you would give the number of miles.

The WITNESS. It is estimated here at 125 miles; I cannot give it to you exactly.

(The witness also produced a mortgage of the Central Pacific Railroad Company of California to D. O. Mills and William E. Barron, trustees, dated January 1, 1867. It was marked "Exhibit No. 7, July 26, 1887.")

MORTGAGE OF JANUARY 1, 1867.

By Commissioner ANDERSON:

Q. Please tell us the amount of that mortgage, and the rate of interest and other particulars?—A. There was, by the mortgage, no special number authorized; but they were to cover the railroad line lying eastwardly of the eastern boundary line of the State of California, and to the extent and distance that the company might construct the said railroad eastwardly of said eastern boundary line.

Q. Is the amount per mile specified?—A. I do not think it is in dollars and cents. It was to be to an amount equal to, but not exceeding,

the amount of United States bonds which might be issued to said company under and in pursuance of said several acts of Congress heretofore mentioned, and such acts of Congress as might thereafter be enacted.

BONDS ISSUED UNDER IT.

Q. That is sufficient. Please state from the report the amount of bonds issued under that mortgage and the amount outstanding.—A. Series E, amount authorized, $4,000,000; amount outstanding, $3,997,000; due January 1, 1897.

Series F, amount authorized, $4,000,000; amount outstanding, $3,999,000; due January 1, 1898.

Series G, $4,000,000 authorized; $3,999,000 outstanding; due January 1, 1898.

Series H, $4,000,000 authorized; amount outstanding, $3,999,000; due January 1, 1898.

Series I, amount authorized, $3,525,000; amount outstanding, $3,511,000; due January 1, 1898.

Commissioner ANDERSON. I notice you are giving these figures from the report of 1885?

The WITNESS. Yes, sir.

Q. Has the report of 1886 not yet been printed?—A. No, sir; it is in the hands of the printer.

Q. Can you have it very shortly?—A. I think we will have it within a few days.

Q. What is the total amount outstanding of these mortgages?—A. $19,505,000.

ANTICIPATED TERMS OF RENEWAL AT MATURITY.

Q. Is this mortgage also an absolute first lien on that part of the road east of California and extending to Ogden?—A. That is as I understand it.

Q. At what rate could that loan be renewed in 1898, when it matures?—A. On the same terms with the other one. Of course the time of the bonds would make a difference.

Q. How do you mean?—A. The time for which the bonds were issued. If they were 30-year bonds they would not sell for as much as they would if they were 50-year bonds.

NO DEFAULT IN PAYMENT OF INTEREST.

By Commissioner LITTLER:

Q. Has there been any default in the payment of the interest on these series of bonds?—A. No, sir.

Q. Is the interest all paid to date?—A. All that has been presented. There are a few coupons always that do not come in at the time.

By Commissioner ANDERSON:

Q. They sell for about $113, do they not?—A. I do not know.

(The witness also produced a trust mortgage, dated January 1, 1868, of the California and Oregon Railroad Company of California, to David S. Dodge and Eugene Kelley, trustees. It was marked "Exhibit No. 8, July 26, 1887.")

MORTGAGE OF JANUARY 1, 1868.

Q. Please look at this mortgage and state the amount of bonds authorized, the amount issued, the nature of the security, the period when

due, and the rate of interest?—A. This is a mortgage made by the California and Oregon Railroad Company. The amount authorized under it is $6,000,000. The amount outstanding is $6,000,000. The maturity of the bonds is January 1, 1888. The rate of interest is 6 per cent. It is secured by a first mortgage executed by the California and Oregon Railroad Company upon the whole of its railroad from the Central Pacific Railroad in the Sacramento Valley in the State of California to the southern boundary line of the State of Oregon.

Q. That matures next January?—A. Yes, sir.

Q. Has any provision been made for the renewal of that $6,000,000?—A. No, sir; not that I know of.

ANTICIPATED TERMS OF RENEWAL AT MATURITY.

Q. At what rate, in your judgment, can that loan be renewed, or the amount borrowed on the same security?—A. I could not give an opinion on that.

Q. It is the first mortgage on the road, is it not?—A. Yes, sir; there are subsequent mortgages, though.

Q. Assuming that the mortgages can be extended, is it your judgment that they can be extended at 4 per cent., the security remaining undisturbed and the term being as long as 30 years?—A. If they could be; yes, sir.

LAND-GRANT MORTGAGE OF OCTOBER 1, 1870.

(The witness also produced a copy of the mortgage, dated October 1, 1870, by the Central Pacific Railroad Company to Charles Crocker and Silas W. Sanderson, trustees. It was marked "Exhibit No. 9, July 26, 1887.")

Q. Please look at this mortgage and state the amount of bonds authorized, the amount outstanding, the nature of the security, the rate of interest, and the period when due.—A. The amount authorized was $10,000,000; the amount outstanding, $4,630,000, as of December 31, 1885, and the date of maturity, October 1, 1890; the rate of interest, 6 per cent. The security is upon the lands granted to the Central Pacific Railroad Company, and also on the lands granted to the California and Oregon Railroad Company by the United States Government.

Q. As to the first land-grant mortgage, on which you state there is still remaining due $4,630,000, as of December 31, 1885, do I understand that the proceeds of all lands sold are applicable to the payment of these bonds?—A. Yes, sir.

Q. Is it your judgment that the amounts due on contracts for lands sold, and the amounts to be collected for lands sold, will provide for the amount of bonds outstanding between now and 1890, and the time of their maturity?—A. Not in the form you put the question, I think—the lands already sold and the amounts coming from contracts.

Q. I mean will all the resources of the trustees pay those bonds by the time of their maturity?

The WITNESS. The future sales of land, as well as those already sold?

Commissioner ANDERSON. Yes.

A. I will have to make an estimate of that. It depends altogether upon the future sales. There is not enough now in the hands of the trustees, and amounts due on unpaid contracts, to take up the bonds at maturity.

By Commissioner LITTLER:

Q. Where do these trustees reside?—A. Here in San Francisco. The trustees have been changed by death. One of them, Mr. Sanderson, is dead. Charles Crocker has resigned.

By Commissioner ANDERSON:

Q. Who are the present trustees?—A. William E. Brown and J. O'B. Gunn.

MORTGAGE OF JANUARY 1, 1872.

(The witness also produced a mortgage, dated January 1, 1872, made by the Central Pacific Railroad Company to Eugene Kelley and Philo C. Calhoun. It was marked "Exhibit No. 10, July 26, 1887.")

Q. Please look at this instrument and state the amount of bonds authorized, the amount outstanding, the rate of interest, the date of maturity, and the security.—A. The amount of bonds authorized is $7,200,000; the amount outstanding December 31, 1885, was $3,680,000; it matures January 1, 1892; they bear interest at 6 per cent. These bonds are secured or covered by the same security as the bonds of January 1, 1868.

CONFIRMATION BY CENTRAL PACIFC OF MORTGAGE MADE BY CALIFORNIA AND OREGON.

By Commissioner LITTLER:

Q. It is a second mortgage on the same property?—A. No, sir; it is not exactly a second mortgage. The first mortgage provides, I think, for a larger issue. This of January 1, 1872, is not exactly a mortgage. It is confirmatory by the Central Pacific Railroad Company of the mortgage made by the California and Oregon Railroad Company January 1, 1868. Between the dates of January 1, 1868, and January 1, 1872, the California and Oregon Railroad Company was consolidated with the Central Pacific Railroad Company. The California and Oregon Railroad having issued $6,000,000 under the mortgage of January 1, 1868, the Central Pacific confirmed that mortgage by an indorsement dated January 1, 1872, and issued under that mortgage of January 1, 1868, so confirmed, the bonds last spoken of as having been issued under the mortgage of January 1, 1872.

BUT ONE ISSUE UNDER MORTGAGE OF 1868.

By Commissioner ANDERSON:

Q. There is but one issue, then, under the mortgage of 1868?—A. Yes, sir. The whole issue was under the mortgage of January 1, 1868. The amount heretofore given by me as having been authorized under the mortgage of 1868, said amount having been stated at $6,000,000, was not strictly accurate. By the provisions of the mortgage an issue at $40,000 per mile was authorized. After the consolidation, the Central Pacific having ratified the mortgage of 1868, and the event showing, by the length of the line constructed, that the amount authorized, at the rate of $40,000 per mile, would be about $13,000,000, the total authorized issue under the mortgage of 1868, as ratified in 1872, was $13,200,000, and the amount outstanding under that mortgage, bonds Series A and B, was December 31, 1885, $9,680,000.

ANTICIPATED TERMS OF RENEWAL AT MATURITY.

Q. The security is the California and Oregon Railroad?—A. Yes, sir.

Q. Do you make the same answer as before in regard to the rate of interest at which that loan could be renewed?—A. Yes, sir.

Q. That you are unable to make an estimate?—A. No.

Q. Why?—A. I did make an answer, after putting it hypothetically, that there is another mortgage, a greater mortgage, covering that same line; and consequently, if this was taken up a new mortgage could not be given as a first mortgage.

Q. It could be extended, with the consent of the junior incumbrance, could it not?—A. If it could become a first mortgage——

Commissioner ANDERSON. It is a first mortgage.

The WITNESS. Yes, sir; but if the extension should be a first mortgage, having a prior lien to every other claim, it probably could be marketed at about 4 per cent.

BONDS PAID TO PACIFIC IMPROVEMENT COMPANY.

Q. Has the amount varied since 1885, materially?—A. Yes, sir.

Q. How so?—A. By an additional issue of bonds, Series B.

Q. Amounting to how much?—A. I cannot tell without examining.

Q. So much as to exhaust the amount authorized?—A. No, sir; not quite.

Q. Are those the bonds that have been paid to the Pacific Improvement Company under their contract?—A. Yes, sir.

Q. Were there about $3,000,000?—A. No, sir; I think not so much. But it may be. I cannot carry those figures in my mind.

MORTGAGE OF OCTOBER 5, 1885.

(The witness also produced a mortgage, dated the 5th day of October, 1885, made by the Central Pacific Railroad Company to R. C. Woolworth and S. M. Wilson. It was marked Exhibit No. 11, July 26, 1887.)

Q. Please examine this instrument and state the number of bonds authorized, the amount outstanding, the rate of interest, the period of maturity, and the security.—A. This is the second land-grant mortgage, dated October 1, 1885. The amount of bonds authorized under it is $10,000,000; the amount of bonds outstanding, as of December 31, 1883, is $5,000,000; it matures October 1, 1915; the rate of interest is 6 per cent. The security is of a second mortgage on the land grant, subject to the first mortgage of October 1, 1870. There are no bonds on this mortgage outstanding at the present time.

CANCELED OF RECORD.

Q. The $5,000,000 have been retired?—A. They have been retired. There are some other things. If you desire it, I can make a statement.

By Commissioner LITTLER:

Q. Has this mortgage been canceled of record?—A. Yes, sir; but whether the cancellation has been recorded in all the counties in which the mortgage has been recorded, I doubt.

Q. Has it been recorded in any county?—A. Yes, sir. The satisfaction is out now, to be recorded in every county where the mortgage had been recorded.

By Commissioner ANDERSON:

Q. The object is to cancel that mortgage, so that it will no longer form a part of the obligations of this company, is it not?—A. Yes, sir; it has been done.

MORTGAGE OF OCTOBER 1, 1880.

(The witness also produced a mortgage made by the Central Pacific Railroad Company to William E. Brown and Frank S. Douty, trustees, dated October 1, 1880. It was marked Exhibit No. 12, July 26, 1887.)

Q. Please look at this mortgage and state the amount of bonds authorized, the amount outstanding, the rate of interest, the date of maturity, and the security?—A. The amount authorized in the mortgage is $16,000,000; the rate of interest is 6 per cent.; the amount at present outstanding, I will have to look at the books to ascertain.

Commissioner ANDERSON. We would like to know that.

The WITNESS. The amount outstanding is $7,063,000. The mortgage runs fifty years.

Q. What is the security?—A. I can hardly give this without reading it in full.

SECOND MORTGAGE ON LAND GRANTS.

Q. Will you state generally?—A. It is a second mortgage on the lands granted to the company.

Q. These are the branches west of Sacramento City, and the southern branches. Is it a second mortgage on these?—A. A second mortgage on the Central Pacific Railroad between Lathrop and Goshen, on the California and Oregon Railroad line.

Q. A second mortgage on the California and Oregon Railroad line?—A. Yes, sir; and on the telegraph line of the company.

By Commissioner LITTLER:

Q. Is it a first mortgage on the telegraph line of the company?—A. No, sir; I think not. That is an individual opinion, however, that I am giving. I suppose the first mortage covers the telegraph line. This covers the telegraph line between Oakland Point and the town of Niles, and between the towns of Lathrop and Goshen, and on the line of the California and Oregon Railroad Branch; also all the rolling stock.

STEAMERS EMBRACED IN MORTGAGE.

By Commissioner ANDERSON:

Q. A second mortgage?—A. Yes, sir; and the river steamers.

Q. Is it a second mortgage on the steamers, or do you not remember?—A. I do not know whether any other mortgage covers the steamers or not. It is upon certain tracts of lands in the county of Alameda, about 500 acres, also.

By Commissioner LITTLER:

Q. How many steamers are embraced in that mortgage?—A. There are four ferry steamers and two river steamers.

By Commissioner ANDERSON:

Q. Does that include the big ferry boat?—A. There are more than four ferry boats. There are two freight ferry boats that I did not include. There are six ferry boats and the transfer boat.

Q. It includes the big transfer boat?—A. Yes, sir; the mortgage also contains a list of miscellaneous land and property, the details of which can be obtained from the mortgage.

PURPOSE TO WHICH BONDS WERE APPLIED.

Q. To what purpose were these $7,000,000 bonds applied, generally?—A. $5,000,000 were for taking up $5,000,000 of the previous second-

mortgage bonds. Some of them were paid to the Pacific Improvement Company on its contract. Some further amounts were for retiring some bonds of previous issue.

Q. Is the balance of $8,000,000 or $9,000,000, which is authorized to be issued by this mortgage, covered by the requirements of outstanding contracts, or is it available for the general purposes of the company?—A. I think there are no contracts that cover it all.

Q. Have you given a complete list of the mortgages?—A. I have given all the mortgages of the Central Pacific.

Q. And its branches?

The WITNESS. Is there a mortgage of the San Joaquin Valley?

Commissioner ANDERSON. There is no mortgage of any railroad except the Central Pacific and the California and Oregon.

The WITNESS. It is now the Central Pacific, between Lathrop and Goshen.

Commissioner ANDERSON. We want a complete list of the mortgages.

MORTGAGE OF OCTOBER 1, 1870.

(The witness also produced a mortgage made by the Central Pacific Railroad Company to D. O. Mills and W. C. Ralston, trustees, dated October 1, 1870. The paper is marked "Exhibit No. 13, July 26, 1887.")

Q. Please look at this instrument and state the number of bonds authorized, the number outstanding, the rate of interest, the date of maturity, and the security?—A. The amount authorized is $6,080,000; the amount outstanding $6,080,000; due October 1, 1900; interest, 6 per cent. The security is the railroad line called the "San Joaquin Valley Branch."

Q. Is it a first mortgage on that property?—A. Yes, sir.

MORTGAGE OF OCTOBER 26, 1864.

(The witness also produced a mortgage by the Central Pacific Railroad Company to Edgar Mills and James A. Donahue, trustees, dated the 26th day of October, 1864. It was marked "Exhibit No. 14, July 26, 1887.")

Q. Please look at this instrument and state the number of bonds authorized, the number outstanding, the rate of interest, the date of maturity and the security.—A. The number of bonds authorized was $1,500,000; the amount outstanding December 31 was $284,000. They matured July 1, 1884. The rate of interest was 7 per cent. It was secured on the railroad line of the company from Sacramento to the eastern boundary line of the State, the fixtures, rolling stock, &c.

EXTENSION OF BONDS BY MR. HUNTINGTON.

Q. Can you explain why those bonds are outstanding at 7 per cent. after maturity?—A. Yes, sir. They were extended by Mr. Huntington, some three or four hundred thousand dollars of them, with the consent of the holders, for three years, I think.

Q. Do you know who the holders are, or the principal portion of them?—A. No, sir; I do not know the holders of a single one.

Q. Were they extended with the consent of the Central Pacific Railroad Company?—A. No, sir; not by any acts of the board of directors, except Mr. Huntington's act as agent and attorney.

Q. Who would know the holders of those bonds?—A. Mr. Huntington, probably.

Q. Who pays the coupons?—A. Mr. Huntington arranges for them to be paid by some bank in New York.

Q. Do you know whether he himself is the holder of bonds?—A. I do not know positively, but I do not believe he is the owner of a single one. I do not understand that he is.

MORTGAGE OF OCTOBER 23, 1865.

(The witness also produced a mortgage of the Western Pacific Railroad Company to George T. M. Davis, dated October 23, 1865. It was marked "Exhibit No. 15, July 26, 1887.")

Q. Please look at this instrument and state the amount of bonds authorized, the amount outstanding, the rate of interest, the time of maturity, and the security.—A. There are $111,000 outstanding; there are $111,000 Western Pacific bonds, Series A, reserved by the company to take up or exchange for these $111,000 bonds issued December 1, 1865.

MEANS PROVIDED TO TAKE UP THE $111,000 OUTSTANDING BONDS.

Q. Under the mortgage of what date?—A. Under the mortgage of December 1, 1865. It was an old issue, we call it. When the new bonds were issued under another mortgage, they were all taken up from time to time, except this $111,000. They become due December 1, 1895, and are drawing 6 per cent. interest. The bonds to be exchanged are also drawing 6 per cent. interest, and will be due July 1, 1899.

Q. Do I understand that the bonds to be exchanged under the mortgage of December 1, 1865, are included in the bonds which you have described as outstanding under the mortgage of that date?—A. No, sir; under the mortgage of Decemb r 1, 1865, the only outstanding bonds are $111,000. Under the mortgage of July 1, 1869, there are $111,000 retained by the company, to be exchanged at any time that the holders of these $111,000 will exchange at par.

Q. My question is whether this amount of $111,000 is included among the bonds issued under the mortgage of October 28, 1869, which you have described as outstanding under that subsequent mortgage?—A. No.

Q. As to the bonds which are retained for the purpose of being taken up in exchange on the surrender of the $111,000 issued under the mortgage of 1865 I ask you whether you describe those subsequent bonds as a part of the outstanding issue of the subsequent mortgage or not.—A. No, sir.

Q. Those $111,000 are secured, then, by a mortgage of the Western Pacific company?—A. Yes, sir.

MORTGAGE OF OCTOBER 28, 1869.

(The witness also produced a mortgage made by the Western Pacific Railroad Company to D. O. Mills and William E. Barron, dated October 28, 1869. It was marked "Exhibit No. 16, July 26, 1887.")

Q. Please look at this instrument and state the amount of bonds authorized, the amount outstanding, the rate of interest, the date of maturity and the security?—A. The amount authorized under that mortgage was $2,735,000; the amount outstanding is in two series; the amount outstanding is $2,624,000; it matures July 1, 1899; the mortgage covers the line of the Western Pacific Railroad.

Q. What is the rate of interest?—A. The rate of interest is 6 per cent.

THE SAN FRANCISCO, OAKLAND AND ALAMEDA MORTGAGE.

Q. Have you now completed the list of mortgages?—A. These are all the mortgages of the Central Pacific that I can find. There is one mortgage of the San Francisco, Oakland and Alameda line which I do not find.

Q. Can you give the particulars of that mortgage?—A. Yes, sir. The amount authorized was $1,500,000; the amount issued was $587,000. It matures July 1, 1890. The interest is at the rate of 8 per cent.

UNPAID TAXES.

Q. Are there any other liens of a nature different from mortgage on the property of the company, such as judgments, mechanics' liens, or special contracts?—A. There are no judgments, no mechanics' liens. There is a question about some unpaid taxes.

Q. Is there a suit pending about them?—A. I do not know the status of it.

Q. How much is involved?—A. I do not know that.

Q. Does the company deny its liability for the taxes?—A. Yes, sir.

By the CHAIRMAN:

Q. What taxes are they?—The taxes of the State and counties.

Q. For how many years?—A. There is a law now that I cannot explain—that I do not comprehend.

By Commissioner ANDERSON:

Q. Who can give us the explanation?—A. The law department.

Q. What attorney shall we call on? You have five or six attorneys.—A. Only one has had anything to do with it.

Q. Who is that?—A. Colonel Haymond.

Q. Is he now in the city?—A. Yes, sir. He is sick. I think Mr. E. B. Ryan, who has an office in this building, can give that information.

STOCK ISSUED AND UNISSUED.

Q. What is the total authorized issue of stock?—A. $100,000,000.

Q. What is the total stock outstanding to date?—A. $68,000,000.

Q. Where is the balance, $32,000,000? Is it unissued?—A. Unissued.

Q. Is the entire $68,000,000 outstanding?—A. No, sir; there is about $764,000 of it held in trust for the company, not actually sold or issued. I do not like to state it from memory.

Commissioner ANDERSON. The amount, as appears from your report of 1885, if I remember right, is $54,000,000?

The WITNESS. No, sir; it was $59,275,500.

Q. In the report of 1884, then, it was $54,000,000. To what purpose was that issue of $5,000,000 applied?—A. That is something that I cannot answer.

By the CHAIRMAN:

Q. Who can answer it?—A. No living man.

Commissioner ANDERSON. Oh, I can answer it by and by.

The WITNESS. It is impossible. You may find out, to satisfy yourself.

Q. Who was the last dead man that could have answered it?—A. There never has been a man living that could answer it; not for this company or for any other. In 1884 the amount was $59,000,000.

Commissioner ANDERSON. There were $4,000,000 or $5,000,000 in the treasury.

The WITNESS. I think you are mistaken.

THE LAST ISSUE—TO WHAT APPLIED.

Q. What was the last issue of your stock?—A. The last issue was $8,000,000.

Q. What was the date of the issue?—A. The latter part of 1886, or the first of 1887.

By Commissioner ANDERSON:

Q. Do you not know to what purpose that was applied?—A. Yes, sir.

Q. To what purpose was it applied?—A. That was applied in payment of or on account of the contract of the Pacific Improvement Company.

Q. Was it 80,000 shares of stock?—A. Yes, sir.

By the CHAIRMAN:

Q. What was the date of the prior issue?—A. I cannot tell you that without getting the information.

Q. Did you ever make application to Congress for authority to issue stock?—A. No, sir; not that I am aware of.

GUARANTEE OF BONDS OF BRANCH ROADS.

By Commissioner ANDERSON:

Q. Has the Central Pacific guaranteed the payment of any bonds other than its own bonds? I mean any bonds issued on any of its branches?—A. Yes, sir. Oh, on any of its branches?

Q. What bonds has it guaranteed the interest of, or the principal?—A. I think there is a statement in that report, or some report.

Q. Will you find it, please?—A. I doubt if it is in the annual reports. It appears in the report made to the railroad commissioner, I think, or the railroad auditor.

Q. In what year?—A. In every year. I can ascertain that.

Q. Please make a memorandum, and ascertain the guarantees given by the Central Pacific of the interest or principal of mortgages other than those executed by itself?—A. I will have to take time to ascertain that.

The CHAIRMAN. You can give it at any time.

AMOUNT DUE SOUTHERN PACIFIC.

Q. Among other liabilities of this company, apart from the capital stock and the funded debt and the Government bonds, I find, in your balance-sheet of 1885, an amount due the Southern Pacific Company of $3,556,574.76. Where can we find the account from which that balance was derived?—A. From the books of the company.

Q. I mean, what account? The account between the Central Pacific and the Southern Pacific?—A. The account headed the "Southern Pacific Company." The ledger account.

Q. Can you state generally from what subject that indebtedness arises?—A. No, sir; not without stating the account in full.

Q. It is an account of the transactions and the traffic between those two companies?—A. The transactions between those two companies.

OUTSTANDING OBLIGATIONS.

By the CHAIRMAN:

Q. What obligations in the shape of notes has the company outstanding for borrowed money?—A. I think they have a note of $2,500 outstanding; a note to one of its former employés.

Q. Are there any other obligations of that kind—due-bills and notes for borrowed money?—A. Except for the Southern Pacific Company, I do not think there is anything else. There are two or three small items, which do not amount in the aggregate to $250,000 now. This is December 31, 1885, I understand the chairman to ask now.

Q. I ask of this date.—A. December 31, 1885, in the account of the old company, the operations of the old company had not been settled up. They are in process of settlement, month by month, until now of bills payable I think the only note out is $2,500. There may be another one, possibly.

Commissioner ANDERSON. If you will furnish us a more recent balance-sheet than this we will be guided by it.

The WITNESS. I hoped to have the report of 1886 to-day.

Commissioner ANDERSON. Please proceed with the identification of your papers.

LIST OF OFFICERS AND DIRECTORS—HUNTINGTON POWERS OF ATTORNEY, ETC.

The WITNESS. The next that I find that was asked for is a list of the officers and directors.

(The witness produced a list of the officers and directors, commencing with those elected April 30, 1861, and ending with those elected April 14, 1887. It was marked "Exhibit No. 17, July 26, 1887.")

Q. What is the next?—A. The powers of attorney granted to Mr. Huntington. I think there are some more scattered among these papers.

(The witness produced nineteen powers of attorney from the Central Pacific Railroad Company to C. P. Huntington. They were marked, respectively, Exhibits 18 to 36, both inclusive, July 26, 1887.

The witness produced the original certificates of incorporation or articles of association of the Central Pacific Railway Company, dated June 28, 1861. It was marked "Exhibit No. 37, July 26, 1887.")

The WITNESS. I have here three overcharge and rebate books and one distribution book, as samples.

CONSTRUCTION CONTRACT WITH CYRUS COLLINS & BROTHER.

(The witness also produced the construction contract for sections 19 and 20, between the Central Pacific Railroad Company and Cyrus Collins & Brothers. It was marked "Exhibit No. 38, July 26, 1887.")

By Commissioner ANDERSON:

Q. Is this the general form of contract that was adopted with reference to the different small contracts made at the same time?—A. Yes, sir.

Q. What is the date of that?—A. It is dated September 26, 1863, at Sacramento.

Q. Do you know whether the first contract with Crocker & Co. was of that same form?—A. Yes, sir.

Q. Do you know whether the second contract with Crocker & Company was of that general form?—A. It was in this general form; that is, with that kind of specification attached; but whether it was written out in detail, as this one is, I do not remember. I think it was.

MODE OF PAYMENT OF CONTRACTS.

Q. Do you know whether the mode of payment, as to whether it was to be money or in bonds or stock, was the same in the Crocker contract?—A. This was a part for stock, I think.

Q. What is your answer?—A. I do not know, but I can easily ascertain from the payments made, as they appear on the books.

Q. Do you know whether that general form of contract was also used in the dealings between the Central Pacific and the Contract and Finance Company?—A. I do not remember whether it was or not.

Q. Did you ever read that Contract and Finance Company contract?—A. I suppose I did. I do not remember to have ever read it. I must have read it, so I can say I did.

OTHER LEASES OF CENTRAL PACIFIC.

(The witness also produced twenty-two leases between various rail, road companies and the Central Pacific Company. They were marked respectively, Exhibits 39 to 60, both inclusive, July 26, 1887.)

The WITNESS. All of these leases are now canceled, except one, possibly, the Stockton and Copperopolis. I do not remember whether that was canceled or not.

POOL AGREEMENTS.

(The witness also produced a pooling agreement with the Atlantic and Pacific Company, to take effect October 1, 1884, and to terminate on ninety days' notice, indorsed, "Copy of notice, to terminate February 17, 1886." It was marked "Exhibit No. 61, July 26, 1887."

(The witness also produced a pooling agreement between the Central Pacific, Southern Pacific, and South Pacific Companies, dated December 31, 1879. It was marked "Exhibit No. 62, July 26, 1887.")

By the CHAIRMAN:

Q. They are not all the pools; there are others that you cannot find?—A. No, sir; they are not all. There are other pooling agreements, but not in my possession. I produce these as the only ones I found in my vault.

Commissioner ANDERSON. The Huntington pool is the one that I have referred to, at page 527 of volume 1.

The WITNESS. Yes, sir; it is put in the minutes.

By Commissioner ANDERSON:

Q. Do you know whether the other pools that you have not found are also entered at length on the minutes?—A. No, sir; I do not think they are. I did not remember that this one was.

By the CHAIRMAN:

Q. Who made your pool contracts?—A. I think Mr. Stubbs, the general traffic agent, usually does.

Q. Would he have a memorandum or knowledge of all the pools entered into by the company?—A. Yes, sir.

E. H. MILLER, JR.

The Commission then adjourned to Wednesday, July 27, 1887, at 10 o'clock a. m.

OFFICES OF THE CENTRAL PACIFIC RAILROAD COMPANY,
San Francisco, Cal., Wednesday, July 27, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

ALFRED A. COHEN, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. I have practiced law for a great many years.

Q. In San Francisco?—A. In San Francisco; yes, sir.

Q. Since when?—A. From 1857, I think, until I was prevented by sickness from continuing my practice.

Q. Where do you now reside?—A. I now reside in the city of New York.

PROFESSIONAL EMPLOYMENT BY RAILROAD.

Q. Have you ever held office under the Central Pacific Railroad Company, or any of its branches?—A. I have not held any office that I remember; but I have been retained by them in my profession from time to time.

Q. Are you at present employed as counsel or attorney for the Central Pacific Railroad Company?—A. Not for the Central Pacific Railroad Company, but I have had some business for the Southern Pacific Company.

Q. Are you the general counsel for the Southern Pacific Company?—A. No, sir; though my past relations with them are such as to prevent my accepting any retainer against them.

LITIGATION AGAINST THE CENTRAL PACIFIC.

Q. With what litigation against the Central Pacific Railroad Company have you been connected in the past?—A. I brought one or more suits against the Central Pacific Railroad Company some years ago on behalf of some of the original stockholders, for an accounting.

Q. Will you please give the names of the stockholders?

The WITNESS. Do you wish me to give the names of the plaintiffs?

Commissioner ANDERSON. Yes, sir.

The WITNESS. One was named John R. Robinson.

Q. Of San Francisco? Does he live here?—A. Yes, sir. Another was Anthony Coolot, of Sacramento. Then there was another man in Sacramento whose name I have forgotten.

Q. Were there others?—A. There were others, but I cannot remember their names.

Q. Were there any suits brought by some of the counties of this State?—A. Yes, sir; there were several. I was attorney for the county of San Joaquin in a suit which it brought against the Central Pacific Railroad Company.

Q. Had you any connection with the suit of Stewart *vs.* Huntington?—A. Yes, sir. On behalf of Evarts, Southmayd & Choate I took the depositions that were taken in California.

THE ROBINSON SUIT.

Q. How far did this Robinson litigation go? Was it tried?—A. It did not come to a final trial. It resulted in a compromise.

Q. Was any evidence taken before a master or a referee?—A. Yes; evidence was taken under the provisions of the civil code of this State, which provides for the examination of witnesses previous to trial.

Q. What was the name of that referee?—A. I think that it was a notary public named E. V. Joice.

Q. Is that evidence on file with the records of the court, or is it in your possession?—A. That I could not tell you.

SAN JOAQUIN COUNTY SUIT.

Q. As to these other suits, how far did they progress?

The WITNESS. Do you have reference to the suit of the county of San Joaquin?

Commissioner ANDERSON. Yes, sir.

The WITNESS. That resulted in a compromise also.

Q. Was any evidence taken in that suit?—A. My impression is that there was not. I did not bring that suit myself. It was brought by other counsel. A demurrer had been filed to the complaint, and the demurrer had been overruled. The defendants had answered. When I was employed, the first thing that I did was to examine the complaint, and upon looking over it I concluded that it was not safe to go to trial upon it. It would be a long and expensive trial; and I found that there were not the necessary parties to the suit, and I got leave to add the necessary parties. Then the attorneys for the defendants demurred on the part of the new parties, and I in substance confessed the demurrer, wishing to get a chance to amend the complaint. I filed an amended complaint, bringing in all such parties as I thought were necessary parties defendant. I think that a new demurrer was filed, setting up the statute of limitations and other defenses. The lower court sustained the demurrer. I declined to amend, and judgment was rendered against the county. Then we argued it in the supreme court of this State, and there appearing to be some difference of opinion there, a reargument was ordered. Before the reargument took place, I made a settlement of the case with the defendants.

OBJECT OF SUIT.

Q. What was the general object of the suit brought by the county of San Joaquin against the Central Pacific Railroad Company?—A. The county of San Joaquin, under an act of the legislature passed, I think, in 1863, had subscribed for the stock of the Western Pacific Railroad Company, and had issued its bonds in payment of that stock. The act authorizing the subscription provided that the stock should not be sold unless the sale was ratified by the vote of the people, and it provided further that three fourths of the voters should consent to it. The board of supervisors of San Joaquin County, without any submission to the people, sold the stock to one Charles McLaughlin. Mr. McLaughlin sold it to the Western Pacific Railroad Company, I think, or to some of the parties connected with the Western Pacific Company. No payment, if I remember rightly, had been received by the county. Some of its bonds, I think, had been deposited in escrow with a banker of Stockton.

WITNESS'S MEMORY IMPAIRED BY PARALYSIS.

Q. Do you mean that no payment had been made by McLaughlin to the county?—A. I think not. Right here I wish to say, in justice to myself, that I am giving you the benefit of my memory as to things which

are matters of record, and the record certainly would be the best evidence; and, in addition to that, I am unfortunately laboring under the disability which has resulted from an attack of paralysis, which has somewhat impaired my memory and recollection as to details. After that the Western Pacific was consolidated with the Central Pacific. Then, again, the new corporation, known as the Central Pacific Railroad Company, was consolidated with the California and Oregon Railroad Company, the San Joaquin Valley Railroad Company, and the San Francisco, Oakland and Alameda Railroad Company. The county of San Joaquin, after a change of government, concluded that it was entitled to have its stock, or stock in the consolidated company, and brought a suit to establish its right to this stock, and for an accounting for past earnings; that was the suit that I took hold of, and which I settled by a compromise.

Q. Between what years did the litigation continue?—A. I think that the county of San Joaquin brought its suit in 1877 or 1878. I think that I was employed about 1880. I think that it ran for about two years or more.

RECORD OF SAN JOAQUIN CITY SUIT.

Q. Is the record at the Supreme Court on appeal in print?—A. Yes, sir; the Supreme Court did not decide the case, and the record, so to speak, was withdrawn.

Q. The record contains the pleadings?—A. Yes, sir.

Commissioner ANDERSON. The Commission would like a copy of it, if you have one at your command.

The WITNESS. I do not know that I have it. If I have I will give it to you. I have not paid much attention to these matters during the past few years.

PLEADINGS IN THE ROBINSON CASE.

Q. Was the Robinson case the suit of a stockholder asking for an accounting of the earnings of the company substantially?—A. Yes, sir.

Q. Can you tell us where we can see the pleadings in that case?—A. No, sir; I cannot.

Q. The pleadings are substantially a copy of the same pleadings that were filed in the Brannan case, are they not?—A. Perhaps the same with a few little changes. I perhaps may have varied the complaint somewhat, as no two men ever did draw complaints alike.

Q. Can you tell us who the notary was who took this evidence in the Robinson case?—A. I think that it was Mr. Joice.

Q. Residing here?—A. Residing in San Francisco.

Q. And you yourself do not know where that evidence now is?—A. I could not say positively. It may have been filed or I may have it at my office. I cannot tell which. It was settled a long time ago.

Q. Will not your register show where the evidence is?—A. It may, and I think perhaps it will. Inasmuch as the case did not come to trial, however, I doubt whether the evidence was ever placed on file in the court; such evidence as was taken was simply in the form of depositions to be used if the parties were not present at the trial.

Q. Was evidence taken in any of these other litigations calling for an accounting?—A. I cannot remember whether we took any evidence in the San Joaquin case or not; I should very much doubt whether I did, the litigation being confined to a demurrer, but still I might have done so.

Commissioner ANDERSON. You have mentioned one or two other suits brought by stockholders whose names you do not recall.

The WITNESS. No, sir; they were all in one suit.

Q. All in one suit?—A. Yes, sir.

Q. Were all of them included in what is known as the "Robinson suit"?—A. They were all brought in as stockholders; the suit was brought by Robinson and others on behalf of themselves, and all others who might choose to come in.

Q. During what years did that litigation continue?—A. It did not last very long.

Q. Was it prior to the San Joaquin County suit?—A. Oh, yes; it was some years before that; I was going to say that it is my impression that the suit was commenced in 1876; I do not think that it lasted very long; I think that it was settled in 1877.

CONTRACT WITH CONTRACT AND FINANCE COMPANY A SUBJECT OF INQUIRY.

Q. Had you any connection at all with the Colton suit?—A. Yes, sir.

Q. On whose behalf did you act in the Colton suit?—A. For the defendants.

Q. In the course of any of these litigations was the contract known as the contract of the Central Pacific Railroad Company with the Contract and Finance Company a subject of examination?—A. Yes, sir.

Q. Frequently?—A. Yes, sir.

Q. Did you ever see that contract itself?—A. I am pretty sure that I did not.

Q. Did you ever see a copy of it?—A. I think that I never did see it. I never saw the contract or the books.

Q. Were the terms of that contract substantially disclosed, according to your recollection?—A. My impression is that at some time or other I had an idea what the terms were, but if I did it was shown on the record. I could not remember now. I think that I tried to find out what they were, but never could find anybody who could tell me. The only man that I perhaps might have got it from is now dead. I do not remember that I ever examined him or that I could ever get him just at the time that I wanted him. This was Mark Hopkins. I always expected to get it from him at some time or other, but I do not remember that I ever got him on the witness stand.

ITS TERMS NOT KNOWN.

Q. Do you know who drew that contract?—A. I do not know anything about it.

Q. The conclusion you reached as to its terms, from such evidence as you took, would hardly appear in the record, though it might in the briefs. Can you refer us to any paper which would have or contain such conclusions?—A. I will say this from my recollection that I never did know what the terms were. I have hunted for that contract, and have endeavored to gain some information as to its terms as I have for many matters of history. I think that the terms of that construction contract with the Contract and Finance Company, like the name of the man with the iron mask, are fated to go down to posterity without discovery. I tried for years to learn something about that contract, and never could succeed. I had something more than a professional interest in it. I wanted to get it, but never did.

NEVER COULD PRODUCE ANYBODY WHO HAD SEEN IT.

Q. What officers of the company did you examine with reference to it, or with whom did you converse regarding it?—A. I think that I ex-

amined Leland Stanford, C. P. Huntington, Charles Crocker, and E. H. Miller, jr. I sat here yesterday and listened to your examination of Mr. Miller, and it carried me back almost to my boyish days. I have been examining him myself on those subjects ever since I was a young man.

Q. Was substantially the statement made then, that the paper was missing or mislaid or could not be found, the same statement that you have heard so many times?—A. I never could produce anybody who ever had seen it. I would say that my impression was that I came to the conclusion before I got through that there never was any such paper; but that it was a verbal contract. I think that that was the conclusion which I came to at that time.

MR. HUNTINGDON'S STATEMENT IN REGARD TO IT.

Commissioner ANDERSON. Mr. Huntington's statement on examination in New York was that the terms of the contract called for substantially $64,000 in bonds and about $36,000 in stock per mile.

The WITNESS. Was that in reply to the examination which I took?

Q. It was in reply to the examination which we took in New York. Does that substantially agree with the approximation which you reached, according to your recollection?—A. I cannot tell you now. Will you please read those figures again?

Q. Sixty-four thousand dollars in bonds and $36,000 in stock per mile?—A. I could not tell you about that.

CONTRACT WITH WESTERN DEVELOPMENT COMPANY A SUBJECT OF INQUIRY.

Q. Did you have occasion, in the course of your litigations, to make any examination with reference to the contract of the Western Development Company?—A. I think that the Western Development Company was formed after my examination in the Robinson case; and I think that at the time I examined them in that case the Western Development Company could not have done much, if any, business, and yet I might have asked them about it. It would have been better if you had called my attention to the questions which you proposed to put to me, and I would have prepared myself.

Q. The Western Development Company was formed in 1876, was it not?—A. This Robinson suit was brought in 1876.

Q. Then your examination did not come down to the time of the Pacific Improvement Company—that was subsequent to the Western Development Company?—A. I know nothing about the Pacific Improvement Company except such information as I got in the Colton case as counsel for the defendants.

SUBJECTS OF INVESTIGATION IN THE ROBINSON SUIT.

Q. Did the subject of the first construction of the California and Oregon road between Roseville and Redding enter into any of these suits—was that a matter of investigation in the Robinson suit?—A. It is impossible for me to say. It might, or it might not; I think not, though.

Q. What other subjects which are disclosed in the complaint—referring to the Brannan complaint as the basis of the Robinson complaint—were the subjects of investigation in the Robinson suit as far as your evidence went?—A. I started in to try and increase the value of the stock of the plaintiffs in that case. I tried to prove what the road had cost and what it should have cost, expecting to show the profit that had been made in construction. The examination tended to that end.

Q. Was the subject of the ownership of stock in the Contract and Finance Company a matter of investigation in your suit?—A. I think that it was; I am pretty sure that it was.

STOCKHOLDERS OF CENTRAL PACIFIC AND CONTRACT COMPANIES.

Q. And also the votes by which the transactions between the Central Pacific Railroad Company and the Contract and Finance Company were determined? Those votes must have been the subject of consideration, must they not?

The WITNESS. What votes?

Commissioner ANDERSON. The votes of the board of directors in order to determine whether the persons who voted the contracts were the same persons who were members of the Contract and Finance Company, and received all the benefit of them.

The WITNESS. It seemed to be admitted, I think, that the principal stockholders of the Central Pacific were the principal stockholders of the Contract and Finance Company. I never heard any dispute on that point.

THE AGREEMENT BETWEEN THE COMPANIES.

Q. Did you ascertain by whom the agreement with the Contract and Finance Company was signed on behalf of the Central Pacific Railroad Company?

The WITNESS. You mean for the construction of the road?

Commissioner ANDERSON. Yes.

The WITNESS. No; I never did. My impression is that there was no such paper.

Q. You do not think that it was in writing at all?—A. My impression is that it was a matter of agreement shown on the minutes, or in some similar manner; but I know that I came to the conclusion from the examination which I made from time to time and from what I personally knew of the way in which the business was done that it was a matter of agreement. I say that is just the impression which it leaves on my mind at this moment. As I have said before, I would not rely in a matter in which I was not greatly interested on my memory. There was a time, three years ago, when I had no memory and no speech. My memory was all gone and my speech was all gone. That interferes a great deal with me in my recollection of things that have taken place in a great many years.

Commissioner ANDERSON. You appear to have greatly recovered.

OFFICERS OF CONTRACT AND FINANCE COMPANY.

The WITNESS. I am a great deal better than I ever expected to be.

Q. Did you ever examine any of the officers of the Contract and Finance Company with reference to their accounts?—A. I examined Mr. William E. Brown.

Q. He was the president of that company, was he not?—A. He was the secretary, I think, and I examined him.

Q. What other gentlemen were connected with their books? Was Mr. Douty?—A. No. Mr. Douty was not connected with the Contract and Finance Company, I think.

Q. Was he connected with the Western Development Company?—A. I think that he was with the Western Development Company.

Q. Was Mr. Gunn connected with these matters?—A. Mr. Gunn was at that time, I think, not connected with the Contract and Finance

Company. I think that he was cashier or secretary or something of that kind with the California Pacific Railroad Company.

Q. Are there any other persons connected with the affairs of the Central Pacific Railroad Company or of the Contract and Finance Company besides those whom you have named who, in your judgment, would have any knowledge relating to this paper—the contract between the two companies—or to the affairs of the Contract and Finance Company in connection with the Central Pacific Railroad Company?—A. My recollection is that Mr. Brown had a staff of clerks, two or three of them, and that they constituted pretty much the Contract and Finance Company. I never was brought in contact with anybody else. Mr. Brown appeared to be the manager of the concern—the head and the board of directors.

PAPERS, CONTRACTS, AND BOOKS.

Q. Were any of the papers or contracts or books of that company produced on this trial?—A. No; I think not. I do not think that I ever saw a paper connected with the Contract and Finance Company.

Q. What answer was made in regard to the whereabouts of those books and papers?—A. I cannot say. Mr. Brown was the active custodian of those papers, and sometime, I think in 1873 or 1874, Mr. Brown went to Europe and he turned over, I think, all the papers and books to his successor, and it is my information and belief that he never had anything to do with that company after that time. I never was able to get his successor on the stand in order to examine him. I tried to subpœna him in various ways, but I never could find him when I wanted him.

Q. What was that gentleman's name?—A. John Miller.

Q. Do you know where he resides now?—A. I do not.

NEVER COULD BE HAD.

Q. Have you any other information relating to these missing papers of the Contract and Finance Company, and also to its contract with the Central Pacific Railroad Company that you can give us for the purpose of enabling us to attempt to discover the whereabouts of these papers?—A. It would be impossible for anybody to have got that information. I had interests to spur me on to get all this information for myself, if anybody could have got it. I never was able to get it, and never could get it. If these books and papers were in existence, I never could get at them.

COUNSEL IN COLTON CASE.

Q. What other counsel in San Francisco have been interested in similar suits, or in any suits that required the production of these papers?—A. A great many have been interested on the side of the defendants, on the side of the railroad company, but I do not know of anybody particularly who has been interested on the other side.

Q. How about Mr. Hayes?—A. He was interested in the Colton case. In the Colton case there were Judge Stanley, Mr. Hayes, and Judge Stoney, and also the late Chief Justice Wallace, a very active man.

Q. Is there anyone who was with him in his office who could give us any information?—A. I am sure that I do not know. I was on the other side of the Colton case.

Q. Those are the only other counsel you think of, then?—A. There were a great many counsel in that case. Mr. Delmas was one.

Q. All were gentlemen who would be more or less active in the pursuit of papers?—A. Yes, sir. I think that Mr. Hayes was the principal one. I remember that they applied to us for leave to examine all these records, and they were thrown open to them. They had experts down here for months, examining everything pertaining to the company; nothing was kept back from them.

SUIT BY CHARLES MAIN AND OTHERS.

Q. Since the Colton case, has there been any litigation against the Central Pacific Railroad Company involving any of these questions?—A. There was a suit brought by Charles Main and others, with respect to the transactions that took place in the acquiring of the stock of the California Pacific Railroad Company. I believe that I brought that suit. There was a demurrer interposed to the complaint and I argued the demurrer. I then removed from here to New York and gave it up.

Q. Who took charge of the suit after you left?—A. Mr. E. J. Pringle, and there was a very eminent counsel who came from New York to argue it—a Mr. L. E. Chittenden.

Q. Have you now stated all the counsel who, in your judgment, would have any knowledge as to these papers?—A. I do not know what knowledge they have as to the papers.

Q. Or who have made any effort to find the papers?—A. I think that I have. There may be others.

Q. Are there any other persons who may not [illegible] been lawyers in these suits who would have any interest in getting at these facts, and who made efforts to find these papers?—A. No, sir; as I say, we had experts from time to time. Those gentlemen all had experts; and they had just the same chance to go through the records and see what there was.

NO ACCOUNTING REACHED SHOWING PROFITS OF CONSTRUCTION.

Q. In none of these suits, if I understand you correctly, was any accounting gone through with from which a result could be reached showing whether the large stockholders in the Contract and Finance Company had or had not made large sums of money out of the Central Pacific Railroad Company?—A. No; I do not think that they ever got to that point. In the Robinson case, as far as I was concerned, the plaintiffs were offered a price which they were willing to take, and they took it. In the San Joaquin case, I made up my mind that it was better for the county to get what it could. There were so many dubious points of law involved there that I did not like to refuse a good offer. The people up there wanted a new court house, and they thought that they could get money enough out of this suit to build it, and were very glad to make a settlement.

THE LAMBARD AND BRANNAN SUITS.

Commissioner ANDERSON. The Brannan case and the Lambard case were also settled, I believe.

The WITNESS. I had nothing to do with those cases. I believe that I was defendant in both of them; but I do not think that any papers were ever served upon me.

Q. By reason of your connection with what?—A. With the San Francisco, Oakland and Alameda Railroad Company.

Q. But was not the fact of the adjustment and settlement made in the Lambard and Brannan suits entirely developed and proved in the

Stewart case, with which you were connected afterwards?—A. I was not connected with the Stewart case, except to take the depositions to which I have heretofore referred. When I went to New York, Messrs. Choate and Evarts and Southmayd wished to employ me, but I declined. Mr. Huntington then offered to employ me on the side of the defendants, but I declined to do anything in the matter, as my health was such that I could not take up any new business at that time.

SETTLEMENT IN ROBINSON CASE.

Q. What was the nature of the settlement in the Robinson case?—A. They sold the stock and the suit was dismissed.

Q. I mean what were the terms of settlement—unless you have some reason for not stating them?—A. I have no reason at all. It would be difficult to say what was paid for the stock and what was paid to counsel. There were three counsel in the case on the side of plaintiffs.

Commissioner ANDERSON. I refer more especially to what defendants paid, without any question as to the distribution.

The WITNESS. If I knew how many shares of stock there were I might be able to tell.

Commissioner ANDERSON. I think that there were ten shares.

The WITNESS. There were more than that.

Commissioner ANDERSON. There were thirty-two added afterwards.

The WITNESS. I was about to say that there were two very eminent counsel engaged with me in that case. One had been governor of the State, Mr. Haight, and the other was Delos Lake, a prominent judge here for a number of years. They were associated with me in the case, and in the settlement of that case I thought that the idea was to satisfy them so that they would not take up any litigation against the Central Pacific Railroad Company afterwards. I recollect exactly what I got out of it.

Q. Do you remember what the defendant paid?—A. I do not. I did not get anything out of it. I gave the fee to the other counsel in the case. I allowed them to take the fees.

RATE OF SETTLEMENT.

Q. Do you not remember, as matter of fact, that the rate of settlement exceeded $500 per share for the stock?—A. I should think so; yes, sir. My impression is that that question was asked of me in the trial before Judge Barrett in New York, and I made a memorandum and gave it. Whatever it is you will find it there.

Q. That is in the Stewart case?—A. Yes, sir.

Commissioner ANDERSON. The records or books of the defendant will probably show the amount paid?

The WITNESS. I do not know.

DATE AND TERMS OF COMPROMISE.

Q. Can you give us approximately the date of the compromise?—A. It was in 1877.

Q. In regard to the settlement of the San Joaquin County suit: How many shares of stock were involved in that suit; is San Joaquin the name of a county or the name of a place?—A. It is a county. The county issued $250,000 in bonds in payment for 2,500 shares of stock.

Q. What were the terms of that compromise?—A. The county got $300,000 for the 2,500 shares of stock, and a portion of the bonds returned, I think. That is my impression.

Commissioner ANDERSON. Please explain a little more definitely. It was alleged that this stock had passed from the county to McLaughlin and had not been paid for.

The WITNESS. Had you not better have the complaint?

Commissioner ANDERSON. I would rather have it; but as you are going away I want to ask you this much. You might suggest something which would be of value to us. I would prefer the record, of course.

The WITNESS. It is stated in the complaint more artificially and will give you all the facts if you can get a copy of it. I would rather depend upon the contents of that document than upon my memory at this time.

BASIS OF PAYMENT.

Q. Will you please state whether the amount paid as stated by you—$300,000 and a portion of the bonds returned—was upon the basis that no consideration had been received by the county, or was it upon the basis that a consideration had been received?—A. It was upon the basis that no consideration had been received by the county, no consideration having been received up to that time by the county. The county of San Joaquin got $300,000, excepting that portion which the counsel dextrously appropriated to themselves, and the return of some of the bonds. Mr. Miller knows everything, perhaps, and he can tell you.

Q. Does Mr. Miller know everything?—A. Yes, sir; he is the general encyclopedia of California, and I do not want to give any general statement unless indorsed by Miller.

Q. Is Mr. Haight living?—A. No, sir; he is dead.

Q. Who was the other counsel that you mentioned?—A. Judge Lake.

Q. Is he living?—A. No, sir; he is dead. I am the only one remaining, and I shall probably be gone before this inquiry is finished.

Q. We will all be gone probably before the Government debt is paid. Can you furnish us with any copies of briefs or papers which you can conveniently find which will give us more accurate information as to these points?—A. I shall be delighted to furnish you anything that I have.

Q. Can I call at your office?—A. I have no office here. I moved my office to New York. My son has an office here, and may have some of those papers.

Q. Can you give me a note to him so that I can call on him?—A. I will tell him about it.

SATISFACTORY TERMS MADE WITH COUNSEL.

Q. You mentioned a moment ago that the compromises in one or two of these cases were made on such terms as to counsel that they would be satisfied and probably would not undertake similar litigations thereafter. Was that made part of the understanding?—A. My impression is that Judge Lake told me that that was the understanding with him in that settlement, that he would take no cases of a similar nature, that he would not take any similar or any cases whatever—I do not know how that was. I remember that in that settlement he did not feel himself at liberty to take any litigation against the officers of the Central Pacific Railroad Company after that time.

COUNSEL IN THE BRANNAN SUIT.

Q. Do you remember who was counsel in the Brannan suit? Was John B. Felton?—A. John B. Felton started it. Oh, yes; I remember that. General Butler was also counsel.

Q. Did John B. Felton subsequently enter the service of the company as counsel?—A. Yes, sir.

Q. And did he remain in the service of the company until he died?—A. Yes, sir.

Q. How is it as to Governor Haight?—A. I believe that he accepted a retainer; not as a general retainer, but I think he was employed by the company afterwards. Of this, however, I am not sure.

Q. As to yourself, did you feel at liberty to take any cases after the settlement of the Robinson case?—A. Yes, sir; I received no fee in that case.

Q. Have you personally been connected with any such litigations since the San Joaquin case?—A. No.

Q. Did I understand you to say that before you left practice you were engaged in litigations for, and were retained as counsel by the Southern Pacific Company?—A. I had one or two cases for the Southern Pacific Company. No; I think I had only one case for the Southern Pacific, and that is still pending.

CONSOLIDATION OF SAN FRANCISCO AND OAKLAND WITH SAN FRANCISCO AND ALAMEDA.

Q. Do you recall the facts relating to the consolidation of the San Francisco and Oakland Railroad Company with the San Francisco and Alameda Railroad Company?—A. Yes; I remember that, I think I signed that as president of one or the other of the roads. Yes; I owned the majority of the stock in the San Francisco and Oakland road.

Q. What circumstances brought that consolidation about?—A. They were roads built to connect with the ferries crossing the bay, and I think that I had sold the stock of both railroad companies; I owned a majority I think in both, if I remember rightly—at any rate I owned the majority in the Oakland Company and a large portion in the Alameda Company; I sold my stock in the Oakland Company to E. B. Crocker and Leland Stanford, and I sold my stock in the Alameda Company to Leland Stanford and Mark Hopkins; I think I made the trade with them; they wanted them consolidated into one corporation, and we did it.

Q. Was your sale to these gentlemen made before the consolidation?—A. Yes, sir; necessarily so.

Q. The certificates for the stock appear to have remained in your name; how was that?—A. My impression is that I sold the Oakland road on a long credit, and I think that I kept the stock as security until the money was paid.

SIGNING OF CONSOLIDATION PAPERS BY WITNESS.

Q. Were these consolidation papers signed by you at their request, you remaining the equitable owner of the stock?—A. I remained the legal owner; they had the equitable interest; I think I had the stock, but I do not remember positively whether I had it as collateral to their notes or not; I had their individual paper for the stock, and kept it for a long time.

Q. I call your attention to the fact that the consent to the amalgamation signed by you as stockholder of the San Francisco and Oakland Railroad Company shows that you were a stockholder to the extent of 5,500 shares, while the consent on behalf of the Alameda Company was signed by Leland Stanford on behalf of such amalgamation for 14,930 shares. Do I understand that you had actually sold both of these amounts at that time?—A. I spoke of selling the Oakland road on credit. The Alameda road was sold for cash, and undoubtedly the stock had been transferred.

Q. Can you explain to us the relative merits of these two corporations, so far as their financial standing was concerned, so as to inform us as to whether the terms of the consolidation were just as between the parties?—A. I do not remember what they were.

TERMS OF CONSOLIDATION.

Commissioner ANDERSON. The terms of consolidation were dollar for dollar, and the aggregate capital was made equal to the capital of the two companies, so that each shareholder of the old company held an equivalent amount of stock in the new one.

The WITNESS. The Oakland Railroad had, I think, about two or three miles of track running from Oakland Point to San Antonio, as it was then called—the portion that is now run as the local ferry track of the Central Pacific. The Alameda Railroad had about sixteen or eighteen miles of track, and both had long piers extending out into the bay, and both had ferry-boats of great value. The stock of the Alameda Company appears to be about fifteen thousand shares and the stock of the Oakland Company about six thousand shares. I should think that they had material property to cover about that value at that time, as well as their franchises, which were valuable. I suppose that must have been a fair division at that time.

NO BONDED DEBT AT TIME OF CONSOLIDATION.

Q. Do you remember what their bonded debt was at that time?—A. The Alameda Company had no bonded debt, and the Oakland Company had none. If I remember rightly I do not think that either of them had a bonded debt. After the consolidation a bonded debt was put upon the Oakland Company for the purpose of making improvements and other things. I do not exactly remember the purpose for which it was put on, but I remember that after the consolidation into the San Francisco, Oakland and Alameda Railroad Company was formed they issued a bonded debt, and I think that I signed the bonds and that I signed the mortgage as president of the new corporation.

DIVIDENDS.

Q. Had either of these corporations paid dividends before the consolidation?—A. Oh, yes. The Oakland Railroad Company paid dividends for some time. The Alameda Railroad Company would have paid dividends very shortly. She did not pay dividends as such. The road was built on borrowed money, and she paid interest on her debt, and her earnings were put into construction, extensions of the road, &c. We never paid any dividends as such on the Alameda portion of the road, but a great many dividends were paid on the Oakland portion.

Q. Do you know where the books of that particular branch are to be found? Are they with the Central Pacific Company?—A. I suppose so.

Q. Were they passed over at the time of the consolidation?—A. They should have been.

STATEMENT OF CONSOLIDATIONS.

Q. This consolidated railroad was itself consolidated at a later date with the Central Pacific, was it not?—A. Yes, sir. I will give you that statement of consolidation if it is of any service to you. There were several corporations that now enter into the present Central Pacific. In the first place the Central Pacific of California was the first corporation. Then there was the Western Pacific. Then there was a corporation called the Bay Railroad Company. Then there was the San Francisco and Oakland Railroad Company, the San Francisco and Alameda Railroad Company, the California and Oregon Railroad Company, and the San Joaquin Valley Railroad Company.

Q. The first consolidation that took place was with the Yuba Railroad Company, was it not?—A. I don't think that went in.

Q. Did it not go in with the California and Oregon?—A. Oh, yes; it did. The first consolidation that took place was between the San Francisco Bay Railroad Company and the Western Pacific Railroad Company, and the consolidated company was called the Western Pacific Railroad Company. Then, in June, 1870, there was a consolidation between the Western Pacific Railroad and the Central Pacific Railroad Company of California, and that was called the Central Pacific Railroad Company. Then there was a consolidation in August of the same year between the California and Oregon Railroad Company and this Yuba Railroad Company.

THE CONSOLIDATION THAT FORMED THE CENTRAL PACIFIC.

Then, in the latter part of August, 1870, there was a consolidation between the Central Pacific Railroad Company, the California and Oregon Railroad Company, the San Joaquin Valley Railroad Company, and the San Francisco, Oakland and Alameda Railroad Company, as then consolidated, and that formed the Central Pacific Railroad Company, and that is the present corporation.

Q. How did it happen that these two latter consolidations occurred so closely together—the one being in June and the other in August? Was there a substantial addition to the road, or were there any extensions of the property as it existed in June?—A. I do not remember, but I think that it was a question for some time as to whether any consolidation had been legally made. I remember the subject being discussed as a question of law between Judge Sanderson, other counsel, and myself—probably Mr. Wilson or Mr. McAllister, or probably both of them—as to the powers of the consolidation under our statute at that time. They were a little crude and indefinite and the matter was kept in abeyance some time, and, finally, I remember that it was resolved to make the latter consolidation of August, 1870. I remember that I was starting for New York at the time, and that I staid over to sign the papers. The question came up, and I staid over until the papers were ready for my signature.

Q. Were you interested solely as a stockholder at the time of the latter consolidation?—A. I was interested simply as a stockholder in the San Francisco, Oakland and Alameda Railroad Company. I never have been a stockholder in any of the other companies, except the California Pacific, and I am a stockholder of that company now.

FINANCIAL CONDITION OF CONSOLIDATED ROADS.

Q. As such stockholder, did you yourself make any examination of the financial condition of the various roads which were being thus thrown together, in order to determine whether the terms proposed were fair and just to all the parties?

The WITNESS. In the latter consolidation?

Commissioner ANDERSON. Yes.

The WITNESS. I only thought at that time of the ability of the people who bought my stock to pay for it. I was looking only at their financial ability. I think I had the stock as security. I have no doubt that I had some opinion on the subject at the time, but what it was I could not now tell you. I was not personally interested.

THE LIENS.

Q. So you did not examine the status of the company, the amount of liens and the financial condition generally, for that purpose?—A. The liens were matters of record. Everybody in California knew all about them of course.

ONLY SAN FRANCISCO AND OAKLAND STOCK VALUABLE AT CONSOLIDATION.

Q. Was there a market price for these various stocks at the time of the consolidation?—A. I do not think that there was a market price for any of the stocks, except that of the San Francisco and Oakland Railroad Company. It had a market price and the stock was bought and sold here, but there never was a market price for the others. They never were worth anything until the road was fully developed. I would not have been willing at the time the Central Pacific road was finished to take a block of the stock as a gift and be liable for the debts as they then existed. It turned out better afterwards.

By Commissioner LITTLER:

Q. Do you mean that none of these stocks were listed on the exchange?—A. I mean at the time of the consolidation. At the time these roads were consolidated there was no one who would touch a share of the Central Pacific Railroad stock if he had to pay anything for it.

NO MARKET VALUE TO CENTRAL PACIFIC STOCK TILL RESUMPTION OF SPECIE PAYMENT.

By Commissioner ANDERSON:

Q. Still, you made no objection to the substitution of stock in the new Central Pacific Railroad Company for the stock which you had sold?—A. No. My impression was that at the time the stock was surrendered things were different. I sold my stock two years before that time. I think that I surrendered the stock about that time. I never took any new stock and never had any of it issued to me.

Q. Do you include the other stocks, except the Oakland stock, in what you say about the stocks having no market value at that time?—A. There never was any market value to the Central Pacific stock, or to any of the other stocks, until after the resumption of specie payments, until after the boom of 1880 and 1881.

Q. How about the Western Pacific Railroad stock?—A. That never has had any market value as Western Pacific stock. Of course, when it got to be Central Pacific it was included in that.

Q. How about the California and Oregon?—A. That is Central Pacific also.

Q. Had it any value before the consolidation?—A. Oh, no; it had no market value.

Q. Had the San Joaquin Valley stock any value?—A. No, sir.

THE YUBA ROAD.

Q. What was this Yuba Railroad?—A. My impression is that it was a road built by some intelligent gentleman up country to sell to the Central Pacific. It has been a source of amusement for some parties for some years to get up railroad companies and build little roads in order to force the Central Pacific or the Southern Pacific to buy them.

Q. How many miles long is it?—A. I do not know. It is a small road, if there is any of it built at all.

Q. Do you know whether the books of these various corporations, showing their financial operations and standing, have all been passed to the Central Pacific Railroad as each consolidation was made?—A. They should have been, but I do not know it as a fact, however. The Central Pacific is entitled to all the records of these various companies.

SAN FRANCISCO BAY COMPANY.

Q. What was this San Francisco Bay Company which was amalgamated with the Western Pacific?—A. The purpose of forming that was this: Under the act of Congress the Central Pacific Railroad terminated at Sacramento. The Western Pacific road ran from San Francisco to San José. Then there was a road from San José to San Francisco, and it was supposed that the Central Pacific Railroad would come into San Francisco in that way. It was found necessary to incorporate some company to build a road from Niles to Oakland. It was found impracticable to approach San Francisco by way of San José, and this road was chartered for the purpose of affording a franchise or means of getting right of way, or condemning right of way from Niles to Oakland.

ITS STOCK HAD NO MARKET VALUE.

Q. Was this San Francisco Bay stock commonly bought and sold?—A. I do not believe that they ever issued any stock. If they did, I never heard of it. I do not believe that they ever built any road. I think that they merely incorporated. However, I am not certain that they did not build any road, perhaps they did. The stock had no market value. I have forgotten now, but it may be that they built a piece of road between Niles and Oakland. I think it probable that the Bay Railroad Company may have built a portion, and that it was finished by the Western Pacific, or it may have been the other way; I am not sure which.

CENTRAL PACIFIC STOCK WORTH MORE AFTER CONSOLIDATION.

Q. Comparing the stock of the Central Pacific Railroad Company as it existed before these consolidations in 1869 and 1870, and the stock of the Central Pacific Railroad Company as it existed in August, 1870, the consolidations being entirely completed, in your judgment was the absorption of these roads a benefit to the Central Pacific, or the reverse? Of course we know your answer will be only an estimate.—A. I have always felt that the stock of the Central Pacific Railroad Company, after

the consolidation of August, 1870, was worth a great deal more than it was before.

THE REASON.

Q. By reason of the completion of the through route and terminal facilities?—A. Not only that, but because of the absorption of these great highways through the State, and their franchises, thus fastening to the Central Pacific so many valuable feeders. And then, again, remember that the Central Pacific Railroad started with a capital of $8,500,000. As the road progressed, it got more property, and increased its capital stock to $20,000,000. Then when they got into Nevada, before the consolidation with the Western Pacific, they increased the capital stock to $100,000,000. They have taken in all these properties—the Bay Railroad, the Western Pacific, the California and Oregon, San Joaquin Valley, the San Francisco, Oakland and Alameda, and all their various rights and franchises, which were of great value, and the stock of the Central Pacific has remained just the same as it was before those properties went in.

AMOUNT OF STOCK ISSUED.

Q. They have issued enough of the $100,000,000 to equal the aggregate of the stock of all the absorbed roads, in addition to their own, have they not?—A. The nominal stock of the company has remained the same through all these consolidations.

Commissioner ANDERSON. As I understand it, less than half of it was originally issued.

The WITNESS. It was issued, I believe, only as they wanted it.

Q. The other half, if subscribed for at par, would have increased the assets of the company to the amount of the issued stock. In other words, the real stock of the Central Pacific was but $50,000,000 before the consolidation, though the nominal stock was $100,000,000.

EFFECT OF THE THURMAN ACT.

The WITNESS. The stock of the Central Pacific Railroad Company of course would have had a very much greater value to-day if it had been allowed to manage its business as any other corporation has been allowed to manage its affairs. Instead of taking its earnings and improving the value of the road, as it should have done, they have been taken from it under the terms of the Thurman act and by other legislation.

Q. Has not the Central Pacific Company substantially managed its affairs as it thought best for the last fifteen or twenty years?—A. No; I do not think so. Then, in addition to that the Government subsidized other roads that have all the time been setting up opposition to the Central Pacific. The Government has all the time been tying the hands of its debtor and giving aid and comfort to the people fighting it.

By Commissioner LITTLER:

Q. What roads do you now refer to?—A. I refer to the Northern Pacific, to the Atlantic and Pacific and its various branches, and to the advantages which are being given to the Canadian Pacific in order to enable it to compete for the business of this coast. It looks very much like the old system of imprisonment for a debt. If a man owes you money and does not pay it, you put him in jail where he cannot possibly pay it.

OPPOSITION LINES AIDED BY GOVERNMENT.

By Commissioner ANDERSON:

Q. You mentioned something about the subsidizing of other roads; what roads do you refer to?—A. The Northern Pacific and the Atlantic and Pacific.

Commissioner ANDERSON. But you spoke about the Canadian Pacific.

The WITNESS. I spoke of the facilities given now to the Canadian Pacific to do business and of privileges given to it to bond goods through our territory, and setting them up in opposition to the road that owes the Government so much money. It seems to me that no business man would treat his debtor in that way if he wanted his debts paid.

Q. What are the facilities that you refer to as being given by the Government to the Canadian Pacific?—A. The right to run cars in bond to compete with our ports here, the port of San Francisco, for the business which naturally belongs to the Central Pacific Railroad. Heretofore large quantities of tea and silk have been brought to this country by steamers connected with the Central Pacific and Union Pacific companies, and this traffic has formed a very large portion of the business of those companies. Under the new order of things, the Canadian Pacific comes in with its steamers and its line of road and seriously cuts into this business which has heretofore belonged to our own lines, and the Government, by permitting that company to carry its goods in bond through our territory and to points within our territory, assists it in its endeavor to filch this business from the lines which are so largely in debt to the Government of the United States. That is what I mean when I say that the Government gives aid and comfort to the Canadian Pacific.

Q. Are there any other subsidized roads which compete with the Central Pacific than those which you have mentioned?—A. No; I do not remember that there are.

GOVERNMENT TRAFFIC ON OTHER ROADS.

Q. Do you know anything of the amount of the traffic given by the United States Government to other roads in the matter of transporting troops and mails?—A. I do not. I know this, however: From my reading and studies on this subject I am very well satisfied that the United States paid for carrying mails and for the movement of troops between 1850 and 1860 a great deal more than it ever allowed the Central Pacific and the Union Pacific from 1869 to the present time.

TRANSPORTATION CHEAPER SINCE COMPLETION OF RAILROADS.

Q. Is it not true that it costs all the citizens of this country a great deal less to move about from place to place at the present time than it did before the railroads were completed?—A. Of course; that is one of the advantages that the Government and people derived from the building of these two roads. Prior to 1869 we had to go to New York by way of the Pacific Mail, which charged us $300 for the passage, and pretty much everything was charged extra. The time consumed in the journey was from twenty-four to twenty-eight days, and the passengers had to take the risk of contracting the Panama fever and the malaria of the tropics, and the numberless ills to which people are subject in crossing such a place as the Isthmus of Panama. We are benefited, of course, by the railroad in this respect; the travel is not only more comfortable in

every way, but it is cheaper. The rail rate is now less than $100, and the time consumed less than seven days.

Q. Has that circumstance, in your judgment, anything whatever to do with the payment of a debt for which a consideration was given and for which the obligation remains?—A. I think that it has a great deal to do with it.

Commissioner ANDERSON. We would be very glad to hear from you in what respect it affects the question.

CONDITION OF COUNTRY PRIOR TO CONSTRUCTION OF ROAD.

The WITNESS. Before going into that question, of course it becomes necessary to consider the language of the law authorizing the building of these roads, and the condition of the country before and during their construction. Before these roads were built, the country was engaged in a great war for its existence. The credit of the Government was at a low ebb; materials and supplies of all kinds could be procured only at abnormally high prices. Wages were high and laborers scarce. It cost as much money to build a mile of road then as 3 miles could have been built for five years before or five years afterwards. The credit of the Government was very poor; very little was realized from the sale of the bonds which the Government loaned to these roads. They had to be sold at a big discount to provide money to build the road. In addition to this, the Government was all the time pushing these people to greater exertion and greater diligence, and I think that all of these things should be considered in any inquiry of this sort. When you estimate the present rate of interest, the amounts realized by these people from the sale of their securities and the cost of materials, you will find that the rate of interest upon this loan by the Government will amount to more than 12 per cent. per annum on the money realized. It seems to me that all these things should be taken into consideration in any report which is made to Congress by you.

GOLD VALUE OF BONDS.

By Commissioner LITTLER:

Q. Can you state what these bonds netted the railroad company in gold?—A. I will say this: In gold they did not net on an average for all the bonds given more than 60 per cent. This is according to my recollection and information. I do not believe that the company got 60 per cent. in gold for these bonds. I remember that when they were very hard pushed trying to get money to get over these mountains, I tried to borrow money for them here in San Francisco, putting two bonds in for one, but our capitalists would not lend the money.

Q. Were the contracts for construction payable in gold?—A. That I do not know; some of those made in the East were undoubtedly payable in currency; but all those made on this coast were payable in gold of the latest standard and fineness.

THE ROAD NOT WORTH ITS BONDED DEBT.

By Commissioner ANDERSON:

Q. Do not you know that many of these payments were made in bonds and stock?—A. If so, they were at a corresponding value.

Q. Made to meet the real value of the articles sold to the company?—A. It was just this way, Mr. Anderson. When this Central Pacific Railroad was finished it was not worth its bonded debt. It is not worth its

bonded debt to-day. You cannot sell it for its bonded debt. Nobody in the world would take this road mortgaged to the Government and make the money out of it due to the bondholders and the Government.

Q. You mean the two first mortgages?—A. I mean the road responsible for the bonds issued under the acts of 1862 and 1864; and the way that the Government is treating this company renders the property of less value every day.

DIVIDENDS.

By the CHAIRMAN:

Q. What did the road do with the eighteen millions declared in the shape of dividends to stockholders between 1877 and 1884?—A. I do not suppose that the road did anything. I suppose that the directors who owned the stock did something.

Q. What effect would it have had on the Central Pacific Railroad property if, instead of dividing this $18,000,000 among its stockholders, it had applied it to bettering the condition of its road and extending its earning capacity? Do you not think that if this had been done the road would have been in better shape to repay its debt to the Government than it is now?—A. A great deal of money went into this road besides that which the Government lent. Money was procured from all available sources. The bonds of the company were issued and sold for such sums as were possible. In many markets of the world at that time you could not sell a bond. All this is now changed. The bonds of the Central Pacific Railroad Company are now away above par. You gentlemen are men of the world, of great financial as well as legal experience, and you know perfectly well that you could not organize a railroad and go to any market in the world and sell a bond unless you had some security for the money which you asked. In addition to your bonds, you would have to give a portion of your title deeds or your stock as a bonus; and this was what the Central Pacific Railroad had to do.

RESULT IF MONEY HAD BEEN APPLIED TO IMPROVEMENT OF ROAD.

Q. If this money declared in dividends to the stockholders had been applied to the improvement of the railroad property, would not the security of the Government have been better to-day than it is?—A. Undoubtedly, if all the earnings of the road had been used to redeem its liabilities instead of giving anything to its stockholders, and if this could have been done without any bad effects I might answer your question in the affirmative; but you must remember that a great many people hold shares of this stock, people whose money went in to discharge the obligations of the company incurred for the construction of its road. At the time this road was finished—I do not know but what perhaps I may be telling you gentlemen something you do not wish to hear, but I presume that you are acting in a judicial capacity, and that you would like to hear both sides of the question.

Commissioner ANDERSON. Oh, yes; we want to know everything.

FINANCIAL CONDITION OF DIRECTORS ON COMPLETION OF ROAD.

The WITNESS. When this road was finished every one of these directors was mortgaged up to all that his credit would carry. Their notes were out everywhere. They were scattered all over this State and in New York, Boston, and Philadelphia, many of them bearing from 12 to 15 per cent. per annum interest. They had to sell stock to redeem their personal obligations incurred for the benefit of this road, stock which they had taken in payment for the building of the road. At

the time this contract with the Contract and Finance Company was made, there was not a capitalist on the face of the earth that was willing to take hold of it. I have seen Mr. Huntington trudging about in New York trying to get people to lend him money and take an interest in the construction of the road upon the same terms that it was let to the Contract and Finance Company. For months, almost for a year, if not for more, he was traveling at night between Washington and Boston trying to raise money to send to California. They were put to terrible straits to get money to get over these mountains. I have sat here in bank parlors in San Francisco and heard the bankers and capitalists say, "Don't you have anything to do with those men, Stanford, Huntington, and Hopkins; don't you put any money into their schemes. They are bound to come to grief. Nobody in the world can get that road through." There are two sides to this story, of course. You, Mr. Anderson, with your great legal experience, know that it is very easy to frame an indictment, but I know and you know that there never was a case to which there was not some defense.

ABILITY OF COMPANY TO PAY ITS GOVERNMENT INDEBTEDNESS.

By Commissioner LITTLER:

Q. Have you considered the subject as to the ability of this company to pay its indebtedness to the Government?

The WITNESS. I have no doubt that this company is composed of men who will pay whatever they will undertake to pay, and do whatever they undertake to do, no matter where it comes from. They are good for anything they undertake. There is no question about that.

Commissioner LITTLER. I am speaking of the corporation, independent of the personal responsibility of these men.

The WITNESS. I will say this, you cannot sell the mortgaged property to-day for the lien that is on it.

PLAN OF SETTLEMENT.

Q. What suggestions have you to give to this Commission, if any, as to the terms upon which the settlement of the indebtedness between this company and the Government can be made?—A. The suggestion that I would make to this Commission is the same that I would give to any business firm or corporation who would consult me as to what it should do with a debtor under similar circumstances. I would look at the property in its present condition. I would look at the condition of the property when it came into existence. I would have regard for the physical condition of the country through which it was built, which made necessary its great cost. I would look at the condition of the nation at the time the road was constructed, at the manner in which the people were urging this company to complete the road. I would look at the great advantages which the Government obtained from such completion, and the great convenience which it has been to the people of the United States, and the enormous amount of money which the Government has saved by its construction, and the failure of the Government to keep its part of the contract as outlined in the debates preceding the passage of the act of 1862. Then I would give full and fair consideration to any application which might be made for an extension of the time of payment, and I would give it upon fair and equitable terms. That is what any business man would give to his debtor under like circumstances.

EARNING CAPACITY OF ROAD VERY MUCH REDUCED.

Q. Have you considered the subject sufficiently to indicate to this Commission the terms of the settlement which ought to be proposed?—A. I have not. I am not prepared to make any positive suggestion on that subject. I am speaking on general principles as to what ought to be done under the circumstances.

Q. Have you any intimate knowledge of the earning capacity of this property as it stands to-day?—A. No; but I did have some years ago. I have been out of business for some time, but I know that within the last few years its earning capacity has been very much reduced. I am now speaking of the mortgaged property, and not of the whole Southern Pacific property.

Q. You say that you know that its earning power has been very much reduced; how do you know this?—A. I know this from my knowledge of the affairs of the company, and from my knowledge of the business which is being done by rival lines. I also consider that the ill-considered legislation adopted by Congress towards these two roads, the Central Pacific and the Union Pacific, has been such that they have not had a fair chance to compete with other roads for the business of the country.

EARNING CAPACITY CONTROLS ITS MARKET VALUE.

Q. In determining the terms which the Government should adopt, would you take into account only the value of the property as it stands to-day in the markets of the world, or would you consider in addition thereto the earning capacity of the property?—A. The earning capacity of the property and its ability to maintain those earnings necessarily control the market value.

Q. Is it not true that in railroad circles the value of a property is determined more by its earning capacity than by the amount of money which it may owe?—A. Hardly so. The earning capacity of course has reference to the charges that will come upon those earnings. If the earnings are to be absorbed in paying interest on a large bonded indebtedness so as to leave nothing to the stockholders, the road itself will have very little market value, except to its creditors.

ITS NET EARNINGS FOR 1886.

Commissioner LITTLER. The net earnings of this road for 1886, as I remember them, were about nine million of dollars, and the gross earnings were between seventeen and eighteen millions.

Commissioner ANDERSON. Including all the leased lines.

The WITNESS. I am speaking of the mortgaged property. I see very well where the mortgaged property will be left if it is separated from the other property which has been acquired and which is at present somewhat free from competition.

Q. Is it not true that at least some of these branch lines have been acquired with moneys earned by the Central Pacific road?—A. That is a mere question of calculation which I have not been able to make. I notice that almost every time a new property has been acquired, there has been some lien placed upon it.

Q. Have you any interest in the stock or bonds of the Central Pacific Railroad Company?—A. No, sir; not a cent, and I never did have.

Commissioner LITTLER. You seem to be a competent witness.

The WITNESS. I am merely giving you my opinion. I think that if you gentlemen would come to my views on this subject the Government and the people of the United States would make more out of this road than by any other course which could possibly be adopted.

LOSS OF TRAFFIC CAUSED BY AIDED LINES.

Q. Have you any knowledge of the amount of the decrease of traffic of this company arising from the construction and operation of the competing lines to which you have referred?—A. I made some kind of a calculation once, but do not know how true it is. I have talked with some of the people whom I thought to be familiar on the subject, and my impression is, from the best information obtainable, that the loss to the Central Pacific and its leased lines caused by the building of the other subsidized roads—the Northern Pacific and the Atlantic and Pacific—and the loss caused by the construction of the Canadian Pacific, together with the earnings which have been taken from it by the Atchison, Topeka and Santa Fé Company, which, of course, works the subsidized line of the Atlantic and Pacific, will amount to something over thirty millions of dollars, probably nearer forty millions.

By Commissioner ANDERSON:

Q. From what period of time?—A. That would be about five years, I think. The business that has been taken away from your debtor by the roads which you have subsidized and by the roads which you have aided in various ways has certainly amounted to somewhere between thirty millions and forty millions of dollars, and to this extent you have impaired the means of your debtor and reduced its ability, so far, to pay its debt.

THE CANADIAN PACIFIC.

By Commissioner LITTLER:

Q. Does this Canadian Pacific Company, through the bonding system which you mention, take a large part of the traffic which would otherwise go to the Central Pacific?—A. Yes, sir; the very idea of the Canadian Pacific seems to be to take everything that is in sight, and the Government seems to be willing to afford the foreign company every facility and means for doing it.

Q. Is that done under any statute of the United States?—A. No; I do not think it is. I think this is done under a Treasury regulation.

THE NORTHERN PACIFIC.

Q. How does the Northern Pacific connect itself with the business of this region?—A. The Central Pacific, before the completion of the Northern Pacific, got all the freight for Oregon and the territory north. Now the Northern Pacific gets all of that business, and in addition to that it has a line of steamers plying between San Francisco and Oregon and takes a large slice of the business which naturally belongs to the Central Pacific line.

By Commissioner ANDERSON:

Q. Is not this carrying the doctrine of taking care of a debtor rather far? It could hardly be expected that the builders of the Central Pacific Railroad should have a monopoly of the carrying of traffic across the United States.—A. That is so. I am merely speaking of things as they exist, and how contrary they are to the anticipations indulged in

by Senators and members of Congress and by the railroad companies before the construction of the roads.

BENEFICIAL EFFECT OF COMPETITION OF SOUTHERN PACIFIC.

Q. How about the effect of the competition of the Southern Pacific on the Central Pacific traffic?—A. Instead of hurting, I think that it has greatly benefited the business of the Central Pacific Railroad. The Southern Pacific undoubtedly has been the means of saving to California a great deal of its business. It has built a line through Arizona, New Mexico, and Texas, and has opened up these markets to the merchants of California. It has also built a line into Mexico and has given our merchants a chance to compete for the business of that country. But for this, all the business of these Territories and of Mexico would be done by Eastern merchants, and California would get none of the benefits from that traffic. As it is, California supplies the largest portion of the goods consumed in these sections, and all of this business contributes directly or indirectly to the prosperity of the Central Pacific road. The Southern Pacific is the only line by which you can get freight rapidly from San Francisco to New York and from New York to San Francisco. It is the only concern which can make a through rate. You can go to a man in New York and he can tell you exactly what he can do for you and the time within which he can do it.

Q. That is on freight?—A. Yes, sir. If you want to ship any freight from New York to San Francisco you have not got to await the convenience of the New York Central, or of any other of those Eastern trunk roads, and you have not got to be bothered and annoyed with the delay which always occurs at Chicago. According to my experience, it used to take a week or ten days to get freight through Chicago. I do not know how it is now.

SOUTHERN PACIFIC PROTECTS CENTRAL FROM COMPETITION WITH GOULD'S LINES.

Q. What effect has the construction of the Southern Pacific and the establishment of a through line had on the earnings of the Central Pacific?—A. I do not think that it has any but a good effect. If the Southern Pacific had not started its road and protected the Central Pacific's through business, this business would have been done by the Texas and Pacific and Mr. Gould's lines.

Q. What do you mean by "protected the Central Pacific"?—A. If the Southern Pacific had not been built, and if the Sunset route had not been established, the Central Pacific, of course, would have had a competitor from the south, which would have taken a large share of the business, reduced the rates for traffic, and more or less demoralized the Central and Union Pacific Companies, and business would have been done without profit. With the construction of the Southern Pacific and the building of a road which worked in harmony with the Central Pacific, rates were maintained and the earning capacity of both roads increased. While the Central Pacific operated the Southern Pacific under lease it, of course, received the tolls upon business done by the Southern Pacific. The business of the Southern Pacific, under any circumstances, must come over the lines of the Central Pacific, and must pay terminal charges and ferriage to the Central Pacific. If the Southern Pacific road were owned by the Pennsylvania Central, as originally intended by Tom Scott, or if it had been built by the Texas and Pacific people under Mr. Gould, the earnings of the Central Pacific would not have been as great as now.

TERMS OF LEASE OF CENTRAL TO SOUTHERN PACIFIC.

Q. Have you examined the lease of the Central Pacific to the South ern Pacific Company, and are you familiar with its terms?—A. I hav not seen it.

Q. Do you know how the rental of $1,200,000 per annum, which th Southern Pacific agreed to pay, was fixed?—A. I did know, but I hav forgotten. I do not remember now.

Commissioner ANDERSON. I presume that we can get that from th auditor's office.

The WITNESS. I think that you can get it from the record.

HOSTILE LEGISLATION.

By the CHAIRMAN:

Q. What legislation on the part of Congress interfered with the de velopment of the Central Pacific?—A. I think the Thurman bill an all the various little things that have been passed since then; and not onl that, but the general hostility that has been shown by Congress to th Central Pacific Railroad have very seriously interfered with the devel opment of the Central Pacific Railroad. Although the company ha complied with the terms of the various acts of Congress and of th Thurman act, there has been money due by the different Department to the Central Pacific Railroad Company, and the Secretaries have re ported session after session that the amount was due, and it has bee put into the appropriation bills, but every time some patriot would ris up and have it stricken out. Although these claims have been consid ered by the Court of Claims, and have been passed upon by the Su preme Court of the United States, the company has been unable to ge its money, and there has been a very large amount of hostility show by somebody towards the management of this road.

PROSPERITY MEASURED BY EARNING POWER.

Q. Would you measure the prosperity of a road by its dividends?— A. I measure the prosperity of any material property by the amoun of its earnings. Of course this would apply as well to a railroad as t a brewery.

Q. Do the dividends of the Central Pacific Railroad Company repre sent the earnings of the road?—A. No well-regulated corporatio ought to pay dividends except from earnings.

Q. Do you know whether the dividends of the Central Pacific repre sent the earnings of the Central Pacific?—A. All that I know about i is that at the time they were declaring those dividends, their annua reports, as published in Poor's Manual, and in the "manual" contain ing the reports of its officers, showed that they earned enough to pa those dividends.

Q. Is it not true that more dividends have been declared since th passage of the Thurman act than at any time prior thereto?—A. Th Thurman act was passed in 1878; I think that the road commenced t pay dividends in 1873 or 1874, and then they stopped for a while. Afte they resumed, I think they paid up to 1882.

The CHAIRMAN. They paid up to 1884.

Commissioner ANDERSON. I think it was 1883.

The CHAIRMAN. A dividend was declared February 1, 1884.

The WITNESS. It is a mistake to say that they declared any dividen for 1884.

The CHAIRMAN. February 1, 1884, a dividend of $1,778,265 was declared.

The WITNESS. That is a mistake. They did not declare any dividends in 1884.

The CHAIRMAN. I have it from the reports.

The WITNESS. It must be a mistake, for I think no dividends were declared in 1884.

Commissioner ANDERSON. Look at the report of 1884 and see what it says.

NO DIVIDENDS DECLARED FOR FOUR YEARS.

The WITNESS. It says that a dividend was paid February 1, 1884. That is, paid from the earnings of 1883. I know that they were not earning dividends in 1884.

Q. If that be true, is it a just conclusion that the prosperity of the road, so far as its financial standard is indicated by the payment of dividends, has been interrupted by the passage of the Thurman act?—A. This dividend to which you refer me was paid from the earnings of four years ago. The company has declared no dividends for four years, and then you must remember they had income from the non-aided and leased lines.

Q. They declared dividends in 1883, 1882, 1881, and 1880, did they not?—A. Yes. But in 1884, 1885, 1886, and 1887 no dividends were declared.

EFFECT OF THURMAN ACT ON EARNING CAPACITY.

Q. I am taking the periods prior to the passage of the Thurman act and subsequent thereto. If the declaration of dividends is an indication of the financial prosperity of the road, can you conclude that the passage of the Thurman act has interfered with the earning capacity of the road?—A. I cannot say that I have been sufficiently in the confidence of the directors to enable me to say why the dividends were declared; but it may have been that at the time the stock began to be put upon the market they commenced to pay dividends to help its sales. I am very well satisfied that the property of the road and its earning power, and everything else pertaining to its success, were very much impaired by the legislation contained in what is known as the "Thurman act." It is a little too voluminous a subject to discuss in answer to one question. But if you will take the traffic reports and the mode of distributing the earnings, and what they paid the Government, and compare it with the distribution of their earnings for years before, you will find my conclusion to be correct.

VALUE OF BONDS OF SOUTHERN PACIFIC.

Q Was not the "Thurman act" a mere preparation for the maturity of the bonds?—A. These men had started, as I understand, to make a sinking fund of the bonds of the Southern Pacific Railroad Company of California at ninety cents on the dollar. Those bonds to-day are worth one hundred and fifteen, paying interest right along, and will, no doubt, be worth one hundred and twenty in a little while, and will have to be redeemed at one hundred and twenty, if redeemed before maturity. Instead of allowing them to handle a sinking fund as any other solvent man would be allowed to handle it, instead of allowing them to put in the liens of their own road at a low rate, as they proposed to do, you force them to pay money in, which was taken out of their earnings from time to time, and which was invested in some bonds of the Government which

had to be purchased in the open market at a high premium, so that the money put into the sinking fund is less to-day by three quarters of a million, according to my recollection, than the amount of money paid in. You took the earnings from them, and exhausted three quarters of a million of them in buying your own bonds to create your own sinking fund. I want to call your attention, as business men, and as intelligent men—really as a matter of business—to the way in which these men have been treated; and to the unintelligent way in which their business has been handled by those having Government control. I know that I would not treat any debtor of mine in that way if I expected him to pay me.

EFFECT OF CONSTRUCTION OF SOUTHERN PACIFIC ON UNION PACIFIC.

Q. What effect had the construction of the Southern Pacific road upon the Union Pacific?—A. Well, the Southern Pacific undoubtedly takes some business which might otherwise go by the Union Pacific; or, if not by the Union Pacific, by the Atlantic and Pacific, or by the Texas and Pacific. I wish to state to the Commission, however, that when the Southern Pacific was started, recognizing the fact that these roads were intended to be operated as one, and having due regard to the interests of the Government as a creditor of the Union Pacific, an offer was made to the Union Pacific people—Mr. Dillon and Mr. Gould—to let them in on the construction of the Southern Pacific upon equal terms, dollar for dollar, without any bonus, and that they refused. They did not believe that the Southern Pacific could hurt the Union Pacific. I think that you should bear this in mind: If the owners of the Central Pacific had not the control of the Southern Pacific, if the control of the latter road had been in adverse hands, the condition of the Central Pacific would have been very much worse to-day than it is, and the position of the Government would have been a great deal worse. The same is true of the Union Pacific. It has had its share of all the business which the Southern Pacific has thrown into the hands of the Central Pacific.

EFFECT OF CONSOLIDATION OF CENTRAL AND SOUTHERN ON UNION PACIFIC.

Q. Has not the effect of the union of the Central and Southern Pacific been to divert a large portion of the traffic from the Union Pacific over to the Southern Pacific?—A. I have fully explained what I mean in this regard. Some of it has been diverted, but not so much so as would have been the case had the Southern Pacific been in any other hands than those of the managers of the Central Pacific. I am about used up, gentlemen. I have given you all the time I can very well afford this morning.

Commissioner ANDERSON. We will be here thirty days. Will you be back within that time?

The WITNESS. Oh, yes; but if you want anything more I will give you any time you want in New York. I shall be in New York the 1st of October. Or, if you want me here to-morrow, I am willing to come. If not, I will read this over and see what I want to correct.

Commissioner ANDERSON. We hope to ask our last question before the 1st of October.

The CHAIRMAN. Can we hear you to-morrow at some hour?

The WITNESS. I can be here to-morrow at 10.30. I want to go away Saturday.

ALFRED A. COHEN.

ABSTRACTS OF VARIOUS ARTICES OF CONSOLIDATION.

Commissioner ANDERSON. Mr. Miller has left with me the different articles of consolidation produced yesterday, from which we will take extracts.

The following are extracts from the various articles of consolidation:

Articles of consolidation between the Western Pacific Railroad Company and the San Francisco Bay Railroad Company, dated October 28, 1869, containing a recital of the organization and construction of these two railroads, of their conclusion to consolidate.

They contain six articles.

The effect of these articles is to consolidate all the capital stock and all of the property and franchises of the respective corporations into a new corporation, which is declared to be the Western Pacific Railroad Company.

The terms of the consolidation are that the respective stockholders in each of the constituent companies shall hold equivalent amounts of stock in the new corporation.

The stock of the new corporation is fixed at $10,400,000, and the length of the consolidated road is stated to be about 223 miles.

The new corporation assumes all liabilities of the constituent companies.

The articles of consolidation are signed by Leland Stanford as president and E. H. Miller, jr., as secretary of the Western Pacific Railroad Company, and by Leland Stanford as president and by E. H. Miller, jr., as secretary of the San Francisco Bay Railroad Company.

The consent of more than three-fourths in value of the stockholders in the respective companies is annexed and the signatures thereto are as follows:

The stockholders of the Western Pacific Railroad Company are: Leland Stanford; C. Crocker; E. B. Crocker, by C. Crocker, attorney in fact; Mark Hopkins; C. P. Huntington, by Mark Hopkins, attorney in fact; E. H. Miller, jr.; Contract and Finance Company, by C. Crocker, president; C. H. Cummings.

The stockholders of the San Francisco Bay Railroad Company are as follows: Leland Stanford; C. Crocker; E. B. Crocker, by C. Crocker, attorney in fact; Mark Hopkins; C. P. Huntington, by Mark Hopkins, attorney in fact; E. H. Miller, jr.; Contract and Finance Company, by C. Crocker, president; Jerome Madden; B. B. Redding; W. E. Brown, and D. A. Bender.

The articles of consolidation between the California and Oregon Railroad Company and the Yuba Railroad Company bear date the 15th day of December, 1869.

The terms of the consolidation are to the effect that the shareholders of each of the constituent companies shall receive a number of shares in the consolidated company equal to the number of shares held by them, respectively, in the old companies.

The stock of the new corporation is fixed at $15,000,000, and its term of existence at fifty years.

The new company succeeds to all the property and franchises of the old companies and assumes all of their obligations.

The first board of directors of the new company is declared to consist of the following persons: Leland Stanford, C. P. Huntington, Mark Hopkins, E. B. Crocker, Charles Crocker, E. H. Miller, jr., and A. P. Stanford.

The articles are signed by E. H. Miller, jr., as secretary of the California and Oregon Railroad Company. A corresponding instrument is executed by the Yuba Railroad Company.

Articles of association between the Central Pacific Railroad Company of California and the Western Pacific Railroad Company bear date June 22, 1870.

The articles contain a recital of the organization, construction, and operation of the constituent roads and of the preceding consolidation between the Western Pacific and the San Francisco Bay Railroad Company, and the articles of consolidation provide, substantially, that the new corporation shall succeed to all the property and franchises of the constituent corporations and shall assume all of their obligations; that the stockholders in the new corporation shall hold an equivalent amount of stock to that which they held in the constituent companies; and that the new corporation shall be known as the Central Pacific Railroad, which shall exist for fifty years.

The first board of directors is declared to consist of Leland Stanford, C. P. Huntington, Mark Hopkins, Charles Crocker, E. B. Crocker, E. H. Miller, jr., and A. P. Stanford.

The length of the road is stated to be about 1,000 miles, and its capital stock is fixed at $100,000,000.

The articles are signed by Leland Stanford, president, and E. H. Miller, jr., secretary, for the Central Pacific Railroad Company of California, and by the same parties as president and secretary, respectively, of the Western Pacific Railroad Company.

Annexed to the articles are the consents of more than three-fourths of all the stockholders of the respective companies.

The stockholders of the Central Pacific Railroad of California, whose names are appended to the consent, are as follows: Leland Stanford, Charles Stanford, by Leland Stanford, attorney in fact; Mark Hopkins, C. P. Huntington, by Mark Hopkins, attorney in fact; C. Crocker, E. B. Crocker, by C. Crocker, attorney in fact; E. H. Miller, jr., C. L. Scudder, A. P. Stanford, by Leland Stanford, attorney in fact; B. F. Crocker, D. O. Mills & Co., Albert Gallatin, W. R. S. Foye, C. H. Cummings, J. F. Hollister, Julius Wetzlar, J. S. Friend, Friend & Terry, W. E. Terry.

The stockholders of the Western Pacific Railroad Company, whose names appear subscribed to the consent, are as follows: Leland Stanford, Mark Hopkins, C. P. Huntington, by Mark Hopkins, attorney in fact; C. Crocker, E. B. Crocker, by C. Crocker, attorney in fact; E. H. Miller, jr., A. P. Stanford, by Leland Stanford, attorney in fact, and C. H. Cummings.

Articles of association between the San Francisco and Oakland Railroad Company and the San Francisco and Alameda Railroad Company bear date June 28, 1870.

They recite the organization, construction, and operation of the respective roads. The articles are substantially that the new company shall succeed to all the property and franchises, and shall assume all the obligations of the old companies. The stock of the new company is fixed at $2,000,000.

The stockholders of the old companies are declared to be entitled to receive amounts of stock in the new company equal to the amounts held by them in the old companies. The name of the new company is declared to be the San Francisco, Oakland and Alameda Railroad Company.

The length of the road of the new company is declared to be about 25 miles.

The articles of association are signed by the boards of directors of the respective companies, and are: Alfred A. Cohen, president; D. O. Mills, W. C. Ralston, F. D. Atherton, and D. P. Barstow, directors of the San Francisco and Oakland Railroad Company; and by F. D. Atherton, John Hewston, jr., E. B. Mastick, and Alfred A. Cohen, as directors of the San Francisco and Alameda Railroad Company.

The consents of more than three-fourths of the stockholders are annexed, being for the San Francisco and Oakland Railroad Company: A. A. Cohen, D. O. Mills, W. C. Ralston, F. D. Atherton, D. P. Barstow; and by the following as stockholders of the San Francisco and Alameda Railroad Company: F. D. Atherton, A. A. Cohen, E. B. Mastick, John Hewston, jr., and Leland Stanford.

The four parties first named signed for 5 shares each, and the last named for 14,985 shares.

Articles of association between the Central Pacific Railroad Company, the California and Oregon Railroad Company, the San Francisco, Oakland and Alameda Railroad Company and the San Joaquin Valley Railroad Company bear date August 20, 1870.

These articles recite the organization, construction, and operation of the constituent roads and contain articles of association as follows:

The new company is declared to be the Central Pacific Railroad Company.

It succeeds to all the property and franchises and assumes all the obligations of the constituent companies.

The board of directors was declared to consist of the following-named persons: Leland Stanford, William E. Brown, Mark Hopkins, C. P. Huntington, Charles Crocker, Edward H. Miller, jr., and Charles H. Cummings.

The capital stock is declared to be $100,000,000, and the company is to exist for fifty years. Each stockholder of each of the constituent companies shall have the same number of shares of the capital stock of the new corporation which he holds of the capital stock of the respective companies.

The articles are signed by Leland Stanford, as president, and E. H. Miller, jr., as secretary, of the Central Pacific Railroad; by Leland Stanford, president, and E. H. Miller, jr., secretary, of the California and Oregon Railroad Company; by Alfred A. Cohen, president, and H. Lacy, secretary, of the San Francisco, Oakland and Alameda Railroad Company; by Leland Stanford, president, and E. H. Miller, jr., secretary, of the San Joaquin Valley Railroad Company.

The consents of more that three-fourths of the stockholders of the respective companies are attached.

The stockholders of the Central Pacific Railroad Company are as follows: Leland Stanford, Mark Hopkins, C. P. Huntington, by Mark Hopkins, attorney in fact; C. Crocker, E. B. Crocker, by C. Crocker, attorney in fact; W. E. Brown, E. H. Miller, jr., and C. H. Cummings.

The stockholders of the California and Oregon Railroad Company, whose signatures are attached to the consent, are as follows: Leland Stanford, Mark Hopkins, C. P. Huntington, by Mark Hopkins, attorney in fact; C. Crocker, E. B. Crocker, by C. Crocker, attorney in fact; E. H. Miller, jr., and B. B. Redding.

The stockholders of the San Francisco, Oakland and Alameda Railroad Company whose names are attached to its consent are: Alfred A. Cohen, D. O. Mills, F. D. Atherton, D. P. Barstow, and W. C. Ralston.

The stockholders of the San Joaquin Valley Railroad Company whose names are attached to its consent are: Leland Stanford, Mark Hopkins, C. P. Huntington, by Mark Hopkins, attorney in fact; C. Crocker, E. B. Crocker, by C. Crocker, attorney in fact; E. H. Miller, jr., B. B. Redding, and C. H. Cummings.

OFFICES OF THE CENTRAL PACIFIC RAILROAD COMPANY,
San Francisco, Cal., Wednesday, July 27, 1887.

Afternoon session.

WILLIAM H. MILLS, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. As connected with the road, I am the land agent.

Q. How long have you been connected with the road?—A. I was appointed land agent on the 1st day of January, 1883.

Q. What relations did you hold with the road prior to 1883?—A. No relation with the road as an employé.

DUTIES OF LAND AGENT.

Q. How long were you connected with the road prior to 1883?—A. I was not connected with it as an employé prior to that time, nor in any other way.

Q. Was the date of 1883 your first connection with the road in any capacity?—A. Yes, sir.

Q. What were your duties at that time, and what are they now?

The WITNESS. As land agent?

The CHAIRMAN. As land agent?

The WITNESS. I have general charge and supervision of the lands granted by the Government in aid of the construction of the road.

B. B. REDDING'S ADMINISTRATION.

Q. Who was your predecessor in office?—A. Mr. B. B. Redding.

Q. How long was he connected with the land department?—A. Mr. B. B. Redding's connection with the land department, I think, dated from the very beginning of the grant. I think it was about 1866. That is only from recollection, of course. I was not in a position to know or to answer that question really anyhow.

Q. Where is Mr. Redding now?—A. Mr. Redding is dead.

Q. How long has he been dead?—A. Mr. Redding died in the summer of 1882, some time, I think, in June or July of 1882.

Q. Were you appointed or selected to fill the vacancy caused by his death?—A. Yes, sir; there was an interregnum in the office of land

agent from that date until the date of my appointment—from the date of his death to the date of my appointment—the office being conducted by clerks and a deputy who had been in the office since the beginning of the administration of the office.

Q. What are you paid by the company?—A. I am paid a salary.

Q. What is the salary?—A. The salary is $7,000 a year.

Q. How many clerks have you?—A. Six clerks besides the field agents.

BOOKS OF LAND DEPARTMENT.

Q. What books do you keep?

The WITNESS. Personally, do you mean?

The CHAIRMAN. Yes, sir.

The WITNESS. None whatever.

Q. What books does your department keep—impersonally I am speaking, altogether?

The WITNESS. Oh, you are speaking of the department?

The CHAIRMAN. Yes.

The WITNESS. We keep the tract books, which exhibit the lands granted. We keep all the maps and all the delineations of the land grant. We keep the plots of townships, the accounts of sales and of leases, the accounts of sales of timber lands, of lands where the timber is granted and the land is not granted, which is the case within ten miles of the road if the land is mineral. We keep accounts of all matters and things relating to the land department and to the lands granted. I also keep all accounts between the Government and the railroad company in the way of lists of selections.

Q. Have you named all the books which your department keeps?—A. Yes; I guess that would include all—that is, in categories—I have not named the specific books in which the accounts are kept. But we keep all books which are necessary to be kept relating to leases, and all books necessary to be kept relating to sales, and to the balance of the principal due upon lands sold upon credit, and all the tract books which exhibit the lands granted, showing the tracts of lands.

AMOUNT OF LAND PATENTED AND DISPOSED OF.

Q. How many acres of land has the company patented to date?—A. My recollection is that on the line of the Central Pacific Railroad 1,039,710.59; and on the line of the California and Oregon there are, I think, 1,340,000 to 1,350,000 acres patented to the company. There are some odd figures besides.

Q. How many acres of patented land has the company disposed of?—A. On the Central Pacific there are patented and for sale to-day—I am speaking merely from recollection now—345,000 acres; on the California and Oregon there are about 275,000 acres. My general recollection is that there are patented and for sale in the two grants, in round numbers, 600,000 acres.

Q. And the difference between 600,000 acres and the number of acres patented have been disposed of?—A. Would represent the sales; yes, sir.

AMOUNT APPLIED FOR AND UNPATENTED.

Q. Upon how many acres of land has the company applied for patents for survey?

The WITNESS. Applied for altogether, do you mean?

The CHAIRMAN. Yes, sir.

The WITNESS. On the main line?

The CHAIRMAN. On the main line I speak of specially now.

The WITNESS. On the main line the excess of applications over the patents is 622,000 acres and some hundreds. I do not remember the hundreds, I only remember the even thousands. On the California and Oregon line the excess of applications over the patents amounts to 400,000 acres, perhaps a little more. I know that the aggregate of applications by the company for patents in excess of the response of the Government is a little over a million of acres.

HOW APPLICATIONS ARE MADE.

Q. How long have the applications been on file in the Department?—A. That question cannot be answered, Mr. Chairman, in the manner, perhaps, that you think it can. I will give you the information and then you will see the difficulty of answering the question. Applications are made for patents by listings, that is, a list of selections is made. The company must first select the land, claiming that it was granted. Those lists of selections are examined by the registers and receivers in the land district in which the land is located. That examination results in making what is called a clear list, or clearing the land to the company. When the registers and receivers have decided that the land is clear to the company the company pays the costs of the surveying, selecting, and conveying, as required by law, and the list is forwarded by the register and receiver, it having been properly certified by the surveyor-general of the State that the fees have been paid to the General Land Office at Washington. From these lists clear lists are made in the General Land Office at Washington, and there has scarcely been a list sent from which there has not been some suspensions from the very first, for further examination, which examination has not in all cases been made.

SUSPENSIONS.

Now, when you ask the question, How long have these lists been before the Department at Washington for examination? it is quite probable that from the very earliest selections some suspensions were made for further examination, and that final decision in those cases has not yet been rendered. For illustration, a list made early in 1882, prior to my administration of the department, comprised 126,000 acres. From that list 65,000 acres were suspended for further examination. That examination has been made in part by special agents of the Land Office at Washington, but patents have not been issued for it yet. Now, as to that list of 65,000 acres—the figures of the acreage are on the books, and I speak generally, but that is about the proportion—that land has not yet been patented. Therefore, as to that list, we might say that about 65,000 acres had been before the Department since May, 1882. And still behind that list there might be parts of lists of selections upon which the costs of surveying, selecting, and conveying had been paid and to which no response from the Government has been made in the way of patents.

EFFECT OF FAILURE TO MAKE SURVEY.

Q. Does the failure to make the survey retard the company in making the selections?—A. Oh, yes, sir; very greatly.

Q. Why?—A. It is because the application for the land, which is notice from settlers that they wish to settle upon the land and buy it,

has been acted upon by us and we have directed our attention in all cases to dealing with such tracts as the settlers wish themselves to buy. You will understand that there is a very large quantity of unpatented land in the possession of settlers who are very anxious to obtain their titles. They cannot borrow money on their holdings, and they cannot proceed with their improvements until they have a title that will answer for collateral security, and they are very anxious to get titles. Now, to meet the requirements of settlers, we have always addressed our attention—and I see from the records of our department that that has been our custom from the first—to obtain title to such land as people wish at once to occupy and improve and settle upon. The delay in making surveys, then, if people want to enter upon a particular section of country, is a drawback. People begin to notify us that they want to buy that land, and if that land is unsurveyed, of course we cannot give them a title to it.

METHOD OF MAKING SELECTIONS.

Q. Do you wait until you get a notice from a settler before you attempt to make any selection of the land?—A. Oh, no, sir; the selections have been made generally with a view of meeting and encouraging settlements. The difficulty in obtaining patents from the Government has been, from the first, such that there was no encouragement to urge upon the attention of the Department at Washington lists of selections, since those already before it had not been patented; and therefore the effort has generally been made in the direction where settlement was proceeding, because to make lists of selections would be to facilitate its improvement. If it was just generally to simply open the country where there was no evidence of settlement, or no desire on the part of anybody to take possession of the land, we would interpose those lists between lists of land where we really desired to get patents; that is, where the people desired that we should get patents.

POLICY OF COMPANY IN REGARD TO APPLICATIONS.

Q. Is not the effect of such a policy and failure to patent lands, especially in settled counties, to avoid on the part of the company the local taxation in counties?

The WITNESS. You speak now of a motive on the part of the company?

The CHAIRMAN. Of a policy of administration.

The WITNESS. If there had been such a policy in the minds of the directors I would have been notified of that policy. I have never been notified of the policy of withholding the applications. On the contrary, it has been urged upon me continually to get title to all the land we can; that is, all the land that we can get in before the Department.

Q. Is not the effect, however, to place the tax on the land upon the settler at once, without subjecting the company to the local tax?

TO URGE THE ISSUANCE OF PATENTS.

The WITNESS. You mean, has that been the policy of the company?

The CHAIRMAN. Is not the effect of the policy which the company pursues with reference to the land what I stated?

The WITNESS. The policy of the company has been to urge upon the Government the issuing of patents. That has been its uniform policy. I cannot say what the effect of the policy would be. The effect of the

policy of the Government in delaying to issue the patents has been to keep the people who occupy the land out of their titles and in a very unsettled and uncertain condition.

Q. Is not the effect of waiting for the settler to make application before the selection of land is made to place the local tax at once upon the settler by giving him the immediate title instead of the company taking the title?

COMPANY INTERESTED IN TRANSPORTATION SIDE OF ACCOUNT.

A. The effect of taking title where there is a probability of the early use of the land is to accommodate the settlement; the policy of making a general application wherever applications might be made would be to fill the Department at Washington with applications and lists of selections to the exclusion of lists of selections where the land would be likely to be needed by applicants for actual settlement. That would be the effect of that policy, and that effect would be disastrous upon the settlement of the lands and the opening up of the country immediately along the line of the roads. The company, of course, is very anxious to settle the land in such a way that there would be a large amount of money to the transportation side of the account. Here is an instance where the owner of the land is interested in the progress of the settlement. The land pays the company, perhaps, much better after it is settled than it does by the price of it. The income from a settled piece of land is a continuing source of revenue to the road and they are therefore very desirous of settling the land along the line of the road.

WHEN TAXES ARE DUE ON PATENTED LANDS.

Q. When are the local taxes due upon the lands that are patented?—A. The taxes in California attach and become a lien on all property on the first Monday of March of each year. If the patents were issued prior to the first Monday of March in any year, it would be taxable. However, you will understand me that we have also possessory rights—that in the State of Nevada possessory rights are taxable, and so they are in California. And it has been held that a possessory right is a taxable entity, as I understand it. I know it is so in Nevada.

LOCAL TAXATION THEREON.

Q. How much has the company paid upon patented lands in local taxation in the several counties through which it passes?—A. The taxes of this company are managed and controlled by a tax auditor. I have no charge whatever of the taxation on land. There is a department which has charge of that matter. I have no figures on the subject, none whatever, nor have I any in my department.

Q. What is the name of the gentleman who has charge of that?—A. Mr. E. B. Ryan.

Q. Is he subordinate to you or under your control?—A. No, sir; he attends to all tax matters relating to the company, and of course attends to the tax upon lands. And those figures can very readily be obtained at his office.

By Commissioner ANDERSON:

Q. He attends to the tax on the lands?—A. Yes, sir; that is the only matter connected with the land over which I have no jurisdiction at all, I have no jurisdiction in that case at all.

By the CHAIRMAN:

Q. Have you any tax accounts whatever connected with the land granted by the Government?—A. The lists of lands patented to the company and subject to taxation are made up in my department each year and sent to Mr. Ryan's office, and that is the last I know of them.

Q. He can furnish that list to the Commission, with the amount of taxes paid to date?—A. Oh, yes, sir; he keeps all those matters separately.

AMOUNT OF ORIGINAL GRANT TO THE CENTRAL PACIFC.

Q. How many acres of land of the original grant are yet due to the Central Pacific Company?—A. The grant to the Central Pacific Company at first, I find in the reports before I administered the department, was theoretical in quantity. It was made up by assuming that there was a grant of 12,800 acres to the mile. There having been a grant of twenty sections to the mile of 640 acres each, the amount would be 12,800 acres per mile. The theoretical acreage was, therefore, determined by multiplying the whole number of miles by 12,800 acres, because that would be the quantity that would be granted; but by reason of the sinuosities of the road there are a great many miles which get no land. If we take, for instance, in the vicinity of the mountains, where the road is very crooked, there may be 2 miles of road constructed upon one tier of sections. You are only making progress east and west in your land grant 1 mile to 2 miles of your road. The theoreticalq uantity, according to my recollection, is 9,000,000 acres on the main line.

REDUCED BY GOVERNMENT DELINEATIONS.

Q. That is the total amount?—A. Yes, sir; but when the Government delineated the grant by fixing definite exterior limits, plats of which I can furnish you, with the certificate of the General Land Office, that is, the governmental delineation reduces the quantity to something like 7,500,000 acres, and from that there is another deduction to obtain the actual result. Now, we have dealt with the grant in California, and know pretty well just what we will get; that is, we have the material upon which to form a judgment. Theoretically we obtained the result by multiplying the mileage by 12,800 acres, and it gives 1,992,000 acres for California. The Government delineation gives about 1,222,000 acres, while the actual result is 774,000 acres. Now, out of a grant of 1,992,000 acres, theoretically, the company will receive about 774,000 acres of patented land. That deduction arises from the fact that the delineation of the Government does not take into account the crookedness of the road; it makes the general exterior limits almost straight; that is, it follows the general course of the road. Within that delineation made by the Government there are about 1,222,000 acres.

By Commissioner ANDERSON:

Q. What would make the second deduction to 774,000 acres?—A. The second deductions are the subtractions from the grant, prior disposal, mineral lands, and the lands generally excepted out of the grant. The land was granted in categories.

By Commissioner LITTLER:

Q. Would you be allowed to go beyond the limits for the purpose of making good that grant?—A. No, sir; not upon the main line.

THE CALIFORNIA AND OREGON GRANT.

If you are now referring to the California and Oregon grant, I will say that that was a grant of quantity and not a grant in place. That was a grant of 12,800 acres, to be found within 20 miles each side of the line, and if there was land lost in the odd-numbered sections of the lands granted, indemnifying lists were provided 10 miles on each side of the land granted for the purpose of indemnifying them for the loss in the granted limits. In that case below Redding, from Redding to Roseville, the company never acquired the full amount granted; that is to say, there was not enough land in the odd-numbered sections both in the granted limits and in the indemnity limits to make the 12,800 acres to the mile, which was the quantity granted in that case. It was an absolute grant of quantity, amounting to 12,800 acres to the mile, but there was not enough undisposed of to satisfy the grant for that distance.

AMOUNT OF LAND DISPOSED OF.

By the CHAIRMAN:

Q. Will you please repeat how many acres of land, estimating to date, on the main line, the company has disposed of?—A. The company has received on the main line——

The CHAIRMAN. No; I say disposed of—sold?

The WITNESS. Well, I can only do that, Governor, by subtracting. The company has received in patents on the main line 1,666,000 acres. There remains patented and unsold on the main line about 345,000 acres. If you will subtract one figure from the other you will see how much has been disposed of. The difference must have been disposed of, of course.

AMOUNT RECEIVED THEREFOR.

Q. How much money has the company received from the land disposed of to that date?—A. I could not answer that question without examination; that is, not anything like accurately. I might approximately.

Q. Will you approximate now, and then subsequently furnish the figures to the Commission?—A. Well, there were bonds for $10,000,000, including the interest; there are several elements entering into the question of reduction of the bonded indebtedness. There was the interest account and the sale of stumpage, and there are various things of that sort. What you wish to arrive at, I presume, is what the land sold for.

The CHAIRMAN. I want to know how much money the Central Pacific has received from land disposed of to date on the main line.

The WITNESS. Approximately I should think, altogether—from all sources on the main line?

The CHAIRMAN. Yes.

The WITNESS. Well, I would have to venture an opinion on that, because a segregation would have to be made. The fund is all kept as one. I would say $2,000,000.

Q. Will you furnish the Commission with an accurate statement of the sum received from lands disposed of?—A. With pleasure. I will furnish the Commission any statistical facts derivable from my books, if the Commission will give me a list of the things which they wish.

VALUE OF LAND REMAINING UNDISPOSED OF.

Q. What do you estimate, as the land agent of the Central Pacific, is the value of the land on the main line undisposed of?

The WITNESS. Patented and unpatented?

The CHAIRMAN. Yes; patented, or yet to be taken up. Allowing for the deductions which you have made, what do you, as the land agent, estimate to be the value of the land undisposed of along the main line of the Central Pacific?

The WITNESS. That is, the land that can be disposed of, excluding from that computation the money already obtained for the sale of land?

The CHAIRMAN. Yes.

The WITNESS. Well, I should estimate it to be $4,000,000. That estimate is very general. There will remain, after the present deductions, probably six millions of acres, or five and one-half millions of acres, in that grant.

SETTLERS INVITED TO GO UPON UNPATENTED LANDS.

Q. When you make a selection of land at the suggestion of a settler, do you allow him to go upon it at that time?—A. Oh, the company invited settlers upon its lands from the very outset. That is, upon the unpatented lands of the company. You will understand that within the limits of the grant every alternate section granted would remain unoccupied if the grant itself would constitute an obstruction to its settlement. To prevent the lands from being a displacement of settlement, the company at once invited settlers upon the unoccupied lands of the company. They invited them to take possession of the lands and cultivate them and live upon them, and they have done so, and they are doing so. There are scarcely any lands granted to the company that are not in the use of somebody to-day, and that have not been free from first.

LEASES OF UNPATENTED LANDS.

Q. Have you made leases with the persons using the lands?—A. Only in a very few instances, and within the last eighteen months. Formerly leases were not made at all, except upon patented lands suitable for cultivation. Lands patented to the company and fit for cultivation were leased, but we did not charge the settlers anything for occupying the land.

Q. How many acres of land unpatented and selected by you have you leased as the land agent?—A. Three or four hundred thousand acres, perhaps.

INCOME DERIVED THEREFROM.

Q. What income does the company derive from the leased lands selected and yet unpatented?—A. Up to two years ago the company had never derived any benefit from leases of that kind. About two years ago I inaugurated a policy, owing to the destruction of the ranges in Nevada; this was chiefly a matter in Nevada and Utah; we have leased very little or no land in California. The sheep are very destructive to the pasture, and the cattlemen object very strongly to the lands being occupied by them. We have leased the lands as much as possible to cattle men, preferring that class of stock upon the lands to sheep, because sheep destroy the range. One lease was executed this year of 181,000 acres for $1,200 per annum, and there is a lease executed for 320 sections. These are the two largest leases, and comprise nearly all the land that is under lease. There are 320 sections for $10 a section. That is, $10 for 640 acres. The price is almost nominal; $1,200 a year for 181,000 acres of land would be a very small rate per acre. A general lease was executed, and the entire territory of Utah embraced in

it, to one individual, so as to distribute the leases among the people over there. That was about three years ago. I think that was perhaps the first lease of that kind that was made.

Q. What expense is the company put to either in taxation or the maintenance of lands selected and unpatented?—A. The company is not put to any expense, unless it is necessary to protect the timber from depredations; in that case it is very expensive. In California the lands left to the company now are chiefly timber lands.

MAP OF LAND GRANT IN NEVADA.

Q. Did you issue a map concerning grazing land a year or so ago?—A. We have issued a map of the whole grant in the State of Nevada; yes, sir.

Q. What was the character of the map?—A. Well, I will exhibit a copy of it here.

Q. Will you produce a copy of it to the Commission?—A. Yes, sir.

Q. Did you issue an order in connection with the map?—A. No, sir; I do not remember of any order. I have issued a notice several times, requesting people to rent the lands, to lease the lands, so that they might have possession of them.

Q. Could you produce a copy of the map here now?—A. Yes, sir.

(The witness sent for the map.)

COMPANY'S TITLE TO UNPATENTED LANDS—RIGHT OF POSSESSION.

Q. How do you get a sufficient title to the land to warrant you in making your leases?

Commissioner LITTLER. That is, as to unpatented lands.

The CHAIRMAN. Unpatented lands.

The WITNESS. The court has decided recently in Utah that the right of possession of unpatented lands is in the company. That question arose in a case between the Promontory Stock Company as plaintiff against Adams and Schilling.

Q. What title does such possession give you?—A. It gives us the right of possession; that is to say, the ground.

The CHAIRMAN. I want to know the effect of such a title.

The WITNESS. Well, the effect of the decision in that case was to give judgment for the restitution of the land. There was a quantity of unpatented land in the possession of Adams and Schilling. The right to that land was sold to the Promontory Stock Company, and they brought suit for the restitution of the land—for the right of possession; and the court decided that they had the right of possession. I have the decision of the court up-stairs in that case, and the charge of the judge to the jury, which sets forth the whole story.

Q. Will you produce that?—A. Yes, sir; I have it printed in a little circular form.

CONFIRMATION OF SALE TO PROMONTORY STOCK COMPANY.

Q. Do I understand you to say that the court in that case confirmed the sale to the parties?—A. It confirmed the right of the company to the possession of the land.

Q. What is the name of the company?—A. The Promontory Stock Company, but they were the grantees of the Central Pacific Railroad Company, so that it was a confirmation of the right of possession in the Central Pacific Railroad Company.

By Commissioner ANDERSON:

Q. And of the right to transfer that possession to the grantee?—A. Yes, sir; and I wish to say in that respect that if patents could be obtained with facility no measure of that sort would ever have been resorted to. But the patented land of the company has been in the possession of everybody without lease for years. We have 214,000 acres patented in the State of Nevada that have been in the free use of the people of that State for a great many years without rent.

TERMS OF LEASES.

By the CHAIRMAN:

Q. How long do you make your leases?—A. The leases are made for one year, with the privilege of sale. That is, they can be renewed from year to year, if the lands are not sold in the mean time. The leases more frequently than otherwise include patented lands. They include a large range of country. If you saw that country as you came over it you will be prepared to understand that it takes a large quantity of it to be useful to a herdsman. It is leased in large ranges; lands convenient to water.

Q. What is the length of the term of your large that leases you spoke of—two or three years?—A. One year.

(The map already referred to was here produced.)

DIVISION OF NEVADA LANDS INTO GRAZING RANGES.

The WITNESS. Here is a map of the grant of lands in Nevada. There is a good deal of green on the map.

The CHAIRMAN. I call your attention to the order signed by you dated July 31, 1885, and printed upon this map, of "Lands granted by the United States to the Central Pacific Railroad Company in the State of Nevada." That order states:

Hereafter land belonging to the Central Pacific Railroad Company in Nevada will be sold only in grazing ranges. The grant has been divided into ranges as set forth below. The ranges will be sold or leased to stockmen on easy terms. The attention of stockmen in Texas and Wyoming is respectfully called to these ranges and the liberal terms upon which they may be secured.

Will you please state to the Commission why a special description and division of the land was made by the company and by your order into grazing ranges?

THE REASON OF SUCH DIVISION.

The WITNESS. It was because the sale of land immediately contiguous to water destroys the use of the land lying behind that water. If you look upon this map you will see that it is divided into ranges, that is, approximating somewhat the water. There, for instance, is water through that range, and here is some water in this range. The lands granted to the company, if they are ever to find sale, must have the use of water. To begin with, this land will find its highest use for hundreds of years to come in grazing. It is distinctively grazing land. Nearly all the land left now to the company is grazing land or timber land. There is some foot-hill fruit land left. The former practice was to sell land in 160 or 640 acre tracts. Some lands of the company were sold along the margin of streams by 40-acre tracts. The order that you see there, that is, the notice that you see on the map, was that all the land used by a herdsman must be purchased by him. They used these ranges. This whole territory is in free use now except as to the two in-

stances of leases that I spoke of, one of them here in the eastern end of the grant and the other about the middle of the grant, with some minor exceptions, as for instance where a single section has been leased to a herdsman. So the order was given that hereafter the lands would be sold only in ranges, because in that way only can the lands be disposed of. If the water necessary to the profitable use of the range is sold it is the equivalent of conferring upon the purchaser of that water the perpetual use of the land without purchase. This is just what the Government of the United States does all the time.

AREA OF RANGES, AND WHAT THEY ARE GOOD FOR.

Q. Are the numbers from 1 to 28 upon the map descriptive each of range?—A. Yes, sir. That is, they are intended to be generally descriptive of a range. The whole grant was divided into ranges from 100,000 acres up, and some of them containing 200,000 acres.

The CHAIRMAN. I observe that the ranges grade from 30,000 acres to 600,000 acres?

The WITNESS. Yes.

Q. Is not the effect of that to virtually or entirely exclude from this territory granted to you by the Government and designated by you as grazing land, all settlers except those who are engaged in the grazing business and able to purchase a range of from 30,000 to 600,000 acres?—A. The class you speak of have been excluded since the settlement of the country. They are excluded by the character of the country itself. They are excluded from the fact that the most of that territory is at such an altitude that there is frost every month in the year. The lowest place on that grant is 3,300 feet above the level of the sea, while it rises in some instances to nearly 6,000 feet. The annual rain-fall of the country, including the snow is 2½ inches of water. It is therefore an arid country, under a high altitude, with very cold winters. For the most part, in the eastern portion of the grant, the thermometer goes down to 20 and 25 degrees below zero. It is not in any sense of the word an agricultural country.

THE WATER "BODIED UP" UNDER LAW OF NEVADA.

That policy was also forced upon the company for another and a very important reason. The State of Nevada had a grant of the sixteenth and thirty-sixth sections for school purposes. The Government of the United States took that grant back and issued in lieu thereof scrip to the amount of 2,000,000 acres of land, authorizing the State to dispose of that land as it saw fit. The legislature of the State allows the land to be taken in 40-acre tracts. The purchasers of that land purchased the land lying contiguous to water. The State inaugurated a system which, as they characterize it in that country, "bodied up" the water in such a way as to give its exclusive use to the purchaser of lands lying contiguous to water. That policy, being pursued by the State of Nevada, produced a corresponding policy upon the company, because purchasers of lands in that State could buy this floating scrip of the State and could body up the water in that way. They "bodied up" the even sections within the limits of the railroad grant, and they "bodied it" solid outside of the limits of the railroad grant. It was a plain recognition upon the part of the land authorities of the State of Nevada that the country was distinctively a grazing country. And while agriculture has been prosecuted there, under irrigation, in the lower part of the grant, from the Humboldt House particularly down,

and while there are large quantities of land in Humboldt County which, if capital could be induced to take the water out, might be raised to a very considerable state of productiveness and induce a very considerable agricultural interest, yet there are other portions of the Pacific coast so much more productive that capital is not likely to be attracted that way.

BUT TWO LARGE SALES MADE IN NEVADA.

Q. How many ranges designated on the map that you have produced have been disposed of by lease or otherwise?—A. There have been but two large ranges sold in the State of Nevada. That is, in any considerable quantity. There was one of 30,000 acres and one of 31,000 acres. Those two are the only sales I recall now—there may be others. There have been two large leases executed in that State.

I wish to say to the Commission that these ranges are not arbitrary by any means. An individual can buy all the land in the township. The announcement there is simply the declaration that the old policy of selling water, that is, selling 160 or 640 acres of land on the water, would not be any longer pursued. It was a declaration that the man must buy a sufficient quantity of land lying back of the water so that he would divide the water (water being indispensable to the use of the land) into something like fair proportions, so that lands contiguous to water would not be purchased in such a way as that the lands lying behind it would be wholly unsalable. If the company was to ever realize anything from its grant, that was the only policy to be pursued. That 600,000 acre range is right there before Mr. Anderson, and comprises very largely the White Plains and Humboldt Desert, and 40 miles of desert, along through that region. We put it in a large tract there because at least 550,000 acres of it has no grass on it.

SEEMING DISCREPANCY WITH REPORT FOR 1882.

Q. Will you please explain to the Commission the difference in your statement, or the seeming difference in your explanation just made, and the report furnished by you in the year 1882?

The WITNESS. 1883.

The CHAIRMAN. Memorandum relating to bond-aided roads. You place the agricultural land in Nevada and Utah at 2,000,000 acres?

The WITNESS. Is that my report of 1883?

Mr. NORRIS. Report dated January 1, 1883, for 1882.

The WITNESS. I wish to state to you in regard to that report that I came into the department, as I have already stated to you, on the 1st of January, 1883. My predecessor had died during the year 1882. This report was derived chiefly from statements made to me by the gentlemen in charge of the office as to quantities of land and things of that kind. Immediately after taking possession of this office I was sent to Washington and New York by the company on other business, and I did not return so as to resume my duties in the land office until the 1st of April. This report was written in June. They notified me that I must make a report for the year 1882 of the office I had administered. That is, taking it up to July, I never had administered any part of the department for that year. You will observe I came into office, I went to Washington, and I resumed business here on the 1st of April, 1883. When I was notified that a report of th at kind was to be made I took the reports of former years that had be en made by my predecessor, called the gentlemen in who had been connected with the depart-

ment from the first, and taking such general statements as might be derived from their knowledge and recollection and having the general pattern of the reports that theretofore had been made, I made the statements that appear there. Now, following that, you will find that all reports of my department are entirely devoid of any statement concerning the segregation of that land into agricultural, grazing, or timber land.

NO DESCRIPTION OF LAND IN REPORTS.

Q. Did you attempt in your report of the subsequent year, or the year 1885, to make any description of the land?

The WITNESS. My report is before you, is it not?

The CHAIRMAN. I am asking you the question. I ask you to look at the report for the year 1885, and say whether you attempted any description of the land.

The WITNESS. It appears not, from this report.

Q. What other report can you produce, at any subsequent period, in which you divide the number of acres of land into agricultural and mineral or otherwise in the lands granted by the Government?—A. I have made no other report to the company than such as are published in its annual reports.

VALUE OF UNSOLD LANDS ON MAIN LINE.

Q. I call your attention to the annual report of the Central Pacific Railroad Company for the year ending December 31, 1885, under the heading of "Assets," and ask you to please explain the item, "Lands unsold—estimated value, $24,000,000," with the estimate of value that you have given to the Commission, of $4,000,000.—A. That was on the main line, if you please. I made the estimate of $4,000,000 on the main line and did not include the California and Oregon; that is not in any respect my work.

THE CALIFORNIA AND OREGON GRANT.

By Commissioner ANDERSON:

Q. What is your valuation of the California and Oregon, so that we can gauge the difference between the two estimates?—A. The value of the California and Oregon grant is much greater than that on the main line. There are about 1,400,000 acres in suspension, north of Redding Junction, awaiting adjustment. That is my general estimate. That land is worth perhaps an average of $2 to $2.50 an acre. There are nearly 300,000 acres unsold in the California and Oregon grant. Some of that land is quite valuable, as timber land, and will become valuable as timber lands come to be demanded. It is worth perhaps $3 an acre now, but the valuation upon these lands I have noticed—I am speaking now simply of what I have seen of the valuation in these reports—is based upon the price that the Government asks for lands within the limits granted to the railroad companies. It is the double minimum which the Government fixes as the price of lands that alternate with lands granted to a railroad. It is an estimate derived from multiplying the whole number of acres by $2.50, I presume.

VALUE OF AGGREGATE GRANT.

Q. As tested by your judgment of what can ultimately be got for these lands, do I understand that the estimate of $24,000,000 is entirely

inaccurate?—A. My judgment is that the estimate of $24,000,000 is too high, having been ascertained by multiplying $2.50 for every acre of land within the grant. The 4,000,000 of acres of land in the State of Nevada are not salable at $2.50 an acre, and never will be.

By the CHAIRMAN:

Q. How much is the asset of $24,000,000 upon the page before you depreciated in comparison with the actual value of the same asset "land unsold"?—A. Well, I presume that the lands remaining to the company might be placed at ten or twelve millions of dollars, fairly $12,500,000, including the lands in Nevada and Utah.

Q. Then the asset of $24,000,000 is just $12,000,000 too much as an asset of the Central Pacific Railroad Company, of "lands unsold?"—A. According to the rules of arithmetic.

ANNUAL REPORTS.

Q. Do you make annual reports?—A. Yes, sir.

Q. To whom do you report?—A. To Governor Stanford, as president of the company.

Q. Will you furnish the Commission with a copy of your reports during your term of office and your predecessors' term?—A. Yes, sir; if I can find them. I can furnish you my own, I know. There are some other statistical matters that have been referred to here that perhaps ought to be tested by the actual facts. I have stated a great many things from memory.

The CHAIRMAN. In each case I have for the present taken your estimate, and will ask you to produce the actual figures in the form of a statement. I only wanted to get the approximate figures at present. I understand you to say that you have not in your department any tax account?

The WITNESS. No, sir.

GOVERNMENT LAND GRANT THE ONLY ONE.

By Commissioner LITTLER:

Q. Did this company ever acquire additional lands from any other source than the United States Government?—A. No, sir.

Commissioner ANDERSON. You mean as a gift. They have purchased land for terminal facilities.

Q. They have had no local land grants within the State?—A. No, sir. The sovereignty of the soil over which they pass belongs to the General Government.

Q. You mean their land has been derived from the Government?—A. Of course. And the sovereignty of the soil is in the Government in the States and Territories through which the line passes.

Q. I understand; but in some cases the States have lands, and I did not know but that the State of California had fooled away its grant in that respect to the company.—A. No, sir; the State of California has managed its land grant excellently well, in my judgment.

NO PURCHASES OF MINERAL LAND BY THE COMPANY.

By the CHAIRMAN:

Q. Have you purchased any mineral lands for the company?—A. No, sir.

Q. Have any purchases been made, or have any entries upon mineral lands in the names of individuals been made for the use of the com-

pany?—A. Not that I am aware of. Nothing of the kind has ever been done through my department. Mineral lands are not a desirable kind of land to own in this country.

TITLE TO WYOMING COAL LANDS.

By Commissioner LITTLER:

Q. How did the Central Pacific acquire title to its coal lands in Wyoming?—A. I have no knowledge upon the subject. By purchase, I presume.

Q. To what sources can you refer us for information on that question?—A. My judgment would be that Secretary Miller would be good authority in that matter. Will you permit me to exhibit this map to you before you ask me any further questions?

Commissioner ANDERSON. Certainly.

DESCRIPTION OF THE LAND-GRANT MAP.

The WITNESS (referring to the map). There is the land grant in California. All the lands in red have been disposed of by the company. All the lands in green have been disposed of by the Government. These lands [indicating] were Spanish grants. You will see that from Sacramento out, for a considerable distance, there was a very small grant of land obtained. The lands marked yellow are mineral; that is, they are denominated "mineral" by the United States surveyors-general. All these checks on them have been applied for; that is the cost of selecting and surveying have been paid and the lands are before the Department at Washington to be patented. Lands with a circle around them are unsurveyed, and therefore unavailable in any way. The only part of the grant in the State of California that we have not tried to get title to is a little spot there [indicating], embracing about ten or twelve thousand acres. All these red lands are patented and sold; the blue lands are patented and for sale. All the lands colored green were disposed of by the Government by homestead or preemption or by prior appropriation, before the rights of the company attached. Lands colored in yellow are mineral lands. All that remains of this grant to be dealt with at all is a small space there [indicating].

Q. A small place in the northeast?—A. Yes, sir. Now it is from this map that I obtain materials for my statement that the grant in California will yield the company but 774,000 acres, and you can see that we have here the data from which such an estimate might be safely made. I have made that estimate since the Commission has been in session here—the estimate of the number of acres that we can get.

MINERAL LAND.

By the CHAIRMAN:

Q. What effect would a selection of land, leased by you before it was patented, have upon the discovery that it was mineral land and that you were not entitled to it under the law?—A. Well, if we had leased a piece of land and we were not entitled to it, I suppose that the party who had paid the lease money would be entitled to recover or entitled to a rebate.

Q. Do you make any conditions upon selected lands, unpatented, for any discovery in the future of minerals?—A. No, sir; that is not necessary. We have never leased, that I know of, any land in the mineral regions of California. We have made but very few leases, and those

very small, in the State of California. The leases that I spoke of have been in Utah and Nevada. The discovery of minerals has been one of the sources of loss to the company by reason of the tardiness of the Government to give us patents. The company was interested in getting its title as early as possible in consequence of that. Your questions have frequently gone to the general subject of a supposition that the company has avoided taking title to its land to avoid taxation. The one item alone of loss of lands in consequence of the discovery of minerals would have paid all the taxes that ever could have been assessed against the company if the whole grant had been taxable from the start. The decisions of the courts, upon lands patented to the company before valuable mineral deposits are known to exist, are that the mineral passes with the patented land, but if the mineral is discovered prior to the issuing of the patent the land is lost to the company, and that extension of discovery has lost in value more to the company, a great deal more than the taxes would have amounted to.

AVOIDANCE OF TAXATION ON LAND.

Q. As a business proposition, if you could have conveyed your title at once upon the issuance of the patent, would you not, to that extent, have avoided local taxation in the county in which the land was located?—A. If I understand the question it amounts to this, that if the land was unpatented and not taxed we would have saved the tax.

The CHAIRMAN. Certainly.

The WITNESS. But if, by reason of failure to take the title, mineral discovery should affect the land we would lose the land.

The CHAIRMAN. I spoke of lands that you have patented, and not of lands that are the subject of selection.

The WITNESS. Then I beg your pardon.

POLICY IN REGARD TO DISPOSAL OF LAND.

Q. I ask you, as a business proposition, whether it would not have been better from a financial standpoint, in the handling of the lands of the company, to pursue a policy of disposing of the land as quickly as possible after patenting, in order to avoid the local taxation?—A. It would as a business proposition. It has been the policy of the company to dispose of its lands as soon as possible. It undertook to repay this mortgage within a given time. It had to raise the money out of the sales of land and it has pursued the policy continually of urging the sale of its land. As a business proposition the land in the possession of a settler is of the highest value to the road, on the transportation side of the account, and there was, therefore, the strongest motive in the mind of the company always in favor of disposing of the land, as against holding it, if the land is not in the possession of any one disposing of it.

FAILURE TO PATENT LANDS DUE TO TARDINESS OF GOVERNMENT.

Q. Have you failed to patent land for the purpose of avoiding local taxation at any point along your line?—A. No, sir. Under my administration of the land department I have urged upon the Department at Washington continually the subject of survey. I have urged upon their attention selections. I have written frequently, and personally made complaints to the Commissioner of the General Land Office at Washington, of the tardiness of the Government in making response.

The Commissioner of the General Land Office in that interview promised to give it his personal attention. I represented to him the tardiness of the Government in making these examinations. The reports of the Commissioners of the Land Office from 1881 to the present time show conclusively that the Government is many years in arrears with its work. Mr. Sparks reports 16,500,000 acres of selections before his department. He reports that he was able to examine and certify about 100,000 acres in one year. Mr. McFarlane, his predecessor in office, made application to the Secretary of the Interior for one hundred additional clerks and accommodations for them. Mr. Sparks renewed that application when he came into office and approved of the recommendation, or request, of his predecessor, and said that it was necessary. In 1862 Mr. Commissioner McFarlane reported to the Secretary of the Interior that the railroad division was many years in arrears. There is no provision of the law whereby one company shall have a due proportion of the patents that they are able to examine and certify to in a single year, and we do not know what the fate of other companies in this respect is. We have given passes to United States surveyors in order to induce them to take contracts for surveys that the land might be patented.

LAND ENTRIES AND LOCATION OF LANDS.

Q. Can you furnish a statement showing the land entries paid for by the company, and the location of the land?—A. Yes, sir; the location of the land applied for will be shown on this map, so far as California is concerned. All the land on this map with a blue check on it is applied for, and the fees for the surveying is paid. The costs for the surveying are paid. You see it is taken clear up to this point [indicating]. I do not know why that [indicating] was left out. My instructions were to commence at *that* end and "clean it up," as we call it. That is, take everything right straight on through the grant. You see that that course has been followed here up to *this* point; and why that has not been done *here* I do not know. I am disposed to think that it is interdicted mineral, which shuts off our application.

Q. I understood you to say that you have paid for those entries?—A. Yes, sir; we have paid for those surveys. All the fees for surveying have been paid on those lands.

WITNESS REFERS TO HIS DEPOSITION SUBMITTED WITH GOVERNOR STANFORD'S EVIDENCE.

Q. What other statistics have you bearing upon that question?—A. Well, I will state to the Commission that the questions which you propounded to Governor Stanford, as president of the road, were furnished to me, and I answered to him, and yesterday a notary public appeared at my office with my answer. I answered in writing, and answered as fully and completely as it was in my power to do; and a notary public appeared and I verified that statement to Governor Stanford. I presume that Governor Stanford will hand it to you in connection with the answers to the questions which you have propounded to him. In that you will find a great many questions fully answered and accurately answered from the books. The statistics concerning the amount for which the lands were sold and the amount and quantity of lands sold, are being made up in my office now.

THE LAND FUND.

Q. What control have you over the land fund?—A. None whatever. I pay it to the representative of the trustees of the land mortgage.

Q. How often do you make settlements?—A. Every day. At the close of business each day I pay to the treasurer of the Central Pacific Railroad Company, who is the treasurer of the trustees of the land mortgage fund, all money received that day.

Q. Does that end your control over the fund after the day's settlement?—A. Yes, sir. It is a trust fund, and it is paid to the trustees, and they have control of it.

Q. Who are the trustees of the land-grant mortgage?—A. Mr. W. E. Brown and J. O'B. Gunn.

NO LAND GRANT FROM CALIFORNIA.

By Commissioner ANDERSON:

Q. Mr. Mills, are you positive in your answer that this company has not received land aid from the State of California or from any of the counties?—A. It has not. That is the extent of my knowledge, at least. I have been a citizen of this State for twenty-four years, and I have taken part in the general discussion of these questions. I was editor of a paper for a great many years, and I never heard of it if they ever did. I am only speaking now from the absence, rather than the presence, of knowledge. There may have been some grants of terminal facilities, for instance. There may have been a grant of water front, and some for depot purposes, but not as a subsidy. That is, there is no such thing in my office received as a subsidy.

Q. Who can tell us in regard to that?—A. Mr. Gage could assist me in answering that question.

GRANT OF TERMINAL FACILITIES AT MISSION BAY.

Q. Was there no land grant in connection with Mission Bay?—A. Yes, sir; there was land granted for terminal facilities here at Mission Bay. But what I understood your question to cover was the question of inducement to construct the line. Of course this grant at Mission Bay was given after the line was constructed.

WATER FRONT AT SACRAMENTO.

Q. Were there other grants of that character?—A. I believe there was some water front granted at Sacramento on condition that they would construct wharves and put lifting works upon them. That was after the road was completed, or after the line was completed.

Q. Are those matters in your department?—A. No, sir. My department is confined strictly to the lands granted by the acts of 1862 and 1864, in aid of the construction of the road. These other matters are generally in the hands of the various departments; for instance, if a shop were located upon the lands it would be in charge of the master mechanic. If they were held for depot purposes they would be in charge of the superintendent of the track department or the superintendent of the right of way. Mr. Curtis would have charge of them. These lands *here*, I suppose, are in charge of the company generally.

Q. That is the Mission Bay lands?—A. Yes, sir. The Mission Bay lands must be in the charge of the directors or their representatives.

NO STATE LAND GRANT BEFORE CONSOLIDATION.

Q. Was there no State land grant to any of the roads which were consolidated together before the general consolidation of the Southern Pa-

side?—A. No, sir. There were no State lands to be granted. The State had nothing but the sixteenth and thirty-sixth sections, and it lost all the sixteenth and thirty-sixth sections in mineral belts, so that the State itself had no lands to grant. The State was not possessed of any land, practically, at that time. The swamp lands of the State were very largely disposed of prior to the time that this road was constructed, and it could not have granted those. Congress granted, under the act of 1850, the swamp and overflowed lands to the State of California, but none of those were granted to the railroad by the State. The State extended a credit, though that is a matter outside of anything I am personally cognizant of. It extended a credit, but it was not in the form of a land grant.

CENTRAL PACIFIC vs. L. B. ADAMS.

Judge McKissick calls my attention to an error in my testimony. You gentlemen are lawyers, and I do not know that it is of any importance at all, but you will discover that this was not an action in ejectment. It was the Central Pacific Railroad Company *vs.* L. B. Adams.

(The witness here handed to the Commission the papers in the case referred to, together with the charge of the judge to the jury.)

The WITNESS (continuing). The Promontory Stock Company I supposed had been a party to the action. There is the charge of the judge to the jury that I referred to.

LESSEES OF LARGE RANGES.

By Commissioner LITTLER:

Q. Who was the lessee of the large ranges that you have spoken of?—A. Sparks and Tinnin are the lessees of it. D. P. Tarpey is the largest lessee in Utah, and George W. Crumm is the lessee of the 181,000 acres that I spoke of. George W. Crumm's address is Battle Mountain and Sparks and Tinnin is Wells, Nev., and D. F. Tarpey's address is Corinne, Utah.

Q. Who is the lessee of the Promontory Stock Company?—A. That is sold. That is, the company's rights there are sold.

Q. To whom?—A. To the Promontory Stock Company.

Q. Who compose the Promontory Stock Company?—A. A gentleman by the name of Buford and another by the name of Taylor and another by the name of Crocker—Taylor, Crocker, and Buford.

Q. What is Mr. Crocker's name?—A. George Crocker.

Q. Is he the Mr. Crocker connected with the Central Pacific Railroad Company?—A. He is a brother of Col. Fred Crocker.

Q. What connection have the other members of that company with the Central Pacific?—A. Mr. Taylor is not connected with them in any way. He was formerly superintendent of public instruction in this city and he is an enterprising gentleman who has been engaged in speculation with them. Mr. Buford's relations with the Central Pacific I have never known. He is a lieutenant in the Navy, and he has no connection with this road that I know of.

WILLIAM H. MILLS.

The witness, William H. Mills, subsequently submitted the following statement in connection with his testimony:

Table showing aggregate acres selected by and patented to the Central Pacific Railroad Company, and the Central Pacific Railroad Company as successor to the California and Oregon Railroad Company, at the end of each half year, from the earliest date, to January 1, 1867, and during the five months thence ensuing, ending June 1, 1887.

Date.	Selected by.	Patented to
	Acres.	*Acres.*
July 1, 1865	55, 239. 09	
January 1, 1866		
July 1, 1866		45, 819.51
January 1, 1867	133, 153. 66	87, 566.09
July 1, 1867	155, 204. 95	122, 765.49
January 1, 1868	161, 755. 67	144, 368.09
July 1, 1868		
January 1, 1869		
July 1, 1869	278, 532. 56	
January 1, 1870		
July 1, 1870		262, 035.19
January 1, 1871	296, 910. 21	
July 1, 1871		271, 068.19
January 1, 1872	492, 698. 81	
July 1, 1872	558, 967. 09	450, 962.19
January 1, 1873		
July 1, 1873		
January 1, 1874		
July 1, 1874		431, 122.19
January 1, 1875	890, 357. 23	
July 1, 1875	953, 788. 94	833, 052.27
January 1, 1876		835, 565.19
July 1, 1876	1, 316, 819. 11	
January 1, 1877	1, 302, 962. 02	1, 022, 913.19
July 1, 1877	1, 376, 543. 38	1, 234, 069.27
January 1, 1878		
July 1, 1878		1, 239, 067.19
January 1, 1879	1, 888, 112. 62	
July 1, 1879	1, 950, 955. 35	
January 1, 1880	2, 048, 788. 57	1, 657, 537.27
July 1, 1880	2, 240, 072. 29	2, 047, 655.19
January 1, 1881		
July 1, 1881		2, 058, 599.19
January 1, 1882		
July 1, 1882		
January 1, 1883	2, 366, 031. 57	
July 1, 1883		2, 110, 699.19
January 1, 1884	2, 397, 234. 85	2, 143, 553.19
July 1, 1884	2, 523, 602. 41	2, 176, 517.19
January 1, 1885	2, 611, 694. 01	2, 252, 613.19
July 1, 1885	2, 651, 533. 52	2, 272, 514.19
January 1, 1886	2, 720, 249. 41	2, 294, 289.19
July 1, 1886	2, 350, 730. 61	2, 324, 965.19
January 1, 1887	2, 480, 782. 16	2, 402, 394.19
June 1, 1887	2, 581, 146. 22	

Listed	2, 581, 146.22
Patented	2, 402, 394.19
Balance in the company's favor	1, 178, 751.03

OFFICES OF THE CENTRAL PACIFIC RAILROAD COMPANY,
San Francisco, Cal., Wednesday, July 27, 1887.

EDWARD H. MILLER, JR., being further examined, testified as follows:

By Commissioner ANDERSON:

Question. Will you produce the books and minutes which you have relating to branch roads?—Answer. Yes, sir.

By the CHAIRMAN:

Q. And also the minutes of the board of directors of the branch roads?

The WITNESS. That is, the roads that are consolidated with the Central Pacific?

The CHAIRMAN. Yes.

The WITNESS. I can produce such as I can find. We never had them all. Do you want them produced now?

Commissioner ANDERSON. Yes; so that we can take them up to the hotel with us as soon as we adjourn.

The WITNESS. I can get them all for you in an hour.

E. H. MILLER, JR.

OFFICES OF THE CENTRAL PACIFIC RAILROAD COMPANY,
San Francisco, Cal., Wednesday, July 27, 1887.

EDWARD C. WRIGHT, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your position in the Central Pacific Railroad Company?—Answer. General auditor.

DUTIES OF GENERAL AUDITOR.

Q. How long have you been general auditor?—A. A year.

Q. One year?—A. About a year.

Q. Were you connected with the company before that time?—A. Yes, sir; I was with the company for seventeen years.

Q. State what positions you have held.—A. I was assistant general auditor before that, and before that I was a clerk.

Q. Please state generally what are the duties of the general auditor.—A. We receive the daily reports from the ticket auditor and from the freight auditor, in a condensed form, they receiving the reports from agents. We receive also the daily statements of account from agents, which we check against these other auditors' reports.

EARNINGS AND OPERATING EXPENSES.

Q. What you have stated then relates solely to the earnings?—A. Earnings and operating expenses. We make up reports of the operating expenses also.

Q. From what sources do you receive the operating expenses?—A. From reports received from the different departments, such as the motive power, and machinery department, bridges and building department, and track department.

Q. The two statements you have made, then, will cover the receipts of the road, the earnings of the road, and the expenses of operation?—A. Yes, sir.

Q. Now, do any other of the accounts of the road pass through your offices?—A. Most all of the accounts representing the earnings and operating expenses go through our office; we make up the monthly statements.

CONSTRUCTION ACCOUNTS.

Q. Do charges for construction account pass through your office?—A. Yes, sir; a great many of them.

Q. Do you audit all bills for construction?—A. Not all. Some of them go to the secretary's office—secretary and comptroller.

Q. Please state what makes the distinction as between items that go to your office and those which go into the secretary's office?—A. I know very little about those that go to the secretary. The most of them go through our office. Very seldom—once in a while—there might be a trifling item of what is known as general expense, for which they send the bill to the secretary's office.

Q. Does it first come to you and you send it to the secretary?—A. If it should come to me I would send it to the secretary.

VOUCHERS FOR GENERAL EXPENSE.

Q. Why should you select such a bill for general expense and send it to the secretary instead of auditing it as you would the general run of bills?—A. I know they have such an item as general expense. It is a matter of custom more than anything else.

Q. Is it because the object for which the money has been expended does not appear upon the face of the voucher?—A. All the money always appears upon the face of the voucher.

Q. But you have stated that vouchers for general expense sometimes go to the secretary's office; do you refer to a form of voucher which would disclose exactly what the nature of expense was, and still say that you would send such a voucher as that to the secretary?—A. It might be something in the nature of a purchase bill for the particular use of the secretary, that I would know nothing about, and I would send it up there.

Q. Then the test would be that you would send vouchers which you did not feel competent to pass upon yourself, from your own knowledge of the requirements of the road, to the secretary for his judgment?—A. Yes, sir.

Q. And after the secretary disposes of them, would they come back to your office?—A. A voucher might come back to our office with instructions from the secretary to dispose of it there and charge it to a certain item of operating expenses.

DISTRIBUTION OF ACCOUNTS.

Q. After you have audited a bill for any purpose which you have referred to, do you have anything to do with the distribution of it?—A. Yes, sir; as a rule I direct the distribution.

Q. And you have been engaged in this business either as assistant or as principal for seventeen or eighteen years?—A. Oh, no; not so many years. I was in a subordinate position for some of this time in other offices, and knew nothing about the distribution of the accounts.

Q. How long have you been engaged in this business?—A. About ten years.

Q. Would you be able to furnish the Commission a statement year by year for the ten years, showing the distribution of the items which went to the construction account, to the equipment account, and to operation?—A. The way we dispose of construction items at present is—no—I could furnish what is charged in bulk to operating expenses; it would take a long time to do it, though.

CONSTRUCTION BILLS AUDITED BY PACIFIC IMPROVEMENT COMPANY.

Q. To show you what I mean, can you take the construction account of that portion of the California and Oregon that was done under the

contract with the Pacific Improvement Company and explain the various vouchers for payments made under that contract, as audited by you, so as to show us from time to time how much road was constructed, and how much in the shape of vouchers had been audited and approved by you?

The WITNESS. You mean work north of Delta?

Commissioner ANDERSON. Yes.

A. I do not even audit those bills now. If a bill comes to me, I send it in to the secretary of the Pacific Improvement Company.

Q. Why do you not audit those bills?—A. Because they are doing the work.

Q. Who are doing the work?—A. The Pacific Improvement Company.

Q. But if your company is doing the paying, is it not proper that your department should audit the bill before the payment should be made?—A. The payments to the Pacific Improvement Company are not made through our office.

Q. Through what office are the payments made?—A. I could not say, unless it is through the secretary's.

Q. Is that not unusual?—A. I do not think so.

METHOD OF PAYMENTS AS TO OTHER CONTRACTS.

Q. What other large contracts have been paid through the secretary's office without going through the auditor's office?—A. You will understand that all the vouchers that are audited in our office are allowed by the secretary and comptroller.

Q. What is that?—A. Most all of them are allowed by the secretary and comptroller.

Q. So I understand. But my question is, what other large contracts have been paid for by the company without being audited from your office?—A. The Western Union Telegraph Company's payments are not made through our office, although the showing is in there.

Q. How about the payments made to the Contract and Finance Company? Do you know about those?—A. That was before my time, and I do not know how that was managed.

Q. Well, substantially, the bills of the Pacific Improvement Company were audited directly by the secretary or by the board of directors?—A. That I could not say. They are not paid through our office.

Q. Do you know what evidence the company receives of the performance of the work, and the justice or the propriety of the bill in regard to work, done by the Pacific Improvement Company?—A. Merely by hearsay. I really do not know, of my own personal knowledge, anything about it.

REPORTS OF EARNINGS OF LEASED LINES.

Q. Do you also receive in your office the reports of the earnings of the leased lines as well as those of the Central Pacific Railroad directly?—A. We make up the earnings of those different lines composing the system in our office.

Q. On what basis or with what material do you make up the earnings of the leased lines?—A. We receive detailed statements. Say we are distributing freight earnings, we receive a detailed statement from the general freight office, showing the amount in dollars. We distribute that over the line; it passes—well, it is distributed right straight over the line which it passes, on the basis of mileage.

Q. So that in making up the earnings then for a given year, you have to make up the earnings of the main line proper to make up the earnings of all the different lines which were leased to the Central Pacific—I am speaking now of the period prior to the lease from the Central Pacific to the Southern Pacific—and you then distribute the earnings of the interchanged traffic, as you have said, in accordance with mileage so as to credit each road with its proper proportion?—A. Yes.

Q. And in that way you make up a complete statement for the year of the earnings of the main line and of its branches?—A. Yes, sir.

CONSTRUCTIVE MILEAGE.

Q. Is it your custom in making distributions of the earnings interchanged between branches and the main line, to determine at times the earnings of branches by the use of the constructive mileage factor?—A. No; we are using the actual mileage, but there should be a large constructive mileage, because these rates on which these earnings are based give different results. For instance, we will say from a point on the Amador Branch to a point on the Central Pacific; the rate on the Amador Branch is two or three times as heavy per mile as the Central Pacific rate, but through some misunderstanding or mistake, we have been using the actual mileage for the whole distance in the division. Of course that gives the Central Pacific a much larger proportion than its local rate would call for, or than it would be justly entitled to.

By the CHAIRMAN:

Q. What constructive mileage rates have you, and on what roads have you those rates now?—A. None at all, now.

Q. When did you have them?—A. They did give some of these small lines constructive mileage in 1882, I think.

RATES OF CONSTRUCTIVE MILEAGE.

Q. What were the rates?—A. The California Pacific, I believe, had 50 per cent.

By Commissioner ANDERSON:

Q. That is 1½?—A. Yes, sir; 1½; and the Stockton and Copperopolis had 100 per cent.

Q. That is 2 to 1?—A. Yes, sir; and some of these small lines, the Los Angeles and Independence Railroad, and the Los Angeles and San Diego, had, I think, 50 per cent. each. That is 1½ to 1 for constructive mileage and even at those rates they do not get anywheres near their proportion that they are entitled to, as we have since discovered.

Q. Have you named them all?—A. I think the Amador Branch got constructive mileage.

Q. At what rate?—A. I think 50 per cent.

Q. That is 1½ to 1?—A. I could verify those figures by the record.

Q. I would be obliged to you if you would verify it and give us a statement of your constructive mileage; on what roads it was allowed and the rates allowed upon them. Why did you stop the allowance of constructive mileage?—A. I believe Auditor French objected to it when he was out here.

CONSTRUCTIVE MILEAGE OBJECTED TO BY AUDITOR FRENCH.

Q. What Auditor French?—A. The Government auditor of railway accounts. I believe that is his title.

Q. What objection did he make?—A. I am speaking from hearsay now. Mr. Miller could give that positively.

Q. Who directed you to stop?—A. Mr. Miller.

Q. Since the lease of the Central Pacific to the Southern Pacific, do I understand your work to have altered or changed its form?—A. Very little that I can think of now. The details are improving all the time.

Q. What is the difference in the method of ascertaining the net earning of the railroad prior to the lease to the Southern Pacific and subsequent to the lease?—A. No difference in the method.

TO WHOM RETURNS ARE MADE.

Q. To whom do the earnings belong since the lease?—A. That is a matter that the secretary keeps. We make our returns to him showing the earnings and the operating expenses of each line in the system monthly, and we transfer from our books to the secretary's books the accounts, so far as the earnings and expenses go.

Q. Do you make your returns to him as secretary of the Central Pacific or as secretary of the Southern Pacific?—A. Secretary of the Southern Pacific Company.

Q. And before the lease the returns were made to him as secretary of the Central Pacific?—A. Yes, sir.

RENTALS.

Q. Does the rent reserved by the lease or to be paid to the Central Pacific by the Southern Pacific pass through your office?—A. No, sir; not now.

Q. You understand that the net earnings of the Central Pacific are now determined by the amount of rent payable to it by the Southern Pacific?—A. I understand so.

Q. All your accounts then are kept with the Southern Pacific at present?—A. We have a small open account with the Central Pacific; some small unsettled matters. Our account current with the secretary might not change for months and months, and it might change by a slight charge or credit.

Q. Before the lease to the Southern Pacific, did the rentals that the Central Pacific paid for the different leased lines pass through your office as part of its operating expenses?—A. Yes; most of them did at one time.

REQUEST FOR STATEMENT OF NET EARNINGS.

Q. Can you prepare for the Commission a statement of the actual net earnings of the Central Pacific from 1880 to the date of the lease to the Southern Pacific, and also a statement of the net earnings by way of rentals since that lease to the present time, so that we can compare the results of one operation with the results of the other?—A. Yes, sir; I think that can be done with very little trouble. For how long a period?

Commissioner ANDERSON. From 1880 to the date of the lease and from the date of the lease to the present time, five years before and two years since.

The WITNESS. I think that can be done in a very short time.

EFFECT OF CENTRAL PACIFIC LEASE.

Q. What, in your judgment, is the effect of that lease? Does the Central Pacific receive as much at present under the leases as it did be-

fore?—A. I have not given that much thought. I really do not know. That question you asked me to make a statement about is a proper one for Mr. Miller to answer.

Commissioner ANDERSON. You can confer with Mr. Miller, but the figures are in your department. He would have to get them from your department?

The WITNESS. Partially.

Q. Can you tell me whether, as to any of the leases which the Central Pacific held prior to April 1, 1885, the rent paid by the Central Pacific exceeded the net earnings derived from the leased roads?—A. I could not say without the records.

Commissioner LITTLER. The Central Pacific did not pay any rent. It was the Southern Pacific which paid rent to the Central Pacific.

Commissioner ANDERSON. The Central Pacific held a number of roads under lease prior to 1885.

The CHAIRMAN. What is your answer?

The WITNESS. I could not say without looking at the records.

Q. We would like that information also. In cases where the rent in those leases is fixed on a basis of paying to the road its net earnings simply, then I suppose that the net earnings would actually determine the rent, and that there would be nothing else to pay. That is the arrangement in some of these cases, is it not?—A. That is a matter that is arranged entirely in Mr. Miller's office; we have nothing to do with that.

Q. Under these leases where you pay something in addition to net earnings for the use of the roads, would not the bills for the payments so to be made pass through your office?—A. I do not think that; they never have.

Q. Are you familiar with these leases? Have you seen them?—A. Yes, sir; but it is something that I do not handle.

Q. Can you furnish us with copies of the printed blanks in use in your department?—A. Yes, sir.

LIST OF BOOKS KEPT IN AUDITOR'S OFFICE.

Q. Please do so. Please state now a list of the books which are under your control and kept in your office.—A. We keep a disbursement book, an auditor's ledger and journal, and we have the accounts of two of the outside departments in the office, such as the bridge and building department and track—that is, the bridge and building department and the track department. Of course they have a number of detail books in each, in which they keep their records of time and material, from which they compile a report, which is made in the form of a voucher and entered in the auditor's journal and ledger.

Q. Are these all the books which you keep in your office?—A. Of course there are a great many small books in the shape of memoranda.

Q. They belong to one of these different classes of books and are the basis from which you post into the general ledger?—A. Yes, sir.

Q. Do you keep this book for the distribution of charges?—Yes, sir; what I call a disbursement book is the book from which we distribute these accounts that I speak of to the different items of operating expenses and foreign roads, and private parties, and to sundry accounts.

METHOD OF AUDITING REBATES.

Q. Are any of the refunds or rebates that are made on freight charges audited in your office?—A. Yes, sir; most of them.

Q. Do they simply appear in these same ledgers, or have you a separate book for that?—A. They appear in this disbursement book that I speak of.

Q. In what form are such charges audited?—A. As a rule they take this course; the general freight agent will receive a claim inclosing a bill of lading, an expense bill, and note demanding a refund, or asking it. He will make up the voucher, knowing the details of the tariff and classification. He will have it examined and compared with the way-bill, to show that such a shipment actually went over the road, and he will check the way-bill to prevent a future claim being presented on duplicate papers. He will make up this voucher and certify to its being correct. He will name the amount that should be refunded. That voucher will go to a committee on allowance, and then usually it is brought to our office. Sometimes it goes to our office first, and we send it there.

COMMITTEE ON ALLOWANCE.

Q. Who is the committee on allowance?—A. Mr. E. H. Miller, Mr. G. L. Lansing, and Mr. S. T. Gage, I believe; other officers sometimes allow vouchers, and they are passed through also.

Commissioner ANDERSON. I am only speaking now of rebate or refund vouchers.

The WITNESS. As a rule, those are the only gentlemen who ever sign those vouchers.

Q. Who determines the rate that is to be allowed?—A. The general traffic manager or the general freight agent.

Q. Is that generally done before shipment, or is it sometimes done merely on application after shipments?—A. They are the only officers that should answer that question, because the vouchers are certified to by them as being correct when they come to me.

REBATE VOUCHERS ALLOWED BY THIS COMMITTEE.

Q. Is your duty, then, purely ministerial?—A. No, sir; not altogether. There are many vouchers, for the correctness of which I am responsible, before they are registered or audited.

Q. I am only speaking now of rebate vouchers. Have you anything to do with the percentage of allowance, or with the person to whom it shall be made?—A. No, sir; I have never considered that I was responsible for even a bad payment on such vouchers, for I am not conversant with the tariff or classification.

Q. If it received the approval of the general traffic manager, or of this committee, the voucher is thereupon audited by you?—A. Yes, sir.

FORM OF PAYMENT TO SHIPPERS.

Q. What is the form of making the payment to the shipper?—A. It is recorded in our office, and sent by us to either the paymaster or the treasurer or to an agent for payment.

Q. And there it is receipted for by the person to whom it is paid?—A. Yes, sir; and then he sends it back to us with a report. We keep an account with those officers. We keep an account, for instance, with the paymaster, charging him with all moneys received and crediting him with all payments made.

Q. All these entries, I understand you, are made in your general books, and are not made in a separate book by themselves?—A. All

overcharge, loss and damage, and rebate vouchers are entered in a separate book, and at end of month transferred in bulk to the auditor's ledger.

EARNINGS DERIVED FROM POOLS.

Q. What reports do you receive of earnings derived from pools?—A. The vouchers for payments made to and receipts from pools are all approved in the same manner that I have described as to these others.

Q. Do you have any means of determining the correctness of the report made to you, either by consulting the pool contract or by consulting the report of the traffic done and administered under the pool?—A. Yes, sir; I usually read the pool contracts, and generally have had a copy of them. But I have not considered myself responsible for the correctness of these vouchers.

RESPONSIBILITY FOR CORRECTNESS OF POOL VOUCHERS.

Q. Who is responsible for the correctness of the pool vouchers?—A. Either the general freight agent or the general traffic manager.

Q. Does the approval of the general freight agent appear on all the pool vouchers which are audited in your office?—A. I think every one of them or of the general traffic manager.

Q. That is Mr. Stubbs?—A. Yes, sir.

Q. How many pools do you know of prior to last April?—A. Well, the transcontinental pool I presume you would call one.

Commissioner ANDERSON. Yes.

The WITNESS. There were a half dozen or so.

Q. Can you furnish us with the names of them by referring to your books?—A. I don't think I could.

Q. Do you refer us to Mr. Miller for that?—A. No; I would refer you to the general traffic manager.

By the CHAIRMAN:

Q. Who is the custodian of those contracts?—A. He is familiar with the contracts.

Q. Who keeps the contracts?—A. I think he does.

By Commissioner ANDERSON:

Q. Mr. Stubbs?—A. Yes, sir.

OTHER SOURCES OF REVENUE.

Q. From what other sources do you derive revenue besides from passenger and freight traffic and pool earnings?—A. We receive rental earnings.

Q. Are there express companies?—A. No; also from property along the line of the right of way, and from the sale of what they call "old horse."

Q. Old material?—A. Yes, sir; and from telegraph earnings, sleeping car earnings, and miscellaneous items.

EXPRESS BUSINESS.

Q. How has the express business been managed over your road?—A. It comes to us in a condensed form. The freight auditor renders to us reports, on which we make credits to express earnings, and send to our treasurer for collection.

Q. Who does the express business?—A. Wells, Fargo & Co., I believe, do all of it.

Q. Have you the possession of the contract between Wells, Fargo & Co. and the Central Pacific Company?—A. No, sir; I have not.

ORIENTAL AND OCCIDENTAL STEAMSHIP COMPANY.

Q. What do you know about the earnings of the Oriental and Occidental Steamship Company?—A. I have nothing to do with that company.

Q. Do not the earnings pass through your department?—A. No, sir.

Q. Through what department do they pass?—A. They have a secretary of their own, I believe. He keeps all the accounts, I think—Mr. D. D. Stubbs.

Q. Is that your Mr. Stubbs?—A. No sir; that is another Mr. Stubbs.

Q. I mean through what department of the Central Pacific or the Southern Pacific do payments from that steamship company pass?—A. They do not pass through our office. Of course we may have a small bill against that company the same as we do against private individuals, but we do not have anything to do with their business. I do not know what contracts they have. I do not know how the Central Pacific is connected with it.

Q. Is not the Central Pacific a large stockholder in that company?—A. Not that I know of. I don't know anything about it.

REQUEST FOR COMPARATIVE STATEMENT OF ORDINARY BUSINESS AND POOL BALANCES.

Q. Could you furnish us with a statement for the year 1884, showing the passenger earnings derived from pools and the passenger earnings derived from the ordinary business, and a similar statement as to freight for the same year.

The WITNESS. Does this mean net?

Commissioner ANDERSON. No; not net, but just for the gross. So that we can compare the volume of the two businesses.

The WITNESS. Yes, sir; I can furnish that.

Commissioner ANDERSON. Will you do so for the year 1884?

The WITNESS. When you say "net," I want to know whether you wish all rebates deducted?

Commissioner ANDERSON. I think it would be a fairer test after the rebates are taken out.

The WITNESS. Sometimes we have six thousand vouchers a month right along, and there are so many miscellaneous vouchers.

The CHAIRMAN. We want to know how much of your business in a year, taking the year 1884 as an example, is ordinary railroad business incident to a railroad, and how much you derive in the same year from pool balances or arrangements or settlements with other roads, as distinguished from ordinary business.

The WITNESS. I understand it.

AMOUNT OF BUSINESS POOLED.

By the CHAIRMAN:

Q. What proportion of the business is pooled and what remains unpooled of freight and passengers, taking the year 1884 as an example?—A. When I come to think that over, I cannot do it within a reasonable time.

Q. How long would it take you?—A. Well, to make a statement covering a year it would take me a month or more.

The CHAIRMAN. That will do, if you will furnish it and forward it to the Commission. How much of your business is in a year's pool?

The WITNESS. We have not segregated our earnings in past years in such a way that it can be done without a vast amount of work.

HOW POOL ACCOUNTS ARE KEPT.

Q. How do you keep your pool account?—A. We charge it right up. If it is a payment we are making on account of pools, we deduct it from the total freight earnings. If it is a receipt on account of the pool, we credit freight earnings.

Q. Taking the amount of pool credits or balances in favor of the company, and contrasting that amount with the ordinary business of the company not forming any part of the pool settlements, what would be then the traffic of the company for 1884?

The WITNESS. That is the question?

The CHAIRMAN. Yes.

The WITNESS. That was before I was handling much of that detail. But my opinion is it would take a vast amount of work to get that information.

By Commissioner ANDERSON:

Q. How many entries of pool balances, either of credit or debit, would you make in the course of a year? You did not settle more than once a month, did you?—A. No, sir; but a year's pooling business covers freight to all our terminals. There is a great deal of other freight coming to the terminals, which is not pool business. In order to answer that question I have got to get down to all this detail at those terminal stations.

Q. Why? If you have the total of your freight business for a year, and you can ascertain from perhaps twenty-five entries that you had received a certain amount of money from the settlement of pool balances during that year, and paid out other items, and then from that derived the exact amount of pool business for the year, you will know that all the rest of the freight business is derived from the other sources. All you have to do to effect that result is to ascertain the amount of pool business so that we can compare it with the total amount of the business.

The WITNESS. I would like to hear that question asked once more by the stenographer.

(The question was repeated.)

The CHAIRMAN. This will make it easier. Can you give a statement showing the amount of freight earnings derived from pools, and the amount of ordinary business, for the year 1884? Can you give us also a statement showing the amount of passenger earnings derived from pool balances, and the amount derived from ordinary business, for the year 1884?

The WITNESS. I can let you know to-morrow what we can do.

Commissioner ANDERSON. You can let us know to-morrow. My explanation was only intended to show you that in taking the pool part of it away the rest of it would answer itself. It seems to me so, though I am not a railroad expert.

The WITNESS. It would be a very easy matter for me to deduct any amount we may have credited to freight earnings on account of pools. That is a very simple matter. But I do not get at the pith of the matter.

Commissioner ANDERSON. What we want to know is whether your pool earnings figure in your business as a much greater quantity than your ordinary business. We want to compare your pool earnings with

your entire earnings. All we need in order to make that comparison is to get your entire earnings, which you have, and the pool earnings, which cannot number many items.

The WITNESS. But for pool business there may be a great deal of business that would be a loss.

COST OF CONSTRUCTION OF CALIFORNIA AND OREGON LINE.

Q. Very probably. We are not finding fault with the pooling, but we want to know the result. Were any branch lines of this road constructed during your administration of the auditor's office?—A. A portion of the California and Oregon was.

Q. The portion which you said did not pass through your office; or did some portion pass through your office?—A. Well, the portion north of Delta, before the Pacific Improvement Company took charge of the construction of that part of the line. The details mostly passed through our office.

Q. Can you furnish a statement of the cost of that portion of the California and Oregon which was audited in your office?—A. Yes, sir. That is, I can give you a statement of the entire amount which passed through our office, charged to that account.

RESPONSIBILITY FOR ACCURACY OF VOUCHERS.

Q. As to those vouchers, do you consider your office responsible for their accuracy?—A. Yes, sir. That is, all that I can think of at this moment.

Q. On what report would you audit a voucher for work done on that portion of the California and Oregon?

The WITNESS. On what report?

Commissioner ANDERSON. On what report, or what representation?—A. Well, I received some verbal authority at the time the work was was going on.

Q. Would you receive an engineer's certificate that certain work had been done, or a surveyor's report?—A. Oh, yes; if the track department should do any work in the nature of construction there, they would turn in "time-books," and I would make up a statement and send it to the superintendent of track to certify as to its correctness. Then it would pass through the committee on allowance in the usual way. Then it would be registered and charged to that account.

EXTENT OF CONSTRUCTION DONE DIRECTLY BY CENTRAL PACIFIC.

Q. At what northerly point did the construction done directly by the Central Pacific Company commence?—A. I think they constructed it all the way from Roseville Junction; but I would not speak positively with regard to it. It was before my time.

Q. Since your time between what points has the construction been completed?—A. What I am most familiar with is from Redding to Delta.

Q. How many miles is that?—A. It is about 40 miles.

Q. Have you been over that road?—A. Yes, sir; I have not been to the terminus.

Q. Have you been over the road from Delta to the north boundary of California?—A. No, sir; not all the way.

Q. What is the character of the country along the 40 or 60 miles of road that you audited?—A. I went over it in the night, and I did not see the country. I could not say much about it.

GROSS RECEIPTS AS DISTINGUISHED FROM GROSS EARNINGS.

Q. Would your office show the gross receipts of the Central Pacific Company, as distinguished from its gross earnings?

The WITNESS. The gross receipts as distinguished from its gross earnings?

Commissioner ANDERSON. Yes; by gross receipts I include all matters that make up the receipts of the company by reason of the ownership of stock or of different interests.

The WITNESS. No, sir; my records would not show that.

Q. What records would show that?—A. Mr. Miller's records would show that.

REBATES.

Q. Are these rebates that we have spoken of matters of individual arrangement in each case, or have you in your office rebate contracts?—A. We have not all the rebate contracts. We get most of them—copies of the contracts.

Q. How numerous are they?

The WITNESS. You are speaking of pools, are you, now?

Commissioner ANDERSON. No; I am speaking of rebate allowances to shippers.

The WITNESS. Oh, they are not all under contracts. There are all sorts of rebates.

Q. That was my question, whether they were matters of individual arrangements with shippers or whether there were contracts extending over a fixed period of time.—A. Those contracts that you speak of are kept in the general freight office.

Q. You have none in your office?—A. No, sir.

Q. You refer us to Mr. Stubbs for that, do you?—A. Mr. Stubbs or Mr. Gray.

ANNUAL ALLOWANCES FOR REBATES, ETC.

Q. Have you a book which shows the total of the allowances for rebates, refunds, returns, or overpayments made up annually?—A. Yes, sir; we have.

Q. Can you give us the gross total of such allowances by the year from the time you commenced?—A. Yes, sir.

Q. What year was it that you took charge—1881?—A. I can show that many years back.

Commissioner ANDERSON. Show us the full total of allowances for rebates.

Commissioner LITTLER. If he has such a book, he can let us see the book.

The WITNESS. By years, you mean?

By Commissioner LITTLER:

Q. Do I understand that you have a book for rebates containing the several items of rebates during the several years the company has been in operation?—A. It is not kept altogether in one book. I can furnish the amount.

Commissioner ANDERSON. I simply ask for the amount made up by years.

GROSS RECEIPTS OVER GROSS EARNINGS.

By the CHAIRMAN:

Q. What does your department contribute to the gross receipts in making up at the end of the year a statement for the company?—A. We

close our showing of freight earnings, passenger earnings, and different items of earnings, also the operating expenses, to the secretary's books monthly; and then we are through with it, so far as that goes.

Q. But who ascertains the gross earnings as distinguished from the gross receipts?—A. We do.

Q. Then what figures do you use in order to ascertain your gross earnings?—A. We take, for instance, our station agent's returns of freight receipts and ticket sales, baggage, &c., and then we may make a refund to a man for an error in overcharging on a ticket, or an error for overcharging on freight; and we would charge that amount to that item of earnings which should be charged. Of course that reduces it to net freight earnings.

Q. Do you carry into the account your pool balances?—A. If we should pay out any money on a freight pool, we would charge that to the freight earnings; and if we received any money on a freight pool, we would credit that to freight earnings.

Q. What else do you carry into the gross sum before you ascertain your gross earnings?—A. We have express and telegraph, mail, rental, and sleeping cars and extra baggage. I believe I named passenger and freight, of course; I believe that is all.

Q. Is the item of gross receipts taken off each year as a separate item?—A. We made a monthly showing of gross receipts and operating expenses, and then we show the net.

Q. Is the item of gross receipts for the year taken off as a separate item as distinguished from gross earnings?—A. No, sir; not that I know of. That is made up by the secretary, anyhow. We transfer this to him monthly, you know.

HOW THE GROSS EARNINGS ARE ASCERTAINED.

Q. What do you deduct from the gross receipts to ascertain your gross earnings, before you make your return to the secretary?—A. We deduct all these rebates that we have mentioned, from the gross receipts, and we still call that gross earnings, after that; and then we make up our operating expenses, and deduct that from these gross earnings, and that leaves net earnings.

The CHAIRMAN. I understand that you have your gross receipts and gross earnings, from which you deduct your operating expenses.

The WITNESS. I understand the gross receipts to be the gross earnings.

Commissioner ANDERSON. We differ as to that. We use the phrase "gross earnings" as including everything that the railroad gets from every source, in addition to the earnings from its road. If it happens to be the owner of stock in a gas company in New York, or it gets rent from a house which has nothing to do with the railroad, that we call gross earnings.

The CHAIRMAN. He deducts rebates and refunds and overcharges, and railroad settlements come off.

The WITNESS. Yes. For instance, we sell a ticket from here to New York, and our agent in San Francisco will report all that money as ticket sales, and it goes into our passenger earnings. Now, we afterwards pay out from that to the other roads interested, you see. That still leaves what we call our gross earnings, after we have paid the other roads.

The CHAIRMAN. Yes, I understand you. Now, will you furnish a statement of the gross receipts from 1869 to 1886, or from the date of

the opening of your road, as distinguished from gross earnings, year by year?

The WITNESS. It would make no showing at all, the gross receipts. My education in railroad accounts has made the gross receipts the gross earnings, and nothing else.

GROSS RECEIPTS AS DISTINGUISHED FROM GROSS EARNINGS.

The CHAIRMAN. Yes, as ordinarily understood. I now speak of gross receipts, which include everything received by the company, out of which you make some deduction, such as rebates, overcharges, terminal settlements, pool settlements, and all other settlements, and then you would ascertain your gross earnings.

The WITNESS. I understand what you mean, but it would be a foolish showing, because we sell a ticket here in San Francisco to New York for $120, say. I don't know what the price is. We call that passenger earnings. I do not call that gross receipts. It does not belong to us. We know it, and know we have got to pay out to Eastern roads most of the money. But you call that gross receipts.

Q. Do you take off the gross receipts every year, to ascertain and make your deductions, in order to know just what you received before you determine your gross earnings?—A. We do this monthly.

Q. Will you furnish to the Commission a statement from 1869, or from the opening of the road, to 1886, showing the gross receipts?—A. I will do the best I can.

The CHAIRMAN. Very well. That is all you can do. Let us judge of the foolishness of it.

CUSTODY OF CONSTRUCTION ACCOUNTS.

By Commissioner LITTLER:

Q. Who has custody of the books containing an account of the cost of construction of the Central Pacific road?—A. I do not know. I never have seen them.

Q. In whose charge ought they properly to be found?—A. That was before my time, and I do not know anything about it.

Q. Are you sure they are not in the auditor's office?—A. Yes, sir; I know they are not in my office.

Q. Are there any vouchers in your office in respect to the construction of the road?—A. Not that I know of.

Q. To what date backward do your vouchers extend?—A. They extend away back to the beginning of the road.

THE AUDITOR'S OFFICE AN OPERATING OFFICE.

Q. Then they ought to embrace the cost of construction, ought they not?—A. Well, no; that does not follow. Our office is an operating office, and as a rule it might contain only charges to operating expenses.

Q. Then you think your office only includes the vouchers for operating expenses from the time the road was opened?—A. No, sir; I would not say that. Well, as a rule, yes; but we do occasionally, as an operating company, finish up work that the construction company has left incomplete, and charge it to that construction company.

Q. Who has charge of the canceled checks on which the money was paid out for the construction of this road?—A. I should say the treasurer had. I really never saw them.

Q. The treasurer of the company really ought to have the custody of these books containing the cost of the construction of the road, ought he not?—A. That I could not express an opinion about.

Q. Do you know whether any of the books of this company, from its organization to the present time, have been destroyed, by accident or otherwise?—A. No, sir; I do not know anything about it.

REFERRED TO CONSTRUCTION COMPANY FOR THE BOOKS.

Q. To whom can you refer us for the production of these books containing the account of the construction?—A. The Construction Company, I should say.

Commissioner LITTLER. Although a construction company may have constructed the road, there must be books in charge of this company containing certain accounts or vouchers upon which the money of the company was paid to the Construction Company for its services under contract.

The WITNESS. I do not think that those accounts would necessarily go through the auditor's office, which is, as a rule, an operating office.

Q. Through what office would they go, and where would these papers be found?—A. I should think the secretary's office would be the proper office. I should think so.

EXISTENCE OF THE COMMITTEE ON ALLOWANCE.

Q. How long has this committee on allowance, I believe you call it, been in existence?—A. Ever since I have known anything about these vouchers.

Q. Does it date back to the time of the construction of the road, and did such a committee pass upon the vouchers for the payment of the cost of construction?

The WITNESS. I think they did—oh, the cost of construction?

Commissioner LITTLER. Yes.

A. Well, that I could not say. That I do not know anything about.

Q. Recurring to the question of gross receipts as distinguished from gross earnings, as I understand you, in the statement of your accounts, in order to ascertain gross receipts you deduct all rebates, all overcharges, all moneys paid on account of pool contracts, and credit all moneys received from other railroads in the interchange of business, whether collected on freight or on tickets?—A. Yes, sir.

Q. What other deductions do you make from your gross receipts before you declare your gross earnings?—A. You have named them most all.

EDWARD C. WRIGHT.

REPLIES BY LETTER TO UNANSWERED QUESTIONS.

The following letter was subsequently received from the witness, E. C. Wright, in response to requests for information:

[Southern Pacific Company (Pacific System), office general auditor.]

SAN FRANCISCO, *August* 9, 1887.

SIR: Please find below the questions propounded to me by your Commission July 27, 1887, with answers to same in regular order:

Question. Give the names of the roads which had constructive mileage when dividing the earnings; the amount of such mileage, and the period during which it was added to the actual mileage.

Answer. This information has been furnished in full by the president of our company in a statement presented to your Commission July 28, 1887.

Question. From 1860, inclusive to date of lease, and from date of lease to the present time, prepare statements by years, of actual net earnings of Central Pacific Railroad; also statement of net earnings by way of rental since date of lease to the present time.

Answer. I would respectfully refer you to the secretary of our company for statements requested above, as some of the records required to make the statements are not kept in this office.

Question. State whether as to any of the leases held by the Central Pacific Railroad, prior to April 1, 1885, the rent paid by the Central Pacific Railroad exceeded any earnings derived from leased roads.

Answer. Yes, in some instances, because such earnings were made up on a mileage basis which did not give the leased lines their due proportion of earnings.

Question. Statement showing cost of that portion of the California and Oregon Railroad which was audited in your office.

Answer. The records of my office show vouchers charged to the California and Oregon construction, and these cover charges for construction north of Redding; but as I transferred monthly the total amount of charges appearing on my books to the books of the secretary, I cannot say that other charges were not made direct on his books to the work, therefore it is impossible for me to give the actual cost of the work between any given points. I would respectfully refer you to the secretary for this information.

Question. Statement from 1869, or opening of the road, to 1886, showing gross receipts by years.

Answer. Statement requested is given below:

Statement of gross receipts of Central Pacific Railroad and leased lines from 1864 to 188[illegible], inclusive.

[No charges to earnings of any description have been considered.]

Years.	Amount.	Years.	Amount.
1864 (November and December)	$121,679.10	1876	$19,229,[illegible]
1865	356,806.94	1877	18,795,[illegible]
1866	879,754.38	1878	19,336,[illegible]
1867	1,442,825.58	1879	20,168,[illegible]
1868	2,364,211.18	1880	23,167,[illegible]
1869	7,503,267.60	1881	27,113,[illegible]
1870	9,010,261.89	1882	30,284,[illegible]
1871	10,271,628.10	1883	28,503,[illegible]
1872	13,612,835.04	1884	28,977,[illegible]
1873	14,706,334.24	1885	15,388,[illegible]
1874	15,433,500.37		334,69[illegible]
1875	17,811,491.01		

Question. Statement showing amount of freight earnings derived from pools and the amount derived from ordinary business for the year 1884.

Answer. The amount entered to credit of freight earnings in the year 1884, account of pools, is $99,231.28; the amount charged to freight earnings in the year [illegible] account of pools, is $209,997.37; total, $110,766.09. Deduct this latter amount from the gross freight earnings of 1884, or $13,043,034.27; leaves amount derived from ordinary business, $12,932,268.18.

Question. Statement showing amount of passenger earnings derived from pools and the amount derived from ordinary business in 1884.

Answer. The amount entered to credit of passenger earnings in year 1884, account of pools, is $22,850.02; amount charged to passenger earnings in year 1884, account of pools, is $623.47; total, $22,226.55. Deduct this latter amount from the gross passenger earnings of 1884, or $7,226,570.94, leaves amount derived from ordinary business $7,204,344.39.

I send you herewith a package containing samples of blanks in use in this office, per your request.

Very respectfully,

E. C. WRIGHT,
General Auditor.

Hon. ROBT. E. PATTISON,
Chairman of United States Pacific Railway Commission,
Palace Hotel, San Francisco, Cal.

OFFICES OF THE CENTRAL PACIFIC RAILROAD COMPANY,
San Francisco, Cal., Wednesday, July 27, 1887.

EMMONS B. RYAN, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What position do you hold in the company?—Answer. I suppose you would call it the tax agent for the Central Pacific.

DUTIES OF TAX AGENT.

Q. What are your duties?—A. To see that the taxes are paid on the property; that it is not sold for taxes, and to protect it.

Q. How long have you been connected with that position?—A. About fifteen years, I think; fourteen or fifteen years.

Q. Who did you succeed?—A. No one; I commenced when it was very young, and I have kept with it ever since, sir.

Q. What kind of books do you keep?—A. Regular assessment rolls.

AMOUNT OF TAXES PAID UPON LANDS.

Q. Will you state to the Commission the amount of taxes paid by you upon the lands since the institution of your office, or since the grant by the Government to the Central Pacific Company?—A. It is between four hundred and four hundred and fifty thousand dollars, or about four hundred and twenty thousand and some odd dollars.

By Commissioner ANDERSON:

Q. For what period?—A. That is since the first—1869; somewhere along there.

By the CHAIRMAN:

Q. Do you give the amount accurately or approximately?—A. I give it within a few hundred dollars.

Q. Will you furnish to the Commission a statement showing the amount of taxes paid upon the several land grants, by years and by counties?—A. Yes, sir; to a cent. That is, so far as my books show, and they show correctly.

TAX RATES AND AMOUNT OF ACREAGE.

Q. Will you furnish a statement showing the tax rates of the several counties?—A. Yes, sir. They vary each year. That is, in *nearly* every case they vary each year.

Q. Will you include in the statement also the acreage that the amount of taxes has been paid upon?—A. That I can do also, because that I have in my office.

Q. And will you also include the names of the counties?—A. Yes, sir.

Q. How soon can you give that statement?—A. I can give it to you in forty-eight hours. And by the by, can I hazard one little bit of information?

The CHAIRMAN. Yes; and do not make it a hazard.

The WITNESS. The Central Pacific has paid over six million dollars of taxes on its lands and its other property since I have been connected with it.

Q. What is the other property?—A. The roads, the plant, stations, &c.

The CHAIRMAN. Well, we want the land grant.

The WITNESS. You shall have it, sir.

E. B. RYAN.

The Commission then adjourned to Thursday, July 28, 1887, at 10 a. m.

The witness, E. B. Ryan, subsequently submitted the following statement in connection with his testimony:

Statement of taxes paid on lands by the Central Pacific Railroad Company from 1868 to 1886, inclusive.

County.	Acres.	Value.	Rate per $100.	Taxes.	School.*	Delinquents, &c.*		Total.
1868.								
El Dorado				†$82.88				
Placer				†662.98				
1869.								
El Dorado				†1,702.80				
Placer				†1,202.08				
Nevada				†334.18				
1870.								
Placer:								
First district	5,204	$6,618	$2.60	162.47			$9.60	
Second district	24,136	30,170	2.60	784.42				
Yuba								
Nevada	7,380.72	18,451	2.00	369.02				
El Dorado	32,630	48,958	2.84.2	1,392.75				
Sutter	1,121	3,363	1.90.2	64.06				
1871.								
Placer:								
First district	2,069	3,336	1.85	61.71				
Second district	45,579	86,963	1.85	1,053.81				
Nevada	45,421	113,602	2.10	2,385.64				
El Dorado	29,748	44,622	2.85	1,272.72				
1872.								
Sacramento	2,022	12,880	1.28	164.86				
Placer:								
First district	3,103	7,758	1.35	104.70				
Second district	42,709	106,923	1.35	1,444.50			194.70	
Nevada	54,645	126,614	1.60	2,185.82				
Yuba	2,291	3,575	2.00	71.50				
Sutter	3,469	11,430	1.50	171.45			66.72	
Butte	17,960	86,208	2.20	1,896.57				
El Dorado	27,452	41,178	2.60	1,070.63				
Colusa	33,560	124,757	1.60	1,948.12				
1873.								
Sacramento	1,004	7,000	1.90	134.14			28.50	
Placer:								
First district	2,872	7,058	1.05	74.10				
Second district	38,217	95,978	1.05	1,007.76				
Nevada	50,627	126,568	1.00	2,404.79				
Yuba	21,058	67,350	2.50	1,683.75				
Sutter	6,058	24,232	1.80	432.16				
Butte	56,158	255,537	2.00	4,510.74				
El Dorado	25,094	37,640	2.55	959.85				
Colusa	33,233	127,545	1.70	2,458.27				
1874.								
Sacramento	724	4,945	1.45	71.70				
Placer:								
First district	2,913	7,908	1.50	118.62				
Second district		82,651	1.50	1,239.76				
Nevada	49,824	124,560	1.80	2,242.08				
Yuba	15,450	50,510	2.60	1,313.26				

*Cannot vouch for entire accuracy of succeeding school board and delinquents which appear in these columns.—RYAN.

†Paid previous to my taking tax department.—RYAN.

Statement of taxes paid on lands by the Central Pacific Railroad Company, &c.—Cont'd.

County.	Acres.	Value.	Rate, per $100.	Taxes.	School.	Delinquents, &c.		Total.
1874.								
Butte	5,297	$25,232	$1.95	$723.00				
Butte	23,061	89,554	2.00	1,791.08				
Colusa	28,058	92,374	1.60	1,477.98				
El Dorado	24,893	37,265	2.29.9	856.70				
Yolo	1,689	7,635	1.60	122.11				
Colusa (paid under protest)				1,847.28				
1875.								
Sacramento	987	5,545	1.30	72.08				
Placer:								
First district		43,289	1.30	564.05				
Second district		84,041	1.30	1,092.53				
Nevada	53,358	132,395	1.70	2,250.71				
Sierra	8,009	6,370	2.36	150.33			$90.39	
Yuba	22,382	76,150	2.60	1,979.90				
Sutter	4,558	18,031	1.52	274.07				
Butte	59,116	156,835	1.80	2,823.03				
Colusa	139,974	174,987	1.95	3,421.84				
El Dorado	24,826	37,239	1.65½	616.29				
Yolo	1,005	3,267	1.60	52.27				
Solano		534,727	1.60	8,555.64			139.00	
1876.								
Sacramento	753	2,330	1.65	48.45				
Placer:								
First district	13,530	33,825	1.50	507.37				
Second district	83,590	83,950	1.50	1,259.25				
Nevada	51,060	127,650	1.90	2,425.35				
Sierra	7,468	9,335	2.70	252.05				
Yuba	21,500	73,285	2.80	2,051.98				
Sutter	53,099	114,600	2.00	2,292.00				
Butte	139,776	231,925	2.20	5,102.35				
Sutter	5,130	16,747	1.90	318.20				
Yolo	1,008	4,032	1.78	71.77				
Colusa	115,142	563,108	1.80	10,171.83				
El Dorado	24,551	49,102	2.33½	1,146.52				
1877.								
Sacramento	1,580	2,495	1.50	37.42				
Placer:								
First district	11,714	29,285	1.50	439.27			67.00	
Second district	28,577	57,154	1.50	857.31				
Nevada	46,272	115,680	1.90	2,197.92				
Sierra	7,338	9,172	2.60	238.47				
Yuba	18,829	68,205	2.80	1,911.42				
Sutter	4,999	15,985	1.80	287.73			614.75	
Butte	46,840	82,892	2.00	1,657.84				
Colusa	126,926	213,061	2.20	4,687.35			5.66	
El Dorado	22,903	45,926	2.23	1,024.15				
Solano	124,775	748,514	1.65	12,350.48			1,117.76	
Yolo	1,006	4,024	1.65	66.40			7.98	
Napa	33,084	66,168	2.17½	1,438.83				
Lake	2,119	5,300	2.45	129.85				
Mendocino	10,754	10,754	2.50	262.85				
Humboldt	90,803	90,803	2.90	2,633.28				
Marin	40,368	50,460	2.60	1,311.96				
Del Norte	96,618	240,000	3.00	7,200.00				
1878.								
Sacramento	3,005	3,005	1.50	45.07			8.50	
Placer:								
First district	8,960	25,292	1.60	404.67				
Second district	26,843	53,686	1.60	859.00			98.39	
Nevada	44,347	110,867	1.90	2,106.48		$4.55	55.43	
Sierra	7,227	9,100	2.60	236.60				
Yuba	9,578	28,370	2.60	737.62			19.38	
Sutter	5,764	19,749	1.75	345.60		227.80	127.71	
Butte	65,359	188,285	1.75	3,259.98		340.09	9.35	
Colusa	132,088	305,297	2.50	7,632.43		122.88	107.12	
El Dorado	22,402	44,800	2.10	940.80				
Solano	42,613	181,114	1.50	2,716.71			68.40	
Napa	952	2,232	1.58	35.27			6.04	

Statement of taxes paid on lands by the Central Pacific Railroad Company, &c.—Contd.

County.	Acres.	Value.	Rate per $100.	Taxes.	School.	Delinquents, &c.		Total.
1878.								
Washoe	22,991	$65,782	$2.00	$1,315.64	.....	$20.19	$310.80	.....
Lyon	2,119	4,200	2.70	113.40	.....	.....	.....	.....
Churchill	10,752	10,752	2.50	268.80	.....	.....	.....	.....
Humboldt	90,175	99,194	2.80	2,777.43	.....	.....	.....	.....
Lander	37,591	47,000	2.60	1,222.00	.....	.....	.....	.....
Eureka	24,046	19,200	2.00	384.00	.....	.....	.....	.....
Elko	97,906	146,859	3.00	4,405.77	.....	.....	.....	.....
1879.								
Sacramento	785	2,530	1.50	37.95	.....	.....	17.56	.....
Placer:								
First district	10,677	29,693	1.50	400.40	.....	.....	.....	.....
Second district	26,822	53,644	1.50	804.66	.....	.....	25.71	.....
Nevada	44,208	110,520	1.90	2,098.88	.....	62.17	4.55	.....
Sierra	9,696	12,110	2.95	357.25	.....	.....	.....	.....
Yuba	7,278	21,245	2.20	467.39	$34.05	63.35	58.03	.....
Sutter	5,959	21,582	1.75	377.68	.....	206.83	27.07	.....
Butte	61,121	175,194	1.70	2,978.30	.....	.....	59.16	.....
Tehama	220,176	421,106	2.40	10,346.54	.....	65.50	37.37	.....
El Dorado	21,587	43,175	2.17½	989.05	.....	.....	9.54	.....
Colusa	35,841	173,457	1.50	2,601.86	287.22	68.96	66.55	.....
Yolo	452	2,232	1.55	34.60	.....	.....	.....	.....
Shasta	.....	.....	.....	.....	.....	.....	15.77	.....
Washoe	40,042	80,085	1.80	1,441.53	.....	.....	6.08	.....
Storey	7,387	4,432	3.55	157.34	.....	.....	.....	.....
Lyon	2,119	4,000	2.35	94.00	.....	.....	.....	.....
Churchill	10,755	10,755	2.60	279.63	.....	.....	.....	.....
Humboldt	92,910	189,365	2.60	3,623.49	.....	.....	.....	.....
Lander	40,317	50,000	2.25	1,125.00	.....	.....	.....	.....
Eureka	24,048	19,238	1.75	336.66	.....	.....	.....	.....
Elko	97,861	147,000	1.50	2,205.00	.....	.....	1,764.00	.....
1880.								
Sacramento	786	5,880	1.35	78.88	.....	.....	4.08	.....
Placer:								
First district	13,456	33,640	1.45	487.78	.....	.....	2.40	.....
Second district	22,468	54,032	1.45	783.75	.....	.....	28.81	.....
Nevada	41,403	103,530	1.75	1,811.77	.....	.....	60.45	.....
Sierra	9,746	12,283	2.90	356.20	.....	.....	.....	.....
Yuba	31,863	90,490	2.30	1,527.89	.....	.....	24.42	.....
Sutter	5,631	21,718	1.52	330.11	.....	.....	14.84	.....
Butte	110,003	296,383	1.65	4,890.30	.....	.....	81.70	.....
Tehama	335,865	487,517	1.90	9,311.37	.....	.....	97.59	.....
Do	335,865	388,387	1.90	7,388.85	.....	.....	250.97	.....
Shasta	115,408	288,248	2.35	6,772.71	.....	.....	50.10	.....
El Dorado	21,335	42,670	2.34	975.49	.....	.....	25.84	.....
Colusa	35,112	184,653	1.45	2,679.04	.....	.....	816.78	.....
Yolo	452	2,896	1.55	60.24	.....	.....	.....	.....
Washoe	39,732	.....	1.70	1,355.18	.....	.....	.....	.....
Lyon	2,121	.....	2.57	102.80	.....	.....	.....	.....
Storey	2,290	.....	2.58	66.90	.....	.....	.....	.....
Churchill	10,758	.....	2.75	295.62	.....	.....	.....	.....
Humboldt	91,702	.....	2.60	4,172.43	.....	.....	.....	.....
Lander	40,325	.....	3.55	3,206.54	.....	.....	.....	.....
Eureka	24,067	.....	2.00	365.00	.....	.....	.....	.....
Elko	95,854	.....	2.70	3,892.08	.....	.....	.....	.....
1881.								
Sacramento	480	1,475	1.70	25.07	.....	.....	5.00	.....
Placer:								
First district	11,231	28,583	1.40	400.16	.....	.....	10.00	.....
Second district	22,164	58,117	1.40	813.64	.....	.....	.....	.....
Nevada	39,560	96,005	1.70	1,632.91	.....	61.27	69.17	.....
Sierra	9,747	12,185	2.90	353.36	.....	.....	.....	.....
Plumas	3,128	3,910	2.47	96.58	.....	.....	.....	.....
Yuba	52,172	101,720	2.40	2,441.28	11.60	18.25	.....	.....
Sutter	4,205	14,238	1.62½	230.63	.....	.....	.....	.....
Butte	202,118	306,275	1.60	4,900.40	.....	59.16	12.08	.....
Tehama	399,640	536,779	1.65	9,186.87	.....	480.00	104.17	.....
Shasta	176,440	220,501	2.65	5,843.25	.....	.....	.....	.....
El Dorado	20,973	41,955	2.25½	946.08	.....	.....	.....	.....
Colusa	30,831	225,100	1.40	3,123.41	664.88	317.96	1,932.00	.....
Yolo	.....	.....	.....	.....	.....	.....	.....	.....

...ment of taxes paid on lands by the Central Pacific Railroad Company, &c.—Cont'd.

County.	Acres.	Value.	Rate per $100.	Taxes.	School.	Delinquents, &c.		Total.
1881.								
...shoe	33,861	$97,720	$2.30	$1,537.56				
...ney	3,039	2,512	4.90	123.04				
...on	2,121	4,000	3.30	132.00				
...rchill	10,755	10,755	2.80	301.14				
...mboldt	90,633	158,606	2.60	4,123.75				
...der	40,309	50,388	3.90	1,965.05				
...eka	21,883	19,250	2.50	481.25				
...o	97,165	145,750	2.70	3,935.25				
1882.								
...ramento	469	1,485	1.70	25.24			$14.35	
...cer:								
First district	2,674	21,650	1.60	346.40			101.62	
Second district	20,160	50,400	1.60	806.40			15.19	
...ada	35,435	88,580	1.75	1,550.15			76.62	
...ra	9,714	12,140	2.80	339.92				
...a	46,807	93,380	2.60	2,427.38		$23.85	24.43	
...er	4,204	14,078	1.75	246.36			14.94	
...ta	188,249	456,960	1.50	6,809.50		97.44	81.70	
...ama	271,108	476,433	1.65	7,861.12		521.80	352.97	
...a	162,219	199,338	2.60	5,162.78		108.97	65.10	
...Dorado	21,471	43,020	2.14	920.63		17.92	25.14	
...mas	3,128	3,910	2.50	97.75				
...o	453	2,265	1.42	32.16				
...sas	36,081	269,585	1.40	3,809.71	$135.24	405.68	722.72	
...shoe	33,289	66,000	2.25	1,485.00				
...n	2,119	4,000	3.05	122.00				
...rchill	10,755	10,755	2.80	301.14				
...ney	3,068	2,746	4.90	134.58				
...mboldt	90,154	157,770	2.60	4,102.02				
...der	36,593	45,753	3.90	1,784.36				
...eka	19,471	24,340	2.60	632.84				
...o	82,632	103,290	2.75	2,840.47				
1883.								
...ramento	350	1,065	1.30	13.85				
...cer:								
First district	3,504	10,512	1.55	162.93			30.78	
Second district	18,117	54,351	1.55	832.44			29.23	
...ada	30,595	76,260	2.10	1,601.46			65.34	
...ra	9,685	14,500	2.80	406.00				
...mas	5,704	7,130	2.75	196.07				
...a	46,664	81,115	2.55	2,072.47		23.95	36.51	
...er	3,008	9,955	1.50	149.32			69.12	
...ta	159,272	375,794	1.50	5,644.41		72.13	13.60	
...ama	219,680	404,560	1.50	6,068.40		424.16	347.77	
...ama (10 per cent. additional State board)		40,456	1.50	653.93				
...a	114,606	143,257	3.25	4,656.30			53.59	
...Dorado	21,314	42,786	2.08	889.95			17.43	
...mas	26,954	262,675	1.45	3,847.35		470.69	276.09	
Do	1,490		1.45	168.82		1,116.74		
...o	238	1,273	1.25	22.91				
...shoe	32,905	65,800	2.00	1,306.00				
...n	2,119	4,000	3.05	122.00				
...rchill	10,756	10,760	2.80	301.28				
...ney	2,938	2,350	2.90	68.15				
...mboldt	87,113	152,450	2.60	3,963.70				
...der	35,084	43,855	3.90	1,710.35				
...eka	19,471	19,470	2.55	496.48				
...o	81,204	101,500	2.75	2,791.25				
1884.								
...ramento	217	1,350	1.05	14.17				
...cer:								
First district	2,584	10,057	1.35	135.77			7.80	
Second district	17,346	48,942	1.35	660.72		52.41	125.78	
...ada	28,041	59,100	2.40	1,420.56				
...ra	9,667	14,500	2.50	362.50				
...mas	7,103	9,239	2.56	237.82			3.97	
...a	27,838	70,465	1.75	1,233.14				
...er	2,879	12,939	1.00	128.39		19.91	10.29	
...ta	128,500	{ 251,504 / 2,075 }	1.45	{ 3,646.81 / 30.00 }		287.34	31.94	

Statement of taxes paid on lands by the Central Pacific Railroad Company, &c.—Cont'd.

County.	Acres.	Value.	Rate per $100.	Taxes.	School.	Delinquents, &c.		Total.
1884.								
Tehama	119,692	$200,711	$2.20	$4,415.65	.....	$208.01	$186.52	.....
Shasta	82,844	103,251	2.25	2,322.15	.....	163.46	292.71	.....
El Dorado	35,036	70,072	2.00	1,401.44	.....	18.14	12.43	.....
Colusa	280	3,000	1.30	42.68	$480.04	69.05	340.90	.....
Washoe	22,983	65,865	1.85	1,218.50	.....	.....	4.00	.....
Storey	2,938	3,000	2.50	75.00	.....	.....	.....	.....
Lyon	2,220	4,000	3.05	122.00	.....	.....	.....	.....
Churchill	10,756	10,756	2.80	301.14	.....	.....	.....	.....
Humboldt	77,909	136,499	2.60	3,549.00	.....	.....	.....	.....
Lander	23,156	41,445	2.90	1,616.35	.....	.....	.....	.....
Eureka	16,748	16,748	2.50	418.70	.....	.....	.....	.....
Elko	72,836	90,415	2.40	2,169.96	.....	.....	.....	.....
1885.								
Sacramento	178	1,070	1.25	13.37	.....	.....	.....	.....
Placer:								
First district	834	5,168	1.94	100.25	.....	45.62	.....	.....
Second district	19,028	53,240	1.94	1,032.85	.....	78.85	.....	.....
Nevada	27,133	77,495	2.50	1,937.37	.....	7.56	.....	.....
Sierra	7,007	10,510	2.80	294.28	.....	.....	.....	.....
Plumas	6,664	8,330	2.60	216.58	.....	.....	.....	.....
Yuba	23,643	37,965	2.65	1,188.34	.....	21.33	3.97	.....
Sutter	2,518	9,200	1.15	105.87	.....	5.27	.....	.....
Butte	120,115	242,035	1.55	3,751.54	.....	317.63	.....	.....
Tehama	97,963	157,961	2.00	3,147.23	.....	177.25	273.80	.....
Shasta	68,177	84,692	2.25	1,905.50	77.56	145.87	804.69	.....
El Dorado	31,929	63,858	1.92	1,226.68	.....	73.88	5.23	.....
Colusa	480	3,780	1.35	60.16	.....	10.85	.....	.....
Washoe	22,133	40,165	1.90	763.15	.....	4.08	.....	.....
Storey	2,938	2,400	2.90	69.60	.....	.....	.....	.....
Lyon	2,120	4,000	2.75	110.00	.....	.....	.....	.....
Churchill	10,756	10,756	2.75	295.75	.....	.....	.....	.....
Humboldt	57,357	86,035	2.60	2,236.91	.....	.....	.....	.....
Lander	23,796	42,245	3.00	1,320.82	.....	.....	.....	.....
Eureka	16,748	16,748	2.55	427.00	.....	.....	.....	.....
Elko	68,649	85,811	2.15	1,844.94	.....	.....	.....	.....
Box Elder	24,265	16,965	1.20)	.....	.....	.....	.....	.....
Cache	18,609	13,030	1.20	403.88	.....	.....	.....	.....
Weber	2,914	3,642	1.20)	.....	.....	.....	.....	.....
1886.								
Sacramento	40	.....	1.00	.40	.....	.....	.....	.....
Placer:								
First district	1,015	3,623	1.55	56.14	.....	68.40	.....	.....
Second district	18,593	51,906	1.55	804.57	.....	120.92	4.58	.....
Third district	4,862	5,249	1.55	82.00	.....	.....	.....	.....
Nevada	27,231	68,070	2.30	1,565.61	4.88	19.74	8.37	.....
Sierra	6,907	10,360	2.70	279.72	.....	68.40	.....	.....
Plumas	6,824	13,444	2.70	362.99	.....	.....	.....	.....
Yuba	14,350	50,040	2.90	1,451.16	.....	14.48	22.33	.....
Sutter	1,801	4,029	1.10	44.31	.....	2.00	.....	.....
Butte	111,472	203,105	1.50	3,059.09	138.00	436.59	150.92	.....
Tehama	91,728	146,933	1.80	2,698.06	99.83	287.56	202.02	.....
Shasta	54,628	70,777	2.25	1,645.10	5.23	436.69	12.36	.....
El Dorado	30,007	60,195	1.80	1,063.51	61.13	108.68	88.45	.....
Colusa	1,158	7,740	1.35	117.54	.....	67.40	.....	.....
Washoe	22,661	40,075	1.85	741.39	.....	.....	.....	.....
Storey	2,779	2,169	2.80	60.48	.....	.....	.....	.....
Lyon	2,121	4,000	2.75	110.00	.....	.....	.....	.....
Churchill	10,754	10,754	2.75	295.73	.....	.....	.....	.....
Humboldt	56,363	84,545	2.60	2,198.17	.....	.....	.....	.....
Lander	23,636	41,195	3.60	1,483.03	.....	.....	.....	.....
Eureka	16,989	16,989	2.60	441.71	.....	.....	.....	.....
Elko	64,827	81,033	1.90	1,539.62	.....	.....	.....	.....
Box Elder	12,309	8,616	1.20	103.39	.....	.....	.....	.....
Cache	3,294	2,343	1.20	28.91	.....	.....	.....	.....
Weber	2,236	2,795	1.20	33.54	.....	.....	.....	.....

Statement of taxes paid on lands by the Central Pacific Railroad Company, &c.—Cont'd.

RECAPITULATION.

Year.	Amount.	Year.	Amount.
[illegible] to 1873	$20, 866. 09	1883	$44, 724. 47
[illegible] to 1874	25, 504. 63	1883	41, 197. 46
[illegible] to 1876	47, 729. 25	1884	27, 168. 81
[illegible]	40, 546. 58	1885	24, 302. 99
[illegible]	31, 342. 99	1886	22, 711. 96
[illegible]	33, 583. 60		
[illegible]	52, 799. 86	Total	458, 617. 52
[illegible]	46, 454. 83		

To the honorable COMMISSIONERS:

I respectfully state that my books do not tally with vouchers in the office of the secretary of the company for reasons:

(1) Many payments of school, road, and other taxes were paid which do not appear on my books.

(2) Many payments appear on my books which do not tally with actual payments, from the fact of tax collectors correcting errors in amounts due; rebates on errors and from other sources by tax collectors: delinquents paid in the interim between date of publication and sale, and taxes paid by parties purchasing lands during the fiscal year of such payments.

NOTE.—The company returns for assessment all lands owned by it on the first Monday in March of each year.

(3) I did not assume the duties of tax agent until 1870, hence my books show from that year only.

The body of the foregoing is hereby submitted as substantially in its showing.

I have the honor to be, your obedient servant,

E. B. RYAN.

OFFICES OF THE CENTRAL PACIFIC RAILROAD COMPANY,
San Francisco, July 28, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

The sergeant-at-arms of the Commission having been sent for Mr. William E. Brown, reported that Mr. Brown could not be found. Mr. S. T. Gage, having been requested to learn the whereabouts of Mr. Brown, reported that Mr. Brown had been in the office all day yesterday and at his hotel last evening, but that he had not yet arrived at his office this morning. Mr. Gage further stated that Mr. Brown had been sent for, and, if he could be found, would be on hand as soon as possible.

The CHAIRMAN. We have sent our sergeant-at-arms out for him. He has been out some time.

Mr. GAGE. He has been sent for by messenger, and Colonel Crocker has also telegraphed for him.

OFFICERS OF CENTRAL PACIFIC FAIL TO APPEAR.

The CHAIRMAN. The Commission has twice requested the presence of Mr. Stanford before it.

Mr. GAGE. Governor Stanford has not known that.

The CHAIRMAN. He has not appeared. The Commission desires to know whether a simple request for the attendance of the officers and employés of the company, made upon some one in authority in the company, will be sufficient. If not, then the Commission will issue subpœnas to the officers and employés of the company to secure their presence and the production of their books.

EXPLANATION OF MISUNDERSTANDING.

Mr. GAGE. I can assure you, Mr. Chairman, that Governor Stanford has not received any such information. Your bailiff, or whatever he may be, knocked at Governor Stanford's door, a short time ago, an hour ago, probably, while I was in there with Governor Stanford, and inquired for Mr. Brown. I went to Mr. Brown's room, understanding that it was simply an inquiry for him, but he was not in. I came here now for the purpose of saying to the Commission that Governor Stanford, as president of the company, would like to appear before the Commission. He has voluntered to do so, not having received any information that he was wanted. Presuming that you would be in session, he voluntarily instructed me to say to the Commission that he would like to appear before the Commission at 1 o'clock to-day.

The CHAIRMAN. The Commission will hear Mr. Stanford to-day at 2 o'clock at Parlor A, Palace Hotel.

Mr. GAGE. I will so report to him.

OFFICES OF THE CENTRAL PACIFIC RAILROAD COMPANY,
San Francisco, July 28, 1887.

JOHN H. WALSH, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Have you served a subpœna on William E. Brown?—Answer. I have not, sir.

FAILURE TO SUBPŒNA W. E. BROWN.

Q. Where did you go to find him?—A. I went to room 206, Palace Hotel. I inquired also at the office of the hotel.

Q. What information did you get as to his whereabouts?—A. They told me he was not in the room, and they did not know where he was this morning.

Q. Where else did you go to find him?—A. I went into a room adjoining, room 42, in this building.

Q. Is that his office?—A. I was told that it was.

Q. Was any one there?—A. Yes, sir.

Q. What answer did you receive?—A. They said Mr. Brown was not about to-day.

READINESS OF GOVERNOR STANFORD TO APPEAR.

Mr. GAGE. Mr. Chairman, Governor Stanford will take pleasure in meeting the Commission at two o'clock to-day at the place designated—parlor A, Palace Hotel.

The CHAIRMAN. We shall be glad to see him.

OFFICES OF THE CENTRAL PACIFIC RAILROAD COMPANY,
San Francisco, July 28, 1887.

E. H. MILLER, JR., being further examined, testified as follows:

The WITNESS. Before entering into any further answers, if agreeable I would like to make some explanation of my testimony given a few days since.

Commissioner ANDERSON. Certainly, you may do so.

ESTIMATES OF ENGINEER.

The WITNESS. I think that there was a call the other day relating to the examination of a contract, but if not, I would like to offer it. I have found the estimates of the engineers as to the quantities of the several contracts, with the prices put in by myself, which I desire to offer.

By Commissioner ANDERSON:

Question. Please state to what contracts they relate? Is it indorsed here on the back?—Answer. I do not think it is. This bundle [indicating a package] contains estimates for section 1 to section 54. *This* second bundle contains engineer's estimates from section 55 to section 92, and *this third* bundle contains engineer's estimates from section 93 to section 141.

Q. Please explain exactly what the papers are which you present?—A. I can only explain in general terms. They contain copies made by myself of the estimates returned by the chief engineer of the company of the quantities of work performed on the various sections from 1 to 141.

MEANING OF "SECTION."

Q. What is a section? Is it of any definite length?—A. As I understand it, it is not absolutely defined, but practically it is for 1 mile. Sometimes there is a change made, as I understand, in the length of a section on account of the character of the work to be done, and sometimes a particular section may be a mile and a quarter and the next one perhaps may be three-quarters of a mile, but on the average they represent 1 mile. There is a specimen copy of one [handing document to Commissioner Anderson]. In addition to that there is a statement made up by myself of the quantities as appears upon that statement made by the engineer, the price as I ascertained it under the contract, carried out for each subdivision of the work, making a total amount of the estimate to the various dates, with the prices given.

Commissioner ANDERSON. After you have completed your explanation of one of these estimates I will ask you some questions about it, in order to complete the matter.

The WITNESS. That is a sample of the estimates and prices as filed in my office.

Q. In whose handwriting are those estimates?—A. In mine, those two, and, I think, every one of them.

Q. When did you copy them?—A. I copied them at the time of the dates, certainly within ten days.

Q. Who was the engineer?—A. S. S. Montague.

Q. Is he now living?—A. He is not. In this connection, with reference to Mr. Montague, as I have mentioned his name, I wish to say that no better man has ever lived. He was competent, honest, and faithful.

EXPLANATION OF ESTIMATES.

Q. In the original paper prepared by him were the prices entered and the amounts carried out, as well as the quantity of work?—A. No, sir.

Q. Then the original contained simply the first column of quantities and you entered the factors of price and the amount?—A. Excuse me.

That is a copy—a precise copy of an estimate furnished to me by the engineers.

Q. Then the engineer did enter the price and carry out the amount?—A. No, sir; I beg your pardon. I am mistaken in that. The engineer did not return the prices, although it appears to be done on this copy that I have made.

Q. As I understand it you took his estimate of quantities and in the next column entered the factors of price and in the third column carried out the amount in dollars?—A. Yes, sir.

HOW THE PRICES WERE ASCERTAINED.

Q. From what source did you ascertain the price?—A. From the contracts or from the orders of the board of directors, as they appeared on the minutes of the company.

Q. In the marginal computations you took the total estimate which, as I understand you, includes the total estimate of all the work done to date, deducted preceding estimates, and then you obtain a sum which you divide into two parts, making the "five-eighths cash" and the other "three-eighths stock." Please state from what source you derive these fractions?—A. Either from the contract itself, if it was a contract, and, if it was not a contract, I took it from the orders of the board of directors, making the price the same as appears on the minutes of the board.

HOW THE CONTRACTORS WERE PAID.

Q. And these amounts due to the contractors, whoever they were, were paid in this manner?—A. They were not paid; they were credited upon my ledger to the contractor.

Q. And ultimately paid?—A. And ultimately paid, certainly.

Q. Does your ledger contain two accounts, to one of which you credited the cash payment and the other the stock payments?—A. It shows plainly on the face of the ledger exactly what is shown there, that he was entitled to receive on this estimate a certain amount in cash and a certain other amount in stock.

Q. I ask you whether those amounts, the stock amount and the cash amount, were entered in separate accounts, or whether they were all merged in one account?—A. There certainly would be one account for the cash and one for the stock account, but not a separate account with the contractor.

Q. Then the contractor, on this statement which I hold in my hand, would be credited with $204,439.79?—A. Yes; but he would be credited $127,774.87, payable to him in cash, and with $76,664.92 payable to him in stock.

Q. Those two entries would be made as separate credits?—A. Yes, sir.

Q. They would not be merged into one figure?—A. No; the entry would appear on the face of the ledger as separate items under the same heading.

Q. And when you came to balance that account you would figure up how much stock was payable to that account and how much cash was payable to that account, and you would balance the account by entering the required amounts in stock and in cash?—A. When it was received or paid to the contractors entries would be made in the manner you suggest, or in the manner in which your question indicates.

CONTRACT WITH CROCKER & CO.

Q. What I want to know positively is whether, when estimating what was paid on this contract with Crocker & Co., we may take all your entries of cash and all your entries of stock, as appearing in these estimates or as appearing on the face of your ledger, and conclude that the consideration received by Crocker & Co. was the sum total of the cash and the sum total of the stock?—A. Yes, sir.

Q. Will you please state to what contract these estimates refer, as far as you can?—A. Yes, sir; they referred in general or in detail to all the contracts between sections 1 and 141; the various contractors between those sections. For all of these sections, of course, there were various contractors.

LOCATION OF SECTIONS.

Q. Give us the geographical location of those sections. Do they commence at the city of Sacramento?—A. Section No. 1 commenced at the city of Sacramento and section 141 ended approximately 141 miles east of Sacramento, varying perhaps three quarters of a mile.

Q. How near the State line would that be?—A. At the State line, practically.

CONTRACT AND FINANCE COMPANY.

Q. That carries us to a point where the transactions with the Contract and Finance Company commence?—A. Yes.

Q. And embraces all the minor contracts and the two contracts with Crocker & Co.?—A. Yes, sir; I think there are three contracts, however, with Crocker & Co.

Q. In whose handwriting are the monthly estimates?—A. The monthly estimates of quantities are in the handwriting of some clerk in the engineer's department, and the monthly estimates of prices and amounts are in my own handwriting. From the estimates of quantities of work done and the estimates of amounts payable, there is no difficulty in ascertaining all of the terms of the contracts applicable to the sections between 1 and 141.

I wish to state to the Commission that these papers were not in the vault in my office, but in an outside room, in some pigeon-hole, and I found them yesterday while making a thorough overhauling of all my papers.

HOW CONTRACTS WERE MADE.

Q. What other papers do you desire to produce besides these estimates?—A. As I remember, I was asked under what arrangements contracts were let and the circumstances in connection therewith. I find on looking over the reports of Governor Stanford that reports were made by committees at various times upon these matters. I have three reports of a committee of which, I believe, Governor Stanford was one, and in another case I was another. One is a report of a committee upon the question of making a contract for the construction and grading of the railroad. It is dated May 9, 1865. The report of another committee upon letting a contract, dated June 6, 1865, is also here. Also the report of the president and the acting chief engineer, dated January 5, 1867, upon the progress of construction, submitted to the board of directors January 14, 1867, and ordered on file. With the permission of the Commission, I would like to read these reports.

Commissioner ANDERSON. We will probably put them in our report and we will read them this afternoon.

The WITNESS. I would prefer to read them now if there is no objection.

The CHAIRMAN. It is not necessary to read them now.

REPORT FOR 1886.

The WITNESS. In my statement the other day as to the funded debt of the company I was very careful to state that my figures were given as of the date December 31, 1885. I have before me a proof of the report of the company up to December 31, 1886.

Commissioner LITTLER. Read that.

The WITNESS. It is composed of tables. I will read it, and I would like afterwards to submit our report containing them. This is our proof, and it has not been corrected; it will go back to the printer to-day for correction.

Q. When are you going to let us have the proof of your report for 1886?—A. There is the proof copy that came a few days ago and now goes back for correction. There are a great many corrections in the proof.

Commissioner ANDERSON. We ought to get it in a day or two?

The WITNESS. Yes, sir.

Commissioner ANDERSON. We will get your report, then, in a day or two, and it is not necessary, therefore, to read that statement at the present time.

STATEMENT AS TO GUARANTEES.

The WITNESS. My testimony should be corrected relative to those accounts, though I was careful to state that the figures I gave were those of December 1, 1885. With regard to the statement as to guarantees which I was asked to get out as to the bonds guaranteed by the Central Pacific, I now submit it. It is a statement showing the bonds of leased lines guaranteed by the Central Pacific. It is made in tabular form, showing the name of the road, miles of road, character of loan, amount of bonds guaranteed, date of maturity of bonds, interest payable, &c. California Pacific, second mortgage, 6 per cent., $1,600,000, due January 1, 1891, interest payable in January and July.

By the CHAIRMAN:

Q. What is the date of the guarantee?—A. It bears date at the time the lease was made.

Q. What was the date?—A. I do not know.

By Commissioner ANDERSON:

Q. Cannot you tell us the year?—A. Not from memory.

The CHAIRMAN. It is very important that we should have the date of the guarantee.

The WITNESS. There is no difficulty in ascertaining it from the papers in your possession.

Commissioner ANDERSON. There is no doubt about that, but we have many things to ascertain, and we would like to have you get the information for us.

The CHAIRMAN. Suppose you keep that paper and amend it by adding the date of that guarantee.

The WITNESS. If you choose, I will pass that for the present.

Commissioner ANDERSON. The date of the guarantee is essential.

OBJECT OF INCREASED ISSUE OF STOCK.

The WITNESS. It is possible that there may be a correction necessary in my testimony given the other day. I misapprehended one of the

questions, as reported by the reporters—a question put by Mr. Anderson—in relation to the purpose for which the $5,000,000 were issued. Although that question is in the report, I do not remember it at all. The question that I do recollect was, what was done with the $68,000,000. My answer fits both cases, because the $5,000,000 of bonds having been sold for cash, that cash was deposited in various banks and disposed of in sundry ways. It was impossible to tell exactly to what various purposes the proceeds of the sale of those $5,000,000 were applied. They went into the general fund, and were used for the general expenses of the company.

Commissioner ANDERSON. The question was, what the $5,000,000 of stock which was issued (raising the amount of stock from $54,000,000 to $59,000,000) was. It was not bonds.

The WITNESS. I should have said stock; not bonds. It was impossible for any man to tell to what particular purpose that money was applied, unless it was kept entirely and distinctly by itself. The moneys came in and went into the general fund, and they were applied to the general purposes of the company, and it is impossible for me or for any man to say to what particular purpose this particular money was applied.

DID PROCEEDS GO TO PAY DIVIDENDS?

By the CHAIRMAN:

Q. Would you have used it to pay dividends?—A. If we paid any dividends after that, unless this cash had been kept right sraight along separated from all other cash, probably it would have gone towards the payment of dividends. I want to explain that. The actual and definite proceeds, the individual money received from that $5,000,000 of stock, were not segregated from the other moneys of the company, but went into the general fund, and if the company was entitled to pay dividends—if it had the right and authority to pay dividends—some of that actual money may have been used in paying them.

WHEN AND WHY THE STOCK WAS INCREASED.

Commissioner ANDERSON. The stock was increased in 1880, and is entered in the reports of the company as held in trust for the company. It seems subsequently to have been sold, and my question is, when was that stock sold, and what became of the money?

The WITNESS. The annual reports will show that. They will show the increase in the stock issued. I do not remember the year.

Commissioner ANDERSON. You will find it $54,000,000 in 1881, 1882, and, I think, 1883. From your general report we cannot tell just when this issue was made without tracing it up. This stock was sold from time to time as occasion offered, and the cash entered in the miscellaneous cash assets of the company. You mean to say that it is impossible to say that the dollars received from this stock went to any special purpose, as I understand you.

The WITNESS. Precisely.

FLOATING DEBT.

Commissioner ANDERSON. But in taking the balance sheets of the company and tracing from the year when the capital stock account was increased $5,000,000, and tracing the increase on the other side of the account, the construction account, or the equipment account, or any other of the accounts which appear on that side, you may mean to say that

the increase in the stock, together with the increase of the items—the bonds—on that side—have gone into the other moneys which appear to have increased on the other side of the account.

The WITNESS. Yes, and I can add to that, generally, that the sale of that stock was made for the purpose of getting money to pay off the floating debt; but whether that particular money received was used for that purpose or not, I cannot say. I submit now a number of reports, which I have found in my office. I have handed you all the papers except Leland Stanford's reports. I have here seven reports of Leland Stanford.

REPORTS OF OFFICERS.

(The witness here produced seven reports of Leland Stanford, president, as follows: A report dated July 13, 1865, to the stockholders at their annual meeting. A report dated December 28, 1865, reporting as to proceeds from sales of California Central Railroad rolling stock, &c. Three reports dated September 1, 1867. A report dated December 26, 1867. A report dated July 13, 1869, to the stockholders of the Central Pacific Railroad Company of California, at their annual meeting.

The witness also produced fifteen reports of Treasurer Mark Hopkins.

The witness also produced reports of C. P. Huntington, as follows: Two reports for 1863. Two reports for 1864. Thirteen reports for 1866. Ten reports for 1867. Nine reports for 1868. Three reports, without the date being noted on the back.)

Commissioner ANDERSON. That completes your papers, Mr. Miller, does it?

The WITNESS. Yes, sir; I will say, however, that they are not all the reports of Mr. Huntington. Your accountants are using the reports of 1869 and subsequent to that time. They have been taken out of the files, and have been segregated from those papers.

REQUEST FOR HISTORY OF CONSTRUCTION OF ROAD.

Commissioner ANDERSON. Could you place before the Commission in tabular form (you may take a reasonable time to prepare it) a statement giving us, substantially, the history of the construction of this road, starting with section 1 and coming down to the completion in May, 1869, showing the cost of construction, the amount of cash, of stock, and of bonds issued under the Crocker contract, the amounts under the Contract and Finance Company's contracts and under the Western Development Company's contracts, if that company had a contract during those years? My information is that the entire construction up to May, 1869, covered miscellaneous contracts—the Crocker & Co. contracts with the Contract and Finance Company—and what we would like to know is how much it appears from your books this construction cost in cash, bonds, and stock, to whom the same were issued, and to what sections or miles of construction such payments were respectively applicable, as they appear from the estimates of the engineers, in connection with the issue of stock and bonds or payments in cash. In other words, can you give us the story of the construction of this road from its inception to its junction with the Union Pacific? I do not ask for the production of all the books, showing each individual payment, but so that we can generalize. You may take a number of sections together and take the contracts together, and say that the Crocker contract commenced at such and such a section, at such a date, and was completed so many months or years afterwards, at such a section, and that the entire consideration issued under that contract was so much in

money, so much in stock, and so much in bonds, if bonds were used. Then we would like to have the same thing, made out in the same way, applied to the contracts of the Contract and Finance Company.

The WITNESS. Do you ask if I can give you these facts?

Commissioner ANDERSON. Yes.

TIME REQUIRED TO PREPARE THE STATEMENT.

The WITNESS. I can do so, but it will take some time.

Commissioner ANDERSON. How long will it take you to prepare that information?

The WITNESS. Two or three days; that is, I will not do it personally, but I will have to have it done by my clerks.

Commissioner ANDERSON. You can have all the time necessary.

The WITNESS. It will take two or three days, but I will have it ready for you within that time. I think, however, that your accountants are getting this information in detail. So far as I have seen what they are doing, I think that they will have full details of each contract with the date of each payment.

The CHAIRMAN. I should like to ascertain who can tell us the story of the construction of this road.

The WITNESS. I can tell that story without any difficulty.

The CHAIRMAN. I want it regularly and consecutively, whether on the witness stand or by memorandum. It is indifferent to me whether you write it out, or take the stand and tell it orally.

The WITNESS. I will write it out, and, if you desire, make an affidavit to it.

The CHAIRMAN. As far as I am concerned, I would like to get the facts. It is immaterial in what shape they come so long as we get them.

Commissioner ANDERSON. I move that Mr. Miller be requested to prepare the statement indicated to him, and, when it is ready, that he lay it before us.

The motion was agreed to.

VOUCHERS.

Commissioner LITTLER. Can you accompany that statement with the vouchers backing it up?

The WITNESS. I can.

Commissioner ANDERSON. We want first to get a plain statement of when this road was built and how much they paid for it, and then the detailed statement of vouchers or anything explanatory that can follow. You have nothing to add respecting the other contracts—such as that with the Contract and Finance Company?

The WITNESS. No, sir; only to say that I cannot possibly see any important connection which those contracts have, whether lost or present. You have, I think, every detail of those contracts among these that I have submitted this morning.

Commissioner ANDERSON. In these estimates of sections Nos. 1 to 141?

The WITNESS. Yes, sir.

Commissioner ANDERSON. There are other things that we want to see. We want to see the books of the Contract and Finance Company. We want to know how much it cost that company to build this road, as well as what the Central Pacific Company paid for it.

SUBPŒNAS UNNECESSARY.

The CHAIRMAN. Is it necessary to serve you with a subpœna to be here and testify before this Commission?

The WITNESS. No, sir; it is not necessary to subpœna me, or any other person connected with the company.

The CHAIRMAN. Will it be necessary to serve a subpœna for the production of the books?

The WITNESS. No, sir. Every book that I have you can have without a subpœna.

The CHAIRMAN. Then you will see that they are produced without subpœnas?

The WITNESS. Yes, sir.

E. H. MILLER, Jr.

Afternoon session.

PARLOR A, PALACE HOTEL,
San Francisco, Cal., Thursday, July 28, 1887.

The Commission met as above, all the Commissioners being present, the chair announcing that, until otherwise ordered, the sessions of the Commission would be held at that place.

The CHAIRMAN. Mr. Leland Stanford is present, and I suppose we had better proceed with his examination.

Mr. STANFORD. I received the Commission's printed circular containing some fifty-eight interrogatories, and I have carefully prepared an answer to each interrogatory. I had expected to be ready whenever the Commissioners should arrive in San Francisco, but there was some of the information that I could not obtain in time. If you will allow me I will read this.

The CHAIRMAN. Do you make this a portion of your testimony?

Mr. STANFORD. I have made an affidavit as to the truth of the facts stated in it, to the best of my knowledge.

The CHAIRMAN. At the bottom of this paper?

Mr. STANFORD. The affidavit is at the bottom of another paper, but this is a general statement preliminary to the answers that I have prepared to the interrogatories. I presume you will remember that you sent me a printed communication containing a number of interrogatories, requesting me to prepare answers, which I have done.

The CHAIRMAN. Before going on with it I will swear you.

LELAND STANFORD, being duly sworn and examined, testified as follows:

The WITNESS. Your communication dated New York, May 12, 1887, requesting me to answer the interrogatories contained therein, was duly received, has been carefully considered by me, and I submit herewith my replies thereto:

I did not have personally the information necessary to answer some of the interrogatories, and, agreeably to your request, referred them to those persons who possessed such knowledge. Their reports, verified by their affidavits, are attached as exhibits to, and are made part of, my answers to your communication.

CONGRESS TO CONSIDER THE EQUITIES.

The creation of this Commission charged by Congress with the duty of examining "into the workings and financial management of all rail-

roads that have received aid in bonds from the Government," was an honest and candid admission by Congress that there were equities existing in favor of the railroads in question, which should be inquired into, and to the full benefit of which they are entitled. I know that such equities do exist in favor of the roads I represent, and I am pleased that an opportunity has at length been offered us by Congress to present them in such form as to insure their full and impartial consideration both by it and by the people at large.

EXAMINATION POSSIBLE ONLY BY CONSENT OF COMPANY.

It will be readily admitted that the examination contemplated by the act, and with the making of which examination you have been charged, could not be held without the consent of this company whose affairs it was thus desired to examine.

The Central Pacific Railroad Company was organized on the 27th day of June, 1861, under the laws of the State of California, and has ever since been, and now is, carrying on and transacting its business under and in accordance with the laws of this State. In this particular its relations and obligations to the Government are entirely different from those of the companies which were created by and under Federal statutes. Congress has a control over such corporations, even to the extent, perhaps, of taking away their charters; but as to the Central Pacific, even though all the laws of Congress relating thereto, and under which its relations to the National Government are defined, were repealed, it would still exist as a legal corporation, and continue to do business as such under and in accordance with the laws of the State relating to railroad corporations. After diligent search I have been unable to find anything in that contract which authorizes any investigation of this kind to be made.

Hence, as I have before said, it will be readily admitted that the examination contemplated by the act of Congress cannot take place without the assent of the company itself.

COMPANY CONSENTS TO EXAMINATION.

Notwithstanding all this, however, we meet you most cheerfully in this matter. We shall furnish you a full and detailed answer to each and every one of the fifty-eight propositions and interrogatories contained in the communications hereinbefore mentioned.

AID FOR CONSTRUCTION OF ROAD URGED BY ALL.

The construction of the Pacific Railroad to unite the Atlantic States with the States and Territories of the Pacific was the leading topic of public discussion from the termination of the Mexican war, until the road was finally completed in May, 1869. This subject occupied the attention of political conventions in nearly every State of the Union, and Congress was overwhelmed with petitions and memorials urging the extension of Government aid to the enterprise. Public sentiment compelled the national conventions of both political parties to declare in favor of the construction of the road, as a military and commercial necessity.

EARLY SURVEYS AND ROUTES.

Prior to 1860, surveys and examinations were made by the War Department, of various routes across the continent. The Southern route

on the thirty-second parallel was regarded as the only one upon which it was practicable to construct a trans-continental railroad. It was understood that the Northern and Central routes were impassable in winter on account of the deep snows in that region, and besides, the mountains themselves were represented as imposing insurmountable barriers to the construction of a railroad. Pending the discussion of the question the civil war closed the Southern route and rendered it impossible for the United States to avail itself of the advantages supposed to exist on the thirty-second parallel. The Government had no option; if a road was built, either the northern or central route must be adopted. The war made it clear to every citizen that a road connecting the Pacific with the Atlantic was a political necessity. The discussions which had already taken place with respect to the several routes across the continent had impressed the financial world with the impracticability of constructing a railroad on the central line.

ACT OF 1862.

Congress, however, resolved that a road must be built, and to that end, in 1862, passed an act in aid of its construction. The act provided for the organization of the Union Pacific Railroad Company to construct the road from the Missouri River to the eastern line of California, and authorized the Central Pacific Railroad Company to construct the balance of the road through that State.

BUSINESS FROM COMSTOCK LODE.

At the time of the organization of the Central Pacific in 1861, the great Comstock Lode in Nevada was being rapidly developed, and a vast amount of freight was being carried over the mountains by teams. It was for the purpose of doing this business for which there was no competition, except teams over the mountains, that the projectors of the Central Pacific Railroad organized that company. They would not have attempted to scale the Sierra Nevada Mountains with a railroad against other competition.

GOVERNMENT TRANSPORTATION PRIOR TO ROAD EIGHT MILLIONS A YEAR.

On the line of the road across the continent for a term of years prior to the passage of the act for the construction of the Pacific Railroad, the annual expenditures of the Government for the transportation of supplies for the military and Indian service and carrying United States mail had exceeded $8,000,000. This annual expenditure was assumed as a basis for the compensation which would be paid to the railroad for the service it would be called upon to perform for the Government. It was understood that the Government service would be largely increased by the construction of the road, and it was assumed that the compensation would never be less. The act provided for both bonds and lands to aid in the construction of the road. The bonds were to draw 6 per cent., and to become due thirty years after the date of their issue. It was also provided that the road should perform all Government service required, and that the compensation therefor should be credited upon the principal and interest of the bonds, and that the Company should also pay to the Government 5 per cent. of its net earnings to apply on the bonds.

UNITED STATES TRANSPORTATION CHARGES AND FIVE PER CENT. OF NET EARNINGS TO PAY THE DEBT.

It was estimated that the eight millions per annum which it had previously cost the Government to transport supplies and carry the mail would be paid to the company for much better service, and that such payment, together with the 5 per cent., would liquidate all the obligations of the company to the Government before the maturity of the bonds. This would have been the case if the Government had not reduced the compensation of the Pacific Railroad for transportation of supplies and mail service to a mere nominal amount. The Government, in fact, required the Pacific Railroad to perform mail service at a rate not exceeding the usual allowance made to railroads passing through the populous States of the East, making no allowance for the fact that in the region where the road was constructed there was no competition, very little local business, and the fact that the Government had been relieved from the slow and inadequate service formerly performed by teams and pack animals.

ACT OF 1862 NOT ADEQUATE.

The Union Pacific Railroad was unable to enlist capital to undertake the construction of the road under the provisions of the act of 1862. The public mind was so thoroughly impressed with the difficulties of the construction of a railroad on the Central line that it could obtain no money for that purpose. In addition to this, the war had destroyed public confidence and added largely to the difficulties of the enterprise. The Central Pacific was also unable to avail itself of the provisions of the act. It was, however, a State corporation, and continued to struggle to construct a road over the Sierra Nevada Mountains. Some aid was extended by the State of California by the guarantee of interest on a million and a half in bonds, and bonds of several of the counties of the State, all of which have been fully reimbursed, except the city and county of San Francisco, which compromised its subscription of $600,000 to the stock of the company by paying $400,000 in the bonds of the city after a long litigation.

ACT OF 1864.

With the private means of the corporation and the aid above mentioned, it commenced the work of construction in 1863, and continued it until the road was completed in 1869. In 1864 Congress became satisfied that the road could not be built on the terms and conditions provided in the act of 1862, and passed a supplementary act containing important modifications, viz: It doubled the amount of the land grant; it provided that the company might execute a first mortgage on the road for an amount equal to the Government bonds; and it confined the payments required from the company to one-half the compensation due from the Government, and the 5 per cent. of net earnings named in the original act. It reserved a lien upon the road for the performance of these obligations.

REASONS FOR MODIFIED TERMS.

The argument in favor of these modifications was that the road was a political necessity and must be built at whatever cost; and it was contended that one-half of the compensation due from the Government

for services, together with 5 per cent. of the net earnings, would pay the bonds before maturity. This would have been the case, if upon the construction of the road the compensation had not been reduced below what was previously paid. The time limited by Congress for the construction of the road extended to July, 1876, but a universal desire was expressed by Congress and the country for an earlier date.

RAILROAD OVER SIERRA NEVADAS DECLARED IMPOSSIBLE.

As before remarked, the Central Pacific was compelled to build over the Sierra Nevada Mountains, which had been pronounced impassable for a railroad, not only by the public at large, but by many engineers. This alone would have made the negotiation of its securities difficult, but added to this there was much local opposition.

ANTAGONISM OF OTHER INTERESTS.

The construction of the railroad antagonized the Telegraph Company, the Sitka Ice Company, the California Steam Navigation Company, the Pacific Mail Steamship Company, the various toll-road companies, the contractors for the Government, the Sacramento Valley Railroad Company, Wells, Fargo & Co., and all the various transportation interests because its construction would interfere with or practically destroy their respective business organizations. These interests largely influenced the public press of the Pacific coast, and made combinations to destroy the credit of the company and prove to the world that its undertaking was a fraud and a farce which must necessarily culminate in failure. Under these circumstances the road across the Sierra Nevada Mountains was constructed, and the will and energy manifested by the company attracted the attention of Congress and induced a change in the law.

CENTRAL PACIFIC AUTHORIZED TO BUILD EASTWARD FROM CALIFORNIA.

It will be borne in mind that the original act conferred on the Central Pacific the right to build to the east line of the State of California. In 1866 that limitation was removed, and it was provided that both the Union and Central Pacific Railroad Companies might continue to build until a connection was made by a continuous line of railroad. At this time the Central Pacific Company was surmounting the difficulties in the Sierra Nevada Mountains which had hitherto been regarded as obstacles which could not be overcome, while the Union Pacific Company had scarcely made a commencement. The road of the latter company was then constructed but a few miles west of the Missouri River, although it had a level plain for more than 500 miles west of Omaha.

ROAD COMPLETED MAY, 1869; SEVEN YEARS BEFORE TIME FIXED.

This act was passed to hasten the completion of the road, and it accomplished the purpose desired. The last spike was driven in May, 1869, seven years before the expiration of the time limited in the original act. The companies very justly regarded this act as an indication by Congress that a speedy construction of the road was demanded. To meet this demand both companies made great sacrifices.

EXTRA COST BY EARLY COMPLETION.

The loss sustained by the Central Pacific in thus complying with the manifest design of Congress for the speedy completion of the road was very great. The company did not wait for a completion of a continuous line to convey materials and supplies for the construction of the road; on the contrary, by means of teams and pack mules, transported supplies for hundreds of miles in advance of completed construction. It even conveyed railroad iron, locomotives, and other materials by teams in winter, over the deep snows on the Sierra Nevada Mountains, where little but tunnel work could be done in that season of the year, for the construction of the road beyond, and built many miles of road before a connection was made therewith.

ADDITIONAL LOSS TO COMPANY BY EARLY COMPLETION.

I desire to call the attention of the Commission to some of the sacrifices made by the company in hurrying the work to its early completion. The bonds issued by the United States to the company were, on account of the war, disposed of at a discount of over $7,000,000. This discount, with the interest on the same until the maturity of the bonds, will amount in round numbers to $20,000,000. There was also a like discount suffered on the first mortgage bonds issued by the company, whereas if the full time allowed by Congress had been occupied in the construction of the road, these bonds could have been sold at par. At the time the road was constructed the prices of labor and materials in California, Nevada, and Utah were enormously inflated, not only on account of the war prices which then prevailed and the war risks which were incurred in transporting material from the East by sea, but also by reason of the great mining excitement which prevailed in Nevada and California and absorbed nearly all the available white labor. It will be shown by the testimony of engineers who had charge of the construction of the road and other competent witnesses, that the cost of construction exceeded 50 per cent. more than it would have been if the company had delayed its final completion until July, 1876.

PUBLIC BENEFITS REALIZED THROUGH CONSTRUCTION OF PACIFIC RAILROAD.

The Pacific Railroad has accomplished all the good, both local and national, that was predicted by its most enthusiastic supporters. It has demonstrated the possibility of the construction of a transcontinental road; it has proved to the financial world that the great interior abounds in resources; it has made it possible for the construction of other transcontinental roads, with numerous branches and feeders; it has shown how the national domain can be utilized; it has encouraged the development of the natural resources of California, and shown that its products of fruits and wines can be transported to the Atlantic States by rail. It was the first enterprise anywhere in the world which made possible the habitation of regions of country far remote from navigable waters, and has added untold millions of wealth to the nation. It has performed the public service so faithfully and expeditiously as almost to annihilate the distance between the Pacific and the Atlantic, and bring the whole country into close and intimate political, social, and commercial relations. It has performed the Government service in transportation of mails, materials, and supplies, to the complete satisfaction of all Government officers having charge of such business.

INJURY TO COMPANY BY UNJUST LAWS.

While the company has been spending all its energies in furnishing to the Government and the people every possible facility at the lowest possible rate for transportation, Congress has at times, through a misapprehension of the facts, appeared exacting and unjust. The act of 1878, known as the "Thurman act," has been injurious to the company. While it was admitted that there was nothing due from the company except one-half of its compensation for Government service and 5 per cent. of its net earnings, until the maturity of the bonds, Congress provided for a sinking fund; it placed the management of that fund in the hands of the Secretary of the Treasury. The sums required under this act have been paid into the fund since 1878 and have been invested in Government bonds issued for the construction of the Pacific railroads, at a cost for premium of 34 per cent. These bonds, as we have already seen, were originally disposed of by this company at a discount, causing a loss on the principal alone of $7,000,000.

INVESTMENT OF SINKING FUND BY UNITED STATES.

The company is charged interest on these bonds at the rate of 6 per cent. on their par value. The Secretary has invested the money which the company has paid under the Thurman act in these bonds, paying an average premium therefor of 34 per cent. There has been paid in by the company to the sinking fund $3,168,600.50, the loss on which in interest and premium up to the present time is $1,612,966.72. In fact, there is less money in the sinking fund to-day than the amount paid in by the company by over half a million dollars.

BENEFITS TO BE CONSIDERED.

It was supposed when the company accepted the terms of the acts and entered into the contracts with the Government that the United States would take into consideration the circumstances under which the road was constructed, the difficulties encountered in its construction, and the great benefits accruing to the Government by its increased facilities in mail service and transportation, and allow it a like compensation to that formerly paid for the service when performed by teams and pack animals. This company, instead of receiving four millions per annum, which would have been its reasonable proportion according to the former rates of compensation, has, in fact, received not more than one-eighth of that amount.

NO COMPETING LINES ANTICIPATED.

I also desire to call your attention to the fact that at the time of the construction of the Pacific Railroad no competing roads were anticipated. It was expected that the Pacific road, for which the Government issued its bonds, would be the only transcontinental road until its debt to the Government was fully liquidated. But soon after the company entered into the contract with the United States for the construction of the road, other parallel and competing roads were aided by extensive land grants made to them by the United States. The land grant to the Northern Pacific was many times in extent and value more than the land grant of the Union and Central companies. The Atlantic and Pacific, Texas and Pacific, and Atchison and Topeka are all compe-

ing roads to the Union and Central, and have all been aided by extensive land grants made by the Government since the commencement of the construction of the Central Pacific.

LOSS CAUSED BY COMPETING AIDED LINES.

There was certainly no competition available to the Government with the Pacific Railroad from the time of its completion until 1881, when the Atchison, Topeka and Santa Fé united with the Southern Pacific at Deming, N. Mex. During all that period the Government was saved the full amount of the difference between what was paid by the former mode of transportation and the actual amount paid after the completion of the Pacific Railroad. This amounts to many millions of dollars, as shown by the public reports. The local business for Utah and Nevada is exceedingly small, as will appear from answers to your questions which I shall hereafter make. The Central Pacific, outside of its local business in California, mainly relies upon through business. This has been diminished by the competing lines aided by the Government by at least $17,000,000, as will be shown by the facts and figures hereafter presented in answer to the proper interrogatories.

THE EQUITIES CONSIDERED BY CONGRESS.

The act of Congress, however, under which your Commission is organized, recognizes the equities of the company and provides for an examination of all the circumstances attending the construction of the road, such as: what was the cost of Government transportation and mail service on the line of the road prior to its construction; how much more expensive was it to construct the road at the time than it would have been five years earlier or five years later; what discount was the company forced to make in disposing of its bonds; what loss has the company sustained by competing lines subsidized by the Government. This is the first opportunity the company has had to present in official form these equitable considerations.

THE DEBT OF THE GOVERNMENT IN EXCESS OF THAT OF THE COMPANY.

I feel confident that when your Commission shall have concluded its labors it will appear that upon an equitable adjustment between the United States and the Central Pacific Company the company will owe nothing to the Government, but, on the contrary, the Government will be largely in debt to the company.

PRINCIPAL CLAIMS AGAINST THE UNITED STATES.

I will recapitulate the principal claims of the company against the Government, which are:

(1) The loss and interest thereon which the company sustained by being forced to sell the bonds received by it from the Government at a discount:

Loss	$7,120,073.55
Interest to maturity	12,816,132.39
Total	19,936,205.94

(2) The amount which the Government saved in its transportation on the Central and Union Pacific line between the completion of the road in May, 1869, and time when it might have been completed under the contract, i. e., July 1, 1876, $47,763,178. This company's proportion, say 46 per cent | 21,971,062.00

(3) The amount which the Government now owes the company upon transportation, the legality of which claim has been sustained by the Court of Claims and also the Supreme Court of the United States. This amount is	$1,853,233.15
(4) The amount of loss which the Company has directly sustained by reason of the refusal of the Government to grant the company patents for its lands as rapidly as called for, say	500,000.00
(5) The loss by the Sinking Fund investments in United States Treasury	1,612,066.72
(6) Loss by diversion of business from Central and Union Pacific to other subsidized roads, $37,000,000. Central Pacific's proportion of which, 46 per cent is, say	17,000,000.00
Total	62,873,557.81

I will now proceed to answer the questions submitted by you in their order.

By the CHAIRMAN:

Question. Have you those answers in writing?—Answer. Yes, sir.

Q. Do you desire to read them?—A. Yes, sir; but I suppose you may sometimes desire to ask me questions as you go along. A little explanation may occasionally be necessary, and it may save the Commission's time.

Commissioner ANDERSON. I think the witness had better get through all he desires to state and then we can ask him such questions as we may desire.

The CHAIRMAN. We propose to take you up from the beginning, on the examination, as to this road.

The WITNESS. I will be at your service as to anything you want.

The CHAIRMAN. And you can submit your papers.

The WITNESS. I do not believe there are any questions that you will ask me but what will be cheerfully answered to the best of my ability. We have never before had an opportunity to place the history of this road before the public. This is the first time. There have been more misrepresentations and more falsehoods told about this company than one would ever conceive, unless one was familiar with its history.

THE BONDS WENT INTO THE CONSTRUCTION OF ROAD.

All of the $27,000,000 of bonds (none of which I ever saw) and every one of our first-mortgage bonds went into the construction of the road. I signed all of them and sent all of them East to be sold, and have never seen one of them until this day. Yet they made us out as having made a profit of some hundreds of millions of dollars or more. That story was circulated all over the country. We only had twenty-seven millions from the Government at the beginning, and those sold at a discount of $7,000,000. And, by the way, those bonds are the only ones that the Government ever parted with at par. All the rest, as you know, were at a discount in gold, but these we are charged for at par. While our credit was pretty good when the Government made the contract with us, and we had great faith in the bonds, yet they came to us at a time when we sold them, I think, at 40 cents in gold.

REASONS FOR RAPID CONSTRUCTION.

I do not know that I have explained to you all the reasons for this rapid construction of our road, but there was more work performed on the first 150 miles of the Central Pacific than would suffice to grade a line of road from that point to Chicago, and that fact is very easily ac-

ceptible of substantial demonstration. We worked a much larger force of men. For three years we worked more than double the force of men on those mountains that we worked afterwards when we went 500 miles in ten months (less 10 days). That rate of speed on the other portion of the road would have carried us to Chicago. We worked with more than double the force of men, and were aided on an average by five hundred kegs of powder a day. I will tell you of a conversation that occurred when we first went over the line, before there was a trail.

AT THE SUMMIT.

When we were prospecting we got up about Donner Lake and had got to the summit and looked down at the lake, 1,200 feet below us, and looked up at the cliffs 2,000 feet above us, we meditated on the scene not only for its beauty, but also for its practical relations to a railroad, and we came to the conclusion that if a ship could start from San Francisco and sail around Cape Horn and get in back there we could not afford to build a road and meet that competition; or if a ship could sail from any Atlantic port around Cape Horn and get in there, we could not afford to build the road and meet that competition. But we knew that they could not, and the only competition, therefore, that we were likely to have or could expect to meet, was that of the ox-team and the mule-team, and as the laws of the State of California allowed 15 cents a ton per mile, we concluded we could build it.

COMPELLED TO HASTEN CONSTRUCTION TO MEET UNION PACIFIC.

When Congress passed the bill which provided for the Union Pacific Company to build west towards us, to form a connection, and allowing us to build east towards them, we were compelled then to meet that road out towards Salt Lake, or else we would have nothing but this terrific mountain to operate and we would be entirely at the mercy of the Union Pacific in bringing supplies from the East to Nevada. We were compelled, therefore, to push our road through with all the speed in our power to have anything of value. Although in passing the summit we had done the greatest amount of our work, and had climbed up an elevation of 7,000 feet in 103 miles (the most of which was done in about 80 miles), yet we made every sacrifice for speed. We economized our means as far as possible, but we never hesitated at anything that would give speed. You must excuse me for branching off a little in this way, but it is a part of the history of the construction of the road and of the influences which led to its construction, which may not be generally known. Now the first question you asked me is as follows:

DUTY OF COMMISSION.

"Question 1. That the duty of said Commission shall be to examine into the working and financial management of all the railroads that have received aid from the Government in bonds."

Answer 1. This interrogatory, being simply a recital of the duties of the Commission, does not seem to require any answer from me.

The CHAIRMAN. Are you going to give us this manuscript?

Governor STANFORD. Yes, sir. I might ask the privilege of editing it a little, because we have been hurried very much, and there are some typographical and other little errors that have crept in.

The CHAIRMAN. There is no objection to that.

HAVE COMPANIES COMPLIED WITH ALL OBLIGATIONS?

"Question 2. To ascertain whether they have observed all the obligations imposed upon them by the laws of the United States under which they have received such aid, or which have been since passed in reference thereto, and complied with all other obligations to the United States."

THE CENTRAL PACIFIC HAS FULLY COMPLIED WITH THE LAWS.

Answer 2. The Central Pacific Railroad Company has always promptly observed all the obligations imposed upon it by the laws of the United States under which it received its aid in bonds, or which have since been passed in reference thereto, and has also promptly complied with all other obligations to the United States.

I have never heard, either from Congress or any other official source, that the Central Pacific Railroad Company was not promptly discharging, as they accrued, each and every one of the obligations imposed upon it by Congress. If there had been such complaints I should certainly have heard of them.

I was chosen president of the Central Pacific Railroad Company at its organization, and have held the position ever since. It has always been the earnest desire and purpose of the company to meet and discharge, and it has promptly met and discharged, as they accrued, all the obligations imposed upon it by the laws of the United States; such has ever been and still is the policy of the company. I deem it unnecessary to say more upon this point, but direct your attention to, and ask your careful consideration of, the following extracts from the reports of the Attorney-General and the Commissioners of Railroads; also to the affidavit of Mr. E. H. Miller, jr., the secretary of the company, hereto attached, marked "Exhibit 1," and made part hereof.

STATEMENT OF ATTORNEY-GENERAL AS TO FULL COMPLIANCE.

The Attorney-General, in his report to the Senate of the United States, at the first session of the Forty-eighth Congress, said: "First. The Central Pacific Railroad Company has fully and promptly complied with the requirements of said act," meaning the act of Congress generally known as the Thurman act. (Ex. Doc. No. 121, p. 2.)

Again, at the same session, in answer to further inquiry, the Attorney-General said:

In further reply to the inquiries of the Senate, I have the honor to state that I am informed by the Secretary of the Interior that the Central Pacific Company has met and paid the demands of the Commissioner of Railroads, reserving all rights. (Ex. Doc. No. 124, p. 3.)

STATEMENT IN 1882 OF UNITED STATES COMMISSIONER OF RAILROADS.

W. H. Armstrong, United States Commissioner of Railroads, in his report for 1882, says:

Able and expert accountants of this office have investigated and reported upon the business, financial condition, and proportion of net earnings due the Government for the past year. The results are shown in detail under the proper headings hereafter. Free access has been accorded to the books and accounts of the several subsidized roads whenever requested. Detailed statements of the earnings and expenses, finan

cial condition, and physical characteristics of the various land-grant railroads have been compiled from examination and returns made, and are submitted herewith. As a rule, the accounts of the road are kept in a thoroughly comprehensive and business-like manner. Reports to this office are not always made as promptly as required, but the desire is expressed by the different companies to fully and promptly comply with the lawful demands of the Bureau. (Report 1882, p. 5.)

Again he says:

Under the act of May 7, 1878, the book-keeper of this office checked the books and accounts of the company (the Central Pacific Railroad Company) in San Francisco with a view to the ascertainment of 25 per cent. of the net earnings for the year ending December 31, 1881. Twenty-five per cent. of the net earnings of the subsidized portion of the road was found to amount to $1,038,935.24. The transportation for the Government during the year amounts to $959,785.33, leaving a balance due the United States of $79,149.91. Statement was rendered and payment demanded October 20, 1882. A check for the amount was sent to the Treasurer of the United States by the vice-president of the company October 23, 1882. The company has therefore paid to the Government all its accrued indebtedness to date. (*Ibid.*, p. 26.)

STATEMENT IN 1883 OF COMMISSIONER OF RAILROADS.

In his report for the following year, 1883, Railroad Commissioner Armstrong says:

In accordance with the act of May 7, 1878, the books and accounts of this company (Central Pacific Railroad Company) were checked by the book-keepers of this Bureau in San Francisco, Cal., with a view to the ascertainment of 25 per centum of the net earnings of that portion of the road (860.66 miles) subsidized with the bonds of the United States for the year ending December 31, 1882. The amount found due was $792,920.24, against which the company had performed transportation services on aided and non-aided lines, all of which had been retained by the Government, amounting to $1,051,862.46, leaving a balance due the company that year of $258,942.22. The Central Pacific Railroad Company has paid promptly all balances found to be due to the United States, after statements have been rendered by this office. (U. S. Com. of R. R. Report 1883, p. 42.)

STATEMENT OF SAME OFFICIAL IN 1884.

In his report for 1884 Commissioner Armstrong says:

The property and accounts of the several railroads have been examined, the companies (Pacific railroads) having freely accorded all proper facilities for the inspection of their properties and the examination of their books. (U. S. Com. of R., 1884, p. 3.)

STATEMENT IN 1885.

General Joseph E. Johnston, United States Commissioner of Railroads, in his report for 1885, says:

The lease (to the Southern Pacific company) has not affected the obligations of the Central Pacific Railroad Company to the United States, of course. The accounts of the company were examined in San Francisco. * * * The property of the company was also examined and found to be in good condition; its principal work-shops at Sacramento are thoroughly equipped, and capable of making all the engines and cars required by the whole system. The surface of the road is excellent, the ditches ample, and the road-bed well raised and bridges sound. (Rep. 1885, p. 17.)

Again, in the same report, the Commissioner says:

The accounts of the companies under the supervision of this office have been carefully examined, especially those of the companies that were aided with the bonds of the United States. Their officers readily furnished all necessary facilities. The property inspected, including railroads, rolling-stock, and work-shops, was in good working order. * * * The portion of this road (Central Pacific) between West Oakland and Roseville Junction, 159 miles, was found to be in the usual good condition so characteristic of this company's railroads. (Rep. 1885, pp. 3 and 42.)

STATEMENT OF THEOPHILUS FRENCH.

Theophilus French, United States Auditor of Railroad Accounts, in his report for 1879, says:

> This company (Central Pacific Railroad Company) has rendered such reports as have been required, and submitted its books and accounts to examination. * * * The engineer's report shows in considerable detail the condition of the property covered by the lien of the United States. * * * The equipment on the road is in good condition and ample. * * * The ferry service between Oakland and San Francisco * * * is to be commended. The passenger service on this road is unexceptionably good. (Auditor's Report, 1879, pp. 34-7.)

The above extracts from reports made by the persons selected by Congress from time to time and authorized to examine the books of the company show that it has always faithfully and promptly complied with the laws passed by Congress, and has, as I before said, promptly discharged all its obligations to the Government.

In this connection I direct your attention to the fact that the amount found due the company for the year ending December 21, 1882, as reported by the Commissioner, namely, $258,042.22, has not yet been paid.

DO BOOKS SHOW NET EARNINGS OF AIDED ROADS.

"Question 3. And whether their books are and have been so kept as to show the net earnings of the aided roads, and what said books actually show in regard thereto, and what have been in fact said earnings."

Answer 3. This interrogatory contains three independent propositions:

(*a*) Have the books been so kept and are they now so kept as to show the net earnings of the aided roads? (*b*) What do said books actually show in regard thereto? (*c*) What have been, in fact, said net earnings? To avoid confusion, I shall answer each proposition separately:

CENTRAL PACIFIC RAILROAD BOOKS SO KEPT AS TO SHOW NET EARNINGS OF AIDED ROADS.

(*a*) The books of the Central Pacific Railroad Company have been and are so kept as to show the net earnings of the aided roads.

The original acts of Congress passed in 1862 and 1864, respectively, make no provision for the examination by any officer of the books of the companies therein referred to. After the roads were constructed and commenced business difficulties and controversies arose between the companies and the representatives of the United States in the matter of the settlement of the "net earnings," which, of course, had to be determined before the amount due the Government could be ascertained.

OFFICE OF AUDITOR OF RAILROAD ACCOUNTS CREATED IN 1878.

Congress, recognizing this defect in the acts of 1862, 1864, and 1878, by a special act (June 19, 1878) created the office of Auditor of Railroad Accounts, which act took effect on July 1, 1878. The designation of this office was by the act of March 3, 1881, changed to United States Commissioner of Railroads, being a change in title only, the duties and powers remaining the same. The first Auditor of Railroad Accounts appointed under the act of 1878 visited the office of the Central Pacific Railway Company in San Francisco in 1879 and made a thorough ex-

amination of the accounts and books and vouchers of the company from the date of its organization down to the date of his examination. He was given every facility for examination of the books, &c., and upon his report the amount then claimed to be due from the company was promptly paid, and the amounts found due in all subsequent examinations by the Auditor and Commissioner have also been promptly paid.

SUGGESTIONS ADOPTED.

He also made some suggestions in his report that the books of the company had not been so kept as to show readily the earnings of the aided and non-aided roads. The company at the beginning of the next fiscal year—Janury 1, 1880—changed its system of book-keeping at considerable expense of time and money, to meet his suggestions. Ever since then the books have been and are now so kept as to show the "net earnings," according to his requirements.

NET EARNINGS SHOWN.

(b) The books actually show the "net earnings" from the completion of the road to the last settlement reported by the Railroad Commissioner of the United States, dated December 31, 1886.

(c) Such earnings amount to $59,276,387.54, from the completion of the road to December 31, 1886.

Now, if you will observe, under the Thurman bill we paid in one million and thirty-eight thousand dollars. That was in 1881, which was the first time that we had a competing line of road, and you will see that we never were able to pay as much in afterwards. At that time, in 1881, the Atchison, Topeka and Santa Fè Railroad Company made a connection with the Southern Pacific at Deming, and of course opened a competing line of the road.

Question 4 relates to constructive mileage. I think I can give you a little explanation here that will make you easily understand this constructive mileage. In the operation of the transcontinental line of roads there has always been constructive mileage allowed to the Central Pacific because of its difficulties in operating. To illustrate (and you will see how fair that is), in going up the Sierra Nevada Mountains a train of 45 cars, say, which any engine can haul over the level plain from Sacramento, has to be broken into five divisions of 9 cars to each division, which, of course, requires five engines to get to the summit, and, when there, one engine goes on and four engines return, making an engine service of 9 miles for each 1 mile of actual engine service. Each one of these engines burns more fuel, although coming back empty, than one engine would burn hauling that whole load on a level plain. You will see, therefore, that a road of that kind is fairly entitled to constructive mileage. In our own case, as between our main road and most of the little roads, I do not think there has been constructive mileage in more than a few cases, and then the road has been very small.

By Commissioner LITTLER:

Q. Is this constructive mileage awarded your road by the Union Pacific?—A. I do not remember whether they have allowed it or not, but the eastern roads allow it, and I think that they allow the Union Pacific constructive mileage also. I believe they put us on an equal basis.

NET EARNINGS FROM BEGINNING TO JULY 1, 1878.

The following statement shows the earnings, expenses, and net earnings of the aided road, as ascertained by the United States Auditor of

Railroad Accounts, for each year from the completion of the road to the commencement of the operation of the Thurman act, July 1, 1878. It covers a period of eight years and about 8 months. The average annual amount of net earnings for this period was $4,327,000, 5 per cent. of which was paid into the United States Treasury under the contract acts of 1862 and 1864.

Earnings and expenses of Central Pacific Railroad Company, aided line (860.66 miles), *from November 6, 1869, to June 30, 1878.*

[As ascertained by the U. S. Commissioners of Railroads.]

Period.	Gross earnings.	Expenses and taxes.	Net earnings.
Year ending November 5, 1870:			
Coin	$3,980,108.91	$2,575,239.99	$1,404,868.92
Currency	2,703,298.96	1,612,618.15	1,090,680.81
	6,683,405.87	4,187,855.14	2,495,550.73
Year ending November 5, 1871:			
Coin	3,995,350.72	2,673,242.63	1,322,107.79
Currency	3,585,445.91	2,147,517.17	1,437,928.74
	7,580,796.63	4,820,760.10	2,760,036.53
Year ending November 5, 1872:			
Coin	5,235,711.63	3,168,879.55	2,066,831.08
Currency	4,142,783.45	2,322,206.26	1,820,577.19
	9,378,494.48	5,491,145.81	3,887,348.67
Year ending November 5, 1873:			
Coin	5,230,251.25	3,395,290.35	1,834,961.90
Currency	4,908,428.06	2,579,462.38	2,328,965.68
	10,138,679.30	5,974,761.73	4,163,927.57
Year ending November 5, 1874:			
Coin	5,480,842.81	2,332,631.93	3,148,210.87
Currency	4,981,012.23	2,182,809.06	2,798,203.17
	10,461,855.04	4,515,440.99	5,946,414.04
Year ending November 5, 1875:			
Coin	6,011,738.68	3,435,107.26	2,576,631.42
Currency	6,249,438.68	3,283,762.67	2,965,676.01
	12,261,177.36	6,718,869.93	5,542,307.43
Year ending November 5, 1876:			
Coin	6,266,377.23	3,633,350.02	2,633,027.21
Currency	6,386,457.86	3,415,618.96	2,970,838.90
	12,652,835.09	7,048,969.00	5,603,866.09
Year ending November 5, 1877:			
Coin	4,811,515.02	3,315,421.86	1,496,093.16
Currency	5,708,736.33	2,955,335.40	2,753,400.93
	10,520,251.35	6,270,757.26	4,249,494.09
Period ending June 30, 1878:			
Coin	2,977,445.23	1,744,049.94	1,233,395.29
Currency	3,223,544.48	1,677,296.00	1,546,248.48
	6,200,989.71	3,421,345.94	2,779,643.77
Total to June 30, 1878, coin and currency	85,878,514.82	48,449,905.90	37,428,608.92
Average annual amount	9,928,152.09	5,601,145.19	4,327,006.90

NET EARNINGS JULY 1, 1878, TO DECEMBER 31, 1886.

The following statement shows the annual net earnings as ascertained by the United States Commissioners of Railroads from July 1, 1878, the commencement of operation of the Thurman act, to December 31, 1886.

In order to show the requirements which are actually payable before payments can be made into the sinking fund in the United States Treasury, the sums paid into the sinking fund of the company in the company's treasury according to the terms of the first mortgages, which are prior in lien to the United States bonds, is deducted from the net earnings. The balance shown is the extreme annual amount which can be paid by the company on its debt to the Government, as it is the entire net earnings of all the road included in the Government's lien after deducting the requirements of the prior lien.

NET EARNINGS REDUCED BY COMPETING LINES.

It will be noticed that the net earnings prior to 1882 amounted to about $4,000,000 per annum. In 1882 there was a decrease of $1,000,000. This is the year in which competition commenced with other transcontinental lines which were aided in their construction by United States land grants. This decrease continued as new land-grant lines were completed till 1884 and 1885, for each of which years the net earnings amounted to about $860,000, and the available balance to about $740,000. The net earnings of the aided line hereafter cannot be prudently calculated to exceed this annual amount of $740,000, as the overland business will continue to be divided, and the aided road is chiefly in Nevada and Utah, where there is very little local traffic.

The temporary slight improvement shown for the year 1886 is chiefly owing to an unusually small amount of betterments, additions, and repairs charged in that year. Were these items of the usual amount the increase of earnings which was made at cut rates would have been accompanied by an equal or greater increase of expenses.

The annual accruing interest on the United States bonds issued to the Central Pacific is $1,671,340.80. The net earnings of $740,000 lacks $930,000 a year of meeting the accruing interest, even if every available dollar should be taken for that purpose.

Earnings and expenses of Central Pacific Railroad Company, aided line (860.66 *miles*), *from July* 1, 1878, *to December* 31, 1886.

[As ascertained under the requirements of the Thurman act.]

	1878. (July–Dec.)	1879.	1880.
Gross earnings, aided line	$5,483,980.37	$10,038,332.35	$9,963,246.78
Operating expenses and taxes	2,503,772.68	4,788,536.67	4,135,965.68
Betterments and additions	138,850.18	143,352.66	209,216.70
Interest paid on first-mortgage bonds, having priority of lien over United States bonds	834,990.00	1,671,540.00	1,668,990.00
Total expenses	3,477,112.84	6,603,429.33	6,013,562.36
Net earnings so ascertained	2,006,817.53	3,454,903.02	3,939,684.42
Sinking funds payable from income for redemption of first-mortgage bonds, having priority of lien over United States bonds: Central Pacific Railroad, $100,000 per annum; Western Pacific Railroad (83.31 per cent. of $25,000), $20,827.50 per annum.	60,413.75	120,827.50	120,827.50
	1,946,403.78	3,334,075.52	3,818,856.92

Earnings and expenses of Central Pacific Railroad Company, &c.—Continued.

	1881.	1882.	1883.
Gross earnings, aided line	$10,271,563.71	$9,530,615.94	$8,861,495.3
Operating expenses and taxes	4,444,127.74	4,734,994.99	4,538,381.3
Betterments and additions	150,856.28	273,164.50	299,301.8
Interest paid on first-mortgage bonds, having priority of lien over United States bonds	1,671,695.00	1,673,940.00	1,676,814.0
Total expenses	6,266,679.02	6,682,099.49	6,514,497.1
Net earnings as ascertained	4,004,884.69	2,896,516.45	2,346,798.0
Sinking funds payable from income for redemption of first-mortgage bonds, having priority of lien over United States bonds: Central Pacific Railroad, $100,000 per annum; Western Pacific Railroad (63.31 per cent. of $25,000), $20,827.50 per annum.	120,827.50	120,827.50	120,827.5
	3,884,057.19	2,777,688.95	2,225,970.5

	1884.	1885.	1886.
Gross earnings, aided line	$7,200,780.67	$5,949,214.73	$6,522,983.3
Operating expenses and taxes	4,416,624.22	3,167,081.76	3,356,888.3
Betterments and additions	351,371.80	247,404.00	34,631.2
Interest paid on first-mortgage bonds, having priority of lien over United States bonds	1,671,630.00	1,671,180.00	1,671,180.0
Total expenses	6,439,626.02	5,085,665.76	5,062,699.5
Net earnings as ascertained	861,154.65	863,548.97	1,471,583.8
Sinking funds payable from income for redemption of first-mortgage bonds, having priority of lien over United States bonds: Central Pacific Railroad, $100,000 per annum; Western Pacific Railroad (63.31 per cent. of $25,000), $20,827.50 per annum.	120,827.50	120,827.50	120,827.5
	740,327.15	743,721.47	1,350,756.3

CONSTRUCTIVE MILEAGE ALLOWANCES.

"Question 4. Or whether there has been a diversion of earnings of aided roads to less productive branches, through constructive mileage allowances, or average mileage allowances between aided and non-aided roads, or otherwise."

Answer 4. There has been no diversion of earnings of aided roads to less productive branches through constructive mileage allowances, or average mileage allowances between aided and non-aided roads, or otherwise, except in the instances noted elsewhere and during the period between January, 1880, and February, 1883, inclusive.

ALLOWANCES MADE BY CENTRAL PACIFIC RAILROAD COMPANY HAVE BENEFITED AIDED ROAD.

Such allowance was in accordance with the usual custom throughout the United States and was in every instance to the benefit of the aided road. Its continuance, however, was a frequent source of criticism by those not familiar with the details of railway operation and the surrounding necessities controlling rates. Experience proved that the amounts involved were not large. To promote complete harmony, therefore, with the Government and the officers appointed by it to enforce the acts affecting the Pacific railroads, constructive mileage allowances were discontinued and have not since been used.

AVERAGE MILEAGE ALLOWANCES FAVORED AIDED ROAD.

Average mileage allowances were made in ascertaining the net earnings of the aided line by the United States auditor from November 6,

1882, to December 31, 1879, inclusive, but such allowances did not effect a diversion of earnings from the aided line. The rules prescribed by the United States auditor allowed only the mileage between Ogden and San Francisco in prorating through earnings, over 95 per cent. of which was by this means given to the aided line. The local earnings were then prorated to all lines operated on the average mileage basis. These rules, under which the net earnings of the aided line were ascertained for the above period, favored the aided at the expense of the non-aided road, the earnings from local business being greater per mile of road in California, where the non-aided roads are located, than in the sparsely settled territory in Nevada and Utah, through which the aided line alone runs.

Equal mileage has always been made on mail earnings, the rate on mails being fixed by the Post-Office Department on an equal mileage basis.

CONSTRUCTIVE MILEAGE AS ALLOWED FAVORED THE AIDED ROAD.

Constructive mileage was allowed in the division of earnings to the several roads to certain less productive branches between January 1, 1880, and February 28, 1883. The constructive mileage allowed was not sufficient to give such branches their proper proportion of the earnings from traffic interchanged between them and the main line. On less productive branches higher rates always prevail, other things being equal, than on more productive branches. This is chiefly because the volume of traffic is much less, or because the expense of operation is greater. In either case the cost of the service per ton per mile or per passenger per mile is greater. In dividing the earnings from joint traffic with the main line then the less productive line may fairly demand more than its mileage proportion of the amount. The common practice throughout the country in similar cases is for the unproductive line to demand its local rate as its proportion of through earnings. Were the several roads operated in connection with the Central Pacific managed by different companies, the unproductive branch lines would demand and receive a division of earnings on traffic interchanged greater than they did receive by the constructive mileage allowance. There was, therefore, no diversion of earnings from the aided line by such allowances, but, on the contrary, the aided line received in the division a larger proportion of the earnings from joint traffic than it was justly entitled to. This fact appears from the following statement in detail of the allowances made.

ILLUSTRATIONS OF CONSTRUCTIVE MILEAGE ALLOWANCES.

AMADOR BRANCH RAILROAD.

Constructive mileage of 100 per cent. allowed from January, 1880, to February, 1883, inclusive. The principal joint traffic with this branch is between San Francisco and Ione.

	Actual mileage.			Constructive mileage.	
	Miles.	*Per cent.*		*Miles.*	*Per cent.*
[illegible] Amador Branch	27	17.9	Amador Branch	54	30.3
[illegible] Francisco-Tracy, leased	83	55.0	Leased lines	83	46.6
[illegible] Galt, aided line	41	27.1	Aided line	41	23.1
Total	151	100	Total	178	100

For each dollar then received on joint business between San Francisco and Ione the aided line would receive on an equal mileage basis 21.1 cents and on the constructive mileage basis 23.1 cents. It should have received but 18.3 cents, which is its percentage of the combined local rates, as follows:

The average freight rates on classes 1 to 5, inclusive, are—

	Miles.	Cents.	Per cent.
Amador Branch	27	35	44.7
Leased lines	83	45½	37
Aided line	41	22½	18.3
	151	123	100

On each dollar of this joint business the amount allowed by the constructive mileage basis thus resulted in giving the aided line 4.8 per cent. more than it was fairly entitled to.

LOS ANGELES AND INDEPENDENCE RAILROAD.

This road received constructive mileage of 100 per cent. from January 1, 1880, to February 28, 1883. This is a branch road running from Los Angeles to Santa Monica, and interchanged no business which affected the earnings of the aided line.

LOS ANGELES AND SAN DIEGO RAILROAD.

This road received constructive mileage of 100 per cent. from January 1, 1880, to February 28, 1883. This is also a branch running out of Los Angeles, and interchanged no traffic with the aided line.

SAN PABLO AND TULARE RAILROAD.

Line from Tracy to Martinez, 47 miles. Constructive mileage of 50 per cent. was allowed for the year 1880. Practically the only portion of the aided line affected by this allowance was that between Tracy and Lathrop, a distance of 11 miles, for the traffic between San Francisco and points on the Southern Pacific Railroad. The traffic between San Francisco and Los Angeles fairly represents the average of this business. The total distance is 482 miles. The aided line proportion of the traffic is thus but 2¼ per cent. The Southern Pacific and Texas Railroad distance is 47 miles, being 9.96 per cent. of the total mileage. The constructive mileage allowance is thus chargeable almost wholly to the remaining 87.79 per cent. of the distance, which is a non-aided and leased road. Though this road has a short haul, it has no terminal expenses, as it formed part of the through Southern Pacific line shortly after its construction. Constructive mileage was allowed only for one year.

SOUTHERN PACIFIC RAILROAD.

Constructive mileage of 50 per cent. was allowed on this line as it was built southward from Goshen, from January 1, 1880, to February 28, 1883. The extension of this line was at first in an undeveloped country with but little business. From Goshen southward the road was difficult to construct and expensive to operate. It crosses the mountains where there are short curves and heavy grades, and to gain the summit at Tehachapi Pass the line doubles on itself, forming the well known "Loop," since celebrated as an engineering feat. After crossing the Mojave Desert, the road, to reach the valley of Los Angeles, passes through the San Fernando tunnel of over a mile in length. Practically all the joint traffic with this route affecting the aided line

was that from San Francisco. This traffic north of Goshen is carried over level grades easy of construction and operation and on lines having a larger traffic and lower average rates than the line south of Goshen. The cost per mile on the latter line being much greater, a higher charge per mile was just and reasonable, and would doubtless have been demanded had the road been operated by a separate company. The effect of the constructive mileage allowance on the line may be shown by the traffic between San Francisco and Los Angeles. This formed the greater portion of the joint business at the time the constructive mileage was allowed, and fairly illustrates the result for the whole.

	Actual mileage.			Constructive mileage.	
	Miles.	*Per cent.*		*Miles.*	*Per cent.*
San Francisco-Tracy, leased	83	17.2	Leased	83	13.8
Lathrop-Goshen, non-aided	147	30.5	Non-aided	147	24.4
Tracy-Lathrop, aided	11	2.3	Aided	11	1.8
Goshen-Los Angeles, Southern Pacific Railroad	241	50.0	Southern Pacific Railroad	361	60.0
Total	482	100.0	Total	602	100.0

For each dollar, then, received on joint business, the aided line would receive on an equal mileage basis 2.3 cents, and on the constructive-mileage basis 1.8 cents; while on the basis of the combined local rates, which would be used where the roads operated by different companies, the aided line would receive but 1.1 cents. By the constructive-mileage allowance, therefore, the aided line has received more than its proper and just proportion of these through earnings. This is shown by comparing the following proportions based on combined local freight rates, with those given above based on the constructive-mileage allowance:

Combined local freight charges between San Francisco and Los Angeles.

	Miles.	Cents.	Per cent.
Tracy-Lathrop, aided	11	1.4	1.1
San Francisco-Tracy, leased	83	11.0	.....
Lathrop-Goshen, non-aided	147	48.8	.....
Goshen-Los Angeles, leased	241	69.6	.....
Total non-aided lines	471	130.4	98.9
Total aided and non-aided	482	131.8	100.0

STOCKTON AND COPPEROPOLIS RAILROAD.

Constructive mileage of 50 per cent. was allowed on this branch for the year 1880, and 100 per cent. from January, 1881, to February, 1883, inclusive. The principal business interchanged is that between San Francisco and Milton. The operation in this case with the largest allowance is as follows:

	Actual mileage.			Constructive mileage at 100 per cent.	
	Miles.	*Per cent.*		*Miles.*	*Per cent.*
San Francisco-Tracy, leased	83	63.9	Leased	83	51.6
Tracy-Stockton, aided	20	15.1	Aided	20	12.4
Stockton-Milton, Stockton and Copperopolis Railroad	29	22.0	Stockton and Copperopolis Railroad	58	36.0
Total	132	100.0	Total	161	100.0

By this allowance the Stockton and Copperopolis Railroad receives 36 per cent. of the through rate as against the 22 per cent. by the even mileage division. It should receive more than this. The proper proportion to each line is shown by adding the local rates and ascertaining the percentage of each to the sum. The freight rates, classes one to five, inclusive, between San Francisco and Stockton average 12½ cents per 100 pounds; between Stockton and Milton, 8½ cents. The division of these locals gives the following percentages:

	Miles.	Cents.	Per cent.
Leased	83	10	47.6
Aided	20	2½	11.9
Stockton and Copperopolis Railroad	29	8½	40.5
Total	132	21	100.0

It will be seen by comparison with the statement showing constructive-mileage percentages above, that the Stockton and Copperopolis Railroad was allowed in the division of this traffic thirty-six per cent. while it should have received on the basis of the local percentages 40½ per cent. Had this road been operated independently, therefore, it would have received fully 4½ per cent. more from earnings of joint traffic than it was given by the highest constructive-mileage allowance.

AIDED ROAD HAS RECEIVED MORE THAN FAIR PROPORTION OF EARNINGS.

The aided line received by the constructive-mileage allowance 12.4 per cent. on the division of such joint rates, while it should have received on the proper basis of combined local rates but 11.9 per cent. It will be seen from the foregoing that wherever constructive-mileage allowances have been made by this company, such allowances have not constituted a diversion of earnings from the aided line, but, on the other hand, the aided line has, notwithstanding such allowances, received more than its fair proportion in the division of joint earnings.

A DOUBLE ALLOWANCE TO NEVADA ROADS.

I would say further that we allowed small connecting roads over in Nevada twice as much for the same distance, or even more than that, in comparison with what we charged ourselves. They were mere branch lines to feed us, and whatever they brought us was so much gained. They could not afford to carry the short distance, with their limited business, for the same rates that we could afford to haul over the main trunk line for a long distance. I suppose that you will understand in this connection that the through rate might well be proportionately less per mile than the local, and if a small company demands its local it gets a much larger division, and that is often done.

ALLOWANCE OF CONSTRUCTIVE MILEAGE OPTIONAL WITH EASTERN ROADS.

I give elsewhere a detail of the different lines of road connected with the main line which we control. You will notice, gentlemen, that in

the matter of the allowance to us of constructive mileage by the Eastern roads it was entirely optional with those roads. As we could not send freight any other way it was only their sense of justice that made them allow it to us.

IS CONSTRUCTIVE MILEAGE FAIR AND USUAL?

"Question 5. And also whether such system of constructive mileage allowance is fair and usual, and, in practical operation, has resulted adversely or otherwise to the aided roads and the interest of the United States."

ALLOWANCES HAVE RESULTED FAVORABLY TO UNITED STATES.

Answer 5. Such constructive mileage allowances are fair and usual and in practical operation have resulted favorably to the aided roads and the interest of the United States.

It is customary and fair to allow constructive mileage to less productive roads which are not branches, but form part of through routes. Such roads are less productive because they have but a small amount of traffic, or are expensive to operate, or both. In either case the cost of the service per ton per mile or per passenger per mile is greater on such roads, and this increase in cost is the basis of the constructive mileage allowance. Constructive mileage should always be allowed. It depends upon such circumstances as grades, curves, amount of business, length of roads, &c. The character of the business is also to be considered, for instance, as to whether it is a coarse grade of freight or costly merchandise that is hauled. Climatic influence should also go to determine a fair mileage rate. A rate that is sufficient on one road might be entirely insufficient for another. The allowances made, according to rules prescribed by the United States Auditor of Railroad Accounts, worked adversely to the non-aided and leased roads. The aided road received thereby a greater amount of net earnings than was properly its due, as more fully appears from accompanying statements.

ILLUSTRATIONS OF USUAL CUSTOM AS TO CONSTRUCTIVE MILEAGE.

The following cases, taken at random, of rates in force with connecting lines which are not operated or controlled by this company, will serve to illustrate the usual custom:

Northern California Railroad and Central Pacific Railroad.

	Miles.	Rates through.	Equal mileage division would be—
San Francisco to Marysville, Central Pacific Railroad	142	$5.10	$5.93
Marysville to Oroville, Northern California Railroad	28	2.00	1.17
Total	170	7.10	7.10

Constructive mileage allowances of 100 per cent. to the Northern California Railroad shows:

	Miles.	Per cent.	Rate.
Central Pacific Railroad	142	71.7	$6.[illegible]
Northern California Railroad	56	28.3	1.[illegible]
Total	198	100.0	7.[illegible]

In this case the California Northern Railroad demanded and received 100 per cent. constructive mileage.

Carson and Colorado Railroad and Central Pacific Railroad.

	Miles.	Rate through.	Equal mileage division would be-
San Francisco to Reno, Central Pacific Railroad	244	$12.05	$[illegible]
Reno to Lone Pine, Carson and Colorado Railroad	322	23.00	[illegible]
Total	566	35.05	[illegible]

In this instance the division of the through rates amounts to a constructive allowance of about 50 per cent. to the Carson and Colorado Railroad and this notwithstanding that road has the longer haul.

Eureka and Palisade Railroad and Central Pacific Railroad.

	Miles.	Miles through.	Equal mileage division would be-
San Francisco-Palisade, Central Pacific Railroad	525	$33.05	$[illegible]
Palisade-Eureka, Eureka and Palisade Railroad	90	8.00	[illegible]
Total	615	41.05	[illegible]

The less productive branch road in this case receives in the division of the through rate an amount equal to about 50 per cent. constructive mileage.

AIDED LINES ALLOWED CONSTRUCTIVE MILEAGE BY OTHER ROADS

NEW YORK TO SAN FRANCISCO.

A further illustration, which in the present connection is more striking and suggestive than with the branch lines, is the allowance made to the Central Pacific and Union Pacific by the roads east of the Missouri River on transcontinental traffic. The Central and Union Pacific lines having less traffic per mile of road, and in the case of the Central Pacific particularly, an expensive road to maintain and operate across the Sierra Nevada Mountains, the average cost of service per ton per mile is greater than with their connections east of Omaha.

A higher rate per mile is therefore considered fair and has always been allowed in the division of through rates. The through passenger rates from New York to San Francisco which were in force during the

these constructive mileage allowances were made to branch lines by the Central Pacific, the proportions allowed each line, and the proportions each would have received had no constructive mileage allowance been made to the Central and Union Pacific line are shown by the following table:

Through rates and divisions, 1880, between New York and San Francisco.

RATES AND DIVISIONS AS ALLOWED.

Class.	Through rate.	Divisions.								
		C. B. transfer.	C. P.		U. P.		C. B.-Chi.		Chi.-N. Y.	
		Cts.	Pro.	Cents per mile.	Pro.	Cents per mile.	Pro.	Cents per mile.	Pro.	Cents per mile.
Unlimited	$138.30	50	$46.00	5.22	$54.00	5.22	$14.55	2.97	$23.25	2.55
Second	105.00	50	34.50	3.91	40.50	3.91	12.50	2.55	17.00	1.86
Third	65.00	50	20.70	2.35	24.30	2.35	6.31	1.39	12.69	1.39
Coin	100.00	50	33.26	3.77	33.94	3.77	10.50	1.95	16.80	1.85

RATES AND DIVISIONS HAD NO CONSTRUCTIVE MILEAGE BEEN ALLOWED.

Unlimited	138.30	50	36.09	4.15	42.92	4.15	20.34	4.15	37.85	4.15
Second	105.00	50	27.81	3.15	32.54	3.15	15.44	3.15	28.71	3.15
Third	65.00	50	17.13	1.94	20.04	1.94	9.51	1.91	17.22	1.94
Coin	100.00	50	26.49	3.00	31.00	3.00	14.70	3.00	27.31	3.00

It will be noticed that in the unlimited rate the Pacific roads were allowed 5.22 cents per mile, while the roads between New York and Chicago received but 2.55, the former in this case receiving over 100 per cent. per mile more than the latter.

The mileage of the route is: East of Missouri River, 1,402 miles; west, 1,916 miles. Applying the constructive mileage system to the sum of the rates for the several classes shows that the Central and Union Pacific received a constructive mileage allowance of over 85 per cent.

PROFIT TO AIDED ROADS BY SYSTEM OF CONSTRUCTIVE MILEAGE ALLOWANCES.

This through traffic was very large and comprised a considerable portion of the income of the aided line. The constructive mileage allowance was also for a long haul—the whole length of the road. The difference therefore to the Central Pacific whether it did or did not receive the constructive mileage allowance was of the greatest importance, and the practice has added to the earnings of the aided line amounts aggregating millions of dollars.

HAVE EARNINGS BEEN DIVERTED TO WRONGFUL OR IMPROPER PURPOSES?

"Question 6. Or whether there has been a diversion of earnings of aided roads to wrongful or improper purposes, and if so, to what extent."

EARNINGS USED EXCLUSIVELY FOR BENEFIT OF CENTRAL PACIF RAILROAD COMPANY.

Answer 6. In answer to interrogatory No. 6, I have to say: Th the earnings of the company have been expended and applied exc sively to the benefit of the company. No portion of them has been a plied in construction of any other road. The company is willing a desirous of making a full and complete statement to the Commission all matters in which the Government can possibly have any concer I assume that it is unnecessary to go into statements of matters affec ing the interests of the company in which the Government has n and cannot have any possible interest.

In determining the amount of the net earnings of the company, which only the Government is interested, the company do not propo to make any charge or claim that would diminish or affect the amou of such net earnings, for which it will not furnish entirely satisfacto documentary evidence. All items of expenditure for which such sati factory evidence shall not be furnished shall be charged against th company exclusively. I will merely add, however, that the dispositi made of these earnings of the company, in which the Government h no interest, has met with the approval of the board of directors of th company and its stockholders, on repeated occasions.

The aided line does not run into San Francisco, but from Sacramen to San José. In violation of the principles of interstate law, the Go ernment gives the Canadian Pacific the right to bond goods here a take them from San Francisco around up through Canada to Chica thereby carrying them for nearly 5,000 miles, for the same or a less ra than we carry them across the continent, which is a violation of th interstate commerce principle. The Government does that for the be efit of the Canadian Pacific road. I will hardly say it is done for th purpose, but that is what is done, and that is the effect which it has.

DISCRIMINATION IN RATES AGAINST AIDED ROADS.

"Question 7. Whether there is a discrimination of rates in favor of u aided against aided roads."

NO DISCRIMINATION EXCEPT THAT MADE BY THE UNITED STATE

Answer 7. There is no discrimination of rates in favor of unaided r against aided roads, except that made by the Post-Office Department.

The rates for transportation of United States mails are fixed by th Post-Office Department in accordance with the general laws upon th subject. The basis of the rate is the average daily number of pound carried over the whole route. The overland Central Pacific route f from Ogden to San Francisco via the aided road to Sacramento, an thence to San Francisco via Benecia over unaided roads. The aide line does not run into San Francisco; the business must go over u aided lines. The general business follows the line designated by th Government between Sacramento and San Francisco, which is th shortest possible line—87 miles by one route and 137 by the other. Th weight of mails in either case would be the same, and the rate per mil would be the same. The shorter route, therefore, carries the mails fo about one-third less than the longer route. This is in effect a discrim nation in favor of the unaided against the aided road. Not only has th Post-Office Department thus discriminated against our line, but it al

the War Department and other Departments of the Government have given preference to other transcontinental lines that have not been aided in bonds, thus diverting traffic that the Central Pacific could have done. Upon this subject the United States Auditor of Railway Accounts says:

Government has taken away business across the State of Nevada, and has also given transportation to the Northern Pacific, the Southern Pacific, the Atchison, Topeka and Santa Fé, the Atlantic and Pacific, and the Canadian Pacific, all rival roads, and is paying them full rates, when they could get it done for less rates by the aided Central Pacific.

This matter, with its embarrassing results to the company, will be found more fully set forth in answer to interrogatory No. 54.

IS ANY MONEY DUE TO UNITED STATES FOR ERRONEOUS ACCOUNTS?

"Question 8. Whether any, and if so, how much, money is due and owing to the United States on account of mistaken or erroneous accounts, reports, or settlements made by said roads."

MONEY IS DUE TO COMPANY FROM UNITED STATES.

Answer 8. No money is due and owing to the United States on account of mistaken or erroneous accounts, reports, or settlements made by our road. On the contrary, there is a balance due the Central Pacific for transportation services on non-aided and leased lines of $1,853,323.15, which is withheld in the face of a unanimous decision by the Court of Claims in our favor, confirmed by the Supreme Court of the United States.

ANNUAL SETTLEMENTS BY UNITED STATES COMMISSIONER.

Settlements have been annually made by the Central Pacific Railroad Company with the authorized officers of the Government for the amounts due the Government under the several acts of Congres. All amounts involved in such settlements have been promptly paid by the company when due. Payments were in every case made for the amounts as claimed by the United States Commissioner of Railroads, though they were not always believed to be justly due. The items of new construction and new equipment were not currently allowed by the Commissioner, and payments were made for the requirements as stated by him. The courts, however, in 1885, decided these items to be proper deductions in ascertaining the net earnings. (See Rep. U. S. Com. R. R. 1885, p. 7.) The erroneous accounts were restated by the Commissioner in his report for 1866, page 35.

The Central Pacific Railroad Company has overpaid the United States on account of these mistaken and erroneous accounts the sum of $621,152.72. This sum is still held by the Government, and is due the company in cash, though repeated demands have been made for it by the company.

TRAFFIC DIVERTED TO NON-AIDED ROADS.

"Question 9. Whether any traffic or business which could or should be done on the aided lines of said companies has been diverted to the line of any other company or to unaided lines."

Answer 9. This question will be fully answered under interrogatory No. 54. Such discrimination and diversion is made only by the Gov-

ernment. I refer also to report of General Manager A. N. Towne, h with submitted, and marked "Exhibit 2," also report of General Sup intendent J. A. Fillmore, marked "Exhibit 3."

DEDUCTIONS FROM GROSS EARNINGS BY REBATES, POOLS, ETC.

"Question 10. And what amounts have been deducted from the gr earnings of any of said railroad companies by their general freight a passenger agents or auditors, by way of rebate, percentage of busine done, constructive mileage, monthly or other payments on any pool or rate arrangement, contract, or agreement."

SUCH ARRANGEMENTS HAVE ADDED TO EARNINGS OF AIDED ROA

Answer 10. There have been rebates and pooling arrangements, the sometimes being a balance against us and sometimes a balance in o favor. Rebates were made for the purpose of securing business, a pooling arrangements for maintaining rates, and these always favor the aided road.

The question of differentials, pools, &c., is more fully treated in su port of the answer to interrogatory No. 39. See the report of J. S Stubbs, general traffic manager, verified by his oath, marked "Exhib 7," and referred to in the answer to that interrogatory, from which will appear that whatever has been done in this direction is fully jus fied by the results.

ASSETS OF COMPANIES.

"Question 11. And also inquire into, ascertain, and report as to th kind, character, and amount of the assets of said companies."

ASSETS OF CENTRAL PACIFIC RAILROAD COMPANY.

Answer 11. In reply to your interrogatory No. 11, I respectfully sub mit the following statement, prepared by Mr. E. H. Miller, jr., the se retary of the company:

Assets, July 1, 1887.

Railroad and telegraph lines as follows, between—

San José and Niles	11.1
Niles and Brighton	103.9
Sacramento and near Ogden	737.8
Total aided road	852.8
Sacramento and Ogden (non-aided)	1.0
Niles and Oakland Wharf	26.9
Oakland and Alameda, local lines (including 7.72 miles double track)	17.3
Lathrop and Goshen	146.0
Roseville and Coles	286.3
Total non-aided road	478.1
Total miles of road	1,330.9

Also right of way, sidings, turn-outs, switches, turn-tables, depots, stations and other buildings, round-houses, shops, and machinery, tools, safes, furniture, wharves, slips, engines, cars, and other equipment prop erty and appurtenances belonging on the foregoing railroad and tele graph lines.

Steamers and barges as follows:

Ferry steamers of the San Francisco Bay: Alameda, Amador, Capitol, El Capitan, Julia, Oakland, Piedmont, Transit, and Thoroughfare.

Sacramento River steamers: Apache and Modoc; barges, Ace of Spades and Yolo.

Stocks and bonds of other companies owned, cost $1,074,360.07.

Sinking fund of the company in the treasury of the company, consisting of railroad bonds of the par value of $10,356,000, cost $9,601,617.50.

Sinking fund of the company in the United States Treasury June 1, 1887, bonds of the par value of $2,557,000, and cash, $39,137.32; cost of bonds and cash, $3,168,600.50; cost for interest lost on investments, $1,040,503.54; total cost in excess of par value of bonds, $1,612,966.72.

Land contracts, deferred payments on time sales, $1,142,084.86. Cash on hand, $13,768.49.

Undivided half of sixty acres in Mission Bay, San Francisco; 500 acres of water front in Oakland, Cal.; about 140 acres of water front Sacramento.

Land granted by the United States to the Central Pacific Railroad Company, of California, and to the California and Oregon Railroad Company, less amount sold therefrom and lost from mineral lands, prior claims, &c.

APPRAISEMENT OF COMPANY'S PROPERTY.

Any valuation which may be placed on the assets of the company must, at best, be an estimate. I understand that the commission have delegated the duty of making an appraisement of the value of the railroad and other property of the company to a board of engineers, which makes it unnecessary for any such estimate to be made in this place.

Much of the information I have given in answer to this question is contained in our annual report, but it is given a little more in detail here.

Commissioner ANDERSON. You understand that the report does not profess to give the value of the property?

The WITNESS. It gives only estimated values.

Commissioner ANDERSON. For instance, take the construction account, which represents $130,000,000 or $140,000,000. It does not even pretend to give the actual value of the assets.

The WITNESS. No. That represents the cash and stock used. The stock, of course, stands on the books as if at par, but in reality it was not worth much of anything.

Commissioner ANDERSON. The question here is with reference to ascertaining the actual value of your assets, in order to determine the value of the United States lien.

The WITNESS. Most of these things are given at what they cost. During the time that we were constructing the road, I remember that we paid $65,000 for two engines. That is the highest we ever paid. Of course, there is no such value to them now. We could put them on the road now for probably $13,500.

Commissioner ANDERSON. We have had a special officer, Colonel Morgan, making an examination, and I presume his report will contain an answer to that question, which we can rely on.

Commissioner LITTLER. His name is Richard T. Morgan, jr.

The WITNESS. Our road is well equipped, and everything, I think, is in good order.

ASSETS SUBJECT TO UNITED STATES LIENS.

"Question 12. And what assets of each company are now subject to the lien of the Government and the value thereof?"

Answer 12. The assets of the company now subject to the lien of the Government, are as follows:

ASSETS SUBJECT TO UNITED STATES LIEN.

Aided line assets, July 1, 1887.

Railroad and telegraph lines between—	Miles.
San José and Niles	17.54
Niles and Brighton	103.62
Sacramento and Ogden	737.89
Total operated road	858.97

Also the right of way, sidings, turn-outs, switches, turn-tables, depots, station and other buildings, round-houses, shops, machinery, tools, safes, furniture, engines, cars and other equipment, property and appurtenances belonging to the foregoing railroad and telegraph lines.

As to the value of the different items of property referred to in this statement, I am personally unable to give it. I understand the Commission has appointed experts to make appraisement of it, and therefore this omission will be thus supplied.

The CHAIRMAN. You do not refer there to the question of how far the lien of the Government extends over the property and to what property it attaches.

The WITNESS. The assets of the company subject to the lien of the Government are as I have read. Now, the lien, like the first mortgage bonds, is on the road from Ogden to San José; but by our laws of consolidation the entire property of all the companies consolidated becomes liable for the debts of the institution, just as a man's property is liable for his debts over and above the mortgaged property. The mortgage, first, is a lien upon so much, but all his property is liable. So all the unaided lines of our road, as well as the aided, are liable for the general liabilities of the company, but there is no lien upon them to the Government.

The CHAIRMAN. The whole property, however, is subject to execution?

The WITNESS. Oh, yes, sir.

DIVIDENDS PAID.

"Question 13. And also whether any dividends have been unlawfully declared by the directors or paid to the stockholders of said company; and if so, to what extent."

NO DIVIDENDS UNLAWFULLY DECLARED BY THE CENTRAL PACIFIC RAILROAD COMPANY.

Answer 13. No dividends have been unlawfully declared by the directors or paid to the stockholders of the Central Pacific Railroad Company.

Section 6 of the act of Congress of May 7, 1878 (the Thurman act), provides that no dividends shall be voted, made, or paid at any time when the company shall be in default in the payment of either of the

sums required to be paid into the sinking fund, or in the payment of the 5 per centum of the net earnings, or interest on any debt the lien of which or of the debt on which it may accrue is paramount to that of the United States.

The Central Pacific Railroad Company has not at any time been in default in respect of the payment of any of the sums required under the provisions of the act above quoted.

The Central Pacific Railroad Company, as heretofore stated, was organized under the laws of this State, and is now carrying on its business in accordance with the provisions thereof. Section 309 of the Civil Code of California prohibits railroad corporations from making dividends, except from the surplus profits arising from the business thereof. As required by this section all dividends have been made from the net earnings. The road has been in operation for over twenty-three years for more or less of its extent.

AVERAGE DIVIDENDS 2.65 PER CENT.

The total sum of these dividends amounts to 61 per cent. The amounts paid therefore equal the annual rate of 2.65 per cent., and but for the completion of the Government-aided competing lines, and but for the Government's failure to pay to the company the money for transportation as determined by the Supreme Court of the United States, the company would still be paying the dividends. For the information of the Commission, and the evidence of the fact that the dividends declared by the company were not illegal, we submit herewith, and ask your consideration of a report by Mr. E. H. Miller, jr., secretary of the company, marked Exhibit 4, and made a part hereof.

By Commissioner ANDERSON:

DIVIDENDS PAID OUT OF NET EARNINGS.

Q. Does your report contain a statement of the net earnings actually applicable to the years in which dividends were declared?—A. No, sir; I think not. We carried net earnings along for a good while, and when we commenced declaring dividends it was with the supposition that we would be able to continue. For a time the road earned a good deal more than a 6 per cent. dividend annually, over and above the necessary expenses. But the opening of competing business and the immense falling off of the business in Nevada, a great falling-off and the gradual interference with our business in Wyoming, Montana, and Idaho have made a change. We used to have business in Wyoming, not very much, but still some, and a good deal in Montana and Idaho, but the opening and pushing out of other roads spoiled all that business for us. It was a very profitable business, as we were able to fix our own rates, free of competition. Then came the opening up of these competing lines, and our business fell off very much, although the general business of the country was increasing. The prices paid to us were very much reduced. As a result, from 1884 we have been not able to earn any dividends. We have always earned something over expenses. We have always kept up the Thurman fund and made something over expenses. Under the lease of the Central Pacific to the Southern Pacific Company it is guaranteed $1,200,000 a year, net, over and above all expenses and the interest account and the sinking fund under the Thurman act.

Q. I understand all that, but my question was whether the actual earnings of the road between 1872, the time of your first dividend, and your last dividend, declared in February, 1884, will show that the dividends paid were earned?—A. Yes, sir; the dividends were all earned; not in that time, however. We had quite an accumulation of net on hand when we commenced the dividends, but all the dividends were paid out of net earnings.

By the CHAIRMAN:

Q. Did you ever borrow money with which to pay a dividend?—A. We never borrowed a dollar to pay a dividend.

DIVIDENDS.

"Question 14. And whether the amount thereof may not be recovered from the directors unlawfully declaring the same or persons who unlawfully receive the same."

Answer 14. I beg to state that as there have never been dividends wrongfully or unlawfully declared by the company there remains nothing liable to recovery.

HAVE TRUST FUNDS BEEN DIVERTED?

"Question 15. Whether the proceeds of any trust funds or lands loaned, advanced, or granted have been diverted from their lawful uses."

NO FUNDS DIVERTED.

Answer 15. No proceeds of any trust funds or lands loaned, advanced, or granted have been diverted from their lawful uses. The only trust fund that the company has ever had in its treasury has been the sinking fund. This fund now amounts to about $9,000,000. In addition to this we have paid $1,216,000 of what was known as the State aid loan. The convertible loan also aggregated $1,500,000. The trust funds have been invested in sinking funds at interest in the company's treasury for the final redemption of bonds of the company. That fund, of course, did reduce the general indebtedness of the Central Pacific Railroad Company. It is not all for the aided line, but it is some for that line and some for the others. There are sinking funds for all of the companies which are now part of the Central Pacific, and they are growing very rapidly.

SINKING FUNDS.

By Commissioner ANDERSON:

Q. The sinking fund does not apply to the United States bonds at all?—A. No, sir; it goes to the first-mortgage bonds—the bonds that are a prior lien to that of the Government.

Q. It goes to all your mortgages, as I understand it?—A. Yes; each mortgage has its own sinking fund. They are all, of course, in the hands of the Central Pacific Railroad Company. These companies have been consolidated, and the Central Pacific has assumed these liabilities.

THE LAW OF CALIFORNIA REGARDING SINKING FUNDS.

Q. Will you tell me what the requirement of the law of California is in regard to permitted investments in sinking funds?—A. That the money shall be loaned,

Q. Is there no limitation?—A. I think there is none.

Mr. BERGIN. There is no limitation.

Commissioner ANDERSON. Can they loan it to anybody?

Mr. BERGIN. It is in the discretion of the board of directors of the corporation. The law does require of railroad companies organized under its provisions, that at the time of the creation of a liability by the company secured by a bond and mortgage, it shall also provide a sinking fund for the ultimate liquidation of the liability, but as to the manner of investing the fund, that is left to the discretion of the board of directors.

DUTIES OF TRUSTEES AS TO INVESTMENT OF A SINKING FUND.

Commissioner ANDERSON. May I ask whether there has been any decision upholding, for instance, a loan of money in a sinking fund by a corporation to itself?

Mr. BERGIN. No, sir; the question of the manner of investment has never yet been judicially passed upon by the courts.

Q. In your opinion, would the trustees of a sinking fund amounting to many millions of dollars be justified in taking a note of the corporation itself and then putting it back in the general assets?—A. The general trustees; not the company. The company itself is not necessarily the trustee, or not the trustee at all.

Q. I am asking you whether the trustees would be justified under the laws of California in putting the money which they hold in the sinking fund into the vaults of the corporation itself for its general purposes and taking as its evidence of the sinking-fund moneys the note of the corporation?—A. That might be under some circumstances. I do not know now. My attention has not been called lately to the duties of trustees, but I think under our laws that a trustee may do with it as any good business man might do. I do not think there is any restraint beyond that, is there, Mr. Bergin?

Mr. BERGIN. No, sir.

EXCHANGE OF BONDS.

Q. The point of my question is this: Have you not in fact surrendered over three million dollars of first-mortgage bonds of the Southern Pacific belonging to your sinking fund and accepted in lieu thereof the bonds of the Central Pacific issued under its second or third mortgage made in October, 1886?—A. I do not know how much we have done. The trustees have often exchanged bonds at a premium for bonds which, to our knowledge, were just as good as the bonds in the fund, but which, not having an established market price, would have commanded less, and so far would have been a benefit or profit to the sinking fund.

Q. What are those bonds quoted at, the bonds under the mortgage of October, 1886?—A. I do not think they are quoted on the market. They sell here. We have been offered for them par in this market. I think that we could sell large quantities of them here at par. They are 6 per cent. bonds and they are secured by a second mortgage on the road. The mortgage is on the unaided portion of the company's property and is not a lien upon the aided portions.

HAVE STOCKS OR BONDS BEEN UNLAWFULLY ISSUED?

"Question 16. Whether any new stock or bonds have been issued, or any guarantees or pledges made contrary to, or without authority of law."

NO ISSUES OR PLEDGES BY CENTRAL PACIFIC CONTRARY TO LA

Answer 16. No new stocks or bonds have been issued, or any g antees or pledges made contrary to, or without authority of the law.

The WITNESS. Stock has been issued to aid in the construction secure a through line to Oregon. The valuable properties of the C tral Pacific to-day are the unaided lines.

By the CHAIRMAN:

Q. Have you not made guarantees of bonds of other roads since passage of the act of Congress of 1873?—A. I cannot call to mind t the Central Pacific has made any. I do not think it has. If Mr. Mil were here he could tell. I do not think the Central Pacific has e guaranteed any bonds.

GUARANTEE OF BONDS OF CALIFORNIA PACIFIC.

Q. How is it about the California Pacific bonds?—A. The Califor Pacific is a short line of road between here and Sacramento, and it a competing line to our 137 miles, and in the process of time it pas into and under our control. We bought stock in the road. After erating it for a time we saw that it could not pay the interest on bonded indebtedness. The road did not do well. It was washed o and was unable to meet its requirements. Upon the Central Pac agreeing to guarantee the interest, the bonded indebtedness was re much reduced, and a lower rate of interest was accepted. I cannot gi you the exact amount, but the interest on the remaining bonds w reduced so as to make it much more easy to handle.

Q. What was the date of the guarantee; what was the year?—A. cannot give you the year, but it was some years ago.

DIRECTORS AND EMPLOYÉS' INTEREST IN OTHER COMPANIES.

"Question 17. Whether any of the directors, officers, or employ of said companies, respectively, have been, or are now, directly or in rectly interested, and to what amount or extent, in any other railro steamship, telegraph, express, mining, construction, or other busine company, or corporation, and with which any agreements, underta ings, or leases have been made or entered into."

INTEREST OWNED IN OTHER COMPANIES BY PRESIDENT STANFORD.

Answer 17. I may state that I have been and am interested in t following-named companies, and to the extent set opposite the respe ive name of each company. I know that some of the other directo of the company have been interested in some of these companies; a I believe, but do not know, that they are interested in all of them, t extent of their interest in which I am not prepared to state, as there no joint ownership of the stock. As to the absolute correctness of t list that I am about to read, I am not prepared to say, because it w only furnished just as I was coming away, and I have not been over but I presume that it is correct, inasmuch as it has been furnished b the secretary.

1. California Pacific Railroad. I have 24,755 shares of stock in t company.

2. Southern Pacific of California. I had 70,936 shares of stock in this company until December 8, 1884, when I transferred it to the Southern Pacific Company in exchange for 42,561.6 shares of its stock.

3. Southern Pacific of Arizona. I had 49,987 shares of stock in this company until December 8, 1884, when I transferred it to the Southern Pacific Company in exchange for 29,992.2 shares of its stock.

4. Southern Pacific of New Mexico. I had 16,722 shares of stock in this company until December 8, 1884, when I transferred it to the Southern Pacific Company in exchange for 10,033.2 shares of its stock.

5. Southern Pacific of Kentucky. I have 150,233.3 shares of stock in this company.

6. Stockton and Copperopolis Railroad Company. I have 586 shares of stock in this company.

7. Berkeley Branch Railroad. I have 231 shares of stock in this company.

8. Amador Branch Railroad. I have 1,500 shares of stock in this company.

9. Los Angeles and San Diego Railroad. I have 370 shares of stock in this company.

10. California and Oregon Railroad. I had stock in this company, and took Central Pacific stock for it when it was consolidated with that company. Do not remember the number of shares.

11. San Joaquin Valley Railroad. Same answer as No. 10.

12. San Francisco, Oakland and Alameda. Same answer as No. 10.

13. Western Pacific Railroad. Same answer as No. 10.

14. Contract and Finance Company. I had 12,500 shares of stock in this company when it was disincorporated in 1874.

15. Wells, Fargo and Company. I have 86 shares of stock in this company. Have had a larger number of shares, but do not remember how many.

16. Occidental and Oriental Steamship Company. I have 9,995 shares of stock in this company.

17. Western Development Company. I have 10,000 shares of stock in this company.

18. Pacific Improvement Company. I have 12,500 shares of stock in this company.

19. Ione Coal and Iron Company. I have 8,000 shares of stock in this company.

20. Rocky Mountain Coal and Iron Company. I have 1,817 shares of stock in this company.

21. Carbon Hill Coal Company. I have no stock in this company, but have an interest in it through my holding of Pacific Improvement stock, to which company this mine belongs.

LOANS TO OTHER COMPANIES.

"Question 18. What amounts of money or credit have been or are now loaned by any of said companies to any person or corporation?"

MONEY LOANED BY CENTRAL PACIFIC RAILROAD COMPANY.

Answer 18. The amount loaned any company, corporation, or individual by the Central Pacific Railroad Company, being the amount owing to the company June 30, 1887, is as follows:

Stockton and Copperopolis Railroad Company	$115,653.80
S. H. Giddings, New York	93.18

B. E. Smith	$100,000.00
T. J. Edmondson	8,000.00
J. H. Flagg	2,000.00
J. W. Young	35,128.31
Coos Bay Coal Company	4,040.20
Total	264,588.51

This statement gives only the present amount. The amounts in detail from the organization would be very voluminous. The accountants of the Commission are now examining the books of the company; if any statement in detail of amounts which have been loaned is desired, they will doubtless make it.

LOANS FROM OTHERS.

"Question 19. What amounts of money or credit have been or now are borrowed by any of said companies, giving names of lenders and the purposes for which said sums have been and now are required."

MONEY BORROWED BY CENTRAL PACIFIC RAILROAD.

Answer 19. The amounts of money or credit borrowed by the Central Pacific Railroad Company, being amount owing by the company June 30, 1887, is as follows:

C. J. Torbert, note	$2,500.00
Southern Pacific Company balance of account	793,293.69
Company's operating ledger balance of account	5,630.87
Trustees land grant mortgage	1,508,542.25
Land suspense account being payments made on lands sold, not yet conveyed	6,754.80
Total	2,316,721.61

This gives only the present amount; the amounts in detail from the organization would be very voluminous. The accountants of the Commission are examining the books of the company; if any statement in detail of amounts which have been borrowed is desired, they will doubtless make it up.

PAYMENTS WITHOUT SUFFICIENT VOUCHERS.

"Question 20. What amounts of money or other valuable consideration, such as stocks, bonds, passes, and so forth, have been expended or paid out by said companies, whether for lawful or unlawful purposes, but for which sufficient and detailed vouchers have not been given or filed with the records of said companies?"

PAYMENTS APPROVED BY DIRECTORS AND STOCKHOLDERS.

Answer 20. In answer to interrogatory No. 20 I have to say that the company in its settlement with the Government proposes to claim nothing as expenses in determining the amount of net earnings in which the Government has an interest for which the company does not furnish full and satisfactory vouchers. It is entirely immaterial to the Government and the Government can have no interest in knowing what amount of money may have been expended for which the vouchers on file are not sufficient in detail or otherwise. I would, however, remark

that all items of expenditure for which detailed vouchers are not on file have from time to time been approved by the directors and stockholders of the company.

INFLUENCING LEGISLATION.

"Question 21. And further, to inquire and report whether said companies, or either of them, or their officers or agents, have paid any money or other valuable consideration, or done any other act or thing for the purpose of influencing legislation."

Answer 21. In answer to interrogatory No. 21, I have to say in behalf of the Central Pacific Railroad Company that no deduction will be made from that portion of the net earnings belonging to the United States on account of any expenditure for which detailed and satisfactory vouchers are not furnished. We will account to the Government as if no such expenditures had been made.

By the CHAIRMAN:

Q. Do you omit entirely the question of legislation?—A. I have given my answer to that question.

CONSOLIDATION OF UNION PACIFIC RAILWAY.

"Question 22. And to investigate and report all the facts relating to an alleged consolidation of the Union Pacific Railroad Company, the Kansas Pacific Railroad Company, and the Denver Pacific and Telegraph Company, into an alleged corporation known as the Union Pacific Railway Company. Said investigation shall include the alleged sale of the stock of the Kansas Pacific Railroad Company to the Union Pacific Railroad Company, and all the circumstances and particulars pertaining to the said alleged sale."

Answer 22. This interrogatory relates to other corporations and requires no answer from me.

ASSETS AND OTHER ENTERPRISES.

"Question 23. And whether any of the Pacific railroad corporations which obtained bonds from the United States to aid in the construction of their railroads have expended any of their money or other assets in the construction, or to aid in the construction of other railroads, or invested of their moneys or other assets in the stocks or bonds of any manufacturing, mining, or commercial companies or corporations, or of other railroad corporations."

Answer 23. The Central Pacific Railroad Company has expended no money or assets in the construction or to aid in the construction of other railroads. It never had any interest in other roads except in the way of lease, or by consolidation. The company has invested a very limited amount of money in bonds and stocks of other corporations, the extent and character of which will be shown in my answer to the next question.

EXTENT OF INVESTED ASSETS.

"Question 24. And if any such expenditures or investments have been made, the extent and character thereof made by each of said corporations shall be inquired into."

Answer 24. The extent and character of such expenditures and investments are as follows:

Description.	Date of ownership.	Value.	Disposition.	Remaining on hand December 31, 1887.
Daily American Flag, newspaper stock.	1864	$5,000.00	Charged to expense account, Dec. 10, 1866.	
California Central Railroad Company bonds	1866	48,937.50	July 29, 1868, sold for $35,708.37.	
	1867	28,736.37		
	1868	8,630.50		
Georgetown Wagon Road stock	1867	1,000.00	Charged to profit and loss account, Aug. 31, 1868.	
Austin and Reise River Transportation Company stock, 40 shares.	Feb. 8, 1872	1,000.00	Nov. 18, 1873, sold for $600; dividends, $60; charged to profit and loss account, $340.	
C. P. R. R. first mortgage bonds, 21	June 14, 1872	21,735.00	Transferred to sinking funds, Aug. 19, 1879.	
S. J. Valley R. R. bonds, 1	Mar. 10, 1874	775.00		
S. J. Valley R. R. bonds, 1	Feb. 14, 1876	929.00		
W. P. R. R. bonds, 1	Feb. 11, 1875	852.50		
Green Point Dairy and Transportation Company stock, 30 shares.	June 12, 1874	1,500.00	May 17, 1877, sold for $765; construction account, $735.	
Nevada Company Narrow Gauge Railroad bonds, 7.	Mar. 1, 1877	6,303.00	Dec., 1878, sold for $6,300.	
Coos Bay Coal Company:				
34,495 shares stock	Oct. 30, 1875	136,871.30	With assessments, &c.	
400 acres land	1876	19,578.98	With expenses	$156,450.28
Wells, Fargo & Co., stock, 8,250 shares.	Sept. 30, 1879	825,000.00		
Sold for		216,015.67	Sold June 30, 1880	
Do		132,124.51	Sold Dec. 31, 1880	
Do		85,554.50	Sold May 12, 1881	
Do		507,101.90	Sold June 13, 1881	
		940,796.58		
Sacramento Transportation Company stock	June 30, 1882	75,000.00		80,000.00
		5,000.00		
Notes of Fisk & Hatch (see note below).		830,665.46		
Secured by Chesapeake and Ohio Railroad bonds.	June 14, 1875			
Changed to:				
Chesapeake and Ohio bonds, 7 per cent., 1,244.	June 26, 1884			
Chesapeake and Ohio stock, first preferred, 235 shares.	June 26, 1884	830,665.46		
Chesapeake and Ohio stock, second preferred, 11,586 shares.	June 26, 1884			
Chesapeake and Ohio stock, second preferred 405 shares.	Sept. 3, 1884	3,325.60		
		833,991.06		
Scrip, 1887			Sold Sept. 3, 1884	833,991.06
Forest Hill Commercial and Toll Road Company stock	Nov. 20, 1884	2,000.00		4,000.00
	June 29, 1885	2,000.00		
United States Government bonds remaining unsold.	Last received	120.00		120.00
Central Pacific Railroad capital stock, held in trust for company by C. P. Huntington, agent.	Jan. 18, 1872 Dec. 31, 1886	724,500.00		724,500.00
				1,736,961.06

SETTLEMENTS WITH FISK & HATCH.

Fisk & Hatch, bankers of New York, acted as financial agents of the company, and at the time of their failure in 1874 gave their notes amounting to $830,665.46, in settlement of account, with bonds of Chesapeake and Ohio Railroad, amounting to $1,457,000, as security. Fisk & Hatch suspended payment again in 1884, and in settlement for amount

of notes and interest the Central Pacific Railroad Company took Chesapeake and Ohio securities, as above shown, June 26, 1884. The 1,344 bonds were exchanged January 28, 1887, for 16,800 shares of stock of the Newport News and Mississippi Valley Railroad Company.

By Commissioner LITTLER:

Q. What is the total amount?—A. One million seven hundred and eighty-eight thousand nine hundred and forty-two dollars. The principal amount of that comes through the failure of Fisk & Hatch. On their failure, some years ago, they were indebted to our company. They were our financial agents at New York, and they gave us their note with the balance of securities. Then they failed again, and again we settled with them, and took what they had. Among other things we took these securities, and that Fisk & Hatch transaction makes the larger portion of this amount.

Q. Do you mean to say that you acquired all the securities mentioned on that paper in that way?—A. No, sir; but we so acquired the principal portion of them.

COOS BAY COAL COMPANY.

We became interested in the Coos Bay Coal Companies because we were largely at the mercy of the coal dealers, and had to pay extraordinary prices. For instance, we paid as high as $8 per ton for local coal which can now be bought for $4.50 per ton. In order to be independent we got this mine, and by so doing have been able to bring down the prices of outside coal. In this way we have secured a very large saving to the company.

We used to be very much at the mercy of the coal dealers at times. We buy coal in England, Australia, and in the British possessions.

INTEREST IN AUXILIARY ROADS.

"Question 25. And also the present interests of any of said corporations in the railroads auxiliary to their respective railroads."

Answer 25. The Central Pacific Railroad Company has no present interest in the railroads auxiliary to its lines, and never has had except through consolidations and leases, like the San Joaquin Valley, the California and Oregon, and the Oakland and Alameda connections, &c., which constitute the most valuable portions of the Company's property. The roads consolidated with the Central Pacific Railroad Company and those that have been leased by it are shown at length in the following statement:

THE CENTRAL PACIFIC RAILROAD COMPANY.

CONSOLIDATIONS.

California and Oregon Railroad Company and Marysville Railroad Company, January 16, 1868. Name, California and Oregon Railroad Company.

California and Oregon Railroad Company and Yuba Railroad Company, December 18, 1869. Name, California and Oregon Railroad Company.

The San Francisco and Alameda Railroad Company, and the San Francisco, Stockton and Alameda Railroad Company, October 15, 1868. Name, The San Francisco and Alameda Railroad Company.

The Western Pacific Railroad Company and San Francisco Bay Railroad Company, November 2, 1869. Name, The Western Pacific Railroad Company.

The Central Pacific Railroad Company of California and The Western Pacific Railroad Company, June 23, 1870. Name, Central Pacific Railroad Company.

The San Francisco and Oakland Railroad Company and The San Francisco and Alameda Railroad Company, June 29, 1870. Name, San Francisco, Oakland and Alameda Railroad Company.

Central Pacific Railroad Company, The California and Oregon Railroad Company, The San Francisco, Oakland and Alameda Railroad Company, and The San Joaquin Valley Railroad Company, August 22, 1870. Name, Central Pacific Railroad Company—the present name of the company under the above consolidations.

LEASES.

Roads once leased by the Central Pacific Railroad Company now leased by the Southern Pacific Company:

Berkeley Branch Railroad.
Northern Railway.
Stockton and Copperopolis Railroad.
San Pablo and Tulare Railroad.
Amador Branch Railroad.
California Pacific Railroad.
Southern Pacific Railroad (of California).
Southern Pacific Railroad (of Arizona).
Southern Pacific Railroad (of New Mexico).
Los Angeles and San Diego Railroad.
Los Angeles and Independence Railroad.

NAMES OF STOCKHOLDERS.

"Question 26. And said Commission shall also ascertain and report the names of all the stockholders in each of said companies from its organization to the date of the investigation herein provided for, as they appear upon the books of said companies at the date of its annual meeting in each year, and the amount of stock held by each."

Answer 26. In reply to this interrogatory I would say the accountants appointed by the Commission have in their possession the books of the company containing this information and are preparing the statement called for.

WHAT STOCKHOLDERS PAID FOR STOCK.

"Question 27. What consideration, if any, was paid by each stockholder to said company for his stock, and when and in what property such payment was made."

Answer 27. In answer to this question, the statement of Mr. E. H. Miller, jr., secretary of the company, marked "Exhibit 5," is submitted hereto, and made a part hereof, showing the consideration paid the company by each stockholder receiving stock, and when and in what property such payment was made. The dates of payment given in the subjoined list are the dates when the amounts subscribed were fully paid up. When the stock was transferred or forfeited, the date of the last payment of the person holding the stock is given.

DATE WHEN EACH STOCKHOLDER BECAME SUCH.

"Question 28. The date when each stockholder so appearing on the books became such."

Answer 28. This question has been fully answered in the answer to interrogatory No. 27.

By Commissioner ANDERSON:

Q. Does Mr. Miller's report represent that the stock has all been paid for in full?—A. I think that all the stock has been paid for in full. At the beginning there was stock where the payments were not made in

full. We levied assessments and some of those assessments were never paid.

Q. I mean does Mr. Miller's report show stock issued to construction companies directly and consider that as a payment in full?—A. I presume so. I have never looked over the report.

Q. Have you his report here?—A. Yes, sir.

Q. And that is submitted with your paper?—A. Yes; and I presume that will show all that. The greater part of the stock was issued for construction purposes. We managed to obtain a subscription for ten shares here in San Francisco after our books had been open for some weeks and that was all. Money at that time was here worth from two to two and a half per cent. per month, and outside of ourselves there was hardly anybody who had faith in the ultimate success of the enterprise. They did not care to invest their money, which was worth two to two and a half per cent. in an enterprise in which they had no confidence and where, of course, there could be no returns until its completion.

STOCK HELD IN TRUST.

"Question 29. And whether stock is now held or has heretofore been held in the name of any person in trust for the benefit of any other, and the names of all such persons."

Answer 29. In answer to this interrogatory I will state that I am unable to say what stock has been held in trust, but the books being in the possession of, and under examination by, accountants appointed by the Commission, their report will undoubtedly contain the desired information.

TOTAL AMOUNT OF STOCK.

"Question 30. The total amount of stock in each company."

Answer 30. The total amount of stock in the Central Pacific Railroad Company is $100,000,000, of which $68,000,000 has been issued. This includes the Western Pacific as well as all other railroads consolidated with the Central Pacific. An analysis and distribution by roads of the capital stock will be found under question No. 27.

Q. You have skipped interrogatory 28.—A. That has been answered in answer to No. 27. You will remember what that answer is. I will state that we were organized under the laws of this State to build our railroad to the State line. At that time the estimate was $8,500,000, probable cost, and the stock was made out accordingly. There is a law in our State, however, which provides that we cannot issue bonds to a greater amount than the capital stock of the company. We found, as we proceeded, that it would cost more than $8,500,000 to build over the mountains, and that the Government aid and the first-mortgage bonds would amount to a great deal more. We therefore increased the capital stock to twenty millions which would be about the estimated cost. After that, when Congress passed a law allowing us to build east until we should meet the Union Pacific, we again increased the capital stock, not knowing where we would meet that road. We then made it a hundred millions. That accounts for the increase of capital stock from time to time.

By Commissioner LITTLER:

Q. In that connection let me ask you where is the residue of that stock?—A. It has never been issued. When we got through, nobody wanted that stock; but it was wonderful how the country developed,

for a time, especially in Nevada. If the promises of those early years had been continued we would have had a great property over there.

INCREASE OF STOCK.

"Question 31. And the dates and amount of any increase of such stock, and the reason for such increase."

Answer 31. The organization of the Central Pacific of California provided for $8,500,000 of stock. It was soon ascertained that the road would cost more than that. Then upon the estimated cost the capital was increased to twenty millions, the principal reason being that under the laws of California the bonded indebtedness could not exceed the capital stock. Afterwards, by the act of Congress of July 3, 1866, it was provided that the Central Pacific might build eastward until it should meet the Union Pacific, and not knowing where that might be, the capital stock was again increased to one hundred millions.

SALARIES OVER $5,000.

"Question 32. And the amount of the annual salaries or compensation that are now, or at any prior time have been paid to any officer or employé of said company, when such salary or compensation amounts to $5,000 or more per annum."

Answer 32. In reply to this interrogatory, I submit a tabulated statement of annual salaries amounting to $5,000 or more, paid by the Central Pacific Railroad Company since its organization to any officer or employé, and all bonuses or donations which have been given or paid to any such person.

The tabulated statement of annual salaries contains only the names of those employed and giving all of their time to the company. Those persons who have been employed by the company, giving their services only from time to time as they may be called upon by the company, are not included. Upon the consummation of the lease of the Central Pacific to the Southern Pacific Company, the services of the most of the employés were transferred to the Southern Pacific Company.

Statement of annual salaries amounting to $5,000 or more paid by Central Pacific Railroad Company since its organization, to any officer or employé, and all bonuses or donations which have been given or paid to any such person.

Office.	Name of officer.	Annual salary.	From—	To—
President	Leland Stanford	$10,000.00	June 28, 1861	Mar. [illegible]
Vice-president	C. P. Huntington, salary and services.	12,500.00	June 28, 1861	July 1, [illegible]
Financial agent and attorney	do	25,000.00	July 1, 1863	July 1, [illegible]
	C. P. Huntington, salary.	10,000.00	July 1, 1864	Mar. [illegible]
Treasurer	Mark Hopkins	10,000.00	July 1, 1863	Mar. [illegible]
Agent and attorney	E. B. Crocker	10,000.00	Jan. 1, 1864	Dec. [illegible]
Secretary and agent	James Bailey	10,000.00	Jan. 1, 1861	July 1, [illegible]
Superintendent and second vice-president.	Charles Crocker	10,000.00	Jan. 1, 1866	Mar. [illegible]
Chief engineer	T. D. Judah	10,000.00	June 28, 1861	Nov. [illegible]
Secretary	E. H. Miller, jr.	10,000.00	Jan. 1, 1867	July 1, [illegible]
	Do	12,000.00	July 1, 1878	Mar. [illegible]
Assistant secretary	E. S. Miller	5,000.00	May 1, 1862	Mar. [illegible]
Financial director	D. D. Colton	10,000.00	Oct. 1, 1874	Oct. [illegible]
Treasurer	E. W. Hopkins	5,000.00	Aug. 1, 1878	Dec. [illegible]
Treasurer	Timothy Hopkins	5,000.00	Jan. 1, 1883	Mar. [illegible]
Chief engineer	S. S. Montague	5,000.00	Jan. 1, 1869	Dec. [illegible]
	Do	6,000.00	Jan. 1, 1870	Dec. [illegible]
	Do	8,000.00	Jan. 1, 1873	Sept. [illegible]

Statement of annual salaries amounting to $5,000 or more paid by, &c.—Continued.

Office.	Name of officer.	Annual salary.	From—	To—
General solicitor	S. W. Sanderson*	$12,000.00	Jan. 10, 1870	Dec. 31, 1870
	Do	18,000.00	Jan. 1, 1871	Aug. 20, 1875
	Do	24,000.00	Sept. 1, 1875	Mar. 31, 1885
Attorney	Robert Robinson	6,000.00	Jan. 1, 1869	Dec. 31, 1871
	Do	8,000.00	Jan. 1, 1872	Dec. 31, 1874
	Do	10,000.00	Jan. 1, 1875	Sept. 30, 1881
Attorney	H. S. Brown	5,000.00	Jan. 1, 1873	Aug. 31, 1875
	Do	8,000.00	Sept. 1, 1875	Mar. 31, 1885
	Do†	4,500.00	Sept. 1, 1875	Mar. 31, 1885
Assistant general solicitor	Creed Haymond	15,000.00	May 1, 1881	Mar. 31, 1885
Attorney	L. D. McKisick	6,000.00	Sept. 1, 1882	Dec. 31, 1882
	Do	8,000.00	Jan. 1, 1884	Mar. 31, 1885
	Do†	1,000.00	Jan. 1, 1884	Dec. 31, 1885
Agent and assistant to president	S. T. Gage	$6,000.00	Aug. 1, 1871	Oct. 31, 1882
	Do	8,000.00	Nov. 1, 1882	Mar. 31, 1885
Land agent	B. B. Redding	6,000.00	Jan. 1, 1871	Apr. 30, 1873
	Do	8,000.00	Feb. 1, 1874	Aug. 31, 1882
Attorney	C. H. Tweed	12,333.33	Jan. 12, 1883	Mar. 31, 1885
Agent	C. H. Sherrill	20,000.00	Mar. 1, 1876	Mar. 31, 1885
Attorney	Jas. H. Storre	16,000.00	July 1, 1867	Oct. 30, 1882
Agent	Theophelus French	6,000.00	Apr. 1, 1882	Mar. 31, 1885
Agent	Richard Franchot	20,000.00	Jan. 1, 1868	Mar. 4, 1875
Land agent	W. H. Mills	5,000.00	Jan. 1, 1883	June 30, 1883
	Do	7,000.00	July 1, 1883	June 30, 1887
Attorney and agent	A. A. Cohen	16,000.00	Sept. 30, 1871	Sept. 30, 1879
Consulting engineer	George E. Gray	10,000.00	Mar. 1, 1867	Nov. 30, 1870
General superintendent and general manager.	A. N. Towne	13,000.00	Sept. 1, 1869	July 31, 1879
	Do	18,000.00	Aug. 1, 1879	Apr. 30, 1882
	Do	25,000.00	May 1, 1882	Mar. 31, 1885
Assistant general superintendent	John Corning	5,000.00	Aug. 1, 1871	Aug. 31, 1871
	Do	6,000.00	Sept. 1, 1871	Nov. 30, 1873
	Do	8,000.00	Dec. 1, 1873	July 31, 1878
Division superintendent, assistant general superintendent.	E. C. Fellows	5,000.00	Oct. 1, 1873	Nov. 30, 1878
	Do	8,000.00	Dec. 1, 1878	Dec. 31, 1878
	Do	6,000.00	Jan. 1, 1879	Aug. 31, 1879
	Do	7,000.00	Sept. 1, 1879	July 31, 1880
General freight agent	C. W. Smith	5,000.00	Aug. 1, 1870	Aug. 31, 1871
	Do	6,000.00	Sept. 1, 1871	Nov. 30, 1871
Master of transportation	J. A. Fillmore	5,400.00	Dec. 1, 1878	July 31, 1880
Assistant general superintendent	do	6,000.00	Aug. 1, 1880	Apr. 30, 1882
General superintendent	do	8,400.00	May 1, 1882	Mar. 31, 1885
General freight agent	J. C. Stubbe	5,400.00	Aug. 1, 1876	Aug. 31, 1879
Freight traffic manager	do	6,000.00	Sept. 1, 1879	Apr. 30, 1882
	Do	8,400.00	May 1, 1882	Sept. 30, 1884
General traffic manager	do	10,000.00	Oct. 1, 1884	Mar. 31, 1885
General freight agent	Richard Gray	6,000.00	Jan. 1, 1885	Mar. 31, 1885
Assistant general superintendent	R. H. Pratt	5,400.00	Jan. 1, 1884	Mar. 31, 1885
Superintendent of track	L. M. Clement	5,400.00	July 1, 1877	Apr. 15, 1881
Superintendent of bridges and building.	Arthur Brown	6,000.00	Oct. 1, 1879	Mar. 31, 1885
General auditor	W. H. Porter	6,000.00	Jan. 1, 1882	Mar. 31, 1885
Superintendent steamers	W. H. Moore	6,000.00	Aug. 1, 1874	Feb. 28, 1880
Agent Sacramento steamers	A. Redington	6,000.00	Aug. 1, 1874	Nov. 30, 1874
Master mechanic	A. J. Stevens	5,100.00	June 1, 1877	Dec. 31, 1883
	Do	5,400.00	Jan. 1, 1884	Mar. 31, 1885
Agent	R. P. Hammond	6,000.00	Oct. 1, 1877	June 30, 1884

*$10,000 allowance for extra services Nov. 13, 1886. † Extra allowance.
‡$2,333.32 donation to Mrs. Corning—services, August 1, 1878, to November 16, 1878. $1,000 allowance to Mrs. Corning for one and one-half months' salary after decease.

As to this list I can say that the salaries of the principal directors and officers were fixed at an early day at $10,000 apiece and continued until this time or until the lease to the Southern Pacific. Since that time the principal officers have had no salaries. There are others whose salaries in some cases amount to a much larger sum. The principal counsel, Judge Silas W. Sanderson, now deceased, received as high as $24,000. The next one to that is Mr. Towne, the general manager, who received $25,000. I think those are all. In some cases some of our employés who had bad luck may have received something, or, in case of

their death, contributions may have been made to their widows and families.

"Question 33. And the names of the persons now receiving or who have heretofore received such salaries or compensation."

Answer 33. This interrogatory will be found fully answered in reply to the preceding question.

BONUSES AND DONATIONS.

"Question 34. And all the bonuses or donations which may have been given or paid to any such person."

Answer 34. No bonuses or donations have been given or paid to any person except such as are stated in answer to question No. 32.

LEGAL EXPENSES.

"Question 35. And all payments made under the head of legal expenses, to whom made, and the amount paid to each, and for what specific services such payments were made."

Answer 35. The expert of the Commission, Mr. Stevens, has been given the books of the company, and he will prepare an answer to this interrogatory.

CONDITION OF COUNTRY AT COMMENCEMENT OF ROAD.

Now, as to question 36, it is a very broad question. When we commenced building our road there was but one white man between the Truckee and Bear Rivers, and he was a man that ventured to conduct a cattle ranch up there on the mountains. There was scarcely any settlement from the Missouri River to Utah except in Salt Lake City. It was a wilderness. All that country has been developed since. The railroad was not across Iowa until the Union Pacific commenced, and they did not commence until two years after we did on this side.

By Commissioner LITTLER:

Q. Do you undertake to answer that question?—A. Yes. I answer it, but its scope was so great that we could hardly embrace it. That question is:

INTERESTS OF COMMUNITIES.

"Question 36. Said Commission shall also inquire into and report upon the relations of said railroads to the interests of the communities through which they pass."

TESTIMONY OF PROMINENT CITIZENS.

Answer 36. The relations of the Central Pacific Railroad to the communities through which it passes is most intimate and important; one is indispensable to the other. As to these relations, I give the following testimony of prominent citizens of this State upon this subject, which is instructive and valuable:

VIEWS OF F. F. STROTHER.

City and County Auditor F. F. Strother, who came to San Francisco in 1864, and has been prominent in legal and political circles ever since, says:

I am generally considered an anti-railroad man, and so I am in the general acceptance of the term. I mean by this that I give the railroad no praise or credit to which

they are not plainly entitled. While this is true I can but agree with the great majority of the leading business men of the city that the remarkable era of prosperity which dawned on California and the Pacific Coast in 1869 was the direct result of the completion of the trans-continental railroad, known as the Central and Union Pacific. My knowledge of the benefits and advantages which have followed to the western country in general, and to California in particular, has been obtained more from a close observation of the growth and development going on everywhere around me than from actual commercial experience. The fact is, that but for the indomitable energy of the projectors of this great railroad enterprise, the condition of California would be pretty much the same to-day as it was in the sixties, for the final and successful consummation of this gigantic undertaking, operated as an incentive to other railroad builders and the other trans-continental lines are the result. I firmly believe that if the Union and Central Pacific people had failed or given up this work they had in hand, this State, to-day, would be without eastern railroad connection and our men of commerce and trade would still be shipping hides, wool, tallow, and wheat (the only commodities which was then possible for them to handle) to New York via Cape Horn with clipper ships.

ADVANTAGE TO CALIFORNIA.

The development of the State which set in immediately after the connection of the two roads was phenomenal. The people then saw for the first time that there was something else to California besides wool, hides, and wheat. Here was a market for their fruits and wines, and what was then an almost unknown industry began to expand until to-day it leads all others on the coast. Then came prosperity, commercial and otherwise, and who can say where it will end. Branch lines of road, "feeders" I think they are called, have been built from end to end of the State, developing agricultural, viticultural and mining interests in localities where before they could not be carried on profitably. And all this, we may say, is the result of the enterprise of the pioneer railroad builders; it is the legitimate child of their courageous labors.

VIEWS OF JOHN H. WISE.

John H. Wise, one of San Francisco's principal business men, and who has been identified with her leading commercial interests for over thirty years, has this to say regarding the actual benefits which have resulted from the construction of the Union Pacific and Central Pacific Railroads:

The building of these roads has benefited this city, the State, and the whole coast to an almost incalculable extent. When the scheme of putting through to this coast a line of railroad to connect us with the East was first broached, it was regarded by the great majority of our leading commercial men, myself included, to be next to impossible; that is, it was an enterprise of such gigantic proportions, with such seemingly insurmountable barriers in its way, that we had little hope of its successful consummation. The primitive surveys of the engineers clearly showed that success in carrying out the scheme demanded not only an outlay of a sum so vast as to at once dampen the hopes of the projectors, but a degree of skill, perseverance, and pluck as well, which had never been applied to a similar enterprise in this or any other country. The lively desire of the people of this coast, however, to bring about a more desirable condition of things as regarded our commercial facilities led us to hope almost against fate. Our commercial situation prior to the completion of these roads was unpromising and altogether unsatisfactory. Our only facility for handling freights to and from England, Germany, and eastern American ports was the clipper line of ships, and about the only articles of merchandise we could export were wheat, wool, hides, and tallow. Of course the shipping of any kind of fruit by a route which it required, under the most favorable conditions, six months to traverse, was altogether out of the question. The growing of fruits on the Pacific coast for any other purpose than home consumption was, therefore, never thought of. The vast area of excellent fruit and vineyard lands remained uncultivated, and the country remained undeveloped, with no hope of improvement.

REVOLUTIONARY EFFECT OF RAILROAD CONNECTION.

The railroad connection, when it was finally made, brought about a revolution. The clipper ships were abandoned, and the volume of business began increasing at a phenomenal rate; emigrants began to pour in, towns began to grow and new ones to

spring up, ranchers began cultivating the soil and planting vineyards, and f
first time markets were established in Chicago and New York for California
A new era set in, and from that time dates the rapid development of the Pacific
I consider that the best stroke of business done by San Franciscans (and San
cisco was then pretty much all there was to California) was when they gave
mite of encouragement and aid toward the construction of this line of railroad.
mite was small indeed, almost inappreciable in fact, because, as I have said,
was so little faith in the ability of the builders to successfully surmount the
and great impediments in their way, and complete the work. Had there
greater outlook for the enterprise, I do not doubt but that substantial aid woul
been given.

VIEWS OF MAYOR POND.

Mayor Pond gives the following impression of his views rega
the development of the Pacific coast and the cause thereof:

I consider the connection of the Union and Central Pacific Railroads, whic
gave California a through line to the East, as having been the prime factor in
ing about the rapid development of the country and the subsequent prosperi
coast now enjoys. Prior to that time, you know, California, while her reputat
a section of unlimited possibilities had spread far and wide, was regarded als
a foreign country. Immigration into the State had been limited, the whole v
of it being confined to the influx of the adventurous mining horde attracted
gold fever of '49, and the 50's. These early pioneers were looked upon as ex
of a far-away and next to inaccessible country, and it was in those days cons
that a man had seen a great deal of the world who had returned to his Eastern
in safety from a trip to California.

REVOLUTIONARY EFFECT OF RAILROAD CONNECTION.

Our commercial facilities were equally as bad, our dealings being confined
than half a dozen articles of merchandise, because of the time required to reac
keting points. The effect of the final railroad completion was an instantaneo
complete revolution of everything. I cannot say that the immediate effect
city of San Francisco was beneficial, though some hold that it was. Previous
know, we had the handling of every article of merchandise destined to coast
San Francisco and California had been synonymous terms with the railroad co
However, a new *modus operandi* was instituted, and freight and passengers w
livered directly to their respective destinations, leaving San Francisco to sur
her own merits. What little we lost in the way of transient patronage, howev
made up a thousand fold by the State and coast at large.

The truth is, the railroad builders made it possible for the outside points th
out the coast to enjoy the benefits of their own advantageous conditions of s
climate without dividing up the profit with San Francisco.

"How much substantial encouragement did the railroad builde
ceive from the people of the coast?" the mayor was asked.

None at all; that is, none that I have heard of. You see we did not have
faith in the enterprise, and while we hoped for its success, it was generally a
hands off, as far as contributions of money were concerned. My idea is [as
mayor in conclusion] that but for the perseverance of those who had this gi
scheme in hand California and the Pacific coast would to-day be just about
they were fifteen years ago.

VIEWS OF WILLIAM T. COLEMAN.

William T. Coleman, the organized head and front of San Fra
commercial business, one of the earliest pioneers who has been iden
with the growth and development of the commerce of the city,
and coast since 1849, voices the sentiments already expressed b
leading men of the city, that the construction of the Union Pacific
Central Pacific Railroads was the cause of which the general pros
of the coast is the direct effect.

When you ask me [said he to a gentleman in his office on July 9] to enu
some of the benefits which have flown from the final completion of the first

railroad line between the East and the West, I can only point you to the evidence of the unequaled prosperity of the Pacific coast, and tell you that all this is comprised in the benefits brought about by the building of that railroad line. Before, we had next to nothing; now we have well-nigh everything that can be desired.

The project was a mammoth one, requiring an outlay of hundreds of millions of dollars. The capital controlled by the projectors was known to be comparatively insignificant, and no one could see how the enterprise could possibly succeed. We failed to calculate, however, on their capital of perseverance and pluck, and this it was that built the road.

LITTLE AID RECEIVED FROM THE PEOPLE.

"How much assistance did the road receive from the people?"

Next to none at all. That is, the contribution was so slight, and it was manipulated in such a way that costly litigation ensued, and it proved more of a shackle on the hands of the railroad builders than anything else. Some people call me an anti-railroad man, and perhaps I am partially deserving of the name, but while I am ready to plead guilty to having scored the railroad in general at different times when they seemed to merit it, I have generally been inclined to make an exception of the Union and Central Pacific, which roads are, to my mind, richly entitled to much more than they have ever received from the Government or the public.

VIEWS OF SENATOR L. J. ROSE.

Senator L. J. Rose, of Los Angeles, was at the Palace Hotel on Sunday, July 17. In conversation with a reporter regarding the development of the southern section of the State he said:

The railroads have made Southern California what it is to-day. Before the completion of the through line formed by the joining of the Union and Central Pacific roads the southern half of California, which is now famous the world over as the most favored quarter in America in point of climate and soil conditions, was no more nor less than a barren sheep pasture. In truth it hardly rose to the dignity of a pasture at all, for the whole country was almost as destitute of vegetation as a desert. There were no vineyards, no orchards, no agriculture—nothing. The only industries which any effort was made to prosecute were cattle and sheep raising, with here and there a sort of experiment in the way of growing cereals, mostly for home consumption. True, this last-named industry grew to some proportions after the institution of the clipper-ship line, by means of which wheat was sent to foreign and Eastern ports via Cape Horn; but the leading industries of to-day were not dreamed of, inasmuch as San Francisco was the only market known to us. Wine-making and fruit-raising for other than local consumption were out of the question entirely.

INDUSTRIAL REVOLUTION PRODUCED.

Our redemption came in 1869, when the railroad people completed that gigantic and wonderful work—the actual laying of a line of steel over, under, and through the granite Rockies, giving California a direct rail connection with the East. I say our redemption came then; so it did. The effect was marvelous and immediate. There was an industrial revolution. We beheld ourselves in a day, as it were, surrounded by possibilities which made us a new and different people, in a new and completely changed land. That day fortune smiled upon us, and the unequaled prosperity which looms on every hand to-day is the result. The desert indeed "blossomed as the rose;" where there had been barren and neglected wastes there sprang up orchards and vineyards as if by the hand of magic. Cattle and sheep ranges were transformed into fertile and productive farms and ranches. Hamlets sprang into villages, villages into towns, towns into cities. Life and activity took the place of indolence and sloth. Our reputation began to spread, and a different and better class of people began to settle among us. Our growth and development have been phenomenal during our life of thirty years; for we consider that we were born on the day the through railroad was completed. And to-day there is no more prosperous section on the face of the globe. Who can doubt that the railroads brought us all this prosperity which extends throughout the Pacific coast? And who can say that the dauntless projectors of the great enterprise which first gave us communication with the world are not entitled to all praise and all support?

INCREASE OF WEALTH CAUSED BY RAILROAD.

In connection with this subject there is one feature of the relation of the community through which it passes that I feel should not be over-

looked. I refer to the wealth-creating power of railroads. The potency of its influence has nowhere been better shown than in California.

INCREASE OF TAXABLE PROPERTY.

In 1870 the tax-roll of Los Angeles County showed the aggregate taxable property to be less than seven millions of dollars. In 1883 the tax-roll of that county was twenty-seven millions and one-half, an increase in twelve years of nearly 300 per cent., and the figures show that the larger per cent. of this increase should be credited to the past five years during which that county has had railroad facilities.

The same gratifying result is obtained by a comparison of the tax-rolls of other counties in this State, as will be shown by the following tabulation from the report of the State controller:

Counties.	1860.	1870.	1883.
Los Angeles	$13,650,220	$6,918,074	$27,[illegible]
San Bernardino	417,228	1,202,482	[illegible]
San Joaquin	4,933,400	7,880,220	[illegible]
Merced	1,116,900	3,202,455	[illegible]
Stanislaus	980,870	3,423,808	[illegible]
Fresno	951,000	3,219,230	[illegible]
Tulare	1,580,829	3,456,768	[illegible]
Kern	No record.	1,974,556	[illegible]
Total	13,612,961	31,277,891	114,[illegible]

The increase from 1863 to 1870 was much less than the increase from 1870 to 1883. The taxable property of these eight counties in 1860 aggregated but thirteen and one-half millions of dollars, or nearly fourteen millions less than the taxable property in Los Angeles County to-day. The aggregate taxable property of these counties in 1870 amounted to less than thirty-one and one-half millions, while the present aggregate value of the taxable property in the same counties foots up $114,600,[illegible], an increase of about 270 per cent. These counties have gained since 1870, $83,329,014, the increase being nearly three times the amount of the taxable property in 1870. Taking the counties composing the San Joaquin Valley, and I find that prior to the construction of the railroad most of the land was used for sheep-grazing and was practically of no value, whereas at the present time it is worth at least $125,000,000, so that there has been an increase of at least a hundred million dollars in the value of the property in the San Joaquin Valley alone by the construction of the road.

Now, I would like to show you the effect which transportation has had upon this country. At that time the clipper ships were charging $17 per ton and upward for freight from here to Liverpool. The year that the Southern Pacific was completed it immediately dropped to $10 a ton, and I think it has never been above that point since. On the contrary, it has generally been a little below. That year we raised in this State about 1,000,000 tons of wheat for export, and the saving to the farmers in freight alone was the difference between $10 and $17 a ton. For first-class passage the Pacific Mail Steamship Company was charging $300 by way of the Isthmus. When the road was completed it immediately dropped and came down to a reasonable figure.

TAXES.

"Question 37. To all questions concerning the payment of taxes, especially upon lands granted by Congress."

NO TAXES DUE ON LANDS.

Answer 37. There are no taxes due to the United States or upon lands granted by Congress.

Upon the subject of taxation I desire to submit the following statement from Mr. E. B. Ryan, our tax agent:

CENTRAL PACIFIC RAILROAD TAXES.

STATEMENT OF E. B. RYAN.—The Central Pacific Railroad Company of California was incorporated June 28, 1861. The Western Pacific Railroad was incorporated December 1st, 1862. These two companies were consolidated June 23, 1870, under the name of the Central Pacific Railroad Company. From the date of their respective incorporations, and after their consolidation down to the year 1880, the Central Pacific Railroad Company paid as taxes in the State of California the sum of $1,936,666.49. The same Company paid in taxes in the same time in the State of Nevada the sum of $1,316,587.26, and in the Territory of Utah the sum of $130,984.88, making a total of $3,384,238.63. Prior to 1880 the county assessors assessed railroad property the same as property of individuals in their respective counties and boards of supervisors constituted boards of equalization for their respective counties. During this time there had never been any litigation, refusal, or delay in regard to tax matters, except in isolated cases where prejudice or mistake had through the action of the assessor or the county board of equalization raised the assessment in some county or counties out of all proportion to the assessment for valuation in other counties through which the railroad passed, and in one instance where several of the counties, instead of assessing the railroad at its cash value, as required by law, took into account its collections and the uses to which it was put thereby, fictitiously increasing the valuation. In all cases, however, where the payment of taxes was resisted both the Central and Western Pacific Railroad Companies, after judgment was rendered in their favor, paid the usual and just amount of taxes due from them.

HISTORY OF THE TAX LITIGATION.

The question of taxation in this State has been one of peculiar condition for several years past, involving a controversy between the transportation companies and the revenue department of the State government, and for the full understanding of the question by the Commission it will be necessary to review the origin, history, and present condition of this controversy at some length. The old constitution under which this company was organized provided, section 13 of article 11, that all taxation shall be equal and uniform throughout the State. "All property in this State shall be taxed in proportion to its value, to be ascertained as directed by law; but assessors and collectors of town, county, and State taxes shall be elected by the qualified electors of the district, county, or town in which the property taxed for State, county, or town purposes is situated."

EQUALITY OF OLD CONSTITUTION.

Equality and uniformity are the controlling principles to this section of the old constitution, and the laws passed by the legislature under the wise and judicious limitations therein contained were equal and uniform in their operation upon all persons and property in the State, including the property of railroads operated in more than one county. The property of railroads operated in more than one county of the State was assessed by the same assessor that assessed all other property in his assessment district. The taxes thereon were equalized by the same board and collected by the same collector that equalized and collected the taxes on all other property situated within the jurisdiction of such board and collector. Under this fair and uniform law there never was any difficulty between the railroad company and the people upon the subject of taxation, except in one or two isolated cases, due to purely local causes.

ASSESSMENTS TO RAILROADS PROMPTLY PAID WHEN ASSESSED AS OTHER PROPERTY.

Prior to that time, as already said, the Central Pacific Railroad Company and the roads operated by it paid fully and promptly, without protest or contest, all taxes as assessed; assessments then being made upon railroads in the same way as upon all other private property. I say private property, because if railroad property is not private property it is not subject to taxation.

TAX PROVISION OF NEW CONSTITUTION.

In 1879 a new constitution was adopted in California, under which was created a State board of equalization. In this new constitution the framers omitted the principles of equality and uniformity which form the basis of all taxation under the old instrument, and inserted in lieu thereof the following:

"All property in the State shall be taxed in proportion to its value, to be ascertained as provided by law." (Sec. 1, Art. XIII, Cons.)

Section 4 of the same article among other things provides:

"A mortgage, deed of trust, contract, or other obligation by which a debt is secured shall, for the purposes of assessment and taxation, be deemed and treated as an interest in the property affected thereby; except as to railroads and other quasi-public corporations, in case of debts so secured, the value of the property affected by such mortgage, deed of trust, contract or obligation, less the value of such security, shall be assessed and taxed to the owner thereof in the county, city, or district in which the property affected thereby is situated."

INEQUALITY OF NEW CONSTITUTION.

In other words, the owners of all kinds of property in this State except railroads and other quasi-public corporations have to pay only upon the value of their interest therein after deducting therefrom the value of the mortgages, &c., if any thereon, whereas the owners of railroad property have to pay taxes upon the full value thereof and are not allowed to make any deductions for the value of the mortgages, &c., thereon. By the same instrument, sec. 9, county boards of equalization were created with power to correct and equalize the entire assessment roll, to increase or lower it, or any assessment contained therein, so as to equalize the assessment of the property contained in said assessment-roll and make it uniform to the true value in money of the property so assessed; this board being a tribunal to which an appeal could be taken from the judgment and decision of the assessors. It was intended not only as a check against incompetency and dishonesty on the part of the assessor, but also, to give every property-owner his day in court, if he suffered in any way by the action or determination of the assessors. This beneficial and just provision of the constitution applies only to the owners of property as assessed by the county assessor, and does not apply to nor affect the owners of railroads operated in more than one county of the State. The owners of such property, if they have been ever assessed or wronged in any other manner in the assessment of property, have no board or officer to whom they can appeal or before whom they may appear to have their assessments equalized or their wrongs righted. The remedy provided for every other property-owner in the State is denied to them.

A SEPARATE SYSTEM OF ASSESSMENT FOR RAILROADS.

The new constitution, by section 10 of article 13, makes provision for an independent and separate system of assessment for railroads operated in more than one county in the State. They are assessed, not by the assessor, who assesses all other property, including railroads operated in one county, but by the State board of equalization. The operation of this law is discriminative against railroads operated in more counties than one, being burdensome and unjust and unequal. It is self-executing; it enables the board to assess the property at any place, at any time at which it in its pleasure may elect to meet without any notice given of any kind to any person to be affected by its action, and without an opportunity to be heard after its action; and its decision is declared to be final. The board may assess those at $100,000 per mile, or it may assess them at $1 per mile. Its action being final and conclusive, neither the railroad companies on one hand, even if power is exercised to confiscation, nor the people on the other hand, if the board should assess the property at $1 per mile, could obtain relief.

ASSESSED MORE THAN ELSEWHERE IN UNITED STATES.

In the exercise of this power, the first State board of equalization made an assessment of railroad property. The valuations placed by this board upon a single-track railroad running chiefly through the thinly settled counties, many of which roads had never earned or paid a dividend, was more than double that placed upon any railroad of similar character within the United States. The locomotives of these roads, some of which had been in service nearly a quarter of a century, were assessed at $8 per

cent. more than new locomotives of the same pattern could be purchased for and placed upon the road, and this, too, in face of the fact that the value of the standard locomotive was certain and easy of ascertainment.

EFFORTS TO GET JUDGMENT ON THE MERITS OF THE CASE.

In the proceedings which have been had to determine the validity of this special system of taxation, in no case has the company for a moment endeavored to delay a final judgment. To determine this question as early as 1881 an action was commenced in the circuit court of the United States, in which the whole matter at issue between the companies and the State could be finally determined. The State took a technical objection to the jurisdiction of the court, and the case went off upon that ground and without reference to its merits. In 1882 the companies commenced proceedings in the superior court of San Francisco, on the equity side, to determine the question at issue, and tendered into court, without prejudice, 60 per cent. of the tax claimed, and offered to litigate the balance.

TECHNICAL OBJECTIONS BY STATE.

Again the State interposed technical objections, refused to receive part payment or let the question be heard upon the merits. The State then commenced suit to recover taxes. Those cases were taken to the Federal courts, which courts alone could finally determine the question at issue, and an agreed case known as the "San Mateo Case" was made up between the State and the company.

SAN MATEO TEST CASE.

This case was taken to the Supreme Court, advanced in the calendar, argued, and submitted for decision. In the meantime an election had occurred and a change in the State administration. It was asserted by the press and many able lawyers that the case was not a fair one. This was pressed upon the Supreme Court of the United States, and that tribunal directed that enough cases should be tried upon their merits to present all the questions, and that when such cases were brought up they would advance them in the calendar and hear them at once. This fact was publicly announced by the court at the commencement of the circuit court, last August, 1886. In pursuance of that announcement six cases were tried, but one of which has yet been appealed. The case was taken up and a motion made to advance it. The court refused.

PENDING LITIGATION 60 PER CENT. TENDERED.

It will be borne in mind that the companies, although denying their legal liability, tendered, on account, 60 per cent. of the amount claimed, which would make the tax very much greater than that ever levied upon any such property in the United States. The State board of equalization in 1882 reduced the assessments upon railroad property, leaving it yet largely in excess of that levied upon such property in any other State in the Union.

STATE BOARD ADMITS OVER-ASSESSMENT.

It was stated by the chairman of the board, at the time of this reduction, that the assessment of 1880 had been made in advance of the assessment of other property, and at a time when the board believed it had the full power to raise individual assessments up to the standard of value which they fixed upon railroad property, and they intended to do so, but owing to a decision of the supreme court of the State that power was denied them, and that the railroad property was left standing at its full value, while other property in the State had not been assessed at more than 44 per cent. This was a concession by the very tribunal to which the framers of the constitution had entrusted the power of valuation that the valuations of 1880 and 1881 were wrong.

FULL AMOUNT OF TAXES OFFERED TO STATE.

In view of the fact that the finances of the different counties had been disarranged by the non-payment of those taxes in October, 1883, the railroad companies proposed to the governor of the State to pay the taxes, although they still believed them to be too high, for the three years upon the basis of the assessment of 1882. This proposal

was refused by the governor in November, not upon the ground that it was not just, but upon the ground that he had no power to accept it. In the meantime the State authorities had the Spring Valley Water Company and the San Francisco Gas Company settled upon the basis of the tax as assessed, without interest or attorney's fees, although as against one or both companies the State had prevailed in litigation. The Southern Pacific Railroad Company made similar propositions to settle, which were rejected. Against this adjustment with the water and gas companies, which was a final one, and beyond which no power can go, no cry of unfairness was raised by any one; and from that hour to this, so far as I am advised, no one has questioned the propriety or justice of the settlement, although it is conceded that the property of the water company will sell in open market for 100 per cent. more than the assessment, while it is doubtful if the railroad company would bring in the market within 10 or 15 per cent. of the assessment.

STATEMENT ADVOCATED BY SAN FRANCISCO CHRONICLE.

After the refusal of the Governor to adjust matters with the railroad company, and after the settlement was made with the water company and the gas company on the 12th and 13th of November, the San Francisco Chronicle, in an article commenting on the railroad's proposition, took the ground that the governor had done right, but maintained that a fair settlement of the whole matter would be for the companies to pay the taxes "flat," as the water and gas companies had done. That paper claimed, with a great deal of force, that to satisfy the people that it was dealing fairly, and only wanted the principle decided, the railroad company could afford to pay the difference, which, taken in connection with the local tax levied upon ferry steamers, workshops, stations, houses, &c., on the Central Pacific main trunk line, amounts to $351 per mile, a tax beyond the power of any single track railroad to pay.

STATE CONTROLLER REFUSED TO RECEIVE MONEY ON ACCOUNT.

Notwithstanding this, long before that tax became delinquent, the companies tendered to the State controller, who had been made the tax collector, 60 per cent. of the amount, with a stipulation in writing that the receipt by the controller of that sum should not affect any local rights of the State or counties to proceed for the balance. The controller refused to receive the money, and commenced suit against the company for the whole amount. The company has tendered the 60 per cent. of the amount claimed in open court without prejudice to any right to recover the balance, and by reason of the moral obligations resting upon it, offered to pay into the State and county treasuries nearly two million dollars in money.

TAXES PAID 1881-'86 AFTER JUDGMENT DECLARING IT VOID.

The Central Pacific Railroad Company for the years 1880, 1881, 1882, 1883, 1884, 1885, and 1886, in the State of California, paid for State, county, and municipal taxes $1,408,299.91. The greater part of this sum was in litigation and was voluntarily paid by the company after judgment had been rendered declaring the tax void. The Supreme Court of the United States, when these cases came up before it, in each case affirmed the decision of the circuit court in favor of the company and against the legality of the tax.

TAXES PAID, OVER SIX MILLIONS.

The Central Pacific has paid in taxes in the—	
State of California	$3,355,005.75
State of Nevada	2,411,227.00
Territory of Utah	264,316.39
Total	6,030,639.14

CENTRAL PACIFIC PAID MORE THAN ANY OTHER ROAD IN THE UNITED STATES.

It is my firm belief, and I think the facts herewith submitted will substantiate the statement, that since 1880 the Central Pacific Railroad Company has paid more taxes than any other company in the United States upon the same number of miles of road.

In substantiation of this I submit the following table, which shows the facts regarding taxes in those States from which I have been able to gather the necessary data. The inequality of the railroad tax in California and Nevada, compared with the

raining States, is suggested by the ratio shown in the last two columns between the taxes per miles of railroad and the population:

Assessments of railroads in the following States.

State.	Miles of railroad.	Assessed value, 1883.	Amount taxes, 1883.	Assessed value per mile.	Tax per mile.	Population to square mile.
Missouri	4,305.80	$37,000,000	$323,000.00	$8,594.67	$77.33	31.55
Alabama	1,985.00	17,764,620	204,744.00	9,825.26	100.77	24.50
South Carolina	1,465.00	15,227,000	.....	10,393.85	.....	33.00
Colorado	2,910.00	19,972,134	.....	6,863.27	.....	1.87
Ohio	7,518.00	92,325,000	1,445,355.00	12,357.00	192.25	78.46
Arkansas	1,525.00	5,392,270	80,276.32	3,535.91	50.57	15.13
Kansas	3,577.00	27,280,219	.....	7,626.42	.....	12.10
Massachusetts	1,983.25	26,891,897	866,367.76	13,767.75	443.55	221.78
Indiana	5,300.00	54,000,000	540,000.00	10,188.68	101.88	55.00
Illinois	7,900.00	61,304,000	.....	7,760.00	.....	54.96
Tennessee	2,035.61	31,197,200	218,380.40	15,325.00	107.28	36.94
Oregon	961.40	5,715,500	100,592.80	5,944.80	104.63	1.85
West Virginia	812.59	.....	148,800.00	.....	183.11	25.09
Iowa	6,800.00	28,050,000	870,000.00	4,117.64	127.91	39.29
Mississippi	1,002.00	.....	75,745.68	.....	75.59	24.42
Virginia	2,270.00	.....	.....	.....	.....	37.70
Texas	5,610.00	39,630,518	.....	7,064.26	.....	6.07
Florida	1,283.00	.....	133,180.43	.....	108.01	4.97
Louisiana	950.00	4,000,800	48,008.80	4,211.36	50.53	20.69
Nevada	450.27	5,911,680	157,960.00	13,079.00	350.82	2.00
California	2,187.59	41,297,184	734,579.05	18,877.94	335.57	C. P. R. R. 5.54

TAXES PAID ON LANDS.

In reference to the latter clause of this question I herewith submit a statement of amounts paid by the Central Pacific Railroad Company in each year for taxes on lands granted by Congress, the date of each payment and the year for which such payment was made.

Year.	Location.		Date of payment.	Period.	Amount.
	State.	County.			
1868	California	El Dorado	Nov. 14, 1868	Year '68-'69	$32.88
	Do	Placer	Nov. 14, 1868	.....	662.32
	Do	El Dorado	May 25, 1869	.....	466.75
1869	Do	Nevada	Nov. 11, 1869	Year '69-'70	324.13
	Do	Placer (District No. 2)	Nov. 27, 1869	.....	705.51
	Do	El Dorado	Dec. 1, 1869	.....	524.70
	Do	do	Dec. 1, 1369	.....	74.40
	Do	do	Dec. 16, 1869	.....	82.35
	Do	do	Dec. 3, 1869	.....	564.60
1870	Do	Placer: District No. 1	Nov. 9, 1869	.....	236.57
	Do	District No. 1	Nov. 16, 1870	Year '70-'71	172.07
	Do	Nevada	Nov. 16, 1870	.....	309.04
1871	Do	Placer: District No. 2	Nov. 16, 1870	.....	784.41
	Do	District No. 1	Nov. 16, 1871	Year '71-'72	61.71
	Do	District No. 2	Dec. 11, 1871	.....	1,054.81
	Do	Nevada	Oct. 31, 1871	.....	2,385.64
	Do	El Dorado	Nov. 13, 1871	.....	1,271.80
1872	Do	do	Dec. 11, 1872	Year '72-'73	1,070.63
	Do	Nevada	Dec. 13, 1872	.....	2,185.83
	Do	Placer: District No. 1	Dec. 24, 1872	.....	104.60
	Do	District No. 2	Dec. 31, 1872	.....	1,639.20
	Do	Butte	Dec. 16, 1872	.....	1,896.57
	Do	Sutter	Dec. 31, 1872	.....	7.20
	Do	do	Dec. 31, 1872	.....	28.80
	Do	do	Dec. 31, 1872	.....	171.45
	Do	do	Dec. 31, 1872	.....	30.72
	Do	Sacramento	Dec. 31, 1872	.....	126.00
	Do	do	Dec. 31, 1872	.....	155.20
	Do	do	Dec. 31, 1872	.....	32.80
	Do	Yuba	Dec. 13, 1872	.....	35.75

Taxes paid on lands—Continued.

Year.	Location.		Date of payment.	Period.	Amount.
	State.	County.			
1873	California	El Dorado	Dec. 31, 1873	Year '73–'74	$[illegible]
	Do	Nevada	Dec. 31, 1873		2,[illegible]
		Placer:			
	Do	District No. 1	Dec. 31, 1873		[illegible]
	Do	District No. 2	Dec. 31, 1873		1,[illegible]
	Do	Butte	Dec. 31, 1873		4,[illegible]
	Do	Sutter	Dec. 31, 1873		[illegible]
	Do	Yuba	Dec. 31, 1873		1,[illegible]
	Do	Colusa	Dec. 31, 1873	Paid in '74	
1874	Do	Sacramento	Dec. 31, 1873		[illegible]
	Do	Colusa	Dec. 31, 1873	$2,338.27	
	Do	do	Feb. 21, 1874	5 p. c., 16.71	2,[illegible]
	Do	do	Dec. 28, 1874	Year '74–'75	1,[illegible]
	Do	El Dorado	Dec. 28, 1874		[illegible]
	Do	Nevada	Dec. 28, 1874		2,[illegible]
		Placer:			
	Do	District No. 1	Dec. 31, 1874		1,[illegible]
	Do	District No. 2	Dec. 31, 1874		[illegible]
	Do	Butte	Dec. 30, 1874		1,[illegible]
	Do	Sutter	Dec. 29, 1874	Year '74–'75	[illegible]
	Do	Yuba	Dec. 28, 1874		1,[illegible]
	Do	Sacramento	Dec. 31, 1874		[illegible]
1875	Do	El Dorado	Dec. 23, 1875	Year '75–'76	[illegible]
	Do	Sierra	Dec. 23, 1875		[illegible]
	Do	Nevada	Dec. 27, 1875		2,[illegible]
	Do	Yuba	Dec. 24, 1875		1,[illegible]
	Do	Yolo	Dec. 17, 1875		[illegible]
	Do	Colusa	Dec. 23, 1875		[illegible]
	Do	Sutter	Dec. 24, 1875		[illegible]
	Do	Butte	Dec. 30, 1875		2,[illegible]
		Placer:			
	Do	District No. 1	Dec. 31, 1875		
	Do	District No. 2	Dec. 31, 1875		[illegible]
	Do	Tehama	Dec. 30, 1875		[illegible]
1876	Do	El Dorado	Dec. 26, 1876	Year '76–'77	1,[illegible]
	Do	Colusa	Dec. 26, 1876		10,[illegible]
	Do	Yolo	Dec. 26, 1876		[illegible]
	Do	Sierra	Dec. 26, 1876		[illegible]
	Do	Nevada	Dec. 28, 1876		2,[illegible]
		Placer:			
	Do	District No. 1	Dec. 28, 1876		[illegible]
	Do	District No. 2	Dec. 28, 1876		1,[illegible]
	Do	Butte	Dec. 27, 1876		2,[illegible]
	Do	Tehama	Dec. 27, 1876		5,[illegible]
	Do	Sacramento	Dec. 30, 1876		[illegible]
1877	Do	Placer	Feb. 26, 1877	Misc. $0.67	
	Do	Colusa	Feb. 27, 1877	Misc. 21.67	
	Do	Yolo	Feb. 27, 1877	Misc. 7.98	
	Do	Sutter	Feb. 28, 1877	Misc. 44.06	
	Do	do	Mar. 1, 1877	Misc. 858.40	
	Do	Tehama	Mar. 6, 1877	Misc. 5.66	[illegible]
	Do	Sierra	Dec. 31, 1877	Years '77–'78	[illegible]
	Do	Colusa	Dec. 31, 1877		1,[illegible]
	Do	do	Dec. 31, 1877	$10,114.96	
	Do	Less taxes paid under protest		Sept. 13, 1875	[illegible]
	Do	Sutter	Dec. 31, 1877	$2,061.35	[illegible]
	Do	El Dorado	Dec. 31, 1877		1,[illegible]
	Do	Tehama	Dec. 31, 1877		4,[illegible]
	Do	Butte	Dec. 31, 1877		1,[illegible]
	Do	Yuba	Dec. 31, 1877		1,[illegible]
		Placer:			
	Do	District No. 1	Dec. 31, 1877		[illegible]
	Do	District No. 2	Dec. 31, 1877		[illegible]
	Do	Yolo	Dec. 31, 1877		[illegible]
	Do	Nevada	Dec. 31, 1877		2,[illegible]
	Do	Sacramento	Dec. 31, 1877		[illegible]
	Nevada	Churchill	Nov. 6, 1877		[illegible]
	Do	Elko	Nov. 14, 1877		7,[illegible]
	Do	Lander	Nov. 14, 1877	Years '77–'78	1,[illegible]
	Do	Humboldt	Nov. 14, 1877		2,[illegible]
	Do	Lyon	Nov. 14, 1877		[illegible]
	Do	Washoe	Nov. 14, 1877		1,[illegible]
1878	California	Sutter	Jan. 15, 1878	Misc. $49.50	
	Do	Tehama	Feb. 21, 1878	Misc. 2.30	
	Do	Butte	Feb. 23, 1878	Misc. 340.00	
	Do	Yolo	Feb. 28, 1878	Misc. 6.04	
	Do	Sacramento	Mar. 5, 1878	Misc. 3.65	
	Nevada	Washoe	Mar. 23, 1878	Misc. 29.19	[illegible]

Taxes paid on lands—Continued.

Year.	Location. State.	Location. County.	Date of payment.	Period.	Amount.
1878	Nevada	Lander	Nov. 12, 1878	Years '78-'79	$1,222.00
	Do	Churchill	Nov. 13, 1878		265.77
	Do	Elko	Nov. 14, 1878		4,405.77
	Do	Humboldt	Nov. 14, 1878		2,777.43
	Do	Washoe	Nov. 15, 1878		1,315.64
	Do	do	Nov. 19, 1878		310.80
	Do	Eureka	Nov. 12, 1878		384.00
	California	Sutter	Dec. 30, 1878		345.60
	Do	Sierra	Dec. 30, 1878		236.60
	Do	Butte	Dec. 31, 1878		3,259.98
	Do	Colusa	Dec. 31, 1878		2,716.61
	Do	El Dorado	Dec. 31, 1878		940.80
	Do	Tehama	Dec. 31, 1878		7,632.42
	Do	Yuba	Dec. 31, 1878		737.62
	Do	Nevada	Dec. 31, 1878		2,161.91
		Placer:			
	Do	District No. 1	Dec. 31, 1878		353.27
	Do	District No. 2	Dec. 31, 1878		850.01
	Do	Yolo	Dec. 31, 1878		35.27
	Do	Sacramento	Dec. 31, 1878		45.07
1879	Nevada	Churchill	Nov. 1, 1879	Years '79-'80	179.62
	Do	Lyon	Nov. 10, 1879		94.00
	Do	Eureka	Nov. 10, 1879		336.67
	Do	Storey	Nov. 11, 1879		187.34
	Do	Elko	Nov. 11, 1879		3,960.66
	Do	Humboldt	Nov. 12, 1879		3,623.49
	Do	Washoe	Nov. 12, 1879		1,447.61
	Do	Lander	Nov. 10, 1879		2,025.60
	California	Butte	Dec. 29, 1879		2,978.29
	Do	Sutter	Dec. 29, 1879		377.69
	Do	Colusa	Dec. 29, 1879		1,486.58
	Do	do	Dec. 29, 1879		1,066.08
	Do	El Dorado	Dec. 29, 1879		939.06
	Do	Yuba	Dec. 30, 1879		531.12
	Do	Yolo	Dec. 30, 1879		34.66
	Do	Nevada	Dec. 31, 1879		2,099.88
		Placer:			
	Do	District No. 1	Dec. 31, 1879		400.49
	Do	District No. 2	Dec. 31, 1879	Years '79-'80	804.60
	Do	Tehama	Dec. 31, 1879		10,346.54
	Do	Colusa	Dec. 31, 1879	Miscs. $19.20	
	Do	Sacramento	Dec. 31, 1879	Miscs. 37.90	
	Do	Sutter	Feb. 20, 1879	Miscs. 16.25	
	Do	Tehama	Feb. 24, 1879	Miscs. 65.50	
	Do	Colusa	Feb. 27, 1879	Miscs. 20.66	
					159.51
	Do	Sierra	Dec. 26, 1879	Years '79-'80	357.24
1880	Do	El Dorado	Jan. 28, 1880	Miscs. $9.54	
	Do	Sutter	Feb. 14, 1880	Miscs. 9.82	
	Do	Butte	Feb. 14, 1880	Miscs. 9.35	
	Do	Sacramento	Feb. 14, 1880	Miscs. 8.50	
	Do	Yuba	Feb. 16, 1880	Miscs. 119.38	
	Do	Sacramento	Feb. 17, 1880	Miscs. 8.21	
	Do	Colusa	Feb. 18, 1880	Miscs. 66.55	
	Do	Shasta	Feb. 21, 1880	Miscs. 15.77	
	Do	Yuba	Feb. 24, 1880	Miscs. 34.05	
	Do	Nevada	Feb. 25, 1880	Miscs. 4.55	
	Do	Sutter	Feb. 28, 1880	Miscs. 206.83	
	Do	Placer	June 4, 1880	Miscs. 23.71	
				Miscs. 518.26	
		Less credit of	June 2, 1880	Miscs. 206.80	311.46
	Nevada	Churchill	Nov. 1, 1880	Years '80-'81	295.84
	Do	Eureka	Nov. 6, 1880		385.07
	Do	Elko	Nov. 9, 1880		3,882.08
	Do	Humboldt	Nov. 9, 1880		4,172.44
	Do	Washoe	Nov. 9, 1880		1,350.90
	Do	Lyon	Nov. 9, 1880		102.70
	Do	Storey	Nov. 9, 1880		67.30
	California	Tamwalt School District	Nov. 10, 1880		8.65
	Do	Butte	Dec. 15, 1880		4,990.30
	Do	El Dorado	Dec. 15, 1880		975.49
	Do	Nevada	Dec. 15, 1880		1,811.77
		Placer:			
	Do	District No. 1	Dec. 15, 1880		567.78
	Do	District No. 2	Dec. 15, 1880		812.56

Taxes paid on lands—Continued.

Year.	Location.		Date of payment.	Period.	Amount.
	State.	County.			
1880	California	Shasta	Dec. 15, 1880		
	Do	Sierra	Dec. 15, 1880		
	Do	Yuba	Dec. 15, 1880		
	Do	Colusa	Dec. 16, 1880		
	Do	do	Dec. 16, 1880		
	Do	Sacramento	Dec. 16, 1880		
	Do	Tehama	Dec. 16, 1880		
	Do	Yolo	Dec. 16, 1880		
1881	Do	Butte	Feb. 16, 1881	Miscs. $59.16	
	Do	Colusa	Feb. 16, 1881	Miscs. 32.30	
	Do	do	Oct. 21, 1881	Miscs. 285.68	
	Do	do	Dec. 23, 1881	Miscs. 16.06	
	Do	Nevada	Feb. 18, 1881	Miscs. 63.17	
	Do	Yuba	Feb. 19, 1881	Miscs. 18.25	
	Do	Tehama	Mar. 4, 1881	Miscs. 24.05	
	Do	do	Mar. 10, 1881	Miscs. 66.80	
	Do	do	Mar. 23, 1881	Miscs. 13.32	
	Do	Yolo	Dec. 8, 1881	Miscs. 43.23	
	Do	Zumwalt School District	Dec. 22, 1881	Miscs. 19.32	
	Do	Yolo	Dec. 8, 1881	Years '81-'82	
	Do	Sacramento	Dec. 10, 1881		
	Do	Colusa	Dec. 10, 1881		
	Do	El Dorado	Dec. 10, 1881		
	Do	Shasta	Dec. 12, 1881		
	Do	Sierra	Dec. 14, 1881		
	Do	Sutter	Dec. 14, 1881		
	Do	Tehama	Dec. 15, 1881		
	Do	Nevada	Dec. 15, 1881		
	Do	Placer: District No. 1	Dec. 19, 1881		
	Do	District No. 3	Dec. 19, 1881		
	Do	Plumas	Dec. 19, 1881		
	Do	Yuba	Dec. 19, 1881		
	Do	Butte	Dec. 19, 1881		
	Nevada	Churchill	Nov. 3, 1881		
	Do	Eureka	Nov. 10, 1881		
	Do	Lyon	Nov. 10, 1881		
	Do	Storey	Nov. 10, 1881		
	Do	Humboldt	Nov. 11, 1881		
	Do	Elko	Nov. 11, 1881		
	Do	Washoe	Nov. 11, 1881		
1882	California	Tehama	Feb. 8, 1882	Miscs. $20.79	
	Do	Butte	Feb. 11, 1882	Miscs. 81.70	
	Do	Nevada	Feb. 11, 1882	Miscs. 60.45	
	Do	El Dorado	Feb. 11, 1882	Miscs. 25.84	
	Do	Sutter	Feb. 11, 1882	Miscs. 14.84	
	Do	Yuba	Feb. 13, 1882	Miscs. 24.43	
	Do	Colusa	Feb. 14, 1882	Miscs. 387.68	
	Do	do	Feb. 21, 1882	Miscs. 202.29	
	Do	do	Mar. 21, 1882	Miscs. 91.48	
	Do	do	Feb. 16, 1882	Miscs. 42.84	
	Do	Placer	Feb. 18, 1882	Miscs. 9.96	
	Do	do	Feb. 27, 1882	Miscs. 5.20	
	Do	Tehama	Feb. 27, 1882	Miscs. 20.63	
	Do	do	Mar. 27, 1882	Miscs. 425.30	
	Do	do	Mar. 27, 1882	Miscs. 56.94	
	Do	Nevada	Feb. 27, 1882	Miscs. 16.17	
	Do	Sacramento	Dec. 13, 1882	Years '82-'83	
	Do	Placer (District No. 1)	Dec. 15, 1882		
	Do	do	Dec. 15, 1882	Years '82-'83	
	Do	Nevada	Dec. 13, 1882		
	Do	Sierra	Nov. 27, 1882		
	Do	Yuba	Dec. 13, 1882		
	Do	Sutter	Dec. 19, 1882		
	Do	Butte	Dec. 29, 1882		
	Do	Tehama	Dec. 22, 1882		
	Do	Shasta	Dec. 26, 1882		
	Do	El Dorado	Nov. 29, 1882		
	Do	Colusa	Dec. 13, 1882		
	Do	Yolo	Nov. 21, 1882		
	Nevada	Washoe	Nov. 20, 1882		
	Do	Lyon	Nov. 15, 1882		
	Do	Churchill	Nov. 6, 1883		

Taxes paid on lands—Continued.

Year.	Location. State.	Location. County.	Date of payment.	Period.	Amount.
1882	Nevada	Storey	Nov. 15, 1882		$124.78
	Do	Humboldt	Nov. 15, 1882		4,252.02
	Do	Lander	Nov. 16, 1882		1,784.40
	Do	Eureka	Nov. 16, 1882		622.79
	Do	Elko	Nov. 15, 1882		2,840.47
1883	California	Placer	Feb. 2, 1882	Miscs. $10.00	
	Do	Colusa	Feb. 10, 1882	Miscs. 65.01	
	Do	do	Mar. 4, 1882	Miscs. 206.60	
	Do	do	Mar. 20, 1882	Miscs. 97.08	
	Do	Nevada	Feb. 16, 1882	Miscs. 65.34	
	Do	Sacramento	Feb. 17, 1882	Miscs. 14.35	
	Do	El Dorado	Feb. 27, 1882	Miscs. 5.00	
	Do	Yuba	Mar. 1, 1882	Miscs. 30.51	
	Do	Placer	Mar. 2, 1882	Miscs. 29.22	
	Do	Butte	Mar. 20, 1882	Miscs. 13.60	638.72
	Do	Sacramento	Dec. 31, 1882	Years '83-'84	14.08
	Do	Placer: District No. 1	Dec. 31, 1882		162.93
	Do	District No. 2	Dec. 31, 1882		842.44
	Do	Nevada	Dec. 31, 1882		1,601.46
	Do	Sierra	Dec. 31, 1882		405.91
	Do	Plumas	Dec. 31, 1882		196.07
	Do	Yuba	Dec. 31, 1882		2,068.43
	Do	Sutter	Dec. 31, 1882		218.44
	Do	Butte	Dec. 31, 1882		5,636.91
	Do	Tehama	Dec. 31, 1882		6,492.58
	Do	Shasta	Dec. 31, 1882		4,655.83
	Do	El Dorado	Dec. 31, 1882		889.94
	Do	Colusa	Dec. 31, 1882		3,928.15
	Do	Yolo	Dec. 31, 1882		22.03
	Nevada	Washoe	Dec. 31, 1882		1,300.00
	Do	Lyon	Nov. 20, 1882		122.00
	Do	Churchill	Nov. 20, 1882		201.16
	Do	Storey	Nov. 20, 1883	Years '83-'84	68.15
	Do	Humboldt	Nov. 20, 1883		3,963.70
	Do	Lander	Nov. 20, 1883		1,710.34
	Do	Eureka	Nov. 20, 1883		496.61
	Do	Elko	Nov. 20, 1883		2,791.36
1884	California	El Dorado	Jan. 26, 1884	Miscs. $12.92	
	Do	Placer	Jan. 26, 1884	Miscs. 52.41	
	Do	Butte	Jan. 26, 1884	Miscs. 31.34	
	Do	Shasta	Jan. 26, 1884	Miscs. 53.30	
	Do	Colusa	Feb. 23, 1884	Miscs. 70.23	
	Do	El Dorado	Feb. 26, 1884	Miscs. 12.43	
	Do	Zumwalt School District	Feb. 29, 1884	Miscs. 5.21	
	Do	Tehama	Mar. 4, 1884	Miscs. 206.01	
	Do	do	Mar. 27, 1884	Miscs. 139.76	
	Do	Colusa	Mar. 10, 1884	Miscs. 168.82	
	Do	do	Mar. 18, 1884	Miscs. 37.04	
	Do	Yolo	Mar. 14, 1884	Miscs. 4.04	
	Do	Shasta	Mar. 15, 1884	Miscs. 239.12	
	Do	do	Apr. 10, 1884	Miscs. 53.59	
	Do	Yuba	Apr. 22, 1884	Miscs. 19.91	
	Do	Placer	Aug. 8, 1884	Miscs. 20.78	
	Nevada	Washoe	Nov. 26, 1884	Miscs. 4.00	1,132.91
	Do	Eureka	Nov. 17, 1884	Years '84-'85	418.70
	Do	Elko	Nov. 14, 1884		2,169.96
	Do	Humboldt	Nov. 15, 1884		3,548.97
	Do	Lander	Nov. 16, 1884		1,616.35
	Do	Lyon	Nov. 15, 1884		122.00
	Do	Storey	Nov. 15, 1884		75.00
	Do	Washoe	Nov. 15, 1884		1,218.50
	California	Butte	Dec. 31, 1884		3,676.75
	Do	Colusa	Dec. 31, 1884		60.48
	Do	El Dorado	Dec. 31, 1884		1,401.44
	Do	Nevada	Dec. 31, 1884		1,420.80
	Do	Placer	Dec. 31, 1884		786.50
	Do	Plumas	Dec. 31, 1884		237.79
	Do	Sacramento	Dec. 31, 1884		14.18
	Do	Sierra	Dec. 31, 1884		362.50
	Do	Sutter	Dec. 31, 1884		138.50
	Do	Shasta	Dec. 31, 1884		2,223.15
	Do	Tehama	Dec. 31, 1884		4,014.00
	Do	Yuba	Dec. 31, 1884		1,127.52
1885	Do	Colusa	Feb. 26, 1885	Miscs. $9.00	
	Do	do	Mar. 4, 1885	Miscs. 1.25	

Taxes paid on lands—Continued.

Year.	Location.		Date of payment.	Period.	Amount.
	State.	County.			
1885	California	Colusa and Tehama	May 11, 1885	Misca.	$61.26
	Do	Tehama	Mar. 5, 1885	Misca.	44.85
	Do	do	Mar. 24, 1885	Misca.	74.51
	Do	do	Apr. 1, 1885	Misca.	22.26
	Do	do	Apr. 8, 1885	Misca.	2.50
	Do	do	Apr. 9, 1885	Misca.	18.46
	Do	Placer	Feb. 19, 1885	Misca.	80.05
					304.98
1885	Do	Placer	Mar. 31, 1885	Misca.	7.80
	Do	El Dorado	Mar. 9, 1885	Misca.	5.22
	Do	Nevada	Mar. 11, 1885	Misca.	7.56
	Do	Shasta	Mar. 24, 1885	Misca.	84.26
	Do	do	Apr. 8, 1885	Misca.	15.60
	Do	do	June 30, 1885	Misca.	8.30
	Do	Butte	Mar. 27, 1885	Misca.	217.62
	Do	Yuba	May 1, 1885	Misca.	8.97
	Utah	Cache	Oct. 7, 1885	Year '85–'86	$[illegible]
	Do	Weber	Oct. 7, 1885		[illegible]
	Nevada	Churchill	Nov. 10, 1885		[illegible]
	Do	Washoe	Nov. 20, 1885		[illegible]
	Do	Lyon	Nov. 20, 1885		[illegible]
	Do	Storey	Nov. 20, 1885		[illegible]
	Do	Eureka	Nov. 20, 1885		[illegible]
	Do	Elko	Nov. 20, 1885		1,941.[illegible]
	Do	Humboldt	Nov. 20, 1885		2,[illegible]
	Do	Lander	Nov. 27, 1885		1,[illegible]
	California	Placer	Dec. 21, 1885		1,[illegible]
	Do	El Dorado	Dec. 21, 1885		1,[illegible]
	Do	Yuba	Dec. 22, 1885		1,[illegible]
	Do	Tehama	Dec. 23, 1885		1,[illegible]
	Do	Nevada	Dec. 23, 1885		1,[illegible]
	Do	Sierra	Dec. 23, 1885		[illegible]
	Do	Butte	Dec. 26, 1885		1,[illegible]
	Do	Shasta	Dec. 26, 1885		1,[illegible]
	Do	Plumas	Dec. 30, 1885		[illegible]
	Do	Colusa	Dec. 30, 1885		[illegible]
	Do	Sutter	Dec. 31, 1885		[illegible]
	Do	Sacramento	Dec. 31, 1885		[illegible]
1886	Do	El Dorado	Jan. 13, 1886	Misca.	27.11
	Do	do	Feb. 13, 1886	Misca.	60.64
	Do	do	Mar. 3, 1886	Misca.	21.53
	Do	Butte	Feb. 1, 1886	Misca.	37.29
	Do	do	Feb. 11, 1886	Misca.	3.75
	Do	do	Feb. 13, 1886	Misca.	19.62
	Do	do	June 1, 1886	Misca.	77.34
	Do	Colusa	Feb. 13, 1886	Misca.	12.75
	Do	Tehama	Feb. 13, 1886	Misca.	287.56
	Do	Placer	Feb. 17, 1886	Misca.	4.58
	Do	Shasta	Feb. 23, 1886	Misca.	5.23
	Do	Nevada	Mar. 1, 1886	Misca.	8.87
	Nevada	Washoe	June 22, 1886	Misca.	90.45
	Utah	Weber	Oct. 11, 1886	Year '86–'87	[illegible]
	Do	Box Elder	Oct. 12, 1886		[illegible]
	Do	Cache	Oct. 14, 1886		[illegible]
	Nevada	Churchill	Nov. 8, 1886		[illegible]
	Do	Lyon	Nov. 15, 1886		[illegible]
	Do	Storey	Nov. 15, 1886		[illegible]
	Do	Washoe	Nov. 15, 1886		[illegible]
	Do	Humboldt	Nov. 15, 1886		1,[illegible]
	Do	Elko	Nov. 17, 1886		1,[illegible]
	Do	Eureka	Nov. 18, 1886		[illegible]
	Do	Lander	Nov. 18, 1886		1,[illegible]
	California	Yuba	Dec. 11, 1886		1,[illegible]
	Do	Sierra	Dec. 13, 1886		[illegible]
	Do	Shasta	Dec. 13, 1886		1,[illegible]
	Do	Tehama	Dec. 15, 1886		2,[illegible]
	Do	El Dorado	Dec. 15, 1886		1,[illegible]
	Do	Nevada	Dec. 15, 1886		[illegible]
		Placer:			
	Do	District No. 3	Dec. 16, 1886		[illegible]
	Do	District No. 1	Dec. 16, 1886		[illegible]
	Do	District No. 2	Dec. 16, 1886		[illegible]
	Do	Colusa	Dec. 17, 1886		[illegible]
	Do	Butte	Dec. 17, 1886		[illegible]

Taxes paid on lands—Continued.

Year.	Location. State.	Location. County.	Date of payment.	Period.	Amount.
1886	California	Plumas	Dec. 17, 1886		$309.52
	Do	Sutter	Dec. 22, 1886		46.40
	Do	Tehama	Dec. 30, 1886		80.41
	Do	Butte	Dec. 31, 1886		9,623.73
1887	Do	Colusa	Feb. 21, 1886	Misc. 867.40	
	Do	Yuba	Feb. 28, 1886	Misc. 22.33	
	Do	Butte	Mar. 5, 1886	Misc. 60.69	
	Do	Shasta	Mar. 9, 1886	Misc. 3.50	
	Do	Placer	Mar. 9, 1886	Misc. 61.56	
	Do	El Dorado	Mar. 14, 1886	Misc. 22.92	
	Do	do	Mar. 14, 1886	Misc. 66.13	
	Do	Nevada	Mar. 14, 1886	Misc. 4.26	
	Do	Shasta	Mar. 21, 1886	Misc. 7.50	
	Do	do	Mar. 30, 1886	Misc. 456.39	
	Do	Butte	Mar. 25, 1886	Misc. 120.92	
	Do	Placer	Mar. 26, 1886	Misc. 62.40	
	Do	Sierra	Mar. 30, 1886	Misc. 10.92	
	Do	Yuba	Apr. 6, 1886	Misc. 14.48	
	Do	Tehama	Apr. 15, 1886	Misc. 171.61	1,118.01
	Total to June 30, 1887				430,743.67

Respectfully submitted.

E. B. RYAN,
Tax Agent.

VOLUNTARY PAYMENT OF TAXES.

By the CHAIRMAN:

The sum of $3,000,000 estimated there for payment of taxes was not paid upon land granted by Congress?—A. No; that was but a small portion of the railroad property. There is one thing to which I desire to call the particular attention of the Commission with regard to these facts; and that is, that after judgment had been rendered in our favor, and where there was no legal liability, we paid over a million dollars in taxes. We have always paid our taxes. Even after judgment in our favor we paid a fair amount.

By Commissioner LITTLER:

Q. Who determined that question of fairness?—A. Where there was no legal liability we paid as we had been accustomed to pay, and even then we paid a great deal more than any other railroad in the United States. I think that our assessment was over three times as much per mile as the New York Central assessment. I do not believe there is another example like it to be found anywhere, of a company, after a decision in its favor, paying over a million dollars voluntarily. I only allude to it here particularly to show that we have been willing to pay fair taxes.

DELAYS IN PATENTS FOR LANDS.

"Question 38. And the delay of said companies in taking out patents for such lands."

Answer 38. We have never been derelict in taking out patents for such lands. We have not received our patents properly, and at the present time there are applications for over one million acres of land pending before the United States Land Department.

INJURY TO COMPANY BY INABILITY TO GET PATENTS.

It has been charged that we do not take out patents because we do not want to pay taxes thereon, but this is not so. We could never get out patents fast enough and have suffered in consequence. The inability of the company to obtain patents promptly upon application has caused us great loss, not merely in the sales of lands, but more particularly in the business that would have arisen in their occupancy, as will be more fully shown in the report of Mr. W. H. Mills, land agent of the company, hereto attached and made part hereof, marked "Exhibit No. 6."

RATES AND CHARGES.

"Question 39. The rates of fare and freight charged, discriminations, differentials, pools, and other devices."

LOW RATES ON CENTRAL PACIFIC, CONSIDERING THE CIRCUMSTANCES.

Answer 39. Taking into account all the elements which have to be considered in determining the rates at which passengers and freight can be moved, such as amount of business done, the cost of doing it, &c., the cheapest railroading in the world is done on the Central Pacific. Taking the business between the State lines of Nevada as an instance, the local business is almost nothing. It would not maintain the running expenses. The maintenance of that portion of the road is from the business that originates outside of those boundaries and passes through; and through freight is materially affected, both in volume and rates, by competing lines of road subsidized by the Government.

For a more detailed answer I refer to the exhibit made by Mr. J. C. Stubbs, the traffic manager of the road, marked "Exhibit No. 7," attached hereto and made a part hereof.

FACILITIES FURNISHED, AND EFFECT ON COMMUNITIES OF SETTLEMENT FOR DEBT.

"Question 40. And the facilities and accommodations furnished to the patrons of such roads; and their report shall embrace a consideration of the interests and rights of said communities as affected by whatever plan of settlement or payment of the existing debt may be proposed."

FACILITIES FIRST CLASS.

Answer 40. The facilities and accommodations furnished to patrons of these roads are first class. There is a sufficiency of passenger and freight trains for the accommodation and convenience of the traffic. The speed and frequency of these trains are ample. The rolling stock is up to the standard and excellent in its quality and condition. Stations, station-houses, warehouse facilities, and sidings are provided at all necessary points. The character of the service generally will compare favorable with the most thoroughly equipped and best served roads in the country.

SETTLEMENT PROPOSED SHOULD NOT BURDEN COUNTRY ALONG LINE.

In any scheme of extension or adjustment that may be made between the Government and the company, the Government should not [illegible]

the policy in which the measure had its origin, that is, the public interest. Travel and transportation should not be so burdened as to cripple the road, jeopardize its efficiency, and retard the development of the country.

The Commission then adjourned to Friday, July 29, 1887, at 10 a. m.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Friday, July 29, 1887.

LELAND STANFORD, being further examined, testified as follows:

The WITNESS. The next question in your circular was:

EXTENSION OF TIME FOR PAYMENT.

"Question 41. Said Commissioners shall also consider and report whether the interests of the United States require any extension of the time for performance of the obligations to the United States of said companies, or any of them, and the facts and circumstances upon which said opinion is based."

SECURITY HELD BY UNITED STATES.

"Question 42. Including the security held by the United States for the performance of such obligations, and the value thereof."

SUCH A SCHEME FOR EXTENSION AS SHALL NOT AFFECT THE SERVICE.

"Question 45. And if, in their opinion, such extension shall be required by the interests of the United States, they shall submit a scheme for such extension which shall secure to the United States full payment of all debts due them from said companies, with a reasonable rate of interest in such time as the Commissioners shall propose, having due regard to the financial ability of said companies and the proper conduct of their business in such manner as shall afford efficient service to the public."

THE EQUITIES CONSIDERED.

Answer. Questions 41, 42, and 45 relate to the policy that shall be adopted with reference to the payment by the company of the debt due the Government, and therefore I shall consider them together. I have heretofore stated that the appointment of this Commission by Congress, and the authority and instructions given to it to ascertain what the company had lost upon the one hand, and what the Government had gained upon the other, by the construction of the road, was a candid admission on the part of Congress that this company had equities which Congress desired to adjust and allow. We believe that Congress was not actuated by any mere idle curiosity in creating this Commission to examine into and report concerning the foregoing matters. We have therefore shown among other things:

LOSS ON SALE OF GOVERNMENT BONDS.

(1) That the company had to sell the Government bonds at a discount, and thereby sustained a loss of $7,120,073.55; and interest on this loss to maturity, $12,816,132.59.

AMOUNT SAVED TO GOVERNMENT ON TRANSPORTATION.

(2) That the Government saved $47,763,178 in transportation between the time when the line was completed and the time when it might have been completed according to the contract, this company's proportion of which was, say, 46 per cent., or $21,971,062.

AMOUNT DUE BY GOVERNMENT.

(3) That the Government now owes the company $1,853,323.15 for transportation on unaided roads, the justness and legality of which claim has been decided by the Supreme Court of the United States.

I wish to say here that this matter was brought before Congress at various times; that the Departments—both the Postal Department and the War Department—sent down word that they needed so much money to meet these expenses; but Congress did not make appropriations.

By Commissioner ANDERSON:

Q. Can you refer us to the case in which the figure you have given was declared to be the figure that you were entitled to receive, $1,853,323.15?—A. There is no dispute as to the amount. It arose on these non-aided roads. The question was whether it should belong to the sinking funds as the earnings of the aided road.

Commissioner ANDERSON. I am speaking more especially as to the accuracy of the figures to which you refer, because the difference as to the rate to be charged for different kinds of transportation, which was the subject of litigation for many years, and the difference as to the amounts ultimately awarded by the court and the amounts claimed by the company is very important; so that if you can refer us to the decision, we would like to see it.

The WITNESS. There is no dispute as to the amount between the Departments and the companies. The whole question with the Departments was whether or not we were entitled to take the earnings, and the Court of Claims decided unanimously that we were entitled to take them, and on appeal to the Supreme Court of the United States that court unanimously decided the same way.

Commissioner ANDERSON. That is the case to which we want you to refer.

The WITNESS. I will give you the reference.

By Commissioner LITTLER:

Q. Is there any dispute between this company and the Government as to other sums of money?—A. Not as to that particular sum now.

Q. Have you any controversy with the Government now?—A. There are some sums of a long time ago, concerning which I spoke yesterday, that have never been settled. They have not been allowed. I think that they would amount to three hundred thousand and odd dollars.

INTEREST LOST BY COMPANY.

(4) The amount of interest the company has lost upon the money which it would have received from the sale of its lands, if the Land Office of the Government had issued patents as fast as called for by the company. This amount can be approximately determined.

LOSS ON ACCOUNT OF SINKING-FUND PROVISION.

(5) That the company has lost $1,612,966.72 in being forced to pay into a sinking fund established by Congress large amounts of money for

which it not only has not received any interest, but the company has not so much money now as it paid therein by over $500,000. In other words, it has not only lost the interest on this money by reason of mismanagement of the fund, but has even lost a portion of the principal, and at the same time has been compelled to pay 6 per cent. per annum on this very amount so lost to it by reason of the purchase of the bonds placed in the sinking fund at a premium.

DIVERSION OF BUSINESS.

(6) The diversion of business to other lines, of which this company's proportion amounts to about $17,000,000.

AMOUNT OF EQUITIES EXCEED AMOUNT DUE GOVERNMENT.

There can be no question in the mind of any candid person but what this company is entitled to have the foregoing specified equities allowed by the Government. If they are allowed, then all questions relative to the extension of time in which to pay the debt becomes immaterial, because the amount of these equities exceed very largely the amount of debt now due from the company to the Government. If, on the other hand, the Government is not willing to allow these claims, it will be exceedingly difficult to determine the conditions which should be imposed upon the company concerning the payment of the indebtedness. The ability of the company to pay must always be determined by the amount of business it does. This depends largely upon conditions changing from day to day, and over which the company has no control. As we have hereinbefore stated, the net earnings from local business of the State of Nevada amounts to nothing, and if the departments of the Government having control of Government transportation divert from this road and give to foreign and competing roads the business which this road is fairly entitled to, it is impossible to tell when the company can meet its obligations. About the only thing that can be done at this time will be to fix the rate of interest which the Government should charge. This should not be in any case more than the Government would have to pay for the use of the money, to wit, any more than 2 per cent. per annum.

There should be taken into consideration the amounts saved the Government in transportation, that is, based upon the business before the completion of the railroad. Since the completion of the road the efficiency of the service has been increased beyond comparison, of which we make no estimate. Probably thousands of millions of values were created by the construction of the road in the development of the country and making it suitable for homes. That and other benefits to the United States were anticipated at the passage of the law, and I believe in no single instance have the people or the Government been disappointed. If the Government does not allow the company the compensation for services contemplated by Congress at the time of the passage of the bill, and if they are not to be allowed for the diversion of business consequent upon the Government subsidizing competing roads, then the ability of the company to pay is manifestly unequal to the burden imposed.

LIQUIDATION OF DEBT ANTICIPATED BY PAYMENTS WHICH HAVE BEEN MADE UNDER ORIGINAL LAWS.

I deem it, however, proper to suggest to the Commission that it was originally contemplated by Congress that the liabilities of the company

were to be discharged by the compensation to be made by the Government to it for the services it might be called upon to perform for the Government, and the 5 per cent. of its net earnings reserved by law. The lien was only intended to secure such performance. In other words, it was contemplated that the services of the company, together with the 5 per cent., would liquidate its liabilities to the Government.

PROPERTY NOT SUBJECT TO UNITED STATES LIEN.

"Question 43. And the value of the property of such companies, and either of them, not included in such security?"

Answer 43. The Government lien only covers the Central Pacific from Ogden to Sacramento, and the Western Pacific from Sacramento to San José. No other property of the company is covered by the Government lien. As to the value of the property of the company not so covered by the Government lien, I am unable to estimate, but am informed that the engineers appointed by the Commission are making an estimate of all the property of the company, which will include this information.

A statement of these assets is given in the foregoing reply to interrogatories 11 and 12.

FURTHER SECURITY FOR UNITED STATES.

"Question 44. And what further security is it expedient that said companies shall be required to give?"

UNITED STATES HAS NO RIGHT TO CHANGE ITS CONTRACT.

Answer 44. In answer to question 44, I respectfully submit that the Government has no right to change its contract with the company and demand other security than that fixed in the original acts of Congress of 1862 and 1864. Nor is it expedient for the Government to ask further security. On the contrary, the best security that the Government can have will be a fair consideration of the equities we have already enumerated, and a fair and liberal settlement with the company upon the basis originally contemplated by Congress, to the end that the company may be able to discharge all its obligations and be able to assist in the development of the country and promote the general interests of the people. It should be borne in mind that the burden upon the company other than its obligations to the Government were vastly increased by the rapid completion of the road, both on account of the ruinous discount suffered in selling its first mortgage bonds, and the high price of material and great disadvantages under which the road was constructed in a country where a large portion of the transportation was necessary by teams, it being impossible to advance the constructed line of road on account of snow blockades in the Sierra Nevada Mountains, and the unequal character of the country through which the road passed necessitated transportation of supplies and of men frequently hundreds of miles.

DIFFICULTIES IN CROSSING THE MOUNTAINS.

The difficulties which we experienced in crossing those mountains can hardly be appreciated. We worked along in the heavy snow, and our supplies and material for the men and the horses had to be packed to them. We had to shovel snow, and in some places to pick it with

a pick for 75 feet deep in order to get to a place on which to put our embankments. Snow fell there one winter 63 feet in depth since we have been operating. Not that you would find that in a measurement by taking the falls of twenty-four hours and adding them together, but you would find drifts and places where 63 feet of snow was pressed down, perhaps, into not more than 18 feet, but packed as hard as ice, and requiring the pick and powder to make a passage. Then, in building the road out over that desert from Truckee to the Humboldt, for 40 miles, we had to haul water for our men and horses to drink, and we had to go some distance up to Humboldt before we struck water which was even fit to be used. We sent over three thousand men and four hundred horses in advance of our building lines to work up in the cañons of the Humboldt—those three cañons there—and all their food and supplies had to be hauled there. The springs were all a good ways from the road. Now we can get along very well, because water is brought there from springs, but at that time we had even to hunt for water. We laid the track of a little over 500 miles in five days less than ten months, and we laid a little over 10 miles in one day. There were a great many curves and a great many unforeseen difficulties which had to be surmounted.

A RACE WITH THE UNION PACIFIC.

By Commissioner LITTLER:

Q. There was a race between you and the Union Pacific, was there not, governor?—A. Well, yes. When we were working on the mountains our work was so tremendous that they thought we could not get over the mountains by two years as early as we did, and they were going to meet us at the end of the eastern side of the mountains. Of course our road would not be worth anything in that case. It was a difficult road to operate, and they could bring goods from the east and would be cutting off all our business over there. So we were forced to make the most extraordinary efforts in order to get out to Salt Lake and have something to say with regard to the future business and the supplies that might go into Nevada. After we got over the mountains we swarmed men along that mountain side, and we went over there faster than any one believed could be possible, aiding the men with a liberal use of powder. We hauled the iron for 40 miles over the mountains and built down on the Truckee in the winter season 40 miles of road, and hauled iron and engines and everything over, besides all our supplies. I paid 13 cents a pound for freight from the Summit out to Salt Lake City. Then we had to haul it out on the line of the road and there we paid 2 cents more. We accomplished 180 miles there with such help as we could get. Hay was worth $100 a ton, and oats, I think, about fourteen or fifteen cents a pound. Everything was up in price; and those little teams over there would not haul much more than a wheel-barrow full of dirt.

Commissioner LITTLER. The first time I was at Leadville hay was worth there $180 a ton.

The WITNESS. I sold one potato for $2.50.

COMMISSIONERS TO REPORT BY DECEMBER 1, 1887.

"Question 46. And the said Commission shall report in full in regard to all such matters aforesaid, and in regard to any other matters which may be ascertained or come to their knowledge in regard to said

companies respectively, on or before December 1, 1887, to the President of the United States, who shall forward said report to Congress, with such recommendations or comments as he may see fit to make in the premises."

Answer 46. This question, relating as it does entirely to the duties of the Commission, does not require any answer from me.

COST OF UNITED STATES TRANSPORTATION PRIOR TO ROAD.

"Question 47. The Commission shall also ascertain the average cost per annum of Government transportation in the region now traversed by the Pacific railroads between the year 1850 and the completion of said roads."

UNITED STATES TRANSPORTATION $8,000,000 A YEAR.

Answer 47. The average cost to the Government per annum for transportation in the region now traversed by the Pacific railroads, between the year 1850 and the completion of the road, was over $8,000,000. This does not include the cost of maintenance of Government forts and military encampments and a large number of troops necessary to protect the border against the hostile Indians, which disappeared with the advent of the railroad. Nor does it include the expense incident to the carrying of the mails, munitions of war, and other matters required in the region beyond the line of the road, as in northern Montana, Dakota, Washington Territory, and other points now reached by railroads. The difference in the character of the service and other matters of interest will be found more fully set forth in the reply to question 52, which has, in a measure, to be treated in connection with this question.

SAVING TO UNITED STATES TO 1886 $139,347,741.

The saving to the United States by the Central-Union line, in the item of transportation, has amounted to January 1, 1886, to the sum of $139,347,741.

COST OF UNITED STATES TRANSPORTATION SINCE COMPLETION. ONE-TENTH OF FORMER COST.

"Question 48. And also the average cost per annum since such completion."

Answer 48. As shown by the books of this company and the records of the Government, it appears that the average cost per annum for Government transportation over said roads is about one-tenth of the amount formerly paid, with a very superior service, all of which will be found set forth in detail in the answer to question 52.

ADDITIONAL FACILITIES FURNISHED BY ROADS.

"Question 49. And what additional facilities have been furnished to the Government and the people by said roads."

COST IN TIME AND MONEY OF FORMER METHODS OF TRANSPORTATION.

Answer 49. It is difficult to definitely state or to specifically point out each additional facility which has been furnished to the Government and

the people by the railroads. It is a matter of history that before the construction of the Central Pacific Railroad, all transportation between San Francisco and New York was done by water. The local transportation was done either by water or by wagons. The average time between New York and San Francisco was about six months by sailing vessel and from 30 to 40 days by steamer. The cost of transportation by any method in use, before the completion of the road, was very much more expensive in the direct charge than charges have ever been since the completion of the road. The absence of a railroad to connect with the Atlantic States of the American Union with the Pacific effected a loss to the people of the whole country, in time, in property, and in money, which each year equaled the annual expense of the Federal Government—a loss that in two years would, according to the figures of Representative James A. McDougall, cover the cost of a completed railroad to the Pacific. This was a tax upon the industry and enterprise of the people of every State of the Union. The old system of transportation was marked by two great features of disadvantage; one of them was prejudicial to the merchant, in that he was required to possess a larger command of capital, in order to have a sufficient quantity of stock on hand for his operations, while he waited for the long-coming ship to arrive, whose cargo also called for money to purchase. The other operated to the detriment of consumers, inasmuch as opportunities were afforded to persons having a ready command of money to buy up the whole stock of a necessary commodity existing in the market, for the purpose of creating a monopoly therein, and demanding a higher price therefor. Before the establishment of railway facilities, this was repeatedly accomplished with perfect safety to the speculator.

Two-thirds of the territory of the United States lies west of the Mississippi River, the greater portion of which at the time of the commencement of this road was wilderness. It has been opened up into settlements, into homes and general development. The values are not to be measured by hundreds of millions.

DISCOUNT ON UNITED STATES BONDS.

"Question 50. Also to inquire what discount the Pacific Railroad and its several branches were forced to make in disposing of the bonds guaranteed by the Government to obtain the gold coin which was the currency of the country through which the greater part of said roads pass."

COST OF ROAD PAID IN GOLD.

Answer 50. The Central and Western Pacific Railroads were compelled to pay gold coin during the progress of construction for all wages, supplies, fuel, materials, and contracts which were payable on the Pacific Coast, the gold always having been the currency of this region.

CURRENCY BONDS ISSUED BY UNITED STATES.

The bonds issued by the United States to aid the construction of the Pacific railroads were made payable thirty years from date with interest at 6 per cent., payable semi-annually, the principal and interest made payable in lawful money. This during the time of the construction of the road and for some years afterwards was United States currency. From these facts the bonds have always been known as "Currency Sixes," and they were the only bonds issued by the Government which could not be redeemed by it, at its option, at any time before maturity thereof. I have been informed, and I believe it to be true, that these

are the only bonds which the Government issued during the civil war upon which they did not sustain a discount. We direct your attention especially to the irredeemable character of the bonds, because, as we will hereinafter show, the company, on account of this character of bonds, has sustained a very great loss in being compelled to pay into the sinking fund a large sum of money from which it has received no interest whatever, and at the same time is compelled to pay interest on these outstanding bonds.

CENTRAL PACIFIC CHARGED WITH TWENTY MILLIONS FOR WHICH IT RECEIVED NOTHING.

During the time the company was constructing its road, and at a time when it was experiencing the greatest difficulty in getting the money to meet its obligations, the Government securities were very much depreciated because of the existence of the civil war. For example, the company was compelled to dispose of the bonds issued to it by the Government at a loss of $7,120,073.55. The company is paying 6 per cent on the bonds issued by the Government, so that at the maturity of the bonds the company will have to pay in round numbers $20,000,000, for which it never received one farthing. This is one item which must be taken into consideration in estimating the cost of the road, and one which is rarely recognized. Again, the company in selling its own first mortgage bonds was compelled, by reason of the impaired value of the Government securities, to sell its own bonds at about the same rate that it got for the Government bonds.

DEPRECIATED GOVERNMENT SECURITIES.

Commissioner ANDERSON. I do not understand your statement about the depreciation due to the war, especially in connection with this loss of $7,000,000.

The WITNESS. There was a time when the Government securities were down to 40; but at the completion of the road the Government credit had been restored and its bonds were a little above par——

Commissioner ANDERSON (interrupting). I do not understand your statement that the bonds were depreciated by the war. I do not understand that any bonds were issued to the Central Pacific and Western Pacific Companies until two years after the close of the civil war.

The WITNESS. Yes; there were some issued in 1863.

Commissioner ANDERSON. But you got no bonds from the Government.

The WITNESS. Oh, yes; we got the bonds; we got those bonds. I do not know what time exactly, but it was during the war.

Commissioner ANDERSON. It was in 1866 when the first bonds were issued.

The WITNESS. In 1866?

Commissioner ANDERSON. Yes, sir.

The WITNESS. I think that you are mistaken.

Commissioner ANDERSON. We have got the United States reports.

The WITNESS. There is no chance for a dispute as to what year these bonds were issued. We got the bonds, I know; and they were sold in the market at the time, and we sold them for all that they were worth in the market.

Commissioner ANDERSON. I was only referring to your statement that they were depreciated by reason of the war.

The CHAIRMAN. The war was virtually over when you commenced, was it not?

SUPPLIES HAD TO BE ORDERED A YEAR IN ADVANCE.

The WITNESS. Not with us entirely. Our supplies had to be ordered only a year in advance of their use. Supplies and materials required in the construction of the road had to be purchased at least a year before we needed them. We commenced the grading of the work, and work was going on in 1863, and at that time our orders were out in the East for everything that we required for a long time ahead, so that we could continue our work with as little interruption as possible.

Commissioner ANDERSON. I am talking about the depreciation in the bonds, and not about the commencement of the road.

The WITNESS. We sold those bonds at that depreciation. We had until 1876, by the contract, to complete the road. Had we waited for the expiration of the contract time before finishing the road, instead of building it seven years earlier than that time, we would not have had to suffer this loss. Had we waited, we would have had the advantage of the bonds at par, together with the premium at which they were selling, and as our own first mortgage bonds were depending very largely upon the assistance which the Government gave, they would have been above par also. By this rapid construction and completion of the road before the time required by the act of Congress, the depreciation was not merely on the Government bonds, but upon our own first mortgage bonds, so that what we were forced to lose in the sale of the two classes of bonds made a depreciation of $7,000,000 on each class, and the interest on them from that time until maturity amounts to about $40,000,000, which we will have to pay at maturity more than we would have had to pay otherwise had we realized par.

BONDS ISSUED.

The bonds issued to the Central and Western Pacific Railroads were, at their par value, as follows:

Central Pacific	$25,885,120
Western Pacific	1,970,560
Total currency bonds	27,855,680

These bonds were issued as sections of the constructed road were accepted by the President of the United States, and so bore different dates from the years 1865 to 1869, inclusive, with the exception of a small number dated in 1870. During all this period the currency was greatly depreciated, sometimes selling as low as 42.66 cents on the dollar in January, 1865, to 83.68 cents on the dollar in December, 1869.

AVERAGE AMOUNT RECEIVED FOR EACH BOND, $744.44.

In order to get the coin to pay for their construction, labor, and supplies the Central and Western Pacific Companies were forced to dispose of the currency bonds received from the Government at an average rate for gold of 1.34⅓. The amount received by the company for each bond of $1,000 was therefore $744.44. For the $27,855,680 in United States bonds these companies received $20,735,606.45. The discount they were forced to make was thus $7,120,073.55. Interest is charged the companies on the full amount to the maturity of the bonds. The interest on the $7,120,073.55 discount which the companies were forced to make is for thirty years, at 6 per cent., $12,816,132.39.

LOSS FROM DISCOUNT, $19,936,205.

The total principal and interest for discount lost by the companies is therefore $19,936,205.94.

The following table shows the amounts and dates of the currency bonds issued to these companies, and the market value of currency at the current average premium on gold:

Statement showing dates and amounts of United States bonds, issued to Central and Western Pacific Railroad Companies (known as currency sixes), with value of same in United States gold at current average rates of premium for United States currency.

To what company issued.	Date issued.	Interest commenced.	Amount of bonds.	Premium on gold, average rate.	Value of bonds in United States gold.
Central Pacific Railroad Company ..	May 12, 1865	Jan. 16, 1865	$1, 258, 000	1. 32	[illegible]
	Aug. 14, 1865	Aug. 14, 1865	384, 000	1. 42	[illegible]
	Oct. 18, 1865	Oct. 18, 1865	256, 000	1. 45	[illegible]
	Nov. 11, 1865	Nov. 29, 1865	464, 000	1. 45	[illegible]
	Mar. 6, 1866	Mar. 6, 1866	640, 000	1. 33	[illegible]
	July 10, 1866	July 10, 1866	640, 000	1. 50	[illegible]
	Oct. 31, 1866	Oct. 29, 1866	320, 000	1. 46	[illegible]
	Jan. 15, 1867	Jan. 14, 1867	640, 000	1. 35	[illegible]
	Oct. 23, 1867	Oct. 25, 1867	320, 000	1. 42	[illegible]
	Dec. 12, 1867	Dec. 11, 1867	1, 152, 000	1. 34	[illegible]
	Jan. 10, 1868	June 9, 1868	946, 000	1. 40	[illegible]
	July 11, 1868	July 10, 1868	320, 000	1. 40	[illegible]
	Aug. 5, 1868	Aug. 4, 1868	640, 000	1. 48	[illegible]
	Aug. 14, 1868	Aug. 13, 1868	1, 184, 000	1. 47	[illegible]
	Sept. 12, 1868	Sept. 11, 1868	1, 280, 000	1. 44	[illegible]
	Sept. 20, 1868	Sept. 19, 1868	1, 120, 000	1. 44	[illegible]
	Oct. 13, 1868	Oct. 12, 1868	1, 280, 000	1. 38	[illegible]
	Oct. 28, 1868	Oct. 28, 1868	640, 000	1. 34	[illegible]
	Nov. 5, 1868	Nov. 3, 1868	640, 000	1. 32	[illegible]
	Nov. 12, 1868	Nov. 11, 1868	640, 000	1. 34	[illegible]
	Dec. 5, 1868	Dec. 5, 1868	640, 000	1. 36	[illegible]
	Dec. 7, 1868	Dec. 7, 1868	640, 000	1. 36	[illegible]
	Dec. 30, 1868	Dec. 29, 1868	640, 000	1. 34	[illegible]
	Jan. 15, 1869	Jan. 13, 1869	640, 000	1. 36	[illegible]
	Jan. 29, 1869	Jan. 28, 1869	640, 000	1. 37	[illegible]
	Feb. 17, 1869	Feb. 17, 1869	640, 000	1. 35	[illegible]
	Mar. 2, 1869	Feb. 17, 1869	1, 008, 000	1. 32	[illegible]
	Mar. 3, 1869	Mar. 2, 1869	1, 332, 000	1. 32	1, [illegible]
	May 28, 1869	May 27, 1869	1, 788, 000	1. 40	1, [illegible]
	July 15, 1869	May 27, 1869	1, 314, 000	1. 37	[illegible]
	July 15, 1869	July 15, 1869	268, 000	1. 37	[illegible]
	Dec. 31, 1869	July 16, 1869	1, 510, 000	1. 20	1, [illegible]
	Jan. 2, 1872	Nov. 28, 1868	4, 120	1. 09	[illegible]
Western Pacific Railroad Company .	Jan. 24, 1867	Jan. 26, 1867	320, 000	1. 34	[illegible]
	Sept. 1, 1869	Sept. 2, 1869	320, 000	1. 33	[illegible]
	Oct. 29, 1869	Oct. 28, 1869	1, 008, 000	1. 29	[illegible]
	Jan. 27, 1870	Jan. 22, 1870	322, 000	1. 22	[illegible]
	Jan. 8, 1872	Jan. 22, 1872	560	1. 09	[illegible]
			27, 855, 680		20, 448, [illegible]

The bonds were sold by the companies to some extent for a premium in currency, so that the above value of bonds in gold is not quite as much as the amount received by the companies, namely:

Total value of currency bonds		$27, 855, [illegible]
Value in United States gold	$20, 448, 466. 75	
Premium added	287, 139. 70	
		20, 735, [illegible]
Discount company was forced to make in disposing of the bonds, being loss to company on principal		7, 120, [illegible]
Interest thirty years at 6 per cent		12, 816, [illegible]
Total amount on bonds Central Pacific Railroad Company is required to pay to the Government, for which it received nothing		19, 936, [illegible]

BONDS BOUGHT FOR SINKING FUND.

Under the provisions of the act of May 7, 1878, the company has been forced to pay for these same bonds for the sinking fund in the United States Treasury a premium of about 35 per cent. It has thus suffered a loss in premium on the redemption of the bonds of an equal rate to the loss in discount on their issue. The sinking fund of the Central Pacific Railroad Company in the United States Treasury on June 1, 1887, contained $2,548,000 United States Pacific Railroad bonds (currency sixes) and $9,000 Central Pacific Railroad first-mortgage bonds; total, $2,557,000.

PREMIUM AVERAGED 34.21 PER CENT.

To secure these bonds the Secretary of the Treasury, under the provisions of the acts of May 7, 1878, and March 3, 1887, has paid a premium averaging 34.21 per cent., or for each bond of $1,000 he has paid $1,342.10. As these bonds must be held in the fund till the maturity of the debt, when they will be redeemed by the Government at par, the premium paid is wholly lost.

LOSS RESULTING FROM PREMIUMS AND DISCOUNTS.

The resulting loss on account of premiums and discount for this $2,548,000 in the sinking fund is as follows:

Received by Central Pacific Railroad Company in coin for $2,548,000 United States currency bonds, at $744.40 per $1,000	$1,896,731.20
Paid by Secretary of Treasury in coin belonging to Central Pacific Railroad Company for $2,548,000 United States currency bonds, at $1,342.10	3,419,670.80
Cost of $2,548,000 bonds in excess of amount received by Central Pacific Railroad Company	1,522,939.60

The foregoing facts may be summarized as follows:

For each currency bond of $1,000 issued the company received in coin		$744.40
And is required to pay:		
For principal for those in sinking fund	$1,342.10	
For interest on all for 30 years at 6 per cent., 180 per cent	1,800.00	
		3,142.10
Thus for $1,000 received in coin from the United States bonds the Central Pacific Railroad Company is charged with		4,220.76

LOSS ON BONDS AND INTEREST BY EARLY COMPLETION OF ROAD, FORTY MILLIONS.

As before stated the road was completed seven years before the expiration of the term limited by Congress. If the company had taken advantage of the time allowed by Congress for the completion of the road, they could not only have sold the Government bonds at par, but could also have disposed of their own first-mortgage bonds at their face value, which would have been a net gain, over and above what was actually received, of $7,120,073.55, the interest on which for thirty years would have been $12,816,132.39, which would make an aggregate saving on the Government bonds and the bonds issued by the company, principal and interest, in round numbers, of about $40,000,000. The sacrifice was made to comply with the urgent demands of the United States

and people generally, for the early completion of the road, with the general understanding that the Government would make due allowance for the extra exertion put forth by the company.

RELATIVE PURCHASING POWER OF GOLD AND BONDS.

By Commissioner ANDERSON:

Q. Allow me to ask: Do you claim the purchasing power of your gold was any less than the purchasing power of your bonds?

The WITNESS. Dollar for dollar?

Commissioner ANDERSON. No, not dollar for dollar. Would the gold buy any more or less labor than the bonds would have bought?

The WITNESS. The gold would buy more labor than the bonds, because the bonds were not par in gold.

Q. Were not the twenty millions in gold worth just as much as the bonds were to the same amount?—A. No, sir; twenty millions in gold were worth as much as twenty-five or twenty-seven millions in Government bonds. If the bonds had been worth par when we received them we would have received $27,000,000 for them; whereas we received only twenty millions. It was with our company as it was with the Government all through the war. The Government sold its bonds at a low rate. At one time they ran as low as 40 cents, I think. I remember that there was a time when it took $3 in greenbacks to buy $1 in gold.

Q. What is the first date of the issue of bonds in the table?—A. May 12, 1865.

CONSTRUCTION DONE BY CONTRACT AND FINANCE COMPANY.

Q. What company was referred to where you used the word "company"; was it the Central Pacific Railroad Company, or the Contract and Finance Company?—A. I have been speaking always of the Central Pacific Railroad Company.

Q. Do I not understand that all this construction was done by the Contract and Finance Company?—A. Yes, sir. But the Central Pacific Railroad Company had an interest. The expenses of that contract were a necessary part of the burden of the Central Pacific.

Q. But were not those prices fixed when the contract was entered into in 1867?

The WITNESS. What prices?

Commissioner ANDERSON. The prices to be paid per mile for the construction of the road.

The WITNESS. Yes, sir.

Q. So that these alterations referred to in your statement and tables would not affect these prices, would they? The contract with the Contract and Finance Company was made in 1867, and I presume that the value of your securities was considered when this contract was fixed at a specific sum per mile. If that was so, the circumstance alluded to does not affect the Central Pacific. The additional cost of labor and the cost of transportation by teams and the other circumstances could only have affected the profits of the Contract and Finance Company and could not have affected the Central Pacific Railroad Company.—A. Oh, yes; because these circumstances were all well known, and were fully considered at the time the contract was made.

Q. How could you have known all these things which happened afterwards?—A. Currency did not reach par, or at least these bonds did

not until about the time of (or after) the completion of the road. We received some bonds after the completion of the road and sold them some time afterwards, and those bonds, I think, were above par.

Q. I am speaking of the specialties of that work, the use of teams for sending out supplies in order to have the work done, and the other expenses which you have enumerated. What I want to know is, how they would affect the price to the Central Pacific if that price had been already determined?—A. We took the prices into consideration at the time these contracts were made.

Q. In 1867?—A. Yes, sir.

Commissioner ANDERSON. But these things occurred in 1868 and 1869.

The WITNESS. What time was that contract made?

Commissioner ANDERSON. October, 1867, according to the minutes of the company.

SACRIFICE OF BONDS ISSUED ON MOUNTAIN PORTION.

The WITNESS. It was based on the condition of things then. The great sacrifice was on the mountains. We received the largest amount from the Government for the line over the mountains, and we were allowed under the law to issue our own bonds a hundred miles in advance of completion. All those bonds were issued at that time and disposed of at a sacrifice. The sacrifice on these bonds was on the then existing prices.

Q. Was the mountain work done under the Crocker contract or under the Contract and Finance Company's contract?—A. A portion of the work was done under the Crocker contract and a portion was done under the Contract and Finance contract.

COST OF CONSTRUCTION.

"Question 51. Also to ascertain the comparative cost of construction of said roads as compared to what they would have cost with the prices of labor and commodities prevailing five years preceding or five years subsequent to the completion of said roads."

Answer 51. Absolute accuracy of statement as to the cost of completing the road as early as 1869, as compared with what would have been the cost if it had been completed five years later, cannot perhaps be made; but by comparing prices of labor and material at the time the road was completed with the prevailing prices seven years later (the time allowed for completion), and taking into consideration the obstacles encountered and sacrifices made for rapid construction, an approximation can be made.

THE CENTRAL PACIFIC COST MORE THAN DOUBLE BY EARLY COMPLETION.

It is safe to say that the road cost more than double what it would have cost if the company had taken the time allowed by the acts of Congress for its completion, by reason of the difference in price of labor and material, added to the sacrifices made by the company to hurry the completion of the road. All supplies had to be purchased in the East nearly a year in advance of the time when they would be needed, in order to get them here when required. The company also, by reason of the great demand that was made upon them by the Government and the people, sent parties ahead of the construction train, in order that

the road might be in course of construction in several different places at the same period of time. Of course, in all these cases where parties were organized and sent out in advance of the construction trains, everything used by them in the construction of the road or in supplying food and clothing for the men and food for the teams had to be hauled in wagons, sometimes as far as 350 miles or more, at a very great expense to the company. In many instances the company even had to build the wagon-roads before their teams could reach their destination, and in some cases they were compelled to haul water for the men and teams over 40 miles.

For the actual cost of the road, as compared to what it would have been had the road been constructed five years earlier or five years later, I would refer you to the reports of L. M. Clement, assistant engineer; William Hood, chief engineer; J. H. Strobridge, superintendent of construction; and Arthur Brown, superintendent of bridges and buildings, numbered, respectively, Exhibits 8, 9, 10, and 11.

BEFORE COMPLETION OF ROAD PACIFIC MAIL STOCK WORTH $330.

The WITNESS. Here I will say something that may be of interest. Before this road was completed the Pacific Mail stock was selling for $330 a share. After the completion of the road it went down rapidly, and reached as low a figure, I think, as $30. They, therefore, had some reason to oppose us and throw in our way all the obstacles that they could.

Commissioner ANDERSON. Perhaps that company will put in some claim against the Government for compensation because of the loss inflicted by your competition.

The WITNESS. Perhaps so; but I am inclined to think that the Government would not feel disposed to recognize any such claim.

By the CHAIRMAN:

Q. Are these gentlemen you have just named in San Francisco?—A. They are either here or off attending to their business; but any of them can be had at any time.

BENEFIT TO UNITED STATES BY EARLY COMPLETION OF ROAD.

"Question 52. Also to inquire whether or not the Pacific Railroad was completed in less time than was allowed by law, and, if so, how much less time, and if the United States was benefited thereby."

ROAD COMPLETED SEVEN YEARS BEFORE TIME FIXED.

Answer 52. The act required that the road should be completed July 1, 1876; the road was in fact completed May 9, 1869, more than seven years in advance of the time allowed by law. In thus hastening its completion its cost largely exceeded what it would have been if it had not been constructed so rapidly, and by this completion the Government has been largely benefited.

THE GOVERNMENT BENEFITED FORTY-SEVEN MILLION.

Before the expiration of the time allowed for the construction of the Central and Union Pacific roads by contract the Government had been directly benefited to the extent of more than $47,000,000 saved upon freights, mails, and transportation of troops alone.

PAYMENTS UNDER ORIGINAL ACTS TO LIQUIDATE DEBT AND INTEREST.

At the time Congress made the loan to aid in the construction of the roads every one expected that the transportation furnished by the Government to the road would much more than pay the interest on the bonds and probably furnish a sinking fund sufficient to extinguish the debt at maturity. This conclusion was reached by taking the cost to the Government of transportation at the time the loans were made as the basis of computation. Since the railroads were constructed the amount of Government transportation has very largely exceeded the calculations of the promoters of the enterprise, but the service has been performed at so greatly reduced cost, that the receipts from this source have fallen far below what it was expected they would be. This has been disappointing to us, but a great gain to the Government.

TESTIMONY OF UNITED STATES COMMISSIONER OF RAILROADS.

Aside from what the Government saved directly in the cost of transportation of mails, supplies, and troops, it has also saved an enormous amount indirectly in various ways, as will be seen by reference to the report of the United States Commissioner of Railroads for 1883, an extract from which I herewith submit. The Commissioner, at page 16 of said report, says:

The construction of these roads has been pronounced by the Supreme Court of the United States to have been a national necessity so urgent as to admit of no delay, and confessedly involving the integrity of the Union. The energy with which they were built is well illustrated in the fact that they were completed in seven years less time than the limit established by law, and at a time when the currency bonds issued to the companies realized an average of only about 75 per cent. in gold. And they must be repaid at par. It was doubtless expected that the compensation for Government transportation would equal the current interest; that it has not, has been a disappointment as well to the companies as to the Government, but had the charges for transportation continued at the rate prior to their construction it would greatly have exceeded the interest. The Government has the advantage, and is entitled to it, of the reduced expenses of transportation which has resulted from their construction, and in this view the saving to the Government has greatly exceeded the current interest it has paid. It is also fairly to be considered that the national purposes have all been more than realized in the increased sales of public lands, the extension of civilization, the suppression of Indian wars and the consequent great diminution of expenses, the establishment of States, and the strengthening of the ties which have bound the States of the Pacific coast indissolubly to the Union.

PUBLIC BENEFITS.

But the benefits to the public are even greater than those to the Government. When we began to build the railroad the merchants of San Francisco had absolute control over the other merchants of this coast, and they could, and frequently did, combine to arbitrarily increase the price of provisions and all other articles of commerce. Sometimes they would advance the price of a single article 100 per cent. in a single day. They kept a record of all in-bound vessels with their cargoes, and whenever they found that there was a limited supply of any given commodity in the market, they went out and bought up all in the market and all in *transitu*, and no further supplies could be furnished until orders from here could be filled in the East, which would take fully six months.

TRADE MONOPOLIES PRIOR TO ROAD.

In the mean time these men who had secured all there was of the article on which they wished to create a monopoly fixed on it their own

price. It was no uncommon thing to have a necessary of life advance 100 per cent. in a day. The construction of the railroad prevented all this, and is so far a direct benefit to the consumer. Again, under the old system, when all merchandise had to be brought in ships around Cape Horn, every merchant, every importer, every business man, and every jobber, had to carry at least six months' stock in his store and an equal amount afloat, involving in the transaction of his business a very large capital, idle for the most of the time, the interest on which became a burden on the people. Now, one or two months' stock is sufficient, and a man can do as much business with $50,000 capital as he could under the old condition of things with half a million. The carrying trade then was largely in the hands of foreigners, and a large percentage of the moneys paid for freight was sent to Europe. Since the construction of these roads over 65 per cent. of the money received by us has been paid out in California and adjacent regions in operating and other expenses, and a large proportion of the balance not required to be sent abroad to pay the interest upon the bonds has been invested here in developing the resources of the State and in making it productive. The railroad company has paid out along the line of its road in this State in wages alone more than $100,000,000, most of which would have gone out of the country if the road had not been constructed.

The benefit to the Government by the early completion of the line is more fully shown by the report of E. H. Miller, jr., secretary of this company, upon the subject, which report is attached hereto, marked Exhibit No. 11½. The report, in reply to other questions, also shows the saving in transportation charges by the construction of the road, as well as other information collateral to this general subject, all of which is compiled from official documents.

SAVING TO UNITED STATES IN TRANSPORTATION IN SEVEN YEARS, FORTY-SEVEN MILLIONS.

By reference to this report it will be seen that the United States has saved in transportation charges alone by the completion of the Central Union Pacific line—

To June 30, 1876	$47,763,128.0
To December 31, 1883	139,347,741.5
At the same rate, continued to the maturity of the bonds, the Government will have saved	259,040,430.0

That was not such a very bad investment upon the part of the Government after all.

ANTAGONISTIC LEGISLATION.

"Question 53. Also to inquire if either of the Pacific Railroad Companies has been embarrassed and its earning capacity impaired by antagonistic local or State legislation?"

Answer 53. The Central Pacific Railroad Company has been embarrassed and its earning capacity impaired by antagonistic local and State legislation. While we were trying to make financial negotiations, one claim that we made was based upon the fact that the State of California allowed us 15 cents a ton per mile. Another was that the United States laws allowed us to charge any rate we pleased up to 10 per cent. dividends, then only interfering in case our rates were extortionate. When the agitation against rates commenced we had only 31 miles of road built, and efforts were made in the legislature to pass bills materially affecting our rates. This damaged us before the public. It not

only indicated that we might have to reduce our rates, but made the future very uncertain.

CENTRAL PACIFIC ANTAGONIZED FROM THE FIRST.

From the very first we were strongly antagonized. Congress required that we should build a telegraph line as well as a railroad. The consequence was that we encountered the antagonism of the existing telegraph companies. We were to build a railroad to San Francisco, consequently we encountered the antagonism of the Steam Navigation Company and clipper-ship owners. We were to build a railroad across the mountains, and so antagonized the Pacific Mail Steamship Company and the Sacramento Valley Railway Company, which operated a railroad from Sacramento eastward about 40 miles. Upon the construction of the road their stock sustained a serious injury. A line across the continent was also antagonized by the stage companies and express companies. The pony-express line and the toll roads, all of which had to give way before it, also opposed us. It also seriously affected contractors for the Government at the various posts and Indian agencies, and antagonized many other interests of wealth, power, and influence.

POLITICAL OPPOSITION BY CONFLICTING INTERESTS.

All these interests combined and influenced the press and politicians, and antagonized us in the money centers of the East, Germany, France, and England, with a view of injuring our credit and preventing the fruition of our hopes. As there was a feeling extant not only in Europe, but in this country as well, that the effort to cross the Sierra Nevada Mountains by a practical railroad would prove a failure, these influences did injure us to a very great extent. Even the Sitka Ice Company, which was charging the people of San Francisco 5 cents a pound for ice, antagonized us from a selfish motive, as we saved the people in this direction alone, $600,000 a year. The Overland Stage Company, which received from the Government of the United States $1,600,000 per annum for carrying the mail, brought their influence to bear against us. All these interests combined to influence legislative bodies against us to injure our credit, and, as the journals of all the legislatures would indicate, annoyed and hampered us in every possible manner.

CONTINUED HOSTILE LEGISLATION PROPOSED.

Hostile legislation has been proposed at every session of the legislature since the commencement of the road. It has assumed various forms and often of so serious a character that if successful it would have been impossible to operate the road under its restrictions.

CALIFORNIA RAILROAD COMMISSION UNDER NEW CONSTITUTION.

By the CHAIRMAN:

Q. Has any actual, local or general, hostile or antagonistic legislation been enacted?—A. All those bills we were able to defeat. Every one of them helped to defeat itself. They were generally gotten up in malignity and by men who did not understand the subject, and wherever we could get such bills before a committee composed of fair-minded men, to whom we could explain the true nature and the necessary effect of such legislation, the bills helped to defeat themselves. Finally, how-

ever, there was a new constitution adopted by the people of this State which created a board of railroad commissioners with absolute power, executive, judicial, and legislative, and without appeal. If they were so inclined they could make rates that would practically confiscate the property of the company, under this constitution, and we could not help ourselves. Our redress, of course, would be to go to the Supreme Court of the United States for a final decision of the question in the event of any such action by this board. My idea is that the whole thing is unconstitutional, inasmuch as it vests those three powers in one body, and it would not be sustained by the United States courts if the subject ever goes before them. We have not cared, however, to raise the question, but have got along the best that we could. At the same time this new constitution has interfered a good deal with the company. It will not allow us to charge less, for instance, to Los Angeles, which is a competitive point, than to intermediate non-competitive points. The result is that we cannot make a rate from here to Los Angeles which will compete successfully with the coast steamers and along the rivers. This legislation, under the new constitution, interferes with the companies in a good many ways, but the commissioners have not done all the damage that is in their power.

HOSTILE SENTIMENT DURING GRANGER EXCITEMENT.

Q. What was the general character of the hostile legislation introduced?—A. It was generally in the shape of bills providing for the reduction of freights and fares. I think that every one of the bills, if carried into effect, would have rendered us unable to operate the roads.

Q. Was there a general sentiment in the State in favor of such bills?—A. The noisy and demagogic element was very strong at one time, and influenced others. The feeling engendered by these men existed very largely in the State at one time, and made the people think that we were actually overcharging them for fares and freights, but gradually we have been able to explain, until to-day I think that the feeling in the State is as good towards us as could be expected, we doing business with so many people. The general public has a good deal of confidence in this State, and I think that we have been able to satisfy them that we are doing and have always done all in our power to develop its resources. It was only for a little time that the interests adverse to us were able to swing things their own way. At about that time you will remember that there was a general howl all over the country against railroads. It was during the time of the Granger excitement, which you will remember existed so generally in your own country.

AVERAGE FREIGHT LOWER THAN IN 1878 AND 1879.

By Commissioner ANDERSON:

Q. How does your average rate per ton per mile compare to-day with the rate in 1878 and 1879?—A. It is very much less. We are now doing a class of business which requires lower rates. While we were allowed 15 cents per ton per mile by the law, I think that there was scarcely 1 per cent. of our business which was done at that rate, and that rate was charged only upon very high-class goods in very small quantities. For instance, we might charge that for short haul from the end of Oakland wharf into Oakland, a distance, say, of 3 miles, and 45 cents per ton, which is the highest we could charge, did not pay for the handling. We also charged high rates on some costly articles, and upon certain classes

of machinery, for instance, which were carried to Nevada in the early days. Some of this machinery was large and heavy, and one piece would frequently occupy a whole car. In some instances we had to build cars especially for such machinery, and perhaps they would be required only occasionally. On such shipments we charged 15 cents a ton per mile, and even this would not pay, chiefly from the fact that we had such little use for such a car. It was only at such times and under such circumstances that we charged the maximum rate of 15 cents per ton per mile.

REDUCTION OF NEVADA AND UTAH THROUGH FREIGHTS.

Q. The rates, then, have been largely reduced?—A. Yes, sir; I think that our last report will show it. The serious thing to us was the reduction in the through freights that passed through Nevada and Utah. As you came across that country you saw that there was no local business there. There is not a station business in that country which amounts to enough to sustain business. We depended upon the business originating in California and east of Salt Lake, which passed to and through Nevada and Utah, and when these other lines of railroads not only cut down the rates, but divided the business with us, the rates went so low and the business fell off so much that it has not paid. The value of that road was from the through business and the good rates which it could command. There being no competition, such prices were fixed as were remunerative, and which were fair as between the shipper and the carrier.

EXTREME LEGISLATION DEFEATING ITSELF.

By the CHAIRMAN:

Q. I understand you, then, to say that at no time has there been any hostile local or State legislation?—A. Excepting the State constitution. There have been many efforts at hostile legislation made. For instance, the law taxing our railroad. You saw yesterday a statement showing the extraordinary burden placed upon us in that way. All other very obnoxious propositions, however, were defeated.

Q. Were these bills largely supported in the legislature?—A. Yes; at one time there was a legislature very largely elected because of its hostility to the railroad, and on that account we paid no particular attention to it. I made up my mind that in a legislature forty men would be fair, and out of the forty there will be always twenty men who would be reasonable and just, and these twenty men would be able to defeat extreme legislation. If the legislation had not been so very extreme it is very likely that they would have passed some of it; but the extreme measures proposed defeated themselves.

THE ANTI-RAILROAD SENTIMENT.

Q. Did the members elected to the legislature largely represent the prevailing sentiment of the people throughout the State at that time?—A. I am not sure of that. The anti-railroad sentiment was very noisy and very clamorous. I remember that at the elections a well-known railroad man and a friend of the railroad ran away ahead of his ticket. I know a man who was a candidate for controller who was known as the bosom friend of the railroad, and who believed in railroads, and he ran ahead of his entire ticket. And in the senate, the railroad men, as they used to be called, were, as a rule, a good class of

men and they were the strongest. My impression is that the anti-railroad sentiment of the State which appeared to have existed at one time was more on the surface than otherwise.

THE SO-CALLED "DUTCH FLAT SWINDLE."

Q. What year was that?—A. I cannot tell the date. I am not very good at remembering dates. It was a good while ago; I think about 1870 or 1872. During the early days we had a great deal of antagonism from the various interests opposed to this road. At one time we found it necessary, in order to carry on our work with the greatest speed and economy, to build a wagon road over the mountains, beginning at a place called Dutch Flat, and our opponents represented that we were building this railroad for the benefit of the wagon road, and the whole thing was called the "Dutch Flat Swindle," because the wagon road commenced at Dutch Flat. The local business at that time was very good. It was in the midst of the excitement in Nevada, the great mining excitement of that State, and a vast amount of machinery and supplies was constantly going forward, and the earnings from that source cut a very important figure in our earnings.

INJURY BY COMPETING AIDED LINES.

"Question 54. Also to inquire if the United States, since the Union and Central Pacific Railroad Companies accepted the terms proposed by Congress for the construction of the Pacific railroads, has granted aid in lands for building competing parallel railroads to said Pacific railroads, and, if so, how many such roads, and to what extent such competing lines have impaired the earning capacity of the Pacific railroads."

EARNINGS OF PACIFIC RAILROADS IMPAIRED BY UNITED STATES AID TO OTHER LINES $37,000,000.

Answer 54. Congress has granted aid in lands for building competing parallel roads to the Pacific railroads. The number of which and the extent to which such competing lines have impaired the earning capacity of said Pacific railroads is hereinafter fully set out in the statement of J. C. Stubbs, general traffic manager, annexed hereto, marked "Exhibit 12," and made part hereof; the actual business diverted being upwards of $37,000,000.

SERVICE OF NON-AIDED ROADS REMAINING UNPAID.

"Question 55. Also to inquire if the United States have contracts with branch roads controlled by either of said Pacific roads for carrying United States mails, and, if so, what service has been performed by them, and what money, if any, has been paid for such service, and what remains due and unpaid."

PAYMENT ON LEASED LINES WITHHELD BY UNITED STATES.

Answer 55. The United States Government had contracts with branch roads controlled by the Central Pacific railroads for carrying United States mail. The Central Pacific Railroad Company controlled by lease a number of branch lines prior to April 1, 1885, from which date the lines were leased to the Southern Pacific Company. Mails were carried by these

lines for the United States under the rules and orders of the Post-Office Department. No payments have been made for such service since 1883, at which time but partial payments were made. The payments were withheld prior to April 1, 1885, because the Central Pacific Railroad Company leased the lines, and they have been withheld since that date because the Central Pacific Railroad Company had formerly leased the lines.

CASH DUE UNDER SUPREME COURT DECISION $1,853,323.15.

The United States Supreme Court has decided that compensation for transportation on non-aided and leased lines was payable to the company in cash. From and including the year 1882 to the present time there has been annually a balance due the non-aided lines for transportation services performed. The amount thus due from the Government in cash in excess of all requirements of law to December 31, 1886, is $1,853,323.15. The service that has been performed, the amount of money which has been paid for such service, and what remains unpaid are fully shown by the reports of Mr. E. H. Miller, jr., secretary of the company, hereto attached, marked "Exhibit 13," and made part hereof.

By Commissioner ANDERSON:

Q. Does that report contain any statement from the office of the Commissioner of Railroads, or from the United States Treasury Department, showing any agreement on that figure?—A. Yes, sir; Mr. Miller's report gives such a reference. Each of these statements you will find sustained by the reports of the United States officers, and by the reports of the Railroad Commissioners.

EMBARRASSMENT TO COMPANIES BY UNITED STATES NOT PAYING AMOUNTS DUE.

"Question 56. And if the United States, by failing to pay for such mail services, has embarrassed said railroad companies, or either of them, in paying their indebtedness to the United States."

PRESENT ANNUAL INJURY ON THIS ACCOUNT, $560,000.

Answer 56. The United States, by failing to pay for such mail service and other transportation, has caused an expenditure to the Central Pacific Railroad Company of amounts equal to interest on the sums retained at the rate of 6 per cent. per annum; that being the rate of interest paid during the period on floating debt of the company, which debt would have been decreased by the payment of the sums due from the United States. The annual interest on this balance due the roads in question to December 31, 1886, of $1,853,323.15, at 6 per cent. is $111,199.39. This is the present annual injury to the roads by the Government on account of the item of transportation charges unpaid. The current charges also, in excess of the requirements, amount, as shown by the foregoing statement, to about $450,000 a year. This amount with the interest on the balance makes the accruing annual sum of $560 000 due for transportation on non-aided lines and remaining unpaid.

HAVE ROADS COMPLIED WITH THE LAWS?

"Question 57. Also to inquire if the several Pacific railroad companies have complied with the provisions of 'An act to alter and amend

the act entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862, and also to alter and amend the act of Congress, approved July 2, 1864, in amendment of said first-named act,' commonly known as the 'Thurman act,' and, if not, in what particulars they have failed to comply."

CENTRAL PACIFIC HAS FULLY COMPLIED WITH THE ACTS.

Answer 57. The Central Pacific Railroad Company has complied with all the acts enumerated in this interrogatory in letter and in spirit, to the satisfaction of the officers heretofore appointed under the several acts of Congress to examine into the affairs of this company. The first examination was made in 1879, and included everything from the completion of the road up to the date of that examination. Since that time annual examinations have been made and reported upon. In every case the report shows that the company has complied with all the obligations imposed upon it by Congress. All this fully appears in detail in my answer to interrogatory No. 2.

WHAT CAN BE PAID WITHOUT INJURY TO COUNTRY ALONG THE LINES.

"Question 58. Also to inquire what sums the Pacific railroads and their branches can severally pay annually on account their indebtedness to the United States without imposing such burdens upon the people, and practically upon the localities through which the roads pass, as to retard the development of the country."

INJURY TO NEVADA AND UTAH BY DEMANDING EARLY PAYMENT.

Answer 58. It has been shown in answer to interrogatory No. 3 (c), that the present net earnings of the aided lines, over which the Government lien extends, after paying the current charges which are prior in lien to that of the United States, amount to about $740,000 per annum. The annual accruing interest on the United States bonds is $1,671,340.80. The whole amount of net earnings therefore lacks $930,000 of meeting the accruing interest, even if every available dollar were used for that purpose. The net earnings of the aided road are alone available for the payment of the debt to the Government. Thus the available funds can only be increased by increasing these earnings. This can only be done by increasing the rates through Nevada and Utah, and so fixing the burden of the debt upon the communities through which the road runs. To whatever extent this means should be employed, it would retard the development of the country and impose a burden upon a comparatively few people along its line, for benefits which have been shared by the country at large and particularly by the several Departments of the Government. The local rates would wholly have to stand such a charge; as, on account of competition of other trans-continental lines which were also aided in their construction by United States land grants, through rates cannot be raised. The earning from local traffic for the aided line during the month of May, 1886, was—

Freight	$161,[illegible]
Passenger	87,[illegible]
Total	248,[illegible]

This month is a fair average for the year, and would give an annual amount of $2,984,000. A considerable amount of these earnings is from traffic, the rates on which are controlled by competition, although it is local. This is the case with most of that over the aided line in California. In case the rates should be raised then to pay the Government bonds, the burden would fall almost entirely on the communities in Nevada and Utah.

INCREASE OF LOCAL RATES REQUIRED.

To pay the balance of $930,000 necessary to meet the accruing interest on the United States bonds, without making any provision whatever for the principal, would require an increase in local rates in Nevada and Utah of over 33 per cent.

The foregoing statements, together with the exhibits herewith presented in connection therewith, substantiate the averment made on pages 20 and 21 hereof, that an equitable adjustment of the accounts between this company and the United States would allow the company's claims against the Government to the amount of $62,873,557.81.

All of which is respectfully submitted.

LELAND STANFORD,
President.

STATE OF CALIFORNIA,
City and County of San Francisco, ss:

Leland Stanford, being duly sworn, deposes and says, that the facts stated in the foregoing answers to the 58 interrogatories propounded to him by the United States Pacific Railway Commissioners are true, to the best of his knowledge and belief.

LELAND STANFORD.

Subscribed and sworn to before me this 28th day of July, A. D. 1887.

E. B. RYAN,
Notary Public in and for said City and County of San Francisco, State of California.

EXHIBIT No. 1.—*Affidavit of E. H. Miller, jr., secretary, that the Central Pacific Railroad Company has complied with all obligations of the laws.*

E. H. Miller, jr., being duly sworn, deposes and says:

I am a citizen of the United States and of the State of California, over twenty-one years of age, and am competent to testify in this matter.

On the 29th day of September, 1863, I was elected secretary of the Central Pacific Railroad Company, and ever since then have been and now am the duly appointed and acting secretary of said company; that as such secretary I have had charge of and have kept, and now have charge of and keep, all the books, of account, papers, and vouchers pertaining to its business; that as such secretary I have had occasion to and have examined all the laws of the United States heretofore passed with reference to aiding said company with bonds; that as such secretary I have had occasion to and familiarized myself with the obligations of such laws, so far as they relate to the Central Pacific Railroad Company, and the company has promptly observed all such obligations to the best of my knowledge and belief.

E. H. MILLER, JR.

Subscribed and sworn to before me this 26th day of July, A. D. 1887.

[SEAL.]

E. B. RYAN,
Notary Public in and for the City and County of San Francisco, Cal.

EXHIBIT No. 2.—*Statement of A. N. Towne, general manager, relative to diversion of business to non-aided lines.*

SAN FRANCISCO, *July 5, 188*.

Hon. LELAND STANFORD,
President Central Pacific Railroad Co.:

DEAR SIR: In obedience to your instructions, I beg leave to report with respect to the question (No. 9) asked by the Pacific Railroad Commission, created by the act of Congress approved March 3, 1887: "Whether any traffic or business which could or should be done on the aided lines of said company has been diverted to the lines of any other company or to non-aided lines," as follows:

DIVERSIONS TO THE LINES OF OTHER COMPANIES.

(1) *Through traffic.*—It is a matter of public knowledge that there are now several transcontinental lines. It is unnecessary to name them. All except the original Central and Union Pacific line have been completed since 1880. Each of those constructed since 1880 has diverted more or less traffic from the original Union and Central Pacific line. The aggregate of these diversions is equal to more than 50 per cent. of the total through freight and passenger traffic for the five years and nine months ending with December 31, 1886, the period which has elapsed since the opening of the first line competing with the Central and Union Pacific line for through traffic.

The responsibility for the construction of these opposing lines rests, in my judgment, with the Government of the United States. It follows that the United States Government is the instrumentality through which said diversions of through traffic from the Union and Central Pacific roads to the other later-built transcontinental lines was accomplished.

A part of each of said other lines received large grants of land from the United States Government, the grant being in each case, I believe, double the grant of land made to the Union and Central Pacific companies. It was the Government grant of land which induced the building of these roads—at least it, if not the sole cause of their construction, was the inducement which facilitated their construction and caused their early completion. In each case the building of these roads has been in advance of the settlement of the country through which they run. In nearly every case the country has been settled since the completion of the road, in the main through the advertising agencies of the railroad managers whose motives were not only to develop traffic but to sell their lands. There has been no time when the original line made by the Union and Central Pacific roads could not and would not have provided facilities for and amply accommodated all the through traffic carried by the other lines; hence, the conclusion is inevitable that the United States Government, by granting large land subsidies in aid of roads which have been built, and which, since their completion, have competed for and taken a larger share of the through traffic from the Central and Union Pacific line, is directly responsible for the diversion of said traffic and the consequent loss in earnings to the Central Pacific Company and the Union Pacific Company. This loss would have been very much greater, but fortunately the Southern Pacific Railroad Company, organized in 1865 under the laws of California to build a railroad from San Francisco to San Diego, thence east to the boundary of the California State line, there to connect with railroads to be built to the Mississippi River, passed in 1870 under the control of the men who controlled the Central Pacific. The control of the Southern Pacific by the Central Pacific enabled delayed the extensions of the former road, and after its extensions were made to secure connections with lines building westward from the Mississippi River, secured co-operation and harmony in working the traffic which was common to both the Central Pacific and Southern Pacific lines that would have been impossible under separate control, and which was of great advantage to the original or Central Pacific line.

There can be little questioning, in the minds of practical railroad men, of the proposition, that had the railroads following the 32d and 35th parallel routes, respectively, been wholly constructed and operated by men who were not interested in the Central Pacific line, the diversion of traffic to those lines would not only have been more rapid and greater in degree, but that the revenue of the Central Pacific and Union Pacific line would have been diminished in much greater ratio.

The extent of the damage to the Central and Union Pacific line by diversion of traffic to these other through trans-continental lines will be shown approximately by the general traffic manager in answer to the Commission's inquiry No. 54.

(2) *Local traffic.*—The traffic between San Francisco and other bay points, on the one hand, and the cities of Stockton, Sacramento, and Marysville, Cal., respectively, is shared by other carriers. This, however, scarcely comes under the head of a diversion from the Central Pacific aided lines. The other carriers sharing this traffic are, (a) vessels navigating the bays, Sacramento River, San Joaquin River, and Feather River, respectively—routes which were open and employed before the Cen-

tral Pacific line was built; (*b*) the California Pacific road, which was completed and in operation before the western division of the Central Pacific. Therefore, whatever amount of this business has been done via the western division of the Central Pacific is, in fact, a diversion from the other carriers named.

DIVERSIONS TO NON-AIDED LINES.

While the roads to which the diversions treated under this heading have been made were built and are owned by other companies than the Central Pacific, yet as they are controlled by those who have also controlled and managed the Central Pacific, I presume they illustrate the diversions to non-aided lines referred to in the Commission's interrogatory.

Traffic to and from points south of Lathrop interchanged with San Francisco and Oakland has, since the completion of the San Pablo and Tulare road, Tracy to Oakland via Martinez, been carried over that road instead of being carried via Niles and Livermore. The road from Tracy to Oakland, via Martinez, is 11 miles longer than the road from Tracy to Oakland via Livermore, but the former is a practically level road, its maximum grade being 10 feet to the mile, over which an ordinary engine can draw 50 cars, loaded with from 10 to 12 tons each, while the latter crosses the Contra Costa Range with a maximum grade of over 52 feet to the mile, which would require three engines to haul the same train. The longer line does not lose appreciably, if at all, in the matter of time when compared with the Livermore line, while it gains greatly in the matter of cost of operating.

Traffic on the western division of the Central Pacific east of Lathrop, to and from San Francisco and Oakland, has also been diverted from the "aided" line between Tracy and Niles in like manner and for the same reason as the traffic to and from points south of Lathrop.

Traffic interchanged by points east of Sacramento and north of Roseville Junction, with San Francisco and Oakland, has been diverted at Sacramento from the "aided" line, between Sacramento and Niles, to the California Pacific and Northern Railway, a non-aided line. The reasons for this diversion are—

(1) *Public convenience.*—The passenger train time between San Francisco and Sacramento, via the California Pacific line, is four hours against six hours via the Central Pacific, Stockton, and Livermore route. The public demands and is entitled to the best service we can give. We should be unable to justify sending passengers or even freight over the long and heavy line via Stockton against the shorter, easier, and much more attractive line via Benicia. Especially is this true of the through or trans-continental traffic, which is taken in competition with other trans-continental lines. The weight of this consideration with those whom the company serves is well illustrated by the fact that the United States Government chooses the short line for the transportation of its mails in consideration of (*a*) public convenience, (*b*) and the fact that it pays for the transportation of mails by the mile. By so doing it expedites the mails and saves money, secures the best service at the least expense to the Government.

(2) *Economy in operating.*—The line from Sacramento to Oakland wharf, via Stockton and Niles, is 136 miles, and crosses, as I have before explained, the Contra Costa Range at a maximum grade of over 52 feet to the mile, while the California Pacific line via Benicia makes but 86 miles between Sacramento and Oakland wharf, and is practically a level line. If we were to equate the two lines—that is to say, reduce the grades and curves of both lines to their equivalent in straight level lines, we would find the Stockton route to be more than double the length of the Benicia line. There is fully that difference in the cost of handling the traffic over the two routes, in view of which it would have been inexcusable to use the longer and more expensive route.

The Government did not assume the responsibility of constructing the Central Pacific road. It contributed thereto by a grant of land and a loan of credit, but its motives were selfish. It was not moved by a desire to benefit or enrich the promoters of these enterprises. The result, as will doubtless be shown before the Commission, has amply justified the wisdom of Congress in granting the aid. No government or individual ever made a better investment, or, if I may be allowed the expression, ever engaged in a more successful venture, even if it transpires that neither the principal nor the interest of the loan is ever repaid. Neither did the Government assume the responsibility of operating the road when it was completed. It was left in the control and management of its owners, and we must assume that this was the purpose of Congress. We may also fairly assume that Congress expected the road to be managed by practical business men upon established business principles, of itself a valuable promise, affording the best guaranty that sooner or later the company would be able to discharge its obligations to the Government. These shareholders found themselves engaged with the problem of making a support for nearly a thousand miles of road through a sparsely settled territory, which, for the most part at the time,

was regarded as incapable of producing anything in the way of traffic which a company could move with profit. It was a link in a trans-continental line connecting the Atlantic and Pacific coasts. California was the chief State on the Pacific coast, having a population in 1870, of but little over 560,000. It was known only as a mining State. Its agricultural resources were not only undeveloped but unknown, even undreamed of by the most sanguine. The chief value of the road was its value to the Government as a *military road*, as a strategic line, but the government assumed no responsibility for its management, provided no guaranty of earnings, no means of support. The owners of the road were left to their own resources and devices to develop traffic, and to make a support for it. The occasion called for the greatest skill and sagacity, untiring industry, and the utmost economy on the part of the owners and the agents they employed to assist in conducting the affairs of the company. The Government, which I here put in the place of the public, certainly understood this. It cannot be that at the time there was any warrant for interfering with the management of the road, or any thought of questioning the propriety of anything which the managers of the road might or should legally do in pursuit of the interest of the railroad company. Its interest was to secure the maximum of traffic and to move it at the minimum of cost. It is not to be supposed that the circumstances I have described ever (until after the passage of the Thurman act) suggested to the managers of the road, to its patrons, to Government officials, or to Representatives in Congress, that the question whether the company should or should not be restrained from adopting any method of conducting its traffic or any measure of economy in operating the road, or any device to conserve, increase, or promote its traffic, should turn upon the point whether or not it affected the earnings of a particular "aided" or "non-aided" portion of the road, so long as the method, measure, or device was lawful, and had for its object the welfare of the company. On the contrary, it is fair to assume that these circumstances not only warranted but required the employment of every measure of economy, every lawful device to defeat or meet competition, every means to increase the traffic and enlarge the revenue of the company, regardless of special considerations for a part of its road, whether "aided" or "non-aided," so long as the communities on every portion of the road were afforded reasonable service at a fair price.

Were we to examine into the ultimate cause which led to the acquirement or building of the "non-aided" lines to which traffic may be said to have been diverted, it will be found in every case to have had for its object the strengthening and protection of the Central Pacific line. They are all feeders of the main line. They occupy territory which sooner or later would have been seized by other railroad companies. They have developed the resources of that Territory and made it tributary to the main line of the Central Pacific. I venture to say that in each case the gain to the Central Pacific Company from contributions of traffic, the reduction of competition, the saving in cost of handling traffic by the acquirement of these "non-aided" competitive and tributary lines has more than equaled their cost. As a single example, take the California Pacific road. Suppose it had continued under separate and independent control from the Central Pacific, what its extensions might and would have been to the damage of the Central Pacific in its most productive territory is scarcely a matter of conjecture. It certainly would have been extended through the Sacramento Valley, and probably would have been constructed east and formed another through line. The control of the California Pacific was necessary to the Central Pacific. Having it, a reasonable regard for the public interest, as well as economy in conducting the traffic, compelled the Central Pacific managers to handle the traffic in the manner I have described. I need only suggest these considerations. They have doubtless been thought of and debated in your own mind to far greater length than in mine or than I would be authorized to treat them in this communication.

Very respectfully,

A. N. TOWNE.

SAN FRANCISCO, *July* 8, 1887.

Hon. LELAND STANFORD,
President Central Pacific Railroad Co.:

DEAR SIR: In addition to what I said in my letter of the 5th relative to the diversion of business and the difficulty in operating the aided line between San Francisco and Sacramento as compared with the level and shorter line by the non-aided road, I desire to call your attention to another important factor entering into the question, showing still further reasons why the company will not be able to meet its obligations to the Government at maturity, or even for many years to come.

Of the 865 miles (in round numbers) of the aided line between San José and the point of junction with the Union Pacific, 5 miles west of Ogden, 586 miles, or 67 per cent., is located in Nevada and Utah, through a section almost wholly devoid of the first element of prosperity in a country, namely, agricultural. All this vast region offers little inducement to the farmer—in fact, the country through which the

and passes is a vast area of unoccupied land, and the settlements along the road are small and unimportant, with few exceptions. I find in looking over the earnings for that portion of the line within the State of Nevada for the month of August, 1878 (which month showed the largest earnings of any month that year), it shows the receipts from both freight and passengers collected from our patrons for the pro rata proportion of the road operated within that State to have been as follows:

Freight forwarded from points in Nevada	$48,620.64
Freight received at points in Nevada	74,715.06
Passengers both ways	27,974.00
Total	151,309.70

On the other hand, for this same month the taxes and amounts actually paid out to our own men, residents of that State, amounted to $63,347.97; and we may add to this amount the cost of all such as rails, fastenings, timber, lumber and material for shops, fuel, &c., used in that State, which are not included in the above figure, together with proportion of interest, salaries, and other expenses; and we would find out that the amount so paid out was greater than the proportionate amount of earnings received from all traffic within the boundaries of that State.

There being no timber and but little cultivation, this vast territory may be classed as grazing and mineral lands, and [illegible] contributions to the road in the way of traffic are small and of far less value now [illegible] the past, as will be seen by the following comparative statement of freight traffic to and from points in Nevada during the years 1876 and 1886:

	1876.		1886.	
	Pounds.	Earnings.	Pounds.	Earnings.
From Nevada points	121,712,030	$519,780.60	160,909,650	$648,237.60
To Nevada points	381,211,690	2,789,9244.0	131,958,100	1,027,363.10
Total		3,339,710.00		1,670,600.70

Which shows for the "out" freight a [illegible] in charges of 15 per cent. over 1876, and for "in" freight it shows a loss in charges in 1886, as against 1876, of over 63 per cent. On the total "in" and "out" it shows a loss in 1886, as compared with 1876, of $1,669,109.30, or about 50 per cent.

The live-stock shipments are light, for the reason that the cattle-men drive much of their stock north through a good grazing country to shipping points for the East by the Union Pacific and Northern Pacific roads. And the great mining industries of Nevada, which once contributed a large and remunerative traffic to the road, now give us but a very limited amount.

From the Nevada State line westward, 138 miles, the road is constructed over the Sierra Nevada range of mountains, reaching an elevation of nearly 7,000 feet, where the traffic is light and the expense of operating very heavy. And since it is proper to judge all things by a standard of comparison, I may perhaps be permitted to point out a few of the difficulties incident to constructing and operating the Central Pacific road over this mountainous and sparsely-settled section as compared with the roads of the Eastern and Northwestern States; the latter were easily built, having straight lines, running through level and populous sections, many of them over inexhaustible beds of coal, with grades so favorable that eighty cars and upwards can be taken with safety in a train, while on the other hand, on the mountain section of the Central Pacific above mentioned, six cars is the limit for a train with a ten-wheel engine, with 18 by 24-inch cylinders, more than six cars requiring a second engine, and more than twelve or thirteen a third engine, or the train must be divided; this is on the portion of the road where we have to overcome an elevation of nearly 7,000 feet.

In passing, and in this connection, I will add that the nature of the country through which this road runs between San Francisco and Ogden is such that there is nearly 25,000 feet of ascending and nearly 11,000 of descending grades; making a total of about 36,000 feet. The total curvature is 45,000 degrees, equal to 125 complete circles, or to a 52-degree curve for the whole distance, thus necessitating a material increase of locomotive power.

Again referring to that portion of the line between the Nevada State boundary and Sacramento, I should not fail to remind you of the large and unavoidable ex-

pense in the construction and maintenance of snow sheds and galleries, in some nearly forty miles, made necessary as a protection against the storms of the winter months in that region; then there is great cost in the maintenance and operation of the enormous snow plows, with a large force of men to work them, which during the summer season has to be kept on water trains, fully equipped, to extinguish fires in the sheds and galleries. This is an expense that no other railroad in this country, or perhaps in the world, is subjected to.

All this is necessary to keep the line open for the movement of the traffic promptly and satisfactorily; and further, it is all-important that the line be ever kept open in order to meet the wants of the Government, as provided in the act requiring us to be prepared at all times to transport the mails, troops, munitions of war, supplies, and public stores whenever required to do so by any department of the Government, as they are to have preference in the use of the road in all cases and under all circumstances.

The line from Sacramento to San José is, in round numbers, 140 lineal miles; between Sacramento and San Joaquin River, 68 miles, the country is good, and devoted to agriculture and horticulture, the soil is productive and the traffic profitable to the road, although at Sacramento and Stockton we have active competition from the rivers, which makes traffic to and from those cities less desirable and profitable than we could wish.

From the San Joaquin River over the inner coast range of mountains to Livermore, 31 miles, is a section which pays little tribute to the road, but from Livermore to San José the line runs through a fine productive section of agriculture and horticulture, although that portion of it between Niles and San José, 17 miles, is subject to active competition from the South Pacific Coast Railroad, which not only divides the traffic, but compels this company to take the remainder at very low rates. Further competition from this source is, however, happily now avoided by the acquisition of that company's property by the Southern Pacific Company.

In conclusion, I will add that notwithstanding the light traffic, the facilities and accommodations furnished our patrons are in all respects first class.

Yours, truly,

A. N. TOWNE.

EXHIBIT No. 3.—*Statement of J. A. Fillmore, general superintendent, relative to cost of operating mountain divisions.*

SAN FRANCISCO, *July* 25, 188[illegible].

Hon. LELAND STANFORD,
President Central Pacific Railroad Company:

DEAR SIR: As requested in yours of even date, I submit the following relative to the difficulties of and the difference in cost of operating the mountain division of the Central Pacific Railroad as compared with a road of ordinary grade:

(1) The engine service alone is nine times greater. For example, one engine will take a train of forty-five cars in the valley from Sacramento to Rocklin, from which point it requires five engines of the same class to take the same train over the mountain division. On the return these engines, not being required to pull the trains, are virtually "dead-headed," with the exception of one.

(2) The total cost of engine service per mile was much greater. Using the same fuel, wood, at the same price per cord, the cost per mile on the mountain division is 33 $\frac{37}{100}$ cents; on a road of ordinary grade, 23 $\frac{93}{100}$ cents, an increase of 42 $\frac{44}{100}$ per cent.

(3) On account of the increased number of trains over the mountain division (five trains being required to do the work of one in the valley) there is a corresponding increase of expenses in the way of stations, telegraph operators, track-walkers, watchmen, wood-pilers, &c.

(4) The cost of keeping the mountain division open in heavy weather, especially during the winter months, is something beyond comparison with any other division or with any other road. I had charge of that division, as division superintendent, during the winter of 1873–4. The total fall of snow that winter was 63 feet. At times it was necessary to run five snow-plows, and nine engines were required to each plow, to insure against blockade. In addition to this we had to employ between four and five hundred shovelers during the storms, and most of them were required between the storms to shovel back the snow preparatory to another storm. During that winter, and indeed during every winter when we are troubled with snow in the mountains, all freight trains are put on sidings outside the snow-belt, their engines are placed on the snow-plows, and we only attempt to run passenger trains. We have had as many as thirteen engines on one passenger train of six cars. On that portion of the mountain division where the snow sheds are located, we have expended for repairs of the sheds in the nine years from 1878 to 1886, inclusive, $384,274.[illegible], or

average of $42,697.23 per year. This is for ordinary repairs, and doesn't include betterments. In addition to the above expenses on repairs of the snow sheds, in order to guard against fire, we have three fire trains under steam day and night, ready to move at a moment's notice when an alarm of fire in the sheds is turned in. As a further precaution against fire, the sheds are watered twice a week for a distance of about 30 miles.

(5) We have over the Central Pacific Railroad one through express train each way per day, and during the summer months, for about six months of the year, for about two-thirds of the time, these trains are run in two sections, being too long and too heavy to be run as one solid train. Over the same road there is an average of three through freight trains per day each way; this is about the same daily number that have been run during my entire connection with the road, which began in 1871. It is only within the last few years, however, that second sections during the summer months have become of almost daily occurrence.

(6) Relative to where the business comes from that would maintain a road from the State of California through Nevada and Utah, will say: East-bound through freight originates in California, nearly all of it, and mostly west of the Sierra Nevada Mountains. Nearly all west-bound through freight originates east and south of Ogden, Utah.

Yours, &c.,

J. A. FILLMORE,
General Superintendent.

STATE OF CALIFORNIA,
City and County of San Francisco, ss:

J. A. Fillmore, being first duly sworn, saith: That he has read the foregoing statement; that the matter and things therein stated are true of his knowledge and belief, except as to those matters stated on his information and belief, and as to those he believes it to be true.

J. A. FILLMORE.

Subscribed and sworn to before me this 26th day of July, A. D. 1887.
[SEAL.]

E. B. RYAN,
Notary Public in and for said City and County.

EXHIBIT No. 4.—*Statement of E. H. Miller, jr., secretary, relative to dividends paid.*

Number.	Date.	Rate, per cent.	Amount.
1	Sept. 13, 1873	3	$1,628,265
2	Aug. 4, 1874	5	2,713,775
3	April 1, 1875	6	3,256,530
4	Oct. 1, 1875	4	2,171,020
5	April 3, 1876	4	2,171,020
6	Oct. 2, 1876	4	2,171,020
7	April 2, 1877	4	2,171,020
8	Oct. 1, 1877	4	2,171,020
9	Feb. 1, 1880	3	1,628,265
10	Aug. 1, 1880	3	1,778,265
11	Feb. 1, 1881	3	1,778,265
12	Aug. 1, 1881	3	1,778,265
13	Feb. 1, 1882	3	1,778,265
14	Aug. 1, 1882	3	1,778,265
15	Feb. 1, 1883	3	1,778,265
16	Aug. 1, 1883	3	1,778,265
17	Jan. 15, 1884	3	1,778,265
			34,508,055

Central Pacific Railroad Company. Statement showing surplus profits available for dividends from organization to December 31, 1884.

1864 to June 30, 1878.

Income—receipts	$124,283,017.46	
Land receipts to redeem bonds	1,136,000.00	
Interest on sinking funds	790,207.43	
		$126,209,224.89
Expenses, &c	98,582,084.43	
Sinking funds of company	3,072,557.43	
United States Government:		
One-half transportation charges retained prior to 1873	758,639.69	
One-half transportation to June 30, 1878	1,021,299.85	
Five per cent. of net earnings to June 30, 1878	1,871,430.00	
Land bonds redeemed	1,136,000.00	
		106,442,011.40
Surplus profits to date		19,767,213.49
Dividends Nos. 1 to 8, inclusive, September, 1873, to October, 1877		18,453,670.00
Balance surplus profits		1,313,543.49

July 1 to December 31, 1878.

Receipts:		
Earnings	$9,798,477.33	
Lands	1,151,000.00	
Interest on sinking funds	118,702.29	
	11,068,179.62	
Expenditures:		
Expenses, &c	7,916,723.13	
Land bonds redeemed	1,151,000.00	
Sinking funds of company	223,702.29	
United States requirement, 25 per cent. of net earnings	536,291.93	
	9,827,717.35	1,240,462.27

For the year 1879.

Receipts:		
Earnings	17,250,971.02	
Lands	433,000.00	
Interest on sinking funds	233,903.18	
	17,917,874.20	
Expenditures:		
Expenses, &c	14,860,262.54	
Land bonds redeemed	433,000.00	
Sinking funds of company	772,403.18	
United States requirement, 25 per cent	899,563.92	
	16,965,229.64	
		952,644.56
Balance surplus profits to date		3,506,688.21

For the year 1880.

Receipts:		
Earnings	20,911,108.58	
Lands	200,000.00	
Interest on sinking funds	254,617.08	
	21,365,725.66	

Expenditures:		
Expenses, &c	$16,588,934.81	
Land bonds redeemed	200,000.00	
Sinking funds of company	1,008,117.08	
United States requirement	1,037,225.28	
	18,834,277.17	
		$2,531,448.49
Surplus profits to date		6,038,106.81
Dividends Nos. 9 and 10		3,406,530.00
		2,631,578.81
Receipts: For the year 1881.		
Earnings	$24,094,100.95	
From investments	612,656.40	
From lands	420,000.00	
Interest on sinking funds	262,500.00	
	25,389,257.35	
Disbursements:		
Expenses, &c	18,087,719.98	
Land bonds redeemed	420,000.00	
Sinking funds of company	1,016,000.00	
United States requirements	1,038,935.24	
	20,562,655.22	
		4,826,602.13
Surplus profits to date		7,458,180.94
Dividends Nos. 11 and 12		3,556,530.00
Balance surplus profits		3,901,650.94
Receipts: For the year 1882.		
Earnings	$25,683,242.41	
Lands	711,000.00	
Interest on sinking funds	281,260.00	
	26,675,502.41	
Expenditures:		
Expenses, &c	20,545,180.24	
Land bonds redeemed	711,000.00	
Sinking funds of company	1,034,760.00	
United States requirement	792,920.24	
	23,083,860.48	
		3,591,641.93
Surplus profits to date		7,493,292.87
Dividends Nos. 13 and 14		3,556,530.00
Balance surplus profits		3,936,762.87
Receipts: For the year 1883.		
Earnings	$24,751,657.75	
Lands	574,000.00	
Interest on sinking funds	335,125.00	
	25,660,782.75	
Expenditures:		
Expenses, &c	20,196,863.42	
Land bonds redeemed	574,000.00	
Sinking funds of company	1,088,625.00	
United States requirement	661,530.69	
	22,521,019.11	3,139,763.64
Surplus profits to date		7,076,526.51
Dividends Nos. 15 and 16		3,556,530.00
Balance surplus profits		3,519,996.51

For the year 1884.

Receipts:		
Earnings	$22,182,030.86	
Lands	472,000.00	
Interest on sinking funds	373,000.00	
Miscellaneous	234,211.83	
	23,261,242.79	
Expenditures:		
Expenses, &c	21,238,166.03	
Land bonds redeemed	472,000.00	
Sinking funds of company	1,126,500.00	
United States requirement	538,851.52	*Deficit.*
	23,375,517.55	$114,274.7[illegible]
Surplus profits to date		3,[illegible]
Dividend No. 17		1,778,[illegible]
Balance surplus profits to date		1,027,[illegible]

E. H. MILLER, Jr.,
Secretary.

STATE OF CALIFORNIA,
City and County of San Francisco, ss:

E. H. Miller, jr., being first duly sworn, saith: That he has read the forgoing statement consisting of the pages next preceding, marked "Exhibit No. 4," and knows the contents thereof; that the facts therein stated are true except as to those matters stated on his information or belief, and as to those he believes it to be true.

E. H. MILLER, Jr.

Subscribed and sworn to before me this 26th day of July, A. D. 1887.

[SEAL.] E. B. RYAN,
Notary Public in and for the City and County of San Francisco, State of California.

EXHIBIT No. 5.—*Statement of the consideration paid the company by each stockholder receiving stock, and when and in what property such payment was made.**

[The dates of payment herein given are the dates when amount subscribed was fully paid up. When stock was transferred or forfeited, the date of last payment by party holding stock is given.]

Names of stockholders.	No. of shares.	Dates of payment.	Amount paid.	In what property.	Transferred, &c.
Central Pacific Railroad Company.					
Avery, Sarah E	1	Oct. 10, 1864	$100.00	Cash	
Avery, Melissa	1	Oct. 10, 1864	100.00	Cash	
Arnold, Jacob	2	Dec. 1, 1862	20.00	Cash	To Chas. Crocker.
Crocker, C		Mar. 21, 1870	180.00	Cash	
Adams, C. W	10	Mar. 11, 1864	1,000.00	Cash	
Brickell, B	20	Apr. 30, 1861	200.00	Cash	To C. C.
Crocker, C		Mar. 21, 1870	1,800.00	Cash	
Brickell, E. J	40	Apr. 30, 1861	400.00	Cash	To C. C.
Crocker, C		Mar. 21, 1870	3,600.00	Cash	
Booth, L. A	10	Jan. 17, 1867	1,000.00	Cash	
Bradley & Co., E. L	25	Apr. 30, 1861	250.00	Cash	Forfeited.
Beans, T. E	10	Apr. 30, 1861	100.00	Cash	Forfeited.
Bowstead & Co	10	Apr. 30, 1861	100.00	Cash	To D. W. Welty.
Welty, D. W					To C. C.
Crocker, C		June 21, 1870	900.00	Cash	
Bailey, James	150	Apr. 30, 1861	1,500.00	Cash	To A. P. Stanford.
Stanford, A. P		Sept. 28, 1863			To Leland Stanford.
Stanford, Leland		Apr. 4, 1870	13,500.00	Cash	
Blanchard, N. W	10	Apr. 30, 1861	100.00	Cash	To C. C.
Crocker, C		Dec. 14, 1866	900.00	Construction	
Burnham, W. C	10	Feb. 12, 1864	1,000.00	Cash	
Burt, B	5	Feb. 18, 1864	500.00	Cash	
Bell, T	2	Nov. 5, 1862	20.00	Cash	To C. C.
Crocker, C		June 21, 1870	180.00	Cash	
Bruner, Joseph	2	Feb. 9, 1863	40.00	Cash	To C. C.

* See answer to questions 27, 28, and 30.

EXHIBIT No. 5.—*Statement of the consideration paid the company by each stockholder receiving stock, &c.*—Continued.

Names of stockholders.	No. of shares.	Dates of payment.	Amount paid.	In what property.	Transferred, &c.
Central Pacific Railroad Company—Con'd.					
Crocker, C		June 21, 1870	$100.00	Cash	
Bowa, Daniel	1	Nov. 6, 1863	10.00	Cash	Forfeited.
Bowman, Ida	2	Nov. 20, 1862	20.00	Cash	To C. C.
Crocker, C		June 21, 1870	180.00	Cash	
Bowman, William J	2	Nov. 20, 1862	20.00	Cash	To C. C.
Crocker, C		June 21, 1870	180.00	Cash	
Bithell, James	20	Dec. 31, 1864	2,000.00	Cash	
Bon, E	5	Mar. 30, 1863	150.00	Cash	To C. C.
Crocker, C		June 21, 1870	350.00	Cash	
Bell, Robert	5	Dec. 12, 1862	50.00	Cash	To C. C.
Crocker, C		June 21, 1870	450.00	Cash	
Bulmer & Co., J	3	Nov. 15, 1864	300.00	Cash	
Bangley, Joseph	5	Apr. 14, 1864	500.00	Cash	
Bevins, Charles	1	Dec. 15, 1862	10.00	Cash	Forfeited.
Bowe, R. F	10	Dec. 18, 1862	100.00	Cash	To C. C.
Crocker, C		June 21, 1870	900.00	Cash	
Booth, Newton	25	Feb. 21, 1863	500.00	Cash	To L. S.
Stanford, Leland		Apr. 22, 1863			To C. C.
Crocker, C		Jan. 4, 1866	2,000.00	Salary	
			5,000.00	Cash	
Briley, James	500	July 4, 1863	20,000.00	Services	To A. P. S.
		Sept. 5, 1864	5,000.00	Services	
Stanford, A. P		Nov. 30, 1864	16,000.00	Cash	To L. S.
Stanford, Leland		Apr. 4, 1870	4,000.00	Cash	
Bragg & Co., H. W	30	Sept. 8, 1864	3,000.00	Cash	
Bassett, George A	20	July 1, 1863	2,000.00	Services	
Cram, Samuel	10	Nov. 9, 1864	1,000.00	Services and cash	
Cole, Cornelius	10	May 6, 1863	400.00	Cash	To C. P. Huntington.
Huntington, C. P		Sept. 22, 1870	600.00	Cash	
Callahan, D. E	10	May 1, 1862	100.00	Cash	To L. Upson.
Upson, L		Sept. 5, 1864	900.00	Services	
Crocker, Charles	150	Dec. 1, 1864	15,000.00	Cash	
Cummings, C. H	10	Jan. 4, 1864	1,000.00	Cash	
Culver, J. H	2	Apr. 14, 1863	60.00	Cash	Forfeited.
Collis, C. S	1	Jan. 6, 1864	100.00	Cash	
Cochran, Martha T	10	Oct. 31, 1862	100.00	Cash	To C. C.
Crocker, C		June 21, 1870	900.00	Cash	
Cook, Hiram	10	Feb. 27, 1864	1,000.00	Cash	
Crankite, H	1	Nov. 5, 1862	10.00	Cash	Forfeited.
Chevalier, F	2	Dec. 3, 1864	200.00	Cash	
Conrad, Mario	1	Mar. 12, 1863	30.00	Cash	To C. C.
Crocker, C		June 21, 1870	70.00	Cash	
Conrad, John	1	Mar. 12, 1863	30.00	Cash	To C. C.
Crocker, C		June 21, 1870	70.00	Cash	
Converse, C. H	1	Nov. 10, 1862	10.00	Cash	Forfeited.
Cook, T. H	5	Mar. 1, 1863	500.00	Cash	
Coats, A	5	Feb. 10, 1864	500.00	Cash	
Cole, Cornelius	15	May 6, 1863	600.00	Cash	To C. P. H
Huntington, C. P		Sept. 22, 1870	900.00	Cash	
Crocker, E. B	10	Dec. 23, 1865	100.00	Cash	
			900.00	Services	
Crocker, H. S	5	Dec. 31, 1863	500.00	Cash	
Cummings, William	20	May 9, 1863	800.00	Cash	To J. Bithell.
Bithell, J		June 10, 1865			To C. C.
Crocker, C		Dec. 14, 1866	1,200.00	Construction	
Clark, D. W	10	Jan. 6, 1863	100.00	Cash	To C. C.
Crocker, C		June 21, 1870	900.00	Cash	
Crocker, E. B	50	Feb. 3, 1864	5,000.00	Cash	
Crocker, Charles	500	Jan. 7, 1864	5,000.00	Cash	
			45,000.00	Construction	
Chamberlain, O. L	250	May 12, 1864	25,000.00	Cash	
Dow, N. L	5	May 10, 1864	500.00	Cash	
Dean, G. B	5	May 30, 1864	500.00	Cash	
Daly, James A	5	Oct. 10, 1864	500.00	Cash	
Davis, E	3	June 2, 1864	210.00	Cash	To C. C.
Crocker, C		July 26, 1867	90.00	Construction	
Decker, W	5	Dec. 11, 1862	50.00	Cash	To C. C.
Crocker, C		June 21, 1870	450.00	Cash	
Dow, D. K	1	May 10, 1864	100.00	Cash	
Dow & Co., N. L	40	May 10, 1864	4,000.00	Cash	
Donahue, W. J	1	Dec. 13, 1862	10.00	Cash	Forfeited.
Dustin, W. G	10	May 1, 1861	100.00	Cash	Forfeited.
Dunn, J. R	2	Aug. 17, 1864	200.00	Cash	
Dingy, C. & F	20	Feb. 11, 1864	2,000.00	Cash	
Ed, A	1	Mar. 3, 1864	100.00	Cash	
Earl, D. A	10	Feb. 24, 1864	1,000.00	Cash	
Dunlap, W. L	3	Oct. 22, 1866	100.00	Cash	To C. C.
Crocker, C		Dec. 14, 1866	200.00	Construction	

EXHIBIT No. 5.—*Statement of the consideration paid the company by each stockholder receiving stock, &c.*—Continued.

Names of stockholders.	No. of shares.	Dates of payment.	Amount paid.	In what property.	Transferred, &c.
Central Pacific Railroad Company—Con'd.					
Findley, Thomas W	10	Nov. 1, 1864	$100.00	Cash	To C. C.
Crocker, C		Dec. 14, 1866	900.00	Construction	
Forbes, J. F. H	10	Oct. 22, 1862	100.00	Cash	To C. C.
Crocker, C		Dec. 14, 1866	900.00	Construction	
Frederick & Kerebs	5	May 21, 1864	500.00	Cash	
Foye, W. R. S	10	July 15, 1863	500.00	Cash	To C. C.
Crocker, C		Dec. 14, 1866	500.00	Construction	
Franklin, P	2	May 22, 1863	60.00	Cash	To C. C.
Crocker, C		June 21, 1870	140.00	Cash	
Floburg, J S	1	July 1, 1863	40.00	Cash	Forfeited.
Friend & Terry	20	Aug. 8, 1864	2,000.00	Cash	
Milliken Brothers	10	May 1, 1861	100.00	Cash	L. H. Foote.
Foote, L. H					Forfeited.
Forney, J. W	20	July 1, 1863	2,000.00	Services	
Griffing, Frederick	10	May 1, 1861	100.00	Cash	To L. Upson.
Upson, L		Sept. 5, 1864	900.00	Services	
Gass, J. H	10	May 1, 1861	100.00	Cash	To J. M. Frey.
Frey, J. M		Apr. 27, 1870	900.00	Cash	
Gillig, John	50	June 23, 1865	5,000.00	Cash	
Gardner, Robert	10	Mar. 30, 1862	300.00	Cash	To C. C.
Crocker, C		June 21, 1870	700.00	Cash	
Gallatin, Albert	10	July 15, 1863	500.00	Cash	To C. C.
Crocker, C		Dec. 14, 1866	500.00	Construction	
Greenlaw, A. S	3	Feb. 8, 1864	300.00	Cash	
Gotthold, Gustavo	1	May 30, 1861	30.00	Cash	Forfeited.
Gaxort, Eugene	5	Mar. 17, 1863	100.00	Cash	To C. C.
Crocker, C		June 21, 1870	400.00	Cash	
Gossamer, B	5	Mar. 31, 1864	500.00	Cash	
Greenbaum, William	5	May 29, 1863	200.00	Cash	To C. C.
Crocker, C		June 21, 1870	300.00	Cash	
Gates, Justin	10	Dec. 17, 1862	100.00	Cash	To Dr. D. W. Whitmore
Whitmore, Dr. D. W		Dec. 13, 1866	900.00	Cash	
Grubler, Christian	5	Jan. 7, 1863	50.00	Cash	To C. C.
Crocker, C		June 21, 1870	450.00	Cash	
Gruhler, Elias	5	Jan. 7, 1863	50.00	Cash	To C. C.
Crocker, C		June 21, 1870	450.00	Cash	
Gruhler, J	10	Jan. 21, 1864	1,000.00	Cash	
Grimm, C. H	10	July 30, 1863	500.00	Cash	Forfeited.
Goodman, Ira	25	July 1, 1863	2,500.00	Services	
Hooker, C. G	10	May 1, 1861	100.00	Cash	To C. C.
Crocker, C		June 21, 1870	900.00	Cash	
Hopkins, Mark	150	Dec. 31, 1865	15,000.00	Cash	
Huntington, C. P	150	Dec. 31, 1865	15,000.00	Cash	
Hill, William H	4	Mar. 15, 1864	400.00	Cash	
Harbison, J. S	2	Mar. 27, 1864	200.00	Cash	
Hurley, Miss M. E	10	Feb. 16, 1864	1,000.00	Cash	
Hartman, G. F	4	Mar. 17, 1863	80.00	Cash	To C. C.
Crocker, C		June 21, 1870	320.00	Cash	
Hester, J	1	Nov. 5, 1862	10.00	Cash	Forfeited.
Heilbron & Bro., A	10	Dec. 17, 1863	600.00	Cash	To C. C.
Crocker, C		June 21, 1870	400.00	Cash	
Hunt, W. B. (for E. Hunt.)	10	Sept. 4, 1863	500.00	Cash	To C. C.
Crocker, C		Dec. 14, 1866	500.00	Cash	
Holmes, H. T	5	Dec. 11, 1862	50.00	Cash	To C. C.
Crocker, C		Dec. 14, 1866	450.00	Construction	
Henkel, William	2	Dec. 11, 1862	20.00	Cash	To C. C.
Crocker, C		Mar. 13, 1867	180.00	Construction	
Heinrich, Charles	5	July 6, 1865	500.00	Cash	
Harmon, A. K. P	20	Dec. 12, 1862	200.00	Cash	To C. C.
Crocker, C		Dec. 14, 1866	1,800.00	Construction	
Heppe, Jacob	2	Apr. 21, 1863	60.00	Cash	Forfeited.
Holmes, E	5	Jan. 13, 1863	50.00	Cash	"
Hull & Lohman	100	Apr. 29, 1863	3,000.00	Cash	To E. H. Miller, jr.
Miller, jr., E. H		July 20, 1867			To C. C.
Crocker, C		July 26, 1867	7,000.00	Construction	
Heisch, August	2	Jan. 31, 1863	20.00	Cash	Forfeited.
Hopkins, Mark	500	Dec. 31, 1865	50,000.00	Cash	
Huntington, C. P	500	Dec. 31, 1865	50,000.00	Cash	
Hepburn, George	25	July 1, 1863	2,500.00	Services	
Irwin, Jared	5	Apr. 26, 1864	500.00	Cash	
			1,516.77		
Judah, T. D	150	Sept. 22, 1863	12,816.55	Services	To C. C.
Crocker, C		Dec. 20, 1863	665.68	Construction	
Jelly, Samuel	5	Mar. 30, 1866	500.00	Cash	
Jacobs, N. M	2	Feb. 2, 1863	40.00	Cash	To C. C.
Crocker, C		June 21, 1870	160.00	Cash	
Johnson, Peter	2	Jan. 30, 1864	200.00	Cash	

EXHIBIT No. 5.—*Statement of the consideration paid the company by each stockholder receiving stock, &c.*—Continued.

Names of stockholders.	No. of shares.	Dates of payment.	Amount paid.	In what property.	Transferred, &c.
Central Pacific Railroad Company—Con'd.					
Jacobs, Elias	10	Dec. 17, 1862	$100.00	Cash	To C. C.
Crocker, C		June 21, 1870	900.00	Cash	
Judah, T. D	450	July 1, 1863	45,000.00	Paid to sundry persons and charged to construction.	
Kelly, Mott & Co	10	May 1, 1861	100.00	Cash	To C. C.
Crocker, C		Dec. 14, 1866	900.00	Construction	
Knox, W. F	5	Apr. 28, 1864	500.00	Cash	
Klink & Martfeld	5	June 30, 1863	500.00	Cash	
Kaiser, H	5	Nov. 3, 1862	50.00	Cash	To C. C.
Crocker, C		June 21, 1870	450.00	Cash	
Kahl, J. B	5	Nov. 5, 1862	50.00	Cash	To C. C.
Crocker, C		June 21, 1870	450.00	Cash	
Kraubach, L	3	Nov. 30, 1863	150.00	Cash	Forfeited.
Kuhn, Edward	10	Dec. 3, 1864	1,000.00	Cash	
Kimball, E	5	Dec. 16, 1863	500.00	Cash	
Keller, Frank	5	July 11, 1866	500.00	Cash	
Kendall, David	5	Oct. 20, 1868	500.00	Cash	
Kalal, Tobias	5	Dec. 11, 1862	50.00	Cash	Forfeited.
Kunkle, R. C	10	July 1, 1863	1,000.00	Services	
Lindley, T. M	10	May 1, 1861	100.00	Cash	L. Upson.
Upson, L		Sept. 5, 1864	900.00	Services	
Lord, Holbrook & Co	10	Aug. 10, 1864	1,000.00	Cash	
Lewinthinker, W	5	May 1, 1861	50.00	Cash	To C. C.
Crocker, C		Dec. 14, 1866	450.00	Construction	
Lindley, W. K	10	Feb. 10, 1864	1,000.00	Cash	
Larkin, H. W	50	Feb. 16, 1864	5,000.00	Cash	
Lewis, R. J	1	Apr. 24, 1863	30.00	Cash	Forfeited.
Littleton, M	2	Feb. 16, 1864	200.00	Cash	
Lewis, Isaac	1	Apr. 21, 1864	100.00	Cash	
Lucas, C. B	1	Apr. 24, 1863	30.00	Cash	Forfeited.
Lyon & Son	10	July 12, 1865	1,000.00	Cash	
Locke & Lawrenson	5	Aug. 22, 1865	500.00	Cash	
Lecompt, M	10	June 18, 1863	500.00	Cash	To C. C.
Crocker, C		June 22, 1868	500.00	Construction	
Lindley, T. M	50	July 11, 1865	5,000.00	Cash	
Lent, J. D	20	Aug. 10, 1864	2,000.00	Cash	
Marsh, Charles	50	Sept. 5, 1864	3,000.00	Cash	Forfeited.
Morse, John F	5	Feb. 29, 1864	500.00	Cash	
Moore, R. F	10	Feb. 2, 1863	200.00	Cash	Forfeited.
McLaughlin, E	10	May 1, 1861	100.00	Cash	To C. C.
Crocker, C		Dec. 14, 1866	900.00	Construction	
Matherson, J. T	5	Feb. 2, 1863	100.00	Cash	To C. C.
Crocker, C		Dec. 14, 1866	400.00	Construction	
Morse, John F	15	Feb. 29, 1864	1,500.00	Cash	
McGuire, James	5	Jan. 15, 1863	100.00	Cash	To C. C.
Crocker, C		June 21, 1870	400.00	Cash	
Mier, F	10	May 20, 1864	1,000.00	Cash	
Meyer, Conrad	3	Nov. 5, 1862	30.00	Cash	Forfeited.
Mahlenfels, F. H	2	Nov. 5, 1862	20.00	Cash	Forfeited.
Meder, Samuel	5	Nov. 7, 1862	50.00	Cash	Forfeited.
Meister, John	2	Nov. 8, 1862	20.00	Cash	Forfeited.
Marvin, W. W	10	May 10, 1864	1,000.00	Cash	
McNeil, John	5	Sept. 5, 1868	500.00	Cash	
McDonald, R. H	20	June 8, 1868	2,000.00	Cash	
Myers, H	5	Dec. 3, 1864	500.00	Cash	
Mott, Jr., E. B	10	Feb. 5, 1866	1,000.00	Cash	
Morris, George R	10	Feb. 25, 1865	1,000.00	Cash	
Mooney, P. F	1	Feb. 15, 1864	100.00	Cash	
Moore, D. Z	25	June 19, 1865	2,250.00	Cash	To C. C.
Crocker, C		June 21, 1870	250.00	Cash	
Mills & Co., D. O	50	Mar. 1, 1864	5,000.00	Cash	
Mahon, D. W	5	July 1, 1863	500.00	Services	
Mickels, N. S	10	Dec. 16, 1863	1,000.00	Cash	
Newhaus & Co., A	3	Nov. 5, 1862	30.00	Cash	To C. C.
Crocker, C		June 21, 1870	270.00	Cash	
O'Neil, James	2	Oct. 25, 1862	20.00	Cash	To C. C.
Crocker, C		June 21, 1870	180.00	Cash	
Osborn, Ira	10	Nov. 1, 1862	100.00	Cash	Forfeited.
Ogle, George	2	Nov. 7, 1862	20.00	Cash	To C. C.
Crocker, C		June 21, 1870	180.00	Cash	
Ostil, F	10	Dec. 11, 1862	100.00	Cash	Forfeited.
Post, J. S	2	Jan. 30, 1863	40.00	Cash	To C. C.
Crocker, C		June 21, 1870	160.00	Cash	
Pike, F. Y	20	Mar. 20, 1865	2,000.00	Cash	
Russell, P. H	5	June 19, 1865	500.00	Cash	
Rea, C	10	April 6, 1863	300.00	Cash	To C. C.

EXHIBIT No. 5.—*Statement of the consideration paid the company by each stockholder receiving stock, &c.*—Continued.

Names of stockholders.	No. of shares.	Dates of payment.	Amount paid.	In what property.	Transferred, &c.
Central Pacific Railroad Company—Con'd.					
Crocker, C		June 21, 1870	$700.00	Cash	
Ross, Thomas	10	April 11, 1863	200.00	Cash	To C. C.
Crocker, C		June 21, 1870	800.00	Cash	
Renaud, G	10	July 11, 1866	1,000.00	Cash	
Ryan, John	5	April 28, 1864	500.00	Cash	
Ready, W. B. and B. F.	5	Oct. 31, 1862	50.00	Cash	To C. C.
Crocker, C		June 21, 1870	450.00	Cash	
Ross, Frank C	1	June 17, 1863	50.00	Cash	To C. C.
Crocker, C		June 21, 1870	50.00	Cash	
Russell, P. H	10	June 19, 1865	1,000.00	Cash	
Robbins, S. B	1	Feb. 4, 1863	20.00	Cash	Forfeited.
Ransich, Martin	3	July 5, 1864	300.00	Cash	
Reeves, J. W	5	Mar. 19, 1864	500.00	Cash	
Redding, B. B	2	Feb. 13, 1863	40.00	Cash	
			160.00	Salary	
Rice, H. B	5	May 9, 1863	150.00	Cash	Forfeited.
Rowland, Geo	10	June 8, 1863	300.00	Cash	To C. C.
Crocker, C		Dec. 14, 1866	700.00	Construction	
Radcliff, W. M	10	Jan. 4, 1863	1,000.00	Cash	
Robinson, Jno. B	10	July 1, 1863	1,000.00	Services	
Ryan, Jas. T	50	July 1, 1863	5,000.00	Services	
Strong, D. W	50	Sept. 5, 1864	3,900.00	Cash	To C. C.
Crocker, C		June 21, 1870	1,100.00	Cash	
Stockton, E	20	May 1, 1861	200.00	Cash	To C. C.
Crocker, C		June 21, 1870	1,800.00	Cash	
Sargent, A. A	10	May 1, 1861	100.00	Cash	Forfeited.
Smith, C. W	5	May 1, 1861	50.00	Cash	Forfeited.
Stanford, Leland	150	Dec. 31, 1865	15,000.00	Cash	
Seaman, J. A	1	Mar. 11, 1864	100.00	Cash	
Smith, John	1	Feb. 21, 1863	20.00	Cash	Forfeited.
Schild, Philip	10	Jan. 26, 1864	1,000.00	Cash	
Strowbridge, F. W	2	Nov. 1, 1862	20.00	Cash	To C. C.
Crocker, C		June 21, 1870	180.00	Cash	
Scott, Mary	5	Jan. 19, 1864	500.00	Cash	
Soule, E	4	Nov. 4, 1863	40.00	Cash	To C. C.
Crocker, C		Dec. 14, 1866	300.00	Construction	
Schaefer, Louis	1	Feb. 15, 1864	100.00	Cash	
Sellinger, Chas	2	June 2, 1864	140.00	Cash	To C. C.
Crocker, C		June 21, 1870	60.00	Cash	
Schade, John	3	April 5, 1864	300.00	Cash	
Scheld, Philip	10	Jan. 26, 1864	1,000.00	Cash	
Stanton, P	5	Mar. 9, 1864	500.00	Cash	
Stevens, Joseph	1	Mar. 9, 1864	100.00	Cash	
Schroeder, H	3	April 15, 1863	90.00	Cash	Forfeited.
Schroer, S. H	1	Dec. 11, 1862	10.00	Cash	To C. C.
Crocker, C		June 21, 1870	490.00	Cash	
Stremming, C	5	Dec. 11, 1862	50.00	Cash	To C. C.
Crocker, C		June 21, 1870	450.00	Cash	
Strutz, Julius	10	Dec. 3, 1864	1,000.00	Cash	
Stewart, Geo. W	10	May 17, 1864	1,000.00	Cash	
Stanley, Lee	3	Jan. 30, 1863	60.00	Cash	To C. C.
Crocker, C		June 21, 1870	240.00	Cash	
Strong, W. R	10	Feb. 10, 1864	1,000.00	Cash	
Schmeiser, Geo	5	Aug. 12, 1865	500.00	Cash	
Spaulding, Wm. H	20	Feb. 27, 1863	400.00	Cash	To C. C.
Crocker, C		June 21, 1870	1,600.00	Cash	
Swinerton, Geo. H	5	Oct. 21, 1865	500.00	Cash	
Stanford, Leland	500	Nov. 30, 1864	50,000.00	Cash	
Stanford, A. P	10	Jan. 22, 1870	1,000.00	Cash	
Shaw, W. B	20	July 1, 1863	2,000.00	Cash	
Sturgeon, E. B	20	July 1, 1863	2,000.00	Cash	
Sherman, R. N	5	July 1, 1863	500.00	Cash	
Sutter, Chas	5	Nov. 5, 1863	50.00	Cash	Forfeited.
Turner, I. N	10	May 5, 1861	100.00	Cash	Forfeited.
Truchler, Henry	5	Feb. 20, 1864	500.00	Cash	
Turon, S	10	Sept. 22, 1866	1,000.00	Cash	
Thirlbahr, H	3	Dec. 11, 1862	30.00	Cash	To C. C.
Crocker, C		June 21, 1870	270.00	Cash	
Thirlbahr, Dorca	3	Dec. 11, 1862	30.00	Cash	To C. C.
Crocker, C		June 21, 1870	270.00	Cash	
Upson, L	10	Sept. 5, 1864	1,000.00	Cash	
Van Heusen, G. K	2	Oct. 23, 1862	20.00	Cash	Forfeited.
Van Winkle, I. S	20	Jan. 17, 1864	2,000.00	Cash	
Williams, John	10	May 1, 1861	100.00	Cash	To C. C.
Crocker, C		Dec. 14, 1866	900.00	Construction	
Waite, E. G	5	May 1, 1861	50.00	Cash	
Welty, D. W. (for Mrs. Baldwin).	3	Feb. 29, 1864	300.00	Cash	

Exhibit No. 5.—*Statement of the consideration paid the company by each stockholder receiving stock, &c.*—Continued.

Names of stockholders.	No. of shares.	Dates of payment.	Amount paid.	In what property.	Transferred, &c.
Central Pacific Railroad Company—Con'd.					
Wheeler, O. C. (in trust)	3	Nov. 22, 1862	$300.00	Cash	
Wheeler, Julius	10	Dec. 3, 1864	800.00	Cash	Forfeited.
Williams, J. C.	25	Feb. 26, 1864	2,500.00	Cash	
Wallhorst, H.	5	Jan. 6, 1865	50.00	Cash	To C. C.
Crocker, C.		June 21, 1870	450.00	Cash	
Yanwalt, D. K.	1	Feb. 25, 1864	100.00	Cash	
Starr, Jacob	2	Sept. 5, 1862	20.00	Cash	Forfeited.
Wheeler, Cyrus T.	25	Oct. 18, 1865	2,500.00	Cash	
Meeks, A.	2	Feb. 6, 1865	40.00	Cash	To J. Bellmer & Co.
Bellmer & Co., J.		Nov. 15, 1864	160.00	Cash	
Hixon & Hill	5	Nov. 12, 1864	500.00	Cash	
Lyle, Geo J.	5	May 16, 1864	500.00	Cash	
Fitzpatrick, M.	1	Dec. 11, 1862	10.00	Cash	Forfeited.
Newburgh, L.	1	Jan. 10, 1863	10.00	Cash	To C. C.
Crocker, C.		June 21, 1870	90.00	Cash	
Logue, C.	1	Jan. 10, 1863	10.00	Cash	Forfeited.
Nash, Enoch	10	 1865	1,000.00	Cash	
Stewart, Thos. K.	1	Jan. 8, 1864	100.00	Cash	
Jenks, C. C.	10	Dec. 8, 1862	100.00	Cash	To C. C.
Crocker, C.		Dec. 14, 1865	900.00	Construction	
Dumont, Alphonsine	15	Sept. 5, 1862	150.00	Cash	Forfeited.
Reed, J. P. C.	5	Sept. 5, 1862	50.00	Cash	Forfeited.
	6,392		619,340.00		
Total number of shares as above, 6,392, at			639,200.00		
Paid in as above			619,340.00		
			19,860.00		
197 shares were declared forfeited, June 12, 1876, on which there had been paid $6,840, which was			6,840.00		
Credited to profit and loss account			26,700.00		
Deduct 327, leaves 6,125 shares, at $100			612,500.00		
Burke, E.	5	Mar. 24, 1864	500.00	Cash	
Wall, C.	3	Aug. 16, 1864	300.00	Cash	
Seeger, E.	3	Aug. 16, 1864	300.00	Cash	
Hill, W. H., for Jane E.	1	Mar. 15, 1864	100.00	Cash	
Hill, W. H., for Isabella	1	Mar. 15, 1864	100.00	Cash	
Miller, jr., R. H.	10	Dec. 20, 1865	1,00.000	Cash	
Gerkhauser Bros. & Co.	10	Aug. 8, 1865	1,000.00	Cash	
McClatchy, J.	10	Aug. 10, 1863	1,000.00	Services	
Sacramento County	3,000	Jan. 25, 1864	300,000	Bonds	
Placer County	2,500	Jan. 12, 1864	250,000	Bonds	
Lombardo, C. A.	500	Aug. 4, 1863	50,000	Construction; materials.	
Lombardo, C. A.	600	Aug. 4, 1863	60,000	Construction; materials.	
Judah, T. D.	500	July 1, 1863	25,000	Services	To C. C.
Crocker, C.		Sept. 22, 1863	25,000	Salary	
Palmer, C.	5	July 20, 1863	500	Cash	
Williams, Mrs. E. L. M.	10	July 27, 1863	1,000	Construction; materials.	
Gibbes, Mrs. C. C.	10	July 27, 1863	1,000	Construction; materials.	
Gibbes, Mrs. E. M.	10	July 27, 1863	1,000	Construction; materials.	
Lynch, P.	7	July 27, 1863	700	Cash	
Pagan, J. J.	50	Dec. 12, 1863	5,000	Advertising and printing.	
Johnson, Joel.	1	Dec. 12, 1863	100	Cash	
Bernal, M. D.	5	Dec. 12, 1863	500	Services	
Chase, C. M.	5	Dec. 12, 1863	500	Services	
Pierce, Walter H.	1	Dec. 14, 1863	100	Cash	
Coates, William	1	Dec. 15, 1863	100	Right of way; release.	
Collins & Bro., C.	3	Jan. 14, 1864	300	Construction	
Reith, S. D.	76	Apr. 30, 1864	7,600	Construction	
Crocker, C.	116	Dec. 1, 1864	11,600	Construction	
Crocker, C.	658	Sept. 24, 1864	65,800	Construction	
Bates, C. D.	55	Apr. 28, 1864	5,500	Construction	
Turton, Knox & Ryan	45	Apr. 28, 1864	4,500	Construction	
Poulsen, Lewis	3	Feb. 29, 1864	300	Real estate	
Donovan, John	1	June 17, 1865	100	Cash	
Turton, William	5	Apr. 28, 1864	500	Cash	

EXHIBIT No. 5.—*Statement of the consideration paid the company by each stockholder receiving stock, &c.*—Continued.

Name of stockholders.	No. of shares.	Dates of payment.	Amount paid.	In what property.	Transferred, &c.
Central Pacific Railroad Company—Con'd.					
Foster, F	1	Apr. 30, 1864	$100	Stationery and printing.	
Mason Mfg. Co	23	Apr. 30, 1864	2,200	Car trucks	
Huntington, C. P., agt	360	Sept. 30, 1864	36,000	Paid for materials.	
Rosa, Samuel	2	Nov. 9, 1864	200	Services and cash.	
Brannan, S	200	Dec. 1, 1864	20,000	Rolling stock	
Crocker, C	202	Dec. 31, 1864	20,200	Construction	
Moore, George R	40	Feb. 25, 1865	4,000	Services	
Parker, J. E	3	Apr. 7, 1865	300	Real estate	
Crocker, Charles	3,377	June 24, 1865	337,700	Construction	
Ames, Henry	12	June 24, 1865	1,200	Real estate	
Estee, M. M	3	June 30, 1865	300	Services	
Haskell, D. H	20	June 30, 1865	2,000	Services	
Huntington, C. P., agt	200	Aug. 26, 1865	20,000	Sold for cash	
Robinson, Robert	10	Nov. 19, 1865	1,000	Services	
Stanford, Leland	30	Dec. 23, 1865	3,000	Salary	
Huntington, C. P	65	Dec. 23, 1865	6,500	Salary	
Crocker, E. B	141	Dec. 23, 1865	14,100	Salary	
Crocker, C	5,041	Dec. 12, 1865	504,100	Construction	
Crocker, C	6,584	Dec. 12, 1865	658,400	Construction	
Crocker, C	2,717	Dec. 15, 1865	271,700	Construction	
Crocker, C	55	Jan. 4, 1866	5,500	Salary	
Crocker, C	1,005	Jan. 12, 1866	100,500	Construction	
Crocker, C	2,210	Feb. 12, 1866	221,000	Construction	
Crocker, C	1,158	Mar. 7, 1866	115,800	Construction	
Crocker, C	2,109	Mar. 9, 1866	210,900	Construction	
Huntington, C. P., agt	50	Mar. 9, 1866	5,000	Paid to sundry persons and charged expense.	
Crocker, C	1,001	Apr. 19, 1866	100,100	Construction	
Huntington, C. P., agt	25	May —, 1866	2,500	Expense	
Huntington, C. P., agt	20	June 5, 1866	2,000	Expense	
Crocker, C	4,234	May 18, 1866	423,400	Construction	
Crocker, C	5,749	June 8, 1866	574,900	Construction	
Huntington, C. P., agt	45	June 21, 1866	4,500	Sold for cash	
Crocker, C	6,785	July 14, 1866	678,500	Construction	
Crocker, C	4,316	Aug. 14, 1866	431,600	Construction	
Huntington, C. P., agt	50	Aug. 20, 1866	5,000	Expense	
Huntington, C. P., agt	20	Aug. 31, 1866	2,000	Expense	
Crocker, C	5,595	Sept. 24, 1866	559,500	Construction	
Huntington, C. P., agt	130	Dec. 7, 1866	13,000	Expense	
Huntington, C. P., agt	20	Dec. 7, 1866	2,000	Sold for cash	
Huntington, C. P., agt	95	Dec. 7, 1866	9,500	Sold for cash	
Huntington, C. P., agt	295	Dec. 7, 1866	29,500	Expense	
Crocker, C	14,777	Dec. 12, 1866	1,477,700	Construction	
Crocker C	1,429	Dec. 31, 1866	142,900	Construction	
Huntington, C. P., agt	200	Feb. 22, 1867	20,000	Sold for cash	
Huntington, C. P., agt	605	Feb. 22, 1867	60,500	Sold for cash	
Huntington, C. P., agt	295	Feb. 22, 1867	29,500	Expense	
Crocker, C	1,000	Mar. 13, 1867	100,000	Construction	
Crocker, C	1,617	Mar. 22, 1867	161,700	Construction	
Huntington, C. P., agt	50	Apr. 3, 1867	5,000	Sold for cash	
Huntington, C. P., agt	7	Apr. 3, 1867	700	Sold for cash	
Huntington, C. P., agt	30	July 4, 1867	3,000	Expense	
Crocker, C	6,040	July 16, 1867	604,000	Construction	
Crocker, C	10,976	July 26, 1867	1,097,600	Construction	
Crocker, C	21,822	July 30, 1867	2,182,200	Construction	
Crocker, C	9,125	Oct. 1, 1857	912,500	Construction	
Huntington, C. P., agt	5	Oct. 14, 1867	500	Sold for cash	
Crocker, C	7,290	Dec. 4, 1867	729,000	Construction	
Crocker, C	1,761	Dec. 24, 1867	176,100	Construction	
McClatchy, James	10	Feb. 3, 1868	1,000	Cash	
Huntington, C. P., agt	50	June 4, 1868	5,000	Paid sundry persons and charged to expense.	
Huntington, C. P., agt	4	June 16, 1868	400	Expense as above	
Contract & Finance Co	8,600	July 2, 1868	860,000	Construction	
Huntington, C. P., agt	55	Aug. 22, 1868	5,500	Expense	
Contract & Finance Co	73,960	Sept. 25, 1868	7,396,000	Construction	
McDonald, R. H	5	Nov. 20, 1868	500	Real estate	
Crocker, C	14,881	Dec. 14, 1868	1,488,100	Construction	
Huntington, C. P., agt	2	Jan. 5, 1869	200	Expense	
Contract & Finance Co	86,000	Feb. 18, 1869	8,600,000	Construction	
Contract & Finance Co	65,800	Oct. 1, 1869	6,580,000	Construction	

Exhibit No. 5.—*Statement of the consideration paid the company by each stockholder receiving stock, &c.*—Continued.

Name of stockholders.	No. of shares.	Dates of payment.	Amount paid.	In what property.	Transferred, &c.
Central Pacific Railroad Company—Con'd.					
Huntington, C. P., agt.	50	Nov. 4, 1869	$5,000	Expense	
Crocker, Charles	4,000	Apr. 6, 1870	400,000	Cash	
Huntington, C. P., agt.	50	May 19, 1870	5,000		
Western Pacific Railroad Company (79,000).					
Santa Clara County	1,500	June 30, 1870	150,000	Consolidation of June 30, 1870. (See supplementary statement W. P. R. R.)	
Stanford, A. P.	10	June 30, 1870	1,000		
Stanford, Leland	15,484	June 30, 1870	1,548,400		
Crocker, Charles	15,490	June 30, 1870	1,549,000		
Crocker, E. B.	15,490	June 30, 1870	1,549,000		
Hopkins, Mark	15,490	June 30, 1870	1,549,000		
Huntington, C. P.	15,490	June 30, 1870	1,549,000		
Miller, E. H., jr	5	June 30, 1870	500		
Cummings, C. H.	5	June 30, 1870	500		
California and Oregon Railroad Company (13,000).					
Crocker, E. B.	3,650	Aug. 22, 1870	365,000	Consolidation of Aug. 22, 1870.	
Hopkins, Mark	3,658	Aug. 22, 1870	365,800		
Stanford, Leland	3,081	Aug. 22, 1870	308,100		
Stanford, A. P.	5	Aug. 22, 1870	500		
Miller, E. H., jr	3	Aug. 22, 1870	300		
Redding, B. B.	5	Aug. 22, 1870	500		
Cummings, C. H.	5	Aug. 22, 1870	500		
Crocker, Charles	3,650	Aug. 22, 1870	365,000		
Huntington, C. P.	3,658	Aug. 22, 1870	365,800		
Haskins, Jerome	5	Aug. 22, 1870	500		
Gardner, C. L.	5	Aug. 22, 1870	500		
Stanford, A. P.		Aug. 22, 1870			
Flint, James P.	20	Aug. 22, 1870	2,000		
Lanier, P. C.	20	Aug. 22, 1870	2,000		
Dane, Charles	20	Aug. 22, 1870	2,000		
San Joaquin Valley R. R. Co. (3,000).				Consolidation of Aug. 22, 1870.	
Crocker E. B.	600	Aug. 22, 1870	60,000		
Huntington, C. P.	600	Aug. 22, 1870	60,000		
Hopkins, Mark	600	Aug. 22, 1870	60,000		
Miller, jr., E. H.	10	Aug. 22, 1870	1,000		
Crocker, C.	600	Aug. 22, 1870	60,000		
Booker, D. A.	10	Aug. 22, 1870	1,000		
Cummings, C. H.	10	Aug. 22, 1870	1,000		
Redding, B. B.	10	Aug. 22, 1870	1,000		
Stanford, Leland	600	Aug. 22, 1870	60,000		
Haskins, Jerome	10	Aug. 22, 1870	1,000		
San Francisco, Oakland and Alameda R. R. Co. (7,000).				Consolidation of Aug. 22, 1870.	
Hale, G. M.	2	Aug. 22, 1870	200		
Stanford, Wm.	20	Aug. 22, 1870	2,000		
Brooks, T. W.	20	Aug. 22, 1870	2,000		
Reeves, J. M.	10	Aug. 22, 1870	1,000		
Hopkins, Mrs. J. H.	5	Aug. 22, 1870	500		
Cannon, Adam	105	Aug. 22, 1870	10,500		
Gerrish, W. T.	16	Aug. 22, 1870	1,600		
Hays, J. C.	5	Aug. 22, 1870	500		
Hardy, M. C.	3	Aug. 22, 1870	300		
Mahon, E.	1	Aug. 22, 1870	100		
Mahon, James	35	Aug. 22, 1870	3,500		
Robinson, L.	5	Aug. 22, 1870	500		
Hamilton, J. B.	5	Aug. 27, 1870	500		
Taylor, C.	2	Aug. 22, 1870	200		
Valle, Rosa	228	Aug. 22, 1870	22,800		
Valle, Rosa, trustee.	15	Aug. 22, 1870	1,500		

EXHIBIT No. 5.—*Statement of the consideration paid the company by each stockholder receiving stock, &c.*—Continued.

Names of stockholders.	No. of shares.	Dates of payment.	Amount paid.	In what property.	Transferred, &c.
San Francisco, Oakland and Alameda R. R. Co.—Cont'd.					
Woods, Samuel	10	Aug. 22, 1870	$1,000		
Stanford, Leland, *et al.*	.....	Aug. 22, 1870	.....		
Cohen, A. A	6,106	Aug. 22, 1870	610,600		
Crocker, Chas	200	Aug. 22, 1870	20,000		
Crocker, E. B	200	Aug. 22, 1870	20,000		
Hopkins, Mark	200	Aug. 22, 1870	20,000		
Huntington, C. P	200	Aug. 22, 1870	20,000		
Stanford, Leland	200	Aug. 22, 1870	20,000		
Contract & Finance Co	12,615	Feb. 24, 1871	1,261,500	Construction.	
Contract & Finance Co	20,000	Apr. 28, 1871	2,000,000	Construction.*	
	545,585	.....	54,558,500		
Deduct forfeited stock, 25 C. & O. div'n stock, 60 Old Yuba R. R.	85	.....	8,500		
	545,500	.....	54,550,000		
Deduct	2,745	.....	274,500	Stock surrendered Aug. 22, 1870, S. F. V. R. R. Co.	
	542,755	.....	54,275,500		
Pacific Improvem't Co.	80,000	Dec. 31, 1886	8,000,000	Construction, C. & O. division.	
Stanford, Lel'd, trustee	.....	June 5, 1871	.....	In trust for Co., 52,323 shares.	
Stanford, Lel'd, trustee	.....	Feb. 28, 1873	.....	In trust for Co., 30,000 shares.	
Sold to various parties	50,000	Jan. 29, 1880	{ 3,600,000 { 1,400,000	Cash. Charged to construction.	
Surrendered to Co	.....	Apr. 27, 1887	.....	28,068 shares.	
To Huntington, C. P	7,245	Apr. 27, 1887	724,500	In trust for Co.	
	630,000		63,000,000		

E. H. MILLER, JR., *Secretary.*

STATE OF CALIFORNIA,
City and County of San Francisco, ss:

E. H. Miller, jr., being first duly sworn, saith that he has read the foregoing statement, consisting of the pages next preceding, marked "Exhibit No. 5," and knows the contents thereof; that the facts therein stated are true except as to those matters stated on his information or belief, and as to those he believes it to be true.

E. H. MILLER, Jr.

Subscribed and sworn to before me this 26th day of July, A. D. 1887.

E. B. RYAN,
Notary Public in and for said City and County.

[SEAL OF NOTARY.]

EXHIBIT No. 6.—*Relative to lands of Central Pacific Railroad Company, by William H. Mills, land agent.**

OFFICE LAND DEPARTMENT,
CENTRAL PACIFIC RAILROAD COMPANY,
San Francisco, June 28, 1887.

Hon. LELAND STANFORD,
President Central Pacific Railroad Company:

MY DEAR SIR: Answering the inquiries transmitted by you to this department by the Board of Commissioners to examine into the affairs of the Central Pacific Railroad Company, and touching the land grant to said railroad company, I have to respectfully report to you as follows: That the act of 1862 granted to the company for the purpose of aiding in the construction of a railroad and telegraph line:

"Every alternate section of public land designated by odd numbers to the amount of five sections per mile on each side of the said road on the line thereof, and within

* See answer to question No. 38.

limits of ten miles on each side of said road, not already sold, reserved or otherwise disposed of by the United States, and to which a homestead or pre-emption claim may not have attached at the time the line of said road is definitely fixed."

The act further excepted from the operation of the grant all mineral lands, but where the same contained timber the timber thereon was granted. The provision relating to this subject is found in section 3 of the act approved July 1, 1862. By the passage of the act of 1864, entitled "An act to amend an act entitled: 'An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, &c.,'" the third section of the act of 1862, above summarized and quoted, was amended by striking out the word "five" where it occurs and inserting in lieu thereof the word "ten," and by striking out the word "ten" where it occurs in the original section and inserting in lieu thereof the word "twenty."

Thus amended, the granting acts gave land in odd-numbered sections to the amount of twenty sections per mile on each side of the line of road.

The act approved July, 1864, amended and modified the mineral reservation by declaring that the term "mineral land," wherever the same occurs in the act, should not be construed to include coal and iron land. These provisions are found in section 4 of the act of 1864. The rights of the company under the grants of 1862 and 1864 attached to the land granted coincident with the time of the definite location of the road, and the filing of the map of definite location with the Secretary of the Interior. It should be observed that the date of the filing of the map of definite location of the road identifies the land granted, and initiates the definite rights of the company, suspending the operation of the homestead and pre-emption laws of the United States; but that the right of the company to select lands by lists of selections for the purpose of obtaining record title to the land by way of patents issued by the Government of the United States, accrued only at the date of the acceptance by the President of the United States of the road or section of the road when completed, to wit, November, 1874.

The provision of law above referred to is found in section 4 of the act of 1862, which reads:

"Whenever the said company shall have completed 40 consecutive miles of said railroad and telegraph line, ready for the service contemplated by this act, the President of the United States shall appoint three commissioners to examine the same and report to him in relation thereto; and if it shall appear to him that 40 consecutive miles of said railroad and telegraph line have been completed and equipped in all respects as required by this act, then upon the certificate of said commissioners to that effect, patents shall issue conveying the right and title to said lands to the company on each side of said road as far as the same is completed."

The right, then, of the company to select the land granted accrued on the date when the commissioners referred to in the law filed their certificate of acceptance by the President with the Interior Department of the Government. The date of the acceptance of the first 50 miles eastward from Sacramento is September 8, 1864, and the road between Promontory and Ogden was accepted by the President July 15, 1869, and the whole finally accepted in November, 1874.

It will be observed that the right of the company to select lands for the purpose of receiving record evidence of title by way of patents from the Government did not accrue prior to the dates above referred to, that it was a right which could not be exercised until the lands were surveyed and the plottings of surveys properly executed and filed in the local land offices of the United States, after first having been approved by the surveyors-general of the respective States and Territories through which the line runs. In addition to this, by rule of the Department, no selections are permitted until ninety days have expired after the date of filing and approval of the township plats by the surveyor-general. At the time the right of the company to ask for patents accrued by the acceptance of the various sections of the road by the President of the United States, but a very small proportion of the lands within the granted limits were surveyed and a still smaller proportion properly platted and the plats filed in the offices of the surveyors-general. An examination of the official plats reveals the fact that between the dates of the surveys and the dates of their final approval by the surveyors-general there is frequently a period of two or more years.

The act of 1864 added five alternate odd-numbered sections on each side of the road, and attached a new and important condition precedent to acquirement of record title. Section 12 of the act of 1864 provides:

"That before any land granted by this act shall be conveyed to any company or party entitled thereto under this act there shall first be paid into the Treasury of the United States the cost of surveying, selecting, and conveying the same by the said company or party in interest, as the title shall be required by the said company."

By this provision a new condition was imposed not found in the act of 1862, to wit, that requiring the company to pay the costs of surveying, selecting, and conveying the land. This new condition entailed a large additional expenditure of money by the cost of the items mentioned; but it, at the same time, defined the right of the company as to when such costs should be paid. In unequivocal language it declared

that the costs of surveying, selecting, and conveying the land should be paid by the company as the title should be required by it, thus vesting in the company the right of election as to when these fees should be paid and the record title obtained. The early occupancy and settlement of the region through which the railroad passed was obviously consistent with the highest interests of the company, that the Congress of the United States evidently depended upon this most obvious interest alone for the early disposition of the land. The subsequent action of the company proves that in entertaining this opinion the Congress of the United States was not mistaken. From the very outset the company inaugurated the policy of taking title to the lands as rapidly as such record evidence of title could be obtained from the Government, and even before the completion of the first section of 50 miles eastward from Sacramento, and in anticipation of its early completion, yourself as president of the Central Pacific Railroad Company, addressed a letter to Hon. John P. Usher, Secretary of the Interior, dated Sacramento, Cal., February 19, 1864, from which, as plainly showing forth the disposition of the company under this head, the following quotation is made:

AN URGENT LETTER.

"We expect to have 31 miles of railroad from Sacramento to Newcastle Gap completed and in running order about the 1st of April next, and it would be a great aid to the enterprise if the survey of 10 miles on each side of the road were completed immediately thereafter, as contemplated by the act of Congress."

Herein you urge upon the attention of the honorable Secretary the importance to the company of an early completion of the surveys of the lands granted to it. The records of the Land Office will show that upon the date at which your letter was written but six townships lying within the limits of the grant and opposite the 31 miles of road subject of your letter were surveyed, and of these six townships, embracing only about 70,000 acres of land *prima facie* granted to the company, there was but a small portion not accepted out of the grant by the operation of the homestead and pre-emption rights, reservations of mineral lands and land granted to the State as swamp and overflowed. Indeed, at the date of the grant itself approximately but 104,000 acres of the grant made to the road in California were surveyed, while the grant lying within the boundaries of the State of California was approximately 1,500,000 acres. It was presumably evident to your mind, as the chief executive officer of the company, that your company would exercise its right to select the land at the earliest possible moment, and your letter to the honorable Secretary of the Interior, even before the completion of the first section, urging the completion of the surveys is indisputable evidence of the very earliest disposition of your company in the premises. Whatever may have been the motive, however, in influencing the enactment of the provision above referred to, it is unequivocally provided in the terms of the granting act that the time of payment of the costs of surveying, selecting, and conveying the land should be a condition precedent to the receipt of record title and that the time of such payment and the formation of lists of selections should be left to the election of the company, or, to repeat the language of the act, should be paid, "as the company should require the title." In seeking for an interpretation of these words there is no ambignity of language which leaves doubt as to their meaning. The cost of surveying, selecting, and conveying the land, and the issue of patents to follow the payment of such costs and selections were not made referable to or dependent upon the exigencies of State, county, or municipal government, but was relegated solely to the company itself. Notwithstanding, however, the absence of all legal requirements as to the time when the company should apply for and receive title to the lands granted, it from the first inaugurated the policy of paying the costs required by law of acquiring at the earliest practicable moment record evidence of title, and of promoting by every means in its power the settlement of the country through which its roads passed. As already indicated, the right of the company to acquire title did not mature until the various sections of the road had been examined and reported upon by the commissioners appointed by the President of the United States, and the road accepted by the President in pursuance of the recommendation contained in the report of such commissioners. The date at which the road was finally accepted is indicated by a letter from the Department of the Interior to the Commissioner of the General Land Office, dated Washington, November 3, 1869, in which the honorable Secretary informs the commissioners that the road has been accepted. Early in the year 1869 the Department of the Interior ordered an absolute suspension of the issuance of patents, as the following letter will show:

DEPARTMENT OF THE INTERIOR,
Washington, D. C., March 22, 1869.

SIR: You will withhold all action toward the issue of patents of lands to the Central Pacific Railroad Company of California and the Western Pacific Railroad Company until further advice from this Department.

Very respectfully, your obedient servant,
J. D. COX,
Secretary.

HON. JOSEPH S. WILSON,
Commissioner of the General Land Office.

This suspension of patents placed an absolute embargo upon transactions under that head, an embargo which was not removed until March 26, 1870, a period of one year and four days. However, on the 3d day of November, the honorable Secretary of the Interior addressed the following letter to Hon. Joseph S. Wilson, Commissioner of the General Land Office:

DEPARTMENT OF THE INTERIOR,
Washington, D. C., November 3, 1869.

SIR: The Commission to examine the Union Pacific and Central Pacific Railroads having reported, and its report being accepted and made the basis of adjustment of the accounts between the United States and said railroad companies, you are hereby authorized to commence the patenting of such lands to the said companies under grants made by Congress, as follows: In addition to the bonds retained by the United States as security for the completion of said roads in the matters reported deficient or not up to the standard by the said Commission, one-half of the lands ready for patenting to the Union Pacific will have patents suspended until further direction from this Department. The other half may be patented to said company as fast as surveys and other preliminaries are completed—that is to say, beginning at Omaha and running westward—Sections 1, 5, 9, &c., will be patented, there being no valid claim found, and sections 3, 7, &c., will be withheld until further directions as above stated. Patents to the Central Pacific Railroad may, in like manner, issue, beginning at Sacramento and working eastward. It is my desire that the work be so systematized that it may be pushed forward as rapidly as possible.

Very respectfully, your obedient servant,

J. D. COX,
Secretary.

HON. JOSEPH S. WILSON,
Commissioner of the General Land Office.

Under the instructions contained in the foregoing, lists of selections were made. Some of these failed to observe the instructions of the Secretary of the Interior to omit one-half of the land in any township from the list of selections made. These lists having reached the Department of the Interior, the honorable Secretary, J. D. Cox, under date of March 8, 1870, in a letter addressed to the honorable Commissioner of the General Land Office, says:

"Under date of the 3d of November last you were directed to prepare for patenting one-half of the lands inuring to said company, namely: Sections 1, 5, 9, &c., and sections 3, 7, &c., should be withheld. I find that the lands thus to be withheld are in this list; therefore return the list, that a new one may be prepared, omitting those sections that are to be withheld from patenting."

Mr. Beard, attorney for the company at Washington, urged the issue of patents for the list, which embraced 116,000 acres, and in a letter addressed to Hon. Joseph S. Wilson, used the following language:

"In view of the fact that there has been patented heretofore to the company only 141,666 acres out of 1,700,000 acres, the surveys of odd-numbered sections along the 130 miles of road in California, in five years, this course appears to be but just."

Herein your attorney at Washington on the 26th day of March, 1870, was forced to plead the small number of acres listed and patented in the Central Pacific grant as an argument in favor of the issue of further patents.

It is plain from this plea of your attorney that there existed a strong desire on the part of the Government to withhold patents from the company, and an equally strong desire on the part of the company to urge the patenting of its lands as rapidly as that process could be achieved.

Certified copies of all the letters above set forth from the Interior Department at Washington are in possession of the land department of your company, to be exhibited when called for.

The road was, however, not finally accepted until late in the year 1874. The commissioners appointed to make the final examination were Eugene L. Sullivan, Calvin Brown, and J. W. Dwyer, and the report of these commissioners is dated Ogden, Utah, November 2, 1874. This report was certified by C. Delano, Secretary of the Interior, to the President, under date of the 12th of November, 1874; and at that date it may be said that the road was finally accepted. The time, then, at which the right to receive patents for lands granted may be placed approximately at January 1, 1875, at which date the company had applied for 304,196.38 acres, and had received patents for 271,165.85 acres.

At the very outset the adjustment of the grant to the Central Pacific Railroad was beset with difficulties and embarrassments unknown to the eastern division of the line connecting the Missouri River with the Pacific Ocean. The lands were not granted in specific sections. The sections could be identified only after the map of definite location of the line had been filed with the Secretary of the Interior. The limits of the grant could not then be delineated. Lands in the odd-numbered sections

within such limits were granted by categories only. Lands in certain other categories or relation with respect of the title of the Government were excepted, and among the latter mineral land was mentioned as an exception. The line of road from Sacramento eastward intersects at right angles the great mineral belt on the western slope of the Sierra Nevada Mountains, and rules of practice in the General Land Office had to be established whereby the mineral or non-mineral character of the land could be ascertained. Decisions of questions of this character necessarily involve delay. The granting act did not specifically establish any court vested with power to hear and determine questions growing out of the physical facts by which lands granted or lands excepted out of the grant were to be identified. The act was turned over to the Executive Department of the Government for executive and ministerial administration, and the rules of practice by which determination was to be reached as to whether specific lands were granted or excepted were established by the Interior Department of the Government.

LISTS OF SELECTIONS FILED.

The first list of selections, completed May 19, 1865, and officially known as list No. 1, Marysville, embracing the listing of 55,259 acres. The first patent to the company granted in pursuance of this list of selections is dated January 4, 1866, and covered but 45,510 acres of lands listed in the original list, thus suspending for future examination 9,784 acres. This first list of selections, in the amount of 55,259 acres was therefore, before the General Land Office at Washington eight months before any patents were issued. At the close of the year 1865 there was therefore due the company upon lists of selections of unpatented land the amount of 55,259 acres. The second list of selections is dated August 27, 1866, and embraced 41,804 acres. It is officially known as list No. 2, Marysville; and the third list, embracing 36,059 acres, known as list No. 3, Marysville, is dated November 6, 1866, and the receipt of patents to lands selected by this list is dated June 22, 1867, a period of seven months after the date of the listing. In each instance of lists of selections some of the land claimed by the company was suspended for further examination, an examination which, I regret to say, has not been made up to the present time.

Accompanying this letter to you will be found a tabulated statement.

This table shows the dates at which the listings were completed, and the date at which the patents in pursuance of such lists were received, and from it may be derived a full and complete exhibit of the status of the account between the Government and the company at any particular date. The tabulated summary of this statement is here introduced. This statement exhibits the total amount of acres for which the company had made application, and which applications were before the department at the end of each year—the number of acres patented in pursuance of such lists of selections—and the balance of acres listed and unpatented at the end of each year, from the end of the year 1865 to June 1, 1887. This table shows the smallest number of acres listed and unpatented before the General Land Office for examination to be at the end of the year 1875, and that they aggregated 17,131.97 acres, and also shows the largest balance of land listed and unpatented to be on the 1st day of June, 1887, and that they aggregate 622,612.54 acres. The tabular statement is subjoined, and its careful analysis is respectfully urged upon your thoughtful attention:

End of year.	Fees paid.	Acres listed.	Acres patented.	Balance of acres listed unpatented.
1865	$4,661.60	55,259.06	.....	55,259.06
1866	9,760.28	133,188.66	87,592.03	45,596.63
1867	10,177.65	161,755.07	144,356.63	17,398.44
1868	13,364.31	278,582.56	144,356.63	134,225.93
1870	14,863.58	296,910.21	261,525.33	35,384.88
1874	16,443.24	304,196.38	271,165.85	33,030.53
1875	16,961.84	358,823.00	341,691.03	17,131.97
1876	42,695.84	721,458.17	538,854.12	182,604.05
1877	43,543.18	735,224.53	694,158.99	41,065.54
1879	44,296.18	745,664.45	708,862.17	36,802.28
1882	51,544.35	871,622.73	721,434.68	150,188.05
1883	52,485.34	887,728.13	780,879.40	106,848.73
1884	63,440.01	1,077,727.50	839,945.99	137,781.51
1885	69,830.79	1,192,262.87	921,586.97	270,675.90
1886	90,484.17	1,566,519.07	1,039,710.59	526,808.48
June, 1887	96,498.64	1,162,323.13	1,039,710.59	622,612.54

DUE DILIGENCE TO SECURE PATENTS.

Your attention is respectfully called to the very significant fact that at the end of the year 1869, the date at which the road was completed, the company had made list application for 276,532 acres, all of which was made prior to the completion of the road itself, and that the Government had responded by issuing patents for but 144,386 acres, leaving a balance of acres listed and unpatented of 134,145. Thus, at the date of the completion of the road, the company was a petitioner for 134,145 acres of land in excess of the response of the Government to its petitions by way of patent. Your attention is further called to the fact that at the end of the year 1876, the approximate date at which under the act the company was to have completed the road, it had made application for 721,658 acres, to which the Government had responded by issuing patents for but 528,854, leaving a balance of acres listed and unpatented of 192,804. Following the table down to the close of the year 1883, a most significant exhibit should not escape your attention. At the close of that year the company had applied from the date of the first listing in 1865 to the last listing completed in 1883, for 887,728 acres. From the acres so listed the Government had patented to the company 760,879 acres, leaving a balance of acres listed and unpatented of 106,848 acres. From the close of the year 1883 to the 1st of June of the current year the company has made application for 774,595 acres, an amount nearly equal in the three years and six months under observation to the gross amount of lands applied for in the twelve years preceding that period. The policy of increased activity in the application for patents was inaugurated in the hope that a corresponding activity in the examination of lists would be manifested by the Government. This, unfortunately, has not been the case, as the table herein above clearly exhibits. The only effect has been to increase disproportionately the figures in the column headed "Balance of acres listed and unpatented." Of the 887,728 acres in the aggregate listed at the close of the year 1883, but 106,848 acres remained unpatented; that is to say, about 13 per cent. of the acres presented to the Land Department at Washington in the lists of selections remained unpatented, while, on the other hand, of the 1,662,323 in the aggregate listed on July 1, 1887, 692,612 acres remained unpatented, the unpatented land bearing the percentage relation to the whole number of acres selected of about 38 per cent. Thus the percentage of the balance of acres listed and unpatented has increased since the close of the year 1883 from 13 per cent. to 38 per cent. The significance of this exhibit, as plainly tending to discourage the activity of the company in making lists of selections, will not escape the attention of any candid mind. The simple exhibit of facts themselves forces upon the company the conclusion that increased activity in the way of making lists of selections of lands for which patent is asked has not been met by a corresponding activity on the part of the Government in responding to the petitions of the company, but, on the contrary, has served only to increase disproportionately the balance of acres listed and unpatented. Your attention is called to the fact that the aggregate fees paid on account of lands selected by the company amount to $95,468. Of this sum 38 per cent., or a sum in excess of $37,000, was paid upon the lands for which patent is still withheld. The balance in favor of the company at the close of the business of 1883, which had been paid upon the lands selected and unpatented, was but slightly in excess of $6,000. Increased activity in meeting the requirements of the granting act, by paying the costs of surveying, selecting, and conveying the land, has therefore resulted in the payment into the Treasury of the United States of a large sum of money, of the use of which the company is deprived, and which, by reason of the failure of the Government to respond with patents, lies useless in its Treasury. These facts present only discouraging features well calculated to deter the company from the policy of increased activity in the way of making lists of selection of the land granted.

The exhibit also shows clearly that from the date of the inauguration of the relations between the Government and the company under this head there has been no time at which the company has not had on deposit with the Treasury of the United States a considerable sum of money on account of the payment of the cost of surveying, selecting, and conveying the lands; that at all times from the date of the first list of selections to June 1, 1887, the Government itself has been the party delinquent, and that lists of selections upon which the fees had been paid largely in excess of the expense of the Government by way of patents have been at all times and at all dates since the first list of selections was completed before the Land Department of the Government for examination.

THE GOVERNMENT FAILS TO SURVEY THE LAND.

Notwithstanding the requirement that the company shall pay the costs of surveys, the right to determine when such surveys may be made is vested by law in the Government of the United States. During the past two years the rates allowed by the Commissioner of the General Land Office for surveying have been so low as to almost

wholly arrest the progress of surveys within the limits of the grant. As fully illustrating the disposition of the existing administration in the premises, it may be here related that during the year 1886 the surveyor-general for the State of Nevada advertised for bids for surveys relating to three hundred and forty-five townships of land wholly within the limits of the grant to your company in that State. These three hundred and forty-five townships, embracing about one-half the area of the lands granted to your company in the State of Nevada, are still unsurveyed. Specifications for these surveys and the amount which would be allowed as fees for the surveys were advertised, and the bids were to have been opened, according to the advertisement, on the 1st day of November in that year. Upon the date at which these bids were to be opened not one bid had been received. The proposals had been rejected in their entirety by the surveyors. A like result has attended the offers of the Government for the completion of the surveys of land in California, and on the 1st of July, 1886, the surveyor-general of California returned to the Treasury of the United States the entire amount of the appropriation which had been made by Congress for the completion of the surveys of land in this State, notifying the Commissioner of the General Land Office at the same time that no responsible surveyor would enter into a contract for the completion of the surveys; that the rate of compensation offered by the honorable Commissioner of the General Land Office was entirely too low. In the Territory of Utah the efforts of the Commissioner to secure the completion of the surveys have been attended with a larger share of success, but there still remains in that Territory within the limits of your grant a very large area of unsurveyed land, while of the lands surveyed in that Territory within the limits of the grant, more than half of the surveys have been completed since the year 1880. According to the statements furnished by the honorable commission appointed to investigate the affairs of your road under this head, there was granted an aggregate of 8,000,000 of acres of land to your road. A very small proportion of this area was surveyed prior to 1870. Between the years 1870 and 1880 surveys were prosecuted very tardily. From 1880 to 1883 an increased activity in the surveys was observable, but even at the present date about one-half of the lands granted are still unsurveyed, but owing to the policy inaugurated and persisted in by the present honorable Commissioner of the General Land Office, surveying for the past two years has been almost wholly suspended.

DISCOURAGING AND UNREASONABLE REQUIREMENTS.

In addition to all the discouragements herein set forth, within the past three months, and in the exercise of his discretion, the honorable Commissioner of the General Land Office has departed from all the precedents established by his predecessors in office, and has attached to the requirements for disapproving the mineral character of land onerous and, to my mind, unreasonable rules of practice. These new rules are made applicable to the lists of selections which have been before the Department for more than two years. Among these rules may be mentioned that of requiring non-mineral affidavits as to land returned and denominated by the United States surveyors as agricultural. Heretofore such return by the surveyor was accepted as *prima facie* evidence of the agricultural character of the land. Under the existing regulations of the Land Department, which regulations have been announced only within the past three months, and made to relate to lists of selections which have been before the Department for more than two years, it is now required that an affidavit shall be made as relates to each 40 acres of land embraced within such list of selections by an individual "who has frequently passed over" each subdivision of 40 acres, and is therefore competent to testify that there are no mineral indications found upon the 40-acre tract subject of the affidavit; that the affidavit shall be made separately and specifically as relates to each particular 40 acres, and that a single affidavit embracing a number of these small Governmental subdivisions will not be competent; and that the individual who makes the affidavit shall be specifically authorized in each particular case to make such affidavit. This requirement is made to relate to large areas of grazing land in the State of Nevada and the Territory of Utah, notoriously free from all mineral indication. It is well known to you that large areas of lands, fit only for grazing purposes, in the State of Nevada and the Territory of Utah, are located in very sparsely settled regions, and that it will be most difficult, if not wholly impossible, to find individuals who have frequently passed over each particular and separate 40-acre tract embraced within the limits of your grant, and who therefore possess the necessary knowledge to qualify them to make the required affidavits in this behalf.

OBSTRUCTIVE MEASURES.

As to land interdicted as mineral by the field-notes of the United States surveyors, new, onerous, and to my mind, unreasonable requirements, are made in the recently adopted rules of practice. Under the rules of practice obtaining in 1885 and up

the 1st of March, 1887, disproof as to the mineral character of land interdicted as mineral could be initiated upon lands unselected. This was obviously a reasonable rule. The lists of selections must first be submitted to the registers and receivers of the local land offices of the district wherein the lands are located. Upon lists so presented registers and receivers must first hear and determine upon all questions relating to the mineral character of the land before they can certify that it is agricultural in character, and therefore clear of the company, and subject to the terms of the grant. The practice has uniformly been to initiate proceedings prior to selections to disprove the mineral character of the land, which proof has been submitted under the rules established by the Interior Department itself for registers and receivers, and under the direction of these officers with respect to advertising the hearings of such testimony in disproof. Upon the testimony so presented, registers and receivers have determined the mineral or agricultural character of the land in question. The agricultural character of the land being established, it became subject to selection by the company, and land so selected could be certified as clear to the company by the registers and receivers of the district land office to the Commissioner of the General Land Office. In pursuance of this rule of practice, which was established by the Interior Department, and which had been maintained by all the Secretaries of the Interior until within the past few months, disproof as to the mineral character of the land was taken as relates to a large area of acreage. The proceeding is in the very nature of things costly, and after this cost had been borne by the company, &c., so much of the land as had been decided by the registers and receivers of the district land offices to be agricultural had been selected, the Commissioner of the General Land Office dismissed all the proceedings with reference to the non-mineral character of the land, not because of any allegation of irregularity of proceedings under the rules of practice which have obtained for the last twenty years, but upon the technical plea that the grant to the company does not of itself establish such right in the company with respect of lands selected as would entitle it to inaugurate proceedings in disproof, but that its rights to the land must first be inaugurated by a selection, and that disproof as to the mineral must follow and not preclude such selection. The order of the honorable Commissioner does not raise any question as to the adequacy of the proofs submitted. It simply declares that the proof, however adequate, was taken prior to the selection, and forces upon the company the expensive duty of reopening the proceedings in disproof, which are objected to not because of inadequacy, but solely on account of having been taken prior to selection.

By this ruling lists of selections long since completed were relegated to a condition of very indefinite delay as to the issue of patents. The extent to which the requirement relating to affidavits of non-mineral indication on each forty-acre tract of agricultural land within the limit of your grant will delay the future operations of the company in obtaining record title to its lands will readily be perceived. It should be remembered that at the date of the passage of the act the territory to be intersected by the line of road between the Missouri River and tide-water at the city of Sacramento was, with the exception of a small portion at the western terminus near the Missouri River, almost entirely uninhabited. The presumption was most natural that the construction of the road would be conducive to the settlement of this vast territory. At the date of the grant less than 5 per cent. of the lands granted were surveyed. No applications for patents could be made with respect to lands unsurveyed, and while one-half of the costs of the survey within the limits of the grant were chargeable to the company, the other half of the costs would have to be borne by the Government itself. The grant to the entire line from the Missouri River to the Pacific Ocean embraced approximately 20,000,000 acres of land, being at the date of the grant an unsurveyed and unappropriated portion of the national domain. The administrative task of surveying the lands was with the Government itself, a task which, after the lapse of a quarter of a century from the date of the granting act, is now only partially accomplished. The hearing and determination of evidence arising out of questions as to whether lands applied for were granted or excepted out of the grant added materially to the embarrassment of producing record evidence of title as rapidly as would meet the requirements of the company. As already noted, this embarrassment was further complicated by the exception of mineral land from the operations of the grant. There has never, therefore, been a time in the history of this transaction when the Government was able to meet the requirements of the company promptly by the issue of patents as rapidly as asked for.

GOVERNMENT UNABLE TO MEET THE DEMANDS OF THE COMPANY.

The Government has never been at any time, and it is not now, in a position to patent more than a small proportion of the land granted. The payment of the costs of surveying, selecting, and conveying, being a condition precedent to the issue of patent, would involve a large expenditure on the part of the company upon each list of

selections made. In the aggregate a very large sum of the company's money is now tied up by these payments, and in view of the tardiness of the governmental response to the demands of the company for patents, a delinquency which is clearly set forth in the accompanying documents, there is nothing to encourage, but rather everything to discourage, activity under this head. During every period of the administration of the land department of the company it has been apparent that the augmentation of lists of selections retarded rather than promoted the issuing of patents, and the completion of these lists and their presentation to the General Land Office at Washington involved a large expenditure of the company's money, which, while the company was deprived of its use, remained idle and useless in the Government Treasury.

The task of completing the surveys of the vast area of unsurveyed land, and the cost of making such surveys, which must be borne by the Government itself, were all difficulties which confronted the Government, and to which is referable the policy of vesting the company with the right to make demand for patent only as prompted by its own requirements, or the progress of settlement and consequent occupation and absorption of the lands granted. The provision of the granting act herein referred to was clearly suggested to the Congressional mind in the interest of the Government itself, and exactly supplemented the rights, conveniences, and interests of both the grantor and the grantee. In practice, however, it has conserved the interests of the Government more than those of the company. In all cases the delay in the issue of patents to the company has been a loss to the company's treasury. It has retarded the growth and development of the country tributary to the line of transportation constructed, and it has subjected the settler upon lands granted to the railroad company to inconvenience and loss arising out of delay in receiving title to his land. It has delayed the payment of money to the company for the purchase of such lands, and, beyond all this, it has been the occasion of much loss by reason of the extension of the discovery of mineral within the granted limits. This latter feature deserves more than passing notice. Under the decisions of the Supreme Court, lands patented to the company, and not known to be mineral at the time of the issuance of patent, pass the mineral with the title conveyed, while the discovery of valuable mineral deposits in the lands prior to the issue of patents excepts the land in which such mineral is discovered from the operation of the grant. Within a large section of the granted limits search for valuable mineral deposits has been arduous and constant. Mineral discoveries, therefore, have been constantly extending, and as they are extended, they operate to except out of the grant large quantities of valuable land which would have been patented by reason of the absence of mineral indications and mineral discoveries at the time application was made. Ascertainment of the quantity of land thus listed to the company would be a very tedious task. Approximations, however, have been made, and the result of such approximations justify the statement that at least 200,000 acres of land have been lost to the company in this way.

GOVERNMENTAL POLICY.

The policy of the Government with respect of the disposition of the even-numbered sections within the granted limits has been very injurious to the interests of your company. As soon as the granting act was passed the price fixed upon the even-numbered sections within the granted limits was raised to double minimum valuation, thus discouraging the operation of the pre-emption laws within the granted limits. The effect of the land policy of the Government as compared with the land policy of the railroad company is clearly shown by the fact that in townships of land where patents could be obtained, and where settlement has been made, settlement was begun and prosecuted upon railroad land alone. Recently prepared statistics concerning the disposition of the Government and railroad lands within the better settled portions of the grant show that more than twice the quantity of railroad land is being cultivated by actual settlers than of Government land within the same boundaries. Your company has addressed itself assiduously to the task of inducing settlement upon its lands, and by a liberal policy, embracing in its features low prices, long extensions of credit at low rates of interest, has largely accomplished its great mission of extending settlement and civilization along its line of road. On the contrary, the policy of the Government relating to the disposition of its lands, interspersed with the lands granted, has been rigid and many of its requirements not adapted to the development of the country. The unwisdom of its policy is particularly noticeable in the grazing areas of the great uplifted plateau lying between the Rocky and Sierra Nevada ranges of mountains. The limitations of acquiring only 160 acres to each actual settler, applicable only to such agricultural land as by reason of fertility makes that quantity suited to the industry of a single occupant, is not applicable to grazing lands. The general result of this has already been stated. Settlement has been chiefly upon lands granted to the railroad.

A SUMMARY OF POINTS.

To summarize briefly the points herein presented, it has been clearly shown:

(1) That by the terms of the granting act itself the cost of surveying, selecting, and conveying the land was made a condition precedent to the issue of patents, and that such cost was to be paid only as a title was required by the grantee.

(2) That the company has used due diligence in the payment of the costs of surveying, selecting, and conveying the lands, and that its diligence in this regard has resulted in a demand largely in excess of the response of the Government at every period in the history of this transaction.

(3) That all the apparent delay in the issue of record title to the lands granted to the Central Pacific Railroad Company is chargeable to the tardiness of the Government and not to the company.

(4) That the Government has at no time been in a position to grant patents conveying the title to large granted areas by reason of the absence of surveys and the unavoidable delays in determining questions of law and fact as to whether lands applied for were granted or excepted out of the grant.

(5) That the company has been subjected to great pecuniary loss growing out of the payment of costs of surveys and other attendant fees upon large lists of lands for which no patents have been granted and the loss of the use of moneys which would have been paid by the purchasers of lands had the response of the Government been commensurate with the legitimate demands of the company.

(6) That arbitrary and obstructive rules of practice have recently been devised, nullifying the efforts of the company to facilitate the completion of lists of selections and unnecessarily complicating the perfecting of such lists, whereby even greater tardiness in the response of the Government to the demands of the company than has heretofore been exhibited may be expected.

(7) That the delinquency of the Government and its tardiness in responding to the requirements of the company have at all times acted as discouragements to applications for patents; and

Generally. The exhibits presented prove conclusively that the grantee has been a party observant of all the duties made incumbent upon it by the terms of the grant itself, and that there has been no delinquency in contravention of the true intent and meaning of the granting act, except such as is chargeable to the grantor.

GENERAL LAND OFFICE HOPELESSLY IN ARREARS WITH WORK.

This statement would be incomplete without some consideration being given to the subject as to whether the Land Department of the Government is in position to examine the claims presented, and pass upon them with greater promptness than it has manifested in the past. The railroad division of the General Land Office is charged with the adjustment of the grants for railroads, wagon roads, and canals, and with the adjudication of claims of settlers and others within the limits of the grant. Under date of October 11, 1882, Hon. N. S. McFarland, Commissioner of the General Land Office, reported to Hon. Henry M. Teller, Secretary of the Interior, for the fiscal year ending June 30, 1882, that the work of the railroad division of his department was several years in arrears. As illustrating the difficulties with which that division is beset, it may be noted in the same report that Mr. McFarland declares that during the year 1882, 5,564 cases were presented for adjustment in the way of claims of settlers and others within the limits of the grants to railroads, and of this large number but 617 cases had received attention. Three thousand nine hundred and forty-seven, therefore, constituted the accumulation of the year. In the same report Commissioner McFarland submits a supplemental estimate in which he asks for 100 additional clerks and sufficient additional room for their accommodation.

Each successive administration has called attention to the delinquency of the various divisions of the Land Department. The present honorable Commissioner, W. A. J. Sparks, repeats the suggestions of his predecessor, Commissioner McFarland, and urges upon the attention of the Secretary of the Interior the importance of authorizing additional clerical force in the department. The volume of business in the railroad division, and the relative capacity of the division to pass upon the lists of selections presented, and the inadequacy of the force at hand of the Commissioner of the General Land Office, are most clearly illustrated in the following exhibit:

In 1882 lists of selections presented to the railroad division for patent by the land-grant railroads to the United States aggregated 1,958,392 acres. In 1883 the amount had risen to 3,070,453 acres. In 1884 the lists of selections had accumulated and aggregated in that year 11,861,608 acres. In 1885 the accumulation of business represented 14,273,057 acres. In 1886 the acres before the department awaiting its action were 16,571,209. Thus, in five years, the number of acres before the department awaiting its action had risen from 2,000,000 to over 16,000,000. The foregoing state-

ments are derived from the official reports over the signatures of the Commissioners themselves.

As more fully illustrating the extent of this incapacity of the department to examine and certify for patents lands before it for examination, the significance of the following statement will be apparent:

The railroad division of the General Land Office in 1881 examined 949,446 acres and certified that quantity for patents. In 1882 it examined and certified for patents 176,406 acres; in 1883, 477,740 acres; in 1884, 647,162 acres; in 1885, 1,153,950; in 1886, 100,823 acres. The business transacted from June 30, 1885, to June 30, 1886, was the only full year under the administration of Commissioner Sparks; with 16,570,990 acres before the railroad division under his administration awaiting examination and determination by the division, it was able to examine and certify for patents but 100,000 acres. For the six years reported, to wit, from June 30, 1881, to June 30, 1886, there were examined and certified for patents 3,505,527 acres, being an average of 584,254 acres per annum, or, in round numbers, a half million acres per annum. If, therefore, no further lists of selections are presented to the department, and the average amount of business can be transacted in the railroad division in the future as in the past, as shown by the above exhibit, it will require thirty-two years to complete the examination of the land already selected by lists of selections now before the department for examination.

ONE HUNDRED AND SIXTY YEARS.

If, however, the volume of business transacted by the railroad division in the year 1886, the only full year under the existing administration, is to be taken as a criterion of the capacity of that department for the examination of the selections before it, one hundred and sixty years will be required to examine the selections now made and submitted. The capacity of the department under the existing administration having been tested by a full year of administrative effort, and found to be equal to the task of examining and certifying 100,000 acres per annum, the lists of selections now before the department from the Central Pacific Railroad alone will require six years in their examination should the department devote itself entirely to the business submitted by your company to the exclusion of all other lists. There is, of course, not the slightest reason to hope that the business of your company will receive this exclusive attention, and receipt of patents for lands now applied for is, therefore, relegated to the indefinite future. In the mean time settlers and occupants who have in good faith taken possession of the lands granted to your company and established homes thereon are clamorous for title. This delay with titles serves to obstruct and hinder the settlement and occupancy of the company's lands, and the result consequent is a loss on the transportation side of the account. The granting of patents upon the selections now before the department would place your company in a position to make lists of selections covering 1,000,000 acres within the next year and the sale of lands along the line of your road would augment the business of the line in the most signal manner.

THE USELESSNESS OF FURTHER SELECTIONS.

In view of the condition of things as reported by the Commissioner of the General Land Office, and of the further view of the manner in which lists of selections have been treated by the Government, the uselessness of making further lists of selections, and of devoting further sums of money to that purpose until the lists now before the Interior Department are disposed of, is altogether apparent. It is not the province of this report to you, nor within the purview of answers to the questions propounded, to suggest remedies for this state of things. It is, however, plain to the most casual glance that the Land Department of the Government is most hopelessly in arrears with its business, and to such an extent as to make it entirely beyond its power to extricate itself from existing complications. The department charged with the adjustment of these land grants and the ultimate final adjudication is vastly inadequate. The remedy is self-suggestive. Subsidiary departments in each State and Territory wherein these land grants are located should be vested with the power of hearing and of final determination of these cases. Their position on the ground would conduce their knowledge more immediately with the nature of the question in controversy, and enable them to reach final determination with greater facility, and also to reach an adjudication of the various cases more nearly in accordance with the equities involved. With 16,500,000 acres before the department at Washington for examination, and the tested capacity to hear and determine as to but 100,000 acres per annum, it may be said with reason that the progress of the adjudication is practically arrested. If it is ever to be proceeded with in a manner consistent with the rights and interests of both the grantor and grantee, it is now plainly apparent that at least one hundred times the force at the command of the General Land Office will be necessary to meet the requirements under this h ead. It is unreas-

ble, if not wholly absurd, to suppose, in view of the existing state of things, that a single department of the Government, controlled and directed by a single head, can hear and determine within a reasonable time the vast number of cases submitted for its attention. In his report to the Secretary of the Interior, Commissioner Sparks declares that the number of contested cases awaiting final action at the close of the fiscal year was 6,331. Of these 1,227 had received some attention, but not final action, and 5,104 had received no attention and no action whatever. Of the *ex parte* cases before the department there remained for final action at the close of business 4,540, and of these 923 had received some attention, leaving 3,617 *ex parte* cases which had not been reached for examination.

CASES BEFORE THE DEPARTMENT.

At the close of the year, therefore, there were 8,721 cases before the department which had received no attention whatever. At the close of the business of the administration preceding the present one, viz, June 30, 1882, the aggregate of cases which had not been reached for examination was 3,947. In a period of four years, therefore, there has been an increase of 4,477 cases which had not been reached for examination, proving clearly that the arrears of the department under this head are constantly augmenting instead of diminishing. With the lapse of each fiscal year the reports of the Commissioner show that under every head the department is becoming more hopelessly and inextricably in arrears with its business.

In view of these facts the land department of the company is confronted with hopeless and discouraging circumstances that call loudly for remedial legislation at the hands of the national Congress.

RECENT AMENDMENTS TO THE LAW.

Frequent reference has been made in this report to section 21 of the act of 1864, which declared that before any land granted by the act should be conveyed, there should first be paid into the Treasury of the United States the cost of surveying, selecting, &c., as the title should be required by the company. In the foregoing, it has been clearly set forth that, notwithstanding the right was vested in the company to pay the cost of surveys, and to make lists of selections, as the title should be required by it, yet the company has at all times importuned the Government for the issue of patents. Your attention is now called to the fact that, by an act approved July 10, 1886, entitled "An act to provide for taxation of railroad land grants and for other purposes," section 21 of the act of 1864 was amended. The amendment is found in section 4 of the act of July 10, 1886, and reads as follows:

"SEC. 4. That section 21, chapter 216, approved July 2, 1864, is hereby amended so that the cost of surveying, selecting, and conveying therein required to be paid, shall become due and payable on demand therefor made by the Secretary of the Interior, as provided in section 2 of this act."

Notwithstanding the act last above quoted was approved July 10, 1886, no demand has been made on the company by the Secretary of the Interior, and until such demand is made the company cannot be delinquent or in default with respect of the payment of costs of surveying, selecting, and conveying, or the making of lists of selections.

CONCLUSION—THE LAND-GRANT MORTGAGE.

In conclusion, permit me to call your attention to the strictures that have been made upon the mortgage or trust deed, executed by the company on the 1st day of October, 1870, upon the lands granted in aid of the construction of the line. It has been contended that the mortgage was placed upon the land in evasion of a provision found in section 3 of the act of 1862. That provision reads as follows:

"And all such lands so granted by this section, which shall not be sold or disposed of by the said company within three years after the entire road shall have been completed, shall be subject to settlement and pre-emption like other lands at a price not exceeding $1.25 per acre, to be paid to said company."

The trust deed, however, was decided by the Supreme Court of the United States to be a disposition of the land within the meaning of the grant.

But even if the trust deed above alluded to had not been executed the proceeds of the land grant would have passed to the company under the operation of this clause of section 3, which, in effect, would have established in the company a perpetual right to receive the proceeds of the sale of the land. The lands would thus have reverted to the public domain, and the proceeds of their sale would have been payable to the company. As Government land they would necessarily have been exempt from taxation by States, counties, and municipalities, but the proceeds of their sale would have been the property of the company. The execution of the trust deed, therefore,

operated to create taxable property. Criticisms which have been made upon the execution of the trust deed have generally proceeded upon the theory that if such trust deed had not been executed, the lands would have reverted to the Government immediately, and the rights of the company therein would have ceased and determined. The erroneous nature of this view is clearly shown by the words of the granting act.

WM. H. MILLS.

STATE OF CALIFORNIA,
City and County of San Francisco, ss:

William H. Mills, being first duly sworn, saith that he has read the foregoing statement consisting of pages next preceding, marked "Exhibit No. 6," and knows the contents thereof; that the facts therein stated are true, except as to those matters stated on his information or belief, and as to those he believes it to be true.

WM. H. MILLS.

Subscribed and sworn to before me this 26th day of July, A. D. 1887.

[SEAL.] E. B. RYAN,
Notary Public in and for the City and County of San Francisco, State of California.

EXHIBIT No. 7.—*Statement of J. C. Stubbs, general traffic manager, relative to differentials, pools, &c.* *

The rates of charge for freights and fares are just and reasonable. When considered in respect of circumstances and conditions affecting profit and loss, they afford the cheapest transportation service in the country. Among the circumstances and conditions affecting profit and loss are the physical characteristics of the road, such as the gradients and curvatures, which very largely determine the cost of building and also the cost of operating the road, and the volume of business which determines the earning power of the road. These, and other, if not equally important, certainly very important, circumstances and conditions, together with the rates of charge on the Central Pacific line when compared with similar circumstances and conditions of rates of charge on other railroad lines in the country, will inevitably lead to the conclusion that there is no cheaper transportation service in the United States.

RATES CHARGED.

The fare between San José and Sacramento (128 miles), where there is practically no competition, is at the rate of 2.6 cents per mile, and between intermediate stations for short distances at the rate of 4 cents per mile.

The freight charges for this line range from 1½ cents on the lowest class, to 3½ cents per ton per mile on the highest class.

This line crosses the Contra Costa range of mountains, rising from 88 to 740 feet above the sea-level in 25 miles, and has for 38 miles an average grade of 52.8 feet to the mile.

During the year 1885 the total number of passengers taken up and laid down, either or both, on this line was at the rate of 2,410 per mile.

The freight taken up and laid down, either or both, on this line during the year 1885, was at the rate of 3,197 tons per mile.

The rate of charge for fares between Sacramento and California State line (18 miles) is 5½ cents per mile. The rates of charge for freights range from 1½ cents on lumber, to 14 cents per ton per mile on the highest class.

PHYSICAL LOCATION OF ROAD AND TRAFFIC DONE.

The number of passengers taken up and laid down, either or both, on this line, during the year 1885, was at the rate of 534 per mile. The number of tons of freight taken up and laid down, either or both, on this line during the year 1885, was at the rate of 1,070 per mile. On this section the road crosses the Sierra Nevada Mountains, rising from 30 feet to over 7,000 feet above the sea-level. In a distance of 87 miles (between Roseville and Summit) the rise is over 6,800 feet, the average grade being over 80 feet to the mile, the maximum being 116 feet. Over 55 per cent. of the distance is curved line and about 40 miles of it is protected by snow sheds.

Between California-Nevada State line and Ogden (603 miles) the rate of fare locally for single trips is 7½ cents per mile, and for round trips 5½ cents per mile. The freight charges range from less than seven-tenths of a cent per ton per mile on lumber to 15 cents per ton per mile on the highest class of merchandise.

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* See answer to question No. 10 and question No. 39.

For about 409 miles this line is through the comparatively desert and sparsely populated State of Nevada, which contains 112,090 square miles of territory, and had [illegible],000 inhabitants in 1880, which declined to 58,000 in 1885, being about one inhabitant to each two square miles. This area is nearly equal to that of New York and the New England States (115,307 square miles), which in 1885 contained a population of 9,744,365, or an average of 169 inhabitants to each two square miles—a population 169 times greater than that of the State of Nevada.

The road through Eastern Nevada is heavy, having frequent grades, ranging from 70 to 79 feet to the mile.

In 1885, the number of passengers taken up and laid down, either or both, within the State of Nevada, was at the rate of 77 to the mile; and the number of tons of freight was 237 to the mile; from which it will be seen that the local travel on that line would not suffice to pay ordinary train expenses of one train per day. Except on extraordinary occasions, one train per day each way amply accommodates all the passenger travel, both through and local.

COMPARISON OF PASSENGER RATES WITH THOSE OF OTHER ROADS.

The fare between San Francisco and Sacramento (140 miles, 110 miles of which belongs to the bond-aided line) is $3. Compare this with the rate between New York and Philadelphia (90 miles) which is $2.50; or with the rates between Chicago and Union Grove, on the Chicago and Northwestern Railway, a distance of 128 miles, which is $3.85, or at the rate of 3 cents a mile; or the fare between Chicago and Kewanee, on the Chicago, Burlington and Quincy Railroad, 131 miles, which is $3.93, or at the rate of 3 cents per mile; or with the fare between Chicago and Wyanet, on the Chicago, Rock Island and Pacific Railway, 129 miles, which is $3.74, or at the rate of 2.9 cents a mile; or with the fare between Chicago and Mount Carroll, on the Chicago, Milwaukee and Saint Paul Railway, 128 miles, which is $3.83, or at the rate of 3 cents a mile; or with the fare between Chicago and Columbia, on the Pittsburg, Fort Wayne and Chicago Railway, 120 miles; or between Chicago and Sturges, on the Lake Shore and Michigan Southern road, 132 miles; or between Chicago and Bellows, on the Michigan Central road, 1.9 miles, which was $3.90, $3.90, and $5.65, respectively, or at the rate of 3 cents per mile.

As I have said, volume of traffic is one of the most important factors in the earning power of a road, and necessarily is a determining factor in the rate of charge. I have no means of determining the volume of traffic of the Eastern roads named above in comparison with the Central Pacific line, but from various statistical authority—principally the United States census report of 1880, cyclopedias, and standard geographies—I have collated the following information which bears directly on the question:

The line of the Chicago, Milwaukee and Saint Paul Railway, above referred to, runs through the counties of Cook, Du Page, Kane, De Kalb, Ogle, and Carroll, in Illinois.

The Chicago and Northwestern road runs through the counties of Cook, Du Page, Kane, De Kalb, Lee, and Whiteside.

The Chicago, Burlington and Quincy road runs through the counties of Cook, Du Page, Kendall, La Salle, and Bureau.

The Chicago, Rock Island and Pacific Railway runs through the counties of Cook, Will, Grundy, La Salle, and Bureau.

Of the counties through which the first-named (Chicago, Milwaukee and Saint Paul Railway) runs, the population is 210 per square mile; 88.49 per cent. of the total land is improved land; the value of the products in 1879 was $4,661.44 per square mile; the value of manufactures in 1880 was $74,436.70 per square mile.

The counties through which the Chicago and Northern Railway runs—the population is 188 per square mile; 84.36 per cent of the land is improved; the value of products in 1879 was $4,220.65 per square mile; the value of manufactures in 1880 was [illegible]79.37 per square mile.

Of the counties through which the Chicago, Burlington and Quincy runs, the population is 210 per square mile; 87.82 per cent. of the land is improved; the value of products in 1879 was $4,479.78 per square mile; the value of manufactures in 1880 was [illegible]82.49 per square mile.

Of the counties through which the Chicago, Rock Island and Pacific runs, the population is 188 per square mile; 88.19 per cent. of the land is improved; the value of products in 1879 was $4,309.54 per square mile; the value of manufactures in 1880 was [illegible]83.96 per square mile.

The line between San José and Sacramento, Cal., runs through the counties of Alameda, San Joaquin, Santa Clara, and Sacramento. The population per square mile [illegible]; percentage of improved lands, 50.19 per cent.; value of products in 1879, [illegible]; value of manufactures in 1880, $3,376.35 per square mile.

The Central Pacific line, between Sacramento and State line, runs through the counties of Nevada, Placer, and Sacramento. The population to the square mile is 20; the percentage of improved lands, 26.25 per cent.; value of products, [illegible]; manufactures, $1,517.30.

The line of the Central Pacific road through Nevada runs through the counties of Washoe, Storey, Churchill, Humboldt, Lander, Eureka, and Elko, having a population of $\frac{3}{10}$ per square mile; $\frac{1}{100}$ of 1 per cent. of the land is improved; the value of products in 1879 was $32.56; and the value of manufactures in 1880 was $32.43.

The fare from San José to Reno (281¼ miles), or from San Francisco to Reno ([illegible] miles), is $12.05. The fare between New York and Washington (236 miles) is $6.50. The latter line is practically level, running between the metropolis and the capital of the United States, through Philadelphia and Baltimore, the tracks crowded with trains, and the trains crowded with passengers.

THROUGH RATES REGULATED BY COMPETITION.

The through rates of fare for business between California and points in the Eastern States are regulated by competition.

For unlimited first-class travel the rate is 3 cents per mile; for limited first-class 2 cents per mile, and for third-class or emigrant 1½ cents per mile.

The rate for first-class travel over the great lines between Chicago and Council Bluffs is 2½ cents per mile; between Chicago and Pittsburg, 2½ cents per mile; between Chicago and Buffalo, 2.50 cents per mile; between Chicago and New York, 2 cents per mile.

The rates between San José and Ogden, over the whole line, range from 1½ cents on the lowest class of freight (merchandise) to 5⅞ cents per ton per mile on first-class, while we have taken coke from Oakland to Ogden at one-half cent per ton per mile.

The legal maximum rates for California and Nevada are 10 cents per mile for passengers, and 15 cents per ton per mile for freight. Probably less than 1 per cent. of the entire traffic has been carried at the maximum rate.

The through rates for freight between California and the Eastern States are governed by competition, and at present vary from day to day.

RATES IN CALIFORNIA APPROVED BY STATE BOARD.

Our freight and passenger charges in the State of California have been approved and published by the California State board of railroad commissioners. In the State of Nevada they are published and posted according to law. For interstate traffic they have been duly published and posted in accordance with the requirements of the interstate commerce act. They are by these means given a wider publicity, and are so reasonable that it is seldom that complaints are made. As an evidence of this, I beg leave to call your attention to the fact that in 1876 the legislature of California enacted a law under which a board of railroad commissioners was appointed by the Governor. This commission was popularly regarded as representing the anti-railroad sentiment of the State. In their first report to the legislature, dated December 1, 1877, the commissioners say:

"In October, 1876, we issued a circular which was addressed to many hundred citizens in various parts of the State whom we deemed likely to be able to furnish us with information or suggestions of value in connection with the subject of railroad transportation. A copy of it is as follows:

"BOARD OF RAILROAD COMMISSIONERS APPROVE THE MANAGEMENT.

"'SACRAMENTO, *October*, 1876.

"'Among the principal objects proposed by the legislature in creating the board of transportation commissioners is the compilation of facts and statistics connected with the building and operation of railroads in this State, and also the investigation of their management, especially as it affects the interest of their patrons.

"'It is believed that an impartial investigation of this subject will result in substantial advantage to all concerned, and to this end this board desires to receive information and suggestions and statements from all who are interested.

"'As your position has probably led you to give more than usual attention to the subject, there may be matters to which, in your opinion, the attention of the board should be called; in which event it is requested that you will communicate them to this board in writing.

"'By order of the board.

(Signed) "'WALTER M. PHILLIPS,

"'*Secretary.*"

[illegible] was transmitted to supervisors, county officers, members and ex-members of the legislature, judges, prominent merchants, storekeepers, editors, hotel keepers, patrons of husbandry, &c., and it led to some valuable communications, although not to contributions of public opinion or information on the subject as full or as exclusive as we might have reasonably looked for.

"We have deemed it our duty to visit and inspect, so far as such inspection can be made in transitu, every part of every railroad in the State, in order to acquaint ourselves so far as possible with the circumstances, local connections, situation, and conditions of the various roads.

"Without entering into unnecessary detail on this subject, we observed that generally the railroads of the State are in good order and their management wise and economical, and conducted with a view to the public convenience."

The communication addressed (as above stated by the railroad commissioners) to citizens of all classes and occupations whose position was presumed to have led them to give more than usual attention to the subject, was a bid for complaints, and resulted in a report, by a certainly not friendly commission, that, as quoted above, generally the railroads of California were in good order, their management wise and economical, and conducted with a view to the public convenience.

Since the date of said report the State of California has had several different boards of railroad commissioners to which complaints regarding the charges of this company have been rare. In nearly every case they have proved to have been without foundation or based on a misrepresentation of facts, and no case has failed of a satisfactory adjustment.

CENTRAL PACIFIC INTEREST IN POOLS.

With respect to pools: The traffic over the line between San José and Ogden, or any part of it, is not, and has not been since April 5, 1887, subject to any pooling contract. Previous to April 5th it was concerned with the Union Pacific and Denver and Rio Grande Companies in a pool of Utah traffic, the object of which was to secure uniform, reasonable, and stable rates of charge for freight to and from the Territory of Utah; conditions so necessary to successful trade as to be of equal value to both the public and the carrier. The balances received and paid under that pool were very small.

For several years previous to February, 1886, this line was also concerned with others in a pooling contract which covered through rates between points east of 97th meridian in the United States and the Pacific coast. The association of roads concerned in this pool was termed the Trans-continental Association. The object of this association was to make and maintain reasonable rates of transportation, afford mutual protection to the interest of the associated roads, and to fairly distribute the revenue from traffic which was naturally the subject of competition between them. The pool was very beneficial to the Central Pacific line. It was discontinued December 31, 1885, with the expectation of renewing it, but the parties could not agree upon the terms, so that on or about February 18, 1886, the Trans-continental Association was dissolved.

The result was a "war in rates" that was very destructive to revenue. Had the trans-continental pool been maintained during 1886 and the same amount of tonnage carried at the rate per ton per mile earned by the associated roads in 1885, the earnings of the Central Pacific line from freight subject to that pool during 1886 would have been increased by over a million dollars. It is only fair to say, however, in this connection, that doubtless the very low rates that obtained in 1886 diverted traffic from the water lines which would not have been carried by rail at the rates in force in 1885, and it also doubtless moved other tonnage which would not have moved at the rates of 1885. Nevertheless a continuation of the trans-continental pool on such freight and passengers would have benefited the Central Pacific line in a very large sum.

PACIFIC MAIL AGREEMENTS.

For many years the Central Pacific line, in connection with the Union Pacific Railway, was concerned in a contract with the Pacific Mail Steamship Company, whereby a certain amount of space in the vessels of said steamship company was purchased by the railroad companies for a given sum, which varied from time to time as the contract was amended. Under the last contract the amount of space was 1,200 tons each way per month, and the sum paid was at the rate of $95,000 per month. This space was filled by such freight as could be obtained for California at rates made and controlled by the railroad companies. The arrangement was of the nature of a pool pure arrangement, simply for the purpose of regulating the competition between the steamship company and the railroad lines. It was beneficial to both by securing stability and uniformity in rates, and was of great value to the public as

well as to the carriers. Upon the organization of the Trans-continental Association the roads joined in that organization assumed the obligations of the said contract with the Pacific Mail Steamship Company. In March, 1886, this contract was terminated by reason of the disorganization of the Trans-continental Association, since which time there has been unrestrained competition between the steamship company and the railroads, greatly to the detriment of both.

POOLS ARE PRODUCTIVE OF REASONABLE RATES AND BENEFICIAL.

The beneficial effects of pooling contracts to the Central Pacific interest is demonstrable by our experience and records.

No contracts to pool the earnings from traffic to which your companies have been parties since my connection with them have permitted the charging of unreasonable rates. On the other hand, they effected the minimum of discrimination, secured stability and uniformity in rates, and were of mutual benefit to the public and the carrier.

I take it that a reasonable rate is one which will, without diminution of the profits to the carrier, permit and encourage the largest increase and development of traffic; that it would be unreasonable on the part of any carrier to impose a charge for its service which would obstruct or diminish remunerative traffic; that it would be equally unreasonable to require a carrier to increase its traffic at the expense or diminution of profits. In other words, the law of supply and demand governs the carrying trade as it rules all other commerce, and a reasonable rate is what a writer on "The Natural Laws of Business" terms a "normal" rate, which he defines as "that point above which demand falls off so rapidly that profits diminish, and below which even a great increase of business would lessen them." The problem of railroad management is to make the nearest approximation to this "normal" rate. In my judgment this has been the constant aim and effort of the officers of your companies. Rates have constantly tended downwards, and that tendency will inevitably continue.

The pooling contracts referred to have not prevented nor interrupted the downward tendency of rates. They have simply regulated it by preventing a reckless competition which would have destroyed all profits. These pooling contracts have not destroyed competition. When they were in force each carrier party thereto continued in the field its soliciting and advertising agencies as active and earnest in the pursuit of business as though it had no guarantee of revenue from the pool. Each party had its own clientage, and was as jealous of the interests of that clientage as the shippers themselves could be. All tariffs required unanimous consent, and all rates and rules were uniform. The fact that these pools did not hinder the operation of the law of supply and demand on the traffic; did not destroy the competition between the carriers, and did not diminish the traffic, is sufficient proof that they did not permit the charging of unreasonable rates.

Again: It is seldom, if ever, that two or more carriers competing for the same traffic are equal in respect to physical characteristics of the line, terminal facilities, connections, or those features which determine preferences upon the part of the traveling shipping public upon all the traffic pooled, and therefore their respective taking power differs. Those carriers having few advantages to offer in these respects cannot compete with others possessing numerous advantages upon equal terms; hence their rates must be lower. The better lines will not suffer the loss of business by permitting lower rates to be made by others, except there is a mutual agreement fixing the relations of the rates by the various routes. The result is the see-saw process, the working of one line against the other by the shipper, which causes not only constantly varying rates by the different lines but also different rates to different individuals. The pooling contract produces uniformity in the rates by all lines or fixes the degree of difference in the rates by the several lines, and by so doing effectually prevents the discrimination between individuals which invariably results from independent action. The uniformity and unanimity of action in making tariffs prevents frequent changes and requires changes, when made, to be duly considered and simultaneously published and applied by all the carriers. It also requires a reasonable notice to the public, as each carrier, jealous of the interests of its own patrons, insists upon time and opportunity to acquaint its patrons with said changes, thus securing a stability in rates which shippers as a rule regard as of the greatest value.

"DISCRIMINATIONS" AND "DIFFERENTIALS."

"Differential" rates as commonly used by practical railroad men, are not and have not been in use on your line.

The general passenger agent and general freight agent, who are charged with the details of the passenger and freight business, respectively, report that there are no unjust discriminations in the fares and freight charges of this company. I presume

It is understood that in transportation business discriminations are as necessary as in all other business; that is to say, different rates of charge are made for different classes of passengers, and for different classes and different quantities of freight. The rates of charge on the valley portions of the road are lower than on the mountain portion. The charges upon lines through comparatively thickly settled districts are lower than those made through sparsely settled and desert territory. Such discriminations, I believe, are recognized as necessary, legitimate, and judicious. Where competition is encountered, rates necessary to meet that competition are made. Where this competition is with water carriers, the charge is often lower for a longer than for a shorter and immediate service, but in no case is a lower charge made for a longer than for a shorter haul included in the longer except where competition compels it. There are not and have not been any discriminations in fares or freight charges having for their object or effect the prosperity of one locality or community against another locality or community, or the promotion of the interests of one person or any number of persons against the interests of any other person or persons.

In this connection I beg leave to quote further from the report dated December 1, 1887, of the railroad commissioners to the legislature of California, namely:

"Some few complaints of inequality or unfairness of charges and of lack of proper attention to the public convenience in the classification of goods and the charges for freight have reached us. These have, in all cases, been first referred to the companies concerned for remedy or explanation, and, in every instance, so far, the complaints have been responded to as promptly as if we possessed legal authority to command their answer or enforce redress. Some of the complaints made to us proved to be without foundation or made on a misapprehension of facts. In others, reasons for the course pursued have been adduced, not before known to the parties complaining."

DISCRIMINATION BETWEEN INDIVIDUALS.

"No instance of the occurrence of this abuse has been brought to our notice. There are rumors of its existence, and it is even said that the sufferers by it fear to complain lest they be punished by further and ruinous discrimination. Whilst it is possible that there may be some foundation for these suggestions, it is also probable that the instances, if they exist, are of rare occurrence, and in most, if not in all, cases explainable by circumstances unknown to or insufficiently considered by the parties who have felt aggrieved."

Upon the subject of inflexible railroad rates the railroad commissioner of Michigan says (Report, 1883):

It is certain that no rates can be made of universal application to all roads alike without working the grossest hardship and injustice. The consideration of cost of doing the business enters largely into the question of rates, while the condition of the road bed, gradients, and character of line generally have so much influence in determining that cost on each individual road, that it is not at all certain that the interests of the public and the corporations will not best be promoted by leaving the great principle of supply and demand to regulate the price of railroad transportation the same as it does that of the commodities carried. If left to regulate itself as does the question of rates on the high seas, only restricted by such reasonable limitations to maximum charges as are incident to the fact that a railroad is a public use, and the company that operates it in its corporate capacity derives its franchises upon such conditions as the legislature may impose, I have no doubt that railroad tariffs would soon become as uniform and rates as low throughout the country as the cost of building and operating, coupled with the amount of tonnage to be carried would justify commensurate with a fair return upon the capital invested in the road.

So far as the productive industries in this State are concerned it can in truth be said that as between production and transportation there is little, if any, friction, and that but for the fact of the question being a potent factor in politics we should hear no complaint from the consumers who after all pay all the freight charges on what is consumed.

STATE OF CALIFORNIA,
City and County of San Francisco, ss:

J. C. Stubbs, being first duly sworn, saith that he has read the foregoing statement consisting of the pages next preceding, marked Exhibit No. 7, and knows the contents thereof; that the facts therein stated are true, except as to those matters stated on his information or belief, and as to these he believes it to be true.

J. C. STUBBS.

Subscribed and sworn to before me this 26th day of July, A. D. 1887.

[SEAL.] E. B. RYAN,
Notary Public in and for said City and County.

EXHIBIT No. 8.—*Statement of L. M. Clement, civil engineer, relative to cost of construction.*

SAN FRANCISCO, *July* 21, 18[illegible]

Hon. LELAND STANFORD,
President Central Pacific Railroad Company:

DEAR SIR: At the beginning of the construction, the company, knowing the political and commercial necessities demanding the rapid completion of the railroad, determined that nothing which was in their power to prevent should for a single day arrest its progress.

With this determination in view all energies were bent, fully realizing the physical obstacles and financial difficulties to be overcome.

The financial difficulties were not lessened by the opinions circulated to the effect that the obstacles were insurmountable; that the railroads then constructed in Europe were as bagatelles compared with the difficulties to be met in constructing the Central Pacific Railroad, and failure was clearly written on the rocky sides of the cañons and the bold granite walls of the Sierra Nevada Mountains.

Not only was it impossible to construct a railroad across the Sierras via Donner Pass, but owing to the great depth of snow, some years reaching an aggregate fall of nearly 50 feet, would be impracticable to operate, and if built must be closed to traffic in the winter months, which would have been the case had not the road been protected at great cost by snow sheds.

Against these utterances from men of railroad experience the company had to battle in financial circles, forcing them to show that they were not attempting an impossibility, though always realizing the great difficulties.

As soon as the company went into the American market for rail, for they were shut out from the other markets of the world by their charter, the prices ruled 80 per cent., from $41.75 to $76.87½ per ton, nearly three (3) times the price of steel rails two years ago.

It must not be forgotten in discussing these questions that the Central Pacific Railroad was begun a quarter of a century ago and has been completed over eighteen (18) years. We should consider the state of affairs, circumstances, and conditions then existing. The average price of American iron rail during the building of the road (no steel rail was then made and think none till the last year of its construction) was $91.70 per ton at the rolling mills.

This rail had to be transported to San Francisco via Cape Horn or the Isthmus of Panama, and lightered for transportation to Sacramento, Cal., the initial point of the Central Pacific Railroad.

Shipments via the Isthmus, as late as the year 1868, cost for transportation alone on rail, $51.97 per ton, the rail costing, delivered at Sacramento, $143.67, not including charges for transfer from ships at San Francisco to the lighter, nor for transportation up the Sacramento River. Delays and losses of ships and their cargo of railroad material via Cape Horn and unforeseen emergencies made it necessary to frequently use the Isthmus route, that there should be no detention in the progress of the railroad eastward.

During construction, by reason of high war risks, transportation rates advanced 275 per cent. per ton.

Via the Isthmus, for freight alone, there was paid as high as $8,100 for one locomotive.

On a shipment by the latter route of eighteen locomotives the transportation charges were $84,466.80, or $4,692.50 each.

For two engines, twenty-two years ago, there was paid $70,752 in the currency of the United States. This was an extreme case, but the power was absolutely necessary to supply materials needed for construction; without these engines there would be delay.

The first ten engines purchased by the Central Pacific Railroad Company cost upwards of $191,000; the second ten upwards of $215,000.

The demand for power after the first 25 miles of road were constructed was great, was great, as then were met the high mountain gradients.

The freight via Cape Horn to San Francisco only, on the first locomotive purchased by the company, was $2,282.25.

Not only was all the material for railroad construction commanding high prices, labor also shared in the advance in prices. California's laborers were mainly miners, accustomed to work in placer mines or not, as it suited them. Mining was more to their liking than the discipline of railroad work. They were indifferent, independent, and their labor high-priced, and to these difficulties the excitement of the great Comstock lode was upon us, where any able-bodied man commanded $4 or more per diem.

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* See answer to question No. 51.

Labor sufficient for the rapid construction of the Central Pacific Railroad was not then on the coast, and the labor as it existed could not be depended upon—the first mining excitement meant a complete stampede of every man, and a consequent abandonment of all work. This labor question as well as others were serious ones. Each day brought up propositions which must be solved without delay; the construction must advance.

As the snow line was reached the snow increased in depth toward the summit, from a few inches to over 15 feet on a level, from actual measurements. The ground was kept bare for the graders by shoveling, upwards of one-half of the labor and, after storms, the entire grading force being expended in removing snow. Not only was it necessary to remove the snow to permit excavation, but the space to be occupied by the embankments was cleared and kept clear of snow, otherwise the melting of the snow under the broad bases of the high embankments would have caused serious settlements, which, on ascending gradients already of 105 or 116 feet per mile, would in time increase the gradient beyond the tractive power of the engine. There was a limit to this snow shoveling as the altitude increased, and this limit was reached when it required an army of men to clear away and keep clear after each storm, for a small gang of laborers. As we neared the summit of the Sierras winter was again upon us, granite tunnels to bore, deep rock cuttings to make, and retaining walls to construct.

Rock cutting could not be carried on under snow drifts varying in depth from 20 to 30 feet. It was decided, no matter what the cost, that the remaining tunnels should be bored during the winter. To reach the faces of the tunnels the snow drifts were tunneled and through these snow tunnels all rock was removed. Retaining walls in the cañons were built in domes excavated in the snow—the wall stones raised or lowered to their places into the dome through a shaft in the snow.

All the force, numbering thousands, could not be worked in the tunnels and on the retaining walls. The surplus men with their tools, luggage, &c., were hauled beyond the summit, skipping the line now covered with deep snow, and active work began in the cañons of the Truckee River.

That no delay, even here, should result from the unfinished gap, 20 miles of rails with their fastenings, a locomotive, and cars sufficient for working, were, by oxen and horses, hauled over the summit and down into the cañon of the Truckee River.

It was deemed important to reduce some of the work in the lower mountains crossed by the railroad in Utah, so that when the track reached those points there should be no delay. About one car-load of tools and material was wagoned from Wadsworth to the Promontory Mountains, at a cost of $5,400. Everything was expensive; barley and oats ranged from, $200 to $280 per ton; hay $120. All other supplies in Utah in the same ratio. Along the Humboldt River much of the line was constructed during the winter. Earthy material that could ordinarily be excavated by the pick and shovel was frozen to such a depth as to require blasting. This frozen material made expensive embankments, requiring constant attention when the frost was leaving it, to maintain the roadway in a condition for the transportation of material to the front. As early as it was possible, in the beginning of the following year, to again attack the work in the heavy snow-belt region, the forces were returned to the granite cliffs and cañons. This army of men shoveled off the snow to gain time; miles of the line were thus made ready for the drill and powder—$67,500 worth of powder in a single month being used, a sum sufficient to construct and equip 3 miles of ordinary railroad at the present day. During the winter months there was constant danger from avalanches, and many laborers lost their lives. Where it was possible to reach the threatening combs of great masses of compact snow leaning over the granite bluffs they were removed by powder. To reach the overhanging snow required courage and determination, and the call for volunteers for this daring undertaking was always answered. When the forces were concentrated the progress in the solid granite ledges was slow but certain. The track was kept close up to the grading forces and never lagged when it was possible to provide track material, power, or rolling stock, either by steamships or sailing vessels.

For many days, owing to the hardness of the rock in the vicinity of Cisco, it seemed impossible to drill into it a sufficient depth for blasting purposes; shot after shot fired as if from a cannon. Perseverance alone conquered. That was before the powerful explosives were invented and many other improvements made for railroad construction purposes in the last twenty years. The company at the summit of the Sierras, Donner Pass, manufactured nitro-glycerine, but it was too dangerous for general use. Transportation of material, tools, &c., was then an important factor in construction; there were then no such powerful engines as of the present day, which could haul two of the then most powerful ones and their loads; no cars to carry 50,000 pounds of load.

All material for construction excepting timber, the greater portion of which came from the Sierra Nevadas and some from the coast counties of California and from Oregon, must come from the Atlantic States, via the Isthmus or Cape Horn to San

Francisco, there lightered for ascending the Sacramento River to Sacramento, and thence hauled over the Central Pacific so far as completed, and when needed wagoned beyond the end of the track. The trains returned empty—no return loads; there was not one inhabitant to 10 miles between the last crossing of the Truckee River and Bear River in Utah.

With the exception of a few cords of stunted pine and juniper trees, all the fuel was hauled from the Sierra Nevada Mountains. Not a coal bed on the line of the Central was then known, and the only one yet discovered is a poor quality of brown lignite.

Water was scarce after leaving the Truckee and Humboldt Rivers, and during the entire construction was hauled for steam and general use of the grading forces.

Thousands of dollars without result were expended in well boring; tunnels were bored into the mountains east of Wadsworth to develop small springs, and when water was found it was carefully protected and conveyed in some cases over 8 miles in pipes to the line of the road.

There was not a tree that would make a board on over 500 miles of the route, no satisfactory quality of building stone. The country afforded nothing entering into the construction of the superstructure of a railroad which could be made available. The maximum haul for ties was 600 miles, and of rails and other material and supplies, the entire length of the Central Pacific Railroad, or 740 miles.

Cars were transported on ship, in pieces, to San Francisco, and lightered for Sacramento, and there put together.

California had no means for manufacturing for railroads. Only fourteen years prior to the beginning of the construction of this railroad was any considerable emigration directed to this coast, either by wagon, requiring as many months as now days from the Missouri River, by sailing vessels via Cape Horn, a long and tedious voyage of months, or by steamship. Twenty-two days was a quick trip. It was a country new, and only known as a mining region. A quarter of a century has made great changes. Once the possibility of constructing a railroad across the mountain ranges and deserts proven and emigration started west, capital was less timid of the probable future of railroad enterprises, and means were furnished for constructing other transcontinental roads. By the aid of machinery, powerful explosives, and experience, railroads can now be constructed at comparatively light cost.

It is probable that had the road been constructed during the five years preceding it would not have cost more than 66 per cent. of what it actually did cost.

The principal elements—material, transportation, and labor—were very much cheaper. Rails averaged 51 per cent. less; transportation 63 per cent. less. Every element, excepting labor, was a large percentage less.

If constructed five years subsequent, it would have cost about 75 per cent. of the actual cost. Had the whole time allowed for construction of the Central Pacific Railroad been used, it is not an easy problem to determine for how much less the road could have been built.

Advantage of the markets could then have been taken; contractors would have been willing to undertake the work if a reasonable time for completion were allowed, so that they would not be required to perform any of the work during the winter months where mercury freezes and in deep snows; in fact, all the advantages of seven additional years.

Respectfully, yours,

LEWIS M. CLEMENT.

STATE OF CALIFORNIA,
City and County of San Francisco, ss:

L. M. Clement, being first duly sworn, saith: That he has read the foregoing statement, consisting of the pages next preceding, marked "Exhibit No. 8," and knows the contents thereof; that the facts therein stated are true, except as to those matters stated on his information or belief, and as to those he believes it to be true.

LEWIS M. CLEMENT.

Subscribed and sworn to before me, this 26th day of July, A. D. 1887.

[SEAL.]

E. B. RYAN,
Notary Public in and for the City and County of San Francisco, State of California.

Answer No. 9.—*Statement of Wm. Hood, chief engineer, relative to cost of construction.**

SAN FRANCISCO, CAL., *July* 23, 1887.

Hon. LELAND STANFORD,
President Central Pacific Railroad Company:

SIR: Referring to your letter of recent date in regard to the Central Pacific Railroad:

I was an assistant engineer on the road during the greater part of its construction, and have been chief engineer since October 10, 1883, and am familiar with its construction and subsequent operation.

The entire road was completed in May, 1869, or about seven years sooner than was required to comply with the act of Congress under which it was built.

This early completion of the railroad was accomplished only in the face of obstacles of the most formidable nature and such as were perhaps unprecedented in railroad construction. The Sierra Nevadas have a snowfall on the higher portions and a rainfall nearer their basis such as would seem incredible to those not acquainted with the facts; and these climatic features were enough to have caused the suspension of the work each winter had attention been paid to cheapness of construction or to any considerations except the completion of the road in the least possible time and in the most substantial manner practicable with the available materials. Below the snow line in the winter of 1865 and 1866 the roads were practically impassible for wagons; and the large construction force was supplied mostly by pack trains, employing large numbers of animals to transport supplies of all kinds to the required points on the work.

The winter of 1866 and 1867 and the winter of 1867 and 1868 were long remembered as having had a snowfall heavier than has since been known on the mountains, and it was during these seasons that the railroad was built above the snow belt and over the summit. The annual snowfall was about 40 feet, which gave as much as 18 feet of snow on a level near the summit of the railroad pass, and as late as March, 1869, the average level depth of snow in Summit Valley was between 15 and 16 feet. These depths of snow, with the frequent storms, made any work except in tunnels impracticable during the winters in the region of the summit, and it was decided to send the force not engaged on tunnel work to build railroad in advance in Truckee River Cañon, where the less depth of snow rendered grading work possible. The supplying of this force in the Truckee Cañon, by means of sleds over the summit through deep snows and blinding storms, was exceedingly expensive, as was also the transportation by the same means of track material for 40 miles of road so built in Truckee Cañon and 3 locomotives and 40 cars. In this way, by working tunnel force in winter and moving back the remainder to do the outside work in summer, the summit work was finished, an incidental expense being the moving of from 10 to 12 feet of packed snow from the sites of the cuts and banks before grading could begin in the spring. When the road over the summit to Truckee was done, the rapid progress across the deserts began.

About 3,000 men were sent a distance of 300 miles in advance of the track to Palisade Cañon, and supplied by teams over the deserts, the haul without water being as much as 40 miles in places, and the remaining force brought up the work in advance of the track. Ties were hauled from the Sierra Nevadas hundreds of miles into the deserts. Rails for the rapid progress were brought by sail around Cape Horn, and when any delay was possible through non-arrival of ships, track material was sent at heavy expense by the quicker route via the Isthmus of Panama and steamers. In the winter of 1868 and 1869 the weather was most severe, and the earth was often frozen so deeply that it was blasted and handled as if rock, at considerable expense.

During the entire construction of this railroad all supplies were very high-priced. Rails were nearly three times as expensive as they were a few years afterwards, and freights via Cape Horn were high; and after reaching San Francisco all track material had to be rehandled and sent up the river to Sacramento before it could be loaded on the cars for the front. The same was true of all the rolling stock. With all these causes of extra expense to increase cost of building the road, it is my opinion that with more time spent in building, with entirely legitimate reduction of force in winter and in general with ordinary speed of construction, the entire road could have been built for fully 75 per cent. less than its actual cost; but in that case it would not have been open for traffic for a long time after its actual date of completion.

The road was finished to Newcastle at less speed than afterward ruled. From Newcastle to Wadsworth was built between February, 1865, and July, 1868, with a force averaging fully 11,000 men and more than three years' time was required for the 157 miles. From Wadsworth to Ogden was built between July, 1868, and May, 1869, with a force averaging 5,000 men, and between nine and ten months were required only to build this 555 miles. The work of building from Wadsworth to Ogden is about

*See answer to question No. 51.

comparable on an average to that from Ogden to Omaha; and the work of building the Central Pacific Railroad from Newcastle to Wadsworth, only 157 miles, would have easily built the entire road far east of Omaha, had this 157 miles been of the same average cost as the road from Wadsworth to Omaha.

Respectfully submitted.

WILLIAM HOOD.

STATE OF CALIFORNIA,
City and County of San Francisco, ss:

William Hood, being duly sworn, says he has read the foregoing statement; that the matters and things are true of his own knowledge except as to matters on his information and belief, and as to those he believes them to be true.

WM. HOOD.

Subscribed and sworn to before me this 25th day of July, A. D. 1887.
[SEAL.]
E. B. RYAN,
Notary Public in and for said City and County.

EXHIBIT No. 10.—*Statement of J. H. Strobridge, superintendent of construction, relative to the cost of construction.**

SAN FRANCISCO, CAL., *July* 23, 1887.

HON. LELAND STANFORD,
President Central Pacific Railroad Company:

SIR: Referring to your letter of recent date, in regard to the construction of the Central Pacific Railroad, I was superintendent of construction during the building of the road. The work was pushed with the utmost vigor; all the men were hired that could be found, and no effort or expense was spared to complete the road as quickly as possible. In this way it was finished and in operation from Sacramento, Cal., to Ogden, Utah, about seven years sooner than was required by act of Congress. During construction very high prices were paid for powder and all tools and supplies used on the work, and nothing was spared that would hasten its completion, and the work was pushed regardless of the season. The winter of 1865 and 1866 was a very wet one, making the roads on the clay soils of the foot-hills nearly impassable for vehicles. Large numbers of pack animals had to be brought into use, and on them were carried nearly all supplies, even hay and grain, over steep mountain trails, to the construction camps. As illustrating the impassability of the roads, the stage running from end of track to Virginia City was stuck in the mud and left standing in the street at Gold Run for six weeks, the passengers being carried in the meantime by saddle train from the railroad at Colfax to Dutch Flat. The building of the railroad during this time was prosecuted with energy but at much greater cost than would have been the case in the dry season. During the winter of 1866 and 1867 and the following winter of 1867 and 1868 there were unusually heavy snowfalls in the upper Sierra Nevadas, where the road was then under construction. The tunnels were got under way with as large a force as could be used on them, and the remainder of the force was sent to the Truckee Cañon on the east slope of the Sierras, where the snowfall was not so great as to entirely prevent grading during the winter, the total force being about 13,500 men at this time. The snows were so deep that it was impossible to keep the tunnel approaches clear, and we were compelled to make tunnels through the snow from the dump to the tunnel entrances. Snow tunnels were also required to get into camp. In many instances our camps were carried away by snowslides, and men were buried and many of them were not found until the snow melted the next summer. In the spring of each year the men were taken back from the Truckee into the mountains and an average depth of 10 or 12 feet of snow was cleared away before grading could be commenced.

The total snowfall of the season was about 40 feet, and the depth of hard, settled snow in midwinter was 18 feet on a level in Summit Valley and Donner Pass, over which we hauled on sleds track material for 40 miles of railroad, 3 locomotives, and 40 cars from Cisco to Donner Lake, where all was reloaded on wagons and hauled over miry roads to Truckee, a total distance of 28 miles, at enormous cost. In this way the road was forced to the east slope of the Sierra Nevadas. In crossing the desert eastward from the Truckee River, water for men and animals was hauled at times 40 miles. It was necessary to have the heavy work in Palisade Cañon done in advance of the main force, and 3,000 men with 400 horses and carts were sent to that point a distance of 300 miles, in advance of the track. Hay, grain, and all supplies for the

*See answer to question No. 51.

and mules had to be hauled by teams over the deserts for that great distance, there being no supplies to be obtained on the entire route. The winter of 1868 and 1869 was one of severe cold.* The construction was in progress in the upper Humboldt Valley, where the ground was often frozen to a depth of 2 and 3 feet, and material required blasting and treatment like rock, which could have been cheaply moved in a more favorable time. The entire cost of the railroad, had it been built with less speed and as such railroads are usually constructed, would have been fully 70 per cent. less than its actual cost, as it was built with rapidity of construction, and without regard to any outlay that could hasten its completion. The railroad from Newcastle on the west slope of the Sierras to Wadsworth at the beginning of the Nevada deserts, 157 miles, was built between February, 1865, and July, 1868, more than three years, with a force averaging 11,500 men.

The railroad from Wadsworth to Ogden, about 555 miles, was built between July, 1868, and May, 1869, about ten months, with a force averaging 5,000 men. If the country between Newcastle and Wadsworth had been of the same average difficulty as that between Wadsworth and Ogden and between Ogden and Omaha, the labor that was out upon the Central Pacific Railroad would have built it to a point far to the eastward of Omaha in the same time, the work from the east slope of the Sierra Nevadas to Ogden being more than an average of that from Ogden to Omaha.

Very respectfully,

J. H. STROBRIDGE.

STATE OF CALIFORNIA,
City and County of San Francisco, ss:

J. H. Strobridge, being duly sworn, says he has read the foregoing statement; that the matters and things therein stated are true of his own knowledge, except as to matters on his information and belief, and as to those he believes them to be true.

J. H. STROBRIDGE.

Subscribed and sworn to before me this 25th day of July, A. D. 1887.

[SEAL.]

E. B. RYAN,
Notary Public in and for said City and County.

EXHIBIT No. 11.—*Statement of Arthur Brown, superintendent of bridges and buildings, relative to cost of construction.**

WEST OAKLAND, CAL., *July* 25, 1887.

HON. LELAND STANFORD,
President Central Pacific Railroad Company:

DEAR SIR: In reply to your letter of the 23d inst., I herewith submit a brief outline of the construction of the snow sheds over the Sierra Nevada Mountains, on the line of the Central Pacific Railroad, as well as the conditions which made them a necessity.

As superintendent of bridges and buildings the work of constructing those sheds was assigned to myself. The excessive snow belt where the road crosses the Sierra Nevada Mountains, extends from a point near Blue Cañon, on the western slope, to Cold Stream Cañon on the east, a distance of about 40 miles, having its maximum depth near the summit. The snowfall for the season has been known from actual measurement to be nearly 50 feet.

In the fall of 1866 the road was opened to Cisco. The experience in keeping the road open through the following winter led to the construction of the snow sheds. Although every known appliance was used to keep the road clear from snow that winter, including the largest and best snow plows then known, it was found impossible to keep it open over half the time, and that mostly by the means of men and shovels, which required an army of men on hand all the time at great expense.

It became evident from our experience then that the snow problem had become serious, and it was decided, after various discussions on the subject by the directors of the company, that the only positive means of protecting the road was by snow sheds and galleries, although the expense of building a shed nearly 40 miles in length was almost appalling and unprecedented in railroad construction, yet there seemed to be no alternative but build the sheds. I was therefore instructed to make preparations and plans for such sheds as was deemed best, from our limited experience at that time.

In the summer of 1867 we built some experimental sheds, which we had to modify considerably. The snow-shed building in the spring of 1868 was commenced in ear-

*See answer to question No. 51.

nest. Owing to the short season in which the work had to be done (less than [illegible] months) it was decided to cover all the cuts and the points where the roads crossed the great avalanches beyond the summit, with the idea that the high embankments on the road could be kept clear of snow.

As the road was then rapidly progressing up the valley of the Humboldt it became a matter of the most vital importance that the sheds should be so far finished that the supplies and building materials for construction ahead should not be interrupted, as the connection was to be made in the spring of 1869. We therefore had to gather men from all quarters and pay high wages—carpenters $4 per day, and suitable laborers about $2.50 to $3. We employed about 2,500 men, with six trains with locomotives distributing material.

The expense was considerably increased by the fact that we had to keep the road clear for the traffic, which was great, owing to the large amount of building material forwarded to the front, and to avoid accident, which consumed about 30 per cent. of the time, consequently increasing the cost in that proportion, besides, we had, by commencing early in the spring, to shovel from 6 to 8 feet of snow before we could put in foundations for sheds.

In the fall we continued until the snow stopped us entirely, although we had been shoveling snow for nearly two months. The expense from the amount of snow that had to be shoveled, spring and fall, and the difficulty of getting men at reasonable wages to remain on the work owing to snow, bad weather, &c., added very much to the cost. As there were not enough saw-mills to supply the necessary material, we had to resort to round and hewn timber, which had to be got from the woods and brought to the track at a great expense, as suitable men for that purpose were very scarce.

The galleries are built along the side of the mountains, where the slope of the snow conforms with that of the mountain, so the snow can pass over easily. Some of the galleries run back on the slope of the mountain several hundred feet from the center line of the road. In other places massive masonry walls were built across ravines to prevent the snow from striking the sheds at right angles. The snow sheds and galleries were finished in the fall of 1869. In them was used 65,000,000 feet, B. M., of timber, and 900 tons of bolts and spikes, &c. The total length of sheds and galleries when finished was about 37 miles, at a cost of over $2,000,000.

For several years the loss from fires was considerable, as several miles were burned down and had to be rebuilt, and at the present time water trains are constantly kept on hand for sprinkling down the sheds twice a week, thus preventing their destruction by fire. A number of the tunnels through the same mountains had to be timbered at a great expense, as most of it had to be got out in the winter time, and, as it was impossible to keep the roads open, we had to employ men and bring timber to the tunnels on hand sleds.

I am quite familiar with the extraordinary exertions put forth in all departments of this work, as I was constantly on the ground during all this construction, and especially the almost superhuman effort put forth by Mr. J. H. Strobridge, superintendent of construction, in keeping the men at work on the rock work and tunnels and shoveling snow at great depth during the fall and winter, and contending against mud and snow in getting supplies to the ground at great expense.

I consider, from my experience, that if time could have been spared to take advantage of the proper seasons, it could probably be duplicated now for less than 40 per cent. of its original cost.

Very respectfully,

ARTHUR BROWN,
Supt. B. and B. Dep't.

STATE OF CALIFORNIA,
City and County of San Francisco, ss:

Arthur Brown, being first duly sworn, deposes and saith: That he has read the foregoing statement, and knows the contents thereof; that the same is true, except as to matters therein stated on his information or belief, and as to those he believes it to be true.

ARTHUR BROWN.

Subscribed and sworn to before me this 26th day of July, A. D. 1887.

[SEAL OF NOTARY.] E. B. RYAN,
Notary Public in and for said City and County.

EXHIBIT No. 114.—*Statement showing from official records the saving to the United States in transportation of mails, troops, munitions of war, supplies, &c., by the construction of the Central Union Pacific Railroad.**

(By E. H. Miller, jr., secretary.)

The act of Congress authorizing an investigation of the books, accounts, and methods of railroads which have received aid from the United States (in bonds), and for other purposes, approved March 3, 1887, requires, among other information, the following:

The average cost per annum of Government transportation in the region now traversed by the Pacific railroads between the year 1850 and the completion of said roads, and also the average cost per annum since such completion, and what additional facilities have been furnished to the Government and the people by said roads.

Also, to inquire whether or not the Pacific Railroad was completed in less time than was allowed by the law, and, if so, how much less time, and if the United States was benefited thereby.

It is for the purpose of furnishing this information that the figures and facts stated in the following pages have been collated. All the statements made are taken from official sources, and reference in each case is made to the authority. Inquiry is made:

(1) As to the rates and cost of Government transportation prior to the construction of the railroad, the rates and cost of service after its completion, and the difference, being the saving in transportation charges resulting from the operation of the road to the present time. This inquiry includes a comparison of the facilities furnished the Government and the people before and after the construction of the road, and furnishes the figures upon which the statements made in the subsequent inquiries are based.

(2) As to the benefit to the Government resulting from the construction of the road in less time than was allowed by the law.

(3) Inquiry is made as to the debt and interest at maturity of the bonds, less the amounts applied as a credit thereon by transportation services and cash payments under the existing laws, and the saving by the United States in transportation services to the same time.

A comparison of the charges for transportation prior and subsequent to the construction of the road can best be obtained by separating the subject of inquiry into the headings of freight transportation, including supplies, munitions of war, &c., passengers and troops, and transportation of United States mails, summarizing these headings in conclusion.

UNITED STATES FREIGHT.

The greatest item of saving to the Government was in Army transportation. The cost of this at former rates was an item in the expense of the Army causing frequent comment; and one of the chief causes which led the Government to grant the loan of subsidy bonds was that this expenditure might be reduced. In arriving at a comparison between these charges before and after the completion of the road, it has been found that more accurate results can be attained by considering separately the charges for freight from those on passengers and troops. The following refers to freight traffic:

ARMY TRANSPORTATION PRIOR TO RAILROAD.

Prior to the construction of the road supplies for the posts on the plains and in the mountains were regularly carried by wagons. Contracts for this service were made by routes, and abstracts of these contracts have been stated from time to time in the reports of the Quartermaster-General. Most of the data for the following rates is taken from these reports. The Army first seems to have availed itself of the road in 1867. From that time the services rendered by the road became greater year by year as the line was constructed from each end; and as the roads were extended the wagon routes were shortened and finally abandoned. A general idea of the former condition of affairs, the routes and rates, may be gained from the following references:

WAR DEPARTMENT REPORTS AS TO RATES.

The Quartermaster-General of the Army, in his report to the Secretary of War for 1867, says:

"The Department has, during the fiscal year, for the first time been able to avail itself of the Union Pacific Railroad in forwarding its supplies to posts on the plains west of the Missouri River. At the close of the fiscal year the Omaha Branch of this

* This exhibit refers to questions Nos. 47, 48, 49, and 52.

road transported the military stores as far as Fort Sedgwick, the branch from Kansas City as far as Fort Harker, thus saving in the former case 398 miles, in the latter 275 miles, of wagon transportation. After inviting, by public advertisement, proposals for the transportation of military stores by wagon transportation on the Western frontier, the usual annual contracts were awarded as follows: April 4, on route No. 1, from the Omaha Branch of the Union Pacific Railroad and certain other named points to posts and depots in Nebraska, west of longitude 102°; in Montana, south of latitude 48°; in Dakota, west of longitude 104°; in Idaho, south of latitude 48° and east of longitude 114°; and in the Territories of Utah and Colorado, north of latitude 40°, to Wells, Fargo & Co.; at the following rates: From April 1 to August 31, 1868, inclusive, at $1.64 per 100 pounds per 100 miles; from September 1 to December 31, 1867, inclusive, at $1.99 per 100 pounds per 100 miles; and from January 1 to March 31, 1868, inclusive, at $2.50 per 100 pounds per 100 miles." (Report Secretary of War, 1867–'68, vol. 1, p. 533.)

Again, Quartermaster-General Dana, in his report dated October 10, 1868, of the rates paid for transportation on the plains, says:

"The field for the operation of wagon transportation lies almost exclusively beyond the Mississippi River. Supplies are conveyed to various posts on the plains by this means in connection with the Pacific railroads. The principal routes are as follows, and contracts for the transportation of supplies, &c., on these routes, entered into for the year ending March 31, 1869, are now in force:

"Route No. 1. From Fort D. A. Russell, D. T., or such other posts as may be determined upon during the year, on the Omaha Branch of the Union Pacific Railroad west of Fort D. A. Russell, or at Fort Laramie, D. T., to posts in the State of Nebraska, Territories of Montana and Idaho, that part of the Territory of Dakota west of the Missouri River and the northern part of Colorado.

"The contractors on this route are Samuel Black, Richard Kitchen and William A. Martin, all of the city of Leavenworth, Kansas, composing the firm of Black, Kitchen & Martin. The following are the rates per 100 pounds per 100 miles, viz: For April, 1868, $1.90; May, 1868, $1.75; June, July, and August, 1868, $1.60; for September and October, 1868, $1.75; for November, 1868, $1.90; for December, 1868, $2; for January and February, 1869, $2.50; and for March, 1869, $3; and, on an average, are for the entire year the same as for the year previous." (Report Secretary of War, 1868, part 1, p. 329.)

The next year the Quartermaster-General reports:

"The completion of the Pacific railroads has diminished the quantity and cost of wagon and stage transportation, some of the important posts and depots being upon the line of railroad. The posts north and south are supplied by wagon routes extending into the wilderness. The extension of the Pacific Railroad has occupied the route No. 1, which has been supplied for many years by wagon transports, and no contract has been made on this route for the year ending March 31, 1870." (Report Secretary of War, 1869–70, vol. 1, p. 213.)

HIGH FREIGHT RATES PRIOR TO RAILROAD.

These statements show the rates in force from the commencement of the Pacific Railroad to its completion on the wagon route which was replaced by the railroad. The highest rate given is $3 per 100 pounds per 100 miles, equal to 60 cents per ton per mile; and the lowest rate is $1.60 per 100 pounds per 100 miles, or 32 cents per ton per mile, the difference in the rate depending chiefly on the difference in the seasons, the lowest rates being in the summer and the highest in the winter or early spring. The rates stated are about those in force for year after year just prior to the completion of the road on the plains between the Missouri River and the Rocky Mountains. But west of the Rocky Mountains, between the Great Salt Lake and the Pacific Ocean, a greater cost was required for the service.

HIGHER RATES WEST OF SALT LAKE.

Of the rates on this Pacific coast teaming it is difficult to get any fair estimate, as the transportation was chiefly performed by Government teams. Quartermaster-General Meigs (Report Secretary of War, 1866–'67, p. 58), in October, 1866, says:

"There are some very costly routes in the military Division of the Pacific west of the Rocky Mountains and in Arizona, by which supplies are transported from the Pacific coast. Most of this work is done by United States trains, and its actual cost is not reported. The expenses of the troops on that coast, in consequence of the difficulty and cost of transportation, are very heavy."

LOWEST RATE TAKEN FOR THESE CALCULATIONS.

If then, in making an estimate of the saving to the Government in transportation by the construction of the Pacific railroads, we take as an average for the rate be-

ually paid by the United States the lowest of those given, we shall certainly err, if at all, on the side of the Government. The actual average must of course be somewhat higher than the lowest rate; but, on the other hand, it is to be remembered that the greater amount of transportation was performed at the summer or low rates, and a comparatively small amount at the higher or winter and spring rates. We will use this, as an average wagon rate, the lowest named above, $1.60 per 100 pounds per 100 miles, or 32 cents per ton per mile.

The wagon rates on routes remaining in operation on either side of the Pacific Railroad after its completion were reduced somewhat, compared to the wagon rates in force formerly, but that reduction was the result doubtless of the settlement and increased security of the country from Indian depredations consequent upon the construction of the railroad. This reduction is an additional saving in money to the Government by the construction of the road, which is not shown in the following calculation, as it is not possible to make an estimate of its amount which would be satisfactory.

The average rate of freight charged the Government by the Pacific railroads has not been ascertained for each of the years under consideration, but the average rate charged on all freight carried, including Government and commercial, is shown in the following table:

FREIGHT RATES ON CENTRAL AND UNION PACIFIC RAILROADS.

Average rate per ton per mile charged on all freight transported the several years shown.

Years.	Central Pacific.	Union Pacific.	Years.	Central Pacific.	Union Pacific.
1868	*5.85	4.26	1878	2.75	2.27
1869	*2.80	2.70	1879	2.78	1.99
1870	3.66	2.67	1880	2.34	2.06
1871	3.60	2.47	1881	2.14	1.99
1872	2.85	2.16	1882	1.81	1.89
1873	3.14	2.47	1883	1.92	1.73
1874	2.96	2.50	1884	1.96	1.51
1877	2.78	2.27	1885	1.83	1.49

*Estimated.

RATES CHARGED UNITED STATES.

By the Pacific railroad act of 1862 it is provided (sec. 6) that the railroad companies shall at all times, whenever required to do so, transport mails, troops, munitions of war, supplies, and public stores for the Government "at fair and reasonable rates of compensation, not to exceed the rates paid by private parties for the same kind of service." (12 Stat., 489.) From this it would seem that the average rate charged by the Pacific railroads on all traffic would be a fair one to apply as an average on the traffic for the United States. This view seems also to be corroborated by the Quartermaster-General of the Army. In his report to the Secretary of War, dated September 30, 1884 (Rep. Sec'y of War, 1884-'85, p. 444), he states, in reply to charges, that lower rates for army transportation on railroads might be secured by special contracts, instead of accepting the regular rates; that a thorough investigation of the subject-matter had been made, and the result shown was that, "as a matter of fact, the Quartermaster's Department secures as low, if not lower, rates of transportation than any other shipper, and as an evidence thereof attention is invited to the comparatively small expenditure of money involved in the large movements incident to the exchanges of stations of regiments hereinafter referred to." An important consideration, however, prevents our accepting the average rate on all traffic as an average rate on United States traffic, namely, the different character of the freight. On wagon transportation there is but one rate on all classes of freight, so that is the average for all. But with railroads different classes take different rates, and the average is reduced by the large shipments in car-loads of commodities carried at the lowest rates, as, for instance, lumber, coal, grain, &c. The Government freight has not as large a proportion of these low classes as is the case with commercial freight. As a result, the average rate on the Government freight is somewhat higher than the average for all. For a portion of the period under review we have actual figures for Government rates, which prove to be in accord with the above expectation. The Union Pacific Railroad Company, for the three years from 1872 to 1874 inclusive, has figured out the exact rates charged on the transportation of Government freight. This shows the average rate per ton per mile to be: For 1872, 3.03 cents; for 1873, 3.20 cents; for 1874, 3.13 cents. (Annual Reports, Union Pacific R. R., 1873-'74.) These

show the average for the Government freight to be .371 per cent. in excess of the average on all traffic of the railroad. Applying this percentage throughout the period shown, we have finally a very close approximation to the average rate for Government freight for each year.

The application of the foregoing data gives the result shown in the following tables:

Statement showing charges to United States Government for transportation of freight, and the cost of the same service at rates paid before the construction of the railroads.

Year.	Central Pacific Railroad.				Union Pacific Railroad.			
	Freight charges to United States.	Rate per ton per mile.	Tons carried 1 mile.	Cost of same service at rates formerly paid.	Freight charges to United States.	Rate per ton per mile.	Tons carried 1 mile.	Cost of same service at rates formerly paid.
		Cts.				Cts.		
1870	$19,355	5.42	357,103	$114,272	$203,220	5.84	4,907,190	$1,443,...
1871	13,250	5.31	254,319	81,383	213,585	5.70	3,772,561	1,207,...
1872	25,297	5.02	503,127	161,000	170,159	5.68	4,623,859	1,479,...
1873	19,127	4.94	387,188	123,900	212,999	5.20	6,873,094	2,199,...
1874	32,306	5.01	625,543	200,189	216,940	5.13	10,122,964	3,239,...
1875	55,067	4.30	1,280,628	409,801	234,596	5.30	6,920,236	2,214,...
1876	47,145	4.06	1,161,207	371,586	274,207	5.43	10,015,073	3,204,...
1877	94,817	5.81	2,475,511	792,164	262,209	5.11	11,646,559	3,726,...
1878	41,719	5.77	1,103,960	354,114	294,414	5.11	9,466,698	3,029,...
1879	118,139	5.81	3,100,761	992,244	401,947	5.73	14,723,388	4,711,...
1880	166,165	5.21	4,177,103	1,336,673	388,147	5.63	13,686,773	4,380,...
1881	251,918	5.96	6,597,854	2,751,323	998,836	5.73	14,316,327	4,581,...
1882	59,930	5.48	2,416,498	773,277	313,259	5.80	12,117,576	3,877,...
1883	47,840	5.63	1,819,911	582,082	336,375	5.57	14,277,428	4,568,...
1884	75,324	5.09	2,890,529	896,186	306,115	5.07	9,967,246	3,189,...
1885	31,089	5.51	1,237,809	396,099	159,066	5.04	7,706,233	2,466,...
Total	1,096,947	.....	33,503,899	10,721,213	4,642,706	.....	157,625,275	50,442,...

Summary showing saving to United States in freight transportation. Sixteen years, from 1870 to 1885, inclusive.

Year.	Freight charges by railroads.			Cost at rates formerly paid by United States.	Saving to United States by use of railroads.
	Central Pacific.	Union Pacific.	Total.		
1870	$19,355	$203,220	$222,575	$1,558,574	$1,...
1871	13,250	213,585	226,835	1,289,944	1,...
1872	25,297	170,159	195,415	1,640,853	1,...
1873	19,127	212,999	232,066	2,272,994	2,...
1874	32,306	216,940	249,236	3,504,252	3,...
1875	55,067	234,596	289,663	2,624,277	2,...
1876	47,145	274,207	321,352	3,384,459	3,...
1877	94,817	262,209	356,925	4,519,063	4,...
1878	41,719	294,414	336,133	3,383,454	3,...
1879	118,139	401,947	520,086	5,703,711	5,...
1880	166,165	388,147	549,322	6,004,440	5,...
1881	251,918	998,836	642,754	7,322,581	6,...
1882	59,930	313,259	373,703	4,650,997	4,...
1883	47,840	336,375	388,215	5,150,450	4,...
1884	75,324	306,115	381,449	4,085,485	3,...
1885	31,089	159,066	190,155	2,891,566	2,...
	1,096,947	4,642,706	5,740,753	61,161,907	55,...

It will be noticed that the tables include the years from 1870 to 1885, inclusive. The line was opened through May 10, 1869, and prior to this date, as extensions were made

from the Missouri and Sacramento Rivers towards the center of the continent, the Government availed itself of such extensions and profited by their use. To bring the statement down to date, the year 1886 should also be added to the table. The proper statistics, however, for the periods prior to 1870 and for 1886 are not now at hand, so that for that time the statements fail to express the benefit to the Government. There was a considerable amount saved by the use of the roads as they were extended from point to point, and a further amount for the use of the line after its completion thus omitted from the table. This should be taken into consideration in any mental estimate which may be made of the case. With the exception of these omissions, the tables show the following result:

Saving to United States in freight charges.

Transportation charges on Central Union Pacific line for United States supplies, munitions of war, &c., to January 1, 1886	$5,740,753
Same service would have cost at rates prior to railroad	61,161,307
Saving to Government in transportation charges on freight for period	55,420,554

SAVING ESTIMATED BY UNITED STATES ENGINEER.

The result arrived at from the foregoing review of the items in detail receives complete corroboration in an estimate made by probably the most thoroughly informed of official authorities, and by profession and experience perhaps one of the best fitted to form an intelligent and impartial opinion on the subject. By instructions from General Sherman, a history of the Pacific railroads, in their relation to the Army, was prepared by Col. O. M. Poe, U. S. Engineers, and printed in the last report made by General Sherman as General of the Army. (Report 1883, p. 213 *et seq.*)

After a careful consideration of the question of a saving to the United States in the Army transportation by the construction of the railroads, Colonel Poe concludes as follows:

"Taking the route from Fort Leavenworth to Fort Union for example, the average cost by wagon per 100 pounds per 100 miles for the sixteen years from 1855 to 1870, both inclusive, was $1.77, whilst by rail it is now less than a tenth of that amount. This represents the relative cost of wagon and railway transportation, bearing in mind that any variation is always such as to show more strongly the advantage of railway transportation. In some cases transportation by wagon is twenty times more costly than by railway."

It will be noticed that the charges for freight transportation to the United States by the railroads shown in the above table is about 9¼ per cent, of the cost at the rates formerly paid. This is the result shown from the carefully detailed figures. Colonel Poe's estimate, after a thorough review of the subject, but without going into the same summary of details, is that the relative cost of the railway and wagon transportation is as one to ten. The uniformity of these results is additional evidence of the fairness of the foregoing conclusions, if any further evidence than the facts already presented were needed.

UNITED STATES TROOPS AND PASSENGERS.

The cost to the United States for the transportation of troops before the completion of the Pacific Railroad, compared with the cost after completion, is more difficult to ascertain than in the case of freight. Before the road was built troops were in a few cases carried by stages, but commonly were marched, a journey which is now accomplished in a few days then requiring as many months. The cost of marching troops through a country with few inhabitants save hostile Indians, and with such supplies obtainable save those brought from long distances, must of necessity have been very great. Some idea of the differences between the old order of affairs and the new may be gained from the following facts:

COST OF MILITARY TRANSPORTATION PRIOR TO RAILROAD.

Quartermaster-General Meigs, in his report dated November 8, 1865 (Report Secretary of War, 1865–'66, Vol. I, p. 113), commenting on the cost of transportation over the plains, shows that a bushel of corn cost $2.79 at Fort Riley, $9.44 at Fort Union, $5.03 at Fort Kearney, $9.26 at Fort Laramie, $10.05 at Denver, and $17 at Salt Lake City. He then states that the cost of transportation for military stores westward across the plains by contract during the fiscal year ending June 30, 1865, amounted to [illegible].37.

"This expenditure [the Quartermaster-General continues] would be reduced by the opening of railroads by a sum which would aid materially in paying interest upon the cost of their construction."

At the same time the cost of transportation of a pound of corn, hay, clothing, subsistence, lumber, or any other necessary of the troops from the base of supply at Fort Leavenworth was as follows: To Fort Riley, per pound, 2.46 cents; to Fort Union, per pound, 14.35 cents; to Fort Kearney, per pound, 6.44 cents; to Fort Larned, per pound, 14.10 cents; to Denver, Colo., per pound, 15.43 cents; to Salt Lake City, per pound, 27.84 cents. (*Ibid.*, p. 113.)

Supplies in those days had to be carried with the troops; they could not be obtained on the line of march. The maintenance of marching bodies of men was thus greatly increased as they continued westward. The settlement and development of the West, consequent upon the completion of the railroad, gradually enabled the Army to purchase its supplies near at hand at a cost in which transportation has no material part. The cost for the transportation of grain alone used by the Army on the plains in 1865 was $3,923,899.37. (See Report Col. S. L. Brown, Div. of Regular Supplies, in report Secretary of War, 1865, Vol. I, p. 251.)

The troops maintained on the plains were mostly cavalry, as this arm of the service was much better adapted for following bands of marauding Indians and moving from place to place in the protection of immigrant trains and isolated settlements. The cost of forage for the horses was thus a necessary part of the expense of the transportation of the troops. The Quartermaster-General, in his report for 1866 (p. 20), states on this subject that, "The supply of the posts on the plains with forage has always imposed a heavy financial burden upon this department. The Missouri River has for years marked the limit of the cereal-producing region of the West, and grain transported from that point when it reached the garrisons stationed near the Rocky Mountains had reached an enormous price; the cost of foraging one horse equaled the cost of feeding a dozen animals in the States."

UNITED STATES WAGON TRAINS.

It has appeared above that the regular movement of supplies between posts was affected by contractors. But all the transportation was not done by contract. It was necessary for the Army to maintain a large number of trains, with their accompanying wagons, mules and horses, teamsters, blacksmiths, and mechanics. The Quartermaster-General tells us that "trains must be kept up at the principal posts to meet emergencies and to accompany marching bodies of troops." (Report 1866, p. 37.) The expense of these wagon trains forms a part of the cost of transportation of troops as performed before they were transported by railroad. The construction of the railroad canceled this item of expense for the territory covered by it.

SAVING IN SUPPLIES FOR THE ARMY.

Another item of economy to the United States in the cost of supplies for troops, caused by the building of the Pacific Railroad, is mentioned by the Commissary-General of Subsistence in his report for 1867. (Report Secretary of War, 1867-'68, Vol. I, p. 576.) Before the era of railroad transportation the supplies for military posts on the plains had to be carried in the summer months, when the roads were to be depended on; and a supply sufficient for all possible wants for the coming year was laid in at that time. Many of the supplies were of a nature that deteriorated or were destroyed altogether by storage for so long a time, and much was stored in many cases in excess of what was found to be the subsequent need, and was therefore wasted, as it could not be kept for another season. In 1867 the Commissary-General says: "The completed sections of the Pacific railroads already afford such facilities for reaching several of the occupied posts as to make it unnecessary to place and keep there such large quantities of stores as were requisite when they could be supplied only by train of wagons dispatched at special seasons."

GENERAL GRANT'S VIEWS.

The expense of maintaining troops on the plains and the great cost of their transportation was a subject of constant comment by officers of the Army. Every effort was made and every plan tried to reduce the expense within reasonable limits, but until the advent of the locomotive all efforts were of little effect. General Grant, Acting Secretary of War in 1867, says:

"During the last summer and summer before I caused inspections to be made of the various routes of travel and supply through the territory between the Missouri River and the Pacific coast. The cost of maintaining troops in that section was so enor-

[illegible] that I desired if possible to reduce it. This I have been enabled to do to some extent from the information obtained by these inspections; but for the present the military establishment between the lines designated must be maintained at a great cost per man. The completion of the railroads to the Pacific will materially reduce this cost, as well as the number of men to be kept there. The completion of these roads will also go far toward a permanent settlement of our Indian difficulties. There is good reason to hope that negotiations now going on with the hostile tribes of Indians will result, if not in permanent peace, at least a suspension of hostilities until the railroads are pushed through that portion of the Indian territory where they are giving the most trouble." (Rep. Secy. of War, 1867–'68, Vol. I, p. 3.)

RELATIVE SAVING IN TRANSPORTING TROOPS GREATER THAN WITH FREIGHT.

From the foregoing facts it is clear that the cost to the United States in the movement of troops by marching or by stages, before the construction of the railroad, bore a greater proportion to the cost of their transportation after its construction than the transportation of freight before the railroad bore to its cost afterwards. Probably a greater part of the expense of marching troops in former times was the cost of carrying forage and rations. But in addition to the transportation of these supplies there was the original cost of the supplies, or that part of them consumed during the excess of time taken to march troops over the time taken to move them by rail; and there was also the whole pay and expense of maintaining them for the same excess of time. The average movement by rail may be taken at about 20 miles an hour, or say 500 miles a day. Troops would not march for many consecutive days at a greater average rate than 20 miles a day, or about 500 miles a month. But suppose they doubled this rate and marched 40 miles a day, the ratio of time would be still 500 to 40, or over twelve to one. The saving to the Government in favor of the railroad as compared to wagons has been shown above to be as about one to ten."

Thus the saving in passenger transportation by the construction of the railroad, considered in any light, is in as great or greater ratio than in the case of freight. Applying then, as an estimate, the same proportion of cost for the movement of troops as we have shown existed in the transportation of freight, the result is as appears in the following table.

Statement showing charges to United States Government for transportation of troops and passengers, and the cost of same service at rates paid before the construction of the railroads.

Year.	Central Pacific.	Union Pacific.	Total.	Estimated cost at rates formerly paid.	Saving.
[illegible]	$41,725	$289,770	$331,505	.....	.....
[illegible]	79,586	227,904	307,490	.....	.....
[illegible]	107,268	303,154	410,522	.....	.....
[illegible]	112,334	248,118	360,452	.....	.....
[illegible]	47,612	250,702	298,314	.....	.....
[illegible]	122,831	176,243	300,074	.....	.....
[illegible]	66,265	223,614	289,879	.....	.....
[illegible]	67,173	293,251	360,424	.....	.....
[illegible]	61,232	222,865	283,097	.....	.....
[illegible]	135,092	150,965	285,967	.....	.....
[illegible]	128,597	215,635	344,232	.....	.....
[illegible]	261,674	185,373	447,047	.....	.....
[illegible]	35,988	133,161	169,149	.....	.....
[illegible]	35,117	109,654	144,771	.....	.....
[illegible]	98,605	94,479	193,084	.....	.....
[illegible]	12,900	66,056	78,046	.....	.....
Total.....	1,424,109	3,191,944	4,616,053	$49,178,907	$44,562,914

The result shown is that the United States has saved in the transportation of passengers and troops by the construction of the Pacific Railroad, up to the end of 1885, the sum of $44,562,914—forty-four and a half million dollars.

General Sherman says: "These roads enable us to send soldiers to threatened points at the rate of 500 miles a day, thus overcoming the space in one day which used to require a full month of painful marching." (Report 1883, p. 46.)

FREIGHT AND PASSENGERS.

The foregoing statements show the saving to the Government in transportation charges by the construction of the Pacific Railroad, from the commencement to January 1, 1886, to be in round sums:

On freight	$55,[illegible]
On troops and passengers	44,[illegible]
Total freight and passengers	100,[illegible]

In these statements it has been assumed that an equal amount of traffic would have been carried by wagons, or troops to an equal number would have been marched, had not the railroad been built. The basis of the calculation is the service which has been performed by the railroad since its completion, and the charge for this service is compared with what the *same service* would have cost at former rates. It is not, however, a fair assumption that the same service has since been rendered for the Army as would have been necessary had not the road been built. The transportation formerly necessary was much greater since the construction of the road.

ENDING OF INDIAN WARS.

The Indian wars have been practically ended, thus precluding the necessity of the frequent movement of troops on the plains from place to place to protect the scattered settlements and follow marauding bands of hostile Indians. As the Indians have fled into the British possessions on the north and into Mexico on the south, or have been placed on reservations, the military posts have been abandoned and the troops have been concentrated at general points, from which they can be rapidly sent to any place required. Their supplies, which formerly were hauled long distances by teams, are now procured near at hand at a price in which transportation forms, at most, an unimportant factor.

INDIAN WARS—FORMER COST.

The movement of troops and the teaming of supplies and munitions of war have thus been greatly lessened by the building of the road, and the actual saving in this respect would be more closely shown by deducting from the amounts formerly paid for services on the plains the amount subsequently charged by the railroad. The amounts formerly paid varied greatly, as Indians were hostile or friendly at many or few points, and the actual cost for the country contiguous to the Pacific Railroad is not now wholly obtainable, the cost covering not only teaming done by contract, but by Government trains and the movement of marching troops. An idea of the former cost of this service is given in the report of the Pacific Railroad Committee of the Senate, dated February 19, 1869, in which it is stated that the Indian wars for the past thirty-seven years have cost the nation 20,000 lives and $750,000,000, or about $20,000,000 a year. In the years 1864 and 1865 the Quartermaster's Department spent $28,574,228 for military services against the Indians. (40 Congress, 3d session, Senate Rep. Com., [illegible].)

The cost of transportation of military stores westward across the plains, paid to contractors alone, was over $6,000,000 annually. This amount stated for the year ending June 30, 1865, amounted to $3,338,856.37. (Report Secy. War, 1865-'66, Vol. I, p. 113.) Using this last amount as the annual cost for freight transportation which the Government would have been required to pay from 1869 to 1885, had not the railroad been built—

The sum for the sixteen years would have been	$102,[illegible]
The charges made for freight transportation by the railroad for the same period amounted to	5,[illegible]
Showing a saving of	96,[illegible]
Compared with saving shown by foregoing table of	55,[illegible]

$100,000,000 A YEAR SAVED ON FREIGHT AND TROOPS.

From these considerations it will be seen that the result of the foregoing table, showing a saving to the Government in freight and passenger transportation charges by the Pacific Railroad to January 1, 1886, of $100,000,000, as great as the amount may seem, fails to fully state the actual sum. It certainly represents less than the amount saved in any point of view from which the subject may be considered; but it is preferably used in these pages to prevent any charge of exaggeration, which the least of these sums would be likely to suggest to one not familiar with the facts.

UNITED STATES MAILS.

All of the following facts as to the weights and rates of mails are taken from the annual reports of the Postmaster-General for the several years:

The rates paid just before the completion of the railroad are shown in the report for 1868 (pp. 7 and 8). The Department advertised March 9, 1868, inviting proposals for conveying the mails from October, 1868, to June 30, 1870: "On Route No. 16635, from Cheyenne, Dak., or that point on the Union Pacific Railroad, to which the mails might be conveyed when this service should go into operation, to Virginia City, Nev., 1,096 miles and back, daily, the trip to be performed in nine days each way in summer and twelve days in winter." Five bids on this route were received in response to the advertisement. The lowest was accepted, but soon failed. The others then successively failed or refused to undertake the service. Finally, the Postmaster-General, with the Second Assistant Postmaster-General, repaired to New York City, and consulted with Senators Morgan and Cole, Horace Greeley, Isaac Sherman, Postmaster Kelly, and other leading citizens, and under their advice accepted a proposition of Wells, Fargo & Co. to carry the mail between the termini of the Union Pacific and the Central Pacific Railroads daily for the term of one year, at the rate of $1,750,000 annually, subject to a reduction pro rata for every section of 50 miles of railroad completed and reported to the Department ready to carry the mails. In his report for 1869 (p. 9) the Postmaster-General makes the following statement concerning the operation of this agreement:

"The contract of agreement entered into on the 21st of October, 1868, between the Post-Office Department and Messrs. Wells, Fargo & Co., for the transportation of the United States mails between the western terminus of the Union Pacific Railroad and the eastern terminus of the Central Pacific, for the term of one year from October 1, 1868, or until the two railroads should meet, at the rate of $1,750,000 per annum, subject to reduction pro rata for every section of 50 miles of railroad completed and reported to the Department ready to carry the mails, expired on the 9th of May, 1869, the railroad having effected a junction, and reported ready to carry mails through on the 10th. When the contract was entered into, it was estimated that the junction would not be formed before the 31st of July, it being supposed that the severity of the weather would compel a suspension of work on the railroads during the months of January, February, and March; and it was further estimated that the cost of the mail service under Wells, Fargo & Co.'s contract would amount to $670,144. The weather proving unusually mild, however, and the progress of the roads being uninterrupted, their completion was accelerated nearly three months, and hence the cost of the service under the contract with Wells, Fargo & Co. was reduced $214,339.36 below the estimate."

FORMER AVERAGE WEIGHT OF MAILS.

From this we get the contract rate formerly paid for mail transportation. This rate was for the mails which were then carried. The weight of these is stated by the Postmaster-General in a communication to the House of Representatives, in answer to a resolution of inquiry of that body (quoted in Report Government Directors U. P. R. R., 1875), who says:

"The average amount of mail matter conveyed in the mails overland before the completion of the railroads was less than 1,000 pounds daily."

From these facts we have the following: Annual amount paid for carrying mails before the completion of the railroads, $1,750,000; distance carried, 1,096 miles; average daily weight, 1,000 pounds; rate, $1,598.17 per mile per annum. After the completion of the railroads the mails were largely increased in weight, and the service was equally improved in "certainty, celerity, and security." By substituting a railway postal car with all conveniences for agents in charge, and appliances for the distribution of mails en route, in place of the stage-coach formerly used, the accommodations were increased in value in excess of the increase of the weight of the mails.

WEIGHT INCREASED TWENTY TIMES.

Each of these items is allowed to be a fair consideration for the increase of pay by the laws and the rules of the Post-Office Department. But as the stage service cannot be compared with the railroad service as to certainty, celerity, and security or accommodation, I will not attempt to place a moneyed price on the difference of values. Weight is the principal basis of the law fixing the compensation to railroads for carrying the mails, and the weights carried by rail are more than twenty times greater than those which were carried by stage. But as it may with truth be said that had no railroad been built, an equal amount of mail matter would not have been sent, and, if sent, would not have been carried by stage, as it would require several large stages daily each way to haul the matter, we also omit from our estimate any allowance for the difference in the weights.

The rates, weights, and amounts allowed by the Postmaster-General since the completion of the railroad are shown in the following table:

Statement showing weights, rates, and amounts for transportation of United States mails on overland route, from July 1, 1869, to December 31, 1885 (as taken from reports of Postmaster-General for the several years).

Time.	Allowed by Postmaster-General.								Total.
	Central Pacific.				Union Pacific.				
	Average daily weight.	Miles of road.	Rate per year.	Amount allowed.	Average daily weight.	Miles of road.	Rate per year.	Amount allowed.	
Year ending June 30, 1870	5,306	150.00	$300.00	$193,125.00	6,376	150.00	$300.00	$265,550.00	$458,675.00
Do	5,306	582.50	250.00		6,376	882.20	250.00		
Do	3,554	138.00	250.00	35,775.00					35,775.00
Year ending June 30, 1871	5,306	877.50	275.00	241,312.50	6,376	1,022.20	275.00	282,855.00	525,167.50
Year ending June 30, 1872	5,306	877.50	275.00	241,312.50	6,376	1,022.20	275.00	282,855.00	525,167.50
Year ending June 30, 1873	5,306	877.50	275.00	241,312.50	6,376	1,022.20	275.00	282,855.00	525,167.50
Year ending June 30, 1874	5,296	877.50	233.00	204,457.50	10,963	1,022.20	315.00	325,143.00	529,600.50
Year ending June 30, 1875	5,296	877.50	233.00	204,457.50	10,963	1,022.40	315.00	325,206.00	529,663.50
July 1, 1875, to January 14, 1876	5,296	877.50	233.00	127,785.93	10,963	1,022.40	315.00	203,253.75	331,039.68
January 15, 1876, to June 30, 1876	11,434	880.96	295.00	97,458.19	15,348	1,022.40	340.00	151,631.00	249,087.19
Year ending June 30, 1877	11,434	880.96	269.50	237,418.72	15,348	1,035.20	310.00	320,912.00	558,330.72
Year ending June 30, 1878	11,434	884.22	269.50	238,299.98	15,348	1,035.20	310.00	320,912.00	559,211.98
Year ending June 30, 1879	15,017	885.64	327.88	266,662.44	19,369	1,035.20	364.05	376,864.56	643,527.00
July 1 to December 27, 1879	15,017	885.64	327.88	144,462.97					144,462.97
December 28, 1879, to June 30, 1880	10,827	634.24	379.18	160,714.58					160,714.58
Year ending June 30, 1880					19,369	1,035.20	374.05	387,216.56	387,216.56
Year ending June 30, 1881	19,827	802.07	379.18	317,131.37	24,832	1,035.20	432.19	447,403.08	764,534.45
Do	19,827	32.17	404.18						
Year ending June 30, 1882	19,827	802.07	379.18	317,131.37	24,833	371.60	457.19	456,678.68	773,809.45
Do	19,827	32.17	404.18		24,832	664.20	432.19		
July 1 to December 31, 1882	22,818	32.17	435.81	171,716.05	29,065	374.42	509.34	255,103.40	426,819.45
Do	22,818	801.86	410.81		29,065	659.06	484.34		
January 1, 1883, to June 30, 1883	22,818	32.17	435.81	171,716.06	29,065	374.42	509.34	255,103.40	426,819.46
Do	22,818	801.86	410.81		29,065	659.06	484.34		
Year ending June 30, 1884	*21,802	50.41	*428.542	327,826.80	29,065	374.42	509.34	510,206.80	848,033.60
Do	*21,802	783.62	*403.542		29,065	653.66	484.34		
Year ending June 30, 1885	18,754	50.41	406.74	319,642.86	28,246	374.42	494.17	494,514.64	814,157.50
Do	18,754	783.62	381.74		28,246	650.06	469.16		
One-half year ending December 31, 1885	18,754	50.41	406.74	159,821.43	23,990	283.27	448.64	222,704.70	382,526.13
Do	18,754	783.62	381.74		23,990	740.81	423.64		
				4,456,539.35				6,149,967.97	10,606,507.32
At former rates—1,865 at $1,008.17 for sixteen and a half years									32,376,799.47
Sterling									42,983,306.79

*Rate and weight changed April 1, 1884.

†Rate and weight changed April 1, 1885.

SAVING IN MAIL TRANSPORTATION, $40,000,000.

The table shows that the amount allowed the railroad by the Postmaster-General for carrying the mails from July 1, 1869, to December 31, 1885—a period of sixteen and a half years—was $10,606,507.22. This was for carrying the average daily weight at the commencement of the period of about 5,000 pounds, which at the close of the period had increased to about 30,000 pounds. The stage rate, we have seen, was $1,598.17 per mile. This for the 1,895 miles of aided road, and for the sixteen and a half years, would amount to the sum of $49,970,780.47. The difference representing the amount saved by the Government in the transportation charges on United States mails is $39,364,273.25.

IMPROVEMENT IN THE SERVICE.

An idea of the improvement in the service and a suggestion as to its value to the Government and to the people may be gained from the following remarks relating to the subject, made by the Postmaster-General at the end of the old régime and the beginning of the new. In his report for 1867 (p. 8) the Postmaster-General says:

"No changes have been made in the overland California mail since the last annual report, at which time the Department was having daily service from the ends of the railroad by both the Smoky Hill and Platte routes as far as Denver, where the lines united and formed a single daily route via Salt Lake City and Virginia City to the Central Pacific Railroad connection. During the spring and summer months the complaints as to the manner in which the service was being performed, and the great delay in the arrival of mail from the East at Denver and Salt Lake, were more numerous and pressing than at any time since the present route has been in operation. It was charged that the Indian troubles complained of by the contractor, and given by his agents as an excuse for non-performance of service, were a pretense, and that there was no reason why the mails should not be conveyed regularly and within schedule time. The official reports, however, of General Sherman and other officers of the Army, referred by the Secretary of War to this Department, prove conclusively that the most serious troubles did exist on the plains, and that there was no safety for either passengers or mails except under ample military escort, which could not be furnished daily. A special agent of the Department lately sent over the route for the express purpose of reporting as to the manner in which the service had been performed during the summer, and also as to its present condition, has, under date November 4, 1867, made his report, which is accompanied by the affidavits of the postmasters at the principal offices on the route, and also by statements of several officers commanding military stations on the line. The burden of this proof is summed up as well, perhaps, in the affidavit of the postmaster at Denver as in other papers submitted. He says: 'On that portion of the route from Denver to Omaha City, or terminus of railroad, Indian troubles of a serious nature commenced as early as February 16, and notwithstanding the contractor, supported by the military, put forth every effort in his power to clear the road and keep it open, no mail was received at this office over that route from February 23 to March 2. During the month of March our registers show eighteen failures. From June 8 to September 1 regular trips were made on alternate days, and from that to the present we have had daily service. I am reliably informed that the delay was in many instances caused by loss of stock driven off by hostile Indians at points where it was impossible to replace it without prolonged delay. This was more especially the case on the route from Denver to Salt Lake City. Late in the winter the Union Pacific Railroad was blockaded by snow, followed soon by high water, which caused another delay of three weeks and the diversion of the mail from the Platte to the Smoky Hill line.

"'From the best information I can obtain the cause of all the detentions and irregularities complained of were unavoidable on the part of the contractor, and of such a character as to have precluded the possibility of any man or set of men making regular trips over the route unless securely guarded by an armed force of considerable magnitude.'

"From papers submitted by the contractor to the inspection division it would appear that from April 1 to August 15, 1867, the Indians robbed him of three hundred and fifty head of stage stock, burning twelve of his stage stations with large amounts of grain and hay, destroyed three coaches and express wagons, severely wounded several of his passengers, and killed outright thirteen of his most reliable employés."

In contrast to this state of affairs, we find the condition of the service the first year after the Pacific Railroad was opened for through traffic, stated by the Postmaster-General in his report for 1870, as follows (p. 12):

"The through-mail tables herewith submitted make a favorable exhibit as to the average speed and regularity with which the mails have been conveyed over the line, 3,907 miles long, between New York and San Francisco, during the year ending with the month of September, 1870. * * * The average time going west was one hun-

dred and seventy-five hours fifty-two minutes, or seven days seven hours and fifty-two minutes; going east, one hundred and seventy-two hours forty-four minutes, or seven days four hours and forty-four minutes. The records from which these tables are compiled show that generally three mails a day are dispatched from New York for San Francisco, one in the morning and two in the afternoon; the average schedule time of the afternoon mails being nearly seven days, and of the morning mails nearly seven and a half days, a single train a day being run west of the Missouri River, the departure of which is arranged to connect with the train making the latest afternoon departure from New York. From San Francisco but a single mail a day is dispatched for New York, of which the average schedule time, allowing for the intermission of Sunday service east of the Missouri River, is about seven days three and a half hours, only one hour and fourteen minutes less than the time actually attained."

Although the value of this improved condition of affairs is not stated in money in the foregoing comparison of rates and amounts, it should be borne in mind in connection therewith. And it strengthens the force of the argument made by the figures that the construction of this line has saved the United States in the transportation of mails during the sixteen and a half years ending December 31, 1885, over $30,000,000.

SUMMARY—FREIGHT, TROOPS, AND MAILS.

A summary of the foregoing shows the following result to January, 1866.

	United States transportation charges on Central Union Pacific.	Cost at rates paid prior to railroads.	Saving to United States.
Freight	$5,740,753.00	$61,161,307.00	$55,420,554.00
Troops, &c	4,616,053.00	49,178,987.00	44,562,934.00
Mail	10,606,507.22	49,970,780.47	39,364,273.25
Total	20,963,313.22	160,311,054.47	139,347,741.25

A saving in the expense of the Government of nearly one hundred and forty millions up to the end of 1885 in the item of transportation seems enormous to one not accustomed to deal with accounts of Government expenditure. Yet it no doubt falls short of expressing the actual saving in this time; for many items (of which some have been noticed) cannot be satisfactory valued in money, and have been entirely omitted from the calculations. A single Indian war has cost more than the whole amount of bonds issued to the Pacific railroads. The Pacific Railroad Committee of the Senate, in a report dated February 19, 1869, make the following statement on this subject:

"What is the cost of our Indian wars as compared with the cost of the Pacific railways, which will speedily end the Indian wars? A compilation from the official records of the Government shows that these wars for the last 37 years have cost the nation 20,000 lives and more than $750,000,000. In the years 1864 and 1865 the Quartermaster's Department spent $28,374,228 for military service against the Indians. * * * The chairman of the House Committee on Indian Affairs estimated recently that the present current expenses of our warfare with the Indians was $1,000,000 a week—$144,000 a day." (40th Congress, 3d Session, Senate Rep. Com., 219.)

VIEWS OF GENERAL SHERMAN.

The effect of the Pacific railroads in ending the Indian wars is thus commented upon by General Sherman in his last report as General of the Army: (Report 1883, p. 5, *et seq.*)

"I now regard the Indians as substantially eliminated from the problem of the Army. There may be spasmodic and temporary alarms, but such Indian wars as have hitherto disturbed the public peace and tranquillity are not probable. The Army has been a large factor in producing this result, but it is not the only one. Immigration and the occupation, by industrious farmers and miners, of lands vacated by the aborigines have been largely instrumental to that end; but the *railroad* (the italics are the General's), which used to follow in the rear, now goes forward with the picket line in the great battle of civilization with barbarism, and has become the *greater* cause. I have in former reports for the past fifteen years treated of this matter, and now on the eve of withdrawing from active participation in public affairs, I beg to emphasize much which I have spoken and written heretofore. The recent completion of the last of the four great transcontinental lines of railway has settled forever the Indian question.

the army question, and many others which have heretofore troubled the country. * * * I regard the building of these roads as the most important event of modern times, and believe that they account fully for the peace and good order which now prevail throughout our country. * * * A vast domain, equal to two-thirds of the whole surface of the United States, has thus been made accessible to the immigrant, and, in a military sense, our troops may be assembled at strategic points and sent promptly to the places of disturbance, checking disorders in the bud." * * *

The saving to the Government in mere money, which directly resulted from the aid granted for the construction of the Central Union Pacific Railroad up to January 1, 1886, may then be fairly stated as $139,347,741, nearly $140,000,000. Such is the return received by the Government in the item of transportation. As an offset to this are the bonds issued by the United States with interest accrued thereon, less the amount of such interest which has been repaid by transportation charges withheld in the Treasury Department and cash paid under the law. The statement and balance of this account to December 31, 1885, is shown as follows:

To January 1, 1886.

Bonds issued by United States:		
Union Pacific Railroad		$37,236,512.00
Central and Western Pacific Railroads		27,855,690.00
Total bonds		55,092,192.00
Interest accrued to January 1, 1886:		
Union Pacific	$29,043,327.21	
Central and Western Pacific Railroads	29,299,156.21	
		58,342,483.42
		113,434,675.42
Transportation charges and cash:		
Union Pacific—		
*Transportation to June 30, 1885	$10,647,579.36	
†Cash to June 30, 1885, 5 per cent	283,162.99	
‡Interest payment, 1885	560,017.05	
§Sinking fund in United States Treasury	6,006,033.73	
Total Union Pacific payments on bonded line (not including Kansas Pacific)		17,496,793.13
‖Central and Western Pacific transportation charges and cash		9,251,974.43
Total transportation charges on aided line and cash paid		26,748,767.56
Balance accrued on debt to date (due in 1898)		86,685,907.86

SAVING BY UNITED STATES THREE TIMES THE CASH VALUE OF THE DEBT AND INTEREST.

This balance will not be payable till the maturity of the bonds at the average date of, say, January 1, 1898. The present cash value of this sum, calculated at 6 per cent. interest, payable semi-annually—the same rate as borne by the bonds—is $53,647,795. The saving in money to the Government in transportation charges to the same date amounts to $139,347,741.25.

COMPLETION OF THE RAILROAD IN LESS TIME THAN ALLOWED BY THE LAW.

The last spike was driven in the Pacific Railroad at Promontory Point on May 10, 1869. From that date the Union and Central Pacific companies, forming a through line between the Missouri River and the navigable waters of the Sacramento River in California, have been in continuous use and operation for the transportation of passengers, freight, and mails. By section 17 of the act of Congress of July 1, 1862 (12 U. S. Stat., 489), the railroad companies were required to complete the line, ready for use in a reasonable time, and it was provided that if it were not so completed by the 1st day of July, 1876, their properties should be forfeited to the United States, upon which Congress might pass any act to insure their speedy completion.

The through line of railroad was thus actually opened for traffic over seven years before the limit of time allowed by the law.

*U. S. Com. R. R. Rep., 1885, p. 1. †*Ibid.* ‡*Ibid.*, Rep., 1886, p. 6. §Annual Report C. P. Ry., 1885, p. 78. ‖Rep. C. P. R. R., 1885, p. 4.

COST OF ROAD INCREASED BY EARLY COMPLETION.

Everything necessary to the construction of a railroad; capital, labor, and materials, cost the companies much more on account of this early completion of the road than they would have cost had the companies consumed the full time allowed. But the Government and the people were benefited by all the direct and incidental advantages connected with railroads as compared with the slower and more expensive methods of transportation. To the public the saving in transportation has been many times what it was to the Government; and it has given to them all the material benefits implied by the use of half the continent for seven years.

The direct saving in money to the Government is easily abstracted from the foregoing statements. In addition to this there was a benefit probably to an equal or greater amount by the ending of Indian wars and the abandonment of many military posts which the former frequent hostilities made necessary.

The amount saved to the Government by the use of the road for these seven years ending June 30, 1876, is, as shown by the following tables, as follows:

Seven years to June 30, 1876.

Traffic.	United States transportation charges on Central-Union Pacific.	Cost to United States at rates paid prior to railroad.	Saving to United States to June 30, 1876.
Freight	$1,793,556	$15,509,977	$13,716,421
Troops, &c.	2,162,298	18,686,671	16,524,373
Mails	3,689,343	21,199,725	17,510,382
Total	7,645,195	55,408,373	47,763,178

The debt to the same date was as follows:

Bonds:		
Union Pacific	$27,236,512	
Central and Western Pacific	27,855,680	
		$55,092,192
Interest accrued less credits:*		
Union Pacific	9,438,810	
Central Western Pacific	12,180,838	
		21,619,648
Balance of debt, due at maturity of bonds in 1898		76,781,840

The cash value of this debt on June 30, 1876, discounted at the same rate of interest borne by the bonds, was $21,522,274.

The amount saved by the Government for that period was, as above, $47,763,178.

So that in transportation charges alone the Government benefited by the use of the road for seven years for which time it was finished before the limit allowed by the law, the amount of $26,240,904 in excess of the cash value of the debt and interest to that date.

DEBT AND INTEREST AT MATURITY COMPARED WITH SAVING IN TRANSPORTATION CHARGES TO SAME DATE.

The United States Commissioner of Railroads, in his report for 1883 (p. 13), estimates the balance to become due on the debt of Central Union Pacific line at maturity as $71,000,000. Subsequent experience has shown that the balance will be greater than this sum, as since the commissioner's estimate several competing transcontinental roads have been completed, thus reducing the net earnings of the original line, and reducing also thereby the amounts of the annual payments to the Government on account of the debt. In the following estimate the annual payments from 1886 to 1897 are based upon the requirements ascertained under the law since 1883.

* Public debt statement, June 30, 1876.

ESTIMATE OF DEBT AND INTEREST AT MATURITY.

Bonds, Central Union Pacific line	$55,092,192
Interest, 30 years at 6 per cent	99,165,945
Total, bonds and interest	154,258,137

PAYMENTS ON DEBT BY COMPANIES.

Central Western Pacific:		
Transportation charges and cash to January 1, 1886*	$9,251,974	
Payments 1886 to 1897, estimated on average rate 1883–1886, $478,000 per annum†	5,736,000	
		14,987,974
Union Pacific Railroad:		
Credits to January 1, 1886‡	17,496,793	
Payments 1886 to 1897, estimated on average rate 1883–1885, $1,448,000§	17,376,000	
		34,872,793
Total payments		49,860,767
Balance on debt at maturity		104,397,370

As an offset to this balance the saving in transportation charges may be cited, as that is a direct pecuniary benefit to the Government. The foregoing statements show this saving up to January, 1886, to have been $139,347,741. Assuming this saving to continue to the maturity of the debt at the same annual rate as it has been in the past, the result would be as follows:

SAVING TO GOVERNMENT IN TRANSPORTATION CHARGES TO MATURITY OF THE DEBT.

Kind of service.	Average yearly amount saved by Government.	Amount saved in 30 years to maturity debt.
Freight	$3,463,795	$103,913,850
Troops, &c	2,785,182	83,555,460
Mails	2,385,714	71,571,420
Total	8,634,691	259,040,430

Balance on debt estimated to be due at maturity as above	$104,397,370
Saving to Government in transportation charges to same time	259,040,430
Surplus saved	154,643,060

The total debt stated above, with interest at maturity, without any deductions for payments by the companies, amounts to—

Principal of bonds	$55,092,192
Interest at 6 per cent	99,165,945
Total	154,258,137

Deducting this amount from the sum saved above leaves $104,782,293 as the amount of benefit which would have been realized by the Government in excess of the whole amount of bonds and interest had they been a donation instead of a loan at interest. At the time the granting acts were passed it was frequently stated in Congress that in case the loan could never be directly repaid the saving to the Government in transportation charges would more than equal the bonds and interest, and thus directly offset the debt. The foregoing statements show that those predictions have been more than realized.

*Annual Report of the Central Pacific Railroad, 1885, p. 4.
†Report of the United States Commissioner of Railroads, 1886, p. 35.
‡See preceding statement of January 1, 1886.
§Report of the United States Commissioner of Railroads, 1886, p. 35.

STATE OF CALIFORNIA,
City and County of San Francisco, ss:

E. H. Miller, jr., being first duly sworn, saith: That he has read the foregoing statement consisting of the pages next preceding, marked "Exhibit No. 11," and knows the contents thereof; that the facts therein stated are true, except as to those matters stated on his information or belief, and as to those he believes it to be true.

E. H. MILLER, JR.

Subscribed and sworn to before me this 26th day of July, A. D. 1887.

[SEAL.] E. B. RYAN,
Notary Public in and for the City and County of San Francisco, State of California.

EXHIBIT No. 12.—*Relative to competing roads aided by Congress, by J. C. Stubbs, general traffic manager.**

There are now eight trans-continental railroad lines in addition to the original Union and Central Pacific line—that is to say, there are eight other lines, each of which competes in whole or in part with the original Union and Central Pacific line for the traffic interchanged between the Pacific coast and the territory of the United States and Canadas east of the Rocky Mountains. They are as follows:

(1) The original Union and Central Pacific line, opened for through traffic in May, 1869.

(2) The thirty-second parallel route, or Atchison, Topeka and Santa Fé and Southern Pacific line, via Deming, opened in March, 1881.

(3) The thirty-second parallel route, or Southern Pacific and Texas and Pacific line, via El Paso, Tex., opened in January, 1882.

(4) The thirty-second parallel route, or Galveston, Harrisburg and San Antonio Railway and Southern Pacific, via El Paso, Tex., opened in February, 1883.

(5) The Burlington and Missouri River Railroad and Denver and Rio Grande in connection with Central Pacific, opened in May, 1883.

(6) The Northern Pacific Railroad, opened in September, 1883.

(7) The Atlantic and Pacific in connection with the Southern Pacific, opened in October, 1884.

(8) The Oregon Short Line, the date of whose opening for business I am unable to give.

(9) The Canadian Pacific, opened for business in July or August, 1886.

All of these roads, except the Canadian Pacific, are in United States territory.

In the report of the United States Commissioner of Railroads for 1884, pages 226 and 227, will be found a list of grants made by the United States in aid of the construction of railroads, which gives the date of the act of Congress making the grant, &c. By reference to the list it will be found that at least a portion of each of the trans-continental lines above described, except the Canadian Pacific (which was heavily subsidized in land and money by the Dominion Government), was aided by the United States Government, and, I am informed (not having searched the matter myself), that in each of said cases there was a larger grant of land made than that to the Union and Central Pacific line; that the grant to the latter line was for 12,800 acres per mile, less mineral lands and lands for which there were prior claims, while the grants to the other lines were usually at the rate of 12,800 acres per mile in the States and 25,600 acres per mile in the Territories. It is supposed that the lands granted to the Texas and Pacific, Atlantic and Pacific, Atchison, Topeka and Santa Fé, and Northern Pacific Companies caused their construction. Certainly no one will deny that they hastened their completion. Without the land grants the roads would not have been built, and without these roads the traffic which has been carried by them in competition with the Central and Union Pacific line would have gone over the Central and Union Pacific lines, and contributed by so much to the earnings of the Central and Union Pacific Companies.

To illustrate the extent to which the earning capacity of the Central and Union Pacific Companies has been impaired by the completion of these roads, I have caused to be prepared and beg to hand you herewith the following exhibits:

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* See answer to question No. 54.

EXHIBIT A.—*Comparative statement showing freight tonnage and charges on through traffic and percentage of same done by each route for periods as noted.*

Period.	Direction.	Via Central Pacific and Union Pacific.		Via Central Pacific and Denver & Rio Grande.		Via South'n Pac. and Atlantic & Pacific.	
		Pounds.	Charges.	da.	Charges.	Pounds.	Charges.
Jan. 1, 1874, to Mar. 31, 1881	East.	940, 362, 900	$12, 585, 250. 30				
	West	1, 647, 890, 888	29, 991, 892. 90				
		2, 588, 253, 678	42, 577, 143. 20				
Per cent		100	100				
Apr. 1, to Dec. 31, 1880	East.	143, 363, 150	1, 928, 977. 40				
	West	272, 455, 990	4, 234, 726. 90				
		415, 799, 140	6, 163, 704. 30				
Per cent		94. 54	94. 50				
Jan. 1, 1882, to Jan. 31, 1889	East.	127, 141, 720	1, 650, 253. 20				
	West	358, 452, 510	5, 285, 101. 90				
		485, 594, 230	6, 935, 255. 20				
Per cent		69. 23	72. 37				
Feb. 1, to May 31, 1880	East.	21, 447, 710	281, 229. 20				
	West	107, 563, 550	1, 473, 145. 00	58, 730	$1, 296. 10		
		129, 011, 260	1, 754, 374. 20	58, 730	1, 296. 10		
Per cent		57. 77	57. 45	. 03	. 04		
June 1, to Sept. 30, 1880	East.	56, 751, 140	806, 742. 50	7, 842, 288	112, 248. 10		
	West	70, 403, 880	1, 156, 336. 70	16, 396, 820	214, 107. 00		
		136, 155, 020	1, 965, 079. 20	24, 239, 108	326, 353. 10		
Per cent		43. 76	49. 71	8. 68	8. 28		
Oct. 1, 1882, to Sept. 30, 1884	East.	118, 244, 380	1, 478, 543. 10	25, 158, 880	314, 288. 60	22, 695, 450	$258, 794. 10
	West	204, 363, 320	2, 827, 834. 30	33, 015, 840	440, 416. 70	43, 151, 750	577, 067. 90
		322, 609, 700	4, 306, 377. 40	58, 174, 720	754, 665. 30	65, 847, 200	835, 862. 00
Per cent		42. 45	43. 23	7. 65	7. 57	8. 66	8. 39
Oct. 1, 1884, to Dec. 31, 1885	East.	169, 939, 850	1, 920, 418. 10	34, 340, 150	436, 440. 70	62, 647, 870	699, 411. 80
	West	173, 134, 650	2, 353, 273. 00	22, 632, 530	284, 530. 70	129, 909, 200	1, 559, 200. 40
		334, 064, 510	4, 273, 691. 10	56, 972, 680	720, 971. 40	192, 557, 070	2, 258, 612. 20
Per cent		35. 29	35. 65	6. 02	6. 01	20. 34	18. 84
Jan. 1, to Dec. 31, 1886	East.	175, 783, 490	1, 492, 955. 00	46, 745, 000	331, 624. 40	50, 234, 850	462, 541. 10
	West	193, 450, 600	1, 338, 468. 60	53, 001, 960	319, 472. 80	99, 820, 590	969, 241. 10
		369, 234, 090	2, 831, 423. 60	92, 747, 050	651, 097. 20	150, 075, 440	1, 451, 782. 20
Per cent		31. 18	32. 36	7. 83	7. 44	13. 43	16. 59
Total, 5 yrs. 9 mos.		2, 192, 427, 950	28, 230, 003. 60	232, 192, 280	2, 454, 403. 10	417, 479, 710	4, 548, 256. 40
Per cent		48. 35	52. 46	5. 12	4. 56	9. 20	8. 45

Period.	Direction.	Via South'n Pacific and A. T. & S. F.		Via South'n Pac. and Texas & Pac.		Via South'n Pac. and G. H. & S. A.	
		Pounds.	Charges.	Pounds.	Charges.	Pounds.	Charges.
Jan. 1, to Dec. 31, 1880	East.	21, 362, 350	$305, 546. 70				
	West	2, 663, 000	53, 088. 50				
		24, 025, 410	358, 615. 20				
Per cent		5. 46	5. 50				
Jan. 1, 1882, to Jan. 31, 1889	East.	86, 393, 500	721, 220. 00	91, 534, 300	$921, 285. 60	420, 300	$4, 501. 50
	West	54, 278, 820	766, 021. 40	13, 223, 800	234, 796. 40		
		110, 672, 320	1, 487, 251. 40	104, 758, 100	1, 156, 082. 00	420, 300	4, 501. 50
Per cent		15. 78	15. 52	14. 93	12. 06	. 06	. 05
Feb. 1, to May 31, 1880	East.	12, 847, 600	172, 954. 70	8, 611, 810	118, 400. 80	5, 147, 610	64, 539. 40
	West	49, 494, 000	641, 753. 20	7, 055, 760	122, 695. 60	11, 093, 760	177, 622. 20
		62, 341, 600	814, 708. 90	15, 667, 570	241, 156. 40	16, 241, 370	242, 461. 60
Per cent		27. 92	28. 67	7. 01	7. 90	7. 27	7. 94

EXHIBIT A.—*Comparative statement showing freight tonnage, &c.*—Continued.

Period.	Direction.	Via South'n Pacific and A. T. & S. F.		Via South'n Pac. and Tex. & Pac.		Via South'n Pac. and G. H. & S. A.	
		Pounds.	Charges.	Pounds.	Charges.	Pounds.	Charges.
June 1, to Sept. 30, 1883	East.	13, 792, 950	$178, 392. 90	12, 704, 710	$184, 022. 45	22, 477, 880	$291, 7[illegible]
	West	30, 100, 000	374, 613. 40	8, 113, 3[illegible]	120, 022. 10	31, 063, 130	461, 9[illegible]
		43, 892, 950	553, 006. 30	20, 8[illegible], 060	304, 961. 50	54, 141, 010	753, 6[illegible]
Per cent		15. 71	12. 99	7. 46	7. 21	19. 39	17. 6[illegible]
Oct. 1, 1883, to Sept. 30, 1884	East.	17, 916, 500	215, 477. 80	35, 294, 160	410, 467. 10	35, 460, 850	434, 7[illegible]
	West	48, 184, 820	505, 712. 10	38, 104, 960	459, 110. 80	56, 874, 990	993, 7[illegible]
		66, 101, 320	721, 189. 40	73, 307, 220	869, 577. 90	92, 335, 840	1, 432, 4[illegible]
Per cent		8. 69	7. 26	9. 66	8. 73	12. 14	14. 4[illegible]
Oct. 1, 1884, to Dec. 31, 1885	East.	7, 396, 900	93, 864. 50	26, 427, 900	434, 778. 20	62, 363, 790	712, 7[illegible]
	West	254, 730	4, 406. 20	24, 640, 370	267, 991. 10	102, 173, 370	1, 618, 1[illegible]
		7, 651, 630	98, 270. 70	51, 067, 260	712, 699. 30	164, 537, 160	2, 322, 9[illegible]
Per cent		. 81	. 82	6. 46	5. 95	17. 39	19. 3[illegible]
Jan. 1, to Dec. 31, 1886	East.	799, 300	8, 000. 70	34, 625, 300	203, 160. 20	152, 680, 040	995, 4[illegible]
	West	41, 310	586. 50	22, 132, 570	184, 228. 60	191, 969, 440	1, 396, 1[illegible]
		840, 610	8, 587. 20	57, 757, 870	487, 388. 80	344, 649, 480	2, 392, 6[illegible]
Per cent		. 07	. 10	4. 66	5. 58	28. 69	24. 9[illegible]
Total, 5 yrs. 9 mos		315, 495, 860	4, 041, 647. 10	332, 466, 220	3, 751, 875. 40	672, 325, 220	7, 014, 6[illegible]
Per cent		6. 95	7. 51	7. 36	6. 97	14. 83	13. 0[illegible]

Period.	Direction.	Via North'n Pacific and O. R. and N. Co.		Via Oregon Short Line.		Total via all routes.	
		Pounds.	Charges.	Pounds.	Charges.	Pounds.	Charges.
Jan. 1, 1874, to Mar. 31, 1881						2, 588, 263, 878	$42, 357, 1[illegible]
Apr. 1, to Dec. 31, 1881						439, 784, 830	6, 222, 2[illegible]
Jan. 1, 1882, to Jan. 31, 1883						791, 445, 130	9, 529, 1[illegible]
Feb. 1, to May 31, 1883						223, 839, 580	3, 6[illegible]
June 1, to Sept 30, 1883						279, 346, 170	3, 922, 8[illegible]
Oct. 1, 1883, to Sept. 30, 1884		81, 945, 044	$1, 036, 776. 08			760, 111, 104	9, 96[illegible]
Per cent		10. 78	10. 41				
Oct. 1, 1884, to Dec. 31, 1885		91, 966, 047	1, 143, 128. 66	38, 513, 114	$436, 160. 71	946, 440, 271	11, 98[illegible]
Per cent		9. 62	9. 53	4. 07	3. 83		
Jan. 1, to Dec. 31, 1886		99, 666, 960	754, 457. 06	60, 421, 740	378, 222. 80	1, 184, 413, 140	8, 745, 8[illegible]
Per cent		7. 66	8. 65	4. 66	4. 33		
Total, 5 yrs., 9 mos		268, 277, 851	2, 934, 361. 82	197, 994, 854	896, 383. 51	4, 594, 779, 955	52, 611, 6[illegible]
Per cent		5. 81	5. 46	3. 28	1. 56		

Exhibit A is a showing of the freight tonnage and charges on through traffic by each route from January 1, 1874, to December 31, 1886, divided into periods, these being marked by the dates of the completion of the several opposing lines.

For example:

From January 1, 1874, to March 31, 1881, there was but one line between the Missouri River and California, namely, the Union and Central Pacific. April 1, 1881, the Atchison, Topeka and Santa Fé road was connected with the Southern Pacific at Deming, thus opening a new line—the first new line to compete with the original Central and Union Pacific line.

The date of the opening of this new line for business, namely, April 1, 1881, begins a new period, which ends with the opening of the third line.

In January, 1882, the Texas and Pacific and Galveston, Harrisburg and San Antonio roads were connected with the Southern Pacific at El Paso, making, for the period from January 1, 1882, to January 31, 1883, four routes.

The Galveston, Harrisburg and San Antonio Railway, in connection with the Southern Pacific at El Paso, did very little business previous to February 1, 1883, when it opened for business for New York City. Hence, a new period is begun, dating from February 1, 1883, and running to May 31, 1883, during which there were still but four lines, though during the last period the Galveston, Harrisburg and San Antonio line had been greatly strengthened as compared with the first preceding period.

In May, 1883, the Denver and Rio Grande and Burlington and Missouri River line was connected with the Central Pacific at Ogden, making five lines for the period from June 1, 1883, to September 30, 1883, at which time the Atlantic and Pacific was connected with the Southern Pacific, making six lines.

You will notice by Exhibit A that for the period from January 1, 1874, to March 31, 1881, there being but the one line (the Union and Central Pacific), the percentage of traffic carried by this line is represented by 100 per cent.; that this percentage is reduced in the second period to 94.54 per cent. in tonnage and 94.50 per cent. in earnings; in the third period, to 69.23 per cent. in tonnage and 72.37 per cent. in earnings; in the fourth period, to 57.77 per cent. in tonnage and 57.45 per cent. in earnings; in the fifth period, to 48.76 per cent. in tonnage and 49.71 per cent. in earnings; in the sixth period, to 42.45 per cent. in tonnage and 43.23 per cent. in earnings; in the seventh period, to 35.29 per cent. in tonnage and 35.65 per cent. in earnings; and the last period, to 31.18 per cent. in tonnage and 32.36 per cent. in earnings; showing conclusively that with the opening of each new line there was an additional loss in tonnage and in earnings from through traffic to the Union and Central Pacific line. The conclusion is inevitable that this loss was occasioned by the diversion of traffic to the new lines. The difference between 100 per cent. and the percentages shown for the period succeeding March 31, 1881, represented the loss to the Central and Union Pacific line, the *sole cause* of which was the opening of new lines.

Exhibit B is the same as Exhibit A, with the exception that the entire tonnage via the Central Pacific and Denver and Rio Grande and Burlington and Missouri River line, and the Central Pacific proportion of charges west of Ogden for the same line, are thrown in the first column under the head of Central and Union Pacific line.

It was necessary in making these statements to show "line" earnings. It would have been impossible from any records we have to show the earnings of the individual roads in each line except by going back to the original billing, which would have required so much time and labor, that a report to be based upon information so obtained could not have been reached in time for the next session of Congress.

The Denver and Rio Grande and Burlington and Missouri River roads made a line by connection with the Central Pacific, just as the Union Pacific connected with the Central Pacific; hence the completion of the Denver and Rio Grande and Burlington road only affected the Union Pacific road.

In Exhibit B the charges of the Denver and Rio Grande and Burlington and Missouri River line east of Ogden are shown separate from the charges of the Central Pacific, and will represent the loss to the Union Pacific by the diversion of traffic caused by the opening of that line.

EXHIBIT B.—*Comparative statement showing freight tonnage and charges on through traffic by each route for periods as noted; also percentage of said traffic done by each route (charges east of Ogden, via Denver and Rio Grande, shown separately).*

[The tonnage and charges for Central Pacific via Denver and Rio Grande are included in Central and Union Pacific lines.]

Periods.	Direction.	Via Central Pacific and Union Pacific.		Via Central Pacific and Denver & Rio Grande.		Via Southern Pacific and Atlantic & Pacific.	
		Pounds.	Charges.	Pounds.	Charges.	Pounds.	Charges.
	East..	940, 363, 990	$12, 565, 250. 20				
	West..	1, 647, 800, 888	29, 991, 852. 90				
Jan. 1, 1874, to Mar. 31, 1881.		2, 588, 203, 878	42, 557, 143. 20				
Per cent		100	100				
	East..	143, 302, 150	$1, 928, 977. 40				
	West..	272, 455, 990	4, 234, 728. 90				
Apr. 1, 1881, to Dec. 31, 1881.		415, 758, 140	6, 163, 704. 30				
Per cent		94. 54	94. 50				
	East..	127, 141, 720	1, 650, 252. 20				
	West..	258, 422, 511	5, 285, 101. 90				
Jan. 1, 1882, to Jan. 31, 1883.		485, 594, 230	6, 935, 355. 20				
Per cent		60. 23	72. 37				
	East..	21, 447, 710	281, 229. 20				
	West..	107, 622, 280	1, 473, 848. 60		$500. 50		
Feb. 1, 1883, to May 31, 1883.		129, 069, 990	1, 755, 072. 80		500. 50		
Per cent		57. 98	57. 47		0. 02		
	East..	64, 593, 420	866, 827. 90		54, 161. 30		
	West..	95, 800, 709	1, 256, 404. 00		114, 039. 70		
June 1, 1883, to Sept. 30, 1883.		160, 394, 129	2, 123, 231. 90		168, 201. 00		
Per cent		57. 44	53. 71		4. 26		
	East..	143, 463, 260	1, 637, 052. 10		155, 759. 60	22, 605, 450	$258, 784. 10
	West..	237, 281, 109	3, 030, 139. 90		232, 111. 10	43, 151, 750	577, 067. 90
Oct. 1, 1883, to Sept. 30, 1884.		380, 784, 420	4, 673, 192. 00		387, 870. 70	65, 847, 200	835, 852. 00
Per cent		50. 19	46. 91		3. 89	8. 68	8. 19
	East..	195, 280, 010	2, 141, 162. 60		215, 096. 20	62, 647, 870	688, 411. 30
	West..	196, 757, 180	2, 487, 504. 00		150, 200. 70	129, 909, 200	1, 588, 388. 60
Oct. 1, 1884, to Dec. 31, 1885.		391, 037, 190	4, 628, 666. 60		365, 995. 90	192, 557, 070	2, 276, 799. 90
Per cent		41. 31	38. 61		3. 05	20. 34	18. 98
	East..	216, 528, 580	1, 659, 890. 10		164, 699. 30	59, 254, 850	462, 941. 10
	West..	245, 452, 569	1, 480, 614. 30		168, 327. 10	99, 820, 580	990, 762. 10
Jan. 1, 1886, to Dec. 31, 1886.		461, 981, 149	3, 140, 504. 40		333, 016. 40	159, 075, 440	1, 451, 703. 20
Per cent		29. 01	36. 09		2. 80	13. 43	16. 69
Total, 5 yrs. 9 mos		2, 424, 020, 230	29, 428, 728. 60		1, 255, 683. 50	417, 479, 710	4, 548, 288. 40
Per cent		52. 47	54. 08		2. 34	9. 29	8. 36

Period.	Direction.	Via Southern Pacific and A. T. & S. P.		Via Southern Pacific and Texas & Pacific.		Via Southern Pacific and G. H. & S. A.	
		Pounds.	Charges.	Pounds.	Charges.	Pounds.	Charges.
	East..	21, 632, 350	$305, 546. 70				
	West..	2, 963, 060	53, 068. 50				
Apr. 1, 1881, to Dec. 31, 1881.		24, 625, 410	358, 615. 20				
Per cent		5. 46	5. 50				

EXHIBIT B.—*Comparative statement showing freight tonnage, &c.*—Continued.

Period.	Direction.	Via Southern Pacific and A. T. & S. F.		Via Southern Pacific and Texas & Pacific.		Via Southern Pacific and G. H. & S. A.	
		Pounds.	Charges.	Pounds.	Charges.	Pounds.	Charges.
	East..	58, 298, 500	$721, 220. 00	91, 534, 360	$921, 285. 60	420, 360	94, 501. 50
	West.	54, 278, 820	766, 021. 04	13, 223, 960	234, 796. 40	.....	.....
Jan. 1, 1882, to Jan. 31, 1882.	.....	112, 577, 320	1, 487, 251. 40	104, 758, 320	1, 156, 082. 00	420, 360	4, 501. 50
Per cent	.....	15. 73	15. 52	14. 93	12. 06	0. 06	0. 05
	East..	12, 847, 000	172, 954. 70	8, 611, 810	118, 469. 80	5, 147, 610	64, 339. 40
	West.	49, 494, 060	641, 752. 20	7, 055, 760	122, 695. 60	11, 093, 760	177, 622. 20
Feb. 1, 1882, to May 31, 1882.	.....	62, 341, 060	814, 706. 90	15, 667, 570	241, 158. 40	16, 241, 370	242, 461. 60
Per cent	.....	27. 92	28. 67	7. 01	7. 90	7. 27	7. 94
	East..	13, 792, 950	178, 392. 90	12, 794, 710	164, 939. 40	22, 477, 980	261, 765. 40
	West.	30, 100, 000	374, 613. 40	8, 113, 380	120, 022. 10	31, 663, 130	561, 709. 79
June 1, 1882, to Sept. 30, 1882.	.....	43, 892, 950	553, 006. 30	20, 818, 090	284, 961. 50	54, 141, 010	823, 467. 19
Per cent	.....	15. 71	15. 99	7. 46	7. 21	19. 39	20. 82
	East..	17, 916, 560	215, 477. 30	35, 293, 100	416, 467. 10	35, 469, 850	454, 253. 40
	West.	48, 184, 520	505, 712. 10	38, 104, 060	459, 110. 80	56, 874, 990	963, 714. 00
Oct. 1, 1882, to Sept. 30, 1884.	.....	66, 101, 380	721, 189. 40	73, 397, 229	869, 577. 90	92, 335, 840	1, 437, 967. 40
Per cent	.....	8. 69	7. 24	9. 66	8. 73	12. 14	14. 43
	East..	7, 396, 900	93, 894. 50	36, 457, 900	434, 778. 20	62, 363. 790	712, 758. 58
	West.	254, 730	4, 406. 20	24, 649, 270	287, 921. 10	102, 173, 370	1, 610, 103. 60
Oct. 1, 1884, to Dec. 31, 1884.	.....	7, 651, 630	98, 290. 70	61, 057, 260	712, 699. 30	164, 537, 160	2, 322, 862. 10
Per cent	.....	0. 81	0. 82	6. 46	5. 95	17. 39	19. 38
	East..	769, 200	8, 000. 70	34, 625, 300	393, 160. 30	152, 680, 040	895, 459. 20
	West.	41, 310	586. 50	23, 123, 570	154, 238. 00	191, 969, 440	1, 288, 154. 20
Jan. 1, 1885, to Dec. 31, 1885.	.....	810, 510	8, 587. 20	57, 757, 870	487, 398. 30	344, 649, 480	2, 183, 613. 40
Per cent	.....	0. 07	0. 10	4. 88	5. 58	29. 09	24. 96
Total, 5 yrs. 9 mos..	.....	315, 495, 380	4, 041, 647. 10	333, 436, 220	3, 751, 875. 40	672, 325, 220	7, 014, 873. 10
Per cent	.....	6. 95	7. 51	7. 36	6. 97	14. 83	13. 03

Period.	Direction.	Via Northern Pacific and O. R. & N. Co.		Via Oregon Short Line.		Total via all routes.	
		Pounds.	Charges.	Pounds.	Charges.	Pounds.	Charges.
Jan. 1, 1874, to Mar. 31, 1880.	.....	.....	.....	.....	.....	2, 588, 263, 878	942, 557, 143. 20
Apl. 1, 1880, to Dec. 31, 1881.	.....	.....	.....	.....	.....	429, 784, 550	6, 522, 319. 50
Jan. 1, 1882, to Jan. 31, 1882.	.....	.....	.....	.....	.....	701, 445, 130	9, 533, 190. 10
Feb. 1, 1882, to May 31, 1882.	.....	.....	.....	.....	.....	223, 330, 500	3, 053, 907. 20
June 1, 1882, to Sept. 30, 1882.	.....	.....	.....	.....	.....	279, 346, 170	3, 952, 867. 20
Oct. 1, 1882, to Sept. 30, 1884.	.....	81, 645, 044	91, 036, 776. 08	.....	.....	769, 111, 104	9, 962, 435. 48
Per cent	.....	10. 75	10. 41	.....	.....	.....	.....
Oct. 1, 1884, to Dec. 31, 1884.	.....	91, 965, 847	1, 142, 128. 68	38, 518, 114	458, 160. 71	946, 449, 271	11, 965, 416. 17
Per cent	.....	9. 62	9. 53	4. 07	3. 82	.....	.....
Jan. 1, 1885, to Dec. 31, 1885.	.....	90, 666, 900	756, 457. 09	69, 481. 740	378, 222. 80	1, 154, 422, 140	8, 748, 581. 78
Per cent	.....	7. 06	8. 65	5. 86	4. 32	.....	.....
Total, 3 yrs. 9 mos..	.....	369, 277, 851	2, 936, 361. 22	107. 994, 854	836, 382. 51	4, 534, 779, 955	53, 811, 807. 43
Per cent	.....	5. 81	5. 46	2. 38	1. 56	.....	.....

EXHIBIT C.—*Statement showing tonnage and charges lost to Central and Union Pacific lines (including Central Pacific tonnage and charges via Denver and Rio Grande) on through freight traffic for periods noted, on account of the opening of new lines.*

Period.	Tons.	Charges.
Total tonnage and charges via all lines.		
January 1, 1874, to March 31, 1881	1, 294, 131. 939	$43, 597, 145. 9
April 1 to December 31, 1881	219, 892. 275	6, 922, 788. 9
January 1, 1882, to January 31, 1883	350, 722. 585	9, 985, 536. 9
February 1 to May 31, 1883	111, 660. 295	3, 697, 945. 79
June 1 to September 30, 1883	139, 622. 065	3, 622, 997. 9
October 1, 1883, to September 30, 1884	380, 055. 552	9, 962, 626. 0
October 1, 1884, to December 31, 1885	473, 234. 635	11, 966, 446. 17
January 1 to December 31, 1886	592, 211. 570	8, 746, 961. 7
Total, 5 years 9 months	2, 267, 389. 977	82, 911, 397. 9
Tonnage and charges via Central and Union Pacific.		
January 1, 1874, to March 31, 1881	1, 294, 131. 939	43, 597, 145. 9
April 1 to December 31, 1881	207, 879. 570	6, 193, 794. 9
January 1, 1882, to January 31, 1883	343, 797. 115	9, 885, 353. 9
February 1 to May 31, 1883	64, 534. 965	1, 755, 939. 9
June 1 to September 30, 1883	80, 197. 060	2, 125, 381. 9
October 1, 1883, to September 30, 1884	190, 302. 210	4, 673, 136. 0
October 1, 1884, to December 31, 1885	195, 518. 595	4, 695, 082. 0
January 1 to December 31, 1886	280, 990. 570	3, 746, 564. 0
Total, 5 years 9 months	1, 212, 810. 115	29, 435, 734. 0
Loss of tonnage and charges to Central and Union Pacific.		
January 1, 1874, to March 31, 1881		
April 1 to December 31, 1881	12, 012. 705	332, 993. 9
January 1, 1882, to January 31, 1883	107, 925. 450	2, 987, 182. 9
February 1 to May 31, 1883	47, 125. 300	1, 292, 005. 0
June 1 to September 30, 1883	59, 426. 025	1, 622, 615. 9
October 1, 1883, to September 30, 1884	189, 663. 342	5, 289, 489. 0
October 1, 1884 to December 31, 1885	277, 706. 040	7, 339, 766. 0
January 1 to December 31, 1886	361, 221. 000	5, 000, 977. 3
Total, 5 years 9 months	1, 055, 079. 862	24, 866, 660. 0

REDUCED TO ANNUAL RATES.

Period.	Annual tons.	Annual average rate.	Annual charge.
Total via all lines.			
January 1, 1874, to March 31, 1881	178, 500. 943	$3, 288. 50	$3, 588, 688. 8
April 1 to December 31, 1881	283, 189. 705	2, 966. 00	8, 404, 228. 6
January 1, 1882, to January 31, 1883	323, 742. 908	2, 732. 40	8, 846, 022. 0
February 1 to May 31, 1883	334, 980. 888	2, 735. 00	9, 162, 688. 0
June 1 to September 30, 1883	418, 869. 255	2, 831. 10	11, 858, 654. 0
October 1, 1883, to September 30, 1884	380, 055. 552	2, 621. 30	9, 962, 626. 0
October 1, 1884, to December 31, 1885	378. 579. 708	2, 532. 56	9, 588, 782. 0
January 1 to December 31, 1886	592, 211. 570	1, 477. 30	8, 746, 961. 7
Total, 5 years 9 months	394, 328. 688	2, 373. 30	9, 358, 376. 3
Via Central and Union Pacific.			
January 1, 1874, to March 31, 1881	178, 500. 943	3, 288. 50	3, 588, 688. 8
April 1 to December 31, 1881	277, 173. 765	2, 965. 00	8, 218, 272. 0
January 1, 1882, to January 31, 1883	226, 130. 462	2, 656. 40	6, 007, 336. 0
February 1 to May 31, 1883	105, 694. 962	2, 716. 50	3, 720, 324. 0
June 1 to September 30, 1883	240, 591. 180	2, 647. 50	6, 368, 284. 0
October 1, 1883, to September 30, 1884	190, 302. 210	2, 454. 50	4, 673, 136. 0
October 1, 1884, to December 31, 1885	158, 414. 876	2, 367. 50	3, 752, 064. 0
January 1 to December 31, 1886	280, 990. 570	1, 863. 50	3, 746, 564. 0
Total, 5 years 9 months	210, 830. 544	2, 427. 00	5, 116, 981. 3
Loss annually to Central and Union Pacific.			
January 1, 1874, to March 31, 1881			
April 1 to December 31, 1881	16, 016. 940		469, 716. 6

EXHIBIT C.—*Statement showing tonnage and charges, &c.*—Continued.

Period.	Annual tons.	Annual average rate.	Annual charges.
Less annually to Central and Union Pacific—Continued.			
January 1, 1882, to January 31, 1883	99, 623, 490		$2, 444, 155. 22
February 1 to May 31, 1883	141, 375, 906		3, 902, 773. 20
June 1 to September 30, 1883	178, 278, 975		5, 488, 907. 76
October 1, 1883, to September 30, 1884	189, 668, 342		5, 230, 343. 48
October 1, 1884, to December 31, 1885	322, 164, 832		5, 887, 790. 64
January 1 to December 31, 1886	311, 064, 920		4, 204, 787. 49
Total, 5 years 9 months	183, 492, 144		4, 240, 535. 88

The total loss (5 years 9 months) to Central and Union Pacific line = $24,383,080.83, or an annual loss of $4,240,535.52.

Of which the Central Pacific proportion is 46 per cent. = $11,216,217.18, or an annual loss of $1,950,046.50.

Of which the Union Pacific proportion is 54 per cent. = $13,166,863.65, or an annual loss of $2,289,889.38.

Exhibit C shows the tonnage and charges of all the lines compared with the tonnage and charges as given on Exhibit B for the Central and Union Pacific line, and the difference in tons and dollars; that is to say, according to Exhibit C the loss in tonnage to the Central and Union Pacific line, by the diversion to other lines, from April 1, 1881, to December 31, 1886, was 1,055,079 tons and $24,383,080.

Exhibit C also shows the charges and tonnage of each of the several periods reduced to an annual basis; that is, if for each of the several periods the tons carried and charges made had been at the same rate for twelve months, it shows what the annual tonnage, charges, and loss would have been.

For example: take the second period, from April 1, to December 31, 1881, being nine months. The tons carried during that nine months via all lines were 219,892 tons, which at the same rate for twelve months would be 293,189 tons. The charges or earnings for the nine months by all lines were $6,522,319, and for twelve months at the same rate would have been $8,696,426. The tonnage and charges of the Central and Union Pacific line for the nine months, at the same rate, would have been 277,172 tons and $8,218,272. The actual loss for the period to the Central and Union Pacific line is represented by 12,012 tons, on which the charges were $358,615. For twelve months, at the same rate, the loss would have been 16,016 and $478,153.

Exhibit C also totals the several periods beginning April 1, 1881, and ending December 31, 1886 (five years nine months), with the following result:

Total tonnage and charges via all lines 2,267,389 tons and $53,811,807.

The tonnage and charges via the Central and Union Pacific for the same period were 1,212,310 tons and $29,428,726.

The loss in tonnage and charges to the Central and Union Pacific line, being the difference between the tonnage and charges via all lines and the tonnage and charges via the Central and Union Pacific line, as shown above, were 1,055,079 tons and charges $24,383,080, which, reduced to an annual basis, shows the loss for this period at the annual rate of 183,492 tons and $4,240,535.

Exhibit C also shows the average annual rate per ton charged for freight. During the first period, when there was but one line (Union and Central Pacific line), from January 1, 1874, to March 31, 1881, you will note that the average annual rate per ton was $32.88. By following down through the several subsequent periods you will notice a gradual reduction in the annual rate per ton until in 1886 the rate was reduced to $14.77 per ton. Some of this difference in rate was chargeable to the opening of competing lines; in other words, take, for example, the year 1886; while it is not reasonable to suppose that at the annual average rate which obtained in 1881 ($35.32 per ton) the same tonnage would have been moved as was moved in 1886 at a lower average rate ($14.77 per ton), yet it is true that the tonnage would have been moved at a higher rate than the average earning during 1886. It is impossible to say what would be the maximum rate at which the same tonnage would have moved.

It is a matter of public knowledge that during a portion of that year (1886) rates were unnecessarily low. I should estimate that an average rate of $20 per ton, being a reduction of a little more than twenty per cent. from the average rate prevailing from October 1, 1884, to December 31, 1885, would have given all needed stimulus to the movement of traffic, and the difference between $14.77 and $20—$5.23 per ton—would be a reasonable estimate of the effect of unreasonable competition between

the railroads, which would fall below rather than above the real measure of the influence of that competition. Accordingly 311,064 tons extended at a rate of $6.20 per ton would represent a further loss to the Central and Union Pacific line by means of the diversion of traffic to other lines and the competition inaugurated by said other lines of $1,636,864.

For all the competitive periods shown on Exhibit C the charges are extended at the annual average rate. The effect of the competition of the other lines was something more in each period than the mere diversion of traffic. It reduced rates; that is to say, had the other lines not been built, not only the entire traffic would have been carried by the Union and Central Pacific lines, but it would have been carried at higher rates. Hence the earnings upon the total traffic, if carried by the Union and Central Pacific line without the competition of the other lines, would have been greater than the earnings made by all the lines from the same traffic, so that the real loss in freight earnings resulting from the building of other lines, if the exact facts could be ascertained, would prove to be much more than $24,383,080, as shown on Exhibit C.

Exhibits A, B, and C relate only to freight traffic; I also inclose herewith Exhibits D and E.

Exhibit D shows the number of through passengers carried by each route, and the earnings accruing therefrom west of Ogden, Mojave, Deming, and El Paso, the termini of the Southern Pacific system.

Ogden is the terminus of the Central Pacific road.

Mojave is the point of junction of the Atlantic and Pacific with the Southern Pacific.

Deming is the junction of the Atchison, Topeka and Santa Fé Railroad with the Southern Pacific.

El Paso is the junction point of the Southern Pacific, Texas and Pacific, and Galveston, Harrisburg and San Antonio Railroads, respectively.

Exhibit D and the other passenger statements show the earnings west of these respective termini.

In the case of passengers, our records do not show the earnings of the connecting lines as in the case of freight.

EXHIBIT D.—*Comparative statement showing number of passengers carried by each route on through traffic, and the earnings accruing west of Ogden, Mojave, Deming, and El Paso, for periods as noted, also percentage of earnings by each route.*

[The earnings via Northern Pacific, O. R. & N. Co. and Oregon Short Line as shown are 46 per cent of the through via those routes.]

Period.	Direction.	Via Ogden and Union Pacific.			Via Ogden and Denver and Rio Grande.		
		No.	Earnings.	Per cent.	No.	Earnings.	Per cent.
	East..	207,717	$5,948,322.94	.....	.....	.....	.....
	West.	359,116	9,688,287.38	.....	.....	.....	.....
January 1, 1874, to March 31, 1881 ..	.....	566,833	15,636,611.32	100	.....	.....	.....
	East..	20,574	573,384.51	.....	.....	.....	.....
	West.	32,854	856,946.57	.....	.....	.....	.....
April 1 to December 31, 1881.....	.....	53,428	1,430,331.08	77.25	.....	.....	.....
	East..	24,321	683,209.28	.....	.....	.....	.....
	West.	41,170	1,059,765.89	.....	.....	.....	.....
January 1, 1882, to January 31, 1883.	.....	65,491	1,743,575.17	63.32	.....	.....	.....
	East..	6,781	190,925.36	.....	436	$14,837.23	.....
	West.	16,445	384,796.17	.....	353	7,318.19	.....
February 1 to May 31, 1883.....	.....	23,226	575,721.53	53.78	788	22,155.46	2.07
	East..	9,445	238,731.93	.....	3,464	92,473.71	.....
	West.	17,183	419,683.73	.....	2,676	61,937.72	.....
June 1 to September 30, 1883	.....	26,628	648,415.66	61.10	6,140	154,493.43	14.55
	East..	19,271	484,051.58	.....	5,898	165,239.34	.....
	West.	29,033	708,192.05	.....	4,839	126,004.45	.....
October 1, 1883, to September 30, 1884.	.....	48,304	1,192,243.63	42.43	10,725	293,243.79	26.04

EXHIBIT D.—*Comparative statement showing the number of passengers, &c.*—Continued.

Period.	Direction.	Via Ogden and Union Pacific.			Via Ogden and Denver and Rio Grande.		
		No.	Earnings.	Per cent.	No.	Earnings.	Per cent.
	East..	21,013	$519,642.79	.....	9,574	$251,742.18	.....
	West.	33,304	745,864.18	.....	5,546	143,204.40	.....
October 1, 1884, to December 31, 1885	.....	54,319	1,265,206.97	41.25	15,120	395,136.58	12.88
	East..	30,157	675,252.90	.....	18,804	250,893.45	.....
	West.	38,768	510,029.26	.....	15,213	189,547.59	.....
January 1 to December 31, 1886	.....	68,925	885,282.16	28.51	34,017	440,441.04	13.16
Total, 5 years 9 months	.....	340,320	7,740,776.20	51.91	66,790	1,305,533.24	8.75

Period.	Direction.	Via Mojave and Atlantic Pacific.			Via Deming and A. T. and S. F.		
		No.	Earnings.	Per cent.	No.	Earnings.	Per cent.
	East..	.....	.....	.....	5,354	$169,114.89	.....
	West.	.....	.....	.....	8,652	252,201.40	.....
April 1 to December 31, 1881	.....	.....	.....	.....	14,006	421,316.29	22.75
	East..	.....	.....	.....	9,640	296,674.80	.....
	West.	.....	.....	.....	17,967	518,021.11	.....
January 1, 1882, to January 31, 1883	.....	.....	.....	.....	27,607	814,695.91	29.60
	East..	.....	.....	.....	3,105	94,337.96	.....
	West.	.....	.....	.....	8,918	238,434.46	.....
February 1 to May 31, 1883	.....	.....	.....	.....	12,023	333,272.39	31.14
	East..	.....	.....	.....	2,068	61,171.33	.....
	West.	.....	.....	.....	4,187	108,174.12	.....
June 1 to September 30, 1883	.....	.....	.....	.....	6,275	169,345.45	15.96
	East..	2,463	$42,580.18	.....	4,126	120,344.54	.....
	West.	4,789	82,246.20	.....	11,989	314,364.28	.....
October 1, 1883, to 30, September 1884	.....	7,252	124,826.38	4.44	16,115	434,608.82	15.49
	East..	6,796	60,945.85	.....	3,763	107,969.87	.....
	West.	16,849	130,807.15	.....	9,900	254,417.34	.....
October 1, 1884, to December 31, 1885	.....	23,645	191,753.00	6.25	13,663	362,387.21	11.81
	East..	8,362	42,462.35	.....	1,136	21,214.25	.....
	West.	22,110	123,339.29	.....	3,160	57,134.49	.....
January 1 to December 31, 1886	.....	30,472	166,301.64	7.23	4,296	78,348.74	2.41
Total, 5 years 9 months	.....	61,369	482,881.02	3.31	93,985	2,614,176.81	17.46

EXHIBIT D.—*Comparative statement showing number of passengers, &c.*—Continued.

Period.	Direction.	Via El Paso and Texas and Pacific.			Via El Paso and G. H. and S. A.		
		No.	Earnings.	Per cent.	No.	Earnings.	
	East..	2,495	$20,462.62	.....	.....	.....	.....
	West.	2,348	174,440.48	.....	.....	.....	.....
January 1, 1882, to January 31, 1883		6,843	194,902.50	7.99	.....	.....	.....
	East..	1,318	32,426.19	.....	455	$18,619.46	.....
	West.	2,266	55,561.33	.....	952	32,652.78	.....
February 1 to May 31, 1883		3,584	88,019.33	8.22	1,407	51,263.24	4.9
	East..	813	22,765.33	.....	297	10,566.86	.....
	West.	1,427	34,428.58	.....	761	21,382.76	.....
June 1 to September 30, 1883		2,240	57,193.91	5.39	1,048	31,896.36	3.9
	East..	3,161	87,853.67	.....	1,270	46,677.32	.....
	West.	4,630	139,139.45	.....	3,773	113,703.86	.....
October 1, 1883, to September 30, 1884		7,791	226,993.12	8.68	5,043	160,381.48	5.71
	East..	4,432	122,573.97	.....	2,434	84,322.71	.....
	West.	6,093	145,072.83	.....	4,473	134,390.43	.....
October 1, 1884, to December 31, 1885		10,525	267,646.80	8.72	6,907	218,729.13	7.13
	East..	7,011	93,682.30	.....	1,675	30,179.49	.....
	West.	7,342	132,617.72	.....	5,781	106,565.27	.....
January 1 to December 31, 1886		14,353	226,286.02	9.85	7,456	136,744.76	5.94
Total, 5 years 9 months		45,537	1,061,040.78	7.13	21,861	599,004.95	4.02

Period.	Direction.	Via Northern Pacific and O. R. and N. Co.			Via Union Pacific and Northern Pacific.		
		No.	Earnings.	Per cent.	No.	Earnings.	
October 1, 1883, to September 30, 1884		13,955	$294,796.39	10.49	3,692	$82,054.99	2.92
October 1, 1884, to December 31, 1885		10,871	221,150.98	7.26	1,155	24,696.63	0.81
January 1 to December 31, 1886		13,896	257,474.42	11.23	.....	.....	.....
Total, 5 years 9 months		37,722	773,421.63	5.13	4,847	106,751.72	1.13

Period.	Direction.	Via Oregon Short Line.			Total via all routes.	
		No.	Earnings.	Per cent.	No.	Earnings.
January 1, 1874, to March 31, 1881		.....	.....	.....	563,933	$15,690,491.32
April 1 to December 31, 1881		.....	.....	.....	67,434	1,851,687.87
January 1, 1882, to January 31, 1883		.....	.....	.....	99,941	2,723,225.33
February 1 to May 31, 1883		.....	.....	.....	41,028	1,070,421.30
June 1 to September 30, 1883		.....	.....	.....	42,331	1,203,371.79
October 1, 1883, to September 30, 1884		.....	.....	.....	111,877	2,999,226.25
October 1, 1884, to December 31, 1885		5,713	$119,872.43	3.90	141,918	3,046,226.62
January 1 to December 31, 1886		6,795	107,516.95	4.67	180,210	2,299,165.73
Total, 5 years 9 months		12,508	227,389.38	9.71	844,739	14,819,165.71

EXHIBIT E.—*Statement showing number of passengers (through) and revenue lost to Central Pacific road on account of opening of new lines; also showing average rate per passenger earned and loss annually for the periods as noted.*

Period.	Total via all routes west of C. P. and S. P. terminals.		Total C. P. via Ogden, including via D. R. G.		Loss to Central Pacific via Ogden.		
	No.	Earnings.	No.	Earnings.	No.	Earnings.	Per cent.
Jan. 1, '74, to March 31, '81...	566, 633	$15,636,611.33	566, 633	$15,636,611.33	.....	.....	.....
Average rate per passenger	.....	27.59	.....	27.59	.....	.....	.....
April 1, '81, to Dec. 31, '81 ...	67, 434	1, 851, 647. 37	53, 420	1, 470, 831. 08	14, 006	$421, 816. 29	22.75
Average rate per passenger	.....	27. 46	.....	26. 77	.....	30. 06	.....
Jan. 1, '82, to Jan. 31, '83	99, 041	2, 753, 973. 53	65, 491	1, 743, 575. 17	34, 450	1, 009, 798. 41	36. 65
Average rate per passenger	.....	27. 55	.....	26. 62	.....	29. 02	.....
Feb. 1, '83, to May 31, '83	41, 028	1, 070, 431. 89	24, 014	597, 876. 93	17, 014	472, 554. 96	44 14
Average rate per passenger	.....	26. 09	.....	24. 89	.....	27. 77	.....
June 1, '83, to Sept. 30, '83	42, 331	1, 061, 277. 79	32, 768	802, 852. 09	9, 563	256, 425. 70	24. 35
Average rate per passenger	.....	25. 07	.....	24. 50	.....	27. 02	.....
Oct. 1, '83, to Sept. 30, '84	111, 877	2, 809, 258. 25	59, 029	1, 485, 597. 42	52, 848	1, 323, 660. 83	47. 12
Average rate per passenger	.....	25. 11	.....	25. 17	.....	25. 05	.....
Oct. 1, '84, to Dec. 31, '85	141, 918	3, 068, 579. 62	69, 438	1, 662, 343. 55	72, 480	1, 406, 235. 47	45. 86
Average rate per passenger	.....	21. 60	.....	23. 77	.....	19. 40	.....
Jan. 1, '86, to Dec. 31, '86	180, 210	2, 298, 805. 73	102, 942	1, 325, 722. 39	77, 268	972, 672. 53	42. 32
Average rate per passenger	.....	12. 75	.....	12. 88	.....	12. 60	.....
Total five years nine months.	684, 739	14, 910, 063. 73	497, 110	9, 148, 299. 44	277, 629	5, 864, 064. 29	39. 33

Period.	Reduced to an annual basis.						
	Total via all routes.		Total via Ogden.		Annual loss to Central Pacific.		
	No.	Earnings.	No.	Earnings.	No.	Earnings.	Per cent.
Jan. 1, '74, to March 31, '81 ..	73, 189	$2, 156, 773. 92	73, 189	$2, 156, 773. 92	.....	.....	.....
April 1, '81, to Dec. 31, '81	89, 912	2, 468, 863. 16	71, 227	1, 961, 102 11	18, 675	$561, 753. 05	22. 75
Jan. 1, '82, to Jan. 31, '83.....	92, 256	2, 541, 575. 53	60, 456	1, 609, 453. 92	31, 800	932, 121. 60	36. 68
Feb. 1, '83, to May 31, '83	123, 084	3, 211, 295. 64	72, 048	1, 793, 630. 78	51, 036	1, 417, 664. 86	44. 14
June 1, '83, to Sept. 30, '83....	126, 993	3, 183, 833. 37	98, 304	2, 408, 556. 27	28, 689	775, 277. 10	24. 35
Oct. 1, '83, to Sept. 30, '84....	111, 877	2, 809, 258. 25	59, 029	1, 485, 597. 42	52, 848	1, 323, 660. 83	47. 12
Oct. 1, '84, to Dec. 31, '85.....	121, 644	2, 629, 496. 82	59, 526	1, 425, 151. 64	62, 126	1, 205, 344. 68	45. 85
Jan. 1, '86, to Dec. 31, '86.....	180, 210	2, 298, 805. 73	102, 942	1, 325, 722. 39	77, 268	972, 672. 53	42. 32
Total five years nine months.	119, 076	2, 593, 211. 46	70, 800	1, 573, 269. 36	48, 276	1, 019, 942. 04	39. 33

NOTE.—From April 1, 1881, to December 31, 1886 (five years nine months), during which time other lines competed with the Central and Union Pacific line, the Central Pacific road suffered a total loss of revenue amounting to $5,864,064.29, or 39.33 per cent. of the total through passenger traffic. Assuming this loss based on 46 per cent. of total through, the Union Pacific has sustained a proportionate loss of $6,884,695.90, making total loss for Central Pacific and Union Pacific line of $12,749,270.19. Reducing this to an annual basis, the loss annually to the Central Pacific is $1,019,942.04, and to the Union Pacific $1,197,322.36, or a total for the through line of $2,217,265.30.

Exhibit E is the same for passengers as Exhibit C for freight.

Both of the exhibits relating to the passenger traffic in the matter of division into periods are the same as the exhibits for freight.

Exhibit D will show the number of through passengers forwarded by the original Union and Central Pacific line from January 1, 1874, to March 31, 1881, amounting to [illegible], from which the Central Pacific earned $15,636,611, which represented 100 per cent.

For the period (from April 1, 1881, to December 31, 1881) this percentage was reduced to 77.95 per cent.

For the third period (January 1, 1882, to January 31, 1883) it was reduced to 63.32 per cent.

For the fourth period (February 1, 1883, to May 31, 1883) it was reduced to 53.78 per cent.

For the fifth period (June 1, 1883, to September 30, 1883) the reduction was only to 6.10 per cent.; that is to say, the opening of the Denver and Rio Grande and Bur-

lington and Missouri River line contributed temporarily something to the earning power of the Central Pacific, probably owing to the scenic attractions which the new route would offer.

But in the sixth period (October 1, 1883, to September, 1884) the percentage fell off to 42.43 per cent.

For the seventh period (October 1, 1884, to December 31, 1885) it was reduced to 41.25 per cent.

For the last period (January 1, 1886, to December 31, 1886) it was reduced to 39.33 per cent.

As in the case of freight, it will be observed with respect to passengers that the opening of each new line, with the single exception of the short period immediately succeeding the opening of the Denver and Rio Grande road, the Central Pacific has suffered a loss; and that loss resulted from no other cause than the opening of these new lines.

Exhibit E shows the number of passengers carried by all routes and the Central Pacific charges therein, with the loss in charges to the Central Pacific by diversion to other routes for each period reduced to an annual basis.

The total loss to the Central Pacific by diversion for the period from April 1, 1881, to December 31, 1886 (five years nine months), is shown to be 277,629 passengers and $5,864,664, or an average annual rate of 48,276 passengers and $1,019,942.

It will be observed also that the average rate on passengers for each period shows a less percentage of reduction than in the case of freight, though in the year 1886 the average rate fell to $12.75, against an average rate of $27.59 during the first period, from January 1, 1874, to March 31, 1881.

From October 1, 1884, to December 31, 1885, the average annual rate by all routes was $21.60, and the number of passengers carried was at the rate of 121,644 per annum, as against a rate of $12.75 for the year 1886 and 180,210 passengers.

The large reduction in rate was incident to the war in rates which followed the dissolution of the transcontinental pool. It was not compensated by increased traffic, as all the rail lines earned less from the increased traffic than they earned the year previous on a less amount of traffic. The conclusion necessarily follows that while Exhibit E shows a loss for the year 1886 to the Central Pacific by diversion of 77,268 passengers and $972,672, it does not show the entire loss resulting to the Central Pacific by reason of the competition of the other lines. The same number of passengers could have been moved by the Central Pacific at a higher average rate than was earned by all lines.

As has been explained, the passenger exhibits show only the earnings west of the eastern termini of the Southern Pacific and Central Pacific Railroads, and show for the entire period from April 1, 1881, to December 31, 1886, a total loss in revenue to the Central Pacific road of $5,864,664, or 39.33 per cent. of the total through passenger traffic.

In my judgment, it is fair to assume that the loss of the Central Pacific represents 46 per cent. of the loss to the Central and Union Pacific line, that being not only the Central Pacific road's proportion of mileage, but also its percentage of the Central and Union Pacific "line" rates. This is a very close approximation of what an inquiry for the purpose of ascertaining the exact loss would show. It is rather under than over the loss. If we assume that the loss to the Central Pacific road is 46 per cent. of the loss of the Central and Union Pacific line, we have a loss in revenue to the Union Pacific and Central Pacific line of $12,749,270.19. Reducing this list to an annual basis, the loss of revenue annually for the line would be $2,217,265. This estimate will govern Exhibit F, which combines the showings made by Exhibit C and Exhibit E for freight and passengers respectively.

EXHIBIT F.—*Recapitulation of Exhibits E and C, showing combination of passenger and freight traffic lost to the Central and Union Pacific line for the period April 1, 1881, to December 31, 1886; assuming that the results shown in Exhibit E (passenger) represent 46 per cent. of the through line earnings, the remaining 54 per cent. is added, showing total loss to Central and Union Pacific line, as below.*

	Total earnings via all routes.	Earnings via Central and Union Pacific.	Loss to Central and Union Pacific.	Per cent earnings lost.
Passenger	$27,415,123.54	$10,665,853.35	$12,749,270.19	8
Freight	58,811,807.43	23,428,726.60	24,383,080.82	6
	86,226,945.97	40,094,584.95	37,132,351.01	6

EXHIBIT F.—*Recapitulation of Exhibits E and C*—Continued.

	Reduced to an annual basis.			
	Annual earnings all routes.	Annual earnings Cent'l and Union Pac.	Annual loss of earnings to C. P. & U. P.	Per cent. lost annually.
Passengers	$5,627,416.10	$3,430,150.80	$2,217,265.30	39
Freight	9,358,575.24	5,118,039.36	4,240,535.88	45
	14,995,991.34	8,538,190.16	6,457,801.18	43

The total loss on passengers and freight (five years nine months) to Central and Union Pacific line, $37,132,351.02, or an annual loss of $6,457,801.18.

Of which the Central Pacific's proportion is 46 per cent. = $17,080,881.47, or an annual loss of $2,970,588.54.

Of which the Union Pacific's proportion is 54 per cent. = $20,051,469.55, or an annual loss of $3,487,213.64.

Exhibit F is a recapitulation of Exhibit E and Exhibit C, and shows that the total earnings for the entire period from April 1, 1831, to December 31, 1886 (five years, 9 months), of all routes from through freight and passengers were $86,226,945.97; that the earnings of the Central and Union Pacific line, ascertained as above explained, for the same period were $49,094,594.95. The loss resulting to the Central and Union Pacific line by diversion of traffic to other lines being the difference between the above amounts was $37,132,351.02, or 43 per cent. of the total business. This reduced to an annual basis shows an annual loss to the Central and Union Pacific line (since April 1, 1881, the date of the opening of the first competing line), $6,457,801.18, 46 per cent. of which, or $2,970,588.54, represents the loss of the Central Pacific Company.

There can be no question that the traffic carried by all routes during this period would have been carried by the Union and Central Pacific lines. I do not think there can be any doubt that had there been but one line, and that line had offered the same rates (and these comparisons are based upon the rates actually charged), the same amount of traffic would have been carried, and the earnings from it would have been covered into the treasuries of the Central and Union Pacific Companies. Not only is this true, but the same amount of traffic could have been carried, and doubtless would have been carried, at an average rate of charge something higher than was actually obtained, so that while the average annual loss to the Central and Union Pacific line is shown by these statements to have been less than $6,500,000, I believe that the actual damage to the Union and Central Pacific line, caused by the building of the other lines, is not less than $7,000,000 per annum, or a total loss of over $40,000,000 for the period between April 1, 1881, and December 31, 1886, 46 per cent. of which represents the loss to the Central Pacific Railroad Company.

The facts and figures set forth in the inclosed exhibits are derived from our own records; first, being abstracts made from impression copies of the original way bills covering the freight carried, and from the original tickets collected from the passengers; and, second, for the Oregon Short Line and Northern Pacific roads, which are not connections of either the Central or Southern Pacific, from the records of the Transcontinental Association for the period from October 1, 1883, to January 1, 1886, and for the year 1886, from the records of the Northern Pacific and Union Pacific Companies respectively.

In giving the dates of the opening of the several lines, I have not been governed by the historical dates, but by the dates of the first billing or ticketing of through business done by those lines.

Respectfully submitted.

J. C. STUBBS.

STATE OF CALIFORNIA,
City and County of San Francisco, ss:

J. C. Stubbs, being first duly sworn, saith: That he has read the foregoing statement consisting of the pages next preceding marked "Exhibit No. 12," and knows the contents thereof; that the facts therein stated are true except as to those matters stated on his information or belief, and as to those he believes it to be true.

J. C. STUBBS.

Subscribed and sworn to before me this 26th day of July, A. D. 1887.

[SEAL.]

E. B. RYAN,
Notary Public in and for said City and County.

EXHIBIT No. 13.—*Statement of E. H. Miller, jr., secretary, relative to amounts due from the United States for transportation on non-aided roads.**

The Central Pacific Railroad Company controlled by lease a number of branch lines prior to April 1, 1885, from which date the lines were leased to the Southern Pacific Company. Mails were carried by these lines for the United States under the rules and orders of the Post-Office Department. No payments have been made for such service since 1883, at which time but partial payments were made. The payments were withheld prior to April 1, 1885, because the Central Pacific Railroad Company leased the lines, and they have been withheld since that date because the Central Pacific Railroad Company had formerly leased the lines.

The United States Supreme Court decided in U. S. *vs.* C. P. R. R. Co., October term, 1885, that compensation for transportation on non-aided and leased lines was due the company in cash. (See U. S. Com. R. Rs., 1886, p. 27.)

To show the amount of this service for which payments have been withheld, statements are submitted herewith as follows:

(A.) Mail transportation from January 1, 1862, to March 31, 1885, showing amounts as allowed by Post-Office Department, $1,814,384.96, of which non-aided and leased lines' proportion is $806,923.27; cash paid is $300,623.46; balance due and unpaid, $501,299.81.

AMOUNT DUE FOR MAIL SERVICE IN CASH.

(B.) Mail transportation from April 1, 1885, to December 31, 1886, showing amounts as allowed by Post-Office Department, $989,037.54, of which non-aided and leased lines' proportion is $459,244.97, all of which latter sum remains due and unpaid.

The total amount thus remaining due and unpaid for transportation of mails to December 31, 1886, on such non-aided and leased roads, is $960,544.78.

The transportation charges on non-aided lines were applied in settlement of the annual requirements of the company under the provisions of the Thurman act. After such applications there remained a balance due the Government on December 31, 1881, of $79,149.91. This balance was paid by the company in cash October 23, 1882, thus settling the accounts to the end of 1881. Of this the U. S. Commissioner of Railroads, in his report for 1882 (p. 26), says:

"Under the act of May 7, 1878, the book-keeper of this office checked the books and accounts of the company in San Francisco, with a view to the ascertainment of '5 per cent. of the net earnings' for the year ending December 31, 1881. Twenty-five per cent. of the net earnings of the subsidized portion of the road was found to amount to $1,038,935.24. The transportation for the Government during the year amounts to $959,785.33, leaving a balance due the United States of $79,149.91. Statement was rendered and payment demanded October 20, 1882. A check for the amount was sent to the Treasurer of the United States by the vice-president of the company, October 23, 1882. The company has therefore paid to the Government all of its accrued indebtedness to date."

CASH DUE FOR ALL TRANSPORTATION SERVICE.

From and including the year 1862 to the present time there has been annually a balance due the non-aided lines for transportation services performed. The amount thus due from the Government in cash, in excess of all requirements of the law, to December 31, 1886, is $1,853,323.15. This appears from statement C herewith, the further details of which appear in the annual reports of U. S. Commissioner of Railroads for the several years named.

The United States, by failing to pay for such mail service and other transportation, has caused an expenditure to the Central Pacific Railroad Company of amounts equal to interest on the sums retained at the rate of 6 per cent. per annum, that being the rate of interest paid during the period on floating debt of the company, which debt would have been decreased by the payment of the sums due from the United States.

The annual interest on this balance due the roads in cash to December 31, 1886, of $1,853,323.15, at 6 per cent., is $111,199.39. This is the present annual injury to the roads by the Government on account of the item of transportation charges unpaid. The current charges also, in excess of the requirements, amount, as shown by the foregoing statement, to about $450,000 a year. This amount with the interest on the balance make the accruing annual sum of $560,000. due for transportation on non-aided lines and remaining unpaid.

* See answer to question No. 55.

STATEMENT A.—*Central Pacific Railroad and leased lines—Earnings from mail transportation from January, 1893, to March, 1895, inclusive, and settlement thereof by the United States.*

Post-office route.	Termini.		Compensation due.			Distribution over aided and non-aided.		Government settlement.		Government settlement.	
			Amount.	Less deductions by Post-Office Department.	Amount allowed by Post-Office Department.	Aided.	Non-aided.	Credit.	Cash.	Disposition of amount credited.	
										Credited to interest and 5 per cent. account.	Credited to sinking-fund account.
39995	Deming	El Paso	$12,393.62	$5.19	$12,388.43		$12,388.43	$1,867.56	$4,730.56	$948.94	$948.94
40001	Yuma	Deming	208,942.40	396.28	208,546.12		208,546.12	23,144.99	79,986.18	16,072.50	16,072.49
40001	Ogden	San Francisco	1,682,602.23	3,020.35	1,679,581.88	$558,103.67	121,478.21	973,751.63	47,950.61	487,875.81	487,875.82
40002	Roseville	Redding	88,134.81		88,134.81		88,134.81	9,388.38	33,336.21	4,694.19	4,694.19
40006	Suisun	Napa Junction	2,316.73	.01	2,316.73		2,316.73	505.76	164.09	282.28	282.28
40007	Davisville	Woodland	1,303.91		7,303.91		1,303.91	207.10	165.16	103.55	103.55
40008	Vallejo Junction	Calistoga	9,940.95		9,940.95		9,940.95	1,482.73	768.96	741.36	741.36
40010	Lathrop	Goshen	81,207.43	.04	81,207.47		81,207.47	12,401.84	31,320.75	6,200.92	6,200.92
40012	Stockton	Milton	7,182.23		7,182.23		7,182.23	1,380.82	2,237.00	690.41	690.41
40013	Wilmington	Los Angeles	3,492.88	.01	3,492.87		3,492.87	464.90	1,347.59	232.45	232.45
40014	Huron	Yuma	188,081.22	.02	188,081.20		188,081.20	22,986.74	75,650.65	11,484.87	11,484.87
40017	Los Angeles	Santa Ana	8,935.97	.01	8,935.96		8,935.96	1,096.22	3,877.15	548.11	548.11
40020	Los Angeles	Santa Monica	2,551.55	.02	2,551.53		2,551.53	339.10	1,042.00	179.56	179.56
40022	Woodland	Willows	19,474.16		19,474.16		19,474.16	1,992.06	1,742.61	996.02	996.02
40023	Galt	Lone	5,769.54	.01	5,769.53		5,769.53	737.90	2,237.10	368.95	368.95
40024	West Oakland	Berkeley	805.59	.01	805.58		805.58	126.10	308.86	63.05	63.05
40026	San Francisco	Alameda	1,873.05		1,873.05		1,873.05	315.56	707.95	157.78	157.78
40028	San Francisco	Sacramento	51,999.96	4.99	52,004.95	38,556.82	13,448.13	40,677.92	5,148.67	20,338.96	20,338.97
40029	Niles	San José	2,862.52		2,862.52	2,740.90	121.62	2,755.10	48.80	1,377.58	1,377.58
40032	Port Costa	Lathrop	34,554.46	37.58	34,516.88	8,060.30	26,456.58	16,860.10	10,983.63	5,17.505	5,175.05
40035	Peters	Oakdale	2,248.95		2,248.95		2,248.95		1,022.25		
40036	Goshen	Huron	2,976.89	.03	2,976.86		2,976.86		1,871.40		
			1,817,339.43	3,450.51	1,814,384.96	1,007,461.69	806,923.27	1,116,975.82	805,623.46	558,487.98	558,487.95

LELAND STANFORD.

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STATEMENT B.—*Southern Pacific Company—Earnings from mail transportation on lines formerly operated by the Central Pacific Railroad Company, from April 1, 1885, to December 31, 1886, and settlement thereof by the United States.*

Post-office route.	Termini.		Compensation due.			Distribution over aided and non-aided.		Government settlement.		Government settlement.	
			Amount.	Less deductions by Post-Office Department.	Amount allowed by Post-Office Department.	Aided.	Non-aided.	Credit.	Cash.	Disposition of amount credited.	
										Credited to interest and 5 per cent. account.	Credited to sinking-fund account.
39995	Deming	El Paso	$10,428.83		$10,428.83		$10,428.83				
40001	Yuma	Deming	117,510.27		117,510.27		117,510.27				
40001	San Francisco	Ogden	567,184.48		567,184.48	$503,651.17	63,533.31	$354,724.95		$177,462.49	$177,462.46
40003	Roseville	Redding	46,337.36		46,337.36		46,337.36				
40006	Suisun	Napa Junction	1,116.83		1,116.83		1,116.83				
40007	Woodland	Grafton	737.84		737.84		737.84				
40008	Vallejo Junction	Calistoga	5,382.85		5,382.85		5,382.85				
40010	Lathrop	Goshen	45,666.97		45,666.97		45,666.97				
40012	Stockton	Milton	3,524.66		3,524.66		3,524.66				
40013	Los Angeles	San Pedro	1,965.63		1,965.63		1,965.63				
40014	Goshen	Yuma	108,525.33		108,525.33		108,525.33				
40017	Los Angeles	Santa Ana	4,779.53		4,779.53		4,779.53				
40020	Los Angeles	Santa Monica	1,464.58		1,464.58		1,464.58				
40022	Davis	Tehama	17,601.83		17,601.83		17,601.83				
40023	Galt	Ione	3,013.42		3,013.42		3,013.42				
40024	West Oakland	Berkeley	422.23		422.23		422.23				
40026	San Francisco	Alameda	959.25		959.25		959.25				
40028	San Francisco	Sacramento	28,664.80		28,664.80	21,195.87	7,468.93	14,759.45		7,379.74	7,379.71
40029	Niles	San José	1,541.52		1,541.52	1,473.56	67.96	1,031.10		515.55	515.55
40032	Port Costa	Lathrop	19,482.64		19,482.64	3,471.97	16,010.67	2,385.15		1,192.57	1,192.58
40035	Peters	Oakdale	1,433.07		1,433.07		1,433.07				
40038	Goshen	Lemoore	1,293.62		1,293.62		1,293.62				
			989,037.54		989,037.54	529,792.57	459,244.97	373,100.65		186,550.35	186,550.20

STATEMENT C.—*Statement showing amounts due from United States Government in cash to December 31, 1886, for transportation on non-aided and leased lines.*

Year.	Requirement under Thurman act.	United States transportation.				Balance due and unpaid.
		Aided lines.	Non-aided lines.	Cash paid.	Total transportation less cash.	
1882	$792,920.24	$403,754.26	$848,108.20	$122,754.64	$929,107.82	$136,187.58
1883	661,530.69	403,241.26	515,287.00	183,564.98	734,913.33	73,382.64
1884	538,851.52	478,225.20	481,395.51	.....	959,620.71	420,769.19
1885	386,118.83	342,941.39	514,242.16	.....	857,183.55	471,064.72
1886	418,271.56	344,694.45	504,343.41	.....	849,037.86	430,766.30
	2,797,692.84	1,972,856.56	2,863,326.28	306,319.57	4,329,863.27	1,532,170.43
The requirements from July 1, 1878, to December 31, 1884, were originally stated and settled as above, but they have since been restated in conformity with the decision of the Court of Claims (see U. S. Com. of R. R., 1885, p. 7), that new construction and equipment on the aided line are proper deductions in ascertaining the net earnings. These deductions, since made, make the annual requirements less than the amounts on which settlements were currently effected, by the sum of $321,152.72. This amount is therefore due the company in addition to the sum stated above						321,152.72
Making balance of cash due and unpaid for transportation on non-aided roads to December 31, 1886						1,853,322.15

STATE OF CALIFORNIA,
City and County of San Francisco, ss:

E. H. Miller, jr., being duly sworn, says he has read the foregoing statement; that the matters and things therein stated are true of his own knowledge, except as to matters stated on his information and belief, and as to those he believes it to be true.

E. H. MILLER, JR.

Subscribed and sworn to before me this 20th day of July, 1887.

[SEAL.]

E. B. RYAN,
Notary Public in and for said City and County.

By the CHAIRMAN:

Q. Have you any further statements to submit to the Commission?—A. No, sir.

Q. Do you desire to say anything further in connection with the statements already submitted?—A. No, except to explain them, if the Commission desires.

WILLINGNESS TO GIVE INFORMATION.

Q. Are you ready to have your oral examination proceeded with?—A. Yes, sir; now or at any time. I would suggest, however, that it might be better to postpone it for a day or two. I suppose that there are a great many witnesses whom you wish to examine, and if I am left to the last there are some things which may develop in the course of these examinations which I may be able to explain.

Commissioner ANDERSON. We will call you again. We shall be here thirty days yet, and I have no doubt that we will nearly bother the life out of you before we get through.

The WITNESS. It may; but this thing is not new to us by any means.

Commissioner ANDERSON. I believe that. The Union Pacific people say the same thing.

The WITNESS. We have had investigating committees after us all the time since we began crawling up the mountains. We used to have

annual sessions of the legislature, and there was scarcely one of them but what we had to appear and defend ourselves against attack. We used to appear before these legislative investigating committees regularly and stand a general investigation of our affairs.

By Commissioner ANDERSON:

Q. Shall we proceed with you this morning?—A. Unless it is your order of business I should like to be excused. I have some considerable work to do, and I am not feeling very well to-day.

Commissioner ANDERSON. We have no other witnesses. We excused Mr. Brown because we expected that your examination would require several days. If you can do so just as well as not we would prefer to ask you a few questions now. When you get fatigued, if you will let us know, we can stop.

EARLY BUSINESS CONNECTIONS.

Q. When did you first come to California?—A. In 1852.

Q. At that time San Francisco was just beginning to be a city of any importance, was it not?—A. It was a pretty small place at that time. I think that when we commenced to build this road it had a population not exceeding 60,000.

Q. What business did you follow here from 1852 to 1860?—A. Merchandising.

Q. Were you alone, or did you have a partner?—A. A portion of the time I had a partner and a portion of the time I was alone.

Q. Who were your early partners?—A. First, I had a partner by the name of Smith, and my brothers had an interest with me. They had a certain interest with me as a firm. I afterwards did business alone, and used that firm name. Then I had a gentleman by the name of Meeker in partnership with me.

PUBLIC LIFE.

Q. When did you enter public life?—A. I can hardly say. I took part in the formation of the Republican party.

Q. Please state what public offices you have held.—A. I held office once as justice of the peace. I was elected to that office up in the mountains. The only other office that I have held is that of governor of this State. From all that I can learn, I believe that I made a pretty good justice of the peace.

Q. When were you elected governor of the State?—A. In 1861.

Q. Did you serve more than one term?—A. I served one term only.

Q. How many years is the term?—A. It was then two years.

Q. What other public offices have you ever filled?—A. None other.

Q. Are you not a Senator of the United States?—A. Oh, yes; I did not think of that.

Q. When were you elected Senator of the United States?—A. Two years ago last winter.

Q. When did you enter upon the discharge of your duties?—A. I entered upon the discharge of my duties at Washington at the time that Mr. Cleveland was inaugurated President.

FIRST ACQUAINTANCE WITH CROCKER, HUNTINGTON, AND HOPKINS.

Q. When did you first form the acquaintance of Mr. Charles Crocker?—A. I am not certain, but I think that I formed his acquaintance about 1854.

Q. Here in San Francisco?—A. No, sir; in Sacramento.
Q. What business was he in at that time?—A. He was merchandising.
Q. Was he engaged in the same line of business that you were engaged in?—A. No, sir.
Q. Was he alone or had he a partner? I believe that the firm name was Charles Crocker & Co.—A. I think that he had a partner, but I am not certain.
Q. Do you know who his partners were at any time between 1854 and 1862?—A. No, sir; I do not know. If he had a partner I think that it was a gentleman who lived in New York. I think that there was some one in New York who had an interest with him in the firm.
Q. When did you become acquainted with Mr. Huntington?—A. In 1859.
Q. What was his business?—A. He was in the hardware business in Sacramento.
Q. When did you become acquainted with Mark Hopkins?—A. About the same time.
Q. Also at Sacramento?—A. Yes, sir.
Q. What was Mr. Hopkins's business?—A. He had a general grocery and provision store.

INCEPTION OF CENTRAL PACIFIC RAILROAD ENTERPRISE.

Q. Do you recall the circumstances under which the scheme of the Central Pacific Railroad was first developed? I mean when the bill first passed the legislature of California, and the time when the first idea of the road was developed.—A. I will tell you the whole history, if I can take time to refresh my memory, because I was a part of it at the beginning. If you desire, however, I will now give you a brief sketch.

ORIGINAL SURVEY MADE BY T. D. JUDAH.

Q. I wish that you would give us a brief sketch now, and at some future time you can give us the complete history.—A. In 1860 there was a gentleman by the name of T. D. Judah, who was afterwards chief engineer of the company, who had made surveys over the mountains with reference to the building of a line of railroad connecting the Atlantic and the Pacific. At first I had no personal acquaintance with him. The first time that my attention was called to the question of the construction of a railroad was by a gentleman by the name of James Bailey, who was afterwards the secretary of the company. Mr. Bailey came down to see me, told me of his acquaintance with Mr. Judah, and informed me that Mr. Judah had discovered in the mountains a pass over which a railroad could be built, and gave me such further information on the subject as he possessed, and desired that I should see Mr. Judah. I told him that I should be glad to see Mr. Judah, but did not know that we would care to do anything in the matter. I told him, however, that I would talk with Mr. Huntington and others about it. We fell into conversation upon the subject, and the result was that we agreed to have a meeting, and did have it the same evening at my house. We then fully considered the subject, and discussed the matter one way and another. We afterwards met again, when Mr. Hopkins joined us, and the result of that was that we concluded that we would make the acquaintance of Mr. Judah. Neither of us was acquainted with him, and we invited him to meet us and make our acquaintance.

He then came down with Mr. Bailey and we had a conversation. We discussed the question thoroughly in all its bearings, and the more we talked of it the better we liked it. Mr. Crocker then came in, together with some other citizens, and between Crocker, Huntington, Hopkins, Judah, Bailey, and myself we raised some money towards making explorations which we thought necessary before forming a company. We awaited the result of those explorations and the reports made by Mr. Judah before we concluded to form a company, which we did in 1861.

COMPANY FORMED AND ROUTE SELECTED.

We had routes surveyed over the mountains—according to my recollection there were five of them—and finally determined which was the best one as to the passes and grades. We took the one which had the shortest snow line. At that point the ascent is very irregular. We had 7,000 feet of ascent almost in 83 miles. After reaching the summit the descent was at the rate of 90 feet to the mile. Outside of this, down the Truckee, there were a number of short grades and low summits, and a number of plateaus to cross. Altogether the route which we selected was the most practicable, according to our ideas. Although the snow falls as deep and even deeper on this line than it would have fallen on other lines that could have been selected, yet this deep snow line extends but a very short distance. We finished our explorations and then looked over the country to see what business there would be for a railroad line. At that time the business of Nevada was very promising, and we had an idea, like everybody else on this side, that most of the mountains in Nevada were filled with mineral wealth.

PROSPECTIVE BUSINESS FROM SILVER MINES.

Q. The Comstock lode was then being developed, was it not?—A. Yes, sir; they were all making developments at that time and most of them were very rich. The mines, however, did not have the depth which the Comstock lode had. I speak now of the mines outside of those upon the Comstock lode proper. I remember that while we were making our explorations, we came to the summit, and at Donner Pass we looked down on Donner Lake, 1,200 feet below us, and then looked up at the drifts above us 2,000 feet, and I must confess that it looked very formidable. We there and then discussed the question of the paying qualities of the enterprise, and we came to this conclusion: That if there was a way by which a vessel could start from San Francisco or from New York, and sail around Cape Horn, in behind those mountains, we could not afford to compete; or if a vessel could start from any of the Atlantic ports and come there around Cape Horn, we could not compete. If this could not be done, however, and if we had only the ox and mule teams to compete with, we saw that we could obtain such a rate for carrying freight and passengers that we could afford to build the road with the prospect of further developments in Nevada.

GOVERNMENT AID.

Q. Was not your attention almost immediately turned to the subject of obtaining aid from the Government?—A. I do not think it was at that time, but it was very soon afterwards. We drafted the bill in our office which, I think, became the foundation of the act of Congress. Mr. Judah and Mr. Bailey went to Washington to look after it. Mr. Judah went before the railroad commission and the committees of Congress,

and had his maps with him to explain everything. He did a great deal towards the passage of that bill, because he understood the subject better than any other man at that time. He understood the country and the routes, and what was needed generally.

METHODS EMPLOYED IN OBTAINING IT.

Q. It appears from your minutes with reference to this visit of Mr. Judah to Washington, that a resolution was passed authorizing the issue of not to exceed $100,000 in full paid stock to be used by Mr. Judah as agent for the company, in such manner as he might deem advisable, in compensating agents and assistants who might perform service in promoting the interests of the company, and in furtherance of the objects of his mission. Do you remember that circumstance?—A. Yes, sir; I know that we gave him stock to be used to pay his expenses there, and to secure such aids as he might need. He used but little of that stock, however—not very much of it. I do not remember how much he did use, but it may be that the reports will show. I think, however, that he brought back most of it.

Q. He was by profession an engineer, was he not?—A. Yes, sir.

Q. Who else accompanied him to Washington on behalf of the company?—A. Mr. James Bailey. He was the first secretary of the company.

Q. Had you at this time any acquaintance with J. C. Stone, of Leavenworth, who was then present in Washington?—A. No, sir; I did not go on to Washington myself.

PASSAGE OF BILL BY CONGRESS.

Q. Proceed with your narrative. You were stating the inception of the enterprise, and the ideas that you had about getting over the mountains, and the object of Mr. Judah's trip to Washington?—A. Mr. Judah remained in Washington some little time, and I do not know but what Mr. Huntington was there with him, but I think not, however, at that session. The bill was finally passed. After the passage of the bill Mr. Judah came back here and went to San Francisco in the hope that stock might be placed with the capitalists here in order to get money to build the road. Except a subscription for one lot of ten shares, we were not able to interest anybody in this city. The only thing we were able to obtain was that one ten-share subscription. There was some local feeling at Sacramento and some little stock was taken up there. This failure compelled us to ask aid from the counties, particularly the county of Placer, through which the road was to be constructed, and it gave a subscription of $200,000 towards the stock, giving the company its bonds for the same.

STOCK SUBSCRIPTIONS.

By the CHAIRMAN:

Q. Did you open books for the subscription of stock here?—A. Yes, sir.

Q. And also at Sacramento?—A. Yes, sir. And we went around soliciting subscriptions but found it impossible to get them. At that time everything here was high, and money was readily worth from 2 to 3 per cent. per month. All the objections to taking stock might be crystallized into this one, that money was bringing from 2 to 2½ per cent,

per month, and capitalists could not afford to put it into an enterprise which they considered at best as of doubtful character, where the return would be only after the completion of the road. We were therefore compelled to rely upon our own resources. We obtained $200,000 subscriptions to stock from Placer County; $300,000, I think, from Sacramento County, and $600,000 were to have been subscribed by San Francisco, but the influential men and other influences here were such that we could not obtain this last subscription, and after considerable litigation the city gave us $400,000 of their bonds and did not take any of our stock. It was the best that we could do, but it hurt the enterprise very much. One of the principal things which operated against our securing stock subscriptions was the fact of the existence of a personal liability which attached to stock under the laws of this State. We were forced to use our own individual credit to its fullest extent for the purchase of supplies, at one time to the extent of $600,000. We went on, however, and built the first 31 miles of road entirely from our own means. We had not then obtained any county or State aid. The State paid the interest on a million and a half of our own bonds, we paying the principal. We built 31 miles of the road, but we were not able until we got this county aid to go further.

LOCAL CONTRACTORS.

By Commissioner ANDERSON:

Q. What 31 miles was this?—A. The first 31 miles east of Sacramento.

Q. The first 31 sections?—A. Yes, sir.

Q. By what company was that built?—A. By the Central Pacific Railroad Company, without any outside aid.

Q. Was it built by local contractors who took certain small subdivisions?—A. Yes, sir. We thought that was the most practicable way of building the road at that time.

OBSTACLES TO BE OVERCOME.

By the CHAIRMAN:

Q. During what year was this?—A. I think that it was in 1863. We kept on building and doing what we were able to do until our means were substantially exhausted. The principal drain at that time was in the purchase of iron. We wanted to have on hand sufficient iron to build fifty miles of road. We had considerable litigation to procure right of way. In fact, we obtained hardly any without litigation. Parties opposed to the construction of the road interfered with us, and we had a great deal of trouble and considerable litigation. Finally the courts decided in our favor, the counties gave us their bonds, and the State paid the interest on a million and a half of our own bonds. That was all that we had until we got aid from the Government.

CONTRACT WITH CHARLES CROCKER AND COMPANY.

By Commissioner ANDERSON:

Q. Please go back to the construction of the road. After several contractors had proceeded with portions of the work, and you concluded that it was best to make a change, what change did you make in the form of construction?—A. We then made a contract with Charles Crocker, in the name of Charles Crocker & Company. He had no part-

ner, but the contract was made out in the name of Crocker & Company for the reason that we had hopes that he would be able to get capitalists interested with him. This was found to be impossible, however, as every one regarded the enterprise as of too doubtful a character to risk money in it. It was the general impression that it would be a doubtful struggle at best, with the chances all against us.

Q. For how long was this matter discussed between all of you as to the advisability of changing the method which you had pursued, and instead of letting the work to smaller contractors giving it out in large contracts?—A. It came up almost immediately.

OBJECTIONS TO SMALL CONTRACTS.

By Commissioner LITTLER:

Q. Immediately after the small contractors began?—A. Yes, sir. Labor was very scarce, and we pushed them very hard. We wanted the work done as nearly as possible in consecutive order. We wanted it done first at the point nearest the starting point, so that as each section was completed we could utilize our capital to the greatest extent possible. We often found, however, that the contractor the farthest off would finish his work first. The others would be slow, and there was constant trouble from this source. Considerable trouble also resulted from the fact that labor, especially white labor, was very scarce. Most of the men working on the road were merely working for a stake, and when they got that they would go off to the mines, and we could not hold them, except in rare instances, more than a very little while. We could not get the necessary white men, and then we had to take Chinaman.

By Commissioner ANDERSON:

Q. Had Mr. Crocker done any work of this character before that time?—A. I think not.

ADVANTAGES OF CONTRACT WITH CROCKER.

Q. What were the advantages known to you of selecting him as contractor to do that work?—A. He joined us in the enterprise. He was a man of a great deal of energy and force of character, and nobody else hardly would touch the enterprise at all. We were left substantially alone. Six or seven men who started with us left us to get through the best that we could. After that it became practically an individual enterprise. Then we made this contract, in the hope that we would be able to get others in with us. I think that we made the contract for a certain number of miles, which Mr. Crocker finished, and that he then continued on working without any regular contract.

CROCKER'S RESIGNATION AS DIRECTOR.

Q. I would like to know something about the contract first. Do you remember the fact that Charles Crocker resigned his office as director of your company on the 24th day of December, 1862?—A. I remember the fact that he resigned, but I do not remember the date.

Q. Do you not connect that resignation with the fact that this contract was about to be awarded to him?—A. I do not remember that fact, but very likely that was so. This contract, as I say, was awarded to Mr. Crocker in order that he might get capital interested with him in the matter. It had got to be a sort of individual enterprise, because

nobody else would take hold, and it became a question with us how to get on. We saw that we must control things, control the men and control the work, if we were to succeed at all. I made great efforts, and so did all of us, to get capitalists to take an interest in this contract with Mr. Crocker, but we were unable to do so. This personal liability clause in our law had a great deal to do with it. We not only tried to get capitalists interested with us, but we were very anxious that they should come in, even if we had to give them all the assets of the company. Our failure in this matter led us to form the Contract and Finance Company.

Q. That was formed some time later, some three years later, was it not?—A. Yes, sir.

REASON FOR HIS RESIGNATION.

Q. Mr. Crocker's proposal for construction under his contract appears from your minutes to have been considered and awarded by your board on the 26th of December, 1862, two days after his resignation. Without intending to criticise that resignation, is it not perfectly apparent and well known to all of you that he resigned because the voting for that contract or the awarding of that contract while he was a director might raise questions as to its legality?—A. That may have been so.

Q. Was it not so, according to your best judgment?—A. I do not know but that it was.

Q. Mr. Crocker resigned on the 24th and his proposal was acted on on the 26th. Would that not seem to indicate that the reason that I have suggested for his resignation is the correct one?—A. That may have been the case. I have stated the objections to the making of small contracts, and in making a contract with Mr. Crocker it was done with the idea that we knew that he would work with us, that he was deeply interested with us, and that he would be at all times under our control. We wanted his whole time devoted to the construction of the road. We thought that he could do better service as a contractor than as a director, and there may have been some question as to his occupying both positions. How far those influences went at that time, however, I do not now remember, but it was a part of our general scheme to build the road, and we knew that we had to rely upon ourselves. Mr. Crocker went on with the contract, and kept on struggling with the rest of us until our means were pretty well exhausted.

TERMS OF HIS CONTRACT.

Q. Now pass to his contract: Can you tell us what the terms of his contract were?—A. No, sir; not without examination. I know, however, that we gave him so much a yard for material I think in cash, and so much in stock. The stock at this time was not considered as of much, if any, value. We did not attach much importance to it. Long before we got over the mountains it was not a financial problem. It was a question of whether it was possible to construct the road.

Q. What I want to get at is, what is your recollection as to the terms of the Crocker contract; was payment to be made on the engineer's statements of the quantity of work to be done, and not at so much per mile?—A. That is my recollection. We made estimates of prices for the different classes of work, but those prices I do not remember. I think that our books, if you have them, will show just what those contracts were.

THE STOCK OF LITTLE VALUE.

Q. The minutes do not show the terms of the contract. Your books show only large payments to Mr. Crocker during the years 1863, 1864, and 1865, and the estimates produced yesterday by Mr. Miller show, as preliminary to making the payments to Mr. Crocker, that schedules of estimates of quantity and estimates of amounts were made out, stating so many yards of excavation, so many feet of grading, so many ties delivered, so much wrought iron, so much cast iron, the whole being computed by the month, and then payments were made to Charles Crocker & Co. at the rate of five-eights of the amount due in money and three-eighths of the amount due in stock. Does that statement refresh your recollection as to the nature of the Crocker contract?—A. I know that the contract was for specific prices, to be paid by the yard, and so much was to be paid in cash, and so much was to be paid in stock. The stock was not considered as amounting to very much value, but still we had an idea that the stock of the company might be an inducement to capitalists to come in with Mr. Crocker, and if the enterprise was successful they would have the benefit of it. None came in, however; but we still continued on in the hope that at some time or another either this stock or some other inducements could be given by which we could obtain the necessary financial assistance to complete the road. As I have said before, this became substantially an individual enterprise. The whole weight rested upon us. We could not get anybody with us, and it seemed, long before we got over the mountains, that something had to be done or we would not be able to make it a success. The best thing that we could do was, first, the making of this contract with Crocker & Co., hoping for the best, and then the contract with the Contract and Finance Company.

CHRONOLOGICAL HISTORY OF CONSTRUCTION.

Q. When did you make the contract with the Contract and Finance Company?—A. That was made after the contracts with Crocker & Co.

Q. Before I ask any further questions in that respect I would like to get an intelligent and chronological history of the construction of the road from year to year. I would like the history of the building of of the road, section by section. How many miles did the Crocker contracts embrace before the contract was made with the Contract and Finance Company?—A. I think that this contract took us up to a place called Dutch Flat, 60 miles from Sacramento, about 30 miles from New Castle. Mr. Crocker then continued on building the road. I do not know now whether there was any regular contract for this additional construction or not, but I do not think that there was. I do not think that we ever gave him a contract beyond Dutch Flat, because, as I say, we were all oping to get some Eastern contractors and capitalists to come out and take an interest in the work. We did not succeed in this, so Mr. Crocker kept on doing the work. I do not know about the prices, whether they were changed or not. I do not think that we cared, so long as we got the work done. We kept building all the time, so far as we could obtain money to go on with the work. We pushed it as fast as our means would permit, and in order to do this it was necessary that we should keep substantially the control of the whole thing in our hands. I do not know whether there was ever any new contract, either verbal or written. I do not think that there was. I think that it was merely a general understanding.

EXTENT OF WORK DONE BY CROCKER.

Q. Assuming that there was not, or that they were mere modifications of this original contract, up to what point did the Crocker work extend, and where did the Contract and Finance Company begin?—A. The Crocker work continued merely to the State line, I think, before the work of the Contract and Finance Company began. By this time, I will say further, our means were very limited. Under the act of Congress we had mortgaged the road and issued bonds 100 miles in advance of construction, and they were all consumed, together with the county aid and all the aid that we received, and it was doubtful if we could possibly go on. Then I thought, and talked it over with the rest of my associates, that if we made a contract and put in a sufficient amount of the stock so that the contractors could have substantially what there was in it, we might induce Eastern men to come in, and possibly some of our own people. I tried to get some of the largest capitalists in this State to come in with us at that time, but it was the same old story.

THE CONTRACT AND FINANCE COMPANY A FINANCIAL NECESSITY.

They were afraid to take any chances in what they considered a doubtful enterprise, when they could lend their money out on good security at high rates of interest. All the way through it was a question of capital whether we would succeed or not. And we determined to let contracts in the way in which they were let, thinking that in that way we might get rid of this scare of the individual liability of stockholders under the California law. We thought that by forming the Contract and Finance Company, and agreeing to give it the stock of the company, that company might be able to interest capital. Of course this was practically giving the contractors all the assets of the company, but it was better for us to do that than to fail.

FAILURE TO INTEREST CAPITALISTS.

Mr. Huntington in New York tried to get capital interested, and I tried here. At one time I had a good deal of hope that I might succeed here by forming a syndicate of our wealthiest men and offering them these inducements. We failed in all these endeavors, as we had failed in all the previous ones. We finally managed to get through, but when we did finish the work to Ogden our entire means were exhausted. The Government bonds were all gone. I never saw one of these Government bonds. Our first-mortgage bonds were exhausted. The aid received from the counties had been used up. The money raised from the bonds on which the State had guaranteed the interest had gone into the road, and, to cap all, the company was considerably in debt.

ROAD COMPLETED TO STATE LINE.

Q. To come back to Mr. Crocker's work, I understand you to say, then, that the construction actually effected, paid under those contracts, extended from Sacramento City to the State line. Is that correct?—A. Not by virtue of the contract, but because we continued the work for the reason that there was no one else to do it.

Q. How many miles was this east of Sacramento—141?—A. About that; I think, though, that it was about 137.

Q. Can you give me the exact location where your State line is, with reference to Donner Lake Pass or the town of Truckee?—A. It is some ways down from Truckee.

Q. After you pass the village?—A. Yes, sir.

Q. Was it not known as "Camp No. 24" at that time?—A. I cannot say as to that.

Q. At what period was it that you reached this point on the State line?—A. I do not remember exactly.

Q. Take it this way. How long was it before the contract was made with the Contract and Finance Company?—A. I think that it was in the winter of 1866 and 1867. I know that in 1868 we were at the Summit. We built over the desert during the season of 1868—the winter of 1868-'69.

COST OF CONSTRUCTION.

Q. What is your recollection as to the cost of the first portion of the road? What is your recollection as to the total amount paid under the Crocker contracts for the work done by him from the thirty-first section to the one hundred and forty-first section?—A. I cannot remember now. I cannot tell you in dollars and cents; but I know that he had all the money that we could put our hands on at that time, as well as the proceeds realized from the sale of our own bonds for one hundred miles in advance of our construction, part of it at the rate of $40,000 a mile, and the rest at the rate of $32,000 a mile. The Government, I think, gave us bonds on the basis of two-thirds of the completed amount of work, at the rate of $48,000 a mile. All that was gone, and everything that we had from the county and State had gone in at that time. The bonds given us by the city and county of San Francisco bore interest at the rate of 7 per cent. per annum. Money here at that time was very high, and I think that all we realized from the sale of those bonds was at the rate of 73 cents on the dollar. The million and a half of our own bonds, upon which the State had guaranteed the interest, produced us but about $1,000,000 in cash. From the Sacramento County bonds we realized but 65 cents on the dollar, and from the Placer County bonds but 70 cents.

Q. Your statement is that all that the company had received, all of its assets, except what had been paid to the small contractors for the construction of the first thirty-one sections of the road, were used up in paying for work done under the Crocker contract and the extension of the Crocker contract?—A. I think so. I may be in error a little, but that is substantially the case. At that time I know that I was looking after the finances here, and what I have given you is my recollection.

NECESSITY FOR COMPANY TO CONTROL CONTRACTORS.

Q. Do you remember the fact that Mr. Crocker first proposed, among a number of other contractors, for a comparatively small section of work between Sacramento and the California Central, and that it was subsequently to that date that he made his larger contract?—A. Yes, sir; subsequent to that. When we first commenced, we thought of letting contracts to bidders before much work was done, but it soon became apparent to us that we could not handle them and be successful in building the road in that way. We saw that we must have them under our own control, or practically so. We saw that we must have contractors whom we could control, who could do the work when we had the money to pay, and who would push it and be willing to make any

kind of sacrifice that we might call upon them to make. We looked at the work ourselves, and whenever there was a chance to push it by any sacrifice, we did not hesitate. We used our money with the greatest economy in every respect, except in the matter of speed, and there we never hesitated to make a sacrifice. The road could not have been built under any other circumstances, and we could not have done anything in the matter, except by pushing it as rapidly as possible, still exercising in everything the closest economy.

Q. Our object is to ascertain approximately, without disputing your proposition, the terms upon which it was constructed.—A. There is no reason for concealing anything about this, or about anything else in connection with the company. I take it that this committee is here to see what is fair and right between the Government and the company, and what is right all around. I am glad to give you all the information in my power. We had great difficulties to overcome, and the only wonder is that we ever did overcome them.

AMOUNT PAID TO CROCKER & CO.

Q. We find from the books of the company that the payments to Crocker & Co. in 1865 amounted to $3,236,710.35; in 1866, $8,290,790.11; and in 1867, $9,930,282.19. The payments that I have enumerated all appear to have been made for the construction of the road from section 31 to section 141, both inclusive, one hundred and ten sections in all. It would therefore appear that between $21,000,000 and $22,000,000 were paid in the form in which the payments were made, five-eighths in cash and three-eighths in stock, to Mr. Crocker for his work to the State line. If this is correct it would seem that for the construction of the road between sections 31 and 141 Mr. Crocker received at the rate of over $200,000 a mile. Is that the way you understand the work to have been done and the payments to have been made, assuming these figures to be correct?—A. I do not know about the figures. We did not give him money any faster than he needed it, because we had great difficulty in obtaining money at that time.

Q. Who can give an idea about this?—A. I am coming to it.

MAGNITUDE OF THE WORK.

Q. Please describe the start at section 31 and extending to section 141, each of the sections being substantially equivalent to 1 mile, and give us the character of the country over which this line passes. Give the names of the towns, the names of the rivers, and tell us all you can about the general character of the country. Give us a description of the plain first, and then you can tell us about the mountains.—A. I was going to give you an idea about that work. We worked on that mountain from ten to fifteen thousand men most of the time, and then were oftentimes aided by five hundred kegs of powder a day. After we passed the mountains we worked about half that number of men. We were four years crawling up the mountains, and three of those years we drew upon all the forces that we could get. After we passed the mountains we built 500 miles of road in five days less than ten months.

Q. That is not under the Crocker contract. What I want to know is all about the Crocker contract and the work done under it. We can take up this other work afterwards.—A. What I wanted to give you was an idea of the magnitude of the work.

Q. What I want to know first of all is the history of these first one hundred and forty-one sections.—A. If you will let me go on I will give you something by which you can judge of the magnitude of that work.

GEOGRAPHY OF THE COUNTRY.

Commissioner ANDERSON. If you will describe the geography of the country, and give the names of the towns, rivers, &c., as you go on, it would be much more intelligent to me. If you say, for instance, section 31 commenced east of such and such a place and passed over such and such a river, going such and such a way, I could follow you more intelligently.

The WITNESS. The maps of our engineers will show all of these details; although they will give you the names of a great many places well known at the time the road was constructed, but which have since disappeared.

Q. The rivers are there, are they not?—A. The rivers are there; yes, sir. The contract with Crocker, I think, commenced at New Castle, 31 miles east of Sacramento. It was for a limited number of miles. My impression was that it was for 20 miles. It may have been only to Colfax, 51 or 52 miles. I am not positive about that. After terminating this contract, however, Mr. Crocker continued on with the work. I do not think that we put the terms in writing, but still we may have done so. At any rate I am not certain about it, and I do not see that it is of any great importance. We were doing whatever we thought necessary to complete that road, and we went on and did the work, and pushed it on as fast as possible with the means at our command. We never had any surplus money.

Commissioner ANDERSON. Mr. Crocker seems to have had some surplus money at some time or other in the course of his life.

DIFFICULTIES IN CROSSING THE SIERRA NEVADAS.

The WITNESS. I will give you something which will give you an idea of the extent of the work and of its magnitude if you will let me. We worked from ten to fifteen thousand men on that mountain, and after we passed the mountain, with less than half the force, we built 500 miles in five days less than ten months and met the Union Pacific Railroad line at Promontory. The work on the Sierra Nevada Mountains was exceedingly difficult, and was far more than the average of the work from there to Chicago. The same rate of speed which we were able to exhibit after we left the mountains with only half the men would, if we had been able to have carried it out during all the time that we were building, have carried us to Chicago. There never was any portion of the work on either road so difficult as that which we had in climbing the Sierra Nevada Mountains.

Q. Which side of Truckee?—A. Partly beyond Truckee, say, for the first 150 miles beyond the summit, carrying us beyond the State line. It took more work upon our part to get us across these mountains than would have sufficed to build a single track road from the other side of the Sierra Nevadas to Chicago.

PREVIOUS INVESTIGATIONS.

By Commissioner LITTLER:

Q. Is not this work well described and well stated on your side of the case in the report of your superintendent of construction, which is

made an exhibit to your affidavit?—A. Yes, sir. This is twenty-six years ago, during which time I have led a very busy life. From time to time the papers have discussed all these questions, and they have been all through these things. Legislative committees and the courts have fully investigated all these matters, and numerous reports have been made from time to time. I suppose that in one place and another an immense quantity of matter can be found that would throw light on this subject, but I cannot place my hand on it.

BASIS OF RAISING MONEY TO PAY CONTRACTOR.

By Commissioner ANDERSON:

Q. It appears from these figures, which I have read, that there was paid to Mr. Crocker for the work done by him, part of which was in money and part in stock, at the rate of $210,000 for each mile of road constructed, and our inquiry is directed to the question whether the issues of stock and the sales of bonds made for the purpose of raising that money were not upon such a basis as to have contributed, in the ultimate result, very largely to the present crippled condition of the Central Pacific Railroad Company?—A. No, sir; it has not.

Commissioner ANDERSON. And on that point we would like any information that you can give us.

The WITNESS. The stock was not considered as valuable at the time, and it did not turn out to be of any valuable assistance in the building of the road. If it had any value at all it was wholly prospective. We could not sell it and we could not hypothecate it. All the money that we could get from any and every source went into the road.

Q. You mean it went into the Crocker contract?—A. It went into the construction of the road. Mr. Crocker did not have any profits from it.

WHO CONTROLLED THE ENTERPRISE.

Commissioner ANDERSON. Excuse me; but you are passing over the whole question that we are so anxious to get light upon. If that expression, "Crocker did not get any profit out of it," is based upon fact we will pass to the next section.

The WITNESS. We substantially controlled the whole of that work. We knew all the work that we could do and all the money that we had to push it through.

Q. Whom do you mean by "we," yourself and Crocker?—A. I mean the five men who devoted themselves to it from the beginning to the end. We all worked on the best that we could, and did all we could to accomplish the result.

Q. There were yourself, Mr. Crocker, Mr. Mark Hopkins, Mr. Huntington, and who else?—A. E. B. Crocker.

Q. A brother of Charles Crocker?—A. Yes, sir. Mr. Judah died early and Mr. Bailey retired.

Q. And E. B. Crocker is dead now?—A. Yes, sir.

Q. Was his interest substantially the same as that of Charles Crocker; did they work together?—A. No, sir. Charles Crocker was contractor; but we all felt that we should fill our parts the best that we knew how towards securing the construction of that road, and we did so.

Q. You say that you were all working together. Do I understand you that you all contributed your time, attention, and credit, and gave your best energies to the successful completion of these Crocker contracts?—A. Yes, sir; that is substantially it.

WHO WOULD HAVE GOT THE PROFITS.

Q. Do I also understand that you were equally interested in any of the profits, or were to share any of the losses that might arise under that contract?—A. No, sir; not at that time.

Q. If there had been profits would they have gone to Mr. Crocker?—A. If there had been profits we would have let them go to him, as is ordinarily the case in contracts, and Mr. Crocker would have enjoyed them. We had to make great sacrifices, however, in order to make time, and this cut off whatever profits he might otherwise have made. Sometimes it was a question how far we could get money to keep things going, and how to regulate expenses so as to be able to pay them.

RELATIONS OF CONTRACTORS WITH RAILROAD COMPANY.

Q. State on what you based your belief or conviction that you appear to have that when Mr. Crocker had finished the one hundred and forty-first section there was nothing left of the $22,000,000 in money and stock which he had received?—A. Because the money passed through our own hands, and the relations of Mr. Crocker and the Contract and Finance Company with the railroad company was such that we knew all the time about their expenses and their wants. We met their wants, but did not go any further. The contract, at the time it was let to Mr. Crocker, would not have been taken by anybody else. If there had been a regular contract let to a regular contractor whom we could not have absolutely controlled, we would have had more or less trouble. We could not have afforded to have let him go on as contractors ordinarily go on with work, because of the difficulty which we experienced in getting money. If we could have let him go on in this way, as other contractors do work, he would have had a right to enjoy all the profits that he could make; but we had to have control over him in order to be able to do anything at all; and as he was interested with us in the construction of the road, and as we were all working together for the common end, we could of course do as we pleased with him.

INDIVIDUAL KNOWLEDGE OF EXPENSES.

Q. Did that control which you exercised over Mr. Crocker give you such a knowledge of his doings as to enable you to tell when he ought to have money, or did you take his word for it every time?—A. We knew what he wanted and what he needed. We had reports of the work that was being done, and we knew the work that was to be done. We knew what it was costing, and we knew every dollar that was required to carry it on.

Q. Those reports made to you must have been entered somewhere upon your books, and ought to show the amounts paid to the different contractors who did the work, ought they not?—A. I suppose so.

Q. You would not be liable to take his word for it whenever he needed money, would you? He would not come to you and say, "I want more money to do more work," or "I want $5,000,000 to go on, as I have spent all I had"?—A. Each one of us on the spot had his individual knowledge as to the other's department, and we kept trace of it all the time. We hardly slept, but did the best we could to get along, and I may say now that I sometimes wonder that we ever did get through at all.

DISAPPEARANCE OF CONTRACTOR'S BOOKS.

Q. Who kept Charles Crocker's books?—A. I think William E. Brown. Perhaps not at the beginning, but very soon afterwards, before the enterprise became of very great magnitude, William E. Brown was in charge.

Q. Have you ever seen those books since this contract was finished in 1867?—A. I do not know. I never have been over his books, but I have seen books in his office lying open on his desk.

Q. Do you know whether they have been exhibited in any of the various litigations in which these matters have been discussed?—A. Not to my knowledge.

Q. Do you know whether they are available to this Commission now?—A. I do not think that they are. I do not know where they are, nor what became of them, but they have disappeared.

Q. They have disappeared?—A. Yes, sir.

Q. Do you know whether this has been the subject of litigation and investigation, as have been the books of the Contract and Finance Company, which have been described as missing?—A. Yes, sir.

Q. And they have not been produced?—A. No, sir.

INTEREST OF COMMUNITY AS TO CAUSE OF CENTRAL PACIFIC'S WEAKNESS.

Commissioner ANDERSON. I may as well say here that the subject, as we understand it, assumes about this shape: The community is largely interested in this matter, and it seems to be the general belief that the present weak condition of the Central Pacific Railroad Company is due to the fact that the contract with Crocker & Co., and the contract with the Contract and Finance Company, and the contracts with the Western Development Company, and the contracts with the Pacific Improvement Company have drained the company of its resources; that certain individuals have procured to be issued to themselves enormous quantities of stock and bonds of this company, and have paid dividends on the stock, and have made the interest charge on the bonds exceedingly heavy, and that the origin of its difficulties lies there entirely, and nowhere else. The Commission desires to afford a full opportunity to have answers made in reference to that matter. To those subjects to which you have been so fully devoting your time (and in the report you handled them with great dexterity and ability), the community has had its attention called so often that it is familiar with them; but the subject of this issue of stock and bonds has always remained concealed, and all proceedings brought to throw light upon it have been met with the assertion that the books and the contracts have disappeared.

THE STOCK VALUELESS WHEN ISSUED.

The WITNESS. I thank you for your frankness. This opportunity is what we want, and what we have desired for some time. We have nothing in our transactions to conceal, and we are ready and willing that the whole history shall be fully understood. The stock was substantially valueless. It had no value at the time it was issued, and it had no value when the road was completed. Of course it afterwards became valuable. Of the very few people who subscribed for stock at the beginning, most all got out, and this included most of those who had taken a little stock to help us along. Afterwards it went down, and I myself bought, as an accommodation to a stockholder, $300

shares of it at 10 cents on the dollar, full paid stock. Finally, it was not sold at all, as nobody would have it. In making these contracts we did not count the stock even among ourselves as of any special value, but we put it in in the hope that somebody or other, some capitalists, would be willing to take an interest with us, and there would be the property as security.

MEANS EXHAUSTED UPON COMPLETION OF ROAD.

When the road was completed to Ogden, all of our money and all of our means were exhausted. You will understand that our road was mortgaged for 100 miles in advance of construction, and we had used up all of this money crossing the mountains. We had graded the road to Promontory, some 63 miles, I think, and there met the Union Pacific. In the settlement, the Union Pacific took the entire aid from the Government for these 63 miles, which made a considerable inroad in the amount received from the Government by the Central Pacific. Everything was used up. The Contract and Finance Company itself was somewhat in debt, and I think our books will show—by this I mean the Western Development Company books—that when the Contract and Finance Company went out of existence there was a great deal of property which it was supposed by the general public to have, which really had no existence. About that time there was a great deal of talk about the Credit Mobilier matter of the Union Paific.

DISSOLUTION OF CONTRACT AND FINANCE COMPANY.

The people began to talk about the Contract and Finance Company; and when we, after a while, got through, we concluded to let that company go. Its affairs were wound up, and under our laws here it was dissolved. The indebtedness of the Contract and Finance Company was assumed by Mr. Huntington, Mr. Crocker, Mr. Hopkins, and myself, according to my recollection, and its affairs were wound up.

DIVIDENDS.

Commissioner ANDERSON. I will say here that the assertion is made that the Contract and Finance Company was in the condition which you mentioned because, before presenting its petition to the court, it had divided up enormous dividends of stock and bonds to the four gentlemen you named.

The WITNESS. My impression is that the only dividends made were of stock; but Mr. Brown, when you come to him, will be able to tell you specifically about that.

MONEY PAID TO CROCKER.

By the CHAIRMAN:

Q. Of what department did you have charge during the Crocker contract?—A. I was president of the company, and had the general management of its affairs on this side. I looked particularly after the financial department until we were able to obtain aid from the Government. I had to look after a great deal of the financial business of the company, especially that which was transacted here.

Q. Was the sum of $22,000,000, or the different amounts named to you as having been paid to him from 1864 to 1867, paid to Mr. Crocker on his individual contract?—A. As to the amount I cannot say, but

of course Mr. Crocker received the money, whatever was paid for the work from the end of the 31 miles until the Contract and Finance Company took hold of the construction. But as to the amounts I cannot say anything. I only know this, that I was helping to raise money all the time, and it was hard work to get it.

STOCK SUBSCRIPTIONS.

I will say further about this stock: The stock subscriptions by individuals were very small. At last we had some trouble about the Contract and Finance Company, and got into the courts. We finally bought up the stock, so that there was none of the stock owned by the original shareholders in the market that we know of, and they have not any interest in the railroad because of that stock. The present stockholders in the concern have no interest or concern at all in any business or contracts prior to that date.

ACCOUNT BOOKS OF CHARLES CROCKER & CO.

By Commissioner ANDERSON:

Q. Before leaving the Crocker contracts can you refer us to any one else besides William E. Brown and Charles Crocker who would have knowledge of the contents of the books of account of that firm, and who can lay before us the figures showing what profits, if any, were made out of that construction, so that we can reach an intelligent judgment on that subject?—A. No; I do not think that I can. I think that Mr. Brown had a clerk or two with him; but he kept the books, and he would know. Mr. Crocker did not pay much more attention to the books and to the accounts than the rest of us. He was superintending construction, and spent most of the time at the front. He was a very active man, and personally supervised the work of construction.

Q. Did he have any assistant?—A. Yes, sir; his first assistant was Mr. Strobridge.

Q. Is he living?—A. Yes, sir.

Q. Please give us his name in full.—A. J. H. Strobridge.

Q. Please give us his address. Is he living in San Francisco?—A. He lives across the bay, in Oakland.

Q. How can he be reached?—A. He may be reached at almost any time upon a day's notice.

Q. Did he make the subcontracts that Mr. Crocker made?—A. No, sir.

Q. Was he employed by Mr. Crocker?—A. Yes, sir.

Q. Did he have the employment of any men?—A. Yes, sir; under Mr. Crocker he had the entire supervision of the work of construction.

Q. Did the Crocker contract include rails? Did he furnish the rails?—A. I think that the contract included everything.

MATERIALS PURCHASED IN NAME OF CENTRAL PACIFIC.

Q. Where goods, materials, rails, &c., were purchased in the East to be used in these Crocker contracts, were they purchased in his name or in the name of the Central Pacific?—A. I think they were purchased in the name of the Central Pacific and charged by the Central Pacific to Crocker & Co.

Q. The Central Pacific bought the rails and charged them to the Crocker contract?—A. Yes, sir; I think that was the way.

PRICE OF RAILS AND ENGINES.

Q. Do you remember the price of rails at that time?—A. They varied, I think, from $70 to $80 a ton, and I believe at one time we paid as high as $136 per ton.

Q. Does that mean iron or steel rails?—A. Iron; that was before the days of steel. Everything was high. I think that we paid $65,000 or $67,000 for two engines.

Commissioner LITTLER. Your engineer says that you paid $143.67 at one time per ton for rails delivered at Sacramento.

The WITNESS. Yes, sir; that was for a portion.

Q. Was it at that time very difficult to get rails?—A. Yes, sir. Does that statement give the amount of rails that we bought at that time?

COST OF TRANSPORTATION VIA PANAMA.

Commissioner LITTLER. No, sir; he says that shipments by way of the Isthmus of Panama were made as late as 1868, and that the rails alone cost $51.98 per ton; and that with freight added the rails cost, delivered at Sacramento, $143.67, not including the charges for transfer from the ships at San Francisco to the schooners, or for transportation up the Sacramento River to the city of Sacramento.

The WITNESS. I remember that we had 10,000 tons of rails come by way of the Isthmus, and I think that my impression is that they charged us about $60 a ton for the freight. I know that we had quite a number of engines come by way of the Isthmus, and it cost us something like $8,000 an engine for freight by way of the Pacific Mail.

By Commissioner ANDERSON. I show you one of your estimates to make up the amount coming due under this contract. Please explain it. [Hands witness the document referred to.]

EXPLANATION OF ESTIMATES.

Q. Does the first column show the quality of work done for which payment was to be made, the second column the price, and the third column the figures?—A. I only know by what I see here; but I presume that it is correct. I have no reason to think otherwise.

Commissioner ANDERSON. I call your attention to the fact that the items for work do not seem to include the rails.

The WITNESS. This seems not to include them.

Q. Does your memory serve you as to whether they were included in the contract or not?—A. I think that they were included in the contract, but that would be a different charge. These are estimates made by the engineers at the beginning of that contract. It was very carefully considered, and received as much attention as any other matter which came before the company, because when Mr. Crocker made the contract he, of course, hoped that he would make some money out of it; and if we had been able to push matters, he would have gone on in that way, and would have made some money; but circumstances required us to make all kinds of sacrifices for speed. At one time we had to pick out and dig out snow to the depth of 75 feet to make an embankment. At times the snow was very deep all along the mountains, and it was difficult to get provisions and materials to the front. At times the stage could not run, owing to the depth of the mud. The horses would mire in the mud, and

then we had to pack the goods to the front at great expense and with a great deal of trouble. The snow fell during the winters that we were on the mountain to an average depth of from 37 to 38 feet. Heavier falls have taken place since, but we have been better prepared to meet them. In the spring that snow would pack down to about from 14 to 16 feet, and would be very hard. We worked through this snow at enormous expense and trouble, and no contractor would have been able to stand on his contract.

WHY THE COMPANY CONTROLLED SUPERVISION OF WORK.

Q. Are you speaking of the Crocker contract?—A. Yes, sir. We therefore practically took control of the supervision of affairs, and did all that we could to take care of the interests of the company; but we forced the road along at any sacrifice, without any reference to the interests of the contractor.

By Commissioner LITTLER:

Q. And without any reference to the obligations of the contract?—A. Yes, sir. We wanted the work done, and as Mr. Crocker was jointly interested with us in the success of the enterprise, his interests as a contractor were considered by us as secondary to the completion of the road.

Q. Do you mean to say that by your conduct you practically annulled the Crocker contract and ran the work yourselves?—A. Pretty largely, though not entirely; perhaps legally not. But we had to have that work done, and we insisted upon it that every sacrifice should be made. For instance, we wasted a great deal of dirt, which the contractor ordinarily would put in the fills; but to do this would have delayed the progress of the work.

By Commissioner ANDERSON:

Q. Did you have any trouble with Mr. Crocker about this?—A. No, sir.

Q. Did he make any objections?—A. No, sir.

Q. Did Mr. Crocker furnish any part of the equipment or the rolling stock under his contract?—A. I think that everything went in under that contract.

Q. You notice that by your reports you did business as fast as your road was completed, do you not?—A. Yes, sir.

GROSS EARNINGS FROM COMPLETED PORTION.

Commissioner ANDERSON. So that your gross earning reported for the years 1864, 1865, 1866, 1867, and 1868 reached up to quite large figures, the gross earnings of 1868 being over $2,000,000, those for 1869 being over $5,000,000, those of 1870 being $7,000,000, and those of 1871 being $9,000,000. I merely refer to the fact that from 1862 to 1867, under the Crocker contract, your gross earnings amounted to quite a considerable sum. The rate at which the road was operated appears to have been under 35 per cent., and the credit to the income account, that is, the actual surplus after deducting all expenses chargeable to the income, appears to have amounted to over $1,000,000.

The WITNESS. About the book-keeping part I do not know. I do not know that I ever looked over a page of the books since the history of the road commenced.

FINANCIAL RESULTS FROM CROCKER'S CONTRACT.

Q. Have you ever been over any statement showing the result of this contract with Mr. Crocker, so as to see whether he did or did not make any money out of it?—A. No, sir; I never did. All the money that he received on that contract went into construction. Of course the stock was net. I never went over the matter myself, but still I had sufficient knowledge of things, and I knew that at that time every dollar of income from every source went into the construction of the road. In the first place, I had largely to do with negotiating the money for him, and our relations were such that I knew what his wants were. He talked it over with Mr. Hopkins, who was treasurer of the company, and myself, and we furnished what was needed, but we did not furnish any more. It was hard enough to get that.

THE STOCK A NET PROFIT.

Q. You used the expression a few moments ago that the stock was net; was it your understanding that the money which he received was sufficient to pay the expense to which he was put, and that when he finished the Crocker contract and completed the road up to that one hundred and forty-first section he had all the stock remaining substantially net?—A. I think so.

Q. Was there ever anything done whatsoever between Mr. Crocker, Mr. Huntington, Mr. Hopkins, and yourself as to the money received by Mr. Crocker under the Crocker contracts?—A. No further than what our books show.

Q. I mean, was there anything done looking to an accounting among yourselves as partners?—A. Not at that time; no, sir.

Q. You say that you were not partners at all as to those sections?—A. No, sir; we were not partners in those contracts.

Q. You had no interest in his profits?—A. No interest at all at that time.

Q. You were not to be held for any portion of his losses, if he made any?—A. No, sir.

Q. At any time have you had any right to inquire from Mr. Crocker whether he made any money or not out of his contract, or to ask him to account for the moneys received by him for the construction of sections 31 to 141?—A. We had no right to do it, other than that we were all engaged in the enterprise, and if money was taken out and wasted, or anything of that kind done, we would have stopped it. This work was in such shape that we could have stepped in at any time, if we were not satisfied, and could have taken it out of Mr. Crocker's hands.

NO EXPECTATION OF PROFITS.

At that time, in our own minds, we had given up all hope of realizing anything from the stock of the company. The profit to us as investors in the railroad had passed away. We had given up all hopes of that. It was then simply a question whether we could overcome the difficulties which beset us, and succeed in building the railroad. How to build it was the thing that engaged our attention, and we were willing to give our best efforts towards building the road with the greatest expedition possible; and if we had found that Mr. Crocker was making a great deal of money out of it we would have said to him, "No; it cannot be; we cannot afford to give you a large profit in money,

because we cannot spare it;" and whatever his contract might have been, we would have stopped it. I had enough knowledge of his affairs to know just how much money he needed and what he was doing with it. I was perfectly familiar with the whole thing, as also were the others. We were all in the enterprise together. We all started in at the same time, and at the beginning we started with the idea of taking what stock we could afford to take, and if others desired to come in and subscribe for the balance they could do so, even to the taking of the control of the road.

Q. As far as Mr. Crocker's individual profits out of the construction of that portion of the road to which I have referred, from section 31 to section 141, are concerned, neither you nor Mr. Huntington, nor Mr. Hopkins, ever received from Mr. Crocker an accounting or a division of the profits?—A. No, sir.

Q. Is that your positive statement?—A. Yes, sir; I do not think that we left him with any money over.

Q. I am asking about an accounting.—A. We never had any accounting.

NOT ENTITLED TO SHARE IN PROFITS OF CROCKER CONTRACT.

Q. I will ask you if you were entitled to receive any of the profits from the Crocker contracts or liable to pay any proportion of the losses?—A. No, sir; if he had made a large profit, there was nothing to prevent his legally appropriating it to his own use, and if he had made large losses, there was no obligation upon our part to assist him, except the general fellowship which comes from association in large enterprises like that. If he had made losses he might have appealed to us to assist him, and he might have done so with good grace, as we had practically assumed control of the work. We demanded that the work be crowded, without any reference whatever to whether it was advantageous to the contractor or not.

Q. To confine myself to your connection with the Crocker contract, I understand you to state positively that you have not participated in any of the profits, if any were made out of the Crocker contracts, for the work that was done between sections 31 and 141 of this road?—A. Yes, sir; that is my positive statement.

PRICE AT WHICH STOCK SHOULD BE TAKEN.

Q. Do you remember that the stock originally was to be taken at 50 cents on the dollar in the settlement with Mr. Crocker?—A. I remember that we made an estimate of this stock at that time, but whether that is the exact figure or not I do not remember now.

Q. Do you not remember that from time to time there were modifications made which reduced this figure to 30 cents on the dollar? It would be counted as 30 cents on the dollar in your settlement. It is on your minutes, if you have forgotten it.—A. I know that there was an estimate made on the stock under the C. Crocker & Co. contracts when they were made; but I do not think there was afterwards.

INCEPTION OF CONTRACT AND FINANCE COMPANY.

Q. We will now come down to the Contract and Finance Company. By whom was that invented or engineered?—A. I think that that originated with me.

Commissioner ANDERSON. Mr. Huntington claims it.

The WITNESS. He was not here when it originated. When it was made I think that he was at the East; but of this fact I have not a positive recollection. At any rate I have no doubt that we must have talked it over some time when we were together, and I know that when we made it we did it with the approval of all the principal men interested.

ORIGINAL STOCKHOLDERS.

Q. Who were the stockholders in that company at its inception?—A. At first we made that contract in the hope of inducing capitalists to come in and take a part. Our finances were very low, and we organized this company, putting in some men who took a small amount of the capital stock. I do not know whether Charles Crocker did or not, but I know that I often tried here to get others to come in and take that stock, but could not succeed. We did not succeed in any quarter, and finally gave it up. Then I think that each of us subscribed for a fifth, or about a fifth—Mr. Hopkins, Mr. Huntington, Mr. Crocker, Mr. E. B. Crocker, and myself. I think that Mr. Hopkins subscribed for Mr. Huntington, but I may be mistaken about that. I do not think that Mr. Huntington was here to subscribe for the stock, and I think that the business was done for him by Mr. Hopkins. In that way each of us became interested to the extent of about a fifth. There may have been a few shares left, I presume, in the names of the original organizers of the company.

CAPITAL STOCK.

Q. How much was the total capital stock?—A. Five million dollars.
Q. Was it divided into 50,000 shares?—A. Yes, sir.
Q. And did you not have 12,500 shares, the same number that you had in the Western Development Company and in the Pacific Improvement Company?—A. I believe not. No; I could not have had more than a fifth. I am sure I took a fifth. The two Crockers each had a fifth, and Mr. Huntington and Mr. Hopkins each had a fifth, and I had a fifth.

AMOUNT HELD BY THE CROCKERS.

Q. Do you think that the two Crockers each took a fifth; was it not a fourth between them?—A. I think that I ought to know; but still I am not sure. It is rather an impression that my previous answer is correct. I cannot say that I ever saw the stock-book or the subscriptions.

Commissioner ANDERSON. I will read you Mr. Huntington's answer to this question. He says:

The stock of that company was nearly all held by Governor Stanford, Mr. Hopkins, Mr. Crocker (meaning Charles Crocker), and myself. There were some few small stockholders, but I could not say who. Mr. Hopkins asked me what we would do, and I wrote back that he could "take as little as he could, and as much as he must," and not any more.

Q. What is the name of that company?—A. The Contract and Finance Company.

Q. Is not that substantially your recollection also? It is a mere question whether the two Crockers were one interest or were separate interests.—A. I think that they held their interests separately in all of their undertakings. I think that Mr. Huntington is mistaken. As to taking some stock, I think that this was because our idea was, when we took the stock ourselves, that we might get capitalists interested with us, and get them to come in and take a portion of it.

OTHER STOCKHOLDERS.

Q. Who were these small stockholders?—A. I think B. R. Crocker (no relative of these Crockers), Mr. Milliken, a merchant in Sacramento at that time. There may have been one or two more.

Q. Did William E. Brown have any of it?—A. I do not think he did. Yes; I think he must have had. I think that he was one of the organizers, and must, of course, have had some stock.

Commissioner LITTLER. In your testimony yesterday, in an exhibit giving the interest you had in divers companies, you stated that in the Contract and Finance Company you had 12,500 shares of stock when it was disincorporated in 1874.

The WITNESS. Yes, sir; that is so, probably, because Judge Crocker sold out his interest in everything, and we bought it.

Q. That is E. B. Crocker?—A. Yes, sir.

Q. How soon after the formation of the company?—A. We had completed the road.

Q. You five gentlemen, as I understand it, owned all the stock?—A. Yes, sir; substantially. And before the company was disincorporated I think we owned every share.

HOW THEY OBTAINED THE STOCK.

Q. With regard to these small stockholders, were their small holdings given to them in order to qualify them to act as directors and officers of the company?—A. They all subscribed for their stock.

Q. Was that stock given to them in order to qualify them to act as directors and officers of the company?—A. I have no recollection about that. I think that they subscribed for the stock themselves, but about the payments I have no knowledge or recollection at all.

Q. Have they not been examined in various litigations in which the Central Pacific Railroad Company, the Contract and Finance Company, and yourselves have been interested, and have they not testified that they held their stock to qualify them to act as directors under the law?—A. I think that they have been examined, but I cannot say what they testified to.

Q. Did not these questions come up in the Colton suit and in the Brannan suit?—A. I think not. However, I was not here when the Colton suit was tried and am not familiar with what was done.

CROCKER PRESIDENT OF CONTRACT AND FINANCE COMPANY.

Q. Who was the first president of the Contract and Finance Company?—A. I do not know whether I was the president before Mr. Crocker became president or not.

Q. Did Charles Crocker become the president?—A. Yes, sir; he was the permanent president.

Q. When did he become president?—A. He became president very soon after the organization of the company; but whether he was president at the time of the organization or not I do not know.

Q. Was he president at the time that the contract was made between the Central Pacific Railroad Company and the Contract and Finance Company, which was in October, 1867?—A. I do not know but that the contract was made with the organizers of the company; but still it may have been otherwise. Mr. Crocker became president very soon, and the work done under the contract was done while he was president of the company.

Q. The arrangement was, substantially, that he should direct operations in the matter of construction, and on behalf of your construction company, was it not?—A. I do not know what the others thought, but I thought so myself. I did not anticipate that any one would come in and take stock unless we could find large capitalists who would take the property as it was, and build the road, and, if successful, have all the benefits to be derived from it.

SCOPE AND OBJECT OF THE COMPANY.

Q. What was the general scope and object intended by getting up this Contract and Finance Company?—A. To aid in the construction of the road. It had ceased to be on our part a financial problem, and had become an individual question with each of us how we would get through. The absorbing question was how to build the road. It was a great struggle. It was a great enterprise, if I do say so myself. We were the features of it. We commenced work on this side two years earlier than the Union Pacific commenced work on the other side. We had this great mountain to overcome at the outset, and it was a great struggle, to which we gave the best energies and endeavors of our lives. The building of the road was the great question, and its construction was far above all pecuniary considerations.

Q. How soon after the formation of that company did it make a proposition to the Central Pacific Railroad Company for the construction of the remainder of its railroad?—A. [redacted] the date I cannot tell you, but it was substantially right alo[redacted]at time.

Q. It appears from your [redacted] the proposal was made in October, 1867. At that tim[redacted]ployed in the office of that company in addition to W[redacted]?—A. I do not remember the names of the clerks. [redacted] he had one or two clerks.

THE [redacted]RTERS OF THE COMPANY.

Q. And where [redacted] the office of the Contract and Finance Company?—A. At Sacramento, in the same building then occupied by the railroad company.

Q. Did you yourself see the books of the Contract and Finance Company from time to time?—A. Only as they may have been lying on the desks. I did not have occasion to go into that room, and I did not examine the books at all.

Q. Had you no personal connection with that company at all, except as a stockholder?—A. That was all, except as I came in contact with Mr. Crocker or Mr. Brown. They would sometimes come to me and tell me they wanted some money.

Q. What efforts were made to sell the stock of the Contract and Finance Company?

The WITNESS. Do you mean down here?

Commissioner ANDERSON. Anywhere?

The WITNESS. At the beginning?

Commissioner ANDERSON. Yes, sir.

PLAN FOR DISPOSING OF STOCK.

The WITNESS. We opened an office here, and kept it open some time, and advertised for subscriptions to the stock of the Central Pacific Railroad Company. We thought that if we brought those books to San Francisco the wealthy men here would gobble up all the stock, so we

opened them a week in advance in Sacramento in order to give our people at Sacramento—the people of means at that place—a chance to take stock in what we supposed would have been a good thing, and what would have been a good thing if we had not been delayed. It would have been advantageous for the people here if they had taken stock and enabled us to push the road along to a speedy completion. A few people in Sacramento took small amounts. It was not taken by many individuals. There was no money in California at that time for permanent investments in enterprises of this nature, as it was worth too much for current business. We came down here, opened our office, and laid out our books. We sat there patiently waiting all day, but nobody came, except one man, a Frenchman I think it was, who came in and subscribed for ten shares. That is all that was taken here.

Q. Has this reference to the stock of the Contract and Finance Company?—A. No, sir; I thought that your former question referred to the stock of the Central Pacific Railroad Company. We kept our books down here for some time—I do not know how long—but no one ever came in to take stock. That threw somewhat of a damper upon us. We were then thrown upon our own resources, and did the best we could. We did not open the books of the Contract and Finance Company in order to get subscriptions to the stock, because it would have been of no use. I went around, however, to such men as D. O. Mills, W. C. Ralston, Haggin & Tevis, Edward Barron, Michael Reese, Mr. Mayne, and to everybody who I thought might possibly be induced to take an interest, but could not succeed at all.

By Commissioner LITTLER:

Q. You mean that you were soliciting these gentlemen to take stock in the Contract and Finance Company?—A. Yes, sir; I wanted them to take stock in that company in order that we might get funds to push construction.

By Commissioner ANDERSON:

Q. Was this before the contract was made in October, 1867, or was it both before and after that date?—A. It was both before and after. I did everything that I could to try and get capitalists in with us.

CUSTODY OF BOOKS.

Q. In regard to the books of the Contract and Finance Company, when did you last see them?—A. I have no distinct recollection as to the time when I last saw them. I suppose that the time when I last saw them was the time that I was last in the office of that company.

Q. In whose custody were they then?—A. I think that Mr. Brown was still there.

Q. Mr. Brown has stated that he passed them over to Mr. John Miller. Do you know Mr. John Miller?—A. Yes, sir; he succeeded Mr. Brown. I have no recollection at all of the books, but as I frequently passed the door of his office going to my own, which was directly opposite, I have no doubt that I have seen the books hundreds of times lying on his desk, but I never examined them, and any recollection that I have as to the last time that I saw them would simply be as having seen them lying on the desk.

A CALL FOR THE BOOKS.

Commissioner ANDERSON. I will say again, as I said in regard to the Crocker contract, that a great deal of interest has been manifested by

the community in this matter. The assertion has been made that large amounts of stock and bonds have been issued to the Contract and Finance Company, and these issues have been at such a rate as to absolutely cripple the power of the Central Pacific Railroad Company to pay the debt due to the Government; and that assertion, taken in connection with the fact that the contract and books of the Contract and Finance Company have never been accessible, and that no satisfactory explanation of their disappearance has ever been given, has led this Commission to take a great deal of interest in the matter, and to move it to do what it can to solve the mystery. Therefore, on behalf of the Commission, I would invite you to give any explanation that you can as to the whereabouts of the books, and also to produce John Miller, who appears to be the last person in whose custody the books were.

SUITS AGAINST THE COMPANY.

The WITNESS. As to the books, I can give no information. After the construction of the road several suits were brought against us, which I thought were pure blackmail. At that time all sorts of stories and statements were being circulated about us. Exaggerated stories as to the great wealth we had acquired were floating everywhere. Complaints were made, principally by envious and malicious persons, that we had robbed the company. We were represented as having made $100,000,000 alone out of the $27,000,000 loaned to us by the Government. I think that one complaint was made that we had made $300,000,000 out of this road, and it went all over the country. All this helped to make the history of the road. The supposition was that we were all millionaires, when in fact we were all poor, with nothing but this stock, which at that time was without value, but which, of course, afterwards became very valuable. The money that we made out of this stock came to us simply because nobody would have the stock at the time that we were so anxious to sell it. However, there is nobody interested in that but ourselves, except out of mere curiosity, because we became the owners by purchase of all of this little trifling stock which was in the hands of the original subscribers. The present owners of the stock in this Central Pacific Railroad Company, not having bought any of the original stock outside of ourselves, are not interested in that question at all. Besides ourselves, I do not know anybody who has the least interest in this matter. The Government itself is not interested.

WHY THE CAPITAL STOCK WAS INCREASED.

Q. Why not? It is alleged that the corporation issued an unlimited number of bonds, secured by a first mortgage upon its road, and burdened itself with heavy interest obligations, the Government having a second lien upon the same property, which can be satisfied only after the first mortgage has been paid—though I do not allege this to be the fact. Would it not be clear that the Government would be interested in knowing that you did not misapply the proceeds of the first bonds which you obtained from it?—A. Yes, sir; I was not speaking about the bonds, or the assets of the company aside from the stock. The only reason that we had for increasing the capital stock was because the law required that we should not issue bonds in excess of the capital stock. A large issue of bonds would exceed the then capital stock, and this compelled us to increase the latter from the small amount with

which we started. The original capital stock of our road was $8,500,000. The present capital stock is $100,000,000. So far as our ownership was concerned, or so far as the value of the road was concerned, the eight and a half millions of stock was as good for all purposes as though the stock had been a hundred million.

DIVIDENDS.

Commissioner ANDERSON. Except when you paid dividends, and the dividends on fifty-four millions would be a trifle more exhaustive than the dividends on the smaller amount.

The WITNESS. Not necessarily so. The dividend would be the same in either case. The difference would only be upon the percentage on the shares. If there had been but a hundred shares of course the percentage upon each share would be very much greater, but in any event it could not absorb any more than the amount of money upon hand. The amount of money to be divided would not depend upon the number of shares.

Q. Have you given us all the information that you can as to the whereabouts of those books?—A. Yes, sir.

MR. JOHN MILLER.

Q. You have not answered whether you can produce Mr. John Miller. Can you do so?—A. I do not know much about Mr. Miller. He is a man with whom we had some considerable trouble. The last that I heard of him was several years ago, and at that time he was living at some point on the Sacramento River. Whether he is living there now or not I do not know. I suppose, however, that you can ascertain that without much difficulty.

Q. Have you yourself any books which will contain any records or entries which will shed any light on the transaction between the Contract and Finance Company and the Central Pacific Railroad Company?—A. None whatever.

WITNESS'S TRANSACTIONS WITH CONTRACT COMPANY.

Q. Have you any books that will shed any light on your own transactions with the Contract and Finance Company as a stockholder?—A. I do not think that any of the books which I have will give any such information. I think that all the business of the Contract and Finance Company was kept in the books of that company.

Q. Regarding the dividends of stock that were made by that company, were any certificates passed over to you, or any certificates given to you, and, if so, was the record kept only in those books?

The WITNESS. Certificates of what?

STOCKS AND BONDS.

Q. Of stock. Were certificates of stock in the Central Pacific Railroad Company delivered by the Contract and Finance Company to the stockholders in that company?—A. Yes, sir.

Q. You are positive that no bonds were delivered or divided?—A. Yes, sir; I do not think that there was any such division.

Q. Are you positive that no money was divided?—A. I am positive that no money was divided.

Q. Was a statement of the division of the stock prepared and issued to the stockholders at the time that it was made?—A. I do not know that it was.

Q. It must have been, must it not, in order to show how much stock you were each entitled to?—A. We had an evening up some time after the work was done, and at that time the individual stock which we all owned was put in. I had bought some stock, Mr. Huntington had bought some stock, and I presume that Mr. Crocker had bought some. We dumped it all into the Contract and Finance Company, and afterwards, I think, divided it by five.

Q. Are you sure that it was not divided by four?—A. Yes, sir; I am sure.

VALUE OF STOCKS.

Q. When that was done was a statement of the different transactions which made up the ultimate result prepared and delivered to you, to Mr. Hopkins, to Mr. Crocker, and to Mr. Huntington? Would you not naturally have been curious to know how many shares of stock you were going to get?—A. Not very.

Q. When was this?—A. After the road was completed. We did not know at that time whether this stock would ever be worth anything or not.

Q. The company paid dividends in 1872, did it not?—A. I do not think that it was as early as 1872.

Commissioner ANDERSON. Your reports show that dividends were paid in 1873, so that the stock at that time must have had some value.

DEVELOPMENT OF THE COUNTRY.

The WITNESS. We developed the business of the country as we proceeded. Whatever is of value, so far as the Central Pacific is concerned, we created by the construction of the road. The development of business along the line of the road was rapid. I do not think that the through business increased so rapidly as the local business. After business has become settled upon certain routes it is difficult to divert it, and it takes some time to do so. Gradually, however, we kept diverting it from the Pacific Mail and the Isthmus of Panama, and from the clippers which came around Cape Horn, and it grew to be a very promising business and kept constantly improving. Everything looked bright until the competing lines of road were built in 1881, and then they began to interfere with us. Besides this, there was a great falling off of business in Nevada. This falling off was very great during the last two years, but at that time the business of Nevada was lively.

CENTRAL PACIFIC STOCK OWNED BY CONTRACT COMPANY.

Q. In 1870 your gross earnings were $7,000,000 and the net earnings were over three million. In 1871 the gross earnings were over nine million and the net earnings over five million. I ask you whether it is possible, if this Contract and Finance Company had on hand a large number of shares of the Central Pacific Railroad Company, which company was making such earnings as that, you were not interested in looking over the books and papers to see how many shares of stock you were going to receive in the railroad company?—A. I knew very soon about that.

Q. How did you know how many shares of stock you were entitled to receive?—A. I knew that I was entitled to receive one-fifth of whatever that company had, and I knew how many shares of stock had been issued to it.

Q. Were not these shares of stock issued from time to time as the work progressed?—A. That may be; but I knew about what the aggregate of the shares was.

Q. Did you keep that in your head?—A. Yes, sir.

Q. Do you know what the aggregate of the shares was that were issued to the Contract and Finance Company, of which you were to receive a fifth?—A. No; I do not remember now. We consolidated a good many lines of railroad from time to time, and we never increased the capital stock. In consolidating these lines of railroad the stock of those roads was added to that issued to the Contract and Finance Company, but I cannot give you the exact details. The books, however, will show that.

Q. What books?—A. The books of the Central Pacific Railroad Company.

Q. Will the books show the gross amount issued?—A. Yes, sir.

WAS THE CONTRACT VERBAL OR WRITTEN?

Q. Did you ever see the contract between the Contract and Finance Company and the Central Pacific Railroad Company?—A. I think that I signed it.

Q. Are you quite positive that it was in writing and not a verbal contract? Mr. Cohen in his testimony advised us that his conclusion was that there had never existed any such contract in writing. That is your recollection?—A. I cannot remember the actual fact of having signed it, but I have no doubt upon the subject.

Q. Do you think that you did sign it?—A. Yes, I think so.

Q. Do you remember having seen it, or to have read it, so as to have a present recollection about it—so as to enable you to say whether it was in writing or not?—A. I cannot say that I ever saw it, positively, but I have no doubt on the subject.

Q. And you have no doubt that you read it?—A. Yes; I have no doubt whatever. I know that I helped them to discuss it all the way through.

TERMS OF CONTRACT.

Q. It was a very important contract, was it not?—A. It was a very important contract. And we put in all this stock in order to get outsiders to take an interest in it.

Q. And it embraced what property? It embraced what portion of the road?—A. From the State line as far as we could go; I think some 500 or 600 miles.

Q. Do you remember its terms at all? Did it embrace grading?—A. If you will look at our books, you will see what it did cover, and it will tell you a good deal better than I can.

THE CONTRACT MISSING.

Q. Do you know your secretary says that the contract is missing?—A. So he told me yesterday, or the day before, I believe.

Q. How long before had he told you?—A. I did not know before that it had been missing.

Q. Did he not tell you that it was missing before this matter came up?—A. No, sir; I supposed that the contract would be found on the files of the office. I had no reason to think otherwise. I do not think that I ever heard the subject mooted before.

Q. Do you know that it was missing as long ago as 1876?—A. No; I have no recollection of that. If I did know it at the time I have forgotten it.

Q. Were you not examined as a witness by Mr. Cohen in the suit of John R. Robinson against the Central Pacific Railroad Company for an accounting?—A. Yes, sir.

Q. And did you not state in your deposition in that suit that that contract was missing?—A. It is possible that I did; but if so I have forgotten it?

BOOKS AND PAPERS OF CENTRAL PACIFIC.

Q. Is it not a matter of common notoriety in San Francisco and throughout this State, and I might say throughout the United States, that this contract and all the books and papers of the Contract and Finance Company, and the papers of the railroad company in connection with the Contract and Finance Company, have been missing and cannot be found?—A. I know that the books were missing, but I never was informed that any of the contracts were missing. I do not see, however, that it makes very much difference, so far as the contracts are concerned, because the books will show their terms. I mean the books of the Central Pacific Company. You might pick out the terms from the books, and I think that from them you can get all the information upon this point that you desire.

EXTRACT FROM HUNTINGTON'S TESTIMONY.

Q. From your memory, can you give us any information as to its terms, as to the price per mile to be paid? I will call your attention to what Mr. Huntington says about it. In answer to the question, "Can you state substantially what the terms were?" he says:

It was a contract to take the bonds and stock, I should say, of the company and build the road—a certain amount of stock, but not the whole stock. The capital stock was $100,000,000. It was to take a certain amount of stock and bonds to build the road.

Q. Do you remember the rate per mile, computing the bonds and stock at par?—A. No; I could tell you pretty nearly; I do not think it was over $100,000 per mile. I think something about that.

Q. Do you remember the relative proportions of bonds and stock?—A. The Government bonds and the company's bonds—about $64,000 was what the bonds were.

Q. Sixty-four thousand dollars in bonds and the balance in stock?—A. That is just it.

CONTRACTOR TO HAVE ALL THE ASSETS.

What is your recollection?—A. My impressions are—I thought that we would meet the Union Pacific at Salt Lake City. In making the contract the contractor was to have all the assets of the company, that is, in the way of bonds, &c., and in estimating the amount of stock to be put in we put in an amount that would be sufficiently large to warrant us to mortgage the road and issue our own first mortgage bonds, and the contractor was to receive those bonds. That was the basis of the amount of stock that was put into the contract.

Q. When you say all the assets of the company you mean substantially all the proceeds of the bonds and the proceeds of any other loan,

or the proceeds of county aid, or any and every other asset of that character that you could control?—A. Yes, sir; but there was no county aid left; that was all exhausted.

Q. Did you intend any portion of the net earnings of the road to go into the construction account?

The WITNESS. Do you mean earnings made prior to that time?

Commissioner ANDERSON. Yes; and those that were being made.

A. I do not know what the understanding was about that.

AN "EXHAUSTIVE CONTRACT."

Q. Then it was substantially that the builders of the road under the contract should take all the bonds of whatever character there were, as you have stated, and the amount of stock to authorize you to issue those bonds, under your own first mortgage?—A. Yes, sir.

Q. The idea was to give the men who built the road all the property of the company?—A. Yes, sir; and if there was anything in it the builders of the road would get the benefit.

Q. It was what has been called on some of the branches of the Union Pacific, for instance, an exhaustive contract, which took all the paper assets of the road for building it?—A. Yes. We did not count the stock as of any particular value, except as giving us control at that time. Even after we got through, we would have gladly sold it at 10 cents on the dollar.

Q. What stock?—A. Central Pacific stock.

Q. When you got through where?—A. When we got through to Ogden.

VALUE OF RAILROAD STOCK AT COMPLETION.

Q. In May, 1869?—A. Yes, sir. When we got there we would have been glad to have sold for 10 cents on the dollar. At the same time we could have bought the Union Pacific stock at the same rate. At any rate, we could have bought a block large enough to have gained control of that road.

Q. How soon afterwards did you change your mind?—A. About as soon as I made up my mind that we could not sell it. We had to stay in and work it out. When the road was completed we were all tired and exhausted, and would have been glad to sell out for almost anything.

Q. You had very different ideas in 1870, did you not?—A. We had hopes in 1870.

EXCESSIVE PRICES PAID FOR STOCK TO SETTLE SUITS.

Q. Did you not pay as high as $400 per share for the old stock early in 1870?—A. No, sir; not for the stock, but to settle suits.

Q. At any rate, your idea as to the value of the property must have undergone a very rapid and material change after the completion of the road, must it not?—A. Yes. After the completion of the road for a time we did not get any through freight business. I do not like to say much about the other lines, but the road connecting with us was managed a little differently from ours, and the people controlling it had different ideas from those which we entertained. It was some time before we got prices fixed at a figure where we could induce people to avail themselves of the advantages offered by the railroad.

Q. Do you mean that your prices were higher than theirs, or that theirs were higher than yours?—A. Theirs were higher than ours. We have never been in harmony with the Eastern lines in the matter of passenger rates. I have always thought that lower rates would be better for us. We had the idea that every passenger we could induce to come here would be a patron of the road.

PALACE HOTEL, *San Francisco, July* 29, 1887.

Afternoon session.

LELAND STANFORD, being further examined, testified as follows:

REPORT ON LINE EAST OF NEW CASTLE.

By Commissioner ANDERSON:

Question. In connection with your statement in regard to the Crocker contract, I will read from the minutes of the proceedings of the directors of the Central Pacific the following abstracts, subject to correction, of course: On the 1st day of May, 1865, it appears from your minutes that a committee, consisting of Leland Stanford, Mark Hopkins, and R. H. Miller, jr., was appointed to examine into and report upon the question of letting a contract for the construction of a railroad and telegraph line east of New Castle. On the 9th of May, 1865, the committee appointed at the last meeting relative to the construction of the line east of New Castle submitted a report, which was filed, and the committee was directed to ascertain and report as soon as practicable on what terms and to whom a contract might be let in accordance with the report of the committee just filed.

That report we have not been furnished with. Do you recollect the fact that such a report was made?—Answer. I do not.

Commissioner ANDERSON. If it can be found we would be pleased to see it.

DIFFICULTY OF THE WORK.

The WITNESS. If Mr. Miller were here he could tell you, I think, about those papers, or almost any papers you desire. I have a general recollection of the matter; that is, it was a matter of discussion and consideration with us for some considerable time how we were going to be able to really avail ourselves of all that we had, or should have, to pay for the construction of the road, and we came to the conclusion that we had to do it by having one contract. We were not nearly as much impressed then with the importance of having the contract in one hand as we were as the work proceeded. We learned better later on the magnitude of the thing, and we learned also, when we came to regard the construction, of the immense sacrifice that we had to make for the sake of speed. Then it became, very early, a question of whether or not we could get over the mountains. We had to work during the winters on mountain work, three of which winters were the heaviest known in the history of the State. There was one winter only that I know of when more snow fell on the mountain than fell there for the three winters, in succession, while we were conducting our work.

TERMS OF THE CROCKER CONTRACT.

Q. On the 6th of June, 1865, a committee, appointed to ascertain and report on what terms and to whom a contract could be let, submitted a report, which was adopted and ordered on file. That makes two reports we would like to have. At the same meeting it was resolved and ordered that—

Charles Crocker & Co. be allowed and paid for all work done and material furnished, or which may hereafter be done or furnished, until the further order of the board of directors, in the construction of the railroad of the company from section 48 eastward, and in accordance with the terms, conditions, and stipulations set forth in the contract of said Charles Crocker & Co., dated September 19, 1863, except so far as the same may be modified or changed by this order, at the following rates and prices, and in accordance with the following classifications, payments to be made according to monthly estimates, five-eighths in gold coin and the remaining three-eighths in the stock of the company, at the rate of $2 of capital stock for each $1 of said three-eighths of said estimate, with the privilege of paying said three-eighths in gold coin in lieu of said stock, at the election of said company, to be made at the time of such payment.

THREE-EIGHTHS IN CASH OR STOCK AT THIRTY CENTS.

Now I read from your minutes of May 2, 1866, a communication from Charles Crocker & C., reading as follows:

We find it impossible to sell the stock which we have received upon our contract with the company for the construction of its railroad for more than 30 cents on the dollar, and cannot realize 50 cents therefor, the price at which the same was received under the contract; and we find ourselves unable to prosecute the work with the diligence and rapidity required by the company under the present management. We therefore request that your company pay us cash instead of stock, or, otherwise, that the stock be paid us at the rate of 30 cents instead of 50 cents on the dollar, as at present.

On motion,

Resolved, That the three-eighths now payable in cash or stock, at the election of said company, be paid in cash, provided there be cash in the treasury to pay the same; otherwise that the same be paid in the capital stock of the company at the rate of 30 cents on the dollar.

PUTTING STOCK INTO THE CONTRACT AND FINANCE COMPANY.

Those are all the minutes that I find relating to the Crocker contract. Now, in addition to the questions I have asked you in regard to the receipt of any profits or dividends by you from the firm of Crocker & Co., I would ask you whether you ever received any stock from Crocker & Co. on account of the stock issued to Crocker under any contract for the construction of the road?—A. I put a portion of that stock into the Contract and Finance Company. After the road was completed whatever any of us had we put into the Contract and Finance Company, because our interests in that regard were about the same, and we divided it up then, I think, so that each of us had about one-fifth. That is, we put everything in there, and then we had each of us one-fifth of the Contract and Finance Company's stock. When this contract was let to Mr. Crocker we did not know very well what this work was going to cost. We made a price, because it seemed necessary to make a price, and we thought that maybe others would come in and take a part of that contract, but we did not expect Mr. Crocker to make or to lose money. It was an instrument by which the work was to be accomplished. We knew that if we wanted at any time to reform that contract, or do anything that seemed to be to the interest of the company, Mr. Crocker would not object. We went on in that manner all the way through to

the completion of the road, working hard for its completion and using such instrumentalities as seemed to be necessary.

CROCKER DID THE SAME.

Q. Do I understand that Charles Crocker passed over to the Contract and Finance Company any stock which he had on hand and which resulted from his own contract prior to the contract with the Contract and Finance Company?—A. I think that was the way it was done. I know I had full-paid stock, on some of which I had paid par, and some I had bought at lower rates, and I know Mr. Huntington had, and I think Mr. Crocker and Mr. Hopkins had. I know we put it all into that institution. We had all worked for a common purpose, and although we never were partners, every man from the beginning owned his own interest in his own right, whatever it was; yet we had worked together for a common purpose and as one body of men. It was our harmony in that respect, I think, that enabled us to get through our work at all. I know this, we had no money left over; all the Government bonds and the first-mortgage bonds were gone and the money had gone into the road.

THE PLACER COUNTY BONDS.

Q. While on that point please state what other aid you received. I understand that from Placer County you received a certain amount.—A. I will give you substantially within a few thousand dollars of the exact amounts realized. We sold the Placer bonds for 70 cents, I think, and realized $140,000.

Q. There were $200,000 of them at par?—A. Yes; and we sold the Sacramento County bonds for about 65 cents. There were 300 of those. And we sold 400 bonds of San Francisco. The highest, I think, we ever sold them for was 73 cents, but many of them we sold at 70 cents.

INTEREST ON CERTAIN BONDS PAID BY STATE.

Q. Was there not an act passed by the legislature making you a donation of $10,000 per mile?—A. No, sir; the only aid we received was in the first original act, by which they agreed to give us something, but that was changed. And we were authorized to issue a special mortgage for $1,500,000, on which the State paid the interest. Those bonds were sold and we realized about $1,000,000; a little more than that, but less than $1,100,000. We received a little over $1,000,000 for those bonds, and those have been paid off since.

Q. They were paid by whom?—A. Paid by the company.

Q. So that what the State has done has been to pay the interest on them until you paid the principal?—A. Yes; the State was to pay the interest on those bonds and the company realized a little over $1,000,000 for their bonds.

Q. Did the company repay the State any of the interest?—A. No; that was a donation. Then we used our own individual credit so far as it would go, and I know particularly over in the East that we used our own individual credit to the extent of $600,000, and I know we made it work along so that we could pay up to New Castle. And we worked to Colfax, 50 miles. We finished the road to New Castle, 31 miles, and had iron enough on hand for 50 miles, to Colfax.

AMOUNT OF STOCK PASSED OVER BY CROCKER TO CONTRACT AND FINANCE COMPANY.

Q. Have you any idea of the amount of stock which was passed over by Charles Crocker to the Contract and Finance Company, resulting from his contracts prior to the contract with the Contract and Finance Company?—A. No; I cannot tell. If Mr. Miller were here, I think he could tell you how much stock there was when the road was finished, and he can tell you from the various consolidations how much stock came into the company from that direction.

Q. Do you understand that Crocker & Co. substantially passed over all of the stock which they received?—A. I think all of it went into the Contract and Finance Company.

Q. If your books show that the gross payments to him were $22,000,000 of which twice three-eighths was in stock before the reduction to 30 cents, that would give him about $14,000,000 in stock?—A. As to the amount I cannot say. I think the stock all stood in his name until after the completion of the road, but I may be mistaken about that.

THE CONTRACT WITH THAT COMPANY.

Q. Now, passing to the Contract and Finance Company, I read from the minutes of December 3, 1867:

President Stanford reported that he had made arrangements for a contract with the Contract and Finance Company for the construction and equipment of the railroad and telegraph line of this company, lying on the eastern boundary line of California, and presented a draft of such contract. The same having been read and considered, the following resolution and order was unanimously adopted, to wit:

Resolved and ordered, That this company hereby consents and agrees with the Contract and Finance Company to the terms, stipulations, and conditions of articles of agreement submitted by the president of this board, and the president and secretary are hereby authorized and directed to execute the said contract.

The directors present and voting on that proposition being Leland Stanford, E. B. Crocker, Mark Hopkins, and E. H. Miller, jr.

Do you recollect the fact of reporting such a contract?—A. Well, I know I must have done it. I have no doubt about it, but I cannot call to mind the actual fact.

DIFFICULTIES OF CONSTRUCTION EASTWARD.

Q. Will you describe the construction as it proceeded eastward from the State line under the Contract and Finance Company's contract?

The WITNESS. Well, you mean how we worked it?

Q. I mean the character of the country you went through.—A. The general character of the country, so far as grading was concerned, was not difficult. You came through the Truckee Cañon and you could see what it was there. I think that is about as heavy as the work done on the Ogden and Weber Cañons on the Union Pacific. The greatest difficulty was in the desert country, the long stretch of desert over which we had but limited transportation for water and supplies. We sent out men ahead, I think it was three thousand men and four hundred horses, with their wagons and such things as that, into the cañon of the Humboldt. There were three cañons there, and that was very heavy work. We had to send those horses and those men, with all their equipments, 300 miles in advance of the completed line to work there. I went over to Salt Lake that season and had made arrangements there, and graded substantially 160 miles from Ogden this way with what labor I could pick up and with the supplies over there. Our

supplies either came from California east, or to the end of the Union Pacific, starting in the spring nearly 500 miles away, and the supplies were hauled all that long distance. From Salt Lake I think that we used to pay $12 to $15 a day for teams that did very little work. Oats were 12 to 14 cents a pound, and I do not know but what more than that. And hay then was $100 a ton, and then it had all to be hauled.

EXORBITANT PRICES FOR SUPPLIES.

Q. Was that 12 or 14 cents a bushel?—A. No; a pound. They did not deal in bushels over there. We dealt in pounds. And everything then had to be freighted to the front. I paid 13 cents a pound for freight hauled from the Sierra Nevadas over to Salt Lake, and then had to haul it from there up on to the line of the road, and it cost me 2 or 3 cents a pound, I think. Corn was hauled all the way from Iowa and other States there up to the end of the Union Pacific Railroad, and then was teamed through several hundred miles into Salt Lake Valley.

TIME COVERED BY CONTRACT OF CONTRACT AND FINANCE COMPANY.

Q. How long were you in effecting this construction; when did you begin?—A. We commenced our real active work in 1863.

Q. I mean the Contract and Finance Company. You commenced in 1867 with that company, did you not, according to the resolution I have read to you?—A. I can tell you how we went on with the work better than I can about those dates. We passed the summit in 1868, and we had worked down on the Truckee in the cañons, and by the next spring, in May, we were out to Promontory and had the work all done, ready for the track, from there to Ogden. At Promontory there was very heavy work, and it held us for some time.

Q. Eighteen months, then, would cover the whole construction under what was done by the Contract and Finance Company?—A. I should think it would.

POLICY OF COMPANY IN REGARD TO STOCK.

Q. Now, as to the terms of that contract, can you give us any information at all?—A. I can tell you rather the policy of the company. In the first place about the stock. We did not value that; that is, in our estimation of values it cut no figure. But we meant to get enough stock out so that we could have our own first mortgage bonds and the Government bonds, and we could not do that unless the stock was made equal in amount. So we estimated about what the stock would be and what the incumbrances upon the road would be, and made the stock in the contract accordingly.

Q. Do you remember at what figure the stock was to be taken in payment?—A. No; I do not think we figured that. I think we said: "We will take the bonds; we will put into this thing the bonds." Everything else, I believe, had been used up. That is, the first-mortgage bonds, or what was left of them.

REAL OBJECT IN THE INSSUANCE OF STOCK.

Q. You had enough stock to make the bonds legal?—A. Yes. And that was the real object of the issuance of the stock at that time. We did not count the stock for much when the road was through, except as a

means to control it. We had devoted ourselves to this work with an intensity which few people understood. It was to us everything. Our fame and reputation were connected with its success, and we wanted to make it a success. That was the chief value to us in the stock, for the purpose of control at that time; but in a short time thereafter the road began to develop business all along its line, and in 1871 it began to show a good future; but even then we had done much work over here in California. I mean the Contract and Finance Company had done it. We had built the road and had, I think, negotiated for the Alameda and Oakland Railroad, and had done a great deal of work that had proved valuable, but Judge Crocker's health failed him and Mr. Charles Crocker was apprehensive; so they both sold their stock to Mr. Huntington, Mr. Hopkins, and myself, and that sale carried all their interest in other enterprises. The sale was made for 13 cents on the dollar. That was the estimate of the value then in 1871, or 1872, though the sale carried greater values with it than were in those companies, because all these local enterprises have been profitable ones. If you go over and notice some of the business done on the local roads you will see that every one of them has been a success.

METHOD OF PAYMENT.

Q. Now to go back to this contract. Have you any recollection of a payment per mile, of which a certain proportion was to be in gold?

The WITNESS. To the Contract and Finance Company?

Commissioner ANDERSON. Yes.

A. I do not remember. It may be that we made it in gold, thinking of about what we were to receive from the bonds—what would be realized—but I have the impression that we made it for bonds and stock.

Q. Our accountant reports that the entries in your books indicate that the terms of the contract were to construct and equip the road for $86,000 per mile east of the State boundary, payable half in gold and half in the capital stock of the railroad company. Do those figures refresh your memory at all?—A. I think that must have been upon the calculation of what we were going to be able to get out of the bonds and the stock so as to make an amount such as to justify the mortgages.

WEIGHT OF RAILS.

Q. Do you remember whether the weight of the rails was specified in the contract?—A. No. I do not. I know the rails were 56 pounds. That was our standard.

Q. How much would that make it per ton per mile, 56 pounds?—A. With side tracks it takes about a hundred tons.

Q. Is it not the customary rule to divide the number of pounds per yard by 7, and multiply the result by 11, in order to obtain the number of tons per mile?—A. I do not know as to that. That was not our rule. Practice satisfied us that about a hundred tons to the mile was about what is required, to include good side tracks, switches, &c.

Q. The entries in your books indicate that the weight of the rail was about 68 tons per mile, which, by the application of this rule, would agree with your statement of 56 pounds per yard. The entries also indicate that the contract required 5,200 pounds of spikes per mile. Do you recollect any provision relating to that?—A. No; I do not. I suppose those specifications were gotten up by the chief engineer. I know that we estimated the number of engines and the number of cars that would be needed.

NUMBER OF LOCOMOTIVES.

Q. Do you remember how the number of locomotives to be provided was fixed, whether it related to number of miles?—A. Yes, sir; I think it did.

Commissioner ANDERSON. The entries in your book indicate that there was to be one locomotive for each 5 miles.

The WITNESS. I presume that is correct. Of course it is correct if it is from the books. My recollection is that there was one engine to so many miles.

Q. The entries indicate one engine for each 5 miles, one passenger car for each 20 miles, one box car for each mile, two flat cars for each mile, and one hand car for each 6 miles. Are you satisfied that those figures are substantially correct?—A. I presume they are. I have no doubt that those were made upon the estimate of what the road would need.

THEIR COST.

Q. Do you remember whether the contract provided how much the locomotives should cost, or what grade of locomotives they were to be?—A. I think very likely we specified the size of the locomotives. I know, at any rate, that was taken into consideration at different times as we were building the road, as to what locomotive was most economical.

Q. Do you remember whether all the equipment called for in this contract was, in fact, furnished to the Central Pacific?—A. I think so. I think we needed it all, and I think we had to provide more.

Q. Do you remember what the locomotives purchased at this period cost?—A. No. I remember those two that I mentioned, because of their very great cost. They cost us more than any others on the road. Those were either $63,000 or $65,000 for the two. They could probably be put on the road to-day for $6,500 apiece. Sometimes, at the beginning, we were very much troubled. On one or more occasions the Government, desiring engines, took from us the engines that we had ordered.

Q. That must have occurred before the end of the war?—A. Yes; it was in the early part of the war. Of course they were not many, but we did not have many, and it was to us quite an annoyance, because we needed them very much.

Q. Were the engines that you referred to as costing $63,000 for the two bought under the Contract and Finance Company's contract?—A. I am not sure about that; I think the highest prices were before that.

LENGTH OF LINE FROM EASTERN BOUNDARY OF STATE.

Q. What was the total length from the eastern boundary of the State to the termination of the work done under this contract?—A. I ought to know exactly to a mile, and did know for many years, but I prefer to refer you to the books.

Q. It was about 600 miles?—A. Yes.

By Commissioner LITTLER:

Q. It was to Ogden, was it not?—A. Yes. Now, along the line of that road (as I think I stated to you before), when we started in, there was only one white man between there and Bear River, Utah. There were some off in the mining districts to the south.

AGGREGATE NUMBER OF LOCOMOTIVES AT COMPLETION OF ROAD.

Q. Can you tell us how many locomotives had been provided for this company when the work was all completed?—A. No; I could not tell you how many.

Q. I hand you a list of the locomotives which appear to have been bought during that year. Please look at the figures and see whether they accord with your recollection.—A. (After examining.) These are for the Contract and Finance Company.

Q. During the period they were constructing, the locomotives must have been bought by them. Those are the prices which your accounts show were paid for engines during the years 1867, 1868, and 1869. Are the figures about right?—A. I notice here that two were bought at $36,000; they must be the two that I referred to, but that item has probably the freight added.

Q. That list contains substantially the prices, as you remember them, for locomotives at that period?—A. Yes, sir; they seem to me to be correct, about as my mind would indicate.

MANNER OF PAYMENTS UNDER THE CONTRACTS.

Q. Do you remember anything about the manner in which payments were made under this contract?—A. Yes; we paid the money when they had to have it. We did the best we could.

Q. But what proof did you require from them that they were entitled to receive the money, and as to the amount which they were entitled to receive?—A. Well, I suppose those payments were made upon the estimates of the engineers.

Q. The reports of the engineers stating the actual construction of the road?—A. Stating the actual progress of the work; yes. We apportioned it according to the number of miles and the comparative difficulty we thought they had to encounter in accomplishing their work.

AMOUNTS PAID CONTRACT AND FINANCE COMPANY FOR THE 600 MILES.

Q. Have you any recollection of the figures and the amounts paid to the Contract and Finance Company for all the work done by it on the 600 miles?—A. No; I have not; that is, I mean I have no present recollection. I have not thought of the subject for a long time. I have no doubt that at the time it was fresh I knew about it.

Q. Have you any recollection of the amount of stock that was transferred or issued to the Contract and Finance Company in payment for this work?—A. It seems to me that it was about twenty millions, but I would not be sure of that. It is rather an impression than anything else.

Q. That would be in addition to the stock that was transferred by Crocker & Co. to the Contract and Finance Company?—A. Yes; that does not account for all the stock.

CONSOLIDATED LINES.

Commissioner ANDERSON. There were consolidations, I know, to a large amount.

The WITNESS. Yes; and the lines consolidated are the best portion of the Central Pacific Railroad to-day. Those lines are really its strength. I refer to the line of the road running up the San Joaquin Valley to

miles and the California and Oregon road, running up the Sacramento Valley, and this Oakland and Alameda property over here, say up as far as Niles. By that I mean the Oakland lines, moles, and wharves, and all the surroundings there.

DISSOLUTION OF CONTRACT AND FINANCE COMPANY.

Q. I understood you to say that the Contract and Finance Company was subsequently dissolved?—A. Yes.

Q. What lawyer conducted those proceedings for you?—A. I do not know which one of the lawyers had it most particularly in charge. We have several in our office and it was done by our office lawyers.

Q. Before what court were the proceedings?—A. Before the county court at Sacramento.

Q. Do you know where the papers are on file?—A. I suppose they are on file at the county clerk's office in Sacramento County.

Q. Did you verify them?—A. I do not know. I may have done so.

Q. Did you see them before they were presented to the court?—A. I do not remember. I see so many papers and I sign so many as a matter of course, that I have hardly any recollection of any particular one unless my attention is called especially to it.

Commissioner ANDERSON. Cannot some one of the counsel of the company, or some one present, inform us who conducted those proceedings?

Mr. BERGIN. I think it is not at all improbable that Mr. Robinson attended to the matter. He at that time was the active counsel of the company.

Q. What Mr. Robinson?—A. Mr. Robert Robinson.

Q. Is he living?—A. He is living, I believe, or was living when last I heard of him, but he has not been in active business for several years. He has not been in condition to do business.

Q. Where does he reside?—A. Here in San Francisco.

DIVISION OF ITS STOCK.

Q. Do you remember whether these proceedings in court contained an account of the company's operations for the purpose of showing how it stood at that time, so as to enable the court to make a proper order of distribution?—A. No; I have no positive knowledge. It was all in the hands of our attorneys, but I have no doubt I signed whatever papers were necessary, if I was called upon to sign any, although I have no distinct recollection of signing them. My recollection is that the stockholders had to assume certain liabilities before the company could be dissolved.

Q. Do you remember that before the institution of the proceedings to dissolve the Contract and Finance Company the larger portion of its assets were divided up among the stockholders?—A. There have been divisions of stock. I do not know that the stockholders ever divided any money, but there have been divisions of stock of these roads that we built. We built these roads and issued a certain amount of stock, and out of those assets we managed to complete them. The profits, however, were always in the stock.

WITNESS' SHARE OF CENTRAL PACIFIC STOCK OVER THIRTEEN MILLIONS.

Q. What is your recollection of the amount of stock of the Central Pacific Company which you received from the Contract and Finance

Company by way of dividend?—A. I do not remember how much was. I do not think that there was ever a dividend of stock of the Contract and Finance Company for some considerable time after that road was completed and other stock added to it; but I think that my share of stock eventually of the Central Pacific Railroad Company, after the consolidation, was something over thirteen millions, and I believe that each of the other gentlemen had substantially the same.

Q. In stock?—A. In stock.

HOW STOCK WAS ACQUIRED.

Q. Was all of that received through the Contract and Finance Company?—A. I think there was stock subscribed and paid in at different times to the amount of $65,000 each. Then we each bought stock at different times. Whether the 650 shares were thrown into the Contract and Finance Company in the end I do not remember, but everything else that we had bought we put in there. Then at some time afterward—I do not remember when—there was a division of the Central Pacific Railroad Company's stock, which included, I think, stock that had been issued for the various consolidations, and I know there was something over thirteen million apiece.

Q. That would be 130,000 shares to each?—A. Yes.

Q. That would be substantially all the stock that there was at that time?—A. I think at that time we had bought substantially all except a few shares of stock, and almost all of it has since been acquired.

BUYING UP OUTSIDE STOCK.

Q. Four times thirteen million would be fifty-two million. I think your reports show that up to the year 1879, the total stock outstanding was not over fifty-four million.—A. Then I had something over thirteen million; I do not remember the exact amount. I bought up, and continued to buy up, other stock, and paid for it. Most of the outside stockholders had taken stock originally to help the enterprise along, and if afterward any of them wanted to part with their stock, when we were able to spare the money we, as individuals, gave them par for their stock voluntarily, because there was not much chance for them to dispose of it otherwise, and they had helped the road along to the extent to which they had paid in their money.

WHEN IT WAS PUT ON THE MARKET.

Q. After the division made by the Contract and Finance Company, and the issue of this stock to yourself and your associates, how long was it before the stock was put on the market and became an object of customary purchase and sale?—A. I cannot tell the year, but perhaps you will remember better than I, at the time when there was a good deal of a boom in stocks.

Commissioner ANDERSON. I am not familiar with stock booms. I regret to say that I never got into them. Perhaps I can learn something by staying here a little while.

The WITNESS. I think it must have been about 1880 or 1881.

FIVE MILLIONS SOLD TO A NEW YORK SYNDICATE.

Q. You began paying dividends in 1873. How long after that was it before the stock began to be bought and sold?—A. We could not get it

on the market until, I think, about 1880 or 1881. I think it was 1880. Then we sold, I think, five millions to a syndicate in New York and they put it on the market. They were better manipulators than we were. They put that stock on the market and after that time it had a regular quotable value. I do not think it ever got below 60 cents on that market for several years, though we could not sell much of it. After that I believe it went down as low as 26. I think that was the lowest.

WITNESS PRESENT INTEREST $3,200,000.

Q. What is your present interest in the Central Pacific Company?—A. I do not know how it stands on the books, because my stock was sent east and was put in shape there to be transferred. I do not care much generally about telling my private business, but in this case I have no particular objection. I think I have about equal in value to thirty-two thousand, which would make $3,200,000.

Q. Thirty-two thousand shares of stock?—A. I think that would be about thirty-two thousand. I remember it rather according to its par value than otherwise.

Q. And that is your present interest which you own in your own right?—A. Yes.

DATE OF DISSOLUTION OF CONTRACT AND FINANCE COMPANY.

Q. In what year was this dissolution of the Contract and Finance Company? If you do not remember the date yourself I will take it from any one else present. I wish to get the date so that we may know where to look for the record.—A. Almost any of our people around the office could tell you, but my impression is that that occurred about 1874.

Q. You gave us the name of the court in Sacramento, did you not, in which the proceedings took place?—A. Yes. I think the court was known at one time as the county court. I believe now it is called the superior court.

Q. And the records are with the clerk of that court?—A. Yes.

NOTES GIVEN IN PAYMENT OF ITS STOCK.

Q. In relation to this matter I find the following memorandum in your minutes under date of September 2, 1873:

Resolved, That the secretary be directed to receive from the Contract and Finance Company the notes of Leland Stanford, Mark Hopkins, and C. P. Huntington, amounting to $5,700,000, and indorsed by said Contract and Finance Company, in settlement of its indebtedness to this company, and credit the amount of the same to the account of said Contract and Finance Company.

Can you explain that transaction or to what it refers?—A. I could not tell you now. I have forgotten. I think when we subscribed to that stock of the Contract and Finance Company we gave our notes as a basis of credit for the Contract and Finance Company. The Contract and Finance Company used its credit a great deal at that time. But I cannot tell you exactly now to what that quotation refers. I do not know when this thing has come to me before and I do not like to undertake to tell you unless I can be exact. I think Mr. Miller probably would be able to recall it.

Q. Then I will put the question to you in this form: Did the four gentlemen who subscribed for the stock of the Contract and Finance Company ever pay for that stock in any other way except by loaning to it the credit of their notes?—A. That was the way according to my

recollection now. I do not fairly remember, but it is my impression that each of us gave our notes for that stock to the Contract and Finance Company.

NO CASH PAYMENTS.

Q. And is it your impression that these notes were returned to the Central Pacific Railroad Company, and through that company to you, in this way?—A. Well, I am not able to call that to mind.

Q. Are you able to say whether you ever paid any money for your stock in the Contract and Finance Company?—A. Not in cash; I think not.

THE WESTERN DEVELOPMENT COMPANY.

Q. What was the Western Development Company?—A. That was a company similar to the Contract and Finance Company, formed afterward.

Q. Who were the stockholders of that company?—A. I presume about the same. We took in with us about that time, I believe, another gentleman, and he may have had an interest in that, but whether we took him in after it was formed I am not certain.

Q. Mr. Colton, you mean?—A. Yes. Whether he was in at the organization I do not remember.

Q. It was organized after the other company was dissolved, do I understand you to say, or about that time?—A. About that time.

Q. Do you know whether the same explanation which you have made as to the manner in which you acquired stock in the Contract and Finance Company, by loaning the credit of your name, without cash payment, also applies to Mr. Hopkins, to Mr. Huntington, and to Mr. Crocker?—A. I presume what was done in the one case was done in the other, but I have been trying to recall about those notes and the circumstances connected with them, and I do not wish to say positively anything about them on my present dull recollection of how it was.

Commissioner ANDERSON. That can be as you desire; and if you desire to correct your testimony about it at any time hereafter the opportunity will be given you.

The WITNESS. I think if I could see Mr. W. E. Brown and confer with him, he probably could tell me the circumstances under which many of these things were done and that would bring them to my recollection.

WITNESS'S SHARE OF THE STOCK.

Q. What was the capital stock of the Western Development Company?—A. I do not know. It may have been five and it may have been ten millions.

Q. Do you remember what your interest was; what proportion substantially you held, whether one-fourth or one-fifth of the whole?—A. My impressions are that at that time it was one-fourth, and that afterward we gave Colton an interest in it. I think we agreed to sell him one-ninth, letting each of the others keep two-ninths.

WHAT WORK THE WESTERN DEVELOPMENT COMPANT DID

Q. What construction or extension did the Western Development Company do for the Central Pacific?—A. I do not think the Western Development Company ever did anything for the Central Pacific other than repairs and various things of that kind; I do not think that it ever had any contracts.

Q. Their relations were with what company?—A. With the Southern Pacific Company principally, and I think with some of these local roads also.

WHO CONSTRUCTED THE CALIFORNIA AND OREGON, AND WHEN.

Q. By whom was the California and Oregon road constructed from Roseville to Redding?—A. I think that a portion of that line from Roseville to Redding must have been constructed by the Contract and Finance Company, and the latter portion of it by the Pacific Improvement Company. There may have been a little piece of it constructed by the Western Development Company, but I think not.

Q. Do you remember when the construction of that road commenced from Roseville north?—A. The road from Roseville to a place called Lincoln was constructed, I believe, by the Central road—a little company which we bought out afterwards. Then we built up and gradually extended our line. We bought out, then, the California and Oregon line, and proceeded to build it from time to time until at last we got up to Red Bluff. That is substantially the head of navigation on the Sacramento.

CALIFORNIA AND OREGON CONTRACT WITH CONTRACT AND FINANCE COMPANY.

Q. To refresh your recollection, I will read from the minutes of the California and Oregon Company of April 2, 1868:

Mr. Crocker offered the following resolution relative to the contract with the Contract and Finance Company for the construction and equipment of the railroad and telegraph line of this company, which was unanimously adopted:

Resolved and ordered, That a contract be, and is hereby, entered into between this company [the California and Oregon Company] and the Contract and Finance Company for the construction and equipment of the railroad and telegraph line and fixtures of this company from the Central Pacific Railroad to a point at or near the town of Red Bluff, in Tehama County, to be paid therefor as follows: $20,000 in gold coin and $30,000 in the capital stock of the company for each mile of the said railroad and telegraph line, and the draft of such contract here now presented by the corporation is hereby agreed to, and the president and secretary are hereby ordered and directed to execute the same on behalf of this company and attach the coroporate seal thereto.

Does that refresh your recollection as to the commencement of that construction?

The WITNESS. In what year was that?

Commissioner ANDERSON. Eighteen hundred and sixty-eight.

The WITNESS. Well, I do not remember the year positively, but I should think it was about that time. Are you sure it is 1868?

Commissioner ANDERSON. Yes. Then follows in the minutes the contract at length with the Contract and Finance Company, signed by Alpheus Bull, president of the California and Oregon Railroad; John P. Brodie, secretary of the California and Oregon Railroad; Charles Crocker, president of the Contract and Finance Company; and William E. Brown, secretary. Those gentlemen held those offices in 1868, did they not?

The WITNESS. Yes; I think they were the officers. They were the gentlemen who were in office at the time we purchased the control of that road.

HOW THE CONSTRUCTION PROCEEDED.

Q. Do you remember how the construction of that road then proceeded?—A. Not very rapidly. We pushed it along up toward Marysville, and into Marysville. There we stopped some time, and then went

on by pieces. The real trouble and stoppage at Red Bluff was because the California and Oregon road was in difficulties and there was no local business beyond that point to sustain our road, and it was of no use to go on any further with the financial proposition until there was a prospect of the California and Oregon road coming to meet us. By a provision of the act of Congress governing them, it was understood that the roads were to meet at the Oregon line. Whenever they were ready to start we always went on. The Oregon Company was first controlled by a gentleman named Holliday. He was unfortunate and the control of the road passed into other hands. At different times from one cause or another the road has been unfortunate, and failed to complete its portion. Anticipating that that company would build its road, we built ours away up into the Sierra Nevada Mountains, at a great deal of cost. It was very heavy work, and was of no use to us at all, unless we could make a connection with the Oregon line.

PURCHASE OF OREGON AND CALIFORNIA.

When we found that the road had stopped again, when Mr. Villard failed, after a time we commenced negotiations for the purchase of the Oregon and California road, in Oregon. The long negotiations were finally concluded, and the road is now likely to be brought to completion. We are operating all but, I think, 16 miles that is being staged between the two terminal points, and, when completed, that line will probably be a very important feeder to the Central Pacific. But as a local road, up there in the mountains, there is no value to it; that is, there is not, and perhaps never will be, business enough in the way of local traffic to support that road alone. But the through business, added to the local business, I think, is going to make it a very fine piece of property.

RATE OF PROGRESS.

Q. In connection with the rate of progress, I will read from the minutes of July 22, 1870, as follows:

The Contract and Finance Company presented a bill for the construction of 77.6 miles of railroad from Marysville on the line of the Central Pacific to Chico, amounting to $3,880,000, under contract of April 2, 1868. It appearing that the road has been completed under said contract in all respects satisfactorily to this board, it is ordered that the said amount be allowed, and paid in cash and stock as in said contract provided.

That was in July, 1870. Do you remember the fact?—A. Well, no; I do not remember the particular fact, although I was here and cognizant of everything going on at that time.

LOCATION OF MARYSVILLE.

Q. Is Marysville about the same point as Roseville?—A. It is 31 miles, I think, from Roseville. Roseville is 18 miles from Sacramento. There was a short line of road built from a place called Folsom, across and going by Roseville, out to a place called Lincoln. That we purchased and consolidated in, and it makes a part of the California and Oregon line.

Q. Then is Marysville on the line of the Central Pacific?—A. On the line of the California and Oregon. The California and Oregon leaves the Central Pacific 18 miles east of Sacramento and runs up the Sacramento Valley.

Q. Why is Marysville described in your minutes as being on the line of the Central Pacific?—A. I do not know. There is a mistake there somewhere; maybe it is in your type-writer. I find, frequently, that they make mistakes. Marysville is on the line of the Central Pacific now, because that road has been consolidated with the Central Pacific and is a part of the Central Pacific, but in talking with you of the Central Pacific, generally, I understand we mean the aided line.

Q. Yes. Had the Central Pacific acquired this line from Roseville to Marysville before this contract was made with the Contract and Finance Company? That would explain it if that was so.—A. I do not remember. There are papers though that would show exactly. The consolidation papers would show.

CONSTRUCTION FROM TEHAMA TO DELTA.

Q. As to the construction after the termination of this contract by the Contract and Finance Company north to Delta, how was that done?—A. That was done by the Pacific Improvement Company.

Commissioner ANDERSON. The Pacific Improvement Company did not commence until you reached Delta. There must have been some construction between Tehama and Delta.

The WITNESS. Well, I think that must have been the Western Development Company.

Q. Under an extension of this contract?—A. I do not remember as to that.

Q. How far is it from Tehama to Delta?—A. I think it is a little over 50 miles.

FROM DELTA TO STATE BOUNDARY.

Q. Now, passing to the construction from Delta to the State boundary, that was done under your contract with the Pacific Improvement Company?—A. Yes.

Q. Do you remember the distance? From Delta up it appears by the contract to be 104 miles. Is that your memory?—A. It is about that.

Q. Have you been over the road?—A. Yes.

Q. And you are familiar with its character?—A. Yes; that is, fairly so.

DATE OF PACIFIC IMPROVEMENT COMPANY CONTRACT.

Q. Do you remember when that contract was made with the Pacific Improvement Company; it is quite a recent matter, is it not?—A. Yes; but I do not remember. I would prefer that you should look at the books. I am troubled somewhat about remembering dates lately. My memory seems, some way or other, lately to fail me in that regard, and I seem to be more troubled by colds and sickness than formerly.

Q. Was it not in 1886, just about a year ago?—A. Well, it occurred whenever we were certain that we were going to control the Oregon and California road, so that it would justify our building. I know those facts, but the dates I cannot call to mind.

Q. Who are the stockholders interested in the Pacific Improvement Company?—A. I think the chief stockholders were Mr. Crocker, myself, Mr. Huntington, and Mrs. Hopkins, and there were other stockholders.

STOCK OF PACIFIC IMPROVEMENT COMPANY.

Q. What is the total capital stock?—A. I do not remember whether it is five millions or ten millions; it is probably one or the other.

Q. What is your own personal interest?—A. I think it is shown there in that paper.

Q. It is stated to be 12,500 shares.—A. Well, that is given from the books.

Q. What is the par value of the stock, $100?—A. Yes.

Q. What cash payments for your subscription to that stock have you made?—A. I do not know. We have been in the habit of furnishing it with money from time to time as it was required, often by direct loans, but as to payment on the stock itself, I do not remember anything.

Q. The stock was issued to stockholders and the stockholders loaned their credit to the company for the purpose of enabling it to work?—A. Yes. These were all instruments in the work of building these railroads.

TERMS OF THE CONTRACT.

Q. Do you remember the terms of the Pacific Improvement Company for the building of the road between Delta and the northern boundary of the State?—A. No.

Q. Do you not remember that they were to receive four and a half millions in bonds, and 80,000 shares of stock?—A. Yes; upon certain conditions.

Q. Do you remember what those conditions were?—A. One was, I believe, that we were to get control of the Oregon and California road and run it in connection with the Central Pacific, and never give anybody else any preference over the Central Pacific.

Q. Who is president of the Pacific Improvement Company?—A. Mr. Strobridge.

Q. Is it not Mr. Douty?—A. No. He is secretary.

Q. Then Mr. Huntington does not seem to be correctly informed?—A. Well, I do not think he or any of us paid much attention to the instruments. It was the end that we were after, whether we made use of a shovel or a harrow or a plow to obtain that proper end.

Q. Is this Mr. Strobridge the same gentleman that you referred to as having been connected with Mr. Crocker's construction a good many years ago?—A. Yes.

Q. Who are the other officers of this company?—A. I think those are the only officers of the company.

Q. Where are the offices located?—A. In San Francisco.

Q. And in the same building with the Central Pacific?—A. Yes.

COMPLETION OF WORK FROM DELTA TO STATE LINE.

Q. How far has that work progressed? I mean the construction from Delta to the State line.—A. It is all completed to the State line.

Q. When was it completed?—A. During this past season.

Q. Has all the equipment called for by the contract been furnished?—A. I presume so.

ACCOUNT OF PACIFIC IMPROVEMENT COMPANY WITH CENTRAL PACIFIC.

Q. In connection with your statement in regard to this construction I will read to you from your minutes of January 6, 1887, as follows:

E. H. Miller, jr., offered the following resolution, which was unanimously adopted:

Resolved That the following voucher, drawn by the secretary of the company in favor

of the Pacific Improvement Company, be, and the same is hereby, ratified, approved, and allowed, to wit:

DECEMBER 31, 1886.

The Central Pacific Railroad Company to the Pacific Improvement Company, Dr.

For amount of bonds of Central Pacific Railroad, California and Oregon Division, payable to the Pacific Improvement Company on account of construction of road from a point near Delta station, 191.87 miles north from Roseville Junction, towards the Oregon State line, as per contract dated October 11, 1886, to wit:

The contract requires the delivery of all the first-mortgage bonds of said road now unissued when one-half of the work of the said road from Delta to the State line is completed.

Said first mortgage bonds cover the road from Roseville Junction to the Oregon State line, and may be issued to the amount of $40,000 per mile and for 50 miles in advance of completed line.

The road from Roseville Junction to point near Delta completed in 1885, 191.87 miles.

Bonds issued on 192 miles of completed road and 50 miles in advance equals 242 miles, at $40,000	$9,680,000
Road completed, as per contract, from point near Delta to the point near Edgewood station, 60 miles, being more than half the distance from first main point to the State line, 104 miles, December 31, 1886. Road junction near Delta, 191.97. Near Delta to the State line, as per survey, 104 miles. Line of road under mortgage 295.87 miles, reserving 1/10 of a mile for possible change in the road as constructed, leaves 295 miles, at $40,000 in bonds per mile, is	11,800,000
Balance of bonds unissued, now payable to the Pacific Improvement Company	2,120,000

Then, after that statement, showing the amount due, is a receipt, as follows:

Received bonds as above, with coupons, payable July 1, 1887, and all subsequent dates attached, said bonds being numbered as follows:

Then follow the numbers of the bonds.

The statement that I have read seems to show that under that contract at that time $2,120,000 had been earned in bonds, which were actually delivered to the company. Then follows a receipt, signed by Mr. William E. Brown, showing the receipt of this amount of bonds.

ACCOUNT SHOWING BONDS DUE JUNE 1, 1887.

I now read from the minutes of June 16, 1887, a report of Mr. Miller's relating to the amount of bonds still remaining due under this contract, and a resolution approving the following voucher:

JUNE 1, 1887.

The Central Pacific Company to the Pacific Improvement Company, Dr.

For bonds dated October 1, 1886, due on contract for construction of Oregon Division from point near Delta station to Oregon boundary line, as per contract dated October 11, 1886, to wit: Bonds payable under contract	$4,500,000

Against that credit are the following charges:

First mortgage bonds California and Oregon Division, paid by voucher No. 455, December, 1886	$2,120,000
Bonds October 1, 1886, paid by voucher No. 456, December, 1886	1,373,000
Bonds October 1, 1886, due on completion of contract	1,007,000
Making a total of	4,500,000
Estimated amount of cost to finish the line, reserved from balance due as above	317,000
Leaving bonds now payable as follows	690,000

CONSIDERATION FOR CONSTRUCTION TO DELTA, THE CONTROL OF OREGON AND CALIFORNIA.

Then follows the receipt for this $690,000 in bonds. It also appears from a statement made by you to Governor Stanford that 80,000 shares of the stock were issued to the Pacific Improvement Company in payment of this construction. Is it not correct, then, to say that the contract with the Pacific Improvement Company for the construction of the road from Delta to the northern boundary of California was for the consideration of four and a half millions, payable in bonds, and 80,000 shares of stock?—A. Well, that is a part of the consideration, but a very important part of the consideration was that they were to obtain control of the Oregon and California line of road, so that it might be used or run in connection with the main line, to make available really all of this, substantially from Redding up.

HOW OBTAINED.

Q. And has that control been obtained?—A. Yes; that has been obtained.

Q. In what shape has that been obtained?—A. By obtaining control of the stock of that road and the construction of the uncompleted portion of it, and assuming all the responsibility and management of that property. It was not a thing that we wanted to do, but it was a thing that we could not very well help, because we built the road up there and unless that connection was made all the road constructed from Redding up was substantially lost. There was not local business enough to sustain it.

Q. You say you did not want to do it. It was done by your own votes?—A. Yes; but that was better than not to do it. We would a great deal rather the Oregon people should have completed their road down to the State line.

COMPENSATION ALLOWED PACIFIC IMPROVEMENT COMPANY; HOW DETERMINED.

Q. Who determined how much compensation should be paid to the Pacific Improvement Company—by what votes was it determined?—A. The Central Pacific.

Q. It was determined then by vote of yourself and Mr. Charles Crocker, and Mr. Huntington and the other directors?—A. Practically. Whether we were all present or not I do not know.

Q. When did that occur?—A. It occurred last fall. The final negotiation with the Oregon and California people (who are German and English) was consummated by Mr. Huntington. Of the general terms and intention, of course, I was cognizant; but the most of the negotiation was completed this winter when I was not present. As to going into details, I cannot give you anything near as complete as you would derive from the papers. The general terms of the negotiation had been discussed for two or three years and sometimes were almost completed, and then difficulties arose and changes occurred in the terms.

TERMS OF CONTRACT DETERMINED BY DIRECTORS.

Q. Is it not true that the terms of the contract between the Pacific Improvement Company and the Central Pacific Railroad Company were

determined by the vote of the directors of the Central Pacific Company whom you have named?—A. Of course.

Q. And the prominent directors whom you have named of the Central Pacific Company were also the largest stockholders of the Pacific Improvement Company?—A. The largest stockholders.

Q. So that the question as to whether the price agreed to be paid was a proper price or not must be tested by those considerations which apply when the party receiving the consideration is the same person who votes the consideration?—A. No; not exactly. We hold (I do not know how you do on the other side) that two corporations are competent to deal with one another, even though they should be composed of the same stockholders and directors or a part in one company and a part in the other. They are always accountable to the stockholders for the integrity of their actions.

MANNER OF PAYMENT BY CENTRAL PACIFIC.

Commissioner ANDERSON. My question relates now to the manner in which it was determined that it was a proper price to pay for this 104 miles of construction as named in the contract—four and a half millions in money and 80,000 shares in stock—about $120,000 a mile.

The WITNESS. Well, I think on the whole it was a very good trade for the Central Pacific.

Q. Who passed on it?—A. I helped to pass on it, I suppose, in part. All the negotiations and proceedings were determined in the interest really of the Central Pacific. We would never have thought as individuals to have individual interests independent of our interests in the Central Pacific, in touching that Oregon and California road.

ACTUAL COST OF CONSTRUCTION.

Q. Do you know whether the actual construction cost as much as the four million and a half of bonds and the 80,000 shares of stock were worth?—A. I have not seen it, but I suppose it did. The work was very heavy work, indeed. I do not know whether the work on the Central Pacific over the mountains is heavier or not, but I do not think there is any other work in the United States as heavy as the work over these mountains through Oregon.

Q. Where are the books of the Pacific Improvement Company?—A. At their office.

Q. They will show, will they not, the actual cost of this construction?—A. I presume so.

BONDS ISSUED TO PACIFIC IMPROVEMENT COMPANY.

Q. Do you remember what issue of bonds was delivered to the Pacific Improvement Company in payment for this construction? The question is whether you remember what bonds were issued?—A. No; I do not. Many of these particulars you can have exactly from the books, and it is a great deal better to get the exact figures in that way than to take them from my recollection, especially since, during the last few years, I have been frequently absent, and have not been very familiar with the details of the business.

LOAN FROM SINKING FUND TO THAT COMPANY.

Q. Do you remember the fact that during the last year over $3,000,000 were loaned from your sinking fund to the Pacific Improvement Com-

pany and that you held their note for this amount?—A. I do not remember the particulars with sufficient definiteness to state them. That occurred in my absence. It has been arranged since my return, I think; but as to the terms, and all about that, I should rather you should call on some of the others who were entirely familiar with them, or refer to the books themselves.

Q. I am not testing the accuracy of the figures, but the transaction is one which I think we ought to ask you to explain, as it concerns so large an amount of the sinking fund. I will read now from the minutes of May 2, 1887:

OFFER TO PAY BACK THE LOAN.

A communication was received from the Pacific Improvement Company offering to pay loan of $3,032,410.33, with $45,486.15 accrued interest in Central Pacific Railroad Company fifty-year 6 per cent. gold bonds of October 1, 1886. The proposition was accepted.

Do you remember that transaction?—A. Yes; I know those accounts were all settled.

Q. And that your company agreed that the sinking fund should receive these 6 per cent. bonds?—A. Yes.

Q. In payment of the money?—A. I do not know about "payment of the money," but I remember about the arrangement of putting the bonds in the sinking fund. Before that was done I think that the thing was submitted and approved of, without going very particularly into details. I cannot call to mind the details at all.

MORTGAGE OF OCTOBER, 1886.

Q. Assuming that the minutes, as read, are correct, what is this mortgage that is referred to here of October, 1886?—A. That is a mortgage made to take care of the floating debt, and to pay off another mortgage and to provide for $6,000,000 coming due this winter; and we had another small mortgage over here and we thought to wipe out all those things with this $16,000,000 mortgage.

Q. What property does it cover?—A. It covers the unaided portions of the Central Pacific. It would not cover any of the aided portions.

Q. It covers all of the terminal facilities?—A. I think everything excepting the aided portion.

PROBABLE EFFECT OF ITS FORECLOSURE.

Q. What would the effect of the foreclosure of that mortgage be on the interest of the United States?—A. Under our laws, by the consolidation the joint property becomes liable for the debts of each institution in the consolidation. Here, of course, the Government has its lien on what we call the aided portion. As to the remainder, the Government stands as a creditor would to a debtor who had large property beyond that which was under the mortgage.

Q. Then the effect of a foreclosure of this mortgage, which, as you say, applies to all except the aided portion, would be to strip the railroad of all property covered by the Government mortgage and leave it absolutely without terminal facilities or branches.—A. It does not change the relations of the Government at all, because all this $16,000,000 mortgage would go to redeem the individual mortgages and debts of the various consolidated roads. A large portion of it consists of first-mortgage bonds on the road, which this mortgage is to

posed to take up, and then some exchanges have been made. There was also another mortgage that preceded it. It removed that, and really puts the roads free from floating debt and the smaller mortgages, and takes care of them at maturity, so that the relation of the General Government with the roads is not affected at all, except favorably, inasmuch as we pay off the smaller mortgages and floating debts. It is a good thing for the company.

WOULD LEAVE ROAD FROM SACRAMENTO TO OGDEN WITHOUT TERMINAL FACILITIES.

Q. It is favorable as long as it holds the corporate responsibility of the whole Pacific system, I admit, and I do not mean to suggest that you intend to do anything which would unfavorably affect the Government, but as a matter of information I ask you whether the effect of a foreclosure would not be to leave the line from Sacramento to Ogden absolutely without terminal facilities, without an end, and without any connecting branch?—A. That, of course, would be. So would the debts that this proposes to take up do the same thing, if the mortgages securing them were foreclosed and the roads sold out to meet those debts. The present indebtedness of the company is not increased at all by this mortgage. It is only one mortgage of $16,000,000 executed to take the place of and satisfy about an equal amount of first mortgages and floating debt.

Q. Can you tell us what other construction, if any, has been had by the Central Pacific Railroad, referring to any of the other branches connected with it? We have gone through the main line and the California and Oregon.—A. I believe that is all, except by consolidation.

LINES CONSOLIDATED WITH THE CENTRAL PACIFIC.

Q. I will read you the names of the branches and ask you to please state whether they came in by consolidation. First, there is the branch from Lathrop to Goshen.—A. That is a part of the San Joaquin Valley road.

Q. That came in by consolidation of what road with what road?—A. It was known as the San Joaquin Valley Railroad.

Q. And it came in through the consolidation of August, 1870?—A. Yes.

Q. How is it as to the branch from Niles to San José?—A. That is a mistake.

Commissioner ANDERSON. I am reading from your report of 1872.

The WITNESS. That is a portion of the Western Pacific. It is called the San José Division.

Q. How is it as to the branch from Alameda to Haywards, 17 miles? A. That is one of these ferry roads that run from Alameda. Alameda is the place where the narrow gauge runs its ferry now.

Q. Then as to the Oakland and Brooklyn branch, 6 miles?—A. That is one of the short ferry roads.

Q. All these short roads to which you refer now, comprising the roads, as you may say, which extend from the Western Pacific to the bay here and then down to Goshen, I understand, were all brought together by consolidation into the Central Pacific, and subsequently gathered into the Southern Pacific by the consolidation of August, 1870. Is that correct?—A. There were some other consolidations; for instance, these two short lines of ferry road.

Q. But there was no construction by any of these companies for the Central Pacific, as applicable to any of these short lines?—A. I think not.

INTEREST OF OFFICERS IN THE SHORT LINES BEFORE CONSOLIDATION.

By the CHAIRMAN:

Q. Were any of the officers interested in any of the short lines?—A. In every case we had become interested before consolidation. Most of them we purchased.

Q. Had any of the officers been engaged in the construction of the short lines?—A. Only through the improvement company.

Q. What improvement company constructed them?—A. The Pacific Improvement Company.

The CHAIRMAN. It seems to be turning out that the Pacific Improvement Company constructed some of these short lines.

Mr. BERGIN. That is a misapprehension.

The CHAIRMAN. Let us understand it. I wish to know whether any of these short lines were built by any of the construction companies.

THE ROAD FOR MILES.

The WITNESS. A portion of the road from Niles, to meet and connect with the Alameda road, was built by, I think, the Contract and Finance Company. The Pacific Improvement Company was not organized until, I think, a later date. It was organized more particularly with reference to building a road through Arizona and New Mexico.

Q. Have you named all of the short roads that were built by a construction company?—A. I think whatever there are are mentioned there. There were some companies that never had any more than a paper existence. They were planned for roads around the bay here. I think they were all put in, to get them out of the way. It may be that I am mistaken, now, about the road from Niles this way. I am inclined to think that it was built by the Central Pacific itself, upon a contract. It was a little piece of road, and it is rather my impression that it was not built by any of our construction companies, but by individual contract. Upon reflection I am quite sure it is so.

LOAN OF PORTION OF SINKING FUND TO WESTERN DEVELOPMENT COMPANY.

By Commissioner ANDERSON:

Q. In regard to the sinking fund, do you remember that from time to time portions of it were also loaned to the Western Development Company until the amount exceeded $3,000,000, and that as security for that your sinking fund held bonds of the Southern Pacific Railroad Company, and that finally the account was settled by the sinking fund taking the bonds of the Southern Pacific Railroad Company at 90 cents on the dollar?—A. I have a general recollection of the transaction.

Q. And that after that the bonds of the Southern Pacific were sold by order of the board, and the proceeds of the sale, with some other moneys in the sinking fund, were loaned to the Pacific company, and that loan was adjusted, as explained before, by taking bonds of the mortgage of October, 1886?—A. I think you have stated it about as I remember it, but there is a great deal of it that occurred in my absence, and I do not want to state exactly with regard to it, especially as there is documentary evidence for it.

Q. Who are the present trustees of the sinking fund or funds?—A. There are different trustees. I do not like to be inaccurate about that. I would prefer that you should ask Mr. Miller about it.

Commissioner ANDERSON. Very well; we will ascertain from Mr. Miller. There are some questions I want to ask you in regard to your preliminary statement, but if there is anything further to be asked about the details of construction, or the story of the road, perhaps it had better be asked now.

WHAT WAS PAID FOR CONSTRUCTION FROM SACRAMENTO TO OGDEN.

By Commissioner LITTLER:

Q. To recapitulate in respect to the construction of the Central Pacific road; as I understand you, the firm of Crocker & Co. and the Contract and Finance Company received for their services in constructing the Central Pacific road from Sacramento to Ogden all the first-mortgage bonds of the company, and all the subsidy bonds issued by the Government of the United States, and all the stock which has, in fact, been issued. Am I correct in that statement?—A. Not exactly. I doubt whether the Contract and Finance Company ever handled one of those bonds. They were all sold at the East, and the proceeds used for the company.

Q. At all events they received the proceeds arising from the sale of the bonds?—A. Of the bonds.

CONDITION OF CONTRACT AND FINANCE COMPANY AT FINAL SETTLEMENT.

Q. So that when you settled up the affairs of the Contract and Finance Company there remained nothing as clear profit to the company except the common stock of the Central Pacific road?—A. Yes; I think that that is all they had. And I do not know but what they were somewhat in debt; but their profit, if any, was in this stock. All those first-mortgage bonds were converted into money in New York and sent out here, and they all went into the road.

Q. Is it not somewhat remarkable that, in a transaction of such magnitude, the cost should come out even with the amount of money arising from these securities and leave the stock as a clear profit?—A. It would have been so if the Contract and Finance Company had come out exactly even; but, as I understand it, they did not. On the contrary, they owed a good deal of money.

Commissioner LITTLER. You had not stated that before.

The WITNESS. Well, that is the fact; they owed a great deal of money.

AMOUNT IT OWED AT THE COMPLETION OF THE ROAD.

Q. Give us an estimate of the amount they owed at the time of the completion of the road.—A. Several millions of dollars. I think Mr. Brown, when you get him on the stand, will be able to tell you exactly.

Q. Then, do you desire to be understood as saying that this Contract and Finance Company received this company stock, and yet it was not clear profit, but that they had to pay several millions of dollars in order to clear the stock?—A. That is my recollection. They were several millions dollars in debt when they got through. If there had been a surplus of money over, we would have cried a halt with the Contract and Finance Company, and have said: "You are making money out of this,

and we cannot afford to have you do it." The Contract and Finance Company was really a means to an end, although it had its legal existence and was responsible for its liabilities.

CREATED FOR PURPOSE OF BETTER CONSTRUCTING THE ROAD.

Q. The Contract and Finance Company, when properly understood, was merely an instrument in the hands of the Central Pacific Railroad for constructing this road, as I understand you?—A. It was created for the better purpose of constructing the Pacific road.

Q. And yet, it is true that yourself and associates in that company received, as profits, all this stock amounting to between $50,000,000 and $60,000,000, less the amount the company had to pay after it had finished the work of construction?—A. Well, no. We only received about $50,000,000, a very inadequate compensation for the risks that were incurred. It was not possible to find anybody else of responsibility in the United States that could be induced to take a part in it.

PERSONAL LIABILITY OF STOCKHOLDERS.

Q. Yet it is true that by reason of your being a corporation, the members of the corporation were not personally liable for any of the debts of the company?—A. They were liable for any debts that the company might be unable to pay. The corporation itself was a stockholder, and, as a stockholder, was liable for the debts of the company. The Contract and Finance Company proved a most valuable instrument in the construction of the road, but it never was compensated for the risks that it had to take, and there was no man to be found and no party of men that could be found that would take an interest and participate in the risks.

Q. This being a corporation under the laws of the State of California, I suppose its stockholders were not liable beyond the amount of stock subscribed, were they?

Mr. BERGIN. That is a mistake. Stockholders here are individually liable under the laws of this State to the extent of the debts and liabilities contracted or incurred while they are stockholders, regardless of the mere amount paid on the capital stock. The stockholder is liable, in the first place, for his subscription. In addition to that he is individually liable to every creditor for his proportion of the debts and liabilities of the company contracted or incurred while he continued to be a stockholder.

Commissioner LITTLER. Is that the law of the State of California.

Mr. BERGIN. Yes.

Commissioner LITTLER. I do not see any object in forming incorporations under your laws if that is so.

EFFECT OF THE LAW ON INVESTORS.

Mr. BERGIN. That is what Governor Stanford has referred to here as a frightening of foreign capital from investment in California, and it has been a source of a great deal of financial embarrassment in this State.

Commissioner LITTLER. I now understand the personal liability that you have been talking about. I could not understand, under the laws of my own State or most of the other States, how a stockholder of a corporation became liable for debts beyond the amount of the stock subscribed.

The WITNESS. I think it is a very unfortunate provision of our laws. It has often hindered investments of capital, and we found that to be the greatest difficulty in obtaining capital in aid of our road. I see that your Commission is inclined to be thorough, and I hope you will be so thorough in your examination that there will be nothing left that anybody else will think worth prying into.

The Commission then adjourned to Saturday, July 30, 1887, at 10 a. m.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Saturday, July 30, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

FRANK S. DOUTY, being duly sworn and examined, testified as follows:

SECRETARY AND TREASURER OF VARIOUS CORPORATIONS.

By Commissioner ANDERSON:

Question. What is your occupation, sir?—Answer. I am connected with various corporations as an officer.

Q. Will you please enumerate them?—A. I am secretary and *ex-officio* treasurer of the Pacific Improvement Company; president and *ex officio* treasurer of the Western Development Company; secretary and treasurer of the Southern Development Company; secretary and treasurer of the Los Angeles and Independence Railroad Company; secretary and treasurer of the Carbon Hill Coal Company; secretary of the Rocky Mountain Coal and Iron Company; secretary and treasurer of the Colorado Steam Navigation Company; secretary and treasurer of the Southern Pacific Railroad Company of Arizona; secretary and treasurer of the Southern Pacific Railroad Company of New Mexico.

Q. Which of these corporations have had any dealings with the Central Pacific Railroad Company?—A. The Western Development Company has had some dealings and so also has the Pacific Improvement Company.

THE WESTERN DEVELOPMENT COMPANY.

Q. Which of these two corporations was first formed, the Western Development Company or the Pacific Improvement Company?—A. The Western Development Company.

Q. Do you remember who were the incorporators of the Western Development Company?—A. John Miller, F. S. Douty, Frank C. Ross, H. K. White, and D. T. Philips, I think.

Q. Who were the first officers of the company?—A. F. S. Douty was president, and John Miller was secretary and *ex officio* treasurer.

Q. What was the capital stock?—A. Five million dollars.

Q. Divided into 50,000 shares?—A. Fifty thousand shares of $100 each.

Q. Do you remember who were the principal stockholders not named?—A. Governor Stanford, Mr. Huntington, Mr. Hopkins, Mr. Crocker, and General Colton.

REPRESENTATIVES OF OTHERS, AND NOT OWNERS.

Q. What stock had you standing in your name?—A. Ten thousand shares, I think.

Q. Did you ever pay for it all?—A. I did not.

Q. Did you understand whose stock it was?—A. I do not know, but my impression at the time was that I represented General Colton.

Q. Did you state the year when this company was organized and commenced business?—A. It was organized in December, 1874.

Q. How many members of the board were there?—A. Five.

Q. Please state their names; are they the same gentlemen who were the incorporators?—A. The same incorporators were the directors.

Q. Do you know whether the other directors held stock beside yourself, beside this 10,000 shares?—A. Each held 10,000 shares.

Q. In his own name?—A. Yes, sir.

Q. Frank C. Ross and White and Philips and Miller?—A. Yes, sir.

Q. Did you understand whether or not they owned this stock absolutely for themselves, or as representatives of the other gentlemen?—A. My understanding was that they were representatives and not owners.

Q. And that the real owners were the five gentlemen you have named, Governor Stanford, Mr. Hopkins, Mr. Huntington, Mr. Crocker, and Mr. Colton?—A. Yes, sir.

Q. And in all the dealings of the corporation, I assume that you would expect, unless you were asked to do something absolutely wrong, to be entirely guided by the ideas of these gentlemen?—A. I intended to represent them.

Q. And so did the other directors, as far as you could judge by their actions, intend to represent their principals?—A. That was my understanding of it.

THE PACIFIC IMPROVEMENT COMPANY.

Q. In regard to the organization of the Pacific Improvement Company, was it similarly done?—A. Yes, sir; it was similarly done, with the exception that General Colton was not there, and originally Mrs. Hopkins had no part in it.

Q. When was that company organized?—A. In November, 1878.

Q. The Pacific Improvement Company?—A. Yes, sir.

Q. Who were its first officers?—A. J. H. Strobridge was the president and F. S. Douty was secretary and treasurer.

Q. And the board of directors?—A. J. H. Strobridge, F. S. Douty, W. E. Brown, Arthur Brown, and B. R. Crocker. Of course, I am giving these from memory, and I would not swear positively that such was the case, but that is my recollection. There were five in all.

Q. How much was the capital stock? Also $5,000,000?—A. Five millions.

Q. And who were the real owners of the stock in the company?—A. In the beginning Messrs. Stanford, Crocker, and Huntington.

Q. And then Mrs. Hopkins afterwards?—A. Yes, sir; Mrs. Hopkins afterwards.

ITS DEALINGS WITH THE CONTRACT AND FINANCE COMPANY.

Q. Did any of these companies have dealings with the Contract and Finance Company?—A. The Western Development Company bought

from the Contract and Finance Company a considerable amount of construction material. It had no other dealings.

Q. Did it not also take an assignment of a contract held by the Contract and Finance Company?—A. Yes, sir; with the Southern Pacific Railroad Company.

Q. For the construction of the Southern Pacific road?—A. Yes, sir; but this was subsequently made a contract direct between the two companies.

Q. Did you hold any office in the Contract and Finance Company?—A. No, sir.

EMPLOYÉS OF CONTRACT AND FINANCE COMPANY.

Q. Do you know who the clerks were in the office of the Contract and Finance Company, who were employed there?—A. By hearsay only. When I entered the service of the Western Development Company I did not take charge of its affairs until some time after its organization, and at that time the Contract and Finance Company existed in name only. John Miller, I know, however, was the secretary of that company.

Q. Were there not other employés of that company that you know of except John Miller?—A. There were employés connected with the Contract and Finance Company and the Western Development Company in the office of the Western Development Company. The employés of the Western Development Company at that time were F. C. Ross, John Miller, and C. H. Reddington, besides an office boy.

Q. Have you any knowledge of the books of the Contract and Finance Company?—A. I have not.

Q. You never saw them?—A. I never saw them.

TRANSACTIONS BETWEEN THE WESTERN DEVELOPMENT AND CENTRAL PACIFIC.

Q. What was the nature of the transactions between the Western Development Company and the Central Pacific Railroad Company?—A. The principal relation was that of attending to certain repairs of bridges and buildings under the superintendence of Mr. Arthur Brown.

Q. For how long a period did these transactions continue?—A. Until January 1, 1879, I think.

Q. Where are the books of the Western Development Company?—A. In the office of the company?

Q. That is in the same building as the Central Pacific Railroad Company's offices?—A. Yes, sir; at the corner of Fourth and Townsend streets, in this city.

DEALINGS BASED ON COST WITH 10 PER CENT. ADDED.

Q. Can you tell us approximately what the amount of these transactions was per annum—these repairs?—A. I cannot from recollection.

Q. Can you inform us how these transactions were made, how the prices came to be fixed?—A. All the dealings between the Western Development Company and the Central Pacific Railroad Company were based on cost with 10 per cent. added. This 10 per cent. included superintendence and the use of tools, the depreciation of which could not be distributed to any particular piece of work.

NATURE OF REPAIRS.

Q. Please describe the kind of repairs that your company did for the Central Pacific.—A. Repairs to bridges and buildings.

Q. And the reconstruction of roadway or the laying of rails?—A. No, sir.

Q. Along the whole line of that road and all of its branches?—A. Yes, sir. I think the Western Development Company did make a heavy fill at a place called Secret Town and at Long Ravine. I do not recollect that it included any track-laying,—simply replacing the trestle with earth embankments.

Q. Was the same rule observed in all of these companies of charging the cost with 10 per cent. added?—A. Yes, sir; I think that was the case in this instance.

PREPARATION OF STATEMENT OF COST.

Q. By whom was the statement of cost prepared?—A. That was prepared in my office.

Q. Taken from the books?—A. Yes, sir.

Q. Your books would show the cost?—A. Yes, sir.

Q. And were the vouchers rendered or the bills rendered to the Central Pacific Railroad Company made out in that way, a statement of the cost and an addition of 10 per cent. on the face of the vouchers?—A. Yes, sir, as I recollect it, but it is some time since I thought of it.

CENTRAL PACIFIC BOOKS CONTAIN ANNUAL AMOUNT OF COST.

Q. Can you furnish us with a statement showing the annual amount of money received for this work by the Western Development Company from the Central Pacific Railroad Company from 1872 to 1879?—A. I think that it could be furnished. It would take some little time, however. The Central Pacific books undoubtedly contain it all.

Q. Then I suppose we will get it. The items would naturally appear gathered together in a ledger account of those two companies, would they not?—A. Yes, sir.

Q. And the footing of the balances would give the answer to the question that I have asked?—A. We kept two or three different sets of books. For instance, the total of the work performed by Arthur Brown would appear in what we call the timber books—books devoted to this class of work entirely; and then another set, as distinguished from the other, we call the general books. The two gathered together would show the result.

Q. Are not all these accounts gathered together in the cash ledger?—A. In the general ledger. It would appear there simply as a balance, probably, representing the gross amount, without any details.

Commissioner ANDERSON. All that we want is some verified statement showing the magnitude of the transactions between the two companies, and what they amounted to during that period.

The WITNESS. The books will show that.

WORK OF WESTERN DEVELOPMENT FOR SOUTHERN PACIFIC.

Q. What construction did the Western Development Company do for the Southern Pacific Railroad Company?—A. It built the road from Sumner to San Fernando, and from Spadra to Yuma.

Q. How many miles does that embrace?—A. I think it is about [illegible] miles; 404.91 I think is the exact mileage.

Q. Was that the inception of the Southern Pacific Railroad—the first construction done for the Southern Pacific Railroad Company?—A. There had been other construction there which we found, between

San Fernando and Los Angeles, and between Los Angeles and Spadra. That portion of the road had already been constructed.

ROUTE OF THE SOUTHERN PACIFIC.

Q. Please tell us where the Southern Pacific road commences, describing its route, so that we can have it before us. As I understand it, it does not communicate directly with San Francisco?—A. No, sir. The Northern Division of the Southern Pacific Railroad enters San Francisco and runs between the Coast Range and the ocean, at that time ending at Soledad. It had two termini, one at Soledad and the other at Tres Pinos. The latter was a branch, which left the main line at Gilroy and went to Tres Pinos. The main line went to Soledad.

Q. And how far is Soledad south of San Francisco?—A. One hundred forty-two and 9.10 miles.

PARALLELLED GEOGRAPHICALLY, BUT NOT AS TO BUSINESS.

Q. Please describe the rest of the Southern Pacific Railroad?—A. The other line, the Southern Division, begins at Goshen, goes to Los Angeles, and from Los Angeles runs to the Colorado River.

Q. And which was the part of that road which you found already constructed?—A. That part between San Fernando and Los Angeles and between Los Angeles and Spadra.

Q. There is a gap, as I understand it, between the Northern Division and the Southern?—A. Yes, sir.

Q. I understand that the two lines virtually parallel each other?—A. There is a range of mountains between them. But for that matter they parallel each other, so far as they go, in a geographical, but not in a business sense.

Q. Is the line to fill that gap now in course of construction?—A. No, sir; there is also another piece of road from Goshen to Huron, which was built by the Western Development Company.

Q. Belonging to the Southern Pacific?—A. Yes, sir.

ENTRANCE TO SAN FRANCISCO FORMERLY CONTROLLED BY CENTRAL PACIFIC.

Q. Over what route does the Southern Pacific now communicate with San Francisco?—A. It is now controlled by the Southern Pacific Company, but was formerly controlled by the Central Pacific.

Q. What was the name of it?—A. I do not know that I ever knew the corporate name. It has always been regarded as part of the Central Pacific.

Q. Does it run between San Francisco and Goshen?—A. Yes, sir.

Q. Is that the contract which was originally made with the Contract and Finance Company and purchased by the Western Development Company?—A. It is a portion of that contract.

Q. Is that contract in existence?—A. I suppose so. I do not know, however, that the Western Development Company purchased it.

ASSIGNMENT OF CONTRACT BY CONTRACT AND FINANCE COMPANY TO WESTERN DEVELOPMENT COMPANY.

Q. Did it take an assignment of it?—A. Yes, sir; it took an assignment of it.

Q. Is the original contract with the Contract and Finance Company in existence?—A. I do not know. It is not in my possession.

Q. Did you ever have it?—A. No, sir.

Q. Was it never among the papers of the Western Development Company that you know of?—A. I do not know that I ever saw it. I do not know that I ever had it. My only knowledge of it was derived from reading the minutes of the Southern Pacific Railroad Company.

By the CHAIRMAN:

Q. Who kept possession of it?—A. It would be among the papers of the Contract and Finance Company, and it may possibly be among my papers. I never saw it, however.

By Commissioner ANDERSON:

Q. You never examined it.—A. I do not recollect anything about it.

NEW CONTRACT BETWEEN WESTERN DEVELOPMENT AND SOUTHERN PACIFIC.

Q. You say that there was a new contract made directly between the Western Development Company and the Southern Pacific Railroad Company?—A. Yes, sir; that was what I referred to.

Q. Have you that contract?—A. Yes, sir; it is in my office.

Q. Was that for the whole of the 400 miles?—A. Yes, sir; and something more. It provided for all the uncompleted portions. As I understand it, the original design was to connect the lines between Tres Pinos and Huron; also to build the line between Mojave and the Needles, which was on the Colorado River. Those, however, were not built by the Western Development Company.

PACIFIC IMPROVEMENT BUILDS LINE BETWEEN MOJAVE AND NEEDLES.

Q. By whom were they built?—A. That line between Tres Pinos and Huron has not been built, and I do not know that it ever will be. The line between Mojave and the Needles was built by the Pacific Improvement Company.

Q. At a subsequent date?—A. Yes, sir; in 1882.

Q. At the time that this contract was made, who were the stockholders in the Southern Pacific Railroad Company?—A. I could not name them.

Q. Who were the directors?—A. That I could not say positively.

Q. Who was the president?—A. Charles Crocker.

CONSTRUCTION CONTINUED FOUR YEARS.

Q. How long did the construction continue, from the commencement to the end?—A. There was more or less work done on it during the active existence of the Western Development Company as a corporation between the latter part of 1874 and the latter part of 1878—four years.

SETTLEMENTS MADE WITH SECRETARY OF SOUTHERN PACIFIC.

Q. With whom were the settlements made when money came due to the Western Development Company—with what officers?—A. Under the contracts no money was due. Payments were made to the Western Development Company in the form of stock and bonds. The settle-

ments are usually made with the secretary of the Southern Pacific Railroad Company, Mr. J. L. Willcutt.

Q. Do you remember how many bonds in all were received on this contract with the Southern Pacific Railroad Company?—A. I cannot say that from memory. I would prefer to give it from the books.

Q. Were the bonds the first-mortgage bonds of the Southern Pacific?—A. Yes, sir.

Q. In what respect, if at all, were these transactions with the Southern Pacific Railroad Company intermingled with your transactions with the Central Pacific Railroad Company?—A. They were not intermingled at all, that I know of.

LOANS ON COLLATERALS.

Q. Were there not large loans of money made by the Central Pacific Railroad Company to the Western Development Company, for which you gave the Southern Pacific Railroad bonds as collateral?—A. Yes, sir; there was a loan of that character.

Q. Do you remember its amount? Was it over $3,000,000?—A. Yes; I think it was in that vicinity, but I do not remember the exact figures.

Q. Were other loans of money made to the Western Development Company, from time to time, as it required money, or was it all in one lump?—A. I think that it was in one loan.

Q. Do you remember the rate at which the Central Pacific took these bonds as collateral?—A. I do not.

LOAN ACTED ON BY DIRECTORS OF WESTERN DEVELOPMENT COMPANY.

By the CHAIRMAN:

Q. Did the board of directors of the Western Development Company act upon that loan?—A. Yes, sir; I think so. I think that it is all a matter of record.

Q. Does it appear upon your minutes?—A. I think it does. If there was any action by the board of directors it would appear upon the minutes.

By Commissioner ANDERSON:

Q. Do you remember how the loan was paid?—A. I think that it was paid in bonds of the Southern Pacific Railroad Company.

CENTRAL PACIFIC NOTE PAID BY SOUTHERN PACIFIC BONDS.

Q. We find in the minutes of the Central Pacific Railroad Company, under date of September 1, 1879, a proposition from the Western Development Company to pay a note, due the Central Pacific Railroad Company, for $3,086,259.72, with bonds of the Southern Pacific Railroad Company at 90 cents on the dollar. Is that the transaction as you recollect it?—A. Yes, sir; there was a transaction of that kind.

Q. Was that proposition accepted and carried through?—A. Yes, sir.

CONTROLLING INFLUENCES SUBSTANTIALLY THE SAME IN BOTH BOARDS.

Q. And at that time were the directors of both boards substantially the same persons that you have named—the board of the Western

Development Company and the board of the Central Pacific Railroad Company—such as we find on the books of the company?—A. The leaders of the board of directors of the Central Pacific Railroad Company and the owners of the Western Development Company were substantially the same.

Q. But the controlling influences were the same?—A. The controlling influences were the same, except for the deaths of General Colton and of Mr. Hopkins, which occurred during the meantime.

NO MARKET VALUE TO THE BONDS.

Q. Do you know what the market value of those bonds was at that period, or had they any market value?—A. I do not know that they had any market value. I think that it was about the time that they began to be placed upon the market.

Q. Has the interest on those Southern Pacific bonds always been regularly paid?—A. Yes, sir.

PRODUCTION OF WESTERN DEVELOPMENT BOOKS DESIRED.

Q. Could you not answer these matters more readily if you had present the ledger of the Western Development Company?—A. I certainly could, with the books of the Western Development Company.

Q. What books would you require?—A. The ledger, journal, and cash book, and possibly some vouchers. Frequently the detail will appear on the voucher and would not be written out in full on the books.

Commissioner ANDERSON. I should prefer to conduct the examination with the books present. Would it be convenient for you to have them brought here?

The WITNESS. If so ordered. I do not know that I have sufficient control over them to take them out of the office.

Commissioner ANDERSON. We have sufficient control, if we wish to exercise it, to order the books brought here, and we will give you authority or an order to bring them in order that we may examine them. I think that the examination would be more satisfactory with the books.

TRANSFER OF CENTRAL PACIFIC BONDS TO WESTERN DEVELOPMENT.

Q. Do you recall the fact of a number of bonds of the Central Pacific sinking fund coming into the possession of the Western Development Company?—A. I do not recollect the figures with sufficient accuracy to state. I think that it was something like four millions or thereabouts.

Q. Out of what transaction did the transfer of those bonds to the Western Development Company arise?—A. In pursuance of some policy which the directors had. I suppose that they were desirous of marketing bonds of the Southern Pacific Railroad Company.

Commissioner ANDERSON. These are Central Pacific Railroad sinking fund bonds that I am speaking of.

The WITNESS. They were Southern Pacific bonds.

Q. Had they been held in the sinking fund of the Central Pacific Railroad Company?—A. Yes, sir.

FOR DEBT DUE BY CENTRAL PACIFIC.

Commissioner ANDERSON. I will recall to you your statement, made in the Colton case, where this same subject was brought to your attention, and you were asked:

From whom did the Western Development Company acquire these bonds?

You answered:

From the Central Pacific Railroad Company.

Q. How?—A. In the payment of a debt, I think.

Q. They took them for the payment of a debt due by the Central Pacific Railroad Company to the Western Development Company?—A. Yes, sir.

The WITNESS. That is another class of bonds. They relate to the so-called income bonds. These are a different kind of bonds. I had the Southern Pacific of California bonds in my mind as belonging to the sinking fund. These were what were called "income" bonds, and I referred to them in that way. They were properly sinking fund bonds, I suppose.

CENTRAL PACIFIC USED AS A BANK.

Q. Out of what transaction did the indebtedness of the Central Pacific Railroad Company to the Western Development Company arise?—A. The Western Development Company used the Central Pacific Railroad Company as a bank to deposit money with and to draw money out of, and I think that this amount of money represented the balance due on account current from the Central Pacific to the Western Development Company.

Q. You mean an overdraft or loan made by the Western Development Company to the Central Pacific Railroad Company?—A. It was an aggregate of deposits made by the Western Development Company in the treasury of the Central Pacific Railroad Company, in excess of what the Western Development Company) had drawn out of the Central Pacific Railroad. The Western Development Company used the Central Pacific Railroad Company as a bank, and deposited more than it drew out. Naturally, there would be a balance due to the Western Development Company.

WESTERN DEVELOPMENT DRAFTS HONORED BY CENTRAL PACIFIC.

By the CHAIRMAN:

Q. Did the Western Development Company draw out more than it sometimes had in?—A. It is possible that that may have occurred. It usually, however, had a great deal more in the treasury of that company on deposit than we drew out of it.

Q. Was that with the consent of the Central Pacific as a banker?—A. There was never any objection to it that I was aware of. The drafts were always honored.

Q. Had the Western Development Company unlimited draft upon the Central Pacific Railroad Company for funds as a banker?—A. No.

Q. What was the limit of the draft?—A. I do not know that that question ever came up. I do not know that I ever drew a cent to which any objection was made.

LARGE BALANCE ON DEPOSIT.

Q. I understand you to say that it is possible that you drew out more than you had on deposit?—A. It may have been so. I stated that it might have been done, but I do not recollect whether it was or not. As a rule, the Western Development Company had a large balance on deposit with the Central Pacific Railroad Company.

Q. Would the Central Pacific Railroad Company honor the drafts of the Western Development Company if it had not sufficient funds on deposit?—A. I do not know whether it would or not; unless some ar-

rangement was made to take care of it. I do not think it would. If we wanted money we would be likely to make some arrangement for it, as we would with any other bank with which we were doing business.

Q. Was not the controlling influence in the Western Development Company and in the Central Pacific Railroad Company the same?—A. Yes, sir; the controlling influences were the same in both companies.

NO DIFFICULTY IN ARRANGING AN OVERDRAFT.

Q. So that there would be no difficulty or trouble in arranging or adjusting any banking account in case of an overdraft?—A. They could do whatever they pleased with regard to that.

Q. Would it be likely that the man making an overdraft would find any trouble, if he were the same person upon whom the draft was drawn?—A. I do not imagine that in case of myself there would be any trouble.

CENTRAL PACIFIC A DEBTOR TO AMOUNT OF $3,000,000.

By Commissioner ANDERSON:

Q. The fact was that at this period the Central Pacific Railroad Company was the debtor of the Western Development Company in an amount exceeding $3,000,000, as I judge from your testimony in the Colton case?—A. Yes, sir; whatever was stated there is correct.

Q. And the Western Development Company received these bonds in payment of the debt or as security?—A. In payment of that debt.

Q. What became of those bonds?—A. The Western Development Company parted with them by paying some of its own debts.

BONDS SOLD TO THOSE IN INTEREST.

Q. Do you know to whom those bonds were sold?—A. I think that Mr. Crocker had some of them and Mr. Huntington some.

Q. And were there not some sold to all of these gentlemen in interest?—A. Yes, sir; to all four.

Q. To the four?—A. Yes, sir.

Q. How did you designate the four?—A. S., H., H., and C.

Q. How did that transaction come about? Who directed you to sell those bonds? Was it by direction of Mr. William E. Brown?—A. I think that it was either by his direction or upon information which I received through him.

Q. Do you remember the price at which they were sold?—A. Par and accrued interest, I think.

"S., H., H., AND C."

Q. Were books kept of the transactions of "S., H., H., and C."?—A. Yes, sir; I think there are such books.

Q. Will you explain whom you mean by S., H., H., and C.?—A. Stanford, Huntington, Hopkins, and Crocker.

Q. By whom were these books kept?—A. By William E. Brown.

Q. Has he possession of those books now, so far as you know?—A. So far as I know; yes, sir.

Q. Have you ever had any connection with those books?—A. No, sir.

Q. You do not know what class of transactions they contain?—A. I do not.

OTHER TRANSACTIONS BETWEEN WESTERN DEVELOPMENT AND CENTRAL PACIFIC.

Q. What other dealings besides the construction of railroad and the interchange of loans occurred between the Western Development Company and the Central Pacific Railroad Company, as you remember?—A. I do not recollect of any aside from those that I have already mentioned.

Q. Were there any other occasions when loans of any magnitude existed between them, other than the two which you have given?—A. I do not recollect any other.

Q. What other railroad construction did you make besides the building of the Southern Pacific Railroad?

The WITNESS. You mean the Western Development Company?

Commissioner ANDERSON. Yes, sir.

THE NORTHERN RAILWAY.

The WITNESS. The Western Development Company built a considerable portion of the Northern Railway.

Q. Where is the Northern Railway?—A. It begins at Oakland Point and goes to a point near Martinez. Then it begins at Benicia and goes to Suisun, or to a place just beyond Suisun. Then it begins at Woodland and goes to Tehama.

THE CALIFORNIA PACIFIC RAILWAY.

Q. What is this line between the ends of the Northern Railway?—A. The California Pacific Railroad.

Q. Between Woodland and Suisun?—A. Yes, sir.

Q. What is this little road between Sacramento and the California Pacific?—A. That is a portion of the California Pacific extending to Vallejo. The California Pacific runs from South Vallejo to Sacramento, and also has a line from Napa Junction up the Napa Valley to Calistoga, called the Napa branch.

Q. There is a break near Suisun?—A. Yes, sir.

THE ROAD BUILT IN SECTIONS.

Q. When was that construction contract made with the Northern Railway?—A. The road was built in pieces, and had separate contracts for each piece.

Q. The first was when?—A. The first part of the Northern Railway the Western Development Company had nothing to do with in the beginning. It began at Woodland and extended to Williams. This, I think, was in 1875. Then the next work was done between Oakland and Martinez. That was in 1877; it may have been a little before that. Then it was built from Benicia to Suisun; then from Williams to Willows. That included the new work done by the Western Development Company.

Q. The Western Development Company did not build from Willows to Tehama?—A. It did not build that.

CHIEF STOCKHOLDERS OF NORTHERN RAILWAY.

Q. At the time of this construction who were the chief stockholders in the Northern Railway?—A. There was very little stock issued at that time, and I do not know who the stockholders were.

Q. Who was president?—A. I do not know. The secretary, was, first E. H. Miller, jr., and then J. O. B. Gunn.

Q. Whom do you refer to as the men really interested in the enterprise?—A. Governor Stanford and the other gentlemen.

Q. Stanford, Huntington, Hopkins, and Crocker?—A. Yes, sir. My instructions at that time, in my dealings, were principally taken from General Colton. He seemed to be more actively engaged in the management of the Western Development affairs than the others.

CONSTRUCTION CONTRACTS.

Q. Between what parties was the construction contract made? The Western Development Company on your side, and who else?—A. The first contract between Woodland and Williams was under an assignment of a contract originally made between the Northern Railway and Charles Crocker. The assignment was made by Charles Crocker to the Western Development Company. The other contracts were between the Northern Railway Company and the Western Development Company direct.

Q. In conducting this construction did you have any financial transactions with the Central Pacific Railroad Company?—A. We used the Central Pacific as a banker during this time.

USED THE CENTRAL PACIFIC AS A BANKER.

By the CHAIRMAN:

Q. How did you keep your accounts with the Central Pacific as a banker?—A. We deposited money with it and took credit therefor, and drew money out as we needed it.

Q. You would make an interchange of receipts from time to time?—A. I deposited for the Western Development Company cash, or its equivalent, with the Central Pacific Railroad Company and took its receipts therefor. In drawing money out drafts were given generally, sometimes vouchers were receipted.

Q. With whom would you deposit your money?—A. With the treasurer of the Central Pacific Railroad Company.

Q. Would the money go into the general fund of the Central Pacific Railroad Company?—A. I cannot say what that company did with it; but I presume that it used it the same as any other money.

LEDGER ACCOUNT WILL SHOW TRANSACTION.

By Commissioner ANDERSON:

Q. You have a ledger account showing the whole transaction?—A. Yes, sir; I have a ledger account.

Q. This will show all the money that was deposited and how much money you drew out?—A. Yes, sir. The Central Pacific had a similar account.

DEPOSITS FURNISHED BY STOCKHOLDERS.

By the CHAIRMAN:

Q. Where did you first get your funds to make deposits in the Western Development Company?—A. From the stockholders of the Western Development Company.

By Commissioner ANDERSON:

Q. Did you deposit with the Central Pacific Railroad Company the funds of the Western Development Company which you received from

the stockholders of the latter company?—A. I think that they were largely made up of deposits by Messrs. Stanford, Huntington, Crocker, Colton, and Hopkins.

FORM OF DEPOSITS.

By the CHAIRMAN:

Q. Deposits made with the Western Development Company?—A. Yes, sir; in the form of cash, coupons, or other evidences of indebtedness on the part of the Central Pacific Railroad Company—cash or its equivalent.

Q. On what account were the deposits made?—A. They were made each on his individual account with the Western Development Company.

Q. Was there any action on the part of the board of directors of the Western Development Company, or of the stockholders, permitting these gentlemen to make such deposits?—A. I do not recollect any such action.

Q. Did they volunteer these deposits from time to time?—A. They deposited money, or its equivalent, at their pleasure, or as it might be needed. In the regular course of business, if we had more money than we wanted to use, we would give it to the Central Pacific.

WHERE THE WESTERN DEVELOPMENT GOT ITS MONEY.

The CHAIRMAN. I want to know where the Western Development Company got its money?

The WITNESS. I have already told you. It came from deposits made from time to time by these five gentlemen whom I have named.

Q. Were deposits made on call?—A. I should think so, yes. If they wanted a part of it back they could have it.

Q. Were deposits made on call with the Western Development Company?

The WITNESS. Do you mean made by the Western Development Company with the Central Pacific?

The CHAIRMAN. No; by the stockholders of the Western Development Company. Did they deposit money with that Company?

The WITNESS. Yes; I should say so. They paid the money in, and if they wanted it again they could have it.

HOW DEPOSITS WERE REGULATED.

Q. Would it be by an order of the board of directors, or by entries in the minutes of the board of the Western Development Company, or by any action on the part of the Western Development Company?—A. I do not recollect any such action.

Q. How did you regulate your deposits upon call with the Western Development Company?—A. The matter regulated itself. When we had to have money these gentlemen knew it very well and would supply us with what we required.

Q. How did you limit the amount of the call?—A. We did not limit it. They would simply put in what they had to spare and would be credited with that amount on our books.

THOSE INTERESTED FURNISH CASH OR ITS EQUIVALENT.

By Commissioner ANDERSON:

Q. As I understand you, these four gentlemen were all interested in the enterprise, they advanced money from time to time to the Western

Development Company, and that company used the Central Pacific Railroad Company as a banker?—A. Yes, sir. There were five interested at that time, however.

Q. You say that a large portion of the funds advanced by them consisted of coupons and obligations of the Central Pacific held by these five gentlemen?—A. Yes, sir; more or less of their deposits were of that nature; but how much I could not say at this time. However, it was cash or its equivalent. That is what it amounted to.

RELATIONS BETWEEN NORTHERN RAILWAY AND CENTRAL PACIFIC.

Q. What relations, by lease or otherwise, existed between the Northern Railway and the Central Pacific? Was it leased to the Central Pacific? I so understand it.—A. Yes, sir; that is the fact.

Q. At what time?—A. When it was ready to be operated.

Q. About 1878?—A. Yes, sir; in that vicinity.

Q. Do you remember the terms of the lease?—A. I do not. I do not know that I ever saw the lease.

Q. Did it remain in operation until the lease of the Central Pacific to the Southern Pacific Company?—A. Yes, sir. I have an impression that it was for some time after that.

ALLOWED INTEREST ON ACCOUNTS AT VARYING RATES.

By the CHAIRMAN:

Q. Were you allowed interest on the accounts by the Central Pacific Railroad Company?—A. Yes, sir.

Q. At what rate of interest?—A. Varying rates, depending upon the current rates at that time.

By Commissioner ANDERSON:

Q. What are they here? We are not familiar with your rates.—A. When I first came here, in 1874, 12 per cent. per annum was the current rate. It subsequently fell to 10 per cent., which was the highest rate paid to the Central Pacific Railroad by the Western Development Company, and then to 8 per cent.; then for a short space of time 7 per cent.; then, finally, 6 per cent.

Q. Do you remember the aggregate amount of the loans?—A. No, sir.

Q. Did you pay interest to the stockholders of the Western Development Company, to the gentlemen who made deposits with you?—A. Yes, sir.

NEVER PAID A DOLLAR ON ACCOUNT OF STOCK.

By Commissioner LITTLER:

Q. Did they ever pay a dollar on account of their stock?—A. No; not if the money they paid to the Western Development Company is regarded as a loan to that company.

Q. At the time they were receiving interest on deposits they still owed the Western Development Company the entire amount of their stock subscriptions, did they not?—A. I think that would be a matter of opinion. They owned the company.

Q. As I understand you they never paid any money on account of their stock, did they?—A. No, sir; I never treated their payments as payments on stock.

OWNED THE COMPANY.

Q. They owed for their stock all the time after they had subscribed for it, did they not?—A. Whether they owed anything for it or not I cannot say, as they already owned the company, and of course, I suppose, owned all the stock.

Q. How did they own it, unless they paid for it?—A. They created everything that the company had, and it would have been a mere matter of form if they had paid in money on account of the stock.

INTEREST CREDITED ON DEPOSITS.

Q. As a matter of fact, they never paid a cent on account of stock subscriptions, and yet when they paid in money, this same company credited them with the interest right along, did it not?—A. Yes, sir. The deposits were unequal. They did not deposit the same sums, or at the same time. They did not make deposits in proportion to the interest which each owned in the company, and this interest was allowed to equalize this difference.

By Commissioner ANDERSON:

Q. The deposits were in effect simply personal loans, then?—A. I so treated them.

Q. It would not affect the capital stock in any way?—A. No, sir.

Q. Was the stock on the market?—A. No, sir.

Q. Have the loans been repaid to the persons who advanced the money?—A. No, sir; they are still owing, except in the case of General Colton. They still remain a liability on the books of the Western Development Company. The Colton interest has been extinguished, but the other accounts are still drawing interest.

Q. Those other loans are still drawing interest?—A. They are.

NO ACCOUNT NOW BETWEEN THE CENTRAL PACIFIC AND WESTERN DENELOPMENT.

Q. Is there still a balance due from the Central Pacific Railroad Company to the Western Development Company?—A. No, sir. There is no account between the Central Pacific and the Western Development Company at this time.

Q. There is no interest running against the Central Pacific?—A. No, sir.

Q. Do you remember the balance due these four gentlemen remaining out of the original five?—A. I do not know.

Q. Will your books show?—A. They will. They are in unequal amounts, but whatever the balance was that was due to each has been undisturbed since the Western Development Company ceased active operations.

Q. Is the interest regularly paid?—A. The interest is regularly placed to the credit of each account, at the end of each year.

Q. So that they run as personal loans?—A. They do.

LAW OF CALIFORNIA IN RELATION TO STOCK ISSUES.

Q. Do you know whether, under the law of California, it is permitted to issue stock in such corporations to the subscribers without any payment whatever being made, and still vest a good title in the stockholder?—A. I think that it is perfectly legal to do so. I think that it is

a matter which can be decided by the stockholder; that is, except in the case of railroad corporations; stockholders in railroad companies are unable to do so. Some amount has to be paid in on subscription.

Q. Do you remember the amount?—A. I think it is 10 per cent.

Q. After that, may stock be issued without further payment so as to vest a good title in the subscriber to the stock?—A. After that, stock may be issued subject to assessments.

NORTHERN RAILWAY STOCK REGARDED AS FULLY PAID.

Q. In regard to the stock issued in the Northern Railway Company, do you know whether anything more was paid for that than the 10 per cent. of the subscription?—A. I think not. The Western Development Company took a contract to construct the road, and a part of that contract between the Western Development Company and the Northern Railway Company provided that a certain portion of stock be paid in that way. It would be regarded as fully paid stock.

Q. To whom was that stock paid? Was it to the Western Development Company?—A. Yes; to the Western Development Company.

ITS STOCK POSSESSED BY WESTERN DEVELOPMENT COMPANY.

Q. Has the Western Development Company possession of that stock, or has it distributed it in dividends?—A. It has possession of the stock.

Q. Do you know how much it amounts to?—A. I would not like to state from recollection.

Q. That stock substantially belongs to the stockholders in the Western Development Company?—A. It does.

Q. They get all the benefit, whatever it may be, derived from this stock?—A. The Western Development Company gets it, and through it, the owners of the Western Development Company get it.

RENT OF NORTHERN RAILWAY CREDITED TO WESTERN DEVELOPMENT COMPANY.

Q. To whom is the rent paid by the Central Pacific Railroad Company for the use of the Northern Railway Company?—A. It was paid through the secretary of the Northern Railway. I collected the money and placed the proceeds to the credit of the Northern Railway Company.

Q. To the credit of the company, or to the credit of the Western Development Company?—A. I gave a receipted voucher to the Central Pacific Railroad Company to be placed to the credit of the Western Development Company in the books of the Central Pacific Railroad Company.

Q. And the only credit to the Northern Railway would be entered on your books?—A. The only credit, arising from such a transaction, to the Northern Railway would be entered in the books of the Western Development Company.

Q. You would obtain control of the money and deposit it, crediting the Northern Railway with the amount?—A. It was paid out only on orders of the secretary of the Northern Railway.

Q. Have you an account showing to whom that rent was paid?—A. We, the Western Development Company, kept a running account with the Northern Railway and credited it with the amounts received, and

charged the Northern Railway with all amounts paid on its account. When I made collections from the Central Pacific it would be simply entered in the account between the Western Development Company and the Central Pacific Railroad. It was treated as a commercial account.

BONDED DEBT OF NORTHERN RAILWAY.

Q. Did the Northern Railway have a bonded debt?—A. It had.

Q. Do you remember the amount?—A. It had an authorized issue, I think, of about $6,000,000, and something over $4,000,000 have been issued. I cannot give the precise figures, however.

Q. Were those bonds issued by the Northern Railway Company to the Western Development Company in payment of construction?—A. Yes, sir; that portion which the Western Development Company now holds.

Q. And what became of those bonds; did you sell them, or did you hold them?—A. We sold them.

Q. Do you remember the price, or the limits of the price?—A. I do not; I think it was ninety or ninety-five. We held them for a great many years.

Q. When were they sold?—A. I think in 1882.

Q. Was interest collected from time to time?—A. It was.

Q. Did that interest come from the operation of the railroad, or can you tell us where the interest came from?—A. The coupons from the bonds were presented to the secretary of the Northern Railway, in return for which he gave a voucher authorizing the Western Development Company to charge to the Northern Railway Company's account in its books the amount of the voucher.

EARNINGS OF NORTHERN RAILWAY RECEIPTED FOR ON VOUCHER.

Q. What accounting was had of the earnings of the Northern Railway Company? Did they not naturally go to pay the interest coupons on these bonds?—A. I do not know.

Q. Who received the earnings of the Northern Railway Company?—A. They were virtually received and receipted for on the voucher which would be prepared.

Q. It was all in the rental?—A. Yes, sir; it was all in the rental.

DIVIDEND OF BONDS AND STOCK.

Q. What dividends did the Western Development Company pay?—A. It paid one.

Q. At what time?—A. It was in September, 1877.

Q. That was before the Northern Railway was completed?—A. Yes, sir.

Q. In what form was it paid?—A. I would not say that this dividend was declared before the Northern Railway was completed or not, but it was before we had any of the securities of that company.

Q. What was that dividend; do you remember?—A. It was a dividend of bonds and stock.

Q. Was it a division of all the bonds and stock which it had received in this construction?—A. It was a dividend of only a certain portion.

Q. Do you remember what it amounted to? If not, I suppose we can ascertain from your books.—A. Yes, sir; the books will show.

Q. What has been done with the rental and the other things received since that time by the Western Development Company?—A. It simply accumulated, and after deducting the charges against it the balance was on hand.

Q. Have there been dividends declared upon the Northern Railway stock?—A. Yes, sir.

Q. They were paid to whom?—A. To the stockholders.

WESTERN DEVELOPMENT COMPANY A STOCKHOLDER OF NORTHERN RAILWAY.

Q. To the stockholders of the Western Development Company? Was the Western Development Company a stockholder?—A. They were paid, while the Western Development Company was a stockholder, to the Western Development Company.

Q. The stock having been issued to it as you before explained?—A. Yes, sir; and it still holds that stock, or the most of it.

Q. Is the Western Development Company still in operation to-day?—A. It is still in existence, but not in operation, except passively.

LIABILITIES OF WESTERN DEVELOPMENT COMPANY EXCEED ASSETS.

Q. Do I understand that from 1877 to the present time there has been no distribution made, or any dividends declared, or payments of money made, to the stockholders of the Western Development Company?—A. You are correct in that understanding. The liabilities of the Western Development Company, I think, would exceed the assets, if there is any difference.

Q. Do I understand you to say that the liabilities of the Western Development Company are in excess of its assets?—A. I think so, as the assets are principally in the form of securities, upon which it would be difficult to place a value.

PRINCIPAL CREDITORS OF WESTERN DEVELOPMENT COMPANY.

By the CHAIRMAN:

Q. Liabilities to whom?—A. Liabilities to whomsoever the Western Development Company owes money.

Q. To whom was that company indebted?—A. To Governor Stanford, Mr. Huntington, Mr. Crocker, and Mrs. Hopkins, representing the estate of Mark Hopkins. They are the principal creditors of the company.

By Commissioner ANDERSON:

Q. They are substantially all of the creditors of that company?—A. All to any great amount. There are one or two smaller accounts that we owe, probably amounting to $20,000 or $30,000.

Q. What is the gross amount of the liabilities approximately?—A. I think about $10,000,000 or $12,000,000.

Q. And how near will the assets come to paying them in full?—A. At this time, I think, it may be about a stand-off.

Q. So that substantially, when you say that there is no surplus, you mean that all the assets of the company are owned by these four gentlemen?—A. Substantially; yes, sir.

By the CHAIRMAN:

Q. Owing to themselves?—A. Yes, sir.

Q. The banker, the liabilities, and the assets consisted of the same individuals. Is not that true, as a fact?—A. Substantially; yes, sir.

By Commissioner ANDERSON:

Q. In other words, these four gentlemen have gone into an enterprise; they made a dividend in 1877 of a portion of the assets; the transactions have continued to this day; they have advanced the money needed to carry on the enterprise, and have the whole of the proceeds of that enterprise received from the construction of railroads, repairs of buildings and bridges, the amounts received from rental, &c., and these amounts will be about sufficient to pay for these advances made by the four projectors and promoters?—A. That would be a fair statement, depending upon the value at which the securities, forming a part of the assets, are rated.

BOOKS SHOW EXACT STATUS OF ACCOUNTS.

Q. Your books will show the proportions existing between the exact advances made by these gentlemen and the ledger balances due them to-day?—A. The books will show everything. There are quite a number of them.

Q. I mean to say that the accretions by way of interest, or any other form of benefit that may be given to the persons who loaned you the money, would all appear on the books, so that we can ascertain the proportion between the original advances and the balances as now appearing due to them. Is that correct?—A. Yes, sir; you can see the exact status of every one's account in the books.

Q. And the balance due each individual at this time?—A. Practically, at this time.

SAN PABLO AND TULARE RAILROAD.

Q. Now, in regard to other constructions; what other roads did the Western Development Company build?—A. The San Pablo and Tulare Railroad.

Q. Where is that road?—A. That begins where the Northern Railway leaves off, at a point near Martinez, thence to Tracy, along the south side of Suisun Bay.

Q. Along the south side of Suisun Bay, and thence in a southwesterly direction to Tracy?—A. Yes, sir; and there joins the Western Pacific.

THE WESTERN PACIFIC RAILROAD.

Q. Please trace the Western Pacific?—A. It begins at San José and runs to Niles, and thence goes through the Livermore Canon, via Tracy and Lathrop, to Stockton. There is a connecting road between Niles and Oakland.

Q. In that way the road approaches San Francisco?—A. Yes, sir.

Q. When was this construction effected?—A. The San Pablo and Tulare road was completed about the same time that the Northern Railway between Oakland and Martinez was completed. The construction was carried on simultaneously, or practically so.

WESTERN DEVELOPMENT BUILD SAN PABLO AND TULARE RAILROAD.

Q. Who were the controlling parties who advanced the money to build the San Pablo and Tulare Railroad?—A. The stockholders of the Western Development Company.

Q. These same gentlemen whom you have already named?—A. Yes, sir.

Q. Between what parties was the contract made?—A. Between the San Pablo and Tulare Railroad Company and the Western Development Company.

Q. Who was the president of the San Pablo and Tulare Railroad Company?—A. I do not recollect who was the president. The secretary was Mr. J. O. B. Gunn.

Q. How many miles of construction were there?—A. It was something like 46 miles.

Q. Have you that contract in your possession?—A. I have.

Q. The distance was 46 miles?—A. About 46 miles.

Q. By whom were the funds furnished for that building?—A. By the stockholders.

Q. By the stockholders of what company?—A. The Western Development Company. We had only one source.

SAME COURSE PURSUED AS IN CASE OF NORTHERN RAILWAY.

Q. In this matter, was the same course pursued as you have described in regard to the Northern Railway?—A. Yes, sir; the same line of policy and the same method of doing business was carried out.

Q. Were the sums received by you from the stockholders of the Western Development Company for the purpose of constructing the San Pablo and Tulare Railroad also deposited with the Central Pacific Railroad Company?—A. Mainly.

Q. Had you an account with the Southern Pacific Railroad Company at that time?—A. We banked with that company also.

Q. In respect of all deposits made by you with the Central Pacific Railroad Company, was the same allowance made by them of interest as before described?—A. Yes, sir.

METHOD OF PAYMENT FOR SAN PABLO AND TULARE.

Q. How did your contract with the San Pablo and Tulare Railroad Company provide for reimbursement?—A. In bonds and stocks.

Q. Do you remember the amount of bonds and the amount of stock which were issued to the Western Development Company?—A. The stock was 18,610 shares, and the bonds 1,023, and there was an item of cash or credit in account of $116.

Q. What became of those bonds; were they sold?—A. Yes, sir.

Q. About when?—A. I have nothing by which I can fix that date.

Q. Were they sold before or after the sale of the bonds of the Northern Railway?—A. I think that they were sold afterwards.

Q. What became of the stock?—A. The Western Development Company still has it.

Q. It is one of your assets?—A. It is one of the assets of the Western Development Company.

Q. Was the interest on the bonds paid in the same way as described for the Northern Railway Company?—A. It was.

Q. By direction to you to charge the amount to that company in your accounts?—A. Yes, sir.

Q. Was that road rented to the Central Pacific also?—A. Yes; indirectly.

RECEIPT OF RENTAL OF SAN PABLO AND TULARE RAILROAD.

Q. Did you receive the rental in the same way as described for the Northern Railway?—A. No; not in precisely the same way. The

Northern Railway, I think, leased the San Pablo and Tulare Railroad, and the Central Pacific leased them both. For a time a separate rent voucher by the San Pablo and Tulare was collected and a credit was made in the books of the Western Development Company in favor of the San Pablo and Tulare Railroad Company at the end of each six months for the preceding six months' rent.

COMPARISON OF NET EARNINGS WITH RENTAL.

Q. Have you any knowledge of how the actual net earnings of either of these companies, the Northern Railway or the San Pablo and Tulare Railroad Company, compared with the rental paid by the Central Pacific Railroad Company?—A. No, sir; I have not.

Q. You do not know which was in excess of the other?—A. No; I do not. I presume that the rental was in excess by reason of the fact that certain dividends were paid by the Northern Railway Company. I say that I presume that the rental was in excess of the amount required to pay the interest coupons. I cannot say anything as to what the net earnings of those roads amounted to.

Q. My question was whether the rental was in excess of the actual net earnings from that portion of the road, and I understand you to say that you do not know anything about that?—A. I do not know anything about that.

Q. You do not remember the amount of these rentals, do you?—A. They were varying figures. I do not remember them.

TWO OR THREE DIVIDENDS DECLARED.

Q. What dividends can you recall? How many of them arising from these rentals?—A. Whether they arose from rentals or not I cannot say; but I think that there have been two or three dividends declared by those companies; maybe more. I will not state that precisely.

Q. When dividends were declared how were the dividends paid, and to whom?—A. To the Western Development Company. The Western Development Company would simply charge the Northern Railway, or the San Pablo and Tulare Railroad Company, as the case might be, with the amount of the dividend, and credit its interest account.

VOUCHERS GIVEN COVERING DIVIDENDS DECLARED.

Commissioner ANDERSON. You receiving the rent, and having control of all the moneys, ought to be able to say whether the rental exceeded the amount required to pay the fixed charges, and ought to be able therefore to say whether there was anything to meet the credits.

The WITNESS. I am not familiar with the Northern Railway Company's books. The Northern Railway would declare a dividend in regular form and give me, through its secretary, a voucher covering the amount which was so declared, which voucher I would charge to the Northern Railway Company and credit the Western Development Company's interest account in the Western Development Company's books.

Q. The account between the Western Development Company and the San Pablo and Tulare Railroad Company stands in the same position as that with the Northern Railway, as I understand it?—A. The same principle was observed, varying in amount only.

ROAD FROM GALT TO IONE.

Q. What other construction, if any, did the Western Development Company do?—A. It built the road from Galt to Ione.

Commissioner ANDERSON. I am referring only to roads in which the Central Pacific got some interest or had some financial interest.

Q. You built the line from Galt, which is a point on the Western Pacific, to Ione?—A. Yes, sir.

Q. How many miles?—A. About 27 miles.

Q. And when was that constructed?—A. In 1876, I think.

Q. What was the object of that road?—A. It was to develop some coal mines and to do other business; we wanted to get some coal from mines in which we had an interest at Ione. Fuel at that time was scarce.

IONE COAL AND IRON COMPANY.

Q. Do you know by whom the coal mines were owned?—A. By the five gentlemen, including General Colton.

Q. What was the name of the coal mine?—A. The Ione. The name of the company owning the coal mine was the Ione Coal and Iron Company.

Q. Were the funds for this construction also provided by the stockholders in the Western Development Company?—A. Yes, sir.

Q. And between what parties was the contract made?—A. The railroad company and the Western Development Company.

Q. Was there a written contract?—A. I do not recollect whether there was a written contract between this company and the Western Development Company or not.

PAYMENT FOR CONSTRUCTION MADE IN STOCK AND BONDS.

Q. How was payment made?—A. Payment was made in stock and bonds.

Q. You remember the amount of stock and bonds?—A. No, sir.

Q. Have you sold the bonds?—A. I think that we have a few of them. I think that they were principally divided in that September, 1877, dividend.

Q. Has interest on the bonds always been paid?—A. So far as I know.

Q. You still hold some of them?—A. We got some back from the Colton estate. Interest on these bonds has always been paid.

Q. Was that road leased to the Central Pacific, or to one of the other roads and then to the Central Pacific?—A. Whether it was leased or not I cannot say. It was operated by the Central Pacific at a certain fixed rental.

Q. Did the Western Development Company receive their rental in the same way?—A. In the same way.

Q. The bonds that you hold are a lien simply on this branch?—A. The Amador Branch bonds are a lien on the property of the Amador Branch Railway.

Q. And have any dividends been declared on the stock?—A. Not to my knowledge.

DISPOSITION OF RENTALS.

Q. The rental, as you received it, was credited to the company which pays it, and stands among your assets to-day?—A. It would stand with the Western Development Company as a liability. Whatever credit there was arising from these rentals would be due to the Amador Branch Railway Company. The Western Development Company owed the Amador Branch Railroad Company for whatever the Amador Branch deposited with it, less what it drew out.

Q. Has the Amador Branch a deposit account?—A. It had.
Q. Is this road from Galt to Ione called the Amador Branch?—A. Yes, sir.

THE AMADOR BRANCH.

By the CHAIRMAN:

Q. Has the Central Pacific Railroad Company guaranteed the bonds of the Amador Railroad Company?—A. I do not think so. I cannot say, however.

By Commissioner ANDERSON:

Q. When you say it would owe money to the Amador Branch you mean to say that receiving the rental from the Central Pacific the Western Development Company would be accountable to the Amador Branch Company for the money?—A. I do.
Q. And you would apply it under the direction of the Amador Branch to the payment of interest on the bonds of that company, or the payment of dividends, when dividends would occur?—A. Yes, sir. The balances, however, would not justify dividends. There was a very close or a very little margin one way or the other.
Q. In all these companies to which you refer, was the same course of proceedings in relation to construction and management followed as you have already described?—A. The same general proceedings; yes, sir.

THE BERKELEY BRANCH.

Q. Was there any other construction?—A. There was a short piece of road from a point on the Northern Railway near Shell Mound to Berkeley. It is a little branch 3 miles long.
Q. Is that what is called the Berkeley Branch?—A. Yes, sir.
Q. Was that constructed in the same way?—A. In the same way practically.
Q. Is it operated by the Central Pacific Railroad Company?—A. It was.
Q. Before the lease to the Southern Pacific Company?—A. Yes, sir.
Q. And the rental paid for it?—A. Yes, sir.
Q. And entered and credited in the same way?—A. Yes, sir.

By the CHAIRMAN:

Q. Did the Central Pacific pay the interest on the bonds?—A. The Western Development Company paid the interest on the bonds. The account has been overdrawn for some time.

LOS ANGELES AND SAN DIEGO ROAD.

By Commissioner ANDERSON:

Q. Who built the Los Angeles and San Diego road?—A. As I understand it, it was built in part by the Contract and Finance Company, and by the Western Development Company to Santa Ana. The Western Development Company built about 27 miles of it. I think that the Contract and Finance Company built to Florence, about 6 miles. When construction was continued it was continued and built by the Western Development Company until it reached Santa Ana. Of the Southern Pacific Railroad, the road from Goshen to Sumner was built when the Western Development Company took hold of it, also the portion between San Bernardino and Los Angeles, and between Los Angeles and Spadra. The Western Development Company built from Sumner to San Fernando, and from Spadra to the Colorado River.

LEASED TO CENTRAL PACIFIC THROUGH SOUTHERN PACIFIC.

Q. Was there any portion of this construction to which you refer, this 27 miles, operated by the Central Pacific Company, except through the lease by the Southern Pacific to the Central Pacific?—A. That I do not know. I think it was leased to the Central Pacific through the Southern Pacific, but I am not prepared to say.

Q. Did the rental by the Central Pacific to the Southern Pacific pass through your accounts at all?—A. No, sir; I don't think it ever came through my books.

Q. That would be in the books of the Central Pacific or the Southern Pacific?—A. Yes, sir; or in the books of the Los Angeles and San Diego Railroad Company.

RELATIONS OF CENTRAL PACIFIC AND SOUTHERN PACIFIC.

Q. Can you give us any information as to the relations existing between the Central Pacific and the Southern Pacific, arising out of the rental paid by the Central Pacific for the Southern Pacific, and in any way connected with the construction of the Southern Pacific road as constructed by the Western Development Company?—A. No. I only know that the Central Pacific leased the Southern Pacific and some of its branch lines, but I do not know anything further than that.

Q. You do not know how the rental was determined or what relation it had to the cost of the road?—A. No, sir.

RELATIONS OF WESTERN DEVELOPMENT TO SOUTHERN PACIFIC.

Q. What were your financial matters as between your company and the Southern Pacific? Were they similar to those which you have described for the other branches? Did the parties interested in the construction of the Southern Pacific road advance some money to the Western Development Company? Did the Western Development Company bank with the Southern Pacific, and receive from the Southern Pacific the same rates by way of interest on the moneys so deposited?—A. Yes, sir.

Q. But whether that affected the Central Pacific in any way, you do not know?—A. No, sir; I see no connection.

Commissioner ANDERSON. There might be, but of course you would not know it. Therefore, I will not ask you any questions about it.

DEPOSITS WITH BOTH CENTRAL AND SOUTHERN PACIFIC.

By the CHAIRMAN:

Q. How many bank accounts did you keep?—A. Two; we had two places of deposit.

Q. Where were they?—A. The Central Pacific and the Southern Pacific.

Q. Was the deposit with the Central Pacific subsequent to the Southern Pacific?—A. No; they ran together.

Q. Did you make your first deposit with the Central Pacific or with the Southern Pacific?—A. I think they were both opened at the same time. We had business transactions with both companies.

RELATIONS OF CENTRAL PACIFIC TO WESTERN DEVELOPMENT COMPANY.

By Commissioner LITTLER:

Q. Is it not true that the Western Development Company is an instrument by which Messrs. Stanford, Huntington, Crocker, and Hopkins

performed work and furnished materials to the Central Pacific Railroad Company, and that they, as officers of the Central Pacific Railroad Company, furnished the Western Development Company with funds belonging to the Central Pacific Company, and charged a profit of 10 per cent. on all work done and materials furnished, which profit they appropriated to their own use?—A. I do not call that a true statement. I never should regard it as that way. No funds belonging to the Central Pacific Railroad Company were ever advanced the Western Development Company by the gentlemen you have named.

Q. Please explain in what respect their operations differed from what I have described?—A. I do not understand that they used the Western Development Company as officers of the Central Pacific, but in their individual capacity. Each of these companies stood on its own bottom. The Western Development Company derived its capital from its stock owners, Stanford, Huntington, Crocker, Hopkins, and Colton, and from no other source. It never used a dollar of Central Pacific money, except such as may have been borrowed, and then repaid with interest.

THE 10 PER CENT. ADDED TO EVERY BILL.

Q. Can it be otherwise if they are one and the same thing?—A. It is just as I have stated it. While the Western Development Company was doing work for the Central Pacific Railroad Company it added 10 per cent. to each and every bill to cover certain contingent expenses which could not be included in the bill, such as superintendence, the use of tools, &c. There may have been some element of profit in the 10 per cent., but to the best of my judgment and belief it was slight.

Q. Can you explain in what respect their relations to these two companies differed from the manner in which I have stated it?—A. These individuals virtually owned the Western Development Company.

Q. And they were the chief officers of the Central Pacific?—A. They were the chief officers of the Central Pacific.

Q. And as chief officers of the Central Pacific, they furnished the Western Development Company with the funds of the Central Pacific to operate with?—A. No; as chief officers of the Central Pacific they never furnished a cent of the Central Pacific money.

Q. You stated that they never paid a dollar to the capital stock of the Western Development Company which they subscribed for. If they never paid a dollar as capital stock—A. (Interrupting.) Unless you should treat the deposit they made with the Western Development Company as deposit on account of stock.

Commissioner LITTLER. You cannot do that for the reason that they were treated as personal advances, and they charged and received interest for them.

The WITNESS. That would be a matter for you to construe, not for me.

ONLY INDIVIDUAL FUNDS ADVANCED.

Commissioner ANDERSON. The witness means to state that the money advanced by Messrs. Stanford, Huntington, Hopkins, and Crocker was their own funds, not derived from the Central Pacific Railroad Company.

The WITNESS. That is as I understand it.

Commissioner ANDERSON. Of course it is very difficult to state whether that is so or not.

The WITNESS. Of course it would be impossible for me to say from what source their money was derived, having no knowledge of their affairs outside of their connection with the companies I represent, but

if any ever came from the Central Pacific, the books of that company will certainly show.

The CHAIRMAN. To the best of his knowledge and belief, the money advanced by these gentlemen was from their own individual funds, and not from the funds of the Central Pacific Railroad Company.

The WITNESS. If any one or all of them had matured coupons from securities which they owned themselves, and those coupons came to me to collect, I would not collect for them as officers of the Central Pacific Company, but in their capacity as individuals, and when I gave the necessary credit, it would be to their individual deposit accounts with the Western Development Company.

THE 10 PER CENT. NOT CONSIDERED AS PROFT.

Q. Is it not true that the Central Pacific was compelled to pay this company a profit of 10 per cent. on the work and materials which it furnished the Central Pacific?—A. That 10 per cent. I never considered as profit. It was 10 per cent. over and above the cost, so near as the cost could be ascertained, of any work for which we would render a bill, but there are certain elements of cost entering into work of that character which cannot be distributed to any particular piece of work, such as the depreciation of tools, machinery, and superintendence.

WAS INTERVENING CORPORATION NECESSARY?

Q. Is it not true that this Western Development Company used the tools, the shop, and the materials of the Central Pacific Railroad Company?—A. It never had anything from the Central Pacific that it did not pay for, with 10 per cent. added to it.

Q. Do you not think that good railway management would require the officers of this company to perform this labor and conduct repairs, and do any new construction on behalf of the company, without any intervening corporation, which would naturally require a profit for its labor?—A. That is a question which I do not regard myself as qualified to answer.

Q. You are a railway man, are you not? You are secretary and treasurer of all the companies in this part of the State, and I ask you for your opinion as an expert in railroad matters.—A. I am not an expert in railroads. None of those companies are railroad companies in active operation.

ADVANTAGES IN USING WESTERN DEVELOPMENT COMPANY.

By Commissioner ANDERSON:

Q. Would you not think it more advisable to do these repairs through master mechanics and shops than through the Western Development Company with 10 per cent. added?—A. That is a question which I cannot answer. There was no contract between the respective companies. I recollect at the time this method was adopted it was considered as good management, because the Western Development company had an organization to do this work, which was large and expensive, by use of which the Central Pacific was saved the investment of a large capital.

By Commissioner LITTLER:

Q. Do you know of any other great railway corporation of America that has its construction and repairs done through the intervention of another corporation?—A. I do not know anything about the matter.

I do not know that to be the case, but that is not saying that it is not the case, as I do not know anything about any other railroad.

Q. Is it not true, as far as your knowledge extends, that all this kind of work is carried on by the railway corporation requiring the work to be done, through its chief officers, its master mechanics and superintendents of construction and repairs, &c.? Is not that true?

The WITNESS. It is true that the Western Development Company.——

Commissioner LITTLER (interrupting). That is not an answer to the question.

The WITNESS. So far as I know, that may be the case; but the reverse may also be the case for all I know. My experience is confined to this particular railroad.

By Commissioner ANDERSON:

Q. Is there any other construction which was carried on by the Western Development Company by any railroad which was subsequently leased or operated by the Central Pacific Railroad Company?—A. I think I have enumerated all the roads built by the Western Development Company.

Q. Have you enumerated all of the Southern Pacific and its branch line which were constructed by the Western Development Company?—A. I have.

THE SOUTHERN PACIFIC OF ARIZONA.

Q. Who built the Southern Pacific of Arizona?—A. Pacific Improvement Company.

Q. Did the Western Development Company build any part of it?—A. Yes, sir; there was a little piece built by the Western Development Company. The termination of that road is at Yuma. The Western Development Company built a bridge spanning the Colorado at that point, and it built a little of the road extending from the end of that bridge to the town of Yuma. All that the Southern Pacific of California paid for was to the Colorado River.

Q. Is the Southern Pacific of California a separate corporation?—A. Yes, sir. It is a corporation organized under the laws of Arizona.

Q. It dealt with the Pacific Improvement Company?—A. Yes, sir; entirely.

Q. What was the Speyer & Co. contract?—A. I do not know anything about that. I presume you mean the New York bankers.

Commissioner ANDERSON. Yes, sir.

The WITNESS. I do not know anything about that.

By the CHAIRMAN:

Q. Have you named all the contracts and all the construction performed by the Western Development Company?—A. Yes, sir; I think so.

By Commissioner ANDERSON:

Q. You mean all of those different parts of road which were operated by the Central Pacific afterward?—A. I have named everything so far as the Western Development Company's work is concerned; everything of any consequence.

COLORADO STEAM NAVIGATION COMPANY.

Q. You had a contract with the Colorado Steam Navigation Company, did you not?—A. No; the stock of the Colorado Steam Navigation Company was bought on behalf of certain individuals.

Q. These same gentlemen?—A. Yes, sir; we simply advanced the money and charged the individuals with the amount in the end.

Q. Were those steamers subsequently transferred to the Central Pacific?—A. No; they were operated by the Central Pacific, and if they earned anything over and above expenses it would be turned over to the Western Development Company.

Q. Was that line between San Francisco and Sacramento?—A. No; you have in mind now the California Steam Navigation Company. This other corporation is the Colorado Steam Navigation Company, and has a line of steamers on the Colorado River between Yuma and points up the river.

Q. How many steamers were there?—A. I think there were four.

Q. When did you buy them?—A. In 1878, I think.

Q. When did the Central Pacific undertake their operation?—A. As soon as we bought them. It desired to use them to connect with the Southern Pacific road at that point.

ROUTE OF STEAMERS.

Commissioner ANDERSON. Please indicate on the map the points over which the steamers passed.

The WITNESS. It is difficult to do that. They start at Yuma and run up the Colorado River to various points on the river, depending on the stage of the water. Sometimes the water is low and the steamer cannot be operated very far; at other times there is a full supply of water, when the river runs bank full, and then the steamers go up further.

Q. Do they run below Yuma?—A. They do not go below Yuma.

Q. What was the object, then, of navigating the river?—A. There were Government supplies to be transported to the Government forts and reservations on the river, and mining supplies for the mines which were being developed.

Q. The steamers, then, were used in connection with the operations of the Central Pacific?—A. Yes, sir; they were used to take freight, and also as an inducement to ship freight over the railroad with which they connected, the line connecting with different points on the Colorado River.

RELATIONS OF WESTERN DEVELOPMENT COMPANY AND STEAMSHIP COMPANY.

Q. Did the Central Pacific pay rental to the Western Development Company for these boats?—A. No, sir.

Q. In what form was compensation made?—A. They operated the boats and paid all expense of running them, and if there was anything left they would pay it to the Western Development Company.

Q. Did the Western Development Company receive money from this source?—A. Yes, sir.

Q. How long did this operation continue?—A. I think to January 1, 1879.

Q. What became of the boats?—A. They have been sold out since to the former superintendent of the line.

Q. For whose account, the Western Development Company?—A. No, sir; for account of the stockholders of the Colorado Steam Navigation Company.

STOCKHOLDERS OF STEAMSHIP COMPANY.

The CHAIRMAN. Who were the stockholders of the Colorado Steam Navigation Company?

Commissioner ANDERSON. The same five gentlemen.

The CHAIRMAN. Put it on record. We might as well have it there.

The WITNESS. Messrs. Stanford, Huntington, Crocker, Hopkins, and Colton were the original owners.

STEAMSHIPS FIRST BOUGHT BY WESTERN DEVELOPMENT COMPANY.

By Commissioner ANDERSON:

Q. Did you not first purchase these boats for the Western Development Company, and did not these gentlemen buy them from that company?—A. The Western Development Company bought the boats and carried the account on its books as a charge against the Colorado Steam Navigation Company for some time. And in 1879, I think, I made up the account and charged each individual with his proportion.

Q. And when you sold the boats you credited each individual with his proportion of the proceeds, did you not?—A. I have not done so yet, because the account is overdrawn some $30,000, and whatever proceeds come in I shall apply to that.

Q. The operation and sale then did not result in a profit?—A. At times the line was profitable. And two or three dividends were declared. But after 1878, business fell off very much and there was no more profit. It did not earn enough to pay for the operation of the boats; there was a deficiency every month. When the Central Pacific was operating it, it paid all expenses, and in case of any surplus would pay it to the Western Development Company, and the Western Development Company would credit it to the Colorado Steam Navigation Company. In case of a deficiency, that would be charged against the Colorado Steam Navigation Company.

Q. In other words, you would get the net proceeds, if any, and stand the loss, if any?—A. Yes, sir.

Q. Do these entries all appear on the books of the Colorado Steam Navigation Company?—A. They do.

FROM WHOM PURCHASED.

By the CHAIRMAN:

Q. From whom were the boats purchased?—A. From no particular one. It was simply a transfer of the stock of the Colorado Steam Navigation Company.

Q. From whom were the boats purchased; they must have been bought from somebody?—A. The Colorado Steam Navigation Company was an organization before we bought it. We simply bought the stock of the different stockholders in that organization. I think that a man by the name of Birmingham, was the principal stockholder. He is an old resident here.

Q. Were the four gentlemen that appeared in the several companies interested in the steamship company with Mr. Birmingham?—A. No, sir; we bought the stock from Mr. Birmingham and his associates.

The CHAIRMAN. I thought they were selling to themselves.

The WITNESS. No, sir.

The CHAIRMAN. That appears so often to be the case that it is difficult to distinguish.

THE CALIFORNIA PACIFIC.

Commissioner ANDERSON. Was there any other construction or was there any other property purchased by the Western Development Company which, after its purchase, was operated by the Central Pacific Railroad Company?

The WITNESS. I do not recollect anything else.

Q. Was any portion of the California Pacific Railroad?—A. There is a little link that was built for the California Pacific Railroad Company near Suisun.

Q. Which was built by the Western Development Company?—A. Yes, sir; and which the California Pacific subsequently paid for.

Q. Did the Western Development Company receive any rentals paid by the Central Pacific Railroad Company for the use of the California Pacific Railroad?—A. No, sir.

Q. When was the road built between Sacramento and Brighton?—A. I do not know; that was before my time.

Q. The Western Development Company did not have anything to do with it?—A. No, sir; it was not in existence then.

THE LOS ANGELES AND INDEPENDENT ROAD.

Q. Was the Los Angeles and Independent Railroad before your time?—A. No, sir; the Western Development Company bought that in 1877, I think.

Q. Was that road operated by the Central Pacific?—A. Yes, sir.

Q. And when was the lease made, shortly after you bought it or before?—A. About the same time.

Q. From whom was it bought?—A. From John P. Jones and others, who owned the stock in it. The corporation was not changed. We simply bought the stock in that concern and its control passed to the Western Development Company. The road extends from Los Angeles to Santa Monica, and was built principally by Senator Jones.

Q. Do you know how the rental was paid or fixed? What relation had it to the price you paid for the stock?—A. I cannot say as to that. I was not a party to the settlement of the rate.

Q. Did you buy the stock only, or the bonds also?—A. There were no bonds.

Q. Did you buy all the stock?—A. Yes, sir.

Q. Do you remember the price?—A. I do not now. It was something like $300,000.

Q. Do you still own that stock?—A. Yes, sir.

Q. Who receives the rental of that road now?—A. The road itself, of course, receives the rental. The Western Development Company opened an account with the Los Angeles and Independent Railroad Company and it credits the proceeds to that account.

Q. And rent was received from the Central Pacific up to 1885, and since then from the Southern Pacific Company?—A. I think so.

HOW RENTED BY THE SOUTHERN PACIFIC.

Q. Or is it still rented to the Central Pacific and through the Central Pacific rented to the Southern Pacific Company?—A. I do not remember when the change occurred, but I know that at this time we are collecting the rent from the Southern Pacific Company.

Q. Do you not remember what that rent is? Do you receive it now?—A. Sixteen hundred and eighty-three dollars a month.

Q. Did the Western Development Company have anything to do with the Stockton and Copperopolis Railroad Company?—A. No, sir.
Q. Either by purchase or construction?—A. No, sir.
Q. The Western Development Company has had nothing to do with that road?—A. No, sir.

SOUTHERN PACIFIC OF NEW MEXICO AND OTHER ROADS.

Q. Regarding the Southern Pacific of New Mexico, has the Western Development Company had anything to do with that?—A. No, sir.
Q. And the Galveston, Harrisburg and San Antonio Railway Company?—A. The Western Development Company has had nothing to do with that.
Q. The Sacramento and Placerville Railway Company?—A. Nothing to do with that.

WORK OF PACIFIC IMPROVEMENT COMPANY.

Q. When was the Pacific Improvement Company formed?—A. In November, 1878.
Commissioner ANDERSON. I think that you have stated that the same gentlemen were the principal stockholders?
The WITNESS. I stated that in the beginning there were only three of them.
Q. And then Mrs. Hopkins came in afterwards?—A. Mrs. Hopkins went in afterwards. General Colton did not.
Q. What construction was undertaken by the Pacific Improvement Company?—A. It built the Southern Pacific of Arizona, the Southern Pacific of New Mexico, the branch from Mojave to the Needles, and the extension from Soledad to San Miguel. It is now engaged in building the California and Oregon Railroad, or completing it, and the Oregon and California Railroad to Ashland, Oreg. It is completing the "C. and O." and building the "O. and C." to Ashland.

CALIFORNIA AND OREGON AND OREGON AND CALIFORNIA.

By Commissioner LITTLER:

Q. What I want to know is what the initials "C. and O." and "O. and C." mean?
The WITNESS. California and Oregon and Oregon and California. It has built the California and Oregon to the State line. At that point it began construction at the Oregon and California.

By Commissioner ANDERSON:

Q. Your answer was that it was building the one and completing the other?—A. Yes, sir.
Q. Have you enumerated all the construction undertaken by the Pacific Improvement Company?—A. It built the continuation of the Northern Railway from Willows to Tehama.

THE OAKLAND WHARVES AND FERRY SLIP.

Q. Did it not build the Oakland wharves and also the ferry slip?—A. The Western Development Company built what is known as the Oakland Ferry slip; that is, where the freight ferry boats now land.
Q. By contract with whom?—A. With the Central Pacific Railroad Company.

Q. Have you that contract?—A. Yes, sir; I think so.

Q. Do you remember what it amounted to; how much was it?—A. We did not complete the work as per contract, but completed all that the Central Pacific required, and made a settlement on that based on the engineer's estimate; it amounted to about two-thirds or three-fourths, I think.

Q. How much did the contract amount to?—A. One hundred and eighty-seven San Francisco, Oakland and Alameda bonds.

Q. This was after the Alameda Railroad Company was in operation by the Central Pacific?—A. Yes, sir.

Q. This was after the Northern Railway was completed?—A. Yes, sir.

IMPROVEMENTS AT MISSION BAY.

Q. While on that point, did you effect any of the improvements at Mission Bay, or erect any of the buildings of the Central Pacific Railroad Company?—A. Yes, sir; there was some work done on what is known as the Illinois street cut, filling in Mission Bay.

Q. How much of a transaction was it?—A. It was an account jointly between the Southern Pacific and the Central Pacific; I think that the aggregate may have amounted to $100,000; I am not positive of that, however; but my impression is that it was about that amount.

Commissioner ANDERSON. I will ask you generally to examine your books with reference to any other construction, if there should be any, which the Western Development Company effected for the Central Pacific. Any other construction or repairing or building done by the Western Development Company for the account of the Central Pacific, or for any of the branch roads operated by the Central Pacific. You know what has been done, and if you find on examination that there has been anything omitted, we would like to have our attention called to it. Anything in addition to what you have been over with us to-day.

CONSTRUCTION OF CALIFORNIA AND OREGON ROAD.

Q. Let us now go back to the Pacific Improvement Company; when was your contract made for the construction of the California and Oregon road; it extended, I believe, from Delta to the State line?—A. It did.

Q. Do you know who had built the 60 miles south of Delta?—A. The Central Pacific Railroad itself, I think.

Q. How far is Tehama from Delta?—A. I cannot say from memory.

Commissioner ANDERSON. I understand that the Contract and Finance Company built to Tehama, but we never have been able to learn who built from Tehama to Delta.

The WITNESS. The Western Development Company did not.

Q. Neither did the Pacific Improvement Company?—A. No, sir; the road from Tehama to Redding has been in operation for many years.

PRICE TO BE RECEIVED WHEN COMPLETED.

Q. What price were you to receive for building from Delta to the State line?—A. It was a lump sum, I think.

Q. Was it not four and one-half millions in bonds and eighty thousand shares of stock?—A. That is it.

Q. Will your book show what the actual cost of that construction was?—A. So far as construction has proceeded, they do not show what the cost will be.

Q. How far has construction proceeded?—A. The track is laid across the State line. There is a good deal of rolling stock yet to be furnished; a good many buildings to be erected and fences to be built.

Q. Has the entire price been paid?—A. No, sir.

Q. Have all the bonds been issued to you—the four and a half millions?—A. They have not.

Q. How much has been reserved?—A. Three hundred and seventeen.

Q. Has the stock all been delivered?—A. Yes, sir.

Q. Does this reserve amount represent approximately the amount which will be required to complete the work?—A. Yes, sir.

Q. It can be done for that?—A. It is estimated that it can be done for that.

Q. It can be done for $500,000, certainly?—A. I think so.

Q. Are your sure of that?—A. It ought to be.

Q. Who prepared the estimate?—A. I think that Mr. G. L. Lansing looked up the matter.

Q. What is he?—A. Assistant controller of the Southern Pacific Company.

Q. Is he an engineer?—A. No, sir; but he would probably go to the engineers for information. It came to me from him.

COST OF CONSTRUCTION AND WORK STILL TO BE DONE.

Q. What do your books show to have been the cost of that 104 miles?—A. I do not know. I could easily ascertain for you, however.

Q. Under your contract, what additional work and obligations are you required to perform?—A. To furnish rolling stock and complete fences and buildings, and complete the road in all respects.

Q. Has all the rolling stock called for by the contract been furnished?—A. No, sir.

Q. How much of it has been furnished?—A. That I do not know. I do not know that any has, but orders are out here and in the East for all the rolling stock called for in the contract.

Q. How does it happen that you received all the bonds and stock payable to you and yet your work is not completed; and none of the rolling stock has been delivered?—A. The railroad company is enjoying the earnings derived from the operation of that road, a part of the Central Pacific system. At present they have passenger cars enough to take care of the traffic and freight cars sufficient to handle the business together with what will come in a little later, when the orders are completed.

AGREEMENT TO CONTROL OF OREGON AND CALIFORNIA ROAD.

Q. What other obligations did you undertake, besides the construction you have enumerated, in relation to this contract? Did you undertake to get control of the other road?—A. Yes, sir; we agreed to get control of the Oregon and California road.

Q. What has been done in that respect?—A. I think that we have got control of it.

Q. What has been done?

The WITNESS. Do you mean now in regard to the construction? What construction forces are doing there?

Commissioner ANDERSON. No; I mean what has been done with regard to getting control of the Oregon and California Railroad.

The WITNESS. I think that we have got control of it.

Q. By the ownership of stock?—A. By the ownership of stock. We have been a couple of years negotiating for it and acquiring it.

ENOUGH BONDS RETAINED TO INSURE PERFORMANCE OF CONTRACT.

Commissioner ANDERSON. The point of my inquiry is whether the Central Pacific should pay the entire consideration which it has agreed to pay in advance of performance.

The WITNESS. It was part of the contract that it would pay the eighty thousand shares of stock upon the signing of the contract. And in regard to the bonds, enough bonds have been retained to insure what is estimated will be required to complete the contract.

Q. To complete the California and Oregon road?—A. Yes, sir.

THE 16 MILES YET TO BE CONSTRUCTED.

Commissioner ANDERSON. But there is no reservation to secure the construction of the 16 miles of road that remain to be built, as I understand it.

The WITNESS. No; but there is no question that it will be done.

Q. Was that not a part of the consideration, that that 16-mile gap should be filled up and built?—A. I think that the consideration was that we should acquire control of the Oregon and California roads.

Q. And to build that 16 miles?—A. Yes, sir; which we are doing. The important part was to obtain control.

Q. But you have not built the 16 miles?—A. No; but we are building it.

COST OF REMAINING CONSTRUCTION.

Q. What was the estimated cost of that 16 miles?—A. I do not know; I have not seen the estimate, but I understand that it is very heavy and expensive work.

Q. Will it amount to as much as $50,000 a mile?—A. Yes, sir; probably more. I have never seen the profiles and have never seen the estimates of the engineers.

Q. Is there any part of that construction in that country that has cost as much as $100,000 per mile?—A. That I am unable to say, but from descriptions of the country which I have seen I should say, yes.

Q. Is there a large amount of tunnel work?—A. Yes, sir; a good deal of tunnel work.

DISPOSITION MADE OF BONDS.

Q. What disposition have you made of these bonds?—A. We have most of them on hand.

Q. What bonds were they; what issue?—A. There were 2,120 of them which were an issue of the California and Oregon Railroad Company. I do not know what its proper corporate name is. They have always been called California and Oregon bonds. Then enough more of the Central Pacific fifty-year 6 per cent. bonds to make up the total amount under the contract.

Q. Of October, 1886?—A. The difference is made up by bonds of that issue.

Q. Have you turned over three millions of these bonds to the Central Pacific?—A. Yes, sir; we took up a note with them.

Q. A note for funds which you had borrowed from the Central Pacific sinking fund?—A. Yes, sir.

Q. What bonds did you deliver in payment of that note?—A. Central Pacific fifty-year 6 per cents.

Q. Any of the others; any of the California and Oregon?—A. No, sir.

Q. Where are they?—A. Those are all in New York, if I recollect rightly. I sent them on there to get signatures.

Q. But they are all owned by the Pacific Improvement Company?—A. Yes, sir.

Commissioner ANDERSON. We would like the statement showing the actual cost of the Pacific Improvement Company of the construction from Delta to the State line. Can you prepare it from your books?

The WITNESS. Yes, sir.

HOW PACIFIC IMPROVEMENT COMPANY OPERATED.

Q. How was this construction carried on? Was it from the Pacific Company direct, or by contracts made by the Pacific Improvement Company with particular contractors?—A. Do you mean how we did the work?

Commissioner ANDERSON. Did the Pacific Improvement Company actually do the construction?

The WITNESS. Yes, sir. It has an organization in the field under the charge of J. H. Strowbridge, the president of the company and superintendent of construction. The masonry work, however, was sublet.

Q. So that your statement of costs would include the amount of work done by you and the amount of masonry work, including your pay-rolls and other expenses for the employment of your engineers and assistants and workmen?—A. It will include everything in connection with expenses up to this time.

Q. And material?—A. Material and labor.

Q. What is the rail which you have laid?—A. Principally a 60-pound steel.

Q. In regard to the construction of the north end of the Northern Railway. When was that built?—A. In 1882, I think.

Q. By a contract between the Pacific Improvement Company and the Northern Railway?—A. Yes, sir.

Q. How many miles of construction?—A. About 37.

METHOD OF CONSTRUCTING CALIFORNIA AND OREGON.

Q. In regard to the California and Oregon road, how much of that road was in your possession during construction? Only the part north of Delta?—A. I have no recollection, but we began at Redding and did some little work, but no contract was ever made for that piece. The Central Pacific paid us for what we had expended in that direction. It repaid us and carried on the work itself.

Q. Until you began at Delta?—A. The Central Pacific began again at Delta and carried on considerable work. What they had expended, however, north of Delta the Pacific Improvement Company repaid with interest.

Q. By crediting them in account?—A. Yes, sir; by crediting them in account.

CENTRAL PACIFIC RECEIVED ALL RETURNS DURING CONSTRUCTION.

Q. What I want to know is whether the Central Pacific Railroad Company received all the returns from that road while you were construct-

ing it. I mean all the returns from the operation of the road?—A. Yes, sir.

Q. The contractors did not operate any portion of the road themselves?—A. There is always an interval between what is called the operating terminus (that is, the point to which the road that has been turned over to the operating department is operated) and the end of the track. I think quite likely—in fact I know it to be the case—that we have collected fares of people who desired to go farther than the operating terminus, but it is not intended to make a business of it. It was intended almost exclusively for the transportation of our own men and material. Of course there would be occasionally people traveling over there who wanted to take advantage of our line, and the conductors of the construction trains would collect fares. This did not amount to much, however. It might amount to $25 a month or something like that, but after the road passed into the hands of the operating department our jurisdiction ceased.

THE NORTHERN RAILWAY.

Q. In regard to the Northern Railway; that contract was made, you say, in 1882?—A. That is my recollection.

Q. How many miles of construction were there?—A. About 37 miles of that road.

Q. Do you remember whether the rental paid by the Central Pacific for its operation was increased by reason of such construction? I presume it was increased.—A. It must have been. I do not recollect, however, anything about that. There must have been some change.

Q. You continued to receive the rental after the change?—A. Yes, sir. We continued to receive it, and are receiving more now than when the first arrangement was made. There have been several changes in the rate of rental.

Commissioner ANDERSON. Whenever you built additional miles of road, I presume that the annual rental paid for it by the line operating that railroad would be increased so as to cover the extension?

The WITNESS. That would be naturally the case.

ROAD FROM WILLOWS TO TEHAMA.

Q. How long did this construction take from Willows to Tehama?—A. About six or seven months.

Q. When was it completed?—A. I think some time in September, 1882.

Q. Does that road from Davis to Tehama intefere with the operation of the California and Oregon road? It seems to substantially parallel it.—A. I never heard that there was ever any material interference. As I understand it, there is room enough for two roads.

Q. Are you familiar with this country through which the California and Oregon road passes?—A. I am not; only by hearsay.

Q. You do not know the nature of the traffic that it gets or the amount of it?—A. No, sir; anything of that kind is not in my line.

Q. Will your books show the cost of the road from Willows to Tehama?—A. Yes, sir.

Q. How was your company paid—in stock and bonds also?—A. In bonds and stock.

Q. Do you remember the amount?—A. I do not.

Q. Do you remember whether an addition to the rental was made, or a sum sufficient to pay interest on the bonds and dividends on the

stock?—A. I do not know what object they had in view in making it. I had nothing to do with making the contract; but the interest on the bonds was paid so long as we held them, and there have been dividends on the stock.

Q. That is, since this construction from Willows to Tehama?—A. Yes, sir.

Q. So that it would include the stock issued on that portion of the road?—A. Yes, sir.

THE RAILROADS BANKERS FOR PACIFIC IMPROVEMENT COMPANY.

Q. Has the course of procedure under the Pacific Improvement Company been the same as with the Western Development Company; that is to say, have the chief stockholders put you in funds, and have you used the Central Pacific and Southern Pacific as your bankers?—A. Yes, sir.

Q. What interest allowance have you received on the money so deposited; what rates?—A. The ruling rates. I think the Pacific Improvement Company received 6 per cent.

RATE OF INTEREST ON DEPOSITS.

By the CHAIRMAN:

Q. Who fixed the rate of interest?—A. I do not know who did.

Q. Was there any negotiation as to the rate of interest?—A. No; there was no negotiation.

Q. Who notified you, as secretary, that the rate was 6 per cent.?—A. I charged that rate.

Q. Why?—A. Because in my judgment we were entitled to it.

Q. Why did you fix 6 per cent.; why did you not fix 10 per cent.?—A. That was the rate for which we could obtain money elsewhere.

Q. Was there any order by the board of directors or by any officer directing you to carry the rate of the Western Development Company into the Pacific Improvement Company?—A. No, sir.

By Commissioner ANDERSON:

Q. What other construction has the Pacific Improvement Company conducted?—A. I think that covers substantially all of it. Of course we are engaged in construction all the time. The Pacific Improvement Company is an active company and constantly has projects under way.

CONSTRUCTION OF SOUTHERN PACIFIC OF ARIZONA.

Q. I have not asked you as to the details of construction of the Southern Pacific of Arizona and the Southern Pacific of New Mexico. When were those roads built?—A. We began in November, 1878, building the Southern Pacific of Arizona, and construction proceeded continuously until the Rio Grande River was reached. It was in 1880 or 1881, I do not remember which.

Q. How many miles of construction did that embrace?—A. About 550 miles.

Q. Have you that contract?—A. It is in the office of the company.

PRINCIPAL STOCKHOLDERS.

Q. Who are the principal stockholders of the Southern Pacific of Arizona?—A. The original subscribers were David D. Colton, Charles

F. Crocker, and some local people of Arizona. I have forgotten their names.

Q. Did Messrs. Stanford and Huntington subsequently become interested in the other projects?—A. They became interested there through their interests in the Pacific Improvement Company. Their names do not appear upon the books of the Southern Pacific of Arizona, or did not appear at that time on the books of that company.

Q. Was the same course pursued in regard to this road; that is to say, the stockholders of the Pacific Improvement Company advanced you the money as you required it from time to time, and you kept that money on deposit with the Central Pacific or Southern Pacific, as the case might be, at interest, just as with the others?—A. Yes, sir.

CAPITAL STOCK OF THE COMPANY.

Q. Do you recollect what is the capital stock of the Southern Pacific of Arizona?—A. Twenty millions.

Q. Do you know whether any money was paid for that stock, except the 10 per cent. required by law?—A. I do not.

Q. Is 10 per cent. required in Arizona?—A. I do not think so.

Q. Do you know whether any money was paid?—A. I do not think so.

Q. What is the bonded debt of that road?—A. Ten millions.

Q. What did your contract call for?—A. It called for stock and bonds.

Q. Do you remember the rate per mile?—A. The rate, I think, was $25,000 in bonds.

Q. And how much of the stock?—A. And all the stock, except these fifty shares.

Q. Have you ever been over that road?—A. No, sir.

Q. Do you know the nature of the country through which it passes?—A. No; only by hearsay.

Q. Do you know whether it is mountainous or level?—A. I do not; but I suppose, from what I learned, that there are mountains and plains mixed in.

RENTAL PAID BY CENTRAL TO SOUTHERN PACIFIC OF ARIZONA.

Q. Was that road also leased to the Central Pacific?—A. Yes, sir.

Q. And how is the rental fixed?—A. It is fixed on the basis of what the interest would be on the outstanding bonds.

Q. Was that all that the Central Pacific paid?—A. They paid $10 more. We began on just what the interest was, but that was intended to be temporary, and was to last until we could get some rolling stock. It was afterwards increased $10 per mile per month, or to $135.

Q. Do you mean that the interest charged was $125 per mile per month in the start, and that this was afterwards increased?—A. Yes, sir; at the start it was $125, and then there was an additional amount of bonds issued, owing to certain extra work which was done there, which increased the amount of interest accruing monthly to something like $133 per mile.

Q. Do you remember what year this was made?—A. Some time in 1880, I think.

Q. And is that rental entered in your books in the same way as the rental from other sources?—A. No; I collect that direct.

ACTUAL NET EARNINGS OF SOUTHERN PACIFIC OF ARIZONA.

Q. Do you know anything about the actual net earnings of the road, whether they were more or less than the rental?—A. They were considerably more.

Q. So that the operation of that road was an advantage to the Central Pacific?—A. It was very profitable to the Central Pacific.

Q. It operated it at a considerable profit?—A. It was to the Central Pacific, but not to the Southern Pacific of Arizona.

Q. They have not paid anything for their stock, but they have paid interest on their bonds; is that not so?—A. The Southern Pacific of Arizona did not make enough to pay interest on certain extensions which they were compelled to make. There was a deficiency, and this addition to the rental of the road was made towards meeting it.

Q. Will your books show the actual cost of the construction of that road?—A. They will.

Q. Do you know whether it equaled the par value of the bonds, $10,000,000?—A. It came very near it.

THE SOUTHERN PACIFIC OF NEW MEXICO.

Q. In regard to the Southern Pacific of New Mexico; when did you construct that?—A. In 1881, I think; it may have run into 1882.

Q. Was that constructed in the same way, by moneys advanced by your stockholders, and the same banking method practiced between your company and the Central Pacific and Southern Pacific?—A. The methods were substantially the same.

Q. How many miles of road did you build?—A. 167.22 miles. In regard to the distance; you asked me the distance a few moments ago, as I understood it, of the two roads—the Southern Pacific of Arizona and the Southern Pacific of New Mexico. I gave you the two together. I think now that you are asking me separately. The Southern Pacific of Arizona is 384.17 miles, and the Southern Pacific of New Mexico is 167.22, as I recollect the figures.

RENTED TO CENTRAL PACIFIC.

Q. Was that road leased to the Central Pacific?—A. It was.

Q. How was its rental fixed?—A. It was based upon what money was required to pay interest on the bonds.

Q. What was its bonded debt?—A. Five millions.

Q. What was its stock issued?—A. The authorized stock was ten millions. The stock issued was less than that.

STOCK HELD BY PACIFIC IMPROVEMENT.

Q. Does the Pacific Improvement Company hold the stock of these two last-mentioned roads?—A. It holds none of the stock of the Southern Pacific of Arizona. It holds about two thousand shares of the stock of the Southern Pacific of Mexico.

Q. How has it disposed of the stock which it got and which it no longer holds? Was it by dividends?—A. It was afterwards sold to the Southern Pacific Company in exchange for stock of that company.

Q. Then the Pacific Improvement Company holds the stock of the Southern Pacific Company?—A. Yes, sir.

By Commissioner LITTLER:

Q. Was it exchanged dollar for dollar?—A. No, sir.

Q. What were the terms of the exchange?—A. It was about either a half of Southern Pacific Company or six-tenths for one, or something like that.

By Commissioner ANDERSON:

Q. Is it the Southern Pacific Railroad Company, or the Southern Pacific Kentucky Company?—A. The Southern Pacific Company of Kentucky.

By the CHAIRMAN:

Q. Does not the controlling influence that prevails in the companies that you have named prevail in all the companies that you are secretary of?—A. Yes, sir.

The CHAIRMAN. Therefore, I want to examine you on the books of those companies.

Q. Has your banking been done for these companies through the Southern Pacific or Central Pacific?—A. No, sir; these companies have bank accounts with the Pacific Improvement Company.

REQUEST FOR BOOKS OF THE WESTERN DEVELOPMENT AND PACIFIC IMPROVEMENT COMPANIES.

By Commissioner ANDERSON:

Q. Can you let us have the minute books of the Western Development Company and the Pacific Improvement Company?—A. I do not know that I have any right to take them out of the office. I will let you have them if you will procure for me the necessary authority.

Q. You are president of one of these companies, are you not?—A. Yes, sir; of the Western Development Company.

Q. If we issue a subpœna *duces tecum*, will that quiet your conscience?—A. It might have that effect.

Commissioner ANDERSON. I move that Mr. Douty be requested to produce the minute books of the Pacific Improvement Company and the Western Development Company, and I will ask him now to state whether he will produce those books without subpœna, or would prefer to have a subpœna served?

The WITNESS. I would prefer to have a subpœna served, as I doubt my authority to take those books away from the office, of my own motion.

F. S. DOUTY.

Commissioner ANDERSON. I move that a subpœna *duces tecum* issue. It was so ordered, and a subpœna was issued.

The Commission adjourned to Monday, August 1, 1887, at 10 a. m.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Monday, August 1, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

FRANK S. DOUTY, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. Mr. Douty, do you prefer to wait for your counsel, Mr. Bergin, before you testify in reference to the whole matter, or in reference to the books chiefly?—Answer. In reference to the books chiefly.

Q. How soon will Mr. Bergin be here?—A. He expected to be here at 10 o'clock when I saw him.

(Pending the arrival of Mr. Bergin the witness was excused from testifying further.)

F. S. DOUTY.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Monday, August 1, 1887.

DANIEL Z. YOST, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your full name?—Answer. Daniel Z. Yost.

Q. What is your business?—A. United States appraiser.

Q. How long have you been connected with the Department?—A. I was appointed two years ago in June.

Q. What were you engaged in prior to that time?—A. I was a member of the San Francisco Stock Exchange, sir, for several years.

FORMERLY PRIVATE SECRETARY OF MR. STANFORD.

Q. Were you employed by Mr. Stanford, the president of the Central Pacific, at any time?—A. Yes, sir; I was his private secretary.

Q. What was the date of your employment?—A. It was 1869 or 1870, I think; I forget which it was; I think it was from about 1870 up to 1878.

Q. How long did you act in the capacity of private secretary?—A. Well, during my term there; I think from about 1870 to 1876, or December, 1877. I have forgotten the exact time.

Q. What were your duties as private secretary?—A. Mostly to attend to his correspondence and answer letters.

Q. Did you have charge of all his business correspondence?—A. Yes, sir; except perhaps those letters that he wrote himself. His general business correspondent attended to most of it.

BOOKS KEPT BY WITNESS.

Q. Did you keep any of his account books?—A. Yes, sir.

Q. What books did you keep?—A. I kept a ledger and a book containing daily transactions.

Q. Have you named all his books?—A. I don't know but what there are some other books; I do not recall now. I do not remember what they were. These were not a full set of books; I did not keep a full set of books.

Q. Had you an assistant?—A. No, sir.

Q. What character of entries did you make in the books?

The WITNESS. What character of entries?

The CHAIRMAN. Yes; what accounts. In this book of daily transactions, for instance?

The WITNESS. Well, that book, if I remember rightly, was more of a memorandum book, as regards whatever transactions he had in his private business.

Q. How long had you possession of the books?—A. Until the day I severed my connection with him by resignation.

Q. To whom did you deliver the books at that time?—A. To himself.

THE CONTRACT AND FINANCE COMPANY.

Q. Had you any business transactions, on account of Mr. Stanford, with the Contract and Finance Company?—A. I don't remember any transaction of that nature; I do not remember any transaction that I had of the Governor's with the Contract and Finance Company.

Q. Had you any communication with any of the officers of the company?

The WITNESS. Of the Contract and Finance Company?

The CHAIRMAN. Yes, sir.

The WITNESS. I do not remember any communications that I had with them. No official communications. Of course I knew them very well, but transactions of that character generally the Governor attended to himself.

Q. Did you keep an account of Governor Stanford's with the Contract and Finance Company?—Yes, sir.

Q. Did you keep an account with the Central Pacific Railroad Company of Governor Stanford's?—A. No, sir; his individual accounts were kept on the books of those companies; we thought that one account was enough; that is, he did not keep his individual account separate from the account, as it was connected with the company's.

Q. Have you any knowledge of the business conducted by the Contract and Finance Company?—A. No, sir; I have not, except in a general way.

BOOKS OF THAT COMPANY.

Q. Did you ever see the books of the company?

The WITNESS. To make an inspection of them?

The CHAIRMAN. No; to see them.

The WITNESS. Yes, sir.

Q. When did you see them?—A. I saw them last in Sacramento, in 1873, in charge of Mr. Mark Hopkins. I think that was in the year that the company moved from Sacramento to San Francisco; I do not remember positively about that year. It may have been 1874, but I think it was 1873 that I saw the books with Mr. Mark Hopkins.

THEIR LOSS.

Q. Did you hear subsequently that the books were lost?—A. I heard so; yes, sir.

Q. How long after?—A. That I could not tell you; I have forgotten now; it was some time ago, however, that I heard that they were lost.

Q. Was it while you were in the employ of Mr. Stanford?—A. Yes, sir.

Q. Was there any discussion at the time as to the disappearance of the books, with Mr. Stanford or in the office?—A. No, sir; my hearing of it was incidental, but it was not in any connection or conversation with them concerning the books. It was with some of the employés, or something of that kind.

Q. What employés?—A. That I could not say now. I do not remember the particulars of how I heard about their being lost. I think it was in connection with some suit, perhaps, that I heard that the books could not be found.

WHEN LAST SEEN BY WITNESS.

Q. What was the condition of the books when you last saw them in 1873?—A. They were being packed in large cases.

Q. Who was packing them?—A. Mr. Mark Hopkins.

Q. Was he connected with the Contract and Finance Company at that time?—A. I don't know whether he was or not. He was treasurer of the Central Pacific Railroad Company at that time, and I think Mr. John Miller was secretary of the Contract and Finance Company at that time, but the two offices adjoined each other, the Contract and Finance Company and Mr. Hopkins' office.

Q. Were they being packed for the purpose of shipment?—A. That I don't know, but I suppose so from the fact that we were moving.

Q. Where were you moving?—A. The offices of the railroad company were being moved from Sacramento here to San Francisco.

Q. Who also was present at the time?—A. That I don't remember. There may have been some one present, but I have forgotten if there was.

Q. What was the occasion of your presence there?—A. Well, I was with the Governor there, as his secretary, at that time, and I was out, and all the time attending to business matters.

Q. Had you any conversation with the Governor concerning the books?—A. No, sir.

Q. Did you ever make any inspection for the Governor of the Contract and Finance Company's books?—A. No, sir; not that I remember of.

Q. Did you ever take off an account from the Contract and Finance Company's books for the governor?—A. No, sir; I think not.

Q. Did you ever receive at any time an account taken off from the Contract and Finance Company's books for Governor Stanford?—A. No, sir; I don't remember that I ever received an account for Governor Stanford.

Q. Do you know of a settlement with the Contract and Finance Company on account of Governor Stanford's interest at any time?—A. No, sir; I do not remember of any.

Q. Did you visit the office of the Contract and Finance Company at any time while in the employ of Governor Stanford for the purpose of securing a settlement with the company on account of Governor Stanford?—A. No, sir, I do not think I did.

Q. Did you collect from the Contract and Finance Company a dividend for Governor Stanford at any time?—A. I may have, but if so, I have forgotten it now.

RELATION OF WITNESS TO GOVERNOR STANFORD.

Q. What did you do for Governor Stanford with the Contract and Finance Company?—A. Well, I cannot say that my capacity with him was of a fiduciary character. I do not know whether it is proper for me to answer as regards those companies. I was with him more in an individual capacity, and not as connected with the road. If I have to tell of his private matters—I do not know if that is what you are more desirous of finding out, or as regards railroad matters.

The CHAIRMAN. That is just what I am asking you about, railroad matters.

The WITNESS. And I do not know to what extent you recognize, of course, the fiduciary capacity that I held.

By Commissioner ANDERSON:

Q. You are not an attorney, are you?—A. No, sir; I am asking you here for information as regards that.

By the CHAIRMAN:

Q. Do I understand you that in all your answers you have qualified them with reference to your private capacity?—A. No, sir; I simply put that now, as regards that question which you asked me, whether I had received dividends from the Contract and Finance Company for Governor Stanford. I may have done so, but if so I have forgotten it. I do not remember of receiving any. It is some time ago now, since 1875, to remember any particular thing.

Q. Did you make an entry of the dividends in the books which you kept for Governor Stanford?—A. I would have, if I had received them; yes, sir; in Governor Stanford's private ledger.

NO TRANSACTIONS WITH CONTRACT AND FINANCE COMPANY.

Q. What business transactions had you with the Contract and Finance Company on account of Governor Stanford?—A. Whatever I did have I have forgotten any individual transactions that I may have had for the Governor and Finance Company on account of Governor Stanford. Well, whatever I did have, I have forgotten any individual transactions that I have had.

Q. What business transactions have you had while you were employed in the capacity of private secretary with the Contract and Finance Company?—A. Well, as I said, if I had any transactions, they have passed from my mind now; what they were and what nature they were.

Q. Did you have many?—A. Well, that I could not state; I think very few. As I tell you, I think that his private account was kept on the books of these companies and not in my account.

Q. Did you at any time receive from the Contract and Finance Company Central Pacific Railroad stock on account of Governor Stanford?—A. No, sir; I don't remember that I did.

WITNESS'S LACK OF MEMORY.

Q. Did you receive from the Contract and Finance Company any checks or bonds or sums of money on account of Governor Stanford?—A. I don't remember that I did; no, sir.

Q. Did you receive at any time any stock or bonds or checks or sums of money from the Contract and Finance Company on account of anybody?

The WITNESS. I beg your pardon, I did not understand you.

The CHAIRMAN. Did you receive at any time any stocks or bonds, or checks or sums of money, from the Contract and Finance Company during your capacity as private secretary for Governor Stanford.

The WITNESS. Well, I may have, but I have forgotten what they were.

Q. Have you any papers, correspondence, or accounts, showing any transactions with the Contract and Finance Company?—A. No, sir; I don't remember that I had.

Q. Had you at any time any papers or accounts showing business transactions with the Contract and Finance Company?—A. As I say, it is so long ago now that I have forgotten. I may have had, but I do not remember now.

BUSINESS TRANSACTIONS WITH OTHER COMPANIES.

Q. What other companies had you business transactions with on account of Governor Stanford?—A. Well, I had business transactions on his account with all of them, more or less, in different ways.

Q. What do you mean by all of them?—A. All the companies, naturally, that he was connected with.

Q. Will you name them?—A. I cannot remember them all.

Q. Name as many as you can remember.—A. I had business transactions for him with the Southern Pacific and the Central Pacific and the California and Oregon and the Sacramento and Placerville.

Q. And the Western Development Company?—A. I do not remember any transactions that I had with them.

Q. The Southern Development Company?—A. No, sir; I don't remember any transactions that I had with them.

Q. Have you named all the companies that you can recall?—A. The California and Pacific.

Q. The Carbon Hill Coal Company?—A. No, sir; I do not recall any transactions that I had with them. His books, however, will show any transactions that I may have had with them. It is so long ago that I have forgotten.

THE "S. H. H. & C." SET OF BOOKS.

By Commissioner ANDERSON:

Q. Mr. Yost, do you know of a set of books kept under the title of "S. H. H. & C."?—A. S. H. H. & C.? Yes, sir.

Q. Do you know that Mr. Douty kept them?—A. I was not aware that Mr. Douty kept them.

Q. Who did keep them?—A. I was under the impression that Mr. William E. Brown kept them.

Commissioner ANDERSON. Perhaps I am mistaken.

The WITNESS. I speak of the time when I was there; I don't know.

Q. Did you occasionally see Mr. Brown in regard to matters contained in those books?—A. No, sir; I don't remember that I did.

WHAT THEY CONTAINED.

Q. Do you know what those books did contain?—A. Those gentlemen's private accounts, I think.

Q. With the Contract and Finance Company, Western Development Company, the Pacific Improvement Company, and Central Pacific Company?—A. I think so; yes, sir. That is my remembrance, that they were their private accounts.

Q. Well, do you know as to the dividends had from time to time and the interests of these four gentlemen (of whom Governor Stanford was one), how they were adjusted and collected?—A. No, sir; I don't think I do.

Q. Do you know who received the stocks and bonds and money belonging to each of them?—A. No, sir; that did not come to my attention.

Q. Did you receive Governor Stanford's share from any source?—A. No, sir. I think the Governor attended to that business himself. I may have some time received moneys for him in that connection, a dividend or something of the kind; if so, I have forgotten, but his books will show what the amount was, or if I did receive it. I don't remember now.

Q. Did he himself make any entries in his private books, or did you make them all?—A. I think in the private account he never made any entries.

Q. Did you make the entries?—A. Yes, sir.

THE THIRTEEN MILLIONS OF CENTRAL PACIFIC STOCK.

Q. Now, without asking you the exact figure, do you not remember entering, on the occasion of the division of the assets of the Contract and Finance Company, the receipt of a quantity of Central Pacific stock amounting to something like thirteen millions of stock?—A. No, sir; I don't remember.

Q. No such entry occurs in the books which you kept, do you mean?—A. I don't think it does, sir.

Q. Did you keep a journal?—A. No, sir; I don't think I did.

Q. Or a day-book?—A. Well, that is what I referred to when I said a book of daily accounts or daily occurrences, or whatever it was. That is what I meant as a day-book.

Q. If you had received for him in his private capacity thirteen millions of Central Pacific stock on a given day, would that have been an entry that you would have made in this book such as you kept?—A. I don't think so; no, sir.

Q. Why not?—A. Well, because, as I told the chairman, his private account of those amounts and nature generally were kept in the Central Pacific books, as I understand it, and it was credited up to him on those books, and on other books, but not on mine.

Q. Did you keep a book of accounts receivable of the various stocks and bonds held by the governor?—A. No, sir; I do not think I did.

Q. Do you know that such a book was kept?—A. Well, outside of the regular company's books, I do not think there was; no, sir.

HOW BONDS WOULD STAND ON THE COMPANY'S BOOKS.

Q. How would the company's own books inform Governor Stanford of the amount of dividends or the amount of coupons that he was entitled to on bonds?—A. That I do not know, because I did not see these books. I have not seen those books. I should judge, however, they were credited to his individual account.

Q. How would you know what bonds he held?—A. Because these would be credited to him when they would be paid to him, I should judge.

Commissioner ANDERSON. The coupon bonds stand in the name of no person.

The WITNESS. They would be probably placed to his credit, I suppose, on the books of the company.

Q. Do you assert that, or do you just think that there was not kept amongst the books to which you had access a book of bills receivable which would inform the governor when his coupons became due and when his dividends became due?—A. Yes, sir. I did not keep those accounts. I may have made some particular entry of some kind or amount, but I do not recall it now. But that account, as a rule, was not kept in my books; that is, in his private books.

Q. Did you have any relations with the Pacific Improvement Company on account of Governor Stanford?—A. No, sir; not that I remember of.

BOOKS OF CONTRACT AND FINANCE COMPANY.

Q. Did you ever see these boxes in which the books of the Contract and Finance Company were placed, in the city of San Francisco?—A. I may have; if so, I have forgotten it.

Q. If you saw them, where is your best impression that you saw them?—A. In the office at Fourth and Townsend streets, at the railroad offices.

Q. How long after you had seen them at Sacramento?—A. That I could not say; I am not sure that I ever saw them there.

PLACED IN BOXES BY MARK HOPKINS.

Q. How many boxes were there here?—A. That I could not tell you.

Q. How long did you remain in that room when Mr. Hopkins was packing these boxes up?—A. I do not remember.

Q. Do you mean to say that he himself was engaged in placing the books in the box or boxes?—A. Yes, sir.

Q. Did you see him nail up the boxes?—A. In the process of nailing them up, or rather screwing them with screws——

Q. He was doing that work himself?—A. Yes, sir.

Q. Was John Miller there?—A. If there was some one else there at the time, I have forgotten who it was. There may have been some one in the room at the time.

Q. Have you seen John Miller since that time?—A. Yes, sir.

Q. Has he ever alluded to this occurrence in your presence since?—A. No, sir.

Q. He said nothing about these books at all?—A. No, sir.

Q. Have you said anything to him about them?—A. Not that I remember of.

Q. Well, think it out and see if you do not recall that you heard that they had disappeared, and of saying something to John Miller about them?—A. No, sir; I don't remember.

Q. Did you speak to any of the officers of the company or any person about it after it was ascertained that the books had disappeared?—A. I may have; if so, I have forgotten it now, though. It has passed from my mind and I did not fix it at all in my memory.

Q. In connection with what suit was it that you think that you learned of this disappearance?—A. That I do not remember. I think it was a suit that called the subject up. What suit it was I do not remember.

Q. Do you remember any lawyer in connection with it?—A. No, sir; I do not.

Q. Do you remember Mr. Cohen in connection with any such transaction? A. No, sir; I don't remember him in connection with it.

Q. Did you ever have an interview with him about these books?—A. Not that I remember of.

WITNESS'S CONNECTION WITH CHARLES CROCKER.

Q. Did you ever have any connection with Charles Crocker, as employé, clerk, or book-keeper?—A. Yes, sir; I was with him for a few months, I think.

Q. When was that?—A. I cannot give the exact date.

Q. Was it about the time they were building this road?—A. It was when I first went there, about 1869 or 1870. I was with him there, I think, two or three months, and then I went with Governor Stanford. No, sir; I had no connection with him while he was building the road. It may have been at that time—

Commissioner ANDERSON. This contract was between 1864 and the end of 1867, or the beginning of 1868.

The WITNESS. No, I was not connected in any way with him during that time; no, sir.

Q. Did you ever see the books of Crocker & Company relating to the construction of this road?—A. I may have in a casual way, but never to inspect them.

Q. Do you know who kept them?—A. I think Mr. W. E. Brown did; I am not sure, however, but I think Mr. W. E. Brown was the secretary of the company at that time.

RESIGNS HIS POSITION WITH GOVERNOR STANFORD.

By the CHAIRMAN:

Q. When did you resign from the employment of Governor Stanford?—A. I think it was December, 1877, I am not sure, or the begin-

ing of 1878; I could tell by referring to certain memoranda, and give the exact date.

Q. What memoranda have you?—A. There is the time that I went to the stock exchange.

Q. What memoranda did you keep while in the employ of Governor Stanford for yourself?—A. I may have kept some memoranda as regards his transactions.

Q. As regards your own transactions, I mean. You spoke of some memoranda. What memoranda do you refer to?—A. Oh, when I became a member of the board, I can give the exact date when I resigned my position with the governor, because I resigned from there and went into business the next day.

Q. In answer to Mr. Anderson's question, you spoke in reference to Mr. Crocker's contract, and said that you could tell by some memoranda that you had; what memoranda did you refer to?—A. Mr. Crocker's contract. I did not understand that question, I think. Would you be kind enough to repeat that?

REQUEST FOR MEMORANDA MADE WHILE PRIVATE SECRETARY.

Q. Did you keep any memorandum during your connection with Mr. Stanford to enable you to recall the business transactions that you had in his employ?—A. Oh, yes, sir; I did.

Q. What kind of memoranda did you keep?—A. Just ordinary memoranda, like one would jot down to jog the memory, or something of that kind. Nothing especial at all.

Q. Have you got them in your possession now?—A. No, sir.

Q. What did you do with them?—A. I guess they are in the archives with my old books and memoranda, but I don't remember where they are.

Q. Have you got them in your possession?—A. They are stored at my brother's store, on Bush street.

Q. Can you secure possession of the memoranda?—A. I do not know that I can. I will see, however.

Q. Will you produce them to the Commission?—A. I will endeavor to find them; yes, sir.

DISBURSEMENTS OF MONEY WHILE SECRETARY.

Q. Did you pay any money out under the direction of Mr. Stanford while in his employ?—A. Yes, sir.

Q. For what general purpose did you make payments under his direction?—A. I don't know. Any transactions that he might want me to attend to.

Q. Did you ever attend to any legislation on account of Governor Stanford?—A. In a general way; yes, sir.

Q. What did you do in a general way, concerning legislation?—A. I would get up statistics and facts, anything that he requested me to do in that direction.

Q. What did you do with the statistics and facts?—A. Turn them over to him, generally.

NO EFFORTS TO INFLUENCE LEGISLATION.

Q. Did you make any payments under the direction of Governor Stanford for the direct purpose of influencing legislation, or any that you know of that were indirectly used for the purpose of influencing legis-

lation?—A. Not that I remember of now. I think not. No, sir; not that I remember of.

Q. Would you not remember such a circumstance?—A. Well, no; I don't think it is likely that I would recall any such circumstance.

Q. Was that such an ordinary occurrence that you would not regard it as of any importance?—A. Perhaps, extraordinary.

Q. What is the difficulty about recalling such a transaction?—A. Well, as I say, I do not recall any that I had.

VISITS TO THE LEGISLATURE.

Q. Did you visit the legislature under the direction of Governor Stanford?—A. Yes, sir.

Q. How often did you visit the legislature?

The WITNESS. How often during the entire term, do you mean?

The CHAIRMAN. During your connection here in his employ from 1863 to 1868?

WITNESS. At almost every legislature there was, I was there, I think.

Q. Did you go alone?—A. No, sir.

Q. Who accompanied you?—A. I generally went with the governor. I acted in the same capacity there as I acted here; to attend to his correspondence and hunt up any figures for him, or any facts that he wanted to find.

LEGISLATIVE INVESTIGATING COMMITTEES.

Q. He was not governor during that time, was he?—A. No, sir; at the expiration of his term of office as governor he became president of the Central Pacific Railroad.

Q. What was he doing there then?—A. Very frequently he was sent for to reply to questions of committees appointed to regulate freights and fares, and he was generally there to explain to them about fares and freights and the condition of the road, or answer any questions that were asked of him.

Q. What did you do?—A. I generally kept all his letters and replied to all inquiries, and if there was anything in the way of getting up statements for him or anything of that kind, I generally would obey his instructions about it.

OTHER OFFICERS OF CENTRAL PACIFIC.

Q. Who else was there besides Governor Stanford? what other officers of the Central Pacific Company?—A. Generally, Mr. Stubbs; he was there frequently; I remember he was our general freight agent; at that time he was there to explain in reference to freight matters. Mr. Goodman was also there.

Q. Who is Mr. Goodman?—A. He was general passenger agent.

Q. Who else was there to represent the company?—A. Well, Col. W. B. Hyde, I think, used to be there also. He was a civil engineer, and a very good statistician.

Q. Who else was there?—A. Generally, there were a good many.

The CHAIRMAN. I want to know who representing the Central Pacific Company.

The WITNESS. Oh, representing the Central Pacific. Well, I don't remember. Generally, that was all, I think, that was there to represent the company.

WHO ATTENDED TO LEGISLATIVE MATTERS.

Q. Who looked after the legislation for the company?—A. I think Governor Stanford did, generally; in answer to these bills that were generally called before the legislature.

Q. Who was regularly employed and on duty there to watch the legislation and see that it was not hostile or injurious in any way to the railroad interests?—A. That I do not remember.

Q. Did the company have any one there?—A. Well, I think, generally, most of the time the governor himself was there. He had his home there in Sacramento.

Q. Did he do all the explaining to members of the legislature during the whole session?—A. Generally, when he was called on, he was always willing to explain.

Q. Who were stationed there during the session of the legislature and known to be Central Pacific Railroad men, looking after the interests of the Central Pacific Railroad Company in the legislature?—A. I do not remember any particular one now. As I say, I think the governor was, generally, the one that was looked to.

LEGAL REPRESENTATIVES.

Q. Who explained the law matters?—A. Perhaps some of the law firm would be called on.

Q. Who were they?—A. Judge Silas W. Sanderson was one, and Harvey S. Brown and Robert S. Roberson were others.

Q. Were there any others?—A. That is all that I recall just now who took part at that time; there may have been some outside lawyers, but those were lawyers directly connected with the office there of the company.

Q. Were there any individuals known and designated as railroad lobbyists in attendance upon the legislature?—A. Not that I remember of.

Q. Did you ever hear of the term before?—A. Yes, sir.

Q. Did you hear of it while in the employ of Governor Stanford?—A. Yes, sir.

Q. Whom did you hear were there?—A. Oh, I do not remember.

Q. Did you ever hear any names mentioned in connection with that company?—A. Not that I remember—any particular name; no, sir.

NO MONEY FOR INFLUENCING LEGISLATION.

Q. Do you know of any payment of money for the purpose of influencing any legislation or elections?—A. No, sir; I do not remember of any.

Q. Would there be any difficulty in remembering such a circumstance as that?—A. I think it would impress itself.

INTEREST IN ELECTIONS.

Q. Do you know of the participation of any of the officers, or employés, or agents, or directors of the Central Pacific Company in general or primary elections?—A. I do not remember of any now; they have taken a general interest.

Q. What do you mean by general interest?—A. Governor Stanford has always been a very prominent Republican, and has always taken a general interest in his party matters.

Q. Who else was connected with the road?—A. Come to think of it, I think they were all Republicans.

Q. Did they all take a hand at the general and primary elections?—A. Well, hardly, I think; that is, not that exact expression. They generally took an interest in the success of their party. Oh, there was one Democrat, by the way—General Colton, I remember.

Q. Did they take an interest in the general elections or local elections as railroad men?—A. No, sir; I do not think they did as railroad men.

TO WHOM PASSES WERE ISSUED.

Q. Did you issue any passes while in the employ of Governor Stanford?—A. Yes, sir.

Q. Had you authority from him to issue passes?—A. I think on some few occasions only. Generally he signed all the passes that I made out.

Q. To whom did you issue them generally?—A. I do not remember. Generally to a good many of the employés in the law department, and their families and friends.

Q. Did you issue passes to the members of legislature?—A. Yes. sir.

Q. And to members of Congress?—A. Yes, sir.

Q. And judges of courts?—A. Yes, sir.

Q. Did you issue passes to the friends of members of the legislature on the application of the member?—A. That I cannot remember; but, I think, possibly we did.

Q. What other inducement, or what other preference or privilege, rather, was given by way of bonus that you recall by the railroad company?—A. I do not remember, now, of any.

Q. Do you recall any advantages that were offered to members of the legislature by way of bonus, other than a pass?—A. No, sir; I do not remember.

PERSONAL ACQUAINTANCE WITH MEMBERS.

By Commissioner ANDERSON:

Q. Were you generally personally familiar with members of the legislature?—A. Yes, sir; I have resided here so long that I generally know them.

Q. You know a large number of them personally?—A. Yes, sir.

Q. Where did the legislature meet, in Sacramento?—A. Yes, sir.

Q. Did you remain there generally throughout most of the sessions?—A. Well, I think so; yes, sir.

Q. How long were the sessions?—A. I think about three months, perhaps, or a little longer.

DISCUSSION OF BILLS WITH MEMBERS.

Q. Where did you stay while there?—A. Most of the time, I think, at the governor's house. Sometimes at the hotel.

Q. At the governor's house?—A. Yes, sir; he had a home there in Sacramento. During the daytime I was there, most of the time.

Q. And when at the hotel?—A. When at the hotel? I had rooms at the hotel.

Q. When at the hotel you had a parlor besides a bedroom?—A. Yes, sir.

Q. Was it a common occurrence for members of the legislature to be in your parlor?—A. Not a common occurrence; no, sir; I don't think it was.

Q. It did happen occasionally, though?—A. Yes, sir.

Q. When there, would the subject of railroad legislation be discussed between you and the members?—A. Without remembering exactly now, I think very probably it was; yes, sir. We would discuss the bills, whatever was before the legislature.

Q. How did you come to have charge of discussing these matters, was it at Governor Stanford's request?—A. No; I do not think he ever made a particular request.

Q. What kind of discussion would you use with these gentlemen; what would you say to them?—A. I do not remember now; it is so long ago. And it depended on the bills entirely.

ORJECT OF DISCUSSION.

Q. What was your object; to try to get them to vote reasonably and in the interest of the company?—A. Yes, sir. And try and take our view of the bills, and to see the injustice that it would work to the company by high charges.

Q. Did you ever suggest to any of those members of the legislature that it would be of advantage to them to so vote?—A. No, sir; I do not remember that I ever made that suggestion.

Q. Cannot you remember a little more exactly what the nature of your persuasive power was?—A. Well, I do not know about the persuasive powers, except the explaining to them.

DINING MEMBERS AT PERSONAL EXPENSE.

Q. Did you dine them at the hotel?—A. I think—yes, sir—I have dined them there and elsewhere. They were acquaintances of mine and friends of mine, and I have known some of them for many years.

Q. At whose expense did you dine them?—A. At my own expense.

Q. Was the account so expended ever charged up to the company?—A. I do not think it was.

Q. Was this a frequent occurrence; did you give them many dinners?—A. Oh, no, sir.

Q. Were they generally given to single members of the legislature, or were they dinner parties?—A. Oh, that I don't remember; it is too long ago now.

MEMBERS WERE NOT STOCKHOLDERS.

Q. Did you know whether any of these members were holders of stock of the Central Pacific at the time that you talked to them?—A. No, sir; I don't know that they were. I don't remember now that any of them were holders of stock.

Q. Do you know whether any of them became holders of stock afterwards?—A. No, sir; I do not remember that they did.

Q. Can you name some of these gentlemen who dined with you and were familiar with you during those sessions?—A. It is so long ago now that it really has passed out of my mind as to any particular persons.

APPEARANCES AT WASHINGTON.

Q. Did you ever attend any sessions of Congress in Washington with Governor Stanford?—A. No, sir; not in the capacity of secretary; I was there a year ago.

Q. When?—A. A year ago.

Commissioner ANDERSON. I refer to those periods we have been speaking of.

The WITNESS. No, sir; I did not.

Q. You did not attend at all until a year ago at Washington?—A. Well, that was a mere accident of my being in Washington. When Congress was in session a year ago last April I was there, and the governor was there as Senator.

Q. And before that time you never attended the sessions of Congress?—A. No, sir.

ATTENDANCE AT OTHER STATE LEGISLATURES.

By the CHAIRMAN:

Q. What other State legislatures did you attend with Governor Stanford?—A. I think California was all.

Q. Do you recall going to any other legislature?—A. No, sir; I do not think that I attended any other legislature except that of California.

Q. Were any of the members of the present legislature, or were any members of the last legislature, members of the legislature when you were in attendance?—A. Well, really, I do not recall the members of the last legislature; I would if I saw a list of them. I could then tell you, and answer that question more correctly; but I was here at the time, and busy, and I paid no attention to the last legislature.

ATTENDANCE OF STEVEN T. GAGE.

Q. Have you named all of the officers, employés, or agents of the Central Pacific Railroad Company that were in attendance at any time upon the legislature for the purpose of watching legislation?—A. Well, now, it just comes to me about another gentleman, Steven T. Gage, who was there.

Q. Who is Steven T. Gage?—A. He occupies some official capacity, I think, with the company. I think he is a director.

Q. What was he doing there?—A. He was very well posted on our freight and fares matters, and very familiar with the subject.

HIS FRIENDLY ACQUAINTANCE WITH MEMBERS.

Q. How were members of the legislature approached?—A. I think he knew quite a number of them as friends and as acquaintances. He has an acquaintance with them.

Q. Did he talk with them individually, or as members of committees?—A. Well, I suppose both.

Q. To whom were reports made of the effect of such explanations during the session of the legislature?—A. I guess Governor Stanford kept pretty well posted as to the individual views of members.

Q. Did the officers and agents report to Governor Stanford from time to time?—A. Incidentally, if there was anything to talk over.

Q. Did the officers which you have named gather information as to how the members were going to vote on the different bills pending?—A. I don't remember that they did. They may have done so where they expressed their opinion to them.

Q. Did they report to Governor Stanford?—A. I think they did. Yes, sir; they would post him as to their opinions.

Q. That is all, Mr. Yost, unless you can produce the memoranda. Is there anything else that you desire to say to the Commission?—A. No; I don't know that there is.

Q. Have you any information that you can give the Commission other than what you have said?—A. No, I don't know of anything at this time. I may have in a few days if I can think of anything.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Monday, August 1, 1887.

FRANK S. DOUTY, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. Have you with you the books of minutes which were called for at the last session?—Answer. I have not.

REFUSAL TO PRODUCE BOOKS.

Q. Why have you not produced the same?—A. Under the advice of counsel.

Q. Do we understand that you decline to produce them?—A. Yes, sir.

Q. Either here or at your office?—A. Either here or at my office.

Q. Have you at your office the books of account of the Pacific Improvement Company and the Western Development Company?—A. Yes, sir.

Q. Are those books open to our inspection?—A. Subject to the advice of counsel. I have not been instructed in that particular.

Commissioner ANDERSON. Perhaps you had better inform yourself in regard to that matter before we proceed further.

(The witness retired for a few moments, and, after consultation with his counsel, returned to the witness chair.)

Q. What is your answer, Mr. Douty?—A. They are not. I cannot produce them.

THE BOOKS ARE SUBJECT TO INSPECTION.

Q. The question is whether they are open to our inspection at the office of the respective companies?—A. Yes, sir; that is my understanding.

Q. They are open to our inspection?—A. So far as the accounts relate to the Central Pacific.

Q. Well, to avoid any possible mistake, do you make a distinction between the minutes of these corporations and their books of account?—A. No, sir; I make no distinction.

Q. The minutes are also open to our inspection?—A. Well, I say that any books relating to the Central Pacific directly I understand to be subject to your inspection.

Q. Including the books of minutes?—A. Yes, sir; if there is anything in there relating to the Central Pacific, that I understand would be open to your inspection. I will say for your information this: There is nothing between the Central Pacific and the Western Development Company that the Central Pacific books do not fully contain, as I understand it.

REFUSAL TO PRODUCE BOOKS OF WESTERN DEVELOPMENT COMPANY.

Q. In order to present the question clearly to you, and referring first to the Western Development Company, we desire to see the accounts which will inform us of the exact cost of construction of all roads or

parts of roads which were either built for account of the Central Pacific, or subsequently leased to the Central Pacific, by the Western Development Company, and which accounts will show the cost of such construction to the Western Development Company. Now, my question is whether that account is open to our inspection.—A. Well, sir, I have a variety of accounts. I shall make the same answer in regard to that. Under the advice of counsel I decline to disclose the accounts.

ALSO THOSE OF PACIFIC IMPROVEMENT COMPANY.

Q. I now ask you the same question in regard to the accounts of the Pacific Improvement Company as to disclosing the cost of construction to the Pacific Improvement Company of the California and Oregon Railroad from Delta to the northern boundary of the State, and also all other accounts which disclose the actual cost of construction of all railroads or parts of railroads constructed by the Pacific Improvement Company for the account of the Central Pacific Company, or which were subsequently leased to the Central Pacific Railroad, which accounts will disclose the actual cost of the construction of such railroads or parts of railroads to the Pacific Improvement Company. I ask you whether those accounts are open to our inspection and examination?—A. Under advice of counsel I am compelled to say they are not.

AND OF SOUTHERN DEVELOPMENT COMPANY.

Q. Now, I ask you the same question in regard to the Southern Development Company as to all books and accounts which show the cost of construction of any road or part of road, either for the account of the Central Pacific or subsequently leased to the Central Pacific. What is your answer in regard to those accounts?—A. The same answer.

OR THOSE OF OTHER COMPANIES.

Q. I ask you the same question in regard to the accounts showing the cost of the Los Angeles and Independence Railroad Company?—A. The same answer.

Q. The same question with regard to the accounts of the Carbon Hill Coal Company?—A. The same answer.

Q. The same question with regard to the Rocky Mountain Coal and Iron Company of Wyoming?—A. The same answer.

Q. The same question with regard to the Colorado Steam Navigation Company?—A. Same answer.

Q. The same question with regard to the Southern Pacific of Arizona?—A. The same answer.

Q. The same with regard to the Southern Pacific of New Mexico?—A. Same answer.

COST OF CONSTRUCTION BY PACIFIC IMPROVEMENT COMPANY.

Q. Have you an account amongst the books and accounts of the Pacific Improvement Company which would show the exact cost of the construction done by that company under its contract with the Central Pacific road from Delta to the northern line of the State?—A. I have an account of that construction, which will show the cost up to the date when the last entries have been made.

Q. That is, the cost to the Pacific Improvement Company?—A. That is the cost to the Pacific Improvement Company.

Q. Are you able to state from memory how much that amount is?—A. I am not.

Q. Well, will the accounts of the Western Development Company show the cost to the Western Development Company of the various roads or parts of roads constructed by that company which have been referred to in the call hereinbefore specified.—A. Yes, sir; the books of the company will show everything that it has ever done.

COST OF CONSTRUCTION TO OTHER COMPANIES.

Q. And will the books of the other companies hereinbefore specified also show the actual cost of construction to the respective construction companies of the various lines specified in the call?—A. Yes, sir.

Q. Will these books also show, in each case where the line has been leased to the Central Pacific, the amount of rental charged to the Central Pacific Company, as explained in your evidence Saturday?—A. I don't know that it will in all cases.

Q. Will it in some of the cases where such rentals were credited by you?—A. Wherever those companies you have named had anything to do with the rentals, the books will show the rentals.

Q. Will the books which you have referred to show the amounts charged to the Central Pacific Company or received by you from the Central Pacific Company for the interest on the amounts which the respective companies had on deposit with the Central Pacific Company?—A. I cannot answer that; that is, if I understand the question aright. Will you read it again?

INTEREST PAID ON DEPOSITS WITH CENTRAL PACIFIC.

Q. You stated on Saturday, as to a number of these companies, that they kept their funds with the Central Pacific, and that company allowed them interest at 10, 12, 8, and 6 per cent., and the question is, whether the amounts of interest so allowed will appear in those books.—A. Well, the Western Development Company books will show all the transactions it ever had with the Central Pacific Railroad Company, and also the interest which was allowed by that company, but if I stated on Saturday that the interest paid by the Central Pacific was 12 per cent., that is an error. I was asked, as I understood it, the ruling rates of interest at the time, and I think the highest rate of interest we ever received was 10 per cent., and it got down to 6.

BOOKS OF "S. H. H. & C."

Q. The answer was 12, 10, 8, and now 6. It is not material. Have you the books which you referred to on Saturday as the S. H. H. and C. books?—A. I have not.

Q. In whose custody are those books?—A. Well, I cannot state that positively.

Q. Is it Mr. W. E. Brown?—A. Mr. William E. Brown is supposed to have them. He keeps the books.

Q. Will the books above referred to, relating to the Pacific Improvement Company, the Western Development Company, and the other construction companies, show the profit, if any, which was made under the construction contract by the stockholders of those respective companies?—A. I think it would be a difficult thing to figure out profits on any contract.

Q. That is hardly an answer. Will those accounts show whether any profits were made or any losses sustained?—A. You are asking me

whether a profit or loss was made or sustained, and I will answer it in this way: The pay that the company received was in stocks and in bonds. Now, it depends entirely at what you value the stock and the bonds, as to whether the Pacific Improvement Company made or did not make a profit.

Q. I will now put the question to you in this form: Will those accounts show just what was expended for the account of the stockholders of the various companies, and, on the other side, what form of consideration was received for their benefit from the Central Pacific Company?—A. The Central Pacific or any other company.

SUFFICIENCY OF NOTICE TO PRODUCE BOOKS.

Q. Are you willing to place on record an admission that the notice to produce the books, papers, contracts, agreements, documents, and accounts which have been called for is sufficient, as matter of form, to give you notice of the demand of this Commission and of the nature of the books and papers called for?

Mr. BERGIN. There is no objection to the mere form.

A. That is my answer.

By the CHAIRMAN:

Q. Do I understand you that you decline to produce any books, papers, contracts, or agreements, of any kind whatever, of the several companies you have named?—A. Yes, sir.

T. I. BERGIN.

Q. Who is your counsel?—A. Mr. Bergin.

Q. What is his full name?—A. T. I. Bergin.

Q. Is he the attorney for the Central Pacific Company?—A. Well, I cannot say as to that. He is probably one of the retained attorneys of the Southern Pacific Company.

Q. Does he appear here as the attorney for the Central Pacific Company?—A. I can only state that he does appear here as my attorney in this case.

F. S. DOUTY.

DECLINES TO STATE IN WHAT CAPACITY HE APPEARS.

The CHAIRMAN (to Mr. Bergin). Do you appear before the Commission as the attorney of the Central Pacific Railroad Company?

Mr. BERGIN. I do not exactly know that it is very material to know whether I do or not.

The CHAIRMAN. I desire to know whether you appear before the Commission, and have appeared from time to time, as the attorney of the Central Pacific Railroad Company.

Mr. BERGIN. Well, I do not see that it is very material whether I do or not.

The CHAIRMAN. Do I understand you to decline to answer?

Mr. BERGIN. Yes; I decline to answer in that way.

The CHAIRMAN. Well, gentlemen, I do not see, unless we hold a secret session and make our application to the court, that we can proceed further at this time. We will excuse all other gentlemen.

The Commission here went into secret session.

PALACE HOTEL, SAN FRANCISCO,
Monday, August 1, 1887.

Afternoon session.

Mr. Alfred A. Cohen, at 2 p. m., appeared on behalf of the Central Pacific Railroad Company in relation to the refusal of the witness Frank S. Douty to produce the books of the Western Development Company, the books of the Pacific Improvement Company, and the books of sundry other corporations of which that witness is an officer, which have been called for by this Commission, and said:

PROPOSAL TO PRODUCE BOOKS AND PAPERS RELEVANT TO INVESTIGATION.

I wish to say that this witness and these corporations are willing to produce all books and papers which will in any way instruct this Commission, or explain the testimony of any of the witnesses before it, or which will in any way enable this Commission to pursue its inquiry within the scope of the act of Congress under which it derives its appointment; and I ask that the witness be recalled for examination, and that he be questioned on the particular subject-matter concerning which the Commission desires to derive information from the books or papers under his control.

It is the intention of all the companies allied, or in any way connected, with the Central Pacific Railroad Company, and the officers of all those companies, to afford this Commission every aid in their power to enable it properly to perform its duties.

ACCOUNTS DESIRED BY THE COMMISSION SPECIFIED.

Commissioner ANDERSON. The exact accounts which we desire to see are the accounts kept by the Western Development Company, showing the cost of construction to the Western Development Company of any roads, or parts of roads, either constructed for the account of the Central Pacific Railroad Company, or which were leased to the Central Pacific Railroad Company, in order to ascertain whether the stockholders of the Western Development Company have received from the Central Pacific Railroad Company portions of its assets, or portions of its earnings, which have been realized by them as a profit on said contracts, the proof being that they were the controlling influence both in the Central Pacific and the Western Development Companies.

We therefore ask you whether your proposition includes the production of the accounts of the Western Development Company showing the cost of construction of the railroads and parts of railroads above specified.

I make the same explanation in regard to the Pacific Improvement Company, without repeating it at length, and also in regard to the sundry other corporations of which Mr. Douty is an officer.

COUNSEL OF CENTRAL PACIFIC.

Mr. COHEN. I think that my offer is broad enough to include every subject-matter and thing which this Commission, by the terms of the act of Congress, is authorized to inquire into. Therefore I have suggested that specific questions be put to see whether we have any record

or written evidence that bears upon the specific matter to be inquired into.

OBJECT SOUGHT BY COMMISSION IN EXAMINATION OF BOOKS.

Commissioner LITTLER. This Commission desires not only the examination of the books for the purposes stated, but for the purpose of ascertaining whether the chief officers of the Central Pacific Railway Company have not used these several corporations as mere instruments to benefit themselves personally, and whether their conduct is not really an abuse of these trusts as such officers.

Commissioner ANDERSON. I want to say that the specific questions that you allude to were put to the witness Douty, and he made answer thereto that the accounts in his possession would show the cost of construction of these various roads to the Western Development Company and to the Pacific Improvement Company, and I call your attention to the fact that the mere statement of a willingness to show us anything which we are entitled to see under the act of Congress will not lead to a solution of the difficulty, on account of a difference between ourselves and the representatives of the company as to the permitted scope of inquiry; and that unless a representative of the company is prepared to say that the accounts which we have specified can be inspected by us it would be a mere loss of time to recall the witness, as it would be necessary to obtain the judgment of the court as to whether we are entitled to see those accounts.

The Commission then adjourned to Tuesday, August 2, 1887, at 10 a. m.

PALACE HOTEL, SAN FRANCISCO,
Tuesday, August 2, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

LELAND STANFORD, being further examined, testified as follows:

RELATION OF THE CENTRAL PACIFIC TO THE GOVERNMENT.

If the Commission please, perhaps it would tend to a better understanding of the case if I should read a short paper which I have just had prepared. It would, at least, give our views a little better. I wish to read it partly because of a remark which you, Governor Pattison, made to me. I infer from remarks made by some of the Commissioners about the time of adjournment last Friday, that it was supposed that the Central Pacific Railroad Company did not occupy towards the Government the position of an independent contracting party, but was in some way an agent acting in a fiduciary capacity. The Federal courts have in several cases construed the Pacific railroad acts, and have determined what are the property rights of the company under the acts of Congress. It has been repeatedly held by those courts that the grants of lands and bonds made in aid of the construction of the road became the property of the company upon compliance with the conditions named in the acts. Several actions have been prosecuted by the United States upon the theory that the Government could compel an accounting with

the directors of the corporation constructing the Pacific railroad for the disposition they made of the bonds issued by the United States.

UNITED STATES VS. UNION PACIFIC.

The case of the United States *vs.* The Union Pacific Railroad Company, in the circuit court of Connecticut, was the first of this character of suit. (See 2 Blatchford, 404.) The case was appealed to the Supreme Court and affirmed. Mr. Justice Hunt, in delivering the opinion of the circuit court, said:

> The grants of land and the issuing of bonds are to be considered gratuitous, voluntary contributions to aid in the construction of works which it was supposed would develop the resources of the country, advance civilization and improvement, and upon which the mails and munitions of war could be transported. When given and accepted the power of the donor is at an end, and the absolute ownership is in the corporation.

It was upon the theory that the bonds issued by the Government were the private property of the company, that the court refused to order an accounting of what disposition was made of them by the directors.

COURT OF CLAIMS CASE.

A case involving similar questions and of the same title was commenced in the Court of Claims and appealed to the Supreme Court. (See 1 Otto, 72.) Mr. Justice Davis in delivering the opinion of the court, said:

> The act itself (Pacific railroad act) was an experiment. It must be considered in the nature of a proposal to enterprising men to engage in the work, for with the extraordinary obstacles in the way there was no security that capital could be enlisted; if enlisted at all it would only be on condition which would insure in a case of success remuneration in proportion to the risk incurred. The proffered aid was in lands and interest-bearing bonds of the United States.

The court in this case affirmed the same doctrine that was maintained in the case previously cited. No contrary view has been expressed by the Supreme Court. In construing the Thurman act it was assumed throughout by the Supreme Court that the aid granted by the Government to the roads was private property. (See 9 Otto, 700 to 769.) Nor was it decided that Congress had power to change the contract, but it was argued by the court that the provision for a sinking fund did not interfere with the rights of the company or require payment from it before maturity of the bonds.

I believe that it has been reaffirmed in our case before the Court of Claims, and again by the Supreme Court of the United States, on the question of compensation to the aided roads. I put this in to give you an idea of our side of this matter, as I do not seem to have been able to have made it sufficiently clear in my former statement.

It is unnecessary to examine in detail the expenditure of the company in the construction of the road. The aggregating expenditures for all purposes can be readily ascertained.

The following is a list of all the available resources, with the exception of those originally contributed by the promoters to inaugurate the enterprise:

Central and Western Pacific Railroads. Memorandum regarding receipts from all sources, to December 31, 1869.

	Par value.	Approximate realized.
United States bonds:		
Central and Western Pacific	$27,855,680	$20,735,000
Central and Western Pacific of same amount	27,855,560	20,750,000
Central Pacific:		
Convertible bonds	1,483,000	830,000
State aid bonds	1,500,000	960,000
County bonds:		
San Francisco to Central Pacific	400,000	300,000
Sacramento to Central Pacific	300,000	120,000
Placer to Central Pacific	250,000	140,000
San Francisco to Western Pacific	250,000	175,000
San Joaquin to Western Pacific	250,000	125,000
Santa Clara to Western Pacific	150,000	100,000
Land sales balance Central Pacific Railroad		107,000
Profit and loss balance January 1, 1870		1,610,000
Total		46,062,000
Company owed Contract and Finance Company		1,827,000
Grand total		47,889,000

Under the act of Congress we were permitted to issue bonds secured by a first mortgage on our road to an amount equal to the Government loan. The State aid bonds referred to in the table were our own bonds, to the amount of a million and a half, on which the State paid the interest for twenty years, the company paying the bonds at maturity.

These bonds issued to the Western Pacific Railroad Company were given before the Central Pacific gained control of that road, and we never handled them. The bonds given by these various counties were for subscriptions to the stock of the railroad company.

COUNTIES AUTHORIZED TO SUBSCRIBE AID.

Commissioner LITTLER. Before passing from this schedule of securities I wish to call your attention to a list of counties which, under the laws of California, were authorized to subscribe aid to railways, and ask you to state, as I name them, whether the Central Pacific Railroad Company received aid from any of them. First, Yuba County was authorized to subscribe $200,000.

The WITNESS. Not to the Central Pacific.

Commissioner LITTLER. Sutter County, $50,000.

The WITNESS. Not to the Central Pacific.

By Commissioner LITTLER:

Q. Or to any of its branches?—A. No, sir; I know that that county issued some bonds, or was authorized to issue some for a road that was intended to have been built to Marysville, but we had nothing to do with it, and never have had.

Commissioner LITTLER. Solano County, $200,000.

The WITNESS. That has nothing to do with the Central Pacific.

Commissioner LITTLER. Yolo County, $50,000?

The WITNESS. Not to the Central Pacific.

AID GIVEN TO ROADS PRIOR TO CONSOLIDATION.

Commissioner LITTLER. As I call this list over, if any of the railroads are named which have subsequently been consolidated with the Central Pacific and now form a part of that road, please mention that fact.

The WITNESS. The county of Yuba subscribed to some railroad, but not one that we were connected with; and whether stock in some of these roads was taken by the county, or not, I do not know, but the Central Pacific had nothing to do with it, directly or indirectly. The only counties that have ever contributed to the Central Pacific are the ones that I have mentioned. The aid given by San Francisco, Santa Clara, and San Joaquin Counties to the Western Pacific Railroad was given before the Central Pacific took hold, and never came into our hands.

Commissioner LITTLER. In order to get through with my list, I will read them to you and you can answer. San Mateo County, $100,000.

The WITNESS. That was given to the road then called the San Francisco and San José Railroad. The Central Pacific had nothing to do with it.

THE $600,000 SUBSCRIPTION OF SAN FRANCISCO COUNTY.

Commissioner LITTLER. San Francisco County, $600,000.

The WITNESS. That county was authorized by law to subscribe for $600,000 of our stock. We had trouble with the county. The people here had lost faith in our road, did not believe that we could ever construct it, and were very much afraid of the liability to which they might be subjected, and instead of subscribing for the stock and issuing $600,000 in bonds, the matter was compromised by the county giving us $400,000 of its bonds and taking no stock.

Commissioner LITTLER. Santa Clara County, $200,000.

The WITNESS. That went to the Western Pacific before we had any connection with it.

Commissioner LITTLER. Placer County, $200,000.

The WITNESS. Yes; that went to the Central Pacific.

Commissioner LITTLER. I see some of these counties repeated here. Santa Clara County $200,000, and San Mateo County $100,000.

The WITNESS. That was to this San Francisco and San José Railroad.

Commissioner LITTLER. San Francisco County again, $300,000. These were authorized by different statutes of the State of California.

The WITNESS. The Central Pacific had nothing to do with that. I have no doubt that San Francisco gave it, but I have no positive knowledge of it. I do not remember the circumstance.

Commissioner LITTLER. Los Angeles City, $50,000.

The WITNESS. That has nothing to do with the Central Pacific.

Commissioner LITTLER. Los Angeles County, $100,000.

The WITNESS. That has nothing to do with the Central Pacific.

Commissioner LITTLER. Placerville City, $100,000.

The WITNESS. That was to another railroad.

THE COUNTY AID TO CENTRAL PACIFIC.

Commissioner LITTLER. These are under statutes authorizing subscriptions to the stock of railroad companies. These various statutes, I mean, referred to in this list. I do not know whether they are to your road or not. I am calling them off for the purpose of getting your answer.

The WITNESS. There was nothing of this in favor of the Central Pacific except from those counties along the line of that road. Sacramento County, and Placer County, and San Francisco gave $400,000 in bonds. That is all that the Central Pacific had.

Commissioner LITTLER. If you are quite sure that you have enumerated all the subscriptions paid to this company and its branches, as now constituted, I will not trouble you with this list.

The WITNESS. I cannot be mistaken about that.

The CHAIRMAN. I would put it all on the record. I would not stop it now, inasmuch as you have commenced it.

AID FOR ROADS THAT NEVER WERE BUILT.

The WITNESS. There was a time when aid was voted for roads that never were built. Some of them I do not remember, for we had nothing to do with them.

Commissioner LITTLER. San Joaquin County, $250,000; El Dorado County, $200,000; Placer County, $250,000; Santa Clara County, $350,000; Stanislaus County, $25,000.

The WITNESS. I do not remember anything about that. There were never any roads built in this last county under such statutes, and whether any bonds were issued or not, I can not say. I think it doubtful, however.

Commissioner LITTLER. Alameda County, $220,000; San Francisco County, $1,000,000, authorized by the statute of 1863.

The WITNESS. Are you reading the complaint filed in some of these cases that have been brought against us?

Commissioner LITTLER. No, sir; I am reading from a list of the statutes passed by the State of California, authorizing subscriptions to railroad companies.

The WITNESS. It sounds a little similar to some of the complaints that I have heard. That is why I ask the question.

SUBSCRIPTIONS OF OTHER COUNTIES TO RAILROADS.

Commissioner LITTLER. Sacramento County, $300,000, under the statute of 1863; Calaveras County, $50,000; Tuolumne County, $50,000; El Dorado County, again, $100,000; Calaveras County, again, $50,000; Napa County, $70,000; Stanislaus County, $25,000; Yuba County, $265,000; Yolo County, $100,000; Los Angeles County, $150,000; Los Angeles City, $75,000; Plumas County, $230,000; Sutter County, $60,000; San Joaquin County, $200,000; Stockton City, $300,000; San Francisco, $1,000,000, authorized by the statute of 1869.

In this list it is stated that Yuba County actually issued $265,000; Solano County, $200,000; San Mateo County, $100,000; San Francisco, $950,000; Santa Clara County, $350,000; Auburn Town, $50,000; Los Angeles County, $150,000; San Joaquin County, $250,000; Placerville City, $100,000; El Dorado County, $300,000; Placer County, $250,000; Sacramento County, $300,000, making a total of $3,265,000.

The WITNESS. I do not know anything about how correct that statement is, but I think that the person who prepared it is mistaken. There were a great many statutes passed authorizing different counties and places to vote on propositions to aid railroads, but they never availed themselves of the opportunity. I presume that this statement was prepared from the law books, and the person preparing it did not go further.

By Commissioner LITTLER:

Q. Do you still stick to your list as read here?—A. Yes, sir.

Q. Do you state that it contains all that the Central Pacific or its branches secured?—A. Yes, sir; it contains all that I remember, and I am sure that I have forgotten nothing.

The CHAIRMAN. Go ahead with your statement.

CONSTRUCTION OF ROAD FROM SAN JOSÉ TO OGDEN.

The WITNESS (continuing). With the foregoing funds and credits the company constructed 860.66 miles of road, which extended from San José to Ogden. The entire resources of the company, as above stated, were $47,889,000, which would allow the company to expend on each mile, in round numbers, $55,600.

I would say here that it was estimated that the road would cost $90,000 a mile, and there were good engineers who estimated that portions of that road would cost from $250,000 to $300,000 a mile, if it ever could be built at all. I will state, however, that that statement came from those who were hostile to the road and did not wish to see it constructed; but we built the road in spite of them, and at a cost very much less than the estimates.

They could not have exceeded that expenditure, having no more money. I submit that no board of competent engineers, taking into consideration all the facts and circumstances connected with the construction of the road, including the price of labor and material at the time of construction and the difficulties encountered, will say that $55,600 per mile was unreasonable.

GOVERNMENT ONLY INTERESTED TO EXTENT OF ITS GRANTS.

The Government, however, had no interest in the money contributed for the construction of the road in addition to the grants of Congress. The bonds granted by the United States, together with first mortgage bonds of the company authorized by the acts of Congress, produced in the aggregate the net amount of $41,485,000. If no other money but the bonds issued and authorized by the Government had been used in the construction of the road, it could not have cost more than $48,200 per mile, for that was the full amount realized from the Government aid and the first-mortgage bonds.

COMPANY AUTHORIZED TO USE THE ENTIRE GRANT IF NECESSARY.

It will not be denied that the company was authorized to use the entire grant of the Government in the construction of the road, and if it could be completed with the bonds issued and authorized to be issued by the Government without other funds, the company was not called upon to appropriate additional money. In other words, the Government offered to the company the grants named in the act upon condition that the company should build the road and perform for the Government the service required. If the road could have been built for one-half, or any other fraction of the amount granted by the United States, the amount saved would have been the property of the company and not of the United States. The Government named its conditions, the company accepted them, and is entitled to whatever benefits may result from the contract. This position is in accordance with the decisions of the Supreme Court of the United States. Does any one suppose that the road would have been built if it had been understood

if the company was successful the Government would take the profits, and if unsuccessful the stockholders would have to make up the loss? But, strange as at may seem, that is the position assumed by those who, at the completion of the work, demand an accounting from the company for the moneys received from the Government, without regard to the terms and conditions of the contract.

POSITION ASSUMED FOR SAKE OF ARGUMENT.

But suppose that we assume, for the sake of argument, that the company occupies toward the Government the position of an agent or employé, and that it must account to the Government for the moneys received, and must pay over to the United States every dollar over and above reasonable compensation for the construction of the road, we submit with the utmost confidence that the $48,200 per mile which the company obtained from the bonds issued by the United States, and its own first mortgage bonds authorized by the act of Congress, was less than the reasonable cost of the road, and that without other aid the road could not have been constructed at that time and under those circumstances, so that, so far as the original amount paid for construction of the road is concerned, we say:

POSITION TAKEN BY COMPANY.

First. No money or aid from the United States was used which was not granted to the company on condition that it construct the road, and when the road was constructed and the conditions complied with that the United States had no right to inquire what disposition was made of the bonds granted for its construction.

Second. That if the company is bound to account to the Government as a faithful agent in the construction of the road, the aid granted by the United States was insufficient for its construction, and that upon this basis the Government ought to make good the deficiency.

I shall be pleased, at the proper time, to offer further evidence as to what was a reasonable compensation for the construction of the road.

I thought proper to offer this paper this morning, that the Commission might better understand our views in regard to the relations between the Government and the company, as it might facilitate somewhat the investigation.

By the CHAIRMAN:

Q. Have you anything to add to that statement?—A. No, sir; not now. I am at the service of the Commission. I take it for granted that at some time or other we will have an opportunity to present our views as to the matters concerning which the Commission desires to examine us.

The CHAIRMAN. Oh, yes; any information you desire to present we will be glad to have.

RELATIONS OF THE COMPANY AND THE GOVERNMENT.

Commissioner ANDERSON. The Commission has listened to your explanation in regard to the distinction which arises between an agent acting in a fiduciary capacity and accounting for trust funds in his hands, and an account rendered by a beneficiary under a law of Congress, with a right to dispose of property. I will, however, call your attention to this point: That while, of course, we do not differ with the rule as laid down in the Connecticut case by the Supreme Court of the United

States, and could not differ from it, the relations which the parties hold to each other are somewhat different.

We understand that we are appointed in order to give Congress intelligent information with reference to a question of proposed future legislation; and the question presented to Congress is whether it is desirable and proper that the debt of this company, which matures between 1895 and 1897, shall be extended for a long period of years at a reduced rate of interest.

GOVERNMENT'S INTEREST IN ABILITY OF ROAD TO MEET OBLIGATIONS.

The United States, in addition to its interest as an ordinary creditor having a lien, is vitally interested in the corporate power of the Central Pacific Railroad Company to meet its obligations; and therefore, when the Central Pacific asks for an extension, it seems but just and reasonable that information should be given to Congress as to whether its management and the administration of its affairs have been fair and honest, or whether the officers of that company and its stockholders have impaired its corporate power to pay its obligations by the manner in which they have carried on the affairs of the company.

If the company says it has no legislation to propose, and desires no extension whatever for the payment of the debt—that it holds itself ready to pay the United States the amount of its obligation when the same becomes due—then I think that the statement which you have read in connection with the decision of the Supreme Court of the United States would have great weight. But if we are to report with reference to proposed future legislation on the part of Congress, it seems to me that it does not bear on the question upon which Congress desires to be informed.

COMPENSATION FOR SERVICE ESTIMATED TO BE SUFFICIENT TO PAY DEBT.

The WITNESS. As I understand, this Commission was appointed to impartially investigate the affairs of the company, in order that the Government itself may have a proper understanding and that it may devise some way in which to secure itself against loss. I have endeavored to show you that the only reason why the company is not able to pay, or may not be able to pay, these obligations at maturity arises through the act of the Government itself. If you will read the debates which took place in Congress at the time of the passage of the Pacific Railroad bills you will see that Congress did not, and that we did not, anticipate any trouble over this matter. You will see that at that time everybody recognized the fact and it was taken for granted that the Government would pay for services rendered by the company. They assumed that the large amount expended theretofore for services rendered the Government west of the Missouri River would be ample to meet all these obligations. But, while we have performed a hundredfold the services expected of us, our compensation has only been about one-eighth that which was paid to mule teams and ox teams and pack animals. The debates in Congress show that it was anticipated on the part of the United States that we should receive at least as much as had been paid for the other service. We have never had a fair opportunity, and we claim now that we are entitled to that compensation, and if this point is admitted, there will be no difficulty about the debt.

CONDITION OF ROAD AT PASSAGE OF THURMAN ACT AND SUBSEQUENTLY.

Still we were doing well up to 1881, and we thought that we would be able to meet our obligations at maturity. We passed resolutions for the establishment of a sinking fund to meet the obligations due the Government. But when the Thurman bill was passed, it took the matter out of our hands, and the Government took it upon itself to look after the sinking fund. We had nothing to say about it. We were not satisfied, though we had no objection to the Government being the custodian of the sinking fund. At that time we did not have any doubts as to our ultimate ability to pay the debt at maturity; but important competing lines of railroad were built. Up to the time of the completion of the Atchison, Topeka and Santa Fè Railroad to a junction with the Southern Pacific at Deming, our only competitors were mule teams, ox teams, and pack animals. The rates were large, and we had no difficulty in getting whatever we thought was fair. We could charge whatever we thought best. When the other road was built, however, business was divided, and the rates cut down. Whenever any new road was built, the business fell off very perceptibly and the percentages fell off all the way through. On the Central Pacific, the falling off in the through business has been so great that now it commands but about 27 per cent.

ADVANTAGE OF CONTROL OF SOUTHERN PACIFIC.

Some people have thought that we helped to divert this business by constructing the Southern Pacific road. This is not so, however. The construction of the Southern Pacific road was provided for by act of Congress, and its management went into the hands of people other than those who controlled the Central Pacific. It soon became apparent that the best interests of the Central Pacific required that the control of the Southern Pacific should be in the same hands, and that that road should work in perfect harmony with the Central Pacific. It became a necessity, therefore, that we should control the Southern Pacific, and when opportunity offered we availed ourselves of it, and purchased the controlling interest in that road. Since then the roads have worked in entire harmony, with all the advantages of a pooling arrangement and the advantages resulting from our system of leases.

TERMS OF LEASE OF CENTRAL TO SOUTHERN PACIFIC.

In the lease from the Central Pacific to the Southern Pacific we provide for a certain amount to be paid to the Central Pacific, equal to about 6 per cent. per annum on the present value of the stock, and declare further that the object of this lease is not that one road shall ever advantage itself at the expense of the other, but that the lease shall be revised from time to time with the change of circumstances; and more than that, that the minimum that shall be paid to the Central Pacific shall be 2 per cent. upon the par value of the stock which has been issued, equal at present to $1,200,000 per annum. It is further provided that when the road earns more money it shall have all that it earns up to 6 per cent., and that after that the Southern Pacific may have the remainder for its compensation. It is provided that the lease may be revised at any time, whenever the Central Pacific calls upon the Southern Pacific for such revision. The object of the whole arrangement was that the roads should be a mutual benefit, each to the

other, and that each should have what it was fairly able to take, and not have any competition which would be injurious.

CONSTRUCTION OF OREGON AND CALIFORNIA.

In constructing the Oregon and California road we provided by that contract that 80,000 shares of Central Pacific stock should be issued to the company, and the lease provides that additional rent shall be paid for that road, so as to make the amount equal to 6 per cent. upon the present value of the stock, or a minimum rental that is equal to 2 per cent. on the par value of the stock. The stock is now quoted in the market at about 35 cents on the dollar.

ADVANTAGE OF SMALL ROADS TO MAIN LINE.

I will say further—although perhaps you may want to examine me on that point—that in every instance these little roads—the feeders which have been leased to the Central Pacific—have been a great advantage to that road. The Central Pacific is a trunk line of road, and without feeders it would not be very valuable. These feeders, however, we have constructed through a good country, but they were built while the population was scarce. It gradually increased, however, until I believe that all of them, with one exception, are doing a very good business.

SOUTHERN PACIFIC TO PAY INDEBTEDNESS OF CENTRAL.

In this connection I think that it is important to say that the Southern Pacific Company, under its lease of the Central Pacific, guarantees to provide for the payment of the indebtedness of the Central Pacific, and also to take care of the funds under the Thurman act.

Commissioner ANDERSON. The Thurman act requirements are complied with under that lease, I suppose.

The WITNESS. Yes; it agrees to comply with all the requirements of the Thurman act, and to protect the Central Pacific in every direction. Colonel Haymond is one of our regular counsel, and is familiar with these things. He has just informed me that this lease for ninety-nine years also covers the interest to the Government.

By Commissioner ANDERSON:

Q. Do you mean that the lease by the Central Pacific to the Southern Pacific covers the interest to the Government on its loan?—A. Yes, sir; it covers all the debts except the principal.

Q. You mean such interest as comes due to the United States?—A. Yes, sir; and whatever comes under the Thurman act.

Colonel HAYMOND. The Southern Pacific Company pays $1,200,000 per annum in cash, whether the road earns it or not.

The WITNESS. I hope that the Commission will look at the statement in regard to the business that has been diverted, in order that it may see exactly that the falling off corresponds with the completion of each additional road which parallels it.

REAL CAUSE OF INABILITY TO MEET OBLIGATION.

Commissioner ANDERSON. In regard to your explanation, I think that the Commission will agree that the issue as stated by you in your last statement is the issue which we wish to examine. That is, the reason, or the real cause, of the inability of the Central Pacific Railroad Company to meet its debt at maturity. You have given the explanation just

stated, and we are here to see if the prevailing feeling in the community is correct, that the inability of the Central Pacific to meet its obligation is due to the fact that under the Crocker contract a great deal more in bonds and value were given than the actual cost of construction, and that under the Contract and Finance Company's contract a vast amount, far larger than the actual cost of construction, was given; that under the Pacific Improvement Company the same thing occurred in regard to the extension of the California and Oregon road, and that under the Western Development Company a large number of roads were constructed upon terms which provided that the rentals of those roads under the leases should be such as to compel the payment of a much larger sum than the interest on the actual cost of those roads; and that all of the transactions which I have alluded to were controlled and influenced by the same gentlemen acting as grantors and grantees.

NECESSITY FOR COMMISSION TO EXAMINE THE BOOKS.

Now, without intending to say that any of these propositions are true, the Commission feels that if it is to discharge its duty efficiently, the books showing these transactions should be laid before it in order that Congress may receive intelligent information as to the various points that I have specified. In the absence of that information we cannot, even if you be right in your position, undertake the task of giving that information to Congress in such form as to command the attention either of Congress or of the people of the United States.

MONEY ALL EXPENDED IN CONSTRUCTION.

The WITNESS. I wish to say that I want to give the fullest information, because I know that there is a great deal of misapprehension in regard to these matters. The fact is, that I know enough about the construction of the road—I was part and parcel of it in the beginning, watching its interests as carefully as any man could watch his private business—to say that the money from all those sources was all expended in the construction of the Central Pacific Railroad.

AMOUNT OF STOCK NOTHING TO DO WITH COST OF CONSTRUCTION.

I know further that there never has been a dollar diverted from the Central Pacific treasury to the aid of these other roads. I do not want to say anything about my private business, but all these roads were built largely from the money derived from bonds issued by the company, and the values, as in the case of the Central Pacific, arose to the stockholders from what they created. When the Central Pacific Railroad was completed I do not suppose that its stock could have been sold for five cents on the dollar or that it would have brought anything worth mentioning. That company, however, gradually developed the country and developed the business which gave value to that stock. The amount of that stock had nothing to do with the cost of construction. It would have made no difference to the Government if there had been but a thousand shares issued. The ownership would have been in those persons who owned the road, and whether a hundred shares or ten thousand shares or a hundred thousand shares it could make no difference to anybody. It was a mere question of convenience to the owners or the stockholders themselves.

COMPANY'S BOOKS OPEN FOR EXAMINATION BY COMMISSION.

The books of the Central Pacific Railroad Company are open, and with the aid of the secretary, who is familiar with everything contained in them, they may be fully explained. In my own judgment, I think that the books of that company, so far as they throw light directly upon the affairs of the company, should be examined. This, I should imagine, could be done without spreading the books open to the whole world and publishing the matters not pertaining to the objects of this inquisition. I suppose that the Commission does not care to take any step of this nature. So far as I am concerned there is nothing that I want to conceal, although perhaps we might have been more wise in our construction one time or another, and I have thought that sometimes we may have blundered in not taking the time given by the act of Congress in which to construct the road and living up to our contract and enforcing it in the courts, as we probably would have been able to do. If this had been done, I think it very probable that we could have built the road with the proceeds of the Government bonds. If we had taken the time required we would not have had to make all the sacrifices which we did make.

NOT DESIRED TO THROW THEM OPEN TO THE PUBLIC.

By Commissioner LITTLER:

Q. Is it not true that if you had taken the time required, or the time permitted under the act, the Union Pacific Railroad Company would have built clear through to the California line?—A. Yes; that may be true. We could not afford to rest. After that act of Congress was passed, allowing both companies to build until they met, we could not do less than force the construction. At the same time the country would not have been satisfied if we had taken the time. If the Commission please, I am ready to use my influence to gain permission for the Commission to examine any books that we have as to the matters pertaining to the Central Pacific Railroad Company; but we have very active rivals and competitors, and we have relations with many individuals. We do not want those things laid before the public; not that there is any harm in them, but we do not want to throw our books open to the examination of everybody. So far as the Commission is concerned, we have no objection to its seeing anything and everything contained in our records. I know that the Commission is composed of honorable men, and I know that they would not wish to publish anything which does not concern the public or affect the interests of the Government. If the Commission please, I would like to put this offer in written form, and submit it to you for your consideration. So far as the affairs of the Central Pacific are concerned, I want all the light thrown upon them that it is possible to obtain, and the Commission cannot be more desirous in that respect than I am.

BOOKS OF THE CONSTRUCTION COMPANIES.

By Commissioner ANDERSON:

Q. Do we understand you to extend that suggestion to the books called for yesterday from Mr. Douty, and which, under the advice of counsel, he declined to produce? I refer to the books of the Western Development Company, showing the actual cost of construction of the roads, or parts of roads, constructed either for account of the Central Pacific, or leased to and operated by that road; similar books of the

Pacific Improvement Company, showing the actual cost of construction to the Pacific Improvement Company; and also the books of the other corporations which were enumerated, and which corporations appear to have had dealings with the Central Pacific, either in the sale of materials, or by leases, or by loans of money, or by other methods by which it might be possible that the property and assets of the Central Pacific were affected or were passed to the stockholders of those corporations by the votes of gentlemen who occupied a dual position in both corporations.—A. I do not state positively how far these companies will go, but so far as you can possibly obtain light upon this subject which you are investigating, I want you to see the books, and shall use my influence towards that end. Technically, I do not control them, but I presume that I have influence and that my advice may be listened to.

Commissioner ANDERSON. I think so.

OBJECTIONS RAISED TO LEASES TO CENTRAL PACIFIC.

The WITNESS. I want you to do this, because you will find that the relations of these companies have been kept very clear. All of the dealings of the company will show just what one company has done for the other. If one company has ever aided the other, it has had credit for it. I do not think that there was ever, directly or indirectly, any money diverted from the Central Pacific to construct any of these roads. Of course they have had very close business relations, but each company, so far as we possibly could bring it about, has had its fair share and whatever was just at the time. As far as those leases are concerned, I wish to say that when we made the leases to the Central Pacific of these small roads or feeders there was an outcry from the people who were not particularly interested in the receipts of the road and who did not own a share of the stock in any of them. They claimed that we were doing great injustice to the Central Pacific, and I learned that some Government officials thought so too. Finally, when the Southern Pacific got to be some three or four times larger than the Central Pacific, and we concluded to change the system of leasing, these same people again entered their objections and said that we had taken away a good thing from the Central Pacific. There was nothing in these objections one way or the other, because there was always an understanding that the rents from time to time should be adjusted as equity might require. All the while the roads would have the advantage of working harmoniously and co-operating in every way and neither company would lose anything by the arrangement.

PROTEST AGAINST PRIVATE EXAMINATION OF BOOKS.

By Commissioner LITTLER:

Q. What objection is there to throwing open these books?

Commissioner ANDERSON. We will all go down to the office and see them for ourselves.

The CHAIRMAN. I want to say that so far as any private examination is concerned I shall protest against it. As Commissioner, I would not engage in any investigation that would be considered as at all private; and I do not want any testimony submitted to me that will be considered as private testimony. I think that it should all be subject to public criticism.

NOT NECESSARY TO EXPOSE COMPANY'S AFFAIRS TO RIVALS.

The WITNESS. Anything that you care to obtain, I do not object to. It does not follow, however, that because you examine our books all

the public shall also have the privilege of examining them. I know you to be gentlemen of reputation, but I presume that there are private matters of business which you have attended to for your clients which are perfectly honest and proper, and yet I do not believe that you would care to throw your cases open to the public, even after the matter is settled and the business has passed, and tell the public all the motives that influenced you and the views that controlled you in your actions. It is so with us. I think that there is as little objection to opening our books as there would be to opening the affairs of any man's private business; but at the same time we have had business that we do not consider the public interested in, and do not think it necessary that we should expose it, and tell our rivals and competitors all about our affairs.

COMMISSION BOUND TO MAKE PUBLIC ALL EVIDENCE BEARING ON THE ISSUE.

Commissioner ANDERSON. So far as I am concerned I am satisfied to make an examination of the necessary books at the offices, where they will not be disturbed. Of course we cannot stipulate that any one page or any one entry shall or shall not be published. I do not suppose that the chairman or Mr. Littler or myself wish to amuse ourselves by publishing accounts and vouchers, or any other material that we might find in the books, just for the amusement of publishing them, but, as commissioners, we would be bound to make public, through our report to the President, all that we concluded to be evidence bearing on the issue.

EQUITIES DUE THE COMPANY.

The WITNESS. I appreciate that. I have always thought that the time would come when we could go to the Government and demand the equities due to this road, especially since it became apparent that by the diversion of business we would not be able to meet the Government claim at maturity. I know that we cannot go before Congress and the people of the United States and ask that all the equities be allowed, except we show our hands completely.

Commissioner ANDERSON. That is it. You have stated the whole case in that last sentence.

The WITNESS. Of course I have no objection to those necessary clerks that you must take. I do not care about that.

Commissioner ANDERSON. You want to submit this proposition to us in writing, I suppose?

The WITNESS. I thought that I would like to put it in writing, so that there would be no misapprehension about it.

PUBLICITY OF EXAMINATION DEMANDED.

The CHAIRMAN. Let us understand it. There is to be no examination but what is in the nature of a public examination.

The WITNESS. I will consult with counsel, but so far as that is concerned I believe that the commissioners will not tell the public that in which it has no interest, and that the Commission will not go further than is necessary to throw light upon this subject. All things which will tend to this end, however, I want the Commission to have.

The CHAIRMAN. But the meetings must be public and the examination must be public.

Commissioner ANDERSON. If Governor Stanford is going to make us a communication in writing, perhaps we had better receive it, and answer it.

The CHAIRMAN. I want Governor Stanford to understand now, so that there may be no misunderstanding hereafter, or any further discussion as to the paper submitted, that I want everything public. I want it so that there may be no mistake as to my position with reference to the fullest publicity.

The WITNESS. I understand that you do not want any star-chamber proceedings. I must say, however, that it seems that this whole matter is in the nature of an inquisition. Still, it does not follow that because an examination is public every person shall have the liberty of examining these books and turning over the leaves. It is pretty much the same as any judicial proceeding in a court of justice.

EXTENT OF EXAMINATION PERMITTED BY COMPANY.

Q. Do I understand you to state that this Commission shall have the privilege of examining all these books to which reference has been made, and of taking such extracts of their contents as we think bear upon the subject of inquiry under the statute, and making that public?—A. To that we could have no objection.

Commissioner LITTLER. If there are any entries in these books which are strictly of a personal and private nature, and have no connection whatever with the Central Pacific Railroad Company, I suppose that that is the sort of entry that you want excluded from the public gaze?

The WITNESS. Yes, sir. If there is anything there that shows how we meet competition in the struggle with our competitors I do not suppose you want to make it public.

Commissioner LITTLER. I do not suppose that that is in issue.

The WITNESS. I do not believe that when you come to make your examination there will be any difference between you gentlemen and ourselves.

WITNESS TO CONSULT COUNSEL.

By Commissioner ANDERSON:

Q. When will you submit your suggestion?—A. As soon as I consult with my counsel about this thing. I want to act with their approval in whatever I do.

Commissioner ANDERSON. Certainly; you can submit it this afternoon here, or to-morrow morning.

Mr. BERGIN. I think that we should prefer to-morrow morning. I think perhaps it would be as well to reach a conclusion of this question before going on, as it may be decided one way or another. It would doubtless facilitate business and assist the dispatch of the investigation.

Commissioner ANDERSON. I was going to examine Governor Stanford somewhat in regard to some matters. In his general statement which preceded his general report there were some matters of explanation which may as well be taken up now.

Mr. COHEN. I would suggest that we arrive at some conclusion as to the scope of the inquiry, and what information the Commission desires—it will probably shorten your labors—before proceeding with the examination of Governor Stanford.

COMMISSION TO DECIDE ON PERTINENCY OF EVIDENCE.

I would like also to suggest, with the permission of the chairman, in regard to something that he has just said about receiving evidence that is regarded as private. I do not think that that was the intention of

Governor Stanford. We make that offer just as we would offer it to a judge upon the bench, and just as we would submit books or papers for the examination of a judge, for him to decide whether it is pertinent to the inquiry or to the issue being tried before him. If it should not be pertinent he would not allow it to be published, nor would he allow the reporter reporting in his court to take it down. It was in that view that Governor Stanford mentioned the fact that such evidence as you might call for, not pertinent, should not be published, precisely as in the case of any circuit judge or any judge of any *nisi prius* court. If the judge found it not to be pertinent he would not allow it to be used. Correspondence is frequently called for, but if the judge finds that it would not tend to illustrate the issues before him, or its publication would be unjust to some parties, or to parties not connected with the case, he would return it to the parties offering it, and would not permit the contents to be divulged. It is in that view that we spoke of the private matters and things contained in these books, and entered our objection to their publication. It is for you to say, exercising your judicial functions, whether or not the evidence is pertinent to the subject of the inquiry with which you are charged.

Commissioner ANDERSON. I accept that suggestion so far as I myself am concerned, but I call your attention to the fact that your illustration supposes the judge to be the absolute judge of the relevancy or irrelevancy of the paper. The question of its publication or non-publication or its use as evidence is left absolutely and implicitly to the judge when the document, instrument, or account is once placed before him. If this is what you mean, I have no objection.

Mr. COHEN. That is precisely what I mean.

NO PRIVATE PAPER PREVIOUSLY RECEIVED.

The CHAIRMAN. I do not see that any such question has arisen at any time in this examination. The call was for the Western Development Company's books. Any examination with reference to any money arising from the Central Pacific that could possibly be traced to any of these companies through their accounts would have to be oral, as the secretary or book-keeper would have to be examined as to the condition of the books. At no time in any period of this examination by this Commission has it received any paper of any kind of a private nature; but everything that has been received by the Commission has been given to the public, and I think that this should be no exception, especially as it is a case bearing upon the accounts of the railroad company. We claim the right to publish our examination of the books, and every item bearing upon this investigation wherever found, whether in the books of the railroad company or in any books bearing upon the affairs of the railroad company.

Mr. COHEN. That is assuming a great deal.

Mr. BERGIN. I think that we had better not discuss the question any further, as mere discussion cannot determine anything. I think it better to consult and submit to you gentlemen to-morrow morning the conclusion that may be reached.

BOOKS WILL SHOW NO DIVERSION OF FUNDS.

The WITNESS. I should be very sorry if I found it necessary in any manner to prevent the Commission from obtaining anything and everything that we have as to the diversion of any funds from the Central Pacific to any of these companies. I am confident that there never has

from a dollar diverted that way, and that the books of the company not only will not show it, but that, on the contrary, they will show that the dealings between the two companies, or between the several companies, have always been fair.

Mr. HAYMOND. Suppose that these books were submitted to you gentlemen, and you should select certain things which we might think ought not to be published. That question could be left to the circuit court by a friendly proceeding, and could be speedily passed upon. I do not think that any difficulty will arise.

The WITNESS. I do not think so, either.

NO SECRETS IN THEM.

Mr. HAYMOND. From what I know of these books, which have been pulled over and hauled over for twenty-odd years, I do not think that there are any secrets in them. If there are any secrets in them, I do not know it. I do not know of any secrets connected with the company.

Commissioner ANDERSON. I can only put my own position as Mr. Cohen has put it.

Mr. HAYMOND. I think that you put it fairly.

Commissioner ANDERSON. If I ruled, or if the Commission ruled, that a certain account was relevant, it would be considered as belonging to the world from that moment.

Mr. HAYMOND. Yes; provided your ruling could be sustained by the court.

Commissioner ANDERSON. The court would not have time to interfere, because as soon as it would be decided relevant it would be in evidence.

Mr. HAYMOND. I do not think that there will be the slightest difficulty between the Commission and the company on these matters. I do not see where difficulty can arise. I do not see anything that has not been town talk, and discussed in conventions, on the stump, and in the churches, and everywhere else, during the last twenty-four years.

POSITION OF COMPANY THAT OF PLAINTIFFS.

The WITNESS. In one respect I think that we shall be in the position of plaintiffs in this matter, and in making out our case, if you should be left in doubt on the subject of the diversion of funds of the Central Pacific, we want the privilege of putting in all the testimony that we can produce.

Commissioner LITTLER. Suppose you gentlemen confer and present in condensed form your proposition, and then we will understand it exactly.

The WITNESS. Yes, sir; we will do so. I am obliged to the Commission for its action. It may seem singular, yet it is a fact, that we have never been able to present our side to the public, and this really is the first time that the opportunity has been given to us. There was a time when we might as well have whispered in a hurricane with the expectation of being heard at a long distance as to have talked at all.

Commissioner LITTLER. We hope that you will bring in your whole case, including these books.

The WITNESS. I propose giving you our case.

COMMISSION NOT GOVERNED BY RULES OF EVIDENCE.

Mr. COHEN. I would suggest, although I think it is hardly necessary to make such a suggestion to a lawyer of your great experience, Mr. Chair-

man, that you are asking more here than a court would ask, or than the court to which you would apply would ask. That is, the production of books and papers by wholesale.

Commissioner LITTLER. We have found it utterly impossible to be governed by the rules of evidence in conducting this examination. We take all sorts of statements—hearsay and everything else.

The WITNESS. I think that the hearsay evidence has reached you first.

Commissioner LITTLER. We have to take that in order to get the facts.

Commissioner ANDERSON. Do you prefer to make your proposition first, or shall we proceed now?

Mr. COHEN. We prefer to have time.

Commissioner LITTLER. Could you not bring that proposition in this afternoon? We are pressed for time. Among so many lawyers you ought to be able to write it out in an hour.

Commissioner ANDERSON. We have traveled several thousand miles, and while your fruit is charming and much of your scenery is good, we want to get home.

The WITNESS. I would like to take you over the railroads that we have built in our system, of which there are about 6,000 miles. The information that you would gain on a trip of that kind would be very valuable in the future.

Mr. HAYMOND. In regard to this matter, I am prepared to make a proposition now, so far as I am concerned.

Commissioner LITTLER. If you will let me write it, I can do it in twenty minutes.

Commissioner ANDERSON. You could write it so as to satisfy yourself.

Mr. HAYMOND. Suppose you write it. I have no doubt that it would be satisfactory to me.

Commissioner ANDERSON. Suppose you take until 2 o'clock, then.

Mr. BERGIN. I think that we had better take until to-morrow morning.

The CHAIRMAN. We must take up other matters and begin on another line. If you cannot be here this afternoon we will give you gentlemen all the time that you need, but we will go on with other witnesses.

Commissioner ANDERSON. We will postpone the general examination, although it would have had nothing to do with this question which is now under discussion. The examination which I proposed to make was in relation to the expenditures mentioned by Governor Stanford with reference to the transporting of troops, &c.

Mr. HAYMOND. Why not go on with that?

The WITNESS. Why can we not go on, then? I desire to answer everything that I can. I ought to have our general traffic manager here, I presume, to assist me in reference to these questions.

Mr. HAYMOND. I understand that Mr. Bergin does not desire to delay the Commission, but only to postpone this question until to-morrow morning. We have a great deal of evidence to offer and of course our time is limited.

QUESTION OF PERMITTING EXAMINATION OF BOOKS POSTPONED.

The CHAIRMAN. What disposition do you propose to make of this question?

Mr. HAYMOND. Let this matter go until to-morrow morning, and proceed with the other portions of the evidence.

The CHAIRMAN. Very well; if you ask for time until to-morrow morning at 10 o'clock we will be ready then to hear you.

The WITNESS. The counsel ask for that time. I am now ready to go on with anything that I know.

Commissioner LITTLER. I understand that Governor Stanford is ready to go on with such matters as Mr. Anderson is ready to question him about.

The CHAIRMAN. My understanding is that his counsel have asked time until to-morrow morning at 10 o'clock.

Mr. BERGIN. Yes, sir.

The WITNESS. Do you ask that delay with reference to my examination?

Mr. BERGIN. I think that you had better wait until to-morrow morning.

The WITNESS. I suppose that I must submit myself to counsel. [After consultation with counsel.] After inquiring of these gentlemen, I find that they are not willing to go on with my testimony; I, myself, am ready to go on now.

Mr. HAYMOND. I think that Commissioner Anderson states the question in a nutshell with reference to the investigation here, so far as an appeal to courts of equity is concerned.

Mr. BERGIN. Commissioner Anderson has just made a suggestion to us which makes it desirable that this matter should be decided at once, and asks if we need Governor Stanford in order to enable us to decide promptly.

WITNESS EXCUSED FOR PURPOSES OF CONSULTATION WITH COUNSEL.

Commissioner ANDERSON. Do you want Governor Stanford in order to decide this matter by half-past two o'clock?

Mr. BERGIN. Yes; I think that it would be entirely proper.

Commissioner ANDERSON. I understand that these gentlemen ask to have Governor Stanford excused until half-past two o'clock, and that they agree if this is done to make a proposition to us at that hour. I move, therefore, that Governor Stanford be excused from further examination on this subject until half-past two o'clock this afternoon.

The CHAIRMAN. If there is no objection it will be so ordered.

The WITNESS. I am sorry that you have excused me.

Commissioner ANDERSON. If your lawyers do not want you we will proceed with the examination on this general subject; but they say that they want you.

Mr. BERGIN. Doctors cannot operate without patients to operate upon.

Commissioner ANDERSON. The Commissioners think that they require a great deal of patience, too.

PALACE HOTEL, SAN FRANCISCO,
Tuesday, August 2, 1887.

Afternoon session.

PROPOSITION IN REGARD TO PRODUCTION OF BOOKS.

Mr. BERGIN. The proposition that is submitted to the Commission on behalf of Mr. Douty. We will submit to the Commission the books

of the companies asked for from Mr. Douty, as well as any other evidence at our command, reserving the right to assert our legal rights to withhold the same or any portion of the same whenever, in our judgment, the Commission seek to examine any matters appearing therein not pertinent to or proper for a full and complete examination by the Commission of all the matters with the investigation of which they are properly charged under the act of Congress.

The CHAIRMAN. Suppose you leave that proposition with us for ten or fifteen minutes.

Commissioner LITTLER. We desire to have an opportunity to confer together for ten minutes to discuss this matter.

A SECRET SESSION AND DECISION.

The Commission here retired and held a secret session in the adjoining room. Upon their return the secretary was directed to read their decision, as follows:

The Commission report that they have decided to accept the proposition set out in Mr. Bergin's communication, with the understanding that the motion in which papers were filed this morning in the circuit court of the United States should stand over without prejudice, with the right to either side to call the same on for argument before any judge of the circuit or district court on one day's notice, and that the Commission shall be at liberty to depute any of their accountants to examine the books in question, and to take such extracts from them as the Commission shall desire, and with the understanding that the said companies shall produce the books before the Commission when required, for the inspection of the Commission.

TWO DAYS' NOTICE ASKED.

Mr. BERGIN. It seems to me that one day's notice is hardly enough. You have all your papers prepared, and you are ready to act on the moment. We, of course, would have to prepare papers to respond to your application; and, as you can readily see, one day's notice would hardly give time to do that.

Mr. COHEN. We think that to make it two days would be much better.

The CHAIRMAN. Time with us is a very important factor. That is why we fixed it at one day.

Mr. COHEN. We will not delay you in any way, and two days would be sufficient.

The CHAIRMAN. I would rather have it one day, if you can possibly get ready. It means one day more with us for our other business.

Commissioner LITTLER. And that will not prejudice your right to be heard before the court for an extension of time, of course, but we will have the right to call this matter up on a day's notice, and if you can show cause to the court why you are not ready, that is another matter. It is like setting a case for trial.

Commissioner ANDERSON. I never knew a California lawyer, nor any lawyer of any other State, that could not manage to get one extra day.

Mr. BERGIN. In this matter we desire to act in perfect good faith, and do not wish to have an assurance or understanding which seems to be merely illusory.

PLACE OF EXAMINATION OF BOOKS.

The CHAIRMAN. Have you any further propositions, gentlemen?

Mr. COHEN. I would suggest to the Commission that I think it would answer every purpose, and be very much more convenient to Mr. Douty

and to the companies that he represents, if the examination of these books could take place at the railroad offices instead of their being brought up here. They are very voluminous. There is no place to keep them here, and they would have to be moved backwards and forwards.

The CHAIRMAN. What will the Commission do with reference to the examination of the books?

Commissioner ANDERSON. My suggestion is to send Mr. Stevens there with instructions that that which we want him to obtain is the actual cost of the different roads specified, as it appears on these books; and unless the gentlemen of the Commission desire to take some other course, I should suggest that Mr. Stevens, our chief accountant, be sent to the office of the company with instructions to take such extracts as will furnish to this Commission that information. We would also like the minute books of the Western Development Company and the Pacific Improvement Company, which cannot be very voluminous, placed at our disposal for our examination here.

ALLEGED DIVERSION TO SOUTHERN PACIFIC.

Governor STANFORD. I would suggest, with reference to the remark made by a Commissioner this morning, with regard to the diversion of means to the Southern Pacific road, would it not be well to possess yourselves particularly of that, in the first place? Having determined that, it may determine a good deal what other information you want.

COMMISSION'S ACCOUNTANT TO REPORT ACTUAL COST OF ROADS.

Commissioner ANDERSON. Well, so far as my views are concerned, I would send the accountant there with instructions to report to us the actual cost of these roads. That is the essential fact in my mind to determine the other questions.

Commissioner LITTLER. We will determine the question about bringing the books, or going to the books, when that question arises.

Commissioner ANDERSON. At present we will send Mr. Stevens down there and only ask for the minute books to be brought here.

Commissioner LITTLER. We will undertake to take good care of the minute books and have them put in the vault here at night. We have no time to examine these minutes except out of the session, and we would like to examine those books to-night. Is that satisfactory?

Mr. BERGIN. That, I believe, is satisfactory.

Commissioner ANDERSON. Our minutes are as precious as yours. We understand, then, that the matter is disposed of on the terms which appear in your proposition and our acceptance?

Mr. COHEN. Yes, sir.

Commissioner ANDERSON. We would like to have, for use this evening, the minute books of the Western Development Company and the Pacific Improvement Company.

PALACE HOTEL, SAN FRANCISCO,
Tuesday, August 2, 1887.

LELAND STANFORD, being further examined, testified as follows:

ANNUAL EXPENDITURES FOR GOVERNMENT TRANSPORTATION.

By Commissioner ANDERSON:

Question. In your preliminary statement you made the remark that the annual expenditures of the Government for transportation of supplies for Indian and military service and the carrying the United States mail had exceeded $8,000,000 annually. From what sources did you take those figures?—Answer. That is from the Government reports.

Q. Do you know what particular year that figure applies to?—A. It appears in the Senate committee report, where the expenditures were given from 1840 to 1869. Reports of other committees vary from that amount. I think in one of the exhibits that I filed they are all referred to particularly.

Q. Do you know what the total proportion for transportation in any one year, between 1840 and 1869, was?—A. No; I cannot give that. I think in the original tables it was all footed up, and the times when the money was paid out by the Government; but my recollection is now of the gross sum.

Q. Do you know what the total appropriation for all the services of the Army for any one year was between 1840 and 1861?—A. No, sir; I did not examine into that. I did not deem it important except only to state the general facts. There are witnesses who can state all those particulars.

TRANSPORTATION RATES PRIOR TO CONSTRUCTION OF ROAD.

Q. Can you give us any of the details of rates that were paid during these years, or before the completion of this railroad, for any services of this class relating to the transportation of mails or troops or munitions of war?—A. Yes, sir; it is in those various reports, giving the price paid per pound for transportation at the different posts and the price paid for the carrying of the mails. I know that at the time the roads were less than 1,300 miles apart there was a contract with Wells, Fargo & Co. for carrying the mails, not above a thousand pounds at any one time, that being the maximum, of a little less than $1,800,000.

REASONS FOR SUPPOSING SAME RATES WERE TO BE PAID COMPANY.

Q. On what do you base your assertion that it was contemplated that the same rates of transportation which the United States had paid before the construction of the road would be paid after its completion?—A. On two things. One is the debates that occurred in Congress at the time when members of Congress took the position, from the reports showing what the Government had paid out for transportation over the country substantially to be administered by these railroads, that one-half of that would be sufficient to meet the interest on the Government bonds, and, with the 5 per cent. net, would be sufficient to provide for their payment at maturity. The other was that as the competition was nothing, we supposed that we would be able to charge, and the Government would allow, as much for the service as they had been paying to the ox-teams and mule-teams, as there was no competition by which they could get a better rate; but when they

came to fix the rate they gave us no voice in the matter, and did not pay anything like in proportion. For instance, as to carrying the mail, whereas they were to pay $1,800,000 for less than 1,300 miles of mail transportation, we had to carry it from the Missouri River to San Francisco, furnishing a car capable of carrying 18 tons, and a couple of messengers, carrying it through in four days' time, and with no limit as to the amount of mail, for sometimes an extra car would have to be sent along to carry it, and they have never paid the two companies, I think, quite $1,000,000 a year for one year's service. It has been less.

HOW RATES WERE FIXED TO BE REASONABLE.

Q. With reference to the rates that you referred to, is it your judgment that the debates of Congress and the casual expressions of members when speaking to a bill are entitled to as much weight as the actual expressions contained in the act itself?—A. No; in so far as the law is explicit; but you will notice that there is no provision in the law for our payment except in that manner. The question was solemnly considered in Congress at the time the law was remodeled, in 1864. The first law, of course, was not of that character which permitted the roads to be constructed——

Q. Do I understand you to say that this act does not contain a provision relating to the rates to be charged by the companies to the Government?—A. Oh, no; they were to be reasonable rates.

Q. And not in excess of what?—A. Of the rates charged to other parties for similar services. Now, with other parties we were in a condition to make contracts based upon such competition as there might exist. With the Government they did not leave us the option. The Government fixed arbitrarily the transportation prices for the mail.

DECISION IN CASE OF UNION PACIFIC.

Q. Has not the question of the rates charged by you been presented in several cases in the Court of Claims?—A. I think not.

Q. Neither in the case of the Central Pacific nor in the case of the Union Pacific?—A. Mr. Miller can answer that question. Mr. Miller, have we ever made out an account to the Court of Claims, asking for additional compensation?

Mr. MILLER. No. The Union Pacific had a case, and it was decided that the United States Post-Office Department had a right to fix the rates. That is as I understand it.

Commissioner ANDERSON. Was not this the decision: that the rates which had been fixed by the Post-Office Department, and which were the subject of review in that case, were decided to be reasonable rates?

Mr. MILLER. I am not sure about that.

Commissioner ANDERSON. The case will show. That was the decision. Of course the Post-Office could not fix rates.

The WITNESS. Whenever we get the chance to prove the matter in court we will prove that the Government rates were not reasonable rates.

GRANT TO NORTHERN PACIFIC UNJUST TO CENTRAL PACIFIC.

Q. You have alluded several times to the extension of other transcontinental roads as having interfered with the amount of earnings realized by your company through the rates it was enabled to charge, and also to the fact that some of these roads had been aided by the United

States Government, alluding particularly to the grant to the Northern Pacific. Do we understand that you regard the grant to the Northern Pacific as being a violation of the spirit contained in the grant of assistance to the Central Pacific and Union Pacific?—A. Yes, sir.

GREATER AID EXTENDED TO OTHER ROADS.

Q. Do you know in what year the grant to the Northern Pacific was awarded by Congress?—A. No; I have forgotten now. But I want to say this: At the time of the passage of these bills to aid the road the debates in Congress show that they did not anticipate that this road itself could be completed in 1876. But they said that if the companies needed more time they would give time. It was an experiment. It was a road passing through a country that was supposed to be almost impassable for railroads. There was not known to be any fuel (coal) on the line of the road at that time and the geologists of the country had declared that they never would find any; and it was problematical about the operation of the roads over the mountains in the winter season at all. It was the pioneer road. As I said, it was the first time that any great railroad had ever penetrated far into a country in advance of business, and it was supposed that if this road was ever completed it would be a long time before anything would ever come of it. The debates before Congress will show that Congress gave more than twice the aid in land grants to these other roads. And the part of the country through which the Northern Pacific passes is a much better character of country than that through which the Central Pacific passes. You gentlemen have been over it.

GRANT TO NORTHERN PACIFIC IN 1864.

Commissioner ANDERSON. You say this was a violation of the spirit of the grant to the Central Pacific, which was in 1862 and 1864. I think that you will find that the proposition is unquestionable that the grant to the Northern Pacific was made in the same year, in 1864, on the same day, and must have been contemplated.

The WITNESS. What year is that?

Commissioner ANDERSON. 1864.

The WITNESS. Yes, sir; but ours was made in 1862.

Commissioner ANDERSON. But you did not commence to construct your road till 1864.

The WITNESS. No. They gave us a more beneficial act then. But I was going to say this, that whether they did it on the same day or not, they have taken from us the means which we had to pay the debt. It is in consequence of those very acts of our creditor that there is now any question of ability to pay to-day.

CENTRAL PACIFIC SHOULD BE COMPENSATED FOR INJURY DONE BY ASSISTING OTHER ROADS.

Q. In regard to other roads that were constructed through the United States, the southern route, (which you had a large hand in constructing yourself), the Sunset route, and the Topeka, Atchison and Santa Fé, and the other routes which you have referred to, do we understand you that your idea of these acts of Congress is that it was the duty of the United States to leave the rest of that entire country undeveloped until you should have earned enough money to have paid your debts?—A. No, sir. But, then, if they find it in the interest of the country that

they should do something that deprived us of the means of paying the debt, they ought to compensate us for it. That is our view of it.

Q. Is it not possible that the rest of the community may not agree with you in the idea that you were to be left alone, and that, if you were interfered with at all in any of this vast territory, you ought to be compensated?—A. If we are harmed by the Government, directly, by its acts, I think it ought to regard it as an equity. Whatever question there is of our ability to pay the debt arises out of the acts of the Government.

Q. Is it not a fact that in almost every industry which is exercised through corporate powers, subsequent industries are developed which are more or less competing with the first chartered industry?—A. Yes, sir.

A CASE OF BENEFITS TO THE GOVERNMENT.

Q. And have you ever heard of a case before where the holder of the first charter claimed that the grant of power that interfered with it in any way entitled it to compensation from the State?—A. I cannot say that I have, but I know of no case similar to this. This is one of benefits to the Government. The Government has received benefits in every direction. It has never been disappointed in a single expectation as to the accommodation that the road would give to its business, nor in the development of the country, nor in the time in which it was completed—not a single one. There has been never, so far as our company is concerned, at any rate, a complaint on the part of a Government official. And we are fulfilling every obligation. Now, the Government has had that advantage; and yet it is assisting to build rival roads and is destroying our capacity to earn, while it is enjoying all the benefits of the contract it has with us. I submit it is a question of equitable consideration.

VALUES CREATED BY CONSTRUCTION OF ROAD.

Q. In regard to the question of benefits, is it not true that the successful accomplishment of any great enterprise benefits not only the successful promoters of it but also, indirectly, the whole community through which it passes?—A. Yes, sir, I think so. I do not suppose that this company, if it were able to pay the 10 per cent. which the Government contemplated it should pay before being interfered with in any manner, or if it were paying 10 per cent., it would get the one hundredth part of the values which it created.

Q. Is it your judgment, if a man, for instance, erects costly buildings adjoining vacant property, and thereby enhances the value of the vacant property, that he has any claim, either legally or equitably, against the owner of the vacant property for compensation?—A. No, sir; none at all. There is no compact between them.

SHOULD BE DEALT WITH IN A SPIRIT OF JUSTICE AND LIBERALITY.

Q. Do you understand that there is any agreement, or anything in the act, in which you can predicate the assertion that the United States intended or meant to be held accountable for the benefits that the country would receive from the construction of your road?—A. I think so; I think the whole act indicates at that time that the companies were to be dealt with in a spirit of justice and liberality. Now, then, we say that the Government has never been disappointed; that it has all the advantages contemplated, and a great deal more. Then they, by their

own act, go to work and deprive us of the reasonable expectations we formed.

COMPLETION OF ROAD IN ADVANCE OF LIMIT.

Q. You have alluded several times to the fact that the road was completed seven years in advance of the limit. Is there any action of the Government that you can refer to as indicating a desire on their part or a wish on their part that you should complete that road at the time that you did?—A. I cannot call to mind any express declaration on the part of the Government to that effect; but I know this, that when they provided that the two companies who built should build east and west until a junction was made, they did expect that the roads would be compelled, in self-defense, to hasten their completion; and they secured what they were after, the early completion of the road. That legislation was for the very purpose of securing an earlier completion of the road.

CAUSE—SELF-PROTECTION.

Q. Had you not, or had not your company, special interests to subserve by effecting that completion as rapidly as possible?—A. Yes, sir; self-protection. We had done the greater portion of the work, so far as the grading was concerned, between the Sacramento River and the Missouri River. If we were open to competition by a road operating from the east, our Nevada business would be substantially destroyed to the Central Pacific, and that road would have been worthless.

Q. Was that one of the chief objects which you sought to obtain by the rapidity of your movements?—A. Yes, sir; that was one of the chief objects.

ANOTHER OBJECT IN VIEW.

Q. Was there not another object in completing that road at as early a date as possible? I call your attention to your table of figures as to the net earnings for the years 1869 to 1876. I call your attention to the fact that the net earnings of your road, as appears from your own report of 1876, between 1870 and 1876 exceeded fifty millions of dollars. Now, if you had postponed that construction and saved some of the expenses and discounts that you have referred to, would it not have resulted in a corresponding loss in net earnings?

The WITNESS. Fifty millions, from what time?

Commissioner ANDERSON. 1870 to 1876, six years, an average of over $8,000,000.

A. You say that was against operating expenses, but there was new work and new track, and so on.

Mr. COHEN. I think you are under a mistake, Mr. Anderson, in the question you are putting. These are net earnings after deducting operating expenses. From that has not been taken out the interest and other expenses.

Commissioner ANDERSON. I so understand.

The WITNESS. Your question would be entirely a fair one, I think, if that was net profits; but as they are not, it is misleading.

Commissioner ANDERSON. I call your attention, then, to the fact that between the years 1870 and 1876 your company divided over $18,000,000 of dividends.

The WITNESS. That was out of the net earnings.

COMPANY'S FIRST MORTGAGE COULD HAVE BUILT THE ROAD.

Q. Would it have been possible to have reaped that advantage if you had postponed the construction of your road five, six, or seven years?—A. Yes, sir; I have not the least doubt our own first-mortgage bonds would have built the road; and now the Government is piling up the interest account against us, and has got this enormous claim, all of which we could have avoided.

Q. Is it not clear that you could not have earned the money you did during those years if your road had not been completed?—A. It could not, of course.

Mr. COHEN. This is not all Central Pacific. There are leased roads included.

SELF-PRESERVATION FORCED EARLY COMPLETION.

Q. Was it not for your personal advantage to hasten the completion of that road—I mean, balancing all the advantages and disadvantages, one against the other; and was not that the main motive that induced you to finish it in 1869?—A. It was self-preservation which forced us to do it. After this act of Congress the Union Pacific came over and commenced work on the Humboldt. They were transporting materials and corn and supplies for their animals 750 miles from their own base, with the anticipation of coming in and heading us off. And I call your attention to the fact that these dividends, whatever they were, are not merely confined to that portion of the Central Pacific to which Government aid was given. The best part of the Central Pacific property is not that which the Government so aided.

Q. The whole road was in operation when completed, and contributed to the earning of dividends?—A. Yes, sir.

THE COMSTOCK LODE.

Q. And is it not also true that you could only secure your land grant to the extent which you have secured it by building the road as far as you did?—A. Well, you have seen the land grant; let it speak for itself how much railroad any one could afford to build to secure it. I do not think the land grant would have had a great deal of influence in pushing this road. Then there is one fact I want to call the attention of the Commissioner to. At the time when we organized the company the Comstock lode was developing immensely, and the whole of that country went on and improved and the business was enormous, and at such rates almost as we chose to charge, not exceeding 15 cents a ton to the mile. In the last six or seven years all Nevada has depreciated very much. Its population has dwindled, and its business proportionately, or more than proportionately. The greater portion of the net proceeds arising from that business in Nevada arose out of that Comstock lode.

VALUE OF GOVERNMENT LAND GRANTS.

Q. I would call your attention to the fact that the estimate you put upon these Government lands, in your own report of 1872 (and I do not think the fact is materially diminished in subsequent reports), is $30,000,000?—A. They are not for Government lands only.

Q. Farming lands, they are called, and they do not include the Mission Bay or private property in cities?—A. That was our land agent's

report. The population at that time was increasing over in Nevada, and there was a prospect that they would want some of those lands.

LARGELY DEPRECIATED.

Q. But the figures I have quoted from your report are signed by yourself?—A. It is in mine. It is embraced in it, and I took his judgment. But the failure of the Comstock lode and the depreciation of population, and the diminishing of business over there, has substantially, or very largely, changed our opportunity of disposing of the land, and prevented our disposing of them. Besides that, the Government has not given us even the title to those lands, although we have demanded it from time to time. We have always had a surplus in the Treasury of the United States to pay for the surveying and other expenses. We demanded these lands time and time again, without obtaining them, and in consequence of the Government's derelictions we have been charged with not taking out land patents in order that we might avoid taxation.

BENEFITS CONFERRED IN DEVELOPMENT OF COUNTRY.

Q. The object of my explanation to you is to show you how the matter presents itself to us on the subject of what you call an equity against the Government by reason of the benefit arising from the completion of that road seven years before the time. If that completion was due to your own judgment as to your own interests, for the purpose of securing the Salt Lake City business, and for the purpose of securing the land grant, and for the purpose of putting the entire road in operation and enabling you to increase your earnings, then I ask you on what basis you claim that there is any equitable right to compensation from the Government?—A. I do it for this reason: That we had a business, and there was a prospect of a business that would compensate us for all these sacrifices. That business has been diverted from us by the act of the Government. Now, it is a misfortune of course that the population of Nevada has decreased so much; but perhaps that we cannot claim anything for, excepting on this consideration, that we have developed the whole country from the Missouri River to the Sacramento, and the Government has had all that benefit. If, therefore, in dealing with its debtor, which is not in fault if it is not able to pay (it is its misfortune), the Government should take into consideration the magnificent benefits which it has received, and allow to that debtor what would be proper. The whole country was developed between the Missouri River and the city of Sacramento. From the big bend of the Truckee to the Bear River, in Utah, there was but one white man along the line of our road when we commenced. We all know there was not even a railroad across Iowa when the Union Pacific commenced. The first iron had to go down one river and then up another river to be laid down there.

THE COMPANY WILLING TO SURRENDER THE LANDS.

But, so far as the lands are concerned, we will let the Government have them. We have always been willing to let the Government have those lands on account of their debt, at their own valuation. We will do it to-day. To-day, when they are apprehensive that they may not be paid, we will give them all the lands that we have, from the commencement of the road at Sacramento, at the price that they have put

their own lands adjoining. They can have them at their own to-day.

By Commissioner LITTLER:

Q. You mean at such a valuation as the Government, through its fixes?—A. Yes, sir; we would gladly turn all that over to the ernment, if it is apprehensive.

Q. To be credited on your debt?—A. Yes, sir; and as we have not had many of them, they are there, pretty nearly all we were entitled [To Mr. Miller]. How many acres of land have we sold?

Mr. MILLER. I do not know.

THE CENTRAL PACIFIC A PIONEER ROAD.

The WITNESS. I want to say this about the Central Pacific Railroad. was a pioneer road, and the other roads that were aided by Congress d not move until we had demonstrated the practicability of operating through road. They were failures. It was the success of the Cen- Pacific that finally enabled these other roads to go on to comple- You must remember, and I think it is but due and right that I ould call your attention to the peculiar condition of all that country that time, that it was a wilderness; that never before in any country anybody attempted to penetrate an unoccupied country with a rail- d, trusting to the development that was to follow to make it success- Now, the developments to sustain the road were all consequent the construction of the road, and the Government has had the enefit of it for hundreds of miles upon either side. This road created idence and led to the completion of other roads. Those are facts ich I think ought to be considered by the Commission in making up r statement of the relation of these roads to the Government.

LING TO LET GOVERNMENT HAVE ROAD ON CERTAIN CONDITIONS.

By Commissioner ANDERSON:

Q. True, but the question is whether the circumstances that you re- to are matters which should be commended in words, or matters that uld be commended, as you seem to claim, in dollars?—A. Well, it matter that we ask your careful consideration of. We shall prefer claims to the consideration of the Government. We think that road is entitled to them. There is one thing about it. I do not w the present prospects of the country, or its intentions, but if the ernment wants that road, if they will make an allowance for the efits they have received from the beginning to the present time, and take the roads and lands and release the aided portion of the road not know but that the company will agree to it to-day.

GOVERNMENT HAS NO CLAIM ON DIRECTORS.

By the CHAIRMAN:

Q. How much of the benefits which the directors have received will cede to the Government?—A. The Government has not any upon the directors for benefits. They built the road, they used means that they had, all of them, and then they owned the road. ownership of it at that time was of little consequence. There were pitalists who would invest a dollar in the stock, upon the comple- of the road; and the values that the road created, a small portion

of those values, made this property sufficiently valuable to make it worth holding by the directors. And that was the reason they owned the road. The values were created by the construction of the road, and they had them at the last because nobody else would touch them. This road was open to capitalists, but there was not to be found a company in the East nor in the West that was willing to take it. We were thrown upon our own individual resources to get together the means to build the road over the mountains; and unless the very men that engaged in it had taken upon themselves all the responsibility, the road would not have been through to-day. I do not know that you would have found anybody but the Government itself to do it. Individuals would not do it. With all the magnificent grants to the Northern Pacific, and after the example of our road in developing business, look how long it was before they would go on with the work, and then see the subsequent failures that occurred.

Commissioner ANDERSON. There was no aid in bonds extended to it.

The WITNESS. No, sir; but from the bonds extended to us we realized seventy per cent on the dollar, and are paying now six per cent on the par value; and the lands which they have had were of great value. It would have been better for them to have built the road that way than to have had aid from the Government, the way we had it.

DISPOSITION OF GOVERNMENT BONDS.

Q. From what source do you take the statements of discounts which were paid upon the Government bonds?—A. From our own books.

Q. And where were they sold?—A. Mr. Miller tells me that they were not all converted, because some of them were paid out in the way of supplies; but taking the average discount at the time we received the bonds, this is the price in gold.

Q. Well, how long did you keep some of these bonds, after you received them, before they were actually sold?—A. They were sold generally in advance, before we got them.

ROAD MORTGAGED AHEAD OF CONSTRUCTION.

Mr. COHEN. The road was mortgaged two hundred miles ahead before it was built, was it not?

The WITNESS. One hundred miles; and then on the road from the Promontory to Ogden we went to the Union Pacific, and had to pay them for it; and then it was some time later before the Government bonds on that portion were received. But the Government allowed two-thirds of the amount upon the uncompleted road; and estimates were made, and we anticipated the receipt of the bonds, so that they were all used up when we got to Promontory.

WHAT THE BONDS SOLD FOR IN GOLD.

Q. What I want to ascertain is, the exact amount which the bonds sold for the account of this company produced in gold, which gold was remitted to you here for the uses of your company?—A. One of the statements here gives it. I supposed that I gave it exactly to a dollar, but a little of it had to be estimated, because the currency was used at par over there in purchasing.

By Commissioner LITTLER:

Q. Did you not give that statement in your paper submitted this morning?

Commissioner LITTLER. No; the statement was given a few days ago.

A. I gave there what I supposed to be the actual dollars received, but from Mr. Miller I learn that a part of that was estimated upon the bonds at the time according to their value in the market.

By Mr. COHEN:

Q. Did you ever see any of those bonds, or receive the bonds to handle them?—A. No, sir; I never saw one of those Government bonds.

HOW THEIR VALUE IS ESTIMATED.

By Commissioner ANDERSON:

Q. The bonds were sold in New York when they were sold?—A. Yes, sir.

Q. Is it not a fact that the value of the bonds which you have submitted to us is merely an estimated value of the bonds, taking the premium on gold at the time you received them from the Government?

Mr. MILLER. No, sir; not exactly; but it is made up mainly from the average premium on gold for each year.

Commissioner ANDERSON. For each year during which the bonds were received?

Mr. MILLER. Yes, sir.

BONDS ALL SOLD AFTER COMPLETION OF ROAD.

Mr. COHEN. And for each year during which they were sold?

The WITNESS. They were all sold. We did not keep a bond after the completion of the road, and I think that all our own first-mortgage bonds were sold before the completion of the road. We had a right under the law to issue bonds for a hundred miles in advance of the completed line; and then we were also to have the Government aid on the portions beyond, at an estimate of two-thirds of what we might receive from the Government for the work beyond, all of which, when we got over the mountains, had been issued and used so that we started out over the plains with an incumbered road in advance—several million dollars debt in advance—probably some six or seven million dollars in debt.

BORROWING ON BONDS.

Q. The sales of these bonds was a matter entirely within your control?—A. Yes, sir.

Q. And you could have borrowed substantially the face of the bonds at the time?—A. We did, over there, when we could get it. We borrowed money, and we never could have gotten through excepting that we hypothecated our own bonds and pledged the Government bonds to such people or capitalists as had confidence that we would give the bonds to them as we earned them. In that way we were able to get through. We really passed the mountains in a pretty nearly crippled condition.

BONDS NOT KEPT A WEEK—PRESSURE FOR MONEY.

By Mr. COHEN:

Q. When you got the Government bonds, how long did you keep them?—A. I do not know that positively, but Mr. Huntington was the man over there and disposed of them. I do not believe that he ever

had on hand any of them unless he had some fragments of a lot; I do not believe that he ever kept them a week.

By Commissioner ANDERSON:

Q. The question of whether he should sell them or carry the loan by hypothecating the Government bonds was a matter in which he used his own discretion?—A. Yes, sir.

By Mr. BERGIN:

Q. Subject to the exigencies of the business?—A. Yes, sir. Oh, we were pressed for money and used it all up.

MILLIONS OF BONDS PLEDGED IN ADVANCE.

By Commissioner ANDERSON:

Q. Was the money any better to you, whether it was the result of the sale of bonds or the result of a loan by hypothecating the bonds?—A. Well, yes, sir. From a long experience in being in debt I have come to the conclusion that it is a much more comfortable condition not to owe money. The Government bonds were, many of them, I think, millions of dollars pledged in advance of our receiving them.

Q. You issued certificates, I suppose, and then when you got the bonds you substituted the bonds for the certificates. Is not that the course which you pursued?

Mr. MILLER. We gave a man an order to receive them.

INDIVIDUAL NOTES GIVEN, SECURED BY COLLATERAL.

A. Yes, sir. And there is another thing. Most of the time here and I do not know but Mr. Huntington did the same thing over there when he borrowed money—we did not give the company's notes; but we gave our own individual obligations, secured by these collaterals. People would not take the company's obligations here.

Q. Where the collateral was the Government did it make any difference who the borrower was?—A. I do not suppose it made any difference there. In the case of the Government I suppose they relied upon the collaterals entirely.

HIGH PRICES FOR LABOR AND MATERIAL.

Q. Can you give us some of the prices that you have alluded to as being very high between the years 1867 and 1869 for labor and material, iron, and other matters connected with your building?—A. Yes, sir; I think I furnished a list of some things; but I know in Salt Lake City we did considerable work from there this way; and, by the way, we lost all we did from Ogden to Promontory in the final settlement. Oats were from 12 to 15 cents a pound, and hay was $100 a ton; and I think some hay was hauled out that cost $180 a ton. Teams were paid $12 to $14 for did not haul and could not haul anything but very small loads. The horses were very weak.

PRICE OF TIES.

Q. What were the ties?—A. I think we paid $2 for some ties, but they were all oak.

Q. Give us the limits.—A. We did not take a great many at that price. They were bought for the purpose of facilitating the construc-

line of the road. It was for that purpose that we bought ties over there, and laid them down and had them ready when the track should come along. I think the Union Pacific paid $2 for a great many ties over there.

Q. Was the average price of ties in that region and during those years in excess of $1?—A. All those ties cost a good deal. I do not think either company was able to get ties from people over there for less than $1; but we carried our ties, most of them, from the Sierra Nevadas, and some of the redwood ties went away out on the desert. They were cut in Humboldt County and were brought down to San Francisco and then were shipped out to the front.

Q. Did you not get Sierra Nevada ties at as low a rate as fifty to sixty cents?—A. About forty, I think; forty to fifty cents.

Mr. COHEN. But they were very perishable and had to be renewed very soon.

The WITNESS. Yes, sir; they did not last long. When we can get those ties here we use the redwood. When the lumber mills were started on the Sierra Nevadas we could get plenty of ties, but we had to carry them away out to the front.

RAILS.

Q. I understand that that cost has to be added. Now, in regard to the rails on that road during 1867 and 1869, where were they purchased?—A. They were all American rails. Some were purchased in New York. The most of them were manufactured in Pennsylvania.

Q. Do you remember the price paid?—A. I do not think any rails went on the road for less than $70 a ton. That was the cost over there in the East. I do not think any were purchased that did not cost more than $70 a ton.

HOW TRANSPORTED.

Q. How were they transported to you?—A. The most of them came around Cape Horn. I remember 10,000 tons at one time came across the Isthmus; and I am not positive, but I believe the charge was 3 cents a pound freight; that is, $60 a ton freight. And we had quite a number of engines and other materials that came across the Isthmus at very high rates. The general rate for freight on the steamers at that time was from 3 to 5 cents a pound.

LARGE SHIPMENTS.

Q. Do you not know that in a case of large shipments of this character special arrangements were always made?—A. We made the best arrangements we could, and that is why I think possibly we did not pay 3 cents. That was the rate; but I believe, and I know, we tried to get something off. Whether we succeeded or not I do not remember now.

Q. That will appear in the books?—A. Yes, sir; whatever we did pay will appear. Perhaps Mr. Miller can tell me.

Mr. MILLER. I cannot tell now. It is all on the books, though.

FILLING AND GRADING DONE BY CONTRACT AND FINANCE COMPANY.

Q. Was most of the labor of filling and grading generally done by contracts, let out at so much a yard, or was it done mostly by the people whom you employed?—A. No, sir; most of the work was done by the Contract and Finance Company. They sometimes let minor contracts,

The earthwork that we started on in going over the mountains was pushed along, and in fact the whole road was pushed with all the rapidity possible; and it was a question of distributing men to the best advantage as to how fast we could go. I think when the road was on the Humboldt we had men at work over by Salt Lake; and at one time I know we transported over 3,000 men and 400 horses, with all their supplies, 300 miles in advance of the completed line; that is, to do the work on the cañons on the Upper Humboldt. Perhaps you may have noticed the work in the cañons upon the Humboldt. There were three cañons there, and the work was very heavy. In order that we might not be delayed on reaching here it was necessary to transport men and supplies in advance out to that place.

OX-TEAMS HAULING TIES OVER MOUNTAINS.

Mr. COHEN. I would like you to mention to the Commissioners the circumstances under which rails and ties were hauled across the Sierra Nevada Mountains by ox-teams.

The WITNESS. If they would like to hear it.

Commissioner ANDERSON. Yes, I would like to hear it.

The WITNESS. Well, it is well known that the winters during which we were working on the mountains were three of the heaviest winters that we had ever encountered. We have had since then one winter when the snow fell to the depth of 60 to 70 feet in one place. But during those three winters the snow was somewhere from 30 to 40 feet deep, as near as we could measure. That is the actual fall on the level during the winter, and then the snow was settled down towards the spring, packed down to about 13 or 14 feet of hard snow. Then the snow would fall sometimes 5 to 6 feet in the night; I believe in one case that 9 feet fell in a single night. It obstructed all the roads, and made it almost impossible to get over the mountains.

HOW THE ROADS WERE KEPT CLEAR.

During the time of these storms we had ox teams and other teams moving along constantly trying to keep the road clear and the snow packed so that when the storm was over we could pass along with our material and could transport our iron. I think that is all told in my report. We moved the iron there over the mountains, over this snow, and down on to the Truckee Cañon, where we could work our men during the winter, and then we continued and laid the iron until we had 40 miles of track laid. That is the way we hauled our material through the Sierra Nevada Mountains from a point about 15 miles this side of the summit. It was hauled there under all those difficulties, the snow falling and we laboring to keep the road clear. We worked in tunnels many times.

TUNNELING DURING THE WINTER.

We pressed the tunnels forward during those winters as fast as we were able to, and we oftentimes had long tunnels under the snow to reach the mouth of the tunnel in the rock where we were doing our work. The season was very short for working on those mountains in the open air, and when the proper time came we swarmed the mountains with men, and placed the men along wherever we could find a place for them to work or even could find the men, and even then we used to send them to do this work under a very great disadvantage. We almost wasted

powder. We had to rely very largely on powder, and we used it freely, and it cost us, I think, from $12 to $13 a keg at that time. I think it cost about three times what powder could be bought for before or since.

OTHER DIFFICULTIES IN GOING OVER THE MOUNTAINS.

And while we were doing these things it is almost impossible to portray the difficulties which we had to encounter in pushing that road over the mountains. Before reaching the snow line, down below the snow line for some distance, the soil is of a peculiar character. It is a red, spongy, thick soil, and takes up and holds water. There were weeks there when the teams could not haul stuff on the wagons—supplies for the men and materials that were furnished—and they were hauled by pack animals. I know the stage was abandoned on this side of that mud or soft soil, and for, I think, nearly two months the passengers were carried across on horseback until they could get up on the snow. We pushed the work up there as fast as possible. It so happened that every winter we were on the mountains was that kind of a winter. We pushed the work along as well as we could at that time, but of course it was at an enormous cost.

LARGE FILLS ORIGINALLY COVERED WITH WOODEN TRESTLES.

Q. Can you tell me whether the large fills that occurred, that are found in the ascent of the mountains, were originally covered with wooden trestles or were they filled at the time?—A. There were two or three of them that were wooden trestles.

Q. Which is the largest of those fills; was there not one fill that was estimated to contain about 90,000 yards, in a distance of 600 feet?—A. As much as that.

Q. And was that fill made at the time of constructing the road, or was there a wooden trestle there, and it was subsequently filled?—A. I ought to be able to tell you the exact number of trestles that we have taken out, but I think there are only three or four. I think there have been three or four trestles taken out.

BOND AID INCREASED FROM $16,000 TO $40,000—WHERE.

Q. How far east of Sacramento City was the rate of the Government bond aid changed from $16,000 to $48,000 a mile?—A. About 7 miles east of Sacramento.

Q. Seven miles east of Sacramento City?—A. Yes, sir.

CHARACTER OF COUNTRY BETWEEN SEVENTH AND TWENTY-FIRST MILES.

Q. What is the character of the country between the seventh and the twenty-first mile east of Sacramento City?—A. It was very light work; almost level. Out to 23 miles up from Sacramento the rise is a little over 300 feet. I will tell you, Mr. Commissioner, it would seem as though it was a very simple thing to determine the base of a mountain. Lyell in his geology gives the base of the Rocky Mountains at the Mississippi. In the case of the base of the Sierra Nevadas there was a report made by the State geologist, the United States surveyor-general, and the State surveyor-general, upon where the base commenced. There is a rise there of 7,000 feet, more than 116 feet to the mile, but that

was only for 4 miles, and they could not determine that by any abrupt ascent of the railroad, and so they took the geological formation and found that the mountains came down to this point. Really they came down 4 miles this side, but very plainly the mountain formation was down at this point, and from that point up there was never a place where they went below the starting point. That was fixed as the base. It was submitted to the President, and he established the base at that point.

Q. In what form was it submitted to the President? Was it in the form of a certificate or verified statement?—A. I forget about the verification of the statement, but I know that three reports were submitted, and I presume they probably went to the Secretary of the Interior first. But as to that I cannot say. I was not over there at the time.

COMPARATIVE COST OF FIRST SEVEN AND SECOND SEVEN MILES.

Q. As a matter of fact, is the cost of construction for the first seven miles from Sacramento City any more than the cost of the second seven miles? Is there any difference in the cost of construction of the first seven miles as compared with that of the second seven miles?—A. Yes, sir; a little more. There are some cuts, but it is light work.

Q. Is not the character of the country precisely the same? Which would be the more expensive to construct, the first seven or the second seven?—A. I can only estimate it. The American River bridge is a costly structure, and that is in the first seven miles. Taking that in, I do not know.

THE BASE OF THE MOUNTAIN.

Q. As a matter of fact, you got $48,000 on the second seven miles and $16,000 on the first?—A. I will say further about that. I presume it was not only geologically the base, but, if you remember, this extra aid was to be given on that portion commencing at the base of the mountains; "the most mountainous and difficult of construction," a hundred and fifty miles there, took us out to the east line beyond the Sierra Nevada, and that extra aid really came where it was most needed, and where the greatest difficulties were encountered. Yes, I have heard it said that we moved the mountains down to the valley.

Q. Is it not a fact that one of the engineers of the road declined to verify the certificate fixing the point at which the $48,000 rate would commence?—A. I never heard of such a thing.

Q. Did Mr. Judah sign the certificate?—A. Mr. Judah I do not think was alive when that was fixed.

Q. It was fixed in 1868?

Mr. COHEN. He was dead before 1865.

The WITNESS. Mr. Judah went home from here when, I think, the road was out about six or seven miles, and he died. He must have died as early as 1863 or 1864.

Q. Do you remember that there was a difficulty between the company and Mr. Judah as to the location of that particular point?—A. No difficulty at all.

DISCUSSING AS TO WHERE IT COMMENCED.

Q. No discussion at all?—A. Oh, yes; we discussed this thing a good while as to where the base of the mountain commences. We could not find any place to fix it. The idea was that it was somewhere in the foot-hills, as you call them, but when we came to start out we

not well up to twenty-three miles out on the line before we struck the foot-hills, and then there was never a time that the grade along up there was less than 100 feet, and then we commenced an examination to find out what was the base of the mountain. Dana gave us the first idea when we went there. And so did the State geologist, when we went to him. We also went to the United States surveyor-general and to the State surveyor-general.

ALL THE OFFICERS WHO MADE THE EXAMINATION AGREED.

By Commissioner LITTLER:

Q. Did all those officers agree as to the point?—A. Yes, sir; they agreed. They all agreed geologically that it was correct, except that the probabilities are that, strictly speaking, it ought to commence about four miles earlier than it did.

Q. What evidence was submitted to the President of the United States upon which he fixed this point?—A. Particularly the reports of those three gentlemen.

Q. Were their reports in writing?—A. Yes, sir.

Q. Were they verified?—A. I do not know.

THE BASE PROPERLY FIXED GEOGRAPHICALLY.

By Commissioner ANDERSON:

Q. I will call your attention to the fact that the language of the act under which you were to have the $48,000 is, that for the 300 miles of said road most mountainous and difficult of construction, to wit, 150 miles westwardly from the eastern base of the Rocky Mountains and 150 miles eastwardly from the western base of the Sierra Nevada Mountains, said points to be fixed by the President of the United States, the bonds should be treble the amount on the rest of the road. Does it not appear that that point should have been located with reference to the difficulty of construction and the mountainous nature of the territory rather than to the theoretical base as fixed by geologists?—A. Well, both. It first said from the western base of the Sierra Nevada Mountains. Now we fix that base geologically. The object of the act was to aid that portion most mountainous and difficult of construction. The whole of the difficult portion of the Sierra Nevada Mountains lies within that 150 miles. The 150 miles commencing at that point takes us out over the Truckee Valley to the east of the Sierra Nevada Mountains.

Mr. COHEN. As the distance was only 150 miles it does not seem to be very material where it commenced, does it? They were to have three times the allowance.

The WITNESS. Well, the object of Congress was attained. It established the point by taking the base at which the 150 miles were commenced, which took it on to the plains beyond the Sierra Nevada Mountains on to the Truckee meadows.

COST OF CONSTRUCTION FROM SACRAMENTO TO OGDEN.

Q. In relation to the construction of this road from Sacramento to Ogden, are you able to state, from your own knowledge of the books in which those accounts were kept, whether the figures which you have given us to-day of the entire material aid that you had, amounting, as you have stated, to forty-eight millions of dollars, are more or less than

the actual cost of the construction of that road?—A. I know it in two ways. Those figures were furnished to me from our books. I had such intimate relations with the Contract and Finance Company——

Q. What figures were furnished you from the books?—A. I gave them to-day.

ALL THE MONEY USED UP IN CONSTRUCTION.

Q. I am speaking of the comparison of those figures with the figures that would appear in the books of the Contract and Finance Company and the books of Charles Crocker & Co.; and I ask you, are you able to state from your memory of the figures in the books of the Contract and Finance Company and the books of Charles Crocker & Co. whether those figures show the cost of the construction of that road to be more or less than the $48,000,000 you have mentioned?—A. I am not able to say anything about what those books would show, because I never looked at them. But this I do know, from my intimate relations with the work of Mr. Crocker, and from having much to do with the financial affairs, especially while we were raising money over here, that I know it as well as if you sat down to carry out a great enterprise and were working to a purpose, you would know whether there was a surplus of money or not. I am as confident as I am of my present existence that all the money was used up in that construction, and that there was no surplus over. I know that we were so close up and so crippled for money all the time that we would not furnish and would not attempt to sell a bond excepting as we needed the money.

ACTUAL COST TO OGDEN MORE THAN $48,000,000.

Q. Then your statement is that the actual cost of the road from Sacramento to Ogden was at least forty-eight millions of dollars?—A. It was more than that. It was more than the Government and first-mortgage bonds, because into it, I think, went largely the earnings of the road. We were doing business.

Mr. COHEN. And then you borrowed money on your individual credit?—A. Oh, yes; we borrowed a great deal of money. I hope you will not think I am boasting, but during that time I was permitted to overdraw, without security, over $1,300,000 at one time. We borrowed money, and I think that what I borrowed here was borrowed on our individual credit. I do not think we signed the notes by the company at any time. We possibly might have done so; but I know for a long time, at any rate, they would take our individual notes when they would not take the notes of the company. However, excepting the overdrafts at the bank, we had to put up collaterals.

PROCEEDS OF INDIVIDUAL NOTES USED.

By Mr. COHEN:

Q. Did the proceeds of those notes go into the construction of the road?—A. Yes, sir.

Commissioner ANDERSON. The proceeds arising from those notes were used by the company in the construction of the railroad, I presume?

The WITNESS. The proceeds of the notes, all I got, I suppose I paid over to the treasurer of our company; and then it was paid to the Contract and Finance Company for construction.

Commissioner ANDERSON: Those were personal loans that were paid and upon which you received interest, I suppose?

The WITNESS. Whatever interest I have paid for the company the company has in some manner or other paid back. I do not know just how that interest was paid, because I used to pay the interest on the notes running for some considerable time. I used to pay interest monthly and I used to pay this money out.

INTEREST ON INDIVIDUAL NOTES REPAID BY COMPANIES.

By Commissioner ANDERSON:

Q. The question is, whether you received interest on the moneys which you advanced to the Central Pacific or to the Contract and Finance Company?

Mr. MILLER. Not always.

Commissioner ANDERSON. Let Governor Stanford answer according to his recollection.

The WITNESS. What money I borrowed, either the Contract and Finance Company or the Central Pacific Company, according as they were benefited, made up to me with the interest. I did not lose the interest.

Mr. MILLER. You mean you received no interest. The books of the Central Pacific will show.

Mr. COHEN. I do not think you quite understood Governor Stanford about that interest question.

The WITNESS. You were asking me about interest, Mr. Anderson, when we were broken in upon, and a gentleman here suggests that either you did not understand it or I did not make myself clear. Whatever of interest was paid by us in our individual capacities, the same interest was paid or intended to be paid by the companies for which the money was borrowed, we charging no more and no less than what the money was borrowed at.

METHOD OF CONDUCTING WESTERN DEVELOPMENT COMPANY.

Commissioner ANDERSON. The statement of Mr. Douty in regard to the Western Development Company showed how things were conducted with it, and I presume that the same course was pursued in regard to the Contract and Finance Company. If I am wrong in that you may correct me. His statement showed that all that construction work, and all the capital which the company used for the purpose of doing its work, was advanced by the individual loans of yourself, Mr. Huntington, Mr. Crocker, and in his lifetime, Mr. Colton, Mr. Mark Hopkins, and Mr. Colton in the Western Development Company; and the moneys so received were deposited with the Central Pacific; that the Central Pacific paid interest to the Construction Company; that the Construction Company either paid or credited interest to the stockholders, and that the funds so advanced were used for the purpose of doing the business of the company.

The WITNESS. Are you speaking of the Western Development Company?

Commissioner ANDERSON. I am speaking of Mr. Douty's explanation with regard to the Western Development Company, but I have assumed that the same course was pursued with regard to the Contract and Finance Company. If it is not so you may correct me.

SEPARATE ACCOUNTS WITH CENTRAL PACIFIC AND CONTRACT AND FINANCE COMPANIES.

The WITNESS. I do not think it was so with regard so that compan I made my return, I think invariably, to the secretary of the Centr Pacific Railroad, of my financial operations of borrowing any mone It is possible that I may have borrowed money for the Contract an Finance Company, but if I did it went to them. I never mixed the tw companies together, and I do not know that it ever was done at an time.

NO MORE INTEREST CHARGED THAN PAID.

Mr. MILLER. You may have had such relation with the Contract an Finance Company, but if you did I did not know it.

Q. Do I understand that you never charged the company which r ceived that money, whether it was the Contract and Finance or the Ce tral Pacific, any more than the rate that you had to pay yourself wh borrowing the money?—A. Yes, sir; neither more nor less, but alway the same. I do not want to answer for Mr. Douty about it, because never looked at his books, but Mr. Miller says the interest account wa made up on both sides. Sometimes there was a credit and sometim an indebtedness.

FURTHER TESTIMONY TO BE SUBMITTED BY COMPANY.

By the CHAIRMAN:

Q. Have you anything else to submit?—A. I said to the Commissio yesterday that after the Commission got through we might wish to su mit some testimony upon our side. There are quite a number of thing very likely, which we may wish to submit, but it will depend greatl upon what is drawn out by the examination which the Commission making. I think very likely we may want to put in some testimony i regard to the equities that we think exist between the Government an ourselves.

The Commission then adjourned to Wednesday, August 3, 1887, at 1 a. m.

PALACE HOTEL, SAN FRANCISCO,
Wednesday, August 3, 1887.

The Commission met pursuant to adjournment, all the Commissioner being present.

THE DOUTY PETITION IN COURT.

Mr. BERGIN. Before Governor Stanford begins his testimony, if th Commission please, I think that it would be proper for me to appear i circuit court with Mr. Douty, as the document prepared by the Com mission has been served, and there explain the condition of affairs. did write a note to United States District Attorney Carey explanator of the whole matter, but I think that perhaps it would be better for m to appear and explain to Judge Sawyer how the matter now stands.

Commissioner ANDERSON. I think that the stipulation which has bee made out between us is sufficient. Under that stipulation I do no think the district attorney will put the case down for any specific day I do not think that there would be anything gained by your appearin

in court this morning. The understanding is that the matter will be brought up upon notice by either side.

Mr. BERGIN. Of course that is the understanding between us.

Commissioner ANDERSON. Of course, if the district attorney sets it down for any specific day, we shall have to move specially to have it go over.

LELAND STANFORD, being further examined, testified as follows:

METHOD OF ASCERTAINING PROCEEDS OF GOVERNMENT BONDS AND OTHER AID.

By Commissioner ANDERSON:

Question. Referring to the tables submitted to you of the approximate realizations from the bonds and other assets of the company up to January 1, 1870, you have stated that the amount given as the proceeds of the Government bonds was obtained by taking the average market value for the years when the bonds were received, and, in a measure, disposed of. I desire to know whether the same system has been adopted in regard to the other items contained in your statement.

The WITNESS. The county and State aid.

Commissioner ANDERSON. Yes, sir; and the company bonds also.

The WITNESS. I do not know whether these figures are taken from the books of the company, so far as the amounts are concerned, or not. They are substantially correct, and can differ but very little from the figures which are absolutely correct. I have it in my mind, so that I know the rate generally at which these bonds were sold. This statement, however, was furnished to me by Mr. Miller, the secretary of the company, but whether he took it from the books of the company or not it is, of course, impossible for me to say. I observe that the figures here are in round numbers. For instance, the San Francisco bonds—most of them were sold at 70 cents. I think that we sold only a small lot at 73 cents. These bonds were sold at different times. We peddled them out from time to time as best we could. You can hardly understand the difficulty that we had in obtaining money here, even when the securities were good.

Q. My only question now is, whether this is made out from your books and is a correct abstract from those books, or whether it is an estimate based upon the market value, or the supposed market value, at the times referred to in the statement?—A. When this was handed to me I supposed that it showed the exact amount to a dollar, but I see many round numbers here which makes me have a little doubt upon that subject. Mr. Miller would know all about it.

Q. And you refer us to Mr. Miller for an exact answer, do you?—A. Yes, sir. The facts contained in that statement are according to my recollection. I know that the bonds were disposed of in that way.

SIGNING OF TESTIMONY BY WITNESSES.

Mr. COHEN. If the Commission will permit me to interrupt for a moment I would like to ask whether you intend to have the testimony of each witness read over by him and signed before finally concluding the examination.

Commissioner ANDERSON. That has been our practice.

Mr. COHEN. Will it be so in this case? I think that there is a little misapprehension as to the answer of Governor Stanford yesterday with respect to the net earnings of the road.

Commissioner ANDERSON. It will be so in this case. That has been our practice heretofore, and I see no reason why it should be changed.

Commissioner LITTLER. The witness will have abundant opportunity to correct his testimony.

Commissioner ANDERSON. It is better to have all the witnesses sign, because that will obviate mistakes, and then the witnesses are foreclosed.

Mr. COHEN. We would like to have an opportunity to correct the testimony of the witnesses of the Central Pacific Railroad Company.

Commissioner ANDERSON. You shall have that opportunity.

BALANCE SHEETS FOR 1868 TO 1871.

Q. Have you in shape to exhibit to us the balance sheets of your company for the years 1868, 1869, 1870, and 1871?

Mr. COHEN. Which company.

Commissioner ANDERSON. The Central Pacific Company.

The WITNESS. Do you mean to ask if I will have such an exhibit prepared and exhibited to you?

Q. Have you in course of preparation the balance sheets of those years? The reason that I ask for this is that your first printed report is for the year 1872.—A. I cannot say. When I received your letter I wrote to Mr. Miller inclosing to him your interrogatories and directing him to make complete answers to all your questions.

Commissioner ANDERSON. I refer to your usual balance sheets in those statements.

The WITNESS. I asked Mr. Miller to furnish all the statements necessary, and he furnished something which I put in here as an exhibit. I never went over it very carefully, and I cannot now call to mind what was in it, but whatever it was, I am satisfied it was correct.

Q. I ask you whether you had the balance-sheets at the time—1869, 1870, and 1871?—A. I presume so, but I have no distinct recollection about it.

Mr. COHEN. If we have them we will take pleasure in furnishing them to you.

IMPROVEMENT AFTER COMPLETION.

Q. Do you know whether the items of the construction account varied materially after the road was completed in May, 1869, during the years 1869 and 1870?

The WITNESS. We continued to improve the road after that. Of course, while we were rushing along at the rate of 500 miles in less than a year that road could not be expected to be so complete as to be entirely satisfactory. We ran over it while the ground was soft, and it was thrown somewhat out of line. During the winter, when there was a great deal of frost, we dumped great masses of frozen dirt, especially at the Humboldt, and when warm weather came around this new road got out of line, and we were constantly at work on it. Afterwards we had to straighten out the line in places, and we did a good deal of work improving the road-bed. We put millions of dollars upon the road in the way of betterments and improvements after the road was completed. That is only, however, just such a history as all new roads have. After they are built the company must go on for some time afterwards improving them.

THE WAY THE WORK WAS DONE.

Q. Through what intermediary was that work done after the completion of the road in 1869? Was it through the Contract and Finance

Company?—A. I think that most of it was done that way. I think that we allowed them to do it; but as to that perhaps I had better not say, for I have an indistinct recollection upon the subject. It seems to me that nearly all of this work was done in this manner upon the basis of the cost, with 10 per cent. added, because the construction company could do it much better than the railroad companies could, for it was well equipped with everything that was needed, and we considered that mode of procedure to be most economical at that time.

COST OF CONSTRUCTION AT COMPLETION.

Q. I understand the statement of values which you have furnished, estimated by you at $47,880,000, to cover all values which the company parted with up to the date of the completion of the road in May, 1869?—A. That statement was furnished to me by Mr. Miller, and I presume that it is correct. Do you mean all the values, including county aid, State aid, and subscriptions, and all that?

Commissioner ANDERSON. Yes, sir. I understand you to say that that is the measure of what you parted with and paid for the construction of the road up to the time of its completion, and that you also paid out more money. Is that correct?

The WITNESS. Yes, sir; I do not remember exactly how that is stated, but if I understand it, it includes all that we received from the first-mortgage bonds of the company and from the Government bonds, and in addition to that, all that we received from other sources.

Q. And your statement is that you paid out and disposed of all these available resources by the time the road was completed?

Mr. COHEN. And money received from other sources?

The WITNESS. According to my recollection, we had paid out everything by the time we had the road built.

STATEMENT OF PROFIT AND LOSS JANUARY 1, 1870.

Q. Can you tell me from what source you got the statement of the amount of profits and loss under date of January 1, 1870, amounting to $1,810,000?—A. I must refer you to the books for that. I am not a book-keeper, and do not attempt to carry those things in my mind. The books will show, and Mr. Miller, the secretary of the company, can probably explain it. I cannot do it.

Q. The amount included in that sum, which purports to be profit and loss, seems to have been accumulated from the actual profits made by the company up to that date, January 1, 1870; can you tell us anything about it?—A. I only know from that statement. I have no positive knowledge from a personal investigation or examination of the books.

Q. I do not ask you whether it is correct, but whether you know that this amount, which is set down here as profit and loss, was actually realized as the profits from that portion of the road up to that date?—A. I believe that it is correct, as it was furnished to me by the secretary.

Q. Do you know how much the interest account was in the years 1870 and 1871?—A. I do not.

INTEREST ACCOUNT OF 1870 AND 1871 COMPARED.

Q. Was there any alteration in the interest account in 1870, as compared with that of 1871?—A. I think that the tendency was downward. When we first commenced building the road, I borrowed money for the company and paid 2 per cent. a month for it. We never borrowed any

money as low as 1 per cent. a month, until after the Bank of California was established, and that bank practically fixed the banking rates at 1 per cent. per month.

Q. I am speaking now of the interest account on your mortgage bonds; was there any change in that?

The WITNESS. Any change in our interest account?

Commissioner ANDERSON. Yes; the amount of annual interest which you were required to pay on your bonds. Was that altered in 1870 and 1871?—A. They were 6 per cent. bonds, and we paid whatever interest was due upon them. I don't know that there was a possibility of there being any other rate.

ISSUANCE OF LAND-GRANT BONDS.

Q. It appears from the account of your funded debt in December, 1872, that your land-grant bonds were issued, or are dated, in October, 1870, and that the amount of bonds authorized was $10,000,000, and that the amount issued was $9,153,000. The issue of those bonds in 1870 would naturally increase your interest account, would it not?—A. I presume so.

Q. Do you know how those bonds come to be issued?—A. I am not able to call to mind now the conversations and things that occurred prior to it; but I have no doubt that it was considered. I think that they were issued for the purpose of paying the then debts, debts already contracted, and to provide money for expenditures that we would have to make. I say this, although I am not able to call to mind any of the conferences that preceded the issue of those bonds.

HOW DISPOSED OF.

Q. Do you know whether they were sold in the market and the proceeds credited to the company, or whether they were issued to individuals or corporations in payment of claims?

Mr. COHEN. I think that the books will be the best evidence upon that point.

Commissioner ANDERSON. Very likely, but we are not at the office, and this is a large amount. We would like the witness's recollection upon it, if he can give it to us.

The WITNESS. I cannot remember all about the occurrences of twenty years ago. I have done an immense amount of business in those twenty years, and have been engaged in a large number of important enterprises. It would seem natural that I ought to be impressed with them, but sometimes I am not clear about them, even in my own mind, and a good many things relating to those matters have escaped my memory. Sometimes I wonder that I do not remember them. If you want to get accurate information, you can use the books of the company, and I would very much prefer that you should do so.

THE BOOKS WILL SHOW.

Q. Will the books show what disposition was made of those land-grant bonds, to whom issued, and what consideration was received for them?—A. I think so. I believe that our books are kept as well and as accurately as the books of any mercantile concern, and I presume they will show everything. I have never examined these books, and I do not think that I have ever looked over half a dozen pages of the ledger in all these years.

Q. Did you receive any of those bonds yourself?—A. Not at that time.

Q. How long afterwards?—A. I do not know.

Q. How many did you receive?—A. I do not remember.

Q. Do you know whether you bought them, or whether they were distributed to you as a dividend from some of those construction companies?—A. As to how those bonds were issued and disposed of eventually I do not now remember with certainty. Before answering that question I would like to refresh my memory by conversing with some one who does know more about it.

Q. Have you any of those bonds at present?—A. No, sir.

Q. Where were you during the year 1869? I mean generally up to May, 1869, when the road was completed; during the latter part of the year, after its completion?—A. I think I was in this State. I may have made a trip East, but I think that I was here all the time. I do not think that I went East in 1869.

"DRIVING THE LAST SPIKE."

Q. Were you not present at the celebration?

The WITNESS. Of driving the last spike?

Commissioner ANDERSON. Yes, sir.

The WITNESS. Yes, sir; I was there.

Q. That was a period of considerable rejoicing, was it not, among all the parties connected with the enterprise?—A. Yes, sir; the rejoicing was very great.

Q. I would not say that the land flowed with milk and honey, but I suppose it flowed with other things, did it not? I mean all of you gentlemen had a good time and a great jollification at the completion of the enterprise.—A. Well, I do not know. We had a good time, and there was a good deal of jollification among those present. We were exceedingly relieved when we got through and we "jollified" a little. We thought we had succeeded in accomplishing a great work, and had done a great thing for the country, as well as a great thing for our own reputations.

THROUGH BUSINESS AT COMPLETION OF ROAD.

Q. Did not the effect of the enterprise manifest itself immediately in the through traffic that went over the road?—A. No, sir; it was some time before we got prices down so that they could command the freight. It was some months before we had much of any through business.

Q. Do you remember what the business was for the year 1869?—A. I do not think that we got much business in that year. We had expected to do a big business, but we were disappointed in our expectations as to the amount of through business for the first year. It came gradually, however.

BONDS ON WHICH INTEREST WAS PAID FOR 1869.

Q. Is it not true that all the bonded debt on which you paid interest for this year 1869 was the interest on the underlying mortgages which preceded the United States loan, and which amounted to about $20,000,000, exclusive of the Western Pacific, which was not then constructed? I believe that you had no interest in that last-named road at that time.

Mr. COHEN. There was the floating debt on which interest was paid.

Commissioner ANDERSON. I mean the bonded debt.

The WITNESS. We paid the interest on our bonds, whatever it amounted to. I believe that we have never yet been in default.

Q. Were there any other bonds at that time except this $25,000,000?—A. In addition to the first-mortgage bonds there were a million and a half of State bonds, a million and a half of convertible bonds——

Q. Is it not true that the State of California paid the interest on the State-aid bonds?—A. Yes, sir; the State paid the interest.

Q. What other bonds did you pay interest upon, except the first-mortgage underlying bonds in 1869?—A. A million and a half of convertible bonds, at 7 per cent., I think. I do not now remember any other bonds upon the road.

Mr. COHEN. There were the company's bonds?

The WITNESS. Yes, the company's bonds.

Mr. COHEN. And the floating debt?

The WITNESS. He is speaking of bonds.

NET EARNINGS FOR 1869.

Q. It appears from your reports that the net earnings of the Central Pacific for 1869, that is to say, the earnings less the operating expenses, amounted to $2,677,290.06. I am quoting from your report, from the detailed statement by years showing all the years up to 1884 as per report of that year. Were you not then aware in 1869 that, judged by the traffic of that year alone, the Central Pacific was earning an absolute net which largely exceeded the interest on its permanent loans—on its bonds?—A. And the operating expenses for the year? I think not. I think that we ran behind. That is my impression.

Q. Will you please consult your report?—A. I will stand by the report whatever it is. I have no doubt that it is correct, and it is much better than my memory.

Q. The report says that your earnings, after deducting operating expenses from the gross earnings, were $2,677,290.06 for the year 1869. I will also say that it appears from your reports that for the years 1868 and 1867 there had been a net, after deducting operating expenses from the gross earnings, exceeding $1,000,000 in each year, and a small net before that. I will ask you now whether you were not aware that in 1869 the Central Pacific Railroad Company was earning considerably more than the amount required to meet its fixed charges?—A. I do not think that it was.

DEDUCTIONS TO BE MADE FROM GROSS EARNINGS.

Mr. COHEN. I think that your question, Commissioner Anderson, confuses the witness. Those are not the profits of the company. The difference between the amount received and the amount remaining after deducting operating expenses does not show net earnings. In addition to that you must deduct from this apparent profit, interest, taxes, executive expenses, &c., which have to be paid.

Commissioner ANDERSON. I have simply asked the question whether Governor Stanford was not aware, at the time that these figures were prepared, that after deducting the operating expenses and these other expenses from the gross earnings there was more than enough money left to meet the fixed charges of the road in 1868 and 1869?

The WITNESS. Those figures may show it, but I do not think that they express or show all of the expenditures. There must have been

a great deal going on in the way of payments for improvements to the road, repairs, tax expenses, and other things. That statement, I presume, represents any profit simply over and above operating expenses. What else was to be included there I cannot say, but I presume that if you were to ask the secretary he could tell you. I cannot explain all those details which appear in the reports, but I know that we did not have the money, and I know that our expenses were a great deal more at that time than the money that the company received, but the amount I cannot say.

VALUE OF THE STOCK IN 1869.

Q. We want your judgment of this enterprise in 1869. Do you say that the stock had no value at that time?—A. In 1869 we would have sold out for anything that we could have got, if anybody wanted it. To give you a general idea of how this stock was estimated by us, I will say that the health of Charles Crocker and of his brother E. B. Crocker became very much impaired. Judge Crocker's health became permanently impaired, and Charles Crocker became apprehensive and concluded to quit business. That was the doctor's advice to him. The result was that Mr. Huntington, Mr. Hopkins, and myself bought them out for 13 cents on the dollar for that stock, and that included whatever interests they had in other enterprises.

Mr. COHEN. That was in 1871.

The WITNESS. I have forgotten the year, but it was some time after the construction of the road. I think 1871 is correct. It shows what we estimated the value of it to be as amongst ourselves.

Q. Was not this purchase afterwards set aside, and was not Mr. Crocker reinstated, and did he not take his stock back?—A. After Charles Crocker returned from Europe, his health was very much improved, and he then bought back his interest at the same rate at which he sold it. At the time of the sale, however, the trade was absolute, and it was not known that he would ever want to come in again.

BUYING UP THE OLD STOCK.

Q. At this very period that you are speaking of as having made this loan, did you and your associates buy up all of the old stock of the company outstanding under the eight and one-half million issue, wherever you could find it? Did you not buy up the stock held by Mr. Lombard; did you not buy up Stewart's stock; did you not buy up every share of stock that you could control, and did you not go into the market so as to get all of it that you could?—A. We bought pretty much all of it.

Q. Did you not pay for that stock all the way from 90 cents on the dollar to par?—A. I bought full-paid stock at as low a price as 10 cents on the dollar.

Q. From whom?—A. I bought this lot of shares which I have now in my mind of a Mr. Watson.

Q. When was this purchase?—A. Pretty early in the history of the road.

Q. In 1864 or 1865? At any rate, was it not long before the road was constructed?—A. Yes, sir; it was before the road was completed.

BLACKMAIL SUITS.

Q. I am not inquiring in regard to purchases made at that period, but as to purchases that have some bearing on your statement that

your judgment in 1869 was that this stock had no value. Referring to that period, I ask you particularly in regard to purchases made from Mr. Aspinwall and from Mr. Stewart, purchases made here in San Francisco, whether you or your associates did not get all that stock in and pay par for it?—A. There was a time when several blackmail suits were commenced against us.

Commissioner ANDERSON. I am not asking as to them. I am referring to purchases made from friendly parties.

The WITNESS. I am telling you about those blackmail suits. We did not buy the stock because it was worth any such money as that, but we did so simply to make settlements of this litigation.

Commissioner ANDERSON. I am not talking of blackmail suits, I am speaking of the other matter.

The WITNESS. You are asking me about those suits and I am telling you the character of them.

PURCHASE OF STEWART'S STOCK.

Q. I am not referring to the blackmail suits at all. I am talking of friendly purchases made by you. For instance, the Stewart purchase, and such other purchases as were made in a private way. Was not Stewart's stock purchased, and did you not pay par for it?—A. I think that the Stewart suit was one of the results following the bringing of the Brannan suit, and that it was blackmail pretty much the same as the Brannan case. I think that he sold his stock as a result of the Brannan suit.

Q. Was not Stewart's stock purchased long before you had any suit with Brannan, or anybody else?—A. I think you must be mistaken about Stewart's stock. I think that the Brannan suit was brought before that.

THE STEWART SUIT.

Q. One of the allegations in the Stewart suit was that he was not aware of the Brannan case at the time that he was advised here in California to sell his stock at par; that after he sold it to you and your associates, who paid for it at that price, he subsequently brought a suit, now pending, in which he seeks to recover money, and in which he claims that there was an agreement that, although he sold at par, if any more was given to anybody else for similar stock he should receive an additional sum which would equal the money paid for this other stock. Your answer says that the money paid for the stock was not for stock alone, but was paid to settle claims. I ask you if you did not agree to purchase the stock at par at that time?—A. My recollection is that that stock was bought at par.

Q. Was it not part of that issue of eight and a half million of dollars, and not of an issue of fifty millions?

Mr. COHEN. Your question is not correct.

Commissioner ANDERSON. It was part of an issue of eight and a half millions, or of the subsequent issue of twenty millions.

Mr. COHEN. And some of the issue of one hundred millions.

The WITNESS. I cannot tell as to that, for I do not remember it.

OTHER PURCHASES.

Q. Did you make several purchases of this same character from different parties? I do not refer to the blackmail suits.—A. I cannot say how much was purchased. Mr. Huntington purchased this Stewart

stock. I think that he also purchased stock from Mr. Aspinwall, and from other parties at the East, and it was done for various reasons. What those reasons were I do not know that it is now necessary to state, but it was not because of the intrinsic value of the stock to us. I know that.

Q. I merely want to know whether those purchases were made at this time, and whether par was paid?—A. I suppose you want to get at the value of the stock that you are inquiring about. If you want to get at that value I think that you should take what it was worth in the market at that time. Asking about these other arrangements I do not think is the best way to learn that value.

PROFITS ARISING FROM CONSTRUCTION OF ROAD.

Commissioner ANDERSON. I want to get at your real judgment as to what you believed you made out of the construction of the road.

The WITNESS. So far as I can remember, whatever we made was stock.

Commissioner ANDERSON. Yes, thirteen millions of stock for each of you.

The WITNESS. No, I think not.

Commissioner ANDERSON. Thirteen millions of stock when construction was completed.

The WITNESS. We made various consolidations of other railroads with the Central Pacific, and stock was increased in that way. Of course we had our proportion of that. The exact amount received from the Central Pacific under the contract with the Contract and Finance Company, I am not sure about, but I think it was about twenty millions that the Contract and Finance Company received. I cannot remember the exact amount, but I think that it was something like that.

METHOD OF DIVIDING STOCK.

Q. Divisible into as many shares as there were stockholders?—A. Yes, sir.

Commissioner ANDERSON. You have stated to us that under the Crocker contract something like $14,000,000 of stock was passed over, and that under the Contract and Finance Company's contract about $20,000,000 of stock was paid to it exclusive of the consolidating.

The WITNESS. Whatever there was in the Contract and Finance Company was divided between the stockholders. Relative to the purchases that were made by ourselves from time to time, they were made upon our individual judgment and account; but these things had ceased to be valuable, and were not worth as much as we had paid for them. The result was that each man took credit for what he had paid for this stock, and put the stock into the Contract and Finance Company, and then it was divided among the stockholders in proportion to their holdings. That is as near as I can remember about it. The exact amount I cannot tell.

OF SLIGHT VALUE AT TIME OF DIVISION.

The value of the stock at that time was not much. We did not consider it so, and we would have sold it at a very small price. We could not, however, have sold it at all. I would have been glad to have sold for a trifle, and I know that the others felt as I did.

Q. And yet your accounts show that the earnings of the road from 1869 to 1872 very largely exceeded the amount required for fixed charges, and that in 1873 you declared a dividend.

The WITNESS. In 1873?

Commissioner ANDERSON. Yes.

The WITNESS. If we did, we declared them out of the net earnings.

Commissioner ANDERSON. And in addition to this, you state that there were purchases effected by you for some purpose which you cannot at present exactly remember, at prices approximating par, and yet, in the face of all those assertions, you say that you believed that this stock had no intrinsic value whatever? How is this?

The WITNESS. At the time that we bought this stock it had no value, except for the mere purpose of control. I do not believe that we could have sold it in the market for any price. In fact, it had no market value. It was the same with the Union Pacific. I know that we could have bought a controlling interest in the Union Pacific at 10 cents on the dollar. At least, I was told so, and it was selling in the market at 13 cents on the dollar.

FAITH IN THE SUCCESS OF THE ROAD.

Q. I am not inquiring as to the market price of this stock, but I am asking for the judgment of Governor Stanford as to its value in 1869, as reflected by his acts, and as to his then belief in the value of this stock. Had you not great faith in it?

The WITNESS. Did I have great faith, do you mean?

Commissioner ANDERSON. Did you have faith in the ultimate outcome of this enterprise?

The WITNESS. I had a great deal of faith that we would get a very large proportion of the through business. In this, however, we were somewhat disappointed, as business did not come along during the first year as we had anticipated. We looked for a great passenger travel, and thought that people in the east would like to come to this coast. They did not come, however, and during the first year I do not think that any more people traveled by rail than by steamer.

Q. Did you make any serious efforts to sell your own stock at that time?

The WITNESS. After the road was built?

Commissioner ANDERSON. Yes, sir.

The WITNESS. I do not think that I did. It would have been of no use.

Q. Did you really think that you got yourself into trouble and had made no money out of the operation of the road, and the construction of it between the years 1867 and 1870?—A. I thought we had got ourselves into trouble. In fact, I knew it. We worked and toiled as few men were capable of working, but had great hopes that we would succeed. Several times we would have willingly gone out of it with the clothes on our backs if we could have been guaranteed the completion of the road.

UNABLE TO SELL STOCK FOR TWENTY CENTS.

Q. When?—A. At almost any time during the last two years of construction. Mr. Huntington and Mr. Hopkins offered to sell 80 per cent. of that stock at 20 cents.

Q. When?—A. Mr. Cohen tells me that it was in 1873.

Q. The transaction did not go through, did it?—A. No, sir; the transaction did not go through, but it was not from any fault of Huntington and Hopkins. The purchasers had their own reasons why they did not care to complete the purchase, and I am informed that it was because of the demands being made by the Government that they concluded not to make the trade.

SUITS AGAINST THE COMPANY.

Q. Let me ask you a few questions in regard to these suits to which you have referred. As a matter of fact there were quite a number of suits brought against the company by various persons. I refer to the Brannan, Robinson, Lambard, San Joaquin County, and other suits of like character, were there not?—A. Yes, sir; several. Lambard and other gentlemen of the Credit Mobilier thought they had a chance to make some money out of us, and came out there. After a time we settled with them. Brannan had some stock, $25,000 par value, which he had taken in trade. It was reckoned at 25 cents on the dollar. Afterwards he brought this suit.

Q. Did he get the stock in exchange for equipment and rolling-stock?—A. Yes, sir.

Q. Which you afterward sold to another railroad at some loss?

The WITNESS. Sold to another railroad?

Commissioner ANDERSON. Yes; at least your books say so.

The WITNESS. I do not think that we ever sold that stock after we bought it.

Q. You mean that you never sold the equipment?—A. Yes, sir; I do not think that we sold the equipment. I think that it went to the benefit of the Central Pacific.

Commissioner ANDERSON. But the Central Pacific subsequently disposed of it to one of the minor lines or sold it to another line; still, Brannan got his stock, and that is far as we care to go. I will either ask you about the suit or take any suggestion that you have to make.

COMPLAINT IN THE BRANNAN SUIT.

The WITNESS. I wish you would read the complaint filed in that suit.

Commissioner ANDERSON. I have read it.

The WITNESS. If you have you will understand the magnitude of it. I think that he puts down the assets of the Central Pacific somewhere between $300,000,000 and $400,000,000, and that it was all appropriated by one or two men.

By the CHAIRMAN:

Q. Is that one of the blackmail suits?—A. I counted it as such.

REASON FOR COMPROMISING SO-CALLED BLACKMAIL SUITS.

By Commissioner ANDERSON:

Q. Quite likely. I want to ask you when suits of this character were brought, what inducing motive was it that caused you gentlemen to pay the large sums of money—at the rate of $400 or $500 a share—which were paid for the adjustment of these suits instead of compelling the party to go to his proof and show the exact state of facts to the whole world?—A. I would like to gratify your curiosity and that of

everybody else, and will do so as far as I can. At that time we were building other railroads, and we concluded that it was merely a business matter to settle those suits and not have them go on, and perhaps interfere with our credit. That is one reason. Whether we were wise in doing it or not I do not know; but in my own judgment we were very unwise, and I have always thought so.

Q. That is my judgment also. The nature of the allegations were a direct attack on the integrity and the honesty of the men engaged in the enterprise, was it not?—A. Very largely.

SUITS SCATTERED THROUGH A SERIES OF YEARS.

Q. Were those suits all brought in one year, or were they scattered through a series of years, from 1871 to 1878?—A. They were scattered. Some were brought as late as 1880. The other suits were long afterwards, except the suits of Lambard and Brannan.

Q. And how about the Robinson suit?—A. Mr. Cohen tells me that the Robinson suit was brought in 1876.

Q. And how about the San Joaquin suit?—A. Mr. Cohen says that it was brought in 1877. I do not remember the dates myself.

CHARACTER NOT DAMAGED BY SCURRILOUS ALLEGATIONS.

Q. During all these years, you gentlemen have had an opportunity to put yourselves in a position to defend yourselves from scurrilous allegations, such as these contained in these complaints, and yet you seem to have taken no steps towards doing so. Was there any particular reason for remaining silent?—A. I do not know that our general character was damaged by any such allegations as those contained in those documents. We have lived in this community for thirty-odd years, and we are pretty well known.

Q. But did you pay money for the settlement of all these suits?

SAN JOAQUIN BONDS ISSUED TO WESTERN PACIFIC.

Colonel HAYMOND. Not for the settlement of the San Joaquin suit. That was decided in our favor. Whatever was paid in that matter was purely voluntary on the part of the company.

The WITNESS. We never touched one of those San Joaquin bonds. They were issued to the Western Pacific Railroad Company before we purchased the control of that road. The only question about that was that Mr. McLaughlin paid more for that stock than it was worth at the time. There was a clause in the law that the county should not part with that stock until it had first submitted the matter to the people. Afterwards, through the trade, we became owners of that stock.

Q. In its complaint, did not the county allege that it had been sold without its consent or without the consent of the people and ask to have the stock back again, or that the company account for what it was worth?—A. I do not know; we received the stock from McLaughlin when we purchased the Western Pacific.

ATTORNEYS IN THE SUITS.

Q. I understand that the county claimed that it was entitled to have the stock returned, or its value. Who was the attorney in the Brannan suit? Was it not John B. Felton?

Mr. COHEN. In the Brannan suit? No, I think not.

Q. Who was the attorney in the Lombard suit?—A. John B. Felton.

Q. And is it not true that he subsequently entered the employ of the Central Pacific, and remained in its employ until his death?—A. Yes, sir.

Q. Who was the attorney in the Robinson suit?—A. A. A. Cohen and Delos Lake.

Q. As far as Mr. Cohen is concerned, is it not true that he is now one of the advising counsel of your company?—A. Yes, sir.

Q. And did Judge Lake enter the service of your company afterwards?—A. Yes, sir.

OTHER SUITS AGAINST THE CENTRAL PACIFIC.

Q. What other suits of this nature were brought against this company?—A. The Main and Winchester case and the Colton case.

Q. Were those suits of a similar character?—A. I consider them so.

Q. Who was the attorney in those suits?

The WITNESS. On our side?

Q. No; on the side of the plaintiff?—A. The attorney in the Hain and Winchester suit was a gentleman from New York.

MR. CHITTENDEN'S CHARGE.

Q. Mr. Chittenden?—A. Yes; that is the man, and he made a good deal of trouble for us. He once appeared before a committee of Congress, at request of Mr. Huntington, and he wanted for his services to charge $25,000. Mr. Huntington, however, gave him only $10,000, so I suppose he was trying to get even on this case. You are perfectly acquainted with the gentleman, probably.

Commissioner ANDERSON. Very well.

The WITNESS. I will not ask you to state what his reputation is in your community, or with you gentlemen of the bar, but I think that it is pretty well known.

Q. Who were the San Francisco lawyers associated with Chittenden?

Mr. COHEN. I brought the suit as an agent of Mr. Chittenden.

NO ILL FEELING TOWARDS LAWYERS ON THE OTHER SIDE.

Q. Do you remember the consolidation of the Central Pacific with the Southern Pacific?—A. Yes, sir. But before I go on with that question I will say this, Commissioner Anderson, that I do not believe that because lawyers are engaged on the other side it follows that I do not appreciate their merits, or have any ill-feeling against them for discharging their duty; and I do not know that in all of these cases, except it might be where a man had done some mean thing, the fact of his being employed upon the other side has ever interfered with our personal relations.

Commissioner ANDERSON. I will say exactly why I have asked the questions: It bears on the question of fact whether, in very truth, you and your associates believed that the proceeds of your enterprise, in stock or otherwise, had value or not. It appears so to us, that it had value, and that you must have thought so at the time that it had a great value.

NEGOTIATIONS TO SELL—HUNTINGTON AND HOPKINS WILLING TO SELL AT 20.

The WITNESS. No; we did not think that it had great value. The strongest evidence is the fact that when the Crockers sold they were willing to take 13 cents on the dollar for this stock, and it carried with it whatever interest they had in the other enterprises. Some of these enterprises were very hopeful ones indeed, on which we had spent a good deal of time. Afterwards Mr. Huntington and Mr. Hopkins got pretty tired also, and they wanted to sell to a syndicate to be formed here, and the negotiations proceeded so far that at one time I thought that it would be successful. I was going to retain my interest. I was not selling at that time. Mr. Cohen tells me that Huntington and Hopkins agreed to sell at 20 cents on the dollar, and that this was in 1873. That was their estimates of value. Hopkins wanted to sell at 20 cents on the dollar, and this was to carry with it all of his interest in the other enterprises on the Pacific coast, and Mr. Huntington was willing to do the same. At that time we had done a good deal in the way of building other railroads and projecting them. I think that we had control of the Southern Pacific at that time, did we not, Mr. Cohen?

ACQUISITION OF SAN FRANCISCO AND SAN JOSÉ.

Mr. COHEN. You acquired the Southern Pacific in 1870 or 1871. I think that it was in 1870.

The WITNESS. We had a great many very valuable interests at that time, besides the Central Pacific. This road between San Francisco and San José, known then as the San Francisco and San José Railroad, has been a very fine piece of property running out of this town. It is now operated by the Southern Pacific Company.

DISAPPOINTED WITH REGARD TO ASIATIC BUSINESS.

We were very much disappointed with regard to the business with Asia. We were very busy building our road, and we had not taken much account of what was going on in the matter of the construction of the Suez Canal. I think that the whole country anticipated that when this road was built there would be a great business with Asia, but the opening up of the Suez Canal during the very season that we completed our road disappointed us in that anticipated business.

EFFECT OF PROTECTION TARIFF.

I do not know how much more we had to pay for iron because of the tariff which protected American iron; but I know there was a time when we had estimates made which showed that we paid out for rails, and other iron, over $11,000,000 more than we would have had to pay if we could have bought it in England.

Mr. COHEN. That was because of the protection given to Pennsylvania at that time.

The WITNESS. Some people seem to think that they need protection. Through the aid which we offer iron and coal in the shape of a protective tariff in order to assist and protect the poor coal mine owners of Pennsylvania, we are paying 75 cents a ton more duty on coal than we otherwise would, and part of this is used on this Central Pacific Railroad, which Mr. Anderson thinks the Government has an interest in.

MANNER OF CONSOLIDATION.

Q. Please to relate to us the manner in which the consolidation of August, 1870, was brought about between the Central Pacific and the other lines involved?—A. According to the laws of California. That is the best answer that I can make.

Q. Describe the relations of the roads to each other and why it was considered desirable to throw them into one?—A. So that they could be operated in harmony under one system and at less expense.

Q. The roads consolidated with the Central Pacific form substantially a net-work of communication between Sacramento and the Bay of San Francisco, do they not?—A. Yes, sir.

WITNESS PRESIDENT OF VARIOUS ROADS.

Q. What roads were you president of at the time besides the Central Pacific? I mean of the four corporations in the consolidation.—A. While I am not certain about it I think that I was president of all of them.

Mr. COHEN. I think that you were president of the Western Pacific, the San Joaquin Valley, and the California and Oregon—all except the San Francisco and Oakland road.

Q. Mr. Cohen, now present, was president of the San Francisco and Oakland road, was he not?—A. Yes, sir.

GENERAL TERMS REGARDING INTERCHANGE OF STOCK.

Q. Do you remember what were the general terms with respect to the interchange of stock?

Mr. COHEN. You have the articles here, and they are the best evidence.

Q. The stock was exchanged dollar for dollar, was it not?—A. I think so; I cannot say.

Q. Was the aggregate capital of the new corporation equal to the sum of the capitals of all the constituent companies?—A. I do not think so. I think that instead of that it was equal to the issued stock of the various companies.

Mr. COHEN. I will ask you to show to the witness the articles of consolidation, which are on the table, and let him testify from them in answer to your question.

Commissioner ANDERSON. I will take the answer from any of the attorneys present.

Commissioner LITTLER. We have returned the articles.

CONSOLIDATION STOCK EQUALED STOCK OF CONSTITUENT COMPANIES.

The WITNESS. I think that the aggregate stock must have equaled the issued stock of the other companies. The stock of the Central Pacific was $100,000,000. I think that the capital issued every time depended upon the amount of stock in the two companies which had been issued, and not upon their authorized capital stock.

Q. You mean upon the outstanding stock, do you not?—A. Yes, sir; on the outstanding stock. I think that that was the way in which it was done.

Mr. COHEN. That is in the complaint in the Brannan case, if you have it.

Commissioner ANDERSON. I have that complaint, but I have from the witness all the answer that I desire. I understand that the stock was exchanged dollar for dollar.

Mr. COHEN. I do not remember exactly myself, but the articles will show.

ARTICLE FIVE OF CONSOLIDATION AGREEMENT.

The WITNESS. Article five of the consolidation of August, 1870, provides that each stockholder of each of said parties shall have the same number of shares of the capital stock in the new corporation which he now owns and holds of the capital stock of his respective companies, and shall be entitled to receive from said new corporation certificates therefor for the certificates now held by him or such other evidence of his ownership as he may now have for the certificates which have been issued to him by the company of which he is now a stockholder.

Q. Had the Western Pacific been consolidated with the Central Pacific in June, 1870, on substantially the same terms?

Mr. COHEN. The terms are stated in article six of the articles of said consolidation.

The WITNESS. The terms are the same.

A LARGE STOCKHOLDER OF CONSTITUENT COMPANIES.

Q. Referring to these constituent companies, were you a large stockholder in all of them?—A. In all. One moment, however; I do not know that the answer is absolutely correct. Those companies were constructed, I think, by the Contract and Finance Company. Now, whether the stock had been distributed by that company at that time or not, I would not be sure.

Q. It either had been distributed, or else it would be held by the Contract and Finance Company for account of the stockholders, would it not?—A. Yes, sir.

Q. In either case it answers my purpose.

Mr. COHEN. Excepting that which is outstanding.

The WITNESS. It was either distributed or else it was owned by the Contract and Finance Company, except such small portion as may have been outstanding.

Commissioner ANDERSON. I refer to stock in which Governor Stanford was in any way interested.

CONSIDERATION FOR STOCK.

Q. Can you tell us what consideration had been paid to those individual constituent companies for that stock? I mean whether it was paid for in money or whether it was issued to the construction company in substantially the same way as was the stock of the Central Pacific for the construction between California and Ogden.

The WITNESS. Of course, I must have had stock in my own name to have organized a company and to have been president of it; but as to what amount of stock stood in my name, I do not remember. We bought the stock of the Western Pacific, or, rather, a majority of it, from Mr. Charles McLaughlin. I have forgotten now what we paid him for it.

Mr. COHEN. It is not important what you paid him. You got it.

Q. Without pressing you as to what you paid McLaughlin, do you know what the corporation itself received from McLaughlin for that stock?—A. I do not know.

Q. He was the contractor who built the road originally, or who began to build it and had to give it up, was he not?—A. He was the principal projector of the Western Pacific.

STOCK AND BONDS ISSUED TO CONTRACTOR.

Q. Is it not true that this stock was issued to him together with the bonds of the company in consideration of his construction contract, which amounted to about $5,400,000, and that he gave it up and you made some bargain with him and bought him out?—A. There was another partner in there with McLaughlin. I cannot say anything about any of those contracts from memory. I suppose I must have known or heard something about them at that time. I do not think that the work was done by McLaughlin directly. There was another gentleman who had the contract with him or with his company for the construction of the road, and he did the work that was done. Then their means were exhausted and they could not go on, the result being that finally we bought the road.

Q. Was not that stock of Mr. McLaughlin all passed to the Contract and Finance Company?—A. I made the negotiations with McLaughlin and they were finally completed by the Contract and Finance Company after I got through. Whether the terms upon which I agreed were carried out or not I cannot say, but if I were to give a guess I should say yes.

CONTRACT OF WESTERN PACIFIC COMPANY SUBLET.

By Mr. COHEN:

Q. Who has got the land grant of the Western Pacific Company?—A. This Mr. McLaughlin got the land grant.

Q. Did it not pass to the Contract and Finance Company?—A. No, sir; it did not pass.

Mr. HAYMOND. I would suggest that perhaps you are under a misapprehension in regard to the construction of the Western Pacific. The first contract for the construction of the Western Pacific was let to Houston and others, but they were unable to carry it out. They abandoned it, and then the work was let to McLaughlin, who contracted to construct the road. He sublet the contract to Cox and others, and then your company, Governor Stanford, took charge of it, as you have mentioned.

EXTRACT FROM WESTERN PACIFIC COMPANY'S MINUTES.

Commissioner ANDERSON. It may refresh your memory if I will read to you an extract from the minutes of the Western Pacific Railroad Company. It is a communication from Charles McLaughlin, dated June 3, 1867, and it is as follows:

The undersigned, Charles McLaughlin, reports that he has become involved in litigation respecting his contracts with said company (the Western Pacific) for the construction of its railroad, and that he is surrounded by difficulties which prevent him from prosecuting the work of construction as speedily as desirable, and he is confident that arrangements can be made with other parties that can do the work faster than he can. He thereupon requests that all contracts between himself and said company be rescinded, annulled, and canceled, and that he is willing to execute the proper instruments for that purpose.

Do you recollect any transaction of that nature between the Western Pacific Company and Mr. Charles McLaughlin?

The WITNESS. No, sir; I do not remember it.

METHOD OF PAYMENT FOR CONSTRUCTION.

Q. What I want to know is this: Is it not generally true of the Western Pacific, and of all these roads, that contracts made for their construction were liquidated in bonds and stock of the company in such a manner that the bonds substantially paid for the actual cost of construction, and that the stock was left as the property of the parties interested?—A. I would not like to speak for what was done between McLaughlin and the Western Pacific, because I was not in their confidence at the time of these contracts, and do not remember that I had any relations with them. As I told you the other day, for the Central Pacific we deemed it to be the only way in which the road could be constructed, and from all the experience I have since had I am satisfied that it never could have been constructed under any other system, except upon the basis that the parties interested could control all the workings of the construction, and it is the best way now to do the same work. At that time the parties in interest could make sacrifices, which contractors having no interest except their contracts would not make, and the road would not oftentimes be expedited regardless of cost.

Q. I would like to ask the witness if the bonds and stock which the construction companies received for the construction of these roads would have paid the cost of construction if they had been sold at the time that the roads were finished?—A. No, sir; I do not think that it would.

NEGOTIATIONS IN REGARD TO WESTERN PACIFIC CONTRACT.

Commissioner ANDERSON. I am trying to get at the exact facts in order to refresh the recollection of the witness. If you will be kind enough to run your eye over this contract, which is a contract made between the Western Pacific and yourself, you will see that it is a construction contract under which you took McLaughlin's place; he handed you a bill for what he had done, and you gentlemen then assumed the contract and carried it out, subsequently passing it over to the account of the Contract and Finance Company.

The WITNESS. I made all the negotiations, except in so far as I was assisted by Judge E. B. Crocker. I cannot remember the terms now, except that the result of it was that we gained control of the road. The particular manner in which we did it, I cannot tell you. I know, however, that McLaughlin in some way or other had the land grant.

Q. Did you surrender the land grant to him?—A. I do not know how it was done, but I know that he had the land.

Q. He got it some way and gave up the contract. Is that it?—A. I think it was done before we had the contract. It was a part of the understanding that he was going to have the land. Those lands were not considered as of very much value, and he would have been very glad to have sold them to us or to anybody else for one hundred thousand dollars.

Q. Please examine the contract to which I have called your attention and see if you can state that construction undertaken upon the Western Pacific road was completely paid for in the bonds of the company, and that the stock was subsequently passed over and was part of the stock held by the Contract and Finance Company, and distributed in 1874 in the distribution of thirteen millions to each of you, heretofore referred to?—A. I do not remember anything about the particulars of this contract, but I have the contract here. This contract, I presume, was car-

did out. It was stock that was issued by the Central Pacific and all those roads that were consolidated, according to the terms, whatever they were. I do not remember the terms.

ALL STOCK PUT INTO CONTRACT AND FINANCE COMPANY.

Q. All of that stock was subsequently found in the treasury of the Contract and Finance Company, and distributed to you four gentlemen, as I understand it. Is that correct?—A. I cannot say as to that. I presume that it is so; however, I do not remember now whether we took that stock directly to ourselves in the purchase from McLaughlin, or whether we made a contract and then had all those matters carried out by the Contract and Finance Company. I am not certain.

Q. Did you acquire stock in any other way, except through these different contracts? I mean stock which went into the Contract and Finance treasury. Did you acquire it by purchase in the market at that time to any amount?—A. Whatever stock we had bought as individuals, at last went into the Contract and Finance Company, and was distributed through that company.

Commissioner ANDERSON. I want to know whether all that stock did not all come from construction contracts, except some immaterial amounts, which were bought from individuals desiring to sell.

The WITNESS. I do not like to say that positively, because I may not remember correctly, although I have not the least doubt that it was put into the Contract and Finance Company. Yet I cannot call to mind any fact in relation to it that fixes it in my memory.

STOCKHOLDERS PAY THE DEBTS.

Q. At the time of the distribution of the assets of the Contract and Finance Company, who paid the debts of that company?—A. I think that the stockholders did.

Q. The persons among whom those assets were divided?—A. Yes, sir.

By Commissioner ANDERSON:

Q. After the consolidation, what subsequent construction occurred on the account of the Central Pacific? Were contracts made with the Western Development Company for bridges and repairs between 1872 and 1880.

CENTRAL PACIFIC CONSTRUCTION SUBSEQUENT TO CONSOLIDATION.

Mr. COHEN. The Western Development Company was not formed in 1872.

Commissioner ANDERSON. Whenever it was formed, then; 1874, I think.

The WITNESS. For the Central Pacific?

Commissioner ANDERSON. Yes.

A. I do not remember. Of course, the Central Pacific has been building more or less every year since its completion. Whatever work it may have had done by the Western Development Company I do not remember.

Q. Do you not know that there were very large and important contracts between the Central Pacific and the Western Development Company?

The WITNESS. For what purpose?

Commissioner ANDERSON. Repairs, building bridges, making fills,

A. Very likely. I do not think that there were any of very great importance or of any great magnitude. If you will specify any particular portions of the road that were repaired, or name any particular work that was done by the Western Development Company, I could give you better answers.

Q. From 1874 to 1875 your mileage increased 95 miles. In 1876 it increased 116 miles. In 1877 it increased 358 miles. This was after the consolidation. What construction was that?—A. I cannot remember. We built the San Joaquin Valley road, and that was consolidated—150 miles. We built about 150 miles up the Sacramento Valley, and we built roads over here.

Q. How was that construction effected? Was it not through the Western Development Company?—A. I am trying to think whether it was the Western Development Company or the Contract and Finance Company. My impression is that it was the Contract and Finance Company.

Q. It was constructed, was it not, by either one or the other of those companies?—A. I would not say whether it was constructed by the Contract and Finance Company or by the Western Development Company.

Q. But it was one of them, was it not?—A. The books will show those dates. I cannot remember the dates.

Q. Was this construction under substantially the same form of arrangement as in the case of the Central Pacific itself?—A. I presume that the contracts will show.

CONTRACTS MADE WITH CONSTRUCTION COMPANIES.

Q. Was the contract made with one or the other of those construction companies?—A. It must have been the Contract and Finance Company by which the San Joaquin Valley and the Sacramento Valley roads were constructed.

Commissioner ANDERSON. The contracts with the Contract and Finance Company are missing and cannot be found.

Mr. COHEN. For which road?

Commissioner ANDERSON. All contracts between the Central Pacific and the Contract and Finance Company.

Mr. COHEN. I think not. You only asked for one, and that was the contract for building the road through Nevada. I do not think that you asked for any other.

PRODUCTION OF ALL CONTRACTS REQUIRED BY COMMISSION.

Commissioner ANDERSON. We now ask for the production of all contracts between the Central Pacific Railroad Company and the Contract and Finance Company.

Mr. COHEN. My impression is that those contracts are in existence, but I am not sure. I will inquire, and if we have them they will be produced.

The WITNESS. If they are not in existence I do not know why they should not be; but our papers have been hauled around so much to satisfy the curiosity of others than these stockholders and those directly interested in the company that it is no wonder if they should be lost. There is nothing in any of those contracts which would make us wish to withhold them from a commission like this. Nobody was ever harmed by them. Nobody had a right to complain but the Central Pacific it-

and its very existence has been saved and its property has been saved through these various extensions built from time to time.

Commissioner ANDERSON. It is very likely that the feeders are all valuable. What we are inquiring is whether the officers of this company made a personal profit, which they might have done, even assuming them to have been largely to the advantage of the main line.

The WITNESS. I presume that we are entitled to make a profit out of our business, especially when in so doing we harmed no one.

NO CONTRACT WHICH WAS NOT LEGAL AND PROPER.

Q. In regard to all these contracts, and without referring to the question whether they were of benefit to the company or not, is it not true that they were voted for by the same persons and the same influence, representing the corporation entering into the contract and the construction company agreeing to do the construction?—A. I want to draw a distinction between persons and individual stockholders in these companies and as officers. Under the laws of this State anybody may be an officer of a company whom the stockholders choose to elect. If he discharges his duties faithfully the stockholders will be satisfied. If he does not do so he will be responsible alone to the stockholders. There is no law in this State that I know of that prevents one corporation from dealing with another, and if one corporation should fail to deal with another when it would be to its advantage, I think that its officers might very well be held responsible by its stockholders. We have had no contract which, in our judgment, has not been legal and proper, and which has not been for the best interests of the companies which we represent. From the experience that I have had in these matters I know this to be the fact.

PECUNIARY INTEREST OF DIRECTORS.

Q. Without referring to the question whether, under the laws of California, it is competent for two corporations having the same boards of directors to contract together, what I want to know is whether, in the votes cast for these construction contracts, the directors who voted in favor of granting the contracts had not a direct and personal and pecuniary interest in the result of those contracts?—A. I think that in all, or most all, of those companies I was a stockholder and director and an officer. I mean in the companies that made this consolidation.

Q. Was not your relation to the company such that if the contracts turned out to be advantageous and yielded a profit you shared in that profit?—A. Yes, sir.

Q. And did you vote for those contracts?—A. Yes, sir.

ACTED IN INTEREST OF EACH OF THE COMPANIES.

Q. And is the same true of Mr. Huntington?—A. Yes, sir. But if the contract was for the benefit of the Central Pacific, I shared in that as against the other company. Both companies were undoubtedly benefited by the contract, and my obligations to one company were no greater than to the other. My obligations to the Central Pacific were as great as to the others, and to the others as great as to the Central Pacific. We acted for the interest of each of the companies that I represented, faithfully and honestly, and I never have heard a stockholder say what thought so too.

Q. The same financial position is true in regard to Mr. Huntington, in regard to Mark Hopkins, and in regard to Charles Crocker, is it not?—A. Yes, sir.

Mr. HAYMOND. As a matter of fact, so far as Mr. Huntington was concerned, I believe that he was not here at that time.

Commissioner ANDERSON. Was he not a stockholder in all of these companies, and interested in the result?

Mr. HAYMOND. You were just speaking of casting votes and exercising personal judgment.

Commissioner ANDERSON. We will put this limitation to the answer of the witness. When Mr. Huntington was here and voted, his financial relations to the corporations were similar, were they not?

The WITNESS. About the same. At the time of those consolidations I do not think that Mr. Huntington was here. He has business most of the time on the other side, and is in this State very little.

CONTRACT ON BASIS OF COST AND TEN PER CENT. ADDED.

Q. Was it not the general rule, in dealing with the Western Development Company, that contracts for materials furnished the Central Pacific, or work done by the Western Development Company, were upon the basis of cost and 10 per cent. added?—A. I think so. I doubt whether there was any work done otherwise than that.

Q. Have you any idea what the contracts for repairs and supplies with the Western Development Company amounted to from year to year? Did it amount to a million dollars a year?—A. I would rather look at the books before I answer that.

Q. Was there any discussion as to fixing this 10 per cent.? Was anything said as to whether it should be 5 per cent., or 15 per cent., or some other figure?—A. I think that there was some talk as to what would be a fair thing. Ten per cent. was a very small compensation. Oftentimes no interest was charged and the Western Development Company had supplies on hand so as to be ready when needed to furnish them, and when work was done there was a settlement. It was greatly to the advantage of the railroad companies to have it done by that company. That company has done considerable private business. It has done a great deal of work for Mr. Hopkins, Mr. Crocker, and myself, and we were charged the same rate as was charged the railroad company. They charged us individually in our private matters cost, with 10 per cent. added, and we thought that that was right.

DIRECTIONS TO PURCHASING AGENT.

Q. What other firms furnished materials and had dealings with the Central Pacific on this basis of cost and 10 per cent. added?—A. I think that all those construction companies that we formed must have had more or less business. I am not able to state the amount.

Q. Was not that arrangement with Mr. Hopkins's firm?—A. No, sir.

Q. Was there not such an arrangement with the firm of Huntington & Hopkins—"H. & H."?—A. There were some things furnished by them I believe at that rate; but almost everything was brought from them as from other merchants, and my instructions on different occasions to our purchasing agent was that he should never do more than make a preference at the same price; that after they quoted us a price he must not tell it to the other merchants; but that if the other merchants gave a better price, he must accept the latter. His instructions

were so to deal that the company could have the benefit of open competition in the market, and to take advantage of whatever rivalry existed between merchants. I remember that on two occasions particularly I told him that if I ever heard of his giving them a preference at higher prices I would discharge him.

Q. To whom did you say that?—A. Our purchasing agent.

Q. What is his name?—A. J. R. Watson.

Q. Is he with you now?—A. No, sir.

CONSTRUCTION AND RENTAL OF LEASED LINES.

Q. Do you remember the construction of the different leased lines by the Western Development Company—the Northern Railway, the San Pablo and Tulare Railroad, and the other branches? Do you remember the fact of their construction from time to time?—A. Yes, sir.

Q. Do you remember how the rental which the Central Pacific was to pay for those leased lines came to be fixed? We will take the Northern Railway first.—A. I cannot tell you now. I think that at first it was based upon the estimated cost, and then afterwards was changed according to our experience; but the price made I cannot tell you.

Q. Did you personally examine into the estimated cost with reference to fixing these rates?—A. I know that I was familiar with it along with the others. We fixed the rate which seemed to us to be right, but I cannot remember now any special conversation in regard to it.

Q. The Northern Railway was built by the Western Development Company, or at least a large portion of it was so built, was it not?—A. Yes, sir; a part of it.

PROPORTIONATE INTERESTS IN WESTERN DEVELOPMENE COMPANY.

Q. And you and the other four gentlemen who have been named owned all of the stock of the Western Development Company, did you not?—A. Yes, sir; the same parties I think. No, Colton did not own the same interest in the railroad company itself.

Q. I am talking of those interested in the Western Development Company—you, Huntington, Crocker, Hopkins, and Colton each held 12,000 shares of stock. Is not that correct?—A. No, sir.

Q. Not in the Western Development Company?—A. No, sir.

Q. How do you understand it?—A. Colton had one-half as much stock as either of the others. Under the arrangement with Colton he had a one-ninth interest, and each of the others had two-ninths.

Q. Under the construction contract between the Western Development Company and the Northern Railway the bonds and stock of the Northern Railway were issued to the Western Development Company in payment for that construction. Was not that the way it was done?—A. That is my impression.

Q. So that you and the other gentlemen named as the holders of all the stock in the Western Development Company were substantially the owners of the Northern Railway, were you not?—A. We were substantially the same parties, excepting the Colton interests.

DUAL RELATIONS IN REGARD TO RENTALS.

Q. In fixing and determining what the rental of the Northern Railway should be to the Central Pacific you occupied the same dual relations which I have referred to as existing in the case of other companies, so that you were interested on both sides of the question. Is

not this true?—A. Yes, sir; it would not make any difference to us particularly, or to anybody else that I know of, whether the contract was favorable to one party or the other; but we tried to make these contracts just as fair between them as though we were holding the scales for somebody else. It was part of our policy of doing business to so keep and handle everything that we might know how the different portions of the system were doing.

BONDED INDEBTEDNESS OF NORTHERN RAILWAYS.

Q. Do you know whether the construction of the Northern Railway cost as much as the bonded debt of that company?—A. I do not know it. I do not remember now what either the bonded indebtedness is, or how much the road cost; but I guess that it is well used up. These bonds which we received at different times we did not sell after the contracts were completed, but held on to them as long as we could, so that we might have a good basis of constructed road as security. When we organized one of those enterprises and made bonds, the bonds of course had no substantial basis of line of road as security, and therefore we did not try to sell them, and in fact could not have sold them. For that reason we wanted to keep them and build all the road that we could before placing them on the market. Take the case of the Southern Pacific, for instance. We built the road through, and borrowed money to do it. We put it off as long as possible before selling the bonds, in the hope of being able to prove that the line of road would be ample security for the bonds.

Q. What I want to get at is this: Do you know that the rental which was fixed for the Central Pacific to pay to this road amounted to something like 25 or 26 per cent. of the cost of construction, as it appears on the books of the Western Development Company?—A. No; I do not know it. But I know that it turned out that the road commenced earning money from the first, and earned it right along.

LEASES MADE TO BENEFIT CENTRAL PACIFIC.

Q. And it was an advantage to the Central Pacific?—A. Yes, sir. About the time that we made those leases to the Central Pacific, outsiders—and I do not know whether the Government found fault or not—found fault with us for building those roads and leasing them to the Central Pacific. They said that all this was at the expense of the Central Pacific and for our individual benefit. Afterwards, when the Southern Pacific system got to be several thousand miles long and there was but little business that could be entirely controlled by the Central Pacific, we changed the lease so that the Southern Pacific protected the Central Pacific. Then there was another outcry. There is one underlying principle in this contract, and that is that one road shall not be advantaged at the expense of the other, and the present contract provides that the lease shall be reformed at any time that it may turn out that such reformation shall be to the benefit of the Central Pacific Railroad Company. The design was to afford the fullest protection to the Central Pacific and to enable it always to get the fullest value for its road.

LEASES PROVIDE FOR FIVE YEAR PERIODS.

Q. Does not the contract provide that this reformation may take place every five years?—A. Or oftener I think.

Q. The most of your leases provide for five year periods; is not this lease made the same way?—A. I think that is the case with most of them. In all those matters, however, we all the time have control of those things and we make these leases as fair as possible. In the present lease to the Central Pacific there is very much to its advantage.

Q. Do you remember the terms of the present lease of the Northern Railway?—A. No, sir.

Q. Is it not $40,000 per month and a guarantee of $4,000,000 of bonds and repairs?—A. I do not know.

SAN PABLO AND TULARE ROAD ALSO CONTROLLED.

Q. As to the construction of the San Pablo and Tulare Railroad, was that road also constructed by the Western Development Company?—A. I think so.

Q. Do the same propositions in regard to the ownership of stock and the relations existing between the Central Pacific and the San Pablo and Tulare and the Western Development Companies, which have been explained in regard to the Northern Railway, prevail? That is to say, you are stockholders of the Western Development Company, and the Western Development Company owned all the stock and bonds of the San Pablo and Tulare Railroad Company.—A. I think that the contracting company and the officers of the company owned between them all of the stock. That is, I mean the officers of the railroad company.

Q. The officers of the Central Pacific and the stockholders of the Western Development Company owned substantially all of the stock, did they?—A. I think that they owned every share of it.

RENTAL ABOUT 20 PER CENT. OF COST.

Q. Do you remember the relations between the rental as arranged for that road, and its cost of construction, as it appears on the books of the Western Development Company?—A. I do not remember the specific sum.

Q. Do you know whether it exceeded 20 per cent. of the cost?—A. I do not. Do you say that the rental was 20 per cent., Mr. Anderson?

Commissioner ANDERSON. I do not.

The WITNESS. You asked me about 20 per cent., and I supposed, of course, that you had some knowledge about it, and had some authority on which to base your question.

Commissioner ANDERSON. I have been too busy to look up the matter myself, but that has been suggested to me as the correct figure.

The WITNESS. I think that you asked me about 26 per cent. on the Northern Railway. I did not believe that to be the figure, but I could not state 80 positively as I had not the books, and even though you stated that figure, I had my doubt about it.

AN INQUISITION RATHER THAN AN INVESTIGATION.

Commissioner ANDERSON. I am making no assertions.

The WITNESS. If you will allow me to say it, it seems to me that your commission, instead of being disinterested and trying to investigate between the railroad company and the Government, is all on the side of the Government. It seems to me more like a prosecution against this company than an investigation, and perhaps I might add, inquisition.

Commissioner ANDERSON. We will not stop to discuss that. I shall have to pursue my own method.

OBJECT OF THE AMADOR BRANCH.

Q. In regard to the Amador Branch Railroad, do you know about the construction of that branch?—A. Yes, sir.

Q. What was the object of that construction?—A. It was to reach a coal mine.

Q. Was it the Ione coal mine?—A. Yes, sir.

Q. How long is that branch?—A. I do not remember, but I think it was about 27 miles.

Q. Was that road also built by the Western Development Company?—A. Yes, sir.

Q. Who were the owners of the Ione mines?—A. The same parties that built the road.

IONE COAL MINE REGULATES THE MARKET.

Q. Was the road built for the purpose of reaching those mines?—A. Yes, sir. Let me add something in explanation. The market for coal here is very limited, and a great deal of the coal consumed here is foreign coal. Sometimes it is a little scarce, and they used to put up the price on us very much. The coal at Ione was what we call lignite. It is very poor, but we have been able to use more or less of it; but its principal value is that it helps to regulate the market, and in this respect it has been of great advantage to us. So, also, has another coal mine that we have. We can always take care of ourselves, and cannot be forced to buy coals in the market at high prices. We used to pay $8 a ton for coal from the Black Diamond coal mine here in the Coast Range Mountains. We buy it now for about $4. At other times we paid as high as $12 a ton for foreign coal; but with these mines of ours, while the coal is not as good as we would like it, we are enabled to protect ourselves against high prices.

COST OF THE AMADOR BRANCH.

Q. Do you know what was the cost of construction of the Amador Branch road?—A. No, sir.

Q. Do you remember that a contract was made with one Bailey for all of the grading at $20,000, or a price not to exceed $20,000?

The WITNESS. With whom?

Commissioner ANDERSON. W. S. Bailey & Co. They were to do the grading for the entire road of the Amador Branch Railroad from Galt to Ione at a price not to exceed $20,000.

A. I did not have anything to do with it. I do not remember it at all. It is a little road, and I think that it was provided for in my absence. I do not know anything about this man Bailey.

BASIS OF RENTAL.

Q. Do you know how the rental to be paid for that road came to be fixed?—A. I cannot call to my mind any of the circumstances connected with it.

Q. Was it fixed by parties holding the same relations to each other company as in the case of the Northern Railway and the San Pablo and Tulare Railroad?—A. Yes, sir.

EXTRACT FROM WESTERN DEVELOPMENT COMPANY'S MINUTES.

Commissioner ANDERSON. I may as well put in an extract from the minutes, and you may desire to give an explanation about it. I read

from the minutes of the Western Development Company, March, 18, 1875:

Heads of articles of agreement entered into on the 11th of March, 1875, between the Western Development Company and W. S. Bailey & Co.

The Western Development Company agree to construct and operate, or cause to be operated, within twelve months, a railroad from a point on the Central Pacific Railroad at or near Galt Station, in Sacramento County, to a point at or near Ione City, county of Amador; Bailey to pay for the right of way, and expense of obtaining the same, and to grade the road-bed under the direction of the engineer of the party of the first part, or to pay the Western Development Company for the grading at the cost thereof, not to exceed $20,000; the railroad when completed to be entirely owned and operated by the Western Development Company or its assigns.

The WITNESS. I do not know anything about that.

THE CALIFORNIA PACIFIC.

Q. Do you remember the California Pacific?—A. Yes, sir.

Q. Were portions of that road also built by the Western Development Company?—A. The road was built when we took hold of it; it was very largely destroyed, however, by the floods, and rebuilt.

Q. The same four or five gentlemen obtained control of the California Pacific and controlled or owned its stock, did they not?—A. Yes, sir; we bought a controlling interest in the stock of that road; I think that the stock amounted to about twelve millions, and that we bought something over seven millions.

ITS LEASE TO CENTRAL PACIFIC.

Q. Then it was leased to the Central Pacific, and the rental was fixed by the same course of proceeding as obtained in the other railroads; is that correct? That is to say, the two boards came together, and a price was named, but the fact is that the parties who controlled the decision were interested on both sides. Is that a fair statement?—A. I am not clear in my recollection, but I know that we were negotiating for that road for some time, and arrangements were made before it came into our hands to a certain extent, which regulated the amount of money that it required to pay its fixed charges.

Q. As I understand it, you made a lease in 1876 of 138 miles for twenty-nine years at a rental of $550,000 per annum, with a provision—

The WITNESS. At what time did that road come into our hands?

Mr. COHEN. In 1871.

COMPETITION BETWEEN THE TWO LINES.

The WITNESS. I did not think that it was as early as that. There is a good deal of history that might be recited in connection with that affair. I am not able to recall all of it, however, but I know that it was a very serious competitor to our line of road between here and Sacramento. Our line was 137 miles long, while the California Pacific line was but 87 miles—that is, by water and by rail—and it injured us to a very great extent. The competition was hard to meet, and the result of it was that it was not only expensive for us, but they also suffered a good deal. For that reason they were anxious to sell the road, and even approached me on the subject. The same parties had also projected a line of road up the west side of the Sacramento Valley towards Marysville, with the intention of building a road over the mountains. In that

enterprise were some of the wealthiest men in California, and with such backing it became a very serious matter to us, and we entertained their propositions to purchase the road.

NOT A PAYING INVESTMENT.

The result was that we traded, but at no better figures than we could have traded at any time prior to that; and I think that there were times prior to that when we could have done better. It was represented to us, however, that the road had a certain earning capacity, which it turned out it did not have. We paid the interest on the bonds for some years, but finding that the road could not earn this interest we stopped. Then proceedings in bankruptcy were instituted, and these proceedings resulted in a compromise by which the creditors of the road agreed to reduce the amount of their bonds and to reduce the rate of interest. Upon this basis we made a settlement. After that this lease was made, and all of that was for the benefit of the Central Pacific Railroad.

ADVANTAGES OF THE CALIFORNIA PACIFIC.

The California Pacific road itself was a good road and ran through a fine country. The parties connected with it were very wealthy, and necessarily were very dangerous rivals, especially if they carried out their proposition to build over the mountains, as that would have injured the Central Pacific to a very great extent. They proposed to go through a pass known as "Beckwith Pass," over the Sierra Nevada Mountains, and build another competing line of road.

THE LEASE ASSURED BY THE SOUTHERN PACIFIC.

Q. Do you know how long that lease has to run now?—A. That lease was changed at the time when the Central Pacific was leased to the Southern Pacific. The lease was originally the Central Pacific. When the Southern Pacific took control under its general lease all these contracts of lease were assumed by the Southern Pacific Company.

Q. Does the Southern Pacific operate that road to-day?—A. Yes, sir; it operates all this railroad system with which I am connected.

Q. How long has the Southern Pacific Company control of the California Pacific Railroad under the present existing arrangement?

Mr. HAYMOND. Ninety-nine years from the 1st of April, 1885.

SOUTHERN PACIFIC CONTROLS WHOLE RAILROAD SYSTEM.

Q. Do I understand that as the Central Pacific proper stands to-day it has no right of access beyond Sacramento to tidewater, except at the volition of the Southern Pacific Company?—A. No, it is not that. It is now under lease to the Southern Pacific Company, and that company controls all of these railroads. The road from Sacramento to San José was leased by the Central Pacific Railroad, and runs as a part of the entire system, having all the connections of that road. The Southern Pacific Com any controls everything, and all the parts are run as one property.

BENEFITS TO THE CENTRAL PACIFIC OF THE LEASE.

Q. You do not understand what I want. What I mean is, assuming that the relations between the Southern Pacific Company and the Cen-

[illegible] Pacific should be severed, do I understand that the Central Pacific, as constituted to-day, has no access to tidewater between Sacramento and the Bay of San Francisco?—A. No; I do not think that it has any line excepting its own. It never did have a line; that is, the aided portion of the line into San Francisco. If you want to know whether that lease of the Central Pacific to the Southern Pacific was benefited or not to the Central Pacific I will ask you to look at it. In my judgment it was of immense benefit to the Central Pacific and a very great protection to it, because the Southern Pacific Company controls the system of railroads all the way through to the Gulf of Mexico. It guarantees to pay the Central Pacific $1,200,000 a year, which is 2 per cent. per annum upon the par value of the stock. In addition to that it protects it in all of its relations—its interest account, its liabilities to the Government under the Thurman act, so far as meeting the requirements of that sinking fund are concerned, and also, if the Central Pacific can earn more money than that, it has the entire benefit of it up to 6 per cent, before the Southern Pacific Company can have any advantage other than that of having it work in entire harmony with the general system. This latter is the general advantage which the Southern Pacific Company has under this lease. If the Central Pacific should develop an earning capacity equal to 6 per cent. upon its stock, then it would be a question whether or not the Southern Pacific Company should enjoy the excess beyond that amount.

EXTENT OF CENTRAL PACIFIC.

Q. The object of my question is to ascertain exactly where the Government stands. What I mean is this, if the relations between the Central Pacific Company or the Southern Pacific Company and the Government should be such as to lead to a separation of the aided portion of the road from the other portions, does the aided road hold or control by ownership or by lease, or in any way whatsoever, any means of communication between Sacramento and tidewater?—A. It owns nothing but its own road.

Q. Does that road end absolutely at Sacramento?—A. Yes, sir. But there has always been a river connection which is a pretty good one. It is never frozen over and is always navigable. It has always been able to fix the rates between here and Sacramento which the railroad company can charge.

WHAT THE BONDS COVER.

Q. Exactly at what point did the issue of bonds commence; was it in the city of Sacramento?—A. Yes, sir; in the city of Sacramento, to the Central Pacific.

Q. Does that include the property of the company in the city of Sacramento?—A. Yes, sir; it includes depots, shops, and all of the station grounds there.

TITLE TO TERMINAL FACILITIES IN CENTRAL PACIFIC.

Q. Is all the land on which the shops stand and on which the company does business now in the name of the Central Pacific? Does the title stand in the name of the Central Pacific?—A. Yes, sir; it all stands in the name of the Central Pacific Company. I would like to call your attention to the features contained in that lease to the Southern Pacific. The Southern Pacific has taken all the risk. The Central

Pacific has taken no risk, but it has the advantage of a provision that it shall have all of the earnings up to 6 per cent. Then the only risk that it takes is that if the earnings exceed 6 per cent. it may lose that amount of money to the Southern Pacific Company, but that is a contingency which I am afraid is very remote. My recollection is that the first year the earnings of the Central Pacific Railroad Company, for the aided portion of the line, netted above operating expenses something like $700,000, and the similar net earnings of the entire Central Pacific system I believe was about $1,400,000.

Commissioner ANDERSON. I think it was about $200,000 more than that.

The WITNESS. Yes; but that includes the unaided lines as well as the aided lines.

Q. Does it include the earnings from all the road that was built, everything north of Goshen?—A. Yes, sir.

SINKING FUNDS.

Q. And it was from the earnings of that portion that you were making provision for sinking funds?—A. Yes, sir; the sinking funds are getting quite large, and we have to pay a good deal of money to the Government under the Thurman act. In fact, the Southern Pacific Company had to protect the Central Pacific in all its contracts of every kind.

PALACE HOTEL, SAN FRANCISCO, CAL.,
August 3, 1887.

Afternoon session.

LELAND STANFORD, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. The next company, I believe, after the Western Development Company, through which a good deal of the construction of the Central Pacific and its auxiliaries was effected, was called the Pacific Improvement Company, was it not?—Answer. That was the successor company. I think that was after General Colton's death we formed this this new company, and its first business I think was to construct the road east of the Colorado through Arizona and New Mexico.

Q. That is, the Southern Pacific?—A. On the line of the Southern Pacific; yes.

HISTORY OF CONSTRUCTION FROM ROSEVILLE NORTH.

Q. And they also completed the construction of the California and Oregon road?—A. Yes.

Q. North of Delta?—A. That is hardly completed yet, but they have done that work, all the latter portion of it.

Q. Now please to give us an outline of the construction of that road from Roseville northward?—A. Roseville is about 18 miles from Sacramento.

Q. What is the junction point of the California and Oregon and the Central Pacific?—A. Roseville. There was a road from Folsom (that is

on the south side of the American river) across up to Lincoln, called the California Central, I think. That was sold out, and we purchased it; and then there was the California and Oregon road, having a land subsidy from the United States Government. The road was bought out and finally consolidated into what we call the California and Oregon, commencing its line at Roseville. I do not suppose you care to hear about (and at any rate I do not know that I could tell you) all the proceedings of the foreclosure and purchase of this little road, but it was finally consummated and it was consolidated into the company that I have named.

CALIFORNIA AND OREGON BUILT BY CONTRACT AND FINANCE COMPANY.

Then the Contract and Finance Company took the contract to build that California and Oregon road, and we pushed it along gradually from time to time. Business was very light and the company was not making much. The country was undeveloped, and the passenger and mail car carrying the baggage and mail and express used to do the business up to Marysville. After awhile we pushed on further and we kept building. We would build whenever the Oregon and California road showed life, as the two roads were to meet at the State line between Oregon and California. The different persons who controlled that Oregon and California road were unfortunate, and when they stopped operations, as there was no local business for our road we always stopped, and whenever they showed a capacity to go on we commenced. Finally, when Villard had the road it seemed as though it was going through to completion, and we pushed on with all the ability that we had, to be there at the State line at the time they would arrive there. We pushed on up a hundred miles into the upper cañon of the Sacramento River and into those mountains, beyond the point where there was any local business to sustain the road. Finally Mr. Villard, who was controlling these roads, failed, and we stood still for a spell. Then the Oregon and California road went into the control of the bondholders. They were all Europeans, I think. I believe they were mostly Germans and English.

CONTROL OF OREGON AND CALIFORNIA BY SOUTHERN PACIFIC.

About two years ago or more we opened negotiations for the control of that road. The negotiations were carried on until finally we had the control of that road. Then we pushed on again so that as early as possible we might avail ourselves of the through business, because the local business was not sufficient to sustain the road at all, and yet it is very heavy work up there. I do not know but that it is fully as heavy as a great deal of the work over the Sierra Nevada Mountains.

Q. You say that you have obtained control of the Oregon and California?—A. Yes, sir.

PROVISIONS OF THE CONTRACT.

Q. By that you mean, I suppose, the ownership of a majority of the stock?—A. We substantially have the whole control of the stock; when I say "we," I mean the Southern Pacific. We have the lease. For the better understanding of all that, it would be well to introduce the whole contract, because the interests all interlace so closely that you can hardly appreciate it or understand it without taking the whole into consideration. The Central Pacific makes a contract with the Pacific Improve-

ment Company for a completion of the road, and the contract provides that the Pacific Improvement Company shall obtain control of the California and Oregon road, and that it shall be completed to connect with the Central Pacific, and be run in conjunction and connection with it, and that no other road shall ever have any better advantages. The Southern Pacific increased the rental in consequence of that additional stock so as to make it the same per share that it is now, in other words, about equal to 2 per cent. upon the par value of the stock.

BENEFITS TO THE CENTRAL PACIFIC.

Q. That is, it increases it in the proportion that the 80,000 shares paid to the Pacific Improvement Company bears to the whole amount?—A. To the whole; yes. The interests are very much interlaced. On the whole, I think it a good contract, that is, unless we should be disappointed about the business. The only one that is really taking much risk is the Southern Pacific Company. The Central Pacific I am sure will be benefited. Oregon is a growing State; its population now, I think, is about 400,000. I know it was so stated by the Senators from that State last winter. There is much good country there; it is improving all the time, and we think it is going to be a very valuable connection of the Central Pacific.

Q. Have you personally been over that road?—A. Pretty nearly to the State line, not quite to the State line.

Q. And how recently was that?—A. That was last fall; I have not been over it this summer yet.

COST OF CONSTRUCTION.

Q. Do you remember the amount in bonds that was paid to the Pacific Improvement Company for the construction from Delta to the north line of the State?—A. Not exactly. I think that of the bonds that were placed upon the road, undisposed of, it takes all of them under the mortgage.

Q. The amount of bonds specified in the contract is four and a half millions, and the quantity of stock is 80,000 shares. How did that figure come to be the specified figure; what examination of the probable cost and what negotiations were had?—A. It depends a great deal on what had to be paid to get control of the Oregon and California road. There is a good deal to it, and if I had all the contracts here about it with the owners of the California and Oregon road I could tell you better. The negotiations were pending about two years before it was finally completed, but under all the circumstances I think it was a good contract for the benefit of the Central Pacific. In fact the whole thing was done for the benefit of the Central Pacific on our part.

FAIR CONSIDERATION RECEIVED BY CENTRAL PACIFIC.

Q. You will perceive that if the consideration paid by the Central Pacific for the work done is an excessive one it would necessarily decrease the paying power of the Central Pacific, and for that reason I ask you to specify a little more clearly whether the consideration received by the Central Pacific is a fair consideration for the price to be paid?—A. I think so. The best test of that is this, that the Southern Pacific considered the benefits to be derived by the connection were such that they could justly consent to increase the rental equal to 2 per cent. upon the additional stock, which amounts at the present price of stock in the market to something like 5 and 6 per cent.

Q. Do I understand that the Southern Pacific pays the interest on the issue of four and a half millions of bonds?—A. They have to take care of that interest; yes.

Q. How much do you figure the increased rental to be derived from this source, over and above the $1,200,000?—A. The minimum would be equal to 2 per cent. upon the 80,000 shares.

Q. Do you understand the provision which directs that if the earnings of the Central Pacific exceed the rental (which is the general provision of the lease), the Central Pacific should have the benefit of such excess up to 6 per cent.; do you understand that that provision applies to the increase of the rental to be paid by reason of the completion of the California and Oregon?—A. Yes.

THE CONSIDERATION PAID BEFORE COMPLETION OF ROAD.

Q. Your minutes show that all of that consideration has been paid except $300,000 in bonds. Can you explain to us why that has been done before the completion of the undertaking by the Pacific Improvement Company, to complete the gap of 16 miles between the California and Oregon and the Oregon and California?—A. I think that $300,000 was kept back because the California and Oregon is not entirely finished up according to the contract. That is supposed to be sufficient to put it in good condition.

Commissioner ANDERSON. It would not be sufficient to complete the gap of 16 miles.

The WITNESS. The gap is entirely in the State of Oregon.

Q. But does not the Pacific Improvement Company undertake itself to construct that gap of road or to cause it to be constructed?—A. Yes; but its compensation is entirely derived from the Oregon and California contract. The Central Pacific pays for nothing beyond the boundary line of the two States.

SECURITY FOR COMPLETION OF OREGON AND CALIFORNIA CONTRACT.

Q. You hold no other security for the completion of that contract than the obligation of the Pacific Improvement Company?—A. No. The Central Pacific holds back 300 bonds.

By Commissioner LITTLER:

Q. $300,000 you mean?—A. Yes, sir; $300,000 of bonds, to be paid to the Pacific Improvement Company when they complete their contract.

By Commissioner ANDERSON:

Q. But that, you say, is sufficient only to cover the deficiencies south of the State boundary?—A. Yes.

OWNERSHIP OF OREGON AND CALIFORNIA.

Q. So that, I say, for the completion north of the State boundary you have nothing but the obligation of the Pacific Improvement Company, their agreement?—A. The contract between the Central Pacific and the Pacific Improvement Company required the Pacific Improvement Company to buy or to acquire control of the Oregon and California line. They have obtained that control and are in possession, so that they have complied, substantially. The Central Pacific have nothing to pay upon that road beyond the State line. They are only interested that the road shall be completed in order that they may have the benefit of the through business. Both parties are equally interested in that.

Q. When, in your judgment, will that gap be completed?—A. I think about October. That is the opinion of our people.

THE EQUIPMENT.

Q. Do you know whether all the equipment provided for by the contract has been furnished?—A. This $300,000 that is kept back is supposed to be an ample security for the entire completion of the contract. As to the details of what there is yet to be finished in the way of embankments, &c., I am not able to say.

Commissioner ANDERSON. As to equipments the contract provides that a locomotive shall be furnished for every 5 miles and a car for every mile, and it contains other provisions of that nature.

The WITNESS. I am not sure, but I think that the equipment is complete.

RELATIONS BETWEEN THE CENTRAL PACIFIC AND SOUTHERN PACIFIC.

Q. Will you please explain to the Commission the relations existing between the Central Pacific and the Southern Pacific Companies, starting with the state of things existing when the Southern Pacific Company was leased to the Central, and explain why the change was made, and also how the terms of the present lease were arranged?—A. I have all the leases here if you wish to see them. If you understand the geography and topography of the country you could understand that easily. In the San Joaquin Valley the Central Pacific had 153 miles of road, built originally as the San Joaquin Valley Railroad. At Goshen it strikes the line of the Southern Pacific Railroad Company. The Southern Pacific Railroad Company built the road from there southerly.

THE TRUE SOUTHERN PACIFIC.

This line running down here by the line of San José [indicating by reference to a map] is the true Southern Pacific Railroad; it passes through this San Joaquin Valley and up the Salinas Valley. There is a break that has never yet been completed, and the Southern Pacific there makes its connection for all through business and all business south of the Central Pacific at this point, Goshen.

Q. The road that you refer to as the true Southern Pacific is the road that is nearest to the sea—nearer the sea than the Goshen road?—A. Yes, sir; the line of the Central Pacific strikes the Southern Pacific line at Goshen. There is only, I think, 20 miles of line westwardly of the Southern Pacific built from Goshen.

DESCRIPTION OF LINE OF TRUE SOUTHERN PACIFIC.

Q. Please indicate on the map what line you refer to as being the true Southern Pacific?—A. This is the true Southern Pacific [indicating the line nearest to the coast].

Q. What point is this?—A. That is Tres Pinos. Now the line crosses the hill and follows up this Tres Pinos cañon. It is a narrow cañon; there is nothing there, nothing to justify the building of the road. When we came to build the road, we built along on that line to that point. Then our labor would be all wasted if we went up that cañon, so we determined to take this line that runs through a very fine country.

Q. Running westerly to the sea?—A. Yes; and carrying it up to the Salinas Valley, which is a long valley, probably about 175 miles long;

and thence up here into the San Joaquin Valley. Then, after reaching about the neighborhood of San Miguel, we crossed over southeastwardly to a junction with the road south of Goshen. Now when we got to Tres Pinos a question arose. Under the act of Congress we had to build 20 miles of road up that cañon and 20 miles could be constructed, but it would be thrown away. There was no business there then, and there is not now; and there is no prospect of it, but we went on. We knew about this great San Joaquin Valley, which is from sixty to a hundred miles wide. There was hardly anybody up there excepting sheep herders. We went up and examined it. I went up along with the others and examined the country to see whether or not we would be justified in building this line of road up here to Goshen and then building 20 miles from that on, to fulfill the requirements of the act of Congress. We went there and looked over the country and we commenced and built that 158 miles really in order that we might continue to build the Southern Pacific. There was not the business there at that time which would justify the building of the road. Then we built 20 miles up there; and this is the true Southern Pacific line.

CONTROL OF THE SOUTHERN PACIFIC.

Q. Now, at this period that you are speaking of the general project of the construction of the Southern Pacific had been discussed, and was a subject of interest to you all?—A. Yes; we had got control of it at that time. The Southern Pacific, as perhaps you may have noticed, was organized under an act of Congress, and authority was given to people not connected with the Central Pacific to build the road. We early saw that if that line of railroad was completed—if it crossed the Sierra Nevada Mountains—all the valleys of the State would be open to it and it would be a very serious competitor of the Central Pacific. So we tried to control it, and we have succeeded in controlling it; and the consequence is, that it has never been operated to the prejudice of the Central Pacific. Then at this point, Mojave, the act of Congress gave to us the right to build on this line to meet the Atlantic and Pacific, and on that line to meet the Texas and Pacific, on the Colorado River.

THE ATLANTIC AND PACIFIC.

Q. That is, on the line running southwest from Mojave, to meet the Texas and Pacific, and on the line running southwest by way of Los Angeles?—A. To Fort Yuma, on the Colorado River, as the act of Congress required. We built this first line, and operated it to the Colorado River. The Atlantic and Pacific came along, and since that time, by arrangements, they have leased or bought that line of road, and operated it to Mojave.

LOCAL BUSINESS PROSPECTS OF "SUNSET ROUTE."

Q. To Mojave?—A. Yes, sir; to Mojave. This is the Sunset route, going off to New Orleans. We built along from time to time, and we built across this stretch and we crossed that desert to meet the Colorado, but there was nobody there. The Texas and Pacific had not yet come up, and its misfortunes had not come on, and all this long stretch of road from up *here to here*, for 250-odd miles, from the Gorgonio Pass across this desert, was of no value except as a through line; and there was no business that could be gotten for it. If you go down there you will see what a country it is. It is as much of a desert as there could possibly

be. When we got there there was no road to meet us, and we tried to utilize our line and save ourselves by building on farther, as we did, into Nevada and Arizona.

CONTINUATION OF ROAD TO NEW ORLEANS.

Q. How many miles of line did you build in Arizona?—A. I have forgotten now.

Commissioner ANDERSON. About 287 miles, I think it is.

The WITNESS. I ought to remember these things, but I cannot do it now. Then, when we got across there, the other road had not come up, so we built across New Mexico, and then we went down through New Mexico and down on the Rio Grande 100 miles more, and then met the Texas Pacific. That made a through line that way. We continued on down the Rio Grande and connected with the road to Texas, that was organized to be built from San Antonio to the western boundary of the State, and it forms a part of the through line now to the Gulf of Mexico. And thence we went on to New Orleans. So the Southern Pacific Railroad now is a line entirely under one management, from San Francisco to New Orleans.

THE CONTRACTORS.

Q. By what company was this construction carried on?—A. From the other side of the Colorado River, commencing at Fort Yuma, by the Pacific Improvement Company. On *this* side down to away beyond El Paso, there was a line under another company, and they worked from San Antonio westward to a junction; and they met on the Rio Grande.

DATE OF COMMENCING CONSTRUCTION.

By Commissioner LITTLER:

Q. Did not those roads meet at the Pecos River?—A. Yes, about there; but we followed the Rio Grande all the way down. If I had known what sort of country Western Texas was, I would never have built there.

Q. About when was this Southern Pacific south of Goshen commenced, or how soon after the completion of the Central Pacific was it commenced?—A. The Central Pacific was entirely completed, I think, before we touched the Southern Pacific at all.

Q. Was it within a year or two after the completion of the Central Pacific that you commenced the construction of the Southern Pacific?—A. I think it was.

BONDED OBLIGATION.

Q. What is the bonded obligation, per mile, on the Southern Pacific and its branches? Do you remember?—A. I forget now. It was made to cover all the lines and was issued from time to time. A portion of it was paid off, and without reference to the books I would not like to say anything about it, because there you can see exactly what it is.

Q. All the contracts for the construction of this road we will find amongst the papers of the Western Development and the Pacific Improvement Companies?—A. Yes; I presume so. This San Joaquin Valley is the largest valley in the State, and by some supposed to be the most valuable, by reason of its extent. But the Sacramento Valley is a very large valley and wonderfully fertile. Here is the Oregon line. [Indicating.] It makes, as you see, a great north and south trunk line,

leading down this way to a connection with Mexico, that goes away down to the city of Mexico or to New Orleans.

THE COAST LINE AS A MILITARY ROAD.

Q. So that when completed it will be a coast line from Portland to Mexico?—A. Yes, and to New Orleans. It crosses all the continental lines of road that we have now, or probably ever will have, and it runs, you see, away inside of the coast. We can take this line from Sacramento, by way of Stockton, and keep away inside. And perhaps it is one of the grandest military roads in the world, being entirely protected from approach by the sea, except at San Francisco here, which is a hundred miles off from this line. We have one line in here (San Francisco), and this coast line is nearly completed, making another line down to Los Angeles.

OPERATION OF SOUTHERN PACIFIC DURING CONSTRUCTION.

Q. By whom was the Southern Pacific operated as its construction progressed?—A. This portion here, from here to Gilroy, 80 miles, is maintained by itself and has been operated largely almost like an independent road. It did not have any real proper connection with the Central Pacific system. Then as we built up here, after we commenced at Goshen, it was always operated by the Central Pacific.

TERMS OF LEASES TO CENTRAL PACIFIC.

Q. And how was the rental or how were the terms of the leases fixed; were they altered from year to year as the construction proceeded?—A. I cannot say whether they were always formally altered or not. But, of course, as new lines were turned over we met them and they paid the interest and the taxes to keep it out of debt. We did that at one time when the lease was not quite ample for that. But substantially the Central took care of it.

PROFITS DERIVED FROM LEASED ROADS.

Q. Is it your judgment that during the years between 1874 and 188 the Central Pacific made or lost money by the operation of the leases of the Southern Pacific?—A. I would say in regard to that, that all these lines of road facilitated the business of the Central Pacific. And if we built a branch line of road like the Amador road, a road for instance that did not pay and has not paid, and probably never will pay, it turned its business on to the Central Pacific for 100 or 150 miles and in that way it became profitable, and so with the other roads. Take the San Joaquin Valley road for example. I think that the development of the country near these lines of roads will be such that they will all pay a profit to the Central Pacific. With the exception of the Stockton and Copperopolis road (which we did not build, but have the control of), and this little Amador road, which two are, I think, the only ones that have not been profitable, I believe that in the whole system of leased lines of road there was a profit, of some extent, to the Central Pacific. However, it was not expected that we should make any very large profit, so that the lease would be corrected from time to time.

THE BOOKS SHOW AS TO EACH ROAD.

Q. My question is addressed particularly to the operation of the Central Pacific road from 1874 to 1880. Is it your judgment that the amount

received from the operation of that road was more, or was less, than the railroad paid?—A. That is something that I have known about, and I cannot remember now. But I think that there was a profit to the Central Pacific, taken as a whole. This line of road across from Mojave to the Atlantic road—that the Atlantic now takes from us—never was a profitable road; but on the whole, I think there was a profit to the Central Pacific. Mr. Miller, the secretary, can perhaps tell you. The accounts have been so kept that by an inspection of the books you can tell what each of these roads has paid or lost. I will just ask Mr. Miller this question, whether, on the whole, the leased lines were profitable or not to the Central Pacific, taking them altogether?

Mr. MILLER. Taking them all together, they were.

The WITNESS. The accounts have been so kept with each of the branch roads that they show whether there was a profit or a loss.

Mr. MILLER. No; I do not think we made it up so for the first few years. We did not segregate them because it made no difference to the company, as every dollar of the earnings went into the treasury of the Central Pacific. We only charged it for our own satisfaction to ascertain how much or how little each particular line earned.

The WITNESS. After the United States Railroad Commissioner suggested a different way of keeping the books, did we not then keep the books so?

Mr. MILLER. Yes; from that time on they were kept that way.

LOSS SHOWN BY REPORT OF 1884.

Q. I will call your attention to the report of 1884, in which the operation of the leased lines is stated in the last two columns. The last column but one shows the net profit to the Central Pacific arising from its own management and the management of some of the lines; and the last column contains the net loss to the Central Pacific arising from other lines. I will ask you to look at the figures showing that the Southern Pacific of California (excluding the Mojave Branch) resulted in a loss to the Central Pacific for that year of $476,608.44. And that the operation of the Southern Pacific Railroad of California (the Mojave Branch) resulted in a loss of $202,935.99. That would appear at that time to have been operated at a loss?—A. Yes; I know there was a time there when there was a loss. Of course, that line of road from Mojave to the Colorado runs through what is mostly a desert and was practically of no value until the Atlantic and Pacific connected with it, which was at the Colorado River. As to the other road I do not know why it did not pay as well that year, but it came up—the business developed—and as a whole that was a profitable thing to the Central Pacific.

THE LOSSES APPARENT RATHER THAN REAL.

Q. Now, in examining the operation under those leases and the relations of the rental to the returns, are we to assume that the rentals were determined in the same manner as the other leases (as to which you have already testified), that is to say, by the votes of gentlemen who were interested in the Southern Pacific and in its stock, and who would be benefited if the rental was more than the earnings?—A. As to that, there were different officers in the Southern Pacific from the Central Pacific. The Central Pacific stock gradually began to pass into the hands of the public and we were more careful about those contracts. I think my recollection and impressions are rather that the Central Pacific took the Southern Pacific, intending to keep it out of debt and work it

as a feeder to its own road. Now the loss that you speak of was apparent rather than real, because all the way from Goshen to San Francisco, from the southern part of the State, there was an entirely new business developed by the construction and operation of that road, and it was not running anything like its full capacity. The additional business cost the Central scarcely any more to do it than its expenses would have been if that business had not been put upon the road. So that while nominally if there was not a gain to the Central Pacific, in reality there was a profit made by the construction of the Southern Pacific.

BENEFIT OF BRANCH LINES TO THE TRUNK LINES.

To illustrate: A railroad, say 100 miles long, considers the question of extending itself 25 miles farther. Now, with one-fifth of the business necessary to sustain the 25 miles, when you turn it on to a hundred miles already constructed you have the four-fifths to justify your building that 25 miles. An independent company, of course, could not afford to build those 25 miles of road, but the company having the 100 miles completed and in operation, could afford to do it. It is in that way that the compensation is made to the trunk lines of roads, in the extension of branches that do not seem to pay of themselves. That was the case with the Central Pacific. I have no doubt that we made a great deal more money out of the Southern Pacific than was sufficient to pay that rent. In a little while the business of the Southern Pacific developed so that it has been a good thing of itself, and thus it went on.

DEVELOPMENT OF THE COUNTRY.

Q. While on that subject, will you mention some of the articles produced in this valley, the San Joaquin, or along any other portion of this road, which tend to make the business that passes over the Central Pacific or some part of it? And also the Central Pacific business which finds a vent through the San Joaquin Valley, which it would not have found if the railroad had not been there?—A. Before the road was built, Mr. Hopkins, with some engineers and myself, and some others, went up this valley to examine it. We had to carry our supplies for both horses and ourselves, and we prepared to camp out. You could ride miles and miles through that valley and see nothing better than a sheep herder's little cabin. It was almost entirely unoccupied; but upon the construction of that road this country has gradually filled up until to-day, up near Fresno, there is one ranch of a thousand acres that sold, the other day to an English gentleman, for £200,000, a million of dollars, which, seven years ago, could be bought, for sheep-herding purposes, for a dollar and a quarter an acre. And so we developed that country. It would be interesting to take the assessment return of those days and compare it with what it is now. Now it is a prosperous country.

Q. What are the products of this country that pass over these roads?—A. Wheat, mainly; but then there are 12,000 acres now at this place in vines and fruit trees, near Fresno.

FRUIT ROUTE TO EASTERN MARKETS.

Q. Does that fruit come to San Francisco to find its eastern market, or does it go over the Southern Pacific?—A. I think it comes entirely to San Francisco. We bring fruit from Los Angeles County all around there now, and the greater portion of it, I think, to-day, goes by way of the Central Pacific, in going east.

Q. Why does it select that route instead of the Sunset route?—A. It is an established route and it reaches the market more easily, I think, than by the other route.

CHICAGO THE CENTER.

Q. Do you refer to fruit that seeks a market on the Atlantic coast or fruit that is distributed at local points in and around San Francisco?—A. Some of it comes here, and some goes east. Chicago is really the great center.

Q. So that much of this produce from Los Angeles and the valley of the San Joaquin is carried as far as Chicago?—A. Yes. The oranges and all fruit that comes up this way go north over the Central Pacific.

GROWTH OF LOS ANGELES.

Q. It comes up north and goes east over the Central Pacific?—A. Yes, sir. And when we built this road—before we built this road to Los Angeles—most of the vegetables of that country came up here to San Francisco; and one of the charges made against our company was the high price we charged on potatoes and beans that went from San Francisco to Los Angeles. The beans were raised up here on the coast, and most of the potatoes were raised in Mendocino County and came from there to San Francisco, and then went down to Los Angeles. If you go down there now and see that beautiful country and its development of orange groves and fruit trees everywhere, one can hardly realize what it was. The other day I was going down to Los Angeles and we met on our way, at one place, two different trains of cars. I think there were thirty cars in one train, loaded with potatoes to go on to Kansas, I believe, and some, I guess, to Chicago—going east, at any rate. Sometimes a train-load of the asparagus raised up here at Sacramento goes east; but I think it is stopped generally on this side of New York.

REASONS FOR CHANGE OF RELATIONS BETWEEN THE TWO ROADS.

Q. Please explain what considerations led to the change of these relations which you have spoken of, so that the Central Pacific became leased to the Southern Pacific.—A. The road became finally completed to New Orleans. We purchased what was known as the Morgan line, which was about 1,200 miles of additional road, and a line of steamers, twenty-eight steamers, I think, running from Galveston to New Orleans and some to New York. We were building branch roads down into Los Angeles and extending this line of road here, and it became altogether too big and cumbersome, and, besides, the things in which the Central Pacific was in no manner interested had to be taken care of down there. So we thought it all over, and as it was too big for the Central Pacific to lease and control all those interests, we concluded to turn it the other way, and let the Southern Pacific Company, which was formed for the very purpose of building and leasing railroads, have the control of it, and that it should lease all the railroads of the system and secure their entire harmonious action. So we made that lease. Of its wisdom I have not the least doubt, particularly for the Central Pacific, because unless it should get to be a very profitable railroad, it enjoys all its own earnings and has the advantage of the connections with every one of these roads as though it was all one line. The relations of the Cen-

Pacific to the other interests are protected, particularly so far as the interests of the Government are concerned.

SOUTHERN PACIFIC OF KENTUCKY.

By Commissioner LITTLER:

Q. Is this Southern Pacific of Kentucky a Kentucky corporation?—A. Yes.

Q. Why did you go to Kentucky for a charter?—A. To get a charter that was favorable—that would allow us to lease all the roads in the country. That was why we went there.

ITS OBLIGATIONS.

By Commissioner ANDERSON:

Q. What security have you for the performance of such obligations as the Southern Pacific of Kentucky may enter into to guarantee bonds or the payments of rentals, if it should cease to be advantageous to it—how could you enforce any such obligation against the Southern Pacific of Kentucky?—A. I will tell you. I think when we formed that company there were twelve different companies forming a through line to New Orleans, and we had to keep up those different organizations.

THE CONSOLIDATION.

They all had different interests, and it was very inconvenient and somewhat expensive; so we formed this company in Kentucky for the purpose, practically, of making one company controlling all these roads. The roads are all under the same ownership in reality. We formed this Kentucky company and owned it, so we took the lines of these roads and we valued them. Then we took the stock, for instance, of the Southern Pacific Company and appraised that at so much, and exchanged that for so much stock of the Southern Pacific of Kentucky. So that the Southern Pacific of Kentucky practically owns the Southern Pacific. So through Arizona, and so through New Mexico and all the lines through to New Orleans and those branch lines in Texas—I think some eight or ten hundred miles altogether there—they are owned really by the Southern Pacific. The Southern Pacific really owns all these roads, excepting just enough stock to keep up the organization of these different companies, so that it is the value of those roads and whatever they have got as assets that makes the Southern Pacific Company.

OFFICE IN KENTUCKY.

By Commissioner LITTLER:

Q. Do you keep an office in Kentucky?—A. We have to keep one there.

Q. Whereabouts?—A. I don't know where the clerk lives just now; but I believe in Lexington.

Mr. HAYMOND. It is in Lexington, Ky.

DECISION OF THE COMPTROLLER OF THE TREASURY.

By the CHAIRMAN:

Q. Has there not been a decision delivered by Judge Maynard, the Comptroller of the Treasury, concerning the powers of Kentucky corpo-

rations? Has he not lately decided that powers given by the State of Kentucky outside the State, and prohibited within the State, are virtually void and of no effect?

Mr. BERGIN. I do not recall any such decision.

The WITNESS. I do not see why that should be.

STATE LAWS REGARDING FOREIGN CORPORATIONS.

Mr. HAYMOND. The powers given to Kentucky corporations in relation to all roads are also given by the statute of this State to foreign corporations.

The WITNESS. There are eastern corporations doing business in this State all the time.

Mr. HAYMOND. That might exist elsewhere, but it could not here, because the powers of this company are derived from this State as well.

Commissioner ANDERSON. You say there is an act of the State of California vesting this power in the Kentucky corporation?

Mr. HAYMOND. It vests in any foreign corporation the right to lease railroads.

Commissioner ANDERSON. The power to hold railroads in this State?

The WITNESS. Yes; full power. That probably exists always by comity; at least, I believe it has always been so held.

Commissioner ANDERSON. Not to operate a railroad?

Mr. HAYMOND. Well, at any rate it is a question which cannot arise here.

ORGANIZATIONS OF THE COMPANIES MAINTAINED.

The WITNESS. These companies are all maintaining their organizations. We have to keep a board elected for each of the companies; but I rather think that at the next session of Congress I shall ask Congress for permission to consolidate all these companies into one. There is no reason why we should not do it, as nobody can be harmed, and it will simplify and economize the conduct of our business, and the consolidations have all been made.

FOREIGN AND DOMESTIC CORPORATIONS HAVE SAME RIGHTS.

Mr. COHEN. In relation to the former question I would say that the statute of this State gives to any foreign railroad corporation the same rights to operate railroads in this State as it does to a domestic corporation.

Mr. HAYMOND. That statute was passed at the instance of the Atlantic and Pacific Company.

TERMS OF PRESENT LEASE.

Commissioner ANDERSON. You have explained how the Kentucky corporation acquired the stock of these various corporations. Please explain now how the other terms of this lease were arrived at; that is, the lease of the Central Pacific to the Southern Pacific.

Mr. COHEN. Of what date?

Commissioner ANDERSON. The lease under which it is operating.

Commissioner LITTLER. Had you not better call attention to the different paragraphs of the lease?

LIABILITIES AND OBLIGATIONS ASSUMED BY SOUTHERN PACIFIC.

Q. I will call your attention first to the paragraph by which the said Southern Pacific Company agrees to discharge all the liabilities and obligations, including obligations on leases, now held by the Central Pacific Company, with certain exceptions named in this article, the exceptions being the Central Pacific's floating debt, the obligation to pay the principal of the indebtedness known as its bonded debt, the principal of all indebtedness the payment of which has been guaranteed by the Central Pacific Railroad Company, and also excepting the principal of the indebtedness of the Central Pacific Railroad Company to the United States. What discussion was there as to the measure of assumption and as to what the exceptions should be?—A. I think it was the principal of the debts that we were to pay to the Central Pacific—whatever they had to pay out. For instance, we pay the interest on all their bonds; we discharge the obligations of the company to the Government; we take care of their sinking fund according to the requirements of the mortgage. We pay to the Government the amount due to it under the Thurman bill. We also take care of it and relieve it of any liability to the small roads that it had leased. I think that is about all.

Q. Paragraph 1 then, is framed on the theory that the Southern Pacific Company should discharge all matters that were chargeable to its income, to be paid at various periods during the year, but that they should not undertake to pay the principal or the indebtedness in any form?—A. No, sir; that would be left to the company itself. Whatever may be the legal views in respect to it, there is nothing in that Southern Pacific Company and its control of these lines that can prejudice a single individual interest in the whole country, but, on the contrary, it enables all these lines of road of nearly five thousand miles, with its lines of steamers, to be operated as a whole at the lowest possible expense. Many benefits arise from it, and no injuries, so far as I know, to a living soul.

OPINION OF COMPTROLLER MAYNARD.

The CHAIRMAN. The opinion I have reference to was delivered by Judge Maynard, the Comptroller, on October 26, 1886, in which he sets out as follows:

The point is also made, that, inasmuch as the Southern Pacific Company of Kentucky is prohibited by the act incorporating it from leasing, owning, or operating any railroad within the State of Kentucky, it has no power to enter into such a contract for the operation of railroads in other States or Territories.

CONSOLIDATION AN ADVANTAGE TO THE PUBLIC.

The WITNESS. I do not know about that. I do not suppose we were heard at all in that matter. I have no knowledge or recollection of it. But that does not trouble me any. I should think it very singular, with the general recognition of the advantages of consolidated lines all over the country, if Congress does not allow these various companies to consolidate into one line for their common advantage. I shall be very much surprised, for it is a matter by which not only does nobody suffer any injury, but it is a manifest advantage to the public as well as well as to the company. I do not see why anybody should be tenacious about mere technicalities.

BASIS UPON WHICH RENTAL WAS COMPUTED.

Q. I now call your attention to the following extract from the lease by which the Southern Pacific Company agrees that during the continuance of this lease it will, annually, on the 1st day of May, pay to the Central Pacific Railroad Company, as guaranteed rental for the said Central Pacific Railroad and other leased property, for the year ending on the 31st day of May next preceding that date, the sum of $1,200,000. What estimates or computations did you have before you when this figure of $1,200,000 was reached?—A. A variety of circumstances entered into the consideration at that time. We took into consideration the business of previous years; also the fact of competition. Of course the Northern Pacific was established, but the Union Pacific was building what was known as the Oregon Short Line. Before that construction, the Union Pacific was interested in common with ourselves in having all the business of Oregon go by way of California. And it all did prior to the construction of the Northern Pacific.

DIVERSION OF TRAFFIC.

As soon as they built through and had opened up for business what they called their Oregon Short Line, they became interested in diverting all the Oregon business from the Central Pacific. That was a very important business, the population of Oregon being then, I suppose, between three and four hundred thousand. It is estimated now at 400,000 people. Not only that, but the Washington Territory business, and the British Columbia business, that used to come here, has been diverted from us, we having the only land line. By the construction of those two lines all that business was diverted. We took all that into consideration.

EARNINGS OF THE CENTRAL PACIFIC.

Those were the facts that enable us to determine what might be the earnings of the Central Pacific. We figured it accordingly. We made it at the rate of 2 per cent., which, at the way the stock was selling then, was about equal to 5 per cent. on its actual value. We thought we could earn it. The result showed that we were right. We earned, I believe, nearly fourteen hundred thousand dollars, so that we did not lose any money by that Southern Pacific contract. Then we provided, trusting to the general development of the country, that if there was more than what would be 2 per cent. on the stock, it might be made up to 6 per cent. on the stock, which, according to its then value, would be about 16 per cent. That is, if it should ever go up to 6 per cent. on the par value it would be about 16 per cent. upon the price at which the stock was then selling, or upon what it is selling at to-day.

PROFIT TO STOCKHOLDERS.

Q. What connection had the market value of the stock with the question of the obligations of the Southern Pacific as lessee to its lessor?—A. That did not have any, excepting that it was something that the stockholders would be very likely to approve. I am only showing you what kind of compensation it would have to earn before the Southern Pacific could enjoy any profit; but the idea was that from the intimate connection and harmonious operation of the roads it would be paying to the stockholders this large profit.

THE AMOUNT OF RENTAL.

Q. These considerations, then, were argued and debated, and the conclusion you reached was to fix the figure at $1,200,000?—A. Yes. I will say further that that was largely done with the bankers in New York who had helped to place the stock and bonds of the Central Pacific on the market. Speyer & Co. thought well of this lease. We had it under consideration, I think, more than a year before it was done. If I may say so, we were particularly zealous in looking after the interests of the Central Pacific, and of course we had a large interest in the Southern Pacific. By "we," I mean the managers. I was not the president of the Southern Pacific, but I was the president of the Central Pacific. I had a large interest in the stock of the Southern Pacific. We considered the whole matter with great care, and finally we came to the conclusion that this was a most advantageous proposition for the Central Pacific. We hoped that it would not be injurious to the Southern Pacific. But the Southern Pacific's direct profit from it was problematical, because there would be none until there was a 6 per cent. dividend declared.

DIVIDENDS.

Q. Six per cent. on what?—A. Six per cent. on the capital stock issued.

Q. Do you mean, then, $6,000,000?—A. On the stock that is issued.

Q. And that is 6 per cent. on 60,000 shares?—A. About that; yes, sir.

Q. Are you not mistaken about that? Is it not 4 per cent.?—A. I am quite sure that my memory cannot fail me on that.

INCREASE OF EARNINGS LIMITED.

Q. Please look at the section which provides for an increase of the earnings. See if the increase is not limited to $2,400,000?—A. I know that it was supposed that it would be a long time before we would make that 6 per cent. It was intended entirely as I stated, and that was my impression during all the discussions on the subject; but it may be that this clause controlled that:

And it is further agreed between the said Southern Pacific Company and the said Central Pacific Railroad Company that if at any time it appears that by the operation of this agreement either party is being benefited at the expense of the other, then this agreement shall be revised and changed so that such will not be the operation hereof; and if the parties hereto cannot agree upon the changes necessary to that end, then each party shall appoint one arbitrator, disinterested, but skilled in relation to the subject-matter, and the award and decision of such arbitrators in writing shall be binding upon the parties hereto, and this agreement shall be revised and changed in accordance with such award and decision, and as revised and changed shall be duly executed in writing by the parties hereto.

It may be that that caused the change, but it had entirely passed from my mind that it was less than 6 per cent., and I know that that was what we had fixed at one time.

Q. The provision, as you find in the lease, is that the limit of the increase is $2,400,000. Is that not correct?—A. Yes.

Mr. MILLER. Twenty-four hundred thousand in addition to twelve hundred thousand?

The WITNESS Yes; that is correct. I have learned to distrust my memory a great deal, but I did not think I could be so much mistaken.

Mr. COHEN. The witness finds on reading the clause referred to that the limit is $2,400,000 in addition to the $1,200,000, making in all $3,600,000, or about 6 per cent. on the outstanding stock.

SINKING FUNDS IN CHARGE OF EXECUTIVE COMMITTEE.

Q. Does the lease require you to keep up the sinking fund required by the mortgages, other than the United States mortgages?—A. Yes, sir; that is as I remember it.

Q. Who has charge of these sinking funds?—A. The trustees. I believe we have an executive committee, whose business it is to go in and examine those things and see that they are all right. They are kept in the vaults of the company.

Q. Will you refer us to the present committee, so that we may examine as to the amounts and as to the present investments of the sinking fund?—A. Mr. Timothy Hopkins is the treasurer. Mr. Charles F. Crocker is another trustee [addressing counsel]—is not Mr. Gage on that committee?

Mr. HAYMOND. That executive committee is not now in existence. Mr. Hopkins is on the committee.

The WITNESS. A committee was appointed from time to time to examine.

Commissioner ANDERSON. One name is sufficient for our purpose. We only want know how the money is and where it is invested.

The WITNESS. I know they were appointed to investigate and report. We did have an executive committee, but that was abolished.

THE COMMITTEE AND THE THURMAN ACT FUND.

Mr. HAYMOND. That committee had nothing to do with the sinking fund under the Thurman act.

The WITNESS. Did you understand that they had anything to do under the Thurman act?

Commissioner ANDERSON. Not at all, but they hold a certain portion of the sinking fund as security for a certain portion of the bonds which are prior to the lien or claim held by the United States; and therefore the amount and investment of that sinking fund is a matter of interest.

The WITNESS. Those sinking funds are for all the roads that were consolidated into the Central Pacific, each one having, however, its specific portion of that sinking fund.

Q. As stated in your report?—A. Yes, sir.

NET EARNINGS OF CENTRAL PACIFIC FOR 1886.

Q. And your report gives it all?—A. Yes; I expect so. And really we have been traveling over a good deal of ground that is covered by my report.

Q. I mean the annual printed report.—A. Yes.

Q. In regard to the operation of this lease of 1886, have the net earnings of the Central Pacific (I mean of that portion leased to the Southern Pacific) been more or less than twelve hundred thousand dollars, after deducting and paying all matters required by the lease?—A. I think it is between thirteen and fourteen hundred thousand dollars, according to my recollection.

Commissioner ANDERSON. That is for the year 1886?

The WITNESS. That is the only one we had, was it not?

Commissioner ANDERSON. We had a broken portion of 1885. That report was made out for 1885, and showed about thirteen or fourteen hundred thousand dollars.

The WITNESS. Let me ask Mr. Miller about that. Was that the year from the time the road took it, or for the financial year?

Mr. MILLER. I think they were put together.
Commissioner ANDERSON. In 1885 it was for the whole year?
Mr. MILLER. Yes, as I remember; but the report will show.

COMPARATIVE EARNINGS OF 1885 AND 1886.

Q. My question is, whether the lease of 1886 is better or worse than that of 1885? If you do not know, you may refer us to Mr. Miller.—A. I do not know. I was interested in the general result, and I understood that the earnings of the Central Pacific were something over what the Southern Pacific were called upon to pay.
Commissioner LITTLER. What is your answer, Mr. Miller?
Mr. MILLER. I do not recollect. It is about the same, but the financial tables will all be here to-morrow morning. I think if you will examine them they will show the whole thing.

FIERCENESS OF COMPETITION.

The WITNESS. If you will allow me, I will say that the Central Pacific is about as low now as it has ever been, or is likely ever to be again. There can never be any fiercer competition waged against it than there has been for the last two years. The State of Nevada, which at one time gave to it a very profitable mining traffic, has gradually run down in population and business. I would not say how much, but to probably less than one-half the business that there was formerly, and I think from this time on that the population is likely to be increased, and the mines are likely to be developed. The future is better and brighter, and so far as its lines in this State are concerned, they are growing better every day, so that I think the condition of the Central Pacific now is at its lowest; and I think that we may reasonably expect a constant improvement hereafter. Competition can never be fiercer than it has been within the last two years.

HOW THE SINKING FUND IS INVESTED.

Q. Do you remember whether the portion of the sinking fund you have referred to is invested in the bonds of the Central Pacific?—A. I do not know. The bonds in that fund have practically been used from time to time, according to our judgment as to what was best for the fund.
Mr. COHEN. To what fund do you refer?
Commissioner ANDERSON. The funds with the Central Pacific for the local roads.

INTRINSIC VALUE AND PRESENT MARKET VALUE OF BONDS.

The WITNESS. From our position we have had a good opportunity to judge of the intrinsic value of the bonds outside of the market value, and we found that after the road had all been operated some time, and fairly established, the bonds appreciated in the market and they were better to make exchanges with and take some of the bonds of other roads that we thought just as good to hold, at a less price; we have done that, and, to the advantage of the fund, a good deal in that way.
Q. What is the present quotation of the first-mortgage bonds of the Southern Pacific?—A. About 15 or 16 per cent. premium.
Q. How long have they been on the market?—A. I do not remember what time.

WHEN THEY WERE PUT ON THE MARKET.

Mr. COHEN. I think they were first put on the market about 1880 or 1881.

The WITNESS. We had them here and we used them as collateral for a long time before any of them were put on the market. Circumstances were such, for one reason or another, that we could not market them at a reasonable price, and so we were compelled to carry them, and borrow money on them.

VALUE FOR CONSTRUCTION PURPOSES.

Q. They were issued to the various construction companies and used as collateral until there was a market to sell them?—A. Yes. Now I will say this: That when you project a new road and you provide for its construction and for the issuance of bonds, those bonds have no market value; and, until there are lines of road constructed, the holders have really no obvious security. The construction company takes these bonds and holds on to them, and borrows money on them, until there is a sufficient amount of the road constructed to show that there is security, and then they begin to try to market them.

THE DIFFERENT SERIES.

Mr. COHEN. The market price I gave you was for the Southern Pacific of California. There are three series of Southern Pacific bonds.

Q. Do they vary materially?

Mr. COHEN. No. About 2 or 3 per cent., I think.

The WITNESS. These Southern Pacific bonds never reached par, I think (unless it was by a kind of force), until the line of the road was all the way through to New Orleans. That is my recollection, and I do not think that we have sold any of them above par ourselves. We have sold them away down: I think as low as 85 cents.

DISCUSSION OF POWER VESTED IN CENTRAL PACIFIC.

Q. Was the subject of the power of the Central Pacific to make this lease of itself to the Southern Pacific, discussed in your board, or have you any opinion on the subject from your lawyers?—A. I do not know whether we have any written opinions or not. It was discussed over in New York, and Mr. Charles H. Tweed passed upon it, and Mr. Creed Haymond here. I think Mr. Southmayd, also, who was counsel for Speyer & Co. Speyer & Co. are very largely interested. I do not mean in direct ownership, but they negotiated and sold the greater portion or a very large portion of the stock of the Central Pacific, and also the bonds of the Southern Pacific, and the bonds of the Central Pacific. They have been very largely the financial instrument through whom we have operated in New York. In all these cases I think they have always had Mr. Southmayd to pass upon them.

BASIS OF ACCOUNTS.

Q. In preparing the account of the actual earnings of the Central Pacific for the purpose of making your adjustments with the Commissioner of Railroads, please state whether they were made upon the basis of the lease between yourselves and the Southern Pacific, or whether they are made directly from the actual earnings?—A. The United States Com-

missioner has lately been over here and his experts have been at work. What their report will be I do not know, but probably Mr. Miller can tell us what their views were.

Q. The only question is whether that account is settled on the basis of the actual earnings, or whether it is settled upon the basis of the rent agreed to be paid by the lease?—A. I should think upon the basis of the actual earnings.

Mr. MILLER. Upon the actual earnings.

The WITNESS. Whenever it would exceed the $1,200,000, I should think they would rely on the earnings, but whenever it was less, then it would be upon the basis of the $1,200,000.

RELATIONS WITH THE GOVERNMENT REGARDING THE LEASE.

Q. In other words, the Government pays no attention to your lease to the Southern Pacific?—A. I presume that if the Central Pacific should earn less than $1,200,000 they would, unless I am mistaken.

Commissioner ANDERSON. You do them great credit.

The WITNESS. I am glad to give them credit whenever I can.

Q. The Government reserves the option to take advantage of the lease, or to collect on the earnings of the road?—A. If it is an option with them I have no question at all as to what they will do.

CONSENT OF CONGRESS NOT ASKED AS TO LEASE.

By the CHAIRMAN:

Q. Was the question of the lease of the Central Pacific ever presented to Congress in any way?—A. I do not know that it ever has been. I do not think it ever has been.

Q. Was any application made to Congress to secure its consent to the lease of the Central Pacific to the Southern Pacific?—A. None at all.

Mr. BERGIN. Your views of the law, Mr. Chairman, are somewhat different from the views of Mr. Maynard. I do not understand that a California corporation has got to get the consent of Congress.

The WITNESS. I do not understand that in the management of the affairs of the Central Pacific we have any more to do with Congress than we have with an outsider, except in those things prescribed in the contract with the Government.

EXTENT OF JURISDICTION OF CALIFORNIA CORPORATION.

Q. Do you extend the jurisdiction of a corporation of California beyond the State line?—A. Yes, sir. That is, by the statutes (the State of California and the State of Nevada consenting), the Central Pacific is entitled to avail itself of all the advantages and privileges conferred by the act of Congress. Of course we could not go beyond the State limit by our own original corporation articles, but the legislature of the State of California authorized us to accept the conditions of the act of Congress, and they have reserved the powers of the State over the corporation. That lease was drawn with the greatest care by the parties in order to do justice all around, and I have my judgment upon it to-day, the same as it was the day it was made, that it is a just and good one for all parties. I shall be very glad if the Commission will examine it most critically, especially because it is a large transaction of two great railroads, and I would like the public to be as well informed as possible in regard to it.

DATE OF ISSUING BONDS.

Q. How soon after the date of commencement of the construction of the Southern Pacific were the bonds of the Southern Pacific issued?—A. Not for a number of years. It was quite a number of years before we did anything with them other than to use them as collateral. There was a time once when we could have sold those bonds at a rate that we could have afforded to accept, but there came on the hard times, and from that time until about the time that we did sell them, we could never get a price that would justify the sale; and the consequence was that we did not go on with that road as we would like to have done. We built it in pieces, from time to time, as we were able to build it, and we got down finally to the Colorado River, I think, before we sold any of those bonds. The Southern Pacific runs to the Colorado River at Fort Yuma, and I do not think we were ever able to sell a bond until after the road had reached there, and we had made arrangements to go on into Arizona and New Mexico. That was an extreme case, but, really, in most all the roads we built, we have had to wait until the roads demonstrated very fully their value before we could sell the bonds.

EFFECT OF SOUTHERN PACIFIC UPON CENTRAL PACIFIC.

Q. In regard to the relations existing between the Southern Pacific and the Central Pacific, and as bearing particularly upon the earning power of the Central Pacific, will you please state what alterations have occurred in the trans-continental movement of freight since the Southern Pacific has been opened as a through route?—A. The first competition that arose to the Central was by the connection of the Atchison, Topeka and Santa Fé with the Southern Pacific. That was made practically before the Southern Pacific line was completed. In Mr. Stubbs's report to me, which I have filed with the Commission, the amount of the diversion from the Central Pacific by the construction of each road is set forth very clearly, and if you want to see how much effect and what effect each of these competing lines had upon the business of the Central Pacific that report will show. If I had that to refer to now, I could answer more clearly.

DIVERSION OF TRAFFIC.

Q. Does that report show whether or not the Southern Pacific has diverted through business from the Central Pacific?—A. Yes; the Southern Pacific has had some very great advantages over the interior lines, it being one line through from San Francisco to New York. Once on their steamers, freight would come through with hardly any delay. On the other lines (through freights from California not being very heavy) things get mixed up with the freight of other roads and cars are shunted off on side-tracks. And particularly is that the case at Chicago. Chicago is a very difficult place for them to get through, and there is great delay usually on Eastern lines. When freight leaves Chicago it meets considerable delay until it reaches Omaha, and then it comes through without any delay at all. But still on these railroads, with the immense costs they have and the small amount of business, not having enough for full trains, delays occur. The certainty with which freight comes through is a great advantage to the "Sunset" route. When it reaches New Orleans, of course, there is no change of car or of control until it reaches the point of destination. We run a line of ships from New York to New Orleans and that makes it a through line. And

in that way the certainty of that delivery has diverted a great deal of business from other eastern ports.

Q. It has diverted a great deal of business that otherwise would have gone over the Central Pacific, do you mean?—A. That diversion became serious only when the Southern Pacific had to compete with these other lines which the Central did not control. The Central, when it controlled the Southern Pacific, dictated the rates both ways.

COMPARISON OF RATES.

Q. How do the rates on the Southern Pacific between San Francisco and New York compare with those over the Central Pacific?—A. They are about the same, I believe, but in times of competition no relation of Central and Southern could control competing lines. Then we met the competition and got the best we could.

Q. Has the Southern Pacific taken adverse proceedings for the purpose of securing traffic as against the Central Pacific in bidding or soliciting through freight?—A. It never interfered with prices at all. There has been complete harmony. The Union Pacific and all of the lines, of course, were interested in sending it by the Central, because in doing that they sent it over their own line and they had their own agents.

EFFORTS TO SECURE THROUGH FREIGHT.

Q. What efforts do you make to secure through freight, either here or in New York?—A. We have our agents in New York and our agents here. And all these other lines have their agents at all Eastern points, and they all have their agents here in San Francisco, Los Angeles, and sometimes above here. Every railroad in the United States that wants to send business to California is interested to get it over its own road, and with the most favorable connection.

NO CHANGE IN MARKING OF ROLLING STOCK.

Q. After the lease of the Central Pacific to the Southern Pacific was the title of the property and rolling stock changed to the Southern Pacific?—A. Yes; that passed into the control of the Southern Pacific with the condition that they should return it in its present condition.

Q. I mean, was the title of the cars and of the general property—the marks on them—changed to the Southern Pacific after the lease from the Central Pacific to the Southern Pacific?

Mr. BERGIN. I do not think the title would change.

By Commissioner ANDERSON:

Q. Were the car marks changed?

Mr. COHEN. The name of the company was changed, but the title would not pass.

The WITNESS. I do not think any car marks were ever changed.

By Commissioner LITTLER:

Q. They were not changed, but bear the Central Pacific marks?—A. Of course, yes; all the property of the Central Pacific the Southern Pacific must keep in good order and repair.

MILEAGE RATES ALLOWED.

Mr. HAYMOND. They allow mileage rates.

Commissioner ANDERSON. That is for the cars, stock, and engines, and other rolling property?—A. Now, if the cars of the Central Pacific Com-

pany are used on the Southern Pacific they get credit for it. The account is kept between the two roads just as it is between Eastern roads. Every car is counted and every company has its credit for the cars that it runs.

Q. That is, a mileage account is kept?—A. Yes, sir.

By Commissioner ANDERSON:

Q. Does the Southern Pacific keep a separate agent in San Francisco separate and independent of the Central Pacific?—A. No, sir.

Mr. COHEN. If you will read the lease that will explain it to you better than the witness can.

The WITNESS. A complete inventory of the property of the Central Pacific has been taken.

Q. Is it printed?—A. No, I do not think so.

Mr. MILLER. It is not printed.

AGREEMENT TO KEEP ROLLING STOCK IN GOOD ORDER.

By the CHAIRMAN:

Q. So that after the lease, the property of the Central Pacific, the engines and the rolling stock, remained still designated as that of the Central Pacific, and so appeared on the outside?—A. Yes; and they must be restored in as good condition, or, if they use a car up, they must return one in its place. That is, they must return the same property or substitute some other for it. Of course they are liable to have engines smashed up and worn out, but they must keep the rolling stock in good order and condition.

Q. What I wanted to know is, whether there was an outward change in the designation of the cars and other property of the Central Pacific upon leasing that road to the Southern Pacific?—A. No, sir; but there is an account with all those departments and their earnings are noted. The accounts, I think, are in every respect as distinct as though the roads were entirely different.

Mr. COHEN. The property remains in the Central Pacific as though the transfer had not been made?

Mr. BERGIN. The names of the cars, as I understand the drift of the question, have not been changed. They retain the same name since the lease as they had before.

SEPARATE AGENTS FOR EACH ROAD.

By Commissioner ANDERSON:

Q. In regard to these agencies, has the Southern Pacific a separate agency from the Central Pacific in New York, San Francisco, and at other points where through freight may be solicited?—A. Yes; there is an agent of the Central Pacific who has been the agent of the Union and Central together. The Southern Pacific has its own agent there.

Q. Under what officer is that agent?—A. The general manager of what we call the Atlantic Division is a Mr. Hutchinson. He is in New Orleans. On this side the general manager is Mr. Towne.

Q. From whom do these gentlemen receive their instructions as to what they shall do to get freight?—A. On that side from our general traffic manager.

Q. That is Mr. Stubbs?—A. Mr. Stubbs; yes, sir.

Q. Do you know anything in relation to the instructions Mr. Stubbs has given to these gentlemen?—A. I do not know of any special in-

structions. I can understand that the general instructions would be to do the very best that they can for the company, but there is no competition allowed, or cutting of rates, to divert the business from one road to the other.

METHODS OF OBTAINING BUSINESS.

Q. Do you know whether they have not, as a matter of fact, bid for business by offering rebates and issuing passes?—A. Not for the purpose of diverting business from one to the other. They have met competition. There never was any competition between those two lines to induce them to cut rates, one against the other, but when they have given rebates I suppose it has been to obtain business. I justify obtaining business by any fair means and meeting competition wherever it exists, either by accepting the business at the low rate or by giving a rebate. Where competition exists it practically fixes the rates that the railroad company may obtain. I do not know but what the Union Pacific may have cut rates against them, but we never allowed it; they could not do it over our line of road; they had to do it entirely over their own line of road.

BUSINESS DIFFERENCES WITH UNION PACIFIC.

Q. Without saying anything hostile to the Union Pacific, have there not been many differences between the Central Pacific and the Union Pacific in regard to the working of the through business?—A. There have been business differences. There is not as much, perhaps, as might naturally be expected. There is a great deal of competition, of course, from the East to the West at Salt Lake and for the business of Montana, Wyoming, Idaho, and Utah, and sometimes there has been friction, but it is very seldom such that the freight agents were not able to fix it up among themselves.

METHODS OF MEETING COMPETITION.

Q. Have there not been occasions when they asked you to prorate or divide a decrease in the rates with them in order to meet the competition of other roads and where you have declined to do so?—A. I do not know but that that may be so, but we did not feel it necessary. Our lines over here for a time entirely protected this end. Then we had the road from Mojave eastward, the line from San Francisco to the Colorado River was about the same in distance as the line by the Central Pacific to Ogden, and the same was true of the Southern Pacific to Fort Yuma, and we did not want them to compete. They were all under one management, that of the Southern Pacific, and we would not consent to cut the rates for the Union Pacific to compete with other lines of road, because to the Central Pacific it would not make any difference whether the freight came by the Union Pacific or any other road, because the proportion going to the credit of the Central Pacific was about the same on all these lines.

CHARACTER OF FREIGHT UNDER DISPUTE.

Q. What articles of freight did that matter refer to; what was involved?—A. I do not remember anything in particular.

Q. From what points was it? I mean was it freight that would come necessarily over the Southern Pacific, so that you would get the bene-

fit on that side?—A. I think not that way. It was more particularly that which would take the Atchison, Topeka and Santa Fé or the Union Pacific line. It was about the same in either case. It was in that kind of freight that this competition occurred. The greater portion of the freight, you know, arises west of the Atlantic seaboard; of course it is a very large amount of the freight. It is the freight along the Atlantic seaboard which seeks, most conveniently, the Southern Pacific route. The three lines being so nearly equal, when they were all under the management of the Central Pacific there was no reason why they should consent to share a cut rate with any Eastern company competing with it.

INTEREST OF CENTRAL PACIFIC IN THE FREIGHT.

Q. Well, the question we wanted light on was whether, even if the traffic came over the Atlantic and Pacific or the Atchison, Topeka and Santa Fé you were not bound to get substantially your share of the rate before the freight in question could reach San Francisco. It could not get there without going over a large portion of your line?—A. In any event it practically did not make any difference to the Central Pacific whether it took one line or another.

Q. If it came over the Southern Pacific what interest would the Central Pacific have in it?—A. Because the Central Pacific at that time had a lease of the Southern Pacific.

Q. That was before the present lease?—A. Yes.

IMPORTANT ARTICLES OF TRANSCONTINENTAL FREIGHT.

Q. Referring more especially to the present state of affairs, will you please state what are the more important articles that are carried over and form part of your transcontinental freight. I presume fruit is an important class of freight with you?—A. That is a very important factor. So is wine. Sometimes we have carried grain, wheat, and barley east, and we have carried cabbages to Saint Louis.

Q. And wool?—A. Yes; a very large quantity.

Q. Is there much tea carried?—A. Yes; I think that the greater portion of the tea now used in the United States passes over these roads.

Q. Do you carry much sugar?—A. And sugar too; yes; a good deal of sugar I think has been made here and gone to Saint Louis.

Q. Over what road does most of the sugar go now?—A. Most of it goes by the Central Pacific, I think.

Q. Since last April?—A. I cannot say as to the period since last April. I cannot say what are the proportions going by the Atchison and Santa Fé, or the Atlantic and Pacific.

Q. Mr. Stubbs can give us those figures, can he?—A. I think he can give them to you.

COMPETITION FOR BUSINESS OF OREGON AND WASHINGTON TERRITORY.

Q. Your lease contains a recital that the Union Pacific Railroad Company has obtained the control of the line known as the Oregon Short Line, and thereby secured an outlet to the Pacific, independently of that over the Central, and, in that respect, had placed itself in opposition to the interests of the Central Pacific. How far did that consideration enter into the making of that lease?—A. It had this effect, that so far as the influence of the Union Pacific, over on the other side, can be exerted

in regard to freight for Oregon and Washington Territory, it is used to send it by their own line and not over the line of the Central Pacific.

Q. How often has that occurred?—A. I do not know the proportions, but I think Mr. Stubbs in his report to me grouped all the business that went to Oregon and Washington Territories together. I do not know whether he was able to divide the freight on the Oregon Short Line from that on the Northern Pacific, but may be he was. There is one thing that I want to say in regard to this Union Pacific. I understand that the impression has gone out that we treated them unfairly. We never have treated them unfairly or intruded on their territory. They established lines, and would not allow us to prorate at all for the business of Utah, Wyoming, and Montana, and we had to pay them the local rates for any business that went from here. They intruded upon the territory which otherwise would be divided, but we did not complain. They complained of our carrying a road over on their line of territory. We had no line of road to cut into their territory.

OREGON SHORT LINE AN INJURY TO CENTRAL PACIFIC.

Q. We are only asking for information as to how much the Southern Pacific has diverted from the Central, or how much the Oregon Short Line had diverted from the Central. As a matter of fact, do you, or does your general passenger agent, regard the completion of the Oregon Short Line as injurious to the Central Pacific?—A. Yes; because they had an interest in diverting from our line all the Oregon business, and sending it to their own line; also the Idaho and Montana business. They have the control of that from Ogden north, and they would never allow us to send anything over except at their local rate, which was very high.

REDUCED EARNINGS.

By Commissioner LITTLER:

Q. How does the volume of business over the Central Pacific for the last year compare with that of former years, can you tell us?—A. I cannot say, but of course the earnings have been much less.

Q. Are those reduced earnings to be attributed directly or remotely to the leasing of the Central Pacific to the Southern Pacific?—A. Not at all. Those reduced earnings are entirely due to the competition which has grown up since the road was completed.

SOLICITING AGENTS.

Q. I do not know whether I understood you or not in relation to soliciting agents. Do you say that the Central Pacific has no soliciting agents here or at New York?—A. Oh, no; we have an office here and an office in New York, but the soliciting over there is done by a common agent of the Central Pacific and Union Pacific.

Commissioner LITTLER. I can well see how this lease of the Central Pacific would become injurious to that road and to the Government if there were a combined effort on the part of the officers of the leasing line to send freight and passengers over the Southern Pacific.

CENTRAL PACIFIC AND "SUNSET" ROUTES NOT COMPETITORS.

The WITNESS. Yes; if that was the policy then the Central Pacific would complain. But the competition of the Central Pacific is not with the "Sunset" route. It is through those routes that start from the

doors of the shipper—every branch line of railroad connecting with the trunk lines through the entire Eastern States. Those lines of roads compete with the Southern Pacific and Central Pacific.

Q. It is true, however, that freight can be transported over the Southern Pacific to all eastern ports and points?—A. Yes; but if freight is to reach New York, and then be sent into the interior, as to, say, Chicago, it has got a thousand miles of railroad to be sent over, and it will have to pay the local rates. It does not go back that way. I think it rarely, if ever, reaches as far back as Chicago.

FINANCIAL INTERESTS OF THE MANAGERS.

Q. How do the interests of the managers of the Southern Pacific and the Central Pacific compare? I mean their financial interests in the respective corporations—A. We have a larger financial interest now in the Southern Pacific than we have in the Central Pacific.

Q. If you should consult your own financial interests you would probably be willing that the Southern Pacific should have its full share of the traffic, to say the least of it?—A. Financially, yes; but it does not compete except for that comparatively small business that runs along the coast. Just think of it. The Southern Pacific Railroad runs to the Gulf of Mexico on the south and through to Louisiana.

ACTIVITY OF AGENTS OF COMPETING LINES.

Q. I understand; but do you mean to say that there is no traffic going from California to New York which does not find its way over the Southern Pacific road, and roads connecting, east?—A. We have one agency for the roads. Here is the Atchison, Topeka and Santa Fé; it has an agency, and there is an agent for the narrow-gauge road that comes into Salt Lake. There is an agent for the Southern Pacific, and there are agents in here for the Northern Pacific, and for the Union Pacific, all of them looking out vigilantly for their interests as against competing lines. It is not very easy for the Southern Pacific if it wanted to divert business to do so as against five or six agents who are as active in securing business as any agent of ours could be.

Q. The question still recurs whether the agent of your company, representing both the Central Pacific and the Southern Pacific, after securing through traffic to New York, is not capable of sending that through traffic over the Southern Pacific to New York by way of lines connecting eastward from El Paso or from New Orleans, or from Houston, Tex., if you please?—A. No; you see the cutting of rates to divert business away from the Central Pacific would mean an interference with all the rates; not only the rates to New York, Baltimore, Philadelphia, and Boston, but it would interfere with the rates which the Central Pacific would obtain for that interior business which comes over, because if they cut the rates to New York City the rates to Buffalo would follow and necessarily be cut.

ROUTE GENERALLY DESIGNATED BY SHIPPER.

Q. You would not have to cut the rates under my proposition. The agent of the Southern Pacific, having secured the freight and having the option whether to send it over the Southern Pacific or the Central Pacific, the freight being destined, say, to New York, the question is whether he could not send it over the Southern Pacific to New York by routes connecting with your road, say at El Paso, Tex., or at Houston,

A. The shipper generally directs which way his freight shall

Commissioner LITTLER. Very often he does not.

The WITNESS. Yes; sometimes he might be influenced, but our agent is always watched by competitors, and we cannot afford to interfere with the rates of all the vast business that lies west of the Atlantic coast.

Commissioner LITTLER. It would not be interfering with anybody else's rates at all, as I put the question.

The WITNESS. It would interfere with rates the moment you cut the rates or make them less to New York by the Southern Pacific than it is by the Atlantic and Pacific.

Commissioner LITTLER. I do not ask you about the cut rates.

The WITNESS. Then how are you going to divert the business?

THE TWO ROADS WORK HARMONIOUSLY.

Commissioner LITTLER. The question I put is, could your agent, representing the great financial interests of yourself, and the other gentlemen interested in the Southern Pacific, after securing the freight for transport to New York, exercise his own judgment and send it over the Southern Pacific instead of the Central Pacific, without disturbing the rates at all?

The WITNESS. Well, practically that does not occur.

Commissioner LITTLER. That is what I wanted to know.

The WITNESS. The two roads work entirely in harmony. Their interests are identical, and they never cut rates. I think they do the best they can. They have to meet the competition of other roads, but as between themselves they never had to cut rates, and an agent would not be allowed to do so. The agents have never had such permission.

Commissioner LITTLER. I understand that, and I know that prior to the adoption of the interstate commerce law there were pools and contracts to sustain rates, but all these questions I am putting to you do not contemplate the cutting of rates at all.

The WITNESS. Those things were hardly able to fix rates.

Commissioner LITTLER. Well, there were fixed rates?

The WITNESS. So called.

Commissioner LITTLER (jocularly). I have no idea that any of you ever lived up to them.

The WITNESS. All our agents say that they lived up to them, and that the others always cut first.

THEIR INTERESTS IDENTICAL.

Commissioner LITTLER. The question I put to you does not involve the cutting of rates at all. The question is this: The consolidated company (which embraces the leased lines and the Southern Pacific), having secured the business on a fixed rate to New York, and your agent being more interested in the earnings of the Southern Pacific than he is in the Central Pacific, the question is whether to secure business and increase the earnings of the Southern Pacific, rather than of the Central Pacific, it is not possible for him to transport that property at that fixed rate from San Francisco to New York over the Southern Pacific and the Texas Pacific, if you please, and the Wabash system?—A. I suppose it is possible, but in practice it is not done. We forbid that. If the two companies were separate, if their interests were not so dove-

tailed and so intermingled in the local as well as the through business it would no doubt occur. And that is the real reason why we kept them so close together, that they should work in entire harmony and work out to a common interest.

COMPARATIVE COST OF TRANSPORTATION OVER BOTH LINES.

Q. Do you not think it probable that you could transport freight from San Francisco to New York, in the winter time, more particularly, over the route I have indicated, as cheaply as you could over the Sierra Nevada and the Rocky Mountain ranges?—A. We could really do it a great deal cheaper. The trains from Yuma to New Orleans I think do not have to climb as heavy grades. I think we have grades that do not exceed in any place 52 feet to the mile.

Q. Then the distance of a thousand miles added cuts but very little figure in the transportation of freight from here to New York?—A. Yes, it does; you cannot transport freight for a thousand miles without costing something, and over the Sierra Nevadas, where a hundred miles of that road requires nine times the engine power to lift the freight over that 100 miles—for many purposes that counts for a thousand miles in many places on easy grades.

SOUTHERN PACIFIC THE CHEAPEST.

Commissioner LITTLER. For that very reason I am inquiring into the operation of these roads.—A. The Southern Pacific works to get what business it can, and so far as the cost of movement is concerned it is less there. The actual cost of movement sometimes becomes very small, and the question is whether you shall take the freight or not. It does not depend on the freight paying the average cost, but if it will pay the additional cost consequent upon that movement. Then you take it rather than reject it. If all the business was done at that low rate the railroad could not live. We do not take into consideration the interest account, or the semi-fixed expenses, such as station men, brakemen, trackmen, and the minutiæ of expenses of the roads; but will it pay the additional cost consequent upon its movement, and if it will do that we take it rather than refuse it.

Q. Recurring again to the question I have put, I ask you whether it is not in the interest of the Central Pacific, and consequently in the interest of the Government, that that road should be represented by its personal independent representative as a solicitor of freight?—A. If the stockholders do not like our management, let them say so.

Commissioner LITTLER. That is not a fair answer to my question.

RESPONSIBLE TO STOCKHOLDERS FOR MANAGEMENT.

The WITNESS. I think it is. I want to say to you this: The first consideration to me in the management of this road is that I shall so conduct its business as to satisfy my stockholders. Now, the management of the Central Pacific has been approved time and time again at the annual meetings of the stockholders as well as at the meetings of the board of directors. That is a fact. That is the relation we occupy, and as long as I have their approval I do not think I should give myself much trouble. We have done the best we could for the road. There are large numbers of stockholders in the road now—larger numbers than ever—and I don't know that there is a stockholder in the Central Pacific that is dissatisfied with our management.

Commissioner LITTLER. You should understand that we are not representing a stockholder, but a large bondholder, and we have a right, and it is our duty under this act of Congress, to inquire in a respectful manner as to the causes of the falling off of the traffic of the Central Pacific road. We have that right as a creditor of that road.

The WITNESS. I might dispute that right.

SEPARATE MANAGEMENT NOT ADVISABLE.

Q. While I desire to be entirely respectful to you, of course, I will repeat my question whether it would not be to the interest, the very best and highest interests of the Central Pacific Railroad, to have its independent representative to solicit freight, and, if possible, increase the traffic over that road?—A. No, sir; the Southern Pacific in a short time will have its own completed line from here to the coast [showing on the map]. It is over the Sierra Nevada Mountains and into the valley of the San Joaquin, and all the sources of traffic of the Central Pacific are open to competition, and if the two lines are managed, I do not care how amicably, but still with entirely independent interests, they would be in conflict, which is now avoided, and the safety to the Central Pacific is in its harmonious connection and relations with the Southern Pacific. Of course it was largely for the benefit of the Southern Pacific at first, but finally we found it necessary to go on and protect it until at last it has become a great system of roads.

Commissioner LITTLER. That is all I care to ask you just now.

GOVERNMENT NOT ENTITLED TO MAKE INQUIRIES BECAUSE OF ANY DEFAULT.

The WITNESS. I like to have you ask these questions. I do not think myself that the Government is in the position of a creditor to inquire into this, because the Central Pacific has never been in default to the Government, and the company has a right to pay off its indebtedness by services. Now, there are thirteen years during which this contract runs before the maturity of those bonds, and it may be that the Government will yet have business enough for this road to pay off the entire debt. Suppose a foreign war were to occur, a war with Great Britain, and suppose England were to send twenty-five or more thousand troops and some of her fleets over on this side, it is impossible to say how much service we might render to our Government before the maturity of those bonds. I have never heard before, and I do not think, in all your experience, you have heard, that a man is to be confined in the payment of his debt and his capacity to earn the money with which to pay it before the maturity of the debt.

CAUSE OF CREATION OF THE COMMISSION.

Commissioner LITTLER. The existence of this Commission results from efforts of the Central Pacific Company and the Union Pacific Company to secure more favorable terms for the payment of the debt, and are sent here to inquire diligently into all the facts and the circumstances that surround this company and its property. And you, as its president, expressed a very great satisfaction to see us when we first came here. We hope we have not become irksome or tiresome to you. We are here for the purpose of getting at the bottom facts of this property and its earning capacity with a view of recommending to Congress such legislation as may seem proper under all the circumstances, and we hope

you will not become impatient under our examination. We desire to get all the facts so that no Commission hereafter shall have even time to thresh over.

CONTRACT BETWEEN THE GOVERNMENT AND THE COMPANY.

The WITNESS. Well, it was a query in my mind whether you came here like a judicial body to investigate the matters between two parties, or whether you came here as a representative of the Government alone; because the courts have decided that there is no question that, whatever control the Government has, their control arises from the contract itself, and that we are two parties to the contract, the company and the Government. I hope you have come here holding the scales evenly and to do us justice and right as well as the Government.

Commissioner LITTLER. Speaking for myself alone, I am here to ascertain the exact truth in relation to all these matters and to be governed in my recommendation to Congress by those facts, but I am going to be tolerably inquisitive, in order to get at the facts. That is a part of my duty.

HOPING FOR GOOD RESULTS FROM THE INVESTIGATION.

The WITNESS. I should be very much disappointed not to have this Commission go on, because we hope largely through this Commission to establish our case by the proofs that we shall submit and are submitting. We feel that we have been wrongly treated by the Government. We know that we have great equities and we hope that this Commission will be able to present those equities as they may appear to them, and it will make a very great difference to our case, I think, in public estimation. But as far as concerns the legal status of the Commission and its right to investigate our books, we have, I may say, an opinion of our own. We do not want, however, to throw any obstacles in the way of the Commission.

Commissioner LITTLER. It is due to the Commission and every member of it to say that not a line of their report has been written or considered nor will be until the investigation is entirely completed. When we have time to review all this evidence, we expect to sit down as a judicial body and write a report that will be sustained by the facts, and make such recommendation, following that report, as seems to be justified.

A FRIENDLY INTERVIEW BETWEEN DEBTOR AND CREDITOR.

Mr. HAYMOND. In other words, it is a friendly interview between a creditor and a debtor.

Commissioner LITTLER. Yes, sir; and we do not want any ill feeling about it, but we do want all the facts, and you can facilitate very greatly the ascertainment of those facts, if you will.

The WITNESS. I think so far we have evinced a disposition to do so.

Commissioner LITTLER. We have no complaint to make except in one little matter which we settled by diplomacy.

Mr. HAYMOND. In all examinations a period arrives when somebody objects to producing books.

Commissioner LITTLER. We want to see all your books and see what they show. I have no doubt from what Governor Stanford states that they will not convict anybody of high crimes. They might show, however, that some of you gentlemen have made a great deal of money.

THE GOVERNMENT AND THE PEOPLE BENEFITED.

The WITNESS. We have made a great deal; I think that is so. I can tell better after the debts are all paid. But we owe a great many millions of dollars. At the same time I have this to say about it, that the values that we have created where none existed before, we have created without prejudice to a single individual in the United States, and where we have created one dollar of value for ourselves, we have created hundreds for the Government and the people in developing the country and its resources. The amount saved in the cost of transportation has been several hundred millions to the people of California.

AN INTERESTING FACT.

To show the effect of these railroads I will state an interesting fact: Prior to the construction of the Southern Pacific Railroad, which was constructed largely for the moving of agricultural products, they were charging upward of $17 a ton on vessels for wheat from here to the East. Immediately upon our moving the first train load of wheat from here to New Orleans freights dropped down to $10 a ton and then came down from $10 to $5, and they have never been up to $10 since. That year we had millions of tons of wheat to move, and we saved several millions of dollars to the farmers of this coast alone.

Commissioner LITTLER. That is a part of your case.

The WITNESS. Well, we feel like telling, once in a while, what we have done for others as well as for ourselves; of course what we have done for ourselves is a little problematical while those large debts remain unpaid.

EFFECT OF SOUTHERN PACIFIC UPON UNION PACIFIC.

By the CHAIRMAN:

Q. What effect had the construction of the Southern Pacific upon the Union Pacific?—A. So far as it diverted business of course it was injurious, but we got on pretty well without cutting rates. There was no reason for the Southern Pacific to touch the Union Pacific at all, until the Atchison and Santa Fé reached it, and that immediately formed a new line; but before that the Southern Pacific went off by way of Fort Yuma and down into Texas, and it did not affect the Union Pacific business by as much as a penny or a pound of freight. There was no place where they could come into competition, but the moment that the Atchison and Santa Fé touched the Southern Pacific and formed a through line for all the business of the interior as well as the Atlantic coast, then both the Union and the Central became affected.

PERCENTAGE OF TRAFFIC DIVERTED.

Q. What percentage of a year's business after the connection of these lines was affected or diverted?—A. I think you have it here. I think that year it had the immediate effect of diverting 23 per cent. of the whole through business.

Q. So that the income of the business of the Union Pacific, by reason of the construction of the Southern Pacific, was affected to the extent of 23 per cent.?—A. Yes, sir. I may be mistaken as to it being immediately in that year, but I think the accounts show that. I was going to say this: Neither we ourselves, individually, nor any of the Central Pacific people, are in any manner responsible for the building of the

Southern Pacific line. I mean to say they had nothing to do with procuring the Government aid for the Southern Pacific. They had no interest in the Southern Pacific until long afterwards. Mr. Anderson spoke yesterday about the Northern Pacific being provided for the same year that we were. That is a mistake. We organized and commenced work under the act of 1862, and our company accepted its terms. So that the provision for the building of the Northern Pacific was made two years after the commencement of the construction of the Central Pacific.

NO DIVERSION OF CENTRAL PACIFIC FUNDS TO CONSTRUCT SOUTHERN PACIFIC.

Q. Were the funds of the Central Pacific used in the construction of the Southern Pacific?—A. There has never been a dollar in any shape or manner of Central Pacific money diverted to the construction of these other roads. There have been accounts between them, but they have been as carefully kept as though one railroad were in Russia and the other in America.

Q. Were the funds of the Central Pacific borrowed by the Southern Pacific for the purposes of construction?—A. No, sir; but while these roads were in process of construction the Pacific Improvement Company or the Western Development Company had running accounts with the Central Pacific, sometimes performing services for it and having a balance sometimes in its favor, and sometimes against it; but in that case the accounts have always been kept carefully and the interest accounted for, whichever way it might fall. It was a great convenience to have harmonious relations existing between the entire Pacific system of roads in this State, and it has been of immense advantage to all.

THE SHORT LINES NOT SELF-SUSTAINING.

If one were to divide up all the little companies which were consolidated, and which are running to-day, many of them could not have lived. The Central Pacific was running these roads successfully, while if they were divided up into sections of 100 miles each, there are not two of them that would be self-sustaining. Take for instance all of the roads on the other side of the Sierra Nevada through Utah and Nevada; unsustained by business originating outside, they could not maintain themselves or pay their running expenses. There is not a station over there that is worth anything. The business has been mostly in carrying supplies to the miners and bringing out the product of their labor, which is of course very valuable (being the precious metals), but it did not make so much business. In Nevada the commercial business is very slight. Outside of their mines the chief transportation business is in cattle, and some of the cattle come over here and some go east.

NO MONEY BORROWED OF CENTRAL PACIFIC TO CONSTRUCT SOUTHERN PACIFIC.

Q. Did you, as an individual, borrow the money of the Central Pacific for the purpose of using it in the construction of the Southern Pacific?—A. I never borrowed a dollar in that way. I do not think there has been any real borrowing between the companies, but in the way of deposits and services rendered the account in balancing has sometimes been in favor of one and sometimes in favor of the other. I have never borrowed

any money from the Central Pacific for these other companies. I have borrowed a great deal of money individually for the Central Pacific and continued to do so up to the completion of the road. Whatever was done in the way of financial management on this side I did it. Money never went down to less than 1 per cent. during the construction of that road. I think the Bank of California first brought the rates down to 1 per cent. in this State, but I do not think it has ever got below 1 per cent. per month during the time of that construction.

INDIVIDUAL OBLIGATIONS.

Q. Did you, with your associates, borrow money from the Central Pacific?—A. No, sir.

Q. For any purpose?—A. No, sir. I borrowed with my associates plenty of money for the Central Pacific.

EXTRACT FROM MINUTES AS TO INDIVIDUAL LOANS.

Q. I call your attention to the minutes of the Western Development Company of September 15, 1875, from which I read:

Whereas Leland Stanford, C. P. Huntington, Charles Crocker, and Mark Hopkins are owing the Central Pacific Railroad Company the sum of $273,347, and were owing said company said sum of money on the first day of January, 1875; and

Whereas the said Leland Stanford, C. P. Huntington, Charles Crocker, and Mark Hopkins ask to make their promissory note for said amount to said Central Pacific Company, bearing date of January 1, 1875, and payable two years thereafter with interest at the rate of 10 per cent. in gold coin; and

Whereas said Stanford, Huntington, Crocker, and Hopkins——

Will you please explain that transaction?—A. I do not remember it, but we never borrowed any money ourselves from the company, and so if we ever borrowed or became responsible for money it was in connection with these roads. We had no object in doing it individually, and it was not done individually; but we may have assumed obligations.

MILLIONS BORROWED ON INDIVIDUAL PAPER FOR CENTRAL PACIFIC.

That we very likely did. I have borrowed millions of dollars on the paper of Mr. Huntington, Mr. Crocker, Mr. Hopkins, and myself, and sometimes on my individual paper, for the Central Pacific Company. Very likely I put up the collaterals of that company, but our people here did not care to take the trouble lest there might be a default. They preferred that they should look to us individually rather than to look to the railroad for their money, and so for a long time—I guess, up to the completion of the road—we had an individual credit here that was used for the benefit of the company. Why, I have been overdrawn to the Bank of California, without a collateral, at one time over $1,500,000, just on my individual checks. That was all for the benefit of the company, and it went in there, and at the proper time they settled the thing to my credit, but it shows you how our credit was. I only tell you this to show you how our credit was here at the time, and the extent to which we could use it. We never hesitated to use our individual credit for the benefit of the company from beginning to end. But as to that particular transaction I have no recollection of it either one way or the other, but I have this general knowledge of our business, that that could not have been associated with our personal affairs in any way, but must have been in connection with the companies in some way.

NO RECOLLECTION OF TRANSACTION MENTIONED IN MINUTES.

Q. That is in the direction of my question whether this money was at any time borrowed from the Central Pacific upon collateral by you or your associates for the purpose of the construction of the Southern Pacific.—A. I have no recollection of this transaction; it may be that Mr. Miller can explain it.

Q. Did you at any time borrow the money of the Central Pacific after placing collateral, with your notes or with any other security, for the purpose of using it in the construction of the Southern Pacific?—A. I have no recollection of any such transaction.

Q. Were you at the time of the construction of the Southern Pacific banking with the Central Pacific?

The WITNESS. Do you mean me individually?

The CHAIRMAN. No; I am speaking of the company.

The WITNESS. Of the Southern Pacific?

The CHAIRMAN. Yes.

The WITNESS. Well, I am not able to say, really; but we had such business relations that no doubt the balances were sometimes one way and sometimes the other.

MONEY LOANED TEMPORARILY TO PACIFIC IMPROVEMENT COMPANY.

Q. Was that while you were drawing on the Central Pacific during the construction of the Southern Pacific?—A. I never drew from the Central Pacific except sometimes when we may have had a surplus, and the Central Pacific would loan its money where they knew all about it for a time. For instance, in the sinking fund there was a time here when it had two or three millions of dollars in it, and there was no good chance to invest it because the only way we could do it well was to invest it in some security, and then I think they loaned it temporarily to the Pacific Improvement Company until they could make an investment of it; I cannot recall to mind the circumstances, but this I do know, that when you come to investigate it the books will show that it was not as an individual thing for the benefit of us four gentlemen.

SOUTHERN PACIFIC DEPENDED ON ITS OWN RESOURCES.

Q. You misunderstand me. I want to ascertain whether, in the construction of the Southern Pacific road, not individually, but for the purpose of building the Southern Pacific, you at any time, with your associates, representing the corporation, the Southern Pacific, borrowed money from the Central Pacific for the purpose of constructing the Southern Pacific?—A. I have no recollection of any such circumstance. The Southern Pacific Railroad, like these other roads, depended upon its own resources. When we started in it did not cost much to buy that road; two or three hundred thousand dollars, I believe; and we made bonds and hypothecated those bonds, and so we went on for a long time, and I think we went on hypothecating bonds and using our individual credit one way and another until the road was completed through to Yuma, about 720 miles from here.

BONDS HYPOTHECATED.

Q. With whom did you hypothecate your bonds?—A. Oh, a good many people. We borrowed a good deal of money.

Q. Did you hypothecate your bonds at any time to the Central Pacific?—A. Oh, yes; during the early time of the construction we of

parted with the Central Pacific bonds very reluctantly at the low rates. We had faith in the Government triumphing in the civil war, and we knew that whenever the end was apparent bonds of all kinds would go up, and we hypothecated our bonds and hypothecated the Government bonds when we could. Generally they went just as soon as we had them, but still we borrowed money on them on the prospect of receiving them.

Mr. BERGIN. The witness seems not to catch the meaning of the question. I understand the point of your question to be, Mr. Chairman, whether or not the bonds had been pledged to or hypothecated with the Central Pacific.

The CHAIRMAN. Yes, whether the bonds of the Southern Pacific were pledged with the Central Pacific.

The WITNESS. I beg your pardon; I did not understand it; I thought the question was whether we had used the Central Pacific bonds in borrowing money for the Southern Pacific.

NOTE AND COLLATERAL OF WESTERN DEVELOPMENT COMPANY.

Q. I will call your attention to the minutes of September 18, 1876, the minutes of the Western Development Company:

We, the Western Development Company, hereby transfer and deposit with the Central Pacific Railroad Company as collateral for the payment of the above promissory note and the interest which may accrue thereon, the following personal property of which we are the sole owners, the same being at our expense and risk, to wit: 1,000 first-mortgage bonds of the Central Pacific Railroad Company for $1,000 each.

Will you please explain that transaction if you can recall it? I will read to you further:

The president and secretary were ordered to issue the following note of the company:

FEBRUARY 7, 1876.

One year after date, for value received, we promise to pay to the order of the Central Pacific Railroad Company the sum of $1,796,714.41 with interest from date until paid at the rate of 10 per cent. per annum, both interest and principal payable in United States gold coin, at par, dollar for dollar.

Does that aid your memory in recalling the transaction?—A. No; I do not remember anything about that. It may have been in connection with the sinking fund. I think at one time we borrowed a great deal of money of the sinking fund, that is of the different companies, until the sinking fund could invest it in good bonds. In doing that it was a benefit to the sinking fund and gave them some interest. And until they could do better it was very well.

NO RECOLLECTION OF THE CIRCUMSTANCE.

Q. Was the money so borrowed by you used at any time in the construction of the Southern Pacific road?—A. I cannot say as to that. As to this particular sum I have no recollection of that transaction. I think that the Pacific Improvement Company, and very likely the Western Development Company, has had money from the sinking fund when they had it to lend. I think so, but I presume never without having security, or else it was of such temporary kind that it did not need any security.

Q. Were such sums used in the construction of the Southern Pacific Railroad?—A. I cannot say. It probably went into the general fund of the Pacific Improvement Company and was spent in their various businesses, whatever they may have been.

Q. So that if such sums went in to the Pacific Improvement Company at the time of the construction of the Southern Pacific road, then the probabilities are, I understand you, that such sum went into payment for the construction of the Southern Pacific Railroad?—A. No; I do not say that.

Q. Then will you please explain?—A. I say if they borrowed the money they did with it as they pleased in their business. Now, where they expended it, I cannot say. If they borrowed the money they used it as they would if they had borrowed it from the Bank of California, or from any private individual, and used it accordingly, and paid for it.

SOUTHERN PACIFIC NOT AIDED BY CENTRAL PACIFIC.

Q. Do I understand you, upon your oath, to say that no funds of the Central Pacific Railroad ever went into the construction of the Southern Pacific Railroad?—A. Yes; I do not say that the money of the Central Pacific Railroad may not have been borrowed and used that way, but I say this, that the Central Pacific was never under any obligation to furnish, nor did it furnish, money for that unless they might have done so in a business way, for which they had their full compensation. The Central Pacific never has been in such a condition as to loan money except some small sum that they might have had on hand. I do not remember any; but if I am to understand your question to mean whether the Southern Pacific, by reason of our being managers of the road, ever had an undue advantage or an undue facility in obtaining aid from the Central Pacific, then I tell you no, and I say that the accounts had been kept as honestly and faithfully between the two companies as though they had no connection, and as though their managers were entirely different persons.

NO ADVANTAGE TAKEN OF FRIENDLY RELATIONS.

Q. I am not questioning the integrity of the accounts or the honesty of the transactions, or the security that was put up at the time. I am only endeavoring to ascertain this: Whenever the Central Pacific Company had a surplus of funds, and you and your associates in the Southern Pacific Company gave sufficient security and borrowed sums of money for the Improvement Company, did that money go into the construction of the Southern Pacific Railroad?—A. I do not remember any transaction of that kind, but I have no doubt at all that if the Central Pacific had money that was idle we would have loaned it as soon to the Southern Railroad as to anybody else, if we thought that was the best place to loan the money of the Central Pacific; but, if your question is whether because of our relationship we gave in any way an advantage at the expense of the Central Pacific, then I say no. We never did that. Of course there were many transactions that I cannot call to mind now, but I do not think the Central Pacific ever had much money to loan. My recollection is that it had not. It generally borrowed. Certainly all through its construction it had no money to loan, and I do not think it ever had any money to loan except out of its sinking fund. There, of course, it has had money to loan, and we have endeavored, as far as possible, to invest that money in good bonds, but when they could not make that investment then of course we would loan the money. But you had better see the books. I think they would explain this matter.

Mr. COHEN. I would like to have the books. I remember this transaction that Governor Stanford speaks of. I had in my mind at one time what the explanation was, though I do not recall it now.

WHEN SOUTHERN PACIFIC BONDS WERE ISSUED.

Q. Were the bonds of the Southern Pacific Railroad Company hypothecated with the Central Pacific Company through the Western Development Company before the construction of the Southern Pacific Railroad?—A. The bonds of the Southern Pacific Railroad were issued from time to time, as the work progressed. I think there was a clause in there that the bonds should not be issued for more than so many miles in advance of the completion. So much a mile and not more than so many miles in advance of completion.

(Question repeated:)

A. I cannot say that they ever hypothecated any of them with the Central Pacific, but they were used in borrowing money by hypothecating.

Mr. BERGIN. But not with the Central Pacific.

The WITNESS. I have no recollection, and I cannot call to mind anything in regard to this one that you have read to me, or anything to remind me of it.

Q. How much in advance of construction did you issue the bonds of the Southern Pacific?—A. Not very much. I think there was a clause in there that we were not to issue them at the rate of more than a certain number of miles in advance.

Q. I want to know whether upon the deposit of collateral these gentlemen used the money of the Central Pacific (the same gentlemen having given the Central Pacific authority to so use it) in the construction of the Southern Pacific Railroad?

NO DIVERSION OF CENTRAL PACIFIC FUNDS.

Mr. HAYMOND. The chairman has been addressing himself to the proposition whether the money of the Central Pacific has been taken and used to build the other roads.

The CHAIRMAN. That is it.

A. The funds of the Central Pacific were never in any manner appropriated to the building of these roads unless it was in a matter like borrowing from the sinking fund. That may have been done. As to the issue of the Southern Pacific bonds, I know that some of our mortgages provide that we shall not issue more than twenty miles in advance of the completed line. And I am of the impression that that clause related to the Southern Pacific, so that we issued the bonds substantially only about as the road was completed. I want in some manner to make it plain on this point, that there have been no improper diversions of money or money ever used to the inconvenience in any respect whatever of the Central Pacific to build the Southern Pacific road.

FINANCIAL RELATIONS CONDUCTED ON BUSINESS PRINCIPLES.

By Commissioner LITTLER:

Q. Do I understand you to state, that if funds were borrowed of the Central Pacific at any time, or any number of times, they were borrowed upon business principles, and were paid back in due course of business, with interest?—A. Entirely so. All the relations of the two companies have been carried on on true business principles, and never to the disadvantage of one or the other, and I do not think either of them ever suffered any disadvantage. The company, however, that has reaped the great advantage from all these lines is the Central Pacific itself. While it controlled these lines as the main trunk they developed the

country and developed business, and the developed business passed on to the Central Pacific. That gave it, of course, a volume of traffic.

Mr. COHEN. You will find that all these construction companies were always short of money, and borrowed money wherever they could find it.

THE BOOKS WILL SHOW THE RELATIONS OF THE COMPANIES.

Commissioner LITTLER. These inquiries are made for the purpose of dispelling the accusations that are sifted throughout the country; and it is due to you, as well as to this Commission and the Government, that we should get at the hard-pan facts. That is what we want, and that is why we ask you for your books.

The WITNESS. I do not know what our books may develop in our relations with private individuals. But I have no idea that there is anything there that would hurt them or us much. It may be a little unpleasant, but the books themselves in our relations to these companies would show, I think, a thorough explanation of these transactions, and will show the relations of the Central Pacific to any other railroad corporation. The more thorough the examination is the better we shall like it.

Commissioner LITTLER. We will try to make it thorough.

TWO LEADING QUESTIONS.

Mr. HAYMOND. I understand that there are two propositions about which you particularly wish to be satisfied: First, whether the Central Pacific actually cost as much money to build as the money loaned by the Government in the shape of bonds and that received from other sources; and, second, were the funds of the Central Pacific used to build up and construct these other roads, or were these other roads constructed from the funds belonging to these private individuals? As I understand it, those are the two leading questions that you want information upon.

Commissioner LITTLER. Yes; at this time those are the controlling questions.

Mr. HAYMOND. It seems to me that in the spirit in which Congress has directed this investigation to be made those are the questions.

CAUSE OF HEAVY INDEBTEDNESS.

The WITNESS. The great reason of the heavy indebtedness was that we had to build these roads largely with bonds, and the bonds would not sell at anything near par. That was the trouble. If I had time I think I could tell you exactly what the company realized on the Southern Pacific bonds from time to time. We held on to the bonds, and I think never sold any bonds until that road was through to Yuma.

By the CHAIRMAN:

Q. I will call your attention to the minutes of June 7, 1884, of the Pacific Improvement Company, from which I read.

LETTER OF SECRETARY OF SOUTHERN PACIFIC.

The secretary presented and read the following letter from the secretary of the Southern Pacific Railroad Company:

SAN FRANCISCO, *June* 6, 1884.

F. S. DOUTY, Esq.,
Secretary Pacific Improvement Company:

DEAR SIR: On August 3, 1882, the S. P. R. R. Co. made its first payment to your company of $1,000,000 on account of its contract for constructing the road from Mojave to the Needles, and in like manner had paid your company $750,000 more before

the opening of the road for business on November 13, of that year. Throughout the construction of this line not only have our payments been far in advance of the opening of the several sections, but we have invariably paid beyond the points to which the road has been operated, thus bearing quite a loss in interest in the absence of receiving rental.

Further, the Central Pacific Railroad Company, our lessee, in leasing this line, had reason to believe that eastern connecting roads would be completed within a few months, but owing to the delay in such connections it incurred a heavy loss in operating the road during the year 1883, and requests this company, as lessor, to reimburse it for the amount of such loss.

As the amount received by this company for rent is but equal to the interest it pays on its bonds, it would seem that the claim of the Central Pacific should be referred to your company, and I would respectfully suggest, in view of the foregoing facts, the propriety of your allowing from the amount which has been received on the contract for construction the sum of $234,211.83, a demand for which is hereby made.

I would respectfully request you to inform me of the action of your company in this matter.

Yours, respectfully,

J. L. WILLCUT.

On motion of W. E. Brown, duly seconded, it was resolved that the claim of the Southern Pacific Railroad for $234,211.83 be and hereby is acknowledged as just, and that the secretary of this company be and is hereby authorized and directed to pay the same to the Southern Pacific Railroad Company.

CAUSE OF LOSS ON LEASE.

Does the letter recall to your mind the transaction of this particular case?—A. I remember generally that the Central Pacific lost money on that lease, and it was mainly because that connection was not made at the Needles with the Atlantic and Pacific.

Mr. COHEN. The Central Pacific lost money.

The WITNESS. Yes, sir; the Central Pacific leased that portion of the road from Mojave to the Needles, and they expected at the time that the Atlantic and Pacific would come and meet the Central Pacific at the Needles. There were obstacles, and they did not; and consequently the Central Pacific local business was not sufficient to pay, and they were properly asked for relief. Well, the Southern Pacific itself charged to the Central Pacific just enough to cover the interest on the mortgage. They had nothing, and therefore it fell properly, I think, upon the Pacific Improvement Company to make the reimbursement.

Q. Does not this letter indicate that rentals were being paid in advance of construction?—A. Not in advance of construction. The road was completed through, or a portion of it. They paid for the interest, the interest accruing every six months, and I have no doubt they made the interest, whatever it was, and the object of the lease was to make enough to protect the interest on the bonds. With regard to that minute book, this is the first time, to my knowledge, that I ever saw it. I would prefer that you should ask somebody about it who is familiar with it.

The Commission then adjourned to Thursday, August 4, 1887, at 10 a. m.

PALACE HOTEL, SAN FRANCISCO,
Thursday, August 4, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

DANIEL W. STRONG, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Where do you live?—Answer. At San Diego, Cal.

Q. What is your business there?—A. I am not doing anything.

Q. How long have you lived there?—A. Since 1869.

Q. Have you ever had any connection or association with the Central Pacific Railroad Company?—A. Not since that date.

Q. Since what date?—A. Since 1869, when I left.

ONE OF ORIGINAL TRUSTEES OF CENTRAL PACIFIC.

Q. What was your first connection with the Central Pacific Railroad Company?—A. I was one of the original trustees and directors.

Q. How were you connected with the company at the beginning?—A. Before the road was commenced, I was living up at Dutch Flat, and knew the country very well. I thought there ought to be some way of getting over the Sierra Nevada Mountains and diverting a portion of the travel—of the emigrant travel—across the plains, so that it would come our way and to Sacramento.

Q. What year was that?—A. It was in 1859. Being interested in Placer County at the time I was very anxious to do all that I could to get a portion of this emigrant travel to come through that county.

Q. Where did you live then?—A. At Dutch Flat.

EFFORT TO DIVERT EMIGRANT TRAVEL ACROSS THE PLAINS.

Q. What county?—A. Placer County, State of California. I was in business at Dutch Flat, mining and keeping store. It was thought that we could divert the emigrant travel across the plains for the general benefit of the community, and I started out with a party of volunteers to make a reconnaissance for a road across the mountains, to see whether we could not build a road and get a portion of that travel for the benefit of that part of the county.

ORIGINAL SURVEY.

Q. Who was with you?—A. Nobody at that time. The others had no particular interest in the matter. They were men that I picked up who were willing to pick up a living in that way, and to go along and assist me to make a survey. I have a list of the names, but they were parties who had no interest other than simply to pass over the mountains and render such assistance as they could. That was the origin of it. In making the reconnaissance for that route I discovered a place where a railroad could go through. There was a continuous divide upon the summit of the Sierra Nevada Mountains to the Sacramento Valley, and all along to the foundation, between two rivers, probably between three rivers—the north fork of the American River upon the south side, Bear River for a part of the distance, and Yuba River on the north side. There is a continuous divide all along there, and I saw that a road could be easily constructed.

INTERESTS MR. JUDAH.

Mr. Judah was a gentleman with whom I was not personally acquainted, but I had heard of him, and knew that he was investigating the country trying to find a pass over the mountains a little further north than the thirty-second parallel. Shortly before this he had been at Tehachipi Pass and other points below here. He was then in Sacramento canvassing the subject, and hearing of his being there I wrote to him and told him what I had discovered and that I would show it to him. He came up the next day by stage to Dutch Flat from Sacramento and was introduced to me by the stage-driver who brought him to my place. The next morning I went with him to the livery stable, got some horses, and we started up over the trail. There was no wagon road, nothing except the marks left by the Donner party, but there was a regular trail by which we went up to the summit. I took him up to the summit where we could take in a general panorama of the country east, looking down on Donner Lake, and so on down to Truckee.

Being familiar with the country beyond, I gave him a description of it as well as I could, but the main point that he was after was to find a way to get through the Sierra Nevadas. I asked him no questions, but gave him all the information that I could. We camped there over night in an abandoned herder's or stockman's house, and came back the next day. It rained all the way down, and we were pretty wet and did not feel very much like doing anything. We then changed our clothes.

ARTICLES OF ASSOCIATION.

The next morning Judah came into my place and he said to me, "Give me some writing material." I had a little room back of the store that I occupied myself. I produced writing material and he sat down and drew up what he called "articles of association," and he shoved them across the table to me and said, "Sign for what you want."

Q. Articles of association of what?—A. A railroad.

THE CALIFORNIA CENTRAL.

By Commissioner LITTLER:

Q. What railroad?—A. That was in the incipiency of the whole thing, and we had not adopted a name, but before we left Donner we concluded to call it the California Central. I told him that he could sign first, but he said, "No; you are the party, and you sign for just the shares you want."

He explained to me that the law required that there should be $1,000 a mile subscribed for the approximate distance that the road was to be built, and we estimated that the distance to the State line was 115 miles. He said to me that there would have to be $1,000 a mile subscribed and 10 per cent. paid in before we could organize as a company.

CANVASSING FOR SUBSCRIPTIONS TO STOCK.

I signed for fifty shares of stock. He looked at it and said, "Well, that is about right." He then said, "Go around town and see what other subscriptions you can get in the town from merchants, from the Ditch and Water Companies, and so forth." Knowing everybody, I went around with him and called on different parties. The highest

number of shares taken there was twenty-five. D. L. Bradley and one other man took twenty-five shares, and other parties all the way from five to twenty-five shares. Then we went to Auburn, and when we stated the case to some of the leading citizens there they proposed to call a meeting of citizens and see what the town would take. Some of the leading men there made a proposition that they did not wish to take hold of it unless they had the control of it. I told them that nobody would have control, except ourselves, and that they could only have the amount of stock which they might be willing to subscribe for; that if they did not want to take any stock in the concern to say so and I would move on. When the stage came I took it and went to Grass Valley, as I had told them that we could not wait any longer. I went to Grass Valley, in Nevada, canvassed those points and got considerable stock taken. Then I went to Sacramento and canvassed the city pretty thoroughly. The merchants, saloon men, draymen, and everybody in fact, took an interest in the matter, and took from five to ten and fifteen shares of stock simply to encourage it. They said that if anything came of it it was bound to make business for Sacramento, and they simply took hold of it to show their interest in the matter.

NO SUCCESS IN SAN FRANCISCO.

Not getting it all taken there I went to San Francisco, and the people there laughed at the idea; and there were only two men in the city—and they belonged to Grass Valley (Colonel Raymond and Judge Walsh), stopping then at what was called the Tehama House—who said that they would take twenty-five shares apiece. That was all I got subscribed here; and they were men belonging in the mountains anyway. I went back to Sacramento and got some more stock taken there, but it was a very few shares only.

In the mean time, whenever I was in Sacramento, being well acquainted with Governor Stanford and Charles Crocker and Huntington and Hopkins, I used to frequently go into Huntington & Hopkins's place of business.

INTERESTS HUNTINGTON, HOPKINS, STANFORD, AND CROCKER.

Q. What business were they engaged in?—A. Huntington & Hopkins had a hardware business on K street; Charles Crocker had a dry goods business on the Plaza. Governor Stanford was interested in camphene and burning fluid and lamps, and so forth. I used to buy goods from those men, and being somewhat acquainted with them it was natural for me to go and see them. They took a great deal of interest in the matter, as far as stock went, and always told me that they would like to see the thing progress, and so forth; but Mr. Huntington told me that they had been burned out but a few years before and had not got well started in business again; though doing a good business, yet it was not proper for them to go into any wild speculation of that kind on account of their creditors. They had good credit in New York, and were doing a good business, and hoped to be in good shape again presently, and did not feel that they could take hold of anything of the kind. I went on with the work, and was out a great deal evenings, and one evening after I got the stock pretty much all subscribed for I went to their store, as usual, and found Governor Stanford and Huntington, Hopkins, and Crocker all there.

TAKING BALANCE OF STOCK.

The CHAIRMAN. He was not governor then.

The WITNESS. He was governor-elect. I think that he was elected, but had not qualified. He had not taken his seat, but we called him governor all the same. After asking me how I was getting along, and so forth, and what success I was having, Mr. Huntington turned around and said, "Governor, what do you think; suppose we take the balance of this stock and close it out, and let Strong go home?" I was then living at Dutch Flat.

The governor said, "I do not know. What do you think, Charlie?" (referring to Mr. Crocker). Crocker said, "Do whatever you think best about going in." Hopkins was sitting at his desk, and he laughed and said, "What do we want of anything of that kind? We do not want to meddle with anything of that kind, Huntington." After discussing the matter, they finally took the stock and closed the thing out, and I went back.

MEETING OF STOCKHOLDERS.

Q. How many shares did they take at that time?—A. I do not recollect what it was, but they closed it out. It was a small amount, I think.

Q. Was there much left?—A. No, sir; that was simply to put the thing in shape. Afterwards, of course, the next thing was to call a stockholders' meeting. We got all these stockholders together and organized a company.

Q. Where did you call the meeting?—A. The arrangement was made at the rooms of Huntington and Hopkins; at their store. I think that Governor Stanford owned the building, and there was considerable room overhead. We held our first meeting there. Those rooms were put into shape and occupied afterwards as the railroad company's rooms for two or three years; I do not know how long. We always met there, and had our meetings there. The office of the company was there, &c.

Q. After you called your meeting, what then did you do?—A. We discussed everything pertaining to the business.

Q. Who were present at the meeting?—A. I do not recollect; that is a matter with which I never had occasion to charge my mind; there were quite a number, but I do not recollect all of their names.

WHO WERE PRESENT.

Q. About how many were there?—A. There were a good many; I presume that there were at least thirty; probably more. I remember L. A. Booth, Charles Marsh, T. D. Judah, James Bailey, and also Governor Stanford, C. P. Huntington, Mark Hopkins, Charles Crocker, and myself, and numerous others whose names I do not now recollect.

Q. What did you do at the meeting?—A. After discussing these things, Governor Stanford was called to the chair, and he presided during the meeting. There was a motion made to appoint a committee to retire and nominate officers for the ensuing year—directors or trustees. The chair nominated Huntington, Judah, and Strong to nominate a board of directors, and they retired to a room.

PROPOSING NAMES FOR DIRECTORS.

Q. After they retired, whom did they nominate?—A. After getting together, Huntington said, after shoving over a piece of paper to me,

"Here, make such nominations as you think proper. As you have taken so much interest in this matter, we want you to be satisfied with whom the directors shall be, and if Judah and I approve of it it will be all right." So I wrote down names of those whom I thought proper parties, and whom I had known to take the most interest in the project. We had agreed upon nine directors as the number to constitute the board, and I put down nine different names and shoved the paper over to Huntington. He looked at it and said: "It is all right but one thing. You are a little too modest in this matter. We propose to cross out one of these names and substitute your own." My name was not on the list that I made.

FIRST BOARD OF DIRECTORS.

Q. Whom did you nominate as directors?—A. I do not know that I can recollect all of them. I put down Huntington, Hopkins, Crocker, Stanford, Judah, James Bailey, Charles Marsh, and myself. I. A. Booth was afterwards a director of the company, but whether his name was on that list or not I cannot say. I think not, however. I think he afterwards came in, but I would not be positive about that.

Q. After you formed your board, what then did you do?—A. That was all there was to it so far as the stockholders were concerned. We then adjourned.

Q. Did you report to the meeting?—A. Yes, sir. The nominations that we made were unanimously elected. We then adjourned, and it was stated by Governor Stanford, I think, that the law required us to meet within three days as a board of directors, and elect officers from among ourselves, and that, being all then present, it would be better to call a meeting of those persons who had been elected directors, have a directors' meeting, and proceed to business, which we did.

NOMINATION OF OFFICERS.

Q. What was done at that meeting?—A. The same programme was gone through with. The governor was in the chair as usual, and nominated the same committee to select officers. The committee retired to the same room, and Huntington handed me a paper, saying, "I want you to state whom you would like for officers, according to your notions." I wrote down the names and made comments as I nominated them. I think the officers were whom I thought proper to fill those particular positions, Stanford as president of the company, Huntington as vice-president, Judah as chief engineer, Hopkins as treasurer, and Bailey as secretary. Those were all the officers that were to be voted for at that time.

MR. HUNTINGTON OBJECTS.

Q. Did the committee approve your selections after you had written the names?—A. When I first commenced this list Huntington did not seem to be satisfied with the first nomination, and rather intimated that he was the proper man to fill that position; but Judah and I had our minds fixed on this matter, and there was no use in his further objection, and he simply threw out that hint.

Q. What objection did he express to Stanford as president of the company?—A. Nothing of that kind. He rather intimated that I had not put the right man in the right place. As Judah and I understood it, he would rather have been there himself at that time.

Q. What did they do with the list?—A. We returned to the meeting, handed in the list, and reported. We then took a vote and elected those gentlemen as officers.

Q. After you had effected your organization, what did you do next?—A. Simply adjourned, and that ended that part of the programme.

A PRELIMINARY SURVEY.

Q. When was your next movement in the organization?—A. Very soon afterwards. Judah went to work and organized a surveying party—a surveying corps—to go out and lay out the line, that is, to make a preliminary survey across the Sierra Nevada Mountains so as to make some kind of an estimate of what should be done. Judah being chief engineer, and I knowing the country so well, I was always with him as his chief assistant, as he called me.

Q. He called you what?—A. His chief assistant. In his pamphlet of the reports of the meetings he called me his chief assistant. I was always along, as knowing the country, and always went with him when he was out in the field. We would generally go ahead of the surveying party, and I spied out the route, of course, all the way from Illinois Town, which is now called Colfax, to the State line. The surveying party, the two parties with the level and transit, were following us, and as we had set out flags, of course they knew where to go. The line did not afterwards vary very much from the one which we set out. Of course they made some changes in it after they came to make a close survey, but these changes were very small and unimportant, and the road as finally built was practically upon the survey which we made.

REPORT OF ENGINEER.

Q. You are getting ahead of your story. Did Judah report to the directors?—A. He prepared to go out on the line.

Q. After he had been out on the line and made the survey as the engineer of the road, did he then report to the board of directors?—A. Yes, sir.

Q. Was that report discussed by the board?—A. Yes, sir.

Q. What was the discussion, if you can recollect it?—A. There were so many meetings, and it is matter with which I have never had occasion to charge my mind, that I could not give it. I could not say exactly.

Q. Was the report to the directors adopted?—A. Yes, sir.

THE WORKING SURVEY.

Q. What did you do afterwards?—A. We organized a regular party and went into the field. When we got into the vicinity of Dutch Flat the weather became so rough and boisterous that the engineers could make no progress on account of the glasses being covered with rain and mist and snow, and they quit work. Judah went back to Sacramento, but the majority of the party staid at Dutch Flat until such time as the weather cleared up. That was the intention.

Q. In what year was that?—A. That was in 1860, I believe. I think it was March, 1860. It was in October, 1859, when Judah and I went there first, and this was in the following spring; I think it was in March, 1860. As soon as the weather cleared up again, and things got so that we could put regular parties in the field with teams, tents, and

everything to take along the whole party, we started out. Mr. Judah and myself had a tent and a team to ourselves, and we went ahead of the rest of the party. Sometimes we were with them, and sometimes five, ten, or fifteen miles ahead of them. Sometimes we would be back of that party, as occasion required. We were going back and forth constantly. We kept our tent as near to the scene of operations as was advisable.

Q. Did you commence construction at that time?—A. No, sir.

PREPARATIONS TOWARD RAISING FUNDS.

Q. After you had been over the line with Mr. Judah, what was the next step in the organization and in the work of the road?

The WITNESS. After making the survey?

The CHAIRMAN. Yes.

The WITNESS. It took us pretty much all summer to make that survey to the State line, and then there was a good deal of other preparation to be made. Elections were coming on, and there was a great deal of work necessary to be done to make preparations for them in order that we might get funds for carrying out the work, and so forth. We went to work at Placer, Nevada, and Sacramento Counties, and at San Francisco County to get them to subscribe for stock. Elections were called for the purpose of seeing whether the people would vote to take stock or not. They required a good deal of attention from the parties interested.

GENERAL MANAGEMENT OF FINANCES.

Q. Who had charge of the looking after the finances of the counties subscriptions? Who had charge of that part of the business on account of the road?—A. This board of directors had general management, had these elections called to vote upon the question of stock. Placer County, I think, took $150,000. I think that Nevada County took $200,000. I think that Sacramento County took $250,000. I would not be positive about the amounts. San Francisco took $600,000, and afterwards compromised by paying $400,000 and throwing up its stock. Some little misunderstanding arose between Placer County and the company. That county had bought a certain amount of stock which they got, and paid their money for. They got some of the old stock.

PLACER COUNTY STOCK.

Q. What was the misunderstanding with Placer County?—A. I do not recollect what it was now. It was a long time ago, and I know that it did not retain the stock. How much money it cost the county, I do not recollect.

Q. How long did Placer County keep the stock?—A. I think a compromise was made and a settlement effected some time in 1864. It probably had the stock three years. I would not be positive about that.

Q. Do you remember any discussion as to the difference between Placer County and the railroad company with reference to that subscription?—A. No, sir; I was out on the line at that time, and the other members of the board—Huntington, Hopkins, Stanford, and Crocker, who lived in Sacramento—attended to this matter, and I did not know much of what was going on at that time with regard to that board.

CHANGE OF ORGANIZATION.

Q. What was the next step after the counties had voted subscriptions to this stock?—A. They changed their first organization and organized under the general railroad law of the State. In order to do this, they had to get deeds of trust from all of these original subscribers. Having solicited these subscriptions, and knowing the parties better than anybody else, Mr. Hopkins requested me to go around and make these changes and get these deeds of trust, which I did, and the stock went into the hands of the company; that is, these deeds of trust, so that the company really had the whole thing in their hands—all this stock.

DIRECTORS VISIT THE LINE OF ROAD.

Q. What was the next step?—A. I do not know as I can follow up the routine just as things came along one after the other; but I know that it was necessary to look out the country beyond, and Governor Stanford, Mr. Huntington, and Mr. Crocker came up to Dutch Flat and made a start to team it over the Henness Pass road. It was the only way to get out in order to reach the east side of the Sierra Nevada Mountains and reach the road at Donner Lake. We took horses at Dutch Flat and teamed it over there, and camped there for twenty-four hours. We did not get through until the next day. We then turned the horses over to the man who brought the team around, and he went to Dutch Flat with it. We took the team and went down the Truckee River, following the old American road, and came out at what was then called the lower crossing of the Truckee, now known as Wadsworth, where the road crosses the Truckee River the first time. We came there that night. It was about 9 o'clock when we got there. We camped there in a stack of hay. In the morning we moved out on the desert. That was as far as we intended to go east on that line. We calculated to swing around to a place known as Honey Lake Smith's at that time. That was the name of a man, and the station was generally known as that. I do not suppose that you want the particulars of that trip across there.

Q. Give us the information that you have with reference to it. What was the next thing?—A. We unfortunately broke down on the desert about 10 miles after crossing the river. It was one of the hind axles which broke in two, caused by rolling over the cobble-stone road. Governor Stanford being the heaviest man in the crowd, we concluded to let him take the team to Honey Lake Smith's and we would foot it in, which was done. He managed to get into Smith's that night.

RIGHT OF WAY ACROSS NEVADA.

The next day we went to Carson City. Nevada was not then a State. The council, called the Territorial council, was in session, and we spent about two weeks there, as near as I can recollect. We tried to get a bill through, giving us the right of way across Nevada as far as the Territorial council could give it to us, together with certain privileges for the company. After that we went to Sacramento.

Q. After you had returned to the board of directors, after you had been over the route, what took place in the business organization of the company as to raising funds?—A. There had been some means raised, you know, from these counties. Mr. Huntington, I think, had been East in the mean time and had raised a couple hundred thousand dollars for stock. Things looked pretty blue for the company during those times.

Q. Of what year are you now speaking?—A. I think it must have been 1862.

CHANGE IN BOARD OF DIRECTORS.

Q. Had you made any change in the board of directors?—A. I am not be positive, but I think that in the mean time Mr. Bailey had retired from the company and Mr. Miller had been elected in his place. I think so, but I would not be positive; that is, I do not know whether it happened as soon as that, or at that date. I would not be positive.

Q. Was there any difficulty in the board of directors at any time along there, as to the organization?—A. Yes, sir; they did not agree very well.

DISAGREEMENT IN THE BOARD.

Q. When did the disagreement take place?—A. Very soon; not a great while after the organization. There was a regular meeting of the board once a month, but there was a portion of the board that used to meet oftener than that at Sacramento, but what was done at those meetings I do not know.

Q. What portion of the board was that?—A. A majority of them. I think five of them—at least four.

Q. What were their names?—A. I do not like to say; but I can give the names of those who were not there better than those that were. Judah and myself, Charles Marsh, and L. A. Booth.

Q. Were they four of the regular directors, and did they meet at the regular meetings of the board?—A. Yes, sir.

Q. When did the other five meet?—A. They might have met twice a day, as far as I was concerned.

Q. Who were they?—A. Not having been present, I could not tell you.

Q. Were Stanford, Huntington, Crocker, Hopkins, and Bailey the other men?—A. Mr. Bailey did not very often meet with them. But after his retirement, Miller did.

DISAGREEMENT AMONG MEMBERS.

Q. Did the four directors, with whom you were associated, complain of these quiet meetings of the other five directors?—A. There was a good deal of dissatisfaction.

Q. About what was your disagreement or dissatisfaction with the other five?—A. As to the *modus operandi* of conducting the whole thing.

Q. What did they do; what was the *modus operandi*?—A. You have seen the result of it, or at least the world has. Things came to such a pass that there was a disagreement to a certain extent, so much so, that there was a proposition made to buy or sell the stock. One side was to remain and the other to go out, and *vice versa*.

CAUSES OF DISSATISFACTION.

Q. What was the difference between the four and the five as to the conduct of the business of the company?—A. The minority was not satisfied in not having much to say in regard to the management and the running of the company. In the general meeting of the board we would oftentimes pass certain resolutions, but they would be acted on differently and reversed as to the results.

Q. Would the five who would meet afterwards, those who would have a quiet meeting after the regular meeting would adjourn, reverse

whatever was done first in the regular meeting?—A. They were really the board.

Mr. COHEN. He did not say that, Mr. Chairman.

Q. What do you say?—A. I say that we thought they were running the thing according to their notions, regardless of the opinion of the whole board, and things came to such a pass that one side or the other had to retire from the management.

Q. What did this difficulty arise over? What did the difficulty come out of?—A. No particular one thing; but there was a long list of grievances.

COUNTY SUBSCRIPTIONS.

Q. Was the subject of the subscriptions of the counties discussed?—A. Yes, sir; that was one thing.

Q. Was there a difference of opinion on that point?—A. Yes, sir; there was a difference with regard to that, and also with regard to this stock that these counties had taken.

Q. What was the difference? What did you maintain with the gentlemen associated with you and what did the other five do after the regular meetings of the board were held?—A. The remark that Judah made was this: "We have got a very good thing. It is good enough for anybody. Let us live up to our agreements and relations with the counties and all parties interested in this matter." There seemed to be a little disposition to take some little advantage of subscribers to the stock.

Q. Did they take advantage of the subscribers?—A. I do not know how it was accomplished, but I know that the counties did not retain their stock.

Q. What did they do?—A. I do not know; but a good many members also did not retain their stock. They were original subscribers and had full-paid stock, and they said, "Here, take it off our hands, and we will have no more to do with it."

Q. What did the five do differently from what you wanted them to do?—A. They were the controlling influence in the board. They were the majority.

Q. How did they take advantage of the subscription to the stock?—A. I do not know, sir, how the thing was worked or managed.

DEATH OF CHIEF ENGINEER JUDAH.

Q. How long afterwards did you remain in the board?—A. After this agreement about buying and selling Judah went East to perfect an arrangement to take the stock. He was taken sick while crossing the Isthmus, and died at the Astor House, in New York City, two or three days after he arrived there; and that ended the matter, so far as that transaction went. When he left here he left Montague—he being chief engineer and Montague being his assistant—he left Montague as acting chief engineer in his absence. As I have said, Judah died, and as soon as I got an account of his death I tendered my resignation as director. Governor Stanford wrote back to me that it had better not be accepted, unless I insisted upon it, as they did not propose to make any changes in the board. I said nothing more about it and it rested there. At the next annual meeting of stockholders there were seven directors elected instead of nine, and from that time on, I believe, there have been only seven directors of the company.

APPLICATION FOR STOCK.

Q. Did you get your stock?—A. No, sir.

Q. Did you make application for it?—A. Yes, sir.

Q. To whom did you make your application?—A. The last application that I made was to Miller, the secretary of the company.

Q. What Miller?—A. Ed. Miller we used to call him.

Q. What position did he occupy with the company?—A. Secretary.

NOT ALLOWED TO INSPECT THE STOCK BOOK.

Q. Did you get your stock?—A. No, sir. I went in and asked him for the privilege of looking at the stock book, as a stockholder, and claimed the right to see it, the same as any other stockholder. There is a long counter across his office, and behind that there is a vault, where the books are kept. He objected to handing the book to me, and finally laid it on the table between the vault and the counter, with the back of the book towards me, and said, "There is the book; look at it." I said, "Mr. Miller, that is not what I came for." He said, "You cannot look at that book, and nobody else can; I will not allow it." I said, "If that is the case, all right. You acknowledge, I suppose, that I am a stockholder?" He said, "Yes." I said, "I would like my Central Pacific stock." He said, "Very well." My stock was the original stock; but, as you have seen before, the stock at this time had been watered up to one hundred millions. The proposition was to give me my fifty shares of this watered stock, and I objected to take it. I said I would not take that stock, and he said, "All right; you may take it if you want it, otherwise not, as you please." I have never had anything to do with him since that time.

Q. Did you ever get your stock?—A. No, sir.

DO MONEY CONSIDERATION RECEIVED.

Q. Did you ever get any money consideration for your interest in the company?—A. They never paid me a cent.

Q. Were you ever offered any money consideration?—A. Mr. D. O. Mills went on the street in Sacramento and bought up quite a number of shares. I was told so, though I did not see it. It was the same style of stock as mine, and I was told that he paid at the rate of a thousand dollars a share for it. I was told so, and I believe it to have been true. I think it was worth that value, provided it was par value original stock. I tried to have him take my stock, but he would not even make me an offer for it at all.

ADVISED TO INSTITUTE LEGAL PROCEEDINGS.

Q. Have you made any efforts through the courts to recover your interests in the company?—A. I have not. There was a Jo. Hamilton, with whom I was well acquainted for a good many years, and who was attorney for a good many years, and as a prosecutor, and he frequently informed me in Auburn, his place of residence, that I ought to get something. He frequently said to me, "How are you getting along with the company?" And I said, "Everything stands as usual." He would say, "Why don't you bring suit against them and bring them to some kind of terms?" and I would say, "There is no use in doing that; I could not afford it. I think the gentlemen will do the fair thing when it suits their convenience." The thing went on in that way for several years; finally, as I was going away from there and had made up my mind to go to San Diego, a party came to me and said, "I understand that you have some misunderstanding with the railroad company, some claim or other against them?" I said, "Yes." He said you had better put it in some kind of shape and try to collect something."

I saw two or three parties in San Francisco, leading attorneys, and they said that they were not in shape to take the case against the company. They listened to my statement and said that it was all right, but that they were not in shape to take it, and recommended me to go to others, and I finally fell in with Mr. Stratton, whom I have been acquainted with for a number of years. He used to be State librarian. Stratton said to me, "I have all the things necessary here, and would like to take your business, as you are going away."

HAYMOND AND STRATTON EMPLOYED AS ATTORNEYS.

Q. What was the result of it?—A. The result was that Haymond and Stratton took the case and went on with it. They said that I need not be present, that they would keep me posted; that it was a matter of but sixty days or ninety days at the furthest before it would be straightened up. They said that I would not be wanted in the mean time, so I went to San Diego.

RESULTS IN DEFEAT.

Q. What was the result?—A. The result was that I was defeated, and I want to give you a little of the particulars. They kept me posted for a time—two or three letters a week. Finally this communication stopped—this correspondence—and I heard no more from them. I suppose it went by default or some other way. From that time to this Mr. Haymond has been the leading attorney of the Southern Pacific Company. That is all I know about it.

WITNESS'S LETTER TO THE COMMISSION.

The CHAIRMAN. Mr. Strong, I want to read your letter to this Commission. It is as follows:

SAN DIEGO, CAL., *July* 26, 1887.

To the honorable RAILROAD COMMISSIONERS,
San Francisco:

QUERY: Ask Mr. Crocker why he, Stanford, and Huntington swore to an affidavit that the foot-hills commenced at Arcade Creek instead of Dry Creek, as laid down by T. D. Judah and myself, who was the chief assistant. The subsidy was $16,000 per mile for the foot-hill section, a distance of 22½ miles. Mr. Huntington & Co.'s affidavit which Mr. Judah refused to sign, as well as myself, gave them $32,000 per mile where there was not a cut or fill of 3 feet in the whole distance.

And why they broke up every one of the first contractors, then formed the Finance and Contruction Company composed of Stanford, Huntington, and Hopkins, Charles Crocker and Ed. Miller, and let the whole job to Crocker & Co., although directors of the road. As directors they let the contract, as the construction committee they took the contract, and as the railroad company they paid themselves.

Why did they collect $3,000,000 tolls on the Dutch Flat wagon-road, and then charged up the cost of its construction to the railroad company as necessary work for the construction of the railroad, besides freezing me out of my tenth interest in the same, which Mr. A. A. Sargent can verify.

To introduce myself I signed for the first share of stock of the C. P. R. R., of Cal., and solicited the subscriptions of the Messrs. Stanford, Huntington & Co. They declined, as they said, on account of poverty, but gave me encouragement until the stock was mostly taken, when they finally closed it out; the last of the charter stock at $1,000 a mile had to be subscribed and 10 per cent. paid in to organize.

It was estimated 115 miles to the State line; they took 15 miles.

Respectfully,

D. W. STRONG.

P. S.—I was director for the first four years of the company.

Q. Are the facts set out in your letter true?—A. I think so; yes.

Q. Have you any other information to impart?—A. As to the length of time I was one of the board I would not be certain, but it was about that time.

Q. Have you anything to add to what you have already testified to?—A. No, sir; not that I know of.

Q. Have you any other information to give this Commission?—A. I do not recollect of anything that comes to my mind now.

CORRESPONDENCE PRODUCED.

Q. Have you any other papers in your possession?—A. I have some correspondence between Governor Stanford and Huntington, Crocker, Bailey, and Hopkins.

Q. Have you that correspondence with you?—A. I have also some from Mr. Creed Haymond, &c. Yes; I have it all with me.

Q. Has it any connection with the construction of the Central Pacific Railroad?—A. It is simply a verification of what I have been stating here.

Q. Suppose you produce the letters and let us look at them.

The WITNESS. You do not want to look over all that list of letters, do you?

The CHAIRMAN. We want any statement, or any proof, or any evidence that you have to sustain what you have stated to this Commission.

The WITNESS. Mr. Norris can go up to my room and bring down what letters he thinks necessary.

Q. Where are those letters?—A. They are in my room on the third floor of this house.

Q. Suppose you produce them before this Commission.—A. All right, sir.

MR. HAYMOND'S EXPLANATION.

By Mr. HAYMOND:

Q. My name is Haymond, Mr. Strong, and I am the party to whom you have referred in your statement. The application that Stratton and myself made was an application to the attorney-general for leave to bring suit against the Central Pacific Railroad Company, and was made upon your verified affidavit, was it not?—A. Yes, sir.

Q. In what year?—A. It must have been in 1868 or 1869.

Q. Do you not know that upon the hearing of that application before the attorney-general, Judge Robinson, the counsel for the Central Pacific, and I came almost to blows and came very near having a fight about it?—A. I know that I had a letter from you to that effect.

HIS CONNECTION WITH THE CENTRAL PACIFIC.

Mr. HAYMOND. I had never been in the employment of the Central Pacific Railroad in any shape, manner, or form previous to the year 1881. The application to which Mr. Strong refers was an application which required no testimony, was made on affidavit, and was based upon the fact that the Central Pacific had not completed the road within two years, as required by the State of California. Our claim, therefore, was that it had forfeited its charter, and we asked the attorney-general, whom Mr. Strong supposed to be his friend, to allow us to bring a suit to annul the charter of the company, unless it would pay him for his stock. Was not that the cause of action, Mr. Strong?

The WITNESS. It was something of that kind; yes, sir.

FINAL RESULT, DEFEAT.

Q. And you were advised about its progress from time to time, were you not?—A. Yes, sir; but the final culmination of the whole thing was that I was defeated, and no explanation came to me one way or the other.

Q. Mr. Stratton was the one particularly engaged, and he would have written to you. You engaged him particularly. You did not know me at all, did you?—A. No, sir; but you and Stratton were copartners.

Q. Yes; but Stratton was the one with whom you communicated, and was the one who drew up your affidavit for you, was he not?—A. Yes, sir.

NO SUIT WITH ATTORNEY-GENERAL'S CONSENT.

Q. And he depended upon the man whom you supposed to be your friend, the attorney-general of the State, to get a solution of the question. We knew that we could bring no suit without his consent, and you knew it also, did you not?—A. I know that that was the statement which you made to me, that I had to get his consent. At that time he was not attorney-general of the State. That was when the nomination was made, but there was no question about his being elected; but there was no proviso after he was elected.

Q. He was attorney-general of the State at the time, and we appeared before him. I distinctly remember that the counsel for the company, Robert Robinson, and I came very near having a fight on that occasion. Very bitter words passed between us. I thought that the only remedy that you had, because you had not bought your stock, and were not entitled to it as such under the laws of this State. I advised you that if we could get leave to bring such a suit, I thought the company, rather than have such a suit instituted, would be willing to pay the par value of that stock. Was not that the advice that I gave you?—A. Yes, sir.

REFUSAL OF ATTORNEY-GENERAL TO BRING SUIT.

Q. We had no difference of opinion in relation to this matter. We could bring a suit of this kind if we got permission, and we could have forced the company to do something. Under such a suit we could have caused these people some trouble unless they did what we claimed, and I think that we advised you that you had a right to recover. Did you ever hear anybody say that in that proceeding we did not carry out your instructions to the full length and do everything for you in our power? We failed simply because the attorney-general absolutely refused to allow us to bring a suit?—A. I never heard anything about it. There was nobody interested. I had no correspondence with anybody but yourself and Stratton.

A PERSONAL VINDICATION.

Mr. HAYMOND. The attorney-general having denied the application, that, of course, was the end of it. I only want, so far as I am personally concerned, to have it understood that I never took a suit for a man and did not do the best I could. I had nothing whatever to do with the Central Pacific until the year 1881, and this other matter came up in 1868 or 1869. I never had any employment of any kind, shape, manner or form before I entered the employment of the company six years ago.

Q. Was it not true, Mr. Strong, in point of fact, that you had only paid

10 per cent. on your stock?—A. I have the documents to show the contrary.

AMOUNT PAID FOR STOCK.

Q. How much did you pay?—A. The books of the company ought to show.

Q. How much do you remember?—A. Four thousand dollars.

Q. On what?—A. Five thousand dollars. I had credits with the company which would more than balance it.

Q. Did you not know that under the laws of this State no stock in a railroad company could be issued until fully paid up in cash?—A. The other members of the board never had paid for their stock in cash.

Mr. HAYMOND. Of that I know nothing.

The WITNESS. I do. I had credits, and Judah went before the general board and tried to have them allow me something, which they declined to do.

LAW REGARDING ISSUE OF STOCK.

Commissioner ANDERSON. I want to know if what has been stated is really the law of this State. I have been given to understand that it simply required a payment of 10 per cent., and that then the parties could take their stock.

Mr. COHEN. Under this incorporation law, as it then stood, you could only be called upon for 10 per cent. per month, until the whole amount was paid in.

Commissioner ANDERSON. Does your law forbid the issuing of railroad stock unless it be paid for in full?

Mr. HAYMOND. Yes; money, or what is equivalent to money. The courts here have held that promissory notes are equivalent to cash.

The CHAIRMAN. How long has that been the law?

Mr. HAYMOND. I will not state how long, because I have not been very familiar with corporation law until late years.

THE TEN PER CENT. PROVISION.

Mr. COHEN. The original railroad law of this State was passed in 1861. You will find it in the session laws of that year. They were amended in 1863, and the law as then amended continued until the adoption of the code in 1871.

The CHAIRMAN. Was that 10 per cent. provision in the act of 1861?

Mr. HAYMOND. Yes, sir; it had to be paid in advance before the articles of incorporation could be filed. The supreme court of this State has held that payments could be made in money, or anything equivalent to money; even a solvent promissory note was a payment.

Commissioner ANDERSON. At the time of the organization of this company, was it the law that the stock must be fully paid for before it could be issued?

Mr. HAYMOND. Yes, sir; I am only stating it now from memory, as it has been a long time since I looked it up. In this Strong matter of course we would not have brought suit to compel them to issue the fifty shares of stock, because he had forfeited them. I do not care to examine Mr. Strong any further, because I have brought out all that I wish. I knew that he was mistaken in his statements, and simply wanted to bring out the facts.

INCORPORATION OF CENTRAL PACIFIC.

By Mr. COHEN:

Q. What is your recollection of the year in which the Central Pacific s incorporated?—A. 1861.

Q. You said 1860, did you not?—A. I think the opening occasion was e 8th day of January, 1861. We broke ground on that occasion and d a grand demonstration in Sacramento. Organization was perfected e year before.

Q. Did you sign more than one article of association?—A. Yes; I nk so. I would not be positive.

Q. The articles of association signed by you bear date the 27th day July, 1861. Did you sign any other than that?—A. None after that.

SUBSCRIPTION FOR STOCK.

. You subscribed there for fifty shares, did you not?—A. That was vious to that, a year previous to that date.

. Did you pay any money previous to the date of the signing of articles of association in 1861?—A. No, sir.

. Previous to signing the articles of association in 1861, did you pay money to the Central Pacific?—A. Money or its equivalent. I had ceipt from the company, which was the same thing.

. Have you that receipt?—A. No, sir.

. What value did the company get for that receipt?—A. It was a ipt for 10 per cent.; a monthly receipt.

. You had a receipt for 10 per cent., did you?—A. Yes, sir.

. When did you first pay 10 per cent. to the company?—A. I would e positive, but I received my credits by vote of the board of di- rs. I had done as much work and probably more than anybody e the time.

. How many payments of 10 per cent. did you make on the fifty s that you subscribed?—A. I had receipts for four.

. How much; that would be $2,000, would it not?—A. No; I am ken; there are eight receipts. I had receipts for 10 per cent. on 0, and I had eight receipts.

PAID FOR IN MONEY OR ITS EQUIVALENT.

. You paid 80 per cent. on your subscription, did you?—A. Yes, nd I have receipts to that effect.

. Did you pay that in money?—A. Money or its equivalent.

. What was the equivalent?—A. I had receipts for it.

. What was the equivalent of the money?—A. A part, in fact all, r services. I used a great deal of money on behalf of the company, was credited for the money when I made my statements.

. What was the character of the service rendered?—A. In connec- ith the surveying party. I never received any salary or payment, thing, for my services as director. It cost me a good deal of . I had to travel from Dutch Flat to Sacramento by stage, and e good deal of time going there and back again, and I never got penses. I paid out other money for the company during the time was an active member of the board.

. Did you pay any portion of the 80 per cent. in money?—A. I did into the office and pay it as an assessment, but I did pay it out benefit of the company, and it was credited to me in my settle- s cash and services in connection with my other services.

Q. Your payments were for your own personal expenses in traveling, were they not?—A. For the benefit of the company.

Q. Were they expenses that you yourself had incurred?—A. Yes, sir; while with Mr. Judah I paid bills for the company for different men out on the line of the road. The bills were brought to me and I paid them, and charged them up to the company.

NO MONEY PAID TO SECRETARY ON STOCK.

Q. You paid nothing to the secretary in the shape of money on your subscription to stock, did you?—A. No, sir; I did not, not a 10-cent piece, nor did any of the rest.

Q. How much of that 80 per cent. was for money disbursed by you, and how much for your services?—A. I am sure that I never charged my memory with it. I could not tell you.

Q. Can you approximate it?—A. I cannot tell you anything about it. I never troubled myself with it. Everything was going along smoothly, and I did not pay much attention to it. When I got my receipts I supposed that was enough.

OFFER TO PAY BALANCE DUE ON STOCK.

Q. Did you offer to pay the balance due on your stock, the balance between the $4,000 and the full amount?—A. I did, after I gave in my charter stock.

Q. When did you make that offer?—A. I do not know whether it was in 1868 or 1869. I have got the documents to show the date.

Q. You say it was 1868 or 1869?—A. It might have been 1867.

NUMBER OF SHARES DEMANDED.

Q. How many shares did you ask the secretary to give you at the time that you made this demand?—A. I claimed that that watered stock was only worth 10 per cent. of my original stock.

Q. How many shares did you want him to issue to you?—A. I had fifty shares of original stock.

Q. How many shares did you want issued to you for your original subscription of fifty shares?—A. Five hundred shares of this watered stock.

Q. Would he not give it to you?—A. No, sir.

Q. How much did he want to give you?—A. The same amount as my original stock.

WATERED STOCK.

Q. You say the stock was "watered;" what do you mean by that?—A. When I subscribed for the stock the capital stock of the company was only $15,000,000. It was afterwards increased to one hundred million, and when I asked for my stock one hundred million was the capital stock of the company. The books of the company will show that the stock was one hundred million. I considered my stock was equal to 500 shares.

Q. I would like you to inform the Commission a little further, if you will be so kind, as to when the service that constituted your payment of 80 per cent. on your subscription was rendered; was it before organization of the company or afterwards?—A. Afterwards. I was also in the service of the company before that time.

NO CHARGE FOR ORIGINAL SURVEYS.

Q. You have spoken of surveys made in 1859 and 1860, before the organization of the Central Pacific. That company was not organized until 1861, was it?—A. They had nothing to do with that. I never made any charge for those services. I took charge of that party and went over the country to the crossing of the Truckee. Judah and I went only to the State line; afterwards the men went on a separate survey; and a man by the name of Kingsbury, on the Placerville road, undertook to head us off. I took charge of the party, and went over to the upper crossing of the Truckee, at the lower end of the Truckee valley, and commenced a line of surveys upon the upper river.

DATE OF SERVICES RENDERED TO COMPANY.

Q. Between what dates were your services rendered to the company?—A. You may say between January, 1860, and 1864.

Q. What time in 1864?—A. I do not know. I do not recollect the date.

Q. Can you not remember at what time these services ceased?—A. No, sir. I had no occasion to charge my memory with it. I do not know anything about it. It made no difference to me whether I recollected it or not.

Q. Did you render any other services to the company, or do any other thing than on the survey, or in connection with your services as director, during the time you mentioned?—A. I did, sir.

COUNTY ELECTIONS CONCERNING SUBSCRIPTIONS.

Q. What were they?—A. Hopkins, I think, it was——

Q. Which one?—A. Mark Hopkins. He was the only Hopkins that was known in those days. He requested me to take charge of the canvass in Placer County, and try to get as many votes as we could on this question pending to take stock in the Central Pacific Railroad Company on the part of Placer County.

Q. In what year was that?—A. I do not know whether it was in 1860 or 1861. It was at the election, or previous to the election, in Placer County, on the question of taking that stock. I do not remember the date.

Q. Was it in 1860 or 1861? It is important to discover that fact.—A. I do not remember the dates of those elections held in Sacramento, San Francisco, and Placer Counties at that time. Each county had an election of its own.

Q. Do you say that your services to the company ended in 1864?—A. Yes, sir.

Q. But you cannot remember at what time in 1864 it was?—A. No, sir; I cannot.

ORIGINAL CAPITAL STOCK OF CENTRAL PACIFIC.

Q. Do you remember what the original capital stock of this company was?—A. I think it was fifteen millions.

Q. Do you mean the original capital stock?—A. Yes, sir.

Q. The articles of association show it to have been eight and a half millions. Which do you think most reliable, your memory or this document?—A. The probability is the document is correct. I do not want to say anything about the fact. I do not recollect anything about it.

Q. Were you a director of the Central Pacific in the year 1864?—A. I think that my letter from Governor Stanford was dated in 1864, some time.

INCREASE IN 1864.

Q. When?—A. Some time in 1864.

Q. Do you remember the capital stock of the Central Pacific Railroad Company being increased in the year 1864 from eight and a half millions to twenty millions?—A. I recollect something about it. I do not recollect the particulars.

Q. Was that done with your consent?—A. I do not recollect. I do not think I was present at the meeting of the board.

Q. You did not testify your dissent to that increase in any way, did you?—A. No, sir; I did not.

Q. Can you remember when it was that you demanded five hundred shares of stock from Mr. Miller?—A. Some time in 1869.

Q. Did you know that previous to that date, on July 23, 1868, the capital stock of the Central Pacific had been increased to $100,000,000?—A. I did.

DOES NOT OBJECT TO INCREASE TO $100,000,000.

Q. Did you, as a stockholder, object any, or make any dissent before the board of directors?—A. I was not a member of the board.

Q. You were a stockholder, were you not? Do you not say so?—A. I supposed that I was a stockholder. Mr. Miller would not allow me to look at the book.

Q. You stated that it was afterwards that Mr. Miller would not allow you to look at the books. Do you know that in July, 1868, before you made your demand on Mr. Miller for 500 shares of stock, the capital stock was increased to $100,000,000?—A. Yes, sir.

Q. Did you, after July, 1868, between the time of that increase and the time you made your demand on Mr. Miller for this 500 shares of stock, testify your disapprobation in any way to that increase of capital?—A. I do not think I ever did. I had lost a good deal of interest in the whole project at that time.

Q. You started out originally with the statement that the stock had been watered, did you not?—A. I put it in that way. You can modify it if you want to. I call it watering stock.

Q. I cannot modify your testimony. Why do you call it watering stock?—A. I call it watering stock, because it was an increase of the capital stock.

WERE ASSETS INCREASED CORRESPONDINGLY?

Q. Was there an increase of the capital stock without corresponding assets?—A. That I do not know. I never investigated this matter.

Q. Do you not think that it is rather necessary to investigate that fact before you charged the directors with watering their stock?

The WITNESS. Where do these assets come from?

Mr. COHEN. I am asking you if you do not know that there were assets corresponding to that increase of capital?

The WITNESS. The Government made two different subsidies to this company. Of course that was afterwards.

ARTICLES OF ASSOCIATION.

Q. That does not answer my question at all. Did you know the purpose of the articles of association which you signed? How much

road was to be built under those articles?—A. We were organized under the State law to build to the State line. That is, as far as California went. We afterwards formed a different organization to extend east, after the Government had made arrangements with the Union Pacific and Central Pacific that each should extend its line until it met the other, or any other line going east or west.

Q. Was it not required by the act of Congress that the company should construct portions of road not contemplated by the original articles of association, and was it not for this reason that the stock of the Central Pacific was increased?—A. I do not know. It was all one organization and one company. What the excuse was I do not know. It was under the same organization that it was made.

OPINIONS VS. FACTS.

Q. Are you not guessing at a great many of the things that you have informed this Commission about as being positively aware of them; are you not adopting some popular traditions, and coming here and putting them in the form of evidence without knowing them to be facts of your own knowledge?—A. No, sir; I have vouchers for anything I state.

Q. It seems to me that you have not upon the question of watering stock. Do you know any of these facts personally, from being present before the board of directors?—A. I do not know things that have been done at meetings when I was not there.

Q. You have testified here as to disagreements among the board of directors; you have said that there were quiet meetings of a portion of the board of directors, at which the minority were not represented; do you know of any instance in which the directors met officially as a board of directors, and passed any act, adopted any resolution, or did anything to bind or affect the interests of the company, at which meetings you were not invited to be present, at the time that you were a director?—A. I was notified to be present at all the regular monthly meetings of the board. At none of these other meetings, except one or two or three different occasions, was I present, except when I was notified by the secretary to be present on some special business.

SECRET MEETINGS OF BOARD.

Q. There were no secret meetings held then without your knowledge, were there?—A. I could not say as to that. As I said before, they might hold a meeting twice a day, and I would not know of it.

Q. But that would not be an official meeting, would it; and anything done at such a meeting would not bind the company, would it?—A. No, sir. But where there are two factions in a board the majority can nullify the acts of the whole board.

Q. You mean that the board was divided into a majority and a minority, do you not?—A. About the time that I left it; yes, sir.

Q. And the vote of the majority controlled the action of the company, was not that it?—A. Yes, sir.

Q. Is that different from the mode of government of any other company?—A. I do not know that it is.

PROPOSITIONS TO BUY OR SELL STOCK.

Q. You have stated that when that condition of things prevailed the majority vote was controlling the affairs of the company, so that the influence of the minority was not felt, and there was a proposition made

to buy or sell the stock held by the different members of the direction. At what time was that proposition made?—A. It was either in 1863 or 1864; I cannot say which.

Q. How much had you paid on your stock when this proposition was made?—A. I have got receipts for the amount, I told you.

Q. You had then paid 80 per cent., had you?—A. Yes, sir.

NO ASSESSMENTS MADE ON WITNESS'S STOCK.

Q. Was not the balance due on your stock called for between that time and the time that you applied to Mr. Miller for the five hundred shares?—A. I never was asked for an assessment on this stock.

Q. Did you not see the notice of the secretary published in the papers of Sacramento calling upon stockholders to pay their assessments?—A. Yes, sir; but I had receipts ahead of the advertisements.

Q. Did you follow those advertisements right along?—A. I had receipts ahead of them up to the time I left.

Q. Did you see the advertisement calling for the ninth assessment upon the stock that had been subscribed, or the tenth?—A. No, sir; I do not think I did.

Q. You paid no assessment on your stock to the officers of the company, did you?—A. The company was owing me more than they amounted to, and I supposed it would be credited up to me.

Q. For what did they owe you more than the 80 per cent. with which they had credited you?—A. I have not the minutes of all the little transactions that I had with the company.

Q. You have said in your examination-in-chief that the prospects of the company at the time you were a director were looking very blue; what was the reason that you did not, when the offer was made to buy or sell, sell your stock?—A. Because we thought we could do better.

Q. Do you say that you never have received anything at all for that stock?—A. No, sir; nothing.

NO LEGAL MEASURES TAKEN TO SECURE STOCK.

Q. Did you ever make any attempt whatever, by legal or other means, to force the Central Pacific Railroad Company to issue to you those fifty shares of stock on payment of the balance due?—A. No, sir. I found that I had no strength to litigate against leading attorneys who were apparently subsidized, or otherwise engaged, so that they could not act. I could do nothing because of the expense, and there was no use throwing good money after bad. I went away entirely, and never expected to realize any money from it.

Q. The evidence brought out in this case is that some people who owned stock received over $500 a share for it; could you not have put in your stock?—A. I had no stock.

Q. Did you not have receipts for 80 per cent.?—A. I did not meet this party. I think it was Mr. Mills. I was in San Diego at the time, and I saw the report in the Sacramento Union.

Q. Had you receipts showing your payments of 80 per cent.?—A. Yes, sir.

RECEIPTS TURNED OVER TO O. D. LAMBARD.

Q. But you never attempted to enforce your rights under those receipts, did you?—A. I turned the receipts over to a man by the name of O. D. Lambard. He told me that he thought I could realize something

for my stock, as the company was not disposed to give me anything for it. He said that the company would not do so, but that if he could collect it he would do so upon the basis that he would take all up to the par value and divide everything above that figure. I was to get half of the advance. I turned the receipts over to Lambard, and from that day to this I have never seen him. I went to San Diego, and I do not know what he has done with the stock or with the receipts. I presume, from what I have seen in the newspapers, that the same stock has been litigated in New York in connection with some suit in which Mr. Huntington is involved.

Q. Is the Lambard you mentioned the same party who instituted a suit against the Central Pacific for an accounting upon the stock issued by that company?

The WITNESS. Did I see such a statement, do you mean?

Mr. COHEN. Was the Lambard you speak of the gentleman who was plaintiff in the suit I have mentioned?

The WITNESS. I do not recollect the suit. The name of that party was O. D. Lambard.

Q. In what year was it that you turned that stock over to Mr. Lambard?—A. I think it was in 1868.

Q. Then you were not in possession of the stock when you asked Mr. Miller to issue stock to you in 1869? You did not hold the certificates at that time, did you?—A. I would not be positive in regard to these dates, because I had no occasion to charge my mind with them. It has been some time since these things took place; but by reference to certain documents I can give you the exact dates.

ALLEGED PURCHASE OF STOCK BY D. O. MILLS.

Q. You spoke of D. O. Mills going on the street in Sacramento and offering $1,000 a share for stock of a similar character to that which you claim you were entitled. Do you know that of your own knowledge?—A. No, sir; I know it by reading it in the local papers of Sacramento at the time.

Q. Did you ever have any conversation at all with D. O. Mills on this subject?—A. No, sir.

Q. You said you asked Mr. Mills to buy your stock, and he refused to make you an offer for it; is that true?—A. I did not make that statement.

Q. I refer to the evidence. I think it will show that you did so state. What is your present recollection on the subject?—A. I never asked Mr. Mills to buy the stock.

Q. You said that Mr. Mills was buying this stock on the street, and that you could not get him to make an offer for it. Did you ever ask him to buy your stock?—A. I did not see Mr. Mills. I was acquainted with him, but did not meet him after I found out that he was buying this stock.

BELIEF BASED ON NEWSPAPER REPORTS.

Q. You have no knowledge on the subject, then, but you give this information from hearsay; is that so?—A. I only know from reading the newspapers.

Q. Most of the information that you have given here, except with regard to your personal connection with the company, you have derived from newspapers, have you not?—A. Most of it.

Q. They are very reliable in some cases, I know, but not always so. Is this letter, which you addressed to the Commission, dated the 26th of July, 1887, in your handwriting?—A. If they have one to that effect it is in my handwriting.

Q. Is the body of the letter in your handwriting?—A. It is in my handwriting.

Q. At whose request did you write this letter?—A. Nobody's but my own, sir. I heard that the Commission was here, and did not know but that my testimony might be wanted for some reason. I wrote it more particularly to call their attention to the questions embodied in the letter. I did not know whether they would want to get witnesses who would give them the data and ask the questions given in the commencement of my letter.

EXPENSES OF WITNESS.

Q. Were you subpœnaed to come here?—A. Yes, sir.

Q. Who paid your expenses here?—A. I paid my own expenses so far.

Q. Are you stopping here at your own expense?—A. So far.

Q. Without any assistance from anybody?

The CHAIRMAN. It is understood that we pay the expenses.

Mr. COHEN. I am not asking about the Commission. We are getting a little outside information.

A. I certainly should not have come up if they had not dispatched to me, requesting me to appear, and saying that all my expenses would be paid. I am not interested enough in the matter to pay my expenses coming to San Francisco.

CONVERSATION REGARDING GIVING TESTIMONY.

Q. With whom have you conversed as to the testimony that you would give before this Commission?—A. I do not know anybody but the gentlemen present. Mr. Norris here is the one that I have said the most to.

Q. Previous to your writing this letter did you converse with any one as to the testimony you could give, and the testimony you desired to give, to this board?—A. I am sure that I do not know that I conversed with anybody in particular that I recollect anything about now, unless it was Mr. Mixer. I may have said something to him about it.

Q. Who is Mr. Mixer?—A. He is the agent of the Southern Pacific Company at San Diego.

Q. Did you show him this letter?—A. No, sir; that was after that letter was sent and after I had received the dispatch from the Commission to appear here.

Q. Did you tell him what your testimony would be?—A. I do not know. I do not think I did. I simply told him that I was going up on business pertaining to this matter, and asked him to pass me over the line of the road. He said he could not do it, and that was all there was of it.

Q. You did not tell him whether your testimony would be favorable or unfavorable to the interests of the Central Pacific, did you?—A. No, sir; I do not think I did. I was not aware whether it would be or not.

Q. You did not know whether the information that you could give was prejudicial to them or not?—A. It is given in a nutshell there in that letter.

Q. You request the Commission to ask Mr. Crocker whether he and Stanford and Huntington swore to an affidavit that the foot-hills com-

at Arcade Creek instead of at Dry Creek. Were you aware of the contents of that affidavit at the time that it was made?—A. I did not see the affidavit.

Q. Where did you get this information?—A. From T. D. Judah.

DECLINED TO SIGN AFFIDAVIT AS TO WHERE FOOT HILLS COMMENCED.

Q. You were a member of the board of directors of the company at that time, were you not?—A. Yes, sir.

Q. Did you set yourself on record anywhere against that affidavit as being improper, or as taking any advantage of the Government?—A. I simply declined to sign it.

Q. Were you asked to sign it?—A. Yes, sir.

Q. By whom?—A. By some member of the company; I do not recollect.

Q. Which one? Did Governor Stanford ask you to sign it?—A. No; I do not think it was the Governor.

Q. Did Mr. Huntington ask you to sign it?—A. I think it was Huntington or Crocker. I would not be positive about it. Judah and I discussed the matter several times. It was laid down on the maps of the company as valley land—as a valley section—and says he to me, "We cannot sign it, because the foot-hills do not begin here according to our surveys."

CONTENTS OF AFFIDAVIT.

Q. How did you know the contents of that affidavit? Did you read it?—A. I did not see the affidavit.

Q. Who told you the contents of the affidavit?—A. I got it from various reports; I do not know how. There was no question, I guess, about the matter. I was told by a man who had seen it in Washington, who claimed to me that he had seen the affidavit there. That was the way I knew that an affidavit had been sent to that effect.

Q. Who told you that?—A. That I do not recollect. It was some friend.

Q. Did you read that in the newspapers?—A. No, sir; I got that from some one. I would not be positive, but I think it was Mr. Judah himself.

Q. When was it that Mr. Huntington or Mr. Crocker asked you to sign that affidavit?—A. It was shortly previous to the commencement of construction. I do not recollect the time.

Q. When was the construction commenced?—A. I do not think that any work was done to any amount until 1861.

DATE OF CONSULTATION WITH JUDAH ABOUT AFFIDAVIT.

Q. Was that the time that you had the consultation with Mr. Judah about the contents of this affidavit?—A. We had frequent conversations together all the time. We often talked about matters pertaining to the company and its business. I could not fix any dates.

Q. Can you not say what year it was?—A. No.

Q. Was it while you were a director?—A. Yes, sir.

Q. How long before you ceased to be a director was your attention called to this matter?—A. I do not recollect. It was a matter I did not change my mind with.

Q. Did you think the matter stated in the affidavit was wrong and that it ought not to have been prepared?—A. I did not think the foot-

hills commenced at that point. Otherwise I would not have hesitated to have signed the affidavit myself. It was laid down on the maps of the survey as valley section between those two points.

Q. Is there anybody alive or anybody now connected with this company, or any officer of the Government, to whom you testified your dissent or disapprobation of the contents of that affidavit?—A. I do not recollect. There are very few now living who were in that department at that time.

Q. You were a stockholder, were you not?—A. Yes; I supposed that I was.

Q. And were perfectly willing to take your share of any benefits to be derived from getting this aid from the Government, were you not?—A. Of course, like all other men, I was willing to take anything that came to me fairly; but when I was asked to testify, when I had already testified to the contrary, I did not feel like giving an affidavit to that effect. I could not sign a paper describing it as foot-hill land when I knew it to be a valley section of road. I objected to giving my assent and to making any such statement as that it was foot-hill.

CHANGE IN NAME OF STATION.

Q. There is a great deal of valuable testimony contained in your letter and also in your evidence, about which I would like to ask you a few questions. There is one very important fact that I find on my list, and I will ask you regarding it before I go farther. You speak of the change of the name of one of the stations from Illinois Town to Colfax. What was your prejudice against Illinois that you made that change? What was the reason for that change?—A. I do not know that there was any prejudice against the town as a town, but it suited the company to have a village of its own, and so the change was made.

Q. You agreed to the change, did you not?—A. I never was asked for my opinion upon the subject.

ORIGINAL CONTRACTORS.

Q. You ask the Commission to inquire of the officers of the railroad company why they broke up the first contractors. Will you explain who those contractors were, and what the action of the company was that broke them up?—A. I do not recollect the names of those gentlemen; they were strangers to me. I knew their names at the time, but I have forgotten them. At that time the road was let out in mile or half-mile sections, more or less; as the contractors bid, they would examine the work and agree to take so many miles, or so many thousand yards, or so many hundred yards, at so much a yard, according to the material or the estimates of the engineer.

Q. Can you give us the name of a contractor whose fate invoked your sympathy?—A. I had no particular sympathy for them; I cannot recollect. One of them, I think, is a boarder at the Stockton Asylum now. He was formerly a resident of Stockton and lost all he had and then went crazy. All the contractors quit their work, and the work was broken up, and they could not carry out their programmes.

Q. Was there a written contract between the company and these different contractors?—A. I presume there was.

OBSTACLES IN THEIR WAY.

Q. Did the company ask any more of those contractors than they had undertaken and agreed to perform?—A. I do not know that it did.

it is a very easy matter for an employé to throw obstacles in the way of the contractor. When they came to measure up, there might be quite a discrepancy in his judgment as to whether it was hard or soft rock, and so forth.

Q. Will you state from your own knowledge any fact or circumstance, or the name of any employé who threw any obstacles or obstruction in the way of any contractor performing his contract?—A. I do not know that I can give you any particulars.

SOURCE OF INFORMATION.

Q. Did you get that from the newspapers?—A. No, sir; I got that from Judah.

Q. In what year was it that these contractors were broken up?—A. It was the first season of the commencement of the construction of the Central Pacific Railroad. I cannot tell in what year that was.

Q. Can you not tell pretty closely?—A. I think it was in 1861.

Q. You were a director all that time, were you not?—A. Yes, sir.

Q. Did you ever lift up your voice in the board, or anywhere else, in favor of these contractors?—A. I was out on the line a great deal, and was not in the town, and did not know anything about it. The looking after national affairs and the management of the company were left to the board of directors of the company, or to that portion of the board living in Sacramento.

Q. In that time, in 1861, if that was the year, was it when these contractors threw up their contracts?—A. I do not recollect.

RELATIONS OF COMPANY WITH CONTRACTORS.

Q. Did you ever know of the company refusing to perform its part of the contract or to pay any contractor any money that was earned?—A. No, sir; how would I know it?

Q. You were a director, and must have been aware of what was going on, were you not?—A. I knew that there were several contractors who never received money unless they would agree to certain things.

Q. What things?—A. Unless they would settle disagreements in regard to certain business. Hiram Hubbard and Mr. Baker had a contract to build a bridge across the American River, the first bridge of the Central Pacific. There was a disagreement between them and Mr. Crocker with regard to a gravel deposit. I think that it was good for making concrete. Baker and Hubbard did not want to give it up, and $30,000 was held back on the bridge contract until they agreed to certain things with regard to the concrete matter. The company would have had to pay them eventually, no doubt, but the fact is that they were out of funds and could not go on with the work, and therefore they had to agree.

Q. Were they contractors with the Central Pacific, or contractors under Charles Crocker & Co.?—A. They were under the Central Pacific Railroad Company.

Q. Was the contract on account of the railroad company?—A. Yes, sir.

Q. Did this matter come before the board of directors at the time that you were a member of it?—A. Not at the meetings when I was present.

Q. Did you take any positive action to do what you thought right towards the contractors?—A. I did not have anything to do with those matters. They did not pertain to my branch of the business. I was

out on the road most of the time, and those matters were left to the board at Sacramento.

CROCKER & CO. AS CONTRACTORS.

Q. You further stated to this Commission in your letter that they formed a finance and construction committee, composed of Stanford, Huntington, Hopkins, Charles Crocker, and Ed. Miller, and let the whole job to Crocker & Co., although directors of the road. Where did you get that information?—A. With regard to the committee, I have no positive knowledge. Mr. Crocker was a member of the board of directors.

Q. When?—A. About that date. He was one of the first directors.

Q. Can you state the real date? Give us the year.—A. He was a member of the first board of directors.

MR. CROCKER AS DIRECTOR.

Q. How long did he remain a director after he was first elected?—A. If I could remember positively I could give the date of this matter.

Q. Was he a director of the Central Pacific after the early part of 1862?—A. I think not. If you allow me to make a statement, I want to say that Judge Crocker, or Ed. Crocker, as he was called, was not a stockholder. When this arrangement came to develop itself in a way that there seemed to be money in the construction of the road, Charles Crocker gave a portion of his stock to his brother Ed.

Q. How do you know that? Did he tell you so?—A. I am not sure whether he told me that he gave it in that way, or whether he sold it to him. I know this: that at the time Charles Crocker retired from the board Ed. Crocker was substituted in his place.

Q. Did you ever have any conversation or communication with Charles Crocker upon that subject?—A. No, sir; I think not. It was something that Crocker would not give me any information on, even if I asked him.

Q. Do you say that Crocker would not give you any information?—A. We talked about matters generally, but with regard to this matter Crocker never told me anything. He said he was going to retire from the board, and that Ed., as he called him, was going to take his place.

SOURCE OF INFORMATION.

Q. I want to remind you that a great deal is predicated on your testimony and the testimony of other intelligent witnesses like yourself, and I wish that you would be particular in your statements as to how you know these matters.

The CHAIRMAN. Perhaps he has read some of Mr. Cohen's speeches.

Mr. COHEN. He has not said so. I am like my friend Anderson. I have watched his career in New York for a great many years. He always does the best he can for the side that employs him. I was about to say, as the chairman has referred to some of my speeches——

The CHAIRMAN. I do not wish to interrupt you.

Mr. COHEN. I was glad to have that question raised; but if the chairman was about to predicate anything on any of my early ebullitions of temper, when I was young and green, I would like to have a chance to explain and tell what I thought I then knew, and what I have since found to be the facts.

THE COMMUNITY AND THE COMPANY.

Senator STANFORD. If you will allow me, I will say to the chairman that there was a time in this State when it seemed that everybody was

against the railroad, but I have lived long enough to see almost every one of these people in this State a friend of the railroad. I have very friendly relations with a good many men who have been referred to as having once been most hostile to the railroad company. I have seen the time when the people of this town thought that we were their enemies.

Mr. COHEN. I was about to say that there was a time in this State, and of course the Commission will find that out in the course of the examination, when the Central Pacific Railroad Company was as much under a cloud as the Democratic party was until Cleveland raised it from the slough of despond and gave it a new lease of power.

MR. CROCKER'S STOCK.

Q. You say that you do not know whether Mr. Charles Crocker gave that stock to his brother or sold it to him? What do you mean by such a statement as that? What information have you to support the statement that you have made to this Commission?—A. I do not know anything about it positively. I only know that Ed. Crocker got some stock from his brother.

Q. What information have you to support the statement that you made to the Commission as to the formation of the finance and construction committee, as you call it? I suppose you mean the Contract and Finance Company, do you not?—A. I presume that is the name of the company. It was called "Crocker & Co." at that time.

THE FIRM OF CROCKER AND CO.

Q. You mean, then, Crocker & Co., and not the Contract and Finance Company?—A. Yes, sir.

Q. Do you mean to say that the firm of Crocker & Co. was composed of Stanford, Huntington, Hopkins, Charles Crocker, and Ed. Miller?—A. Yes, sir; I think it was.

Q. Did Governor Stanford ever state to you that he was a member of that firm?—A. No, sir.

Q. Did Mr. Huntington or Mr. Hopkins?—A. No, sir; none of them. I got it from general information at the time, and from what happened afterwards.

Q. And from the newspapers?—A. I presume I got some of it from the newspapers. I do not know how much credence to give to the newspaper reports, but they sometimes state facts.

Q. You say that they let the whole job to Crocker & Co. You were a member of the board of directors when that contract was let to Crocker & Co., were you not?—A. I believe so. I would not be positive, but I think so.

DATE OF CROCKER CONTRACT.

Mr. COHEN. What was the date of that contract?

Commissioner ANDERSON. I think it was December, 1862.

Q. You were a member of the board in December, 1862, were you not?—A. Yes, sir.

Q. Did you lift up your voice to denounce that contract as being improper?—A. No, sir; I do not think it would have done any good if I had. I said nothing.

Q. You thought it improper then, did you?—A. I did not like that way of contracting. I believed that the better way would be the old plan of contracting by the mile.

WHAT THE CONTRACT COVERED.

Q. Do you say that that contract was not by the mile?—A. It was a general contract to complete the road—the whole road.

Q. From where to where?—A. As far as they might build, as I understand it.

Q. Do you mean that it was to construct the road from the Sacramento River until it met the Union Pacific?—A. I think that was the contract with Crocker & Co.

Q. That is your best recollection, is it?—A. Yes, sir.

Q. Are you just as sure of any other fact that you have testified to as you are about the contents of that contract?—A. As I said before, it was a matter that I had but little interest in, and a number of years have passed since that time. I have not charged my mind with it, and it is difficult for me to answer positively questions of that kind.

QUALITY OF WITNESS'S CHARGES.

Q. You are nearly as old as I am, Mr. Strong, and you have a very kindly look. Do you think that it was right or fair to send a letter to a Commission of this kind and make charges of this character against your fellow-citizens who have been members of the board of directors of this company with you, upon such imperfect information as you appear to possess on this occasion?—A. I do not think that you have in this examination been inclined to show any sympathy for me, and they have not shown much sympathy for me.

Q. I am speaking now, not of sympathy, but of truthfulness. Do you think it is fair?—A. I am stating facts as I know them, or as I believe them. I did not expect to appear before the Commission. What I know I am willing to state, and what I do not know I am willing to qualify.

BASIS OF INFORMATION.

Q. You asked this Commission to inquire, why did these gentlemen collect $3,000,000 of tolls on the Dutch Flat wagon road, and then charge up the cost of its construction to the railroad company as necessary work of the construction of the railroad, besides freezing you out of your one-tenth interest in the same, which you say Mr. A. A. Sargent can verify. What information have you that they collected $3,000,000 in tolls on the Dutch Flat wagon road?—A. I cannot tell as to the exact figures, but I was living on the line of the road all this time, and knew the business that was being done, and knew the rates of toll.

Q. Did you ever see any weekly, monthly, or daily report of the receipts of that road that enabled you to fix these figures?—A. I think there was a published statement at the winding up of the affairs of the company, showing the cost of construction, receipts, &c.

Q. I suppose that is so. Is not the whole of the information contained in your letter to this Commission the result of general reports which you have heard from time to time from irresponsible sources?—A. I do not think it is all from irresponsible sources.

Q. How long was it from the time that this wagon road was completed until the railroad was finished to Truckee, when there was no further use for this wagon road?—A. I think that the wagon road was used for a toll road for about three years. I think it was for that time.

Q. Between what years?—A. I do not recollect the date. I am positive about it, though.

AMOUNT OF TOLLS ON WAGON ROADS.

Q. Your judgment is without any positive knowledge on the subject. Did the wagon road collect $1,000,000 in tolls each year?—A. According to my understanding of the matter, they did.

Q. Where did you get that understanding?—A. I got it partly from parties interested, and a part of it from general information, and my own knowledge of what was going on over the road. There were teams waiting for 3 miles, one leading right on to the other, and from my own knowledge of what tolls were charged I could figure that amount.

Q. From your own observation you thought that they were collecting over $3,000 a day in tolls, did you?—A. Yes, sir.

Q. Did you have a list of the tolls charged on that road?—A. No, sir.

Q. Did you ever see one?—A. Not a list of the charges. You mean the toll per mile or per head?

Mr. COHEN. Yes, sir; that is what I mean.

The WITNESS. Certainly I have seen that list, but I do not recollect what it was. It was put up at each of the gates at each of the toll-houses.

Q. Do you know what were the tolls charged on a wagon team?—A. No, sir; it was divided into sections. They did not make one charge all the way through on the whole length of the road. I do not recollect what the through toll was.

INFORMATION AS TO CONSTRUCTION OF WAGON ROAD.

Q. From whom did you get the information that the cost of this wagon road was charged up to the cost of construction of the railroad; was it done while you were a member of the board of directors?—A. No, sir; if it had been, I would not have agreed to it.

Q. From whom did you get this information, which you have given to this Commission as true, that the cost of the wagon road was charged up to the cost of the construction of the railroad as necessary work in the construction of the railroad; did Governor Stanford tell you so?

By Commissioner ANDERSON:

Q. Let the witness answer. Mr. Strong, where did you get that information?—A. I was trying to think who gave me the first information, but I cannot fix it in my mind. It was from a source that I got it which I know fixed itself in my mind. I do not recollect what the source was or who told me.

Q. Did you get it from anybody likely to know the fact?—A. Yes, sir; from some person pertaining to the company. I cannot tell you whether it was Judah or who it was, but it was somebody that I had faith in.

Q. Was Mr. Judah living when the road was completed to Truckee?—A. I cannot give the date of Judah's death. I cannot recollect about that.

Q. Do you know as a fact whether Mr. Judah was living at the time that the railroad was completed to Truckee?—A. I think he was not. I think he died before they got to Truckee.

Q. Do you know it as a fact that the cost of this wagon-road was charged to the construction of the railroad?—A. Not from my personal knowledge; no, sir.

OBJECT IN WRITING LETTER.

By Mr. HAYMOND:

Q. I would like to ask you one question, because I think I understand your letter a little differently from the other counsel: This letter was not written by you with the view that you were coming here to testify, was it?—A. That is it.

Q. You embodied in this letter things, some of which you thought you knew, some of which you had heard on what you thought good information, and some of which you learned through the newspapers, and you simply expected this Commission to call witnesses to prove whether these things were true or not; is not that the case?—A. Yes, sir. I did not expect to be called as a witness in this matter, but I sent them these questions which I thought they would like to have explained. I felt an interest in this thing, and I wanted them to ask the proper parties and get the desired information.

Q. Indeed, many of these inquiries were directed to the directors, were they not?—A. Yes, sir; that was only what I intended.

Q. Some of these things you had heard, some you thought of, and some you heard through newspapers, and these facts you sent to this Commission in a general way for its investigation?—A. I drew the Commission's attention to it, and thought that would be the end of it.

Q. And as a citizen of the United States, you thought that it would be the proper thing to do?—A. Yes, sir.

Q. At that time, did you intend to come before the Commission?—A. No, sir. I did not suppose there was any secret about it, or anything else.

FINANCIAL CONDITION OF STANFORD, HUNTINGTON & CO.

By Mr. COHEN:

Q. You said that Messrs. Stanford, Huntington & Co. declined to subscribe for the stock of the Central Pacific on account of poverty, but gave you encouragement until the stock was mostly taken. What do you mean by that?—A. The word poverty was simply an expression from Huntington to me. He used it and supposed I would understand what he meant. He was not so far ahead but that he had regard to the opinion of his creditors in New York. He told me that his firm had good credit then and that his creditors would not permit him to take hold of anything like that.

NO FIXED SALARY PAID TO WITNESS.

Q. When was it that the Central Pacific formed any arrangement with you to assist in the work of making a survey or in any other work which you did?—A. The Central Pacific had nothing to do with that. T. D. Judah, as chief engineer of the road, was in authority and could employ whomsoever he pleased on his staff. I had been interested in the whole project from the beginning and knew the country so thoroughly that Judah always had me with him, and it was understood by the company as to the position I was occupying and that I should be well remunerated.

Q. Was there any salary fixed for you?—A. No; nor for Judah or any other member of the association.

Q. No salary was fixed?—A. Not at that time.

Q. Did they fix a salary for you at any time during your connection with the company?—A. Only by days.

Q. Did they pay you by day's work?—A. My salary was fixed at so much per day, not by annual or monthly salary.

Q. Were you paid for every day, whether actually engaged in the business of the company or not? Or how was it?—A. There was no time when I was engaged in the office. I was out on the line most of the time.

Q. What was the condition of the company at that time as to its finances?—A. At that time they were what you might call rather impecunious. When we were making surveys we did not know exactly where the money was coming from.

GOVERNMENT AID.

Q. Did the financial condition change during your connection with the company?—A. Yes, sir.

Q. When?—A. I think it was in 1862. It was during the excitement of the rebellion. We talked the matter over in meeting and concluded that we could without any difficulty probably get assistance from the Government. We decided that Judah should go on to Washington and see what could be done. Sargent and Jim McDougall were members of Congress; one in the Senate and the other in the House. They were going on to attend the sessions, and it was decided that Judah should go on with them. I drew one or two maps of the route across the country and made marginal notes, one for Sargent and one for McDougall, for them to take along and study up on the route. Mr. Judah also went along and discussed matters on the route, and so forth. They were pretty well posted and understood the subject so that they could work intelligently and together. Mr. Judah was appointed secretary of the Railroad Committee at Washington. Sargent had charge in the House and McDougall in the Senate, and between them there was a bill passed granting a subsidy to the company to that date, and from that time on they have managed to live.

Q. It was in July, 1862, that that bill was passed, was it not?—A. I think it was in 1862; yes, sir.

FIRST MORTGAGE BONDS.

Q. Was it the prospective aid to come to that line that changed the financial condition of the company?—A. Yes, sir; it was that that fixed them. They were to get so much in bonds per mile and so much land on each side of the road. Afterwards it was increased, and then they went on in very good shape until they found a chance to make a little more money in another way. The Government took a first mortgage on the road, but some time after this assistance was given it agreed to release that first mortgage and take a second and allow the company to issue first mortgage bonds in place of it. After that was done they were in good shape to do business.

Q. When was that done?—A. I do not know whether it was in 1863 or 1864 when the aid was granted.

COMPETITION BETWEEN UNION AND CENTRAL PACIFIC.

By Mr. HAYMOND:

Q. At that time had not the Union Pacific refused to accept the original proposition and done no work at all?—A. Yes, sir; and finally a bill was passed by which the two roads were to run east and west until they should meet, and each one should have credit for the number of

miles it would build. Mr. C. T. Durant, vice-president of the Union Pacific, telegraphed me through Mr. Lambard in the first place to furnish him three thousand Chinamen, to be delivered at Humboldt Wells, way this side of Ogden. They were preparing to commence there so as to cover the territory back and head off the Central Pacific at that point.

Q. Was that after the passage of the act of 1864?—A. Away afterwards.

FINANCIAL EFFECT OF ACT OF CONGRESS.

By Mr. COHEN:

Q. You say that the financial condition of the company changed after the passage of the different acts of Congress that you have named, do you?—A. Very naturally.

Q. During the time that you were a director of the company was there any money realized from the aid granted by the Government beyond that which was absolutely necessary to do the work of the road so as to improve the financial condition of the company or retire the obligations which they had previously entered into?—A. They got aid from the Government, and as the road progressed they drew on this subsidy from the Government.

Mr. HAYMOND. Mr. Anderson, do you remember the date that the Union Pacific Railroad Company actually began work? My recollection is that it was after the passage of the act of 1864. They did not accept the first one.

Commissioner ANDERSON. I do not recollect with sufficient accuracy to speak.

Q. What information did you have as to the financial condition of the company during the time that you were connected with it?—A. Up to the latter part of it, the last year, matters were in pretty good shape.

Q. Up to what time?—A. I have not had myself informed, but up to the last year of my connection, during 1863 and a part of 1864, I think.

AMOUNT OF MONEY RAISED IN 1861.

Q. How much money did they raise after the formation and signing of the articles of association in 1861, during that year, and from whom?—A. I do not know the amount. It was sufficient to keep things moving quietly and working on. In the next place, we found it somewhat difficult to keep up our expenses in regard to the survey, but after that the company got funds and began to contract. They contracted a bridge and contracted the work of a section or two.

Q. From what source, within your recollection, was this money raised?

Commissioner LITTLER. That is not cross-examination. We have not asked the witness anything in relation to this subject.

VALUE OF EVIDENCE OF WITNESS.

Mr. COHEN. No, sir; but I remember a statement made by your honor two days ago as to the course of this inquiry, in which, I believe, you stated that you were not confined by the ordinary rules of evidence; that you had not consulted either Greenleaf or Wharton as to the course that you would pursue, but that you picked up evidence wherever you could. Is not that the statement that you made?

Commissioner LITTLER. Yes, sir.

Mr. COHEN. I ask the question, not for the purpose of cross-examination, but really to call him in rebuttal and test his recollection and

show the value of the evidence which he has given to the Commission. I call your attention to the fact that this witness has stated many things which he is unable to verify.

Commissioner LITTLER. And I call your attention to the fact that this witness has not pretended in this letter, on which you have cross-examined him at great length, to know any of the facts contained in that letter. He simply asks us to ascertain these facts from somebody else. This cross-examination is making this record unnecessarily long. That is the objection I have to it.

Commissioner ANDERSON. I think so, too, after the statement that he has made that he simply wrote the letter as an indicator to us.

Mr. COHEN. Under the very skillful questions asked by the chairman, upon the supposition that the information contained in the letter of this witness is reliable, and that he was speaking of his own knowledge, a great many statements have gone on the record; and in order that we may appear as we wish and as we should in the report that you must make, and in which the companies may be criticised, it makes it perfectly proper for us to criticise these statements and examine this witness and ask him all of these questions. One of the ends that I have had in view was simply to show that he had given information about things concerning which he had no knowledge, and that he had jumped at conclusions. He has spoken in his letter about the financial condition of the company, and I propose to show by him that during the time that he was connected with the company it had no means, except-ing such as it could derive for the construction of its road under these acts of Congress, and that its credit was at a very low ebb.

SUGGESTED LIMIT TO CROSS-EXAMINATION.

Commissioner LITTLER. You have stated that over and over.

Mr. COHEN. I do not think so.

Commissioner LITTLER. Governor Stanford has taken up much time to show to this Commission the financial status of this company, and the reports of the company will show the status much better than this witness can. This witness does not pretend to know anything about these matters, and it is simply a consumption of time uselessly for him to be cross-examined, or to be asked any of those questions.

Mr. COHEN. I want to put this witness before the country and the people, to whom this testimony is going, in exactly the position that belongs to him. I want the facts to go to the country as a whole, and I want our side of it to appear as well as the other side.

Commissioner ANDERSON. Colonel Haymond's question and the answer of the witness to that question would seem to dispose of the whole matter, and I do not think that you can make it any clearer if you spend your life at it.

Mr. COHEN. I want to explain that it is very necessary for us to show exactly the status of each witness who testifies here when he gives any evidence that we have got to rebut. The value of the report which you gentlemen will make consists in the power given to it to take testimony, and we say that it is very necessary that we should stand properly.

Commissioner ANDERSON. I do not object to your showing the animus of the witness, but I do object to your asking him about the financial condition of the company from 1861, because I think it is a waste of time to ask that question.

Mr. COHEN. When you look at the assumptions in his letter as to the prosperous condition of the company, it becomes necessary to show that he had knowledge that a contrary state of affairs existed at that time.

Commissioner LITTLER. Here is the official statement of the president of this company, and that ought to be better evidence than anything this witness can tell about the financial condition of the company.

Mr. COHEN. That cannot go in now.

Commissioner LITTLER. The president of the company will be able to state the financial condition of the company much better than this witness can, and I do not think that we ought to waste any more time in this cross-examination.

Mr. COHEN. I do not put my judgment in this matter against the intelligent judgment of this Commission, except to say this: That if nothing is to be predicated upon the credibility of this witness as to the standing of the company at that time, I do not wish to ask him anything further.

The CHAIRMAN. Does the Commission accept the testimony of the witness under those conditions?

COMMISSIONERS REMONSTRATE.

Commissioner ANDERSON. No, sir; but I think that unless we can get to some conclusion, we will never get to the end of this matter. I think that the question is immaterial.

Commissioner LITTLER. You can reserve this witness and make him a part of your case, if you want to. What you want now is not cross-examination.

The CHAIRMAN. We want to give you the fullest liberty in this matter to do as you please.

Mr. COHEN. These gentlemen say not.

Commissioner ANDERSON. We have been remonstrating with you in a gentle way. We say that there is no need to ask this question. It merely lengthens the time.

Commissioner LITTLER. And it makes the record long.

Mr. COHEN. This man has come a long way to testify, and while he is here I think that we should get out of him all that we can.

Commissioner ANDERSON. If you insist upon examining him, I will make no further objection. It is about time for adjournment now, however, and if the examination is to be continued, perhaps it had better be after recess.

Commissioner LITTLER. No adjournment must take place with my permission until this witness is disposed of.

The CHAIRMAN. Have you any further questions to ask?

Mr. COHEN. Under the circumstances, I am through.

THE COMPANY'S LIBERTY TO EXAMINE WITNESS.

The CHAIRMAN. I want the Commission to understand that so far as I am concerned I want Mr. Cohen and this company to have the fullest liberty to ask this witness any question concerning the testimony he has given, or anything else that he knows, or thinks he knows. If you ask the question, Mr. Cohen, we will get through in five minutes.

Mr. COHEN. I wanted to go to the assistance of Commissioner Anderson yesterday when he was examining Governor Stanford, to put in one pertinent question. I was told that I could do so when our side came to make the cross-examination, but that he then wanted him for an hour or more. The Commissioner from Illinois, whose bump of order is so well developed, very properly objected to my interrupting Commissioner Anderson by asking any questions, and I was then told that I

should examine all the witnesses who came before this committee as much as I pleased. I have not interrupted Mr. Strong during the time that he has been testifying, supposing that I would have this right of cross-examination. It is always very ungracious on the part of counsel to proceed with an examination when the judge is frowning upon him, and does not want him to do it, and thinks it is not necessary. We will excuse Mr. Strong, so far as we are concerned.

CENTRAL PACIFIC ACCOUNT WITH WITNESS.

By the CHAIRMAN:

Q. I wish to call your attention to some items which I will read to you, taken from the general balance sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1863: "Voucher No. 477. Amount paid D. W. Strong, $5,000." Do you recall receiving such a sum?

The WITNESS. I never did.

Q. This is from the general balance sheet, December 31, 1863: "Amount paid D. W. Strong for expenses incurred in promoting the interests of the company, $5,000." From the same balance sheet, July 4, 1863, is the item, "D. W. Strong, amount of stock issued to him by order of the board of directors, July 1, 1863, for services rendered and expenses, $2,000." Do you recall receiving such stock or such a sum of money?—A. Never. This $5,000 was to pay my assessment in full on the stock, and the stock was to be issued. I never got the stock and never received any such amount.

Mr. COHEN. Does the Commission propose to give a decree for the delivery of this stock?

The CHAIRMAN. The Government may take an assignment of the interest.

DIFFERENCES AS TO AMOUNT DUE TO WITNESS.

Q. I find this entry in the general balance sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1864: "D. W. Strong, services for the year ending July 1, 1864, $1,000." Do you recall receiving any such sum?—A. I did not receive a cent. Speaking of that particular amount, it is what they claimed I owed as a balance on my stock. It was that amount when I asked for my stock. I claimed that it was all paid up and credited to me, and they claimed that I owed that amount, but I never received anything.

ISSUE OF STOCK.

Q. In the same balance sheet, ending December 31, 1864, I find a list of stockholders. In September, 1864, stock was issued to the following-named parties, and was charged to the construction account and to the legal-expense account for amounts allowed by the board of directors September 5, 1864, for salaries and services to July 1, 1864: "Leland Stanford, 115 shares; Mark Hopkins, 100; C. P. Huntington, 250 shares; A. P. Stanford, 50 shares; Charles Crocker, 100 shares; Charles Marsh, 25 shares; Lauren Upson, 16 shares; D. W. Strong, 14 shares; Charles Crocker, assignee of E. B. Crocker, 230 shares. Total, 900 shares."

There is a note made by the accountant who made an examination of the balance sheet and vouchers to the effect that the vouchers for these items have not been found. Do you recall any such number of shares as I have read to you as having been issued by the company?—A. No, sir.

Q. Does it suggest to you any information which you had at the time of the number of shares which you were entitled to?—A. I subscribed for 50 shares, and that was the only amount that I subscribed to and it was all that I expected to have. I supposed that it was paid in full by the action of the board and that it would be subject to my order, but I never got it.

ASSIGNMENT OF INTEREST TO LAMBARD.

Q. Did you ever assign your interest, or the interest that you claim you have, in the Central Pacific Railroad Company of California to any individual or individuals or to any company?—A. As I explained to you before in my testimony, I transferred my receipts to Mr. Lambard, with the understanding that he was to collect from the company. He got my stock, and was to collect what he could from the company, and whatever he realized from the stock he was to divide everything above $100 a share, par value, whenever he should realize. It was the condition that he was to have one-half of what would be realized above the par value of the stock.

By Commissioner ANDERSON:

Q. To whom was it transferred?—A. To O. D. Lambard.

By the CHAIRMAN:

Q. Have you received any consideration from Lambard?—A. Not since I transferred them.

A CALL FOR BALANCE OF WITNESS' PAPERS.

Q. Will you furnish to Mr. Norris the papers and documents and letters in your possession?—A. As far as I have them.

Mr. COHEN. The witness offered to furnish Mr. Norris a short time ago only such letters and telegrams as he desired. We would like to have him furnish all the letters and telegrams that he has bearing on the claim.

The CHAIRMAN. Mr. Strong, you will furnish to the Commission all letters, papers, contracts, agreements, and telegrams that you have in your possession relating to the subject before the Commission.

By Mr. BERGIN:

Q. Did you give vouchers to the company for the several sums referred to in those accounts?—A. No, sir; not that I recollect of. I do not recollect of having had any occasion to give vouchers.

DID LAMBARD BRING SUIT ON WITNESS'S CLAIMS?

By Mr. COHEN:

Q. Governor Stanford suggests that I should ask you whether you were not advised that Lambard had brought suit against the Central Pacific for an accounting upon certain shares of stock which he held, or which were in his possession, and that part of his claim was upon the stock which he had received from you. Do you know anything about it?—A. That is news to me.

By Mr. HAYMOND:

Q. Do you remember the date of the assignment of your stock to Lambard?—A. I do not, but I think I have the evidence.

By Mr. COHEN:

Q. Do you know whether Mr. Lambard founded his claim against the Central Pacific upon the stock which you had assigned to him?—A. I do not. I did not have any claim against the railroad company any further than my stock. I transferred it to him with the understanding that he was to collect and divide with me everything above par.

Q. Did you know that he brought a suit?—A. No, sir. I have not seen him since I assigned the stock to him.

SALE OF STOCK AT $400 A SHARE.

By Mr. STANFORD:

Q. You parted with your stock to Lambard and he brought suit against the company. Do you know that he did not put that stock in as a part of the stock upon which he based his claim?—A. A. No, sir; I do not know anything about it. I saw a suit not long ago in New York, wherein Choate was one of the attorneys, in reference to the same amount of stock—a suit against Huntington—which was sold for a matter of $400 a share. From the testimony in that suit I supposed that it was that same fifty shares of stock, as the amount was fifty shares, and the amount it sold for was $400 a share. What the result of that suit was I do not know, but I recollect that I had my attention drawn to it.

The CHAIRMAN. Is there anything further that you wish to ask this witness?

Commissioner ANDERSON. If he has assigned his stock the assignment will show all the facts.

Governor STANFORD. The reason why I asked the witness about this Lambard suit was that Lambard was one of the parties who brought a suit, and I think that the stock described by Mr. Strong was a part of the stock upon which that suit was brought.

PALACE HOTEL, SAN FRANCISCO,
Thursday, August 4, 1887.

Afternoon session.

JOHN MILLER, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. I reside at Walnut Grove, Sacramento County, in this State.

Q. What is your occupatian now?—A. Farmer.

Q. What was your occupation in 1867?—A. In 1867? I was not in the State then.

Q. Where were you then?—A. I was in Virginia.

AN OFFICER OF CALIFORNIA PACIFIC.

Q. When did you come to this State?—A. In 1870.

Q. What did you do after you came here?—A. When I first came to California I lived at Vallejo and I worked for the California Pacific Railroad. I worked at South Vallejo.

Q. Into what occupation did you enter?—A. I was clerk and ticket agent.

Q. For what road?—A. For the California Pacific road.

Q. How long did you remain in that capacity?—A. About a year.

Q. What did you do after that?—A. I went to Sacramento as a clerk for the Contract and Finance Company.

Q. How did you come to receive that employment?—A. By application, I think, sir.

APPLIED TO AUDITOR FOR EMPLOYMENT.

Q. To whom did you make application?—A. I made application to Mr. J. O'B. Gunn, who, I think, was auditor of the Central Pacific at that time.

Q. Had you had a prior acquaintance with him?—A. Yes, sir.

Q. Had you any acquaintance with any other officer of the Central Pacific or with the Contract and Finance Company at that time?—A. None of the principal officers.

Q. What was the result of that application?—A. He forwarded my application to Sacramento, and then Mr. Gunn wrote me to go to Sacramento and see Mr. E. H. Miller.

By Mr. COHEN:

Q. What date was this?—A. The latter part of 1870 or 1871.

EMPLOYED BY THE SECRETARY.

By Commissioner ANDERSON:

Q. What happened then?—A. Mr. Miller sent for Mr. W. E. Brown, who was the secretary of the Contract and Finance Company. He came in and we had a talk, and he gave me employment.

Q. Who was the president of the Contract and Finance Company at that time?—A. I think Mark Hopkins.

Q. Where was their office?—A. I think it was in a building known as the Railroad Building, in Sacramento.

Q. When did you go there?—A. It was about the latter part of 1870 or the first of 1871, I think.

MADE ENTRIES IN "CONSTRUCTION AND REPAIRS" BOOKS.

Q. What precise position did you fill?—A. I helped the young man who was paymaster, and I wrote in some of the books; not the regular account books, but the auxiliary books.

Q. Please describe more particularly the books that you first made your entries in.—A. They were the books that related to construction and repairs; I think it was described by Mr. Brown, in his books, as "Construction and Repairs."

Q. Who were the persons who occupied that office when you first went there?—A. Mr. Brown and Mr. Moore.

Q. What was Mr. Moore?—A. Mr. Moore was paymaster.

Q. Is Mr. Moore living?—A. No, sir.

Q. How long did you remain in the position to which you were first appointed?—A. About a year and a half.

Q. What change then occurred?—A. I was made secretary of the Contract and Finance Company.

Q. That occurred about 1872?—A. I think that was 1873.

DUTIES AS SECRETARY.

Q. What were your duties as secretary?—A. They were to keep the account of constructing roads and repairing roads already built, to keep the accounts as they came out until they got pay for them from the Central Pacific.

Q. Of what nature were the accounts at that time?—A. They were for repairs to the road in operation, and for the cost of grading, ties, rails, buying engines, &c.

Q. Was it all for the Central Pacific?—A. No, sir; some for the Southern Pacific—I forgot about the Southern Pacific at that time.

DESCRIPTION OF COMPANY'S BOOKS.

Q. When you first came to that office, in 1870 or 1871, what were the books that were being kept by the company?—A. I think it was in 1871 I went there. The principal books were the cash-book, journal, and ledger. Then this book that I kept was pretty much of the same kind, but the accounts were accounts that were transferred from Mr. Brown's books to my books, and related especially to the minutiæ of construction and repairs. All the little items in my book were transferred in bulk to Mr. Brown's books.

Q. Mr. Brown's books you refer to as being the principal books?—A. Yes, sir.

Q. Do you remember how many volumes of journals there were in the office when you went there?—A. Of the journals, I think there were four or perhaps six.

Q. Were you familiar with those books?—A. No, sir.

Q. You were familiar with the outsides of them?—A. Yes, sir; I have seen them inside, of course; but I am not familiar with them.

Q. Do you know generally what dates they cover? I mean what periods of time.—A. No; I do not. I think that there was one set of books for Charles Crocker & Co., and then there were the Contract and Finance Company's books. I think there were two sets of Contract and Finance Company's books and one set of Charles Crocker & Co.'s books.

Q. When you speak of from four to six journals, do you include the journal of Charles Crocker & Co., as well as the journal of the Contract and Finance Company?—A. As well as I remember; yes, sir. I think there were four journals of the Contract and Finance Company and two of Charles Crocker & Co. When I speak of journals, I mean a regular journal, on one hand, and cash-book on the other.

Q. When you speak of this number of volumes you do not mean that they were all being used at the same time, but they were old books which had been filled up?—A. Yes, sir; Charles Crocker & Co.'s books had been set aside and one set of the Contract and Finance Company's books had been filled up and another set had been opened, and was being carried on.

Q. And there were the natural amount of ledger accounts which would be required to post the entries from the journal?—A. Yes, sir.

CHARLES CROCKER & CO.'S BOOKS KEPT SEPARATE.

Q. Were the books of Charles Crocker & Co. kept separate from the books of the Contract and Finance Company?—A. Yes, sir.

Q. Please describe the location of these books.—A. I never looked into the books of Charles Crocker & Co.

Q. You merely saw them there?—A. Yes, sir.

Q. Were they on the shelf or in the drawers?—A. They were in a locker.

Q. After you became secretary of the company were these books under your supervision and charge. I mean those that were in use?—A. Those that Mr. Brown had in use? No, sir.

Q. In whose charge did they remain?—A. I do not know.

Q. I mean immediately after you were appointed secretary, in 1872?—A. When I took possession of the books, Mr. Brown's books were not in the office.

Q. Can you state exactly the time when you were appointed secretary?—A. No; I think it was in August or September, 1873.

USED BOOKS WITH BALANCES BROUGHT FORWARD.

Q. After you became secretary, what books did you use for your entries?—A. I used a set of books that Mr. Brown had opened up for me, and on which he had brought forward these entries from his books.

Q. Were they simply balances posted in there, or were they entirely new books?—A. Entirely new books with the balances brought forward.

Q. At that time who was in the office besides yourself and Mr. Brown?—A. Mr. Moore.

Q. Any one else?—A. No, sir.

Q. Was any one else in the habit of coming there and giving directions?—A. Yes, sir; Mark Hopkins.

Q. Any one else?—A. Probably Governor Stanford, but I do not think he did. Mr. Crocker was not present. He was not there at the time.

THE ENTRIES MADE BY WITNESS.

Q. In the books kept by you what entries were made by you? Only those that you have referred to as to repairs, and the building of bridges?—A. Yes, sir; and building roads. They were building roads at the time.

Q. What were the principal accounts opened by you in the books which you kept?—A. The principal accounts were those of the Central Pacific Railroad Company and the Southern Pacific Railroad Company.

Q. You say that the balances appearing on the old books were posted or carried forward into your new books?—A. Yes, sir.

100 BALANCES CARRIED FORWARD.

Q. How many of those balances did you remember as having been carried forward?—A. I suppose a hundred.

Q. Did you have an index to them?—A. Yes, sir.

Q. Do you remember how many accounts appeared in that index?—A. No, sir; it has been some time ago, and I do not remember.

Q. What did Mr. Brown say to you—what directions did he give you, in regard to these books?

The WITNESS. The books that I was keeping.

Commissioner ANDERSON. Yes; that you were to keep.

The WITNESS. He came in and said that at a meeting of the board of directors of the Contract and Finance Company I had been elected secretary, and he turned over the books to me—these books that he had brought balances forward in.

BOOKS TURNED OVER WERE BRAND NEW BOOKS.

Q. You mean to say that the books that were so turned over were brand new books?—A. Yes.

Q. Were they purchased to be started as new books?—A. Yes, sir.

Q. Was that all the conversation which you had at any time with Mr. Brown in regard to the books of the company?—A. Yes, sir; all that I remember.

Q. How long before that had you seen Mr. Brown's books?—A. I had seen them every day or two for six months or more.

Q. Were you absent from your duties at this time for any period at all—at the time that you were elected or prior to the time that you were elected secretary?—A. No, sir.

Q. You had been in attendance regularly day by day?—A. Yes, sir.

Q. How long before the day when you had this conversation with Mr. Brown, had you seen Mr. Brown's books?—A. That same day.

Q. You had seen them on the morning of that day when you arrived at the office?—A. Yes, sir.

Q. Did you remain at the office all of that day?—A. I left for lunch.

Q. With that exception did you remain there all of that day?—A. As well as I remember.

Q. Whom do you remember to have seen in that office on that day besides Mr. Brown?—A. I do not remember any person particularly. Mr. Brown was getting ready to go away and a good many persons were in and out. I know that he had a good many friends, and they were calling on him as he was about to start for Europe.

DISAPPEARANCE OF OLD BOOKS OF CONTRACT AND FINANCE COMPANY.

Q. You say that from the very moment that Mr. Brown delivered to you that new set of books, you have never seen those old books?—A. I do not say from the very moment, but about that time—during that day. I did not see the books that afternoon, and I have never seen them since.

Q. Did you mention this fact to Mr. Brown?—A. No, sir.

Q. You never said a word to him as to the disappearance of these books?—A. No, sir.

Q. Is that your answer?—A. Yes, sir; I said nothing to him about the disappearance of the books.

Q. At that time or ever?—A. Never to this day.

Q. Did you help pack those books up?—A. No, sir.

Q. Did any one whom you know help pack them up?—A. I do not know who did.

Q. But you say you were in that office the whole of that day except at lunch?—A. Yes, sir.

DISAPPEARED DURING LUNCH TIME.

Q. Did they disappear before lunch or after lunch?—A. They disappeared while I was gone to lunch.

Q. How long were you at lunch?—A. I may have been about an hour.

Q. When you say these books disappeared, please state in as great detail as you can all the books that were carried away?—A. All the general books were carried away. Of course when I speak of the gen-

eral books, I mean the books that Mr. Brown kept, but not any of the books that I kept myself. I considered mine as auxiliary books.

Q. Your books did not disappear?—A. No, sir.

Q. Were the Crocker books in the locker?—A. Yes.

Q. And all the books of the Contract and Finance Company, except those that you had kept?—A. Yes, sir; and Mr. Moore's, the paymaster.

Q. Have you ever seen any of those books from that day to this?—A. No, sir.

Q. Have you any memoranda or extracts made by you from those books?—A. I may have; I do not know.

Q. If you have them, where are they?—A. I do not know whether they are in Sacramento or at my home.

MEMORANDA LEFT WITH JUDGE CURTIS.

Q. If in Sacramento, where are they?—A. If they are in Sacramento, Judge Curtis has them.

Q. Who is Judge Curtis?—A. He is a lawyer of Sacramento City.

Q. For what purpose has he those memoranda?—A. I turned a lot of papers that I had over to him to keep for me. I afterwards instructed him to destroy them. I do not know whether he has done it or not.

Q. What was the nature of these memoranda?—A. It was an abstract of the principal accounts on Mr. Brown's books.

Q. What is Mr. Curtis's full name?—A. M. Greene Curtis.

Q. When did you instruct him to destroy these memoranda?—A. Several years ago.

Q. Who requested you to have them destroyed?—A. No one.

Q. Why did you wish them destroyed?—A. I had no use for them.

DESTROYED BECAUSE OF NO VALUE.

Q. Why did you wish them destroyed?—A. They were of no value.

Q. But they were no injury, were they?—A. Well, I thought there was no use keeping those old papers.

Q. You did not have charge of them; you were not bothered with them; why should you want them destroyed?—A. He did not wish to be bothered with them, I think. As well as I remember, he said that he would rather not keep them any longer, and I told him to destroy them, and he told me afterwards that he had.

Q. You say these memoranda contained statements of the principal accounts in the Brown books?—A. Yes, sir.

Q. What accounts?—A. All the principal accounts in the books.

Q. The construction accounts?—A. Yes, sir.

Q. Did they show the actual cost of the construction of the Central Pacific done by the Contract and Finance Company?—A. As well as I remember.

Q. Did they show the dividends declared by the Contract and Finance Company?—A. I do not remember how that was. I will tell you how the abstract was taken. I had not been with the company very long and the business was, to me, intricate, and I took this abstract with a view of making myself more efficient in the service of the company.

Q. Did your memorandum extend to the Crocker books also?—A. No, sir.

Q. Was Mr. Brown at this office when you returned from lunch?—A. I do not know whether he was or not.

Q. Was any one in the office when you returned there?—A. Probably Mr. Moore may have been there.

Q. Was it locked?—A. No, sir; the office was never locked during the day.

Q. Some one was in charge when you were away, then?—A. Mr. Moore may have gotten there before I did, or he may have been sick at the time. I do not remember. Anyhow, the office was never locked during the day.

Q. Whom did you leave in charge when you went to lunch on that day?—A. I left Mr. Brown.

Q. But you do not remember whether he was there when you came back?—A. I do not remember.

Q. Was it not a matter of some surprise to you to see these new books prepared for you?—A. They had been already prepared. I had seen him preparing them some time previous to that.

Q. How long had you seen him preparing them?—A. Probably a month.

OFFICE REMOVED TO SAN FRANCISCO.

Q. How long after this did you move your offices from Sacramento?—A. I think in about a month.

Q. You do not remember in what year it was?—A. We moved the office in 1873, I think.

Q. Where did you go to?—A. To Fourth and Townsend streets, San Francisco.

Q. Where you remained until the dissolution of the company?—A. Yes, sir.

NO REAPPEARANCE OF THE OLD BOOKS.

Q. Did you ever see any box said to contain books when you were here in San Francisco?—A. I do not remember that I did.

Q. Were you ever sent to find any of these old books, for the purpose of reference, by Mr. Brown or any other officer of the company?—A. No, sir.

Q. Did you ever hear of any one being sent to get any of those old books?—A. No, sir.

Q. Do you know why those books were made to disappear?—A. No, sir.

Q. You have no idea?—A. It is simply a private idea.

Commissioner ANDERSON. We do not object to private ideas.

The WITNESS. Well, it is simply a conjecture, such as you would have about anything that did not concern you. It did not concern me very much.

Q. Can you not suggest what possible object there was in making these books disappear? Who had any interest in making them disappear, that you know of?—A. I do not know of any one that had any particular interest.

GENERAL NATURE OF THE ENTRIES.

Q. Do you know what the nature of the entries in those books was?—A. Yes, sir; the general nature.

Q. They contained the transactions of the Contract and Finance Company?—A. Yes, sir.

Q. And they showed how much the construction had cost them, did they not?—A. As well as I remember.

Q. And the books also showed what payments the Contract and Finance Company had received from the corporations for which it had done work?—A. I think that the accounts were balanced up, but how they were balanced particularly I do not remember now—how the payments were made.

Q. I am not asking you that, but they showed generally what compensation had been received for what work had been done?—A. Yes, sir.

Q. Was any one interested in those books except those persons who were interested in the profits or losses of the Contract and Finance Company?—A. Not that I know of, except that a short time before Mr. Brown went away, I think that Mr. Samuel A. Hopkins, a nephew of Mr. Mark Hopkins, was made president, and he may have been made president with a small amount of stock. I do not know anything about that.

Q. Who were the stockholders of the Contract and Finance Company?—A. I do not know.

Q. You never heard?—A. Yes; I have heard, but I do not know.

Q. How much stock did you hold?—A. None that I know of.

Q. What stock was standing in your name?—A. No Contract and Finance Company's stock.

WITNESS'S CONNECTION WITH WESTERN DEVELOPMENT COMPANY.

Q. What company succeeded the Contract and Finance Company in its work?—A. The Western Development Company.

Q. Did you have any connection with that company?—A. Yes, sir.

Q. What was your connection with that company?—A. I was the secretary of it.

Q. How long did you remain secretary of the Western Development Company?—A. I do not think it was a year.

Q. Was it while you were also secretary of the Contract and Finance Company?—A. Yes, sir.

Q. You filled both offices at once?—A. Yes, sir.

Q. Where was the office of the Western Development Company?—A. In the same room with the Contract and Finance Company, at Fourth and Townsend.

Q. Who was the president of the Western Development Company?—A. Frank S. Douty.

Q. Who at this time was the president of the Contract and Finance Company?—A. Samuel A. Hopkins.

TRANSFER OF BUSINESS.

Q. Do you know whether any of the business of the Contract and Finance Company was passed over to the Western Development Company?—A. Yes, sir; I think a transfer was made of all their lumber, tools, teams, and things of that kind—operating material.

Q. Were there any contracts transferred that the Contract and Finance Company commenced?—A. Yes, sir, there were some contracts with the Southern Pacific.

Q. On which the Contract had done some work?—A. Yes.

Q. You say you were the secretary of the Western Development Company?—A. Yes, sir.

DUTIES AS SECRETARY OF WESTERN DEVELOPMENT COMPANY.

Q. As secretary of the Western Development Company, what were your duties?—A. I was secretary and treasurer. I had the books to keep, partly by myself and partly by clerks; and I presented to the company bills that were sent in. All the carpenters' work and bridge work was kept by Mr. Arthur Brown over at Oakland, and every month he would send in those bills for construction and repairs against which the company it had done for. Then the cost of the grading and everything of that kind was charged up. Those bills were entered up every month.

Q. You were responsible for the correctness of those entries on the books?—A. Yes, sir.

Q. How long had the Contract and Finance Company been engaged on the contracts which had been assigned over to the Western Development Company before the assignment?—A. I do not remember.

Q. Some considerable time?—A. I think one of them had, probably.

PRINCIPAL CONTRACT RELATES TO SOUTHERN PACIFIC EXTENSION.

Q. Which contract do you refer to?—A. I think that the principal contract that was assigned over was for extending the Southern Pacific road.

Q. And the Contract and Finance Company had been engaged on that contract for how long a period?—A. About a year, I believe.

Q. How long before you moved to Sacramento was it before you were appointed secretary of the Western Development Company?—A. I think it was about a year or a year and a half.

Q. Do you remember whether the first work under the contract of the Southern Pacific in the books of the Contract and Finance Company had been entered in the books which were removed?—A. I think all the work for constructing the Southern Pacific, so far as it had been received, was entered in the Contract and Finance Company's books that were removed.

Q. How did you obtain the balances to enter in the Western Development Company's books when the contract was assigned to that company?—A. I have forgotten how long it was after the Western Development Company was organized before the assignment of the contract was made, but it was not long.

ACCOUNTS OF CONTRACT AND FINANCE COMPANY ADJUSTED BY WITNESS.

Q. When it was made, the standing accounts of the Contract and Finance Company had to be passed over to you to be adjusted?—A. Yes, sir.

Q. From what source did you get those figures?—A. I think that all the Southern Pacific road that had been constructed and received had been paid for to Mr. Brown, and settled with Mr. Brown before he went away, and then the unfinished sections were carried on, and when they were completed they were paid for—some to the Contract and Finance Company and some to the Western Development Company, I think.

Q. In order to keep the accounts straight between the Contract and Finance Company and the Western Development Company were you not compelled to know, when you made your first entries, just how much had been earned by the Contract and Finance Company, and how much had been received by the Contract and Finance Company?—A. Yes,

FIRST ENTRIES IN WESTERN DEVELOPMENT'S BOOKS.

Q. From what source did you ascertain how much they had earned and how much they had received?—A. There was a contract between the Contract and Finance Company and the Southern Pacific for constructing the road, equipping it, and so forth, and as to the unfinished work the balances were brought forward from the Contract and Finance Company to the Western Development Company.

Q. I understand that; but you have just stated that the part that was done by the Contract and Finance Company had been kept in the books which have disappeared. I now ask you how you got the initial figures to enter in the Western Development Company's books, which showed how much work had been already done and how much had been earned by the Contract and Finance Company, and how much in bonds or stocks had been already paid them on account of their work. From what source did you get those figures; did Mr. Brown tell you?—A. No; there was a contract between the Contract and Finance Company and the Southern Pacific, and that contract with the Contract and Finance Company was assigned by that company to the Western Development Company.

Q. After some work had been done?—A. Yes, sir. I had been keeping the accounts right along for the grading so far as the work had progressed, and when any section was finished it was settled for by the Southern Pacific Company according to their contract.

CONTRACT AND FINANCE COMPANY'S BOOKS THE SOURCE OF INFORMATION.

Q. You have not yet answered from what source you ascertained how many sections had been finished, and how much money had been paid.—A. I felt, as secretary of the Contract and Finance Company, that I had nothing to do with any completed sections previous to the time that I took charge of the books.

Q. But as secretary of the Western Development Company you had to be informed at what section your accounts would commence?—A. Yes, sir.

Q. From what source did you learn at what section your account should commence?—A. From the books of the Contract and Finance Company.

Commissioner ANDERSON. You have just stated that those accounts had been kept in the books which had disappeared.

The WITNESS. All the completed sections, but the unfinished sections were on my books. When a section was completed Mr. Brown would take it on to his books.

Q. You say that the unfinished sections, which were the only ones that you were interested in when the contract was assigned, were kept in your books?—A. Yes, sir.

Q. That is, in the new books, delivered to you by Mr. Brown?—A. Yes, sir.

Q. How long did you keep those books?

The WITNESS. The Western Development Company's books?

Commissioner ANDERSON. No; the Contract and Finance Company's books.

A. They were kept for about two years.

Q. You kept them in San Francisco, here?—A. Yes, sir.

Q. For about how long?—A. For about two years.

WITNESS'S ASSOCIATES IN THE OFFICE.

Q. Who was in that office with you?—A. Mr. Charles H. Reddington and Frank C. Ross, and a boy named Goury, I believe.
Q. Which of these persons are living?—A. I think Goury probably is dead, but I think Ross and Reddington are probably alive.
Q. Where does Mr. Ross live?—A. I do not know. I have not seen him for a good many years.
Q. Where does Mr. Reddington live?—A. I do not know. I have not seen either of them for several years.
Q. Are you aware that Mr. William E. Brown says that the last time he saw the books which disappeared from Sacramento, he saw them in the possession of yourself?—A. No, sir; I am not aware of that.
Q. Is that true, if it has been so stated?—A. They are not in my possession.
Q. You say when you went to lunch that day you left Mr. Brown there.—A. Yes, sir; and the books were there.
Q. When you went to lunch, Mr. Brown and the books were there?—A. Yes; and when I came back Mr. Brown was there, but I did not see the books. They may have been in his safe.
Q. When did Mr. Brown leave the employ of the Contract and Finance Company?—A. I think it was in September, 1873.
Q. While you were in Sacramento?—A. Yes, sir.
Q. How long after the disappearance of these books?—A. I think it was probably the next day; I think he left for Europe the next day after the books disappeared.

STATEMENT MADE BY MR. BROWN.

Commissioner ANDERSON. I will read you this statement made by Mr. Brown, or which appears to have been made by him.
Mr. COHEN. Might you not as well prove that that was made by Mr. Brown before you examine the witness concerning it?
Commissioner ANDERSON. If it was not made by him, he can so state. [Reading:]

Q. Do you know what became of these books and papers?—A. I do not.
Q. Have you made any search for these books and papers?—A. No, sir.
Q. Into whose possession did they pass when the corporation ceased to do business?
A. They passed into the possession of my successor, John Miller, when I left the employ of the company in 1873.

The WITNESS. I presume that he referred to the books that he had opened with the balances carried forward; the new set of books.
Q. That does not then refer to the books which you refer to as being Mr. Brown's books containing the transactions of the Contract and Finance Company for the years prior to your entries there, nor to the books of Crocker & Co., which were in the locker?—A. No, sir.

WITNESS EXPLAINS HIS ENTRIES.

Q. I wish you would explain a little more definitely how you made your first entries in the books of the Western Development Company, which related to this unfinished contract with the Southern Pacific, the earlier portion of the construction accounts having been kept in the books of the Contract and Finance Company.—A. General Colton had come into the railroad employ about that time and I was directed to have an inventory of all the property belonging to the Contract and

Finance Company taken, and all open accounts, and those open accounts such as grading, bridge building, and things of that kind, and every other open account that it was right and proper to turn over to the Western Development Company, was turned over to them and was put on the Western Development Company's books.

Q. From what books did you take these open accounts?—A. I took them from the books which Mr. Brown had opened for me.

TRANSFER OF BALANCES.

Q. Were there not some open accounts in Mr. Brown's books—the books which disappeared?—A. He transferred them, I presume. A certain contract or certain work, such as grading, &c., would be charged up so much, and that would be brought forward in bulk, and after that I would go on and add the additional charges to it. Then, when the Western Development Company was formed I transferred the balances in the same way to the Western Development Company.

Q. Then you transferred the balances from the books which had been kept by you personally?—A. Yes, sir.

Q. In whose handwriting were these initial entries in those books which Mr. Brown had prepared for you?—A. W. E. Brown's.

Q. In his own handwriting?—A. Yes.

Q. All of them?—A. As well as I remember.

Q. When did you last see Mr. Curtis?—A. I have seen him about ten days ago.

Q. Did you have any conversation in relation to these memoranda?—A. Yes, sir.

Q. What was said?—A. He said that he had destroyed them.

Q. This happened about ten days ago?—A. Yes, sir; he destroyed them.

RELATIONS BETWEEN WITNESS AND MR. CURTIS.

Q. How did you happen to go to see Mr. Curtis?—A. I met him on the street. He is my lawyer.

Q. Do you know whether he is in the employ of the Central Pacific?—A. I have no idea that he is.

Q. Do you know whether he has been?—A. He never had been, to my best knowledge.

Q. Without going into details, at the time that you left the Central Pacific, there was some bitter litigation in which you were concerned, was there not?—A. Yes, sir.

Q. Did Mr. Curtis defend you in that litigation?—A. Yes, sir.

Q. Do you know at whose instance he did this?—A. At my own.

Q. Do you know whether anybody paid him for it besides yourself?—A. I think not. I have no idea that anybody else paid him.

Q. Who selected him?—A. I did.

Q. After consultation with any of the officers of the Central Pacific?—A. No, sir.

MEETING BETWEEN WITNESS AND MR. CURTIS.

Q. You say that you met Mr. Curtis on the street?—A. Yes, sir.

Q. How long before that had you been in Sacramento?—A. I am there every two or three weeks, and frequently do not see him.

Q. It was an entirely accidental meeting?—A. Yes, sir.

Q. Did you go anywhere together or meet on the street?—A. Just met on the street.

Q. Did you go into any room?—A. No, sir.
Q. Did you see him more than once?—A. No, sir.
Q. Who opened the conversation?—A. I think he did, by asking me if I had been subpœnaed down here.
Q. He asked you if you had been subpœnaed to attend before this Commission?—A. Yes, sir.
Q. What else did he say?—A. I told him that I had not, and he said that he would not be surprised if I was.
Commissioner ANDERSON. Please tell us all that was said.
The WITNESS. I told him that I hoped I would not; that I was neutral as between the company and the Government; that I knew very little and it had been some time since, and I knew so little that I thought that I might be misunderstood for knowing so little as I did. I am farming now, and I have been farming for ten or twelve years, and my thoughts have run in a different channel from railroading or the railroads.

THE COMMISSION MIGHT WANT CONTRACT, BUT IT WAS DESTROYED.

Q. Will you describe the conversation between yourself and Mr. Curtis?—A. That was about all.
Q. There must have been something else.—A. He said that he supposed they might like to see that abstract, but that it had been destroyed.
Q. Have you not just told us that you told him or that you suggested to him that he had better destroy the memoranda, and that you did not know whether he had or not?—A. I said that he said they might like to see that abstract, but that he had destroyed it.
Q. Have you not, in the former part of this examination, stated to us in regard to those memoranda that you had suggested to your lawyer that he had better destroy the memoranda, and that you did not know whether he had done so or not?—A. I did. I only know now from hearsay. He told me he had. I instructed him two or three years ago to do so, and the question has never come up again until within this last ten days.

A GOOD THING IT WAS DESTROYED.

Q. He said it was a good thing they were destroyed, did he?—A. Yes.
Q. Was it a good thing that they were destroyed?—A. I do not know. I suppose he thought it was no use my meddling with this thing which did not concern me at all.
Q. For whom did he mean it was good; for you?—A. No. I suppose it was good for the company.
Q. Good for the company?—A. Yes, sir.
Q. That they were destroyed?—A. I suppose he meant that. I do not know what he meant.

NO KNOWLEDGE OF THE OTHER BOOKS.

Q. What became of these other books that you kept for the Contract and Finance Company?—A. I left them in the railroad office.
Q. Left them with whom?—A. With Mr. J. O'B. Gunn.
Q. Have you ever seen them since?—A. No, sir.
Q. Have you ever been called upon to make some explanations about the entries in these books?—A. No, sir.
Q. Do you know where they are now?—A. No, sir.
Q. Where is Mr. Gunn?—A. I do not know.

EMPLOYMENT OF MR. CURTIS.

Q. In regard to this employment of Mr. Curtis to defend you in the proceedings that occurred when you left the company, how long had there been trouble between you and the company before he was employed?—A. Very recently; not a month.

Q. The general nature of the difficulty was a charge that you had misapplied funds of the company, was it not?—A. Yes, sir.

Q. Was that difficulty adjusted?—A. Yes, sir.

Q. Between you and what officer of the company, chiefly?—A. I was owing them and I turned over property to them. I do not know how much it did amount to. I was tried for embezzlement.

Q. My question was, what officer of the company did you deal with in making this adjustment?—A. Mr. Harvey Brown and Judge Robinson.

Q. Had you known Mr. Curtis before that time?—A. No, sir; only by sight.

Q. Who introduced him to you with reference to defending you in this matter?—A. I think he introduced himself to me. My wife went to see him.

Q. Do you not know that he was either sent to you or introduced to you through the intervention of some officers of the Central Pacific Company?—A. No, sir.

Q. You did not meet him until after the matter between you and the Central Pacific had been adjusted; is that how I am to understand you?—A. It was not fully adjusted at that time. I think he had helped to adjust the matter.

CRIMINALLY PROSECUTED AND DECLARED INNOCENT.

Q. What part did he take in the adjustment?—A. I think by taking the property and calling the account square.

Q. How did he come to interest himself in the matter?—A. By my solicitation.

Q. How had you heard of him?—A. I had heard of Judge Curtis ever since I had been in the State.

Q. It was on his personal merits?—A. Yes, sir; as a fine lawyer. I wanted to get a good one, and I considered him the best in the State.

Q. Was the matter that was pressed against you, after the adjustment with the company, tried?—A. Yes.

Q. Was it tried on its merits?—A. It was tried on its merits.

Q. Was it litigated?—A. No. The criminal charge was tried on its merits, and through the testimony of the witnesses from the railroad company I was declared innocent of all crime.

Q. And the personal suit against you was adjusted?—A. There was no personal suit.

Q. The personal claim against you?—A. The personal claim was adjusted.

Q. Which occurred first, your acquittal or the settlement?—A. The settlement.

Q. Who appeared in this criminal prosecution against you?—A. The district attorney, Mr. Darwin,

Q. Any one else?—A. That is all, I think.

Q. And what officers of the company were examined as witnesses?—A. Judge Robert Robinson, Mr. J. O'B. Gunn, Frank S. Douty, and E. C. Wright. I do not remember any others.

10,000 SHARES IN WITNESS'S NAME.

Q. As to this Western Development Company, what stock stood in your name?—A. The company was formed by five of us, taking 10,000 of the shares each of the stock. I had 10,000 in my name.
Q. Who was the real owner; who did you represent?—A. Mr. Mark Hopkins.
Q. What became of that stock when you left the employ of the company?—A. Mr. Hopkins had it.
Q. You transferred it over to him?—A. Yes, sir.
Q. What understanding was there; what did you understand as to your relations to Mr. Hopkins as a holder of this stock?—A. I was only a nominal owner.
Q. You were to represent his wishes and carry out his views?—A. Yes, that is it.
Q. Do you say that Mr. Curtis was never in the employ of the company?—A. To the best of my knowledge.
Q. Do you know his handwriting?—A. Yes.
Q. Please look at the paper which I show you and state in whose handwriting the signature is.—A. I think that is his signature.

RECEIPT OF "N. GREENE CURTIS" TO CENTRAL PACIFIC COMPANY.

Commissioner ANDERSON. In that connection I will read this in evidence.

Central Pacific Railroad Company to N. G. Curtis, Dr.

Jan. 17, 1872. For legal services in The People *vs.* Burke *et al.*, in Nevada... $500.00

There is a receipt at foot for the amount, dated January 17, 1872, signed "N. Greene Curtis."
The WITNESS. That was a special case which I knew nothing about.
Commissioner ANDERSON. Your statement was that to your knowledge he had never been in the employ of the company.
The WITNESS. Yes, sir; I knew nothing about it.

INDORSEMENT ON THE VOUCHER.

Mr. COHEN. The indorsement on that voucher is:

C. P. R. R.

No. 101, $500.00.
Name, N. G. Curtis.
Place, "Sac." (meaning Sacramento).
For legal services.
When paid, January 17, 1872.
Chargeable to legal expenses.
I certify that the within account, amounting to $500.00, is correct.
ROBERT ROBINSON.

NO EXTRA SERVICES PERFORMED.

By Commissioner ANDERSON:

Q. What other business did you do for this company besides making entries in the books?—A. I do not remember now; those were my regular duties; I do not remember to have performed any extra services.
Q. Did you not purchase property for them?—A. No, sir.
Q. What was the nature of the difficulty between you and the company; was it not in reference to property of the company?—A. No, sir.

NAMES CENTRAL PACIFIC OFFICERS HE HAS TALKED WITH.

By the CHAIRMAN:

Q. Have you talked with any of the officers of the Central Pacific since you have been in San Francisco concerning this case?—A. No, sir; I spoke to Colonel Haymond.

Q. Colonel Haymond is the attorney for the company?—A. Yes, sir.

Q. Who else have you talked with connected with the Central Pacific Company?—A. I only spoke in a casual way to Mr. Cohen, in the hall.

Q. Whom else did you talk with?—A. No one else that I remember of.

Q. Did you talk with Mr. Yost?—A. I did not know that he was with the railroad company now. Yes, I talked with Mr. Yost.

Q. Did you talk about the testimony that you were about to give?—A. I may have remarked that I knew very little; that it would not take me long to give it, or something of that kind.

CONVERSED WITH MR. YOST.

Q. What conversation had you with Mr. Yost?—A. We were only speaking about this case in a general way. He was Governor Stanford's private secretary at the time I was with the Contract and Finance Company. We were old acquaintances and friends, and just spoke in a general way. There was no comparing of notes or anything of that kind to see what I should testify to.

Q. Did he tell you what he had testified to?—A. No, sir.

Q. Did he tell you that he had been called as a witness?—A. Yes.

Q. Did he converse with you about the subject of his examination?—A. In our friendly talk it came up, and I said that the examination was pretty thorough. He said yes, more thorough than the papers had represented it. I told him that I had seen the papers; he did not state anything, though. He made no remarks as to any portion of his testimony.

Q. Did you talk with him about the affairs of the company at the time that you were employed by it?—A. No.

SPOKE TO THE DEPUTY MARSHAL.

Q. Who else did you talk with outside of the company since you have been here concerning this investigation?—A. I may have spoken to the deputy marshal, MacFarland, I told him I had very little to say and it would not take me very long to get through. I told him that I had very little to say, and I knew very little. It had been a long time, and I had not thought about these things, and had not cared about them.

Q. During your employment by the Central Pacific did you buy property for the company?—A. No, sir; I never was in the employ of the Central Pacific.

Q. During your employment by the other company did you buy property for yourself or for the company?—A. I bought property for myself.

Q. Did you buy property for the purpose of selling it to the Central Pacific Company or to the Western Development Company?—A. No, sir.

Q. Do you know Mr. Kennedy?—A. Yes.

Q. Was he associated with Mr. Curtis in the trial of your cause?—A. No.

Q. Did he represent you?—A. No, sir.
Q. Were you associated with him in the purchase of coal lands?—A. No, sir.

A "GO-BETWEEN" IN PURCHASING COAL LANDS.

Q. Had you ever had any interest with him in the purchase of coal lands?—A. I think I purchased some coal lands from some person through Mr. Kennedy. He was a go-between, or probably had some slight stock in some coal mine.
Q. Was the purchase for your individual account or for the account of the company?—A. My individual account.
Q. Where were you pending the negotiations between the company and your attorney?—A. I was at the railroad office.
Q. At what railroad office?—A. The Central Pacific Railroad office, corner Fourth and Townsend streets, San Francisco.
Q. Whom did you meet there?—A. I met quite a number of persons.
The CHAIRMAN. I mean pending the negotiations for the settlement of your case.
The WITNESS. I mean that, too.
Q. How often were you there?—A. I was there every day for a month.
Q. Who met you there at first?—A. I think I was met by all the principal officers of the Central Pacific Railroad Company.

NEGOTIATIONS BETWEEN WITNESS AND CENTRAL PACIFIC.

Q. What was the character of the negotiations?—A. I was turning over property to them and settling up my accounts.
Q. What offer did the officers make to you?—A. They told me to make restitution and square up my account so far as I could, and they would call it square.
Q. Did it take a month to do that?—A. Very nearly.
Q. Was that the final negotiation?—A. With the company, yes, sir.

IMPORTUNED BY KENNEDY TO BUY PROPERTY.

Q. Did you talk to Mr. Kennedy about your case?—A. I may have done so. Mr. Kennedy is a man that I had very little business to do with. I met him frequently. I know that he was importuning me time and again for one thing and another—to buy some coal mines, or something of that kind—after I had left the railroad company, and I told him I had no money with which to buy, and of course he let me alone then. He was soliciting me to buy other property afterwards, but I did not buy.
Q. Was there any paper executed by the company to you?—A. No, sir.
Q. Was there any release given to you?—A. No, sir.

CALLING THE ACCOUNT SQUARE.

Q. What were the officers of the company to do for you in consideration of the property delivered up?—A. Nothing; only to call the account square.
Q. How did they square the account?—A. I do not know.
Q. What did you understand by that?—A. That it was equal to a receipt in full; they were to cancel my indebtedness and take what I had.

Q. Were all charges to be withdrawn?—A. No, sir; there was nothing said about charges; they made no charge.

Q. Was anything said about the case in the criminal court?—A. No, sir.

Q. Was the case discussed at all?—A. No.

Q. Who made the complaint in the criminal proceedings?—A. I think Fitch, or some of these newspaper men.

Q. Have you any other statement to make to the Commission?—A. No, sir.

Q. Have you any other information to give to the Commission?—A. No, sir.

The CHAIRMAN (to Mr. Cohen). Do you wish to ask this witness any questions?

Mr. COHEN. No.

PALACE HOTEL, SAN FRANCISCO,
Thursday, August 4, 1887.

D. Z. YOST, being further examined, testified as follows:

By the CHAIRMAN:

Question. Have you produced the papers that you were to bring to the Commission?—Answer. No.

Q. When will you do so?—A. This week.

The CHAIRMAN. We would like to have them at as early a date as possible.

The WITNESS. I will bring them as soon as I find them.

Mr. COHEN. What papers is he to produce?

The CHAIRMAN. All the papers or memoranda he has in his possession concerning the business of the Central Pacific.

LAW OF THE STATE OF CALIFORNIA ON EMBEZZLEMENTS.

Mr. HAYMOND. I would like to call your attention to a provision of a statute of this State, as you seem to attach some importance to what took place down there. A settlement here between a party who embezzles property is encouraged, and if that settlement is made and restitution is made before any offense is charged, the judge is bound to take that into consideration in fixing punishment; so that it is encouraged instead of being discouraged by the law of this State.

Commissioner ANDERSON. Personally, I attach no importance whatever to it so far as Mr. Miller is concerned. I only think that it is unfortunate that these books, which appear to have so vital a bearing on the real question of the cost of construction of the Central Pacific, should be missing, and that no one should be able to give us information that we could rely on as to that point.

Mr. HAYMOND. I agree with you that it is unfortunate. I think the company would give a million for them now.

The CHAIRMAN. I only want to say with reference to the testimony of this gentleman, that I regard it as important from the fact that the business of the corporation was so loosely conducted, as to allow at that time such irregularities to exist in an organization in which the Government has many millions involved.

NECESSARY TO TRUST SUBORDINATES.

Mr. HAYMOND. If you had been there for a month you would see that it was impossible to carry on that business without trusting subordi-

unless. There is not a man living on the face of this earth that could live twenty years and run any one of those departments without trusting his subordinates.

The CHAIRMAN. Our inquiries are with regard to the business methods.

Mr. HAYMOND. There is no other way in which that business can be run. These principals must trust some men and they do trust the heads of their departments. If you would stay there a week you would see that it was impossible to do anything else. My judgment is that they have saved money by that sort of confidence, although sometimes they have lost.

COMMISSION WILL SUBMIT REPORTS OF EXPERTS.

Mr. COHEN. I would like to know from the Commission whether they intend to submit to us the reports of their experts, or whether the Commission intends merely to annex them to its report. I mean the reports of the experts on the books and accounts of the Central Pacific.

The CHAIRMAN. We have no objection to submitting to you any papers or documents that we may have from the accountants, but they will not be ready, probably, until the first of October, when the balance sheets are taken off.

Mr. COHEN. There may be some things which we could explain to you.

Commissioner ANDERSON. Of course any paper or copy of a paper taken from your books that requires explanation will be submitted to you, if you desire it.

Mr. COHEN. We want to have an opportunity of explaining it to you.

Commissioner ANDERSON. We shall hardly receive them until October, but we shall be very glad to see you, gentlemen, in New York, in September.

Mr. COHEN. I shall be there, sir.

PALACE HOTEL, SAN FRANCISCO,
Thursday, August 4, 1887.

W. E. BROWN, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. In San Francisco.

Q. What is your occupation?—A. I am an accountant.

Q. Are you in any special employ, or are you a general accountant?—A. I keep the private accounts of Messrs. Stanford, Huntington, Crocker, and Hopkins, as they relate to each other.

Q. How long have you kept them?—A. Ten years.

Q. Have you been in the employ of the Contract and Finance Company?—A. Yes, sir.

Q. When was that?—A. From 1868 to 1873.

Q. Where was your office? In Sacramento?—A. Yes.

Q. During the whole period of your employment?—A. Yes.

Q. Were you never in their employ in San Francisco?—A. No, sir.

WITNESS'S CONNECTION WITH CONTRACT AND FINANCE COMPANY.

Q. What was your position?—A. I was secretary and treasurer of the Contract and Finance Company.

Q. How long did you hold that position?—A. From 1868 to 1873.

Q. Were you always at the same place in Sacramento?—A. Yes, sir.

Q. Did you occupy more than one room?—A. Yes; we had two rooms.

Q. Where were those rooms?—A. They were over Huntington & Hopkins' hardware store.

Q. Were they both rooms in which work was done?—A. No; one room was a store-room and the other an office.

Q. Then you worked in the office room?—A. Yes.

Q. Who was in the office room besides yourself?—A. The clerks that I had at different times.

WITNESS'S ASSOCIATES IN THE OFFICE.

Q. Please give the names of those you had after 1871?—A. Ralph Smith was a clerk at one time, and a Mr. Moore was a clerk, and John Miller.

Q. Is Mr. Ralph Smith living?—A. I think he is dead.

Q. Mr. Moore is dead?—A. Mr. Moore is dead.

Q. And Mr. Miller is the last witness?—A. Yes, sir.

Q. What had you been doing before you entered the employment of the Contract and Finance Company?—A. I was private secretary to the governor of the State; Governor Low.

Q. Had you done any business for either Mr. Stanford, Mr. Crocker, Mr. Huntington, or Mr. Hopkins?—A. I was private secretary for Governor Stanford when he was governor.

Q. In 1861?—A. In 1861.

Q. Did you do any other business for any of these gentlemen between 1861 and 1868?—A. No, sir.

Q. Or any for the Central Pacific Railroad Company?—A. No.

Q. Or for any associate company?—A. No.

DATE OF EMPLOYMENT.

Q. In what part of 1868 did you enter into the employ of the Contract and Finance Company?—A. I think in the spring.

Q. Had you anything to do with the firm of Crocker & Co. before that time?—A. No.

Q. Had you examined any of their books?—A. No.

Q. Were you acquainted with Mr. Charles Crocker?—A. Yes.

Q. How well?—A. Meeting him every few days.

Q. Were you intimate with him?—A. Not at that time.

Q. How did you come to obtain the position of secretary in the Contract and Finance Company?—A. I think through Governor Stanford.

Q. Did he come to see you about it?—A. Yes, sir.

APPOINTMENT THROUGH GOVERNOR STANFORD.

Q. Will you, in brief, tell us how the appointment was made?—A. Governor Stanford told me that he had determined to organize a construction company for the purpose of building the Central Pacific Railroad from the State line eastward; that the work would be very extensive and it would be very necessary to do it more rapidly than it had ever been done before. He desired to organize a construction company, in order to get other capital interested with him and his associates to take stock in this construction company and assist them in carrying on the work.

Q. Please state how that led to your employment as secretary?—A. He asked me then to have a company organized, leaving the details of the organization to me, and I with Theodore J. Milliken and B. R. Crocker had the company incorporated.

Q. In connection with the subject of doing this through a construction company, was any allusion made to the difficulty of getting capital to embark directly in the enterprise by reason of the personal liability of the stockholders?—A. Yes.

Q. That subject was alluded to?—A. Yes, sir; that was alluded to; and it was more particularly alluded to from the fact that he desired to get prominent capitalists in San Francisco and Sacramento to take stock in this construction company.

Q. Did he suggest the names of the incorporators?—A. Yes, sir.

WHO SUBSCRIBED FOR THE STOCK.

Q. Did the incorporators themselves take the stock of the Contract and Finance Company in equal shares?—A. Yes.

Q. How many were there?—A. Three.

Q. Was that not subsequently increased to four?—A. No.

Q. Did they each take one-third?—A. Yes; I think they did.

Q. Please repeat their names?—A. B. R. Crocker, Theo. Milliken, and W. E. Brown.

Q. Was the stock taken in your name, the third?—A. Yes, sir.

Q. Did you pay anything for it?—A. No.

Q. Whose stock was it understood to be?—A. The whole stock was understood to be for Governor Stanford, Mr. Hopkins, the two Mr. Crockers, and Mr. Huntington.

Q. And you three gentlemen acted for them and represented them?—A. Yes, sir.

NO REASON ASCRIBED FOR SUBSCRIBING THROUGH OTHERS.

Q. What reason was assigned for not taking this stock directly in the names of the parties really interested?—A. I do not think any reason was assigned.

Q. Is that your best recollection?—A. Yes.

Q. Your best recollection is that the subject was not discussed?—A. My recollection is that there was nothing said on the subject.

Q. Were you at that period a man of substance or wealth?—A. I had some property.

Q. How was it as to these other gentlemen; was Mr. Milliken a man of means?—A. Yes, sir; he was a merchant in Sacramento.

Q. How was it as to the second, Mr. Crocker?—A. He had means.

Q. Is it your judgment that the object of doing the business in that way was to avoid personal responsibility on the part of the principals?—A. I do not know what their object was.

Q. Did you immediately enter on your new duties?—A. Yes, sir.

Q. Then it must have been at the very inception of this work that you went in and that you organized?—A. Immediately.

WITNESS PREPARED THE BOOKS OF THE CORPORATION.

Q. Who prepared the set of books that were to be kept?—A. I prepared them.

Q. What books did you select?—A. A cash-book, a ledger, journals, day-books, and time-books.

Q. The usual books appropriate to that business?—A. To an incorporation; yes, sir.

Q. How soon after you had the books prepared was the contract entered into between the Finance Company and the Central Pacific?—A. I think within a week.

Q. Were you present at the meeting when it was voted?—A. I was at the meeting of the Contract and Finance Company.

Q. Were copies sent in to your company from the other company?—A. Yes, sir.

Q. Where was the Central Pacific Company's office?—A. In the same building, across the hall from the Contract and Finance Company's office.

Q. And you kept a copy in your own office?—A. Yes, sir.

DISAPPEARANCE OF CONTRACT BETWEEN CONTRACT COMPANY AND CENTRAL PACIFIC.

Q. Do you know where that contract is?—A. I do not.

Q. Was it with the other papers of this company?—A. Yes, sir.

Q. And disappeared with them at the same time that they disappeared?—A. I do not know as to that.

Q. How long did you see it afterwards. Had you not had occasion to make frequent reference to it?—A. Yes, sir; very often.

Q. During the whole of this work?—A. Yes, sir.

Q. Where did you keep it?—A. I kept it in my safe.

Q. What sort of a safe had you?—A. I do not remember the name, but it was a very large safe.

Q. Was it large enough to keep all the books which you had in that office?—A. Yes, sir; all the general books. I did not keep the minor books there.

Q. Did you customarily keep the general books in the safe?—A. Yes.

Q. When did you last see that safe?—A. I saw it in the fall of 1873.

Q. The safe?—A. Yes, sir.

TERMS OF THE CONTRACT.

Q. Do you recall or remember the terms of this contract between the Contract and Finance Company and the Central Pacific?—A. Yes, sir.

Commissioner ANDERSON. Please state them as nearly as you can.

The WITNESS. The Contract and Finance Company were to build the road from the State line eastward—to do all the work, the engineering, grading, bridging, &c. They were to lay the track, build and complete a telegraph line, furnish telegraph offices and instruments, furnish buildings necessary for the section hands, furnish necessary round houses, turn-tables and so many (I have forgotten the number of) engines, cars, and running material per mile; but whatever was necessary for the road and machine-shops.

Q. Furnishing and laying rails?—A. Yes, sir.

Q. Do you remember what the weight of the rails was?—A. It was, I think, 60 pounds to the yard; at least 60 on heavy grades and 56 on the level.

Q. Iron or steel?—A. Iron.

Q. Were they to furnish ties?—A. Yes, sir.

Q. Were they to pay all the transportation on the line of the road?—A. Yes, sir; beyond the State line.

Commissioner ANDERSON. Continue your statement of the terms of this contract.

The WITNESS. I think that was about all that the Contract and Finance Company agreed to do.

AGREEMENT OF THE CENTRAL PACIFIC.

Q. What did the Central Pacific agree to do?—A. They agreed to pay.

Q. On what?—A. They agreed to pay for this work $86,000 a mile.

Q. In what way? On what certificates?—A. $43,000 in cash and $43,000 in the stock of the Central Pacific Railroad Company.

By Commissioner LITTLER:

Q. Did that contract extend from the State line through to Ogden? You said eastward.—A. Eastward until the connection was formed with the Union Pacific.

By Commissioner ANDERSON:

Q. On what certificates, or how were they to pay?—A. They were to pay when the sections were accepted by the Government.

Q. Did you keep an account of that construction from the commencement to the end?—A. Yes, sir.

PARTIES IN CHARGE OF CONSTRUCTION.

Q. Who had charge of the construction?—A. J. H. Strowbridge had charge of the grading and the track laying, and Arthur Brown of the bridge construction and of the buildings.

Q. Are both these gentlemen living?—A. Yes, sir.

Q. And did they have charge during the whole period, from the beginning to the end?—A. Yes; they did.

Q. Did they report to you?—A. Yes.

Q. How frequently?—A. Every month.

Q. In the form of detailed statements of the work done by them?—A. Yes; and in the form of pay-rolls.

Q. Where were those pay-rolls kept?—A. They were kept in my office.

Q. In what part of your office; I mean, were they kept in the safe or on the shelves?—A. They were kept on the shelves in the second office or storeroom.

Q. We will take Mr. Strowbridge first. What other reports did he make besides the pay-rolls?—A. His reports were confined to grading and track laying.

Q. Was any portion of the work sublet to other parties? I mean of Mr. Strowbridge's work?—A. No, sir.

MR. STROWBRIDGE'S DEPARTMENT.

Q. State a little more definitely the distinction between these departments. What was Mr. Strowbridge's department?—A. Mr. Strowbridge's department was grading and track-laying; Arthur Brown's was bridge-building, and the building of structures for shops, and turntables, and other structures where timber was required.

Q. Who had charge of the masonry?—A. Men that Mr. Strowbridge employed.

Q. Under Mr. Strowbridge?—A. Yes, under Mr. Strowbridge.

Q. In addition to the pay-rolls, they must have reported the purchases of materials to you.—A. Yes; all the materials that they purchased on the road were reported to me.

WITNESS PURCHASED SUPPLIES.

Q. Who purchased the materials?—A. I purchased all the supplies.

Q. Do you mean the supplies for feeding the men?—A. Yes, the supplies for feeding the men and the teams.

Q. Who purchased the stone for the masonry?—A. I do not think that was purchased. I think they found it in the mountains, on or near the line of the road.

Q. Who purchased the cement?—A. I purchased it.

Q. Who purchased the iron rails?—A. They were bought by the Contract and Finance Company, through the purchasing agent, in New York, of the Central Pacific.

Q. Through Mr. Huntington?—A. Through Mr. Huntington.

Q. Who purchased the ties?—A. I bought those—made contracts for them.

Q. As to those matters which you purchased directly, there was no report made to you except the vouchers for the payments?—A. That is all, sir.

MR. BROWN'S DEPARTMENT.

Q. Now, as to Mr. Brown's contract, did he also have the pay-rolls to report?—A. Yes, sir; the pay-rolls of his carpenters and mechanics.

Q. Who purchased the material used by him?—A. He contracted for that through the mills.

Q. He purchased it, then, for the account of the Contract and Finance Company?—A. Yes, sir.

Q. And he reported such purchases in the form of vouchers?—A. Yes, sir; he would make contracts for large amounts of lumber and timber to be delivered from time to time, and when it was delivered he would turn in the vouchers to me.

Q. Who paid for all this material?—A. I paid for it.

Q. With what checks?—A. With my own checks.

Q. You mean your own individual checks?—A. Checks as secretary and treasurer of the Contract and Finance Company.

Q. Where did they keep their accounts?—A. They kept account at the bank of D. O. Mills & Co., in Sacramento, and at the Bank of California in this city.

Q. Are the books of those banks still in existence?—A. I suppose they are.

DISPOSITION OF THE BOOKS.

Q. What other books did you have in this office beside those books that you were keeping?—A. We had no books there except the minute books of the proceedings of the board of directors, and the time-books.

Q. Did you have no other books, kept in boxes or in a locker there?—A. After every two or three months, whenever the time-books were used up, they were packed away into a store-room in the office.

Q. Have you heard the testimony of Mr. John Miller, who has just left the stand?—A. Yes, sir; I have heard the latter part of it.

Q. Did you hear him state that in that room in a locker there, were the books which had been used by the firm of Crocker & Co.?—A. I did not hear him state that.

Q. Is that statement true?—A. I think there were books there. I never opened any of them.

Q. Where were these books?—A. They were in a store-room where we kept books and papers that we considered of no use; just across the hall from the main office.

Q. He used the expression "in a locker"; what locker was that?—A. I do not know what he meant by that. There was a small room with shelves where papers and books could be stored.

MR. MILLER EMPLOYED AS BOOK-KEEPER AND SECRETARY.

Q. When did you first become acquainted with Mr. Miller?—A. I think it was in 1871.

Q. How did you become acquainted with him?—A. I was short of hands in keeping time-books and keeping accounts, and inquired of some of our men for a good clerk to look after that branch of our business, and he was recommended to me. I liked his appearance very much and employed him.

Q. What books did you first put him on?—A. The time-books.

Q. How long did he remain on the time-books?—A. I think about a year and a half.

Q. What then happened?—A. Then he kept the regular books.

Q. Was he appointed secretary then?—A. He was appointed secretary when I left.

Q. And he was put on the regular books before he was appointed secretary?—A. Yes.

Q. How many journals or day-books had been filled in between the time you started and the time Mr. Miller commenced?—A. I think that there were two sets before Mr. Miller took possession of the books. Books filled very rapidly while we were doing a large amount of business.

Q. How large were these books?—A. The ordinary size of mercantile ledgers and journals.

Q. Containing about how many pages each; five or six hundred?—A. No; not as much as that; I did not have books so cumbersome; there were probably three hundred pages.

Q. Enumerate the books that you kept.—A. A ledger, a journal, and a cash-book were the principal books; I think in all there were three sets of those books.

Q. Your recollection is that they would all fit in this safe?—A. They were not all in the safe, except during the time they were being kept.

Q. After they had been filled, where were they placed?—A. They were placed in the store-room, right across the hall.

Q. And the books that were in actual use were kept where? Were they kept in the safe?—A. Yes, sir.

NEW SET OF BOOKS PREPARED BY WITNESS.

Q. Do you remember preparing a new set of books for Mr. Miller?—A. I remember preparing a new set of books about the time he took possession of them. Not especially for him.

Q. Were they a new set?—A. Yes, sir; a new set entirely.

Q. Were all the balances from the preceding set transferred to this new set?—A. All except such as had been closed.

Q. In whose handwriting were the first entries of this new set of books?—A. In mine.

Q. How long were you engaged in that work?—A. I think about a month.

Q. Did you do it all yourself?—A. Yes, sir.

Q. Do you remember the occasion when the work of transferring these balances was completed?—A. It was some few weeks before I left the employment of the company.

Q. Do you remember the occasion of telling Mr. Miller that the books were ready for him, and putting him in charge?—A. I think it was about a month before I left the employment of the company that I gave him charge of the books.

Q. That did occur?—A. Yes, sir.

BOOKS PUT IN THE STORE-ROOM BY WITNESS.

Q. Just at the time that you were engaged making these transfers, and at the time that you completed the transfers, what disposition did you make of the books in which the entries were taken?—A. I put them in the store-room.

Q. Did you put them in with your own hands?—A. Yes, sir.

Q. What part of the store-room?—A. I put them on the shelves of the store-room where I had put the books nearly a year before—another set that I had filled.

Q. Do you recall an occasion when (those books being in the office) Mr. Miller went out to lunch, leaving you in the office, and his returning shortly afterwards and finding the books missing?—A. No, sir.

Q. Have you heard his testimony?—A. I heard it; yes, sir.

Q. Did nothing of the kind happen?—A. I do not remember anything of the kind.

EXAMINED IN STEWART CASE AS TO BOOKS DISAPPEARING.

Q. Were you examined in the Stewart case, Mr. Brown?—A. Yes, sir.

Mr. COHEN. Do you want to read that deposition?

The WITNESS. If he asks me any questions from it.

Q. Were you asked this question in that case: "Do you know what became of these books and papers?" (referring to the books and papers of the Contract and Finance Company).—A. I think I was asked that question.

Q. What answer did you make?—A. I cannot tell exactly the answer I made.

Q. Well, what answer would you make if I put the question to you now?

The WITNESS. What is the question?

NO KNOWLEDGE OF CONTRACT AND FINANCE BOOKS.

Commissioner ANDERSON. The question is, Do you know what became of the books and papers of the Contract and Finance Company?

A. I have stated that I put the books on the shelf of the store-room of the company.

Q. Now, I ask you, do you know what became of them?—A. I do not.

Q. Have you made any search for these books?—A. Yes, sir.

Q. When did you make the search for them?—A. I think I made the search when I was called upon to testify in that case. I was asked to make a search for them, and I went to Sacramento and spent a day searching the store-houses of the company.

Q. Into whose possession did these books pass when you gave them up or ceased to have them?

Mr. COHEN. What are you reading from?

Commissioner ANDERSON. I am reading from Mr. Brown's examination in the Stewart case.

The WITNESS. I should like to look at that. That was a good many years ago.

Mr. COHEN. Where does that book come from?

Commissioner ANDERSON. It came from my room.

Mr. COHEN. Where did you obtain that from; from whose possession?

Commissioner ANDERSON. You did not give it to me.

Mr. COHEN. From whose possession did that deposition come?

Commissioner ANDERSON. If you want to know whether the book is a genuine book, I assure you that it is.

Mr. COHEN. How do you know that it is?

Commissioner ANDERSON. I know it from the character of the gentleman from whom I received it.

Mr. COHEN. Who was that gentleman?

Commissioner ANDERSON. I am not prepared to say at present.

Mr. COHEN. I think we ought to know where evidence of that kind comes from, if it is to be used in this examination.

The WITNESS. I should like to look at that evidence to see if it will refresh my memory at all.

Commissioner ANDERSON. You shall see it.

CONSIDERED BOOKS IN POSSESSION OF JOHN MILLER.

Q. In whose possession did those books pass when you gave them up?—A. I considered that they passed into the possession of Mr. Miller; that everything in the two offices went into his possession.

Mr. COHEN. I would say to the gentlemen of the Commission that when a paper of that kind is to be produced, and the witness is to be charged with a statement therein contained, we have a right to know where it came from.

Commissioner ANDERSON. I am not charging the witness with anything.

Mr. COHEN. We are entitled to see the paper.

Commissioner ANDERSON. I am not using it now. What is the answer?

The WITNESS. My answer was that I considered them in the possession of John Miller; all the books and papers in the two rooms.

Q. Why do you say that you considered them in his possession? Were they in his possession, to your knowledge?—A. He was appointed secretary of the company.

Q. Had you seen these books in his possession and control?—A. I had not seen them in his hands; I have not seen anything in his hands.

Q. Had you indicated to him in any way where the books were?—A. I indicated to him that he was appointed secretary of the company, and that he had charge of the two rooms and everything in them.

REASON FOR PREPARING NEW SET OF BOOKS.

Q. Why did you prepare this new set of books for him?—A. Because the old set was full and the contracts were complete.

Q. What contracts?—A. The contracts with the Central Pacific Railroad Company.

Q. Were there no other contracts in those old books?—A. No; there was an uncompleted contract with the Southern Pacific which was transferred; all the accounts which were not completed were transferred.

Q. How many did they number?—A. I should think they numbered one hundred and fifty, perhaps.

Q. Uncompleted accounts?—A. Uncompleted accounts; yes, sir.

Q. Why could not Mr. Miller have continued the old books as they stood?—A. They were full. As I told you, that was the second set that I had filled and transferred to new books and put away.

Q. Do you mean to say that all these one hundred and fifty accounts were all full?—A. Not entirely, but the pages were filled; what would be called by a book-keeper full. New books were necessary.

Q. When did you first hear that these books were missing?—A. I think it was at the time of the Stewart trial.

Q. You never heard it mentioned before?—A. No, sir.

Q. Have you heard Mr. Douty's testimony the other day, that on an occasion in Sacramento City, when he was there, Mr. Mark Hopkins was engaged in packing these books into boxes?—A. No, sir; I did not hear that testimony.

Q. Have you never been spoken to in any litigation—the Colton litigation or other litigations—in reference to the disappearance of these books?—A. Very frequently since the Stewart trial. All those litigations have been since the Stewart trial.

EXAMINED IN ROBINSON'S CASE AS TO BOOKS DISAPPEARING.

Q. You were examined in the Robinson case, were you not?—A. I think so.

Q. You were examined in the Robinson case as to these books?—A. I was examined in the Robinson case. I have been examined in pretty much all of these cases.

Q. Were you examined in the Robinson case as to the disappearance of these books?—A. Yes, sir.

Q. When was the Robinson case tried?—A. I do not remember the year.

Q. When were you examined?—A. I do not remember the year.

Q. Well, was it not eight or ten years ago?—A. Yes, sir. There have been several trials in connection with the Central Pacific Railroad affairs where I have been examined and on the subject of those books.

Q. You have just stated, apparently from an inadvertence, that you had never heard that these books had disappeared until the Stewart trial?—A. I think the Stewart trial was the first time—the first Stewart trial.

Q. Were you not examined in the Robinson case many years before the first Stewart trial?—A. That might be; I do not remember. I have not a distinct recollection of the sequence of those trials. I know I have been examined four or five times on different occasions with regard to the disappearance of those books.

Q. Who examined you in the Robinson case?—A. I do not remember that. I think Mr. Cohen.

Q. Before whom was it; before what court or notary?—A. I do not remember that.

Q. Have you no copy of what you swore to?—A. No, sir.

Q. Do you know where the deposition is?—A. No, sir.

Q. Do you know what you swore to then?—A. No, sir.

DISAPPEARANCE OF BOOKS.

Q. Well, was that occasion of your examination in the Robinson case the first time that your attention had been called to the disappearance of these books?—A. If that was the first case that came up when I was

examined that was the first time that I ever knew anything of the disappearance of the books. As I have stated, I do not remember the sequence of those trials—which was first and which was last.

Q. Now, you have stated that you have made some search for these books and papers. What search have you made?—A. I searched through the rooms that I speak of—the storeroom at Sacramento and through the warehouse of the railroad company, where a large amount of books and papers were stored in Sacramento, and through the storehouse down at Fourth and Townsend, where a large number of books and papers were stored.

Q. Describe the storehouse at Fourth and Townsend more particularly.—A. It is a storeroom in the third story of the building where books and papers are stored.

Q. Are there no other storerooms in that building which contain books and papers in which the Central Pacific is interested?—A. I do not know of any room where disused papers are stored except that room.

Q. Who told you where to look?—A. I think I asked Mr. Miller, the secretary, where he kept his disused papers.

Q. Mr. John Miller?—A. Mr. E. H. Miller, jr.

Q. Have you looked through any places where Mr. Miller keeps his papers?—A. No, sir.

Q. When did you make this search?—A. I made it about the time of the first trial I spoke of, where I was a witness.

HOW THE COMMISSION CAME INTO POSSESSION OF CERTAIN EVIDENCE.

Commissioner ANDERSON. Now, Mr. Cohen, if you want to look at that, here is the volume.

Mr. COHEN. I would like to know if this book came from the possession of Mr. Joseph H. Choate. I submit to the chairman and gentlemen of the Commission that we are entitled to know where this evidence came from, for the purposes, among other things, of determining its genuineness, and also for the purpose of determining (I say it with all due respect) how close this Commission is with gentlemen who have litigations against this company.

Commissioner ANDERSON. We have nothing to do with litigation. It was furnished to me out of courtesy entirely. I knew all about it from seeing the books and papers. Mr. Choate is a very old friend of mine and I asked him to lend it to me.

Q. I call your attention now to the fact that when asked in the Stewart case whether you had made any search for the books and papers you answered no. Which answer is correct, according to your present recollections?—A. Well, I think I made search——

Mr. COHEN (interposing). Wait one minute. We make this point, and desire to have it noted and ruled upon by the Commission, that under the laws of this State, when a witness is to be examined upon any deposition which he has previously given or his evidence is to be contradicted by statements contained in the deposition, that he is entitled to be shown the original paper in which his evidence is contained and which is signed or has been approved or sworn to by him. The act of Congress recognizes these State laws as preferable to testimony taken in tribunals within this jurisdiction or within this State.

COMMISSION NOT SEEKING TO IMPEACH WITNESS.

Commissioner LITTLER. We are not seeking to contradict this witness. He is our witness and we do not want to impeach him.

Mr. COHEN. The witness says he had made a search and now you seek to show to the contrary.

Mr. HAYMOND. He has stated according to that that he did not make search. He may never have sworn to that in the Stewart case. He is entitled to know before you cross-examine him that he has so sworn, and no court, either Federal or State, except sitting in equity, can admit testimony until the original document has been produced and shown the witness.

Commissioner ANDERSON. We do not use it to contradict him.

Mr. HAYMOND. Well, it goes into the record and the original deposition should be produced. It is not fair to the witness. So many mistakes creep into printing these records. That occurs here so frequently that we are cautious. If you could yourself assert that it is correct it would be different.

Commissioner ANDERSON. I cannot do that.

ANY TESTIMONY ADMISSIBLE WHICH THROWS LIGHT ON THE SUBJECT.

The CHAIRMAN. The chair would say, without delivering an opinion as to the admissibility of this testimony, that any testimony throwing any light upon the subject under investigation is admissible and proper. If you disagree with that we will give you an exception, if you desire to take it.

Mr. HAYMOND. But that is not the point. You cannot admit hearsay evidence here. If you say this book is correct we will take your word for it; but until you do that we ask for the record itself to be produced, which the witness is entitled to see, because there might be something in the original record which explains his testimony. I think the law of New York is the same as that of California.

Commissioner ANDERSON. The law of New York would not allow the use of a book without the production of the original, but it does not require you to show it to the witness. I will proceed. I am not disposed to make any serious question on that.

INQUIRIES ABOUT MISSING BOOKS.

Q. Now, whenever it was that you discovered these books to be missing, what conversation did you have with any of the officers of the company about them?—A. I do not think I had any with any of the officers of the company.

Mr. COHEN. Which company are you inquiring about?

Commissioner ANDERSON. Either the Central Pacific Company or the Contract and Finance Company.

Q. You had no talk with any of them?—A. No, sir.

Q. Have you ever had any talk with any of them?—A. I think I told Governor Stanford at the time, or soon after, that I had made search for those books and could not find them.

Q. What did he say?—A. He said he thought it was very strange that they should disappear in that way.

Q. When was that conversation with Governor Stanford?—A. After I had made a search for them.

Q. Some years ago?—A. Yes, sir.

Q. Has he spoken to you about it within the last few weeks?—A. No, sir.

Q. Has he ever spoken to you again about it?—A. No, sir.

Q. Have any other officers of these companies spoken to you about it?—A. No, sir.

Q. Do you know whether any search has been made by the officers of the company to find these books?—A. No, sir.

A MILLION DOLLARS FOR A SET OF BOOKS.

Q. Have any clerks been to see you to find these books?—A. No, sir.

Q. Nobody has offered you $1,000,000 for them until you heard the offer made in this room awhile ago?—A. No, sir.

Commissioner ANDERSON. Some gentleman made that offer.

Mr. HAYMOND. I say the company now will give $1,000,000 for them.

Commissioner ANDERSON. The offer is repeated. Mr. Brown, now is your chance.

The WITNESS. I would like to be able to produce them. I should like for my own satisfaction to see them.

Q. Have you ever given any instructions about the removal of these books to anybody?—A. No, sir; never.

Q. Have you ever taken those books to Europe with you?—A. No, sir.

Q. Do you deny that you took those books to London with you?—A. I do.

Q. Or to Paris?—A. I do.

Q. Or that you took boxes away without knowing what their contents were?—A. I do. I took nothing to London or Paris or out of this State but wearing apparel.

Q. And your statement is that you have absolutely no knowledge whatsoever about the whereabouts of those books?—A. That is my positive statement.

CLASS OF ACCOUNTS KEPT IN THE BOOKS.

Q. What was the general class of accounts contained in those books?—A. There were accounts kept called the Tie account, the Rail account, the Fence account, the Grading account, the Masonry account, the Telegraph-wire account, the Telegraph-poles account, and the accounts for the construction of section houses, of round houses, and the construction of all those houses and structures that were necessary. There was an account of rails purchased and laid and of spikes. They were all kept separate, in order to get at the cost of each.

THE TRUCKEE LUMBER MILLS.

Q. Will you enumerate the names of persons with whom you or Mr. Strobridge or Mr. Arthur Brown had dealings in relation to this construction.—A. We had dealings with the Truckee Lumber Company.

Q. What is the full name?—A. The Truckee Lumber Company is one.

Q. Located at Truckee?—A. Yes, sir; on the Truckee River.

Q. Is that company still in existence?—A. I think it is.

Q. Who was its manager at the time?—A. E. J. Brickell.

Q. Is he living?—A. I think so; and we had dealings with all the lumber mills on the Truckee. I cannot remember their names. We

were obliged to build two or three saw-mills ourselves in order to get ties rapidly enough.

Q. That was for ties?—A. Ties and timber.

Q. State the names of some of the foremen of the gangs of men employed by Mr. Strobridge.—A. I could not remember those.

Q. You remember no names?—A. No, sir; no names of foremen.

Q. Do you remember the names of anybody in charge of the pay-rolls?—A. I cannot remember them. They were all certified to by the chief of the department, either by Arthur Brown or else by J. H. Strobridge. With their signatures, I was satisfied that they were correct.

PROMINENT PEOPLE DEALT WITH AS TO MATERIALS.

Q. Just state any other names of prominent people that you dealt with for materials. Did you deal with Huntington & Hopkins.—A. Huntington, Hopkins & Co. we bought of.

Q. What materials did you buy of them?—A. Hardware and shovels, and we bought groceries of Lindley & Co. and Booth & Co.

Q. Located where?—A. At Sacramento.

Q. From whom were the rails purchased by Mr. Huntington?—A. I do not know who they were purchased from.

Q. Did those purchases include all the other iron required—spikes and washers, &c.?—A. Yes, sir.

Q. And fish-plates?—A. Yes, sir.

PRICES OF RAILS, ETC.

Q. Do you remember the run of prices of these things at all?—A. No, sir; I do not. I think that our rails cost us laid down at the end of the track all the way from $115 to $150 a ton.

Q. Do you give those prices as extending all the way from Sacramento to Ogden?—A. No, sir; from the State line eastward.

Q. From the State line to Ogden?—A. No, sir; eastward. It did not go to Ogden.

Mr. COHEN. What price did you say?—A. I think from $115 to $150 a ton.

By Commissioner ANDERSON:

Q. Does that include the spikes, fish-plates, and washers, or merely the rails?—A. So much a ton for rails. The fish-plates, nuts, washers, and spikes would cost more.

Q. What was the average price paid for ties?—A. I think that the ties were from 40 to 55 cents delivered at Truckee, and then the transportation eastward to the end of the track, the cost of that added.

COST OF TRANSPORTATION ADDED.

Q. You say the cost of the transportation from the Truckee eastward was added?—A. Yes.

Q. Who fixed their rate?—A. It was transported by the trains of the Construction Company.

Q. Was the payment made to the Central Pacific or to the Finance Company itself?—A. No, sir; just the cost of running the train, which was very heavy, on account of the difficulty of getting fuel and water.

Q. In whose operation was the road as it progressed from 1863 to May, 1869?—A. When it was completed by the Government it was put into the hands of the Central Pacific Company.

Q. And then as you built beyond the Central Pacific you would charge transportation up to the point at which it had been delivered to the Central Pacific?—A. No, sir; they did not charge transportation.

Q. Who charged transportation?—A. There was no transportation charged. I spoke of the cost of the transportation as the actual cost of fuel and water that the Construction Company was obliged to go to in order to get this material forward.

NO TRANSPORTATION CHARGED AFTER ROAD WAS DELIVERED TO CENTRAL PACIFIC.

Q. Do you mean to say that the Construction Company took charge of transportation over that part of the road which had been delivered to the Central Pacific?—A. No, sir; beyond that part which had been delivered.

Q. After you had got east of the Humboldt and had delivered to the Humboldt, who charged for transportation between the Truckee and Humboldt?

The WITNESS. After the road was delivered to the Central Pacific?

Commissioner ANDERSON. Yes.

The WITNESS. There was no charge.

Q. Are you positive about that?—A. I think the agreement in the contract was that the transportation should be free after the road was completed.

Q. Is it your statement that the cost of transportation from the point where the road had been delivered to the point where the material was to be used brought the price of rails up to beyond $115?—A. No.

Q. You mean the cost from New York?—A. Yes, sir; I did not say the transportation brought it up to that price; but you asked the cost of rails, and I told you I thought it varied from about $115 to about $150 a ton.

Q. And you included the price of transportation in the same way?—A. Yes, sir.

Q. And what was the cost of the rails in New York?—A. That I do not remember.

CONTRACT AND FINANCE COMPANY DOING BUSINESS ON BORROWED CAPITAL.

Q. Had the stockholders put in any money?

The WITNESS. In what?

Commissioner ANDERSON. In the Contract and Finance Company?

A. No, sir; they did not at the commencement of it. Afterwards they put in money.

Q. In what form?—A. They borrowed it.

Q. In what form was it put in? Was it a subscription to the stock, or was it a loan to your company?—A. They put it in as a loan to the company.

Q. How many persons made these advances?—A. Five.

Q. Did they advance equal amounts?—A. No.

Q. Did the amounts vary?—A. Yes.

Q. They drew out and put in again?—A. Yes.

Q. Which made the largest advances?—A. I do not remember.

Q. Do you remember the aggregate amount of the advances of the [illegible]?—A. I do not.

Q. Can you give no estimate?—A. It varied at different times.

INDEBTEDNESS OF THE CONTRACT AND FINANCE COMPANY.

Q. Between what limits?—A. The Contract and Finance Company, within a month or two after its organization to the time of its dissolution, was indebted to various parties from $1,000,000 to $5,000,000 at different times.

Q. When you say to different parties, do you mean these five gentlemen?—A. No; I mean to them and to the banks and to lenders of money.

Q. Name your creditors.—A. The Capital Savings Bank of Sacramento was one, and the French Bank at San Francisco was another. There was also Michael Reese, a prominent money lender here.

Q. In San Francisco?—A. In San Francisco. Those are a few that I remember. About everybody that had any money to lend we owed.

LOANS MADE ON NOTES INDORSED BY STOCKHOLDERS.

Q. How did you make those loans? In what form? On notes?—A. By giving notes of the company, indorsed by the stockholders.

Q. Indorsed by these five gentlemen, or some of them?—A. Yes, sir.

Q. On what collateral?—A. No collateral. We tried Central Pacific stock, but they did not want that at any price.

Q. Did you borrow money in New York?—A. No.

Q. What use was made of the Government bonds?—A. I do not know.

Q. You merely received cash from the Central Pacific?—A. Yes.

Q. And you say that the amounts would run from one to five millions?—A. During the time of its organization.

Q. What rate of interest did you allow on these loans to the stockholders or to the gentlemen who made the loans?—A. The customary rates that we had to pay the banks and money-lenders was about 12 per cent. per annum at that time.

Q. And that was the rate that you paid to Mr. Huntington and Mr. Stanford, and the others?—A. Yes.

FAILURE TO BORROW ON CENTRAL PACIFIC STOCK.

Q. You say you tried to borrow money on the Central Pacific bonds?—A. No, sir; on the stock. The Contract and Finance Company never had any of the Central Pacific bonds.

Q. Did you never borrow on the Central Pacific stock?—A. No, sir.

Q. At any time before the completion of the road?—A. Never.

Q. How much stock did you receive in all?—A. I do not remember the exact amount. We received $43,000 a mile.

Q. And how many miles did you build?—A. We built about 550 miles, I think.

Q. Between the east boundary of the State and the termination of the road?—A. Yes, sir.

Q. That makes over $23,000,000 of stock?—A. Whatever it would be at $43,000 a mile.

Q. You received all the stock that you were entitled to under your contract?—A. Yes, sir.

Q. When was the last delivery, with reference to the completion of the road?—A. I think the last delivery was along in the fall of 1869 or the spring of 1870; somewhere during that winter.

Q. To whom were the certificates delivered?—A. They were delivered to me.

Q. They were issued by whom?—A. By the officers of the Central Pacific Railroad Company.

CASH PAYMENTS MADE BY CENTRAL PACIFIC.

Q. To whom were the cash payments made by Central Pacific Railroad Company?—A. To me.

Q. And by whom?—A. By the treasurer of the Central Pacific Company.

Q. Who was the treasurer then?—A. Mark Hopkins was the treasurer.

Q. On what bank were those checks drawn?—A. Generally on the bank of D. O. Mills & Co.

Q. Of San Francisco?—A. No; of Sacramento.

Q. Were substantially all the checks received by the Contract and Finance Company from the Central Pacific Railroad Company checks drawn on D. O. Mills & Co.?—A. Substantially; yes.

Q. Have you ever looked to see whether D. O. Mills & Co. have that account?—A. No, sir.

Q. Were the checks paid to you as the sections were so completed?—A. No.

Q. How were they paid?—A. They were paid to me as we required money.

Q. Without any reference to the completion of the section?—A. Yes, sir; it was always within the amount that would be due on a section.

Q. Were they not generally paid in figures which would approximate the amounts called for by completed sections?—A. Yes, sir.

Q. And the exact figure of the checks delivered to you by the Central Pacific can be traced through the account of D. O. Mills by the size of the checks?—A. No; I think not; we would get checks every day on D. O. Mills, and at the end of the month we would get very much larger checks, when large bills were becoming due.

Q. Do you remember the Crocker accounts; the fact that Crocker had a construction account for the road between Sacramento City and the east boundary of the State?—A. I knew that he had such books and such accounts, but I never saw them.

CROCKER & CO. TRANSFER CENTRAL PACIFIC STOCK.

Q. Did the firm of Crocker & Co. turn over to the Contract and Finance Company any stock of the Central Pacific Company?—A. Yes.

Q. Do your remember the amount?—A. I do not.

Q. Do you know what that stock had resulted from?—A. I understood it had resulted from their contracts for building the road across the mountains.

Q. Did they turn over anything else?—A. No, sir.

Q. No bonds?—A. No.

Q. No money?—A. No.

Q. No book entry?—A. No.

Q. What is your best recollection as to the amount of stock they delivered to you?—A. I do not remember; I have no recollection as to the amount.

Q. In what account of the Contract and Finance Company did you enter that transfer?—A. The Central Pacific stock account.

Q. What did that indicate—its being entered in that account?—A. It indicated the amount of the Central Pacific stock which the company owned.

Q. Then it was transferred to the Contract and Finance Company as its stock?—A. Yes.

Q. By Crocker & Co.?—A. Yes, sir.

Q. And that in effect vested it in the stockholders?—A. In the stockholders of the Contract and Finance Company.

EXPLANATION OF THE TRANSFER.

Q. What explanations were made to you of this transfer?—A. I think it was handed over to me as being stock belonging to the stockholders of the Contract and Finance Company.

Q. Who handed it over?—A. Mr. Crocker.

Q. Without any representation that it was his personal or individual stock?—A. Yes, sir.

Q. And substantially instructing you to treat it as the property of the Contract and Finance Company?—A. Yes, sir. It was substantially divided pro rata among the other stockholders.

Q. When was that division effected?—A. It was effected, I think, early in 1870.

Q. Had your company received other stock besides the $23,650,000 resulting from your own construction and the amount (whatever it was) that you received from Crocker & Co.?

Mr. COHEN. The witness has not fixed that amount as having been received by him.

Commissioner ANDERSON. We have the mileage, and he says it is $43,000 a mile.

Mr. COHEN. The Contract and Finance Company only constructed to Promontory and not to Ogden.

Commissioner ANDERSON. We asked him how many miles he constructed and he said 550, and Mr. Norris multiplied 43,000 by 550.

Mr. COHEN. Is that to Promontory?

The WITNESS. No; there was a subcontract; I think that was done by the Mormons.

Commissioner ANDERSON. Well, we will begin again.

Q. How many miles did the Contract and Finance Company construct and get paid for?—A. I do not remember the number of miles.

OTHER CENTRAL PACIFIC STOCK RECEIVED.

Q. Outside of the stock which you received from the Central Pacific for construction, and from the firm of Crocker & Co., did the Contract and Finance Company receive other Central Pacific stock?—A. Whatever miles are represented by the distance between Promontory and the State line, between Nevada and California. I do not remember the number of miles.

Q. I do not think you understood my question.

Question repeated.

The WITNESS. Do you mean, did it receive such stock from any other source?

Commissioner ANDERSON. Yes.

A. They bought some stock; a very small quantity.

Q. How much was it they bought in all?—A. I do not remember now—a few thousand shares, perhaps.

Q. Under 5,000 shares, or under 10,000 shares?—A. I think it was under 5,000 shares.

DIVIDENDS OF CENTRAL PACIFIC STOCK.

Q. Do you remember the dividends of 1870?

The WITNESS. The dividends of the stock?

Commissioner ANDERSON. Yes. About how many shares were divided up?

The WITNESS. I think somewhere between 500,000 and 600,000 shares.

Q. What were the proportions of the divisions?—A. It was in five equal portions.

Q. Was there any other dividend made?—A. No.

Q. No other division of property by the Contract and Finance Company?—A. No, sir.

Q. What withdrawals of money were made by the gentlemen who had deposited money with you?—A. The withdrawals did not equal the amount deposited; they deposited more than they withdrew.

Q. But they withdrew to some extent?—A. Yes; they kept a running account.

Q. Who had withdrawn the most?—A. I do not remember who had withdrawn the most.

Q. How was the interest credited; every month or every six months?—A. Every year.

REDUCTION OF RATES OF INTEREST.

Q. How long did the 10 per cent. rate keep up?—A. Interest was figured between the five associates on the basis of the market value of money here. For a long time it was 12 per cent. per annum, then it was reduced to 10 per cent., and afterwards to 7 or 8.

Q. When was this reduction to 7 made?—A. I think about 1879.

Q. Had you these accounts in your possession in 1879?—A. Yes, sir; the accounts between the five individuals; I kept them, as I told you, for about ten years.

Q. Did these accounts that you had in 1879 contain the entries of the advances to the Contract and Finance Company by these five gentlemen?—A. Yes, sir.

Q. How were the payments made to them; by the checks of the Contract and Finance Company?—A. Up to the time of the dissolution of the company they were made in that way.

Q. And after that; what became of these accounts after that?—A. They were kept by a nephew of Mr. Hopkins, by the name of Samuel Hopkins.

THE "S. H. H. & C." ACCOUNTS.

Q. What was the title of the accounts after the dissolution of that company?—A. They were called "S. H. H. & C." accounts.

Q. Then I understand you to refer to individual accounts of these gentlemen with "S. H. H. & C." as a supposed association or partnership?—A. No, sir; they were associated together and these individuals assumed the indebtedness of the Contract and Finance Company. It could not be disincorporated while it had any indebtedness. These gentlemen assumed its indebtedness when it was disincorporated.

Q. When was it disincorporated?—A. In 1875.

Q. From whom did you ascertain the indebtedness at the time of the dissolution?—A. From Samuel Hopkins.

Q. What books did he get those figures from?—A. I do not know where he got them from. He kept them during my absence for three years.

Q. Were they the books which you had given to Mr. Miller to continue?—A. No, sir. The accounts that he kept were simply the accounts of Stanford, Huntington, Hopkins, and Crocker with the Contract and Finance Company, and the amounts that they assumed of indebtedness of the Contract and Finance Company in order to bring about its disincorporation.

WHO KEPT THE ACCOUNTS OF CONTRACT AND FINANCE COMPANY.

Q. I am speaking about a period anterior to the disincorporation. Who kept the accounts of the Contract and Finance Company showing the advances made by these five gentlemen to that company?—A. From 1873 to 1875 John Miller kept them.

Q. In these books which you had furnished him?—A. Yes.

Q. And you say that this interest continued until 1879?—A. Yes, sir.

Q. And that from 1875 to 1879, they having been assumed by this association or partnership, were kept in books between those individuals and S. H. H. & C."?—A. Yes, sir.

Q. Who kept those books?—A. I kept them.

Q. From 1875 to 1879?—A. Yes.

Q. And where are those books now?—A. I have them.

Q. What is the present balance due to those five gentlemen?—A. I do not know; I do not remember.

PRIVATE BOOKS OF "S. H. H. & C."

Q. Will you please examine and let us know on some other occasion?—A. They are the private books of these gentlemen.

Commissioner ANDERSON. I do not understand that the gentlemen themselves make any objection.

The WITNESS. If they do not object, I will do so with pleasure.

Mr. STANFORD. They are entirely private books, and I should like to think about that. I do not suppose it is any concern of yours, or of this investigation, so far as the Central Pacific Railroad is concerned.

Commissioner ANDERSON. It has been alleged by this witness that when this stock was delivered, which represented the profits, it was claimed that it was not all clear profit, because there was a balance of indebtedness due, which had been advanced by these gentlemen. It is therefore proper that the amount of that advance, so far as it is to be used in reduction of the profit alleged to have been made, should be placed before us.

HOW MUCH PROFITS, HOW MUCH INDEBTEDNESS.

Mr. COHEN. Now, you want to find out the balance twelve years afterwards, do you?

Commissioner ANDERSON. The point of my desire is to ascertain how far this $52,000,000 of stock was clear stock at the time it was delivered, and what assumption of indebtedness there was that diminished the value of that dividend. The Commission has no idle curiosity as to the contents of your books.

Q. Now, have you stated all the dividends that have been declared by the Contract and Finance Company?—A. Yes, sir.

Q. And that included all that you received from Crocker & Co.?—A. Yes, sir.

NOT CONNECTED WITH CENTRAL PACIFIC AFTER 1873.

Q. What business were you concerned with connected with the Central Pacific after 1873?—A. I never was connected with the Central Pacific, except as director for a short time.

Q. Or with either of the construction companies?—A. There were three years nearly that I was out of the country.

Q. Have you any connection now with any of the construction companies?—A. No. I will say that I am a director of the Pacific Improvement Company.

Q. Do you take any prominent part in its work?—A. Only at meetings of the directors. I always attend them, and I always look over the accounts in the interest of the individuals that I represent.

Q. Did you keep any memoranda or make any extracts from these books of the Contract and Finance Company?—A. No.

Q. Did any one keep any on your behalf?—A. No.

NO INFORMATION AS TO ABSENCE OF BOOKS AND PAPERS.

Q. Can you give us any information as to the absence of any of the papers or books whatever, either pay-rolls, receipts, vouchers, books of account, or any other instruments, that would shed any light on the affairs of the Contract and Finance Company?—A. No, sir; I cannot.

Q. Did you know that Mr. Miller had taken abstracts from those books?—A. I did not until I heard him say so to-day.

By Commissioner LITTLER:

Q. Would the proceedings in court, by which this company was disincorporated, show the amount of its indebtedness at that time?—A. No, I think not. I think that if it had any indebtedness it could not be disincorporated. I think it had to be shown that there was no indebtedness.

INDEBTEDNESS OF CONTRACT AND FINANCE COMPANY UPON DISSOLUTION.

Q. Would those proceedings show the amount of the indebtedness which the stockholders assumed in order to balance the books?—A. I think not.

Q. Do I understand you to say that this Contract and Finance Company never declared any dividends, except the stock of the Central Pacific?—A. Never any other dividends.

Q. Was there never any money or property divided?—A. No.

Q. Can you approximate the amount of the indebtedness the time they ceased to do business and determined to wind up their affairs?

The WITNESS. At the time of the disincorporation?

Commissioner LITTLER. I refer to the time when they ceased to do business and determined to wind up their affairs.—A. I think it was somewhere about $3,000,000 indebtedness.

Q. At that time?—A. That is the amount that was assumed by the five stockholders.

NET PROFIT OF CONSTRUCTION OF CENTRAL PACIFIC.

Q. In determining the amount of net profit which the company made in the construction of the Central Pacific, assuming that it consisted

solely of stock in the Central Pacific, would it not be necessary to deduct the three millions of indebtedness, if that was the figure which they had assumed?—A. Yes, sir; from the entire amount which they had received from the Central Pacific in cash.

Q. In other words, the stock of these gentlemen cost them $3,000,000, in round numbers, in money?—A. The indebtedness was not all to these gentlemen.

Q. But they assumed it all?—A. Yes; they assumed it all.

Q. And in paying it to others this stock in that way cost them $3,000,000?—A. Yes, sir.

VERIFICATION OF PETITION IN PROCEEDINGS FOR DISSOLUTION.

By Commissioner ANDERSON:

Q. Who verified the petition in these proceedings for dissolution?—A. I think Robert Robinson represented the Contract and Finance in the county court.

Q. Who verified the petition?—A. I do not know who did that.

Q. It was after you had left?—A. Yes.

Mr. COHEN. You will find a copy of it on record.

Commissioner ANDERSON. Have you seen it?

Mr. COHEN. I have seen it in the county court at Sacramento, but I do not remember exactly as to its contents.

Commissioner ANDERSON. Do you know what documents are attached to it?

Mr. COHEN. No.

Mr. BERGIN. The papers would scarcely show that. They do not usually contain exhibits of that kind.

INDEBTEDNESS ASSUMED BY "S. H. H. & C."

Q. Do I understand you to say that all the outside indebtedness of the Contract and Finance Company was actually paid by S. H. H. & C. before the order of dissolution or the proceedings for dissolution?—A. No; it was not paid. It was assumed by them and afterwards paid. The notes of the Contract and Finance Company that were due these money lenders and bankers were assumed by S. H. H. & C. and the notes of the Contract and Finance Company canceled.

By Commissioner LITTLER:

Q. Was their assumption of the debt in the manner you have stated treated by the court as payment within the meaning of the law?—A. Yes.

By Commissioner ANDERSON:

Q. And did the creditors accept this assumption?—A. Yes.

Q. And they gave up their old claims against the company?—A. Yes.

AMOUNT OF ASSUMPTION, ETC.

Commissioner ANDERSON. We desire a correct statement as an extract from these books showing the amount of this assumption and the amount due to these gentlemen, each one of them, at the time of the declaration of this dividend or the division of the stock; and we also desire a statement showing the amount due by the Contract and Finance Company at the time of its dissolution. Have you any source from which you can give that?

The WITNESS. I do not think I could give the amount due at the time of the dividend, because the only evidence that I would have would be the books of the Contract and Finance Company, which I have not got.

DATE OF OPENING THE "S. H. H. & C." BOOKS.

Q. Perhaps the S. H. H. & C. books would have those entries carried back. When did they start?—A. They started in 1874, I think. When I returned from Europe I took the memoranda that had been kept by Samuel Hopkins and opened these books from his statements.

Q. What did you do with the memoranda furnished you by Mr. Hopkins?—A. They were small pass-books, and the entries were made in a very loose way. I considered that it would be proper to open a regular set of books, and I did so and destroyed the memoranda.

Q. They are all absolutely destroyed?—A. Yes. I made out an abstract, so far as I could make them out, from those memoranda, and submitted my report to the gentlemen interested in it, and I ascertained that they were correct. Then I opened a set of books.

By the CHAIRMAN:

Q. What light would the books of S. H. H. & C. throw upon the Contract and Finance Company's business?—A. I do not think they would throw a particle of light on it.

Q. Were any of the accounts of the Contract and Finance Company carried into these books of S. H. H. & C.?—A. No; not one.

OPENED FROM CONTRACT AND FINANCE COMPANY MEMORANDA.

Q. Were the memoranda from which you opened the books of S. H. H. & C. taken from the accounts of the Contract and Finance Company's books?—A. They were taken from memoranda that, I presume, were taken from the Contract and Finance Company's books by Samuel Hopkins.

Q. Would not, then, the entries that you made from those memoranda and entered in the S. H. H. & C.'s books throw light on the Contract and Finance Company's business?—A. There was nothing but the amount of the indebtedness assumed by these five gentlemen, and the amounts that had been paid on that indebtedness during the years that I was absent that had been kept by Samuel Hopkins.

Q. Will you please furnish the entries so far as they were taken from the pass-books that you refer to that were delivered to you, Mr. Hopkins, from which you made entries in the S. H. H. & C.'s books?—A. Yes; I can furnish those.

Mr. COHEN. I understand you to say that you have not the pass-books?

The WITNESS. He asked me if I would furnish the entries which I made in my books from the pass-books.

By Mr. COHEN:

Q. Do I understand you to say that the entries which you made would be the amounts remaining due to these five gentlemen at the time that you returned to the State after three years' absence?—A. Yes.

Mr. COHEN. That would not show how much they assumed to pay for the Contract and Finance Company.

Commissioner ANDERSON. The witness had said that he would give us these entries.

CALL FOR ENTRIES IN "S. H. H. & C." BOOKS.

The CHAIRMAN. The witness has said that these pass-books were made up by Mr. Samuel Hopkins from the Contract and Finance Company's books; and that from the pass-books he (the witness) opened the books of S. H. H. & C. Now, I simply call for the entries in the S. H. H. & C. books that have any bearing upon the business of the Contract and Finance Company's work; that is, the entries that were on the pass-books.

Mr. COHEN. That would not show anything.

Mr. HAYMOND. You want the amount that was due to these people, if it can be ascertained, at the time of the dissolution of the Contract and Finance Company.

Commissioner ANDERSON. Yes; it is evidenced by an entry in that book, and we want that entry. The matter is too clear for discussion.

Mr. COHEN. Those entries will not show the amounts assumed by those gentlemen at the time of the dissolution of the Contract and Finance Company, but will simply show the amount that remained due at the time that the witness opened the books.

The CHAIRMAN. Will you produce the books and let us look at them?

Mr. COHEN. We will not say as to that now.

The CHAIRMAN. Well, I call for them, and I desire the call entered on our record.

Commissioner LITTLER. I understand you that you have not refused to produce them?

Mr. COHEN. We do not refuse. We want to look at the entries first.

The CHAIRMAN. I desire my call noted.

Commissioner ANDERSON. I unite in the call.

Commissioner LITTLER. So do I.

The Commission then adjourned to Friday, August 5, 1887, at 10 a. m.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Friday, August 5, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

DANIEL W. STRONG, being further examined, testified as follows:

By the CHAIRMAN:

Question. Have you those letters which you brought here?—Answer. No, sir.

Q. I mean those which I handed back to you. Where are they?—A. I put them in that book.

Q. Where is your book?—A. In my room.

The CHAIRMAN. You had better go and get them. Mr. Cohen, have you any objection to these letters?

Mr. COHEN. I have no objection to them, but I do not see their relevancy.

IDENTIFICATION OF LETTERS.

The CHAIRMAN. Do you wish the witness to identify these letters?

Mr. COHEN. Yes; I think they had better be identified.

Commissioner ANDERSON. Have you looked through those letters?

Mr. COHEN. No, sir. We wanted to look at them last night, but you were using them.

(The witness here returned with the letters.)

By the CHAIRMAN:

Q. Mr. Strong, are these all the letters that you have with you?—A. Yes, sir; I may have some more at home.

Mr. COHEN. I would suggest that the examination of these papers be left until after adjournment, so as not to keep the witnesses waiting.

The CHAIRMAN. There is no objection to that. We will give you time.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Friday, August 5, 1887.

LELAND STANFORD, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. In your enumeration which you have furnished of companies in which you are personally interested, the enumeration, I presume, refers to the present time—to the present interest that you have in them?—Answer. I think not.

COMPANIES IN WHICH WITNESS IS INTERESTED.

Q. The enumeration, I presume, does not include the interest in other companies which have had relations with the Central Pacific, with the stock in which you have parted, so that you are no longer interested in them. Is that so?—A. Without looking at that list which was furnished to me I find myself unable to answer, because the question that you asked was, how much interest I now had and had formerly owned, and that list was made up and handed to me just before I came here. I presume that it is correct, but whether it is as to the stock owned now only or in the past, I do not know which way it reads. I presume it is correct.

Q. I will recall one or two corporations which are not mentioned here, and see whether you are interested in them or not. Did you have any interest in the Colorado Steam Navigation Company or in the steamers on the Colorado River?—A. Yes, sir.

NO INTEREST IN WATER-FRONT PROPERTY AND FERRIES.

Q. Have you had an interest in any of the water-front property, or ferries, through which connection is made with the city of San Francisco? Have you had an interest there in a company, or a personal interest independent of the railroad company?—A. I think not. I think I never have had any interest, except as derived from the railroad companies.

Q. Was that interest which you refer to as derived from the railroad companies derived directly from the Central Pacific Railroad Company, or was it derived from a subsidiary road?—A. We purchased the ferries and the connecting lines of railroads, and then afterwards they were consolidated into the Central Pacific.

Q. That was the San Francisco Bay Railroad, was it not?—A. I forget the name. I think one was the San Francisco and Alameda Railroad and the other the Oakland and San Francisco Railroad.

Mr. COHEN. One was the San Francisco and Alameda and the other was the San Francisco and Oakland. Both were consolidated, and the consolidated company went into the Central Pacific.

The WITNESS. I remember that they were consolidated first, and then the consolidated line was consolidated into the Central Pacific.

Q. The point of my question was to ascertain whether any portion of the line, either relating to ferry privileges or to ferry-boats or to property that is used by the Central Pacific, is held by a subsidiary company, which makes arrangements with the Central Pacific, either by lease or by prorating, in order to reach the city of San Francisco. Can you give us any information on this point?—A. That is all the property of the Central Pacific.

OAKLAND WATER FRONT COMPANY.

Q. What is the Oakland Water Front Company?—A. That is a company which was formed about the time that we agreed to bring a branch road from the Western Pacific—from Niles into Oakland. It was property mostly owned by two gentlemen, I think, at that time, and they formed the so-called Water Front Company. They gave to the Central Pacific 500 acres to be located by the Central Pacific. The rest of it was retained, and put into a company known as the Oakland Water Front Company. I think that the city of Oakland made some claim or other to this same property, and several questions about title arose, but they were all finally settled, and the various titles were consolidated. I think that the title to the 500 acres rests securely in the Central Pacific, and the rest of it belongs to the Oakland Water Front Company.

Q. Does that Oakland Water Front Company control the transit facilities, wharves, or boats which are used, or have been used, by the Central Pacific Railroad Company, or the leased lines which reach the water-front?—A. I think not.

Q. For what is the Oakland water front used?—A. It was thought that it would become very valuable in time to Oakland, and so far as business was concerned, a large share of the business of Oakland is done over it.

NO CONNECTION WITH CENTRAL PACIFIC.

Q. It is used, then, only for private business, and has no connection with the administration of the Central Pacific?—A. None whatever.

Q. Do any cars pass over it?—A. There is another railroad there which we thought trespassed on some of the ground of the Central Pacific, but that is pretty much settled. It did not pass over it with the consent of the Central Pacific or of any of its officers.

Q. In what other corporations have you any interest, which corporations have had dealings with the Central Pacific?—A. I believe that that list enumerates all with which the Central Pacific has had anything to do.

Q. The list commences with the words, "I am now interested in the following-named companies," and therefore does not seem to include the past. Are there any other companies which you no longer have any interest in, but in which you have had an interest in the past, and which have had dealings with the Central Pacific, either in selling materials to that company or property, or in the receiving of rates for the transportation of freight?—A. I do not remember any.

COLORADO STEAM NAVIGATION COMPANY.

Q. In regard to this Colorado Steam Navigation Company, that company, as I understand it, owned a number of steamers, and navigated the Colorado River from Yuma, and communicated north of that point to various points on the river where they might find business; is this understanding correct?—A. Yes, sir; the business of the company was to deliver and receive freight at those points.

Q. What was the nature of your interest in that company; was it a quarter interest?—A. I do not know whether we owned it individually or whether it was owned or purchased by some one of the construction companies.

Commissioner ANDERSON. The proof is that the Western Development Company purchased it.

The WITNESS. Then whatever I had was through that company.

Q. Do you know who made the arrangements in regard to the prorating of freight moving, for instance, from San Francisco to points on the Colorado River?—A. No; I do not.

PROPORTIONS OF FREIGHT PAID TO NAVIGATION COMPANY AND TO SOUTHERN PACIFIC.

Q. Do you not know, then, what proportion of that freight would be paid to the Colorado Steam Navigation Company, and what proportion would be taken by the Southern Pacific Railroad Company?—A. No; I do not.

Q. Which of your officers would give us this information?—A. I think that Mr. Towne would be more likely to remember about that than anybody else. I remember being consulted and talking over matters about the purchase, and what we wanted. There was some business, not of any great magnitude to a railroad, but it was the one way of getting up above Fort Yuma when the railroad reached there. It was not always that satisfactory arrangements could be made with the steamboat company, and in order to have the matter in our own hands they sold out to us. The craft was of an inferior character and did not cost much.

Q. What is the distance by rail from San Francisco to Yuma?—A. A little over 700 miles.

Q. What is the average distance of the transit from Yuma to the point where the steamers would deliver freight or receive freight?

The WITNESS. Do you mean up the river?

Commissioner ANDERSON. Yes.

A. I think about 250 miles, or somewhere in that neighborhood.

WHAT WOULD BE AN EQUITABLE DIVISION?

Q. According to your usual rates prevailing, what would be an equitable division between the railroad company transporting freight 700 miles and the steamers carrying it, say, from 200 to 250 miles?—A. I do not know. It is a little business, and sometimes the water is very low, so that there is a good deal of difficulty about getting up the river. What would be fair at one time would not be fair at another; but I would not undertake to say what would be a fair rate at all times, because I never was up there, and I never thought much about it. I do not know much really about the difficulties they had to encounter.

Q. As a matter of fact, that company declared in a few years quite a considerable number of dividends, did it not?—A. I do not know; I

do not remember; that is something that the books, I suppose, will show.

BRIDGE ACROSS COLORADO RIVER.

Q. There was a bridge across the Colorado River, was there not?—A. Yes, sir.

Q. What sort of a structure was it?—A. A good one; a wooden structure.

Q. Was the title to that bridge held by the railroad company, or was it held by one of the construction companies or by a private corporation?—A. I do not remember now how it was. There was some trouble because of the State line. The State line was in the center of the river.

Q. Have you any idea what it cost to build that bridge?—A. No, sir. There was great difficulty in getting the bridge properly located. There was some trouble about getting in piers there. The bridge was burned down, and since that time the new bridge has been constructed and is the one now in use.

Q. Do you not remember that the bridge was leased to the Southern Pacific Railroad Company separate from the railroad? That it was not delivered as the rest of the road was by the Construction Company, but that the Southern Pacific Railroad Company paid $15,000 a year as the rent of the bridge?—A. I think that was so. About the rent I have forgotten.

Q. When the Southern Pacific Railroad was leased to the Central Pacific, the rental, of course, had to be paid by the Central Pacific, did it not?—A. Of course.

Q. That would necessarily follow, would it not?—A. Yes, sir.

COST OF THE BRIDGE.

Q. Do you recall the cost of the bridge?—A. No, sir.

Q. Was it over $50,000?—A. I think so.

Mr. COHEN. The books will show.

The WITNESS. If you want to ask me about details, you will find me a very poor witness.

Commissioner ANDERSON. I do not want the accurate details; but the suggestion is made that the bridge cost $50,000, and I asked you if you could tell us what the actual cost was.

The WITNESS. I cannot. We had some trouble there at the time the bridge was built. A one-armed soldier endeavored to stop the trains, and I believe that he did it until we could get the consent of Congress. It runs across a military reservation.

Q. The assertion is made that this bridge, instead of being put into the general construction of the Southern Pacific Railroad, was kept out—that its title was vested in a separate company, or retained by the Western Development Company. It is also asserted that it cost but $50,000 to build this bridge; that you and the other three gentlemen were the owners of it, and that it was leased to the Southern Pacific at $15,000 a year, which would be about 30 per cent. per annum upon the cost of construction. Can you tell us about this?—A. I do not know as to the cost of the bridge, or as to the rent that is paid for it. I believe that in consequence of the fire it was a losing operation. The Southern Pacific Company, of course, could not go beyond the center of the river, and that company was not in condition, therefore, to build the bridge,

and that is about the principal reason for its having been built by the Western Development Company.

BRIDGE LEASED THROUGH SOUTHERN PACIFIC TO CENTRAL PACIFIC.

Mr. COHEN. Do you say that it was leased to the Central Pacific?

Commissioner ANDERSON. No; it was leased to the Southern Pacific, and through the Southern Pacific it was leased to the Central Pacific.

The WITNESS. When the Central Pacific ran the Southern Pacific, of course it took everything with it. Without that bridge I do not suppose that they could have very well sent anything beyond that point.

Commissioner ANDERSON. The point of my inquiry is whether the bridge could not have been put in the general structure of the railroad as other bridges were, and if there was some advantage in keeping it out why the rent was fixed at $15,000 a year, if that be true, when it cost only $50,000.

The WITNESS. It seems that it was not enough to compensate the owners of the bridge as it afterwards turned out. Besides, the Southern Pacific had no right to cross the river—it could only go to the center of the stream.

Q. Do you remember a letter from Mr. Huntington in regard to the structure, in which he said that by reason of probable difficulties in operating with the Texas and Pacific Railway Company, it would be desirable to keep this bridge title out from the general title of the railroad company and thereby be enabled to fix the rate and put a tax on transcontinental commerce?—A. I do not remember.

EXPRESS BUSINESS OF WELLS, FARGO & CO.

Q. Do you remember such a letter?—A. No, sir.

Q. In regard to your interest in the express business of Wells, Fargo & Co., how was the express business done?—A. In this State mostly by Wells, Fargo & Co.

Q. Were they not given the exclusive control of the express business over the Central Pacific Railroad?—A. I think not.

Q. What other express companies have done business over the Central Pacific Railroad to any amount?—A. I do not know that there are any. There is no other company here of any consequence.

Q. Who negotiates the rates and makes the arrangements between the express company and the railroad company?—A. I took a part in the discussion.

Q. When did you acquire your interest in the stock that you hold in Wells, Fargo & Co.? Was it at the time that these original negotiations were going on?—A. There was another company formed in which we had an interest, and that was taken in by Wells, Fargo & Co., and some stock was issued. I think that if you will go to the books, it will be a great deal better than my recollection.

WELLS, FARGO & CO.'S CAPITAL INCREASED.

Q. The assertion that is made is that Wells, Fargo & Co., being capitalized at a given sum during the time that these negotiations were pending in regard to the business of the Central Pacific Railroad, increased its capital stock from ten million to fifteen million dollars, and that a certain amount of stock was, at that same period, issued to your-

self, Mr. Huntington, Mr. Crocker, and to Mr. Hopkins; what is there of truth in that statement?—A. I cannot now recall the details of that. I know that there was another party, and in the arrangements the stock was issued, and a certain amount of stock in Wells, Fargo & Co., I think, went to the Central Pacific—a pretty large amount. The contract, I think, did not give Wells, Fargo & Co. a preference over other companies, but provided that no other company was to have a preference over them. I think that that was one of the conditions, but I never have seen the contract since it was made, and I am not able to give the details of it.

Q. Was your stock purchased from the Central Pacific, or was it issued to you by Wells, Fargo & Co.?—A. I think that we had it direct from Wells, Fargo & Co. The Central Pacific had a certain amount of its own.

ISSUED TO WITNESS AND OTHERS FOR A CONSIDERATION.

Q. Was the stock issued to you by Wells, Fargo & Co. issued to you for a consideration, or was it issued without consideration?—A. There was a consideration. We did not go on with the opposition express company, and it gave Wells, Fargo & Co. great conveniences over such roads as were controlled by us. The Central Pacific had kept its own interest represented, and received a certain amount of stock for the benefit that it would confer on Wells, Fargo & Co. by entering into this contract.

Q. How much stock was issued to you?—A. If you look at that contract it will be a great deal better than to depend upon my recollection.

Commissioner ANDERSON. We call for that contract, and would like to see it. Still, I would like to know how much stock was issued to you.

The WITNESS. I do not remember how much stock I had.

Q. Do you remember how much stock was issued to the five gentlemen who were associated with you?—A. I do not.

Q. Was it a million and half dollars?—A. I do not remember.

Q. Have you stated all of the consideration that was paid for this stock?—A. No; I do not say that. I do not remember.

INTEREST ACQUIRED THROUGH ANOTHER COMPANY.

Q. Do you remember whether you personally paid money for the stock, or whether it was covered by this general arrangement made with the Central Pacific?—A. No; it was not covered by the arrangement with the Central Pacific. D. O. Mills and some others had formed another company, and it was out of that that our personal interest came. If you will look at the books or contracts, you will know all about it. You cannot get it from me, for I do not remember.

Q. Will the contract disclose your personal connection with the ownership of your own stock?

The WITNESS. In the contract with Wells, Fargo & Co.?

Commissioner ANDERSON. Yes.

The WITNESS. I cannot say as to that. I do not know why it should. Perhaps it does, however. It may be that the whole arrangement is in the contract. There was considerable negotiation leading up to it one way or the other.

Commissioner ANDERSON. Perhaps it will bring the matter more clearly to your recollection if I were to read to you an extract from the complaint——

The WITNESS. From what document are you reading?

COMPLAINT IN THE ROBINSON SUIT.

Commissioner ANDERSON. This is the complaint filed in the Robinson suit.

The WITNESS. If I am to be interrogated upon all the statements contained in the complaints filed in these various blackmail suits, and in newspaper charges, I shall never be able to give you any definite information, because I cannot remember; but if you will take our books and examine them, and question the men in charge of them, and the men in charge of the various portions of the work, you will get the truth quickly. I will try to give you all I can, and will give you all the time that you want; but I shall begrudge it if it lasts more than six months. I do not suppose that I can give you a minute history of all these little private affairs that have occurred in the last twenty-six years, even if I should take six months or a year.

Commissioner ANDERSON. I do not intend to interrogate you as to the private affairs which have no concern with this, but as to private affairs directly connected with the Central Pacific Railroad Company which require explanation. I had supposed that it was an advantage to you to call your attention to what is said about these things, and give you an opportunity to explain them.

CONTRACT BETWEEN CENTRAL PACIFIC AND WELLS, FARGO & CO.

This allegation is that the gentlemen connected with you—that is, yourself, Mr. Hopkins, Mr. Charles Crocker, E. B. Crocker, and C. P. Huntington, composing a majority of the board of directors of the Central Pacific Railroad Company, between the 1st day of May, 1869, and the 1st day of April, 1870, granted to and contracted with the defendants, Wells, Fargo & Co., in substance and to the effect that the said Wells, Fargo & Co. shall have the exclusive right of running express freight trains, and carrying and transporting express freight packages, bullion, and so forth, over the Central Pacific Railroad Company's line of railroad, and in consideration therefor said Wells, Fargo & Co. increased its capital stock from ten millions to fifteen millions of dollars, and delivered and made over to the said Stanford, Huntington, Hopkins, Charles Crocker, and E. B. Crocker, without any consideration, except the making of said contract in the name of said Central Pacific Railroad Company, one and one-half millions of said stock of Wells, Fargo & Co.

OBJECTS TO QUESTIONS BASED ON COMPLAINTS IN BLACKMAIL SUITS.

The WITNESS. I am willing to tell you what I know; but this thing ought to have a limit. You are interrogating me upon complaints in blackmail suits, such complaints as the one you are reading from, and asking me to make answer to them right here as a witness on the stand. Just think for a moment what you are asking me to do.

Commissioner ANDERSON. I am only asking if it is true that you got a million and a half dollars of this stock without paying anything at all for it.

The WITNESS. I do not think that it is true.

Q. Will you refer me to the source from which correct information as to this allegation can be had?—A. I think that if you go to Wells, Fargo & Co., or to D. O. Mills, and probably some of our secretaries of the different companies, then carrying on the business, you will get it

better than you can from me, because they are more likely to remember details than I am.

Q. Then I will ask you to produce the contract between the Central Pacific Railroad Company and Wells, Fargo & Co. Did you state that the contract between yourself and Wells, Fargo & Co. was in writing?—A. I do not know that it was. I do not now remember the details. There were several persons interested with us, and we had only a portion of the stock of the opposition company. I think that came from taking out of competition with Wells, Fargo & Co. the other express companies.

ATLANTIC AND PACIFIC EXPRESS COMPANY.

By Commissioner LITTLER:

Q. What was the name of the express company in which you gentlemen were interested?—A. I have forgotten; but I believe it was the Atlantic and Pacific.

Q. Do I understand that by this arrangement your company was consolidated with or transferred to Wells, Fargo & Co., and you went out of business?—A. Yes, sir; we went out.

OCCIDENTAL AND ORIENTAL STEAMSHIP COMPANY.

By Commissioner ANDERSON:

Q. What is the Occidental and Oriental Steamship Company?—A. There was a time when it was supposed that the Pacific Mail Steamship Company was going to do a very large China and Japan business by way of the Isthmus of Panama. The Union Pacific and Central Pacific Railroad Companies were not satisfied with that, and we organized that steamship company. It not only furnished a great deal of business to the railroad companies, but it practically compelled the Pacific Mail Steamship Company to run its ships to San Francisco. It has forced that company to bring its freight to San Francisco and send it overland by rail, because with rail and steamer competition business would not go by way of the Isthmus. That was the object of the organization of the Occidental and Oriental Steamship Company.

Q. Was the company gotten up entirely for that purpose?—A. It was gotten up entirely for that purpose, and we expected to lose probably $100,000 a year. We thought that if we did not lose more than that we could afford to do it. Business, however, has been very fair and has paid nicely for the time that the company has been organized.

Q. What is the total capital stock?—A. Ten million dollars.

THE CHIEF STOCKHOLDERS.

Q. Who are the chief stockholders?—A. The representatives of the Union Pacific and Central Pacific Companies—Mr. Huntington, the estate of Hopkins, Mr. Crocker, and myself.

Q. The Union Pacific ownership, 50,000 shares, is in the corporation itself, I believe, is it not?—A. I think that it is now, but I am not sure.

Q. And the ownership of the other half is represented by 10,000 shares to each of the five gentlemen referred to, is it not?—A. Yes, sir.

Q. What are the relations between this company and the Central Pacific in regard to business, delivered or interchanged, between the Occidental and Oriental Steamship Company and from the Central Pa-

ads?—A. They do a general business, whatever they can get, between China and Japan and San Francisco.

RATES FOR PRORATING STEAMSHIP AND RAILROAD COMPANIES.

Q. Who determines the rates for prorating as to through freight interchanged by the two companies?—A. The railroad company.

Q. Which officer of your road has charge of that business?—A. I will correct my former answer and say that the rates out this way are substantially made by the agents in China and Japan. Their general instruction is to meet the competition of the Suez route, and the railroad companies all the way through from here to New York, Boston, Philadelphia, and all the Eastern cities have allowed that arrangement for fixing the rates, whatever they may be, and the railroad takes a certain proportion and the steamship company the other.

Q. Which officer of your road has charge of that business?—A. The regular officers of the steamship company, of course, have charge of that. I am president of that steamship company; that is, the Occidental and Oriental Steamship Company, and Charles F. Crocker is the vice-president. Besides that we have a superintendent and freight agents.

Q. Do I, then, understand that the schedule of interchanged rates which fixes what percentage shall go to the steamship company and what percentage shall go to the Central Pacific Railroad Company is determined by yourself and Charles F. Crocker?—A. Oh, no; the agents, I think, of the Union Pacific have something to say. It has been more particularly arranged after consultation with the Union Pacific people and with the representatives of the railroads east of Omaha for the through business. I suppose that their traffic agents are all more or less consulted at different times in making rates. In the first place, when the company was organized, we undertook to make an arbitrary rate from Yokohama to New York, but after a time we found that it was necessary to leave the matter of fixing rates to the agents on the other side of the ocean to meet competition, whatever it was. Sometimes there are what we call "ocean tramps" that put in to these foreign ports seeking freight, and we must make our rates to compete with them as well as with the Suez route. In other words, we have to make our rates to meet the prevailing competition, and this must be left to the agents on the ground.

Q. I am not inquiring so much about the fixing of the through rate as I am about ascertainment of the relative percentages divided between the Occidental and Oriental Steamship Company and the Central Pacific and Union Pacific Railroad Companies. Who determines that?—A. The books of the company will show it.

PERCENTAGES DETERMINED BY THE OFFICERS OF THE TWO COMPANIES.

Q. Who determines what the factors will be?—A. The officers of the companies, both railroad and steamship. I am president of the Central Pacific and I am president of the Occidental and Oriental Steamship Company. I thought that I told you that.

Commissioner ANDERSON. You did; but I supposed that you had a traffic agent who had charge of that business.

The WITNESS. I do not know particularly how much I did, but I know about the rates at the time. We conferred about it and fixed the amount of the rate which we thought fair, but afterwards we changed

it some. We had to change it to meet competition, and that rate is satisfactory to our Eastern connections as well as to ourselves.

Q. Do you not see that the rate which is satisfactory to your Eastern connections has nothing to do with the relative percentages between the Central Pacific and the Occidental and Oriental Companies?—A. Yes; it has everything to do with it. Without their consent we could not do business. We must have a through rate, and a certain proportion goes to the railroad companies and the other goes to the steamship company.

Q. What percentage goes to the steamship company?—A. I refer you to the books. I do not remember.

Q. Can you not refer me to the traffic agents?—A. We have no traffic agents.

Q. Is it Mr. Stubbs, or who is it?—A. Mr. Stubbs knows all about it.

Q. That is what I have been trying to get at. Does Mr. Stubbs know these figures?—A. Yes, sir.

Q. Did not a large portion of the material used in the construction of the Southern Pacific Railroad pass over the Central Pacific?—A. Yes, sir.

Q. Do you know what rates of freight were charged by the Central Pacific on the material which it transported? I do not mean the detail. I mean whether it was the usual rate.—A. I would not undertake to say what were the rates. There was no other such kind of business done for anybody else. We moved these ties and this iron over the Central Pacific on to the line of the Southern Pacific at Goshen, but I do not recollect what were the arrangements. I do not remember, although I once knew.

VERY LARGE BUSINESS DONE.

Q. There was a very large business done and a very large quantity of material transported, was there not?—A. Yes, sir; the business was very large. It was a question sometimes whether it should come here or whether it should go down to the port at Los Angeles.

Q. Do you know whether very large quantities of freight of this character were transported over the Central Pacific without any charge to the Southern Pacific?—A. I do not know that there ever was any. The books will show you what was paid. If you wish to know how the rails came here, I will say that they came mostly around Cape Horn. I think that this was the rule in all cases up to the time that we finished our road to New Orleans, since which time we have shipped considerably by that route. A very large quantity of rails for the Southern Pacific came by sea, and before they came, as I have stated, it was a question whether we should bring them here or send them to Los Angeles. After the road got down to Los Angeles it was a question whether we should ship material there or in this way. After the line was completed to New Orleans we sometimes had the rails come that way, and sometimes the other way.

Commissioner ANDERSON. The object of my question was to ascertain whether the stockholders or the parties interested in the Southern Pacific obtained any advantage from the Central Pacific in the rates of transportation; and, if they did, what the amount of the advantage was.

FAIR DEALINGS OF CENTRAL PACIFIC WITH OTHER COMPANIES.

The WITNESS. I understand that. I want to say here in regard to it that I would like to direct your attention to this fact, that the rela-

tions between the Central Pacific and all these branch roads have been as one man, or one party, with another. No money of the Central Pacific has ever been diverted from its treasury into the treasury or the hands of the others, excepting in the way of accounts, and then every cent of it has been accounted for. The Central Pacific has never lost a dollar or contributed a dollar towards them, excepting as one creditor or one party dealing with another may do. I will say that as a general proposition and direct your attention to it, and you may see if there is anything that contradicts it. I do not think that there ever has been an instance where we have made less rates for branch roads that the Southern Pacific or the officers of the Southern Pacific has an interest in, or that the officers of the Central Pacific had an interest in, unless it might have been in the case of some of these small roads in the construction of which the Central Pacific was directly interested. It may have occurred also in a case or two where the Central Pacific has aided little wagon roads which brought more or less business to the Central Pacific. For instance, there are three little railroads constructed over in Nevada, and I think that we carried their material for a less rate than we were carrying freight for other people, and we have a prorating arrangement with them by which we give them a greater mileage rate, by a great deal, than the Central Pacific receives. This was because they were branch roads, and could not afford to do business as cheaply as the Southern Pacific could do it. I also know that we have helped stage lines in which no officer of this company had any interest. I mention these things to you to show that the dealings of the Central Pacific have been fair, and that that company has been as well protected in all its relations with all these companies as good business judgment would permit.

DUTCH FLAT WAGON ROAD.

Q. What was this Dutch Flat wagon road about which we have heard several times?—A. It was a wagon road built from a place called Dutch Flat, which is, I think, 60 miles from Sacramento, and was built over the Sierra Navada Mountains for the purpose of accommodating teams carrying freight to and doing business in the State of Nevada.

Q. By whom was it built?—A. The greater portion of it was built when we took hold. The Dutch Flat wagon road, as it was called, did not go all the way to Virginia City. On the eastern end it connected with other wagon roads. Most of the work on the Dutch Flat end was done by Mr. Huntington, Mr. Crocker, Mr. Hopkins, and myself, and I think that Mr. Strong had some interest in it, and one or two others. A Mr. Bradley, I think, had some interest. I may be mistaken, however, about Mr. Strong having an interest in it. I do not think that there was anybody else.

Q. Is it or is it not true that any portion of the expenses for the construction of that road, so far as your memory goes, was charged to the Central Pacific Railroad Company?—A. No, sir; it was not. When we went into the enterprise we thought that it would be a good property, and at that time it was a necessity to the Central Pacific, because as the road went up the mountain there was no wagon road from the railroad to Virginia City to take freight from the end of the railroad. Without the wagon road the railroad could not have done this Nevada business, which at that time was very important, but practically there was not much more than two seasons of wagoning on that road, because the railroad was constructed so rapidly over the mountain.

COST NOT CHARGED TO CENTRAL PACIFIC.

Q. My question is, whether the cost of construction was charged to the Central Pacific Railroad Company?—A. I was going to tell you about that. The road was built by us as individuals. We never got back the money that it cost to build it, and when we got through with the construction of the railroad we gave the wagon road to the counties in which it was built.

Q. You presented it to the counties through which it passed?—A. Yes, sir.

Q. You still do not say whether the cost of construction was charged to the Central Pacific Railroad Company?—A. I say that it was not charged to the Central Pacific Railroad Company. I know that we lost money on it. The Central Pacific, however, got the benefit of the road, and the entire cost of it ought to have been charged to the Central Pacific.

Q. I ask because if it was built by the Central Pacific, or if the cost had been charged to the Central Pacific, then the Central Pacific would have been entitled to the tolls, whatever they were; is that not so?—A. Yes, sir. But it was not charged to the railroad company. The wagon road business was a losing one. The road was a good one. The stage horses used to take the grade on one end of it and trot all the way over the mountains.

CENTRAL PACIFIC DID NOT GET THE TOLLS.

Q. As matter of fact, the construction was not charged to the Central Pacific, the Central Pacific did not get the tolls and did not get the profits or suffer the loss that resulted?—A. No, sir. The wagon road made a profit, because it had the road to carry stuff from the end of the railroad over the mountains, and the railroad company got the profit, because this wagon road was there over which the stuff could be carried. We could not have carried the freight at all if it had not been for this wagon road. But for the speedy construction of the railroad the wagon road would have been a fine property; but, as it was, it was in use but so short a time that we did not get our money back out of it.

Q. Did not the railroad company pay tolls, as well as anybody else, when its freight passed over it?—A. It did not pay tolls for freight. The merchandise was not going to the railroad for its account, but to other parties.

Q. These tolls, you assert, amounted to no such sum as represented, either three million, two million, or one million dollars?—A. No, sir; they did not amount to enough to pay for the construction of the road. If I might make a suggestion here I would like to do it. You want to know whether we robbed the Central Pacific Railroad Company. I say that we did not. Now, if you will find people to show that we robbed it, or that we did anything that looks like it, or find people who will say that we robbed it, we will answer them; but to ask me these questions, when I deny the fact, and try to prove from me that we have been guilty of wrong-doing, does not seem to me to be the way that this thing should be done. As this Commission is composed of lawyers, I have an idea that the ordinary rules of evidence ought to have some application.

Commissioner ANDERSON. You call yourself a good deal worse name than I do; but when these names are called, do not you think it proper that we should give you an opportunity to deny the fact?

CALLED ALL SORTS OF NAMES BY DEMAGOGUES AND NEWSPAPERS.

The WITNESS. I do not care a cent for that. It does not affect my character among people who know me. I have been called all sorts of names by demagogues on the stump and by hostile newspapers, and by enemies of the road, and they have never injured me. At one time I was charged with having a connection with bunko sharps and three-card monte men and gamblers, who were robbing passengers on the railroad. I do not suppose that anybody believed that, but still the charge was made. While I wish to treat the Commission with all courtesy, I do not feel like answering questions suggested by that class of complaints and that class of individuals.

PACIFIC MAIL STEAMSHIP COMPANY.

Q. Have you also been personally interested in the Pacific Mail Steamship Company?—A. I think I was—I am not sure whether I was ever the owner of any of the stock in the Pacific Mail, or not.

Q. Did the relation of the Pacific Mail Steamship Company to the transcontinental business have a large influence in determining the transcontinental rates during the last ten or fifteen years?—A. Very much. It was one of the competitors for the business between the Atlantic and the Pacific.

Q. Will you please give this Commission your views as to the advantage or disadvantage that has resulted to the Central Pacific from th payment of the annual subsidy to the Pacific Mail Steamship Company?—A. Of late years I think that it has been a very great advantage to the Central Pacific. That competition between that line and the railroad company was very great at a time when that company was very weak. I do not think if an arrangement had not been made that it could have lasted a great while.

BUT FOR SUBSIDY PACIFIC MAIL COULD NOT HAVE LASTED LONG.

Q. Do you mean that the Pacific Mail could not have lasted a great while?—A. Yes, sir. At that time the coast business was very much less in consequence than it is now, and the main business was the through business between New York and San Francisco. The latter business was very greatly reduced upon the construction of the railroad, and if the Pacific Mail had been compelled to depend upon that business at that time it could not have lived. Since then its business, particularly its South American coast business and its business all along this coast, has largely increased, and its business across the Isthmus of Panama is very good.

Q. Do you mean to say that this business gives them a strength derived from another source which would enable them to stand the competition of your company for a longer period than otherwise would be the case?—A. I think that is possible. As to the exact amount of business done by that company, I have no positive knowledge.

Q. What is your information as to the chief articles of freight entering into this question? What would go around by the Pacific Mail route in case you had an open fight with that company for the transcontinental business? What kind of business would go around by those steamers?—A. That depends altogether how low the railroad rates may be. At the same rates, the railroad will always have the preference.

FREIGHTS WHICH GO BY RAIL IN PREFERENCE TO STEAMER.

Q. This would only be for certain articles, would it not, and not for everything?—A. It would be for everything.

Q. Would it include fresh fruits?—A. The steamers cannot carry fresh fruits.

Q. Are there not a great many articles that cannot go by steamer because the time is more essential?—A. Yes, sir; for instance, fresh fruits would never go by steamer.

Q. Would canned fruits go by steamer in preference to going by rail?—A. They might if they wanted to; they now go more or less in that way, and a large quantity goes by way of Cape Horn. A great deal of it goes to Europe by sailing vessel around the Horn, and the same is true with regard to canned salmon. Great quantities of salmon used to go from the Sacramento River, and a great deal goes from up North—Oregon and Washington Territory; it used to come down here and go over our road, but now of course it seeks transportation to foreign ports by way of the Northern Pacific and the Canadian Pacific, and I do not know but what some of it goes around Cape Horn.

NO ARRANGEMENT BETWEEN PACIFIC MAIL AND CENTRAL AND UNION PACIFIC.

Q. What is the present arrangement between the Central Pacific and the Union Pacific, and the Pacific Mail since the passage of the interstate commerce law?—A. I think that there is no arrangement now; at least no binding arrangement.

Q. Is there not an understanding to furnish the Pacific Mail with a certain amount of freight or pay them its equivalent?—A. Not now; there used to be such an arrangement; we had an arrangement by which we had a certain amount of space in their ships, which we could fill or not as we pleased; we had to pay the freight whether we occupied the space or not, and we used to send a great deal of freight that way, up to the filling of that space. Of course if we paid them for it we wanted to use it, and this was better than to let it remain empty; the arrangement was a good one, as it prevented them from cutting our rates; in this way it was greatly to the advantage of the railroad companies.

Q. Do you say that there is no arrangement now?—A. There is none now.

PACIFIC MAIL CUT RATES SINCE CESSATION OF SUBSIDY.

Q. Has any cutting been done by the Pacific Mail since the cessation of the subsidy?—A. They cut the rates; but I cannot say how much. They are an active competitor for the business.

Q. Has it produced a serious decrease in the transcontinental business?—A. think not. The competition by the railroads has been so great that the competition by the steamers has become of little consequence. The worst competition is that inaugurated by the railroad companies.

Q. How long has that state of affairs existed as you have described in your last answer, that the competition by the railroads has been so great that the competition of the steamship company is of little consequence?—A. It did not commence immediately upon the connection at Deming; but the greatest competition is by way of the Northern Pacific and has existed since that road was completed.

Q. Has it been since 1883?—A. I cannot say; I do not remember.
Q. Or 1884 or 1885?—A. I have forgotten the dates of the completion of those roads, but as those roads were completed, of course competition became fiercer between the railroad companies.

DURING EXISTENCE OF RAILROAD POOL COMPETITION OF STEAMSHIP COMPANY UNDESIRABLE.

Q. Is it your judgment that from the date that competition was established, the continued payment of the subsidy to the Pacific Mail Steamship Company was a mistake and a loss?—A. I am not prepared to say. The competing lines of road did pool for a time, and lived up to this pooling contract perhaps moderately well. While that pool was in existence, it was very desirable that the competition with the Pacific Mail Steamship Company should not be allowed. The railroads at the East agreed with us in this view, and contributed their part of the subsidy. When I say railroads at the East, I mean those east of Omaha. They contributed their part towards subsidizing the Pacific Mail. It was not really subsidizing that company. We paid it so much for so much space, and they permitted us to control the rates. Had it not been subsidized in this manner, it might have controlled the rates by setting them at figures which the railroads would have had to adopt. There was a time when it is possible that if fierce competition had existed that company might have been broken up. After that time had passed there is no doubt that this arrangement with the Pacific Mail was good for railroads. If it had not been, it would not have been observed, and the railroads east of Omaha would not have contributed their proportions.

DURING FIERCE RAILROAD COMPETITION STEAMSHIP COMPETITION OF LITTLE IMPORTANCE.

Q. You have stated in answer to a previous question that since the competition of the railroads had got to be as fierce as it was, the competition of the steamship company was of very little importance. When did this begin?—A. That is about a year and a half or two years ago. At that time that pooling arrangement became substantially broken, and then this arrangement with the steamship company became less important. As a consequence, some of the railroads at the East did not think it worth while to continue the payment of the subsidy, and so it was broken off. Some of our people can give you the exact facts of these occurrences, but that is the general condition of affairs.
Q. The payments by the different railroad companies to the Pacific Mail continued after the disruption of the pool up to the passage of the interstate commerce law, or nearly to that time, did they not?—A. Mr. Cohen suggests to me that the pooling arrangement was broken up nearly a year before the passage of the interstate commerce act.
Q. Did the arrangement with the Pacific Mail terminate at that time?—A. The contract was not renewed. I do not know but that it was temporarily continued while negotiations were going on with a view to its continuance.

NO ARRANGEMENT NOW BETWEEN PACIFIC MAIL AND RAILROADS.

Q. Do you say that there is no arrangement existing at present?—A. None that I know of. If any arrangement has been made, it has been done on the other side.

Q. Do you mean at the New York end?—A. Yes, sir; our agents would know exactly whether it was done or not.

Q. Do you mean Mr. Stubbs?—A. Mr. Stubbs would know.

Q. In your judgment, would it advantage the railroads or not to restore, if the law permitted it, any such arrangement with the Pacific Mail at present?—A. That would depend entirely upon the competition that might exist among the railroads themselves. If they had a pooling arrangement by which they would not cut rates as against one another, it would be better to continue the arrangement with the Pacific Mail, in my judgment.

THE FUTURE OF TRANSCONTINENTAL BUSINESS.

Q. What is your view as to the future of the transcontinental business itself; I mean as to whether it is a growing or decreasing quantity in its relation to the local business?—A. Our business, of course, fell off very much, owing to the competing lines of road; but I think that the general business, owing to the general development of the country, is growing all the time.

Q. When you say "our business fell off," do you mean business of the Central Pacific and Union Pacific?—A. Yes, sir. On that subject I desire to say, and I think it is very interesting, that I have filed with the Commission a statement compiled for me directly from the books, showing the falling off upon the completion of each competing line of road, and I think it is very important. As Congress has asked that very question, it is something to which I beg to call the attention of the Commission. You will find it well set forth in my answer. It is in one of the exhibits prepared by Mr. Stubbs.

Commissioner ANDERSON. We have been so busy that we have not been able to make a critical examination of the exhibits.

The WITNESS. The exhibits are the foundation of my statement that I have submitted.

LOCAL BUSINESS INCREASES FASTER THAN THROUGH BUSINESS.

Q. I asked you the question as to whether the through business, as compared with the local business, was increasing on your road. What is your answer?—A. The local business increases much faster than the through business. I do not mean to say this as regards the entire through business by all routes, but as compared to our business the local business is increasing much more rapidly than the through business. Of course, our through business having been diverted to those other lines of road that shows a very large falling off, but the general population is constantly increasing, and there is such a general improvement in the development of the industries of the State that our local business is constantly increasing. In this exhibit to which I referred, I do not at this moment find the illustration that I wish, but the whole article itself gives a complete history of our freight business. It shows that the very low rates fixed by the competition of the railroads themselves by which one company strives to take business away from the other has affected us more than the competition with the steamships; while at the same time this competition among the railroads has had a very serious effect upon the steamship line itself. The amount of fixed expenses constantly going on with the steamers requires that they earn a certain amount of money, and every pound of freight that goes that way has to bear its fair share, or else there is a loss. On the railroads

it is different. The railroads have a certain plant and they obtain the best prices that they can for their ordinary business. Then it becomes a question of getting additional business, which they can get only by giving a low rate. The question that the railroad has then to ask itself is, Will the additional cost consequent on the movement of this freight be met by the low rate. If it will be, they take it rather than not, as the additional rate is so much as is represented by the additional cost of fuel and the wear and tear of the equipment going over the road. That is all, and if the low rate will meet this cost the railroads will always take the goods.

CENTRAL PACIFIC'S EARNING POWER DEPENDENT ON LOCAL BUSINESS.

Q. Your judgment of the Central Pacific is that its earning power in the future is dependent on *quasi* local business more than on its transcontinental business?—A. Yes; I think so. This transcontinental business is a very uncertain thing. Take, for instance, the competition in the carrying of teas from China and Japan. We have had to compete with the Suez route, but we have gradually been diverting it this way until the larger portion of it has been coming overland. Now, however, the Canadian Pacific Railroad enters as a factor. It puts on a line of steamers to compete for this business. The result will, of course, be that the business will be divided and the rates decreased. Even now they are carrying it at a less rate than we are.

PERMISSION TO CANADIAN PACIFIC TO CARRY TEAS THROUGH IN BOND.

Q. What is there as to the permission accorded to the Canadian Pacific to carry teas through in bond without the payment of duties?—A. I cannot say as to that, exactly; but I know that our Government has allowed them to take freight in violation of the interstate commerce law, carrying it by water from here around to points East, and to Chicago particularly, a distance of 5,000 miles as against our 2,500, and at a less rate for the longer distance than for the shorter distance through our own country. Why the Government has done this is not very plain, but I suppose that it is a sort of comity between Canada and this country that the Canadian Pacific Railroad shall have this privilege, even if it is disastrous to the Central Pacific.

MOST IMPORTANT FEEDERS OF CENTRAL PACIFIC.

Q. Which portion of the road do you regard as the most important feeders in regard to its local business—which branches?

The WITNESS. Of the Central Pacific?

Commissioner ANDERSON. Yes.

The WITNESS. The two trunk lines, the one up the San Joaquin and the one up the Sacramento Valley, are the most important.

Q. Are they the most important feeders?—A. Yes; and in addition to that this portion of the system in and around the Bay of San Francisco is important, as this bay business is growing very rapidly.

LOCAL BUSINESS BETWEEN SACRAMENTO AND EASTERN STATE LINE.

Q. How is the local business between Sacramento and the eastern boundary of the State?—A. That holds itself good. It never was very

heavy. The population is small. I do not think that we are growing as much in Placer and Nevada Counties as we did formerly; but there is more or less development, especially of the timber interest, all through the mountain section. The stoppage of hydraulic mining has temporarily decreased the business somewhat, because it has decreased the population. This will remedy itself, however, in time.

MOST VALUABLE PORTION OF LAND GRANT.

Q. Which portion of the land grant do you consider the most valuable?—A. That in California.

Q. Do you refer to the land which has been obtained along the main line and also on the California and Oregon line?—A. Yes, sir.

Q. And on the Western Pacific?—A. The Western Pacific lands are all down near here. All the lands that were supposed to be good for anything were taken up prior to the location of the Western Pacific Railroad. They were largely covered by Mexican grants. The Western Pacific did not get much land which was considered valuable, but it is turning out now so that it sells for something. We have nothing to do with that, however.

Q. Was that the land to which you referred yesterday as having been in some way or other retained by Mr. McLaughlin?—A. Yes, sir; I think McLaughlin would have been glad to sell his interest in that land at the time that we bought the railroad, for $100,000.

POLICY OF COMPANY IN DISPOSING OF ITS LANDS.

Q. What has been the policy and method pursued by the company in disposing of its lands?—A. It has sold its lands at very cheap rates. It has been our policy to allow people to go onto these lands before we obtained title, and when we did obtain title from the Government we always gave such parties the preference at the graded price, not taking into consideration their improvements. We have not sold our lands in advance of obtaining the patents from the Government, as we did not think it wise. We have not been able to obtain patents for the land as we applied for them, and that has been a very serious disadvantage to us, because if we had had the patents we might have sold the lands and obtained the money for them. The lands also would very likely be settled up and furnish business to the road.

Q. What I want to know particularly is as to whether on the land which you had sold, or which you had for sale, the opportunities you have afforded the public have been open, fair, and equal to all applicants?—A. I think that they have been fair, and that the business has been managed with a great deal of good judgment by our land agents, for the reason that we have scarcely ever had any complaints, and the people buy lands from us in preference to buying from the Government because they can get them more easily. The evidence of this is that we have sold a great deal more land than the Government, even where the Government land has been alongside.

NO SALES OF LANDS FOR ACCOUNT OF STOCKHOLDERS.

Q. Have there been no cases in which the title to certain tracts of land have been placed in the names of certain parties in order to have the subsequent sales made for account of stockholders or directors in the company?—A. Never in a single instance that I know of.

Q. Was there not a large tract of land placed in the name of Mr. Redding?—A. I never heard of it.

Q. Who was Mr. Redding?—A. Mr. Redding was our land agent for a number of years. I have no knowledge of the circumstance to which you allude.

Q. Have you any knowledge of any tract of land being placed in his name and subsequently sold for account of some of the stockholders of the Central Pacific?—A. I never heard of it.

Q. Is Mr. Redding in San Francisco?—A. He did live here. He is dead now.

Q. During what years was he land agent?—A. I think he became land agent as soon as we had any land to sell, or about that time.

Q. Were there any large tracts of land acquired from Mr. Redding by some of the directors and officers of the company?—A. I do not think so. I cannot call to mind any such transaction.

WITNESS BOUGHT SOME RAILROAD LAND.

Q. Has none of that land been conveyed to you?—A. I have bought some railroad land myself.

Q. Through Mr. Redding, the land agent?—A. I presume so; either through him or Mr. Mills. I bought a large tract of land, the title of which was founded in a Spanish grant, and then commenced buying up land of an inferior quality—what we call sheep land. There was not much railroad land left, but I bought some from the railroad company and I bought titles that had passed from the Government altogether. I gathered in that way large tracts of land, worth perhaps from 50 cents to $2 or $3 an acre. How many acres of that came from the railroad company I do not know.

Q. Will Mr. Redding's accounts show just how much came to you?—A. It may be since Mr. Redding's death. It may have been since Mr. Mills took charge.

Q. Then it was either Mr. Redding or Mr. Mills?—A. Our books will show the whole transaction.

Q. In what counties were these lands?—A. In Butte and Tehama. I gave all of those lands to an institution which I am endeavoring to build up. These lands were principally bought to finish up the tract.

Q. How many years ago?—A. Some were bought before that, and I think that I had this conveyance two years ago.

LAND SOLD TO CHARLES CROCKER OR HIS SON.

Q. Do you know whether any other of the directors of this company have also bought lands through the land office from one motive or another?—A. We sold a large tract of land—I do not know whether it was sold to Charles Crocker or to his son. His son is managing it, however. It was a large tract of land out on the Promontory. I do not know how many acres are embraced in that tract, but it is quite extensive, and is used for cattle purposes.

Q. That is a ranch, is it not?—A. Yes, sir; that is a ranch. A party of three or four have bought it, and Charles Crocker advanced money to his son for his proportion. Colonel Haymond tells me that Charles Crocker advanced all the money to buy the place, and took the title as security for the advances made to those parties.

Q. Was the title taken by Charles Crocker?

Colonel HAYMOND. Mr. Crocker advanced the money to purchase it for his son, for Mr. Buford, and for Mr. Taylor.

Q. How large a tract is it?

Colonel HAYMOND. It is a very large tract, and at the time it was bought was in litigation. It has cost a great deal of money since that time to perfect the title. The purchasers had a great deal of litigation over it, but they anticipated that.

The WITNESS. This land that I bought and gave to the university did not amount to very much, the whole of it. I do not know how much was bought from the railroad company, but that class of land was worth about a dollar or a dollar and a half an acre. We sold land in the same neighborhood, about the sale of which I was consulted, for about 50 cents an acre for a whole township. It lies along the hills, and is chiefly lava formation. The lava has come down from the mountains in former times and overrun all that country, so that it is not worth much for any purpose. Its only value to me was that it enabled me to straighten out my tract. Still, however, it counts up, and it is very likely that some places may be found of 10, 15, or more acres that may be cultivated, not now, but in the future when land becomes more valuable.

IONE COAL AND IRON COMPANY.

Q. There are one or two companies about which I have not asked questions which you have included in your report, and in which you represent yourself as being interested. One is the Ione Coal and Iron Company, in which you state that you own 8,000 shares. What are its relations to the Central Pacific?—A. It sells that company coal, or rather it did sell it.

Q. What does the Central Pacific do for the Ione Coal Company?—A. It does not do anything for it now.

Q. Does it transport its coal?—A. Yes, sir; on its branch. There is no market at present for that coal. I do not think that there is any purchaser at all outside of the Central Pacific, and the Central Pacific does not use much of it, if any, at present.

By Commissioner LITTLER:

Q. Where are the mines located?—A. In Amador County.

By Commissioner ANDERSON:

Q. Are they located at the end of the Amador Branch Railroad?—A. Yes, sir; on occasions coal becomes very scarce in the market here, and at such times if the local dealers can advance prices they do so. At such times we have used the Ione coal as far as we well could. It is a very poor quality of coal. It is not a lignite, but it seems more like clay saturated with oil. It burns pretty well in the grate, however, and makes a pretty fair fire, but the engineers do not like to use it in their locomotives, as they say that there is not power enough in it.

NOT MUCH BUSINESS BETWEEN IONE AND CENTRAL PACIFIC.

Q. At the time that you constructed that branch railroad and for some years afterwards, was there much business between the Ione Coal Company and the Central Pacific Railroad Company?—A. Not much. We used it as far as we very well could, because to that extent the coal men here and these foreign coals found a competitor. When we had no controlling interest in that mine, we oftentimes had to submit to very high rates for our coal, but since that time we have been able to regulate prices. The coal companies in British Columbia also now

used as a very good article of coal, and the Rocky Mountain Coal Company, as it is called, in Utah, provides us with an additional supply. It is now used upon the mountains, and is a very good coal.

Q. When you say that you had to submit to very high rates, do you mean that the coal company charged exorbitant rates for its coal?—A. Not the coal company, but the coal dealers. The Black Diamond Coal Company used to charge us $8 a ton for what they now charge us $4.

Q. What price did the Ione Coal Company get for its coal?—A. I do not know; probably not much. I guess it was $3 or $4 a ton.

ROCKY MOUNTAIN COAL AND IRON COMPANY.

Q. There is another company called the Rocky Mountain Coal and Iron Company; where are its mines located?—A. They are located over in the Wahsatch range of mountains, about one hundred miles from Ogden.

By Commissioner LITTLER:

Q. Are they near Evanston?—A. Yes, sir.

By Commissioner ANDERSON:

Q. Did that company sell coal to the Central Pacific?—A. Yes, sir.

Q. To what extent?—A. Until it met the wood of the Sierra Nevada Mountains; that is, when the wood would be as cheap as the coal, it stopped.

Q. Were the transactions extensive?—A. All of the eastern end of the line of the road was operated on that coal. Now we bring it to the Sierra Nevadas to such point as it can be economically used when taken in comparison with the cost of wood. Chinamen used to get out a good deal of wood on the mountain at moderate rates, but the price has now gone up considerably, and we have found it cheaper to use coal in most instances than to use wood.

ITS CAPITAL STOCK.

Q. How much was the capital stock of the Rocky Mountain Coal and Iron Company?—A. I do not remember.

Q. Who were the chief stockholders?—A. That stock has changed somewhat.

Commissioner ANDERSON. I mean at the time that General Colton was alive.

The WITNESS. I do not think that it has changed much, if any, since that time. It belonged to other parties, and we gradually bought it up and got the control of it. Since that time it has been very largely controlled by our people.

RATES PAID FOR COAL.

Q. How were the rates that the Central Pacific paid for coal determined; through whose intervention?—A. I have had a great deal to say about it. In the fixing of this rate I was more particularly representing the Central Pacific, and I have insisted at one time and another upon a little lower rate as I thought the coal company could afford it. I have never given any especial attention myself to the coal company.

Q. As matter of fact, were not the rates paid to the Rocky Mountain Coal Company for coal very high for several years?—A. I think not.

Q. Has the Central Pacific not paid as high as $7 and $8 a ton?—A. It might have paid as high as that for coal delivered on the line of

the road, but I do not recollect. I know that the Union Pacific used to charge very high for bringing it over its road.

By Mr. COHEN:

Q. That company charged $2 per ton, did it not, for freight?—A. Yes, sir; and I think that that is the charge now.

Commissioner ANDERSON. The Union Pacific charges $6.50 a ton from Rock Springs east and west.

The WITNESS. We have always thought that they charged us a very high rate for bringing coal over that line of road to Ogden. I think that they once used to charge us $2.50 a ton.

By Commissioner ANDERSON:

Q. Did the Rocky Mountain Coal Company do any other business than this coal business with the Central Pacific?—A. Yes, sir; we have sold coal at Ogden when we could, but not very much, I think.

Q. The main feature of the business was the business with the Central Pacific, was it not?—A. Yes, sir.

ROCKY MOUNTAIN COAL COMPANY PAID FAIR DIVIDENDS.

Q. Has not the Rocky Mountain Coal Company paid very large and frequent dividends?—A. Very fair dividends have been paid; but I would not undertake to say how many or how large. All I can say is that I know that the business has been very satisfactory. We bring considerable coal for the mines in Nevada, principally at Virginia City. It is not a very heavy trade, however. We also furnish coal to anybody along the line of the road in Nevada and Utah.

CARBON HILL COAL COMPANY.

Q. I find another company here called the Carbon Hill Coal Company; what company is that?—A. A company up north.

By Mr. COHEN:

Q. It is in Oregon, is it not?—A. Yes, sir.

By Commissioner ANDERSON:

Q. What dealings has that company with the Central Pacific? Does it sell coal to the Central Pacific?—A. Yes, sir.

Q. How extensive is that business; what does it amount to?—A. It has never paid anything. I do not know how much of it comes here by water, but it is mined to meet this market, and furnishes always a sufficient supply to make the railroad company more or less independent of foreign coals. When foreign coal, sells at low rates, there comes less of the Carbon Hill coal; and when the prospect is that the coal is going to be dear, there is a greater force put on at the mine, and a larger quantity of coal brought down here.

Q. That mine, then, is used as a regulator of prices, is it?—A. Yes, sir; it is used as a regulator. There is plenty of carbon in the coal, but it is very fine and disagreeable to run engines with.

Q. Is it dusty?—A. Yes, sir; it is dusty.

BERKELEY BRANCH RAILROAD.

Q. What is this Berkeley Branch Railroad that is mentioned in your list in the stock of which you are interested?—A. That is a little road

which runs out to the university near Oakland, and which is operated in connection with these ferries.

Q. Is it leased separately from any other branch to the Central Pacific?—A. The Central Pacific runs it.

Q. Under what arrangement does the Central Pacific run it?—A. I do not know. It is a little piece of road 3 or 4 miles long, and I guess the Central Pacific pays for it.

Q. Does the Central Pacific pay certain rates for the use of it?—A. It pays a rental for the use of it.

Q. Then it is among the leases, is it not?—A. Yes, sir; it is among the leases. It is now leased to the Southern Pacific Company.

Q. It is leased at $200 per mile per month. What was the arrangement before that lease was made; how was the use of that road compensated for?—A. I do not remember. What date is that lease?

Commissioner ANDERSON. November, 1880. I suppose that that was about the time the road was constructed.

Q. How was the use of that branch compensated for?—A. I do not remember.

Commissioner ANDERSON. That is all that I have to ask this witness.

Commissioner LITTLER. As I understand it, Mr. Chairman, you wish to ask some questions in chief, and you do not wish Mr. Cohen's cross-examination to begin until you have finished.

The CHAIRMAN. I have some questions that I wish to ask the witness.

LOCAL TRANSFER BUSINESS AT SAN FRANCISCO.

By the CHAIRMAN:

Q. How was the local transfer business of the Central Pacific in San Francisco organized?

The WITNESS. Do you mean the baggage transfer?

The CHAIRMAN. Yes.

A. I think that it was organized by a man by the name of Kennedy. I think that he was the organizer of that transfer company.

Q. Who was associated with Mr. Kennedy?—A. I do not know.

KENNEDY, LONG & CO.

Q. Do you recall the firm of Kennedy, Long & Co.?—A. I think so. I do not remember now who the company was.

Q. Did the firm take charge of the business for some time?—A. Yes, sir.

Q. Were they organized into a corporation?—A. They did have a sort of a corporation.

Q. What was the name of the company?—A. I do not remember.

THE SAN FRANCISCO COMPANY.

Q. Was it the San Francisco Company?—A. It may have been. I do not think that they ever issued much, if any, stock. Mr. Kennedy got into some trouble, and it became necessary for him to give up the business. Then it was purchased by other parties. I took a good deal of interest in the company, for I saw that it could be made a very great convenience to the public. We never gave that company any contract as to the length of time that it could have the privileges which it wished. I would not give it to Kennedy, because I did not know how well he would do it, and it was very important that the baggage should be

handled to the satisfaction of travelers. Mr. Kennedy got into debt, or his company did, and he had to sell out. His successors bought him out and paid him a certain amount of money—enough to cover that indebtedness. Since that time that company has been doing business without any permanent lease from the Central Pacific, but only during our will. So long as it does the business satisfactorily it shall have it.

Q. Who were the successors of Mr. Kennedy?—A. Mr. Coleman and Mr. Smith.

TROUBLE BETWEEN CENTRAL PACIFIC AND KENNEDY.

Q. Had the Central Pacific any trouble with Mr. Kennedy?—A. I do not know that we really had trouble, but he wanted to hold on to the business, I believe. He was not doing it to our satisfaction, however, and he became financially embarrassed. That is all the trouble that we had, so far as I know.

Q. Did you make any complaint to Kennedy that he was not doing the business properly?—A. I do not remember of any formal complaint, but I know that I was not satisfied with the manner in which he was doing the business.

SENATOR GWIN'S SON-IN-LAW.

Q. Who was Mr. Coleman?—A. The only office that I remember his having held here was that of bank commissioner.

Q. Is he not the son-in-law of Senator Gwin?—A. Yes, sir.

Q. Is it not true that Kennedy and his company were dispossessed, to give the transfer business in San Francisco to Mr. Coleman, at the solicitation of Senator Gwin?—A. I do not remember that. There would have been no transfer if Kennedy had kept out of debt and attended to the business in a satisfactory manner. I do not remember all the particulars, but I know that he did not do the business to our satisfaction. He got into debt, and constant complaints were made about it at the time.

Q. Did you have any conversation with Senator Gwin, concerning the transfer business?—A. Yes, sir.

Q. What was the conversation?—A. I do not remember definitely; but I know that he wanted to get the transfer business. I do not know whether he had an interest in it or not, but he wanted to get the business for his son-in-law, Mr. Coleman, and for Mr. Smith.

By Mr. COHEN:

Q. Can you mention the date of this conversation with Senator Gwin?—A. No, sir; we had several conversations. They wanted to get in without paying Kennedy anything, or buying him out; but I would not listen to any such proposition.

Q. That was after he had ceased to be Senator, was it not?—A. Yes, sir.

Q. Was it not some years after?—A. Yes, sir.

STIPULATION OF SENATOR GWIN AS TO TRANSFER BUSINESS.

By the CHAIRMAN:

Q. What was the stipulation on the part of Mr. Gwin as to what he was to do for the company in consideration of having the transfer business?—A. He was to do the business to the satisfaction of the company. I know this, that I demanded that in any arrangements that he made

with Kennedy, it should be upon the basis that Kennedy's creditors should be paid, and I believe that they were paid. They wanted a contract allowing them to do this business as a transfer company for a specified time, but I declined to do that, and stated to them that I would not bind the company at all. I told them that if they did the business to the satisfaction of the company, there was no doubt that they could retain it as long as they pleased, but otherwise they could not keep it at all. That is all the contract that they have ever had with the company.

Q. Was there any stipulation with Senator Gwin as to using his influence in Congress?—A. None at all.

Q. Or that he should use his influence in the matter of Congressional legislation?—A. None at all.

SENATOR GWIN IN WASHINGTON.

Q. Did Senator Gwin subsequently represent the company at Washington?—A. He was over there subsequently, I think, and he staid in Washington for some considerable time. I do not think that I had anything to do with that. I think that he went there at the request of Mr. Huntington.

Q. Was his business there for the Central Pacific Railroad Company?—A. I cannot say that he went there because of the company alone, but he received compensation while he was there, or for a portion of the time at any rate, from the company.

NATURE OF HIS BUSINESS.

Q. What was the nature of his business there?—A. I do not remember now what particular interest we had there that we thought his influence would be valuable. It may have been on account of the Central Pacific, and still I may be mistaken in that. When I come to think of it, I think that what he was doing there was in connection with the Southern Pacific. I think so, but I am not certain.

Q. How long did he remain in the service of either the Central Pacific or the Southern Pacific at that time in Washington?—A. I cannot say; but it certainly was not over a year. It may have been a year.

Q. Was that service of Senator Gwin rendered to the Central Pacific or to the Southern Pacific subsequent to the transfer of the local transfer business in San Francisco to his son-in-law, Mr. Coleman?—A. I do not remember that.

NO STIPULATION AS TO SERVICES IN WASHINGTON.

Q. In the conversation with reference to the conveyance of the transfer business to Mr. Coleman, was there any stipulation as to the services that Mr. Gwin should render in Washington?—A. None at all. It was purely a business transaction, and no favors were shown or extended because of it. I was very careful to make them understand that there must be an arrangement made with Kennedy & Co., and that then, if it was satisfactory to us, they could have the business, but only at our will. Whether they could retain it or not depended entirely on whether they could give us satisfaction.

Q. Did he intimate to you in any conversation anything regarding his influence with Southern Congressional delegations?—A. There was not anything of the kind talked about. It was not necessary between Sen-

ator Gwin and myself. Our personal relations had always been friendly for years, ever since the time when we traveled on the ocean together. I know that he was always a very earnest friend of the Pacific Railroad. He was our friend when it was supposed that the Southern line was the best line for a road; as a member of Congress he was a very efficient friend of the railroad, but he had nothing to do, of course, with the matter. I do not know where he was, but he had nothing to do with the passage of the present Pacific Railroad bills.

Q. How long after his retirement did he enter the service of the Central Pacific Railroad Company?—A. I am not sure as to his being in the service of the Central Pacific. I cannot recall to mind the particular service that he was expected to render at Washington, except that whatever it was he was to use his influence and knowledge of matters with the members and before the committees. It seems to me that he went before some committee for us.

CONTROL OF PRESIDENT OF ROAD OVER VOUCHERS.

Q. What control have you had as president of the company over the vouchers to be charged to the general legal expense account?—A. Of course as president of the company I have the right to go and look at everything, but I scarcely ever have looked into a book or turned over a leaf in one of the books in the secretary's office. The vouchers, of course, were kept by the secretary.

Q. Did you approve the vouchers as president?—A. I have allowed accounts.

Q. Did you approve any of the vouchers charged to the legal-expense account that you now recall?—A. I cannot recall any one, but I have no doubt that I have approved them.

Q. Are you familiar with the expenses that have been charged to the legal expense account?—A. I used to be, but I have not been very familiar with them the last two, three, or four years.

Q. Would the vouchers recall to you the purposes for which the expenses were made?—A. I do not think that they would, unless there were items in the vouchers themselves.

Q. Who else has approved vouchers to be charged to the legal-expense account?—A. Generally they have been approved by whomsoever was cognizant of the services performed. Probably some of that expense that was incurred by order of anybody in the law department would be approved by some one of the counsel who may have found it necessary to employ additional service, or procure service of any kind. I do not know whether these vouchers will specify what they were for or not. I do not remember looking at that kind of a voucher, unless some one brought it to me to be approved or allowed.

MR. HAYMOND'S CONTROL OF LEGAL EXPENSE ACCOUNT.

Q. Who is the present head of the legal department?—A. Creed Haymond.

Q. What control has Mr. Haymond over expenditures charged to the legal-expense account?—A. I think that anything that he would do in the way of his business which he might consider necessary would be approved. In our business we find it necessary to have an attorney in every county through which our line of road runs. Then we have several other attorneys and counselors in our office; and in addition to that, we employ several of the more important firms in this city, as occasion

may require. Colonel Haymond distributes our business to the different attorneys in such manner as his judgment deems the best.

Q. Do all the counsel and other attorneys report from time to time to Colonel Haymond as head of the legal department?—A. Yes, sir.

Q. How long has Colonel Haymond been at the head of that department?—A. Since the death of Judge Sanderson. There was a gentleman by the name of Sanderson at the head of the department for a number of years; but he died a little over a year ago, and Colonel Haymond succeeded him.

FORMER HEAD OF LEGAL DEPARTMENT, JUDGE SANDERSON.

Q. How long did Judge Sanderson remain at the head of the legal department?

Mr. COHEN. Seventeen years. From 1869 to 1886.

The WITNESS. I presume that is correct; I do not remember the exact time.

Q. Had Judge Sanderson the same powers of control that Colonel Haymond has over the legal department expenses?—A. Yes, sir.

Q. Would Judge Sanderson approve vouchers?—A. In that department; yes, sir. I think that they were usually approved by him, and in some cases, perhaps, some would be approved by others. They would be approved by who ever rendered the service or procured it to be rendered. Judge Sanderson was at the head of the department, and the vouchers would generally have his approval. We had another attorney who was with us a good many years. He had charge of what you might call the executive part of the business, and during the time that he was there he would frequently approve vouchers. He attended to a great many things, and Judge Sanderson did only that which it was necessary for him to do. All the minor work was done by some one else.

Q. What was the name of the gentleman who aided Judge Sanderson?—A. Robert Robinson.

JUDGE ROBINSON THE PREDECESSOR OF JUDGE SANDERSON.

Q. Who had charge of the department prior to Judge Sanderson?—A. Judge Robinson. I think that Judge Robinson was the early attorney of the company. Judge Crocker was an early attorney, but I think that Judge Robinson was the active one, doing most of the business prior to Judge Sanderson's time.

Q. So that all the vouchers as to their being correct, I understand from you, were passed upon during these years by either Colonel Haymond, Judge Sanderson, or Judge Robinson?—A. No, sir; I do not say that.

Q. Who else would do it?—A. I am not sure. Others might do so. If any of these gentlemen in our employ, perhaps forty or fifty of them, should sign a voucher and state that they had had occasion to make certain expenditure, it would be allowed. I am not sure what ones have ever done this, but we have in our employ here in San Francisco some of the most eminent attorneys of the State. I do not know that there has ever been any special discretion conferred upon them, but any bills that they would certify to as having been incurred on behalf of the company, I have no doubt would be allowed.

LEGAL EXPENSE VOUCHERS PAID ON APPROVAL OF PRESIDENT.

Q. During these years, were legal expense vouchers paid upon your approval as president?—A. I do not think that a great many were paid

upon my approval. I am away a great deal, but when I am here I have no doubt that I do approve such vouchers.

Mr. HAYMOND. I have been accustomed when I have had any large vouchers to take them to you for your approval. Many times these vouchers would not show the items going to make up the total, and I wanted some one to approve them. Those vouchers I am prepared to explain.

The CHAIRMAN. I understand from Colonel Haymond's statement to you that all the vouchers in the legal expense account are so stated or itemized that the expenditures can be explained.

CHARGES MADE REGARDING LEGAL EXPENSE VOUCHERS.

Mr. HAYMOND. No, sir; that is not so. The vouchers do not always show all these items. Shortly after I went into the law department there was a complete change in the method of doing business. We used to litigate with everybody, and had a suit with everybody who had any claim against the company. We used to take the representations of our own men in all cases, until the Central Pacific Railroad Company had over three hundred suits pending against it when I went into its employ. I frequently found that when we came to trial the reports furnished us by our own men were not correct. I frequently tried cases myself, and often spent four or five thousand dollars in a case in order to ascertain what the truth was. When I had gained all the facts in that class of cases, I would go to Governor Stanford and tell him that these reports were not correct, and that I believed that this person or the other person was entitled to so much money. Frequently when I knew that I was right, I would pay these claims from my own funds, and let the amount run on until it amounted to probably ten or fifteen thousand dollars. I seldom asked for reimbursement until the amount was quite considerable, and then I would take the vouchers to Governor Stanford or to Mr. Hopkins and explain them, and a voucher would be drawn in my favor for the total. In that way the vouchers would be really payable to me. Previous to the inauguration of this system we had a great deal of litigation, because Judge Sanderson looked at everything from the standpoint of the lawyer. The new method of doing things saved a great many expenditures which had become necessary under the old system, and it reduced the legal expenses of the Central Pacific nearly $200,000 in three years. At the present time we have not more than fifteen or twenty cases pending against the Central Pacific. We have made peace for the Central Pacific, and this has had a great deal to do with the change in public sentiment toward that company. We now practically try all of these cases in our own office. If we find that there is the least liability on the part of the company, we make a settlement.

POOR HEALTH OF JUDGE SANDERSON.

The CHAIRMAN. I understand that your explanation applies, however, only to the years 1886 and 1887.

Mr. HAYMOND. No, sir; for a long time before I became chief counsel I did the principal part of the business, because Judge Sanderson was not very well. In fact, at the time that I was employed, Governor Stanford explained to me that I should go into the legal department for the purpose of relieving Judge Sanderson, who was regarded as the most valuable man in this State, and they wanted to do everything that

they could to preserve his health. They wanted all the work possible to be kept away from him. Although all the improvements that I made were made in his lifetime, and were made by me in his name, they were practically made without much consultation with him, for he did not want to be bothered with it. He had never done that kind of business in his life. He was a thorough lawyer, and would accept the reports of our engineers and conductors as final. If these reports showed no liability on the part of the company, the claims would be contested. He would take the word of who ever did the injury that was complained of, and would care to go no further. After I went there I managed to have all of this changed, so that now we have comparatively little litigation and no ill-feeling against us.

WHO CAN EXPLAIN THE VOUCHERS?

The CHAIRMAN. I want to know who is the real party who can explain these vouchers. Can you tell me that?

Mr. HAYMOND. I can explain many of them, although some of them may have occurred before my time.

The CHAIRMAN. What period did you cover?

Mr. HAYMOND. That is difficult for me to say. The other day I thought that I had been with the company but five years, but when I came to look at the books I found that I had been there six years.

The CHAIRMAN. Would that cover your entire knowledge of the vouchers?

Mr. HAYMOND. Yes, sir. There might be many vouchers that did come to me for my approval, and while they would be perfectly proper they would not show the items of the expenditures. There might be many of them on which it would not be proper to state the items or to give any statement showing just where the money went.

The CHAIRMAN. Prior to this six years, who can explain to the Commission these expense vouchers?

Mr. HAYMOND. I do not think anybody living.

The WITNESS. Judge Robinson is not in condition to explain anything. I think that he overtaxed himself, and he has not been able to be around or to do any business for some years.

Q. Where is Robert Robinson now?—A. He is living in this city.

GENERAL EXPENSE AS DISTINGUISHED FROM LEGAL EXPENSE VOUCHERS.

Q. Who approved the general expense account vouchers as distinguished from the legal expense vouchers?—A. I do not know.

Q. Did you at any time approve any vouchers charged to the general expense account, as president?—A. Yes. I cannot remember any particular ones, but I know that I frequently approve accounts. There are regular officers who approve accounts, but sometimes they come to me and ask me to approve them.

Q. Were all the items of expense in a voucher, approved by you and charged to the general expense account, explained before your approval?—A. They were explained to my satisfaction.

Q. Can you explain to the Commission, in detail, the items of expenditures in the several vouchers approved by you and charged to the general expense account?—A. I do not suppose that I could explain one, or tell the year, except by the date of the vouchers themselves.

THEOPHILUS FRENCH.

Q. Do you know Mr. Theophilus French?—A. Slightly.

Q. When did you first become acquainted with Mr. Theophilus French?—A. He was out here as a Government commissioner to examine our business, books, accounts, and so forth. He was appointed United States Auditor of Railroad Accounts.

By the CHAIRMAN. He was the first auditor in 1878 of railroad accounts.

Q. What was the date of his visit to San Francisco?—A. I do not remember.

Q. Do you know whether it was in 1880 or 1882, or in 1879?—A. I cannot tell you the year. It was somewhere about that time. It was some years ago.

Q. Did you have any conversation with him while he was here?—A. Very little.

Q. Did he examine the accounts of the company?—A. I think that he was around the office with his accountants for several weeks.

Q. Have you had any knowledge at any time of the report that he made on the condition of the legal expense and the general expense accounts?—A. I presume that I have seen the report, but I cannot now remember anything about it.

Q. Were you asked for any explanations?

The WITNESS. By whom?

The CHAIRMAN. By Mr. French.

The WITNESS. I do not think that I had any conversation with him about the accounts. I have not the least recollection that he ever asked me to explain anything.

EMPLOYED FOR ONE OF THE COMPANIES.

Q. Was he ever employed by the company?—A. It seems to me that after he ceased to be railroad auditor he was employed by Mr. Huntington for some one of the companies. I think that I heard Mr. Huntington say that he had employed Mr. French to do something or other, but I do not remember.

Q. Do you remember the compensation that was paid Mr. French for his services?—A. No, I do not.

Q. Do you know whether it was five thousand or six thousand dollars a year?—A. I do not know anything about it. I have no idea that I ever heard it mentioned, or that I ever asked any question with regard to it.

Q. Was his employment considered by the board of directors?—A. I do not think so. I call to mind the fact that for some reason—and I presume that Mr. Huntington told me why he employed him—Mr. French was employed by the company. Mr. Huntington wanted him for something or other. I am sure that he told me that he had either employed French or was going to employ him. That is probably the only conversation that I ever had with anybody about it.

Q. How long after he was railroad commissioner was he employed by your company?—A. That I cannot say.

CHARACTER OF HIS EMPLOYMENT.

Q. I call attention to the exhibit submitted to the Commission in answer to interrogatory No. 32, wherein Agent Theophilus French appears with an annual salary of $6,000 from April 1, 1882, to March 31, 1885,

I will ask you to examine it, and see whether it recalls anything to your mind of the character of the employment of French by the company?—A. April, 1882, to March, 1885, would be three years. I have handed him this statement as it was furnished to me by Mr. Miller, and that is really all that I know about it. In regard to this French matter, my recollection is, as I have already told you, that Mr. Huntington told me that he either had employed him or was going to employ him in and about our business.

Q. What kind of business was French to do for you?—A. We have always had more or less business before the Departments in Washington; and I presume that he was to be employed to attend to that. I cannot say as to that, however.

Q. If he was employed by the company in 1882 it must have been soon after he severed his connection with the Government at Washington as Railroad Auditor, must it not?—A. I do not know what time he severed his connection with the Government. Was it by expiration of his term, or did he resign?

The CHAIRMAN. I do not remember.

The WITNESS. I do not know anything about that.

The CHAIRMAN. Has he been employed by the Southern Pacific Company since 1885?

A. Not to my knowledge.

Q. Did Mr. Huntington give him a recommendation to you at the time of your conversation with Mr. Huntington regarding the employment of Mr. French?—A. I did not employ French.

HUNTINGTON REGARDED FRENCH AS A VALUABLE MAN.

Q. At the time of the employment of French or before that time when you had a conversation with Mr. Huntington, did Mr. Huntington explain to you the character of the ability that Mr. French would bring to the road?—A. I remember that he thought that French, with his knowledge of our matters and of the Departments, would be a valuable man. That is about the general idea. As to his peculiar qualifications for the place I do not remember that they were discussed.

Q. Did French write any letters to you?—A. Not to my recollection.

Q. Have you read any of the letters that French has written to Mr. Huntington?—A. I do not think that I ever did. Still, I might have done so. Such a thing as that may have occurred without my recollecting it.

Q. How long has Mr. French been out of the employ of the Central Pacific?—A. I do not know.

Q. Has he been employed by the Southern Pacific Company?—A. I do not know anything about his employment of any kind, except what I have told you, two or three times over.

Q. Did Mr. French make any suggestion to you or to Mr. Huntington as to his knowledge of the affairs of the Central Pacific road, and what he was going to do with that knowledge?—A. I do not remember it.

PUBLICATION BY FRENCH CONCERNING CENTRAL PACIFIC.

Q. Are you aware of a publication made by Mr. French concerning the affairs of the Central Pacific which appeared in the New York World?—A. I saw it at the time.

Q. Do you know of any conversation or any meeting between Mr. Huntington and Mr. French as to the publication of that article prior

to its being published?—A. I am not sure whether Huntington told me that French had been to him or not regarding that publication. I have an impression, and yet I do not recollect it, or where it came from, that he had been to Huntington before that publication.

Q. Did Mr. French complain to Mr. Huntington that you had a knowledge of his dismissal?—A. I do not know anything about French's complaint. I say that I have an impression, which I received either from Mr. Huntington or some one else, that French had been after Mr. Huntington about railroad matters before that article appeared in the World.

PURPOSE OF FRENCH'S VISIT TO HUNTINGTON.

Q. What impression have you now or had you then, that you can recall, of the purpose of the visit of Mr. French to Mr. Huntington?—A. I shall have to refer you to Mr. Huntington about that. I was in Washington at the time, and I do not think that I saw Mr. Huntington for some time afterwards.

By Mr. BERGIN:

Q. You do not know anything of your own knowledge about this matter, do you?—A. I do not remember whether I got it from Mr. Huntington or whether I had it from some one else that French was a blackmailer.

By the CHAIRMAN:

Q. Did Mr. French make any threat against the company and as to the account of his dismissal from his employment?—A. I never heard of it. I do not know when he was dismissed and could not state, prior to this conversation, that I had ever heard that he was in the employ of the company for any considerable length of time. I suppose that it was about the time that I went to Europe to be gone some considerable time that Huntington told me about French. I think that occurred just prior to my leaving for Europe, and I do not believe that I ever heard any mention again of the name of French until since this publication in the World.

Q. What did you hear then?—A. I do not think that I have heard Mr. Huntington speak of French except contemptuously.

Q. What did you say to Mr. Huntington concerning French's course?—A. I do not remember what I said. I remember what I thought, if you want that.

THOUGHT FRENCH TRIED TO BLACKMAIL HUNTINGTON.

Q. What impression had you of the conduct of Mr. French?—A. I thought that he had tried to blackmail Huntington for some purpose or other. That is what I thought.

Q. Did you talk to Mr. Huntington about French?—A. I do not remember.

Q. Did you drop the subject there?—A. I do not know whether I dropped the subject or not. I only had the impression. That is all.

Q. Are you unable to recall the fact. It has only occurred within the last few months, has it not?—A. I do not recall the fact.

Q. You remember the publication, do you not?—A. I remember the publication in the World. That was some time last winter.

Q. Then your thought in relation to his conduct was subsequent to the publication, as I understand you?—A. Yes, sir; I do not know that

I ever had any occasion to think ill of Mr. French until I saw this. The first notice that I had of it was what I saw in the World.

Q. With whom did you talk about the publication after that?—A. I do not know that I talked much with anybody about it.

R. FRANCHOT.

Q. Were you acquainted with Mr. R. Franchot?—A. Yes, sir.

Q. When did your acquaintance begin?—A. A long time ago. I do not remember.

Q. Was it subsequent to the organization of the railroad company?—A. Yes, sir; it was subsequent to that.

Q. Was he employed by the company?—A. Yes, sir.

Q. How was he employed?—A. He was employed as an agent, representing our affairs at Washington more particularly.

Q. How was he employed?—A. Sometimes I guess he would do almost anything that he was called upon to do in the general interest of the company, but more particularly as an agent at Washington.

CHARACTER OF FRANCHOT'S DUTIES AT WASHINGTON.

Q. What was the character of his duties at Washington?—A. Representing generally the interests of the company with the Departments and with such people as might become of consequence—members of Congress, very likely. He had standing there, and had many friends among them.

Q. Had he any power as to the expenditure of money?—A. I cannot say. He never had any such power from me. I do not remember that I ever gave him any positive directions with regard to the business.

Q. With whom did he deal as to his expenses account in Washington, with which officer of your company?—A. He was immediately under Mr. Huntington, and anything of that kind would go through that source.

Q. Was he a member of Congress prior or subsequent to his employment by the company?—A. I do not know when he was a member of Congress. I was not acquainted with him at that time. I think that it must have been prior to any employment by the company.

VOUCHER IN FAVOR OF FRANCHOT.

The CHAIRMAN. I call for the production from the general expense account of 1869, December 10, of voucher in favor of R. Franchot, expenses, $500.

Mr. COHEN. Have you not got it already? You have most of our vouchers.

The CHAIRMAN. If we have got it, you need not produce it.

The WITNESS. Is Franchot on that list you have?

Mr. COHEN. It is on the list. It is on the list attached to your answer to question 32.

By Commissioner ANDERSON:

Q. Who made that list?—A. It was furnished to me by Mr. Miller.

Q. I notice one or two omissions which I do not understand. You have several distinguished gentlemen to whom money has been paid whose names do not appear. April 24, 1869, Roscoe Conkling appears to have received $10,000. I do not know why that was omitted.

Mr. HAYMOND. He was not in the regular employment of the company, but he has been paid fees from time to time for arguing cases in the Supreme Court of the United States. I suppose that the railroad company has as much right to employ him as it has to employ anybody else.

MOST PROMINENT LAWYERS OF THE COUNTRY EMPLOYED.

Mr. COHEN. You will also find that the company has employed at various times Mr. Edmunds and Mr. Evarts, and a number of the most prominent lawyers of the country.

The CHAIRMAN. Nobody questions the right of the company to employ these men, or the right of these men to accept that employment. We simply ask these questions for our information.

The WITNESS. Everything that we have done might probably be considered as objectionable by a certain class of people. I will say that Mr. Conkling was employed on a number of occasions to argue cases in the Supreme Court of the United States, and I believe, although I am not certain, that I once engaged his services myself. At any rate, I talked with him about it, but whatever has been paid I think has always been settled by Mr. Huntington.

OFFICERS RECEIVING $5,000.

Mr. COHEN. Is not your inquiry confined to those on the pay-roll who receive an annual salary?

Commissioner LITTLER. An annual salary of $5,000.

Commissioner ANDERSON. Or compensation. It is in the act.

Mr. HAYMOND. Will you please look and see?

Mr. COHEN. Congress empowers this Commission to inquire into the amount of the annual salaries or compensation that are now, or at any prior time have been, paid to any officer or employé of said company, when such salary or compensation amounts to $5,000 or more per annum, and the names of the persons now receiving or who have heretofore received such salaries or compensation. This certainly does not apply to special employment.

The WITNESS. Mr. Conkling has never had any salary from us. He has had several fees for his services. If that is the construction it is all right, but at any rate it is immaterial.

Mr. HAYMOND. It is necessary to protect the name of Mr. Conkling. He never received a cent that he was not entitled to, and I do not see why anybody in any manner should impugn his official conduct as a Congressman.

NO ONE'S CONDUCT IMPUGNED.

Commissioner ANDERSON. His conduct is not impugned by showing that he received a fee of $10,000.

The CHAIRMAN. We are not impugning the conduct of anybody.

Mr. HAYMOND. I do not care, so far as I am concerned, what facts are brought out on this investigation; but only the proper construction should be placed upon them. I see no objection to stating all the facts, because I do not believe that any of you gentlemen regard that there is anything wrong in it. Mr. Conkling was publicly employed, and appeared in the Supreme Court of the United States in some of the greatest cases ever argued there, and in one of the greatest questions ever decided by that court.

Commissioner ANDERSON. Not in 1869. Did he argue the Thurman act case?

Mr. HAYMOND. That was one; and the question argued in that case was whether Congress had power to impair the obligations of a contract, which the Supreme Court of the United States decided that it could do. Since then, I believe, it has decided to the contrary.

AN ILLOGICAL DECISION OF THE SUPREME COURT.

The WITNESS. One of the most illogical of the decisions of the Supreme Court was this one which decided that the clause in the Constitution prohibiting a State from passing any act impairing the obligations of contracts did not apply to the United States, because it did not say in the Federal Constitution that Congress should not pass any act impairing the obligation of a contract. Some of them satisfied their judgments with that kind of reasoning.

By the CHAIRMAN:

Q. Do you recall any expense made by yourself in 1875 and charged to the general-expense account in the month of December? I refer to the voucher, December 31, 1875, Leland Stanford, $171,781.80, charged to the general-expense account.

Mr. COHEN. We would like time to consider whether we should make objection as to that.

The WITNESS. What objection is there to it?

Mr. HAYMOND. It may possibly never have been charged to the expense account.

Mr. COHEN. The question is, whether he recollects it.

The WITNESS. Are there vouchers for it?

Q. Would the voucher aid you in recalling the expenditure?—A. If there is anything on it it might do so.

The CHAIRMAN. I call for the production of the voucher of December 31, 1875.

The WITNESS. Of the fact itself I do not remember anything.

CALL FOR VOUCHERS.

The CHAIRMAN. I also call for the voucher of December 1, 1875, L. Stanford, $8,777.15, charged to the same account; also, same year, 1875, the voucher of February 7, L. Stanford, $20,000; September 3, 1878, L. Stanford, $12,000; legal-expense account, December, 1875, L. Stanford, $15,117.33; November 12, 1878, L. Stanford, $46,816.94; also, September 27, 1879, L. Stanford, $38,156.03. Recurring to the general-expense account, September 7, 1875, L. Stanford, $50,000, we would also like that voucher. Without calling for any more at present, I ask for the production of those vouchers this afternoon.

Mr. COHEN. I think that you have all the vouchers here.

Commissioner ANDERSON. We have all prior to 1872, and these are subsequent to that time.

Mr. COHEN. I do not think that we can get them here by 2 o'clock, but we will try.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Friday, August 5, 1887

Afternoon session.

The CHAIRMAN. Are you ready to produce the voucher with reference to the payment to Mr. Theophilus French for the sum of $6,000, named in the exhibit produced by Mr. Stanford?

Mr. COHEN. We will produce every voucher that you call for that is pertinent to this inquiry; but you called for them just before the adjournment, and we had no time except to get our lunch and no time for consultation, and I have not been to the railroad office; but every voucher that you called for, that ought to be produced, we certainly will produce, but we cannot produce them now, at this moment.

NO QUESTION AS TO PRODUCTION OF VOUCHERS.

The CHAIRMAN. Is there any question about the production of the vouchers?

Mr. COHEN. I know of none now; but I thought that we would take Saturday afternoon if you were not sitting at that time, or Sunday, if necessary, to hunt up all these papers, and whatever we can produce we will have here Monday morning. We can [illegible] have them this afternoon very well, unless you adjourn so that we can go for them. There is a very large hole now in the place where vouchers are kept, for many vouchers have been delivered to your secretary.

The CHAIRMAN. In order to examine Senator Stanford it is necessary to have the five vouchers that I called for, and I understood at the adjournment that there would be no trouble as to the production of those vouchers.

Mr. COHEN. No, sir; but there is a misunderstanding. I did not so understand it.

The CHAIRMAN. I desire the following vouchers:

December 31, 1875, Leland Stanford	$171,781.00
On December 31, 1875	8,877.15
February 17	20,000.00
September 7, Leland Stanford	50,000.00
November 1, 1877	83,418.00
On February 14, 1878	10,000.00
1875, charge for legal expenses, L. Stanford	15,137.00
November, 12, 1878, L. Stanford	18,168.71
September 27	38,156.00

Mr. COHEN. There has been a misunderstanding. I did not know that you wanted them this afternoon or I would have gone to the railroad office and hunted them up.

Commissioner ANDERSON. I think the best way would be to make a list now of all the vouchers you want, and give them plenty of time to get them together and have them here Saturday.

CALL FOR SPECIFIC VOUCHERS.

The CHAIRMAN. Very well; I will make a call for the following:

Date.	Name.	Amount.
1868.		
Nov. 10	C. P. Huntington, expenses	$500.00
Nov. 10	R. Franchot, expenses	500.00
	Total	1,000.00
1869.		
Jan. 28	Chas. Crocker, contingent expenses	7,000.00
Jan. 23	C. P. Huntington	500.00
Jan. 24	C. P. Huntington	2,000.00
Feb. 6	C. P. Huntington	1,000.00
Mar. 2	R. Franchot, expenses	3,298.55
Apr. 4	C. P. Huntington	500.00
May 13	Geo. C. Gorham	500.00
June 1	R. Franchot	1,000.00
June 3	C. P. Huntington	100.00
June 11	R. Franchot	348.11
June 14	I. E. Gates	1,250.00
	E. B. Ryan	2,048.82
July 6	C. P. Huntington	10,625.00
July 16	C. P. Huntington	250.00
July 16	C. P. Huntington	1,450.00
July 27	R. Franchot	4,012.13
Aug. 2	J. F. Wilson	2,000.00
Aug. 2	W. H. Stewart	3,000.00
Nov. 8	Leland Stanford	4,000.00
Nov. 8	Hiram Walbridge	1,000.00
Nov. 8	C. P. Huntington	500.00
Nov. 14	C. P. Huntington	500.00
Nov. 15	C. P. Huntington	2,000.00
Dec. 6	R. Franchot	1,500.00
	James H. Storrs, expenses	10,698.43
	Dent & Paige	2,700.00
	Total	63,561.03
1871.		
Jan. 7	R. Franchot	1,000.00
Jan. 19	R. Franchot	1,731.75
Feb. 28	R. Franchot	500.00
Mar. 7	R. Franchot	2,242.47
Mar. 10	L. E. Chittenden	324.50
Mar. 15	C. P. Huntington	2,500.00
Mar. 26	C. P. Huntington	2,500.00
Apr. 21	C. P. Huntington	1,000.00
Dec. 23	C. P. Huntington	500.00
	R. Franchot	1,200.00
	Total	13,498.72
1872.		
Jan. 13	R. Franchot	33.00
Jan. 13	R. Franchot	13,200.00
Jan. 17	C. P. Huntington	1,000.00
Jan. 25	R. Franchot	1,000.00
Feb. 28	C. P. Huntington	500.00
Mar. 26	C. P. Huntington	500.00
Mar. 27	C. P. Huntington	500.00
Apr. 17	C. P. Huntington	1,000.00
May 7	R. Franchot	5,000.00
May 15	R. Franchot	5,000.00
June 1	J. C. Kennedy	800.00
June 26	C. P. Huntington	500.00
July 16	Richard Franchot	19,285.50
July 31	I. E. Gates	5,000.00
Aug. 1	I. E. Gates	500.00
Sept. 15	C. P. Huntington	1,000.00
Sept. 21	I. E. Gates	500.00
Sept. 29	I. E. Gates	4,000.00
Sept. 30	I. E. Gates	200.00
Dec. 31	Services in 1872	13,233.33
	Total	73,261.83

Date.	Name.	Amount.
1873.		
Mar. 6	R. Franchot	$5,148.48
Mar. 12	I. E. Gates	1,700.00
Mar. 27	C. P. Huntington	500.00
	Total	7,348.48
1874.		
Jan. 13	R. Franchot	500.00
Jan. 16	I. E. Gates	200.00
Mar. 10	Fisk & Hatch	12,130.94
May 14	C. P. Huntington	500.00
June 23	C. P. Huntington	20,000.00
June 15	Fisk & Hatch	1,910.52
June 27	R. Franchot	3,700.00
July 9	R. Franchot	150.00
July 10	I. E. Gates	200.00
July 11	I. E. Gates	200.00
Sept. 11	C. P. Huntington	5,000.00
Oct. 16	I. E. Gates	231.00
Nov. 29	I. E. Gates	200.00
Nov. —	General Dwyer, United States commissioner	1,000.00
Dec. 2	"W. A. W." Paid by C. P. Huntington	4,883.48
Dec. 29	C. P. Huntington	2,000.00
	Total	52,844.94
1875.		
Jan. 6	C. P. Huntington	2,500.00
Jan. 11	I. E. Gates	5,000.00
Mar. 3	C. P. Huntington	1,502.50
Mar. 5	R. Franchot	1,500.00
Mar. 25	R. Franchot	1,520.00
Mar. 25	C. P. Huntington	3,000.00
Apr. 27	I. E. Gates	1,000.00
Apr. 30	R. Franchot	500.00
Dec. 31	Leland Stanford	171,781.89
Dec. 31	Leland Stanford	8,877.15
	Total	197,311.54
1876.		
Jan. 4	N. T. Smith, for amount paid H. S. Brown	5,000.00
Feb. 7	L. Stanford, 1875	20,000.00
Jan. 24	C. P. Huntington	2,500.00
Mar. 31	I. E. Gates	5,000.00
Apr. 1	C. P. Huntington	5,000.00
Apr. 6	C. P. Huntington	5,000.00
Apr. 17	Jas. H. Storrs	1,621.00
Apr. 19	"Attorneys'" fees	5,000.00
May 12	I. E. Gates	5,000.00
May 15	I. E. Gates	5,000.00
May 19	I. E. Gates	1,000.00
Apr. 20	Edward Larned	1,000.00
May 4	Anna Franchot	25,000.00
June 2	S. C. Pomeroy	1,000.00
June 3	I. E. Gates	5,000.00
June 19	I. E. Gates	10,000.00
	New York papers (Tribune, Times, World, and Bulletin	3,381.45
July 19	C. H. Sherrill	3,000.00
July 26	I. E. Gates	10,000.00
July 12	S. L. H. Barlow	2,500.00
Aug. 30	D. D. Colton	1,000.00
Sept. 7	Leland Stanford	50,000.00
Aug. 18	R. B. Mitchell	1,500.00
Aug. 21	S. W. Kellogg	600.00
Sept. 12	Lyman Trumbull	10,000.00
	R. Franchot (no date)	15,686.92
Sept. 22	Disbursements, Western Development Company	50,000.00
Oct. 4	C. P. Huntington	500.00

Specific vouchers—Continued.

Date.	Name.	Amount.
1876.		
Oct. 5	C. P. Huntington	$2,500.00
Oct. 14	C. P. Huntington	6,300.00
Nov. 3	D. D. Colton	5,000.00
Nov. 8	D. D. Colton	8,000.00
Oct. 17	L. E. Gates	5,000.00
Oct. 21	L. E. Gates	5,000.00
Oct. 23	L. E. Gates	1,000.00
Oct. 26	L. E. Gates	700.00
Oct. 30	L. E. Gates	1,000.00
Nov. 10	"Legal expenses"	2,500.00
Nov. 13	L. E. Gates	1,000:00
Nov. 14	L. E. Gates	1,000.00
Nov. 15	L. E. Gates	1,000.00
Nov. 16	C. P. Huntington	5,000.00
Dec. 1	L. E. Gates	3,000.00
Dec. 7	L. E. Gates	1,000.00
	Total	290,301.37
1877.		
Feb. 6	Western Development Co.	26,000.00
Jan. 3	"Legal expenses"	10,000.00
Jan. 15	"Legal expenses"	5,000.00
Jan. 8	L. E. Gates	5,000.00
Feb. 19	L. E. Gates	10,000.00
Feb. 26	C. P. Huntington	5,000.00
Mar. 9	L. E. Gates	2,000.00
Mar. 13	Jas. H. Storrs	1,125.35
Mar. 24	L. E. Gates	500.00
Mar. 29	L. E. Gates	5,000.00
Apr. 23	C. H. Sherrill	15,000.00
May 9	C. H. Sherrill	300.00
May 24	L. E. Gates	5,000.00
June 2	C. H. Sherrill	2,000.00
June 4	C. H. Sherrill	1,000.00
June 30	C. P. Huntington	5,000.00
July 2	L. E. Gates	200.00
Sept. 5	C. P. Huntington	1,000.00
Sept. 7	"Legal expenses"	10,440.00
Sept. 15	C. P. Huntington	1,000.00
Sept. 20	C. P. Huntington	2,000.00
Oct. 30	H. Hopkins order	5,000.00
Nov. 1	Leland Stanford	62,418.98
Oct. 5	C. P. Huntington	1,500.00
Oct. 15	C. P. Huntington	2,000.00
Oct. 24	C. P. Huntington	1,000.00
Nov. 9	L. E. Gates	5,000.00
Nov. 16	L. E. Gates	5,000.00
Dec. 22	Leland Stanford	52,500.00
Dec. 8	L. E. Gates	2,500.00
Dec. 18	L. E. Gates	5,000.00
Dec. 19	L. E. Gates	1,000.00
Dec. 26	C. P. Huntington	2,000.00
	Total	279,573.44
1878.		
Feb. 14	L. Stanford	10,000.00
Jan. 11	C. P. Huntington	1,150.00
Jan. 24	L. E. Gates	1,600.00
Feb. 20	C. P. Huntington	2,500.00
Mar. 18	C. P. Huntington	5,500.00
Mar. 19	C. P. Huntington	4,500.00
Apr. 12	L. E. Gates	1,750.00
Apr. 18	L. E. Gates	200.00
June 7	L. Stanford	13,000.00
May 4	Jas. H. Storrs	1,000.00
May 20	L. E. Gates	5,000.00
May 25	L. E. Gates	2,500.00
May 27	L. E. Gates	5,000.00
June 20	L. Stanford	111,431.25
June 20	Jos. H. Bell	38,500.00
June 22	L. E. Gates	2,000.00
June 25	L. E. Gates	500.00
June 29	C. P. Huntington	99,167.20
Aug. 15	C. P. Huntington	42,855.06
Aug. 15	New York Items	1,168.62
Sept. 2	Leland Stanford	12,000.00
Sept. 4	S. T. Gage	3,000.00
Aug. 2	A. J. Howell	200.00
1878.		
Aug. 3	Jas. A. George	$200.00
Aug. 19	T. M. Norwood	287.50
Aug. 29	John Boyd	200.00
Sept. 23	D. D. Colton	1,000.00
Oct. 1	D. D. Colton	2,000.00
Oct. 4	D. D. Colton	3,000.00
Sept. 3	A. J. Howell	200.00
Sept. 3	J. A. George	200.00
Sept. 4	T. M. Norwood	150.00
Sept. 14	L. E. Gates	1,000.00
Sept. 19	O. M. Bradford	1,000.00
Sept. 23	J. A. George	75.00
Sept. 27	L. E. Gates	150.00
Sept. 27	J. G. Printim	5,000.00
Sept. 28	L. E. Gates	60.00
Oct. 1	John Boyd	2,000.00
Oct. 1	John Boyd	200.00
Oct. 1	J. A. Howell	200.00
Oct. 1	J. A. George	200.00
Oct. 3	L. E. Gates	200.00
Oct. 5	L. E. Gates	5,000.00
Oct. 7	L. E. Gates	3,000.00
Oct. 7	J. E. Forney	1,000.00
Oct. 10	L. E. Gates	200.00
Oct. 19	L. E. Gates	3,000.00
Oct. 22	L. E. Gates	6,000.00
Oct. 24	C. P. Huntington	3,000.00
Oct. 26	L. E. Gates	3,000.00
Oct. 28	L. E. Gates	10,000.00
Oct. 29	L. E. Gates	10,000.00
Nov. 2	John Boyd	5,000.00
Nov. 2	T. M. Norwood	200.00
Nov. 11	L. E. Gates	1,000.00
Nov. 13	L. E. Gates	500.00
Nov. 21	C. H. Sherrill	1,000.00
Nov. 21	O. M. Bradford	1,000.00
Nov. 22	J. A. George	75.00
Nov. 27	L. E. Gates	100.00
Nov. 27	T. M. Norwood	200.00
Dec. 2	John Boyd	200.00
Dec. 5	L. E. Gates	200.00
Dec. 9	L. E. Gates	10,000.00
Dec. 17	L. E. Gates	2,000.00
Dec. 23	John H. Flagg	10,000.00
Dec. 26	L. E. Gates	100.00
	Total	471,000.00
1879.		
Jan. 2	L. E. Gates	1,000.00
Jan. 7	L. E. Gates	10,000.00
Jan. 7	J. H. Bell	500.00
Jan. 13	L. E. Gates	5,000.00
Jan. 17	T. M. Norwood	1,000.00
Jan. 22	L. E. Gates	10,000.00
Jan. 25	L. E. Gates	2,000.00
Feb. 1	L. E. Gates	10,000.00
Feb. 14	L. E. Gates	10,000.00
Feb. 16	T. M. Norwood	200.00
Feb. 24	L. E. Gates	10,000.00
Feb. 25	T. M. Norwood	200.00
Mar. 11	John H. Flagg, "legal"	10,000.00
Mar. 6	Charles Crocker	5,000.00
Mar. 11	C. Crocker	200.00
Mar. 25	C. Crocker	20,000.00
Mar. 28	C. Crocker	3,000.00
Mar. 28	S. T. Gage	200.00
Apr. 1	S. T. Gage	200.00
Apr. 2	S. T. Gage	200.00
Apr. 14	T. M. Norwood	2,000.00
Apr. 14	C. H. Sherrill	1,000.00
May 1	Chas. Crocker	60,000.00
May 6	Chas. Crocker	40,000.00
May 8	C. H. Sherrill	1,000.00
May 10	T. M. Norwood	200.00
June 3	C. H. Sherrill	100.00
June 6	C. H. Sherrill	1,000.00
June 20	L. E. Gates	1,000.00
July 23	L. Stanford	500.00

Specific vouchers—Continued.

Date.	Name.	Amount.	Date.	Name.	Amount.
1879.			1880.		
July 3	C. H. Sherrill	$3,000.00	Apr. 23	C. H. Sherrill	$2,500.00
July 8	I. E. Gates	1,000.00	May 1	I. E. Gates	6,000.00
Aug. 16	T. M. Norwood	1,282.80	May 12	"Legal expenses"	1,500.00
Aug. 2	L. Stanford	780.50	May 14	W. H. Marcy	1,000.00
Aug. 6	I. E. Gates	1,000.00	May 18	Legal expenses	5,000.00
Aug. 15	I. E. Gates	2,500.00	May 24	Legal expenses	2,500.00
Aug. 27	T. M. Norwood	800.00	June 4	H. V. Poor	1,000.00
Sept. 6	Leland Stanford	4,145.20	June 10	C. H. Sherrill	1,500.00
Oct. 2	I. E. Gates	250.00	June 29	I. E. Gates	3,000.00
Oct. 22	T. M. Norwood	449.98	June 30	I. E. Gates	3,000.00
Oct. 28	I. E. Gates	5,000.00	July 1	C. H. Sherrill	3,922.67
Oct. 30	I. E. Gates	2,500.00	July 2	"Legal expenses"	7,500.00
Nov. 15	C. H. Sherrill	1,000.00	Aug. —	C. P. Huntington	1,000.00
Nov. 9	I. E. Gates, "legal"	1,000.00	Aug. 11	I. E. Gates	800.00
Nov. 12	I. E. Gates, "legal"	5,000.00	Sept. 24	I. E. Gates	500.00
Nov. 17	I. E. Gates, "legal"	5,000.00	Sept. 27	I. E. Gates	500.00
Nov. 24	I. E. Gates, "legal"	5,000.00	Oct. 6	C. H. Sherrill	1,500.00
Nov. 25	I. E. Gates, "legal"	5,000.00	Oct. 15	H. V. Poor	1,000.00
Dec. 22	C. H. Sherrill	5,000.00	Oct. 29	I. E. Gates	5,400.00
	Total	244,298.08	Dec. 4	I. E. Gates	7,150.00
			Dec. 12	I. E. Gates	4,500.00
1880.			Dec. 15	C. H. Sherrill	1,500.00
Jan. 5	B. Tucker, "counsel"	500.00	Dec. 17	Shellabarger & Wilson	1,250.00
Feb. 4	B. Tucker, "counsel"	500.00	Dec. 21	I. E. Gates	5,000.00
Feb. 9	I. E. Gates	1,000.00	Dec. 21	C. E. McLean	1,500.00
Feb. 12	I. E. Gates	300.00	Dec. 22	I. E. Gates	1,000.00
Feb. 18	C. P. Huntington	5,000.00		Total	197,809.36
Feb. 25	C. H. Sherrill	1,000.00			
Mar. 3	I. E. Gates	5,000.00	1875.		
Mar. 10	I. E. Gates	4,000.00	Dec.—	Leland Stanford	15,117.32
Mar. 15	C. P. Huntington	6,000.00	1876.		
Mar. 23	I. E. Gates	500.00	Sept. 22	D. D. Colton	29,974.13
Mar. 25	C. H. Sherrill	1,500.00	Nov. 2	D. D. Colton	7,500.00
May 4	Leland Stanford	91,276.69	1878.		
Apr. 3	I. E. Gates	1,500.00	Nov. 12	Leland Stanford	46,616.94
Apr. 9	C. P. Huntington	000.00	1879.		
Apr. 19	I. E. Gates	000.00	Sept. 27	Leland Stanford	38,158.03

ADDITIONAL CALL FOR VOUCHERS.

The following vouchers are called for, in addition to those charged to legal expense account and general expense account:

Date.	Name.	Amount.	Date.	Name.	Amount.
1870.			1871.		
Nov. 11	Placer County expenses	$1,000.00	July 11	L. Stanford	$2,000.00
Nov. 11	R. Robinson	7,000.00	Sept. 19	R. Robinson	500.00
1870.			Oct. 7	State of Nevada	600.00
Jan. 7	Placer County, "assessments"	1,000.00	Oct. 11	Levi Rosener	500.00
May 7	Placer County, "legal"	1,000.00	Oct. 28	T. B. Howard	140.00
June 24	L. Stanford	6,250.00	1872.		
June 9	Placer County, "legal"	1,000.00	Dec. 31	Contract and Finance Company	15,549.40
Jan. 6	Placer County	1,000.00	1874.		
			Nov. 12	R. Robinson	500.00
1871.			1876.		
Feb. 6	Placer County, "legal"	1,000.00	Mar. 13	C. P. Huntington	10,000.00
May 6	R. Robinson, "disbursed"	1,000.00	Oct. 19	D. D. Colton	1,000.00
May 27	R. Robinson, "disbursed"	500.00			

Mr. COHEN. What is this from?

STATEMENT FROM THE NEW YORK WORLD.

The CHAIRMAN. This is a statement of the date January 15, 1887, published in the New York World, with reference to these vouchers of the expense account. Now, Mr. Cohen, we ask for the production of the vouchers that have been read.

Mr. COHEN. Very well. Will you tell me for the vouchers of which company you are asking?

The CHAIRMAN. For those of the Central Pacific.

Mr. COHEN. Will you oblige me with your copy of the New York World from which you have been reading, so that I will not have to have the stenographer write it out again.

The CHAIRMAN. I can't let you have my copy as it is the only one I have.

Mr. COHEN. Can we copy it? I suppose a copy of an indictment is all a prisoner can ask for. He is not entitled to the original.

Mr. HAYMOND. Does that purport to be a copy of Mr. French's reports?

AFFIDAVIT OF THEOPHILUS FRENCH.

The CHAIRMAN. This is an affidavit made by Theophilus French. For the purposes of your examination, and the other officers of the Central Pacific Company with reference to these vouchers, it is absolutely necessary that we have all the vouchers before us, and therefore they are called for.

Mr. COHEN. When do you wish the vouchers?

The CHAIRMAN. Just as soon as they can be produced. We wanted to go on to-day so we could close up this legal expense account and general expense account.

Mr. COHEN. You are asking a little more than can be accomplished in an hour, but I would suggest for the convenience of all parties that we will hunt up all the papers that you have called for so as to produce all that we have on Monday morning—all that we have—that will give us plenty of time.

Mr. HAYMOND. Mr. Miller says that it will take three days to get these out.

Mr. COHEN. Well, we will produce them.

The CHAIRMAN. Well, we will fix three days; say Wednesday morning at 10 o'clock. The paper from which I read the list is a published copy, and of course public to the world, but it is the only copy that I have. So far as Senator Stanford is concerned, I will not need him any further until Wednesday morning.

MR. STRONG PRODUCES LETTERS TO SUPPORT HIS STATEMENT.

Mr. BERGIN. Is it worth while encumbering the record with those letters produced by Mr. Strong?

The CHAIRMAN. We do not encumber the record. Mr. Strong produces these letters in support of his statement.

Mr. BERGIN. Yes; still you would not offer them unless they were designed to have some effect, or some pertinency to the case, and these letters are most of them the merest statements of parties, and do not constitute any element of evidence whatever.

The CHAIRMAN. Without reference to what Mr. Strong desires, they constitute a very important matter of information, so far as his general statement is concerned. The facts were brought out on cross-examination by Mr. Cohen concerning his relations with the company, and it was apparently developed by the examination that Mr. Strong was without interest. It was shown afterwards by the production of the balance sheet that he had an interest in the company in its early organization. In confirmation of the statement made by him to that effect he has produced these letters.

ENDEAVORING TO ASCERTAIN ACTUAL EXPENSE OF CONSTRUCTION.

Mr. BERGIN. Grant that it is so, still is it not as well to keep to the substantial point of the investigation, which, as I understand, is that you are endeavoring to ascertain what is the actual expense of construction. These personal matters, it seems to me, are entirely outside of that investigation.

The CHAIRMAN. Well, I call your attention to the fact that Mr. Judah, the first engineer, made an estimate with reference to the construction of a road across the Sierras, and that estimate is here, and we offer that as a matter of history, and that estimate is produced by Mr. Strong.

Mr. BERGIN. That, of course, is a mere unsworn estimate and a matter purely conjectural.

Commissioner LITTLER. I think they can go in for what they are worth.

Commissioner ANDERSON. The report is not going to hurt you; you do not have to pay for printing it.

Mr. BERGIN. That is undoubtedly true, but at the same time where it can subserve no useful purpose, and is simply airing old resentments and old feeling in regard to matters that are past and gone and can reflect no light upon the object of the investigation of the Commission, it hardly seems proper.

ARE THE LETTERS GENUINE?

Commissioner ANDERSON. Well, suppose you gentlemen agree as to whether the letters are genuine or not.

Mr. HAYMOND. Suppose Mr. Strong were to look at the books of the Central Pacific, and also at the record of the Lombard case and refreshed his mind as to when his stock in law passed from him; of course how far it passed in equity is another question, and we could give that to you in a nutshell.

The CHAIRMAN. Mr. Strong was a director of this company for four years, and was associated with Messrs. Hopkins, Crocker, Huntington, and Bailey when they were directors. All the records he produced are connected with the early organization of the Central Pacific, and that is all that he has produced with reference to the future construction of a road across the mountains.

GENTLEMEN TO BE EXAMINED ON THE SUBJECT.

Mr. COHEN. If these letters should go in we would like an opportunity of examining Mr. Huntington and Mr. Crocker in reference to their connection with Mr. Strong; he has said that these were the members of the direction with whom he had more conversations and had more direct communication than with Governor Stanford. Before the Commission close their labors we would like to examine the gentlemen on the subject of these letters.

Commissioner ANDERSON. We expect to examine Mr. Huntington in New York, and Mr. Crocker we shall only be too glad to examine if we have an opportunity, but I understand that his health is very poor.

The CHAIRMAN. Do you desire these papers read?

Mr. LITTLER. No, I do not desire to read them, but I am in favor of printing them for what they are worth.

Mr. BERGIN. As tax-payers we protest against this wasteful extravagance with our money.

Commissioner LITTLER. If you will figure out your share of the taxes the Commission will pay it.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Friday, August 5, 1887.

LELAND STANFORD, being further examined, testified as follows:

WHERE WAS THE BASE OF THE MOUNTAINS.

By the CHAIRMAN:

Question. Will you look at that paper and state what it is?—Answer. Mr. Judah, in some of his early reports, fixes the base of the mountains at somewhere about Roseville, and we assume that that was about it until we came to examine to find out where to fix the base, and when we did that we discovered that there was nothing definite in regard to the base unless we took the geological base, and the geologists we found, and particularly Dana, had described what was the base of the mountains. Then when we came to take the line of the road, there was no one point where you could put your finger and say, "There the base commences," taking the gradients of the road." I explained that to you yesterday. Finally we took the opinion of the State geologist, a very eminent man by the way, Mr. Whitney, and the surveyor-general of this State, and the United States surveyor-general in this State. They gave this their opinions. I don't remember how those came to be procured, whether they were appointed to be a commission or not; but they gave their opinion. Some gave it to one and some to the other; but I think that Whitney fixed the base at what he called the geological base; that is, where the mountain soil and rock came close down to the valley of the American River. Then there was a constant ascent of the mountains. That was Whitney's idea, according to my recollection. Another important point was that, having found the base, it was to be for 150 miles most mountainous and difficult of construction, and the first 150 miles, commencing at the point that was established, took us out over the mountains onto the Truckee meadows, where there was a corresponding grade. These were what substantially determine the final location, and I do not think that there was any substantial difficulty, only there was a variety of opinion at first about the base. Finally they determined that.

AGREEMENT ON WHAT SHOULD BE THE BASE.

I think that we all agreed on what ought to be the base, and I have never had any doubt but that it was the only base that could be found, unless it could be determined without reference to the grade it came down. The base came down nearer to the river, really four miles nearer to the American River. If Dana had been called upon to fix the base he would have fixed it four miles nearer, because the mountain soil and rock came down four miles closer to the American River. I speak of that because Mr. Strong alludes to some difference, and I thought I would explain what the difference was. I do not think there was any ill-feeling connected with it, and I do not remember in what year the President fixed the base. It was finally established by the President.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Friday, August 5, 1887.

DANIEL W. STRONG, being further examined, testifies as follows:

PRELIMINARY SURVEY ACROSS THE SIERRA NEVADA MOUNTAINS.

By the CHAIRMAN:

Question. Will you please examine this paper and state what it is?—Answer. This was a document that was drawn up for the purpose of getting subscriptions towards the preliminary survey across the Sierra Nevada Mountains and to ascertain the feasibility and practicability of building a wagon road across them.

Q. When was it drawn up?—A. I think it was in 1859.

Q. What is the date of it?—A. I do not see any date on it.

Q. By whom was it drawn?—A. There is a date on it; it is 1860.

Q. In whose handwriting is it?—A. The body of the instrument was drawn up by a man by the name of Frank Moore, who was Wells, Fargo & Co.'s agent at the time in Sacramento.

Q. Did you secure the names attached to it?—A. I did, sir.

SUBSCRIPTIONS TO CARRY ON SURVEY.

The paper was marked "Exhibit No. 1, August 5, 1887," and is as follows:

Whereas from information derived from reliable sources it is believed that there is a pass through the mountains a little north of the present emigrant road from Dutch Flat to the Truckee River which offers greater facilities for the construction of Pacific railroads than any route hitherto discovered or brought to the notice of the public, for the purpose of establishing the fact and at the same time examine the route for a wagon road over the mountains, it is proposed to make a preliminary survey of the route, and for that purpose to secure the services of a competent engineer, with instruments necessary to ascertain altitudes and determine the practicability of the route for a railroad. To do so will require some money to defray expenses, estimated at $500.

We, the undersigned, therefore agree severally to pay the sums set opposite our names, to be expended for the objects above stated.

Dutch Flat, June 26, 1860.

A. F. Moore (paid)	$10.00	John Zerr & Co (paid)	15.00
A. L. Bradley (paid)	10.00	James Scuff (paid)	5.00
D. W. Strong (paid)	10.00	John S. Colgood (paid)	5.00
E. G. O'Neill (paid)	10.00	J. H. Stene	5.00
T. W. Blanchard (paid)	5.00	C. Z. Thon (paid)	2.50
Thomas G. Sloan (paid)	2.50	R. Spank (paid)	3.00
C. E. Seamon (paid)	2.50	W. Parsons	1.00
E. W. Nelson (paid)	2.50	C. W. Miller (paid)	2.50
Miss Cohen (paid)	2.50	A. J. Jackson	10.00
E. Seaman (paid)	1.50	E. Mattoon (paid)	2.50
John V. Thomas (paid)	5.00	John McNally (paid)	1.00
J. E. Willits & Co. (paid)	10.00	E. L. Bradley (paid)	1.00
Samuel B. Miller (paid)	5.00	S. T. Mathewson (paid)	10.00
R. E. Barton (paid)	5.00	Cash (paid)	5.00
James Heath (paid)	5.00	A. Friedman (paid)	2.50
C. P. Beal (paid)	5.00	J. J. Johnson (paid)	5.00
W. G. Richmond (paid)	10.00	L. Arnstein (paid)	2.50
John Bohe (paid)	5.00	I. H. Rimekel (paid)	5.00
J. G. Blaire (paid)	5.00	J. H. Laphams (paid)	2.50
E. Herman (paid)	5.00	L. Sliowl (paid)	2.50
C. Sellers (paid)	7.50	Burkharter, Sevnol & Co	2.00
G. Freeman (paid)	5.00	H. Davis (paid)	2.50
S. T. Mathewson (paid)	5.00	T. Doore (paid)	2.00
C. M. Keep (paid)	5.00		2.50

Q. When did you receive the paper which you have in your hand?—A. About the 20th of November; it came to me by mail.

Q. Just read the date. Do you know the year that you received it?—A. I think it was in the year 1861. I would not be certain whether it was 1861 or 1862. I do not recollect about date.

Q. From whom did you receive it?—A. I received it from Mr. Judah.

The CHAIRMAN. I offer that paper in evidence. It is merely an engineer's report that was circulated at the time.

Commissioner ANDERSON. It seems to be dated November, 1860.

LETTER FROM T. D. JUDAH.

The paper was marked "Exhibit No. 2, August 5, 1887," and is as follows:

SACRAMENTO, *November* 10, 1860.

DEAR SIR: The object of this communication is to direct attention to some newly discovered facts with reference to the route of the Pacific railroad through the State of California.

Confident of the existence of a practicable line across the Sierra Nevada Mountains nearer and more direct than the proposed line via Madelin Pass and headwaters of the Sacramento, I have devoted the past few months to an exploration of several routes and passes through Central California, resulting in the discovery of a practicable route from the city of Sacramento upon the divide between Bear River and North Fork of the American, via Illinois Town and Dutch Flat, through Lake Pass on the Truckee River, which gives nearly a direct line to Washoe, with maximum grades of 100 feet per mile.

The distance from Sacramento to Summit is 102 miles; to State line about 115 miles; to Virginia City about 162 miles. The elevation of pass is 6,690 feet.

The importance of this information is apparent, when we consider this line effects a saving in distance over the northern line of 150 miles, and avoids the passage of two cañons on the Sacramento River 21 miles long, estimated by Lieutenant Beckwith to cost $4,200,000, while it affords a direct line to Washoe across the narrowest portion of the State and a local road for the business of Sacramento, Placer, and Nevada Counties.

The Pacific railroad bill, as matured by last Congress, and which is made the special order for the third Tuesday in December next, provides the following appropriation for the construction of the road through California, viz: $13,000 per mile from navigable waters of the Sacramento River to the base of the Sierra Nevadas; thence $24,000 per mile to the summit; thence an additional $3,000 per mile for each degree of longitude crossed until 109th degree is reached.

Inasmuch as the road through the State of California must be constructed by an organization effected under the laws of the State, it is proposed to immediately organize a company for the purpose of constructing the road through the State upon this route in anticipation of the passage of this bill; to procure the recognition of this as the line of the Pacific railroad through California; to procure the appropriation appertaining to this end of the route, and to construct the road under this organization.

This will be effected either by inserting the name of this company directly in the bill as the company to whom these appropriations shall come, or by an arrangement with the corporations or trustees named in the bill.

In organizing a railroad company in this State, the law requires that $1,000 per mile shall be subscribed and 10 per cent. paid in. The estimated length of the road to the State line is 115 miles, requiring a subscription of $115,000, on which 10 per cent., or $11,500, is required to be paid in. It is proposed to make with this 10 per cent. a thorough, practical railroad survey, establishing the grades, cuttings, fillings, and to make the necessary maps, profiles, estimates, reports, &c.

To the accomplishment of this end, the instrument required by law has been drawn up, and has, in the towns of Dutch Flat, Illinoistown, Grass Valley, and Nevada, received a bona-fide subscription (requiring a payment of $7,000), to be made up in the cities of San Francisco and Sacramento. It is not considered necessary to make an urgent appeal for subscriptions, but to simply present a plain statement of the facts to a few persons of responsibility and influence in those cities who feel an interest in the matter, who will subscribe in good faith, and who are able to pay in the 10 per cent. without embarrassment. To this end your co-operation is respectfully solicited and a subscription from yourself asked.

The plan will receive the support of our delegation in Congress, and Col. Baker carries on with him a profile of the route. It has also received the approval of Gov. Downey and many other influential and prominent gentlemen. Messrs. Burch and

[illegible], and Mr. Curtis, chairman of the Pacific Railroad Committee in Congress, have been fully posted up in regard to this movement.

It is intended that no further call than the 10 per cent. required by law shall be made; and no further assurance of this statement seems necessary when it is known that the law compels the subscription of the whole capital stock, with 10 per cent. paid in, before any additional assessment can be called.

I estimate that the entire road can be graded for the amount of appropriation supposed to be given by Government, leaving only the iron, rolling stock, &c., to be provided for by other means. An issue of first-mortgage bonds of $12,000 per mile will furnish this material.

A bill is also before Congress providing for an appropriation of 4,480 acres per mile of Government lands. Mr. Burch will press this bill in the next Congress.

The road may connect either with the Sacramento Valley road at Folsom, or with the California Central road at Lincoln.

The counties of Placer and Nevada will probably vote to subscribe $500,000 toward the construction of the lower portion of the road.

It is important that this organization be effected before the sitting of the next Congress that they may deal with a company already in existence.

Very respectfully,

THEODORE D. JUDAH.

The following appears upon the back of the letter:

SAN FRANCISCO, *November* 14, 1860.

DEAR DOCTOR: I drop a hasty line to say that I have struck a lucky streak, and shall fill up the list without further trouble. I have got one of the richest concerns in California into it, and will post you fully in a day or two.

Yours, truly,

JUDAH.

NOTICE OF A MEETING OF SUBSCRIBERS.

Q. Please state what that paper which I now hand you is?—A. It is a notice from Mr. Hopkins to the subscribers to be present at a meeting at which also I was requested to appear.

Q. Was the circular sent to you?—A. Yes, sir; this was a notice sent to me by Mr. Hopkins.

Q. What is the date of it?—A. The 8th of April, 1861.

Q. Is that Mr. Hopkins's signature?—A. That is Mr. Hopkins's signature.

Q. And it was received by you at that time?—A. Yes, sir.

The paper was marked "Exhibit No. 3, August 5, 1887," and is as follows:

OFFICE OF CENTRAL PACIFIC RAILROAD COMPANY,
Sacramento, April 8, 1861.

DEAR SIR: You are hereby notified that a meeting of the subscribers to the stock of the Central Pacific Railroad Company will be held at the office of the Company, in the City of Sacramento, on Tuesday the 30th day of April, A. D. 1861, for the organization of the company.

MARK HOPKINS,
Treasurer Southern Pacific Railroad Company.

To D. W. STRONG,
Dutch Flat.

Please attend or send proxy.

NOTICE TO APPEAR IN SACRAMENTO.

Q. Please examine that paper and state to the Commission what it is?—A. That is another notice from the same party—Mr. Hopkins—to appear in Sacramento.

Q. Is that in Mr. Hopkins's handwriting?—A. That is Mr. Hopkins's handwriting.

Q. What is the date of it?—A. September 4, 1862.

Q. Was it received by you?—A. Yes, sir; it was, sir.

The paper was marked "Exhibit No. 4, August 5, 1887," and is as follows:

SACRAMENTO, *September* 4, 1862.

DR. D. W. STRONG, *Dutch Flat:*

DEAR SIR: After consultation with Mr. Judah it is thought advisable to avail ourselves of the provision of the general railroad law, which was passed after the formation of our company. In order to do this the law requires from us a formal acceptance to be filed in the office of the secretary of state.

We have drawn up an instrument for that purpose, which has been signed by all the directors except yourself. And we forward it to you herewith for your signature, which please return to us as early as convenient, and oblige.

Yours, truly,

MARK HOPKINS,
Secretary C. P. R. R. Co.

NOTICE TO COMMENCE THE SURVEY.

Q. What is the paper that you now hold in your hand?—A. That is a notice from Mr. Huntington with reference to starting the survey of the road.

Q. What is the date of it?—A. It is dated May 19, 1862.

Q. In whose handwriting is it?—A. Mr. C. P. Huntington's.

Q. Is it signed by him?—A. Yes, sir; it is signed by him—I know his signature.

Q. And was it received by you at that time?—A. Yes, sir; it was received by me on that date or the next day.

Mr. COHEN. With reference to this letter, I think it had better be submitted to Mr. Huntington. Governor Stanford thinks that it is not his handwriting.

By Mr. COHEN:

Q. Did you see Mr. Huntington sign that letter, or did you receive it by mail?—A. I received it by mail.

The paper was marked "Exhibit No. 5, August 5, 1887," and is as follows:

SACRAMENTO, *May* 19, 1862.

MR. D. W. STRONG:

DEAR SIR: Yours of the 16th is before me. I was glad to learn that the snow was off as far up as the Upper Crossing of the Yuba, and I think it will be well to organize as soon as we can get the balance of the stock taken, which I have no doubt can be done this week, as there are responsible parties that say that they will take the balance; and if so, I see no reason why we cannot be ready to commence the survey next week. I think that we shall all agree in this, viz, That the surveys should be made on the entire line before we commence grading. We have not seen Mr. Wilcoxon yet. You did not mention in your letter whether you had got any more stock subscribed or not, but I suppose not, or you would have mentioned it. I think that some of us will be up next week.

Yours, &c.,

C. P. HUNTINGTON.

LETTER OF C. CROCKER.

By the CHAIRMAN:

Q. Just state to the Commission what that paper is.—A. This is an answer to a communication that I sent to Mr. Crocker in regard to the survey.

Q. What is the date of it?—A. The date of it is the 18th of April, 1862. This is a letter from Mr. Crocker.

Q. And whose handwriting is it in?—A. Mr. Crocker's handwriting as I understood. I received a communication from him every day or two. There is no question but what it is Mr. Crocker's handwriting.

The paper was marked "Exhibit No. 6, August 5, 1887," and is as follows:

SACRAMENTO, *April* 18, 1862.

D. W. STRONG:

DEAR SIR: Yours of 16th is at hand. I have talked with Mr. Huntington about the matter and he has written to Stanford in relation to it, and we are awaiting an answer. In the mean time, we think it will be impossible, owing to the lateness of the spring, to finish the road for any travel this fall, and all we shall aim to do is to get the road done in time so it will get settled this winter and be ready for travel early in the spring. In the mean time, what do you think of measuring the distance between Folsom and Virginia City, via Placerville, and back via Dutch Flat with a pedometer and thus get the exact difference in favor of our route, if there is any? Please give me your views on that point.

Yours, truly,

C. CROCKER.

CELEBRATION OF THE "FIRST THROWING OF DIRT."

Q. What is the paper I now hand you?—A. This is a notice from Mr. James Bailey, who was then the secretary of the company, for me to be present in Sacramento at the celebration of the opening of the Central Pacific Railroad Company, the first throwing of dirt.

Q. Was the paper received by you?—A. Yes, sir; it was received by me.

By Mr. COHEN:

Q. What is the date of it?—A. It is January 5, 1863.

By Mr. HAYMOND:

Q. What was the date of the opening?—A. On the 8th of January, 1863.

Mr. HAYMOND. That is the date of the battle of New Orleans.

The WITNESS. Yes, sir; the date of the battle of New Orleans; that was the occasion; and this was written on the 5th.

By the CHAIRMAN:

Q. In whose handwriting is it?—A. That is Mr. Bailey's. He was the first secretary of the company.

The paper was marked "Exhibit No. 7, August 5, 1887," and is as follows:

OFFICE OF THE CENTRAL PACIFIC RAILROAD COMPANY OF CALIFORNIA,
Sacramento, January 5, 1863.

D. W. STRONG, Esq.,
Director C. P. R. R. Co.:

At a meeting of the board of directors held January 3, 1863, it was

Resolved, That the commencement of the work on the railroad of this company be inaugurated with proper ceremonies on the 8th day of January, at 11 o'clock a. m., at the foot of K street, and the public societies and citizens generally are hereby invited to participate therein.

JAMES BAILEY,
Secretary.

CIRCULARS FOR DISTRIBUTION ON THE RAILROAD QUESTION.

Q. Please examine that paper and state to the Commission what it is.—A. This is a letter from Mr. Crocker, with reference to a bundle or package of circulars, before the election of Placer County for the taking of bonds or subscribing to the bonds of the company.

Q. What date was that?—A. May 2, 1863.

Q. In whose handwriting is that?—A. Mr. Crocker's.

Q. Was it received by you?—A. That was received by me.

The paper was marked "Exhibit No. 8, August 5, 1887," and is as follows:

SACRAMENTO, *May* 2, 1861.

D. W. STRONG, *Dutch Flat:*

DEAR SIR: We send you a bundle of circulars on the railroad question; also a bundle to Harriman, both of which are tied up in a bundle to E. L. Bradley. We hope you will interest yourself in having them circulated to all parts of the county about Dutch Flat. The Company will pay all expenses of their circulation. Please act in concert with Harriman and Bradley. We send to all for fear some might be away.

The company earnestly hope that every vote about Dutch Flat will be cast in favor of the railroad. We need every vote, as the Auburn clique are moving all they know to beat us.

Yours, truly,

C. CROCKER.

CONCERNING ELECTION OF STANFORD AS GOVERNOR, ETC.

Q. What is the paper that you now hold in your hand?—A. This is a letter received from Mr. Judah, dated September 2, 1861.

Q. In whose handwriting is it?—A. It is in Mr. Judah's.

Q. Was it received by you?—A. That was received by me.

Mr. COHEN. I would like to have a copy of this letter, Exhibit 9.

The paper is marked "Exhibit No. 9, August 5, 1887," and is as follows:

SAC., *September* 2, 1861.

MY DEAR DR.: Your letter duly received, and I had the Union notice the discoveries. If I only had time should like very much to take a trip out there with you, but cannot now.

Our office work is getting along rather slowly. I hope to get everything finished so as to be able to go on by 1st October, if they still desire me to go.

Election and politics so monopolize everything here now that our people have very little time to talk railroad matters, but promise as soon as election is over to get together.

While I think of it, there was a pair of bullet-molds, belonging to that Sharp's rifle, which were brought down as far as Dutch Flat, but I think were left there. They brought in a bill of $8 this morning for them, and if they are up there please send them down to Huntington and Hopkins by express.

I think the next Congress will be a favorable one to procure lands from the Government, and perhaps it may be money; but of the latter I do not feel by any means so certain; but the lands do not create any debt, and the feeling towards California ought to be a good one.

A good deal depends upon the election of Stanford, for the prestige of electing a Republican ticket will go a great way toward getting us what we want. I am satisfied that the Conness votes will be thrown away, and that he does not stand the ghost of a show.

Col. Wilson is getting along very well with his road, and will be running to Lincoln by the 1st of October.

I am trying to put my little road upon its legs, and it looks rather favorable, but like everything else can do nothing with it until after election.

With regards to inquiring friends, I remain, yours, truly,

T. D. JUDAH.

A "HARD ROAD TO HOE"—DISAGREEMENTS.

Q. What is that paper?—A. This is a letter from Mr. Judah in reference to matters in general, pertaining to the interests of parties in Sacramento. I was there at Dutch Flat at the time.

Q. Is that in Mr. Judah's handwriting?—A. Yes, sir; that is in Mr. Judah's handwriting, and is signed by him.

Q. Was it received by you?—A. Yes, sir.

Q. What is the date?—A. May 13, 1887.

The paper was marked "Exhibit No. 10, August 5, 1887," and is as follows:

ENGINEER'S OFFICE, CENTRAL PACIFIC RAILROAD OF CALIFORNIA,
Sacramento, May 13, 1863.

MY DEAR DOCTOR: I trust to your amiable disposition and an appreciation of the many business cares which environ me for an excuse in neglecting to answer you before.

Your letter was received and its suggestions heeded. I fully understand how necessary it was to have the right sort of canvassers for Placer County, but have as little to do with those matters as though I was not a member. I can not tell you in the brief space of a letter of all that is going on, or of all that has taken place; suffice it to say that I have had a pretty hard row to hoe.

I hope to see you before long and to have a good long talk with you, when I will tell you of much that is amusing, to say the least.

I had a blow-out about two weeks ago and freed my mind; so much so that I looked for instant decapitation. I called things by their right name and invited war; but counsels of peace prevailed and my head is still on; my hands are tied, however. We have no meetings of the board nowadays, except the regular monthly meeting, which, however, was not had this month; but there have been any quantity of private conferences to which I have not been invited.

I try to think it is all for the best, and devote myself with additional energy to my legitimate portion of the enterprise.

On the 1st of April I presented my accounts to the board and insisted upon a settlement, but after backing and filling the board adjourned, and to this day I do not know if they are considered as allowed, and there has been no regular meeting of the board since. I read to Mr. Hopkins and Mr. Crocker that portion of your letter with regard to your subscription. They said that there had been no action taken such as you apprehended, and no notice or advertisement other than the regular monthly call for installments, which the law requires to be made in the terms set forth, so do not give yourself any uneasiness.

I will do my best to have your stock, or a portion of it, allowed you, or notify you of any contemplated action.

Much to my surprise Mr. Hopkins has got me charged with 10 per cent. on my 150 original shares as cash advanced by him, and he says he knows of no agreement or understanding that it was to be allowed me as compensation for services rendered previous to the final organization.

All are elated at the vote in Placer County. Governor Stanford is in San Francisco, and if the vote carries in our favor there, the office of treasurer will be an important one.

I hope to put parties on the location of the second 50 miles this summer, so look out to see me up there before long.

Yours, truly,

JUDAH.

$2,500 FOR WITNESS'S SERVICES—THE WAGON ROAD.

Q. What is the paper that you now hold in your hand?—A. This is also another letter from Mr. Judah with reference to the doings of the members of the board in Sacramento while I was not present.

Q. Is that in Mr. Judah's handwriting?—A. Yes, sir; it is in Mr. Judah's handwriting.

Q. Have you stated the date of it?—A. The date is July 10, 1863.

Q. Is it signed by Mr. Judah?—A. No, sir; it is not signed by Mr. Judah; but that is his handwriting.

Q. And it was received by you?—A. Yes, sir; it was received by me as coming from Mr. Judah, with information that could come from no other source.

Q. He was then in the engineer's office of the Central Pacific?—A. Yes, sir.

By Mr. COHEN:

Q. Who is it addressed to?—A. He addresses me as "My dear doctor." That is the way he always addressed me.

The paper was marked "Exhibit No. 11, August 5, 1887," and is as follows:

ENGINEER'S OFFICE, CENTRAL PACIFIC RAILROAD OF CALIFORNIA,
Sacramento, July 10, 1863.

MY DEAR DOCTOR: You will excuse the long delay in answering your letter, but I have been waiting from day to day to have something definite to write about. Hungaiton has returned, and seems to possess more than usual influence.

Stanford, who I told you was all right, is as much under their influence as ever.

The wagon road seems to be a tie which unites them, and its influence seems to be paramount to everything else. I have had a big row and fight on the contract question, and although I had to fight alone, carried my point and prevented a certain gentleman from becoming a further contractor on the Central Pacific Railroad at present.

You are to be retained as director. There will be no opposition influence in the meeting; all will go one way, and both you and I will go with the stream.

I got through the board yesterday a resolution allowing you $2,500 for previous services, to be credited you as five assessments on your [interest.]

I offered the resolution at $5,000, and tried hard to get it, but from the indications of old sores in a debate, was afraid of upsetting the whole thing, and compromised on the half.

I believe I told you that the governor told me he would sell to Rohn his wagon road interest. There is a good deal of negotiation going on, and from all the indications all their differences are reconciled, all is smooth. They are a band of brothers again, and are going to let Rohn and Parish in with them. Rohn is with them a good deal, and told me to-day that he and Parish were going up Thursday next over the road, and that they offered him 30,000 interest, but he wants a controlling interest. Crocker and Huntington are going up Thursday, and going over the new route across to Nashoo City. They have been consulting and looking over the way every day, and do not hesitate to talk boldly, openly before me, but not to me, about it. They talk as though there was nobody in the world but themselves who could build a wagon road. They are going to take up this route. Crocker wrote up to a Mr. Brown to meet them. He is going to take Rohn and Parish over it. He wants Huntington's judgment on it, and before they return they intend to take it up.

If this election was over I would feel like going up there and taking this route, but I cannot stir from here now. I think that Rohn and Parish will draw out of my wagon road arrangement with this present set of managers after going over the road and seeing how it is managed unless they can get the control.

About coming down, do as you think best; it is not absolutely necessary; everything will go one way, and you are on the list; Marsh also. I would be very glad to see you and have you come down; but if you should not, write me, and send me yours and such other proxies as you have got. What do you think of going up immediately and taking up that route? Cannot a new company be organized for that purpose of persons whom you can control? But of course if they should know of it before the election they would decapitate you. Perhaps it is best to rest easy and come down at any rate, when we will consult together.

[No signature.]

LAST LETTER RECEIVED FROM T. D. JUDAH.

By the CHAIRMAN:

Q. What is that paper you now hold in your hand?—A. This is a letter that I received upon the return of the steamer St. Louis, which was the steamer that Mr. Judah went East on, or went to Panama on. He wrote on board the steamer; the letter came back on the return of the steamer. It is the last letter I ever received from him and probably one of the last he wrote to anybody. It is in relation to the general business that he was going East on, and pertaining to this company.

Q. What is the date of it?—A. September 9, 1863.

Q. Is it in his handwriting?—A. It is in his handwriting.

Q. Is it signed by him?—A. Yes, sir; Theodore A. Judah.

Q. And it was received by you?—A. Yes, sir; it was received by me. I think you have got the envelope that it came in there.

The envelope was marked "Exhibit No. 12, August 5, 1887," and the letter was marked "Exhibit No. 13, August 5, 1887," and is as follows:

STEAMER ST. LOUIS, *September* 9, 1863.

MY DEAR DOCTOR: I was so much hurried and distracted with events and the hurry of getting off that I did not write you before leaving. There is not much that

...ay now that is very interesting. I have a feeling of relief in being away from ...scenes of contention and strife which it has been my lot to experience for the past ..., and to know that the responsibilities of events, so far as regards Pacific Rail... do not rest on my shoulders. If the parties who now manage to hold to the ...opinion three months hence that they do now, there will be a radical change in ... management of the Pacific Railroad, and it will pass into the hands of men of ...ience and capital. If they do not, they may hold the reins for awhile, but they ...rse the day they ever embarked in the Pacific Railroad.

...your last letter you say that you hear I have sold my interest in the ranch to ... Until after Baker came down I never had the slightest conversation with ... him or Hubbard with regard to the ranch, and any statements made by any one ...e contrary were unfounded.

...ar he came down, and before I received your letter, he and Hubbard spoke of ...nch to me, and said they wanted an interest in it. I said to them that I had ...jections to it if you were willing, and am of the same opinion now; but I wish ...distinctly understood that unless you are willing I am not. I desire to do nothing ...regard to it that does not meet your approbation, and leave its management en... with you.

...after the wagon-road and bridge and mill, &c., are built, the town site and wood ...secured, you choose to admit them to an interest in the ranch, well and good; ...e are some reasons why it might be well, and help to improve it, and render it ...able sooner than otherwise.

...bout the wagon-road I hardly know what to advise; as near as I could ascertain ... gave out that they intended to build over to the Henness road, whether on ac... of your having recorded your route or because you were not ready to go to the ...se of the new road at present I do not know; it may be that they are willing ... you should go on and build it, they intending to get it of you in some shape here... I think Hubbard and Baker are afraid of the other wagon-road parties. I ...be mistaken, but such I think is the case. My opinion is that before next sum... that party will have all they want to attend to on their hands. If they treat me ... they may expect similar treatment at my hands. If not, I am able to play my ...

...I succeed in inducing the parties I expect to see to return with me to California, ...ll likely return the latter part of December; if not, I shall stay later.

...sting that everything in which you are interested will prosper, and that I shall ...see you again,

I remain, as ever, truly yours,

THO. D. JUDAH.

LETTER CONCERNING WITNESS'S RESIGNATION AS DIRECTOR.

. What is the last letter which I handed to you?—A. This is a letter ... Governor Stanford, in answer to a letter written after receiving ...rmation from Mr. Judah in New York City. I tendered my resigna... as a member of the board of directors, and this is an answer to that ...r from Governor Stanford.

By Mr. COHEN:

. Will you give the date?—A. October 3, 1864.

By the CHAIRMAN:

. Is it in Governor Stanford's handwriting?—A. I think it is.

. And was it received by you?—A. It was received by me in answer ... letter that I wrote to him.

...he letter was marked "Exhibit No. 14, August 5, 1887," and is as ...ows:

OFFICE OF THE CENTRAL PACIFIC RAILROAD OF CALIFORNIA,
Sacramento, October 3, 1864.

...W. STRONG, *Dutch Flat:*

...r letter of the 30th ultimo came to hand this morning, in relation to the stock ...will be due as soon as the board act upon the subscriptions of the original stock... ...Whenever it is determined to appoint an agent to look after the timber I ...rge your appointment. Indeed, doctor, I shall always be glad to serve you ...ever it may be in my power.

I hope you will be down to the election; if not, I shall be glad to have your proxy I inclose herewith a blank power of attorney.

Yours, truly,

LELAND STANFORD.

P. S.—I do not think there will be any desire to change the board of directors. Am I to understand that you will not accept of re-election?

L. S.

TELEGRAM FROM DURANT AS TO CHINESE LABOR.

Q. What is the paper which you now hold in your hand?—A. That document was a telegraph dispatch from Salt Lake, from C. P. Durant, who was at the time the vice-president, I believe, of the Union Pacific Railroad.

Q. Was the telegram received by you in the shape that you now have it?—A. Yes, sir; it came to me from the telegraph office that way.

Q. Have you given the date of it?—A. October 10, 1868.

The telegram was marked "Exhibit No. 15, August 5, 1887," and is as follows:

UNION PACIFIC RAILROAD COMPANY,
Salt Lake, October 10, 1868.

I authorize D. W. Strong, of Dutch Flat, to contract with Ah Him or Ah Coon, or any responsible party, on the part of the Union Pacific Railroad Company, for any number of Chinamen, not exceeding two thousand, to be delivered to our agent at the terminus of the Central Pacific Railroad Company's track on the following terms of agreement, viz:

The Union Pacific Railroad Company to furnish, free of expense, necessary transportation for tents, cooking utensils, and camp fixings; to furnish them with work on this road east of Humboldt Wells, and to pay them in United States gold coin $30 per month for twenty-six working days, and allow their pay to commence from the time they report themselves to our agent.

The railroad company to protect them from Indians with soldiers if necessary.

To be used on receipt of telegram from me.

THOS. C. DURANT,
Vice-President.

LETTER FROM "O. D. L." ON SAME SUBJECT.

Q. What is the paper which you now hold in your hand?—A. This is pertaining to the same subject, but is from a different party, also at Salt Lake, September 26.

Q. Whose handwriting is it in?—A. In Mr. Lambard's.

Q. How is it signed?—A. It is signed "O. D. L."

Q. How do you spell his name?—A. L-a-m-b-a-r-d.

Q. What is the date of that?—A. September 26, the same year. The first is dated in 1868. This was received about the same time, and the other a few days afterwards.

The paper is marked "Exhibit No. 16, August 5, 1887," and is as follows:

Poor pen.] SALT LAKE, *Saty., Sept.* 26.

D. W. STRONG, Esq.:

DEAR SIR: I telegraphed you yesterday that my friends were detained east and would not be here till next week. This is h—l for me, for I shall nearly die in this stupid town. Durant, the big Indian of the U. P., telegraphed me yesterday from Chicago that he would leave there to-day.

Hostility is springing up, and I think we will have some fun before long. I think immediately after the next pay-day, October 15, will be the time we will fix on, as that will give time to provide supplies.

Will telegraph as soon as I see our friends.

O. D. L.

ANOTHER LETTER FROM "O. D. L." ON SAME SUBJECT.

Q. What is the paper which you now hold in your hand?—A. This is dated October 25, 1868. It is also signed "O. D. L.," by Lambard, and it has reference to the same matter, and alludes to Mr. Stanford being in Salt Lake to consult with Durant.

Q. This is in Mr. Lambard's handwriting and was received by you?—A. Yes, sir.

The paper was marked "Exhibit No. 17, August 5, 1887," and is as follows:

SACRAMENTO, *October* 25, 1868.

D. W. STRONG, Esq.:

Stanford has gone to Salt Lake. I conclude Durant can't decide till he sees him. I telegraphed Durant to telegraph me his dicision as soon as possible. I hate to be kept this way in suspense. It is disgusting to everybody.

I will telegraph again in a day or two, telling him we want to know mighty quick. In the mean time don't let it damage your private business.

Hastily,

O. D. L.

ANOTHER ON THE SAME SUBJECT.

Q. What is the paper which you now hold in your hand?—A. This is also a letter from Mr. Lambard with regard to the same matter.

Q. Is it in Mr. Lambard's handwriting?—A. Yes, sir.

Q. Is it signed by him?—A. Yes, sir.

Q. And was it received by you at the time?—A. Yes, sir.

Q. What is the date?—A. Thursday evening. There is no date.

The paper was marked "Exhibit No. 18, August 5, 1887," and is as follows:

THURSDAY EVE.

D. W. STRONG, Esq.:

DEAR SIR: I returned from S. F. this a. m. I duly received your letter, with check for $300. I telegraphed D. to tell me immediately what he intended to do, and on Tuesday I telegraphed the operator to hunt D. up and get an answer; he replied that D. would telegraph to-day from Echo. There are a good many things pending. Stanford is there by this time and they may come to some agreement. This is very unpleasant for us both. I am out and injured one way and another several thousand dollars, and from my experience with railroad companies I am afraid I will lose it.

I think to-morrow I will send a dispatch to Burham inquiring how matters are. Don't be at any expense, for it looks very dubious whether or not they hire any Chinamen of anybody.

Judging from the way D. acts I am as much surprised and indignant as you are We won't fool with them any more than a few days longer.

O. D. LAMBARD.

COMPLAINT THAT COMMUNICATIONS ARE NOT ANSWERED.

Q. What is the paper which you now hold in your hand?—A. This is an answer to a letter. This is a communication from Mr. Lambard in regard to a dispatch that we sent to Durant to find out why he did not answer our communications. There seemed to be some dilatoriness on his part.

Q. Is that Mr. Lambard's handwriting?—A. Yes, sir.

Q. And was it received by you?—A. Yes, sir; it was received by me.

The paper was marked "Exhibit No. 19, August 5, 1887," and is as follows:

SAC'TO, TUESDAY.

D. W. S.:

Yours received. I don't know what to make of Durant's silence. There must something have occurred to change his plans. I will telegraph him to-morrow again. I am afraid he is going to wait till Stanford gets there before he decides anything. I am out and injured my time and expenses to Salt Lake, which I don't like. I will telegraph him again.

O. D. L.

LETTERS ON EXTRANEOUS SUBJECTS.

Mr. COHEN. Mr. Strong produces further letters in his possession, which I will now show to him. I will ask him to explain what they are. What is the letter which I now show to you, Mr. Strong?

The CHAIRMAN. Those letters only which bore upon the railroad question have been taken out. These other letters have reference to gold mines and silver mines. They were excluded on that account. To offer those in evidence will be simply to fill our record.

Mr. COHEN. I want to show, so far as this correspondence will explain it, the general relation of Mr. Strong to the officers of the company. The letter I show to him is addressed from Mr. Strong to the chief engineer of the company, Mr. Montague.

The WITNESS. Well, allow me to explain it. Was Mr. Montague always chief engineer?

Mr. COHEN. He was, after the death of Mr. Judah.

The WITNESS. Mr. Judah authorized him to act in his place after he left here. You will notice that this was a long time previous to that date, and Mr. Montague was not at that time connected in any way with the railroad. Mr. Montague was employed by myself, as an engineer to survey the wagon road over the mountains, before Mr. Huntington or Mr. Stanford, or Mr. Crocker, or any of these people had anything to do with it; and this is in answer to one of my letters, because Mr. Montague did not come up as he agreed.

OBJECTION TO THEIR RECEPTION.

The CHAIRMAN. I want to say to you that if you want to offer these letters, Mr. Cohen, you can write out a statement, or you can write a history of Mr. Strong's relations to the road, and put any letters that you see fit into that statement, and submit it to this Commission, but as to their going in our record I shall certainly object.

Mr. COHEN. I will make the offer and take the ruling of the Commission upon it. I now offer a letter witten by Mr. S. S. Montague, who was for a number of years the chief engineer of the Central Pacific Railroad Company, dated December 10, 1864, written to the witness, D. W. Strong.

Commissioner LITTLER. For what purpose does the gentleman offer the letter?

Mr. COHEN. Because it comes from the possession of the witness, and shows his relations to the employés of the company.

Commissioner LITTLER. In what respect does it bear upon the inquiry within the scope of this Commission?

Mr. COHEN. Not any more than the letters which have been introduced by the chairman, but I think it is just about as relevant.

Commissioner ANDERSON. The chairman has not introduced any letters.

Mr. COHEN. I think he has; I offer it, as Mr. Littler says, for what it is worth.

The CHAIRMAN. I protest against our stenographer taking all this stuff down.

Commissioner ANDERSON. I told the stenographer that the arguments were not to be reported.

A REQUEST THAT THE STENOGRAPHER SHALL MAKE A FULL REPORT.

Mr. COHEN. In that connection I would ask that this be taken down. I appear here as counsel for the Central Pacific Railroad Company,

whose interests and the interests of whose stockholders are very much affected by this examination; and I claim the right to have the arguments which I, as counsel for the company, address to this Commission, taken down so that those arguments may be considered by the President, to whom your report is to be made, and by such committees of both houses of Congress as may be appointed when your report comes up for investigation. I claim that it is the right of the Central Pacific to present its side of the case to this Commission, and that the arguments of its counsel on every matter of evidence here introduced should be carefully reported, and should accompany the evidence and report which may be made by this Commission.

The CHAIRMAN. In answer I want to say that the Commission will hear any statement, will accept any paper, and will attach it to the report we shall make to the President of the United States. Those letters which you now hold of Mr. Strong's, if you will furnish them in the shape of an exhibit, we will accept; but we do not wish to entail the expense of multiplying the record through the stenographer.

Commissioner ANDERSON. I would ask you whether this is the practice in your courts in the preparation of a case on appeal? Does a case on appeal generally contain arguments of counsel?

CLAIMED AS A RIGHT.

Mr. COHEN. It frequently does. This company has applied to Congress for some relief. Whether it is entitled to that relief is a matter of doubt. The Congress of the United States, in its wisdom, has directed the President to appoint this Commission: and this Commission is here to receive the statement of the Central Pacific Railroad Company; and such statement as it makes through its counsel is a proper subject to be considered and reported upon to the President and to Congress. I claim it as the right of the Central Pacific Railroad Company, that the remarks of its counsel upon the admissibility of evidence, and also the arguments that it introduces here to influence the action of this Commission, should appear as they are made, and in connection with the subject-matter on which they are made.

Commissioner ANDERSON. I am totally opposed to reporting arguments.

Mr. COHEN. The next letter I propose to offer is the following.

Commissioner ANDERSON. Had you not better have a ruling on the offer of the other one?

Mr. COHEN. To show the relevancy of it, the next letter I propose to offer is a letter from Mr. Lambard to Mr. Strong about the stock concerning which he has made a complaint to this Commission, saying that the Central Pacific deprived him of it. I certainly have a right to put that in.

The WITNESS. Is your interpretation of that correct?

Mr. COHEN. That is the interpretation I give to it. After I offer it you can be heard to explain it.

The WITNESS. I would like to explain it.

The CHAIRMAN. I think the quickest way out of this difficulty is to let you spread your letters right on the record.

Mr. COHEN. Had you better not rule on the admissibility of the evidence?

Commissioner ANDERSON. We will rule on the admissibility of the letters as soon as Mr. Cohen gets through offering them, and he can offer them all in a bunch.

Mr. COHEN. Just as the Commission pleases. I will offer them all now, or one at a time.

Commissioner ANDERSON. Let them all go in.

SURVEY OVER SIERRA NEVADAS FOR A WAGON ROAD.

By Mr. COHEN:

Q. Mr. Strong, will you now look at the letter which I now show you and state what it is?—A. Mr. Montague was a stranger to me, and was engaged in business——

Q. I will put the question in another form; by whom was that letter signed?—A. By Mr. Montague.

Q. To whom was it addressed?—A. D. W. Strong.

Q. What is the date?—A. December 10, 1861. Mr. Montague had no connection with the railroad. There was no railroad to be connected with at that time. This letter was in reference to a survey that I asked him to assist in making over the Sierra Nevadas with reference to a wagon road, but it had no connection with the road or any railroad company.

Q. Is not that letter dated after the incorporation of the Central Pacific Railroad Company?—A. Mr. Montague had nothing at all to do with it at that time.

Q. I ask you the question whether that letter is not dated after the incorporation of the Central Pacific Railroad Company and after you were a director of that company?—A. Yes; but this letter was in reference to a wagon road and not to a railroad.

LETTERS OFFERED IN EVIDENCE BY CENTRAL PACIFIC.

Mr. COHEN. Well, I offer it for what it is worth.

The WITNESS. Mr. Montague was not an engineer of the company at that time, but he was employed by me.

Mr. COHEN. I ask to have the letter marked Exhibit 20.

The CHAIRMAN. Do not number it among our exhibits.

Mr. HAYMOND. It is offered on the cross-examination.

The paper is marked "Exhibit No. 20, August 5, 1887," and is as follows:

LETTER FROM S. S. MONTAGUE.

FOLSOM, *December* 10, 1861.

Dr. D. W. STRONG:

DEAR SIR: I expected, as I wrote you last week, to have been able to have started for your place to-day, but in consequence of the flood I have been unable to arrange my business here so that I can leave.

As soon as communication with Sacramento is open, I hope to close my matters there, and will then be at liberty to attend to your work.

I will start for your place at the earliest possible moment, unless I hear further from you.

We were cut off from both city and country yesterday, but hope to get the mails and express out to-day.

Respectfully yours,

SAM. S. MONTAGUE.

PURCHASE OF SHARES FOR LAMBARD.

Q. Will you look at the paper now shown you and state what it is?—A. This is a letter from Mr. Lambard with regard to some shares that he requested me to buy.

Q. To whom is it addressed?—A. D. W. Strong.
Q. What is the date?—A. August 7, 1868.
Q. Is there any explanation that you want to make concerning it?—A. Mr. Lambard wanted me to buy some shares from certain parties that were subscribers to the original stock of the road.
Q. What road?—A. The Central Pacific road; and he wanted me to see what I could get those shares for, and to get them if I could. This was in reference to that matter. There were two or three parties who wanted to sell their stock, or offered to sell it to me.
The paper was marked "Exhibit No. 21, August 5, 1887," and is as follows:

"D. W. STRONG, Esq.: SACTO, *Aug.* 7, 1868.

DR. SIR: Yr. fav. of th recd. yesterday. Will advise you at once of any word from our friends East.
What is the cost of the 25 shares? I will make out the papers here and send them up to you.
Yrs. very truly,

O. D. L.

"WISE IN NOT TAKING THE STOCK."

Q. Will you look at the paper now shown to you and state by whom it was written?—A. It is dated August 24, 1868, and was written by Mr. Lambard.
Q. To you?—A. To D. W. Strong.
Q. Is this about the stock of the Central Pacific Railroad Company?—A. That is about the stock that was in the hands of a man by the name of Brickett, with whom I was negotiating to get the stock from him, as agent for Mr. Lambard.

By Mr. BERGIN:

Q. On the same terms that you have just stated?—A. On whatever terms I could make with parties. That was unsettled. We were in correspondence all the time.
The paper was marked "Exhibit No. 22, August 5, 1887," and is as follows:

Dr. STRONG: SACTO, *Aug.* 24, 1868.

DR. SIR: Yrs. recd. You were wise in not taking that stock of Brickell without the asst. receipts. That is, I think so at present. I don't know but I have already enough for our purposes. So you need not absolutely buy any more till I tell you. I expect to-morrow to sell them our institution, and I wish to be very quiet for a week or so.
No answer yet from the East. Expecting word that they were coming to Salt Lake first of Sept. and wish me to meet them. This was written before they recd. *that letter.*
Saw Mr. Judah yesterday.
Hasty. Yrs. truly,

O. D. LAMBARD.

LETTER FROM LAMBARD'S PARTNER.

By Mr. COHEN:

Q. Will you look at the paper now shown you and state what it is?—A. It is a letter I wrote to Mr. Lambard.
Q. Will you state who it is signed by, the date, and to whom it is addressed?—A. Dated November 10, 1868, signed by Mr. L. Goss.
Q. Of what firm was Mr. Goss?—A. Of the firm of Goss & Lambard, mill-men in Sacramento.

Q. And it is addressed to you?—A. Yes, sir; this was a letter written to me explaining where Mr. Lambard was. I could not communicate with him.

The letter was marked "Exhibit No. 23, August 5, 1887," and is as follows:

Goss & Lambard, Sacramento Iron Works, I street, between Front and Second.

SACRAMENTO, *November* 10, 1868.

D. W. STRONG, Esq.:

DEAR SIR: Our Mr. Lambard left town the other day for a few days, and requested me if a telegram came from a certain party to him to inform you or request you to come down and see me. I have received a dispatch which reads thus:

"To O. D. Lambard:

"Mr. Bent will take fifteen hundred (1,500).

"You can come down, or act yourself as your judgment may dictate."

Truly yours,

L. GOSS,
Of Goss & Lambard.

MATTERS GETTING INTERESTING AT SALT LAKE.

Q. Will you look at this paper and state what it is, and by whom it is written?—A. It is written by Mr. Lambard, and is dated August 31, 1868.

Q. And is it addressed to you?—A. Addressed to me, yes, sir; in reference to a transaction with Mr. Durant.

The paper was marked "Exhibit No. 24, August 5, 1887," and is as follows:

[Private.]

SACTO, *Aug.* 31, 1868.

D. W. STRONG, Esq.:

DEAR SIR: Just rec'd a telegram from the East telling me to be ready to come to Salt Lake at short notice. The matter begins to be interesting. I think there is a storm coming. Keep posted in everything and if business calls you from Dutch Flat let me know it, as I am liable to want to confer with you at short notice.

Don't buy any more stock till I see you. I think we have enough for our purposes already.

Hasty,

L.

We must be very *discreet* and *keep our own counsel.*

"THE FIGHT WAXES WARM."

Q. Please look at that and state by whom it was written, to whom it was addressed, and the date.—A. Salt Lake, September 28, no year; from O. D. Lambard, signed "O. D. L."

Q. Do you want to make any explanation about that?—A. Well, it it is simply notifying me or giving me some reason why the business we had on hand was delayed. That is as far as I can explain it.

The paper was marked "Exhibit No. 25, August 5, 1887," and is as follows:

SALT LAKE, *Monday, Sept.* 28.

D. W. S.:

DR. SIR: I wrote you by yesterday's mail, simply saying that my friends have been detained in Chicago by sickness. They left Chicago Sat'y night and will get here this week some time. They are obliged to stop and examine the road, so they are longer on the road than the regular mail passengers.

The fight is increasing and waxes warm. Keep quiet for a few days and await my return or telegram. So much time has been lost by the parties' delay that I think the 15th of October will be as soon as we can move.

Yrs. truly,

O. D. L.

RELATING TO MATTERS BETWEEN UNION AND CENTRAL PACIFIC.

Q. And what is this?—A. This letter is dated November 6, 1868, is signed "O. D. Lambard," and related to this same matter with regard to the Union Pacific and Central Pacific.

Q. You mean Central Pacific stock?—A. No, sir; no stock about it.

Q. That speaks of stock, does it not?—A. No, sir; nothing about stock.

Q. Does it not say, "I shall want to see you when I return about the stock I bought of you"?—A. He simply makes an allusion to it; it is pertaining to matters the same as in the other except in regard to that stock; that was a matter we had between us.

Q. That was the stock of the Central Pacific, was it not?—A. Yes, sir.

The letter was marked "Exhibit No. 26, August 15, 1887," and is as follows:

SAC'O, *Nov.* 6, 1868.

D. W. STRONG, Esq.:

DR SIR: My business takes me to-morrow up in El Dorado Co., Grizzly Flat, twenty miles off the telegraph. I have instructed Mr. Goss, my partner (who knows about our plan), to send you any telegram that may come from D. I hear to-day reported that the C. P. Co. have got an injunction against the U. P. Co. to restrain them coming east of Salt Lake. Something or other has occurred to disturb their plans, and it is of no use for us to wait any longer in my opinion. I shall go East I think within sixty days and will get satisfaction I believe for any damages we have sustained. $5,000 won't begin to make me whole for the damage my interests suffered here while I was gone.

I shall want to see you when I return here about the stock I bo't of you. Will write you when I return. If a dispatch comes from D. I have left my cypher with Mr. Goss, and if it is not intelligible Mr. Goss will consult with you and if necessary he will dispatch a messenger for me.

The telegraphed man at Salt Lake telegraphed me yesterday that D. w'd answer my dispatch yesterday, but he has not done it. I can't afford to let my interests suffer any longer, so to-morrow, I shall start for a mine we are working. Shall be back next week. Mr. Goss will be here all the time and will open any telegrams that may come and communicate with you.

If the U. P. Co. come this way, or go to Oregon, I will have opportunities to get ourselves all right. He is a first-rate man, but there is a hitch somewhere unexpected.

Very truly y'rs,

O. D. LAMBARD.

Q. Please look at this; who was that written by?—A. Mr. Lambard. "O. D. L." it is signed.

Q. To you?—A. To me.

Q. It is dated how?—A. Dated October 30, no year. He had telegraphed to Durant.

WILL NOT BUY ANY MORE STOCK.

By Mr. HAYMOND:

Q. Who was Durant, Mr. Strong?—A. He was the man who was vice-president of the road.

Q. Of the Union Pacific at that time?—A. The Union Pacific at that time.

Q. There is a statement in that letter, "I won't buy any more of this company's stock until I know more." Was that the Central Pacific stock?—A. Yes, sir; that was the stock I was telling of certain parties were offering to sell it. Different parties were offering to sell from five to twenty shares apiece, and I was authorized by Mr. Lambard to buy.

Q. Did not you fix a price?—A. No, sir; I was not authorized to close a trade without consulting him as to figures.

The paper was marked "Exhibit No. 27, August 5, 1887," and is as follows:

SACT., *Friday, Oct.* 30.

D. W. S.:

D'R SIR: Y'rs rec'd. I have telegraphed Durant to telegraph me something decisive. I can't telegraph Burnham, as I don't know exactly where to address him. I don't like the way these R. R. men do their business. Am afraid they are all alike. I won't buy any more of this co.'s stock until I know more, and as I have some money to pay out Tuesday you may return me that $600. You can deduct your expenses down here, &c. Better send a check by express.

Whatever funds are needed if we handle Chinamen I can provide for. I am going to get satisfaction from the U. P. Co. for you and myself too in case they don't do anything with us. Will telegraph you what I get from D.

O. D. L.

NOTICE OF MEETING OF DIRECTORS AND STOCKHOLDERS.

Mr. COHEN. Will you look at the paper now shown you and state what it is?

The WITNESS. It is a letter written by Mr. Mark Hopkins.

Q. To you?—A. Yes, sir; it is dated November 17, 1862.

Q. Is there any explanation you wish to make of that?—A. It explains itself.

The paper was marked "Exhibit No. 28, August 5, 1887," and is as follows:

ENGINEER'S OFFICE, CENTRAL PACIFIC R. R. OF CAL.,
Sacramento, November 17, 1862.

Doct. D. W. STRONG,
Dutch Flat:

DEAR SIR: At a meeting of the board of directors of the Central Pacific Railroad Co. of Cal., called by the president and held this 17th day of Nov'r, it was unanimously "resolved that a meeting of the board of directors be called to meet at the office of the company on the 22nd day of Nov'r inst., and that the secretary be directed to give notice of the same to the directors not now present and request a full attendance."

There is a meeting of the stockholders of the company called to meet on that day, and as there are matters of importance to be acted upon by the directors, I am directed by the prest. to specially request your attendance.

Resp'ly, yours, &c.,

MARK HOPKINS,
Sec'y.

WILL BUY MARSH'S CENTRAL PACIFIC SHARES.

Q. Will you look at that paper and say by whom it was written, and to whom, and how it is dated?—A. It is dated January 26, 1870, and Mr. Lambard wrote it to me.

Q. The stock there mentioned was held by Mr. Marsh?—A. Yes, sir.

Q. Is that the stock of the Central Pacific?—A. Yes, sir; he was a director at the time.

Q. Is there anything in this copy-book you have produced that bears upon this inquiry?—A. No, sir; that is an old memorandum book that I carried in my pocket in those days.

The paper was marked "Exhibit No. 29, August 5, 1887," and is as follows:

SAN FRANCISCO, *Jan'y* 26, 1870.

D. W. STRONG, Esq.:

D'R SIR: I wrote you myself from Sac'to relative to buying Marsh fifty shares of C. P. stock, but have rec'd no answer. If you answered it has miscarried. He offered it to you a year ago for the first assessment, $500, and if you can secure it now for that I will take it and allow you a commission of $100 for getting it. I don't know as it is worth a cent, but I have determined to give those people a try, and will go $600 blind on Marsh's 50 shares. I shall need your services as a witness by and by. Keep this secret till I tell you, for I shall not be ready to strike for a few weeks.

When you have closed the trade with Marsh telegraph or write me per express at the Cosmopolitan Hotel, this city. Marsh's stock is worthless to him. He never will pay the last nine assessments, $4,500. Better not mention my name till I send you the papers for him to sign.

If I make anything out of this I will do better than the $100 by you.

Answer soon as you can.

O. D. LAMBARD,
Cosmopolitan Hotel, S. F.

If you get the stock, telegraph, and I will send the documents for his signature at once and the money.

O. D. L.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Friday, August 5, 1887.

WILLIAM E. BROWN, being further examined, testified as follows:

STATEMENT OF LIABILITIES OF CONTRACT AND FINANCE COMPANY.

By Commissioner ANDERSON:

Question. What do you now produce?—Answer. A statement of the liabilities of the Contract and Finance Company at the time of its dissolution which were assumed by Messrs. Stanford, Huntington, Hopkins, and Crocker; that is, as near as I could get it.

Q. Is it a statement of all the liabilities of the Contract and Finance Company at the time of its dissolution?—A. Yes, sir.

Q. Will you please give the date? It does not appear on your paper.—A. It was in October, 1875.

Q. Is this amount which was assumed by S., H., H., and C.?—A. Yes, sir.

Q. And which they arranged with the various creditors whose names appear on this paper?—A. Yes, sir; and finally paid them.

Q. From what source did you take the figures that appear on the paper?—A. I got them, as I remarked yesterday, from the memoranda that were given to me by Samuel Hopkins.

Q. Did you have those memoranda before you when you made this copy?—A. No, sir; I made up my books from those memoranda and I got this from my books.

Q. Are these the first entries on your books?—A. Yes, sir.

Q. And they were made from that document furnished you by Mr. Hopkins?—A. Yes, sir.

Q. You understand this to cover all the liabilities of the Contract and Finance Company at the time of its dissolution?—A. So far as I know; yes, sir.

Commissioner LITTLER. Give the amounts so that they can be taken down.

The CHAIRMAN. The liabilities of the Contract and Finance Company when that company was disincorporated, which the witness states as October, 1875, were:

The French Savings and Loan Society	$600,000
Capital Savings Bank	280,000
Savings and Loan Society	200,000
E. B. Crocker	56,000
D. O. Mills & Co	200,000
Michael Reese	300,000
Total	1,636,000

The WITNESS. These liabilities were assumed by Stanford, Huntington, Hopkins, and Crocker and have since been paid.

Q. Who is the Mr. Hopkins that furnished you this?—A. Samuel.

Q. Is he living?—A. No, sir.

Q. Did you ever hear him state where the second set of books were that he made these extracts from?—A. No, sir.

Q. And you do not know anything about those books?—A. He was dead when I returned.

Q. Then you know no more about those books than you do about your own books?—A. No, sir; I took them from his memoranda.

Mr. BERGIN. Mr. Brown, however, knows about the payments of these moneys, so far as that is concerned.

Commissioner ANDERSON. The payment is not very material.

Mr. BERGIN. Except as vouching for the accuracy of the amounts.

DISAGREEMENT AS TO EXTENT OF CALL.

The CHAIRMAN. Have you produced all the entries made from the pass-books which were in the possession of Mr. Hopkins?

The WITNESS. Produced them here?

The CHAIRMAN. Yes.

The WITNESS. No, sir; I produced what were asked for.

Commissioner ANDERSON. The Commission called for all the entries made by you in the new set of books that were opened from the pass-books of Mr. Hopkins.

Mr. COHEN. I do not think that was the demand. I think that you merely asked for the amount which was due at the time that the Contract and Finance Company was disincorporated.

The WITNESS. That is what I understood.

Q. Is this a mere approximation?—A. No, sir; so far as it goes, it is correct; but there were other entries connected with the books that were started that are not included in that, but it does not refer to the liabilities of the Contract and Finance Company.

Q. They were entries made from the books furnished you by Mr. Hopkins, which had been taken from the books of the Contract and Finance Company, were they not?—A. Yes, sir.

Commissioner ANDERSON. Anything coming from the Contract and Finance Company we want.

The CHAIRMAN. Is there any misunderstanding about the call, Mr. Cohen?

Mr. COHEN. I thought the witness produced everything for which you had asked him.

The CHAIRMAN. We desire all the entries made by you at the opening of the new set of books for S., H., H., and C., taken from the pass-books furnished to you by Samuel Hopkins containing entries from the Contract and Finance Company's books.

AMOUNT DUE BY CONTRACT AND FINANCE COMPANY.

By Mr. COHEN:

Q. The paper which you produced to the Commission will show that $1,636,000 was due at the time of the disincorporation of the Contract and Finance Company, from that company to various persons, and that those liabilities were assumed by Stanford, Huntington, Hopkins, and Crocker. It appears that these gentlemen have since paid that sum. Can you give us the further information of what amount was due by the Con-

tract and Finance Company at the time that the construction of the Central Pacific Railroad was finished?—A. I should think the indebtedness at that time was from three to four million dollars.

Q. Was the difference between sixteen hundred thousand and the amount that you have spoken of between three and four million dollars paid by the Contract and Finance Company after the construction of the Central Pacific road?—A. Yes.

Q. You have mentioned that the Contract and Finance Company received from the Central Pacific, for each mile of road constructed from the State line to Promontory, $43,000 in cash and $43,000 in stock. Was this floating debt that you had remaining at the time of the construction of the Central Pacific Railroad paid from that $43,000 per mile in cash, or was it paid from other sources or assets?—A. It was paid from other sources; that had all been received at the time the road was completed.

DEBT BETWEEN THREE AND FOUR MILLIONS.

Q. Then do I understand that when the road was completed to Promontory you had expended $43,000 per mile and you were still in debt between three and four millions of dollars?—A. That is my idea.

Q. Was any portion of that $43,000 per mile used in any other way than for the construction of the road and the purchase of supplies, rails, equipments, and matters that properly belonged to such construction?—A. No, sir.

Q. Was any portion of that $43,000 per mile paid in dividends or as compensation to any one of your stockholders?—A. No, sir.

Q. Therefore, at the completion of the road to Promontory you had the stock that you had received from the Central Pacific Railroad Company and you had the debt that you have mentioned, of between three and four millions of dollars?—A. Yes, sir.

MARKET VALUE OF THE STOCK.

Q. From what you know of the market value of the stock at that time could the stock have been sold or any considerable amount of money raised upon it?—A. I think not.

Q. Did you ever try to sell any of the stock?—A. No, sir.

Q. Why did you not try to sell it?—A. I tried to borrow money on it and failed; I never tried to sell it.

Q. You offered it as collateral for your loans, I think you said, on your previous examination?—A. Yes, sir.

Q. And it was not accepted?—A. It was not accepted.

Q. Did you offer to pledge this stock for the money that you were indebted to Michael Reese?—A. Yes, sir; Michael Reese was one of the parties.

Q. What was Michael Reese's position as a capitalist and banker in San Francisco?—A. He was not a banker, but he was a large capitalist and a lender of money.

Q. Was he in the habit of lending large or small sums to your knowledge?—A. Very large sums; he was a very wealthy man.

Q. He was one of the leading capitalists of California, was he not?—A. Yes, sir.

Q. Were there any other of the people to whom you owed money, to whom you offered this stock?—A. I think Michael Reese was the only one that I ever offered this stock to.

FINANCIAL CONDITION OF CONTRACT AND FINANCE COMPANY.

Q. If you had been called upon to pay the money that you owed at the time of the completion of the Central Pacific Railroad, if payment had been insisted upon, what would have been the financial condition of the Contract and Finance Company?

Commissioner ANDERSON. In what year?

Mr. COHEN. Upon the completion of the road in 1869.

The WITNESS. Unless the company could have realized something on its Central Pacific stock it could not have paid the debt of the company.

Q. Would it have been insolvent?—A. Yes, sir.

Q. In the construction of the Central Pacific Railroad by the Contract and Finance Company, did you use ordinary business care and prudence in the purchase of materials and in the employment of laborers and other subordinates?—A. Yes, sir; I think the greatest care was used except in the one idea of haste in construction. Everything was subordinated to the rapid construction of the road.

Q. You were at that time running a race with the Union Pacific, were you not?—A. Yes, sir.

PRUDENCE USED IN CONDUCTING BUSINESS.

Q. And excepting that you were trying to build all the road that you possibly could in the shortest possible space of time, you used ordinary business care and prudence in the conduct of the business of the Contract and Finance Company?—A. I think so.

Q. Did you ever ask the Central Pacific Railroad Company or any of its officers to increase the allowance to the Contract and Finance Company for the construction of the road beyond the amount agreed in the contract that you made with it?—A. I talked several times with the treasurer of the company, Mr. Hopkins, upon that subject, when we found that the expense of construction was being increased by the rapidity of it. I said that the cash paid by the company would not be sufficient to build the road. His reply always was that it was all that he could give us; that $43,000 a mile was all that the company had to give and all that it could give.

Q. Had you any personal interest in the affairs of the Contract and Finance Company beyond your salary or remuneration?—A. No, sir.

Q. I believe that you have already stated that the object of forming the Contract and Finance Company was to get the leading capitalists of the State or elsewhere to assist in building the Central Pacific Railroad, have you not?—A. Yes, sir.

CONTRACT AND FINANCE COMPANY RECEIVED NOTHING BUT STOCK.

Q. Using the language of the chairman in a question he put to a previous witness, I will ask you whether, on your oath, you will state that the stockholders of the Contract and Finance Company received any benefit or profit from the building of the Central Pacific Railroad, from the State line to Promontory, beyond the stock remaining on hand at the time of the construction of the road, subject to the debts of the road?—A. They never received any other benefit.

Q. A good deal has been said about the books of the Contract and Finance Company. I ask you to state from your knowledge of its affairs and from your experience as an accountant whether there was any-

thing upon those books that could in any way have militated against the interests of the Central Pacific Railroad Company or of the Contract and Finance Company or of the directors of the Central Pacific Railroad Company or of the stockholders of the Contract and Finance Company?—A. I think there was nothing on those books that the Central PacificRailroad Company or their directors or any one in the interest of that company should not have seen. I have, very sincerely, regretted the loss of them.

Q. In your judgment was there anything upon the books of the Contract and Finance Company that would have prejudiced the interests of the directors of the Central Pacific Railroad Company or the officers of the Central Pacific Railroad Company if these books were produced to-day before this Commission?—A. Nothing whatever.

Q. I will ask you this question—I happen to know it myself and I would like you to testify to it: Do not the books of the Central Pacific Railroad Company show everything that was paid to the Contract and Finance Company—the amount of work which the Contract and Finance Company did for the Central Pacific Railroad Company—as fully and completely as the books of the Contract and Finance Company would show if they were here produced, less the actual details of the construction of the road?—A. I think they do.

WHAT THE BOOKS OF THE CENTRAL PACIFIC SHOW.

Mr. COHEN. Gentlemen, we will tender you those books of the Central Pacific Railroad Company. Would you like to see them?

By Commissioner ANDERSON:

Q. Do the books of the Central Pacific Railroad Company show the cost of this road to the Contract and Finance Company?—A. No, sir.

Q. Then why do you say that they contain substantially everything that the other books would, except the details?—A. They contain all that the Contract and Finance Company received from the Central Pacific Railroad Company.

Q. That was not the question put to you. It is the cost of construction that makes the whole point. Would not those books show absolutely and without the possibility of such mistakes as may occur even to an accountant who has not seen them for twelve or fourteen years, just how much profit these directors had made out of this construction?—A. The books of the Contract and Finance Company would show the details of every department of construction more accurately, of course, than the Central Pacific Railroad Company's books would show them.

Q. Would they not show by subtracting the cost of construction from the consideration received exactly what benefit the directors had derived from the contract made between the Central Pacific and the Contract and Finance Company?—A. Yes, sir; but the Contract and Finance Company used all the resources that were supplied to it by the Central Pacific Railroad Company. The books of the Central Pacific Railroad Company show what other resources there were and what were turned over to the Contract and Finance Company, all of which were used by the Contract and Finance Company.

ADVANTAGES OF SEEING THE WRITTEN ENTRIES.

Q. But the last statement is merely the statement of your memory and not the statement of a written book. In that respect, do you not

see that it would be of advantage both to the directors and to the Government to be informed by written entries in the books that as a matter of fact all the cash resources received had been expended, so that they could measure the exact profit made by the directors?—A. Undoubtedly it would be a great advantage, and I expressed myself that I would like very well to see those books.

Q. What other accounts did these books contain besides this construction account with the Central Pacific beginning at the east boundary of the State and ending at Promontory Point?—A. No other accounts except accounts of parties from whom materials and supplies were furnished.

Q. Did they contain no accounts of construction for the Southern Pacific?—A. No, sir; not at that time.

Commissioner ANDERSON. I mean up to the time that they disappeared?

The WITNESS. No, sir. Up to the time that they disappeared? Yes; there was some construction of the Southern Pacific, I think, up to that time.

CONTRACT AND FINANCE ACCOUNTS KEPT WITH VARIOUS PARTIES.

Q. Did they contain no account of repairs and work done for the Central Pacific after May, 1869 and 1870?—A. Yes, sir; whatever was done after that up to 1873.

Q. Have you not stated that they contained an aggregate of as many as 150 unfinished accounts at the time the books were posted?—A. I think there were as many as that, including all the various parties by whom supplies were furnished. We kept running accounts with all the parties from whom we bought.

Q. And on some accounts was the balance against the company and on some accounts was the balance in favor of the company?—A. The balance was not in favor of the company with any one from whom we bought materials.

Q. You had accounts on your books with the parties for whom you had done work, or to whom you had furnished materials, out of which there arose a balance in favor of the Contract and Finance Company, had you not?—A. Yes, sir.

Q. Did you have other accounts the balances of which were against the Contract and Finance Company?—A. Yes, sir. The balances were both ways in the different accounts.

Q. How often did you make up your balance sheet?—A. Every month.

BALANCE DUE FROM CENTRAL PACIFIC.

Q. Do you undertake to say that you can recollect to-day that at the time that this road was completed in May, 1869, there were no accounts whatever showing a credit or balances due the company from which the obligations assumed by S., H., H., and C., may have been paid?—A. I did not say so. I think there was a balance due from the Central Pacific Railroad Company at that time.

Q. Arising out of what?—A. Out of the construction of the road. At the exact date of finishing the road I think there was a balance due from the Central Pacific Railroad Company.

Q. A cash balance?—A. Yes, sir.

Mr. COHEN. But I understood you to say that it had been expended.

HOW LARGE AND WHEN PAID.

Q. One moment. Do you know how large that balance was?—A. I do not know how large the balance was.

Q. Do you recollect whether it was one hundred thousand or five million?—A. No; I think it was something between one million and a half and two millions.

Q. Do you know when that balance was paid?—A. No, sir; I presume it was paid a very short time after.

Q. At what period is it that you said that the result of the work was that all the cash receipts had been expended, and the company had the stock on hand, with a liability against it of between three and four millions of dollars?—A. At the completion of the contract in 1869.

Q. Can you state positively from your present recollection that that result was after crediting this balance due from the Central Pacific, which was not paid until afterwards, or before crediting it?—A. I said I thought, approximately, that the indebtedness of the company would amount to between three and four millions.

Q. Did you afterwards collect from the Central Pacific the balance which you say amounted to about a million and a half?—A. Yes, sir.

INDEBTEDNESS OF CONTRACT AND FINANCE COMPANY.

Q. Did that then go to reduce the indebtedness of the Contract and Finance Company, which you have stated to be between three and four millions?—A. Yes, sir.

Q. So that after that collection had been completed, the indebtedness of the Contract and Finance Company, as against the stock, would not have been over $2,000,000?—A. I think the company was in debt at least from three to four millions of dollars. That was its absolute indebtedness, including what was due it from the Central Pacific.

Q. You mean that that would have been the net balance against the company on stating the balance sheet?—A. I think so, approximately.

Q. Can you call to your mind the balance sheet containing that balance from the Central Pacific as one of the assets and all the other credit balances as assets and on the other side all the debtor balances?—A. No, sir; I presume that is the amount from the general impression that I have, that we were always very largely in debt for material. While we were building fifty miles of road a month, the materials were accumulating and the indebtedness was accumulating. The result was that at no period were we not owing a large amount for materials furnished, which were generally bought on a credit of from 30 to 60 days.

OFFSET OF AMOUNT DUE FROM CENTRAL PACIFIC.

Commissioner ANDERSON. That I perfectly understand, but at the same time the very fact of incurring an obligation of that kind would necessarily develop corresponding credit for moneys to come to you?

The WITNESS. We had the million and a half or two millions from the Central Pacific coming to us, which, so far as it went, went towards paying that indebtedness.

Q. And was there nothing to increase your indebtedness after May, 1869, arising out of the Contract and Finance Company's operations? Was there no purchase of material after that date?—A. Yes, sir; we did considerable work after that date.

Q. Did you not state that the road was completed by May, 1869?—A. The road was accepted by the Government commissioners, but there

was a good deal of work required to put it in first-class condition after that, which the Contract and Finance Company did—ballasting and surfacing.

CONTRACT AND FINANCE COMPANY INDEBTED TO CENTRAL PACIFIC.

Q. After 1869 did the balances as between the Contract and Finance Company and the Central Pacific Railroad Company change so that the Contract and Finance Company became indebted to the Central Pacific Railroad Company?—A. Yes, sir.

Q. Out of what did that arise?—A. For moneys advanced.

Q. Moneys advanced by the Central Pacific to the Contract and Finance Company?—A. Yes, sir.

Q. What did that indebtedness amount to?—A. I think that at one time it amounted to several million dollars.

Q. For what purpose was that money borrowed by the Contract and Finance Company?—A. For carrying on its business.

Q. In what work was it then engaged?—A. It was engaged in the construction of a portion of the railroad down the San Joaquin Valley, and the California and Oregon Railroad.

Q. And also a portion of the Southern Pacific?—A. And also a portion of the Southern Pacific.

TERMS UPON WHICH MONEY WAS BORROWED.

Q. Do you remember on what terms that money was borrowed?—A. It was borrowed at the usual rate of interest. The interest was paid and the principal was paid.

Q. I know that. But do you know what the rates of interest were?—A. I think at that time it was 10 per cent. per annum.

Q. It was how much?—A. I think 10 per cent. per annum.

Q. Do you know whether some portions of this money was borrowed without any interest at all?—A. No, sir.

Q. Do you remember a practice of the Contract and Finance Company to leave memoranda with the officers of the Central Pacific and to receive cash advances for limited periods without paying interest on such advances?—A. No, sir; not for any length of time; perhaps for a day or for two days, but for no length of time.

INDIVIDUAL NOTES TO SETTLE CONTRACT AND FINANCE DEBTS.

Q. Now, I read you this memorandum from the minutes of the board of directors of the Central Pacific, of September 9, 1873:

"*Resolved*, That the secretary be directed to receive from the Contract and Finance Company the notes of Leland Stanford, Mark Hopkins, and C. P. Huntington, amounting to $5,700,000, indorsed by said Contract and Finance Company, in settlement of its indebtedness to this company, and credit the amount of same to the account of said Contract and Finance Company."

Do you remember that transaction?—A. Yes, sir.

By Mr. COHEN:

Q. You say you do?—A. Yes, sir; it was in payment of the indebtedness that I told you of. The advances that had been made and the interest on those advances were finally settled by the delivery of those notes.

By Commissioner ANDERSON:

Q. Did your company retain the money?—A. They had the money.

Q. They did not pay it back at all?—A. No, sir; they did not pay it back to the Central Pacific; they paid it back in notes.

Q. The ultimate result of the transaction was that the Central Pacific held the notes of these gentlemen?—A. Yes, sir.

Q. And you had the money without any obligation whatever of the Central Pacific?—A. Yes, sir.

STATEMENT OF ACCOUNTS OF CONSTRUCTION.

By Commissioner LITTLER:

Q. Do I understand you to say that after the Central Pacific road was completed according to your contract and after you had received all the money which you were entitled to receive by the terms of the contract, there was a statement of the accounts of the construction by the Contract and Finance Company, and it was then ascertained that the road had cost between three and four millions more than the total amount of money received from the Central Pacific Company?—A. I do not know that any statement of accounts was made to that effect. That was a fact.

Q. How could you arrive at the facts without a statement of the accounts?—A. We had used up all the resources that had been received, the $43,000 a mile in cash, and we were in debt.

Q. Had any portion of the State or county subsidies gone into that construction?—A. I do not know; no portion of those county subsidies or State subsidies ever came to the Contract and Finance Company.

By Mr. BERGIN:

Q. You mean directly, do you not?—A. Directly. All the Contract and Finance Company received was the $43,000 per mile in cash. It never received any subsidy or any bonds of any kind.

INDEBTEDNESS ASCERTAINED AT COMPLETION OF CENTRAL PACIFIC.

By Commissioner LITTLER:

Q. Do I further understand you that the sixteen hundred and some odd thousand dollars of debt contained in your statement furnished this afternoon formed a part of this three million and a half of indebtedness ascertained at the completion of the Central Pacific Railroad?—A. That formed a part of the indebtedness, but it might not have been exactly with those people. It was carried on from bank to bank and from money lender to money lender, just as it was most convenient and advisable to borrow the money.

Q. You do not mean to state to the Commission that the Contract and Finance Company was indebted the $3,500,000 at the completion of the road, and was also indebted this $1,600,000, do you?—A. No, sir.

Q. Did the $3,500,000 cover every item of indebtedness arising out of the construction of the Central Pacific road?—A. Yes, sir.

Q. Do you state these facts from your recollection? You do not pretend to state that they are accurate, do you?—A. I state them as my idea of the approximate amount of the indebtedness.

MARKET VALUE OF CONTRACT AND FINANCE STOCK.

Q. How many millions of dollars in stock did this Contract and Finance Company get in addition to cash payment for that construction?—A. I have forgotten now the mileage. It is from the State line

to Promontory. Whatever number of miles it is between those points, multiplied by $43,000, would give the amount of stock.

Q. Do you desire the Commission to understand that the total amount of that stock; $23,600,000, was not equivalent in value, and more than equivalent in value, to the amount of its indebtedness at that time?—A. I think it would be very difficult to fix any value upon it. There was no market value.

Q. Do you not know that there are a great many valuable things that have no market value?—A. The Contract and Finance Company and the stockholders of the Contract and Finance Company considered that it had value.

Q. As I understand, you never made any effort to sell any of this stock except to this capitalist Reese? You did not hawk the stock on the market? You made no effort to sell it?—A. No, sir.

STOCK NOT ON THE MARKET.

Q. Was the stock at that time listed on the stock exchange in New York?—A. No, sir.

Q. Or in San Francisco?—A. No, sir.

Q. It had never been offered in the market for sale?—A. No, sir.

Q. What is your idea of when this stock began to have a market value?—A. I think it was about 1876.

Q. What is your recollection as to the time when it was first listed on the stock exchange in New York?

Commissioner ANDERSON. It was 1879.

The WITNESS. I think it was about that time. It had some little value when the first dividend was paid, about 1874. Regular dividends commenced in 1879 or 1880, and then it was listed on the New York board.

Q. What were its first quotations, as you now remember?—A. I think it was listed on the board at about 50 or 60.

Commissioner LITTLER. That is pretty good for a new stock.

The WITNESS. All those kinds of things are managed by the brokers.

NO RESOURCES ON HAND.

By Commissioner ANDERSON:

Q. When you say that this road cost $43,000 a mile for construction, do you base that on the fact that you had no resources on hand; had they all been spent?—A. Yes, sir.

Q. Was that the only basis?—A. Yes, sir.

Q. So that if there should have been expenditures made which have escaped your recollection, either by way of checks given to stockholders or checks given for any other purpose or moneys applied to any other purpose, there would be no foundation for your conclusion, would there?—A. I am quite sure checks were not given for any other purpose.

Q. That is merely the result of your memory after the lapse of all these years, is it not?—A. Yes, sir. No dividend was ever declared by the Contract and Finance Company, except in stock.

SALARIES.

Q. Did the stockholders have any salaries?—A. No, sir.

Q. Did you have any salary?—A. I did.

Q. What other officers had salaries?—A. The clerks and secretaries, the clerks and book-keeper.

Q. Had you not bought for the account of these gentlemen several thousand shares of Central Pacific stock, outside of the business?—A. Not up to that time.

Q. Not up to what time?—A. Not up to 1869. We bought stock after that.

Q. When did you make your earliest purchase?—A. I think we made some small purchases of stock in 1870. I do not remember the date.

Q. May you not be mistaken about the date?—A. Mr. Huntington may have bought some stock earlier than 1870, but I amnot aware of it.

HUNTINGTON REIMBURSED FOR PURCHASES OF STOCK.

Q. When he purchased stock was he not reimbursed by the Contract and Finance Company, and was not the stock turned in?—A. Remittances were made to him in New York for various purposes and for materials that he bought.

Commissioner ANDERSON. I am talking of the stock that he bought—Central Pacific stock.

The WITNESS. I do not know when he did commence buying it, but I do not think he bought any before 1869.

Q. If he did buy and turn the stock into your company, would not you have had to pay him for it?—A. He did not turn any in before that.

Q. I asked you if your practice was not to pay him for stock when he turned it in?—A. Yes, sir; we paid him by crediting his account.

Q. Would that appear in your balance sheet?—A. Yes, sir.

Q. And with the same effect as though it was paid in cash?—A. Yes, sir.

Q. Was any payment made by the Contract and Finance Company to the firm of Crocker & Co. for the stock which it turned over?—A. No, sir.

Q. Are you positive of that?—A. Yes, sir.

CROCKER & CO. STOCK TURNED IN AND DIVIDED UP.

Q. How can you remember that when you cannot recall the account?—A. I know that the stock that was held by Crocker & Co. was turned in as belonging to the five associates, and it was divided up pro rata among them all.

Q. Can you remember whether there were any other transactions between the Contract and Finance Company and Crocker & Co. than this one?—A. No, sir.

Q. Was there no other entry in any other books?—A. There was no entry at all of any kind.

Q. Was there no transactions relating to any other building, or sale of material between Crocker & Co. and the Contract and Finance Company?—A. No, sir.

Q. Did not Crocker & Co. pass over considerable material that they had on hand at the end of their work?—A. Yes, sir; I think they did turn over the horses and carts that they had, and they were paid for by the Contract and Finance Company.

Q. Did the Contract and Finance Company pay for them?—A. Yes, sir; I think they did.

By Mr. COHEN:

Q. To be used in the work?—A. Yes, sir; they used them in the work.

By the CHAIRMAN:

Q. Can you recall any entries in the Contract and Finance Company's books—any balances?—A. No, sir; I cannot recall any absolute balances.

Q. Can you recall any accounts as stated?

The WITNESS. What accounts, sir?

The CHAIRMAN. The accounts in the Contract and Finance Company's books.

The WITNESS. No, sir; I cannot recall them absolutely.

NOTHING IN BOOKS COMMISSION SHOULD NOT SEE.

Q. Why do you say, then, to the Commission, that there is nothing in the books but what the Commission could see?—A. Because I believe there is nothing in the books that the Commission should not see.

Q. Do you say that from what you recall of the books as a matter of fact?—A. From what I know of the books and from what I know was in the books.

Q. Do you say as a matter of fact that you recall that from the books of the Contract and Finance Company?—A. I make that statement from the manner in which the books which were under my supervision were kept.

Q. Do you make that statement from what was in the books?—A. Yes, sir; I make it from what was in the books. I do not think there was anything in the books that any living man might not see.

ACCOUNT WITH THE BANK OF CALIFORNIA.

Q. Did the Contract and Finance Company keep an account with the Bank of California?—A. Yes, sir.

Q. How long did they keep an account there?—A. They kept an account there, I think, during its entire existence.

Q. Did they borrow large sums of money from the Bank of California?—A. No, sir; not very large sums; they were occasionally overdrawn there, but only by overdrafts.

Q. Who were the officers of the Bank of California during this account?—A. I think D. O. Mills was president and William C. Ralston cashier.

Q. Who were the directors, if you recall them?—A. I do not remember the directors.

Q. Can you recall any of them?—A. No, sir.

Q. Were any of the members of the Contract and Finance Company directors in the Bank of California?—A. No, sir.

Q. Had any of the members of the Contract and Finance Company interests in the Bank of California?—A. Not to my knowledge.

STILL IN DEBT AT END OF CONSTRUCTION.

By Mr. COHEN:

Q. I understand, then, that the fact still remains as testified by you in answer to my question and in answer to the questions of Commissioner Littler, that you expended the full amount of $43,000 per mile in the construction of the road and were still in debt at the end of the construction to the extent of about three and a half million. Is that correct?—A. That is my belief; yes, sir.

The CHAIRMAN. That is all; now, if you will produce those additional entries which we have called for, we will excuse you.

The WITNESS. I will do so.

The Commission then adjourned to Saturday, August 6, at 10 a. m.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Saturday, August 6, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

CHARLES F. CROCKER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am one of the directors and executive officers of the Central Pacific and Southern Pacific companies.

CONNECTED WITH CENTRAL AND SOUTHERN PACIFIC COMPANIES.

Q. How long have you been connected with the company?—A. A little over ten years. I commenced with the company in January, 1877.

Q. What relation did you hold to the company in 1877?—A. I was clerk in the office of one of the division superintendents.

Q. What was the next position that you held?—A. I was clerk afterwards in the office of the general freight agent, and after that I was occupied some time in the office of the local freight agent at San Francisco station. Following that I went into the executive office.

Q. Is that the position which you hold now?—A. No, sir; I was then a director only. It was some time before I became an executive officer.

Q. In what year did you first go into the board of directors?—A. In 1878, I think.

Q. How are you connected with Charles Crocker, one of the original directors?—A. I am his son.

Q. Did you acquire your interest in the road through your father?—A. Yes, sir.

Q. Do you attend all the meetings of the board of directors?—A. Yes, sir. I have been absent very little. I have attended nearly all the meetings.

WORK OF EXECUTIVE COMMITTEE.

Q. What committees did you serve upon?—A. I have been on the executive committee. There are no other subcommittees.

Q. What were the duties of the executive committee?—A. They were general in their character.

Q. What especial work did that committee do?—A. I think that I should correct my former answer. My recollection is, at least while I have been a director of the Central Pacific, that there has not been an executive committee of that company, and no subcommitees that I know of.

Q. That is since 1877 or 1878?—A. Yes, sir.

Q. Was that when your connection as a director commenced?—A. Yes, sir.

Q. There has been, as I understand it, no subcommittee of the board of directors?—A. I do not remember any.

Q. Why do you refer to the executive committee as an organization separate from the board of directors?—A. Because at one time we had what was called an executive committee.

Q. What time was that?—A. It has been since the organization of the Southern Pacific Company, not of the Central Pacific.

Q. What was the date of that; was it since April 1, 1885?—A. Yes, sir.

Q. Do you recall the stockholders' meeting in July, 1878?—A. Not particularly.

STOCKHOLDERS' MEETING IN 1878.

Q. Do you recall being present at the stockholders' meeting in 1878?—A. I may have been.

Q. Was that the time that you were elected a director?—A. I could not say whether I was elected a director at a stockholders' meeting, or between the meetings of the stockholders upon the resignation of some one of the other directors. I do not recollect that.

Q. Were you elected director prior to July, 1878?—A. No; I do not think that I was, because in July, 1878, I was in the office of the general freight agent.

Q. Whose place did you take in the board?—A. I have no recollection of that. I believe that I was elected a director when absent from the office. That is, I was in the general freight office, but my father had given me some stock some time before that, and at some meeting, when I was not present, I was elected a director, and was notified.

Q. Will you give to the Commission the date of your election from any memorandum that you have?—A. I have no memorandum.

RESOLUTION OF CENTRAL PACIFIC STOCKHOLDERS.

Q. The books of the company may suggest something. Do you recall a resolution of the stockholders of the Central Pacific Railroad Company, July 30, 1878, approving the acts of Leland Stanford, as president, done and performed in the States of Nevada and California, and in the Territories of Utah and Arizona, and in the District of Columbia, and releasing him from all liability?—A. I remember that such action was taken at that meeting, but the date, of course, I do not recollect.

Q. Were you present at that time?—A. Yes, sir.

Q. Do you recall whether you offered the resolution or not?—A. I think that I did, but it is not clear.

Q. Do you recall writing the resolution?—A. No, sir; I do not.

Q. Do you recall the circumstances under which the resolution was presented to you?—A. Not in detail.

Q. Prior to its being offered for consideration, had you given the resolution any attention?—A. Yes; I think I had.

Q. What investigation did you make of the subject-matter of the resolution?—A. By looking it over, and reading it carefully, and considering whether it was the proper thing to do or not.

STANFORD'S ACTION IN NEVADA AND CALIFORNIA IN COMPANY'S INTEREST.

Q. Will you state to the Commission what were the acts that were done and performed by Leland Stanford in the States of Nevada and California? Take, in the first place, the State of Nevada; what was done there?—A. I do not think that I was present with him when he performed acts in Nevada for the company.

Q. But the stockholders must have had some idea as to the character of the work before they voted such an absolute indorsement, must they not?—A. Yes, sir.

Q. How did they inform themselves?—A. I do not know how they may have informed themselves. I had only a general knowledge of what had been done.

Q. What was the general knowledge that you had?—A. A general knowledge that he had acted in the interest of the company, and had done a great many things for the benefit of the company.

Q. What did he do in the State of Nevada?—A. I have no particular recollection.

Q. What have you of a general recollection?—A. None; only in a general way, anything that he may have done.

Q. What knowledge have you as to what Governor Stanford was doing in California at that time?—A. The same knowledge.

Q. What knowledge is that?—A. Only a general knowledge that he had been doing whatever he saw fit as president of the company in attending to its affairs.

Q. What did he do?—A. I do not know. I acted as one of the stockholders in showing a confidence in everything that he had done.

Q. What was it? You certainly did not go it blind on the whole business?

COMPLIMENTARY RESOLUTIONS.

By Commissioner LITTLER:

Q. What gave rise to the passage of the resolution?—A. A discussion of all those matters.

Q. Had Governor Stanford's character or reputation been attacked in any way or by anybody?—A. No, sir.

Q. What was the occasion of your passing these complimentary resolutions?—A. The resolutions that were passed, as I recollect, were passed for the purpose of having the stockholders show their confidence in Governor Stanford, and to ratify all of his acts which had not been formally ratified by the board of directors.

By the CHAIRMAN:

Q. What had he been doing?—A. I do not recollect anything particularly.

Q. Do you recall any acts of his in the Territories of Utah and Arizona?—A. No, sir.

Q. Was the subject of his conduct discussed at all by the stockholders or directors?—A. I do not remember that it was, particularly.

Q. Was anything said at the time about the acts of Leland Stanford?—A. Some things may have been said.

Q. What was said?—A. I do not recollect in detail.

Q. What was said generally?—A. There was not anything particularly said.

CONFIDENCE IN STANFORD AS AN EXECUTIVE OFFICER.

Q. What were they talking about?—A. There was no particular discussion about those matters, that I recollect, but it was proposed to pass the resolution, and there was a general consent to ratify and confirm the acts and deeds of Governor Stanford as an executive officer, and in that way to show the confidence that we had in him.

Q. Did Governor Stanford suggest the passage of the resolution?—A. No; I do not recollect that he did.

Q. Who suggested it?—A. I do not recollect that. It had been customary to pass resolutions of that kind.

Q. Can you recall the passage of any resolution resembling this at any other time in the history of the company prior to 1878?—A. I entered the directory of the company about that time.

Q. Why do you state to the Commission that it was a matter of form, and that it was customary to pass such resolutions?—A. I understood it to be so. It seemed to me to be a very proper thing to do.

Q. Will you produce any resolution like this which was adopted prior to 1878?

Mr. COHEN. Yes; we will. There are some that were adopted prior to that time.

The WITNESS. They will be found in the minutes.

Q. What did Leland Stanford do in the District of Columbia that required an indorsement by the stockholders of the company and his release from all liability?—A. I do not know.

SERVICES RENDERED IN WASHINGTON.

Q. What service had Leland Stanford rendered to the company, or done or performed for the company, in the District of Columbia that required such a resolution?—A. I believe that he had performed general services in pursuance of his duties as president.

Q. What were the general services?—A. I do not know what they might have been; anything that might come up that would be to the interest or benefit of the company.

Q. What would come up?—A. I cannot specify.

Q. What would suggest itself to you as coming up in the District of Columbia that the president of a great railroad corporation would be interested in so as to be required to do certain things, and then require the subsequent indorsement by the stockholders and a release by them of all liabilities?—A. I do not know. I cannot give a more definite answer to the question than I have, for at that time I was new in the office, and I have no knowledge of any special transactions.

Q. Were the services which Governor Stanford rendered as president of the company in the District of Columbia discussed before the offering of the resolution?—A. I do not recollect that they were.

Q. Do you recall having heard of any service having been rendered by Governor Stanford in the District of Columbia?—A. No, sir.

Q. Do you recollect any part that he took in the District of Columbia in any legislation before the Congress of the United States?—A. No, sir.

Q. Was this indorsement with reference to any expenditure of money in the District of Columbia?—A. If it was, it would show on the resolution, I think. It might cover that.

Q. Do you recall any discussion with reference to any act whatever of Leland Stanford as president of the company, in the District of Columbia, at the time of the passage of the resolution?—A. No, sir.

PURPOSE OF RESOLUTION RELEASING HIM FROM LIABILITY.

Q. What was the purpose of the latter part of the clause in the resolution with reference to a release of all liabilities?—A. I should say that it meant what it said.

Q. What does it mean with reference to the District of Columbia; what liability had he incurred?—A. There may have been none, and there may have been some. I do not know.

Mr. COHEN. Do you know what is in the resolution, Mr. Chairman? Do you want it read?

The CHAIRMAN. I have read the resolution.

Mr. COHEN. The whole of it?

Commissioner LITTLER. Have you a copy of the resolution?

The CHAIRMAN. This is an extract. I call upon Mr. Cohen to produce this resolution in full. It is dated July 30, 1878; the approval of the acts of Leland Standford, page 293, minutes of the Central Pacific Railroad Company.

Mr. COHEN. I shall be glad to do it.

BUSINESS IN CHARGE OF EXECUTIVE OFFICERS.

Q. Did all the business of the Central Pacific Railroad Company originate in the board of directors or in committee? I want to distinguish between the work of the committee and the work of the board of directors, if you had any committees.

Mr. COHEN. That is rather a confusing question. I would say that it might confuse the witness.

Q. Had the board of directors of the Central Pacific Railroad Company any organized committees?—A. No, sir.

Q. Was all the work of the company done in the board meetings?

Mr. COHEN. What kind of work?

The CHAIRMAN. Such as the board of directors would have jurisdiction of.

The WITNESS. The directors have always been in the habit of consulting about matters almost constantly; at any rate, every day. The custom of the directors has been to meet formally once a week, and whenever it became necessary to pass formal resolutions.

Q. Who had charge of the work between the meetings of the board in case any question should arise?—A. The executive officers of the company.

Q. Then instead of referring to an executive committee, or to any other committee of the board, the work arising during the interval between the adjournment of one meeting and the calling of another was referred to the executive officers, was it?—A. Yes, sir; it was.

Q. Are you connected with the Pacific Improvement Company?—A. No, sir; not directly.

Q. How are you connected?—A. Through my father.

Q. Are you a member of the board or do you hold any office in the Pacific Improvement Company?—A. No, sir.

RELATIONS BETWEEN WESTERN DEVELOPMENT AND CENTRAL PACIFIC COMPANIES.

Q. At the meetings of the board of directors of the Central Pacific Railroad Company during your membership, were questions of finance between the Development Company and the Central Pacific discussed?—A. No, sir; I think not.

Q. Were any loans of money made by the Central Pacific Railroad Company to the Western Development Company, or to any other organization, upon the deposit of collateral security?—A. Yes, sir; I think so. But as I entered the directory of the company in 1878, and as it was in that year that the Western Development Company discontinued its business, I cannot state positively.

Q. During your association as a member of the board, what relation had the treasury of the Central Pacific Railroad Company with any outside organization?—A. Outside organizations used the Central Pacific Railroad Company as a depository for its moneys and had accounts with it.

QUESTIONS OF ACCOUNTS BROUGHT BEFORE BOARD OF DIRECTORS.

Q. Were the questions of the accounts brought before the board of directors at their regular meetings?—A. Yes; I think so; there have been instances of it—many instances.

Q. Did the board of directors pass on applications for the use of the money of the Central Pacific?—A. Yes; I think they did; the record books will show, however.

Q. What outside organizations made such applications and received the use of any money that you can recall?—A. I do not know of any except the Pacific Improvement Company. There may have been others. I think at times when the Central Pacific has had a large balance on hand, the money has been loaned out, and it may have been loaned to various parties.

Q. Do you recall any organization or any parties other than the Pacific Improvement Company?—A. No, sir.

CENTRAL PACIFIC'S RATE OF INTEREST.

Q. What rate of interest was charged by the Central Pacific for the use of the money?—A. The rate prevailing in the market at the time, according to what money was worth.

Q. Was any money of the Central Pacific loaned at any time without any charge for interest?—A. Not that I know of.

Q. Do you recall the use of the money of the Central Pacific by any other outside organization or individual without the payment of interest?—A. No, sir.

Q. Did you have charge of the sinking-fund money?—A. I represented the directors of the company in taking charge of the sinking fund or having charge of the securities.

WHO CONTROLLED THE SINKING FUND.

Q. Had you direction or control of the sinking funds?—A. No, sir.

Q. Who had?—A. The board of directors.

Q. Was any money belonging to the sinking fund, to your knowledge, put out on loan at any time?—A. I do not recollect anything of the kind.

Q. What was the size of the balance that the sinking fund usually carried; what was the cash amount?—A. It varied. The books, of course, will show it.

Q. Did you have a clerk in charge of the cash on hand?—A. No, sir.

Q. Who had charge of the cash belonging to the sinking fund?—A. The treasurer.

TIMOTHY HOPKINS TREASURER.

Q. Who was the treasurer?—A. Timothy Hopkins; and before him E. W. Hopkins.

Q. Did he take direct charge or was it done through a clerk?—A. I could not tell you that. I do not know.

Q. Do you know whether that money was put out at any time without charge for interest?—A. I do not know.

Q. Do you know whether the money, the cash on hand, upon receipt of a tag or memorandum, was loaned out at any time to any individual or company?—A. I do not recollect.

"TAGS" REPRESENTING MONEY.

Q. Have you ever heard of tags in connection with the cash account of the Central Pacific Railroad, either in the sinking fund or in the current account?—A. No, sir. Do you mean tags in the treasurer's office?

The CHAIRMAN. I mean tags as applied in connection with other organizations or companies. This is a new term to me.

Commissioner LITTLER. He means tickets representing money in the cash account—in the treasurer's account. He means the carrying the ticket as so much cash.

Q. Was there such a practice?—A. The treasurer may have done it.

Q. Did you ever hear of it?—A. I have heard of tags.

Q. In connection with what business?—A. In connection with the ordinary business in the treasurer's office.

Q. Who got the money on the deposit of tags, that you heard of?—A. I do not know; various individuals.

WHO RECEIVED THE "TAGS."

Q. Did the Western Development Company, or the Contract and Finance Company, or the Pacific Improvement Company, receive money on the deposit of tags?—A. Not that I know of.

Q. Did you ever hear of tags in connection with any of the companies that I have named?—A. No, sir.

Q. Was any interest charged on the tag account?—A. I do not know of any financial transactions with the companies with which I am connected on which there was no interest charged.

Q. How would the interest charge be made upon the deposit of a memorandum, or what you call a tag? How would you keep the interest account with reference to such deposit?—A. If I were treasurer I could do it by noting the date.

Q. Is it not a fact that tags were carried as cash, and not as tags or due bills?—A. It does not follow that they were.

Q. I am asking you if it is not a fact that they were in this case?—A. I do not know that it is a fact; no, sir.

MONEYS PAID WITHOUT VOUCHERS.

Q. I will call your attention to the stockholders' meeting in the year 1885, April 14, to a resolution reciting that Leland Stanford, C. P. Huntington, and Charles F. Crocker have made various payments of money in the interest of the company, for which they have given their individual receipts, but no vouchers have been received from the grantees to whom the sums were paid; also reciting that the nature and amount thereof have been exhibited and fully made known and explained to stockholders, wherefore it was resolved that the stockholders waive the filing of vouchers and authorize the delivery of releases. Do you recall the meeting at which this resolution was offered?—A. Yes, sir.

NATURE OF THE EXPENDITURES.

Q. What was the nature of the expenditures made by these gentlemen from which they were thus released from the filing of vouchers or detailed statements?—A. They were general in their character.

Q. What do you mean by general in their character?—A. I mean expenses for various purposes.

Q. What various purposes? Please enumerate or state in detail, as far as you can.—A. Anything and everything that they might consider advantageous to the company, and which required the expenditure of money.

Q. Is it not a singular fact that in the management of the finances of a great corporation anyone should be released from the filing of vouchers, and from explaining the cause of the expenditure? Would not that suggest something irregular in the proceedings?—A. No.

THE EXPLANATIONS MADE.

Q. What explanation was made at the time?—A. The explanation was made that the expenses were incurred for the benefit of the company, and that it was impossible to file full explanatory statements or documents.

Q. I call your attention to the fact "that the nature and amount thereof have been exhibited and fully made known and explained to us"; that is, the stockholders. Now, what explanation was made?

Commissioner LITTLER. Was that a stockholders' meeting?

The CHAIRMAN. Yes, sir.

Commissioner LITTLER. It was not a meeting of the board of directors, then?

The CHAIRMAN. No, sir; it was a stockholders' meeting.

Mr. COHEN. Mr. Chairman, is the amount stated there?

THE STOCKHOLDERS SATISFIED.

The CHAIRMAN. No. Colonel Crocker, I call your attention to the fact that the nature and amount of such expenditures, according to the resolution, "were fully exhibited and made known and explained to the stockholders." Now, what explanation was made?

The WITNESS. An explanation was made which was considered sufficient. It was explained that these expenses were incurred, and that they were necessary for the company. The stockholders thought that was sufficient; or, so far as I was concerned, I thought so.

Q. Who made the explanation?—A. The parties mentioned in the paper.

Q. Were all of the gentlemen named—Messrs. Stanford, Huntington, and Crocker—present at the time that the explanation was made?—A. The books will show that. I believe that they were.

Mr. COHEN. This was a stockholders' meeting in 1885?

The WITNESS. The books will show who was present.

WITNESS THE MAN REFERRED TO IN THE RESOLUTION.

Q. Are you not the Charles F. Crocker referred to in this resolution?—A. Yes, sir.

Q. What explanation did you make?—A. I explained in that way, just as the others, that these expenditures were necessary.

Q. Did you make the expenditures yourself?—A. No, sir; not directly.

Q. How did you make them?—A. Through attorneys and officers of the company.

Q. What attorneys and officers?—A. The attorneys that were in the service of the company.

Q. Did you make the payments of the money to the officers of the company?—A. In some cases.

THE PAYMENTS WERE FOR GENERAL SERVICES.

Q. For what did you make the payments of money?—A. For services rendered.

Q. What kind of services?—A. General services—anything and everything.

Q. What kind of a voucher did you take that you did not give to the company?—A. I do not recollect that I took any.

Q. What explanation was given to you?

Mr. COHEN. I beg to say, Mr. Chairman——

The CHAIRMAN. Let him answer this question.

Mr. COHEN. I will ask the witness whether these services were rendered by the counsel employed by the company that made these payments?

The WITNESS. Yes, sir; they were.

DECLINES TO ANSWER, UNDER ADVICE OF COUNSEL.

Mr. COHEN. As at present advised, without further consultation with my associates, I advise you not to make any further answer to that question.

Q. What is your answer to my question, Colonel Crocker? I repeat it. What explanation was given to you?—A. Under advice of counsel, I decline to answer that question.

Q. Were any of the payments made for the purpose of influencing legislation?—A. I do not know of any.

Q. Would you not know if you had made such payments?—A. I did not make any.

Q. What was the character of the expenditures that you declined to give in full or in detail at the stockholders' meeting?—A. I did not decline to give any at the stockholders' meeting.

The CHAIRMAN. Mr. Cohen, we ask that this resolution, or the book containing it, be laid before this Commission.

Mr. COHEN. I would suggest that if the Commission would hold its meeting at the proper place, where it could be furnished with information as it desired it, we would be glad to give it quickly. As we are about a mile from the company's offices I cannot give information the moment you call for it.

Commissioner ANDERSON. We do not want you to give it the moment we ask for it. We simply want you to give it to us.

The WITNESS. Previous to the last question I think that I was asked the question whether these moneys referred to had been used for the purpose of influencing legislation.

THE GOVERNMENT'S PER CENTAGE NOT TO BE AFFECTED.

Q. Have you any knowledge of the expenditure of any money on account of the Central Pacific Railroad Company for the purpose of influencing legislation?—A. I have none; and I wish to submit generally in answer to that question the same answer which Governor Stanford has already made to the same question; that is, that no reduction will be made from that portion of the net earnings belonging to the United States for account of any expenditure for which detailed and satisfactory vouchers are not furnished. We will account to the Government as if no such expenditures had been made.

Q. Do you know, directly or indirectly, of the expenditure of any money on account of the Central Pacific Railroad Company for the purpose of influencing legislation?

ADVISED NOT TO ANSWER CONCERNING INFLUENCING LEGISLATION.

Mr. COHEN. I advise you not to answer that question.

The WITNESS. By advice of counsel, I decline to answer that question.

Commissioner ANDERSON. On behalf of the Commission, I desire to put in an explanation. The witness in answer to this question stands upon the answer of Governor Stanford, which is to the effect that no deduction is made in the account of the Government in relation to the amounts actually due under the Thurman act. That has absolutely nothing to do with the merits of this inquiry. The expenditure of large sums of money for the purpose of influencing legislation necessarily has the effect of decreasing the assets of the company and diminishing the power of the company to pay its debts. In the next place, it is referred to by the act as a proper thing to be inquired into. It certainly needs no argument to show that if Congress is to be asked to take any action in this matter, it is perfectly right to ask if any of its members have been approached or improperly influenced. In my judgment we are compelled to insist upon answers to these questions; and I suggest to counsel that before committing themselves to the position of refusing to answer they take the matter under serious consideration.

AN ASSUMPTION NOT PROVED.

Mr. COHEN. So far as I am concerned, I can advise now, but I would prefer to take time to consult. In the first place, the Commission assumes a fact to exist which is not yet proved. The witness has said that certain payments were made to the counsel of the company, and has said that in the absence of vouchers the stockholders and directors of the company, with full knowledge of the facts, have approved these expenditures. I do not know whether, after I have had consultation with the other counsel in this case, we shall advise the witness not to answer the question. As to what the rights of the Commission may be, that can easily be determined.

COUNSEL DESIRE TO BE FULLY REPORTED.

I would like to have some understanding as to the orderly proceedings of this Commission. I notice that when I am speaking the secretary stops reporting. If that is to be the rule, I might as well retire, as I can do no good by appearing here unless the arguments and the motions I make to this Commission are to go upon record. If they are not to go upon the record, I do not desire to waste my time here any further.

THE SECRETARY DIRECTED TO REPORT EVERYTHING.

The CHAIRMAN. We will hear you, sir. You may go ahead, and the secretary will report everything that you say.

Mr. COHEN. So far as I am concerned, I have said in the first place that the Commission assumes a fact to exist which has not yet been proven. The witness has said that certain payments were made for the

benefit of the company, for which detailed vouchers have not been rendered. I have said that in the absence of associate counsel, who are not here this morning—I do not know why—I prefer, until I have had consultation with them, to advise the witness not to answer the question. I have not considered the powers or the rights of this Commission in the premises, or what the effect of the non-explanation of the payments might have upon the interests of the Government. Until I shall have had the consultation with my associates that I have spoken of, I would prefer that these questions be not insisted upon by the Commission.

Commissioner ANDERSON. I am perfectly satisfied with that.

The CHAIRMAN. There is no objection to that.

AN ABSOLUTELY INSUFFICIENT EXPLANATION.

Commissioner ANDERSON. I want to point out the absolutely insufficient nature of the explanation given in the answer before us. The mere fact that no reduction will be made from that portion of the net earnings belonging to the United States on account of any expenditure for which detailed and satisfactory vouchers are not furnished is utterly insufficient by itself. If we should have no power over the matter, or if for any other reason the question is improper, we should consider it with a desire to decide it according to the justice of the case and according to the real and proper construction of the powers of the Commission; but that explanation is absolutely insufficient.

NECESSITY OF RESISTING ADVERSE LEGISLATION.

Mr. COHEN. It seems to me it ought to be apparent to the Commission, not only with respect to this corporation, but with respect to all other large corporations, that they are engaged not only before Congress, but before the State legislatures in resisting adverse legislation. They seldom ask for any affirmative legislation, but they are compelled, in the interest of their stockholders, and in this case in the interest of the Government, to see that their earnings are not curtailed and their power to pay their debts impaired by such legislation as is proposed in all the States through which the roads run; and for that purpose they have undoubtedly been compelled to employ counsel and agents and have had to give them certain powers. If such payments have been made, it certainly answers no useful purpose to drag those agents into the public gaze, or to examine them. So far as the Government's interest is concerned, we do not seek to charge it with any payments that may have been proved to have been made. Whatever we think is right, as lawyers, to advise our clients to do, that will be done.

The CHAIRMAN. Mr. Littler, is that agreeable to you?

REQUEST FOR TIME TO CONSULT.

Commissioner LITTLER. As I understand it, you ask time to consult with your associates?

Mr. COHEN. Yes, sir; I do not know why they are not here, but I suppose that they thought that you had adjourned until Monday.

Commissioner LITTLER. I think that that is a reasonable request and I think that it should be granted.

Mr. COHEN. I think it is. Will the Commission adjourn until Monday at 10 o'clock?

Commissioner LITTLER. We can skip that question, and go on with other matters. Let it stand that way.

The CHAIRMAN. We will skip that point, and proceed with the examination.

IGNORANT OF COST OF CONSTRUCTION.

Q. How familiar are you with the cost of the construction of the roads which have been consolidated into the Central Pacific?—A. I am not familiar with it.

Q. Have you any knowledge at all as to the actual cost of any of the roads connected with or consolidated into the Central Pacific?—A. No, sir.

Q. Have you ever considered the question of the actual cost of construction of the several roads?

The WITNESS. Do you mean that now form a part of the Central Pacific?

The CHAIRMAN. That now form the Central Pacific road. They were consolidated into it, I think, in the month of June, 1870.

The WITNESS. I know of those companies or railroads, but I know nothing of their cost.

Q. Have you ever as a director or one interested in the Central Pacific considered the actual cost of the several roads with reference to the bonded and stocked cost?

Mr. COHEN. These roads were all consolidated before you became a director of the company, were they not?

The WITNESS. Long before that.

"HE WAS A SMALL BOY, THEN."

Q. I asked the question, have you considered these matters as one having an interest in the Central Pacific?

Mr. COHEN. He was a small boy then.

The CHAIRMAN. What was your answer?

The WITNESS. I could not have considered it. I did not. That is the answer; I did not consider it.

Q. I understand you to say that, speaking relatively, you have no knowledge of the actual cost of the several roads that were consolidated into the Central Pacific with reference to the bonded and stocked cost?—A. I have no knowledge.

CONSTRUCTION OF THE SOUTHERN PACIFIC.

Q. That is what I wanted to know. Was the Southern Pacific in process of construction while you were connected with the board?—A. No, sir.

Commissioner ANDERSON. Some branches of it must have been.

The WITNESS. Not any portion of the Central Pacific.

Mr. COHEN. The question is as regards the Southern Pacific.

The WITNESS. I thought that you said the Central Pacific. The Southern Pacific was in course of construction.

Q. How far had the construction of the Southern Pacific proceeded when you went into the board?—A. To Fort Yuma, Arizona.

Q. Was the subject of the construction of the Southern Pacific considered during your attendance upon the meetings of the board of directors?—A. Its construction was no doubt considered.

NOTHING TO DO WITH THE CENTRAL PACIFIC.

Q. With reference to what part of the construction was the discussion in the Central Pacific board?—A. Nothing special. The construction of those roads had nothing to do with the Central Pacific.

Q. What generally was the discussion about in the board of the Central Pacific with reference to the construction of the Southern Pacific?—A. There was no consideration of those matters in the board of the Central Pacific.

Q. Were there any applications to the board of the Central Pacific for the loan of money to the Southern Pacific or to the Western Development Company on account of the Southern Pacific construction?—A. No, sir; none that I know of.

Q. Were there any offers on the part of the Western Development Company for the deposit of bonds of the Southern Pacific with the Central Pacific for the loan of the Central Pacific money?—A. I do not remember any.

PROPOSAL TO PAY DEBT DUE TO CENTRAL PACIFIC.

Q. I call your attention to the minutes of August 28, 1878, page 306, of the Central Pacific Railroad Company; communication of F. S. Douty, president of the Western Development Company, proposing to pay off indebtedness due by the Western Development Company to the Central Pacific Railroad Company, or to continue the present loans at 6 per cent. per annum. Do you recall the discussion that took place in the board of directors during that year concerning the loans made by the Central Pacific Railroad Company to the Western Development Company?

Mr. COHEN. Was Colonel Crocker present at that meeting?

The CHAIRMAN. It does not appear.

The WITNESS. I doubt that I was a director at that time.

Q. Do you recall at any subsequent meetings any discussion as to the loans of the Central Pacific funds to the Western Development Company?—A. No, sir.

WHAT THE WESTERN DEVELOPMENT COMPANY PROPOSED.

The CHAIRMAN. I read from the minutes of the Central Pacific Railroad Company, page 385, September 1, 1879, that the Western Development Company proposes to pay a note given to the Central Pacific Railroad Company for $3,086,259.72, with bonds of the Southern Pacific Railroad Company at 90 cents on the dollar.

Mr. COHEN. That was in the interest of the Government, was it not?

The CHAIRMAN. I am not discussing that. I am asking for information.

Mr. COHEN. The bonds are now worth 115.

The WITNESS. I have no recollection of that at all. I recollect that about that time the Western Development Company began to close out its affairs, but I have no recollection that it had any such transaction as that.

Q. Did you not consider the question of the security that was being placed with the Central Pacific for the use of its money?—A. I did think of it; yes, sir.

Q. Would not such a sum as $3,000,000 make an impression upon you?—A. Yes, sir.

Q. What impression have you now of the transaction that took place in 1879?—A. It was a very fair one to make for the company.

Q. Do you recall what discussion took place at the time?—A. I cannot remember any details.

Q. Were not the funds of the company loaned from time to time to the Western Development Company, to be used in the construction of the Southern Pacific Railroad?—A. No, sir; not that I am aware of.

CENTRAL PACIFIC MAY HAVE LOANED TO WESTERN DEVELOPMENT.

Q. Do I understand you to say that you have no knowledge of the use of any of the money of the Central Pacific by the Western Development Company for the purpose of the construction of the Southern Pacific?—A. If there were any loans made the books will show them; but I have no recollection of any moneys that were turned over by the Central Pacific for that purpose.

Q. Were not the moneys of the Central Pacific loaned upon deposit of proper security for that purpose?—A. They may have been.

Q. Was not interest received by the Central Pacific for the loans made for the purpose of the construction of the Southern Pacific?—A. If there were any loans made there was interest.

Q. Then is it not a fact that upon such loans the funds of the Central Pacific went into the Western Development Company for the purpose of constructing the Southern Pacific?—A. I do not know that they were.

SOUTHERN PACIFIC BONDS AS COLLATERAL SECURITY.

Q. Were bonds of the Southern Pacific taken by the Central Pacific as collateral security for loans on account of the construction of the Southern Pacific Railroad?—A. Those bonds were taken as collateral security for loans, but I have no knowledge of the use that was made of that money.

Q. How far in advance of construction were the bonds issued as collateral security; how far had the construction proceeded?

Mr. COHEN. You mean of the Southern Pacific Railroad?

The CHAIRMAN. I mean the Southern Pacific Railroad.

The WITNESS. I do not think it had proceeded in advance at all. I do not recollect that bonds were issued before the road was built.

Q. As you proceeded, were bonds issued in advance of the construction?—A. I have no recollection that they were. I do not believe that they were.

COMMITTEE TO INVESTIGATE SINKING FUNDS.

By Commissioner ANDERSON:

Q. Were you not a member of the committee appointed to invest the sinking funds of the company?—A. Yes, sir.

Q. For how many years did you serve on that committee?—A. I think that that committee was appointed from time to time. It was not a permanent committee.

Q. How soon after you became a director did you first serve on such committee?—A. Three years at least, I should say.

Mr. COHEN. What committee was this?

Commissioner ANDERSON. A committee to invest the sinking funds.

Q. That would be about 1881, would it not?—A. As near as I can recollect.

Q. Before that time, had you any knowledge of the various sinking funds of the company?—A. Yes, sir; I had knowledge from what I had heard in conversation and read in the reports of the company. I studied the reports of the company.

METHOD OF DISPOSING OF SINKING FUNDS.

Q. What was the mode of operation in regard to disposing of the sinking fund; was it done through trustees of the sinking fund, as in

other States, or was it done by the board of directors?—A. It has been done by the board of directors.

Q. So that the sinking fund has been entirely under the control of the board of directors, has it?—A. Yes, sir.

Q. Was there any one person especially charged with the custody of the securities?—A. They were more particularly in charge of those trustees. There was a separate safe provided for all the securities.

Q. By trustees, do you mean the committee appointed with power to invest?—A. Yes, sir.

Q. You say that there was a separate safe?—A. Yes, sir.

PLACE OF DEPOSIT OF SINKING FUNDS.

Q. Is there a separate safe to-day for the sinking funds?—A. Yes, sir.

Q. Are the securities kept in that safe?—A. Yes, sir.

Q. Are there any other securities belonging to the company kept in that safe, or only the sinking funds?—A. Only the sinking funds.

Q. Where is that safe?—A. It is in one of the rooms in the railroad company's offices.

Q. Who has the key or the combination of that safe to-day?—A. I have the combination; and I think that Mr. Timothy Hopkins also has it.

Q. And are you two gentlemen responsible for the sinking funds to-day—for the presence of all the securities and for the nature of the investment?—A. I do not know whether there are any others who know the combination of that safe or not.

WHO ARE RESPONSIBLE FOR THE SECURITIES.

Q. Do you hold yourselves responsible for the sinking funds so far as the care that you, as a member of the committee, are called upon to bestow upon them?—A. As to the care of the securities; yes, sir.

Mr. COHEN. With the ordinary restriction of a bailment.

Q. I want to know of whom to ask these questions. In regard to these investments of the sinking fund, going back as far as your memory extends, what has been the policy of the company?—A. The policy of the company has been to invest the accumulating sinking funds as soon as convenient after they had accumulated.

Commissioner ANDERSON. I call more particularly for the general nature of the investments made.

GENERAL NATURE OF THE INVESTMENTS.

The WITNESS. The investments were made in available securities—in the securities that were considered advantageous as an investment.

Q. Can you not be more specific as to the nature of the securities and the nature of the corporations or persons to whom this fund has been loaned from time to time?—A. These reports of the trustees, so-called, have been made to the directors, and these reports have been spread upon the minutes of the company, and are now in the record book.

Q. Were the reports made to the board in writing or verbally?—A. In writing.

Q. Has that always been the custom as far back as you can remember?—A. Yes, sir.

Commissioner ANDERSON. I ask you to furnish us with copies of these reports of the investment.

REQUEST FOR STATEMENT OF SECURITIES

By Commissioner LITTLER:

Q. Can you not furnish us with a statement of the several securities which go to make up your sinking funds?—A. Yes, sir; I can have a statement of that kind prepared, and will do so.

Mr. HAYMOND. Let your statement show what those securities cost and what their par value is.

Commissioner LITTLER. Also state the total amount of the sinking fund.

FUNDS LOANED TO CONSTRUCTION COMPANIES.

By Commissioner ANDERSON:

Q. Is it not a fact that these funds have occasionally been loaned to the different construction companies—to the Pacific Improvement Company, for instance, at times?—A. Yes; I believe that they have been.

Mr. COHEN. On interest, you mean.

The WITNESS. There was interest, of course.

Q. Is it not also a fact that the funds have been loaned to the Western Development Company in the same way?—A. Yes, sir; I think so, from what has been read from the minutes. I have no personal recollection of it.

Q. You have no present recollection?—A. No, sir.

Q. Is it not also a fact that these moneys have been occasionally loaned individually to Mr. Huntington and to Mr. Stanford and to Mr. Crocker?—A. No, sir.

Q. Do you state that positively, or is it merely that you do not recollect?—A. I certainly do not recollect of any such loans.

Q. Do you know whether the funds of the Central Pacific Railroad Company, other than those belonging to the sinking funds, have also, at times, been loaned to the construction companies?—A. I do not believe that they have been; I have no recollection of it. There has always been a running account between the two companies, and it may have been overdrawn.

Q. If such running account were overdrawn to the extent of a million dollars, would that not in effect be a loan of the funds of the Central Pacific to the construction companies?—A. Yes, sir; it would.

NO RECOLLECTION OF $5,000,000 LOAN.

Q. Do you not know, or have you not heard at any time, of a loan amounting to as much as $5,000,000 having been made of the funds of the Central Pacific to the Contract and Finance Company?—A. No, sir.

Q. You never heard of it?—A. No, sir.

Q. And that that loan was paid by notes of Charles Crocker, Mark Hopkins, and Leland Stanford?—A. I may have been eight or nine years old at that time.

Commissioner ANDERSON. I am glad that you are so young now. Twelve years ago, Mr. Crocker, if you were then nine years old, would make you now rather a young man.

The WITNESS. I have learned a great many things about the early history of the road from reading the newspaper reports of the proceedings of this Commission.

PAST REPORTS SHOW SINKING FUND OPERATIONS.

Q. Will your past reports show not only the condition of the sinking funds, but also the collaterals held for the loans?—A. Yes, sir.

Q. These reports that we want are all the reports as far back as reports were made. Will you produce them?

The WITNESS. Do you mean the annual reports of the company?

Commissioner ANDERSON. I mean the reports of this committee showing the investment of the sinking funds, not only the current report for this year, but as far back as reports go. I suppose that they were filed with the secretary of the company.

The WITNESS. I think that they were so filed.

Q. Do you know whether the chief engineer of your road makes an annual report?—A. He does.

Q. Does he make any report other than the report which appears in your printed annual report?—A. No, sir.

Q. Is that the only one that he makes?—A. Yes, sir.

MANUSCRIPT REPORTS PREVIOUS TO 1872.

Q. The first annual report that we have in print is dated 1872. Do you know whether there are on file copies of the reports of the chief engineer from the organization of the road up to 1872?—A. I do not know whether those reports are on file or not. The reports are made in manuscript and then printed, together with the reports of the other officers of the company.

Q. If you have the manuscript reports from 1862 to 1872 we would like to see them. Will you produce them?—A. Yes, sir; if we have them.

THE CALIFORNIA AND OREGON.

Q. What knowledge have you of the construction of the California and Oregon Railroad between Delta and the State line?—A. I have been along the line frequently and have watched the work.

Q. What is the nature of that country with reference to the difficulties of construction?—A. It is mountainous and rocky, and there are steep grades. For 75 miles the road winds along a narrow cañon, and there are a great many curves with a high degree of curvature and steep grades.

Q. What is your precise relation to that construction; are you merely interested as a director, or have you any connection or official relation with it?—A. I am, of course, interested as a director and as a stockholder.

Q. Stockholder of what company?—A. Of the Central Pacific.

Q. Are you a stockholder of the Pacific Improvement Company?—A. No, sir.

Q. Did you represent your father in examining the road or watching its progress?—A. I do not represent him in my official relations with the railroad company.

Q. Has your investigation of the construction been sufficiently close to give you any knowledge of the actual cost of the construction?—A. No; it has not.

WHY CENTRAL PACIFIC DID NOT BUILD IT DIRECTLY.

Q. Can you tell this Commission why the Central Pacific Railroad Company did not construct this road through its own engineers and officers, at cost, instead of constructing it through the device of the Pa-

cific Improvement Company, for the construction of which road the Central Pacific pays four and a half millions in bonds and eighty thousand shares of stock?—A. There were legal difficulties in the way.

Q. Of what nature?—A. The difficulty in the way of making the proper connections with the Oregon and California Company.

Q. How would that difficulty affect the question of determining the cost of construction by means of the engineers and officers of this road, who should do the work directly up to the State line?—A. The value of the railroad depended largely upon its being under our management through to Portland, Oreg., and that could not be accomplished by the Central Pacific.

Q. Why was that circumstance controlling so as to compel the Central Pacific to make this construction by a contract with the Pacific Improvement Company instead of constructing that road itself?—A. It was necessary to obtain the control of the Oregon and California Railroad Company.

Q. Could not that portion of the arrangement have been made by separate negotiation, leaving the Central Pacific to build this road in the usual way?—A. It could not have been done.

Q. Why not?—A. I do not believe that it could have been done.

Q. Can you give no other reason?—A. I do not think it could have been accomplished in that way.

CONTROL OF OREGON AND CALIFORNIA STIPULATED.

Q. Is a large portion of the consideration agreed to be paid to the Pacific Improvement Company based upon the promise of the Pacific Improvement Company to obtain control of the Oregon and California road, and to complete that road to a junction?—A. That was one of the considerations.

Q. How much of the value to be paid by the Pacific Improvement Company is based upon that consideration—that is, the completion of the Oregon and California road?—A. In my judgment it was the greater part of the consideration.

Q. And all of the consideration has been paid to the Pacific Improvement Company, except $317,000 in bonds, has it not?—A. Yes; I think so.

Q. But the junction has not yet been made, has it?—A. The Pacific Improvement Company has fulfilled its part of the contract.

Q. It has not fulfilled that part of completing the gap, has it, which you say was a very material part of the contract?—A. It is not actually completed to-day.

THE FURNISHING OF EQUIPMENT.

Q. Is it not also true that the Pacific Improvement Company has not furnished any of the equipment agreed to be furnished under the contract?—A. I think that it has furnished the equipment, or else it is in process of delivery.

Commissioner ANDERSON. The president of that company has informed us that none of it has been delivered as yet, though the orders for it are out in the East.

A. I think that the greater portion of it is delivered, but am not daily apprised of the arrival of rolling stock.

Q. Have you been apprised of the arrival of new rolling stock?—A. I know that a great deal of rolling stock has been delivered.

Q. Under that contract?—A. Yes, sir.

Q. Where is it delivered?—A. To this system of railroads at one of its eastern termini from some of the other railroads.

Q. Where is it manufactured?—A. In various places. There are contracts in different places.

Q. Is it manufactured most generally in the East?—A. Yes, sir. The passenger cars are made at Dayton, Ohio; the freight cars are made at two or three different places; the engines are being made at Sacramento, in the shops of the company.

Q. How many engines have been built at Sacramento? I mean for this Pacific Improvement Company contract.—A. There is not any particular portion made. The engines are being made at Sacramento as rapidly as they can be made, and the quota under this contract is supplied whenever they are needed.

SOUTHERN PACIFIC BUILDING THE ROLLING STOCK.

Q. By what arrangement between the Pacific Improvement Company and the Central Pacific Railroad Company is it that these engines are being constructed?—A. I do not believe there is any arrangement with them. The shops and employés are all under the control of the Southern Pacific. It is a part of the lease to the Southern Company, and the Southern Pacific Company is doing that work at Sacramento.

Q. For whose account does the Southern Pacific Company do it?—A. If the rolling stock is made for the Pacific Improvement Company under any of its contracts, it is made for account of that company. If the rolling stock is needed by any one of the different railroads leased by the Southern Pacific Company it is apportioned off to it where needed.

Q. How is the price to be paid by the Pacific Improvement Company for these engines determined?—A. An account is made up of the cost; to this 10 per cent. is added and charged against the Pacific Improvement Company.

TERMS OF CONTRACT AS TO EQUIPMENT.

Q. The Pacific Improvement Company under its contract agrees for the four and one-half millions of bonds and the eighty thousand shares of stock to deliver one locomotive for every 5 miles, and a number of passenger cars and freight cars, to be determined by the mileage of the road. As the Pacific Improvement Company appears to have received all the consideration, I want to know how it is that the cost of these locomotives and cars is regulated so as to reimburse the Central Pacific?—A. I do not believe that the cost of that rolling stock affects the Central Pacific at all.

PACIFIC IMPROVEMENT PAYS SOUTHERN PACIFIC.

Q. If the locomotives are manufactured in its shops, the Central Pacific must pay the wages of the men who make the locomotives, must it not?—A. Those shops are leased to the Southern Pacific Company.

Q. Then the Southern Pacific Company must pay these wages, must it not?—A. It pays the wages of the men in the shops.

Q. How does it get the money back from the Pacific Improvement Company?—A. The Pacific Improvement Company pays for it.

Q. How is the amount which it is to pay determined?—A. An account is made up of the cost; to this 10 per cent. is added and charged against the Pacific Improvement Company.

Q. In regard to the rolling stock that is bought in the East—by whom is that purchase made, by the Pacific Improvement Company, or by the Southern Pacific Company?—A. It is made by the Pacific Improvement Company.

Q. Where was that rolling stock to be delivered, at Ogden?—A. Generally at Ogden; yes, sir.

MR. DOUTY HAS FULL INFORMATION.

Q. Do you say that Mr. Douty has no information of these deliveries?—A. He has full information of them.

Commissioner ANDERSON. Mr. Douty has told us that they have been made. I refer to these deliveries of rolling stock called for by the Pacific Improvement Company's contract. He said that they were simply under order at the East.

The WITNESS. There are a great many orders at the East, and one may be confounded with another. Some are orders of the Pacific Improvement Company and some are orders of the Southern Pacific Company, and deliveries are being made almost constantly.

IGNORANT OF PROFITS OF PACIFIC IMPROVEMENT COMPANY.

Q. Are you sufficiently familiar with the construction between Delta and the State line and the amount of equipment to be delivered under the contract to tell us how much profit the Pacific Improvement Company will make under the contract in question, the consideration it receives being four and a half millions in bonds of the Oregon and California and of the Central Pacific, issue of October, 1886, and eighty thousand shares of stock of the Central Pacific Railroad Company, and the work to be performed by the Pacific Improvement Company, being the aforesaid construction of 104 miles, and the delivery of the rolling stock?—A. I do not know anything about its profits.

Q. Do you know what the bonds of October, 1886—fifty-years bonds—are worth?—A. They are not on the market.

Q. Do you own any of them?—A. No, sir.

Q. Have you ever owned any of them?—A. No, sir.

INTEREST ON BONDS OF 1886.

Q. Do you know whether the interest is paid on those bonds?—A. Yes, sir; it is paid. It is a very new bond.

Q. I know that one coupon has passed; was it paid?—A. Yes, sir; on such bonds as had been issued when the coupon was due.

Q. Do you know at what rate those bonds were received as collateral for your sinking funds?—A. No, sir; I do not recollect.

Q. Do you know that within a year a large number of these bonds were accepted in payment of bonds of the Southern Pacific Railroad Company held in the sinking funds?—A. Yes; I do recollect that.

Q. Is it your judgment, then, that the bonds of October, 1886, are as good as the first-mortgage bonds of the Southern Pacific Railroad Company?—A. Yes; I think they are as good.

ALSO ON CALIFORNIA AND OREGON BONDS.

Q. How about the California and Oregon bonds; is the interest paid regularly on those?—A. Yes, sir; it is.

Q. In your judgment, are those bonds as good as the Southern Pacific Railroad bonds?—A. Yes, sir; they are.

Q So that, so far as your judgment goes, we may assume that the four and a half millions paid to the Pacific Improvement Company in those bonds as being the equivalent of four and a half millions in money?—A. I do not know whether they would sell in the open market for that amount or not.

Q. With what other construction of the Central Pacific, or any of its branches, are you familiar?—A. There is no other construction that has been undertaken by the Central Pacific since I have been connected with it.

RECEIPTS OF CENTRAL PACIFIC BEFORE AND AFTER LEASE.

Q. How familiar are you with the results of the management of the Central Pacific prior to the lease of 1885, as compared with those results subsequent to the lease of 1885?—A. I am somewhat familiar with it. I have been at the office nearly all that time.

Q. Have you studied the figures showing the gross receipts of the management before the lease of 1885 with the deductions made for rentals, interest, sinking-fund requirements of the United States, and the State sinking funds, so as to familiarize yourself with the absolute net resulting prior to the lease of 1885, and as compared with that, the net actually received since the lease of 1885, which has amounted, as you know, to $1,300,000 or $1,400,000?—A. The statements showing those facts are prepared by the secretary or his assistants, and I have seen those statements. I have also obtained other information upon those points from the annual reports of the company. Regular statements of earnings and expenses are also made out.

CENTRAL PACIFIC'S INTERESTS NOT AFFECTED.

Q. What is your conclusion as to which is most advantageous to the Central Pacific Railroad Company; which form will yield the largest amount of earnings?—A. As nearly as I can judge the interests of the Central Pacific remain the same as they did before this lease.

Q. Do you mean to say that the amount of net earnings is about the same?—A. No, sir; they do not necessarily remain the same, but the net earnings of the Central Pacific depend upon its actual business to the same extent exactly now as they did before.

Q. Before that lease were not the net earnings of the Central Pacific largely affected by the operation of the Southern Pacific of California, the Southern Pacific of Arizona, the Southern Pacific of New Mexico, and all the lines south of Goshen?—A. The lease had nothing to do with that.

Q. Before the lease of 1885, were not the annual net earnings affected by the operation of the lines of the Southern Pacific south of Goshen? If those lines south of Goshen made more money than the rentals, would not that increase the net earnings of the Central Pacific?—A. Yes, sir.

Q. And if they made a loss, it would decrease those earnings?—A. Yes, sir.

Q. Since that lease, the lines south of Goshen do not enter into the computation at all, do they?—A. They do not. The Central Pacific is independent, as it was before.

ARE THE NET EARNINGS MORE OR LESS?

Q. I ask you whether the absolute net earnings after the payment of all charges, the net earnings that would be available for dividends, are more or less under the operation of the lease of 1885 than they were before the lease of 1885?—A. These reports would show that; but as to the business of the Central Pacific, it cannot be affected.

Q. Do you mean when you say Central Pacific, the aided portion of the Central Pacific?—A. No; I mean all of the Central Pacific lines.

Q. I cannot understand your answer. Before the lease of 1885, the Central Pacific Railroad Company was a system, the net earnings of which were determined by its own actual net earnings, and also by the net earnings resulting from a number of lines leased to it, including those south of Goshen. Since the lease of 1885, it is a corporation whose net earnings are determined by the operation of its own line, and of certain leased lines embracing only those north of Goshen. I ask under which system the net earnings have given the largest return?—A. I must refer you to the reports of the secretary for such a statement. They will show the fact. The only knowledge which I have of them is what the secretary would furnish to me, and what I have obtained from the annual reports.

WAS THE LEASE A GOOD THING?

Q. I will put the question in a very much shorter form: Do you think that the lease of 1885 was a good thing?—A. Yes, sir.

Q. Why do you think that it was a good thing?—A. It continues harmonious relations between these companies, which is very desirable.

Q. When you say a good thing, you mean a good thing for whom?—A. All the parties concerned.

Q. Do you think that it has brought more money to the Central Pacific than the Central Pacific would have had if this lease had not been made?—A. I do not think that the Central Pacific has been affected much either way.

FUTURE OF THE THROUGH BUSINESS.

Q. Have you made the subject of the through business, as compared with the local business, a study?—A. Yes; I have observed it as closely as possible.

Q. What is your judgment as to the probable future of the through business; by this, I mean the transcontinental business?—A. The value of the through business to these railroads has been greatly impaired. It is not worth as much to these companies as it once was.

Q. Has it been impaired chiefly in tonnage, or in money value?—A. The rates have been so affected by competition that it is not worth to the companies what it once was.

Q. How far is the decrease of earnings from this cause offset by the increase of local earnings?—A. In my judgment, it has been very nearly offset; for the increase of local trade or traffic has been considerable.

THE MOST VALUABLE FEEDERS.

Q. Which do you regard as the most valuable feeders tending to increase the local earnings?—A. The local lines in the valleys about San Francisco; and within the last two or three years the local lines about Los Angeles, in Southern California.

Q. Does the class of business which goes to these local lines to any extent pass over the main line of the Central Pacific?—A. Yes, sir.

Q. What are the features of this business?—A. The local business on the main line of the Central Pacific, as far east as Truckee over the mountains, or to Reno, is large, and the local business on the Central Pacific, Oregon Division, as far north as Redding, is growing rapidly, and it is now quite heavy. The local business in the San Joaquin Valley is also increasing rapidly. Those localities are rapidly settling up with a new population. In addition to these, those feeders of the line which do not actually form a part of the Central Pacific, but which are valuable, are the California Pacific, in Napa Valley, and the Northern Railway.

Q. How far does the business to which you are now alluding tend to increase, if it does so, the earnings of the Central Pacific between Sacramento and Promontory Point?—A. That business is affected by the local trade first referred to by me, and is between Sacramento and Truckee.

Q. Because it goes farther east than Truckee, is that the reason?—A. Because it is the same line.

Q. Is it not affected beyond Truckee?—A. Any business beyond Truckee would be affected. I was speaking of the very valuable feeders to the main line, and referred to its best local business.

THE EXPECTED BUSINESS FROM OREGON.

Q. In regard to this expected business from Oregon, what direction would that take after the completion of the road? I mean, whether it would benefit the road east or west of the point of junction with the Central Pacific?—A. It would benefit the Central Pacific from the Oregon State line to Sacramento.

Q. And is the only aided part of the Central Pacific that it would benefit the portion of the road between Roseville and Sacramento?—A. Yes, sir.

Q. Which is about 18 miles, is it not?—A. Yes, sir.

Q. Would you expect to do any through business from the East to Portland over that line?—A. Yes; we hope to.

By Commissioner LITTLER:

Q. Then the road east of the junction would be favorably affected, would it not?—A. Yes, sir; on all of that business. I supposed that Commissioner Anderson was referring to the San Francisco business; that is, the business between San Francisco and Portland.

EFFECT OF FEEDERS ON AIDED LINES.

By Commissioner ANDERSON:

Q. What I want to get is some information from you as to the effect of some of these feeders, including the California and Oregon, on the aided portion of the line between Sacramento and Promontory Point; can you give us any such information?—A. The construction of this line to Portland and the control of it by the California company forms another line to Portland from the Eastern States. That line is directly through Ogden and Roseville Junction, thence up to Oregon. For the entire distance to Roseville it passes over the aided line. It will be the policy of the company to get as large a share of that business as possible, and work it as a through line.

Q. So far as the East is concerned, it would have to compete directly with the Union Pacific and the Oregon Short Line, would it not?—A. Yes, sir; and with the Northern Pacific also.

NORTHERN PACIFIC'S TRAFFIC RIGHTS.

Q. The Northern Pacific does not connect with Portland, except by the interchange of traffic with the Oregon Railway and Navigation Company, does it?—A. It has a traffic right to run its cars over their track.

Q. Has it a traffic right over the line of the Oregon Railway and Navigation Company?—A. Yes, sir.

Q. Is the lease of the Oregon Railway and Navigation road to the Oregon Short Line subject to that trackage right?—A. I have not seen the papers, but I should think that it is.

FORECLOSURE WOULD DAMAGE THE AIDED ROAD.

Q. What, in your judgment, would be the effect on the value of the aided portion of the Central Pacific in case of a foreclosure of the mortgage of October, 1886?—A. Its value would be impaired through the loss of benefit from the local traffic.

Q. The effect would be to sever from the aided portion all of the branches and all communications with tide water, would it not? At least, that is the apparent effect to us.—A. It would sever from the aided portion all property—railroad and real estate—included within the mortgage of October, 1886.

Q. Then, so far as the old Central Pacific is concerned, it would leave nothing but the route from Sacramento to Promontory Point, and, so far as the old Western Pacific is concerned, it would leave nothing but the route from Sacramento to San José via Niles, I believe; is that your understanding?—A. Yes, sir; the papers show that—whatever the aided portion is.

Mr. COHEN. That would be so if the property sold for less than the mortgage; but if it sold for more than the mortgage, of course it would be different. Of course it would be liable to the Government for the debt.

PRESENT VALUE OF CENTRAL PACIFIC.

Q. What, in your judgment, is the present value of the Central Pacific line from Sacramento to Promontory Point, with its shops, appurtenances, and rolling stock belonging to it? I do not ask for a critical answer as to its value, but for an answer in relation to its general value, considering its mortgage and the Government lien, amounting in all, principal without interest, to about $54,000,000.—A. I do not believe it is worth that; at least it would not sell for that.

Q. What would it cost to-day to reconstruct or produce it?—A. I have no definite knowledge on that point.

Q. Are you satisfied that it would cost less than $54,000,000?—A. I believe it would.

Q. Can you approximate more closely? Would it cost $40,000,000?—A. I should not want to take a contract to reproduce it for much less than $40,000,000.

Q. Do you include in that all the property at Sacramento and all the rolling stock belonging to that portion of the line?—A. Yes, sir.

WOULD THE STOCKHOLDERS LET IT GO?

By the CHAIRMAN:

Q. In your judgment would the stockholders let it go at $54,000,000?—A. I have no knowledge as to what the stockholders would do.

Q. I am asking you as to your judgment whether it would bring $4,000,000.—A. I believe that I said I thought that it would not bring it.

Q. Would the stockholders let it go for fifty-four millions?—A. I do not know.

Q. What is your judgment of the matter, when you consider the financial history of railroad companies?—A. Speaking for myself, which is as far as I can go, I should say yes.

By Commissioner LITTLER:

Q. From whom can we get the most reliable information with reference to the traffic management of this property?—A. From Mr. J. C. Stubbs.

Q. You do not know much about that branch of the subject, do you?—A. I talk with him a great deal, but he is the traffic manager of the company, and is thoroughly posted upon all of this business.

PLAN OF SETTLEMENT.

Q. Have you any suggestions to give the Commission in relation to the adjustment of the Government lien against this property?—A. No; I have no suggestions to make.

By the CHAIRMAN:

Q. Have you considered the question of the adjustment of the debt, as a director of the Central Pacific?—A. I have thought of it a great deal.

Q. Have you thought of it sufficiently to give the Commission the benefit of any opinion that you have reached?—A. No, sir; not sufficiently for that purpose.

Q. Have you considered the question of the extension of the debt?—A. Yes, sir.

TIME FOR PAYMENT SHOULD BE EXTENDED.

Q. What conclusion have you reached as to such an adjustment?—A. I believe that it would be a fair thing to the company and to the interests of the Government to extend the time for its payment.

Q. Upon what conditions and in what manner?—A. I have no advice to give the Commission on that point.

The CHAIRMAN. I am only asking for your thought and for the result of your consideration as a director. If you have given it any consideration, we want the benefit of it. We want all the information that we can get upon that question.

The WITNESS. I have nothing to say upon that point.

WAS NAME ON ROLLING STOCK CHANGED?

Q. Were you familiar with the rolling stock of the Central Pacific and its condition at the time of the lease of the Central Pacific to the Southern Pacific?—A. I was generally familiar with it.

Q. Have you any knowledge as to any order issued with reference to the change of the name of the company painted on the outside of the cars and rolling stock generally, from the Central Pacific to the Southern Pacific Company?—A. I believe that there was some discussion with the operating department as to that.

Q. What discussion did you have with reference to the change?—A. We discussed what course should be pursued and what form should be adopted in lettering the cars. I believe that was settled between Mr. Towne and Mr. Miller.

Q. Did you settle it by changing the lettering from the Central Pacific to the Southern Pacific Company?—A. I do not recollect that.

WHO WOULD KNOW IF IT WAS SO ORDERED?

Q. Was there an order issued?—A. I do not know of any order.

Q. Who would have knowledge of such a change, if it was true?—A. Mr. Towne, the general manager.

Q. Do you know whether any of the rolling stock of the Central Pacific was put under the title or lettering of the Southern Pacific Company?—A. I do not know positively whether it was or not.

Q. Could Mr. Towne give that information?—A. Yes, sir.

Q. Who is Mr. Towne?—A. He is the general manager of the company.

Q. At the time of the declaration of the last dividend by the Central Pacific Railroad Company in February, 1884, or prior to that time, at a meeting of the board of directors, was there any discussion in the board as to the ability of the company to pay a dividend at that period?—A. I do not recollect any particular discussion. There was a statement submitted showing the earnings and expenses, and the balance sheet was also before us.

DIVIDEND PAID IN 1884 FROM SURPLUS EARNINGS.

Q. At that time were there sufficient earnings out of the actual surplus on hand in cash to warrant the payment of a dividend in February, 1884?—A. Yes, sir.

Q. Have you any knowledge of the borrowing of money at any time for the purpose of paying dividends?—A. I have no knowledge of any such proceedings.

Q. Was any part of the dividend of February 1, 1884, paid out of borrowed money?—A. No, sir.

Q. Have you any knowledge of any money having been borrowed at that time from James G. Fair for the purpose of paying the dividend of February 1, 1884?—A. No, sir.

Q. Would you have knowledge of the fact if such a loan had been made by Mr. Fair to the company at that time?—A. Yes; I might have knowledge of that fact.

Q. Then, to your knowledge, were all dividends of the company paid out of the earnings represented in cash in the possession of the company at the time of the declaration of a dividend?—A. Yes, sir.

By Commissioner ANDERSON:

Q. Do you mean represented in cash?—A. It was stated by the secretary that there was available for a dividend a sufficient amount to pay it.

Q. I am asking you whether the statement was that there was this amount available in cash on deposit in bank to the credit of the company, or whether the statement was that it was surplus earnings?

Commissioner LITTLER. Would not the surplus earnings necessarily be in bank?

Commissioner ANDERSON. No; they never are.

Commissioner LITTLER. Where do they keep them?

Commissioner ANDERSON. They keep them in the property itself.

The WITNESS. It is possible that some of it was in the form of surplus earnings that had not been previously divided.

NO MONEY BORROWED TO PAY DIVIDENDS.

By the CHAIRMAN:

Q. Did you call in the loan of surplus earnings and reduce it to cash, or, in case these loans were not called in, did you borrow money to pay the dividend and afterwards repay those loans of borrowed money?—A. The railroad company never borrowed any money for the purpose of paying dividends.

Q. What answer do you make to Mr. Anderson's question?—A. I answered him.

By Commissioner ANDERSON:

Q. My question is whether you mean when you say there were surplus earnings enough to warrant a dividend, those surplus earnings at the time of the declaration of the dividend were in fact in the form of cash?—A. I answered that by stating that a portion of that dividend may have been in the form of surplus earnings.

By Commissioner LITTLER:

Q. In what form would the surplus earnings be, cash or its equivalent?—A. It would be considered as cash.

Q. Cash or its equivalent?—A. Yes, sir.

WHAT CONSTITUES SURPLUS EARNINGS.

By Commissioner ANDERSON:

Q. Might it not be in the form of houses, ties, material, bills receivable, fuel, and other accounts?

Commissioner LITTLER. They would not declare a dividend on that.

Commissioner ANDERSON. They do it, however. Every company ever organized does. So long as the account shows surplus earnings and that account is fairly kept, it is quite justifiable. So long as the amount is sufficient it is called surplus earnings available for dividends. Is that not so, Mr. Crocker?

The WITNESS. I think that part of the dividend might have been of surplus earnings, and from the earnings of the company for a period prior to the payment of the dividend. The dividend might not have been altogether earned during the year preceding its payment.

Q. And that is the form in which that surplus might appear. Is it not true that in making up the income account for the year, after making all proper deductions and crediting all balances, you look no further in determining the question whether you are entitled to declare a dividend?—A. If the earnings during any previous period, together with any previous earnings not divided, amount to enough to pay a dividend, it might be paid.

Q. Without reference to the question whether those earnings have been invested in branch lines, or in building bridges, or in paying for supplies and labor, or loaned to other railroads, or paid out for materials, you concern yourselves with none of these things, but only take the surplus as shown upon your balance sheet. Is that not the case?—A. We look to see whether we have the money on hand or not.

Q. Do you look to see whether you have the money on hand before you declare a dividend?—A. Yes, sir; we look to see whether we have a surplus to warrant its payment.

EXPENSES WHICH FORM PART OF FLOATING DEBT.

By Commissioner LITTLER:

Q. You never declared dividends on money earned and invested in betterments on the road, building new stations and side tracks, and all expenses charged to construction account, did you?—A. Such expenses form a part of the floating debt.

Q. They form a part of the floating debt unless charged up. When you pay expenses out of the earnings you do not have any money on hand to pay dividends, do you?—A. No, sir.

Q. And you do not declare a dividend where you have expended the surplus earnings in that way, do you?—A. No, sir; we would not do so.

Commissioner LITTLER. Of course not.

By Commissioner ANDERSON:

Q. On the other hand, if you have invested surplus earnings that belong to income and represent funds properly available for dividends, you would declare a dividend even though those surplus earnings had been loaned out, or been completely changed as to their form, whether charged to equipment, construction, or any other particular account. So long as you have surplus earnings but of which a dividend can be declared, you would not hesitate to declare a dividend, would you?—A. We would not.

Commissioner ANDERSON. In one instance the floating debt would increase, and on the other hand you would have a surplus.

WOULD NOT BORROW MONEY TO PAY DIVIDENDS.

By the CHAIRMAN:

Q. If you could not reduce the surplus to cash, would you borrow money to declare a dividend?—A. We would not borrow money for that purpose.

Q. If you had no money on hand from surplus earnings out of which to pay a dividend, and did not wish to turn these surplus earnings into cash, would you borrow the money to pay that dividend?—A. If we did not have the cash on hand we would have to borrow it.

Q. Did you borrow it?—A. I do not remember. Whenever the company has paid dividends it has done so from its surplus earnings. If some of these earnings have been invested in station-houses and side tracks, and possibly in equipment, such expenditures form its floating debt.

WHAT IS EQUIVALENT TO CASH FOR DIVIDEND PURPOSES.

By Mr. COHEN:

Q. I understand Commissioner Anderson's proposition to be as follows: Suppose you had money enough to pay a dividend invested in coal, and that coal were all paid for, would you then declared a dividend?—A. Certainly we would.

By the CHAIRMAN:

Q. My question is purely where you got your cash out of which you paid your dividend on February 1, 1884? Whether you borrowed it or reduced sufficient of your surplus earnings to cash to pay it, without regard to the merits of the question?—A. I could not answer that question. I am not competent to answer it.

NOT FAIR TO EXCLUDE DIVIDENDS ON ACCOUNT OF BETTERMENTS.

By Commissioner LITTLER:

Q. Suppose that it appeared from the books that during any given year you earned $5,000,000 more than the cost of operating expenses, and it appeared on examination of the construction account that the company had determined as the earnings came in that it was necessary to invest them in new buildings and side tracks and in ballasting the road, and for other permanent improvements on the road, and that at the end of the year all of the five millions were so invested; you would not be in condition under such circumstances to declare a dividend to your stockholders, would you?—A. Yes, sir; I think we might be.

Q. Where would you get the money to pay a dividend in such a case as that?—A. We would pay the dividend out of the surplus earnings, or from the cash on hand.

Q. There would not be any cash on hand under my proposition, would there?—A. Oh, no. We could borrow it for one purpose or the other.

Q. You would not pay any dividend, would you?—A. It would be unfair to the present stockholders, or the day-to-day stockholders, for the company to put betterments on the road and new buildings and ballasting and steel rails instead of iron rails and side tracks out of the surplus earnings and never pay any dividends.

By the CHAIRMAN:

Q. Were the dividends of the Central Pacific which were declared and paid from the year—I do not know the month, perhaps you can recall it—1873 to February 1, 1884, inclusive, paid in the manner that you have stated with reference to the payments of the dividends, to wit, out of the surplus earnings?—A. Yes, sir. There was a portion of the period when I was not in the office.

Q. What portion do you recall when you were not in the office?—A. I was not in the office previous to 1878.

FALLING OFF IN SURPLUS EARNINGS.

Q. I call your attention to the fact that the dividends during that period amount, in round figures, without giving the smaller amounts, to $33,000,000. How do you account for the falling off in surplus earnings from the date of the last dividend down to the present time?—A. It results from the change in rates for freight and fare and in the volume of the traffic, and the change in the general affairs of the company.

Q. What have been your surplus earnings, if you can recall the amount, since the declaration of your last dividend?—A. Just as stated in the reports. I think that they are here.

Q. Do I understand you to say that the falling off has been due entirely to the reduction in the rates of freight?—A. And to change in the volume of traffic.

Q. What do you mean by change in the volume of traffic?—A. From a very heavy business it has fallen to a very much reduced business.

WHAT HAS BECOME OF THE TRAFFIC?

Q. How do you account for such a large change in the volume of traffic? Where has it gone? What has become of it?—A. It may have gone back and forth by other roads, or it may result from a general change

in commercial affairs—the difference in the volume of business that is transacted.

Q. Will you please state to the Commission, or give it any information as to the change in the volume of traffic, so as to affect so seriously the business of the Central Pacific Railroad Company since 1884?—A. I think that that could better be explained by the general traffic manager.

Q. Have you not considered it?—A. I have thought of it from the statements that have been presented to me.

Q. What has been presented to you to give you light upon the subject?—A. Statements of earnings and in particular instances tonnage statements.

SOME SALIENT POINTS ON THE SUBJECT.

By Commissioner ANDERSON:

Q. Can you not give us some information as to some of the salient features bearing upon this subject?—A. Some years there is a great deal more freight received here by the Cape Horn route than in others, and in some years, a crop fails, and there is a great change in the local traffic; and then there may be a change in the rates—in the through rates—so as to affect the volume of traffic thereafter by enabling merchants and shippers to run up a very heavy stock to last them clear into another season, or over another season. A great many things occur in that way, and I think that they occurred during that period. During the same time, also, there was a great deal of trouble between the different transcontinental lines about freight rates, which finally resulted in a freight war. The hydraulic mining interests also were discontinued, and there was an enormous reduction in the product of the mines of Nevada, and also in the mines of Arizona and California.

THERE HAVE BEEN UPS AND DOWNS.

By the CHAIRMAN:

Q. Do you recall any other facts that have contributed to the decrease in your gross earnings?—A. No. I think that covers the subject generally.

Q. Then is it a fact that these changes have all taken place since the declaration of your last dividend in 1884?—A. No. Those changes have been going on during the entire period of the operations of the company. There have been ups and downs.

Q. But they were not sufficient to affect your earnings as to dividends prior to 1884, were they?—A. I think that there was a long period when the company paid no dividends.

Q. What period was that?—A. I do not recollect it, but the books will show. I think there were two or three years when no dividends were paid.

WHY DID CERTAIN DIRECTORS RESIGN?

Q. There were two years, I think. Those were 1878 and 1879. I now call your attention to the minutes of the Central Pacific Railroad Company of October 5, 1885, page 64, to the resignation of C. P. Huntington, Moses Hopkins elected in his place, to the resignation of Charles Crocker and the election of D. T. Phillips in his place, and to the resignation of W. V. Huntington and the election of George Crocker in his place. Can you explain the cause of the retirement of these gentlemen

from the board of directors of the Central Pacific Railroad Company?—A. I think that upon the advice of counsel we sought to have a full meeting of the board so that all the directors authorized by the by-laws should be present.

Q. How long did these gentlemen that I have named remain out of the board?—A. Perhaps for various periods. I do not recollect how long, but it was not for a very long time.

Q. As I understand you, in order to secure a full attendance from time to time of the members of the board of directors of the Central Pacific Railroad Company, the resignations of members would be accepted and others elected in their places, is that so?—A. It was so in that instance.

AUTHORIZING A MORTGAGE.

Q. What was the important business transaction, if you recall it, that required a full board meeting?—A. I think that it was voting on the resolution authorizing a mortgage.

RESOLUTION AUTHORIZING TEN MILLION BOND ISSUE.

Q. I read to you from the minutes of October 5, 1885, page 64, resolution reciting the issuing of ten millions of bonds to pay off the floating debt. Perhaps it may suggest some information to you: "Also, resolved, that to secure the payment of said bonds a mortgage, subject to the first mortgage of the company, be made upon all the lands granted by the United States to the Central Pacific Railroad Company, also upon all lands granted to the California and Oregon Railroad Company, excepting the lands included in the right of way." Was there any discussion at the meeting that this resolution recalls to your mind?—A. Yes; I think there was a general discussion.

Q. Were the members whose resignations had been tendered and accepted holders of a large amount of the floating debt that was intended to be paid by this mortgage?—A. I do not know that they were.

Q. Did they hold any part of the floating debt that was intended to be paid with this loan or mortgage?—A. I never heard that they did.

Q. Do you not recall the fact that they retired from the board rather for the purpose of avoiding a vote upon their own interest which would be involved by the adoption of this resolution?—A. No, sir; I recall no such fact. They were all absent from the State.

Q. Had they any interest in the floating debt of the company?—A. I do not believe that they had.

THE LEGAL REQUISITES FOR A MORTGAGE.

Mr. COHEN. I will state to the Commission that the railroad law of this State requires that a mortgage shall not be made by a railroad company, except with the unanimous consent of all its directors. Therefore, if they were about to vote upon the issue of a mortgage to secure bonds or promissory notes, or for any such purpose, it would be requisite that all the directors should be present.

The CHAIRMAN. I just asked for an explanation. It appears upon the minutes, and I did not understand it. That is all.

RAILROAD OFFICIALS AS CONTRACTORS.

Q. Are any of the officers and employés of the Central Pacific interested in contracts with that company?—A. No, sir; not that I know of.

Q. Have they had any interest in contracts with the Central Pacific?—A. No; I do not think they have. I do not know of any.

Q. Have any of the directors, officers, or employés at any time had any interest in contracts with the Central Pacific?—A. Some of them have been stockholders in corporations that have had contracts.

Q. Will you name them?—A. Wells, Fargo & Co., the Rocky Mountain Coal Company, the Pacific Improvement Company—that has been brought out, has it not?

The CHAIRMAN. I want you to say it.

The WITNESS. The Pacific Improvement Company.

Q. The Western Development Company also?—A. Yes, sir.

Q. And the Contract and Finance Company?—A. Yes, sir; that was before my time, however.

"IF YOU TELL ME, I WILL TELL YOU."

Q. Is that all that you know of? What else?—A. If you tell me, I will tell you.

Q. I am trying to find out from you; can you name any others?—A. I do not recollect definitely any more.

Q. Do you recall any others?—A. No, sir.

INTERESTS OF CENTRAL PACIFIC PEOPLE IN ENTERPRISES CONNECTED WITH THE ROAD.

Q. I ask you as an executive officer the general question which has been asked and I desire information and your views upon the subject. Whether any of the directors, officers, or employés of said companies (the Central Pacific being one of them), have been or are now directly or indirectly, interested, and to what amount or extent, in any other railroad, steamship, telegraph, express, mining, construction, or other business company or corporation, and with which any agreements, undertakings, or leases have been made or entered into.

Mr. COHEN. I believe that has been answered by Governor Stanford. I would like to look at his answer before the witness answers this question.

Commissioner ANDERSON. Can he not answer it?

Mr. COHEN. He has no knowledge of the subject.

The WITNESS. I believe they have been.

By Commissioner ANDERSON:

Q. What interest have they?—A. I do not know the extent of it.

Mr. COHEN. I think that Governor Stanford puts it properly, and his answer should go as a general answer to this question.

The CHAIRMAN. I understand this gentleman to be the third officer of the Central Pacific Railroad Company—one of the leading officers—and we are asking him as an intelligent gentleman, sufficient to be at the head of his department, for information such as has been asked of the other officers.

Mr. HAYMOND. You must remember that he has only been there a little while.

The WITNESS. I have answered the question. I think that it is just as well to say that they have been.

WHO ARE SO INTERESTED.

By the CHAIRMAN:

Q. What officers, directors, or employés of the Central Pacific Railroad Company do you recall who have such an interest?—A. My father

is interested, as Governor Stanford is, as stated in his answer generally to question 17.

Q. Do you recall any other director?—A. Mr. Huntington.

Q. Do you know of any companies that your father is interested in other than those named by Senator Stanford?—A. No, sir.

Q. What other directors?—A. No others.

Q. What other officers?—A. I have stock in some of these companies.

Q. What companies?—A. I have stock in the California Pacific Railroad Company, in the Southern Pacific Railroad Company of California, in the Southern Pacific Company of Kentucky, in the Stockton and Copperopolis Railroad Company, in Wells, Fargo & Co., and in the Rocky Mountain Coal and Iron Company.

Q. What other officers of the Central Pacific are interested in these companies?—A. I think they have all been stated.

Q. Have you any knowledge of any employés of the Central Pacific Railroad Company, other than those you have named, being interested in any of the companies or contracts?—A. The books of these companies would show that positively. At one time Mr. Towne had some of the stock of the Rocky Mountain Coal and Iron Company. I think that is all.

Q. Have you named all of the officers or employés and all of the companies that you can recall?—A. I have used this list, and answered completely so far as the list will guide me.

Q. Have you any other information to give the Commission upon the subject of this investigation?—A. I have not, unless Mr. Cohen wishes to ask me some questions.

ON WHAT BASIS LOANS WERE MADE.

By Mr. COHEN:

Q. If you have no objection, will you state your age to this Commission?—A. I am thirty-two years of age.

Q. Since you have had any knowledge of the affairs of the Central Pacific Railroad Company, have you ever known of the funds of the company being loaned to the construction companies mentioned, or to anybody else, except upon sufficient security, and at the current rate of interest?—A. I do not know of any loans of a different nature than that.

Q. Have you ever known of any loans made by the Central Pacific Railroad Company to either of these construction companies, so that such loans interfered with its own business or advantage?—A. No, sir; none.

ADVANTAGEOUS TO THE FUNDS.

Q. Since the time that you have had the supervision of the sinking funds of the Central Pacific Railroad Company, have the loans that have been made tended to the advantage of those funds, or otherwise?—A. They have tended to the advantage of those funds.

Q. Could you at any time when you made such loans have obtained any higher rate of interest, or any more satisfactory security from any other borrower?—A. No, sir; we could not.

Q. Have you any knowledge of the money that has been paid by the company under the Thurman bill to the sinking fund provided for by that act?—A. Yes, sir.

EFFECT OF THE THURMAN BILL ON INVESTMENTS OF SINKING FUNDS.

Q. Can you state to this Commission what would have been the difference between the amount of that fund as it now exists and the amount that would have been to its credit, if the money paid under the Thurman bill had been invested by the company in the mode in which it had previously been investing the moneys belonging to its mortgage sinking funds?—A. The amount to the credit of the company, in the Government sinking funds, would have been something more than $1,600,000 in excess of what they are now. This is about 50 per cent. In other words, if the Government sinking fund had been treated as the company has treated those under its control, the former would have been 50 per cent. greater than it is.

FURTHER EXPLANATION ABOUT "CASH TAGS."

Q. I will ask you to explain for the information of the chairman a little further about cash tags. As I understand it, cash tags are kept by the treasurer of a corporation, or by any other person having the custody of money, when there is constant demand on the fund for a particular purpose until the demand is satisfied, and then one voucher or receipt is given. In the meantime, the amount advanced from time to time is kept on tags. Is not that the use and purpose of cash tags?—A. That is the manner in which the treasurer has done that business and has used tags as a sort of suspense account.

Q. And explain further, if any officer or person authorized to receive money from the treasurer, say to the amount of $10,000, and did not want it all in one day, but took $1,000 to-day and $2,000 to-morrow, and so on each day as he required it, he would give tags until he had drawn the whole amount and then give one receipt; would he not?—A. The treasurer has done that.

FAVORABLE RESULT OF CONSOLIDATION ON AIDED ROADS.

Q. You have been asked as to your opinion of the value of the property forming what is known as the aided roads. I want to see if I can test your judgment on that subject a little further. What would have been the value of the aided roads on which the Government has a lien at the present day—and by that I mean the road starting westward at Promontory Point and ending at San José—if it had stood or been operated alone, or was owned by one company without any other line or connection, as compared with its value to-day, being included in the consolidated property of the Central Pacific Railroad Company?—A. If the Central Pacific had been compelled to continue its operations only as between San José and Promontory and had been prohibited or prevented from making any consolidations with other lines, or taking leases of those lines, its value would have been very much less than it is at the present day.

Q. Standing alone to-day, without its connection with the roads with which it was consolidated, could it in your judgment earn sufficient to pay its interest over and above the cost of operating?

Commissioner ANDERSON. Can you not make that question so that we can understand what you mean by interest, whether interest on one class of bonds, or interest on the Government debt, or not?

The WITNESS. As I understand it, you speak of the property as it is to-day.

WITHOUT CONSOLIDATION IT COULD ONLY PAY INTEREST ON FIRST MORTGAGE.

Mr. COHEN. Yes, sir. I will repeat my question. Standing alone, to-day, without its connection with the roads with which it was consolidated, could it in your judgment earn sufficient to pay its interest over and above the cost of operating? By the interest I mean the interest on the first-mortgage bonds issued by the company, amounting to something over $27,000,000, the bonds issued by the Western Pacific Railroad Company, and such floating debt as it might have incurred in the construction of the road and for its equipment.

The WITNESS. It might be able to pay the interest on its mortgage bonds; but considered as a separate property, it could not do more than that. If it had been obliged to remain a separate property there is hardly any doubt that there would have been parallel lines constructed by this time.

Q. Under the condition of things that I supposed in my former question, could it in any way have contributed to a sinking fund to redeem its indebtedness to the Government, in your judgment?—A. No, sir. In my judgment it could not. Under such circumstances the road could not take care of itself.

PRO RATA EARNINGS OF AIDED AND NON-AIDED ROADS.

Q. What, in your judgment, would have been the difference between the pro rata earnings upon the aided roads as compared with the entire earnings of the consolidated roads as they existed after 1870, with the condition of the aided roads, if the consolidated lines had been in adverse possession—that is, in the possession of parties whose interests were not identical with those of the Central Pacific?—A. An answer to that question involves ascertaining the proportions of the aided portion as compared with that portion of the Central Pacific which was not aided; but such statements involving that information can be prepared so that you could have accurate information upon the subject. However, my judgment is that the earnings due to the earning portion as compared with the non-aided portion are about as forty is to sixty, and the aided portion is less than the non-aided portion.

Q. How much less would they have been if the non-aided portion had been owned by any company having adverse interests to that portion of the Central Pacific which received aid in bonds from the Government?—A. It would have been very much less than it is at the present time; less than it actually is to-day.

TRANSCONTINENTAL POOL.

Q. You were asked by the chairman about the decrease of the earnings of the company since 1884. I would like to get a little further information from you about that point. Do you remember the forming of the transcontinental pool previous to 1884?—A. Yes, sir.

Q. Under that pooling arrangement each road had a defined share of the business, and by that means rates were kept up, were they not?—A. The share was not definitely defined, but the pool was upon that basis, and for the pupose of maintaining rates. While it lasted it served that purpose.

Q. Under that arrangement there was no war between the companies competing for the overland traffic, was there?—A. None.

Q. That agreement came to an end some time in 1885, did it not?—A. Yes, sir; in 1885.

Q. And then it was a go-as-you-please arrangement, and each company went for all the traffic that it could get, did it not?—A. Yes, sir; regardless of rates. The trouble began very late in the year 1885, but the war was during the year 1886.

Q. Can you mention the time at which the earnings of the Central Pacific were interfered with by the competition of the Northern Pacific?—A. I do not recollect the date.

Q. Or with the Atchison, Topeka and Santa Fé and Atlantic and Pacific companies?—A. That is all shown on this record here, but I do not recollect those dates.

VERY LARGE DIVERSION OF TRAFFIC.

Q. Have you formed any estimate as to the amount of gross earnings which the Central Pacific has lost by the competition of those two roads, and including also the Canadian Pacific to the commencement of this year?—A. There has been a very large diversion of traffic which the Central Pacific might have enjoyed, and some statements have been prepared which show it; they have already been submitted to the Commission.

Q. Is that information included in the answers of Governor Stanford?—A. I believe it is.

By the CHAIRMAN:

Q. Who made the calculations?—A. They were prepared in the office from the records—tonnage, traffic, way bills, and the written books containing passenger mileage and freight tonnage.

Q. By whom were the calculations made?—A. They were made by subordinates in the general freight office and in the auditor's office and in the secretary's office.

STOCK IN OTHER CORPORATIONS.

By Mr. COHEN:

Q. You stated that you owned some stock in various corporations mentioned in the exhibit to the answer to question seventeen submitted by Governor Stanford; how long have you owned those stocks?—A. From different periods; but I obtained most of them at about the time that I became connected with the company.

By Commissioner LITTLER:

Q. Do you mean at the time that you became connected with the company as a director?—A. No, sir; previous to that time. I have also acquired some of those stocks long since that time.

GRADES ON THE CENTRAL PACIFIC.

By Mr. HAYMOND:

Q. The grades over the Central Pacific from Auburn to, say, Verdi are very heavy, are they not?—A. Yes, sir; they are.

Q. It requires two locomotives and 14 cords of wood to take fourteen freight cars over there, does it not?—A. Yes, sir.

Q. Do you know about the price of wood?—A. Yes, sir.

Q. In addition to that there are snow-sheds in a continuous line for 40 miles, are there not?—A. Yes, sir.

Q. Those snow-sheds are not built like the Union Pacific snow-sheds are they?—A. No, sir.

HEAVY EXPENSE OF CONSTRUCTION.

Q. Do you know that some of them have cost over $200,000 per mile? $280,000 per mile, I think, is the cost.

Commissioner ANDERSON. Did you say $200,000 a mile?

Mr. HAYMOND. Yes, sir; some of the sheds cost $280,000 a mile; that is my information.

Commissioner ANDERSON. Are they built of marble?

Mr. HAYMOND. No, sir; they were built not to protect the road against the fall of snow, but against the mountain avalanches. They have to be built at the same grade precisely as the mountain, and they must be made secure. I think that $280,000 a mile is the actual cost of some of them. I have a suggestion to make which I think the Commission ought to consider.

(To witness.) If that road could be thrown down, say to Soda Springs, and a tunnel run through to Truckee, it would take away all of the heavy expense, would it not?—A. Yes, sir; all of it.

Q. And enable that road to be run as cheaply as the Union Pacific has been run, would it not?—A. Yes, sir.

HOW THE GOVERNMENT COULD GET ITS MONEY BACK.

Q. I want to ask you this question: Suppose that these leases which are now made between the Central Pacific and the Southern Pacific were forfeited and all of the subordinate lines were consolidated by an act of Congress and Congress advance the money to make this change in this line of road, on a liberal credit, and the Government took a second lien upon the whole line of road from the city of New York to Ogden, giving the Central Pacific an independent line through and the right to take up the outstanding bonds at the Government prices, which would be 1 or 2 per cent., do you believe that this line would pay a dividend besides paying what would be required to create and maintain sinking funds? Take the whole line, and, besides that, take 1,000 miles of local line which must be built in California within the next year, I would ask you whether, if such an arrangement could be made with the Government upon a liberal credit, and putting the Government Commissioners in charge of its operation, you do not think that the Government could be repaid all of its money, that the bondholders would be paid all of their money, and that these roads would be in time freed from debt?—A. I believe they could. I believe that such a policy on the part of the Government, and a change of the line over the Sierra Nevada Mountains in some such manner as you suggest, would place the Central Pacific almost beyond the reach of competition.

Q. It would place it nearly where it was before the Government, whether rightfully or wrongfully, aided the construction of opposition and competing lines, would it not?—A. Yes, sir.

A TEN-MILLION DOLLAR TUNNEL SUGGESTED.

By Commissioner LITTLER:

Q. Will you state in that connection the length of that tunnel and the probable cost of it?

Mr. HAYMOND. It would cost about ten millions.

The WITNESS. That subject has been examined carefully by some of the engineers of the company, and I have heard it discussed. I think that there is some definite information on the subject, and some estimates.

Mr. HAYMOND. Not only that, Commissioner Littler, but that tunnel would supply water to all the cities on the road, because it taps Lake Tahoe.

BRINGING WATER FROM LAKE TAHOE.

The WITNESS. One of the projects discussed in connection with that tunnel was to bring water to all the cities of the coast from Lake Tahoe.

Mr. HAYMOND. It seems to me that if such an arrangement as that could be made, and all these roads could be brought under it, the Government with plenty of money on its hands could be made absolutely secure, which it ought to be, of course.

The CHAIRMAN. We want you gentlemen to decide what you will do with reference to the question put to Colonel Crocker, which you advised him to answer. You will please be ready to give the Commission your decision on next Tuesday morning at 10 o'clock?

Examined, corrected, and signed this 5th day of September, 1887.

CHAS. F. CROCKER.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Saturday, August 6, 1887.

ELISHA S. MILLER, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am a book-keeper in the secretary's office, Southern Pacific Company.

Q. How long have you been connected with the company?—A. About twenty-two years.

BOOKKEEPER OF THE SOUTHERN PACIFIC COMPANY.

Q. Of what department of the company have you charge? I mean in what department are you a clerk?—A. I am simply in the secretary's office keeping books for the secretary's department. I am also a sort of assistant to him, not legally an assistant, but only a general assistant, in so far as I can render him service.

Q. During your association with the company, have you had any connection with the cash account?—A. No, sir.

Q. Do you keep any of the cash account?—A. No, sir.

Q. Do you assist in the keeping of the cash account, or have you assisted in keeping it?—A. No, sir.

Q. Did you keep at any time memoranda of the amount of cash paid out?—A. Only on the books of the company from memoranda furnished by the treasurer's department.

DAILY CASH STATEMENTS FURNISHED.

Q. Did the treasurer furnish you with memoranda to be entered on your books?—A. I think that he furnishes daily statements from the treasurer's department to be entered on the secretary's books of the Central Pacific Railroad.

Q. What kind of memoranda or papers did he furnish to you?—A. He furnished a regular statement of the daily business.

Q. Was it a printed statement?—A. It was a written statement with a printed heading, I think.

Q. Did he at any time furnish to you any original papers, memoranda, tags, or due bills as evidence of the payment of money during the day?—A. Not to my knowledge.

Q. Have you any knowledge of the payment out of the money of the Central Pacific on the deposit of tags in the drawer in the place of cash?—A. No, sir.

Q. Did you ever hear of the use of the term tags in connection with the management of the finances of the Central Pacific Railroad Company?—A. No, sir.

Q. Is this the first time that you ever heard the use of the term?—A. I have never heard it in connection with the Central Pacific, but I have heard of tags before.

EXPLAINS THE MEANING OF "TAGS."

Q. Where did you hear of them before?—A. In mercantile business.

Q. It is a new term to me; can you explain it?—A. In mercantile business sometimes they lend a man a little amount of money and take what is called a tag for it. It would be used as a tag against that man, and would either be charged to his account in time or be taken up by him in cash.

Commissioner LITTLER. It would be an ordinary I O U, and not be entered up as a due bill.

Q. Would that occur in the instances you relate and be carried as cash?—A. It would be in mercantile business. I have never known anything about it in the Central Pacific.

Q. During your connection with the railroad company have you had any knowledge at any time of the use of due bills, or tags, or memoranda as evidence of the payment of cash?—A. No, sir.

Q. Have you any knowledge of the loan of any of the money of the Central Pacific on the deposit of a tag or due bill?—A. No, sir.

Q. Have you any knowledge of the loan of any money of the Central Pacific without the charge of interest?—A. No, sir.

E. S. MILLER.

The Commission then adjourned to Monday, August 8, 1887, at 10 a. m.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Monday, August 8, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

N. GREEN CURTIS, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. I reside in Sacramento City, this State.

Q. What is your occupation?—A. I am an attorney-at-law.

Q. How long have you been in practice?—A. Thirty or forty years; almost all my lifetime.

Q. And always in California?—A. For about thirty-six or thirty-seven years in California. I came here in 1850.

ACQUAINTED WITH JOHN MILLER.

Q. Are you acquainted with John Miller, formerly employed by the Contract and Finance Company?—A. Yes, sir.

Q. How long have you known him?—A. I became acquainted with him in the fall of 1876. I met him at the bar of the court, and was introduced to him there. That was the first time that I ever saw him.

Q. Had you prior to that time acted as counsel for the Central Pacific Railroad Company?—A. Never, sir.

Q. In no business whatever?—A. Never. I was never employed by them in any capacity whatever in my life.

Q. How did you come to meet Mr. Miller?—A. I was sick at the time with typhoid fever. I was taken sick in July.

ATTORNEY FOR JOHN MILLER.

Q. What year?—A. In 1875. While I was sick in bed, Mrs. Miller came to me and said that she wanted me to defend her husband. I was taken from my room in September. During the month of August I scarcely knew anything. My partner, General Clunie, appeared for me in the criminal court, and stated to Judge Blake that I was too sick to defend Mr. Miller, and the case was continued. I went down to the bar of the court in a carriage, stated my condition to the district attorney, Mr. Ryan, and Judge Blake then continued the case. That was in the fall or the winter of 1875. Mr. Miller was brought to trial in October, 1876. I appeared in court and defended him upon charges of embezzlement. I never had acted as attorney for him before, and never had met him.

Q. Through what intermediary did your introduction to Mr. Miller's family occur?—A. I knew Mrs. Miller when she was Mrs. Friend. She came to my bedside and acquainted me with the object of her visit. She employed me to defend Mr. Miller.

Q. Had you attended to any business for Mr. Miller upon other matters at the request of any officials of the Southern Pacific?—A. No, sir; I did not. I did not attend to anything at all for him.

ACCOUNTING FOR A CERTAIN VOUCHER.

Q. While on this point, there is a voucher among the Central Pacific papers—a receipt for $500—alleged to have been paid to you for services rendered in relation to some matter in the State of Nevada. Can you tell us anything about that?—A. I saw an account of that in your examinations, and I wish to explain it. An old friend of mine by the name of Burke had got into some trouble in the State of Nevada and was indicted there in 1872, I think. It was alleged that some parties had destroyed property belonging to the Central Pacific on the Truckee Division. Mr. Burke pursued the accused parties into the State of Nevada, and brought them to California without any legal process. He had no extradition papers. The grand jury of Washoe County, in the State of Nevada, indicted Mr. Burke for kidnapping. Mr. Burke was a well known and prominent man in Sacramento City. He was a very prominent citizen and an old friend of mine. He employed me to defend him. He said that the railroad company would furnish attorneys to defend him, but it was a question personal to himself; that if he was convicted the railroad company could not go to the penitentiary for him. He therefore wanted his own attorney. I said to Burke, "I will go and defend you." He said that the railroad company objected to employing outside counsel.

I went there and defended Mr. Burke, and he was acquitted. When we came back, I had a conversation with him about my fee. He was amply able to pay it, but he said that the railroad company ought to pay it, as it was their business. He had brought those parties from the State of Nevada and did not stop to get proper papers. He was indicted for that, and wanted that I should defend him, and I agreed to do so. The railroad company had their own attorneys, but he preferred to employ me, and I therefore went over and defended him in this matter. When we came back, we were talking about the fee. He said, "I have seen Uncle Mark (that is Mr. Hopkins) and explained the situation to him, and he is willing to pay that fee. He has told Robinson to allow you the fee." Five hundred dollars was paid to me, and I signed a receipt, but whether it was paid by Robinson or by Burke, I do not know. I know that I got the money and signed the receipt. I was never employed by the Central Pacific Railroad Company in my life. They never tendered it, and I never solicited it. I suppose that I would have been glad to have had their business, but I never was tendered it, and I never solicited it.

THE CENTRAL PACIFIC PAID THE MONEY.

Q. So far as this business was concerned, the railroad company paid the $500, did it not—the fee of $500 which you received?—A. Yes, sir; I was employed by Mr. Burke; I signed the receipt, but they never employed me.

Q. They paid the fee, did they not?—A. Yes, sir.

By the CHAIRMAN:

Q. The statement that you make is that from your understanding of the relations of the parties it was a matter which it was the business of the Central Pacific to defend and to pay counsel for, was it not?—A. I do not know whether it was or not. That is a question.

Q. Did not Mr. Burke so state to you?—A. It was Mr. Burke's business. I do not know that the railroad company's business was to defend him against any improper act.

SERVICE RENDERED FOR BURKE: BILL PAID BY CENTRAL PACIFIC.

By Commissioner ANDERSON:

Q. You said that Mr. Burke told you that in his judgment it was a matter for which the railroad company ought to pay, did you not?—A. Yes, sir.

Q. And you so far acquiesced in that representation as to accept the money of the Central Pacific?—A. I did not care who paid me my fee. I did the service for Mr. Burke and the railroad company agreed to pay for it, and I accepted the money and signed the receipt.

Q. Is that the only acquaintance that you have had with the officers of the Central Pacific?—A. No, sir; I was intimately acquainted with all of them. They are all my warm personal friends. Long before the road was projected, we were warm friends living in the same town. Governor Stanford was a particular friend of mine, and so were they all. Mr. Crocker was a warm friend. I served in the legislature with Mr. Crocker in Sacramento in 1861. We lived in the same town, and were all personal warm friends.

THE INDICTMENT AGAINST JOHN MILLER.

Q. While the negotiations were going on between Mr. Miller and the railroad company before the indictment was moved for trial, did you

see any of the officers of the Central Pacific about the business?—A. I did not. I was sick in my bed, and did not have any conversation with them.

Q. You were not sick in your bed when you went into court and tried the indictment, were you?—A. No, sir; that was the year after.

Q. Up to that time had you seen the officers of the Central Pacific and conversed with them about this matter?—A. Yes, sir; I saw Mr. Hopkins.

Q. How long before the indictment was tried did you see Mr. Hopkins?—A. I do not remember. It was some time before the trial, but some time after the indictments were found I went to Mr. Hopkins. I had been led to believe——

Commissioner ANDERSON. I do not care to know at length anything that occurred between you. I merely want to know generally if Mr. Hopkins explained to you the situation and what the company had claimed Mr. Miller ought to do.—A. I can tell you exactly.

HAD NO PART IN THE MILLER SETTLEMENT.

Q. What allusion, if any, was made by Mr. Hopkins in regard to the indictment?—A. Please understand distinctly that I had nothing to do with the settlement between the railroad company and Mr. Miller, and never had any conversation with the railroad about it, or with Mr. Miller, for I did not know Mr. Miller. It was some time after Mr. Miller had made all these settlements that he was indicted, and I defended him. I had nothing to do with the settlement. I notice that in his testimony Mr. Miller said that Harvey Brown and Judge Robinson acted for the railroad company, and you asked the question, or some one of you did, "And Mr. Curtis acted for you?" and he said "Yes." He was mistaken in that. I only acted for Mr. Miller in the criminal court, and not in their settlement. That was all made before I saw Mr. Miller.

Q. What did Mr. Hopkins say to you in regard to the criminal proceedings?

The WITNESS. Will you let me, in the way of explanation, give what I said to Mr. Hopkins?

Commissioner ANDERSON. If you will not be too long about it.

"DO IT; THE MORE THE MERRIER."

A. I was led to believe by Mr. Brown, the attorney for the railroad company, that probably the railroad company would pay my fee. I was interested in that. I went to Mr. Hopkins, as I had understood from Mr. Brown that Hopkins was the man. I knew Mr. Hopkins well. I asked him if the company was to pay my fee for defending John Miller, and he said, "No, sir; we pay no money; not one cent. We neither prosecute nor defend. The State prosecutes. If we are subpœnaed, we will go before the court and testify as other citizens." I went into Governor Stanford's office, where I met Governor Stanford, and soon after General Colton came in. Colton was denouncing Miller in bitter terms. I said, "I have nothing to do with that, sir." I said to Governor Stanford, "Do you intend to prosecute John Miller?" He made me no answer for some time. I intimated to him that if he did prosecute, Mr. Miller perhaps would be a damage to him. Governor Stanford took that as an offense and seemed to think that I was threatening him. I was not. In a very bitter manner he said, "Do it, sir, and I will employ the best counsel in the State to prosecute him." I

said, "Do it; the more the merrier," and I walked out. That was the only conversation I had with him in relation to the matter.

WITNESSES IN THE CASE.

Q. What witnesses appeared at the trial?—A. I do not know—their clerks. I think that Mr. Douty was there, and also Mr. Gunn and Robert Robinson.

Q. Did you not know that they were coming?—A. No, sir; I did not. I supposed that Crocker would be there. I did not know but what he probably would come. I had no intimation as to whom their witnesses would be. I was prepared for the defense.

Q. The result was that Miller was acquitted, was it not?—A. Yes, sir; he was acquitted on two indictments. He was tried by two juries and acquitted.

WAS IT A DESPERATE FIGHT?

By the CHAIRMAN:

Q. It was not a very desperate fight, however, was it?—A. It would not be well for me to criticise those lawyers. I defended him and he was acquitted; but whether they made a prosecution or not it would not be fair for me to say.

Q. Who was the prosecuting attorney?—A. Mr. C. B. Darwin, a very able lawyer.

Q. How long did he speak?—A. I do not know; he spoke and I spoke at some length. I would not attempt to criticise Mr. Darwin or his management of the case.

THE MISSING BOOKS OF THE CENTRAL PACIFIC.

By Commissioner ANDERSON:

Q. When did you first hear that Mr. Miller had had the custody of some books, which had disappeared, relating to the construction of the Central Pacific Railroad?—A. I do not remember whether about that time or before then. I heard that he had, as secretary of the company, got into trouble and absconded, and then I heard that he had been captured.

Q. I ask you when you first heard that the books of account, which he had kept, had disappeared?

The WITNESS. The books who had kept?

Commissioner ANDERSON. The books of the Contract and Finance Company that Mr. Miller had kept.

The WITNESS. I do not remember; perhaps in some suit with the railroad company—perhaps in some suit that Mr. Cohen had against them. I do not remember.

Q. Can you give us the time with relation to the happening of these events concerning Mr. Miller, whether before or after this indictment was tried?—A. It was before the indictment was tried that I heard the books were missing; some time before that.

GOVERNOR STANFORD BROUGHT BEFORE THE CRIMINAL COURT?

Q. Do you remember the occasion when Governor Stanford and one or two officers were brought up on some complaint, I believe in the criminal court, for failure to produce those books?—A. I had nothing to do with that case.

Q. Do you remember such a suit?—A. I do not remember it.

Mr. COHEN. Do you say that there was such a case?

Commissioner ANDERSON. No, sir.

The WITNESS. My memory is a very good one, and I do not very often forget anything. I do not remember any such thing as that.

Mr. COHEN. If counsel wishes to examine the witness as to any prosecution against Governor Stanford in such a matter, I think that he should fix the time and place. It ought not to be assumed that Governor Stanford appeared in the police court under any such circumstances.

Commissioner ANDERSON. I was informed that it was so, but I do not know anything about it.

SUIT BY ROBINSON TO DISCOVER THE BOOKS.

The WITNESS. I never appeared for Governor Stanford in my life.

Q. Do you remember a suit which was brought by a Mr. Robinson, in which proceedings to discover these books were instituted?—A. I do not remember that I ever heard anything about it. I thought when I read these things in the paper that I never knew directly anything about it.

Q. Do you remember that it was before the indictment that you heard that the books had disappeared?—A. Yes, sir.

THEY WERE OF GREAT IMPORTANCE.

Q. What did you hear about these books? Did you hear that they were important books that had been lost—books of great consequence?—A. Yes; I understood that. It was understood in the community that they were of great importance.

Q. At that time did you know that Mr. Miller had kept these books and had made entries in them?—A. I did not know anything about it; I thought that Mr. Brown had kept the books.

Q. Did you not know that Mr. Miller had been secretary of the company?—A. I did not know it until he was arrested.

Q. Did you hear it then?—A. Yes; I heard he had been secretary. Mr. Miller told me that the books were passed over to him to transcribe into a new set.

JOHN MILLER'S CONNECTION WITH THE BOOKS.

Q. So that for the past ten years you have been aware that books of great consequence in matters in which the Central Pacific Railroad Company was interested had been lost, and that Mr. Miller had, when secretary of the Contract and Finance Company, made entries in those books?—A. No; I did not know that he had made entries in those books.

Q. He had been secretary, and had been in charge of them, had he not?—A. I never heard that Mr. Miller was secretary of the old Contract and Finance Company. I heard that he had succeeded Mr. Brown as the clerk of that company.

Q. What I want to know is whether at this time you knew that he had some position in connection with those books which gave him custody of them, that the books had been lost, and that they were important books?—A. I heard that at the time. I heard it from Mr. Miller, as I stated to you. Let me explain it. It is but justice to me that I should explain it. I heard from Mr. Miller himself and from other parties that Mr. Miller had been secretary of the Contract and Finance Company after Mr. Brown had given up the place.

Q. After you knew these facts, did you receive from Mr. Miller certain papers purporting to contain figures or entries which had been taken from his books?—A. Never.

Q. Did you receive any papers from Mr. Miller?—A. Yes, sir; I did.

Q. Did you examine those papers?—A. I did. Of course I examined them.

PAPERS DELIVERED BY JOHN MILLER TO WITNESS.

Q. When did he deliver those papers to you?—A. When I was preparing Mr. Miller's defense in 1876; I think it was in September that I was preparing his defense. Mr. Miller, in the mean time, had given bonds and was at large. He brought me at different times sheets of paper, saying, "Ask Crocker this; ask Crocker that." They did not purport to be transcripts of any papers, but they were memoranda that Mr. Miller had made, and he gave them to me to conduct the examination in court. For instance, they were questions like this: "How much did the Central Pacific cost per mile?" "How much did the Contract and Finance Company charge for a mile, and how much did they pay?" He had many questions of that sort which I and you as a lawyer would know could not be used in his defense. No matter what the railroad had done, that would not be a defense for Mr. Miller. I examined them particularly. They did not purport to be transcripts from books, but were interrogatories prepared by Mr. Miller to be propounded to these gentlemen in the criminal trial.

USED IN DEFENSE OF JOHN MILLER.

Q. When did Mr. Miller give you those papers?—A. I think in October, 1876.

Q. Where was your office then?—A. At Sacramento City. He gave them to me in this city at the old Cosmopolitan Hotel, where I stopped.

Q. By this city you mean San Francisco?—A. Yes, sir. My office was in Sacramento and I came here to defend him, and he brought me those papers to my room in the hotel.

Q. Did you have possession of those papers at the time of the trial?—A. Yes, sir; I did. I had them on the desk before me.

Q. How many were there?—A. I cannot tell. There were several sheets and parts of sheets containing notes, &c. I had them together with notes of the testimony that I made myself and notes for argument. There were two trials, and I saved them and kept them all until after the trials. There were two jury trials.

Q. Where did you take the papers after the trial?—A. From the court-house to my room at the old Cosmopolitan Hotel. I went over them and examined them carefully to see if I had covered all the points in the argument. I never referred to them in the argument, although I had them jotted down. I was then going home. The memoranda that Mr. Miller gave me were simply questions to ask these gentlemen. That memoranda and the memoranda that I had taken, the memoranda of testimony and the notes for the argument, I put into the grate in my room at the Cosmopolitan Hotel in October, 1876, and went home to my office at Sacramento the next day. As Mr. Miller was acquitted I had no further use for them. If he had been convicted, I should in all probability have kept them for future reference, a new trial, &c.

"PUT THEM ALL IN THE GRATE."

Q. Did you destroy all of them?—A. Everything that there was I put there. I put them all in the grate.

Q. Have you on any other occasion received any other papers from Mr. Miller?—A. Nothing of this sort. I received a mortgage from his wife, but that has nothing to do with this matter. I received no papers from him referring to that.

Q. Did you meet Mr. Miller on the street in Sacramento ten or twelve days ago?—A. I did, sir.

Q. Did you say to him in that interview that it was a good thing for this company that those papers had been destroyed?—A. I did not. I see that Mr. Miller is credited as so testifying. I met Mr. Miller and I said, "In all probability you will be subpœnaed before this Commission." He said, "If I am what shall I do?" I said, "Obey it." That was all that was said about this matter. We talked about fruit matters.

Q. Do you say that there was no allusion whatever to these papers?—A. Not a word.

Q. Was there no allusion made to the subject concerning which he was subpœnaed?—A. None whatever. I knew the subject, and so did he.

Q. How did you know the subject?—I knew what you were investigating, and I thought that Mr. Miller would be subpœnaed.

Q. How did you know what relation his testimony might bear to the subject-matter of this investigation?—A. Simply from the fact that you were trying to find out everything in relation to the Central Pacific Railroad Company's connection with the Contract and Finance Company, and knowing that Mr. Miller had been there, I supposed that you would subpœna him. I did not know it; I supposed it.

Q. Did you know that he was charged with the fact that he was the last custodian of the books, after Mr. Brown?—A. I supposed that you were coming here to get everything you could, to get all the information you could, and that you came here to get facts, and I supposed that you would call upon Mr. Miller.

"ALLUDED TO IT OFTEN."

Q. And you say that the conversation concerning the disappearance of the books never happened; that there never was any allusion made to it in any conversation between yourself and Miller?—A. I did not say so. We have alluded to it often.

Q. You say you have alluded to it often?—A. Yes sir; often.

Q. What has Miller said to you as to these books, and as to his last information concerning them?—A. Miller told me at different times that he had memoranda from those books. He said that he had never kept the books, but that Brown had kept them. He told me that he had taken abstracts from the books. He told me that repeatedly, but I do not know anything about it myself. That is what he told me, but he never gave me what purported to be abstracts from the books, but simply memoranda of questions to ask those gentlemen if they appeared on his prosecution.

Q. Did he tell you where those abstracts were kept?—A. No, sir.

Q. Did you ever hear of anybody who has seen them, or professed to have seen them?

The WITNESS. Do you mean the abstracts that Miller made?

Commissioner ANDERSON. Yes, sir.

ATTENDED TO HIS OWN BUSINESS.

The WITNESS. No, sir. I make it a very strict rule to attend to my own business, and do not look after other people's business.

Commissioner ANDERSON. You have never been a member of an investigating committee.

The WITNESS. Oh, yes, I have. I have occupied positions not as high perhaps as those you occupy now under the Government of the United States, but under other capacities I have been on investigating committees.

By the CHAIRMAN:

Q. Are you aware that Mr. Miller swore in his testimony before the Commission that the papers which he delivered to you were abstracts taken from the books of the Contract and Finance Company?—A. No, sir. I understand that he said that he gave me memoranda and not abstracts; but if he said that he gave me abstracts, I wish to say that he never did. I never had any abstracts.

DENIES THAT THE PAPERS WERE ABSTRACTS FROM BOOKS.

Q. He said that he had made abstracts taken from the Contract and Finance Company's books which he had kept, and delivered them to you. Did he ever do that?—A. No sir. I never saw them. If he stated that he gave them to me, he stated that which is not so. He never did give me any such abstracts.

The CHAIRMAN. He swore to it.

The WITNESS. He gave me what purported to be memoranda made by him to guide me in his defense, and to ask these gentlemen certain questions. Where he got his data for these memoranda I never knew. He never showed me what purported to be abstracts. At different times he said, "Here is another thing—ask this; here is another, ask this also." I never asked these questions, because these gentlemen did not appear.

NOT PAID BY CENTRAL PACIFIC FOR SERVICES TO JOHN MILLER.

Q. Did you receive any money or compensation of any character whatever from the Central Pacific Railroad Company for services rendered to Mr. Miller?—A. Never one dollar. I would like to explain: Mrs. Friend, who is now Mrs. Miller, employed me. She came to me as Miller's wife, and she secured my fee by a mortgage on land which belonged to her, and which she had before she married Mr. Miller. That was subsequently lifted and paid by Mr. Clark, a capitalist at Sacramento. She secured my fee by a mortgage on land that she owned before she married Miller, when she was Mrs. Friend. That was paid out of her separate property. She gave a mortgage to secure my fee and other indebtedness, which mortgage was paid off by Mr. Clark. I never got a dollar from the Central Pacific in any shape or form. I never received a dollar from them under any conditions whatever, except the $200 in the Burke case, and then I was not employed by the Railroad Company, but by Burke himself—he preferred me to any man in the State to defend him, and said that if he had been convicted and had to go to the penitentiary the railroad company could not go for him, and he therefore wanted his own lawyer. He afterward went to Mr. Hopkins, and Mr. Hopkins told Judge Robinson to allow my fee. I did not consider that the fee was really a fee from the Central Pacific Railroad, but from Burke. Burke was my friend, and I would have gone for him and defended him even if he had not been able to pay for it. He has been an old and long time friend of mine, and he could have paid the fee. Outside of this, I never received a dollar from the railroad company

in any shape, manner or form, and even in this case I was not employed by it. About the Miller fee, I wanted to know where my fee was coming from.

Q. Was a man named Kennedy employed in that Miller case?—A. No, sir. Alexander Campbell, a very able lawyer in this town, was employed by Mrs. Miller at my solicitation.

DOES NOT KNOW KENNEDY.

Q. Had Mr. Kennedy anything to do with the case?—A. I do not know any such man.

Q. His name is M. G. Kennedy; do you know him?—A. I do not know him.

The CHAIRMAN. He was formerly connected with Kennedy, Long & Co. in the transfer business in this city, from 1869 to 1873.

The WITNESS. Do you mean employed as attorney in the case?

Q. Was he employed in any capacity in the case, so far as you can recall it?—A. No, sir.

Q. Had you any conversation with M. G. Kennedy?—A. I do not know. If he was a witness perhaps I did. I talked with all the witnesses to find out all they knew. Alexander Campbell, an able criminal lawyer here, at my suggestion—in fact I think I employed him myself, but Mrs. Miller was to pay him—was associated with me in the case.

Q. Was any attempt at that time made to secure any information concerning the jury list; did you make any such attempt?

The WITNESS. On my part, do you mean?

The CHAIRMAN. Or on the part of anybody else that you know of.

The WITNESS. Yes, sir; I did. I always tried to get a copy of the venire and look at every man there. I want to learn all I can about him, what business he was in, how he lived, where he lived, what his proclivities were, and whether he would be likely to favor the other side or not.

Q. Had you any conversation with M. G. Kennedy concerning the list?—A. I do not know. I talked with everybody that I could.

The CHAIRMAN. I refer to Kennedy as having been specially employed.

The WITNESS. No, sir; I never employed him. I may have talked to Kennedy as I talked with a good many people about that time. I may have talked about the jurors in order to find out all about them, and then I questioned them very closely when they come on the stand. I always do. It is a habit that I have got in trying to hunt up all I can about a juror.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Monday, August 8, 1887.

EDWARD H. MILLER, JR., being further examined, testified as follows:

By Commissioner ANDERSON:

Question. Have you prepared the statement exhibiting the cost of the construction of the road under the various contracts, as it appears from the books of the Central Pacific Railroad Company, which was referred to in your prior testimony?—Answer. Yes, sir.

Q. In what form have you prepared it; what does it show?—A. It is a statement in tabular form showing the amounts paid in cash, stock,

and bonds for the different portions of the road from Sacramento to the 690th mile, which is Promontory Point.

Q. Is it prepared by miles or by sections?—A. It is prepared by contracts. Would you like to look at it [producing the statement]?

COMPLETE STATEMENT OF CONTRACTS.

Q. What is the statement which you now produce?—A. It is a statement of the cost of construction of the Central Pacific under its contracts between section 1, commencing at Sacramento, and the 690th mile near or at Promontory Point, by different contractors.

Q. Does it give the amount of stock, bonds, and cash issued or paid under each contract separately?—A. Yes, sir.

Q. Who prepared this statement?—A. A clerk in my office.

Q. What verification have you made of its accuracy?—A. I did not examine all the details, but I am positive that it is accurate.

UNION PACIFIC BUILT FROM OGDEN TO PROMONTORY POINT.

By Commissioner LITTLER:

Q. I will ask you how far is it from Promontory Point to Ogden?—A. Fifty-two miles.

Q. Why is it that in all these matters there is nothing said as to the cost of the road between Promontory Point and Ogden?—A. Because the Union Pacific built to Promontory Point, and an arrangement was made with them to get the road from Promontory to a point 5 miles west of Ogden.

Q. Did you buy the road as constructed?—A. Yes, sir. The Union Pacific now owns to a point 5 miles west of Ogden.

The paper referred to was marked "Exhibit 1, August 8, 1887," and is as follows:

Central Pacific Railroad Company.—Statement showing amounts paid in cash, stock, and bonds for different portions of the road.

Sections.	Contractor.	Date of completion.	Amounts paid.			Total.
			Stock.	Bonds.	Cash or its equivalent.	
1 to 18	C. Crocker	Jan., 1864	$50,000.00	$100,000	$250,000.00	$400,000.00
19 to 20	C. Collins & Bro		300.00		2,044.84	2,344.84
Do	C. Crocker	Apr., 1864			15,228.25	15,228.25
21 to 24	Turton, Knox & R	do	4,500.00		25,776.02	30,276.02
25 to 27	C. D. Bates	Mar., 1864	5,500.00		31,238.88	36,738.88
28 to 29	S. D. Smith	Apr., 1864	7,600.00		43,331.64	50,931.64
30 to 31	C. Crocker & Co	July, 1864	11,600.00		65,537.42	77,137.42
32 to 84	do	Mar., 1866	522,381.53		870,752.47	1,393,134.00
85 to 136	do	Dec., 1868	4,414,899.00		7,357,228.06	11,772,127.06
From 138th to 690th mile.	Cent. and Finance Co.	July, 1869	23,736,000.00		23,736,000.00	47,472,000.00
	Total		28,752,780.53	100,000	32,397,135.58	61,249,916.11

Central Pacific Railroad Company—Continued.

[Note to statement showing amounts paid in stock or in cash on different contracts.]

Section.		Amount as per statement rendered.	Capital stock.
32 to 54...	The stock issued on the contract was ⅓ of the estimate and was issued at the rate of 50 cents on the dollar:		
	Amount charged as per estimate	$523, 281. 53	
	At the rate of 50 cents on the dollar, the stock issued on above was		$1, 044, 763. 02
55 to 138..	The proportion (⅓) of stock issued on this contract was at the rate of 50 and 30 cents on the dollar:		
	Amount charged as per estimate	4, 414, 299. 00	
	Stock issued on above:		
	At the rate of 50 cents		1, 052, 656. 66
	At the rate of 30 cents		11, 900, 256. 00
		4, 936, 780. 53	14, 657, 096. 68
	Capital stock issued in addition to amount shown as per statement		9, 720, 918. 15

The WITNESS. I have here an analysis or statement which I have made up, showing the settlement with the Union Pacific for the additional miles that were received. [Producing another paper.]

AN ANALYTICAL STATEMENT.

By Commissioner ANDERSON:

Q. Do I understand that this supplemental paper is made for the purpose of showing the cost per mile of that portion of the road which is expressed as being a cash payment?—A. Yes, sir.

Q. It appears to omit all the stock; is that correct?—A. Yes, sir; it omits the stock. It shows only the cash and bonds; and in addition to the previous statement it shows the compromise or settlement with the Union Pacific for the 47½ miles from Promontory Point to a point 5 miles west of Ogden. This, I think, does not appear on the first statement. It was made up by me especially in explanation of the previous statement.

The paper was marked "Exhibit No. 2, August 8, 1887," and is as follows:

Statement showing amounts paid in cash or its equivalent for different portions of the road; also amount per mile.

Section.	Items.	Total cash.	Amount per mile.
1 to 8	Paid in cash (100 C. M. bonds at $85), 18 miles	$235, 000. 00	$13, 611. 11
19 to 20	Paid in cash, 2 miles	17, 271. 69	8, 635. 84
21 to 24	Paid in cash, 4 miles	25, 776. 02	6, 444. 00
25 to 27	Paid in cash, 3 miles	31, 238. 68	10, 412. 89
28 to 29	Paid in cash, 2 miles	43, 331. 04	21, 665. 52
30 to 136	Paid in cash, 109 miles	8, 293, 517. 95	76, 087. 32
139th to 690th mile	Paid in cash, 552 miles	22, 736, 000. 00	43, 000. 00
	Expended by company	751, 963, 78	
690th mile to 737.5 miles from Sac'to, 47.5 miles.	Compromised with Union Pacific R. R. Co., 1, 502 C. P. bonds, first mortgage; 1,338 U. S. bonds, 6 per cent.	2, 840, 000, 00	
Total		36, 074, 099, 36	

MONEY EXPENDED BEFORE THE PURCHASE.

Q. I see an item on this Exhibit No. 2, expended by the company, $751,963.78. Do I understand it was expended by the company on the section of the road purchased from the Union Pacific?—A. Yes, sir.

Q. For the purchase?—A. No, sir; it was made before the purchase. It was made on our line; but the Union Pacific built a road parallel to our line, and that was so much lost.

Q. To whom was that payment made?—A. The payment was made by Governor Stanford, acting under a power of attorney, when he was in Salt Lake City, in advance of the completion of the road. It was made to many different parties.

Q. Was the construction carried on by the Contract and Finance Company?—A. No, sir.

Q. By whom was the construction carried on?—A. By the company itself, through Governor Stanford, its agent and attorney.

By Commissioner LITTLER:

Q. Do you say that the payments made by Governor Stanford were made to many different parties?—A. Yes, sir; they were made to many different parties.

EACH ROAD PARALLELED THE OTHER.

Q. Do I understand you to say that the Union Pacific paralleled a portion of this line between Promontory Point and Ogden?—A. Yes, sir; each road paralleled the other for a long distance.

Q. Which track was taken up; the track built by you, or the track built by the Union Pacific?—A. No track was built by either. The Union Pacific came 200 or 300 miles west of Promontory with their grading, and the Central Pacific graded from Ogden for nearly 100 miles this way, and when the tracks met, of course, the grading done by either alongside the track of the other was so much lost.

Q. That was so much dead loss?—A. Yes, sir; so much dead loss.

By Commissioner ANDERSON:

Q. Was this figure of $2,840,000 full payment to the Union Pacific for the road which it had built, and for its interest under the acts as applicable to that portion?—A. Yes, sir; that payment was in bonds. It was a payment of $2,840,000 in the first-mortgage bonds of the Central Pacific Railroad Company, and the 6 per cent. United States bonds that were issued on that mileage.

By Mr. COHEN:

Q. In addition to what?—A. In addition to the Central Pacific bonds.

CONDITIONS OF THE PURCHASE.

By Commissioner ANDERSON:

Q. What I mean to ask you is whether this was the full measure of the value of the Union Pacific portion, this 47½ miles, without considering the $751,000?—A. No, sir; I do not think so. I think there was an additional payment made to the Union Pacific on that 47½ miles. There was no equipment furnished, or anything of that sort. This 47½ miles was simply bare track, while the mileage this way from the one hundred and thirty-eighth mile to the six hundred and ninetieth mile was fully furnished with equipment—locomotives, cars, buildings, and everything of that sort, including water stations and turn-tables.

Q. What I mean to ask you is whether the $751,000 was expended on the same track or whether it was expended on a parallel track, and therefore not to be counted as a part of the consideration paid to the Union Pacific for its track?—A. It was expended on the parallel track, and we derived no benefit from it whatever.

Commissioner ANDERSON. Please describe the character of the country from section 1 to section 18.

Mr. COHEN. Had you not better take that from the engineer's reports?

Commissioner ANDERSON. I would like this witness to state his knowledge.

CHARACTER OF THE COUNTRY.

The WITNESS. It commences at Sacramento and runs out to the American River bridge, a distance of 3 miles, partly over the old Sacramento City levee, which was very much widened and strengthened, and the elevation heightened by the Central Pacific in building. The American River bridge trestle-work extends for a quarter of a mile on each side of the bridge, the bridge itself being, I should say about 1,000 feet in length. From there on the grading is not very heavy, and the road runs through practically an undulating country, rather than a hilly country. We have, however, another bridge crossing Arcade Creek at a point about 16 miles from Sacramento.

AT WHAT FIGURE CROCKER & CO. TOOK STOCK.

Q. All that work was completed before January, 1864, by Crocker & Co., was it not?—A. I do not remember.

Q. Do you remember whether the stock issued under the contracts for section 1 to section 18 was taken at par?—A. I think so. I am not positive, but I have no doubt of it. It was taken, I think, practically at par.

Q. Sections 19 and 20 you have entered Collins & Company?—A. Yes, sir.

Q. From what did you take that entry?—A. From my books.

CROCKER & CO. SUCCEEDED COLLINS & CO.

Q. I find the report made to the Commission by Mr. Stevens, the accountant, states that sections 19 and 20 are entered to Crocker & Co., as the contractors. Will you please explain that?—A. Yes, sir. Collins & Bro., failed to complete their contract, gave it up, and Crocker & Co. completed it.

Q. The amount entered in the statement, $15,226.75, was a cash payment made to Crocker & Co., and the other amount entered to Collins & Co., of $2,344.84, had been paid to Collins & Co., before they failed. Is this your understanding?—A. Yes, sir. They failed to complete the contract, and Crocker & Co. completed it upon the same terms that Collins & Bro had taken it.

DIFFERENT CONTRACTORS FOR SECTIONS 21 TO 29.

Q. Sections 21 to 24, for which Turton, Knox & Ryan were the contractors—do you know on what terms the $4,500 of stock were taken?

The WITNESS. At par. Is that what you mean, whether at par or not?

Commissioner ANDERSON. Yes, sir.

The WITNESS. It was taken at par.

Q. As to sections 25 to 27, C. D. Bates was the contractor. Do you know on what terms the $5,500 of stock were taken?—A. At par. I make this answer with the same qualification, however, that it is possible that I may be mistaken; but I think not.

Q. Sections 28 and 29, S. D. Smith, contractor. On what terms were the $7,600 of stock taken?—A. On the same terms.

SECTIONS 30 TO 54 BUILT BY CROCKER & CO.

Q. Sections 30 and 31, Crocker & Co., contractors; do you know on what terms the $11,600 of stock were taken?—A. My recollection is that it was at par.

Q. Sections 32 to 54, C. Crocker & Co., contractors. From what source do you obtain the date of the completion of the work as being March, 1868? Is that because that is the date of the last payment?—A. That is the date of the last estimate which came in, which is credited to the contractors on my books.

Q. Do you know the date of the contract?—A. No, sir; I have not that. I know from recollection only.

TIME OF PAYMENT AND TERMS OF CONTRACT.

Q. Do you know when the payments began under the contract for the construction of sections 32 to 54?—A. I can state only this fact, that they began immediately before the first estimate was returned by the engineers for the first work done.

Q. Do you know what were the terms of that contract?

The WITNESS. Which, 32 to 54?

Commissioner ANDERSON. Yes, sir.

A. Only generally. It was fixed for the prices for the grading, masonry, bridging, trestling, &c., and did not include track-laying, iron, ties, or equipment or buildings.

Q. What do you mean by buildings?—A. Depot buildings.

Q. When you say iron, do you include rails?—A. I do not include the rails, but do include the superstructure.

Q. Does it include, then, the materials which we find in the estimates which were furnished?—A. Yes, sir.

Q. How were the rates fixed that were to be paid?—A. They were fixed in the contract.

Q. Who fixed them before they were entered in the contract?—A. I do not remember that. Do you mean how were the terms of the contract settled as to rates?

Q. The rates to be paid for the different classes of work done by Crocker & Co.; how were they fixed?—A. I do not remember that. It is possible that there was a committee appointed, or something of that kind, by the board of directors, to see what rates could be got.

Q. Do your minutes show anything on the subject?—A. I do not know that.

Q. Do you remember any discussion as to whether those rates were reasonable or extravagant?—A. I do not remember.

THREE-EIGHTHS IN STOCK, FIVE-EIGHTHS IN CASH.

Q. Do you remember how the payment was to be made, as to each dollar of payment?—A. That statement will show. My recollection is that it was three-eighths in stock and five-eighths in cash.

Q. And did that rate persist throughout the contract, or was there a modification? I think it persisted.—A. Whether under this contract or not, stock was to be paid at the rate of 50 cents on the dollar, and afterwards it was modified to 30 cents on the dollar, I cannot say. I do not know whether that was under the contract, or under the continuance of the terms of that contract, doing work that had not been contracted for.

Q. But you do remember, do you not, that at the inception the three-eighths which was payable in stock was taken at 50 cents on the dollar; from section 32 to section 54?—A. I am not sure about this.

Commissioner ANDERSON. It so appears in Mr. Stevens's report.

The WITNESS. That is my recollection. I think so.

Q. Fifty cents on the dollar?—A. Yes, sir; that is my recollection.

Q. For sections 32 to 54?—A. Yes, sir.

Commissioner ANDERSON. Your figures seem to agree with Mr. Stevens's.

The WITNESS. They do up to 138.

Q. In making up the statement of total payments made to these contractors for sections 32 to 54 has your clerk not taken the entries directly from the account books showing the payments actually made?—A. Yes, sir.

THE STOCK ENTERED AT PAR.

Q. And have not the payments in stock on your books been reduced to their cash value by dividing the actual issue of stock into halves, so as to state it at 50 cents on the dollar?—A. If I comprehend your question, I think that the stock has been entered in the statement at par value.

Q. I think that there is no doubt that under the Crocker contract twice as much stock was issued to him as appears on the account as cash?—A. If that is so, it is an error of my clerk. I will analyze it.

Q. I think your clerk is right, because he agrees with Mr. Stevens. He is stating the exact cost of the stock instead of the cash cost. Stevens calls it "stock," and you can see that it is half the actual issue. Will you please ascertain whether in the column of "Stock," contained in Exhibit 1, of August 8, you have stated the stock payments after their reduction to their cash value, the contract providing that the stock shall be issued at 50 cents on the dollar; and whether, as matter of fact, the number of shares issued to Crocker & Co. on sections 32 to 54 were not double the amount entered on your statement? Perhaps you can tell it from your balance sheet.—A. Yes; I think that is so.

Q. What is your next division of sections?—A. The next division is 55 to 138.

Commissioner ANDERSON. Mr. Stevens's division seems to be 55 to 92.

The WITNESS. That probably is because it is in that one year. The next year is probably to 138.

STOCK FOR SECTIONS 55 TO 138 TAKEN AT FIFTY.

Q. I see that I have it here; 55 to 92, and 92 to 138, but the details are separate. In regard to your statement of the cost of sections 55 to 138, as to which sections you state that $4,414,899 of stock were paid, is that entered in the same way—the value of the stock reduced to cash on the basis of 50 cents on the dollar for each share up to May, 1866, and after that date upon the basis of 30 per cent. for the stock?—A. It is the equivalent of that. That statement is made up from the contractors' account, charging them with simply the three-eighths of stock that was three-eighths at par. That stock was issued to them, and additional stock not charged to them under the contract at 50 per cent. when it was 50 cents on the dollar, and 70 per cent. when it was 30 cents on the dollar.

Q. Can you furnish us with a true statement of the total amount of stock issued to the contractors?—A. Yes, sir. I supposed that it was in there. If I had done it myself I would have put it in.

By Commissioner LITTLER:

Q. Can you do it now?—A. Not without the books; not now.

STOCK ISSUED TO CONTRACT AND FINANCE COMPANY.

By Commissioner ANDERSON:

Q. How about this six millions more of stock; how was the stock issued to the Contract and Finance Company taken; at what rate was it taken?—A. At par; that is, $43,000 of stock at par value.

Q. Do you mean $43,000 per mile?—A. Yes, sir.

Q. That would make about eight millions or nine millions additional. We find in Mr. Stevens's report sections 55 to 92 stated by themselves, and that the cost in cash or its equivalent for these 37 miles was $7,047,012.06. Will you please verify that statement from your books?—A. Yes, sir.

Q. We find that the payment credited in stock, reduced at the varying rate of fifty and thirty, was $2,642,569, the total payment carried out in the cash column, and we understand that the contractors must have received an amount exceeding the amount stated in stock, being an equivalent amount while the rate was fifty, and an amount at the rate of seventy when the rate was changed. Will you please furnish us as to these sections the exact amount of additional stock issued?—A. I will give you an exact account of the whole stock issued.

Commissioner ANDERSON. We want it from 55 to 92.

The WITNESS. I will furnish it from 55 to 92, showing the total amount of stock.

TOTAL CENTRAL PACIFIC STOCK PAID FOR CONSTRUCTION.

Commissioner LITTLER. If you have not already done so, I wish you would furnish the Commission with a statement showing the total amount of stock issued by this Central Pacific Railroad Company; I mean issued in payment of original construction.

The WITNESS. The questions that Mr. Anderson asked, and the statements that I will furnish in reply, will bring that out. I supposed that it was in this statement; but he now asks for totals. I will make a statement of the whole thing.

Q. Do you know the character of the country between section 55 and section 92?—A. That is in the Sierra Nevada Mountains.

Q. Do you know the initial point and the terminal point?—A. The initial point is at or near Colfax, but as for the terminal point, I cannot tell from recollection whether it is on this side or on the other side of the summit. I think, however, that it is not far from the summit of the Sierras.

CONSTRUCTION COSTS $195,000 A MILE.

Q. The cash or its equivalent paid, omitting additional stock, runs up to about $195,000 a mile, does it not?—A. That must include, then, the Summit tunnel, and probably does.

Q. Do I understand that this only includes the work that appears on the engineers' estimates as to these sections of the road?—A. I understand it so.

Q. Does it include the rails or the equipment or the buildings?—A. I have not examined into that since the Commission has been here; but I have learned more about it in the last few days than I ever knew before. Perhaps you had better examine the estimates upon this point.

Commissioner ANDERSON. We have the estimates here, but we would also like your recollection.

The WITNESS. I will not say positively that they do not cover tracklaying, iron, and equipment. I am not positive, but I will ascertain.

By the CHAIRMAN:

Q. They may relate to the entire track, may they not?—A. That

seems to be my recollection, but I will not state positively. There is a pencil memorandum on this estimate that I did not suppose I had left there, and from your question just now it is possible that it may not be correct. With reference to the question you have just asked, I will state that that is my recollection, and so I state it.

By Commissioner ANDERSON:

Q. We will ask you to get definite information. Will you do so?—A. Yes, sir; I will. I have no doubt that is correct.

WORK UNDER THE CROCKER CONTRACT.

Q. Will you look at the two final estimates now shown you for the work under the Crocker contract, the first being from section fifty-five to section sixty-seven, and the second being from section sixty-eight to section ninety-two, and state the total cost of work appearing to have been done upon these two estimates?—A. $7,047,011.66.

Q. Then we understand that the work actually paid for under these contracts was the work specified on these two estimates?—A. Yes, sir; that amount was specified on these two estimates.

Q. And we understand that that amount of work was paid for at the rates stated on these papers?—A. Yes, sir.

ESTIMATE FOR SECTIONS 55 TO 67, CROCKER & CO. CONTRACT.

The papers referred to were marked respectively "Exhibits 3 and 4, August 8, 1887," and are as follows:

No. ——.] C. P. R. R. OF CAL.

—— *subdivision of* —— *division. Final estimate, July* 26, 1867. ——— ———, *contractor.*

Description.		Sections Nos. 55 to 67.		
		Quantities.	Price.	Amount.
Grubbing and clearing	miles	13	$2,000.00	$26,000.00
Excavation:				
1st class	cubic yards	580,956	.45	261,430.20
2d class	do	106,470	.65	69,205.50
3d class	do	594,943	1.47½	877,540.92
4th class	do	155,200	2.50	388,225.00
5th class	do	26,071	5.00	130,355.00
In foundations	do	12,574	1.50	18,861.00
Masonry:				
2d class	do	3,294	25.00	8,235.00
3d class	do	537	25.00	13,425.00
4th class	do	5,198	20.00	103,960.00
5th class	do	4,027	10.00	40,270.00
Cement mortar		854	5.00	4,270.00
Rip-rap wall		27	3.00	81.00
Brick in work		7,754	30.00	232.62
Timber:				
In trusс bridges	feet, B. M.	221,425	90.00	19,928.25
In trestle bridges	do	474,804	75.00	35,610.30
In piers	do	135,602	90.00	12,204.18
Of truss	do	103,900	90.00	9,351.00
In flumes	do	40,526	75.00	3,038.45
In ties	do	34,432	80.00	28,578.56
Track laid		132	800.00	11,000.00
Plank in foundations		16,190	70.00	1,133.30
Painting bridges, labor				900.00
Wrought iron	pounds	71,400	15.00	10,716.00
Cast iron	do	48,617	11.00	5,347.87
Spikes and nails	do	9,550	8.00	764.00
White lead	do	1,325	1.15	1212.00
Oil, 4½ barrels (say 40 gallons)	gallons	180		270.00
Total				2,081,807.15

Abstract of monthly estimate for ——, 186—.

	Total estimate of section.
Total final estimate to date	$2,081,507.15
Deduct former estimate	1,989,651.19
Final estimate	91,856.36

I certify the above estimate to be correct.

ESTIMATE FOR SECTIONS 68 TO 92, CROCKER & CO. CONTRACT.

No. ——.] C. P. R. R. OF CAL.

—— *subdivision of* —— *division.* *Final estimate, July* 26, 1867. *C. Crocker, contractor.*

Description.	Section No. 68 to 92.		
	Quantities.	Price.	Amount.
Grubbing and clearing	25	$2,000.00	$50,000.00
Excavation:			
First class	280,629	.45	126,283.05
Second class	168,691	.65	109,649.15
Third class	832,663	1.47½	1,229,697.13
Fourth class	786,551	2.30	1,808,377.50
Fifth class	89,167	5.00	445,835.00
Sixth class	28,913	8.00	231,304.00
Tunnels	11,540	20.00	230,800.00
In foundations	31,392	1.50	46,938.00
In ditches	10,573	.45	4,878.35
Masonry:			
Second class	2,880	25.00	72,250.00
Third class	459	25.00	11,250.00
Fourth class	10,239	20.00	204,780.00
Fifth class	3,968	10.00	39,660.00
Cement mortar	1,844	5.00	9,220.00
Lime mortar	1,719	3.00	5,157.00
Rip-rap wall	2,672	3.00	8,012.00
Retaining	5,082	10.00	50,820.00
Timber in trestle bridges	154,536	75.00	11,590.20
Timber in tunnels	137,788	90.00	12,400.92
Timber lagging	42,456	90.00	3,821.05
Timber in flumes	172,600	70.00	12,082.00
Plank in flumes	82,712	70.00	5,789.84
Wrought iron	8,491	15.00	1,273.65
Cast iron	5,633	11.00	619.63
Spikes and nails	2,000	8.00	160.00
Ties in track	65,000	83.00	53,950.00
Miles track laid	26	800.00	20,800.00
Total			4,165,594.51

Abstract of monthly estimate for ——, 186—.

	Total estimate of section.
Total estimate to date	$4,965,504.51
Deduct former estimate	4,173,545.78
Final estimate for the month	791,958.73

I certify the above estimate to be correct.

The WITNESS. I should judge from these estimates that the iron and so forth were not furnished, and that the track laying simply was done by the contractors. I would like to explain this a little further. In answer to some questions I think that I said that Crocker & Co., the contractors for sections 55 to 92, did not furnish iron, &c. It appears by this

estimate that they did furnish ties and did lay the track, included in this amount which is stated, but iron was not furnished.

Mr. COHEN. Mr. Chairman, when did you say that you wanted Charles Crocker?

The CHAIRMAN. In September, in New York.

Mr. COHEN. I will try and have him there. I would like to have him explain all of these contracts himself.

Commissioner ANDERSON. In connection with this contract, I will read the following report, signed by Leland Stanford, Mark Hopkins, and E. H. Miller, jr., and dated May 9, 1865.

REPORT OF COMMITTEE APPOINTED TO EXAMINE INTO THE QUESTION OF CONTRACTING FOR THE GRADING.

The paper was marked "Exhibit No. 5, August 8, 1887," and is as follows:

To the Board of Directors of the Central Pacific Railroad Company of California:

Your committee, appointed on the 1st day of May, 1865, to examine into and report upon the question of contracting for the grading of the railroad of the company, beg leave to report that they have given the subject a good deal of consideration, in view of its importance and its effect upon the great enterprise in which the company is engaged.

It is the universal experience of railroad companies that the work of construction can be conducted more economically and expeditiously by contractors than by the officers of the company. The result has been that nearly all the railroads of the United States have been built by contract, by the terms of which a considerable portion of the contract price is paid in the stock of the company, thus identifying the contractors with the successful progress of the enterprise, and at the same time relieving the finance of the company to the extent of such stock payments.

By adopting that plan the board of directors will be relieved of a large amount of labor in carrying out the details of such a work and thus leave them more time to perform the other arduous labors of providing the money necessary to complete the road expeditiously, the purchase of the necessary rolling stock and other railroad material, and the operating of the road, which are sufficient, if properly attended to, to fully occupy the time and abilities of all the members of the board of directors.

The experience gained in the prosecution of the work to the present point has convinced us that the contract system is decidedly preferable.

We are also satisfied that it will be necessary to let the contract for the grading of the road as far as the surveys of the company have been extended, that is, the Big Bend of the Truckee River in Nevada, to some competent firm of contractors whose known knowledge of the work to be done and experience in the business will secure the confidence of the public and capitalists on their ability to perform it. The price should be a remunerative one, reasonable, fair, and just, in view of the large amount of labor to be performed and the rugged, mountainous character of the country over which the line to that point is located. It should also be within the means and ability of the company to pay.

We recommend this course for the following reasons: It is well known that the enemies of our enterprise have been and still are actively engaged in circulating reports that it is virtually impracticable to build a railroad across the Sierra Nevada Mountains. A railroad operator who has heretofore occupied a somewhat prominent position in this State has published a letter which has been extensively circulated, in which he asserts that your railroad over the mountains cannot be constructed for less than $250,000 to $300,000 per mile, that the physical obstacles are so great as to render its construction impracticable, and that the only purpose of the company is to secure public aid to build the Pacific Railroad far enough into the mountains to turn Nevada freight and travel over the Dutch Flat and Downer Lake wagon road.

The falsity of these statements is well known to you, but those unacquainted with the route are liable to be misled by it, and their industrious and persistent circulation have no doubt had a tendency to injure the company in its financial negotiations. Although his bitter enmity to the Pacific Railroad is well known here and therefore his statements carry but little weight, yet as he claims to be a civil engineer of large experience, capitalists who are not well acquainted with the route and the country are liable to be misled, and thus the negotiable securities of the company, upon which it relies to raise the money necessary to carry on the work, are liable to be depreciated, and the company will thereby suffer loss, and the work will be delayed in its progress.

In the Eastern States and in Europe, where the true character of the enemies of your work and their interest in hostile local roads are unknown, but where their infamous publications have been circulated by thousands, through the mails and by the agents of Wells, Fargo, & Co's. express, it is not strange that some doubt should have been created in the minds of capitalists as to the practicability of constructing your railroad in consequence of its supposed great cost.

Our agent and friends there, who are negotiating our bonds and other securities, have to meet and overcome these objections, and they advise us that if a contract was let to responsible contractors of known character, experience, and good judgment, well acquainted with the character and extent of the work to be done, at a price within the means of the company to pay, it would immediately secure the public confidence in the practicability of the work, and at the same time give increased confidence and establish a higher market value for your securities.

Your committee are confident that such would be its immediate effect, and we know of no other means so effectual to counteract the effects of the enemies of your enterprise and place its success beyond all contingencies.

It will not only increase the value of your securities, but it will remove all doubts of the speedy completion of the railroad, not only to Dutch Flat, but beyond that point to the valleys over the mountains. It will be a full and complete answer to the oft-repeated slander that the railroad is only interested as a feeder to the wagon road.

A fair and reasonable contract of the kind proposed will also induce railroad capitalists whose business it is to build railroads to take an interest in the work, and thus add to your strength and give increased confidence in its speedy completion.

So, too, placing so large a portion of the work in the hands of one firm of contractors, the work on the more difficult and expensive points can be pushed more rapidly, as they can procure labor cheaper, there being no competing contractors to run up the price, and they can more readily concentrate a large force upon any particular section when necessary.

It is well known that after reaching the vicinity of Bear Valley the line passes through many miles of rough country, chiefly of a hard granite and serpentine rock formation, which will be expensive and slow, and the more so, being about 5,000 feet above the level of the sea, and where for several months in the year the work, except in the tunnels, will be necessarily suspended by snow and inclement winter weather. In view of this interruption of the work in that region its actual cost will be largely increased, and must be commenced two years or more in advance of the time when by the acts of Congress the 25-mile sections are required to be annually completed.

The work, therefore, of this portion of the line should be commenced soon, and, in the opinion of your committee, after a full and careful examination of the whole subject, that it would be the best policy to let a contract for the whole work to the Big Bend of the Truckee River, if reliable parties can be found with whom a contract can be made upon terms satisfactory to the company. All of which is respectfully submitted.

Sacramento, May 9, 1865.

LELAND STANFORD,
MARK HOPKINS,
E. H. MILLER, JR.

The WITNESS. In connection with these reports, I would like to state that I produced them on the 28th of July and offered to read them to the Commission, but was not permitted to do so. On the 29th of July they were asked for from Governor Stanford, with some sharp remarks to the effect that they had been demanded and had not been produced.

Commissioner ANDERSON. We have a great many things to do, and cannot read every paper presented to us.

The WITNESS. Your memories did not seem to be much better than mine, which you have criticised so freely.

Commissioner ANDERSON. Memory as to what?

The WITNESS. Memory as to their not being produced.

Commissioner ANDERSON. I have said nothing about it.

The WITNESS. Somebody did, and only one day had intervened.

By Commissioner ANDERSON:

Q. Do you remember who composed this report; was it composed by yourself or by Governor Stanford?—A. I do not think that it was I who composed it. It is in the handwriting of S. S. Montague, chief engineer of the company at that time.

Commissioner ANDERSON. I think that I will read this other report also to the Commission. It is dated June 6, 1865, and is signed by Mark Hopkins and E. H. Miller, jr.

REPORT OF COMMITTEE UPON THE QUESTION OF CONTRACTING FOR CONSTRUCTION.

The paper was marked "Exhibit No. 6, August 8, 1887," and is as follows:

SACRAMENTO, *June 6, 1865.*

To the President and Board of Directors of the Central Pacific Railroad Company of California:

Your committee, to whom was referred the matter of contracting for the construction of the railroad of the company, would respectfully report:

The subject is one of great importance to the company, and requires a full and careful consideration; that they have endeavored to make arrangements to procure a combination or association of capitalists and business men, who would take a contract on fair, reasonable terms to construct the railroad of the company, and who would combine such an amount of capital and business tact and energy as would secure the confidence of the public in the speedy completion of the work; but we have, thus far, failed in our efforts. We feel confident, however, that in the course of time such an arrangement can be made.

It is absolutely necessary to construct the road as rapidly as practicable, for the purpose of concentrating without delay upon the line of the railroad route the carrying and passenger trade between Sacramento and Virginia, and also to comply with the acts of Congress and the State legislature, which require the rapid completion of the road. In view of this necessity, and to come up to the wishes and wants of the public, your committee cannot recommend the letting of any contract to any parties unless they are men of known ability and where friendship and sympathy for the success of our enterprise would be a sure guaranty that the work would be pressed with vigor, and that every effort would be made to complete the work as speedily as possible.

Persons of large capital seem unwilling to bind themselves to construct the road as rapidly as the acts of Congress and the interests of the company require, fearing that the scarcity of labor, and the uncertain character of the rock excavations in the upper mountainous portions of the line, will prevent a compliance with such obligations. The high rates which capitalists are able to realize for the use of their money in this State is also another serious obstacle to effecting such arrangements. We believe that it will not be long, now that the rebellion is crushed, before arrangements can be made by which business men here, possessing the proper skill and energy, can co-operate with Eastern capitalists in taking a contract for the construction of the road, which will insure its completion as speedily as labor and capital can accomplish it.

C. Crocker & Co. have been, and are now, pushing on the work with extraordinary vigor and success. They have in all cases complied with the orders and directions of the officers of the company. They are entitled to great credit for the system with which they have conducted their affairs and the rapidity with which they have graded and constructed the road. Their organized force of superintendents, foremen, and laborers carry on the work in the most effective and expeditious manner. Their known enterprises and large pecuniary interest in the company afford assurance of their continued and hearty co-operation with the board in carrying out their plans in the future.

Until, therefore, parties can be found with whom other arrangements shall be made your committee recommend that they continue the work, and that they be allowed, therefor, the prices named in the annexed resolution, which is herewith reported by your committee, and the adoption of which they hereby recommend, and which they are willing to abide by.

Some of the work could probably be done at a lower price, if sufficient time could be allowed them to do it in the most economical manner, but the necessity for the speedy completion of the work is so great, that we believe it is true economy for the company to pay the prices named, rather than to have the work delayed, or even run the risk of delay, by the hands of unskillful, incompetent, or unfriendly contractors. Delays work serious and incalculable injury to the business of the road.

For instance, we are confident that the gross earnings of the railroad, which for the month of May have been about $665 per day, will be increased to $1,500 per day when it reaches Illinois Town, and probably greatly exceed that amount if it can be completed to that point early in September. To do that will require the combined energy

of the contractors and the board. It is therefore true economy for the company to keep and to maintain at this time such immediate control of the work as will enable them to complete the road to that point at the earliest day possible, even at some sacrifice, if need be, in crowding the work at a rate which contractors studying the mere economy of working would not be likely to do.

Messrs. Crocker & Co. fully understand the plans and wishes of the board of directors, and know better than any others the character of the work, the obstacles to be overcome, and what is requisite to carry out those plans successfully. They are also fully provided with the necessary tools, horses, and carts, with a well-organized force to do the work expeditiously. It would require a large outlay of money, as well as months of time, for others to secure the same advantages. They are willing to carry on the work as desired at the price named in the resolution, and at any time give way to others whenever the board shall require it or can make better arrangements, but they are unwilling to go on at less prices, in view of the difficulties and the great extra expense of hurrying on the work as required. Your committee believe that it would be ruinous to the best interests of the company to make any change in the present management, and break up the admirably organized system of these contracts now in such successful operation, and which is hurrying on the road so rapidly. Your committee are satisfied that, under the circumstances, the prices named in the resolution are just and reasonable, and they therefore recommend that the resolution be adopted and maintained until some better arrangement can be made.

All which is respectfully submitted.

MARK HOPKINS.
E. H. MILLER, JR.

By Commissioner ANDERSON:

Q. Have you the resolution referred to in the report which I have just read?—A. I suppose that it appears on the books; it must appear on the minutes.

RESOLUTION CONTAINING RATES.

Commissioner ANDERSON. The resolution referred to is a resolution containing the rates.

Mr. COHEN. You have it here.

The CHAIRMAN. It is in the minutes of the Central Pacific Railroad Company at page 12, under date of June 6, 1865.

(The resolution referred to will be found printed among the miscellaneous documents in the latter part of volume 7. See Index.)

By Commissioner ANDERSON:

Q. This report states that "until, therefore, other parties can be found with whom other arrangements can be made, your committee recommend that they continue the work, and that they be allowed therefor the prices named in the annexed resolution." Do you know whether that referred to the different classes of work which they were to do at so much a yard, or does it refer to the resolution which appears on the minutes providing that they be paid at the rate of three-eighths in stock and five-eighths in cash, the stock to be taken at 50 cents on the dollar?—A. I recollect that it was continuing the rates that had been paid under the contract. It is my impression that the rate appears somewhere upon the minute books of the company.

Q. Are they the same rates stated in these estimates which you produced to-day?—A. I think so, but I am not sure.

Q. Will you produce or furnish us to-day with the proof of the rates agreed upon as they appear upon the books of the company?—A. I will, if possible. I will hunt for them.

RATES SUBSTANTIALLY THE SAME AS THOSE STATED IN THE ESTIMATES.

Q. Is it your judgment that they are substantially the same as stated in the estimates?—A. Yes, sir; substantially the same. I would not

like to have it appear that I say this positively, because I am not clear about it. I will endeavor to ascertain, however.

Q. In whose handwriting is this report of June 6, 1865?—A. In that of E. B. Crocker.

Q. Was he a brother of Charles Crocker?—A. Yes, sir.

Q. Do you know why it was not signed by Governor Stanford, who was on this committee who signed this other report?—A. I know of no reason, unless he was absent.

RELATIONS OF CROCKER & CO. AND CONTRACT AND FINANCE COMPANY.

Q. At the time this report was made, did you or did you not know that, so far as there were any profits under the Crocker contract and stock, they were to be divided equally between Charles Crocker, Mark Hopkins, Leland Stanford, and C. P. Huntington?—A. At the time of that contract I did not know; in fact, at no future time.

Q. Did you know at the time of this report?—A. At the time of this report I did not know; and, in fact, I supposed that the profits were to belong to Charles Crocker or to Charles Crocker & Co. whoever the Company may have been.

Q. You do know now, do you not, from Governor Stanford's statement, that the surplus Crocker stock was carried into the books of the Contract and Finance Company?—A. Yes, sir; I understand so. I understand that whatever loss or profit Crocker & Co. made was turned over and formed a part of the assets and liabilities of the Contract and Finance Company.

Commissioner ANDERSON. I will now read the report of January 5, 1867.

REPORT UPON THE PROGRESS OF WORK OF CONSTRUCTION.

The paper was marked "Exhibit No. 7, August 8, 1887," and is as follows:

OFFICE OF THE CENTRAL PACIFIC RAILROAD COMPANY,
Sacramento, Cal., January 5, 1867.

To the Board of Directors of the Central Pacific Railroad Company of California:

The commencement of a new year renders it proper that we should make you an official report of the progress of the work of construction of your road during the past year and the prospects for the year on which we have just entered.

During the year 1866 39 miles of additional track have been laid up the western slope of the Sierra Nevadas, making in all 93 miles of completed line. Cisco, the present terminus, is within 12 miles of the summit of the Sierras, and has an altitude of 5,811 feet above tide water. The portion of the line constructed during the past year is conceded by all to be the most difficult ever yet surmounted by any railroad in the United States, if not in Europe. It has been a herculean task, and has fully taxed the means and energies of the company and its officers. The result has, however, demonstrated the fact that a railroad with practicable curves and grades can be constructed and operated over the mountains—a matter which has been doubted by many.

The obstacles with which we have had to contend have been great. The country over which the track has been laid is rugged and rocky, upon a steep mountain side, and up by deep ravines, requiring a continued succession of deep cuts and high embankments, many of which had to be protected by heavy stone walls, and requiring large and long culverts of stone to pass the torrents of water which fall in the mountains. The material has been almost entirely rock, much of it being the hardest kind.

The work has been carried on with the greatest vigor during the past season, and the necessity of completing it within a short space of time has entailed a largely increased expenditure upon the company. Heavy rock excavations that, to work economically, should have taken eighteen months to complete, have been pushed through in from four to five months, of course requiring a greatly increased outlay of money to accomplish it. Besides this, we have been compelled, from the commencement of

the work, to pay gold for all labor and materials procured in this State. As all our money has to be obtained in the Atlantic States, where paper money is the sole currency, the loss in exchanging this currency for gold has been very great. This loss has been a serious item in the expense of carrying on the work, an item which does not appear on the books of Eastern railroads. We have confidently expected from year to year that this item would be reduced to a small figure, if not entirely disappear, but it still exists as a large item of the expenses of the company. The result is that the road and equipments from Sacramento to Cisco, including the work done east of the latter point, has cost over $14,500,000.

We have not made as much progress during the last year as we hoped at its commencement. This was caused by the scarcity of powder on the Pacific coast, and our inability to procure as many laborers as we wished and expected. We confidently calculated on a full supply of powder, and at least 15,000 men, but were disappointed in both. We were only able to procure about 10,000 men, who were kept constantly at work during the spring, summer, and fall months. This force has been reduced to about 6,000 since the winter storms set in. A great portion of this body of men is now lodged in comfortable camps at and near the summit of the Sierra Nevadas, and employed in excavating the numerous tunnels in that part of the line, it being impossible to work them in open cuts. The remainder are at work in the Upper Canon of the Truckee, just below the snow line, and about 30 miles east of the summit of the mountains.

The employment of so large a force during the inclemencies of the winter season adds largely to the cost of the work, and this increased expenditure caused by pressing the work forward so rapidly has and will increase the total cost of the work fully 50 per cent. And it is an important matter for your consideration whether the company is able or ought in justice to bear this increase of cost.

The national as well as State Governments and the people demand the speedy construction of this great national highway, and the public impatience, for its completion at the earliest day practicable seems to grow the more rapidly the work is done, and the nearer it approaches a union across the continent. This public demand we have endeavored to meet, though it has been a costly effort to the company, and it is for you to determine whether the same policy of rushing on regardless of expense is to be pursued in our future operations. While the speedy completion of the road across the continent is important to the public, or to the company, it is very doubtful whether the means of the company will justify us in pursuing a policy so expensive in its results, or whether the benefits derived compensate for the loss.

We still have a large amount of heavy and expensive work to do before the road is completed over the mountains, the greater part of which is in the hardest of granite, ironstone, and trap. The season for laboring on open-air work is so very short at the summit that it necessitates the employment of a large force, probably twenty thousand, during the coming season, to insure its completion before the fall of next winter's snow. To meet this necessity we have made arrangements which will probably, if successful, enable us to obtain that number. To have this large body properly organized under competent foremen by early spring, orders have been issued to rapidly increase the force now at work in the cañon, and as fast as the work there is finished, and the snow will permit, keep them moving on the line towards the summit, finishing the grading as they go, while a similar force is working from Cisco to the same point, then all to unite in the heavy rock work, and press it vigorously until completed. In order to expedite the completion of the road by working a larger force in winter, as well as to insure safety and ease of operation, numerous tunnels, fourteen in all, have been laid out between Alta and the State line. These are of the aggregate length of 6,170 feet, the longest being at the summit, 1,650 feet long. The excavation of so many tunnels adds largely to the cost, but is justified by the considerations above referred to.

We believe that by forcing the work regardless of expense, your road can be completed to Great Salt Lake by the 1st of January, 1870, but by taking one or two years more time a great saving of cost can be effected, and the reasonable expectations of the public fully met.

LELAND STANFORD,
President.
E. H. MILLER, Jr.,
Secretary.
SAM. S. MONTAGUE,
Acting Chief Engineer.

Commissioner ANDERSON. State whether the prices named in Exhibits 3 and 4 are stated in dollars and cents, or how.

The WITNESS. They are stated in dollars and cents.

By Commissioner LITTLER:

Q. In what column?—A. In the price column; the left-side division is dollars and the right side cents.

Commissioner ANDERSON. Grubbing and clearing; that was preparatory work, as I understand it.

The WITNESS. Yes, sir.

GRUBBING AND CLEARING.

By Commissioner ANDERSON:

Q. What do you know about the ordinary price for grubbing and clearing? What did you know at that time?—A. I only knew what I learned generally from the engineers. As regards the grubbing and clearing, however, on the mountains, I was over the line several times in advance of grading, and I saw that a large portion of it was very heavily timbered. First, they had to cut down the timber and get it out of the way, and then they had to dig up the stumps, the reason for which was explained to me by the chief engineer. I said to him, "It seems to me to be going to an enormous expense for nothing." He said that it would not do to leave any stumps in the road-bed at all, that they would decay finally and upset the line very materially. They were therefore all dug up very much below the bed of the road, even where they were to be filled over. They were dug up and grubbed out and got out of the way.

Q. For what distance or quantity is this price of $2,000?—A. One mile, I think.

$2,000 A MILE.

Q. Do you mean $2,000 per mile?—A. Yes, sir.

Q. Have you stated substantially all the knowledge that you had on which you base your report that $2,000 per mile was a reasonable charge for grubbing and clearing, under the Crocker contract?—A. I had known of the grubbing and clearing previously up to those sections. I knew something of the cost of grubbing and clearing up to section 34 or 35 under other contractors. The cost was very light in the valleys, but as soon as they got into the mountains it was very heavy. Up to Rockland, 22 miles from Sacramento, there was very little grubbing and clearing, but from there on it was very heavy.

Q. Had any efforts been made to procure other bids so far as this grubbing and clearing were concerned?—A. No, sir; not that I know of.

Q. Had any reports of your engineers as to what would be a fair price for grubbing and clearing been made to you?—A. I do not know that they had given us any written reports, but we were in consultation with them.

FIRST-CLASS EXCAVATION.

Q. What is meant by first-class excavation?—A. I hardly know. That is the engineer's classification of the work to be done.

Q. Forty-five cents per yard appears to be the price for first-class excavation. What can you tell us about that?—A. I do not suppose that I ever knew anything about this arrangement until I saw Mr. Judah's specification for the first contract, and the first work to be done. Then I absorbed information from that time on, from the first contracts. I am not an engineer, and I have no practical knowledge of that matter.

DIFFERENT CLASSES OF EXCAVATION

Q. Then you do not know the difference between the several classes of excavation?—A. Yes, I do know practically something about it. Excavations of the first and second class are mostly earth. The third class would be powder work and probably cement gravel. The fourth class and the fifth class, and the sixth class, were undoubtedly alike, but I suppose that the engineers have different methods of classifying.

Q. Do you mean the fourth and fifth classes?—A. Yes, sir; and the sixth class, which appears here for $8 a yard.

Q. Is there a sixth class on your report?—A. Yes, sir.

Q. Who was the engineer who checked these estimates?—A. I think S. S. Montague. It was either T. D. Judah or S. S. Montague.

Mr. BERGIN. This was after the death of Mr. Judah?

The WITNESS. That is so; these were Montague's.

Q. What is the difference between the several classes of masonry?—

THE SEVERAL CLASSES OF MASONRY.

A. I really do not understand much about that. One, I suppose, is rough rock masonry, and the other is, perhaps, better rock, requiring more labor.

Q. From what sources did you derive knowledge that $25 per yard for masonry was a reasonable charge?—A. From the same source that I derived knowledge in relation to any other of the prices—from the engineer's estimates.

Q. First-class masonry is $35 a yard. Have you any knowledge now on which you can assert that that would be a reasonable price?—A. No, sir; I have not. I wish to say what would be a reasonable price now is a very different affair from what it was then.

Q. I am talking of what was then a reasonable price—in 1866 and 1867. Have you any such knowledge?—A. No, sir; I have not.

RIPRAP WALL.

Q. How about riprap wall? Did you know anything then, or do you know anything now, as to what would have been a reasonable price for anything of that kind?—A. No, sir; if I had riprap walls now to construct, I would endeavor to get from experts what would be a reasonable price.

Q. Brick is charged at the rate of $30. For how much brick is that?—A. Thirty dollars a thousand, I presume; it does not specify.

Q. Thirty dollars a thousand?—A. Yes, sir.

Q. Was that rough brick that was used, or what kind of brick was it?—A. I suppose that it was the ordinary commercial brick.

Q. Have you any means of knowing whether that was a reasonable price then?—A. Only from my remembrance of work that I did in building for myself.

TIMBER AND TRUSS BRIDGES.

Q. Timber and truss bridges, $90; for how much was that?—A. Ninety dollars a thousand, I presume.

Q. Will you look at the entry?—A. Timber and truss bridges I take to be board measure.

Q. Ninety dollars for how much?—A. For a thousand feet. Trestle was $75 a thousand. That timber is measured in the bridges after they are constructed.

By Mr. COHEN:

Q. Is that with the labor added?—A. Yes, sir; it is like measuring timber in the house when the house is finished. You measure the timber and that takes everything.

By Commissioner ANDERSON:

Q. What was your answer to my other question?—A. The price was $90 a thousand in the bridge.

Commissioner ANDERSON. Please explain how this total is carried out. It seems to foot up 221,000.

The WITNESS. That means 221,000 feet.

Q. And you multiply that by 90?—A. Yes, sir; and that gives the price.

Q. Have you any knowledge whether that price, or any of the other prices stated on this estimate, were reasonable prices at the time that you made your report?—A. I believe that those were all reasonable prices at that time.

Q. The question is, if you had any knowledge of that class of work, or otherwise, so as to know whether they were reasonable or not?—A. No, sir; I have not now.

TRACK-LAYING.

Q. For laying the track, the price charged is $800 per mile. Had you any experience as to that price, or have you any knowledge derived since which will enable you to state whether $800 per mile is a reasonable price to charge?—A. I have no experience. If the Commission will look through the report it will gain all the knowledge that I have. I would like to furnish a list of prices and materials about those times.

Commissioner ANDERSON. We shall certainly be very glad to get any light upon the subject.

The WITNESS. I will get this information from books and bills.

Q. Have you given all the information that you can as to the nature of the country between sections 55 and 92, so as to inform the Commission of the reason for the great excess in the cost of that part of the route?

The WITNESS. 55 to 92.

Commissioner ANDERSON. Yes; 12 miles from the summit.

WORK ENTIRELY IN ROCK ON A STEEP SIDE HILL.

The WITNESS. Twelve miles this side of the summit—I know that for several miles on this side of the mountain, near Bear River, the work was entirely in rock, and on a very steep side hill. It cost an immense deal of work to grade it out. There were many ravines to cross with high trestling, &c.; but that is immaterial.

Q. Will you please look at the final estimates of amounts now shown you and state what it is?—A. This is an estimate for building sections 93 to 138, combining the whole. They are in two separate columns. They are gotten up the same as the other estimates that I have spoken of. This is practically to the State line, section 138 being practically or absolutely the State line between California and Nevada.

By Commissioner LITTLER:

Q. How many miles of construction does that estimate embrace?—A. Forty-six miles.

CHARACTER OF THE COUNTRY.

By Commissioner ANDERSON:

Q. Please describe the character of the country embraced in that 46 miles.—A. It is from 12 miles this side of the summit of the Sierra Nevada Mountains to the State line down the Truckee River. It includes several tunnels, some of which were through what was called iron-stone rock, into which it was almost impossible to drill a hole. After passing the summit of the Sierra Nevada Mountains through the tunnel, the road skirts Donner Lake at a great elevation. Personally, I went around from Summit tunnel down to near Truckee on foot. It was impossible for a horse to be taken along, and we were all completely used up in making about 15 miles that day, starting out early in the morning. It is a very steep side hill, most of the way. The tunnel is on a curve going from Donner Lake side around into Strong's Cañon. It then seemed to me to be absolutely impossible to build a road on that line; but we had with us Colonel Gray and S. S. Montague, both engineers, and they seemed to have no question about it, except the cost. From Summit tunnel, in going from 93 to Summit tunnel, it is on an up-grade. After going out of the Summit tunnel, it is on the down grade, I believe, or 116 fefet to the mile most of the way.

CLEARING AWAY THE SNOW TO GET AT THE EARTH.

At this point, I would like to say, and I will say in this connection, that from about the 105th mile to the 138th mile, the grading was done in the winter when the snow banks were any number of feet in depth and the snow had to be cleared away and was cleared away in order to get at the earth to grade. There were snow banks from 30 to 100 feet deep. The object in doing that was to connect the road with 40 miles of road which had been built down the Truckee, and to do so as early in the spring as possible, so as to enable the company to go beyond the 138th mile as fast as possible. In that same connection, I wish to say that the iron, engines, rails, and everything of that kind were carried over the summit by teams from Cisco to Truckee to build that 40 miles beyond Truckee, and at an enormously high price for freight.

Q. Is that included in the estimate, where you carried engines or iron?—A. That class of work was done by the company, and is something in addition to the cost under this contract.

MOST DIFFICULT WORK ON EAST SIDE OF THE SUMMIT.

Q. I am inquiring only as to the cost contained in the estimate. Is the work from the Summit down, on the other side, the same in character as the work on this side of the Summit?—A. It is more difficult for the first 10 miles, I think, than it is on this side of the Summit.

Q. So that the character of this work was as difficult as any work that you had to do, from your description?—A. For 10 miles of it, from the Summit over.

Q. After you got beyond that 10 miles, that would be about section 115, how was the work to section 138?—A. From 115 down it became lighter.

ESTIMATES ON NORTH AND SOUTH SIDES OF DONNER LAKE.

Commissioner ANDERSON. I have here a document which I have not read (estimates for lines on the north and south sides of Donner Lake), which at this stage it might be proper to put in.

By Commissioner LITTLER:

Q. By whom was this estimate made, Mr. Miller?—A. I think it was made by S. S. Montague.

By Commissioner ANDERSON:

Q. Whose handwriting is this?—A. S. S. Montague's.

(Witness produces approximate estimate of the cost of constructing a road on the south line, 14,000 feet from the Summit east, and also an approximate estimate of the cost of constructing a road on the north line, 14,000 feet on the north, from the Summit east.)

Q. That is about 6 miles in all, is it not?—A. No, sir; 14,000 feet would be less than 3 miles.

Q. It is 14,000 feet on each side, east and west, is it not?—A. This estimate was made to show what would be the cost of building either one line or the other. The estimate on the south line was $692,224, and on the north line $967,799. This was simply for excavation.

By Commissioner LITTLER:

Q. Which line was adopted by the company?—A. The south line.

By Commissioner ANDERSON:

Q. This estimate shows the cost to have been estimated at about $200,000 per mile in the smaller estimate?—A. Yes, sir; more than that. The smaller estimate is over $300,000 a mile.

Q. Is it not about 3 miles in all?—A. It is 14,000 feet, considerably less than 3 miles.

Commissioner ANDERSON. Say 2¾ miles, then, for $600,000.

The WITNESS. It is $692,000, or nearly $700,000.

The estimate was received in evidence, was marked "Exhibit 8, August 8, 1887," and is as follows:

Approximate estimate of the cost of constructing road on north line (14,000 feet) from Summit (east), including cost of Summit tunnel.

[Grade, 105.6 per mile.]

	Quantity.	Price.	Total.
Rock excavation.....cubic yards..	61,637	$1.00	$184,371.00
Embankment (to borrow).....do....	122,000	0.90	110,340.00
Do.....do....	16,060	0.30	5,068.00
Do.....do....	39,880	3.00	118,680.00
Retaining wall.....lineal feet..	1,400	120.00	168,000.00
Tunneling.....do....	200	85.00	17,000.00
Do.....do....	255	90.00	22,950.00
Do.....do....	575	100.00	57,500.00
Do.....do....	1,418	40.00	56,400.00
Truss bridging.....do....	6,730	21.00	134,600.00
Bridge masonry.....cubic yards..	2,770	16.00	44,320.00
Arch culvert, masonry.....do....	200	10.00	3,000.00
Do.....do....	3,500	12.50	43,750.00
Snow protection.....lineal feet..			
Total.....			967,799.00

Approximate estimate of the cost of constructing road on south line (14,000 feet) from Summit (east), including cost of Summit tunnel. Tunnel at lower end of Donner Lake, and 2¼ miles of increased distance.

[Grade, 90 feet per mile.]

	Quantity.	Price.	Total.
Earth excavation ..... cubic yards..	1,650	$0.30	$495.00
Rock excavation ..... do....	35,000	3.00	105,000.00
Cement excavation ..... do....	15,600	2.00	31,200.00
Retaining wall ..... do....	7,970	3.00	23,910.00
Tunneling wall ..... lineal feet..	1,660	120.00	199,200.00
Do ..... do....	165	85.00	15,725.00
Tunneling (cement) ..... do....	1,200	80.00	104,000.00
Bridging ..... span 35 feet..	1	15.00	525.00
Do ..... span 200 feet..	1	40.00	8,000.00
Bridge masonry ..... cubic yards..	1,520	20.00	30,400.00
Arch culvert masonry ..... do....	626	16.00	10,016.00
Box culvert masonry ..... do....	500	10.00	5,000.00
Snow protection ..... lineal feet..	4,300	12.50	66,250.00
Extra protection for snow slides ..... do....	600	.....	30,000.00
Add for increased length of line, about 2½ miles, $25,000	.....	.....	529,734.00
	.....	.....	62,500.00
	.....	.....	592,234.00
North line, including Summit tunnel	.....	.....	867,790.00
South line, including Summit tunnel	.....	.....	
Donner Lake tunnel and 2½ miles increased distance	.....	.....	592,234.00
Difference in cost in favor of south line	.....	.....	275,575.00

By Commissioner LITTLER:

Q. Does that estimate only include the cost of excavation and the preparation of the road-bed ready for the ties and not the ties and rails? Is that all?—A. It explains itself.

By Commissioner ANDERSON:

Q. Does it give the figures per yard?—A. Yes; I think it does. I did not read it, however.

"SNOW PROTECTION."

Q. What is meant by this expression, "Twelve and one-half dollars per lineal foot for snow protection"?—A. I suppose that it was the snow sheds. Mr. Montague knew that neither side of that line beyond the summit could be operated without snow sheds. Without snow sheds, it could not be operated more than six months in the year.

By Commissioner LITTLER:

Q. The construction of snow sheds was no part of the cost of construction under these contracts, was it?—A. No, sir. They were built by the company afterwards.

Q. Built by the company itself afterwards?—A. Yes, sir.

Q. I want to know whether this company, as a part of original construction, constructed any snow sheds?

The WITNESS. Do you mean the Contract and Finance Company?

Commissioner LITTLER. Yes; or any other company.

CENTRAL PACIFIC CONSTRUCTED ITS OWN SHEDS.

The WITNESS. The Central Pacific Railroad Company constructed its own snow sheds, except that it constructed them, or a portion of them, through the Contract and Finance Company.

By the CHAIRMAN:

Q. To that extent, did they go into the cost of original construction?—A. No, sir.

Q. I mean as regards the Contract and Finance Company?—A. The Contract and Finance Company made this contract, and afterwards it constructed some snow sheds and charged us at the rate of cost and 10 per cent. added, just the same as if anybody else had done it.

CONTRACT WITH WESTERN DEVELOPMENT AND CONTRACT AND FINANCE COMPANY.

By Commission LITTLER:

Q. Was it under the contract by which the Central Pacific contracted with the Contract and Finance Company to repair the road after it was constructed and to add betterments?—A. No, sir; we never had a contract with it for that purpose.

Commissioner ANDERSON. That was the Western Development Company.

The WITNESS. The Contract and Finance Company had contracts with the Central Pacific, as also did the Western Development Company. Whatever work they did for the company, they charged the actual cost of materials and labor and 10 per cent. to cover the use of tools, superintendence and clerk hire, and all that sort of thing. The usual practice in order to arrive at the cost of anything of this nature is to add 10 per cent. for the use of tools, &c., to the labor and cost of materials.

By Commissioner ANDERSON:

Q. We have not reached any portion of the work done by the Contract and Finance Company as yet, have we?—A. No, sir.

PENCIL MARKS ON THE EXHIBITS.

Q. In whose writing are the pencil marks on these exhibits, stating prices?—A. They are mine.

Q. When did you make them?—A. I made them at the time.

Q. At the time that the estimate was placed before you?—A. They were made at the time that the amount of the estimate was credited up.

Q. You made them from what prior estimates?—A. I made them the same as I made previous estimates.

Q. Was the price always entered by you?—A. Yes, sir.

Q. Was it in every case, individually?—A. I think so, in every case of these estimates.

Commissioner ANDERSON. Please run your eye over these prices and see if they are the same contained in the estimates for the other sections.

The WITNESS. As far as I can see now, they are the same. [After comparison.] Yes, sir; they are the same prices.

ESTIMATE FOR SECTIONS 93 TO 138.

The estimate as to sections ninety-three to one hundred and thirty-eight was then marked "Exhibit 9, August 8, 1887," and is as follows:

No. ——.] C. P. R. R. OF CAL.

—— *subdivision of* —— *division, final estimate returned December* 14, 1868, ——, *contractor.*

Description.	Sections No. 93 to 119.	Sections No. 120 to 138.	Total sections No. 93 to 138.		
	Quantities.	Quantities.	Quantities.	Price.	Amount.
Grubbing and clearing.....miles..	27	19	46	$2,000.00	$92,000.00
Excavation:					
1st class.....cubic yards..	299,304	170,236.38	469,597.38	.45	211,291.82
2d class.....do....	190,733	123,132.18	313,865.18	.65	204,012.37
3d class.....do....	188,909	90,731.80	279,640.80	1.47½	412,470.18
4th class.....do....	170,237	146,784.70	317,021.70	2.50	792,554.25
5th class.....do....	83,310	11,060.38	94,370.38	5.00	471,901.90
6th class.....do....	22,825	.....	22,825	8.00	182,600.00
In tunnels.....do....	60,278.5	2,995.7	63,274.2	20.00	1,265,484.00
In foundations:					
1st class.....do....	13,904	14,662.07	28,566.07	1.50	42,759.10
4th class.....do....	2,666	1,051.15	3,717.15	1.50	5,575.73
Masonry:					
1st class.....do....	538.52	1,149.59	1,688.11	22.00	59,683.83
2d class.....do....	2,706.18	2,961.73	5,667.91	25.00	127,197.75
4th class.....do....	14,580.29	4,510.02	19,090.31	20.00	381,806.20
5th class.....do....	5,658.33	2,705.70	8,364.03	16.00	83,640.30
Cement mortar.....do....	1,274.78	.....	1,274.78	5.00	6,373.90
Rip-rap wall.....do....	91	855.7	946.70	3.00	2,840.10
Retaining wall.....do....	4,822.86	1,170.47	5,763.87	10.00	57,638.70
Retaining wall, 2d class.....do....	.....	70.60	.....	.....	.....
Surface ditches.....do....	4,114	.....	4,114	.45	1,851.30
Excavation in foundations:					
2d class.....do....	.....	2,942.63	.....	.....	.....
3d class.....do....	.....	2,286.45	5,371.08	1.50	8,056.62
5th class.....do....	.....	142	.....	.....	.....
Timber:					
In truss bridges....feet B. M..	606,881	345,531	934,412	90.00	85,897.08
Tunnels.....do....	436,709	.....	436,709	80.00	38,782.81
Lagging.....do....	35,105	.....	35,105	90.00	3,159.45
Culverts.....do....	9,327	22,716	32,043	50.00	1,602.15
Delivered for.....	.....	.....	80,060	50.00	4,004.00
In foundations.....	.....	80,060	.....	.....	.....
Wrought iron.....pounds..	143,761	64,072	207,833	.15	31,174.95
Cast iron.....do....	106,016	52,902	158,918	.11	17,480.98
Spikes and nails, ties in track.do....	71,457	42,949	114,397	.83	94,949.51
Track laid.....miles..	27	19	47.75	800.00	38,200.00
Side track laid.....do....	1.25	.50	.....	.....	.....
Total.....	.....	.....	.....	.....	4,725,115.00

Abstract of monthly estimate for ——, 186—.

	Total estimate of section.
Total estimate to date.....	$4,725,115.00
Deduct former estimate.....	3,534,587.31
Estimate for the month.....	1,190,527.69
Five-eighths cash.....	744,079.81+17.88
Less per cent. three-eighths stock.....	446,447.88—17.88
Amount due.....	1,190,527.69

I certify the above estimate to be correct.

ENGINEERS' REPORTS SHOW WORK DONE BEYOND SECTION 138.

By Commissioner ANDERSON:

Q. Have you anything that will show the quantity of work which was done from section 138 on?—A. No, sir. Do you mean the amount of work done?

Commissioner ANDERSON. Yes, sir.

The WITNESS. No, sir. Some of the engineers' reports will show it.

Q. Have you the engineers' reports?—A. Yes, sir; I brought them this morning.

Q. I want to get something to test the work done by the Contract and Finance Company as to its value, and as to the amount between section 138 and the end. You have given us something quite direct as to what Crocker & Co. did. Can you furnish it to us?—A. My information comes almost entirely now from the books of the Central Pacific. Their books contain nothing from that time on as to the amount of work done by the Contract and Finance Company, except as to the number of miles.

CHARACTER OF THE COUNTRY.

Q. You know the character of the country, do you not? At any rate, you know whether there are fewer mountains, do you not?—A. Not so well as the engineers who have traveled over it. I think that you want to examine Mr. Strobridge on this subject.

Q. Can Mr. Strobridge give us any useful information upon this subject?—A. Yes, sir.

Q. Is he in the employ of your company?—A. No, sir. He is in the employ of the Pacific Improvement Company.

Mr. COHEN. Mr. Clement can give you better information than any man living. He was the assistant to Mr. Montague.

Q. Can your company secure the attendance of Mr. Strobridge?—A. I do not know. He is here as often as once or twice a month, in this city. I have no doubt that we can get him or that you can get him, if you ask somebody. I do not know that I have any authority over him. In fact, I know that I have not.

E. H. MILLER, JR.

PALACE HOTEL,
San Francisco, Cal., August 8, 1887.

Afternoon session.

EDWARD H. MILLER, JR., being further examined, testified as follows:

By Commissioner ANDERSON:

Question. Please look at the estimates I now show you, being estimates running from section 32 to section 68, and say by whom they were made.—Answer. They are in the handwriting of S. S. Montague, chief engineer of the company.

WAS COST OF GRUBBING AND CLEARING $2,000 OR $200 A MILE?

Q. I call your attention to the fact that they run quite a distance into the division applicable to sections 54 to 92, and that the suggested estimate for grubbing and clearing nowhere exceeds $200 a mile. Have

you any explanation to make as to the price of $2,000 a mile in the awards for 54 to 92?—A. No; unless the engineer classified the work differently; I do not understand it.

By Commissioner LITTLER:

Q. Does that embrace any portion of the prairie region?—A. This estimate reads to section 68 only.

By Commissioner ANDERSON:

Q. What do you understand by grubbing and clearing; simply clearing away the trunks or roots of trees, and loose stones or other obstructions?—A. That would not cover loose stones, unless there were bowlders which came above the surface of the place where the track should be.

Q. You cannot explain, then, the difference between the figures contained in Mr. Montague's estimate and the price actually awarded?—A. This is an estimate of what it would cost. It is an approximate estimate, made before the work was done, and I cannot explain that. However, this only runs to section 68, which reaches the heavy timbered country, but does not penetrate it. As it appears now, that country is very lightly timbered compared to what it was when the railroad first went through it. The timber has all been cut off.

Q. Have you Mr. Montague's estimates from 68 to 92?—A. Not unless they are here. It is possible that I may have them, but I hunted these papers out of a great lot of old papers that were laid away, which were supposed to be valueless. This is all I can find, so far.

WORK EAST OF STATE LINE DONE BY CONTRACT AND FINANCE COMPANY.

Q. In regard to the work east of the State line, that was done by the Contract and Finance Company, I believe?—A. Yes, sir,

Q. Have you any knowledge of the cost of that work to the Contract and Finance Company?—A. No, sir.

Q. Did you make no investigation whatsoever while they were doing this work as to what it was costing them?—A. No, sir.

Q. Was no examination made by any member of the board?—A. During the construction, not that I remember.

Q. Either before the construction or during the construction?—A. What was done before the construction in letting that contract I do not remember.

A. Well, what do you know about it? Some steps must have been taken to ascertain what contract would be desirable, I suppose.—A. I do not remember anything. My recollection does not tell me anything; though, of course, I suppose there was something.

Q. Do you recollect any proposition coming before the board from the Contract and Finance Company?—A. At present I do not. I have an impression, however, that there was one made.

WHO OWNED THE STOCK OF THE CONTRACT AND FINANCE COMPANY?

Q. At the time that the contract was acted on, did you understand who owned all the stock of the Contract and Finance Company?—A. No, sir; I did not.

Q. It was not stated at the board, then, by any of the stockholders in that company who were also directors in the Central Pacific, that they held the two relations?—A. No, sir.

Q. Who were the members of the board when that contract was voted on?—A. That is fixing dates, which I cannot fix from memory.

Q. It was in December, 1867?—A. I could tell only by looking at the list of directors; in that way alone could I remember.

Q. Who were on the board of directors at that time?—A. That is shown by the list of directors that I furnished you.

Commissioner ANDERSON. It was December 3, 1867. I should like to know who were present at that meeting.

Mr. COHEN. On December 3, 1867, there were present at that meeting, Leland Stanford, E. B. Crocker, Mark Hopkins, E. H. Miller, jr. Do you want any more?

Commissioner ANDERSON. If there were any others present.

PROCEEDINGS OF BOARD OF DIRECTORS OF CENTRAL PACIFIC.

Mr. COHEN. There were no others present. I will give you the entire proceedings. They are very short. President Leland Stanford in the chair called the meeting to order. The president reported that he had made an arrangement with the Contract and Finance Company for the construction and equipment of the railroad and telegraph lines of this company lying east of the eastern boundary line of California, and presented a draft of such contract. The same having been read and considered, the following resolution and order was unanimously adopted, to wit:

Resolved and ordered, That this company hereby consents and agrees with the Contract and Finance Company to the terms, stipulations, and conditions of the articles of agreement submitted by the president to this board, and the president and secretary are hereby authorized and directed to execute the said contract on behalf of this company, and to attach the corporate seal thereto.

That is all there is on that subject.

Q. Now, Mr. Miller, after having heard the record of the proceedings read to you, I ask you again was any explanation made at that meeting that the other three directors who were present were stockholders in the Contract and Finance Company?—A. I do not remember that any such explanation was made.

Q. Had such explanation been made to you at any time before that time?—A. No, sir.

TERMS OF CONTRACT WITH CONTRACT AND FINANCE COMPANY.

Q. What is your recollection of the terms of this contract?—A. My recollection, as I get it from the books now, is that the contract was to build and equip a line of railroad and telegraph from the State line eastwardly for $36,000 per mile; one-half payable in cash and the other half payable in stock; that the Contract and Finance Company was to complete the road; build all depots, station-houses, turn-tables, round-houses, and furnish all the equipment, such as cars, locomotives, machine-shops, freight-shops, machinery in the shops, and everything necessary to the running of the road.

Q. Did the contract include the purchasing and laying of the rails?—A. It did; only the contract evidently, from the books and from my recollection, was that the Central Pacific Railroad Company, as a company, agreed to provide the equipment, certainly, and the iron itself, certainly, charging the Contract and Finance Company with the cost thereof.

Q. Do you you derive these terms solely from an inspection of your books, or from your memory somewhat?—A. Well, my memory has been refreshed somewhat by the books, but almost solely from the books.

Q. Are you positive that the stock was to be delivered at par?—A. Yes, sir; it was so delivered.

Q. It was so delivered as appears from the books?—A. Yes, sir.

CHARACTER OF THE COUNTRY.

Q. Please describe, as well as you can, the general character of the country to which this contract applied.—A. I know very little of it; I never traveled it at all until the road was completed.

Q. Had it any engineering difficulties compared to the mountainous portion?—A. Compared to the mountainous portion the difficulties were very slight. Of course there were grades and curves and some difficult work, but the character of it I cannot tell.

Q. To whom can you refer us as the best witnesses relating to the subject of the actual cost of this construction to the Contract and Finance Company?—A. J. H. Strobridge for one, Arthur Brown for another. I do not know any one else, unless Charles Crocker himself, and William E. Brown.

Q. Mr. Clement was referred to.—A. Mr. Clement was referred to more as an engineer, and probably would not know as much about the cost to the Contract and Finance Company.

Q. Would he not know as to the quantity of work that was to be done, and what a fair charge would be for it?—A. Well, generally, yes.

Mr. COHEN. Mr. Clement does not know the prices, perhaps.

The WITNESS. No.

PERSONNEL AND PRACTICE OF THE AUDITING COMMITTEE.

Q. It appears from the minutes of July 5, 1865, at page 18 of the minute-book, that a resolution was passed directing that none of the regular warrants drawn upon the treasurer should be allowed, except through an auditing committee appointed by the board; who was the auditing committee?—A. I think the auditing committee must have been formed just about that time.

Q. Who served as an auditing committee through the period of the Crocker contract and the contract of the Contract and Finance Company?—A. I was one of the members all the time, and Mark Hopkins was one part of the time. I do not remember who the other one was; there were various persons at various times.

Q. Please describe what the practice of the auditing committee was; what you did.—A. When any vouchers came in as claims against the company the auditing committee examined them and if they found no objections to them they were allowed and paid.

Q. What, if anything, was done to verify the report? For instance, if an engineer's estimate came in, did you take any further steps?—A. No, sir; not in those cases.

Q. You accepted the report?—A. We accepted the report of the engineer. We had an engineer whose report could be accepted if that of any living man could be accepted.

Q. Did you all sign the report?—A. I do not think so, in all cases; only in very important cases.

Q. Who signed the report generally?—A. I did during all the time. I was the active member of the auditing committee.

MR. CROCKER'S BILL FOR EXTRA WORK.

Q. From the minutes of January 3, 1863, page 65, I find that a bill of Mr. Crocker's for extra work was rendered, amounting to $173,785.27,

and was allowed. Do you remember that there was a bill for extra work connected with the Crocker contract?—A. I remember that there were several bills paid to Crocker & Co. and the Contract and Finance Company for work done outside of their contract.

Q. Were those bills in addition to the statement that you furnished here this morning?—A. Certainly. They were work entirely outside of the contract.

Q. Then the statement that you furnished this morning does not include all the payments made to Crocker & Co. for work done by them?—A. All the payments for work done under this contract. They built some wagon roads, and some one of them built the snow-sheds. That was outside of the contract.

Q. But work forming an integral part of the railroad itself?—A. Not necessarily, but some things that were necessary for the railroad. For instance, they built wagon roads to some stations so that travel could come to the station.

Q. Can you furnish an approximate statement of the amount of this extra work?—A. I cannot from memory; I can by looking at the books.

Q. Do you know, from memory, whether it exceeded $1,000,000, for instance?—A. I am inclined to think that the total extra work, or payment for extra work done, was in excess of $1,000,000.

Q. On each contract or on the two?—A. On the total contract from the State line to Promontory Point.

RESOLUTION TO INCREASE CENTRAL PACIFIC STOCK.

Q. I find in the minutes of July 13, 1868, at page 60, a report made by Mr. E. B. Crocker that the stock of the company as it stood at that date, $20,000,000, was less than was necessary for the construction, completion, and equipment of the road when it should be extended to a connection with the Union Pacific. The entry continues:

And whereas an increase of said capital stock of not less than $80,000,000, making the whole amount $100,000,000, is necessary for such completion, resolved that the capital stock be increased to $100,000,000.

The resolution further provides for the submission of said increase to the stockholders. Will you explain in what respect, under the circumstances that existed with the Contract and Finance Company, the increased stock gave them any additional capacity for the completion of the road?—A. None at all, as I understand it. The increase was occasioned, as I supposed, because the laws of the State required that no indebtedness should be incurred by any company over and above the amount of its capital stock; and as they wanted to issue more bonds they must necessarily issue more than $20,000,000 worth, so they had to increase the capital stock on paper in order to get themselves into a position to incur the additional indebtedness.

QUESTION OF INCREASE SUBMITTED TO STOCKHOLDERS AND APPROVED.

Mr. COHEN. There is another resolution at page 62 which ought to be inserted in this connection.

Commissioner ANDERSON. You may put it in if it sheds any light on the subject.

Mr. COHEN. By the proceedings of July 18, 1868 (page 62 of the minute book), it is shown that the increase of the capital stock was submitted to a vote of the stockholders of the company at the annual meet-

ing held on the 14th day of July, 1868. I merely wished to show that the stockholders voted on it and approved it.

RESOLUTION RATIFYING ACTS OF THE BOARD.

Q. From the minutes of July 10, 1869, at page 73 of the minute book, it appears that a resolution was passed that the question of ratifying and approving the acts and proceedings of the board of directors during the past four years be submitted to a vote of the stockholders at the next annual meeting in the following form: "Ratifying the acts of the board of directors; yes or no." Do you remember that circumstance in July, 1869?—A. No; I do not remember that specifically. It was a common thing, at meetings of stockholders, to submit resolutions ratifying the acts of various officers, but I did not recollect specially that they ratified the acts of the board of directors.

Q. Do you remember what particular acts were thought to require ratification?—A. No, sir; I do not remember that there were any. I suppose it was a mere general ratification.

Q. Was there any question made at that time in regard to contracts made with Crocker & Co. or with the Contract and Finance Company?—A. I do not remember that there was at that time or at any other by the stockholders.

Q. In July, 1869?—A. No.

Q. You certainly remember that such questions were raised and discussed in 1870?—A. Not at the meeting of the stockholders. Outside I remember having heard it.

Q. I am not confining my inquiry to the meeting of stockholders. I ask what circumstances had occurred which made the directors think this proceeding necessary?—A. I understood that, and I said I did not consider that there were any. Then I understood you to go on further and ask what discussion was had at that meeting.

Commissioner ANDERSON. Mr. Cohen, you have the minutes of this meeting of stockholders. Will you kindly examine those minutes as to whether this question of ratifying the proceedings of the board of directors was submitted?

Mr. COHEN. Yes, sir.

CONTRACT AND FINANCE BILL FOR BUILDING SNOW SHEDS.

Q. On the 7th of August, 1869, it appears from the minutes, at page 75 of the minute book, that a bill of the Contract and Finance Company for expenditure by them in building snow sheds, purchasing wood, &c., and other matters, amounting to $1,021,712.05, was allowed. Do you remember that bill?—A. I do not remember it now.

Q. Do you remember that there was a large extra bill?—A. Yes; I remember that they built the snow sheds and were paid for building them.

Q. But that item is not embraced in estimates of the cost of the road, as submitted by you this morning?—A. I did not intend to represent that as the cost of the road entirely.

Commissioner ANDERSON. I understand that.

Mr. COHEN. And that bill was for other purposes than purchases of wood and building snow sheds. It included artesian wells, prospecting for coal, &c. If you will admit the proceedings of that meeting as they were, that will save us the trouble of referring to them again.

Commissioner ANDERSON. You may put them in.

PROCEEDINGS OF BOARD OF DIRECTORS APPROVING SAME.

Mr. COHEN. On page 75 of the minutes, August 7, 1869, the following appears:

SACRAMENTO, *August* 7, 1869.

Meeting of the board of directors held at the office of the company in Sacramento, pursuant to a call of the president.

Present, Leland Stanford, E. B. Crocker, Mark Hopkins, and E. H. Miller, jr.

President Stanford called the meeting to order.

The bill of the Contract and Finance Company heretofore presented, for expenditures by them in building snow sheds and in purchases of wood, &c., amounting to $1,021,712.05, was taken up, and on motion of E. B. Crocker, seconded by Mark Hopkins, the following resolution, offered by E. B. Crocker, was adopted, to wit:

Resolved and ordered, That the bill presented by the Contract and Finance Company for $1,021,712.05 for expenditures in building snow sheds, artesian wells, prospecting for coal, and in purchases of wood, &c., be, and the same is hereby, allowed.

A statement of account was now presented by the Contract and Finance Company, showing $11,038,630.13 to be due them on final settlement of contract of December 3, 1867, for building the railway and telegraph line of the company east of the boundary line of the State of California. E. B. Crocker offered the following resolution, which was adopted, to wit:

Resolved and ordered, That the account of the Contract and Finance Company as represented, showing $11,038,630.13 due the said Contract and Finance Company on final settlement under their contract of December 3, 1867, be, and the same is hereby, allowed and ordered paid in accordance with the terms of the said contract.

RESOLUTION ADOPTED RATIFYING TWO CONTRACTS WITH TELEGRAPH COMPANY.

Q. From the minutes of April 30, 1870, at page 89 of the minute book, it appears that a resolution was adopted ratifying the two contracts entered into by Leland Stanford on the 22d of April, 1870, with the Atlantic and Pacific Telegraph Company. Do you remember what those contracts were?—A. No, sir; I do not remember them at all.

Q. Have you them on file?—A. I do not think so, though they may be on file. Do you want me to look for them?

Commissioner ANDERSON. Not unless we tell you. Do you know whether they relate to telegraph business?

The WITNESS. I do not remember a thing about them, except what appears in what you have just read.

ARRANGEMENTS AS TO TELEGRAPH BUSINESS.

Q. Do you remember whether the telegraph business of the road or part of the road was carried on by the Atlantic and Pacific Telegraph Company, instead of being done by your own line?—A. I do not remember now. I had forgotten entirely that there was such a company.

Q. What is the present arrangement of the company in regard to the transmission of telegraphic messages?—A. The Western Union Company has a contract with the Central Pacific Company.

Q. The Western Union does the whole business?—A. Yes, sir.

Q. Under a contract with the Central Pacific?—A. Yes.

By the CHAIRMAN:

Q. What is the date of the contract?—A. I do not remember; it was made several years since.

Commissioner ANDERSON. We will call for a copy of that contract.

TELEGRAPHING PRIOR TO CONTRACT DONE BY CENTRAL PACIFIC.

Q. What was the arrangement prior to that contract?—A. The Central Pacific did its own telegraphing prior to that time, on its own lines;

but the Central Pacific had but very little connections, and, so, could get but very little commercial business to do.

Q. You say they did their own business prior to that?—A. Yes, sir; they did their own business as to running trains, &c., and attempted to do a commercial business, but could not get much, because our lines only extended along the line of our road and large towns did not happen to be on our line. We got the commercial business of little towns only.

By Commissioner ANDERSON:

Q. Then this contract with the Western Union is the first contract that you remember by which that company did this particular business?—A. I think there were two contracts. I think there was one previous to the one in existence at the present time.

Q. And as to the contracts with the Atlantic and Pacific, you do not recall those?—A. I do not remember anything at all about them.

RESOLUTIONS APPROVING EXPENDITURES AS JUDICIOUS.

Q. The minutes of July 9, 1872, page 82 of the minute book, show that at a stockholders' meeting a resolution was introduced reading as follows:

That all disbursements and expenditures of moneys of the company by its vice-president, C. P. Huntington, heretofore made at the East, have been judiciously made in the interests of the company and are hereby approved.

Also,

Resolved, that the directors of the company be and they are hereby authorized to allow the account of said Huntington for moneys so as aforesaid disbursed and expended.

Also,

Resolved, that all disbursements and expenditures of the moneys of the company by its president, Leland Stanford, heretofore made, have been judiciously made in the interests of the company.

And such disbursements and expenditures are by said resolution approved.

Also,

Resolved, That the directors of the company be authorized to allow the account of said Stanford so as aforesaid disbursed and expended.

Do you remember those resolutions of the stockholders' meeting in 1872?—A. I remember the first one, but since that I do not remember any one distinctly. But there were several of them, from time to time.

Q. Did you introduce some of them?—A. Very likely I did, if it is so put down on the minutes. They were handed to me to take into the room.

DISBURSEMENTS AND EXPENDITURES AS APPEARING UPON BOOKS.

Q. What did you know in regard to the disbursements and expenditures?—A. I knew all about the disbursements and expenditures as they appeared on the books.

Q. These particular ones that were ratified by the stockholders?—A. All the disbursements and expenditures made by either of them.

Q. Well, did these particular disbursements and expenditures appear in detail on the books?—A. If there is any mention there of them they did. Whatever are mentioned did.

Commissioner ANDERSON. They are not mentioned in detail. The entry states that "all disbursements and expenditures of the money of

this company by its vice-president, C. P. Huntington, heretofore made at the East have been judiciously made."

The WITNESS. "All disbursements and expenditures heretofore made at the East" had been entered upon the books, and I knew all about them if the other directors did not.

RESOLUTION RATIFYING ALL ACTS OF HUNTINGTON AS AGENT.

Q. In what respect did these disbursements differ from any others that they should require a vote of this character?—A. The resolution ratified all the acts of Mr. Huntington as agent and attorney of the company.

Q. Why did Mr. Huntington want any more ratification than you did?—A. I do not know. He wanted it; that is all I know. I suppose, if I acted as an agent, I should be very glad to have my acts ratified by my principal. I intend, when Mr. Huntington comes here again, to get his ratification of all my acts done as his agent.

Q. Did you say that your books show the detailed purposes to which all the expenditures and disbursements made by Mr. Huntington at the East were applied?—A. In detail, no.

Q. Do they show the names of the persons to whom they were paid, or the purposes for which they were incurred?—A. The purposes for which they were incurred, yes, but not always the names of the persons to whom they were paid.

Q. When you say they show the purposes to which they were applied, how definitely do you mean to say that?—A. I mean to say that they show those purposes from Mr. Huntington's statements.

Q. Do you mean to say that they purport to show whether they were used for buying rails or other material, or for moneys expended in explaining matters at Washington or for educational purposes? Is it not true that in a great many cases they do not define the purpose?—A. Very likely.

Mr. COHEN. I think the vouchers themselves will probably be the best evidence.

Commissioner ANDERSON. The trouble with this resolution is that it does not tell exactly what it refers to.

The WITNESS. As I understand that resolution it referred to all his expenditures of every nature and kind.

Q. Now, I ask you whether you understood what all his disbursements had been? I mean their character?—A. I did not. He spent the money, and charged "Expenses by C. P. Huntington," not always giving a detail of what the expenses were for.

"THIS IS FOR THE BENEFIT OF THE COMPANY."

Q. Referring to those in general, and not to any disbursements in particular, did you accept Mr. Huntington's statement when he said to you, "I tell you this is for the benefit of the company," and make no further inquiry?—A. I never made any inquiry in regard to his statements as they were sent out to me for disbursements that he made, because I understood that he was acting with as full power as the board of directors would have if they were in his place. So his statements of account were accepted without question by me.

Q. Assuming, for the sake of illustration, that some portion of that money had been used in influencing members of the legislature, would you know anything about it from the form or face of the explanation that Mr. Huntington might make to you?—A. Nothing at all.

Q. And you would accept his explanation without any further comment?—A. Yes.

Q. Did Mr. Huntington ever tell you that portions of this money referred to in these resolutions had been used for the purpose of furthering or defeating legislation at Washington or elsewhere?—A. He never did.

Q. Did he ever refer to moneys expended at Washington at all?—A. No, sir.

Q. Or at Sacramento?—A. No.

Q. Were you aware, from any source (if it be true), that moneys of this company were used for such purposes?—A. For the purpose of influencing legislation? No, sir.

Q. Or for explaining to members of the legislature, or to friends of the members of the legislature, what the company desired to have done or not to have done?—A. I never knew anything of the kind.

Q. Did you ever read Mr. Huntington's letters in the Colton case?—A. No, sir; I did not. I had too much to do. Life is too short. I was as busy in the Colton case as I am in this. I had my own business to attend to.

AUTHORIZATION TO PURCHASE INTEREST OF CALIFORNIA PACIFIC IN CERTAIN STEAMERS.

Q. On December 14, 1872, at page 92 of the minutes, it appears that Mr. Leland Stanford was authorized to purchase the interest of the California Pacific Railroad Company in certain steamers for $786,000. Do you remember that purchase?—A. Yes, sir.

Q. Did you vote for that resolution?—A. I presume I did; I do not remember the fact.

Q. Were either of the four directors, Mr. Stanford, Mr. Hopkins, Mr. Huntington, or Mr. Crocker personally interested in the California Pacific at the time?—A. Yes, sir; they were all owners of stock.

Q. At that time did they not practically own all of the stock?—A. I think they did.

Mr. COHEN. No.

Commissioner ANDERSON. Well, if you do not know you may answer that you are not sure.

THE CONTROLLING STOCKHOLDERS.

The WITNESS. Well, I am not sure, but I think that they did. They had the control. I do not think they ever owned anything like all of it, now that I come to refresh my memory.

Q. Did you know that they had that interest in that company at the time that this resolution was passed?—A. Yes, sir.

Q. What did you know about the value of the property bought for this sum of money?—A. I remember I thought it was a good purchase for the Central Pacific to make.

Q. Had you ever seen these steamboats?—A. Yes, sir; I traveled upon them frequently.

Q. How many of them were there?—A. I do not remember exactly, but I think four or five good boats and a lot of barges, besides some poor boats.

Q. Did you know what they were worth?—A. No, sir; I did not know.

Q. Did you vote for this because in your judgment you were convinced that it was a good vote, or because you were requested to do

so?—A. Neither; but because I heard that President Stanford had made negotiations, and he reported his negotiations, and I voted for it because I supposed he had investigated it and understood it to be good.

SUBSEQUENT HISTORY OF THE STEAMERS.

Q. What was the subsequent history of those steamers?—A. They were used on the Sacramento River. They kept off opposition and kept up prices, which was for the benefit of the Central Pacific and its leased road, the California Pacific. They are diminishing and growing less, and less, some of them going out of service. Some of them have been sold, and some of them have been condemned.

Q. Have they paid operating expenses?—A. I do not think they have altogether; no, sir. They have indirectly, though, paid the Central Pacific very large operating expenses.

Q. By keeping off competition?—A. Yes, sir; and having practical control of all the business between Sacramento and San Francisco.

Q. All the water business?—A. They had control of the rail routes, too.

Q. You mean the Central Pacific controlled the roads?—A. Yes, sir; the Central Pacific controlled both roads and the steamers, and that of course avoided any cutting of rates between those points.

Q. Have there been any opposition steamers put on since that purchase?—A. There has been no active opposition. There may have been steamers put on for a short time, but the opposition soon wound itself up.

EXTRACT FROM MINUTES CONCERNING CHARGES MADE IN BRANNAN SUIT.

Q. I refer you now to the proceedings of the stockholders of July 8, 1873, at page 99 of the minute book. Reference is there made to the charges that had been made against the company in the Brannan suit and other similar suits, and the recital is made that—

In view of the matters aforesaid we have considered it incumbent upon us for our own security and the security of all others having any claims upon or against the company to inquire into these alleged abuses.

And whereas we have investigated and now know and understand all the transactions of the president and directors of the company in and about the construction of said road and the general management of the affairs of the company, and are fully satisfied therewith;

And whereas it is just to them that our opinion of their administration of the affairs of the company should be formally and publicly expressed; Now, therefore,

Resolved, That we do hereby, with full knowledge of the matters hereinbefore referred to, approve and indorse the plans, measures, and contracts adopted and made by our president and directors in relation to the construction of said road as affording in our judgment the only practicable and available mode under the embarrassing and trying circumstances in which they were placed and as being more expeditious and equally as economical as any other course that could be adopted.

Resolved further, That we approve the action of the president and directors in guaranteeing the payment of 600 of the 20-years 6 per cent. mortgage bonds for $1,000 each of the California Pacific Railroad Company as being highly advantageous to the financial interests of the company.

Resolved further, That we wholly condemn and disapprove the course pursued by Samuel Brannan in the county of Placer in instituting the suits hereinbefore referred to.

Do you remember the proceedings at that meeting of stockholders?—A. I do not think there were any special proceedings except to vote upon those resolutions.

Q. Well, do you remember that?—A. I cannot say that I remember it, except as my attention is called to it now.

Q. Were you present on the occasion?—A. I think I was; that is, I have not any doubt that I was.

PROCEEDINGS OF ANTI-BRANNAN MEETING OF STOCKHOLDERS.

Commissioner ANDERSON. Does that book show the proceedings of the meeting at which the anti-Brannan resolutions were passed?

Mr. COHEN. Yes; at page 99.

Commissioner ANDERSON. Does it contain the list of the persons present?

The WITNESS. I was present at that annual meeting.

Q. Do you know who else was present at that particular meeting?—A. I do not remember.

Q. Do you know what stockholders voted for the resolution?—A. I do not remember.

Mr. COHEN. There were 625,640 shares present.

Commissioner ANDERSON. Who were the holders of the shares? Does the book show?

Mr. COHEN. It does not say, but merely states that there were that number of shares present, and that number of votes cast.

Q. Who were the principal stockholders of the Central Pacific in 1873?—A. Leland Stanford, C. P. Huntington, Mark Hopkins, and Charles Crocker. E. B. Crocker had drawn out then, I think.

Q. That represents substantially all the stockholders?—A. A very large majority.

WHO WERE PRESENT.

Q. Do you remember whether anybody else was present at this meeting when these resolutions were passed?—A. Yes, sir; there have been always some others present besides them.

Q. Can you give us the name of anybody else who was present at that meeting?—A. I cannot remember now. Governor Stanford was present, but he was, of course, in the chair.

Q. What examination had you made, which was referred to in this resolution?—A. It did not require any special examination from me; I knew all about it beforehand without any examination.

Q. Who was present at that meeting to whom these remarks could possibly apply?—A. I suppose any outside stockholders that happened to be present; outside, I mean, of those few that you have mentioned. There were always some.

Q. But you cannot refer to the name of any person who was present, and of whom it can be said that he had examined into the matter, and now fully understood the whole circumstances?—A. I do not remember now who else was present except those I have named.

Q. Do you know whether this meeting was held before or after the division between those gentlemen of the stock held by the Contract and Finance Company?—A. I do not know.

RESOLUTION NOT THE ACT OF THE CONTRACT AND FINANCE COMPANY.

Q. Was this resolution anything more than the act of these four gentlemen, and of the Contract and Finance Company, ratifying their own acts, and saying that they were good boys?—A. Yes, sir; it was, so far as my vote was concerned.

Mr. COHEN. Mr. Albert Gallatin was also present. I presume so because he was a judge of election at that time.

Q. What Albert Gallatin is that; do you know?—A. He was a resident of Sacramento.

Q. Do you know how many shares of stock he had?—A. No, sir; I do not remember.

Q. Has he ever been a stockholder of any note in your company?—A. Yes; he has held considerable stock.

Mr. COHEN. I think he was the plaintiff in that suit, to test the constitutionality of the "Thurman act."

Q. You cannot tell us how much stock he had at that time?—A. No, sir; but my impression is that he had 5,000 shares.

Q. In 1873?—A. Yes, sir.

Q. The stock-transfer books will show?—A. Yes, sir. You have a copy of the stock-list here; that will show.

Commissioner LITTLER. It is not finished yet.

Q. Is Mr. Gallatin living?—A. Yes, sir.

Q. Do you think that he had made any examination into these matters which satisfied him that they were entirely right?—A. I do not know whether he had or not.

RESOLUTIONS RATIFYING ACTS OF PRESIDENT STANFORD.

Q. According to the minutes of July 30, 1878, at page 293 of the minutes of stockholders' meetings, a resolution was passed ratifying the acts of Leland Stanford as president, done and performed within the States of Nevada and California and in the Territories of Utah and Arizona and the District of Columbia with a direction that a release be executed, releasing him from all liability. Do you know what matters were referred to in that resolution?—A. I do not know that any specific matter was referred to.

The CHAIRMAN. That resolution was called for, and it had better be entered now in full on our minutes.

Mr. COHEN. Yes, you called on Mr. Crocker for that. I will read the resolution now. It is as follows:

Resolved, That we, the stockholders of the Central Pacific Railroad Company now assembled in a stockholders' meeting, having been fully informed and advised of all the acts and doings of Leland Stanford as president of said company, heretofore done and performed within the States of Nevada and California and in the Territories of Utah and Arizona and the District of Columbia, and having full and perfect confidence in said Leland Stanford and believing that all said acts and doings have been for the best interests of said company and of the stockholders thereof, do hereby remise, release, and forever discharge said Leland Stanford of and from any and all liability and all, and all manner of, action and actions, cause and causes of action, suits, debts, dues, sums of money, claims and demands whatsoever which said company or we as stockholders thereof have had, or now have, or which said company, its successors or assigns, or we as such stockholders thereof, our heirs, executors, administrators or assigns can, shall, or may have by reason of any of said acts or doings of said Leland Stanford as president of said company or of any matter or thing arising or growing out of any such acts or doings.

Resolved further, That the board of directors of said company are hereby authorized, empowered, and directed to execute by its vice-president and secretary on behalf of said company to said Leland Stanford, and to cause the corporate seal of said company to be thereunto affixed, as its act and deed, a release in the following form, to wit:

Know all men by these presents, that the Central Pacific Railroad Company has remised, released, and forever discharged and by these presents does for itself, its successors and assigns, remise, release, and forever discharge Leland Stanford of the city and county of San Francisco and State of California of and from any and all liability and all, and all manner of action and actions, cause and causes of action, suits, debts, dues, sums of money, claims, and demands whatsoever which said Central Pacific Railroad Company ever had or has, or which it or its successor can, shall, or may have by reason of any of said acts or doings of said Leland Stanford as president of said company, or of any matter or thing arising or growing out of any of such acts

or doings; or by reason of any matter, cause, or thing whatsoever prior to the date of these presents.

In testimony whereof, the said Central Pacific Railroad Company has caused these present to be signed by its vice-president and secretary and its corporate seal to be hereunto affixed, and its acts and deed, this —— day of ——— A. D. 1878.

Q. Was such a release given and executed subsequently?—A. Yes, sir.

Mr. COHEN (to Commissioner Anderson). You asked for the stockholders who voted at the previous meeting. They are set out here, all of them who voted on this proposition; perhaps you had better get them down.

Commissioner LITTLER. Read the names and number of shares.

Mr. COHEN read as follows:

LIST OF STOCKHOLDERS AND NUMBER OF SHARES VOTING ON THE PROPOSITION.

Names.	Number of shares.	Names.	Number of shares.
Charles Crocker, in person	94,093	C. P. Huntington, in person	10,510
E. B. Crocker, by Charles Crocker, trustee	103,851	W. A. Tompkins, by C. P. Huntington, proxy	1,200
E. H. Miller, jr., in person	10,063	S. B. Dodd, by C. P. Huntington, proxy	480
Leland Stanford, in person	44,063	L. E. Gates, by C. P. Huntington, proxy	800
Moses Hopkins, in person	2,500	R. J. Phillips, by C. P. Huntington, proxy	1,200
S. T. Gage, in person	4,500	R. E. Adams, by C. P. Huntington, proxy	220
C. H. Cumming, by Leland Stanford, proxy	10,229	E. H. Pardee, by C. P. Huntington, proxy	1,255
E. W. Hopkins, in person	2,500	C. A. Van Deeren, by C. P. Huntington, proxy	1,220
A. E. Preese, by E. W. Hopkins, proxy	5,000	E. St. John, by C. P. Huntington, proxy	210
H. H. Sexton, same proxy	3,000	W. R. Curtis, by C. P. Huntington, proxy	2,000
William C., same proxy	3,000	W. C. McKean, by C. P. Huntington, proxy	900
Charles Zeltler, same proxy	1,000	William Porter, by C. P. Huntington, proxy	1,000
William Ingraham, jr., same proxy	1,500	D. D. Colton, in person	20,024
F. L. Anderson, same proxy	2,000	E. M. Dunbar, by C. P. Huntington, proxy	2,645
Robert H. Hall, same proxy	2,500	Jerome Madden, by L. Stanford, proxy	6,000
Albert Gallatin, same proxy	4,500	A. N. Towne, in person	6,197
W. R. S. Fogy, same proxy	4,500	John Corning, by L. Stanford, proxy	7,000
Charles A. Bailey, same proxy	1,500	William E. Brown, by L. Stanford, proxy	1,721
G. W. Sather, same proxy	1,500	E. S. Miller, in person	7,000
L. D. Folsom, same proxy	2,000	Robert Robinson, in person	19,010
J. R. Watson, same proxy	1,500		
Benjamin Welch, same proxy	1,000		
Ancel B. Cheney, same proxy	1,500		
J. A. Seaman, same proxy	1,000		
Thomas Dunworth, same proxy	2,000		
C. J. Torbert, same proxy	1,500		
Mark Hopkins, Mrs. M. F. S. Hopkins, administrator, by E. W. Hopkins, proxy	52,904		
George Crocker, by Charles Crocker, proxy	100		
E. D. W. McCullough, in person	5,000		
D. T. Phillips, in person	3,486	Total votes	457,490
Charles F. Crocker, in person	100		

VOTING ON PROXIES AT THE MEETING.

Q. Mr. Miller, you voted on something over ten thousand shares?—A. Yes, sir.

Q. Did they belong to you?—A. No, sir.

Q. Whose stock was that?—A. Mark Hopkins'.

Q. You voted as he requested, I suppose?—A. No, sir; I voted some of my own with them.

Q. Did you vote on his stock without his request?—A. Yes, sir.

Q. He was present, was he?—A. Well, he was present, and I voted the same way that he did. If I had not voted the same way as he did probably I would not have voted as I did

Q. Did you see any of the proxies that were used at that meeting?—A. I saw them all.

Q. Were they the same form?—A. Yes, sir.

Q. Did they contain anything relating to this particular matter?—A. No, sir.

By Commissioner LITTLER:

Q. How much stock was not represented at that meeting?

Mr. COHEN. There were four hundred and fifty-seven thousand shares. That would be about forty-five and three-quarter million dollars, and there was probably outstanding at that time $54,000,000 of stock.

The WITNESS. The annual reports will show, if you care to see.

LARGE STOCKHOLDERS PRESENT.

Q. What large stockholder was present and voted on his own stock?—A. Mr. McCullough was one. He had five thousand shares. I have no means of knowing who were actual stockholders except myself.

Q. The book before you will show who voted without proxies, will it not?—A. Mr. McCullough voted five thousand shares, D. T. Phillips three thousand four hundred and eight-six; Charles F. Crocker and C. P. Huntington——

By Commissioner ANDERSON:

Q. Were not all of the other votes cast by proxy or else by the officers of the company personally?—A. As I understand, those three were in person and all the rest were by an officer of the company. No; there is one other. Moses Hopkins, two thousand five hundred, in person. He was not an officer of the company.

Q. Are there any other exceptions?—A. No, sir; that is all.

Q. Was the person exercising a proxy in all cases an officer of the company?—A. Yes.

THE TRANSACTIONS AS TO WHICH RELEASE WAS GIVEN.

Q. What were these transactions as to which this release was to be given, and which referred to acts in the States of Nevada and California and the Territories of Utah, Arizona, and the District of Columbia?—A. I do not remember now any particular transaction that it related to, but all his transactions.

Q. Had you had any conversation with Mr. Stanford about this intended transaction?—A. Yes, sir; I think I had. I think I had notification of it rather, that he intended to have such a resolution presented, and perhaps I drew it up.

Q. Did he converse with you about what the subject-matters were from which he desired release, as for instance such as were applicable to the District of Columbia?—A. No, sir; in fact, I did not know before that it applied to the District of Columbia; at least, I had forgotten that it did.

Q. Do you know of any acts of Mr. Stanford, in the District of Columbia, as to which he had reported vouchers which did not state the persons to whom the money had been paid, and as to which this operated as a release?—A. I do not know of any, and I do not believe there ever were any.

Q. You do not believe that he ever spent any money for the company in the District of Columbia, at all?—A. Not that I know of.

INVESTMENT OF SINKING FUND OF CENTRAL PACIFIC IN SOUTHERN PACIFIC BONDS.

Q. On January 21, 1880 (page 413 of the minute book), a resolution was passed authorizing the investment of the sinking fund of the Central Pacific Railroad Company in Southern Pacific Railroad bonds. Do you remember that action?—A. Yes, sir.

Q. What was done under it?

Mr. COHEN. It says, "Southern Pacific Railroad bonds or other good securities."

Q. What was done under it?—A. I do not remember the action exactly, but the minutes within a few days of that time will show. I have no doubt the president reported.

Commissioner ANDERSON. You will find the report at page 574.

The WITNESS. This does not relate to the same thing, though it relates to a similar transaction. This was in 1882, while the other was in 1880.

Q. You will find at page 542 further authority given for the investment of the sinking-fund moneys of the Central Pacific Railroad in Southern Pacific Railroad bonds, and then at page 574 the report upon the bonds and sinking funds.

Mr. COHEN. That report at page 574 simply says what was in the sinking fund.

NUMBER OF SOUTHERN PACIFIC BONDS IN CENTRAL PACIFIC SINKING FUND.

Q. Does the report disclose how many bonds of the Southern Pacific were held in the sinking fund at that time?—A. Yes, sir.

Q. How many were there?—A. 4,271; the date is September 20, 1882.

By Commissioner LITTLER:

Q. What was their denomination?—A. $1,000 each.

By Commissioner ANDERSON:

Q. As security for what loan?—A. As security for a loan from the sinking fund.

Q. For what amount?—A. It does not show that.

Q. Do you know at what rate they were taken?—A. I think they were taken at 90; that is my recollection; all that were invested in the sinking fund of the Southern Pacific of California were taken, I think, at 90. There were 4,271 Southern Pacific bonds.

Commissioner LITTLER. Colonel Crocker has agreed to furnish a full list of those.

The WITNESS. Ninety-eight were of the Southern Pacific of Arizona; 80 of the California and Oregon; 22 of the Central Pacific first mortgage; 2 of the San Joaquin Valley. This is simply a report of a committee, after having examined them, showing that they find these bonds in the sinking fund.

By Mr. COHEN:

Q. There is nothing said about their cost?—A. No.

CONTRACT WITH PULLMAN PALACE CAR COMPANY.

By Commissioner ANDERSON:

Q. On May 23, 1883 (page 612 of the minute book), there appears to be a contract with the Pullman Palace Car Company?—A. Yes, sir.

Q. What was that contract, substantially?—A. In substance, the contract was that the Central Pacific sold to the Pullman Palace Car Company one-fourth interest of the cars that it had on its lines. The Central Pacific then leased the other three-fourths to the Pullman Palace Car Company, they to operate the line and to pay to the Central Pacific three-fourths of the net earnings. There was also in that contract an agreement by the Central Pacific to buy any further sleeping-cars that may be wanted from the Pullman Company, paying to them the cost of building them, with 10 per cent. additional.

Q. Do you know whether at this time any of the officers of the Central Pacific were either officers or stockholders in the Pullman Palace Car Company?—A. I think there was one of the officers that held a little stock in the Pullman Palace Car Company.

Q. Which officer?—A. Well, since I do not know anything further than my belief, I will have to decline to answer. It was no one connected with the board of directors.

By Commissioner ANDERSON:

Q. It was not either of the "S. H. H. and C." people?—A. No, sir. I would like to strike that out, if you have no objection.

Commissioner LITTLER. Very well. But you have not told us anything, and it would not do any harm.

By Commissioner LITTLER:

Q. What was the result of that contract, as to whether it was a good or a bad contract?—A. It was an unfavorable contract to the railroad company, in my judgment.

PURCHASE OF CONSTRUCTION OUTFIT OF PACIFIC IMPROVEMENT COMPANY.

Q. On August 1, 1883, at page 643 of the minute book, it appears that on motion of E. H. Miller, jr., a resolution was passed to purchase the construction outfit of the Pacific Improvement Company. What was the object of that purchase?—A. I cannot remember now what it was.

Q. How much did it amount to?—A. It amounted to $164,000. I see by the purchase that J. H. Strobridge, the superintendent of the Improvement Company, and B. R. Crocker, acting on behalf of this company, fixed the prices, but what the object was in buying it I do not at present remember.

Q. Please look at the minutes of the stockholders' meeting of April 14, 1885, pages 43, 44, and 45 of the minute book. Do you find a very voluminous and complete set of resolutions there?—A. Yes, sir.

Q. By whom were those resolutions prepared; do you know?—A. I think they were prepared in our own law department.

Q. Did you know anything of them before they were offered at the meeting?—A. Yes, sir; they were in my possession before they were offered at the meeting.

Q. Who directed their preparation?—A. Personally, I do not know, but some one of the directors undoubtedly, possibly C. Crocker.

RESOLUTION RELEASING STANFORD, HUNTNGTON, AND CROCKER FOR EXPENDITURES FOR WHICH THERE WERE NO VOUCHERS.

Q. Please look at the third resolution, reciting that Leland Stanford, C. P. Huntington, and Charles F. Crocker had "made various payments of money in the interests of the company for which they have given

their individual receipts, but no vouchers have been received from the parties to whom the sums were paid"; also reciting that "the nature and amount thereof have been exhibited and fully made known and explained to us"; and, continuing: "Therefore, resolved, That the stockholders waive the filing of vouchers and authorize the delivery of releases." Do you find that resolution?—A. The resolution does not seem to follow in the form that you have there exactly, but I have it. It reads as follows:

[Central Pacific Railroad Company.—Resolution adopted at stockholders meeting of April 14, 1865.

Whereas the president of this company, Leland Stanford, the first vice-president of this company, Collis P. Huntington, Charles Crocker, the second vice-president of this company, and Charles F. Crocker, a director of this company, have made various payments of money in the interest of and for the benefit of this company, for which they have their individual receipts, but no vouchers have been received from the parties to whom the same were paid; and

Whereas the nature and amount thereof have been exhibited and fully made known and explained to us: Now, therefore,

Resolved, That the stockholders of said company do hereby ratify and approve all such payments made by said officers, and do hereby expressly waive the production or filing of vouchers therefor, and the secretary of this company is empowered and directed to execute releases under the seal of the company to said Stanford, Huntington, and Crocker, and C. F. Crocker, and deliver the same to the respective parties. Said releases to be substantially as follows:

Know all men by these presents, that the Central Pacific Railroad Company, for value received, remises, releases, and forever discharges, and by these presents does, for itself, its successors, and assigns remise, release, and forever discharge (here insert the name of the party) of and from any and all liability and all manner of action and actions, cause and causes of action, suits, debts, dues, sums of money, claims and demands whatsoever which said Central Pacific Railroad Company ever had or now has, or which it or its successors or assigns can, shall, or may have by reason of any acts or doings of said ——— as (here insert the office) or director of said company, or of any matter or thing arising or growing out of any such acts or doings.

In witness whereof the said Central Pacific Railroad Company, by an order of its board of directors and by an order of its stockholders, has caused these presents to be signed by its secretary and its corporate, seal to be hereunto affixed as its act and deed this —— day of ———, 1865.

RELEASES IN PRIOR CASES.

Q. Now, my question is: Was not this action taken with reference substantially to the same class of matters as have been referred to in the other resolutions to which you had your attention called?—A. Precisely the same.

Q. You notice that in this case a reason for the release is given, and the reason, as given, is that the parties had given their receipts, but do not themselves hold sufficient vouchers?—A. Yes.

Q. I want to know if that was substantially the reason for giving the releases in the prior cases?—A. I do not know that it was. I do not think it was. I was going to explain that the prior resolution related to all disbursements made, while these resolutions refer and are confined to such as they had not furnished a detailed voucher for.

Q. The resolution states that "the nature and amount of these payments have been exhibited and fully made known and explained" to the stockholders. Was the nature and amount of the payments which had been made by these gentlemen explained to you?—A. They did not need any explanation to me, because I knew more about them than anybody else.

CLASS OF EXPENDITURES COVERED BY RELEASE.

Q. Well, what amounts are referred to and what payments?—A. Such amounts as I have already referred to. Amounts that Mr. Huntington

had returned as expenses without giving any names, or the nature thereof, and the same with the others.

Q. The same as to Mr. Stanford?—A. Yes, sir.

Q. And the same as to Mr. Charles Crocker?—A. Yes, sir.

Q. And the same as to Mr. Charles F. Crocker?—A. Yes, sir.

Q. They had all made returns of amounts expended by them without filing any voucher therefor?—A. Without filing any voucher except their own receipts.

Q. When you state that you knew all about it, do you mean to be understood as saying that you knew exactly what these gentlemen had done with the money?—A. Not at all. I did not know anything at all about what they did with the money.

Q. Did you know the amount of each of the several payments made by them?—A. I had the means of knowing, if I did not know exactly, because it was entered on the books of the company.

NATURE OF PAYMENTS.

Q. Do you mean to say that each entry on the books of the company represents a separate payment made by Mr. Stanford or by Mr. Crocker or Mr. Huntington, or that it represents an aggregate amount?—A. It represents a separate payment. I will explain that. Possibly Governor Stanford may make a voucher for $10,000, chargeable to expenses, which is paid by the treasurer and comes to my books and is charged to expenses. That is the nature of those payments.

Q. How would you know from that (unless the name of the person were disclosed) that Governor Stanford did not gather together four or five payments that he had made, aggregating them all at $10,000, and so report to you?—A. I think he did.

Q. Then you do not know what each specific payment made by either of these parties might be?—A. No, sir.

Q. Why, then, do you state in the resolution here that the nature and amounts of these payments made by them to other persons had been disclosed to you?—A. The amount had been fully made known, but the nature of them I could know nothing of further than what appeared on the face—that they were chargeable to expenses. That is all the information about the nature of them that I had.

Q. That is all the explanation that you can give as to these unvouched items?—A. Yes, sir.

Q. Do you know what their gross aggregate is in the last twenty years?—A. I should think a million and a half of dollars at a guess.

STATEMENTS AND VOUCHERS NOT QUESTIONED BY WITNESS.

Q. And as secretary or director of this company you have not considered it your duty to make any further inquiry than simply to accept the statement of these gentlemen that they were acting for the interests of the company?—A. As secretary of the company I had no occasion to inquire as to the statements given to me, but as a member of the committee on accounts I did not question a voucher of that kind that came to me from any of those gentlemen. As I explained before, if Governor Stanford should make a voucher or certify to a voucher that called for $10,000 I would not question it, neither did I those of any of the others who were members of the executive committee.

EXPLANATION OF HUNTINGTON'S REPORT OF STOCK SALES.

Q. I now refer you to the minutes of May 5, 1887, at page 204 of the minute book. A report of C. P. Huntington is there set forth as to the

disposition made of 83,331 shares of Central Pacific stock, of which he reports sales as follows:

January 29, 1880.	35,000 shares sold at 72	$2,520,000
January 30, 1880.	15,000 shares at 72	1,080,000
Total 50,000 shares		3,600,000

He also reports the issue of different certificates, and the balance of the shares returned by him to the company (26,088 shares), and that he, as trustee of the company, still holds 7,245 shares. How was it that that transaction was not reported for six or seven years? What is the explanation of that?—A. The explanation of it is that Mr. Huntington still retained 83,330 shares in his hands, as trustee of the company, unissued, except that certificates had been issued for that purpose. At my suggestion (I think in answer to a letter from me) he made this statement. I suggested that he had better send back that which was not going to be issued and have it canceled and retain just sufficient to leave $68,000,000 outstanding. He returned the balance and had it canceled—the unsold balance—and instead of retaining 33,333 shares in New York unissued he retained 7,245 shares.

Q. Which makes up just the 680,000 shares?—A. Yes, sir; that leaves sixty-eight millions outstanding.

LEASES OF THE NORTHERN RAILWAY.

Q. Have you been familiar with the various leases that have been made from time to time with the auxiliary lines as they were constructed?—A. Yes, sir.

Q. Who had charge of that subject-matter generally?—A. I think that there was no special charge of it. The various members of the board of directors. Mr. Charles F. Crocker and Timothy Hopkins, I think, lately; but formerly Governor Stanford and Mr. Hopkins and Mr. Crocker and Mr. Colton from time to time.

Q. Take the different leases of the Northern Railway for instance. Who determined the rates that should be charged and what leases should be made?—A. I think that was done mainly, if not always, by what I call "our people." I mean Governor Stanford, Mr. Crocker, or Mr. Hopkins.

Q. Take the lease of the Northern Railway, dated September 4, 1879—the operative lease—the lease that was made at so much a mile for different classes of cars. Please state the terms of that lease in brief. How many miles of road are operated and how many miles of road are conveyed; the lease of the Oakland Branch, and the Benicia Branch, and the San Pablo and Tulare?—A. Commencing in Oakland, in the county of Alameda, and ending at Martinez, in the county of Contra Costa, thence commencing with the Tulare and San Pablo Railroad, a length of 21 miles.

Q. That is one part. Then there is another; in all about 93 miles, is it not?—A. Yes, sir.

RENT PAID AND ALLOWANCE FOR REPAIRS.

Q. What was the rent provided for?—A. Twenty-five cents per mile for locomotives passing over the line.

Q. And 20 cents for passenger cars and 8 cents for freight cars?—A. Yes, sir.

Q. And then an allowance of $100 a month to the Central Pacific for repair?—A. Yes, sir; $100 a month per mile.

By Mr. COHEN:

Q. For what repairs?—A. For repairing the track.

Q. For what length?—A. The whole 93 miles, or whatever it was.

LEASE PROFITABLE TO THE NORTHERN ROAD.

By Commissioner ANDERSON:

Q. Do you know what the result of that operation was for the first year after it went into effect?—A. I do not know exactly what it was, but it was very profitable to the Central Pacific.

Q. Do you know how much it produced for the lessee, in the first year?—A. I beg your pardon; I meant to say that it was very profitable to the Northern road.

Q. Who negotiated that lease, as to its terms?—A. I think Mr. Towne suggested it and advocated that that was a good way to lease that piece of road. It was difficult to fix the terms.

Commissioner ANDERSON. Perhaps it will shorten this if I make you out a statement of the terms of the leases and you can look over them and state if they are correct.

The WITNESS. Very well, sir.

Q. In regard to the lease of the Southern Pacific and its various departments to the Central Pacific, do you remember who conducted that negotiation?—A. Those were all by Governor Stanford or our people—"S. H. H. & Co."

OPERATION OF CENTRAL PACIFIC BEFORE AND AFTER ITS LEASE.

Q. Have you prepared a statement showing the operation of the Central Pacific before the lease of April, 1885, as compared with the operation under the lease of 1885, so as to determine under which operation the earnings would be largest?—A. I cannot see that it would possibly make any difference, because the Central Pacific now receives all its earnings.

Q. North of Goshen?—A. All the earnings of its line.

Q. North of Goshen, you mean?—A. Yes; but before the lease of 1885 it included the earnings south of Goshen. It included the earnings of the roads leased to it.

Q. I want to know whether it made more money when it operated the Southern Pacific of Arizona and of New Mexico, and the other lines south of Goshen, than it does now?

Mr. COHEN. You can get that from the books.

A. I think the annual reports will show very clearly.

Commissioner ANDERSON. I asked Mr. Wright to make up such a statement from the books, and he said he would, and I did not know but that he had turned it over to you.

The WITNESS. It is very difficult to make up such a statement as you want from the books. In making up those statements a man does not clearly comprehend what you want. If you want to know whether those leases were profitable or not to the Central Pacific, it is easily determined.

SOUTHERN PACIFIC OF ARIZONA AND NEW MEXICO LEASE.

Commissioner ANDERSON. The lease of the Southern Pacific of Arizona and of New Mexico?

The WITNESS. That is shown in our annual reports. The Southern Pacific of California at first was a loss, and afterwards became a profit. There is one item I think you have not got, and that is that the Southern Pacific Railroad Company returned to the Central Pacific the loss it made on the Colorado division of some $300,000 under the lease.

Commissioner ANDERSON. I have a memorandum of it. It was $304,000.

The WITNESS. Something like that.

Q. Was that because of the failure of the Atlantic and Pacific to connect?—A. Because some circumstances did not turn out as they supposed they would at the time the lease was made.

Q. In 1885, how long had those leases to run which the Central Pacific held? How long had they to run when the alteration was made?—A. I think various times. The leases show for themselves. Some were for five years from their dates, and some for ten, and a certain time had run on each. It would require an examination of the lease to show.

HOW THE CENTRAL PACIFIC RENTAL WAS FIXED.

Q. Was there any general statement made in writing showing the estimated figures of these operations, from which the conclusion was reached that the actual net rent as charged of $1,200,000 was a fair and just figure?—A. I do not understand that there is any such clause in the lease. I understand this to be the fact, in relation to that lease, that the Central Pacific was to have for itself and for its own treasury all the net earnings that it makes up to 6 per cent. Then the Southern Pacific guarantees that those earnings shall not be less than a million two hundred thousand dollars, and for the sake of that guarantee it also gets a counter-agreement that if it makes in excess of $3,600,000 it shall have the excess for itself. I think that was a very fair agreement on the part of the Southern Pacific. They are liable to have something to pay on the $1,200,000 and they are not very likely ever to receive any income in excess of $3,600,000.

By Mr. COHEN:

Q. You say it was an advantageous lease for the Central Pacific?—A. Yes, sir.

By Commissioner ANDERSON:

Q. My question was whether there was prepared a statement showing just how these various lines operated which would facilitate the Commission in reaching the conclusion whether this was a fair lease for both sides or not.—A. I cannot remember any statement being made, but the matter was under discussion by Governor Stanford with everybody for months before this lease was made.

LEASING OF BRIDGE OVER COLORADO RIVER.

Q. Do you remember the arrangement made with the Southern Pacific in regard to the bridge over the Colorado River?

The WITNESS. There are two Southern Pacific companies.

Commissioner ANDERSON. I refer to the Southern Pacific Railroad Company, and not to the Kentucky corporation.

The WITNESS. The Southern Pacific made no arrangement with the Central Pacific, I think.

Q. What I want to know is whether you remember the leasing of that bridge to the Southern Pacific at $15,000 a year.—A. That lease was directed to the Central Pacific, as I remember it.

Commissioner ANDERSON. Well, state it as you remember it. I have been informed it was to the Southern Pacific.

The WITNESS. It may have been to the Southern Pacific, but my remembrance is now that it was $12,000 a year to the Central Pacific.

Q. Have you the lease?—A. No, sir; I do not believe I have. I think, however, that the books will show the rate paid.

Q. Your recollection of the rate is $12,000 a year?—A. That is my recollection now; yes.

Q. Do you know what it cost to build the bridge?—A. No, sir.

Q. Does that appear on the books of the Pacific Improvement Company, or whatever company built it?—A. I think so.

Q. Who are the owners of the bridge?—A. I do not know. I think the Pacific Improvement Company. That is my impression.

Q. They are still the owners of the bridge?—A. I think they are.

Q. Who negotiated that lease and determined what the rate should be?—A. The same people.

Q. Are you still paying that rent for the bridge?—A. I think we are. The details of the operating I have very little to do with now, and I do not know anything about it.

Q. Do you remember the operation of the steamships on the Colorado River above Yuma?—A. Yes, sir; something.

DIVISION OF RATES BETWEEN STEAMERS AND SOUTHERN PACIFIC.

Q. Who would know about the division of the freight rates as between merchandise going from San Francisco or any other point upon the Southern Pacific, delivered on the river by steamers, and merchandise coming the other way?—A. Mr. Stubbs.

Q. Do you know what the prorates have been?—A. No, sir.

Q. You refer us to Mr. Stubbs for that information?—A. Yes, sir.

Q. Do you know who fixed the rates at which the Rocky Mountain coal was sold to the Central Pacific?—A. I think that the owners of the coal practically fixed the rate.

Q. Who were the owners of the coal, these same gentlemen?—A. No; there were a great many other gentlemen. Mr. Towne had something to say about the rates.

RATES ON ROCKY MOUNTAIN COAL.

Q. What was the rate generally, between what limits?—A. The highest rate paid was $2.25 at the mine, and the lowest rate I think is $1.85 now.

Q. Did you buy it at the mine?—A. Yes, sir.

Q. The Central Pacific generally bought it at the mine?—A. Generally at the mine, and paid the Union Pacific $2 a ton freight. Now I think it is $1.50.

Q. The Union Pacific freight is $1.50?—A. Yes, sir; to get it to Ogden. The Union Pacific rather had us in a corner.

Q. Did you say Mr. Colton had anything to do with fixing the rate at which the coal was sold?—A. Mr. Colton was an owner in the mine and I do not know but that he controlled it before he became connected with the company.

RATE FIXED BY GENERAL MANAGER.

Q. What I want to know is: Who fixed, or who agreed to, the rate on behalf of the Central Pacific?—A. Mr. Towne, general manager, agreed

to the rate, but our people generally, of course, had something to say about it.

Q. Your chief directors had to sanction Mr. Towne's acceptance of the rate?—A. Yes, sir.

Q. Is it not true that the directors of the Central Pacific Railroad were also large stockholders in the Rocky Mountain Coal Company?—A. Yes, sir.

ROCKY MOUNTAIN COAL COMPANY HAD A MONOPOLY.

Q. And about the Carbon Hill Coal Company. How was that?—A. As to that Rocky Mountain Coal Company I may as well state that the Union Pacific had a coal mine nearer to Ogden than the Rocky Mountain coal, and one not very much further, and they sold their coal in Ogden at a considerably higher price than the price we paid for it at any time. They sold their coal at about $5 and $5.50 I think.

Q. At the mine?—A. No; at Ogden. Ours cost at the highest $4.85 in Ogden when we were paying $2.85 and $2 freight, and they were selling at the same time their coal at over $5. As the price went down I think they reduced their rates a little. Their sales are the only means I have of ascertaining the market price in Ogden. The Rocky Mountain Coal Company had a monopoly of all the trade.

Q. As to the Carbon Hill coal, what were the arrangements about that?—A. The same, generally, as relates to the Rocky Mountain; in fixing prices I mean.

Q. And is it also true in regard to this company that the directors of the Central Pacific were also large stockholders in the Coal Company?—A. So I understand.

EXPRESS BUSINESS CONTROLLED BY WELLS, FARGO & CO.

Q. Do you know how the Express Company of Wells, Fargo & Co. came to obtain the control of the express business over the Central Pacific?—A. No; excepting that they gave to the Central Pacific, I think, $825,000 of stock at the par value at the time of making that contract.

Q. What is their total capital?—A. I do not know.

Q. Do you know whether it was increased at the time they made this arrangement with the Central Pacific?—A. No sir; I do not know.

Q. Do you know whether they gave any of their stock to the directors of the Central Pacific?—A. Never that I knew of. I did not get any.

Q. Do you not know that a million and a half were issued to Mr. Stanford and Mr. Hopkins and others?—A. I do not know. They had some of Wells, Fargo & Co.'s stock, but I never knew how they obtained it.

SAN FRANCISCO AND BAY RAILROAD STOCK.

Q. Do you know anything about the San Francisco Bay Railroad before its consolidation with the Western Pacific?—A. I know pretty nearly all there is to know about it, I think.

Q. Well, do you know that the stock was issued without consideration, or is that the fact?—A. I do not know that; no, sir.

Q. Do you know anything about how the stock came to be issued?—A. That I do not know.

Q. Do you know whether it was issued under one of these exhaustive contracts or not?—A. I do not recollect how it was.

RELATIONS BETWEEN CENTRAL PACIFIC AND GOVERNMENT.

Q. Have you given much consideration to the subject of the relations between the United States Government and the Central Pacific?—A. Yes, sir; to the details of the relation I have given a great deal of thought and attention, and about them I have had a great deal of trouble.

Q. Who has conducted the negotiations with the Commissioner of Railroads?—A. I have.

Q. For the purpose of settling the amounts due?—A. I have entirely.

Q. Do you and the Commissioner of Railroads agree as to the amount standing in the United States sinking fund to which you are entitled?—A. Yes, sir; I think we do, practically; I do not think there is any question about that.

SINKING FUND.

Q. Can you state the amount in that sinking fund from your report of 1886?—A. No, sir; not from any report we have—we can only state it from the reports received from the Government; I have received one within a month. The report from the Treasury Department will give some information.

Q. Does it show here [handing a paper to witness]?—A. I have had a copy of that; I cannot make anything out of that.

Q. The statement presented to you is the result, as I understand it, of the half transportation, and of the payments which have been made by you?—A. Under the Thurman bill; yes, sir.

Q. My question to you is whether the company's accounts agree with the statements of the United States Treasury as to that particular fund?—A. As to this particular fund, it would if we put the account upon our books, but we do not; we pay no attention to this, and cannot. Our accounts with the Government are in such an unsettled condition that it is impossible for anybody to tell how it does stand; we certainly have not anything in this fund like the amount we ought to have.

WITNESS DISAGREES WITH GOVERNMENT OFFICIALS.

Q. Will you please present to us the amount that you claim should be in the sinking fund belonging to you?—A. I think that will appear clearly in our last annual report; the Government officials put into that fund an amount that should not be there.

Q. Do you not know how much you have paid in cash?—A. Yes, sir; we know that, but the Government treats the account very differently from what we do; they put things into the sinking fund which we claim they have no right to do, such for example as earnings for transportation on leased lines and on non-aided lines.

Commissioner LITTLER. We shall want a statement of the condition of your account with the Government.

The WITNESS. There is no possibility of your getting that except through your accountant. I will give him all the facilities and all the help that I can.

Q. Please indicate from your balance sheet of 1886 how you can ascertain the amount which you claim ought to be in the sinking fund?—A. It cannot be done from that.

CANNOT EXPLAIN GOVERNMENT ACCOUNT.

Q. That contains all of the claimed funds together, and the balance due you and all the payments?—A. Yes; and amounts bearing on con-

solidated roads. The fact of it is, it is impossible for me to explain a thing I do not understand myself, and I do not understand the Government account. I understand our account, and that is all I do understand. We cannot get anything from the Government department that will explain it.

Commissioner ANDERSON. I suggest, as to that, that if you give me a couple of hours some morning I will go over that with you. I went over it with the Union Pacific secretary and we agreed.

THE GOVERNMENT OVERPAID $500,000.

The WITNESS. If you will come to the office some time and sit down at the books I will be very glad to do so. While we are on this subject, I might as well say that, while I have settled with the Railroad Commissioner and the auditor of railroad accounts, I have settled on the basis that they have claimed, and not on any basis that I claim is just and right. I believe that, on a just basis, such as I have no doubt you gentlemen would fix, after proper examination, the Government has been overpaid lately $500,000, and I believe over a million of dollars altogether, under the Thurman bill.

By Commissioner LITTLER:

Q. Have you made these payments under protest, reserving all rights?—A. Yes; one or two; but there is no use protesting against the United States Government; we cannot get anything out of them under any circumstances.

Commissioner LITTLER. It makes no difference, except so far as the use of the money is concerned.

SETTLEMENT WITH RAILROAD COMMISSIONER UNSATISFACTORY TO WITNESS.

The WITNESS. Yes, it does; the reason that I at first went on, and why I was so affable in settling on any basis that they determined, was that we supposed the money was going into the Treasury for our benefit and for our interest. If I had supposed, at the time of settling with him, that it was a final settlement of so much money, dollars and cents, I never would have settled with him on the basis that he insisted on at all; I thought it was simply putting so much money into the Treasury of the United States for our benefit.

Commissioner LITTLER. We understood from Governor Stanford that you claim the amount now due you from the United States Government to be $1,800,000.

The WITNESS. In cash; yes.

Commissioner LITTLER. In this report you have it entered "Amount due from the United States, in cash, above all requirements, $756,000." Please explain that difference.

The WITNESS. It would take some figuring and examination of the accounts to make that explanation. My assistant who made this up is very much more familiar with it than I am. I quit about four years ago having anything to do with Government accounts at all, and I hope I may live long enough to see it settled some time. If I do, I will be a very old man.

PLAN OF SETTLEMENT.

Q. In regard to the plan of adjustment between the company and the Government, what have you to suggest?—A. I would suggest that the Government ought in justice to the company, and in justice to the

people, to wipe out the debt clean, from to-day, or if they do not do that, they should require nothing more than the payment of the principal, without any interest, extending over a period of certainly fifty years. I believe it is a thing I would do, as a business man, if I were in the Government's place.

COMPANY CANNOT PAY OVER $600,000 OR $700,000 YEARLY.

Q. Speaking with reference to the earning capacity of your company, how much, in your belief, can your company pay per annum without being crippled in its operations?—A. It is very difficult to tell what they can pay in future years, but I do not think they can pay over $600,000 or $700,000 a year; and that, you see, carries out my idea that they ought to wipe out the debt, because almost any rate of interest that the Government would be asked to fix would amount to that, and the debt would never be paid. The interest would amount to six or seven hundred thousand dollars a year.

EARNING POWER OF AIDED BRANCH.

Q. What, in your judgment, is the earning power of the aided branch?—A. It will earn not more in my judgment than a million and a half in any future years, net, and probably a great deal less.

Q. What do you refer to when you say "it"?—A. The aided branch of the Central Pacific Railroad.

Q. A million and a half, you think, will be as much as it will earn?—A. Yes, sir; a million and a half will be its maximum, net, in any future year, in my judgment, and it is liable to fall to less than a million at any time. I judge that because the through business was formerly profitable. There is no profit in it now at all. When I said "net earnings," I meant net profits, not net earnings. Net profits are one thing; net earnings are entirely another.

Q. You mean by "net profits" what is left after paying all requirements?—A. Yes.

Q. Including fixed charges?—A. Yes, and interest, taxes, &c. Net earnings are simply gross earnings after deducting operating expenses—the cost to keep the road up to its standard.

By Commissioner ANDERSON:

Q. Have you individually any personal interest in any companies or corporations which have any financial relations with the Central Pacific?—A. No, sir, and never had—not a dollar.

I desire for myself to come before the Commission some day, and furnish some information which we have not been asked for.

Commissioner LITTLER. We will assign next week as the time in which you gentlemen will have your hearing.

Mr. COHEN. There are a good many questions I would like to ask Mr. Miller about this company and its relations to the Government.

DIFFICULTY WITH THE GOVERNMENT.

The WITNESS. You will understand something of our difficulty with the Government when I tell you that after we presented our first account for $100,000, we received payments of it from the Treasury $1,000 at a time, or $2,000 at a time, without a word of statement or explanation as to what the money should be applied to, and until we sent men to Washington we never could ascertain their account of that $100,000,

and we do not know until this day; and that account rendered over twenty years ago is not yet fully settled.

By Commissioner LITTLER:

Q. Your books show the amount of services you performed for the United States Government, to start on, do they not?—A. Yes, sir.

Q. And your books, I presume, show the amount of money you have paid the United States Government?—A. Yes, sir.

Commissioner LITTLER. I should think that by taking those sums and comparing them with the statement of the Government, the difference between you would at least be developed.

WITNESS ILLUSTRATES TROUBLE WITH THE GOVERNMENT.

The WITNESS. Yes, the difference; but I will give you an illustration of the trouble we had with the Government. We rendered a bill for $105,000, for transportation services that went into the Government archives, and from time to time we received warrants without any explanation—at one time a warrant of $10,000, and at another of $5,000, and at another of $1,000, and we could not fit them. We presented bills from that time on, but we could not fit the warrant to any bill which we had rendered, and now we do not know what they have cut out of our bill or what they have not. We have got some very long statements.

GOVERNMENT ACCOUNTS NOT KEPT ON ANY CORRECT PRINCIPLE.

Commissioner LITTLER. By the terms of this act of Congress, we are required to state the accounts between the Government and the company, and we want to hear your side of it.

The WITNESS. Well, the very best thing you can do is to come over to the office and take our side of the account; you will find that the Government's accounts have not been kept on any correct principle. That statement before you is about the clearest statement I ever saw from the Government, and that is not worth the paper it is written on, as a statement of account between us and the Government. It is not the fault of any particular one, but it is hung up in various Departments, and if a clerk finds a mistake he shoves the whole thing into a pigeon hole. What we get from the Treasury is always right, and has always been correct. There is no difficulty in keeping an account with the Treasury, but our accounts do not go to the Treasury Department.

E. H. MILLER, JR.

Mr. COHEN. I desire an apportunity to examine Mr. Miller on various subjects, and among others the relations between the Contract and Finance Company and the Central Pacific. I think if we have an opportunity to present the books of the Central Pacific to you, you will find information that will supply the loss of the contracts, and the missing books of the Contract and Finance Company so far as concerns the cost of construction of that portion of the road which was constructed by the Contract and Finance Company from the State line to Promontory, and there are various other matters in those books.

Commissioner LITTLER. We will set apart next week for you.

CALLS MADE UPON AUDITOR FOR INFORMATION.

The CHAIRMAN. We have made several calls upon the auditor for information and statements that have not yet been supplied. For example, we asked for rebate contracts.

Mr. COHEN. He has none.

The CHAIRMAN. We asked for copies of the printed blanks in use in his department, also a list of the books under the control of the auditor.

Mr. COHEN. I think he gave that in his testimony.

The CHAIRMAN. We called for a statement of the gross receipts of the Central Pacific from 1869 to 1886. I make another call now for a statement showing the amount of passenger earnings derived from pools, and a statement showing the balances and the amount of the ordinary business. We want that information as to both freight and passengers if we can get it; how much has been received from pooling arrangements and how much from the ordinary business that does not enter into the pool.

Mr. COHEN. That would be the difference between the local and through traffic.

The CHAIRMAN. We want the aggregate amount of business for each year, in freight and passenger traffic, which the Central Pacific has done under pooling arrangements, and also a statement of how much it has done without pooling.

The Commission then adjourned to Tuesday, August 9, 1887, at 10 a. m.

50TH CONGRESS, 1st Session. } SENATE { Ex. Doc. 51, Part 7.

TESTIMONY

TAKEN BY

THE UNITED STATES PACIFIC RAILWAY COMMISSION,

APPOINTED

UNDER THE ACT OF CONGRESS APPROVED MARCH 3, 1887, ENTITLED "AN ACT AUTHORIZING AN INVESTIGATION OF THE BOOKS, ACCOUNTS, AND METHODS OF RAILROADS WHICH HAVE RECEIVED AID FROM THE UNITED STATES, AND FOR OTHER PURPOSES."

ROBERT E. PATTISON, of Pennsylvania, Chairman,
M. ELLERY ANDERSON, of New York,
DAVID T. LITTLER, of Illinois,
Commissioners.

VOLUME VI.

REPORTED BY

CHARLES P. YOUNG, of New York,
SECRETARY AND STENOGRAPHER TO THE COMMISSION.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1887.

TESTIMONY

TAKEN BY

THE UNITED STATES PACIFIC RAILWAY COMMISSION,

AS TO

THE WORKING AND FINANCIAL MANAGEMENT OF THE RAILROADS THAT HAVE RECEIVED AID FROM THE GOVERNMENT IN BONDS.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Tuesday, August 9, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

JAMES O'B. GUNN, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. In San Francisco.

Q. How long have you lived here?—A. Since 1871.

Q. What is your occupation?—A. I am in the iron foundry business.

SECRETARY OF VARIOUS CORPORATIONS.

Q. What positions have you held since 1871?—A. I have been secretary of several corporations.

Commissioner ANDERSON. Please enumerate them.

The WITNESS. I have been secretary of the California Pacific Railroad Company, the Sacramento and Placerville Railroad Company, the Amador Branch Railroad Company, the Berkeley Branch Railroad Company, the Stockton and Copperopolis Railroad Company, the Northern Railway, and the San Pablo and Tulare Railroad Company. I think that is all.

Q. What other positions have you held than those connected with these railway companies?—A. I am now secretary of the Union Iron Works.

BOOKS OF THE CONTRACT AND FINANCE COMPANY.

Q. Did you not, for a period, keep certain books of the Contract and Finance Company?—A. No, sir.

Q. Did you have charge of them after Mr. John Miller withdrew?—A. I had them in my custody for a few weeks, while I was straightening them out.

Q. What books did you have in your custody?—A. A cash book, a journal, and a ledger, I think.

Q. Do you remember when Mr. Miller withdrew?—A. Yes, sir.

Q. It was at this time that they were passed over to you, as I understand it?—A. Yes, sir.

Q. Where were the books then?—A. They were at the office of the Central Pacific Railroad Company.

Q. Here in San Francisco?—A. Yes, sir.

Q. At the corner of Fourth and Townsend streets?—A. Yes, sir.

Q. Who was the president of the company at that time?

The WITNESS. Do you mean the president of the Contract and Finance Company?

EXAMINATION OF BOOKS KEPT BY JOHN MILLER.

Commissioner ANDERSON. Yes. Who saw you about straightening out these books?

The WITNESS. Charles Crocker.

Q. What did he tell you?—A. He told me that he wanted an examination made of Miller's books to see what their condition was.

Q. Where did you make the examination?—A. In those offices.

Q. How many rooms did they occupy?—A. Two rooms, I think, at that time.

Q. Who else was in those rooms? Were there any other officers?—A. No.

Q. What clerks?—A. I think Frank Ross was the clerk at that time of the Western Development Company.

Q. Who else?—A. I think that Mr. Miller only had one assistant at that time.

Q. Where is Mr. Ross?—A. I think that he lives here.

Q. Do you know what business he is in?—A. No, sir; I do not. I see him occasionally on the street.

Q. Do you know where to find him?—A. I could not tell you.

WHERE IT WAS DONE.

Q. Where did you examine these books; at the rooms, or did you take them home?—A. At the Western Development Company's office at that time, which is the same as room No. 1 now, where the auditor's office is. My office was in the same room that Mr. Douty occupies at present, but the rooms have been so divided and cut up since then that they are not the same now as they were at that time. The examination was either in that office or in my own.

Q. Did any one assist you?—A. Yes; I had my chief clerk assisting me.

Q. What is his name?—A. A. C. Irwin.

Q. Where is he?—A. In Marysville.

Q. In whose handwriting were these books that you examined?—A. In Mr. Miller's.

Q. All the entries?—A. I think so.

Q. Do you remember whether the initial entries in the books were in Mr. Miller's handwriting?—A. I cannot remember, sir.

Q. How long had he kept them; that is, what period of time was disclosed by the books?—A. I cannot remember exactly, but I think they were commenced in 1873.

Q. Were there no transactions back of 1873?—A. No, sir. That is the only set of books that were there that I know of.

Q. How long were you engaged in examining them?—A. A few weeks. I cannot remember exactly how long.

Q. To whom did you report?—A. To Mr. Crocker and to General Colton, I think. I do not know whether they were the only two here at that time or not.

OBJECT OF EXAMINATION.

Q. What was the object of your examination?—A. To see whether the accounts had been properly kept, whether they were perfectly straight or not.

Q. To see whether all the funds were accounted for?—A. Yes, sir.

Q. And all the property?—A. Yes, sir.

Q. Did you report in writing?—A. No, sir.

Q. How could you report, except in writing, as to the condition of these books?—A. I of course made memoranda and statements of what I found.

Q. How many memorandum statements did you make?—A. I could not tell you.

Q. Did you make more than one?—A. I do not remember really. I usually reported the items as I went along.

TO WHOM REPORT WAS MADE.

Q. Did you report generally to Mr. Crocker and Mr. Colton?—A. I think that they were the ones.

Q. Did you keep copies of any of those statements?—A. No, sir.

Q. Did you report to Governor Stanford?—A. Not that I remember. If he were here I probably must have talked with him about it at the time, but I do not remember it. I remember that Mr. Crocker and General Colton were here, and I reported to them.

Q. How many of these accounts do you remember examining? I presume that the books contain different ledger accounts?—A. Yes, sir.

Q. Do you remember going over all of them?—A. I think I went over all the ledger accounts. I did not go over the full details of the accounts, or examine all the vouchers.

Q. Where were the vouchers?—A. The vouchers were there with the books.

LEFT IN THE SAFE AFTER THE EXAMINATION.

Q. To whom did you deliver the books when you got through with them?—A. They were left in the safe there.

Q. Where is that safe?—A. In the vault.

Q. Is it there to-day?—A. I believe so.

Q. Who had the combination of that safe at the time that you made this examination?—A. I had it, and Mr. Irwin had it. I do not know of anybody else.

Q. Is Mr. Irwin connected with the Central Pacific to-day?—A. No, sir.

Q. Has he been since 1873 or 1876?—A. Yes, sir; I do not know what year it was that he left.

Q. What position did he hold?—A. He was my chief clerk at the time.

Q. You were not then connected with the Central Pacific, were you?—A. No, sir.

Q. Was Mr. Irwin?—A. No. He was in my office, and I was secretary of the California Pacific Railroad Company.

WHY WAS WITNESS ASKED TO EXAMINE BOOKS?

Q. How did it happen that being secretary of the California Railroad Company, Mr. Crocker asked you to go over these books? How did he come to select you?—A. You would have to get him to answer that, I think.

Q. Do you not know?—A. No, sir.

Q. Are you an accountant by profession?—A. No.

Q. Where was your office then—in San Francisco?—A. Yes.

Q. Did Charles Crocker come to see you about it?—A. No; he called me up to his office.

Q. Did he send for you?—A. Yes.

Q. Please tell us all that he said to you in that interview?—A. I cannot remember.

Q. Tell us what you do remember. Did he speak about Mr. Miller?—A. He must have spoken about Mr. Miller.

Q. Tell us whatever you remember?—A. I simply remember his instruction to examine the books. He was under the impression that there was something wrong, or something not quite straight there, and he wanted to be satisfied of it.

Q. On any subsequent occasion, did he tell you what he wanted done with those books?—A. No.

Q. Did he tell you where to put them?—A. No.

Q. When you left there, did you leave the books in the safe?—A. Yes.

DESCRIPTION OF THE BOOKS.

Q. Please repeat how many of these volumes there were.—A. I think there were just three.

Q. That is, a cash book, a ledger, and a journal?—A. I think so.

Q. How large were they?—A. Twelve to 14 inches deep, and 15 to 16, or 17 inches wide probably.

Q. How thick?—A. About 3 inches thick.

Q. Were they in heavy leather binding?—A. They had canvas covers. I do not know what kind of binding they were.

Q. They were not books, then, that could possibly get mislaid?—A. I do not see how they could.

Q. When did you last see those books?—A. I could not tell you that—more than five or six years ago.

BOOKS OF "S., H., H., & C."

Q. Have you had anything to do with the books of "S., H., H., and C."?—A. No, sir.

Q. Did you ever make any entries in them?—A. Never.

Q. Do you know anything of the transfer of some entries from the books of the Contract and Finance Company through Samuel Hopkins to the book-keeper who kept the books of S., H., H., and C.?—A. Nothing whatever, sir.

Q. Who made entries in these books while you were examining them; I mean of matters that occurred which required entry at the time?—A. There were no entries made after that time, excepting what I made to close up the cash book.

Q. Were all those accounts closed?—A. I do not think that they were transferred to the ledger at all. I do not think that the ledger was balanced up.

Q. Then the books might require further attention in order to finally adjust the interests that appeared in these accounts, might they?—A. To strike a balance, I think that they all would have to be balanced up.

Q. Who had charge of the books after that date?—A. They remained in the safe there. That is all that I know about it.

WHO HAD CHARGE OF BOOKS AFTER WITNESS?

Q. Who was in the office who would be charged with the duty of making such entries when you left there?—A. I do not know that they were there when I left.

Q. You stated that when you left the office you left the books there.—A. I stated that that was the last time that I saw them.

Q. Was that when you left the office, or the last time that you were in the office?—A. I do not remember seeing them for a long time before I left the railroad service. The last time that I saw them they were in a certain vault.

Q. When did you leave the railroad service?—A. It was in January, 1883.

ROADS UNDER CONTROL OF CENTRAL PACIFIC.

Q. When you say railroad service, what railroad do you mean?—A. The various roads of which I was secretary at the time.

Q. You kept all these offices simultaneously, I suppose?—A. Yes.

Q. Did they comprise generally the auxiliary lines leased to the Central Pacific?—A. They were not all leased at that time. I do not know that they all are now.

Q. Were they all substantially under the control of the Central Pacific?—A. Of the directory of the Central Pacific.

Q. So that when you speak of leaving the railway service, you mean leaving the service of the Central Pacific and the individual directors who had interests in these lines?—A. I mean of the companies of which I was an officer.

Mr. COHEN. Did he say that he was in the employ of the Central Pacific?

Commissioner ANDERSON. Not directly.

Q. You say that this was in 1883. At how many places do you remember between 1876 and 1883 did you do your daily work? Was it all done at the corner of Fourth and Townsend streets?—A. Yes; that is from 1873.

LOCATION OF VAULT IN WHICH BOOKS WERE KEPT.

Q. I am speaking of the time after you saw these books in the vault. Did you transact your own business in the same room where you had conducted this examination?—A. No; they changed the offices about, but they were virtually in the same rooms.

Q. Where is this vault that you speak of? Is it down-stairs?—A. Yes.

Q. Is it entirely separated from the rooms where you worked?—A. No; I afterwards was in the same room where that vault is situated.

Q. When were you in the room where the vault is situated?—A. The latter two or three years that I was there.

Q. Is that underground, or on the ground floor?—A. It is on the ground floor.

Q. Is the vault directly at the side of the room, or is it separate?—A. It is the vault in the room No. 1. It faces Townsend street.

Q. Is the door to that vault generally kept locked?—A. Always when there is nobody there.

Q. Is it entered with a key or combination?—A. A combination.

Q. Who had the combination of that door?—A. Myself, and I think that Mr. E. C. Wright also had it.

Q. Is that the chief auditor?—A. Yes; he was not chief auditor at that time, but he was my chief clerk on these branch roads after Mr. Irwin left me.

Q. Do I understand that the safe in which the Contract and Finance Company's books have been kept, or had been left, was inside of this vault?—A. No; they were in the open vault.

Q. It was not a separate safe, then?—A. No, sir.

Q. Are all the books of the Central Pacific, not in use upstairs, contained in that vault?—A. I do not know of any being stored in that vault.

Q. What is the vault; what is it used for?—A. It is used for storing books. I used to keep the books of the branch roads there.

Q. Do you say that the books of the Central Pacific are not kept there?—A. No.

Q. Where are they kept?—A. I presume in the secretary's office.

Q. Have they a separate safe there?—A. They have a vault there.

WHEN WITNESS LAST SAW THE BOOKS.

Q. You stated a moment ago that you had not seen these books for quite a while before you left the railroad service in 1883. How long before you left the railroad service was it that you saw those books?—A. I could not tell you. They might have been there the day I left. There were a large number of books there, but I did not count them to see what they were.

Q. My question is, how long before you left did you see those books there?—A. I could not tell you.

Q. Do you remember that you saw them the day that you finished examining them in 1876, and that they were left in the vault?—A. Yes.

Q. You state that you had not seen them for quite a while before you left. Did you see them at any time between the date of your inspection of them and the time that you left?—A. I do not remember.

Q. Did you ever see the books up to the time that you left, and subsequent to the time of your inspection?—A. I know that they were in the vault.

Q. How do you know that they were in the vault?—A. Because I saw them on the shelf.

Q. When did you finish this inspection?—A. I think it was in that same year.

Q. Was it in 1876 or 1877, or what?—A. I could not say exactly.

Q. Was it at the time that Mr. Miller was settled with, or at the time that he was tried?—A. I may have seen them at the time of his trial.

Q. I mean the criminal trial?—A. I may have seen them at the time. I do not remember.

By Commissioner LITTLER:

Q. Were the books in court?—A. That I cannot remember.

SAW THEM SEVERAL YEARS AFTER EXAMINATION.

By Commissioner ANDERSON:

Q. The question is, when you finished your inspection of them and reported to Mr. Crocker, was it about the time of the settlement with Mr. Miller?

The WITNESS. Do you mean was that the time I saw them last?

Commissioner ANDERSON. I mean when did you finish your inspection of them, and make your report to Mr. Crocker?

The WITNESS. It was somewhere about that time. I cannot remember exactly at this late day.

Q. Are you satisfied that these books were there, and that you afterwards saw them on the shelf of the vault?—A. I am satisfied that they were there for a long time after that.

Q. When you say a long time do you mean several years?—A. Yes; I think I could say several years.

Q. Have you ever been asked to look for those books since that time?—A. No.

Q. Do you know where they are now?—A. I do not.

Q. Have you ever heard that they were missing?—A. I never heard that.

Commissioner ANDERSON. Perhaps they are not missing. Mr. Cohen, do you know where those books are?

Mr. COHEN. Am I testifying now? To what books do you refer?

Commissioner ANDERSON. We ask for the production of the books. The books that I am speaking of are the final books of the Contract and Finance Company, the initial entries in which, it is testified, were prepared by William E. Brown and delivered to Mr. Miller, who kept them for a year or two, and then got into trouble. After he withdrew from the service of the company, Mr. Gunn states that he examined those books at the request of Mr. Crocker, and that he made a report to Mr. Crocker, and that he also made some entries in them, and left the books in the vault. He has just stated that he has seen those books a number of times on the shelf since then, and thinks that they were there for several years afterwards.

PRODUCTION OF BOOKS CALLED FOR.

Mr. COHEN. You want them produced. Is that the idea?

Commissioner ANDERSON. I understand, from what the witnesses have said, that they are missing, but I ask especially as to those three books, if you know whether they are covered in the assertion that all the books of the Contract and Finance Company are missing; or do you not know?

Mr. COHEN. You ask for my knowledge. My idea was that the books of the Contract and Finance Company, up to the time that Mr. Brown ceased to be secretary, were missing. I never was interested much in the subsequent proceedings of the company after Mr. Brown left it, but my impression is that the books that Mr. Brown left are extant, and were tendered to me once in some suit that I was trying. I have forgotten which one. I do not know where they are now.

Commissioner ANDERSON. I call for their production.

COMPLAINT THAT LENGTH OF COMMISSION'S SESSIONS GIVES NO TIME TO PROCURE PAPERS AND BOOKS.

Mr. COHEN. I have every disposition to accommodate the Commission in their inquiry, but they do not give me a chance to accommodate them. The Commission commences early in the morning, and sits here until nearly 6 o'clock in the evening. My health is not very good, and I must have some little time for rest and for refreshment. When you get through, I have no time to go to the office and look things up, and if I did go there the office would probably be closed. If I had some little time to

look after things, I would do it. There was a proposition to adjourn over last Saturday, so that we could look up everything that was required, but the Commission would not adjourn until after 1 o'clock, and by the time that I got to the Central Pacific offices they were closed, and most of the employés had gone away. The business offices here close at 1 o'clock Saturdays, and business ends at that hour. You do not give me much of a chance to comply with your requests, and to accommodate you, as we would like to do. If you did not sit so long, we could get along much better.

NATURE OF REPORT ON BOOKS.

Q. What was the nature of the report that you made to Mr. Crocker, as to whether the books were right or wrong?—A. They were not correct.

Q. As to all the accounts, or only as to Mr. Miller's cash?—A. As to the cash.

Q. Do you remember the title of any of the accounts contained in those books?—A. No; I cannot recall them now.

Q. Do you remember whether there were ledger accounts with Messrs. Stanford, Crocker, Huntington, and Hopkins?—A. I presume there were. I do not remember.

CONSTRUCTION ACCOUNTS.

Q. Do you remember whether there was a construction account?—A. Yes; there were construction accounts.

Q. Between the Contract and Finance Company and what other companies?—A. I think the San Pablo and Tulare Railroad Company and the Northern Railway. These roads were under construction at that time, I think. I think the Southern Pacific also.

Q. Was a construction account with the Central Pacific opened in that book?—A. I do not remember that account.

Q. Was there a stock account?—A. I do not remember that, either.

Q. Do you remember an account showing the stock held or owned by the Contract and Finance Company?—A. No; I do not remember.

Q. Do you remember the ledger accounts of the four gentlemen whom I have named?—A. I do not remember that they had any individual accounts.

Q. Did you ever see the former books of the Contract and Finance Company?—A. No, sir.

Commissioner ANDERSON. Mr. Bergin, can you inform us whether these books are included in the lost books, or whether they are on hand?

Mr. BERGIN. I cannot, sir. I have no knowledge about them.

By Commissioner LITTLER:

Q. How long did you continue to keep those books after you balanced them up?—A. I did not keep them at all. They were closed up.

Q. Did you ever have occasion, after they were balanced up, to absolutely know of their existence by having to refer to them for any purpose whatever?—A. I do not remember any circumstance that would recall that.

WHO HAD ACCESS TO THE VAULT.

Q. Do you say that this vault, in which these books are kept, is also a depository for a large number of other books?—A. Yes, sir.

Q. How many people had access to the vault through the combination?—A. It was chiefly considered as a vault under my control. And while it might be open during the day-time, nobody would be likely to go into it, unless it might possibly be Mr. Porter.

Q. Who was Mr. Porter?—A. W. H. Porter, who was auditor of the Central Pacific Railroad Company at that time. It is possible that some of his clerks might have had some of their papers in there temporarily.

NO REASON FOR DESTRUCTION OF BOOKS.

Q. Do you know of anybody who had an interest in the destruction of those books?—A. No, sir.

Q. Did you ever see any of the directors or officers of the Contract and Finance Company in that vault examining the books after you got through with them?—A. No, sir.

Q. Do you know of any entries in those books which anybody was interested in having destroyed?—A. I could not imagine why anybody would have a reason to destroy them.

Q. These books contained the accounts of this Contract and Finance Company, as I understand you? Were they kept in the ordinary manner of keeping books of account?—A. Yes, sir.

Q. Did you ever make an entry in either of those books which, if disclosed here, would in any way reflect upon anybody interested in the entries?—A. No, sir.

KEPT ON ORDINARY PRINCIPLES OF BOOK-KEEPING.

Q. Did these books in any respect differ from the books kept by corporations; and, if so, in what particular did they differ?—A. There is no difference at all; the same ordinary book-keeping; they were kept on the ordinary principles of book-keeping.

Q. Did those books disclose the profits of the company in its operations, to your knowledge?—A. I do not remember any profit and loss account there at all.

Q. Did they disclose to your knowledge the payment of dividends?—A. That I do not remember.

Q. Was there such an account?—A. I do not remember that.

Q. Have you told us all that you know about those books?—A. Yes, sir.

By the CHAIRMAN:

Q. Did you report to Mr. Crocker in writing the result of the examination?—A. I may have presented some figures to him, and they may have been in pencil or ink. I never made any written report.

EXAMINATION OF WITNESS IN JOHN MILLER'S CASE.

Q. Were you a witness in the Miller case, in the criminal prosecution?—A. Yes, sir.

Q. Were you examined in full?—A. I do not know what you mean by "full."

Q. Concerning your examination of the books and knowledge of Mr. Miller's transactions with the company?—A. Yes, sir.

Q. Did you use the memoranda you made from the books during the examination?—A. No, sir.

Q. Had you any consultation with the officers of the road, or the attorneys, as to your testimony?—A. No, sir.

Q. Are Messrs. Stanford, Huntington, Crocker, and Hopkins, the officers of the Central Pacific Railroad, the controlling influence in the companies of which you were secretary, in the half dozen companies that you have named?—A. I believe they were; I have every reason to believe it.

COST OF CONSTRUCTION OF VARIOUS ROADS.

By Commissioner ANDERSON:

Q. Do you know the cost of construction of these various roads, the San Pablo and Tulare, the different pieces of the Northern Railway, the Amador Branch, the Berkeley Branch, the Anaheim Branch, and the Southern Pacific?—A. No, sir; I suppose you refer to the cost to the contractors.

Q. I mean the cost of construction, either to the Contract and Finance Company, the Western Development Company, or to the Pacific Improvement Company?—A. No, sir; I know nothing about that.

OWNERS OF UNION IRON WORKS.

Q. Do you know who are the owners of the Union Iron Works?—A. Yes, sir.

Q. Who are those owners?—A. George W. Prescott—I do not know whether that is material to you.

Q. Is either Governor Stanford, Mr. Crocker, Mr. Hopkins, or Mr. Huntington interested in them?—A. Not in any way or shape.

TRUSTEE OF LAND-GRANT MORTGAGE.

Q. Have you any relation with the land-grant mortgage?—A. Yes; I am trustee of that mortgage.

Q. Of the ten million dollar mortgage?—A. Yes, sir.

Q. Have you always been a trustee?—A. No, sir.

Q. When were you elected?—A. I think that I was elected to fill the vacancy caused by the death of General Colton.

Q. In what year did he die; was it 1878?—A. That I cannot recall; it was about that time.

Q. Is there another trustee besides yourself?—A. Yes, sir.

Q. Who is he?—A. W. E. Brown.

Q. Who keeps the books?—A. There are no books kept by the trustees.

Q. Who keeps the accounts? Is the only account kept in the land department?—A. The land department keeps a record of sales, and moneys are deposited with the treasurer of the Central Pacific to the credit of the trustees of the land mortgage.

Q. Who are the trustees of the land mortgage; yourself and Brown?—A. Yes, sir.

HOW ITS ACCOUNTS ARE KEPT.

Q. If the moneys are deposited to your credit, do you mean to say that you keep no account of the receipts and disbursements?—A. No, sir; there are no disbursements except, I believe, for the redemption of bonds.

Q. Are there any disbursements for taxes?—A. No, sir.

Q. Are there any disbursements for salaries of the officers of the land department?—A. No, sir.

Mr. COHEN. Not by the trustees, the witness means.

Q. How do you ascertain whether the deposits made are those to which you are entitled?—A. I believe they are.

Q. How do you ascertain; do you leave it all to the land department?—A. I leave it to the land department and to the secretary's department of the Central Pacific.

Q. Then you have substantially no duties to perform as trustees?—A. Substantially none, except to sign deeds.

Q. Who is the person who actually keeps those books under Mr. Mills?—A. I do not know who is keeping them now. Mr. Torbert used to do so. I do not know who is doing it now, because Mr. Torbert is not there.

Q. As trustee of this mortgage, can you furnish us with a statement showing the amount of property included in the mortgage which has been sold or disposed of, the amount of contracts outstanding, the application made of the proceeds of the property sold, the number of bonds redeemed, and the number outstanding?—A. It could all be made up in the offices of the Central Pacific.

THROUGH WHOM INFORMATION CAN BE OBTAINED.

Q. I want to find the proper person to ask for that information, can you tell me?—A. Mr. Miller can give you some information, and Mr. Mills the balance. They can give you all the information for which you have asked.

Q. We will call for it from Mr. Miller. Is Mr. Miller your superior officer, so far as that business is concerned?

The WITNESS. How do you mean?

Commissioner ANDERSON. You have stated that as trustee you do not keep these accounts, and substantially know nothing about what is done. Somebody in the system of the Central Pacific must be responsible for the land grant and for the application of the moneys. As you have stated that you are not, or that you have not done that work, I ask you if Mr. Miller is the man who is responsible for it, and therefore your superior officer in regard to this business.

Mr. BERGIN. I think that Mr. Mills stated that he accounted to the treasurer daily, and paid over whatever receipts came into his hands under these trusts. He would undoubtedly have an account of all the lands disposed of, the outstanding contracts, and everything of that kind. As to the condition of the bonds and what moneys have been paid, or what moneys remain on hand, I should suppose that Mr. Hopkins, the treasurer, would be able to furnish that information.

Mr. COHEN. Mr. Mills can make up such a statement. If you address a communication to Mr. Mills, you will get all the information that any officer of the company will give you.

WHEN CONTRACT AND FINANCE BOOKS WERE EXAMINED.

By Mr. COHEN:

Q. When was it that you performed these services on the books of the Contract and Finance Company?—A. I think that the year was 1876. It was about that time.

Q. Was it before or after the disincorporation of the Contract and Finance Company?—A. That I do not remember.

Q. Was it not 1875, instead of 1876?—A. I think it was in 1876.

Q. Did you make any entries in the books of the company?—A. I believe that the only entries that I made are in the cash-book, a couple of pages. That is my remembrance of it.

Q. From what source did you get those entries?—A. From the information and data which the examination disclosed.

Q. Were they entries made for the purpose of closing and balancing the book?—A. They were made to balance the cash-book. I did not have much interest in the others after I made my first examination. The cash-book was the only one that was material for my examination.

Q. Were those entries which should have been made by the person who had previously kept the books?—A. Yes, sir.

Q. How long a time did that take you?—A. Several weeks. I do not remember now the exact time; but the main part of my examination was done inside of a fortnight, if my remembrance is correct. It was a very short time.

Q. From the work that you performed on those books, you became acquainted with their general tenor, scope, and purpose, did you not?—A. Yes, sir.

"NEVER SAW ANYTHING WRONG" IN THEM.

Q. From information which you obtained in closing up those books, was there any entry or any transaction in them that could have been detrimental to the interests of the Central Pacific, if they were produced before this Commission?

Commissioner ANDERSON. How can he answer that question intelligently, when he tells us he does not remember the entries.

The WITNESS. I do not believe so. I never saw anything wrong.

Q. At the time that you finished your labors upon those books, do you remember to have seen anything in them that was in any way prejudicial to the officers of the Central Pacific?—A. No, sir.

Q. For how long a time were you secretary of the California Pacific?—A. I was an officer continuously, first as assistant secretary and then secretary, from 1871 to December, 1882. What the dates of the changes of positions were, I could not give you.

TRAVELING AUDITOR OF THE CENTRAL PACIFIC.

Q. Were you ever employed in any capacity by the Central Pacific?—A. I was traveling auditor.

Q. In what years?—A. In 1869 and 1870, and up to May, 1871.

Q. When did you leave the service of any of these companies?—A. I left all of them December 31, 1882; I might say January, 1883, for it was virtually the same thing.

Q. Have you been employed by any of them since, except that you have been trustee of the land mortgage?—A. That is all.

Q. I understand you to say that you are a mere passive trustee, that you simply redeem the bonds when there is any fund on hand with which they can be redeemed?—A. That is about the only duty that I perform, except signing deeds.

Q. Do you release the mortgage on lands that are sold? Is that the purpose?—A. Yes, sir; I release the mortgage.

By the CHAIRMAN:

Q. Mr. Cohen has asked you if you recall anything in the books prejudicial to the officers of the Central Pacific. I will ask you whether you recall anything favorable to the officers of the Central Pacific in the books?—A. I cannot say that I do.

Q. The fact is that you do not recall anything, is it not?—A. I do not recall any of the entries.

EXAMINED THE BOOKS TO DISCOVER DEFALCATION, IF ANY.

By Mr. BERGIN:

Q. As I understand you, these were not books regularly in your charge?—A. No, sir.

Q. You were simply called to make an investigation to see whether or not there had been any defalcation?—A. Exactly.

Q. Your attention was directed to that alone?—A. Chiefly to that.

Q. After you concluded your examination for that purpose, what did you do?—A. I virtually did nothing.

Q. Subsequently you made a couple of pages of entries of transactions that were to correct those errors that you discovered?—A. Not to correct, but to make entries that ought to have been made by the book-keeper, and tending towards a settlement of the account, showing just how it stood.

Q. After that you naturally dismissed the matter from your recollection?—A. Yes, sir.

Q. You had nothing further to do with those books?—A. I had nothing further to do.

ENTRIES MADE BY WITNESS.

By Commissioner ANDERSON:

Q. Were those entries posted from the journal or day-book, or cash-book into the ledger, these entries that you made?—A. I do not think that they were carried into the ledger at all. I simply made them in the cash-book.

Q. Had they been made in the day-book?—A. No, sir; one was not kept. The books that were kept were a journal, cash-book, and ledger.

Q. Did they never journalize the cash-book?—A. No, sir; the cash-book and journal were kept separate.

Q. To what did these items that you entered relate?—A. They related to cash items which ought to have been entered in the cash-book, but had not been.

Q. Where did you find the material which gave you this information?—A. From various papers there, and information that I gathered during the time. They related to matters that in the ordinary course of book-keeping, that should have been entered in the cash-book.

Q. As original entry?—A. As original entry they should have been entered in the cash-book.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Tuesday, August 9, 1887.

J. H. STROBRIDGE, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am a railroad builder.

Q. With what road are you connected?—A. The California and Oregon.

Q. Have you any relations at this time with the Central Pacific Railroad Company?—A. None.

FORMER CONNECTION WITH CENTRAL PACIFIC.

Q. When were you first connected with the Central Pacific?—A. In 1864.

Q. How were you associated with it then?—A. I was superintendent of construction.

Q. Had you the entire charge of the construction at that time?—A. Pretty much so; yes, sir.

Q. How long did your superintendency of the construction department continue?—A. Until the work was completed.

Q. When was it completed under your charge?—A. In May, 1869.

Q. Did you separate from the company at that time?—A. Yes, sir.

Q. Have you had any relations with the Central Pacific since?—A. I do not think so, no further than to build some branch lines. I have not been in the employ of the Central Pacific since.

PAID BY CONTRACT AND FINANCE COMPANY AND CROCKER & CO.

Q. During the years from 1864 to 1869, inclusive, from the beginning to the end of your connection with the Central Pacific, were you on a salary?—A. Yes, sir.

Q. Were you paid by the Central Pacific?—A. I was not. I think that I was paid by the Contract and Finance Company and by C. Crocker & Co.

Q. What was your salary during that time?—A. The largest salary that I got, I think, was $250 a month.

Q. Did that continue through the whole period?—A. No, sir; I do not think that when I commenced on the work I received so much, but I got up to that enormous salary before the work was completed.

Q. We want all the information that you have, from memoranda or from memory, in regard to the construction of the Central Pacific up to the time of your separation from the Contract and Finance Company or from the Central Pacific from 1869, and any information that you may have with reference to the construction of branch lines for the Central Pacific subsequent to 1869, or the construction of lines that were afterwards consolidated into the Central Pacific. Will you give us this information?—A. I had not expected to come before the Commission at all, and I have not thought of those matters. It would be better, perhaps, if it will suit as well, to wait until to-morrow, as there are many things that I cannot bring to mind to-day.

PRICES OF RAILWAY MATERIAL.

Commissioner LITTLER. While you are thinking over matters I wish that you would furnish the Commission with a list of the prices of railway material—material which entered into the construction of every part of the railway.

The WITNESS. Do you mean at the time the road was built?

Commissioner LITTLER. Yes.

The WITNESS. Or do you mean at the present time?

Commissioner LITTLER. During the time that you were connected with these roads.

Mr. COHEN. You mean from Sacramento to Promontory?

Commissioner LITTLER. Particularly, but we mean the Central Pacific generally, and we mean to inquire as to the cost of the material which entered into the construction of these branch roads with which the witness was connected, the object being to ascertain, independently of the books, what these cost, in order to get somewhere near the cost of construction of these roads.

Mr. BERGIN. He can also give information as to the rate of wages paid employés.

Commissioner LITTLER. That is included in the cost of construction.

DUTIES AS SUPERINTENDENT.

By the CHAIRMAN:

Q. Have you any papers, books, or accounts?—A. No, sir; nothing.

Q. Did you keep any at the time?—A. No, sir. Everything was kept in the office. I was on the work.

Q. What were your duties as superintendent from 1864 to 1869?—A. They were largely to see that the men earned their money.

Q. What am I to understand by your answer?—A. To see that the men on the construction did full work and earned their money.

Mr. COHEN. To see that each man did a day's work.

The WITNESS. To see that every man earned his money on the work, during construction. I was personally in charge of that work all the time, every day, nearly the whole time.

Q. How much of the work did you cover in your superintendence?—A. All the grading, track-laying, &c.

By Commissioner LITTLER:

Q. Did you buy any of the materials for this construction, for the company?—A. I do not think I did.

SUBCONTRACTORS.

By the CHAIRMAN:

Q. Did the subcontractors report to you?—A. Yes, sir; there was some work that was "subbed" out.

Q. Did they make reports to you in writing from time to time?—A. No, sir; they did not, as I was on the work every day and saw it. I saw every part of it nearly every day.

Q. What did they give to you in writing?—A. An obligation to complete the work.

Q. Were the conditions in the obligation fully set out?—A. Yes, sir.

Q. What did you do with the contracts given to you at that time?—A. I delivered them to the office.

Q. What office?—A. The office of the Contract and Finance Company. Everything went to the office.

MONTHLY REPORT TO MR. CROCKER.

Q. To whom did you report?—A. To Mr. Crocker.

Q. How often did you report?—A. Every month.

Q. How did you report, in writing or verbally?—A. In writing. Everything, all expenses, went in, in a pay-roll.

Q. Where were the reports filed?—A. I do not know. They went to the office and that is all I know about them.

Q. Were they left with Mr. Crocker as an officer of the Contract and Finance Company?—A. He was the man that I reported to. The reports went to the secretary of the Contract and Finance Company.

Q. Did you retain a copy of any of your reports?—A. Nothing. Everything, every month, was sent right into the general office.

Q. Did you make any memorandum from which you made up your report for the month?—A. No. No memorandum was made up to keep, as I recollect.

WHAT IT CONTAINED.

Q. What would you report in a month?—A. I would report the time and the labor performed, and make a general statement of the expenses of the month, and of the extension of the road.

Q. If you made a report of time and labor, would you not have the entry somewhere on an account which you kept for yourself?—A. No.

Q. How did you make it up?—A. From the time books.

Q. Who kept the time books?—A. We had several hundred foremen, and each man kept a book, for his gang of men and laborers.

Q. Were they handed to you at the end of the month?—A. Yes, sir; I took the books and checked them, and then went on with the work again.

Q. On to what did you check them?—A. The pay-roll.

Q. Did you file the pay-roll with a copy of your report to Mr. Crocker?—A. Yes, sir.

Q. Did you keep any book of any kind whatever?—A. No, sir.

By Commissioner LITTLER:

Q. Was the pay-roll your report?—A. That was the report. Everything was turned over to the office at the end of every month.

PRICE OF LABOR.

By the CHAIRMAN:

Q. How familiar were you, at the time of your connection with the Contract and Finance Company, with the cost of material and the cost of the construction of the road as it proceeded from time to time?—A. I had a pretty general idea of everything connected with the construction at the time.

Q. What was paid for labor at the time?—A. For Chinamen, we paid $35 a month.

By Mr. COHEN:

Q. Of what time are you now speaking?—A. The time we were building across the mountains, building the Central Pacific. I suppose that is what the Commission is inquiring about.

Commissioner LITTLER. Yes, the Central Pacific.

The CHAIRMAN. I wish that you would commence at the beginning, or wherever they were constructing the road at the time of your first connection with it, and then go through with the cost of labor as the road proceeded from year to year.

By Commissioner LITTLER:

Q. The beginning must have been with Crocker & Co., must it not?—A. Yes, sir. I do not recollect the dates as well as I should like to in order to make a statement of that kind.

Q. If you can produce to-morrow morning a memorandum of the cost which entered into the construction of these roads; first, labor, and second, material, giving the prices of the several kinds of material which entered into the construction of the road, that would substantially cover the ground. Can you do that?—A. I think so; certainly more intelligently than I can to-day.

Q. You have at your command the facilities for obtaining this information which you do not have this morning, have you?—A. I certainly could recollect more about it, thinking of it for a few hours, and then I can ascertain the dates that I commenced, and the dates that we reached certain points, &c.

COMMENCING AT SACRAMENTO.

By the CHAIRMAN:

Q. What point of the road did you commence with in 1864?—A. The first work that I did was in Sacramento. I did some work grading in Sacramento.

By Mr. BERGIN:

Q. Do you mean Sacramento City?—A. Yes, sir; and then I took general charge of the construction, 32 miles out. I cannot remember the name of the place.

By the CHAIRMAN:

Q. Do you recall it by the number of the section?—A. I think No. 33 was the section that I took hold of there, as I recollect it. I think it was at New Castle.

WORK PROSECUTED TO PROMONTORY POINT.

Q. How long did you work on the section which you call No. 33?—A. We took up the work in a general way from there and prosecuted it to Promontory.

Q. To what section was that?—A. That is nearly twenty years ago, and I have forgotten.

Q. When did you reach Promontory Point?—A. The last rail was laid on the 10th day of May, 1869.

Q. So that your work was limited from section 33 to Promontory Point?—A. Yes, sir.

Q. And from 1864 to 1869?—A. Yes, sir.

PRICES PAID FOR LABOR.

Q. Can you recall, as you progressed from year to year, the prices that you paid for labor?—A. I think so, by recollecting where we got to in certain years.

Q. What did you pay for labor at the commencement on section 33 in 1864?—A. As I recollect it now, we paid white men $35 a month and Chinamen $30.

Q. What force did you have of Chinamen during the year 1864?—A. I do not think that we had any Chinamen in 1864. I think that the work that we did in 1864 was what was done in Sacramento City. As I recollect it, it was 1865 that we commenced at Newcastle. We commenced with a small force there, and increased to nearly 14,000 men.

NUMBER OF CHINAMEN EMPLOYED IN 1866 AND 1867.

Q. What did your force of Chinamen average from New Castle, section 33, during the four years that you were building to Promontory Point?—A. I do not recollect now. During the years 1866 and 1867, and along there, we had a very large force. After we got out of the mountains and on to the plains our force was considerably lighter. As I recollect it now, we had in 1866 and 1867 about 13,000 or 14,000 men.

Q. That is, Chinamen?—A. Something about 11,000 Chinamen and the balance white men.

Q. During 1866 and 1887 you had about 11,000 Chinamen?—A. Yes, sir.

By Mr. COHEN:

Q. How many white men did you have?

The CHAIRMAN. We will take up the question of white men afterwards. Let us first get through with the Chinamen.

Mr. COHEN. I would like to know how many white men were employed.

The WITNESS. There were 11,000 Chinamen and the balance were white men.

NUMBER OF CHINAMEN IN 1868 AND 1869.

By the CHAIRMAN:

Q. How many Chinamen had you in 1868?

Mr. COHEN. I would like to know if it is one of the elements of the indictment against us that we employed Chinamen?

The CHAIRMAN. No. We simply want to get at the cost of labor.

Mr. COHEN. Then there is no political question in that information?

The CHAIRMAN. I hope not.

The WITNESS. In 1868 I think we had about 5,000, as I now recollect it.

Q. How many had you in 1869?—A. We had that same force, pretty much, in 1869.

Q. About 5,000; so that during the years 1865, 1866, 1867, 1868, and 1869 you had an average of about 8,000 Chinamen. Is that correct?—A. I think that we averaged more than that.

Q. How many more?—A. I cannot tell. I will have to have a little time to think of that, and of those different years, in order to state about the number that there was in any certain year.

The CHAIRMAN. Very well; you can give the figures to-morrow.

NUMBER OF WHITE MEN EMPLOYED NOT REMEMBERED.

Q. As to the white men, how many did you employ in 1864?—A. The work in Sacramento City was let. I do not know how many men were employed. We had but a few hundred men at that time. The work afterwards was contracted from the limits of Sacramento City to section 33, but with that I did not have anything to do.

Q. How many white men did you employ in 1865?—A. I cannot tell. As I said, we started there with a small force and increased it rapidly until we increased it to a very large force. I cannot now tell the number. I can tell generally by thinking it over and seeing where we were from time to time. As I said before, by thinking where we were at certain dates I can give a better idea.

Q. How did the employment of white men compare in number with the employment of Chinamen?—A. I had a great many more Chinamen than white men.

Q. Will you give us in your statement the number of Chinese laborers employed in 1864, 1865, 1866, 1867, 1868, and 1869 during the time you were connected with the road, and also a statement showing the number of white men employed, as you recall it?—A. I will.

TIES WERE CONTRACTED FOR BY CROCKER.

Q. What did you pay for ties in 1864?—A. I do not recollect.

Q. What did you pay for ties in 1865?—A. I cannot tell that either.

Q. In 1866?—A. I do not recollect. Ties were generally contracted for by somebody else—Mr. Crocker, probably.

By Commissioner LITTLER:

Q. You can get all this information by to-morrow, can you?—A. I will make an effort. If I can, I will do so.

By the CHAIRMAN:

Q. Will you also give a statement of the cost of ties delivered to your company during your connection with it?—A. I will make what inquiries I can, and ascertain what they were. That material was generally contracted for by some other party than myself.

REDWOOD TIMBER USED FOR TIES.

Q. Where did you get your ties before you got to the mountain district; what timber did you use?—A. Redwood timber up the coast. It was brought by way of San Francisco, and taken up the Sacramento River in schooners.

Q. When did you stop using the redwood timber?—A. I cannot state that. I think that I can tell you to-morrow.

Q. Will you furnish a statement of the cost of ties for each year, as you recall it; also how long you used redwood timber, and when you commenced to use mountain timber, and the difference in the cost, if any? Can you do that?—A. I will ascertain what I can do for you.

By Commissioner LITTLER:

Q. Also the cost of all lumber which went into the road and the cost of stone, brick, cement, and lime, and any other material which you can think of. Can you furnish that?—A. I will try. Those things were generally contracted for by other parties than myself. My business principally was to do the work.

COST OF GRADING IN 1864.

By the CHAIRMAN:

Q. What was the cost of grading during the year 1864?—A. I do not know.

Q. Do you recall the cost of grading in any year?—A. No; I do not think so.

Q. Did you ever hear it spoken of?—A. Yes; I think so.

Q. What do you recall in connection with the grading, as to the price?—A. The price that the Contract and Finance Campany had—is that what you mean?

The CHAIRMAN. Whatever price you recall.

The WITNESS. The price, as I recollect now, for earthwork during mountain work was, I think, 45 cents a yard.

By Commissioner LITTLER:

Q. Is that for stone work or for earth work?—A. It was for earth work. There were several classifications. There would be earth work, and there would be cement, and then there would be usually at least two prices for rock.

Q. Will you furnish the Commission a statement of the prices during the several years, and during the progress of the work, as it varied in different classes?—A. I will endeavor to do so.

Commissioner LITTLER. We would like the prices that you can recall, the prices of the Contract and Finance Company, and also the prices of the subcontractors.

The WITNESS. There was none of that work subcontracted.

PRICE OF RAILS.

Q. What was the price of rails?—A. That I cannot tell you now; it was very high.

Q. Do you recall any price in connection with rails?—A. As I recollect it, we paid as high as $130 a ton for iron.

Q. In what year?—A. I think that was 1866 and 1867. I am not familiar with that, however, but know in a general way that that was the price at that time. That is all. Of course, I did not have anything to do with that. I did not buy it or ship it, or anything of the sort.

Mr. COHEN. We will arrange to furnish that from the books of the Central Pacific Railroad Company. Mr. Miller is making a statement which I propose to put in, on cross-examination. It is all taken from the books and vouchers from year to year, and will show just what the cost was.

The CHAIRMAN. We want also, if it can be given, what the Contract and Finance Company paid for rails, and what they charged the Central Pacific.

Mr. COHEN. We will give you the cost of rails. One of the witnesses said that rails were bought by the Central Pacific and charged up to the Contract and Finance Company at cost. We will give the cost of the rails in New York, with freight and charges added, so that you can see just what they did cost.

By the CHAIRMAN:

Q. In the report which you are going to give us, you are to give us some information concerning grading, ties, rails, and labor. What else do you recall now as entering into the construction of the road?—A. There would be the forage, groceries, &c.

Mr. COHEN. And whisky.

The WITNESS. Every man had to buy his own whisky.

WHAT GOES TO MAKE UP A RAILROAD.

Q. What else goes into the construction of a railroad?—A. That covers pretty much everything. You have the track, the grading, the masonry, the timber work, and the labor, and all that sort of thing, that go to make up a railroad. I do not think of anything else connected with it.

Q. Do you not think of anything else at all connected with construction?—A. Except the difficulties in the way of construction, I do not know anything else.

Q. Will you furnish a statement of the cost of the work of the Central Pacific complete, in classifications; during your connection with it from 1864 to 1869?—A. I do not think that it would be possible for me to do that.

Q. Will you furnish to the Commission a statement, so far as you can recall these things?—A. Yes, sir; the statement made will be the price that we got for doing the work, as near as may be. What the actual cost was per yard to do that work, it is impossible for me to say. I did not keep account of it. I presume that they kept it in the office, but what they kept in the office I know nothing of. As I have said before, my duties were principally to prosecute the work.

SUBCONTRACTORS CONNECTED WITH THE WORK.

Q. Do you recall the names of some of the subcontractors for the year 1864?—A. Yes, sir; there was a man by the name of McWilliams on some masonry, and one by the name of Quinn.

Q. Where is McWilliams now?—A. I cannot tell.

Q. Does he live in San Francisco?—A. I do not think so. There were several brothers of them, and I saw one of them in this city about six months ago.

Q. Where does Quinn live?—A. Quinn is dead.

Q. What other subcontractors do you recall?—A. There was a man by the name of Pennie. These are the only ones that I can recall at this moment.

Q. Where does Pennie live?—A. I do not know. I am inclined to think that he is dead. He went to South America from here.

Q. Is he in San Francisco?

Commissioner LITTLER. Not if he is dead.

The CHAIRMAN. He has not said that he was dead.

The WITNESS. I do not know that he is dead. I have never seen him since he went to South America.

Q. You do not know whether he is living or dead?—A. No, I do not; there were several brothers of them, but it is many years ago since I saw them and they are now scattered.

Q. What other subcontractors do you recall?—A. I do not recall any at this moment. I do not think of any now. Those were masonry men. Pretty much all the work that we did ourselves we did by day's work.

By Commissioner LITTLER:

Q. Did the company board these men which you had in your employ at the prices that you mentioned or did they not?—A. We boarded the white men. The Chinamen boarded themselves.

SUBCONTRACTORS PAID IN CASH.

Q. Have you any knowledge as to the method or payment to the subcontractors by the Contract and Finance Company?—A. We paid them cash—gold coin, if that is what you mean.

Q. Did you make the payments?—A. No, sir; the payments, I think, were generally made in the office.

Q. Had the company a regular paymaster?—A. Yes, sir.

Q. Who was he?—A. Mr. Crocker paid for doing the work across the mountains, and Mr. Brown paid after we got into the State of Nevada.

Q. Do you live in San Francisco?—A. No; I live across the bay.

Q. At Oakland?—A. No; at Haywards.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Tuesday, August 9, 1887.

CHARLES F. CROCKER, being further examined, testified as follows:

The CHAIRMAN. Colonel Crocker, the Commission recalls you for the purpose of hearing your answer to the questions propounded to you on Saturday last, which the secretary will read.

WITNESS'S PREVIOUS TESTIMONY READ TO HIM.

The secretary read from the proceedings of Saturday, August 6, 1887, the following:

By the CHAIRMAN:

Q. I will call your attention to the stockholders' meeting in the year 1885, April 14, to a resolution reciting that Leland Stanford, C. P. Huntington, and Charles F. Crocker have made various payments of money in the interest of the company, for which they have given their individual receipts, and no vouchers have been received from the parties to whom the sums were paid; also reciting that the nature and amount thereof have been exhibited and fully made known and explained to the stockholders, wherefore it is resolved that the stockholders waive the filing of vouchers and authorize the delivery of releases. Do you recall the meeting at which this resolution was offered?—A. Yes, sir.

Q. What was the nature of the expenditures made by these gentlemen, from which they were thus released from the filing of vouchers or detailed statements?—A. They were general in their character.

Q. What do you mean by general in their character?—A. I mean expenses for various purposes.

Q. What various purposes? Please enumerate or state in detail as far as you can?—A. Anything and everything that they might consider advantageous to the company, and which required the expenditure of money.

Q. Is it not a singular fact that in the management of the finances of a great corporation any one should be released from the filing of vouchers, and from explaining the cause of the expenditure; would not that suggest something irregular in the proceedings?—A. No.

Q. What explanation was made at the time?—A. The explanation was made that the expenses were incurred for the benefit of the company, and that it was impossible to file full explanatory statements or documents.

Q. I call your attention to the statement of fact "that the nature and amount thereof have been exhibited and fully made known and explained to us," that is, the stockholders. Now, what explanation was made?

By Commissioner LITTLER:

Q. Was that a stockholders' meeting?—A. Yes.

Q. It was not a meeting of the board of directors, then?—A. No, sir; it was a stockholders' meeting.

Mr. COHEN. Mr. Chairman, is the amount stated there?

The CHAIRMAN. No. Colonel Crocker, I call your attention to the fact that the nature and amount of such expenditures, according to the resolution, were fully exhibited and made known and explained to the stockholders. Now what explanation was made?

The WITNESS. An explanation was made which was considered sufficient. It was explained that these expenses were incurred and that they were necessary for the company. The stockholders thought that was sufficient, or so far as I was concerned, I thought so.

Q. Who made the explanation?—A. The parties mentioned in the paper.

Q. Were all of the gentleman named, Messrs. Stanford, Huntington, and Crocker, present at the time that the explanation was made?—A. The books will show that; I believe that they were.

Mr. COHEN. That was a stockholders' meeting in 1885.

The WITNESS. The books will show who was present.

By the CHAIRMAN:

Q. Are you not the Charles F. Crocker referred to in this resolution?—A. Yes, sir.

Q. What explanation did you make?—A. I explained in that way just as the others, that these expenditures were necessary.

Q. Did you make the expenditures yourself?—A. No, sir; not directly.

Q. How did you make them?—A. Through attorneys and officers of the company.

Q. What attorneys and officers?—A. The attorneys that were in the service of the company.

Q. Did you make the payments of the money to the officers of the company?—A. In some cases.

Q. For what did you make the payments of money?—A. For services rendered.

Q. What kind of services?—General services; anything and everything.

Q. What kind of a voucher did you take that you did not give to the company?—A. I do not recollect that I took any.

Q. What explanation was given to you?

Mr. COHEN. I beg to say, Mr. Chairman——

The CHAIRMAN. Let him answer this question.

Mr. COHEN. I will ask the witness whether these services were rendered by the counsel employed by the company that made these payments?

The WITNESS. Yes, sir; they were.

Mr. COHEN. As at present advised, without further consultation with my associates, I advise you not to make any further answer to that question.

By the CHAIRMAN:

Q. What is your answer to my question, Colonel Crocker? I repeat it. What explanation was given to you?—A. Under advice of counsel I decline to answer that question.

DECLINES TO ANSWER FURTHER, UNDER ADVICE OF COUNSEL.

By the CHAIRMAN:

Q. Are you now prepared to answer?

Mr. COHEN. I will say that I feel compelled to repeat to Colonel Crocker, the advice that I gave him when he was examined before, as to that particular question.

Commissioner LITTLER. In order that there may be no misunderstanding as to the question, let it be here repeated to the witness:

Q. What explanation was given to you?

What is your answer, Colonel Crocker?

A. The advice that I receive from the counsel of the company is the same that it was on Saturday when I was obliged to decline to answer.

Examined and signed September fourth (4th), 1887.

CHAS. F. CROCKER.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Tuesday, August 9, 1887.

Afternoon session.

Mr. COHEN. I find on page 64 of the minute book of the Central Pacific Railroad Company, under date of December 26, 1862, the first contract made by that company with Charles Crocker & Company. I will read it for the information of the Commission, and as part of the evidence in the case.

FIRST PROPOSAL OF C. CROCKER & COMPANY.

SACRAMENTO, *December* 26, 1862.

To the PRESIDENT AND DIRECTORS
OF THE CENTRAL PACIFIC RAILROAD COMPANY:

GENTLEMEN: We hereby propose to do all the grading, masonry, and bridging, furnish ties, and lay the track upon your railroad from the foot of K street in the city of Sacramento to the line of the railroad of the California Central Railroad Company upon the line recently adopted by your board, the same to be done in accordance with the profiles, plans, and bills, timber, and iron, and in conformity with the specifications proposed by your chief engineer, T. D. Judah, esquire, all for the sum of $400,000, to be paid as follows:

$250,000 in cash, $100,000 in the bonds of the company recently issued and dated December 1, 1862, and $50,000 in the capital stock of the company, the same to be paid upon the estimates of the engineer of the company as the work progresses. We further propose to complete the grading, masonry, and bridging, and furnish the ties ready for the iron by the 15th day of August, 1863.

C. CROCKER & COMPANY.

ACCEPTED, AND CONTRACT ORDERED.

The minutes further state:

——which, after being discussed, was, on motion of Mark Hopkins, seconded by T. D. Judah, accepted, and thereupon it was—

Ordered, unanimously, that the president and secretary enter into a contract with said C. Crocker & Company in accordance with and upon the conditions of said proposal.

Now, as explanatory of that, I propose to read a letter from C. Crocker & Company to the directors of the Central Pacific, to be found on page 85 of the minutes, under date of September the 12th, 1863. The letter is as follows:

LETTER REQUESTING PAYMENT OF BILL FOR EXTRA WORK, AND PROPOSING TO ACCEPT STOCK AT 50 PER CENT.

To the PRESIDENT AND DIRECTORS
OF THE CENTRAL PACIFIC RAILROAD COMPANY OF CALIFORNIA:

GENTLEMEN: Having progressed with gradation, bridging, and masonry upon sections 1 to 18, under the contract entered into with your company last December, to

that extent as to render the entire completion of the work certain in time for the iron and rolling stock which has been delayed, I respectfully petition to your honorable body to audit and allow the accompanying bill of extra work performed under the contract at this time; and, also, in view of the fact, well known to yourselves, that the company is largely in arrears to me upon the cash due me under the contract, to wit, over $48,000, rendering it necessary for me to have some securities upon which I can raise money to carry on the work, I would further respectfully petition your honorable body to order the secretary to issue to me the one hundred bonds which I have now nearly earned under the contract. The cash value of the bonds you would thus advance to me over and above the amount now earned does not equal the amount of cash now due me from the company. Being well advised of the inability of the company to pay me the amount of the bill of extras at this time in cash, and my needs being very urgent for money to carry on the work, I propose to accept the bonds of the company at fifty cents on the dollar in payment thereof.

Hoping this petition will meet with your immediate and favorable consideration, I remain, most respectfully, yours,

C. CROCKER & COMPANY.

RESOLUTION ACCEPTING PROPOSITION AS TO STOCK.

As to this the minutes state:

SACRAMENTO, *September* 12, 1863.

On motion the proposition was accepted unanimously; the secretary was ordered to issue to said Crocker & Company the balance of the bonds under their contract of December 27, 1862; also to deliver to them fifty-one additional bonds in payment of the bill of extras presented.

That was the first contract made with Charles Crocker. As we find the others we will put them in.

Commissioner LITTLER. How many miles of road did that contract embrace?

Mr. COHEN. Eighteen miles.

Commissioner LITTLER. From Sacramento east, the first 18 miles?

Mr. COHEN. Yes; sections 1 to 18. That includes the American River bridge and all the approaches to that bridge, a very expensive construction.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Tuesday, August 9, 1887.

LLOYD TEVIS, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am a banker.

WELLS, FARGO & CO.

Q. Where do you reside?—A. I reside in this city.

Q. Are you connected with the firm of Wells, Fargo & Company?—A. Yes, sir; I am the president of that company. It is an incorporated company, and not a firm.

Q. How long have you been connected with it?—A. I have been connected with it since 1870.

Q. How long have you been president?—A. I have been president for fourteen or fifteen years.

Q. Who are the other general officers of that company?—A. The other general officer of the company is Mr. John J. Valentine, vice-president and assistant manager.

DIRECTORS OF WELLS, FARGO & CO.

Q. Who are your directors?—A. Leland Stanford, Charles Crocker, Lloyd Tevis, Charles F. Crocker, George E. Grey, Oliver Eldridge, William Norris, J. C. Folsom, and John J. Valentine.

Q. What officers of the Central Pacific have an interest in your company, other than those which you have named?—A. None that I know of.

Q. How long have Mr. Stanford, Mr. Charles Crocker, and Mr. Charles F. Crocker had an interest in your company?—A. Mr. Charles Crocker and Mr. Stanford have been interested in the company about 16 years; Charles F. Crocker, a number of years, a small interest, I cannot recall how much.

WELLS, FARGO & CO.'S CONTRACT WITH CENTRAL PACIFIC.

Q. What business relations has your company with the Central Pacific Company?—A. We have a contract for the carrying of our express over the road of the Central Pacific Railroad Company.

Q. When was that contract made?—A. The present contract was made, I think, in 1879.

Q. What are the conditions of the contract so far as the Central Pacific is concerned?—A. I should have to produce the contract. It is too long to state.

Q. Have you the contract with you?—A. I have not.

Q. Will you produce the contract?—A. I think I will. I will take it into consideration.

The CHAIRMAN. The Commission calls for the contract. I understand that that contract was dated in 1879?

The WITNESS. 1879.

A PRIOR CONTRACT DATED IN 1870.

Q. What prior contract had you with the Central Pacific Railroad Company?—A. We had a prior contract dated, I think, in 1870.

Q. What were the conditions of that contract?—A. I should have to refer you to the contract.

Q. Have you a copy of the contract?—A. I have.

Q. Will you produce that contract?—A. I think I will.

Q. How long has your company been carrying on the express business?—A. About 37 years.

Q. When did it commence the express business?—A. In 1850, I think.

BUSINESS CONDUCTED FORMERLY BY STAGES, WAGONS, AND INDIVIDUALS.

Q. I ask, as a matter of history in connection with the road, how the express business was conducted by your company prior to the organization of the Central Pacific Company?—A. It was conducted by means of stages, wagons, and individuals in transporting its freight from place to place.

Q. Were you connected personally with the company at that time?—A. I was not.

Q. Have you any knowledge of their business personally at that period?—A. I have none.

Q. What is your earliest recollection of its business?—A. My connection with the company began in 1869 or 1870.

Q. Was your company a competitor with the Central Pacific Company at any time in the express business?—A. Not at all.

PACIFIC EXPRESS COMPANY.

Q. What other company was organized as a competitor with the company of Wells, Fargo & Co.?—A. A company called the Pacific Express Company.

Q. When, if you know, was the Pacific Express Company organized?—A. In 1869, I think.

Q. Who were the gentlemen who composed the Pacific Express Company?—A. To the best of my recollection, D. O. Mills, Henry D. Bacon, Lloyd Tevis, Leland Stanford, Charles Crocker, Mark Hopkins. Those embrace about all of the company.

Q. Was the Pacific Express Company organized for the purpose of competing for the business that the corporation of Wells, Fargo & Co. had control of?—A. Yes, sir.

CONSOLIDATION OF PACIFIC EXPRESS WITH WELLS, FARGO & CO.

Q. How long did the Pacific Express Company continue as a competitor of Wells, Fargo & Co.?—A. The Pacific Express Company to which I refer never entered actively into business. It was organized, purchased its stationery, prepared to commence business, and then a negotiation took place, which I personally conducted with Mr. Mills and Mr. Bacon, which resulted in a consolidation with Wells, Fargo & Co., or rather in the retiring of the Pacific Express Company from the business, and an arrangement with Wells, Fargo & Co., by which that company conceded to the Pacific Express Company a certain amount of stock in consideration of a consolidation of interest.

Q. Were there written articles of consolidation between the Pacific Express Company and Wells, Fargo & Co.?—A. No written articles of consolidation. There was an agreement under which the arrangement was made, and prepared by myself, I think, at the time.

Q. Was that agreement in writing?—A. That agreement was in writing.

Q. Have you a copy of it?—A. I think not.

Q. Will you ascertain if you have a copy?—A. I will.

Q. Will you produce a copy?—A. I think I will, if I have it.

The CHAIRMAN. The Commission calls for it, if you have it.

GENTLEMEN WHO HAD CONTROLLING INTEREST.

Q. At the time of the consolidation of the Pacific Express Company with Wells, Fargo & Co., who were the gentlemen who had the controlling interest in Wells, Fargo & Co.?—A. Some of them were William G. Fargo, the two Berneys of New York City, and a great number of stockholders whom I personally did not know, all of whom resided in the East.

Q. Were any of the people interested in the Pacific Express Company that you have named, interested in Wells, Fargo & Co. at the same time?—A. None that I know of.

Q. Who brought about the arrangement between the two companies?—A. I was personally largely instrumental in bringing it about.

CHARACTER OF THE ADJUSTMENT.

Q. What was the character of the adjustment between the two companies, as you recall it?—A. An arrangement was made, which was re-

duced to writing and which would be fully explained by that instrument. I think that I had better refer to it than to state the terms of it. It is quite elaborate. If I should go on and state the terms of it according to my recollection that would all be rendered unnecessary if I could produce it.

The CHAIRMAN. Of course, if you have not got it we will take the next best evidence, and get it from your recollection.

The WITNESS. I can give it to you.

The CHAIRMAN. There are three agreements, I understand, the two agreements made by your company with the Central Pacific Railroad and the agreement of consolidation between the Pacific Express Company and Wells, Fargo & Co.

The WITNESS. Yes, sir; that is correct.

By Commissioner LITTLER:

Q. What was the capital stock of Wells, Fargo & Co. when it was first incorporated?—A. I do not know, sir.

Q. What was its capital stock at the time this Pacific Express Company consolidated with it?—A. My recollection is, it was $10,000,000.

Q. Was it part of the terms of that consolidation that the stock of Wells, Fargo & Co. should be increased?—A. I have forgotten.

Q. Do you remember how many shares of the capital stock of that company Messrs. Stanford, Crocker, and Hopkins received as a consideration for going out of the business?—A. I cannot recall the number of shares they received as stockholders of the Pacific Express Company.

PACIFIC EXPRESS FORMALLY ORGANIZED, BUT NEVER DID BUSINESS.

Q. I understand that you say that the Pacific Express Company was merely formally organized, but that it never did any business that you know of: That it bought its stationery, and at that particular point it consolidated with Wells, Fargo & Co.; is that so?—A. Yes, sir; substantially. We proceeded a little further than that; we established offices and got ready to commence business; and at that point we commenced negotiations which resulted in a settlement.

Q. How many shares of capital stock in Wells, Fargo & Co. did you issue to these gentlemen as a consideration for their retirement from business?—A. I can say this to you: my recollection is that the Pacific Express Company received one-third of the capital stock of Wells, Fargo & Co.

TERMS ON WHICH PACIFIC EXPRESS RETIRED.

Q. What did they pay for that?—A. It was distributed pro rata among its own stockholders, of which those gentlemen were a part.

Q. Do I understand you to state that they received one-third of the capital stock of Wells, Fargo & Co. as the consideration for their retirement from business, or did you pay anything for it in money?—A. We paid no money for it, but my answer to the question involves going into my recollection of an agreement which is very elaborate, and which I would respectfully suggest to you the production of the agreement will waive.

Q. Will that agreement show the consideration which Hopkins, Stanford, and Crocker contributed for their stock?—A. I think not.

Q. Then I want to have you state it.—A. If you will allow me to explain, I think that perhaps you will understand more clearly. Under that agreement, as I have stated, the Pacific Express Company received

one-third of the capital stock of Wells, Fargo & Co., and became to that extent interested in Wells, Fargo & Co., in consideration of which it retired from business on receiving that stock, and its officers, or the officers to be named by them, participated in the management of Wells, Fargo & Co. from that date forward. There were various other considerations, all of which are enumerated in this agreement, which I wrote myself, and which is quite elaborate.

SOME MONEY WAS PAID BY PACIFIC EXPRESS.

Q. Were there any money considerations? Did this Pacific Express Company pay into the treasury of Wells, Fargo & Co. any money?—A. Yes; it did pay into Wells, Fargo & Co. some money in order to pay its pro rata of a fund to be provided as a working cash fund for banking purposes. For instance, we established $500,000 as the capital of the bank itself.

Q. What bank?—A. The bank of Wells, Fargo & Co. It had never done a legitimate banking business. It was intended from the date of this arrangement that the banking business should be done, and the Pacific Express Company put up one-third of the cash capital which was required, which was $166,666.66. That was the only cash involved in the transaction.

Q. And that cash represented the sole financial consideration for one-third of the capital stock of Wells, Fargo & Co?—A. The financial consideration, yes.

THE ARRANGEMENT STATED IN FIGURES.

Q. Then it is true that these gentlemen of whom I have made mention received $3,333,333.33 of the capital stock of Wells, Fargo & Co., and gave as a consideration for it the surrender of the Pacific Express Company and $166,666.66 as their share of the capital stock of this $500,000 banking capital?—A. That is true, except that these gentlemen did not do that, but that the Pacific Express Company did, of which company I was one, holding as much interest as any of them did at the time.

Q. But that is true, excepting as you qualify it?—A. With other gentlemen who were associated with us.

Q. What was that stock worth at the time it was issued to you gentlemen?—A. To the best of my recollection it was worth about $15 per share.

WELLS, FARGO & CO. NOT THERETOFORE PROSPEROUS.

Q. What had been the history of Wells, Fargo & Co. in relation to paying dividends on its business prior to this consolidation?—A. It had not paid dividends for many years.

Q. Was it in a somewhat dilapidated condition when you gentlemen went into it?—A. Well, hardly dilapidated. That is too strong a word.

Q. It was not a prosperous concern?—A. It was not a prosperous concern before we went into it.

Q. What has been its history since you gentlemen went in?—A. It has been prosperous ever since.

Q. Has it paid dividends on its stock?—A. It has paid dividends regularly on its stock.

Q. From the time of the reorganization?—A. Yes, sir.

Q. What has been the dividends?—A. I think 8 per cent. per annum on its stock.

Q. That was a good investment, was it not?—A. A good investment; yes, sir.

Q. What were the terms upon which you were allowed to transport your freight over the Central Pacific, if you remember?—A. All that is stated in the agreement, and I think it will be better to wait until I see whether I can produce it.

Commissioner LITTLER: If you cannot produce it you will come back and give us your recollection of it?

The WITNESS. Yes, sir.

LLOYD TEVIS.

The Commission then adjourned to Wednesday, August 10, 1887, at 10 a. m.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Wednesday, August 10, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

LLOYD TEVIS, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. I understand you desire to make a statement. Will you do so now?—Answer. I desire to make a statement concerning the relations of Wells, Fargo & Co. with the Central Pacific Railroad Company, if there is no objection to that.

Commissioner ANDERSON. We will hear your statement now.

HOW THE PACIFIC EXPRESS COMPANY ORIGINATED.

The WITNESS. I can answer a little more clearly the questions asked me yesterday in regard to the Pacific Express Company, and Wells, Fargo & Co., and the Central Pacific Railroad Company. In 1869 I conceived the idea myself of organizing an express company over all of the territory west of the Missouri River, in competition with Wells, Fargo & Co., but before doing so I submitted the matter to Governor Stanford and associates, asking them to take an interest in that company. After considerable negotiation they consented to do so, together with D. O. Mills, Henry D. Bacon, and those gentlemen——

Commissioner LITTLER. I do not think this statement is important.

The WITNESS. It is exceedingly brief.

Commissioner LITTLER. It has nothing to do with the question before the Commission.

The WITNESS. I will answer your question.

The CHAIRMAN. You had better make a statement, and then we can examine you as to the statement.

Commissioner LITTLER. There is nothing in this case, except the interest which these gentlemen have in these express companies, and how they acquired it. We have already had that very fully.

Commissioner ANDERSON. You will find that the papers make it somewhat different from the statement made day before yesterday.

The CHAIRMAN. Mr. Tevis asks to clear up his former statement; and I see no objection to that.

Commissioner ANDERSON. Not if there is any muddle in his former statement, but I think his evidence was clear.

The WITNESS. I do not desire to make any statement.

The CHAIRMAN. You had better finish your statement.

The WITNESS. That company was organized, and those gentlemen were interested with me. The Pacific Express Company made a contract with the Central Pacific Railroad Company, precisely similar in terms to the contract subsequently made between the Central Pacific Railroad Company and Wells, Fargo & Co. On October 4, 1869, Wells, Fargo & Co. and the Pacific Express Company were consolidated under the agreement marked "Exhibit 1," of October 4, 1869, which I here hand you. This is a correct copy of that agreement.

The paper was marked "Exhibit 1, August 10, 1887," and is as follows:

AGREEMENT BETWEEN THE PACIFIC EXPRESS COMPANY AND WELLS, FARGO & COMPANY.

This agreement, made the 4th day of October, 1869, between the Pacific Express Company, represented by H. D. Bacon, D. O. Mills, and Lloyd Tevis, party of the first part, and Wells, Fargo & Company, represented by A. H. Barney, W. G. Fargo, and Charles Fargo, party of the second part, witnesseth:

Whereas Wells, Fargo & Company are now engaged in carrying on a general banking and express business in all the States and Territories of the United States south and west of the Missouri River, having offices in San Francisco and New York to facilitate their banking and foreign express and exchange business; and

Whereas the Pacific Express Company have recently organized in the State of California, have purchased property and are now ready to commence a similar business over all the territory occupied by Wells, Fargo & Company, and also have an advantageous contract with the Central Pacific Railroad Company of California for the transportation of freight and treasure over its road and all other railroads which said company shall hereafter own, operate, or control;

And whereas it is manifest that no money can be made and that large losses may be sustained by both of said companies, owing to the competition which must ensue, and in order to prevent this, and to promote largely the interests of both companies, it is deemed advisable to consolidate all their interests, and to unite their efforts and influence for the common good: Therefore it is agreed as follows:

The Pacific Express Company, for the considerations herein mentioned, shall not commence business for which it is prepared as aforesaid, but shall give its good-will and influence to said Wells, Fargo & Company. It shall also, upon the performance of the stipulations and agreements hereinafter stated to be carried out and performed by said Wells, Fargo & Company, procure to be executed and delivered by the Central Pacific Railroad Company a contract with said Wells, Fargo & Company, substantially on the terms and conditions set forth in the letter dated September 25th, 1869, signed by said Bacon, Mills, and Tevis, and Leland Stanford, a copy of which is hereunto annexed.

In consideration of which, Wells, Fargo & Company shall, as soon as practicable and within three months from this date, increase their capital stock from ten million dollars ($10,000,000) as at present, to fifteen million dollars ($15,000,000), and shall issue one-third thereof, to wit, five million dollars ($5,000,000), to the said Pacific Express Company or to such persons as it may designate, or at their option shall assign and deliver within said period of three months to said Pacific Express Company or to such persons as aforesaid the one-third of their present capital stock of ten million dollars ($10,000,000). They shall continue their business with all its existing property, money, assets, and facilities until on or about the 5th day of February, 1870, when their annual meeting and election takes place in the city of New York, at which time the principal office of the company and the place for the future meetings of its stockholders and directors shall be transferred to San Francisco, California, or not, at the option of the board of directors, and from the stockholders representing said one-third and residing in California there shall then be elected at least three of the directors to compose the new board.

At the time of the annual election, or at the said date of the transfer of the principal office to San Francisco, the said company shall be free and clear of all debts and liabilities, except such as shall be provided for to the satisfaction of the stockholders representing said one-third of the capital stock, and shall withdraw from their business, for the exclusive use and benefit of the stockholders representing said two-thirds of the capital stock, all money, property, and assets of every kind, excepting the entire profits from November 1, 1869, to that date, and also excepting the horses, wagons, safes, treasure bags and boxes, office fixtures, furniture, stationery, and other personal property used in and necessary for the prosecution of their legitimate business.

And at the same time, and for the purposes of supplying the deficiency created by the withdrawal of such money and assets, they shall levy an assessment on the entire capital stock sufficient to provide a sum not exceeding five hundred thousand dollars ($500,000.)

At the next annual meeting of Wells, Fargo & Company, in New York the board of directors shall be reduced to seven.

Agreed in duplicate the day and year first herein written.

THE PACIFIC EXPRESS COMPANY,
By LLOYD TEVIS,
H. D. BACON,
D. O. MILLS.
WELLS, FARGO & COMPANY,
By A. H. BARNEY,
W. G. FARGO,
CHARLES FARGO.

OMAHA, *October* 4, 1869.

TERMS OF A PROPOSED CONTRACT BETWEEN THE PACIFIC EXPRESS COMPANY AND THE CENTRAL PACIFIC RAILROAD COMPANY.

OFFICE PACIFIC EXPRESS COMPANY,
San Francisco, September 25, 1869.

HON. LELAND STANFORD,
President Central Pacific Railroad Company:

DEAR SIR: It may be advisable for the undersigned, representing the Pacific Express Company, or otherwise to make a contract with an express company or with individuals for the purpose of doing an express business, or the organization of an express company, to be in a situation to guarantee that your company will enter into a contract with such party or parties as we may direct, with the following conditions:

(1) That you will furnish such party or parties to such express accommodations as they may require for the period of ten years, for all the express business done on the lines of your road, operated or controlled by your company.

(2) That for such service you are to be paid double first-class rates as charged by you to and from various points on the line of your road or roads, or as prorated with connecting roads, settlements to be made monthly, at which time 10 per cent. shall be deducted and allowed such parties from the gross amount found due to your company.

(3) That no charge shall be made to such parties for the transportation of their messengers, safes, or treasure boxes; also all telegraphic messages connected with their business shall have due dispatch, so far as the same can be done without prejudice to the business of the railroad company, without cost to such parties, over telegraph lines owned or controlled by the railroad company.

(4) That when it may be found convenient or desirable for such parties to appoint the agents of the railroad company as their agents, they arranging for the compensation to be paid such agents, such parties shall be at liberty to do so, first giving the railroad company notice of the same, and receiving its approbation.

(5) That such parties shall take charge of and deliver all letters, messages, and parcels without cost to the railroad company which it may desire to transmit from point to point along the lines of its road or roads.

(6) That a provision shall be incorporated in a contract with such parties that if in the practical workings of a contract with aforesaid provisions should prove onerous upon either party, if they fail to agree mutually upon a change, then on giving notice by either party of a wish that the questions at issue shall be passed upon by others, each party to the contract shall select a disinterested, intelligent superintendent of a railroad, and they to select a like umpire, to whom the questions aforesaid shall be submitted and their decision shall be conclusive and binding upon both parties.

If your company will enter upon a contract with substantially the foregoing provisions, your signature appended hereto will be sufficient.

Your obedient servants,

H. D. BACON,
D. O. MILLS,
LLOYD TEVIS,
Trustees.

The Central Pacific Railroad Company will enter into a contract on substantially the foregoing conditions.

LELAND STANFORD,

SAN FRANCISCO, *September* 25, 1869.

Q. Has this been signed?—A. I think so. Subsequent to that date, the Central Pacific Railroad Company made an agreement with Wells, Fargo & Company on December 9, 1869, a copy of which is herewith handed you, without signature. I have not in my possession the original; but this is substantially the same, if not identically the same. I believe it to be a literal copy. I was familiar with it at that time, and this, I think, is an original copy of that agreement.

Q. Is the original duly executed?—A. The original is duly executed, and I think it is identical with this. I do not happen to have it.

By the CHAIRMAN:

Q. Who were the signers originally?—A. The signers originally were the Central Pacific Railroad Company and Wells, Fargo & Company.

By Commissioner ANDERSON:

Q. After the consolidation?—A. After the consolidation.

AGREEMENT BETWEEN THE CENTRAL PACIFIC RAILROAD COMPANY AND WELLS, FARGO & CO.

(The paper was marked "Exhibit 2, August 10th, 1887," and is as follows:)

Memorandum of agreement entered into this 9th day of December, 1869, between the Central Pacific Railroad Company, a corporation organized under the laws of the State of California, party of the first part, and Wells, Fargo & Company, a corporation created by the legislature of the Territory of Colorado, party of the second part.

Whereas the party of the first part now owns and is engaged in operating a line of railroad extending from San Francisco, California, to Ogden, Utah;

And whereas the party of the second part is an express company, having a large and established business between New York and various places upon the line of said railroad and many other places west of the Rocky Mountains;

And whereas the party of the second part is desirous of securing for the benefit of itself and the persons employing it permanent and reliable facilities for the transportation of its express matter, and the party of the first part is desirious of securing the business and patronage of the party of the second part,

It is agreed as follows:

(1) The party of the first part agrees to provide on each of its passenger trains sufficient facilities of the kind customarily furnished to express companies by railroad companies for the transportation of all freight and express matter which may be tendered to it by the party of the second part for transportation upon any of its said trains at any station at which said train may customarily stop; and to receive and transport such freight or express matter upon the passenger train leaving such station next after such tender; and carry and deliver the same without delay, and so as to enable the party of the second part to make the shortest transit to the point to which such freight or express matter may be destined and the quickest connection with other lines of transportation extending by railroad, steamboat, or otherwise, beyond the lines of the party of the first part.

(2) The party of the second part shall be entitled to send free, both ways, all its safes, the contents thereof, and its trunks and bullion bags; and shall also have the privilege to send free of charge one or more persons on each train as messengers to take charge of its property, and the property confided to it for carriage. Such messenger or messengers shall ride in the car or cars provided by the party of the first part for the carriage of the goods in their charge; and also all agents of the last-named party whenever such agents, other than directors, are traveling on the business of the party of the second part.

(3) The party of the second part agrees to use its best exertions to induce freight and express matter, which it can control, to be sent in its care over the line or lines of the party of the first part.

(4) The party of the first part also agrees to employ the party of the second part exclusively to receive, take charge of, and deliver all letters, parcels, and messages which it may require to have sent or delivered on the lines of its road; such service, to be compensated for as hereinafter provided.

(5) Settlements shall be made monthly between the 1st and 15th days of each month, and the party of the first part shall be entitled to receive quadruple first-class rates

for every ton of freight or express matter transported by it, provided the aggregate amount shall not exceed 100 tons for the month, but if the aggregate amount shall exceed 100 tons for the month then the rate charged upon each ton shall be only triple first-class rates; and if such aggregate amount shall exceed 150 tons for the month then the rate charged for each ton shall be double first-class rates. The rates to be paid shall be local rates upon local business, and through rates as prorated by the party of the first part with other railroads on all through business.

(6) Upon each settlement the party of the second part shall be entitled to a deduction of 10 per cent. of the gross amount due from it as compensation for receiving, caring for, and delivering the letters, parcels, and messages of the party of the first part, and shall not make any other charge for such service.

(7) The party of the second part shall have the right to employ the agents and servants of the party of the first part as its own agents, at such points or stations as it may deem advisable, when such employment will not be to the interruption or detriment of the business of the party of the first part. The last-named party will also transmit free of charge and with due dispatch over its telegraph lines or any lines controlled by it, the messages of the party of the second part or its directors or agents, relating to its business, and will also give the party of the second part the benefit of any contract which it now has or hereafter may have with connecting telegraph lines

(8) This contract shall be binding on both parties for ten years from its date, and shall apply not only to all lines of railroad or telegraph now owned, operated, or controlled by the party of the first part, but also to such as may hereafter be owned, operated, or controlled by it during the period of this contract.

(9) The party of the first part also agrees not to engage during the last-named period in the express business, not to employ another express company in the carriage of letters, parcels, messages, or goods belonging to itself, and that it will not permit any of its employés to receive, carry, or deliver express matter. It also agrees that it will not during such period give to any other person, company, firm, or corporation any better or more advantageous terms, rates, or facilities than it gives to the party of the second part. And it will, so far as it lawfully may, during all such period, protect and forward the interests and business of the party of the second part.

The WITNESS. Another agreement was executed between the Central Pacific Railroad Company, the Southern Pacific Railroad Company, and Wells, Fargo & Co., on October 8, 1878, a copy of which is herewith handed to you.

The paper was marked "Exhibit 3, August 10, 1887," and is as follows:

AGREEMENT BETWEEN THE CENTRAL PACIFIC RAILROAD COMPANY, THE SOUTHERN PACIFIC RAILROAD COMPANY, AND WELLS, FARGO & COMPANY.

This agreement, entered into this 4th day of October, A. D., 1878, between the Central Pacific Railroad Company and the Southern Pacific Railroad Company, corporations organized under the laws of the State of California, for themselves and for all lines owned, operated, or controlled by them, parties of the first part, and Wells, Fargo & Company, a corporation created by the legislature of the Territory of Colorado, party of the second part, witnesseth:

That whereas the parties of the first part now own and are engaged in operating lines of railroad extending from San Francisco, California, to Ogden, Utah Territory, and from San Francisco to Yuma, in Arizona Territory, and diverging lines;

And whereas the party of the second part is an express company having a large and established business between the Atlantic seaboard and various places upon the lines of said railroad and extending throughout the Pacific slope;

And whereas the party of the second part is desirous of securing for the benefit of itself and the persons employing it permanent and reliable facilities for the transportations of its express matter, and the parties of the first part are desirous of securing the business and patronage of the party of the second part,

It is agreed as follows:

(1) The parties of the first part agree to provide on each of their daily passenger trains sufficient facilities of the kind customarily furnished to express companies by railroad companies for the transportation of all freight and express matter which may be tendered to them by the party of the second part for transportation upon any of their daily trains at any station at which said trains may stop, and to receive and transport such freight or express matter upon the said passenger trains leaving such station next after said tender and carry and deliver the same without delay. But the carriage of more than one car-load of express matter by any one passenger train shall, for convenience, be at the option of the parties of the first part.

(2) The party of the second part shall be entitled to send free, both ways, all its messengers, hand-safes, and the contents thereof, and its empty packing trunks and bullion bags, and shall also have the privilege to send free of charge one person on each train as messenger to take charge of its property and the property confided to it for carriage, and when necessary an additional messenger armed as guard for protection against highway robbers. Such messengers shall ride in the car provided by the parties of the first part for the carriage of the goods in charge. The agents of the party of the second part shall be carried free of charge on passenger trains of the parties of the first part, whenever such agents are traveling on the business of the party of the second part.

(3) The parties of the first part agree to employ the party of the second part exclusively to receive, take charge of, and deliver all letters, parcels, and messages which they may require to have sent or delivered on the line of their roads, such service to be compensated as hereinafter provided.

(4) Settlements shall be made monthly, between the first and tenth days of each month, and the parties of the first part shall be entitled to receive quadruple first-class rates for every ton of freight or express matter transported by them, provided the aggregate amount shall not exceed one hundred tons for the month, but if the aggregate amount shall exceed one hundred tons for the month, then the rate charged upon each ton shall be only triple first-class rates; and if such aggregate amount shall exceed one hundred and fifty tons for the month, then the rate charged for each ton shall be double first-class rates. The rates to be paid shall be local rates upon local business and through rates as prorated by the parties of the first part with other railroads on all through business.

(5) Upon each settlement the party of the second part shall be entitled to have a deduction of ten per cent. of the gross amount due from it as compensation for receiving, caring for, and delivering the letters, parcels, and messages of the parties of the first part, and shall not make any other charge for such service.

To increase the business and especially to fill capacity of express cars, the charges by the parties of the first part on fish, vegetables, fruit, and such other freight as may be agreed upon from time to time by the parties hereto, from San Francisco, San José, Oakland, Stockton, Sacramento, Marysville, &c., to Ogden, Utah, and Yuma, Arizona, and *vice versa*, shall be first-class local freight rates on local business, and proportionate through rates on through business, with ten per cent. added, and from the points named to intermediate points one and a half first-class local freight rates. It is understood, however, that these rates shall not apply except on the character of freight mentioned to fill capacity, and are not intended to apply to general merchandise or other matter obtainable at regular express rates.

(6) The party of the second part shall have the right to employ the agents and servants of the parties of the first part as its own agents, when such employment will, in the opinion of the parties of the first part, not be to the interruption or detriment of their business.

The parties of the first part will also transmit, free of charge and with due dispatch, over any telegraph lines now or hereafter controlled by them, the messages of the party of the second part or its directors or agents relating to its business, and will also give their good-will and influence in securing for the party of the second part any other telegraph facilities which may hereafter be desired.

(7) This contract is to supersede all existing contracts between the parties hereto, and shall be binding for fifteen years from January first, eighteen hundred and seventy-nine, and shall apply to all lines of railroad now owned, operated, or controlled by the parties of the first part, and also to such as may be owned, operated, or controlled by them during the period of this contract.

(8) The parties of the first part also agree not to engage during the last-named period in the express business, nor to employ any other express company in the carriage of letters, parcels, messages, or goods belonging to themselves, and that they will not permit any of their employés to receive, carry, or deliver express matter. They also agree that they will not, during such period, give to any other person, firm, company, or corporation any better or more advantageous terms, rates, or facilities than they give to the party of the second part, and they will, so far as they lawfully may, during all such period, protect and forward the interests and business of the party of the second part.

(9) As further consideration for this contract, the party of the second part agrees to pay to the parties of the first part the sum of twelve hundred and fifty thousand dollars: that is to say, eight hundred and twenty-five thousand to the Central Pacific Railroad Company, and four hundred and twenty-five thousand dollars to the Southern Pacific Railroad Company, payable in the capital stock of Wells, Fargo, & Company at par, after the same shall have been increased from five millions of dollars, as at present, to six millions two hundred and fifty thousand dollars. And said last-named party shall have six months within which to increase its said capital stock and deliver the same as herein provided.

And the party of the second part agrees that it will not increase the capital stock of said company during said period of fifteen years, except as herein provided, without the consent of said parties of the first part, but may do so by giving to said parties of the first part one-fifth of such increased capital stock.

This contract to be subject to ratification by the stockholders of Wells, Fargo & Company.

Witness the hands and seals of the parties.

CENTRAL PACIFIC RAILROAD COMPANY,
By LELAND STANFORD, *President.*
SOUTHERN PACIFIC RAILROAD COMPANY,
By CHAS. F. CROCKER, *Vice-President.*

Witness:
A. N. TOWNE.

WELLS, FARGO & COMPANY,
By LLOYD TEVIS, *President.*

Witness:
C. P. HUNTINGTON.

The WITNESS. I am now ready to answer any questions.

WHAT OCCURRED.

By Commissioner ANDERSON:

Q. I noticed in examining the agreement that the consolidated stock appears to have been raised $15,000,000, and the amount paid to the Pacific Express Company, or to its order, was five millions of stock; is that correct?—A. No, sir; that is not correct. It is stated so there in the agreement; but I will tell you what occurred. The fact is, that subsequent to that agreement, and before it was carried out, the capital stock was so increased in conformity with it, and then it was decreased to $5,000,000 before the stock was distributed, and before the Pacific Express Company received its proportion of it. It received $1,666,666.66 in stock, which it distributed among the stockholders of the Pacific Express Company pro rata.

Q. What is your present capital stock?—A. $6,250,000.

Q. When was it raised from $5,000,000 to $6,250,000?—A. It was raised when the last agreement was made, in order to give to the Southern Pacific Company and the Central Pacific Railroad Company $1,250,000 of the capital stock, which was the consideration of that agreement.

TO WHOM THE NEW STOCK WAS ISSUED.

Q. To whom was that $1,250,000 of stock actually issued?—A. It was issued in conformity with that agreement (Exhibit No. 3): to the Southern Pacific Railroad Company, I think, $450,000; to the Central Pacific $800,000. The agreement shows for itself.

Q. Is it not $825,000 to the Central Pacific Railroad Company and $425,000 to the Southern Pacific?—A. Yes, sir; I stand corrected.

Q. Under agreements Nos. 1 and 2, was the arrangement that one-third of the entire capital stock should be delivered to the Pacific Express Company, or its order?—A. Yes, sir.

THE GREAT CONSIDERATION.

Q. I call your attention to the ninth article of the agreement, as made between the Central Pacific Railroad Company and the consolidated Wells, Fargo & Co.:

The party of the first part (that is the railroad company) also agrees not to engage during the last-named period, that is, the ten years during which the contract was to run, in the express business, and not to employ any other express company in the carriage of letters, parcels, messages, or goods belonging to itself, and that it will not permit any of its employés to receive, carry, or deliver express matter.

Now I ask you if that provision was not one of the great controlling and valuable considerations that you received in entering into this arrangement?—A. That was the great consideration. I have not read that agreement, but I think there is a provision there that qualifies that, saying, so far as it was legal for them to do so, they would give us the exclusive right.

QUALIFYING CLAUSE IN SECTION 9.

Q. The qualification you refer to is found in the concluding portion of section 9:

It is also agreed that it [the railroad company] will not, during said period, give to any other person, company, firm, or corporation any better or more advantageous terms, rates, or facilities than it gives to the party of the second part. And it will, so far as it lawfully may, during all of said period, protect and forward the interests and business of the party of the second part.

Is that the qualification to which you refer?—A. Yes, sir.

Q. Is that the only qualification?—A. Yes, sir; that is the section and qualification to which I refer.

Q. As a matter of fact, since these agreements No. 1 and No. 2 were made, has your company had the exclusive express business?—A. It has.

INCREASE OF BUSINESS AND DIVIDENDS.

Q. Have the rates that you have been enabled to charge on business under this arrangement been such as to enable your company to declare dividends; and if so, what?—A. The dividends, as I stated yesterday, declared by this company from that time to the present have been 8 per cent. per annum. This railroad has only a portion of our business. We have had an immense business in addition to this railroad, out of which we have made profits and from which we have declared our dividends.

Q. Over what other roads, from 1870 to 1875, did you do business west of the Missouri River?—A. I cannot recall them without examination.

Q. Is it not true that for a number of years after the contract was made the bulk of the Pacific slope business west of the Missouri River was carried over the Union Pacific and the Central Pacific Railroads?—A. All of the through business was carried so. We had side lines running and ramifying into all of the Territories and States west of the Missouri River, which were very remunerative to us.

THE CASH ASSESSMENT.

Commissioner ANDERSON. I notice that the papers provide for an assessment of $500,000 to take the place of certain earnings, moneys, and properties that were withdrawn.

The WITNESS. Yes, sir.

Q. Is that the only cash payment that was made?—A. That is the only cash payment that was made.

Q. And does that take the place of the subscription of $500,000 for the bank, which you referred to yesterday?—A. Yes, sir.

Commissioner ANDERSON. The bank apparently had nothing to do.

The WITNESS. In this statement I evidently made a mistake. I spoke from memory, not having seen the papers for many years. That money has really been used for that purpose ever since, for the bank.

Q. Was that assessment actually paid in cash, or was it simply charged up?—A. Cash.

Q. Immediately after the formation or soon after?—A. Immediately after.

Q. How soon after the execution of this agreement was the first dividend declared? The first dividend would come within $100,000 of paying this assessment—the first annual dividend.—A. Semi-annual dividends were declared. I cannot recall just when it was declared; you may say the following year.

Q. Is the date of this agreement October 4, 1869?—A. Yes, sir.

Commissioner ANDERSON. Then it was within six months after that?

The WITNESS. I think not; but the following year, in 1870 I should say, a dividend was paid.

Q. And is it your recollection that that first dividend was 4 or 8 per cent.?—A. I think the first dividend of six months—we declared a dividend semi-annually—was 3½ per cent., being 7 per cent. per annum; and subsequently to that it was a 4 per cent. semi-annual dividend.

WHO GOT THE STOCK.

Q. Can you state exactly to whom and in what quantities this $1,666,666.66 of stock was issued?—A. I cannot state positively and definitely, but I can tell you that it was issued equally to D. O. Mills, Leland Stanford, Mark Hopkins, Charles Crocker, C. P. Huntington, and myself, and perhaps one other person, H. D. Bacon, to the best of my recollection.

Q. The assessment of $500,000, as I understand it, was on the stock itself, at such a percentage on the quantity of stock each one held; was it not?—A. Yes, sir.

Q. So that the payments were directly proportioned to their stock interests, were they?—A. Yes, sir.

Q. Was there any stock whatever issued to the Central Pacific Railroad Company itself under the first agreement?—A. None at all at that time.

NOTHING PAID TO THE CENTRAL PACIFIC.

Q. Was there any consideration whatever paid to the Central Pacific Railroad Company, either by those who received the stock from your company or by your company itself?—A. No.

Q. Was there nothing but the consideration of the rates agreed to be paid under the contract?—A. That is all, sir.

Commissioner ANDERSON. The Exhibit No. 3, as I understand it, is intended to extend the application of this method of doing business to the Southern Pacific Railroad Company; and the result of that agreement was that in consideration of such extension your capital was raised to $6,250,000, and $425,000 was issued to the Southern Pacific Railroad Company and $825,000 to the Central Pacific Railroad Company?

The WITNESS. Yes, sir.

Q. Is the same feature of quasi-exclusive business found in the paper marked Exhibit 3, as in the others?—A. Yes, sir.

A MONOPOLY OF THE EXPRESS BUSINESS.

Q. And are you the only express company that does business for the Central Pacific and the Southern Pacific Railroad Company to-day?—A. Yes, sir.

Q. Do you know what has become of the stock which was issued to the Central Pacific Railway Company and to the Southern Pacific Railroad Company?—A. I do not know what has become of it.

Q. Do you know whether they are still stockholders?—A. I think that it has all been sold; that is my recollection.

Q. Do you know who now holds the stock?—A. I do not.

Q. Who receives the dividends from your company; do you know?—A. I do not.

Q. Will your stock transfer books show?—A. Yes, sir.

CONCERNING THE EXECUTION OF "EXHIBIT NO. 3."

Q. Can you state why the execution of the instrument "Exhibit No. 3," on behalf of the Central Pacific Railroad Company is by Leland Stanford as president, and on behalf of the Southern Pacific Railroad Company is by Charles F. Crocker, vice-president?—A. I cannot state with certainty. I think it probable that one of those gentlemen was absent in New York, and this agreement was made in New York City and signed there, and the other gentleman was here. I can only account for it in that way. I have not observed it. I remember that Governor Stanford was in New York when he made the negotiation.

WHO WAS PRESIDENT OF THE SOUTHERN PACIFIC?

By the CHAIRMAN:

Q. Was Governor Stanford the president of the Southern Pacific Railroad Company at that time?—A. I think he was, but I am not sure about that.

Mr. COHEN. No, sir; not of the Southern Pacific Railroad Company.

By Commissioner ANDERSON:

Q. Who was the president of the Southern Pacific Railroad Company in 1878?

Mr. COHEN. Charles Crocker.

The CHAIRMAN (to Mr. Cohen). Is it your recollection that Charles Crocker was the president of the Southern Pacific Railroad Company at that time, in 1878?

Mr. COHEN. Yes, sir.

WHAT THE PROMOTERS PAID AND RECEIVED.

By Commissioner LITTLER:

Q. The facts still remain, as I understand you, that the promoters of this Pacific Express Company received one-third of the stock of Wells, Fargo & Co., and paid therefor $166,000, as you have before stated. Is that so?—A. We did not pay that for it. That was an assessment.

Q. You stated the facts yesterday in relation to it, did you not?—A. Not that we paid that for it. If so I misapprehended your question. Under the agreement an assessment was to be levied of $500,000 upon the entire capital stock of Wells, Fargo & Co., one-third of which we were to pay as owners of one-third of the stock.

Commissioner LITTLER. That is just what you said yesterday.

The WITNESS. I say it again.

Commissioner LITTLER. That is all there is of this matter. That is all I want to ask you.

BANKING BUSINESS OF WELLS, FARGO & CO.

By Mr. COHEN:

Q. Do Wells, Fargo & Co. do a banking business in this city and State?—A. Yes, sir.

Q. And in the Territories also?—A. We have a banking house in Nevada.

Q. At what place in Nevada?—A. At Virginia City.

Q. And in Oregon?—A. None.

Q. Do you do the general business of bankers here in California?—A. Yes, sir.

Q. And draw exchange on New York, London, and Paris?—A. Yes, sir.

Q. And issue letters of credit, and buy and sell bullion?—A. Yes, sir.

Q. And you take deposits?—A. Yes, sir.

Q. And issue certificates of deposit?—A. Yes, sir.

Q. How many offices have you in California?—A. Banking offices?

Mr. COHEN. Yes.

The WITNESS. We have but one.

Q. How many agents have Wells, Fargo & Co. through this State?—A. I cannot remember. We have some fifteen hundred agencies in all.

Q. Do your agents take orders for exchange on the bank in San Francisco?—A. Not ordinarily.

Q. Do any of the agents issue certificates of deposit? How is it at Sacramento?—A. We do not have an office for deposit there.

Q. At Stockton?—A. No, sir; nowhere.

By Mr. BERGIN:

Q. Do you issue money-orders?—A. We issue money-orders all over the State.

By Mr. COHEN:

Q. Are there money-orders in each one of your offices?—A. In every one of our agencies.

Q. Do you receive a commission from that?—A. The agents receive a commission for that. Those are our money-orders that are for sale everywhere.

Q. Does the profit of that business go into the general funds of Wells, Fargo & Co.?—A. Yes, sir.

Q. So that your dividends that you declare are not from the earnings of the express business alone but from the express and banking business combined?—A. Yes, sir.

CHARACTER OF ORGANIZATION AFTER CONSOLIDATION.

By the CHAIRMAN:

Q. How many members of the old firm of Wells, Fargo & Co. remained in the company after the consolidation of 1869?—A. I cannot answer that question. They were stockholders. It was originally a joint-stock company, and it became a corporation, and to-day we have some seventeen hundred stockholders. I cannot answer how many of the stockholders of the original company remain, but great numbers of them did.

Q. How many of the managers of the old firm or company of Wells, Fargo & Co. remained in the new company after the consolidation in 1869?

The WITNESS. In the directory, do you ask me?

The CHAIRMAN. Yes, sir.

The WITNESS. Three or four or five in the directory of nine, I forget precisely how many; perhaps a majority of the old directors remained.

Q. What were their names?—A. I can mention A. H. Barney and William G. Fargo; I cannot recall any others now.

Q. How long did they continue in the management?—A. They continued in the directory for many years. They are both dead now. The business management of the company was transferred in a short time to California, and for purposes of convenience, in order that we might have a quorum here, the majority of directors were selected from San Francisco, five out of the nine; the other four probably being, and I think certainly being, members of the old directory.

The CHAIRMAN. You have named a Mr. Barney and a Mr. Fargo as connected with the old firm, in the directory of 1869, after the consolidation?

The WITNESS. Yes, sir.

Q. Who were the other directors?—A. I cannot recall them now; I can furnish that information.

Q. Were you in the directory of 1869?—A. Subsequent to that I was a director, and D. O. Mills, and Leland Stanford, and Charles Crocker, and Mark Hopkins I think, five here and four there.

Q. Was C. P. Huntington in the early directory of the company?—A. I think it probable that he was, but I cannot recall the circumstances.

By Commissioner ANDERSON:

Q. Do you mean after 1869?

The CHAIRMAN. Yes, sir.

The WITNESS. After the consolidation.

CENTRAL PACIFIC COMPANY NOT A CONTROLLING POWER.

Q. So that a controlling interest, by numbers, in the directory, subsequent to the consolidation and at the consolidation, was in the Central Pacific Railroad Company's interest?—A. I think not, sir. I was a director, and Mr. Mills was a director, and there were several directors of the old management of Wells, Fargo & Co., leaving the Central Pacific Railroad Company in the minority. They never at any time, in all the history of the company, sought to control Wells, Fargo & Co. in any way.

Q. Had you an interest, at the time of the consolidation and when you organized the Pacific Express Company, in the Central Pacific Railroad Company?—A. None at all. I have never had an interest in the Central Pacific Railroad Company.

By Mr. BERGIN:

Q. Do you state the present number of stockholders of Wells, Fargo & Co. at about 1,700?—A. I think so.

Q. Can you state what was the number of stockholders at the time of this consolidation of Wells, Fargo & Co.?—A. I cannot. I should say several hundred—three or four hundred, perhaps.

NO PERSONAL INTEREST IN CENTRAL PACIFIC.

By Mr. COHEN:

Q. You are an old resident of California, are you not?—A. Yes, sir.

Q. And you are a very young-looking man. How long have you lived in California?—A. I have lived here nearly thirty-eight years.

Q. Are you familiar with the general history of the Central Pacific Railroad Company at the time it operated the road and the history of the company during its construction?—A. I know something of it. I

cannot say that I am intimately familiar with it. I lived here at the time.

Q. You said you were never a stockholder of the Central Pacific Railroad Company, did you not?—A. Never a share.

Q. Were you asked to become a stockholder in that company during its early history?—A. I was many times requested to become interested in it, but I declined.

Q. Were you asked to become interested in the contracts that were made to Charles Crocker & Co. and the Contract and Finance Company, and to take part in the Contract and Finance Company?—A. No, sir; I think not. I cannot recall that.

APPOINTED A GOVERNMENT COMMISSIONER.

Q. Had you any interest as a commissioner in the work of construction over the mountains when it was being performed?—A. I had. I was appointed a commissioner by the Government to inspect 300 or 400 miles of the work.

Q. I had an idea that you were offered an interest in the contract that was made with the Contract and Finance Company. Is that so?—A. I was not. I was offered an interest in the Contract and Finance Company, but not in the contract with Mr. Crocker. I understood you yesterday to refer to the contract of Mr. Crocker, a contract made by the company. I presumed that you referred to that.

REASONS FOR DECLINING AN INTEREST IN CONTRACT AND FINANCE COMPANY.

Q. Were you at any time offered an interest in the Contract and Finance Company?—A. Yes, sir; I think so.

Q. By whom?—A. By either Governor Stanford or Mr. Huntington, or some of those gentlemen.

Q. Can you recall about the time that offer was made to you?—A. It was between 1862 and 1865 or 1867; I cannot recall with certainty any nearer than that.

Q. Was it during the time the Contract and Finance Company was endeavoring to construct the Central Pacific Railroad?—A. Yes, sir.

Q. You did not accept that proposition?—A. I did not.

Q. Why did you not accept it? What was your view of the situation of the Central Pacific Railroad Company and the Contract and Finance Company at that time?—A. I looked at it as a business propo sition. I thought it was liable to lead to great embarrassment and I very much doubted their ability to carry out the contracts. I was apprehensive it would involve me. Therefore I declined either to become interested in the road itself or in the Contract and Finance Company.

STOCKHOLDERS' LIABILITIES UNDER THE LAW.

Q. What was the nature of the responsibility you feared to undertake, the liability as a stockholder or that it might require more money than you could command?—A. Both of those things entered into the consideration. I was aware of the fact that under our California laws the stockholders were liable pro rata for the debts of the company, and I was apprehensive——

By Commissioner ANDERSON:

Q. The debts of what company?—A. Of any company; the Central Pacific or any organization under our laws. I was afraid of that lia-

bility; I was also apprehensive that the money could not be raised to prosecute the work, and that the whole thing would break down. The fact is, I thought it would break down.

Mr. COHEN. I believe I may assume, without fear of contradiction, that you have been for many years one of the leading capitalists of San Francisco.

The WITNESS. I have been a capitalist for many years in San Francisco.

FINANCIAL HISTORY OF THE CORPORATIONS.

By Mr. COHEN:

Q. During the time that Charles Crocker & Co. or the Contract and Finance Company were constructing the Central Pacific Railroad, were you familiar with the financial history of these corporations, or of the members controlling either one of them, so as to say what their financial condition was at that time?—A. I had a general knowledge of that matter. Do you refer to their financial responsibility?

Q. I refer to their being constant borrowers, and the difficulty they found in obtaining money necessary for the purpose of construction.—A. I am aware of the fact that the capital of those gentlemen was very limited—I refer to their individual means—because they were borrowing money in the market all the time and of anybody that would loan it to them. They applied to me, I might say, hundreds of times. I occasionally loaned them money, and assisted them in procuring money from others. I know the fact to be that they were exceedingly hard run at times, and I was apprehensive they would fail to procure money in time to meet their obligations.

CURRENT RATES OF INTEREST.

Q. Can you say what rate of interest they paid between 1862 and 1869?—A. I can say that I loaned them money at that time at 3 per cent. per month.

By Commissioner ANDERSON:

Q. At what time?—A. Between those dates he suggests; subsequent to their commencement of the construction of the road. I should say it was after 1863. I think the current rate of interest at that time was about 2 per cent. per month, or 3 per cent., sometimes 3½ per cent.

By Mr. COHEN:

Q. Did the banks of San Francisco charge on their ordinary business, prior to the opening of the Bank of California, in 1864, 1½ per cent. per month?—A. Yes, sir; or more.

Q. The Bank of California reduced the rate of interest here in California to 1 per cent. per month; can you remember what time that was?—A. I cannot.

Q. The rate of interest that the Central Pacific Railroad Company, or its directors, or the Contract and Finance Company would have to pay prior to the completion of the road in 1869 was always 1 per cent. or over 1 per cent. per month, was it not?—A. I cannot say at what rate they procured all of their money here, but I can say that the rates of interest current were that or over.

CENTRAL PACIFIC STOCK UNSALABLE DURING CONSTRUCTION.

Q. What was the availability of the stock of the Central Pacific Railroad Company during all of those years as a means of raising money?—A. It had no value whatever for that purpose, in my opinion.

By Mr. BERGIN:

Q. Was its stock salable at all; or when did it first become salable?—A. My recollection is that it was not salable at all at that time, nor for years afterwards.

By Mr. COHEN:

Q. Do you mean at the time the construction of the road was finished?—A. While they were building the road.

By Mr. BERGIN:

Q. When did it first become salable?—A. I cannot recall.

A SYNDICATE IN NEW YORK.

By Mr. COHEN:

Q. Do you remember when a syndicate was formed in New York for the purpose of putting Central Pacific Railroad stock on the market there?—A. I think it was about 1878 or 1879 or 1880.

Q. Prior to that time was there any sale for the stock of the Central Pacific Railroad Company?—A. I do not think the stock could have been sold here. I never heard of any sales being made in California prior to that date.

DIFFICULTIES OF CONSTRUCTION.

Q. Will you state to the Commission from your own knowledge the difficulties or disadvantages that the constructors labored under in constructing the Central Pacific Railroad?—A. I think the difficulties were extraordinary. The railroad had to be constructed over lofty mountains. Reports had been made by able engineers that it was absolutely impracticable; and a grave doubt existed in the minds of capitalists here as to the practicability of it. These gentlemen had very limited means. They procured some aid from the counties through which the road passed, and also procured from the State of California a loan of $1,500,000 for twenty years, I think it was.

By Mr. BERGIN:

Q. Was it not a guarantee?—A. Yes, sir; a guarantee of their bonds.

Mr. COHEN. A guarantee of interest on the bonds.

Commissioner ANDERSON. It was an agreement to pay the interest.

The WITNESS. It was an agreement to pay the interest upon the bonds.

DIFFICULTY OF NEGOTIATING SECURITIES.

By Mr. COHEN:

Q. Not of the principal?—A. No, sir; not of the principal. The difficulties they encountered were in negotiating their securities. It was at the time when gold was at an immense premium and when the bonds of the Government were at a very large depreciation. They were constantly short of money, and I, with many other gentlemen in the habit of loaning considerable sums of money here, thought that they would utterly fail and break down and never get over the mountains.

FINANCIAL CONDITION OF CONTRACT AND FINANCE COMPANY IN 1869.

Q. We have it in evidence here that at the time the Central Pacific Railroad had been constructed to Promontory Point, the Contract

and Finance Company had expended all the money received for such construction, and had on hand about twenty-three millions of the stock of the Central Pacific Railroad Company, and was in debt three and one-half million dollars, the date being May 10, 1869. What, in your opinion, was the condition of the Contract and Finance Company at that time as to its solvency or insolvency, if it had been called upon at that time to meet its obligations?

The WITNESS. I understand you to say that at that day the Contract and Finance Committee were in debt three and one-half million dollars, and that their assets were twenty-three millions of the stock of the Central Pacific Railroad?

Mr. COHEN. Yes, sir.

Commissioner ANDERSON. I call your attention to the fact that the evidence is that they had fifty-two millions of stock; not twenty-three millions.

Mr. COHEN. I do not understand that to be the case. I understand that some years later when they dissolved they had fifty-two millions, but not at this time.

Commissioner ANDERSON. The Charles Crocker stock was passed to the Contract and Finance Company at the termination of its construction; and it was then fourteen millions.

The WITNESS. I was going to say that, assuming that the Contract and Finance Committee at that day had exhausted its means and its only assets were $23,000,000 of the stock of the Central Pacific Railroad Company, and it owed three and one-half millions of debts, I am not sufficiently familiar with the revenues of the road at that date to answer satisfactorily. I could only tell you my conjecture, from recollection, that I would not be inclined to assume that liability and take that stock.

EFFECT OF INDEBTEDNESS OF CENTRAL PACIFIC UPON ITS STOCK.

Q. What influences were there, in your judgment, which militated against the value of that stock then or thereafter?—A. The indebtedness of the company at that time was very large; but not having examined with a view to answering that question I cannot say with certainty how much, but I suppose, from my recollection, $80,000 or $90,000——

By Commissioner ANDERSON (interrupting):

Q. The indebtedness of what company?—A. Of the Central Pacific Railroad Company; that is, in the stock of the Central Pacific Railroad Company. My objection to the stock would have been the great indebtedness of the road, which I was apprehensive then would render it insolvent and unable to pay dividends to its stockholders.

EFFECT OF LIABILITY OF STOCKHOLDERS ON STOCK VALUES.

By Mr. COHEN:

Q. Under the statute of California fixing the liability of stockholders, what effect, in your judgment, did that have on the value of the stock?—A. Very great, indeed. I have just stated that one of the objections to holding any of that stock was that the stockholders, under the laws of the State of California, were liable for its debts. That was the reason why the capitalists of San Francisco and California always refused to have anything to do with it. It rendered the stock unavailable as a security.

Q. Were you familiar with the travel and transportation being done by the Central Pacific Railroad Company about the time of the completion of its road in May, 1869?—A. Not sufficiently so to answer positively about it.

Q. What has been, in your judgment, the benefit derived by the people of California from the construction of the Central Pacific Railroad as compared with their previous modes of transit?—A. I think the benefit derived by California from the construction of the road has been immense in the development of the country and in the facilities it has afforded for the bringing of immigration.

RATE OF TRANSPORTATION BEFORE COMPLETION OF ROAD.

Q. Do you remember the rate of transportation between New York and San Francisco which was paid before the construction of the Central Pacific Railroad?—A. Not sufficiently so to state definitely.

Q. Some two hundred and fifty or three hundred dollars per passenger, was it not?—A. Yes, sir; I paid $200 for crossing the plains in 1849.

Q. What was the cost by way of the Isthmus of Panama?—A. It was from five hundred to one thousand dollars. I crossed the plains in a mule team.

Mr. COHEN. I mean immediately preceding the finishing of the Central Pacific Railroad.

The WITNESS. Oh, I misunderstood your question, then. I cannot recall what that was.

By the CHAIRMAN:

Q. Do you not think that there are records showing all of these things that would be of more service for our record than the testimony of a gentleman who has doubt about his recollection?

Mr. COHEN. I do not know where you can get the record of transportation charged from year to year except by taking it from old residents.

Commissioner ANDERSON. Take it from the War Department.

The WITNESS. I might have ascertained all of these things.

INTRINSIC VALUE OF STOCK.

Q. Had the stock of the Central Pacific Railroad Company any value until the business of that company was developed some years later, after its construction?—A. I think not, until it was ready to pay dividends, which gave it a value, regardless of any intrinsic value. I never thought of any intrinsic value. But the paying of dividends, which was the result of the income of the road, gave it a marketable value.

Q. You never thought that it had any intrinsic value?—A. I thought not.

MANNERS AND CUSTOMS OF CONGRESSMEN.

Q. You did not follow the manners and customs of members of Congress and sell it short, did you?—A. No, sir; I did not sell it short.

The CHAIRMAN. What members of Congress sold it short?

Mr. COHEN. I think the Commission have been to Washington, and have the same information that I have; that almost every broker shop in Washington, and a great many in New York, were carrying accounts of members of Congress who were selling Central Pacific and Union Pacific stock short for several years past.

The CHAIRMAN. Can you give their names?

Mr. COHEN. I never was familiar with that class of Congressmen. Those that I have known were the ones that did not do these objectionable things. I only knew the good ones.

WHY CENTRAL PACIFIC STOCK WAS WORTHLESS IN 1869.

By Commissioner ANDERSON:

Q. What was the debt of the Central Pacific Railroad Company in May, 1869, when it was completed?—A. I cannot recall that.

Commissioner ANDERSON. I want to test your reason for saying that the stock was worthless. You have stated that reason as being because its debt was so gigantic.

The WITNESS. I remember that was my conclusion at the time. It was its debt to the Government and its debt in 1869 of twenty-seven millions, if I remember rightly, which took priority of the Government claim.

Q. How did the debt to the Government figure; interest was not payable on it, was it?—A. The interest was not payable upon it, but it was an obligation that had to be ultimately met.

Q. But as to the question of earning dividends upon the stock——A. (Interrupting.) That was untried. We did not know whether it would earn a dividend or not at that time.

Q. What other debts besides the Government debt and the first mortgage bonds was the Central Pacific Railroad Company carrying in May, 1869?—A. I cannot recall with sufficient minuteness to state. It had a considerable outstanding debt, I think, but what amount I do not know now.

SURPLUS EARNINGS PRIOR TO 1869.

Q. Do you know what the surplus earnings of the Central Pacific Railroad Company were for the years prior to May, 1869?—A. I do not know.

Q. Did you know then?—A. I think it probable that I did. I was more or less loaning money and observing those things at the time.

Q. Is it your recollection that the Central Pacific Railroad Company had earned several millions of dollars over and above its fixed charges prior to May, 1869?—A. I have no definite recollection on that subject, whether it had or not.

Q. Do you know when its first dividend was declared?—A. I do not.

Q. Did you observe its operations in 1869, 1870, and 1871?—A. I doubtless did observe its operations, but I cannot recall what they were then.

Q. Do you remember whether any of its stock was pressed for sale anywhere during those years?—A. I do not think so.

Q. Is not your conclusion that the stock had no market value simply based upon your general impression without any very well-defined reasons for the assertion?—A. I am speaking now of my convictions at that time. I was here throughout the entire construction of the road, and think I am familiar with the views of moneyed men in regard to the value of this stock as a security. I speak from my general knowledge, without recalling the particular indebtedness at any stated period.

GROUND FLOOR TERMS OFFERED BUT DECLINED.

Q. You have referred to a request that you should unite in these enterprises, and have stated that it was between 1862 and 1865, 1866, or 1867. At the time of that suggestion to you, how far had the road

progressed in its construction; to what point?—A. I was asked and urged many times up to the completion of the road to become interested in it upon the same terms with the original projectors. I was offered to be let into it. Statements were made to me of its exact condition at the time as an inducement to become interested, but I always declined, from the conviction that it was liable to lead to embarrassments.

Q. Was the offer made to you an offer of Central Pacific Railroad Company's stock, or was it an offer of Contract and Finance Company's stock?—A. The offer was, to the best of my recollection, of both.

Q. What disclosures were made to you as to the agreements for the construction of that road between the Central Pacific Railroad Company and the Contract and Finance Company?—A. I have forgotten what they were.

Q. Were any disclosures made to you?—A. Probably statements were made showing the exact condition of things. My impression is that the Contract and Finance Committee were some of them at least stockholders in the Central Pacific Railroad Company.

THE CONTRACT AND FINANCE COMPANY A SEPARATE ORGANIZATION.

Q. Why do you say Contract and Finance "Committee?"—A. I take it that is the name of the organization.

Q. Did you take it that that was a committee of the board of directors of the railroad?—A. It is the company I refer to.

Q. Were you not aware when you made the last answer that it was a separate company? Were you not sure of it?—A. I am sure it is a separate organization distinctly.

Q. Do you know who the stockholders were in that company; who owned all of the stock?—A. I may have been informed at that time.

Q. The question is whether your best recollection is that you were informed who were the stockholders?—A. Some of them.

THE STOCKHOLDERS.

Q. Were you informed that all of the stock was owned by Stanford, Huntington, E. B. Crocker, Hopkins, and Crocker?

The WITNESS. Of the Finance Company?

The CHAIRMAN. Yes, sir.

The WITNESS. I cannot say positively.

Q. Had they informed you that they had themselves voted the terms of the contract on which the construction was being carried on?—A. No, sir; I have no recollection of such specific information. It was not necessary to give me that information. I take it for granted they did not. I cannot remember.

Q. Did they inform you of the price which they had voted was to be paid to the Contract and Finance Company for the work that was being done?—A. I cannot recollect whether they gave me that information or not.

Q. As to the construction done by the firm of Crocker & Co., did you know who were interested in the profits to be made under that contract?—A. I did not.

Q. Were you asked to become associated in that construction?—A. No, sir; I was not.

LARGE FLOATING DEBT AFFECTED VALUE OF STOCK.

By Mr. COHEN:

Q. Was it not well known among all of the bankers in San Francisco, as far as you know, at the time of the completion of the Central Pacific Railroad in 1869, that that company and its directors had borrowed all the money that the banks here were willing to lend them?—A. It was generally understood at that time that they were considerably in debt and hard run for money.

Q. Was it not a matter of common rumor, which affected the value of their stock, that the floating debt of the Central Pacific Railroad amounted to several millions of dollars; a great many millions of dollars?—A. That is my impression, that the floating debt, as I have stated, amounted to a considerable sum at that time; how much I do not know.

LLOYD TEVIS.

PRODUCTION OF AGREEMENT AS TO TELEGRAPHING.

Mr. COHEN. I will say to the Commission that I produce now an agreement between the Central Pacific Railroad Company and other companies and the Western Union Telegraph Company, dated December 14, 1877, which the Commission did me the honor to ask me to produce.

I also desire to put on the record an assignment from D. W. Strong, the gentleman who appeared here from San Diego, of all his stock in the Central Pacific Railroad Company to one O. D. Lambard, to show what became of that stock. That clears up Mr. Strong's testimony. I will read it to the Commission.

The CHAIRMAN. Will you prove Mr. Strong's signature? You know that he denies the making of any assignment.

Mr. COHEN. I will call a Mr. John B. Harmon, a prominent lawyer here, to prove that signature, and he is here. Mr. Strong did deny making any written assignment. I will prove his signature.

Mr. Cohen then read the assignment, which is marked "Exhibit 4, August 10, 1887," and is as follows:

ASSIGNMENT FROM D. W. STRONG TO O. D. LAMBARD.

For value received I hereby sell, assign, transfer, and convey unto O. D. Lambard fifty (50) shares of the original stock of the Central Pacific Railroad Company of California, being the stock for which I am an original subscriber; and also all my rights of property, rights, claims, and demands in law or equity of what name or nature, as a subscriber to said fifty (50) shares of stock and as a stockholder in said company, and also the receipts for installments paid me.

And I hereby appoint the said O. D. Lambard my attorney in fact, for me and in my name to receive and receipt for said stock.

In witness whereof I have hereunto set my hand and seal this 22d day of December, A. D. 1868.

D. W. STRONG. [L. S.]

Witness:
JOHN B. HARMON.

For value received I hereby sell, assign, and transfer to Leland Stanford the above stock.

O. D. LAMBARD.

May 30, 1870.

It is indorsed:

"SACRAMENTO, *June* 21, 1870.

"For value received I hereby sell and transfer the within stock to C. Crocker.

"L. STANFORD."

RESOLUTION TO PAY D. W. STRONG FOR SERVICES AND EXPENSES.

Mr. COHEN. I will also read to the Commission an entry from page 74 from the minute book of the Central Pacific Railroad Company of California, under date of July 1, 1863, which is as follows:

Resolved, That D. W. Strong, in consideration of services rendered to, and expense incurred in behalf of, this company prior to and after its organization, be, and he is hereby, allowed the amount of $2,500; $500 to be allowed in cash and $2,000 to be allowed on his subscription of fifty shares of stock on the books of this company.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Wednesday, August 10, 1887.

J. H. STROBRIDGE, being further examined, testified as follows:

By the CHAIRMAN:

Question. Have you prepared any statement?—Answer. I have not. Data are very scarce, I find; I can state only from recollection.

COST OF CONSTRUCTION.

Q. Will you state to the Commission, from recollection, the cost of construction of the Central Pacific Railroad from the time of your first connection with it as superintendent in 1864 to 1869, giving the cost by sections as you recall them, and as the work, both as to the labor, the grading, the clearing, the filling, and the ties and rails and other materials that enter into the construction of the road?—A. I could not give you anything like a correct detailed statement. It is all from recollection. I saw no books and I kept no books at the time; the clerical work was all done in the office. There were simply reports and payrolls sent in from month to month. We did not expect ever to have such a thing called up again. I have in general a recollection of about the number of men we had, and so forth, but I cannot make anything like such a statement.

Q. Have you talked the matter over with any of the officers of the Central Pacific Railroad Company since you have been upon the stand?—A. I went to Mr. Miller last night to see what data there was and he gave me none.

AVERAGE NUMBER OF CHINESE EMPLOYED, AND THEIR WAGES.

Q. Since sleeping over the question, how many Chinese did you employ in 1864 at the time of your first connection with the road?—A. I do not think we had any Chinese in 1864; if so, but very few.

Q. How many did you have in 1865?—A. In 1865 I think we had as many as eight or nine thousand.

Q. How many months were they continuously employed?—A. For that year there were not as many; not more than perhaps four months. They increased from very early in the year to the end of the year.

Q. How many Chinamen did you continuously employ during the entire year, 1865? State about what you recall.—A. About an average, I should think, of 7,000.

Q. What did you pay the Chinamen during 1865?—A. I think we paid them $30 a month.

Q. Did that include board?—A. Yes, sir; that did. They boarded themselves.

Q. How many Chinamen did you employ in 1866 continuously, just as you have stated it as to 1865?—A. On an average of perhaps 11,000, or something like that.

Q. Did you pay the same wages?—A. No, sir; I think that the wages then were $35 per month, including board.

Q. How many Chinamen did you employ in 1867?—A. I think about the same number.

Q. Under the same conditions?—A. Under the same conditions.

Q. Was it $35 a month, including board?—A. Yes, sir.

Q. How many did you employ in 1868?—A. From 5,000 to 6,000, as I recollect it.

Q. Were there from 5,000 to 6,000 employed continuously during the entire year 1868, under this same arrangement?—A. Yes, sir. Early in the year we had very many more than we had after going on to the desert. I think there was an average of about between five and six thousand.

Q. How many did you employ in 1869?—A. About 5,000 up to the time the work was completed.

Q. At what time of the year was the work completed?—A. It was on the 10th of May.

Q. To what point?—A. Promontory Point.

Q. So that, from 1865 to the point of completion in 1869, did the company average in its employ about 8,000 Chinamen a year, at an average of $33 a month, including board?—A. Yes, sir.

AVERAGE NUMBER OF WHITE LABORERS, AND THEIR WAGES.

Q. How many white men did you employ in 1864?—A. Perhaps 1,200.

Q. What did you pay them?—A. I think the wages then were $30 a month.

Q. And board?—A. And board; yes, sir.

Q. How many in 1865?—A. Perhaps 2,500.

Q. Were they in continuous employment from January to December?—A. Yes, sir.

Q. At the same rate of wages?—A. The wages were raised to $35. I cannot tell whether it was in 1865 or 1866.

Q. Do I understand you to say that the wages were raised in 1865?—A. I am not certain whether it was in the spring of 1866.

Q. How many white men were employed in 1866?—A. I should think from 2,500 to 3,000.

Q. At the same rate of wages?—A. Thirty-five dollars they were paying then.

Q. And board?—A. And board; yes, sir.

Q. How many were there in 1867?—A. About the same number. They ran pretty nearly the same, as I recollect it.

Q. How many were there in 1868?—A. They did not vary very much.

Q. Were there 2,500?—A. We ran along from 2,000 to 3,000 men. I think so.

Q. How many in 1869, up to the point of completion?—A. There were not as many in 1868; I do not think more than 1,500; perhaps 1,500 or 1,600 after July, and until the work was completed.

Q. Sir?—A. I think about fifteen hundred or sixteen hundred from July, 1868, until the work was completed in May, 1869.

Q. At the same rate of wages?—A. The common laborers, yes, sir; but among others were mechanics and tracklayers; and all of that sort were paid very much more. The rate of wages as given is for ordinary laborers.

Q. So that from your recollection the white men employed from 1864 to 1869 averaged continuously during the entire year, at the wages that you have stated, about nineteen hundred; is that correct?—A. I should think so. It is not very far from it.

AVERAGE NUMBER OF MECHANICS, AND THEIR WAGES.

Q. What other labor had you?—A. There were the stonemasons and carpenters and tracklayers, a good many of them.

Q. Can you recall any figures or numbers as to the stone men, and the carpenters, and the masons, from year to year, and their wages paid?—A. I do not think so. During the work across the mountains I suppose there were 400 or 500 mechanics of that kind were employed all the time.

Q. What did you pay the mechanics?—A. I cannot tell; I do not remember; I think from $3 to $5 a day.

By Commissioner ANDERSON:

Q. Were all of those prices in gold?—A. Yes, sir. The men were all paid in gold.

By the CHAIRMAN:

Q. Do you think they averaged three to five dollars a day for the wages of mechanics?—A. I think so. That is as I recollect it.

Q. During the entire time?—A. Yes, sir.

Q. Do I understand you to say that you had a force of from 400 to 500 men?—A. I think so, as I recollect it.

Q. What other labor had you upon the road?—A. I do not think of anything further except the engineer corps.

Q. As you recall, was there no other except the engineer corps?—A. No, sir.

AVERAGE COST OF TIES, AND WHERE PROCURED.

Q. What did you pay for ties in 1864?—A. I do not know; I did not buy them.

Q. Can you recall any price paid for ties in any year from 1864 to 1869?—A. I do not think so.

Q. From where were the ties furnished?—A. Until we crossed the mountains they were pretty nearly all redwood ties and came from up the coast by way of San Francisco. There was some pine and some cedar; a few ties got out as I recollect it now; perhaps 25,000 or 30,000, before we reached the other side of the mountains into Cold Stream.

Q. What was the difference in the prices of redwood ties furnished from this side and the mountain timber ties?— A. My recollection is that the cost was very much more there than the ties that we got later, when we were down the Truckee River. There were saw-mills there and the ties were cut there to go East.

Q. Did the red wood timber ties cost you less than the mountain timber ties?—A. No, sir; they cost a great deal more.

Q. Do you recall the cost of redwood timber ties?—A. I do not.

Q. Do you recall the cost of the mountain timber ties?—A. I do not.

Q. Do you know what was the difference in the prices?—A. I do not; only in a general way. I know that, of course, getting the ties from here, with the transportation over the mountain, it made them necessarily expensive.

Q. What prices do you recall in connection with the ties as to the cutting and delivery of them at different points on the road?—A. I do not recollect much about them. It is a long time ago.

COST OF CLEARING ROAD-BED.

Q. What did you pay for clearing the road-bed as you moved along? I mean clearing away the timber?—A. That was done by the day.

Q. Was that under a special contract?—A. That was one of the items of the contract with C. Crocker & Co. and the Contract and Finance Company.

Q. Did the labor that you have stated was employed from time to time enter into the cost of the clearing of the road-bed?—A. Yes, sir.

Q. Do you recall any other cost in connection with the clearing of the road-bed other than the labor?—A. Yes, sir; we had to shoot some of those stumps and ties.

Q. Do you mean that you had to blast them?—A. Yes, sir.

Q. What were the prices in connection with the blasting?—A. I cannot tell; what do you mean?

Q. You have stated that you used to shoot something?—A. Yes, sir.

Q. And that was an additional cost? I want to know what it was.—A. The powder was expensive. I do not know what it cost, nor how much it cost to blow out those big trees.

Q. Who had that contract?—A. C. Crocker & Co. had a portion of it, and the Contract and Finance Company had the balance.

Q. Did Crocker & Co. sublet the contract for blasting?—A. No, sir.

Q. Or for any part of the clearing of the road-bed?—A. No, sir.

AVERAGE WIDTH OF ROAD-BED.

Q. How much of the road-bed did you clear?—A. We cleared the whole of it.

The CHAIRMAN. I speak of the width.

The WITNESS. It would be wider in some places than in others. In some places we were required to clear off trees that would reach the track if they were to fall; sometimes the track would be 200 feet wide, and perhaps more than that; in other places not as much; some places not more than 60 feet wide.

Q. Was that work a part of the Crocker contract?—A. Yes, sir.

CONDITIONS OF CONTRACT.

Q. Was that one of the conditions in the contract?—A. I think so.

Q. What other instructions did you receive with reference to the clearing of the road-bed, than the cutting of timber that would be likely to fall across the track?—A. The engineer's specifications would give you a detailed idea exactly of what there was to it, if they can be furnished.

The CHAIRMAN. I ask you now for your recollection.

The WITNESS. We were obliged to clear out all stumps and roots until we got two or three feet below the surface of the road-bed where the banks were shallow, and where the banks were deep we were required to cut the stumps off close to the surface, and clear them.

COST OF GRADING ROAD-BED.

Q. What price was paid for grading the road-bed?—A. I think that it was 45 cents per cubic yard for earth; that is my recollection.

By Commissoner ANDERSON:

Q. Do you mean the excavation?—A. Yes, sir.

By the CHAIRMAN:

Q. Do you recall what part of the road-bed was sublet by Crocker & Co., or the Contract and Finance Company?—A. There was none.

COST OF RAILS.

Q. What was paid for the rails?—A. I do not know. I heard it talked of at the time, and that I do not recollect.

Q. What did you hear talked of at the time?—A. I hardly know; it was very high; $100, or something more than $100 was paid for the rails at the time in New York, as I remember it.

Q. Are you a railroad engineer?—A. No, sir.

Q. What office in the railroad company do you hold now?—A. None.

Q. What connection have you with any railroad business?—A. I am superintendent of construction of the California and Oregon Railroad.

Q. Do I understand that you have been engaged in the construction of railroads all your life?—A. A great deal of my time.

COMPARISON WITH PRESENT COST.

Q. How do the prices of rails at the present time compare with the prices paid at the time of the construction of the Central Pacific Railroad?—A. They are very much less now. I do not think they are more than one-third now what they were then.

Q. Is it your recollection that there was paid for rails at the time of the construction of the Central Pacific Railroad while you were connected with it, three times more than the present rates?—A. I think so; about that.

Mr. COHEN. I can give you the cost of rails paid by the Central Pacific Railroad if you want it.

COMPARATIVE COST OF GRADING THEN AND NOW.

The CHAIRMAN. How does the cost of grading to-day compare with the cost paid at the time that you were connected with the Central Pacific Railroad Company?

The WITNESS. Of course it was much greater then.

Q. Will you state in what proportion, as you have stated regarding rails?

The WITNESS. I would like to know if you mean under the same condition now and then. Is that what you mean? Or do you ask me what it would cost to do the work now through this country, compared with the work which we did in crossing the mountains?

The CHAIRMAN. I desire to know how you compare the character of grading a road, such as you built at the time of the construction of the Central Pacific Railroad, with that of the present time.—A. If I were going to build another one over the mountains it would be very much less now. Wages are less, powder is cheaper, hay and grain are very much cheaper, groceries are cheaper, tools are cheaper, and everything used in the construction is very much less now than it was then.

Q. What would be the proportion, in your judgment?—A. If the work were to be forced in the same way that it was then, if we had the same heavy winters that we had then, there would be perhaps a difference of 30 per cent.

PRICES 30 PER CENT. HIGHER THEN THAN NOW.

Q. What other material entered into the construction of the road? You have given the labor, the clearing of the track, and the grading

and the filling, and the rails and the ties.—A. That is pretty nearly all, when you come to take the bridges, masonry, &c.

Q. Do I understand you, then, in all of the construction prices that entered into the Central Pacific Railroad, at the time of your connection with it, there is a difference of 30 per cent., compared with the same character of work to-day?—A. I think so.

By Commissioner ANDERSON:

Q. What section coincided with the State line?—A. I do not know.

Q. Was it the last section under the Crocker contract, section 133?—A. Yes, sir; I think so. I had forgotten what section it was, and I was trying to think.

Commissioner ANDERSON. Please look at the paper I now show you and state what it is, if you recognize it.

(Paper hereafter marked "Exhibit 5" shown the witness.)

The WITNESS. I have not read it for nearly twenty-five years.

Q. This paper is indorsed, "S. S. Montague. Estimate of road from Newcastle to Dutch Flat." You knew Mr. Montague, did you not?—A. Very well.

Q. Was he at this time the chief engineer of the road?—A. Yes, sir.

APPROXIMATE ESTIMATES OF COST OF CONSTRUCTION.

Commissioner ANDERSON. This is an approximate estimate, made by Mr. Montague, of the cost of substantially the work done under the Crocker contract, stating, first, sections 32 to 43, then sections 44 to 50, and then sections 51 to 68, and then giving an approximate estimate of the cost of the railroad from Dutch Flat to the State line. It is taken from Mr. Judah's report on preliminary survey. I find no date on the paper. It was handed to me by Mr. Miller, or by the railroad officials, and it is marked "305."

The paper was marked "Exhibit 5, August 10, 1887," and is as follows:

First division.— Approximate estimate of the cost of grading, bridging, masonry, ties, and tracklaying from Newcastle to Clipper Gap (twelve miles, sections 32 to 43, inclusive).

Description.	Quantities.	Price.	Amount.
Grubbing and clearing.....miles..	9	$150.00	$1,350.00
Earth excavation.....cubic yards..	390,000	30.00	117,000.00
Cement excavation.....do....	3,500	65.00	2,275.00
Semi-solid rock excavation.....do....	107,800	135.00	145,530.00
Solid rock excavation.....do....	55,800	250.00	139,500.00
Excavations in foundations.....do....	1,688	50.00	844.00
Masonry in foundations.....do....	900	18.00	16,200.00
Masonry in culverts:			
Fourth class.....do....	1,272	15.00	19,080.00
Fifth class.....do....	585	8.00	4,680.00
Timber in trestling.....feet board measure..	632,800	60.00	37,968.00
Plank in crossings.....do....	8,160	40.00	324.00
Iron.....pounds..	36,600	12.00	4,392.00
Ties.....	28,600	75.00	20,450.00
Tracklaying (12 miles main, 1 mile side track).....miles..	13	500.00	6,500.00
Depot buildings and water station.....	.....	.....	4,000.00
Turn-table.....	1	.....	1,000.00
Switches, frogs, &c.....	.....	.....	1,500.00
Total.....	.....	.....	522,593.00
Add for contingencies 10 per cent.....	.....	.....	52,259.30
Total Newcastle to Clipper Gap.....	.....	.....	574,852.30

First division.—Approximate estimate of the cost of grading, bridging, masonry, ties, tracklaying, &c., from Clipper Gap to end of first division (7 miles, secs. 44 to 50, inclusive).

Description.	Quantities.	Price.	Amount.
Grubbing and clearing.....miles..	7	$200	$1,400.00
Earth excavation.....cubic yards..	258,340	40	103,336.00
Semi-solid rock.....cubic yards..	15,600	135	21,060.00
Solid rock.....cubic yards..	103,800	250	259,500.00
Excavation in foundation.....cubic yards..	1,850	50	925.00
Masonry:			
Third class.....cubic yards..	553	20	11,060.00
Fourth class.....cubic yards..	2,892	16	46,272.00
Fifth class.....cubic yards..	678	10	6,780.00
Timber:			
In trestling.....feet B. M..	786,000	65	51,090.00
In cattle guard.....feet B. M..	15,000	50	750.00
Plank in crossings.....feet B. M..	3,000	40	120.00
Iron and spikes.....pounds..	56,000	12	6,720.00
Ties.....pounds..	16,500	75	12,375.00
Tracklaying (½-mile side track).....miles..	7½	500	3,750.00
Depot buildings and water station, switches, frogs, &c.....	.....	.....	6,000.00
Total.....	.....	.....	531,138.00
Add for contingencies 10 per cent.....	.....	.....	53,113.80
Total cost Clipper Gap to end first division.....	.....	.....	584,251.80

Second division.—Approximate estimate of the cost of grading, bridging, ties, tracklaying, masonry, &c. (18 miles second division, sections 51 to 68, inclusive).

Description.	Quantities.	Price.	Amount.
Grubbing and clearing.....miles..	18	$200	$3,600
Earth excavations.....cubic yards..	915,600	40	366,240
Semi-solid rock excavations.....do....	165,000	135	223,750
Solid rock excavations.....do....	375,000	250	937,500
Culvert masonry.....do....	11,400	12	136,800
Masonry in foundations.....do....	2,500	18	45,000
Rock excavations in tunnels.....do....	10,400	8	83,200
Timber in trestling.....feet B. M..	2,000,000	65	130,000
Iron and spikes.....pounds..	70,000	12	8,400
Ties.....pounds..	41,800	60	25,080
Tracklaying (including side tracks).....miles..	18	500	9,500
Depot buildings, water stations, &c.....	.....	.....	4,000
Total.....	.....	.....	1,972,070
Add for contingencies 10 per cent.....	.....	.....	197,207
Total sections 51 to 68.....	.....	.....	2,169,277

Second division.—Approximate estimate of cost of railroad from Dutch Flat to State Line, taken from Mr. Judah's Report on Preliminary Survey.

Stations.	Cost per mile.	Miles.	Total.
Dutch Flat to Bear River.....	$85,000	2	$170,000
Bear River to South Yuba.....	100,000	21	2,100,000
Yuba to Hall's Cañon.....	75,000	1	75,000
Hall's Cañon to Summit Valley.....	100,000	11	1,100,000
In Summit Valley.....	75,000	2	150,000
To Summit of Sierras.....	150,000	2	300,000
Summit to Strong's Cañon.....	150,000	2	300,000
Strong's Cañon to Truckee.....	100,000	10	1,000,000
Down Truckee to State line.....	70,000	16	1,120,000
Add for tunnels.....	.....	.....	850,000
Total Dutch Flat to State line.....	.....	67	7,165,000
From State line to Stout's crossing of Truckee.....	.....	20	1,200,000
	.....	87	8,365,000

Summary of estimates of grading, bridging, masonry, ties, and tracklaying from Newcastle to Dutch Flat, and recapitulation of Mr. Judah's estimate from Dutch Flat to Truckee River.

From Newcastle to Clipper Gap	$574, 852.30
Clipper Gap to end of first division	584, 251.80
Total Newcastle to end of first division	1, 159, 104.10
Second division:	
Sections 51 to 66, inclusive	2, 169, 277.00
Total Newcastle to Dutch Flat	3, 328, 381.10
Dutch Flat to State line	7, 165, 000.00
Total Newcastle to State line	10, 493, 381.10
State line to Stout's crossing of Truckee River	1, 200, 000.00
Total	11, 693, 381.10

MR. MONTAGUE'S REPUTATION.

By Commissioner ANDERSON:

Q. What was Mr. Montague's reputation for experience, intelligence, and capacity?—A. Mr. Montague was a smart man; he had not had a great deal of experience when he commenced on the Central Pacific.

Q. Did you report to him; was he your superior officer?—A. No, sir; I had nothing to do with him.

Q. What had he to do with the preparatory work before these contracts were entered into?—A. He was the chief engineer and had charge of all engineering, and all estimates and classifications, and all that sort of thing.

Q. Did you see the estimate he made at the time?—A. I do not know whether I did or not.

HIS ESTIMATE NOT HALF ENOUGH.

Q. Referring particularly to the estimate from section 51 to section 63 I find this entry, 18 miles grubbing and clearing, price $200; amount, $3,600; what is your judgment as to that estimate for those sections?—A. That depends upon where they are. If you will allow me to ask an engineer here, I think I can state that.

Q. Certainly.

The WITNESS (to Mr. Clement). Will you tell me where these sections were, 51 to 63?

Mr. CLEMENT. Sections 51 to 63 are a little above Colfax and Dutch Flat.

A. I do not think it was half enough.

CHARACTER OF THE COUNTRY.

Q. What grubbing and clearing were required?—A. Much of that portion of the line was heavy timber which had all to be removed for this 200 feet wide, some places, and in some places not more than 60, perhaps. It was not all heavy timber; and where there were any light banks the stumps had to be grubbed out until you could get everything cleared within to 2 or 3 feet below the road-bed; all stumps and everything, of course, had to be removed; that is about what it consisted of.

Q. How did those sections compare with other parts of the work, in difficulty?—A. They were much heavier than they were further west; as we went east it became much heavier.

Q. Was it much heavier than on those that I have specified?—A. Yes, sir.

PROBABLE COST OF CLEARING ROAD-BED.

Q. Referring to that portion between Colfax and Dutch Flat, what, in your judgment, would it then have cost to have grubbed and cleared the road-bed as you did it?—A. It would have cost $800 per mile.

Q. What was the cost of excavating earth on those sections? I will read you from the estimate: "915,600 cubic yards of earth excavation at 40 cents, amounting to $366,240."—A. I do not think the work was done for that money.

Q. How much more do you think it would cost?—A. It was bad weather when we were there; it was in the foot-hills, and the rains were very heavy; that was in the winter of 1865–'66; we worked in that mud there when a dollar a yard did not cover the cost.

By Mr. COHEN:

Q. Was that the winter when the Virginia stage was blocked up for six weeks?—A. Yes, sir; that was when the Dutch Flat stage was stuck in the mud for six weeks in the streets of Gold Run.

A FAIR PRICE FOR EXCAVATIONS.

By Commissioner ANDERSON:

Q. What would have been a fair average price at that time for earth excavation?—A. I think that for the year through that 40 to 45 cents was a fair price. At that particular time, when we were on that work, it was very wet and expensive.

Q. Did the earth excavation that you had to do differ any in quality?—A. Not very materially.

Q. And is the price you give substantially a fair price for all of the qualities of earth that you would meet?—A. There on those sections; yes, sir.

Q. Is not some of it more mixed in with solid matter and stone, so as to require a higher price?—A. No. Oh, well, that might occur, but in a general way the earth would not vary very much on these sections.

Q. Do you remember that there was a division of your excavation into classes; or did you hear nothing of that?—A. Yes, sir; I knew there was.

CLASSES OF EXCAVATION.

Q. How many classes of excavation do you remember?—A. There were four.

Q. Please explain what was meant by that?—A. There would be earth excavation, and, the cement, and, I think, loose rock and solid rock. Then there was then a classification of very hard rock that we had in that country, and in some places it was a blue flint, which was very expensive. I think, perhaps, there were five classes, and that was the fifth class.

Q. What do you mean by "cement"?—A. It would be cemented gravel,

Q. Are you now describing excavation of gravel that was cemented with clay?—A. Yes, sir.

DIFFERENCE IN COST OF EXCAVATING.

Q. Was there any material difference in the cost of excavating these different qualities of earth?

The WITNESS. Between that and what was classed as earth?

Commissioner ANDERSON. Yes, sir.

The WITNESS. Oh, yes, sir; there would be from 25 to 30 cents, probably. We had to shoot that material.

Q. By shoot, you mean blasted? Is that an expression for "blasted" in California?—A. Yes, sir.

Q. Have you stated substantially what the fair difference would be, in your judgment, as to the cost of excavating those different classes of earth—from 45 to 75 cents?—A. Yes, sir; I think so.

COST OF EXCAVATING SOLID ROCK.

Q. Was there much solid rock on these particular sections from Colfax to Dutch Flat?—A. Not a very great deal.

Q. What, in your judgment, was the cost of excavating solid rock to a yard?—A. Two dollars and fifty cents.

Q. And what would be a fair cost of excavating this hard, flinty rock?—A. Eight dollars a yard, and I do not think it was done for that.

Q. Is it your recollection that the fourth and fifth classes were for rock excavation?—A. Yes, sir.

CLASSES OF MASONRY.

Q. Now, as to the masonry, how many classes of masonry did you have?—A. I do not know; I do not remember.

Q. What was the cost to you of building culvert masonry?—A. I do not recollect.

Q. What masonry did you construct there in addition to the culverts; the bridge foundation?—A. The bridge masonry and abutments.

Q. Any others; were there supports?

The WITNESS. Do you speak of that particular section now?

Commissioner ANDERSON. Yes, sir.

The WITNESS. There were some bridge foundations.

Q. Can you not recall what those bridge foundations were worth per yard?—A. I think $12 a yard, perhaps.

CHARACTER OF COUNTRY EMBRACED IN SECTIONS 44 TO 50.

Q. Do you remember the section of road embracing 7 miles, in sections 44 to 50, this side of Colfax?

The WITNESS. West of Colfax?

Commissioner ANDERSON. Yes, sir.

The WITNESS. Yes, sir.

Q. How did that country compare with the country you have described heretofore?—A. The material was much the same.

Q. How much work was required for clearing and grubbing there?—A. There was not as much as there was on the other.

Q. What, in your judgment, would have been a fair cost price per mile?—A. The actual cost, perhaps, $500 per mile.

Q. And as to the earth excavation, was it about the same quality of excavation?—A. That was much the same; yes, sir.

Q. Do you state the prices for the different kinds of earth excavation as being about the same?—A. About the same.

Q. That is 45 cents for the general run of earth, and running up to 75 cents for the more tenacious qualities?—A. Yes, sir.

PRORABLE COST PER MILE OF SECTIONS 32 TO 43.

Q. From Newcastle to Clipper Gap, sections 32 to 43, what was the character of that construction as compared with the road further east?—A. I think the work, the earth work, was much the same as the other.

Q. How about the clearing and grubbing?—A. There was not as much as there was on the other, as I recollect it now.

Q. And what would have been a fair price per mile there to cover the cost?—A. I should think that about $400 per mile would do that work.

FROM DUTCH FLAT TO THE STATE LINE.

Q. From section 68 to section 138, over to the State line, that is from Dutch Flat to the State line, what was the character of the grubbing and clearing required there?—A. That was heavy.

Q. Heavier than any other work you have described?—A. Yes, sir; heavier than any other work I have described.

Q. And what in your judgment would have been a fair price of grubbing and clearing there?—A. Two thousand dollars a mile.

Q. Do you take into consideration that where you had fills to make or tunnels to make there were no grubbing and clearing required?—A. Where the tunnels were would take out some portion of it, but there were some portions that were very heavy, and there was a great deal of work, that would cost more than twice as much—more than $4,000 a mile to do the clearing and grubbing.

Q. How about the earth excavations as compared with the other places? I mean what would fairly cover the cost of the earth excavations?—A. It was much the same as the other. There would not be much difference in the cost for moving the earth.

Q. Would it be from 45 to 75 cents?—A. I think so.

Q. How much would it be for blasting rock?—A. The prices there would be the same as the other; only there was so much more of it. Portions of it were very heavy.

Q. You also had to haul your material farther from your base of supplies, had you not?—A. We followed up pretty closely with the track, going into the mountains.

TRANSPORTATION ON THE EASTERN SLOPE.

Q. Do you state the price as being from $2.50 for ordinary rock, up to $6 and $8 for hard rock?—A. Yes, sir. Speaking of transportation, after we got to Cisco we hauled from there to the State line with wagons and sleighs. That made transportation very much greater on the eastern slope.

Q. Have you any paper or memoranda from which you can furnish us any information as to the amount of this work that was done on these sections?—A. No, sir; I have not.

Q. Have you any pay-rolls?—A. No, sir. The pay-rolls all went into the office, and I never knew what became of them. They passed out of my hands and that is all I had to do with them.

Q. The last portion of the estimate of Mr. Montague refers to that portion of the railroad extending from the State line to Stout's Ferry on the Truckee River. That was not embraced within the Crocker contract, was it?—A. As I recollect it, it was not.

Q. Was that within the Contract and Finance Company's contract?—A. Yes, sir.

SUMMARY OF ESTIMATE FOR CROCKER'S CONTRACT.

Commissioner ANDERSON. I will state for the information of this Commission that the summary of the estimate shows that the work embraced

within the Crocker contract from section 32 to the state line was $
493,381.10.

By Commissioner LITTLER:

Q. How many miles does that embrace?

Commissioner ANDERSON. Sections 32 to 138—107 miles.

By the CHAIRMAN:

Q. Is there anything that you want to say that Mr. Anderson
omitted to ask you?

The WITNESS. With regard to building that road over the mou
ains?

The CHAIRMAN. Any information that you desire to give the C
mission, it will be glad to have it.

GENERAL HISTORY OF DIFFICULTIES ENCOUNTERED.

A. Of course the construction of that road, in doing the work as
did, pushing it, without regard to cost, through the three worst wint
that ever were known in the Sierra Nevada Mountains, made it v
expensive. The winter of 1865–'66 was a very wet winter; it was
ribly muddy. It was impossible to haul goods to the amount requi
for our use, and we were obliged to pack it over the mountain trai
and we had to pack bales of hay, even, a distance of 25 miles on anim
and pretty nearly all of our supplies for four or five months were f
nished them in that way. Then during the two following winters
were in the snow belt of the Sierras, and the entire fall of snow was
least 40 feet.

Q. Will you state whether you constructed snow-sheds as you we
along?—A. None; no, sir.

Q. How did you protect the road from snow as you progressed
that time?—A. There was a good deal of the winter that the road
blocked, and then in those bad winters we did not keep it open.
the last year, when we built to the Summit, we did not pretend to k
it open, but let it block. We hauled over that snow to Donner La
the material for a railroad track of 40 miles, with all of the trimmin
three locomotives and forty cars. We built 40 miles of railroad in
Truckee Cañon before the connection was made by way of the Summ
We took our men to Truckee Cañon during those two last winters,
cepting the men who could be worked in the tunnels. The snow w
not so deep there but that we could grade. We brought them ba
in the spring and cleared away the snow 10 or 12 feet down, and we
to work and graded. In that manner we forced our way across t
mountains at an enormous cost. It cost nearly three times what
would have cost to have done it in the summer-time when it shou
have been done. But we shortened the time seven years from wh
Congress expected when the act was passed. The snows were so gr
that we could not maintain a clear track from the tunnels, and we
compelled to make snow tunnels sometimes several hundred feet fr
the dumps to the face of the tunnels, and also to the camps. The sn
slides carried away our camps, and we lost a good many men in tho
slides; many of them we did not find until the next season when t
snow melted. This material that we hauled from Cisco we hauled
Donner Lake on sleighs, and then reloaded it on to wagons and haul
it over a muddy road to Truckee, and there we commenced laying t
track, and laid 40 miles in that way.

By Commissioner LITTLER:

Q. The cost of this labor in the snow and teaming by wagons was no part of the estimate of the cost of the construction, was it?—A. I do not think it was.

Q. Have you any idea what that item cost the company?—A. No, sir; I have not. It must have been very great.

WITNESS'S STATEMENT ANNEXED TO LELAND STANFORD'S TESTIMONY.

Mr. COHEN. I suggest to the Commission that Mr. Strobridge has made a sworn statement which is annexed to the deposition, if I may so term it, of Governor Stanford, and it is marked "Exhibit No. 10." I will ask to have it noted here, so that it may be referred to.

The CHAIRMAN. Yes, sir; we understood that. I thought perhaps there was something else to add to the statement already submitted.

Mr. STANFORD. Mr. Strobridge is here now on the stand, and do you not want to ask him about the difficulties, after we passed Truckee, in the transportation of men, animals, supplies, and water?

Mr. COHEN. Yes, sir. I will come to that in a minute.

The WITNESS. Excuse me. I understood the Commissioner to say, when he referred to my making any statement, that it was in addition to the sworn statement that I had made. That pretty nearly all enters into that sworn statement.

Commissioner LITTLER. I did not know that you had made that statement.

Mr. COHEN. It is annexed to Governor Stanford's statement, marked "Exhibit 10."

COST OF CONSTRUCTION RECITED IN EXHIBIT 10.

The CHAIRMAN. Have you not set out all the facts in the exhibit that you furnished to Governor Stanford in relation to the construction of the road, other than the facts that you have already stated?—A. I think so.

Mr. COHEN. I think it is pretty much all in there.

The WITNESS. I recollect one item there, where I said we hauled water 40 miles. I neglected to say that we hauled it in wagons. We hauled hay very much farther.

Mr. STANFORD. I would like you to state if we did not do a great deal of night work and in the open air.

The WITNESS. We did in heavy points along the Humboldt; we worked shifts night and day, both in the mountains and in there.

Mr. COHEN. I will call your particular attention to this question, which the Commission have submitted to the Central Pacific Railroad Company——

The CHAIRMAN. Not the Commission; which Congress has submitted in the act.

Mr. COHEN. Which an act of Congress has submitted to be answered by the witnesses who have appeared before the Commission. It is question 51:

Also to ascertain the comparative cost of construction of said roads as compared with what they would have cost with the prices of labor and commodities prevailing five years preceding and five years subsequent to the completion of said road.

ANSWER QUALIFIED AS TO PRESENT COST BEING 30 PER CENT. LESS.

Q. Can you, from your general knowledge of the subject, make any estimate of what the Central Pacific Railroad from Sacramento to Prom-

ontory would have cost five years preceding the time you did the work or five years afterwards? I do not ask you now with reference to the vigor with which the work was pushed, as I will come to that in a separate question.—A. I do not know but that I would qualify one answer I made you this morning about the 30 per cent. less. In answering that question I did not refer to the cost of material. It was in regard to the construction of the work without regard to the cost of rails and material. I did not in that answer intend that that should cover the cost of rails and track materials.

By the CHAIRMAN:

Q. What did you intend that should cover?—A. That that should cover the construction of the work aside from the machinery and track.

Q. What do you mean by machinery?—A. Locomotive.

Q. Aside, then, from the track and equipment?—A. Yes, sir.

By Mr. COHEN:

Q. In the answer you made to the chairman this morning when you said that it cost 30 per cent. more, that was an estimate applying only to the labor, and not to the cost of material?—A. Not to the cost of material; that is to say, it was not intended to cover the track and the rolling stock.

COST FIVE YEARS BEFORE AND FIVE YEARS AFTER COMPLETION.

Q. Coming back to the question I originally put to you: What, in your judgment, would the Central Pacific Railroad, from Sacramento to Promontory Point have cost five years before the time it was constructed, and five years afterwards, with reference to the amount it did cost to construct?

Mr. STANFORD. I take it from what I hear, that in making that estimate you did not take into consideration at all the extra cost consequent upon the rapidity of construction, but merely the cost of labor then, as compared with what it could have been done for since. I wanted that fact understood that in the 30 per cent. they did not take into consideration the rapidity, and the extra cost on account of that.

The WITNESS. I understood that to be the question I answered. The question as I understood it was that it was under the same conditions that that was built, and with the same seasons that we had at that time; and I so answered it. Is not that the way that it appears?

The SECRETARY. I think so. That is my recollection of the testimony.

Q. How, then, will you answer my last question?

Question read, as follows:

Q. What, in your judgment, would the Central Pacific Railroad, from Sacramento to Promontory Point have cost five years before the time it was constructed, and five years afterwards, with reference to the amount it did cost to construct?

The WITNESS. By your question do you mean what it would cost five years before, or five years after it was built?

ESTIMATE OF COST FIVE YEARS AFTER COMPLETION.

Mr. COHEN. We ask for the two estimates.

The WITNESS. I do not know what it would have cost five years previous to the building. I know about the price of labor and everything else five or six years afterwards.

Q. Will you answer that part of it, if you cannot the other?

The WITNESS. Do I understand you to mean from the time that we commenced and extending it five or six years later?

Commissioner LITTLER. The time from the completion is what the act of Congress calls for.

The WITNESS. Five or six years later, the conditions being the same, to work it the same as we did, and in the same kind of winters through the snow? I must know whether we could take our time five or six years later, and build it as we ordinarily would build a railroad, or take it just in the same way we would to build any road.

Mr. COHEN. Take your time to build it, as you ordinarily would build a railroad?

A DECREASE OF 70 PER CENT.

The WITNESS. I think that road could have been built for 70 per cent. less five years afterwards, taking our time to build it.

By Mr. BERGIN:

Q. Will you state in percentages? State what the difference on percentage was on account of the expedition with which the work was done from what it would have been had the work been done in the usual business way?—A. Well, that is taken into account in the former question and in the former answer. If we had our time to build it, five or six or seven years later, I think we could have built it for 70 per cent. less than we did at the time and in the way we did build it.

Commissioner ANDERSON. When you say 70 per cent. less, do you mean cost only 30 per cent. of the actual cost?

The WITNESS. Yes, sir; I think it cost 70 per cent. more to force it through the storms and mud than it would to have taken our time and built it as we might have done and with the decrease in the price of everything. Now comes in the price of material, rolling stock, and everything else, as I understand the question.

COST AFFECTED BY DIFFERENCES IN THE SEASONS.

By Mr. COHEN:

Q. Taking the view that you built it five years later, but that you built it just as expeditiously as you could have built it, what would have been the difference?—A. I cannot tell.

Q. Pushing it just as fast as you push the actual construction when you did construct it, what would it have been?

Commissioner ANDERSON. With the same winters and the same snow.

Mr. COHEN. Taking it five years later, whatever it was. I do not know what Congress means.

The WITNESS. The different winters in those mountains vary greatly in the fall season. In some winters there is very little snow, and in other winters the snow will fall 40 feet. I would want to know whether it was a winter when there was much snow, compared with others, or less.

Q. The estimate that you have made is upon the work that was done up to the laying of the last rail at Promontory Point, in May, 1869, was it not?—A. Yes, sir.

Q. The cost of construction of the Central Pacific Railroad was not terminated with the laying of the last rail, was it?—A. It was not; no, sir.

Q. Was a good deal of work done for several years afterwards?—A. Yes, sir.

Mr. BERGIN. When was it accepted by the Government?

Mr. COHEN. In 1873 or 1874.

MR. MONTAGUE'S QUALIFICATIONS.

Q. You have been asked several questions upon the approximate estimates made by Mr. Montague. You have been asked to express to the Commission your opinion of Mr. Montague. Do you know of any other railroad of this character that was constructed by Mr. Montague before he became chief engineer of the Central Pacific Railroad Company?—A. No, sir; I do not think he ever constructed such a road as that.

Q. Do you know of any road that he did construct as chief engineer before he became chief engineer of the Central Pacific Railroad Company?—A. I do not think he ever was chief engineer. He was a young man when he came here.

Q. Did he become chief engineer after the death of Mr. Judah?—A. Yes, sir.

Q. And acquired a great deal of experience in building this road?—A. Yes, sir.

CONTRACTS WITH DIFFERENT CONTRACTORS UNSATISFACTORY.

Q. So that at the time of his death he was really a very talented and capable engineer, was he not?—A. Yes, sir; and a smart man. He had, from his own statements, no experience in mountain work at the time he commenced that road.

Q. You have been asked various questions about the contracts that were let to Charles Crocker & Co. and the Contract and Finance Company. I will ask you, first, as to the contracts let to Charles Crocker & Co. Would it have been possible for you to have properly performed the work over the mountains, say from Newcastle to the State line, if that work had been let in sections to different contractors, each working independently of the other?—A. The company tried that experiment on the work west of Newcastle.

Q. What was the result?—A. It was not satisfactory, and it became necessary to put the work into one contractor's hands to control the whole of it and control men. Otherwise, when men were scarce one contractor overbids another until there was no end of it.

Q. What was the character of that work in the way of excavation and filling? Was it necessary that it should be all under one management over the mountains?—A. If you were not in a hurry it could be let to small contractors well enough.

THE WORK OF THE CONTRACT AND FINANCE COMPANY.

Q. As to the work let to the Contract and Finance Company, I desire to bring out the fact that you have stated in your last answer, that it would have been impossible to have built that road within the time it was built if you had to rely upon the offers of different contractors?—A. That could not have been done.

Q. I understand that it would have cost more to construct if different contractors were bidding against each other for labor. The same would have been the case with respect to material, would it not?—A. It would with labor.

Q. So that the total cost would have been very much increased?—A. The company would be obliged to furnish the material, even in dealing with small contractors. The great point with small contractors was that one would be trying to get men from the other.

By Commissioner ANDERSON:

Q. The company did furnish the material to Crocker & Co. and the Contract and Finance Company, did it not?—A. I believe so; yes, sir.

NECESSITY OF CONTROLLING THE WORK IN ADVANCE.

Mr. STANFORD. State to the commissioners the fact that oftentimes it was important for the contractors to be able to control the whole work a long time in advance, in order that construction might not be delayed.

The WITNESS. Yes, sir; I would have spoken of that before, but that comes within the statement. For instance, they sent up to Truckee Cañon, to what is called the Palisades, a force of three thousand men, a distance of 300 miles in advance of the completed line, in order to get some heavy work there out of the way before the track could reach there.

Mr. STANFORD. And then the supplies were moved by wagons.

The WITNESS. Yes, sir; everything was moved there by wagons. That is mentioned in my other statement. Everything was hauled there. There was no forage of any kind along the entire road.

HAULING WATER FOR LABORERS AND ENGINES.

By Mr. COHEN:

Q. During the time that you were constructing the road through the State of Nevada, were you compelled the most of the time to haul water for the use of laborers and engines?—A. In places, yes, sir; a good deal, especially across the desert.

Q. How about fuel?—A. Fuel mostly had to go over the Sierra Nevada Mountains.

Q. Was there any drinking water except that which was brought there by train?—A. A part of the time there was not, and a part of the time there was. Water in many places was scarce and was carried a long distance.

TRANSPORTATION OF RAILS, TOOLS, AND SUPPLIES.

Q. During the construction of the road at different places you did not receive rails as fast as you wanted them, and you were compelled to move along and grade the track without completing it, were you not? You had to haul your tools and supplies with wagons, did you not?—A. When we sent a force of men ahead like that, we hauled long distances, but going through the States of Nevada and Utah, I think that the rails, with the exception of delayed trains, came up pretty promptly.

Q. How was it on the mountains? Did you not haul over the mountains by wagon teams?—A. We hauled 40 miles over the mountains, a distance of 28 miles from Cisco to Truckee.

SMALL CONTRACTORS WOULD HAVE DELAYED THE WORK.

Q. Taking a general view of the situation, would it have been possible to have completed the road within the time that you did complete it, or at the same cost, if those contracts for labor and material were made to various bidders?—A. No; it would not. As I think I stated, if the work could have been done slowly there would have been no difficulty in giving the contracts to different contractors, with plenty of time, but for speed the work had to be under the control of one man.

Q. For speed the control of the work should be under one man, and that construction should be left to one solvent bidder?—A. It was so considered at the time.

IMMENSE COST OF SURMOUNTING THE MOUNTAINS.

Mr. STANFORD. You want to bring out one thing here—the immense cost of getting over the mountains and the time expended. If there had been any consideration of expense we would not have gotten over those mountains for two or three years as early as we did; working with a large force of men at every available point, with the long and severe winters, working night and day, so that the road might be completed in the time it was. No small contractors would have done those things or made the sacrifices. Nobody could have made the sacrifices as the contractors made them. But the Central Pacific Railroad Company itself could afford to do those things for the sake of speed. It did not hesitate at any sacrifice. Mr. Strobridge knows all about that, and I wish that you would ask him about it.

SACRIFICES MADE TO OBTAIN SPEED.

Q. You have heard the suggestion of Governor Stanford. Will you give your views upon that situation?—A. Yes, sir. The facts were that we did, at heavy points and on heavy rock, and earth points also, work a force night and day, which was much more expensive than to have done the work in daylight. In this way we forced the work to a completion across the mountains two or three years earlier than we otherwise would have done it.

Mr. STANFORD. Was there not much material wasted and borrowed; more than would have ordinarily been required?

A. Yes, sir; we borrowed and wasted much material in that way for the sake of speed, which increased the cost.

Q. You put on all the men you could obtain, without regard to the economy with which the work could be done, did you not?—A. We put all the men on the work that we could get, and worked them on those heavy points, without regard to economy, in getting out that particular piece of work.

Q. Your mode of construction was such that you were looking more to time than to the cost of the work; is that so?—A. Yes, sir.

By Mr. STANFORD:

Q. That is the main point, but I will ask this: whether, for the sake of speed, economy in the cost of construction was ever considered?—A. No, sir; it was not.

Q. But in every other way, excepting where speed was concerned, you economized as much as possible in every expenditure; is that so?—A. That is so.

THE SUPERVISION OF THE WORK.

By Commissioner ANDERSON:

Q. Had you and Mr. Arthur Brown substantially the supervision of this work?—A. Mr. Brown had the building of the bridges. He had nothing to do with the balance of the work.

Q. But you and Mr. Brown covered the entire supervision, did you not?—A. Yes, sir.

Q. Was there anything that made it impossible for you and Mr. Brown to have conducted this work for the corporation itself, under the direction of its engineers, rendering the bills of actual expense to the Central Pacific Railroad Company instead of rendering them to Crocker & Co.?—A. We could have so done.

Q. And would it have been done just as efficiently under substantially the same instructions?—A. There was no reason why we could

not work for the railroad company as well as for C. Crocker & Co., so far as I was concerned.

THE ROUTE FOLLOWED.

Q. In the Montague estimate that I have referred to I find that his estimate of the cost of a portion of the road from Dutch Flat to the State line refers to the road from Dutch Flat to Bear River, and from Bear River to the South Yuba, and from the South Yuba to Hall's Cañon. Is that the route that was followed?—A. Yes, sir,

Commissioner ANDERSON. From Dutch Flat to Bear River, from Bear River to the South Yuba, from South Yuba to Hall's Cañon, from Hall's Cañon to Summit Valley; in Summit Valley: from Summit Valley to the Sierras, from the Sierras to Strong's Cañon, from Strong's Cañon to Truckee, and down the Truckee to the State line?

The WITNESS. Yes, sir; that is the line that was followed.

CONDITIONS OF CONTRACTS.

Q. You stated that the Central Pacific Railroad Company itself purchased the materials, the locomotives and the cars, that were to be furnished by the Contract and Finance Company and by Crocker & Co., and charged them the cost of the material so purchased. Is that the way you understand it?—A. I understand it that way.

Q. Did you understand that Crocker & Co., or the Contract and Finance Company were to furnish the rails?—A. Yes, sir.

Mr. COHEN. Its rails and equipment in full. It says so in that contract.

The WITNESS. That is my understanding of it.

Q. I refer to the contract from section 32 to 138. Were Crocker & Co., to furnish the rails for that portion?—A. That is my understanding of it, that the company would buy them and furnish them to them at cost.

CONSTRUCTING THE CALIFORNIA AND OREGON FROM DELTA NORTH.

Q. It does not so appear from the books. You are now engaged, are you, on the construction of the California and Oregon from Delta to the north line of the State?—A. Yes, sir.

Q. And how nearly complete is that work?—A. I think it will be completed before Christmas.

Q. How much remains to be done?—A. About 14 miles.

Q. This side of the State line?—A. On the other side.

Q. How much remains to be done this side of the State line?—A. The track is laid to the State line.

Q. Is the grading complete?—A. Yes, sir.

Q. Is the ballasting complete?—A. No, sir; it is not complete.

Q. Are the bridges built?—A. I think they are.

Q. Do cars run to the State line?—A. Yes, sir.

Q. Do they carry passengers to the State line?—A. Yes, sir.

Q. What part of that work have you attended to?—A. I am superintendent of construction, practically the same as it was on the Central Pacific.

Q. Do you employ all of the laborers and mechanics?—A. I employ all of the laborers, not all of the mechanics. Mr. Brown builds the bridges there the same as before.

Q. Do you report to the Pacific Improvement Company?—A. Yes, sir.

Q. How much has it cost so far to build that road from Delta to the State line?—A. I do not know.

Q. Can you approximate?—A. I do not think so, with any accuracy.

Q. What are the difficulties in the construction of that road?—A. It is a very broken country. We follow the Sacramento Cañon for 60 miles, and the work, much of the way, or most of the way, is heavy.

Q. Are there many yards of rock excavation and earth excavation?—A. Yes, sir.

ESTIMATED COST OF CONSTRUCTION.

Q. What does it cost you now per yard to excavate earth upon that road?—A. Well, I do not know that; I reckon 30 cents.

Q. And what does it cost you to excavate rock?—A. Just $2.

What does your bridge masonry cost you?—A. It costs from $12 to $16 per cubic yard.

Q. What do your ties cost you there?—A. I think forty cents now. Many of them we are now having cost, I think, about 50 cents out in the mountains.

Q. In that country?—A. Within 60 miles of where we are working at the present time; about 60 miles, more or less.

Q. Do you have to pay anything for the hauling in addition to the 40 cents, or does that cover the whole?—A. No, sir; they have to be hauled.

Q. What does it cost you per hundred?—A. I do not know that; I I think about 2 cents a tie.

METHOD OF PAYMENT.

Q. Who prepares the estimates, or how is the pay carried on? Is it on pay-rolls and vouchers?—A. Yes, sir.

Q. Who has charge of the auditing of these vouchers and pay-rolls?—A. I do the most of them.

Q. How is the payment made then? Is it by the presentation of these pay-rolls to the officers of the Pacific Improvement Company?—A. Yes, sir.

Q. Who is the person to whom you present the vouchers?—A. Mr. Douty is the secretary.

Q. Can you tell me what that road has cost per mile?—A. No, I cannot.

Q. The construction which you are now carrying on, all of it, has been done since last October, has it not?—A. Oh, no, sir.

DATE OF PACIFIC IMPROVEMENT CONTRACT.

Q. When was the contract made with the Pacific Improvement Company?

The WITNESS. I understood you to say from Delta.

Commissioner ANDERSON. From Delta to the north line of the State, omitting the small portion that had been constructed previously.

The WITNESS. Yes, sir; there was a little piece.

Q. And that was adjusted?—A. Yes, sir.

Q. In October, 1886, was it not?—A. Oh, no, sir.

Q. That is the date of the contract. When do you think you commenced doing that work for the Pacific Improvement Company?—A. I cannot tell.

Q. Why can you not tell us the cost of that road, if you audited all of those bills yourself?—A. I have not been through the books, and I do not keep any accounts, but I can tell by reference to the books.

Q. But as a railroad man, I should judge that, though you could not give the exact dollars, you could say that 104 miles of road cost about

so much per mile.—A. I have not attempted to keep the run of it, and have no data from which to make the statement.

DELIVERY OF ROLLING STOCK

Q. Has the rolling stock called for by the contract been delivered?—A. I do not know whether the whole of it has or not.

Q. Has any of it been?—A. I think so.

Q. Do you not know; you are on the road there.—A. We have lots of rolling-stock which I understand is charged up to the company.

Q. Charged up to what company, the Pacific Improvement Company?—A. Yes, sir.

Q. Delivered by whom? Delivered by the Central Pacific Railroad Company?—A. Or the Southern Pacific.

Q. Is it new or old rolling stock?—A. We have new rolling stock coming all of the time.

Q. Who has charge of that department?—A. That comes into the secretary's department.

Q. Secretary Douty?—A. Yes, sir.

Q. Who has charge of it on behalf of the Southern Pacific Company?—A. I do not know.

ACCEPTANCE OF ROAD WHEN COMPLETED.

Q. Who accepts the road when completed?—A. The commissioners.

Q. I mean who accepts it on behalf of the Southern Pacific Company?—A. I do not know that.

Q. You know that you are building it under a contract between the Southern Pacific Company and the Pacific Improvement Company, do you not?—A. Yes, sir. I infer that when it is accepted by the Government commissioners, it is accepted by the company.

Commissioner ANDERSON. Do not let us get confused. This road is not being built under Government aid at all.

The WITNESS. I know it; but it is accepted by Government commissioners, all the same.

Q. Is your impression then that the action of the Government commissioners with reference to the land grant determines its acceptance by the Southern Pacific Company?—A. I think so.

WHO REPORTS DELIVERY OF ROLLING STOCK.

Q. That would have no relation whatever to the delivery of the rolling stock. Do you know who on behalf of the Southern Pacific Company certifies that the rolling stock called for by the contract has, in fact, been delivered?—A. No, sir; I think not.

Q. Do you know who on behalf of the Pacific Improvement Company is required to report the delivery of the rolling stock and locomotives?—A. I do not.

By Mr. COHEN:

Q. What do you say is the distance from Delta to the State line?—A. I do not recollect.

Mr. COHEN. It is 104 miles, more or less, is it not?

Commissioner ANDERSON. Yes; it is 104 miles.

CHARACTER OF COUNTRY COMPARED WITH THE SIERRA NEVADAS.

Q. What is the character of the country through which this California and Oregon Railroad runs, this side of the State line, with reference to its being mountainous, and with reference to the work to be done upon it?—A. Portions of it are mountainous and portions are not.

Q. As to the work to be done on portions of this line, and the quantity of materials and labor necessary, is it as heavy as the work was that was done in going over the Sierra Nevada Mountains?—A. Some portions of it are as heavy as any of the work on the Sierra Nevadas.

COST OF LABOR.

By the CHAIRMAN:

Q. What are you paying for labor?—A. We are paying to Chinese $26, and we are paying $26 also for white labor. The Chinamen board themselves, and we board the white men. That is, for common laborers.

By Mr. BERGIN:

Q. At the time this contract was let to C. Crocker & Co., and when the contract was made with the Contract and Finance Company for the doing of the work called for in those respective contracts, would it have been of any practical good to have publicly invited or asked bids for the performance of this work?—A. There was no company, I think outside of the company that built it that could have undertaken to do it and carry it through as it was done.

By Commissioner ANDERSON:

Q. Do you mean no company in the world?—A. On this coast. Yes; there are companies in the world who could have done it I have no doubt.

NO INDIVIDUAL BIDS OFFERED.

By the CHAIRMAN:

Q. Were there any individual proposals at the time for the building of the road?—A. Not that I know of. I do not know whether there were or not.

Q. Did you ever hear of any complaint with reference to the rejection of bids?—A. No, sir.

Q. You never heard of any?—A. I never did.

Q. Were any bids called for or invited in any way?—A. I do not know whether there were or not.

J. H. STROBRIDGE.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Wednesday, August 10, 1887.

Afternoon session.

Mr. COHEN. I produce to the Commission the vouchers of the Central Pacific Railroad Company which they asked me for.

LELAND STANFORD, being further examined, testified as follows:

VOUCHER NO. 2569½.

By the CHAIRMAN:

Question. I show you voucher 2569½ for $171,781.89, indorsed as follows:

C. P. R. R.

No. 2569½, $171,781.89.
Name, Leland Stanford.
Disbursed to December 31, 1876.
Chargeable to general expense.
Allowed: February 7, 1876, by the board of directors, folio 163.
"I certify that the within account, amounting to $171,781.89, is correct.
"LELAND STANFORD."

The face of the voucher reads as follows:

Central Pacific Railroad Company to Leland Stanford Dr.

Dec. 31, 1875.	Bill attached	$171,781.89
C. P. R. R. Co. to Leland Stanford Dr.	Cash paid on account of general expense to December 31, 1875	137,365.50
C. P. R. R. Co. to Leland Stanford Dr.	Cash paid on account of general expense to December 31, 1875	34,416.39
Total		171,781.89

Will you please look at the voucher and explain to the Commission in detail the character of the expenditure covered by the amount named in the bill.

Mr. COHEN (to the witness). Have you any recollection of the contents of that voucher?

The WITNESS. No, sir; I do not remember. I presume it was made up of a great many items, but I have no recollection of this particular voucher.

THE WAY VOUCHERS WERE MADE UP.

By the CHAIRMAN:

Q. How did you make up that sum?—A. As to this particular voucher I could not tell you, because I do not remember. But I used to pay out money for the company one way and the other, and after a time I would pass in my accounts or rather vouchers, and it would be made up by somebody connected with the office, presented and allowed to me; and I presume this is one of that kind.

Q. Did you keep an account in your book of the expenditure of sums of money from time to time?—A. No, sir. I used to depend upon my checks for my vouchers.

Q. Have you your check-books showing the expenditure of that sum of money?—A. No, sir.

Q. Have you your check-book with payments made from time to time by you that afterwards were made up in that sum of money?—A. No, sir.

Q. Have you any accounts showing any detailed statement from which you took that sum of money in order to give a voucher to the company?—A. None at all.

PURPOSES OF EXPENDITURES.

Q. For what purpose would you make expenditures?—A. Well, I can tell you generally. Our main offices for a long while were up in Sacramento, and I used to be down here doing business for the company a great deal of the time. In those days I borrowed a great deal—all the money, I think, borrowed on this side I borrowed—and I paid out interest oftentimes, and renewed notes, and sometimes paid commissions for large amounts. Oftentimes I have borrowed millions of dollars down here, and overdrawn at the Bank of California, and they would charge up interest, and such an account as that would make one of the items. My account, when made up, would embrace all such things as that. And everything that I paid out for the interest of the company would be made up at the end of the term and be presented, and I would be credited with it in the aggregate. But as to these particular things during those years, unless I look back at the books showing when the expenditures have been made, I could not tell, nor could I tell the

amount except by looking at the books, and then I could not tell how that amount was made up; that is, I could not tell the items.

HOSTILE LEGISLATION.

Of course we had a good many agents at one time and another. We have had a great deal of legislation aimed at the company prejudicial to its interests. Sometimes if it had been consummated it would have been entirely destructive and the road would not have been able to operate. For the affirmative legislation of the company there was very little expense ever in the way of agents. I think that as to the main aid that we had for the company in the way of county aid and State aid all those years we did not have a single man around the legislature to look after our interests. I myself looked after it. At one time, when there was something pending in both houses of the legislature, Mr. Crocker looked after one. I asked him to come up to the legislature and look after it at the proper time and see about the bill when it came up. But we have not asked for much, I think.

THE MISSION BAY GRANT.

The Mission Bay matter here is all the affirmative legislation we have ever requested for the Central Pacific, and as to Mission Bay there was no material objection to giving it by the legislature, or at least no question, excepting as to quantity. The amount that they gave, the minimum, there was no trouble about. They gave the Southern Pacific before we had any interest in it, and when I say we, I mean myself and associates. Before we had any interest in the Southern Pacific there was an equal amount given to the Southern Pacific as to the Central Pacific in Mission Bay, expecting then that would be the real terminus of the two roads, and for their accommodation. We have used the bay down there somewhat, but it is far off and it is costly to fill it. I don't know how much it will cost, but a great deal of money has been spent on it, and it has been used only to a limited extent.

THE VOUCHER EXPLAINED TO THE COMPANY.

Q. Did you make any explanation to the company at the time that you presented that voucher?—A. I have no doubt that I did.

Q. What explanation did you give to the company?—A. Well, as I do not remember the items of it I cannot remember, of course, what explanation I may have given to the company. I do not think I went into the details of these things to the company further than to say I found it necessary to expend for the general interest of the company so much, and I do not think that they ever questioned me particularly as to the wisdom of the expenditure.

Q. But would you, as a business man, consider that a proper voucher to file for the expenditure of so large a sum as $171,000?—A. That would depend altogether on who the man was who was doing the business for me. There are some men I have entire confidence in; others I should criticise closely.

SPECIAL AGENTS.

Q. What men were doing that business at that time for you in 1875?—A. Oh, I could not tell you; there were different ones, and I don't know whom we had at that time. There were special agents.

Q. What special agents; I do not understand the term?—A. Well, men who would be making expenditures outside. Of course, there were

certain kinds of accounts and expenditures made that went through the books regularly—the books of the regularly constituted officers. Then there were others that I would authorize and accounts would be rendered which I would approve, or perhaps pay. Then I would return to the company the amount I had expended and they would allow me the back interest, whatever that was. I know that there was a time we used to pay 2 and 2½ and even 3 per cent. a month for money here and I think the rate never got down to 1 per cent. until after the Bank of California was established when they brought the rate down to 1 per cent.

OVERDRAWING ON BANK OF CALIFORNIA.

Q. What objection would there be to returning the rate of interest that you had been paying for the company?—A. Well, the only voucher that I would have for it, perhaps, would be this: For instance the Bank of California would charge up once a month the interest on the overdraft. I was almost always overdrawn there. I have been overdrawn in very large amounts in that bank. The bank itself, the principal managers, were very well acquainted with our affairs. They were personally well acquainted with us in our relations. They were sufficiently acquainted to know whether it was safe to lend us money or not, so the only thing that Mr. Ralston used to tell me sometimes was, especially towards the last when there was less money, that if I wanted to draw for large amounts it would be well to let him know in advance. That was about the only limitation that they made. I know that I was overdrawn there once over $1,300,000.

By Commissioner ANDERSON:

Q. Do you mean your own account, or the account of the company?—A. My own account. Of course, it was mostly for the benefit of the Central Pacific Company, or the Contract and Finance Company very likely; I do not remember which now. But I did whatever business those companies had, pretty much, down here. I paid freight sometimes, and I guess I paid damages. I do not know whether in that big disaster I paid the damages down here or not.

HOW WITNESS'S ACCOUNTS AGAINST COMPANY WERE MADE OUT.

By the CHAIRMAN:

Q. Why would you charge that to general expense, and not to the interest account?—A. Without keeping run of the bills, I knew this: I generally made some kind of a mark on my checks to specify what they were given for, so that some one man around the institution would take my whole batch of checks, some of which would be in reference to my private matters, and sort them out. Those that were for the railroad company they would throw out, or put them by themselves, and then figure up the amounts that were due to me. They would then allow me from the date of the check up to the time that the account was balanced interest at the rate the bank had charged. It was 1 per cent. for a part of the time. So that I could settle all my affairs without reference to the bills that I might be carrying around in my hat or in my pocket. I generally had them in my pocket. In that way I generally had credit for the amounts I had paid out. I generally had my book written up, and that will appear by the interest charged there on the over-drafts. For that there is no voucher, excepting, I suppose, the mere entry on

the book for the interest. I do not now remember, but I suppose that to be so.

WAS ANY PART OF THE $171,000 USED TO INFLUENCE LEGISLATION?

Q. Was any part of the $171,000, the sum named in this bill that I have handed to you (and that you now have), paid for the purpose of influencing legislation?

Mr. COHEN. We object to the question, for the reason that the witness says that he does not remember what constituted the items composing this voucher, and upon that point, as to any questions the Commission have asked, or may be disposed to ask, this witness, we shall advise him not to answer. We do it upon this ground:

We are perfectly willing to account to the Government for its proportion of any voucher that is produced, or any entry upon the books of the company that is unexplained, and therefore we cannot see that it will make any difference what we did with the money—whether we threw it into the sea or wasted it in any manner or form. I say for myself, as counsel, and I believe I express the views of my clients, that we regard these questions as simply seeking to pander to a public scandal that cannot have any bearing whatever upon the purposes, or power, or inquiries of this Commission.

Q. I repeat my question: Was any part of the sum named in the vouchers submitted to you paid to any agent or individual for the purpose of influencing legislation?

Mr. COHEN. If you do not know it, you cannot answer the question.

NO DIFFERENCE TO GOVERNMENT WHAT COMPANY DID WITH THE MONEY.

A. I told you I did not know anything about this, but then I shall act upon the advice of my counsel. I do not suppose it can make any possible difference so long as we account for the money. If the Government is not satisfied with the vouchers which we present, whether the money was expended or wasted or anything of the kind, it can make no possible difference, because if it went into the sea, if I had used this money improperly or thrown it away, I might be accountable to the stockholders for my trust, but the Government cannot have any more than the money, and the company is willing to account for that, if you are not satisfied with the action.

Q. Do you decline to answer my question?—A. Under the advice of counsel, I do, any further than I have answered it.

HOW BILL ATTACHED TO VOUCHER WAS MADE UP.

By Commissioner ANDERSON:

Q. In whose handwriting is the bill attached to the voucher?—A. That is Mr. William E. Brown's.

Q. Do you know from what source he derived those figures?—A. He derived them from the papers that I submitted to him.

Q. Do you mean books or papers?—A. As to that I cannot say. I may have had a memorandum book, but the probabilities are it was made up from the checks; it may possibly be from bills. It is a very large amount and I cannot call to mind at all the circumstances connected with that voucher, or why it was; but it was such papers as I had, whatever they were, that it was made up from. I do not think that my account was ever made up without my having at the time a voucher for it.

Q. Where did Mr. Brown make up this bill; at your private house?—A. No, sir; down at the office.

Q. At the office of the company?—A. Yes, sir.

Q. And you delivered to him the material from which he made up these figures, whatever it was?—A. Yes, sir.

Q. What did he do with that material after he had completed the bill?—A. I think, as a rule, he gave it back to me. Almost always when my bank book was written up there would be found checks that were my own, on my own private business. I had a good deal of private business, and he used to separate those checks and give them back to me, I think, after the accounts were allowed.

SORTING THE CHECKS.

Q. And do you think that this sorting of what belonged to you from what belonged to the company was made from your checks or from the stubs?—A. No, not from the stubs; but from the checks themselves.

Q. Would you prepare the account first from the checks or would he?—A. No; I would give the checks to him. Generally I would look them over myself, and I would throw one in one pile and one in another, and then I would give him those that were for the company, and those that were not he had no occasion to examine.

Q. On what bank were those checks drawn?—A. Mostly on the Bank of California.

Q. And were they drawn on your private account?—A. Yes, sir. I do not think in those days that the company had any account at any of these banks. We used to borrow money largely, and we gave our notes for it. I say *our* notes. That is, sometimes it was my individual note and sometimes the note of Mr. Hopkins, or of one of the others.

CHECKS DRAWN ON BANK OF CALIFORNIA.

Q. How does the answer stand as to the name of the bank? The only question is on what bank those checks were drawn which you gave to Mr. William E. Brown.—A. In the earlier days, I think (at any rate, in the earlier history of the road and prior to its completion), most of the money that was borrowed down here, if not all, was borrowed in our individual names.

Q. I am not inquiring about that, but only about the bank on which these checks were drawn which were handed to Mr. Brown.—A. I think at that time the only bank that I drew checks on was the Bank of California; but Mr. Cohen here is familiar with the matter, and he has sometimes paid out money for us. He says that the company itself had accounts here at the bank, but I am not able now to recall that to mind.

Q. Are you positive that the checks which Mr. Brown was in the habit of sorting, and from which he made up this voucher, were the checks of Leland Stanford?—A. There were no other checks—that I am sure of—excepting, I think, there were a few times when Mr. Cohen himself paid out money on account of the company and had it charged to my account.

Q. Was this as early as December, 1875?—A. As early as that, yes, sir. Sometimes when I was not here he looked after the affairs, and sometimes he gave his own check to charge to my account on the Bank of California. Sometimes I would tell Mr. Ralston that I would have such things coming due and for him to take care of them, and he would

take care of them; and sometimes I would give a bank check to b charged into my account.

METHOD OF KEEPING WITNESS'S BANK-BOOK.

Q. How often was it your practice to have your bank-book mad up?—A. That depended very much on whether I needed the money o not.

Q. I mean, how often was your bank-book written up?—A. I woul have it generally written up when I wanted some money for myself, o my account was getting short. What I had paid out for the compan would then be credited to me. I know in one case it was over a yea before the account was written up. But generally, I guess, it was writ ten up about every three or four or five or six months.

Q. You made your deposits in the usual way, on pass-books, I pre sume?—A. Yes, sir.

Q. And who keeps your stub entries?—A. Sometimes one of th clerks. I would tell him to fill out a check for so much money. But as a rule, I filled out my own checks.

Q. How long would a check-book last you?—A. It depended. Ther were different sizes of check-books, and in twenty-five years I shoul not wonder if I had used up a good many books.

Q. Have you in your possession any of the stubs of these check-book that you have used for the last twenty years?—A. I do not think I hav one.

Q. Have you in your possession any of the checks?—A. I do not thin I have any of those.

PASS-BOOKS, CHECK-BOOKS, AND CHECKS DESTROYED.

Q. Have you in your possession any of the pass-books?—A. No. may have one; yes.

Q. That one that you are using now, you mean?—A. Yes, sir.

Q. Did you dispose of those books at one time or at various times?— A. After a time I threw those things generally into the fire. I used t have a cleaning up about once a year, and when I would be going away I would overhaul my papers and things, and what I did not want to keep I would destroy.

Q. When do you recollect destroying your checks?—A. Almost every time when I went away; that is, when I went off to be gone some time and when I was going away to Europe. I have been to Europe three times within the last few years, and in each case I cleaned up, and would keep only such papers as, in case I never returned, I cared that other people might see.

Q. Have you in your possession no returned canceled checks?—A. No. I destroyed some not long since.

Q. How long since?—A. I may have a few since my book was writ ten up, but no considerable number.

Q. Then you make it a practice to destroy the check-books, pass-books, and the checks?—A. Yes, sir.

LAST TIME WITNESS DESTROYED CHECKS AND STUBS.

Q. Please specify when you recollect was the last occasion on which you burned your checks and stubs, or destroyed them in whatever way you selected.—A. Some of them I destroyed since my return from Washington.

Q. When was that?—A. That was in April.

Q. How many checks do you remember then destroying?—A. I do not remember.

Q. Was it a large bundle?—A. I think that it must have been one or two or three writings up; perhaps twenty-five or thirty in a bundle.

Q. Covering a period of how long a time?—A. I cannot say exactly, but probably a year or two. I had not had occasion in the last two or three years to pay out many checks. My private business mostly has been conducted by my general manager, and I have not been giving the active attention to the finances of the company that I used to give, and there have not been so many checks in the past few years.

Q. What particular connection has the fact of your not doing the business of the company with the period at which you destroyed your checks?—A. Because I had no reason to draw checks, and I did not have many. I was not doing much, the financial business of the company being done by others, and my own private business being generally managed, and my accounts being all paid by my general manager.

Q. Can you tell me why this voucher contains two separate items, one for $137,365.50 and the other for $34,416.39?—A. I cannot tell you anything more than what I say. I have not the least recollection of that voucher or when it occurred.

WHERE WITNESS SPENT THE WINTER OF 1875-76.

Q. Do you remember where you spent the winter of 1875-'76?—A. I was here. I might have been over in New York, but I spend most of my winters here in California. Sometimes I was over east. This has been my home during the whole of these years, here at Sacramento and at San Francisco.

Q. Did the legislature of California sit during the year 1875?

Mr. BERGIN. It used to sit annually.

Commissioner ANDERSON. I thought they had biennial sessions.

Mr. BERGIN. They have biennial sessions since the constitution of 1862.

Q. My question is whether there was a session in 1875?—A. There was during the winter of 1876.

Q. Was there in 1875? This voucher is dated December 31, 1875.—A. I cannot remember the fact about the legislature of those times. That is, I do not remember the year. I cannot remember now whether it was the even years or the odd years that it sat.

Mr. COHEN. It used to commence on the first Monday of December.

Mr. BERGIN. That would be called the session of 1875-'76.

PROPOSED HOSTILE LEGISLATION.

Q. Do you remember whether there were any measures pending before the legislature of 1875 that your company had an interest in?—A. I do not remember that particular session, but I do not think that there has been any session—that is, from 1863 or 1864—that there was not some hostile legislation proposed. The fact is, that hostile legislation was proposed almost from the time that we commenced building the road. Even while we were struggling up the mountains there were desperate efforts made to destroy our credit in various ways, and among them was the plan to go to the legislature and offer bills such as probably would injure our credit. I do not think there was any legislation from that time until the legislature appointed a commission.

Commissioner LITTLER. Do you gentlemen agree as to whether there are annual sessions in this State or biennial sessions?

Mr. COHEN. There were annual sessions up to the amendment of the constitution in 1862, and then since that there have been biennial sessions. There was a session commenced on the first Monday of December, 1875, and that lasted until about April, 1876.

The WITNESS. I do not think there was any session up to 1880, at any rate, in which there were not more or less attacks made upon the railroad. Bills were very hostile.

COMPANY REPRESENTED AT SACRAMENTO.

Q. Was it the custom of the company to be represented at Sacramento before committees of the legislature?—A. Yes, sir.

Q. How many representatives did you have there?—A. I used to generally go there and spend a good deal of time when there was any very hostile legislation going on or proposed; I was up there, and I sometimes had one of our people and sometimes another; sometimes one lawyer and sometimes another.

Q. Please name the lawyers who were in the habit of attending the legislature with you.

Mr. BERGIN. I think that is equally objectionable with the other matter.

Commissioner ANDERSON. It is for you to say, gentlemen; I think not.

COMPANY WILLING TO ACCOUNT FOR CERTAIN VOUCHERS AS MONEY ON HAND.

The WITNESS. Unless it is really necessary I do not want to go into the details of anything of that kind. We often employed agents in a confidential character, and it was not advisable that others should know that they were in our service. I do not want to answer unless I am compelled to answer. I want to give you all the information that is in our power, by which you may understand under what obligations we are to the Government. If we have wrongfully disposed of any of the assets of the Central Pacific Company that could possibly affect its relations to the Government, I want you to know it, but where it is a matter merely between myself and my stockholders and directors, and it cannot make any difference in our relations to the Government, or what the Government may want to claim, because of a lack of proper vouchers upon which to base their 5 per cent. or 25 per cent., I do not want to do it. I cannot conceive that the questions that you are asking me can possibly affect our accounting with the Government, as long as we are willing to pay. If you are not satisfied with these vouchers, we say to you, say so, and we will account for them as money on hand.

COMMISSION DIRECTED TO ASK AS TO APPLICATION OF COMPANY'S FUNDS.

Commissioner ANDERSON. We are not at liberty to question the directions of Congress, and those directions require us to ask these questions. I may say, however, that it is not a question of what percentage you may pay to the Government, but it is a question of the effect on the power of the corporation to meet its obligations. These vouchers in all amount to several millions of dollars, and if you have misspent that money or if it has been misapplied, to that extent that decreases the power of this corporation to pay its debt. In addition to that, the

inquiry is addressed by Congress with reference to what it deems to be a misapplication of funds by the directors of this company, which it has a right to know. So that I must respectfully ask you to either answer or decline to answer.

The WITNESS. If you will read to me that command of Congress to the Commission, I can tell better; but I am not aware that Congress has any more to do with this company than any other creditor has who has not a matured debt.

Commissioner ANDERSON. We are directed further to inquire and report whether said companies, or either of them, or their officers or agents, have paid any money or other valuable consideration, or done any other act or thing, for the purpose of influencing legislation. Now, it is for you gentlemen to say what course you will take.

Mr. BERGIN. We have already answered in respect to these matters as specifically as it is practicable to do. Of course, we feel constrained to advise the Governor to decline to answer.

Commissioner ANDERSON. The other question was whether money had been used to influence legislation.

EXPENDITURES ENTIRELY IN INTEREST OF COMPANY—NO ILLEGITIMATE INFLUENCE.

The WITNESS. I must say that I have had many an argument before committees, and had many a talk, too, with the individual members of the legislature on behalf of the company, and I have tried to use all the influence I could in various ways. Now, I do not know that I ever used an illegitimate influence in any instance, and these expenditures, I have no doubt (and I presume every stockholder in the company has the same view), were entirely in the interests of the company; and that the Government has no more reason to find fault with those expenditures, if they knew exactly what they were, item for item, than they would be if we had paid out so much money for ties or iron.

Commissioner ANDERSON. We only ask to be put in possession of that information, and to be told what the moneys were paid for.

The WITNESS. I have tried to put you in possession of every information necessary to meet that requirement of Congress, and if I have not been able to do so, I am very sorry.

DECLINES TO ANSWER UNDER ADVICE OF COUNSEL.

Q. I will repeat the question as it was put before, and let these gentlemen say whether they decline to answer the question specifically or not: "Please name the lawyers who were in the habit of attending the legislature with you."

Mr. BERGIN. Under the advice of counsel, the witness declines to answer.

Q. Is that your answer?—A. Yes, sir. I will say further, that though I decline to give my information in regard to individuals, I do not think it will make any difference, and I know it cannot make any difference, in the result of our accounting with the Government.

Commissioner ANDERSON. I assume that you gentlemen are satisfied with the sufficiency of the refusal to answer.

VOUCHER FOR GENERAL EXPENSES.

By Commissioner LITTLER:

Q. This voucher appears to be a voucher for general expenses to December 31, 1875. What sort of general expenses would naturally be

included in this voucher?—A. I suppose anything for which I have pa out money that did not go through the regular course of the busine If I paid out freight bills, or paid interest accounts, and the intere had been charged to me upon the overdrafts of the bank, or if I ha paid a commission for the borrowing of money and had given my che to the broker or the attorney, I suppose such things as that would in it.

WITNESS NEVER CORRUPTED A MEMBER OF THE LEGISLATURE.

Q. Are you able to state to this Commission that any of this mon was paid for illegitimate or corrupt purposes; that is, to corrupt t legislature of the State of California, or any other State legislature, the Congress of the United States?—A. I have told you what I know that I do not remember about that account; but I can say this, that never corrupted a member of the legislature in my life, and I do n know that any of my agents ever did. So far as Congress is concerne I saw a statement there that the board of directors allowed my accou for expenditures made in Washington, or in various places. I do n know that I ever had any occasion to pay out any money at Washin ton except for my own private expenses.

NEVER WENT TO WASHINGTON TO INFLUENCE LEGISLATION.

Q. Was there any legislation pending before Congress during th session of 1875-'76 in which this company was interested?—A. I ca not remember the date. We have had business there; but I nev went on to Washington for the purpose of influencing legislation.

Q. Was there a controversy pending in Congress between this co pany and the Government about that time in relation to Goat Island?- A. There was no controversy.

Q. Was there a bill pending?—A. There was a bill. I do not kn about the year. We had a bill there, conceding to us the right to onto Goat Island; I do not know how far I ought to tell you, but I kn that if the company had expended money at that time they could ha had Goat Island.

GOAT ISLAND.

Q. Do I understand you that the company did not expend mon corruptly at that time?—A. Yes, sir. A member of Congress told m himself that $10,000 would give us the necessary vote. But I ha always been very glad since of the result. At first there was no co troversy. Goat Island had been regarded for many years as the prop terminus of the road. Let me tell you about this Goat Island matte We thought that we ought to get to Goat Island, so as to be as near this city as possible. There was no objection here by the newspaper There was no objection of any kind until one morning six gentlem met, three of whom happened to own an interest down near Raven wood, where it was supposed we might cross, and the other three h interests over in Saucelito, where it was also supposed that we mig cross. They got to talking and joking each other about being left o in the cold, and then the question was raised whether they could n do something to prevent it, and they did. They stirred up bitter fe ings here, saying that if we had Goat Island the city of San Francis was going to be ruined. That was why we did not obtain Goat Islan It was worth nothing to the Government and is worth nothing now the Government for defensive purposes. General Sherman has te

me that to fortify Goat Island would be about as wise as for a man to plant a cannon on the steps of his house to protect it. He told me that if ever a vessel got into this harbor it would use the city to make Goat Island surrender. That is, it would be in a position to fire into the city and Goat Island could not prevent it.

NO CORRUPTING OF OFFICIALS.

Q. Do I understand you to state to the Commission that from your personal knowledge of the items which go to make up this voucher, no part of it was expended for the purpose of corrupting officials of any kind?—A. To my knowledge there was no such thing. That is, I have no knowledge of corrupting any officials, or that anybody did do it. I certainly never corrupted an official in my life, nor attempted to. I would say that in this State I do not think there was any affirmative legislation sought by the Central Pacific. I do not remember any unless it was about Mission Bay; and there it was a question of amount, and not as to the propriety of it. As to affirmative legislation in behalf of the Central Pacific Railroad Company in Washington, there has been very little of that. I do not know of any, in fact, since the passage of the bill of 1864, and then again of 1866.

VOUCHER No. 1782½.

By the CHAIRMAN:

Q. I now show you voucher No. 1782½; the indorsement is as follows:

No. 1782½, $50,000.
Name, Leland Stanford.
For expenses and disbursements.
September 7, 1876.
Chargeable to expenses and credit Leland Stanford.
I certify that the within account, amounting to $50,000, is correct.
By LELAND STANFORD.
Inside.

Mr. COHEN. What year was that in?

The CHAIRMAN. That was in 1876.

The WITNESS. I suggest to the Commission that there is not, in all that class of bills, to-day a single item which I positively remember. I could not tell the amount, nor when those bills were credited, excepting I went to the books. I cannot tell of a single item that went to make up this amount. Let my answer as to this and to the other vouchers of that class be the same as I have made to this other voucher, and I will take that position generally.

The CHAIRMAN. I would like to call your attention to each one of the expenditures made, by itself, so as to get it on the record. I read now the face of the voucher as to which you have been testifying:

Central Pacific Railroad Company to ——— ———, *Dr.*

Expenses and disbursements..... $50,000

SAN FRANCISCO, *September* 7, 1876.

Received from Central Pacific Railroad Company $50,000 in full for above account.
LELAND STANFORD.

Please state to the Commission in whose handwriting the face of the bill is, and whether you can recall the details of the expenditure.

AN EXPLANATION OF IT.

The WITNESS. The filling in is mine. The other part, I suppose, is by some clerk in the office. Now, as to that I can only give a conjecture,

and that is, that my account needed some money placed to its credit, and that I drew that money, and probably afterwards made up or gave in the vouchers that I had for the expenditures. That is a thought of mine, because the voucher seems to be different from the others, but as to what was done with that money other than perhaps to place it to my credit, I have not the least idea. But I can see that it is different from the ordinary ones. It says on the back: "Chargeable to expenses and credit Leland Stanford." Is not that it?

Mr. COHEN. Yes.

The WITNESS. Does that mean that it was credited to me on the books? I cannot remember anything about the bill any more than by seeing it here, and that it is in my handwriting as to the words "expenses and disbursements."

Q. Do you recall how you made up the items of the bill at the time the voucher was made up?—A. I cannot say, for I do not remember the bill itself. But usually somebody made up my account for me.

Q. Was any explanation asked by the company for such an expenditure?—A. I cannot remember as to that.

Q. Did you give any explanation?—A. No. I do not remember that I gave any explanation. But the probabilities are that my account was short, and I needed the money. And then I furnished an offset to it afterwards in the vouchers such as I usually had.

Q. What objection would there have been to stating in full the purposes of the expenditure?—A. Very likely I was busy and had not time just then. But I do not know.

Q. Was the bill made up in the same way as the voucher that you have already sworn to, by your check book or by stubs?

The WITNESS. For this $50,000?

The CHAIRMAN. Yes.

The WITNESS. I have told you that it was probably not, from the fact that it was different. It appears that it was in my handwriting. If it had been made up by the clerks it would have been in their handwriting. That is all I can tell you about it.

THE MONEY NOT USED TO INFLUENCE LEGISLATION.

Q. Was any part of the sum expended through any agent or individual for the purpose of influencing legislation?—A. Not to my knowledge. I have told you already. I do not know the object of your examining me in this way. I have told you I do not know anything about it; and I have told you that, I think, three or four times.

The CHAIRMAN. I want you to distinctly understand that I am going to ask you as to each one of these vouchers, and I will put it on the record.

The WITNESS. And I want you to distinctly understand that I shall exercise my discretion about it.

The CHAIRMAN. That is your right, and it is my right and duty, sworn to, to ask you.

The WITNESS. It is your right and your duty to be a gentleman in asking your questions.

The CHAIRMAN. Well, if I have not been, I will apologize.

The WITNESS. Well, I think you have occasion to apologize for asking such questions as that over and over again.

OBJECT OF PLACING ON RECORD EACH QUESTION AND REFUSAL TO ANSWER.

The CHAIRMAN. I will repeat my question, and you can decline, just as you have done. I am going through all of these vouchers just in this way, so that there will be no mistake in the future.

The WITNESS. I do not swear positively, because I do not remember the circumstances. But it is my conjecture that the fact is as Mr. Cohen has explained it.

The CHAIRMAN. If you will state positively as to it, then I will not ask you further about it.

The WITNESS. How can I state positively that which I do not know?

Commissioner ANDERSON. If this question is to be presented to the court, the court will require the record to show clearly that you have declined to answer the questions, before it will undertake to say whether you shall answer them or not. Therefore we cannot be satisfied with one answer from you, but must place each question on the record and your refusal to answer it.

The WITNESS. I understand that; but I had thought it would save time if I made the answer to this, so that the answers I have made to all this class of questions might be applicable to each one.

The CHAIRMAN. If you just let us get our record made up we will be satisfied. These lawyers understand the object.

Mr. BERGIN. So far as the form of the question and the proceedings have gone for the purpose of presenting any question to the court, there shall be no question on the score of its efficiency. If that be the purpose of it, then, for all purposes, you can consider it ample and complete, and no objection shall be taken in court.

Commissioner ANDERSON. I know; but the court will require to see the vouchers, and more than one of the vouchers. If the vouchers are presented, and the witness says, "I decline to answer," that will make it complete.

The WITNESS. Of course I do not want to avoid, for the sake of saving time, anything that is necessary to have the case properly presented in court; but I suggest that when you take up one of these vouchers and I decline to answer for the same reason given in the other answer, that that will be sufficient.

The CHAIRMAN. Very well, sir; I will read it, and you can make that answer.

Mr. BERGIN. That is what I suggest.

VOUCHERS RELATE TO MONEY TRANSACTIONS OCCURRING MANY YEARS AGO.

The WITNESS. Bear in mind, gentlemen, that these are really vouchers in relation to money matters occurring a great many years ago, when I was doing a great deal of business, and was very much hurried, and worked very hard. We had our hands full. The whole building of this road devolved upon a few of us at last, and it was a question of how to construct the road and how to get it through.

The CHAIRMAN. I trust you will bear in mind also that this is not a very pleasant duty to us while we are engaged in it.

The WITNESS. I am sorry for that.

VOUCHER No. 21764.

Q. I now show you a voucher indorsed:

C. P. R. R.

No. 21764. $83,418.09.
Name, Leland Stanford.

Paid out for the company.
Month, July 30, 1876, to September 30, 1877.
Chargeable to expenses.
Credit, Leland Stanford.

The face of the bill reads as follows:

Central Pacific Railroad Company to Leland Stanford, Dr.

Nov. 1, 1887. To expenditures from July 30, 1876, to September 30, 1877, for account of legal and other expenses..... $83,418.09
Correct.

LELAND STANFORD.

Mr. BERGIN. The same answers and the same explanations are submitted in reference to that, and the same objections as were made to the last preceding voucher which was produced and exhibited to the witness.

MAY BE MADE UP OF MANY SMALL SUMS.

By the CHAIRMAN:

Q. That is your answer?—A. Yes. Now, I will say this, that that covered a period of some fourteen or fifteen months of expenditures that I may have made during that time.

Mr. BERGIN. An inspection of the voucher shows that.

The WITNESS. Yes, sir. That may have been made up of a great many little sums. I cannot remember about it, but it covers fourteen or fifteen months of the entire expenditures that I made, and it probably covered a great many items.

VOUCHER No. 2549.

Q. I now show you voucher No. 2549, as follows:

Central Pacific Railroad Co. to ——— ———, Dr.

For expenses..... $52,500.00

SAN FRANCISCO, *December 27, 1877.*

Received from Central Pacific Railroad Company fifty-two thousand five hundred dollars, in full for above account.

LELAND STANFORD.

(Indorsement on back:)

C. P. R. R.

No. 2549. $52,500.00.
Name, Leland Stanford.
For expense.
Paid, Dec. 27, 1877.
Chargeable to expense.

Mr. BERGIN. The same explanation, the same answers, and the same objections apply to that as to the last preceding question.

The CHAIRMAN. That I understand to be your answer?

The WITNESS. Yes, sir.

VOUCHER No. 865½.

Q. I now show you voucher No. 865½, for $91,276.69:

Central Pacific Railroad Company to Leland Stanford, Dr.

May 4, 1880. To amount paid for legal and other expenses from October 1, 1879, to May 4, 1880..... $91,276.69

SAN FRANCISCO, *May 4, 1880.*

Received from Central Pacific Railroad Company ninety-one thousand two hundred and seventy-six $\frac{69}{100}$ dollars, in full for above account.

LELAND STANFORD.

(Indorsement on back:)

C. P. R. R.

No. 665. $91,276.69.
Name, Leland Stanford.
Expended for the company.
Month of October, 1879, to May, 1880.
Chargeable to expenses to Leland Stanford.
I certify that the within account, amounting to $91,276.69, is correct.

"E. S. Miller" is written underneath that certificate and then erased, and the words "as per inside" are written,

Mr. BERGIN. The same explanation, answer, and objection are made to that as to the last preceding voucher.

VOUCHER No. 1064.

Q. I now show you voucher No. 1064, for $4,000, which is as follows:

No. 1064. $4,000.
For expense account.
When paid, November 9, 1870.
Chargeable to expense account.
I certify that the within account, amounting to $4,000, is correct.
Allowed.

LELAND STANFORD.

(On the face of the bill it reads as follows:)

Expense account. Check No. 620, on D. O. Mills & Co., to pay draft attached. $4,000.

VIRGINIA, *November* 5, 1870.

At sight pay to the order of the Bank of California $4,000, in United States gold coin, value received, and charge same to account of

WM. SHARON.

To LELAND STANFORD, Esq.,
Sacramento, Cal.

The check is indorsed:

Pay D. O. Mills & Co., or order, for collection account of the Bank of California.
J. G. CLARK, *Cashier.*
D. O. MILLS & CO.
Per JOHN W. PEW, *Teller.*

The WITNESS. I do not remember anything about it. All I know is is that there it is before me, but I cannot tell anything more.

The CHAIRMAN. Then you make the same answer as you made to the others?

Mr. BERGIN. The same explanation, answer, and objection.

SURVEY FROM VIRGINIA CITY TO TRUCKEE RIVER.

The WITNESS. I cannot call to mind anything about it. All I remember is that Sharon and somebody else over there paid the expense of a survey to make a short line from Virginia City to the Truckee River. I was over there once and looked at it. Whether he charged me with those expenses or not I do not know. But that is the only thing that I can remember ever having had to do with Mr. Sharon. It may have been on some account of the Central Pacific that he paid something, but I have not the least recollection of the account other than the fact that I see it there.

VOUCHER NO. 1619.

The CHAIRMAN. I now show you voucher No. 1619, indorsed as follows:

C. P. R. R.

No. 1619. 12,000—Cy.
For expenses.
Paid Sept. 3rd, 1878.
Chargeable to expenses.

The face of the voucher reads as follows:

Central Pacific Railroad Company. For expenses to ——— ———, Dr.

SAN FRANCISCO, *September 3rd*, 1878.

Received from Central Pacific Railroad Company, twelve thousand dollars, in full for above account.

LELAND STANFORD.

Will you please explain that voucher?—A. I make the same answer; I cannot tell.

Mr. BERGIN. The same explanation, same answer, and same objection.

VOUCHER NO. 2265.

By the CHAIRMAN:

Q. I now show you voucher No. 2265, which is indorsed as follows:

C. P. R. R.

No. 2265. $1,500.
Name, Chas. E. McLane.
For salary, 7½ months.
Month, Dec. 1st, 1880.
Paid, Dec. 21st, 1880.
Chargeable to expens
Allowed.

LELAND STANFORD.

The face of the voucher reads as follows:

Central Pacific Railroad Company to Chas. E. McLane, Dr.

Dec. 21, 1880. Salary from April 15th to Dec. 1, 1880, 7½ mo., at $200..... $1,500

SAN FRANCISCO, *Dec. 21st*, 1880.

Received from Central Pacific Railroad Company, fifteen hundred dollars, in full for above account.

CHAS. E. McLANE.

EMPLOYMENT OF CHARLES E. McLANE.

The WITNESS. That is not credited to my account, is it?

The CHAIRMAN. You approved it, sir. I ask for an explanation of it.

The WITNESS. Well, Mr. McLane was in our service for a time. I do not remember how long, but not a great time. I think he died.

Q. What was the character of the service which he rendered?—A. I can not call to mind now.

Q. What was his business?—A. He had been the principal manager of Wells, Fargo & Co's express at one time. I have forgotten now what service specially he was employed in.

Mr. COHEN. I think it was in the Placerville case?—A. I think Mr. Miller probaoly can tell you about that. He was employed at so much a month.

Q. Now I will put my question so that there will be no mistake about it for the purpose of making up the record, with reference to this bill.

Was this expenditure for the employment of Mr. McLane, in reference to any legislation on the part of the company?—A. I cannot think, and I am not able to tell, what employment it was that Mr. McLane had. If somebody here would suggest it to me I have no doubt it would all come to my mind in a moment.

Mr. BERGIN. To make the record straight, I suppose we might as well make the same answer to that as to the last one?

The WITNESS. Very well; because I cannot call it to mind now.

VOUCHER NO. 2571½.

Q. I now show you voucher No. 2571½, which is indorsed as follows:

No. 2571½. $8,911.53.
Name, Leland Stanford.
For charges in his ac., 1875 should be expenses.
Dec. 31, 1875.
Chargeable to expenses and credit Leland Stanford.

The face of the voucher reads as follows:

Central Pacific Railroad Company to Leland Stanford, Dr.

December 31, 1875. Expense account.

1875.			
Jan. 23.	For charge, freight on coal S. F. to Sac., in voucher No. 124. It was a mistake of the company in hauling the coal from Ogden to S. F. The coal should have been left at Sacramento.....	$34.38	
Aug. 13.	For charge cash to S. T. G., $2,500, and int. to December 31	$2,614.16	
Aug. 17.	For charge cash to D. D. C., $5,000, and int. to December 31.	5,221 66	
Aug. 26.	For charge cash to S. T. G., $1,000; int. to December 31.	1,041.33	
			8,877.15
Total			8,911.53

Mr. BERGIN. Same explanation, same objection, and same answer.

The CHAIRMAN. Will you explain to the Commission the items of August 13, for charge cash to S. T. G., $2,500 and the other items by initials to whomever they refer?

Mr. BERGIN. For the reasons already given to the Commission we decline to make further explanation of the vouchers than have already been submitted.

VOUCHER NO. 2567½.

The CHAIRMAN. I now show you voucher No. 2567½, which is indorsed as follows:

No. 2567½. $15,117.33.
Name, Leland Stanford.
For ac. legal expenses.
To Dec. 31, 1875.
Chargeable to legal expenses.
Allowed Feb'y 7, 1876, by board of directors.

LELAND STANFORD.

The face of the voucher reads as follows:

Central Pacific Railroad Co. to Leland Stanford, Dr.

Dec. 31, 1856. Bill attached..... $15,117.33

The bill attached reads as follows:

C. P. R. Co. to Leland Stanford, Dr.

To cash paid on account of legal expenses to December 31st, 1875 ..... $15,117.33

The WITNESS. Allow me to look at that bill. [The bill is handed to witness.] It seems to be different from the ordinary ones, and I cannot tell why that is so.

Q. Do you make the same answer to the voucher presented to you now as to the one preceding?—A. Yes, sir; I have to do so; although it seems to be different from the general form.

VOUCHER NO. 2568½.

Q. I now show you voucher No. 2568½, which is indorsed as follows:

No. 2568½. $8,773.05.
Name, Leland Stanford.
For sc. rents, leases, &c.
Oakland wharf.
When paid, Dec. 31, 1875.
Chergeable to general expens

(Written across back:)

Allowed Feb'y 7, 1876, by board of directors. Folio 153.
I certify that the within account, amounting to $8,773.05, is correct.
LELAND STANFORD.

(The face of the voucher reads as follows:)

Central Pacific Railroad Company to Leland Stanford, Dr.

Dec. 31, 1875. Bill attached $8,773.05

(The bill attached reads as follows):

C. P. R. R. Co. to Leland Stanford, Dr.

To cash paid on account of rents, leases, &c., Oakland wharf, to December 31, 1875 ..... $8,773.05

PAYMENT OF RENT FOR OAKLAND WHARVES.

The WITNESS. I cannot remember about the leases. I paid the rents on leases and such things, but it says Oakland wharf. I cannot call it to mind. I have often paid rents for buildings and offices, but as to the "Oakland wharf" I do not understand that. We had wharves that we rented, I know; and I used to pay Mr. Adams and Mr. Carpenter their rent, and give them my check for it separately, but I cannot remember whether it is that item. I did not pay to the Oakland wharf, for there was no such company; but I paid to individuals who owned wharves in Oakland their rent at different times for years as it became due. There were two parties who owned there, Mr. Carpentier, who is here to-day, and Mr. Adams; and I know they used to take their rent separately, and I paid so much to each one, what their interest was—I believe their interests were an undivided half each, but I may be mistaken about that. I think I paid to one the same as to the other.

Q. Was the entire sum for the rent of wharves? You notice, in addition to the rent of the wharf, it has other charges on it. It says "&c."—A. There was another wharf, and the matter of title was involved. I think that was settled; to indicate which of those properties was meant, or what the rent was for. It is nothing that I can call to mind now.

HOW THE CHARGE WAS MADE UP.

Q. How did you make up the charge in the bill?—A. Well, as to all of my other expenses paid out for the company, it must have been made up from my check-book.

Q. Was it made up in the same way from the stub of your check-book?—A. From the checks themselves. I do not say that positively, but if it be as I suppose, that would be the way it would come; but I have an idea that that was another matter of a wharf and a plot of land that was not settled. I know that we rented a wharf of Mr. Carpentier and Mr. Adams, and I used to give each one of them a check. That brings that thing to my mind, though I do not remember the amount. But I used to pay them myself.

The CHAIRMAN. Well, we will accept that in explanation of this voucher.

The WITNESS. Well, that is all. I cannot say for certain what it was, but I think it was that.

VOUCHER NO. 278½.

Q. I now show you voucher No. 278½, which is indorsed as follows:

No. 278½, $20,000.
Name, L. Stanford.
When credited to ac., Feb. 8th, 1876.
Chargeable to gen'l ex. ac., $20,000.
I certify that the within account, amounting to $20,000, is correct.
Feb'y 17th, 1876.

By BOARD OF DIRECTORS.

Allowed by board of directors Feb'y 7th, 1876.

The face of the voucher reads as follows:

Central Pacific Railroad Company to Leland Stanford, Dr.

Dec. 31, 1875. Gen'l expenses $20,000

A. I have no knowledge of it except what I see here.

Q. Do you make the same answer to that voucher presented as to the former vouchers?—A. Yes, sir; I have no knowledge at all excepting what the voucher shows.

Q. I understand that answer to be the same?—A. Yes, sir.

Q. Because, otherwise, I feel that I ought to question you further upon it.

Mr. BERGIN. It is the same answer.

VOUCHER NO. 1877.

Q. I now show you voucher No. 1877, which is indorsed as follows:

No. 1877. $50,000.
Name, W. D. Co.
For expense ac.
When paid, Sept. 22, 1876.
Chargeable to expense.
I certify that the within account, amounting to $50,000, is correct.
Expense ac.
B. D. D. C.
Allowed.

LELAND STANFORD.

The face of the voucher reads as follows:

Central Pacific Railroad Co. to Western Dev. Co., Dr.

1876. Sept. 21. For cash advanced on your ac..... $50,000

SAN FRANCISCO, *Sept.* 21, 1876.

Received from Central Pacific Railroad Company $50,000, in full for above account.
F. S. DOUTY, *President.*

A. That is Colton's.

Q. That bill is approved by you, and I am asking you for an explanation, if you recall the reasons of your approval?—A. I cannot tell you, because I cannot think of it, but I have no doubt that, because of the indorsement by D. D. C., that was Mr. Colton's, and that he presented it to me and asked me to allow it, but I cannot call to mind anything about my explanation. He likely gave it to me, and he may not; I do not know. But it was evidently done at the request of Mr. Colton. As to my knowledge of it further than what I see I cannot tell you. I have not the least idea what expenses it covered, and I suppose if you want the same answer to take it to the court, then I make the same answer as to the others.

RELATION OF CENTRAL PACIFIC TO WESTERN DEVELOPMENT COMPANY.

Q. Let us understand first what was the business transaction between the two companies that would lead you to advance or approve of the advance of $50,000 to the Western Development Company?—A. The Western Development Company was one of those contract companies the accounts of which I think have been before you. As to what its nature was, probably it was for some services that they did; some work, very likely.

Q. How would the Central Pacific know that the Western Development Company had properly expended $50,000, unless there was some voucher presented which would give in detail the character of the work done by the Western Development Company?—A. General Colton, at that time, was the financial agent of the Central Pacific Railroad Company, and it is quite possible that I did not ask him anything about it; but that he wanted I should allow it; but I have no recollection of the bill itself excepting as I see it here.

Q. I ask you the question, Was any sum of money paid through the Western Development Company for the purpose of influencing legislation?—A. Not to my knowledge, and I do not believe it. It is mere belief, but it is my belief that it was not used for any such purpose as you mention. I do not think they ever spent any money that way.

Q. Have you any knowledge, directly or indirectly, whether any sums of money were paid through the means of the Western Development Company for the purpose of influencing legislation?—A. Well, I will make the same answer to that as to the other questions.

Q. I understand you make the same answer to my question. You decline to answer on the ground stated in the former answer?—A. Yes, sir.

VOUCHER NO. 281.

Q. I now show you voucher No. 281.
The voucher is indorsed as follows:

No. 281, $26,000.
Name, W. D. Co.
For payment made for company.
Paid February 6, 1877.
Chargeable to expense.
Allowed.

LELAND STANFORD.

The face of the bill is as follows:

Central Pacific Railroad Company to Western Development Company, Dr.

1877. Feb. 5. For cash advances on your account..... $26,000

Charge to expense, order of L. S.
Charge to expense acc't.

SAN FRANCISCO, *Feb.* 6, 1877.

Received from the Central Pacific Railroad Company $26,000, in full for above account.

F. S. DOUTY, *President.*

Do you make the same answer in regard to that?—A. Well, I would like to take this. I want to see if I cannot see where that money went to; who received credit for it.

The CHAIRMAN. Very well; I will just show you another voucher.

The WITNESS. I want to say in regard to this voucher No. 281, that I have to make the same answer to it as to the other. I cannot give the explanation, but what I merely want to see is to whom this account was credited. I have an idea that it should have been placed to my credit, and that it never was so done, but I do not want to say anything about it until I can examine it.

Q. Then I understand that the same answer is made to No. 281 as was made to the former voucher?

Mr. BERGIN. Yes, sir.

VOUCHER NO. 1878.

Q. I now show you voucher No. 1878, which is indorsed as follows:

No. 1878. $29,974.13
Name, W. D. Co.
For legal expenses.
When paid, Sept. 22, 1876.
Chargeable to legal expense.
I certify that the within account, amounting to $29,974.13, is correct.

To legal expenses, pr. D. D. C.
Allowed.

LELAND STANFORD.

(The face of the voucher reads as follows:)

Central Pacific Railroad Co. to Western Dev. Co., Dr.

1878, Sept. 21. For cash advanced on your account..... $29,974.13

SAN FRANCISCO, *Sept.* 21, 1876.

Received from Central Pacific Railroad Company twenty-nine thousand nine hundred and seventy-four dollars and 13-100 in full for above account.

F. S. DOUTY,
Pres't.

Will you please explain that voucher?—A. This, I see, is for legal expenses certified to by D. D. Colton, financial agent, and it is approved by me. But that is all I remember about it, what I see here on the voucher itself.

Q. Then, do I understand that the same answer is made to that voucher as to the others?—A. I have to make the same answer.

Mr. BERGIN. We make the same explanation, answer, and objection.

VOUCHER NO. 307.

Q. I now show you voucher No. 307, which is indorsed as follows:

No. 307. $10,000.
Name, Leland Stanford.
For expenses.
Paid Feb'y 14, 1878.
Chargeable to expense.

(The face of the voucher is as follows:)

Central Pacific Railroad Co. to ——— ———, *Dr.*

Charge to expense account.

SAN FRANCISCO, *Feb'y* 14, 1878.

Received from the Central Pacific Railroad Company $10,000 in full for above account.

LELAND STANFORD.

The WITNESS. I know nothing further about it than what I see on the bill, and I suppose I must make the same answer, as I cannot call it to mind.

The CHAIRMAN. Then you make the same answer to it?

The WITNESS. Yes, sir.

The CHAIRMAN. And I understand, Mr. Bergin, that you enter the same objection?

Mr. BERGIN. Yes, sir; the same objection, answer, and explanation.

VOUCHER NO. 1052.

By the CHAIRMAN:

Q. I now show you voucher No. 1052. The voucher is indorsed as follows:

No. 1052. $13,000.
Name, Leland Stanford.
For expenses.
Paid June 7, 1878.
Chargeable to expense.

(The face of the voucher reads as follows:)

Central Pacific Railroad Co. to ——— ———, *Dr.*

Expenses $13,000

SAN FRANCISCO, *June* 7, 1878.

Received from Central Pacific Railroad Company thirteen thousand dollars in full for above account.

LELAND STANFORD.

Mr. BERGIN. We make the same explanation, answer, and objection to this as to the last.

VOUCHER NO. 2094.

Q. I now show you voucher No. 2094, which is indorsed as follows:

C. P. R. R.

No. 2094. $46,816.94.
Name, Leland Stanford.
For expenses.
Paid, Nov. 12, 1878.
Chargeable to legal expenses.

(The face of the voucher reads as follows:)

Central Pacific Railroad Company to Western Dev. Co., Dr.

1878, Nov. 12. For bill attached..... $46,816.94

SAN FRANCISCO, *Nov.* 12, 1878.

Received from Central Pacific Railroad Company forty-six thousand eight hundred and sixteen and 94-100 dollars in full for above account.

F. S. DOUTY, *Pres't.*

(The bill attached is as follows:)

C. P. R. R. Co. to Leland Stanford, Dr.

To sundry cash payments for legal and other expenses from Nov. 22, 1877, to Nov. 12, 1878..... $46,816.94

SAN FRANCISCO, *November* 12, 1878.

(In pencil:)

Cr. L. S. Chg. C. P., Nov. 12.

(Indorsed in ink across face:

Correct.

LELAND STANFORD.

The WITNESS. This is a bill made out by Mr. Douty. I do not remember anything about that, and I will have to make the same answer to that bill.

Mr. COHEN. Answer, then, that you don't remember about it.

The CHAIRMAN. Then you make the same answer?

Mr. BERGIN. We make the same answer, explanation, and objection.

VOUCHER NO. 1746.

Q. I now show you voucher No. 1746, which is as follows:

Central Pacific Railroad Co. to Leland Stanford, Dr.

Sept. 27, 1879. To amount paid for legal and other expenses for account of C. P. R. R. Co. from Nov. 25th, 1878, to Sept. 27, 1879..... $38,156.03

Correct.

L. S.

SAN FRANCISCO, *Sept.* 27, 1879.

Received from Central Pacific Railroad Company thirty-eight thousand one hundred and fifty-six and 3-100 dollars in full for above account.

LELAND STANFORD.

Credited.

(The indorsement is as follows:)

C. P. R. R.

No. 1746, $38,156.03.
Name, Leland Stanford.
For expenses.
Paid September 27th, 1879.
Chargeable to legal expenses.

The WITNESS. I cannot remember anything about that. It is not made in my handwriting. I will have to make the same answer, explanation, and objection.

VOUCHER NO. 1308.

Q. I show you voucher No. 1308, which is as follows:

Central Pacific Railroad Co. to ——— ———, *Dr.*

Expense..... $500,00

SAN FRANCISCO, *July* 23, 1879.

Received from Central Pacific Railroad Company five hundred dollars in full for above account.

LELAND STANFORD.

(Indorsement on back:)

C. P. R. R.

No. 1308, $500.00
Name, L. Stanford.
For expenses.
Paid July 23rd, 1879.
Chargeable to expense acc't.

Mr. BERGIN. Same explanation, same objection, and same exception.

Q. I ask you, and probably your counsel can answer, if you have produced all the vouchers called for with reference to the general expense account and legal expense account?—A. Well; I do not know.

Mr. BERGIN. All have been produced that have been called for, that we are aware of.

The CHAIRMAN. Well; have all been produced that were in the call the other day?

Mr. MILLER. My clerk told me that there was one or two missing that he could not find.

The WITNESS. I do not suppose that I have ever seen one of these accounts from the day they were filed.

A MISSING VOUCHER, DATED 1878, JUNE 28, L. STANFORD, $111,431.25.

The CHAIRMAN (to Mr. Miller). Do you recall a voucher dated 1878, June 28, L. Stanford, $111,431.25? That is a voucher that we called for. What do you state with regard to that?

Mr. MILLER. It appears upon the books of the company precisely the same as all the other vouchers of the company do, but my clerk could not find the voucher.

Commissioner ANDERSON. It appears on the accounts.

Mr. MILLER. Yes.

By the CHAIRMAN:

Q. How are the entries set out in the account?

Mr. MILLER. They are just charged to expense; that is all. I looked at that personally.

Q. Who made the entry?—A. Some one of my bookkeepers.

Q. What is the name of the clerk who made the search for the record?—A. George F. Klink.

Q. Will he be able to find it?—A. I cannot tell you.

Q. He had better come here so that we can examine him as to search for the voucher.—A. Very well, sir.

VOUCHERS FREQUENTLY EXAMINED BY COURTS AND COMMITTEES.

Mr. COHEN. Mr. Miller, these vouchers have been gone over by several commissioners, referees, and court commissioners from time to time, have they not?

The WITNESS. The whole list of vouchers has been gone over. The whole of our vouchers have been gone over, but these vouchers were gone over by Mr. French. Of course he had that voucher and every voucher.

Mr. COHEN. Many of your vouchers have been produced in court from time to time, within the last few years, have they not?

Mr. MILLER. Yes.

Mr. COHEN. And you are not quite sure whether you got them all back again or not?

Mr. MILLER. We never have received all of our papers back.

Mr. BERGIN. We will make a search, and of course if the voucher is there it will be furnished to the Commission. We will give you the best we can; if we have it we will produce it; if not, we will explain it.

The CHAIRMAN. We want the voucher if you have it. If not, we want you to show that it is missing and what efforts you made to find it.

WAS ANY MONEY GIVEN S. T. GAGE TO INFLUENCE LEGISLATION?

By Commissioner ANDERSON:

Q. Governor Stanford, I would like to ask you a few questions in regard to the moneys generally represented by the vouchers which have been presented to you and as to which you have stated that with the exception of the explanation you have made you decline to answer. Did you ever give any portion of the moneys covered by these vouchers to Mr. S. T. Gage for the purpose of using the same in connection with measures pending in the legislature?

Mr. COHEN. We think that that question is included in the various questions that have been put.

Commissioner ANDERSON. I simply want to know whether he declines to answer.

Mr. BERGIN. That question has been already covered by the chairman's questions, and for the reasons already stated the witness declines to answer.

Commissioner ANDERSON. I must respectfully ask the witness whether he declines to answer the question.

Mr. COHEN. We desire to be as respectful as possible to the Commission, and we want to give our reasons why he declines to answer. We say that the question you now ask is included in the questions already asked by the chairman, and for the same reasons we decline to answer.

Q. Did you ever give any money, which was expended without requiring any detailed account of the manner in which the same should be expended, to Mr. S. T. Gage?

REFUSAL TO ANSWER UPON ADVICE OF COUNSEL.

Mr. BERGIN. That we decline to answer for the reasons already stated.

Commissioner ANDERSON (to the secretary of the Commission). You enter these remarks of Mr. Bergin as the answers of Mr. Stanford, do you not?

The SECRETARY. No; I enter them as the statements of Mr. Bergin.

The WITNESS. I adopt Mr. Bergin's remarks.

Commissioner ANDERSON. We want to present the matter to the court, and therefore desire to have it in proper form.

Mr. BERGIN. I should think it was sufficiently specific already.

Mr. COHEN. If you will write exactly what you want we will put it in that form.

Commissioner ANDERSON. I simply want Governor Stanford to say I decline to answer that question.

NO MONEY GIVEN HENRY VROOMAN TO INFLUENCE LEGISLATION.

Q. Did you ever give any money to be used in connection with measures pending in the legislature to Mr. Henry Vrooman?

Mr. BERGIN. We decline to answer for the reasons previously stated.

The CHAIRMAN. We must ask the witness to decline, and then the attorneys can make as many speeches as they please.

Mr. COHEN. We do not want to make any speeches.

The CHAIRMAN. Then let the witness say yea or nay.

The WITNESS. I desire to answer that question. I never gave him any money for any such purpose, and I do not know that I ever gave him anything unless I may have paid his salary.

By Mr. COHEN:

Q. Who is this Mr. Vrooman that Commissioner Anderson inquired about?—A. He is one of our attorneys.

Q. Regularly retained by the year?—A. Yes, sir; at so much a year.

Mr. COHEN. Then, upon that further ground, I advise you to decline to answer.

Commissioner ANDERSON. The witness has already answered, and therefore cannot now decline to answer.

Mr. BERGIN. I suppose Mr. Cohen's view is that whatever is paid to an attorney is privileged.

NO MONEY PAID BY WITNESS TO FRANCHOT.

By Commissioner ANDERSON:

Q. Did you ever give any money to be used with reference to pending legislation to General Joseph R. Franchot?

The WITNESS. I, personally?

Commissioner ANDERSON. Yes.

The WITNESS. Why, I never gave him a dollar that I know of for any purpose.

Q. Do you know of his having received Central Pacific money for any purpose?—A. All I know is what appears there on the papers that you have. I have no knowledge except what appears on the papers.

Q. Were you acquainted with General Franchot?—A. Yes, sir.

EMPLOYED BY HUNTINGTON TO REPRESENT COMPANY AT WASHINGTON.

Q. What was his business?—A. Well, he had business of his own, I suppose, but he was employed, as I understand it, by the company. I cannot say that I never talked with him or anybody else on the subject, but my idea is that he was employed by the company. His immediate employer was Mr. Huntington. He had been employed to represent us at Washington.

Q. Employed at Washington for what purpose?—A. To represent the interests of the Central Pacific.

Q. Before whom?—A. Well, I do not know of any one in particular.

Q. Who was there in Washington that the Central Pacific matters were discussed before?—A. Well, we had a great deal of business, and always had some business there.

Q. Was it not either with the Departments of the Government or before committees of Congress?—A. I think he went before committees

of Congress and also before the Departments. He was there generally representing our interests. We had always more or less matters before the Departments there.

Q. Were you not aware while he was receiving this money which appears in the books of what these payments amounted to?—A. I will make answer to that as I have to these other questions.

NO MONEY PAID BY WITNESS TO SHERRILL.

Q. Did you ever give any money, for the purpose of being used in connection with measures pending in Congress, to Colonel Sherrill?

The WITNESS. Myself, personally?

Commissioner ANDERSON. I ask you the question as to yourself personally.—A. I never did.

Q. Do you know of Central Pacific moneys having been paid to him?—A. I understand that he was there on a salary. The last year, I think, his salary was $20,000. Before that it was less, but I do not know what it was.

Q. Do you not know that other moneys beside the salary were paid to him?—A. I have no knowledge of any.

Q. Not even from the books?—A. I do not remember that I have ever seen it on the books. I do not think that I went over the accounts myself.

WITNESS DECLINES TO ANSWER QUESTIONS AS TO PAYMENTS TO VARIOUS OTHER INDIVIDUALS.

Q. Did you ever pay any money to W. B. Carr for the purpose of being used with reference to legislative matters pending in the California legislature?

Mr. BERGIN. For the reasons already stated we decline to answer that question.

The WITNESS. I adopt the answer given by my counsel.

Q. I ask you the same question with regard to W. W. Stow.

Mr. BERGIN. We make the same answer in regard to that.

The WITNESS. I make the same answer to that that I made to the other question.

Q. I ask you the same question as to R. B. Mitchell.

Mr. BERGIN. So far as this chain of inquiry is concerned, you might as well make the same answer with regard to every one, because suspicion will be cast upon every gentleman whose name is mentioned in this connection, and in addition to the reasons already stated I advise you to make the same answer in regard to any names that the company may mention.

Commissioner ANDERSON. Do you mean that if the witness discriminates as to one by saying that he did not give him money for the purpose named it would give rise to the idea that he did not admit it as to the others?

Mr. BERGIN. Yes.

Commissioner ANDERSON. That is a perfectly just criticism. We desire to be understood as casting suspicion upon no one.

Q. I ask you the same question as to W. H. Stewart.

Mr. BERGIN. The same answer. Governor Stanford adopts the answer that I make in each case unless he expressly says to the contrary.

Q. I ask you the same question as to S. W. Kellogg.—A. I make the same answer.

Q. I ask you the same question as to Lyman Trumbull.—A. I ma
the same answer.

Q. I ask you the same question as to John P. Jones.—A. I make t
same answer as to him.

Mr. COHEN. Do you wish to ask the same question as to every me
ber of Congress and every Senator?

Commissioner ANDERSON. No.

SUFFICIENT TO RAISE THE POINT.

The CHAIRMAN. Do I understand you, Mr. Bergin, to apply the sa
objections to all the vouchers that have been called for as you ha
made to the questions put regarding the vouchers that have been p
sented to Mr. Stanford, and that in order to fix the record for the co
you take the position that they are equally objectionable?

Mr. COHEN. We have not seen them all.

The CHAIRMAN. We have them and were going to produce th
and put them in. I have not taken up the time by reading them al

Mr. COHEN. We would rather look at the voucher and see what i
that you are asking about.

The CHAIRMAN. I am prepared to go through them all. I took two
and went through them for the purposes of illustration.

Mr. COHEN. I should think those twenty would be sufficient to m
the point.

The CHAIRMAN. I desire for my part to spread upon the record
the Commission all these vouchers that have been called for. I am t
ing to save time that would be consumed in reading them separat
by asking the witness if he makes the same answer with regard to
the vouchers that have been called for and produced, upon twenty
which the witness has been examined in detail.

Mr. BERGIN. So far as I understand it I make that statement, as
a mere matter of form.

The following vouchers were then put in evidence:

(Voucher No. 2569½.)

Central Pacific Railroad Company to Leland Stanford, Dr.

Dec. 31, 1875. Bill attached..... $171,78

(The bill attached is as follows:)

C. P. R. R. Co. to Leland Stanford, Dr.

To cash paid on account of general expenses to December 31, 1875..... $137,3
Do..... 34,4
171,78

(Indorsement on back:)

(No. 2569½.)

Name, Leland Stanford.
Disbursed to Dec. 31, 1875.
Chargeable to gen'l expense.

(Written across back:)

Allowed Feby. 7th, 1876, by board of directors; folio 153.
I certify that the within account, amounting to $171,781.89, is correct.
LELAND STANFOR

Allowed by board of directors.

(Voucher 1692, indorsed as follows:)

C. P. R. R.

No. 1692. $1,000,00.
Name, D. D. Colton.
For expenses.
Paid, Aug. 30, 1876.
Chargeable to expense.

(The face of the voucher is as follows:)

Central Pacific R. R. Co. to ——— ———, *Dr.*

(No entry in body of voucher, but receipt at foot as follows:)

SAN FRANCISCO, *August* 30, 1876.

Received from Central Pacific Railroad Company, one thousand dollars, in full for above account.

DAVID D. COLTON.

(Voucher No. 2102, indorsed as follows:)

C. P. R. R.

No. 2102. $5,000.00.
Name, Mark Hopkins.
For expense.
Paid, Oct. 26, 1877.
Chargeable to expense.

(The following is attached to voucher No. 2102, the face of the voucher itself being blank:)

E. W. HOPKINS,
Cashr. C. P. R. R. Co.

$5,000.

Please pay to bearer five thousand dollars gold, and charge to act. as hereafter instructed.

MARK HOPKINS.

SAN FRANCISCO, *May 24th*, 1877.

(Written across face:)

This is to be charged to expense account.

MARK HOPKINS.

(Voucher No. 2231, indorsed as follows:)

C. P. R. R.

No. 2231. $7,500.00.
Name, D. D. Colton.
For expenses.
Paid, Nov. 2, 1876.
Chargeable to legal expense.

(The face of the voucher is a follows:)

Central Pacific R. R. Co. to ——— ———, *Dr.*

Expense legal, as per order of C. P. Huntington.

SAN FRANCISCO, ——— ——, 187—.

Received from Central Pacific Railroad Company, seven thousand five hundred dollars, in full for above account.

DAVID D. COLTON.

(Voucher No. 1407, indorsed as follows:)

C. P. R. R.

No. 1407. $789.50.
Name, L. Stanford.
For expenses.
Paid August 2, 1879.
Chargeable to expense account.
Approved.

LELAND STANFORD.

(The face of the voucher is as follows:)

Central Pacific Railroad Company to Leland Stanford, Dr.

July 21, 1879. Company expense, as per statement attached $789.50

SAN FRANCISCO, *August* 1, 1879.

Received from Central Pacific Railroad Company seven hundred and eighty-nine and 50 dollars, in full for above account.

LELAND STANFORD.
Per SHAY.

(The statement attached is as follows:)

SAC. CITY, *April* 22, 1879.

Hon. LELAND STANFORD:

DEAR SIR: The following items are charged to you on your private account, but should be charged to the C. P. R. R.:

D. E. Woods, hack	$15.50
Thos. Lacy, hack	216.00
Thos. Lacy	258.00
Cash to self	200.00
Cash, order from H. H. & Co	100.00
	789.50

Respectfully,

C. H. CUMMINGS.

(Voucher No. 1625, indorsed as follows:)

C. P. R. R.

No. 1625. $3,000. Cy.
Name, S. T. Gage.
For expenses.
Paid Sept. 4, 1878.
Chargeable to expenses.

(The face of the voucher is as follows:)

Central Pacific R. R. Co. to ——— ———, *Dr.*

For expenses.

SAN FRANCISCO, *Sept. 4th*, 1878.

Received from the Central Pacific Railroad Company three thousand dollars, in full for above account.

S. T. GAGE.

(Voucher No. 1837, indorsed as follows:)

C. P. R. R.

No. 1837, $3,290.00
Name, D. D. Colton.
For expenses.
Paid October 4, 1878.
Chargeable to expense.
Allowed.

COLTON.

(The face of the voucher is as follows:)

Central Pacific Railroad Company to D. D. Colton, Dr.

1878. October 4, 1878, for expenses $3,200.00

SAN FRANCISCO, *Oct.* 4, 1878.

Received from the Central Pacific Railroad Company thirty-two hundred and ninety dollars, in full for above account.

DAVID. D. COLTON.

(Voucher No. 1192, indorsed as follows:)

C. P. R. R.

No. 1192½, $40,745.25.
Name, Western D. Co.
For error in charge, Apr. 18, 1878.
When credited, June 29, 1878.
Chargeable to expense account, credit.
Western Development Company.
Allowed.

DAVID D. COLTON.

(The face of the voucher is as follows:)

Central Pacific Railroad Company to Western Dev. Co., Dr

1878, March 20. For services Jas. H. Bell to April 1st, 1878....	$38,500	
Printing reports Cy	3,450	
		$40,950.00
Less one-half per cent.....		204.75
		40,745.25

Above charged this company under date April 18, 1878.

SAN FRANCISCO, *May 14th*, 1878.

Received from Central Pacific Railroad Company forty thousand seven hundred and forty-five $\frac{25}{100}$ dollars, in full for above account.

F. S. DOUTY, *Prest.*

(Voucher No. 1734, indorsed as follows:)

C. P. R. R.

No. 1734, $1,200.00.
Name, D. D. Colton.
For expenses.
Paid Sept. 23, 1878.
Chargeable to expenses.

(The face of the voucher is as follows:)

Central Pacific Railroad Company to ——— ———, *Dr.*

1878, Sept. 21. For expenses.

SAN FRANCISCO, *Sept.* 21, 1878.

Received from Central Pacific Railroad Company twelve hundred dollars, in full for above account.

DAVID D. COLTON.

(Voucher No. 417, indorsed as follows:)

C. P. R. R.

No. 417, $5,000.00.
Name, C. Crocker.
For expenses.
When paid, March 6th, 1879
Chargeable to expense.

(The face of the voucher is as follows:)

Central Pacific Railroad Co. to Chas. Crocker, Dr.

For expenses..... $5,000

SAN FRANCISCO, *March* 6, 1879.

Received from Central Pacific Railroad Company five thousand dollars, in full for above account.

CHAS. CROCKER.

(Voucher No. 435, indorsed as follows:)

C. P. R. R.

No. 435, $200.00.
Name, Chas. Crocker.
For expenses.
Paid March 11, 1879.
Chargeable to expense.
I certify that the within account, amounting to $200, is correct. (No signature.)
Approved.

CHAS. CROCKER.

(The face of the voucher is as follows:)

Central Pacific Railroad Company to ——— ———, *Dr.*

Expenses..... $200

SAN FRANCISCO, *March* 11, 1879.

Received from Central Pacific Railroad Company two hundred dollars, in full for above account.

CHAS. CROCKER.

(Voucher No. 767, indorsed as follows:)

C. P. R. R.

No. 767, $40,000.00.
Name, C. Crocker.
For expenses.
Paid May 1st, 1879.
Chargeable to expense.

(The face of the voucher is as follows:)

Central Pacific Railroad Co. to Chas. Crocker, Dr.

For expenses..... $40,000.00

SAN FRANCISCO, *May* 1*st*, 1879.

Received from Central Pacific Railroad Company forty thousand dollars, in full for above account.

CHAS. CROCKER.

(Voucher No. 806, indorsed as follows:)

C. P. R. R.

No. 806, $40,000.
Name, C. Crocker.
For expenses.
Paid May 6th, 1879.
Chargeable to expenses, $40,000.
I certify that the within account, amounting to $40,000, is correct.
(See inside.)

(The face of the voucher is as follows:)

Central Pacific Railroad Company to Charles Crocker, Dr.

May 5, 1879. For expenses to date..... $40,000

SAN FRANCISCO, *May* 5, 1879.

Received from Central Pacific Railroad Company forty thousand dollars, in full for above account.

CHAS. CROCKER.

(Voucher No. 579, indorsed as follows:)

C. P. R. R.

No. 579, $700.00.
Name, S. T. Gage.
For expenses.
Paid April 2nd, 1879.
Chargeable to expenses.
Approved.

C. CROCKER.

(The face of the voucher is as follows:)

Central Pacific Railroad Co. to S. T. Gage, Dr.

Expense account.

SAN FRANCISCO, *March 27th*, 1879.

Received from Central Pacific Railroad Company seven hundred dollars, in full for above account.

S. T. GAGE.

(Voucher No. 512, indorsed as follows:)

C. P. R. R.

No. 512. $3,100.00.
Name, C. Crocker.
For expenses.
Paid, March 28th, 1879.
Chargeable to expense.

(The face of the voucher is as follows:)

Central Pacific Railroad Company to Charles Crocker, Dr.

For expenses..... $3,100

SAN FRANCISCO, *March* 28, 1879.

Received from Central Pacific Railroad Company thirty-one hundred dollars, in full for above account.

CHAS. CROCKER.

(Voucher No. 513, indorsed as follows:)

C. P. R. R.

No. 513. $800.00.
Name, S. T. Gage.
For expenses.
Paid March 28th, 1879.
Chargeable to expenses.
Approved.

C. CROCKER.

(The face of the voucher is as follows:)

Central Pacific Railroad Company to ——— ———, *Dr.*

For expenses.

SAN FRANCISCO, *March* 12, 1879.

Received from Central Pacific Railroad Company eight hundred dollars, in full for above account.

S. T. GAGE.

(Voucher No. 1811, indorsed as follows:)

C. P. R. R.

No. 1811. $3,460.
Name, D. D. Colton.
For expenses.
Paid October 1st, 1878.
Chargeable to expenses.
Allowed.

COLTON.

(The face of the voucher is as follows:)

Central Pacific Railroad Company to D. D. Colton, Dr.

1878. October 1, for expenses..... $3,460

SAN FRANCISCO, *October* 1, 1878.

Received from Central Pacific Railroad Company thirty-four hundred and sixty dollars, in full for above account.

DAVID D. COLTON.

(Voucher No. 568, indorsed as follows:)

C. P. R. R.

No. 568. $800.00.
Name, S. T. Gage.
For expense.
Paid, April 1st, 1879.
Chargeable to expense.
Approved.

C. CROCKER.

(The face of the voucher is as follows:)

Central Pacific Railroad Com pany to S. T., Dr.

Expense account.

SAN FRANCISCO, *March* 22, 1879.

Received from Central Pacific Railroad Company eight hundred dollars, in full for above account.

S. T. GAGE.

(Voucher No. 498, indorsed as follows:)

C. P. R. R.

No. 498. $26,452.68.
Name, C. Crocker.
For expenses.
Paid March 25th, 1879.
Chargeable to expense.

(The face of the voucher is as follows:)

Central Pacific Railroad Company to Chas. Crocker, Dr.

For expenses $26,452.68

SAN FRANCISCO, *M'ch* 25, 1879.

Received from Central Pacific Railroad Company twenty-six thousand four hundred and fifty-two $\frac{68}{100}$ dollars in full for above account.

CHAS. CROCKER.

(Voucher No. 2247, indorsed as follows:)

C. P. R. R.

No. 2247. $5,000.00.
Name, D. D. Colton.
For expenses.
Paid Nov. 3, 1876.
Chargeable to expense.

(The face of the voucher is as follows:)

Central Pacific Railroad Co. to ——— ———, Dr.

For expenses $5,000.00

SAN FRANCISCO, ——— ——, 187-.

Received from Central Pacific Railroad Company five thousand dollars, in full for above account.

DAVID D. COLTON.

(Voucher No. 208, indorsed as follows:)

C. P. R. R.

No. 208. $7,000.
Name, C. Crocker.
Place, Sac.
For cash.
Chargeable to expense.
I certify that the within account, amounting to $7,000, is correct. Order, Governor Stanford.
Allowed.

E. H. MILLER, Jr.

(The face of the voucher is as follows:)

Central Pacific Railroad Company to ——— ———, *Dr.*

No. 50.

SACRAMENTO, *Jan.* 26, 1870.

Received from Central Pacific Railroad Company seven thousand dollars for contingent expenses C. P. R. R. Co.

C. CROCKER.

(Voucher No. 1837, indorsed as follows:)

C. P. R. R.

No. 1837. $4,145.20
Name, L. Stanford.
For expenses.
Paid Octo. 6th, 1879.
Chargeable to expenses. Acct.
Certify that the within account, amounting to $4,145.20, is correct.
SHAY.
Approved.

LELAND STANFORD.

(The face of the voucher is as follows:)

Central Pacific Railroad Company to Leland Stanford, Dr.

Oct. 6, 1879. Company expense..... $4,145.20

SAN FRANCISCO, *October* 6, 1879.

Received from Central Pacific Railroad Company four thousand one hundred and forty-five and 20-100ths dollars, in full for above account.

LELAND STANFORD.
Per SHAY.

THE "S. H. H. & C." BOOKS

By Commissioner ANDERSON:

Q. With regard to the "S. H. H. & C." books, those books contained, as I understand, the accounts of yourself, Mr. Huntington, Mr. Hopkins, and Mr. Crocker, or some accounts in which you were all interested?

Mr. COHEN (to the witness). Did you ever see those books?

The WITNESS. I do not think that I ever saw the books.

Mr. COHEN. Have you ever looked over them to see what was in them?

The WITNESS. No, sir; I never did.

Commissioner ANDERSON. Well, that does not prevent an answer to my question. I merely want to raise the jurisdictional question as to the production of the books.

CONTRACT AND FINANCE BOOKS TO BE PRODUCED.

Mr. COHEN. You have called for certain information from those books, confessedly given by Mr. Brown. He said that he could not give you

the books of the Contract and Finance Company from which the entries were taken; but if you get the original entries on the books of the Contract and Finance Company you do not want the books of "S. H. H. & C.," and if you did, they being private books, so far as I am concerned, I should advise that they be not produced. But I am informed that we will be able to produce to you the books of the Contract and Finance Company that you have been asking for.

Commissioner ANDERSON. Which ones? All of them?

Mr. COHEN. All that we can find. I was hunting for some other papers and I found some of them when I was there yesterday, and we are now hunting for some others, and I will be able to tell you in the morning just exactly what we will produce.

Commissioner ANDERSON. It will save time as to the "S. H. H. & C." matter, for me to develop my present inquiry.

Mr. COHEN. Your record here is correct as far as it goes, but it does not disclose the present condition of things. You have asked for certain information from those books, because the books from which certain entries in the "S. H. H. & C." books were taken were the Contract and Finance Company's books. Now we will produce you the original entries.

Commissioner ANDERSON. I think I had better go on with my questions.

WHAT THE "S. H. H. & C." BOOKS SHOW.

Q. Do the books of "S. H. H. & C." contain a statement of the dividends received by these four gentlemen which have been declared at different times by the Contract and Finance Company, the Western Development Company, and the Pacific Improvement Company?—A. They only show balances between ourselves. They are entirely private. I do not think if you would go over them all that they would throw any light at all upon these railroad questions.

Q. In what book, containing your own private transactions, will be found entered the dividend declared by the Western Development Company?—A. The Western Development Company books will, I presume, show the dividends declared, but as to what entries may have been made in the private books, that is another matter entirely. I do not think that, on reflection, you will press the question, Mr. Anderson, as long as you can find out from the Western Development Company's own books the amount of dividends declared, and to whom declared.

Commissioner ANDERSON. If you want me to explain why I ask the question, it is because, in all probability, that same book would contain the dividend declared by the Contract and Finance Company, and we consider that this Commission is entitled to see such books.

WHEN THEY WERE OPENED.

The WITNESS. No; I do not think it will. When Mr. Brown comes here he will tell you when those books were opened, and the object for which they were opened.

Q. Did Mr. Brown keep your accounts from the time that the Contract and Finance Company's contract was made, in October, 1867?—A. No, sir; these books, if I remember rightly, were opened after Mr. Brown's return from Europe.

Q. You mean the "S. H. H. & C." books?—A. Yes; he opened those books to keep the accounts as between ourselves—how we stood with reference to the different companies, and he at different times furnished

to us statements. The books themselves I do not suppose I ever looked into, and I doubt if one of us four ever looked into them.

BOOKS SHOWING DIVIDENDS OF CONTRACT AND FINANCE COMPANY.

Q. Can you inform this Commission what books contained the dividends declared by the Contract and Finance Company, and its distribution to the stockholders?—A. I cannot tell you about those books, because I do not suppose that I ever looked at them, except seeing them lie on the desk. The Contract and Finance Company made a dividend some time after the work was completed, of stock. That was divided up; but what other dividends they made I am not now able to recall, if any.

Q. Are you not able to state who kept the books in which those dividends were entered?—A. I think it was done during Mr. Brown's time. I am quite sure of it, on reflection.

Q. If the books were kept by Mr. Brown, then, would it not be the "S. H. H. & C." books?—A. No, sir; the "S. H. H. & C." account was not opened until after Mr. Brown went away and returned, according to my recollection, and that must have been about 1874, 1875, or 1876.

Q. What is the title of your book kept by Mr. Brown, in which the dividends of the Contract and Finance Company were entered?—A. He did not keep any books at that time for me personally, except the "S. H. H. & C."

Q. Do I understand you, then, that there is no book of account of your own, journal or ledger, or cash book, in which dividends received by you from the Contract and Finance Company would appear?—A. No, sir; there is none.

Q. There is no such book?—A. No such book, excepting what was in the Contract and Finance Company's books, and I suppose that would show exactly what dividends were made.

DIVIDENDS IN STOCK—NO MONEY.

Q. Yes, if they were extant. On the receipt, then, of the thirteen millions of stock, and whatever dividends, if any, were made in money, what would you do; simply deposit the money in bank and the stock in the safe?—A. Well, if I ever had any money I have no doubt I would have deposited it, but the stock I think I threw into the safe.

Mr. COHEN. There is no evidence that they declared any dividends in money.

Commissioner ANDERSON. I do not say that there is.

The WITNESS. I have never had any dividends in money.

Q. Whatever the dividends were they were not entered in any book of the company?—A. No, sir; I do not know when. I suppose when the stock began to become of some value or we wanted to sell it—then I think it went into the books to show what I had, but for a long time it merely lay there in the safe as paper that was not very much needed.

ACQUISITION OF WELLS, FARGO & COMPANY STOCK.

Q. In regard to the acquisition of the stock of Wells, Fargo & Co., who paid this $166,000?—A. Without refreshing my memory (it is rather dull to me), my impression is that we formed an express company called the Atlantic and Pacific, and got ready and appointed our general manager, and were about prepared to do business. Then I think it was consolidated with Wells, Fargo & Co. Then there was a certain

amount of money that each one of us paid in, Mr. Mills, Mr. Tevis, Mr. Hopkins, and Mr. Crocker, and myself, and I presume, Mr. Huntington. I may be mistaken about Mr. Crocker. I know there were two years there that Mr. Crocker was away, and if it occurred in that time he would not be there. I will not be certain about Mr. Crocker, whether he was one of the parties or not. Wells, Fargo & Co. needed money and we gave in or paid so much in apiece.

Q. You paid who?—A. We paid into the concern of Wells, Fargo & Co. I do not remember the exact amount, but I know there was some considerable sum that we wanted to raise. I think the company's needs were about $500,000, and we paid that money.

Q. You mean to say that you paid it, each paying his share individually?—A. Each individually, whatever it was. Mr. Mills and Mr. Tevis, I think, have the same interest as the rest of us.

CENTRAL PACIFIC'S STOCK IN EXPRESS COMPANY.

Q. Was the money so paid by these gentlemen ever charged to the Central Pacific?—A. No. There were two classes of stock. One was our individual stock, and then the Central Pacific, itself, received a large amount of stock in some way. I cannot tell you now how the Central Pacific came to receive that stock, but they had that stock, several hundred thousand dollars. How they became possessed of that stock I cannot tell.

Q. Did they not become possessed of the stock that they held at a period ten years later when the arrangement with Wells, Fargo & Co. was extended to the Southern Pacific?—A. That may be. I remember the fact of their having the stock, but I could not have said but what the transactions were all nearly at one time.

Q. I simply ask whether the $166,666 which was paid by the seven gentlemen that you have enumerated, each paying his share, was charged to the Central Pacific, and that money collected from the corporation?

The WITNESS. Our individual interests?

Commissioner ANDERSON. Yes.

A. No; whatever individual interests we had, we paid for ourselves.

Q. But did you collect it back from the Central Pacific Company by a charge?—A. No, sir; they never bought it from us; it was our own individual stock.

STATEMENT OF C. P. HUNTINGTON'S DISBURSEMENTS.

Q. I will ask you to examine this statement of Mr. C. P. Huntington, dated February, 1870, and explain an item of disbursements charged to the Central Pacific Railroad Company:

Leland Stanford,	7,000	shares	Wells, Fargo & Co	$23,333.33
C. P. Huntington,	7,000	do.	do.	23,333.33
Mark Hopkins,	7,000	do.		23,333.33
Charles Crocker,	7,000	do.	do.	23,333.33
E. B. Crocker,	7,000	do.	do.	23,333.33
D. O. Mills,	7,000	do.		23,333.33
Lloyd Tevis,	7,000	do.		23,333.33
Mark Hopkins, in trust for self,	1,000	do.		3,333.33

The WITNESS. Is that charged to us?

Commissioner ANDERSON. It appears to be charged to the company, and in the margin are the words: "The Contract and Finance Company."

Mr. MILLER. It is not charged to the company. It is charged to those individuals.

Commissioner ANDERSON. Done through the company, then?

Mr. MILLER. No, sir; it is charged to them as individuals on Huntington's statement, and I suppose the whole amount is charged to the Contract and Finance Company and collected from the Contract and Finance Company.

The WITNESS. I do not remember those things. I know we had a certain amount of stock. That was our own stock that we paid for, but how those accounts were charged backwards and forwards I cannot tell you.

HIS METHOD OF KEEPING ACCOUNTS.

Commissioner ANDERSON. Mr. Huntington's statement enumerates these items among his disbursements?

Mr. MILLER. Yes, sir; the same as he did when I was in New York, and I drew $3,000 from him for my personal use, and I came home and found that it was charged to me on the books here. These amounts would have been charged to those individuals, but it seems that they were charged in a lump, judging from that statement, to the Contract and Finance Company. Mr. Huntington paid for it in New York, and it was charged to the Contract and Finance Company here.

Commissioner ANDERSON. What was the necessity for passing it through your accounts at all if it was a transaction that the Central Pacific had no concern with?

Mr. MILLER. You will find many transactions there that the Central Pacific had nothing to do with. Huntington paid them out there, but he had no books, and he just kept his receipts and disbursements and sent them here to be charged up or credited up, as the case might be.

Q. And your explanation is, that on the books of the Central Pacific we will find these items charged to the Contract and Finance Company as of that date?—A. I judge so from that entry there.

NO EXPENDITURE BY COMPANY ON ACCOUNT OF INLIVIDUALS.

The WITNESS. There is one thing I will say, the Central Pacific never paid out any money for us individually that was not charged to us. Did it, Mr. Miller?

Mr. MILLER. No, sir.

The WITNESS. Neither on this or my other account?

Mr. MILLER. No, sir.

VOUCHERS WAIVED AND RELEASES GIVEN.

Commissioner ANDERSON. I would like to put on the minutes the resolution referred to by Mr. Charles F. Crocker, and ask this witness the same question which we put to Mr. Crocker, so that the same question may be before the court as to both witnesses. At a stockholders' meeting held February, 1885, a long set of resolutions were presented. Resolution No. 3 recited that "Leland Stanford, C. P. Huntington, and Charles F. Crocker have made various payments of money in the interests of the company, for which they have given their individual receipts, but no vouchers have been received from the parties to whom the sums were paid; also reciting that the nature and amount thereof have been exhibited and fully made known to us: Therefore, resolved that the stockholders waive the filing of vouchers and authorize the delivery of the releases." In relation to the matter referred to in the resolution, I

ask you to please state the payments of money which were referred to in this resolution and which are alleged to have been made by you in the interest of the company, stating in detail the nature and amount of such payments and all the explanations that were made to the stockholders at that meeting.

Mr. COHEN. Were you present at that meeting?

The WITNESS. Well, I do not know whether I was or not. I think there were things similar to that passed at meetings. Sometimes I was present and sometimes I was not.

Mr. BERGIN. Does that purport to show who were present at that meeting?

Commissioner ANDERSON. The record does.

The WITNESS. I do not know whether I was present or not, but there have been several of those resolutions passed at different times. I think I was present in 1885 at the meeting; I might have been in and out, but I am not sure.

Commissioner ANDERSON. Whether you were present or not, the recital is doubtless true that various payments have been made in the interests of the company for which no vouchers were taken from the parties to whom the sums were paid, and therefore you may consider the question properly put, so far as that is concerned.

THE VOUCHERS EXPLAINED TO THE STOCKHOLDERS.

The WITNESS. I have no doubt that I made such explanation in regard to those different vouchers or those different payments, but I do not remember it now. That is a fact, that at different times either myself or some of the others explained, and there were such resolutions passed to cover the class of cases where we had not the ordinary vouchers.

Q. The resolution stated that "the nature and amount of these payments have been exhibited and fully made known and explained to us." Now I ask you to make known to this Commission the nature and amount of those payments for which the vouchers are insufficient, and explain them to us as you did to the stockholders.—A. I cannot. I cannot tell you about those amounts. I could only tell you by going to the books and finding out. That is as near as I can tell. I have no doubt that the books are correct.

WERE ANY OF THE PAYMENTS MADE TO INFUENCE LEGISLATION.

Q. As to any of the sums referred to in the resolution which I have just read to you, and which refer to payments made by you and the other gentlemen without taking a sufficient voucher therefor, were any of these payments made by you to be used by those to whom the money was given for the purpose of influencing legislation?

Mr. BERGIN. For the reasons already stated the witness declines to answer.

The WITNESS. For reasons above stated I decline to answer.

The Commission then adjourned until Thursday, August 11, 1887, at 10 a. m.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Thursday, August 11, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

GEORGE T. KLINK, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am a clerk in the employ of the Central Pacific Railroad Company.

Q. In what department are you employed?—A. In the secretary's office.

Q. Were you requested by Mr. Miller, the secretary of the company, to make search for a list of vouchers in the general expense and legal expense accounts?—A. I was.

FAILS TO FIND TWO VOUCHERS.

Q. Did you find the vouchers set out in the list which was handed to you?—A. Not all of them.

Q. How many vouchers did you fail to find?—A. Two, I think.

Q. What vouchers were they?—A. One was for an item of $5,000.

Q. In whose name?—A. In the name of either N. T. Smith or H. S. Brown; and the other one, I have forgotten the exact amount, but I think it was for $111,000.

Q. In whose name?—A. Leland Stanford.

Q. Of what year?—A. The year 1878.

Q. Where did you look for the missing papers?—A. I looked in the place where they should have been.

Q. Have you made any subsequent search for them?—A. I have.

Q. Have you been able to find them?—A. I have not.

GEORGE T. KLINK.

Commissioner ANDERSON. I have a report here from E. C. Wright, general auditor of the Southern Pacific Company, in regard to a number of questions which we asked him. He answers some, but in regard to most of the questions he refers us to Secretary Miller. I think that the proper course would be to hand this report to Mr. Miller, and ask him to supplement it as to the matters which are not completed, more especially in regard to the comparative statement of the operation of the road before the making of the lease of 1885, and afterward, which is the question that I would like to have answered more particularly.

So ordered.

Mr. BERGIN. I beg to state to the Commission that Mr. STEPHEN T. GAGE is here, in compliance with a request received from the Commission, and I would ask if the Commission now desires to examine him.

The CHAIRMAN. In regard to the examination of Mr. Gage the same questions will be asked, and I presume that the same course will be pursued as in the cases of Governor Stanford and Colonel Crocker.

Mr. BERGIN. The same objections will be taken, and the same course will be pursued with respect to Mr. Gage as taken in the case of Governor Stanford.

Commissioner LITTLER. If you are going to examine Mr. Gage let us examine him, and then let counsel take such course as they please.

The CHAIRMAN. Our examination of Mr. Gage will be precisely the same as the examination of Governor Stanford and Colonel Crocker, for the purpose of having the record prepared for the court to compel answers to the questions.

Commissioner LITTLER. Then I think that you had better put him on the stand and swear him.

Commissioner ANDERSON. I do not.

Commissioner LITTLER. I do not see how you are going to make Mr. Gage's case a part of this record unless you put him on the stand. If you are not going to make it a part of the record, why not let him go.

The CHAIRMAN. What does the Commission desire?

Commissioner ANDERSON. Unless you desire something particularly to go on the record, I move that Mr. Gage be excused for the present, on the statement of Mr. Bergin that the same objections will be made and the same course pursued as in the other cases. It would be a waste of time to go over all these objections.

The CHAIRMAN. We will put Mr. Gage on the stand, ask him these questions, let Mr. Bergin make his objections, and then let Mr. Gage go.

Commissioner ANDERSON. I move that Mr. Gage be excused. He is here in San Francisco, and we can secure his attendance if we desire him.

The CHAIRMAN. Is that the judgment of the Commission?

Commissioner LITTLER. Yes, sir; that is my judgment.

The CHAIRMAN. Mr. Gage, you are excused for the present. I think it is a mistake, however.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Thursday, August 11, 1887.

LEWIS M. CLEMENT, being duly sworn and examined, testified as follows:

By Commisioner ANDERSON:

Question. What is your occupation?—Answer. I am a civil engineer.

Q. Where do you reside?—A. At Oakland, Cal.

CONNECTION WITH CENTRAL PACIFIC RAILROAD.

Q. What connection have you had with the Central Pacific Railroad Company?—A. I entered the service of the Central Pacific Railroad Company in 1862 as an assistant engineer. I was afterwards chief assistant engineer, and after the completion of the road the duties of the superintendent of track were added, and this continued up to 1881.

Q. During Mr. Judah's lifetime, did you serve under him?—A. Yes.

Q. What was the exact date of his death?—A. I think it was in the summer of 1863.

Q. Did you accompany him in the various surveys that he made for the purpose of reporting upon or locating the proposed routes?—A. No.

Q. Did you assist him in preparing the reports and the estimates for that purpose?—A. Those estimates that were made, I think, were all made before I entered the service.

Q. After Mr. Judah's death, what was your occupation in connection with this railroad?—A. Assistant engineer, and afterwards chief assistant.

Q. Who was the chief engineer under whom you served after Mr. Judah's death?—A. S. S. Montague.

CONNECTED WITH CONSTRUCTION FROM SCCTION 1 TO PROMONTORY POINT.

Q. Were you actively engaged during the entire period of construction from section 1 to Promontory Point?—A. Yes, sir; all the way through to completion.

Q. Were you there constantly during all the time, winter and summer?—A. On the line of the road; yes, sir.

Q. Did you become entirely familiar with the whole line of construction from the beginning to the end?—A. I cannot say entirely familiar.

Q. What particular portion of the construction came under your supervision?—A. I had direct charge, from the seventy-fifth mile bevond Sacramento, to Truckee, and afterwards from Ogden about 200 miles west.

Q. Was it part of your duty between the seventy-fifth and the one hundred and twentieth sections to measure the amounts of work done by the contractor, as to excavation of earth, rock, &c.?—A. It was, sir.

HOW ESTIMATES OF MEASUREMENT WERE OBTAINED.

Q. How were those estimates obtained?—A. They were obtained as the usual estimates are, by first cross sectioning the line——

Q. Before any work was done?—A. Yes, sir; before any work was done.

Q. So as to get a permanent plan of the original surface?—A. Yes, sir.

Q. Please continue and describe how the subsequent estimates were made out.—A. The work was laid out as near as could be judged from the surface or from test pits as to the character of the material, so as to arrive at approximately the slope at which the material would stand. So far as embankments were concerned on slopes there were none. Earthen material was laid out so as to have a slope of 1½ horizontal to 1 vertical, and on earth-work excavations the slopes ranged between 1¼ horizontal to 1 vertical and 1½ horizontal to 1 vertical.

ORIGINAL SURVEYS IN CHARGE OF CHIEF ENGINEER.

Q. Where are the original surveys, the surveys on which you started work, showing the original surface of the ground?—A. I assume that they are in the engineer's office.

Q. When did you last see them?—A. The last that I saw of them was twenty years ago.

Q. In whose custody?—A. In the custody of the chief engineer.

Q. Who was then the chief engineer when you last saw them?—A. S. S. Montague.

Q. When did he die?—A. I think in 1883.

Q. Who succeeded him?—A. No chief engineer succeeded him as chief engineer of the Central Pacific, that I know of.

PRESENT CUSTODIAN OF THE PAPERS.

Q. Who has charge of his papers; not his individual papers, but of the papers belonging to the Central Pacific Railroad Company which were in his charge?—A. I think that William Hood is the present custodian.

Q. Is he in San Francisco?—A. I do not know that he is here, but his headquarters are in San Francisco.

Commissioner ANDERSON. Can any one present tell us whether Mr. Hood is in this city?

Mr. COHEN. I think he is up on the work.

Q. Have you access to the papers yourself, so that you could tell us whether the original surveys are still on hand?—A. No, sir. I have not had anything to do with them for twenty years.

THE PAPERS WOULD NOT STATE TOTAL EXCAVATION.

Q. Those papers, if examined by a railroad engineer and compared with the present location of the road-bed, would inform him correctly of the total amount of excavation taken away and the total amount of filling done. Is not that so?—A. Not altogether so.

Q. In what respect would they fail to do so?—A. They would fail to do so probably at Secret Town cut. That was a cut where thousands of yards had slid down and the original surface of the ground was lost there. Again, at Gold Run the original surface has been destroyed by slides. The original surface immediately about Alta has also been destroyed. But in the majority of cases the engineer could tell pretty closely.

Q. Then, do I understand that on those sections where you were employed the determination of the quantity of work done was effected by you by measurements, at given periods, of the surface, as you found it, and then by obtaining an estimate of the amount done up to the date of your examination?—A. Yes, sir.

Q. By whom were these measurements made?—A. By my assistants and myself.

Q. And, of course, no matter what distribution of the classes of excavation might be made, when you get through and completed the work, the aggregate of all the classes of excavation would equal the entire excavation, and that could be obtained by an engineer who would compare the original survey with the final location of the road?—A. If the measurements were correctly made and could be made.

FIVE CLASSES OF EXCAVATION.

Q. Who had charge of distributing the various classes of excavation?—A. I had.

Q. How many classes of excavation were there?—A. I have not seen those specifications for twenty years, but my recollection is that the classifications of excavation were divided into five.

Q. Please enumerate them as you remember them?—A. The first class included sand, earth, loam, clay soils, and loose gravel. The second class was loose rock and material which could be moved without the use of powder. The third class was indurated gravel and soft rock. The fourth class was a hard rock, and the fifth class was exceedingly hard rock.

Q. Was it flint rock?—A. Flint rock; that is my recollection.

MEASUREMENTS BOTH VERTICAL AND HORIZONTAL.

Q. When you prepared to make an estimate, and made your measurements showing the amount of material that had to be removed between the date of one estimate and the date of the following estimate, how could you determine how much of that belonged to the first class, of earth, how much to the second class, of clay, gravel, and earth, and how much to the third class, of indurated earth?—A. That was determined by measurements both vertical and horizontal.

Q. The measurements, of course, were made before the material was removed?—A. Certainly. The original cross-sections will give you the surface of the ground. Now, if that surface was soft material, it could be moved, down to the rock, and on the rock would be taken another cross-section.

DETERMINING BETWEEN TWO CLASSES OF EARTH.

Q. That I understand, it being the usual course of distinguishing between rock and earth; but I do not yet see how, exactly, with any precision, you could determine between two classes of earth, one being what you call sand and loose gravel, and the other earth somewhat hardened by the admixture of clay?—A. Loose gravel, and earth, and sand were one class.

Q. Define your second class again.—A. The second class would be loose rock and material that could be removed without the use of powder.

Q. Do you say that that was the same class as earth and sand?—A. No; I did not say that.

Q. Then tell me, if both classes were mixed loosely together, and without a defined surface passing one into the other, how could you, by measurement before the work was done, or by examination after the work was done, distribute them?—A. That material was usually stratified so that it could be easily measured.

NO RECOLLECTION OF COST OF REMOVING EARTH.

Q. Do you know what, at that time, was the current price for removing earth under such circumstances as you worked?—A. No; I do not. Engineers, usually, for their own information and to use in the future to assist them in determining the cost of similar works, endeavor to arrive at the cost, but the cost of all that work was beyond any use of any engineer. There was no valuable data in it for any engineer.

Q. Do you know what was the agreed price between the contractors and the railroad company for each class of work?—A. I did know, but the engineers on the line had so much to do, that I arranged with the chief engineer to take the estimates as I sent them down to him and work them out in his office, so that I had very little to do with extending the prices.

Q. What is your present recollection of these prices?—A. I have no recollection of them at all.

Q. Do you remember what the price was per mile for grubbing and clearing?—A. No.

GRUBBING AND CLEARING ON SECTIONS 75 TO 100.

Q. How much work was there of that character on the sections that you were on—75 to 120?—A. All the way; the whole distance.

Q. You saw all of that work from section 1 to the State line?—A. No, sir; from 75 to 120.

Q. How much of that work was there?

The WITNESS. Do you mean grubbing and clearing?

Commissioner ANDERSON. Yes.

A. All the way; some of it was very heavily timbered, the trees ranging from 2 to 4, 5, and 6 feet in diameter.

Q. Where you had to fill, all the grubbing and clearing that you did was to cut the trees down, was it not?—A. That was clearing, not

grubbing; excepting, my recollection is, that fills of 4 feet or less were to be grubbed, and over that and under 8, I think, close cutting.

Q. So far as the timber was concerned, would that not always pay for itself?—A. It would if there was a market for it.

Q. As things were in 1868, when you were there, how was it?—A. It would not pay for itself, because there was no market.

COST OF PART OF GRUBBING $5,000 A MILE.

Q. Have you any idea what it cost per mile to do that grubbing and clearing?—A. I think that some of it cost as high as $5,000 a mile.

Q. How many miles would cost that sum?—A. There would not be much; probably 4 or 5 miles where there was the heaviest timber.

Q. How wide did your operations extend—what was the width of the clearing?—A. The width of the clearing was usually 100 feet on each side of the line, but in many cases where there were very tall trees—trees that would reach the line—they were required to be cut down outside of this limit.

Q. What was the width of the grubbing?—A. The grubbing was only the width of the embankment.

Q. How wide was it, 22 to 25 feet?—A. Yes, sir; from 20 to 25 feet.

"NOT YANKEE FORESTS."

Q. Will you please describe how cutting down the trees, no matter how thick, for the length of a mile and grubbing for a width of 20 feet through that mile could cost $4,000 or $5,000?—A. My recollection is this, that at the time they were clearing that away there was snow on the ground, probably to a depth of 1½ to 2 feet, and I think that there were over 300 men at work fully ten days clearing off a mile. Those are not Yankee forests, but forests with trees 4, 6, and 8 feet in diameter.

Q. Taking your average work there of the width of your clearing, what distance would give you an acre?—A. About 7 chains.

Q. About 400 feet?—A. About 400 feet.

Q. That would be about 13 acres to a mile, if you cleared the whole width of 200 feet?—A. Yes, sir.

Q. That would be an allowance of $400 an acre for grubbing and clearing?—A. At your figures, yes, sir.

Q. Is that the usual cost of grubbing and clearing in rough country here?—A. Oh, no. I do not think that you understood one of my answers.

Mr. COHEN. There are different modes of grubbing and clearing.

The WITNESS. You do not understood, I think, one of my answers. One of my answers was that the clearing was a hundred feet on either side of the road, not that the clearing was a hundred feet wide.

Commissioner ANDERSON: I simply ask you, as the clearing progressed, how many acres there would be to a mile of clearing.

The WITNESS. About 24 acres.

Q. That would be about $200 an acre for grubbing and clearing, would it not?—A. Yes, sir.

PRICES RANGED FROM $200 TO $4,000 OR $5,000.

Q. Describe the rest of this grubbing and clearing. What was the average cost of it in those sections?—A. There was some of it probably that cost from $200 to $300 a mile, and probably 2 or 3 miles of it cost $150 a mile.

Q. So that it ran all the way from $200 to $4,000 or $5,000 a mile?—A. Yes, sir.

Q. According to the character of the country and the timber?—A. According to the character of the country and the size of the trees.

Q. In regard to this excavation, was there any serious difference between the cost of removing the different qualities of earth?—A. Yes; very much.

CANNOT COMPARE PERCENTAGES OF COST.

Q. How much more would it cost to remove class No. 3 than class No. 2 or No. 1?—A. I do not know just what it would cost.

Q. I ask you to compare the percentage of cost. Do you know it?—A. I do not know it.

Q. Assuming that $100 would remove a certain quantity of earth of class No. 1, how much would it require to remove the same quantity of class No. 2 or class No. 3?—A. I do not know their relative cost.

Q. Can you give no figures or approximation?—A. No.

Q. Would it cost more to remove class No. 3 than it would to blast solid rock?—A. It would depend a good deal upon the character of that solid rock. There were some rocks there so hard that the ordinary powder with from, as near as I could recollect, three to five shots fired would not have any effect as to blasting it or breaking it up.

Q. Do you remember whether there was a very material difference between the price allowed for class No. 3, for earth, and the price allowed for class No. 1?—A. I could not say.

Q. Who else assisted you in determining how much of class No. 3 there was in this work?—A. I usually made the classifications myself.

MR. CROCKER INTERESTED IN CLASS 3.

Q. Was Mr. Crocker there frequently?—A. Not when I made my measurements.

Q. Was he not there frequently during that work?—A. Oh, yes.

Q. Every day?—A. No. He was there very often. He was a very hard-working man.

Q. Were you not aware at the time that he had a strong direct interest in the increase of class No. 3?

The WITNESS. That he had such an interest, do you mean?

Commissioner ANDERSON. Yes.

The WITNESS. He was one of the contractors, and it is quite natural that he would have.

Q. That is not answering my question. Why does it follow that as he was one of the contractors he had an interest in making class No. 3 as large as possible?—A. He could not make class No. 3 as large as possible, because that was in my hands.

Q. I asked you whether you were aware that he had an interest at the time, or would receive more money by making class No. 3 as large as possible, that if there were any doubt as to the earth belonging to class No 2 or class No. 3, it would advantage Mr. Crocker to give the benefit of the doubt to class No. 3. Were you aware of that at the time you were doing this work?

(Question repeated.)—A. That idea never struck me at all.

Q. It never struck you?—A. No; Mr. Crocker had nothing to do with the classification of the work.

Q. Does my question say that he had?—A. It infers it.

Q. I asked you simply if you knew when you were making those estimates that it would benefit Mr. Crocker's pocket to make the estimate for class 3 as big as you could?—A. No, sir; I never had any such ideas.

Q. You did not know that at the time?—A. I never thought of it.

Q. Do you know that the allowance for class No. 3 was three or four times as much as the allowance for class No. 1?—A. No; I do not.

Q. Did you ever know it?—A. I knew the prices at one time, but I do not now know what they were.

Q. You did know the prices at the time, did you?—At one time, I did.

CHIEF ENGINEER MADE THE FINAL ESTIMATES.

Q. Were the final estimates for your sections kept separate or were they combined with the final estimates for preceding sections?—A. I do not know how the final estimates were made. I did not make the finals.

Q. Who made the finals?—A. I think that the finals were made by the chief engineer—what there was left of them.

Q. Are you able to state from your recollection, as that land lay there in your sections, whether it contained more excavation of the first or of the second or of the third class?—A. No; I cannot state. There was a large amount of third, fourth, and fifth class.

Q. The fourth class, I understand, is rock; am I correct?—A. Yes, sir; I think there were five classes.

Q. There is a sixth class entered here on the estimate, besides tunnels. I think there are six classes on all of them. Is there anything peculiar about the disposition of this earth that calls to your mind that in some parts the third class was overwhelmingly greater than the first and second?—A. Sections 106 to, I think, 113 or 114 were nearly all rock.

EXCESSIVE AMOUNT OF THIRD CLASS MATERIAL.

Q. Please examine this final estimate, to which I call your attention. It includes some sections which were not directly under your supervision—sections 68 to 92—state whether you have any recollection as to the material removed there which will explain why the third class, as to which the price is $1.47½ a yard, appears to have been removed to the extent of over 800,000 yards; while the first class, at 45 cents, appears to have been removed only to the extent of 280,000 yards, and of the second class, at 65 cents, but 168,000 yards were removed?—A. I cannot tell anything about that.

Q. Is that because the sections are mingled together?—A. Yes, sir.

Q. If you had the individual reports of your own sections, could you give some explanation?—A. I can give you now, from recollection, a general idea.

Commissioner ANDERSON. You may give it.

WORK ON SECTION 83 TO SECTION 114 DESCRIBED.

The WITNESS. From section 83 to section 114, with the exception, probably, of 3 miles, are all one class, of the most expensive material.

Q. Do you mean rock?—A. Yes, sir; rock. There was some exceedingly hard rock above Cisco. From the summit of the Sierra Nevadas and including the summit, for about, I think, 5 miles, it was bare granite bluffs.

Q. Do you mean 5 miles going east?—A. Yes, sir; going east. From there to Truckee, or rather up to section 113, it was granite and conglomerate rock, all going under the head of the more expensive classification.

Q. Would that conglomerate rock come under the third class of earth, excavation, or of rock excavation?—A. My recollection is that it would come under the third class; it may have been the fourth class.

Q. The price of the third class appears as $1.47½. The fourth class which you describe as rock, is $2.50. Does that aid your recollection?—A. Some of that would come under the fourth class, then.

SECTION 75 TO SECTION 83 DESCRIBED.

Q. Please describe in the same way from section 75 to section 83.—A. From section 75 there were a great many cubic yards of material, mostly of clay slate. There was some very hard conglomerate rock, and some very hard solid rock, and the quantities moved were very large. In one of the largest cuts, one that is locally termed Prospect Hill, the earth was taken out by washing it. Large mining ditches were put into it, and it was washed out after the ground had been loosened with powder and carried out down the slope with water. It was broken up and carried out in that way.

Q. How extensive was that excavation?—A. That was only in the one cut. Below, at Gold Run, the slides were moved by breaking the material up and washing it also.

Q. Washing it down the side of the mountain?—A. Yes, sir; washing it down the side of the mountain.

Q. Do you recollect the length of those cuts?—A. No; I do not. The profile would show, however.

DUTIES CONNECTED WITH THE MASONRY.

Q. Did you have any connection with the masonry?—A. Yes, sir; I had direct charge of the masonry.

Q. About this masonry, what were your duties?—A. My duties were to have the masonry laid out, to supervise it, and to see that it was properly built.

Q. Was it also a part of your duties to measure the work done for the purpose of making estimates for payment?—A. Yes, sir.

Q. Do you remember what was paid per yard for masonry—bridge masonry?—A. Not distinctly.

Q. Do you know what were fair prices for that kind of work at that time?—A. As nearly as I can recollect, I think that what was called first-class masonry was worth either $14 or $16 then. I do not remember. In fact, I am not clear about that at all.

STONE ALONG THE LINE USED FOR BRIDGES.

Q. Where did the material that was used come from?—A. Usually along the line, where it could be had.

Q. Did you not find plenty of stone between sections 75 and 120?—A. Yes, sir.

Q. I think that you described several miles of solid granite, did you not?—A. That was from the summit east.

Q. Did you use the stone which was found on the line of the railroad for the purpose of constructing the masonry part of the bridges?—A. Usually; yes.

Q. And your recollection of the average cost is that it was from $14 to $16?—A. For the first class; yes, sir.

CLASSES OF MASONRY.

Q. How many classes of masonry were there?—A. I think there were ashlar, rubble in course, dry culvert and paving, retaining-walls.

Q. Rubble in course, what would that cost, about, per yard on the line of that work?—A. I do not know what it would have cost.

Q. It was less than the ashlar, I presume?—A. Yes, sir; because the ashlar was required to be bedded—uniform beds.

Q. Sufficiently dressed to admit of one stone lying squarely on another?—A. Yes, sir.

Q. What is the next class after rubble in course?—A. Dry culvert.

Q. The stone that you used for dry culverts, what was that worth per yard?—A. That was stone with split corners laid square on the face of the wall. That was probably worth in the neighborhood of six or seven dollars.

Q. What do you refer to by paving?—A. Paving was the foundation for the culverts.

Q. It was simply gathering the paving stone together and making a fair bed for the water to flow on, was it?—A. Yes, sir; and to prevent washing out.

Q. As to the retaining walls; how much was that worth, per yard?—A. Under ordinary circumstances, the retaining-wall material was worth, probably, four and a half or five dollars.

WOOD-WORK IN CHARGE OF ARTHUR BROWN.

Q. Had you any connection with the wood-work—timber?—A. No, sir; not directly. That was in charge of the superintendent of bridges.

Q. Who was he?—A. Mr. Arthur Brown.

Q. Did you take any part in the location of the base line of the mountains, the point at which the $48,000 per mile was to commence?—A. No, sir; I had nothing to do with it.

Q. Did you know of the investigations that were made at the time for the purpose of determining that point?—A. No; I did not know that there were any investigations.

ARCADE CREEK THE GEOLOGICAL BASE OF SIERRA NEVADAS.

Q. Do you know the point that was selected as representing the foothills of the mountains, 7 miles from Sacramento?—A. I understood that Arcade Creek was selected as the geological base of the Sierra Nevada Mountains. Beyond that, I know nothing about it,

Q. As a matter of fact, is that the point where the more difficult and mountainous construction of the road commences, or can be said to fairly commence?—A. The ground there is rolling.

CONSTRUCTION MORE DIFFICULT EAST THAN WEST OF THE BASE.

Q. Is it any more difficult for construction on one side, east of that point or west of that point for a distance of 4 or 5 miles, than on the other?—A. The work is heavier east of Arcade than it is west of it.

Q. I mean, limiting yourself to 5 miles on each side of Arcade and bearing the American River in mind?—A. I cannot recall the profile in mind now.

Q. Can you recall any special difficulty which would justify you in saying that, on the whole, the one was difficult and mountainous construction and the other was not?—A. The work east of Arcade is far more rolling than it is west of Arcade.

Q. Does that feature commence immediately or after a lapse of 7 or 8 miles after you leave Arcade going east?—A. I would not say now, but it seems to me that the work is comparatively light there for 2 or 3 miles just immediately east of Arcade.

Q. You say it is comparatively light?—A. Yes, sir.

NO FILL MORE THAN 22 FEET HIGH.

Q. What is the highest cut, measuring the cutting height, or the highest fill as you proceed eastward from Arcade for a distance of from 10 to 14 miles?—A. I do not think that there is a fill there that is more than 22 feet high.

Q. More than what?—A. Twenty-two.

Q. Twenty-two feet, is that what you mean?—A. Yes, sir; and I do not think that there is a cut deeper than 10 or 12 feet.

Q. Is there a fill of over 8 feet in height for 14 miles east of Arcade?—A. My recollection is that there is; yes, sir.

Q. Can you mention it or locate it?—A. I can locate it on the profile.

Q. Can you locate it now from memory?—A. No; I cannot locate it now—to give you that point. After a road is built of course we pay no attention to heights, but I remember setting the grades for the track over there beyond Arcade, and I recollect climbing up a bank. My recollection is that it is about 22 feet. It may not be.

TWO HUNDRED MILES OF NOT THE MOST AVAILABLE LINE.

Q. In regard to the line which was selected, was it, in your judgment, on the whole, the best and shortest line that could have been obtained?—A. I believe that the line over the Sierra Nevadas was the best line.

Q. Is it your judgment that the location of the line from Truckee to Promontory Point was the shortest that could have been selected with reference to engineering questions and other advantages of location?—A. I do not think that about 200 miles of that line was the best that could have been secured.

Q. Between what points?—A. Between Ogden and Toano.

Q. Is it your judgment that the line selected was longer than the line that you would consider the best line?—A. I do not think that there was much difference between the two lines. I cannot recall it now—the lines that were compared.

LINE SURVEYED BY UNION PACIFIC THE BEST.

Q. You mean the line actually selected and the line that you would have selected, those are the two lines that you refer to, are they?—A. No; I have reference to two lines, one line surveyed by the Union Pacific and the other was surveyed by the Central Pacific. I thought that the line of stakes as laid out by the Union Pacific was a better line than the Central Pacific was building on.

Q. Which line has ultimately been adopted and is now in operation?—A. The line, as I understand it, was accepted and adopted by the Secretary of the Interior.

Q. Is it the Union Pacific or the Central Pacific line?—A. The Central Pacific line to Promontory, or the line to a little east of Promontory.

Q. I want to know if that line, as now in operation, is longer than the line which you would have considered the best line between the same points?—A. I do not remember that point.

Q. How much did you say you were in charge of at the east end of the road? How many sections?—A. This way, about 200 miles from Ogden.

Q. From Ogden west?—A. Yes; from Ogden west.

CHARACTER OF COUNTRY FROM OGDEN WEST.

Q. Please describe the character of that country.—A. Coming west from Ogden, the line crosses Bear River near Corinne; then it follows over a comparatively flat country to Blue Creek.

Q. How many miles from Ogden to Bear River?—A. I cannot remember all those things.

Q. From Bear River, coming west, what is the character of the country?—A. Coming west to Blue Creek station, Blue Creek station must be about 43 or 44 miles from Ogden; then the ascent over the Promontory Mountains is through a gravel country, and considerable limestone, until you reach the summit of the Promontory Mountains.

Q. How long an ascent is that? How many miles do you keep going up?—A. Eight or ten, I think.

Q. And how far is the summit of the Promontory Mountains from Ogden?—A. About 53 miles.

Q. Then continuing west to the end of your work, what is the character of the country?—A. Continuing west, the lines cut through some limestone rock, quite a number of cuts, till you reach the western slope of the Promontory Mountains, and then the work is comparatively light until you reach the base. From the base of the Promontory Mountains to the base of the Ombey Mountains the work is comparatively light.

Q. What is the name of the valley or depression between these two ranges which is crossed by the road?—A. I do not recollect the name.

Q. What is the distance?—A. It must be about 20 or 21 miles. There is some heavy work getting over the Ombey Mountains, and more or less all the way to Terrace, about 124 or 126 miles west from Ogden. Then from Terrace for 24 miles, I think, the work is comparatively light till you reach the Toano Mountains. The material in the Toano Mountains, as I recollect it, was partially indurated gravel and limestone. From there to Wells there is a series of cuts. There are some heavy cuts and some heavy embankments, but no very heavy material.

Q. How far did that bring you?—A. About 200 miles.

Q. Did that bring you to the end of your division?—A. There was no definite point to the end. I was to come this way as far as I could.

ENGINEERS WHO HAD CHARGE.

Q. Who had charge of the division between the point you have mentioned and the Truckee River, or the end of your other division, section 120?—A. There were several engineers. One was named McCloud.

Q. Is he living?—A. He is dead. I think Mr. Phelps was another. He is dead.

Q. Do you say that he is dead also?—A. Yes, sir; and a man by the name of Haslett, I think, had a division there. He is dead.

Q. Do you remember any engineer now living who had charge there?—A. Just now I cannot recollect any. Mr. Ives was there. He is also dead. Mr. Hutchinson was also there. He is dead.

ENGAGED IN THE WORK FROM 1863 TO 1869.

Q. How long did the work on that 200 miles take?—A. I really cannot tell you.

Q. You finished in May, 1869, did you not?—A. I left there before it was finished.

Q. When did you go there?—A. According to my recollection, I went there in June, 1863, and I think that I left there in February, 1869.

Q. Did the work commence immediately after you went there?—A. Very soon afterwards.

Q. When you say that the work commenced shortly after you went there, do you mean the work at the State line or the work at the 200-mile point?

The WITNESS. What State line?

Commissioner ANDERSON. The State line of the State of California; section 138.—A. I was not there at all.

Q. You do not know anything about the work between section 138 and the end of your division?—A. I did not have immediate charge of the work between Truckee and Wells.

Q. Still you went over the line occasionally; you had to go over it to reach Wells, did you not?—A. Not always.

COMPLETED ROAD EXTENDED TO RENO.

Q. Where did you live then?—A. In the State of California. I lived at Ogden after I left here in 1868. I remained on the work until 1869.

Q. When you left here in 1868 in order to go to the work east, had the work proceeded at all between the Truckee River and Wells?—A. I went to Reno on the completed road.

Q. Did the completed road extend to Reno?—A. Yes, sir; I think that was on the 6th day of June.

Q. East of Reno, what had been done?—A. I do not remember just what was completed.

COMMENCED AT OGDEN AND WORKED WEST.

Q. To come back to your portion between Wells and Ogden, did they commence work at Wells—I mean the work of grading and laying the track—before the road directly west of it had been completed to that point?—A. Oh, yes; they worked from Ogden west.

Q. Do you say that they commenced at Ogden and worked west?—A. Yes, sir; they worked west from that point.

DRIVING THE LAST SPIKE.

Q. Then the last spike was only metaphorically driven at Ogden. As a matter of fact, was not the junction made some distance west by the working parties coming together?—A. Oh, no.

Q. Please explain how the work progressed.—A. They do not drive spikes usually until they get together with the track. The work that I have reference to from Ogden west was the grading. We could not get rails over there. This last spike was driven by connecting the track of the Union Pacific with the track of the Central Pacific.

Q. What I am getting at is that the work as it progressed westward, I suppose, consisted of preparing the soil, grading, building embankments and making fills, and making cuts—all that work, you say, proceeded from Ogden, and went towards the west?—A. We worked west; yes, sir.

Q. And that is the main work of building a railroad?—A. Yes, sir.

Q. That work you supervised from June, 1868, until the following February?—A. I think that it was February, 1869; yes, sir.

Q. Was it substantially completed when you left?—A. No; there was considerable yet to be done. I think that the greater portion of the hard material was left after I came away.

RAILS LAID IN 1869.

Q. When was the rail laid on your division—your 200 miles?—A. I think that it was laid in 1869.

Q. You left in February, 1869; did you?—A. Yes, sir.

Q. It was laid between that time and the following May; it was laid between the time you left and the time that the union was made which was in May, 1869?—A. I think about the 1st day of March, 1869, the end of the Central Pacific track was about 200 miles from Ogden.

LABORING MEN IN CHARGE OF BENSON AND WEST.

Q. Who had charge of the laboring men, the men who were removing earth and rock on your division while you were there?—A. There were two men had charge of it; a Mr. Benson was one, and another was a man by the name of West. Benson and West were the men, I think.

Q. Are they living?—A. No, sir; they are both dead.

Q. For whom did you work on this division; in whose employ were you?—A. In the employ of the Central Pacific, I think.

Q. Do you know? Who paid you?—A. I am not positive just now. There was a change made there some time, but I do not know whether it was made then or not.

Q. Did you deal substantially with the same people with whom you dealt before?—A. I dealt with the Central Pacific people usually.

WITNESS EMPLOYED AWHILE BY CONTRACT AND FINANCE COMPANY.

Q. Do you not remember that you were employed by the Contract and Finance Company?—A. I was for awhile; yes, sir.

Q. To whom did you report?—A. I received my instructions from the chief engineer.

Q. From Mr. Montague?—A. Yes.

Q. Did you also prepare the preliminary surveys showing the lay of the ground there, and the original surveys for this 200 miles?—A. Not the original. I surveyed a line following the route which I understood, and was so informed by the chief engineer, had been accepted by the Secretary of the Interior, and the instructions were, I think, to hold to the line as it had been located.

Q. Is that the line which you cross-sectioned?—A. Yes, sir; excepting the portion immediately on the Promontory Mountains, which it was afterwards decided to change for 5 or 6 miles.

Q. Who cross-sectioned that 5 or 6 miles?—A. It was under my charge.

ORIGINAL CROSS-SECTIONS IN CUSTODY OF CHIEF ENGINEER.

Q. Do you know where those original cross sections are?—A. No, I do not; those cross-sections were all put in a book, I think cross-linked and lettered, to be put away for the future.

Q. Do they belong with the cross-sections for sections 75 to 120 also? Do they belong in the same custody?—A. They belong in the custody of the chief engineer.

Q. And if they can be found now, they should be amongst his papers?—A. Yes, sir.

INTERIOR DEPARTMENT FURNISHED WITH PROFILES AND MAPS.

Q. Do you know whether copies of those original cross-sections were furnished to the Interior Department at Washington?—A. I never heard of it.

Q. You never heard that they were?—A. No, sir. They were furnished with profiles, I think. That was usual, and they were also furnished with maps. I think that was the requirement. So far as the cross-sections are concerned, however, I never heard of their being furnished.

Q. Do you mean that the Department of the Interior was furnished with maps and profiles?—A. Yes, sir.

Q. That would only give you the ultimate location of the railroad as constructed, but would not inform you as to the amount of work that was done to change the natural surface of the ground to an artificial surface?—A. No, sir.

DESCRIPTION OF SECTIONS BETWEEN 120 AND WELLS.

Q. Can you give us a description applicable to sections between 120 and Wells, such as you have of the sections of which you had immediate direction?—A. Only generally. The work all done through the Truckee Cañon to Wadsworth, with probably an exception of 8 miles, was all heavy work. From Wadsworth to Brown's Station, the country was rolling, with some rock and a little conglomerate and loose gravel. From Brown's Station to the Humboldt River, or the first crossing of the Humboldt ——

Q. How many miles?—A. I do not remember. This work was comparatively light. The soil was an alkaline soil.

Q. It is quite a long stretch there, is it not?—A. Yes, sir. From the first crossing of the Humboldt for about 6 miles the work is comparatively light. It requires a gradient of 1 per cent. per mile to get over the Oreana Summit. There was considerable material removed there, but the work was inexpensive. From there to Winnemucca the line is carried over a rolling country without any rock.

GRADES REDUCED BY CUTS AND FILLS.

Q. Do you remember whether the line was made to follow the slope of the hills, or whether the grades were reduced by cuts and fills?—A. They were reduced there by cuts and fills.

Q. Was this to any material extent?—A. No; there was no heavy work there; no comparatively heavy work. The heaviest work probably on that portion was in the Palisade Cañon, and there there was considerable rock work; and there is rock work east of Elko.

FROM WINNEMUCCA TO WELLS DESCRIBED.

Q. Please continue your description from Winnemucca?—A. From Winnemucca to Wells the heaviest work was in the Palisade Cañon and I think that about 20 miles east of Elko there was some rock work. The last 30 or 40 miles to Wells was comparatively light. There was light grading.

Q. Are you in the employ of the Central Pacific Railroad Company now?—A. No, sir.

COULD BUILD THE ROAD FOR $22,000 A MILE.

Q. From your general knowledge as an engineer, having had supervision of work of this character, what do you believe it would cost to-day to build that road as it stands, from Wadsworth to Ogden, per mile?—A. You could build that road from Wadsworth to Ogden, as roads are ordinarily built, I suppose, for $22,000 a mile.

By Commissioner LITTLER:

Q. Does that include equipment?—A. That would take a moderate equipment.

By Commissioner ANDERSON:

Q. Would that take $2,000 or $3,000 for equipment?—A. Yes, sir.

Q. Do you mean that it would cost as much as that, averaging the hard with the easy?—A. Yes, sir.

PRICES THEN BEYOND ANYTHING EVER HEARD OF.

Q. From your knowledge of the circumstances under which that road was actually built, can you form an estimate as to what the actual cost of construction of the 200 miles of which you had supervision was from Wells to Ogden?—A. No, I could not; and for this reason: The prices then were away beyond anything that I had ever heard of. I bought and paid for it myself; oats at 14 cents per pound. We had very little barley. I paid 6 cents a pound for hay; and anything that we wanted or needed over there in the way of tools had to be hauled from California. I could not, therefore, give you any idea.

CHIEF ITEMS OF EXPENSE OF CONSTRUCTION.

Q. What were the chief items of the expense of construction?—A. Labor, transportation, and pushing on the work as rapidly as it was pushed.

Q. Will labor, material, and transportation cover everything?—A. Yes, sir.

Q. Can you tell me how they figure in the result, what proportion each of those three items bore to the other?—A. No; not accurately.

Q. Was there more labor than material, I mean as expressed in dollars?—A. There was a great deal of labor lost in carrying the men forward. There was a large expense in that.

Q. You are then unable to state with any degree of accuracy, so that you would allow it to be put upon the record as your deliberate judgment, what the cost was to build that 200 miles of road?—A. No, sir.

Q. How many men were engaged there during the period that you were there?—A. I do not remember. I had nothing to do with the men directly, further than to see that the work was pushed through.

A GREAT MANY TEAMS EMPLOYED.

Q. Do you not recall how many men there were on each section; how many men were actually engaged in doing this work?—A. No. The force there was more in teams. A great many teams were employed. Some camps would have fifty or sixty teams. I never counted the teams, never took any particular interest in them, never cared about them so long as we got the work done.

Q. If there is any general information as to the character of the work and the manner in which it was carried on which you can give us, in addition to what you have already stated, we should be very much pleased to hear it. I desire to say that you have given a more connected story and a more vivid description than we have been able to get from anybody else. Are you aware that within a few years a representation was made to the board of equalization of one of the counties in the State of Nevada, in which some of the company's engineers represented that the road could be built for $9,000 per mile?—A. I suppose that for equalization purposes that would be the superstructure.

Q. Do you think it would have no reference to the grading or preparation of the road-bed?—A. I do not know; but I think not.

Q. Do you know who the engineers were who made that statement?

The WITNESS. What year was that?

Commissioner ANDERSON. 1880.

The WITNESS. No, sir; I do not remember.

Q. It was at Winnemucca. Mr. Ryan appeared for the company, but the names of the engineers who made these statements are not given. Do you recollect anything about it?—A. No, sir; I do not recollect.

DID NOT FORM ANY CONTINUOUS ESTIMATE.

By the CHAIRMAN:

Q. Did you, as an engineer, at the time form any estimate as to the cost of the construction of the road, including the stations and depots, switches, turn-tables, side tracks, water tanks, water stations, platforms, warehouses, round houses, machine shops, repair shops, &c.?—A. I did not form any continuous estimate. Mr. Judah and myself would work in the office at Sacramento sometimes until midnight or 1 or 2 o'clock in the morning making estimates of the cost of shops at one point, and shops at another point, and buildings at different points, but no continuous estimates.

SACRAMENTO BRIDGE COST OVER $100,000.

Q. Is it true that the first 7 miles from Sacramento eastward could have been actually constructed for less than $11,500 per mile, based on any estimates that you know of?—A. Oh, no. My recollection is that the bridge cost over $100,000.

Q. How would you place such an estimate in comparison with any estimate that you made?—A. Eleven thousand dollars the bridge alone, let me understand your question.

The CHAIRMAN. I refer to the first 7 miles from Sacramento east.

The WITNESS. Do you mean they were estimated to cost $11,500 per mile?

Q. Could the cost of construction under any estimate that you made or considered be less than $11,500 per mile?—A. My recollection is that the charge to that estimate alone for bridging would be thirteen or fourteen thousand dollars.

Q. How much under the actual figure would you regard such an estimate? I am asking you now as a railroad engineer; having had experience at that time, how much under the actual figure would you regard $11,500 per mile as the cost of the construction of that section of the road?—A. I should consider that, at the prices then paid, $30,000 a mile too little.

ESTIMATE AS TO COST OF CONSTRUCTION.

Q. Then your estimate, based upon what you recall as to the circumstances at the time, would be about $41,500 per mile for that part of the road?—A. That is, taking into consideration the cost of rails, and of course every mile must bear its proportion of the equipment.

The CHAIRMAN. I am excluding rolling stock, and including all equipment except rolling stock. I believe that I named to you what I wanted taken into the estimate is considering the cost of construction.

Mr. COHEN. You mean machine shops, &c.

The CHAIRMAN. Yes, sir.

The WITNESS. That estimate would be about $3,000.

Q. So that $11,500 as the cost of construction would be about $27,000 too little. Is that correct?—A. Yes, sir

Q. Could the next 150 miles east have been constructed for less than $42,000 per mile?—A. That is so much below the figure that I can safely say no.

SOME MILES COST FROM $200,000 TO $300,000.

Q. How much below the figure is the estimate of $42,000 per mile for the next 150 miles?—A. I could not say exactly. There were some miles there that must have cost from $200,000 to $300,000 a mile.

Q. As an engineer, and as an engineer at the time of the construction, I ask you how much less do you regard this estimate of $42,000 per mile than the estimate which you placed upon it?—A. I never placed any particular estimate on the cost of the road, only relatively.

Q. Speaking relatively, how much less would the $42,000 per mile for the next 150 miles be under any estimate that you have considered in any way?—A. If I were going to make a guess at that, I should at least double that estimate.

NEXT SIX HUNDRED AND TWENTY-SEVEN MILES MUST HAVE COST $56,000 PER MILE.

Q. Taking the next 627 miles, could the bed portion of the road have been constructed for $21,000 per mile?

The WITNESS. Have you reference to the time it was constructed?

The CHAIRMAN. Yes; I am speaking of the cost of construction.

The WITNESS. No, sir; it could not.

Q. In your judgment, as an engineer, how much below the actual cost is the estimate of $21,000 per mile for that portion of the road?—A. For that portion of the road in the way it was pushed forward, and everything of that kind considered, it must be in the neighborhood of $35,000 per mile.

Q. Do you mean $35,000 too little?—A. Yes, sir.

By Commissioner ANDERSON:

Q. Do you mean to say that it would have cost $35,000 per mile more than $21,000?—A. Yes, sir.

By the CHAIRMAN:

Q. Then I understand that your estimate for the next 627 miles—your estimate formed from your knowledge as an engineer, you having been present at the time—is about $56,000 per mile?—A. In the manner in which it was built; yes, sir.

NOTHING TO ADD TO THE STATEMENT EMBRACED IN GOV. STANFORD'S TESTIMONY.

By Mr. COHEN:

Q. You have made a statement in writing to Governor Stanford about your connection with the construction of the Central Pacific Railroad, which is annexed to his answer submitted to this Commission, and marked "Exhibit No. 8." Have you anything to add to that statement at this time for the information of the Commission?—A. I do not know that I have anything particularly. The Central Pacific Railroad Company was, in fact, forced to this heavy expenditure in getting over the Sierra Nevadas for this reason: that if it had been a year and a half longer in getting over the Sierra Nevada Mountains it was very likely that the Union Pacific would have met the Central Pacific at Wadsworth. The Union Pacific was endeavoring to get as far this way as it could. It had started and was grading at Wells.

NOT PAYING EXPENSES FROM SACRAMENTO TO WADSWORTH.

By Commissioner LITTLER:

Q. How far is that west of Promontory?—A. That is about 160 miles. They were grading at Grouse Creek, which is about 60 or 70 miles west of Promontory. Of course, if the Central Pacific had been met by the Union Pacific at Wadsworth, its road would have been valueless. Any company meeting it there could have forced the Central Pacific to sell its road at any price which the other company might choose to fix. I have never thought, and I do not think now, that the Central Pacific will come anywhere near paying operating expenses from its local business between Sacramento and Wadsworth.

Mr. COHEN. I would like to have it noted there that the statement in writing made by the witness to Governor Stanford, marked "Exhibit No. 8," and attached to the answer of Governor Stanford, is shown to the witness, and that it is verified under oath.

CLASSIFICATIONS RIGHT AND JUST.

By Mr. COHEN:

Q. During the time that you were assistant engineer, or assistant chief engineer, did Mr. Charles Crocker, or anybody in his interest, directly or indirectly, seek to control your action in the classification of the work, or in the measurements?—A. No, sir.

Q. You made the classification and measurements as appeared to you to be right and just?—A. I did in every case.

WAGES TO CHINAMEN AND WHITE MEN.

Q. What were the wages, if you know, that were paid to the men employed in the grubbing and clearing?—A. I am not clear on that. I think that it was $35 a month to the Chinese who were grubbing and rolling off the logs. The trees were all felled by white men.

Q. What did the white men get?—A. My recollection is that the wood-choppers received $40 a month and their board.

Q. Boarding was somewhat expensive at that time, was it not, in that locality?—A. Yes, sir; it was at that time. It was necessary to take in provisions and whatever was necessary on mule-back by pack-trains.

Q. It would be fair, then, I suppose, to average the wages of men and their board while employed in grubbing and clearing at $2 per day?

Commissioner ANDERSON. You had better ask him what he thinks.

The WITNESS. No; that is too high.

Q. You were paying Chinamen how much?—A. Thirty-five dollars a month, and they boarded themselves.

Q. And the white men?—A. The white men, I think, received $40 per month, and were boarded.

Q. What would you estimate the average wages paid to the men employed in grubbing and clearing, including board, where you boarded them?

Commissioner ANDERSON. Do you mean white men?

Mr. COHEN. All of them.

Commissioner ANDERSON. We cannot average those who boarded themselves and those who were not boarded.

Commissioner LITTLER. You cannot average Chinamen with white men.

Mr. COHEN. Not for political purposes, but in the work of constructing a railroad you have got to average them sometimes.

Commissioner ANDERSON. If you average the cost of boarding the white men, you will have all the elements.

Mr. COHEN. Taking the number of Chinamen and the number of white men employed, what was the average wages?

Commissioner ANDERSON. You have not given him the number of men employed.

Mr. COHEN. Let him get my question down.

Commissioner ANDERSON. I object to your giving him a sum in arithmetic.

A SUM WHICH SOMEBODY ELSE MUST SOLVE.

By Mr. COHEN:

Q. Taking the number of Chinamen employed and the number of white men, what would be the average per day to each of the men employed in grubbing and clearing, so as to get at the cost of the 300 men which you said were employed at one time in grubbing and clearing?—A. That is a little sum in arithmetic which you must get somebody else to solve. We paid Chinamen at $35 per month, and allowed one white wood-chopper to ten Chinese at $40 a month and board.

Q. You spoke of 300 men being employed for ten days in grubbing and clearing a mile. I want to get at the cost of the labor of those 300 men during those ten days.—A. I have given the cost.

COST FOR 10 DAYS FOR 300 MEN.

Q. I want the cost of those 300 men for those ten days. Therefore I ask you what the average wages would be that would be paid to the whole force. How much a day would you estimate was paid to each man?—A. The clearest way that I can answer it is that the Chinese received $30 a calendar month and the white men received $40 a month and board, and there was about one white man to ten Chinese.

By Commissioner ANDERSON:

Q. What was the board worth per day to each man?—A. It was then worth from 75 cents to a dollar a day.

By Mr. COHEN:

Q. Then, according to your figures, there would be about 270 Chinamen and 30 wood-choppers out of the 300?—A. About something like that.

Q. From the way that I figure it out, the cost of ten days' labor and board would be about $4,500 dollars; is not that correct?

Commissioner LITTLER. No; it would not be correct.

Commissioner ANDERSON. It would be between three and four thousand dollars.

Mr. COHEN. Suppose we put it at $4,000. Would that be too high, according to your estimate?

The WITNESS. Not for some of the miles there.

POWDER FOR GRUBBING.

Q. In addition to the wages of the men, what other expenses were there in the way of powder, teams, &c.?—A. Powder was used in the grubbing. Holes were dug out underneath the stump, and from 2 to 10 kegs of powder would be put under the stump.

By Commissioner LITTLER:

Q. Do you mean under one stump?—A. Yes, sir.

Mr. COHEN. All those calculations go to support your statement that some of these miles did cost $5,000 for grubbing and clearing. Then there was the expense of tools, &c.

The WITNESS. It was usually assumed that the men had tools in working. They must have axes, wedges, mauls, and handspikes.

By Mr. BERGIN:

Q. Of course they furnished their own tools, did they not?—A. No, sir; the company furnished the tools.

By Mr. COHEN:

Q. Do you stick to your estimated cost of $5,000 per mile in some instances?—A. Yes, sir; I do.

WORKED FROM 1862 TILL DEATH OF MR. JUDAH.

Q. How long were you on the work during the time that Mr. Judah was chief engineer?—A. From 1862 until his death.

Q. After his death, I think you said Mr. Montague was appointed chief engineer?—A. Yes, sir.

Q. What was the age of Mr. Montague at that time?—A. He must have been about thirty years of age.

Q. Did you assist in making up any of the reports made either by Mr. Judah or Mr. Montague to the directors of the Central Pacific estimates of the cost of work?—A. In parts, I did; not continuous.

Q. I inquire more particularly about the estimates before the work was commenced?—A. No; those estimates were made by Mr. Judah.

Q. Were you engaged in the survey of the route up the Feather River to determine whether it was better to build that way, or by the Dutch Flat route?—A. I made a recoinnaissance over a part of that route.

RECONNAISSANCE OF FEATHER RIVER ROUTE.

Q. On the 30th of August, 1862, Mr. Judah reported to the board of directors of the Central Pacific Railroad Company that he had made a reconnaissance of the Feather River route and the Feather River Cañon, but was not at that time prepared to submit a written report, but would submit a full report soon. He stated that he found the distance by that route more than he expected, probably 80 miles more than by the Dutch Flat route, and believed that it would cost more than double the amount required to construct the railroad over the Dutch Flat route. He recommends the Dutch Flat line as preferable for the construction of the Central Pacific, and that it should be adopted. Was that report made on work done by you?—A. No, sir.

Q. Do you know what it cost to construct the first 18 miles of road from K street in Sacramento eastward?—A. I do not.

Q. Do you know what it cost to construct the road from the eighteenth mile to the State line?—A. No, sir.

Q. In these questions that I am putting to you I am also including the equipment. Do you know what the cost was to the Contract and Finance Company for constructing the road from the State line to Promontory Point?—A. No, sir.

Q. I think that you are in the record as stating that 627 miles of road could have been built for $56,000 a mile. Have you any data from which you made up that estimate? That would be from Reno east 626 miles?

FROM RENO EAST COST $56,000 A MILE.

Commissioner ANDERSON. From Reno east 627 miles would be substantially to Ogden?

The WITNESS. I have answered that question.

Commissioner ANDERSON. I would like to hear the answer again.

By Mr. COHEN:

Q. I would like to know whether you have any positive knowledge whether that would be the cost of the work, or whether you state that from your general knowledge?—A. From my general knowledge I thought that it would cost $35,000 more than $21,000.

By Commissioner ANDERSON:

Q. That is not intended as a close calculation, is it?—A. No, sir.

By Mr. COHEN:

Q. Does that include equipment?—A. No, sir.

COST OF EQUIPMENT PER MILE.

By the CHAIRMAN:

Q. What do you estimate as the cost of the equipment per mile? I judge from the answer that you made, about $3,000.—A. That would be probable, under ordinary circumstances. It is usual to allow one locomotive for every 5 miles, a passenger-car—whether it be a day coach, a baggage-car, a mail or an express car—one in 10 miles, and so far as the freight-cars are concerned, one, two, three, or four per mile.

Q. In estimating the cost of the first 7 miles, you reduce it $3,000 per mile, because rolling-stock is excluded. I ask you if that would be your estimate of the cost of equipping a road with rolling-stock?

Mr. COHEN. He said with moderate equipment.

The WITNESS. At present rates, of course, that would furnish a moderate equipment. A very good locomotive can now be purchased for $7,000 or $8,000, and even less.

SIMPLY AN ESTIMATE AS TO COST.

The CHAIRMAN. I am speaking of the estimate of the road at the time.

The WITNESS. For that part of the road, it would cover it.

Q. Do you include in your estimate that you have given in answer to my questions as to the cost of construction the profits to Crocker & Co. and to the Contract and Finance Company?—A. I have no idea what they were; I know nothing about them.

Q. Do you include in your estimated cost of construction the margin of profit for the contractor?—A. No, sir; I do not know anything about those margins. I am simply making an estimate as to about what it would cost.

Q. The actual cost of material, supplies, and labor?—A. Yes, sir.

Q. Without regard to any profits?—A. I do not know anything about the profits.

COST FROM SECTION 1 TO SECTION 18.

By Mr. COHEN:

Q. While the Commission is asking you on that subject, I will put a question somewhat in the same connection. The first contract let to Crocker & Co. for the construction of section 1 to 18 was for $400,000, to be paid $250,000 in cash, $100,000 in bonds of the Central Pacific Railroad Company, and $50,000 in stock. Assuming that he got the $250,000 in cash, and had sold the bonds at 50 cents on the dollar, and realized at that time from the pay he received $300,000, was that sufficient at that time to have built that 18 miles, including the cost of the American River bridge? This makes $300,000 net cash.

The WITNESS. Three hundred thousand dollars net cash for 18 miles?

Mr. COHEN. Yes, including the American River bridge.

A. No, sir; that is not too much.

Q. Would it have paid the cost of construction for those 18 miles?—A. No, sir.

By Mr. BERGIN:

Q. Was it a reasonable or an unreasonable charge?—A. I would consider that a reasonable charge.

By Mr. COHEN:

Q. Do you know, being an engineer at the time, that Mr. Crocker lost money in performing that contract?—A. No, sir; I do not know anything about it.

SAME CONDITIONS WOULD NEVER OCCUR AGAIN.

Q. You speak of the experience derived in building the Central Pacific Railroad as not of much practical use to an engineer. I would like you to explain that answer a little, if you can.—A. I had reference to the values—the cost. If an engineer were called upon to make an estimate for another road, he certainly would not take into consideration the circumstances and conditions that occurred on the Central Pacific, unless they were identical. The chances are many to one that the same conditions would never occur again.

Q. What was your experience as to obtaining the labor required for the construction of the Central Pacific Railroad at that time?—A. We had a great deal of difficulty in getting labor. The labor was not in the country, and had to be imported.

NOT FEASIBLE TO DIVIDE CONSTRUCTION AMONG DIFFERENT CONTRACTORS.

Q. What is your judgment about the feasibility at that time of dividing up the construction of the different sections of the road generally in your charge, into small contracts and letting them to different bidders, as compared with the mode in which it was constructed, namely, letting the road in the State of California to Charles Crocker & Co. and the road in Nevada to the Contract and Finance Company?—A. The labor and the contractors should be entirely under the control of the company, and in this case they were. If the work had been taken by smaller contractors, say at the rate of 10 or 20 miles, it would have yet been necessary for the Central Pacific to have maintained a large force so that in case of the failure of the contractors in any way, or in the case of any difficulties with their men, which would be sure to occur, labor being scarce, they would endeavor to bid to rob each other of men, the company could in such case continue construction. I do not think that it would have been possible to have carried on the work in that way.

Q. Labor being scarce, if there had been a number of contractors, would they have bid against each other and raised prices?—A. They would have raised prices and disorganized labor.

By the CHAIRMAN:

Q. Did you know of any bids at the time, other than Mr. Crocker's?—A. No, sir.

Q. Did you hear of any proposals to do any of the work?—A. No, sir.

By Commissioner ANDERSON:

Q. Did you hear of any invitations from the company for proposals?—A. I did not.

THE RAILROAD COMPANY COULD HAVE BUILT THE ROAD.

Q. Was there anything that would have made it difficult or impossible for the company itself to have employed yourself, Strobridge, Montague, and Brown and to have conducted that work for itself at cost?—A. No; I do not think there would have been. It was practically done in that way.

Q. And could it have been done just as efficiently as it was done?—A. Yes, sir.

Q. You see no reason why it could not have been done?—A. The railroad company could have built the road.

By the CHAIRMAN:

Q. In that way, according to your estimates, it could have been built at 10 per cent. less than it was built, on the cost of materials, could it not?

The WITNESS. I do not remember making any such statement.

The CHAIRMAN. That was what they added to the cost of the material.

Mr. COHEN. Oh, no; not in the construction of the road.

THE 10 PER CENT. A PROPER THING.

That 10 per cent. is a perfectly proper thing. The 10 per cent. covers the use of tools, and repairs to tools, and the loss of tools, and it is what is usual among contractors. A contractor will very frequently make a bid saying, "I will do so and so, and charge you 10 per cent. over actual cost." In fact, a few days ago, we let a contract on the same plan to a gentleman here in San Francisco. He was to keep an accurate account of the cost and add 10 per cent. That was to be the estimate.

By Commissioner ANDERSON:

Q. But is it not true that if the company had conducted this work in the way I have suggested it could or would have saved whatever profit was made by the contractors?—A. If there was any profit at all, of course the company would have made it; but to all intents and purposes the road was built in that way.

CANNOT SPEAK AS TO PROFITS.

Q. Do you know anything about the profits?—A. I do not know anything about the profits. But so far as efficiency and the control of the company over its contractors was concerned it was just as well as it was, outside of any profits, as to which I cannot speak.

By Mr. COHEN:

Q. You could not have built it as speedily, within several years, if you had let the work to contractors and let them go on with it?—A. I would look upon that as impracticable.

SIMPLY REFERS TO ACTUAL DOING OF THE WORK.

By Mr. BERGIN:

Q. When you say that you suppose the company could do the work as readily as the contractors in the way in which it was done, you do not take into consideration any financial problem, do you?—A. No, sir.

Q. Or any other embarrassments or obstacles that there might be to prevent the adoption of that course?—A. No, sir.

Q. You simply refer to the actual doing of the work, supposing that the company had full means and was at full liberty to adopt one course or the other?—A. Yes, sir.

Mr. COHEN. Mr. Bergin's question explains the reason why it was done by the Contract and Finance Company, instead of by the Central Pacific.

Q. How long have you lived here in this State?—A. About twenty-six years.

MINING CRAZES.

Q. You have had some experience of the effect of mining crazes upon labor in this State, have you?—A. Yes, sir.

Q. Do you remember the Fraser River excitement?—A. I remember the Fraser River excitement, and the White Pine excitement, and the Caribou excitement. These different mining excitements have occurred here from time to time.

Q. And the Washoe excitement?—A. The Washoe excitement was a permanent one.

HOW LABOR IS AFFECTED BY THEM.

Q. Will you state to the Commission how those excitements, occurring as they did from time to time, affected the facilities for getting labor?—

A. Laborers could always secure better wages, twice as much as railroad contractors or corporations could afford to pay, and then there was a possibility of a fortune in the future. They could expect to get rich at it.

IMPOSSIBLE TO GET WHITE LABOR.

Q. Did that operate at all in the calling into service of Chinese labor?—A. It was the direct cause. It was impossible to get white labor. In my own recollection, I remember of hearing it talked of at the time that the Central Pacific had sent to Wells and a little beyond something like two thousand men before they could get one hundred. That was during the White Pine excitement. They would be passed out there free, and would leave immediately and go down to the mines.

By Mr. COHEN:

Q. In the course of your experience as an engineer on the work of construction, did you ever know either of these contractors, Crocker and Company or the Contract and Finance Company, to take any advantage whatever of their connection with the Central Pacific Railroad Company to the disadvantage of the latter?—A. I do not know of any.

FURTHER EXPLANATION OF THE 10 PER CENT.

Q. I would like you to explain to the Commission a little further about this 10 per cent. charged by the construction company; in this respect, for instance, if a bridge burns down and has to be constructed in a hurry, in all such cases the construction company usually has on hand the material for doing the work, so that they are enabled to do it very much quicker than the railroad company could. It is engaged in constructing railroads, and therefore has on hand material that the railroad company itself would not be likely to keep in stock. How is that?—A. They would have the material and the men.

Q. The construction company would have the material and the men, would it not?—A. Yes, sir; and the tools. Their men would also be experienced, trained men. They would understand the character of the work that was to be repaired.

RAILROAD COMPANIES NOT SO WELL EQUIPPED AS CONSTRUCTION COMPANIES.

By Commissioner LITTLER:

Q. Does not every well regulated railroad company have experienced men and material on hand for just such emergencies?—A. Yes, sir; but they do not usually keep as many men as the contracting firm would.

By Mr. COHEN:

Q. Would they have men enough in an emergency of that kind without stripping the road of its usual operatives, the men belonging to the operating department and who are required for the immediate care and protection of the track?—A. No, sir; it would not be economy to maintain that force. For instance, the American River bridge burned down. It caught fire accidentally and was destroyed. If the railroad company had had only its employés to call upon it would have taken a long time to repair that bridge, and if they went on the outside to hire men they would have had to hire whoever they could get, men they did not know, and of course they could not have repaired that bridge so quickly.

Q. How long did it take the Contract and Finance Company to replace that bridge?—A. I do not remember.

WHAT IS ECONOMICAL RAILROAD MANAGEMENT AS TO CONSTRUCTION?

By Commissioner LITTLER:

Q. From the time that this road was completed until the present I suppose that the company has had its chief engineer, its master mechanics, its superintendents of track and its section men, as other roads have had. Is that true?—A. Up to 1873 that was true, except as regards the superintendent of track. Afterwards it was true altogether.

Q. It is also true that they had their own shops at Sacramento, is it not?—A. Yes, sir.

Q. It is also true that those shops contain all the machinery and tools requisite for carrying on the road, is it not?—A. Since the completion of the road; yes, sir.

Q. Do you consider it good railway management for a railway company which has at its disposal all these implements and all those officers to sublet the contract for keeping up the repairs and putting in new work where it is destroyed by fire, flood, or otherwise, and paying another company 10 per cent. net profit on such work. Do you consider that economical railroad management?—A. In some cases it would be.

Q. In what cases?—A. Where there is a great deal of work to be done, where there would be more work than the company had men to spare to execute that work.

COMPETENCY OF CHIEF OFFICERS FOR CONSTRUCTION PURPOSES.

Q. If the company was paying the chief officers that I have mentioned large salaries, I would like you to explain the use which those officers are to the company, unless it is to procure men and materials for carrying on the work of repair and construction as needed.—A. Most of the men that you have mentioned are not competent for that kind of work.

Q. Is it not good sense and good railway management for a company to secure the services of men who are competent for that kind of work?—A. Yes. Did you mention a master mechanic?

Commissioner LITTLER. Yes.

The WITNESS. The master mechanic, as I understand it, is the man who keeps in repair the locomotives or who constructs them. He would be of no use in repairing bridges.

Q. That does not include all his duties, however, does it?—A. If you extend his duties any further, you would give him more than he is competent to attend to.

Q. Do you know of a great railway company anywhere in the United States which carries on the work which you have described through a subcontractor or a contracting company?—A. I cannot name any now.

POOR ECONOMY TO EMPLOY CONTRACT AND FINANCE COMPANY.

Commissioner LITTLER. I do not know either, and I think it was poor economy to employ the Contract and Finance Company to furnish all the materials and pay 10 per cent. net profit. In this investigation we have found that the Central Pacific has paid the construction company $2,000,000 for construction and repairs in a year, or the snug little sum of nearly $200,000 a month. That sum would pay for the services of quite a number of efficient officers, fully competent to construct any kind of work, and to manage any number of men. Do you not think so?

The WITNESS. The Contract and Finance Company were large contractors, I presume, and it is possible that they might have purchased

their material in larger quantities than the railway company would care to keep in stock.

ABILITY OF CENTRAL PACIFIC EQUAL TO THE REQUIREMENTS.

Commissioner LITTLER. It is apparent from the testimony in this case that the Central Pacific always had the financial ability not only to construct the road, but to keep on hand all the material of every kind requisite to keep the road up and to employ all the men that would be required in any emergency that might happen. In other words, the solvency and the ability of the Central Pacific for that business has been quite equal to the requirements of this construction, and quite equal to that of this Contract and Finance Company, which had a capital stock of only $10,000,000.

Commissioner ANDERSON. Not paid in.

Commissioner LITTLER. Not paid in; not a dollar of it.

Mr. COHEN. If the Central Pacific Railroad Company undertook to do all the repairs and new construction and betterments that were necessary, would not the superintending forces of the company have to be increased?

The WITNESS. The company would have had to have men to supervise the extra work. Of course the men who were in the operating of the road, if they had spare time for that, it would be better to give them additional duties.

ADVANTAGES OF CONTRACTS.

By Mr. COHEN:

Q. Then would not the cost to the Central Pacific have been increased in going into the market to hire men every time that it needed them in an emergency, as well as in being compelled to employ new men for repairs, and would not the character of the work done by such men as hired have been of less value and efficiency than if done by the construction companies?—A. In some cases I think it has its advantages. Take work like Clipper Gap where the line was changed; again in Clipper Ravine where the line was changed; also at Secret Town where there were large trestle-work fills; the same way at Colfax, and quite a number of changes that were made down the Truckee River. I am inclined to think that if the Central Pacific only paid 10 per cent. upon the actual cost of that work it certainly did not lose any money.

Q. Would not the Central Pacific have been required to keep a large plant in tools, &c., ordinarily used in the construction of a railroad which they were not required to keep in letting their work in the way that they did?—A. Of course they would have to have tools, and when they would get through with them those tools would be on their hands. Going outside to employ labor, skilled or unskilled, you do not know what you are getting. You have to try them, and the company, of course, would lose the cost of trying all those men.

THE WORK BETTER DONE BY CONSTRUCTION COMPANIES.

Q. Is it not the opinion of the engineering force of the Central Pacific and the track superintendents of the Central Pacific, so far as you know, that that company gets its work better done (and at about the same cost that it would be required to pay if it did the work itself) when it is done by the construction company at a charge of 10 per cent. above the actual cost to the construction company?—A. I have already indirectly answered that question.

Q. I am asking for the opinion generally of the engineers of the department, whether the work could have been done better by the railroad company and at about the same cost?—A. I do not know what the other engineers think.

Q. You have answered for yourself?—A. Yes, sir; I have answered for myself.

PLANT OF THE CONTRACT AND FINANCE COMPANY.

By Commissioner ANDERSON:

Q. Did the Contract and Finance Company have any shops?—A. It only had its work shops for its carpenters.

Q. Did it have any expensive plant, such as you refer to?—A. I did not refer to any plant.

Commissioner LITTLER. Mr. Cohen did.

The WITNESS It had tools. You do not mean machine tools—tools for the construction of machinery, do you?

Mr. COHEN. I mean tools for the construction of a railroad. They had a large shop at Oakland.

The WITNESS. They had shops and tools.

Q. Who had?—A. The Contract and Finance Company, and they had shops along the road.

Q. Were not those simple camps where they kept materials?—A. They kept materials and tools. They did not have any machine tools except at Oakland.

WHO PURCHASED THE MATERIALS?

Q. Was it not the practice of the Central Pacific itself to furnish substantially all of that material that was needed by the Contract and Finance Company to that company, and charge the cost of it to the Contract and Finance Company?—A. I have understood that as being done in some cases, but I do not think that it was the rule.

Q. Did not they furnish all the locomotives and all the cars?

The WITNESS. As I understand it we are now talking about repairs.

Commissioner LITTLER. Yes.

A. I do not know about that.

By Mr. COHEN:

Q. Did not the Contract and Finance Company buy its own lumber, brick, and all things used for repairs?

Commissioner ANDERSON. Is that what you understand?

The WITNESS. It bought its own lumber, and all of that kind of material. I do not know what the Contract and Finance Company may have bought in the way of locomotives and cars, but I think that, as a rule, the Central Pacific purchased them.

Q. Were they bought through Mr. Huntington in New York?—A. Yes, sir; as I understand it.

THE CONSTRUCTION OUTFIT.

By Commissioner LITTLER:

Q. Is it not true that this Contract and Finance Company had to rely upon the railroad company for its construction outfit? I mean its cars and engines to transport its men, and is it not true that it had to rely upon the main shops of the company where it had any large construc-

tion to make? Did not the Central Pacific furnish those appliances and tools to this Contract and Finance Company?—A. I do not think that I can answer that question clearly, but my understanding is this, that whatever the Contract and Finance Company used in the way of rolling stock or motive power it was charged for it by the Central Pacific.

Q. Yes; but did not the Central Pacific have those things on hand, and furnish them to the Contract and Finance Company?—A. It did.

Q. Now, did the Contract and Finance Company have anything on hand in the way of tools and shops except those simple tools which are used in grading, and the simple tools which are used by carpenters and masons in the construction of their work?—A. I do not remember of their having had any machine tools.

Q. Were not those tools of very small value, which would not require a very large investment to keep on hand constantly that sort of an outfit?—A. They were tools that could be replenished very quickly.

Q. Five thousand dollars would buy more tools than the Contract and Finance Company could use in ten years, would it not?—A. Oh, no.

Commissioner LITTLER. I believe it would.

The WITNESS. It would cost that much every ten or twenty days.

CLASS OF EQUIPMENT REQUIRED.

Mr. COHEN. I was not asking about that class of equipment. I was referring as well to construction cars, dumping carts, wagons, teams, horses, &c.

Commissioner LITTLER. There is no proof that they had anything of that sort. There is no proof that tools of that kind were required in the repairing of a railroad.

Mr. COHEN. They are all required in the repairing of a railroad.

METHOD OF SUB-LETTING REPAIRS AN EXCEPTION.

Q. You were asked whether it was not the opinion of the general officers of this Central Pacific Railroad Company that it was economy to sublet this work at 10 per cent. profit. I will ask you to state whether you know of any officer of any other railroad whose opinion is valuable on a question of that kind, who would favor such a means of carrying on the work of repairing a railroad? Do you know of any such officer anywhere?—A. No; I do not know of any.

Q. Do you not know that this mode of repairing the work of this company is an exception to all well-regulated railway companies?—A. I do not think that you quite understand that.

Commissioner LITTLER. Answer my question, please.

The WITNESS. I do not know of any other companies which have the same system.

Q. Is not that fact of itself enough to condemn this mode? Is not the experience of all the railway companies in this country in opposition to this mode enough to cast suspicion upon it and to condemn it?—A. No, sir; I do not think so. Here is a company of contractors who were practically under the control of the railroad company——

Commissioner LITTLER. Yes; and that is one objection to it.

FOR LARGE CONSTRUCTION THE CONTRACT PLAN PREFERRED.

The WITNESS. The contractors have a large number of men, and they are competent to take hold of work. I do not mean little ordinary re-

pairs, such as putting a timber into a bridge, or repairing a plank in a platform, or any of that minor work; but for large work I think it is about as cheap a way as it could be done. They have the experience of such men as Strobridge and his assistants, and such men as Brown and his assistants, men whom you can not pick up every day. I think that if those men will do the work as cheaply as they can do it and only add 10 per cent. upon the actual cost, the railroad company could not get the work done any cheaper. Of course, this is only for larger work, for instance, embankments ten, fifteen, twenty, or fifty thousand cubic yards, or a hundred thousand cubic yards, boring tunnels, &c., which they have done.

Commissioner LITTLER. That is new construction.

The WITNESS. It is classed under repairs sometimes.

PROPOSED TUNNEL THROUGH THE SIERRA NEVADAS.

By Commissioner ANDERSON:

Q. Have you given any attention to the subject which has been suggested here of the construction of a tunnel through the Sierra Nevada Mountains for the purpose of avoiding that portion of the route which requires the protection of snow sheds, and reducing the grades of the road?—A. Yes, sir; I had indirect charge of the surveys of the line which we ran over the summit, and at one time intended to complete the surveys. I believe that that would be the proper thing to do. It would certainly be a great advantage to the State of California. They could have the tunnel made large enough for a railway and for hydraulic purposes, so as to bring water enough to supply the whole State with water—Sacramento, Marysville, Stockton, Oakland, San Francisco, &c. We must eventually go there for water.

SIZE AND LENGTH OF TUNNEL.

Q. What size tunnel would it require?—A. I would not recommend a tunnel wider than for a single track and carry the water underneath it.

Q. What would be the height and what the width?—A. Probably 32 feet; say roughly 32 feet by 16.

Q. Do you mean 16 feet high and 32 feet wide?—A. No, sir; 32 feet high and 16 feet wide.

Q. Thirty-two feet high, so as to leave room for the water?—A. Yes, sir.

Q. How long would that tunnel require to be in order to give the best possible reduction of grades and the avoidance of as much snow-shed construction as possible?—A. Somewhere near 5 miles, is my recollection.

ONE ROUTE OF PROPOSED TUNNEL.

Q. At what point on the east would it enter the mountains?—A. It would come out at Cold Stream. That is one route.

Q. Is that between Truckee and the summit?—A. Yes, sir.

Q. How far beyond the summit?—A. That would be south of the summit probably 10 miles. That would avoid all the heavy snows.

Q. That is on the east side of the Serra Nevada Mountains that you are speaking of now, is it?—A. I am speaking of where it would penetrate the Sierra Nevada Mountains, and this would be about 10 miles.

Q. Would it penetrate from the east side or from the west side?—A. It would penetrate from the east.

Q. How far from the summit would the point of penetration be?—A. About 3 miles probably, where you would enter the tunnel from the east going west.

Q. And where would it emerge on the west side of the mountains?—A. It would emerge on one of the branches of the American River.

Q. How far from the summit on this side would that be?—A. I did not understand you before. The summit which I thought you were speaking of is the summit made by this tunnel. I infer now that you mean "summit" of the Central Pacific.

Commissioner ANDERSON. I do.

The WITNESS. It would be about 10 miles to the south and west.

SOUTH OF RAILROAD LINE.

Q. Would that line be anywhere under the present location of the railroad?—A. No, sir; it would be in an entirely different location.

Q. It would be south of it, as I understand it?—A. Yes, sir. It would probably start from the head, or nearly the head, or rather where the Central Pacific now crosses Cold Stream, following up what was called the old emigrant trail, then going through the mountains and coming out at this end at one of the branches of the American River.

By Mr. COHEN:

Q. What would be the length of that tunnel?—A. About 5 miles.

By Commissioner ANDERSON:

Q. What would be the highest altitude of the tunnel?—A. I am not clear about that. I think over a thousand feet.

Q. Do you mean a thousand feet above the sea?—A. No, sir. I mean a thousand feet below the level of the present line.

A THOUSAND FEET OF MOUNTAIN OVER THE TUNNEL.

Q. You mean that there would be a thousand feet of the mountain over the tunnel?—A. Yes. That would bring it to about 6,000 feet above the level of the sea. The present elevation is something over 7,000 feet.

Q. That would be a thousand feet lower than the present line?—A. Yes, sir.

Q. Would that be sufficient to obviate the necessity for snow-sheds?—A. That would take it out of the snow, and would bring it down low enough so that there would not be any more snow than what a snow-plow could handle.

OTHER ROUTES.

Q. Is there no other suggested route for a tunnel with a length, perhaps, of 10 or 15 miles that would carry the level down still further and reduce the grades?—A. Of course it would reduce the grades if we added length to the tunnel, and I think that a little further south from that, with that length of tunnel, we could get lower than we could where we made our surveys.

ESTIMATES OF COST.

Commissioner LITTLER. I would like to know what that tunnel would cost.

By Mr. COHEN:

Q. What estimates have been made for the change that would be required to construct the tunnel that you speak of?—A. I think there

have been estimates made, but I do not remember now. The surveys were all run.

By the CHAIRMAN:

Q. Was there a report made upon it?—A. Yes, sir.

By Commissioner LITTLER:

Q. I would like to have your opinion as to the aggregate cost of such a tunnel.

The WITNESS. The estimate was made several years ago, and the estimate now would probably be still lower. I do not remember what the estimate was.

Q. How much a mile does it cost to tunnel in the Sierra Nevada Mountains?—A. It costs from a quarter of a million to a million dollars a mile.

ORIGINAL CROSS-SECTIONS CALLED FOR.

Commissioner ANDERSON. Mr. Cohen, I call for the original cross-sections of the Central Pacific Railroad.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Thursday, August 11, 1887.

JOHN B. HARMON, being duly sworn and examined, testified as follows:

By Mr. COHEN:

Question. I show you a paper purporting to be signed by D. W. Strong, conveying certain stock to O. D. Lambard, and by yourself as witness to the signature of Strong. Is that your signature?—Answer. Yes, sir; it is.

D. W. STRONG'S SIGNATURE PROVED.

Q. Did you see Mr. Strong sign that paper?—A. Yes, sir; that is my signature. What Strong is that?

Mr. COHEN. Daniel W. Strong.

The WITNESS. Of Sacramento?

Mr. COHEN. Yes.

The WITNESS. Lambard used to be in Sacramento. That is my signature, and, of course, I saw Mr. Strong sign that paper.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Thursday, August 11, 1887.

Afternoon session.

HORACE W. CARPENTIER, being duly sworn and examined, testified as follows:

By Mr. BERGIN:

Question. When did you come to California?—Answer. In 1849.

Q. How long have you resided in California?—A. Mostly since that time until within the last three or four years.

Q. What part of California did you particularly reside in?—A. In the neighborhood of San Francisco mostly.

FACILITIES FOR TRANSPORTATION FROM 1860 TO 1870.

Q. Were you familiar with the facilities for transportation and transit in California, say from 1860 to 1870?—A. I think I was; like other people here.

Q. Will you state to the Commission what those facilities were for passenger, freight, and general traffic?

The WITNESS. I hardly know the scope of the question, or what to state.

Mr. BERGIN. Say, from the Atlantic to the Pacific States.

The WITNESS. During what time?

Mr. BERGIN. From 1860 to 1870, on the completion of the railroad.

A. From 1860 until 1869, when the railroad was completed across the continent, I believe it is notorious and known to everybody that the means of transportation between here and the Atlantic States were mostly by vessels by Panama or around by Cape Horn.

RATES OF INTEREST.

Q. Were you familiar, during those years, with the ruling rates of interest?—A. Somewhat.

Q. Will you state to the Commission what they were?—A. In the early part of that period, about 2½ to 3 per cent. per month.

Q. Was San Francisco the principal financial center of the State of California?—A. It was. Nearly all the money of California was concentrated in San Francisco and Sacramento and one or two other places.

DIFFERENCE IN RATES ON CITY AND COUNTRY PROPERTY.

Q. Was there any difference observed in the lending of money in those early days between loans made in the city and loans made on property outside of the city?—A. A very great difference.

Q. Will you state to the Commission how that was?—A. It was almost impracticable to borrow money on outside property. When I say outside property, I mean that which was not within one or two cities—San Francisco and Sacramento. Those that had money to loan were very much averse to loaning on country property. Whenever they did it, I think it was almost universally at a higher rate of interest and with a very large margin.

Q. Were you, during those years, connected with the telegraph company?—A. I was; that is to say, I was from before 1860 to 1867. I was president of the California State Telegraph Company.

DIFFICULTIES AND EXPENSES OF TELEGRAPH LINE CONSTRUCTION.

Q. Are you familiar with the difficulties and expenses of construction?—A. Yes, I was president of the Overland Telegraph Company from the organization of the company until its virtual disincorporation after the construction of the line across the continent in 1861.

Q. Will you just state to the Commission what the difficulties and the expenses were?—A. It was very difficult to get people to join in the enterprise, and but very few did join, although now it could be considered an almost trifling matter to build a like telegraph line from here to Salt Lake. Then it was considered a very formidable undertaking and really was so. We had, for instance, to haul our material and outfit from the

Sacramento by ox teams across the mountains and clear across to Salt Lake City. I remember that although we started late in the spring we were met with a snow storm in the mountains in which I feared that all our stock and cattle would perish. We sometimes, on the plains, had to haul water a long distance even for the cattle to drink that were hauling it, and the cost of everything was very large. I hardly think that the work could have been done that season, except with extraordinary and disproportionate expense, if we had not had the good fortune to secure the friendship of Brigham Young and his active assistance. The Indians, I know, were hostile, and we bought their friendship and assistance with blankets and clothing and food.

OBSTACLES SURROUNDING CONSTRUCTION OF CENTRAL PACIFIC.

Q. Are you familiar with the construction of the Central Pacific Railroad generally?—A. I can hardly say that I am familiar with it, but I know something of it.

Q. Do you know of its inception and progress?—A. Yes, sir.

Q. Will you state to the Commission the obstacles and embarrassments surrounding the carrying out of that enterprise?—A. In the first place, I think that there were very few that believed that it was practicable or ever would be accomplished; and I think it is notorious that those that took it in hand requested and solicited almost all the men of means that were here to join with them in the matter. I can hardly say that they ever solicited me, although they several times suggested the matter to me. They probably would have done so more strongly if I had had more money to put into it, but the fact of knowing how difficult it was for them to do it deterred me, and I consider that I had less foresight, or less courage, or whatever it may be, but it never made me envy their great success.

INDIVIDUAL LIABILITY OF STOCKHOLDERS.

Q. Was the individual liability of stockholders any deterring cause to parties from connecting themselves with that enterprise?—A. It undoubtedly was, both to their becoming parties in the matter and to their loaning money. I know that whenever it was suggested to me or to any of my friends to loan money on the stock it would be absolutely declined as being worse than no security.

MARKETABLE VALUE OF STOCK.

Q. Do you know, as a fact, whether or not the stock of the Central Pacific Railroad Company, during the years that I have named to you, was available as a collateral or means of security on which to borrow money?—A. It was not much of the time, and if at all, at a very low rate.

Q. Do you know whether it had any marketable value?—A. Scarcely any, I think.

EFFECT OF MINING EXCITEMENTS UPON COMMUNITY.

Q. You recollect the different mining crazes that have occurred here from time to time?—A. Yes, sir.

Q. The Frazer River, Cariboo, Washoe, and other different mining excitements?—A. Yes, sir.

Q. Will you state to the Commission what, if any, effect they had on making it difficult to get labor or to retain the service of laborers?—A.

At the time of those excitements I know that nearly all available labor wanted to go to the mines. Sometimes they quit everything, and at the time of the Frazer River excitement so many people left here, and such was the effect upon the public mind, that it produced a very great depreciation of property in San Francisco—greater, I think, than any other depreciation that has ever occurred since.

Q. Will you just state in round numbers the percentage of depreciation?—A. That would be a mere matter of opinion and just on the spur of the moment. I could not say, although I think in a great many instances from 30 to 50 per cent.

OPPOSITION FROM RIVAL INTERESTS.

Q. Were you familiar, during the progress of this work, with the rival interests that were opposed to its construction?—A. Yes, I knew them. There were interests that were opposing it bitterly. When it seemed that there was a chance of success it was a matter of the most bitter opposition, and especially in a number of newspapers that seemed to devote their attention chiefly to that subject.

Q. Will you name some of those companies; was the Pacific Mail Steamship Company one?—A. I think so, sir.

Q. Will you name some more?—A. Yes, sir. Before the road was completed some roads that had grown to be very profitable between Sacramento and Washoe, whose business was likely to be destroyed by the completion of the road.

SOME OF THE RIVAL INTERESTS.

Q. Please name over some of them to the Commission, some of those rival interests that would be affected by the completion of the road.—A. There was that road from Placerville to Carson City. The California Steam Navigation Company, which owned vessels on the rivers and on the bay, and, of course, the Pacific Mail Steamship Company.

Q. And Wells, Fargo & Co.?—A. Yes, sir; also Wells, Fargo & Co. and numerous stage routes which just at that time were valuable and profitable.

Q. And turnpike interests?—A. I know when it was suggested to me to go into the matter I talked with older and more experienced men than myself and I came to the conclusion, at least I formed the opinion, that the road when it was completed, if it ever was completed, would not pay its fixed charges and current expenses. I even think now, with all the experience of the past before me, that I was not far wrong then, provided that the unexpected discoveries of coal on the route and the unexpected developments of the mining interests and regions had not taken place, and the influx of people along the line of the road that were reached by it, which then could not perhaps be reasonably anticipated.

EFFECT UPON REAL ESTATE OF COMPLETION OF ROAD.

Q. Can you state to the Commission what, if any, effect the completion of the road had upon the landed interests here and landed values?—A. It had undoubtedly a very large influence. I am far from believing that because Columbus discovered America that we, as his descendants, should own the whole continent; but I think that it is an undoubted fact that the first great and general increase in value in the State were coincident in time with the building of that road. I be-

here that a very large percentage of the present wealth of California would not exist to-day if a transcontinental road, this or some other transcontinental road, had not been built. In many places the completion of the road far more than doubled the value of the surrounding real estate.

Q. Is that the case particularly with reference to rural lands, farming lands?—A. I do not know that it was much more the case as to farming lands than it was of city lands. It was in both instances where they came within the more immediate reach and influence of the road. I think more perhaps with regard to farming lands, because up to that time their values had advanced but very little.

Q. Let me ask you, did these rival interests that I have referred to, actively or at all oppose the construction of the Central Pacific?—A. That has been my understanding of it.

EFFORTS OF PROJECTORS TO RAISE MONEY.

Q. Will you state to the Commission what, if anything, you know of efforts by the promoters of the Central Pacific, Governor Stanford and his associates, to raise money to pay the expenses of the construction?—A. I understand that they made the utmost exertions to do it, but they found it very difficult to raise any money. There were, I think, but few, very few people here that they applied to that would advance any sum.

Q. Do you know as to whether or not capitalists and men of means here would loan their money to the company as a company?—A. As a company, I think not.

Commissioner ANDERSON. Ask him to state a little more definitely what years he is speaking of.

Mr. BERGIN. He is speaking of from 1860 to 1870.

The WITNESS. From the commencement of the road until its completion, I understand.

Q. Do you know, as a matter of fact, that those gentlemen had to raise whatever money they did raise on their individual obligations?—A. As a matter of fact—perhaps I hardly ought to say this—because I did not see it done, but I know from common report, and I know from one or two instances where I have talked with them myself about it; I remember one case in which the governor was in the last extremity to raise some money, and finally succeeded.

CORNERS IN MERCHANDISE.

Q. Do you know of there being such things as corners in merchandise in the market here before the completion of the railroad?—A. I think that was very common before the completion of the railroad.

Q. Will you explain how that was to the Commission?—A. I am not a merchant, and have not been very familiar with those things; but I know that it was quite common for our merchants in a certain line of business to buy up, accumulate, or hold in some way about all the goods that there were here, and advance the prices, relying on the difficulty and the length of time that it would take to get a new supply.

By the CHAIRMAN:

Q. While on the subject let me inquire what is the difference between the corner of the olden times and the present railroad pool?—A. Well, they seem to me to be very much of the same kind.

EFFECT OF RAILROAD ON SUCH "CORNERS."

By Mr. BERGIN:

Q. Will you explain to the Commission, if you know, what effect the railroad has had in stopping that condition of things?—A. It seems to me that that is a thing that does not need the explanation of a witness. It is a matter of common observation and common sense, that when upon the completion of the telegraph and railroad a supply of anything can be gotten at any time from the Eastern States at a week's time or a little over that, there cannot be much of a corner in merchandise.

MARKET VALUE OF STOCK.

Q. When this road was completed can you state to the Commission, what, if any, market value its stock had in California?—A. Any statement that I might make would be entirely negative; I did not know of its having any market value and I cannot say that it did have.

Q. I will ask you have you at any time been in the employ of or connected with the Central Pacific?—A. Never. I have never received a dollar from them for any services of any kind or nature.

Q. During the years in respect to which I have asked you, gold coin was the current medium of trade here in California, was it not?—A. It was so from the beginning of the State and it was made so by a law of the legislature in, I think, 1862, after the breaking out of the war.

By Mr. COHEN:

Q. By contract?—A. By contract; yes, sir.

APPRECIATION OF GOLD.

By Mr. BERGIN:

Q. Do you remember how low greenbacks were sold here during some of the years that I have referred to?—A. At the same rate that they were in New York, or with a very small difference for exchange. I think at one time down as low as 37 cents.

Q. Can you state to the Commission what you would have been willing to have given for the stock of the Central Pacific in the years 1869 and 1870?—A. No, I could not, for I never thought of it.

By the CHAIRMAN:

Q. How familiar were you with the business of the Central Pacific at the time of its organization?—A. I do not think that I was ever familiar with it. I knew of it generally.

Q. Had you any business transactions with it?—A. None, in early times.

Q. Did you loan them any money in early times?—A. No; I never loaned the Central Pacific Company any money.

OFFICERS OF CALIFORNIA STATE TELEGRAPH COMPANY.

Q. Who were the officers of the California State Telegraph Company?—A. I was the president of the company and J. Mora Morse was vice-president for ten years or more.

Q. What was the extent of the line?—A. Capt. James M. McDonald and R. H. McDonald and Fred McCrellish and others were directors. All the lines on the Pacific coast were owned by that telegraph company, and after the building of the overlond telegraph line that was sold out and consolidated with the State Telegraph Company.

Q. What was the year of the consolidation?—A. I do not think that there was a consolidation; I think that all the stock was transferred, and I think that that was in 1861, at the date of the completion of the overland line, or perhaps in 1862.

OFFICERS OF OVERLAND COMPANY.

Q. Who were the officers of the Overland Company at the time of the consolidation?—A. I was the president.

Q. Who were the other officers and directors?—A. I think they were substantially the same as of the California State Telegraph Company.

Q. Did you read the reports of President Stanford, of the Central Pacific, from time to time as they were issued, from 1863 and 1864 up to 1869, the period you speak of?—A. I do not think I ever read one of his reports.

REPORT OF PRESIDENT OF CENTRAL PACIFIC IN 1865.

Q. I call your attention to a report of the president of that road, published in July, 1865, in which he says:

In consequence of the suppression of the rebellion, the Government bonds are appreciating in value from the prosecution of the work and our other bonds are also appreciating, consequently we have not thought it advisable to sell this class of bonds to prosecute the work. Aside from the proceeds of the bonds sold we have made loans. With the means on hand and the Government bonds to be derived as the work progresses, and the first-mortgage bonds of the 100 miles in advance of construction, at the will of the company, it is fully warranted in considering itself able to overcome the Sierras as rapidly as possible, and in undertaking the work beyond. It is not to be expected that there will be in the future any delay in obtaining the Government bonds when due. The general business of the road is constantly increasing; the gross earnings for the month of June amount to $131,456.66, though we were not fairly in condition to do a freighting business to Clipper Gap until within the middle of the month. The road is daily increasing in its local business, as also the business over the mountains.

OPINION OF WITNESS AS TO THE REPORT.

Do you recall any of those facts?—A. I have no doubt that his statement and opinion are far more valuable than mine. He had the data and knowledge, and I had not.

Q. Would you regard such a statement, if you had that information at the time, as an evidence of the general financial depression of the road?—A. No, sir. If that does not go beyond your question, I would say that I should regard it as a report that was probably intended to help increase their credit. I should have to look at it in that light.

Q. Do I understand you to say that it would not be based upon the facts and would not be warranted by the condition of the company?—A. I have no doubt that the facts and statements would be reliable, but inferences might be inferences.

Q. Are you acquainted with the gross earnings of the company from year to year from that period?—A. I am not. I have occasionally noticed them, but I have never had any interest in them, and therefore they had no lodgment in my memory.

Q. Are you aware that from year to year from that period they increased until 1873, when a dividend was declared?—A. I am not aware of that fact.

Q. Would that indicate any financial depression?—A. No, sir.

DEFINES A "CORNER."

Q. What do you mean by a "corner" in early times?—A. As I stated before, I am not a merchant, and am not much acquainted with those

things, but as I understood it from the general course of my business here sometimes, a merchant here would find that there was a certain amount of a certain kind of goods in the market, and he would manage to buy up nearly all of that article, or he would join with two or three others and buy it up, so that there was none in the market, and then advance the prices sometimes three or four times over.

Q. Was that done through any controlling influence of the stage line or other means of communication at that time?—A. I think not, sir; it was done from the difficulty of getting supplies from the Eastern States, from which they mostly came, and from the length of time it took to get them here. The first one that I ever remember to have heard of in the State was a corner on flour, when the flour was all brought here from Chili, and one or two firms here connected with the South American trade, as it was understood, had bought up all the flour that was here or that was about to arrive, and advanced the prices three or four times over, and so it went on from time to time with almost every article of merchandise.

LIKE TENDENCY OF POOLS AND CORNERS.

Q. The effect, then, as I understand, of a corner was to fix prices at the will of the people who were in the corner, and hold them?—A. Yes, sir.

Q. Is not that the same effect as of a modern railroad pool as to prices so far as freights are concerned?—A. I s[illegible]stand it.

Q. Does it not control merchandise in proportion as it controls the freight rates?—A. It seems to me that it has that tendency.

EFFECT OF ROAD UPON STAGE AND EXPRESS COMPANIES.

Q. What became of the stage lines and express companies after the organization, construction, and opening of the Central Pacific?—A. Some of the stage lines became no longer profitable, and transferred their stock and their stages and property to other roads, or at any rate went entirely out of the business. Some of the express companies entered into new combinations and new arrangements. I think at the time of the construction of the Central Pacific Railroad the main express company was Wells, Fargo & Co.; I was not intimate with those things nor a part of them, but I knew generally that after the construction and completion of the road the railroad interest formed a new express company or new express companies; I believe that two were formed, one by each of the roads, and that then, by some arrangement or compromise, they disincorporated, and took interests in other companies that were then in existence.

Q. Did the Central Pacific Railroad Company buy any stage lines?—A. Not that I know of.

Q. Did they buy any express companies?—A. Not that I know of.

Q. Did they come into possession of any express companies, their rights and privileges?—A. I think that they did; I think that the Central Pacific Railroad or its managers came partly in control or perhaps absolutely in control of Wells, Fargo & Co., but when it was I can say only from my general impression.

Q. So that the effect was either for the stage lines to go out of existence or, if they could make terms, go into the possession of the railroad company, and the same condition of affairs existed as to the express company; and all the business of all the lines at that time passed into the hands of one company, the Central Pacific Company. Is that

time?—A. I do not think that the Central Pacific Company ever bought any stage lines. They might have done it without my hearing of it, but I don't think they ever did. Of course the stage lines went out of existence or transferred their stock when a better means of transportation took their place.

A "FAST FREIGHT" LINE.

Q. Do you recall hearing of a fast freight line in those days?—A. Yes, sir.

Q. Who were the owners?—A. I do not know; I cannot tell; I never knew anything about it.

Q. What was the character of it, if you recall it?—A. I do not think that I knew enough about it to express its character; I know that I heard generally that there was a fast freight line.

Q. Was it located here—I ask for information; was it operated from here to the east?—A. That I am unable to say; I have understood that it was.

RATES OF INTEREST DURING CONSTRUCTION OF ROAD.

Q. Do you know what rates of interest the Central Pacific paid, and to whom during their troublesome times?—A. I know nothing about what the Central Pacific have paid. Perhaps I cannot say that I know, because I have never seen the paper nor seen it paid; but I knew as a general fact in business that the principal men in the Central Pacific borrowed a good deal of money and paid very high rates of interest, as high as 3 per cent. per month, and I think sometimes there was a bonus beyond that.

Q. How long did those rates of interest continue?—A. They continued pretty well during the early years of the construction of the road. I think that before they completed the road the rates of interest were reduced to 1 per cent. and possibly, even below that.

Q. That was down to 1869?—A. 1869. I doubt if my knowledge of it is sufficient to say one way or the other; I doubt if they borrowed money up to that time at less than 1 per cent. at any time.

A STOCKHOLDER IN THE BANK OF CALIFORNIA.

By Mr. BERGIN:

Q. Were you a director in the Bank of California during those years?—A. Not at that time.

Q. What years were you a stockholder in that bank?—A. I was a stockholder from the organization of the bank to the present time.

Q. That occurred in 1864?—A. July, 1864.

AVAILABILITY OF SECURITIES.

By Commissioner ANDERSON:

Q. Has there ever been any trouble here in borrowing money on Government bonds?—A. Never.

Q. Or on the first-mortgage bonds of a constructed railroad?—A. I think not; though it would have been difficult at some time to borrow much money here on that security because of the limited supply of money here.

Q. Was there any trouble in a large enterprise like the Central Pacific borrowing on first-class collateral in New York?—A. I suppose

not; but here the supply was limited and we did things in such narrow ways that there were times when the withdrawal of a very few hundred thousand dollars would have affected the market and would have affected the rates of interest.

Q. Do your remarks in regard to the straits in which these gentlemen were put in their efforts to borrow money apply to the period when they had Government bonds and first-mortgage bonds at their command, or to a period anterior to that?—A. Mostly to a period anterior to that, or when their Government bonds were not sufficient for their needs.

By Mr. COHEN:

Q. During the construction?—A. During the construction.

PRESIDENT STANFORD'S REPORT OF 1865 QUOTED.

By the CHAIRMAN:

Q. I wish to read another portion of President Stanford's report concerning the financial condition of the Central Pacific Railroad, on July 13, 1865: "Much of what we had hoped then has been realized. The financial problem which was then pressing upon us for solution has been solved, and the result is abundant financial means to press forward the work to its utmost development."

That was in 1865.

Mr. COHEN. Where do you take that from, Mr. Chairman?

The CHAIRMAN. If you wish to verify it you can do so by a witness.

Mr. COHEN. You are reading from a newspaper paragraph and I wish to know where it came from.

The CHAIRMAN. I have already stated that I read from the report of the president of the company, and I do not think it is a proper thing to be called upon three or four times for a statement of that character. I stated in the opening that I read from the report of President Stanford made to the Central Pacific Railroad Company in July, 1865.

Commissioner ANDERSON. Mr. Cohen's question was addressed to possible inaccuracies in a newspaper slip.

The CHAIRMAN. If it is not correct they can prove it. It is an exhibit that is furnished by the railroad company itself and it is indorsed, "Leland Stanford, president; report made at the annual meeting of stockholders, July 13, 1865," and is given to this Commission on call as an exhibit.

Commissioner ANDERSON. If it is furnished by the company, that is sufficient.

Mr. COHEN. That is sufficient. If the chairman had kindly made that statement at the beginning, we would not have had any further question.

NO DIFFICULTY IN RAISING MONEY ON GOVERNMENT BONDS.

By Mr. BERGIN:

Q. I understood you in your last answer to have reference to the period of construction of the railroad. Is that so?—A. During the earlier period; yes, sir.

Q. And that during that period and when the company had not Government bonds and it had to raise money on its own bonds or obligations, then it was difficult for it to raise money?—A. Of course when it had Government bonds everybody knows that there was no difficulty in raising money on them at the lowest current rates of interest.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Thursday, August 11, 1887.

MOSES G. COBB, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. In this city.

Q. What is your occupation?—A. I am a lawyer.

Q. How long have you been in practice here?—A. Since 1862.

Q. Did you know Mr. John B. Felton?—A. Very well, sir. He was educated with me.

SUIT OF SAMUEL BRANNAN AGAINST CENTRAL PACIFIC.

Q. What assistance, if any, did you render him in preparing the complaint in the suit of Samuel Brannan against the Central Pacific Railroad Company of California?—A. I rendered him none. I prepared the complaint without him.

Q. You prepared the complaint entirely?—A. Entirely, in that suit. I may answer, more fully, that he and Mr. Patterson, after I had drawn the original complaint, came into the matter (not the case) with me, and we three redrafted the complaint, and some articles were added to it, some allegations added to it that were within the knowledge of these other gentlemen and not within mine. So reformed, the complaint was ultimately cast.

Q. Where did you draft the complaint?—A. In this city.

UPON WHAT INFORMATION CERTAIN ALLEGATIONS WERE BASED.

Q. I should like you to state to the Commission the sources of your information, where they are not personal, as to some of the salient features in the complaint. You stated among other things the value of the lands granted to the railroad by the United States to be $50,000,000. On what information did you base that allegation?—A. I think that item, that round sum, was given to me by Mr. Brannan, the plaintiff.

Q. Had you personally any knowledge of the value?—A. I had none except his information, gathered I do not know how.

Q. You state in the complaint that the value of other lands granted to the road by various corporations situated within the State of California is $5,000,000. What information had you as to other lands than those granted by the United States?—A. I think there is a schedule attached to the original complaint covering that allegation, and I think that the values were given by Mr. Brannan in the same way as before.

Q. (Showing witness a copy of the complaint in the Brannan suit, from the record in the Stewart case). Please look at Schedule C annexed to the complaint and say if that schedule contains what you intend to refer to as lands donated by various corporations.—A. I think that is what is referred to in Schedule C.

Q. That schedule has the following items:

Upland, 490 acres in the city of Oakland, at $5,000	$2,450,000
Overflowed flats, 2,500 acres, at $2,500	6,250,000
Land in San Francisco, 30 acres	9,500,000

What land is referred to in San Francisco? Is that the land where the Mission Bay property is?—A. Yes, sir; in that section granted by the State.

Q. As to lands referred to in the complaint as lands granted and donated by the various corporations and individuals situated within the State of Nevada, what property was referred to by that description?—A. I do not remember any schedule about that. I think that referred to town sites and depot sites, and roadway lands.

Q. How is it as to "lands granted and donated by various corporations and individuals within the Territory of Utah"?—A. The same way as to that.

NO DEFINITE INFORMATION.

Q. You had no definite information?—A. No, sir; I do not now recall any, and yet I may have had. Let me say here that I was months in collecting these facts and corresponding with various parties. It may be that some of those were gleaned in that way.

Q. As to any record of property donated within the State of Nevada or within the Territory of Utah, can you refer us to any persons who gave you any information that would trace such property?—A. I cannot. My general recollection is that I wrote to the registers or recorders in those various places, and I may have their letters now, and from them might be able to ascertain these values.

"DONATION BY THE STATE OF CALIFORNIA."

Q. "Donation by the State of California, $1,500,000." What does that refer to?—A. That refers, I think, to the statute on the subject, in which they granted certain aid to the company. I do not know but what that is scheduled.

Q. Do you refer to a donation of that amount of bonds, or to an agreement to pay the interest on bonds?—A. I do not know but that it was that. I do not now recall what that was. I have a vague recollection of a statute on the subject. Remember that I have not thought of this case for years, that is, the details of it; I thought that was scheduled, however, and that the act referred to was in the exhibits at the end of the complaint.

Commissioner ANDERSON. It may be.

Mr. BERGIN. You have reference to the same subsidy, the validity of which was passed upon by the supreme court of this State?

The WITNESS. In what case?

Mr. BERGIN. In the case, I think, of the People against Pacheco, or the case of the People against the Central Pacific Railroad in the 26th or 27th California.

The WITNESS. I think likely.

GUARANTEED INTEREST ON BONDS.

Q. "Bonds on which the State of California guaranteed the interest." What bonds? $12,000,000 is the amount stated here.—A. I cannot tell now what I referred to in that $1,500,000.

Commissioner ANDERSON. This is $12,000,000.

Mr. COHEN. On what page is that?

Commissioner ANDERSON. On page 180 of this book. Were there any $12,000,000 of bonds?

The WITNESS. Undoubtedly whatever was stated there was taken from either the statutes or records, and can be verified.

Q. Is there any act by which the State of California guaranteed the interest on $12,000,000 of bonds to this company?—A. I cannot say at this date, but there is an act guaranteeing interest on bonds.

Q. One and a half millions?—A. Yes, sir; it may be.

Q. There are two stated here. One is called a donation and the other is the one in which the State guaranteed interest, and we merely ask for information whether you can refer us to the acts containing those provisions?—A. I cannot at this moment, but I no doubt can hereafter.

THE CORRECTNESS OF OTHER ITEMS.

Q. As to the items, "Bonds of Placer County, $250,000," and "Bonds of the city and county of San Francisco, $400,000," and "Bonds of the city and county of Sacramento, $300,000;" do you remember whether they are correct?—A. I do not remember whether those are the amounts. Are those the amounts, Mr. Cohen?

Mr. COHEN. I do not remember.

The WITNESS. I think those items are correct.

Commissioner ANDERSON. Do you remember about that, Mr. Bergin?

Mr. BERGIN. I do not recollect, but probably the items are correctly stated.

Mr. COHEN. In that statement which Governor Stanford gave you I think they were mentioned.

COMPLAINT REFERS TO SECOND MORTGAGE BONDS.

Q. Your complaint refers to second-mortgage bonds issued by the Central Pacific, amounting to $15,601,741.83. Can you tell from what source those figures were obtained?

The WITNESS. Is there not some conditional statement about that?

Commissioner ANDERSON. I will read you the statement:

That as plaintiff is informed and believes, and therefore avers upon and according to his information and belief, the said C. P. issued and delivered on or about the —— day of ——, 186–, and on divers other days prior to the 1st day of March, 1870, to said defendants, Leland Stanford, A. P. Stanford, E. B. Brocker, Charles Crocker, Huntington, Hopkins, Miller, Marsh, and their confederates, to plaintiff unknown, its second mortgage bonds to the amount of $27,387,120, payable in United States gold coin, with interest at 10 per cent. per annum; that said second mortgage bonds, with the exception of $11,787,378.17 of the nominal value thereof, and all of the said first-mortgage bonds, have been, as plaintiff is informed and believes, and therefore so avers, delivered by the said Central Pacific to the said persons [repeating their names], and that they have kept and retained the same.

The WITNESS. What allegation is there about the eleven millions?

Commissioner ANDERSON. The allegation is that the second-mortgage bonds, amounting to $27,387,120 were issued, and that the second-mortgage bonds, with the exception of $11,787,378.17, were delivered to these gentlemen and retained and appropriated to their own use in violation of their duties as directors and in fraud of the rights of plaintiffs and the other stockholders of said Central Pacific, and that the said second-mortgage bonds, amounting to $11,787,378.17, which were excepted from the other allegation, have been sold by the said defendants and the proceeds thereof realized. The amount that I first mentioned to you is evidently that portion of the twenty-seven millions exclusive of the eleven millions.

The WITNESS. Yes.

INFORMATION RECEIVED FROM AN EMPLOYÉ OF COMPANY.

Commissioner ANDERSON. We have no information as to these second-mortgage bonds or any mortgage bonds bearing 10 per cent. interest, except the convertible ones.

The WITNESS. The facts as to those bonds, I think, came from an employé of the company to Mr. Brannan. He is a man by the name of Ralph Smith.

Q. Is he at present in their employ?—A. I do not know, sir.

Q. Is he living?—A. That I do not know. He was in the employ of the company, I think, at that time. At any rate, we got suggestions from that gentleman.

Q. When did you last hear of him?—A. I have not heard of him for years.

Q. Can you mention any of his associates in this city?—A. He was in Sacramento, in their employ there.

Mr. COHEN. I think I can save time by making an explanation. At the time Mr. Cobb drew that complaint those were second-mortgage bonds, so called, but that complaint, you see, was drawn prior to the act of Congress of 1864.

Commissioner ANDERSON. Oh, no.

Mr. COHEN. Oh, I see; that complaint was drawn in 1874. I thought it was drawn before, and that they had confounded the bonds of the company by calling them second-mortgage bonds as being second, in lien, as they supposed, to the Government bonds, whereas they were not. They were the first bonds.

Commissioner ANDERSON. But this complaint mentions the first bonds in addition.

Mr. COHEN. Then my explanation would not apply.

The WITNESS. My impression is that some of the details about those bonds were got from this official connected with the company. I think his name was Ralph Smith.

STATEMENT REGARDING BRANNAN'S COMPLAINT.

Q. Have you ever received any further information as to those bonds?—A. I do not think I ever did. I think these same items, in detail, have been carried into subsequent complaints; but that, perhaps, is not a right expression. I would state that this complaint of Brannan's was drawn up, and after it was drawn up, as I said before, Mr. John B. Felton and Mr. William H. Patterson, both now dead, called on me and said that they represented parties similarly interested. Mr. Patterson represented Mrs. Judah, and Mr. Felton, who was a Boston man, represented certain Boston stockholders, Mr. Samuel Hooper, Benjamin T. Reed, Orville D. Lambard, Charles A. Lambard, and I think others; at any rate these names are mentioned, if I remember rightly, in the Brannan complaint, and they represented 725 shares. They asked to see my complaint, and after seeing it and reading it we then met and reformed it; and then at that time, as I remember, Mr. Tevis, who had got wind of it—I was Mr. Tevis's attorney at that time—borrowed the complaint, and after reading it negotiations were commenced, Mr. Felton being the negotiator on our part and Governor Stanford on the part of the Central Pacific Railroad, which resulted in a settlement with Mr. Felton's clients and Mr. Patterson's. That complaint, which had been in the mean time printed, some 500 copies of it, was retired, and ultimately the copies were burned. In the mean time Mr. Brannan, my client, was not satisfied with the settlement. He wanted more. He wanted a round sum of $200,000. They offered him $150,000. They not being willing to come to his terms, this complaint then was reprinted, *mutatis mutandis*, and filed. So that these items went into that original complaint, in which we all joined. Myself, Mr. Felton, and Mr. Pat-

terson were the attorneys in that case, and when that was retired I remained Mr. Brannan's attorney, and ultimately filed this complaint, adopting these same allegations and changing, as I have said, what I thought should be changed.

THE SUIT DISMISSED.

Q. And his suit was finally settled?—A. His suit was set off to his wife's suit. Soon after this suit was commenced Mrs. Brannan sued him for a divorce, and that action was set over to her at a valuation of $103,000.

Q. How many shares were involved?—A. Two hundred shares; and I ultimately dismissed the suit at the request of David D. Colton, who, in a letter filed, told me that he had been appointed assignee in the case. How he had got it I do not know.

Q. You do not know what he had paid for it?—A. No, sir; I heard, but I do not know.

Q. In regard to the allegations contained in that complaint relating to the Crocker contract and the Contract and Finance Company contract, the general substance being that those contracts were used as a means for making large amounts of money out of the company; what persons can you refer us to as having original information?—A. That same gentleman that I have referred to, Mr. Ralph Smith.

Q. Did you yourself ever see any books containing entries relating to the Crocker contract?—A. No, sir.

Q. Or any books containing entries relating to the Contract and Finance Company?—A. No, sir.

Q. You have never seen these books?—A. Never.

EFFORT IN THE ROBINSON SUIT TO PROCURE THE BOOKS.

Q. Do you remember whether at the time you filed the complaint for Mr. Brannan these books were in existence or not?—A. I do not. I know that subsequently, as late as 1876, in a suit brought by Mr. Cohen here (Messrs. Cohen & Lake), the Robinson suit, I was present, I think, in the police court when there was an attempt to get possession of those books. Governor Stanford and Mr. Miller were arrested and brought up under a section of our penal code to show cause why they should not produce those books. It is a misdemeanor under our code, and they were complained of there. I remember being present, and I think these books were inquired for and were among the books that were sought; that was resisted upon technical and general grounds, not that the books were lost, but upon technical grounds.

Q. On the ground that their production could not be enforced that way?—A. Yes, sir.

Q. Was Governor Stanford present in person?—A. I do not remember as to that. I remember that he was there by counsel.

Q. Was Mr. Miller present in person?—A. I do not remember about that. That was in 1876. It was after this suit was brought by Messrs. Cohen & Lake.

Q. Who was present at these proceedings in the court when the demand for the books was made?—A. I think Mr. Lake was there, and I think Mr. Cohen was there, but I cannot state positively.

Q. Who was present on behalf of the company?—A. I think Mr. Robert Robinson.

Mr. COHEN. I suppose that I may say that I was not there.

The WITNESS. I do not know that Mr. Cohen was there, but I know that Mr. Lake was.

Q. Somebody represented the company?—A. Somebody represented the defendants, I would not say the company, I think it was Mr. Robert Robinson.

SUIT DISMISSED ON A TECHNICALITY.

Q. Do you recall what answer was made on behalf of the company in regard to the whereabouts of the books?—A. I do not think it reached that point. My recollection is that it was dismissed on technical grounds. I cannot recall the ground at this moment, but I know that I was somewhat interested in that Robinson suit. I held shares at one time myself in my hands, and I was somewhat interested in that inquiry, and therefore it made an impression on me that there was no denial of the possession of the books. I know that my friend Cohen was very certain that the books were there, and he was determined to have them, and he is a power when he starts in. [Laughter.]

Q. Before what court was this proceeding?—A. It was one of our police courts. I think Department One.

Q. Do you file papers containing the charges on which complaints are issued?—A. Yes, sir; there is a complaint made and a warrant issued, and the party is arrested on that warrant.

MR. COHEN ASKS FOR COURT RECORD.

Mr. COHEN. I would like to have that record.

Q. Is that complaint on file and accessible to-day?—A. I have no doubt of it. I have not seen it since that time.

Mr. COHEN. I would like to get it for the purpose of showing the witness how badly he is mistaken.

The WITNESS. Maybe I am. It is a long time since I thought of it. You asked me about the existence of those books. I know we thought at that time they were in existence and could be had.

Q. What I want to know is, whose affidavit charged the loss of the books, and what charge was made in regard to their disappearance?—A. I think Mr. Robinson, the plaintiff in the case, made the charge. Mr. Robinson had been my client, and is now.

Q. Can you tell me a little more definitely where to look for this complaint?—A. I think you will find it some time in the summer of 1876.

WHERE THE COMPLAINT CAN BE FOUND.

Q. Where?—A. In department one of the police court of this city, if the departments had then been established. At any rate, department one represents the old police court, and you will find it in that department, without a doubt. I will state furthermore that my recollection is that in the civil suit, after the criminal matter was abandoned, there was an attempt made to get possession of the books. If I mistake not, Mr. Robinson filed affidavits and parties were brought up for contempt with reference to the non-production of these very books. A long list of books were detailed, I believe, in those affidavits.

Q. Where are those affidavits to be found?—A. They would be found in the old city hall. I think that is in the old fourth district court. Those courts are now all abolished and a new system has come in.

Q. The files are preserved, so that we could find the affidavits or complaint?—A. I have no doubt of it.

TITLES OF PROCEEDINGS.

Q. Can you give us the titles of the two proceedings so that we can make a requisition for the papers?—A. I think that proceeding was John R. Robinson against the Central Pacific Railroad Company and others; a long list of others.

Q. And how would the criminal proceeding be entitled?—A. That would be entitled The People against Stanford and others.

Q. (Showing the complaint in the Robinson case to the witness.) Is that the complaint?—A. This is the suit that I referred to in the fourth district court. My recollection is about right; it was the 15th of March, 1876, that that complaint was sworn to, and I think it was filed about that time.

MATERIAL FROM WHICH CONCLUSIONS WERE DRAWN.

Q. Coming back to the allegations contained in your complaint as to the manner in which the contracts were made between the Central Pacific and Mr. Crocker, or Croeker & Co. and the Contract and Finance Company, what material did Mr. Ralph Smith have from which he derived his figures and conclusions?—A. That I do not know. I think that these were suggestions made by Mr. Smith. Mr. Smith lived in Sacramento and Mr. Brannan did also. He knew Smith, and I did also, and it was on frequent occasions that these data were given us.

Q. I want to know whether anything was put in writing—whether you have any letters from him?—A. No, sir; it was by word of mouth generally.

Q. Did Mr. Smith represent that he was placing before you conclusions that he derived from any books?—A. I do not know; I know that I thought so. I do not know whether I asked him every time or at any time whether these were facts derived from the books, but they were suggestions and figures.

Q. What was the scope of Mr. Smith's duties?—A. That I cannot tell. I know that he was in the employ of the company, and I think he was a book-keeper.

Q. Have you any other sources from which you derived the material contained in your complaint except the general information you have referred to, and Mr. Ralph Smith?—A. No, sir; except Mr. Brannan.

Q. Had Mr. Brannan any position in the Central Pacific, or any position which would enable him to acquire these facts accurately?—A. No, sir; I do not think he was in any way employed in that company. He was a stockholder and was intimate with these other gentlemen. They were all Sacramentians, you know, at one time—Governor Stanford, Mr. Hopkins, and the Crockers.

ALLEGATIONS AS TO ACTUAL COST OF ROAD.

Q. Your complaint contains allegations setting forth the actual cost of construction of so much of the road as was constructed under the Crocker contract, and also of so much of the road as was constructed under the Contract and Finance Company's contract; from what source did you derive those allegations?—A. I think from the same source.

By Mr. COHEN:

Q. That is, from Mr. Smith?—A. From Smith and Brannan.

By Commissioner ANDERSON:

Q. Then you have enumerated to us in full all the sources of information on which this complaint was based?—A. I think so. My atten-

tion is more particularly addressed to those items of subsidy, and forth, but some of the allegations in the complaint were furnished Mr. Patterson. I think all that about the San Francisco and San J Railroad was Mr. Patterson's information. He had been in that and Mr. Felton had some special knowledge, also.

Q. From what sources did you derive your information as to the crease of Wells, Fargo & Co.'s stock?—A. I do not remember.

MR. COHEN THE AUTHOR OF THE ROBINSON COMPLAINT.

By the CHAIRMAN:

Q. As to the Robinson complaint, where did you get the facts r tive to the construction of the Central Pacific?—A. Mr. Cohen m answer that.

Q. Which Mr. Cohen?—A. This gentleman here.

Q. Mr. A. A. Cohen?—A. Yes; Mr. Cohen is the father of that co plaint, I believe.

Q. Did he furnish the data at that time?—A. I think so; at any r he took the responsibility.

Q. Had he that part of the work in charge?—A. No, not that; drew the complaint, and he had the Brannan complaint undoubted before him, for many of the allegations are identical. I know he ha printed copy which I furnished him. And whatever there is beyo the Brannan complaint undoubtedly Mr. Cohen can give the sour At least so far as it coincides with the Brannan complaint, he took from that.

By Mr. COHEN:

Q. Are any of the facts stated in this complaint of Brannan agai the Central Pacific Railroad Company within your own personal know edge?—A. No.

Q. None whatever?—A. None whatever.

WHEREABOUTS OF BRANNAN, SMITH, AND OTHERS.

Q. Where is Mr. Brannan; is he living?—A. I think so; the l I heard of him he was in Mexico; in one of the northern states the I do not know where; I think in Sonora.

Q. Can you get him up here before this Commission adjourns?— I think so; I do not know whether I can or not. He is to be got if is desired.

Q. Is Mr. Ralph Smith living?—A. As I told the Commission, I not know.

Q. Where was he living when you last heard of him?—A. I thi near Sacramento.

Q. Mr. Felton, I believe, is dead; is he not?—A. Yes, sir.

Q. Mr. Patterson is dead?—A. Yes, sir.

Q. Are there any other gentlemen whom you have mentioned fr whom you derived your information who are living?—A. Those are t only gentlemen, whom I have named.

Q. Mr. Robinson is living?—A. Yes, sir.

By the CHAIRMAN:

Q. You derived information from Mr. Cohen, and he is living, is h not?—A. Yes, sir.

By Mr. COHEN:

Q. What information did I ever give you in regard to the facts in the Brannan case?—A. Nothing. I did not mention you as giving me any information. I mentioned you in connection with the Robinson complaint.

THE CASE OF STEWART AGAINST HUNTINGTON.

Q. Were you a witness in the case of Stewart against Huntington, in a commission issued by the supreme court of the State of New York to take testimony in California?—A. I think I was.

Q. I believe I had the honor of examining you in that case, had I not?—A. I think so.

Q. You were asked in that case:

Q. 3. Did you know to whom that stock was sold and what was paid for it [referring to the Brannan stock]?—A. I do not know, of my own knowledge; all I know is that the stock passed under that decree, and I was a mere *locum tenens* in the case for some months and years, I think.

Was that question put to you, and the answer made as read?—A. I think that is correct, sir.

Q. I will read you one or two more questions, so as to put the Commission in possession of all the information on that point:

Q. Did you ever see the stock?—A. I think I did.

Q. Do you know what company it was in?—A. I think the original two hundred shares of the eight and a half million issue of the Central Pacific Company of California. I saw that and I knew the history of that. I think that was passed into Mr. Tillinghast's bank, or the Bank of British Columbia, and then there was an increase of capital. Then he got a new certificate of stock. I do not know, except as he told me.

Were those questions put to you and the answers made as I have read them?—A. That is correct, sir. Mr. Brannan borrowed $10,000 on those two hundred shares of stock some time before this complaint was passed.

PERSONAL KNOWLEDGE OF THE BRANNAN STOCK.

Q. Do you know of your own knowledge that he borrowed $10,000 on those 200 shares?—A. No, sir; I cannot say that I do, if you are technical in the question.

Mr. COHEN. I am technical, because my information is to the contrary.

The WITNESS. No, sir; I do not know it of my own knowledge, but I arranged to take that $10,000 up.

Q. It was not on that and other securities?—A. No, sir; because we had trouble about those very 200 shares. They were issued to Mr. Tillinghast, 200 shares of watered stock, and Mr. Brannan complained that it should have been 200 shares of the eight and a half million issue of stock.

Q. I ask you that because I did not think there would be any one outside of the insane asylum who would lend $10,000 on 200 shares of that stock at the time. Therefore I ask you if you know it of your own knowledge?—A. No, sir; all I know is that I was employed by Mr. Brannan.

PENAL STATUTE UNDER WHICH PROCEEDINGS WERE BROUGHT.

Q. In the case of that complaint in the police court, I will ask you some questions further in regard to your knowledge of those proceedings. Was not that an attempt on the part of Mr. Robinson as a stock-

holder of the Central Pacific Railroad Company to have furnished to him and his counsel the books of the Central Pacific Railroad Company and not of the Contract and Finance Company?—A. I think the penal statute under which the proceedings were instituted are in favor of stockholders as against companies. I have not the statute and I have not seen it since that time, but the substance of it is, that if any officers of any corporation shall refuse to exhibit to any stockholder, when they desire, any books of the corporation, it shall be a misdemeanor. In general terms, that is it.

THE BOOKS SOUGHT TO BE REACHED.

By Commissioner ANDERSON:

Q. Mr. Cohen's question is, what books were sought to be reached? Can you tell what the books were?—A. I think the Contract and Finance Company's books were among the specified books; that is my impression, but at the same time the complaint may show differently. I did not make the complaint and I was not present through all of the proceedings, but I was there on the first day.

HOW THE PROCEEDING WAS BROUGHT.

By Mr. COHEN:

Q. I undersigned the law as you do, but I want to ask you how Mr. Stanford could have been proceeded against in the police court in such a proceeding as that when he was not an officer of the Contract and Finance Company?—A. That I cannot say, but I am very certain the complaint was against Mr. Stanford and Mr. Miller.

Commissioner ANDERSON. That is probably why the pleading was dismissed.

Q. Was it not against them as president and secretary of the Central Pacific Railroad Company?—A. It may be so; I cannot particularize about that. I know it was a novel proceeding and excited a good deal of comment at the time.

By Commissioner ANDERSON:

Q. Have you given us the date?—A. I think it was in the summer of 1876. I only get at the date from the fact that it went along with the Robinson suit, and I think that was instituted in March, 1876, and right along, a few months afterwards, this other proceeding was had.

Mr. COHEN. Is there any fact within your knowledge that you can state to the Commission that will bear in any way upon the subject committed to their investigation by this act of Congress?

A. I do not know that there is, sir.

PAPERS CONNECTED WITH THE BRANNAN CASE.

By the CHAIRMAN:

Q. Have you any papers, books, affidavits, or agreements of any kind in your possession growing out of those suits, from time to time, that you could give to the Commission?—A. I have, undoubtedly, many papers connected with that Brannan suit, but whether they come home to the Central Pacific Railroad Company, or any of their officers, I cannot say.

Q. Will you examine and ascertain?—A. I will look and see.

Q. And will you furnish to the Commission any testimony that you may have to throw light upon the subject of investigation?—A. I will

THE ROBINSON CASE.

Q. Was Mr. Cohen the attorney for Mr. Robinson in the Robinson suit?—A. Yes, sir; he was a very active attorney, too.

Q. Was Mr. Robinson the only plaintiff interested in the suit?—A. No, sir.

Q. Who else was interested?—A. I think there was a gentleman by the name of Collet and a gentleman by the name of Eggel, or some such name as that, I know it is a very peculiar name. I do not know that there were any more than those two. Mr. Cohen will recollect better than I do about it.

Q. You have named, as far as you can remember, all those interested in the Robinson suit as plaintiffs?—A. Yes.

Q. Do you know whether Mr. Cohen had any interest, as a plaintiff, in the Robinson suit?—A. No, sir; I do not.

THE $400,000 OF BONDS ISSUED BY SAN FRANCISCO.

By Mr. BERGIN:

Q. In referring to the different subsidies, you spoke of the $400,000 bonds issued by the city of San Francisco. Was there not a bitterly-contested litigation in regard to the constitutionality of the law itself, in the first instance?—A. I think there was a compromise, was there not, by the city.

Mr. BERGIN. Yes; but let us dispose of one thing at a time. Do you not know that that question was taken to the supreme court?

A. I think so.

Q. And do you not know that after the supreme court passed upon the constitutionality of the law the company again had to institute proceedings to compel the delivery of the bonds?—A. I think so. You are right about that.

Q. And do you not know that it was after the end of all that litigation that the compromise was finally reached?—A. Yes, sir; that is my recollection.

Q. And do not you know that one of the strong grounds of objection urged as to the validity of those proceedings was the liability of the stockholder for the debts and obligations of the corporation?—A. Yes, sir; I think so.

Q. Now in regard to the subsidy from the State, referred to there, do you not know that that was also litigated?—A. I think it was.

Q. And the company never got the bonds until after the supreme court had finally determined the constitutionality of the law?—A. That I cannot say, but I presume so. That would be my presumption.

VALUE OF THE BONDS.

By the CHAIRMAN:

Q. Were you a resident of San Francisco in 1863 and 1864?—A. No, sir; I lived in San Joaquin County.

Q. Were you familiar with the bonds that were issued by the city and county of San Francisco under the act of 1870?—A. I cannot say that I was, sir. Not being a financial man, I do not know.

Q. Were you acquainted at all with the value of the bonds at the time issued for the purposes of the sale?—A. I was not; I have always considered that the city and county bonds were first class.

Q. Have they ever sold below par?—A. I do not know that they have.

Q. Do you know whether they were ever quoted, from the date of issue, below par?—A. No, sir; I do not think they ever were, although I cannot say; I am only speaking from a general impression.

Q. The interest had always been paid regularly, the seven per cent?—A. Yes.

The CHAIRMAN (to Mr. Miller). Do you recollect the city bonds of San Francisco as selling below par?

Mr. MILLER. Yes, I think they sold below par. I can easily ascertain the prices, if you desire.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Thursday, August 11, 1887.

F. S. DOUTY, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. I produced before the Commission a statement, furnished by its accountant, Mr. Stevens, taken from the books of the Western Development Company, and showing the cost of construction of the Northern Railway; also showing the stock and bonds of the Northern Railway issued against such construction. Before entering it upon our records we desire to give you the opportunity of stating, after examination, whether it is correct or not. You may take it, if you desire. I want you to verify it, so that before we put it on our record the gentleman in charge of that department of your company shall be satisfied that it is accurate.—Answer. I will do so.

INTEREST CHARGED ON CONSTRUCTION OF NORTHERN RAILWAY.

Q. I notice that in stating the cost of construction, interest on construction is charged. What was your practice in that matter?—A. It was the custom to charge interest.

Q. You charged interest up to the time that you got the bonds; is that what it means?—A. That is what it means. It is interest on the money expended in constructing the Northern Railway, and it also includes the Berkeley Branch.

Q. The stock and bonds are uniformly stated at par in your accounts?—A. Yes.

Q. I hand you, for the same purpose, an account showing the cost of construction of the San Pablo and Tulare Railroad?—A. The same course.

Q. Also an account showing the cost of construction of the Amador Branch and of the stock and bonds issued against the same.

Also a statement showing the cost of construction of the Southern Pacific of California.

COLORADO RIVER BRIDGE.

Also the Southern Pacific of Arizona, and also the Southern Pacific of New Mexico; also the cost of construction of the Colorado River bridge. In regard to the Colorado River bridge you gave some testimony some few days since. What corporation holds the title to that property?—A. The Pacific Improvement Company.

Q. Do you know yourself what the rental paid for it is?—A. I do, sir.

Q. You are also secretary of the Pacific Improvement Company?—A. Yes.

Q. What is the rental paid for the Colorado River bridge?—A. $1,000 a month.

Q. $12,000 a year?—A. Yes.

Q. Has that always been the rent?—A. Yes; that is, it was washed out once and burned once. And pending that time, of course, no income was received from it.

Commissioner ANDERSON. I hand you a statement of its cost of construction, and I beg you also to verify that. There is one other statement which is about being prepared by the accountant which will show the cost of construction of so much of the California and Oregon as has been affected by the Pacific Improvement Company. That I will hand you between now and the next time that you appear as a witness, and will ask you to complete the verification of that statement also?—A. I will verify them as to this Colorado bridge. In the first place, it was washed out and rebuilt; then it was burnt down and rebuilt, and the property stands the Pacific Improvement Company about four times what that statement amounts to.

Mr. COHEN. Over $200,000?

The WITNESS. Yes. And the question with me is whether you desire me to show the cost at the different times of building and rebuilding.

Commissioner ANDERSON. Yes.

WESTERN DEVELOPMENT COMPANY.

I desire now to read to the Commission the following extracts from the proceedings of the Western Development Company, dated September 4, 1877:

OFFICE OF THE WESTERN DEVELOPMENT COMPANY,
San Francisco, September 4, 1877.

A special meeting of the directors of the Western Development Company was held this day.

Present, F. S. Douty, H. K. White, D. T. Phillips, E. C. Wright, C. E. Green.

The president, F. S. Douty, then offered the following resolution:

Resolved, That the following securities of the surplus profits of this company now on hand be distributed and divided between the stockholders of this company in proportion to the amount of stock held by each, to wit:

Southern Pacific Railroad stock	$13,500,000
Southern Pacific Railroad bonds	6,300,000
Amador Branch Railroad bonds	675,000
Berkeley Branch Railroad bonds	100,000
Los Angeles Bridge bonds	13,500
Amador Branch Railroad stock	674,000
Berkeley Branch Railroad stock	100,000

And that the same be delivered to them in person, or to their agent or attorney duly authorized to receive the same.

On motion of E. C. Wright, seconded by H. K. White, the above resolution was adopted.

THE STOCKHOLDERS WHO RECEIVED THE DIVIDEND.

Who were the stockholders of the company at the time this dividend was declared?—A. The stockholders were those named there.

Q. I mean who were the owners of the stock of the company at that time?—A. Messrs. Stanford, Crocker, Colton, Huntington, and Hopkins.

Q. There had been no change, then, since the organization of the company in the actual ownership?—A. None to my knowledge.

PACIFIC IMPROVEMENT COMPANY.

Q. I now read you from the minutes of proceedings of the Pacific Improvement Company, at page 106 of the minute-book:

OFFICE OF THE PACIFIC IMPROVEMENT COMPANY,
San Francisco, Cal., April 11, 188[illegible].

A meeting of the board of directors of the Pacific Improvement Company was held this day at 1.30 p. m., pursuant to call duly had and made.

Present, Arthur Brown, B. R. Crocker, and F. S. Douty.

Absent, J. H. Strobridge and William E. Brown.

In the absence of both the president and the permanent president *pro tem.*, Arthur Brown was, on motion of F. S. Douty, duly seconded, elected president *pro tem.*

The minutes of the previous meeting were read and approved.

On motion of F. S. Douty, duly seconded, the following resolution was unanimously adopted:

Resolved, That the following securities of the earnings of this company, now on hand, be distributed and divided between the stockholders of this company in proportion to the amount of stock held by each, to wit:

Southern Pacific Railroad Company of Arizona, stock	$19,994,000
Southern Pacific Railroad Company of Arizona, bonds	2,572,000
Southern Pacific Railroad Company of New Mexico, stock	6,688,000
Southern Pacific Railroad of New Mexico, bonds	4,180,000
Monterey Railroad Company, stock	234,000
Monterey Railroad Company, bonds	248,000
Total	33,917,000

And that the same be delivered to them, in person, or to their agent or attorney duly authorized to receive the same.

THE STOCKHOLDERS WHO RECEIVED THE DIVIDEND.

Q. Who were the owners of the stock of the Pacific Improvement Company at the time of the declaration of this dividend?—A. Messrs. Stanford, Huntington and Crocker, and I think Mrs. Hopkins. She came in after the others at some time; I do not remember the date. Whether she was an owner at that time I do not remember.

Q. Are these the only dividends declared by the Western Development Company and the Pacific Improvement Company?—A. Yes, sir.

Q. These two?—A. Yes; these two.

LEASE OF THE SOLANO.

Q. Do you know anything of the circumstances of the lease of the boat Solano by the Western Development Company to the Southern Pacific Railroad Company?—A. I do not recollect any of the circumstances connected with it. I know there was such a lease.

Q. Do you know what rental was received?—A. Yes.

Q. How much was it?—A. It was $7,500 a month.

Q. Have you a copy of that lease?—A. Not with me; I have a copy of it at the office.

Q. How long did it run?—A. Till some time last year, I think.

Q. And always at the same rate?—A. Always at the same rate; yes, sir.

By Mr. COHEN:

Q. The lease has expired now, has it not?—A. Yes, sir; I think so.

ITS COST.

By Commissioner ANDERSON:

Q. Do you know the cost of the boat, or who it was purchased or built by?—A. It was begun, I think, by the Western Development Company, and completed by the Pacific Improvement Company.

Q. Do you remember the cost of it?—A. I do not remember the exact figures; no, sir.

Q. Can you sufficiently approximate it so, that we may not have to make up another construction account?—A. Yes, sir, something over $500,000.

Q. Over $500,000 and under $600,000?—A. Under $600,000.

OWNED BY NORTHERN RAILWAY AND OPERATED BY SOUTHERN PACIFIC.

Q. Does the Pacific Improvement Company still own it?—A. No, sir.

Q. To whom was it sold?—A. To the Northern Railway Company.

Q. When was that sale?—A. Some time last year. The lease terminated at that time. I think it was October 1, 1886.

Q. By what corporation is that boat now operated?—A. By the Southern Pacific Company.

Q. And the arrangement for the present operation is between the Southern Pacific and the Northern Railway?—A. I so understand it

NO COAL LANDS OWNED BY PACIFIC IMPROVEMENT ALONG CENTRAL PACIFIC.

Q. Does the Pacific Improvement own coal property in the Territory of Utah?—A. No, sir.

Q. Have they owned any?—A. No, sir.

Q. In Box Elder County. Where is that?—A. It sounds something like Wyoming.

Q. Is it in Wyoming?—A. I do not know.

Q. Do you own any coal property there?—A. The Pacific Improvement Company has no interest in coal property in Wyoming or Utah or anywhere along the line of the Central Pacific Railroad Company. We thought we had a coal mine at one time, I think, at a place near Terrace. We organized a small force to develop it and it did not amount to anything, and it was abandoned.

NO PROPERTY RENTED TO CENTRAL OR SOUTHERN PACIFIC.

Q. Is there any other property held by the Western Development Company, or the Pacific Improvement Company, for which you received rent from the Central Pacific or the Southern Pacific? For example, are there any hotels?—A. No, sir; none renting to the Central or to the Southern Pacific.

Q. Are they hotels that are used in connection with the operation of the road in any way, or in which the Central Pacific figures at all?—A. No, sir.

Q. Have you any other property whatsoever as to which the Western Development derives an income from the Central Pacific or the Southern Pacific?—A. No, sir.

By Commissioner LITTLER:

Q. Does either of these companies own any other property which was acquired through the dividends or profits made out of work done for the Central Pacific or the Southern Pacific companies?—A. They do not own any property that I am aware of arising from profits derived from the Central or Southern Pacific.

WHAT THE DIVIDENDS REPRESENT.

Q. Do the dividends whose amounts have been recited in your hearing represent all the profits of those companies, up to the time that they

were declared?—A. They do not represent profits at all, according to my understanding of it. They represent so much bonds and so much stock, having no value at the time the dividends were declared. Of course they cannot be said to be profits or losses. They were just so much paper.

Q. Do you undertake to say now that those securities are worth nothing?—A. I do not, sir; but I say that they have no market value and no ostensible value. They were sufficiently lacking in value to render me unable to say whether they were profits or not. In other words, I do not know whether we could dispose of those things and get our money back.

ROCKY MOUNTAIN, IONE, AND CARBON HILL COAL COMPANIES.

Q. My recollection is that Governor Stanford in giving a schedule of his property in the several corporations connected with the Central Pacific mentioned stock in two or three coal mines in Wyoming, perhaps the Rocky Mountain Coal Company and the Ione Coal Company and the Carbon Hill Coal Company. Do you know anything of those companies?—A. Yes, sir.

Q. I wish you would state whether those companies or either of them have been in the habit of furnishing coal to the Central Pacific?—A. Yes. sir.

PRICES AND QUALITIES OF COAL FURNISHED.

Q. In what quantities and at what prices?—A. As to the Ione Coal and Iron Company I cannot say in what quantities or at what prices, but as to the Rocky Mountain Coal and Iron Company they have supplied more or less coal to the Central Pacific and its successor, the Southern Pacific, and it is still supplying.

Q. Who keeps the books of those companies?—A. I keep the general books, or they are kept under my supervision.

Q. Will you furnish a statement to this Commission of the total amount of coal furnished and the prices at which it was furnished to the Central Pacific from those companies?—A. I can give it possibly as to the price, but not the quantity. It would take some time to furnish the quantities.

Q. You can furnish the prices too, can you not?—A. It will take some time to furnish them.

Mr. COHEN. The Commission's accountant can take the books and furnish their own statement. We will let you have the books.

VOUCHER NO. 1878.

By Commissioner ANDERSON:

Q. Please look at the Central Pacific Railroad voucher No. 1878 for $29,974.13, and state whether the money therein referred to was received by you?—A. It must have been, as it has my receipt attached.

Q. Is this voucher the only voucher which you delivered to the railroad company?—A. It is possible there may have been more. I have no recollection on that subject. The passing of receipts between the railroad company and that company was a very common occurrence.

Q. Is it all in your handwriting?—A. The face of that voucher is in my handwriting.

Q. The statement on the face of the voucher is that the money was paid you for: "Cash advanced on your account." To whom did you

advance this cash?—A. I have no recollection, independent of the voucher.

Q. Is it your practice to receive as large amounts of money as this without any statement in detail showing the person to whom the money was paid or the object to which the money was applied?—A. It is my practice to get the money on vouchers allowed in that manner in favor of the company I represent.

"LEGAL EXPENSES."

Q. Without stating the name of the person to whom the payment was made on the face of your voucher?—A. I do not know who it was paid to. That was evidently a transaction in which I was governed by the directions of General Colton.

Q. And how do you identify it with General Colton?—A. I identify it by his indorsement in the words, "legal expenses."

Q. In whose handwriting are the words, "legal expenses"?—A. In the handwriting of General Colton.

Q. What had General Colton to do at the period of this voucher, September, 1876, that would call for $29,000 for legal expenses?—A. General Colton was practically the manager of the Western Development Company. It was from him that I received nearly all, if not all, of my instructions as to the management of the company. He was particularly the financial man at that time of the Western Development Company.

HOW THE VOUCHER WAS MADE UP.

Q. Does this voucher then, as you interpret it, mean that you had given $29,974.13 to General Colton for account of the Central Pacific Railroad Company?—A. It seemed to be that way.

Q. Or does it mean that you had simply expended it as General Colton had directed?—A. I have no recollection of it independent of the voucher, but I have the impression that the voucher was made up under the dictation of General Colton. He prescribed the form and I presume had the information which warranted him in giving that direction.

Q. Did the Western Development Company receive this payment simply by a credit in account?—A. I am unable to say without reference to the books.

Q. Have you any recollection at all with reference to this transaction?—A. I have not the slightest.

Q. Are there many of the same form?—A. As I said before, there may be. I have no recollection of any at this moment.

VOUCHERS PREPARED UNDER GENERAL COLTON'S DIRECTION.

Q. Do you recall the fact of preparing this voucher under General Colton's direction?—A. I recall the fact of preparing vouchers under his direction; a voucher or vouchers I am unable to say which. I remember that circumstance.

Q. On such occasions, did General Colton make any explanation to you as to the object for which the money had been spent, for which he was seeking reimbursement?—A. He did not.

Q. Did you have or ask for any knowledge in regard to that subject?—A. I did not.

"INFLUENCING LEGISLATION."

Q. Do you know whether any portion of this sum of $29,974.13 had been used for influencing legislation?

Mr. BERGIN. That, of couse, is precisely in the same line as the questions asked of the other witness yesterday.

Mr. COHEN. He does not know and so he might as well answer.

Mr. BERGIN. There is no use in wasting time over it.

Commissioner ANDERSON. We are satisfied with the statement of counsel.

By Mr. COHEN:

Q. You do not know?—A. I do not know anything about it.

VOUCHER NO. 1877.

By Commissioner ANDERSON:

Q. Now I show you voucher No. 1877 for $50,000, dated September 1, 1876. Please look at that voucher and state the circumstances under which you prepared it?—A. I will make the same answer in all respects, except that the words "expense account" are written here in General Colton's writing, instead of "legal expenses," as in the other voucher.

Q. I call your attention to the fact that both these vouchers bear the same date. Does that recall the circumstances of that transaction to you?—A. I have no recollection whatever about it. As I said before, I did prepare a voucher or some vouchers under his direction.

DIFFERENCE BETWEEN "LEGAL EXPENSE" AND "EXPENSE ACCOUNT."

Q. What signifies the difference between the direction that one should be charged to "legal expense" and the other should be charged simply to "expense account"?—A. I am aware of no significance.

Q. You know of no difference intended by those words?—A. I know of no difference. He wrote down what he happened to think of first, probably.

Q. Is the account the same?—A. There may be two accounts in those books; that I am unable to say. The distribution of that voucher will show that.

Q. Have you any knowledge as to the person or persons to whom this $50,000 was paid?—A. I have not.

Q. Or the objects to which it was applied?—A. Not the slightest idea.

Q. Do you know whether this money, or any portion of it, was used for the purpose of influencing legislation?—A. I do not.

Q. Who got President Stanford's approval of the bill?—A. That I am unable to say.

Q. Do you know whether you did or General Colton did?—A. I do not think I did. I do not think I ever had anything to do with Governor Stanford at that time, except casually.

VOUCHER NO. 2094.

Q. Please look at voucher 2094 for $46,816.94, dated November 12, 1878, and state the circumstances under which that voucher was paid?—A. I have no knowledge of this other than what appears upon the face of the voucher.

Q. And do you know at whose request you prepared it?—A. I think the paper attached is in the handwriting of Mr. W. E. Brown, and I think that it was through his direction or request that that money was collected from the Central Pacific.

Q. Was he then Mr. Leland Stanford's secretary or book-keeper?—A. I am not aware that he was Mr. Stanford's book-keeper.

Q. He was the book-keeper of "S., H., H. & C"., and attended to business for Mr. Stanford?—A. I so understand it; yes, sir.

Q. And he did not attend to any personal business of General Colton's; or did he?—A. Well, at this particular time General Colton was dead.

Q. Do you know the names of any person to whom this money was paid, or any part of it?—A. I do not.

Q. Do you know to what object it was applied?—A. I do not.

Q. Do you know whether any part of the money was used to influence legislation?—A. I do not.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Thursday, August 11, 1887.

S. T. GAGE, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. I am connected with the Southern Pacific Railroad Company.

"ASSISTANT TO THE PRESIDENT."

Q. In what capacity?—A. I am assistant to the president and also a director of the company.

Q. Have you been in years past connected with the Central Pacific?—A. Yes.

Q. In what capacity?—A. Practically in about the same capacity. I was a director, at times, in the Central Pacific.

Q. What do you mean by assistant to the president?—A. That is the definition of the office, or position, that I hold. Instead of being vice-president, the office of assistant to the president was created.

Q. Do I understand you that you discharged the executive duties of the president in the absence of the president?—A. Hardly; I do not understand it so—not absolutely.

Q. I merely ask a question because I follow your own definition for vice-president. You mean that you assist him in any way that may be found desirable to help him to discharge his duties?—A. I think so. I try to do so.

Q. Is the assistance of a personal nature, in writing his letters or conducting his correspondence for him?—A. Nothing of that kind.

DUTIES OF THE POSITION.

Q. Please define it by illustration, so that I can understand what you mean.—A. It is very difficult for me to define, sir. It is a position that is attached to some few railroads in the United States. Very few have the office of assistant to the president.

Q. Are your duties solely rendered to the president as president and not rendered to any special department of the railroad company?—A. Generally to the railroad company.

Q. But always under the direction of Mr. Stanford?—A. I should think that if he gave directions that I would be under his directions; I should consider it so, at least.

Q. To reach it by process of elimination, have you any thing to do with the freight department?—A. I have had a good deal to do with all the departments, at one time or another.

Q. Under your position as assistant to the president, do you have any thing to do with fixing the rates of freights, for instance?—A. Fixing the rates of freight? I should think that was a question that had never come before the directory.

Q. Except as Mr. Stanford might talk with you about it, or advise with you, you take no active part in the regulation of freight?—A. No.

Q. And is the same true of the passenger service?—A. We have departments especially created for those particular branches of the service. Freight matters more particularly come under the head of the general freight department.

Q. In charge of Mr. Stubbs?—A. Mr. Stubbs is the general traffic manager.

Q. And you have a passenger department, in like manner?—A. A passenger department in like manner.

Q. And you have a construction and repair department?—A. Yes, sir.

Q. Now, please tell the Commission in which of these departments you figure, or if not in any of these departments, what line of business you do?—A. I do a great variety of business. I am an exceedingly busy man, I think. I have thought so for some time.

Q. Do you occupy a room adjoining the president's room?—A. There is a small room between his room and mine.

RELATIONS TO PRESIDENT STANFORD.

Q. Does he advise with you on all subjects relating to the interests of the road?—A. Possibly not on all subjects. He does on many subjects.

Q. I refer more especially to the years that you were connected with the Central Pacific. Was Governor Stanford in the habit of conferring with you upon all financial questions in which the road was interested?—A. I should think not.

Q. Was he in the habit of discussing questions of construction and improvement?—A. Occasionally.

Q. Was he in the habit of conferring with you upon subjects affecting the general policy of the railroad company with reference to the communities which the railroad undertook to serve, and how it was best to benefit the people by giving them such facilities as would promote their interests and those of the road?—A. That was a subject of great concern always with President Stanford.

Q. Was it one of the subjects which he used to discuss with you?—A. I think so occasionally, and perhaps frequently.

Q. Was he in the habit of discussing circumstances which seemed to threaten the useful operation of the railroad in any way by interfering with its full power of discharging its duties to the community?—A. Such questions were a subject of discussion.

Q. What subjects did Mr. Stanford regard as more especially threatening the usefulness of the railroad and its successful operation?—A. I am hardly prepared to answer so general a question as that.

Q. Did he discuss the question of threatened competition from other roads as being one of the dangerous elements?—A. The question of competition was a subject, and always is, of interest for a transportation

company, and of course is one that is looked after. It would be a natural one for discussion.

OPPOSITION OF THE PRESS.

Q. Did the subject of the occasional opposition of the press to the position held by your railroad company come up for discussion between you?

Mr. BERGIN. Is it of any particular moment to know what was the subject of discussion between Governor Stanford and the witness?

Commissioner ANDERSON. I will come to the more important subject in a moment or two. This gentleman has been somewhat indefinite about his relations to Mr. Stanford, and I want to get some idea what it is that he does and what Mr. Stanford does.

A. A great many questions have been subjects for discussion in the last sixteen or seventeen years between Governor Stanford and myself, and I presume the press has been, or certain newspapers have been, the subject of discussion at times.

Q. Was the subject of the granger laws commonly discussed?—A. We have had no granger laws here.

Q. But was the subject discussed as being one that might affect the operations of railroads either in this State or Nevada or in the Territory of Utah?—A. I am not aware of that; I have no recollection particularly of such a discussion as that.

Q. Was the subject of measures pending in the legislature of the State of California a matter of frequent discussion between Mr. Stanford and yourself?—A. Yes, sir; frequently.

Q. It was a matter in which he took a very deep interest, I presume?—A. Naturally, of course, at times.

LOOKING AFTER LEGISLATION IN NEVADA.

Q. Is it true that at almost every session of your legislature measures affecting the interests of your road have been pending?—A. I presume nearly every session of the legislature since I have had any relations with the company. I will say that in California I have not attended a session of the legislature, I think, since the adoption of the new constitution in 1879. I devoted my time previous to that alternating between Nevada and California somewhat. The new constitution brought the two sessions of the legislature together in the same winter, and since that time I have in a measure looked after Nevada, and in doing so I have not attended the legislatures, or the sittings of the same, in Sacramento.

Q. Do I understand, then, that it has been your custom to attend legislatures either of the State of California or Nevada for many years past, representing the interests of the Central Pacific road?—A. Looking after their interests. I attended one or the other of those legislatures.

Q. Do you draw any distinction between representing and looking after?—A. No; I will allow you to do that.

ATTENDANCE ON CALIFORNIA LEGISLATURE.

Q. How intimate have you been with the members of the California legislature?—A. On friendly terms with a great many of them.

Q. And this has been so for very many years?—A. No, I just stated in my answer.

Q. Before 1879?—A. I have not attended a legislature in that capacity in California since the adoption of the new constitution, hardly even

for the purpose of looking in upon the legislature in California then,

Q. Before 1879 were you in the habit of attending California legislatures?—A. Yes, sir; from 1871 to 1879 or thereabouts.

Q. Did the legislature always meet at Sacramento?—A. Yes, sir; during all that time.

Q. Did you stay there continuously or quasi continuously during their sessions?—A. A great deal of the time I was there.

Q. Where did you stay?—A. I stayed in Sacramento.

Q. At what hotel?—A. Various hotels during those 6 or 7 years, and sometimes not at the hotel. I had sometimes private rooms, not in the hotel. If it is of importance to the Commission, I think I could recollect every place that I had quarters in Sacramento during those 7 years.

Q. Was it your practice to have members of the legislature visit you at your rooms?—A. If they did not, it was my practice to visit them wherever I could find them.

Q. I presume so, but I am asking you as to their practice of visiting you?—A. Some of them would come there.

Q. Would they take meals there?—A. I did not have any meals there. If I had I would have invited them to eat.

VOUCHER NO. 2571½.

Q. Please look at the voucher No. 2571½, for $8,911.53, bearing sundry dates from January 23, 1878, to September 2 of the same year, containing on its face an entry—"Cash to S. T. G., $2,500, and interest to December 31" (carried out), "$2,614.16," with a memorandum in pencil reading, "Vouchers 1491, 1510, 1558." State whether that sum of $2,500 was money which had been paid to you.—A. I have no recollection of ever seeing that voucher before to-day.

Q. In whose handwriting are those initials "S. T. G."?—A. I could not say.

Q. "S. T. G."—I should say, whose initials are those?—A. They would be mine if I made them.

Q. Well, they "would be" yours if anybody else made them, would they not?—A. They might belong to some other man with the same initials.

Q. Do you know of any other man with the same initials who has business with the Central Pacific?—A. I do not know; it does not occur to me; but then there may be such a man out of the thousands in their employ.

Q. Do you not think you are possibly the person intended?—A. Possibly.

NO KNOWLEDGE OR RECOLLECTION OF IT.

Q. Did you receive that money at the date of that voucher or during that year?—A. I have no knowledge or recollection of any such receipt. I am quite sure I never saw it; I say I am quite sure I have no recollection of ever seeing that voucher before; still I may have seen it. If I had receipted for it, it would have been a different proposition.

DID WITNESS RECEIVE MONEY FROM GOVERNOR STANFORD?

Q. Did you ever receive money from Governor Leland Stanford without receipting for it?—A. I have no recollection of it.

Q. Do you recollect of no occasion where he paid you money without taking a receipt from you?—A. I have no such recollection.

Q. How do you know that you did not give a receipt for this $2,500?—A. If I had, it should have been attached to that as a voucher. There should have been a receipt, and the receipt should have been appended to that voucher.

Q. Suppose that Governor Stanford omitted to attach that receipt or lost it, is it not entirely consistent with the fact that you gave him a receipt and received that money?—A. It is not consistent with my method of doing such things. I have no recollection of ever having seen that before. Still I may have seen it, but I have no recollection. There is no reason why I should. If my receipt was there, if I had receipted it, and my signature was there, I should very readily recognize it as my signature.

Q. Has Governor Stanford given you any money, or have you received through Governor Stanford any money other than such money as might be due you for your salary or your compensation?—A. The governor and I have had very little personal business during the twenty years that we have been acquainted and associated, in which it was possible that there were some moneys that I received from him. I hardly recollect of a business transaction of that kind.

RECEIPTS WITH COMPANY WOULD SHOW.

Q. Have you not on many occasions expended money for account of the Central Pacific and received the same from Governor Stanford?—A. I do not understand that question. That is to say, that Governor Stanford gave me the money?

Commissioner ANDERSON. Yes; money, or check, or order for money.

The WITNESS. Well, if so, my receipts for the same would be with the company.

Q. I did not ask you whether the receipts would be with the company, but I ask you whether the transactions had occurred?—A. Possibly and very probably, but if so it would show upon the books of the company, and my receipts in every instance would be given for such moneys.

Q. How often would such transactions occur?—A. The books will show that, and you have perfect and free access to the books, gentlemen, as I understand it.

Q. Still, I would like you to tell me how often it happened that Governor Stanford would give you either money or an order for money in order to reimburse you for moneys that had been expended in this way?—A. I am doing a good deal of business for a man of my estimated capacity of myself, and the idea that I should be put to the recollection of a thing of that sort when the books of the company show every dollar that I have ever taken from the company!

Commissioner ANDERSON. I do not ask you as to the amount.

COMMISSION REFERRED TO BOOKS OF COMPANY.

The WITNESS. This Commission has free access to the books and has examined them. Our offices are filled now with your men, and to put me to the task of recollecting how often Governor Stanford has ever given me money, when he has never given me any in the sense of "giving," when it all has been a business transaction of the company, seems to me to be a waste of the valuable time of this Commission, if you will allow me to say so, and I know the chairman is getting very uneasy to get back to Pennsylvania. You have free access to the books. Your people are filling the office with their work. I never received a dollar

from the company that the books do not show, and I am hungry to-night and want to get over the bay to my family, where I belong.

Commissioner ANDERSON. You are making a very long answer to a very simple question. I want to know whether Governor Stanford was in the habit of having these transactions with you as often as once a month.

The WITNESS. I think not; not nearly so often as once a month.

VOUCHER NO. 1625 AND OTHER VOUCHERS.

Q. Please look at the voucher I now show you and state by whom the receipt is signed; it is Voucher No. 1625, for $3,000, dated September 4, 1878.

The WITNESS (looking at the document). Now, that begins to look like business.

Commissioner ANDERSON. I am very glad it meets your approbation.—A. That is my signature.

Q. Please look at the other vouchers I now show you, No. 513, for $800, dated March 12, 1879; No. 568, for $800, dated March 22, 1879; and No. 570, for $700, dated March 27, 1879, and state by whom those receipts are signed?—A. The money for the four vouchers that I hold here was received by me, and those are my signatures attached.

Q. Where were you in March, 1879?—A. These vouchers say that I was in San Francisco in March.

Q. Well, I do not ask you what the vouchers say; I ask you from your memory if you can give it. Where were you in March, 1879?—A. I presume I was here.

Q. Had you, during the spring of 1879, attended the legislature either of California or of Nevada?—A. I cannot say. The new constitution came in about that time, and whether I was at a legislature and whether there was a meeting of the legislature in 1879 I am not able to state.

WHAT THEY REPRESENT.

Q. Were the moneys described in the vouchers which you hold in your hand paid to you by way of compensation for any service rendered by you personally for the Central Pacific Railroad Company?

The WITNESS. Do you mean for salary?

Commissioner ANDERSON. Salary or compensation?

A. I had no compensation beyond my salary.

Q. Those items do not represent salary—three such items in one month?—A. No, sir; they do not.

Q. Was this money given you in check or in bills of the company?—A. I have not the slightest recollection of that.

Q. By whom was the money given to you?—A. I have not the slightest recollection by whom.

Q. For what object did you receive this money?—A. I have not the slightest recollection for what object.

NO LEGISLATURE IN SESSION AT DATE OF VOUCHERS.

Q. Did you receive any portion of this money for the purpose of using the same in influencing pending legislation?—A. I presume not.

Q. Why do you presume not; can you not be more positive than that?—A. Well, first, I do not think that there was a legislature in session at that time, either in California or Nevada.

Q. How much money have you received on vouchers of this character, chargeable to "expense account," from Mr. Stanford?—A. I cannot tell; I do not think I received that from him; that is my impression.

Q. How much have you received through officers of the Central Pacific Railroad Company, coming from that company?—A. The books of the company will show.

Q. Did you receive so much as two or three hundred thousand dollars?—A. I could not say, for I kept no note of matters of that sort.

INFLUENCING LEGISLATION.

Q. Have you ever received any moneys from the Central Pacific Railroad Company for the purpose of using the same in influencing legislation?—A. It depends a good deal on your definition of "influencing legislation." My personal expenses were always paid by the company when I was attending a legislature, and in that sense my personal expenses might be regarded by some people who were technical as moneys received "in influencing legislation." My personal expenses were always paid.

"PERSONAL EXPENSES."

Q. Do you include in the words "personal expenses" anything beyond the expense of lodging and of the table for yourself alone?—A. I have a recollection of exactly what I did in the State of Nevada for the first eight years that I was with the company. Nevada was my old State, and I took a good deal of pride in it. I liked the boys and they liked me pretty well, some of them. I kept a detailed account and statement of the first eight years that I was with this company, so far as the State of Nevada was concerned. We had a good deal of legislation over there.

KEPT ACCOUNT OF WHAT THE CENTRAL PACIFIC PAID IN NEVADA.

Q. You kept a detailed account of what?—A. Of the entire expenses of the Central Pacific Railroad Company within the State of Nevada for eight years, and there was a good deal of adverse legislation introduced there.

Commissioner ANDERSON. You say that you kept an account; of what kind of expenses, your personal expenses?—A. It included everything that the Central Pacific Railroad Company paid in the State of Nevada for eight years, including my personal expenses during the sessions of the legislature.

Q. Does this account cover expenditures other than your personal expenses?

Commissioner LITTLER. He has said so.

Commissioner ANDERSON. Not with sufficient definiteness to satisfy me.

The WITNESS. To what account do you refer?

Commissioner ANDERSON. The account you refer to as having kept for eight years.

The WITNESS. It includes every dollar of expense that the Central Pacific Railroad Company was put to for eight years within the State of Nevada.

THE "ROTTEN BOROUGH" IN AMERICAN POLITICS.

Q. Well, I ask you if it includes items other than your own personal expenses?—A. It only includes the aggregate for eight years.

Q. Is the aggregate made up of anything besides your own perso hotel bills?—A. It was the entire expenditure of the Central Pacif Railroad Company within the State of Nevada for those eight yea Nevada has, with some people, rather an unsavory reputation on th question of legislation. I have heard it spoken of in the East, when have been there, greatly to my dislike, as the "rotten borough" i American politics, and I think very unjustly—very unjustly. Hence was that I kept an exact account. You will pardon me for making s lengthy a statement on that subject, but I have now got to the point Information is what you are after, and, as you have kept me here be yond my dinner hour, I would just as soon stay here now until 7 or half past 7 o'clock.

Commissioner ANDERSON. We are willing to stay here as long as may be necessary.

COMPLAINTS OF DISCRIMINATION IN NEVADA.

The WITNESS. Nevada is very peculiarly situated, geographically. It is, as it were, between the upper and the nether millstone so far as freights and fares are concerned. The people of Nevada thought that they were discriminated against. "Discrimination" is a favorite word over here. They were without any competition, and hence they claimed that they were at the mercy of this "great monopoly," this "anaconda," this "boa constrictor," that was "endeavoring to swallow the universe," and all that sort of thing. I found myself in the predicament at one time of defending our charges for local rates from San Francisco or from California to Reno. Those rates to them seemed high. I talked about 116-foot grades and 10-degree curves and a mile of tunnel and 40 miles of snow-sheds and all that sort of thing in explaining to the people of Nevada and justifying the high rates of freight which we were charging locally from California to Nevada. On the other hand I was met by the good people there saying: "That is all right, no doubt, but how do you justify it? How do you get over the fact that you bring goods from the east, from Chicago, for instance, by the car-load and charge more to dump it down anywhere in Nevada—charging double, if you please—than you would charge to carry it over this big mountain that you are talking about, through these snow-sheds? You carry it to San Francisco for half the rate at which you bring it to Nevada." I found it a very difficult position, and I have nearly worn out perhaps the best pair of lungs that a man ever had in trying to justify that condition of things. I have finally done so to their satisfaction. Convincing a man's intellect against his pocket interests is rather difficult to do, the most so of anything I have ever undertaken. Having no competition they were charged and ought to pay fair and reasonable rates regardless of competing points.

Commissioner ANDERSON. Well, when are you going to get back to the question?

The WITNESS. I will get back pretty soon. I am giving you a little information, and that is what you are after.

"REASONED WITH THE BOYS" IN REGARD TO HOSTILE LEGISLATION.

Q. What I want to know is whether the account of expenses that you kept included other than your own personal expenses.—A. I am getting to that point soon. There was a good deal of hostile legislation regarding railroads introduced in Nevada under that condition of things. At every session of the legislature we had to meet hostile legislation

and they sometimes carried it so far that they became retaliatory. For instance, they introduced a fence bill. They could not think of anything else to introduce. They felt badly about it and wanted to compel us to fence the line along the road. I had to meet that and similar legislation when they got a little ugly. I did that for eight years, keeping an exact account of the entire cost under such circumstances to the Central Pacific Railroad Company. Not a scratch got on the statute-books against us during those eight years. Our opponents frequently thought they were going to succeed, and I sometimes did not know but that they would, but I reasoned with the boys and at the end of eight years I knew just exactly the cost, so to speak. I had an exact account of legislative expenses of all characters, including all my personal expenses within the State. I kept an exact account of it and know just what it was.

"LEGISLATIVE EXPENSES OF ALL CHARACTERS."

Commissioner ANDERSON. You have used the expression that this account covered "legislative expenses of all characters."

The WITNESS. Legislative, because while I was there my personal expenses were for pending legislation. If I attended conventions in the State, which I sometimes did, it would be a legislative expense, for I was over in the State of Nevada upon business pertaining, as I think, to the Central Pacific Railroad. As I say, I kept an exact account of it, and it amounted to a little less than $2,000 for the eight years, or a fraction under $250 for each year. There was not a dollar paid by the Central Pacific Railroad Company during those eight years, to my knowledge, over and above that sum, and if there was it was wrong; it was a mistake, and I will pay it out of my own pocket.

Commissioner ANDERSON. You have made quite a long speech.

The WITNESS. Thanks. I could make a longer one. [Laughter.]

Commissioner ANDERSON. I have no doubt of it.

The WITNESS. And I could tell facts all the time.

WHAT THE ACCOUNT CONTAINED.

Q. Do you say that the account which you kept contained all forms of legislative expenses which you had incurred in addition to your personal expenses, whatever they were?—A. Yes. In other words, no man saw the color of the Central Pacific Company's coin during those eight years. My personal expenses were my board at the hotel. If I charged the company for a few cigars—because I was in the habit of smoking in those days; I have reformed now—my bill included those; and that was every dollar. Notwithstanding that, the good people over there and the newspapers would assert, "Look out for that man Gage; he is here corrupting the legislature," which charge I am suffering under and I am afraid my children will. I am now raising a family of children. [Laughter.]

STARTED IN LATE, "BUT GOT THERE ALL THE SAME!"

Commissioner ANDERSON. It is a very healthy occupation, and I wish you success in it.

The WITNESS. It is one of the most perfect successes you ever saw. [Laughter.] I have got the best record on that of any man I know of in the State. I started in late, but I have kept up a fine rate of speed. [Renewed laughter.]

ONLY $2,000 SPENT SINCE 1871.

Q. Do you state under oath that $2,000 represents all the money which you have received from the Central Pacific Railroad Company, outside of your regular salary, since the new constitution of 1879?—A. No; I do not say any such thing. I referred to the first eight years that I was in the employ of the company (I have been with them not a little over sixteen years). What I have said is all true, and I take pleasure in swearing to it.

Q. What eight years do you refer to? Please define them.—A. From 1871 would be, according to Daboll, to 1879.

Q. And the legislature which you attended during these years was always in the State of Nevada?—A. That I am speaking of; yes, sir.

Commissioner ANDERSON. I had understood that it was after '79 that you went to Nevada.

Mr. COHEN. He said that before that he alternated between the two States.

The Commission here adjourned to Friday, August 12, 1887, at 10 a. m.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Friday, August 12, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

Commissioner ANDERSON. We would like to have the three vouchers recited in the voucher of December 31, 1875. They are numbered 1491, 1510, and 1558.

BOOKS OF CONTRACT AND FINANCE COMPANY PRODUCED.

Mr. COHEN. I produce to the Commission the books of the Contract and Finance Company, which were in use at the time of the disincorporation of that company.

Commissioner ANDERSON. From what time; commencing when?

Mr. COHEN. They appear to commence in 1873, as far as I have examined them, and to have been kept up to the date of the disincorporation of the company.

Commissioner ANDERSON. We will examine them at our leasure.

Mr. COHEN. I would like it noted that the books produced are the ledger, journal, and cash book.

DATE OF ORGANIZATION OF THAT COMPANY.

The CHAIRMAN. When was the Contract and Finance Company organized; what was the date?

Mr. COHEN. I do not remember.

The CHAIRMAN. Was it in the year 1867?

Mr. COHEN. That is my impression.

The CHAIRMAN. So that all the books from 1867 to 1873 are missing?

Mr. COHEN. Yes, sir.

The CHAIRMAN. You do not pretend that among these books presented to the Commission there are any books from 1867 to 1873, do you?

Mr. COHEN. I have stated exactly what I produce, and I cannot enlarge the terms of the offer in any way.

NO BOOKS PRODUCED SHOWING ENTRIES BETWEEN 1867 AND 1873.

The CHAIRMAN. Do I understand that you produce any books showing entries between 1867 and 1873?

Mr. COHEN. I did not say so.

The CHAIRMAN. Do I understand you to produce any books showing any entries between the period of 1867 to 1873? I ask you to answer that, or to say that you will not answer it.

Mr. COHEN (to the secretary). Will you read, for the information of the chairman, what I said as to the books I produced and the dates that they covered?

The CHAIRMAN. I ask you to answer the question I put, or to say you will not answer it.

Mr. COHEN. I object very much to the efforts of the chairman to put counsel in a false position. I object to the question that he puts to counsel about the papers which he produces as tending to force counsel into a false position.

The CHAIRMAN. As president of the Commission, I rule your objection out of order, and ask for an answer to my question.

Mr. COHEN. I insist upon my objection appearing on the record. I say further, that I do not pretend to anything. I produce the books here, and they speak for themselves. If I am summoned as a witness to explain the books, after I have carefully examined them and mastered their contents I will give the Commission the best information in my power, but it seems to me that it is the effort of the chairman at all times to force all the parties that appear before him, either as counsel or as witness, into a false and untenable position.

The CHAIRMAN. Mr. Cohen, I ask for an answer to my question.

Mr. COHEN. I can answer it no more. I have given a full and complete answer, and one, I think, that would be considered satisfactory by any court or by any impartial judge.

The CHAIRMAN. That is all. I am much obliged.

Mr. COHEN. You are welcome.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Friday, August 12, 1887.

STEPHEN T. GAGE, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. Yesterday I understood you to say that it is quite probable, as you put it, that from time to time you received money from Governor Stanford, and that such payments were always accompanied by receipts given by you. Is that correct?—Answer. I do not think that I answered exactly in that form. I remember the question being pressed by yourself.

DID WITNESS RECEIVE MONEY FROM GOVERNOR STANFORD?

Q. Have you received money from Governor Stanford for the account of the Central Pacific Railroad Company other than your compensation or salary (which latter I presume came from another office)?—A. If I ever have, it would appear upon the vouchers.

Q. That is to say, upon the receipts signed by you?—A. Yes, sir.

Q. At the time that you received the money?—A. Yes, sir.

Q. And delivered to the person who paid you the money?—A. Yes, sir; that is, delivered to the person to whom application was made for the money.

Q. If the person who received the voucher from you should fail to file it with the company, it would not be found on the files of the company, would it?—A. I do not understand the question; that is, under my idea of vouchers, with all due respect to Commissioner Anderson, I do not understand the question.

Q. You have stated that you delivered vouchers to Governor Stanford when he gave you money, if he ever gave you money. If he should retain the vouchers or burn them up you could not expect us to find them on the files of the company, could you?—A. No, sir.

"IF SO, IT WOULD APPEAR ON THE VOUCHERS."

Q. I ask you again if it be true that Governor Stanford has from time to time made you payments of money for account of the Central Pacific Railroad Company?

The WITNESS. If it be true?

Commissioner ANDERSON. Yes, sir.

A. If so, it would appear on the vouchers themselves.

Q. I ask you the question whether he has paid you the money?—A. So far as paying over any money to me is concerned, I have no recollection of Governor Stanford ever paying over any.

Q. Or giving you any check?—A. No, sir; nor giving a check. The vouchers themselves explain this thing. That is all the paper that I know of between the company and any member of the company and myself relating to money.

Q. When you gave vouchers you received something, did you not?

The WITNESS. From whom?

Commissioner ANDERSON. From the person to whom you gave the voucher.—A. If I did, those vouchers would show it.

Q. The vouchers would not show what you received. The vouchers will only show what you receipted for, will they not?—A. That is what I received.

Q. In what form did you receive it, in bills or a check?—A. I cannot say. I presume in the equivalent of coin. I have no recollection whether it was in bills or checks, but I presume in the equivalent of coin.

THE BOOKS WOULD SHOW WHEN VOUCHERS WERE GIVEN.

Q. On how many occasions have you given vouchers for moneys?—A. The books of the company will show every occasion.

Commissioner ANDERSON. I must beg you to answer the question. The books do not show, because the vouchers have been destroyed.

Mr. COHEN. I would like to have an understanding about that. What evidence is there that any of the vouchers of the Central Pacific have been destroyed?

Commissioner ANDERSON. If you prefer it, I will put the question in another form.

Q. Assuming, for the purpose of showing you the necessity for answering differently, that vouchers have been lost or destroyed, I beg you not to refer to the vouchers as the evidence, but simply answer my question. On how many occasions have you received the money for the account of the Central Pacific?—A. I could not answer that question.

Q. Has it not been a common occurrence?—A. Not very.

Q. Has it not occurred on an average once a month during many years?—A. No, I should think not; not nearly so often.

DOES NOT REMEMBER NUMBER OR SIZE OF PAYMENTS.

Q. Are there not many months when you have received four, five, or six payments?—A. Possibly; I can come no nearer telling you than if you should ask me the question how many times I have visited Sacramento during the last sixteen years.

Q. In answer to the question, you might say quite frequently, might you not?—A. Not very frequently.

Q. In regard to these payments, do you recall anything relating to the amount of these payments?—A. No, sir.

Q. Do you not recall the amounts—that they were more than five or ten dollars?—A. Probably if you would show me a voucher—what I call a voucher—where I have receipted to the company for money, so far as that specific voucher is concerned I might be able to give you some idea as to how many payments were contained in that voucher; possibly I could do so, but I do not know.

AS MUCH AS $5,000 RECEIVED AT A SINGLE PAYMENT.

Q. I simply ask you to give us the best of your recollection as to the limits of the amounts which you received at given times?—A. I have no recollection at all.

Q. Did you ever receive so much as $100,000 in a single payment?—A. No, sir; not that I remember.

Q. Did you ever receive so much as $50,000?—A. I should think not.

Q. Did you ever receive so much as $5,000 in a single payment?—A. I should think so.

Q. Did I understand you to say that your presence at the Nevada legislature included the years from 1871 to 1879?—A. That I gave you in my testimony mostly yesterday; yes, sir.

Q. And that before that period of 1871 you alternated in attending the sessions in California and Nevada?—A. Before that period of 1871 I had nothing to do with the Central Pacific Railroad Company.

ATTENDED SESSIONS OF CALIFORNIA LEGISLATURE BETWEEN 1871 AND 1879.

Q. When was it that you attended the legislatures in the State of California—during what years?—A. Alternating between 1871 and the adoption of the new constitution in the State of California.

Q. When was this?—A. In 1879, I think; then we had a legislature one winter in California and the next winter in Nevada, and during that time I think that I was more or less at the sessions of the California legislature, while in session, and always during the entire session in Nevada on the alternate year.

Q. And since 1879, do I understand that you have attended no session of the legislature in either State?—A. In which State?

Q. In either California or Nevada.—A. I have not attended sessions in this State; I have attended sessions in Nevada.

ATTENDED SESSIONS OF NEVADA LEGISLATURE SINCE 1879.

Q. Since 1879?—A. Yes, sir; in Nevada.

Q. Since 1879, did you attend continuously in Nevada?—A. No, sir; I would hardly say that.

Q. How many times?—A. For instance, at the last session of the legislature in Nevada I went over, according to usual custom. I was an old resident of Nevada, and had seen every legislature organized that ever convened in the State, and some of the Territorial legislatures. Therefore, I went over at the last session of the legislature. I think that I remained there but two days and did not again visit the last session in Nevada while it was in session.

Q. Since 1879 have you always attended the sessions in Nevada?—A. Yes, sir.

Q. So that your entire career in attending a legislature somewhere extends from 1871 to date; does it?—A. From 1871 to date.

MEMBER OF CALIFORNIA LEGISLATURE AND CITY MARSHAL AT PLACERVILLE.

Q. Have you ever been a member of the legislature, either in Nevada or California?—A. Yes, sir. I was a member of the California legislature when a youth.

Q. In what year?—A. I was elected in 1855. I was the youngest member of the Sixth Legislature of California.

Q. Have you held any other public office either in California or Nevada?—A. Yes, sir; in both States.

Q. In what years?—A. I was elected to the legislature in 1855. In 1857, I think, I was elected city marshal of Placerville, a very lively town in those days, a mining town in El Dorado County.

IN EMPLOY OF CENTRAL PACIFIC SINCE 1871.

Q. Have you held any public office in either of these States since 1871?—A. No, sir; not since 1871. Since that time I have been constantly in the employ of the Central Pacific and Southern Pacific Companies. I have been so employed since July 1, 1871.

Q. Are you able to refer the Commission to any other papers on the files of the Central Pacific office, signed by you, which can be found, other than those which were shown to you yesterday and introduced in evidence, and which I again show you now, being vouchers number 1625, for $3,000; number 568, for $800; number 513, for $800; number 579, for $700; and number 2,571½, containing the initials S. T. G., for $2,500 and interest?—A. No, sir.

Q. Do you say that those are the only vouchers you know of on the files of the company?—A. No, sir. I presume there are others.

Commissioner ANDERSON. We call for them.

The WITNESS. The company will produce them if it has them.

Commissioner ANDERSON. Please take note of the call for all vouchers relating to the expense account signed "S. T. G."

KNEW A. C. CLEVELAND, OF NEVADA.

Q. Do you know Mr. Cleveland, of Nevada?—A. A. C. Cleveland; yes, sir.

Q. Where does he live?—A. He lives in White Pine County, Nevada. He is interested in a large stock ranch.

Q. Was he present with you at many of the sessions of the Nevada legislature?—A. He was present at many of the sessions of the Nevada legislature.

Q. Were you in the habit of conferring with him with reference to measures pending in that legislature?—A. I presume so.

NEVER PAID HIM ANY MONEY.

Q. Did you ever give him any money?—A. I never did.

Q. Have you ever made any payment of any money to A. C. Cleveland?—A. I have no recollection of ever having had any dealings with A. C. Cleveland, or paying him a dollar of money in my life.

Q. Have you ever spoken to him with reference to the use of any money with members of the Nevada legislature?—A. It is possible. He was representing there a number of sessions in Nevada the interests of the local railroads in Nevada, and I was there in the same capacity representing, if you please, the interests of the Central Pacific, and it would be very natural under such circumstances for me to have conferred with Mr. Cleveland very frequently upon bills that mutually affected us, if there were such, and sometimes there were bills affecting the local roads and our transcontinental roads.

Commissioner ANDERSON. The reporter will please read the question that I put to the witness, so that he may see exactly what he is answering.

(Question repeated.)

A. I thought that I had answered that question in a previous inquiry as to whether I had ever paid Cleveland any money.

Mr. COHEN. The question goes a little further than that.

Commissioner ANDERSON. Read the question again, if the witness does not understand it, and I would like the record to show that it was put to him three times.

(Question read.)

NO MONEY PAID TO MEMBERS DURING ENTIRE ATTENDANCE.

Q. I take your answer, then, to mean that in your conversations with Mr. Cleveland you did confer with him in relation to measures that you have referred to, and that that conversation also embraced the question of the use of money with reference to such legislation. Is this correct?—A. Of course I am bearing in mind the answers which I made to your inquiries yesterday. I thought that I established the fact that for the first eight years that I was with the company, representing its interests there, no considerable amount of money was used on behalf of the company, and that in the use of that, which I explained at the time, no member of the legislature received a dollar thereof; and I stated yesterday that I never had paid, or caused to be paid, a dollar to any man in the legislature of Nevada for the sixteen years during which I represented the company there, for any vote which he gave on matters pending in which we were interested.

DISCUSSIONS WITH REGARD TO USE OF MONEY.

Q. I beg you to answer the question without reference to anything that occurred yesterday. In your conversation with Mr. Cleveland was the subject of the use of money discussed?—A. The subject of the use of money was a matter of general discussion. At that time the newspapers were constantly asserting—that is, the anti-railroad newspapers, so termed—that Cleveland, if you please, on behalf of the local road, and that Gage on behalf of the Central Pacific roads, were there with their sacks to corrupt the legislature. I have no doubt but what I talked with Cleveland upon that subject, and frequently, as I did with the men who were members of the legislature and with men who were representing the press at that place. It was a subject of general dis-

cussion every day and evening. The papers of that character would come out in that shape, and I have no doubt that it was a subject of talk and discussion frequently between Cleveland and myself, for it would be a general topic after an onslaught of that sort.

Q. Mr. Cleveland was familiarly known as Gage's chief agent, was he not?—A. No, sir.

Q. He was not?—A. Not that I ever heard of. He represented the local railroads in Nevada.

Q. Have you never heard that expression applied to Mr. Cleveland?—A. Not until now.

IMPUTATIONS ON WITNESS.

Q. Have you heard that Gage was known as the "King of the lobby"?—A. I have already stated to you, and I would like to produce to you the files of the newspapers in order to show the existence of the misapprehensions that existed among the good people of Nevada, as indicated by their press, concerning my relations with the legislature of Nevada session after session for the sixteen years. I remarked yesterday that it was one of the greatest sources of regret that I had, the imputations which were cast on my character, and which I feel I have not deserved, and which I feel I may not live long enough to outgrow. One of them is that I have spent money in the Nevada legislature for the Central Pacific like water; and those things were constantly asserted, and I believe frequently believed by a good many good people in the State, but they were not true. As I asserted to you yesterday, I have kept an accurate account of the expenses for the first eight years that I was attending the sessions of the Nevada legislature, which included my personal expenses during that time, and they figure up $2,000, or a fraction under it, as it was. Now, if any one thinks that $2,000, or less, could corrupt a legislature for eight years, including the personal expenses of myself, he must invoice members of the Nevada legislature at a very low price, and "buy them by the string." [Laughter.]

"PERFECTLY OBLIVIOUS TO WHAT WAS SAID."

Commissioner ANDERSON. Mr. Gage, I think you misunderstand me. I do not intend to assert that you were the king of the lobby. I only ask the question whether some familiar title of that kind was not sometimes given you when you attended the sessions of the Nevada legislature.

The WITNESS. I told you that I had become perfectly oblivious to what was said, knowing the absolute honesty of the course that I was pursuing.

Q. As a matter of fact, you did continue your visits to the sessions of the legislature from year to year?—A. As a matter of fact I did, and would do so again if I thought that my duties to the company required it. I could get along with the boys over there first rate.

MR. TWIST, OF NEVADA.

Q. Do you know Mr. Twist, of Nevada?—A. Yes, sir.

Q. Did you also confer with him about measures pending before the legislature?—A. He was a member of the legislature as long ago as 1868.

By Mr. COHEN:

Q. Will you give his full name?—A. I cannot spell so well as I can pronounce.

Mr. COHEN. I mean his Christian name.

Commissioner LITTLER. It is Oliver, I guess.

Commissioner ANDERSON. Oliver always wanted more, you remember.

The WITNESS. No; it was not Oliver Twist. You asked me a question yesterday as to what my duties were with the company. I am neglecting them this morning, and I neglected them yesterday. I was thinking about it last night, and I woke up this morning still thinking about it, and I know that I ought to have been at the office at 9 o'clock this morning.

Q. Who was Mr. Twist?—A. I think that Mr. Twist was a member of the legislature in 1868 from one of the eastern counties of the State. He was again a member of the last legislature. I believe that he was only a member, according to my best recollection, at those two sessions—that is, the winter of 1868-'69 and the last session of the legislature.

KNEW ALL THE MEMBERS OF NEVADA LEGISLATURE.

Q. Did you discuss legislative measures affecting the Central Pacific with Mr. Twist?—A. Frequently, I reckon, as with every other member of the legislature that I could get to, and I could get to all of them.

Q. Name those with whom you frequently conferred.—A. I will say that in the legislature of Nevada for sixteen years there was not a member, except at the last session, with whom I did not get acquainted. At this last session I was there but two days, and I did not try to meet all of them. The population of the State had changed a little, and some of the members were strangers to me; but excepting the last session, I was acquainted with every member of the legislature, we will say, for fourteen sessions—that would be fourteen years.

TALKED MORE WITH THOSE IN FAVOR OF HOSTILE LEGISLATION.

Q. Did you talk more with those who were in favor of hostile legislation or those opposed to hostile legislation?—A. I talked more with those in favor of hostile legislation.

Q. And the object of your conversation with them was to convert them to a healthier view?—A. Certainly. I had no other object.

Q. And did you use the best arguments available to you to produce that result?—A. Yes, sir; always. It put me right up to my speed.

Q. In any of these interviews did you refer the persons with whom you were talking to any other officer of the Central Pacific for any purpose whatever?—A. I never did.

Q. Do you know whether any of the persons with whom you conferred subsequently had interviews with Governor Stanford?—A. I do not think they did. I never heard of such a thing.

AN "ORIGINAL PIUTE."

Q. Do you know whether they had interviews with any other officers of the Central Pacific charged with its business interests?—A. I do not; but I think that they never did. I am the only officer connected with the Central Pacific who can give you the number of counties in Nevada and tell you the county seats. Our people have left those matters solely to me. I was an "original Piute." An "original Piute" is a man who went there in early days. It is a misnomer, probably, but is applied to those who went there in 1859, very much like we call our old pioneers here, those who arrived in 1849 or the spring of 1850.

OTHER RAILROAD OFFICERS AT CARSON CITY.

Q. What other officer of the company did you see at Carson City during your stays there?—A. According to my best recollection, I do not think that there was any officer of the company there with the exception of an occasional call upon request from me by some freight department officers, whom I would ask to go over there and explain matters before a committee, which I did not perhaps consider myself capable to satisfactorily explain.

Q. Name the officers who went there.—A. I think it was Mr. Stubbs. I sent for him once to come over there on some freight matters, there being a freight and fare bill pending. I sent for Mr. Stubbs to come over, and he did come over and went before the committee upon one occasion—and I am not certain but what he did on two occasions.

Q. Was there any one else?—A. I do not remember that any other officer of the company came over there; and I do not think that I ever sent for any other member of the company.

REGULAR ATTORNEYS THERE ATTENDING SUPREME COURT.

Q. Did any of the other attorneys of the company appear in the State of Nevada, while you were at Carson City, to your knowledge?—A. I do not remember. I am trying to recall whether any came or not. It seems to me that I had an attorney of our company come over from here to make an argument before a committee, but I am not certain about that. Sometimes the regular attorneys of the company would be in Carson City during the session of the legislature attending the supreme court, which held its session there.

Q. Name the attorneys who were there.—A. I think that at one time I met Judge McFarland, now a judge of the supreme bench of California, who was acting in the capacity of attorney for the railroad company.

Q. Who else?—A. I do not really remember that there were any of the California attorneys over there during the session of the legislature, except Judge McFarland, who had a case pending, and I think that perhaps he was there more than once—once or twice—arguing cases in the supreme court.

KEEPS NO BANK ACCOUNT.

Q. Do you keep a bank account?—A. No, sir. Personally, do you mean?

Commissioner ANDERSON. Yes.

The WITNESS. No, sir.

Q. Have you ever kept one?—A. I never have. I think it is a useless waste of a man's life, keeping a personal account, or a bank account, or a book account.

Q. Do you keep any books?—A. No, sir.

Q. Do you keep any memorandum of moneys received by you?—A. No, sir; no memorandum of moneys received.

Q. Do you keep any memorandum of moneys paid out by you?—A. No, sir; I do not. As you are talking of my personal matters, I would like to say that I keep no accounts whatever of what I pay out. I do not know anything about what I pay out in the course of a year on personal accounts. I keep no account whatever.

Q. Do you keep any trust bank account?—A. No.

Q. Do you keep any books showing the disposition of moneys belonging to other people?—A. No, sir; or for myself either.

CONSIDERS WRITTEN RECORDS A WASTE OF TIME.

Q. Do you keep a written record of your transactions?—A. None at all. I think it is a waste of valuable time.

Commissioner ANDERSON. I have not asked you whether you thought it a waste of time.

The WITNESS. You talk of my personal way of doing business, and I want to give an excuse for my manner of doing business. I repeat that I think keeping books and writings is a useless waste of time.

Q. You think it needs an excuse then, do you?—A. No; but I was going to give it to you. I think it a waste of time for a busy man to keep a forced balance between himself and the world. There are no books kept by us in our every-day life which do not require the balance to be forced. What money I get I get honestly. I spend it economically, and when it is gone I want to forget it.

WITNESS'S RIGHT TO DEFEND HIS PERSONAL CHARACTER.

Commissioner ANDERSON. I insist upon answers to my questions.

Mr. COHEN. I understand that where the character of a witness is attacked, he should have the right to answer.

Commissioner ANDERSON. He can make his explanations afterwards.

Mr. COHEN. He has a right to make them at the time. It is his right in answer to your questions. Where his character is attacked, as it is being attacked here to-day, he has a right, in answer to every question asked him, to defend his personal character. It is the right of every citizen of the United States at all times and in all places.

Commissioner ANDERSON. Excuse me. I am not going to have explanations made in that way. He has a right to defend his character as much as he pleases, but he must wait until afterwards.

Mr. COHEN. If he chooses to make full answers and full explanations, he has a perfect right to do so.

Commissioner ANDERSON. I desire an answer to my question. After we get through, you shall have abundant opportunity to make all the explanations you please.

Mr. COHEN. He will consult his own convenience as to that.

Commissioner ANDERSON. You can take your position as counsel, but I decline to be directed in this manner.

MONEY NOT RECEIVED UNTIL IT WAS TO BE DISPOSED OF.

Q. What disposition have you made of the moneys received by you from the Central Pacific Railroad Company, which are referred to in the vouchers that have been shown to you?—A. Why, Mr. Anderson, I told you yesterday that I had not the slightest idea on earth what disposition I made of them. I repeat it to-day.

Q. I did not ask you for the ultimate disposition. I asked as to the custody of the money. Did you have it in your vest pocket?—A. No, sir; if I had, the demand would not have been approved by any officer of the company.

Q. You say you did not keep a bank account?—A. No, sir.

Q. Did you carry the money around with you?—A. No, sir.

Q. It must have been with you at one period, must it not?—A. Not necessarily.

Q. What disposition did you make of it at any such time that you had it in your possession?—A. When I say to you that I do not have

any idea what that money was received by me for, or for what purpose it was put out, and then you want me to recollect all the facts relative to the disposition of it, and all the items and all that sort of thing, possibly a gentleman from New York may answer, but one from the Pacific coast would be unable to answer correctly.

Q. The question is not addressed to the disposition made of the money, but as to your practice as to the money, the manner in which you took care of the money; can you recall it? If you should receive to-day the sum of $5,000 from the Central Pacific, and you were not to dispose of it for four or five days, where would you carry it?—A. I would not carry it at all. I would not receive it until I was going to dispose of it.

Q. Suppose you received it at the office of the company, and you were not to dispose of it for two days, can you not tell me what your habits of disposing of it would be? Would you keep it in a safe, or in a chest, or in the bank?—A. Neither.

Q. Where would you keep it?—A. I would not keep it at all. I would simply pay it out for specific purposes.

HOW IT WAS PAID OUT.

Q. In order to pay it out, must you not have it under your control, or in your hand?—A. Hardly; hardly for any length of time. Suppose I had, to-day, $5,000 and I wanted to pay it out on behalf of the Central Pacific. I would go and get a voucher for the $5,000. Then I would go and get it allowed by the company. When it was in that shape, I could go to the treasurer and draw the money. In order to do that, I would have to have an approved voucher. You ask me where I carried the money. I should not carry it at all.

Q. Would you not carry it from the treasurer to the place you were going to pay it?—A. I might not.

Q. How would you pay the money?—A. The man to whom I was to pay it might be in the building, or he might be in the treasurer's office, and I might hand it over the counter to him then and there, and that would be the end of it.

WHAT VOUCHER NO. 1625 REPRESENTED.

Q. In regard to these vouchers that have been shown you—I will first take the three-thousand dollar voucher, No. 1625. Would that represent a single item of disbursement by you, or a number of them?—A. It might have represented a number of them.

Q. Is it your best impression that it did represent a number?—A. My impression is that the probabilities are that it did represent a number. I have no recollection of that voucher.

Q. Do you believe that it represented a number of payments, all made to the same person, or to different persons?—A. Probably to different persons.

Q. Is it your best impression that those payments were all made at one place, or different places?—A. I have no impression about it.

Q. Do you believe that all that money was paid out by you to these persons at the office of the company, corner of Fourth and Townsend streets, this city?—A. If not there, I do not know where it could have been.

Q. Can you mention the name of a single person to whom you have made payments for account of Central Pacific, at the corner of Fourth and Townsend streets?—A. I do not know that I can on this voucher.

Q. I ask you again, where did you keep the money which aggregated $3,000 during the period that you were engaged in making the payments which are represented by the voucher in your hand?

The WITNESS. Where did I keep it?

HOW VOUCHERS WERE MADE UP.

By Commissioner ANDERSON:

Q. Where did you keep it? Either on your person, or in a box, or in the bank?—A. In neither. I see what you are after now.

Commissioner ANDERSON. I am glad to hear it.

The WITNESS. It is just beginning to dawn upon me. Where did I keep it? Here is a voucher for $3,000 which seems to have been drawn at one time. If this represents a half a dozen or a dozen different payments, I, more than likely—for I did that sort of thing sometimes—would go to the treasurer of the company and put in my tag temporarily. I do not know that he had any right to take my tag, and I do not know but what he had been instructed by the company what to do; but he would take my tag at times until I could get to a voucher; that is, small items, small amounts that were paid, and my tag would be the treasurer's personal receipt from me for the money. When it got up to a sum sufficient I would, in order not to incumber the business of the company, put it in the shape of a voucher and take up my tags. For instance, like this, this probably might have been one of those, and I would go and get a voucher allowed by the company covering the entire amount of several items.

WHAT THE "TAGS" REPRESENTED.

Q. You have told us where the books would be, and where the vouchers would be. What I want to know now is where the money would be?—A. That is what I do not know.

Q. Then these tags would represent the account of the transaction, if they could be found?—A. The vouchers would.

Q. The tags would represent the individual amounts drawn by you, would they not?—A. The tags have nothing to do about it. Those would be only temporary during the pendency of the small voucher like that.

Q. Would they not represent the individual amounts of money paid to you at the time you gave the tags?—A. A voucher like that——

Q. Not the voucher here, but the tags that you have referred to. Would they not make this showing?—A. For instance, it is like this: If I had tags in there with the treasurer amounting to $3,000, he would naturally be punching me up a little about it, because it is not a systematic way of doing things, and it is not done very much. He would say: "Gage, I want a voucher for that," and then I would go and see the amount of my tags there and get a voucher to cover them. As I hold this voucher right before me, I may assume that it is made up of a dozen, fifteen, or twenty items, more or less, which would be represented by these small tags which I had with him. I would see what they all amounted to, and go and get an approved voucher and put it in there with the treasurer. That is the way you get hold of these things. Those are the treasurer's vouchers to the company.

Q. Please answer my question. Would not the individual tags represent the amount of the separate payments made to you on account of the Central Pacific Railroad Company? Would not each tag represent a payment?—A. Yes, sir; they would represent the amounts.

Q. And if you had all the tags together so as to aggregate them, that would in effect be an account of the amount covered by the voucher, would it not?

Mr. COHEN. That and the last payment?

The WITNESS. Yes, sir.

TO WHOM GIVEN.

Q. To what officer did you give these tags?—A. To the treasurer.

Q. What is his name? What is the name of the person to whom you have been in the habit of giving these tags?—A. I think that Mr. Hopkins is treasurer of the company.

Q. What is his name?—A. Timothy Hopkins.

Q. How long has he been there?—A. Four or five years, I should think.

Q. Can you name any officer of the company who was in the employ of the company, at the date of the voucher for $3,000, September 4, 1878, to whom you were in the habit of giving tags?—A. I was trying to ascertain the date of the death of Mr. Mark Hopkins, who was treasurer of the company about that time.

Commissioner ANDERSON. He died in 1878.

The WITNESS. It was 1878, I think; and then I think that the successor to Mark Hopkins, as treasurer, was E. W. Hopkins.

Q. Were you in the habit of giving tags to E. W. Hopkins?—A. I do not remember that I was.

Q. Were you in the habit of giving tags to Mark Hopkins?—A. Not very much, if at all; I do not remember to have been.

Q. Can you name any person at the period covered by this voucher to whom you were in the habit of giving tags?—A. I really cannot tell you who was the treasurer at the time of that voucher, the 4th of September, 1878.

Q. Is that the only answer that you can give with regard to this practice of giving tags, to which you have referred?—A. So far as it relates to this voucher; yes, sir.

OTHER VOUCHERS.

Q. As to any other vouchers given at or about that time what can you say?—A. I do not know that there were any others at or about that time.

Q. I have shown you three others this morning. Will you please look at them and state what happened in regard to them; they are dated March, 1879?—A. That is not at or about September 4, 1878.

Commissioner ANDERSON. We are not quibbling about that.

The WITNESS. You desire to be accurate, I suppose.

Commissioner ANDERSON. It is a difference of only six months; it is within six months of it.—A. These vouchers seem to be in 1879—April and March, 1879. According to best recollection and belief, I would think that E. W. Hopkins was the treasurer of the company at that time.

Q. Do you think that whatever dealings you had with regard to those vouchers were with E. W. Hopkins?—A. If he was the treasurer of the company, and I think that he was in 1879.

Q. When you attended before the legislature of California, what other officers of the Central Pacific were present in attendance before that legislature?—A. All the officers. Our officers were all in Sacramento at that time that I began my work there.

RAILROAD OFFICIALS IN ATTENDANCE ON CALIFORNIA LEGISLATURE.

Q. What officers were prominent in interviewing or conversing with members of the legislature besides yourself?—A. I do not think that we had any officers of any influence but what were as prominent as they could be.

Q. Was hostile legislation as prevalent in Sacramento as it was in Carson City?—A. I should think very much more so at some sessions.

Q. What attorneys of this company were engaged in the work of attending the legislature?

The WITNESS. Of California?

Commissioner ANDERSON. Yes. I mean arguing before committees, talking to members, and seeking to prevent the enactment of hostile bills.—A. I really do not know; I presume that all of our attorneys were more or less at times engaged in that business of arguing before committees.

Q. Name those who were chiefly engaged.—A. When I went into the employ of the company and went to Sacramento in 1871 to attend the session of the legislature, our chief attorney was S. W. Sanderson, now dead. Another was Robert Robinson, now retired; and they constituted about our only attorneys at that time. Afterwards, as the business increased, our attorneys increased. We had various attorneys until we got a large number of attorneys now in the employ of the company.

Q. My question does not call for the attorneys, all of them in the employ of the company, but for those engaged in this legislative work at Sacramento.—A. We had to avail ourselves of all the available material for combating the hostile legislation that was introduced there from time to time. You open up a subject that has been one of the most prolific subjects of discussion that ever inflicted a State, or afflicted it—that of hostile legislation towards the Central Pacific Railroad.

EVERYBODY EMPLOYED WHO "COULD PULL A POUND."

Q. I have only asked you for the names of the attorneys; I have not asked for the details of the discussion and do not want them.—A. It was without a parallel in the history of the nation; and when you ask me to name the attorneys we had, I answer that we had to employ everybody who could pull a pound, morally.

Q. Can you not give me the names of some of the generals and colonels in that army of lawyers?—A. We did not want generals or colonels. All that we wanted was good square work, to labor with the legislature.

Q. Can you not give me any of the names?—A. Plenty of them, who have been there for the company, according to our needs, from time to time.

Commissioner ANDERSON. Please give me some names.

The WITNESS. I think that when I first went there, in 1871——

Commissioner ANDERSON. I do not confine you to any year.

WILLIAM B. CARR AND W. W. STOW.

The WITNESS. There were a good many of them. In 1871 I think that Mr. William B. Carr was looking after our interests there as well as he could, but not much after the session of 1871; I do not remember exactly. Then later, along in 1873 or 1874, Mr. W. W. Stow was generally in attendance during sessions of the legislature, and he had other

assistants, all the assistants that he could bring to bear to help him, and it required them all. I was there myself, feeble as I was, trying to convince the honest yeomanry from the country that they were dead wrong—dead wrong, off altogether. You see, they had partaken a good deal of the anti-railroad legislation from the other side. It was only after we got a railroad that we had this trouble. If we had never built a railroad across the plains I do not believe that our people would have caught the disease over here. It was like a hydrophobia; you fellows on the other side got it, and then it spread. It seemed to follow the iron right over.

Commissioner ANDERSON. Please continue with the names.

The WITNESS. Our attorneys would be there sometimes when arguing before committees.

Commissioner ANDERSON. I have only asked you to give us the names of the attorneys that you have had there.

The WITNESS. I was just going to do that.

Commissioner ANDERSON. I do not want to know anything about what they did.

NAMES OF RAILROAD ATTORNEYS ENGAGED IN LEGISLATIVE WORK.

The WITNESS. There were Judge Sanderson and Judge Robinson, and latterly I have not been around the legislature, and do not know anything about it; but our attorneys since the death of Judge Sanderson have been Colonel Creed Haymond, and Judge McKisick and Judge Harvey S. Brown, and Mr. Foulds. I can hardly pronounce Mr. Foulds' name, and I know I cannot spell it. I have seen him around there for the last fifteen years, but cannot pronounce his name. Then we have at times various other attorneys. I will name Mr. Cohen, here now, and Mr. Bergin, who has been here. Then we employ the firm of Wilson & Wilson, and I have known General Barnes as an attorney for the company. Then there are Garber, Thornton & Bishop, as attorneys for the company, whom I recognize. I have also known Mr. Wigginton to have cases, but whether as a regular employed attorney or not I do not know.

Commissioner ANDERSON. Remember that my question refers to the attorneys before the legislature at Sacramento City, the attorneys of this company who have been in the habit of so appearing.

The WITNESS. I do not know but what they all have appeared there. I presume that each one of them would, if asked to do so, have appeared for the company.

EXTENT OF PROPOSED HOSTILE LEGISLATION.

Q. Have you named all those who, as a matter of fact, have been present at Sacramento in attendance upon the legislature?—A. I have not begun. I tell you that we pulled everybody that we could, and there was necessity for all the strength that we could get to avert hostile legislation. I doubt whether you gentlemen would have been here at all to investigate the Central Pacific if the legislation which was pending there from time to time had become law. The Central Pacific would have been bankrupted the first year under the operation of any of those bills, and it would have saved you gentlemen the trouble of coming over here to make this investigation. You have no idea of the hostility which once existed here in this State against this same institution which we like so well, we who are connected with the old Central Pacific.

A SUPPOSITITIOUS CASE.

Q. According to your views, if, while you were in attendance in Sacramento, it was reported to you that a certain member of the legislature was pushing a hostile bill that you thought totally unfair, and it was represented to you that a friend of that member would change his views, or get him to vote right, but that he would need, or have to use, without stating the purpose, five hundred or a thousand dollars for that object, and that money was given to the friend of the legislator for that purpose, would you consider that an act of corruption?—A. I will leave that to you to construe. I never was placed in that position.

Commissioner ANDERSON. I ask you so that I may understand your answers. If you prefer not to answer, I will excuse you.

The WITNESS. I had an entirely different way of meeting members of that sort, a little peculiar.

Q. Would you consider such an act as I describe an act of corruption?

The WITNESS. Do you mean the purchasing of a member?

Commissioner ANDERSON. No. The reporter will please read the question as I put it. [Question read.] If you do not desire to answer the question, say so.

The WITNESS. Read the question again. I do not want to answer the last half of a question. That which you have read appears to be the last end of the question.

(Question repeated.)—A. I should. It would be the purchase of a vote.

WITNESS'S METHOD OF PROCEEDING.

Q. So that, according to your view, the giving of the money to the friend is just as reprehensible as giving it to the member of the legislature?—A. I should think it was giving it to the member of the legislature, the way you put it, whether it was taken through me myself for your friend or through a friend of mine; but I had an entirely different way of putting in my time, whether it counted for much to the company or not, in and about legislatures. I tried to explain that to you yesterday, so far as Nevada is concerned, and the same tactics that I employed in Nevada with such great success, as I think, I demonstrated to you gentlemen, I hope, I applied in California whenever I was about the legislature.

WITH WHOM WITNESS CONFERRED.

Q. Please tell us with what gentlemen you more especially conferred in the sessions of 1871, 1872, and 1873?

Mr. COHEN. Can you not be a little more definite?

Commissioner ANDERSON. I will confine my question then to 1871.

Mr. COHEN. Do you speak of gentlemen connected with the company or members of the legislature?

Commissioner ANDERSON. I mean the gentlemen connected with the Central Pacific with whom you conferred about pending hostile legislation in 1871 and 1872?

The WITNESS. In 1871 and 1872 I presume that the directors of the company were the ones with whom I conferred more particularly than with anybody else at that time.

Commissioner ANDERSON. I mean the persons engaged in the same work that you were—of attending before the legislature.

The WITNESS. I do not remember who had the general charge at that time; that is to say, to whom I looked. I am inclined to think that it was Mr. Carr, as I have said. I think that he was in Sacramento in 1871 and 1872.

Q. When Mr. Carr was there, did you confer with him?—A. I presume I did. I presume that I compared notes with him.

NO ALLUSIONS MADE TO MONEY.

Q. In those conferences, was any allusion whatever made to the use of money?—A. Not that I remember at all. The offices of the company at that time were in Sacramento, and hence the officers, Governor Stanford and the entire list of officers, were at Sacramento, and I conferred with them. I was green in the business in 1871 and 1872 and in the affairs of the company and in legislation of this character. It was new to me, and I conferred with Governor Stanford and Uncle Mark Hopkins frequently upon bills that were pending that session.

Q. In conferring with Mr. Hopkins, was the necessity for the use of money in order to bring about the desired result—I do not confine myself to the use of money in the shape of bribery, but to the use of money—a subject of discussion?—A. I have no recollection of ever discussing it. I may have done so, but I have no recollection of it. I was not on the money lay, and never believed in that way of meeting a legislature.

Q. Do I understand that the fact of the defense of the company against hostile legislation would cost a great deal of money was never the subject of discussion?—A. I have no recollection of its ever having been. That it did cost in one way and another an immense amount of money, for time is money, I have no doubt.

"EXPENSE" AND "LEGAL EXPENSE" ACCOUNTS.

Q. Have you any doubt but what it did actually cost an immense amount of money, without reference to the question of time?—A. It may have done so.

Q. Have you any doubt on the subject?—A. Yes; I have doubts.

Q. Have you doubts that it cost any money?—A. That it cost an immense amount of money, I have doubts, from my experience in Nevada.

Q. Have you knowledge of the fact that there stands on the records of this company over $2,000,000 of unexplained vouchers charged to the expense and to the legal expense accounts?—A. I have heard it stated.

Q. Have you heard it stated by officers of the company so that you are satisfied that it is a fact?—A. No, sir; I have not heard it stated by officers of the company. I have heard it stated by this Commission since it reached here.

UNEXPLAINED VOUCHERS.

Q. Have you not seen many of the vouchers, and heard them enumerated around this table?—A. I came here one day, and Governor Pattison was reading from what I afterwards learned was the New York World, a long list of vouchers of that character which I had never seen. I heard Governor Pattison reading a portion of them, and I do not know but what that was the most information that I ever had upon this subject. I never saw that publication, I have not seen it yet, except in the governor's hands here at that time, and I then understood that it was a supplement or something from the New York World.

DECLINES TO ANSWER UNDER ADVICE OF COUNSEL.

Q. Have you on any occasion since 1871 paid any money to a member of the legislature, either of California or Nevada?

Mr. COHEN. We have objected to that class of questions heretofore, and while I am perfectly satisfied that the witness has never made any such payments, yet to be consistent, as my associate is not here, I will advise the witness not to answer that question.

Q. Do you decline to answer?

The WITNESS. Under the advice of counsel, I decline to answer. I shall be directed by his advice.

CONCERNING PROMISES OF REWARD, ETC.

Q. Have you ever made any promise of advantage or reward of any kind, nature, or description to any member of the legislature of the State of California, or of the State of Nevada?

Mr. COHEN. We make the same objection.

Q. Do you also decline to answer, Mr. Gage?

Mr. COHEN. Although I am advised that the witness will answer all these questions in the negative, yet to be consistent I shall make the same objection to that question as was made to like questions put to the other witnesses, and advise him not to answer.

CONCERNING OTHER OFFICERS OF THE COMPANY.

Q. Do you know of any money having been paid by any other officer of the Central Pacific to any member of the legislature of the State of California or of the State of Nevada?

Mr. COHEN. We make the same objection.

Q. Do I understand you to decline, under the advice of Mr. Cohen, to answer the second question?

The WITNESS. Yes, sir. I shall decline under the advice of counsel. I am guided always by my attorney.

Q. Do you decline to answer the last question under the same advice?—A. I shall be guided by my attorney always.

CONCERNING PERSONS NOT MEMBERS OF THE LEGISLATURE.

Q. Have you yourself ever paid any money to any person not being a member of the legislature for the purpose of having the same used in influencing the vote of any member of the legislature of the State of California, or of the State of Nevada?

Mr. COHEN. The same objection.

Q. Do you also decline to answer?—A. Yes, sir; for the same reasons.

Q. Have you ever directly or indirectly made promise of compensation or reward, such promise being given to a person who was not a member of the legislature, but intended to affect in any way the vote of a member of the legislature, either of the State of California or of the State of Nevada?

Mr. COHEN. The same objection.

A. If left entirely to myself, I would like to answer all these questions; but I shall have to be guided by the attorney of the company.

Mr. COHEN. We make the same objection.

AS TO INFLUENCING ELECTIONS OF CALIFORNIA AND NEVADA LEGISLATURES.

Q. Have you ever paid out any money of the Central Pacific Railroad Company for the purpose of influencing the election of a member of the legislature of the State of California?

Mr. COHEN. The same objection.

Q. And do you decline to answer?—A. Yes; for the same reason as before given.

Q. I ask the same question as to the State of Nevada.

Mr. COHEN. The same objection.

A. The same answer for the reason already given.

Q. Have you ever paid out any of the moneys of the Central Pacific Railroad Company for the purpose of affecting the election of a member of Congress?

Mr. COHEN. We make the same objection.

A. The same answer and for the same reason.

Commissioner ANDERSON. I lay before the Commission a statement which has been prepared, showing the cost to the Pacific Improvement Company of the construction of the California and Oregon Division of the Central Pacific Railroad from Delta to the State line, which I will hand to Mr. Douty for the purpose of verification.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Friday, August 12, 1887.

JOHN C. STUBBS, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your occupation?—Answer. I am general traffic manager of the Southern Pacific Company.

POSITIONS OCCUPIED BY WITNESS.

Q. How long have you been connected with the Southern Pacific Company in that position?—A. I think about three or four years as general traffic manager. I do not remember the exact date of my appointment.

Q. What position did you hold prior to that time?—A. Just previous to that time I was freight traffic manager previous to that I was general freight agent.

Q. Will you give us the year as you go along?—A. I cannot do it.

Q. At what period were you freight manager?—A. I took service with the Central Pacific Railroad Company as chief clerk in the general freight agent's office on October 1, 1870. In the latter part of 1871 I was appointed assistant general freight agent. About two years later I was made general freight agent. About 1882, I think, I was made freight traffic manager, which was merely a change of title, and I think that in the fall of 1884 I was appointed general traffic manager.

Q. Of the Southern Pacific Company?—A. At that time it was the Central Pacific; and after the Southern Pacific came into the control I continued in the same relation to that company.

GENERAL SUPERVISION OF TRAFFIC ON CONSOLIDATED ROADS.

Q. Under the consolidation have you charge, as an officer of the Southern Pacific Company, of all the business that comes under the control of the general manager of the Central Pacific?—A. The business of the Central Pacific, that is, the traffic of the Central Pacific, is immediately under my supervision, and has been, you may say, continuously, with

the exception of the passenger department and that only since 1884. The freight business has been under my control since 1871.

Q. How is your department technically designated in the company? I mean, now, as to the operating department?—A. The organization of the company is practically this: There is an executive department; that practically belongs to the president. Then there is the accounting department, and that is under the controller. Then there is the operating department, which is under the general manager. The traffic is included in the operating department, and is under the general control of the general manager. The traffic department is composed of the passenger and freight department, and I have the immediate supervision of it; the general passenger and the general freight agent, respectively, reporting to me, and I reporting to the general manager.

DAILY CONFERENCES WITH MANAGER—REPORTS TO MANAGER.

Q. Who is the general manager to whom you make your reports?—A. A. N. Towne.

Q. How often do you report?—A. I make no formal report. There are daily conferences, may be every five minutes, and I may not see him for two or three hours, and then again I may see him for two or three hours in a day. On all important matters relating to the general policy I would confer with the general manager, and possibly with him confer with the president of the company.

Q. Do you make any formal reports to the general manager at any period of the year?—A. No, sir; I have not since I have been general traffic manager. When I was in the general freight department, at the end of the year I would make brief showing of the operation of the freight department, which would be incorporated into the annual reports.

Q. Do you make any reports from time to time, during the year, in writing, to the general manager?—A. No, sir; not what you would call a report. I might have occasion to write him in answer to inquiries from him, or might have occasion to submit propositions to him in writing, but our communications are generally oral.

OUTLINE OF DUTIES.

Q. What are your duties in detail? I mean will you generally outline what you have to do?—A. The general freight agent has immediate charge of the conduct of the freight business of the company. The general passenger agent has the immediate charge of the conduct of the passenger business. These two gentlemen report to and confer with me, and take my advice and instructions regarding matters.

Q. What control have you over the supplies of the company?—A. None whatever.

THE PURCHASING DEPARTMENT.

Q. How are the supplies of the company procured—through what department?—A. The purchasing department.

Q. Who is at the head of that department?—A. At present Timothy Hopkins, the treasurer, has the general supervision of it.

Q. How are requisitions made upon the supply department for your department?—A. For my own office, I make a written requisition for what I want in the way of stationery and supplies. The general freight agent does the same. So, also, would the general passenger agent. Each station agent would do the same thing, and his requisition would

not pass through my office, but would go direct to the purchasing agent, possibly passing through the office of the division superintendent. As to the details of that, however, I am not a competent witness.

Q. Do you conduct the business with the shippers over the road?—A. The freight and passenger agents come more directly into contact with the public at present, but my office is open and I am frequently interviewed personally regarding matters.

METHOD OF FIXING FREIGHT RATES.

Q. How are your freight rates fixed?—A. Any general change in freight tariffs would be worked up in its details by the general freight agent and submitted to me. I would probably confer with the general manager, and then it would have to be submitted to the president and board of directors for their ratification.

Q. Who fixes the freight rates?—A. Naturally, by that method you will see that they are fixed by the president and board of directors.

Q. That is to say, after you had determined upon the rate in the event of a change, the schedule of the new rate would be furnished to the president, and if he returned the schedule to you approved, it would become the rate of the company; is that it?—A. In my answer, I spoke with special reference to the general tariffs. They would be made up, or any changes in the general tariff once adopted would be made up, in its details by the general freight agent and the general passenger agent, respectively, according as to whether it was a freight or a passenger tariff. From time to time, during the construction of that tariff, these officers would report to me, and I might, during the process of construction, consult with the general manager about it. Then, after the thing would be in shape, it would have to be submitted to the president and board of directors for their approval.

Q. How long has that been the method of fixing the freight rates?—A. That has always been the method.

METHOD OF MAKING THROUGH TARIFFS.

Q. During all the time that you have been connected with the department, have you ever known a schedule submitted to the board of directors or the president to be disapproved, or returned with such an indorsement?—A. That formality has never been pursued. The discussions have been altogether oral. Let me say, in order that you may have a perfect understanding of it, that I was speaking with regard to the general and local tariffs. The through tariffs are tariffs that are used in connection with other lines, and are generally made up as the result of a joint conference with those lines. If I were present at that conference, or if the general freight agent or the general passenger agent were present, his action would be ratified with, probably, simply an oral report of the fact.

FINAL DECISION AS TO RATES.

Q. So that as a matter of fact, as to all the rates during the years that you have been connected with the company, has your decision, with that of the general manager, as to the rates been final?—A. No, sir; not altogether. I have very frequently made suggestions that have been disapproved. They may have been disapproved by the general manager, and even after approved by him, may have been disapproved by

the president; but the disapproval would not be made in the formal manner in which you express it, that is, that the president would take the schedule and write across it his disapproval. I would probably go into the president's office with the general manager and talk the matter over, and he would say that he would not approve it, and that would end it. I may say that generally speaking my recommendation with regard to tariffs would have great weight and perhaps as a rule would carry. Still, there are exceptions to the rule, and there have been tariffs and changes made that did not originate with me. At times, our president has dictated changes without consultation.

METHOD OF PUBLISHING RATES.

Q. After you had determined upon the rate, how was it published to the community at large? I am speaking of the time prior to the 1st of April.—A. In the State of Nevada, I believe, we post the tariffs at every station. I think that we do also in California. I think that that is required by law. In the absence of any legal obligation to post or to publish they are simply distributed to our agents.

Q. How do you distribute them to the agents, by circular or pamphlet?—A. They are put in printed form, as a rule, and sent to the agents. Sometimes they are in book form.

Q. Has that been your method during your connection with the Central Pacific?—A. Always.

Q. Have you furnished to the Commission, or if not, will you do so, a list of the freight rates so established from time to time and issued to the community?—A. I do not believe that I can do it. The tariffs that go out of force are of no value to us. I suppose that all you would want would be the present tariff now in force.

THE TARIFF FILE NOT COMPLETE.

The CHAIRMAN. We want all the rates. If you have duplicates for the months issued from time to time, as you fixed the rates—any circular or pamphlet—the Commission would like to have them.—A. I do not think that it would be possible for me to get you a complete list of tariffs from 1870 up to date.

Q. How complete can you give it?—A. I cannot tell you. I had occasion the other day to look up some tariffs which I wanted to give the Interstate Commerce Commission, and I found, as is usually the case, that the thing that I wanted they had neglected to keep on file. We endeavor to keep a file of the tariffs, but it is not a perfect one, and we never attempt to keep any in our office except the one file which we want for our records.

BOOKS AND PRINTED SHEETS AT DISPOSAL OF COMMISSION.

Q. Will you furnish to the Commission, so far as your records will show, a list of the freight rates and passenger rates from year to year as they appear in the office of your company? The act of Congress calls for this.—A. There is a good deal of clerical labor there. I should greatly prefer to open our books and let your accountants do that work. If you do this, I will give them all the aid that they want.

Q. How many of the printed circulars or pamphlets that you have spoken of have you on the records of the company or on the files?—A. I cannot tell you that. But if I have anything in the nature of extra copies, printed sheets of rates, I shall be very glad to furnish them to you.

FULL SETS OF RATES FILED IN WASHINGTON.

The CHAIRMAN. We will call for the rates from year to year, both freight and passenger.

The WITNESS. I think that there have been from time to time filed with the Second Comptroller and with the Third Auditor of the Treasury full sets, and also in the Quartermaster General's Office in Washington. I suppose that you can get a better record there than we have here. Every time they want to pass on accounts they would send for a set of tariffs. Sometimes we have even robbed our own files in order to furnish them.

Q. After you had published your rates and circulated them, were the rates so published known as the open tariff rates and charged to all shippers alike?—A. Not always.

THE RATES CHARGED TO THE GOVERNMENT.

Q. Was the Government charged the open tariff rate as published to the community?—A. I think so. I have never had charge of making up the accounts against the Government. Those accounts have been made up under the direction of Mr. Miller.

Q. If the Government had been charged any other rate, would not the application for such reduced rate have been made to you or to your department?

The WITNESS. Do you mean if the Government had been charged any other than the open tariff rates?

The CHAIRMAN. Yes, sir.

The WITNESS. I do not understand that the Government had asked for rates at any time. The Government officers simply make their requisition for transportation and it is furnished. We file with the Government an account of the service rendered on that requisition, and the Government checks our account by the tariff on file with the proper officers of the Treasury Department, and allows or disallows that account in accordance with the checking. That is my understanding of it.

Q. Do you know whether the charges made by your company as against the Government, which enter into the Government account, in the freight department, have been different from the open published tariff rate?—A. I do not know of my own knowledge that that has been the case. I think that it has not been.

Q. What rates have been charged by the company other than the open public rate?—A. A tariff would scarcely be in force ten days before the necessity for changes would be apparent, and those changes would be made by written instructions to agents.

CHANGES IN RATES QUICKLY MADE.

Q. What would be the cause of such a change so quickly after the promulgation of the rate fixed by the company?—A. The ascertainment of the fact that the tariff as issued was not productive of business.

Q. After a change such as you have named would the rate then be published to the world as the tariff rate of the company?—A. Wherever it was required by law to be posted, it would be posted. Wherever not so required, the notice would be given or the instruction would be given to the agents. It would be like this: If there was a change made in the rate between San Francisco and Ogden, the agents at San Francisco and at Ogden and the freight auditor would all three be instructed as

to that, and it would take the place of the tariff and be the same as the tariff, with the exception that the tariff would be printed and this would be written; that is all.

Q. Would that new rate, or special rate be charged to all shippers alike?—A. As a rule, yes.

SPECIAL RATES DEFINED.

Q. As an exception, when would there be a different charge?—A. That I cannot tell you. There have been special rates made.

Q. When were special rates made?—A. All along through my connection with the company.

Q. What would be the cause of a special rate? What am I to understand by special rates?—A. A special rate, as we use the term, means a rate not printed in the tariff. A special rate would be special in the sense that it is not printed in the tariff, but general as a rule in its application.

Q. With whom would you make your special rate?—A. With nobody in particular. It might transpire that you were a shipper along the line of the road, and found that at the printed tariff rate you could not do business; that is, you could do more business at a lower rate, for instance. You might write to the general freight agent, or see him personally, and if the general freight agent became satisfied of that fact he would make a reduction and give instructions accordingly; but as a rule that change would apply generally; it would go on the books; and while you yourself might be the only one having a knowledge of that fact at the time it was made yet, Mr. Anderson, intending to ship that kind of freight at the same station, would get that rate, because it is a general rate and special only in the sense as not being printed.

Q. How long has that been the practice of the company?—A. As far back as I can remember.

SPECIAL RATES UNDER WRITTEN AGREEMENT.

Q. Were there any written agreements with reference to special rates as to particular shippers?—A. I think there have been some; yes, sir.

Q. Have you the copies of the agreements?—A. That refers almost altogether, I guess, to through business, and I think that we can find the copies of the agreements.

Q. Will you produce the agreements in relation to special rates that have been made by the company at any time with any particular shippers?—A. If you will call for any particular agreement I will produce it.

The CHAIRMAN. I call for all the agreements in writing.

Q. What other rates had you? You have named the open published tariff rate and the special rate made from time to time which was enjoyed generally by all the shippers, and the special rate which was given to particular shippers under an agreement. This makes three classes of rates. Had you any other rate?—A. I really do not see the room for any other rate. I do not know of any.

REBATES.

Q. Were rebates allowed from time to time on any of the roads that have been named?

The WITNESS. What do you mean by rebates?

The CHAIRMAN. That is not an answer to my question.

The WITNESS. I must know what you mean by the term rebates, before I can answer.

REBATES ALLOWED FOR OVERCHARGES.

Q. Were rebates allowed from time to time by the company from the special rates and from the general rates?—A. Whenever a given lot of freight was overcharged, the difference between the charges as billed and the charges as they should have been was rebated.

Q. Was a rebate allowed only in cases where there was an overcharge beyond the general tariff rate or the special rate that you have named?—A. No, sir; not from the special rates that I have named; not to my recollection.

Q. Were shippers allowed at any time by the company, upon application, a percentage off from the open-tariff rates?—A. I do not remember of any such proceeding as that.

TO WHOM APPLICATIONS FOR OVERCHARGES IS MADE.

Q. To whom would application be made for an overcharge; for the return of an overcharge?—A. It might be to the agent who delivered the goods, and it might be directly to the general freight agent; but all these applications find their way to the general freight office.

Q. Have you received applications for an allowance of a percentage on the open-tariff rate, from any shipper?—A. It is quite a common occurrence for shippers to ask for lower rates—rates lower than the tariff, but it is not ordinary that they would ask me.

REQUESTS FOR LOWER RATES GENERALLY REFUSED.

Q. What do you do with such applications?—A. We generally refuse them.

Q. Have you forwarded any such application to the president of the company?—A. I do not remember ever having done so.

Q. Have you received orders at any time for the allowance of a special rate to particular shippers in San Francisco?—A. I do not remember that I have.

HUNTINGTON, HOPKINS & CO. NOT SPECIALLY FAVORED.

Q. Have you charged the firm of Huntington, Hopkins & Co. on all their shipments the same as you charge other shippers?—A. Always.

Q. Have they always paid the open-tariff rate?—A. Always, so far as I know. It may not be the open-tariff rate, but they have always been charged the full rates charged to others in the same line of business. They never have received any special favors in any way, shape, or form, to my knowledge.

Q. Have Huntington, Hopkins & Co. from time to time received rebates from the Central Pacific Railroad Company on shipments made by them to San Francisco?—A. They never have received any concessions, rebates, or whatever you may term it, in any shape, to my knowledge.

Q. Have they received the return in money of overcharges that have been made from time to time on freight?—A. I presume that they have. I presume that their freight has been overcharged and that the money has been returned to them.

OVERCHARGES ON THROUGH BUSINESS.

Q. Would there be many overcharges likely to occur in shipments of that one firm in a year?—A. There might be a great many. At one time all of our through business came here overcharged. It got to be a crying evil.

Q. What period was that?—A. I think it was previous to 1880 that we had a great deal of trouble, the fault being with our eastern connections.

Q. Since 1880, have you any knowledge of many overcharges arising to any particular shippers, especially the firm that I named, Huntington, Hopkins & Co.?—A. Not more than ordinarily, such as would arise from errors of the bill-clerks from an erroneous construction of the tariff.

VERY FEW ERRORS UNDER PRESENT MANAGEMENT.

Q. Would it be likely that there would be many errors in a year?—A. It would depend very much on what you would regard as many. By a comparison with previous experience, and taking into consideration the amount of our business, I think that we are now conducting it with comparative freedom from errors, more so than has been the case for several years.

Q. Would you regard it as an extravagant number of errors if four or five hundred overcharges should be made for one firm, and that firm Huntington, Hopkins & Co., in the period of fourteen months?—A. It would depend somewhat on the amount of business, the number of shipments that they made, and the general management of the business during that period. Such a thing might occur. As I have said, there was a time when our through business, nearly all the west-bound freight, was overcharged; but with regard to Huntington, Hopkins & Co., it has never been more the case with them than with Dunham, Carrigan & Co., Carolan, Cory & Co., or any other firm in the same line.

REGULARITY WITH WHICH ERRORS MAY OCCUR.

Q. Would such errors in the settlement of accounts regularly occur from month to month, or from day to day?—A. If the system were wrong and the shipments were made regularly from day to day, or from month to month, the errors would be bound to occur with the same regularity.

Q. Has your attention been called to the fact that during the year 1884 and two or three months of 1885, a period of fifteen months, more than three hundred and fifty errors in overcharges, as you designate them, occurred with reference to the charges to the firm of Huntington, Hopkins & Co., representing a sum of nearly $60,000?—A. My attention has not been called to it, but I will venture to say that those errors, if the Commission will examine the vouchers, will be found to be legitimate overcharges, and that Huntington, Hopkins & Co. did not get a rate one cent less than their competitors in the trade.

NO DISCRIMINATION IN FAVOR OF HUNTINGTON, HOPKINS & CO.

Q. What am I to understand by what you designate as legitimate overcharges?—A. The term "legitimate" is unfortunate. I mean by that that there was nothing irregular about it; that there was no evasion of the tariff; that there was no discrimination in favor of Huntington, Hopkins & Co., either sought or worked by those overcharges. Of

course, an overcharge is not legitimate. There is a defect in the system of handling the traffic wherever it arises. Such errors will arise so long as man is fallible. I meant to convey the impression to this Commission that in no way or shape was there ever a discrimination in charges made in favor of the firm of Huntington, Hopkins & Co. I want to make that as clear and emphatic as language can put it.

Q. Then am I to understand that the rate charged to Huntington, Hopkins & Co. for shipments made by that firm was the open, published tariff rate?—A. Yes, sir; or the special rates as I have explained.

Q. Have you a special rate with the firm of Huntington, Hopkins & Co.?—A. We have not.

CONTRACT RATES IN THE PAST.

Q. Then if you have not a special rate with Huntington, Hopkins & Co., do they pay the open-tariff published rate?—A. I am speaking of the present when I say that they have not; but there have been times in the past when all the hardware firms here had special rates, which we called contract rates, which were not open-tariff rates; but wherever that was the case, they were the same under like terms and conditions to all the firms.

Q. Prior to 1885, did the firm of Huntington, Hopkins & Co., on their shipments, pay the open-tariff published rates?—A. Prior to 1885? I think I may answer yes to that with this reservation, that an explanation of what we may call the contract plan, which was in force on our through business, may be necessary in order to qualify my statement.

CONTRACT RATES EXPLAINED.

Q. What was the contract plan?—A. The contract plan, as it is known here in California, was a policy that was adopted by all the transcontinental roads to secure an increase of traffic by offering to any firm in California which would agree to ship exclusively all rail, and give the business for twelve months to the all-rail lines, lower rates than the open tariffs and lower rates than would be given to the men who did not agree to ship exclusively by rail, but elected to take their chances in the open market and use Cape Horn, Pacific Mail, or the railroads accordingly as they might choose from day to day.

Q. Have you a written contract, or had you a written contract, prior to 1885, with Huntington, Hopkins & Co. as to the shipment of their freight over the Central Pacific Railroad?—A. With respect to through business, I think that Huntington, Hopkins & Co. were under contract with us just the same as Dunham, Carrigan & Co., Carolan, Cory & Co. and other large merchants who shipped exclusively by rail. I think we had such an agreement.

HARDWARE FIRMS WHO HELD WRITTEN CONTRACTS.

Q. You have named two firms; are there any others?—A. Yes, sir. I will name all of them.

Q. I wish you would. Is the firm of Hawley Brothers a hardware firm?—A. They are not exactly a hardware firm. They are not men in the same line with Huntington, Hopkins & Co. I refer more especially to Dunham, Carrigan & Co. and Carolan, Coy & Co. Then there are men who deal in agricultural implements.

Q. Will you give us the hardware men?—A. Let me explain to you. There are some men who deal in agricultural implements as well as hardware, and their lines interlocked and would compete in some things with these hardware firms; Baker & Hamilton and Hawley Brothers Hardware Company would be examples of dealers in agricultural implements and some lines of hardware; Holbrook, Merrill & Stetson would be an example of a stove and tinware house carrying some goods in the hardware line; and then there were iron houses, like George W. Gibbs & Co. and Selby & Co., who also carried some lines of heavy hardware. I do not recall them all, but those named are sufficient to give you a general idea. W. W. Montague & Co. is also a prominent stove and tinware house carrying some lines of hardware.

Q. Have you named all the firms in San Francisco engaged in the same line of business with Huntington, Hopkins & Co.?—A. I have named all the principal ones that I recall. I suppose that there are others.

PLAN OF ARRANGING CONTRACT RATES.

Q. What rate off of the open tariff rate did you allow to these firms?—A. I cannot tell you. The method pursued in these rates for through business was to visit the merchant and make him an offer to contract for the transportation of all his goods from the East to California on practically the same terms that he would enjoy if he used all three routes. We reasoned that we could afford to carry the whole at a very much lower rate per unit of service than we could carry the part. It was the custom of the California merchants, the large importers as we call them, to divide their shipments. The high-priced and seasonable goods that must be moved quickly, or upon which the items of interest and insurance counted largely, they would ship by rail; or if they ran out of a certain line of their stock and required to fill it up quickly, they would ship that by rail; but for all low-cost and heavy goods, and those that were not needed for immediate sale, they would ship, some by the Pacific Mail, but the larger part by way of Cape Horn. The result was that we got but a small traffic. We got the high-class goods, the high-priced goods, on which the interest and insurance would amount to a good deal, and such goods as were needed for immediate consumption, and such goods as were by their nature not capable of Cape Horn transit. The rates by Cape Horn were very much lower than our own rates. It was a profitable thing for the merchant to do. It occurred to us that we could take the whole of the traffic upon terms that would be satisfactory to the merchant and which yet, upon the average, would be remunerative to the railroad lines.

WITH WHOM THE IDEA ORIGINATED.

Accordingly, the general freight agent of the Union Pacific, with whom the idea originated, came here to San Francisco, and with him I visited the merchants. I suppose that we tramped the streets here for a couple of months, explaining our ideas to the principal importers. By some we were met with cordiality and approval. Others were a little indifferent. Where a merchant liked the scheme, we would sit down with him and, by examining his bills of lading by Cape Horn and his insurance policies, we would get an idea of the quantity that he would ship by the several routes and the cost to him by the use of the several routes. We would then aim to make the rate so that upon the whole it would average about the same. We would average the rate while he was using the three routes.

Q. Were all these agreements in writing by which these rates w given?—A. Yes, sir.

Q. Will these agreements that were in writing show the rates?— Yes, sir.

CONDITIONED UPON AMOUNT AND CHARACTER OF BUSINESS.

Q. Were the rates the same to all the merchants?—A. Not altogeth so. We could not make them the same to all the merchants, becau we discovered that there was a very great discrimination in the charg made by our competitors. At the beginning we dealt with each m chant individually. For example, we would go into a hardware sto and ascertain about the quantity of freight that they were shippi the quality, the kind and the class of freight that they were shippi via Cape Horn and by the Pacific Mail, if any, together with what th were shipping by rail, and what the cost had been to the firm in usi the several routes. After we had ascertained that, we would ma them an offer. We would make out a list of rates to be governed the showing that the merchant in our presence had made in the cas the past. We never came down to the dead-level cost, because th were willing to pay us something more. As a rule, the merchant w had been accustomed to ship a portion of his goods via Cape Ho could say to us, after we figured up the amount paid for freight, intere insurance, and so forth on those goods, even interest at the rate of 1 p cent. per month, "Well, there is an advantage to me in shipping v all rail that is worth something more than that, and I will give y from 15 to 20 per cent. advance over those rates."

OPEN RATE TO ALL SHIPPING EXCLUSIVELY BY RAIL.

Q. Did you actually visit those different merchants with regard the size of their business?—A. We usually tried to get to the larg firms. We made our attacks upon the strongest forces.

Q. So that under such an arrangement would the smaller dealer be co pelled to pay the open tariff rate as against the special contract r which you had given to the larger shipper?—A. This contract plan w evolved through two or three years, and eventually, after we had tri it, tested it, and approved it, and it began to be generally adopted, published a list of rates which we would give to all shippers who wo agree to ship exclusively by rail, and we threw that open to anybo no difference whether he shipped 100 tons a month or a year, or whet he shipped 10,000 tons a year.

Q. After you had made that publication did you make any agr ment for a rate under that published rate?—A. No, sir; I think not.

Q. With any of the merchants?—A. I think not; not that I reme ber of.

A LARGE PERCENTAGE OF MERCHANTS ACCEPTED THESE TERMS.

Q. What percentage of the merchants of San Francisco in that p ticular line of business which you have mentioned enjoyed this spec rate under contract?—A. I think that before we got through we h 95 per cent.

Q. How long did it take you to get through?—A. I presume that ran that plan something like five years. I cannot be exact about it.

Q. In the mean time, however, shippers who failed to make spec contracts paid the open rate, did they?—A. Yes, sir; they paid

open rate. That is a matter of public knowledge here. I do not pretend to be giving you anything new regarding this, because everybody knows it here in this State. I shall be very happy to give you all the information that I can regarding it.

Q. How are the rates billed under these special contracts; how is the work done?—A. At the beginning, if I remember correctly, we billed all freight at the full rates and refunded the overcharge in cases where there was a contract.

"OVERCHARGES" AND "REBATES" INTERCHANGEABLE TERMS.

Q. Would you regard that as an overcharge or a rebate on the general rate?—A. I think that the terms are interchangeable.

Q. Did you instruct the shippers who had special contracts to make out their bills at the full rate?—A. I gave them no instruction whatsoever; and it was not always necessary for them to make out a bill. We would do it ourselves. If you want my idea of what a rebate is I will give it to you.

Q. We will give you an opportunity to explain that after a while. Who instructed the merchants who had special contracts to make out their bills at the full open tariff rate?—A. I see that you do not understand the method. If you will permit me I will explain it fully, so that you will understand it, and then I can answer your questions more definitely.

The CHAIRMAN. I want to know about it.

AN ILLUSTRATION.

The WITNESS. I will give it to you. Suppose that you were a merchant, and I should go to you to make a contract for the rail lines—because all the lines were parties to it between New York and San Francisco. It was not a Central Pacific affair. You understand that all the lines between San Francisco and New York, probably embracing all the roads in the East, shared in this reduced rate that was given to the merchant in consideration of his exclusive patronage—I should go to you and make a contract, and should say that it is impossible for us in billing to bill this to you at the net rates. We will bill it at the full rates, and when you receive your goods at the depot you pay the full rates, and we will refund to you the difference between the agreed rates under the contract and the rates which you have paid. Of course that is an overcharge. We overcharged those goods above the price that you had previously agreed to pay for the transportation of them.

OVERCHARGES BY ERROR AND DELIBERATE OVERCHARGES.

Q. Would that be an error of overcharge?—A. No, sir; that is not an error.

Q. What is the difference between an error of overcharge and an overcharge made deliberately?—A. The difference consists in that one is an error, and the other is done deliberately.

Q. How many of the overcharges that you have named under the contract were made to the firm of Huntington, Hopkins & Co. from time to time?—A. I cannot tell you. They were right in the same line with others.

Q. How do you distinguish between the overcharges entered on your books here, as overcharges made by error in the charge made through the clerk, and the overcharge which you designate as having been

made under instructions?—A. I do not know that there is any distinction made on the book.

Q. How do you distinguish the entries in the books between overcharges of that kind, by error, and overcharges under instruction?—A. So far as the books are concerned, I cannot tell you whether it furnishes any distinction between them or not. I presume that in order to determine what was an overcharge by error and what was an overcharge purposely made, I should have to examine each individual voucher.

TOTAL REFUNDS FOR 1884.

Q. I want to call your attention to the fact that during the year 1884 the books produced by you show a total of refunds of $1,060,275.92. Can you divide this sum during the year into overcharges by error and overcharges by way of arrangement?

Mr. COHEN. What year was that?

The CHAIRMAN. 1884.

The WITNESS. I suppose that by examining each individual voucher it could be divided. You can do that as well as I can, or your accountants can. I do not think that it would be possible to do it otherwise than by an examination of each voucher. You understand that that does not mean $1,000,000 paid out of the Southern Pacific treasury. That represents the entire amount paid to the consignee or to the shipper, and perhaps not a third of it came out of the Southern Pacific, or the lines west of Ogden—the Central Pacific.

Q. This was before the consolidation in 1884, was it not?—A. The Central Pacific—I suppose that includes everything. That amount includes the sum paid by all the lines interested in the traffic. Possibly it includes only the lines west of Ogden, but I am pretty sure that it does not.

The CHAIRMAN. It was taken from your refund book, as produced here, for 1884?

The WITNESS. I suppose you mean the claim register?

Mr. NORRIS. It is the book containing a statement of the refunds of overcharges, rebates, and loss and damage.

The WITNESS. That is the claim register.

Mr. COHEN. Over what roads are you inquiring about?

The CHAIRMAN. The Central Pacific.

Mr. COHEN. The local lines or the through lines?

The CHAIRMAN. The general Central Pacific account taken from the book produced here in answer to a call for the refund book showing overcharges from time to time, and the different claims paid.

ALL OVERLAND LINES SHARED IN THE REFUNDS.

By Commissioner ANDERSON:

Q. The question is whether the Central Pacific refunded only its own share, or the share of all the lines. How is this?—A. I am quite clear that no such amount as that was paid out for overcharges out of the revenue of the Central Pacific or of the Southern Pacific. That represents the entire amount paid out for account of all the lines participating in the overland business.

By Commissioner LITTLER:

Q. As I understand you, this cut rate, if you please, was prorated between the Central Pacific and every other line between San Francisco and New York?—A. That is it. It embraces all the roads, and I fancy

just the sum that is named that that was the sum total of the overcharge to be distributed to all the roads.

THROUGH AND LOCAL FREIGHT REFUNDS.

The CHAIRMAN. I call your attention to the further fact that of this sum, $238,000 was refunded from through freight earnings, and $324,000 was refunded from local freight earnings.

Mr. COHEN. How much was the local?

The CHAIRMAN. The local was $324,000. Can you say with regard to the difference between the through and the local, as to what proportion of the total sum of $1,000,000 was an overcharge by way of error, or an overcharge by way of arrangement under the contracts that you have named?

The WITNESS. I cannot tell you what proportion. It would be impossible for me to tell you without looking over each individual voucher. I doubt very much whether that statement is correct, in its division between the through and the local. It may be, but I think not. There must be some explanation. That is 1884, is it?

The CHAIRMAN. Yes, sir.

The WITNESS. I should think it very strange that the overcharges on local freight amounted to $324,000, and only $238,000 on the through freight. There is something wrong there sure.

ARRANGEMENTS WITH THE STANDARD OIL COMPANY.

Q. What arrangements have you made with respect to overcharges by way of error, or overcharges by way of arrangement, with the Standard Oil Company on their shipments?—A. We have no arrangements at present with the Standard Oil Company.

Q. What arrangements had you prior to April 1, 1885, at any time, with the Standard Oil Company, or the Continental Oil Company, which was afterwards merged into the Standard Oil Company?—A. I desire, after I answer this question, to explain the reasons for what was done in connection with the Standard Oil Company. I believe from the time that the Standard Oil Company took charge, or acquired the oil business on this coast, it had lower rates than the general tariff provided, or than other shippers paid on coal oil. I think that it was the subject of written agreement. The reason for that was, that previous to the Standard Oil Company's coming into business here, the oil was almost wholly transported via Cape Horn. It was chiefly controlled by Alvinza Hayward, who employed a man by the name of Blake as his agent. The tonnage was very large, and not only went itself via Cape Horn, but was an inducement to the laying on of ships which would offer to take other freight, having a partial load of oil. We endeavored to secure the transportation of that oil by rail. I had frequent interviews with Mr. Blake on this subject in the early 70's, and I believe that I once offered him a rate of 80 cents per 100 pounds if he would agree to ship by rail from New York, but he would not do it.

Afterwards the Standard Oil Company came over here, and I think that they bought out Hayward's business. We approached the Standard Oil Company, looking to the transfer of that business from the Cape Horn route to our line. We gained some advantage from the change in the control of the business by reason of the fact that the Standard Oil Company wanted to supply this coast from Cleveland, which brought the point of production several hundred miles nearer San Francisco than when shipments came from New York, but at the same time took it

several hundred miles away from the Atlantic coast and from the vessels there.

CONTRACT MADE.

We made a contract with the Standard Oil Company to bring all of its oil by rail. I think the first rate we made was somewhere in the neighborhood of $200 a car-load from Cleveland to San Francisco.

Q. What was the date of the agreement?—A. I would not be sure about that, but I think some time in 1876.

Q. Have you a copy of it?—A. Yes, sir.

Q. Will you produce a copy of the Standard Oil Company's contract?—A. Yes, sir; that arrangement has been continuous, or was continuous, up to the date of the dissolution of the transcontinental association, which was an association of all the overland railroad lines, and it was a contract in which all the lines between Cleveland and San Francisco were concerned. The written instrument, while made between the Pacific roads, or their representatives and the Standard Oil Company, was really between all of the railroads between San Francisco and Cleveland. The lower rates were participated in by all the lines between these points. I think that the original contract was made in New York by the agent of the Union Pacific Railroad.

CONDITIONS REGARDING TANK CARS.

Q. Was there any condition in the agreement with reference to the deduction of $200, or whatever rate was allowed for the return of empty cars?—A. I think not; I do not remember anything of the kind.

Q. Did you make any contract subsequently with the Standard Oil Company with reference to the return of empty tank cars?—A. I do not think so.

Q. Was there any condition with reference to sending them back without charge?—A. I do not remember it. I think that few, if any, boiler tank cars were ever used by the Standard Oil Company. It was certainly understood at the time that the contract was made that they would not use boiler tank cars. That was one of the great obstacles in the way of competing with the Cape Horn route. In the meantime, some one had patented a box tank car, putting tanks in the end of the car, so that while it was able to carry a full load of oil, it was available for the use of ordinary freight returning. My recollection is that while it was not specifically stated in the contract, it was the understanding that that class of cars must be used by the Standard Oil Company in order that we might return them loaded, if we could get loads for them. If we could not get loads for them, we would have to return them empty. In returning them we always load them, and instead of charging for their return, we would naturally pay mileage as we do on all foreign cars. We would treat them as though they were the cars of a connecting line.

INSTRUCTIONS TO FREIGHT AGENTS AS TO UNION PACIFIC.

Q. Are the freight agents of the Southern Pacific Company under your control?—A. In some respects, they are.

Q. Have you instructed them at any time as to shipments over the Southern Pacific, or the securing of shipments over the Southern Pacific, as against the Union Pacific?—A. I do not remember giving any special instructions. It is more than likely that instructions going to the agents would relate more particularly to the Southern route, for the reason that

the Central Pacific route we do not work so closely. The Union Pacific looks out for our interests in that direction, and the interests of the Northern line generally are the particular care of the connections of the Union Pacific.

RELATIONS OF SOUTHERN PACIFIC WITH CENTRAL AND UNION PACIFIC.

Q. Have you allowed rebates in order to secure shipments to the East over the Southern Pacific as against the Central Pacific and the Union Pacific?—A. I think not.

Q. Do you know whether your agents have offered inducements in the way of reductions of rates to secure traffic to the Southern line, as against the Central and Union Pacific?—A. I might say no, as against the Union and Central Pacific. There was another route opened before what you call the Southern route. I presume you mean by Southern route, our line via New Orleans.

Q. What inducements have you offered to shippers to secure their traffic over the Southern Pacific?—A. Good service.

Q. Do you give better service than is given by the Central and Union Pacific?—A. Not better than the Central Pacific Company's service; but better than the Union Pacific, or any line connecting with the Union Pacific.

Q. Are there any other inducements that you have offered?—A. I believe none whatever.

CUT RATES ORIGINATE WITH NORTHERN LINES.

Q. Do you know whether your agents have allowed from time to time special rates to shippers who would send their freight over the Southern Pacific?—A. I will answer that question broadly, if you will permit it. I think that rates have been higher and better maintained since the opening of the line via New Orleans, on that line, than on any other line doing business across the country. If any cutting has been done, it can be proved that it originated with the Northern lines, or with the lines in competition with the Southern Pacific. It can be shown that cutting by way of special rebates and concessions have always originated with these other lines, and that the lines via New Orleans has simply met these cuts.

Q. What did you do to meet the cuts?—A. By reducing our rate to the "cut" rate of other lines. That was the rule where necessary.

COMPARATIVE MILEAGE RATE.

Q. How would the mileage rate of the Central Pacific compare with the mileage rate of the Southern Pacific on freight?—A. I think that, of course, the Southern Pacific would be a little lower per mile.

Q. What would be the difference?—A. I can scarcely tell you. There are so many things that would enter into the consideration that it would be difficult for me to give you an accurate answer to that question. I might approximate it, however, by saying that if you assume the rate from Omaha to San Francisco via Ogden to be $1, which is practically a cent a ton per mile—really a little more than that, but the fraction would be very small, and if you assume that the rate from Houston, which we would rate as a common point with Omaha, would be a dollar, and the distance practically the same, the mileage rate would be almost the same, practically a cent a ton a mile. It is 2,034 miles from Houston, as against 1,915 miles from Omaha. There would not be a great deal of

difference, and I do not know but that on the New York business the rate west of El Paso would be greater per mile than it would be west of Ogden. That, however, would grow out of the fact that the proportions given to the lines east of the Missouri River are greater than the proportions given to the steamers between New York and New Orleans.

MERCHANTS COULD TESTIFY AS TO RATES.

Q. Did you issue at any time written or printed instructions, or verbal instructions to your agents of the Southern Pacific Company to secure shipments over the Southern Pacific by favorable rates?—A. No more favorable than the rates made by the other lines. If you will pardon me for making a suggestion, if you want information on that subject, I should think that the very best source for getting it, one which would be the most convincing to the Commission and the public, would be the merchants here in this city. We would like to appeal to the merchants who pay these freights to know whether the rates via the Sunset route, as we call the Southern Pacific Company's line from New York, have been lower than they have been by the other lines.

PROPORTION OF BUSINESS ON COMPETING LINES.

By Commissioner ANDERSON:

Q. Is it not true that for some reason the through business that goes by the Southern route has largely increased and exceeds the business that goes by the Central and Union Pacific?—A. On the contrary; the business that goes by the Central Pacific and Union Pacific is the largest, always has been the largest, and in my judgment always will be.

Q. Is that true of the line for the last four or five years?—A. Yes; ever since the line was opened.

By Commissioner LITTLER:

Q. Is it true now?—A. Yes, sir.

By Commissioner ANDERSON:

Q. What are the proportions?—A. I presume that the line via Ogden carries 50 per cent. or more of all the freight business, and it carries a greater percentage of the passenger business; while I presume that the line via El Paso will not carry more than 35 per cent., and upon the whole I do not think that it carries that much.

Q. Are you speaking exclusively of freight?—A. Yes, sir. For passengers the proportion would be very much more in favor of the Union and Central Pacific line.

THE SOUTHERN PACIFIC AS A COMPETITOR.

By the CHAIRMAN:

Q. Have lower rates, either by special rates or by rebates, by way of the Sunset route, between the Atlantic and the Pacific ports, been given than were made at the same time by the Union and Central Pacific?—A. No lower rates have been made via the New Orleans route between the Atlantic coast and the Pacific coast than the line west of Ogden has been willing to prorate over that line. In order to give you as much light on this question as possible, I would like to explain that at the time the route via New Orleans was opened, in 1883, of course it was a new line—a mixed water and rail line. We did not count much on its efficiency as a competitor of the all-rail lines. The business was

ted to the Central Pacific and Union Pacific line. I think that the first tariff was put in force along about March, 1883, and it was a lower tariff than was then in force from New York direct, all rail, to San Francisco. As nearly as we could make it, without attempting to very closely approximate it, this difference was equal to what the insurance would be for the sea service between New York and New Orleans. In fact, we made it so that there was a differential through rate put in force. The other lines made no complaint, and did not take any notice of us. They had a sort of contempt for that line, and did not think that it could get any business.

TRUNK LINES OBJECT TO DIFFERENTIAL THROUGH RATE.

Later, however, I think in June, the trunk lines—that is, the lines leaving New York City—objected, the ground of their objection being that they being parties to the special contract plan, which was then in force, and which I have tried to explain to you, were entitled to that business. They were inclined to make trouble.

The result of it was that I went to New York and had a conference with the trunk lines and their western connections. They said that they would be satisfied if the line via New Orleans would remove the differential rate and charge the same tariff that was charged by the all-rail lines. We agreed to do that, and we did so do it, and have always done it since that time, so far as my knowledge goes. There was a time, I think last year, and probably for the year previous, when the trunk lines refused to co-operate with the lines west of Chicago on a through tariff. The cause of that difference between them was that they thought that they ought to have a greater percentage of the through rate than they had been getting east of Chicago. The proportion allowed was 22 per cent., and they wanted 27½ per cent., which would be somewhere in the neighborhood of an actual prorate. The lines west of Chicago were unwilling to concede this demand. The trunk lines dropped their interest in the business, and made no effort, and were of no assistance whatever to the lines between Chicago and Ogden, to get the Atlantic coast business for California. In fact, the action of the trunk lines practically forced these western lines out of the business, and it was the action of the trunk lines which, during the latter part of 1885 and 1886, gave the Sunset route the large proportion of the traffic from the Atlantic coast to the Pacific coast.

FREIGHT TRAFFIC VIA NEW ORLEANS.

In 1886 the freight traffic via New Orleans ran up to a very large percentage of the New York City business, although not of the total business. Of the business between New York and San Francisco, which amounts to only about 30 per cent. of the total through business, the Sunset route carried somewhere in the neighborhood of 85 to 95 per cent. While you hear the statement that that route takes from 85 to 95 per cent. of the through business, it does not mean the total freight business, but simply the New York City business, which amounts perhaps to less than 30 per cent. of the total business. As I have explained, the effect of that action of the trunk lines last year in drawing out of this business and refusing to have anything to do with it, was to throw the traffic to the Sunset route.

The contract with the Pacific Mail Steamship Company had been annulled, and that company was in the open market for freight. The transcontinental association had dissolved. and there was no agreement

as to the maintenance of rates. The Northern Pacific and the Canadian Pacific were completed and entered the market, so that rates were reduced to an unprofitable basis between New York and San Francisco. The lines via Chicago dropped out of the business, and left to the Sunset route the burden of fighting against the Pacific Mail, Cape Horn, the Northern and Canadian Pacific.

DIVERSION OF TRAFFIC BY "SUNSET" ROUTE.

Q. What percentage of the traffic going west has been diverted by the Sunset route from the Central and Union Pacific?—A. I do not understand your use of the term divert.

The CHAIRMAN. I want to know, since the construction of this line, what percentage of the freight has taken that course as compared with the time when it was seeking the Central and Union Pacific going east.

The WITNESS. Do you want to know what percentage has gone that way?

Commissioner ANDERSON. Yes.

The WITNESS. I do not understand your use of the term divert. However, will you permit me to answer that by referring to one of the communications of Governor Stanford? He has made you a statement which will show you all these things. I cannot answer from memory.

Q. Is it stated in full in Governor Stanford's communication?—A. I think it is. You can get it accurately there.

Q. What percentage of the business that used to come over the Central and Union Pacific now comes over the Sunset? If I remember your statement, it shows the percentage of the Central and Union Pacific which comes over the other transcontinental lines.—A. It includes every line, and gives them separately. There is a table there which gives each route separately and the amount of tonnage. My recollection is that that is just as full and complete an exposition as you want. If you find that it is not I will try and give it to you.

By the CHAIRMAN:

Q. Does that show the percentage for each line?—A. Whether the percentage is figured out or not I do not know. It shows the charges and the tonnage. It shows how much went by the Northern Pacific, how much by the Oregon Short Line, how much by the Union and Central Pacific; in fact, I think it gives you just what you want to know.

STATEMENT REGARDING TRANSCONTINENTAL LINES.

By Commissioner LITTLER:

Q. I wish you would state to this Commission the number of through or transcontinental lines having direct connection between San Francisco and New York, giving the names of the lines and the several roads which go to make up the lines, and the number of miles of each road, so that we may be able to understand which is the shortest route from San Francisco to New York, and so that we may be able to understand the important intermediate points at which through freight touches between here and New York. Can you do that?—A. Yes; I can get it up. It is very easy so far as west of Chicago is concerned, but rates are made sometimes over routes which are very circuitous.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Friday, August 12, 1887.

Afternoon session.

JOHN C. STUBBS, being further examined, testified as follows:

CANADIAN PACIFIC AND CONNECTIONS.

By the CHAIRMAN:

Question. Can you answer that last question now?—Answer. We will begin on the north. We will call the first line the Canadian Pacific line. The Pacific Coast Steamship Company operate vessels between San Francisco and Port Moody, British Columbia, there connecting with the Canadian Pacific proper, which connects at the boundary line between the United States and Canada or thereabouts with the Manitoba road running north from Saint Paul. The latter road connects at Saint Paul with the northwestern lines, principally the Chicago and Northwestern Railway, the Chicago, Milwaukee and Saint Paul, the Chicago, Burlington and Northern, and the Chicago, Rock Island and Pacific. The latter road has not its own road clear through to Saint Paul, and I cannot give you the little roads that it connects with. These are the principal ones. That will make the line to Chicago, and, of course, at Chicago it connects with all the trunk lines, which I will describe hereafter.

By Commissioner LITTLER:

Q. Let me ask you, before passing, what is the length of that line?—A. I cannot give it to you without referring to the Guide.

Q. Is that the longest line from here to New York?—A. Let me go on with that first line. The Canadian Pacific, the line I have described, would be used for Chicago and the West and Northwest. Its New York line would be continuing on the Canadian Pacific proper, on to Montreal, thence down to a connection with the Utica and Black River Railroad.

NORTHERN PACIFIC AND CONNECTIONS.

Line No. 2 we will call the Northern Pacific line, which would commence at San Francisco by the steamers of the Pacific Coast Steamship Company, the Oregon Railway and Navigation Company to Tacoma, and then the Northern Pacific road from Tacoma to Saint Paul, there connecting with the northwestern roads that I have named, running between Chicago and Saint Paul, and at Chicago connecting with the great trunk lines East. They also make a line by running to Duluth on Lake Superior.

THE OREGON SHORT LINE AND ITS CONNECTIONS.

Q. Does the Northern Pacific road touch the Pacific coast?—A. Yes, sir; it has completed recently a line to Tacoma on Puget Sound.

The third line we will call the Oregon Short Line. It will be made by steamers and railroad as follows: The steamers of the Oregon Railway and Navigation Company between San Francisco and Portland, and the Oregon Railway and Navigation Company's railroad from Portland to Huntington, Idaho, there connecting with the Oregon Short Line to Granger, Wyo., and there connecting with the Union Pacific

road from Granger to Omaha or Council Bluffs, where it conne with the Iowa lines, namely, Chicago, Milwaukee and Saint Pa Chicago and Northwestern, Chicago, Rock Island and Pacific, Chica Burlington and Quincy, and other routes that could be made by goi south; but those are the principal ones running between Council Blu and Chicago. There they connect with the trunk lines East, which shall name hereafter.

CENTRAL PACIFIC, UNION PACIFIC, IOWA, AND OTHER CONNECTION

The fourth line is the Central Pacific Railroad, San Francisco to O den; the Union Pacific Railroad, Ogden to Council Bluffs, there co necting with the Iowa lines that I have named, running between Cou cil Bluffs and Chicago, and at Chicago connecting with the trunk lin

CENTRAL PACIFIC, DENVER AND RIO GRANDE AND CONNECTIONS

The fifth line would be the Central Pacific, from San Francisco Ogden; the Denver and Rio Grande Western, from Ogden to the li between Utah and Colorado; the Denver and Rio Grande Railroad, fr that line to Pueblo and Denver. At Pueblo, Colo., it connects with t Atchison, Topeka and Santa Fé, and at Denver it connects with the B lington and Missouri River of Nebraska, between Denver and the M souri River, the latter road connecting at the Missouri River with t Iowa lines that I have already described; the Atchison, Topeka a Santa Fé running from Pueblo City to Kansas City and Atchison, the connecting with the roads I have described running from that poi to Saint Louis and Chicago.

ATLANTIC AND PACIFIC AND CONNECTIONS.

The sixth line would be the Atlantic and Pacific line, made up follows: Central Pacific road, San Francisco to Goshen; Southe Pacific Railroad, Goshen to Mojave; the Atlantic and Pacific road, fr Mojave to Albuquerque, in New Mexico; the Atchison, Topeka a Santa Fé, from Albuquerque to Kansas City, principally, but to Atc ison also, there connecting with the Chicago, Rock Island and Pacif for Chicago; the Chicago, Burlington, and Quincy, for Chicago; t Chicago and Alton, for Chicago; the Missouri Pacific, for Saint Lou and the Wabash, Saint Louis and Pacific, for Saint Louis. Those a the principal lines.

Q. Where is Mojave?—A. It is about 383 miles south of San Fra cisco. It is the junction point of the Atlantic and Pacific with t Southern Pacific road.

CENTRAL PACIFIC, SOUTHERN PACIFIC OF CALIFORNIA AND ATCH SON, TOPEKA AND SANTA FÉ.

The seventh line would be the Central Pacific Railroad, from S Francisco to Goshen, Cal.; the Southern Pacific of California, fr Goshen to Deming, N. Mex.; the Atchison, Topeka and Santa Fé ro from Deming, N. Mex., to Kansas City, Mo., and Atchison, Kans.

CENTRAL AND SOUTHERN PACIFIC AND CONNECTIONS.

The eighth line would be the Central Pacific Railroad, from San Fra cisco to Goshen; the Southern Pacific road, from Goshen to El Paso.

the State of Texas; the Texas and Pacific road, from El Paso to its connection with Gould's southwestern system; the Missouri Pacific lines, running from Sherman, which I think is the principal point in Texas, to Saint Louis; then they also have a line—call it the same line—from El Paso, on the Texas and Pacific road, to New Orleans, there connecting with steamers, principally the Cromwell line, between New Orleans and New York; they also have a line, the Texas and Pacific, to its connection with the International and Great Northern, running south to Galveston, on the Gulf of Mexico, and there connecting with steamers between Galveston and New York, notably the Mallory line.

THE GREAT "SUNSET" ROUTE.

The ninth through line would be what is known as the Great Sunset route; the Central Pacific Railroad, from San Francisco to Goshen; the Southern Pacific Railroad, from Goshen to El Paso, Tex.—I am giving you the names of the roads proper—the Galveston, Harrisburg and San Antonio road to Houston, Tex.; the Texas and New Orleans road, from Houston to its connection with the Louisiana Western; the Louisiana Western, to Lafayette, La.: Morgan's Louisiana and Texas Railroad, from La Fayette to New Orleans; Morgan's Louisiana and Texas steamships, between New Orleans and New York.

PACIFIC MAIL STEAMSHIP LINE.

By Mr. COHEN:

Q. Is that all?—A. Those are all the railroad lines. The next line is the Pacific Mail Steamship Company, operating vessels between San Francisco and Panama, then over the Panama Railroad to Aspinwall or Colon, and then by steamer from Aspinwall or Colon to New York. Then the worst of the whole crowd is the line made by sailing vessels following the Cape Horn route between San Francisco and New York.

By Commissioner LITTLER:

Q. Do you mean the worst competitor?—A. The worst competitor. That is the controlling factor in rates. From Chicago to New York the principal lines are what are known as the Pennsylvania lines. Do you want the roads named particularly?

Commissioner LITTLER. No, sir; I think the average member of Congress will understand how freight gets from Chicago to New York.

The WITNESS. Very well; I need not state them.

THE SHORTEST LINE.

Commissioner LITTLER. The object is to inform members of Congress as to how freight is transported from the Pacific coast to New York by the different routes.

The WITNESS. The shortest line in point of mileage—I have forgotten the number of the route, but I think it is No. 4—is composed of the Central Pacific, Union Pacific, Chicago and Northwestern, Pittsburgh, Fort Wayne and Chicago, and Pennsylvania Central.

Q. Is that the shortest road?—A. That is the shortest road.

Q. Can you give the number of miles right there?—A. Will you foot it up for me? From San Francisco to Council Bluffs is 1,915 miles; Council Bluffs to Chicago, 488 miles; Chicago to New York, 913 miles; total, 3,316 miles. Now, that can be reduced by the difference between

33 and 83 miles. That is, the Central Pacific distance is based on 883 miles between San Francisco and Ogden. That is the aided line, while the actual distance via Benicia and Sacramento would be 833. But all divisions of rates are based upon the first mileage I have given you. The shortest route in the matter of economy and cost of carrying freight is, of course, the sailing vessels. Next to that is the Pacific Mail Steamship Company.

Q. Will you give us the lengths of these other railroad routes that would be entirely by rail?—A. I cannot give you that without referring to the Guide, but I will have it made up.

CENTRAL PACIFIC AND UNION PACIFIC CAN COMPETE WITH OTHERS.

Commissioner LITTLER. What Congress will want to know is whether the Central Pacific and Union Pacific occupy such relations to the traffic of the Pacific coast that they can compete successfully with any other road from here to New York.

The WITNESS. It does it and has done it.

Commissioner LITTLER. That is one of the important questions to be considered in any further legislation that may take place in relation to this matter.

The WITNESS. It is the shortest route, and, in my judgment, with proper management, it is the best route, and always will be.

NOT THE MOST ECONOMICAL ROUTE.

Q. Is it your judgment that it is the most economical route?—A. I think not.

Q. Barring the water routes?—A. No, sir; it is not. The cost of the management of that road will be greater perhaps than any other road that I know of. There is no line that has any such work to do as the Central Pacific has in crossing the Sierra Nevadas. There is no other line except the Denver and Rio Grande that has any such work as the Union Pacific has to do in crossing the Rockies. But that is a matter that in going over the road you can determine better than I can tell you.

RELATIONS OF THE GOVERNMENT WITH CENTRAL PACIFIC.

By the CHAIRMAN:

Q. During the time that special rates were being offered to shippers under special contract for the purpose of securing their business as against the water line, and in order to secure the control of their freight, can you recall whether the Government was notified that special advantages would be given to it by reason of shipping by rail?—A. I never gave the Government that notice, and I do not know that any one did.

Q. Do you know at that period whether the Government shipped by any other way except by rail?—A. I would not state definitely, but I am under the impression that there has been no time but what the Government has brought supplies by way of Cape Horn or by other routes.

Q. During that period while you were offering special rates under contracts and agreements with shippers at a lower rate than the open public rate, you were charging the United States Government the open public tariff rate, were you not?—A. I cannot tell you whether we did that or not. I did not make up the accounts. I do not know whether we did or not.

Q. Do you recall any period when the Government was charged a less rate for which the Central Pacific was credited in their accounts than the open public tariff rate?—A. I never made up an account against the Government, and never saw one after it was made up. I never have seen the vouchers or the settlements for any period, or for any service between our company and the Government, so I am not able to answer that question.

AMOUNT OF GOVERNMENT FREIGHT.

Q. The Government freight over the Central Pacific during the past years has amounted to millions of dollars, has it not?—A. Really I could not give you any definite answer to that question. I do not know what it has amounted to.

Q. Do you know whether it has amounted to more than $1,000,000?—A. I could not say. I could not tell you whether it was more than $100,000 to my own knowledge. It is a matter that has not been in my charge, and I have had no occasion to refer to it or consider it at all.

Q. Is not the Government freight placed under your department?—A. You may say, practically, that it is not. In some respects I might have occasion to give instructions about it, but so far as the rates charged to the Government or the settlements made between the company and the Government are concerned I am not able to testify. My impression is, and it is gathered from other sources and hearsay, that the Government has generally settled pretty much on its own terms with us.

Q. Do you regard an overcharge by way of arrangement, such as you stated this morning in your testimony, as a rebate?—A. I do not know any other distinction to make between overcharges and rebates than that.

MEANING OF "REBATE."

Q. Will you please define to the Commission what you understand by the term "rebate," as it is understood by railroad men?—A. I should understand that to be the reduction of charges that have been billed at open or general tariff rates to a rate or an amount previously agreed upon. That is what I mean when I use the word rebate. To give you an illustration, if I should make a contract with you, that in consideration of your shipping 10,000 tons of freight over our road between certain points for a certain sum, say $20 a ton, and that was $1 a ton less than the ordinary rate, I would not bill that freight at the net rate agreed upon, because I have no security that you are going to perform your part of the contract; therefore would bill it at the full rate and you would pay the charge on it, and after you had shipped your 10,000 tons and performed your part of the contract then a voucher would be made and the difference, or the rate of $1 a ton between the charges as billed and the charges as agreed upon, would be refunded to you. That I would call a rebate of $1 a ton.

OVERCHARGES ARE REBATES.

Q. Then do I understand that the overcharges that are entered in the refund books by way of arrangement under contract that you stated this morning are in the nature of rebates?—A. Certainly. Please read that question again. I want to be a little exact about terms. I think that I have made sufficiently clear what I call a rebate. I do not know whether I want to adopt your language or not.

(Question repeated.)—A. Permit me to say that I do not know that any entries are made of moneys returned by way of arrangement as overcharges; but if there are any such entries in the book, if there are any overcharges made and refunded by previous arrangement, that is an understanding previous to the shipping of the freight, that the charges were to be less than the charges as they were billed. I should call that a rebate.

REBATES ARE DEDUCTED FROM GROSS EARNINGS.

Q. Then we understand each other, I think. Are the rebate settlements deducted from what are denominated as gross earnings before the gross earnings are reported for the purpose of making up the net earnings?—A. I do not make up those accounts, but I should say certainly they are. They ought to be if they are not. As I understand it, overcharges and rebates are chargeable to freight account. The freight earnings accounts would be debited with any rebates or overcharges there were, so that by the annual reports where it says "gross earnings," that means earnings less the rebates that are paid.

Q. I call your attention to the annual report in 1884. Gross earnings, $22,166,108.28; also the statement of gross receipts as furnished to the Commission in an exhibit, 1884, same year, $28,977,877.14, or a difference of nearly $7,000,000. Can you say from your knowledge what proportion of that difference was made up of rebate payments?—A. I could not give you the least idea. I should say a very small proportion of it, but I would not pretend to be accurate about it. Mr. Wright would be a better witness.

LARGEST PROPORTION OF OVERCHARGES IS ON THROUGH FREIGHT.

Q. Would the sum that I read to you in the paper handed to you this morning of $1,060,275.92 be a fair proportion of the charge for rebates deducted before the gross receipts are made up?—A. No, sir; in the first place I do not believe that in 1884 the Central Pacific paid any such sum as $1,000,000 in overcharges or rebates. I may be mistaken about that. It may be, but I cannot tell. It must include other charges. You will understand this, that my impression is that by far the largest proportion of the overcharges or rebates paid by the Central Pacific Railroad Company, or the Southern Pacific Company, or by whatever company controls these lines now, is on the through freight, and, as a rule, when they pay they advance the money for the whole line, from New York or from the shipping point to destination, and then distribute that money on the voucher, and charge back to each of the connecting lines its proportion of such overcharge. When it is first entered in our accounts it would appear on the claim register, and it would appear that the whole amount was paid by the Central Pacific.

Q. What item would enter into the difference in the sum of $7,000,000 other than rebates?—A. I think that the auditor would be the best man to answer that question. I can give you my impression, however.

CHARGES AGAINST EARNINGS ACCOUNT.

Q. Are not such things as freight charges by way of rebates, pool settlements, and terminal settlements and settlements by way of agreements with other roads all under your department?—A. Practically, yes, sir. I will say that I would not pretend to account for that differ-

ones. A very simple explanation no doubt can be had by calling on the general auditor, or whoever made that statement for you, to explain it; but as I read that he says that no charges to earnings account of any kind had been considered. I have already explained that overcharges and rebates would be a charge against earnings account; so would any pool settlements that we have made. For instance, in the transcontinental pool, if these lines had carried more than their allotment, and they had to pay $100,000 of their earnings into the pool, to be distributed to the other parties in the pool, that would be a charge to the earnings account. Likewise, payments to the Pacific Mail Steamship Company, under the agreement with the Pacific Mail Steamship Company, as you perhaps know from the contest between the Union Pacific road and the Government, would be charged against earnings account.

RETURNS MADE TO THE GENERAL AUDITOR.

Q. Are the returns from your department made to the general auditor of all these differences?—A. Yes, sir; after the freight is delivered or the passenger landed I have nothing to do with the accounts. When it is turned into money, then it becomes a question of accounting with the treasurer's department, and I have nothing to do with that. I do not handle any coin except my own, and that is very little.

Q. What arrangement had you, if any, with reference to the freight of the Contract and Finance Company as to rates?—A. I never had any arrangement; that is, I never made any arrangement with the Contract and Finance Company.

SPECIAL RATES TO CONTRACT AND FINANCE COMPANY.

Q. Was there an arrangement with the Contract and Finance Company for the shipment of its material?—A. I believe that the Contract and Finance Company had rates, special rates.

Q. Was there a written agreement?—A. That I do not know.

Q. What was the difference between the rate of the Contract and Finance Company and the general open public rate?—A. I cannot tell you that. The closest approximate that I could make to a fair answer to your question would be that, as I understand it, the Contract and Finance Company's freight was billed at the rate of 2 cents per ton per mile.

Q. Who made the rates for the Contract and Finance Company?—A. I think that the directors of the company made them.

Q. Did the directors of the company issue an order to you?—A. I think my orders either came from the controller or the general manager directly.

Q. What kind of an order did you get?—A. I think it was oral in every case.

WESTERN DEVELOPMENT COMPANY'S RATE.

Q. What contract with the Western Development Company had you?—A. As I understand it, the Western Development Company's freight was carried at the Contract and Finance Company's rates, 2 cents per ton per mile.

Q. Was there any written order with reference to the rates charged the Western Development Company?—A. I think not. I think I never got a written order. In fact, it is very seldom that I get written orders on anything.

SOUTHERN DEVELOPMENT COMPANY'S RATE.

Q. What was the arrangement, if any, as to the freight with the Southern Development Company?—A. I do not know as to that, but my impression is it was the same as the Western Development Company and Contract and Finance Company. I do not know that the Southern Development Company ever did any work on the line west of El Paso. I guess that was altogether east.

The CHAIRMAN. I do not know how far they have entered in the construction of branch lines.

The WITNESS. I think it was altogether east of El Paso. I would not be certain about it, however.

Q. However, the rates given by the Central Pacific Company to the Southern Development Company are the same as those given to the Contract and Finance Company, are they not?—A. That is my impression. I think I am almost sure of that, so far as my memory goes. I think it has always been 2 cents per ton per mile, and that is the last I know of it; and that, by the way, is a pretty good rate.

PACIFIC IMPROVEMENT COMPANY'S RATE.

Q. What was the arrangements with the Pacific Improvement Company?—A. I think the same as with the Western Development Company.

Q. Were the rates that you have named lower than the special contracts that you have made as distinguished from the open published rate?—A. I think so far as through freight is concerned that those companies, if they ever did import anything, paid the open tariff rate, although I am not sure about that. Probably the difference between the open tariff rate and 2 cents per ton per mile was refunded afterwards, but I cannot imagine their importing any freight on which the rate from the East would amount to 2 cents a ton per mile.

Q. If there were special rates, as we understand there were, allowed from time to time to the companies, and you billed the freight at the full rate, was the same process observed as in other cases?—A. So far as I know anything about it the freight was billed at the net rate in the case of these companies that you have named. There may have been some others.

ORDERS ISSUED BY CONTROLLER OR GENERAL MANAGER.

Q. We will come down to that in a minute. We want to get this matter settled first. Were all orders with reference to the companies that you have named received from the president or board of directors?—A. I am under the impression that all orders that I received regarding the rates to be charged to these companies came from the controller, Mr. Miller, or from Mr. Towne, the general manager. I do not think that they ever came to me from the directors or the president.

TRANSACTIONS WITH SISSON, WALLACE & CO.

Q. Have you had as freight manager of the Central Pacific business transactions with Sisson, Wallace & Co.?—A. Sisson, Wallace & Co., I think, have always been shippers over the roads. I do not remember any particular transaction, but I suppose I have come in contact with them.

Q. In what kind of business are they engaged?—A. As I understand it, they furnished supplies to the laborers along the road while we were constructing it. They supply the Chinamen with food, clothing, &c. They are storekeepers along the line of the road. They furnish the general supplies that gangs of laborers would require for their support.

Q. Have they a place of business in San Francisco?—A. I understand that they have an office here.

Q. Do they furnish supplies to these men?—A. I understand that is the arrangement.

Q. Do they furnish the men?—A. I could not speak positively, but I think that they have been in that sort of a business.

Q. Have you a special arrangement with them as to passenger and freight rates?—A. I do not know as to passenger rates. I do not know that there have been any rates made to them for transporting laborers or Chinamen that would not be made with anybody else carrying the same number and the same class of laborers, and I do not remember of their ever having any special freight rates. I do not think that they ever had.

Q. Have you had a contract with them as to rates of freight on their supplies?—A. I never have; no, sir.

Q. Have they made application to you for special rates? I am speaking of the time prior to the 1st of April.—A. They may have done so, but I cannot remember it. I do not remember of there being any reasons why we should make any special rates for them. I do not know that we have ever done it.

The CHAIRMAN. I am not questioning the reason of it; I only want to know the fact.

The WITNESS. I cannot remember. You know my experience with this railroad covers a great number of years and I have met with all classes of shippers, and it would be utterly impossible for me to recall everything.

NO CONTRACT WITH SISSON, CROCKER & CO.

Q. Are you acquainted with the firm of Sisson, Crocker & Co.?—A. That is the successor to Sisson, Wallace & Co. I understand.

Q. In what kind of business are they engaged?—A. Whatever I have said with relation to Sisson, Wallace & Co. applies equally to Sisson, Crocker & Co.

Q. Who is the Crocker member of this firm?—A. I believe it is Mr. Clark Crocker.

Q. How is he connected with Mr. Charles F. Crocker, the director of the Central Pacific?—A. Really I could not say. I understand that he is a brother, but I could not swear to it.

Mr. COHEN. To Charles F. Crocker?

The WITNESS. Did you say Charles F. Crocker?

The CHAIRMAN. Yes, sir.

The WITNESS. If current report is true he would be his uncle.

Q. Have you made any special contract or agreement with Sisson, Crocker & Co.?—A. I think not.

Q. Have Sisson, Crocker & Co. had any special rates at any time below the opened published rate?—A. I cannot remember that they have had. If they had it is not within my knowledge.

VOUCHER 1960 OF PACIFIC IMPROVEMENT CO.'S ACCOUNT.

Q. I call your attention to an entry in the book of "disbursements of overcharge and loss-and-damage vouchers" for the month of Febru.

ary, 1884, page 24, voucher 1960, March 3, Pacific Improvement Company account, $621.06. Will you please examine and say whether that is an overcharge or a rebate on the open-tariff rate?—A. I never saw the voucher. It is entered as an overcharge, and all the information that I have regarding it you have in this book.

Q. Would the entry be made if it was a rebate in any other way than an overcharge?—A. My impression is that it may be freight that was billed at a higher rate than the 2 cents per ton per mile that I spoke of, although I could not say positively.

NO SPECIAL RATE TO BALFOUR, GUTHRIE & CO.

Q. Do you know the firm of Balfour, Guthrie & Co.?—A. I do.

Q. Are they wheat dealers?—A. Yes, sir.

Q. Have you made a special contract with that firm as to freight rates?—A. I do not know of any.

Q. Are they shippers of wheat?—A. They are receivers of wheat; they are dealers in wheat.

Q. Then would their freight charges be largely for the shipment of wheat?—A. Yes, sir; on wheat. Whatever charges they paid would be on wheat. I do not understand that they paid the charges. I suppose that the farmers paid the charges on consignments to them.

Q. Have you given to that firm any special rate?—A. I think not; I am not aware of any at all.

"LOSS AND DAMAGE" VOUCHERS 5, 6, AND 7.

Q. I call your attention to, and I ask you to explain, an entry in book No. 1 of the same title as the book quoted above for the month of January, 1884, page 1, vouchers 5, 6, and 7.—A. That explains itself—"loss and damage." We paid a claim for damaging the wheat, I suppose.

The CHAIRMAN. Let me read it and then you can explain it.

The WITNESS. I beg your pardon, sir.

The CHAIRMAN. I am asking you for an explanation. "Balfour, Guthrie & Co., L. D., wheat, $1,487.81, voucher No. 6." "January 10, Balfour, Guthrie & Co., L. D., wheat, $3,624.17." "January 10, Balfour, Guthrie & Co., L. D., wheat, $492.63." Will you please examine the entry and explain it?—A. All the explanation that I can give is the fact that, in the column of on what account this was paid, it was entered L. D., wheat, which means loss and damage to wheat.

Q. What would be the character of the damage or loss?—A. I never saw the vouchers. It might have been a total loss, or it might have been a partial loss.

ENTRIES MADE FOR DAMAGES.

Q. Could it have been a wreck?—A. It might have been. I cannot give you any further information on the subject. Show me the voucher and I can explain it to you.

Q. Then the entries made in this book are not only the overcharges, by way of error and by way of rebate, but for damages arising by way of wreck. Are those also entered in here?—A. As I understand it.

The CHAIRMAN. Whatever the damage may be, we want to know what is in the book.

The WITNESS. As I understand it, the book which you show me exhibits the disbursements of overcharge and loss and damage to freight, vouchers for the month of January, 1884, on that page.

Q. So that such entries would be made in here, would they?—A. Yes, sir.

CONTRACT WITH HAWLEY BROTHERS.

Q. Do you know the firm of Hawley Brothers?—A. I do not know of any such firm now, but I know the firm which you mean. It is the Hawley Brothers Hardware Company.

Q. When were you acquainted with them?—A. I know them now.

Q. When were they a firm.—A. I want to be certain. Hawley is a common name here. There has been a Hawley a grocer, and I could not remember whether it was Hawley Brothers or Hawley, the grocer. The style of the firm that I know, and to which I think you refer, was Marcus C. Hawley & Co. Within a few years it has been made a joint-stock company, under the title of "The Hawley Brothers Hardware Company."

Q. In what business are they engaged?—A. They are dealers in agricultural implements, hardware, and wagons.

Q. Have you a special contract with that firm or company with respect to rates?—A. No, sir; we have not.

Q. Have you ever had?—A. We have had.

Q. When did that contract terminate?—A. I think it ended with December 31, 1884. I think that was the time that we abandoned what we called the contract plan, and this firm had one of those contracts.

Q. What rate had the firm under the open published rate?—A. I could not tell you; it was the rate that others in that line had. I am not sure now that Hawley Brothers & Co. had a contract with us in 1884; I am trying to recall whether they did not refuse to contract during the last year; I am not sure about that.

"OVERCHARGE BY WAY OF ERROR."

The CHAIRMAN. I call your attention to the same book, January, 1885, page 164. January 8, Hawley Brothers, $448.20, and I ask you to examine and say whether that is for a rebate, overcharge, or an overcharge by way of error.

The WITNESS. My impression would be that that would be an overcharge by way of error; I would not swear to it, though, without looking at the voucher.

Q. How would you distinguish in this book, if you can, what are overcharges by way of error?—A. I could not possibly do it; I would have to see the voucher itself in order to determine that question.

Q. Can you determine by the voucher whether it is an overcharge by way of rebate or by way of error?—A. I think I can.

CONTRACT WITH J. W. DOANE & CO.

Q. Was the firm of John Doane & Co., shippers over the Central Pacific, allowed a special rate?—A. I do not know the firm; I have forgotten them if I ever did know them.

Q. Had you any special contract with any such firm?

The WITNESS. Do you mean J. W. Doane & Co., of Chicago? We had years ago a special contract with J. W. Doane & Co. for teas between China and Japan ports and Chicago, conditioned on their shipping 50,000 packages of tea per year over our road. Our rate on a certain number of packages was so much, and on a larger number of packages would be so much less; on a still larger number of packages a still less rate would be charged. On performing their contract to ship

the full number of 50,000 packages in any one tea season, the lines between Chicago and Yokohama, Japan, and Hong Kong and Shanghai, China, refunded a certain rate according to the amount.

Q. Was that agreement in writing?—A. I think it was; yes, sir.

Q. How long did the arrangement continue?—A. Two years, I think; possibly three. I do not think it was longer than that.

Q. What was the difference in the rate charged under the arrangement and the public rate?—A. I could not tell you, for there was never any public rate on teas. We must take what we can get from our competitors, the English lines, the Suez lines. We made that contract, the object being this—will you permit me to explain?

The CHAIRMAN. Certainly.

ARRANGEMENTS AS TO TEA TRAFFIC EXPLAINED.

The WITNESS. At the time we entered this Asiatic trade New York was the tea market for the United States. All teas reaching the United States had to go through New York, either via Suez or via the Pacific Mail Steamship Company, to San Francisco, thence via Panama to New York. We met the conditions as we found them, and I believe for awhile carried a lower rate to New York than to Chicago, because Chicago was a thousand miles inland and we could get a higher rate. The rates, we will say, for example, from Shanghai and Hong-Kong to New York were governed by the rates via Suez or by sailing vessels to New York. To reach Chicago, of course the tea had to pay an additional rate for rail service between New York and Chicago. That gave us by so much an advantage in reaching Chicago. I believe we charged a slight advance for direct shipments to Chicago over the rate for direct shipments to New York, although the New York tea was carried through Chicago and a thousand miles farther. After awhile it was decided that that was not good policy, and we adopted the plan of making the rates to Chicago no higher than those to New York. Thereafter we charged the same rates to Chicago as to New York. About the time that we entered into this contract with Doane he represented that he was, and I guess he was, the largest tea importer in Chicago, and that he was getting the largest proportion of his teas via Suez and through New York. He would ship what he needed for immediate consumption by the short route via San Francisco, and then later in the season, when the low-priced teas came into market, he would ship via Suez, but that was some disadvantage to him and he thought he could not only increase his shipments through San Francisco but largely assist in making Chicago a distributing tea market as against New York if we would make him lower rates. It was to our interest, that is, the interest of the lines west of Chicago, to have Chicago become a tea distributing market as against New York, because we removed the tea a thousand miles from our water competitors; hence we made the contract with J. W. Doane & Co., fixing the rate upon the amount of tea that they shipped. I believe there was to be one rate charged to them in case they shipped 20,000 packages within the tea year. That, we will say, would run from May 1st to April 30th. Then it was graded up to 50,000. There was another rate for 30,000, and another rate for 40,000, and still another rate for 50,000. That is my impression.

Q. Did the larger shipper therefore receive a more advantageous rate than the smaller shipper?—A. During that time J. W. Doane & Co., I believe, in every case shipped their full quota and did receive a lower rate than the ordinary rate or than the other consignees at Chicago

who shipped a smaller quantity and who were free to avail themselves of the other routes.

READY TO GIVE THE SAME CONTRACT.

Q. Can you name any other firm in Chicago that received that rate?—A. I do not know whether we made that contract with any other firm or not. I think not. I think there was one firm there, perhaps two, that wanted the same rates as Doane, but they were not able to comply with the conditions, or refused to comply with the conditions of the Doane contract. We were always ready to give any man the same sort of a contract.

Q. The failure to comply was because the applicant was limited in the quantity, as I understand, that he desired to ship, and it did not reach your figures. Is that the case?—A. Yes, sir; he did not wish to ship that quantity by this route, but whether that quantity was beyond his reach or not I am not able to state. He may have wanted to ship the larger portion of his goods via Suez.

ARRANGEMENT WITH CALIFORNIA SUGAR REFINERY.

Q. Had the Central Pacific Railroad Company a contract with the California Sugar Refinery as to freight rates?—A. I do not remember whether we had a written contract or not. We had an arrangement with the California Sugar Refinery, at the time when it was the only refinery doing business here, whereunder we took sugar from San Francisco to the Missouri River at, I believe, 50 cents a hundred pounds, conditioned upon their shipping 5,000,000 pounds the first year, I think. I would like to explain that.

The CHAIRMAN. Certainly.

HISTORY OF THE SUGAR TRAFFIC.

The WITNESS. For a long time the California Sugar Refinery was the only refinery in operation here at San Francisco. It was the only refinery in operation on the Pacific coast. Previous to the Hawaiian treaty, which admitted sugar from the Hawaiian Islands duty free, they got their supplies of sugar from the Sandwich Islands and from Asiatic ports, but only in sufficient quantity to supply the Pacific coast. After the treaty was made it stimulated the production of sugar in the islands so that the output all sought a market in the United States because of its adjacency and because of the duty-free privilege granted by the treaty. The Pacific coast demand, that is, west of the Rocky Mountains, was not sufficient to take the supply. Sugar is a very low-class article, put down fourth or fifth class and sometimes into special class rates. The ordinary rate for sugar from New York to the Missouri River was about 50 cents a hundred pounds. That was at a time when they were maintaining rates during the peace period between the lines east of Council Bluffs, but there has scarcely been any long period during any year since I have been connected with the railroad business when they have maintained those rates; so I suppose that on an average—and we have acted on that presumption, which is very nearly correct—the cost of transporting sugar, that is, the amount charged for transporting sugar from New York and Boston and Philadelphia to the Missouri River points was about 40 cents per hundred pounds. The refiners of California, which was then the California Sugar Refinery, had to find a market for this sugar, else it would be transported in

the raw state direct from the islands to New York and there be refined and distributed back. That market had to be found east of the Rocky Mountains, and they represented, and I believed it, that it was necessary that we should put the sugar there at a rate of $10 a ton, which is about one-half a cent a ton per mile. In order to open the market east of the Rocky Mountains, and to make sure that we were going to get some business out of it that would amount to something, I believe we offered the owners of the California Refinery that if within twelve months they would ship 5,000,000 pounds (I believe they guaranteed five and did ship ten) we would carry sugar to the Missouri River at 50 cents per 100 pounds. They met the conditions of the rate, and we have continued it right along from that date. We gave the same rate to the American Sugar Refinery as soon as it was opened. We made no discrimination between the refineries, but continued the rate to both refineries until the passage of the interstate commerce act. Then we discontinued the rate, pending the action of the United States Commission in suspending the operation of the fourth section of that law. In the mean time, during the period that we withdrew that rate, the Canadian Pacific came into the market and took the sugar which had formerly gone over our road to the Missouri River at, say to Saint Paul, 50 cents, and to Omaha and Kansas City at 50 cents. We at first thought they could not do it, but they did it. They moved 900 tons in one month to Kansas City and Omaha and Saint Joseph. The fourth section of the law was suspended, and then we put in a rate of 60 cents per 100 pounds, thinking that we would get a little more money out of the business than we had been doing before, and that rate is now carried. This voucher I suppose represents the difference between the charges as billed and the contract rate.

Q. That is to say, you charged the full open rate and then the refund was made here as appears from time to time?—A. I do not remember the rate at which the sugar was billed, for this reason: That possibly when that sugar business was first inaugurated, we did not have any rate in our tariff because there was no such business. There was no need of providing for it. I think it is more than likely that we billed it at some higher rate, because we did not propose to accept the 50-cent rate unless they (the refineries) performed their part of the guaranty and shipped the quantity stipulated.

OVERCHARGES ON SUGAR EXPLAINED.

Q. I call your attention to the entry in the same book mentioned above for the month of January, 1884: February 6, page 23, "California Sugar Refinery, O. C., on sugar, $1,452.64;" February 6, "California Sugar Refinery, O. C., on sugar, $4,841.12;" February 6, "California Sugar Refinery, O. C., on sugar, $283.05;" vouchers Nos. 2,029, 2,030, and 2,031. Can you explain whether they were refunds made in consequence of agreements with the California Sugar Refinery?—A. My impression is that those amounts paid are the difference between the rate guaranteed under that arrangement and the charges as billed, although I would not be sure about it. We also, I think, gave them a lower rate to Denver, Colo., but it was higher than the 50-cent rate. I cannot remember exactly just what that rate was to Denver, Colo. That is on the other side.

FROM NOTHING UP TO 59,000,000 POUNDS OF SUGAR.

Q. The rate under the open, published rate was given by the Central Pacific as an inducement to secure the business, as I understand, based

upon future shipments?—A. Yes, sir; and the result of that was that the sugar business to the Missouri River has grown from nothing up to last year, I believe, there was shipped 59,000,000 pounds. I do not remember about 1884, but there was a time when we were at loggerheads with the Union Pacific on the Utah business, but whether it was in 1884, or not, I do not know.

Q. Then what did you do?—A. I do not remember whether or not it was 1884. We took all the business that we could get, and made such rates as were necessary to take it.

BUSINESS SENT OVER CENTRAL PACIFIC.

Q. Where did you send the business during that period?—A. We sent it over the Central Pacific road, of course. You must understand that Salt Lake City is between the two lines. It is considered as common territory to the two lines, the Central Pacific on the west, and the Union Pacific and the Denver and Rio Grande and the Burlington and Missouri River on the east; each strive to get that business.

Q. Did you reach Salt Lake City by way of the Central Pacific line or the Denver and Rio Grande?—A. The Central Pacific to Ogden.

Q. Then from Ogden to Salt Lake you used what line?—A. I think we have divided the business half and half between the Denver and Rio Grande and the Utah Central. I am not sure about that.

USED DENVER AND RIO GRANDE TO FORCE DOWN RATES.

Q. Has that continued since your disagreement with the Union Pacific?—A. I think that has been a rule since the opening of the Denver and Rio Grande. At the time of the opening of the Denver and Rio Grande road, or until the opening of the Denver and Rio Grande road, the only line between Salt Lake City and Ogden was the Utah Central. They had a fixed tariff at high rates—no higher than you and I would have charged if we managed the road, though, but they were arbitrary, as, perhaps, anybody would be justified in being, having a road of that character. The Union Pacific had an interest in that road. Our impressions were that they favored the Union Pacific road and charged us more for getting our freight down from Ogden than they did the Union Pacific; but as soon as the Denver and Rio Grande road was completed we used the Denver and Rio Grande road to force down the rates, and there may be a short period after the time of the opening that we gave the Denver and Rio Grande road all the traffic between Ogden and Salt Lake City. For how long I do not know, but I think it was a very short time. The Utah Central people said they were willing to do what was right, and then we divided the business. These vouchers may represent overcharges, or rebates as you call them, on Utah business that were necessary at that time.

REBATES GRANTED TO SECURE BUSINESS.

Q. Is the purpose of granting rebates on the part of railroad companies to secure the favor of shippers?—A. It is always to get business which they could not otherwise get; never to favor particular shippers as against others. I never knew a railroad company to pay a rebate when it did not have to. I am sure I never did.

By Commissioner LITTLER:

Q. Do you mean to say that that rule has no exceptions in the operations of the Central Pacific?—A. I think so. I can answer positively in my hands it never had an exception.

CONTRACT WITH BOCA BREWING COMPANY.

By the CHAIRMAN:

Q. Have you had a special contract with the Boca Brewing Company?—A. Yes, sir.

Q. When did you make a contract with that company?—A. I do not remember when it was. A gentleman by the name of Hess came here from the East some years ago. He was up on the mountains and saw the facilities for making ice there, and appreciated the fine water that is there, and conceived the idea of establishing a brewery. Of course it is in such a situation that every pound of his supplies had to go over our road, and every pound of his output had to go over our road. It had to compete here, in the San Francisco market, and elsewhere with the local brewing companies. We made the Boca Brewing Company special rates for the purpose of inducing them to erect that brewing establishment at Boca and to make business for the railroad. It was all clear gain to the Central Pacific aided line, like so much money picked up out of the ditch.

LESS THAN THE OPEN-TARIFF RATE.

Q. What was the rate to the brewing company under the general open-tariff rate?—A. I cannot tell you, but I think it was considerably less. I cannot tell you without referring to the books what the rate was.

Q. Were there any conditions as to the amount of freight that he was to ship over the road in consideration of the rate?—A. No, sir; there were none, because it was not necessary. He had to ship over the road.

Q. Were the rates fixed so that he could deliver his manufactured article of beer in this market so as to compete with the other brewers?—A. That was the object of it; but the object was to sustain that brewing establishment there in order that we might have the carriage of the barley and hops that were taken there and of the beer taken out.

Q. How long is the haul?—A. I suppose that in making the rates we were controlled almost wholly by his statement as to what was necessary. The haul is about 220 miles, something like that, from Boca to San Francisco. I would not be certain about it.

COULD COMPETE WITH LOCAL BREWERS.

Q. So that under the railroad arrangements he could manufacture beer 200 miles away from here and put it in this market and compete with every brewer here, could he?—A. We tried to effect that result.

Q. Was that the purpose?—A. Yes, sir; that was the purpose of it. At the same time the beer, such as they manufactured there, was coming in large quantities from Milwaukee, and Saint Louis, Mo., and as I remember it, Hess had an ambition to shut them out. The rates that we made on his beer would pay us better than our proportion of the through rates on this Milwaukee beer. His idea at first was to sell bottled lager beer, but the enterprise did not succeed, and with all the help that we could give him it failed.

NO CONTRACT WITH W. H. PERRY.

Q. Had you a contract with W. H. Perry of the Smelting and Mining Company?—A. I do not know of any such man.

Q. (Reading) W. H. Perry, L. & M. Co. Perhaps it is Lumber and Manufacturing Company?—A. Lumber and Milling Company, I guess it is. I think that is a lumber firm at Los Angeles.

Q. Have you had a contract with that firm?—A. I do not think we have had a contract with that firm, that related to aided lines at all. I do not remember of any.

Q. Have you given any special rates to that firm on the aided lines?—A. No, sir; I think not.

Q. Have you given any on the aided or unaided lines in the Central Pacific system?

Mr. COHEN. Do I understand that the jurisdiction of this Commission extends over the unaided as well as the aided lines?

The CHAIRMAN. You can object to my question if you wish.

The WITNESS. I will answer this question. I do not think that we ever had any contract with the W. H. Perry Lumber and Milling Company that affected either the aided or unaided portion of the Central Pacific Railroad Company's roads.

Commissioner LITTLER. What books are those?

The CHAIRMAN. The refund books of the Central Pacific Railroad. I call your attention to the entry in the same books. The Central Pacific Railroad books I am referring to.

Mr. COHEN. I made the objection because I thought the Commission has so much to do that, for the purposes of the Commission, it is hardly worth while going outside the objects and purposes for which it was appointed.

ENTRIES IN REFUND BOOKS OF CENTRAL PACIFIC.

By the CHAIRMAN:

Q. In this book on page 38, March, 1884, I find—

Voucher No. 529, March 14th, W. H. Perry, L. & M. Co., O. C. on lumber.	$2,016.91
Voucher No. 530, March 14th, W. H. Perry, L. & M. Co., O. C. on lumber.	210.08
Voucher No. 531, March 14th, W. H. Perry, L. & M. Co., O. C. on lumber.	355.80
Page 39, same book, March 14th, W. H. Perry, L. & M. Co., O. C. on lumber	148.00
March 14th, W. H. Perry, L. & M. Co., O. C. on lumber	75.00
March 14th, W. H. Perry, L. & M. Co., O. C. on lumber, &c	24.01
March 14th, W. H. Perry, L. & M. Co., O. C. on cement	500.00

Will you please examine the entries and say whether they were on account of contracts or were special rates by way of rebate allowed by the Central Pacific Freight Department or by any officer of the company in the management?—A. I am unable to say without reference to vouchers themselves whether they are overcharges in the nature of rebates, as we understand them, or overcharges the results of errors in billing.

WRITTEN CONTRACT WITH REDINGTON & CO.

Q. Have you made a contract with the firm of Redington & Co.?—A. We did have, under that general contract plan. Will you please repeat that question?

Q. Have you made a contract with the firm of Redington & Co. with reference to freight charges on shipments by them?—A. Yes, sir. Redington & Co. is a wholesale jobbing druggist firm, importers of drugs and medicine and supplies belonging to that line of trade, and is one of the firms that enjoyed the benefits of the contract plan.

Q. Had you a written contract with them?—A. I think so; yes, sir. We had printed forms that were filled up by the firms.

Q. About what time?—A. The particular years I cannot name, because I think this was one of the firms that held out for some time, previous to 1885, I think, for three and perhaps more years.

SYSTEM OF CHARGES TO DRUGGISTS.

Q. Had all the druggists the same rate?—A. I think that all the wholesale drug firms were under contract. As to whether the rates were the same to all I cannot testify definitely, because as I explained to you this matter of contract was at the beginning a dicker between the merchant and the freight agent, and we determined what rates should be charged by the showing they made as to what they were paying by all routes, including interest and insurance. I have no doubt that the first contracts that we made very often showed on the same article different rates of freights for different firms here from this fact: the interlocking of different lines of freight. Take a firm like Huntington, Hopkins & Co., for example. The item of shovels might be a very important and heavy item with them, while with Marcus C. Hawley & Co., who also carry agricultural implements and wagons, it was not so important. Then, again, some would get their shovels—I may not be happy in the choice of the articles for illustration—or whatever it might be in the West, and they could afford to pay at a higher rate than other men who got the same goods from the East. What we aimed to do was to approximate rates which upon the average would enable them to use the all rail route exclusively and to their advantage, under a guarantee of a year, rather than to take their chances in the open market and employ the three routes. That was an arrangement with each individual firm.

SPECIAL CONTRACT RATES MADE GENERAL.

Q. What was the objection to publishing the special rate if it was extended to all alike?—A. As I was saying, at the beginning the rates were not all alike, and I was trying to explain why they were so. After a time, when the contract plan became general, we published them; that is, we made a list of special contract rates, and then they became general to any one who would sign, great or small, agreeing to ship exclusively by rail.

NO ARRANGEMENT WITH WELLS, FARGO & CO.

Q. What arrangement had you with Wells, Fargo & Co. on their freight rates?—A. None whatever on their freight rates.

Q. Did you carry coke for them at the open published rates?

The WITNESS. Coke for Wells, Fargo & Co.?

The CHAIRMAN. Yes.

A. I do not remember anything of the kind.

Q. Do you recall an application, or an order, with reference to Wells Fargo & Co. on coke?—A. No, sir.

Q. I call your attention to an entry in the book of disbursements, of overcharge, loss and damage, voucher No. 2, for the month of December, 1884, voucher No. 1120, Wells, Fargo & Co.'s O. C. on coke, $1,158.03. Will you explain it?—A. I cannot explain that except upon the theory that it was a claim collected through Wells, Fargo & Co. It may be a claim assigned to Wells, Fargo & Co. They were never shippers of coke.

I think that very likely is a rebate voucher, and relates to shipments of coke to Utah. In order to compete with the coke produced upon the line of the Denver and Rio Grande road we have to carry it at very low rates. It may be possible that that was collected through Wells, Fargo & Co. or assigned to them, but I am quite positive that Wells, Fargo & Co. never shipped any coke, or could not have any interest in coke, except in that way.

Q. I find a number of entries here, that run generally through here from time to time, of the Standard Oil Company, "O. C. on empties." To what does the term "empties" refer?—A. I do not know whether it refers to empty packages or empty cans.

STANDARD OIL COMPANY'S SHIPMENTS.

Q. Did the Standard Company have many empty packages pass over your line?—A. I think they have shipped boxes. They would ship the oil in bulk and then ship the empty boxes and cans to be filled, but I cannot be sure about that. It may be possible that it related to refund charges on empty tank cars. They may have sent out here some few empty tank cars.

Q. Would that be part of the agreement made with them in 1876 that you referred to this morning?—A. As I explained this morning, or, if I did not I ought to have explained that, I do not think there was any such consideration in the contract that we should return them free. If we did return them free it was under some subsequent agreement or some understanding reached for some reason or other. We did everything that we could to encourage the Standard Oil Company in getting their business here, because it was a case of "ground hog." We must either have their business or we would not have any oil business.

DEFERRED TO THE JUDGMENT OF UNION PACIFIC.

Q. If the Union Pacific had entered into an agreement for the return of empties free, and that was a part of their agreement, it is likely that the through arrangement would be extended to the Central Pacific, is it not?—A. As a rule we have always deferred to the judgment of the Union Pacific upon western-bound freight rates and west-bound through business, and, unquestionably, if any of the chief officers of the Union Pacific had made a contract of that kind with the Standard Oil Company we would have shared in it just as the lines east of Council Bluffs would be likely to do. It was a matter of joint interest to us all, and we endeavored to confine the business to our line by all necessary concessions.

Q. The explanation that you have given with reference to the entries that appear from time to time on the books that have been shown to you would apply to the eighty six payments in the nature of rebates, amounting to over $12,000 during fifteen months—twelve months of 1884 and three months of 1885. Would that be the explanation of these entries?—A. Generally to the Standard Oil Company. It is altogether a matter of contract with them.

NO SPECIAL ARRANGEMENT WITH GRAYSON, HAROLD & CO.

Q. Did you contract with the firm of Grayson, Harold & Co. during the period you were making the contracts?—A. I do not think so. They were wholesale butchers, and I don't think they ever imported anything from the East. They may have done so.

Q. On account of what would you allow as an overcharge or rebate to that firm—what kind of a charge?—A. Possibly on cattle shipments from Nevada and Arizona, but I do not remember any special arrangements with them. I could not answer you without looking over it.

Q. Was there any competitor in business with them at the time?—A. They have never had any favors or anything that any other man did not have at the same time. There was no special arrangement with Grayson, Harold & Co. that I know anything about.

Q. What other competitors had they from points in Nevada here on actual shipments?—A. They would have as competitors all those wholesale butchers, such as Miller & Lux, Dunphy & Hildreth, and others.

The CHAIRMAN. It amounts to $3,633.

The WITNESS. It may have been on the cattle they shipped east to Chicago. We may have had to make special rates to keep them from driving to the terminus of the Union Pacific road.

The CHAIRMAN. April 2, voucher No. 1. They are all overcharges except one or two damage and loss.

Q. Voucher 196, "Grayson, Harold & Co., O. C. on cattle, $3,633." Does that recall any fact in connection with the shipment?—A. No, sir; it does not. I would have to see the voucher.

Q. Would the leading "local freight earnings" give any explanation?—A. There is no doubt of its being local business, that is, as contradistinguished from through business. It is susceptible of an explanation, if I had the voucher here. I know that it does not represent any peculiar or special favor to that firm.

SHIPMENTS OF CATTLE.

Q. If that firm had a rate was it a rate that was extended to all the firms in that line of business?—A. It would have been under the same circumstances. The cattle business is very peculiar. It is not infrequent that a dealer in cattle here may have in view the purchase of a large lot of cattle in Arizona or in New Mexico, which may have been brought across the Mexican line or may have been produced there. The question is whether he can buy those cattle and ship them here, or whether they will be shipped to the eastern market. We treat with him on the rates to move those cattle here. In Nevada the movement of cattle for the regular supply of the San Francisco market is constant, and the rates are regular and open. They are regular in the sense that they apply to all shippers, but they are special in the sense that until the passage of the interstate commerce law they were not printed.

SPECIAL RATES ON STOCK CATTLE.

I do not know of any special rates made on cattle from Nevada to San Francisco, that is, to individuals, except in some cases where they want to ship stock cattle, and want to ship them to some point in California and turn them out to fatten them and then ship them into the city. The combination of the local charges will make a very high rate and they could not do it. In such cases we would agree upon a price and when the transaction was completed we would refund the difference between the price agreed upon and the rate charged. The only other form of cattle shipment that would have to be settled by rebate is the shipment of cattle to a point in Nevada, say Reno, or in that

neighborhood, where they produce a very fine quality and abundance of hay which is cheap. Sheep and cattle taken to Reno are unloaded there and fed with hay for a month or two, perhaps longer, and then they are reshipped to market. We would bill them at the tariff rates to Reno and from Reno, and the combination of those rates would be greater than if they were shipped from the original point direct to their ultimate destination, but I believe we always charge something like $5 a car over and above what the through rate would be, for their stopping off, the final item of settlement, if it would appear in the nature of an overcharge or a rebate on our books, being a refund of the difference between the charge from the original point of shipment to Reno plus the charge from Reno to the destination, and the regular or general rate from the original point of shipment to their ultimate destination, if they had been shipped directly through without stopping off, perhaps plus $5 to the car. That explanation, I will venture to say, will cover that claim of Grayson, Harold & Co., but to say specifically what it was I could not without the voucher.

Q. We will show you the voucher. Were all cattle-shippers treated alike with reference to this rate?—A. Yes, sir; I believe there was no discrimination.

RATE MADE AT TIME OF APPLICATION.

Q. If it was not published, how did they get notice that you were engaged in that kind of business?—A. Wherever there was a special arrangement, like the shipment of a large lot of cattle such as I illustrated to you, it was so unusual and uncommon that no man would ever think of shipping without first coming and getting a rate; and the rate would be made to him at the time of his application.

Q. The rate fixed in that case would be based upon the number of cattle he was shipping?—A. That would, perhaps, have some influence in determining the rate; but I doubt if the condition of things down in Arizona and New Mexico was such as to permit us to make any wide distinction between the shipment of one car-load and one thousand, although we might undertake to do it.

WAS THERE A SPECIAL CONTRACT WITH CALIFORNIA WOOL CO.?

Q. Had you a contract with the California Wool Company?—A. I do not know of any such contract.

Q. Had you an arrangement with reference to a special rate with that company?—A. Taking the question broadly, as you ask it, I could not answer it. We may have had.

Q. Did you make a special rate on wool?—A. I never have made a special rate with the California Wool Company. The wool business to the East is very large. Previous to last year I think the rates were always the same, and open and regular to everybody.

Q. Prior to January who were your principal wool shippers?

The WITNESS. In this market?

The CHAIRMAN. Yes.

The WITNESS. I could not tell you. I am not familiar with the names. The packers change every year. Sometimes the packers ship in their own name and sometimes in the name of the owners of the wool.

RATES ON WOOL.

Q. Did you allow to any shippers a special rate as distinguished from the open rate?—A. I think not. Previous to last year I may, generally

speaking, answer no. There may have been cases where a mill-owner was out here and was likely to ship via Cape Horn and we had to shade something off in order to get him to ship by rail. You understand that the man who buys wool here for a mill is not particular about the time that he gets it all forward. He will ship, ordinarily, sufficient by rail to keep his mill running and keep up his supplies until the remainder, which usually constitutes the bulk of his purchase, arrives via Cape Horn. There may have been circumstances like that in the past when we have made special endeavors, special rates, in order to get a particularly large lot of wool that would have otherwise gone via Cape Horn. I have not any doubt that in my experience there have been frequent instances of that kind.

Q. Was that special rate given to all those shippers?—A. Under like circumstances; yes.

Q. What would be the difference that you made, if you can recall it, between the general public rate on wool and the special rate?—A. I cannot recall a single instance where that thing was done; but I have no doubt there were cases of that kind.

Q. How does the principal part of that wool business go; over what line?—A. At the present time I could not say; but I think that since the opening of the route via New Orleans it has mainly gone that way; the larger portion of it has, because it is all destined to New York and New England points.

VOUCHERS 1195 AND 1196, CALIFORNIA WOOL CO.

Q. I read from book No. 1, the same book, page 183, vouchers 1195 and 1196, March 31, 1885, California Wool Company, $1,830.41. It is entered in this account as "the Southern Pacific Company, a system account." Will you please look at the entry and explain it to the Commission?—A. I cannot explain it without reference to the voucher. That entry would indicate to me that it went via the New Orleans route, that is all. Possibly that it was all paid by the line east of El Paso. I think that is what that means. In March, 1885—during January, February, and March the rates were very much demoralized here by all the lines cutting rates. Rates were not stable at all. They were being cut as much as 40 per cent. by all the routes from day to day, and it was done by all the lines, as I understand it, by vouchers; that is, bills of lading were taken at the full rate and the difference refunded.

Q. Can you give an estimate of the amount of rebates or overcharges, during the year that you had the contract system, that was refunded?—A. I could not form any estimate whatever without referring to the books.

POOL BUSINESS IN CHARGE OF WITNESS.

Q. Who had charge of the arrangement of the pool business of the Central Pacific Railroad Company?—A. You may say I was practically the negotiating agent. Sometimes the general manager was with me at those meetings and sometimes he was not.

Q. When did you take charge of that branch of the business?—A. I always had more or less charge of it. I suppose that was the reason they made me general traffic manager, in order that I might attend to our relations with other connecting lines. I pay more attention to that than anything else.

Q. Have all of your pooling arrangements been printed or written?—I think all the important ones have been; yes, sir. We have not been

as much in that trouble as our Eastern friends. We have had very few of them. The principal pool was the transcontinental pool, and next to that was the Utah pool. Aside from that there were no pools that amounted to anything in which we were interested.

Q. What is the purpose, as you understand it, of the formation of a pool?—A. To maintain rates and to make revenue and to neutralize competition.

Q. What effect had the formation of a pool and the maintenance of rates upon the general community and the public at large?—A. Beneficial.

COMPETITION NOT DESTROYED BY POOLS.

Q. If the rates were made higher by the formation of a pool, would they be of benefit to the people or to the road?—A. It would be of mutual benefit. There is a mistaken idea that pools effect an advance in rates.

The CHAIRMAN. That is what I want to know.

The WITNESS. That is not true. The tendency of rates is downward. It always has been and always will be. You cannot control it. Under the best arrangement you can possibly make in the nature of a pool you do not destroy competition. The competition still continues, but in a modified form. The best you can say of the best pool with which I am acquainted or have been acquainted is that it averts a war of rates, which, of course, is destructive to railroad revenue, and is a very great injury to the community at large. The thing of perhaps the greatest importance to the merchant, the man who pays freights, is to have reasonable rates, equality of rates, and stability of rates; and those conditions are more nearly approximated by the pool arrangement than by any other scheme that so far has been devised.

Q. How far is the merchant a party to the fixing of a rate under a pool arrangement?—A. In a large measure the merchant makes his own rates.

CARRIER AND MERCHANT EQUALLY CONCERNED.

Q. How can a merchant get a rate at any point that is under a pool contract?

The WITNESS. Get a rate? You mean get a lower rate?

The CHAIRMAN. Yes.

The WITNESS. Simply by showing the necessity for it. If there is any reason for the rate being reduced, because the rate that is enforced is restrictive of trade or bears hard upon the merchant in his relation to other communities or to other territory, all he has to do is to make that evident to the carrier. The carrier is equally concerned with him that that business should be fostered and promoted.

EXCEPTIONS ARE MADE.

Q. Do all pools with reference to freight make such exceptions in their agreement?

The WITNESS. What exceptions?

The CHAIRMAN. Exceptions based on the necessity of trade, so as to disturb the pool that has been agreed upon between them.

A. I do not believe I understand your question. Wherever there is any pool it must be between several carriers; and one of the prime conditions is that the tariffs or rates must be agreed upon, jointly. No

carrier goes into a pool with any idea that he is going to lose any of his natural advantages. Every carrier through its agents has its clientage, and is just as jealous of the interests of that client and to see that he is not prejudiced by any act of the pool and that his friendship is not alienated, as he could possibly be if there were no pool at all. A client of any railroad company, a patron of it, is looked upon as a friend of that particular line and has always access to the officer having the rate-making power. He reaches that officer and represents the effect of the tariff, and states what it ought to be and what the effect of the change would be on his interests and consequently upon the interests of the road that he patronizes and the effect on the pool as a whole, and that officer brings the matter to the attention of the other companies, and very likely at the next meeting the proposition is made to make the change that is asked for. As a rule those changes are made because there is no way and never has been any way of maintaining a pool, except upon the good faith of the parties interested, and therefore you cannot resist a reasonable application, or one that is apparently reasonable, from any man, for it would endanger the whole fabric.

POOLS RARELY MAINTAINED.

Q. Are the pools strictly maintained?—A. They are rarely strictly maintained, in my judgment. There is always some agent that thinks he can make a reputation or get business for his road by a little sly piece of work; and he generally gets his work in. In about twenty-four hours the other fellow hears of it and there is a row. The result of it is that there is a meeting called and the thing is patched up again. The transcontinental pool was in force up to December 31, 1885, and yet during the last three months of that pool the rates were cut from here to the East as much as 40 per cent. The cutting began covertly, but of course was discovered, and then every fellow went in. There was a defect in the organization; everybody knew that one party to the agreement was dissatisfied, and that there would soon have to be a meeting. I believe there was a notice for the dissolution of it pending. It was expected that when the various parties met to readjust the pool the record of the past, that is, the relative amount of business carried by each party, would have great force and influence in determining the shares of the pool in the future. Because of this some of the agents tried to make as large a showing as possible, and did it by cutting the rates.

Q. If at any point the freight rates are pooled by the railroad companies running into a particular point, how is it possible for the merchant to get any rate pending the arrangement, other than the rate agreed upon by the pool?

The WITNESS. Pending the next meeting, you mean, when they come together?

The CHAIRMAN. Yes.

A. They go to work with the wires and try to get an agreement before that. He may not be able to get it immediately. He may not get it as soon as he could if they were out of the pool.

MERCHANTS WANT STABILITY OF RATES.

Q. Is not the effect on that particular point to place the freight rate at the command of the railroads instead of where it would be placed by the natural competition of trade and the demands created by such competition?—A. No; I think not.

Q. Why not?—A. I will tell you why. The merchant, as a rule, would rather pay a reasonable rate for freight; that is, a rate that will pay upon the average a fair profit for the transportation of his freight and be protected, as he is, against discriminations and against constant fluctuation in the rate, than to have the demoralization that would ensue in case each road worked independently and each was trying to grab all it could get. His compensation for the temporary inconvenience, supposing that he had a case where the tariff was not altogether what it should be, is in the fact that he is guaranteed against instability of rates and against inequality of rates.

THE POOLING SYSTEM THE BEST SYSTEM.

Q. Does not the pool system lead to rebates that are allowed from time to time to particular merchants or traders in order to take advantage of their pool agreement and cut the rates unknown to their competitors?—A. On the contrary the pooling system is the very best system that I know anything about to secure stability in rates and equality of rates. It is the very best system so far found to remove these discriminations between individuals and discriminations between localities. After an experience of some seventeen years in handling the traffic between the Atlantic coast States and the Pacific coast States—and I presume that I have had as much to do with it as any other man in the United States, and I do not own a dollar's worth of railroad stock or a dollar's worth of railroad bonds, and it is not of the slightest moment to me whether these roads make money or lose money, so far as my personal income is concerned—I believe that the only solution of this question, or that the true solution of this question is the legitimating of pools, and I believe it will be done. I expect to live to see it, and I would recommend the legitimating of pools if I were before Congress and they were taking my testimony as an expert as to how best to serve the community.

Q. Do I understand you to say that from your experience pools are not maintained?—A. I say they have not been always kept.

Q. Did you ever know of a pool in the seventeen years of your experience that was maintained twenty-four hours after it was agreed upon?—A. I think there have been pools maintained for a certain period. I think our Utah pool was quite well maintained.

Q. For how long?—A. For a year at a time. I think that we had a pool with the Union Pacific and Central Pacific road that run for a year without any great outbreak. I only learned from Pete Shelby's testimony before this commission that he was cutting rates during that time, but that we did not know anything about.

POOLING CONTRACTS SHOULD BE LEGALIZED.

Q. You do not know whether it was maintained or not, do you?—A. The beneficial results to the community and to the railroad were certainly obtained; and let me explain this, that the reason that the pools are not maintained and have not been maintained is because the idea has generally obtained before our courts and our legislatures and the public that pools are unlawful. I make a contract with you and I have got to trust to your honor for your performance of that contract. The ordinary man will do it under those circumstances if he thinks it is to his interest to do it. If a pooling contract between carriers were legalized and made lawful, and could be enforced before the courts, just as a contract

between individuals, we would remove that trouble. In the first place they would be more careful about making their pools, and in the second place they would be very careful about maintaining them after they were made. Pools could be made subject to the approvals of courts or of commissions, and if they were they certainly would be beneficial to the public at large.

Q. Have you ever been in a freight pool where the freights were raised?—A. Where the normal rates were raised, no. Where the rates were advanced over the cut rates or war rates that may have obtained for a period preceding the organization of the pool and which perhaps brought about the pool, yes. Take, for instance, the transcontinental association. Rates were not raised when that pool was formed and the rates constantly tended down during the whole continuance of the pool.

INTERESTS OF RAILROADS AND COMMUNITIES IDENTICAL.

Q. Is it in the power of a railroad pool to fix the rates at any price that they may agree upon for any given point?—A. The pool has no greater power over the combined roads than the officers who are charged with management of the individual roads have over the individual road. With a railroad manager there is the restraint of self-interest, which is more powerful than any agreement which can possibly be made, holding him in check. Pools are made to conserve the interests of the railroad companies. The interests of the railroad companies and the communities they serve are identical. You cannot make a tariff that is restrictive of trade that will diminish production and that will not encourage and foster production and serve the company that employs you well; and no president or general manager could sustain himself if he would order anything of the kind.

EFFECT OF POOLS ON MERCHANTS.

Q. Is it your experience that the merchants of a community are better satisfied with raised rates of a pool because of the stability afforded by the pool than they would be if they received lower rates under competition?—A. I do not like the term "raised rates" because I think that it is likely to create a misapprehension of the facts. I think that, for example, that there is not a merchant of any considerable importance in San Francisco that would not have preferred the continuance of the transcontinental pool during the year 1886 to the demoralization in rates that ensued after its disruption. There may be some modification of that. The dissolution of the pool and the war of rates that followed of course affected some people advantageously; but take the opinion of the people who pay the largest freights and I venture to say that they would support my view. I know that I have had some very heavy merchants in town ask me when we were going to patch this thing up, speaking of the war of rates of last year. They were demoralized; they could not tell where they stood; they could not make any forecast of their business at all, and they wished that we would fix the matter up; that it was hurtful to them.

Q. Is it not because the larger merchant or shipper had special rates and under the competition the smaller merchant got the benefit of the competing rate and therefore enjoyed the benefit of trade to that extent?—A. No, sir; because in the year 1885 I do not think there were any special rates. There may have been cases of the kind.

CONTRACTS NOT AFFECTED BY AMOUNT OF SHIPMENTS.

Q. Were not your contracts for special rates based upon and measured largely by the amount of the shipments?—A. No; they were not.

The CHAIRMAN. I understood you to say that.

The WITNESS. Not with respect to this through business that was involved in this war. In these special contracts originally the amount of the shipment had something to do with it, but only because the man who was the larger dealer would get lower rates of insurance than the small dealer and his interest account was smaller than the small dealer. He would get lower rates by vessel, and when we dickered with that merchant upon a proposition to bring his goods here, upon the whole, or upon the average, he would figure on the cost he had to pay when using all three routes, and we had to take those things into consideration. The difference there was in interest and insurance and the rates paid to Cape Horn vessels made for the time being a difference in our rates. I do not pretend to say that when we started on this contract plan the rates were equal in all respects; on the contrary they were not. It was a matter that we did not like and we tried to get out of it, and did get out of it as soon as we could; but as a rule there is no distinction made between the large and the small shipper. The merchants who pay the freights would like to see that policy adopted. I think I can produce petitions to that effect.

PETITION TO ADOPT THE CONTRACT PLAN.

Q. Of what policy are you speaking?—A. That the rates should be based upon the amount of tonnage. I think we have had an official communication addressed to us by a body of merchants and shippers recommending that we adopt that plan and make one rate to a man that would ship 10,000 tons per annum and another for a man that would ship 5,000 tons per annum, and so on. That may not be the right gradation, but that is sufficiently illustrative. We denied it, and one of the principal objections upon the part of our largest shippers to the contract plan was the fact that as soon as we got it running there was equality of rates and the small shipper got the same rate as the large shipper.

EFFECT OF CONTRACT PLAN TO EQUALIZE RATES.

Q. Was not the effect of the contract rate to enable the large shipper by reason of special rates based on the quantity he shipped to undersell the small shipper in the retail market?—A. On the contrary, it had no such effect. It had the effect of equalizing the rate between the small shipper and the large shipper. You must bear in mind, Mr. Chairman, this fact: I started to explain the beginning and the growth of this contract system. At the beginning we met the merchant individually and dickered with him on his particular trade, just as I have explained, examined his bills of lading, his insurance policies, &c., and made the best contract we could with him, aiming to bring his goods here at about what it would cost him to use all three routes. We perhaps the first time did not get more than one or two large shippers in, and then the next attempt we got a half a dozen and perhaps got all of one line of trade, and so on. It was the work of two or three years to make the contract plan general, and when we accomplished that we made a list of contract rates and published it and said:

Here, anybody, the small merchant here or at Santa Cruz, if you will sign a contract to ship exclusively by rail, you shall have the benefit of these contract rates.

The merchant in San Francisco said:

That is not fair; you are discriminating against us. You are destroying our trade. You are taking away from San Francisco the advantages of location and of established trade and of the sea-port. We carry large stocks of goods. We have been accustomed to import these goods by sea, and by reason of our capital, which is the product of our industry and enterprise, we were able to carry a six months' stock on water and a six months' stock in store. The little man who has not got the capital, who has not got the industry or ability, who has not applied himself to gain the capital, which is the just product of labor, cannot do that. He must ship by rail, and here after I have gone and made a contract with you to ship all my goods by your line you give him the same advantages that I have and deprive me of my custom and turn it over to the Eastern man and destroy my business.

They urged that with great force as the principal objection to the contract plan by which we equalized the rates between the large and the small shipper. That was the condition of things in the last years during the operation of that contract plan.

FREIGHT RATES ON MERCHANDISE AND STAPLES.

Q. Coming back to pools. If a pool fixing the rate for a given point is made, is not the merchant governed in the prices of his merchandise somewhat by the rate of freight he pays upon it?—A. There are some articles into the cost of which the freight rate enters largely; there are other articles as to which it does not amount to anything. If you go into a clothing store to buy a suit of clothes, whether the merchant paid 12 cents a pound or 6 cents a pound for bringing out the goods that entered into the construction of that suit, or whether he paid 3 or 1, would not be noticeable in the price you paid for it. But when you get down to staples, of course it does have some influence, and a very slight difference in the freight rate will very often determine the sources of supply. It may be from one place or it may be from another.

Q. So that, then, in proportion as the pool arrangement controls the freight rate of a community and the price for that freight enters into the merchandise, the railroad company, through its pool arrangements, controls the price of merchandise and of supplies to the community. Is that so?—A. You may think so, but I do not.

Q. Will you explain that?—A. I will give you all the information I have. But do not commit me to a proposition that is not mine and that cannot be defended.

The CHAIRMAN. I do not want to do that.

MUTUALITY OF INTERESTS OF CARRIER AND SHIPPER.

The WITNESS. In the first place I hold this—and so far as my authority has gone it has been my practice in the conduct of the traffic of the company that has employed me—that there is a mutuality of interest between the carrier and the public it serves. I am announcing that as a general proposition. Of course there are individual exceptions to it as there are to all cases. An enlightened self-interest moves the carrier to make the lowest rates necessary to move the largest traffic. If you have a village on the line of your road that, by a careful consideration of all its advantages, is a point eligible for manufacturing, your own interest is going to move you to give that village all the facilities that you can possibly give it in order to develop its resources and to make business for yourself. In other words, the policy of every railroad company ought to be, and I believe according to the degree of intelligence that is possessed by its management it is the practice, to move the max-

maximum tonnage at the maximum price but at the minimum cost. Now, I would call a normal rate a rate that suffices to move the products of any agricultural community to the general market under such favorable conditions as to stimulate the production in that neighborhood; and I think that a rate that did not encourage the farming industry or productions was an abnormal rate, was too high, and ought to be changed; and I think that a railroad company or a railroad manager that had any sense at all would certainly reduce that rate as quickly as possible. On the other hand, taking our own State, where the price of wheat is governed by the price of wheat in Liverpool, then the price in San Francisco would be the price in Liverpool, less the cost of freight from San Francisco to Liverpool; and the price, say, at Merced, in the San Joaquin Valley, would be the price in San Francisco, less the freight from Merced to San Francisco. Now, the farmer, of course, would not take into consideration that the railroad company is at some cost in performing this service and must produce some revenue. He would aim to get the lowest possible rate he could. He would not hesitate to "jew" the railroad down. I would not if I were a farmer. The railroad company therefore does not favor such applications as that, and is continually in the attitude of resistance, and must necessarily be. But if the railroad company finds that the rate it charges from Merced to San Francisco is such that where there are a thousand acres in that neighborhood tilled and producing grain no more is put under cultivation because the rate is too high, if that company is under an enlightened management, it will reduce that rate.

THE HERESY THAT RAILROADS ARE PUBLIC PROPERTY.

Q. Do you not in each case, or in the cases that you have cited, make the railroad the judge of the stimulant to be applied to any community?—A. Quite true; there is no doubt of that. I hold that the railroad is the property of its owners. I do not believe in the heresy that it is public property. If I put a dollar into a railroad I think it is just as good and I am as much entitled to the return of it as if I put it into a farm, and I believe that I ought to have the protection of the law. I believe that the railroad owners ought to manage their property, and I believe that the community is better protected in giving that management to the owners of the road, because their interests will carry them farther towards developing the resources of the community which the road serves than will any legislation or court proceedings.

Q. Am I to understand that you would consign the general business of the country and the movement of freight from one community to another to the control, management, and protection of the railroad companies?—A. I would. The laws of trade would govern them in the matter. Wherever the rate is too high another railroad is sure to be built alongside of it.

Q. Is it not true that the very moment that the railroad is built and completed and the last spike is driven a pool is formed?—A. So I have said. In that case the pool does not advance the rate, and it does not destroy the competition. Rates will be continually downward, and I defy any man to show me an instance to the contrary.

THE CASE OF LEADVILLE.

The CHAIRMAN. I call your attention to Leadville, where there are two roads and where the citizens are now building a third road, hoping that

they may be able to break the pool that a second road was built to break when there was a monopoly of one road, and their fear is now that the railroad interests will get the third road and there will be a pool and the rates will be about the same.

The WITNESS. Take the case of Leadville; the mining interest decayed and business depreciated. You never heard any complaint from Leadville of the rates charged while business was booming and they were taking out immense amounts of bullion; but that time has passed away. People have made their investments. They have paid high prices for property and paid high prices for mines, and now that the bullion output has decreased in value they want the railroad companies to suffer the loss since the mines have petered out, and wish to compel the railroads to perform the transportation at a price that will pay the mine-owner a profit.

By Commissioner LITTLER:

Q. Do you know that the product of Leadville last year was equal, with one exception, to any year since it has had an existence, and greater than the year preceding?—A. Possibly in value, but it took a greater number of tons to make that value than it did in any preceding year. Is not that so?

CONSTANT DOWNWARD TENDENCY IN RATES.

Commissioner LITTLER. Yes; but that would be against your argument, because it would furnish that many more tons to be moved.

The WITNESS. Not at all, because freights may have been down, by reason of former competition, to a minimum rate. Now, I venture to say this, and it is right in the line of my argument, originally there was but one road to Leadville. When the second road was completed, assuming that the two companies immediately pooled, I will venture to say that there was no advance over the rates that were in force on the one road, but that since the completion of the second road, notwithstanding the pool, there has been a constant downward tendency in rates. That is what I have said and all that I have said, and I believe that without any special knowledge concerning that place or those points the history of the case will prove it.

PROPORTION OF POOL BUSINESS TO TOTAL BUSINESS.

By the CHAIRMAN:

Q. Is not the effect, however, of the pool, under those circumstances, to stop any too sudden fall of freight rates?—A. Certainly; the railroads are entitled to some protection in the matter, are they not?

Q. I am asking you. What proportion, if you recall, of the estimate of the business of the Central Pacific from year to year during the formation of the pools you have spoken of was pool business?—A. That I cannot tell you without looking it up.

Q. Would it be 50 per cent. or 75 per cent.?—A. I would not like to hazard an answer. That is something I would not like to state.

The Commission then adjourned to Saturday, August 13, 1887, at 10 o'clock a. m.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Saturday, August 13, 1887.

The Commission met pursuant to adjournment. all the commissioners being present.

JOHN C. STUBBS, being further examined, testified as follows:

By the CHAIRMAN:

Question. Will you furnish to the Commission a statement showing the total amount of rebates allowed by the Central Pacific Railroad Company from the organization of the road down to date?—Answer. I understand that that has already been asked of our controller, who is at the head of the accounting department. I think that his reply was to the effect that as the books of the company were open to the accountants, it would be a good deal better for them to do that for you. I do not regard that I have the authority to promise anything more than that.

Q. Then do I understand that you offer to the Commission the accounts showing the rebates from the organization of the road to date, so that the accountants of the Commission can take off the totals?—A. I understand that that has been tendered to the Commission.

Commissioner LITTLER. Let me make an inquiry before you proceed. If you are making calls, do you not want to call for a statement of the pool balances paid by the Central Pacific?

Mr. COHEN. We have that prepared. Mr. Miller has prepared such a statement. He thought that you were going to examine him yesterday, and he was here with it ready to proceed. When he is put on the stand he will produce this statement.

The CHAIRMAN. The reports showing rebates have not been furnished. I understood Mr. Miller to say that he was unable to furnish them, and referred us to Mr. Stubbs, the general traffic manager. I thought perhaps he had some account by which he could make up the statement.

Mr. COHEN. I think probably that you are mistaken in the term when you say that we are unable to make such a statement. It is simply a question of time and expense for us, and we thought that as you had so many accountants paid by the Government, you would do it yourself.

The CHAIRMAN. You mean that you are unable in the sense of time and expense required?

The WITNESS. Not only that. If I understood Mr. Miller correctly when he gave me the information in the office, he thought it would be accepted by the Commission and by the public generally as more accurate and subject to less criticism if made by your accountants. It would leave no room for saying that we had misrepresented or twisted or turned the accounts, so as to make a different showing from what the real facts were.

WOULD HAVE TO EXAMINE EACH INDIVIDUAL VOUCHER.

Q. Have you examined any of the vouchers since you were here yesterday?—A. I have not.

Q. Are you positive that the vouchers will show the character of the payment—whether it is an overcharge or a rebate?—A. With respect to the overcharges to which you called my attention yesterday, I cannot make any different answer this morning than I did then. As a rule, it would require the examination of each individual voucher for me to answer you definitely as to the nature of it.

Q. Would the general auditor know whether it was a rebate or an overcharge by any indication on the voucher?—A. I do not think that there is any man who could tell without examining each individual voucher. You ask me in respect to claims that cover a period of sixteen or seventeen years, and inquire about vouchers of that character. Vouchers of that character sometimes aggregate six thousand a month, and it would be impossible for me to make the examination which your inquiry demands.

WAS THE REBATE ACCOUNT BALANCED DURING SIXTEEN YEARS.

Q. Did not the company, during sixteen or seventeen years, balance the account at any time?—A. I do not think that it made up any account segregating the charges and balancing them up.

Q. How were the directors informed as to the amount of rebate business that they were doing in a year?—A. I do not think that they were informed at all. I do not think that they ever asked a question. I have no knowledge of their ever having done so.

Q. Is there anything on the face of the voucher which will indicate to the general auditor whether it was an overcharge or a rebate?—A. If you will excuse me, I do not wish to offend any person here, or to be regarded as being disrespectful to the Commission in any way, but it seems to me that the general auditor would be the best witness as to what his knowledge would be. I could not say.

The CHAIRMAN. The general auditor has already stated that he would be unable, as I recall it, from the voucher itself to tell the nature and character of the overcharge, and he has referred the Commission to the general freight agent.

The WITNESS. It is possible that the general auditor, by examining the voucher, could not give you as accurate information regarding the character of that voucher as I could. There is not a voucher that you can present to me in the nature of an overcharge or rebate that I can not explain to you, and make a rational explanation of it. There may be some, but I think not.

Q. Is that due to any mark on the voucher, or to the fact that you recall the nature of the transaction?—A. It would be owing to the statement of facts that would be made upon the face of the voucher, and from any external evidence.

The CHAIRMAN. Mr. Cohen, we will have to have these vouchers and have Mr. Stubbs go over them as well as he can. That is the only way to do.

FIVE OR SIX THOUSAND CLAIMS A MONTH.

By Commissioner LITTLER:

Q. Can you not go over those vouchers at the office and save a great deal of time to yourself and the Commission, or have some clerk do so?—A. I could not undertake to go over all of those vouchers. It would take a year to do it. As I have already stated to you, these claims amount to five or six thousand a month that we have paid, and in a great many instances they are paid for account of connecting lines.

By the CHAIRMAN:

Q. Were there so many transactions by way of rebates in one year that it would require considerable time to determine the number and amount?—A. I should have to go over and examine each voucher in order to segregate what you call rebates from what you would call

overcharges, as I understand your use of the terms. That would require, in my judgment, the handling of every voucher.

Q. How do I use the term rebate differently from what you use it, as you defined it yesterday?—A. I do not know. I have given you my definition of it, and when I use the term I use it in accordance with that definition. Whether you agree with me or not I have not yet been informed.

ONLY CONCERNED IN THE NET RESULTS.

Q. Regarding freight transactions, what percentage of business by way of rebate, as you understand it, did you do in one year?—A. I cannot give you the least idea of that. It is a matter of utter indifference to us what the rebates amount to. We are only concerned in the net results—the money that is paid into the treasury.

Q. When do you ascertain the net results?—A. They are ascertained in the auditor's department. When a claim is paid by the paymaster, or whatever agency is used to pay it, it is sent in to the auditor and charged against the earnings account.

Q. How often do you ascertain net results?—A. I never ascertain them myself. The auditor does that.

Q. How often did the auditor ascertain net results?—A. So far as I know, he makes a monthly showing, as nearly as he can, of the earnings.

Q. In showing the earnings in the monthly statement does he deduct the amounts that have been allowed during the month by way of rebate?—A. Just how he does it I am unable to state. The presumption is that he balances his books.

THE VOUCHERS FOR FEBRUARY, 1884, CALLED FOR.

The CHAIRMAN. Mr. Cohen, we call for the production of the rebate vouchers for the month of February, 1884, and ask that as many of them as possible be produced to the Commission now, so that this witness may be examined. If you send a messenger, or we will send a messenger or subpœna either, we will be obliged, because the witness cannot intelligently go on without them. What is your answer?

Mr. COHEN. I did not make any answer. I will produce the vouchers as soon as possible.

The WITNESS. Let me suggest a question to you as to whether the chairman means the vouchers paid during the month of February, or whether he means the rebate vouchers paid on business transactions during the month of February. Some of those vouchers paid in February, 1884, may have been for account of 1882.

The CHAIRMAN. I mean the vouchers as represented in the book which you have produced—the refund book.

Mr. COHEN. That is a little indefinite, Mr. Chairman. Can you put it more particularly than that?

The CHAIRMAN. I call for the vouchers for the month of February, 1884, represented by the charges in the refund book for the month of February, 1884, and produced to the Commission. The entries in the book the witness is unable to explain unless he has the presence of the vouchers.

Mr. COHEN. I will produce all the vouchers called for as soon as it is possible for me to do it. As we are nearly a mile away from the place where they are kept I cannot do it this morning. After a reasonable adjournment I shall be prepared to deliver to the Commission

all such vouchers called for as may be in the possession of the company.

The CHAIRMAN. I shall ask for a session this afternoon at 2 o'clock and shall be here in session myself, if the other Commissioners are not able to be here, and finish this matter.

Mr. COHEN. I cannot produce them without some reasonable adjournment to permit me to get them. I cannot undertake to say that I can produce them between 12 o'clock and 2. If the Commission will give me time, I will get the vouchers. Where there are no physical difficulties in the way I will accommodate the Commission in every way in my power. I wish to say further, however, that I have been at the service of this Commission every hour of the day from Monday morning to the present time. I have had no time even to take lunch. I have been subject to its calls and have done everything in my power to facilitate the business of this Commission from 7 o'clock in the morning until 10 o'clock at night. I have done all that I can do, and I can do no more.

Commissioner LITTLER. I wish to ask the witness how long it would take by the exercise of ordinary diligence to assort those papers and to get them here?

The WITNESS. I really cannot say. We will try to do it by 2 o'clock, if that is possible. There is no intention on our part to keep these vouchers from you, Mr. Chairman. As far as I am personally concerned I wish to say that this is Saturday, a short day in San Francisco. I am accustomed to quit work at 3 o'clock on Saturday, but if you desire it I will stay all night.

By Commissioner ANDERSON:

Q. How long would it take you to go to your office now and get them?—A. I cannot give you any idea. It will take from fifteen to twenty minutes to go there, and it will take about the same time to return. How long it would take the auditor, in whose custody those vouchers are, to gather them together and check them off from the book I cannot say.

The CHAIRMAN. The reason why I insist upon this to-day is that the other side desires all of next week in which to introduce testimony, and the Commission has set apart next week to hear that testimony.

Mr. COHEN. If the Commission will name Monday for the purpose of going over the vouchers I am perfectly willing to have them here Monday morning at 10 o'clock. I understand that the Commission has laid out work enough for us all next week in the United States courts. It will take our time there. Whatever the order of the Commission is we are here to facilitate it in every way that we can.

The CHAIRMAN. You are not doing it.

Mr. COHEN. We are trying to do it, Mr. Chairman, and will do it if you will be a little mite reasonable with us. We cannot do impossibilities.

Commissioner ANDERSON. Personally, I am willing to stay over week after next, if you are not through with your case. If necessary, I will stay in San Francisco for a month.

Mr. COHEN. There is another thing. I want to try and deal fairly with the Commission. So far as I am concerned, I do not intend to produce to this Commission any book, paper, or voucher from this time forward that I have not had an opportunity of examining before it comes here. Considering my duty as counsel for the company, it is necessary for me to inform myself as to the evidence that is coming

here, so that I may be prepared to meet it, and take advantage of it, and put it in a proper way before the Commission, so that it shall not be used as was attempted to be done—I will not say attempted to be done, because I do not think that there was any intention about it, but as was done with the report of Mr. Huntington the other day, which I had not examined, and which came very near prejudicing the case which I represent. It was attempted to be shown through that paper, which I had not seen, that the stock held by Messrs. Stanford, Hopkins, Huntington, and Crocker in Wells, Fargo & Co. had been paid for by the Central Pacific.

Commissioner ANDERSON. I do not think that that is a fair statement.

Mr. COHEN. If Mr. Miller had not been here to explain it it would have been thought that such was the case, and the case of my clients would have been prejudiced. I myself would have been deceived as to the real facts in the matter.

Commissioner ANDERSON. I do not think so.

Mr. COHEN. That would have been the result.

Commissioner ANDERSON. The only result would have been a delay of an hour or two to get Mr. Miller's explanation.

Mr. COHEN. The use that was made of that report showed me that I was not doing my duty to my client in producing anything here that I had not first seen before it came here.

Commissioner ANDERSON. That is quite reasonable. You should see everything.

NO OBJECTION TO SUBMITTING VOUCHERS.

The WITNESS. I would like to have it placed on record, that so far as I know there is not the slightest objection on the part of the company to submitting to you those vouchers giving everything in detail; there is no evasion of the matter at all; counsel is simply contending for the necessity for time.

Mr. COHEN. I will produce to the Commission all documents called for, if it will give me time to do so. To find them and bring them here will take some time, and it will take some further time to look them over. A great many of the employés of the Central Pacific leave their work on 12 o'clock on Saturdays, and it may be impossible to find these papers in time for an afternoon session to-day. You can do just as you please about it, however; it makes no difference to me. If you adjourn now until Monday morning, I will undertake to have here at that time every book, document, and voucher that you call for, and which I am able to produce. If I do not produce them, I will give you the reason why I do not. I think that will facilitate the business of the Commission. I am ready to attend here. It makes no difference to me how I put in my time, whether here or down at the office. I shall be in the service of the Commission whether here or there.

The CHAIRMAN. I am satisfied to postpone this examination until 10 o'clock Monday morning.

Mr. COHEN. I will give you everything you call for at that time.

Commissioner LITTLER. In order to test the sense of the Commission, I will make a motion. I move that Chief Accountant Stevens be required to examine the books of the Central Pacific Railroad Company, from the time it began business up to the end of the last fiscal year, and report to this Commission the total amounts of rebates and overcharges as shown by the books of the company, yearly, and that the railroad company have leave to make any explanation in relation to said ac-

counts which it may deem proper or necessary. I think that puts the explanation where it belongs, and will save us an immense amount of trouble and wrangling.

The CHAIRMAN. I do not think that that will be a full compliance with the act of Congress, but am not prepared to vote no. I see no objection to the motion being placed upon the minutes, and I approve the motion to the extent of requiring the accountant to make this examination and prepare this statement.

(The motion was carried.)

Mr. COHEN. Does that take the place of your call?

The CHAIRMAN. I am not prepared to withdraw my call, but shall insist upon it.

Commissioner LITTLER. I am willing that one month's vouchers shall be produced.

The CHAIRMAN. I shall insist upon my call for the vouchers for February, 1884, in order to have the witness explain to the Commission the difference between an overcharge and a rebate, as they appear upon the vouchers. I will call for that Monday morning at 10 o'clock.

Commissioner LITTLER. I suppose that the further investigation of this branch will pass over until Monday next?

The CHAIRMAN. Yes, sir; that is the order.

Q. Was Mr. C. J. Wilder connected with your department?—A. He is the freight auditor, and belongs to the accounting department, which is under the direction of the comptroller.

Q. Is he subordinate to the comptroller?—A. Yes, sir.

Q. Is he not under your immediate control?—A. No, sir.

BOOK OF INSTRUCTIONS AS TO FREIGHT RATES.

Q. Was there a book of instructions kept by that department with reference to freight charges and freight rates?—A. I think so; I am not sure.

Q. Have you ever seen the book?—A. They have books of instruction; yes, sir.

Q. How are the books of instruction issued?—A. I think that Mr. Wilder has prepared the instructions for issue. As a rule, the general instructions, the instructions to agents, and the instructions to conductors are printed in the local freight tariff; and then perhaps Mr. Wilder would have some special instructions that would relate to the manner of reporting. I think that he has compiled a book of instructions that embraces the instructions from the freight department and from the auditing department relating to accounts.

Q. Is that a printed book?—A. I think so; yes, sir.

Q. Are your instructions numbered?—A. I think so; yes, sir.

FREIGHT CIRCULAR OF CENTRAL PACIFIC.

Q. I call your attention to the following circular, and ask you if you recall it:

Circular No. 55.

CENTRAL PACIFIC RAILROAD, OFFICE OF FREIGHT AUDITOR,
San Francisco, July 7, 1882.

To AGENTS:

Your attention is called to rule 13, page 46, fourth paragraph, in book of instructions, which was: "In every case where the rate used (in billing) is different from the tariff rate, give the number and date of the order and the authority for such special rate, and where the rate is issued to some particular party his name must also appear upon the way-bill." Hereafter a strict compliance with this rule is expected.

C. J. WILDER, *Freight Auditor.*

Q. Do you recall such a circular?—A. I do not know that I ever saw it.

Q. Do you recall any such instruction issued to the agents?—A. Only as you have read it to me.

Q. Do you recall any such instruction as in charge of the general freight agent sent to the agents along the line?—A. No, sir. Such instructions would go direct from Mr. Wilder.

Q. To whom would these agents report?—A. It would be Mr. Wilder's duty to see that they complied with their instructions.

MANNER OF HANDLING BUSINESS.

Q. Would Mr. Wilder have entire knowledge of the character of instructions which I have read to you?—A. The duties of Mr. Wilder are to audit the accounts of agents. The manner of handling business is this: For all property that is transported, a way-bill is made out by the forwarding station. The original of that way-bill goes with the car in charge of the conductor to the agent at destination; an impression copy of that way-bill is sent to the freight auditor. The agent at destination is required to examine that way-bill to see whether the weight at which the property billed is correct; to see whether the rate used is the correct one, according to the tariff or instructions which he has received, and to see whether the charges are extended correctly. If everything is correct, he debits his station with the amount of the charges, and when he collects the money he credits his station with the remittance, which he sends to the treasurer. The freight auditor has a force of clerks and independent of the action of the receiving agent; he also is charged with the duty of examining that way-bill to see whether the freight is correctly billed and the charges extended properly, and he makes a debit against the receiving agent. Now suppose that there is a change in the tariff. Suppose the rate on lime, for instance, between any two stations is reduced. An order is given by the general freight agent changing the rate from the tariff rate to the reduced rate. He sends a copy of that order to the forwarding agent at the shipping station; a copy of that order to the receiving agent at delivering station, and a copy to the freight auditor, so that if any one of them makes a mistake there is a perfect check to correct it. Mr. Wilder's circular, which has been read, requires the agent who bills the freight at reduced rate—what we call a special rate, as I explained it yesterday—to note on the way-bill the number of the order, because the general freight agent numbers his orders so that he can with ease refer to his files and distinguish what order was issued. What is the date of that circular?

The CHAIRMAN. July 7, 1883.

The WITNESS. He also states that when that annexed rate is a special rate to some particular party, the name of the party shall be put on the way-bill.

Q. What other inducements to shippers are given in order to secure this business different from special rates?—A. I do not know of any.

Q. Have you power to issue passes?—A. No.

PASSES TO SHIPPERS.

Q. Did you ever issue passes to shippers?—A. Never. Passes are issued by the general manager, by the general superintendent, and by the directors. I do not know of anybody else.

Q. Have you referred shippers to the authorities who issue passes?—A. During the year 1886 I obtained passes from the general manager, in some cases, for shippers. Upon representing the facts of the case to the general manager, I obtained and delivered such passes.

Q. Have you offered passes to shippers as an inducement to secure their business?—A. Scarcely; I do not recall any individual case, but there have been cases where shippers using our line have received passes. This relates almost wholly, if not altogether, to through business, when we were quarreling with each other and the competing lines were all fighting. It was done in cases where shippers have come to us and represented that they were offered, by our competitors, transportation over their lines. They were our patrons, shipping our way, and I may say that wherever we were satisfied that the statement was true, we generally met the case by giving a pass. The instances, however, have been comparatively few. The evil has not been carried to the extent on our line that it has been carried on the lines at the East.

CUT RATES—TICKETS CHARGED TO FREIGHT ACCOUNT.

Q. What other advantages that have been offered to shippers to induce them to ship their business by your competitors have you been compelled to meet?—A. Wherever they cut the rate we had to cut the rate and follow them. I do not know of anything else. I do not think of anything else. Sometimes on through business, instead of giving a pass, which we did not like to do, we would give a ticket, and charge it off to the freight account. I believe that covers all.

Q. Have you any knowledge of the telegraph business in connection with the company?—A. No; I have no knowledge, except a general knowledge, as anybody connected with the company would have.

CONTRACT WITH WESTERN UNION.

Q. Have you any knowledge as to the arrangements between the telegraph company and the railroad company as to their rates and charges and to the division of their earnings?

The WITNESS. Do you mean as to the telegraph rates?

The CHAIRMAN. Yes.

A. I do not think that there is any arrangement between the railroad company and the telegraph company as to what rates shall be charged for telegraphic service. There is a contract between the Western Union Telegraph Company and our company under which the Western Union Telegraph Company uses our lines, and which provides for certain free service. That is, they provide free telegraphic service for us, in consideration of what we do for them. I am not familiar enough with that contract to give it to you in detail, but I know of the contract, and have read it two or three times, and I sometimes have to deal with it.

Q. Have you any knowledge outside of the contract as to the percentage of profit which the telegraph company has paid to the railroad company?—A. Under the provisions of the contract I think the telegraph company pays to the railroad company a certain round sum.

Q. Do you know the amount?—A. I do not.

HOTEL BUSINESS CONNECTED WITH THE CENTRAL PACIFIC.

Q. How is the hotel business along the line of the road in connection with the stations conducted; are you familiar with it?—A. Until quite

recently, I believe, it was conducted altogether by private parties. I think that the company now owns the Humboldt station.

By Commissioner LITTLER:

Q. Do you mean the Humboldt eating-house?—A. Yes; but I think that it is leased and run by the lessee. I do not think that the company has anything to do with the running of the station. I would not be sure of it, because I am not altogether familiar with it. I believe that the company employs an eating-house superintendent, Mr. Clawson, who simply looks after them to see that they are kept properly, and that the service is done satisfactorily. Our eating-house arrangements have never been satisfactory to me, and have never been satisfactory to the public. I think that they should be owned by the company, and run by the company, regardless of cost, because they are so intimately connected with the passenger traffic.

Q. How many other eating-houses, if you recollect, does the company own?—A. I am sure that we own the Humboldt House, and I am not sure but we own the Reno House, as well. We own the building at Ogden, but the privilege of keeping an eating-house is leased. Of course we own the station at Sacramento, but the eating-house is run by another party.

Q. Do I understand that where you have these eating-houses they are under lease?—A. Yes, sir; I think so.

Q. How many do you recall?—A. As a rule, the eating houses are owned by the company, and I think that in every case they are leased. I would not be positive about that, however. The general superintendent or the general manager would be a better witness on that point.

PAST HISTORY OF THE TRANSCONTINENTAL TRAFFIC.

By Commissioner ANDERSON:

Q. Are you very familiar with the past history of the through business, or what is known as the transcontinental traffic?—A. I suppose that I have that reputation.

Q. What has been the general course of that business, stated both with regard to the volume and to the amount in dollars during the last ten years? I refer to the whole business between the Atlantic coast and the Pacific coast.—A. I cannot tell you off-hand as to the volume of that business.

Q. I mean, is it increasing or decreasing in quantity?—A. It is increasing.

Q. Is it increasing in volume?—A. Yes, sir.

Q. Is it increasing in amount, stated in dollars?—A. I think that it is increasing in value.

Q. In amount stated in dollars?—A. Yes, sir. We have not, however, gone far enough under the operation of this interstate commerce law to determine what the prospects are, but up to date we can say that there is an increase, speaking now of the business generally.

Q. Which increases at the greater rate, the volume or the amount in dollars?—A. The volume.

INCREASING IN VOLUME.

Q. Is the increase in dollars important, or does it remain substantially at about the same limit?—A. Up to January 1, 1886, or you may say February 18, 1886, the increase in volume was simply the natural

increase proportioned to the slow growth and development of the country here, and there was an increase in dollars, although not in the same ratio. During the year 1886, when there was a war of rates between the various railroads, there was a very large increase in the passenger and freight traffic, but in freight, judging from our own interests, there was a reduction in the revenue derived from it. I think that there was a slight increase in the revenue from passengers, but not commensurate with the increase in volume.

BUSINESS OF CENTRAL AND UNION PACIFC.

Q. Please pass to the business of the Central and Union Pacific, and state its history from 1882 to the present time. What have been the changes in the volume of business?—A. I would not undertake to state that off-hand. In Governor Stanford's testimony you have a statement which I caused to be prepared, and which I have attested before a notary, which will give you the very best evidence on that point. In 1882 the Atchison, Topeka and Santa Fé Railroad was completed to a connection with the Southern Pacific at Deming, and immediately took a share of the traffic. After that the Texas and Pacific Railway was completed, and after that the Denver and Rio Grande Railway was finished. The completion of this latter road affected the Union Pacific, but did not affect, except beneficially, the Central Pacific and the Southern Pacific.

EFFECT OF COMPETING LINES.

Q. Please explain the distinction that you make. Why did it not also draw business away from the Central Pacific?—A. Because the Denver and Rio Grande Railway did not compete with the Central Pacific. It was a connection of the Central Pacific at Ogden.

Q. I understand that; but how about the Atchison, Topeka and Santa Fé road?—A. That road drew business from the Central and Union Pacific line. The completion of the Denver and Rio Grande Railway drew from the Union Pacific but not from the Central Pacific. The completion of the Texas and Pacific Railway, of course, draw from the Central Pacific line.

Q. So that immediately after these through lines were established, did the actual volume of business done over the Central and Union Pacific decrease?—A. Yes, sir; and the revenue also.

Q. Did not the revenue decrease faster than the volume, on account of the fall in rates?—A. Not immediately, because at the time that the Atchison, Topeka and Santa Fé road was completed that company made a contract with the Union Pacific, which had the effect of maintaining rates temporarily, but there has been a decrease and a sharp decrease in the revenue, as well as in the tonnage, by reason of the competition.

ANTICIPATED COMPETITION FROM PROPOSED LINES.

Q. What other transcontinental lines are reported as about to be established in competition with the Union Pacific and Central Pacific than those existing to-day?—A. I do not know of any others than those existing to-day. The Canadian Pacific, of course, is new, and has not done a great deal so far with respect to California business. Of course, the longer they work the line through the more mischief they will do.

The Northern Pacific has now completed its line to Tacoma, but hitherto has practically kept out of the California business. The Oregon Railway and Navigation Company and the Oregon Short Line have, in the past, practically kept out of California business, but that was owing to the existence of the transcontinental association. The Canadian Pacific is here, and is bound, I think, to increase its traffic. It seems to me that the Northern Pacific is bound to come here, and is now working for business to and from California. In my judgment, and in fact it has been threatened, the Oregon Railway and Navigation Company will work more of this business.

THE CHICAGO AND NORTHWESTERN EXTENSION.

Q. How about the Chicago and Northwestern Railway? Please follow them down.—A. Of course, we have nothing but rumor about the Chicago and Northwestern. Its road now is out as far as Fort Fetterman.

Q. In what Territory is that?—A. I think in Wyoming. They have graded beyond Fort Fetterman, and the rumor is that they are coming west to Boisé City, or to a connection with the Oregon Pacific, which is a little road started from Yaquina Bay up north.

Q. Is that in California?—A. No, sir; it is in Oregon. That road is being built eastward. They are now building, and announce it as their intention to build eastward, at least as far as Boisé City.

CHICAGO, BURLINGTON AND QUINCY AND ATCHISON, TOPEKA AND SANTA FÉ.

Q. If that road is carried through you will have another competitor to participate in this business, will you not?—A. Certainly, and a very strong competitor. If the Northwestern road should go as far west as Boisé City, of course it would continue on to California. It is rumored that the Chicago, Burlington and Quincy road is being extended west from Denver. What truth there is in the rumor, and how far they propose to extend their line, I am unable to say. The Atchison, Topeka and Santa Fé Railroad Company, which has leased the Atlantic and Pacific, is in Southern California. It has a line to San Diego, and an independent line to Los Angeles, as well as a line to Mojave, which is 383 miles south from San Francisco. It is my judgment that sooner or later it is bound to come here.

Q. Do you mean that it is bound to come to San Francisco?—A. Yes, sir; I think so. Then there is what is called the Colorado Midland road, building from Colorado Springs towards Utah. The current report says that this is an Atchison concern, and I believe it. The rumor is that it will be built at least to a connection with the Denver and Rio Grande Western in Utah, and that it will lease and possibly buy the Denver and Rio Grande Western road. That would make a competitor with the Union Pacific for all the Utah trade.

Q. The general tendency, then, of these lines would be to increase the number of sharers in the through business, and to cause the volume and the amount received by the Central Pacific of the through business to decrease, would it not?—A. Largely decrease.

PROSPECT GOOD FOR LOCAL TRAFFIC.

Q. What is the prospect for local traffic on the aided portion of the Central Pacific between Ogden and San José?—A. For that portion

of the aided line in California the prospect, in my judgment, is good. I think that the unprecedented prosperity which Southern California has enjoyed will spread throughout the whole State of California, and I think that there is no question but what that section through which the aided portion of the line runs will receive its share, although it is not the best portion of California. That line runs from San José to Niles, through the Livermore Pass, to Lathrop, Stockton, and Sacramento. That is not the best portion of the State.

CONDITION OF REGION EAST OF SACRAMENTO.

Q. That is the old Western Pacific, is it not?—A. Yes, sir. I think that the whole region east of Sacramento on the main line will be much slower of development, but as it is capable of producing citrus fruits equal to anything produced in Southern California, and has unlimited resources for the production of deciduous fruits, it is going to be in time a very rich and a highly productive region. We have but little traffic in the mountains, except lumber, and as the years go on they are cutting the timber farther back from the railroad, and the expense of getting it to the railroad is increasing in proportion, so that it is more difficult to compete with the Oregon lumber, which comes here cheaply by sea, and with the lumber districts that will perhaps be opened up by the extension of the Oregon Division.

TRANSPORTATION OF MINERAL PRODUCTS AN UNIMPORTANT FACTOR.

Q. Do I understand that the transportation of ore and mineral products in the district to which you have alluded has ceased to be a factor of any importance?—A. Yes, sir; altogether, so far as California is concerned. I do not suppose that the lumber interests on the Sierra Nevada Mountains, that is, on the aided line, are going to increase very largely. When we get east of the State line there is little business. Of course every one knows the condition of the Comstock lode, and that that business has fallen off very largely. I think that there has been a reduction in the revenue and the business taken up and laid down in the State of Nevada, comparing 1876, which was, perhaps, the best year, and 1886, equal to something like 50 per cent. I do not know but what it would go over 50 per cent.

The agricultural resources of Nevada are improving, but I think that the cattle interests are at about a standstill. I do not wonder that people smile when I speak about the agricultural interests. When I first went over that road there was not a spear of grass to be seen anywhere.

Commissioner ANDERSON. I should infer from your last remark that there was a time when it was worse than it is now.

IRRIGARION INTRODUCED AT LOVELOCKS STATION.

The WITNESS. I think there was. I do not know but that your attention was called to Lovelocks Station when you came to California. They have put water on the desert, and by this mode have been enabled to raise barley in abundance, and get very rich crops. As far out as the neighborhood of Golconda, which is in the vicinity of Elko, there is a large ranch, where they have put water on the desert, and have pretty well washed out the alkali. It takes three or four years to wash the alkali out of the soil. Here they raise barley in abundance. The Nevado potatoes raised on the Humboldt cannot be beaten anywhere; in

fact, they cannot be equaled anywhere. The trouble, however, is that there is no market for these products. They go east to Utah and Utah produces everything, and more than it needs. Coming west to California, the same condition of affairs exists.

HUMBOLDT VALLEY—NEED OF A MARKET.

By Commissioner LITTLER:

Q. Is not the great trouble in the Humboldt Valley the want of sufficient water with which to irrigate?—A. I think that is so. Of course, the expense of putting water on the soil has something to do with it, but in my judgment the prime trouble is the want of a market. If you raise wheat, barley, and potatoes there, the result of irrigation, after washing the soil for three or four years in order to get the alkali out of it, and then have no market, you would be at a very great disadvantage. Your products are in competition with the produce of California, and in competition with the products of Utah, and there is not much field for what is raised in Nevada.

REDUCED MINING RESOURCES OF NEVADA.

The mining resources of Nevada have very greatly fallen off. There is some low-grade ore still produced there, and possibly there may be a larger business worked up as methods are invented for reducing the cost of milling and separating the precious metals. I suppose that there are millions of tons of ores in Nevada that could be mined which would produce from $5 to $10 a ton if it could be reduced at a cost of about $3 a ton as I have heard they do it in Wales.

POOR PROSPECTS FOR ROAD FROM SACRAMENTO AND OGDEN.

By Commissioner ANDERSON:

Q. Is your general conclusion that so far as the road between Sacramento and Ogden is concerned the future promises no increase in the through business and but a slow increase in the local business?—A. It promises no increase in the through business, and very little, if any, increase in the local business. The latter increase will be slow, if it increases at all.

PACIFIC MAIL COMPANY SUBSIDY.

Q. What is your judgment as to the policy which was pursued for a number of years of subsidizing the Pacific Mail Steamship Company?—A. I think that it was the wisest thing that our companies ever did.

Q. Will you please state in brief your reasons, comparing the amount paid with the amount saved?—A. During the greatest part of the period when we were under contract with the Pacific Mail Steamship Company, and previous to the time when the other competing railroad lines were created, we got all the way from 2½ to 5 and 6 cents a pound for the transportation of dry goods from New York to San Francisco. In 1886, the principal competitor for the New York business was the Pacific Mail Steamship Company. The rail lines, as I explained yesterday, with the exception of the Sunset route, dropped out. The rates got to be so low that the trunk lines would not share in them. We carried during that year dry goods at from 50 to 60 cents a hundred pounds, at an actual loss

Q. Is it your judgment that the amount of advantage was greater than the aggregate of the subsidy paid?—A. There is no question about that. Until the Pacific lines are allowed to arrange with the Pacific Mail Steamship Company, there will be no profit whatsoever in the through business.

By Commissioner LITTLER:

Q. Taking the Central Pacific all in all, and taking into account what you have said about it, it has not a very great future before it, has it?—A. Commissioner Anderson was speaking of the Southern Pacific, without reference to the aided lines.

CONDITION OF COUNTRY EAST OF RENO.

Q. I am speaking now with reference to the aided lines. What is your opinion?—A. I should say that there is no future for it at all east of the California State line; say east of Reno.

Q. Is it not your opinion that the fact that that road has been in active operation for over twenty years and that no agricultural resources of consequence have been developed during that time, and that only a limited amount of stock-raising has been carried on, shows that the country really is not adapted to agriculture or stock-growing to any great extent?—A. I think that one can easily see that the country is not especially adapted for agriculture. I do not think that you need to do more than look at it to determine that. Production to some extent can be forced. Lying off toward Oregon and back from the road there are many valleys which furnish very good stock ranges. The cattle feed on the white sage, and thrive upon it, but there are no such ranges as exist in Texas, New Mexico, or in Wyoming and Montana upon the line of the Union Pacific road.

Q. Is it not a fact that no town of any considerable importance has grown up along the line of that road anywhere between Ogden and the top of the Sierra Nevada Mountains, and is not this also conclusive evidence that there is not much in that country?—A. The facts must speak for themselves. There is no town of any considerable importance east of Reno. Elko, I think, has retrograded rather than advanced. Reno is quite a flourishing town, and I think has a future.

POPULATION OF NEVADA DECREASING.

Q. Is it not a fact that the country is practically uninhabited to-day, and is not that good evidence that the country is not of any considerable importance?—A. There has been a falling off in the population of Nevada between the census of 1880 and 1885. I believe that the statistics show that. That fact must speak for itself. To my mind, it is evidence that the country has not been progressing.

APPOINTMENT OF TRAFFIC AGENTS.

Q. What general officer of your company appoints the traffic agents? Who determines the necessity for their appointment and fixes their salaries?

The WITNESS. Do you mean soliciting agents, or do you mean myself?

Commissioner LITTLER. I do not mean yourself; I mean agents who occupy a lower round on the ladder than you do.

The WITNESS. When you say traffic agents, I understand that you mean commercial agents.

Commissioner LITTLER. I mean soliciting agents; solicitors of freight.

A. As a rule, I would recommend and the general manager would appoint.

Q. To start with, who determines the necessity for the appointment of an agent?—A. That is a matter of conference between the general manager and myself.

TRIED TO PREVENT HOSTILE LEGISLATION.

By the CHAIRMAN:

Q. What part have you taken in preventing hostile legislation in the several States through which the road passes?—A. I have on several occasions appeared before committees and showed them that our tariffs were just and that we furnished the cheapest transportation in the world; at least, I attempted to do it.

Q. Were you ever there at the request of the authorities of the Central Pacific Railroad Company?—A. Always.

Q. What legislatures have you visited?—A. On one occasion I visited the Nevada legislature at Carson, and on several occasions I visited the California State legislature.

Q. When did you commence to visit a legislature?—A. I do not remember. I never went unless I was sent for. I do not remember what specific sessions I attended. The principal one that is now in my mind was when I met my friend Mr. Cohen on the field of battle at Sacramento. That was on the Archer bill.

Q. Was he on the same side with you?—A. He was on the other side.

MR. COHEN'S CHARGE THAT $300,000 WAS SPENT TO DEFEAT ARCHER BILL.

Q. What was the Archer bill?—A. It was a bill fixing our tariffs absolutely.

Q. Did you ever hear a charge of corruption in the legislature during the pendency of that bill?

The WITNESS. What do you mean by corruption?

Q. Did you ever hear of Mr. Cohen in an open speech alleging that $300,000 was paid to defeat the Archer bill?—A. I never heard so.

Q. Have you ever read any of his speeches?—A. No, sir.

Mr. COHEN. There is a charge made against me. Do you state as a fact that I said that $300,000 had been used for that purpose?

The CHAIRMAN. It is printed in one of your speeches and I will read it to the witness.

Commissioner ANDERSON. I object.

SIMPLY STATED FACTS TO THE COMMITTEES.

Q. Was your business there with reference to explaining to the committees?—A. Altogether; simply stating the facts.

WAS ELECTED SCHOOL DIRECTOR.

Q. What part did you take in securing proper representatives to the legislature from the several districts?—A. I never took any part in politics in my life, except to run for school director once in this town.

By Commissioner ANDERSON:

Q. Did you get elected?—A. Yes; I headed the ticket. I got more votes than any other fellow.

By the CHAIRMAN:

TOOK NO PART IN POLITICS.

Q. Did you at any time participate for the purpose of securing proper representatives in the several legislatures?—A. I never paid any attention to that at all. It was not my business. I never, in any respect, with the exception of the one occasion that I mention to you, when I ran for school director, participated in politics, except to perform my duties as a citizen, as I understand them, without regard to the railroad company or my employment by it.

Q. Have you paid attention to the railroad legislation during the time that you have been connected with the company? I mean the legislation in California and Nevada.—A. I have had a current knowledge of it.

Q. Have you paid special attention to what has been regarded as hostile legislation?—A. I should regard anything as hostile legislation which pretended to regulate our freights and fares.

The CHAIRMAN. I mean the term "hostile legislation" as used by the act of Congress.

The WITNESS. I suppose it means that.

PASSAGE OF HOSTILE LEGISLATION.

Q. Have you any knowledge of the passage of any hostile legislation in the State of California or in Nevada?—A. Yes, sir. There have been enacted bills which change the maximum rate from 15 cents per ton per mile on freight and 10 cents per mile for passengers to the rates that were in force on the 1st day of January of the year in which the enactment was made. I cannot give you the exact date. Then there were commissioners appointed.

Q. How long ago was that?—A. I would have to hunt it up to tell you. Provisions were made previous to 1880 for a railroad commission. Afterwards the new constitution of the State of California provided for a permanent board.

THE FREEMAN BILL.

Q. Was there any other bill that you recall that you would regard as legislation hostile to railroad interests?—A. I cannot recall all of them. The earliest bill in my mind was the Freeman bill, which was defeated.

The CHAIRMAN. I am speaking of enacted legislation.

The WITNESS. Those are all that I recall.

DEFEAT OF HOSTILE BILLS.

Q. Were all the hostile bills defeated?—A. Except those that I have named.

Q. How many were there?—A. I cannot tell you. I think that they defeated themselves.

Q. How many bills that you regarded as hostile bills were enacted into laws?—A. I cannot tell you. I think that the only bills that have been enacted are those that I have described. How many bills it took

to provide for the railroad commissions which we had previous to the board that is established by the new constitution, I cannot tell you without referring to the records.

DEFINES "HOSTILE LEGISLATION."

Q. Would you regard as hostile, if enacted into laws, the bills that you have named?—A. I certainly would call them hostile legislation, as I should regard anything as hostile that would pretend to interfere with the right of the owners of the railroads to handle their property as you handle yours.

Q. Were there many bills of a hostile character, such as you describe, introduced into the legislature from time to time?—A. I have understood that there never has been a session of the legislature since the road was started but what there were bills of that character introduced. I think that seldom since I have been in California has there been a session of the legislature when there was not some such proposition.

Q. Were they supported by any large numbers in the legislature?—A. It is difficult for me to say. As they were defeated, I should say no.

SENTIMENTS OF THE PEOPLE OF CALIFORNIA AND NEVADA.

Q. Were the bills as introduced into the legislature of the States of California and Nevada a fair representation of the sentiment of the people throughout these States upon this question?—A. That is merely a matter of opinion with me.

The CHAIRMAN. That is what I am asking.

The WITNESS. If you want my judgment on it, I should say no, except perhaps when the anti-railroad fever, which at one time convulsed this continent, prevailed here. It spread from the East and from Iowa and Illinois to California, and the community here was excited. There were many matters which tended to excite our people here, and among them was what was known as the Goat Island scheme, which met the antagonism of a good many reasonable men. At one time during one session of the legislature I think that there had been quite an antagonism created against the railroad company by means of the newspapers and public debates.

ANTAGONISM DUE TO "WANT OF INFORMATION."

Q. To what do you attribute the sentiment that led up to these bills which were introduced from time to time?—A. Ignorance upon the part of the majority of the people concerning the facts.

Mr. COHEN. Will you put that "want of information"?

The WITNESS. Want of information may be better. I believe in using one word when it is better than several. It resulted from want of information on the part of the general public as to the facts, and from misstatements and misrepresentations on the part of those who thought that they had grievances against the railroad company, as well as from the general disposition of human nature to hit something.

Mr. COHEN. I would like to have the chairman justify the unfounded statement which he made a few moments ago. Will he please refer to my statement that the railroad company had paid $300,000 to the legislature?

EXTRACT FROM ARGUMENT OF A. A. COHEN.

The CHAIRMAN. I will read a paragraph from your argument in the case of the Central Pacific Railroad Company *vs.* Alfred A. Cohen, in

the twelfth district court, in the city and county of San Francisco, where you appeared in person before the honorable W. P. Daingerfield, presiding judge, without a jury, page 22:

This was the case it originally attempted to establish, but its witnesses lacking either the intelligence or the unscrupulousness necessary for that purpose, it was compelled to abandon its original position and amend its complaint. That remark does not do justice to the subject. Amend its complaint, do I say? Why, the practice that has been adopted by the pleader in this case might, by a mixture of mining and legal terms, be called prospecting practice. The plaintiff and its counsel have been sinking shafts, and have been running drifts in every direction, and have amended its complaint at every term. They have worked from the wall rock to the hanging rock, they have reached bed-rock, and have not found pay ore anywhere. What its next amendment will be, when we finish our argument, no living man can say. It may so amend as to state its real cause, not of action, but of complaint, and ask damages for losses and disbursements to the extent of three hundred and odd thousand dollars, said to have been made in the senate of the State of California last winter to offset my efforts on the question of railroad fares and freights.

Mr. COHEN. That is very different from the statement made by the chairman, that I said that of my own knowledge.

The CHAIRMAN. I did not state it of your own knowledge.

Mr. COHEN. That is the substance of your statement to the witness. My criticism upon the complaint in that case might be correctly applied to the proceedings of the Commission here. It is prospecting.

Commissioner ANDERSON. Let us cut this short. You have your complaint. The question that the chairman put you thought did not state your position correctly. Your statement has been read and is on the record.

Mr. COHEN. If the chairman, or the judge, goes outside of the record in the case to attack counsel, I want him to justify his statement.

The WITNESS. If I may be allowed to make the suggestion, what is the use of putting such stuff as that on the record?

The CHAIRMAN. As you are not the Commissioner, and I am, I must be the judge as to the record.

The WITNESS. Certainly. I was asking for information, as you were asking me a while ago.

By Mr. COHEN:

Q. You prepared two statements which appear as exhibits to the testimony of Governor Stanford, Exhibit No. 7 and Exhibit No. 12. Those were sworn to by you, were they not?—A. Yes, sir.

Q. As to Exhibit No. 7, do you wish to add any further explanation to the matters therein contained?—A. I do not know of anything that I can add to it.

Mr. COHEN. Look at Exhibit No. 12 and see whether that does not more completely answer many of the questions that have been addressed to you by the Commission.

EFFECT OF COMPLETION OF COMPETING LINES UPON RECEIPTS.

The WITNESS. Exhibit No. 12 shows the decrease in the tonnage and charges on the Central and Union Pacific line by reason of the completion of other roads to which I referred in my testimony. It shows this: Taking the period from January 1, 1874, to March 31, 1881, when the Central and Union Pacific line was the only line, the volume of the through traffic interchanged by California with the Eastern States passing over that line would be represented by 100 per cent. For the next period succeeding March 31, 1881, say from April 1, 1881, to December 31, 1881, which immediately succeeded the opening of the Atchison, Topeka and Santa Fé Railroad, the proportion of the total ton-

nage and charges carried by the Central and Union Pacific line was 94½ per cent. instead of 100 per cent. The next succeeding period was from January 1, 1882, to January 31, 1883, succeeding the opening of the Texas and Pacific line. The tonnage carried by the Union and Central Pacific line is represented by 69¼ per cent. and the earnings by 72¼ per cent. The next period was from February 1, 1883, to May 31, 1883, immediately succeeding the opening of the Galveston, Harrisburg and San Antonio Railway to a connection with the Southern Pacific Railroad. It shows the proportion of the Union and Central Pacific line tonnage to have been 57⅜ per cent. and charges 57½ per cent. The next period, from June 1, 1883, to September 30, 1883, succeeding the opening of the Denver and Rio Grande Railway, shows the proportion of the Union and Central Pacific line to have been 48¾ per cent. tonnage and 49.7 per cent. charges. The next period, from October 1, 1883, to September 30, 1884, succeeding the opening of the Atlantic and Pacific Railroad to a connection with the Southern Pacific, shows the proportion of the Union and Central Pacific line to have been, for tonnage, 42½ per cent., and for earnings, 43¼ per cent. The next period, from October 1, 1884, to December 31, 1885, immediately succeeding—the Northern Pacific was opened during the period October 1, 1883, to December 31, 1884. The next period was from October 31, 1884, to December 31, 1885, succeeding the opening of the Oregon Short Line in connection with the Union Pacific, and this statement shows that the proportion of the Union and Central Pacific line was 35¼ per cent. of the tonnage and 35.61 of the earnings. From January 1, 1886, to December 31, 1886, last year, the statement shows the proportion of the Union and Central Pacific line to have been 31.18 of the tonnage and 32⅜ per cent. of the earnings; showing an average reduction in the five years and nine months, beginning with March 31, 1881, and ending with December 31, 1886, in the proportion of traffic carried by the Union and Central Pacific line, from 100 per cent. to 48.35 per cent. of the tonnage and 52.46 per cent. of the earnings. This was all owing solely to the completion of competing railroad lines, which were in almost every case aided by the Government with a larger land grant than was received by the Union Pacific and the Central Pacific Railroad Companies.

Q. Is there any other information in the Exhibit No. 12 which you can briefly state for the information of the Commission?

BASIS OF CLAIM AS TO DIVERTED TRAFFIC.

By Commissioner ANDERSON:

Q. Before you leave that point, I would like to ask a question. In estimating what you call the falling off, or diverted traffic, do you make it the basis of your claim that the Union and Central Pacific Companies were entitled to the whole?—A. I make it upon this basis: that if the other lines had not been built, the Central and Union Pacific would have taken all of this traffic. They did have it all when they were the sole line.

Commissioner ANDERSON. I want to understand if the basis of Governor Stanford's claim is that the Government and the people ought to recognize this as an injury inflicted on the Central and Union Pacific; that the country owed to the Central and Union Pacific the duty of building no other through railroad until they had the permission of the Central and Union Pacific. If that duty does not exist, then your figures appear to have no point.

Mr. COHEN. We are not attempting to prove any such matter by this witness. We are undertaking to inform the Commission what has been the falling off of business and how it has been caused. I suppose that that is competent testimony to give to this Commission.

Commissioner ANDERSON. I was seeking to understand what your tables amounted to.

OBJECT OF THE ROAD IN MAKING THE CLAIM.

The WITNESS. As I understand it, you ask me the object of this, and you state that you do not think that the figures mean anything. I want to show you that it is your duty, and that it is made your duty under the act of Congress, to examine into this very question.

Commissioner ANDERSON. I know that it is put into the act for us to examine with regard to whether any earnings have been diverted, but I do not think that the earnings of a great country like the United States can possibly be divided in that way.

The WITNESS. I understand that it has been made the duty of the Commission to inquire if the United States, since the Union and Central Pacific Railroad Companies accepted the terms proposed by Congress for the construction of the Pacific railroads, has granted aid in lands for building competing parallel railroads to said Pacific railroads, and if so, how many such roads, and to what extent such competing lines have impaired the earning capacity of the Pacific railroads. That schedule is prepared to answer that question, and I regard it as your duty to receive and consider it.

Commissioner ANDERSON. I think that it will be the unanimous opinion of the Commission that you are the most intelligent witness that has so far appeared before it.

By Mr. COHEN:

Q. Will you kindly examine this exhibit and see what further information there is in it that you have not already given to the Commission?—A. There is nothing more in there that I care to speak of at present, except to call the chairman's attention to the fact that in my testimony I have referred to this exhibit as fully answering some questions that he asked. This is the exhibit to which I referred.

Mr. COHEN. We ask the Commissioners here to refer to and note the testimony of the witness on Exhibits 7 and 12 attached to the statement of the witness Leland Stanford.

The WITNESS. I have not been asked any questions upon the points contained in Exhibit No. 7.

Mr. COHEN. If you wish to explain anything on Exhibit No. 7, do so now.

IMPOSSIBLE TO FURNISH COMPLETE FILE OF TARIFFS AND RATES.

The WITNESS. The chairman asked that we produce a complete file of the tariffs and rates in force from the beginning of the road. I ascertained this morning that that is not possible. We have not got such a thing as a complete file of all the tariffs.

The CHAIRMAN. The call was for all of your rates, both passenger and freight.

The WITNESS. It is impossible to furnish them. I would like you to understand that we have no objection to so doing, if we could possibly do so. If we had them I should be very glad to give you these tariffs.

EXHIBIT 7, WITH PRESIDENT STANFORD'S TESTIMONY, ILLUSTRATES RATES OF FARE.

By the CHAIRMAN:

Q. Will you prepare them so far as they can be prepared?—A. I will make the very best compilation for you that I possibly can. No. 39 provides that this Commission shall inquire as to the rates of fare. This Exhibit No. 7 was prepared by me as an illustration of our rates of fare, and shows comparisons. It ought to be considered, and I think ought to go on the record, and so much of it as is possible ought to be published. I think it ought to go into the papers. I would like to have our side appear.

By Mr. COHEN:

Q. Do you wish to add anything to Exhibit No. 7?—A. No; I do not wish to add anything to it at all.

HUNTINGTON, HOPKINS & CO. COMPLAIN OF ILL-TREATMENT.

Q. You were asked as to the business of the firm of Huntington, Hopkins & Co., with the different roads under your charge. I want you to say briefly whether that firm ever had any advantage in any manner or form over and above other people engaged in the same line of business with them?—A. Never. As I said yesterday, I want to make that clear and emphatic. The suspicion has been abroad time and again, I have heard it from merchants here, that such was the fact; but in no case has there ever been any discrimination in their favor, or any favoritism of any nature whatsoever shown that firm. Indeed, they have complained that they were not as well treated as some other firms.

THE GENERAL CONTRACT PLAN.

By the CHAIRMAN:

Q. Let us understand your answer; let us see if you mean exactly what you say upon this question of advantage being give that firm. Has not the firm of Huntington, Hopkins & Co. always had a special contract as to their freight rates?—A. No, sir; the only special contract that Huntington, Hopkins & Co. ever had was made under the general contract plan, when the others had the same thing.

Q. Whom do you mean by the others?—A. I mean other houses doing the same kind of business.

BASIS OF PLAN.

Q. Do you mean doing a proportionate amount of business?—A. No, sir. I attempted to make that very plain yesterday, that the contract plan was not based upon the amount of business done at all, with this qualification: that when we inaugurated that system of doing business, we visited the merchants and stated to them practically as follows: You are now shipping a portion of your goods via Cape Horn. You use the Pacific Mail route for another portion. Those two routes get the largest proportion, as a rule. You use the rail line for another portion. As the capacity of our roads to do this business has not begun to be taxed, and because you divide your traffic in that way, it is necessary for us to agree on relatively low rates, based upon what you have been paying. We do not increase our expenses in the same ratio

with the increase of traffic carried. We would like to do all your business. We think that practically, upon the whole, or upon the average, we can carry all your traffic at no greater cost to you than you are subjected to by using all three routes.

THE PLAN APPROVED BY MERCHANTS.

There was scarcely a merchant that we submitted that proposition to but what would say, "I would rather do all my business by rail, but I doubt your ability to do that thing." Our answer would be that we would try it. We would then sit down in the merchant's office and endeavor to ascertain what proportion of his business he shipped by each route, and what his cost was by each route. Of course the cost of water carriage is determined not only by the freight rate charged by the carrier, but also by the items of insurance—because the railroad company is an insurer of goods and you do not have to insure when you ship by rail—and interest for the difference in time. The time required for the transportation of goods around Cape Horn ranged all the way from four months to six months, so that the item of interest was of considerable value to the merchant. We would endeavor to ascertain upon that basis the cost of using the three routes, the cost of freight, insurance, and interest aggregated, and then we would make an offer as to what we would do in the premises. Of course, it was in the nature of a dicker.

ADVANTAGES OF THE RAIL OVER WATER ROUTES.

The merchants were always ready to pay us more for shipping by rail, because there were many advantages which the rail route enjoyed over the route via Cape Horn. I cannot explain these advantages, and the merchants can scarcely explain them themselves, although they fully understand them. The advantage can scarcely be computed in dollars and cents. They were able to get their goods once in twenty days, or once in thirty days, instead of having to forecast their business and carry a six months' stock on water and a six months' stock in store. We had to go through and make a list of rates, and we would treat each article separately on information that we got from the merchant. We would then make a contract with such merchant. Dunham, Carrigan & Co., in the same line of business with Huntington, Hopkins & Co., made such a contract with us.

Q. Did you actually go to Huntington, Hopkins & Co.?—A. We did.

Q. Were they shipping by the water route?—A. Certainly, just as largely and perhaps more largely than any other firm in town. They never showed the railroad company a particle of preference. They were just as keen to get the lowest rates of freight as any other merchant.

THE PRIVILEGE EXTENDED TO ALL MERCHANTS.

Q. Did you visit all the hardware merchants and extend them the same privilege?—A. All. At the beginning we visited the large jobbing merchants. Why? Because the smaller dealer was not a shipper by sea. It was not necessary, therefore, to visit him. The small dealer did not have the capital to carry a six months' stock of goods in store and a six months' stock on the water, and therefore did not ship via Cape Horn. We got his business, if he imported anything. In the great majority of cases, however, the small dealers would buy from the jobbers in town, and it was not necessary for them to import anything.

I cannot tell you from memory all of the merchants that we visited. At the first, we confined our operations to two or three in each line of trade. They held out for a long time, as they were afraid to change their method of doing business. The merchant is conservative about changing his method of doing business, and the system was worked for a year or two before we got well started. After some time, when we demonstrated that what we had promised could be done, we managed to secure nearly all the business. We succeeded in getting 95 per cent. at least of it, and then it was thrown open to anybody and everybody.

JOBBERS OBJECTED TO OPEN RATES.

We made a list of rates which anybody who signed a contract could get whether he was a small merchant at Santa Cruz or a big jobber here; and that developed the most serious objection to this business with which we had met at any time. The jobbers here said that we were depriving them of advantages which they had before. They said that they had had great advantage in the matter of shipping by the Cape Horn route, and that we had no right to deprive them of it; that in throwing these rates open to everybody, we took away from them the advantages to which they were entitled by enabling every small dealer in the State to import his goods at as low rates as were enjoyed by the larger dealers.

MEMBERSHIP OF HUNTINGTON, HOPKINS & CO.

By Mr. COHEN:

Q. Will you explain who compose the firm of Huntington, Hopkins & Co.?—A. As near as I know, since my connection with the railroad company, it has been composed of Albert Gallatin, Charles Miller, W. R. S. Foye, and H. H. Seaton.

Q. How many years is it since either Mr. Huntington or Mr. Hopkins have had any interest in that firm?—A. I do not know. I have understood that they have no interest in it at all. Then, again, I have understood from other sources, that for a time they received a bonus for the use of the firm name, but that I am not competent to say anything about. My belief has been that neither Mr. Huntington nor Mr. Hopkins of late years has had any interest in the establishment, although, of course, they may have had. I am not sure. Governor Stanford never had any interest in that firm. He would not allow them to be discriminated in favor of. He was always sensitive on that point, and has frequently asked me, when he would hear remarks made that that firm was being favored, if anything of the kind was done. This has occurred several times, and his instructions upon this point have been most positive that no favoritism of any kind should be shown that firm or any other.

WERE OVERCHARGES ALLOWED TO PRESIDENT STANFORD.

By the CHAIRMAN:

Q. Have you ever allowed overcharges to Governor Stanford on shipments of grapes?—A. I do not know that he ever shipped any grapes.

Q. There appear several items in the refund book, to the extent of $1,800 to $2,000. Do you know anything about them?—A. It is very likely that overcharges have been returned to him, but I know nothing about them.

OBJECT OF SYSTEM OF SPECIAL CONTRACTS.

By Mr. COHEN:

Q. In arranging this system of rebates and special contracts, did you, at any time, do it with reference to the particular advantage of any one person or firm, or simply as a means of getting business from your competitors?—A. It was not done under a bushel. It was open and above board. Everybody in this community knew all about it. It was discussed in the newspapers, and the declared object and the sole object was to benefit the rail lines and divert to them a larger portion of the traffic than we had up to that time been able to secure. There seemed to be some necessity for a special plan, for the reason that our competition is peculiar. Vessels would come, some from New York and some from Europe, in ballast for the purpose of carrying the wheat cargoes for Europe, and they would have come for this wheat crop even if they had had to buy ballast. For this reason they would take freight at almost anything. The merchant here, and especially the large merchant, was always in a position to avail himself of opportunities for making shipments of that nature. As a rule, the large jobber here would divide his business. The high class and seasonable goods, and those that he wanted for immediate use, he would ship by rail, and would not inquire particularly as to what the rate was. The bulk of his tonnage, however, he would ship by sea.

NO DISCRIMINATION AGAINST SMALL DEALERS.

It has often been said that there was a discrimination worked by this contract plan, but we have never been able to see it in that way. We will say, for instance, that there was a small dealer here in San Francisco—a dealer in hardware—and that by reason of his small capital he was unable to use the long route, and shipped exclusively by rail. We will suppose that we gave the large jobber this special contract, and did not give it to the smaller dealer. Did we put that smaller dealer at a disadvantage as compared with the large jobber? No. We did not give the jobber anything that he did not possess. In fact, we brought them more nearly to the level in the cost of transportation than they were previous to our making the contract, because we tied the jobber up to exclusive shipments by rail, and gained from him more in the way of charges than he was accustomed to pay previously. I would like to say this, regarding the contract plan, and I think that it is just that I should do so. I stated yesterday that the scheme originated with the general freight agent of the Union Pacific, who, at that time, was Mr. E. P. Vining. Our people did not approve it at first, and I did not approve it, but after getting to work I did approve it, and I have been told by merchants here who were the last to go into it that it was the very best scheme ever adopted for handling this traffic, and that is perhaps more true of the smaller merchant than of the larger.

A JOINT AGENT.

Q. The Union Pacific and Central Pacific have always maintained a joint agent in the city of New York, have they not?—A. From the time of my connection with the road the Union and Central Pacific have had a joint agent in New York City.

Q. And have they one still?—A. I am not sure whether Mr. Knowland is now a Union Pacific agent proper, or whether we still share his

expenses. My impression is that we still pay our mileage proportion of his expenses.

SHIPMENT OF CALIFORNIA PRODUCTS TO THE TERRITORIES.

Q. You have been asked about the diversion of business from the Union Pacific road to other roads controlled by the Central Pacific. I would like to have you explain to the Commission what was the action of the Union Pacific towards the Central Pacific in the shipment of the products of California to the Territories controlled by that company—Montana, Idaho, and so forth. I would like to have you state whether they did not seek to take that business to the Eastern States and to shut the California people out of those markets?—A. I will state that fact, but I would want it to be understood that I do not state it as complaining of the Union Pacific.

Mr. COHEN. Merely state the facts.

The WITNESS: They were actuated in their policy by the rule that would govern any of us who would endeavor to get the business over the longest haul for the line. Previous to the passing of the Utah and Northern line under the control of the Union Pacific people, and previous to the completion of that road, the Montana business was, for the most part, transported by teams from Corinne, a station on the line of our road 24 miles west of Ogden. Montana was largely settled by Californians, and they are quite clannish; and so far as they could they used California goods. We had quite a considerable business with Montana.

Mr. COHEN. In canned goods, and so forth, I presume?

The WITNESS. In canned goods, coffees and teas, whisky, and so forth. After the control of the Utah and Northern passed into the possession of the Union Pacific, the road was extended to Butte City, and the Union Pacific endeavored to shut us out of Montana business in order to force those dealers there to ship exclusively from the east. I cannot describe all the methods which it pursued, but I remember that in some cases it charged for the service from Ogden to Butte City—Ogden is the point where we would have to deliver the goods to the Utah and Northern—almost the same price that the Union Pacific charged for the transportation from Omaha to Butte City. I believe also that I discovered cases where the rate from Omaha to Butte City was lower even than the rate which we had to pay from Ogden to Butte City.

REFUSAL OF UNION PACIFIC TO PRORATE.

Q. Did the Union Pacific refuse to prorate with you on Idaho and Montana business, and charge you local rates?—A. They charged us local rates for a long time, and doubled the local rates on us. Up to the time of the passage of the interstate commerce bill, or at the time that it went into effect, they would permit us to do business in Montana only upon these terms: That we should charge from San Francisco to Butte City the same rates that they charged from Omaha to Butte City, and give them for the 400 miles of service from Ogden to Butte City 75 per cent. of the through rate, while for the 833 mile haul from San Francisco to Ogden we got but 25 per cent. of the through rate.

EFFECT OF COMPLETION OF OREGON SHORT LINE.

Q. Will you please explain the effect on the business that the Central Pacific used to bring through to San Francisco for Oregon by the

building of the road known as the Oregon Short Line, which leaves the Union Pacific line at Granger?—A. The building of the Oregon Short Line and the Northern Pacific has diverted that traffic entirely, and taken it away from the Central Pacific.

By Commissioner ANDERSON:

Q. It came to San Francisco and went to Portland by steamer, did it not?—A. Yes, sir.

REASON OF PREFERENCE FOR "SUNSET" LINE.

By Mr. COHEN:

Q. You were asked about the business of the Southern Pacific Company and the advantages between that line and the Central Pacific. Has not the time in which goods are transported here from New York by the Southern Pacific as against the time used in bringing them over the Eastern trunk lines to Chicago, and from Chicago to the Missouri River, and then over the Union Pacific and Central Pacific, had something to do with the preference of shippers for the Sunset Line?—A. I think that the matter of improvement in time, that is the regularity of time, and the cessation of overcharges which had become an awful burden on the Union and Central Pacific line, perhaps is the sole reason why the route via New Orleans was able to do such a large share of the New York business. At the same time, I wish it understood that the fault with the Union and Central Pacific line did not lie with either the Union Pacific or Central Pacific Company. The trouble was all east of us. The lines east of the Missouri River took no interest. Our business was a mere bagatelle compared with their great intermediate business. Our business had to be done on a peculiar classification, something different from what they were using, because the rates were based on Cape Horn charges. We had to take many classes of freight at very low rates, and they regarded their proportion of these rates as being non-paying to them. They were dissatisfied with the divisions of the through rate, because of the lowness of the rates, and were constantly obstructing our business. As a rule, they paid very little attention to it, so that it took from four to six days to get freight through the city of Chicago. Then they would bill it without any regard to the tariff, so that there was—and that will perhaps explain something that I have been asked about—a time when there was scarcely a shipment from the East that did not reach here overcharged.

DELAY OF FREIGHT IN CHICAGO.

Q. How long did it take to get freight through the city of Chicago?—A. As a rule from four to six days.

Q. I mean to get it through the city itself?—A. That is what I mean. It took from four to six days. For instance, our freight would reach there to-day by the Lake Shore Line, and it would be necessary to transfer it over to the Northwestern depot. To get it there would take from four to six days. You know that there are seasons of the year there when they are crowded and jammed with traffic, and cannot furnish cars. All their switches and side tracks are full, and their lines are taxed to their fullest capacity. Of course their own particular traffic would have the preference, and they would slight our freight.

Q. What is the length of time taken by the New York Central, or by the Pennsylvania road, in carrying freight from New York to Chicago during the busy season?—A. They can usually take it in four days.

Q. What time do they take?—A. It is hard to say. It ranges all the way from four to ten days. The Union and Central Pacific line made a very fair average of ten days between Omaha and San Francisco. When the freight got to be neglected, and no special attention was paid to it on the other side, so that we had to follow the car in almost every case with a tracer, and it took from thirty to forty and forty-five days to get it from New York to San Francisco, except in rare cases, the delay and trouble were all charged to the Union Pacific road, but this charge was unjust. As I have said before, the considerations which influenced the merchants of San Francisco to patronize the line via New Orleans could be proved very easily by calling on those merchants.

EFFECT OF JOINT OWNERSHIP OF CENTRAL AND SOUTHERN PACIFIC.

Q. What, in your judgment, would have been the effect on the business interests of the Central Pacific if the Southern Pacific Railroad had been built by those not having any interest in the Central Pacific, but had been in the adverse ownership of others than the owners of the Central Pacific?—A. I think that is a proposition which is very clear to anybody. The joint control of the Central and Southern Pacific lines, of course, has been beneficial to both, but as the Central Pacific was the original line and enjoyed the larger traffic, and continues to enjoy the larger share of the traffic, the benefit to it was greater than to the Southern Pacific. If the Southern Pacific Railroad had not been built by our people, the Texas and Pacific road would have been extended through to California. They had their line surveyed, and had done some grading through the Soledad Cañon, which is between here and Los Angeles. If you take that trip, you will see their grade above ours in the Soledad Cañon. If the Texas and Pacific line had been built through to California, of course there would have been no check whatsoever. We would have had to deal with a competitor all the way from the tide-water on the Pacific coast through to the Missouri River.

By Commissioner ANDERSON:

Q. In the answer where you stated that the advantages have been both to the Central Pacific and the Southern Pacific, do you refer to the Central Pacific with reference to all of its branches, and the access to San Francisco, or do you refer to the aided portion of the Central Pacific?—A. I am referring to the through business. That would, of course, mean the aided line of the Central Pacific between Ogden and San Francisco.

THE AIDED LINE BENEFITED.

Q. Your answer is that in your judgment the aided line has been benefited by the construction of the Southern Pacific Railroad under the same general ownership; is that correct?—A. My answer is that both the Union and Central Pacific lines have been largely benefited by the fact that the line of the Southern Pacific road from El Paso to San Francisco has been controlled by the same parties who control the Central Pacific.

Q. Do you not perhaps mean that they have been less injured than they would have been if the ownership had been different?—A. Yes, sir, that is a better expression—they have been less injured.

By Mr. COHEN:

Q. If the Southern Pacific had not been built, then I understand you that the business now done over it would have been controlled by Mr.

Gould through the Texas and Pacific Railway and the other lines that he controls?—A. Yes; if he controlled the Texas and Pacific, he would have done it in that way. Tom Scott, however, is the man who would have built the Texas and Pacific.

Q. What part, if any, has Leland Stanford, the president of the Central Pacific Railroad Company, taken in regulating the traffic arrangements between the two roads, or controlling the traffic that should go on either road?—A. He has had nothing whatever to do with it.

THE COLORADO RIVER STEAMBOAS.

By Commissioner ANDERSON:

Q. Do you know the steamboats on the Colorado River that run up from Yuma?—A. Yes, sir; I know there are such.

Q. Take the traffic that comes from San Francisco to points on the Colorado River above Yuma; that will be carried over the railroad to Yuma, and then by the steamers to the points of destination, and the traffic going the other way would leave the points on the river, come to Yuma by the steamboats and thence by rail to California or other points; is that the case?—A. Yes; that has been the practice.

DIVISION OF RATES BETWEEN STEAMERS AND RAILROADS.

Q. Who controlled the prorating of rates as between the steamers and the railroads?—A. I do not remember whether I fixed those divisions without any conference with the general manager or whether I did it after a conference with him. My impression is that they originated with me.

Q. Do you remember what the divisions were?—A. I cannot tell you now. Of course I could tell you by looking at the books.

Commissioner ANDERSON. I would like to be informed.

By Mr. COHEN:

Q. You are now speaking of the Colorado Steam Navigation Company, are you not?—A. Yes, sir.

DIVISION OF PRORATES MADE BY AUDITOR.

By Commissioner ANDERSON:

Q. Who fixed the prorates for traffic interchanged between the Central Pacific main line and the leased lines, like the Northern Railway, the San Pablo and Tulare Railroad, the Amador Branch Railroad, and the other branches that were leased?—A. I do not understand that there has been any division made of the revenue between these roads and the main line.

Q. How are the earnings divided?—A. We will say, for example, that there have been times when some of these branches have been operated separately. My impression is that wherever there was an interchange of business between a branch line like the Amador Branch, or a purchased or leased road, like the Stockton and Copperopolis, or an acquired road, like the California Pacific, or a built road, like the Northern Railway and the San Pablo and Tulare Railroad—wherever there has been any division made other than that which would be made by local rates, or by straight mileage, it has been done in the auditor's office, and without any consultation with me. I think that Mr. Miller is responsible for those divisions, but I am not sure about it.

TERMS OF DIVISIONS.

Q. As matter of fact, do you know upon what terms such divisions were made, or what were the factors?—A. I do not believe that I can tell you what the divisions were. I have understood that as between the Stockton and Copperopolis road and the main line there was a constructive mileage given the Stockton and Copperopolis of 50 per cent., or double, I do not know which; and as between the Amador Branch and the main line I believe it was constructive mileage for a while.

Q. Is it not true that it was the practice to change the leases from time to time, and that the actual business or value represented in dollars done by the leased lines was used as a basis for fixing the changes in the rentals?—A. I have no information whatever upon that subject.

Mr. COHEN. He had nothing to do with leases.

DIVERSION OF TRAFFIC.

Q. Is it not true that the California Pacific Railroad has been used as the main line for the transportation, first of passengers and then of freight, from Sacramento to San Francisco; and that that diversion has very largely decreased the earnings over the line formerly known as the Western Pacific Railroad?

The WITNESS. Are you speaking now of any particular traffic, or only of the traffic between San Francisco and Sacramento?

Commissioner ANDERSON. I speak mainly of through traffic.

A. It has been sent latterly via the California Pacific.

Q. Is not the tendency of that to decrease the traffic actually done over the Western Pacific?—A. Whatever was credited to the California Pacific for the service between Sacramento and San Francisco would be taken from the line between Sacramento and San Francisco via Stockton.

Q. In regard to passenger and freight traffic going in the other direction, from points at and south of the Western Pacific at Niles, is it not true that it is now largely carried over the San Pablo and Tulare route to its junction with the Western Pacific?—A. From San José and south of Niles, whether the traffic is hauled over the Livermore Pass, or not, I cannot tell you. I do not know which way the freight is carried.

Q. To whom do you refer us for information on that point?—A. The general superintendent can tell you.

Q. What is his name?—A. J. A. Filmore.

Q. If that is done it would also tend to decrease the business actually done on the Western Pacific, would it not?—A. It would tend to decrease the business done over the section of road between Niles and Tracy, which is a portion of the aided line.

LONGER IN MILES, BUT SHORTER AS TO ECONOMY AND TRANSPORTATION.

Q. Would not the mileage by this new route be longer than it would be if run over the Western Pacific?—A. It would be longer in one sense—in the sense of miles—but shorter in the sense of economy and transportation.

Q. What do you mean by "in the sense of economy"?—A. Because it is a dead-level road, and the other is a mountain road, where we have a maximum grade, I think, of 50 feet to the mile.

Mr. COHEN. I think the grade is 90 feet to the mile.

The WITNESS. No, it is less than 60 feet, I think. There is something here from the general manager showing everything concerning that.

FACTORS OF THE PRORATE.

Q. Who fixes the prorate as between the different branches of the Southern Pacific Railroad and the Central Pacific as to the interchange of traffic?—A. I think that it is done now on actual mileage.

Q. Who fixed them from 1876 to 1886?—A. I think that distribution is made altogether in the auditor's office, and I presume that it would be done under the direction of Mr. Miller.

Q. Do you know what are the factors of the prorate?—A. Our system is composed of different roads. I do not take into account any of the different roads composing the entire system. The billing is all made as though it were one road.

Commissioner ANDERSON. I was talking of the distribution.

The WITNESS. Wait a moment. The segregation of those charges for the purpose of accounting is made altogether in the auditor's office, and I do not know anything about it except from hearsay.

EFFECT OF AN ARBITRARY FACTOR.

Q. What would be the effect of favoring the Southern Pacific by an arbitrary factor, on the apparent earnings of the Southern Pacific as compared with the Central Pacific, on the interchanged business?—A. The question answers itself. The effect of favoring it would be to favor it.

Q. The effect would be to increase the apparent revenue, would it not?—A. Certainly.

Q. And if the apparent revenue for a given time was used as the basis for altering or amending the leases it would tend to draw out from the Central Pacific its earnings and award them to the Southern Pacific, would it not?—A. It would certainly give the Southern Pacific an advantage. That is evident.

Q. Can you furnish us with the figures relating to the prorate between the Southern Pacific Railroad Company and the steamers on the Colorado River?—A. I will do so. I can furnish you with the divisions that have been used in apportioning charges.

Q. As to the other traffic that I have inquired about I understand that you refer us to the auditor, do you?—A. I refer you to Mr. Miller. I have heard that the mileage account is being made up by your experts, and I think that you will find Mr. Stevens thoroughly informed upon it.

RELATIVE COST OF CARRYING FREIGHT VIA CALIFORNIA PACIFIC AND WESTERN PACIFIC.

By Mr. COHEN:

Q. What is the relative cost of carrying a ton of freight from Sacramento via the California Pacific and via the Western Pacific to Oakland?—A. Without presuming to rate myself as an expert I should say that the difference in the cost of operating the line between Sacramento and Oakland via Semicia and via the Western Pacific, or the line between Sacramento and Oakland via Stockton and Niles, or even via Stockton and Tracy and Antioch and Martinez, would be 50 per cent. in favor of the short and level line of the California Pacific.

There is a difference in mileage of 58 miles in favor of the California Pacific as against the Stockton-Livermore line. There is a difference of about 69 or 70 miles in favor of the California Pacific as against the Stockton-Tracy-Martinez line. The total distance via the California Pacific line is about 84 or 85 miles.

Q. What saving is there in the operating expenses in the travel going from the Southern Pacific and going over the San Pablo and Tulare?—A. I should think 50 per cent. Of course there must be regard in all these things for the question of public convenience as well as economy. This company could not force passengers or traffic over the long line if it has a short line, against competition.

CAUSE OF COMPLAINT AGAINST THE GOVERNMENT.

By Commissioner ANDERSON:

Q. How do you distinguish between the cause of complaint, which you claim to have against the Government in the matter of its permitting the construction of other transcontinental lines, and your own acts in the opening up for the accommodation of the whole public the Southern Pacific system of roads, the San Pablo and Tulare Railroad, the California and Pacific Railroad, and the Northern Railway?—A. I do not question the wisdom of the Government in subsidizing with lands other roads which have been built in competition with the Union and Central Pacific line. I do not know but what you might say that it was the part of wisdom for the Government to do it, and open up to settlement that great portion of our country embraced within the Territories of Kansas, Nebraska, Montana, &c.; but the point of our complaint, as I understand it, is this: The Union and Central Pacific line is a debtor to the Government in a very large sum of money, a sum perhaps in excess of the value of the line. I doubt whether, even if these competing roads had never been built, the Union and Central Pacific roads would have been able ever to pay their debt to the Government. That was a thing that was obvious, or which should have been evident to every man in the United States who inquired into it. If the Government, being a creditor, gives larger land subsidies to other lines to be built in competition with this line, which certainly impair the earning power and reduce the value of the Central and Union Pacific line, it reduces the value of its own security, and when the Central and Union Pacific lines go before Congress and ask for an extension of the credit for a reasonable time, I think that it should be regarded as going there with a very strong equity case.

SOUTHERN PACIFIC NECESSARY TO CENTRAL AND UNION PACIFIC.

Now, the difference in our case is this: In the first place, the California Pacific road was not built by the Central Pacific. It was an older road than the Central Pacific between San Francisco and Sacramento, it was built first, it was the shorter line, and a line that would naturally take the business, and it is a line that any company operating it, having also a line east of Sacramento, would be required, with a due regard for public convenience, to send its traffic over. It was necessary in my judgment for the Central Pacific to control the California Pacific, because it got rid of a very well equipped competitor, because it neutralized or reduced competition between that line and its own line, because it stopped the extension of the California Pacific into territory that would hurt the Central Pacific, because it made it forever im-

possible for the California Pacific to become the nucleus of a trans-continental line, which was in my recollection discussed, and at one time seriously thought of. With respect to the local traffic on the line of the Western Pacific, barring San Francisco and Sacramento traffic the California Pacific is no competitor whatever. With respect to the traffic of the Oregon division north and the local traffic east of Sacramento, the California Pacific was the original rail line, and the business of the Western Pacific done with that territory, after it was completed, was business diverted from the California Pacific to the Western Pacific. So far as that business is concerned, there has never been any diversion to the California Pacific.

SAN PABLO AND TULARE AND NORTHERN RAILWAYS AS FEEDERS.

With respect to the San Pablo and Tulare Railroad and the Northern Railway, those roads were built to occupy territory which was productive, and which, if not occupied by our people and made feeders to the Central Pacific, would have been occupied by other railroad companies which would become competitors. If there is any fault to be found with our people, it is, in my judgment, because they have not built more lines through California as feeders. I think that if they had had a little more money, and been a little more active in Southern California, we would not be in the embarrassing position we occupy there to-day, and the whole property of the company would have been largely increased in value.

ROCKY MOUNTAIN COAL AND IRON COMPANY.

By Mr. COHEN:

Q. While I was on the question of the Union Pacific, I should have called your attention to the matter of the Rocky Mountain Coal and Iron Company. The Central Pacific for a long time, as I understand it, has obtained its coal for the operation of its road through the State of Nevada, from Evanston, which is on the line of the Union Pacific. What influence did that fact have upon the business transactions between the Union Pacific and Central Pacific? Was it used as a means of intimidation or coercion to control the Central Pacific and compel it to meet the views of the Union Pacific?—A. I do not think that the Union Pacific ever treated us very badly on that business. I would not like to testify as to that.

Q. Were not the rates on coal advanced from time to time by the Union Pacific?—A. I do not know. The question of rates between Evanston and Ogden has always been a moot question between the Central Pacific and the Union Pacific. In that respect we were in the position of shippers, and we growled, just as shippers ordinarily do. We always thought that we had to pay more than we ought to have paid.

A BENEFIT TO THE CENTRAL PACIFIC.

Q. What would have been the relations between the Central Pacific and the Union Pacific if this mine had been owned by the Union Pacific, instead of by the Central Pacific; in other words, if you had had to rely upon the Union Pacific for your supply of coal instead of mining it from a mine owned by yourself?—A. That is purely a matter of conjecture. I regard the owning of the Evanston mine by the Rocky Mountain Coal and Iron Company as having been of very great and material benefit to the Central Pacific. If I had been the manager of the Union Pacific and owned that mine, and the Central Pacific could not get coal from

any other mine, I should have got out of the Central Pacific all that I could. I could not tell you what the Union Pacific people would have done.

Mr. COHEN. I suppose that Mr. Towne can answer that question more fully than any other man.

PLAN OF SETTLEMENT.

Q. The Commission is charged by Congress, under question 58, to inquire what sums the Pacific railroads and their branches can severally pay annually on account of their indebtedness to the United States, without imposing such burdens on the people, and practically upon the localities through which the roads pass, as to retard the development of the country. Can you give any information to the Commission upon that question, other than you have testified to already?—A. Nothing more than what I have generally outlined in my testimony. I have never studied the question with reference to answering it in that form upon that point.

THE ARCHER BILL.

Q. You were asked about hostile legislation, and you spoke of a matter in which you met myself at Sacramento in the discussion of the Archer bill. I have already stated to the California commission, as the result of my recent experience, that if that bill had passed, it would have been a very unfortunate matter for the people of the State of California. What is your experience on the same subject?—A. I think that there would have been a special session of the legislature called to repeal it. If that Archer bill had passed, it would not have been possible for the railroad people to have constructed the Southern Pacific, or to have continued the construction, or to have built any other roads in the State of California.

Q. What would have been the effect on the people?—A. The effect upon the people would have been disastrous. The passage of such a bill as that, if it had remained in force, would, of course, have retarded all development. The bill was an absurdity in itself.

EFFECT ON CENTRAL PACIFIC OF INTERSTATE COMMERCE LAW.

By Commissioner LITTLER:

Q. Will you please state to the Commission what effect the interstate commerce law has had upon the Central Pacific road, if any?

Mr. COHEN. I suppose that you mean the recent bill?

Commissioner LITTLER. Yes.

The WITNESS. I am unable to give any fair idea at present of the probable effect of the bill. The first effect was to throw the Central Pacific out of all through business. That, perhaps, arose from the misconstruction of the provisions of the bill, or of the intent of Congress, a misconstruction that originated with the Eastern roads, and which was very general. Our people contended against it, but because the concensus of railroad opinion at the East was against them they had to submit to it. That has particular reference to the long and short haul clause in the fourth section. For the reasons I have stated, we had to practically abandon the through business, until we were able to present to the Commission a petition for the suspension of the operation of the fourth section. The Commission suspended the operation of the fourth section for seventy-five days, but in the mean time a large portion of our traffic had been diverted to other lines. It enabled the Canadian Pacific to get a foothold here that I do not think it otherwise would

have gotten. It gave them traffic and advertised them. It threw business to the Pacific Mail steamships, and to the Cape Horn vessels which we would have carried ourselves, but the extent and value of that business so diverted I am unable to tell you. The suspension that the Commission gave us was temporary, in order to give it time to examine the complaint; but since July 7, the Commission has decided in the case of the Louisville and Nashville Railroad this question generally. They said that they would grant no more suspensions, but gave it as their opinion that there were circumstances and conditions such as would justify the charging of a higher rate for an intermediate or short haul than for a longer haul, and used some illustrations which practically justified us, or confirmed the construction which our attorneys had previously placed upon the bill, and satisfied our Eastern connections, so that to-day we are continuing precisely as we did during the term of the suspension.

Commissioner LITTLER. And before the act was passed.

The WITNESS. And before the act was passed, except with respect to some methods of doing business at points where the competition was with railroads instead of with the clipper lines.

CONCEDE THAT CANADIAN PACIFIC IS HERE, AND TAKE CARE OF IT BY POOLING.

Q. Can you give the Commission any suggestion as to how this Canadian Pacific Company, which is a foreign institution, can be cut off and the traffic originating here or elsewhere in the United States diverted from it and be kept and carried by our own line?—A. You cannot cut them off completely. I suppose that Congress could pass a law which would prevent any duty-paying goods taking that line by not allowing it to operate under the immediate transportation act concerning bonded goods. That would help somewhat.

Q. Would it not, as to all duty-paying goods, operate as an embargo upon it?—A. Yes, sir; it would be an embargo upon all goods going that way. I suppose that if Congress would desire to do it, it might pass a law which would not permit goods to pass over that line from a point in the United States to another point in the United States. I suppose that Congress could put on such restrictions as would prevent what we might term domestic goods from going through this foreign country. The better way, in my judgment, however, would be to concede the fact that that line is there, and one of the permanent features of the country, and let the railroads take care of it by pooling.

The Commission then adjourned to Monday, August 15, 1887, at 10 a. m.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Monday, August 15, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

JOHN C. STUBBS, being further examined, testified as follows:

Mr. COHEN. I produce the overcharge vouchers of the Central Pacific Railroad Company for the month of February, 1884.

CONCERNING OVERCHARGES PAID ON ACCOUNT OF ENTIRE LINE.

The WITNESS. There is one thing that I omitted to state when I was on the stand on Saturday last, owing to forgetfulness, and that was

with respect to overcharges that are paid on account of the entire line—amounts which are paid on account of other roads. In such cases the original papers all go to the other roads and rest in the hands of the first carriers. In such cases we file with our auditing department nothing but a receipt with reference to the numbers, and so forth; but on the books of the general freight office we keep an impression copy of the originals, so that you can get full information from them.

VOUCHER NO. 926—ROCKY MOUNTAIN COAL AND IRON COMPANY.

By the CHAIRMAN:

Q. I hand you voucher No. 926, amounting to $799.97, in the name of the Rocky Mountain Coal and Iron Company, overcharge on coal for the month of February, paid February 21, 1884. Will you please examine the voucher and say whether the charge there is an overcharge by way of error or an overcharge by way of rebate, and how you distinguish from the face of the bill?—A. That is what I call a rebate voucher. I distinguish from the fact that it says upon its face "as per agreement," and from the fact that we have a contract with the Rocky Mountain Coal and Iron Company, by which we give it a rebate on coal.

Q. Have you a contract during this year—the year 1884, named in the voucher—with the Rocky Mountain Coal and Iron Company?—A. I do not think that there was a written contract.

REBATES TO ROCKY MOUNTAIN COAL COMPANY.

Q. What percentage of rebate was allowed?—A. It was not a percentage. The rebate allowed is stated on the face of the voucher. The statement on the face of the voucher would be good evidence to a railroad accountant, such as I understand Mr. Stevens to be, that it was a rebate voucher.

Q. How long had the rebates been allowed prior to this year, 1884?—A. My recollection is that they existed from the beginning, say from the year 1870.

Q. Are all of the rebate vouchers distinguished by the mark "as per agreement"?—A. They are distinguished by the words "as per agreement" or its equivalent. In some of them you will find the letters "S. C.," which mean special contract.

Mr. COHEN. While the chairman is looking up that matter, you may as well state, and save cross-examination, as to the arrangements between the two companies as to the cost of fuel.

EXPLANATION OF THEM.

The WITNESS. I desire to explain the Rocky Mountain Coal and Iron Company's rebate. On none of the roads that our people have built have they found coal. On all of their lines, with the single exception of the Sierra Nevadas, there is a scarcity, if we might not fairly say an entire absence, of fuel, so that the companies were dependent for fuel upon supplies to be furnished off the line of the road. On that account, as I understand it, the company had an understanding with the Rocky Mountain Coal and Iron Company to the effect that the latter company should furnish coal for the use of the railroad company, delivered on board cars at a certain rate per ton. What that rate is I do not know. I cannot tell you. They use that coal for the main line of the Central

Pacific east of the Sierra Nevadas, never, I believe, using it in California. For California they obtain coal by purchase, the coal being brought from Europe, from Australia, or from Washington Territory. As I understand it, it was a part of the consideration for furnishing the company with coal at the prices stated, that the Rocky Mountain Coal and Iron Company should be assisted in supplying the commercial communities along the line of the road in Nevada with coal for domestic and commercial purposes, and this rebate is in pursuance of that understanding.

Q. Who compose the Rocky Mountain Coal and Iron Company?—A. I cannot tell you.

Commissioner LITTLER. We have that in evidence, Mr. Chairman.

The CHAIRMAN. I understand that we did not have it. If we have it I will not insist upon the question.

Commissioner ANDERSON. That has been very clearly stated.

The CHAIRMAN. I do not at all recall that we have had it.

WITH WHOM THE CONTRACT WAS MADE.

Q. With whom did you deal in the Rocky Mountain Coal and Iron Company in making this contract; who arranged it?—A. Whoever was in charge. At one time, the earliest name that I recollect is Mr. Diefendorff. After that it was General Colton, and after General Colton it was H. K. White, the secretary of the company; I believe that H. K. White is the name. I think latterly Mr. Douty, although I do not remember ever having had an interview with Mr. Douty upon the subject. This rebate was established very early in the history of the road, and has been continued without any change, according to my recollection. There has been no need of a conference, or debate, or interview upon the subject.

RELATION OF COAL AND IRON COMPANY TO CENTRAL PACIFIC.

Q. Has the Central Pacific Railroad Company, through its officers and directors,, a controlling interest in the Rocky Mountain Coal and Iron Company?—A. That I do not know.

Q. Is the General Colton whom you have named the General Colton who was a director in the Central Pacific?—A. The same.

Q. What other officers of the Central Pacific were interested in the company?—A. I do not know, except from hearsay. I know nothing about it from any actual knowledge. At the time that I dealt with General Colton I believe he was president of the Rocky Mountain Coal and Iron Company, and that he had nothing whatever to do with the Central Pacific, so far as my knowledge goes.

EXPLANATION OF VOUCHER.

Q. Does the voucher which is presented to you indicate the total amount of the freight bill represented in coal?—A. I do not understand your question. In order that you may fully understand, I will explain the voucher. You will find the first division of the voucher is for coal shipped from Ogden to Battle Mountain, Nevada, from January 4 to January 21, 1884. That presumably is all the coal that was shipped to Battle Mountain during that month. The amount was 245,600 pounds.

Commissioner ANDERSON. It does not state the charges.

The WITNESS. No; it does not state the original charges. Down under the total, under the words "should be refunded," you will find it

stated "on 245,600 pounds of coal to Battle Mountain, $3.89 per ton of 2,240 pounds," and, if you will figure that out, you will find that it exceeds $426.50, and that is the amount refunded on the shipments to Battle Mountain.

The second division of the voucher is for one shipment, on January 4, 1884, from Ogden to Palisade, 39,800 pounds. Presumably, that was all the commercial coal that was shipped to Palisade during that month. Under the head of "should be refunded" you will find it stated "should be refunded on 39,800 pounds of coal to Palisade at rate $2.25 per ton of 2,240 pounds," or $39.98, which was the amount refunded on that shipment.

THE BILL ONLY SHOWS AMOUNT OF REFUND.

Commissioner ANDERSON. We understand that. What the chairman said was that the bill does not show what the total amount of freight charged was, so that we can compare the amount of the refund with the amount of the charge, to see what proportion it is. He wants to see how the freight bill compares with the refund.

The WITNESS. It does not show that. It simply shows the amount of the refund. I did not understand the question.

Q. Are all of the rebate bills made up after the bill that you have been explaining to the Commission?

The WITNESS. Do you mean in this form?

The CHAIRMAN. Yes.

The WITNESS. They differ in accordance with the circumstances. Wherever the rebate was a specific rate per ton, or per hundred pounds, it would be shown in this form, and the voucher in the case probably would not show the amount of the freight charges collected.

The CHAIRMAN. As I understand your former explanation, the words "as per contract" would be written on all bills?

The WITNESS. Something to that effect.

The CHAIRMAN. I ask you especially, so that when I hand these bills to the accountant he will know how to distinguish them from the marks upon their face.

OVERCHARGE AND REBATE VOUCHERS.

The WITNESS. I thought that I understood why you wanted to examine these vouchers. I say that there is no difficulty at all, in my judgment, in a man like Mr. Stevens determining what is an overcharge voucher and what is a rebate voucher in examining these vouchers. The only difficulty that we would be likely to encounter, but that we could remove, would be in a case like that—like vouchers from 156 to 157, which is a duplicate voucher for shipments of through freight, the refund being divided between the several companies that participated in the transportation of the freight. In that case you will find that there are no subvouchers—no explanatory statements—nothing on the face of the duplicate that is at all explanatory of the nature of the claim. The reason for that is, that the original voucher which bears such explanation and the papers in support of it, if there are any, are transmitted by the Central Pacific to its next Eastern connection, or to the company from which it received the freight, in order to collect the proportion of the refund of that company and its Eastern connections. We can supply that omission by referring to the general freight agent's impression copies of the original vouchers, referred to by num-

bers. You will observe that on the duplicate the numbers on the bill are 158 to 187. Those are the auditor's numbers. You will also find the "G. F. A." (general freight agent) number 117616. By reference to the impression copy book in the office of the general freight agent any one can readily find "G. F. A." voucher 117616, which will give the explanation. I have it here, if you want to see it.

A SPECIAL CONTRACT WITH HUNTINGTON, HOPKINS & COMPANY.

Q. Was not the voucher which you have just named a voucher under the contract with Huntington, Hopkins & Co.?—A. The voucher, G. F. A. voucher 117616, is a voucher under the special contract with the firm of Huntington, Hopkins & Co., which I have heretofore explained as having been made in consequence of the adoption of what is generally known as the special contract plan for handling the through freight from the East to San Francisco and to other points in California.

Q. Why, then, are the words "as per contract" omitted from that voucher and placed upon a voucher such as that of the Rocky Mountain Coal and Iron Company?—A. They are not omitted.

Q. Where do they appear?—A. On the original voucher.

Q. Where is the original voucher?—A. It is impossible for me to say. It is in the possession of some Eastern line, some line east of the Union Pacific.

WHO MADE CONTRACT.

Q. Who made the contract?—A. The contract is in the name of the Union Pacific, Atchison, Topeka and Santa Fé, Texas and Pacific, and the other companies east of the line of the Central Pacific, forming parts of through lines.

Q. Was not the contract with Huntington, Hopkins & Co. made by your agent at the time that the contract system was in vogue?—A. No, sir; I think not.

The CHAIRMAN. I understood you to say that they went to Huntington, Hopkins & Co., as they did to other hardware men, and executed this contract.

The WITNESS. I think that if you will refer to my testimony you will find that I did not say that.

HOW MADE.

The CHAIRMAN. Please explain now what you mean.

The WITNESS. I stated distinctly that the general freight agent of the Union Pacific came to San Francisco and that with him I visited all of these firms and made these contracts; and I think that this is especially true of the hardware firms, because they were very large importers, and had goods that were peculiarly susceptible to shipment by the Cape Horn route. It was a class of business that we did not carry to any large extent, and which we were very anxious to get fixed onto our line.

Q. Did your road make a contract with them at the same time as the agent of the Union Pacific?—A. As I think I explained, on west-bound business we always deferred to the Union Pacific or to our Eastern roads. The Eastern companies were supposed, in accordance with a general custom, to be responsible for the handling of the west-bound business. We, of course, shared in the contract, and in my opinion were just as much parties to it as the Union Pacific.

A DUPLICATE VOUCHER.

Q. By what mark on this voucher do you determine it to be a rebate voucher?—A. As I have already explained, there is no mark on the paper which you have in your hand which indicates that it is a rebate voucher.

The CHAIRMAN. So that all of the rebate vouchers that appear here, represented by the different numbers, are not represented by the words "As per contract"?

The WITNESS. Those that you have before you are the duplicate vouchers that are filed in the office of the general auditor, and do not bear that notation.

Q. How do you determine that this is a duplicate voucher?—A. It is marked duplicate.

Q. Where?—A. There on its face.

Q. Then all vouchers marked "duplicate" and so printed we are to conclude are to be designated as rebate vouchers, are we?—A. No, sir.

DEFINITION OF A DUPLICATE VOUCHER.

Q. What other vouchers are distinguished by the term "duplicate"?—A. Every duplicate voucher is so distinguished. Wherever an overcharge, or rebate, if you prefer the term, is paid on account of other railroad companies, in whole or in part, the paper on file with the Central Pacific will simply be a duplicate. The original voucher, with all the evidence in support of the claim, will have passed to the connecting roads and rest in the hands of the first carrier transporting the freight.

Q. Would that word "duplicate," indorsed on the voucher, be any guide to the accountant in distinguishing the rebate vouchers?—A. Not a particle. To explain, or to repeat, we have impression copies of all the original vouchers, for which you will find duplicates on file in the auditor's office, which can be readily referred to. They are kept in the general freight agent's office for just such reference. If you want an illustration of it, I am prepared to treat the paper which you have in your hand and show you an impression copy of the original voucher, which will give you as much information as if you had the original voucher in your possession.

ORIGINAL AND DUPLICATE VOUCHERS.

The CHAIRMAN. We will have the impression of the original voucher. We simply want it explained so that we can distinguish these vouchers.

The WITNESS. If you will look at the book containing an impression copy of this voucher, you will find it distinguished. The total sum paid to Huntington, Hopkins & Co., is $1,010.59. On the back of the voucher appears the distribution of that sum, namely:

Central Pacific freight account	$276.08
Union Pacific	324.02
East	410.49

By "east" we mean the roads east of the Union Pacific which carried the freight. The duplicate voucher that we have been discussing, namely, 117616, embraces several vouchers which I have not noticed, namely, from 117616 to 117645.

Central Pacific Railroad Company to Huntington, Hopkins & Co., Dr.

For overcharge on freight in transportation from Pittsburgh to Sacramento: November 15, 1883, No. of way bill 23172, 221 reels of B. F. wire (which means barbed fence wire), weight 22,510 pounds. Total charges collected were	$263.30

The special contract that I refer to with Huntington, Hopkins & Co. provided for a rate on barbed fence wire from Pittsburgh to San Francisco of 90 cents per 100 pounds, so that under the words "should be" it reads: 22,510 pounds at 90 cents per 100 pounds, totaling $202.59, making an overcharge of $80.44, which is distributed as follows:

To the Central Pacific	$17.06
Union Pacific	20.05
East, that is, between Council Bluffs and Pittsburgh	43.31

The letters "S. C." on the face of the voucher indicate that the overcharge is by reason of that special contract referred to.

MEANING OF THE LETTERS "S. C." ON VOUCHER.

Q. Am I to understand that all vouchers marked "As per contract" on their face, and all vouchers indicated in the letter book, and explained by the letter book and marked "S. C.," are overcharges by way of rebate?—A. According to the definition that I have given you of rebates, my answer would be yes; but there is an explanation that should be borne in mind, or should be received, or else the Commission will not only be misled, but the public will be misled. The letters "S. C." as appearing on these vouchers, you will probably find on every voucher, with but few exceptions, for overcharges on west-bound through freight, because at that time I presume not less than 95 per cent. of the entire through business from the East to California and to Oregon was done under the special contract plan, so that the whole overcharge business, under the definition—all the overcharges paid on west-bound freight—would go into the accounts as rebates.

SPECIAL CONTRACTS NOT REBATES.

The CHAIRMAN. We want to get the total of rebates; that is what we want.

The WITNESS. I think that you are under a wrong impression, because really the business was done at the special-contract rates. There were very few people that did not have a special contract.

Q. That is, by way of rebate?

Mr. COHEN. They are not rebates.

The WITNESS. They are not rebates in the sense that the payments to the Rocky Mountain Coal and Iron Company are rebates, or rebates as understood by Eastern railroad companies. It was a peculiar condition. I do not suppose that there ever was any company, or any set of companies forming a line, that found it necessary to adopt a special plan of this sort, and to show all their business to have been done on a rebate plan.

The CHAIRMAN. The act of Congress calls for rebate or special contract. These are the terms that are used.

The WITNESS. I have no objection to whatever interpretation you put upon them. I only desire to make my explanation and put it on the record, so that you will know exactly what was done.

"RELIEF VOUCHERS."

By Commissioner LITTLER.

Q. In the history of the road, did you ever pay a rebate, except under a special contract? Does not a rebate necessarily imply a special contract?—A. Yes, sir. Sometimes, however, what are called "relief vouchers" have been made.

Q. It is not a rebate within the proper meaning of the term, is it?—A. You might say it was a rebate, but the general idea that attaches to the term "rebate," as understood by railroad companies, is where there is a contract, in consideration of which a lower rate will be accepted than the one at which the freight is billed, or with the understanding that a portion of the charges paid shall be refunded in consideration of certain things. We never paid a rebate but for the purpose of getting business for the company.

Q. Did you ever pay a rebate voluntarily and without any consideration?—A. Never, to my knowledge. I think the best evidence on that would be the statements of the importers in this city.

RATES FIXED BY SPECIAL CONTRACTS BECAME REGULAR RATES.

Colonel HAYMOND. Let me make one suggestion here for your benefit. The prices fixed by these contracts became the regular prices accepted by the roads doing the business. All the business was done at these rates, whether a man had one ton of freight to carry or a thousand tons. If he would make a contract he would get those rates, and they thus became the regular rates for the transportation of freight, and the object of those contracts was to secure to the rail lines the goods that had theretofore been carried via Cape Horn.

Commissioner ANDERSON. In other words, the exception became the rule.

The WITNESS. What is ordinarily the exception became the rule with us.

Commissioner LITTLER. As I understand it the published tariff rates of this company were chiefly intended to mislead your competitors and the public, and you did business chiefly under the contract system?

SPECIAL CONTRACTS NECESSARY TO SECURE BUSINESS.

The WITNESS. I would not state it in that way. In this particular case, as I have tried to explain, we had to meet very peculiar conditions of competition, and we could not put in an open tariff and secure the bulk of the through business against our competitors. Why? The difference between the cost of carriage via Cape Horn and overland was very material. If we reduce the open tariff our competitors would reduce their rates, the merchants would still go on assorting their business, and we would get but a trifle more. The result would be a reduction, and would show a loss, on business which we could just as well have secured at the higher rate. In order, therefore, to get the low-class business, we pursued this contract plan, and bound the merchant to ship exclusively by rail, and we tied him up just as tight as we knew how.

Q. This published tariff was the pool tariff agreed upon, and your agents, of course without the knowledge of the company, made cuts in freight rates to get trade, and the refunds were made through the aid of rebate vouchers. Is not this the case?—A. Originally; that is, before the contract plan was adopted, while we had a published tariff, it would, as a railroad man would state, amount to very little more than a maximum from which to cut.

SPECIAL CONTRACT RATES UNDERSTOOD.

By Mr. HAYMOND:

Q. Were not these contract rates as public as your other rates?—A. I think that the special contract plan was better understood than the

other tariff, because it was discussed here, the attention of every merchant was brought to it, and we invited everybody to come in.

The CHAIRMAN. I hand you voucher No. 536, in favor of the Boca Brewing Company, and I ask you to explain how you designate the voucher, as to whether it is a voucher by way of error, or a voucher by way of rebate under the special contract. It seems to be in a different form from the other.

The WITNESS. That is a local overcharge voucher. It is an overcharge voucher.

SPECIAL RATES TO BOCA BREWING COMPANY.

Q. Is it a voucher by way of error, or a voucher by way of rebate?—A. I will have to explain that, I guess, as I understand it. As I testified to the Commission the other day, we gave the Boca Brewing Company special rates on all their stuff, in order to induce them to establish a brewery at Boca. The rate upon rice was $15 per ton. My recollection is that at times when they wished to ship they would notify us, and a rate order would be given, so as to have the freight billed at the net rates. Sometimes they did not do so, and freight went forward billed at regular rates, and then the refund would be made by voucher, as we term it. There is nothing on the face of this voucher that indicates that it is a rebate voucher. There is no special contract—nothing of that sort.

VOUCHERS SHOULD INDICATE DIFFERENCE BETWEEN REBATES AND OVERCHARGES.

Q. Am I to understand from you that there are classes of vouchers which appear from time to time upon the face of which are no indications, or any marks, or any writing to indicate whether they are vouchers by way of rebate or by way of overcharge?—A. I have not intended to create any such impression on your mind. At the time that I made the statement I meant it. I believed it, that there was no voucher but what would indicate on its face to a railroad accountant whether it was a rebate voucher or simply an overcharge. Why that voucher does not do so I cannot explain. It is simply an oversight, and there may be others the same way. While there may be cases where it is not so, as a rule you may say that overcharges to the Boca Brewing Company would be what might be called rebates.

Mr. COHEN. There is nothing on the record to show that there is any writing on this voucher to indicate that it is an overcharge.

The WITNESS. I will only say that an accountant seeing a statement of that kind would probably understand that it was a rebate, or he would ask questions about it. We will give information whenever anything of that kind comes up. This is an exception, but I think that you will find such instances are very rare in the whole history of the road.

VOUCHER NO. 935.

By the CHAIRMAN:

Q. I hand you voucher No. 935. Will you please from its face indicate how you determine whether it is a voucher by way of error, or a voucher by way of rebate?—A. It says, "Should be as per general freight agent's letter to August Weihe," which indicates that it is a special rate.

AN OVERCHARGE NOT A REBATE.

Q. Was that a special rate by way of contract, or was it simply an individual case where the agent communicated by letter that a rebate would be allowed to that shipper?—A. It was undoubtedly an arrangement in advance of shipment. The explanation of this voucher is that it is not a rebate. As I read it, it makes the rate on pickets the same as on lumber, $40 per car. I presume that an examination will show that the tariff did not provide for any special rate on pickets, and it had to be done by an arrangement of that sort. I could not testify definitely about it without going back to the records, but my opinion is that it is not special in the sense of being a rebate.

Commissioner ANDERSON. That is another case, then, in which you cannot tell from an inspection of the voucher to which class it belongs, but must look to the records.

The WITNESS. I say that it is an overcharge.

HOW DETERMINED.

Q. Can you tell from the face of the voucher, or will you have to look at the correspondence?—A. I think that the correspondence attached to the voucher indicates that.

Q. Can you tell from the face of the voucher?—A. You cannot tell from the face of the voucher whether it is a rebate or an overcharge, except that the voucher says that it is an overcharge.

Commissioner ANDERSON. I only say that you must refer to the records for an explanation, or to your own personal knowledge.

Mr. COHEN. The explanation is that the papers attached to the voucher show what it is.

Commissioner ANDERSON. They make a reference to where the explanation can be found. I have not the slightest doubt in the world but that there is an explanation to every one of these vouchers.

The CHAIRMAN. We want to know only about the face of the voucher.

Mr. COHEN. We will give you the explanation.

Commissioner ANDERSON. We do not want it. All that we are driving at is to get the matter so arranged that our accountant can have intelligent information as to what he is to do. If it cannot be gathered from the face of the voucher, he will find it almost impracticable to get at the facts. In fact, he would never get through.

ANY RAILROAD ACCOUNTANT CAN DISTINGUISH.

Q. Are there any other indications on the vouchers presented to you that would show to the accountant what to write off as overcharges by way of rebate?—A. I cannot give you any further light on that subject than I already have. I do not know Mr. Stevens, but I understand him to be a railroad accountant, and I still insist that he, or any accountant, if you charge him with that work, can determine the difference between overcharge and rebate vouchers; and where there is any difficulty in the case, so that he would have to go outside of the evidence attached to or accompanying the voucher, the cases are so rare that they would not bother him much.

VOUCHER NO. 926.

By Commissioner ANDERSON:

Q. Will you please look at this voucher, No. 926, and give me the mileage of the different shipments indicated?—A. I cannot give it to

you from memory. If you have a railroad guide, I can work it out. The distance from Ogden to Elko is 276 miles. From Ogden to Palisade it is 306 miles. From Ogden to Reno, which is the point where the Virginia City freight leaves our road, the distance is 589 miles. From Ogden to Winnemucca it is 420 miles. From Ogden to Battle Mountain it is 360 miles.

Q. Has the rate of rebate any relation to the number of miles which the freight is carried?—A. I think not. I think that is an arbitrary rate. I think that that rebate was made by my predecessor, C. W. Smith, now vice-president of the Atchison, Topeka & Santa Fé Railroad Company.

DIFFERENCE IN REBATE ON COAL.

Q. Why is the rebate on coal carried to Battle Mountain more per mile than on coal carried to Palisade?—A. I do not know. I cannot explain the reasons for these rebates at all. I do not know anything about them, except what I have already given you.

Q. Has it any relation to possible competition with other coals?—A. I think not. I think that perhaps it is determined by the price necessary to lay coal down at these places, and I am not sure but what the fact that this coal is for the Nevada Central Railroad has something to do with it; that in order to supply coal for the Nevada Central Railroad the rate had to be reduced.

Q. What are the limits of the rebates allowed to this company; that is, the smallest rebate that you know of?—A. I cannot tell you. I can give you a list of them. I think that it is so much per ton for the several stations.

Q. I would like a list of the rebates allowed at the various stations. Will you furnish it?—A. I can give you that.

LIMITS OF COMMERCIAL PRICES OF ROCKY MOUNTAIN COAL.

Q. Do you know the limits of the different prices at which the Rocky Mountain Coal and Iron Company sells commercial coal per ton?—A. No; I do not know anything about that.

Q. Have you not agents at certain stations who sell coal?

The WITNESS. Do you mean agents of the Central Pacific?

Commissioner ANDERSON. Yes.

A. I believe not. I do not know of any such case.

Q. What is the price at which they sell coal to the Central Pacific?—A. I do not know.

Q. Do you refer us to Mr. Towne for that?—A. No; I do not refer you to anybody. I do not know who would be the best authority. I suppose that Mr. Douty would be the best authority on that point. He is now secretary of the Rocky Mountain Coal and Iron Company.

Q. Do you know whether these allowances have ever been the subject of discussion in your board?—A. I do not. I do not think that they have been changed since my connection with the road; they may have been. I am not sure about that, but I think there has been no change.

Q. Have you any idea how many tons of coal per annum you carry for the Rocky Mountain Coal Company upon which these allowances are made?—A. I have not; but of course I can easily ascertain.

Commissioner ANDERSON. Please furnish us with a statement of all the rates of rebates allowed to the Rocky Mountain Coal and Iron Company for the various stations upon the Central Pacific at which coal is

delivered, together with the prices at which coal is sold by that company and the amount sold per annum to the Central Pacific.

The WITNESS. Will you please call for some specific year?

Commissioner ANDERSON. Say 1885 and 1886. Give the total amount of coal carried by the Central Pacific for this coal company for commercial purposes during the same years, and the prices charged per ton for commercial coal.

The WITNESS. Do you want me to furnish that?

Commissioner ANDERSON. Some one else can furnish that, and you can give it to us, and then we will not have half a dozen papers to refer to. If you cannot get it I will get it from somebody else.

The WITNESS. You want the price charged by the Rocky Mountain Coal Company, do you not?

Commissioner ANDERSON. Yes, for commercial coal.

The WITNESS. I will answer one of those questions now. The price charged——

The CHAIRMAN. It is better to put it all in one statement.

MONTHLY AVERAGE OF REBATE VOUCHERS OF CENTRAL PACIFIC.

By the CHAIRMAN:

Q. How many vouchers, by way of rebate, will the Central Pacific average for a month?—A. According to what we have been discussing as rebates I suppose that in some months the number will run as high as four or five thousand.

Q. Would that be a fair average throughout the year?—A. No, sir.

Q. What would be an estimated average of the vouchers to be examined?—A. I could not say. You would have to examine all the overcharge vouchers, and they run up pretty high. They would amount to from 2,000 to 6,000 a month.

Q. Would the average be about 3,000?—A. It is a mere guess.

The CHAIRMAN. I am asking you for an estimate.

The WITNESS. It would be a mere guess. I could not give you any idea.

By Mr. HAYMOND:

Q. Would it not go into the thousands?—A. It would be at least from 2,500 to 3,000 a month. That would probably be what he would have to examine.

GREATER NUMBER ON THROUGH FREIGHT.

The CHAIRMAN. So that a large percentage of the 2,500 or 3,000 vouchers would be vouchers by way of rebate?

The WITNESS. Yes; I should think the larger percentage. The greater number of those vouchers would be on through freight, and the larger percentage of the claims paid on through freight would be under this special contract plan, and therefore rebates, as they have been termed.

HOW THE RATES WERE FIXED.

Q. Who determined the rate of rebate under this special-contract system for the Eastern companies? Who determined the percentage?—A. That was determined by the regular divisions. There was not any specific rebate provided for. If you will remember, I explained to you that we visited the merchants and dickered with them as to the rates

that we would take, and that we finally got settled down to a pretty general list or scheme of rates. Those rates were divided between the lines that carried the freight in certain proportions, and the difference between these open-tariff rates and these special-contract rates, whatever it might be, was charged up to these lines in the same proportion as they shared in the revenue as billed.

PROPORTIONATE SHARES FIXED BY THE DIVISIONS.

By Commissioner ANDERSON:

Q. Who fixed the proportions in which they shared?—A. They were fixed by the divisions.

Q. Who fixed the divisions? Were they fixed by a conference between all the railroad companies interested?—A. I may have taken part in it, but these general freight agents of Eastern lines change very often, so that I cannot answer that question. The representatives of the various lines fixed the divisions.

WHO FIXED THE DIVISIONS.

By the CHAIRMAN:

Q. Was it always done after consultation?—A. Yes, sir; necessarily so. To explain my answer: If you represent the Pittsburgh, Fort Wayne and Chicago Railroad, and Commissioner Anderson represents the Chicago and Northwestern, and Commissioner Littler represents the Union Pacific, and I represent the Central Pacific, and we wanted to arrange a through tariff between Pittsburgh and San Francisco, we would have to agree as to how we would divide the through rates, and that would be an agreement for divisions. That agreement for divisions would determine the share of each individual company.

The CHAIRMAN. I understand your meaning about through rates and fixing divisions, but I do not exactly understand how you held consultations upon the subject of rebates that were allowed on the several lines on through freight.

HOW CUT RATES WERE FIXED.

By Commissioner LITTLER:

Q. Who fixed the cut rates?—A. The general freight agent of the Union Pacific and the general freight agent of the Central Pacific—I was at one time the one who practically handled it—after a conference with various roads connecting with the Union Pacific at Council Bluffs, were authorized to make these contracts; that is, they were authorized to make rates which would take the business. That would not change the percentages at all. Those rates were divided between the several carriers precisely as the original open-tariff rates were divided.

EVERY MERCHANT VISITED.

By the CHAIRMAN:

Q. Did each agent, for his particular line and locality, select the merchants to whom rebates or special contracts were to be given?—A. No, sir.

Q. How were they selected?—A. There was not any selection made.

Q. Who was it that determined what particular merchants were to be visited?—A. We visited every merchant. At that time Mr. Vining was general freight agent of the Union Pacific, and he and I visited every merchant that we could think of in the city.

Q. Suppose you did not think of every merchant?

Mr. COHEN. Then they did not see them, I suppose?

The WITNESS. In that case, I suppose that we did not call on them, but they found it all out very soon.

Q. How did you inform the merchants upon whom you did not call?—A. They were notified through the press.

SMALL MERCHANTS GETTING SPECIAL CONTRACT RATES UNKNOWINGLY.

Q. And were their applications considered?—A. Yes, sir; and there were a great many smaller merchants in the interior who never had a contract, but to whom we gave the special contract rates without their knowing it.

Q. Did they make application?—A. No, sir.

Q. How did you discover them?—A. I think very likely that the order went out from me to place them all upon equal footing.

Mr. COHEN. The witness told all that three days ago.

The CHAIRMAN. I want him to repeat it again. I give you my word that I will not disturb you when you are cross-examining the witness.

Mr. COHEN. I do not wonder that you forget what he said; it was so long ago.

SPECIAL CONTRACTS OPEN TO EVERYBODY.

The CHAIRMAN. I simply want the method of doing business. First, I want to know how he designates rebates in order that the accountant may sum up the total. That was but fair and just. The second point was whether the consultations on rebates were not the same as the consultations on through freight rates, and how he distinguished them, and whether there have been special conferences called in order to determine the divisions of the rebates. I want to know whether the rebates were made after consultation as to through rates.

Mr. COHEN. The question that you want to have answered is whether the special contracts were open to everybody. Is not that it?

The CHAIRMAN. That is what I want.

The WITNESS. They were open to everybody on the same terms. In order, perhaps, that you may have a better understanding, I will say that I suppose that I have met Eastern railroad men in some years as often as six times a year, and sometimes two or three times a year. I am away from home, for no other purpose than to confer with them, more than half the time. This contract plan has been a matter of discussion between railroad companies and the merchants from New York to San Francisco, and is a matter of public knowledge.

DEDUCTIONS FROM GROSS EARNINGS.

By Mr. COHEN:

Q. I will call your attention to one of the branches of inquiry submitted to this Commission, as expressed in the printed question No. 10, which reads as follows:

And what amounts have been deducted from the gross earnings of any of said railroad companies, by their general freight and passenger agents or auditors, by way of rebate, percentage on business done, constructive mileage, monthly or other payments on any pooling or rate arrangement, contract, or agreement.

Now I will ask you in that connection whether the vouchers concerning which you have been testifying show the amount that is to be deducted from the gross earnings of the railroad companies or from the gross receipts of the railroad companies?—A. They are to be deducted from the gross receipts. This money was never earned and never was a part of the gross earnings of the road.

Q. Therefore, before these vouchers become of any practical benefit in this inquiry you must first separate from the amounts that were earned the gross receipts of the Central Pacific Railroad Company and the amount which came to it as gross earnings?

The CHAIRMAN. We had that some two weeks ago, in detail for each year.

OVERCHARGES OR REBATES NEVER A PART OF EARNINGS.

The WITNESS. An overcharge or rebate is never a part of the earnings of the road, and it never appears in its statement of gross earnings. It is a part of the gross receipts, just as the advances paid by the Central Pacific to the Union Pacific at Ogden, and collected here from the consignee, are a part of the gross receipts. All of these refunds are charges against freight account, and are made from gross receipts in order to determine gross earnings.

WHAT CONSTITUTES GROSS EARNINGS.

Q. Borrowing the language from the eminent jurist from Illinois, as he expressed himself on Saturday, I will ask you, for the information of the average Congressman, to explain what portion of the gross receipts, from goods transported from New York for instance, form the gross earnings of the aided portion of the line of the Central Pacific Railroad.

Commissioner LITTLER. Would not that depend on which end of the line the payment was made?

Mr. COHEN. Sometimes it does not.

The WITNESS. A fraction over 29 per cent.

By Commissioner LITTLER:

Q. I suppose that that is assuming that the freight bill was paid at this end of the line?—A. Yes, sir; Mr. Cohen asked for the percentage from New York to San Francisco. All of that money, the 100 per cent., would be collected by us and go into our accounts under the head of receipts; but in order to determine what the earnings would be, we must deduct from it in the monthly settlement, if we make a monthly settlement, or from the daily settlement, what we paid out as advances to the Union Pacific and the roads east of Omaha.

Q. What roads east of Omaha?—A. The Union Pacific would pay out for the roads east and add it to its own charges, and we would pay the sum total of all of these advances.

AN ILLUSTRATION.

By Mr. COHEN:

Q. In order to further illustrate that proposition, I will ask you, relating to this voucher for an allowance of $1,000 made to Huntington, Hopkins & Co., what portion of that $1,000 was paid by the Central Pacific?

The WITNESS. Do you mean charged off to the Central Pacific?

Mr. COHEN. Yes.

The WITNESS. As I remember, it was $276.08. The voucher itself shows the amount.

Q. The printed question No. 10, which I read to you, charges the Commissioners to inquire what amount has been deducted from the gross earnings by way of rebate. Can you explain any more fully to the Commission the term "rebate," as it is used by the act of Congress, as distinguished from overcharges which originate by the mistakes of freight clerks in the East, or of the freight clerks here, or allowances made under the special contract system, of which everybody had full and equal benefit?—A. I gave an illustration of what was ordinarily meant by the term "rebate."

The CHAIRMAN. I think that the witness went fully over that question on Friday.

Mr. COHEN. I want that term "rebate" defined, as ordinarily understood in commercial language.

DEFINITION OF THE TERM "REBATE."

The WITNESS. As generally used by railroad men, it means a refundment of the nature that we have made to the Rocky Mountain Coal and Iron Company—when it is made to an individual and is exclusive. Sometimes, however, it is employed—which is an inaccurate use of language—for the purpose of defining an arrangement like the one which I illustrated to the chairman. For example: If a man should agree with a railroad agent to ship, say, 10,000 tons of coal to a certain point within a given period, and in consideration of his shipping that amount of coal the railroad agent would give him a discount from the regular rate, that discount might have been a percentage off, or it might be, as in the case of the Rocky Mountain Coal and Iron Company, an arbitrary deduction. Now that would be entered on the rebate book in the freight office—for they keep such a book—and yet at the same time that contract rate would be open, and any other man or any other firm could get it upon the same terms; but if you boil it down to the idea that generally attaches to the word "rebate," and I think that is the public idea rather than the railroad man's, it is a private payment for the benefit of one person, or for the benefit of a particular firm or shipper.

A REBATE IS NOT A SPECIAL CONTRACT.

By Commissioner ANDERSON:

Q. Or to a class of firms or shippers?—A. No; I do not know that I would say a class of firms or shippers, because there would really be no conflict of interest between one class of firms and another class of firms.

Commissioner ANDERSON. I mean a limited class. For instance, all the smelters in a locality may be allowed a rebate for the purpose of advancing their own business as against the smelters in other localities.

Mr. COHEN. That is a special contract as distinguished from a rebate.

The WITNESS. I do not think that that is the public idea of a rebate.

Mr. COHEN. As I understand it, a rebate is a special allowance made for the benefit of a particular individual to whom it is made, and it is given to that individual alone, and to no other person.

The WITNESS. That is my idea of what the public think a rebate means.

Q. And is it not also what the railroad men think it means?—A. I did not say so.

Q. I ask you if it is not so?—A. No, sir. I will explain that. I said that it was often used by railroad men to mean a transaction such as I illustrated in the case of the coal shipment of 10,000 tons.

CONSTRUCTIVE MILEAGE.

By Mr. COHEN:

Q. You have not testified, I believe, as to any deduction from the gross earnings, by way of constructive mileage. Have you anything to state on that proposition?—A. I have not. I think that all the constructive mileage arrangements between the several parts of our road have been fixed in the auditing department; I think by Mr. Miller.

Q. Is it a mere matter of accounting?—A. Yes; it is a mere matter of accounting. I do not understand that there is any such thing on our road, or has been for some time.

DEDUCTIONS OF POOLING ARRANGEMENTS.

Q. The Commission is also charged to inquire into the deduction from gross earnings by pooling arrangements. Has there been any deduction from gross earnings by that means, or have not your gross earnings been increased by the pools to which you have belonged?—A. In every case our judgment is that our pools have increased our gross earnings over what they would have been had there been no pool. Our experience teaches us that fact beyond peradventure.

DIVERSION OF BUSINESS.

Q. As to other matters contained in the question, you have already testified so fully that I will not ask you anything more. I go back however to question 9, which reads:

Whether any traffic or business which could or should be done on the aided lines of said companies has been diverted to the lines of any other company, or to non-aided lines.

Q. Can you say anything more upon that subject than you have already said?—A. I cannot say anything more than has been said in the communication which I addressed to Governor Stanford, and which is made a part of his testimony here, and what has been said in a communication which, I think, the general manager has addressed to the president of the company, and which has been made a part of his testimony in this matter.

RELATIONS OF COMPANY TO COMMUNITIES.

Q. There is one question contained in this printed list of questions, concerning which I think perhaps you can give some valuable testimony to this Commission. It is question 36, which reads as follows:

Said Commission shall also inquire into and report upon the relations of said railroads to the interests of the communities through which they pass.

A. My answer to that question would be that, so far as I know, they are very pleasant. I do not know of any friction anywhere.

Mr. HAYMOND. The question covers a very broad ground.

Mr. COHEN. Think it over, and tell us how the railroads serve the interests of the communities through which they pass, what their condition was before the railroads were constructed, and what it is now. If you want time to think of that, we can call you at a later stage.

The WITNESS. I might make a twenty-four hours speech on that if I had the time.

Mr. COHEN. Then we will waive it.

Commissioner ANDERSON. Let him go ahead now.

GOVERNMENT TRANSPORTATION BEFORE AND AFTER COMPLETION OF ROAD.

Mr. COHEN. I call your attention also to question 47, which reads:

The Commissioners shall also ascertain the average cost per annum of Government transportation in the region now traversed by the Pacific railroads, between the year 1850 and the completion of said roads.

And also to question 48, which reads as follows:

And also the average cost per annum since such completion.

Have you considered the matters contained in these questions so that you can answer them?

The WITNESS. I have not figured them at all. I believe that Governor Stanford has taken up and exhausted those questions. I do not know anything about them.

COMPANY UNABLE TO PAY ITS DEBT TO GOVERNMENT.

Q. I will ask you to examine them, so that we can call you again on these points. I now call your attention to question 58, reading as follows:

Also, to inquire what sums the Pacific railroads and their branches can severally pay annually on account of their indebtedness to the United States, without imposing such burdens upon the people, and particularly upon the localities through which the roads pass, as to retard the development of the country.

Mr. HAYMOND. Before you can answer that question you will have to find out whether the Central Pacific Railroad Company is indebted to the Government. That is a matter which I do not admit.

Commissioner LITTLER. Suppose we assume that to be the fact.

The WITNESS. My opinion is that the Central Pacific Railroad Company will never be able to pay its debt to the Government, or any part of it.

By Commissioner ANDERSON:

Q. Is it your assertion that it can pay no part of it?—A. That is what I mean.

Q. Do you mean not half a million of dollars?—A. Not even that; it cannot afford to do it.

WILL REQUIRE ALL ITS RESOURCES TO PAY FIRST-MORTGAGE INTEREST AND OPERATING EXPERSES.

By Mr. COHEN:

Q. The question is what it can pay annually on account of its indebtedness to the United States without imposing such burdens upon the people, and particularly upon the localities through which the road passes, as to retard the development of the country. What is your knowledge with regard to the business of the roads upon these points?—A. My judgment is that, with the condition of things as they are at present, it will require all the resources of the Central Pacific Railroad Company to pay its obligations to the first-mortgage bond holders and the oper-

ating expenses of the line. I am speaking now of the aided portion of the road.

Q. Could it pay operating and fixed charges as they now exist?—A. Yes, sir.

Commissioner ANDERSON. I thought that the fixed charges had been assumed by the Southern Pacific Company.

The WITNESS. We are speaking now of what the Central Pacific can pay from its own earnings. That is quite distinct from what the Southern Pacific Company may do.

Commissioner ANDERSON. I am talking of what the Central Pacific can do with its proportion of the net rental under the lease.

The WITNESS. I do not know anything about that.

Commissioner ANDERSON. I did not understand the answer of the witness, as I knew the Southern Pacific Company made some payments.

Mr. HAYMOND. He did not understand that.

ONLY FIRST-MORTGAGE INTEREST AND OPERATING EXPENSES COULD BE PAID UNDER GOVERNMENT MANAGEMENT.

Q. Supposing that the Central Pacific is receiving $1,200,000 a year permanently with a chance of receiving more, do you think that the Central Pacific will be able to pay all its fixed charges and any portion of the Government debt?

The WITNESS. I have not gone deeply enough into the matter to answer that question. My answer, with my present knowledge, is this: From its earnings and from its probable future earnings, how much can the Central Pacific line, and by that I mean the aided line, pay to the Government towards liquidation of the debt? That is what I understand the question to be. My answer that I did not believe it could pay any portion of it was made in that sense.

By Commissioner ANDERSON:

Q. In other words, if the Government would take the aided road subject to the first mortgage, all that it could with the best management get out of it would be the interest on the first-mortgage bonds, and its operating expenses, and never gain anything on its debt. Is that what you mean?—A. I think so. That is my judgment, but my opinion might be changed after an investigation. The Government could do some business, but it would have less money at the end of the year than when it went in.

By Mr. HAYMOND:

Q. As against the competition, for instance, of the Atchison road, could it under Government management do any business?—A. Very little. I would like to operate the Atchison line against the Government operating the Central Pacific.

ADVANTAGES OF A TUNNEL FROM SODA SPRINGS TO COLD STREAM.

Q. Suppose that the grades on the mountain were reduced by a tunnel, say, from about Soda Springs to Cold Stream, what advantage do you think that would be?—A. It would give the owner of the road no advantage except in the reduction of operating expenses.

Q. Would not that be great?—A. It is very evident that it would decrease the expenses very much. It would do away with the snow sheds,

which are a very great expense, and we could carry across the mountains double the number of cars, perhaps, with one engine that we now carry.

MUTUAL ADVANTAGES OF LEASE OF CENTRAL BY SOUTHERN PACIFIC.

Q. Suppose that the Central Pacific was protected by a lease, a protection which it now has by its lease with the Southern Pacific Company, by which all of the roads between here and New York could be operated in harmony so that one road would protect the other, and that the Government would protect such a through line, what in your opinion under such an arrangement would be the value of the Central Pacific?—A. I can hardly say; I have already testified that it was my judgment that the control of what we call the Southern Pacific road by the same parties who control the Central Pacific Railroad was a very great advantage to the Central Pacific. It was of mutual advantage to the Central Pacific and the Southern Pacific, but as the Central Pacific has the larger share of the traffic, of course it has the larger share of the benefit. I want to add to that, that had it been that the Southern Pacific was under a separate control we would have had several years ago the condition of things with respect to through freight that existed last year, and it would have continued more or less up to the present time. That is, we would have had so much more difficulty in making the pools, if there had been divided interests west of the meridian of Ogden; in fact, in my judgment it would have been impossible to have made a pool in the past. Furthermore, if the Southern Pacific road had been under other control it would have occupied territory now occupied by the Central Pacific, it would have taken the Central Pacific business, and it would have affected the local business of the Central Pacific very materially.

EFFECT OF COMPETITION OF SOUTHERN PACIFIC UNDER HOSTILE MANAGEMENT.

Q. Suppose that the Southern Pacific road had been built by men hostile to the Central Pacific, instead of by men who are friendly to it, and the Oregon line had been left out, and that the Southern Pacific had been operated in hostility to the Central Pacific, do you suppose that the Central Pacific could have paid expenses under the state of affairs existing, with the competing lines of the Union Pacific and the other roads extending to the west, and the Atlantic Pacific paralleling it on the south? In other words, was not the power which the directors of the Central Pacific held in the Southern Pacific the only thing that saved the Central Pacific from extermination? I am now asking your opinion as a railroad man.—A. Deprive the Central Pacific of its non-aided feeders, and, I think, that would be the effect.

Q. If you deprive the Central Pacific of the non-aided lines, and put the Southern Pacific in hostility to it, would it not cease to exist as a railroad?—A. It would hardly cease to exist; but I know what you mean. I do not think that it could have been kept out of the hands of the first-mortgage bondholders.

Mr. HAYMOND. The Southern Pacific, as I understand it, and have always insisted, was built to protect the Central Pacific.

GROSS EARNINGS AND GROSS RECEIPTS.

By Commissioner LITTLER:

Q. What officer of the Central Pacific makes up the account of gross earnings?—A. I may say the general auditor. Possibly, the final ac-

count is made by the controller; if not made by him, it is so much under his supervision that I should be inclined to think him responsible for it.

Q. Do you know personally what sums of money of the gross receipts are eliminated from the accounts before the gross earnings are declared?—A. I do not.

BENEFIT TO CENTRAL PACIFIC OF CONTROL OF ROCKY MOUNTAIN COAL AND IRON COMPANY.

Mr. HAYMOND. Did Mr. Stubbs explain to the Commission the benefit which the Central Pacific derived from controlling the Rocky Mountain Coal and Iron Company?

The CHAIRMAN. There was an explanation made, but whether by Mr. Stubbs or not I do not remember. There was a full explanation made here in connection with the Rocky Mountain Coal and Iron Company.

Mr. HAYMOND. Please state what you have to say on that subject.

The WITNESS. In justification of the rebate which we have paid to the Rocky Mountain Coal and Iron Company, I would like to have it go upon the record that the railroad company would very likely have been at an expense for fuel of four or five times the amount that is paid for coal to the Rocky Mountain Coal and Iron Company. It would have had to depend upon other coal mines in Utah and in Wyoming for its fuel east of the Sierra Nevada Mountains. The owners of those coal mines would have understood that east of Reno the Central Pacific had 600 miles of road that was absolutely barren of fuel, and which could be supplied from no source except from California, and that in order to supply it from California the coal would have to be purchased in Europe or Australia, or in Washington Territory, and brought here in ships at a cost of all the way from six to eight dollars per ton put aboard cars at Oakland wharf; that it would then have to be transported over the Sierra Nevada Mountains at a very much greater expense for carriage than for carrying it west from Ogden. Under these circumstances there is no question in my mind but what this arrangement with the Rocky Mountain Coal and Iron Company was the very best investment that the Central Pacific people ever made. In fact, it was necessary in self-defense.

COST OF OBTAINING COAL FROM ROCK SPRINGS.

By Commissioner ANDERSON:

Q. Do you know what it would have cost to obtain coal over the Union Pacific from Rock Springs?—A. I know, as we know a great many things, from observation and human nature.

Q. I am asking you if you know from having made any negotiation?—A. I am answering your question.

Q. I am asking you if you know from having dealt with the officers of the Union Pacific, or from any propositions made to them asking for a specified price at which coal would be furnished?—A. If you ask me whether I know of any negotiations with the Union Pacific or any other coal company, or if such negotiations were ever had looking to getting a supply of coal from them, my answer is no.

Q. Do you know whether any public advertisement for proposals to furnish coal to your company was ever made?—A. My answer is no.

ARRANGEMENT WITH ROCKY MOUNTAIN COAL COMPANY PREVENTS EXCESSIVE CHARGES.

Q. Does it not suggest itself to your mind that in face of the contract made by your own directors, by which they voted to themselves

prices at which coal should be furnished by themselves to the Central Pacific, something more definite than the general proposition you make in regard to the difficulties that the Central Pacific might have encountered ought to be furnished before we can assume that the action of the directors in voting themselves these rebates on the prices at which they should furnish coal to the company should be accepted as sufficient explanation?—A. I cannot tell what influence my statement would have upon the Commission. I should judge from what I have seen that it would have very little effect. At the same time, however, I say that from my knowledge of human nature, of business men in the conduct of their business, from which I think they are no exceptions, it would certainly result that if any owner of a coal mine, whether a railroad company or a private individual, knew that there was a railroad company as absolutely cut off from a supply of fuel as is the Central Pacific, or as it would have been had it not made the arrangement with the Rocky Mountain Coal and Iron Company, that other coal company or individual would have endeavored to get the highest price possible for its coal, and the general commercial law of supply and demand would determine that price. A man situated in Wyoming or in Utah, having coal to sell, and with the Central Pacific seeking for coal in that Territory, would charge a price very little under the price at which the company could purchase its supply from other sources; and the only other source from which this supply could be obtained would be the English market, or Australia, or Washington Territory, which would have had to be brought to this country, paying transportation of from a thousand to several thousand miles, and then have to be transported by rail over the Sierra Nevada Mountains. It does not require any argument or explanation to prove that, as against any price that the Rocky Mountain Coal and Iron Company charges, the Central Pacific Railroad Company, without the control of this coal company, would have been at a cost four or five times greater than the present cost.

Q. Do you assert that there is but one person selling coal in Wyoming, Utah, or in the other States adjoining the line of the Union Pacific Railway?—A. I have not asserted that. On the contrary, I have been careful to say "other coal," while you have used the term "Union Pacific." Those coal mines, however, belonging to other companies are of comparatively recent development.

FOR MANY YEARS NO COMPETITION IN COAL PRODUCTION.

Q. Would not the Central Pacific have had the advantage of the competition naturally existing between the different producers of coal, so that it would have been protected by some competition other than that which you have referred to as existing from Australia and Europe?—A. When there was such competition, it certainly would have had the advantage, but it must be borne in mind that for many years there was no such competition. The coal mines of Utah were not accessible by rail until quite recently; all the coal that could be gotten was upon the line of the Union Pacific, and whether controlled or not by the Union Pacific, there would have been the question of transportation charges concerning which we would have had to deal with the Union Pacific. While I believe that the Union Pacific is fair, at the same time it would not have been regarded as unreasonable for them to have gotten a comparatively high rate of freight for transporting the coal to Ogden; it would have been governed by the consideration, "How much can we get? We will get all that we can."

FIRST RECEIPTS BY COMPANY OF ROCKY MOUNTAIN COAL.

By Mr. COHEN:

Q. At the time that the Central Pacific was completed to Promontory Point, did not the Union Pacific control all the coal mines within three or four hundred miles of the eastern terminus of the Central Pacific, excepting those coal mines which subsequently became the property of the Rocky Mountain Coal and Iron Company?—A. I cannot answer that; I can say this, however, that until the completion of the Utah and Northern road—and that fell into the hands of the Union Pacific—and the extension of the Utah Central road into southern Utah south of Salt Lake City, and the building of the Park City road, there was no coal accessible to the Central Pacific except the coal directly upon the line of the Union Pacific and owned by that company.

Q. And did not these mines furnish the coal for the use of the Union Pacific solely?—A. That is as I understand it.

Q. When did the Central Pacific first receive coal from the mines which are now owned by the Rocky Mountain Coal and Iron Company?—A. It has been receiving coal from those mines as far back as I can remember—ever since my connection with the company.

Q. As early as 1870?—A. Yes, I think so.

OWNERSHIP OF THOSE COAL LANDS.

Q. At that time did the directors of the Central Pacific own any portion of the coal lands that now belong to the Rocky Mountain Coal and Iron Company, or were they owned by other parties?—A. My understanding is that originally the coal lands which now belong to the Rocky Mountain Coal and Iron Company were not owned by the Central Pacific or by any of the parties interested in that company; I do not know definitely as to that, however, and I could not swear to a positive statement.

Q. When did you come on the road?—A. October 1, 1870.

Q. You do not know anything about the ownership of these coal lands at that time, do you?—A. I do not.

RATES CHARGED ON MATERIAL FOR SOUTHERN PACIFIC.

By Commissioner ANDERSON:

Q. Did I ask you the other day if you made special rates at which material used in the construction of the Southern Pacific Railroad was carried over the Central Pacific road? I mean freight rates.—A. I was examined on what the rates have been for the Pacific Improvement Company, the Western Development Company, and the Contract and Finance Company, and I stated them.

Commissioner ANDERSON. I mean the rates at which material used by the Western Development Company and by the Pacific Improvement Company was carried over the Central Pacific.

Mr. COHEN. I suppose that you mean over the whole of the Central Pacific?

Commissioner ANDERSON. Over any part of it; over the part on which it was carried.

The WITNESS. I think that the question which I remember I did not answer was about the Southern Development Company.

Q. Can you state the rates at which material intended to be used in the construction of the different branches of the Southern Pacific and

of the other auxiliary branches of what was known as the Central Pacific before the lease of 1885 was carried over the Central Pacific line or any portion of it for delivery to the construction companies charged with the building of the Southern Pacific Railroad or the branches aforesaid?—A. My recollection is that we charged 2 cents per ton per mile. That is the regular rate to those construction companies. I do not remember whether there was any special deduction made from that or not. I would have to look that up.

Q. Can you readily ascertain?—A. I will try.

Q. Will you ascertain at what rates material for the construction of the Southern Pacific or other roads leased to the Central Pacific was carried over the Central Pacific, and also the rebates allowed on such freight?—A. Yes, sir.

J. C. STUBBS.

The following papers were subsequently received from Mr. Stubbs:

[Southern Pacific Company, Office of the General Traffic Manager. J. C. Stubbs, General Traffic Manager.]

SAN FRANCISCO, *August* 17, 1887.

Hon. ROBERT E. PATTISON,
Chairman United States Pacific Railroad Commission:

DEAR SIR: In response to your request for the rates and divisions of the rates on traffic interchanged by the Southern Pacific Railroad with the Colorado Steam Navigation Company, I beg to hand you herewith—

(1) Joint through tariff (No. 1) of Southern Pacific Railroad and Colorado Steam Navigation Company, taking effect May 21, 1877, between San Francisco and Colorado River landings named on the tariff;

(2) Local freight tariff (No. 1) of Colorado Steam Navigation Company, taking effect May 21, 1877, showing the rates between Yuma, Ariz., and the Colorado River landings named on the face of the tariff;

(3) Special ore tariff (No. 1) of Southern Pacific Railroad and Colorado Steam Navigation Company from the Colorado River landings named on the tariff to San Francisco, Sacramento, Melrose, Oakland, and Oakland Wharf, California;

(4) Exhibit of rates and divisions on merchandise between San Francisco and points on Colorado River, with a comparison of Colorado Steam Navigation Company's share of said rates with its local rates from Yuma.

On the last-described exhibit you will observe, under the head of "Maximum rate per 100 pounds from San Francisco," the rail proportion is $5.394, being the maximum rate chargeable by law for 719.2 miles at 15 cents per ton per mile. Under "First-class rate" you will observe that the steamer proportion to Castle Dome, Eureka, and Chimney Peak landings is 25 cents per 100 pounds, which is the local rate of the Steam Navigation Company, shown on the local freight tariff, the remainder being given to the railroad, while for Rood's, Redondo's, and Camp California the steamer proportion is 25 cents per 100 pounds, or two-thirds of its local rate, the remainder being given to the railroad company. Above Camp California you will observe that the proportion of the railroad is fixed at $2.25 per 100 pounds, the remainder of the through rate being given to the navigation company.

In making these divisions the object in view, and which I think was approximately gained, was to make each company share the reductions from the combined local rates required to make the necessary through rate in the same ratio; that is to say, if the through rate was 10 per cent. less than the sum of the locals to and from the Colorado River, the shares of each company were fixed at 10 per cent. less than its respective local rate. This could only be approximately done for the reason that the through tariff was based upon a classification different not only from the railroad classification, which governed local traffic to and from the Colorado River, but also from the navigation company's tariff, which governed its local traffic on the river, the railroad company's tariff on merchandise being divided into seven different classes, and the navigation company's tariff rating measurement goods by the foot and weight goods per ton of 2,000 pounds, while the joint through tariff is a weight tariff having but two classes.

The divisions of the rates on the special ore tariff were made by giving the railroad company its local rates from Yuma, the navigation company taking the balance.

Very respectfully, your obedient servant,

J. C. STUBBS.

P. S.—The rates and divisions aforesaid were fixed by the undersigned.

J. C. STUBBS.

Exhibit of rates and divisions on merchandise between San Francisco and points on Colorado River, with a comparison of Colorado Steam Navigation Company's share of said rates with its local rates from Yuma.

Miles from Yuma.	Miles from San Francisco.	Landings.	Maximum rate per 100 pounds from San Francisco.			First-class rate per 100 pounds from San Francisco.			Second-class rate per 100 pounds from San Francisco.			Steamer rate on merchandise from Yuma.		Steamer proportion of through first-class rate from San Francisco.	Difference between steamer local and steamer proportion of through rate on 1st class.
			Through rate.	Rail proportion.	Steamer proportion.	Through rate.	Rail proportion.	Steamer proportion.	Through rate.	Rail proportion.	Steamer proportion.	Measurement goods, per cubic foot.	Weight goods, per 100 pounds.		
35	754	Castle Dome	$6.00	$5.394	$0.606	$2.60	$2.35	$0.25	$2.00	$1.75	$0.25	$0.25	$0.50	$0.25	$0.35
45	764	Eureka	6.25	5.394	.856	2.70	2.45	.25	2.10	1.85	.25	.25	.50	.25	.35
48	767	Chimney Peak	6.25	5.394	.856	2.70	2.45	.25	2.10	1.85	.25	.25	.50	.25	.35
68	787	Rood's, Redondo's, Camp California.	6.50	5.394	1.106	2.75	2.50	.25	2.25	2.00	.25	.37½	.75	.25	.35
125	844	Ehrenberg	7.00	5.394	1.606	3.00	2.25	.75	2.50	1.75	.75	.50	1.00	.75	.35
200	919	Colorado River Indian reservation.	7.00	5.394	1.606	3.00	2.25	.75	2.50	1.75	.75	.62½	1.25	.75	.35
220	939	Aubrey's	8.50	5.394	3.106	3.50	2.25	1.25	3.00	1.75	1.25	.75	1.50	1.25	.35
240	959	Chimehuevis	8.50	5.394	3.106	3.50	2.25	1.25	3.00	1.75	1.25	.75	1.50	1.25	.35
300	1,019	Camp Mohave	10.00	5.394	4.606	4.00	2.25	1.75	3.50	1.75	1.75	1.00	2.00	1.75	.35
312	1,031	Hardyville	10.00	5.394	4.606	4.00	2.25	1.75	3.50	1.75	1.75	1.00	2.00	1.75	.35
365	1,084	Eldorado Canyon	11.00	5.394	5.606	4.50	2.25	2.25	4.00	1.75	2.25	1.25	2.50	2.25	.35

J. C. STUBBS,
General Traffic Manager, Southern Pacific Company.

[Central Pacific Railroad Company, Office of the General Traffic Manager. J. C. Stubbs, General Traffic Manager.]

SAN FRANCISCO, *October* 9, 1884.

Mr. E. H. MILLER, Jr., *Secretary:*

DEAR SIR: I beg to hand you herewith copy of pooling agreement between the Atlantic and Pacific and the Central Pacific and Southern Pacific Companies, made September 18, 1884.

This agreement, while executed at Chicago on the date above named, was really made in New York at the time of the making of the contract for the lease and purchase of the Colorado Division and the traffic arrangement with the Atlantic and Pacific from Mojave to San Francisco, and was one of the considerations for said contract and agreement.

Yours truly,

J. C. STUBBS.

Memorandum of agreement, made this 18th day of September, 1884, between the Atlantic and Pacific Railroad Company, party of the first part, and the Central and Southern Pacific Railroad Companies, party of the second part (referring to an agreement made between the above-mentioned companies under date of August 20, 1884).

It is mutually agreed by the parties hereto that it is to their best interests that an understanding be had for the purpose of securing to each of the parties a fair and equitable revenue from the business carried. It is therefore agreed—

(1) That the earnings from through traffic, described in section 7 of the agreement dated August 20 1884, above referred to, shall be pooled by the lines west of Og

Albuquerque, El Paso, and Deming, respectively, on the basis of the rates charged and collected for like services between Ogden and San Francisco, that is to say, 46 per cent. of the rates or proportions of through rates between Kansas City and San Francisco shall be contributed to the pool by each of the lines. The sum so contributed shall be redistributed between the lines as follows:

To the Central Pacific line west of Ogden and the Southern Pacific line west of El Paso and Deming, jointly, 73 per cent.

To the Atlantic and Pacific line west of Albuquerque, 27 per cent.

The contributions to the pool and the amounts to be drawn from the pool by the Atlantic and Pacific line shall be subdivided between the roads west of Albuquerque, forming said line, in proportion to the earnings of each road.

(2) Settlements under the agreement shall be made by exchange of balances monthly.

Necessary ticket, freight, and other reports, as may be required for the full and proper information of either party as to the business subject to this agreement, shall be promptly and regularly exchanged between the parties hereto.

(3) It is also agreed that all subsidies agreed to be paid with steamship or other competing lines, which are at this date acknowledged by the Transcontinental Association, are hereby acknowledged and confirmed by the Atlantic and Pacific Company, and said Atlantic and Pacific Company agrees to pay an increased share of said obligations in proportion to its increase of interest in the traffic by reason of the extension of its line to Mojave, Cal.

It is further understood and agreed that the Central Pacific Company shall, according to its ability, cause to be routed over the Atlantic and Pacific Company's line, via Mojave, a share of the unconsigned east-bound through-freight traffic, as defined in section 7 of the agreement of August 20, 1884, equal to the proportion of same traffic west-bound carried by the Atlantic and Pacific Company, provided that in no case shall that share exceed twenty-seven (27) per cent. of the whole unconsigned east-bound freight traffic.

This agreement shall take effect October 1, 1884, and be subject to ninety (90) days' notice by either party to the other of its intention to withdraw therefrom.

[Copy.]

Whereas the Atlantic and Pacific Railroad Company, party of the first part, and the Central Pacific Railroad Company and the Southern Pacific Railroad Company, parties of the second party, on the 18th day of September, 1884, entered into an agreement to pool certain traffic described in the written instrument of date September 18, 1884, said pool to run from October 1, 1884, until either party should give to the other ninety (90) days' notice of its intention to withdraw; and

Whereas said pooling agreement is mutually unsatisfactory to the parties hereto, it is hereby mutually agreed and understood that the said ninety (90) days' notice required to terminate said agreement is waived and said agreement terminated with this day.

Dated Windsor Hotel, New York, February 17, 1886.

ATLANTIC AND PACIFIC RAILROAD COMPANY,
By D. B. ROBINSON,
General Manager.

THE CENTRAL AND SOUTHERN PACIFIC RAILROAD COMPANIES,
By J. C. STUBBS,
General Traffic Manager, Southern Pacific Company.

From J. C. Stubbs, February 22, 1886.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Monday, August 15, 1887.

THE HUNTINGTON-COLTON LETTERS.

Mr. COHEN. If the Commission please, there is a gentleman here, G. Frank Smith, who is attorney for Mrs. Colton. Mr. Smith says that Mrs. Colton has been subpœnaed to produce certain letters written by Mr. Huntington to General Colton.—She is unwell, and does not desire to attend, unless it is imperative.

Mr. G. FRANK SMITH. Mrs. Colton is at Santa Cruz. She is there for her health, which is not very good. She has telegraphed me saying that she has been subpœnaed, and that of course if you insist upon it she will come.

Commissioner ANDERSON. Mrs. Colton told the officer who served the subpœna that she would give instructions to have all the letters called for produced.

Mr. SMITH. Those letters have all been printed, and you can get all you want from the printed document.

THE ORIGINALS CALLED FOR.

Commissioner ANDERSON. We want the letters themselves.

Mr. SMITH. They are in my custody.

Commissioner ANDERSON. We want all of them, for two or three reasons. In the first place, they have not been all printed. In the second place, those printed have not the names printed; and in the third place, the printed copies are not admissible in evidence in the absence of the originals, unless the originals are accounted for.

Mr. SMITH. I will give you the originals. The question is whether you want Mrs. Colton to come here.

Commissioner ANDERSON. We want the letters.

Mr. SMITH. I will undertake to produce them at any time that you designate. Mrs. Colton telegraphs me that she is subpœnaed for the 17th instant. On the 17th I will come here, and produce all the letters.

Commissioner ANDERSON. In all, I believe there are three or four hundred letters, are there not?

Mr. SMITH. There are a great many.

Commissioner ANDERSON. It is very likely that there are not over fifty letters there that we would require, and I would suggest that a great deal of time might be saved if I could go over the list or the index of the letters with you, and select those that are in point.

Mr. SMITH. How will you arrange for the selection to be made?

Commissioner ANDERSON. I will call at your office, if you will name a time. Where are the letters?

Mr. SMITH. Some are at my office, and some are at Mr. Hayes's office.

Commissioner ANDERSON. Where can I see them, and when, if I go to your office, or to Mr. Hayes's office, so that I can go over them and select them?

COUNSEL FOR MRS. COLTON AGREES TO PRODUCE THEM.

Mr. SMITH. I will give you all the letters that I have in my possession and take your receipt, and you can assort them.

Commissioner ANDERSON. Where shall I go?

Mr. SMITH. I will bring them here. I will give you the whole of them, and you can assort them yourself.

Commissioner ANDERSON. Is there not an index to them? If there is that might facilitate us.

Mr. SMITH. No, sir; they are not in book form.

Commissioner ANDERSON. I thought that an analytical index of them had been prepared.

Mr. SMITH. There is a printed index of those that have been used. If you use the printed copies you can use the printed index also.

Commissioner ANDERSON. The printed letters, so far as I know, do not contain the names.

Mr. SMITH. They were omitted by order of court.

Commissioner ANDERSON. I understand that; but that is the essential difference, so far as the object of this Commission is concerned.

Mr. SMITH. I have no feeling in the matter one way or the other. I am willing to meet your convenience in any manner that you may designate.

Commissioner ANDERSON. If you will send the letters here this afternoon we will give you a receipt, and return those which do not concern us.

COUNSEL FOR COMPANY INSISTS ON PRODUCTION OF ALL THE LETTERS.

Mr. COHEN. We have something to say about that. If a subpœna has been issued to produce those letters, we want all of them, because those that you may select, which you think will do damage to our case, may be explained by others which you do not select.

Commissioner ANDERSON. You do not understand. The purpose of my motion is not to select those which will damage, or those which will not damage, but to omit those which have no possible relation to the United States.

Mr. COHEN. Those which you may put in may probably be explained by those which you do not put in.

Commissioner ANDERSON. They will all be at your service. We call for all of them.

Mr. HAYMOND. Do I understand that the letters written by Mr. Huntington are to be introduced in evidence, when he is not upon the stand, in a proceeding to which he is not a party? I do not think that they are admissible.

Commissioner ANDERSON. The only question now is as to a convenient method of going over the letters, and, if you choose, rejecting those which are mere surplusage.

Mr. HAYMOND. I should object on the ground that they are not admissible.

Commissioner ANDERSON. Sufficient for the day is the evil thereof. Do you think that you can get those letters here this afternoon at 1 o'clock?

Mr. SMITH. I will endeavor to send them here as soon as I can. Some of them are at the office of Stanly, Stoney & Hayes, and I do not know that I shall be able to get access to them. If I should not, I will send them to you as soon as I can. I will forward you all the letters that we have, but I would like to get a receipt for them from somebody.

Commissioner ANDERSON. We will give you the receipt of the Commission. I will select such letters as we want and return the rest to you.

Mr. SMITH. I should not like to have those letters filed in this matter, because they are evidence in another case, and we would like to have them ourselves.

Commissioner ANDERSON. They will be marked, and will be well cared for.

Mr. SMITH. You can take copies of all of them. You can take the printed copies and fill in the blanks, and this will give you all you want. This ought to answer all your purposes.

Commissioner ANDERSON. As I understand it, all the letters in print are collected in one volume, are they not? Are they printed together?

Mr. SMITH. Yes. They were originally all pasted in a book, but in order that they might be printed they were taken out of the book and divided for the benefit of the printer, and they have not been put together again.

RIGHT TO SUBMIT THE LETTERS WITHOUT MR. HUNTINGTON'S CONSENT.

Mr. BERGIN. Do you think that Mrs. Colton has any right to submit to this Commission, or any one else, this correspondence between Mr. Huntington and General Colton without Mr. Huntington's consent.

Mr. SMITH. I do not know. I am not passing upon any legal proposition, of course. My object in appearing here is simply to save Mrs. Colton from coming.

Commissioner ANDERSON. This is really an *ex parte* proceeding between the witness subpœnaed and the Commission.

Mr. HAYMOND. If we knew that she was going to produce such letters, we might have a right to get out an injunction. If Mr. Smith, as her attorney, tells us that he intends to produce those letters without the consent of Mr. Huntington, that would be the course that I would advise.

Commissioner ANDERSON. I presume that that is Mr. Huntington's affair.

The CHAIRMAN. That is your right. This gentleman has been subpœnaed to produce certain papers, and he says that he will produce them. When they are produced you can get out an injunction if you wish.

Mr. HAYMOND. Will you give us time, after the letters are produced, to institute proceedings in the Federal or State courts?

Commissioner ANDERSON. We cannot rule on such a question as that. The only question now before us is whether Mr. Smith will kindly bring those letters here this afternoon or to-morrow morning. Before they are passed in evidence you will have an opportunity to object.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Monday, August 15, 1887.

FRANK S. DOUTY, being further examined, testified as follows:

"SURPLUS PROFITS" OF WESTERN DEVELOPMENT COMPANY.

By Mr. COHEN:

Question. Will you turn to the minute book of the Western Development Company, of date September 4, 1877?—Answer. I have the page.

Q. There is a resolution entered there, under date of September 4, 1877, "That the following securities of the surplus profits of this company now on hand be distributed and divided between the stockholders of this company in proportion to the amount of stock held by each." I suppose that those minutes are in the handwriting of the secretary, Mr. Butler, are they not?—A. They are.

Q. Did you offer that resolution as president of the company?—A. That is my recollection.

RESOLUTION FOR THEIR DISTRIBUTION INTRODUCED AT COLTON'S REQUEST.

Q. From whom did you receive that resolution?—A. From General Colton.

Q. Did you introduce that resolution at his request?—A. I did.

Q. Is the statement there made that those securities were surplus profits of the company at that time true or not?—A. It is an incorrect term to apply to what we sought to divide.

Q. Were you asked to introduce that resolution by any other of the stockholders or parties controlling the Western Development Company, Governor Stanford, Mr. Huntington, Mr. Hopkins, or Mr. Crocker?—A. No; I had no conversation with any of them other than General Colton.

Commissioner ANDERSON. Does the record show who voted for it?

Mr. COHEN. It does not show that either of these parties was present. None of them were directors of the company.

Q. Did either of these gentlemen signify to you at the time that they desired to have this resolution passed?—A. They did not. I had no talk or conversation with anybody, except General Colton, in regard to that dividend.

DISSATISFACTION OF OTHER STOCKHOLDERS.

Q. Do you not know that at the time that the knowledge of the passage of this resolution came to the attention of Governor Stanford, Mr. Huntington, and Mr. Crocker, they expressed great dissatisfaction with it and desired to have the declaration of that dividend canceled?—A. I have since understood that to be the case. I have talked with them in regard to it.

Q. Is it not the fact, as developed by your examination for the purposes of the Colton case, that some portion of the dividend embraced in the bonds of the Southern Pacific Railroad Company had been used by General Colton, prior to the passage of this resolution, as security for the raising of money for his own uses?—A. It was so developed in the trial.

EFFECT OF DECLARATION OF DIVIDEND.

Q. It was claimed, as I understand it, upon the part of Governor Stanford, Mr. Huntington, Mr. Crocker, and the representatives of Mark Hopkins, that the declaration of this dividend left the Western Development Company insolvent.—A. It was.

Q. And was not such the finding in the case of Colton *vs.* Stanford, by Judge Temple, of the superior court, at Santa Rosa?—A. That is my impression. I do not recollect the particular points.

Mr. COHEN. There are several findings in this case of Colton *vs.* Stanford which I want to read. They were made by Judge Temple, who was then a superior judge, but who is now a justice of the supreme court of the State of California.

FORTIETH FINDING IN COLTON VS. STANFORD.

The fortieth finding is as follows:

The defendants Stanford, Huntington, and Crocker did state and represent to said Tevis and Wilson that the Western Development Company was insolvent and unable to pay its debts, if an immediate liquidation was necessary, but they also stated to said Wilson and Tevis that in their judgment and opinion the Western Development Company could pay its debts without a return of the dividend theretofore declared by said company, by taking sufficient time judiciously to realize its securities, and by nursing them as they should be nursed, and that in their judgment if the Western Development Company were forced at once into liquidation, and its assets at once forced into the market and sold without proper management and delay, it would be rendered insolvent. That the value of its assets were mainly speculative, in their opinion, and if immediately sold and realized might and they thought would fall short of paying its debts.

FORTY-EIGHTH FINDING IN COLTON VS. STANFORD.

I also refer to the forty-eighth finding, which reads as follows:

The plaintiff did not, after the making of said contract, Exhibit F, discover, nor is it true, that between the date of the incorporation of the Western Development Company and the death of said Colton, or at any time, that said Western Development Company divided $21,000,000, or thereabouts, in dividends between the five owners of the stock thereof, or between any other person or persons, or that it made any dividends, except as in this finding hereinafter set forth.

Nor did the ignorance of the plaintiff thereof prevent her from exercising an intelligent judgment, or lead her, through mistake or under duress, to execute said agreement, Exhibit F, or subsequently to surrender property thereunder.

On the 4th day of September, 1877, the Western Development Company owned and was possessed, among other property, of the assets in the resolution in this finding hereinafter set forth and described, and on the last day aforesaid, F. S. Douty, H. K. White, E. C. Wright, D. T. Phillips, and C. E. Green were the directors of the said company; and said Colton, without the knowledge or consent of the defendants Stanford, Huntington, and Crocker, or of Mark Hopkins, or of any or either of them, caused said directors to adopt a resolution as an act of the said corporation, declaring and dividing the said assets, which resolution was in the words and figures following:

"OFFICE OF THE WESTERN DEVELOPMENT COMPANY,
"*San Francisco, September* 4, 1877.

"A special meeting of the directors of the Western Development Company was held this day.

"Present, F. S. Douty, H. K. White, D. T. Phillips, E. C. Wright, and Charles F. Green. The president, F. S. Douty, then offered the following resolution:

"*Resolved*, That the following securities of the surplus profits of this company, now on hand, be distributed and divided between the stockholders of this company in proportion to the amount of stock held by each, to wit:

"Southern Pacific Railroad stock	$13,500,000
"Southern Pacific Railroad bonds	6,300,000
"Amador Branch Railroad bonds	675,000
"Berkeley Branch Railroad bonds	100,000
"Los Angeles Bridge bonds	13,500
"Amador Branch Railroad stock	674,000
"Berkeley Branch Railroad stock	100,000

"And that the same be delivered to them in person, or to their agent or attorney duly authorized to receive the same.

"On motion of E. C. Wright, seconded by H. K. White, the above resolution was adopted."

In fact, said securities did not constitute any portion of the surplus profits arising from the business of said corporation, but were part of the assets thereof.

The estimated value placed upon the said stock and bonds as set forth in that resolution was their face par value and not their actual value. In pursuance of said resolution, said Colton, intending to distribute said dividend among the stockholders, took from the archives of the said company the bonds and the certificates of stock mentioned in said resolution and divided them into nine parts, delivering to each of the defendants, Stanford, Huntington, and Crocker, and to Mark Hopkins, deceased, or to their agents, two of said parts thereof, and retaining in his possession one of said parts. The stocks named in said resolution were at the time of said dividend without any market value, and none of said stocks have ever at any time since that dividend was made had any market value, nor have any of said stocks at any time since said dividend was made and prior to said compromise, evidenced by "Exhibit F," had any market or ascertained value. The said Colton did not inform the said defendants, Stanford, Huntington, and Crocker, and Mark Hopkins, deceased, or any of them, of his said action, or the action of said board in declaring said dividend, until about the month of August, 1878, nor did they know thereof until such time, and when they were so informed by said Colton, and for the first time had knowledge thereof, they and each of them remonstrated with said Colton against his said action, and insisted that the said resolution should be revoked and the said assets so divided should be returned to the said company, assigning as a reason therefor, which reason was true in fact, that the withdrawing of so great a portion of the assets would leave the company without the means of paying its debts and largely insolvent; that the company was engaged in enterprises, the success of which was involved in very great doubt, and its success should not be jeopardied by the withdrawal of assets which were of present value, or which, if its enterprises were successful, would

have value in the future, as the defendants expected the stocks divided would have. At the earnest solicitation of the said Colton the defendants and the said Hopkins agreed to allow said dividend to stand under a promise made by each of the parties to the others that in case any or all of said bonds or stock should thereafter be required by the said company they would and should be returned, and that on that understanding the said dividend was allowed to stand.

CALIFORNIA LAW ON DIVIDENDS.

By Commissioner ANDERSON:

Q. Does the court find that the corporation was absolutely insolvent after paying that dividend?

Mr. HAYMOND. Under our law there cannot be any dividend made unless the corporation is solvent, and made out of the assets above insolvency. Under our law you cannot make a dividend except there is a surplus.

Commissioner ANDERSON. I understand that the Western Development Company did have this surplus, and that it has from twelve to fourteen million dollars on hand to-day.

Mr. COHEN. I have put in the whole of the forty-eighth finding, and that will explain fully to the Commission.

Mr. HAYMOND. Of course these findings all relate to the date of the transaction, as to how things looked then, and as to whether it was then a fair transaction. Of course the assets might be worth nothing to-day and might be worth millions. That would not affect the question to which the mind of the judge was directed.

FORTY-NINTH FINDING IN COLTON VS. STANFORD.

Mr. COHEN. I will also read the forty-ninth finding, which is as follows:

That at the time of the death of the said Colton said Western Development Company, in addition to the dividends set forth in the last preceding finding, had earned and did have on hand stocks, lands, and other property of the par value of $30,065,191, and that the actual value of the same was not greater than $10,915,092.85, and they could not by any possibility then have been converted at or near their actual value, and were subject to an indebtedness of $17,856,958, $12,208,238 of which was claimed to be due the defendants and Hopkins and the said Colton, and that said last-mentioned claims were correct and properly charged.

By Mr. COHEN:

Q. From your knowledge of the affairs of the Western Development Company, at the time the dividend was declared, could that company, from its then assets, have paid its indebtedness if that indebtedness had been called for?

The WITNESS. In my opinion it could not.

F. S. DOUTY.

PALACE HOTEL, SAN FRANCISCO, CAL.,
August 15, 1887.

Afternoon session.

ALBAN N. TOWNE, being duly sworn and examined, testified as follows:

GENERAL MANAGER OF CENTRAL PACIFIC.

By the CHAIRMAN:

Question. What position do you hold in the Central Pacific?—Answer. I am general manager.

Q. How long have you been general manager?—A. Since May, 1882.

Q. What position did you occupy prior to 1882?—A. I was general superintendent for thirteen years.

Q. Is that the next position to general manager?—A. Yes, sir.

Q. Is that in the line of promotion in the organization of the road?—A. Yes, sir.

Q. What position did you hold prior to that of general superintendent?—A. None here. I was identified with the Chicago, Burlington and Quincy road for fourteen years.

Q. When did you come from the Chicago, Burlington and Quincy road and enter on the duties of general superintendent?—A. Eighteen years ago.

Q. What are your duties as general manager?—A. My duties are of a general nature.

Q. Have you submitted a statement in the nature of an exhibit that has been attached to Senator Stanford's testimony?—A. Yes, sir.

Q. Have you anything to add to that statement?—A. Very little, unless something occurs to you gentlemen that you would like to ask me.

LETTERING ON ROLLING STOCK SUBSEQUENT TO LEASE.

Q. Subsequent to the lease of the Central Pacific to the Southern Pacific was there any order as to the designation of the title to the property of the Central Pacific as indicated by the lettering on the cars?—A. I do not remember any now; no, sir.

Q. Did you issue an order changing the lettering on the rolling stock from "Central Pacific" to "Southern Pacific"? A.—It is possible I did; however, I know the rolling stock is *not* changed. It was soon countermanded if such an order was given, but I do not remember issuing the order.

Q. Was any rolling stock of the Central Pacific changed in its lettering from the Central to the Southern Pacific?—A. I do not think there was.

Q. Would you not know if such a thing had taken place?—A. I would, I think, have heard of it if it had happened. I am very confident that none of it is changed to Southern Pacific.

Q. Was any of the Central Pacific rolling stock ever lettered "Southern Pacific"?—A. Possibly, though I do not think it was.

Q. Who would have charge of that work?—A. I can tell by inquiring at the office, and by looking at our books, but I think my answer is correct.

WHO WOULD HAVE CHARGE OF THE LETTERING.

Q. Who would have charge of the work of lettering?—A. The superintendent of car repairs.

Q. What is his name?—A. Benjamin Welch.

Q. Would he do such work without an order from you?—A. He might on the order of the superintendent; yes, sir.

Q. What superintendent?—A. The general superintendent.

Q. Who is the general superintendent?—A. J. A. Fillmore.

Q. Could it have been done without your knowledge?—A. Possibly.

APPOINTMENT OF SOLICITING AGENTS.

By Commissioner LITTLER:

Q. I will ask you a question or two. Who has the appointing of the soliciting agents of your company? I mean agents to represent the

company in soliciting traffic.—A. The general traffic manager recommends and I approve if any changes are necessary.

Q. What changes, if any, have taken place in regard to these soliciting agents since the Central Pacific was leased to the Southern Pacific?—A. Well, I do not remember of but one such having been made. Mr. Mosher, of Los Angeles, resigned, and his place was filled by the gentleman now occupying the position.

Q. Do the present soliciting agents represent distinctively the Central Pacific, or do they represent the Southern Pacific Company?—A. They represent both.

DIRECTIONS TO SUCH AGENTS.

Q. What direction, if any, has been given these soliciting agents in relation to the traffic of these two companies since the lease of the Central Pacific to the Southern Pacific?—A. I am not able to tell you what specific directions have been given them. Their general order is to obtain traffic for the longest lines. Illustration: From Los Angeles to Ogden. The Central Pacific has all its mileage nearly in that line.

Q. Has the Central Pacific its independent agents in the Eastern cities?—No, sir; not an independent agent. The agents of the various roads, such as the Union Pacific, the New York Central, the Erie, all working on this line, do soliciting for the Central road when they do it for their own road, and the same is true at Chicago, Saint Louis, and other points.

Q. How many general soliciting agents are now in the employ of the Central Pacific charged specially with the duty of soliciting traffic for that road?—A. I am unable to tell you the number.

Q. Are they numerous?—A. Not as numerous as the majority of the roads have employed for the reason explained. The west-bound business is solicited by others having eastern connection with us.

GENERAL SOLICITING AGENT IN SAN FRANCISCO.

Q. Have you a general soliciting agent in this city?—A. Yes, sir.

Q. Is his special business to solicit business for the Central Pacific?—A. No, sir; not specially. Our object has been from the beginning to centralize and get along with as few officers as possible, one agent acting for both lines.

Q. You had such an agent, doubtless, before the leasing of the Central Pacific to the Southern, did you not?—A. No, sir. One agent acted for both lines then, same as now.

Q. You had not?—A. No, sir; we had a joint agent then.

Q. How was the traffic of the road prior to the lease? How did the Central Pacific secure its share of the traffic from San Francisco without somebody to look specially after it?—A. There are many connecting roads each having offices and soliciting agents in San Francisco, representing, if you choose, ten or twelve different lines east of our own that are working for the Central just as much as though they were under pay by the Central.

Q. Do you mean to convey the idea that you have running arrangements with the lines east of you, extending east to New York, and that the through line is represented by its agent?—A. Yes, sir; their agents are acting indirectly for us in soliciting traffic via the Central line.

Q. I suppose that the pro rata share of the salary of such an agent would be paid by the Central Pacific, would it not?—A. No, sir; it

would not; since they opened their own offices they have maintained them at their own expense.

Q. I want to call your attention to a few figures furnished to the Commission by your auditor. This is a statement purporting to show the gross receipts of the company as contradistinguished from the gross earnings of the company. I do not use it for the purpose of asking an explanation of you, because I think you are not the proper officer. I want to call your attention to the remarkable falling off of the earnings of the Central Pacific and ask any explanation you may have to give.

The WITNESS. For what period, sir?

DECREASE OF GROSS RECEIPTS SINCE LEASE.

The CHAIRMAN. I will call your attention to several years, commencing with 1878. The gross receipts of that year—I will give the figures in round numbers—were $19,000,000, and in 1879 $20,000,000; in 1880, $23,000,000; in 1881, $27,000,000; in 1382, $30,000,000; in 1883, $28,000,000; in 1884, $28,000,000, and in 1885, $15,306,092.57. There is a falling off, and I will ask you to give any information you have to the Commission explanatory of this wonderful decrease of the receipts of the Central Pacific in one year.

The WITNESS. I am unable to give you a clear explanation of this, except that this was the year that the lease was changed, and instead of being a lessee of all the roads in California, including the Southern Pacific as far east as El Paso, the earnings of which were formerly shown as receipts of the Central Pacific, it now became a lessor. Therefore, the earnings given in 1885 represent only those strictly accruing to its own mileage.

Q. Is it not true that from the very day that the Central Pacific was leased to the Southern Pacific its gross receipts, as well as its gross earnings, have fallen off, and will not your books show that fact?—A. It is possible they may, but the facts explained in my answer to the foregoing question must always be borne in mind.

ADVANTAGES OF LEASE.

Q. What explanation have you to give of such a state of things in view of the testimony of other officers of this company, asseverating that that leasing was a good thing for the Central Pacific?—A. I should not attempt any explanation until I could get the facts before me, other than this: So far as leasing the Central to the Southern was concerned it was a good thing, and will be a good thing for all time, in my judgment, for the reason that both are under one management instead of the Southern being under an alien management directly cutting into the earnings of the Central and forever competing with it.

Commissioner LITTLER. The answer to that position would seem to be found in the fact that while there were two managements, and the last year that the Central Pacific had an independent management, it earned nearly $2 for $1 under the present management. There are the figures from your own officers, Mr. Cohen.

The WITNESS. It is purely a question of book-keeping which can be clearly and satisfactorily answered by our auditors.

Mr. COHEN. The explanation is that in one year the earnings of the leased lines were counted in the receipts and in the other year they do not so appear.

THE SOUTHERN PACIFIC NOT INTERESTED IN KEEPING DOWN EARNINGS OF CENTRAL PACIFIC.

Q. I want to ask you if it is not true that by reason of a provision in the lease of the Central Pacific to the Southern Pacific the latter company is directly interested in keeping down the earnings of the Central Pacific road? I call your attention to that provision of the lease which provides that until there is an increase in the earnings it shall be leased for, I think, $1,300,000 a year. Have you had occasion to examine that provision?—A. I have examined it, but I cannot recall it now.

Q. I will get you to state whether it is not for the interest of the Southern Pacific, under the provisions of that lease, to so manage the joint property as to prevent the emergency arising contemplated in the lease, namely, that when the earnings of the Central Pacific increase there is to be a readjustment and the Central Pacific is then to have a greater sum of money as rental than under the present arrangement?—A. No, sir; I do not think so.

Q. The lease had better speak for itself, I presume.

Mr. COHEN. I will get the lease.

Mr. HAYMOND. Has not that lease been offered in evidence?

The CHAIRMAN. The lease was offered and discussed here for three days.

THE FALLING OFF IN RECEIPTS A MERE MATTER OF BOOKKEEPING.

Commissioner ANDERSON. Then, as I understand you, you do not at this time attempt to explain the great falling off as shown from the figures of your road taken in 1886 as compared with 1885.

Mr. COHEN. We will explain it and show that it was a mere difference in the way of keeping the accounts. There was no such falling off, in reality, as shown by this paper.

The WITNESS. The Central Pacific took into its accounts previous to this time the earnings of all the side or leased lines. It does not now. That which belongs to the Central Pacific is alone credited to it.

FUTURE PROSPECTS OF CENTRAL PACIFIC.

By the CHAIRMAN:

Q. Are you a railway engineer, Mr. Towne?—A. I am not.

Q. What is your opinion with reference to the future of the Cen ral Pacific, especially as to its earning capacity and as to its ability to meet its obligations to the Government at some future time?—A. The traffic through Utah and Nevada at the present time is very light. It is essentially a grazing and mineral country for 600 or 700 miles, but should there be mines developed there by and by, we may consider the future of the Central road more favorable than at present. Without further development it seems now that the future of the road depends wholly upon Congressional action.

PLAN OF SETTLEMENT.

Q. Suppose Congress were to take action, what kind of action would you suggest?—A. I would suggest a very liberal action, such as there should be between man and man in the settlement of an account of such magnitude, concerning the equities of which so much can be said on the part of the debtor.

Q. It is a part of our duty under this act of Congress to recommend an adjustment of this matter, and we want to share the responsibility of that with you as general manager. What recommendation have you to make?—A. I have no doubt that you would be disposed to make recommendations toward the company on the part of the Government. If payment be insisted on, there should be a long time provided for, covering many years, to enable the company to work its way out. It has lost business largely in consequence of other lines being built to the Pacific coast. It once enjoyed all the Pacific coast business except what went by sea, and the competition then by ocean was not as great as at the present time, when it has so many other land lines to compete with.

COMPANY'S ABILITY TO PAY DEBT.

By Commissioner LITTLER:

Q. Do you concur with Mr. Stubbs, that this property cannot pay any portion of this debt now or at any future time?—A. I am not quite clear what Mr. Stubbs's opinion might be on that subject.

Q. That is the substance of it, given under oath here this morning. Do you, as general manager of this company, say that this is so, or do you qualify it?—A. I should qualify it, if he refers to the Central Pacific and its unaided feeders.

Q. Do you think that if you have a fair chance you can work it out?—A. I do.

Commissioner LITTLER. We are glad to hear you say that.

By Mr. COHEN:

Q. I will only ask you a few questions, because I propose to call you again when we put in our part of the case; that is, with respect to the question that has been asked you with reference to the report made by Mr. Wright. When was the Southern Pacific first leased to the Central Pacific so that its gross receipts went into the gross receipts of the Central?—A. I do not now remember the date.

Mr. COHEN. I want you to explain this apparent discrepancy between 1884 and 1885. That is the point I want to examine you on, just to explain that discrepancy, or rather the change in the mode of book-keeping——

I will have to leave the examination of Mr. Towne until I can produce the lease. I do not want the Commission to be under any misapprehension with regard to that difference. There was no such decrease in earnings as shown by the figures given here between 1884 and 1885. It is simply that the accounts were differently kept.

Commissioner LITTLER. We will be very glad to get any information.

EFFECT OF CONSTRUCTION OF OTHER TRANSCONTINENTAL LINES.

By Mr. HAYMOND:

Q. Do you know that since this road was constructed there have been several other transcontinental roads constructed, most of which, and I suppose all of which, have had greater aid from the Government of the United States than this road had?—A. Yes, sir.

Q. Now, whether that was a breach of contract between the United States and this company remains to be discussed, and we will leave that out and for the moment consider that it was not; at least it was an injury to the Central Pacific, and diverted the greater portion of its through traffic, and reduced the price of the balance, did it not?—A. The earnings show that manifestly.

COST OF ROAD.

Q. The road of the Central Pacific over the Sierra Nevada Mountains probably cost more than the whole road from Truckee to Chicago from the eastern boundary of the State, did it not?—A. I have no doubt that the road from Sacramento to the eastern boundary of the State cost more money than it would cost now to lay a steel rail from the State line to the Missouri River, crossing the rivers and mountains.

Q. Do you know the character of the snow sheds that there are upon the Union Pacific line, and do you know the difference in the character of the snow sheds that are upon the Central Pacific?—A. Yes, sir.

Q. And the difference in cost?—A. Yes, sir.

Q. Have you any knowledge of the cost per mile of the heaviest miles of snow sheds on the Central Pacific?—A. I do not know the aggregate cost. They were very large.

ABILITY OF COMPANY TO PAY ITS DEBT IN CERTAIN CONTINGENCIES.

Q. Supposing that the Government, in consideration of the injuries it has done this company, were to agree to furnish money or to furnish its bonds for a sum necessary to throw that line below the snow sheds, and then the road should afterwards, by some contract with a company, be operated together from Ogden to Portland, Oreg., and from Portland, Oreg., to New Orleans, under some such contract as this, under Government supervision—in that event do you believe that it would be able eventually to pay its indebtedness to the Government at the rate of 2½ per cent., allowing them to take up the bonds when they matured?—A. Possibly, if prudently managed.

Q. That would be pretty near such an arrangement as has been made between the Southern Pacific and the Central, and that was made, as I understand, entirely for the protection of the Central. Was not that your understanding, after frequent discussions?—A. Yes, sir; for the further protection of the Central.

PROBABLE EFFECT OF A HOSTILE MANAGEMENT OF SOUTHERN PACIFIC.

Q. What, in your opinion, would be the state of the Central Pacific to-day if the Southern Pacific had been built by the United States or by parties to whom large grants of land were made to construct it, and it were operated in hostility to the Central Pacific? What do you believe would have been the condition of the Central Pacific to-day?—A. I have no doubt that it would have been in the hands of a receiver, for it would not have been able to have earned sufficient money to pay its operating expenses and fixed charges. The competition has been very considerably neutralized by the road having been managed by one head and under one direction.

SOUTHERN USED AS A DEFENSE TO CENTRAL PACIFIC.

Q. In other words, the Southern Pacific, in the hands of the same directory, has been used as a means of defense to the Central, has it not?—A. Yes, it has been.

Q. And that has been your action as the general manager of the company under the direction of the directors of the Central Pacific Railroad?—A. Yes.

AMOUNT OF INDEBTEDNESS OF COMPANY TO GOVERNMENT.

Mr. HAYMOND. Now, I am asking this: What do you claim, Commissioner Anderson, to be the indebtedness to the United States? Mr. Norris probably knows.

Commissioner ANDERSON. You mean as of to-day? It has the present value of $60,000,000, discounted at such a rate of interest as would be just, for ten years, less the sinking fund.

Mr. HAYMOND. I deny that the Central Pacific Railroad Company owes the Government anything, and I do not believe that they could recover a cent in any court in Christendom; but admitting the fact that it does owe that amount, then is your opinion the same?

The WITNESS. I do not understand the question.

Q. Can it be liquidated in ten years?—A. It cannot be liquidated in ten years.

Q. In how many?—A. Not in a hundred if the debt is $60,000,000.

REDUCTION OF EXPENSES IN CROSSING SIERRA NEVADAS MIGHT ENABLE COMPANY TO PAY DEBT.

Q. With the combination of all these roads, operated together, and the Sierra Nevadas removed so that you did not have to pay that heavy charge for carrying freight across the mountains, what reply can you make?—A. If that expense could be reduced across the Sierra Nevada mountains and the Southern and Central systems worked in harmony, possibly the property could work out its indebtedness, and the amount claimed by the Government saved to it. I would not be prepared to-day to tell you how many years or what rate of interest I would recommend; it would have to be a very long payment, gentlemen, with a very low rate of interest.

Mr. HAYMOND. Mr. Littler has asked for that.

COMPETING LINES.

The WITNESS. There are other lines now contemplated in California that will still further divide the business. The Northern Pacific took from us the business of Oregon and Washington Territory, and of British Columbia, which we once enjoyed east and west over the Central Pacific line. The managers of the Union Pacific have built and acquired a line from Granger (a point east of our connection with them at Ogden) to Portland, Oreg., which not only takes from us the Oregon and Washington Territory business, which we formerly enjoyed, but parallels for a long distance our road west of Ogden. The Union Pacific, through the Oregon Railway and Navigation Company's property, which it has recently acquired, now has its own line not only to San Francisco but to all points on the coast of California. The Atchison, Topeka and Santa Fé and the Atlantic and Pacific came in and have taken a large share of the traffic. The Texas and Pacific was on the way to California, and would have come through but for the Southern covering that territory. The Canadian Pacific is completed, and an active competitor. The Pacific Mail and Ocean line of clippers are still very strong and active competitors, taking a large amount of business that should legitimately be considered as railroad traffic.

Q. Mr. Littler has asked you one question which I would like you to answer on your direct examination, or that you should be able to answer. It is this: Could the Central Pacific under this lease with the

Southern Pacific be worked at any time? Your opinion is that it could?—A. I think so; yes, sir.

Q. Will you give some estimates that have been asked for by Mr. Littler? We all want to get your opinion.—A. I will look it over later, and let you know my views on the subject.

EFFECT OF PAYMENT OF $33,000,000 OF DIVIDENDS.

By the CHAIRMAN:

Q. Suppose that a reasonable part of the $33,000,000 voted by the directors to the stockholders of the Central Pacific from 1873 to 1884 had been applied to a sinking fund to meet the indebtedness that they knew must mature in 1896 and 1897, would not the Central Pacific be in a better condition to-day financially to have settled with the country, anticipating the maturity of the bonds?—A. If no money had been paid out for anything, there would have been more left.

Q. I am speaking of the dividends $33,000,000, nearly $10,000,000 more than the principal that they got.—A. The amount of money paid out in dividends was natural to the road or to the stockholders. It enjoyed the traffic at that time that is now divided up, as I have just now remarked, by various lines.

The CHAIRMAN. There lies the difference between dividends and paying debts; the one is natural and the other is unnatural.

By Mr. COHEN:

Q. Can you state or approximate the amount of dividends that was earned from the aided road and that portion of it earned by the non-aided road to which the United States did not contribute any portion of the cost of construction?—A. I cannot; possibly the controller can.

BENEFITS TO GOVERNMENT FROM ROAD.

By Mr. HAYMOND:

Q. It is conceded by the officers of the Government of the United States, and it has been established in its courts, that the United States has gained from this road over a hundred millions of dollars. Do you not consider that it would be justice on the side of the country that the stockholders should have at least one-third of that when the Government had not risked a cent?—A. I do, when you consider that the country has gained so largely by the construction of the road.

Mr. HAYMOND. Of course the country has gained very largely by it, but I am talking simply of what the Government has gained.

PLAN OF SETTLEMENT.

By Commissioner ANDERSON:

Q. Will you submit in writing the details of the scheme under which you suggest that by a general and harmonious action of all the interested roads the obligations to the United States could in a period of time and at a given rate of interest be worked out?—A. I will.

A. N. TOWNE.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Monday, August 15, 1887.

WILLIAM W. STOW, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Mr. Stow, where do you reside?—Answer. In San Francisco.

Q. What is your occupation?—A. At present I am principally engaged in mining.

Q. Have you had any acquaintance with the officers of the Central Pacific for a number of years?—A. I have.

Q. Have you attended at sessions of the legislature of the State of California?—A. I have attended some of them.

Q. When you were there, were you there for much time continuously?—A. I was there off and on, according to circumstances.

Q. Did you have a general acquaintance with members of the legislature?—A. I did.

Q. Were you quite intimate with some of them?—A. I was.

HOSTILE RAILROAD LEGISLATION.

A. Were you at Sacramento when what are known as hostile measures, that is, measures hostile to the Central Pacific, were pending in the legislature?—A. It depends on what year you allude to.

Commissioner ANDERSON. I mean in some of the years that you were there.

The WITNESS. In some of the years; yes, sir.

Q. Have there been what were known as hostile measures pending?—A. Yes sir; many of them.

Q. Has the subject of such legislation been a matter of discussion between you and the officers of the Central Pacific?—A. They have.

Q. Between you and Mr. Leland Stanford?—A. Between Mr. Stanford and myself; yes, sir.

CONCERNING INFLUENCING LEGISLATION.

Q. Did you ever receive from Mr. Leland Stanford any money or stock or other thing of value which it was understood between you and him should be used in influencing legislation?

Mr. BERGIN. That is objected to on two grounds. Mr. Stow, you were a practicing attorney then, and are now?

The WITNESS. I am, and as such have been in the employ of the company. I decline to answer that question.

Q. Did you receive any money or stock or other thing of value from any officer of the Central Pacific, other than Mr. Leland Stanford, for the purpose of influencing legislation?—A. I make the same answer.

Q. Have you ever offered any money or thing of value to any member of the legislature for the purpose of influencing his vote?—A. Now you have gone about far enough with me, sir.

MAKING A RECORD FOR THE COURT.

Commissioner ANDERSON. You can decline to answer it.

The WITNESS. I will take care of my business.

Commissioner ANDERSON. You will please answer, or not answer, as you please.

The WITNESS. You must not undertake to cast any aspersions on me. I will take care of myself, and I suppose you will take care of yourself.

Commissioner ANDERSON. I will try to.

The WITNESS. Yes; and I shall try and take care of myself.

Q. Do you decline to answer?—A. You have no business to ask me that question after the answer I have given you.

Commissioner ANDERSON. I will repeat the question, sir, at the risk of your displeasure. We want to get a record for the court.

The WITNESS. You have got a record now, and if you are a lawyer you know it.

Mr. HAYMOND. There is a provision of the code of this State which absolutely forbids an attorney from disclosing anything he may acquire from his client, and he cannot do it even with his client's consent. It is a part of his oath.

WITNESS DECLINES TO ANSWER.

Commissioner ANDERSON. We will not discuss this. The question was between you and the officers of the company, and the question I now put is as between you and the members of the legislature. I must insist, of course, upon the witness answering. If the witness sits there and does not answer, by and by I will take it as a refusal; and with that explanation I will again put the question to you, respectfully, Mr. Stow, and ask you if you have at any time paid any money or given anything to any member of the legislature for the purpose of influencing his vote?

The WITNESS. I decline to answer, sir.

Commissioner ANDERSON. That is sufficient.

The WITNESS. I should like to inquire if the Commission wants me any more?

The CHAIRMAN. Not until the court says so.

Mr. COHEN. We would like to have you ourselves in a little while.

The WITNESS. You will have to send me an invitation, for I do not come without.

The CHAIRMAN. We are trying to get a decision with reference to you and the other gentlemen.

COUNSEL REQUESTS A COPY OF PETITION TO COURT.

Mr. HAYMOND. It would be advisable to serve us with a copy of your petition. I have not seen it. I will ask the Commission if they will give us a copy of that petition.

The CHAIRMAN. This is taking up time.

Mr. COHEN. It is a demand we have a right to make, and we insist upon it. We ask the Commission if they will give us a copy of the petition they have filed with the circuit court.

Commissioner ANDERSON. The papers are in the hands of Mr. Cary, who has a copy of it for the other side, and he will serve the papers in due course of legal proceedings.

Mr. COHEN. If it is a private and a secret matter, very well.

Mr. CARY. May I speak? The petition was not filed in court and did not become a public matter till this morning at 11 o'clock. It was not filed owing to the absence of Judge Sawyer, but I filed it at 11 o'clock to-day and procured an order returnable on Wednesday morning. I left it with the clerk, and you will be served with a copy probably during the course of the day, as soon as the records can be made.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Monday, August 15, 1887.

DANIEL Z. YOST, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. Have you made search for the memoranda that you referred us to in your previous examination?—Answer. Yes, sir.

Q. Where have you searched?—A. I searched where I thought it was, but I could not find it.

SEARCH FOR MEMORANDA.

Q. You say "it"; was it a single memorandum?—A. My memoranda, whatever they were.

Commissioner ANDERSON. I ask you where you searched.

The WITNESS. At the store where I thought they were.

Commissioner ANDERSON. Please give the number of the store, and let us know where it is.

The WITNESS. I do not know the number.

Q. Where is the store?—A. On Bush street, between Sansome and Montgomery.

Q. Whose store is it?—A. H. S. Crocker & Co.

SEARCHING WHERE THERE HAD BEEN A FIRE.

Q. Why did you search there?—A. I did not search very long. Because there is where I supposed my books and memoranda were. After my examination the porter informed me about the fire, which I had not thought of in the mean time. The fire occurred about two years ago, I think.

Q. What connection had the fire with your memoranda?—A. Simply consumed them, that is all.

Q. Had you not heard of that fire before?—A. Yes, sir.

Q. And how did you expect to find your memoranda if you knew they had been burned up?—A. I did not know positively whether they were or not, but the books and memoranda were left there.

Q. What did you do when you got to the store? Did you talk to the man about the fire?—A. Yes, sir; he spoke about my books being stored in the third story, &c. He saw the report of my evidence, and wondered if I remembered it.

Q. Is that the only search you have made?—A. That is about all the search that I made.

Q. Have you any memorandum in your possession now relating to the subject-matter of your evidence?—A. Not that I remember.

CONCERNING THE USE OF MONEY IN INFLUENCING LEGISLATION.

Q. Have you stated within a year that you had a memorandum or a stub referring to the use of money for the purpose of influencing certain officers in this community?—A. Not that I remember.

Q. Have you not offered to make an affidavit to that effect?—A. No, sir; not that I remember.

Q. Have you a stub removed from a check-book showing the use of money for the purpose of influencing an officer of this community?—A. None that I remember.

Q. Have you had such a stub within the last two years?—A. No, sir; I do not think that I remember having any such stub.

Q. Have you any other paper, check, or copy of a check referring to money used for the purpose of influencing an officer?—A. No, sir; I do not think that I remember of any that I have.

Q. And you deny ever having stated within the last year or two that you had such a paper?—A. If I have I have forgotten it.

By Mr. COHEN:

Q. Is a member of the firm of H. S. Crocker & Co. a brother of yours?—A. Yes, sir; he is a partner in that firm.

Q. And is that the reason that you stored your books and papers there?—A. Yes, sir; I stored them there for safekeeping.

The CHAIRMAN. Have you any witnesses whom you wish to examine, Mr. Cohen?

Mr. COHEN. No, sir; I did not understand that you would be through to-day. I will ask the Commission to swear the chairman on behalf of the Central Pacific Railroad Company.

Commissioner LITTLER. We will take his official statement.

A REQUEST FOR LETTERS ADDRESSED TO THE CHAIRMAN.

Mr. COHEN. Then would you believe him just as much as if he were sworn? Very well. I will ask the chairman if he will produce, for the purpose of putting on this record, the letters and communications that have been addressed to him as chairman of this Commission.

Commissioner ANDERSON. I think the chairman will have to refer questions of that kind to the Commission.

Mr. COHEN. If he declines to answer we will have to ask the United States court to compel him to answer. I would like to have the chairman sworn.

Commissioner LITTLER. The chairman has been sworn.

The CHAIRMAN. I must say that the chairman has certainly done it in a more polite way than you have. For a man of your experience and age, and who has been before the court as often as you have, you should know the proper position to take before this body.

Mr. COHEN. We think we are doing it. Of course we made up our minds some time ago that whatever might be said about the chairman's knowledge of law and his mode of cross-examination, he certainly was a most polite gentleman, and that nothing could be said against him in that regard.

The CHAIRMAN. We are perfectly willing to hear any of your witnesses, if you have them.

Mr. COHEN. I would like to have the chairman say whether he will produce any such correspondence.

THE HEIGHT OF IMPERTINENCE.

The CHAIRMAN. The chairman at present declines to entertain any such proposition, and he thinks it is the height of impertinence on your part to ask it.

Mr. HAYMOND. That is a matter of opinion. Has the Commission at any time received any propositions outside of the testimony?

The CHAIRMAN. It is hardly the thing for this Commission to be interrogated about. Its communications are hardly proper to be handed to you.

Mr. COHEN. As to the question of impertinence or not, I do not think if I were inclined to gauge my conduct I should take the opinion of the

ex-governor of Pennsylvania upon that point, but the chairman said, himself, that he would not receive any communications which would be private from the world. Now he has received those communications. They are in his possession, and I ask that they be produced and spread upon the minutes.

The CHAIRMAN. I have not in my possession, I want to say to you, any communication whatever addressed to me as chairman of this Commission. I have handed all of such to the secretary of this Commission, and not one have I in my possession. I never retained them a moment.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Monday, August 15, 1887.

FRANK S. DOUTY, being recalled, was further examined, as follows:

By Mr. COHEN:

Question. Will you look at the record book of the Pacific Improvement Company, under date of April 11, 1882? You have stated that there was a dividend declared on April 11, 1882, amounting at its par face value to $33,917,600?—Answer. Yes, sir.

PACIFIC IMPROVEMENT COMPANY'S DIVIDEND OF BONDS AND STOCKS.

Q. How much of that was in bonds and how much in stocks?—A. Seven millions was the par value of the bonds.

Q. And what was the balance?—A. The balance of $26,917,600 was in stock.

Q. What was the cash value of the stock at that time?—A. It had no cash value at that time.

Q. What is its cash value now?—A. I should say nothing.

By Commissioner ANDERSON:

Q. Is that the Southern Pacific?—A. The Southern Pacific of Arizona and New Mexico.

By Mr. COHEN:

Q. What was the cash value of the seven millions of bonds at that time if they had then been offered for sale?—A. There was no market value whatever for them at that time.

Q. Could you have found a market at that time for any considerable number of those bonds, or for half of them?—A. I think not. There was then no market or demand for them.

Commissioner ANDERSON. Right there I would like to ask the witness a question.

Mr. COHEN. Wait till I get through with this point and you can have him.

Mr. HAYMOND. What is the question, Mr. Anderson?

THE STOCK EXCHANGED FOR STOCK OF SOUTHERN PACIFIC OF KENTUCKY.

Commissioner ANDERSON. I hope it will save time to ask my question in this connection. I wanted to ask the witness when he said the stock had no value, whether it was not true that some time ago that stock was converted into the Southern Pacific Railroad of Kentucky.

The WITNESS. It was exchanged for Southern Pacific Company of Kentucky stock.

Q. Does your answer then that the Southern Pacific stock has no value at present refer to the Southern Pacific stock of Kentucky or to the other stock?—A. The Southern Pacific stock of Arizona.

Q. If there is no stock what application can your answer have?—A. The stock is in existence and is owned by the Southern Pacific Company of Kentucky, and whatever value they see fit to put upon it I believe would be the value.

Q. Simply for the purpose of controlling the road?—A. Controlling the road.

WHO FURNISHED THE MONEYTO BUILD THE NORTHERN RAILWAY.

Q. You have been asked concerning the building of various branch roads by the Western Development Company and the Pacific Improvement Company. From what sources did you obtain the money to construct these roads. Take, for instance, the Northern Railway. Who furnished the money to build that road?—A. The money came from Mr. Stanford and his associates, Messrs. Huntington, Hopkins, Crocker, and Colton.

Q. That road was constructed by the Western Development Company, was it not?—A. The major portion of it was constructed by the Western Development Company.

Q. And was it finished by the Pacific Improvement Company?—A. By the Pacific Improvement Company.

Q. At the time that road was finished could you have reimbursed the contractors out of the bonds and stock they had received for its construction for the money they had expended?—A. If they were willing to take the securities at par value probably we could.

Q. I mean could you have raised the money in the market on the bonds and stock so as to have paid them their money and ordinary interest?—A. In my judgment we could not.

OTHER ROADS BUILT BY STANFORD AND ASSOCIATES.

Q. I will ask you the same question in reference to the San Pablo and Tulare Railroad Company?—A. I make the same answer.

Q. And the same with reference to the Amador Branch Railroad?—A. The same answer.

Q. Was the money to construct the Southern Pacific of California, the Southern Pacific of Arizona, and the Southern Pacific of New Mexico furnished by the same persons?—A. With the exception that Messrs. Colton and Hopkins were dead at the time the roads through New Mexico and Arizona were built.

Q. Did Messrs. Colton and Hopkins furnish a portion of the money to build the Southern Pacific of California?—A. Yes, sir.

Q. But not for the Southern Pacific of Arizona or New Mexico?—A. No, sir. The estate of Hopkins—Mrs. Hopkins—came in afterwards.

Q. In all these cases were the payments made to the contractors in the stock and bonds of the railroad?—A. Yes, sir.

CONTRACTORS PAID IN STOCKS AND BONDS OF ROADS.

Q. So that it depended upon the amount of business that might be created by these lines whether they ever got their money back or not?—A. It depended entirely upon the capacity of the road for development.

Q. Did they take their chances upon the development of the country and the amount of business that might be created by those lines?—A. Yes; to make it a paying property.

Q. At the time that either of those roads of the Southern Pacific system was finished could you have paid back the money used in the construction of the road—the money used to construct them by the sale of bonds and stock—as received by the construction company?—A. In my judgment we could not.

Q. In each case the contractors had to wait for the development of a road and the creation of a market for the security to become of value—was not that so?—A. They had to create a market for their securities.

THE FRANKFORT SYNDICATE.

Q. Was there any market for any considerable portion of the bonds of the Southern Pacific of California before the year 1880 or 1881?—A. I think about 1880 or 1881 they began to have a market value, and they were more or less sold.

Q. Was there a syndicate formed in New York in the year 1880 through the medium of the house of Speyer & Co., Frankfort bankers, to place those bonds on the market?—A. Yes, sir.

Q. They bought a small quantity and took an option on a large portion of that issue, did they not?—A. That is my recollection of it.

Q. And was it about the year 1881 before any considerable portion of those bonds could be sold?—A. It was before any were sold. I would not say that they could not be.

NO MARKET FOR SOUTHERN PACIFIC BONDS FOR SEVERAL YEARS.

Q. Do you not know from the correspondence that you saw between Huntington and Colton, that they were all the time, for five or six years before that time, trying to make a market for the Southern bonds in New York and elsewhere, and were unable to do so?—A. That was my information at the time. I knew General Colton used to speak frequently about it.

Q. So that in all these cases if the business of the road constructed had not developed, or the turn in the state of financial affairs had not been such as to make a market for the bonds there would have been a large loss to the contractors instead of a profit?—A. There certainly would have been.

COLORADO RIVER BRIDGE.

Mr. COHEN. You were asked the other day about the Colorado River bridge and a statement was put in here by one of the Commissioners, I believe, that that bridge had cost about $50,000.

Commissioner ANDERSON. The statements were only handed to the witness to verify.

The WITNESS. They were handed to me to verify.

Q. Yes, sir; and that the rent was a thousand dollars a month. What has been the actual cost to the Pacific Improvement Company for that bridge to the present time?—A. Two hundred and six thousand and some hundred of dollars.

Q. So that the rent you are getting for it is about 6 per cent. per annum on the amount of cost?—A. A trifle under 6 per cent. per annum.

ITS DESTRUCTION BY WATER AND FIRE.

Q. Is not that a very peculiar piece of property so far as its security and safety are concerned, and especially at this time of the year when the stream is high and liable to go away if it is not watched, is it not?—A. Yes, sir; it has been destroyed twice, washed away once, and burned once.

Q. Both this Colorado River bridge and the bridge crossing the same stream belonging to the Atlantic and Pacific Railroad have been swept away by floods, have they not?—A. That is the information I have as to the Atlantic and Pacific.

Q. Under the present state of affairs it would look as though that rent ought to be raised, would it not, instead of remaining at the present figure?—A. It would look as though we had a just claim for an increase.

Q. Do you know what is the average cost of repairs and depreciation of a steamboat in these waters?—A. I do not.

Q. Have you no information on that?—A. No, sir.

Q. Do you know how much a year it cost to keep up the steamer Solano?—A. I do not.

Q. I thought you had some knowledge.—A. No, sir.

WESTERN DEVELOPMENT BANKED WITH CENTRAL PACIFIC.

Q. I think you have testified once about this, but I will ask you one question about it. You have spoken about using the Central Pacific as a bank. The Western Development Company and the Pacific Improvement Company I believe kept no bank accounts in any bank, did they?—A. No other than that. They had no account with any bank.

Q. When you received any money from any of your depositors, you turned it over to the Central Pacific or Southern Pacific, did you not?—A. I did.

Q. And it stood there to your credit?—A. It did.

Q. At times when you needed money you have drawn on the Central Pacific for more money than you had to your credit, have you not?—A. It is possible that we may have done so. I do not remember of any such occurrence.

Q. You do not remember doing it?—A. No, sir; I do not. The Western Development Company borrowed money, I think, but I do not recollect that they ever overdrew.

BORROWING OF THE CENTRAL PACIFIC.

Q. When you wanted money, did you make arrangements with the Central Pacific people to lend it to you?—A. We did.

Q. And did you give a note for it?—A. I did.

Q. And was the amount of that note put to your credit with the Central Pacific Railroad?—A. It was.

Q. On all the moneys of the Central Pacific that you used, you paid them the current rate of interest, did you not?—A. I think so; that was invariably the case, but I really do not remember what the arrangements were.

Q. Did you pay them interest?—A. Yes, sir; it was the same rate of interest that the account called for, if I remember.

Q. When you wanted to borrow money from the Central Pacific, with whom did you make the contract for its use, with what officer of the

Central Pacific, speaking of the Western Development Company, first?—A. I was trying to think. I do not remember of more than one transaction, in fact, of borrowing money of the Central Pacific, and I think that was made with General Colton.

Q. Was it between General Colton and the Central Pacific?—A. And the Western Development Company.

GENERAL COLTON WAS FINANCIAL DIRECTOR OF CENTRAL PACIFIC.

Q. General Colton was the financial director of the Central Pacific at that time, was he not?—A. I think he was at that time.

Q. And he had charge of the finances of the Western Development Company?—A. He did.

Q. As well?—A. Yes.

Q. Did you manage those finances under his direction?—A. Under his direction—yes.

Q. Did the Western Development have a separate banking account during the time that its destinies were being controlled by John Miller?—A. Yes, sir; I think it did with the railroad.

Q. I mean did it have a separate bank account other than the Central Pacific?—A. No, sir.

Q. How was it with respect to the Pacific Improvement Company? Did that company have a separate bank account or did it bank with the Central Pacific?—A. It banked with the Central Pacific and Southern Pacific. Both those roads were used for that purpose.

THE ACCOUNT AN INTEREST-BEARING ACCOUNT.

Q. In both those cases, did you pay interest on the moneys that you have borrowed?—A. We did. The account was an interest-bearing account.

Q. Did the Central Pacific allow you interest on the amount to your credit?—A. It did.

Q. And when you borrowed from them did you pay them interest?—A. We paid them interest.

Q. The same rate of interest in both cases?—A. The same rate.

OUTCOME OF LEASES TO CENTRAL PACIFIC.

Q. What has been the outcome of the leases made to the Central Pacific of the different roads that you have constructed? Have they proved profitable, or the reverse, to the Central Pacific?—A. I have always understood that they were profitable.

Q. Do you not know that the Central Pacific has made from the leases of the roads that have been constructed under your management and with the companies with which you have been president and secretary, the Western Development Company and the Pacific Improvement Company, a profit exceeding three millions of dollars?—A. I do not know that, but I have understood that the leases of these feeders were profitable.

Q. But you do not know the amount?—A. I do not know the amount.

RENTALS PAID DIVIDENDS AND INTEREST ON BONDS.

By Commissioner ANDERSON:

Q. On that question of leases, is it not true, as a matter of fact, that the rentals received for the leases of these various roads, constructed by the Western Development Company and by the Pacific Improvement

Company, have paid the entire interest on the bonds issued by those respective roads?—A. There has been enough derived from the leases to accomplish that result.

Q. Has there not also been enough derived from the leases of these roads to declare dividends on their stock?—A. In some cases.

Q. Will you please name the roads which have declared dividends on their stock?—A. The Northern Railway and the San Pablo and Tulare Railway.

PRICE OF CENTRAL PACIFIC STOCK IN 1886.

Q. Do you know what Central Pacific stock was worth in October, 1886, when the contract for the completion of the California and Oregon was made?—A. I could not say. I think that it has been about $38.

Commissioner ANDERSON. I inquire about the time when the contract was made by which the Pacific Improvement Company was to receive 80,000 shares.

The WITNESS. I really do not know when I noticed it. It has been somewhere between 38 and 40.

VALUE OF CALIFORNIA AND OREGON BONDS.

Q. Do you know the value of California and Oregon first-mortgage bonds in 1886?—A. I do not.

Q. Is the interest on those bonds regularly paid?—A. We have not held any long enough to see; I presume it will be regularly paid.

Q. The California and Oregon bonds have been in existence for a number of years, have they not?—A. I do not think we ever held any of those bonds until recently.

Q. Do you know that the interest on those bonds has been regularly paid from the first?—A. I never heard of any default, and I assume that they have been, like every other obligation against the company.

SECURITY OF THE "SIXES" OF 1886.

Q. Are you familiar with the security for the "sixes" under the mortgage of October, 1866?—A. I am familiar with it to the extent of being one of the trustees.

Q. Are you familiar with the security, have you been over the inventory, and do you know what property is covered by the mortgage, and what the earning power of that property is?—A. I only know in a general way that it is covered by all the property of the Central Pacific Railroad Company.

Q. Exclusive of the aided portion?—A. Exclusive of the aided portion.

Q. Can you state of your own knowledge of that property and of the undertakings of the Southern Pacific whether the mortgage represents a security on which the interest will be regularly earned and paid?—A. I do not know.

SOUTHERN PACIFIC BONDS.

By Commissioner LITTLER:

Q. Is it not true that these Southern Pacific bonds were considered good security for the loan of the money, and is it not true that the Central Pacific took them at 90 cents on the dollar in a transaction with your company?—A. I know that our people had confidence in them which was not shared by the general public.

Q. Is it not true that both the Central Pacific and the Western Development Company valued these bonds in a transaction at 90 cents on the dollar in cash?—A. In 1879 they so regarded them. It was a transaction by which certain indebtedness was wiped out at that rate.

Q. Has there ever been any default in the payment of the interest on these bonds which were divided under the resolution which you offered and to which reference has been made by Mr. Cohen?—A. There has been no default.

Q. Then has the interest so far as you know on these bonds, which you say had no market value, been paid right along?—A. It has.

VALUE OF STOCK FOR PURPOSES OF CONTROL.

Q. Then is it not true that notwithstanding they may not have a quotable market value, they are valuable property?—A. They are valuable so long as the interest is paid, and there is a fair assurance of the principal being paid. That, of course, depends on the earning capacity of the roads.

Q. Is it also true that this stock may have no market value and yet may have a real value and it would take money to buy it?—A. Whatever the value of the control would be that would be the value of the stock.

By Mr. COHEN:

Q. Has the Southern Pacific system earned enough over and above the operating expenses and fixed charges, interest, and so forth, so as to have left a balance that could be used as a dividend upon the stock?—A. It has not.

Q. Has there ever been any time at which any considerable portion of the stock of the Southern Pacific of California and Arizona and New Mexico could have been marketed?—A. I do not think so.

By Commissioner LITTLER:

Q. Is it not true that all railway stock, although it has no property behind it after paying existing prior liens, and although it may have no quotable value, is always of substantial value when it comes to controlling the corporation?—A. Yes, sir. It is indispensable in order to control the corporation.

Q. And is it not always valuable for that purpose?—A. It has more or less value.

By Mr. COHEN:

Q. If all the stock is held by one person, five shares has the same value as the entire capital stock?—A. To that person; yes, sir.

F. S. DOUTY.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Monday, August 15, 1887.

MARCUS D. BORUCK, being duly sworn and examined, testified as follows:

By Mr. COHEN:

Question. Where do you reside?—Answer. In San Francisco.

Q. How long have you lived here?—A. Since 1850.

Q. Are you acquainted with a corporation called the Central Pacific Railroad Company, and before that time with a corporation known as the Central Pacific Railroad Company of California?—A. Yes, sir.

COMMISSIONER TO SOLICIT SUBSCRIPTIONS TO CENTRAL PACIFIC STOCK.

Q. Were you one of the commissioners appointed in the early history of the Central Pacific Railroad Company of California to receive subscriptions of stock for that company?—A. Not under the title of commissioner. I was requested to do so by Governor Stanford, with Mr. Judah, the engineer, and Mr. Bailey, the secretary of the company at that time.

Q. Did you open an office for that purpose?—A. Yes, sir.

Q. Where?—A. In the building at that time known as "Music Hall," corner of Bush and Montgomery streets.

Q. In San Francisco?—A. Yes, sir.

Q. Was it a public place in San Francisco?—A. Yes, sir.

Q. And on a leading thoroughfare at that time?—A. Yes, sir.

Q. How long did you keep an office open for that purpose?—A. Off and on for about twenty-two days, I think.

Q. How much were the subscriptions that you got? State them day by day.—A. I cannot. I think there were altogether three subscriptions and, I think, twelve or fourteen shares were subscribed.

Q. And that was the entire subscription?—A. Yes, sir; possibly there might have been fifteen, but no more.

Q. In what year was that?—A. That was in 1862, I think.

Q. What time in 1862? Was it after the passage of the Act of Congress, or before?—A. I do not know as to that. I think it was in November—the last of November—and in December again for a few days, and a few days in February.

Q. In February, 1863?—A. Yes, sir.

FINANCIAL DIFFICULTIES ATTENDING THE CONSTRUCTION.

Q. Were you familiar with the history of the construction of the Central Pacific Railroad?—A. Not as to the details of the construction, but only as to the difficulties which they had so far as finances were concerned.

Q. Will you give your knowledge to the Commission very briefly?—A. It can be given very briefly that it was very difficult to get any aid of a financial nature to build the road at that time.

By the CHAIRMAN:

Q. At what time? Will you give the years?—A. I do not think I can do it; I can only say, to make it comprehensive, that there were a great many things and a great many obstacles in the early construction that they had to contend with. In the first place, there was but a single newspaper in the city of San Francisco which favored them and, I think, one or two outside of San Francisco. It was a very difficult matter for them to raise money among monied men, and they had to go along very slowly and do the best they could. As to the inside details, as to how they secured money to carry on the road, that I do not know anything about; they had a great many obstacles to contend with. The Telegraph Company was opposing them because they had to construct a telegraph line. The Stage Company opposed them, and the Pacific Mail Company opposed them, and the newspapers, from some reason or other, did so. I know at one time it was a close call whether they would be able to prosecute the work at all. I know at one time that for, I think, seventeen days they had not a dollar in their treasury with which to prosecute their work.

NOT A DOLLAR IN THE TREASURY FOR SEVENTEEN DAYS.

By Mr. COHEN:

Q. In what year was that?—A. Well, I do not know the time. I was informed by Governor Stanford during the early building of the road that for seventeen days they had not a dollar in their treasury to draw from and did not know where to get the money.

By the CHAIRMAN:

Q. Was that prior to 1864 or subsequent?—A. Yes, sir; that was prior to 1864.

"THE SPIRIT OF THE TIMES."

Q. What is your business?—A. I am the editor of a newspaper.
Q. What is the name?—A. The Spirit of the Times.
Q. How long have you been editor of the Spirit of the Times?—A. About thirty-three years. I established the paper about thirty-three years ago.
Q. Are you the owner of the property?—A. Yes, sir.
Q. Have you always been the owner?—A. I had a partner for a number of years.
Q. Are any of the officers of the Central Pacific interested in the paper?—A. No, sir; I wish they were.

CIRCULATION OF THE PAPER.

Q. What is the present circulation of your paper?—A. It varies, sir.

By Mr. COHEN:

Q. How does it compare with the Chronicle or Bulletin?—A. It has not quite as large a circulation as the Chronicle and is a little less than the Bulletin.

By the CHAIRMAN:

Q. It varies from what to what?—A. I sometimes get out very large editions of my paper and sometimes I do not turn out so large an edition.
Q. Well, what is your average circulation?—A. I should think the average would be 5,000, and probably more, taking into consideration the extra editions of the paper.
Q. Is it a weekly paper?—A. Yes, sir.
Q. What is the character of the publication?—A. Miscellaneous.
Q. Is there any special line? Is it agricultural?—A. Yes, sir.
Q. Or is it devoted to stock?—A. Yes, sir; and insurance.
Q. Where is your principal circulation?—A. In the interior.

BUSINESS TRANSACTIONS WITH CENTRAL PACIFIC.

Q. Have you had any business transactions with the Central Pacific?—A. Yes, sir.
Q. Does the Central Pacific advertise in your paper?—A. Yes, sir.
Q. What do they advertise?—A. Their schedule of their cars and their steamers.
Q. Do they advertise anything else?—A. No, sir; I think not.
Q. Have they advertised only the schedule of the cars and the steamers during the time since they have been transacting business with you in that line?—A. I presume if they had anything they wanted to pub-

lish they would publish it outside of the advertisement. I have no doubt about that.

THE ONLY PAPER THAT ADVOCATED CONSTRUCTION OF THE ROAD.

Q. What have they had specially outside of that to publish?—A. In early days the advocacy of the road, and I presume that was the reason—not to trespass upon your time—that Governor Stanford selected me to assist in receiving subscriptions for the stock, that my paper was the only one in San Francisco that advocated the construction of the road.

Q. During later years, since '84, or '85, or '86, what has the Central Pacific advertised other than the time-table?—A. I cannot tell you; probably they have had some articles published, but I cannot recall them to my mind.

Q. Will your business transactions with them exceed $10,000 a year?—A. I think not, sir. I am not positive, however, as to that. I could not answer.

Q. Would the payment during the year of 1884 of over $12,000 be an excessive charge or price paid for advertising?—A. It would depend exactly on what was done.

Q. Would that be an excessive charge for publishing the time-table of the cars and the steamboats?—A. Yes, sir; it would.

Q. Do you recall the fact of receiving at any one time in 1884 more than $1,300 in one sum?—A. No, sir.

Q. Do you recall the fact in 1885 the payment of $1,200 in one voucher?—A. No, sir.

Q. Do you recall receiving in March of the same year $1,200 in one voucher?

The WITNESS. Ask me that question again, please.

PAPER FURNISHED TO STATION AGENTS.

Q. Do you recall a payment by the Central Pacific to you in March, 1885, of $1,200, on account of advertising the schedule of the boats and cars?—A. No, sir; that was not for advertising the schedule of the boats or cars. That was for papers furnished.

Mr. COHEN. State what was the purpose.

The WITNESS. The purpose was for the circulation of the paper.

Q. How many papers did the Central Pacific take?—A. Those papers were taken for their station agents throughout their lines.

Q. Have they continued regularly the subscriptions for their station agents?—A. Yes, sir.

Mr. COHEN. State the purpose.

The WITNESS. Because it contained matters pertinent to the railroad and it was sent out in that way.

Q. Then, in addition, for the fifteen months from January, 1884, to March, 1885, was the sum of $12,000 paid to you either for the schedule of the cars and boats or for subscriptions to the papers?—A. Whatever money you have a schedule there of, taken from the books of the Central Pacific or the Southern Pacific Railroad Company, was for materials furnished so far as my newspaper was concerned.

Q. For what purposes other than I have named to you—for the schedule and the subscription list?—A. I told you they have frequently had articles published and papers have been printed for circulation throughout the East and throughout this coast in large numbers.

Q. How many papers do you deliver to the Central Pacific and its agents?—A. Between three and four hundred.

Q. What is the cost of your paper per annum?—A. It has been $5 a year. It was reduced by the number that they took.

Q. If they took 400, then, at the rate of $5, the charge would be $2,000, would it not?—A. Yes, sir.

Q. Then that would leave the sum of $10,000 to be accounted for. Would that be the sum paid to you for advertising the schedule time of the boats and cars?—A. It would be for just the purposes which I have stated to you and for no others.

Q. What was the nature of the special articles?—A. I cannot recollect; I have published so many.

SPECIAL ARTICLES.

Q. Have you published any lately?—A. Yes, sir.

Q. When did you publish the last?—A. Week before last.

Q. What was the nature of it?—A. It was in reference to this Commission.

Mr. COHEN. I am sorry to say I have not seen that article. I understand you to say that you were employed to print and publish a number of articles in the interest of the Central and Southern Pacific Railroad Companies?

The WITNESS. Yes, sir.

ENCOURAGING IMMIGRATION.

Q. Was not that distributed for the purpose of inviting immigration to this coast, and setting forth the resources of the coast and State?—A. Yes, sir; almost entirely so.

Q. Who wrote those articles?—A. I wrote some of them, and other parties wrote some.

Q. And they all tended to the purpose of encouraging immigration to California and inducing travel upon the Central and Southern Pacific Railroad, did they not?—A. Yes, sir.

Q. And they were circulated in large numbers for that purpose?—A. Yes, sir.

Q. How much of an edition have you printed at one time containing that class of information?—A. I have been in the habit of getting out from year to year, principally on holidays and in the middle of the year, very large pictorial papers setting forth the advantages of California, county by county, giving full descriptions of the characteristics of all the different counties. There have been papers ranging from 100 to 150 pages, highly illustrated and very expensive, which have been largely circulated by the railroad company in the interests of the State. Those papers have been sold all the way from 2 bits to 50 cents apiece, and very large editions have been printed. There is one now in the process of being printed.

By Commissioner ANDERSON:

Q. All about the Commission?—A. No, sir, not that; because it is an illustrated paper.

COST OF ILLUSTRATED EDITIONS.

By Mr. COHEN:

Q. Has the cost of getting up these large editions been somewhat expensive?—A. Yes, sir; very, very expensive.

Q. Therefore, assuming that you did receive $12,000 for advertising, paper and material for one year, the profit is not to be estimated by those figures, is it?—A. No, sir; the profit has been very small on some of those papers, and some have been a heavy loss. The one gotten out a year ago was a loss of $1,200. That was the largest one I ever got out.

Q. I am sorry to say that in attending to the business of this Commission I missed your literary effort in its behalf, and therefore I do not know what view you have taken of the labored and patriotic services of the gentlemen composing this Commission, but I want to ask you whether that article was written by any officer of the Central Pacific Railroad Company or by anybody in its behalf, or if it was dictated by any officer of the railroad company or suggested by any such officer, or was shown to him before its publication?—A. In all my editorial experience they have never written a line for my paper or sought to warp my judgment in anything which I wrote or published.

AUTHORSHIP OF ARTICLES RELATING TO COMMISSION.

The CHAIRMAN. Now let us understand who brought you this article to put in the paper.

Q. Who wrote that article?—A. I did, sir.

Q. Was it your own dictation and composition?—A. Yes, sir.

Q. And was it not suggested by Governor Stanford, Mr. Hopkins, or Mr. Crocker, or any one of the officers of the Central Pacific Railroad Company?—A. Not in any manner, shape, or form. They knew no more about its coming out than you did.

Q. I want to ask you one other question. Did Col. Creed Haymond write that article?—A. I only wish he could write as good a one.

COMPENSATION FOR PUBLISHING ARTICLES.

By the CHAIRMAN:

Q. Were the articles paid for?—A. No, sir; not this article. Articles were paid for that were written and published in the interests of the State, but not an article of that kind.

The CHAIRMAN. I called your attention to the fact of the different articles that were paid for from time to time, and you said that the last was published a week ago, in reference to the Commission.

The WITNESS. Then I answered your question under a misapprehension. You are a lawyer and I am not. You did not put your question so that I understood it.

The CHAIRMAN. I am sorry I did not make it plainer, and I will have to ask you over again. On the first page of the paper which I call your attention to was the answer of Mr. Stanford.—A. Yes, sir.

Q. Was that publication made free?—A. Yes, sir; entirely so.

Q. And you received no compensation for it?—A. Not one farthing.

Q. And was the editorial of five columns published the same way?—A. The same way, sir.

SUBSCRIPTION OF CENTRAL PACIFIC.

Q. What has been the subscription for the last five years of the Central Pacific to the paper?

The WITNESS. In what way?

The CHAIRMAN. Was it an ordinary subscription? I do not know what you call it. What has been the subscription of the Central Pacific?

Mr. HAYMOND. How many papers have they taken?

A. I think 333 or 332. I am not positive which.

By the CHAIRMAN:

Q. Do you usually consult with the officers of the Central Pacific concerning the papers other than as to the schedule for the cars and boats as to time?

The WITNESS. For what purpose?

The CHAIRMAN. As to whether you shall publish the article or not. Who brings them to you?

The WITNESS. Which article do you refer to?

The CHAIRMAN. Articles that refer to other subjects setting out the interests of the Central Pacific.

LARGE QUANTITIES TAKEN OF ISSUES CONTAINING SPECIAL ARTICLES.

I will tell you. So far as these papers that have been circulated so largely by the railroad company are concerned, I have gotten up the matter without any solicitation by them or any one else and in my own way; and whatever talent I saw fit to employ I got. I have gone to the railroad company for its advertisement for that particular issue, and when the paper has been printed and ready for delivery I have gone to them and sold them as many copies of it as they would take for circulation throughout the States and Europe, which they have done. They have frequently taken them and paid for them.

Q. Was the subscription price to the paper the consideration for the publication of the article?—A. No, sir.

Q. Were you paid for the article in any way at any time?—A. Simply as I have told you; they have taken large numbers of the paper and circulated them.

Q. Was the subscription in the nature of a consideration for the article?—A. No, sir; that was not a subscription. That was a purchase of so many papers.

Q. What was your consideration for that?—A. The buying of so many papers.

Q. That is my question to you. Was the subscription the consideration for the publication of the article?—A. Yes, sir; so far as the interests of the State are concerned, and no other.

Q. Is the present subscription for three or four hundred copies the consideration of the publication of the last article?—A. No, sir; it is simply the regular line of subscription that they have taken year in and year out to send to their agents, and it has nothing to do with any article.

Q. Had you any conversation with any of the officers of the Southern Pacific or any of its agents concerning that publication?

Mr. COHEN. Do you mean the publication respecting the Commission?

The CHAIRMAN. Yes, sir.

The WITNESS. No, sir; no, sir; not a word. I take the responsibility of that entirely. I wrote it without suggestion from any one, the same as I write all of my editorials.

VARIATION IN ANNUAL PAYMENTS.

Q. I notice that the payments on the company's books varied from time to time. They varied from $600 to $1,300. I call your attention

to January, 1884, to $1,356 in one payment. Do I understand you to say that you recall the purpose of that?—A. I think that was in payment for the Christmas paper, which was illustrated, and they took large quantities of it. I think so; I am not positive.

Q. What date was that; January, 1884? Do you recall the payment in January, 1885, of $1,200?—A. No, sir.

Q. Do you recall whether that was for a Christmas subscription or not?—A. I think all those payments in the beginning of the year were for Christmas editions of the paper.

REBATE ON SHIPMENTS.

Q. Have you at any time received any rebate from the Central Pacific on any shipments that you have made?—A. I never received a rebate.

Q. Have you received a rebate in any way from the Central Pacific or a refund by way of overcharge?—A. I do not think they ever overcharged me on anything. What was the nature of it?

The CHAIRMAN. There was a refund entered by way of rebate, I think, of $125, on 2,500 Chronicles, in 1884?

The WITNESS. I do not remember that; but if I have fallen short in that amount I will see that it is refunded.

Q. Have you had any other business dealings with the Central Pacific?—A. Yes, sir.

EMPLOYED AS ATTORNEY AT SACRAMENTO.

Q. What other employment have you had with them?—A. I was in Sacramento during one session of the legislature.

Q. Are you an attorney by profession?—A. I commenced life as an attorney, but quit it very shortly. In 1850, in Sacramento, although not of age at the time, I was admitted to practice.

Q. What session of the legislature was it?—A. I cannot recall the year, but it was the session called the "Dolly Varden" legislature. I had been clerk of the house at the preceding session and I recollect it by that name.

Q. How were you employed there?—A. I was employed to look after the interests of the company, to follow the bills and see what bills were introduced.

DUTIES WHILE ATTENDING THE LEGISLATURE.

Q. Who instructed you?—A. I have an idea that I went up there with Mr. Gage.

Q. Were you directed by Mr. Gage?—A. Yes; entirely.

Q. What did you do there?—A. I simply had my desk on the floor of the house as a correspondent of my paper and kept the run of bills as they were introduced that were hostile to the Central Pacific Company. There were a great many of them, and it kept me very busy following them.

THE "DOLLY VARDEN" LEGISLATURE.

By Mr. COHEN:

Q. What year was that?—A. The year of the "Dolly Varden" legislature.

Q. What do you mean?—A. That is the nomenclature by which we know it here. It was a split off from the Republican party.

By the CHAIRMAN:

Q. Did you keep Mr. Gage posted?—A. We kept each other posted.

Q. Were you acting as correspondent also?—A. Yes, sir; and for almost every session when I have not been an officer of the house.

Q. But that session you were a member?—A. I had just vacated the position of clerk of the house.

Q. And you acted as correspondent of the Central Pacific?—A. As correspondent to a certain extent.

Q. Was that the only year you were employed by them?—A. No, sir; I think I have been there since, but it is in the same capacity, in addition to acting as correspondent of my paper.

NATURE OF BILLS INTRODUCED.

Q. Were there many bills enacted into laws that were hostile?—A. I have no recollection of what bills were enacted into laws hostile to the railroad. I know there was an immense number of bills introduced.

Q. Would the number of bills introduced be a criterion for the public sentiment prevailing throughout the State?—A. No, sir; it was the sentiment of a number of cowardly politicians who desired more than anything else to break into the strong box of the [illegible] company by means of threatened legislative enactment. It was simply a menace to the railroad, a pistol held to their heads to stand and deliver. That was the nature of the bills introduced.

Q. Were they largely supported?—A. Sometimes they were, and sometimes they were not.

Q. What measures did you use to prevent the enactment of such legislation?—A. I used none whatever.

NO KNOWLEDGE OF EFFORTS TO INFLUENCE LEGISLATION.

Q. Have you any knowledge of the use of money for the Central Pacific at the session of the legislature or at any session of the legislature that you attended for the purposes of influencing legislation?—A. No, sir; none whatever in a single instance.

Q. Have you any knowledge whatever of any bonus by way of special privileges extended by the Central Pacific to the members or to their friends for the purpose of influencing legislation or influencing the acts of the legislature?—A. Never during my three terms as chief clerk of the house and three terms as secretary of the senate, or when I was out of either of those offices, did anything of that kind come under my observation.

Q. Have you any knowledge of any sales of land, directly or indirectly, or patent rights to members of the legislature, or to their friends, for the purpose of securing their support?—A. None whatever.

Q. Have you any knowledge, directly or indirectly, of the use of money by the Central Pacific for the purpose of influencing legislation?—A. None whatever.

NO PRINTED FILES OF BILLS.

Mr. COHEN. I understand that the purport of your employment at Sacramento was to watch such bills as were introduced, and give information of them to Mr. Gage.

The WITNESS. Yes, sir. I would like to explain one thing to the chairman. The same thing may be in vogue in the legislature of Pennsylvania and in the other States these gentlemen come from. At one time we had no printed file here, but of late years we have printed files of the bills introduced and pending before the legislature, which makes it a very easy matter now for a man to follow the legislation which has been introduced.

PERSONAL CHARACTER OF MR. STANFORD.

By Mr. HAYMOND:

Q. How long have you been acquainted with Governor Stanford?

The WITNESS. Since some time in the fifties. I cannot tell you how long, but before the railroad was thought of.

Q. From the time that he ceased to be governor and got into the railroad down to the last three or four years have there been times when he was very bitterly assailed by portions of the press here?—A. Yes, sir.

Q. And have you not heard, and do you not know now from your own knowledge, that there is no man within your acquaintance that has been so bitterly opposed to the use of corrupt means with public officials?—A. Yes, sir; under all circumstances.

Q. Has he regarded it as mean and cowardly and always advised against it?—A. Yes, sir; and I would like to say that during the whole acquaintance of over thirty years, and during the whole time I held a position in the legislature, and close as I have had the honor to be to him, he has never, in a single instance, asked me to do a single thing that the most honorable man could not do.

STATEMENT OF MR. COHEN ASKING EXTENSION OF TIME.

Mr. COHEN. Here is a statement which I wish to present to the Commission asking for extension of time, which I will have read to the Commission:

Before the United States Pacific Railway Commission, in the matter of the examination of the affairs of the Central Pacific Railroad Company.

STATE OF CALIFORNIA, *City and County of San Francisco, ss:*

ALFRED A. COHEN, being duly sworn, doth depose and say:

That he is an attorney at law, duly admitted to practice in the Supreme Court of the United States and in the supreme court of the State of California; that in consequence of the unexpected and serious illness of Creed Haymond, esq., general counsel of the Central Pacific Railroad Company, which occurred at about the time of the assembling of this Commission in this city, he was requested by the officers of said company, on the 1st day of August, A. D. 1887, to appear before the Commission and represent the interests of said Central Pacific Railroad Company, and to offer such evidence as was necessary bearing upon the inquiries, matters, and things submitted to this Commission by the act of Congress entitled "An act authorizing an investigation of the books, accounts, and methods of railroads which have received aid from the United States, and for other purposes," approved March 3, 1887.

That previous to said 1st day of August he did not expect to be concerned in this investigation, other than as appearing as a witness before this Commission, which he did on the 27th day of July, 1887, upon the same day and within a very short time after having been subpœnaed, but previous to said 1st day of August he had made no preparation whatever to present the views and evidence on behalf of the Central Pacific Railroad Company, and since said date, by his constant attendance upon this Commission and his endeavors to furnish it such information from the books and vouchers of the Central Pacific Railroad Company and of other corporations connected therewith, he has had no time whatever to visit the offices of said company for the purpose of familiarizing himself with its affairs, or of obtaining such evidence as is necessary, in his judgment, to properly inform this Commission and the Presi-

dent and Congress of the United States of the various acts and doings of said Central Pacific Railroad Company and its officers, in the construction, maintenance, and operation of the roads of the said Central Pacific Railroad Company, and of other matters connected therewith, and of its dealings with its land grant and of the moneys received by the said Central Pacific Railroad Company and the manner in which they have been disbursed, and of obtaining such evidence as he states, from his general information and knowledge, to exist, which will prove that the said Central Pacific Railroad Company has in all cases and in every respect properly complied with its contract with the United States, and that the United States in but one single respect has never complied with any contract which it made with this company, and for the further purpose of being enabled to more fully present to this Commission full and complete answers to the various matters of inquiry which the said act of Congress imposes upon it.

That the employés, agents, and servants of this Commission, and the various experts employed by it, have had full and undisturbed range, as affiant is informed and believes, through the books and papers of the said Central Pacific Railroad Company and of the other corporations connected therewith that some of said books and papers are still in the possession of this Commission and of its various employés, and that until the same are restored to the possession of the officers of the said Central Pacific Railroad Company or to this affiant he cannot do his duty as counsel in the premises.

Affiant says that, in his judgment, in order to properly fulfill his duties as such counsel, and to fairly and properly present all the evidence touching the acts and doings of the said Central Pacific Railroad Company and its officers, and its relations to other companies, it will be necessary for him to spend at least one week at the offices of the said Central Pacific Railroad Company to obtain the evidence, both oral and documentary, which is necessary for the full and perfect information of this Commission.

Affiant is further informed and believes that, from the range which this investigation has taken, the Central Pacific Railroad Company ought to be permitted to affirmatively show that it has fully complied in every respect with the acts of Congress under which the grants of lands and the loans of bonds were made to it, and also to show affirmatively that none of the moneys belonging to the said Central Pacific Railroad Company were ever diverted from the uses of that company.

Therefore, under all the circumstances, affiant, representing the Central Pacific Railroad Company, prays a continuance of one week in this case, and believes that such continuance will result not in delay, but in the more rapid and thorough production of testimony; and affiant further states that this application is not made for delay, but in the interest of justice, that the said Central Pacific Railroad Company may be fairly heard.

ALFRED A. COHEN.

Subscribed and sworn to before me this 15th day of August, 1887.

ROBERT E. PATTISON,
Chairman of Commission.

Mr. COHEN. I understand that the application will be made on the minutes of the Commission, as made at this time.

EXPLANATION OF MR. HAYMOND.

Mr. HAYMOND. Now, if the Commission please, I would like to say a few words upon this application. I have been in very bad health for many days, unable to stand, although I am getting now in somewhat better condition, and I think that with my knowledge of the affairs of the company, now that I am able to do a little work each day, that we can prepare the testimony in this case so that it can be presented to you inside of a week, if you give us this delay, but if you do not give us this delay it never will come in that compact shape in which it should be presented, and no time will be saved, for it will take the whole of the two weeks anyhow to present it in a more desultory way. Of course it has been somewhat unfortunate to the company that I have been taken sick at this time, so that it was forced to be represented by Mr. Cohen without having had an opportunity to properly prepare himself. I have been more particularly in charge of these matters, and probably know more about the history of the road than anybody else, and if I had been

well enough to have taken charge I think I could have met the ideas of the Commission by the presentation of the testimony they desired in the beginning, because I have a great deal of it in my mind, but I was not even in a condition to be consulted.

BELIEVES AN EXTENSION OF TIME WILL CAUSE NO DELAY.

Of course I know that you are limited as to time. We dislike to make this application, and I would not make it if I did not believe that it was necessary. Of course a man may be prejudiced; it is so easy for a lawyer to be prejudiced on his own side; but I believe that I could put in testimony which would satisfy you gentlemen, as to the allegations and averments, that in every single instance this railroad company has complied with its contract made with the United States, and in no single instance has the United States ever complied with its contract. Now, if that could be proven here to your satisfaction, of course it would make a very great difference in your report, if what I assert be true, that the United States would have great difficulty in maintaining an action in equity in the Federal or State courts to foreclose its mortgage by reason of failure to comply with its mutual and dependant covenants contained in this contract by reason of the want of equity and by reason of things that it has done to injure this road. Why, if I could satisfy you, or make an approach towards it, that there has been injustice, and wrongs, and misrepresentations, it would go a long way to assist you in making up your report. What other people may say or believe or care, I have been satisfied from the first, and I have never believed that the Commission had the powers that it is generally supposed had been given to it. I have been satisfied from the first that this investigation was made, and I believe it has been conducted, from the very best motives so far as the Commission is concerned, and I have the greatest hopes of getting such a report from you gentlemen so far as the Central Pacific Railroad is concerned as will finally settle this matter between the Government and these roads. But in order to do these things you must have time, and we only ask now for four or five days' time, and that will not lengthen this examination. It will take two weeks anyhow, and it will go on in a scrambling way, and we will get everything that you want in that time, and all that we want to present, and I guarantee that it shall not be taking up time unnecessarily, and it might be in that case that we could work nights. And it is upon these grounds that I ask as counsel for the company that this continuance may be had. I know, of course, how difficult it is for the Commissioners to grant it, on account of their limited stay. I only regret that you gentlemen did not get here on the 1st of April, because if you had never done any other good you would have saved me from being sick, because I would have staid at home, and would not have gone away.

The CHAIRMAN. I think we had better take up this petition in private session and consider the application.

THE RECORD THE BEST EVIDENCE.

Mr. COHEN. If you let us classify this thing we will cut out a lot of extraneous matter so that we can get it all together and it would take about one-third of the time. I told the secretary to be here Tuesday morning with his books. I want to prove by the entries in the books the facts of the case, and I do not want to take anybody's word for this. The statements of the witnesses may clash, but the record is the safest evidence that we can have.

A SUGGESTION THAT DEPOSITIONS BE TAKEN AND SUBMITTED HEREAFTER.

The CHAIRMAN. Why can you not take the depositions of all your witnesses and not only furnish us with the deposition, but with the argument of the company as well, and the plan proposed by the company?

Commissioner LITTLER. That is exactly what I was going to suggest to you. That is what the Union Pacific is going to do.

Mr. HAYMOND. Let me make a suggestion to you, that in one feature of the examination it would not be as well, because you cannot see the witness or know what he is.

The CHAIRMAN. You are going to call the same people over again, are you not?

Mr. HAYMOND. No; we are going to call an entirely different set, perhaps.

Commissioner LITTLER. How would it do to present a few of your witnesses and let us look at them?

ORAL TESTIMONY MORE EFFECTIVE THAN DEPOSITIONS.

Mr. HAYMOND. All the testimony offered against us has been oral.

The CHAIRMAN. Whatever report we make will be our deductions after reading over the evidence.

Mr. HAYMOND. Now, I ask you if you would give the same force to testimony if you did not see the witness?

The CHAIRMAN. First, if you can give us the depositions of sworn witnesses, we will consider them the same as we do here, and then give us your argument based upon the depositions, and then, in addition to that, your plan of adjustment in writing. We will have it before us when we sit down and go over this testimony.

Mr. HAYMOND. But we make something all the time by sitting here and talking with you. We ascertain what points you desire information upon.

Mr. COHEN. The plan that the chairman suggests strikes me as being a very feasible plan, and one that would suit the Commissioners best, and I do not know but what it would suit us best. I do not know but that as everything has been printed so far, all this might as well be written out and printed.

Mr. HAYMOND. It deprives the Commission of the benefit of seeing the witnesses, and the testimony is not so strong. I should also desire that the Commission should see the San Joaquin Valley road and the non-aided road before going North.

REQUEST FOR TIME TO CONSULT WITH OFFICERS OF ROAD.

Mr. COHEN. If you will take that under consideration and then adjourn until to-morrow at 2 o'clock, it will give us a chance to consult over this matter, and I rather think that after talking with the officers of the Central Pacific we may be enabled to accept this proposition and submit the balance of our testimony in writing, properly sworn to. I would like to have all the witnesses sworn before you go away, so that whatever statements they may make may be under oath. Therefore, if you will give us a chance to meet the officers of the company to-morrow morning and talk this matter over, my impression is that that will be the best way of continuing this investigation, just as you suggest.

Commissioner LITTLER. In the first place Mr. Anderson and I have to leave here on Saturday, and the chairman leaves on Thursday. That cuts our time very short.

Mr. COHEN. I do not want to continue this investigation after the chairman leaves.

The CHAIRMAN. We will hear you if you want to make an oral argument in New York, after you get your testimony in. If you want to present it before us in the shape of an oral argument we will hear you the same as we did Judge Dillon on behalf of the Union Pacific.

Mr. HAYMOND. I do not know but that that is fair.

Commissioner LITTLER. We intend to give you every opportunity in the world to make your case. We expect to make an abstract of all this testimony before we write our report.

Mr. COHEN. Upon the testimony which you have taken, and such testimony as we will take in depositions, and such testimony as you may take on behalf of the Central Pacific in New York, I will present to you our summing up upon these facts.

Commissioner LITTLER. You see we really want time to go over all this testimony.

Mr. HAYMOND. You really ought to have a year, and I think that is what you ought to say to Congress.

Mr. COHEN. I think I shall recommend the Central Pacific Railroad Company to save the time, but I suggest now that an adjournment be taken until to-morrow evening at 2 o'clock, and we will then bring such witnesses before you as we intend to use, and they can be sworn. We will then take their depositions.

The Commission then adjourned until Tuesday, August 16, 1887, at 2 p. m.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Tuesday, August 16, 1887.

Afternoon session.

Mr. COHEN. Mr. Chairman, in your reply to our application for a continuance, you made certain suggestions which I think it would be well should be adopted.

The CHAIRMAN. We want your acceptance of our proposition.

Mr. COHEN. We will give that; but you set the hearing for the arguments for the 22d of September or whatever day it is, and we have understood that we could make an oral argument in October.

The CHAIRMAN. You can have up to the 1st of October, but we want to take time to read over the evidence during October. I suppose that on the 1st of October we could hear you.

Mr. HAYMOND. We are satisfied so long as the limitation is not placed on that.

Commissioner ANDERSON. That relates more especially to anything that you may expect to put in print. It has to go to Washington to be revised and sent back to us, and we cannot very well consent to receive anything for print after the 22d of September.

Mr. HAYMOND. Then do you wish it to reach you by the 20th?

The CHAIRMAN. Yes, sir.

TIME WHEN ARGUMENT WILL BE HEARD.

Mr. HAYMOND. And then will you fix a time for the oral argument?

The CHAIRMAN. We will be in New York from the 20th of September to the 1st of October, and we can hear you at any time during those two weeks.

Mr. HAYMOND. Is there any difficulty as to witnesses being sworn here by a court commissioner?

The CHAIRMAN. No, sir.

Mr. COHEN. I think they should be sworn by the Commission.

Mr. HAYMOND. We may have witnesses that we do not know anything about at the present time.

Commissioner ANDERSON. It would not hurt them to wear this oath around for two or three months.

Mr. HAYMOND. A man may forget it.

The CHAIRMAN. As the testimony is taken from time to time it had better be forwarded at once and not be held back.

FURNISHING NEWSPAPERS WITH COPIES OF DEPOSITIONS.

Mr. HAYMOND. As all the testimony has been printed so far, would you have any objection to our furnishing the newspapers with copies of such testimony as we may hereafter take.

The CHAIRMAN. No; none whatever.

Mr. COHEN. Your accountant wants to get several entries. I will give them to you now so that the books can go back to the accountant.

Commissioner ANDERSON. We have done with the books and they can all be returned.

Mr. COHEN. I want to take off some things. Mr. Reporter, you have the letter of the Commission.

FORMAL ACCEPTANCE OF THE PROPOSITION OF COMMISSION.

Mr. HAYMOND. We will now note a formal acceptance by counsel representing the Central Pacific Railroad of the proposition made by the Commission.

The CHAIRMAN. Have you any witnesses to offer this afternoon?

Mr. COHEN. Mr. Miller has come here and has answers to some calls.

RESOLUTION RELATING TO RAILROAD AND TELEGRAPH EAST OF NEWCASTLE.

Mr. COHEN. First, I will read from page 10 of the minute book of the Central Pacific Railroad Company, under date of May 1, 1865:

Resolved, That Leland Stanford, Mark Hopkins, and E. H. Miller, jr., be, and are hereby appointed, a committee to examine into and report to this board on the question of letting a contract for the construction of the railroad and telegraph line of the company east of Newcastle.

This was unanimously adopted.

Commissioner ANDERSON. State also who was present at that meeting.

Mr. COHEN. Present, Leland Stanford, Mark Hopkins, E. B. Crocker, A. P. Stanford, Charles Marsh, and E. H. Miller, jr.

REPORT OF COMMITTEE ON RAILROAD AND TELEGRAPH LINE.

I read from page 11, May 9, 1865:

The committee appointed at the last meeting to examine into the question of letting a contract for the construction of a railroad and telegraph line of the company east of Newcastle submitted their report, and on motion of E. B. Crocker it was adopted and ordered on file.

E. B. Crocker moved that the same committee be directed to ascertain and report as soon as practicable on what terms and to whom a contract can be let in accordance with the report of the committee just filed.

Motion seconded by Mark Hopkins and carried unanimously.

Page 12, June 6, 1865.—Do you want the names of the persons present at each meeting, Commissioner Anderson?

Commissioner ANDERSON. I think you had better give them.

COMMITTEE DIRECTED TO FURTHER REPORT AS TO TERMS.

Mr. COHEN. At the meeting of May 9 there were present, Leland Stanford, Mark Hopkins, E. B. Crocker, and E. H. Miller, jr. Now, on page 12, on the date of June 6, 1865, present, Leland Stanford, Mark Hopkins, E. B. Crocker, and E. H Miller, jr.

The commmittee appointed on May 1 to examine into the question of letting a contract for the construction of a railroad and telegraph line of the company east of Newcastle were further directed to ascertain and report as soon as practicable on what terms and to whom the contract may be let in accordance with the report of the committee just filed and submitted.

The report was adopted and ordered on file.

RESOLUTION OFFERED BY MARK HOPKINS, AND TERMS OF CONTRACT.

Then follows the resolution. Mark Hopkins offered the the following resolution, which was on motion adopted. Then come the particulars of the contract with Charles Crocker & Co. I need not read it to you; I suppose it can be inserted.

The following is a copy of the resolution last above referred to:

Central Pacific Railroad Company.—Copy of resolution adopted by board of directors June 6, 1865.

Resolved and ordered, That Charles Crocker & Co. be allowed and paid for all work done and material furnished, or which may hereafter be done and furnished, until the further order of the board of directors, in the construction of the railroad of the company, from section forty-three (43) eastward, subject to and in accordance with the terms, conditions, and stipulations set forth in the contract with said Charles Crocker & Co., dated September 19, 1863, except so far as the same are modified or changed by this order, at the following rates and prices, and in accordance with the following classification, to wit:

(1) For clearing and grubbing, up to section fifty, two hundred dollars per section, and for clearing and grubbing section fifty and beyond, such price as may be agreed upon by the president of the company and said C. Crocker & Co., and in case of their disagreement, the price to be fixed by the chief engineer.

(2) For earth excavation, to include all kinds of top soil, loam, sand, and other material removable by the ordinary process of plowing and shoveling, including haul, as per profile, forty-five cents per cubic yard.

(3) For cement, to include that material or whitish formation commonly known as "cement," which shall be excavated without blasting, including one hundred feet haul, sixty-five cents per cubic yard.

(4) For semi-hard rock and indurated material, to include all friable, argillaceous rock, hardpan, decayed granite, and indurated or cemented earth or gravel, which shall be excavated by blasting, one dollar and forty-seven and one-half cents per cubic yard.

(5) For solid rock, to include the softer varieties of granite, slate, and calcareous rock, and other rocks of a like character, two dollars and fifty cents per cubic yard.

(6) For extra hard rock, to include the harder varieties of granite, blue hard rock, jasper, and similar varieties of rock, five dollars per cubic yard.

(7) For flinty rocks, to include flint porphyry, ironstone, hornblende, trap rock, and rocks of a like character, and also all tunnel work, such price as may be agreed upon by the president of the company and said C. Crocker & Co., and in case of their disagreement, to be fixed by the chief engineer.

(8) For riprap protection wall, three dollars per cubic yard.

(9) For increase of average haul, for one hundred feet, one and one-half cents per cubic yard.

(10) For hammer-dressed masonry (dry), thirty-five dollars per cubic yard.

(11) For rubble masonry (dry), twenty-five dollars per cubic yard.

(12) For concrete masonry, in cement, fifteen dollars per cubic yard.

(13) For culvert masonry and foundation wall for trestle work (dry), twenty dollars per cubic yard.
(14) For slope, or retaining wall, including paving for foundations of structures (dry), ten dollars per cubic yard.
(15) For brick work in cement, thirty dollars per thousand.
(16) For blind or French drains (dry), three dollars per cubic yard.
(17) For cement mortar, five dollars per cubic yard.
(18) For lime mortar, three dollars per cubic yard.
(19) For timber in truss bridges of spans from 149 to 201 feet, ninety dollars per thousand feet, board measure.
(20) For timber in truss bridges of spans from 99 to 151 feet, eighty-two dollars per thousand feet, board measure.
(21) For timber in truss bridges of spans from 49 to 101 feet, seventy-five dollars per thousand feet, board measure.
(22) For timber in truss bridges of spans from 14 to 51 feet, including all farm and road bridges, seventy dollars per thousand feet, board measure.
(23) For timber in stringer bridges, trestling, and timber piers, seventy-five dollars per thousand feet, board measure.
(24) For timber and plank in foundations, fifty dollars per thousand feet, board measure.
(25) For timber in piling, forty dollars per thousand feet, board measure.
(26) For driving piling, twenty-five cents per linear foot under the surface.
(27) For wrought iron in all structures, fifteen cents per pound.
(28) For cast iron in all structures, eleven cents per pound.
(29) For cut spikes and nails in all structures, eight cents per pound.
(30) For ties, eighty-three cents each.
(31) For track-laying and distributing ties and other material, eight hundred dollars per mile.

The payments to be made monthly, according to the monthly estimates, five-eighths thereof in gold coin, and the remaining three-eighths in the capital stock of the company, at the rate of two dollars of capital stock for each one dollar of said three-eighths of said estimates, with the privilege of paying said three-eighths in gold coin in lieu of said stock, at the election of said company, to be made at the time of such payment.

COMMUNICATION OF C. CROCKER & CO.—REQUEST THAT STOCK BE RATED AT 30 INSTEAD OF 50.

Then on page 31, under date of May 2, 1866 (present, Leland Stanford, E. B. Crocker, Mark Hopkins, E. H. Miller, jr), the following communication from Charles Crocker & Co. was read, to wit:

SACRAMENTO, *April* 16, 1866.

To the Board of Directors of the Central Pacific Railroad Company of California:

GENTLEMEN: We find it impossible to sell the stock which we received upon our contract with the company for the construction of its railroad for more than 30 cents on the dollar, and cannot realize 50 cents therefor, the price at which the same was received under the contract. We find ourselves unable to prosecute the work with the diligence and rapidity required by the company under the present arrangement respecting the stock. We therefore request that your company pay us cash instead of stock, or otherwise the stock be paid to us at the rate of 30 cents instead of 50 cents on the dollar, as at present.

Respectfully,

C. CROCKER & CO.

Here is a resolution fixing the route of the company. I do not know whether you want it or not, and I do not care about putting it in if you do not want it.

Commissioner LITTLER. We do not want it.

CONTRACT WITH CONTRACT AND FINANCE COMPANY.

Mr. COHEN. At page 53, under date of December 3, 1867 (present, Leland Stanford, E. B. Crocker, Mark Hopkins, E. H. Miller, jr.):

The president reported that he had made arrangments, or a contract, with the Contract and Finance Company for the construction and equipment of the railroad and telegraph line of this company lying east of the eastern boundary line of Cali-

basis, and presented a draft of such contract. The same having been read and considered, the following resolution and order was unanimously adopted, to wit:

Resolved and ordered, That the company hereby consents and agrees with the Contract and Finance Company to the terms, stipulations, and conditions of the articles of agreement submitted by the president of this board, and the president and secretary are hereby authorized and directed to execute the said contract on behalf of this company and to attach the corporate seal thereto.

Commissioner LITTLER. We request that you put in a copy of the contract at that point.

Mr. COHEN. Very well. Note the request of Commissioner Littler, please.

Commissioner ANDERSON. Many of these resolutions have already been spread on the minutes of this Commission.

Mr. COHEN. If they are found to be duplicates they can be stricken out.

RESOLUTION TO GIVE NOTES OF COMPANY FOR AMOUNT DUE.

On page 66, under date of February 18th, 1869 (present, Leland Stanford, Mark Hopkins, E. B. Crocker, and E. H. Miller, jr.):

Resolved and ordered, That the president and secretary be, and they are hereby, directed to execute and deliver to the Contract and Finance Company, the promissory notes of this company for the amount of cash due to the said company, in such sums as said company may require, payable one year from date to said company or bearer, and with interest at 10 per cent. per annum, payable quarterly, principal and interest payable in United States gold coin.

Mr. HAYMOND. Mr. Anderson, the other day was there not something found on the books which showed what that contract was?

Commissioner ANDERSON. The Contract and Finance Company's contract was not found, but the accountant has reported the terms of the contract as gathered from the entries in the cash book and the ledger.

Mr. COHEN. When we come to put in our evidence we propose to show exactly what the contract was.

Mr. HAYMOND. I thought I heard Commissioner Anderson say that that had virtually been shown.

TERMS OF CONTRACT.

Commissioner ANDERSON. I did not gather from the report that we could re-establish all the terms of the contract, as they applied especially with reference to material and payments. Material appears to have been bought in some way by the Central Pacific for the Contract and Finance Company, and then there seems to have been equipment bought by the Central Pacific which did not enter into their account.

Mr. HAYMOND. So there is something short there.

Commissioner LITTLER. I think there is a mistake in that report.

Mr. COHEN. If you were going to stay here I could go through those books with Mr. Miller. I think we could find everything relating to the contract.

Commissioner ANDERSON. You will have Mr. Stevens here, who is very much better than I am on such matters.

Mr. COHEN. I think we could satisfy you as to the terms of the contract, and we could very likely do it with Mr. Stevens.

Mr. HAYMOND. I understood Commissioner Anderson that he had to some extent satisfied himself.

Commissioner ANDERSON. I am satisfied that the amounts are $43,000 gold per mile, and $43,000 stock.

Mr. COHEN. I think we can satisfy you by the books and papers.

Commissioner ANDERSON. I understand Mr. Miller desires to answer in reference to some calls.

PALACE HOTEL, SAN FRANCISCO,
Tuesday, August 16, 1887.

E. H. MILLER, JR., being further examined, testified as follows:

STATEMENT AS TO LAND-GRANT BONDS.

By Commissioner ANDERSON:

Question. What reply are you now able to make as to the calls?—Answer. First, I will submit a statement of the land-grant bonds sold and redeemed, in answer to a call from the Commission, showing that $10,000,000 of bonds have been issued. The receipts from the same have been $8,643,661.82; discount, $1,356,338.18; the total amount of bonds redeemed have been $5,563,000. The statement also shows the details, with the dates of the redemption.

By Commissioner LITTLER:

Q. Does that statement show the amount of bonds outstanding?—A. Yes, sir.

By Commissioner ANDERSON:

Q. The first entry relates to bonds issued to the Contract and Finance Company in exchange for notes of the Central Pacific Railroad. Can you tell me by whose vote the rate at which those bonds were to be taken was fixed?—A. No, sir; I cannot tell you that; I think that would appear in the minutes.

Mr. COHEN. What is the date of that?

Commissioner ANDERSON. The date is January 28, 1871.

THE NOTES HELD BY CONTRACT AND FINANCE COMPANY.

Q. I will ask you another question. Do you know who held the notes, the names of the persons who held the notes, at the time that these bonds were delivered in satisfaction of the notes?—A. The Contract and Finance Company itself, I think. That is my recollection.

Q. Do you think they had not been discounted?—A. They had not, but they may have been used as collateral security.

Q. Do you know whether at the time indicated, January 28, 1871, all of the first-mortgage bonds of this company had been issued and sold?—A. No; I do not recollect about it.

Q. Please examine the minutes and see whether they disclose the authority under which the discount on the 8,953 bonds issued to the Contract and Finance Company in January, 1871, which discount appears to have amounted to $1,208,655, was allowed?—A. I find a resolution under date of January 20, 1871.

RESOLUTION TO SELL OR EXCHANGE LAND BONDS.

Q. Will you please state who was present?—A. Present, Leland Stanford, Mark Hopkins, Charles Crocker, William E. Brown, C. H. Cummings, and E. H. Miller, jr.

Resolved and ordered, That the treasurer be, and he is hereby, authorized to sell or exchange the 6 per cent. land bonds of this company for any obligations of the company bearing interest at 7 per cent or over, provided he shall not exchange said bonds at less than the gold market value of the first-mortgage bonds of this company in New York.

Q. Was that carried by a unanimous vote, apparently?—A. Yes, sir.

Q. Can you explain why twelve of these bonds were sold by Mr. Huntington on the 10th of March, 1874, at $83.93, and fourteen bonds,

no date being stated, but apparently being sold at the same time, at $96.83?—A. No, sir; I cannot give you any explanation of that.

Q. What is that?—A. I do not remember any explanation of that.

Mr. COHEN. I will explain that before we get through. I intend to give you a full explanation before we get through.

ALL THE BONDS ISSUED TO CONTRACT AND FINANCE COMPANY.

By Commissioner ANDERSON:

Q. Do you know whether all the bonds referred to in the first entry—6,963 bonds—were issued to the Contract and Finance Company or whether some of them were issued to the firm of Crocker & Co.?—A. I think they were all delivered to the Contract and Finance Company; that is my recollection.

Q. Do you know the amount of the face value of the notes then held by the Contract and Finance Company?—A. I do not recollect that.

Q. Was there not an issue of sixty notes of $100,000 each?—A. There was at one time $5,600,000. I remember to have seen that recently.

TOTAL PROCEEDS OF ALL THE ASSETS.

Q. Then am I to understand that the total proceeds of Government bonds received, of the first-mortgage bonds of the company, and of the other assets which were referred to by Mr. Stanford in his statement, which, at his figures, realized about $47,000,000 or $48,000,000, had been insufficient to pay the amounts due to the Contract and Finance Company by the amount of notes held by them?—A. I do not know whether that is the fact or not. There were some subsequent dealings with the Contract and Finance Company, and there may have been subsequent credits.

Q. Had not these notes been issued before the completion of the road?—A. I think not.

DATE OF ISSUE OF NOTES.

Q. What is the date of the resolution, read this afternoon, in regard to the issue of those notes?—A. The date of the exchange of the bonds was in 1871.

Commissioner ANDERSON. No, sir. Mr. Cohen has put in a resolution here authorizing the issue of the notes to the Contract and Finance Company.

Mr. COHEN. That was in 1869.

THE AMOUNT OF THE NOTES.

Q. What part of 1869? Do you not recall that the amount of notes that were delivered in pursuance of the resolution of February, 1869, was sixty notes of $100,000 each, amounting to $6,000,000.—A. I presume that is the fact, but I do not recollect. My impression is that it was $5,600,000.

Q. Was it about that amount? I do not intend you to be responsible for the exact figures.—A. Yes, sir.

Mr. COHEN. I want you to keep in mind the date. My impression is that it was later than 1869. Are you sure about the date?

The WITNESS. No, sir; not about this date.

Q. Are these the same notes that were adjusted or paid with these land grant bonds in 1871?—A. I do not remember that, because I think there were three different sets of notes given the Contract and Finance Company at different times, aggregating different amounts.

Q. What I want to ascertain is whether the notes represent an indebtedness incurred in construction under the contract of building the road or whether they arose out of work done for you after the road had been completed and independent of the amounts which were to be covered by the terms of the contract?—A. That I cannot now answer without examining the books.

STATEMENT OF PROCEEDS OF SALE OF LANDS.

Q. From what source did you obtain the statement of the proceeds of the land sales?—A. From the trustees of the mortgage. The gross proceeds of the sales of land were paid over to the trustees of the land-grant mortgage.

Q. Is that Mr. Mills's report?—A. Mr. Mills is the land agent.

Q. Who gave you this figure of $5,563,000?

The WITNESS. Of bonds redeemed?

Commissioner ANDERSON. Yes, sir.

The WITNESS. I find that on my books. The trustees when they redeem bonds turn the bonds over to me to cancel, and I enter them on my books as so many bonds canceled.

Q. Who are the trustees?—A. They are now William E. Brown and J. O'B. Gunn. There have been various parties.

Q. And have they reported to you detailed statements showing what land has been sold and the price realized and the expense of conducting the land department?—A. No, sir; the trustees do not do that. They simply handle the money as it is turned over to them by the land agent.

PRINTED REPORTS OF LAND AGENT.

Q. Is all the information that we may gather on that subject contained in the printed reports of the land agent annexed to your annual reports?—A. All the reports in regard to the sale of lands. I have, however, in my hand here another call which is more in detail than that. Perhaps you will understand it better if you take the two together.

The paper furnished by the witness was marked "Exhibit No. 1, August 16, 1887," and is as follows:

Central Pacific Railroad Company. Statement of land-grant bonds sold and redeemed.

		Sold for.	Discount.
Jan. 28, 1871	8,953 bonds at 86¼ (issued to Contract and Finance Company, in exchange for notes of C. P. R. R. Co., dated October, 1869, and May, 1870, with interest).	$7,744,345.00	$1,208,655.00
Apr. 12, 1871	200 bonds at 75 (sold by Leland Stanford)	150,000.00	50,000.00
Mar. 10, 1874	12 bonds (sold by C. P. Huntington) at 83.93	10,071.94	1,928.06
	14 bonds (sold by C. P. Huntington) at 66.83	9,356.00	4,644.00
	4 bonds (sold by C. P. Huntington) at 84.23	3,373.20	626.80
May 13, 1874	1 bond (sold by C. P. Huntington) at 82.11	821.15	178.85
June 14, 1875	264 bonds (sold by C. P. Huntington) at 87.22	230,250.02	33,749.98
Nov. 15, 1875	325 bonds (sold by C. P. Huntington) at 89.66	291,388.69	33,611.31
Apr. 5, 1876	67 bonds (sold by C. P. Huntington) at 94.38	63,235.89	3,764.11
June 20, 1876	160 bonds (sold by C. P. Huntington)	140,819.95	19,180.05
		8,643,661.82	1,356,338.18
	Total receipts, sale of bonds		8,643,661.82
	Total discount		1,356,338.18
	Total issued		10,000,000.00
	Total redeemed with proceeds of land sales, as per supplementary statement herewith		5,563,000.00
	Outstanding		4,437,000.00

SAN FRANCISCO, *August* 12, 1887.

Statement of land-grant bonds redeemed with proceeds of land sales.

Jan. 31, 1874	135 bonds	$135,000	July 30, 1881	49 bonds	$49,000
Mar. 20, 1885	429 bonds	429,000	Mar. 27, 1882	580 bonds	580,000
June 1, 1877	572 bonds	572,000	May 31, 1882	131 bonds	131,000
Nov. 19, 1878	1,151 bonds	1,151,000	Jan. 31, 1883	200 bonds	200,000
Feb. 5, 1879	103 bonds	103,000	June 29, 1883	374 bonds	374,000
Mar. 20, 1879	100 bonds	100,000	May 31, 1884	472 bonds	472,000
Apr. 30, 1879	100 bonds	100,000	Aug. 31, 1885	273 bonds	273,000
Sept. 27, 1879	90 bonds	90,000	Dec. 31, 1886	60 bonds	60,000
Dec. 15, 1879	40 bonds	40,000	Apr. 30, 1887	133 bonds	133,000
June 28, 1880	200 bonds	200,000			
Jan. 31, 1881	243 bonds	243,000			5,563,000
Feb. 17, 1881	128 bonds	128,000			

E. H. MILLER, JR., *Secretary.*

LAND-GRANT MORTGAGE PROPERTY.

The WITNESS. This statement is in answer to a call for a statement showing the amount of the property included in the land-grant mortgage which has been sold or disposed of, the amount of contracts outstanding, the application made of the property sold, the number of bonds redeemed, and the number of bonds outstanding.

The paper was marked "Exhibit No. 2, August 16, 1887," and is as follows:

[Secretary's office, Central Pacific Railroad Company, San Francisco. P. O. box 2238.]

SAN FRANCISCO, *August* 12, 1887.

To UNITED STATES PACIFIC RAILWAY COMMISSION:

GENTLEMEN: In reply to your call for "a statement showing the amount of the property included in the land-grant mortgage which has been sold or disposed of, the amount of contracts outstanding, the application made of the property sold, the number of bonds redeemed, and the number of bonds outstanding," I submit the following statement of property in land-grant mortgage, &c.:

	Acres.
Patented lands sold	1,834,036.91
Sales contingent on receipt of patents	421,583.07
Total	2,245,619.98

The total receipts from all sources to August 1, 1887, from lands sold, leased, land contracts, stumpage, &c., has been	$7,560,478.45
Of this amount there has been paid over to the trustees of the land-grant mortgage, to August 1, 1887	7,144,788.41
	415,690.04

The difference ($415,690.04) is for lands sold previous to the land-grant mortgage, and for receipts from leases, stumpage, and for land sales in suspense.

The trustees of the land-grant mortgage, from the amount paid over to them of $7,144,788.41, have redeemed $5,563,000 land-grant bonds, at a cost of	$5,585,170.85
Refunded on canceled contracts, &c	28,027.69
There is in hands of trustees, cash for redemption of bonds	1,531,589.87
	7,144,788.41

The amount outstanding on contracts for sales of lands was August 1, 1887, $1,147,891.57.

Yours, respectfully,

E. H. MILLER, JR., *Secretary.*

RATE OF INTEREST ON LAND-GRANT CONTRACTS.

Q. What rate of interest do your outstanding contracts bear?—A. At that time, I think, 10 per cent., and then it was reduced to 7, and now I believe 6; it is either 6 or 7.

Q. Do you know how much of a cash payment is required before the issuing of one of these contracts?—A. Twenty per cent. and one year's interest in advance.

Q. Who pays the accruing interest on the land-grant mortgage?—A. The company, the railroad company.

Q. And do they pay it from their general earnings or do they pay it and charge it to the land grant itself?—A. All expenses, including the interest of the land-grant mortgage, are paid out of the general earnings of the company. The gross proceeds of the land are paid over to the trustees.

Q. Are those the gross proceeds, without any reduction whatever?—A. The sales, without any reduction, except refunds on contracts that are not completed.

AMOUNT OF LAND UNDISPOSED OF.

By Commissioner LITTLER:

Q. How much land have you undisposed of, including that to which you have not secured patents, but which you claim under the original grant?—A. I cannot answer that. It is an estimate, a mere guess.

Commissioner LITTLER. I would like to know something about it.

The WITNESS. I think Mr. Mills, in our annual report, makes an estimate about that.

EXPENSES OF LAND DEPARTMENT.

By Commissioner ANDERSON:

Q. What is the approximate amount of the annual expenses of this department, without reference to interest at all?—A. It is from $50,000 to $100,000.

Q. Is that included as a part of the operating expenses of your railroad in the settlement with the United States?—A. No, sir; it has been thrown out always. You will see that, by our statement of profit and loss each year, the expenses of the land department are not included.

By Commissioner LITTLER:

Q. What compensation is paid to the trustees of this land-grant mortgage?—A. Nothing; they do it for love and affection.

By Commissioner ANDERSON:

Q. What compensation is paid to the land-grant agent?—A. It has been from $3,000 to $7,000 per annum.

RATE OF INTEREST AT TIME OF EXCHANGE OF BONDS FOR NOTES.

By Mr. COHEN:

Q. In the resolution passed in 1869, directing the issue by the Central Pacific to the Contract and Finance Company of its promissory notes the rate of interest was 10 per cent. What was the rate of interest at the time that you made the exchange of the land-grant bonds for the promissory notes?

The WITNESS. The current rate of interest?

Q. What was the rate of interest which you were paying at that time?—A. If it was those same notes, the rate was 10 per cent.

Q. What was the current rate of interest in 1871?—A. Ten per cent., I think.

Q. That was a low rate at that time, was it not?—A. I think so.

VALUE OF LAND-GRANT BONDS.

Q. Then would the land-grant bonds bearing 6 per cent. at that time be worth par in this market?—A. They were not worth par.

Q. And they could not have been sold for enough to take up——A. (interrupting.) No 6 per cent. bonds were worth par in this market.

Q. Could the bonds have been sold for enough at that time to take up the notes held by the Contract and Finance Company?—A. Not the same amount of bonds.

Q. I mean, could the same amount of bonds have been sold for enough to take up the notes held by the Contract and Finance Company?—A. No, sir.

Commissioner ANDERSON. Well, we will pass on to the next call.

MEMORANDA OF TERMS OF LEASES.

The WITNESS. The next is a statement called "memoranda of terms of leases."

The paper was marked "Exhibit No. 3, August 16, 1887," and is as follows:

Central Pacific Railroad to Southern Pacific Company.

Lease dated February 17, 1885.

Line of road: The whole of its railroad situated in Utah, Nevada, and California, known as the Central Pacific Railroad, and assigns all leases which it holds of railroads and other property in California situated north of Goshen.

Miles, 1,649.86, April 1, 1885.

Rental: $1,200,000 per annum, payable the first Monday in May of each year, or any net earnings after payment of all obligations, including above $1,200,000, not exceeding $3,600,000 per annum; the property to be kept in good repair, to add to and better the same, pay all taxes thereon, and discharge all liabilities and obligations except payment of principal of funded or floating debt; perform all obligation towards the Government except payment of U. S. bonds and interest thereon; payment to be made for rolling-stock of lines north of Goshen used on lines south of Goshen, and *vice versa*. In force from April 1, 1885. Ninety-nine years. To be revised if one party is being benefited at the expense of the other. To terminate or be changed or revised if hostile legislation by the Government takes place against Central Pacific Railroad. Central Pacific releases Southern Pacific of California, Southern Pacific of Arizona, and Southern Pacific of New Mexico, and transfers leases of those roads to Southern Pacific Company.

Southern Pacific Railroad of Arizona to Central Pacific Railroad Company.

Lease dated November 10, 1880.

Line of road: Western boundary of California and Arizona, at Yuma, to eastern boundary of Arizona Territory.

Miles, 384.17.

Rental: $135 per mile per month and repairs. In force from November 1, 1880. Five years. To terminate on thirty days' notice.

Southern Pacific Railroad of New Mexico to Central Pacific Railroad Company.

Lease dated November 17, 1880.

Line of road: All road constructed or to be constructed, commencing at the western boundary of the Territory of New Mexico and extending to the eastern boundary.

Rental: $135 per mile per month and repairs. In force November 1, 1880. Five years. To terminate upon thirty days' notice.

Miles when completed, 167.22.

Southern Pacific Railroad to Central Pacific Railroad Company.

Lease dated September 1, 1876.

Line of road: All of the road and branches constructed or to be constructed lying or being south of Goshen.

Rental: $500 per mile per month, less $250 per mile per month allowed by Southern Pacific for operating expenses. In force from September 1, 1876. To be terminated upon sixty days' notice. Amended April 10, 1879, to require twelve months' notice to terminate lease instead of sixty days. Lease canceled May 1, 1879.

Miles when completed, 550.20.

Lease dated April 16, 1879.

Line of road: All of the road and branches constructed or to be constructed lying or being south of Goshen.

Rental: $250 per mile per month and ordinary repairs. Rent to be readjusted by mutual consent, but never to be less than $2,700 per mile per annum. In force from May 1, 1879. Five years. To terminate upon twelve months' notice. Lease to continue after expiration of five years; to terminate after twelve months' notice. Lease canceled January 1, 1880.

Miles when completed, 550.20.

Lease dated January 1, 1880.

Line of road: All of the road and branches constructed or to be constructed lying or being south of Goshen.

Rental: $250 per mile per month and cost of repairs. If rent is reduced by mutual consent it shall never be less than the amount required to pay interest on bonds outstanding. In force January 1, 1880, five years. Not to be terminated or modified during said period as regards rent. If connection with eastern system of roads is not made in five years, lease to be extended until such connection is made, not to exceed ten years from date of this lease.

550.20 miles when completed.

Lease dated January 23, 1884.

Line of road: All of the road and branches, situate, lying, and being south of Goshen.

Miles, 550.20.

Rental: $250 per mile per month and repairs. If net earnings shall warrant an increase of rental, the same shall be increased from time to time. In force from January 1, 1885, ten years.

Berkeley Branch Railroad to Central Pacific Railroad Company.

Lease dated December 21, 1880.

Line of road: Shellmound to Berryman Station.

Miles, 3.84.

Rental: $200 per month per mile; all repairs and taxes. In force from November 1, 1880, ten years. To terminate upon thirty days' notice from either party.

Amador Branch Railroad to Central Pacific Railroad Company.

Lease dated December 21, 1880.

Line of road: Galt to Ione.

Miles, 27.20.

Rental: First five years $3,500 per month; second five years $4,000 per month; all taxes and repairs. In force from November 1, 1880, ten years. To terminate upon thirty days' notice from either party.

Los Angeles and San Diego Railroad to Central Pacific Railroad Company.

Lease dated November 11, 1880.

Line of road: Florence to Santa Ana.

Miles, 27.82.

Rental: $100 per mile per month, cost of all repairs and taxes. In force from November, 1, 1880, five years. To terminate upon thirty days' notice.

Los Angeles and Independence Railroad to Central Pacific Railroad Company.

Lease dated November 8, 1880.

Line of road: Los Angeles to Santa Monica.

Miles, 16.83.

Rental: $100 per mile per month, repairs and taxes. In force from November 1, 1880, five years To be terminated on thirty days' notice by either party.

San Pablo and Tulare Railroad to Central Pacific Railroad Company.

Lease dated July 1, 1884.
Line of road: Tracy to Martinez.
Miles, 46.51.
Rental: $13,800 per month; cost of repairs, legal expenses, and damages incurred in operations; guarantee principal and interest on $1,023,000 bonds. Rent may be paid in coupons of San Pablo and Tulare Railroad. In force from July 1, 1884, to April 1, 1908. Terms may be altered each five years. Central Pacific to further guarantee bonds, not to exceed $25,000 per mile for any extension of the San Pablo and Tulare Railroad and take lease of same.

California Pacific Railroad to Central Pacific Railroad Company.

Lease dated July 1, 1876.
Line of road: South Vallejo to Sacramento; miles, 60.17.
Adelante to Calistoga; miles, 34.60.
Davisville to Marysville; miles, 43.56.
Also, steamer New World.
Rental: $550,000 per annum, payable semi-annually, June 15, and December 15. Cost of ordinary repairs, taxes, legal expenses, and damages incurred in operations, guarantee principal and interest on $3,000,000 bonds. Rent may be paid in California Pacific coupons. If net earnings exceed $550,000 per annum, three-fourths of excess to be paid to California Pacific. In force from July 1, 1876. Twenty-nine years. Terms may be altered each five years. Supplement to lease of July 1, 1876. California Pacific Railroad agrees to increase accommodations between Sacramento and Suisun. California Pacific Railroad agrees to pay $50,000 per annum in addition to the $550,000 rental paid heretofore. California Pacific Railroad in consideration relinquishes payment of three-fourths of net earnings over and above $550,000 per annum. In force from January 1, 1880. May be terminated upon six months' notice; and after such termination return to conditions of lease of July 1, 1876.

California Pacific Railroad to Central Pacific Railroad Company and Southern Pacific Company.

Agreement dated October 15, 1886, to extend lease of July 1, 1876, and supplementary of December 24, 1879, to January 12, 1912. All conditions remaining the same. Lease assigned by Central Pacific Railroad to Southern Pacific Company April 1, 1885.

Northern Railway to Central Pacific Railroad Company.

Lease dated September 4, 1879.
Line of road: West Oakland to near Martinez; miles, 31.0231.
Benicia to near Fairfield; miles, 16.9881.
Also, San Pablo and Tulare, near Martinez, to Tracy, 46.5180.
Rental: 25 cents per mile for locomotives; 20 cents per mile for cars in passenger service; 8 cents per mile for cars in freight service; less $100 per mile of road per month. In force from September 2, 1878, ten years.
Lease dated September 4, 1879.
Line of road: Near Woodland to Willows, or any distance it may be extended.
Miles, 64.7969. July 1, 1886.
Rental: $1,500 per mile per annum, and all necessary repairs and renewals. In force from July 1, 1876, ten years.
Lease dated January 1, 1880.
Line of road: West Oakland to Tracy (including S. P. & T. R. R.); Benicia to Suisun; Woodland to Willows.
Miles, 158.66.
Rental: $47,500 per month, and cost of repairs and renewals. In force from January 1, 1880, 5 years. To be terminated upon one month's notice from either party. Canceled June 1, 1884.
Lease dated January 9, 1884.
Line of road: Willows to Tehama.
Miles, 36.49.
Rental: $47,500 per month, and to be kept in good repair. In force from January 1, 1883, two years. To be terminated upon thirty days' notice from either party.
Lease dated May 29, 1884.
Line of road: West Oakland to Tracy (including S. P. &. T. R. R.), Benicia to Suisun, Woodland to Tehama.
Miles, 195.15.

Rental: $53,800 per month, and cost of all repairs and renewals. In force from June 1, 1884, five years.

Lease dated July 1, 1884.

Line of road: Oakland Point to Martinez, Port Costa to Fairfield, Woodland to Tehama.

Miles, 153.63.

Also second track from Oakland Point to Port Costa, if same should be built.

Rental: $40,000 per month, and additional amount for second track, if built; keep road in good repair, pay all legal expenses, and damages on account of operations; guarantee payment of principal and interest of $3,964,000 bonds; also additional bonds and interest on second track, if built, not to exceed $25,000 per mile. Rent may be paid in coupons of Northern Railway. In force from July 1, 1884, to January 1, 1907. Terms may be changed at expiration of each five years.

Agreement dated October 21, 1886, between the Central Pacific Railroad Company Southern Pacific Company, California Railroad Company, Amador Branch Railroad Company, Berkeley Branch Railroad Company, San Pablo and Tulare Railroad Company, Northern Railway; leases heretofore made of the five last-named lines with the Central Pacific Railroad Company canceled, to take effect November 1, 1886; and obligations assumed by Southern Pacific Company, which company leases said lines from said date.

Commissioner ANDERSON. In connection with this Exhibit 3, I think it would be well to spread upon the minutes the present existing lease from the Central Pacific to the Southern Pacific in full.

The paper was marked "Exhibit No. 4, August 16, 1887," and is as follows:

AGREEMENT BETWEEN THE SOUTHERN PACIFIC COMPANY (OF KENTUCKY) AND THE CENTRAL PACIFIC RAILROAD COMPANY, DATED FEBRUARY 17, 1885.

This agreement, made and entered into this 17th day of February, 1885, between the Southern Pacific Company, a corporation duly organized and existing under the laws of the State of Kentucky, and now doing business in the State of California, and the Central Pacific Railroad Company, a corporation duly formed and existing under the laws of the State of California and the United States, witnesseth: That whereas part of the through business heretofore done by the Central Pacific Railroad Company's line from Ogden to the waters of the Pacific has been diverted by the Northern Pacific, Atlantic and Pacific, and Atchison, Topeka and Santa Fé Railroads; and whereas the Union Pacific Railroad Company has secured the control of the road known as the Oregon Short Line, and thereby secured an outlet to the Pacific other than over the Central Pacific Railroad, and thus in that respect placed itself in opposition to the interests of the Central Pacific; and whereas it now appears that the through business hitherto done by the Central Pacific Railroad will thereby be further diverted, and that it is not only to the best interest of but absolutely necessary that the Central Pacific Railroad Company, in order to maintain itself against these diversions, should be operated in connection with a friendly through line to the waters of the Atlantic: and whereas the said Southern Pacific Company has a line of railroad under its control for a period of ninety-nine years, extending continuously from the Pacific Ocean to the Atlantic Ocean; and whereas the lines of each company are doing a large local traffic, and it is important to both that the same should be conducted in harmony; and whereas the said Southern Pacific Company is willing to enter into an agreement with the Central Pacific Railroad Company, whereby its line and the line of the said Southern Pacific Company shall be operated so as to secure their just rights to each without the one gaining any benefit or advantage at the expense of the other, and whereby the Central Pacific Railroad Company may for a long term of years be assured of protection against the diversion of its traffic, and be relieved of the disadvantages flowing from lack of harmonious connections; and whereas, by reason of the facts before recited, it is mutually advantageous to the Southern Pacific Company and the Central Pacific Railroad Company to make such agreement; and whereas, both companies contract in the knowledge that the future development of the country may change materially the relations of the companies to each other in respect to railroad traffic, and may in the future render any agreement now made, however fair in its terms in view of existing conditions, advantageous to one at the expense of the other and thereby defeat the purposes which said companies desire and intend to accomplish by making this agreement; and whereas it is intended that such shall never be the effect of this agreement, therefore all the promises and covenants herein shall be construed in the light of the conditions now existing, and the arbitrators herein-

after named, in adjusting the terms and provisions of this agreement to a changed state of affairs, if such change should ever take place, must keep in view the main purpose of the parties to this agreement, to wit, that it is for the mutual advantage of both parties, and that neither is to be benefited at the expense of the other:

Now, therefore, to accomplish the purpose aforesaid, in consideration of the premises and of the mutual promises herein, the said Central Pacific Railroad Company hereby leases to the said Southern Pacific Company for the term of ninety-nine years, from the 1st day of April, A. D. 1885, the whole of its railroad situated in the Territory of Utah and States of Nevada and California, and known and designated as the Central Pacific Railroad, together with all the branches thereof, together with all the rolling stock, telegraph lines, steamboats, wharves, piers, depots, workshops, and all other property, real and personal, now owned, held, and possessed by the said Central Pacific Railroad Company and used upon or in connection with said railroad and telegraph, together with all the appurtenances thereunto belonging, with the right to possess, maintain, use, and operate, and enjoy the said property, and to receive the rents, issues, and profits thereof.

And the said Central Pacific Railroad Company hereby assigns to the said Southern Pacific Company all the leases which it now holds of railroads and other property situated in said State of California, and lying and being north of the town of Goshen, in the county of Tulare, with the right to take, hold, operate, maintain, and enjoy said railroads and other property in the same manner as the said Central Pacific Railroad Company holds, operates, enjoys and maintains the same under the said leases, and with the right to receive the rents, issues, and profits thereof.

And the said Central Pacific Railroad Company hereby releases the Southern Pacific Railroad Company, a corporation formed and existing under the laws of the United States and of the State of California, and the Southern Pacific Railroad Company, a corporation formed and existing under the laws of the Territory of Arizona, and the Southern Pacific Railroad Company, a corporation formed and existing under the laws of the Territory of New Mexico, and each of them, from all and every obligation under or by virtue of any and every lease made by said three last mentioned railroad companies, or either of them, to the said Central Pacific Railroad Company, and transfers and surrenders unto the said Southern Pacific Company the possession of all the property in said leases or any of them mentioned or described, with the right to receive the rents, issues, and profits thereof free from all claim of the said Central Pacific Railroad Company to the same or any part thereof.

The said Southern Pacific Company agrees to and with the said Central Pacific Railroad Company that it will keep and maintain the property hereby leased in good order, condition, and repair; operate, maintain, add to, and better the same at its own expense; pay all taxes legally assessed against or levied thereon, and will at the termination of this lease return the same to the said Central Pacific Railroad Company or to its successors or assigns (with additions and betterments) in as good condition and repair as the same was at the date hereof.

And the said Southern Pacific Company hereby agrees to and with the said Central Pacific Railroad Company that it hereby assumes and will discharge all the liabilities and obligations of every kind (including its obligations on leases now held by it) of the said railroad company, except the obligation to pay the principal of said railroad company's indebtedness known as its "floating debt," and except the obligation to pay the principal of the indebtedness of said railroad company known as its "bonded indebtedness" now outstanding and secured by mortgage or deed of trust, or which may be hereafter incurred under the provisions of any existing mortgage or deed of trust, or of any mortgage or deed of trust hereafter made with the consent of the Southern Pacific Company, and except the principal of all indebtedness the payment of which has heretofore been guaranteed by the Central Pacific Railroad Company, and except the principal of the indebtedness of the said Central Pacific Railroad Company evidenced by bonds of the United States, heretofore by the Government thereof loaned to the said Central Pacific Railroad Company. That as to such excepted indebtedness the said Southern Pacific Company will pay off and discharge at maturity the interest upon the same, except the interest upon the bonds of the United States, loaned as aforesaid, and that as to such bonds and the interest thereon, the said Southern Pacific Company will discharge the annual obligations imposed upon said Central Pacific Railroad Company by existing acts of Congress, and will, during the continuance of this agreement, fully comply with the terms of, perform all the duties prescribed in, and discharge all the obligations imposed upon said Central Pacific Railroad Company by the act of Congress commonly known as the "Thurman Act." And the said Southern Pacific Company hereby agrees to and with the said Central Pacific Railroad Company that it will well and truly perform all the duties and obligations of said railroad company to the United States and the Government thereof, under existing acts of Congress relating to the maintenance and operation of its railroad and to transportation for said Government over the same, as fully and faithfully as said railroad company is bound to do, except as otherwise hereinbefore provided.

And the said Southern Pacific Company agrees to and with the said Central Pacific Railroad Company that it will keep true and faithful accounts of all the earnings of the said Central Pacific Railroad, including the earnings of the railroads now held by said Central Pacific Railroad Company under leases and situated north of Goshen, together with true and faithful accounts of all expenditures, payments, and disbursements of every kind made by the said Southern Pacific Company in operating, maintaining, adding to, and bettering the same, and of all expenditures, payments, and disbursements made by the said Southern Pacific Company for taxes, rentals, interests, or in discharge of obligations incurred by said Southern Pacific Company under the provisions of this agreement hereinbefore contained, provided, however, that any payments made by the said Southern Pacific Company to either of the said Southern Pacific Railroads hereinbefore mentioned for rentals under the terms of existing leases in favor of the said Central Pacific Railroad Company and now assigned to the Southern Pacific Company shall never be included in and made part of any charge against the said Central Pacific Railroad Company or the earnings of its said railroad.

And the said Southern Pacific Company hereby agrees with the said Central Pacific Railroad Company that during the continuance of this lease it will annually, on the first Monday in May, pay to the said Central Pacific Railroad Company, as guaranteed rental for said Central Pacific Railroad and other leased property for the year ending on the 31st day of December next preceding that date, the sum of one million two hundred thousand dollars ($1,200,000).

And the said Southern Pacific Company hereby further in this behalf agrees with the said Central Pacific Railroad Company that if the earnings of the said Central Pacific Rrilroad and of the railroads situated north of Goshen, now held by the said Central Pacific Railroad Company under leases, shall in any year, during the continuance of this agreement, exceed all expenditures, payments, and disbursements of every kind made by the said Southern Pacific Company for such year in operating, maintaining, adding to, and bettering the same, and of all expenditures, payments, and disbursements made by the said Southern Pacific Company for taxes, rentals, interests, and in discharge of any of the obligations by said Southern Pacific Company incurred under this agreement as heretofore provided, including the said sum of one million two hundred thousand dollars, then such excess for any such year, not exceeding the sum of two million four hundred thousand dollars, shall, on the first Monday in May, as aforesaid, be paid to the said Central Pacific Railroad Company as additional rental for such year.

And it is further agreed between said Southern Pacific Company and the said Central Pacific Railroad Company that if at any time it appears that by the operation of this agreement either party is being benefited at the expense of the other, then this agreement shall be revised and changed so that such will not be the operation thereof; and if the parties hereto cannot agree upon the changes necessary to that end, then each party shall appoint one arbitrator, disinterested but skilled in relation to the subject-matter, and the award and decision of such arbitrators in writing shall be binding upon the parties hereto, and this agreement shall be revised and changed in accordance with such award and decision, and, as revised and changed, shall be duly executed in writing by the parties hereto.

And it is further agreed that if the arbitrators so chosen cannot agree upon an award and decision then, that the two shall choose a third impartial and skilled arbitrator, and that the award or decision of two of said three arbitrators shall have the same force and effect between the parties hereto, and shall be executed in like manner as hereinbefore provided for the award and decision of the two arbitrators first chosen.

And it is further agreed between the said Southern Pacific Company and the said Central Pacific Railroad Company that if any legislation or governmental action hereafter be had which in the opinion of the said Southern Pacific Company is in hostility to the said Central Pacific Railroad Company, its rights, or the property hereby leased, the said Southern Pacific Company may, on notice to the said Central Pacific Railroad Company, terminate this agreement or may submit to arbitrators in the manner and with the effect hereinbefore provided, for changes and revisions.

And it is further agreed between the Southern Pacific Company and the Central Pacific Railroad Company that upon the execution of this agreement the said Southern Pacific Company may enter upon, take possession of, and hold during the continuance of this agreement, all the property, real and personal, hereby leased by the said Central Pacific Railroad Company to the said Southern Pacific Company, and that duplicate lists of all the rolling stock and other personal and movable property so leased, showing its condition at the time of the execution of this agreement, shall be made and certified by the secretary of each of said companies, and that one of said lists shall be kept by each of said companies.

And it is further agreed between the Southern Pacific Company and the Central Pacific Railroad Company that if at any time any of the rolling stock or other personal property hereby leased to the said Southern Pacific Company by said Central Pacific

Railroad Company be used upon any roads other than the Central Pacific Railroad or the leased roads north of Goshen, then the said Southern Pacific Company shall credit to said Central Pacific Railroad Company the usual and customary sums paid by one railroad company to another for the use of the like property, and that the amounts so credited shall be deemed and taken to be a part of the earnings of said Central Pacific Railroad Company.

And it is further agreed that if in the operation of the Central Pacific Railroad and leased roads north of Goshen it becomes necessary to use any of the rolling stock or other personal property of the Southern Pacific Company, not leased from the Central Pacific Railroad Company, upon the said Central Pacific Railroad or leased roads north of Goshen, that the usual and customary sums paid by one railroad company to another for the use of like property shall be allowed as and constitute a charge against the receipts of the said Central Pacific Railroad and said leased lines and be so considered in the accounting hereinbefore provided for.

In testimony whereof the said Southern Pacific Company and the said Central Pacific Railroad Company have caused these presents to be signed by their respective presidents and countersigned by their secretaries and their corporate seals to be hereunto affixed pursuant to orders of their respective boards of directors the day and year first herein written.

In duplicate.

[S. P. CO. CORPORATE SEAL.]

W. E. BROWN,
President Southern Pacific Company.

H. C. NASH,
Secretary Southern Pacific Company.

[C. P. R. R. CO. CORPORATE SEAL.]

LELAND STANFORD,
President Central Pacific Railroad Company.

E. H. MILLER, Jr.,
Secretary Central Pacific Railroad Company.

STATEMENT SHOWING RESULT OF OPERATION OF LEASED LINES AS AFFECTING EARNINGS OF CENTRAL PACIFIC.

The WITNESS. I now submit to you a statement and tables showing the result of the operation of leased lines as affecting the earnings of the Central Pacific.

The paper was marked "Exhibit No. 5, August 16, 1887," and is as follows:

Central Pacific Railroad Company.—A statement regarding leased lines.

It has been frequently charged in an indefinite way by the enemies of this company, that its leased lines have been a load which it was compelled to bear to the benefit of some of its stockholders who were interested in each of the companies, and to the injury of those who were interested only in the Central Pacific. From certain questions which have been asked by this Commission, they also appear to have the impression that these leases have been a charge to the Central Pacific; that the rental paid has been more than the receipts from their operation, and that the Central Pacific has been thus unjustly charged with the deficit.

If these charges were true, such a condition of affairs could only be defended on the ground that the leased lines were feeders to the Central system, and as the latter received the benefit of their connection by the traffic which they furnish, it ought properly to stand any loss in their operations. But the statement is not true; the Central Pacific has received a direct profit from these leased lines in excess of the rental paid during the past seven years (as long as their accounts have been segregated) of $10,373,000. This covers the period from 1880 to the termination of the leases in 1885 and 1886. Prior to 1880 the accounts were not kept so as to show accurately the results for each road by itself. These leased lines then were less in extent; but, as far as they extended, the result was doubtless to that extent as favorable to the Central Pacific as is known to have been the case since 1880.

If it would have been a wrong for the Central Pacific to pay these lines as rental a greater amount than it received as earnings, the reverse is equally true, that the leased lines were wronged by the Central Pacific keeping from the net earnings of the roads an excess over the sum it paid them as rental. The leased lines have received less from the Central Pacific as rental than was their just due. This was, however, according to the terms of the leases, and is not complained of by the lessors. Though the leases to the Central Pacific provided that their terms as to rental should be subject to readjustment from time to time with a view to equalizing the income and the

rental, yet, as a matter of fact, the development of the country and the consequent increase of traffic of the roads has led to an increase of income which has always kept in advance of the rental. The Central Pacific has in this way received a larger profit from the leases than it would had the terms of the leases been the net earnings of the lines.

All of the roads which had been leased by the Central Pacific were, when leased, feeders to the main lines. This was exclusively the case with the Southern Pacific until its completion as a transcontinental line, and even now all traffic over this line to San Francisco or other points in Central or Upper California passes over 158 miles or more of the Central Pacific Railroad. Had not the S. P. R. R. been built as a connection with the Central Pacific at Goshen, the whole of the traffic between Southern California, Arizona, and New Mexico, with San Francisco, would have been carried by sea; or the S. P. R. R. line would have been completed between San Francisco and Southern California. In either case the Central Pacific would have lost the traffic for all these past years. This traffic has been and continues to be to the Central Pacific a considerable source of profit, and it has, in addition, received during the period from 1880 until the termination of this lease in 1885 over three millions of dollars from the earnings of the Southern Pacific roads in excess of the amount it has paid for rental.

The deficits which appear from these leases are in the Amador Branch, the Los Angeles and Independence, and the Los Angeles and San Diego railroads. These are all short feeding lines. The total deficit from them has been $279,483.72; while the total surplus from the remaining leased lines has been $10,652,730.91. The earnings of these short branches have been made up by pro-rating the joint traffic on a plain pro-rata mileage basis for the greater portion of the periods shown, whereas the division of such traffic should have been on the basis of local rates. This would have been the case had the roads been operated independently. By giving the short lines their local rates on the division of joint traffic the result would probably show a surplus for these three lines instead of a deficit. As the Central Pacific Railroad Company received all the earnings of the roads however they were divided, the manner of segregating the earnings made no difference; it was simply for the purpose of an exhibit.

After the completion of the Southern Pacific as a transcontinental line, it became continually more apparent that to operate economically the lines acquired by the same interest in Texas and Louisiana, and steamships from New Orleans to New York and other ports, as well as the lines in California, Arizona, and New Mexico, they must be brought under one management. These roads which were not owned by the Central Pacific comprise now 24 companies, operating 3,706 miles of railroad, besides the steamship lines. The Central Pacific lines, including the recently finished branch to the Oregon boundary, comprises 1,359 miles of road. To harmonize all interests, to maintain fair and reasonable rates, to consolidate the administration, and so avoid unnecessary expenses, it was thought best for the interests of all concerned to bring the lines under a common control. The 3,706 miles were owned by practically the same persons who compose the Southern Pacific Company. These lines are being constantly extended in many places, so that the roads operated by the company are rapidly increasing. It seemed for this reason, if for no other, proper that the Southern Pacific Company, controlling three-quarters of the road, should operate the whole, rather than it should all be operated by the Central Pacific, owning but one-quarter.

But another important reason why the Southern Pacific Company should be the operating company was that the lines operated by the Central Pacific have all been harassed by the refusal on the part of certain Government officials to consider them as being independent of the incumbrances on the original aided line.

The Treasury Department has refused payment for United States transportation on these non-aided roads, now amounting to over $1,800,000, though the Supreme Court has held in every case that such payments were due the roads in cash. Had the Central Pacific taken leases of the newly acquired roads, or leased new roads as constructed in California by other companies, the same injustice as to United States transportation of mails, troops, and supplies would by the officers of the Treasury have been extended over such additional lines. The action of certain branches of the Government towards the Central Pacific has in effect fixed a penalty for operating feeding roads or opposition lines, which, to protect its income, should be controlled by the same company.

By the lease to the Southern Pacific Company the advantages to the Central Pacific are secured of a common control, and the consequent protection to its income by maintaining fair and reasonable rates. All expenses and requirements are assumed by the Southern Pacific Company, besides a guaranteed rental. If the earnings are in excess of the guaranty the excess is also paid to the Central Pacific. By the consolidation of management the expenses of administration are reduced to minimum and are but a fraction of their former amount. The operating company has paid for and keeps up the supplies, fuel, and materials on hand necessary for operation, which prior to the lease was carried by the Central Pacific at an outlay of $4,354,000. The

lease affords the Central Pacific every advantage it possibly could have if it were the operating company, and whatever risks there may be in meeting the annual payments and guaranteed rental are assumed by the Southern Pacific Company.

The following tables exhibit the operations of the leases held by the Central Pacific, showing a net profit to the Central Pacific from such lines of $10,373,247.19.

Statement showing profit to Central Pacific Railroad Company from leased lines, 1880 to 1886.

Leased line.	Net loss.	Net profit.
Amador Branch Railroad	$147,203.31	
California Pacific Railroad		$1,065,773.25
Western Railway		4,175,779.89
San Pablo and Tulare Railroad		2,312,971.99
Los Angeles and Independence Railroad	53,237.28	
Los Angeles and San Diego Railroad	49,043.13	
Junction and Copperopolis Railroad	None.	None.
Sacramento and Placerville Railroad		72,333.55
Southern Pacific Railroads		3,025,872.83
Balance of net profit to Central Pacific Railroad Company	10,373,247.19	
	10,652,730.91	10,652,730.91

The earnings of the Berkeley Branch Railroad (3.84 miles) have not been kept separately.

Central Pacific Railroad Company.—Earnings and expenses of leased lines.

AMADOR BRANCH RAILROAD.

Year.	Miles of road.	Gross earnings.	Operating expenses.	Earnings over operating expenses.	Rental paid.
1880	27.20	$45,621.34	$30,696.66	$14,924.68	$40,750.00
1881	27.20	50,692.77	19,203.05	31,489.72	42,000.00
1882	27.20	46,953.79	23,907.89	23,045.90	42,000.00
1883	27.20	39,771.81	28,139.76	11,631.55	42,000.00
1884	27.20	49,883.39	23,231.26	26,632.13	42,000.00
1885 (Jan.-Mar.)		8,689.99	4,840.81	3,849.18	10,500.00
1885 (Apr.-Dec.)	27.20	31,242.85	18,537.99	12,704.86	32,500.00
1886 (Jan.-Oct.)	27.20	33,470.83	19,868.84	13,601.99	33,333.50
Total		306,396.27	168,426.28	137,879.99	285,083.50
Net loss to Central Pacific Railroad, $147,203.31.					

CALIFORNIA PACIFIC RAILROAD.

1880	115.44	$1,448,984.78	$685,868.70	$763,066.08	$500,000.00
1881	115.44	1,278,028.74	444,485.35	833,543.39	600,000.00
1882	115.44	1,356,709.30	506,026.05	850,683.25	600,000.00
1883	115.44	1,296,350.54	493,112.02	793,238.52	600,000.00
1884	115.44	1,226,222.61	660,323.84	565,898.77	600,000.00
1885 (Jan.-Mar.)		272,033.07	100,321.20	171,711.87	150,000.00
1885 (Apr.-Dec.)	115.44	932,399.08	409,772.67	522,626.41	450,000.00
1886 (Jan.-Oct.)	115.44	1,032,500.33	432,828.77	579,671.56	416,666.60
Total		8,837,208.45	3,754,768.60	5,082,439.85	4,016,666.60
Net profit to Central Pacific Railroad $1,065,773.25.					

NORTHERN RAILWAY.

1880	112.78	$1,689,206.30	$640,854.41	$1,048,411.89	$402,535.29
1881	112.78	1,563,141.06	664,391.72	898,749.34	402,535.29
1882	124.80	1,737,342.67	719,244.03	1,018,098.64	423,152.40
1883	149.10	1,917,587.53	748,734.48	1,168,853.07	465,535.29
1884	149.10	1,927,375.95	821,257.53	1,106,118.42	465,317.60
1885 (Jan.-Mar.)		428,417.18	183,431.03	244,985.55	120,000.00
1885 (Apr.-Dec.)	153.63	1,395,301.26	506,427.23	888,874.03	427,500.00
1886 (Jan.-Oct.)	153.63	1,627,046.98	643,782.43	983,264.55	475,000.00
Total		12,285,473.95	4,928,123.46	7,357,355.49	3,181,575.60
Net profit to Central Pacific R.R.Co., $4,175,779.89.					

Central Pacific Railroad Company.—Earnings and expenses of leased lines—Continued.

SAN PABLO AND TULARE RAILROAD.

Year.	Miles of road.	Gross earnings.	Operating expenses.	Earnings over operating expenses.	Rental paid.
1880	46.34	$506,138.94	$161,837.78	$344,301.16	$167,[illegible]
1881	46.34	758,740.48	186,381.77	572,358.71	167,[illegible]
1882	46.34	652,972.75	172,819.39	480,153.36	167,[illegible]
1883	46.51	720,589.32	176,958.65	543,630.67	167,[illegible]
1884	46.51	807,448.47	221,119.63	586,328.84	168,[illegible]
1885 (Jan.–Mar.)	.....	184,666.17	52,394.71	132,273.46	41,[illegible]
1885 (Apr.–Dec.)	46.51	488,180.38	151,988.01	336,192.37	124,[illegible]
1886 (Jan.–Oct.)	46.51	662,286.29	204,563.87	457,724.42	133,[illegible]
Total	.....	4,781,026.80	1,328,062.81	3,452,962.99	1,139,[illegible]
Net profit to Central Pacific R.R.Co., $2,313,971.39.					

LOS ANGELES AND INDEPENDENCE RAILROAD.

1880	16.83	$9,877.18	$13,286.64	*$3,509.46	$24,[illegible]
1881	16.83	15,401.71	16,588.65	*1,126.94	20,[illegible]
1882	16.83	26,935.95	18,831.45	8,104.50	20,[illegible]
1883	16.83	32,772.92	22,748.36	10,024.56	20,[illegible]
1884	16.83	30,658.17	28,080.90	13,577.27	20,[illegible]
1885 (Jan.–Feb.)	16.83	3,442.51	3,287.72	154.79	5,[illegible]
Total	.....	128,148.44	100,923.72	27,224.72	110,[illegible]
Net loss to Central Pacific R. R. Co., $82,297.26.					

LOS ANGELES AND SAN DIEGO RAILROAD.

1880	27.60	$35,007.61	$43,011.09	*$7,903.48	$5,[illegible]
1881	27.60	52,695.04	39,544.06	13,150.98	53,[illegible]
1882	27.60	72,127.74	31,158.72	40,969.02	33,[illegible]
1883	27.60	75,460.30	40,781.01	34,679.29	25,[illegible]
1884	27.60	72,532.76	57,291.70	15,241.06	33,[illegible]
1885 (Jan.–Feb.)	27.60	10,640.71	8,374.69	2,266.02	5,[illegible]
Total	.....	318,464.16	220,061.29	98,402.87	147,[illegible]
Net loss to Central Pacific R. R. Co., $49,043.13.					

*Deficit.

STOCKTON AND COPPEROPOLIS RAILROAD.

Year.	Miles of road.	Gross earnings.	Operating expenses.	Earnings over operating expenses.	Rental paid.
1880	49.00	$120,734.11	$58,732.00	$72,002.11	$25,[illegible]
1881	49.00	114,579.75	52,496.40	62,083.35	25,[illegible]
1882	49.00	115,764.70	51,739.03	64,025.67	25,[illegible]
1883	49.00	112,847.28	55,413.96	57,433.32	25,[illegible]
1884	49.00	129,237.19	98,440.38	30,796.81	25,[illegible]
1885	49.00	96,679.28	54,720.11	41,959.17	25,[illegible]
1886	49.00	112,008.25	81,426.98	30,581.27	25,[illegible]
Total	.....	811,850.56	452,968.96	358,881.70	175,[illegible]
All surplus is payable to lessor company to apply on its floating debt	.....	.....	.....	.....	183,[illegible]
	.....	.....	.....	.....	358,[illegible]

Central Pacific Railroad Company.—Earnings and expenses of leased lines—Continued.

SACRAMENTO AND PLACERVILLE RAILROAD.

[illegible]	5.64	$21,510.37	$8,402.84	$13,101.53	$7,200.00
[illegible]	5.64	40,181.60	11,380.20	28,792.40	8,606.45
[illegible]	5.64	23,981.11	10,358.59	13,622.52	7,200.00
[illegible]	5.64	26,356.86	10,152.10	16,203.76	7,200.00
[illegible]	5.64	29,921.76	12,034.53	17,887.23	7,200.00
[illegible]	5.64	29,047.03	11,694.58	17,352.47	7,200.00
[illegible]	5.64	27,969.53	10,789.44	17,180.09	7,200.00
Total		198,967.28	74,827.28	124,140.00	51,806.45
Net profit to Central Pacific R. R. Co., $72,333.55.					

SOUTHERN PACIFIC RAILROAD.

[Including Southern Pacific of California, Arizona, and New Mexico, and portion of Galveston, Harrisburg and San Antonio Railway in Texas.]

Year.	Miles of road.	Gross earnings.	Operating expenses.	Earnings over operating expenses.	Rental paid.
[illegible]	850.33	$3,838,584.18	$1,438,735.66	$2,399,848.52	$2,134,444.95
[illegible]	1,090.73	6,275,935.00	2,556,998.82	3,718,937.08	2,534,069.62
[illegible]	1,410.99	7,917,767.99	4,194,453.36	3,723,314.54	2,828,519.04
[illegible]	1,342.81	7,379,284.69	3,701,179.63	3,678,104.46	2,904,338.09
[illegible]	1,288.26	6,056,945.12	3,566,994.91	2,469,950.21	2,330,807.71
[illegible] (Jan.-Feb.)	1,108.16	907,588.79	455,240.64	452,348.15	428,576.94
Debit on Colorado Division refunded to Central Pacific by S. P. R. R. in [illegible]				234,211.83	
Total		32,376,105.98	15,933,603.02	16,676,714.79	13,650,841.99
Net profit to Central Pacific R. R. Co. in excess of expenses and rental paid, $3,025,872.83.					

STATEMENT RELATIVE TO UNITED STATES TRANSPORTATION ACCOUNTS.

The WITNESS. The next statement which I furnish is a statement regarding the United States transportation accounts.

Q. Is this as to the existing transportation accounts between the United States and the company?—A. Yes, sir.

By Commissioner LITTLER:

Q. Are there any discrepancies noted there between your account and the Government's account?—A. I do not know. It would be impossible to analyze the Government's accounts and make a statement of any description.

The paper was marked "Exhibit No. 6, August 16, 1887," and is as follows:

Central Pacific Railroad Company. Statement regarding United States transportation accounts.

The charges to the United States for transportation of mails, troops, supplies, &c., performed by the Central Pacific Railroad Company and lines when were leased to

said company, also for cash paid under the requirements of law, from the beginning to December 31, 1886, are as follows:

Non-aided and leased lines, less payments thereon made by the Government	$3,896,212.44
Aided line, less payments made thereon & charges prior to 1873	6,280,436.32
Cash paid by company	1,282,264.61
Total charges to United States	11,458,908.11
The total requirements to the same date under the several acts of Congress, amount to	9,605,584.96
Leaving a balance due the company of	1,853,323.15

The balance is wholly for transportation services on non-aided and leased lines, and is above all requirements from the company under any law It is, according to the decision of the Supreme Court, due the company in cash (United States *vs.* Central Pacific, 118 U. S. Rep., 235.) The language of the court in this case is, that the withholding of compensation earned on non-aided lines is "not only a breach of faith on the part of the United States, but an invasion of the constitutional rights of the company." The amount still remains due and unpaid, notwithstanding the decision of the Supreme Court. And the amounts earned on non-aided lines now leased by the Southern Pacific Company are retained by the Treasury Department on such lines as were formerly leased by the Central Pacific Railroad Company.

This sum of $1,853,323.15 has accumulated since 1882, there having been a balance due the company every year since that time, as is shown in detail by the reply to your interrogatory number 55, in your circular letter dated May 12, 1887. Prior to 1882, there was a balance on each year's settlement due from the company to the Government. These balances were in every case promptly paid by the company in cash, as is shown by the several annual reports of the United States Commissioner. Since the balance of transportation has been more than the annual requirements under the law, the amounts have been retained by the Government.

The foregoing amounts are in accordance with the settlements made by the United States Commissioner of Railroads, and appear in the published reports of that officer. Up to April 1, 1885, the charges for transportation appear on the books of the Central Pacific Railroad Company, and subsequent to that date on the books of the Southern Pacific Company.

The amounts by years appear in the detailed statement submitted herewith. Of this amount of $11,458,908.11, there is due the sinking fund of the company in the United States Treasury, $3,122,231.10. (See report U. S. Com., 1886, p. 35, for amount to Dec. 31, '85; amount for 1886 is $172,347.23.)

Of the balance there is due to the company in cash, $1,853,323.15. Leaving an application toward the payment of bonds and interest, $6,483,353.86.

To the above amount in the sinking fund in the United States Treasury, there should properly be added the loss to the company by the Government's management of such fund, for premium paid in excess of interest received, $572,463.18, for a loss in interest on amounts paid in fund by company, $1,040,503.54; total, $1,612,966.72.

The amounts to the credit of the company to the same date, as stated by the United States Treasury Department, are as follows:

On account of bonds and interest:	
Transportation charges withheld	$5,402,730.73
Cash paid by company	658,283.26
Total to credit of bonds and interest	6,061,013.99
On account of sinking fund:	
Transportation charges withheld	2,452,401.49
Cash paid by company	633,992.48
	3,086,393.97
Total	9,147,407.96

The amount as above charged by the company of $11,458,908.11, is more by $2,311,500.15 than is credited by the Government. This chiefly arises from the fact that the Treasury Department has suspended action on accounts for transportation on non-aided and leased lines. The amounts of these accounts are not in dispute, and according to the decision of the Supreme Court above cited they are payable to the roads in cash. Commenting on this action of the Treasury Department, the Commissioner of Railroads, in his report for 1885, page 7, says:

"The court decided that the Government can retain the compensation on 'aided roads' only. A contrary decision is published by the Secretary of the Treasury in a circular dated September 11, 1885."

In 1884 the charges for transportation on non-aided and leased lines amounted to $661,396.51. During this year the Treasury Department acted on bills to the amount of $446.95.

In 1885 the charges on non-aided and leased lines were $514,242.16. The bills acted on by the Treasury Department amount to $118.11.

In 1886 the charges on non-aided and leased lines were $504,343.41. The bills acted on by the Treasury Department amounted to $37,887.51. The amounts acted on in the year are for joint traffic over non-aided and aided lines, and in the division the Department has changed the route from that over which the traffic passed, to a longer route on which the aided mileage would be greater. This relates to traffic between Sacramento and San Francisco. The short route of 90 miles performed the service.

The Treasury Department has credited the amounts to the long route of 140 miles, because in this route there is more aided road. If the above bills were correctly credited by the Department, the amount due the non-aided lines would be much more than the sum of $37,887.51, as stated.

The amount of transportation charges on non-aided and leased lines which has been credited by the Treasury Department, to December 31, 1886, is $2,023,319.40. If this had been properly distributed as to aided and non-aided lines, as is not the case, there would remain an important error in its application. One-half the charges on the aided line is withheld under the contract acts as a payment on the bonds and interest, the other half is retained under the Thurman act, to be applied to the sinking fund, and there be invested at interest for the benefit of the company. The transportation on non-aided and leased lines is payable to the company in cash, or if payment is withheld, is it in lieu of cash to pay the annual requirements under the law. The whole amount of charges on such non-aided transportation are thus, if withheld, a credit to the sinking fund. But the Treasury Department has applied all such credits the same as it has aided line transportation, *i. e.*, one-half to bonds and interest and one-half to sinking fund. Over $1,000,000 is thus applied to this time as a flat payment on the debt, which should have been invested for the benefit of the company. Any final settlement of the accounts with the Government will require readjustment of all these accounts which have been acted upon by the Treasury Department.

Central Pacific Railroad Company in account with United States Government. Settlements made by United States Commissioner of Railroads for requirements account of transportation charges, 5 per cent. of net earnings and sinking fund account.

		Total requirements.
Per 5 per cent of net earnings:		
Year ending November 5:		
1870	$124,777.54	
1871	138,001.83	
1872	194,367.43	
1873	208,195.87	
1874	297,320.70	
1875	277,115.37	
1876	280,194.80	
1877	212,474.70	
1878. From November 6, 1877, to June 30, 1878	138,981.76	
	1,871,430.00	
One-half transportation charges on aided line from April, 1867, to June 30, 1878	1,745,598.47	
Total to June 30, 1878	3,617,028.47	
Thurman act requirement:		
July 1 to December 31, 1878	536,291.93	$4,153,320.40
Year ending December 31:		
1879	899,563.92	
1880	1,037,225.38	
1881	1,038,935.24	
1882	792,920.24	
1883	661,530.69	
1884	538,851.52	
1885	396,118.83	
1886	418,271.56	
	5,773,417.28	
Less for new construction and new equipment, July 1, 1878, to December 31, 1884 (see Rep. U. S. Com. R. R., 1885, p. 7, and 1886 p. 35)	321,152.72	5,452,264.56
Total requirements from beginning to December 31, 1886		9,605,584.96
Balance due company		1,852,323.15
		11,458,908.11

Central Pacific Railroad in account with the United States, &c.—Continued.

	Transportation charges non-aided lines.	Transportation charges aided line.	Cash paid to United States by company.	Total credits.
To December 31, 1878		$3,738,900.98		
Less payments to company prior to act of March 3, 1879		758,639.69		
	$343,457.64	2,980,261.29	$229,601.47	$4,153,320.40
1879	217,730.88	452,756.72	229,676.32	899,563.92
1880	450,901.31	441,887.23	144,436.74	1,037,225.28
1881	527,116.90	452,668.43	79,143.91	1,038,929.24
1882	648,108.20	403,754.26		1,051,862.46
1883	515,237.00	403,241.26		918,478.26
1884	481,395.51	478,225.20		959,620.71
1885	514,242.16	342,941.29		857,183.45
1886	504,343.41	344,094.45		848,437.86
	4,202,533.01			11,765,227.93
Less cash received for services in—				
1882	122,754.64			
1883	183,564.93			
	306,319.57			306,319.57
	3,896,213.44	6,280,430.23	1,282,264.44	11,458,908.11
By balance due railroads in cash, being for transportation on non-aided and leased lines, in excess of all requirements				1,853,322.19

STATEMENT OF GROSS FREIGHT AND PASSENGER RECEIPTS, AND AMOUNTS POOLED AND NOT POOLED.

The WITNESS. I next submit a statement showing the gross freight and passenger receipts and the amount of the same pooled and not pooled.

Q. Does this statement show that the amount in the pools is represented by a much smaller amount than the amount not pooled?—A. Yes, sir.

Q. I understood you or one of the witnesses to state that the larger portion of the business was pooled business?—A. I heard some witness state that there was a large amount, but it was not I; I know better.

Q. Do I understand this statement to represent the amount of business that is pooled and the amount that is not pooled?—A. Yes, sir.

Mr. COHEN. I do not think you understood Mr. Stubbs' statement.

Q. Will you please explain it?—A. As I understand this, the first column shows the total amount of business of freight and passenger receipts for the years 1877 to 1885. The next column shows the amount of that business which was in any pooling arrangement. The third column, of course, shows the difference between the two, and shows the amount of business of the company which was not pooled.

Q. The ordinary business?—A. Yes, sir; the ordinary business not pooled.

Q. Your heading then is the correct amount in pools, but not the amount of business growing out of pools?—A. No, sir; that was the total amount of business contributed to the pools by our road; not the amount paid but the amount of business in the pool.

By Commissioner ANDERSON:

Q. Is it the amount of interest which your company had in the pool?—A. No, sir; I mean the total amount of business that was contributed to the pool.

AN ILLUSTRATION.

By the CHAIRMAN:

Q. Does that represent a pool balance?—A. No, sir. It represents the total amount of business. I think I can make it clear by taking one year. The total business for passengers and freights for one year was, say, $25,000,000, in round numbers. Out of that there were $2,000,000 that were subject to pools, and whether that business brought an income to the company or whether they had to pay something out on the pools cuts no figure in this statement. That is the amount of business out of the $25,000,000 that went into the pools.

Q. Representing your pool transactions on all your business for a year?—A. Yes, sir; representing a balance of $23,000,000, that was ordinary business.

Q. And not in any manner pooled?—A. Yes, sir.

The CHAIRMAN. The heading of this column "Amount in pools," might lead one to suppose that it is a balance in pools.

The WITNESS. It does not mean that. It means the gross passenger and freight receipts. This amount of that business was under some pooling arrangement, but it was the gross business.

The CHAIRMAN. Change that heading, because there it looks as though it were a balance.

The WITNESS. I will change the heading to "Amount of same in pooling arrangements."

Q. Does that pool column include, for instance, the proportion of the Pacific mail subsidy paid by the Central Pacific?—A. No; it has nothing to do with that.

Q. Your answer is that this statement has nothing to do with that?—A. No, sir; it does not purport to make any showing of that.

Q. Was not that included in the business done during the year?—A. If it included that it would cover the entire business, probably; this is not receipts out of the pool or payments out of the pool.

The CHAIRMAN. But, Mr. Miller, do you not offer this as representing the proportion of business, freight and passenger that was pooled, and the proportion of the business of the road not pooled?—A. Yes, sir.

Q. And it covers all in the proportions that you have given, does it not?—A. Yes, sir; but if you consider the Pacific Mail Steamship subsidy, then it would take the total receipts, probably. If you consider that all the business that was affected by paying the steamship company as being under pools, then it would take the gross receipts, because it affected nearly all of the business.

THE STATEMENT MADE UP IN THE FREIGHT OFFICE.

By Commissioner ANDERSON:

Q. Is not your whole transcontinental business done under pooling arrangements with the eastern roads and the other roads that do transcontinental business?—A. Not that I know.

Mr. COHEN. To a certain extent perhaps it is. But this statement was made up in the freight office.

The WITNESS. The statement was made up in the general freight office, and I do not understand the details of the pooling business at all.

Commissioner ANDERSON. It does not include your general pooling business, evidently.

The WITNESS. That may be.

By Commissioner LITTLER:

Q. Do you know whether you received more money than you paid out on these pool balances?—A. That is a different question. I do not know that. I think we have received more than we have paid out; but that is a mere guess.

By Commissioner ANDERSON:

Q. Who made this account?—A. That was made up in the general freight office.

Q. Who is responsible for it?—A. Mr. Gray.

Q. Do I understand that you do not know whether this pool column includes your through business or the Pacific Mail business, or any other of the large interests that were included under arrangements with other roads, and which we understand as having been done under pooling contracts?—A. This statement was made up in the general freight office of the company. I submitted to that office the questions as asked, and then they explained it to me, and, as I understand it, that covers all the amounts pooled and unpooled.

THE STATEMENT WITHDRAWN.

Commissioner ANDERSON. It clearly does not include your through traffic.

The WITNESS. There has been no through traffic that has been pooled.

Mr. HAYMOND. For the year 1885 it included the entire gross receipts and contributions to pools, and the entire amount not pooled; but you would not call our divisions with the Union Pacific a pool, would you?

Mr. COHEN. We will withdraw this paper, and see if we cannot get some more definite information.

Commissioner ANDERSON. The company withdraws the statement so as to get further information on the subject from the officer who prepared it.

Mr. COHEN. We will call Mr. Gray here, and see what he has to say about it.

Q. What else have you?—A. I have a statement showing the amounts of the capital stock issued, and exhibiting the disposition of the same.

The paper was marked "Exhibit No. 7, August 16, 1887," and is as follows:

Central Pacific Railroad Company, statement of amounts of capital stock issued, showing disposition of same.

Issued under subscription, on account of salaries and services, &c	$1,999,703.32	
Issued on contracts, Sacramento to Promontory Point	38,473,696.68	
		$40,473,[illegible]
Issued under consolidation:		
To Western Pacific R. R. Co	7,900,000.00	
California and Oregon R. R. Co	1,829,8[illegible].00	
San Joaquin Valley R. R. Co	30,500.00	
S. F., O. and A	760,300.00	
		10,520,[illegible]
Issued to Contract and Finance Co:		
Account construction, C. & O. R. R	1,281,500.00	
Account construction, S. J. V. R. R	2,000,000.00	
		3,281,500.00
Sold in New York		5,000,000.00
Issued to Pacific Improvement Co:		
Account construction, C. & O. division		8,000,000.00
Held in trust for company by C. A. Huntington, agent		724,500.00
		68,000,000.00

Commissioner ANDERSON. In reference to this paper, can you not furnish the dates, or the approximate dates, at which the issues of stock took place?—A. You have a detailed statement of all that, which was filed in one of the statements furnished by Governor Stanford. This is simply an accounting for the $68,000,000 in a condensed form.

CONSOLIDATED STOCK ISSUED TO BRANCH LINES, STOCKHOLDERS.

Q. Do you know to whom the stock was issued for the branch roads that were taken in under the consolidation of 1870?—A. That was issued to the holders of the stock of those branch roads.

Q. Do you know, as a matter of fact, whether it was issued to the holders directly or to the Contract and Finance Company?—A. It was issued to each holder when he surrendered his certificates in the old and took certificates in the new company, from time to time. It was not issued at one time by any means.

Q. As a matter of fact did they not transfer the stock so received by them to the Contract and Finance Company?—A. No.

Q. Can you give us no information about that?—A. No more than you have got in your statement. It gives the detail of every issue of stock.

CONTRACT AND FINANCE COMPANY A LARGE HOLDER OF BRANCH LINES' STOCK.

Q. It does not show how the stock got into that company. Governor Stanford's evidence is that the Contract and Finance Company divided about thirteen millions of stock.—A. They were large holders of the stock of the Western Pacific, and of the California and Oregon.

Q. Do you say that the Contract and Finance Company were large holders of the stock of the Western Pacific Railroad, and of the California and Oregon?—A. Yes, sir; at the time of the consolidation.

Q. And of the San Joaquin?—A. Yes, sir; also of the San Joaquin.

Q. And of the San Francisco, Oakland and Alameda?—A. As to the last one I do not know whether they held any stock or not.

By Commissioner LITTLER:

Q. What is your reply to the next call?—A. My next statement is in response to a call made on Colonel Crocker for a statement of securities in the sinking funds of the Central Pacific Railroad Company.

STATEMENT OF CENTRAL PACIFIC SINKING-FUNDS' SECURITIES.

By Commissioner ANDERSON:

Q. The paper which you now present to us represents the present condition of the sinking funds, does it?—A. Yes, sir.

Q. Does it show the proportion applicable to each mortgage?—A. No, sir; that is kept pro rata only.

Q. We desire to know how much of these securities appertain to the different mortgages; can you tell us?—A. They show very clearly, as nearly as possible, by the annual reports. Our last annual statement or report shows that.

Commissioner ANDERSON. You have not furnished us with a copy of the report of 1886 yet.

The WITNESS. It has not been got out, because Governor Stanford has not had the time to revise the proof of his report.

Q. How has the difference between the total as stated here and the total as stated in your report of 1886 occurred?—A. There was probably some accrued interest collected on these bonds.

Q. And were there additional payments?—A. There would hardly be any additional payments. It ought to include the payments of December 31.

BONDS OF SOUTHERN PACIFIC OF NEW MEXICO.

Q. In your judgment are the bonds of the Southern Pacific of New Mexico as valuable as the bonds of the Southern Pacific of California?—A. In the market they are not, probably; but I think they are just as well secured, and are as good an investment.

Q. Has the Southern Pacific of New Mexico earned sufficient to meet its fixed charges without calling on any other portion of the system for aid?—A. I believe it does; at any rate it is leased now to the Southern Pacific Company, which has to pay the interest on the bonds.

Q. Do you mean the Southern Pacific of Kentucky?—A. Yes, sir.

Q. But of what value is that guarantee?—A. It is perfectly good, I think.

Q. Is not the title, or the interest of the Southern Pacific of Kentucky in all this property, subject as to each division to the mortgages on that division?—A. I presume so, because it owns the stock of all these companies. It practically owns the whole of it.

Commissioner ANDERSON. Suppose the New Mexico Division should fail to earn its fixed charges and the other divisions should decline to contribute.

The WITNESS. The other divisions would have nothing to say about it. The Southern Pacific of Kentucky would have to pay.

Commissioner ANDERSON. The bondholders of the other divisions, I mean.

The WITNESS. They would have nothing to say about it.

CANNOT DEFAULT.

Q. If there should be default in the interest of any one of these divisions, would not the bondholders of such a division have a right to foreclose and take it out of the system?—A. But they cannot default as long as the Southern Pacific of Kentucky makes earnings enough to pay the interest on all those bonds. There cannot be default, for they pay the interest on those which earn no money as well as those that earn large amounts of money.

BONDS OF SOUTHERN PACIFIC OF KENTUCKY.

Q. Take the whole system of the divisions as represented in the Southern Pacific of Kentucky; do they show more than the gross aggregate of the fixed charges?—A. Something more; yes, sir.

Q. Do you know the total amount of bonds issued on the New Mexico division?—A. No, sir; I cannot tell now.

Q. When were these bonds acquired for the sinking fund?—A. At different times. I cannot give you the dates. I supposed you were going to take that and come down and see the bonds themselves and investigate it. I have a statement in the secretary's office showing all that.

Q. Are these bonds quoted in the market, either in New York or here?—A. Part of them are quoted in New York. I do not know whether all of them are or not.

Commissioner ANDERSON. I mean the New Mexico division.

The WITNESS. I do not know. They are worth more than par here now.

BONDS OF GALVESTON, HARRISBURG AND SAN ANTONIO ROAD.

Q. Where is the Galveston, Harrisburg and San Antonio Railroad?—A. It is in Texas.

Q. Is that a part of the Sunset route?—A. Yes, sir.

Q. Are those bonds listed on the market?—A. I do not know that.

Mr. COHEN. Yes, they are listed.

Commissioner ANDERSON. About what is their quotation?

Mr. COHEN. I think over par, but you can tell by looking at the last quotation in the New York Herald.

Q. Will your statements show the period at which all these bonds were acquired?—A. Yes, sir.

Q. Do you desire to state what these bonds would bring at their present value?—A. That is what I was trying to get at.

Mr. HAYMOND. It is an important proposition, as it goes to the question of the redemption of the bonds. If we had a sinking fund large enough to pay them all in full, it would greatly facilitate the labor of the Commission.

The CHAIRMAN. We desire you to state what these securities would bring at their present value.

The WITNESS. They would bring considerably more than par.

The paper was marked "Exhibit No. 8, August 16, 1887," and is as follows:

[Central Pacific Railroad Company, Treasurer's Office, Fourth and Townsend streets.]

SAN FRANCISCO, *August* 15, 1887.

Statement of securities in the sinking funds of the Central Pacific R. R. Co.

35 bonds Central Pacific R. R. Co., first mortgage, 6 per cent. interest, par value	$35,000
1 bond Western Pacific R. R. Co., first mortgage, 6 per cent	1,000
2 bonds San Joaquin Valley R. R. Co., first mortgage, 6 per cent	2,000
80 bonds California and Oregon Division C. P. R. R. Co., first mortgage, 6 per cent	80,000
3,811 bonds "Central Pacific mortgage of 1936," 6 per cent. interest	3,811,000
3,535 bonds Southern Pacific R. R. Co., of New Mexico, first mortgage, 6 per cent	3,535,000
992 bonds San Pablo and Tulare R. R. Co., first mortgage, 6 per cent	992,000
103 bonds Los Angeles and San Diego R. R. Co., first mortgage, 6 per cent.	103,000
1,343 bonds Galveston, Harrisburg and San Antonio Ry., first mortgage, Western Division, 5 per cent	1,343,000
Total	9,902,000

These nine thousand nine hundred and two bonds cost the sinking funds $9,128,917.

THE CALIFORNIA LAW AS TO RAILROAD SINKING FUNDS.

Commissioner ANDERSON. What is the provision of law in regard to sinking funds for railroad mortgages in California?

Mr. HAYMOND. Simply that they shall provide for a sinking fund.

Commissioner ANDERSON. Is there no provision about the amount?

Mr. HAYMOND. No, sir; it is simply that they shall fix a sinking fund, whether they make it one dollar or a thousand.

Q. What provision is there in the mortgage prior to the Government lien?—A. That is set out in the annual report, requiring a certain amount to be set apart each year. In some instances we set apart $25,000 a year, in some instances $50,000, and in some $100,000, but there is no fixed percentage.

Mr. HAYMOND. Our sinking fund laws do not amount to much.

Commissioner ANDERSON. I know the first amount set apart for these mortgages was stated to be $105,000.

The WITNESS. The Commission will find the figures fully set forth on page 25 of the secretary's report of December 31, 1886. The report is not yet published, but we have proof-sheets of those figures.

The paper was marked "Exhibit No. 9, August 16, 1887," and is as follows:

No. 2.—*Funded debt in detail, December 31, 1886.*

Character of bonds.	Series.	Date of bonds.	Amount of bonds authorized.	Amount of bonds outstanding.	When due.	Rate of interest.	Interest payable.	
California State aid	.....	July 1, 1864	$1,500,000	$284,000	July 1, 1884	7 per cent.	January and July ..	
Central Pacific:								
First mortgage	A	July 1, 1865	3,000,000	2,995,000	July 1, 1895	6 per cent.	....do	A, B, C, D. Sinking fund commencing 1870. $50,000 yearly.
Do	B	July 1, 1866	1,000,000	1,000,000	July 1, 1896	...do	....do	
Do	C	July 1, 1866	1,000,000	1,000,000	July 1, 1896	... do	....do	
Do	D	July 1, 1866	1,390,000	1,383,000	July 1, 1896	...do	....do	
Do	E	Jan. 1, 1867	4,000,000	3,997,000	Jan. 1, 1897	...do	....do	
Do	F	Jan. 1, 1868	4,000,000	3,999,000	Jan. 1, 1898	...do	....do	E, F, G, H, I. Sinking fund commencing 1872. $50,000 yearly.
Do	G	Jan. 1, 1868	4,000,000	3,999,000	Jan. 1, 1898	...do	....do	
Do	H	Jan. 1, 1868	4,000,000	3,999,000	Jan. 1, 1898	...do	....do	
Do	I	Jan. 1, 1868	3,525,000	3,511,000	Jan. 1, 1898	...do	....do	
Western Pacific:								
Old issue	.....	Dec. 1, 1865	.....	111,000	Dec. 1, 1895	...do	June and December.	See note A.
First mortgage	A	July 1, 1899	1,970,000	1,859,000	July 1, 1899	...do	January and July ..	Sinking fund commencing 1876. $25,000 yearly.
Do	B	July 1, 1869	765,000	765,000	July 1, 1899	...do	....do	
California and Oregon, first mortgage	A	Jan. 1, 1868	6,000,000	6,000,000	Jan. 1, 1888	... do	....do	Sinking fund commencing 1876. $100,000 yearly.
Central Pacific, California and Oregon Division.	B	Jan. 1, 1872	7,200,000	5,800,000	Jan. 1, 1892	...do	....do	
San Francisco, Oakland and Alameda ..	.....	July 1, 1870	1,500,000	687,000	July 1, 1890	8 per cent.	....do	Sinking fund commencing 1880. $100,000 yearly.
San Joaquin Valley Railroad	.....	Oct. 1, 1870	6,060,000	6,060,000	Oct. 1, 1900	6 per cent.	April and October ..	Sinking fund commencing 1880. $50,000.
Land Grant:								
First mortgage	.....	Oct. 1, 1870	10,000,000	4,570,000	Oct. 1, 1890	...do	....do	Bonds redeemed with proceeds of land sales.
Second mortgage	.....	Oct. 1, 1885	10,000,000	5,000,000	Oct. 1, 1915	...do	....do	
Fifty-year bonds of 1886	.....	Oct. 1, 1886	16,000,000	1,373,000	Oct. 1, 1936	...do	....do	Land sales, and from 1895 a sinking fund of $50,000 a year.
Income bonds	.....	May 1, 1878	6,000,000	3,285,000	May 1, 1888	8 per cent.	May and November.	10 per cent. yearly, commencing in 1879.
			92,930,000	61,697,000				

NOTE A.—One hundred and eleven Western Pacific bonds, series "A," are reserved by the company unsold, to take up or exchange for the 111 bonds of issue of December 1, 1865, still outstanding.

E. H. MILLER, Jr., *Secretary.*

By Commissioner LITTLER:

Q. Have you any more answers to calls?—A. No, sir.

BONDS OF SAN FRANCISCO.

By the CHAIRMAN:

Q. Can you inform the Commission whether the bonds of the city and county of San Francisco, at the time of their disposition sold for less than par, and if so, how much under?—A. The amount received in bonds was $400,000, of which 315 were sold at $751.60 each, amounting to $236,754; 85 of them were paid out, at par, for rolling-stock, &c., making $85,000.

COST OF COLLECTING THESE BONDS.

By Mr. COHEN:

Q. Have you any estimate to the cost to the Central Pacific Railroad Company of collecting those bonds from the city and county of San Francisco, in the way of legal expenses, costs of law-suits, &c.?—A. It was a very large cost; not much less than $100,000.

RATE OF INTEREST.

By the CHAIRMAN:

Q. What was the rate of interest on the bonds?—A. Six per cent., I think.

Q. Seven per cent., I think. Will you ascertain that?—A. Yes, sir.

Mr. COHEN. The statute shows that.

Q. Do you know what portion of them has been redeemed?—A. No, sir; I think I saw an advertisement a few days ago in the paper that there were some funds on hand to redeem them.

THE CONTRACTS FURNISHED.

By Commissioner ANDERSON:

Q. Have you furnished all the construction contracts which you have found?—A. Yes, sir.

Q. Have you all the pool contracts?—A. All that I could find; I think there were three.

By the CHAIRMAN:

Q. Did the contracts that you furnished with reference to pools represent all the pools that the company was in?—A. No, sir; I understand not. I think at the time that I furnished those I said there were probably some others not in my possession.

Q. Have you furnished a complete printed copy of the mortgages?—A. You had them here one day; I do not know what disposition was made of them.

STATEMENT RELATING TO LAND ENTRIES.

Q. Does this statement show the land entries paid for by the Central Pacific, and the locations of the lands?—A. Yes, sir.

Mr. HAYMOND. Mr. Mills has given you all that.

Commissioner ANDERSON. Mr. Mills stated that he could not give that.

Mr. NORRIS. Mr. Mills had nothing to do with any land, excepting that which was included within the land grant. These were lands acquired for coal and for other purposes.

UNANSWERED CALLS.

By Commissioner ANDERSON:

Q. I will furnish you a statement of the few calls that are still unsatisfied. Have you the minutes of the boards of directors of any of the leased roads other than those which you have furnished to us?—A. Yes, sir; I have one of the San Joaquin Valley that has got one entry in it, or two. One is the articles of association, and one a set of resolutions of the board of directors. They are in a little book about 6 inches long and 3 inches wide.

Q. Have you the minutes of the San Pablo and Tulare Railroad?—A. No, sir.

Q. Have you the minutes of the Northern Railway?—A. No, sir.

Q. Have you the minutes of the California Pacific?—A. No, sir.

Q. Do you know where either of these books of minutes can be found?—A. I think they can be found in the offices of the secretaries of the respective companies.

Q. Are they not all together—located now in one office?—A. No, sir; I believe not. They are all at Fourth and Townsend streets, however.

Q. Who is the secretary of those respective companies?—A. W. V. Huntington is the secretary of two of them, and probably of all three.

Q. Who has charge of the minutes of the constituent companies that were formed into the San Francisco, Oakland and Alameda Railroad?—A. I do not know.

Q. What are the names of those constituent railroads?—A. They were the San Francisco and Oakland and the San Francisco and Alameda.

Q. Do you know where those books of minutes are?—A. No, sir.

Commissioner ANDERSON. Do you, Mr. Cohen?

Mr. COHEN. I do not. The secretary of the Central Pacific ought to have them.

CONSTRUCTIVE MILEAGE AND RATES TO BRANCH ROADS.

The WITNESS. The secretary of the Central Pacific has not got them.

Q. Was there not a call for constructive mileage and rates allowed to branch roads?—A. Yes, sir; and there was a long statement in relation to constructive mileage filed by Governor Stanford.

Q. My question is, have you prepared a statement of constructive mileage and rates allowed to branch roads?—A. Yes, sir; it was filed with the Commission in reply to a question. It was brought in by Governor Stanford.

Q. Did it form a part of Governor Stanford's answer?—A. Yes, sir. There was 50 per cent. to one branch line and 100 per cent. to another, and it stated the time during which they were allowed it, and then there was a statement of the result.

Q. Mr. Wright was asked to prepare a statement of the actual net earnings of the Central Pacific Railroad Company from 1880 to the date of the lease in 1885 to the Southern Pacific, and also a statement of the net earnings received by way of rentals since the date of such lease to the present time, to enable us to compare the relative advantages of the two methods of operations. Have you prepared such a statement?—A. I attempted to prepare such a statement, but I could not make one quite satisfactory to myself, because I did not comprehend the question.

Commissioner ANDERSON. I would state in explanation that the object of the question was to enable us to determine by an actual comparison of the figures whether the arrangements which existed prior to the lease of 1885 produced, on the whole, after all deductions, a more or a less favorable result than the result which has been attained under the lease of 1885.

Mr. COHEN. You are leaving out a great many considerations as to the amount of business that would be done before and afterwards. That would mislead you in the statement that you ask for.

Commissioner LITTLER. We will be satisfied with the statement if you furnish it.

THE LEASES PROFITABLE TO THE CENTRAL PACIFIC.

The WITNESS. Certainly, the leases held by the Central Pacific were profitable to the Central Pacific, and it made more earnings while it held those leases than it has made since. In this connection I will say that the Government officers in the first place found a great deal of fault with the Central Pacific, first, for leasing the roads, and since it canceled the leases they still find fault with us for canceling them. They would not settle with us for those earnings while they were leased to the Central Pacific, and now they will not when they are not leased.

Commissioner ANDERSON. I want to ascertain the net profits before 1885 and the net profits after 1885.

The WITNESS. The net profits from 1880 to 1885 are shown in our annual reports so far as I can give them to you, and I should simply make a statement from the annual reports.

Commissioner ANDERSON. You were asked to produce a statement showing whether, as to any of the leased lines operated by the Central Pacific prior to April 1, 1885, the rent paid by the Central Pacific exceeded the net earnings derived from the leased lines.

The WITNESS. That was answered by Mr. Wright. It showed that there were instances where the rentals paid were more than the earnings when the earnings were made up on a strict pro rata mile basis.

Mr. COHEN. But the general result was favorable to the Central Pacific.

The WITNESS. Very largely.

CERTAIN STATEMENTS REQUESTED.

By Commissioner ANDERSON:

Q. Copies of all printed blanks were asked for. Have they been furnished?—A. I understand so. They have been put up for a long time and ready to be sent to you.

The CHAIRMAN. I think they are here.

Commissioner ANDERSON. There was a call for a statement for 1884, showing the gross percentage of earnings received from pools and the passenger earnings from ordinary business. Was that included in the paper which you have withdrawn to-day?

The WITNESS. I presume so.

Commissioner ANDERSON. We want the same statement as to freight.

The WITNESS. Do you want it segregated? It would take me a great deal longer to segregate freight and passenger earnings than to give them all in one statement.

The CHAIRMAN. The act of Congress calls for them separately, and I would prefer to have them segregated, to show how much of your

business was freight and how much was passengers. We want to distinguish between the two, and the only way we can do it is to separate your income from freight and your income from passengers. The purpose of Congress in inserting this thirty-ninth section was to get those amounts separately.

Mr. HAYMOND. We will endeavor to answer it.

Commissioner ANDERSON. The next calls have been answered.

METHOD OF COMPUTING GROSS EARNINGS.

Commissioner LITTLER. Mr. Miller, I will ask you a question or two now. From the statement furnished to this Commission by Mr. Wright, your auditor, it appears that the gross receipts, as distinguished from the gross earnings, of 1884 were $28,977,877.14. It also appears from the annual report of the company for 1884 that the gross earnings proper were $22,166,106.26. We find from an examination of your rebate and overcharge books that for that year you paid out $1,060,000. There is, as you perceive, a large discrepancy between the first and second figures. I will ask you to explain this discrepancy, and to state to the Commission what sums of money you deduct from your gross receipts before you ascertain and declare your gross earnings.

The WITNESS. We deduct from them the amounts that we receive, the amounts that are due to other companies for transportation brought to us. For instance, we deduct the receipts for freight coming to San Francisco from New York and other Eastern points. We take all the earnings between San Francisco and Ogden and pay to the other companies the earnings east of Ogden. We do not consider their portion as any part of our net receipts, but they are a part of our gross receipts. In all such cases as that the deduction must be made.

THE DEDUCTIONS MADE TO ASCERTAIN GROSS RECEIPTS.

Q. What other items do you deduct from your gross receipts before ascertaining your gross earnings?—A. Nothing but the rebates, overcharges, &c., that I am aware of.

Q. Do you deduct your pool balances paid?—A. Yes, sir.

Q. Do you deduct all moneys received in due course of business from other railroads—for instance, the pro rata of tickets sold from here to New York? I suppose when you sell a ticket to New York you collect the entire fare here, do you not?—A. Yes, sir.

Q. Do you deduct those sums?—A. Yes, those sums that are due to other companies.

Q. What other sums do you deduct?—A. We deduct no other sums that I can think of now, but we add to our gross receipts, to arrive at gross earnings, the sums due us from other companies selling tickets to San Francisco. For instance, on the tickets they sell they owe us the fare from Ogden to San Francisco.

Q. I ask you what deductions you make in order to bring down this receipt column to balance your gross earnings column?—A. I do not think or know of any other now.

Q. Do you think that the several items mentioned, if eliminated from the gross receipts, would produce the $22,000,000 I have mentioned?—A. Yes, sir; I have no doubt about it.

Q. Would it be much trouble to ascertain and report to the Commission just what items were excluded from the gross receipts in order to determine the gross earnings?—A. It would be quite difficult to do that in detail, but in round numbers I could.

Q. Can you do it in round numbers?—A. Yes, sir; for that particular year.

Q. As I understand it, you can furnish the gross sum paid out under pool contracts and you can furnish the gross sum collected at this end of the line which has to be distributed to the several companies from here to New York. For instance, you can furnish the gross sum collected on the sale of through tickets. Now, what other items would go to make up this difference?—A. There would be very little else.

The CHAIRMAN. Rebates?

The WITNESS. Yes, sir; rebates and overcharges, and to obtain that I have to take off every account with every Eastern road. It is no slight labor.

Q. In other words, have you got to state an account between your company and the other companies with which you did business?—A. Yes, sir.

Q. Do you not exchange balance sheets, month by month, with these several companies?—A. Yes, sir.

Q. Would it be very much of a job to examine those balance sheets and foot them up for one year?—A. No, sir; but it cannot be done in one day.

Commissioner LITTLER. There is some little contrariety of opinion in the Commission as to this question, and I would like, and I know that the chairman would like, to know just how this is. You have from this until the 20th of September to do it.

The WITNESS. I cannot furnish such a statement by to-morrow.

EXPLANATION OF ENTRIES IN THE BOOKS.

Mr. HAYMOND. The question was asked yesterday as to the difference between the receipts of 1884 and 1885. There was a statement of the gross receipts for 1884 which amounted to about $28,000,000, and in 1885 it amounted to only $15,000,000.

The WITNESS. I cannot answer it entirely; I can answer it generally, but it would be better to put it to some other witness.

Mr. HAYMOND. Explain it as well as you can.

The WITNESS. Partly the reason is that in 1884 the gross receipts embraced the earnings of about 3,000 miles of road, and in 1885, or a part of 1885, there were embraced the earnings of only 1,400 miles of road.

Q. Was that after the date of the lease?—A. Yes, sir.

Commissioner LITTLER. It is the change in your book-keeping that makes that difference.

The WITNESS. Yes, sir. It is a change in the books, of course; but I see during the whole year 1884 these aggregate earnings of about $29,000,000 represent the earnings of about 3,000 miles of road, and in 1885 they represent the earnings of a great many less miles.

Q. You are keeping all the accounts now under the heading of the Southern Pacific Company, are you?—A. Yes, sir; the Southern Pacific Company. We, however, keep the books of the Central Pacific, but not what we call the operating books.

Mr. HAYMOND. Under the contract they are required to be kept.

By Commissioner ANDERSON:

Q. Calls were made upon Mr. Stubbs for a list of freight rates printed, and also a list of freight and passenger rates from year to year, and agreements with reference to special rates with particular shippers, and

a copy of the agreement with the Standard Oil Company. Has he reported those to you?—A. No, sir. I think in relation to the first that only the original sheets could be found.

WHO CONTROLS WHAT ROUTES FREIGHT SHALL GO BY.

Q. Do you know whether it is the practice of those who control the route over which freight is forwarded, in relation to the transportation of freight which entered into the pool contracts, when the percentage of your road is in excess of the proportion to which it was entitled under the pooling arrangement, to send portions of the freight by other routes in order to keep the equilibrium between the freight actually transported and the proportions to which the respective roads are entitled under the pool?—A. I do not know anything about the practice in that respect.

Q. Is that entirely under the control of Mr. Stubbs?—A. Mr. Gray and Mr. Stubbs, under the direction of the president and general manager.

Commissioner ANDERSON. We ask the secretary to furnish us with a statement of the amount of traffic diverted under pool agreements to or from the Central Pacific.

PRACTICAL OPERATION OF CENTRAL PACIFIC LEASE.

Commissioner LITTLER. One question on which I am not satisfied is whether this lease of the Central Pacific to the Southern Pacific of Kentucky is a good thing for the Central Pacific, and I direct your attention to that question in making your case. We want to see the practical operation of that lease.

Mr. COHEN. We will give it to you; we would have given that to you without your asking for it.

Mr. HAYMOND. It will take some years, perhaps, to thoroughly test and determine the question.

Commissioner LITTLER. You can compare one year's operation with the year immediately preceding.

The WITNESS. As controller of the Southern Pacific I can say this: that I have charge of all the accounts of that company; as secretary of the Central Pacific I have charge of all its accounts, and so far as the accounting is concerned the Central Pacific gets every dollar that it earns.

Commissioner LITTLER. I have no doubt of that, but I want this company to show to this Commission the practical effect of this leasing as compared with the earnings of the Central Pacific road during the last year it did business on its own account.

Mr. HAYMOND. Right in that connection you must bear in mind that at the time that lease was made it was intended at almost any sacrifice to complete the line to Portland, Oreg., and to bring that in as a feeder to the Central Pacific.

Commissioner LITTLER. That is a matter for you to consider and present.

The CHAIRMAN. We would like an answer from you gentlemen as to whether you are going to offer any testimony to-morrow. We do not expect to take up very much time. We want Mr. Stevens, Mr. Douty, and one other witness.

Mr. COHEN. We have some witnesses to examine.

The CHAIRMAN. Then there are the letters.

Commissioner ANDERSON. We received a letter from Mr. Carey as to whether the Commission desired to be present in court at the time of the hearing. We hold our session at 10 o'clock, and have made arrangements to examine witnesses, and we cannot well be in court at that hour.

Commissioner LITTLER. Do you want us there, Mr. Cohen?

Mr. COHEN. I asked Mr. Carey if he would stipulate that you would be there in case we wanted to examine you to supplement our answer in that case, or whether we should ask the court for process to compel your attendance. We have not determined yet what plan will be adopted, and therefore I could not say at this moment.

Commissioner ANDERSON. You had better first find out if you want us, and then we will determine whether we can accommodate you.

Mr. HAYMOND. Questions may arise on the record necessitating your attendance.

The CHAIRMAN. We agreed on the record, as I understood. Do you raise an issue of fact?

Mr. HAYMOND. No, sir; I do not think so.

Mr. COHEN. I thought we might want some evidence in the possession of the Commission which we have not.

The CHAIRMAN. You can notify us in the morning if you desire our attendance.

Mr. COHEN. Yes, sir. I was informed by Mr. Carey that he would probably make an application for a continuance on behalf of the United States.

E. H. MILLER, JR.

The Commission then adjourned to Wednesday, August 17, 1887, at 10 a. m.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Wednesday, August 17, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

Commissioner ANDERSON. I have here a paper prepared by Mr. Miller, which is a statement showing the bonds of the leased lines which have been guaranteed by the Central Pacific Railroad Company.

The paper was marked "Exhibit No. 1, August 17, 1887," and is as follows:

Statement of bonds of leased lines guaranteed by the Central Pacific Railroad Company.

Name of road.	Miles of road.	Character of bonds.	Amount of bonds guaranteed.	Date of maturity of bonds.	Interest payable.
California Pacific R. R. Co.	[illegible]	Second mortgage, 6 per cent.	$1,600,000	Jan. 1, 1891	January and July.
California Pacific R. R. Co., "A."	.....	Third mortgage, 6 per cent.	2,000,000	July 1, 1905	January and July.
California Pacific R. R. Co., "B."	115.44	Third mortgage, 3 per cent.	1,000,000	July 1, 1905	January and July.
Stockton and Copperopolis R. R. Co.	49.	First mortgage, 5 per cent.	500,000	Jan. 1, 1905	January and July.
San Pablo and Tulare R. R. Co.	46.51	First mortgage, 6 per cent.	1,023,000	Apr. 1, 1908	April and October.
Northern Railway Co....	153.63	First mortgage, 6 per cent.	3,964,000	Jan. 1, 1907	January and July
	364.58		10,087,000		

The guaranty for the San Pablo and Tulare R. R., as stated in the lease, also provided that bonds on the extension of this road should be guaranteed by the C. P. R. R. Co., not to exceed $25,000 per mile of road. The San Pablo and Tulare R. R. extension is now in process of construction, but the C. P. R. R. has been relieved of the guaranty on it by the cancellation of the lease and the assumption of the obligations thereunder by the Southern Pacific Co., November 1, 1886.

The lease of the Northern Railway provides that the C. P. R. R. Co. shall also guarantee bonds on a second track from West Oakland to Port Costa, not to exceed $25,000 per mile of road. The C. P. R. R. Co. is released from this obligation by the cancellation of the lease on November 1, 1886, and the assumption of the obligations thereunder by the Sou. Pac. Co.

On November 1, 1886, the leases of the California Pacific Railroad, the San Pablo and Tulare R. R., and the Northern Railway were cancelled and the obligations thereunder assumed by the Southern Pacific Co.; that company agreeing also to indemnify and hold harmless the Central Pacific R. R. Co. against any liability arising out of the guaranty of bonds made by such leases.

The Stockton and Copperopolis R. R. is still leased to and the bonds are guaranteed by the Central Pacific R. R. Co.

The dates of the guaranties are as follows:

Cal. Pac. R. R. Co., 2d mtge	August 19, 1871
Cal. Pac. R. R. Co., 3d mtge	July 1, 1876
Stockton and Cop. R. R. Co	Dec. 30, 1874
San Pablo and Tulare R. R	July 1, 1884
Northern Railway	July 1, 1884

ENGINEER'S REPORT OF THE LOCATION OF THE CENTRAL PACIFIC FROM HUMBOLDT WELLS TO GREAT SALT LAKE.

Mr. COHEN. I offer the engineer's report of the location of the Central Pacific Railroad from Humboldt Wells to Great Salt Lake, dated January 10, 1867.

Paper introduced in evidence, and marked "Exhibit No. 2, August 17, 1887:"

ENGINEERS' OFFICE, C. P. R. R.,
Sacramento, Jan'y 10, 1867.

To the President and Directors C. P. R. R. of Cal.:

GENTLEMEN: On the 11th of August last, the following instructions were transmitted to Mr. Butler Ives, assistant engineer in charge of reconnoissance and preliminary surveys in Nevada and Utah, he having been previously engaged on the surveys of the Central, or Austin route from Big Bend of the Truckee to Salt Lake, to which advance was made in my report of Dec. 18th, 1866:

"If in your opinion you can safely undertake the trip at this season of the year, you will, as soon as you can refit your party, return to the Humboldt Wells via south end of Great Salt Lake, south end of Pilot Peak Mts., and Humboldt Pass, or any other practicable route you may find in the vicinity of the one indicated, making all necessary surveys to determine the practicability of the route for the construction of a railroad. I have always been of the opinion that a practicable pass through the East Humboldt range could be found north of the Humboldt Pass, having a distinct recollection of the profile of that range as seen from the vicinity of Thousand Spring Valley and Humboldt Wells.

"I am of the opinion that with the exception of the East Humboldt range, Pilot Peak range, and Cedar Mountains, you will find nearly an open country upon the route indicated, &c.

"Mr. BUTLER IVES,
"*Asst. Engr. C. P. R. R., Great Salt Lake City.*"

On the 14th of September, additional instructions were transmitted to Mr. Ives as follows:

"After completing your reconnoissance and surveys of lines from Great Salt Lake Valley, via Pilot Peak to Humboldt Wells, you will at once proceed to make a reconnoissance of the country lying between the head waters of the Humboldt River and the north end of Salt Lake; extending your examination as far north as Thousand Spring Valley, Goose Creek Valley and Mts., and City of Rocks, and if possible as far south as Pilot Peak; making such surveys as may be necessary to determine the practicability of a railroad route between the terminal points named. It is desirable if possible to avoid the long detour via the old Emigrant route, and I trust that your

examinations may result in the discovery of a more direct line from Humboldt Wells to the northern extremity of Salt Lake. I have directed Mr. Epler to report to you, and desire you to take general charge of the survey, so disposing of both parties that the work may be carried on to the best advantage.

"To Mr. BUTLER IVES,
"*Asst. Engr. C. P. R. R., Humboldt Wells.*"

Also upon Sept. 14th, the following instructions were sent to Mr. William Epler:

"Presuming that upon the receipt of this you will have resumed your work of reconnoissance upon the Upper Humboldt, you will continue such reconnoissance and surveys in accordance with the general instructions heretofore given until you meet Mr. Ives, when you will immediately report to him for instructions regarding your further work."

"To WM. EPLER,
"*Asst. Engr. C. P. R. R., Humboldt Wells.*"

In accordance with the foregoing instructions, Mr. Ives made an examination and survey of a line from Great Salt Lake City to Humboldt Wells, near which place he was joined by Mr. Epler, and proceeded to an examination of a route running north of Pilot Peak to north end of Salt Lake City. For convenience the different routes surveyed will be described as having their initial points at the Humboldt Wells.

First. Line running south of Pilot Peak and south end of Great Salt Lake.

Second. Line via Thousand Spring Valley, Goose Creek, Raft River Valley, and Pilot Springs to Bear River and Salt Lake Valley.

Third. Line running easterly from Humboldt Wells via North Pass of Pequop and Toano Mts., North point of Ombe Mts., Red Dome Pass and north end of Salt Lake to Weber Cañon.

The first-mentioned route, designated by a red dotted line on the map, bears nearly south from Humboldt Wells for eight (8) miles with a grade of 25 ft. per mile over a gently rolling sage plain and over the summit of a smooth divide to the head of Clover Valley.

Thence descending along the west side of the valley for fifteen (15) miles with a grade of 13 ft. per mile; thence for fourteen (14) miles, with a nearly level grade over a rolling sage plain, to the western base of the Pequop Mts.; thence up the western slope of these mountains rising 520 ft. in two and one-fourth (2¼) miles to the summit of the pass where Hastings' road crosses this range.

On either side of this pass the mountains rise into a high and extremely rugged range, extending to the north some thirty-four (34) miles (to a pass through which the northern route runs,) and south to the Gashute Passage.

The altitude of this pass is 6,200 feet above the sea. Following the lowest line of descent to the east one and one-fourth (1¼) miles to the eastern base of the mountains we descend 450 ft. and thence over a gradually sloping sage plain eastward to the Gashute Desert.

A railroad line through this pass would have to be carried along the mountain slopes to the north which are deeply cut by gulches and cañons and would involve grades fully up to the maximum allowed by act of Congress; and work of a very expensive character for twelve (12) or fourteen (14) miles. Descending the foot-slope at the eastern base of the mountains the line crosses the Gashute Desert in a N. E. direction fourteen (14) miles to the western base of the Toano Mts.

This desert is an extensive sage and greasewood plain (with a light loamy soil) varying in width from ten (10) to twenty (20) miles, and extending north to the north pass of the Toano Mts., and south to the Wachoi Mountains connecting the S. E. with Antelope and to the S. W. with Steplot Valley.

The ascent to the middle pass of the Toano Mts. is made in three (3) miles over a smooth sage plain, the rise being 170 feet. To the east of this summit the plain descends gradually one and one-fourth (1¼) miles, to the head of a narrow rocky ravine with broken hills rising about one (1) mile to the south, to the base of Steep Mts.; about one (1) mile down the ravine is a small spring of good water issuing from the granite rock. This is the only spring found in this range of mts. either north or south, and the only point where granite rocks were noticed on the whole western border of the Great Desert, the mountains north and south being limestone with some shales and slates.

From the summit to the eastern base is a distance of four (4) miles in a nearly due east line, following the ravine and Hastings' road with a descent in that distance of 750 ft.

Whence a gently rolling gravelly foot-slope descends uniformly for five (5) miles in the same direction with a fall of 700 ft. and thence over a smooth plain to the salt flats of the Great Desert, making a total descent from summit of pass 1,577 ft. in thirteen (13) miles and giving a difference of altitude between the Gashute Desert and the Great Desert of 1,300 ft. These deserts have heretofore been represented as

having about the same altitude. A railroad line through the last-named pass would have to be carried to the south along the eastern slope of the Toano Mts. for eight (8) or ten (10) miles, crossing numerous rocky spurs and ravines, and one deep cañon.

Thence descending along the foot-slopes to the west end of the Barren range S. E. of Pilot Peak, a distance of twelve (12) miles from the summit will require grades of from 90 to 100 ft. per mile and will involve much heavy work.

Thence to the western margin of the Great Desert, a distance of twenty (20) miles, the line passes with a light grade over rolling hills to a low pass in the main eastern spur of the Toano Mts. This pass is 250 ft. above the desert, and the line passes thence along the south slope of the mountains (crossing several heavy rocky spurs) four (4) miles to the western margin of the desert; skirting which for a distance of four (4) miles, it crosses a point of the mud plains six (6) miles in an easterly direction to the south end of an isolated rocky ridge rising like an island from the surface of the plains; thence bearing east by south for twenty (20) miles across the salt-mud flats of the desert.

This is the narrowest place at which these flats can be crossed north of the Granite Mountains; and it is extremely doubtful whether a railroad can be built across them without piling.

Of these flats Mr. Ives, in his report, says:

"The soil, which is of a marly nature, forms, when wet, a sticky impalpable mud, and was evidently deposited at the bottom of a deep sea.

"It is thoroughly impregnated with salt, and in dry seasons the surface becomes sufficiently hard for teams with light loads to pass over it, but when wet it is impossible for animals and difficult for persons to walk upon it.

"Salt water and mud is found a few feet below the surface at all seasons, and I am doubtful whether a road can be carried across, except upon piling."

Captain Stansbury, in his report to the War Department, in 1852, gives a similar account of these mud plains.

From the eastern margin of the desert it is about six (6) miles over a level Artesian plain to the north end of a low volcanic ridge rising like a rocky island from the desert. There are several of these ridges extending for thirty (30) miles south, and are from 200 to 1,000 ft. in hight. Passing these ridges the line skirts the eastern margin of the desert for about twenty (20) miles, thence ascending the rocky slope of the mountains bordering the western shore of Salt Lake with grades of 80 ft. per mile, for five (5) miles to the summit, which is a smooth sandy divide connecting the south end of this range with the west base of the Cedar Mts.

From the summit the line follows the north slope with a nearly level grade for four (4) miles, striking the northwest point of the Cedar Mts.

This portion of the line will be expensive, as the cuttings will be heavy and mostly in rock.

Thence via Skull Valley and north end of Onaqui Mts., Tuilla Valley, and north end of Oquirrh Mts. to Salt Lake City and along the base of Wasatch Mts. to Weber Cañon, no formidable difficulties are met.

Mr. Ives, in his report, says:

"The principal difficulties encountered upon this route are: The descent from the summit of the Toano Mts. to the desert plains (nearly 1,600 ft.) requiring maximum grades and heavy work.

"The crossing of the mud flats of the desert (about twenty-five (25) miles) and the scarcity of fresh water along the whole route, passing as it does through the most sterile portion of the Great Basin.

"From the summit of the Toano Mts. to the Tuilla Valley, a distance of one hundred (100) miles, there is no fresh water to be found along or near the line."

No portion of the country between Clover and Tuilla Valleys is, or ever can be, susceptible of cultivation or settlement. It is an inhospitable, barren waste, unfit alike for the wants of civilized or savage life.

The following is a brief description of the northern line via Goose Creek and the City of Rocks, &c., surveyed by Mr. Epler. The line from Humboldt Wells to Thousand Spring Valley had been surveyed by Mr. Ives and Mr. Buck, both of whom reported favorably regarding the character of the work involved, but adversely in regard to grades, it being found impracticable to carry a line across the divide between the headwaters of the Humboldt and Thousand Spring Valley without resorting to the use of the maximum grades allowed by act of Congress. Of his examination, Mr. Epler says:

"From my initial point in Thousand Spring Valley, which coincides with Mr. Ives' barometer station 272, to the plateau between Rock Spring Valley and the waters of Goose Creek the route (running in a northeasterly course) is direct and in every respect favorable, and will not require a grade exceeding 48 ft. per mile. Thence crossing this plateau in the same direction for a distance of about eight (8) miles our line skirts the base of the upper spur of the Goose Creek Mts. and is deflected to the left and thence runs nearly north for six (6) miles over a heavy mountain country, re-

quiring very expensive work, to the source of one of the tributaries of Goose Creek.

"Thence down the valley of this stream to its confluence with Goose Creek a very favorable route was found, with grades not exceeding 40 ft. per mile."

Mr. Epler's surveys were extended down the valley of Goose Creek to the Snake River sage plains; but finding no outlet through the mountains to the eastward, he returned to the point above mentioned and carried his line thence over the Goose Creek range.

"After reaching Goose Creek the line follows down the valley, which possesses an excellent soil and produces a strip of the finest grass from a few rods to one-fourth (¼) of a mile in width. The valley declines at a grade of about 30 ft. per mile. Goose Creek is about twenty (20) feet in width and one (1) foot in depth. The Goose Creek Mts. lie to the east and south of the valley, the lowest pass through the range having an altitude of 1,400 ft. above the valley, and a route through it would run to the Great Desert in the direction of Pilot Peak."

This line was therefore abandoned. Returning to the mouth of the tributary of Goose Creek (before mentioned) an examination was made of a line running thence easterly via Bible Butte to the source of a tributary of Raft River, thence via Summit Valley and Raft River Valley to Raft River Station on the old emigrant route.

This line, extending as it does for thirty-three (33) miles through a very rough and elevated mountain district, would involve such an enormous expenditure for the construction of a railroad that it was unhesitatingly abandoned.

The pass through which the emigrant road crosses the Goose Creek range was also examined. This pass is 1,700 ft. above the valley and can only be approached with grades of 80 ft. per mile and work of the most formidable character.

The mountain side along which a line must be carried in approaching the pass is deeply furrowed by ravines and cañons; the intervening ridges being sharp and exceedingly rugged, requiring heavy cuts and numerous tunnels through hard trap, slate and limestone.

From the summit at Emigrant Pass, a line of more formidable character was obtained, but the difficulties of ascending the western slope are so great that the line may be pronounced impracticable. The result of our explorations and surveys in this direction may be briefly summed up as follows:

That from the Humboldt Wells a practicable route may be obtained to Thousand Spring Valley (by using grades of from 105 to 116 ft. per mile), and thence to the valley of Goose Creek with grades not exceeding 50 ft. per mile, but involving some ten (10) or twelve (12) miles of very expensive work.

From Goose Creek Valley there is no practicable pass through the mountains to the eastward, and a railroad line entering the valley at its source can only leave it by following the stream to its confluence with Snake River, which carries us too far north for a line running to Salt Lake Valley.

Mr. Epler's report contains much interesting information respecting his further explorations, but inasmuch as a superior route has been discovered running south of Thousand Spring Valley and north of Pilot Peak to Salt Lake, avoiding the heavy grades encountered by Mr. Epler and giving a more direct and less expensive line, a detailed account of all his surveys at this time is unnecessary. The route last referred to, which is indicated by a full red line upon the accompanying map, is more fully described below.

From the Humboldt Wells, which occupy the centre of a basin formed by the gentle foot slopes of the surrounding mountain ranges, the lines run in an easterly direction, and with a very light grade and easy work for five (5) or six (6) miles, thence along a smooth narrow valley for seven (7) miles with a grade of 70 ft. per mile, passing north of and entirely avoiding the East Humboldt range (which has formed a serious obstacle to the more southern lines), it attains the highest point reached north of the Big Bend of the Truckee; being 6,200 ft. above the sea and 585 ft. above Humboldt Wells. Thence with a descending and nearly uniform grade of six (6) ft. per mile for the thirty-four (34) miles through the North Pass of the Pequop Mts. and along the smooth slopes of a spur of the latter range to the North Pass of the Toano Mts.

But little expensive work will be required on this portion of the line, the material encountered being mostly the light gravelly loam of the sage plains with an occasional stratum of clay. From the summit of the Toano Mts. the line follows a smooth valley from one-eighth (⅛) to one-fourth (¼) of a mile in width to their eastern base, making the descent in about 17 miles, with a grade varying from 62 to 70 ft. per mile. Thence to Hot Springs Creek, which flows from Thousand Spring Valley and sinks in the Great Desert, the line passes with a gently descending grade over a smooth gravelly sage plain requiring very light work.

Several springs of good water are found in this vicinity a few miles north of the north end of the Ombe Mts., which terminate abruptly in precipitous basaltic bluffs 1,000 ft. in height.

From the above springs the line follows down a ravine bordering the above-named creek for three (3) miles, thence down a smooth open valley for seven (7) miles to the point of a low rocky ridge bordering the Great Desert. From the springs to this point the descent is about twenty (20) ft. per mile, and the work will be light.

From the summit of the North Pass of the Pequop Mts. to the Great Desert this route gives us a continuous descending grade, without any deflections for increase of distance, and the work is generally of a favorable character, but little rock cutting being necessary in the whole distance.

From the western margin of the desert the route bears E. N. E. across a smooth and nearly level greasewood plain, for twelve and one-half (12½) miles to the N. W. point of the mud flats (which run through the lowest portion of the desert and extend to the southward (120) one hundred and twenty miles, varying in width from twenty (20) to forty (40) miles).

They are more particularly referred to in the description of a line running south of Pilot Peak. The line was carried across a point of these mud flats, for a distance of five (5) miles, but they can be entirely avoided without any expensive work and but a slight increase of distance by skirting their northern margin, along the base of the Raft River Mts.

From the eastern margin of the mud flats the line crosses a slightly broken greasewood plain for six and one-half (6½) miles, to the S. E. point of a low rocky range of hills, thence along the western margin of the mud flats for about six (6) miles, thence bearing N. E. with a gradually ascending grade over a loamy sage and greasewood plain, and along the slope of some low terraced hills of trap formation, to the summit of Red Dome Pass.

The ascent from the desert to this pass can be made with grades not exceeding 40 ft. per mile, and with light work.

This pass is 530 ft. above the mud flats at north end of Salt Lake, and is a low divide in the cross range connecting the barren rocky range on the NW. shore of Salt Lake with the Raft River Mts.

These hills and mts. have their bases formed in successive terraces to an altitude of 600 or 700 ft. above Salt Lake. Apparently shore lines of a former sea. Many of the terraces are formed of beds of water-worn gravel, which retain their horizontal outline for long distances.

The descent from Red Dome Pass can be made with a grade not exceeding 70 ft. per mile for seven and one-half (7½) miles, but will involve some four (4) or five (5) miles of rock work, though not of a formidable character.

This rock work can be avoided and a cheaper line secured, though involving an increase of distance of some three (3) or four (4) miles, by bearing south from the pass and along the foot slopes of the mts. to the mud flats.

Thence skirting the margin of these flats for eight (8) miles, and crossing a gravelly sage plain to the south end of a barren, rocky range of mountains at the extreme northern end of Salt Lake. East of this point is another mud flat, across which the line was carried for a distance of two (2) miles, of which one-eighth (⅛) of a mile will probably require piling. The substratum of three flats is of a firmer material than those in the Great Desert, and, with the exception of the distance named, will easily support an embankment. From these plains to the summit of the pass through the Promontory Range the line passes over the lightly undulating foot slopes of that range, with grade not exceeding 53 ft. per mile, and but little expensive work.

This is a nearly level sage and grassy plain, with very high, rocky mountains to the south, bearing a scanty growth of cedar on their slopes.

North of the pass the mountains are low for five (5) or six (6) miles, forming a table-land which is terminated by high, rocky bluffs on the north. From the summit a smooth sage plain descends to the NE. about one and one-half (1½) miles to the head of a small ravine, which deepens into a rocky cañon one mile below.

The line can be carried along a bench on the south side of this cañon for a distance of about two (2) miles, and thence along the eastern slope of the Promontory Range to its base, a distance of about six (6) miles.

By using a grade of 70 ft. per mile but three (3) miles of heavy work will be required. The line here strikes the western margin of the clay barrens, extending north from Bear River Bay.

Skirting these barrens we pass along the eastern base of some limestone hills to Box Elder Creek, and thence along the southern base of the Malade River Mts. on a nearly level grade, and passing the north end of the mud plains, run thence in a straight line across smooth sandy plains (bearing excellent grass) to Bear River. The Malade River Mts. are a low, barren, and broken range of limestone, and extend northward between the Malade River and Blue Spring Valley. Crossing Bear River about two (2) miles below its confluence with the Malade, the line passes across a level plain two miles in width to Box Elder Creek, and thence one and one-half (1½) miles in a southeasterly direction, over a marshy flat, to the base of the foot-hills of the

Wasatch Mountains, near Brigham City. Thence following the base of the foot-hills to Ogden City, a nearly level profile can be obtained with very easy work.

Ogden City is situated on the east side of the Weber River, and thence the line follows the east bank of the river for five (5) miles, and then crosses to avoid the high clay banks which rise abruptly from the stream, and thence follows the opposite bank to the mouth of the Weber Cañon, distant from Ogden City ten (10) miles. The grade for this distance gradually increases from twenty (20) to fifty (50) ft. per mile. Weber Cañon, through which Weber River flows, is a narrow gorge through the Wasatch Mts., about three (3) miles in length, running in a nearly due west course.

The mountains are very high and precipitous, yet on either side of the stream a natural glacis, 50 to 150 ft. in width, partly covered with débris from the mts., affords ample room for the construction of a railroad, and, with the exception of one point, requiring a tunnel of 300 ft. in length through solid gneiss, no heavy work will be necessary. The river varies from 50 to 150 ft. in width, and falls, in three (3) miles (through the cañon), 278 ft., or 86 ft. per mile. The cañon proper extends but this distance, and there widens into a smooth open valley, the extent of which was not ascertained; in fact, the terminal point of our survey was made at the mouth of Weber Cañon, which we suppose to be also the terminal point of the surveys made by the Union Pacific Railroad Company from the east. Much to our regret we were unable to find any monument marking their line, and therefore extended our examination through the cañon.

Unless upon a final location of their road the U. P. R. R. Co. should approach Salt Lake Valley by some other route than the one via Weber Cañon, the route just described is undoubtedly the best one for your company to adopt, and it should be desirable to carry a line to the north of the Wasatch Mts., a good route can be had via Pilot Springs and Raft River Valley by diverging from the present line near the north end of Salt Lake.

The most apparent advantages of this route over all others examined, assuming the Humboldt Wells as the initial and Weber Cañon or Great Salt Lake as the objective points, are its directness (making the shortest distance of any practicable route), lower ruling grades, better alignment, and less expensive work.

It also entirely avoids the extensive mud flats crossed by the southern lines and is better supplied with water; good springs of fresh, living water being found at convenient intervals along the route.

There are also convenient points where water can be obtained from the mountains to the northward by bringing it a few miles in ditches or conduits.

More timber (much that is suitable for fuel and some that will make railroad ties) is found on the northern than on the southern route. Aside from the heavy mountain work already referred to, encountered on the southern line, the difficult and expensive nature of the work required to cross the mud flats in the Great Desert, requiring piling for a distance of twenty-five (25) miles, which is a country almost entirely destitute of timber, is a question of serious moment.

The transportation of timber and piles from the Sierras will not only be expensive, but unavoidably retard the work of construction.

In fact, the transportation of ties, for a supply of which we must depend largely upon the forests of the Sierras, together with iron and other materials for construction, in addition to the increased business that will accrue to your road as it progresses eastward, will severely tax the operating department if the work is pushed with rapidity. The accompanying table shows the comparative merits of the two lines in respect to grades and distance. The topography on a portion of the southern route has been necessarily omitted for want of time to complete our maps, but will be presented in full upon the detailed map which is now being made, and which will be accompanied by a full report.

It is impossible to overrate the importance of early action by your board upon this subject of location, and in recommending for your adoption the route herein described, as running north of Pilot Peak and north end of Salt Lake, I feel confident that our explorations and surveys have been sufficiently thorough to warrant me in according it the preference over all others. The knowledge of the topography of the Great Basin which our survey of the past year have furnished, though developing facts widely at variance with those heretofore supposed to exist, enable me unhesitatingly to recommend the route in question.

SAM. S. MONTAGUE,
Chf. Engr. C. P. R. R. of Cal.

Table showing comparative grades via North and South lines from Humboldt Wells to mouth of Weber Cañon, in Great Salt Lake Valley.

Grade per mile.	North line.	South line.
	Miles.	Miles.
0 to 25 feet	133¼	158
26 to 50 feet	35	37
51 to 75 feet	50¼	22
76 to 105 feet	None.	27
Total	219	242

Table showing ascent and descent of grades from Humboldt Wells to the mouth of Weber Cañon.

Stations.	Distance.	Difference in altitude.	Total rise of grade.	Total fall of grade.	Total rise and fall.
Humboldt Wells, mouth of Weber Cañon:	Miles.	Feet.	Feet.	Feet.	Feet.
Via North line	219	1,055	1,969	3,024	4,993
Via South line	242	1,055	2,032	3,179	5,211

REPORT OF CHIEF ENGINEER OF CENTRAL PACIFIC UPON THE LOCATION, CONSTRUCTION, AND EQUIPMENT OF THE ROAD.

Mr. COHEN. I also offer report of the chief engineer of the Central Pacific Railroad Company, dated July 1, 1869.

Paper introduced in evidence and marked "Exhibit No. 3, August 17, 1887":

ENGINEERS' OFFICES, C. P. R. R.,
Sacramento, July 1, 1869.

To the President and Directors of the Central Pacific R. R. Co. of California:

GENTLEMEN: In presenting a report at this time upon the location, construction, and equipment of your road, it may not be improper to review briefly the leading features of the work from its commencement.

In doing this frequent reference to, and a partial recapitulation of, former reports will be necessary.

In undertaking the construction of your road, which was to form an important link in the great overland route, the determination of the proper route across the Sierra Nevada Mountains was the first and most important question that presented itself for your consideration. The early explorations of the U. S. Government engineers while establishing the fact that a practical route for a railroad from the Missouri River to the Pacific Ocean could be obtained, were not of that detailed character necessary to determine the final location. The route recommended by them, leaving the Humboldt Valley near Lassen's Meadows and crossing the summit of the Sierra Nevada via the Madelin and Beckwourth Passes, and thence via the Feather River cañon to the Sacramento Valley, was deemed very objectionable: first, on account of the heavy and expensive character of the work involved in the construction of a road through the above-named cañon, and, secondly, the long detour to the northward, and the great distance which such a line must necessarily make in reaching the Humboldt Valley. With the view, therefore, of finding, if possible, a nearer and better route to the great basin, surveys under the auspices of your company were commenced by Mr. J. D. Judah in 1861. This may be said to have been the initiatory step, certainly the first active movement towards the construction of the Pacific Railroad.

The result of these surveys was the development of a line with maximum grades of 116 feet per mile, and curves of a minimum radius of 573 feet, that could be built at a cost but little exceeding the cost of several Eastern roads then in successful operation.

The favorable results of these surveys, a detailed account of which is given by Mr. Judah in his report of October, 1861, removed the doubts that had previously existed in regard to the practicability of crossing the Sierra Nevada, and fairly established

the fact that a transcontinental road could be built. But how it could be built through an uninhabited country for 1,700 miles with little or no prospect of the development of a paying local traffic was a financial question that seemed unlikely to receive a favorable solution by the establishment of private capital to a sufficient amount to insure the success of so doubtful an enterprise.

The national character of the proposed work, its importance as a connecting link between the older States of the Mississippi Valley and the Atlantic seaboard and the newer States of the Pacific Coast, the great facilities such a road would afford the Government for the rapid transportation of its mails, troops, and munitions of war, the development of the interior country which this long line must traverse, it was thought would entitle the enterprise to the favorable consideration af the Government. It was therefore determined to apply to Congress for such aid as would enable the company to negotiate its securities and commence at once the prosecution of the work.

With carefully prepared maps, profiles, and estimates of his surveys, Mr. Judah repaired to Washington in the fall of 1861, in accordance with the following resolution of your board passed Oct. 9th, of that year:

"*Resolved*, That Mr. J. D. Judah, the chief engineer of this company, proceed to Washington on the steamer of the 11th Oct. inst., as the accredited agent of the Central Pacific Railroad Company of California, for the purpose of procuring appropriations of land and U. S. bonds from Government, to aid in the construction of the road."

It is unnecessary to review here the history of the first Pacific Railroad. Mr. Judah in his report to your company after his return to California, in the summer of 1862 says:

"A brief statement of some of the advantages accruing to your road through its connections with the Pacific Railroad bill, recently passed, seems necessary, in order to realize its advantages and secure the benefits and public consideration to which it is justly entitled. The theory of the Pacific Railroad bill recognizes existing companies at either end of the road; while the central division or portion between the States of Kansas and California is committed to the supervision of a company created by act of Congress, deriving its existing powers from the bill itself.

Upon the eastern side, the right to construct the road, from the junction of the Missouri and Kansas Rivers, through Kansas, to the 100th meridian of longitude west from Greenwich, with all the grants, donations, etc., for about 350 miles, is given to the Leavenworth, Pawnee, and Western Railroad Company of Kansas.

The central division, or portion through the Territories of Nebraska, Utah, and Nevada, to the eastern boundary of California, a distance of about 1,300 miles, is given to the Union Pacific Railroad Company, a corporation created by act of Congress; while the construction of the western division, reaching from the eastern boundary of California to the navigable waters of the Sacramento River, or to the city of San Francisco, is assigned to the Central Pacific Railroad Company of California, to whom are made the grants of lands, bonds, &c., for that purpose.

Subsequent amendments to the act gave your company the right to extend its road eastward until it met the line constructed by the Union Pacific Company. Under the encouragement thus accorded, the surveys for the final determination of the route across the Sierra Nevada was commenced in October of the same year. Routes that had been explored previous to the survey of 1861 were re-examined, and new explorations and surveys of other routes that promised favorable results were made and carefully compared before a location was determined upon.

Five different routes across the Sierra Nevada were examined, full descriptions of which, together with a detailed description of the "location adopted for the first division of fifty miles," are given in the report of your chief engineer for 1863.

The location was extended as far as Dutch Flat, 67 miles from Sacramento, in the fall of 1863, Mr. Judah's death occurring in November of that year. I was instructed by your board to take charge of and proceed with the surveys. The lateness of the season rendering further work on the mountains impracticable, it was decided to suspend the location until spring. A party was sent, however, to continue the preliminary survey from the State line eastward to the Big Bend of the Truckee, which was completed in December, and the party recalled. No new surveys were made during the year 1864; the small engineer force in the field being employed on the revision of the line on the unconstructed portions of the first division, on the first 18 miles of the second division, and on construction. (See report Oct., 1864.)

The following year the location surveys were resumed, the final location made to Owl Gap, and the preliminary location to the State line, 138 miles from Sacramento, a full account of which is given in my report dated October, 1865. In the summer of 1866 the final location surveys were continued from Owl Gap to the eastern boundary of California, and the preliminary location extended to the Big Bend of the Truckee.

In April of the same year, in accordance with instructions received from your board, a general exploration of the country lying between the Big Bend of the Truckee River, Nevada, and Great Salt Lake Valley, Utah, embracing the Humboldt and

adjacent valleys on the north and the 39th parallel on the south, was undertaken. Three parties were placed in the field. One, in charge of Mr. Butler Ives, was intrusted with the general explorations, trigonometrical and barometrical work.

Another, in charge of Mr. William Epler, was placed upon the survey of routes lying north of Overland stage road and west of Gravelly Ford; and a third, under S. M. Buck, was detailed to make an experimental survey of the Humboldt Valley. The exploration and surveys of Mr. Ives were the most extensive and thorough that have ever been made in this region, and have added much valuable information to the geography of that portion of the Great Basin embraced within their limits. It was the generally received opinion that the Humboldt Valley afforded the best, if not the only, practicable route through the western portion of the Great Basin, but with the view of testing all possible routes and demonstrating their value these surveys were undertaken. Their accuracy have since been frequently attested by our own and other surveys, and the conclusions based upon Mr. Ives's report have proven correct in every particular.

After carrying his lines through to Salt Lake City, via south end of Salt Lake, Mr. Ives returned, via Great Desert and Pilot Peak, to Humboldt Wells, and there, connecting his lines with those of Mr. Buck, made an exploration of a route thence to Salt Lake Valley, via north end of Pilot Peak or Ombe Range, northern extremity of the Great Desert, and north of Salt Lake, to Salt Lake City. Mr. Epler, starting also from Humboldt Wells, carried a line thence northerly, via Thousand Spring Valley, Goose Creek, City of Rocks, and Raft River, to Salt Lake Valley, there again connecting with Mr. Ives's lines.

The result of these surveys, which have been heretofore laid before your board, with the full reports of the assistant engineers in charge, pointed to the Humboldt Valley, and thence, via Ives's north line (so called) to Salt Lake Valley, as the shortest and most practicable route to be found through the great Basin. The surveys were continued until from the inclemency of the season the parties were compelled to quit the field.

A report of surveys in progress were made to your board in the month of October, 1866, recommending the adoption of the line via Humboldt Valley to Humboldt Wells, and a subsequent report made Jan'y 10th, 1867, recommended the adoption of the line from Humboldt Wells via Cedar Pass—north passes of Peoquop and Toano Mountains—north end of Great Desert and Monument Point, at north end of Salt Lake, and thence through a low pass in the Promonotory Range (the present location of the road) to Salt Lake Valley, and thence skirting the eastern shore of the lake to the mouth of Weber Cañon, ten miles above Ogden City. By a resolution of your board, passed December 18th, 1866, the route as recommended from Big Bend of Truckee River to Humboldt Wells was adopted, and by a similar resolution the line thence to Weber Cañon, via the route recommended in my report of Jan'y 10th, 1867, was on the 16th of the same month formally adopted by your board, and maps of the route were prepared and forwarded to the Secretary of the Interior immediately thereafter. During the year 1867 the surveys on the Sierra Nevada were confined to the final location between the State line (eastern boundary of California) and the lower Truckee Cañon, and such changes of former location as were important after the construction had been commenced. By these changes several important improvements were effected. Early in the spring of this year the surveys east of Humboldt Wells were resumed, and a location following the general route of Ives's north line of the previous year was made as far east as the mouth of Weber Cañon as early as 12th of August.

Subsequently, during the same season, a thorough exploration was made of the Wasatch and Uinta Mountains, the Fort Bridger Basin, and the valleys of the Muddy, Hams, and Black Forks as far east as the junction of the two latter. Returning, our lines were carried via valley of Hams Fork, Hodges Pass, and Bear Lake to Big Bend of Bear River, the point where it turns the northern extremity of the Wasatch Range, and thence via Cache Valley to Salt Lake Valley, embracing a careful examination of all the tributaries of Bear River, with the hope of finding a shorter route through the above-named mountains, but without success. This range maintains its rugged and formidable character to its extreme northern limit, and affords no practicable pass for a railroad between the Bear River Cañon and Echo Summit, where the Union Pacific road has been built. The long detour via Big Bend of Bear River, though affording lighter grades and greater immunity from snow in passing the Wasatch Mountains, gave so great an increase of distance—50 miles more than Echo Cañon line—that it was deemed a fatal objection and its further consideration was therefore abandoned.

These explorations and surveys were under the immediate charge of Mr. Ives, whose reports have already been transmitted to your board. During the same season the preliminary location was also continued to the summit of the Wasatch at the head of Echo Cañon, and an experimental survey (by transit and level) carried thence to Hams Fork, as before stated. The thoroughness with which these surveys were made and the correctness of the general conclusions deduced therefrom have been attested

by the Union Pacific Company in their location, they having, almost uniformly, adopted our routes to the abandonment of their own. This they have done repeatedly, and have furnished their engineers in the field with copies of our maps, profiles, and reports on file in the Interior Department at Washington for their guidance in making their own locations.

The surveys of 1868 were confined principally to the final location between the lower cañon of the Truckee and Ogden City, in Salt Lake Valley, a distance of 560 miles. Several new trial lines were run down the eastern slope of the Promontory Mountains, but without developing a superior line to the one located last year. The tunnel at first contemplated was thrown out by cutting heavily across the point of the spur and crossing the adjacent ravine at a height of 80 feet. This change was effected without exceeding the maximum grades and curvature previously reported to the Secretary of the Interior.

CONSTRUCTION.

The progress of construction may be briefly summed up as follows:

Ground first broken at Sacramento January 8th, 1863. Grading commenced in month of February following. Distance completed in 1863, Sacramento to Junction, 18 miles. Distance completed in 1864, Junction to Newcastle, 13 miles.

1865.—Road open to Auburn, 36 miles from Sacramento, May 10th. Opened to Clipper Gap, 43 miles, June 10th. Opened to Colfax, 54 miles, Sept. 10th; distance completed in 1865, 23 miles.

The heavy grading above Colfax was commenced and prosecuted vigorously during the following fall and winter.

In May, 1867, the cars ran to Secrettown, 62 miles; and on the 4th day of July the first train from Dutch Flat, 67 miles from Sacramento, brought a large number of the citizens of that place to Sacramento. On the same day the headings met, and light shone through the first tunnel constructed on the Pacific road, thus practically refuting the slanders which had been heaped upon the company by its enemies in their oft-repeated declaration that Dutch Flat was to be the terminus of the road. On the 24th day of November of this year the road was opened to Cisco, 92 miles from Sacramento. The winter setting in with unusual severity soon after, all the grading that had been commenced between Cisco and the Truckee, with the exception of the tunnel work at the Summit and vicinity, was necessarily suspended for the season. Work on the Summit tunnel, which had been commenced and abandoned after a few weeks' work in the fall of 1865, was resumed in August of this year, and the approaches were completed, and the tunnel proper commenced on the 16th of September. The other tunnels, from No. 7 to 13 inclusive, were all commenced during the fall, and the most of them were sufficiently advanced to afford protection to the workmen before the heavy storms set in. They were all vigorously pushed during the winter of 1866 and 1867, and completed as shown by dates in the annexed table.

After the completion of the road to Cisco, a large portion of the force (consisting principally of Chinese) that had been employed during the summer was transferred to the Truckee Cañon, and there employed during the winter months. Early in the season of 1867 work was resumed along the whole line between Cisco and Truckee, and prosecuted vigorously during the summer and fall. By December the grading and bridging were completed and the track laid to tunnel 12, two and one-half miles east of Summit, and the track had also been laid from Coldstream to camp 24, near the State line, a distance of 24 miles, the iron having been transported across the mountains by teams. Total progress of track in 1867, 39 miles. Winter again interfered with active operations near the Summit, and work on the unfinished portions of line between tunnel 12 and Coldstream (about 7 miles) was accordingly suspended.

The track above Cisco being laid on a newly finished and unsettled road-bed, and being but partially ballasted, no attempt was made to keep the road open or operate it during the winter months. Before it was closed, however, a large quantity of iron was transported to the summit to be forwarded thence by teams to the Truckee. Two locomotives were also sent to Truckee by teams and there put together, and the trucks and iron work for 10 flat cars were transported in like manner, the wood work being provided there. During the winter of 1867 and '8 the grading was completed a distance of 20 miles from the State line, and the track reached Reno, 154 miles from Sacramento, on the first day of May. About the middle of April a large portion of the grading force was sent back to complete the unfinished work near Donner Lake, and the rest were employed in grading towards Big Bend of Truckee. The grading proper was the least difficult and expensive portion of the work to be done on the unfinished seven miles near the summit. The snow during the winter had in many places drifted to a great depth, filling completed cuts to their original level, and in deep ravines where embankments were required were solid banks of frozen snow to a depth of 10 to 30 feet. All this had to be removed or a delay of several weeks, probably until midsummer, would occur before the work could be commenced. Meanwhile a larger force was employed opening the road between Cisco and the summit,

and thence eastward as far as the iron had been laid the preceding fall. The snow had become so compact that it was impossible to move it with plows, and consequently nearly the whole of the track for 15 miles had to be cleared with picks and shovels.

Between tunnels 8 and 10, where the previous year cuts had been excavated to a depth of from 20 to 60 feet in the solid rock, they were again made to an equal, and sometimes to a greater, depth in the snows. The grading of this seven miles was completed and the tracks connected on the 15th of June, and a few days thereafter trains commenced running regularly to Reno.

Early in June grading was commenced east of Wadsworth, but it was not until the 9th day of July that the track was laid across the Truckee at that point. It was in this month that the work east of Wadsworth was fairly opened and in the succeeding ten months 501 miles of road were graded, culverts and bridges built, and the track laid reaching the summit of Promontory on the 5th of May, 1869, and connecting with track of the Union Pacific Railroad on the 10th of that month. The grading from Wadsworth to the Toano Mountains was done principally with the forces sent from this end of the line, and thence to Salt Lake Valley. The greater portion of the grading was contracted with and executed by parties residing in Salt Lake Valley. Though the track was laid only to summit of Promontory the grading had been commenced and the greater portion of it completed thence to Ogden, a distance of 54 miles. The Union Pacific had also graded their line on this portion of the route and as far west as Monument Point. They had also done a little work as far west as Humboldt Wells, at which point they evidently expected to meet the track of the Central Pacific. The real contest between the two companies was for the possession of the route between Monument Point and Ogden, but as in accordance with the terms of an agreement made between the representatives of the companies in the city of Washington in April, 1869, the point of meeting was by Congressional enactment fixed at Promontory Summit. All work east of that point was suspended on the —— day of ——. By the terms of the agreement the Central Pacific is to pay for and own the road built by the Union Pacific Company between Promontory Summit and Ogden, so that the latter place will be the common terminus of the two roads. The construction of a road through an uninhabited country without local resources for materials and supplies of provisions, at a rate too rapid for civilization and improvements to keep pace with it, presented many difficulties and was unavoidably attended by great and unusual expense. All the material required for bridges, trestling, buildings, and track were transported from Sacramento and the Sierra Nevada; and all the fuel consumed in the operation of the road up to the month of December was also carried from the the forests of the Sierras. The transportation of this enormous amount of material absorbed the rolling stock as rapidly as it could be provided, and temporary delays were occasioned by the lack of sufficient cars and motive power.

A large number of cars were constantly employed in hauling water for the use of the workmen on the track, as well as for the supply of the engines, and it was not unfrequently hauled long distances ahead of the track for the supply of the grading gangs by teams kept for that purpose.

MANNER OF CONSTRUCTION.

The requirements of the Pacific Railroad act, as well as the standard fixed (by the board convened by the Secretary of the Interior, at Washington, in Feby., 1866), for the construction of the road, have been adhered to as closely as circumstances would permit, it being the aim of those in charge of the work to bring the road, when completed, fully up to the standard of first-class roads in the Eastern States. Rapidity of construction, and the frequent difficulty and sometimes impossibility of procuring building materials along, or within a reasonable distance of, the line have rendered temporary structures in some cases a necessity. All such structures of any magnitude have already been replaced by permanent ones, and those remaining, viz, the trestle culverts in a portion of the Humboldt Valley, will be replaced with stone as soon as may be necessary.

From Sacramento to Big Bend of Truckee all culverts are constructed either of brick or stone (brick being used only in the first 18 miles); they are substantially built, and of sufficient size for the purpose required as has been satisfactorily proven by the experience of several winters on the only portion of the line where any apprehension was ever felt regarding their capacity.

Not a single culvert has received serious damage, and but one has required enlargement. With the exception of the American River bridge, all the truss bridges on the road either rest directly on abutments and piers of masonry, or on substantial timber piers, which are supported by foundations of masonry. Trestling has in some instances been used in crossing deep gulches or low depressions in the divide traversed by this road. It is all substantially built and has good foundations, as is well attested

by the fact that not a single bent has required adjustment since first placed in position. A detailed description of the general plans and manner of constructing both bridges and trestling will be appended hereto, also a description of tunnels and statistics connected with their working and progress.

SNOW GALLERIES AND SHEDS.

The construction of timber galleries and sheds for the protection of the track against the deep snows which usually fall in the vicinity of the summit of the Sierras forms an interesting and important feature of the mountain work, both financially and as regards the uninterrupted working of the road over the mountains during the winter months. The average snow-fall on the summit has never been carefully ascertained for a series of years, but it may be safely stated as accumulating to a depth of eight feet on a level in mild winters (like the one just past) to fifteen feet in the severer seasons, with a probable average of 11 or 12 feet. The snow-fall diminishes rapidly east of the summit, not more than one-half the above amount usually falling at Donner Lake, while a few miles below Truckee Station it is so light as to offer no serious obstruction to trains.

West of the summit for 8 miles it accumulates to nearly as great depth as at the summit, then gradually diminishes until at Emigrant Gap there is usually about one-half the amount that falls at the summit. Below that place it diminishes rapidly; its greatest depth as low as Alta seldom exceeds 3 feet. At this altitude (3,600 feet) the snow lies but a short time, the storms being usually followed by rain, and this may therefore be properly termed the western limit of the snow belt. No difficulty has yet been experienced in operating the road between Alta and Blue Cañon, 9 miles further east, and thence to Emigrant Gap, by protecting the deep thorough cuts with sheds; the snow plows have been found capable of keeping the road clear.

No sheds were built in the season of 1866, and the road was, with the exception of a few days, kept open to Cisco with plows, aided by a large force of men to shovel through the deeper drifts. The plows were driven with six and at times with as many as twelve of the heaviest locomotives, coupled together, and then they could in many places penetrate the compact drifts to the distance of only a few feet. The sudden stoppage of such a train when moving rapidly under full steam necessarily caused heavy strains upon the machinery and an unusual wear of the iron in track by the slipping of the wheels. The only feasible plan that presented itself to obviate this difficulty was to protect the track by a structure that would withstand the accumulated weight of the falling and drifting snow. Accordingly in the summer of 1867 the deep cuts (where the most difficulty had been experienced during the preceding winter) between Lost Camp spur and Cisco, were covered with sheds. An aggregate length of 25,000 feet of these sheds were built, the longest one being one-half mile. They were covered only on the roof, and though some difficulty occurred by the snow drifting under them they aided materially in the operation of the road during the following winter, and as an experiment were a decided success. Of the 25,000 feet built the first season, an aggregate of but 250 feet, or 1 per cent. of the whole, was seriously injured. This injury occurred, not from the weight imposed upon them, but by snow slides from the high bluffs, along the Bear River slope, where slides had not been anticipated. The following season, 1868, eighteen miles more of the track was protected by sheds and galleries; the latter being built at places where snow slides were apprehended or known to occur. Of this distance, two miles was over double track at stations.

This covering was almost continuous for a distance of 9 miles west and 4 miles east of the summit. This season the covering will be made continuous from Emigrant Gap to Coldstream tunnel, a distance of 30 miles, and east and west of these points the deep cuts will be covered to Truckee and Blue Cañon. An account of the plan of these sheds and galleries, the manner of constructing them, and the material used, is given by Mr. Arthur Brown, who has had charge of their construction, as well as all bridge and other wood work on the road east of Newcastle, east of the Sierra Nevada. I think no obstruction from snow is likely to occur, excepting in crossing the summits of Cedar, Peoquop, and Toano Mountains. There are no indications of a heavy snow-fall on these mountains, but even with light storms drifting will be likely to occur, and snow fences may be required on some portions of the line in the above-named locality. Snow-plows should be stationed at Humboldt Wells, and at convenient stations east of there, for use in case of necessity. The past winter was an unusually light one throughout the Pacific coast and Great Basin, and observations taken only during that season will not furnish a safe criterion for future guidance.

Snow-plows may also be required on the summit of Promontory Mountains, though last season's storms were very light in that region.

FUEL.

The question of a supply of fuel for your road is one of the most important connected with its operation. East of the Sierra Nevada no timber suitable for building

purposes is found until you reach the Wasatch Mountains, and the sparse and scrubby growth of cedar and piñon on the slopes of the Cedar, Peoquop, Toano, Ombe, and Promontory Mountains will supply fuel but a short time, and that only at a high rate, it costing from seven to ten dollars per cord delivered on the road. No careful estimate has been made of the amount of fuel that can be obtained east of Humboldt Wells, but I think I am safe in assuming that it will be exhausted within three years. Search for coal has been made both under the auspices of your company and by private enterprise, but without any valuable results. Discoveries have been reported from time to time at various points along the line, but nothing better than bituminous shale has yet been produced. It is still hoped that coal may be found in the lime and sandstone formations east of Twelve Mile Cañon. In case of failure to find coal in the vicinity of the road the forests of the Sierra and the coal fields east of Salt Lake Valley must be depended on for future supply. Coal can be delivered at Ogden, via U. P. R. R., at a maximum cost of $4 or $4.50 per ton, one ton of which is probably equivalent to two or two and a half cords of cedar wood, though the exact relative value of the two has not yet been carefully ascertained. How far it may be necessary to transport coal westward and wood eastward will, of course, depend on their relative value as fuel and their cost.

TELEGRAPH LINE.

In accordance with the requirements of the railroad act, a telegraph line has been built along the entire length of your road, and offices established at all the principal stations. This is in every respect a first-class line.

The greater portion of the grading force employed up to the date of completion of the tracks has been retained for the work of ballasting and otherwise perfecting the road-bed. A large number of gravel trains are constantly employed, and the tract is being rapidly completed. A change of line has been made in Humboldt Cañon near the mouth of Trout Creek. By changing the channel of the river the line has been shortened about 1,200 feet, the fourteen degree curve thrown out, and the aggregate curvature reduced 173¼ degrees. A heavy riprap wall will be built to protect the embankment from the action of the river in high freshets. Some changes of line will also be required between Emigrant Gap and Cisco, to admit of the proper construction of snow sheds. These changes, which are now being made, will make some improvements in the alignment.

I omitted to mention, in connection with the snow galleries the construction of some heavy retaining-walls to aid in supporting the galleries and receive the shock of the snow slides, which would sweep away the strongest timber work if left unprotected. The principal walls built for this purpose are at the west end of tunnel 8, west end of tunnel 9, and between tunnels 9 and 10. Some additional work of this kind will be required during the present season. The work upon the snow sheds is progressing rapidly and will be completed early in the fall.

Masonry piers for a truss bridge at Butte Cañon, in place of the present trestle work, were built last year, and the bridge, which is already framed, will be erected this season. With the completion of the snow sheds at present contemplated, I am now confident that your road can be operated during the coming winter without interruption, and passenger trains run as safely and rapidly during the prevalence of the severest storms as during the summer months.

I hope at an early day to be able to present a more detailed report in regard to many matters of interest which have been but briefly alluded to herein.

Appended hereto please find a statement of the present equipment of the road, including motive power, rolling stock, shops, depot buildings, &c.

Respectfully submitted.

SAM. S. MONTAGUE,
Chf. Engr.

APPENDIX.

BRIDGES.

All trussed bridges of spans over fifty feet are built on the "Howe plan," strongly proportioned, and the workmanship carefully executed. The lengths of spans vary from 84 to 204 feet. Spans of 204 feet are strengthened by heavy arches connected to the lower cords by suspension rods. Spans of 50 feet and under are "straining beam trusses," also heavily proportioned, using an excess of 30 per cent. of material over the amount generally used in similar structures. The materials are of the choicest Puget Sound and mountain timber and the best quality of refined American iron. All the bridges are to be covered to protect them from the weather.

TRESTLE-WORK.

The bents are 16 feet apart, and strengthened with lateral and longitudinal girders, pinned and bolted to them at intervals of 10 feet, and sway-braced. The track string-

ers are built of double timbers, making a beam of 24 inches in depth. Material the same quality as the trusses.

SNOW SHEDS.

The framework of snow sheds is partly of round timber, viz, the posts and main or side bracing. The bents are placed 8 feet apart from center to center of posts. The roof is built at ¼ pitch or at an angle of 45 degrees with the horizontal. The size of posts are twelve inches and main braces 10 inches in diameter, with plates of sawed timber 4 by 10 inches. The rafters directly over the posts are also of sawed timber 6 by 8 inches, with double collars 3 by 8 inches gained into them. The two sets of intermediate rafters are 4 by 8 inches with double collars also.

The main or side braces abut against the under side of the collars of main rafters, where they are connected with rafters, and intersect the posts at an angle of 30 degrees, and pass outside of line of posts and rest on the ground near the grade of road, and answer the double purpose of side bracing and supporting the main rafters near their centers. The plates are braced from the posts and directly under the intermediate rafters. The longitudinal girders are placed above and below the intersection of the posts and main braces. The covering of the roof is 1¼ inches thick and the sides 1¼ and 2 inches. The size of interior of shed is 16 feet wide by 17½ feet high from top of rail.

SNOW GALLERIES.

The snow galleries differ from the sheds principally in the style of framing, the size of timber used, and the construction of the roof, which slopes in one direction, conforming as nearly as possible to the natural slope of the surface, in order to allow snow slides to pass freely over them.

In many places the roof has been extended to a distance of 100 feet horizontally, in order to make a proper connection with the face of the bluff. The interior dimensions of the galleries is 15 feet wide by 18 feet clear height.

The bents are placed from 3 to 5 feet apart.

The posts and caps consist of timber 12 by 14 inches, and the plates 12 by 12 inches, gained on top of bents 1½ inches.

The rafters are timber 12 by 12 inches, and truss-braced at intervals of 5 feet throughout.

The roof is covered with plank 5 inches in thickness, and sides with 2-inch plank.

The whole structure is anchored to the solid rock with rods 1¼ inches in diameter at intervals of about 10 feet.

DESCRIPTION OF TUNNELS.

Tunnel No. 1 is through a spur of Grizzly Hill on west side of Blue Cañon, section 44.

It is 508 feet in length and of dimensions noted in following table. The material is volcanic conglomerate sufficiently compact to sustain itself without lining, with the exception of 120 feet at west and 55 feet at the east end, which was timbered.

The plan of timbering adopted for this tunnel was carried out in all the others where any artificial support was required, and will hereafter be described in detail.

No. 2. Is through the ridge at Emigrant Gap, where the line leaves the American River slope and enters the valley of the South Yuba. The material is similar to that found in tunnel No. 1, though of a less compact character, and required timbering throughout its entire length. I am indebted to Mr. L. M. Clement, engineer in charge of location and construction of the Yuba and Summit divisions, for the following description of tunnels No. 3 to 13 inclusive:

Tunnels No. 3 to 4. These tunnels are through two projecting points of a trap ledge or dike that crosses the Yuba Valley half a mile above Cisco. This ledge consists of very hard trap in lamina, at right angles to the line of the road. It can be traced across the bed of the Yuba when the water has laid its edges bare, and falls over them in a succession of rapids.

No. 5, like the preceding, is through a spur formed by a ledge of hard rock crossing the valley, although in this case it is granite. The ledge may be traced beyond the Yuba to a ridge of solid granite stretching nearly across its outlet.

No. 6. Summit Tunnel. This tunnel is parallel to and about 400 feet north of Donner Pass. The length is 1,659 feet, exclusive of approaches. The material is granite of medium quality and hardness, and much broken by seams and fissures on the surface, though these seldom penetrate to sufficient depth to materially aid in working. Work on the approaches was first commenced in the fall of 1865, but finding it impossible to get the headings under before winter, operations were suspended after a few weeks' work.

It was resumed in August, 1866, and from that time until its completion there was scarcely a pause in its progress.

To expedite the work a shaft was sunk near the centre of the tunnel, and hoisting works erected during the fall of 1866. The progress of the shaft was slow and it did not reach the crown of the tunnel until Dec. 12th, and on the 19th was at a sufficient depth to allow the headings to be started. The average rate of progress in the shaft was 85-100 of a foot per day. From the last-mentioned date the headings were pushed in each direction from the shaft, as well as from each end until they met on the —— day of August, 1867.

Work from the shaft was suspended soon after the above date, and the work completed from the ends.

No. 7. This tunnel is through a granite ledge, six hundred feet east of Tunnel 6. Being only 99½ feet long, it was worked entirely from the east end; and when men were needed elsewhere they were taken from this work, thus making its progress slow and irregular.

No. 8 is through a granite bluff, which forms the end of main spur from Donner Peak. As might have been expected from the bold character of the bluff, its material proved to be harder than most of the granite in the other tunnels. The east portion of this tunnel is under a vertical face of granite one hundred feet high and at right angles to the line, forming the finest tunnel entrance on the road.

No. 9. Like No. 7, this tunnel, which is also through solid granite, was worked entirely from the east end. As the trail which led to it was very dangerous on account of snow slides, work was stopped from February 20 until April 19, 1867.

No. 10. This is through a small spur of volcanic conglomerate, composed principally of cobble and rounded boulders of all sizes. As might be judged from the rate of progress the material was easily worked, but still hard enough to stand without lining. The greatest weekly progress made in heading was 35 feet, and in bottom 49 feet. It was intended to take this tunnel out entirely from the west end, but when nearly through water began to accumulate in the bottom, running in at the west end and leaking through the roof. It was therefore finished from the east.

No. 11. The west end of this tunnel is through decomposed granite and was timbered as already described. The rest of it was through solid granite of the usual character found in this vicinity. Daily average progress in east end: Heading, 1 61-100; bottom, 1 86-100 feet.

No. 12. The granite here is rather softer than usual, but only required timbering for a short distance in the centre, where a ledge of soft material crosses the tunnel obliquely.

No. 13. The line, after following the side of Lake ridge for 3 miles, turns up into Coldstream Cañon. As the ridge terminates in a long sharp spur, a 10-degree curve and tunnel, 870 feet were used.

No. 14 is 198 feet long, in trachite. No timbering required.

No. 15 is 92 feet long. Granite ledge.

DIMENSIONS, TIMBERING, &C.

Nos. 10, 11, and 13. Excepting all of the tunnels east of the summit were through solid rock which did not require lining, and of the following dimensions: Width from sub-grade to springing line of arch, 16 feet; grade, 1.25 feet above sub-grade; on sharp curves 1.4 feet, and as elsewhere at centre of ties. Springing line, 9.75 feet above grade. Sides perpendicular. Arch a semicircle of 8-feet radius. Tunnel 11 was partly and tunnel 13 wholly lined with timber in the following manner: 12 by 12 inch sills were placed on each side with their bottoms 6 inches below sub-grade. Into these, posts 12 by 16 inches by 11 feet were mortised, supporting arches composed of three layers of heavy plank. Each outside layer consisted of 7 pieces each 5 by 12 inches by 4 feet 8 inches, forming a polygonal frame, as the timbers are not cut to the curve. Between these is a similar layer of 5-inch plank breaking joints with outside planking, the whole firmly connected with three-fourths inch bolts, so as to form a solid arch of 180 square inches sectional area. Bridging of 2 by 12 inch plank was put between the consecutive arches at each joint of their outer planking.

The distance from centre to centre of arches varied from 1.5 feet to 5 feet, according to material. Over the arches and when the material required it, on the sides also, a lining of split lagging was placed.

The width of subgrade, inside of posts, is 17 feet at springing line, inside of arches 19 feet, giving a batter of 1 foot on each side. Radius of intrados of arch, 9 feet 5 inches, making height of crown 19.75 feet above grade.

At Tunnel 12 a short distance in the centre proved to be decomposed granite and was supported by a light set of arches, each composed of seven pieces of 10 by 10 inch timber, with posts and sills similar to those already described. In all tunnels on curves allowance has been made for elevation of outer rail, so that tops of cars will be in center of tunnel.

The sectional areas and cubic yards per foot, lineal, of the various tunnels is shown in the following table:

Class of tunnel.	Area of excavation.	Area of finished tunnel above grade.	Excavation per foot, lineal.
	Sq. ft.		*Cu. yds.*
Hard rock on tang't	276. 53	256. 52	16,327
Hard rock on curve	278. 93	256. 33	16,333
Timbered, Nos. 11 and 13	418. 37	340. 53	15,491
Timbered, No. 12	324. 24	256. 53	12,009

In all cases the headings were at top of tunnel and, excepting in Nos. 11 and 13, were taken out to the final dimensions, and to an average depth of 7 feet below the crown. In Tunnels 11 and 13 the heading was in some places narrower and supported by temporary timbers; chambers were excavated at the sides for the sills, and the central core left to support the shores which held the material above in place; as soon as the timbering was finished the core and false work were removed.

LABOR.

With the exception of a few white men at the west end of Tunnel 6, the labor force was entirely composed of Chinamen, with white foremen—the foremen usually working in three shifts of 8 hours each, the latter in two shifts of 12 hours; a single foreman and a gang of thirty or forty Chinamen constituting the force at each end of a tunnel. Of these, 12 to 15 would be working in the heading, the rest on the bottom, removing material, etc. When the gang was small or the men were needed elsewhere the bottoms were worked with fewer men or stopped, rather than take them from the heading.

PROGRESS.

A record was kept showing the weekly progress and number of days worked, in each tunnel. From this record the accompanying table of tunnel statistics is principally compiled.

The column of working days shows the sum of working days on each face of heading or bottom. The headings were worked with all the men that could work to advantage, and, therefore, the column of average daily progress obtained by dividing length of tunnel by total number of working days in heading, shows what can be expected when working under similar circumstances elsewhere. The bottoms, on the contrary, were worked in an irregular manner until April, 1867, when they had all fallen behind the headings some distance. In the summit tunnel it averaged 125 feet. The bottoms were then worked steadily, and with but few exceptions made rapid progress. From the work done after April, and especially after the headings were finished, and the whole force worked on bottoms, an additional column has been compiled, showing progress on bottoms with full gangs. In tunnel No. 6, the daily progress is given separately for powder and nitroglycerine. It will be observed that average daily progress and daily progress with full gangs on bottom, are the same for the latter; this is because nitroglycerine was not used in the bottom until the headings were out and there were men enough to work it to full advantage. In tunnel No. 8 nitroglycerine was used for a short distance in the heading, but not to sufficient extent to affect its progress materially, or to afford data for comparison. The average daily progress in this tunnel for headings and bottoms includes that done with both powder and nitroglycerine, while the progress on bottoms with full gangs is for nitroglycerine alone. The other tunnels were taken out entirely with powder.

In Tunnel 11, the west end being through decomposed granite, as much as 37 feet per week has been made in the heading, but the progress was irregular, there being little advantage in getting much ahead of the timbering. The progress of bottom in the timbered part of No. 11 and throughout No. 12 depended entirely on the timbering, and that in great part on the progress of chambering for sills. When the latter is done and the timbers are in place it is but little work to remove the core. The progress with full gangs on bottoms in No. 11 is therefore given through the east end, which is hard granite.

From the table referred to, the following abstract has been made of work done with full gangs:

Material excavated.	Explosive material used.	Mean daily prgs.	Heading in tunnels.	Bottom.	
				Mean daily prgs.	In tunnels.
Hard trap	Powder	0.75	3 and 4	1.53	3 and 4
Granite	do	1.08	5 to 9, and 11 and 12.	2.07	5, 6, 7, 9, 11c, and 12.
Do	Nit. glycerine	1.82	6	4.10	6 and 8
Conglomerate	Powder	2.38	10 and 13	4.91	10

Statistics of tunnels.

No.	Locality.	Section.	Station. From—	Station. To—	Alignment.	Material.	Not lined.	Lined.	Total.	Greatest depth surface to grade.
					50-foot curve.		Feet.	Feet.	Feet.	
1	Grizzly Hill	77			458 tan.	Conglomerate	408	100	508	130
2	Em. Gap	85			Tan.	do		300	300	70
3	Trap Spur	93	4, 809+70	4, 902+50	9° R.	Hard trap	280		280	75
4	Red Spur	93	4, 915+43	4, 916+35	8° R.	do	92		92	44
5	Crocker's Spur	98	5, 155+88	5, 157+16	5° R.	Granite	128		128	42
6	Summit	106	9+56	26+15	T.	do	165.9		165.9	124
7	do	106	31+26	32+25.5	T.	do	90.5		90.5	41
8	Black Point	106	40+26	44+01	T.	do	375		375	109
9	Donner Peak	107	72+27	74+43	T.	do	216		216	46
10	Cement Ridge	107	82+31	87+44	8° L. & T.	Conglomerate	509.1		509.1	67
11	Tunnel Spur	108	99+30	103+07	T. & 8° L.	Granite, partly decomposed	325	252	577	74
12	do	108	114+35	117+77	8° R.	do	262	80	342	75
13	Lake Ridge	113	347+04	355+74	10 R.	Conglomerate		870	870	210
14	Truckee Cañon	134			Tan.	Trachyte	198		198	
15	do	138			do	Granite	92		92	

List of machine, car, and blacksmith shops, engine-houses, &c., belonging to the Central Pacific Railroad of California.

Location.	Name and dimensions.	Material.	Remarks.
Sacramento	Machine-shop, 100′ by 205′	Brick	
	Car-shop, 9 by 230′	do	
	Car-shop, L, 45′ by 90′	do	
	Boiler and engine house, 35′ by 40′	do	
	Smith's shop, 60′ by 145	do	
	Round-house, 64′ by 411″	do	Semicircular, 29 stalls.
Rocklin	Round-house, 64′ by 389′	Stone	Semicircular, 28 stalls.
Colfax	Engine-house, 32′ by 60′	Wood	2 engines.
Alta	Engine-house	do	
Summit	Engine-house	do	
Truckee	Engine-house, 4 buildings each, 32′ by 120′	do	16 engines.
	Smith's shop, 32′ by 40′	do	
Wadsworth	Machine-shop, 80′ by 120′	do	
	Car-shop, 140′ by 61′ 8″	do	
	Smith's shop, 61′ 8″ by 41′ 8″	do	
	Round-house, 281′ 9″ by 62′	do	20 stalls.
Winnemucca	Round-house, 62′ by 220′	do	16 stalls.
Curtin	Machine-shop, 82′ 4″ by 120′	do	
	Car-shop, 62′ 8″ by 140′	do	
	Smith's shop, 41′ 8″ by 61′ 8″	do	
	Paint-shop, 30′ by 42′	do	
	Round-house, 62′ by 220′	do	16 stalls.
Reno			Buildings in progress.
Terrace			Buildings in progress.

Central Pacific Railroad of California.—Statement of locomotives and cars of all kinds on hand.

Name.	No.	Name.	No.
Locomotives	168	Stock-cars	[illegible]
Superintendent's car and tender	2	Box-cars	[illegible]
Palace sleeping-cars	13	Platform-cars	1,[illegible]
First-class passenger-cars	62	Hand-cars	[illegible]
Second-class passenger-cars	35	Dump-cars	[illegible]
Baggage, mail, and express cars	10	Iron cars	[illegible]
Baggage-cars	13	Section-cars	[illegible]
Fruit-cars	25		

PALACE HOTEL, SAN FRANCISCO, CAL.,
Wednesday, August 17, 1887.

DARIUS O. MILLS, being duly sworn and examined, testified as follows:

By Mr. COWEN:

Question. You have resided in California for a great many years, have you not?—Answer. Yes, sir.

Q. From what time to what time?—A. My residence commenced here in 1849, and I think that I changed my residence about six years ago. I am not positive of it.

Q. Do you now reside in New York City?—A. Yes, sir.

Q. From the early part of 1850 to the present time you have been a banker in the city of Sacramento, have you not?—A. Yes, sir; most of the time.

Q. You now have a bank in that city, have you not?—A. Yes, sir.

PRESIDENT OF THE BANK OF CALIFORNIA.

Q. For some years you were president of the Bank of California in San Francisco, were you not?—A. Yes, sir.

Q. Are you acquainted with Leland Stanford, C. P. Huntington, and Charles Crocker, and were you acquainted with Mark Hopkins during his lifetime?—A. Yes, sir.

Q. How long have you known them?—A. From early in the fifties.

ACQUAINTED WITH CENTRAL PACIFIC SINCE ITS INCORPORATION.

Q. Have you been acquainted with the corporation known as the Central Pacific Railroad of California, and with the corporation known as the Central Pacific Railroad Company?—A. Yes, sir.

Q. From the time of its incorporation to the present time?—A. Yes, sir.

Q. During the time that the Central Pacific road was being constructed, say, from 1862 to 1869, you were a resident either of Sacramento or San Francisco, were you not?—A. Yes, sir.

Q. During that time were you intimately acquainted with the gentlemen who were the officers of the Central Pacific, who were constructing that road?—A. Yes, sir; generally so.

GENERAL KNOWLEDGE OF ITS CONSTRUCTION.

Q. You had a general knowledge during the time of the construction of the financial affairs of these gentlemen and of the Central Pacific Railroad Company, had you not?—A. Yes, sir; a general knowledge.

Q. As a banker were you applied to from time to time to lend money, either to the contractors, or to these gentlemen, or to the company? I am speaking of the time during the construction.—A. Yes, sir.

Q. Had you an intimate knowledge of the work of construction as it proceeded? Did you follow it along?—A. Somewhat.

Q. You knew the difficulties attending the construction over the mountains, did you not?—A. Yes, sir; pretty much.

DECLINATION OF OVERTURES TO TAKE AN INTEREST.

Q. Were you ever requested by any of the gentlemen I have named, Governor Stanford, Mr. Huntington, Mr. Crocker, or Mr. Hopkins, to take an interest in any of the contracts for the construction or in the corporation known as the Contract and Finance Company?—A. I had overtures to take an interest in the general business of the road.

Q. Which you declined?—A. I declined.

CAUSE OF SUCH DECLINATION.

Q. Would you mind telling the Commission the reasons that induced you to decline?—A. In the first place, the doubtfulness of its success and the ability of the parties to carry it out, and in the second place, the giving up of an important business which it would perhaps involve if I went into the railroads.

Q. Did the question of the liability, under the laws of California, of the stockholders in that corporation have anything to do with your determination?—A. Not especially.

Q. Were you acquainted with the affairs of those gentlemen I have mentioned, or of the Central Pacific Railroad Company, or of the Contract and Finance Company during the time that the road was being constructed, as to their financial wants and their desire from time to borrow money?—A. My understanding was that their wants were always pretty great during the construction of the road; that is, their wants for money.

RATE OF INTEREST CHARGED CENTRAL PACIFIC ONE PER CENT. PER MONTH.

Q. Can you from your recollection state what were the current rates of interest which borrowers of their standing would have had to pay in California between the years 1862 and 1869?—A. My recollection would not serve as to those dates; the rates of interest were high, and I think that these parties were subject to the highest rates almost that were paid here.

Q. Between those dates the current interest in California was always at least 1 per cent. per month, was it not?—A. Yes, sir; that is my impression.

OFFERED A CONTROLLING INTEREST AFTER ITS CONSTRUCTION.

Q. After the construction of the Central Pacific Railroad between Sacramento and Promontory Point, were you and some other gentlemen in San Francisco offered a controlling interest in the Central Pacific corporation?—A. Yes, sir.

Q. It was in the year 1873, was it not?—A. I do not have the dates in my mind, but I should think that it was about that time, or in that vicinity.

Q. You and the gentlemen associated with you were offered 80 per cent. of all the stock that had been issued by the Central Pacific Railroad Company and the corporations connected therewith, were you not?—A. That is my recollection; I think that it was 80 per cent., or about 80 per cent.

Q. All of these corporations had then been merged into the Central Pacific, had they not?—A. Yes, sir.

TERMS OF THE OFFER.

Q. Can you remember the rate at which this 80 per cent. of the stock of the Central Pacific Railroad Company was offered to you and the gentlemen connected with you?—A. I do not remember the exact rate. We did not figure it in that way. We did not figure the percentage on the stock.

Q. Recalling to your recollection, was it not at the rate of 20 cents on the dollar for the Central Pacific stock?

Commissioner ANDERSON. Ask the witness how they figured it out, if you want to get the effect of his recollection.

Mr. COHEN. I will get it all out.

The WITNESS. According to my recollection I did not figure the percentage upon the stock. It was certain properties in lump that were bargained for, and I have not any recollection distinctly what it would be upon the stock of the Central Pacific.

Q. Were they not properties represented by the stock of the Central Pacific?—A. Yes, sir.

Q. The proposition to you was to buy 80 per cent. of the stock of the company which had then been issued, was it not?—A. Yes, sir; about that.

Q. Leaving the other 20 per cent. remaining in Governor Stanford?—A. Yes, sir; that is my recollection.

DIFFICULTIES ENCOUNTERED IN CONSTRUCTION FROM SACRAMENTO TO PROMONTORY POINT.

Q. Before proceeding to another subject, can you state for the information of the Commission, your knowledge of the financial and physical difficulties that were encountered by the officers of the Central Pacific in constructing the road from Sacramento to Promontory Point?—A. The difficulties were very great, and they rendered their credit very poor. It was a constant struggle, and the sense of the community, as well as my own, was against their being able to carry out the enterprise.

Q. I should have asked you why it was that you refused to make the purchase of the 80 per cent. of the stock of the Central Pacific in 1873?—A. One reason was that I was not very anxious for the purchase, and another was a disagreement, you may say, as to the details regarding the completion of the contract.

Q. Did not the attitude of the Government towards the Central Pacific at that time, and the various questions that were likely to be involved, deter you from making that purchase?—A. I presume that was one of the reasons why I was not anxious to make the purchase.

TEST OF THE MARKET VALUE OF STOCK.

Q. During your residence in New York, have you been so situated as to form any opinion as to the stock of the Central Pacific Railroad Com-

ay on the New York market, with respect to its being an active stock or otherwise?—A. Yes, sir.

Q. In the test of daily quotations of sales on the New York Stock Exchange, at any particular figure, would that afford any criterion as to the price at which any large block of stock could be sold?—A. I should say it would.

Commissioner ANDERSON. That depends upon the stock and how long it has been on the market.

Q. Take the sales of 100 shares of stock, for instance, at $36, would that furnish any criterion of the price at which 80,000 shares of stock could be sold?—A. Naturally the large amount would rate at a lower figure, I should say, for the risk attending the purchase of a large amount.

Q. Taking the test price at $36 per share, how many shares of stock do you suppose, from your experience, could be sold at that price without causing a serious decline?

Commissioner ANDERSON. You are speaking of Central Pacific stock?

Mr. COHEN. I am speaking of Central Pacific stock.

EFFECT OF PUTTING A LARGE AMOUNT ON THE MARKET AT ONCE.

The WITNESS. There is no doubt that any large amount of stock thrown upon the market at one time would depreciate its value in the market.

Q. I am speaking of this particular stock of the Central Pacific Railroad Company. I understand you to say that it is not an active stock?—A. I did not say that it was not an active stock.

Q. You did not say so? I so understood it.—A. No; I did not say that.

Q. As compared with the stock of the Union Pacific Railway Company, is the Central Pacific stock considered an active stock on the New York market?—A. I do not think that it is considered so active now as it has been in more speculative times.

UNION PACIFIC STOCK MORE ACTIVE THAN SOUTHERN PACIFIC.

Q. Can you state, from your recollection, the relative quantities of the stock of the Central Pacific and the stock of the Union Pacific which are daily or weekly traded in on the New York market? Can you give me the relative figures?

Commissioner ANDERSON. Do you mean this month?

Mr. COHEN. At any time.

A. I think that the Union Pacific stock has always been more active.

Q. Referring to your experience in those matters, can you not more readily sell, without causing any depreciation in the price of the stock, 1,000 shares of Union Pacific stock than 1,000 shares of the Central Pacific?—A. Certainly; at the present time you might.

Q. Has not that been the relative position of those two stocks on the New York market?—A. I think that it generally has been.

Q. I will vary the question. I was referring to sales in a single day. What will be your answer in such a case?—A. My answer was predicated on that.

FINANCIAL STANDING OF PROJECTORS OF CENTRAL PACIFIC.

By Commissioner ANDERSON:

Q. In regard to the credit of Governor Stanford and Mr. Huntington, and Mr. Crocker, and Mr. Hopkins, at the period to which you referred,

you say that they had difficulty in borrowing money. At the early stage of this enterprise were they regarded as men of large private means?—A. They were regarded as men of respectable means and in good credit.

Q. Do you remember about how they were rated in the community at that time? Do you know how much money they were supposed to have in 1861 and 1862?—A. As an illustration, I remember that a short time before the commencement of the road, Governor Stanford was in business, and his credit was then good enough for me up to a hundred thousand dollars, individually. That is, before he went into the railroad.

Q. Do you remember what he was rated at as being worth at that time?—A. I do not know what he would be rated at, but his credit was not doubted for what he wanted.

Q. Were either of these gentlemen rated in those days as being worth over one hundred to one hundred and fifty thousand dollars?—A. I would be unable to say at what they were rated. In general terms, I say that I know that they had good standing, and were in good credit, but I would not exactly know how to go to work to rate them at any special or particular sum.

DIFFICULTY OF BORROWING MONEY DURING CONSTRUCTION.

Q. When you speak of the difficulties of borrowing during the course of this construction, do you refer to their borrowing on their individual credit solely, or do you refer to difficulty even when they had collateral?—A. I refer to their borrowing in every way, on their own credit, on the credit of the road, or any credit they could use. They were generally understood to be borrowers to any amount that they could get while constructing the road.

Q. Do you include in that, that they had difficulty in borrowing money on the Government bonds?

Mr. COHEN. Are you speaking now of war times?

Commissioner ANDERSON. I am speaking of the period from 1866 to 1869.

NO DIFFICULTY IN BORROWING ON GOVERNMENT BONDS.

The WITNESS. Of course there would be no difficulty in borrowing on Government bonds, to the extent of the market here, which was always a limited market for money in those days.

Q. Would there be any difficulty in borrowing on Government bonds in New York, between 1866 and 1869?—A. I should say not.

Q. Did they have any difficulty in borrowing on their first-mortgage bonds, which were prior to the Government bonds, in New York City? I have reference to the bonds which were issued for the construction of the road.—A. My impression is that they always had difficulty in borrowing on the first-mortgage bonds while the road was unfinished, because it never was classed as first-class security.

Q. Was not that difficulty rather as to the percentage than as to borrowing at all?—A. I think that it was not. I think that it was as to borrowing at all on those first-mortgage bonds.

TRANSACTIONS IN FIRST-MORTGAGE BONDS FROM 1866 TO 1869.

Q. Do you know of any transactions in these first-mortgage bonds between 1866 and 1869?—A. I do not know of any transactions here,

and I only know of transactions in New York from hearsay. I do not remember of any transactions here. I may say in this answer that those first-mortgage bonds were not rated here as being especially good in making loans. The loans made by the company were more upon the individual credit of the parties, and their pledges as to their ability to pay, than upon anything else.

Q. Do you know anything about the amount of money that was borrowed here as compared with the amounts that were borrowed in New York?—A. I presume that the amounts borrowed upon these securities in New York must have been much larger than the amounts borrowed here. I am satisfied that the amounts borrowed here were limited only as to what was procurable in the market.

DEPRECIATED PRICE OF GOVERNMENT, FIRST-MORTGAGE, AND COUNTY BONDS.

Q. As a man familiar with financial affairs, is it your deliberate judgment that this corporation had any serious difficulty in borrowing on the Government bonds which it received, between 1866 and 1869, on its own first-mortgage bonds, and on the county bonds that were issued to it to aid it in the enterprise, a sum equal to at least 75 per cent. of the facevalue of all of those securities?—A. In the first place, the county aids, or the aids that they got here, were more or less local, and had to be sold largely in this market, and at a depreciated valuation. Exactly what they got for them I do not know. I am perfectly aware that they were compelled to sell them at considerably under par. It was only after a great effort that they were able to get any movement at all in the first-mortgage bonds of the company. Mr. Huntington went to New York, and he was considered a very shrewd man, to get those bonds started among moneyed men in New York. He did succeed in a small way, after awhile, and it grew. With the exercise of great energy, and I may say using a great deal of talent and ability, he got them started so that he could make use of them. Of course the Government bonds could always be sold at a price. I presume that there was no difficulty with them, but that price was a low one. The bonds issued for the Central Pacific Railroad Company were not considered a first-class Government bond. In the first place, they were currency bonds, and then their issue for this undertaking did not command a price equal to other Government bonds, relatively.

DIFFICULTY OF OBTAINING LOANS ON THEM.

Q. I still repeat the question in which I called your attention to the fact that a very liberal discount is allowed, the figures being $25,000,000 of Government bonds, omitting the bonds issued to the Western Pacific Railroad Company, twenty-five millions of first-mortgage bonds of the road as constructed, and about $800,000 of county bonds—San Francisco bonds, Placer County bonds, and Sacramento County bonds, and one million and a half of the convertible bonds of the company. These were the figures of the different securities which the company controlled between 1866 and 1869. I ask you, from your knowledge of financial matters, whether there was any serious difficulty in this company obtaining by way of loans on the whole amount as much as 75 per

cent. of their face value?—A. I should think that there was. There was great difficulty.

Mr. COHEN. That is, as a loan, you mean?

The WITNESS. As a loan.

VERY SLOW OF SALE.

By Commissioner ANDERSON:

Q. Do you know anything about the prices at which the first-mortgage bonds of the company were sold?—A. No, sir; I do not.

Q. Do you know anything as to the quantity which was sold in 1868 and 1869?—A. I only know that, as I have stated, those bonds at the commencement were very slow of sale, and it was almost impossible to start them, and to make any sales of them at all. That is, I mean the first-mortgage bonds of the road.

Q. To what year are you referring?—A. I am referring to the first issues.

Q. What year?—A. Near the commencement of the road, when the first sections of the road were completed. I refer to the first bonds that were issued.

Q. I am asking you as to the period from 1866 and 1867, after the Government bonds had commenced to be issued, and when the community knew that the Government had agreed to postpone its own bonds so that the company would have the use of the value of its own first-mortgage bonds for the construction of the road?—A. I supposed that those bonds had begun to be issued before the time you mention.

Q. The first bonds were issued in 1865, but I am referring to the sales of the first-mortgage bonds of the company effected in 1866 and 1867, and I ask you whether you know the prices at which those bonds were sold and the amounts which were disposed of?—A. If I did know, I do not now remember the prices at which they were sold.

Commissioner LITTLER. I do not think that it makes a particle of difference as to what amount of these bonds were sold, or the price at which they were sold. That is a totally immaterial issue before this Commission.

Commissioner ANDERSON. There has been a great deal said of the difficulty which these gentlemen had in raising money.

Commissioner LITTLER. Suppose they did have difficulty. What difference does that make to the question before this Commission? For my part, I am willing to concede it. Of course they had difficulty in raising money.

WHAT THE BANK OF CALIFORNIA BOOKS SHOW.

Q. In regard to the accounts of the Bank of California, will you tell us whether your books show, when checks are drawn by depositors in that bank, the names of the indorsers who receive those checks, or who present them for payment?—A. I should think not.

Q. Do you know whether the Bank of California still has in its custody the ledgers containing the accounts of the Contract and Finance Company?—A. I do not.

Mr. COHEN. Mr. Mills is not connected with the Bank of California at this time.

Q. He was at the time of these accounts. How long ago did your connection with the Bank of California cease? It is quite awhile ago, is it not?—A. Yes; a number of years since.

Q. And you have no present knowledge about their books?—A. No, sir.

PROGRESS OF ROAD WHEN WITNESS WAS OFFERED AN INTEREST.

Q. You say that early in the history of this road these gentlemen asked you to take an interest in the enterprise in a general way. Was the nature of the progress they had made in building the road explained to you and the means they had of expecting its completion made fully known to you at that time?—A. I think so; that is, in a general way, and as to the progress of the road, very fully.

Q. How far had the road progressed when that occurred?—A. I received several overtures to go into the enterprise whilst it was being constructed on this side of the mountains, and after it was over the mountains.

WHO WAS DOING THE CONSTRUCTION.

Q. At the period when it was being constructed over the mountains, beyond the boundary of the State, was it explained to you who was doing the construction?—A. I do not know that it was especially. They were all in the work.

Q. With whom was the principal interview?—A. My principal interview was with Governor Stanford.

Q. Was it explained to you at this time that the work was being prosecuted through the intervention of the Contract and Finance Company?—A. I think that it was.

Q. Was it explained to you at this time that Governor Stanford, Mr. Crocker, Mr. Huntington, and Mr. Hopkins were the sole stockholders, and owned all of the stock, in the Contract and Finance Company?—A. I do not know that I ever knew especially about the Contract and Finance Company. I never took that separately into account in any consideration which I had as to being connected with that road.

INTEREST OFFERED IN BOTH CONTRACT AND FINANCE AND CENTRAL PACIFIC COMPANIES.

Q. Was the interest offered you in the Central Pacific, or was it offered you in the Contract and Finance Company?—A. My notion is that it comprised the whole scheme.

Q. Why do you say so, unless you have a distinct recollection, the corporations being distinct?—A. I say so because I would not have entertained it without.

Q. In 1873, at the time of this offer of 80 per cent., was that before or after the declaration of the first dividend of the Central Pacific Railroad Company?—A. I do not remember. It was before the stock had any particular standing, I think, in the market.

HAD ALL THE DATA BEFORE THEM.

Q. Was it explained to you at the time that the earnings of the road were sufficient to pay dividends on the stock?—A. My impression is that we had all the data before us, as to its earnings, and of course we had estimates of what might have been expected in the future.

Q. Is it your recollection that that discussion proceeded upon the theory that the earnings were sufficient to pay a dividend on the stock?—A. Yes, sir.

Q. Was that negotiation reduced to writing?—A. It was reduced to writing.

Q. Have you a copy of the proposal?—A. No, sir; I have not. I never retained a copy.

Q. Do you know who prepared it?—A. My impression is that Mr. Cohen prepared it principally, or largely.

Q. Did you see it after it was prepared?—A. Yes, sir.

Q. Did the paper, as prepared, coincide substantially with the terms you had talked over with Governor Stanford?—A. I talked it over at the time with Mr. Huntington and Mr. Crocker, and all the parties interested.

PRODUCTION OF COPY OF PROPOSAL CALLED FOR.

Commissioner ANDERSON. Mr. Cohen, we would like to see a copy of that, if you have it.

Mr. COHEN. If I have it, I will give it to you. There is nothing private about it, but I do not suppose that I have it.

Commissioner ANDERSON. As you have not produced it in evidence, we would like to see it.

Mr. COHEN. After fourteen years it is possible that I may not be able to find it.

Commissioner ANDERSON. We call for the production of the paper.

Mr. COHEN. I believe that I made a draft of the contract, and if I can find it I will produce it.

The WITNESS. The contract never was completed.

ITS TERMS.

By Mr. COHEN:

Q. Tell us, if you can, in general, what were the terms of this transaction with respect to this 80 per cent. of the stock of the Central Pacific. What were you to give?

The WITNESS. Do you mean to ask the price which we were to pay for it?

Mr. COHEN. We want to know what the bargain was which was discussed by you; that is, its prominent features.

The WITNESS. The bargain was to purchase the Central Pacific Railroad and the various dependencies to it, the details of which I have not in my mind now, it is so long since the affair happened.

Q. Can you state the full amount that was to have been paid?

Commissioner ANDERSON. Mr. Mills will state. Let him have his own time for it.

The WITNESS. We were to pay at the rate of twenty-five millions for the whole. That is my recollection.

By Commissioner LITTLER:

Q. Twenty-five millions for how many shares of stock?—A. At that rate for the whole property.

MR. STANFORD TO RETAIN TWENTY PER CENT. OF STOCK.

By Commissioner ANDERSON:

Q. And were you to have 80 per cent. of what had been issued, and was Governor Stanford to retain 20 per cent.?—A. It was not my purchase entirely. There were other parties associated with me.

Q. I assume that when you say that Governor Stanford was to keep 20 per cent. you mean Governor Stanford and his associates?—A. No, sir.

Q. Do you mean Governor Stanford alone?—A. I mean Governor Stanford alone. I will say as to this contract, it is so long since this transaction took place, and I have hardly thought of it since that time, that I could not give any full explanation of it at the present time. In fact, I could not at any time.

THE PROPERTY OF THE ROAD WENT WITH THE STOCK.

Q. When you say that you were to pay at the rate of twenty-five millions, do you mean that that was to be the price that you were to give, and to include that which Governor Stanford was to keep?—A. My recollection is that that was the rate for the whole property.

Q. What do you mean by the whole property?—A. The Central Pacific and the property that goes with it. I think that there was considerable property that did not belong to the Central Pacific that went with it from these parties.

Q. Of what nature?—A. Connections of the road, and properties in San Francisco.

Q. Do you mean stock of the leased lines?—A. No, sir; connections of the roads in this line, and certain properties in San Francisco, the details of which I cannot give you now. It is so many years since that I cannot remember in order to give you a full report of the agreement.

Q. At any rate, you were to take 80 per cent. of this total interest, and the gross price of the whole was fixed at $25,000,000?—A. That is my recollection.

By Mr. COHEN:

Q. Do you say twenty millions, or twenty-five millions?—A. My recollection is twenty-five millions for the whole. Twenty millions would be our proportion for the whole property.

PROPOSED PURCHASE HAD NO RELATION TO BONDS ALREADY ISSUED.

By Commissioner ANDERSON:

Q. How was this purchase with respect to the question of the bonds that had already been issued—the Government bonds, the first-mortgage bonds, and any other bonds that were outstanding in 1873?—A. It had no relation to these.

Q. Were you to take it subject to those bonds?—A. Yes, sir; we were to take it subject to those bonds.

By the CHAIRMAN:

Q. Were you to take all the property of the Central Pacific Railroad Company, in addition to the road, subject to all liens, at the rate of $25,000,000?—A. The Central Pacific proper, and more or less property outside of that.

Q. All of the property that was thrown in, as consideration for the twenty-five millions, you were to accept, subject to whatever liens were against it; is that correct?—A. Yes, sir.

SALES OF STOCK DEPENDENT ON INFLUENCES ON THE MARKET.

By Commissioner ANDERSON:

Q. In this talk about the stock market, and the ability to sell large blocks of stock at a time, is not that a matter which changes with the

condition of the stock market, with the nature of the stock, and with the period of time during which you undertake to sell such large blocks?—A. Of course it is dependent upon whatever influences there may be on the market.

Q. Will not this change very much from day to day, and will not an answer which should be correct for one period or one year have no relation whatever at another time? Is not that so?—A. To a certain extent.

Q. Would it have been easier to have sold ten thousand shares at any time in the year 1882 than to sell two thousand shares of stock at the present time?—A. I should think it would.

Q. Do you remember what the quotation of the Central Pacific stock was in October, 1886?—A. My recollection would be that in October of last year it was quoted somewhere in the vicinity of $40 per share.

Q. As a general rule, in regard to stocks of which two or three thousand shares are sold in a day, would there be any difficulty in disposing of eighty thousand shares at within 5 per cent. of the market price, if a good house were employed and allowed six months in which to do it?

Mr. COHEN. Are you speaking of the Central Pacific?

Commissioner ANDERSON. I am speaking of the general run of stocks. I will ask about the Central Pacific afterwards.

The WITNESS. That would depend upon so many circumstances that I should say that it would be difficult to answer the question.

LARGER AMOUNTS OF STOCK SELL FOR LOWER PRICE.

Q. Can you answer it any more definitely in regard to the Central Pacific? Suppose the market price of the Central Pacific should be $36 to-day, and I should say to you, "I want you to sell eighty thousand shares of this stock. I will give you six months or a year in which to do it." Would you consider it probable that it could be sold within a range of 5 per cent. of the present price?—A. I should say that it would depend largely upon the reports and prospects of the company in the mean time.

Q. Under some circumstances, would it not happen that the stock would sell above the quotations at the beginning of the transaction?—A. Perhaps so, if they could insure or show increased earnings, and thus give greater confidence.

Q. And in other cases, it would sell at a decreased price?—A. Yes, sir; and everything being equal, I should say that the larger amount of stock would sell at less than would be the price now.

Q. That is, unless the time is extended?—A. Everything being equal I should think that large blocks of stock would have to be sold at a reduction in price.

CAUSE OF FAILURE OF NEGOTIATIONS.

By the CHAIRMAN:

Q. What was the cause of the failure of the negotiation for the purchase of the Central Pacific and the outside property?—A. We did not entirely agree upon the details.

Q. Was the disagreement upon the details of the consideration?—A. It was upon details as to the property which was to be included.

Q. Were the objections upon your part, or upon the part of the people who were selling to you?—A. The objections, I think, were upon my part, and I declined to complete the negotiation.

Q. What objections did you make?—A. One objection was the sufficiency of the property that was to go into the conveyance. This led me to decline and break off the negotiation.

Q. What was the difference between the parties to the negotiations as to the amount of property and the question of sufficiency?—A. I cannot now say exactly what the difference was. There was difference enough to lead to some little dissatisfaction, and it terminated the negotiation which was not completed.

Q. What properties of the Central Pacific were sought to be retained by the Central Pacific people?—A. Not any. It was proposed that all the Central Pacific property should go in.

Q. Did you make yourself acquainted with the early financial condition of the Central Pacific Railroad Company from the reports as they were issued from time to time?—A. Generally.

Q. Did you read the president's reports as he issued them?—A. I presume that I did, but I have no distinct recollection about it.

REPORT OF PRESIDENT OF CENTRAL PACIFIC IN 1865.

Q. Do you recall the report issued in the spring of 1865?—A. I do not.

The CHAIRMAN. I refer to the report in which he states that the financial embarrassments of the Central Pacific are over, and that he could see his way clearly to the end?—A. I do not remember it.

Q. Would such be your general judgment as to the financial condition as given in his report of that date?—A. I certainly would have an opinion about it at the time. I might or might not agree with his opinion.

Q. How would you measure the financial report issued by the president regarding the condition of the finances in 1865?—A. I would measure it by, perhaps, how sanguine I might think that he was.

WELLS, FARGO AND COMPANY.

Q. Are you connected with the firm of Wells, Fargo & Co.?—A. No, sir.

Q. How long have you been connected with it?—A. I am not connected with it now. I have been.

Q. When did you leave the corporation?—A. I resigned from the directory, I think, about three years since.

Q. How long were you connected with it prior to that time?—A. Several years.

Q. Were you connected with it at the time of the organization?—A. With the original organization, no, sir.

Q. Were you connected with it at the time of the reorganization?—A. Yes, sir; I was at the time of the reorganization.

Q. Did you ever serve as president during the early history of Wells, Fargo & Co.?—A. No, sir.

THE PACIFIC EXPRESS.

Q. Were you in the organization of the Pacific Express Company in 1869?—A. Yes, if that was the date.

Q. At that time had you any interest whatever in Wells, Fargo & Co.?—A. No, sir; not at that time.

Q. Was all your interest acquired after the consolidation of the Pacific Express Company with Wells, Fargo & Co.?—A. Yes, sir.

THE CONTRACT AND FINANCE COMPANY.

By Mr. COHEN:

Q. Were you informed at the time of the formation of the Contract and Finance Company—at the time the proposition was made to you to become connected with the construction of the road through that company—of the objects and purposes of its formation; that it was to obtain the assistance of California and Eastern capitalists by offering them stock in the construction company?—A. I do not remember.

Q. Do you remember any statement made to you on that subject by Governor Stanford or Mr. Huntington as to the purpose for which that company was formed?—A. My understanding generally was that it was for the purpose of more easily financing the road. They conceived that it was a better plan on which to construct the road.

Q. Was not their thought that this was the best plan to invite the assistance of capitalists to assist in the work of construction?—A. I do not know that it was.

TERMS OF PROPOSAL TO SELL PART OF CENTRAL PACIFIC STOCK.

Q. I want to call your attention a little further to that proposed contract which the owners of the Central Pacific stock tried to make with you and others in 1873? Was not the entire stock rated, with a view to that contract, at $20,000,000, and the 80 per cent. that you were to purchase was 80 per cent. of that amount?—A. That might have been the case. I may have gotten the figures confused.

Q. Was not one of the terms of the contract that the owners of the stock, Governor Stanford, Mr. Huntington, and Mr. Hopkins, should pay all the floating debt of the company, and deliver the stock to you, subject only to the bonded liens of the company?—A. That is my impression.

Q. At that time, I understand that Charles Crocker had no interest in the corporation, having sold out his stock to Messrs. Huntington and Hopkins. Is that your recollection?—A. I believe so.

Q. In that proposed contract of 1873, was not the property included, that which Charles Crocker had sold to his associates as well as the property belonging to Messrs Huntington and Hopkins?—A. I do not remember distinctly if that was the case.

Q. That is not fixed on your mind?—A. No, sir.

D. O. MILLS.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Wednesday, August 17, 1887.

RICHARD F. STEVENS, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. I am an expert accountant.

Q. How long have you been engaged in that business?—A. About thirty years.

Q. Have you been familiar with the business of examining the accounts of railroads?—A. I have.

CHARACTER OF ACCOUNTANT WORK.

Q. State what large work of that character you have done.—A. I originated the general accounts of the old New Jersey railroads, called the United New Jersey Railroad and Canal Companies. I started them, and remained as auditor of that concern until it was leased by the Pennsylvania road. After that I took up the business of a general accountant. I think that the first work that I did was to examine Jay Gould's accounts on the New Jersey Southern Railroad. Since then I have done work on a great many railroads in New Jersey. I have been employed by the Pennsylvania Railroad frequently in the examination of certain of their accounts; and, latterly, I have examined for the State of New Jersey the accounts of the Delaware, Lackawanna and Western Railroad Company.

Q. So that you are perfectly familiar with all the various forms of keeping a set of railroad accounts?—A. I think that I am.

Q. In what have you been engaged in the last five or six weeks in regard to the books of the Central Pacific Railroad Company?—A. I have been engaged in making an abstract of their accounts from the vouchers, and from their general books, where it was necessary going into the minor books and statements.

Q. Commencing at the inception of their transactions?—A. Commencing at the inception of the road.

Q. How far have you prosecuted that inquiry?—A. I am now at the close of 1870.

Q. Have you examined what the books show in regard to the construction of the Central Pacific Railroad from section 1 to section 138?—A. I have.

COST OF CONSTRUCTION OF CENTRAL PACIFIC BY SECTIONS.

Q. Have you prepared a statement showing that construction by sections and the cost of it to the Central Pacific?—A. I have that statement prepared as to the cost paid to the contractors.

Q. Do you mean as to the amount paid by the company to the contractors?—A. To the contractors, with one single additional exception, which the company paid direct.

Q. Please produce that statement.

(The paper was marked "Exhibit No. 4, August 17, 1887," and is as follows:)

Statement showing payments made to Charles Crocker & Co. upon contracts for constructing the Central Pacific Railroad in 1863 and to 1868, inclusive.

Date.	Items.	Voucher No.	Amount.	Total.
1863.	*Sections 1 to 18.*			
Feb. 4	Cash	284	$5,834.02	
Mar. 5	Cash	310	13,224.94	
Apr. 10	Cash	339	20,262.94	
June 4	Cash	421	10,752.75	
4	26 convertible mortgage bonds (Nos. 901 to 906, inclusive)		26,000.00	
July 3	Cash	389	14,990.54	
7	Cash	464	12,582.48	
Sept. 19	74 convertible mortgage bonds (Nos. 972 to 1045, inclusive)		74,000.00	
Oct. 12	Cash	513	13,196.00	
21	Cash	548	21,786.88	
21	Cash	314	23,804.86	
Nov. 12	Cash	638	12,940.08	
Dec. 7	Cash	666	180.00	
8	Cash	668	13.00	
8	Cash	671	18.00	
14	Cash	678	4,237.89	
17	Cash	684	4.00	
20	Stock: For amount of stock portion of estimates of engineer on Chas. Crocker & Co.'s contract for sections 1 to 18, credited to CCrocker, as payment on stock standing in his name (150 shares), per his order		666.68	
Dec. 31	Materials furnished		325.39	
1864.				$254,224.65
Jan. 4	Cash (labor in car-shop)	704	224.38	
4	Cash (pay-roll engine No. 1)	705	290.00	
4	Stock: For amount of stock cr. due him under estimates on his contracts on sections 1 to 18, credited on his subscription of 500 shares of stock, per his order		44,333.32	
2	Cash, oil for engines	701	15.00	
8	Cash	719	71,877.62	
22	Cash, oil for engines	766	5.74	
Feb. 1	Cash, printing, &c	811	4.45	
6	Cash, pay-roll engine No. 1	829	290.00	
6	Cash, car-shop	830	16.35	
12	Cash, water for engine	839	51.00	
				117,107.80
May 7	Materials		4.00	
10	Cash, pay-roll engine No. 1	915	290.00	
12	Cash, oil, &c	911	16.00	
12	Cash	980	8.63	
Apr. 14	Cash, pay roll engine No. 1	1000	290.00	
May 9	Cash for gauges		2.70	
28	Cash, engineers and firemen	1134	49.16	
28	Cash	1135	217.50	
28	Cash, sundries	1136	4.00	
June 14	Cash, sundries	1207-9	6.60	
Aug. 13	Cash, labor	1468	15.62	
26	Cash, labor		70.00	
Oct. 31	Stock for balance due him on contract, sections 1 to 18, in stock		5,000.00	
31	Cash	1744	22,593.48	
				28,567.89
	Total for 1864 ..... $145,675.55			
	Total for sections 1 to 18			400,000.00

RECAPITULATION.

Payments in stock	$50,000.00
Payments in bonds	100,000.00
Payments in cash	249,996.00
Payments in materials	4.00
Total	400,000.00

Statement showing payments made to Charles Crocker & Co., &c.—Continued.

Date.	Items.	Voucher No.	Amount.	Total.
	Sections 19 and 20.			
1864.				
Jan. 8	Cash	720	$455.40	
Feb. 6	Cash	826	3,671.14	
Mar. 9	Cash	909	4,881.21	
Apr. 28	Cash	1043	6,218.50	
				$15,226.25
	Sections 30 and 31.			
1863.				
Oct. 21	Cash	587	5,108.70	
Nov. 6	Cash	628	6,500.47	
Dec. 10	Cash	669	3,780.98	
14	Cash	673	415.22	
1864.				
Jan. 7	Stock: Amount of stock credit due him under estimates on his contracts on sections 30 and 31, audited on his subscription of 500 shares of stock as per his order		666.68	
Jan. 8	Cash	721	6,160.76	
Feb. 6	Cash	828	8,403.61	
13	Stock: Amount of stock, portion of estimates under contract of September 28, 1863—due, &c. (This was applied to payment of dues upon Mr. Crocker's subscription to the capital stock)		4,703.12	
Mar. 9	Cash	907	5,607.19	
9	Stock: Amount of stock, portion of monthly estimates for February, 1864, under contract of September 28, 1863 (applied to payment of dues upon Mr. Crocker's capital stock)		989.65	
Apr. 18	Cash	1024	3,612.41	
May 7	Cash	1074	3,952.63	
June 9	Cash	1176	2,606.30	
July 16	Stock: For amount due to C. Crocker & Co., in stock for work on sections 30 and 31 under contract, as per final settlement		5,240.55	
16	Cash	1346	2,966.79	
16	Cash	1348	16,262.36	
	Total for sections 30 and 31			77,137.42
	RECAPITULATION.			
	Paid in stock $11,600.00			
	Paid in cash 65,537.42			
	Total 77,137.42			
	Sections 32 to 54 inclusive.			
1864.				
Apr. 19	Cash	1026	7,319.00	
May 7	Cash	1075	4,614.53	
June 9	Cash	1176	3,616.10	
			15,549.63	
July 13	Cash	1339	19,979.96	
Aug. 9	Cash	1421	14,219.47	
Sept. 5	Cash	1549	5,907.42	
24	Stock: For 658 shares of capital stock issued to C. Crocker in certificate No. 500, being amount due him in stock under contract September 19, 1863, on sections 32 to 54, up to September 1, 1864. Amount credited on his assessment ledger account. The amount due was $65,814.94. The issue was therefore short $14.94 (stock issued, 658 shares): To C. Crocker $32,907.47; To construction account 32,892.53; Total 65,800.00; Rate upon the $1 at which the stock was taken, 50 per cent		32,907.47	
Oct. 5	Cash	1662	5,100.00	
Nov. 5	Cash	1759	5,680.00	
Dec. 1	Stock: For amount credited on C. Crocker's contracts of April 30, 1861, and September 26, 1863, and charged to him by order of the board of directors of September 5, 1864		583.34	
Dec. 10	Cash	1912	5,960.84	
31	Cash	2014	10.00	

Statement showing payments made to Charles Crocker & Co., &c.—Continued.

Date.	Items.	Voucher No.	Amount.	Total.
	Sections 32 to 54 inclusive—Continued.			
1864.				
Dec. 31	Stock: For work done, &c., on sections 32 to 36. Engineer's estimates, December, 1864, 292 shares issued to him:			
	Charged C. Crocker $10,000.72			
	Construction account 10,109.28			
	Total 20,200.00			
	Rate upon the $1 at which the stock was taken, 50 per cent		$10,000.72	
	Total for 1864			$115,184.9
Jan. 4	Cash	4	1,079.94	
Feb. 7	Cash	78	13,983.55	
7	Cash	79	2,750.00	
Mch. 8	Cash	171	24,855.10	
Apr. 10	Cash	363	56,633.27	
May 6	Cash	409	76,283.12	
31	Income ledger		96.25	
June 9	Cash	578	101,814.50	
10	Cash	580	87.25	
14	Cash	613	4,134.00	
24	Stock: For 3,377 shares capital stock due Crocker & Co., on account for work, &c., on sections 32 to 54, under order of board of directors of September 5, 1864 (3,377 shares issued):			
	Charged Crocker & Co $168,850.00			
	Charged construction account 168,850.00			
	Total 337,700.00			
	Rate upon the $1 at which the stock was taken was 50 per cent		168,850.00	
Aug. 10	Cash	998	54,808.44	
10	Cash	1002	249,254.16	
Sept. 14	Cash	1224	110,022.34	
30	Cash	1334	15.00	
Oct. 18	Cash	1449	5,008.38	
Dec. 12	Stock: For 5,041 shares due C. Crocker & Co., on account for work, &c., sections 32 to 55, order of directors of September 5, 1864 (5,041 shares issued):			
	Charged Crocker & Co $252,050.00			
	Charged construction account 252,050.00			
	Total 504,100.00		252,050.00	
	Total for 1865			1,123,645.37
March 7	Stock: 1,158 shares issued to C. Crocker, on account, for work on sections 32 to 54 (shares issued, 1,158):			
	Charged to C. Crocker $57,900.00			
	Charged to construction 57,900.00			
	Total 115,800.00			
	Rate upon the $1 at which stock was taken was 50 per cent		57,900.00	
7	Cash	115	96,422.78	
	Total for sections 32 to 54 ..... 1,368,134.00			154,322.78
	RECAPITULATION.			
	Payments in stock $522,031.53			
	Payments in cash 871,102.47			
	Total 1,393,134.00			
	Sections 55 to 92 inclusive.			
1865.				
Sept. 14	Cash	1225	56,740.55	
Oct. 1	Cash	1441	214,748.02	
Nov. 8	Cash	1548	277,182.14	
Dec. 12	Stock: For 6,584 shares due to C. Crocker & Co., on account, for work, &c., on sections 56+7 under order of directors of September 5, 1864 (number of shares issued, 6,584):			
	Charged to C. Crocker & Co $329,200.00			
	Charged to construction account 329,200.00			
	Total 658,400.00			

Statement showing payments made to Charles Crocker & Co., &c.—Continued.

Date.	Items.	Voucher No.	Amount.	Total.
1865.	*Sections 55 to 92 inclusive*—Continued.			
Dec. 13	Rate upon the $1 at which the stock was taken was 50 per cent		$329, 200. 00	
Dec. 16	Stock. For 2,717 shares issued to C. Crocker & Co., on account, for work done, &c., on sections 56 to 78, as per order of board of directors, September 5, 1864 (number of shares issued 2,717):			
	Charged to Crocker & Co	$135, 850. 00		
	Charged to construction account	135, 850. 00		
	Total	271, 700. 00		
	Rate upon the $1 at which the stock was taken was 50 per cent		135, 850. 00	
Dec. 22	Cash	1652	226, 464. 42	
				$1, 240, 192. 13
1866.				
Jan. 13	Stock. For 1,005 shares of stock issued to C. Crocker on stock ledger for stock due him on account for work, &c., sections 56 to—(1,005 shares issued):			
	Charged to C. Crocker & Co	$50, 250. 00		
	Charged to construction account	50, 250. 00		
	Total	100, 500. 00		
	Rate upon the $1 at which the stock was taken was 50 per cent		50, 250. 00	
Jan. 16	Cash	31	83, 735. 56	
Feb. 12	Stock. For estimates of work, &c., sections 56 to 78—Jan. 7, 1866 (2,210 shares issued):			
	Charged to C. Crocker & Co	$110, 500. 00		
	Charged to construction account	110, 500. 00		
	Total	221, 000. 00		
	Rate upon the $1 at which the stock was taken was 50 per cent		110, 500. 00	
21	Cash	99	184, 813. 87	
Mar. 9	Stock. For 2,109 shares due C. Crocker & Co., on account for work done, &c., on sections 55 to 78, order of directors Sept. 5, 1864 (stock issued, 2,109 shares):			
	Charged to C. Crocker & Co	$105, 450. 00		
	Charged to construction account	105, 450. 00		
	Total	210, 900. 00		
	Rate upon the $1 at which the stock was taken was 50 per cent		105, 450. 00	
	Cash	121	175, 070. 41	
Apr. 19	Cash	216	158, 476. 40	
	Stock. For 1,901 shares issued to C. Crocker, for account of work done, &c., order of directors September 5, 1864 (stock issued, 1,901 shares):			
	Charged to C. Crocker & Co	$95, 050. 00		
	Charged to construction account	95, 050. 00		
	Total	190, 100. 00		
	Rate upon the $1 at which the stock was taken was 50 per cent		95, 050. 00	
May 19	Cash	285	216, 701. 93	
19	Stock. For 4,334 shares of the capital stock of the company issued to C. Crocker, on account for work done, &c., in month of April, orders of directors September 5, 1864, and May 2, 1866 (stock issued, 4,334 shares):			
	Charged to C. Crocker	$130, 020. 00		
	Charged to construction account	302, 380. 00		
	Total	432, 400. 00		
	Rate upon the $1 at which the stock was taken was 30 per cent		130, 020. 00	
June 9	Cash	355	287, 394. 57	
	Stock. For 5,749 shares issued to C. Crocker, for work done, &c., month of May, on sections 59 to 93, by orders of directors September 5, 1864, and May 2, 1866, and balance of account (stock issued, 5,749 shares):			
	Charged to C. Crocker	$172, 470. 00		
	Charged to construction account	402, 430. 00		
	Total	574, 900. 00		
	Rate upon the $1 at which the stock was taken was 30 per cent		172, 470. 00	

Statement showing payments made to Charles Crocker & Co., &c.—Continued.

Date.	Items.	Voucher No.	Amount.	Total.
	Sections 55 to 92 inclusive—Continued.			
1866.				
July 11	Cash	467	$339,292.48	
July 14	Stock. For 6,785 shares issued to C. Crocker for work done, &c., same sections (stock issued, 6,785 shares):			
	Charged to C. Crocker $203,550.00			
	Charged to construction account 474,950.00			
	Total 678,500.00			
	Rate upon the $1 at which the stock was taken was 30 per cent		203,550.00	
Aug. 14	Cash	548	215,857.17	
	Stock. For 4,316 shares issued to C. Crocker, on account for work done in July on same sections (stock issued, 4,316 shares):			
	Charged to C. Crocker $129,480.00			
	Charged to construction account 302,120.00			
	Total 431,600.00			
	Rate upon the $1 at which the stock was taken was 30 per cent		129,480.00	
Sept. 24	Cash	677	279,741.53	
	Stock. For 5,595 shares issued to C. Crocker for work done, &c., on sections 55+, in August (stock issued, 5,595 shares):			
	Charged to C. Crocker $167,850.00			
	Charged to construction 391,650.00			
	Total 559,500.00			
	Rate upon the $1 at which stock was taken was 30 per cent		167,850.00	
Dec. 12	Stock. For 14,777 shares issued to C. Crocker upon estimates for September, October, and November, same sections (stock issued, 14,777 shares):			
	Charged to C. Crocker $447,150.00			
	Charged to construction 1,030,550.00			
	Total 1,477,700.00			
	Rate upon the $1 at which stock was taken was 30 per cent		447,150.00	
13	Cash estimates, sections 63 to 131	964	745,239.82	
31	Cash	1103	71,423.50	
31	Stock. For 1,429 shares issued to C. Crocker on estimates for December (stock issued, 1,429 shares):			
	Charged to C. Crocker $42,870.00			
	Charged to construction 100,030.00			
	Total 142,900.00			
	Rate upon the $1 at which stock was taken was 30 per cent		42,870.00	
	Total, 1866			$4,412,287.8
1867.				
Mar. 13	Stock. For 1,998.4 shares issued to C. Crocker on estimates for January and February (stock issued 1,998.4 shares):			
	Charged to C. Crocker $59,952.00			
	Charged to construction 139,888.00			
	Total 199,840.00			
	Rate upon the $1 at which stock was taken was 30 per cent		59,952.00	
30	Cash	197	99,918.00	
July 16	Stock. For 6,940 shares issued to C. Crocker for work done. Estimates on:			
	Sections 65 to 114 $131,520.00			
	Sections 115 to 141 76,680.00			
	(See sections 92 to 138, July 16, 1867.)			
	Construction account 485,800.00			
	Total 694,000.00			
	Rate upon the $1 at which stock was taken was 30 per cent		131,520.00	
26	Stock. For 10,976 shares issued to C. Crocker upon estimates for work done, &c.; also 70.90 shares additional, making 11,046.90 shares:			
	Charged to C. Crocker $331,407.00			
	Charged to construction 773,283.00			
	Total 1,104,690.00			

Statement showing payments made to Charles Crocker & Co., &c.—Continued.

Date.	Items.	Voucher No.	Amount.	Total.
	Sections 55 to 92 inclusive—Continued.			
1867.				
	Rate at which stock was taken upon the $1 was 30 per cent		$331,407.00	
July 31	Cash	319	219,227.50	
Oct. 10	Bills payable (a number of notes dated October 10, 1867, due one year after date, and bearing interest at the rate of 10 per cent. per annum)		532,408.09	
	Total for 1867			$1,304,432.59
	Total of payments sections 55 to 92, $7,047,012.06			
	RECAPITULATION.			
	Payments in stock	$2,642,569.00		
	Payments in cash	3,852,034.97		
	Payments in bills payable	552,408.09		
	Total	7,047,012.06		
	Sections 92 to 138.			
1867.				
Mar. 22	Stock, 1,617 shares issued to C. Crocker on account for work done, &c. (stock issued, 1,617 shares):			
	Charged to C. Crocker	$48,510.00		
	Charged to construction	113,190.00		
	Total	161,700.00		
	Rate upon the $1 at which stock was taken was 30 per cent		48,510.00	
30	Cash		80,906.18	
July 16	Stock (see same date, p. 10)		76,680.00	
31	Cash	319	127,750.79	
30	Stock, 21,822 shares issued to C. Crocker upon estimates sections 93 to 141 (shares issued, 21,822):			
	Charged to C. Crocker	$654,660.00		
	Charged to construction	1,527,540.00		
	Total	2,182,200.00		
	Rate upon the $1 at which the stock was taken was 30 per cent		654,660.00	
Oct. 1	Stock, 9,125 shares issued to C. Crocker upon estimates for work, sections 93 to 138 (shares issued, 9,125):			
	Charged to C. Crocker	$273,750.00		
	Charged to construction	638,750.00		
	Total	912,500.00		
	Rate upon the $1 at which stock was taken was 30 per cent		273,750.00	
10	Bills payable, a number of notes of the company, dated October 10, 1867, payable one year after date, with interest at the rate of 10 per cent. per annum		1,547,433.70	
Dec. 4	Stock, 7,299 shares issued to C. Crocker for work, &c., sections 92 to 138 (shares issued, 7,299):			
	Charged to C. Crocker	$218,970.00		
	Charged to construction	510,930.00		
	Total	729,900.00		
	Rate upon the $1 at which stock was taken was 30 per cent		218,970.00	
5	Cash		364,984.61	
24	Stock, 1,761 shares issued to C. Crocker on estimates for November (shares issued, 1,761):			
	Charged to C. Crocker	$52,830.00		
	Charged to construction	123,270.00		
	Total	176,100.00		
	Rate upon the $1 at which stock was taken was 30 per cent		52,830.00	
31	Cash	1333	100.00	
31	Cash	1267	88,004.63	
	Total, 1867			3,534,587.31
1868.				
June 22	Stock, 5 shares credited C. Crocker on his assessment account		500.00	

Statement showing payments made to Charles Crocker & Co., &c.—Continued.

Date.	Items.	Voucher No.	Amount.	Total.
1868.	*Sections 92 to 138 inclusive*—Continued.			
Aug. 10	Transfer to new account	.....	$57,400.00	
12	Cash	969	100,000.00	
28	Transfer to New York account	.....	5,207.44	
Dec. 14	Stock, 14,881 shares issued to C. Crocker on estimates of work done, sections 92 to 138 (shares issued, 14,881):			
	Charged to C. Crocker $446,430.00			
	Charged to construction 1,041,670.00			
	Total 1,488,100.00			
	Rate upon the $1 at which stock was taken was 30 per cent	.....	446,430.00	
14	Cash	1764	580,990.25	
	Total of payments, sections 92 to 138 $4,725,115.00			$1,190,827
	RECAPITULATION.			
	Payments in stock $1,772,330.00			
	Payments in cash 1,405,351.30			
	Payments in bills payable 1,547,433.70			
	Total 4,725,115.00			
	Total	.....	.....	13,657,62

Statement showing payments made to C. Crocker & Co. on contracts for construction, &c., the Central Pacific Railroad Company of California in 1863, '64, '65, '66, '67, and '68.

1863.

Sections 1 to 18:			
In capital stock of the company	$668.68		
In convertible mortgage bonds	100,000.00		
In cash	153,657.77		
			$254,326
Sections 30 and 31, in cash			15,96
Total for 1863			270,28

1864.

Sections 1 to 18:			
In capital stock of the company	49,333.32		
In material	4.00		
In cash	96,338.23		
			145,67
Sections 19 and 29, in cash			15,23
Sections 30 and 31:			
In capital stock of the company	11,600.00		
In cash	49,672.05		
			61,27
Sections 32 to 54 inclusive:			
In capital stock of the company	43,581.53		
In cash	71,583.32		
			115,16
Total for 1864			337,33

1865.

Sections 32 to 54:			
In capital stock of the company	420,550.00		
In cash	703,095.37		
			1,123,64
Sections 55 to 92 inclusive:			
In capital stock of the company	465,050.00		
In cash	775,142.13		
			1,240,19
Total for 1865			2,363,83

1866.

Sections 32 to 54 inclusive:			
In capital stock of the company	57,900.00		
In cash	96,423.78		
			154,32

Sections 85 to 92, inclusive:		
In capital stock of the company	$1,654,640.00	
In cash	2,757,747.34	
		$4,412,387.34
Total for 1866		4,568,711.12

1867.

Sections 85 to 92:		
In capital stock of the company	522,879.00	
In cash	319,145.50	
In bills payable (notes)	552,408.00	
		1,394,432.50
Sections 92 to 138, inclusive:		
In capital stock of the company	1,325,400.00	
In cash	661,753.61	
In bills payable (notes)	1,547,433.70	
		3,534,587.31
Total for 1867		4,929,019.90

1868.

Sections 92 to 138, inclusive:		
In capital stock of the company	446,930.00	
In cash	743,597.60	
Total for 1868		1,190,527.60

RECAPITULATION.

Paid C. Crocker & Co. in—	
1863	270,189.82
1864	337,338.70
1865	2,963,837.50
1866	4,568,711.12
1867	4,929,019.90
1868	1,190,527.60
Total	13,657,624.73

Note A.—The first 138 sections of construction were built by contractors, as follows: Sections 1 to 8, C. Crocker & Co.; 19 to 20, C. Crocker & Co. and Collins & Bro.; 21 to 24, Turton, Knox, and Ryan; 25 to 27, C. D. Bates; 28 and 29, S. D. Smith; 30 and 31, 32 to 54, 55 to 92, 93 to 138, C. Crocker & Co.

Note B.—Analysis shows that upon these contracts Crocker & Co. received:

In cash, ⅞	$8,536,615.46
In stock and bonds, ⅛	5,121,009.27
Total	13,657,624.73

Note C.—From the beginning in 1863 until the close of April, 1866, C. Crocker & Co. took the capital stock of the company in payments on contracts at the rate of 50 cents on the dollar. Beginning with May, 1866, and until the close of 1868, they took it at the rate of 30 cents on the dollar.

CONSTRUCTION FROM SECTION 1 TO SECTION 138.

The WITNESS. This is a general statement of the construction from section 1 to section 138. It includes the C. Crocker & Co. contracts, and some smaller contracts.

Q. What is this which I now show you?—A. It is a recapitulation of the statement already produced and on file, and sundry explanatory statements.

(The paper was marked "Exhibit No. 5, August 17, 1887," and is as follows:)

RECAPITULATION.

The gross amount paid to Charles Crocker (not including extra work) was, as per detail sheet accompanying	$13,361,120.51	
The amount paid him for extra work was	296,504.22	
Total	13,657,624.73	
Subject materials furnished	329.39	
	13,657,295.34	
The total amount Charles Crocker received in bonds and stock was:		
In bonds at par		$100,000.00
In stock at par	57,980.22	
In stock at 50 cents on $1	2,696,200.00	
In stock at 30 cents on $1	11,947,530.00	
Total amount in stock		14,701,710.22
Total amount in stock and bonds		14,801,710.22

Crocker received in gold coin, or its equivalent, $8,853,117.93.

Statement showing capital stock issued to Charles Crocker in payments on his contracts by the Central Pacific Railroad Company, at 50 cents on the dollar.

Date.	Shares.	Amount.	Par value.
Sept. 24, 1864	658 shares	$332, 907. 47	$665, 800. 00
Dec. 31, 1864	202 shares	10, 090. 72	20, 200. 00
June 24, 1865	3, 377 shares	168, 850. 00	337, 700. 00
Dec. 12, 1865	5, 041 shares	252, 050. 00	504, 100. 00
Mar. 7, 1866	1, 158 shares	57, 900. 00	115, 800. 00
Dec. 12, 1865	6, 584 shares	329, 200. 00	658, 400. 00
Dec. 16, 1865	2, 717 shares	135, 850. 00	271, 700. 00
Jan. 12, 1866	1, 005 shares	50, 250. 00	100, 500. 00
Feb. 12, 1866	2, 210 shares	110, 500. 00	221, 000. 00
Mar. 9, 1866	2, 109 shares	105, 450. 00	210, 900. 00
April 19, 1866	1, 901 shares	95, 050. 00	190, 100. 00
	Total	1, 348, 098. 19	2, 696, 200. 00

Statement showing capital stock issued to Charles Crocker in payments on his contracts by the Central Pacific Railroad Company, at 30 cents on the dollar.

Date.	Shares.	Amount.	Par value.
May 19, 1866	4, 334 shares	$130, 020. 00	$433, 400. 00
June 9, 1866	5, 749 shares	172, 470. 00	574, 900. 00
July 14, 1866	6, 785 shares	203, 550. 00	678, 500. 00
Aug. 14, 1866	4, 316 shares	129, 480. 00	431, 600. 00
Sept. 24, 1866	5, 595 shares	167, 850. 00	559, 500. 00
Dec. 12, 1866	14, 777 shares	447, 150. 00	1, 477, 700. 00
Dec. 31, 1866	1, 429 shares	42, 870. 00	142, 900. 00
Mch. 13, 1867	1, 998. 4 shares	59, 952. 00	199, 840. 00
July 16, 1867	6, 940 shares	218, 200. 00	694, 000. 00
July 26, 1867	11, 046. 99 shares	331, 407. 00	1, 104, 699. 00
Mch. 22, 1867	1, 617 shares	48, 510. 00	161, 700. 00
July 30, 1867	21, 822 shares	654, 660. 00	2, 182, 200. 00
Oct. 1, 1867	9, 125 shares	273, 750. 00	912, 500. 00
Dec. 4, 1867	7, 299 shares	218, 970. 00	729, 900. 00
Dec. 24, 1867	1, 761 shares	52, 830. 00	176, 100. 00
Dec. 14, 1868	14, 881 shares	446, 430. 00	1, 488, 100. 00
	Total	3, 598, 099. 00	11, 947, 539. 00

Statement showing capital stock issued to Charles Crocker in payments on his contracts by the Central Pacific Railroad Company at par value.

Date.		Amount.
Dec. 20, 1863	6. 666	$666. 60
Jan. 4, 1864	443. 334	44, 333. 33
Oct. 31, 1864	50	5, 000. 00
Jan. 7, 1864	6. 666	666. 60
Mch. 9, 1864	9. 896	989. 65
July 16, 1864	52. 405	5, 240. 55
Dec. 1, 1864	5. 833	583. 34
June 22, 1868	5	500. 00
	Total	57. 983. 32

Materials furnished Charles Crocker by Central Pacific Railroad.

In 1863, sections 1 to 18	$323. 39
In 1864, sections 1 to 18	4. 60
Total	328. 39

Amount allowed Charles Crocker for extra work on his contracts, Central Pacific Railroad.

The board of directors, by resolution adopted May 12, 1867, allowed him for extra work... $296, 504. 31

Statement showing amount paid Charles Crocker in gross on each contract, Central Pacific Railroad Company.

On sections—	
1 to 18	$400,000.00
19 and 20	15,226.25
21 and 21	77,137.42
23 to 54, inclusive	1,393,134.60
55 to 92, inclusive	7,047,012.06
97 to 138, inclusive	4,725,115.00
Gross amount paid C. Crocker	13,657,624.73

RECAPITULATION.

Total amount paid Charles Crocker & Co. on his contracts and for extra work:	
Cash, or its equivalent, including materials furnished him	$8,853,117.93
Bonds, taken at par value	100,000.00
Stock, taken at par value	57,980.22
Stock, taken at 50 cents on the dollar	2,696,200.00
Stock, taken at 30 cents on the dollar	11,947,530.00
Total	23,654,828.15

TOTAL CASH PAYMENT.

By Commissioner ANDERSON:

Q. Can you state from the papers which you have produced what was the total cash payment to Charles Crocker & Co. for the construction done by that firm between section 1 and section 138?—A. I can.

Q. Please state the total cash payment?—A. They received in cash $8,536,015.46.

TOTAL SHARES OF STOCK.

Q. Can you state the total amount of shares of stock which were issued to Crocker & Co. for this same work?—A. The total amount at par value of stock was $14,801,710.22. There was a difference between Mr. Miller and myself, caused by the fact that he did not include the stock for the first eighteen sections.

AMOUNT OF BONDS.

Q. How much in bonds was issued?—A. I think only a hundred thousand dollars' worth.

Q. Will you please give the stock, net taking out the bonds, so that we can have the amount of stock issued?—A. The stock issued would be $14,701,710.22, at par.

CONSTRUCTION ACCOUNTS, SECTION 138 TO PROMONTORY POINT.

Q. Have you also prepared a statement of the construction accounts, showing the payments by the Central Pacific Railroad Company in money or in stock to the Contract and Finance Company, from section 138 to Promontory Point?—A. I have. The account of the Contract and Finance Company begins on December 4, 1867, with some small payments. The first large payment that was made to it was on July 2, 1868. That was a payment of 8,600 shares of stock. The next large payment was cash. On August 12, 1868, $2,040,225.14, and on the same day a smaller item of $70,687.50.

Commissioner ANDERSON. There is no occasion for going over the items. You can put the papers in evidence.

Colonel HAYMOND. We just want the grand total.

Commissioner ANDERSON. That is all.

The WITNESS. The payments continue through the year 1868 as contained in the statement which I produce.

Q. Will you give the total?

A. The statement consists of credits for construction and other items to the Contract and Finance Company, amounting in all to $16,729,824.91, and of debits for payments amounting to $16,904,854.76.

OVERPAYMENT TO CONTRACT AND FINANCE COMPANY.

By Commissioner ANDERSON:

Q. They were overpaid a little, were they not?—A. They were overpaid $175,029.85.

Q. The balance against them at the end of the year, then, was $175,029.85?—A. Yes. The statement also contains a sheet entitled, "Notes on Contract and Finance Company's account," which contains a statement of the contractor's contract, as I have gathered this contract from the entries in the books.

Q. The entries in the account now produced by you contain, as I understand it, all the entries of the dealings under this contract from the time that it was made in 1867 up to the end of this account?—A. It does.

By the CHAIRMAN:

Q. Does that close the account of the Contract and Finance Company?—A. No.

Q. Up to what period was it carried?—A. December 31, 1868.

(The paper was marked Exhibit No. 6, August 17, 1887, and is as follows:)

Account current of the Contract and Finance Company with the Central Pacific Railroad Company of California to December 31, 1868.

DR.

Date.	Items.	Voucher No.	Amount.
1867.			
Dec. 4	Copies of papers from secretary of state	1150	$10.00
26	Sundry items paid by Governor Stanford (see his report of September 5, 1867) for the Contract and Finance Company		23,758.46
26	Sundry items (as above) in Governor Stanford's report of December 26, 1867	33 to 47	10,327.42
31	Sundry items charged to Railroad Construction Company in error, now correctly transferred to Contract and Finance Company		2,321.25
31	Notes and interest, Charles McLaughlin, less discount for currency		13,008.92
31	Wagon-cover and tents	1231	93.17
31	Top buggy	1232	275.00
31	Pay-roll and engineers' department	1319 to 1326	908.14
1868.			
Jan. 9	Freight on iron	1	3,011.39
14	Do	34	72.84
16	Do	51	33.15
23	Do	73	15.00
31	Milliken Brothers, engineering	105 and 106	149.87
Feb. 1	Stanford's report, interest and note	1, 9, 27, 31, and 36	16,634.08
1	Freight on scrapers		66.37
April 20	G. M. Davis, invoice bridge iron*		11,246.03
May 30	Mark Hopkins, treasurer, cash	628	309,833.11
June 22	D. A. Bender, cashier, building tanks on cars	159 and 160	2,001.30
July 2	8,000 shares capital stock Central Pacific Railroad Company of California, at par		800,000.00
29	Stanford's report of July, 1868, interest†		9,236.54
29	Stanford's report of freight on scrapers	61	12.49
29	Stanford's report of notes and interest to Dana		4,464.00
Aug. 6	Freight on iron	923–926	163.42
6	J. Williams, disbursed	929	70.73

*Invoice book, page 130. †Numerous vouchers.

Account current of the Contract and Finance Company, &c.—Continued.

DR.

Date.	Items.	Voucher No.	Amount.
1868.			
Aug. 11	Materials furnished the Contract and Finance Company and charged to them on a gold basis:		
11	Iron spikes and joints..... $266,604.66		
11	Freight cars, 231 flat..... 123,000.00		
11	Pacific Telegraph..... 165,000.00		
11	21,000 insulators..... 7,561.00		
11	40 tanks..... 2,280.00		
11	3 turn-tables..... 900.00		
11	Freeport Railroad, iron and ties..... 65,000.00		
			$946,555.66
11	Amount transferred from Western Pacific Railroad Company that should have been charged to Contract and Finance Company *		14,386.09
13	Mark Hopkins, treasurer, cash	966	2,046,225.14
	Do	977	70,687.50
6	Rodman's wages	987	5.00
18	Leland Stanford's draft, freight and charges on materials		8,387.87
28	Cash borrowed on two notes, L. Stanford, from French Loan Society, account Central Pacific Railroad Company		150,000.00
28	40½ miles iron, 88 tons to the mile, or 3,542 tons, at $75		265,650.00
	43 miles of spikes, 5,200 pounds to the mile, 223,600 pounds, at 4½ cents		10,062.00
	40½ miles joints, 375 per mile, 17 pounds each, 256,556 pounds, at 6 cents		15,395.63
	120 platform (flat) cars, 3 to each mile, at $600		72,000.00
	8 locomotives, one to each 5 miles, at $11,000 each		88,000.00
	3,400 telegraph arms		603.50
	Chains and spikes		3,047.06
29	Mark Hopkins, treasurer, cash		1,107,696.03
31	Pay-roll	988	1,024.50
31	Yuba Railroad bonds, 7,500, currency, at 70		5,250.00
31	8,325 bars railroad iron, bought at sheriff's sale, of Sacramento County, on judgment against Yuba Railroad Company (sale 28th February, 1868)		29,808.25
Sept. 19	R. & J. Morton, freight railroad iron	1180	1,000.00
24	Materials furnished the Contract and Finance Company and charged to them on a gold basis:		
	Iron and superstructure, 50½ miles, at 88 tons per mile, or 5,258 tons, at $75 ..... $394,350.00		
	Spikes, 5,200 pounds to the mile, 210,700 pounds, at 4½ cents..... 13,961.50		
	Fish bars and bolts, 375 to the mile, 17 pounds each, at 6 cents per pound..... 22,854.30		
	Freight cars, 193 box cars, at $600 each.. 158,000.00		
	33 platform cars, at $600 each..... 19,800.00		
	15 engines, at $11,000 each 165,000.00		
	9 4/6 passenger cars, at $3,500 each 33,000.00		
	32 hand cars, at $150 each..... 4,800.00		
			897,965.80
	This apparently completes the contract for iron and superstructure, locomotives, and cars to the 320th mile.		
25	73,960 shares capital stock of Central Pacific Railroad Company of California, at par		7,396,000.00
26	Mark Hopkins, treasurer, cash	1216	2,379,931.45
Oct. 3	R. J. Morton, hauling iron	1254	256.22
13	Leland Stanford's account, sundry items, paid on account Contract and Finance Company	13, 17, 18, 19	91,388.92
Nov. 1	C. P. Huntington, agent, account California Central Railroad Company, bonds transferred to Contract and Finance Company		8,190.00
1	F. W. Hopkins & Co., invoice of iron rails†		19,305.77
17	Nevada County taxes	1558	175.00
17	Paid pay-roll	1560	941.92
Dec. 1	C. P. Huntington, agent, account paid J. T. Brady, counsel fees, defense of his brother		5,000.00
1	F. W. Hopkins & Co., iron, invoice iron rails‡		35,204.09
6	Freight on bolts	1690	50.18
30	C. P. Huntington, agent, November account, paid J. T. Brady, counsel fees, defense of his brother		5,000.00
31	F. W. Hopkins, invoice rails§		32,400.61
31	J. C. Osgood, dredging-machine‖		7,596.80
31	Townsend & Jackson, dredging-machine¶		7,000.00
31	D. A. Bender, cashier, machine-shops beyond State line		3,767.59
	Total		18,904,854.76

* Numerous vouchers.
† See invoice book, pp. 223–227.
‡ Invoice book, pp. 233, 236, 240.
§ Invoice book, p. 241.
‖ Invoice book, p. 253.
¶ Invoice book, p. 256.

Account current of the Contract and Finance Company, &c.—Continued.

CR.

Date.	Items.	Voucher No.	Amount.
1867.			
Dec. 26	L. Stanford, report of September 5		$53,889.07
26	L. Stanford, report of December 26, proceeds of note of Contract and Finance Company		100,000.00
Aug. 27	Discount on scrapers paid by C. P. H., December, 1867		17.27
27	G. T. M. Davis's, bill, bridge iron, April 20		3,402.81
27	C. P. H., paid Stanford's draft, August 18		2,516.36
28	Sundry interests paid on notes, amounting to $150,000		16,758.73
28	77 miles of road and telegraph line completed, accepted by commissioners under contract of December 3, 1867		6,622,000.00
28	40 miles of road and telegraph line completed from 215th to 255th mile, accepted by United States commissioners		3,440,000.00
Sept. 24	75 miles of road and telegraph and 3¾ miles sidings, accepted by United States commissioners		6,450,000.00
Oct. 12	L. Stanford's report, amount received by him		8,304.00
12	L. Stanford's report, check received by him		1,500.00
Nov. 1	C. P. H., difference between currency and gold on sale of 8,190 C. C. R. bonds		2,088.45
1	C. P. H.'s account for September, difference between currency and gold on $19,505.77 charged to them		4,922.96
Dec. 1	C. P. H.'s account for October, difference between currency and gold on $35,204.60 charged to them		9,329.60
30	C. P. H.'s account for November, difference between currency and gold on $10,000 charged to them		2,650.00
31	C. P. H.'s account for November, difference between currency and gold on $46,996.81 charged to them		12,454.15
	Balance December 31, 1868		16,729,894.91 175,028.85
	Total		16,904,854.76

NOTES ON CONTRACT AND FINANCE COMPANY'S ACCOUNT.

On December 3, 1867, the board of directors of the Central Pacific Railroad Company entered into an agreement with the Contract and Finance Company for the construction of a certain part of the road. The original contract is missing and no copy can be found.

The minutes of the board of directors, December 3, 1867, reads:

"*Resolved*, That this company hereby consents and agrees with the Contract and Finance Company to the terms, stipulations, and conditions of the articles of agreement submitted by the president to this board, and the president and secretary are hereby authorized and directed to execute the said contract on behalf of this company, and to attach the corporate seal thereto."

Entries on the books in 1868 indicate the following details:

(1) The Contract and Finance Company were apparently to construct and equip the road for $48,000 per mile, payable half in gold and half in capital stock of the railroad company, and also to provide the necessary sidings. (2) The rails were to weigh 88 tons per mile. (3) The spikes, 5,200 pounds per mile. (4) Splice joints, 375, of 17 pounds each, per mile. (5) Bolts, 4 to each joint. (6) Locomotives, 1 for each 5 miles. (7) Passenger cars, 1 for each 30 miles. (8) Box cars, 1 for each mile. (9) Flat cars, 2 for each mile. (10) Hand cars, 1 for each 6 miles. (11) The specification and quality of the other work required by the contract is not yet shown by the books.

STATEMENT OF MATERIAL FURNISHED.

By Commissioner ANDERSON:

Q. Will you please produce your next statement relating to the Contract and Finance Company?—A. The next statement is for the year 1869, the year in which the contract work was closed. This statement contains the items charged to the Contract and Finance Company during the year 1869 for material furnished to it, cash payments made to it, and stock issued to it. It also contains the credits to the Contract and Finance Company for construction and for other items stated in the credit account; the total of the charges to the Contract and Finance Company being $32,615,452.49, and the total credits to the company being $34,618,004.97.

(The paper was marked "Exhibit No. 7, August 17, 1887," and is as follows:)

Account current of the Contract and Finance Company with the Central Pacific Railroad Company of California for the year 1869.

DR.

Date.		Voucher No.	Amount.
1869.			
Jan. 30	Telegraph arms, cashier's account current		$2,053.08
30	Payment by C. P. Huntington at Washington, D. C., to Storrs's account of Southern Pacific Railroad Company (C. P. H.'s account)		14.35
Feb. 18	Iron, engines, cars, &c., for 200 miles		2,384,640.25
18	Capital stock, 80,000 shares		8,000,000.00
18	60 notes of this date, $100,000 each, at 10 per cent. interest		6,000,000.00
18	Cash	326	38,262.47
18	Paid freight on bridge iron for Cosumnes bridge	311	19.41
23	Purchase of land	331	8,333.34
May 1	Paid Storrs, C. P. Huntington's account for March (C. P. H.'s account)		5,000.00
27	First-mortgage bonds of C. C. R. R., C. P. Huntington's account, April 9		630.00
June 2	Freight from New York, 1 dredger	1011	189.80
14	do	1070	408.65
30	Marshall & Carter, for excess deduction on ties	1146	907.72
July 8	Knight & Hubrop, right of way near Stockton	1196	255.20
30	Santa Fé and San José Railroad's balance of freight on railroad iron, 1868	1303	1,206.46
31	Iron, engines, cars, machinery, &c., for 160 miles of road		2,342,007.00
31	E. B. Ryan, statement of grading near Salt Lake		457,305.34
Aug. 26	Payments made as per bill rendered this day		164,798.28
26	Payments made as per bill rendered this day	1404	175,448.55
31	Cash, Huntington & Hopkins and Huntington & Hopkins & Co.'s checks	1402	219,160.14
31	Warrant No. 417 on the treasurer	1493	656,584.89
31	Mark Hopkins's check No. 96, on Bank of California	1488	110,000.00
31	Bank of California, paid A. A. Cohen	1494	2,613.75
Sept. 3	Mark Hopkins's check on Bank of California, No. 97	1517	50,000.00
8	C. P. Huntington's account July, currency (C. P. H.'s account)		4,513.00
13	C. P. Huntington's account, August, currency (C. P. H.'s account)		19,648.00
Sept. 10	To cash	1523	65,586.49
10	To cash	1524	21,503.38
13	To cash	1563	49,755.42
13	To cash	1564	50,000.00
23	To cash	1504	65,000.00
23	To cash, Mark Hopkins's check of the 18th (No. 99)	1595	25,000.00
23	To cash deposited with D. O. Mills & Co	1596	15,000.00
28	To cash	1601	35,000.00
30	To cash	1608	20,000.00
Oct. 1	Capital stock, 68,800 shares		6,880,000.00
5	Cash, Mark Hopkins's check paid dam, No. 100		501.57
2	Cash	1632	15,000.00
4	Cash	1633	20,000.00
11	Iron, locomotives, cars, &c., for Western Pacific Railroad		1,264,579.22
11	Iron, spikes, joints, and bolts for San Francisco Bay Railroad		178,000.00
12	Cash, October 9	1690	52,000.00
12	Cash, October 6	1691	20,000.00
18	Cash	1729	110,000.00
19	Cash	1745	1,000.00
21	Cash	1758	20,000.00
23	Cash and bills	1761	65,000.00
23	Cash	1764	35,000.00
28	Cash	1777	50,000.00
29	Cash	1789	17,000.00
30	Cash, Mark Hopkins's check in favor of Cohen	1803	610.50
30	Cash	1804	2,000.00
Nov. 2	Cash	1821	25,000.00
5	Cash	1834	60,000.00
6	Paid taxes, Elko County, Nevada, Moore's side track	1841	1,392.78
15	One Yuba Railroad bond (gold), C. P. Huntington's account, September 1 (C. P. H.'s account)		500.00
15	Notary's fees, C. P. Huntington's account, September 1 (C. P. H.'s account)		3.00
15	Discount on 320 Western Pacific Railroad bonds (currency)		80,000.00
15	R. I. Coburn, 50 shares stock per C. P. Huntington (C. P. H.'s account)		2,500.00
10	Cash	1858	10,000.00
12	Cash	1868-70	25,000.00
13	Cash	1876	3,000.00
Dec. 16	Cash	1888	10,000.00
19	Paid Underhill, right of way, Western Pacific Railroad	1903-4	4.50
20	Cash	1906	25,000.00
22	Cash on account	1910	5,000.00
22	do	1911	2,000.00

Account current of the Contract and Finance Company with the Central Pacific Railroad Company of California for the year 1869—Continued.

Date.		Voucher No.	Amount.
1869.			
Nov. 22	Cash on account	1918	$5,000.00
24	Cash on account, Huntington, Hopkins & Co.'s check	1928	10,822.46
25	Cash	1931	10,000.00
28	Cash	1932	14,000.00
29	Cash	1940	15,000.00
30	C. P. Huntington's account for October, gold (C. P. Huntington's account)		482.99
30	C. P. Huntington's account for October, currency (C. P. Huntington's account)		472.75
Dec. 2	Cash	1997	21,000.00
4	Cash	1998	10,000.00
8	Cash	2013	60,000.00
13	Cash and bills	2043	110,000.00
15	Discount, currency on 1,008 Government bonds		211,878.52
15	Discount currency on 419 Western Pacific Railway first-mortgage bonds		74,865.73
15	Paid Southern Pacific Railroad, currency (C. P. Huntington's account, November)		20.00
15	Paid Kelly Yuba Railroad bonds, currency (C. P. Huntington's account, November		25,000.00
14	Cash	2046-7	26,300.00
16	Cash	2052	25,000.00
18	Cash	2061	50,000.00
16	Yuba Railroad Company, for sundry payments (33 items in journal)		10,954.11
16	Yuba Railroad Company, balance due on railroad notes (see journal)		13,207.50
17	California and Oregon Railroad, for sundry payments (see journal)		447.61
20	Cash paid Friend & Terry	2064	8,000.00
20	Cash	2066	40,486.00
22	Cash sent Bank of California	2080	5,000.00
24	Cash	2087	25,000.00
27	Cash	2097	6,000.00
29	Cash	2105	14,000.00
30	Cash	2110	8,000.00
31	Cash	2114	10,000.00
31	Cash paid by Bank of California from September 11 to November 6		11,192.04
Dec. 31	Cash paid by Bank of California November to January		27,226.00
31	36,729 bars railroad iron at Junction and Brighton		644,436.74
31	680 bars railroad iron on ship Dashing Wave		12,497.50
31	To C. Crocker & Co., note of December 26, 1865		105,000.00
31	One year's interest on above		16,590.00
31	Discount on 1,433 Western Pacific Railroad bonds sold		222,618.65
31	Discount on I. Fitch, $397.13		68.51
31	On exchange California and Oregon and Yuba Railroad bonds—gold (C. P. Huntington's account)		342.00
	Total		32,615,432.49

CONTRA CREDIT.

1869.			
Feb. 18	200 miles of road, from the 330th to the 530th mile		$17,200,000.00
March 4	D. W. Earl, freight house, Reno		4,337.05
4	Whitney & Co., freight house, Reno		4,148.50
July 31	160 miles of road, from 530th to 690th mile		13,760,000.00
31	Discount on currency, $5,000, May 1		1,250.00
31	Discount on currency, $630, May 27		157.50
31	By paid Goss & Lambard, buildings and machinery		83,000.00
Aug. 4	Drawback on freight, San Francisco and San José Railroad, 1865		535.00
26	Error in charge, October 18, 1868		65,812.50
Sept. 8	Discount on $4,513, currency paid by C. P. Huntington in July		1,128.25
13	Discount on $19,648, paid by C. P. Huntington in August		4,912.00
Nov. 15	320 Western Pacific Railroad Government bonds (C. P. Huntington's account for September)		320,000.00
30	Discount on $472.75 currency (C. P. Huntington's account October)		94.55
Dec. 15	Sale of 1,008 United States 6 per cent. Western Pacific Railroad bonds, currency		1,059,382.47
15	Sale of 419 Western Pacific Railroad first-mortgage bonds, series A		374,328.81
15	Discount on $23,050, currency		5,004.00
17	Cash. Interest on notes		75,000.00
16	Proceeds of sale $30,000 of Yuba County bonds		14,400.00
31	By Mark Hopkins's check, No. 100, charged October 5. (Check returned from Dead-Letter Office)		301.57

Account current of the Contract and Finance Company with the Central Pacific Railroad Company of California for the year 1869—Continued.

CONTRA CREDIT—Continued.

Date.		Voucher No.	Amount.
1869.			
Dec. 31	English iron charged in 1868		$64,071.82
	(NOTE.—The journal 321 shows that this was for 5,315 bars of English iron bought in 1868 and charged to Contract and Finance Company for the Oregon Railroad Company, and now credited back, as the same will be included in charge to be made hereafter of iron laid in track to date.)		
	By note to contract and Finance Company dated January 1, 1870, gold		287,000.00
	By sale 1,438 first-mortgage bonds of Western Pacific Railroad, series A		1,290,542.02
	Amount of Thos. Fitch draft collected by C. P. Huntington		397.13
	Total		34,618,004.97

CHARGES TO CONSTRUCTION IN 1868 AND 1869.

By Commissioner ANDERSON:

Q. In connection with this construction account, what are the two sheets which you now produce?—A. They are the amounts which were charged to construction during the years 1868 and 1869 on the books of the Central Pacific Railroad Company.

(The paper was marked Exhibit No. 8, August 17, 1887, and is as follows:)

Statement showing main features of the construction account of the Central Pacific Railroad Company of California for 1868 and 1869.

1868.

Purpose for which expended.	Amount.	Total.
Paid Contract and Finance Company:		
In stock	$8,256,000.00	
In cash	8,256,000.00	
		$16,512,000.00
Paid Chas. Crocker & Co.:		
In stock, at 30 cents on $1	1,041,670.00	
In cash	1,190,527.69	
		2,232,197.69
Paid for iron and superstructure		2,077,000.00
Paid on cashier's vouchers:		
January	29,036.52	
February	43,707.24	
March	53,365.76	
April	34,321.78	
May	32,742.90	
June	28,856.16	
July	32,245.34	
August	58,163.53	
September	69,826.46	
October	85,509.89	
November	78,586.59	
		546,382.47
Paid for building snow-sheds		200,000.00
Expense account, including salaries and C. P. Huntington's accounts and extraordinary expenses, and the expenses of Fisk & Hatch in advertising and selling bonds		525,000.00
Sacramento wharf No. 1	48,589.89	
Sacramento wharf No. 2	126,597.79	
		175,187.38
Buildings, shops and machinery, and engineering		500,000.00
Passenger freight		95,000.00
Marine insurance		158,484.81
Sundry items incidental to construction proper		1,025,488.66
Total cost of construction		24,046,742.01

Statement showing main features of the construction account of the Central Pacific Railroad Company of California for 1868 *and* 1869—Continued.

1869.

Purpose for which expended.	Amount.	Total.
Paid Contract and Finance Company for constructing 360 miles of railroad	$30,960,000.00	
Paid Contract and Finance Company for extra work in building snow-sheds and sinking artesian wells	680,924.17	
		$31,640,924.17
Paid Union Pacific Railroad Company and Contract and Finance Company in bonds		2,970,000.00
Paid interest		426,665.57
Paid salaries—expense account of C. P. Huntington and incidentals		426,665.00
Paid on cashiers' vouchers		853,775.00
Paid Pacific Telegraph		40,000.00
Paid Marine Insurance		240,000.00
Paid for engineering		40,000.00
		36,736,969.74
Less credits for materials furnished the Contract and Finance Company over that purchased		2,886,544.00
Total cost of construction		33,849,425.74

By Commissioner ANDERSON:

Q. What work does it appear from the books of the Central Pacific Railroad Company that the Contract and Finance Company continued to do for the Central Pacific during the years 1870 and 1871?—A. It was construction work of an outside character, like laying track and furnishing ties on the Sacramento Valley Railroad to Brighton, building snow-sheds, the construction of the Western Pacific Railroad, and tems of a like character.

ACCOUNTS CURRENT BETWEEN THE COMPANIES.

Q. Have you prepared a statement showing the accounts current between the companies for the years 1870 and 1871?—A. I have, and produce the same. I now produce the accounts for 1870. The total items credited to the Contract and Finance Company aggregate $8,192,225.86, and the total amount of debits to the Contract and Finance Company for cash payments and other items of debit amount to $6,910,725.86, leaving a balance due, as stated on the books of the Central Pacific, in stock, of $1,281,500 at the close of 1870.

By Mr. COHEN:

Q. Due by whom?—A. Due by the Central Pacific to the Contract and Finance Company.

By Commissioner ANDERSON:

Q. Do the books show what stock that was; what that last entry refers to?—A. I do not think they do. I think that is the statement as it appears upon the books. I think that is all it says—"balance of stock due." A statement could easily be made, showing what that was for.

(The paper was marked Exhibit No. 9, August 17, 1887, and is as follows:)

Account current of the Contract and Finance Company with the Central Pacific Railroad Company of California for the year 1870.

Date.	Items.	Dr.	Cr.
1870.			
Jan. 1	By balance from 1869		$1,827,077.13
31	To cash and cash items for January	$576,394.80	
Feb. —	By sale of 580 Western Pacific Railroad bonds		506,652.76
—	By discount		30,696.81
28	To cash and cash items for February	504,848.45	
Mar. —	By sale of 89 Western Pacific Railroad bonds		77,936.24
—	By discount		24,291.12
—	By laying track and furnishing ties on Sacramento Valley Railroad to Brighton		8,282.11
31	To cash and cash items for March	482,348.13	
April 30	To cash and cash items for April	855,780.31	
May —	By discount		5,869.12
—	By cash		250,000.00
31	To cash and cash items for May	226,732.81	
June —	By discount and materials		78,079.32
—	By snow-sheds		850,916.13
—	By bridges		64,352.86
—	By miscellaneous		83,174.48
—	By sundries expended for construction of Western Pacific Railroad		74,431.32
30	To cash and cash items for June	548,611.77	
July —	By sundries		11,249.44
31	To cash and cash items for July	343,406.17	
Aug. —	By capital stock due for construction of California and Oregon Railroad		497,000.00
—	By cash bills on construction of California and Oregon Railroad		1,344,800.00
—	By discount and sundries		7,137.65
31	To cash and cash items for August	662,285.49	
Sept. 30	To cash and cash items for September	897,792.90	
Oct. —	By extending the Oakland and Alameda wharves, and fencing railroad from Niles to Oakland, per resolution of board of directors (payment on account)		692,394.94
31	To cash and cash items for October	839,417.73	
Nov. —	By rebuilding American River bridge		52,611.48
—	By discount		526.25
30	To cash and cash items, November	219,225.65	
Dec. —	By discount		21,367.52
1—	By construction of 26.15 miles of railroad and telegraph on the California and Oregon branch, from the 77.6 mile to the 103.75 mile, the whole distance of the line from junction at Roseville to a point opposite Tehama (see minutes of the California and Oregon Railroad Company, p. 42): Capital stock $784,500.00 Cash 522,000.00		1,307,500.00
—	By cash bills paid for repairs		69,057.01
31	By balance due in cash		307,730.15
31	To cash and cash items for December	673,894.65	
31	To balance of stock due	1,291,500.00	
	Total	8,192,225.86	8,192,225.86

By Commissioner ANDERSON:

Q. It appears from the accounts referred to in this statement that for some of the construction stock of the Central Pacific Railroad Company was issued and paid to the Contract and Finance Company in that year, does it not?—A. Yes. I think that the voucher for that is missing. I think that it is up here with the Commission.

Q. All the charges to the company for stock and bonds I understand to be stated at par in these accounts. Is that correct?—A. The cash was gold, and the stock was par; half and half.

ACCOUNT CURRENT BETWEEN CONTRACT AND FINANCE COMPANY AND RAILROAD COMPANY.

I also produce the account current between the Contract and Finance Company and the Central Pacific Railroad Company for the year 1871. The total of items credited to the company, including the balance from

the last account and construction and repair items, is $6,506,545.27; and the total of debits to the company for cash and stock payments is $8,770,446.16.

The balance against the Contract and Finance Company at the close of that year was $2,263,900.89.

(The paper was marked Exhibit No. 10, August 17, 1887, and is as follows:)

Account current of the Contract and Finance Company with the Central Pacific Railroad Company of California for the year 1871.

Date.	Item.	Dr.	Cr.
1871.			
Jan. 1	By balance from 1870, stock		$1,281,[illegible]
	By cash items and discount		174,178.19
	To balance from 1870, cash	$307,720.15	
	To cash and cash items for January	133,825.71	
Feb. —	By five notes of $100,000 each, dated October 11, 1869, in favor of Contract and Finance Company, surrendered by order of L. Stanford $500,000.00		
	By interest on the same 62,222.22		
	562,222.22		
	By less 500 bonds of $1,000 each, dated July 1, 1870, of the San Francisco, Oakland and Alameda Railroad, at 85 cents $425,000.00		
	By accrued interest 25,000.00		
	450,000.00		
	By cash		112,222.22
			18,[illegible]
28	To cash and cash items for February	68,112.17	
	To balance (transferred) due the Southern Pacific Railroad Company	168,708.43	
	To capital stock issued to the Contract and Finance Company on the California and Oregon Railroad contract to the 103.75 mile	1,281,500.00	
Mar. —	By 260 shares of Wells, Fargo & Co. stock delivered to R. Franchot, less discount		5,722.50
	By discount		284.27
31	To cash and cash items, March	202,534.77	
Apr. —	By discount		62,700.55
	By capital stock under contract with San Joaquin Valley Railroad Company of December 29, 1869		2,000,000.00
30	To 547 first-mortgage bonds of, the Central Pacific Railroad Company (see C. P. Huntington's account current for March)	547,000.00	
	To capital stock issued under contract with the San Joaquin Valley Railroad Company of date December 29, 1869	2,000,000.00	
	To cash and cash items for April	221,286.00	
May 31	To cash and cash items for May	1,065,632.90	
June 30	To cash and cash items for June	169,021.29	
July —	By sale of 214 California and Oregon Railroad Company bonds		178,500.00
	By sale of 980 Central Pacific Railroad Company's first-mortgage bonds		980,700.75
	By cash items and discount		199,272.62
31	To 182 first-mortgage bonds of Central Pacific Railroad Company (see C. P. Huntington's accounts current for April and May)	182,000.00	
	To cash and cash items for July	424,750.94	
Aug. —	By discount		140.94
31	To cash and cash items for August	543,906.45	
Sept. —	By cash items and discount		12,430.00
	By cash paid sundry persons for claims against the San Francisco and Alameda Railroad		611,102.70
30	To cash and cash items for September	422,040.88	
Oct. —	By cash and cash items		165,010.91
31	To cash and cash items for October	565,202.65	
Nov. —	By discount		1,250.00
30	To cash and cash items for November	272,454.21	
Dec. —	By construction of 12.51 miles of railroad and telegraph line from 103.75 miles at Tehama to 116.26 at Red Bluff, on the California and Oregon Branch, as per contract: Cash $250,200.00		
	Stock of Central Pacific Railroad Company 375,300.00		
			625,500.00
	By cash items, December		78,121.51
	By sundries		271.71
31	To cash and cash items for December	153,700.01	
	To balance		2,263,900.89
	Total	8,770,446.16	8,770,446.16

AYMENT TO UNION PACIFIC ON WORK FROM PROMONTORY POINT TO POINT NEAR OGDEN.

By Commissioner ANDERSON:

Q. Have you a statement of the amount paid to the Union Pacific Railroad Company for so much of the road as extends from Promontory Point to the point near Ogden?—A. I have. It is in the general balance-sheet, I think, for 1868. The total amount paid by the Central Pacific to the Union Pacific amounted to $2,138,000—$800,000 in cash and $1,338,000 in bonds.

Commissioner LITTLER. Was that in Government bonds?

The WITNESS. That was in Government bonds.

AYMENTS TO WESTERN DEVELOPMENT COMPANY FOR WORK ON NORTHERN RAILWAY.

By Commissioner ANDERSON:

Q. Have you prepared a statement from the books of the Western Development Company showing the payments to that company for the construction of so much of the Northern Railway as was constructed by that company?—A. I have, and produce the same. Each branch or contract is stated separately, and a general statement of the general credits is deducted from the total of the profit and loss.

Commissioner ANDERSON. That does not explain to us the cost of the construction. Take the profit and loss afterwards. I do not understand what you mean by the general deduction of the profit and loss.

The WITNESS. Each contract was kept separately in the books.

Q. Can you not state the cost of the construction under each contract separately?—A. Certainly. The Berkeley contract was for the construction of the road from Oakland to Martinez, 31.26 miles; and from Shell Mound to Berkeley, 3 miles; total, 34.26 miles. The cost was $1,279,686.79. The Benicia Branch contract was for the contract of the road from Benicia to Fairfield, 16.99 miles. The cost was $600,383.83. The balance of the contract, extending from Williams to Willows, a distance of 25.62 miles, cost $353,733.37. The Northern Railway contract, which included the Williams Branch, extending from Woodland to Williams, 39.2 miles, cost of construction, $809,251.12. The Berkeley siding, 4.68 miles, cost $81,694.27. This was the total cost of the individual contracts, but they had a general account in which there were certain credits and debits amounting, for the balance of the year, on the credit side, to $105,030.50, which would decrease the actual cost of the road and increase the profit and loss account.

ACTUAL COST OF THE ROAD.

Q. Please state the actual cost of the road, without loss and profit. Give us the net cost of the road.—A. I have not got it together. I have each road separately.

Q. Have you figured the interest in the account which you have given us?—A. I have.

Q. Did you include it as part of the cost?—A. Yes. The total cost of construction of these branches amounted to $3,019,718.88.

Q. What interest have you included in the estimate of the cost?—A. I have included the interest on the construction of the work up to the time that they received their first payment in stock or bonds. After that, the interest ceased.

Q. Is that the way you find it entered on their books?—A. Yes.

Q. What consideration does it appear that the Western Development Company received for this construction?—A. They received $4,810,500 in stock at par.

Q. In stock of the Northern Railway?—A. No. They received $4,710,500 of stock of the Northern Railway Company, and $100,000 stock of the Berkeley Branch Railroad Company. They also received $100,000 bonds of the Berkeley Branch, and $3,148,000 bonds of the Northern Railway; a total of stock and bonds of $8,058,500.

By Mr. COHEN:

Q. The result of all these statements is that when the Western Development Company built these roads it owned them. It owned all the stock and all the bonds; is that not so?—A. Yes; it owned them.

(The paper was marked "Exhibit No. 11, August 17, 1887," and is as follows:)

Statement of the Northern Railway Company. Cost of construction under contract.

BERKELEY CONTRACT.

1878. April 30.	Construction to date	$1,090,387.20		
	Interest on construction	189,299.59		
			$1,279,686.79	
	Profit and loss on Berkeley contract		813,097.71	
				$2,092,784.50

(31.2649 miles, Oakland to a point near Martinez; 3 miles, Shell Mound to Berkeley.)

BENICIA BRANCH CONTRACT.

1880. Aug. 31.	Construction to date	$555,314.09		
	Interest on construction	45,[illegible]		
			[illegible]0,383.83	
	Profit and loss on Benicia Branch		1,113,968.17	
				1,714,352.00

(16.9000 miles, Benicia to Fairfield.)

WILLOWS CONTRACT.

1879. Aug. 30.	Construction to date	$348,236.99		
	Interest on construction	5,496.38		
			353,733.37	
	Profit and loss on Willows Branch		1,311,397.63	
				1,665,131.00

(25.6174 miles, Williams to Willows.)

NORTHERN RAILWAY CONTRACT.

1879. May 31.	Construction to date	$713,373.53		
	Interest on construction	95,877.59		
			809,251.[illegible]	
	Profit and loss on Northern Railway contract		1,577,748.[illegible]	
				2,387,000.00

(39.2000 miles, Woodland to Williams.)

BERKELEY SIDING (4.681 MILES).

1878. Dec. 31.	Construction to date	$79,881.75		
	Interest on construction	1,812.52		
			81,694.27	
	Profit and loss on Berkeley siding		202,470.73	
	Rolling stock not furnished*		20,100.00	
				304,265.00
				8,150,350.50

Credit.

By sundry credits to general account of Northern Railway Company	*168,594.90	
Less debits of Northern Railway Company	63,564.40	
		105,030.50
Amount of construction and profit and loss		8,058,500.00

The profit and loss account assumes that the stock and bonds taken at par were worth their face value.

*The "rolling stock not furnished" is credited back in the item of $168,594.90.

Total issue of stock and bonds of the Northern Railway and Berkeley Branch.

STOCK.

1877. Nov. 15.	Berkeley Branch, 1,000 shares at $100, par value	$100,000
1878. April 17.	Northern Railway Company, 27,891 shares at $100, par value	2,798,100
1879. July 26.	Northern Railway Company, 19,124 shares at $100, par value	1,912,400
		4,810,500

BONDS.

1877. July 17.	Berkeley Branch, 100, par value $1,000	100,000
1878. July 17.	Northern Railway, 1,406	1,406,000
1879. Jan. 14.	Northern Railway, 234	234,000
15.	Northern Railway, 135	135,000
Feb. 10.	Northern Railway, 500	500,000
27.	Northern Railway, 65	65,000
May 19.	Northern Railway, 38	38,000
Oct. 29.	Northern Railway, 462	462,000
1880. Feb. 13.	Northern Railway, 148	148,000
		3,248,000
		8,058,500

The Northern Railway and Berkeley Branch Railway were built under the Berkeley contract.

	Miles.
From Oakland to Martinez	31.2649
From Shell Mound to Berkeley	3.
The Benicia Branch contract, from Benicia to Fairfield	16.99
The Northern Railway contract, from Woodland to Williams	39.2
The Willows contract, from Williams to Willows	25.6174
The Berkeley siding	4.681
Total distance	120.7533

The road from Fairfield to Woodland, making the continuous route, was built by the California Pacific Railroad Company, and belongs to the California and Pacific Railroad Company.

COST OF CONSTRUCTION OF SAN PABLO AND TULARE RAILROAD.

By Commissioner ANDERSON:

Q. Have you prepared a statement showing the cost of construction of the San Pablo and Tulare Railroad?—A. I have, and produce the same. It appears from this statement that the total amount paid for the construction of this road was $1,043,438.17; interest on the same, $113,672.57; total, $1,157,140.74. This road extends from near Martinez to Tracy, a distance of 46.52 miles.

Q. What consideration was received by the Western Development Company for that construction?—A. The consideration was 18,610 shares of the capital stock, $1,861,000.

Q. Of what company?—A. The San Pablo and Tulare Railroad Company; and 1,023 bonds, amounting to $1,023,000, and a cash item of $116; total, $2,884,116.

(The paper was marked Exhibit No. 12, August 17, 1887, and is as follows:)

San Pablo and Tulare Railroad Company.

COST OF CONSTRUCTION.

1881. June 30.	Construction to date	$1,043,468.17	
	Interest on construction to date	113,672.57	$1,157,140.74
	Profit and loss account		1,726,975.26
			2,884,116.00

SECURITIES ISSUED FOR ABOVE.

1879. July 26.	18,610 shares capital stock, $100 per share, par	1,861,000.00
1880. April 28.	500 bonds, 1 to 500, at $1,000, par	500,000.00
June 11.	523 bonds, 501 to 1,023, at $1,000, par	523,000.00
Jan'y 31.	Credit on account	116.00
		2,884,116.00

The profit and loss is made up by rating stock and bonds at par value.

COST OF CONSTRUCTION OF AMADOR BRANCH.

By Commissioner ANDERSON:

Q. Have you prepared a statement showing the cost of construction to the Western Development Company of the Amador Branch Railroad?—A. I have, and produce the same.

Q. State the cost of construction and the consideration received.—A. The cost of construction was $341,896.56, interest $38,753.08, making a total of $380,649.64.

Q. How was this paid for?—A. Six hundred and seventy-five gold bonds, $675,000; and the capital stock, $648,000.

Q. Of the Amador Branch Railroad?—A. Yes; and cash $27,000.

Q. Will you state where the road is?—A. This road extends from Galt to Ione, a distance of 27 miles.

(The paper was marked "Exhibit No. 13, August 17, 1887," and is as follows:)

Amador Branch.

LIABILITIES.

1877.		
July 6.	675 gold bonds of $1,000 each, par value	$675,000.00
Oct. 8.	Capital stock, par value	648,000.00
8.	Cash on account	27,000.00
		1,350,000.00

ASSETS.

1877.		
Oct. 8.	Completed road	1,350,000.00

COST OF CONSTRUCTION.

1877.	Construction voucher for grading, iron superstructure, and completing road, without equipment, from 1875 to 1878	341,896.56
	Interest on construction to September 30, 1877	38,753.08
	Total amount charged to construction	380,649.64
	Amount carried to profit and loss to credit of Western Development Company	969,350.36
		1,350,000.00

SECURITIES ISSUED FOR THE ABOVE.

1877.		
July 6.	675 gold bonds, $1,000 each, par value	675,000.00
Oct. 8.	Capital stock, par value	648,000.00
8.	Cash on account	27,000.00
		1,350,000.00

There were no extraordinary expenses in the construction account. This road extends from Galt to Ione, a distance of twenty-seven miles.

COST OF CONSTRUCTION OF SOUTHERN PACIFIC, OF CALIFORNIA.

By Commissioner ANDERSON:

Q. Have you prepared a statement showing the cost of construction to the Western Development Company of the Southern Pacific Railroad in the State of California?—A. I have, and produce the same.

Q. Will you please state the cost of construction, and the consideration received for the same?—A. The Southern Pacific Railroad includes the Colorado contract, the San Bernardino contract, the San Fernando contract, the Sumner contract, the Goshen contract, and the main line. The cost of construction of all was $11,410,227.11. The interest was $480,499.50, making a total of $11,896,726.61.

The WITNESS. You do not want the stock and bonds in detail, do you?

Commissioner ANDERSON. No; we want the totals.

The WITNESS. The amount of bonds was $14,576,000.

Q. Do you mean bonds of the Southern Pacific Railroad?—A. Yes. The stock was $14,576,700. The cash was $820.

Q. What is the mileage?—A. The road extends from Sumner to San Fernando, 140 miles; from Spadra to the Colorado River, 224.90 miles; and from Hurin to Goshen, 40 miles; total, 404.90 miles.

(The paper was marked Exhibit No. 14, August 17, 1887, and is as follows:)

Southern Pacific Railroad Company (of California).

COST OF CONSTRUCTION.

1877.		
July 31.	Colorado contract	$1,062,270.45
31.	San Bernardino contract	1,289,247.16
31.	San Fernando contract	1,471,471.83
31.	Sumner contract	3,322,234.43
31.	Goshen contract	487,090.05
		7,632,313.92
1878.		
Apr. 30.	Main line	3,777,913.19
	Interest on above	480,499.50
		11,890,726.61
	Profit and loss	17,262,793.39
		29,153,520.00

STOCK AND BONDS ISSUED FOR THE ABOVE ACCOUNT.

1878.		
Mar. 30.	2,567 bonds, Series B, 17401 to 19967, $1,000 each, par value	2,567,000.00
Apr. 1.	112 bonds, Nos. 16889 to 17000, $500 each, par value	56,000.00
1.	2,417 bonds, Nos. 17000 to 17400, 19968 to 21984, $1,000 each, par value	2,417,000.00
Nov. 15.	3,837 bonds, Series C, 21985 to 25821, $1,000 each, par value	3,837,000.00
1877.		
Mar. 31.	1,179 bonds, 25822 to 27000, $1,000 each, par value	1,179,000.00
July 16.	4,820 bonds, 27001 to 31820	4,820,000.00
1878.		
Apr. 1.	50 certificates of 1,000 shares, Nos. 314 to 363, $1,000, par value	5,000,000.00
1.	4 certificates of 100 shares, 262 to 265, $100, par value	40,000.00
Nov. 15.	38,376 shares, $100, par value	3,837,600.00
1877.		
Mar. 1.	14,400 shares, $100, par value	1,440,000.00
July 16.	42,591 shares, $100, par value	4,259,100.00
	Cash to balance account	820.00
		29,153,520.00

The vouchers for expense comprised in these contracts are mostly made up of state units of accounts from the auditor's and treasurer's departments, certified as to their correctness by the secretary, A. C. Irwin, and calculations examined by examining clerk. It would be impossible in the limited time to go over each individual voucher, but they are all evidently such items as would be incurred in building the road, such as grading, iron and superstructure, ties, lumber, supplies, &c.

Bonds and stock above are rated at par value.

Southern Pacific Railroad Company (of California) extends from—

	Miles.
Sumner to San Fernando	140
Spadra to Colorado River	224.91
Hurin to Goshen	40
	404.91

COST OF CONSTRUCTION OF SOUTHERN PACIFIC OF ARIZONA.

By Commissioner ANDERSON:

Q. Have you prepared a statement showing the cost of construction of the Southern Pacific Railroad of Arizona?—A. I have, and produce the same. The Southern Pacific Railroad of Arizona extends from the east end of the Colorado bridge, at Yuma, to the New Mexico line, a distance of 384.17 miles. The cost of construction was $6,718,222.17. The interest was $285,637.92. The total was $7,003,860.09. Stock and bonds were issued; bonds, $9,604,000; stock, $9,995,000; balance due on bonds, $250 cash.

Q. Were the bonds the bonds of this same company?—A. Yes.

(The paper was marked Exhibit 15, August 17, 1887, and is as follows:)

ARIZONA CONTRACT.

Cost of construction of the Southern Pacific Railroad Company of Arizona, from the east end of the Colorado River Bridge, Yuma, to the New Mexico line, 384.17 miles.

1885.			
Dec.	31.	Cost of construction	$26,718,222.11
	31.	Interest on above	285,637.92
			7,003,860.03
	31.	Balance carried to profit and loss	22,595,389.91
			29,599,250.00

STOCK AND BONDS ISSUED FOR ABOVE.

1880.			
Dec.	31.	500 bonds, Series A, 1 to 500, $10,000 each, par value	$5,000,000.00
		1,000 bonds, Series A, 1 to 1000, $1,000 each, par value	1,000,000.00
		300 bonds, Series B, 501 to 800, $10,000 each, par value	3,000,000.00
		604 bonds, Series B, 1001 to 1604, $1,000 each, par value	604,000.00
			9,604,000.00
Oct.	31.	99,950 shares capital stock Southern Pacific Railroad Company of Arizona	9,995,000.00
Nov.	23.	100,000 shares capital stock Southern Pacific Railroad Company of Arizona, $100 each, par value	10,000,000.00
		Balance due on bonds to Pacific Improvement Company	250.00
			29,599,250.00

The amended contract dated 16th and 22d days of November, 1880, provides, that the Pacific Improvement Company shall build and equip a single-track road with proper sidings, buildings, turntables, and everything necessary for a first-class road, and receive for doing so all the capital stock, less 50 shares, viz, 199,950 shares, at $100 each, say $19,950,000, and first mortgage bonds to the extent of $25,000 per mile of road built, the road extending 384.17 miles; the amount of bonds issued to the Pacific Improvement Company was $9,604,000, showing a balance due them of $250.

The vouchers are mostly auditor's and treasurer's settlements and statements, and the expenses appear to be correct, and such as would be proper in the construction of a road of this character.

The profit and loss account assumes that the stock and bonds taken at par were worth their face value, regardless of their actual value.

COST OF CONSTRUCTION OF SOUTHERN PACIFIC OF NEW MEXICO.

By Commissioner ANDERSON:

Q. Have you prepared a statement showing the cost of construction of the Southern Pacific Railroad of New Mexico?—A. I have, and produce the same. Under the New Mexico contract, the road was extended from the boundary line between New Mexico and Arizona to the west end of the Rio Grande bridge, a distance of 167.22 miles. The cost of construction was $3,604,360.53; interest, $45,211.67; total, $3,649,572.20. Stock and bonds were issued for the above as follows: Bonds, $4,180,000; stock, $6,688,800. Balance cash due on bonds, $500.

(The paper was marked Exhibit 16, August 17, 1887, and is as follows:)

NEW MEXICO CONTRACT.

Cost of construction of the Southern Pacific Railroad Company of New Mexico, extending from the boundary line of New Mexico and Arizona to the west end of the Rio Grande bridge, 167.22 miles.

1884.			
Dec.	31.	Cost of construction	$3,604,360.53
		Interest on above	45,211.67
			3,649,572.20
		Balance carried to profit and loss	7,219,727.80
			10,869,300.00

STOCK AND BONDS ISSUED FOR ABOVE.

1881.			
Aug.	31.	4,180 bonds of $1,000 each, par value	4,180,000.00
		66,888 shares capital stock, $100 each, par value	6,688,800.00
		Balance due on bonds to Pacific Improvement Company	500.00
			10,869,300.00

The contract dated November, 1880, provides that the Pacific Improvement Company shall build and equip a single-track road, with proper sidings, buildings, turntables, and everything necessary for a first-class road, and receive for doing so $25,000 a mile in first-mortgage bonds and $40,000 a mile in capital stock. The road extends 107.22 miles. The amount of bonds issued to the Pacific Improvement Company was $4,180,000, showing a balance due them of $500, and $6,688,800 of stock was also issued.

The vouchers are mostly auditor's and treasurer's settlements and statements, and the expenses appear to be correct, and such as would be proper in the construction of a road of this character.

The profit and loss account assumes that the stock and bonds, taken at par, were worth their face value, regardless of their actual value.

COST OF CONSTRUCTION OF COLORADO RIVER BRIDGE.

By Commissioner ANDERSON:

Q. Have you prepared a statement showing the cost of construction of the Colorado River bridge?—A. I have, and produce the same. The Colorado River bridge was 700 feet long. It was a bridge across the Colorado River at Yuma. It was built by the Western Development Company, and completed November 1, 1878, at a cost of $39,913.39. March 31, 1879, it was sold to the Pacific Improvement Company at cost, and that company expended upon it in riprapping and maintenance $20,087.41; rebuilding it in 1885, $77,327.06; and rebuilding it again in 1886, $68,802.59. It stands upon the books of the company at $206,130.45.

Q. Does this include all repairs and rebuilding?—A. Yes.

Q. Were you informed of the circumstances which caused it to be necessary to rebuild the bridge?—A. I was, generally.

Commissioner ANDERSON (to Mr. F. S. Douty). Mr. Douty, what were the causes of the destruction of this bridge?

BRIDGE DESTROYED BY FIRE AND FLOOD.

Mr. DOUTY. The bridge was washed out the first time, and the second time it was burned.

Commissioner ANDERSON. Were the washout and the destruction by fire at the same time or immediately preceding the charges for rebuilding?

Mr. DOUTY. The charge for rebuilding in each case succeeded the washout and the burning out. They were a year apart.

Commissioner ANDERSON. How long after the washout was it rebuilt? It was not as late as four or five years, was it?

Mr. DOUTY. It was rebuilt as soon as possible. We were probably a month in rebuilding the bridge.

Commissioner ANDERSON. The point that I want to know was whether the rent of $12,000 per annum, which was paid after the original construction, was paid up to the time of the first destruction?

Mr. DOUTY. It was paid up to the time of the first destruction, and then it was suspended.

Mr. HAYMOND. Was not the second destruction incendiary and the first destruction caused by the nature of the stream?

Mr. DOUTY. Yes, sir.

Commissioner LITTLER. Was it not insured; did you get any insurance?

Mr. HAYMOND. No, sir; the company never insures anything.

Commissioner ANDERSON. I understand that they are their own insurers.

(The paper was marked "Exhibit 17, August 17, 1887," and is as follows:)

Cost of construction of the Colorado River bridge, 700 feet long, August 16, 1887.

The bridge across the Colorado River at Yuma was built by the Western Development Company, and completed November 1, 1878, at a cost of $39,913.39.

March 3, 1879, the Western Development Company sold the bridge to the Pacific Improvement Company at cost.

The account against the bridge stands as follows:

Cost to March 31, 1879	$39,913.39
Cost riprapping and maintenance to January, 1885	20,667.41
Cost rebuilding, May, 1885	77,327.66
Cost rebuilding, July, 1886	68,682.39
Investment of Pacific Improvement Company to date	206,130.45

COST OF CONSTRUCTION OF CALIFORNIA AND OREGON ROAD FROM DELTA TO STATE LINE.

By Commissioner ANDERSON:

Q. Have you prepared a statement showing the cost of the construction of the California and Oregon road from Delta to the north line of the State by the Pacific Improvement Company?—A. I have, and produce the same. The California and Oregon Division of the Central Pacific, extending from Delta to the State line, is 104 miles long. The entire length of the division north of Roseville is 191.87 miles.

Q. Is the length of the road constructed 104 miles?—A. Yes.

Q. And you mean that Delta is 191.87 miles north of Roseville?—A. Yes. The cost up to date was $3,188,609.32. This is the cost up to June 30 on general construction, and April 30 on rolling-stock, buildings, and so forth.

By Commissioner LITTLER:

Q. What year?—A. This year, 1887. There was no construction interest charged in this account.

By Commissioner ANDERSON:

Q. Does anything appear to have been reserved for future construction in order to entirely build the road?—A. $317,000 of the bonds are yet undelivered.

Q. What consideration has been received by the Pacific Improvement Company for that construction?—A. The consideration received, leaving out the $317,000, is $4,183,000 in bonds and $8,000,000 in stock.

Q. Stock of what company?—A. Stock of the Central Pacific Railroad Company.

Q. What bonds?—A. $2,120,000 of the Central Pacific (California and Oregon Division) bonds, and $2,063,000 of the fifty-year 6 per cent. bonds of the Central Pacific Railroad Company.

(The paper was marked "Exhibit No. 18, August 17, 1887," and is as follows:)

Central Pacific Railroad Company (California and Oregon Division), extending from Delta to State line.

COST OF CONSTRUCTION.

1887.		
June 30.	California and Oregon, contract	$2,176,444.87
30.	California and Oregon, right of way	22,946.24
30.	California and Oregon, survey	106,350.43
30.	California and Oregon, masonry	459,312.03
30.	California and Oregon, telegraph	2,517.65
April 30.	California and Oregon, bridges, buildings, &c.	355,249.22
30.	California and Oregon, rolling-stock	56,699.06
		3,188,609.32

STOCK AND BONDS ISSUED FOR ABOVE CONSTRUCTION.

1866.			
Dec. 31.	Central Pacific Railroad Company (California and Oregon Division) bonds*	$2,120,000.00	
31.	Central Pacific Railroad Company fifty-year 6 per cent. bonds	1,373,000.00	
31.	Central Pacific Railroad Company, capital stock certificate No. C. 936	8,000,000.00	
1867.			
June 30.	Central Pacific Railroad fifty-year 6 per cent. bonds—$690,000 delivered to Pacific Improvement Company; $317,000 yet undelivered	1,007,000.00	
		12,500,000.00	

The road for which this stock and bonds are issued, and to be issued, to the extent of $12,500,000, runs from 191.87 miles north of Roseville, near Delta station, to the State line, 104 miles. There has been no construction interest charged in this account.

COST OF CONSTRUCTION OF ANAHEIM BRANCH.

By Commissioner ANDERSON:

Q. Have you also prepared a statement showing the cost of construction of the Anaheim Branch?—A. I have, and produce the same. The Anaheim Branch extends from Downey to Santa Ana, a distance of 20.82 miles. The cost of construction was $78,887.33. The interest was $16,275.52. The total cost was $95,162.85. The stock and bonds issued for the above were 4,168 shares of the stock of the Los Angeles and San Diego Railroad Company, $416,800, and 90 shares, $9,000; also 416 bonds of the Los Angeles and San Diego Railroad Company, $416,000.

Q. Is there not some explanation that you can make about that in regard to the apparent inconsistency between the cost of construction and the amount of railroad constructed? Perhaps Mr. Douty can explain it.—A. I made this statement from the books. It appears from this that it cost only $95,000 to build 20 miles of road, or an average of about $4,500 a mile. I asked Mr. Douty how it was, and he informed me that the bookkeeper got his accounts mixed up, and that in all probability a part of that road had been built by the Contract and Finance Company; the Contract and Finance Company must have expended large amounts in building that 20.82 miles, for which it received no credit.

By Mr. COHEN:

Q. Who was that bookkeeper?—A. I do not know. He was your bookkeeper.

Q. What was the name of the bookkeeper?—A. I do not know.

Mr. DOUTY. The last bookkeeper who had charge of the books was John Miller. He was succeeded by A. C. Irwin.

By Commissioner ANDERSON:

Q. What else did Mr. Douty say in explanation of the amount charged to construction?—A. He said that in all probability the Contract and Finance Company had not been paid for the work.

Q. And they treated it, therefore, substantially as if the Western Development Company had done the whole work, and were entitled to pay for it, because the interests were substantially the same; is that so?—A. I suppose that is so. I do not believe that you could build 20 miles of road for that amount of money.

Commissioner ANDERSON. I desire to say that this substantially completes the cost of construction which I have asked Mr. Stevens to investigate, and pretty much all of the leased lines, except the two Los Angeles roads, which do not appear to have been built by the Western Development Company. Mr. Douty, can you inform us whether those roads were built by the Contract and Finance Com-

*These bonds are now in Mr. C. P. Huntington's hands, to be executed in New York by the president and trustees.

pany—the Los Angeles and Independence Railroad and the Los Angeles and San Diego Railroad?

Mr. DOUTY. The Anaheim Branch is the Los Angeles and San Diego Railroad. The Los Angeles and Independence Railroad was built by other parties, or by the Los Angeles and Independence Railroad Company, of which John P. Jones was president. It was acquired by purchase from John P. Jones and others after it was built and completed.

Q. In what books will the consideration paid to Senator Jones appear? Will this appear in the books of the Western Development Company?—A. The books will show the consideration which we paid for it. There may have been other things.

By Commissioner ANDERSON:

Q. Mr. Stevens, will you obtain this information, so that we can complete our record?—A. Yes.

By the CHAIRMAN:

Q. Will you make a statement of the entire account?—A. Yes.

(The paper was marked Exhibit 19, August 17, 1887, and is as follows:)

Anaheim Branch contract.

COST OF CONSTRUCTION.

1878.			
Dec.	31.	Construction vouchers	$78,887.33
Oct.	31.	Interest on above	16,275.82
			95,163.15
		Profit and loss, Anaheim contract	746,637.15
			841,800.00

STOCK AND BONDS ISSUED FOR ABOVE.

1880.			
Nov.	30.	4,166 shares Los Angeles and San Diego capital stock, at $100 par value	416,600.00
1881.			
Jan.	6.	90 shares Los Angeles and San Diego capital stock, at $100 par value	9,000.00
	20.	416 bonds Los Angeles and San Diego Railroad Company, par value $1,000 each	416,000.00
			841,800.00

The vouchers are auditor's and treasurer's statements, and comprise only the regular expenses incident to the proper construction of the road. The profit and loss account assumes the stock and bonds to be worth their par value. Anaheim Branch, from Downey to Santa Ana, 20.82 miles.

MEMORANDUM.—The Los Angeles and San Diego Railroad ran from Florence to Santa Ana, a distance of 27.82 miles, of which distance the Western Development Company built 20.82 miles and the Contract and Finance Company 7 miles. The contract was that the road should be constructed for $20,000 per mile of stock and bonds, each, or a total cost of $1,112,800. Of this amount the Contract and Finance Company received $280,000 in equal proportions of stock and bonds and the Western Development Company $416,800 in stock and $416,000 in bonds. They also received $9,000 additional in stock. The cost to the Western Development Company of the 20.82 miles was $95,162.85, while the cost to the Contract and Finance Company for the 7 miles cannot be ascertained. The figures show that the Contract and Finance Company undoubtedly expended large sums of money in the construction of the 20.82 miles.

RECAPITULATION.

By Commissioner ANDERSON:

Q. Have you also prepared a recapitulation, showing the cost of construction of these various roads which you have enumerated in detail, and of the consideration received for the same in cash, stocks, and bonds?—A. I have, and produce the same.

(The paper was marked Exhibit 20, August 17, 1887, and is as follows:)

Cost of construction of roads named below, and consideration paid therefor.

Name of railroad.	From—	To—	No. of miles.	Cost of construction.	Bonds.	Stock.	Cash.	Profit and loss.
Northern Railway[1]			120.7533	$3,039,818.88	$3,248,000.00	$4,810,500.00		$5,018,681.12
Amador Branch	Galt	Ione	27	380,649.64	675,000 00	648,000.00	$27,000.00	969,350.36
San Pablo and Tulare Railroad	Martinez	Tracy	46.5180	1,157,140.74	1,023,000 00	1,861,000.00	116.00	1,726,975 26
Southern Pacific	Sumner Spadra Huron	San Francisco Colorado River Goshen	404.91	11,890,726.61	14,576,000.00	14,576,700.00	820.00	17,262,793.39
Anaheim Branch	Florence	Santa Ana	20.82	85,162.85	416,000.00	425,800.00		746,637.15
Southern Pacific of Arizona	Colorado River bridge.	New Mexico line	384.17	7,003,890.09	9,504,000.00	19,995,000.00		22,505,889.91
Southern Pacific of New Mexico	Boundary of New Mexico and Ariz.	West end of Rio Grande bridge.	167.22	3,649,572.20	4,180,000.00	6,688,800.00	500.00	7,219,727.80
California and Oregon Railroad	Roseville		77.6	3,879,975.60		2,228,000.00	[2]1,551,800.00	
Do	77.6 miles	103.75 miles to a point opposite Tehama.	26.15			784,500.00	833,000.00	
Do	Tehama	Red Bluff	12.51			375,300.00	250,200.00	
Do	Red Bluff	Redding	24.9				1,570,500.00	
Do	Redding	Delta[3]	34.04	3,051,816.11				8,594,290.68
California and Oregon Railroad (C. P.)	Delta	State line	104	[4]3,505,009.32	4,500,000.00	8,000,000.00		
Central Pacific Main Line (Crocker contract), bonds at par value:	1st mile	138th mile	138		100,000.00	57,980.22		
Stock at 50 per cent	Section 1	Section 92				2,606,200.00		8,853,117.93
Stock at 20 per cent	Section 92	Section 138				11,947,530.00		
Central Pacific Main Line, extra work							296,504.22	
Central Pacific Main Line (Contract and Finance Company).	138th mile	690th mile	552			23,736,000.00	[5]23,736,000.00	
Central Pacific Main Line, snow sheds and other extra work.							1,072,874.79	
Central Pacific Main Line, rebuilding American River bridge.							82,011.48	
Central Pacific Main Line, extending Oakland and Alameda wharves and fencing in track.							602,394.94	
San Joaquin Valley Branch of C. P. R. R.	Lathrop	Goshen	[6]152		6,080.00	2,000,000.00	30,500.00	

[1] The Northern Railroad and Berkeley Branch were built under the Berkeley contract from Oakland to Martinez, and from Shell Mound to Berkeley, 34.2649 miles; Benicia Branch, Benicia to Fairfield, 16.99 miles; Northern Railway contract, Woodland to Williams, 39.2 miles; Williams contract, Williams to Willows, 25.6174 miles; Berkeley siding, 4.681 miles; total distance, 120.7533 miles. [2] Of this cash, $250,000 were bonds taken at 80 per cent., or $207,000.

[3] From Redding to Delta the line was built by the Central Pacific Railroad Company. The distance, 34.04 miles, according to the books, cost $3,051,816.11, or $70,000 per mile. It is clearly evident that large sums of money were expended in this amount upon other portions of the road in rounding up the work.

[4] Central Pacific Railroad, Delta to State line, construction not completed, cost and profit and loss estimated. [5] Gold.

[6] The San Joaquin Valley Branch of the Central Pacific Railroad was constructed under contract with the Contract and Finance Company for $2,000,000 stock, $6,080,000 bonds, and $30,500 cash. The actual cost of construction can only be ascertained from the books of the Contract and Finance Company, which are missing.

By Commissioner ANDERSON:

Q. Have you prepared a statement of the disposition made of the $10,000,000 land-grant mortgage bonds issued by the Central Pacific Railroad Company?—A. I have, and produce the same.

(The paper was marked Exhibit 21, August 17, 1887, and is as follows:)

Account of sales of land-grant mortgage bonds for $10,000,000, *of October* 1, 1870.

Date.	Items.	Discount.	Amount realized.	Total.
1871.				
Jan. 28.	7,064 bonds exchanged for bills payable or outstanding notes of the company, by order of L. Stanford		$6,110,360.00	$7,064,000.00
	Discount allowed in the exchange, bonds taken at 86½	$953,640.00		
28.	1,809 bonds exchanged for bills payable or outstanding notes of the company, by order of Mark Hopkins		1,633,985.00	1,809,000.00
	Discount allowed in the exchange, bonds taken at 86½	255,015.00		
Aug. 12.	200 bonds sold by Mark Hopkins		150,000.00	200,000.00
	Discount, bonds taken at 75 per cent	50,000.00		
1874.				
Mar. 10.	12 bonds sold by C. P. H., credited in his account of January, 1874		10,071.94	12,000.00
	Discount on the same	1,928.06		
10.	14 bonds sold by Fisk & Hatch, as per C. P. H.'s account current for February		9,356.00	18,000.00
	4 bonds sold by C. P. H. (see account current for February)		3,373.20	
	Discount on above 18 bonds	5,270.80		
May 13.	1 bond sold by Fisk & Hatch, as per C. P. H.'s account current for April		821.15	1,000.00
	Discount on the same	178.85		
June 14.	264 bonds sold by Fisk & Hatch direct		230,250.02	264,000.00
	Discount on the same	33,749.98		
1875.				
Nov. 15.	325 bonds sold to Kuhn, Loeb & Co		291,288.69	325,000.00
	Discount on the same	33,611.31		
1876.				
April 5.	67 bonds sold by C. P. H		62,295.87	67,000.00
	Discount on the same	4,704.13		
1878.				
June 29.	180 bonds sold by C. P. H		148,819.95	180,000.00
	Discount on the same	19,180.05		
		1,356,338.18	8,643,661.82	10,000,000.00

By Commissioner ANDERSON:

Q. Have you completed your examination of the Contract and Finance Company's books?—A. No; I am going on with it.

By Mr. COHEN:

Q. How long have you been engaged in the office of the Central Pacific Railroad Company in making your examination?—A. I think that I commenced about the 4th or 5th of July. It was the first part of July.

Q. And have you continued up to the present day?—A. Yes.

FACILITIES FOR MAKING EXAMINATION.

Q. Have you received every facility from the officers and employés of the Central Pacific Railroad Company in aiding you in your examination and labors?—A. Yes; whenever I have asked for any books or papers Mr. Miller and Mr. Douty have always immediately given them to me, or else told me that they could not be found.

Q. You found no effort on the part of the officers of the Central Pacific to conceal any portion of their records or papers from your inspection, did you?—A. I found no such effort at all.

By Mr. HAYMOND:

Q. Do the books of any of the companies which you have examined show that a dollar of the money belonging to the Central Pacific Railroad Company ever went into the construction of any of the roads mentioned in Exhibit No. 14, which is the exhibit wherein you name all of those branch lines?—A. So far I have only made a thorough examination of the general books of the Central Pacific Railroad Company up to 1870, and as these accounts are of a later date I cannot answer that question.

Q. Will you make that examination and be prepared to answer hereafter?—A. I will make that examination as soon as I can.

Q. Will you also make it as to the Southern Pacific of Arizona and the Southern Pacific of New Mexico?—A. Yes.

COMPARISON OF BOOK-KEEPING.

Q. How have the books of the Central Pacific been kept as compared with the books of other railroad companies?

The CHAIRMAN. That is one of the provisions in the act of Congress for the Commission to pass upon and for the Commission to report to Congress; and I submit that if he has formed an opinion, to give that opinion would be anticipating the opinion of the Commission.

Mr. HAYMOND. Mr. Stevens is an expert. We wish to show what he knows about our books. There is an opinion abroad that the books of the Central Pacific have been altered, changed, and doctored from time to time, and we wish to show by this expert, who comes here with the highest kind of recommendations, that there is no truth in that report.

The WITNESS. Up to 1870, looking at it in the light of a book-keeper, I should say that they have been very badly kept, but honestly kept.

Q. That is, as book-keeping you think that they are not up to the standard of the present time?—A. No.

Q. Do the books up to 1870 show to an expert their truthfulness?—A. I have not seen a case of apparent alteration in the books.

Q. Nothing to indicate a desire to conceal anything?—A. Nothing to indicate improper book-keeping.

By Mr. COHEN:

Q. Every book-keeper has a system of his own pretty much, has he not?—A. Yes.

Mr. HAYMOND. You must remember that these gentlemen were not railroad men when they commenced to build this road, and that they knew very little about railroad book-keeping.

The WITNESS. There is a variance in all railroad book-keepers' methods.

INTEREST CHARGED TO CONSTRUCTION.

By Mr. HAYMOND:

Q. I want to ask you one other question, and that is, whether interest, such as Commissioner Anderson referred to, charged by the construction company, is a proper charge to construction?—A. It is always a customary charge by railroads.

Q. To construction?—A. Yes.

COMPLIMENT TO WITNESS.

Mr. HAYMOND. I desire, before you leave the stand, to express, in the name of Mr. Miller, Mr. Douty, and the company, so far as I can express it, our thanks for the manner in which you have made this examination. I believe that it is correct in every particular, whatever it may be worth to you in the future. You may put this expression in any shape you wish.

By Commissioner ANDERSON:

Q. In the testimony which you have given as to the mode in which the books have been kept, do I understand you to extend it any further than to the actual book-keeping? Do you intend to qualify at all, or could you qualify, the acts of the directors in the directions that were given concerning the different contracts that were made, or the different payments that were made, in which they might be interested?

Mr. COHEN. I would like to examine the witness as to whether he is an expert on such matters.

Commissioner ANDERSON. I want to know if his testimony has any reference to the acts of the directors in such matters.

Mr. HAYMOND. We do not claim that it has.

By Commissioner ANDERSON:

Q. Do you intend in your testimony to refer to the good or bad quality of the acts of the directors or trustees of the company in directing the making of the several contracts which were made, or only to the manner in which the book-keepers or clerks of the company carried out the instructions and kept the entries?—A. That was all that I intended to say.

Q. The latter portion?—A. Yes.

Mr. HAYMOND. It must be constantly borne in mind that there was not a man connected with this company when it commenced operations who had scarcely ever seen a railroad.

PRODUCTION OF BOOKS AND VOUCHERS.

By the CHAIRMAN:

Q. Have all the books up to 1870 that you called for been produced?—A. No; I called for a good many books that have not been produced.

Q. What has been the answer?—A. That they could not be found—that they were missing.

Q. Have all the vouchers which you called for up to 1870 been produced?—A. There was a portion missing. A large portion of the vouchers were not to be had.

Q. What has been the answer when you called for them?—A. The answer was that they could not be found.

Q. So that when you speak of passing upon the books and vouchers do you speak only of those that were called for up to 1870 and were produced?—A. Yes.

By Mr. COHEN:

Q. What books have you called for that have not been produced?—A. I called for the books of the Contract and Finance Company.

Q. What others?—A. I think some minute books. I would not be positive.

Q. Were any books of the Central Pacific Railroad Company missing?—A. No.

Q. Are not all the books of the company, from the date of its incorporation to the present time, in the office of the company?—A. Yes; so far as I have looked.

VOUCHERS IN DISORDER.

Q. Has there been any ledger, journal, account-book, or cash-book of any kind, the property of the railroad company, and kept by the Central Pacific Railroad Company, that you called for that has not been produced?—A. I have called for the minute books of the Central Pacific, the ledger, the journal, and the cash-book. Those are the only books that I have called for, and they have been produced. I ought to state one thing, and that is, you asked me about the books and the vouchers. I have never seen vouchers in such a state before in my life.

Q. Are they all disordered?—A. They are all in disorder, and nine-tenths of them are merely scraps of paper without receipts; but I do not say that I saw anything that was improper.

VOUCHERS WITHOUT SIGNATURE.

By Commissioner ANDERSON:

Q. Do you mean to say that the vouchers were scraps of paper without receipts?—A. I do.

Q. Do you mean without signature?—A. Yes; without the man's signature.

By Mr. COHEN:

Q. Were you informed that all those vouchers had been gone over by various commissions and accountants sent out by the Railroad Department of the United States Government, and by the lawyers in various suits pending against the Central Pacific Railroad Company, extending over the last ten years?—A. I was informed by Mr. Miller in general terms that they had been frequently overhauled.

Commissioner ANDERSON. That would not take the signatures off.

Q. Were you informed that in a great many cases vouchers had not been returned?—A. I was informed by Mr. Miller that the books had been repeatedly overhauled. He did not say that the vouchers had not been returned.

Q. In what cases have you found vouchers for the payment of money for which there is no signature?—A. Large payments made by Mr. Huntington, large payments made by Governor Stanford, salary vouchers and expense vouchers.

Q. On all such vouchers did you not find some identification by some proper officer of the company to whom or through whom the money had been paid?—A. No.

Q. In what cases is that wanting?—A. In a multitude of cases.

RESOLUTIONS AUTHORIZING PAYMENT OF SALARIES.

Q. Taking the salary vouchers, you found on the minutes of company resolutions authorizing the payment of certain annual salaries, did you not?—A. Yes.

Q. Did you find any vouchers for the payment of salaries—exceeding such sums?—A. Yes.

Q. Beyond the annual amount allowed?—A. Yes.

Q. What cases were there?—A. There was one item, I think, of $18,000 paid to Charles Crocker for back salary. I looked carefully

through the minutes of the board of directors, but could find no entry there as to that authorization.

Q. Can you give the date of that voucher?—A. There was no receipt for that voucher. It is in my report here.

Q. Was there nothing on the voucher to authorize the payment, or credit, to Mr. Crocker of that amount of $18,000?—A. It simply stated that it was for back services.

Q. Was the voucher not signed by anybody?—A. It was not signed by anybody. I called Mr. Miller's attention to it. He looked through the minutes of the board, and he said that it must have been passed. He thought that it was his mistake at the time in not entering it upon the minutes.

Q. What other vouchers not signed did you find for the payment of money?—A. A great many expense vouchers.

CASH VOUCHERS AND JOURNAL VOUCHERS.

Q. Have you distinguished between the different kind of vouchers? There are two classes of vouchers there, are there not—cash vouchers and journal vouchers?—A. There are.

Q. Journal vouchers, according to their mode of book-keeping, would not be signed, would they?—A. The majority of journal vouchers are not signed.

Q. Generally in the mode of book-keeping adopted by the various railroad companies throughout the United States it is not usual to sign journal vouchers, is it? Are they not mere memoranda made simply for the book-keepers as to entries to be made?—A. In all the book-keeping that I have seen they are either signed or else they refer to some voucher that is signed.

NO ATTEMPT TO DIVERT MONEYS.

Q. In those vouchers that are not signed did you find any attempt to divert the moneys of the corporation beyond the knowledge of the officers controlling it?—A. No; I find no attempt of that kind.

Mr. HAYMOND. Take my own case to illustrate. I am paid a salary, but I do not draw it monthly. The secretary keeps an account with me, and sometimes it is overdrawn, and sometimes it is underdrawn. Being a lawyer, it is generally overdrawn. Every month they put in a voucher, but I never sign it. When I draw any money it goes into the treasurer's office as a voucher. For instance, if I want four or five hundred dollars, under their system of book-keeping they do not require the original voucher to be signed. It is simply a memorandum for the treasurer.

The WITNESS. I can check off the salary accounts and get at the facts very readily.

By Mr. COHEN:

Q. Is there anything more that you can say that would give this Commission any more light as to the mode of keeping books?—A. I have said all that I want to say.

Mr. HAYMOND. I think that you have said it very fairly, too.

By the CHAIRMAN:

Q. All that you have said, however, is up to the year 1870, and covers only that period; is that correct?—A. Yes; I have examined only up to 1870.

RICHARD F. STEVENS.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Wednesday, August 17, 1887.

REQUEST THAT COMMISSIONER ANDERSON BE SWORN.

Mr. HAYMOND. I ask now that Commissioner Anderson be sworn as a witness for the Central Pacific Railroad Company.

Commissioner ANDERSON. Mr. Anderson says that he is ready to answer any questions that he deems proper, and he is already under oath.

Commissioner LITTLER. I object to his being sworn.

REQUEST TO PRODUCE ANY STATEMENTS AGAINST CENTRAL PACIFIC.

Mr. HAYMOND. We will waive your taking the oath. I would ask if you have received any information, by letter or otherwise, which you now have in your possession, bearing upon any of the issues presented by this act of Congress, containing statements against the Central Pacific Railroad Company. If you have, I ask you to produce them.

Commissioner ANDERSON. I think I had better answer that I will not make any answer without consideration.

Mr. HAYMOND. I trust that you get my idea. It is not intended to be offered in an offensive sense.

Commissioner ANDERSON. I understand that.

The CHAIRMAN. I do not understand it. I regard it as highly offensive. Since the Government of the United States was organized such a proposition was never before made. Such a proposition was never made before upon any inquiry instituted and sent out by the Government, and you cannot produce any authority for it.

Mr. HAYMOND. The statutes of the United States and of this State, and of every State with which I am conversant, provide that a juror or a judge may be called as a witness. That is the point that I am making.

The CHAIRMAN. If you are correct, the same point will apply to the secret service of the Government. The same inquiry could be made regarding the secret business of the Government. You could call for letters and the production of information of any kind.

Mr. HAYMOND. I do not so regard it. We are not arguing that matter.

Commissioner ANDERSON. A more analogous case is the right to see the evidence placed before grand juries. That has been the subject of a great deal of discussion in New York.

Mr. HAYMOND. The same is true here. I do not assert the right to make this demand. I simply make it because I think we ought to have this information.

Commissioner ANDERSON. I understand that.

The CHAIRMAN. I do not understand it. Of course the Commission will entertain the proposition. Make it in writing and we will entertain it, but I do not understand it.

Mr. HAYMOND. I am willing to explain it to you.

Commissioner LITTLER. What is the other proposition?

Mr. HAYMOND. The second proposition is that before we go on with our case, if there is any such evidence, it be produced, so that we may have an opportunity to meet it.

CHARACTER OF EVIDENCE ASKED TO BE PRODUCED, IF IN POSSESSION OF COMMISSION.

The third point is addressed entirely to the discretion of the Commission, and leaves out all legal propositions. We think that if you have

any information in your possession which you have not already divulged we ought to know it. You need not produce the letters, but we think that you ought to give us publicly the propositions and the information which might have affected your minds, and permit us to address evidence to you upon such points. That is entirely within the discretion of the Commission. You may not have received any such letters or information. I do not assert that you have.

Commissioner LITTLER. Do you think that it is the duty of this Commission to surrender to you any letters or communications which it may have received during its sittings here, and which it has not made and does not propose to make any part of its record or report to Congress?

Mr. HAYMOND. Yes; that is the difficulty; it might affect your mind without your knowing it.

Commissioner LITTLER. I think that we will not be very seriously affected.

Mr. HAYMOND. I am not prepared to say, as a lawyer, that we are or that we are not entitled to this information. I would not express an opinion as to whether you should do it or not; I am only saving the point. I have not looked at it, and do not know whether we are entitled to look at these things or not.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Wednesday, August 17, 1887.

Afternoon session.

The CHAIRMAN. Mr. Anderson, will you read to the Commission the result of our action?

NO MATERIAL LETTERS OR PAPERS RECEIVED AFFECTING THE CENTRAL PACIFIC.

Commissioner ANDERSON. In answer to Mr. Haymond's request, the Commissioners state that they have received no letters or papers which are in any way material to the interests of the Central Pacific.

Mr. COHEN. Do you state that as a finding of fact or as a conclusion of law?

Commissioner ANDERSON. I state that and nothing more.

Mr. HALL MCALLISTER (counsel for Mr. C. P. Huntington). Before Mr. Hayes testifies I want to call your attention to the fact that the circuit court has enjoined the production of any correspondence between Mr. Huntington and Mr. Colton, and I want to serve the injunction on Mr. Hayes, with a copy of the bill.

Mr. COHEN. This statement is made by Mr. McAllister as counsel for Mr. C. P. Huntington.

Commissioner ANDERSON. I think that Mr. Hayes had better be sworn before we proceed any further.

GEORGE R. B. HAYES, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. 1814 Buchanan street, San Francisco.

Q. What is your occupation?—A. I am an attorney at law.
Q. How long have you practiced in this State?—A. About 17 years.
Q. Were you one of the attorneys for the plaintiff in the suit of Colton *vs.* Leland Stanford and others?—A. I was of counsel for the plaintiff in that action.

WAS ATTORNEY FOR MRS. COLTON.

Q. Are you at present acting as attorney or agent for Mrs. Colton?—A. Yes, sir; I am one of the counsel in that case. I am her counsel, and I am here to-day as her representative.
Q. Do you know, as a matter of fact, that she was served with a subpœna to produce certain letters before this Commission?—A. Yes, sir; and she has given it to me.
Q. Have you received any instructions from her?—A. None whatever, except what I received from her attorney, Mr. Smith, to have her excused from personal attendance and to bring the letters here in lieu of her personal attendance. As she understood it, that was all that was wanted.

LETTERS CALLED FOR BY SUBPŒNA DUCES TECUM.

Q. Have you those letters with you?—A. I have here the letters from C. P. Huntington to David D. Colton.
Commissioner ANDERSON. The subpœna *duces tecum* called, if I remember aright, for all the letters either written by Mr. Huntington, Mr. Leland Stanford, Mr. Charles Crocker, or Mr. Mark Hopkins to David D. Colton, or written by Mr. Colton to either of those gentlemen, which chanced to be in her possession?
The WITNESS. Yes, sir; I have all the Huntington letters here except one. There were only three or four letters from Governor Stanford, short letters, with which—supposing that the inspection of the Huntington letters would consume some little time—I have not prepared myself. I had not time to find them. I intended to bring every letter, if wanted, and had some half a dozen or so from Mr. Crocker. She has not nor have I any letters from Mark Hopkins, nor have I nor has she the letters written by David D. Colton to C. P. Huntington. They, I believe, are in the possession of Mr. Huntington.
Q. Do you know whether she has in her possession a letter-press copy of those letters?—A. I have in my possession, as her counsel, a series of letter-press copy-books which purport to contain copies of letters from David D. Colton to C. P. Huntington.

A PERSONAL LETTER NOT PUT IN EVIDENCE.

Q. As a matter of fact, were any of the letters which you have referred to put in evidence in the suit of Colton *vs.* Stanford?—A. All the letters from C. P. Huntington to David D. Colton, with one exception, were put in evidence, according to my recollection, in the case of Colton *vs.* Stanford and others. That one was merely a personal letter, and I may remark to the Commission had no bearing on railroad affairs with the exception of a complaint that the directors' car was used too much for private purposes by persons connected with the company. Otherwise it had no bearing upon railroad affairs.
Q. Are you familiar with the record in that case, which, I believe, has been made up on appeal and is in print?—A. It has been made up on appeal, and I think I am familiar with it.

HUNTINGTON'S LETTERS PRINTED.

Q. Have the letters which you have referred to been printed in a separate exhibit or volume by themselves?—A. They have. That is, they are not in the record in the case, or in the printed report of the testimony in the case. For convenience in reading them on the trial, as Mr. Huntington's handwriting was none of the most legible, we had prepared, in advance, a printed copy in a separate volume, which we used to read, passing the originals to the counsel on the other side, and we read from the printed copies. That is not the printed copy that I referred to as being a complete one. [Referring to some printed matter in the hands of Commissioner Anderson.]

Q. Do you know from an inspection of that volume that it was accurate and contains the letters accurately?

COUNSEL OBJECT.

Mr. HAYMOND. We object to that question. We say that that is covered by the injunction issued in this case.

The WITNESS. I must peruse this thing.

Mr. HAYMOND. Certainly. You can violate the injunction if you want to.

The WITNESS. Excuse me. I do not want to.

Mr. HAYMOND. If you are enjoined from producing the original letters you cannot produce copies.

The WITNESS. I have not read the injunction fully yet. [After reading.] I see this injunction not only prohibits me from producing or delivering, but also from disclosing these letters. I presume, therefore, that it would probably cover the answer to that question, and, until the injunction is removed, I shall respectfully decline to answer.

Q. Referring to the original letters, do I understand that you have them present in your possession?—A. I have the original letters from C. P. Huntington to D. D. Colton.

Commissioner ANDERSON. They are sufficient to test the question. Are you prepared to produce those letters to this Commission?

WITNESS DECLINES TO ANSWER.

A. Not while, as I find I am at present, I am enjoined from exhibiting them or producing them or delivering them. Since I came into the room, and as I was about to step forward to testify, I was served with an order to show cause why an injunction should not be issued, and with a temporary restraining order in an action in the United States circuit court for the northern district of California, entitled "Collis P. Huntington against Ellen M. Colton," which restraining order prohibits me from producing or exhibiting or disclosing these letters.

Q. Will you kindly allow the Commission to use or inspect the order and the papers on which it was granted?—A. Yes, sir.

(The witness hands to the Commission the papers served upon him.)

The WITNESS. This is the order, and this appears to be a copy of the bill filed to-day.

COPY OF THE ORDER.

Commissioner ANDERSON. Shall I read this for the information of the Commission?

The CHAIRMAN. Yes, sir.

The papers served upon the witness were marked, respectively, "Exhibits 22 and 23, August 17, 1887," and are as follows:

THE COMPLAINT.

In the circuit court of the United States for the northern district of California.

COLLIS P. HUNTINGTON }
vs.
ELLEN M. COLTON. }

To the judges of the circuit court of the United States for the northern district of California.

Collis P. Huntington, of the city of New York, State of New York, and a citizen of the State of New York, brings this his bill against Ellen M. Colton, of San Francisco, California, and a citizen of the State of California, and thereupon your orator complains and says:

That he is, and was at all the times herein mentioned, a citizen of the State of New York, and that said Ellen M. Colton is and was at all the times herein mentioned a citizen of the State of California.

That from the 1st day of October, 1874, to the 9th day of October, 1878, the complainant and one David D. Colton were stockholders and directors in various corporations, to wit: The Central Pacific Railroad Company, the Contract and Finance Company, the Southern Pacific Railroad Company, and the Rocky Mountain Coal and Iron Company, and each and all of said corporations were duly incorporated under the laws of the State of California, and were conducting and carrying on business as such corporations within such State and elsewhere.

That between said first day of October, 1874, and said 9th day of October, 1878, complainant was a citizen of and resided in the city of New York, State of New York, and that said David D. Colton was a citizen of the State of California, and resided at San Francisco, in said State of California.

That between said 1st day of October, 1874, and said 9th day of October, 1878, the complainant and the said David D. Colton corresponded freely and confidentially with each other as to their business interests and as to their interests in aforesaid corporations, and as to the business of said corporations.

That said correspondence was private and confidential, and not intended for the public, and was so understood and so treated by this complainant and the said David D. Colton.

That on the 9th day of October, 1878, the said David D. Colton died in the city and county of San Francisco, and left the defendant, Ellen M. Colton, the widow, him surviving.

That by his last will and testament the said David D. Colton made the said Ellen M. Colton the sole legatee and devisee of all his property, real and personal, and also appointed her executrix of said last will and testament.

That on the 29th day of October, 1878, the said Ellen M. Colton duly filed the said last will and testament of said David D. Colton, in the then probate court of the city and county of San Francisco, and that thereafter such proceedings were duly had in such probate court that on or about the 11th day of November, 1878, an order of said court was duly made and entered appointing the said Ellen M. Colton the executrix of said last will and testament, and thereupon she duly qualified as such executrix, and letters testamentary upon said last will and testament were duly granted and issued to her, and thereupon she entered upon, and thereafter continued, the discharge of her duties as such executrix until on or about the 18th day of December, 1879, when, by an order and decree of said probate court, then and there duly made and entered, the whole estate, real and personal, of the said David D. Colton then remaining was distributed to the said Ellen M. Colton, and she was discharged from further duties as such executrix.

That ever since the death of said David D. Colton the aforesaid correspondence, and the letters constituting the same, have been, and now are, in the charge, custody and keeping of the said Ellen M. Colton.

That the said Ellen M. Colton is now about to exhibit the aforesaid correspondence and the letters constituting the same to a Commission appointed by Congress to examine and report upon the affairs of the Central Pacific Railroad Company and the Southern Pacific Railroad Company, and complainant avers, that if said letters are so exhibited to the said Commission, that they will become public, and will be published to the entire world.

That the said Ellen M. Colton is about to produce and exhibit and disclose the said letters without being compelled to do so, and without being called upon to produce or exhibit the same in any court, or in any judicial proceeding.

That so much of said correspondence as consists of letters from the complainant to the said David D. Colton are the sole property of complainant, and that said Ellen M. Colton has no right or authority to disclose, exhibit, or publish the same to the aforesaid Commission, or to any member thereof, or to any one.

Your complainant further avers, that the said Ellen M. Colton has in her possession and under her control, copies of the letters written by the late David D. Colton to complainant between the said 1st day of October, 1874, and said 9th day of October, 1878, and that last-mentioned letters are part of aforesaid correspondence; and that the said Ellen M. Colton is about to disclose and deliver said copies of said letters to aforesaid Commission, or to some member or officer thereof.

That said last-mentioned copies of letters are equally private and confidential as the original letters from said Colton to said Huntington, and that the said Ellen M. Colton has no right or authority to disclose or exhibit the same, or any of same, to any one.

Wherefore complainant prays that a temporary injunction may issue in this action enjoining and restraining the said Ellen H. Colton, her servants, agents, attorneys, counsel, employés, and each and every of them, and all persons acting under her control, authority, or direction, and each and every of them, from exhibiting or producing or disclosing to any one, or to any board of commissioners, or to any commissioners, or to the officer of any commission, any letter or letters written by Collis P. Huntington to David D. Colton between the 1st day of October, 1874, and the 9th day of October, 1878, or any copies of letters written between same dates by said Colton to said Huntington, and that upon the hearing of this action said injunction be made perpetual, and for other or further relief or both.

HALL McALLISTER,
Counsel for Complainant.
McALLISTER & BERGIN,
Solicitors for Complainant.

STATE OF CALIFORNIA,
Northern District of California, City and County of San Francisco, ss:

E. H. MILLER, JR., having been duly sworn, says:

That the said Collis P. Huntington is now absent from the State of California, and is now in the State of New York or in Europe; that deponent is the agent of said Collis P. Huntington for this suit; that deponent has heard read the foregoing bill of complaint, and knows the contents thereof; that the same is true of his own knowledge, except as to the matters which are therein stated on information and belief, and as to those matters that he believes it to be true; that the reason that this affidavit is not made by Collis P. Huntington is that he is now absent from the State of California.

E. H. MILLER, JR.

Subscribed and sworn to before me this 17th day of August, A. D. 1887.
[SEAL.]
H. P. TRICOU,
Notary Public.

ORDER TO SHOW CAUSE, AND TEMPORARY INJUNCTION.

In the circuit court of the United States for the northern district of California.

COLLIS P. HUNTINGTON, COMPLAINANT,
vs.
ELLEN M. COLTON, DEFENDANT.

Upon reading and filing the verified bill of complaint in this action it was ordered that the defendant, Ellen M. Colton, show cause, if any she can, on Monday, 22d day of August, A. D. 1887, before this court, at the opening of this court on that day, or as soon thereafter as counsel can be heard, at the court-room of said court, in the building at the northeast corner of Sansome and Washington streets, San Francisco, California, why an order should not be made in the above-entitled action enjoining and restraining her, her servants, agents, attorneys, counsel, employés, and each and every of them, and all persons acting under her control, authority, or direction, and each and every of them, from exhibiting or producing or disclosing to any one or to any board of commissioners or to any commissioner or to any officer of any commission, any letter or letters written by C. P. Huntington to the late David D. Colton between the 1st day of October, 1874, and the 9th day of October, 1878, or copies of any letters written by the late David D. Colton to the said C. P. Huntington between said 1st day of October, 1874, and said 9th day of October, 1878.

And in the meanwhile, and until the hearing of this order to show cause, the said Ellen M. Colton, her servants, agents, attorneys, counsel, employés, and each and every of them, and all persons acting under her control, authority, or direction, and each and every of them, are hereby temporarily enjoined and restrained from exhibiting or producing or disclosing to any one or to any board of commissioners or to any commissioner or to any officer of any commission, any letter or letters written by Collis P. Huntington to the late David D. Colton between the 1st day of October, 1874, and the 9th of October, 1878, or copies of any letters written by the said David D. Colton to the said C. P. Huntington between said 1st day of October, 1874, and said 9th day of October, 1878.

Dated San Francisco, August 17th, A. D. 1887.

LORENZO SAWYER,
Circuit Judge.

I, Lorenzo S. B. Sawyer, clerk of the circuit court of the United States for the northern district of California, do hereby certify the foregoing to be a full, true, and correct copy of an order to show cause, &c., this day issued in the foregoing entitled cause.

Attest my hand and the seal of said circuit court this 17 day of August, A. D. 1887.

[SEAL.] L. S. B. SAWYER,
Clerk,
By F. D. MONCKTON,
Deputy Clerk.

COLTON CASE DECISION ADVERSE TO THE PLAINTIFF.

Commissioner ANDERSON. I will ask you one or two questions more in regard to this suit. I understand that the decision of the Colton case was adverse to the plaintiff.

The WITNESS. In the lower court. We hope for better things above.

Q. Has an appeal been taken, and is it now pending?—A. Yes, sir.

Q. Where is the appeal record filed?—A. In the supreme court of this State.

Q. Without calling for any answer in regard to any individual letters, I will ask you to state whether the volume now shown you is the volume which you have already referred to as having been prepared for the convenience of counsel in that case.—A. I am a little afraid——

Mr. HAYMOND. We object upon the same grounds as before.

Commissioner ANDERSON. You will merely force us to procure a copy of the record.

Mr. HAYMOND. I think we will offer a copy of that record in evidence ourselves; but there were some things in these letters that we did not desire to have made public which might be considered as reflecting upon men that are dead; and I do not think there is any objection to your taking a copy of the record in the Colton case.

Commissioner ANDERSON. My question is whether that forms a part of the record.

BOOKS PRODUCED WHICH THE INJUNCTION COVERS.

The WITNESS. That question I can answer. I do not think that is within the injunction. This volume does not form a part of the record.

Q. Is it a true transcript of a part of the record?—A. No; I cannot say that it is a transcript of a part of the record.

Commissioner ANDERSON. Please explain the two books which I now show you, and state whether they form a part of the original record as kept during the trial of the case.

Mr. HAYMOND. Before answering the question, I would ask you whether there are copies of these letters in that volume?

Commissioner ANDERSON. Yes, sir.

Mr. HAYMOND. Then we say that that is within the injunction.

The WITNESS. I do not want to do anything to place myself in a contempt of the court——

Commissioner ANDERSON. We do not want to place you in such a position.

The WITNESS. And, therefore, that objection being made, and being somewhat apprehensive that it would be within the injunction, I will have to decline to answer.

Commissioner ANDERSON. I understand that those letters will be accessible to us.

The WITNESS. They are always in my custody, and will be accessible.

REGULARITY OF SERVICE OF SUBPŒNA NOT QUESTIONED.

Commissioner ANDERSON. I notice an allegation that Mrs. Colton is about to produce these papers without being compelled to produce them. Do I understand that any question of the regularity of the service of the subpœna was made?

Mr. HAYMOND. I think not.

The WITNESS. I can only say that our answer to that allegation would be that she was about to produce them in obedience to a subpœna served upon her requiring her so to do.

The CHAIRMAN. Will the counsel of the Central Pacific consent to an entry of that kind upon the record?

Mr. HAYMOND. I did not draw the bill; but after you are through I will take this question up with you, and will get Mr. McAllister's opinion upon it. I do not think that any question of that kind will be raised.

The WITNESS. I have here a copy of the subpœna that was served on Mrs. Colton.

The CHAIRMAN. Perhaps that had better be produced.

THE SUBPOENA WHICH WAS SERVED UPON MRS. COLTON.

Commissioner ANDERSON. And you now produce the same?

The WITNESS. Yes, sir.

Q. Will you leave it with us?—A. Yes, sir; but return it to me, please, because I have to make use of it in answering that bill.

The paper was marked "Exhibit No. 24, August 17, 1887," and is as follows:

[Supœna.]

The President of the United States of America to Ellen M. Colton, greeting:

We command you that, all and singular business and excuses being laid aside, you be and appear in your proper person before Robert E. Pattison, E. Ellery Anderson, and David T. Littler, commissioners appointed by an act of Congress of the United States of America, at parlor A, Palace Hotel, on the 17th day of August, one thousand eight hundred and eighty-seven, at 2 o'clock in the afternoon of the same day, to testify all and singular what you may know in the matter of the investigation of railways aided by the United States Government, now depending before said commissioners, on the part of the United States.

And that you have with you then and there all letters now in your possession or under your control written by Collis P. Huntington, Leland Stanford, Charles Crocker, or Mark Hopkins to David D. Colton; also, all letters written by said David D. Colton to either of the above named persons.

And this you are not to omit under penalty prescribed by law.

Witness, Hon. Morrison R. Waite, Chief Justice of the Supreme Court of the United States, at San Francisco, the 11th day of August, in the year of our Lord one thousand eight hundred and eighty-seven.

ROBT. E. PATTISON, *Commissioner.*

To ELLEN M. COLTON.

PROPOSAL TO PUT IN EVIDENCE THE LETTERS, WITH THE NAMES.

Commissioner ANDERSON. Have you a copy of those letters, Mr. Cohen?

Mr. HAYMOND. I think I can produce a copy of the record. Will you be satisfied with a full record of the Colton case from beginning to end?

Commissioner ANDERSON. No; we have all the names, and we are satisfied they are a transcript of the letters.

Mr. HAYMOND. Will you be satisfied with those particular letters without calling for others?

Commissioner ANDERSON. I cannot say as to that. When you say the letters, you mean the letters produced with the names omitted.

Mr. HAYMOND. The letters as made up in the record. The superior judge who tried the case was under the impression that those names should not, in a suit to which they are not parties, be disclosed.

Commissioner ANDERSON. We have copies of the letters with the names, and those letters, unless the court sees fit to enjoin us, we shall certainly put into our record.

Mr. HAYMOND. I think that when you hear us on that proposition you will not do that.

Commissioner ANDERSON. I did not mean that, but I mean that we have them ready to put in.

Mr. HAYMOND. I think after considering the matter you will probably take the view that Judge Temple did, and he is one of our best judges.

Commissioner ANDERSON. There was a very different issue between Mrs. Colton and Mr. Stanford from the issue between the United States and this company.

COUNSEL DOUBT THEIR ADMISSIBILITY.

Mr. HAYMOND. The letters are not the letters of this company, nor were they authorized by this company. They are letters between two directors, and it is very doubtful whether they are admissible at all in a proceeding against the Central Pacific under rules of evidence.

Commissioner ANDERSON. I need not say that I will listen with a great deal of attention, and with a desire to give full consideration to any argument which you may make as to what use may be made of the letters; but the point now under discussion is to get those letters into such a shape before this Commission that it will be bound by a decision, and they will either be produced or not produced.

Mr. HAYMOND. Then it is possibly best for the circuit court to make that decision whether they are the proper subject of testimony.

Commissioner ANDERSON. That decision would not reach this case at all. It will only decide whether Mrs. Colton can produce them or not.

Mr. HAYMOND. It will decide to whom the letters belong.

Commissioner ANDERSON. But that will not decide that we cannot take the copies that we have and use them as the basis of our report to the President, which is the real question.

Mr. HAYMOND. I do not really think that when you examine that question there will be much of a difference of opinion between us.

Commissioner ANDERSON. We cannot begin the examination until the letters are in a shape to be produced.

Mr. HAYMOND. You say you have copies?

Commissioner ANDERSON. I ask you if you will save us the trouble of proving them?

Mr. HAYMOND. I cannot answer that now. I will be in a position to answer it to-morrow morning.

Commissioner ANDERSON. I believe Mr. Cohen was one of the counsel present during the trial, and I will ask the chairman to ask Mr. Cohen to take the stand.

Mr. HAYMOND. No, sir; he was not one of the counsel during the trial.

The CHAIRMAN. Mr. Cohen, will you take the stand?

PALACE HOTEL, SAN FRANCISCO, CAL.,
Wednesday, August 17, 1887.

ALFRED A. COHEN, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. Will you look at these letters and say whether you can identify them?

(The book shown to the witness being what purported to be copies of the 16th and 17th days' proceedings in the suit of Colton vs. Stanford *et al.*)

Answer. With all due respect to the Commission, I decline to make the examination.

DECLINES TO EXAMINE THE LETTERS.

The CHAIRMAN. You decline to submit to an examination?

The WITNESS. I decline to make an examination of those letters.

The CHAIRMAN. Then I will ask you to take the witness chair.

The WITNESS. I *am* answering as a witness. It is sufficient for me to know that the United States circuit court of this district has prohibited the production of those letters before this Commission, and with all due respect to the position of these Commissioners and to their superior age, ability, and learning, I think that the order of the circuit court, which has been read in their hearing and by one of the Commissioners, is a command which should be obeyed by every citizen who knows of its existence, whether he is a Commissioner or a person filling a private station. For that reason I decline even to make an examination of the letters, for the purpose of answering the question.

A VIOLATION OF PROFESSIONAL CONFIDENCE.

I further state in answer to the question of the Commissioner that I was the attorney of the defendants in the case of Colton against Stanford, and it would be a violation of my professional engagements and my oath as an attorney to disclose any part of the matters that came to me in my capacity as such counsel or attorney. That is in accordance with the professional usage of the State of California in which the case was tried, and also of the statute of the State of New York, of which State the gentleman who is questioning me is an honored and learned member of the profession.

Q. Do I understand that your knowledge of the letters in question was derived from your client?—A. My knowledge of the letters in question was derived from such examination which I made of them as their counsel, and I have no other knowledge.

Commissioner ANDERSON. My judgment is that we had better adjourn.

A SUGGESTION BY WITNESS.

By the CHAIRMAN:

Q. Have you anything to suggest to the Commission, or any information to give?—A. Yes, Mr. Chairman, I will make a suggestion. I would make the suggestion that the Commission do adjourn and report to the President that it was appointed under a misapprehension of the facts, and that the Central Pacific has in all respects performed its duties and obligations towards the Government.

Q. Anything further?—A. That will do for to-day, I think.

The CHAIRMAN. Then, if there is no objection, the Commission stands adjourned until to-morrow morning at 10 o'clock.

NO FURTHER EVIDENCE AT PRESENT SITTING.

Commissioner LITTLER. Do we understand that the counsel for the company announce to the Commission that they have no further testimony to offer before the Commission at its present sitting in San Francisco?

Mr. COHEN. We announce that we have no further evidence to offer at the present sitting in San Francisco, but we will avail ourselves of the privilege granted to us to forward to New York such depositions as we take of the various witnesses, at the time stated in the memorandum addressed to us by the Commission.

Commission LITTLER. Do the counsel for the company desire this Commission to see their witnesses and swear them before the Commission leaves?

Mr. COHEN. We will produce to-morrow morning such of them as we can for that purpose. Those that have not been sworn, we will produce to be sworn; if we do not, we understand it to be within the arrangement that they may be sworn by a United States commissioner for that purpose.

The Commission then adjourned to Thursday, August 18, 1887, at 10 a. m.

PALACE HOTEL, SAN FRANCISCO, CAL.,
Thursday, August 18, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

LIST OF PROPOSED WITNESSES TO BE EXAMINED BY THE COMPANY.

Commissioner ANDERSON. What witnesses are you going to examine, Mr. Cohen?

Mr. COHEN. The witnesses I am going to examine are Leland Stanford, E. H. Miller, jr., G. L. Lansing, A. N. Towne, John Reynolds, J. F. Houghton, formerly surveyor-general of California; J. A. Fillmore, John C. Stubbs, Edward C. Wright, Charles Crocker—I propose to ex-

amine him further if I can get him—William Hood, George K. Fitch, and Arthur Brown. At this time we propose to examine no other witnesses.

A CALL FOR ORIGINAL CROSS-SECTIONS OF CENTRAL PACIFIC.

Commissioner ANDERSON. I repeat my call for the original cross-sections of the Central Pacific Railroad. I would like to see them very much, if they can be found.

Mr. COHEN. I will see if I can get them.

REQUEST FOR PRODUCTION IN NEW YORK OF THE HUNTINGTON VOUCHERS.

Commissioner ANDERSON. I would also like to inquire of Mr. Cohen if the company, in order to assist in the examination of Mr. Huntington in New York, can conveniently send to its office in New York the Huntington vouchers which have been produced here, but which, of course, are not available in the absence of Mr. Huntington.

Mr. COHEN. I will communicate the wishes of the Commissioners to the president of the company. I have no doubt that he will comply with their request.

Commissioner ANDERSON. Do you state definitely that the company does not desire us to hold sessions for the purpose of examining any witnesses that may be produced on behalf of the company either to day, to-morrow, or Saturday.

Mr. COHEN. I stated what we had to say as to that yesterday.

Commissioner LITTLER. I move that when this Commission adjourn to day it shall be subject to the call of either member of the Commission.

Mr. COHEN. Then you close the proceedings now as far as the public is concerned?

Commissioner ANDERSON. We cannot say that. There may be one or two gentlemen who may desire to appear before us.

Commissioner LITTLER. If they do we will not take your default. We will notify the company if we are to examine any witness on any subject.

The Commission then adjourned to meet upon the call of either of the Commissioners.

ADDITIONAL TESTIMONY

OFFERED BY

THE CENTRAL PACIFIC RAILROAD COMPANY,

ACCORDING TO AN ARRANGEMENT MADE AND ENTERED UPON THE RECORD AT THE CLOSE OF THE PROCEEDINGS OF AUGUST 15, AND AT THE OPENING OF THE PROCEEDINGS OF AUGUST 16, 1887.

FILED SEPTEMBER 20, 1887.

ADDITIONAL TESTIMONY.

SAN FRANCISCO, *August* 22, 1887.

EDWARD H. MILLER, JR., a witness heretofore sworn by the said Commission and who has testified before it, comes in pursuance of an arrangement made between the Central Pacific Railroad Company and the said Commission for the taking of further testimony in San Francisco, and testifies as follows:

Examined by Mr. COHEN (representing the Central Pacific Railroad Company).

Question. You have heretofore said that in 1862 you became connected with the Central Pacific Railroad Company as its book-keeper?—Answer. Yes, sir.

PROGRESS OF CONSTRUCTION OF CENTRAL PACIFIC IN 1863.

Q. Had the work of construction commenced at that time?—A. It had not.

Q. You became the secretary of the Central Pacific Railroad Company about the month of September, 1863?—A. Yes, sir.

Q. How far had the work of construction proceeded at that time, September, 1863?—A. There had been expended on sections 1 to 18, from Sacramento east, less than $200,000.

FINANCIAL CONDITION.

Q. What was the financial condition of the Central Pacific Railroad Company at the time you became its book-keeper?—A. They had $7,000 cash.

Q. What liabilities of the company at that time were outstanding against that $7,000?—A. None whatever, except some small bills for preliminary surveys, &c.

Q. From what fund did you pay the preliminary expenses of organizing the road and for the preliminary surveys?—A. From the money received for stock subscriptions.

TOTAL OUTSIDE SUBSCRIPTIONS TO STOCK.

Q. What amount of money was received from subscriptions to the stock of the Central Pacific Railroad Company of California from the incorporation of the company to the end of the construction of its road to Promontory, other than the stock subscribed and paid for by Leland Stanford, C. P. Huntington, Mark Hopkins, and Charles and E. B. Crocker?—A. Three hundred and twelve thousand and seven hundred dollars.

Q. Do you know D. W. Strong, a witness who testified before this Commission?—A. Yes, sir.

SUBSCRIPTION OF D. W. STRONG.

Q. Will you state your knowledge concerning his subscription to the stock of the Central Pacific Railroad Company of California, and what became of that stock and what conversations you have had with Mr. Strong upon the subject, and when?—A. Mr. Strong subscribed for 50 shares of stock. I cannot give the date. It was stock in the original corporation, and paid the first assessment of $500. He was subsequently allowed by the board of directors $2,500 for services, $2,000 of which was to apply on his stock subscription and $500 cash, which was paid him. At a later date he was allowed $1,400 additional for services. That was to be applied on his stock subscription. And then, on the 22d day of December, 1868, he sold his interest in the 50 shares of stock to O. D. Lambard and executed an assignment of the same, which is now on file in my office, and which has heretofore been introduced before this Commission and marked "Exhibit 4, August 10, 1887." At the time of that assignment there was $1,100 due on the 50 shares of stock, he having paid only $3,000.

Q. Who paid the other $1,100?—A. The other $1,100 was paid by Charles Crocker.

THE ALLEGED REFUSAL TO SHOW STRONG THE STOCK BOOK.

The day after Mr. Strong gave his testimony before the Commission he called to see me, and I showed him this assignment, which he seemed to have forgotten; but he acknowledged to me that it was all straight; that he did make such an assignment.

He said in his testimony before the Commission that he, as a stockholder, had asked to see the stock books of the company, and that I had refused to show them. In his conversation with me, the day after he gave his testimony, I said to him, "Mr. Strong, that can hardly be possible, for I knew that a stockholder had the right to see the books, and I never refused anybody that right." He said, "Well, I asked you to show me the book, and you went to the vault and got it and brought it out and put it on the table and said, 'there, Strong, you can examine it as long or as much as you like.'" And he says now that he was indignant at my manner and went off without looking at it. He said that all of those things happened so long ago that he had forgotten pretty much about how it was.

Q. Then, I understand that all that Mr. Strong paid for his stock was $500, and the balance of $3,000 was credited to him for services?—A. Mr. Strong did not pay anything in cash, except this, that he originally paid $500 cash, which was returned to him in that allowance of $500 cash.

Q. Do you know what consideration was paid by Mr. Lambard to Mr. Strong for the assignment you have mentioned?—A. I do not know.

CONTRACT WITH CHARLES CROCKER & CO.

Q. Did you take any part in the letting of the contract to Charles Crocker & Co. for the construction of the Central Pacific Railroad for the first 18 miles from Sacramento, the contract known as sections 1 to 18?—A. I did not. I was not a member of the board at that time.

Q. How much work had been performed under that contract at the time at which you became secretary and director of the company?—A. Half the work on sections 1 to 18 had been done.

CONTRACTS FOR SECTIONS 19 TO 138.

Q. What contracts were let by the Central Pacific Railroad Company of California for the construction of its road eastward of the State line after the contract for sections 1 to 18?—A. The next contract was to Cyrus Collins & Brother, for sections 19 and 20; Turton, Knox & Ryan, sections 21 to 24; C. D. Bates, sections 25 to 27; S. B. Smith, sections 28 and 29; Charles Crocker, sections 30 and 31. Then, at a later date, Charles Crocker had contracts for sections 32 to 54; also sections 55 to 92; also sections 93 to 138, which is practically the State line.

COST OF CONSTRUCTING SECTIONS 1 TO 18.

Q. It is shown by the minute books of the Central Pacific Railroad Company that Charles Crocker & Co. were paid for constructing sections 1 to 18 $400,000, $250,000 cash and $100,000 in bonds of the company and $50,000 in stock. Can you say, from the knowledge that came to you as secretary of the company, whether the $400,000 allowed him in the way I have mentioned covered the cost of that work to Charles Crocker & Co.?—A. I do not know positively, but I understood at the time that the $400,000 did not fully pay him for the money that he had expended.

FAILURE TO COMPLETE CONTRACT FOR SECTIONS 19 AND 20.

Q. What was the experience of the company with Cyrus Collins & Brother, to whom the contract was let for sections 19 and 20?—A. They failed to complete their contract and they assigned it to Charles Crocker.

Q. Those sections were completed by Charles Crocker?—A. Yes, sir.

Q. Did Charles Crocker receive the same compensation as Collins & Brother would have received if they had completed the contract?—A. Yes, sir.

COST OF CONSTRUCTING SECTIONS 30 AND 31.

Q. I believe you have before stated to the Commission that you have not any contract in writing made between the Central Pacific Railroad Company, of California, and Charles Crocker & Co. for the construction of sections 30 and 31. Will the books of the company show what was paid for the construction of those two sections?—A. Yes, sir. The amount is $77,137.42; paid $11,600 in stock, $65,537.42 in cash.

Q. You have stated that there was a contract let to Charles Crocker & Co. for sections 32 to 54, but in the minutes of the board of directors of June 6, 1865, the terms of the contract there set out are for the construction from section 43 eastward. Will your books show the payments made from 32 to 43, inclusive?—A. Yes. The books will show the payments from 32 to 43, inclusive, but the accounts are so kept on the books that that would have to be segregated. They show the total payments made from 32 to 138.

AMOUNT PAID FOR SECTIONS 32 TO 138.

Q. State the payments from 32 to 138?—A. The total payments are $22,885,677.21, of which $8,227,980.53 was cash and $14,657,696.68 was in stock of the company.

Q. In the examination of Governor Stanford by Commissioner Anderson, Mr. Anderson says that by the books of the Central Pacific it appears that Charles Crocker & Co. was paid—

In 1865	$3,236,710.35
In 1866	8,290,790.11
In 1867	9,930,282.19
Total	21,457,783.65

Or about $210,000 a mile for the sections from 31 to 141. And Mr. Anderson inquires from Governor Stanford whether the issues of stock and sales of bonds made for the purpose of raising that money were not on such a basis as to have contributed in the ultimate result very largely to the present condition of the Central Pacific Railroad Company. Will you first see whether the figures used by Mr. Anderson are correct?—A. My figures as given above are more than Mr. Anderson's. I make it $22,885,677.21.

Q. How much of that amount as stated by you was in cash?—A. $8,227,980.53.

PAYMENTS TO CHARLES CROCKER & CO. HAVE NOT CRIPPLED THE ROAD.

Q. Will you give your idea as to whether the payments made to Charles Crocker & Co. have contributed to the present crippled condition of the Central Pacific Railroad Company?—A. They have not contributed to that at all. I do not think the payments made to Charles Crocker crippled the Central Pacific, because I think the payments made to him were a fair amount for getting the work done. The work could not have been done under any other circumstances for any less at the time. It could not have been done by any other contractors for less. The fact is, as I understand, that they lost money on that contract; did not make anything on it.

Q. If the result of the payments so made to Charles Crocker & Co. tended to cripple the company, such result was owing more to the speed with which the road was completed and the inherent difficulties in the way than to any other cause?—A. Yes; they did the work, pushed it along in a manner that no other contractors would have done, especially the work in the winter, in the Sierra Nevada Mountains, clearing away the snow and ice, and building a road, some portion of it, beyond the connected line this side.

Q. You have already stated that you could not find any written contracts made between the Central Pacific Railroad Company and Charles Crocker & Co.?—A. Yes, sir.

CENTRAL PACIFIC BOOKS SHOW THE TERMS OF THE CONTRACT.

Q. Do not the minutes of the Central Pacific Railroad Company that are in evidence, namely, the proceedings of December 26, 1862, and of June 6, 1865, and the entries on the cash-book, journal, and ledger of the Central Pacific show substantially what that contract was and what payments were made for the work of constructing that portion of the road from Sacramento to the State line that was let to Charles Crocker & Co.?—A. The books of the company show clearly the terms of those contracts, and all the payments made under them.

Q. The minutes of the Central Pacific Railroad Company which have been heretofore read to the Commission show what steps were taken prior to the letting of the contract from the State line to Promontory

to the Contract and Finance Company. Have you any information on that subject other than is shown on the minutes?—A. I have no recollection of anything except what appears upon the minutes and reports that have been submitted to the Commission.

Q. Was the matter of letting this contract to the Contract and Finance Company discussed in the board of directors between its various members in your presence?—A. I do not now recollect it. I presume it was.

OBJECT IN FORMING THE CONTRACT AND FINANCE COMPANY.

Q. Do you remember that it was first proposed to let that contract to Charles Crocker & Co., but it was afterwards suggested that it would be better to form a corporation to take that contract with a view to inviting local or Eastern capitalists to take part in that work or to take stock in that corporation?—A. Yes; I remember that was a fact.

Q. Was not the main inducement to the formation of the Contract and Finance Company, and the letting of the contract to that corporation, to invite persons with capital to put their money into the work and to secure the completion of the road?—A. I so understood it at the time.

AMOUNTS PAID CONTRACT AND FINANCE COMPANY.

Q. Do the books of the Central Pacific Railroad Company show what was paid to the Contract and Finance Company for the construction and equipment of the road from the State line to Promontory?—A. They do.

Q. Have you made up the amount so expended?—A. I have. The amount was $47,472,000.

Q. How much of that was paid in cash and how much in stocks?—A. One-half cash, $23,736,000, and one-half stock, the same amount.

AMOUNTS PAID THE SEVERAL CONTRACTORS.

Q. You say that the Central Pacific paid to Charles Crocker & Co., for the construction of the road from section 32 to the State line, in cash, $8,227,980.53, and paid to the Contract and Finance Company, for the construction from the State line to the eastern terminus at Promontory, in cash or its equivalent, $23,736,000, making altogether $31,963,980.53. What was the amount paid in cash for the construction of sections 1 to 18?—A. 1 to 18 in cash, $250,000, and 100 bonds of $1,000 each.

Q. How much for sections 19 to 31?—A. $183,155.05 in cash.

Q. Can you give the cost of the road from Promontory to Ogden, paid by the Central Pacific to the Union Pacific?—A. We paid to the Union Pacific 1,502 Central Pacific first-mortgage bonds of $1,000 each and 1,338 United States bonds, equal to $2,840,000 par.

AVAILABLE RESOURCES.

Q. Annexed, as a part of the evidence of Governor Stanford given to the Commission on August 2, 1887, is a statement headed "Cost of the road," which contains a list of the available resources of the Central Pacific of California and the Western Pacific, with the exception of the amounts originally contributed by the promoters to inaugurate those enterprises, which I understand to be the amount subscribed by the pro-

motors to the stock of those companies. The amount realized from said available resources is approximately estimated at $46,062,000. Can you, from such examination as you have made of the books of the company, state how that sum of money was expended?—A. To the aggregate of the statement made by Governor Stanford, $46,062,000, there should be added the amount of the floating debt of the company at that date, December 31, 1869, including that to the Contract and Finance Company, $12,500,000, making a total of $58,562,000. From this should be deducted United States bonds not received by the Central Pacific at that time, $1,514,120; United States bonds not received by the Western Pacific, $322,000; Central Pacific first-mortgage bonds not issued, $8,203,000; an aggregate of $10,039,120. This aggregate, at 75 cents on the dollar, being at about the same rates at which the Government bonds and the company's own bonds were estimated in the statement made by Governor Stanford, amounts to $7,529,340. Deducting this from the $58,562,000, leaves $51,032,660 as the total receipts of the company to December 31, 1869.

Q. The result of this statement is that you had bonds of the United States and of the Central Pacific which, at 75 cents on the dollar, would have produced $7,529,340, and against these resources the Central Pacific was indebted in about $12,500,000?—A. Yes, sir.

MONEYS RECEIVED FROM SALE OF STOCK.

Q. In the statement furnished by Governor Stanford and in your additional estimate nothing is said about the amount received from the sale of stocks. What became of the moneys received from that source?—A. The money received from the sale of stock went into the treasury of the company and was used for any and every purpose the same as any other money. As I have said previously, the moneys received from the first subscriptions of stock were expended on preliminary expenses of the organization, surveys, &c. The amount received from the stock subscription should also be added to the $51,032,660. This amount was $1,001,400; making a total of $52,034,060.

CASH PAYMENTS ON CONSTRUCTION.

Q. What account do you give of this $52,034,060?—A. As shown heretofore, the cash payments on construction are as follows:

Sections 32 to 690 were	$31,963,980.53
Sections 1 to 18, cash payment, $250,000, and 100 bonds of $1,000 each of the company, at 75 cents, making for sections 1 to 18	325,000.00
Sections 19 to 31	183,155.05
Expended by Governor Stanford at Salt Lake, as explained heretofore	751,963.78
Paid to the Union Pacific Railroad Company for road from Promontory Point to 5 miles west of Ogden, United States and Central Pacific bonds at 75 cents	2,130,000.00
Expended for track-laying, equipments, building, &c., from sections 1 to 138	2,502,600.00
Construction of Western Pacific Railroad from San José to Sacramento, United States bonds and first-mortgage bonds of the company, $3,940,000, at 75 cents (being about the rate at which these bonds are estimated in Governor Stanford's statement), amounting to	2,955,420.00
County bonds issued in aid of the Western Pacific Railroad, which had been expended on construction before it came under the control of Stanford, Huntington, Hopkins, and Crocker, net proceeds as per Governor Stanford's statement	400,000.00

Expended for engineering, machinery in shops, legal and general expenses, shops and shop materials, wood sheds, snow plows, tanks, wharves at Sacramento, real estate, snow sheds, &c	$6,971,688.00
For interest, general account, on first-mortgage and convertible-mortgage bonds, chargeable to construction account	1,669,332.42
Cash assets	491,600.00
Leaving a balance of	1,689,340.22

Which was used in making additions to American River bridge, building retaining walls in the Sierra Nevada Mountains, strengthening and enlarging the north levee at Sacramento City, on which the railroad had been originally built, replacing trestles by filling, &c.

LOYAL TO THE INTERESTS OF THE CENTRAL PACIFIC.

Q. In the accounting between Charles Crocker & Co. and the Central Pacific, and the Contract and Finance Company and the Central Pacific, who watched over the interests of the Central Pacific Company?—A. I was always the accountant of the Central Pacific, and was always loyal to the Central Pacific as against anybody and everybody else—Charles Crocker & Co., the Contract and Finance Company, or anybody else.

Q. You had no interest in the contracts let to Charles Crocker & Co. in the contracts let to the Contract and Finance Company?—A. None whatever.

Q. You had no stock in the Contract and Finance Company?—A. None.

Q. You knew at the time of the construction what the Central Pacific had agreed to pay to Charles Crocker & Co. and the Contract and Finance Company?—A. Yes, sir.

STRICT BUSINESS RELATIONS OF CENTRAL PACIFIC AND CONTRACT AND FINANCE COMPANIES.

Q. You paid them the amounts they were entitled to receive and no more?—A. And no more. The contract with the Contract and Finance Company provided that the Contract and Finance Company were to furnish the equipment, but that the Central Pacific Railroad Company was to buy that equipment and charge it to the Contract and Finance Company at cost. I made up the charges for such equipment against the Contract and Finance Company and took care that the price charged would be the full cost to the Central Pacific. But in the case of the first locomotive charged to the Contract and Finance Company I made the price $11,000 in gold. Before the completion of the contract I found that locomotives were costing more than $11,000, and I charged them $12,500 for locomotives then furnished them, and at the completion of the contract I charged them $1,500 additional on each locomotive that had been furnished them at $11,000, thus making all the locomotives furnished them by the Central Pacific charged to them at $12,500 in gold coin, which was something more than the cost to the Central Pacific.

EFFORTS TO OBTAIN OTHER CONTRACTORS.

Q. What efforts were made to obtain other contractors than Charles Crocker & Co. and the Contract and Finance Company?—A. Well, there were no particular efforts made, because it was of no use to make efforts to get other contractors. There were none on this coast that would have taken the contracts then on any terms, and I doubt if any

contractors could have been got in the East. I do not think there was anyone that would have taken the contracts.

Q. What efforts were made to obtain stockholders in the Contract and Finance Company?—A. I do not know specifically, but I knew that Governor Stanford and the other parties in interest were trying their best to get capitalists interested with them in the Contract and Finance Company.

Q. Could in your judgment any other solvent or capable contractor have been found to take the contracts then let to Charles Crocker & Co. and the Contract and Finance Company?—A. I don't think that any other contractor could have been found to have taken them, and certainly if the contracts had been let to any other contractor they would not have pushed on the work, as the Contract and Finance Company did, at a very great sacrifice to themselves.

FINANCIAL CONDITION OF CONTRACTORS.

Q. What was the financial condition of those contractors, Charles Crocker & Co. and the Contract and Finance Company, while the work of construction was going on?—A. Well, they were constantly in want of, and constantly making demands for, money.

Q. In the contract made by the Central Pacific with Charles Crocker & Co. and the Contract and Finance Company, the Central Pacific agreed to furnish rails, fastening, and locomotives, did they not?—A. Yes, sir; and other equipments.

AMOUNT OF SUPPLIES IN TRANSIT.

Q. Can you make an estimate of the amount that was carried by the Central Pacific Railroad Company in supplies in transit between New York and San Francisco?—A. All supplies had to be bought in New York at least six months in advance of their arrival for use in California. They were brought around the Horn mostly by sailing vessels. Anything that there was any urgent demand for was sent by steamer, crossing the Isthmus of Panama. The amount in transit varied from time to time, seldom less than $1,000,000, and at some times over $3,000,000.

FINANCIAL CONDITION OF CENTRAL PACIFIC JULY, 1868.

Q. What was the financial condition of the Central Pacific at the time of the completion of the road to the State line?—A. The road was completed to State line about July 1, 1868. The company had expended the proceeds of all the United States bonds it had received and all the proceeds of all the county bonds and of all its own bonds which it was authorized to issue up to that point, and had a floating debt of over $5,000,000.

PRICES PAID FOR MATERIALS.

Q. Can you give the prices of materials paid during the construction of the road between 1862 and 1869, inclusive?—A. In 1863 we paid $115 a ton for 5,000 tons of rails in Boston and New York in bonds of the company.

Q. At what rate were the bonds taken?—A. No rate fixed. That is what they cost in bonds at par.

Q. That was the price at New York and Boston without shipping charges?—A. Without shipping charges. We also paid for a lot of about 500 tons, $262 per ton in stock and $5.50 additional per ton in New York and Boston. From 1864 to 1869 rails cost in New York from $74 to $87.50 per ton.

Q. Was that at the mill or alongside ship?—A. That was alongside the ship, I believe, averaging, say, $80 per ton in currency. Freight from New York averaged about $17.50 a ton; insurance all the way from 5½ to 17 per cent.

SPIKES AND FASTENINGS.

Q. What was the cost of railroad spikes and fastenings during the same period?—A. Spikes cost 6½ cents per pound; bolts, 9½ cents; fish joints, 6 cents; car castings, 7½ cents; 33-inch wheels, $24 each; Babbitt metal, 48 cents per pound; bar iron, $110 to $115 a ton.

Q. In speaking of tons of rails, is that 2,000 pounds or 2,240 pounds?—A. Iron, 2,240; rails, 2,240; everything else 2,000 pounds. All those are Eastern prices, to which was added freight and insurance and in many cases cartage and lighterage. The first 38 locomotives placed on the road cost over $20,000 each in currency. The next 111 locomotives cost nearly $12,500 each, gold coin.

Q. What was the Government tax on locomotives at the time this road was being constructed, if you know?—A. Six per cent.

TIES, HAY, AND GRAIN.

Q. Now give the price of ties, hay, grain, and whatever had to be purchased during the construction of the road?—A. The ties and iron we furnished. The Contract and Finance Company bought hay and grain and things of that kind; the contractors bought that themselves. I have bills of purchased material at Salt Lake from which I can give prices.

PRESENT PRICES OF RAILS.

Q. What are the present prices of rails of the same weight and quality as those used in the construction of the Central Pacific?—A. We do not use the same quality. We use now all steel rails; use no iron rails; steel rails, I think, are worth $40 to $45 here.

Q. I am speaking of the price at the point of production. State what your information is on the subject, what steel rails are worth?—A. The present price of steel rails in California is from $45 to $46 in the East about $35 to $36 a ton. Spikes are now made here at $2\frac{1}{10}$ cents per pound; bolts at 2½ cents a pound; joints at $1\frac{7}{10}$ cents; bar iron at $40 to $45 a ton; car castings 2½ cents; car wheels, 33-inch, $8.25 each; Babbitt meta, 16 cents a pound. Locomotives of about the same size can now be had at from $7,000 to $7,500 each.

WORK THAT WAS LOST TO THE COMPANY.

Q. In the examination before the Commission something had been said about contracts made by Governor Stanford with the Mormons in Utah. Will you explain for what purpose those contracts were made?—A. Well, the Union Pacific were building this way to meet the Central Pacific as far this side of Salt Lake as possible. Governor Stanford went out to Salt Lake to commence building from Salt Lake this way,

and did there a large amount of work on the line from Salt Lake to a point 100 miles or more this way. The Union Pacific also had a force on the ground this side of Salt Lake grading. The result of all which was that the Central Pacific got its track laid to Promontory, a point some 47 miles west of Salt Lake, at the same time the Union Pacific reached that same point and made connection. Consequently all the work done for the Central Pacific by Governor Stanford from Salt Lake to Promontory Point was an actual loss to the company, as they made no use of that grading.

PRICES PAID IN UTAH FOR MATERIALS.

Q. What prices were paid in Utah for the materials used in the construction of the Central Pacific in that Territory?—A. I have bills of material and contracts for material returned from Salt Lake which show that ties were paid for from $1.25 each to $8. The ties got at $1.25 were very few. The majority of the ties were $2 each.

Q. What were the circumstances that compelled you to pay $8 for ties?—A. I do not know.

Q. Was not the contract made in this way: That they were to have $8 for ties delivered in a certain time; $6 for ties delivered in a longer time; $4 for ties delivered in a longer time still? In other words, the question of time was a great consideration, and those that they delivered early they got $8 for, and those delivered later $6 and $4?—A. That did not apply in all cases, but the contracts for ties in every case specified the time in which they were to be delivered, and if not delivered within that time then the price of those that had been delivered up to that time was very much less than the contract price, the question of time being a large element in the price paid or to be paid.

THE QUESTION OF TIME AN IMPORTANT FACTOR.

Q. The question of time was important in consequence of this contest with the Union Pacific in building?—A. Yes, sir. Each road had a right to build until it connected with the other. Of course we could not build without ties.

Q. Can you give the year in which those payments for ties were made?—A. The fall of 1868 and the spring of 1869.

ACCOUNTS OF FREIGHT FOR SALT LAKE DIVISION.

Q. I notice in some of the accounts the cost of freight from Wadsworth to Salt Lake. What was the occasion of the freighting, and what was paid for the service?—A. The freight from Wadsworth to Salt Lake was 10 cents a pound.

Q. Carried how?—A. Carried by team.

Q. What freight did you send—what was the nature of it?—A. Machinery and tools principally.

Q. To be used on the Salt Lake Division during construction?—A. Yes, sir. It was some construction material that went from Wadsworth to Salt Lake for use on the Salt Lake Division.

Q. Without looking at the books for that purpose, can you make any estimate as to how much was spent for freight from Wadsworth to Salt Lake?—A. No. It was not very much.

PRICES OF WOOD, LUMBER, PROVISIONS, AND LABOR.

Q. Have you a memorandum of the prices of other articles at Salt Lake?—A. Yes. We bought large lots of wood at Salt Lake, for which we paid $8 to $10 a cord, mostly $10 a cord. Lumber was $110 to $150 a thousand feet. There was considerable lumber used for bridges, &c. Barley was 10 cents a pound in Ogden. Bills in my possession show that the prices for flour were 18 cents a pound; sugar, 40 to 45 cents; coffee, 50 cents; butter, $1; bacon, 50 cents; ham, 45 cents; pork, 40 cents; beans, 25 cents a pound. Boots were $12 a pair. This entered into what contractors could afford to do. The price of labor was, foremen, $5 a day; laborers, $3 a day.

Q. You are speaking of the year 1868, I suppose?—A. 1868 and 1869.

FLOATING DEBT MAY, 1869.

Q. What was the floating debt of the Central Pacific Railroad Company on May 10, 1869; or, for convenience, estimated at May 1, 1869?—A. The floating debt was over $14,500,000.

Q. I assume your estimate is taken from the balance sheet of the Central Pacific books made on May 1, 1869, is it not?—A. Yes.

Q. The books at that time, May 1, 1869, show a credit to Mark Hopkins, treasurer, of $2,874,446.21, and a credit to Leland Stanford of $1,839,915.41. Will you please explain how those balances arose?—A. Well, they were moneys loaned to the company by Leland Stanford and by Mark Hopkins.

Q. Obtained by loans on the credit of Stanford, Huntington, Hopkins, and Charles and E. B. Crocker, were they?—A. Yes, sir; it must have been in that way.

COST OF LOCOMOTIVES.

Q. Referring to your testimony as to the cost of locomotives, I notice that both Mr. Stanford and Mr. Huntington speak of higher prices paid for locomotives than you have mentioned.—A. We brought two locomotives across the Isthmus of Panama. They cost, ready to run, one of them, $37,795.91. That was a locomotive 18 by 22 cylinder. The other one, cylinder 17 by 24, cost $37,110.55.

MONETARY ARRANGEMENTS WITH CONSTRUCTION COMPANIES.

Q. Mr. Douty has stated in his testimony to this Commission that the Western Development Company and the Pacific Improvement Company kept a banking account with the Central Pacific. Will you explain the business between the Central Pacific and those two companies, so far as receiving deposits from and lending money to those construction companies?—A. There was never anything in the nature of a banking account kept at all. Sometimes they were overdrawn; sometimes they had balances to their credit.

Q. When they were overdrawn did they pay interest?—A. Always.

Q. At the current rate of the day?—A. Yes, sir.

Q. When they had money to their credit did the Central Pacific allow interest?—A. Yes, sir. That is, interest was made up on current account with those companies.

Q. At the end of each month?—A. At the end of each year.

Q. Will you state how it was that the Central Pacific had money to lend those construction companies?—A. They did not lend them money as a general thing. They were balances of account. We did not do any banking business for either of those companies; never did, and do not now. In the sense that they deposited money with us and we paid interest on it, they never did anything of the sort. Sometimes, if they had money and the Central Pacific wanted to use it, we paid them interest on it, if it was left with us. But that was always more in the nature of a running account between the companies than in the nature of a banking account.

ADVANTAGES TO CENTRAL PACIFIC.

Q. What was the result of these monetary arrangements between the construction companies and the Central Pacific; did it tend to the advantage and profit of the Central Pacific?—A. Yes, sir; the Central Pacific always got interest on it, and they never took money on deposit and paid interest on it when they had funds of their own.

Q. Did the Central Pacific at any time borrow money for the purpose of lending to these construction companies?—A. Never.

INVESTMENT OF THE SINKING FUND.

Q. Some testimony has been given to the Commission as to lending moneys in the sinking fund of the Central Pacific to the Western Development Company. Will you please give such explanation as you can about those transactions?—A. The board of directors, acting as trustees under the mortgages of the company, had in their possession, from time to time, moneys belonging to the sinking fund of the various mortgages of the company. Some of such moneys were loaned on interest to the construction companies at various times, taking collateral securities from such companies. All such loans, with the interest accrued thereon, have been paid, and the amounts in the sinking fund of the companies are now invested, as shown by my statement to the Commission August 16, 1887, marked Exhibit No. 8.

ADVANTAGEOUS TERMS MADE WITH CONSTRUCTION COMPANIES.

Q. It has been stated that the Central Pacific paid to the Contract and Finance Company, the Western Development Company, and the Pacific Improvement Company 10 per cent. upon the cost of improvements, betterments, and repairs. Will you give some information to the Commission on this payment of 10 per cent., whether it was an advantage or a disadvantage to the Central Pacific?—A. In my judgment, the 10 per cent. paid to the construction companies for the work done by the Central Pacific was always an advantage to the Central Pacific Company. The 10 per cent. was not a profit or intended to be a profit to the construction companies for doing it, but to arrive at the actual cost of the work to such construction companies and to cover contingencies, the use of hand tools which were worn out on the works, the use of machinery in the shops, and, if you please, to cover interest on the plant of the construction companies. Of course, in some instances a portion of the 10 per cent. was clear profit to the construction company. In other instances the 10 per cent. would result in a loss. This 10 per cent. was, of course, intended to cover also the cost of superintendence and accounting. One great advantage to the Central Pacific in having

these construction companies do such work was that they had always a force on construction and materials ready for construction which they could turn immediately to making any repairs or rebuilding any structures for the Central Pacific. They had such material and such men as the Central Pacific would not have had and did not have in its own employ in the shops. For instance, the Central Pacific had in its shops men for building cars and that kind of work, called carpenters; but they were entirely unfit and not adapted to bridge building or building houses, depots, &c., along the line of the road, and could not be used in an emergency for repairs; and the Central Pacific did not carry that kind of material on hand. Employing these construction companies to do that sort of work, they were not obliged to carry the kind of materials for building bridges that might be washed out or burned, or buildings that might be burned, or new buildings that might be required along the road.

A CASE IN POINT.

A case in point which very distinctly shows the advantage to the Central Pacific of employing these construction companies to do the work was the burning of the American River bridge, a very long and expensive bridge about two miles east of Sacramento. It was completely burned. Within two days and one night a temporary bridge was constructed by the Construction Company, which enabled trains to pass over the bridge without interruption. This temporary bridge could not have been built by the Central Pacific itself, or by any other construction company in California, under three weeks. In the mean time the trains would have all been interrupted. The same construction company completed the permanent structure before the high waters of the succeeding winter came, they bringing men and materials from all points where they were doing work on construction and putting them at this work of building the temporary bridge and rebuilding the American River bridge. The next day after the bridge was burned I was on the ground and saw the river pretty well covered with men, pile drivers, &c., that the Construction Company had been able to bring there inside of twenty-four hours after the bridge had been burned; men especially adapted to and understanding that kind of work; a force such as the Central Pacific, or any other contractors in California, could not have got together inside of ten days.

THE USUAL CHARGE, TEN PER CENT. ADDED TO COST.

In this connection I will say that the Central Pacific has always charged to the construction companies 10 per cent. on all work done by it for those companies. It always charges to other railroad companies 10 per cent., and in some cases 15 per cent., for work done by it for the other companies. Other companies also charge the Central Pacific 10 per cent for work done by them, this 10 per cent. being added to the actual cost of the labor and material to approximate as nearly as possible the actual cost of labor and material and foremen, superintendents, the use of tools, and executive and contingent expenses. The Central Pacific has a contract with the Pullman Company at this time, and has had for the last three years, by which the Pullman Company agreed to build for the Central Pacific whatever sleeping cars it might require at the actual cost for labor and material, adding 10 per cent. for superintendence, executive expenses, use of tools, machinery, &c. In fact it is a customary thing in the Central Pacific shop, when it makes up works

in advance for its own use, to charge for such work at the actual cost of labor and material, adding 10 per cent. to arrive at the real cost of the work done.

THE SUGGESTION TO THE COMPANY TO DO ITS OWN CONSTRUCTION.

Q. It has been suggested by a member of the Commission that the Central Pacific Railroad Company should have kept itself in a position by having skillful men in its employ and the necessary amount of material on hand so as to provide for ordinary and extraordinary repairs. I would like you to state from your experience what would be the financial outcome of doing the business in that way instead of through a Construction Company?—A. Well, in that case the Central Pacific would have had to carry a very much larger stock of material, or a large stock of material of a different character from what was required in its ordinary uses for constructing cars, &c.; and I think it could not have done such work as was done by the Construction Company as cheaply as it got it done through those companies with the 10 per cent. added; and in a great many instances it could not have done it as quickly.

CONSTRUCTION COMPANIES BENEFICIAL.

Q. If the Central Pacific, on a sudden emergency, or to make improvements or betterments, were required to go into the market and hire such labor as it could obtain and buy such material as would be wanted, do you think it could have made such improvements or betterments or repairs for any less money or had the work as well done as it could be done by a construction company with its corps of trained and skillful men, even adding 10 per cent. to the amount that it cost the Construction Company?—A. No. As I said before, I do not think the Central Pacific could have done it as well or as cheaply or as quickly as things were done by the Construction Company.

CHARGED ONLY ACTUAL COST.

Q. In the work done by these Construction Companies for the Central Pacific I understand that the Construction Companies charged for lumber or material the actual cost to it and the expense of handling, but did not charge any interest on the cost of material; therefore a part of the 10 per cent. allowed covered the interest on such portion of the capital of the Construction Company as was used in carrying such material. —A. The facts are that the Construction Company charged the Central Pacific Company only the actual cost of the material to them, no matter how long they had carried it in supply. They did not charge any interest on the material for the time they had it in supply. Of course, if the Central Pacific had had to carry a supply of this material for doing its own work it would have had to buy a stock of timber or lumber a sufficient time in advance to have had it well seasoned and fit for such uses, and certainly would have been out the interest on the money it cost to carry such a supply of material, or else in an emergency they would have to go into the market and buy material practically unfit for the purpose and pay the market price, which, in such case, would be a great deal more than buying the material at wholesale and carrying it in stock, as was done by the Construction Company. The Construction Company bought large amounts of lumber at from $2,000 to $4,000 less than the market price. Of course the Central Pacific got the benefit of that

when it was used on its work. They got the benefit of low prices that had been paid for material in addition to saving the interest.

THE ARRANGEMENT DECIDEDLY BENEFICIAL TO THE ROAD.

Q. Then the general result of your experience as an accounting officer of the Central Pacific is that that company sustained no damage from the arrangement it made with these construction companies for its repairs, both ordinary and extraordinary?—A. This Construction Company did not do all the ordinary repairs of the Central Pacific. Such repairs as could generally be done by its own force with the material it had on hand were so done by itself. The construction companies were called upon only to do the larger work. My opinion is that the arrangement with these construction companies to pay them the cost of labor and material, with 10 per cent. added, was very decidedly a beneficial arrangement to the Central Pacific Company. In the current work done in all the shops of the Central Pacific Railroad Company each piece or kind of work done during the month is charged, first, with the cost of labor, then with the cost of material, to which is added a percentage arrived at in the following manner: The wages of the general master mechanic, of the foreman, and the stationary engineer and fireman, and the watchman, the cost of fuel, the cost of hand tools that are used up during the month, the salaries of the accountants at the various shops, and the general accountants at the general office of the machinery department are added together and the per cent. of these expenses to the total cost of the whole work done in the shop for the month is then added to each individual item of work done during the month. This percentage runs from 6 to 12 per cent. For such work there is no charge for the use of machinery or interest on plant.

COST OF SNOW GALLERIES AND SNOW SHEDS

Q. What was the cost to the Central Pacific of the snow galleries and snow sheds to December 31, 1869?—A. $1,558,039.87. From 1870 to 1886, inclusive, the cost of putting on iron roofs and other betterments on the snow sheds was $427,495.59. The cost of ordinary repairs from 1870 to 1886, inclusive, was $896,666.58. The cost of snow service from 1870 to 1886, inclusive, was $602,276.81, making a total of $3,604,472.85. The cost of construction shown above is somewhat less than the full actual cost, as some of the charges are so made as to make it difficult now to ascertain the exact sum. Such charges as are not included here would not materally affect the statement, as they are small in amount.

Q. What is the number of miles of snow sheds and galleries, and what is the average cost per mile?—A. Over 35 miles of snow sheds and galleries, which, at a cost of $1,588,039.87, would make an average per mile of $45,372.56.

The cost of maintaining sheds and clearing the road of snow for the past seventeen years is $2,016,432.98, an average annual expense of $118,316.70.

Q. The building of snow sheds and galleries was not included in the contract with Charles Crocker & Co.?—A. No.

Q. Then the cost of building and maintaining has been paid by the Central Pacific?—A. Yes, sir.

NO DIVISION OF ASSETS.

Q. Before leaving the question of the finances of the Central Pacific I ask you whether, from the time of your first connection with the com-

pany up to this date, any of the proceeds of bonds issued by the Central Pacific of California or by the Western Pacific, the proceeds of the bonds loaned by the Government to those companies, or any of the earnings of the Central or Western Pacific or any of their moneys or assets have been used or applied to build the road of the Southern Pacific Railroad Company or of any other railroad company?—A. They have not. Not a dollar of the assets of those companies has been diverted to any other company or person.

Q. Have any of the bonds issued by or to the Central Pacific Railroad Company of California or by or to the Western Pacific, or of any of the constituent companies forming the present Central Pacific, been paid to Leland Stanford, C. P. Huntington, Mark Hopkins, Charles or E. B. Crocker, or any other person in the way of dividends or profits?—A. None.

CONSTRUCTIVE MILEAGE ALLOWANCE.

Q. Some questions have been asked by the Commission on the subject of constructive mileage allowance. I would like to have such information as you can give on that subject.—A. In Governor Stanford's answer to questions 3 to 7, inclusive, to the Commissioner's letter of May 12, and especially in answer to question 4, a statement in relation to diversion of earnings from aided lines to less productive branches through constructive mileage allowances was filed by him with the Commissioners, which I think shows clearly that no such diversion of earnings was made from the aided lines of the Central Pacific to any less productive branches. Mr. Wright, the general auditor, in his testimony before the Commission, was asked if 50 per cent. and 100 per cent. constructive mileage did not amount to one and a half to one and two to one. He answered that it did. That answer was correct so far as mileage was concerned, but when applied to earnings it was not correct. Giving a road 100 per cent. constructive mileage it by no means follows that on connecting business it received 100 per cent. or any definite per cent. of additional earnings. In no conceivable case could the additional earnings amount to 100 per cent.

ILLUSTRATION OF THE WORKINGS OF CONSTRUCTIVE MILEAGE.

To illustrate the workings of constructive mileage, suppose railroad line A gives to line B 100 per cent. constructive mileage. Now, if any connecting business is done over the two lines—say, for illustration, 100 miles on each line—the division of the earnings would be, on a straight pro rata mileage basis, 50 per cent. to each. But giving B a constructive mileage of 100 per cent. such business then would be 100 miles on A and 200 on B, giving to A 33⅓ per cent. and to B 66⅔ per cent,, an increase of B's earnings of only 33⅓ per cent., instead of 100 per cent. The percentage of additional earnings of B would vary with the varying distances on each line over which connecting business was done from the various stations on one line to the various stations on the other.

DISCONTINUANCE OF CONSTRUCTIVE MILEAGE TO CERTAIN ROADS.

Mr. Wright in his testimony said that I ordered constructive mileage that had been given to the various branch and leased lines of the Central Pacific to be discontinued. I did that because from a statement I had made up I ascertained that the 50 per cent. and 100 per cent.

constructive mileages given by the Central Pacific to the branch lines amounted to so little to those lines that it was not worth continuing, and also because it had been objected to by United States Auditor French.

SAN FRANCISCO, *August* 26, 1887.

EDWARD H. MILLER, JR., being further examined, testified as follows:

FURTHER INFORMATION AS TO LEASES.

By Mr. COHEN:

Question. Have you any other information to give concerning the leases taken by the Central Pacific of other roads in addition to that which you have already given to the Commission?—Answer. The Government officers objected to the Central Pacific leasing other lines, and the Government Department in Washington refused to pay the Central Pacific for transportation of mails, troops, &c., over leased lines. And now that the Central Pacific has canceled those leases and those lines are leased to the Southern Pacific, the Government refuses to pay for the transportation of mails and troops over the same lines. As I understand it now, they seem to have claimed first that the Central Pacific had no right to lease other roads; now they seem to claim that the Central Pacific has no right to cancel such leases.

Q. What has been the result to the treasury of the Central Pacific from the leases it has heretofore taken?—A. The result was a profit to the Central Pacific.

Q. What amount now due from the United States to the Central Pacific for transportation is withheld?—A. Nearly two million dollars.

GOVERNMENT DOES NOT PAY FAIR, REASONABLE COMPENSATION.

Q. Do you consider that the rates allowed by the Government of the United States to the Central Pacific Railroad for carrying the mails are fair, reasonable, or just?—A. No. The Government has not in the past and does not now pay or allow the Central Pacific and Union Pacific Railroad a fair, reasonable compensation for the transportation of its mails. It allows only the same rates per mile as are fixed by the Post-Office Department and paid to all Eastern railroads. All those same Eastern railroads allow to the Central Pacific and Union Pacific Railroads over 50 per cent. greater rate per mile on connecting business than they themselves receive on the same business. This establishes the fact, by the very best possible evidence, that larger rates to the Union and Central Pacific Railroads are fair and reasonable, and the Government should allow for all past and future services in the transportation of its mails by the Central and Union Pacific Railroads at least 50 per cent. additional to the rates paid to the Eastern railroads.

FORMER AVERAGE COST PER ANNUM OF GOVERNMENT TRANSPORTATION.

Q. Have you given to the Commission anywhere the average cost per annum to the Government of transportation in the region now covered

by the Pacific Railroad between the year 1850 and the completion of said road?—A. Yes; in one of the exhibits annexed to the statement of Governor Stanford.

Q. Have you given the average cost per annum since the completion of the Pacific Railroads?—A. Yes, sir. That is in the same statement.

Q. Have you in your records any papers or information that will show how the western base of the Sierra Nevada Mountains was arrived at, or was fixed by the President of the United States?—A. Yes, sir; I have.

LETTER FROM ABRAHAM LINCOLN FIXING THE BASE OF THE MOUNTAINS.

The witness produces a letter signed by the President of the United States, Abraham Lincoln, dated January 12, 1864, which reads as follows:

EXECUTIVE MANSION,
Washington, January 12, 1864.

In pursuance of the eleventh section of the act of Congress entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River and to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862, the point where the line of the Central Pacific Railroad crosses Arcade Creek in the Sacramento Valley is hereby fixed as the western base of the Sierra Nevada Mountains.

ABRAHAM LINCOLN.

LETTER FROM STATE GEOLOGIST UPON SAME SUBJECT.

The witness also produces a letter from J. W. Whitney, State geologist, addressed to the governor of the State of California, dated March 23, 1863, which is as follows:

OFFICE OF THE GEOLOGICAL SURVEY OF CALIFORNIA,
San Francisco, March 23, 1863.

SIR: In reply to your favor of March 7, requesting me to give my views with regard to the position of the western base of the Sierra Nevadas, and to fix the point where, in my opinion, the line of the Central Pacific Railroad intersects said base, I beg leave to submit the following:

The "base" of a mountain, as seems apparent from the meaning of the word as applied to other things, where it is susceptible of a precise definition, is the lowest point of the mountain or the point where the ascent commences. As applied popularly, however, the term "base" appears to be used generally to signify the point where the rise of the mountain begins to be sufficiently steep to present a marked appearance to the eye, or to become a decidedly perceptible obstacle to progression.

That the scientific or precise idea of a mountain base is somewhat different from the popular one may be inferred and illustrated by a consideration of the Rocky Mountain chain; and I will use the words of the highest geological authority in this country, Professor Dana, who says, speaking of the Rocky Mountains: "The mountain mass, therefore, is not a narrow barrier between the East and the West, as might be inferred from the ordinary maps, but a vast but gentle swell of the surface, having a base 1,000 miles in breadth." He says further: "The average eastern slope of the Rocky Mountains seldom exceeds 10 feet in a mile, which is about 1 foot in 500, equal to an angle of only seven minutes."

It is evident from the above that Professor Dana considers that on scientific principles the eastern base of the Rocky Mountains is to be placed several hundred miles east of where it would be located according to the popular idea.

So, with regard to the Sierra Nevada, it would seem that a strictly accurate determination of the position of its western base would place it where the upward rise of the surface commences, without reference to the popular idea of the greater or less steepness of ascent.

The intention of the act of Congress, by which three times the usual amount of money is given to aid in the construction of the 150 miles, "beginning at the western base of the Sierra Nevada," seems to be clearly indicated in the words "most mount-

ainous and difficult of construction," which specify the portion of the road which is to receive additional aid beyond that given for other portions.

If, therefore, a distance of 150 miles, measured east from the point in the Sacramento Valley where the ascent commences, will clear the most difficult and mountainous portion of the Sierra Nevada and reach the valley on the eastern slope, then it seems reasonable that the base of the Sierra Nevada should be taken as beginning at that point.

In case that is not done, the location of the position of the western base of the Sierra will be more or less a matter of uncertainty, as there is no other position which can be assigned which does not depend more or less on circumstances and conditions which are not capable of being fixed with precision.

I would suggest, therefore, that the point where the line of the Central Pacific Railroad crosses Arcade Creek may with propriety be taken as the base of the Sierra, as from there commences a regular and continuous ascent, and in a distance of 150 miles from that point the most difficult and mountainous portion of the route will have been traversed.

I am, with high respect, your obedient servant,

J. W. WHITNEY,
State Geologist.

To his Excellency Governor STANFORD,
President C. P. R. R. Co., Sacramento.

LETTER FROM E. F. BEALE.

The witness also produces a letter from E. F. Beale, then United States surveyor-general for California, addressed to the governor of the State of California, April 30, 1863, which is as follows:

SAN FRANCISCO, *April* 30, 1863.

Hon. LELAND STANFORD:

DEAR SIR: Language written or spoken being the medium through which human thought is expressed, the learned men of civilized and cultivated nations, through all ages, have labored to reduce the same to a science as exact and perfect as possible; but while it is true that lexicographers have given certain definitions to words, and they are used with comparative precision in the learned professions, the arts and the sciences, yet inasmuch as a majority of mankind use language in a *conventional* rather than in *exact* sense, in seeking the interpretation thereof it is not always safe or just to apply to the same the strict rules of the lexicographer.

Now in relation to the word "base" as applied to a mountain, lexicographers define the word "base" as the lowest part, bottom, or foundation of anything upon which it exists, as in mathematics the base of a triangle, the chord of an arc in architecture the base of a pillar—the broad part of anything, as the bottom of a cone, &c., &c. It is clear that the word base, as above defined, is in a mathematical sense a point which can only be ascertained by exact measurement and calculation.

Now what is the base of a mountain? It exactly corresponds with the base of a cone or with that of an equilateral triangle. It is the lowest or broadest part upon which it rests; hence it is that part which rests upon the perimeter of the globe, and it commences at the point which is cut by the tangent to the circle of the earth's circumference. Hence the altitude of mountains is always estimated from the level of the sea, which is considered as the perimeter of the earth. This is the definition that the geometrician would give to the word base as applied to a mountain. But it is manifest that when the same word is applied to a mountain by the popular writer or speaker it will not admit of such a strict interpretation, for it is not so understood in common or popular language; and when language is made to convey a meaning foreign to the intention of the author, it becomes vicious and untrue. I presume any general reader can recall many instances in which the traveler, the historian, and the biographer have described towns, places, &c., as being situated at the base of mountains, evidently using the word in the popular sense.

I would say, therefore, in relation to the subject on inquiry, that the word "base" as used in the act of Congress referred to means the point where the ascent becomes plainly perceptible, not to be geometrically ascertained, but merely by observation, the intent of the act of Congress clearly being to commence at the point where the mountain ascent presented the first considerable obstruction.

From my knowledge of the topography of the country, I think a point should be taken somewhere about midway between Sacramento and Folsom.

Very respectfully, yours, &c.,

E. F. BEALE.

LETTER FROM J. F. HOUGHTON.

The witness also produces a letter from the surveyor-general of the State of California to the governor of California, dated June 29, 1863, which is as follows:

STATE OF CALIFORNIA, OFFICE OF SURVEYOR-GENERAL,
Sacramento, June 29, 1863.

To his Excellency LELAND STANFORD,
Governor of California and President of Central Pacific Railroad Company:

DEAR SIR: Your letter asking me to examine the law of Congress in regard to the location of the 150 miles most difficult of construction commencing at the western base of the Sierra Nevada Mountains, and also to examine the profile of the route selected by your company, reached my office during my absence on the eastern boundary survey of the State.

Since my return I have given the subject careful consideration, and am satisfied that it should be located in such a manner that the two extremities of the 150 miles should rest upon corresponding grades, the one to the west, the other to the east of the mountains.

Applying this, which seems to me the most reasonable rule of determination, to the profile of the route as surveyed by Mr. T. D. Judah, your chief engineer, I find that at a distance of 7 miles from the city of Sacramento, at a point marked Arcade Creek, a grade of 21 feet per mile occurs, and at a distance of 150 miles from this last-named point the route reaches the Big Truckee Meadow, over and beyond the Sierra Nevadas, with a long continuous grade of 20 feet per mile eastward.

In my opinion the proper location of the said 150 miles is from Arcade Creek with a grade of 21 feet, to the Big Truckee Meadows with a grade of 20 feet per mile, which line covers the whole eastern and western slopes of the Sierra Nevada Mountains and extends to corresponding grades on either side.

I have the honor to be, very respectfully, your obedient servant,

J. F. HOUGHTON,
State Surveyor-General.

NO AFFIDAVITS REQUIRED IN CONNECTION WITH FIXING THE BASE.

Q. In the testimony of Mr. Strong given before this Commission, it was said that several officers and directors were required to make affidavits in connection with fixing the western base of the mountains. Have you any information on that subject?—A. I think Mr. Strong was mistaken. I do not think any affidavits were either required to be made or that anybody was asked to make affidavits. I think the letters above, from Professor Whitney and Surveyor-Generals Beale and Houghton, were transmitted to the President and that he acted on the information given in those letters. I never heard of affidavits being asked for or required.

GROSS RECEIPTS OF CENTRAL PACIFIC.

Q. In your examination before this Commission, August 16, 1887, Mr. Commissioner Littler asked you to show to the Commission the practical effect of the lease of the Central Pacific Railroad to the Southern Pacific as compared with the earnings of the Central Pacific the last year it did business on its own account.—A. The gross receipts of the Central Pacific Railroad Company were; for 1884, $28,977,877.14 for 1885, $15,306,092.57.

The gross receipts stated for 1884 are before any deductions are made for overcharges, amounts due connecting lines on joint traffic, or other deductions which should be made from same to show gross earnings.

In 1884 the Central Pacific Railroad Company operated an average for the whole year of 2,802.45 miles of railroad. The receipts for this year include the receipts from all this mileage.

In 1885 the Central Pacific Railroad Company operated for January and February 2,802.45 miles; from March to December it received the earnings on 1,649.86 miles. The average miles for the year from which this company received the earnings was, therefore, 1,841.96 miles.

The gross earnings and operating expenses of the 1,649.86 miles of railroad, from which the Central Pacific Railroad Company received the net profit in 1885, and which were operated by the Southern Pacific Company from April 1 to December 31 of that year, are shown for the same line in 1884, compared with 1885, in the annual report of the Central Pacific Railroad Company for 1885, pages 24 and 25.

This shows the economy in operation under lease to Southern Pacific Company, viz, Central Pacific Railroad and leased lines north of Goshen, 1,649.86 miles:

	1884.	1885.
Earnings	$15,096,970.29	$14,384,420.56
Operating expenses	8,338,588.22	6,206,598.87
Earnings over operating expenses	7,658,382.01	8,077,821.69
Net increase under lease to Southern Pacific Company		419,439.68

Notwithstanding the gross earnings were less by about a million and a half, the operating expenses were reduced nearly two millions.

In 1884 gross receipts are shown, but in 1885 gross receipts are shown for only two months; gross earnings as against gross receipts, for ten months.

Q. How long was that Southern Pacific lease under consideration by the Central Pacific before it was adopted?—A. Several months.

Q. Well and thoroughly considered by the board of directors, was it not?—A. It was considered and reconsidered time after time.

Q. Do you know under whose auspices it was prepared?—A. Governor Stanford's, more especially; but we all took part in the discussion.

METHOD OF KEEPING ACCOUNTS TO SHOW NET EARNINGS.

Q. Will you state whether the books and accounts of the Central Pacific Railroad are or have been so kept as to show the net earnings of the aided railroads?—A. The accounts of the Central Pacific Railroad Company have been so kept that the United States Auditor of Railroad Accounts and the United States Commissioners of Railroads, whose special duty it has been to ascertain the aided portion of the road, have had no difficulty in doing so. For some three years the earnings of the aided line were made up on the basis of giving by the main line constructive mileage to some of the branch and leased lines; but the aided portion of the line has received from constructive mileage or its equivalent (to wit, an allowance of more than actual straight pro rata per mile division) an amount vastly greater than it has allowed to leased lines or branches. If the Government will settle on the theory that pro rata for mileage is the proper basis for all divisions of all earnings, a restatement of the accounts of this company with the Government on that basis will, in my opinion, result in showing that the company has overpaid the Government on its settlements under the 5 per cent. clause of the original act and the 25 per cent. clause of the Thurman bill not less than $1,000,000. I hope such restatement may be called for and made. The

only drawback would be that it has so far been impossible to get a settlement on any basis with the Government that shall be final.

NO EFFORT TO IMPAIR GOVERNMENT'S INTERESTS.

Q. Understanding as you do the objects and purposes of this inquiry, I will ask you to say if during your twenty-five years' connection with the affairs of the Central Pacific Railroad Company you can state any instance in which its business has been so handled or its property managed with the intent on the part of its directors or officers to infringe or impair the interests of the United States?—A. Never in any single instance.

E. H. MILLER, JR.

SAN FRANCISCO, *August* 24, 1887.

RICHARD GRAY, having been duly sworn by L. S. B. Sawyer, commissioner of the United States circuit court, testified as follows:

Examined by Mr. COHEN:

Question. How long have you been connected with the Central Pacific Railroad Company, or its system of roads?—Answer. Since March, 1874.

Q. In what capacity?—A. Part of the time as assistant general freight agent, and since May, 1882, as general freight agent.

NO DIVERSION OF TRAFFIC TO SOUTHERN PACIFIC.

Q. I understand it has been testified before the United States Pacific Railway Commission, in the examination of the affairs of the Union Pacific Railway, that "the Central Pacific has diverted all the traffic possible to the Southern Pacific, since 1882, from the Union Pacific;" that to accomplish this special inducements were held out to shippers; that "if there were no Southern Pacific, the Union Pacific would probably do 25 per cent. more business." Are these statements correct?—A. These statements are not correct. The party or parties making them must have been grossly misinformed, and could not have been cognizant of the facts.

No traffic was diverted by the officers of the Central Pacific to the Southern Pacific. After the completion of competing transcontinental roads business was solicited by the agents of the various roads and routed in accordance with the wishes of shippers.

SPECIAL INDUCEMENTS TO SHIPPERS BY "SUNSET" ROUTE.

The only special inducements offered shippers by the Sunset route were quick time and prompt and regular delivery of their freight without overcharge. Quick time was made by special attention to the traffic, cars being run through from New Orleans to San Francisco without transfer or detention; and the absence of overcharges resulted from through billing and a careful and systematic handling of the business. These latter were possible because of proper co-operation by the managers of the line between New York and San Francisco.

FREIGHT WAY-BILLED THREE TIMES ON NORTHERN LINES.

This was in glaring contrast with the crude and unsystematic mode of way-billing and handling the business by the northern lines, on which

numerous transfers were made, consuming time; the average time between New York and San Francisco being twenty-six to thirty days, while freight had to be way-billed three times.

The Sunset route delivered freight in from sixteen to eighteen days without overcharge, one manifest covering the goods from New York to San Francisco.

NEVER DECLINED TO CO-OPERATE.

Q. Have the officers of the Central Pacific Company ever refused to co-operate with those of the northern lines in arrangements for expediting service and through billing of freight?—A. The officers of the Central Pacific Company have never declined to co-operate in any proposition for expediting service or arrangements for properly conducting the business, but have repeatedly urged on the management of the lines via Omaha the necessity for through billing and running the cars through without transfer, so as to compete with water lines.

TRANSCONTINENTAL TRAFFIC OF SECONDARY IMPORTANCE.

The transcontinental or Pacific coast traffic, which some years ago was said by the commissioner of the eastern trunk lines to constitute less than 2 per cent., being divided among the several trunk lines and the roads between Chicago or Saint Louis or the Missouri River, was never of sufficient importance to receive from any of them the requisite attention and dispatch, and arrangements for through cars and billing never could be consummated until the completion of the southern lines rendered such action imperative if the northern lines would retain their proper share of the business. Even the lines west of the Missouri River looked on the transcontinental traffic as of secondary importance when compared with their local business, apparently giving the latter the preference. The annual report of the Union Pacific Railway Company for the year 1881 slightingly mentions Pacific coast business as follows:

The tonnage of freight over your road to and from the Pacific coast also shows an increase over the year preceding, but the low rates at which it was carried rendered it the least profitable of any freight transported by the company.

Of the total net earnings of this company from the transportation of freight during the past year, the Pacific coast contributed but 7¼ per cent.

The foregoing, published nearly two years before the opening of the Sunset route, is a fair index of the feeling in regard to through freight and the attention it received from the all-rail lines, until on the opening of that route they found the business naturally seeking the lines which gave it proper attention.

It is difficult to see how, if there were no Southern Pacific, the Union Pacific would do 25 per cent. more business, when in 1881, nearly two years before the completion of the Sunset line, as previously stated, the overland freight carried by the Union Pacific amounted to only 7½ per cent. of its total freight traffic.

When, in order to compete with the southern roads, it was suggested that a through car arrangement be made, to accomplish which what is known as the "California Fast Freight Line" was organized, the managers of the Southern Pacific Company promptly responded.

CALIFORNIA FAST FREIGHT LINE CONTAINS 2,900 CARS.

The official statement issued by the manager of the California Fast Freight Line shows the equipment at present contains 2,900 cars, of

which the roads between Council Bluffs and Chicago contributed, all told, 650 cars; the Union Pacific 650, and the Central Pacific 1,600 cars.

EQUIPMENTS OF CENTRAL AND UNION PACIFIC.

Thus the Central Pacific, with a prorating interest in the line between Chicago and San Francisco of 39 per cent., furnishes an equipment of through cars equal to 55 per cent. of the whole, while the Union Pacific, with an interest of 46 per cent., furnishes an equipment of only 22½ per cent.

Prior to the completion of the southern roads, by mutual agreement the officers of the Union Pacific were given almost entire control of west-bound traffic, a reciprocal right being conceded to the Central Pacific on east bound.

CONNECTIONS OF SOUTHERN PACIFIC.

The Atchison line was connected with the Southern Pacific at Deming in March, 1881; the Texas and Pacific was connected at El Paso in December, 1881; while the Galveston, Harrisburg and San Antonio, or Sunset line, was not open for business until February, 1883.

UNION PACIFIC COMPANY'S WEST BOUND FREIGHT DECREASING.

In the annual report of the Union Pacific Railway Company for 1883 we find it stated:

> In the through and the Pacific coast business there was a gain from last year of 23,083 tons in east-bound freight, and a loss of 67,872 tons in west-bound freight.

This statement shows conclusively that if there was a change in the volume of the tonnage passing over the Government aided lines, the freight east bound, which the officers of the Southern Pacific Company might be supposed in some way to control, showed a large increase, while that which the Union Pacific and its connections were expected to solicit and route showed a large falling off.

DIVERSION FROM CALIFORNIA PACIFIC TO WESTERN PACIFIC.

Q. Your answer to my last question relates to business which formerly was transferred by the Central Pacific to the Union Pacific. Do you know of any other instance in which any business has been diverted, either freight or passenger, from an aided to a non-aided road? I direct your attention more specifically to the business of the Western Pacific and the California Pacific.—A. I do not think that the business transferred from the Western Pacific line between Sacramento and San Francisco via Stockton and Livermore can be called a diversion. The diversion really was from the California Pacific, which was the first line completed, and much shorter and more direct, to the Western Pacific. It was decidedly to the interest of the Central Pacific Company to lease the California Pacific; and it was greatly to the advantage of the public and all interested to send traffic by the shorter line instead of the longer with its heavy grades and slow time.

BRANCH ROADS FEEDERS TO PARENT ROAD.

Q. During your connection with the Central Pacific Railroad Company have you ever known it to be the policy of the company, or are

you informed of any one instance in which business has been diverted from an aided to a non-aided road for the purpose of benefiting the latter at the expense of the former?—A. No, sir. Business was allowed to take its natural channel. In the practical making of rates and management of the road no such distinction as aided or non-aided roads was known, the interests of the Central Pacific and its leased lines being considered a unit. As between the branch lines of the Central Pacific, such as the Stockton and Copperopolis, and the Stockton and Visalia road, the branch roads were made to act as feeders and contribute business to the parent road, which, if under separate management or were business allowed to seek its own channels, would not have been the case. The same is true of the Northern Railway and of the California Pacific. There has been no diversion of traffic from the aided to the non-aided portion of the road which was not clearly in the interest of the public and of the aided portion of the road and the result of natural or geographical causes.

Q. Have you in your possession any estimate that has been made as to the cost of moving freight per ton over the Western Pacific and the California Pacific between Sacramento and San Francisco?—A. I understand the equation of the grades and curves of the line between San Francisco and Sacramento via Livermore to equal about 200 miles. As the distance between Sacramento and San Francisco is only 90 miles, over a practically level road, the cost of operation must be correspondingly less.

RELATIONS BETWEEN CENTRAL PACIFIC AND PACIFIC MAIL.

Q. The transactions between the Central Pacific Railroad Company and the Pacific Mail Steamship Company have invited the attention of the Commission, especially the question as to the payment of so-called subsidies by the railroad company to the steamship company. Will you give your experience and judgment on such relations, and whether the payments that have been made to the steamship company were in the nature of subsidies or whether they were in the nature of reciprocal arrangements for the interchange and distribution of traffic between the steamship company and the railroad company? Will you please answer this question as fully and completely as you can, giving all such information as you may have bearing on the business of the railroad company and the necessity for its harmonious relations with the steamship company?—A. The Union and Central Pacific roads were completed in 1869, seven years before the time required by law. They were constructed through an almost uninhabited country, the census of 1870 showing that Nebraska had only 122,993 inhabitants, and these mainly in the counties bordering the Missouri River. Wyoming had only 9,118; Utah, 86,786; Nevada, 42,491; and even California, the goal to reach which the roads were built, had only 556,615. The State of Oregon had only 90,923; while the Territories of Washington, Idaho, and Montana, which have since been so largely benefited by the building of the Pacific roads, had, combined, only 59,549, exclusive of Indians.

Railroads are usually projected and built through districts which have a population and resources well defined or susceptible of rapid and certain development, but from the foregoing it will be seen that the Pacific roads had little local business save what they themselves created, or the uncertain traffic incident to mining communities.

CAPITALISTS SAID "THE LINE CANNOT PAY."

During the incipiency of the Pacific roads, capitalists East and West fought shy of the enterprise. During its construction they doubted whether it would be operated except at Government expense, and it is a fact that about two years after the last spike was driven a shrewd and representative business man was heard to say, "The line cannot pay; it is only a question of a short time when the first-mortgage bondholders will foreclose and take the property to the exclusion of the Government as well as the stockholders."

This assertion, though based on outside observation by a non-railroad man, was not unjustified judging from the comparatively small earnings of the roads.

It will be seen that it at once became an important question with the management representing that portion of the owners who held their stock as a permanent investment, and who had faith that the line might develop the States and Territories through which it passed and fulfill its destiny of uniting the East and the great West. "How shall the roads be operated so as to pay expenses and meet their obligations to bondholders, and to the Government?"

TRAFFIC WENT ROUND CAPE HORN.

Previous to the completion of the Pacific roads, traffic between the Atlantic and Pacific coasts went round Cape Horn or across the Isthmus of Panama. If by the latter it was carried by the Pacific Mail Steamship Company, a powerful corporation with a capital of $20,000,000, established for many years in the carrying trade between New York and San Francisco, operating a well-appointed line between this port and China and Japan; also coast lines between ports in California, Mexico, and Central America.

TEA, SILK, ETC., SENT OVERLAND.

With such a company it was of the utmost importance that friendly relations be entertained. Accordingly, an arrangement was soon made under which the tea, silk, and other Asiatic freight was sent overland to Eastern cities, instead of by steamer via the Isthmus to New York.

ASIATIC FREIGHT A LARGE AND VALUABLE BUSINESS.

The importance of this trade is shown by the fact that during the ten years ending February, 1881, the Pacific roads carried 177,278,505 pounds of tea and other Asiatic goods on which the charges accruing to the Union Central Pacific roads were $3,264,456.44, or an average of $1.84 per 100 pounds, or 1.9 cents per ton per mile. Since 1880, owing to the active competition by the Suez Canal, this traffic has been taken at less remunerative rates, but until the opening of competition by the Canadian Pacific, it was a large and valuable business, which was secured by the co-operation of the Pacific Mail Steamship Company.

MARKET FOR COFFEE VIA SAN FRANCISCO.

Arrangements were also made under which large quantities of coffee from the Central American States of Salvador and Costa Rica found a

market in our Middle States via San Francisco, instead of being carried by steamer to New York and distributed thence.

It was a natural sequence that harmonious relations should exist between great corporations whose interest in such large measure lay in the same direction, and as a rule the steamship company operated with the overland roads to secure the traffic between New York and San Francisco as against clipper lines.

The bulk of the traffic with the Atlantic coast had formerly gone round Cape Horn, leaving to the shorter isthmus and overland lines the higher class or more valuable goods, on which time, interest, and insurance were important.

CONSERVATION OF RATES OF VITAL IMPORTANCE.

As a result of this the tonnage remaining for the short lines was small, the rates comparatively high, and the revenue easily destroyed by undue competition, so that the conservation of rates became of vital importance.

Various attempts were made by the steamship company and the railroad managers to apportion the business equitably by giving certain classes of traffic to one or the other without success, and it soon became evident that nothing but "co-operation" of "working together under a joint purse arrangement" would accomplish the desired end.

Therefore, in order to maintain reasonable and uniform rates and remove all incentive for underbidding, payment of rebates to favored shippers, or other modes of cutting rates, an amount of traffic equal to that which each line would carry under a maintenance of agreed rates, was mutually conceded to each.

AGENTS FIXED THE RATES.

To properly carry out this arrangement, the business at either end of the line was placed under the management of joint agents selected by mutual consent. These agents fixed the rates from time to time and handled the traffic in a manner which was most advantageous to shippers as well as to the carriers.

TRAFFIC IN EXCESS OF AGREED PROPORTION.

Under this plan it was found more convenient to the general public and to the interest of the rail lines that the latter should carry an amount of traffic in excess of their agreed proportion, even though this resulted in paying over in cash to the steamship company the revenue accruing from such excess. The sums thus paid, commonly miscalled "subsidies," merely represented what the steamship company would have received had its agreed allowance of the traffic been sent by steamer instead of being routed overland by the joint agents.

GOOD REASONS FOR THE ARRANGEMENT WITH PACIFIC MAIL.

There were good reasons for this policy of sending an excess of the traffic overland instead of causing the steamship company to carry it, thus earning its allotment.

A systematic effort was being made by the railroads to wean Pacific coast shippers from their established custom of using the Cape Horn route for a large portion of their shipments.

RESULT OF THE POLICY.

The overland roads were also trying to develop and foster trade relations between California and manufacturing centers west of the Alleghanies.

The result of this policy is that our merchants have a choice of markets in which to purchase and are not restricted to Atlantic seaboard cities as formerly. On the other hand, our people are enabled to sell their products direct to all the principal cities and towns east of the Rocky Mountains, to most of which through rates can be obtained, instead of shipping to New York and distributing thence inland.

LOSSES TO CENTRAL PACIFIC THROUGH COMPETING LINES.

Q. I would like you to give to the Commission such estimates as you have of the loss to the Central Pacific by reason of the competition which grew out of the Atchison, Topeka and Santa Fé, the Atlantic and Pacific, the Texas Pacific, and other competing lines.—A. This question has already been fully covered by statements and statistics presented by Traffic Manager Stubbs, especially in the statement in Exhibit No. 12, annexed to the statement and evidence of Governor Stanford. I cannot give any more detailed information than is set out in the recapitulation, Exhibit F, forming a part of said Exhibit No. 12.

LOSS ON PASSENGER AND FREIGHT EARNINGS.

Q. For the convenience of the Commission, will you repeat the figures here?—A. The total loss on passenger and freight earnings for the five years and nine months ending December 31, 1886, to the Central and Union Pacific lines by the building of other lines was $37,132,351.02; or an annual loss of $6,457,801.18, of which the Central Pacific proportion was $17,080,881.47; or an annual loss of $2,970,588.54.

Q. How much of the Central Pacific's loss was sustained by loss of passengers and how much by loss of freight?—A. Of this the loss on freight to the Central Pacific was $11,216,217.18; the loss on account of passengers was $5,864,664.29.

DOES NOT GET ALL THE GOVERNMENT TRANSPORTATION IT EXPECTED.

In addition to the loss of business caused by construction of competing lines, it may be proper to remark here that the United States Government has not, as was the intention when the Pacific roads were projected, given them the carrying of all its freight. It is a well known fact that naval material and supplies, such as duck, rope, rigging, and other articles necessary for the equipment of vessels at Mare Island have been shipped from the Atlantic coast to the navy-yard via Cape Horn, or by steamer via Panama. The amount of freight thus shipped I am unable to give, having no data at my command. The Commission can undoubtedly ascertain from the Departments at Washington full information on this point, should they so desire. The tonnage thus diverted from the Pacific roads and carried by water must have been large, as it has been the rule of the Government authorities to ship all naval supplies by water, sending overland only such articles as were needed promptly, or the transportation of which by sea was inconvenient. It has also been the custom of the Navy Department to transport

all seamen between New York and San Francisco via Panama. Several times the paymasters of the Navy, or the officials having the matter in charge, have been approached on the subject by railway officials at both New York and San Francisco, and the invariable reply has been that instructions from Washington require them to send seamen by way of Panama.

SPECIAL CONTRACTS.

Q. Explain to the commissioners your knowledge and experience with reference to special contracts made by the Central and Union Pacific.—A. Previous to 1878 the great bulk of merchandise from the Eastern States to California was transported by clipper around Cape Horn. This consisted chiefly of coarse goods, such as agricultural implements, coal oil, heavy groceries, &c.; also large quantities of dry goods and merchandise, prompt delivery of which was not essential. The Union and Central Pacific roads having a surplus of rolling stock and motive power, desired to increase their tonnage and to divert from the water lines all classes of merchandise the transportation of which could be secured at any figure above actual cost.

NO FIXED BASIS OF CHARGE.

To this end, they went into the freight market at New York and other Eastern ports from which clippers sailed for this coast, but were met with the fact that there was no fixed basis of charge for transportation by clipper, fluctuations being frequent according to the season of the year, and large and regular shippers being able to obtain better rates of freight than smaller ones.

On investigation of the other element of cost by clipper, viz, insurance, it was found that large and regular insurers secured very much lower rates of insurance than others.

The element of interest on the investment for the time that goods would be afloat in excess of the time consumed by rail lines also varied, some shippers estimating the value of money at 1 per cent. per month, while others could secure it for half that figure.

ANOTHER ELEMENT OF COMPETITION.

Another element of competition was the fact that clippers having secured from large shippers, like the Standard Oil Company, or the large hardware and iron shippers, round lots sufficient for stiffening of vessels, would on the remaining space be enabled to offer nominal figures on the light and bulky articles which otherwise would be carried by rail. To add to the complications, clipper rates sometimes fluctuated from day to day.

It soon became evident that such a competition could not be successfully met by the rail lines, who could not afford to change their rates suddenly and frequently, and that if they tried to meet openly the rates made by clippers they would imperil their assured and regular revenue without accomplishing the desired end.

"CONTRACT SYSTEM" INAUGURATED TO MEET THE COMPETITION.

What is known as the "contract system" was therefore inaugurated. Contracts were made with a few of the hardware, iron, and agricultural

implement houses, these being the principal Cape Horn shippers, at first, but the system rapidly developed until it soon embraced probably nine-tenths of the traffic between the Atlantic States and the Pacific coast.

These contracts were made on printed blanks and were uniform to all parties dealing in the same class of goods.

The chief consideration contained in these contracts was that the shipper would agree to ship all his goods by the rail lines and none by clippers or water lines.

REASONS FOR REFUNDING EXCESS IN RATES.

It was further agreed that at the option of the carriers all or any freight might be way-billed and charges collected at the regular tariff rates current at time of shipment, the difference between such rates and the special contract rates to be refunded periodically.

This latter arrangement was made for two reasons:

First, because the contracts covered shipments made by a number of Eastern roads whom it was impossible to notify and to arrange for the billing of the property at the special contract rates; and second, it was found desirable by the carriers to collect full tariff rates and make the refunds after the shipper had complied with his obligation, viz, to completely refrain from shipping goods by water.

THE "CONTRACT" SYSTEM SOON BECAME GENERAL.

Although it was originally intended to make these special contracts only with shippers whose capital and character of business enabled them to ship around Cape Horn, the system soon became general. Contracts were made with all shippers who would comply with the simple condition, viz, to ship all their goods by rail.

At soon as practicable contract rates were printed and issued to billing clerks of all the roads interested in the overland business, and, so far as possible, freight was billed at the contract rates.

"REBATE" A MISNOMER.

Q. Explain in what cases rebates were made in favor of any corporation, person, or persons, and whether same were made to others similarly situated or doing like business.—A. In my answer to the previous query it will be seen that the sums refunded by the Union and Central Pacific and connecting lines were not "rebates" as that word is generally understood, but, strictly speaking, overcharges which were caused through error or by design for the reasons given and which were paid on proper showing being made or certain conditions complied with. They were not in any sense railroad revenue or earnings, and therefore the term "rebate" as applied to them is a misnomer.

As before stated, contract rates were general and were accorded to all persons similiarly situated or doing like business.

STANDARD OIL COMPANY'S CONTRACT.

The contract with the Standard Oil Company about which a great deal has been said, and the circumstances attending the making of which have already been very fully explained by General Traffic Manager Stubbs, may be thought to be an exception to the foregoing, but it can

be shown that the oil business as conducted on this coast previous to the inauguration of the contract system was a monopoly; that it had always been such; that this monopoly enjoyed from the water carriers and still enjoys from the clipper lines lower rates than can be secured by other shippers, and that in accepting the business in competition with Cape Horn at the rates dictated by the Standard Oil Company, plus a reasonable allowance for interest, insurance, &c., the rail lines in no wise discriminated against smaller shippers, but reduced the margin of difference in favor of the larger corporation as against smaller shippers which had heretofore existed and which now exists.

IN ACCORDANCE WITH BUSINESS PRINCIPLES.

This was in accordance with the rule which prevails in all kinds of trade and commerce; for instance, a hotel keeper who uses several hundred pounds of meat daily can buy for 8 or 10 cents per pound, while individauls or small consumers must pay 12 or 15 cents for the same article. This is not denounced as discrimination, but the butcher who would fail to recognize the claims of the hotel keeper would be considered lacking in good business sense.

POOLING OR "JOINT PURSE" ARRANGEMENTS.

Q. Give the Commission the history of and the general results to the interests of the Central Pacific of pools, pooling contracts, and arrangements to which the Central Pacific Company has been a party.—A. The use of the word "pool" as applied to the arrangement between carriers co-operating to maintain agreed or uniform rates on a given traffic is not correct. A better term would be "joint purse," as it is used in English railway parlance, out of which each party is supposed to withdraw what it has or should have put therein; that is, what naturally belongs to it.

PACIFIC MAIL AND TRANSCONTINENTAL "JOINT PURSES."

The first and most important "joint purse" arrangement to which the Central Pacific Company has been a party was the Pacific Mail, which has been already explained. The original contract between the Pacific Mail Steamship Company and the Union and Central Pacific roads was dated September 15, 1871. This or similar contracts, with slight modifications and except at short intervals, continued in force until March 17, 1886.

The "joint purse" next in importance was the Transcontinental, which was formed in October, 1884, and dissolved in February, 1886.

OTHER "JOINT PURSE" ARRANGEMENTS.

We have also had "joint purse" arrangements with the Union Pacific and Denver and Rio Grande Railway Companies' on business to and from Utah; with the Atchison, Topeka and Santa Fé and Texas and Pacific Companies, on business to and from points in Arizona, New Mexico, and Texas; with the Pacific Coast Steamship Company, on business of Southern California; with the Oregon Railway and Navigation Company, on Idaho business; with the South Pacific Coast Railway Company, on Oakland and Alameda business; and with the San

Francisco and North Pacific Railroad Company, on business of Lake County.

MADE FOR PROTECTION OF REVENUE.

All these "joint purse" arrangements were for the protection of revenue, and were based on the legitimate taking power of each party. In other words, the intention was to give each party that proportion of the business which rightfully belonged to it. The following figures, taken from our annual reports, will show at a glance the effect of pools or joint purse arrangements on revenue, and the disastrous results of the lack of co-operation between carriers, or, in other words, the absence of pools. The average rate per ton per mile received by the Pacific system of the Southern Pacific Company, including the Central Pacific, was as follows:

	1885.	1886.
	Cents.	*Cents.*
West-bound	1.384	.710
East-bound	.902	.885
East and west bound combined	1.342	.792

INCREASED RATES RECEIVED.

Thus it will be seen that the average rate received on west-bound business in 1885, when pools were in force, was 90.5 per cent. higher than in 1886; and on all through business (east and west bound), 70 per cent. higher than in 1886, during ten months of which there was unrestrained competition. In other words, had the rates per ton per mile which prevailed on transcontinental business in 1885 been received on tonnage carried during 1886, the revenue would have been 70 per cent. more than that actually received.

BUSINESS AFFECTED BY POOLS.

Q. I hand you a paper dated San Francisco, August 11, 1887, being a statement of the gross freight and passenger receipts from 1877 to to 1885, inclusive, also contributions to pools and amounts not pooled during the same period. This paper was introduced by Mr. Miller in his testimony before the Commission on August 16, 1887, and withdrawn so that you, who were supposed to be its author, might further explain it. It will be seen from the questions put by the Commission to Mr. Miller that it desired to be informed what part of the whole business was in any way affected by pools. Will you please give such explanation on this subject as you can?—A. The paper dated August 11, presented to the Commission by Secretary Miller, contains a statement of actual contributions to pools during periods named, and these amounts being deducted from the gross receipts, left the balances for each year as the "amount not pooled." I have since learned that what the Commissioners desire to know is, "what part of the whole business is in any way affected by pools?"

I hand you herewith a statement showing gross freight and passenger receipts, also amounts of earnings protected by pools during the years 1877 to 1885, inclusive, and amount not covered by pool agreements for same years; from which you will perceive that from 25 to

33 per cent. of our gross revenue has been affected and protected by pools:

Statement showing gross freight and passenger receipts, also amount of earnings protected by pools and amount not covered by pooling agreements, for years 1877 *to* 1885.

Year.	Gross freight and passenger receipts.	Amount protected by pools.	Amount not covered by pools.	Per cent. of earnings protected by pools.
1877	$17, 438, 174. 79	$5, 636, 568. 09	$11, 801, 605. 80	32. 32
1878	18, 405, 852. 63	5, 456, 575. 23	12, 949, 277. 45	29. 64
1879	18, 904, 538. 15	4, 989, 177. 19	13, 915, 360. 96	26. 39
1880	21, 687, 037. 29	4, 810, 834. 52	16, 876, 202. 77	22. 18
1881	25, 517, 618. 56	6, 104, 764. 39	19, 412, 854. 17	23. 92
1882	28, 399, 397. 51	7, 341, 618. 54	21, 057, 748. 97	25. 85
1883	26, 504, 090. 83	8, 899, 522. 43	17, 604, 577. 40	33. 58
1884	26, 993, 000. 37	6, 667, 182. 18	20, 325, 818. 19	24. 70
1885	25, 460, 980. 53	6, 112, 859. 15	19, 348, 121. 38	24. 01
Totals	209, 310, 669. 71	56, 019, 102. 62	153, 291, 567. 09	26. 80

GROSS FREIGHT AND PASSENGER RECEIPTS, POOLED AND NOT POOLED.

The following is the paper alluded to in answer of the witness to the last question as withdrawn by Mr. Miller:

SAN FRANCISCO, *August* 12, 1886.

TO UNITED STATES PACIFIC RAILWAY COMMISSION:

GENTLEMEN: In answer to your call, I submit the following statement, showing gross freight and passenger receipts; amount of same pooled and not pooled.

Respectfully,

E. H. MILLER, JR.,
Secretary.

SAN FRANCISCO, *August* 11, 1887.

Statement of the gross freight and passenger receipts from 1877 *to* 1885, *inclusive; also contributions to pools, and amounts not pooled, during same period (Pacific system).*

Year.	Gross freight and passenger receipts.	Amount in pools.	Amount not pooled.
1877	$17, 438, 174. 79	$298, 871. 79	$17, 139, 303. 00
1878	18, 405, 852. 63	442, 334. 87	17, 963, 517. 81
1879	18, 904, 538. 15	503, 716. 27	18, 400, 821. 88
1880	21, 687, 037. 29	463, 226. 33	21, 223, 810. 96
1881	25, 517, 618. 56	497, 078. 88	25, 020, 541. 68
1882	28, 399, 397. 51	751, 624. 76	27, 647, 542. 75
1883	26, 504, 090. 83	699, 801. 71	25, 804, 288. 12
1884	26, 993, 000. 37	1, 060, 586. 13	25, 932, 414. 24
1885	25, 460, 980. 53	2, 127, 081. 56	23, 333, 918. 97
	209, 310, 669. 71	7, 744, 500. 30	201, 566, 169. 41

NOTE.—The year 1885 included the entire gross receipts and contributions to pools, and amount not pooled, for the entire system west of El Paso and Ogden.

E. H. MILLER, JR.,
Secretary.

RICHARD GRAY.

Sworn to before me the 24th day of August, 1887.

L. S. B. SAWYER,
Com'r U. S. Circuit Court, Nor. Dist. California.

SAN FRANCISCO, CAL., *August* 24, 1887.

A. N. TOWNE, a witness heretofore sworn by the said Commission and who has testified before it, comes, in pursuance of an arrangement made between the Central Pacific Railroad Company and the said Commission for the taking of further testimony in San Francisco, and testifies as follows:

DIVERSIONS, COMPETITION, FEEDERS, AND EFFECT ON FINANCIAL STANDING OF CENTRAL PACIFIC.

Examined by Mr. COHEN:

Question. Mr. Towne, I desired to get your testimony before the Commission on the question of the diversion of business from the aided and the non-aided lines, on the effect of the competition with the Central Pacific and the taking away of its business by the transcontinental roads that have been constructed under the aid given by the Government, such as the Northern Pacific, the Atlantic and Pacific, the Texas Pacific, and the connection of the Atlantic and Pacific, the Atchison, Topeka and Santa Fé, and the other non-aided transcontinental roads; also the causes that led the Central Pacific managers to build the various feeders to the original Central Pacific Company, and the other branch lines which are not consolidated with the Central Pacific Railroad Company; also the effect on the financial standing of the Central Pacific of the various leases it has made. But on reading your letter to Governor Stanford, of July 5, 1887, which is made a part of his evidence and appears as Exhibit —— in answer to question ——, I find that you have, in effect, answered all the questions more fully than you would be likely to do in response to such questions as I may now put to you; and, therefore, your explanation being so very full, and, as I think, so advisory to the Commission, for the convenience of the Commission I will insert your letter again as part of your testimony here. I will ask you to furnish another copy of that letter, and I will put it in as a general answer to the questions which I intended to ask you this morning.

ANSWERED BY A LETTER FROM WITNESS.

The following is a copy of the letter furnished by the witness in answer to the question:

SAN FRANCISCO, *July* 5, 1887.

HON. LELAND STANFORD,
President Southern Pacific Company:

DEAR SIR: In obedience to your instructions, I beg leave to report with respect to the question (No. 9) asked by the Pacific Railroad Commission, created by the act of Congress approved March 3, 1887: "Whether any traffic or business which could or should be done on the aided lines of said company has been diverted to the lines of any other company "or to non-aided lines," as follows:

DIVERSIONS TO THE LINES OF OTHER COMPANIES.

(1) *Through traffic.*—It is a matter of public knowledge that there are now several (9) transcontinental lines. It is unnecessary to name them. All except the original Central and Union Pacific line have been completed since 1880. Each of these constructed since 1880 has diverted more or less traffic from the original Union and Central Pacific line. The aggregate of these diversions is equal to more than 50 per cent. of the total through freight and passenger traffic for the five years and nine months ending with December 31, 1886, the period which has elapsed since the opening of the first line competing with the Central and Union Pacific line for through traffic.

The responsibility for the construction of these opposing lines rests, in my judgment, with the Government of the United States. It follows that the United States Government is the instrumentality through which said diversions of through traffic from the Union and Central Pacific roads to the other later built transcontinental lines was accomplished.

A part of each of said other lines received large grants of land from the United States Government, the grant being in each case, I believe, double the grant of lands made to the Union and Central Pacific Companies. It was the Government grant of land which induced the building of these roads; at least it, if not the sole cause of their construction, was the inducement which facilitated their construction and caused their early completion. In each case the building of these roads has been in advance of the settlement of the country through which they run. In nearly every case the country has been settled since the completion of the road, in the main through the advertising agencies of the railroad managers, whose motives were not only to develop traffic but sell their lands. There has been no time to date when the original line made by the Union and Central Pacific roads could not and would not have provided facilities for and amply accommodated all the through traffic carried by the other lines; hence the conclusion is inevitable that the United States Government, by granting large land subsidies in aid of roads which have been built, and which, since their completion, have competed for and taken the larger share of the through traffic from the Central and Union Pacific line, is directly responsible for the diversion of said traffic and the consequent loss in earnings to the Central Pacific Company and Union Pacific Company. This loss would have been very much greater, but fortunately the Southern Pacific Railroad Company, organized in 1865 under the laws of California to build a railroad from San Francisco to San Diego, thence east to the boundary of the California State line, there to connect with railroads to be built to the Mississippi River, passed in 1870 under the control of the men who controlled the Central Pacific. The control of the Southern Pacific by the Central Pacific owners very much delayed the extensions of the latter road, and after its extensions were made to connections with lines building westward from the Mississippi River, secured cooperation and harmony in working the traffic which was common to both the Central Pacific and the Southern Pacific lines that would have been impossible under separate control and which was of great advantage to the original or Central Pacific line.

There can be little questioning, in the minds of practical railroad men, of the proposition that had the railroads following the 32d and 35th parallel routes, respectively, been wholly constructed and operated by men who were not interested in the Central Pacific line, the diversion of traffic to those lines would not only have been more rapid and greater in degree, but [redacted] the revenue of the Central Pacific and Union Pacific line would have been diminished in much greater rate.

The extent of the damage to the Central and Union Pacific line by diversion of traffic to these other through transcontinental lines will be shown approximately by the general traffic manager in answer to the Commission's inquiry No. 54.

(2) *Local traffic.*—The traffic between San Francisco and other Bay points on the one hand, and the cities of Stockton, Sacramento, and Marysville, Cal., respectively, is shared by other carriers. This, however, scarcely comes under the head of a diversion from the Central Pacific aided lines. The other carriers sharing this traffic are (*a*) vessels navigating the bays, Sacramento River, San Joaquin River, and Feather River respectively—routes which were open and employed before the Central Pacific line was built; (*b*) the California Pacific road, which was completed and in operation before the Western Division of the Central Pacific. Therefore, whatever amount of this business has been done via the Western Division of the Central Pacific is, in fact, a diversion from the other carriers named.

DIVERSIONS TO NON-AIDED LINES.

While the roads, to which the diversions treated under this heading have been made, were built and are owned by other companies than the Central Pacific, yet as they are controlled by those who have also controlled and managed the Central Pacific, I presume they illustrate the diversions to non-aided lines referred to in the Commission's interrogatory.

Traffic to and from points south of Lathrop interchanged with San Francisco and Oakland has, since the completion of the San Pablo and Tulare road, Tracy to Oakland via Martinez, been carried over that road instead of being carried via Niles and Livermore. The road from Tracy to Oakland via Martinez is 11 miles longer than the road from Tracy to Oakland via Livermore, but the former is a practically level road, its maximum grade being 10 feet to the mile, over which an ordinary engine can draw fifty cars, loaded with from 10 to 12 tons each, while the latter crosses the Contra Costa Range with a maximum grade of over 52 feet to the mile, which would require three engines to haul the same train. The longer line does not lose appreciably, if at all, in the matter of time, when compared with the Livermore line, while it gains greatly in the matter of cost of operating.

All traffic of the Western Division of the Central Pacific east of Lathrop, to and from San Francisco and Oakland, has also been diverted from the "aided" line between Tracy and Niles in like manner and for the same reason as the traffic to and from points south of Lathrop.

All traffic interchanged by points east of Sacramento and north of Roseville Junction with San Francisco and Oakland has been diverted at Sacramento from the "aided" line between Sacramento and Niles to the California Pacific and Northern Railway, a non-aided line. The reasons for this diversion are:

(1) *Public convenience.*—The passenger train time between San Francisco and Sacramento via the California Pacific line is four hours, against six hours via the Central Pacific, Stockton and Livermore route. The public demands and is entitled to the best service we can give. We should be unable to justify sending passengers, or even freight, over the long and heavy line via Stockton against the shorter, easier, and much more attractive line via Benicia. Especially is this true of the through or transcontinental traffic, which is taken in competition with other transcontinental lines. The weight of this consideration with those whom the company serves is well illustrated by the fact that the United States Government chooses the short line for the transportation of its mails in consideration of (*a*) public convenience (*b*) and the fact that it pays for the transportation of mails by the mile. By so doing it expedites the mails and saves money; secures the best service at the least expense to the Government.

(2) *Economy in operating.*—The line from Sacramento to Oakland wharf via Stockton and Niles is 136 miles, and crosses, as I have before explained, the Contra Costa Range at a maximum grade of over 52 feet to the mile, while the California Pacific line via Benicia makes but 86 miles between Sacramento and Oakland wharf, and is practically a level line. If we were to equate the two lines, that is to say, reduce the grades and curves of both lines to their equivalent in straight level lines, we would find the Stockton route to be more than double the length of the Benicia line. There is fully that difference in the cost of handling the traffic over the two routes; in view of which it would have been inexcusable to use the longer and more expensive route.

The Government did not assume the responsibility of constructing the Central Pacific road. It contributed thereto by a grant of land and a loan of credit, but its motives were selfish. It was not moved by a desire to benefit or enrich the promoters of these enterprises. The result, as will doubtless be shown before the Commission, has amply justified the wisdom of Congress in granting the aid. No Government or individual ever made a better investment, or, if I may be allowed the expression, ever engaged in a more successful adventure, even if it transpires that neither the principal nor the interest of the loan is ever repaid. Neither did the Government assume the responsibility of operating the road when it was completed. It was left in the control and management of its owners, and we must assume that this was the purpose of Congress. We may also fairly assume that Congress expected the road to be managed by practical business men, upon established business principles, of itself a valuable promise, affording the best guarantee that sooner or later the company would be able to discharge its obligations to the Government. These shareholders found themselves engaged with the problem of making a support for nearly a thousand miles of road through a sparsely settled territory, which, for the most part, at the time, was regarded as incapable of producing anything in the way of traffic which a carrier might move with profit. It was a link in the transcontinental line connecting the Atlantic and Pacific coasts. California was the chief State on the Pacific coast, having a population in 1870 of but little over 560,000. It was known only as a mining State. Its agricultural resources were not only undeveloped but unknown, even undreamed of by the most sanguine. The chief value of the road was its value to the Government as a *military road*, as a strategic line, but the Government assumed no responsibility for its management, provided no guarantee of earnings, no means of support. The owners of the road were left to their own resources and devices to develop traffic and to make a support for it. The occasion called for the greatest skill and sagacity, untiring industry, and the utmost economy on the part of the owners and the agents they employed to assist in conducting the affairs of the company. The Government, which I here put in the place of the public, certainly understood this. It cannot be that at the time there was any warrant for interfering with the management of the road, or any thought of questioning the propriety of anything which the managers of the road might or should legally do in pursuit of the interests of the railroad company. Its interest was to secure the maximum of traffic at the maximum price, and to move it at the minimum of cost. It is not to be supposed that the circumstances I have described ever (until after the passage of the Thurman act) suggested to the managers of the road, to its patrons, to Government officials, or to Representatives in Congress, that the question whether the company should or should not be restrained from adopting any method of conducting its traffic, or any measure of economy in operating the road, or any advice to conserve, increase, or promote its traffic, should turn upon the point whether or not it

affected the earnings of a particular "aided" or "non-aided" portion of the road, so long as the method, measure, or device was lawful and had for its object the welfare of the company. On the contrary, it is fair to assume that these circumstances not only warranted but required the employment of every measure of economy, every lawful device to defeat or meet competition, every means to increase the traffic and enlarge the revenue of the company, regardless of special consideration for a part of its road, whether "aided" or "non-aided," so long as the communities on every portion of the road were afforded reasonable service at a fair price.

Were we to examine into the ultimate cause which led to the acquirement or building of the non-aided lines to which traffic may be said to have been diverted, it will be found in every case to have had for its object the strengthening and protection of the Central Pacific line. They are all feeders of the main line. They occupy territory which sooner or later would have been seized by other railroad companies. They have developed the resources of that territory and made it tributary to the main line of the Central Pacific. I venture to say that in each case the gain to the Central Pacific Company from contributions of traffic, the reduction of competition, the saving and cost of handling traffic by the acquirement of these "non-aided" competitors and tributary lines has more than equaled their cost. As a single example, take the California Pacific road. Suppose it had continued under separate and independent control from the Central Pacific, what its extension might and would have been to the damage of the Central Pacific in its most productive territory is scarcely a matter of conjecture. It certainly would have been extended through the Sacramento Valley and probably would have been constructed east and formed another through line. The control of the California Pacific was necessary to the Central Pacific. Having it, a reasonable regard for the public interest, as well as economy in conducting the traffic, compelled the Central Pacific managers to handle the traffic in the manner I have described. I need only suggest these considerations. They have doubtless been thought of and debated in your own mind to far greater length than in mine, or than I would be authorized to treat them in this communication.

Very respectfully,

A. N. TOWNE.

EFFECT OF LEASE OF CENTRAL BY SOUTHERN PACIFIC.

Q. In addition to that letter, have you anything further to say concerning the lease of the Central Pacific to the Southern Pacific and the financial condition of the Central Pacific at this time in contrast with its supposed condition if the lease had not been made, and upon the general prospects of the Central Pacific for the future, and also what would have been the effect on the business of the Central Pacific if the Southern Pacific, which was authorized by Congress in 1866 to be constructed, had passed into adverse ownership?—A. I had supposed that my letter to Governor Stanford would generally cover the question. I would say, the effect of the lease of the Central Pacific aided road, of comparatively small mileage, to the Southern Pacific Company, the latter owning and controlling many times the mileage of the former, has been to strengthen and benefit the Central Pacific. It has secured to the latter all its geographical advantages; it is thereby protected in its local traffic; it enjoys all possible support and protection in the through traffic natural to it. The lease protects it against destructive rivalry sure to have followed a divided control, and which could not have been averted had the Southern Pacific been owned or controlled by those adverse to the Central Pacific. Had there been as active competition against the aided portion of the Central Pacific in its early history as at the present time since the completion of other aided transcontinental roads, it would not have been able to meet its obligations to the Government nor to the first-mortgage bondholders; and neither would it now, but for the unaided feeders, located in the most productive sections of this State and running through populous valleys.

The practical wisdom of this will, year by year, as other competitive roads are constructed, become all the more apparent, demonstrating the necessity and importance of working the properties as one interest, giv-

ing protection alike to both, developing their resources and bringing out their capabilities in a way not otherwise impossible.

NO UNDUE DIVERSION OF TRAFFIC FROM AIDED TO NON-AIDED LINES.

There has been no diversion of traffic from the aided to the non-aided portion of the road which was not manifestly natural and geographically just. To illustrate this, take the line between this city and Sacramento; a portion of the traffic has gone over the non-aided line; it is true this traffic might have been forced over the aided line, but on the other hand it should not have been so sent, and for many reasons. For instance, the transportation of the United States mails, the early delivery of which benefits a great number of people, who cannot be as well served by a long and circuitous route as by a more direct one. The mails are transported between the two important cities of San Francisco and Sacramento by the short line, 89.79 miles, over a level, non-aided road, skirting the tidal waters, while they could be taken by the non-aided line to Niles, and thence over the mountains by the aided line to Sacramento, a distance of 139.67 miles. The line made up of the non-aided road is not only level, but of much better alignment than the aided line; the difference in favor of the non-aided line amounts to 858 feet of rise in grades and 2,620 degrees of curvature.

MOST PROFITABLE AND ECONOMICAL ROUTE BETWEEN SAN JOSÉ AND SACRAMENTO.

Then, again, the most economical and profitable route by which to move traffic between San José and Sacramento is over 17.54 of the aided line from San José to Niles; thence to Sacramento over non-aided roads via Oakland and Benicia, 108.21 miles, making total distance 125.75 miles as against 127.01 by the aided line. Add the difference in favor of the level line, with good alignment and grade, and the result is much in favor of the non-aided line; and yet the bulk of the traffic is diverted to the aided line, and trains so scheduled as to accommodate it by the latter route, although the tariff for freight and passengers is the same by the long as by the short route, and passengers are allowed to go either way. In contrast with this the postal authorities between San Francisco and Sacramento demand that the mails be sent by the short line via Benicia, for which service compensation is based on the mileage.

That which is so apparent in the the movement of United States mails is alike applicable to passengers and freight, and however much the management might feel inclined to divert commerce from its natural channel, it could not long resist the demands of its patrons, who, in all competitive traffic, route their own shipments, the same as the agents of the Government direct theirs.

METHOD OF CONSTRUCTING ROAD.

Q. It has been complained of by the Commission that the Central Pacific Railroad Company paid to construction companies the actual cost of making its repairs and 10 per cent. additional. Will you give your experience, as the general manager of the Central Pacific, as to whether that arrangement tended to the advantage or disadvantage of that company?—A. It is necessary in this connection for those not familiar with the circumstances to carefully consider the reason for em-

ploying others to do the work of the company, as otherwise it might, at first sight, be difficult to understand satisfactorily. When the road was ready for through traffic, in view of the temporary character of many of the long trestle bridges and other structures, it was deemed wise, and a matter of economy on the part of the company, to employ the superintendent of bridges and buildings of the construction company to care for and make such repairs as was necessary on the newly constructed road with the men employed in construction work going on extensively elsewhere off the aided portion of the Central Pacific. This superintendent had not only many and able foremen and workmen in great numbers, but he had also at command a complete outfit of pile-driving machinery, dredges, &c., together with a large shop, supplied with modern machinery and tools, ever ready to respond to any demand in case of destruction of bridges by fire or flood; all of which was important to the company and less expensive than it would have been if the company had duplicated these many and expensive machines and tools, and created an organization necessary to meet all kinds of emergencies arising on the road, especially during a stormy winter. Actual cost and 10 per cent. added for superintendence and use of tools and machinery, I recommended and urged as the cheapest and most satisfactory way of making these extraordinary repairs and betterments.

MILITARY IMPORTANCE OF ROAD FROM PORTLAND, OREGON, TO NEW ORLEANS.

Q. You have spoken in your report of the importance of the overland road to the United States Government for military purposes. What road, what line, were you referring to?—A. I refer especially to the line extending from Portland, Oreg., at the mouth of the Columbia River, to New Orleans, or to the delta of the Mississippi.

Q. Is not the effect of the building of that line from Portland to New Orleans taken in connection with the Central Pacific and Union Pacific and its eastern connnections to enable the United States at any time within a week or ten days to move its entire Army to any point within its territory?—A. Yes, sir. I am satisfied, with the amount of rolling-stock ever at their command, the various roads would be able to transport troops and munitions of war for the Government to any point in the United States within seven days from the time the order was given. In fact, troops could be moved from almost any point in the United States on to the line of the British possessions on the Pacific within the period of one week.

PLAN OF SETTLEMENT.

Q. You were asked to give to the Commission such recommendation as might occur to you for the settlement of the indebtedness of the Central Pacific Company to the United States. Are you enabled to do that now?—A. I have prepared a statement for the Commission which I will insert here as my answer to that question.

The following is a true copy of the statement last referred to, furnished by the witness:

SAN FRANCISCO, *August* 18, 1887.

PACIFIC RAILWAY COMMISSION,
San Francisco:

GENTLEMEN: I have, since your inquiry, given the subject-matter more mature reflection, and must confess it is difficult beyond my first thoughts. I have endeavored to fairly consider the question of what the future of the Central Pacific Company

would be, especially with reference to its earning capacity and with reference to its ability to meet its obligations to the Government. The great number of hostile and competitive routes now threatening its revenue, with more roads in contemplation, would very naturally make one hesitate before expressing an opinion as to what the future may be; in fact, I believe the future of the road depends almost wholly on Congressional action.

The outlook for the property, severed from its unaided feeders, the latter situated in populous and productive sections of this State and from the parental care of the Southern Pacific Company, would be anything but encouraging; in fact, I do not think it could be operated and made to pay the necessary running expenses, together with interest on first-mortgage bonds and other fixed charges.

The Government has, first, encouraged and aided in the construction of other roads, thus materially affecting and reducing the the revenue of the Central Pacific.

Second, it has, by the interstate commerce act, forbidden pooling, which also affects and lessens the ability of the company to meet its obligations.

Third, the company has not enjoyed all the Government transportation, as was contemplated under the act of 1862, nor has it received full compensation for the service it has performed—not even one-eighth the amount as compared with rates paid for like service prior to the completion of the road, thereby saving to the Government in its transportation many millions of dollars.

Fourth, there has been added to this large amount saved to the Government by the rapid construction of the road to an early completion, to say nothing of an immense saving of time and expense to the public thereby.

On the other hand, there was a loss to the company:

First, by the division of business to other subsidized roads.

Second, by the refusal of the Government to grant land patents.

Third, by forced sale of bonds during great financial depression occasioned by the Civil War.

Fourth, a loss of interest on sinking fund.

Fifth, a large amount due the company for transportation and withheld by the Government. Amounting in all to nearly $63,000,000.

Taking all these things into consideration, the least the Government can do in equity is to remit the entire debt, conditioned upon the company keeping the line open at all times to traffic; and further conditioned that the Central Pacific Company shall increase its debt to an amount sufficient to change the line over the Sierra Nevada Mountains between Coldstream, via Soda Springs, and the present line below the snow belt. This lower level tunnel line would very materially lessen the cost of operating the road, and thereby better enable the company to meet its obligations to the first-mortgage bondholders. This, together with a perpetual and guaranteed lease from the Southern Pacific Company, would make the first-mortgage debt doubly secure, and at the same time provide for the Government an uninterrupted line of communication from the mouth of the Columbia River, near Portland, Oreg., on the north, to the Delta of the Mississippi, near New Orleans, on the south, which for military purposes will ever be of immense importance to the Government.

The working of the Southern Pacific Company's roads in harmony with the Central, for the benefit alike of the latter and the public, is a subject to which I have given much thought and consideration. In order to bring about desired results and protection alike to the Central Pacific Railroad and the Southern system, situated as they are, forming in the one case a link in a great transcontinental line, largely dependent in its connections upon other roads, and the other a complete and the only through line of road under one ownership, extending from ocean to ocean, across the continent, required mature reflection and deliberation. It was necessary to carefully consider the reasons for the construction of the Southern line, and the full measure of the plan for harmonious and successful working of the properties. There seem to be but two possible courses to pursue. First, to operate them entirely independent one of the other, entailing the expense of maintaining two complete and separate organizations, requiring in many respects two men to do the work of one, and, what was of still greater importance, constant friction sure to arise in the endeavors of the separate managements to secure traffic not competitive or natural, as well as that clearly of a competitive nature to both, whereby the revenue of the two systems would immeasurably suffer, even if worked under agreed tariff rates, as such agreement for the working of two or more great systems have not, for any considerable time, proved harmonious, nor can they be made to.

The second plan, and the one which in my judgment seemed the best, and in fact the only one if the best results to the roads and their patrons were to be expected, was to work them as one, saving largely in the expense of operating two independent lines, insuring immunity from ever-fluctuating rates and exhaustive and ruinous waste of revenue sure to follow a divided and competitive management, which the rivalry of two such powerful contestants would ever threaten. On the other hand, under a consolidated management, the two interests would fully enjoy mutual pro-

tection and reciprocal consideration; each carrying the traffic naturally belonging to it, and each aiding and protecting the other against hostile encroachments, whether upon common territory or otherwise. The Central Pacific Railroad, very properly named, connecting at Ogden with the Union Pacific and the Denver and Rio Grande roads, forming a link in a trunk line between the Pacific Ocean and the Missouri River, all-sufficient for the traffic, was, soon after its construction, placed in peril, and threatened by two transcontinental lines, competitive in their nature, crossing the Colorado River at the Needles and Yuma, respectively, entering California, and thence westward on their way to San Francisco. To ward off the inevitable results consequent upon the construction of these rival lines of road from the east, and to more thoroughly protect the Central Pacific in the enjoyment of its traffic, justified any measure of protection. The Central was a corporation powerless to act, and has ever been classed in this respect, while on the other hand the Southern has at great cost been pushing forward against the encroachments of hostile roads from the east, offering thereby protection to the Central, and the aided lines east thereof, which it seems to me would be an element in this calculation and an important factor in justification of the Government's releasing the company from all demands.

Respectfully,

A. N. TOWNE,
General manager.

POOLS, REBATES, AND CONSTRUCTIVE MILEAGE.

Q. The Commissioners have sought to get all the information they could on the subject of pooling arrangements, rebates, and constructive mileage. Have you any statement to make on either of those subjects?—A. I have little or nothing to add to what has already been given the Commission by officers of the company and the general traffic manager. Pooling, constructive mileage, and the system of rebates has been in existence many years. The former (pooling) is quite as essential to the public generally, for the better maintenance of rates, as it is for the railroad company; and it is to be hoped that the Interstate Commission will soon or late recommend to Congress such changes in the interstate law as will enable the companies to continue a system of pooling the same as is done in England and in nearly all portions of Europe where pooling is generally legalized.

Q. What has been the general effect on the interests of the aided lines from the pooling arrangements they have heretofore been parties to?—A. Beneficial.

Q. With respect to rebates, do you know of any arrangement or contracts made for rebates allowed to any corporation, firm, or person other than such as would be allowed to any other corporation, firm, or person under like circumstances?—A. I do not recall any.

MANNER OF ALLOWING CONSTRUCTIVE MILEAGE.

Q. If you have anything to say on the subject of constructive mileage, will you state your views?—A. In the division of earnings between different companies it is a universal custom to allow the weaker party a constructive mileage; and this is the easiest and most desirable way of arranging the division of earnings, which better enables the companies to quote rates to the public through over the various lines interested.

RATE PAID TO ROCKY MOUNTAIN COAL COMPANY FOR COAL.

Q. The Commission has sought to be informed of the rate paid by the Central Pacific Railroad Company to the Rocky Mountain Coal-Mining Company for coal. Will you state what is the highest price and the lowest, and the dates of the highest and lowest prices?—A.

My recollection is we paid as high as $2.85 per gross ton of 2,240 pounds. The exact date I do not remember; but it was about the time, if I remember correctly, that the coal mines along the line of the Union Pacific road were having troublesome and disastrous strikes among the miners. We are, however, at the present time, and I think for some time past have been, paying only $1.85 per net ton of 2,000 pounds.

Q. Could the Central Pacific Railroad Company be furnished the same quality of coal at any lower price than it paid to the Rocky Mountain Coal Company?—A. No, sir; I do not think the same quality of coal for steaming purposes can be obtained anywhere else at as low rates as it is furnished by that Company.

Q. Mr. Stubbs was asked to state the prices charged by the Rocky Mountain Coal Mining Company for commercial coal furnished to the public along the line of the Central Pacific. He said he had no knowledge or information on the subject. Can you give that information?—A. The Rocky Mountain Coal Company are charging $2 per ton for commercial coal furnished to the public. I have no information what they were charging at the time that we were paying $2.85 per ton.

A. N. TOWNE.

SAN FRANCISCO, *August* 24, 1887.

N. T. SMITH, having been duly sworn by L. S. B. Sawyer, commissioner of the United States circuit court, testified as follows:

Examined by Mr. COHEN:

Question. What is your position?—Answer. I am assistant treasurer of the Southern Pacific and treasurer of various other companies.

Q. How long have you been connected with any of the companies?—A. Since 1871.

SAN FRANCISCO TRANSFER COMPANY.

Q. Were you acquainted with a corporation, association, or firm known as the San Francisco Transfer Company?—A. Yes, sir.

Q. From what time?—A. From 1872 or 1873.

Q. Did you know the firm of Kennedy & Long?—A. Yes, sir.

Q. You knew Mr. M. G. Kennedy?—A. Yes, sir.

CONNECTION OF KENNEDY & LONG WITH COMPANY.

Q. What had Kennedy & Long to do with the business of the San Francisco Transfer Company?—A. It seemed to me they were the principal owners, the proprietors, as far as I knew. They ran it.

Q. Under an arrangement with the Central Pacific?—A. Under some arrangement with the Central Pacific.

NATURE OF BUSINESS.

Q. What was the business of the San Francisco Transfer Company?—A. It was transferring baggage principally from the cars to the different parts of the city.

Q. And from residences to the cars?—A. From residences to the cars; yes, sir. My recollection of it is they had the exclusive control of that business.

Q. How long were Kennedy & Long engaged in that business—for what time?—A. That I do not know. I became acquainted with them in 1872 or 1873. At that time our office was on the corner of Market and New Montgomery street and they had their office and baggage-room in the same building, down stairs, our office being upstairs.

Q. How long after that did Kennedy & Long retire from that business?—A. They retired some time in 1872 or 1873. I do not recollect the year. In one of those years.

Q. Who succeeded them in the business?—A. They were succeeded by Smith & Coleman.

CIRCUMSTANCES OF TRANSFER TO SUCCESSORS.

Q. Do you remember the circumstances under which the business was transferred from Kennedy & Long to Smith & Coleman?—A. I remember the business was being run very badly, and the firm of Kennedy & Long seemed to be very much embarrassed. There was much complaint about their business. In fact, there were times when they could not get their teams and wagons out of the stable. They were careless about debts. Mr. Kennedy was very anxious to borrow money to help him along. Failing to do that he was anxious to sell out a portion of the business. It was at that time that I first became acquainted with him. He came to me and wanted I should go in with him, if I had the means. There was nothing in the business that was inviting to me. Afterwards he seemed to be in a great deal of trouble, unable to carry on his business in consequence of a lack of funds. His frequent declaration was that if he had more money to put in the business he could make a profitable business out of it; he could not get any money. Governor Stanford asked me at one time if I would not look into it; and he said he felt friendly to Mr. Kennedy, and if they could carry on the business he would like to have them do it. Later, however, there were arrangements made by which the whole business was transferred to Smith & Coleman. I was somewhat instrumental in making that transfer. It is long ago now, and the facts not having been brought to my mind during these many years I forget the details about it. I think, if I recollect rightly, that I was a director for the new company for a little while.

Q. Of which company?—A. Kennedy & Long. I know I was a director of one of the companies, perhaps both, for a time.

Q. What do you mean by both companies? You have only mentioned one.—A. The new company was that of Smith & Coleman.

DETAILS OF THE TRANSFER.

Q. What was the name of the company formed by Smith & Coleman?—A. I do not know that I remember the name of the new corporation. I know there was a transfer made, and I was solicited to go in there by Mr. Kennedy himself to assist in making the transfer. That is why he came to me to assist him. We found in making the transfer that the debts were pretty large. Smith & Coleman claimed that they were larger than they had been represented to them. We had some little trouble in agreeing as to the amount; but if my recollection serves me right they agreed to take the concern and pay all the debts. They had to do that in order to release the stock, the wagons, horses, &c., which were at that time, I think, held by attachment.

Q. By attachment at the suit of the creditors of Kennedy & Long?—A. Yes, sir.

THE TRANSFER CAUSED BY FINANCIAL EMBARRASSMENT.

Q. Is it not the fact that Kennedy & Long would have retained the business if they had been able to meet their engagements, and that the transfer to Smith & Coleman was the necessary result of their financial embarrassments?—A. No doubt of it in my mind. I feel very certain that they would have continued in the business had they not been embarrassed.

Q. From your knowledge of the men and the circumstances, did you ever see any disposition on the part of Governor Stanford, or any other officer of the Central Pacific, to force Kennedy & Long to lose their business?—A. No. On the contrary, I always felt in making this transfer that Governor Stanford's friendship was with Kennedy & Long. They had been in the business for some time. I know he expressed regrets that they had become embarrassed and not able to conduct that business properly, were not able to attend to the public properly. There was a good deal of complaint on the part of the public of business not being attended to. It frequently happened that they could not get their horses out. They did business for some time, if I recollect right, with an attachment on their teams.

N. T. SMITH.

Sworn to before me this 24th day of August, 1887.

L. S. B. SAWYER,
Com'r U. S. Circuit Court, Nor. Dist. Cal.

SAN FRANCISCO, CAL., *August* 24, 1887.

WILLIAM HOOD, having been duly sworn by L. S. B. Sawyer, commissioner of the United States circuit court, testified as follows:

Examined by Mr. COHEN:

Question. What is your position?—Answer. Chief engineer of the Southern Pacific Railroad Company.

SUCCEEDED FORMER CHIEF ENGINEER MONTAGUE.

Q. You are chief engineer of the Central Pacific Railroad Company also?—A. I am.

Q. Are you the successor of Mr. Montague, the former chief engineer of the Central Pacific?—A. Yes; his direct successor.

Q. Have you in your custody the books, papers, and records that were kept by Mr. Montague as chief engineer of the Central Pacific?—A. Yes, sir.

CROSS-SECTION BOOKS.

Q. I have been asked by the United States Pacific Railway Commissioners to produce to them the cross-sections of the Central Pacific Railroad Company over the Sierra Nevada Mountains. Are those cross-sections in your possession?—A. The greater part of them.

Q. In what form are those cross-sections kept?—A. In the original field books and as noted in the field during the construction of the road.

Q. How many books of the kind did you find?—A. We find fifty-eighty books.

Q. Are these fifty-eight books original books or copies from some other statements?—A. They are the original cross-section books.

A PORTION LOST IN TRANSPORTATION.

Q. Where are the cross-section books that you do not find?—A. Mr. Montague informed me that when the office and books were moved from Sacramento to San Francisco, in 1873, several boxes in which books, maps, and papers were packed never arrived, but were lost in some unknown manner in transportation. Those boxes may have contained some of the cross-section books which we cannot find.

Q. When did you first become connected with the Central Pacific Railroad Company?—A. As assistant engineer, in the spring of 1867.

Q. Mr. Montague was chief engineer at that time?—A. He was chief engineer.

CONSTRUCTION OVER SIERRA NEVADA MOUNTAINS.

Q. Did you take any part in the construction of the Central Pacific Railway over the Sierra Nevada Mountains?—A. Yes, sir. And I was more or less intimately connected with all the construction of the Central Pacific Railroad from that time until the rails were connected at Promontory. There is a statement made by me under date of July 23, 1887, to Governor Stanford, which is appended to his answer to question 51, and is marked Exhibit 9.

Q. Have you anything to add to your written statement?—A. Nothing in reference to the general features of the construction of the Central Pacific.

Q. Are you willing to send your 58 cross-section books and any others that you may find for the inspection of the Commission?—A. I am.

ARRANGEMENTS MADE FOR REPAIRS ADVANTAGEOUS TO CENTRAL PACIFIC.

Q. The Commissioners have sought to obtain testimony as to whether the arrangement made by the Central Pacific Railroad Company for having its ordinary and extraordinary repairs, betterments, and improvements made by a construction company at actual cost, with 10 per cent. added, was to the advantage and interest of the Central Pacific Railroad Company or the reverse. Can you, from your experience as an engineer on the road, give any information upon that question?—A. The ordinary repairs of the railroad are chiefly repairs on track and structures in immediate contact with the track. These repairs on the Central Pacific, as well as all other railroads, are done by the railroad section men, who become specialists in that direction. When a radical reconstruction is required at any point on the road, the work takes a character similar to that of new construction, and is not work which the railroad employés are accustomed to. The Pacific Improvement Company, who are constructing many new roads, have expert foremen and every appliance, and are themselves so situated that they can do this reconstruction work for the railroad companies much cheaper than the railroad companies could do it themselves with inexpert men. Therefore, it is greatly to the advantage of the company. The actual cost and 10 per cent. added is far less than the amount for which it could be done by section men or other employés unaccustomed to that kind of work.

UNPROFITABLE FOR COMPANY TO REGULARLY EMPLOY SKILLED WORKMEN.

Q. It has been suggested by one of the Commissioners that it would be to the interest of the Central Pacific to keep the labor necessary and

the material required for such work on hand to meet an emergency. How would that strike you?—A. Well, the keeping of material on hand requires capital invested and involves a deterioration of material when kept long in stock. A construction company doing new construction all the time and required to have a large amount of material on hand, can furnish that, from time to time, to the Central Pacific Company as required to much greater advantage to both parties than the Central Pacific could furnish it. I do not think it would be profitable for the Central Pacific to keep in its employment the requisite number of men possessing special skill in construction work so as to have their services in case of an emergency, because there would be a great deal of the time when they could not be used; in fact, the bulk of the time.

Sworn to before me this 24th day of August, 1887.

L. S. B. SAWYER,
Com'r U. S. Circuit Court, Nor. Dist. Cal.

SAN FRANCISCO, CAL., *August* 26, 1887.

JOHN J. HALEY, having been duly sworn by L. S. B. Sawyer, commissioner of the United States circuit court, testified as follows:

Examined by Mr. COHEN:

Question. How long have you lived in California?—Answer. I have lived in California thirty-five years. I am now seventy-four years of age.

Q. Were you acquainted, in the years 1870, 1871, '72, and '73, with a corporation or association known as the San Francisco Transfer Company?—A. In the winter of 1872-'73 I knew Mr. Kennedy of the firm.

SAN FRANCISCO TRANSFER COMPANY.

Q. Was that a corporation or a firm, the San Francisco Transfer Company?—A. It was a corporation. I knew Mr. Kennedy of that corporation.

Q. He was the manager?—A. He was manager. I supposed it was a corporation because they talked about stock.

Q. There was a firm of Kennedy & Long who were supposed to be the representatives of that corporation?—A. I knew Mr. Kennedy. I did not know Mr. Long.

Q. Mr. M. G. Kennedy was his name?—A. Yes, sir.

WHY IT WAS TRANSFERRED TO SMITH & COLEMAN.

Q. What did you know of the business of that corporation and the facts which led to the transfer of its business to Smith & Coleman?—A. Well, I should think it was in the spring of 1873, that is my impression—it is so long ago I cannot remember the exact date; I know there was some rain about the time. Governor Stanford sent for me. I went in and he asked me the question. He said, "Don't you want to go into that transfer business? Kennedy & Long are so much in debt they cannot get along. I want somebody to go there and buy them out. They want to sell or take a partner, or something of that kind. Look into it and see if there is anything in it. I do not care much about it, but there ought to be some money in it if managed properly." I was some

time investigating. I found they were indebted more than $10,000. One man, I learned, had their stock—that is why I supposed it was a corporation; had their stock for about $10,000. I looked into it thoroughly, and made up my mind not to have anything to do with it. About that time a Mr. Smith come to me. He was introduced to me by Judge Robert Robinson. He wanted to know if I was going to take that business. I told him no, I had made up my mind not to. He wanted to know if I would give him what knowledge I had about it. I said yes. He said that he had some notion of buying out that concern.

Q. The Mr. Smith you mention was J. Henley Smith?—A. I have known him intimately since. It was J. Henley Smith. I did not know his name then, except that it was Mr. Smith. I did give him all the information I had. Well, he was considerably dampened about it, but after that, perhaps some time within three months, he did buy it out with a Mr. Coleman, whom I did not know.

I also reported to the governor that I did not want anything to do with it. I knew that they were very much embarrassed. Their horses were attached while I was talking about it; their horses and wagons were attached. I told Mr. Smith that, perhaps, well managed, it might do something. I did not think they would ever make a dollar, but would get in debt all the time.

JNO. J. HALEY.

Subscribed and sworn to before me this 26th day of August, 1887.

L. S. B. SAWYER,
Com'r U. S. Circuit Court, Nor. Dist. Cal.

FRIDAY, *August* 26, 1887.

W. H. MILLS, a witness heretofore sworn by the said Commission, and who has testified before it, comes, in pursuance of an arrangement made between the Central Pacific Railroad Company and the said Commission for the taking of further testimony in San Francisco, and testifies as follows:

SALES OF LAND OF CENTRAL PACIFIC TO PRESIDENT STANFORD.

Examined by Mr. COHEN:

Question. You have spoken of sales of land of the Central Pacific made to Governor Stanford. Please state the extent of the sales, the prices obtained, and how they compared as to price with other sales of similar land made at or about the same time?—Answer. The sales made to Governor Stanford were made, according to my present recollection, in 1884. I remember distinctly the negotiations were conducted entirely with George Champlin and Ariel Lathrop. I never had a conversation with Governor Stanford on the subject until since the matter was brought up before this Commission. The negotiations extended over a considerable period of time and resulted in sales at three different intervals. A part of the land sold to Governor Stanford was unsurveyed at the time of the sale, and, I think, remains unsurveyed now.

UNSURVEYED LAND IN BUTTE AND TEHAMA COUNTIES.

Q. Situated where?—A. In Butte County, California; a small portion in Tehama County. The lands were high rocky lands, having a

severe winter upon them. They were purchased by his agents for the purpose of protecting a sheep range. They were sold at the highest price obtainable, and no consideration was given to the fact that they were being purchased for Governor Stanford, and no concession made in prices in consequence of that fact. Some of the land sold to him had been sold to other parties previous to this time and they had permitted their contracts to lapse. The lands were resold to Governor Stanford on the basis of the original sales, except in one instance, where, finding the lands had been sold at a price which would not justify the purchaser in retaining, cultivating, and improving it, the land having come back to the company, it was graded down by a regularly authorized grader to a lower price; a custom which frequently obtains in the department in relation to lands which have been sold and which under the experiment of agriculture have been proven not to be as valuable as the original graded price.

THE SALES IMPARTIALLY CONDUCTED.

It will answer the question very fully to say that the negotiations, the prices asked for the land, and the prices obtained for the land were such as would have been made to any other customer of the department. The sale was conducted in all respects as if Governor Stanford had no connection with the Central Pacific Railroad, no contingent interest in its lands, or had no contingent interest in it. No concession was asked on that account. It never was at any time pleaded by the agents of Governor Stanford that some price ought to be made to Governor Stanford lower than would be asked of other customers. On the contrary, some apprehension was manifested by them that a higher price would be asked because it was Governor Stanford who was buying the land.

All of the lands, I understand—I have reason to know because I examined the deed afterwards to see whether or not the lands were properly described—all of the lands which were sold in those sales to Governor Stanford were deeded to university purposes to the trustees of the Leland Stanford, Jr., University.

SALE OF LAND ON OPPOSITE SIDE OF SACRAMENTO RIVER.

One of the sales was made after it had been decided to deed the lands to the university, on the opposite side of the Sacramento River from where the main body of the land lay, because it was feared that it might become necessary in the future to change the course of Deer Creek, and that the change of the course of Deer Creek might injure that piece of land. Governor Stanford paid for that piece of land the full graded price, the price for which it had been offered to others for some ten or twelve years with no takers; our view of the matter being that they desired to change the course of Deer Creek, and it might inflict injury on land lying immediately opposite; that land in the hands of some other purchaser would give a right of action for damages by reason of the change of that creek. That land was purchased to protect land which had at that time been deeded to the university.

THE "PROMONTORY RANGE."

Q. You stated in your testimony given before the Commission that you made a sale of land to the Promontory Stock Company, which was composed of a son of Charles Crocker and other persons. Will you

give your experience with reference to that tract, what attempts had been previously made to sell the same, and the price obtained from Mr. Crocker as compared with previous efforts?—A. I became acquainted with what is known as the Promontory range, and which has been supposed to embrace 200,000 acres—I say, has been supposed to embrace that, because for the most part at the time of the sale it was not surveyed; and even at this time a large proportion of it is still unsurveyed. I became acquainted with it in 1883 and believed it to be an excellent range. I began to make efforts to find a purchaser for that range. The first persons who examined it were parties from San José. They made a thorough examination of the range for goat and sheep purposes. They discovered that the most of the water upon which the range depended for value was in the possession of adverse holders. They rejected it.

SALE OF SOUTHERN PORTION OF THE RANGE.

The southern portion of the range, supposed to contain 100,000 acres, more or less, was sold to Sharp Walker by a contract of sale, from which he subsequently receded. The sale had gone to the extent of binding him legally to take the land, but as there were many questions in the minds of the law department whether the contract could be enforced he was permitted to withdraw.

DEFAULT OF TARPEY AND PHILLIPS.

The third attempt to make a sale was to D. P. Tarpey and Henry Phillips, as actual partners, but it was known to me at the time that there were behind them some capitalists in San Francisco. They made an actual purchase of the range subsequently sold to Mr. Crocker, for the sum of $200,000. Their first payment was to have been made on the first day of July, the year following the sale. This sale was made I think late in 1884, and the first payment was to be due and payable on the first day of July following.

When that time came around they defaulted in their payment, having expended, as they claimed, a large sum of money and a great deal of time and attention to the subject of getting possession of the land which they had purchased. For my part I contemplated seriously the enforcement of the contract; but the parties in interest visited Governor Stanford and asked to be relieved, declaring that the bargain was a hard one, that it would inflict upon them pecuniary loss. Governor Stanford requested, rather than instructed, that I should release them from their obligations. I also consulted Director C. F. Crocker in the premises at the time, insisting so far as I was concerned that the contract should be enforced against them. Col. Charles F. Crocker agreed with me for a part of the time, but subsequently relinquished his position and said that I might forgive them and recover the contract.

AN OPTION TO TARPEY.

Immediately after the surrender of that contract, the surrender of which was formally accepted by the land department, I gave to D. P. Tarpey an option to buy or sell that land for $200,000. The option was in writing, providing that Mr. Tarpey should have for a period of two or three years, the exact terms not now remembered, the option to purchase or sell that land for $200,000. It further provided that the

option should not preclude the sale of the land by the land agent of the company, but that if the land was sold by negotiations in the land department of the company, thirty days' notice should be given to Mr. Tarpey of such sale, which notice, after the expiration of thirty days, should terminate his option.

SALE TO REPRESENTATIVE OF CHARLES CROCKER.

The sale was subsequently made by the land department to a representative of Charles Crocker. Negotiations were conducted chiefly by John W. Taylor. Mr. Taylor examined the range carefully, as he contemplated forming a partnership with the son of Charles Crocker and Lieutenant Buford, and after examination decided to purchase provided a rate upon the land could be obtained which would be satisfactory. I made the rate to the representatives of Mr. Crocker at $208,640; $8,640 more than Mr. Tarpey's option.

EFFECT OF TARPEY'S OPTION.

It should be explained that Mr. Tarpey's option bound us during its life not to sell the land for less than the option price to him. We were, therefore, bound not to sell it for less, but we could sell it for more. Mr. Tarpey was notified that the land had been sold, a notice given that his option would terminate at the expiration of thirty days. He came to the office, surrendered his option, and took an agency with the Promontory Stock Company, who made arrangements immediately with Charles Crocker for the purchase of the land, it being the intention of Mr. Crocker to resell to the Promontory Stock Company. Mr. Crocker signed the contract himself, but did not conduct negotiations with the department.

PRICE TO MR. CROCKER HIGHER THAN PREVIOUSLY ASKED.

Q. You got from Mr. Crocker all you could possibly obtain from anybody for that land?—A. I received from Mr. Crocker a higher price for the land than I had been asking for it. I had sold it absolutely for $200,000 at one time and had given an option for its purchase at $200,000. I sold it to Mr. Crocker for $208,640. Mr. Crocker insisted after the negotiations were closed with his representative that the whole matter should be taken before the board of directors, as he, himself, was a director of the company and did not wish to have it appear that he had negotiated the sale, which, in truth, he had not.

I took the matter before the directors of the company and explained to them the history of the transaction concerning the Promontory range. Governor Stanford gave the matter very careful attention and finally decided that the purchase price was the full value of the land. The condition of the adverse possession was such that it was obvious that it would require a very large expenditure of money to reduce it to the possession of the purchaser.

RECEIPTS AND EXPENSES OF LAND DEPARTMENT.

Q. I want you to state here the total receipts for land sales, leases, contracts, and stumpage from the date of the grant to the first day of the present month.—A. The total receipts from all sources of the land department from the beginning of the administration of the land grant to the first day of August, 1887, were $7,560,478.45.

Q. What have been the actual expenses of conducting the department?—A. The question can be answered from the books: $1,029,876.73, leaving net rece pts over expenses $6,530,601.78.

Q. The expenses you have spoken of do not include interest, but merely the ordinary executive expenses of the department?—A. Yes, sir. The interest account began to run October 1, 1870.

Q. That is not included in the amount of expenses you have given?—A. No, sir. It would very greatly exceed the gross of that.

REQUIREMENTS OF COMMISSIONER OF GENERAL LAND OFFICE.

Q. Have you any statement to make to the Commission concerning your department and its relations with the Government? If so, please do it.—A. I submitted to Governor Stanford answers to the written questions relating to the land grant which are annexed to Governor Stanford's deposition, marked Exhibit No. 6. In addition to the matter set forth in the statement made to Governor Stanford a discouragement has been offered and interposed by the Commissioner of the General Land Office to the taking of title by requiring an affidavit with respect to each 40-acre tract as to its mineral or non-mineral character. The surveys of the United States do not segregate the interior of sections into either quarters or sixteenths; that is, into 160-acre tracts or into 40 acre tracts. By reason of this failure to make surveys into 40-acre tracts it is impossible for a witness to identify the lands concerning which his deposition is required. The lands are therefore not surveyed in a manner to suit the ruling of the department. It being impossible to identify the 40-acre tract within the exterior boundaries of a section of land, it will be impossible to obtain the testimony required by the Commissioner of the General Land Office, and therefore the rule practically arrests, so long as it is in force, the process of making lists of selections which are the bases of obtaining title to the land.

THE ACT OF JULY 10, 1876.

Section 21 of the act of 1864 provided that no patents should be issued to the company or party in interest until the cost of surveying, selecting, and conveying the same had first been paid. The provision also provided that such cost should be paid as the title should be required by the company or party in interest. By the act of July 10, 1876, this portion of section 21 of the act of 1864 was repealed, and in lieu thereof it was provided that the cost of surveying, selecting and conveying the land should be paid and payable as required by the Secretary of the Interior. The act has been in force since the date already mentioned, July 10, 1876, and up to the present time the Secretary of the Interior has made no demand upon the company for the cost of surveying, selecting, and conveying.

WM. H. MILLS,
Land Agent, C. P. R. R.

ARTHUR BROWN, having been duly sworn by L. S. B. Sawyer, commissioner of the United States circuit court, testified as follows:

Examined by Mr. COHEN:

Question. Where do you live?—Answer. In Oakland.

Q. How long have you resided in California?—A. I have been in California since 1864.

Q. Before that time?—A. I was up North, in Oregon.

CONNECTION WITH CONSTRUCTION OF CENTRAL PACIFIC.

Q. When did you first become connected with the construction work of the Central Pacific?—A. In February, I think, 1865.

Q. In what capacity?—A. I was employed by Mr. Strobridge, superintendent of construction, one month, as foreman on the grading. Then I was put in charge of the building of bridges. I was afterwards appointed superintendent of bridges.

Q. Who was your employer?—A. I was employed by Charles Crocker.

Q. Charles Crocker was the contractor for the work at that time?—A. Yes, sir.

Q. How long did you remain in that capacity under Mr. Crocker?—A. I remained until the road was finished—at least until his contract was ended.

Q. Then by whom were you employed?—A. I was employed by the Contract and Finance Company.

Q. You remained in the employ of the Contract and Finance Company until the road was finished to Promontory?—A. Yes, sir.

Q. How far had the work progressed east of Sacramento when you were first employed under Mr. Strobridge?—A. The end of the track was at New Castle.

Q. Where was the end of the track when you were appointed superintendent of bridges?—A. Still at New Castle. I was only one month n Mr. Strobridge's department.

SUPERINTENDENT OF BRIDGE DEPARTMENT.

Q. As superintendent of the bridge department what did you do other than building bridges?—A. I built the snow-sheds.

Q. You built water-ways and trestle-works?—A. Yes. And station-houses. All wooden structures.

Q. Water-tanks?—A. Water-tanks, turn-tables, &c.

DIFFICULTIES EXPERIENCED IN CONSTRUCTION.

Q. Can you give your experience as to the difficulties that you encountered in crossing the mountains, getting materials and owing to the character of the weather, between New Castle and the State line?—A. In 1866 the road was built to Cisco. In the winter of 1867, we had great trouble in keeping the road open. It was necessary to employ a great many men shoveling snow. There were several very expensive slides there above Alta. It was then decided to build snow-sheds; and I had instruction to make plans and estimates for sheds to be commenced in the spring as soon as the snow was cleared. We commenced building some experimental sheds that summer. I forget now how much we built; not a great deal. The idea was to cover all the cuts.

SEVERITY OF THE WEATHER.

Q. How did the fall of snow and the temperature of the weather generally interfere with your work during the winter months?—A. Well, any work that we did that was through the snow was at tremendous expense. We had several buildings broken down that winter by the weight of the snow, and a large trestle near Cisco carried away by snow.

Q. In other words, the severity of the climate added greatly to the cost of doing the work?—A. Oh, yes; it doubled it. More; made it nearly three times as expensive.

Q. What was your facility in getting men to do that work?—A. It was very difficult in the winter time. Men would not remain without being paid high wages.

Q. Had you facilities for taking care of them?—A. Yes. But with such an immense amount of snow it was hard to get around anywhere. I remember I had an office and bed-room which had to be shoveled out every time I returned after going over the mountains. The snow had to be shoveled out before I could get into it. A person would have to be on the ground to have any idea of the trouble we had to contend with on account of snow.

WAGES OF LABORERS.

Q. What did you pay for men in your department?—A. Carpenters were paid $4 per day. Laborers were paid from $2.25 to $2.75.

Q. Did the amount paid to laborers include board, or did the laborers board themselves?—A. We boarded them and deducted the board.

Q. What did you pay the foreman of carpenters?—A. Four and a half and five dollars. We paid the foreman of the laborers about $3.75.

MEASUREMENTS OF WORK.

Q. Who measured the work that was done in your department so that the contractor could obtain his pay for it?—A. That is the lumber? We had several men employed for that purpose. I made out all the bills, and the measurements were made up under my supervision.

Q. To whom did you report the measurements?—A. I reported to the office of Charles Crocker & Co. They had the contract, I understand, over to the State line.

Q. To whom did you report on the amount that was due to Charles Crocker & Co. for the bridge work done?—A. I was employed by him and I reported to him.

Q. A statement was made to the Central Pacific based on your measurements?—A. Yes, sir.

Q. Were those measurements you made true and correct measurements of the work that was done and so reported?—A. Always.

NO EFFORTS TO INFLUENCE REPORTS.

Q. Did Mr. Crocker ever seek to influence you in any way to sign a report which was made for work done during the time he was contractor?—A. No, sir; never.

Q. Did any one in his behalf?—A. No, sir; no one in his behalf ever interfered in any way.

Q. When you were working for the Contract and Finance Company you made true and correct measurements in the same way?—A. At all times. I have always reported correctly.

Q. Without any interference from any one?—A. Without any interference from any one.

FACILITIES FOR OBTAINING SUPPLIES.

Q. What was the facility with which you were enabled to get your supplies during the time that you were working over the mountains?—

A. Very often the road was blocked by snow, and a great deal of difficulty in getting them.

Q. Did you have to team bridge materials over the mountains?—A. There are two large bridges between Cisco and the Summit. The timbers were prepared at Emigrant Gap. We had to resort to hewn timber. For timbers that were intended for the bridge chords we would hew a stick 18 inches square and rip it up with whip-saws, making two pieces 9 by 18. In that way we got the timber, as there were no sawmills. That timber was hauled up on sleds on the crust of the snow. The top became so solid that we could haul them up to where the bridge was to be put up; and we had to dig a hole in the snow 16 feet deep for the purpose of laying the timbers on the ground.

Q. What other materials did you use in your department besides timber?—A. We used a great deal of iron and spikes, bolts and nails.

PRICES OF MATERIAL.

Q. Have you got any memorandum that would give the prices of materials that you used?—A. I do not remember the prices of anything but timber.

Q. What was that?—A. Bridge timber we paid from $18 to $25 a thousand for. From the Truckee River we paid $22. Snow-shed timber cost from $13 to $15 per thousand.

BUILDING SNOW SHEDS.

Q. Are there any other facts you can state about your experience in building the road over the mountains?—A. The greatest difficulty I had was in building the snow sheds. In 1868, the summer before the road was opened, everything depended on having the road covered. We had then about two thousand five hundred men at work; teams hauling timber, and five or six trains. We worked on late in the fall shoveling snow. We succeeded in getting the road covered so that they could take material over the road that winter and finish up in the spring of 1869.

Q. You finished the snow sheds in 1869?—A. Yes; but you understand we had to make great efforts in 1868 to keep the road open in the winter of 1869. Then the road was finished to Promontory in 1869. The great point was in getting the road covered sufficiently in 1868, so they could work in the winter of 1869.

SPEED OF CONSTRUCTION GREATLY INCREASES THE COST.

Q. How did the speed with which the road was built and the bridges and trestles furnished bear upon the cost of the work?—A. Well, taking the time and the weather and the force employed, it must have cost over double. It probably could be replaced for less than 40 per cent. by taking advantage of the proper season and everything else.

Q. Does that remark apply to the whole road from New Castle to Promontory?—A. That is my opinion.

Q. You think at the time that the road was finished to Promontory you could have done the same work over again, taking your own time to do it, working at such times of the year as was economical to work, and accomplish the same result for 40 cents on the dollar of what the work from New Castle to Promontory cost?—A. I think so.

ADVANTAGES OF HAVING REPAIRING DONE BY CONTRACT.

Q. Some complaint has been made about the mode in which the Central Pacific Railroad Company has had its extraordinary repairs and improvements made by letting the work to the Contract and Finance Company, the Western Development Company, and the Pacific Improvement Company from time to time, paying the cost to those companies and 10 per cent. added. I want to get your experience as to whether that was a beneficial arrangement for the Central Pacific or not?—A. When the road was completed to Promontory the snow sheds were not finished. We continued to work on them that fall and summer of 1869 with the force we had. Likewise we commenced work on the Western Pacific. Of course we had to have an immense outfit of tools, pile-drivers, &c., building the Oakland terminal wharf; and we did some repairs on the bridge work, drawing from those forces. For instance, the American River bridge burned down. We drew our force right from Oakland, and rebuilt it temporarily in about, I think, thirty-six or forty hours. We had to take the pile-drivers and all the machinery up. Several other structures were burned down. On the whole, I think it was a great advantage, because we had a large force of trained men from the construction we were doing on the California and Oregon and other roads we were working at. I think that the Central Pacific got rather the best of the bargain.

Q. Your judgment, then, is, drawing on your long experience in doing that class of work, thatt he Central Pacific lost nothing in having the work done by the construction companies for actual cost to the construction companies with 10 per cent. added?—A. No, I think they were ahead. I would state that the Central Pacific did work for the Western Development Company and the Pacific Improvement Company, and charged those companies 10 per cent. in addition to the actual cost, thus reversing it. I have made a statement on some of the matters you have asked about to Governor Stanford. It is Exhibit No. 11, annexed to Governor Stanford's evidence.

ARTHUR BROWN.

Sworn to before me this 24th day of August, 1887.

L. S. B. SAWYER,
Com'r U. S. Circuit Court, Nor. Dist. Cal.

E. C. WRIGHT, a witness heretofore sworn by the said Commission, and who has testified before it, comes, in pursuance of an arrangement made between the Central Pacific Railroad Company and the said Commission for the taking of further testimony in San Francisco, and testifies as follows:

GROSS RECEIPTS OF CENTRAL PACIFIC AND LEASED LINES.

Examined by Mr. COHEN:

Question. You prepared a statement, under date of August 9, 1887, addressed to the chairman of the Commission, which contains a statement of the gross receipts of the Central Pacific Railroad and leased lines from 1864 to 1885, inclusive, no charges to earnings of any descrip-

tion having been considered. For convenience I copy this statement, which is as follows:

Years.	Receipts.	Years.	Receipts.
1864 (November and December.)	$121,679.10	1876	19,529,752.54
1865	356,806.94	1877	18,735,795.15
1866	879,754.38	1878	19,338,318.14
1867	1,442,625.58	1879	20,169,573.87
1868	2,364,211.18	1880	23,167,794.29
1869	7,593,267.60	1881	27,112,392.18
1870	9,010,261.89	1882	30,282,352.56
1871	10,271,628.10	1883	28,502,101.28
1872	13,612,835.04	1884	28,977,877.14
1873	14,706,334.24	1885	15,306,092.57
1874	15,433,590.37		
1875	17,811,491.01	Total	324,636,955.15

APPARENT FALLING OFF IN GROSS RECEIPTS EXPLAINED.

It will be seen that the gross receipts for 1884 are stated at $28,977,877.14, and the gross earnings for 1885 at $15,306,092.57. In the examination of Mr. Towne, general manager, the Commission asked him to explain the difference between those two years, and suggested that the falling off was in consequence of the leasing of the Central Pacific Railroad to the Southern Pacific Company. Mr. Towne referred the Commission to you to explain those figures and the difference between the two years. Will you please do so?—Answer. The amount, as shown on the statement for the year 1885, being $15,306,092.57, is the gross earnings of all the lines west of El Paso and Ogden, 2,802.45 miles, for the first two months. The rest of the year, ten months, is the gross earnings only of the lines north of Goshen, 1,649.86 miles. I would also state that this sum named is the gross earnings for that year, and should have been so stated in my statement to the Commissioners, in contradistinction from the other year, which is the gross receipts.

Q. In other words, the amount shown for the year 1885 was the gross earnings of the Central Pacific Railroad Company from Ogden to Oakland and the leased lines north of Goshen.—A. Yes, sir. That is, for ten months; and for the total system for the other two months.

PROFITS DERIVED FROM LEASES.

Q. In your written statement, made to the chairman of the Commission August 9, 1887, there is the following question and answer:

Q. State whether, as to any of the leases held by the Central Pacific Railroad Company prior to April 1, 1885, the rent paid by the Central Pacific exceeded the net earnings derived from the leased road.—A. Yes, sir, in some instances, because such earnings were made up on a mileage basis which did not give the leased lines their due proportion of earnings.

Will you state what was the general result to the treasury of the Central Pacific from the leases which it held prior to April 1, 1885?—A. I would state that there was a very large sum, over ten millions, which was the profit to the Central Pacific during the period these roads were leased. I can give the exact figures if it is necessary.

E. C. WRIGHT,
General Auditor.

SAN FRANCISCO, *August* 29, 1887.

L. M. CLEMENT, a witness heretofore sworn by the said Commission and who has testified before it, comes, in pursuance of an arrangement made between the Central Pacific Railroad Company and the said Commission for the taking of further testimony in San Francisco, and testifies as follows:

RETAINING WALLS ON SIERRA NEVADA.

Examined by Mr. COHEN:

Question. I desire to get from you such information as you may have with respect to building retaining walls on the summit of the Sierra Nevada Mountains. Will you state for what purpose such walls were built?—Answer. On the east side of the summit of the Sierra Nevadas, where the snow laid in drifts in places to a depth of 80 feet, depending upon the wind currents, it became necessary to protect the snow sheds. The railroad company learned from experience that it was practically impossible to construct snow sheds to resist the side pressure of the snow. The best selected timber of the mountains snapped, and the sheds were crushed in, necessitating the removal of the débris and shoveling off the snow during the remainder of the winter. By experiment it was found that the snow in large bodies had a similar movement to that of the glacier, and would crush in any timber-shed. It was therefore decided to build heavy retaining walls and to fill in the back of the wall with rock and other convenient material, forming a slope or incline about equal to that of the mountain side. The sheds at these places were built nearly flat, sloping a little down-hill, and allowing the snow to pass over the walls and shed in its glacial movement. In other places this was not practicable, and retaining walls heavy enough to resist this glacial movement were built.

Q. Over how many miles were those walls built?—A. In places for about 4 miles.

Q. Can you give any estimate of the cost of those walls?—A. No; I cannot now recall the cost.

LEWIS M. CLEMENT.

SAN FRANCISCO, *August* 31, 1887.

LELAND STANFORD, a witness heretofore sworn by the said Commission and who has testified before it, comes, in pursuance of an arrangement made between the Central Pacific Railroad Company and the said Commission for the taking of further testimony in San Francisco, and testifies as follows:

DIVISION OF PROFITS OF C. CROCKER & CO.

Examined by Mr. COHEN:

Question. In the testimony which you gave to the Commission on July 29, 1887, you were asked concerning the division of the profits made by Charles Crocker & Co. on their contract with the Central Pacific Railroad Company for building certain portions of the road from Newcastle, or from section 31, to the State line. In your answer to Mr. Commissioner Anderson as to whether you or Mr. Huntington or Mr. Hopkins received from Mr. Crocker any division of the profits you said,

"No, sir." You were asked: "Is that your positive statement?" You answered, "Yes; I do not think that we left him with money over." It is evident that you were speaking about a division of money, and the Commission was asking you about a division of the stock. I would like you to explain your testimony in that respect.—Answer. I do not think there was ever any dividend of stock until the road was completed, and it was made through the Contract and Finance Company.

Q. At the time Mr. Crocker took that contract I understand that there was no arrangement whatever that he should divide his profits with any one?—A. No; no one.

WHAT WAS REQUIRED BY THE "COMMON NECESSITIES OF THE SITUATION."

Q. That during the progress of the work, yourself, Mr. Huntington, and Mr. Hopkins were compelled in every way to aid him with your credit in order to accomplish the successful prosecution of the work, and that after the road was built Mr. Crocker turned his stock in to the Contract and Finance Company, to be divided equally among the five associates. Is that the fact?—A. No. He turned it in to the Contract and Finance Company. Of course, there it would be divided among the stockholders, whoever they might be; but I do not know that there was any understanding as to that.

Q. But the point I am trying to get at is the common necessities of the situation. You were forced to help Mr. Crocker to perform his contract, and that therefore, without there being any previous agreement to that effect, the stock that he had over was turned in to the Contract and Finance Company, to be divided among the stockholders?—A. Yes. I cannot say that it was to be divided. I do not know that there was any understanding about it. But the stock was turned in to the Contract and Finance Company, and ultimately divided among the stockholders after the road was completed. At the time when the contract was let it was let to Crocker & Co. as contractors; but it very soon became apparent that no ordinary rules that would govern between contractors would answer the purposes of the rapid construction of the road; that sacrifices must be made which the company could afford, but a contractor looking to profits out of his contract could not. Mr. Crocker became apprehensive about his personal liabilities. I cannot tell when that was; but I know we said: Go on, we will stand by you. I think one contract above section 31 only went up to Colfax; then the work was continued on, and as we went up into the mountains the work became heavier, and, owing to the season, much more difficult to perform, as they had to work in the rain and mud, and after a while in the snow. But it became manifest by this time that the burden of the road must really rest upon the promoters of the enterprise, and it would require all their united skill, energy, and capacity in every way to put the road through, and the business was managed with reference to the construction of the road, without a thought as to individual interests or to contracts.

Q. The object was to get the work through without any regard to ultimate profits?—A. Yes, sir. More than that, I can say it was upon that system only that the road could have been built; as it was built and completed by distributing over the road, where it would do the most good, the work and men needed, in order that the whole might work in harmony to a completion.

NO DIVIDENDS EXCEPT OF CASH.

Q. I wish to ask you whether any dividends were paid by the Central Pacific Railroad Company to either of the directors or to any of the stockholders of the Central Pacific from the bonds which were received from the United States or from the first-mortgage bonds issued by the Central Pacific or from any bonds granted in aid of the building of that road at any time?—A. The Central Pacific never made any dividends of anything excepting cash dividends, as appears by the books, so far as I understand it.

ALL ASSETS USED IN CONSTRUCTION OF ROAD.

Q. You have rendered to the Commission a statement, in your evidence of August 2, of the cost of building the road, showing the assets that were available for that purpose and the amounts approximately realized from those assets, the whole amounting, together with the sum then due the Contract and Finance Company, to $47,880,000. Mr. Miller, secretary of the company, has stated that this whole sum was fully used for the construction of the Central and Western Pacific. I would like to have your testimony on the same subject.—A. So far as my knowledge goes, all the moneys derived from the first-mortgage bonds, the Government bonds, and from all other sources up to the completion of the road, either for stock or bonds, went into the construction of the road.

EXPECTATION AS TO FUTURE RECEIPTS.

Q. I presume that you read the debates in the House of Representatives and the Senate which preceded the passage of the act of Congress of 1862. When you accepted the terms of that act what was your expectation as to future receipts of the Central Pacific Railroad Company for the transportation to be done for the Government?—A. Well, we thought that they would be ample to meet our liabilities to the Government. We supposed our prices would be regulated by the competition offered. Whether the road could be built or not or operated in the winter season was very uncertain. It was not known that fuel could be had anywhere along the line of the road at the time of commencement. The coal field in the Rocky Mountains was unknown, and geologists had pronounced against finding any there, saying that it was of formation older than the coal deposit. We supposed competition would be the governing rule, and the debates in Congress clearly show that it was expected at the time that the payments to the company for services would not be less than they had been before for similar services.

PRICES NOT ANTICIPATED TO BE MEASURED BY EASTERN STANDARD.

Q. When you accepted that contract and were building the Central Pacific Railroad you did not anticipate that you would be required from the net earnings of the road to take care of the interest or principal due to the Government, except by the payment of 5 per cent. on the net earnings, did you?—A. That is all. That was our understanding. Besides, I can say here what perhaps I may have said before, that in 1861 Mr. Huntington, Mr. Crocker, and myself went over the line of road, and when we reached the summit on the proposed line and contemplated the tremendous difficulties there to be encountered, we talked

the matter over as to the safety of the construction of a road over the mountains. We conversed upon the subject and said between ourselves that if it were possible for a vessel to sail from San Francisco around Cape Horn and get in back of the Sierra Nevadas we could not afford to build a road over the mountains; or if a vessel could sail from any portion of the Atlantic around Cape Horn and get in the rear of the Sierra Nevadas we could not afford it; but they could not do that, and the competition to fix our prices would be only such as that of ox teams, horses, and mules. The prices, therefore, would justify, we thought, the construction of the road. That same idea prevailed at the time when we accepted the act passed by Congress in 1862. It never entered our minds, and I do not think it did that of any member of Congress, that the prices to be paid to the Pacific Railroad could be measured at all by that standard of prices charged over roads in the East with large local business, where the difficulties of construction were entirely different from what they were over the plains.

FORMER CHARGES FOR GOVERNMENT TRANSPORTATION.

Q. According to the debates in Congress it would appear that it was expected that the Central Pacific Railroad Company should receive for one year's transportation for the Government an amount exceeding $3,000,000. You did not anticipate that the payment for the entire service rendered to the Government for freight transportation for ten years would be less than that amount, did you?—A. No; we did not. On the contrary, we knew that they were paying large rates for transportation of the mails. At one time the Government paid $1,750,000 for carrying the mails by stage, the maximum of which was to be a thousand pounds.

SUBSIDIES TO COMPETING LINES NOT ANTICIPATED.

Q. Did you anticipate at the time you accepted the contract, by the act of 1862, that before you got over the mountains the Government would subsidize an opposition road to you?—A. No; we did not dream of such a thing.

Q. In this connection, for the purpose of refreshing your memory, I call your attention to an address which I find among the records of the State of Nevada, and a letter addressed by you to the legislature of that State, under date of January 14, 1865, in which you say: "It is certain that Congress will never assist in building a road to rival or compete with one in which so large an amount of national funds will be invested."

That expresses your idea, I believe at the time you took the contract and the time you were endeavoring to perform your part of the contract?—A. Yes, sir.

EFFECT OF DELAY IN ISSUING SAN FRANCISCO BONDS.

Q. The city of San Francisco contributed $400,000 of its bonds as a compromise in place of $600,000, which they were authorized by act of the legislature to subscribe to the stock of your company. I wish you would explain the effect on the prospects of the company, and, if you please, on the prospects of the city, growing out of the delay during which the litigation took place, which resulted in that compromise.—A. It is hardly right to say the opposition of the city, because the peo-

ple of the city of San Francisco voted to subscribe to the stock of the company $600,000, to be paid in their bonds. But conflicting interests, or interests that seemed to conflict with those of the Central Pacific Railroad, made objections and got out injunctions to restrain the subscription to the stock of the company by the city and county of San Francisco. The result of it was litigation, which the supreme court was at last called to pass upon, in which the court decided that the city and county should make the subscription. Afterwards a compromise was made, by which the city was to issue in lieu of the subscription 400 of its bonds. The compromise required three mandamuses from the supreme court to carry it into effect. The same private interests enjoined other counties and the State from giving us the aid we anticipated, and which the law had provided. All those things hurt our credit very much. The consequences of this opposition were particularly disastrous, because the winter following, after we had reached New Castle, 31 miles from Sacramento, was the mildest winter that has ever been known on the Sierra Nevadas. During that winter we were able to work across the summit, building a wagon road. The climatic advantages of that season were more than equal, for the purposes of constructing a road, to those of any two years we had afterwards.

COULD HAVE MET UNION PACIFIC AT CHEYENNE.

Except for the delay consequent upon this opposition, we would more easily have met the Union Pacific at Cheyenne than we did at Promontory.

Q. The result to the city of San Francisco in its trade and commerce, if you had reached Cheyenne, can hardly be estimated at this time?—A. Scarcely. It would have given to San Francisco complete control of the business of Utah, Wyoming, Montana, and Idaho.

Q. What time was consumed, if you remember, in building from section 1 to 31, from Sacramento to New Castle?—A. I cannot say.

Q. After reaching New Castle, how long was the work of construction arrested?—A. By the opposition met?

Q. By the want of funds.—A. For the want of funds, about one year.

Q. That would be from some time in 1863 to some time in 1864?—A. Yes, sir. We were detained there until after the passage of the act of 1864.

Q. New Castle, you speak of, is less than 40 miles from Sacramento?—A. Yes, sir; 31 miles.

Q. You had to complete 40 miles before you were entitled to any aid even under the act of 1862?—A. Yes, sir; we had iron enough on hand to complete 50 miles of road, but we were unable to do the grading and utilize the iron.

Q. For want of funds?—A. For want of funds, yes. That want of funds would not have existed except for the litigation that we became involved in from the opposing interests by which this State aid and the county aid were unavailable to us.

CRIPPLED CONDITION OF ROAD AT COMPLETION.

Q. Now, as I understand, the result of all your efforts to build the Central Pacific eastward and meet the Union Pacific as far east as possible, and the completing of the road in one-half the time required by your contract with the Government, and building it during war

time when the credit of the Government was at low ebb, and a small amount could be realized upon or borrowed upon its bonds, and the large prices you were compelled in consequence to pay for materials and equipment, was to leave the Central Pacific in a crippled condition when the road was finished to Promontory? By crippled condition I mean that you had spent upon the road certainly one-half more than you would have spent if the road had been built under different conditions, and built economically without regard to the question of time; and therefore you were at the mercy of any other roads that should be constructed parallel with you or to compete for your business, because such road could be built for very much less and would have to bear, among its fixed charges, a much less burden in the way of interest?—A. Yes, sir. I believe the road could be graded for less than half what it cost, had we taken more time; had we taken such time as economy in construction would have demanded. But I explained before that what justified us in our way of constructing the road was that we would not have any serious competition, any competition other than that which ox teams and mule teams afforded. The reason for this extraordinary effort was the same in regard to competition when it became apparent that the Union Pacific might come west of the Rocky Mountains, because that would open up all this business east of the Sierra Nevadas to competition by rail; and the advantages which we thought we had as against competition would be destroyed for the business east of the Sierra Nevada Mountains.

COMPARATIVE COST OF CONSTRUCTION OVER THE MOUNTAINS.

It is susceptible of demonstration almost that there was more work put in the first 150 miles in crossing the Sierra Nevadas than would suffice to grade the road for a single track from the Sierra Nevadas to Chicago. After we passed the Sierra Nevadas, working less than half the force we had been working on the mountains for three years, we were enabled to go 500 miles in ten days less than ten months. The work on that 500 miles is fully equal to the average work of grading a line from the Sierra Nevadas to Chicago. So, working with half the force, less than half the force we had on the Sierra Nevadas, we could easily have gone to Omaha while we were building that 150 miles in the mountains.

EFFECT IF UNION PACIFIC HAD REACHED SIERRA NEVADAS.

Q. I found a short time since a prediction made by the constructors of the Union Pacific that it would meet the Central Pacific at the eastern base of the Sierra Nevada Mountains, or at Wadworth. What would have been the effect of the finances of the Central Pacific if that prediction had been verified?—A. Absolutely to destroy to the road all value of through business and deprive the Central Pacific practically of local business that would pass from California. It would have enabled the Union Pacific to furnish advantages to eastern merchants to ship their goods into Nevada. But by meeting competition and the prices made for through rates from the east to San Francisco, the very low rates enabled San Francisco merchants to sell goods and command largely the traffic of that portion of the country this side of the Rocky Mountains.

COULD NOT HAVE SUSTAINED OPERATION OF THE ROAD.

Q. Could you have paid the operating expenses and fixed charges of a road from the eastern base of the Sierra Nevada Mountains to San

Francisco for any pro rata you could have obtained on the freight between New York and San Francisco?—A. No. And add to that such local business as might have been done from California over to Nevada would not have sustained the operation of the road in my judgment. The fact is, what we had built would have been to the Central Pacific worthless. It was an absolute necessity for the Central Pacific to protect itself from ruinous competition that it should reach as far east as Salt Lake.

NECESSITY FOR REACHING OAKLAND.

When your contract was performed with the Government and you had completed the road from San José to San Francisco you seemed to have found a necessity for connecting the road with the city of Oakland. You built a road to that point, which was subsequently consolidated with the Central Pacific. Can you explain what the necessity was for reaching Oakland?—A. The distance by San José to San Francisco was too long to compete successfully with the Sacramento River; also with the California Pacific road which was constructed. The Sacramento River itself furnishes a most excellent means of transportation, as it is not troubled with ice and has uninterrupted navigation throughout the whole year for freight, and was a distance of about 100 miles, while the route by rail by San José was about 180 miles, and a portion of the road, as you approached San Francisco, having a grade of 90 feet to the mile. There were great advantages to the road in reaching the bay on the Oakland side, as ship and car were brought together at the minimum of cost; in fact, without any charge to the ship for wharfage.

ABSOLUTELY NECESSARY TO CONTROL CALIFORNIA PACIFIC.

Q. In this connection will you state why it was you found it necessary to buy the control of the California Pacific?—A. The California Pacific was a rival company, being the shorter line, 87 miles against 137½ by the Western Pacific, and a line of easy grade. More, those in control of the California Pacific, which included a number of leading capitalists in London and Frankfort, organized a company here embracing a very large number of the leading capitalists of San Francisco to build a road from a point on the California Pacific near Sacramento up that valley and over the mountains east, which would become a competing line to the Central Pacific. The advantages of that line between Sacramento and San Francisco were such that there were constant complaints of through passengers going to San Francisco being compelled to go around by the way of Stockton and Livermore, a longer route. Oftentimes they would surrender their tickets at Sacramento and purchase passage over the California Pacific from that point to San Francisco. It seemed to be an absolute necessity that the California Pacific road should be controlled, if possible, by the Central Pacific or its friends.

REASONS FOR BUILDING FEEDERS.

Q. Some comment has been made upon the action of those who controlled the Central Pacific in building feeders to the main line along the northern valleys of California and the San Joaquin Valley, especially the roads known as the California and Oregon and the San Joaquin Valley road. Will you explain why you undertook the building of those roads?—A. Well, there were two principal reasons. One was that these

great valleys needed railroads, and if they did not pay well immediately they would in future in our judgment. Another thing, the business that they might develop would add largely to the receipts and business of the Central Pacific. Without those branches the Central Pacific did not reach scarcely any of the business of California. It came over the mountains and struck the river at Sacramento, leaving the business of the valleys to seek water transportation.

GAVE VALUE TO AIDED LINES.

Q. Did not the building of those roads add materially to the receipts of the aided lines and thereby promote the interests of the Government in that respect?—A. Yes; it gave the principal valleys to the aided lines. The same as building the Southern Pacific gave additional value to that portion of the San Joaquin Valley which had been consolidated into the Central Pacific by bringing the business of the Atlantic and Pacific and of the Southern Pacific with all its eastern connections over that portion that was consolidated into the aided line.

POLICY OF CONSOLIDATING THE ROADS.

Q. Some questions have been asked by the Commission of various witnesses as to the policy of consolidating the roads that you obtained control of, such as the ferry lines between San Francisco and Oakland and Alameda, and the California and Oregon and the San Joaquin Valley, with the main line of the Central Pacific. Will you explain in what way that affected the interests of the Government?—A. It was of the greatest advantage to the aided line to have these unaided lines consolidated into the company. They are to-day the most valuable portion of the Central Pacific property, by far, and if the Central Pacific shall ever have the ability to pay off its obligation to the Government it will be through the advantages of those roads.

Q. Through the earnings and increase of value from those roads?—A. Yes, sir; so far as the stockholders in those roads were concerned it was a great misfortune to them to be consolidated with the Central Pacific.

NECESSITY FOR CONTROLLING SOUTHERN PACIFIC.

Q. Will you explain the necessities that arose for your control of the Southern Pacific line, and the continuing of that line to an eastern connection?—A. Well, the necessity for obtaining control of the Southern Pacific Railroad was based really upon the act of Congress providing for its construction. It became apparent that if that line was constructed entirely independent of those who were interested in the Central Pacific it would become a dangerous rival, not only for the through business from the Atlantic Ocean, but it would enter into active competition for the local business of California. It was of paramount importance that that road should be controlled by the friends of the Central Pacific; and all our anticipations consequent upon the control of that road have been realized. It has worked in harmony and has added largely to the business of the Central Pacific in part by causing the business coming over the Sierra Nevadas through Tehachapi Pass, all of it, whether from the Atlantic and Pacific, the Atchison, Topeka and Santa Fé, the Texas Pacific, or the Southern Pacific itself, to pass over the line of the Central Pacific through the San Joaquin Valley from Goshen to San Francisco.

CONSTRUCTION COMPANIES PAID IN BONDS AND STOCK.

Q. In the construction of the various branch roads and feeders in which the various construction companies of which you have been a member have been engaged, did the construction companies ever receive for the construction of such roads anything but the bonds and stock of the roads so constructed?—A. No. Nothing else that I remember of in any case.

Q. The money used for the construction was furnished by the stockholders of the different companies?—A. The construction companies may have been furnished with money as they were largely by their own stockholders, and then they used their credit.

Q. Can you call to mind any case in which the construction companies could at the termination of the construction of any road have obtained the cost of construction back by the sale of bonds and stocks which it received in payment?—A. No. There was no one of the companies the bonds of which could be sold at the time of the construction for money enough to build the road.

Q. After those roads were finished the construction company had to keep the bonds and stock received in payment until the business of the road was developed and the value of the bonds made manifest to the public?—A. Yes; that was so.

DIVIDEND OF WESTERN DEVELOPMENT COMPANY INSTIGATED BY D. D. COLTON.

Q. In the examination of Mr. Douty before this Commission the records of the Western Development Company have been put in evidence, and it is made to appear from the minutes of that company that on the 4th day of September, 1877, a dividend was declared of certain bonds and stocks purporting to be from the surplus profits of that company. Mr. Douty has said in his answer to the Commission that that resolution authorizing that dividend was prepared and passed at the instigation of Mr. David D. Colton, who was then controlling the financial affairs of that company, and that the other stockholders, yourself, Mr. Huntington, Mr. Hopkins, and Mr. Crocker, were, as he subsequently found out, not cognizant of that resolution or the declaration of that dividend. He has also said that a portion of the bonds which came to Mr. Colton as his share of the dividends had been previously used by him to raise money for his own purposes. Will you give the Commission such knowledge as you have about the declaration of that dividend, and what action you subsequently took about it?—A. I was not an officer of the Western Development Company; and the first that I knew of the dividend was that some one got into my room a quantity of Southern Pacific bonds. Upon inquiry I learned that it was a dividend that had been declared by the Western Development Company.

DIVIDEND OUGHT NOT TO HAVE BEEN MADE.

Q. How long was that after the declaration of that dividend, do you remember?—A. When I was informed by General Colton what this dividend was for, I did not approve of it. I knew that the company was largely in debt, and I did not think the assets justified a dividend. I thought they were taking out of the company assets that would be needed to pay off the debts of the Western Development Company. It turned out that the dividend ought not to have been made, considering

the assets of the company and its indebtedness. We never returned that dividend; we held it for five or six years, when the road became established and the value of it known, when the bonds found a market.

ORIGIN AND PURPOSE OF LEASING CENTRAL PACIFIC.

Q. The Commissioners have evidently wanted as much explanation as they could get about the lease of the Central Pacific Railroad to the Southern Pacific Company. If I understand you, you gave a great deal of time to the preparation of this lease, and was careful to see that the interests of the Central Pacific were not neglected. I would be glad if you would explain that lease in detail, the inspiration of its origin, and the purposes for which it was made.—A. The principal object in making that lease was the mutual interests of the Central and Southern Pacific Railroad Company. The Central Pacific had formerly leased the Southern Pacific Company, but in the course of time the Southern Pacific road had constructed and consolidated until they had an entire line from San Francisco to the Atlantic Ocean, with extensive branches, with also a large fleet of steamships running from New Orleans to various ports on the Atlantic, and to Mexico. Its interests were too varied, too uncertain, and too large for the Central Pacific to control. Its interests were much more important than the Central Pacific itself, the Southern Pacific altogether having 2,885.70 miles of road, while the Central Pacific had 1,660.63, including that portion of the Oregon lines recently constructed. The object of the lease was, as I have said, for the interests of both roads. It was made so that one road could [illegible] profit at the expense of the other. The lease provides for its [illegible]tion from time to time as the interests of one or both companies may require. It will be seen from reading the lease that it is provided that if either party is benefited at the expense of the other, then the agreement shall be revised and changed so that such will not be the operation thereof; and it further provides that all matters of dispute shall be left to skilled and impartial arbitrators; that if any legislation or governmental action hereafter be had which in the opinion of the Southern Pacific is in hostility to the Central Pacific, the Southern Pacific may, on notice, terminate the agreement, or may submit to arbitrators the manner of providing for such changes or revisions. Therefore it will be seen that in this lease the interests of both companies are well and faithfully guarded. It is certain that in its operation the interests of the United States and the aided roads have not been in any manner infringed upon, but have been promoted.

STEPS TAKEN TO SECURE ROUTE IN NEVADA.

Q. Some question was asked by the Commissioners, I believe of yourself, about the route that was adopted through the State of Nevada. What steps did you take, in addition to obtaining reports of your engineers, to obtain information as to the best route to be adopted?—A. We inserted advertisements in the papers requesting information in regard to various routes. We availed ourselves of whatever information we could obtain, and the engineers who made examination of the various routes suggested declared that the one finally adopted was the best possible. I believe the principal engineers connected with the road up to this time have never had any doubt but what the route

adopted was the best. My attention has been called to a notice which was published at the time it bears date, which reads as follows:

PACIFIC RAILROAD NOTICE.

The Central Pacific Railroad Company of California, desirous of obtaining full information with regard to routes across and passes through the Sierra Nevada Mountains, will receive information and give due consideration to the merits of routes other than that surveyed by them; provided, that proper surveys or reconnaissances are made of such routes in the usual manner by competent engineers, and furnished to them before the first day of October, 1862.

LELAND STANFORD,
President.
MARK HOPKINS,
Secretary.

Dated SACRAMENTO, *August* 22, 1862.

NO DIVERSION OF FUNDS TO BUILD OTHER ROADS.

Q. It has been said, and as I understand it is one of the grounds upon which gentlemen in both houses voted for the bill authorizing this Commission, that the moneys and earnings of the Central Pacific Railroad Company have been used to build other roads that were incorporated with the Central Pacific. Is that true?—A. No money to my knowledge was ever diverted from the Central Pacific except for a consideration in a fair business way. It never diverted anything to any other roads, directly or indirectly.

Q. It has been said also that the constructions companies built other roads, using the moneys and credit of the Central Pacific. Has there been any case where the Central Pacific has loaned any of its funds that it did not loan them on the same terms and the same rate of interest as any other person would have loaned it?—A. No. It never loaned any money where it did not receive full repayment with interest.

ASSETS OF CONTRACT AND FINANCE COMPANY INSUFFICIENT TO PAY ITS DEBT.

Q. It is in evidence here by the testimony of Mr. Brown, who was secretary of the Contract and Finance Company, that after it had built that portion of the Central Pacific Railroad Company from the eastern boundary of the State of California to Promontory Point, and had performed all its contracts towards the Central Pacific that it had undertaken, that it received payment in accordance with those contracts in money and stocks; that it had expended all the money so received in performing such contracts, and had borrowed and expended for a like purpose somewhere about three and a half millions of dollars, and that it had as against the money that it borrowed about twenty-three millions of stock of the Central Pacific Railroad Company. This was about the date that the two roads were connected, May 10, 1869. From what you knew of the estimate at which that stock was held, either in the markets of the Pacific or in the Atlantic market where stocks were bought and sold, could that debt of three and a half millions have been realized from the sale of stocks which the Contract and Finance Company then had?—A. I do not think it could have been disposed of at all to realize any money; but certainly not such an amount as that.

NO DESIRE TO DISREGARD GOVERNMENTAL RIGHTS.

Q. Having in view the purposes of this inquiry and the misapprehension that has existed which has led to the passage of the bill authorizing

it, I wish you would express your opinion whether during your administration as the president of the Central Pacific Railroad Company, from its incorporation to the present time, there ever has been any desire or intention or any act done, permitted, or suffered by your knowledge, by which it has been intended to disregard the rights of the United States as a contracting party with you, or whether in your judgment such has resulted from any of the acts which have been done by the company which could in the ordinary course of business have been prevented?—A. Never. Nor did I ever entertain serious doubts about the Central Pacific's ability to meet its obligations to everybody, the Government included, until I saw the effect of the diversion of business, and the influence upon rates by the competing lines of roads. Except for that interference, with the earning capacity of the Central Pacific, it is apparent that it would now be abundantly able to meet its obligations to all parties, the Government included, even if the equities which I maintain justly ought to be considered were not allowed. As it is, as I think, the Government cannot fail to allow us the equities, it will still be able to meet all its obligations.

IF GOVERNMENT HAD PERFORMED ITS OBLIGATIONS THE COMPANY WOULD ALSO.

Q. I suppose I might condense your views into this, that if the Government of the United States had performed its part of the contract there would have been no doubt about your performing your part of it?—A. According to my judgment. Let it be understood I have raised no objection to the committee having every information we could furnish excepting in the one matter which I deemed entirely immaterial to the Government, furnishing the names of confidential agents where I thought it might be prejudicial to their interest and necessarily also to the interests of the Government, the Government being always interested in the prosperity of the road.

RESOLUTION TO ESTABLISH A SUNKING FUND.

Q. It appears on the minute book of the Central Pacific Railroad Company that the board of directors, January 30, 1878, passed a resolution establishing a sinking fund to provide for the payment of the entire debt to the United States. And it appears that after the passage, on May 8, 1878, of what is known as the Thurman bill, the effect of that resolution was suspended until the validity of the Thurman bill could be judicially determined. I read you these resolutions, not alone for your information, but for the information of the Commission:

Whereas this board is credibly informed that the efforts of this company to come to an amicable settlement with the representatives and officers of the United States as to the time and manner of payment of the claims arising out of advances of its thirty-year currency bonds in aid of construction, and the interest thereon, are likely to come to no satisfactory result, by reason of illegal and inequitable demands of the agents of said Government, to which this company cannot assent;

Whereas three years have elapsed in fruitless negotiation with a view to framing a new and more effectual arrangement, in which the rights and equities of both parties should be considered and respected, and by which every dollar which has been advanced as interest or principal sums would be restored to its treasury, so that the Government might secure not only all of the benefits and advantages from the creation and use of the railroad itself, as contemplated by the original act, but also the payment of its expenditures therefor, which at the inception of the work was regarded as doubtful and unimportant; and

Whereas the Secretary of the United States Treasury, under the pretended authority of an act of Congress making appropriations for the legislative, executive, and ju-

dicial expenses, approved March 9, 1873, has retained and withheld from this company large sums of money, now amounting to about $1,500,000, which have been earned and are due under its contract, and which the courts have adjudged to be payable under the Constitution and laws of the country, but which are, nevertheless, and as is believed arbitrarily and wrongfully, still withheld, to the manifest injury of the company and in derogation of its rights: Now, therefore,

Be it resolved, That the secretary be, and he is hereby, directed to ascertain, as nearly as may be estimated, the amount of said United States subsidy bonds and the interest thereon which will remain unpaid and unliquidated at their maturity after deducting the probable current repayments by one-half the compensation for transportation on behalf of the Government, and also the sums due and payable annually as 5 per centum of the net earnings after the completion of the whole railroad, as required by the act of 1862, and to compute therefrom the sums necessary to overtake and cancel said remainder of indebtedness by the date of maturity, if invested in a sinking fund with an interest accumulation of four (4) per cent. semi-annually.

And be it further resolved, That thereupon the treasurer of the company be, and he is hereby, authorized and required to commence such special sinking fund by first payment thereto on or before the first day of September next, and to apply like sums thereto on the first day of September and March thereafter, by investing them with all accretions of interest thereon as it shall mature, and upon good and sufficient security, to the best advantage, as directed by the finance committee, to the end that such remainder of the indebtedness may be fully discharged and paid at maturity from the proceeds of said sinking fund.

And be it further resolved, That the agent, attorney, and counsel of the company be, and they are hereby, instructed and requested to take such steps as may be deemed necessary and advisable to recover from the United States all sums due and withheld from the company, and such sums, with interest that may be recovered thereon, when received, shall also be placed to the credit of said sinking fund, and invested to the best advantage in like manner as above described.

And be it further resolved, That if, by reason of a low rate of interest prevailing on first-class investments within this State, or if, for any other cause, it shall appear to the finance committee that said sinking fund is unable to earn and accumulate at the aforesaid rate of eight (8) per centum per annum, then and in that case they shall cause a proportionately larger sum to be applied semi-annually to said fund, so as to make up any deficiency. And all said sums shall be appropriated from the common treasury of the company out of any moneys remaining after the payment of operating and administrative expenses, the interest upon its debt, and the installments to the several sinking funds provided therefor, and before any moneys shall be paid out as dividends upon the capital stock. And in case the amount earned for Government service shall be larger than estimated, or the 5 cent. of the net earnings shall be larger than estimated, then there may be deducted from the yearly amount set aside for said sum the annual excess from both or either of said sources.

What explanation do you desire to make about this matter?—A. Well, at that time the prospect of the road was so good that we did not doubt our ability to comply with those resolutions and set aside such funds as seemed to be necessary to meet the obligations that would be due to the Government at the maturity of the bonds. When the Thurman bill was passed we considered that the Government itself had determined how the company should meet the maturing indebtedness to the Government, and that the effect of the resolution should be suspended until it was ascertained whether the Thurman bill was valid or not.

CONTRACT AND FINANCE COMPANY'S INDEBTEDNESS TO CENTRAL PACIFIC.

Q. I call your attention to the testimony given by you on August 3, in reply to a question by Mr. Anderson, asking you to explain the minutes of the Central Pacific of September 2, 1873, with reference to the notes made by yourself, Mark Hopkins, and C. P. Huntington, amounting to $5,700,000, indorsed by said Contract and Finance Company. Do you wish to add anything to what you said in your answer on that occasion?—A. Only this: That that was an indebtedness of the Contract and Finance Company to the Central Pacific for money had from

time to time, and that we became responsible in connection with the Contract and Finance Company for the money, and the money was paid to the Central Pacific with interest. The Central Pacific suffered no damage or loss from that transaction.

LELAND STANFORD.

SAN FRANCISCO, *August* 31, 1887.

ALFRED E. DAVIS, having been duly sworn by L. S. B. Sawyer, commissioner of the United States circuit court, testified as follows:

Examined by Mr. COHEN:

Question. Where do you reside?—Answer. I reside in this city.

Q. How long have you been a resident of California?—A. Nearly thirty-nine years, with probably an intermission of five and four years in the State of Nevada.

Q. What year did your come to California?—A. I arrived here in May, 1849.

Q. In what part of California did you live in 1849?—A. I lived in this city.

Q. Are you acquainted with the Sacramento River and the city of Sacramento?—A. I have had a familiar acquaintance with it from 1849 to this time.

TOPOGRAPHY OF SACRAMENTO.

Q. State your knowledge of the topography of Sacramento and the surrounding country as you first knew it in 1849.—A. The site of the city of Sacramento as I saw it in 1849, in July, was a low deposit of sandy loam, the banks of the river bordered here and there by cotton-wood trees.

Q. The city was not leveed at that time?—A. No levee whatever.

LEVEES IN FRONT OF SACRAMENTO.

Q. State the condition of the Sacramento in front of the city and at the point of its junction with the American River in 1849.—A. I saw the first levees that were built. They were totally insufficient for the protection of the city from the waters of the river.

Q. What was the experience with the levees first built in 1851-'52?—A. The levees were entirely overflowed and were practically useless as to holding the waters off of the city.

Q. The city of Sacramento was overflowed that winter for how long?—A. Oh, several weeks. A long time.

CHARACTER OF THE COUNTRY WEST TO THE MOUNTAINS.

Q. Give your experience of the country between the city of Sacramento and the western slope of the Sierra Nevada Mountains, the character of the country?—A. Well, that question is broad and general. You can get a much more specific answer by carrying the question within the limits of the city of Sacramento and the American River and the Norris Ranch up to Arcade. That was about the limit of the high water, Arcade. You could arrive at the condition of the waters on the American River and in the city of Sacramento and the Yolo country by finding the altitude of this point just mentioned. I sup-

pose that that district of country spoken of at that time was 10 feet under water.

Q. What time are you speaking of now?—A. The first flood after my arrival in this State. I think that was in 1850.

Q. Mr. Davis, you know that the Central Pacific Railroad commences on the Sacramento River and then runs in an easterly direction along the American River Slough for three miles to where it crosses on the bridge over the American River proper?—A. Yes, sir. I know that.

Q. At the time you first saw the American River what was its condition as to banks? How high were the banks opposite Sacramento when you first saw it?—A. You mean as distinguished between high and low water?

Q. Yes. The banks of the stream.—A. During the summer or winter?

Q. I mean how far from the bed to the top of the bank in 1850?—A. That depended upon the stage of the waters. The river fell or rose in proportion to the season—dry or wet.

Q. There were no tailings in the stream then?—A. No. The débris had not reached there. It had not even reached Marysville at that time.

Q. What had occurred up to 1861 and 1862?—A. Hydraulic mining became active. Then the bottom of the river began to fill; consequently the waters would rise in proportion to the filling of the bottom of the river by the débris coming down.

THE LEVEES A NECESSITY.

Q. When this road was commenced what had to be done to construct a road? What was necessary to be done to construct that road from the Sacramento River to the American River bridge, a distance of three miles?—A. There was no alternative but to raise the old levee with the filling of the river. Probably that country has been filled up 30 feet from its natural condition when I first saw it.

Q. Who filled that up where the road is built?—A. The Central Pacific.

Q. Was that heavy or light work?—A. It was very heavy; very vast.

Q. What protection did they have to give that as against the waters of the American River? Any riprapping, heavy stone riprapping?—A. Great deal. A great deal. In addition to the exertions they used in riprapping they were compelled to raise the land; to raise the whole substructure by filling.

A VERY EXPENSIVE ROAD TO CONSTRUCT.

Q. Was that an expensive road to construct?—A. Well, undoubtedly; from the very nature of their immense filling; because a mere embankment on the railroad in a freshet there would amount to nothing whatever. The levees had to be made probably from four to six times the natural width. Being a sandy loam, there would be no protection except by very wide embankments, and high, in addition to the riprapping, to make them stand. In other words, the work to be done would be an unknown quantity. If they had had a natural upland bank to put the track upon, it would have been much to their advantage. But they had to make the bank by leveeing the whole country along there for various widths.

THE SCHEME CONSIDERED CHIMERICAL.

Q. Was the difficulty of constructing and maintaining a road on the route of these three miles much discussed at the time by the people who

knew the country?—A. We thought that it was almost impossible to do it. It was as chimerical as to their being able to make an embankment of railroad bed to stand there as it was that Sacramento could ever be lifted out of the water. That was the comparison. Nobody believed it could be done. Nobody was willing to invest in property in Sacramento on account of these enormous costs. I speak of the raising of the town of Sacramento. It had the same relation to the realty of the town as the construction of the railroad had.

DIFFICULTIES IN CONSTRUCTING BRIDGE OVER AMERICAN RIVER.

Q. At the end of this three-mile section a bridge is constructed across the American River?—A. Yes, sir.

Q. What difficulties were there in constructing the bridge?—A. Very great; because at that time the natural stream had been filled with débris from the mountains, shifting quicksand; that, being lighter material, floated down the rivers, and has kept filling until it has made a very large impression upon the bay and harbor itself of this city.

Q. The depth of tailings and débris from the mountains at the American River bridge is about 30 feet, is it not?—A. Fully that.

Q. It has raised the river that much above the bed?—A. Yes, sir; and from that fact high water of the American River jumps out of its natural banks and precipitates itself against the road bed and levee in front of the city of Sacramento on the American Slough.

NATURE OF THE COUNTRY UP TO ARCADE.

Q. From the American River up to Arcade what is the nature of the country?—A. After crossing the bridge and a long trestle you begin to strike the natural formation of the land. It gradually rises into a more solid formation until you get to Arcade.

Q. And from Arcade to the geological foot of the mountains, or Newcastle.—A. Well, from Arcade to Pino or Rocklin or Rosedale Junction then would begin to encounter rocks; a rocky country, with undulating or rolling hills, with streams carrying a great deal of water during the wet season.

Q. From Roseville Junction, say to Auburn?—A. Well, all heavy cuts and fills.

Q. At Newcastle there was a very heavy trestle?—A. Yes, sir.

Q. About how high?—A. I do not know. I should judge from my general knowledge it must have been 70 or 80 feet above the bottom of the cañon.

Q. How long?—A. The entire length of it I should judge would be from out to out in the neighborhood of 1,000 feet; running from nothing down to 70 feet above the bottom of the cañon.

Q. What is the nature of the country and how heavy is the work from Auburn up to Emigrant Gap where the prominent snow line commences?—A. It grows heavier constantly; heavier cuts and heavier fills.

Q. From Emigrant Gap to the summit of the Sierras, seven thousand and odd feet above the level of the sea, what is the nature of country?—A. Very abrupt; sharp, rocky cañons and heavy trestles; most difficult to overcome under favorable conditions.

COMPARATIVE DIFFICULTIES OF CONSTRUCTION.

Q. Well, how was the work of construction upon that line, the conditions as you knew them considered, compared with that of any other

railroad that you are acquainted with in the United States?—A. Well, I do not know much about other railroads except in this State; but I know as to the time and the condition of things at that time that it was considered almost insurmountable.

Q. What were those conditions? How was the snow-fall?—A. The first difficulty was the want of knowledge on the part of contractors, and the want of appliances at that time; the conditions of labor and the surroundings of every description; high freight and the isolated condition of things generally made many difficulties in construction that could only be understood by those who would be familiar with it at the time. At this time, of course, after these things had been accomplished, it would not seem so insurmountable as it did at that time.

Q. The permanent snow belt commences about Emigrant Gap.—A. Well, or Blue Cañon.

THE AVERAGE SNOW-FALL.

Q. And extends across nearly to Truckee. About how deep would the snow fall there? What was the average snow-fall on that line?—A. The average snow-fall on a level would be about 30 feet for the season; but the snow was regulated by the cañons and the wind currents, &c., which would make necessary embankments sometimes 100 feet or more high. Heavy bodies of snow hanging on the mountains and sliding down, so it would be almost impossible to measure just what those difficulties were; I think beyond human calculation to tell just what relation they would have.

Q. You have been over it since the road was completed?—A. Many times.

CHARACTER OF WORK VERY HEAVY.

Q. Taking the general character of the work, what is it? Very heavy?—A. Decidedly heavy. I say "decidedly" don't express it.

Q. Where were you living at the time work was being prosecuted on that road?—A. In Virginia City, Nev.

Q. What was your business then?—A. Mining.

Q. Did you have occasion ever to cross the mountains during the winter?—A. Yes, sir; frequently. I would say that I crossed the Sierra Nevada Mountains in April, 1860, and up to the completion of the Central Pacific Railroad to Reno I probably crossed fifty times.

Q. Were the difficulties great in crossing?—A. Yes. I have been seven days from Carson to Placerville, a distance of about 75 miles.

PRICES OF SUPPLIES IN CARSON VALLEY.

Q. Do you know at the time what the prices of hay, barley, and such supplies as would be used in feeding men were at, say, Reno?—A. I found on my first trip over, there being at that time no other mode of getting across except by horseback, I had to pay 25 cents a pound for hay and 25 cents a pound for barley.

Q. Where?—A. In the Carson Valley. I never was able afterwards to procure barley for less than 5 or 6 cents a pound and hay $50 or $60 a ton until the completion of the railroad.

Q. You have a knowledge, of course, from your experience there, what were the prices of provisions and hay and grain, the prices which persons constructing the Central Pacific road would have to pay, say from

a point near the summit to Reno?—A. They were affected by the same rules; flour and provisions of every description.

PRICES PROPORTIONATELY HIGH IN SAN FRANCISCO.

Q. Can you give some of the prices that the contractors would have to pay?—A. I do not know now that I could. I have got my old books and accounts. I could turn to them. I know they were proportionately high as 5 cents a pound would be for barley. Wheat, flour, and provisions of every description were in proportion. In the market in San Francisco, when everything had to be obtained across the Isthmus or around Cape Horn, prices were generally much higher here in this city. And the freight would regulate the price anywheres in the snow belt of the Sierra Nevada Mountains.

12½ CENTS A POUND FOR FREIGHT ACROSS SIERRA NEVADAS.

Q. Do you know what was paid in 1862-'63 per pound for hauling freight across the Sierra Nevadas?—A. Yes; I paid 12½ cents a pound from Folsom; and I paid the same from the first station out when they began to use the Dutch Flat road, Newcastle.

Q. After the road was completed to Newcastle you paid as high as 12½ cents a pound for freight?—A. From there to Carson City.

Q. Was that the ruling rate?—A. Yes, sir; I got my freight as low as anybody. I used a good deal of exertion to get teams at that, and paid my freight promptly.

COULD NOT GET IT AT ANY PRICE IN WINTER.

Q. As the winter months approached, how was it?—A. Could not get it over at any price. That is, the freights would go over as early as the roads could be made passable.

Q. A force working in the mountains on the road during the winter months would have to be supplied by pack trains and carrying provisions on the backs of men, would they?—A. No other mode.

Q. And the expense would be very much increased?—A. Why, of course. Whenever you employed pack trains you would frequently for short distances have to pay 12, 15, or 20 cents a pound to pack 30 miles.

ENGAGED TEN OR ELEVEN YEARS IN BUILDING RAILROADS.

Q. What business have you been engaged in in the last few years?—A. Well, I have been a general operator one way and another all the time during my residence on this coast, mining; and the last ten or eleven years I have been engaged in building railroads.

Q. From what points?—A. I built a railroad and ferries from San Francisco to and across the Santa Cruz Mountains to the city of Santa Cruz.

Q. That railroad and ferry was run in opposition to the Central or the Southern Pacific?—A. Well, I never said opposition. In competition—close competition.

Q. Have you been acquainted with Governor Stanford, Mr. Hopkins, Mr. Crocker, and the directors of the Central Pacific Railroad?—A. I have known all those gentlemen for many years; never intimately.

Q. Never had any business connections with them?—A. Never; except what freights I may have had going over the road.

CONSTRUCTED SOUTH PACIFIC COAST RAILROAD.

Q. The road that you constructed was the South Pacific Coast Railroad?—A. Yes, sir.

Q. Was it constructed under your own superintendence?—A. Yes, sir. I was president, treasurer, and general manager for more than ten years.

Q. In what years?—A. Commencing in 1876.

Q. Then you used in the construction of tunnels and in rock work gh explosives, did you?—A. Yes, sir.

Q. They had none at the time this road was constructed?—A. No, if you mean the Central Pacific.

Q. Did you use the Burley drill in your tunnels?—A. Yes, sir; that kind of drill was unknown in those days when the Central Pacific was constructed.

Q. You have said that you know from actual observation the character of the country over which the Central Pacific Railroad runs from Sacramento City, say as far east as Reno?—A. Yes, sir.

Q. You have also said that you knew the prices of provisions, labor, and of such supplies as would go to make up a railroad then, iron, &c.?—A. Yes. I know the general business conditions of the country; at all times have been operating very largely then and since, to the extent of many millions of dollars.

Q. You have crossed the Central Pacific several times and know something about the character of the work?—A. I think I have a fair judgment of it.

CENTRAL PACIFIC COULD NOW BE BUILT FOR LESS THAN HALF ORIGINAL COST.

Q. From your experience in railroad conditions, in railroad construction, from your knowledge of the present price of labor and railroad material and your knowle.lge of the character of the Sierras over which this line is constructed and the conditions under which it was constructed, what would be your estimate of the difference between the cost of building that railroad now and what it actually cost to construct it at the time it was built?—A. More than 100 per cent. difference between then and now. I judge by comparison. I built a road here commencing in 1876. I bought rails at $60 a ton. I can produce vouchers to show that the South Pacific Coast Railroad cost $50,000 a mile and more from Alameda Point, including ferries, to Santa Cruz, after all the new appliances and past experiences were taken advantage of. I say new appliances; I mean the use of high explosives and the Burleigh drills, the better settlement of the country and the better supply of labor, and lower prices for rails and ties and all materials.

THE PROJECTORS THOUGHT TO BE "A LITTLE OFF."

Q. You are satisfied now if there were no railroad from Sacramento to Reno that one could be constructed for one-half less than it actually cost to construct the Central Pacific at the time it was built between those points?—A. I think it is quite proper and truthful to say that probably it could be built for half the money now, but it must be borne in mind constantly that comparison is all I can judge by. Who, at any time formerly, would have thought that we could build an iron cruiser

in San Francisco ever? Yet you have an iron cruiser now, here, being constructed in San Francisco, competed for against the great industries of the East. We find that they are building an iron cruiser here for the United States Government. The man who would have attempted to say that he could build an iron cruiser here at that day would have been considered insane. I say the same rule would apply to railroads, and especially over the Sierra Nevada Mountains.

Q. In other words you thought that the men who were constructing the Central Pacific or undertaking to do it were insane?—A. We thought they were a little off. Yes; that is what we all thought.

ALFRED E. DAVIS.

Subscribed and sworn to before me this 6th day of September, 1887.

L. S. B. SAWYER,
Comm'r U. S. Circuit Court, Nor. Dist. Cal.

SAN FRANCISCO, *August* 31, 1887.

F. S. DOUTY, a witness heretofore sworn by the said Commission, and who has testified before it, comes, in pursuance of an arrangement made between the Central Pacific Railroad Company and the said Commission for the taking of further testimony in San Francisco, and testifies as follows:

RESOLUTION TO ACCEPT INDIVIDUAL NOTE FOR CENTRAL PACIFIC DEBT.

Examined by Mr. COHEN:

Question. On the books of the Western Development Company of September 15, 1875, appears the following resolution:

Whereas Leland Stanford, C. P. Huntington, Charles Crocker, and Mark Hopkins are owing to the Central Pacific Railroad Company the sum of $878,847, and were owing said company said sum of money on the 1st day of January, 1875, and

Whereas the said Leland Stanford, C. P. Huntington, Charles Crocker, and Mark Hopkins ask to make their promissory note for said amount to said Central Pacific Company, bearing date of January 1, 1875, and payable two years thereafter, with interest at the rate of 10 per cent. in gold coin, and

Whereas said Stanford, Huntington, Crocker, and Hopkins proposed and agreed to deposit with said Central Pacific Railroad Company 17,597 shares of the capital stock of said last named company in pledge to secure the payment of said note and save this company harmless, and

Whereas this company is willing to accommodate said parties; now, therefore

It is ordered, That the promissory note of this company for the sum and of the tenor above stated be made and delivered to said Central Pacific Railroad Company on the deposit with said company by said Stanford, Huntington, Crocker, and Hopkins of the shares of stock above mentioned.

AN EXPLANATION OF THE TRANSACTION.

Governor Stanford, in his testimony of August 3, 1887, was asked to explain this transaction, but he had no recollection of it. I will ask you to explain what that transaction really was?—Answer. The resolution of September 15 is entirely misleading. The note which the said Western Development Company authorized its officers to execute was for the benefit of the Western Development Company, and was used in its business, was to all intents and purposes borrowed for its account.

The Western Development Company executed a note bearing date the 1st of January, 1875, to the order of the Central Pacific Railroad Company, which was signed by myself as president and A. C. Irwin as secretary. For the further security of the Central Pacific the note was indorsed by Charles Crocker, Mark Hopkins, C. P. Huntington, and Leland Stanford by C. Crocker, attorney.

I imagine from this indorsement that Governor Stanford must have been absent at the time.

Q. Can you say who furnished that resolution to you which appears on the books of September 15, 1875?—A. I cannot say positively; but this, as all other business at that time relating to the Western Development Company was generally under the instructions of General Colton, and I assume this to have been no exception to that rule.

F. S. DOUTY.

JOHN PUTNAM JACKSON, having been duly sworn, by L. S. B. Sawyer, commissioner of the United States circuit court, testified as follows:

Examined by Mr. COHEN:

Question. How long have you lived in California?—Answer. Since January, 1869.

PRESIDENT OF CALIFORNIA PACIFIC RAILROAD COMPANY.

Q. You were president of the California Pacific Railroad Company?—A. I was.

Q. From when to when?—A. I cannot give you the exact date. I was president of it over eighteen months; during the years 1870 and 1871; perhaps a part of 1872.

Q. Were you acquainted with a corporation or association known as the San Francisco Transfer Company, at any time?—A. I was.

Q. When?—A. About the years 1870-'71.

Q. And after?—A. After and ever since.

Q. Were you acquainted with the firm of Kennedy & Long?—A. I was; Kennedy, Long & Co.

Q. And with Mr. M. G. Kennedy?—A. With Mr. M. G. Kennedy, individually.

FINANCIAL STATUS OF SAN FRANCISCO TRANSFER COMPANY.

Q. What information can you give about the affairs of the San Francisco Transfer Company, Kennedy & Long, or Mr. Kennedy, about the years 1871-'72?—A. At the time mentioned, namely, about the year 1871, Mr. M. G. Kennedy, of the firm of Kennedy, Long & Co., doing business as the San Francisco Transfer Company, came to me and represented that he had a great number of small creditors that were embarrassing him, and that if he could get his indebtedness capitalized or lumped, it would relieve him from embarrassment and enable him to do a more effective business. He represented that $10,000 would do this. I thereupon loaned him $10,000, taking the note of the Transfer Company and Kennedy, Long & Co., and stock of that Transfer Company as collateral security for the payment of the note, which note I think bore interest at the rate of 1 per cent. a month. The note ran

along for some time past due, and I was unable to collect the interest. On examining into the affairs of the company, I found that it was embarrassed by a number of other creditors whom he was unable to pay, and he thereupon asked me to come into the company and take charge of it, and run its affairs. I examined into it and found it in so bad a condition, that I declined to have anything to do with its management. The creditors were embarrassing the business on all sides, and the indebtedness of the firm rendered them unable properly to transact their business. Thereupon I opened negotiations with two gentlemen, named Evan J. Coleman, and J. Henley Smith, which resulted in my selling to them the note and stock of the Transfer Company, which I held as collateral, which gave them a controlling interest in the company, and resulted in their succeeding to the business.

OFFICERS OF CENTRAL PACIFIC NOT CONCERNED IN SALE.

Q. During your relations with Kennedy, Long & Co., and the sale of the note and stock to Coleman and Smith, and the proceedings which followed, and which transferred the control of the company to them, did you have any conversation with Governor Stanford, or any of the officers of the Central Pacific?—A. I had nothing whatever to say to or do with them or any of them. The transaction was an abstract business proposition on my part, accepted by these two gentlemen without any reference whatever to the railroad company.

Q. At the time that Leland Stanford, C. P. Huntington, and Mark Hopkins obtained the control of the California Pacific by the purchase of a majority of its stock you were its president?—A. Yes, sir.

PURCHASE OF CALIFORNIA PACIFIC BENEFICIAL BY CENTRAL PACIFIC.

Q. I wish you would state for the benefit of the Commission your views upon the desirability of the purchase with reference to the interests of the Central Pacific Railroad Company, whether, in your judgment, it was a proper and beneficial thing to do for its interests, and why?—A. I was president of the road at the time, and much as I personally regretted the sale of the road, I could not but see that it was a most beneficial thing for the owners of the Central Pacific Railroad to do. In fact, I regarded it as nearly an absolute necessity for them to own that road; some of the reasons being that it was the shortest road between the commercial and the political capital of the State; that is, San Francisco and Sacramento, being 83 miles against 138 as run by the Western Pacific Railroad. The time was three and a half hours against five hours by the other route. The road was so popular that it took the great majority of the business between San Francisco and Sacramento, many persons disregarding their ticket already purchased by the longer route and paying extra to go on the shorter one. It brought a great deal of business to the Central Pacific Railroad which it otherwise would not have received, and made the road much more popular than any other single act could have done at that time. It was no unusual thing for parties coming overland, who had tickets to San Francisco to stop at Sacramento, disregarding the remaining coupons of their ticket, and buying a new ticket to ride over the California Pacific Railroad to San Francisco. The purchase of this road certainly brought money to the coffers of the Central Pacific.

PROPORTION OF LOCAL BUSINESS DONE BY CALIFORNIA PACIFIC.

Q. About what proportion of the local traffic between Sacramento and San Francisco was being done by the California Pacific as against

the Western Pacific?—A. We claimed at that time that we did three-quarters of the passenger business.

Q. At the time that Stanford, Huntington, and Hopkins took the majority of stock in the California Pacific were not the directors and owners of the latter attempting to float a scheme for the extension of the California Pacific by way of the Beckwith Pass to a connection with the Union Pacific at or near Ogden?—A. Yes, sir. That was called the California Pacific Railroad Extension Company; and had not the California Pacific Railroad been sold to the owners of the Central Pacific the connection would doubtless have been made with the Union Pacific, as this could readily have been done for less, it was thought, than one-half of the cost of the Central Pacific Railroad. The Central Pacific Railroad was built under such circumstances of pressure as to time and difficulty of realizing on its securities and the great cost of material at that time, being shortly after the war, that the new road projected by the California Pacific could have been built at a very much less cost, to wit, one-half, and would not have been burdened when finished with the indebtedness that handicapped the Central Pacific. I may say that it was a constant threat that some other company would parallel the Central Pacific, which the Central Pacific had to guard against by every means in its power.

J. P. JACKSON.

Subscribed and sworn to before me this 31st day of August, 1887.

L. S. B. SAWYER,
Comm'r U. S. Circuit Court, Nor. Dist. Cal.

50TH CONGRESS, 1st Session. } SENATE. S. P. 60 { EX. DOC. 51 Part 6

TESTIMONY

TAKEN BY

THE UNITED STATES PACIFIC RAILWAY COMMISSION

APPOINTED

UNDER THE ACT OF CONGRESS APPROVED MARCH 3, 1887, ENTITLED "AN ACT AUTHORIZING AN INVESTIGATION OF THE BOOKS, ACCOUNTS, AND METHODS OF RAILROADS WHICH HAVE RECEIVED AID FROM THE UNITED STATES, AND FOR OTHER PURPOSES."

ROBERT E. PATTISON, OF PENNSYLVANIA, *Chairman*,
E. ELLERY ANDERSON, OF NEW YORK,
DAVID T. LITTLER, OF ILLINOIS,
Commissioners.

VOLUME VII.

REPORTED BY

CHARLES P. YOUNG, New York,
SECRETARY AND STENOGRAPHER TO THE COMMISSION.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1887.

3021

TESTIMONY

TAKEN BY

THE UNITED STATES PACIFIC RAILWAY COMMISSION,

AS TO

THE WORKING AND FINANCIAL MANAGEMENT OF THE RAILROADS THAT HAVE RECEIVED AID FROM THE GOVERNMENT IN BONDS.

PORTLAND, OREG., *Monday, August* 22, 1887.

The Commission met. Present: Commissioners Anderson and Littler.

BENJAMIN CAMPBELL, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. In Portland.

Q. How long have you lived here?—A. Three years.

Q. What is your occupation?—A. General freight agent of the Oregon Railway and Navigation Company.

Q. How long have you held that position?—A. Since October last.

Q. What position did you hold before that?—A. General agent of the Union Pacific Railway Company.

Q. At this place?—A. Yes.

Q. When was the Oregon Railway and Navigation Company leased to the Oregon Short Line?—A. I think, on the 1st of January of this year.

Q. Before that time, in connection with what company was it operated?—A. It was operated independently.

THE OREGON RAILWAY AND NAVIGATION COMPANY.

Q. Between what points does the Oregon Railway and Navigation Company operate?—A. It operates between Portland and Huntington; a distance of 404 miles.

Q. There connecting with what?—A. With the Oregon Short Line.

Q. No other road?—A. No. Then it operates between Portland and Wallula Junction, Washington Territory, 214 miles.

Q. That is another branch?—A. That is the main line—from Portland to Wallula Junction, 214 miles—connecting there with the Northern Pacific road. It also operates from Umatilla Junction, which is a point on the main line 187 miles east of Portland, to Huntington, a distance of 217 miles, connecting there with the Oregon Short Line.

TRAFFIC ARRANGEMENT WITH NORTHERN PACIFIC.

Q. Before the lease of the Oregon Short Line had you a traffic arrangement with the Northern Pacific, effected through the junction at Wallula?—A. Yes.

Q. Does that arrangement continue under the present system?—A. Yes.

STEAMSHIP LINES.

Q. What other property does the Oregon Railway and Navigation Company represent besides this road?—A. The Ocean Steamship line between Portland and San Francisco; the Willamette River line, between Portland and Corvallis; the Columbia River line, between Portland and Astoria, 110 miles; the Middle Columbia River line, between Portland and The Dalles, 88 miles; and the Puget Sound line, between Tacoma and Victoria, 90 miles.

By Commissioner LITTLER:

Q. How far is it from Portland to Corvallis?—A. 97 miles.

Q. How many steamers in all are required for this traffic?—A. I am unable to say how many are required. There are twelve, I think, in active use.

Q. Do I understand that all this property, as well as the railroad property, is included in the lease to the Oregon Short line?—A. I have never seen the lease.

Q. You do not know?—A. No; I do not.

Commissioner LITTLER (addressing Mr. Bromley). Do you know, Mr. Bromley?

Mr. BROMLEY. I believe it is.

INTERCHANGE OF TRAFFIC WITH OREGON SHORT LINE.

By Commissioner ANDERSON:

Q. What is the extent of the interchange of traffic between the Oregon Short Line and the Oregon Railway and Navigation Company, at present?—A. It would be necessary for me to refer to a report that is made showing that tonnage. I am unable to say, off hand, what it is.

Q. Can you furnish us with a copy of that report?—A. I can.

Q. Do you mean during to-day?—A. Yes.

By Commissioner LITTLER:

Q. When was the road completed through to Huntington and the connection made with the Oregon Short Line?—A. December 14, 1884.

By Commissioner ANDERSON:

Q. Can you describe generally the nature of that interchange of traffic?—A. The west-bound traffic consists of general merchandise; no particular commodity.

Q. Articles required for consumption along the line of the Oregon Railway and Navigation Company?—A. Articles required in Oregon and Washington Territory. East-bound, the traffic consists of wool, lumber, salmon, barley, live stock, and hops. Those are the principal articles of shipment; general merchandise is very light.

By Commissioner LITTLER:

Q. What important towns, if any, are there between here and Pocatello?—A. There are The Dalles, about 5,000 inhabitants; Pendleton,

3,500; Baker City, about the same; Boisé City, about 3,000. Those are the only important towns.

CHARACTER OF EAST-BOUND MERCHANDISE.

Q. As to the east-bound merchandise that you refer to, how far east does the bulk of it go?—A. The salmon and wool are shipped, generally, to the Atlantic seaboard; barley, live stock, and hops are confined largely to Saint Louis, Chicago, Milwaukee, and points on the Missouri River.

Q. So that substantially all your traffic gives to the main line of the Union Pacific the benefit of nearly the entire haul?—A. Substantially; yes.

PROBABLE FUTURE DEVELOPMENT.

Q. What is your judgment as to the growth of this traffic in the near future?—A. That is a question that I do not know that I can answer intelligently without giving some considerable consideration to it. I think that the salmon traffic will decrease. I think the wool traffic will decrease; to what extent I am unable to say. I think the barley traffic will increase; although that traffic is subject to the conditions of the crop in the Eastern States. The lumber traffic will increase largely, and the hop traffic, I think, will increase.

Q. Do you export any wheat from here over the Union Pacific?—A. No, sir. Wheat all comes this way.

Q. From where does the wheat come?—A. Almost exclusively from points on the Oregon Railway and Navigation Company's line.

Q. The Oregon Railway and Navigation Company is all in Oregon, is it not?—A. Part of the system is in Washington Territory.

Q. All your wheat comes over that line?—A. Yes. Nothing of that character reaches the Union Pacific.

Q. How is it in regard to the future of traffic going the other way?—A. I think there is a promised increase.

Q. That is largely dependent upon population here, I judge, is it not?—A. Altogether.

Q. The question whether it increases or not depends simply, then, on the increase of population?—A. Yes.

DESCRIPTION OF COUNTRY TRIBUTARY TO OREGON SHORT LINE.

Commissioner LITTLER. I wish you would give a description of the country tributary to this Oregon Short Line as it now exists, and a description of its productive qualities—what sort of cereals or other products it produces.

The WITNESS. Do you desire that I should include the Oregon Railway and Navigation Company's line?

Commissioner LITTLER. Yes.

The WITNESS. The cereal that is grown along the line and that is naturally transported East consists almost exclusively of barley. The line from Umatilla to Huntington runs through a generally mountainous country, with the exception of Grand Run and Powder River Valleys. Beyond Huntington the line traverses a sage-brush desert all the way from Huntington to Pocatello.

Q. What is the character of that sage-brush country; is it capable of producing anything?—A. It is capable of abundant production.

Q. Then you do not wish the Commission to understand that it is a worthless desert by any means?—A. No; I would not have you under-

stand that; but it requires immense outlays of capital to construct water ditches for the purpose of irrigating.

Q. What large stream is within reach of that sage-brush region?—A. Snake River.

Q. What is the capacity of Snake River for irrigation?—A. I suppose it is unlimited.

Q. Is it a large river with a heavy flow of water?—A. Yes.

By Commissioner ANDERSON:

Q. What does it empty into?—A. Into the Columbia River.

Q. At what point?—A. At Ainsworth, in Washington Territory.

THE SAGE-BRUSH COUNTRY.

Commissioner LITTLER:

Q. Regarding the sage-brush country, what are the peculiarities of the soil? Is it adapted to the growing of grain when put under cultivation?—A. Both grain and fruit; grain principally.

Q. What kind of grain is best adapted to that country?—A. The smaller kinds.

Q. Is any of that country adapted to raising corn successfully?—A. I think not; the nights are too cold.

Q. Is it well adapted for wheat, hops, rye, and barley?—A. Yes.

Q. What sort of a grass country is it?—A. That I am not thoroughly posted upon; but some sections of it are considered good for grazing purposes.

Q. Is there much stock raised and shipped over your road from that region?—A. A great deal; yes.

By Commissioner ANDERSON:

Q. Between what points is that?—A. Chiefly at Ontario. The stock originates in Southeastern Oregon.

Q. Is that on the line of the Oregon Railway and Navigation Company?—A. No; Ontario is on the Oregon Short Line, 48 miles east of Huntington.

Q. Is there any coal on any portion of that line?—A. No.

Q. Or on any territory tributary to it?—A. No.

Q. Where do you get your coal?—A. We obtain our coal for a portion of the line from Seattle, and for the remainder from Rock Springs, Wyo.

Q. What do you pay a ton?—A. I really do not know. For some we pay $5, some $5.50, and some $6. Six dollars, I think, is the average price.

Q. In regard to the effect on this business of competition from other roads, what roads are there that can draw off any portion of the business that would naturally flow to the Union Pacific?—A. At present the Northern Pacific is the principal competitor.

COMPETITION BY THE OREGON AND CALIFORNIA.

Q. How will the completion of the Oregon and California road affect you?—A. I am unable to express an opinion on that point. There are a multitude of circumstances to take into consideration in connection with that.

Q. Please explain some of them, without committing yourself to any opinion as to how they will work.—A. It will depend wholly on what policy is adopted by the Southern Pacific people; whether they will

make the same rates to and from the East and Portland that are made to and from the East and San Francisco.

By Commissioner LITTLER:

Q. Assuming that they will do that, what effect will that have on the Union Pacific?—A. It will have a tendency to divide the business to a great extent.

Q. Will that apply to all the different classes of business that you have referred to?—A. Yes; with perhaps the single exception of lumber.

Q. How many through freight trains do you run on your road?—A. We have one each way daily.

COMPETITION BY THE NORTHERN PACIFIC.

By Commissioner ANDERSON:

Q. In regard to competition by the Northern Pacific, how does that affect you, and through what extent of country?—A. That affects us, I might say, from Portland and, in fact, from all points on the Oregon Railway and Navigation line.

Q. All points also on the other side of the junction?—A. Not beyond Huntington, but all points confined to the line of the Oregon Railway and Navigation Company's system.

Q. What period does this traffic arrangement cover?—A. My recollection is that it covers a period of 99 years.

Q. Does that apply to all kinds of traffic? Is it a general arrangement?—A. Yes.

Q. Is there any other matter of interest to the Union Pacific Company that occurs to you to explain to us?—A. No; nothing that I think of. Your visit here is a suprise to me and I have not given the subject of your inquiry special thought.

Commissioner LITTLER. We are anxious to know what the natural resources are of the country which is tributary to this line between here and Granger, with the view of determining something in relation to its future prosperity.

The WITNESS. I have given you the principal items. The Oregon Short Line, in itself, runs through a mountain region a portion of the way.

Q. Are there any large mines producing much traffic?—A. Not very, outside of Montana. What is commonly termed the Wood River country is the mining region tributary to the Oregon Short Line.

INDUCEMENTS TO IMMIGRATION.

Q. What inducements or facilities are these companies offering to immigration and settlement along the line; anything special?—A. I am unfamiliar with the working of the passenger department and do not know of any special efforts in that particular direction, more than is generally done in railway advertising.

Q. The country through which this road runs is sparsely settled, generally, is it not?—A. Very sparsely.

Q. Would it not be good policy on the part of the company to offer extra inducements to settlement, with the view of inducing traffic?—A. I do not know in what way they could do that.

Commissioner LITTLER. They might do it by offering special rates for a long time to come to those who would build up towns along the line of the road. That would be one way.

The WITNESS. But under the interstate commerce law they could not do that.

Commissioner LITTLER. They can do it when the entire traffic is within a particular State.

The WITNESS. Very true; but the peculiarity of the country is such that the entire traffic could not possibly be confined to the limits of one State. The peculiarities of the State of Oregon are such that its settlement will be slow. There is a great deal of land that requires irrigation, a great deal that requires clearing of timber, and a great deal of it is remote from railroad facilities.

TOPOGRAPHY OF COUNTRY TRIBUTARY TO OREGON SHORT LINE.

Q. What is the general character of the country with reference to undulations between this point and Granger, tributary to the Oregon Short Line?—A. I might say that it is mountainous for a distance of 100 miles from Portland; then, passing over a section of the country for about 80 miles, it is almost wholly a sandy desert. We strike for a distance of 50 miles, a tolerably productive country; then we have a distance of 75 miles that is entirely mountainous. At that distance—say, 305 miles from Portland, we strike the Grand Run Valley, which is limited in extent to, perhaps, 20 by 35 miles. Then we cross another range of mountains, a distance of some 30 or 40 miles, until we strike Boulder River Valley. That is of practically the same size as the Grand Run Valley, excepting that it requires considerable irrigation to make it productive. Beyond that, or after you get 30 miles from Portland, you run through a mountainous country until you strike the Oregon Short Line.

Q. Give us a description of this lava-bed country over which the Oregon Short Line runs for so long a distance, and state whether that region is capable of agricultural production.—A. Between Huntington and Mountain Home, in Idaho—a distance of 150 miles—the country could be made productive, provided it could be irrigated. The elevation of the land is considerably above the Snake River, and it is, therefore, difficult to get water on it. Between Mountain Home and Pocatello the land is practically worthless, because there is little or no soil above the lava rock. That is, I think, as fair a general description as I could give.

FUTURE OF LAVA-BED COUNTRY.

Q. The future of that region is not very promising, then, is it?—A. No, sir; it cannot be called promising.

Q. Does that lava-bed region produce grass, or is it uninhabited by cattle?—A. It produces to a limited extent only. The proof of that statement lies in the fact that the supplies of hay are all furnished over the line of our road.

Q. Do you know what kind of grasses are indigenous to the soil through this region of country?—A. What is called "bunch" grass.

Q. Do you know whether timothy or blue grass flourish when planted?—A. Only in the Grand Run Valley, that I know of.

Q. Where is that valley, exactly?—A. That begins 305 miles east of Portland, and extends 30 miles further on.

The Commission then adjourned, to meet in New York city on Tuesday, September 20, 1887.

10 WALL STREET, NEW YORK, *Tuesday, September* 20, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

The chairman laid before the Commission affidavits of John J. Haley and William Hood, taken on behalf of the Central Pacific Railway Company, after the closing of the sessions of the Commission in San Francisco.

For affidavit of John J. Haley, see page 3596.
For affidavit of William Hood, see page 3594.

Mr. A. A. Cohen, on behalf of the Central Pacific Railway Company, presented affidavits similarly taken of the following-named persons: Leland Stanford, E. H. Miller, jr., A. N. Towne, N. T. Smith, John P. Jackson, Arthur Brown, Richard Gray, E. C. Wright, W. H. Mills, F. S. Douty, A. E. Davis, L. M. Clement.

These affidavits will be found in the record as follows:

	Page.
Leland Stanford	3607
E. H. Miller, jr	3551
A. N. Towne	3594
N. T. Smith	3592
John P. Jackson	3627
Arthur Brown	3601
Richard Gray	3572
E. C. Wright	3605
W. H. Mills	3597
F. S. Douty	3626
A. E. Davis	3620
L. M. Clement	3607

CHARLES CROCKER, being duly sworn and examined, testifies as follows:

By Commissioner ANDERSON:

Question. How long have you resided in California?—Answer. I have lived there 37 years, and a little over.

Q. Where did you first reside?—A. I first went to the mines near Hanktown.

Q. Subsequently you resided in Sacramento?—A. Yes; I moved there in 1851.

Q. How long did your residence in Sacramento continue?—A. It commenced in 1851, and continued up to 1874.

Q. You then removed to San Francisco?—A. Yes.

Q. And has that been your residence ever since?—A. Yes; with the exception of about two years that I claimed residence here, lived here.

ACQUAINTANCE AND RELATIONSHIP WITH HUNTINGTON AND HOPKINS.

Q. What was your business in Sacramento?—A. I was in trade, merchandising there.

Q. When did your acquaintance with Mr. Huntington and Mr. Hopkins begin?—A. It is hard for me to remember that. It was some time before the railroad was commenced.

Q. Some time before Mr. Stanford was elected governor in 1861?—A. Oh, yes; several years.

Q. Were your relations with those gentlemen business or financial relations?—A. No; merely friendship.

Q. What was your line of business in Sacramento?—A. In the dry goods business.

Q. Mr. Hopkins was in the hardware business?—A. Yes.

Q. Did Mr. Stanford then reside in Sacramento?—A. He resided there when I knew him. He resided near the mines first.

INITIAL PROCEEDINGS FOR BUILDING CENTRAL PACIFIC ROAD.

Q. You have been associated, one way or another, with the enterprise of the construction of the Central Pacific Railway ever since its inception, I believe?—A. Yes, sir; we have been co-stockholders.

Q. Going back to the initial proceedings, after the company was first organized, do you remember the first contract that was taken for building the road from Sacramento City east for the first few miles of the road—say the first 18 miles?—A. The first contract was 18 miles.

Q. Do you remember whether, at the time that contract was taken, you were or were not a director of the road?—A. I was not.

WHETHER WITNESS WAS A DIRECTOR AT BEGINNING.

Q. Do you remember the fact that you had been a director before the contract was taken and that you resigned?—A. I would not be positive about that, whether it was before or whether it was after the road was built that I became a director.

Q. After the 18 miles were built?—A. No, after the road was entirely completed. I was not a director while the road was being built.

Commissioner ANDERSON. It appears from the records that you were a director at the time of the initial proceedings.

The WITNESS. Very well; if you know it then you need not ask me.

Commissioner ANDERSON. I want to get it on the record.

The WITNESS. I do not remember distinctly about it.

Q. Do you remember who became a director in your place; do you not remember that your brother took your place in the board?—A. No; I do not remember with certainty. The minutes of the board will tell all that better than I can tell it.

Q. Your brother was E. B. Crocker?—A. Yes, sir.

THE FIRST CONTRACT.

Q. What knowledge did you have at the time that contract was voted to you in the proceedings of the board that such a contract was coming up—was to be voted for?—A. It was advertised for. I think it was advertised, and I put in a bid for it. It is a good while ago now, and I do not remember all the incidents.

Q. Do you not remember anything about the terms of that contract?—A. As near as I can recollect it was $250,000 in cash, $50,000 in stock, and $100,000 in bonds. That is about the way I recollect it. I may be mistaken, however.

Mr. COHEN. It would save you a great deal of time to remember that all these facts you are inquiring about we fully admit.

Commissioner ANDERSON. The examination will not be long.

Q. That was for the construction of 18 miles of road?—A. From Sacramento to Roseville; yes, 18 miles of road as near I can recollect.

Q. You say there were bids called for. Do you remember whether there were any other bids or propositions made?—A. I cannot say positively as to that. It is a good while ago, and I do not remember all the circumstances.

Q. Do you remember the character of the country over which that 18 miles of road extended?—A. Yes.

DESCRIPTION OF FIRST 18 MILES OF ROAD.

Q. Please describe it generally.—A. Well, it was through the city streets out to the American River; then there was the crossing of the American River, which was quite expensive in those early days. Then for a while it was light work, with some cutting of rock, but mostly earth-work. Then there were several bridges, one, particularly, a pretty costly bridge, that crossed within about 2 miles of Roseville.

Q. Was it Arcade Creek?—A. No; it was within 2 miles of Roseville.

Q. Your contract included the bridge across the American River, did it not?—A. Yes, the complete structure.

TITLE OF MR. CROCKER'S FIRM, AND WHO WERE INTERESTED.

Q. What was the name of your firm; was it Crocker & Co.?—A. I do not remember whether it was Charles Crocker & Co. then, or whether that came afterwards. In that contract it may have been Charles Crocker & Co.

Q. When your firm was Charles Crocker & Co. whom did the "Co." represent?—A. It did not represent anybody. It was put there for the purpose of my associating others with me; and I sought to associate others with me, and could find nobody that would take the risks.

Q. Did anybody besides yourself have any interest in that contract?—A. No, sir.

Q. Did Mr. Huntington?—A. Not that I know of; he did not have any from me.

Q. Did Mr. Hopkins?—A. No.

Q. Or Mr. Stanford?—A. No.

Q. Did they have any interest in the subsequent contracts which your firm obtained for building the road from station 31 to the eastern line of the State?—A. No, sir; they did not; I was all the time trying to get others to come in with me, and could not.

Q. You say that neither of these gentlemen had any interest in that subsequent contract?—A. No, sir; none whatever.

THE FIRST 18 MILES.

Q. How long were you engaged in building the 18 miles?—A. I could not remember. I think it was about a year, but then I am not certain as to that.

Q. Was that entire construction completed before the passage of the act of 1864 granting the subsidy?—A. Yes, sir. You mean the law of 1864 which gave us the right to mortgage the road in advance of the Government bonds?

Commissioner ANDERSON. Yes.

The WITNESS. Yes, it was. I recollect that distinctly. How many miles did you ask about—18?

Commissioner ANDERSON. Yes.

The WITNESS. Oh, yes. It was before that. That might have been pending in Congress, but I do not think it was passed until the 18 miles were completed.

Mr. COHEN. What act are you speaking of now?

Commissioner ANDERSON. The second act—the act of 1864.

SUB-CONTRACTORS.

Q. What other contractors were engaged at this time in building sections of road—at the time you were building the 18 miles?—A. There were contractors under me. I let some little contracts.

Q. To whom did you let any portion of your work?—A. I let the bridge to I. M. Hubbard.

Q. The bridge across the American River?—A. Yes; and I let a rock cut out near Roseville to some one whom I do not remember.

Q. Besides your 18 miles, were there not some small sections of the work awarded to other contractors, who did their construction about the same time that you did yours, beyond the 18 miles?—A. There was nothing awarded until the 18 miles were finished and in running order.

BUILDING TO NEWCASTLE. WITNESS TO BE ALLOWED A CONTRACT FOR ONLY 2 MILES.

Q. Then what happened as to the future construction?—A. As near as I can recollect, they concluded to build up to Newcastle, some 31 miles.

Q. From Sacramento?—A. Yes; and they advertised for bids. They informed me that I could not have more than 2 miles of it. There was a great hue and cry there that I was a favored contractor, and they informed me that I could have but 2 miles of it.

Q. Who informed you?—A. The directors.

Q. Can you not specify the names?—A. The directors generally.

Q. Who were the active directors?—A. Governor Stanford, Mr. Hopkins, and my brother.

Q. And Mr. Huntington?—A. Mr. Huntington, I think, was here. I do not distinctly remember whether he had left for New York then or not, but if he was there, he was with them in it. As I understood, it was agreed upon between them that I should not have more than these 2 miles.

Q. This information came to you from the gentlemen whose names you have given?—A. Yes.

OTHER CONTRACTORS, AND THEIR FAILURE.

Q. What other contractors obtained any portion of the work?—A. There was a man by the name of S. D. Smith; and his firm was S. D. Smith & Co.

Q. Was there a man by the name of Collins?—A. There was a man by the name of Bates. Then Chittendon Knox had some, and a man by the name of Collins.

Q. What happened after that in regard to construction?—A. I think Mr. Collins failed in his. I am not certain whether it was Mr. Collins or some other man, but anyhow he failed in carrying it out, and then they got to bidding against each other for laborers, and put up the price of labor. There was a scarcity of labor on the coast at that time, and they bid against each other, and that was the reason they could not complete their construction.

Q. Do you remember what the contract with them was for?

The WITNESS. Do you mean by the mile?

Commissioner ANDERSON. No. Do you remember the whole amount of each contract?

A. No; they were so much for rock, and so much for cement, and so much for masonry.

AS TO THE ACT OF 1864.

Q. Was it during the period of the construction of these small sections that the act of 1864 became operative?—A. I cannot say as to that. I was not very familiar with the legislative part of the business. I was wrapped up in the construction. All that fixes it in my mind is that the 18 miles were constructed so that I rode over the work with one of the Senators, and he told me about this bill being pending—that is, the work above the 18 miles.

Q. After the bill was passed, in 1864–'65, you became aware of the fact that the company had obtained the right to mortgage its property in advance of the Government subsidy?—A. Yes.

CHARLES CROCKER & CO. PROCEED WITH THE WORK.

Q. What was the next contract that Charles Crocker & Co. obtained from the Central Pacific?—A. I think there was no contract in writing. I think that the board passed a resolution directing me to go on with the work at the prices at which I had taken the two upper sections. They were the heaviest sections up to Newcastle, including Newcastle. There may have been a contract, but I could not positively swear as to that, although I think it was a resolution and afterwards a contract. In the mean time I had become thoroughly warmed up to the building of this road; my whole heart was in it; I was willing to do anything to push it forward, and I took great risks in doing it.

AS TO THE TERMS.

Q. The terms you refer to as applicable to the two sections were payments at a specified rate for earth excavation?—A. Yes.

Q. Also for rock excavation?—A. Yes.

Q. Also for cement?—A. Yes.

Q. Also for masonry?—A. Yes. They went right on on the same terms—the contracts for the last two sections.

Q. Do you remember that there was also a price fixed for what is called grubbing and clearing the ground?—A. I do not remember now, but I presume there was. There naturally would be.

Q. Did you furnish the rails, or did you prepare the bed for the laying of the rails?—A. Yes, but I did not furnish the ties.

Q. You furnished none of the equipment?—A. No, sir.

Q. As matter of fact, you did continue the work and you constructed the road from the termination of the work on these small sections to the eastern line of the State?—A. Yes.

Q. Do you remember when that point was reached and the road completed to the eastern line of the State?—A. I could not positively say as to that, with any accuracy, in the absence of any reference.

DESIRABILITY OF LETTING CHAS. CROCKER & CO. PROCEED.

Q. Do you recall the fact that, before that resolution was passed with regard to that large section of work done by you, there was a formal report made as to the desirability of giving it to you rather than to continue the policy of awarding it to a number of contractors?—A. I do not remember distinctly about any resolution being passed. I was not a member of the board. But I remember that there was a good deal of talk about the difficulty that was experienced in controlling labor. The

experience that we had on the 13 miles that were between Roseville and Newcastle convinced me that if the contract was let out to everybody that would bid on one or two sections, and it was divided up in that way, the labor would become unmanageable, and that it would run up the price so that it would hamper the building of the road, and there would be less chance of success. That was talked over, and I joined in the discussion among the board of directors, although I was not a member of the board. It was decided that I should go on immediately and see what I could do. I did go on until we got tied up in suits and I had to stop. I could not get any money. They had got all the money I had and all I could borrow. That was the time when I would have been very glad to take a clean shirt and lose all I had, and quit.

RESOLUTION UNDER WHICH THEY PROCEEDED.

Commissioner ANDERSON. I am now on your large contract; the construction which was made by you from section 31 to the east line of the State. It appears that on the 1st of May, 1865, a committee, consisting of Leland Stanford, Mark Hopkins, and E. H. Miller, jr., was appointed to examine into and report on the question of letting the contract for the construction of the railroad and telegraph line east of Newcastle. That committee was appointed and reported on the 4th of June, 1865; and on that day a resolution was passed as follows:

Resolved and ordered, That Charles Crocker & Co. be allowed and paid for all work done and material furnished, or which hereafter may be done or furnished, until the further order of the board of directors, for the construction of the railroad of the company from section 43 eastward——

The WITNESS. Section 43?

Commissioner ANDERSON. Section 43; it so appears on this.

subject and according to the terms, conditions, and stipulations set forth in the contract with the said Charles Crocker dated September 19, 1863, except so far as the same may be rectified or changed by this order, at the following rates or prices, and in accordance with the following classifications:

Payments to be made according to monthly estimates, five-eighths in gold coin, and the remaining three-eighths in stock of the company, at the rate of $2 of capital stock for each $1 of said three-eighths of said estimate, with the privilege of paying said three-eighths in gold coin in lieu of said stock, at the election of said company, to be made at the time of such payments.

Q. Does that recall to your mind anything more definite as to what the terms of your contract were?—A. No; that is the first time, I think, that I ever heard that resolution. I have an indistinct recollection, however, that it was not a contract that I went on under from Newcastle; that it was a resolution of the board authorizing me to go on on the terms that I had been working on.

Mr. COHEN. Where did you take that from?

Commissioner ANDERSON. It is taken from your books.

Mr. COHEN. I think the word bonds is written in mistake for stock. I think it is a mistake in the copy.

The WITNESS. I did not have any bonds except on the 18-mile contract.

AS TO MONTHLY ESTIMATES.

Q. That resolution calls for monthly estimates. Do you remember who had charge of making those monthly estimates?—A. The chief engineer.

Q. Whose chief engineer?—A. The company's.

Q. Did you have an engineer?—A. No, sir.

Q. Who was the engineer in charge of that business?—A. At that time, Mr. Montague.

Q. What other engineer had charge of the making of the estimates?—A. I do not know; he had assistants; I cannot remember their names. For instance, the chief engineer has his regular corps of assistants, and those assistants set the grade-stakes, set the "cut-and-fill" stakes, and all that sort of thing. Whether they made up the estimates or not I cannot tell you, but I think they furnished the material from which the chief engineer made up the estimates.

AS TO CROSS-SECTIONS.

Q. The initial step was to survey the ground before the work commenced, by cross-sections?—A. Yes.

Q. And then the estimates were made as the work progressed?—A. My monthly estimates were made on the work actually accomplished, and they had to measure what I had done.

Q. They had to measure and subtract the second set of cross-sections from the first set of cross-sections to ascertain what work had been done?—A. Well, I am not an engineer, and I do not know how that was.

CALL FOR CROSS-SECTIONS.

Commissioner ANDERSON (addressing Mr. Cohen). We made a call on your company for the original cross-sections, and I do not know whether they have been furnished or not.

Mr. COHEN. Mr. Hood has given a deposition on that subject. There was a number of trunks full of them. Some of them, I believe, were lost. I do not know whether the others have been sent to New York or not.

PRICES FOR EXCAVATION.

Q. Do you remember the fact that the payments you were to receive varied very much with reference to different classes of earth excavation, that there was the loose earth, and second-class earth, etc., so that there were five prices for earth excavation?—A. I do not remember anything of the kind.

Q. Do you remember that there were different prices for rock excavation, varying from $2 to, I think, as high as $10 a yard?—A. Yes; and I know that some of it was not half paid for when they paid $10 a yard for it. I remember that very well.

Q. But you do not remember that there was any difference with reference to the different classes of earth excavation?—A. No; I do not. It seems to me that you must be mistaken about that, but I cannot swear that you are.

Q. That the prices for earth excavation varied from 40 and 50 cents up to $1.50 a yard?—A. Well, what I call cement they may have called earth; I do not know. But there was a different price for earth that was cemented and hard and had to be blasted.

PROPORTION OF HIGH-PRICED EXCAVATION.

Q. If I should recall it to your mind would you remember that the high-priced excavation was very much larger in number of yards entered on your estimate from which you received your payments than the ordinary earth?—A. I do not remember about it.

Q. Did you revise those estimates at all before they were presented to the company?—A. I used to look at them; yes. But I did not pretend to revise them, in figures. I did not know anything about it. I could not have measured a cut any more than I could have flown. I was not an engineer and had no knowledge of those things.

Q. How long were you engaged on the work from Newcastle to the east boundary of the State?—A. The east line of the State is down near Old Camp 24. We built some road across the mountains before the mountain portion was finished. The men were driven out of the mountain portion by the storms and could not be kept there any longer; could not do any work. The snow would fill up just as fast as they could dig it out, so I moved them down on the Truckee River. We hauled locomotives over (and when I say "we" I mean myself), and we hauled iron and cars and all that sort of thing and built 50 miles.

LOCOMOTIVES HAULED ON SLEIGHS.

By Mr. COHEN:

Q. How did you haul your locomotives, by wagons?—A. No, we hauled them over on sleighs. I think we hauled some of them over on logs, because we could not get a sleigh big enough. We crossed the snow-line before the gap in the mountains was finished, and we used to take passengers at Truckee and bring them to Cisco, where the road terminated, then they would get on stages and go over the mountain, and then get on the railroad again and go to Reno. That was before the mountain portion was connected.

BEFORE THE CONTRACT AND FINANCE COMPANY COMMENCED WORK.

Q. Was it before the Contract and Finance Company commenced their work?—A. Yes; I believe it was. It was before the contract was let to them, though they took the contract and they paid me for what I had done.

By Commissioner ANDERSON:

Q. Your recollection is that your work was substantially completed at the time the Contract and Finance Company took their contract in October, 1867?—A. No; I do not think it was. I think they took the contract before I had finished mine. In fact I do not know when the contract was let to them. What was the date of the contract to them?

Commissioner ANDERSON. December, 1867.

The WITNESS. Well, we finished the gap in the mountains there in the spring of 1868; we finished the road in 1869. I know that we built 501 miles in a short time—in nine months and twenty days. We finished the gap across the mountains in the early spring of 1868.

WHO KEPT THE BOOKS; AND WHERE?

Q. Who kept your books at this time—the books for this construction?

The WITNESS. Which construction?

Commissioner ANDERSON. From section 43 (or whatever it was) to the east line of the State of California?—A. I had a man by the name of Smith that kept them for a part of the time, and then W. E. Brown came in.

Q. What Smith—John Smith?—A. I think his name was Ralph Smith, if I remember rightly.

Q. Is he alive?—A. I cannot tell you; I have not seen him for a number of years.

Q. Where were those books kept?—A. In my office.

Q. In Sacramento?—A. Yes.

Q. Who assisted Mr. Smith in this work?—A. Well, I did. I used to do some of the work.

Q. Were those large books—large folios?—A. Yes.

Q. And the usual set—day-book and ledger?—A. There was what was called a blotter, then a journal and a ledger.

WHAT BECAME OF THE BOOKS?

Q. What became of the books after the work was completed?—A. I do not know. They were no use to me after I closed them up. I never inquired anything about them, and I do not know what became of them. I presume they are there among the débris.

Q. Why do you presume they are among the débris?—A. Well, I do not know why they should not be there. That is all I know about it. I had nothing to do with them after I got through with them.

Q. Have you not heard from any source whatever that those books were inquired for and could not be found?

The WITNESS. Charles Crocker & Co.'s books?

Commissioner ANDERSON. Yes.

A. No; I never knew that anybody cared to see them.

Mr. COHEN. We have not heard that they were asked for.

The WITNESS. I never knew that anybody had any interest in them.

Q. Have you not heard that both Mr. Wm. E. Brown and Mr. John Miller have stated that the books of Charles Crocker & Co. were together with the books of the Contract and Finance Company in the rooms occupied by the Contract and Finance Company, and that both the books of Charles Crocker & Co. and the books of the Contract and Finance Company prior to 1873 have gone astray and cannot be found?—A. No; I never heard anything about Charles Crocker & Co.'s books being sought for and inquired after. I do not know who has any business with them, If anybody asked me about them I would tell them that it was none of their business, unless it was your respectable board here.

WITNESS DOES NOT KNOW.

Q. I will ask you now where are your books?—A. I do not know any more than the man in the moon.

Q. When did you last see those books?—A. I cannot tell you that. I do not think I have seen them since they were closed up, shortly after the completion of my contract.

Q. You say that the Contract and Finance Company made some payments to you for some portion of your work which they finished. Those payments would require entry in your books, would they not?—A. Well, I said so, and I thought so at the time I said it, only a few minutes ago, but since you have spoken of the organization of the Contract and Finance Company it has refreshed my memory, and I remember that Wm. E. Brown kept a separate account of the work from the State line on, and that he used to go with me in paying off the men, and that he paid off my men as well as the Contract and Finance Company's men. At first I thought that I did that work, but I see now that I did not. There was a separate account kept. William E. Brown was the secre-

tary of the Contract and Finance Company, and there was a separate account kept of the work done beyond the State line.

Q. You say you have had no occasion to see these books since that work closed?—A. Yes.

Q. Is that your best recollection?—A. Yes.

Q. From 1868 until the present time you have never seen those books at all.—A. I will not say that I have never seen them, but I will say that I have never examined them.

Commissioner ANDERSON. I am talking about seeing them. I am talking about the disposition of those books, because they cannot be found.

Mr. COHEN. I do not think that is a fair statement. They have never been inquired for.

Commissioner ANDERSON. I beg your pardon. You have forgotten the evidence. The evidence was very close in the examination of Mr. John Miller and Mr. Brown as to the books of Charles Crocker & Co. Those two gentlemen stated that they had seen them with the books of the Contract and Finance Company.

Mr. COHEN. This strikes me as a new proposition.

CALL FOR THE BOOKS OF CHARLES CROCKER & CO.

The CHAIRMAN. Then we will make a formal call now on Mr. Cohen for the books of Charles Crocker & Co., if there is any misunderstanding.

Mr. COHEN. I have never heard of their being asked for until this moment, as far as my recollection serves me.

The CHAIRMAN. Will you produce the books of Charles Crocker & Co.?

Mr. COHEN. Where?

The CHAIRMAN. Here.

Mr. COHEN. I cannot very well if they are in California.

The CHAIRMAN. We call for them, and give you time to produce them within the next sixty days.

Mr. COHEN. I have no authority to take the books or records of the Central Pacific Company.

Commissioner ANDERSON. These are the books of Charles Crocker & Co.

The WITNESS. I do not know what right you have to examine my books.

Mr. ANDERSON. It is for you to say.

The WITNESS. Well, I do not know where they are. I do not know that I have any objection to your examining them; but, at the same time, I do not know what right you have to do so.

Commissioner ANDERSON. The main question is whether they exist or not.

The WITNESS. I cannot say as to that. I cannot say whether they exist or not. I really have not seen them—have not had occasion to see them since they were closed, after the contract was finished.

Commissioner ANDERSON. I will say that certain presumptions arise from the fact that the books of the Contract and Finance Company have disappeared and cannot be found. The same claim is made as to the books of Charles Crocker & Co.

The WITNESS. Yes, I know.

Commissioner ANDERSON. Now, without saying whether there is any merit in it or not, we do say that we desire to ascertain whether or not

the books are in existence, without saying whether we shall examine the entries in them or not.

The WITNESS. I cannot see why they should not be in existence except that I wanted to find the Contract and Finance Company's books once, and tried to find them, and could not.

Commissioner ANDERSON. We ask you now to find the books of Charles Crocker & Co., or else satisfy us of their existence, so that we may test the question of whether we shall ask for their production or not.

The WITNESS. At least, they are not here, unless somebody has brought them here without my knowledge.

Commissioner ANDERSON. Our only desire is to know where they are.

THE WITNESS. I do not know where they are. If I can find them when I get to California I will send them to you.

Mr. COHEN. I do not know about that. We will see about that.

The WITNESS. Provided the lawyers of the company do not object. I have no objections, so far as I am concerned.

Commissioner ANDERSON. It is your affair.

COMPENSATION FOR WORK DONE FROM NEWCASTLE TO EAST LINE OF STATE.

Q. Do you remember anything about the amounts you received for the work done by you from Newcastle to the east line of the State?—A. No, sir; I cannot tell you about that.

Q. Have you any recollection of how much it was per mile for any portion of the work?—A. No, sir; it was by the yard.

Q. I mean how much it came to per mile?—A. No, I have not.

Q. Do you remember that there were some miles of that work for which you received as high as $300,000 per mile?—A. I do not.

Q. Or $400,000 per mile?—A. I do not remember. Very likely there are miles of the road that cost fully that.

Q. I am only asking whether you recall what you did receive?—A. I do not recall; I cannot recall so far back.

Q. Do you remember that you received a large amount of stock in addition to the cash payments?—A. Yes.

Q. Do you remember how much stock in all you received?—A. No, I do not.

Q. Do you remember whether it was in excess of $10,000,000?—A. Oh, I cannot remember those things so long as that. It is a long time ago, and I had no occasion to treasure it up. There is nothing now here to recall it to my mind.

Q. You do remember that the amount of stock received by Charles Crocker & Co. was a very large amount of stock?—A. It necessarily would be.

AS TO DISPOSITION OF STOCK.

Q. Do you remember what disposition was made of that stock by you?—A. I do not remember now exactly.

Q. Do you remember that it was passed over by you to the Contract and Finance Company?—A. I think it was all put in together. I do not know, though, for certain; I think it was.

Q. What, exactly, do you mean by its all being put in together?—A. I was a stockholder in the Contract and Finance Company. The stock was not considered worth anything. I did not consider it worth much

of anything at the time the road was finished, and I think we put the stock all in together, but I am not certain about it.

By Commissioner LITTLER:

Q. You mean into the Contract and Finance Company?—A. Yes.

By Commissioner ANDERSON:

Q. When you say "we," whom do you mean?—A. The other stockholders of the Contract and Finance Company and myself.

Q. Who were the others?—A. I do not remember. There were a good many of them.

Q. You remember that Mr. Huntington was one?—A. I never saw his name on the books.

WERE STANFORD, HUNTINGTON, HOPKINS, AND CROCKER DESIGNATED TO HOLD ALL THE STOCK?

Q. I do not say that you did; but there were certain persons who, you remember, were designated to hold the stock. Do you not remember that you and Mr. Stanford and Mr. Huntington and Mr. Hopkins were designated to hold all the stock?—A. I am not certain of it. I know that they held most of it; but I am not certain that they held all of it.

Q. As far as your recollection is concerned, do you remember that there were any other stockholders who held an interest in that stock except those four and E. B. Crocker?—A. Well, I really think—and yet I cannot swear it is so, but I rather think that W. E. Brown had some of that stock, and that Mr. Strobridge had some of it; I am not certain of it.

Commissioner ANDERSON. They have both been examined, and Mr. Brown said he was a representative of some of the others.

The WITNESS. Then, if you found those particulars from the books and other sources, why do you bother me about it?

Commissioner ANDERSON. I will show you in a minute.

The WITNESS. I cannot understand, if you found out all this information, why you bother me about it. I tell you that I have not the means here of refreshing my memory, and I defy you or any other man to remember such things as those after what has been done since then.

Commissioner ANDERSON. We will go back to the disposition of the Central Pacific stock which you received. You say it was all turned in to the Contract and Finance Company—the stock you received?—A. I do not say so. I say I think it was. If you have been down there and have had access to the books, why do you ask me? The books are in your possession now, I understand.

Commissioner ANDERSON. No, sir; the books cannot be found.

The WITNESS. What books?

Commissioner ANDERSON. The books of the Contract and Finance Company.

Mr. COHEN. Every fact you wanted has been given.

Commissioner ANDERSON. I know; but you know that the conclusion which I want to reach necessitates this examination. Let us go on in an orderly way.

CONTRACT AND FINANCE STOCK.

Q. You spoke of all of you putting your stock together and turning it into the Contract and Finance Company. Had any other gentlemen

any of the Contract and Finance Company's stock, or was it not all turned over to you, on this contract?—A. They had considerable of it, as I remember. I subscribed for quite a large quantity of stock before the road was commenced.

Q. How much in all?—A. Well, enough to control it, all of them together.

Q. Was there over a million and a half that had been issued before you began your contract from station 31?—A. I cannot say as to that. The books will show the whole thing.

Commissioner ANDERSON. I merely asked whether you had not become the holder of the bulk of the stock that had been issued at the time you completed this contract to the east line of the State?

The WITNESS. I think the Contract and Finance Company was.

BULK OF CENTRAL PACIFIC STOCK ISSUED TO CROCKER & CO. FOR CONSTRUCTION.

Q. Before the Contract and Finance Company commenced, had not the bulk of the stock been issued to Charles Crocker & Co. for construction?—A. As near as I can recollect, that is so.

Commissioner ANDERSON. Now, that stock, amounting to many millions of dollars, was passed by you to the Contract and Finance Company, as I understand it.

The WITNESS. Well what do you call "dollars"?

Commissioner ANDERSON. I mean the par value of the stock. That quantity of stock was passed over by you to the Contract and Finance Company?

The WITNESS. I think it was.

Commissioner ANDERSON. And in that company the gentlemen you have named were the stockholders, and as such became interested in the stock which was passed over to the Contract and Finance Company?

The WITNESS. Of course, if they were the stockholders they got the stock.

WHY THEY PASSED IT OVER TO CONTRACT AND FINANCE COMPANY.

Commissioner ANDERSON. Now I want to know why, if you were the only person interested in the contract for this 138 miles of road, and Mr. Huntington and Mr. Stanford and Mr. Hopkins had no interest at all, you passed over all the stock which you had received in payment to a company in which they were joint stockholders with you, holding equal shares of stock.

The WITNESS. Well, in the first place, I did not count the stock worth anything much only to control the road. In the next place, it was stormy times—I mean in the money sense. I was heavily in debt. The Contract and Finance Company was heavily in debt.

Commissioner ANDERSON. The Contract and Finance Company had not yet commenced operations; it had just been formed.

The WITNESS. But the stock was not put into that company until the road was finished, I think. I do not remember when it was done.

Mr. COHEN. It was done a year after the road was finished.

The WITNESS. Well, it was done before, I know, because I had no inducement to do it. As near as I can recollect, the inducements for me were to get up a strong team, and unite our debts and unite everything, to succeed. I was afraid of being crushed out and I came very near it.

There was one time in my history, as I have said before, when I would have taken a clean shirt and quit operations, and I had commenced that railroad a rich man.

WHEN THAT WAS DONE.

Commissioner ANDERSON. What I want to get at is when you passed this large quantity of stock over to the Contract and Finance Company?

The WITNESS. I do not recollect.

Q. You do not know whether it was at the beginning of their work?—A. I know it was not at the beginning.

Q. Do you know whether it was after the completion of the road, in 1869?—A. I cannot tell you exactly the time. My remembrance is it was after the Contract and Finance Company had found out that they were heavily in debt, and the railroad company was in debt, and I was in debt. There was a general weeping all along the line.

Q. Do you know when those tears were shed—at what period; was it in May, 1869, when the road was finished?—A. I did not say that there were tears shed. You know that I meant that in a figurative sense.

Commissioner ANDERSON. So did I.

GREAT REJOICING ON COMPLETION OF ROAD.

Q. Do you know whether it was a fact that in 1869, when the road was completed, there was great distress—or was it an occasion of much rejoicing?—A. It was an occasion of much rejoicing. The people were rejoiced to know that the road was finished, and they did not care a continental whether I owed a million or ten millions, or that Mr. Stanford owed it. They had got the road, and they began "cussing" us immediately afterwards.

EARNINGS OF CENTRAL PACIFIC UP TO MAY, 1869.

Q. Is it a fact that, up to May, 1869, the Central Pacific's account of earnings showed that it had actually earned up to that period, on its net income account, from two to three million dollars?

The WITNESS. Before the road was finished?

Commissioner ANDERSON. No, up to May, 1869—that its net earnings, over and above all liabilities, were from two to three million dollars?

The WITNESS. I do not remember that.

Commissioner ANDERSON. The reports of the company show that.

The WITNESS. Then talk to the company. I was not a member of the company then.

Commissioner ANDERSON. But I say if it be true that your net earnings show that net gain——

The WITNESS (interposing). But does not the same account show the interest amounts that we had to pay?

Commissioner ANDERSON. But I am speaking of everything—after paying interest charges, and all operating expenses.

The WITNESS. I do not think the company earned them.

Commissioner ANDERSON. Would you like to look at the interest account, which is here?

The WITNESS. No; if you know it, that is sufficient.

WERE SUITS BROUGHT TO RECOVER ON STOCK?

Q. Is it not true that within a year after the completion of the road suits were brought against Mr. Stanford, and maybe against yourself (of that I am not positive), in order to recover on stock of the road—to recover large amounts of money which it was claimed that that stock fairly represented and that the holders were entitled to receive—on the ground that immense sums of money had been made and misapplied by the directors of the road? Such suits were brought, were they not?—A. I guess so; but do you know whether they ever proved anything of the kind?

Commissioner ANDERSON. I did not ask whether they did or not.

The WITNESS. There have been a great many of that kind of suits brought, and there have been a great many charges brought against the builders of the Central Pacific Railroad and the Union Pacific Railroad. They have been charged with everything you can imagine. Why? Because they built that road, and because they had connection with the Government of the United States in building it. Every politician, every little fellow that wanted to get to be a cross-roads politician, was engaged in hooting at the road, and they commenced such suits, but that does not prove that the company had the money that they charged it had.

AS TO SETTLEMENT OF SUCH SUITS.

Q. Now, as matter of fact, is it not true that all those suits were settled, and that the company paid, in order to settle the suits and acquire the stock, from $250 a share to as high as $1,700 a share?—A. No, sir; it is not true. The company never paid anything.

Q. Or that such payments were made by the individual directors against whom the suits were brought?

The WITNESS. Understand, I do not want to evade a direct answer to your question; but if I answer it directly, a false impression would go out. About the time of the bringing of that suit we had inaugurated a Southern Pacific Railroad. We were going to build that. We had bonds to sell to the amount of $25,000,000 or $30,000,000 perhaps—to a great amount at any rate—I have forgotten now how many there were on the market. The fact of any such suit being brought, and the newspapers all ready to publish everything that they could against the defendants in that suit and for the plaintiffs, injured the sale of those bonds. I wanted to fight the suits right out, notwithstanding that it would damage the sale of those bonds; but my associates thought it was better to pay these fellows something than to have this continued excitement and these continual charges and countercharges going through the press, to the injury of the sale of twenty-five or thirty million dollars of bonds—I have forgotten how many there were, but fully $25,000,000. I recollect that Mr. Huntington said that ½ per cent. or 1 per cent. of the price of those bonds would more than settle this suit, and that it was better to do it than to suffer a loss of 2 or 3 per cent. on the sale of those bonds; and that was the governing principle that settled those suits. If I had had my way they would not have been settled. I think it was a great mistake to settle them.

Mr. COHEN. I have said to Mr. Crocker that he was a little mixed about his dates. It was other bonds that were to be sold about that time, such as the San Joaquin.

Q. Do you remember how many of those suits there were—the Lambard suit and the Robinson suit?—A. The Robinson suit was long afterwards.

THE ROBINSON AND LAMBARD SUITS.

Q. It was on the same general ground, was it not?—A. Yes; the claim was that there were two kinds of stock—that one was much more valuable than another kind, in the estimation of the newspaper press; and the fellows that wanted to make something for nothing. There were lots of those. The first lot that was issued was, I believe, $8,500,000, or $8,000,000, I am not certain which. That was not sufficient to build the road to the summit of the Sierra Nevadas or to the State line. The law of the State required, I believe, that the stock should equal the bonds that should be issued on the road; and it was raised to $20,000,000. Then afterwards, when it was concluded that we could build on to Salt Lake, it was raised to $100,000,000, in order to cover it. Now, those parties that held this old stock (most of them never paid a cent for it) thought they had something that was worth ten or fifteen times as much in the $100,000,000 of stock, and so they brought these suits. They claimed, too, and set up in the papers that I changed my old original stock and got ten for one. It was not true. I took share for share; so did Mr. Stanford; so did Mr. Huntington; so did all—everybody except these fellows that had not done anything for their stock. Robinson was a hanger-on about Congress. We had given Judah a few shares to help him along.

Q. That was not all of the suits, was it?—A. The Lambard suit was the same, and so was the Brannan suit. Brannan never gave a dollar for his stock.

Q. You remember that the complaint charged the paying, by the directors to themselves, of exorbitant prices for construction, and misapplying the donations given by different counties in the State? You recollect all those allegations, do you not?—A. Yes; and I recollect that some newspapers said that these fellows had made $200,000,000 of cash in building the road. The total amount was about $70,000,000 that passed through their hands for building the road, I believe. Those things are unworthy of this Commission going into and inquiring about. They were blackmail suits. For instance, I saw some reports of Strong's evidence. He sold his stock to Lambard; and he says Lambard never paid him for it; and I know a widow that he got stock from in the same way, and he never gave her a cent. That is the kind of men they were.

AS TO VALUE OF STOCK IN 1869–'70.

Q. The object of the question is to test your statement, that in 1869 and 1870 you did not consider the Central Pacific stock worth anything at all?—A. I did not say "anything at all." I say any money. You could not sell it. It was only for the control of the road that I considered it of any value.

WHAT WAS PAID FOR STOCK IN SETTLEMENT OF SUITS.

Q. Yet, as a matter of fact, in all these suits brought from 1870 to 1876—the Brannan suit, the Lambard suit, the Robinson suit, and the San Joaquin suit—is it not true that the directors paid from $250 to $1,700 a share in settlement of those suits?—A. I do not think they ever paid any such amount of money. I do not know, though. I never paid any such amount of money. What they did I cannot say.

Q. What is the highest you paid?—A. I am talking about one period of time and you are talking about another.

Q. What time are you talking about?—A. I am talking about the time when this stock was turned into the Contract and Finance Company, which was long previous to the commencement of those suits. Do you recollect your asking me that question?

Commissioner ANDERSON. I do, and that Mr. Cohen said it was in 1870.

The WITNESS. Well, these suits were brought after that.

Q. When was the Brannan suit brought?—A. I do not remember, but my impression is that it was brought after the completion of the road.

Q. 1870 was after the completion of the road?

Mr. COHEN. The Lambard suit was brought in 1870.

Commissioner ANDERSON. About the same time.

Mr. COHEN. Mr. Crocker is a little mixed about his dates, and about his facts. He made some remarks here about the causes that induced these suits, some remarks about the newspaper men, which, of course, are only in jest. [Laughter.] We look upon the newspapers as our immediate friends. We expect justice from the Government through the newspapers.

WHY THE SUITS WERE SETTLED.

The WITNESS. In fairness, you ought to remember that I said that the suits were settled for the purpose of avoiding the scandal, and to assist in the disposition of the bonds we had to sell for the building of other roads. It was not because the stock was worth it.

Q. But is it not true that at the time you made the settlement of the Brannan and Lambard suits you did know that the stock of the Central Pacific Company was a valuable asset, that it promised to do a large business, and that within three years afterwards it paid dividends on its stock?

SALE OF STOCK BY WITNESS IN 1871.

A. I remember this, that in 1871 I sold all my stock for 12 cents on the dollar, and that I was very glad to sell it, and that that stock carried with it my interest in the Southern Pacific Railway Company, and in several other companies that I did not have the stock of.

By Mr. COHEN:

Q. At what date do you fix that sale?—A. That was in April, 1871, I think.

By Mr. ANDERSON:

Q. To whom did you sell it?—A. I sold it to Mr. Stanford, Mr. Huntington, and Mr. Hopkins.

Q. How long did they keep it?—A. I do not know.

Q. Did not they sell it back to you?—A. Oh, yes. I went off to Europe for my health. I was very much broken down, and just when I came back—I do not know——

THE STOCK NOT PAID FOR, BUT RETURNED.

Mr. COHEN. Go on and tell the whole story. They did not pay you for it.

The WITNESS. They did not pay me for it.

Mr. COHEN. And they gave you back the stock?

The WITNESS. I asked them for payment, and told them I had come back recuperated, and wanted to go into business. I asked Mr. Stanford

for money there. He would not or did not pay me. I met Mr. Huntington, and I told him I must have that money; that I was able to go into business now, and wanted it. "Well," said he, "Charley, we have not got it. We cannot get it." It was right in the flurry, then, of 1873—the Jay Cooke flurry. They could not get money. I had $60,000 in the bank in California, and I tried to get it here to buy some Wells, Fargo & Company stock, and I could not get it. They would not send it by telegraph, because they had not got it to spare. I took that stock back and tore up the papers.

Q. How long were you in Europe?—A. About two years.

THE CONTRACT OF SALE IN WRITING.

Q. Was that contract between you and Mr. Stanford in writing?—A. Yes.

Q. Have you a copy of it?—A. I do not know whether I have or not.

Q. Did it not embrace other matter besides the Central Pacific stock?—A. It embraced this other property that I told you of.

Q. Was each security scheduled, or was there a lump price?—A. There was a lump of everything connected with railroads on my part. I sold, on a basis of 12 cents on the dollar, the shares of the Central Pacific, saying nothing about the others.

Q. Do you swear that that is so stated in the contract—that it is so stated definitely—that 12 cents a share is stated in the contract, or is that an estimate that you make from the number of dollars that you received?—A. I cannot say that it was stated in the contract to be 12 cents a share. I think we figured it up and then stated the amount.

Mr. COHEN. You mean 12 per cent., not 12 cents a share.

The WITNESS. Yes.

Commissioner ANDERSON. We would like to have that contract, if you can find it, to test the accuracy of your memory as to the price.

By Commissioner LITTLER:

Q. I understand you to say that when you canceled the contract it was surrendered. Is that so?—A. I think so.

Q. Then you would not have it?—A. I would not. I cannot swear that it was surrendered, but I know this, that Mr. Huntington said, "Let us tear up the old contract and take your stock back, and you come right in with us and go ahead in all these enterprises that have been started in the mean time." He said, "We will just consider you have had two years' leave of absence, and when I want leave of absence I will take it."

AS TO DIVIDENDS.

By Commissioner ANDERSON:

Q. Had you received the first dividends on your stock before you passed it over?—A. Oh, no; there were no dividends then. If there had been I would not have sold for any 12 cents.

Q. When was the first dividend paid on this stock?—A. I cannot tell you. The books will show.

Commissioner ANDERSON. The books show that it was in 1873.

The WITNESS. Then that is correct.

Q. When you got the stock back had there been a dividend paid to Mr. Stanford and these others who held it?

The WITNESS. Before I got it back?

Commissioner ANDERSON. Yes; before they gave it back to you.

The WITNESS. No, sir; I do not think there was.

Mr. COHEN. Mr. Crocker took this stock back just as he sold it, and surrendered the notes that had been given.

Commissioner ANDERSON. I understand that; but we want to get some explanation of values—to ascertain whether the stock was a dividend-paying stock at the time it was returned.

The WITNESS. No; it was not. I took it back in October, 1873, I think. [To Mr. Cohen.] You recollect when I telegraphed to you?

Mr. COHEN. Some time in 1873. But whatever rights the stock had, you got just the same as if you had never sold it.

THE STOCK HAD NOT PASSED OUT OF WITNESS' POSSESSION.

The WITNESS. Oh, yes. In fact it had not passed out of my possession, but was in the bank of California in San Francisco.

Q. Did not the contract that you made with Stanford & Co. contain an option under which you were entitled, within a given period, to cancel it and take your securities back?—A. No; it was an absolute sale.

Q. Without any payment whatever, and without any transfer of the securities?—A. Yes; there was nothing paid out at all.

By Commissioner LITTLER:

Q. Do I understand that it was placed in the bank of California, in escrow, to be given to the purchasers when they should pay the notes?—A. It was placed in my strong box in the vault of the bank, and when they paid for it I was to give them the stock. I retained it.

Q. Then you retained the possession of it notwithstanding the sale?—A. Yes.

NOTES GIVEN FOR THE STOCK.

Q. How did they evidence payments for this stock—by notes?—A. Yes; they gave me their notes.

Q. Where were those notes?—A. I think I gave them into the hands of the bank of California, in an envelope indorsed, "Whenever there is a payment made on the inclosed notes a receipt may be given in my name and ——." I cannot remember exactly the indorsement.

By Commissioner ANDERSON:

Q. You did not take them with you to Europe?—A. No.

Q. Nor did you bring them to New York?—A. No.

By Commissioner LITTLER:

Q. Both the notes and securities were in California?—A. Yes; I have forgotten now whether or not I left both with Ralston, the cashier. I think very likely I did, and with written instructions on the envelopes—large envelopes, you know—that when any amount was paid a certain amount of stock should be delivered.

AS TO PREPARATION AND CUSTODY OF CONTRACT.

By Commissioner ANDERSON:

Q. As to the contracts: Did you not also leave the contracts there with Mr. Ralston?—A. No; I do not think I left the contracts with him.

Q. What do you think became of the contracts?—A. I think I left them with W. E. Brown.

Q. You think they were delivered?—A. It is pretty hard for me to remember all these little incidents. I think very likely the contract was tied up with the stock and the whole thing placed in the bank there together.

Q. Who drew the contract, do you remember?—A. I drew it.

Q. Mr. Cohen did not draw it?

Mr. COHEN. Mr. Storrs drew it, did he not?

The WITNESS. No, sir; I drew it myself. I think it will be found in my handwriting originally; and then it was copied by Mr. Huntington's clerk, or may be I copied it.

Q. Did you sign it?—A. Yes.

Q. And hand it to the parties in interest?—A. They took a copy and I took a copy. There were duplicates. There were two copies—I do not know but there were three. My brother was in it.

THE SALE A BONA FIDE TRANSACTION, THOUGH NO MONEY PAID.

Q. Was this anything more than an arrangement that was to go into effect in case you should become very sick abroad; was it a seriously consummated transaction?—A. It was entirely consummated. It was a bona fide, true transaction, and I did not regard myself as interested in the railroad one dollar.

Q. And yet no money whatever was paid to you?—A. No; it was a a very foolish thing to do, but that is just the way I did it.

Q. The securities were left in escrow until it was paid off?—A. Yes; and I recollect, when I talked to Mr. Stanford about it, he said he thought it was a big price, and I said, "Why, governor, you did not pay me a cent. I trusted entirely to you."

Q. At the time when this transaction was entered into, did you examine the reports of the company to see what its earnings were?—A. I do not remember any particular examination. I did not make any examination for the sake of sale. The fact was my brother had been taken with softening of the brain, and my physician told me, "Mr. Crocker, if you go on another year with the work you are doing you will go after your brother." Well, what was money in consideration of such a state of affairs?

CONSIDERATIONS OF HEALTH INVOLVED.

Q. Then you made this arrangement largely in consequence of these representations and the condition of your brother's health?—A. Not my brother's health—my own health. He was already afflicted and I could see what a wreck he was.

Q. Do you remember that about this time Mr. D. O. Mills made a proposition to acquire an interest in this enterprise?—A. He made a proposition while I was in Europe.

Q. Do you remember what he offered for 80 per cent. of the stock and some other property in San Francisco?

Mr. COHEN. He did not offer anything. It was offered to him.

The WITNESS. I was not present at that trade. I only know what I heard.

Mr. COHEN. Mr. Crocker was then out of the concern.

The WITNESS. I do not know anything about it of my own knowledge; it is only hearsay.

STATIONS 31 TO 138. WHAT WAS COST OF CONSTRUCTION?

Q. Have you any recollection of the cost of construction to Crocker & Co. of the road from station 31 to station 138?—A. No. If you know

how much the company paid I can tell you that Crocker & Co. did not have any money when they got through.

Commissioner ANDERSON. That is exceedingly vague, because they might have used the money in other adventures—in other matters of business.

The WITNESS. That was the only business they had; and a pretty heavy old business it was. You build a railroad through those Sierra Nevada Mountains, and you will find that money will melt away very fast, especially in war times.

Q. All that you remember is that you had no money left at the end?—A. Yes; that is what I remember; we had no money left.

Q. You had all the stock that you had received?—A. Well, I would not say that I had not used some, because the stock may be in some contracts. I cannot say now. I think I did use some stock in some subcontracts.

FINANCIAL CONDITION OF WITNESS WHEN HE UNDERTOOK TO BUILD CENTRAL PACIFIC ROAD.

Q. You said a little while ago that when you commenced this road you were a rich man. Please be a little more precise in explaining what you mean by that.—A. I had a splendid business and had some money and was happy, and I left that and went into this turmoil and these everlasting investigations and all that is mean.

Commissioner ANDERSON. You have come out pretty well?

The WITNESS. Yes; so far as money is concerned, but money is not everything in this world.

Q. When you say you were a rich man, do you mean that you were worth $200,000 when you commenced?—A. I think I was.

Q. Very much more than that?—A. I can not tell. I did not take an inventory of my assets, but I collected all my debts as fast as I could collect them and paid the money into this railroad.

Q. Did you consider yourself at that time a millionaire?—A. No; I did not.

THE CONSTRUCTION COST CROCKER & CO. ALL THEY GOT.

Q. Can you not give any figures as to the cost to Charles Crocker & Co., of the construction of the road from section 31 to section 138?—A. No; I can not, only generally, as I did before. I replied that when I got through I did not have any money. I do not know how much it cost more than to say that if you have examined you know just exactly what it cost the company.

Q. I want to know what it cost Charles Crocker & Co.?—A. I tell you it cost all they got.

Q. Do you know what you paid per yard for removing the earth?—A. We did not pay by the yard—we hired the men.

Q. What rates of wages did you pay the men?—A. All the way from $35 per month up to $250 or $350.

Q. According to the grade of employment?—A. Yes.

EMPLOYMENT OF CHINESE.

Q. Do you remember that you employed a large number of Chinese?—A. Yes; a big lot of them.

Q. Do you remember what their wages were?—A. They varied; when we first commenced to employ Chinese we paid $1 a day—$26 a

month. Then it was increased to $30. Then it was increased to $35, and I think it held at $35, excepting when we would take out skilled men for skilled work, and we would give them a little more. We took blacksmiths; and at one time when we had a strike among our Irish brothers on masonry, we made masons out of the Chinamen. I recollect that Mr. Strobridge said once, "Make masons out of Chinamen!" and I said, "Did they not build the Chinese wall, the biggest piece of masonry in the world?" [Laughter.] We made masons out of the Chinese, and after they had been at it a few days the Irishmen came back and wanted to go to work. The Chinamen made good blacksmiths also; we had several of them at that work.

Q. In addition to their wages did you board them?—A. They boarded themselves.

Q. How about the white labor?—A. We boarded the white men.

PROPORTION OF WHITE MEN TO CHINESE.

Q. What was the proportion in number of white men to that of Chinese?—A. It varied at different stages of the work. I recollect that I had a great deal of trouble to get Mr. Strobridge to try Chinamen. At first, I recollect that four or five of the Irishmen, on pay day, got talking together, and I said to Mr. Strobridge, "There is some little trouble ahead." When I saw this trouble impending a committee come over to us to ask for an increase of wages. I told Mr. Strobridge then to go over to Auburn and get some Chinamen and put them to work. I said, "There is no particular hurry. You can get Chinamen." The result was that the Irishmen begged us not to have any Chinamen come, and they resumed their work. It was four or five months after that before I could get Mr. Strobridge to take Chinamen. Finally he took in 50 Chinamen; and a while after that he took in 50 more. Then they did so well that he took 50 more, and he got more and more until finally we got all we could use, until, at one time, I think, we had ten or twelve thousand. When we had 12,000 Chinamen we had more white men than we had before. We had carpenters and blacksmiths and teamsters, and all that sort of thing. They were white men.

Q. Are you able to give the average number of hands you employed for that work during the two years it was in progress?—A. There were more than two years.

Commissioner ANDERSON. I am not speaking in regard to the time when the Contract and Finance Company had charge of it, but during the construction from section 31 to the east line of the State.

The WITNESS. Commencing at Newcastle, we hired all the white men we could get, and just above Auburn we put the first Chinamen to work, and then we increased them very rapidly, and in six months, I think, we had 2,000 or 3,000. Then, after the first winter, they increased until, when we got into that rock work on the summit, we had as high as 10,000 or 12,000.

BILLS FOR EXTRA WORK.

Q. Do you remember the fact that after the completion of your contract or while the contract was going on, you had a number of large bills for extra work?—A. Yes.

Q. What was the extra work? What was its character?—A. It was shoveling snow, and all that sort of thing. I can not particularize, I know that we shoveled snow there 60 feet deep, and pitched it over six or seven times.

Q. Do you remember who prepared these bills for extra work?—A. Mr. Strowbridge kept an account of the number of men employed, and the bills were allowed for the number of men employed.

Q. They were presented to the board of the Central Pacific and they were allowed in the usual way?—A. Yes.

Q. Did you have any conversation with the directors about the allowance of those bills?—A. I have no doubt I did. I do not remember any conversation particularly. I know this, that while they were urging me to push the work I would say, "Here is this snow in the way;" and I would ask, "Who will pay for removing it?" And they would say, "We will pay for it." Of course I was not going to pay for it. I was not going to get any pay except for the removal of the rock. I know there was a 60-foot ravine that we cleared of snow and pitched it over and over and over before we could get to the rock. The engineers would not allow the track to go on snow or ice.

FORMATION OF CONTRACT AND FINANCE COMPANY.

Q. Do you remember the formation of the Contract and Finance Company, and how it came about?—A. Yes, I remember something about it. I may miss some details.

Commissioner ANDERSON. Give us what you remember.

The WITNESS. The directors told me that after we got to the State line they did not think it best for me to go on any farther; that they wanted more capital; they wanted to engage heavy men in it. They wanted me to organize the company. I did. I got some friends of mine to organize this company; then I sought for stockholders to come in and take stock. I could not get any one to do it. I took the presidency of the company. I subscribed for the stock.

Q. How many shares?—A. I have forgotten how many, but a large number.

Q. Was it not a fifth of the whole issue?—A. Well, I guess it was more than that.

AMOUNT OF ITS CAPITAL STOCK.

Q. What was the whole issue of capital stock—$5,000,000?—A. $5,000,000.

Q. Did you not take 10,000 shares, Mr. Stanford, 10,000; Mr. Hopkins, 10,000; Mr. Huntington, 10,000, and Mr. E. B. Crocker, 10,000?—A. Mr. Huntington and Mr. Stanford did not take any at first, as I remember. I took some stock. I think I afterwards divided some of my stock with them, when I found we could get no one to go in, and they had to put their shoulders to the wheel. I think I put my stock back and gave them all an even show.

Q. So that you all had even interest?—A. I believe so, as near as I can recollect now.

DID WITNESS THEN BECOME A DIRECTOR OF CENTRAL PACIFIC?

Q. Did you not at this time re-enter the board of the Central Pacific Company?

The WITNESS. When that company was organized?

Commissioner ANDERSON. Yes.

The WITNESS. I do not recollect when it was. If I was not under oath, and was not going to have my evidence printed, I should say that

I did not. I do not think that I went back into the board until it was finished; but still I may have done so.

Commissioner ANDERSON. We read you from the minutes of October 21, 1869 (which was just after the completion of the road), from which it appears that at that date Mr. E. B. Crocker retired and you became a director of the board.

The WITNESS. Well, that was my remembrance, and that is what I thought. My remembrance is now that that is correct, because that was the time when my brother's health gave out.

CHARACTER OF WORK DONE BY CONTRACT AND FINANCE COMPANY.

Q. What was the character of the work done by the Contract and Finance Company, as compared with the work which had been done by you—I mean with reference to expensiveness and difficulty?—A. It would not average nearly as heavy; but, at the same time, it was under very disadvantageous circumstances.

Q. Just describe it, shortly, from Reno on to Promontory Point.—A. Everything had to be carried forward. Everything had to be brought from behind. The country supplied nothing—but stone to build the culverts and bridge masonry.

Q. It supplied the ballast for fillings, did it not—the gravel?—A. We did not bother much with ballast at those times, until after we got farther along.

Q. Do I understand that the road was, substantially, built on the surface of the country as you found it, except when cuts were necessary?—A. We did not make a cut if we could help it. We graded the road in a good, substantial manner, according to the face of the country, and we had good gradients, good alignment, as good as we could get. As I say, we threw in enough earth from the neighborhood, with the shovel, to ballast it and hold the ties in position, and we graveled it after we got the road running.

POINTS OF DIFFICULTY IN CONSTRUCTION.

Q. Were there any points of special difficulty in construction between Reno and Promontory Point?—A. Yes.

Q. Name them.—A. The Truckee Cañon below Reno; there was a good deal of heavy rock work there. When we got to the desert we hauled water 84 miles for man and beast. That was very costly.

Q. Is the Truckee Cañon east or west of Reno?—A. East. There are two cañons. I am speaking of the lower cañon. The upper cañon is from Truckee on, down to just below the State line. Then you come to a valley region, and then you strike into another cañon.

Q. How long is that cañon—the one that is east of Reno?—A. I could not tell you in miles. It must be twenty odd miles, I should think.

Q. Through that, you say, there was a good deal of blasting to be done—a good deal of removing of rock.—A. Yes.

Q. What other points of difficulty were there between the Truckee Cañon and Promontory Point?—A. There was the Humboldt Cañon—in fact two or three Humboldt Cañons; the cañons at the Palisades and above there—between there and Elko.

Q. Is it not a fact that four-fifths of the distance between Reno and Promontory Point consists of easy, rolling land, where there was no special difficulty of construction?—A. Yes.

WORKING IN ADVANCE.

By Commissioner LITTLER:

Q. While on that subject, I will ask you how far through the Humboldt Desert does this road run—how many miles of it are in that Humboldt Valley?—A. From the Truckee River at Wadsworth, I would call it all Humboldt, though there are 20 or 30 miles there that are desert before you get to the sink of the Humboldt. I should think it was about 300 miles, pretty near that, but the time-table will show the exact distance. We built 501 miles in nine months and twenty days, commencing at Wadsworth, which is the lower crossing of Truckee River. I recollect that it was on the 9th day of July we crossed the Truckee River, and we had this work away ahead. We made an excursion out there—the chief engineer and Mr. Strobridge and myself. My brother went along also. We decided that we must commence that work two hundred and odd miles in advance of the track in order to have it ready when the track got there, so that we would not be detained, and would go right through. We hauled the material and provisions for the men, and the men themselves, all over there. They got the ground ready. When the last spike was driven in the bridge at the mouth of the Humboldt, at the cañon, the road was ready, and they went on. That was done at a great expenditure of money. I paid large amounts for the hauling of materials and everything out there; that hauling added largely to the expenditure. It was all for speed—to get the work done. It is no small job to get 501 miles of railroad built in nine months and twenty days when the country supplies nothing and everything has to come from behind.

WITNESS WAS PRESIDENT OF CONTRACT AND FINANCE COMPANY DURING CONSTRUCTION.

Q. Did you remain president of the Contract and Finance Company during the whole period of construction?—A. Yes; I think I did. I do not know that I was the first president, though.

Q. Who was the first president?—A. I do not remember now.

Mr. COHEN. Mr. Mark Hopkins.

The WITNESS. I do not remember; but I superintended the construction. I was president when the real work of construction commenced.

Q. Who was the secretary of the company under you?—A. W. E. Brown.

Q. Where were the books of the company kept?—A. In his office.

Q. In Sacramento?—A. Yes.

Q. When did you cease to be president?—A. I ceased to be president when I became a member of the board of directors of the Central Pacific; but I am not certain about that.

Q. How long were the offices of the Contract and Finance Company kept at Sacramento?—A. They were kept there until just after my return from Europe, which was in July, 1873.

AS TO MISSING BOOKS OF CONTRACT AND FINANCE COMPANY.

Q. When did you first hear that the books of that company had been lost?—A. I could not tell you when I first heard of it. I can remember the time when I first tried to find them.

Q. When was that?—A. That was in December. Let me see. That was either in November or December, 1873.

Q. Where did you look for them?—A. I looked for them at their office; that is to say, I did not look personally; I had a man to look for me.

Q. Who was the man?—A. I think it was my secretary.

Q. What is his name?—A. No; I do not think I had a secretary then, because I had not gone back to work. It was immediately after taking back my interest in the road.

Q. You do not remember who made the search?—A. No, I do not. I know that I went back there as second vice-president in control, just the same as though I had not been out, and that I went into an investigation about some matters, and that I wanted to see something—to verify something—in those books, and I asked for them. Whom I asked I can not recollect. It was some one that was there assisting me. It might have been one of the Hopkins; I could not say, though.

Q. Would you not naturally have asked Mr. Brown, who was president of the Contract and Finance Company, where his books were?—A. Mr. Brown was in Europe, unfortunately.

Q. Was there no one else at the office of the Contract and Finance Company?—A. Yes, sir; Mr. Miller was there.

Q. Did you ask Mr. Miller?—A. I did not go down into his office; I probably sent down. I don't remember going down into his office to ask him; but I remember that, in order to verify something, I wanted to see those books. That was the first information that I had that they were missing and could not be found.

Q. What investigations did you make?—A. I told them that I wanted to see them.

Q. Told whom?—A. I told the parties there; I do not remember whether I had any interview with Mr. Miller or not—John Miller; you are getting me confused, gentlemen. You know I am not in condition——

Commissioner ANDERSON. I do not desire to confuse you at all.

The WITNESS. I know that; but I am confused, nevertheless.

FAILURE TO FIND BOOKS A GREAT MISFORTUNE.

Commissioner ANDERSON. Let me say that the failure to find these books is, to say the least, a great misfortune and an extraordinary fact, and if you can give any light as to the motives that led to the destruction or withdrawal of those books, or their loss, we shall feel much obliged. Let me say also that William E. Brown has testified that he prepared a new set of books for Mr. John Miller to keep, and that that new set of books, containing entries which must have been taken from the old set, have been produced and examined by us; so that those old books were extant at the time these new books were prepared. [Addressing Mr. Cohen.] Do you remember the date of the entries in the new set of books?

Mr. COHEN. Some time in 1873.

Commissioner ANDERSON. It is either 1873 or 1874.

Mr. COHEN. 1873, I think.

The WITNESS. New books were opened in 1873?

Commissioner ANDERSON. Yes, new books, by Mr. John Miller; which we have now, and have examined.

The WITNESS. I do not know; I was not there when they were opened.

DISAPPEARANCE OF THE BOOKS OF THE CONTRACT AND FINANCE COMPANY.

Q. Do you know anything about the books of the Contract and Finance Company?—A. I do not.

Q. Did you ever converse with Mr. Stanford about their disappearance?—A. Yes.

Q. What has he stated to you about their disappearance?—A. I could not remember those statements; but there was a wonder—we all wondered what became of them. I tried to find them, not thinking of any investigation, you know, but just for my own verification of something that was pending in my business, and I could not find them. I could not get anybody who could find them and no one could tell me where they were. I supposed they were up in Sacramento, but it was not a matter of sufficient consequence for me to go up there to find them, or to send there to see. It was merely a matter of verification of a statement that had been made to me. They could not be found. It was not, as I say, of sufficient consequence for me to send to Sacramento, but I supposed at that time they were there. Mr. Hopkins was a curious man; he never believed in saving what he called "trumpery," and he may have destroyed those books. I have no reason to believe that he did, or that he did not; I do not know anything about it, for that matter, but I talked with Mr. Stanford and that is the way I put it, that perhaps "Uncle Mark" had done it; though I could not give any reason for it, more than that he regarded them, perhaps, as trumpery and in the way.

Q. Have you any memoranda from those books?—A. No.

Q. None whatever?—A. No, sir; none that I know of.

CONTRACT AND FINANCE COMPANY IN DEBT ON COMPLETION OF ROAD.

Q. Have you any material that will inform the Commission as to the cost of construction of that road to the Contract and Finance Company, as entered in its books?—A. Nothing more than that I know the Contract and Finance Company was in debt when it got through building the road; that is all.

Q. Do you not know that when the Contract and Finance Company got through building that road they still held $6,000,000 of notes of the Central Pacific Company which had been given to the company on account of that work?—A. I know that they had—yes; and I know that the company could not pay them.

Q. It subsequently did pay them by the land-grant bonds?—A. Yes.

Mr. COHEN. You are talking about an entirely different thing.

Commissioner ANDERSON. No, I am not.

Mr. COHEN. We deny that there is such a thing.

Commissioner ANDERSON. Well, the witness has stated it.

Mr. COHEN. The witness has not stated it of his own knowledge. You have led him to concur in a statement that you made. You know the condition of the witness.

Commissioner ANDERSON. I will ask the question again.

NOTES HELD BY CONTRACT AND FINANCE COMPANY AGAINST CENTRAL PACIFIC.

Q. You remember that in 1869, when the Contract and Finance Company had finished its construction, it was the holder of $6,000,000 of notes of the Central Pacific Company—sixty notes, each for $100,000—which had been delivered by the Central Pacific Company to the Contract and Finance Company on account of obligations that had matured in its favor under the contract.

Mr. COHEN. At what time?

Commissioner ANDERSON. At the time of the termination of the construction in the spring of 1869.

The WITNESS. I recollect that there were notes held by the Contract and Finance Company against the Central Pacific Company, and they were for a large amount, but how large an amount I cannot say.

By Mr. COHEN:

Q. At what time was this?—A. After the completion of the road.

Mr. COHEN. After the completion of the road, or after their work on other contracts?

The WITNESS. I cannot tell you. They might have been for other work. I cannot say, though, about that. I cannot remember so far back. I know this: that the Contract and Finance Company held these notes; that they took these bonds in payment, but whether the notes were given for a debt owing for the construction of the road or not I cannot say.

Q. What other debt would such an amount as $6,000,000 be given for?—A. I cannot say. I do not recollect of any work that they did that would amount to as much as that; but still they might have done it, and I not recollect it.

AS TO DIVISION OF SURPLUS ASSETS AMONG STOCKHOLDERS OF CONTRACT AND FINANCE COMPANY.

Q. Do you remember the fact that within one, two, or three years after the completion of the road the Contract and Finance Company made a division among its stockholders of its surplus assets?—A. No, I do not recollect. I have no doubt they did. They would if they had any to divide.

Q. Do you not remember that you yourself received a large amount of stock of the Central Pacific Company from the Contract and Finance Company as your share?—A. Yes.

Q. Do you remember what the amount of it was?—A. No; I do not.

Q. Do you not remember that it was about $13,000,000?—A. Somewhere in that neighborhood.

Q. And that a similar amount was delivered to Mr. Stanford, Mr. Hopkins, and Mr. Huntington?—A. I could not tell you what they got; I know about what I got.

Q. You know that you had "evened up" your interests at that time; you had similar amounts of stock in the Contract and Finance Company?

Mr. COHEN. What time are you speaking of?

Commissioner ANDERSON. The time of the division of the Central Pacific stock. Mr. Stanford himself has stated that they each got $13,000,000.

The WITNESS. Then what do you want me to corroborate him for; is he not reliable?

Mr. COHEN. I object to it, because I know that Mr. Stanford is mistaken.

Commissioner ANDERSON. I am not a witness in this case. Mr. Stanford has sworn to it, and I want this witness to say whether or not Mr. Stanford is correct.

THE WITNESS GOT $13,000,000.

The WITNESS. I do not know what Mr. Stanford has sworn to, but I know that I got $13,000,000. I am not certain that I had got $13,000,000 at that time. I know that when I went to Europe I got $13,000,000 when I made that sale.

Q. When was it that you went to Europe?—A. In 1871—July or August.

Q. Now, did you get anything else from the Contract and Finance Company besides the stock?—A. Not that I remember at that time; I do not remember of anything just now.

Q. Have you any books that will show what you did receive from the Contract and Finance Company?—A. No; I did not keep any private books. When I closed up a thing I would put it away.

OTHER DIVIDENDS.

Q. Have you at any time received any dividend or interest from the Contract and Finance Company other than this stock?

Commissioner LITTLER. In payment for construction on the Central Pacific?

Commissioner ANDERSON. As a payment of dividends in the Contract and Finance Company—as a division of profits?—A. I do not recollect now having received it. I may have received some, but I do not recollect.

LAND-GRANT BONDS.

Q. Do you remember receiving any land-grant bonds from the Contract and Finance Company?—A. I think I got some land-grant bonds.

Q. Do you remember about the amount?—A. No; I do not.

Q. Do you remember whether you received any other bonds or stocks of any other roads—branch roads?—A. Really, I feel kind of "off my center," I may say—I am confused; my mind is confused. The fact is I ought not to be here to testify. I am not in fit condition. My physician said to me that I ought not to come and urged me, peremptorily, not to come; but I told him that I wanted to come, I did not want to shun investigation by anybody; and I am here against his protest.

THE S. H. H. AND C. BOOKS.

Q. I will ask you whether you remember that the Contract and Finance Company had on hand a large amount of property at the time it closed its books, and that a large amount of property was passed over to the books known as the S. H. H. and C. books, the amount being $13,500,000—you remember those books?—A. Yes; I remember those books, but I do not remember as to the property.

Q. You remember that Messrs. S. H. H. and C. received from the Contract and Finance Company $13,500,000?—A. No; I do not. I know that there is a large amount of imaginary capital in that concern, but as to its assets it had not as many as the books show. I cannot explain it; I am not book-keeper enough to do it; but I know very well that when I came to see the cash balances due me there and when I asked for the money there was not anything to pay it with. There were no assets.

PROFITS ON THE CONSTRUCTION CONTRACT.

Q. I will ask you the question in a simple way. I will ask you to estimate for this Commission the profits you made through the Contract and Finance Company on the construction contract which that company made with the Central Pacific—not in dollars, but in kind—what did you receive?—A. I received stock.

Q. You received $13,000,000, or thereabouts, in stock?

Mr. COHEN. Not from that contract.

The WITNESS. I cannot say that I received it from that. When I sold out to these gentlemen I had in the neighborhood of $13,000,000.

By Mr. COHEN:

Q. Of stock, you mean?—A. Of stock; yes.

Q. That was sold at 12 cents on the dollar?—A. Yes.

Commissioner ANDERSON. That is not the question now. The question is what he got from the Contract and Finance Company.

DOES NOT REMEMBER EXACT FIGURES.

The WITNESS. In these large amounts I could not remember the exact figures. I know that when I sold out I had over $12,000,000 of stock, but I do not think it was $13,000,000. I recollect on another occasion that I had $13,000,000 of stock, but I do not think it was at the time I sold out.

By Commissioner ANDERSON:

Q. Let us try to get it at the time you sold out. What did you sell besides $13,000 000 of stock?—A. I sold my interest in the Central and Southern Pacific, and in all the work that was going on.

Q. Did you sell any bonds?—A. No; I did not sell any bonds.

Q. Did you have any bonds?—A. Yes; I had some bonds.

INTEREST ON BONDS PAID WITNESS'S EXPENSES IN EUROPE.

Q. How many bonds did you have?—A. The interest on them was what paid my expenses in Europe.

Q. How many bonds were there? You ought to recollect a matter that would help you in that way.—A. No; I do not recollect.

Q. You do not recollect how many land-grant bonds you had?—A. No.

By Commissioner LITTLER:

Q. Was it not several hundred thousand?—A. No.

By Commissioner ANDERSON:

Q. Was it not several millions?—A. No.

Q. Did you not have your fifth or fourth that was presented by the Central Pacific to the Contract and Finance Company in payment of those notes?—A. I had my share of them, whatever it was—whatever amount of stock I held was.

Q. Do you remember how many bonds were paid by the Central Pacific Company to the Contract and Finance Company in satisfaction of those notes?—A. No; I do not. You have got the books of the Central Pacific. Why do you not verify all that from those? My memory cannot go back to give you those details; and if my memory does not give it right you may cast aspersions upon me.

Commissioner ANDERSON. There is no desire to do that.

The WITNESS. I know there is not, but it may be done.

Q. The question was how much you made out of that transaction?—A. I can not tell you.

Q. How much stock and how much bonds?—A. I made all I could, but I do not remember how much it was.

WITNESS'S CONNECTION WITH WESTERN PACIFIC.

Q. What connection had you with the Western Pacific—did you build it, or part of it?—A. I do not recollect about it. I do not think I built any of it. [After consultation with Mr. Cohen.] I have not said that the bonds were given to the Contract and Finance Company for building the main line of the road.

Commissioner ANDERSON. You said the bonds were in payment of the notes, and that you did not know why the notes were given.

The WITNESS. They were in payment of the notes.

Mr. COHEN. That was not the contract for the main line.

The WITNESS. I do not say that it was.

Commissioner ANDERSON. I think you are mistaken about that. The reports of our accountant will show.

Mr. COHEN. Those notes came from the building of the Oregon Branch, if I am not mistaken.

Commissioner ANDERSON. I think you are mistaken.

The WITNESS. What difference does it make? The United States have got the road and they have paid for it.

Commissioner ANDERSON. Have the United States got the road?

The WITNESS. The people have.

Mr. COHEN. They have got all they called for, and more too.

Q. Do you not remember that in 1867 a contract was made between the Western Pacific road and Messrs. Stanford, Hopkins, yourself, and Mr. E. B. Crocker for the construction of that Western Pacific, you four buying out McLaughlan, a former contractor?—A. I know that we bought McLaughlan out, but that has nothing to do with the building of the road.

S. H. H. AND C. OWNERS OF WESTERN PACIFIC STOCK.

Q. Did you not become owners of the stock that the Western Pacific issued, and were you not afterwards parties to the consolidation by which you exchanged stock of the Western Pacific for stock of the Central Pacific?—A. I have no doubt we were. I do not remember anything about that consolidation, but I know that we bought McLaughlan out.

Q. Is it not a fact that all the stock of the Central Pacific that came into the possession of you four gentlemen in that way was also passed into the Contract and Finance Company, so that, substantially, all the Central Pacific stock that you four gentlemen held was placed in the hands of the Contract and Finance Company?—A. I do not remember.

WITNESS'S CONNECTION WITH CENTRAL PACIFIC.

Q. What connection have you had with the Central Pacific since 1869?—A. I was a director, and I was superintendent of it for a while, until we employed Mr. Towne.

Q. Up to what date was that?—A. I was superintendent of the road up to some time in 1869, when I think Mr. Towne was elected. I will appeal to the company's books to tell that. It is all guess-work.

Q. Then since 1869 you have been a director in the road. What other offices have you held?—A. Second vice-president.

Mr. COHEN. Not all the time since 1869?

The WITNESS. I was in Europe after I sold out, and did not own anything.

Q. You resumed your position when you returned from Europe?—A. I did. I was re-elected director and second vice-president, and have been such ever since.

THE WESTERN DEVELOPMENT COMPANY.

Q. Are you familiar with the various constructions that have been made since that date? I refer to the California and Oregon, and the work done by the Western Development Company.—A. I do not think the Western Development ever built any of the California and Oregon.

Q. No; but it built some other roads which were leased to the Central Pacific. I ask you if you are familiar with all that construction?—A. I am familiar with the road. I was not familiar with the construction while I was in Europe.

Q. I am referring now to the different construction contracts between the Central Pacific and the Western Development Company and the Pacific Improvement Company afterwards. Were you a member of the board, and did you vote for those contracts?—A. I never voted for any contract that I was interested in in the board of directors in my life, that I know of. My recollection now is that the contract for building the San Joaquin Branch was let to Mr. Strobridge. I am not certain about it, but I think there was a contract let to him.

WITNESS A STOCKHOLDER IN THE WESTERN DEVELOPMENT COMPANY.

Q. Were you a stockholder in the Western Development Company?—A. Yes.

Q. What was the total capital of that company?—A. $5,000,000, I believe.

Q. How much stock did you hold?—A. I held——

Commissioner ANDERSON (interposing). 10,000 shares. Is that right?

The WITNESS. I presume so. I do not remember though, really.

Q. Either a fifth or a fourth of the whole capital, was it not?—A. No; I think not.

Mr. COHEN. That company was divided into ninths.

The WITNESS. I think that Mr. Colton had some of it.

Mr. COHEN. He had one-ninth.

Commissioner ANDERSON. And the other parts were divided among these four.

WITNESS'S STOCK IN PACIFIC IMPROVEMENT COMPANY.

Q. How was it about the Pacific Improvement Company; how much stock did that company have?—A. Five millions, I think; five or ten.

Q. How much of that did you own?—A. I think about a quarter. I would not be positive about that, though. I am really very much confused now, and my mind is not clear.

Mr. COHEN. Do you want to quit now?

The WITNESS. Yes.

Commissioner ANDERSON. We will take a recess at 1 o'clock.

The WITNESS. These are very important matters. Did you not learn this in California from the books?

Commissioner ANDERSON. Of course. But you have just said that you have not voted for any contract in which you had an interest. I want to ask you whether you have not voted on all the contracts between the Central Pacific Company and the Western Development

Company, the Contract and Finance Company and the Pacific Improvement Company?

CENTRAL PACIFIC NEVER HAD A CONTRACT WITH WESTERN DEVELOPMENT COMPANY.

The WITNESS. The Central Pacific Company never had any contract, that I know of, with the Western Development Company, and the Contract and Finance Company contract was made while I was not a director, as I have testified before and as you found out in California. I do not think the Central Pacific Railway Company ever made a contract with the Pacific Improvement Company.

Q. Who is now constructing the California and Oregon from Delta to the north line of the State of California?—A. That is the Pacific Improvement Company. That is so.

Commissioner ANDERSON. You will probably find quite a number of errors in your statement about these companies not having made any contracts with the Central Pacific Company.

The WITNESS. Well, I tell you that my mind is not in a condition to testify correctly. I feel very much upset. My mind whirls; goes from one thing to another. I am thinking of what the doctor told me. I see he was nearer right than I was.

Commissioner ANDERSON. I think we had better take a recess until 2 o'clock.

Mr. COHEN. Mr. Crocker cannot be here after to-day, and I want to examine him for half an hour.

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10 WALL STREET, NEW YORK,
Tuesday, September 20, 1887.

Afternoon session.

Mr. COHEN. I have a communication which I have been desired to present to the Commission on behalf of the Central Pacific Railroad Company with reference to the expenses which have been incurred in preparing tables and statements containing information and for the expenses of transportation. I thought we had better put it in the form of a letter, so that you may consider it in executive session, in order that we may get a reply.

(The letter was placed on file.)

CHARLES CROCKER, being further examined, testified as follows:

POLICY OF CENTRAL PACIFIC.

By Commissioner ANDERSON:

Question. Will you state to us, generally, what, so far as you know, has been the policy of the Central Pacific Company since its completion in regard to the connections made by it with branch roads and with the Southern Pacific for the purpose of developing that enterprise—the enterprise of the Central Pacific?—Answer. Well, that is a pretty broad question. I do not know that I could frame an answer to that more than to say that the Central Pacific is anxious to have the country tributary to its road developed, and have brought to it for transportation all the products of the country adjacent. They have done nothing

in the way of money assistance that I now remember in encouraging those things, but we, as stockholders, have been engaged in building feeders.

ROADS CONNECTING WITH CENTRAL PACIFIC.

Q. Will you enumerate the principal roads with which connections have been made, either by leases or by other contracts?—A. I could not remember all those things.

Q. I will recall most of them to you. The San Pablo and Tulare; that was a connection made by lease, was it not?—A. Yes.

Q. That was the fact also with the Northern Railway?—A. Yes.

Q. And the Amador Branch, a part of the San Pablo and Tulare?—A. Yes. None of that money came from the Central Pacific, however.

Q. Those roads were organized with an independent organization, constructed by construction companies, by contracts made between the particular roads and the construction companies, and then leased to the Central Pacific. Was not that the method?—A. Yes.

By Mr. COHEN:

Q. In all cases?—A. As far as I recollect just now.

Q. The Amador Branch, the California Pacific, and the Southern Pacific in California?—A. I do not think the Amador Branch was leased.

By Commissioner ANDERSON:

Q. It was leased to the San Pablo and Tulare, and the San Pablo and Tulare to the Southern Pacific. Then the Southern Pacific in California, in Arizona, and in New Mexico. Was not that also constructed by the Western Development Company and the Pacific Improvement Company, and then a lease made of the constructed road to the Central Pacific, and was not that the state of affairs until the change by leasing the Central Pacific to the Southern Pacific in 1885?—A. I believe it was.

WITNESS A STOCKHOLDER IN CONNECTING COMPANIES, AND, IF PRESENT, VOTED ON LEASES.

Q. Were you not a stockholder in all those different companies that I have enumerated?—A. Yes.

Q. And did you not yourself, as a director of the Central Pacific, vote on the terms of all the leases of these various companies that were made to the Central Pacific?—A. I do not recollect whether I was present at all the meetings. If I had been I should have done so.

Q. And when you were present you did vote?—A. I presume I did; I never saw anything to object to in it.

Q. Did you not vote also on the contract made in October, 1886, for the construction of the California and Oregon by the Pacific Improvement Company, from Delta to the northern boundary of the State, the contract being made between the Central Pacific and the Pacific Improvement Company?—A. I do not recollect whether I was present at that or not. It was very soon after my injury that that contract was made, and I was incapacitated for business for a long time after that injury. I cannot say that I was present. I do not remember now of being present.

THE COLORADO RIVER BRIDGE.

Q. Do you remember whether you voted for the lease of the Colorado River Bridge to the Southern Pacific or to the Central Pacific?—A. I cannot recollect whether I did or not.

Mr. COHEN. Is it important to establish all these facts?

Commissioner ANDERSON. The record will show; but the witness has stated that he never voted for any contract or transaction between the Central Pacific and other companies in which he had an interest.

The WITNESS. That was to the best of my recollection.

Commissioner ANDERSON. I call these cases to your attention and will refer you to the record showing the vote.

Mr. COHEN. We will admit that every time he was present he voted on these things as they came up. He was mistaken in that statement he made on that matter.

ALL THOSE CONTRACTS PROFITABLE TO CENTRAL PACIFIC.

The WITNESS. Yes; wherever I stated that I was not present and I was present, I made a mistake, undoubtedly. My memory failed me. As a general thing I abstained from those matters; but, at the same time, I do not know why I should; it was all perfectly regular. All those contracts were profitable to the Central Pacific, especially the bridge contract, as the construction company which built the bridge never got half its money on that. It was burned up.

Mr. COHEN. They have been all through that.

The WITNESS. Then I do not know why they ask me about those things, when I have got a bad memory.

PROPRIETY OF DIRECTORS VOTING ON CONTRACTS IN WHICH THEY WERE INTERESTED ON BOTH SIDES.

Commissioner ANDERSON. I will explain, so that you will understand the point. It is true that we have most of this information. But perhaps one of the gravest questions before us is on the propriety of the directors of the Central Pacific Company voting on contracts in which they had a pecuniary interest on both sides, as much with reference to the propriety of the act itself as with reference to the question of how much money they made. Therefore I call your attention to the fact that the inquiry now addressed to you turns on the question whether you did in fact vote on contracts made with companies in which you had a large interest as a stockholder when you were also interested in the Central Pacific as a stockholder and director of that company.

THE ROCKY MOUNTAIN COAL COMPANY.

Q. Now, I call your attention to another case—the case of the Rocky Mountain Coal Company; were you a stockholder in that company?—A. Yes, sir.

Q. Did you vote on the arrangements by which that company furnished coal to the Central Pacific?—A. I do not think there was any voting arrangement about it.

Q. You know, as matter of fact, that the Rocky Mountain Coal Company has for many years sold to the Central Pacific very large amounts of coal?—A. Yes; I know that, and sold it cheaper than they could get it anywhere else.

APPROVED OF EVERYTHING THAT BENEFITED CENTRAL PACIFIC.

Q. The question is whether you have, as a director, approved the arrangements made between the two companies by which the one became a seller and the other a purchaser—you being a stockholder in both

companies?—A. Well, answering generally, on that proposition I will say that I approved of anything that benefited the Central Pacific Company.

Q. Even if it benefited you?—A. Because I always had a larger interest in that than I had in any other company.

Q. Directing your attention, specifically, to the Pacific Improvement Company, do you know what consideration the company voted for the construction which the Pacific Improvement Company made between Delta and the northern boundary of the State?—A. I do not.

COST OF CONSTRUCTION TO PACIFIC IMPROVEMENT COMPANY.

Commissioner ANDERSON. I state that it appears from your records that the price paid was $4,500,000 of bonds of the Central Pacific issued under their last mortgage of October, 1886, and 80,000 shares of stock which at the time of the vote, in October, 1886, was worth about 40 cents. That being the consideration voted for that work, do you know what the cost of construction to the Pacific Improvement Company was?

Mr. COHEN. What did that include?

Commissioner ANDERSON. It included the construction from Delta to the northern boundary of the State—the rails and the equipment.

Mr. COHEN. And the acquisition of some other property?

Commissioner ANDERSON. No; there was a provision in it by which another company in Oregon agreed to make a connection, but what the Pacific Improvement Company agreed to do was what I have stated.

The WITNESS. I do not recollect. As I have said before, I was in a very precarious condition at that time, owing to my accident, and I have a very indistinct remembrance of that whole matter. I know that I left before it was finished up—before there was anything done about it—because I got sick by attending the discussions that were held.

Q. My question is now whether you know what that construction and all the work agreed to be done has cost the Pacific Improvement Company?—A. I do not know; and I do not think it is finished yet.

Q. If the facts establish that the cost to the Pacific Improvement Company has been less than $3,500,000, and the value of the consideration to be paid should be over $7,000,000, would you still consider that a proper contract for persons who were directors in both companies to approve of and vote for?—A. I do not think that there was any such discrepancy between the cost and the payments. But still, I would not, as an officer of the Central Pacific Railway Company, pay any such difference, if I knew there was going to such a difference.

WAS IT A PROPER CONTRACT?

Commissioner ANDERSON. Now, I will state, for your information, that Mr. Douty, the president of the Pacific Improvement Company, has stated to us the entire cost of this road as being about the figure which I have stated, and that the cost, up to the date at which the information was furnished to us, was $3,158,000, and some $600,000 in bonds having been set aside, stated by Mr. Douty to be more than sufficient to entirely complete what was to be done. The question I ask you is whether, in your judgment, that was a proper contract for directors of the Central Pacific to approve?

A. If they knew what was going to be the cost of the building of the road, I should not think it was; but those things are oftentimes ex-

tremely hypothetical. It is guess-work. Sometimes a man takes a contract to build a house and he loses money in building it, and sometimes he makes a good deal. Those circumstances have to be taken into account. The man who lets the contract and the man who takes the contract exercise their best judgment.

Q. When the man who takes the contract is the same person as the man who votes for it, and he pays moneys that belong to the corporation in which he is a trustee, in your judgment, is not that open to very severe criticism?—A. Well, I guess the public will criticise that pretty closely.

COST OF THE COLORADO RIVER BRIDGE.

Q. Do you know what was the cost of the Colorado bridge when first built?—A. I do not remember.

Q. You have stated that the parties who built it did not get their money back.—A. That is what I understood. It was burned, and it was a long way short of paying for itself.

By Mr. COHEN:

Q. It was burned once and washed out once by the flood, was it not?—A. It was washed out once or twice, and burned out entirely, and there has been a good deal of difficulty about it. The bridge is across the river which is the dividing line between the State of California and Territory of Arizona; and there was some difficulty as to which company would own the bridge, or else the Contract Company would never have built the bridge and owned it.

THE OAKLAND WHARF EXTENSION.

Q. Do you remember a bill presented by the Contract and Finance Company, while you were president of that company, in October, 1876, for what was known as the Oakland wharf extension, the amount being $692,000?—A. No; I do not. I had nothing to do with it, as I remember now.

Q. It appears from the minutes that you presented the bill to the Central Pacific Company.—A. Well, if I did, then I did. But I do not remember it.

Q. Do you remember whether you voted in favor of the payment of that sum?—A. I do not.

Mr. NORRIS (reading from a memorandum relating to the Central Pacific minutes). Page 52, October 20, 1876:

Bill of C. Crocker, of the Contract and Finance Company, dated September 30, for $692,000, for work and material on Oakland wharf extension and on Alameda wharf extension.

This bill includes items for fencing the railroad line between Niles and Oakland, $17,000, and 10 per cent. for superintendence, $692,944.99.

On motion of Mr. Brown, the bill was audited and allowed, Mr. Crocker himself being present.

READING OF MEMORANDUM OBJECTED TO.

Mr. COHEN. I object to this. This is a garbled statement of what purports to be contained on the book of minutes. I undertake to say that there was no such entry on the book of minutes as read here. It is simply a condensed statement of one of your employés; it is not a copy.

Commissioner LITTLER. It does not purport to be a copy. Your attention is called to the fact that very often during your examination

that very document was resorted to, with the original books before us, and the entries in that paper which you hold in your hand were always found to be correct in substance.

Commissioner ANDERSON. We will enter on the record an exact copy from your records.

Mr. COHEN. I do not remember having had my attention called in California to this extract. If it had been, I should have compared it, and put it in in full from the record book, when we get it.

Commissioner ANDERSON. We will put it in in full.

Mr. COHEN. We take the responsibility of everything that appears on our minutes, but we do not want any portion of the minutes put in for any particular purpose.

Commissioner ANDERSON. We will substitute for the extract an exact copy at any time you furnish it to us.

Mr. COHEN. We have no chance of getting the books over here again.

Commissioner ANDERSON. No; but you can send us a copy.

DEFECTIVE MEMORY AGAINST COMPANY'S BOOKS.

The WITNESS. I want to say a word. With all due respect to your honorable Commission, I do not think it is fair to examine me, with my defective memory, as compared with your quotations from our books. The books are correct, and you are asking me questions on matters that I do not pretend to remember, and you are going to put me down as against those books, and the books against me. I do not think that is fair.

Commissioner ANDERSON. There is no desire to do that. Nobody is going to criticise you for making any mistakes. The point the Commission wishes to show, and which has been substantially conceded, is that you, in common with the other directors, approved the practice of giving contracts when you had interests on both sides.—A. Well, if the books show it, that is sufficient. I do not deny what is in the books.

Mr. COHEN. I understand, then, that the Commission enters into a stipulation with us that Mr. Crocker's defective memory may not be taken to contradict the books?

Commissioner LITTLER. We do not expect to contradict the books by his memory.

Mr. COHEN. I want that stipulation confirmed, so that the members of the press will understand it.

Commissioner ANDERSON. The Commission enters into no stipulation. The press will look out for itself.

ASHAMED OF NOTHING HE HAS DONE.

The WITNESS. I desire to say here that there is nothing I have done in connection with the building of the Central Pacific Railroad or any other railroad that I feel ashamed of or that I wish to recall. I feel proud of what I have done. It has resulted in good to the people generally and to me particularly. I did not give up twenty years of the best part of my life for nothing.

RELEASE OF CHARLES CROCKER FROM LIABILITIES TO CENTRAL PACIFIC.

Commissioner ANDERSON. I call your attention to an entry in the minutes of April 15, 1885, and ask you if you recall the circumstance

of a release of Charles Crocker from any liabilities that there might be against him in favor of the Central Pacific Railway Company?

The WITNESS. I do not recollect the date, but I remember that there was something of that kind going on for Mr. Huntington, and I thought it would be a good thing to have me absolved at the same time, and I got absolution.

Commissioner ANDERSON. But you gave yourself absolution. You voted in favor of it?

The WITNESS. Did I?

Commissioner ANDERSON. I ask you.

The WITNESS. I do not remember whether I did or not. I do not think I did. I think I kept silent. I am a modest man.

Commissioner ANDERSON. You were present when the releases were directed to be given by the board, were you not?

The WITNESS. Very likely.

Q. You entered no demurrer and made no protest?—A. No; I thought I ought to be released. I did not know really of any obligation, but at the same time if it was good for others it was good for me. That is the way I reasoned about it.

EARNING CAPACITY OF SUBSIDIZED PORTION OF CENTRAL PACIFIC.

Q. Can you give us your views as to what you consider to be the earning capacity of that portion of the Central Pacific which is covered by the subsidy bonds?—A. I could not. In the first place I have been away from San Francisco two years, and nearly one year of that time I have been suffering from almost a fatal injury; and, in the next place, whatever I might say here in an off-hand way could be better verified from the earnings and expenses of the road as indicated by the books; that would show better than I can.

FORECLOSURE BY UNITED STATES DISASTROUS.

Q. What, in your judgment, would be the effect of a foreclosure of the United States lien so as to separate that portion of the Central Pacific between Ogden and Sacramento from the rest of the system; what, in your judgment, would the effect of that be on the security of the United States?—A. I think it would be disastrous.

Q. Can you not be a little more specific in explaining what the effect would be on its business?—A. I know if it was a good thing for us to build those connections without the subsidy it would be a good thing for the Government to maintain them. I do not think, in other words, that the Government can run that road any better than we have done it.

Q. What suggestions can you make, if any, as to your views of the policy that the Government should pursue in regard to the collection of its debt?—A. Well, if it wanted to be magnanimous and generous, write it off.

COURSE THE GOVERNMENT SHOULD PURSUE TO COLLECT ITS DEBT.

Q. Can you make a business answer as to the best policy to pursue so as to preserve the usefulness of the railroad as far as possible, and, at the same time, secure as much to the United States as can be secured?—A. I think that a subject that would require a good deal of study and investigation. If two or three men on the part of the Government, with an honest desire to do justice between the company and

the Government, should meet a committee of the board, they could come to some conclusion that would be worthy of attention; but, in an off-hand manner, in the investigation of this question, I do not think I am capable of giving you any outline of a settlement that I would be willing to stand to, or that the Government would be. I do not know enough about it. I never gave it any study. It is a question that requires a good deal of study. Whenever it is attempted by such men on the part of the Government and a committee from the board of directors with an honest desire to come to an honest conclusion, there will be some way found to do the best for all. But, at the same time, when I come to reflect on the condition of the country at the time the contract was made between the company and the Government for the building of that road, I think that if the Government wrote off its whole claim to-day it would come out away ahead of the manner in which it would have come out if the road had not been built.

LARGE VOUCHERS FOR EXPENSE ACCOUNT.

Q. Have you been aware from time to time of the existence of large vouchers which purported to be merely for expense account or legal expenses, and which did not, on their face, convey any information as to the parties to whom the moneys were given or the purposes to which they were applied?—A. I never saw any of those vouchers, but I have heard of them through the press and through the report of your proceedings.

Q. Have you heard of them from officers of the company—from Mr. Huntington and Mr. Stanford?—A. I think I have passed on some of them, as a member of the board, and voted for their allowance; I think I have. I do not remember particularly now. But if they had come up I would have voted for them when I was present.

APPLIED TO SOME GOOD PURPOSE.

Q. When you say you would have voted for them, you say that because you have knowledge of the purposes to which they were applied?—A. No, sir. I know they have been applied to some good purpose or they would not have been allowed.

Q. You say you would have allowed them yourself. Why would you allow them?—A. Because I have faith in the men who disbursed the money.

Q. Is that the full reason?—A. Entirely.

Q. You would have allowed them, then, without asking these gentlemen any questions as to the reasons why they had been paid or the objects to which they had been applied?—A. Yes.

Q. As matter of fact, have you asked for an explanation of the purposes to which these moneys have been applied?—A. No; I have not.

Q. Have you any knowledge whatsoever of the persons to whom those moneys have been paid, or the purposes to which they have been applied?—A. The men who signed the vouchers.

Q. The vouchers, in many cases, are signed simply by Mr. Stanford.—A. Then he got the money.

Q. My question is, have you any knowledge of the persons to whom the moneys were paid by the signer of the vouchers?—A. No; I have not.

OBJECTS TO WHICH MONEYS WERE APPLIED.

Q. Have you any knowledge of the objects to which these moneys were applied?—A. To benefit the company.

Q. In what way would it benefit the company?—A. That I do not know. There are a great many ways in which money has to be disbursed.

Commissioner ANDERSON. I am speaking of your knowledge now.

The WITNESS. I do not know anything about it. I never sought to know. I do not want to know. I have trust and faith in Governor Stanford and Mr. Huntington, and I do not believe they have misappropriated a single dollar, and I know, as far as myself is concerned, that I have never misappropriated a single dollar. In other words, I have always tried to get for the company a dollar and five cents for every dollar I have expended.

INFLUENCING LEGISLATION.

Q. Do you know whether any of the moneys I referred to were used for the purpose of influencing legislation?—A. I do not.

Commissioner ANDERSON (addressing Mr. Cohen). We will strike the answer out, if you wish, and let you raise any objection you desire.

Mr. COHEN. The question is answered. I should object to it under the ruling of the circuit court, but the question is now answered; yet it is a question that should not have been put.

Commissioner ANDERSON. That is matter of opinion.

Q. Please look at the letters, copies of which I show you, at pages 1619, 1620, 1621, and 1622 of a copy of the record in the Colton suit, and state whether you recognize those letters.

Mr. COHEN. I object to the question, and advise the witness not to make the examination and not to answer any question on the subject. In the first place, there is nothing here to prove that the papers shown to him are copies of the record in the Colton case, or that they are copies of the letters they purport to be.

THE COLTON LETTERS.

Commissioner ANDERSON. As far as that objection is concerned, we merely ask the witness whether these printed papers shown him refresh his recollection so that he can swear to the existence of such letters, if there be such.

The WITNESS. What letters do they purport to be?

Commissioner ANDERSON. They purport to be letters written by you to Mr. Colton. My question simply is whether you will read them and see whether you recollect writing such letters.

Mr. COHEN. I make the further objection that the production of these letters before this Commission is enjoined by order of the circuit court of the United States for the northern district of California.

Commissioner ANDERSON. The question is whether you remember writing them.

The WITNESS. I do not remember writing them, and I do not remember their being presented in the Colton case; but they sound very much like me. The Government of the United States is no more interested in these letters than in the Sharp case. They are most of them personal, and show what a good time I had at Los Angeles.

Q. Is there any further suggestion you desire to make to this Commission in regard to the subject-matter of this investigation?

The WITNESS. Any suggestion that I want to make?

Commissioner ANDERSON. Yes. You are a prominent director of this road and we are very desirous of receiving full suggestions from

the officers.—A. I have no doubt, if I had a little time to gather my houghts together, I could make you a good many good suggestions; but, really, I have not thought over the matter, and did not suppose you would entertain a suggestion of mine anyhow. I have no doubt, if I had a little time, I could think of a good many things you ought to do.

DEFINITION OF THE ROCKY MOUNTAIN BASE-LINE.

Q. Do you remember a circumstance that occurred in regard to the definition of the base-line of the Rocky Mountains being the point from which you were entitled to receive $48,000 per mile instead of $16,000? —A. Yes; I remember that very distinctly.

Q. Please tell us how that point came to be fixed?—A. Well, the law provided that from the western base of the mountains for 150 miles eastward the bonds should be three times as much (I think it was) as on the plains before reaching that point. The question came up, "Where is the base of the mountains?"

ARCADE CREEK THE BASE.

Q. That is, on the California side?—A. On the California side. I entered into the question, and I thought a good deal about it. We were very hard up, and we wanted to get the base down as near the river as we could, dealing justly with the Government, in view of that portion of the law which stated that 150 miles eastwardly covered the most expensive portion of the work. I do not know that I am quoting it exactly, but I think it is pretty much that way. The surveyors had made 150 miles from Arcade Creek reach the Truckee Meadows, where it was as level as this floor, and beyond there there was nothing very heavy. The heaviest work was all between Arcade Creek and the Truckee Meadows. Therefore that answered that portion of the law. I took Professor Whitney out on a little ride, and I had a profile of the road from Sacramento City to the Truckee Meadows with me, and beyond there even. I showed it to him. I had a copy of the law, and read that to him. "Now," said I "Professor, we want to have you decide or give your opinion of where this spot should be located." The profile showed a perceptible rise from Arcade Creek up. It was getting up faster and faster as we went along, and then got down; and when we got down to the Truckee Meadows, 150 miles from this point, on the Arcade Creek, it was almost level again, and the obstructions were trifling. It was smooth ground there. Here was all this heavy mountain work between. It answered the purpose of the law exactly. I did not ask him to do anything except that I wished him to decide where true justice would place the western base of the Sierra Nevadas. "Well," he says, "the true base is the river, but," said he, "for the purpose of this bill, Arcade Creek is as fair a place as any." I think the president of the company addressed him a letter on that question and he answered it, I think, in writing. Then I took out General Houghton, the surveyor-general of the State of California, and I took him over the same course, showed him the whole thing, and talked to him in the same way. He said that undoubtedly, for the purposes of the bill, that was the true place to put the western base, and he answered the letter of the company in the same way.

By Mr. COHEN:

Q. There was a report made by the United States Surveyor-General appointed by President Lincoln, was there not?—A. I did not know

of that. I was told lately that there was, but I had nothing to do with that.

By Commissioner ANDERSON:

Q. What was the point that was located?—A. Arcade Creek.

Q. How many miles is that from Sacramento?—A. I should judge about 9 miles; somewhere along there.

NATURE OF COUNTRY EAST OF ARCADE CREEK.

Q. What is the nature of the country from 5 miles east of Arcade Creek?—A. Light work.

Q. Is it mountainous?—A. No; but there is a steady incline upwards.

Q. How soon after leaving Arcade Creek do you reach what you call a mountainous section of the country?—A. That being the base of the mountain, it commences right there.

Q. Well, is there any mountain for 5 miles east of Arcade Creek? You have stated that there was not.—A. There are not any big mountains. There are some little foot-hills. But you seem to forget, all the time, that it is a question of where this 150 miles should be; the bill required it to comprise the most difficult construction. And after you have got 150 miles from Arcade Creek, you have got to lighter work than there was there at Arcade Creek. The profiles will show to-day; and you can go over the country and see it for yourself.

Q. How far is Rockland from Arcade Creek?—A. I should think about 18 miles; but I cannot remember those distances.

Q. Is there a cut between Arcade Creek and Rockland?—A. Yes.

Q. Where?—A. Before you get to Roseville, and beyond Roseville.

THE PRESIDENT OF THE UNITED STATES FIXED THE BASE-LINE.

Q. How far is that from Arcade Creek?—A. About 6 miles—to this cut. There is a cut there of, I think, 15 or 16 feet. We considered it a big cut at the time we took it out. The President of the United States had power under that bill to place that base, and he did it, and I would like to know who is to question it.

Commissioner ANDERSON. That is not the point here.

The WITNESS. Yes, it is. He was the supreme judge of where that was to be, and he was satisfied, and he placed it right there.

Q. I only ask you whether you consider that the section between Arcade Creek and Rockland could be described as the most mountainous and difficult of construction of the road?

The WITNESS. That is not the point.

Commissioner ANDERSON. I ask you that question.

A. I tell you this, that from Arcade Creek 150 miles eastwardly comprises the most difficult construction there was on the Central Pacific Railroad.

Q. You may say the same thing from Sacramento City to the meadows?—A. There is where the true base ought to have been, but we were a little modest and did not ask for it.

CENTRAL PACIFIC UNABLE TO PAY ITS DEBT TO GOVERNMENT.

By the CHAIRMAN:

Q. What is the ability of the Central Pacific Company to-day to pay its debt to the Government?—A. No ability whatever.

Q. What capacity has it, financially, to make any adjustment of the debt with the Government?—A. Its earnings.

Q. Have you at any time considered the question of the settlement of the debt with the Government?—A. We have.

PLAN OF SETTLEMENT.

Q. Can you state to the Commission about what was the result of your thought on the question?—A. No; I could not give you an intelligent opinion of the right way to settle it. The right way to settle it, in my opinion, would be to first ascertain what the company is probably going to earn, and extend the payment of the bonds for a sufficient time so that the company can earn it without embarrassing itself, or without destroying the property or having it forfeited to the first mortgage bondholders. The company will be better suited, and so will the Government, to have such an arrangement made by which the company can pay the Government. That it can be made I have no doubt. It makes but little difference to the Government whether it gets it in one year or one hundred years. They have got so much money now that they do not know what to do with it, and the whole country is convulsed with the idea of having so much money on hand. A scale of payments can be made that will give the company over one hundred or one hundred and fifty years to pay, and the Government will not be hurt by that course. The Government can charge interest, such as they have to pay themselves, and the company can pay it. The first-mortgage bonds can then be extended and the company can work out.

ONE HUNDRED AND FIFTY YEARS' EXTENSION OUGHT TO BE GIVEN.

Q. Do you consider one hundred or one hundred and fifty years as a proper extension?—A. I have not given it consideration. I should think that, to make it easy for the company, one hundred and fifty years ought to be given. Mind you, I do not want the Government to lose anything on that. Add the interest and spread it along, and let the company pay it as they can. If they can pay any faster let them pay it.

Q. Would you base it on a percentage or a fixed annual sum?—A. A fixed annual sum.

Q. Have you considered any question of settlement divorcing the company from the Government?—A. I should want this settlement when made to effect a separation of the Government and the company, and let the company go on and make its money as other people do. We could have made much more money for the Government if the Government had let us alone.

Q. That is to say, you would have an immediate settlement made by the company with the Government on the basis of periodical payments reaching over one hundred and fifty years, the Government to withdraw entirely from interest in the road?—A. No, sir; I do not want the Government to release any securities, and I do not think the company would ask that, but to have them extended over one hundred and fifty years, and make it so that the company can pay. They could afford to borrow money if they could not earn it; but the Government could hold this mortgage all the time, so that they can forclose, if they want to, when they find the company does not want to pay or does not pay.

EFFECT OF SOUTHERN PACIFIC CONSTRUCTION ON CENTRAL PACIFIC.

Q. What effect had the construction of the Southern Pacific on the Central Pacific as to its traffic?—A. A good effect. That is to say, if

nobody had ever built the South Pacific road the Central Pacific would have been a good deal better off; but Tom Scott was there, and he was going to build the road, and it was better for us to build it than for him to build it, because we had a very great interest in the Central Pacific, which we were bound to protect, while Tom Scott was bound to scalp the Central Pacific.

Q. Has the construction of the Southern Pacific had the effect of increasing the earnings of the Central Pacific?—A. No; I think not.

Q. Then the construction of the Southern Pacific has had the effect of decreasing the earnings, and, therefore, decreasing the payments to the Government by the Central Pacific Company?—A. Undoubtedly; and there are seven or eight other roads that have been doing it too, and the Government has been helping them all. I assure you we did not help them.

Q. Was the interest in the construction of the Southern Pacific the same that held the Central Pacific?—A. Pretty much. There was a little difference, but not much.

Q. So that the interest controlling and building the Southern Pacific was an interest profiting by reason of the income derived from the diversion of traffic over the Southern Pacific, thus decreasing the net earnings of the Central Pacific?

The WITNESS. Now, that is rather a hard sort of question.

The CHAIRMAN. I only ask you for information.

SOUTHERN PACIFIC WAS BOUND TO BE BUILT ANY WAY.

The WITNESS. As I said before, the Southern Pacific Railroad Company was bound to be built. Tom Scott had a land grant from the Government and he was going to build it, and if we had folded up our arms and laid down and gone to sleep, he would have built it, and it would have been ten times more disastrous for the Central Pacific if he were to do it than if we were to do it. It was a foregone conclusion that the road was going to be built. The only question was, who should control it, friends of the Central Pacific or enemies of the Central Pacific? Now, it does not seem to me that any man of fair mind can doubt which it is best to have own it. We thought so. We did it to protect the Central Pacific. We had no ambition to build the Southern Pacific Railway.

Q. Has not the effect of the construction of the Southern Pacific been to impair the security of the Government in the Central Pacific?—A. The Congress of the United States did not think so or else they would not have encouraged the building of it.

The CHAIRMAN. I am asking you as to the effect of the building?

The WITNESS. Of course the building of every railroad built across this continent has injured the Central Pacific, and yet the Government helped them all, I believe. We did not do it, I assure you of that. If we could have stopped the building of them all we would have done it.

Mr. COHEN. It helped them all except the Canadian Pacific, you mean, and it encouraged that by giving it the Government business.

GOVERNMENT FREIGHT SENT AROUND THE HORN.

The WITNESS. Yes; really, this is a thing that you ought to know. I know it, and I am very sorry to say what I am about to say. But the railroad was built for the purpose of transporting Government troops, Government stores, Government implements of war, and all that sort of thing, and there was a provision that the Government should be served

as cheaply as any other customer, and, notwithstanding that we sought for that trade and tried to get it and let it go on the payment of the debt, it was sent around the Horn and around the Isthmus and through foreign countries rather than over our own territory and in payment of a debt owing to the Government. That is the course that the Government has pursued with regard to giving this business to the railroad. If we had had the transportation of the Government freight at the same rate which they pay others, we would have paid the Government a great deal more money than we have paid. I was superintendent about that time, and was pretty well informed as to those things, as I was looking after business for the road in every way that I could. We had more difficulty in getting the Government freight than we had in getting the merchants' freight.

Q. What particular road got a large portion of the Government freight?—A. I am speaking of the time before there were any roads other than the Central Pacific. I tell you that the Government freight went around the Horn and across the Isthmus and through foreign countries rather than go over our own road and our own country; and, unfortunately, they were not Democrats that did it, either. [Laughter.]

PLAN OF SETTLEMENT.

The CHAIRMAN. I call your attention to the fact that one of the important questions in the act of Congress is the adjustment of the debt. You have intimated that if Congress will appoint a commission to hear the board of directors of the Central Pacific Company some proposition can be arrived at.

The WITNESS. Not to hear, but to confer.

Q. This Commission is ready and willing to hear any proposition that the company may have to present, and that is one of the important subjects of the bill.

The WITNESS. Have you communicated with the board of directors on that subject?

The CHAIRMAN. Yes; we have asked them all for information.

The WITNESS. Well, I have been in Europe and I do not know.

PROBABLE EFFECT OF AN ACT AUTHORIZING SALE OF GOVERNMENT INTEREST IN CENTRAL PACIFIC.

The CHAIRMAN. I have repeated the question to you for that reason. I ask you what would be the effect of an enabling act of Congress authorizing the sale of all the right, title, and interest of the Government in the Central Pacific Railroad Company?

The WITNESS. What would be the effect?

Commissioner ANDERSON. Who would buy it, and what would it bring?

The WITNESS. I wish I were omniscient, then I might answer that.

The CHAIRMAN. I ask you as a railroad man.

The WITNESS. Good gracious alive; I could not tell you what would be the effect; it would create quite an uproar.

Q. What would be the nature of the uproar?—A. Astonishment, and all that sort of thing. Well, I cannot tell you. But I say that if the Government should appoint three good business men to meet three good men from our board, there could be an arrangement made by which the Government would not lose a cent, and the company would be benefited and taken out of politics. That is the great thing, to get the road out of politics.

The CHAIRMAN. Will you submit such a proposition to this Commission? [Jocularly:] We believe, with all due modesty, that this Commission is such as you have described.

The WITNESS (laughing). Well, since I have got to talking you have got a smile on your face which you did not have before. I think you are a good fellow.

The CHAIRMAN. I am much obliged.

A SUGGESTION THAT THE COMMISSION MEET MR. HUNTINGTON.

The WITNESS. If any such proposition had been made to the board of directors and I had been at home I should have sought to have action taken on it. I believe that if you three gentlemen will meet Mr. Huntington, not with your reporters and not with your stenographers, but just to talk the matter over, just to compare views, may be you can form a plan with his concurrence, and if he advises the board that, in his judgment, it is the best that can be done, I think the board will ratify his suggestions. He is not empowered to act, you know, but I think they will ratify his suggestions.

Q What is the objection to presenting the suggestion to the Commission here?—A. Because it is in the nature of a trade. You might want to "haggle" about it a little.

The CHAIRMAN. There is an old saying that "In all trades somebody is bound to be cheated," so we do not want to be introduced to any trades.

The WITNESS. Well, I do not mean that. I know very well you are not a legislative body, and you are not empowered to make a settlement, neither is Mr. Huntington empowered to make a settlement, and you know there cannot be any settlement of that kind without having a talk about it and a comparing of views, one with another. If you say, "I will do this," and the other man says, "I will not do it," then there is an end of the matter.

The CHAIRMAN. Will you, as a member of the board, submit hereafter a proposition for extension or settlement?

The WITNESS. I think I will. I will do my best to get the board to consider it.

INFLUENCING LEGISLATION.

By Commissioner ANDERSON:

Q. Have you ever, personally, used any of the funds, stock, bonds, or other securities of this company for the purpose of influencing legislation?

Mr. COHEN. I do not think that is a question proper to ask this witness.

The WITNESS. Well, I can say no; most emphatically, no. I never did.

Commissioner ANDERSON. It is the privilege of the witness to answer, as well as of the counsel to object.

HOSTILE LEGISLATION.

Q. Do you know of any hostile legislation that has been had in either of the States or Territories or in the national legislature hostile to the interests of the Central Pacific Railway?—A. I have a vivid recollection of a good deal of it, but I am not prepared to say just exactly what it was. There have been any quantity of bills introduced into the California legislature that would have cut our throats and ruined the Government's interest in the road. I do not mean to say cut our throats

literally, but figuratively speaking. We have been threatened from all sides, and have had to guard the approaches. I know of one bill that was proposed, but we beat it. That bill, if passed, would have destroyed the paying capacity of the road, which, in that event, would long ago have been sold at public sale; of course, in such a case, the Government's rights would have been all sacrificed. I cannot tell the particular acts that have been passed, but we have survived all of them, even the Thurman bill. I thought at the time that was passed that it would ruin us.

ACTS OF CONGRESS GRANTING LANDS TO COMPETING ROADS.

By Commissioner LITTLER:

Q. Do you regard the acts of Congress granting lands in aid of these competing lines as legislation hostile to the Central Pacific?—A. I do not think it was intended as hostile legislation.

Q. What was the practical effect of it?—A. The practical effect was to build the roads and cut down the earnings of the Central Pacific and the Union Pacific and thereby reduce the Government's interests. It hurt us, and hurt the Government. You must remember, when we fight for the road we fight for the Government. We do not get credit for that, however.

GRADE OF SACRAMENTO LEVEE.

By Mr. COHEN:

Q. What was the grade of the levee at Sacramento as compared with the present grade when you commenced to lay your tracks there?—A. We have raised it about——

Mr. COHEN (interposing). Nine feet, is it not?

The WITNESS. I think it was hardly that. I was going to say seven. I cannot remember exactly, but I was going to say seven feet.

Mr. COHEN. The grade of the city of Sacramento was raised to conform to that grade nine feet, was it not, some distance back from the levee? In other words, you had to make an embankment in order to keep your track above the high waters of the Sacramento River in the floods of each year, had you not?

The WITNESS. Yes.

Q. So that laying the track at the Sacramento was not laying it simply in a valley country?—A. Oh, no.

Q. You had to make your track above high-water mark until you got to a sufficient elevation to avoid the floods from the Sacramento River?—A. Most undoubtedly. We spent a good deal of money there on the levee to get it up to a height that would bring our tracks up above the flood.

Q. That was very expensive, was it not?—A. It was very expensive; and we have spent more or less money on it ever since.

Q. You had to guard the approaches to the American River so as to protect the abutments of that long, expensive bridge you built across that river, had you not?—A. Yes.

Q. All that work was contracted to be done and paid for out of the $400,000 allowed you for the eighteen miles?—A. Yes, according to contract. I did not get $400,000 in cash.

Q. I understand; $250,000 in cash, $100,000 in bonds, and $50,000 in stock?—A. Yes; and the bonds could not have been sold for over $75,000. They could not have been sold in California at any price, but they would not have brought over $75,000 anywhere.

AID-BONDS FROM THE BASE-LINES.

Q. With respect to the point at which the western base of the Sierra Nevada Mountains was fixed by President Lincoln, you got from that point aided bonds at the rate of $48,000 a mile and issued your own bonds for the same amount?—A. Yes.

Q. Did not the proceeds of those bonds go into the construction of the road between that point and the State line?—A. I believe they did, as far as I remember.

Q. Did you know of any dividend being declared or paid out of the aided bonds or the first-mortgage bonds of the Central Pacific Railway.

The WITNESS. Dividends paid with the bonds?

Mr. COHEN. With the bonds or from the proceeds of the bonds?

The WITNESS. No, never. The bonds were all sold, every one of them, and the proceeds went into the treasury of the company.

FINANCIAL CONDITION OF CHARLES CROCKER & CO. AFTER COMPLETION OF CENTRAL PACIFIC.

Q. Can you state, from your memory, what was the financial condition of Charles Crocker & Co. after they had completed the building of the Central Pacific road from Sacramento to the State line—how much was the firm of Charles Crocker & Co. in debt?—A. I do not recollect. I know they owed, but I cannot recollect how much.

Q. For the purpose of refreshing your recollection, I will ask you whether, when you completed your track to the State line, you had not exhausted all the assets that you received from the Central Pacific Railroad Company excepting the stock, and whether you were not indebted to the extent of upwards of $5,000,000?—A. I cannot say as to that; I do not recollect now. I know I owed a good deal of money.

Q. You owed a good deal of money, and you had the stock as an asset?—A. Yes.

FINANCIAL CONDITION OF CONTRACT AND FINANCE COMPANY.

Q. Can you state what the financial condition of the Contract and Finance Company was at the time it had completed the track between the State line and Promontory Point?—A. I cannot tell you exactly, but I know it was in debt.

Q. It had exhausted all its cash assets and was in debt and had the stock that it received from the Central Pacific?—A. Yes; it had the stock, but it could not sell it.

Q. I understood you to say, in your direct examination, that there was no money over, and that the Contract and Finance Company had no money over when the road was finished.—A. Nothing but the stock; and that we did not consider very valuable. In fact, we felt pretty blue over the situation.

CONNECTIONS MADE WITH CENTRAL PACIFIC.

Q. You were asked about connections made with the Central Pacific by the building of new lines in California. After the road was finished to Promontory Point the entire property of the Central Pacific consisted of a line of railroad from Sacramento to Promontory Point. That was all the property it had, was it not?—A. Well, we had bargained for a road to Ogden—to meet the Union Pacific.

Q. But you were not paid for it then?—A. No; not on the immediate completion of the road, but we took possession of the road very soon after completion, and we paid for it.

Q. After you complied with the resolution passed by Congress in 1869, that Ogden should be the common terminus of the two roads, then all the property the Central Pacific had was from Sacramento to Ogden?—A. Yes. That was before the consolidation with the Western Pacific.

Q. The only way you had of reaching San Francisco at that time, before the Western Pacific road was finished, was to send your passengers down the river on a steamboat and your freight in the same way?—A. Yes.

Q. Then, after the Western Pacific was finished, in the fall of 1869, you could send your passengers from Sacramento to San José, but you still had no means of reaching San Francisco?—A. No; but we had foreseen that and had organized a company to build a road from Niles to Oakland.

Q. You built that road connecting with the Western Pacific?—A. Yes.

Q. And then you consolidated the Western Pacific with the Central Pacific, so as to form one continuous line from Ogden to San Francisco?—A. Yes; by the way of Stockton and Livermore Pass.

OAKLAND AND ALAMEDA FERRIES PURCHASED.

Q. Then you bought the Oakland and Alameda ferries, did you not?—A. Yes.

Q. After that purchase, the ferries and the railroad connected with them were consolidated with the Central Pacific?—A. Yes.

Q. At the time the road was finished to Ogden the Government refused to accept it because it was not completed?—A. I have no recollection of that. I know there was a commission appointed to decide when the road was finished. That was some time after. But I do not know whether the Government refused to accept it or not; I rather think they did not.

Q. Do you remember that Mr. Huntington deposited $4,000,000 of the first-mortgage bonds of the Central Pacific Railroad Company with the Secretary of the Treasury as a guarantee that the road would be completed in accordance with the requirements of law?—A. No; I do not.

ACCEPTANCE OF ROAD BY GOVERNMENT.

Q. Do you know when the road was finally accepted by the Government?—A. Yes.

Q. When was it?—A. I cannot remember the dates.

Q. It was the 1st of October, 1874, was it not?—A. About that time. I recollect that I went with the commissioners and showed them the road along at different points, and they examined it very thoroughly and wrote out their report.

Q. Were you examined as a witness before the committee of eminent citizens appointed by Congress—I do not mean *these* eminent citizens, but another committee of eminent citizens—who examined the road?—A. I recollect a good many commissions and, especially, the "eminent citizens."

GOVERNMENT SLOW IN FURNISHING LAND PATENTS.

Q. Do you remember that the Government refused to issue your land patents and refused to deliver the balance of the aid bonds because the

road was not completed, and it had been in operation then some six months between Sacramento and Ogden?—A. I do not remember their refusing to issue bonds, but I know that they have always been very slow in the furnishing of patents for land. They are growling at one end of the line because we do not take out patents, and refusing at the other end of the line to give us patents. We have always been between two fires. The public, through the press, has been swearing at us, saying that we were not taking out patents, and we had papers in the Government departments for years trying to get patents for the land.

Q. When the Central Pacific was finished there was no money over, from the proceeds of the aided bonds or otherwise, that you could use to build any other road?—A. No; I do not remember any.

Commissioner LITTLER (jocularly). These interrogatories are very leading, and very objectionable in a court of justice.

Mr. COHEN. Yes; but I have not seen much justice around this Commission so far. I hope there will be some when you make your report. This is your witness, and I am cross-examining him.

Q. Did you not consider it for the interest of the Central Pacific Railway Company to build the San Joaquin Valley road for the purpose of connecting the southern part of the State with the main line of the Central Pacific?—A. Most assuredly.

CENTRAL PACIFIC HAD NO MEANS TO BUILD SOUTHERN EXTENSIONS.

Q. The Central Pacific, as a corporation, had no means to undertake that work, had it?—A. We had not at that time; no. I do not think they had at any time; in fact, I know they had not.

Q. You built that road and connected with the Central Pacific?—A. Yes.

Q. That has been for the benefit of the Central Pacific, has it not?—A. Yes.

Q. Have the net earnings of the Central Pacific been in any way depleted to keep up the ferries that you bought, or any other lines that you bought or constructed that have been consolidated with the Central Pacific?—A. No; they have been an advantage all the time; the ferry particularly. The ferry adds largely to the Central Pacific.

AS TO LAND-GRANT BONDS RECEIVED BY WITNESS.

Q. In the examination pursued by Mr. Anderson this morning, he asked you about some land-grant bonds that you received. From the way it was left, I think it would appear that you received those land-grant bonds as a dividend. Is that the fact, or is it not the fact that you took those bonds for moneys due to you and to the other stockholders by the Contract and Finance Company—the moneys that you deposited with the Contract and Finance Company?—A. I can not recollect about that. If it was declared as a dividend the books would show it.

Commissioner LITTLER. Do you claim that the Contract and Finance Company loaned the Central Pacific Company $6,000,000 in money?

Mr. COHEN. No, sir; I do not say any such thing.

Commissioner LITTLER. What do you claim?

Mr. COHEN. The point of my question is this: The stockholders of the Contract and Finance Company did not subscribe for the capital stock. The money that the Contract and Finance Company had to develop its business was the money that these stockholders had borrowed and had put in there for their individual credit, and for which they received interest. In other words, they made deposits with the Contract

and Finance Company. My question led up to the fact that these land-grant bonds were paid to them in settlement of the moneys that were advanced to the Contract and Finance Company.

LAND-GRANT BONDS PAID TO MEMBERS OF CONTRACT AND FINANCE COMPANY IN SATISFACTION OF LOANS.

Commissioner LITTLER. In other words, as I understand, the Contract and Finance Company never paid a dollar for the five millions of stock, but each member of the company loaned to the company sums of money from time to time, and these land-grant bonds were paid to them in satisfaction of their individual loans?

Mr. COHEN. Yes, sir; that is my understanding of it.

Commissioner ANDERSON. There is no evidence of that, Mr. Cohen.

Commissioner LITTLER. There is evidence that they never paid a dollar of their capital stock.

Commissioner ANDERSON. There is no evidence whether the land-grant bonds were given to stockholders for reimbursement of their loans or whether it was done by way of dividends.

Commissioner LITTLER. No; there is no evidence of that; but what I wanted to make clear was that they never paid a cent of their capital stock.

LAND-GRANT BONDS NOT PAID AS DIVIDENDS.

Mr. COHEN. The point insinuated by Mr. Anderson this morning was that the land-grant bonds were paid out as dividends. That is not the fact. There was no such dividend paid.

Commissioner ANDERSON. Why do you say it is not a fact?

Mr. COHEN. Because I know it is not true. I knew the run of the business.

Commissioner ANDERSON. If you have books, and can prove it, you should do so.

Mr. COHEN. I am putting my knowledge of my client's business into the questions that I am asking. I know how those matters were handled.

The WITNESS. The fact of the matter is, I have not the knowledge to answer these questions.

Mr. COHEN. Mr. Anderson had put you on the record as admitting that it was a dividend of land-grant bonds.

The WITNESS. If I am on the record as saying that there was a dividend in land-grant bonds I wish to be removed from the record in that respect, for I have not any clear recollection of it.

SETTLEMENT OF GOVERNMENT DEBT.

Mr. COHEN. You were asked to make some suggestions as to the settlement of the Government debt.

Commissioner ANDERSON. Before going into that subject, I want to put on the record an extract from the minutes, dated September 3, 1873——

Mr. COHEN (interposing). I object to those extracts as not being correct.

Commissioner ANDERSON. We will take the responsibility of that.

The extract is as follows, and is from page 107 of the minute book:

September 9, 1873, resolved, that the secretary be directed to receive from the Contract and Finance Company the notes of Leland Stanford, Mark Hopkins, and C. P. Huntington, amounting to $5,700,000, indorsed by said Contract and Finance Company, in settlement of its indebtedness to this company, and credit the same to the account of said Contract and Finance Company.

Showing that the individual indebtedness of these gentlement to the Contract and Finance Company was settled in this way.

S. H. H. & C.'S NOTES GIVEN FOR BENEFIT OF WESTERN DEVELOPMENT COMPANY.

Mr. COHEN. I will say, in explanation of just such an item as that that you introduced in San Francisco, that I called on Mr. Douty to explain it. It is in his deposition. It turns out that these notes given by Mr. Stanford, Mr. Hopkins, Mr. Huntington, and Mr. Crocker, which were supposed to be for money borrowed by them, were really given for the benefit of the Western Development Company for its use, and not for the benefit of the other company or themselves. I state that this thing which you have just read is of the same character. You will find it in Mr. Douty's affidavit. That is the trouble in picking out such things from the proceedings of a large company like this.

Commissioner ANDERSON. The trouble is that we have not got the books.

Mr. COHEN. You had the books in San Francisco and could have used them for this purpose, but the trouble is that you put a stranger at this work—your statistician I will call him, though I think he ought to have a higher name than that—to support a theory which you have formed.

The WITNESS. This seems to be all irrelevant to my examination.

The CHAIRMAN. It is.

The WITNESS. I want to get through.

Mr. COHEN. This is my usual experience. When the Commissioners get through with a witness they seek to prevent my getting any information from him.

RELATIONS OF COMPANY TO GOVERNMENT.

Q. You have been asked to give some suggestions as to the settlement of this debt with the Government. I would like to get from you your understanding of the relations of the company to the Government. When you accepted the act of 1862 by filing your acceptance in the office of the Secretary of the Interior, did you not understand that the Government would give to the Central Pacific a stated sum for the transportation of its business over the road? Had it not been stated to you that the Central Pacific and the Union Pacific would receive from the Government an amount of transportation equal to $7,300,000 per annum?

Commissioner ANDERSON. Stated by whom?

Mr. COHEN. That was the intimation given by the Senators and Representatives that voted for the bill.

(Question continued.) And that you would not be required to pay anything on account of these bonds; that one-half the transportation would go to pay the interest, and that the other half would form a sinking fund to retire the principal—was not that the understanding when you accepted the contract to build this road?—A. That seemed to be the gist of the discussions in Congress—that this company would pay that debt by transportation of the mails, munitions of war, troops, Indian supplies, and that sort of thing. A little while ago I was saying that we did not get that freight; that it was sent through a foreign country rather than give it to us. We were very much disappointed in the amount of freight we got from the Government and the amount

of compensation for carrying the mails. We had every reason to believe that we would be liberally paid for all the transportation that was given to us, and that we would get all there was. Congress, in its discussions, as I remember them, discussed that proposition—that the Government would thus get its pay fully. And it was proven by a report from the Treasury Department—that the Government had saved; and I believe one of the Senators, in his speech, read that report, to the effect that the Government had already received, in saving of transportation of the mails and of these Government supplies, sufficient to nearly pay the debt at that time, and it has been going on ever since.

COMPANY DISAPPOINTED AS TO GOVERNMENT FREIGHTS AND MAILS.

We supposed that we were going to get somewhere near what had been paid for very inferior service in carrying the mails; but, on the contrary, all those things were ignored, and the officers of Government only sought to depreciate the pay that they were to give us for everything we did. The result is that the Government did not get back as much as we expected it would get; but it got a great deal. If the road had not been built five or six years before the time we agreed to do it—which it was, at the sacrifice of millions of dollars in expense—the Government would not have saved what it did by the quick completion of the road. I think we finished it seven years ahead of the contract, and we did not receive any more for it than if we had taken the whole seven years to build it; and we could have saved a good many millions of dollars in the building of the road if we had waited for the full time to expire, not only in the cost of material and cost of labor, but the price of the bonds when we sold them. We sold the bonds for currency for less than par, and then sold the currency as low as 34 and 35 cents on the dollar, I think, at one time, to pay out the gold to our men.

PREMIUM ON GOLD.

Commissioner ANDERSON. You must be mistaken in your figures. Gold was never at such a premium as to reduce the price of currency 34 or 35.

The WITNESS. Yes, it was.

Commissioner ANDERSON. You did not get any Government bonds until after the war was over.

The WITNESS. We did not?

Commissioner ANDERSON. No. Ask Mr. Cohen.

Mr. COHEN. Not all. They got some bonds.

The WITNESS. We got bonds and sold them at a very great discount.

Mr. COHEN. When the act of 1864 was passed, which was the time that General Grant was repulsed from Cold Harbor, the rate of gold ran up to 290.

Commissioner ANDERSON. I do not think gold went to 290 in 1864; in 1863 it did.

Mr. COHEN. On the 1st of July, 1864, gold was at 290.

Commissioner ANDERSON. At any rate the first bonds were not issued until 1865.

Commissioner LITTLER. The war closed in April, 1865.

Mr. COHEN. On the 1st of July, 1864, the premium on gold was 290; on the 1st of August, of that year, it was 261, and on 1st of December it was 243.

Commissioner ANDERSON. But you must bear in mind that you did not get the bonds then?

The WITNESS. We ought to have had them. That was not our fault.

Mr. COHEN. When the act of 1864 was passed, the road was finished to Newcastle, a distance of 31 miles, and we could not get any bonds then because, under the act of 1862, we had to finish 40 miles and we had not the money. The moment the act of 1864 was passed we completed the other 9 miles and obtained the bonds for the first 40 miles. That was when gold was highest.

Commissioner ANDERSON. But you did not get your bonds then. You did not get them till January, 1865, and you could not sell them until you had them.

The WITNESS. Well, I guess you are right.

COMPANY HAD SUPPOSED THE GOVERNMENT WOULD DO AS IT AGREED.

By Mr. COHEN:

Q. When you were building the road over the mountains, did you understand that the earnings of the road were to be subject to any fixed charges other than the payment of the first-mortgage bonds and the operating expenses? Was it not your idea that the transportation done for the Government would pay the interest on the aided-bonds?—A. My understanding was, in the very words of the act, that it was a contract, and that the Government would religiously live up to the contract, as we intended to, and as we did. There have been no violations of the contract on our side. We had every reason to suppose that the Government would do with us exactly as it agreed and not defer the payment of the bonds or the issuing of patents or put any impediment in our way. But unfortunately we were mistaken. I do not say that the Government collectively did it, but I say the officers of the Government did place everything in our way that they could. They sent their transportation over other routes, through foreign countries, rather than give it to us. That I say, and can prove. We had every reason to believe that the Government was going to favor itself and favor us in doing it, but we were disappointed.

SAVING TO GOVERNMENT IN TRANSPORTATION.

Q. Do you know what amount of transportation the Government has furnished to the Central Pacific Railway Company since the completion of the road?—A. No.

Q. Have you seen any statement made by the Central Pacific Railroad Company as to what the Government has saved in transportation of its freight and passengers, troops, and munitions of war, for sixteen years following the completion of the road?—A. I have seen such, but I do not remember it. I know it is a very large amount, but I do not treasure those things up. I have got lots of everyday things to remember.

Mr. COHEN. I would like to have it appear here that the amounts taken from the War Office and the Navy Department show a saving in fifteen years, from the building of the road up to the 1st of January, 1880, of $100,000,000, and a saving in the carrying of the mails of $39,600,000.

Commissioner ANDERSON. The statement will show for itself.

Mr. COHEN. In other words, the Government has saved by the building of the road, from 1869, $139,600,000.

Commissioner ANDERSON. I am afraid you have not quoted the figures correctly.

Mr. COHEN. I quote from the reports made to the House Committee on Pacific Railroads by the different Departments.

Q. You have not made any calculation as to those figures?—A. No; though I have read them over.

EFFECT OF SOUTHERN PACIFIC ON CENTRAL PACIFIC.

Q. You were asked some questions about the effect of the building of the Southern Pacific road on the business of the Central Pacific. The building of the Southern Pacific interfered simply with the through business, not with the local business of the Central Pacific, did it not?—A. No; on the contrary, it added to the local business of the Central Pacific by bringing business to it.

Q. By its connection at Goshen with the Central Pacific?—A. Yes.

Q. So that the net earnings of the Central Pacific were not materially reduced by the building of the Southern Pacific, in the way in which it was run by yourself, Mr. Stanford, and Mr. Huntington?—A. It was injured in the through business only.

Q. But the local business was benefited by it?—A. Yes, sir; I neglected to mention the difference between the local and the through business.

DIVERSION OF BUSINESS FROM AIDED TO UNAIDED LINES.

Q. It is charged that the directors of the Central Pacific have diverted business from the aided lines to the unaided lines. Have you any knowledge of that being done, other than so far as was required by the necessities of the case?—A. Only where it shortened the run, and where it was a necessity. It diverted the mail to a shorter and quicker route.

Q. The Government did that, did it not—insisted on the mail being carried by the California Pacific, because the mileage was less?—A. I do not remember what the Government did, but I know that it was the thing to do, and it was done. The Government would be a very foolish if it did not insist upon it. I do not know whether it did or not. I know the passengers all insisted on going by the shortest line.

NO PROOF THAT CENTRAL PACIFIC DIRECTORS HAVE FAILED IN THEIR OBLIGATIONS TO GOVERNMENT.

Q. It is charged also that the board of directors of the Central Pacific have been ungrateful to their great benefactor, the United States Government, have failed in fulfilling their obligation to it. Have you any instance in your mind that you can mention where they have so failed?—A. No, sir; there are none. I know there are such general charges made, but I defy anybody to put his finger on a specific thing that has been done. As I have said oftentimes, it is easy to get up and talk generally about a man having done great things, but when you come to fetch them right down to some single thing specifically done, they can not show it. I have been traduced in that way lots of times, but when you come to examine it there is not anything you could put your finger on to fight them with, because they do not charge anything specifically, but make everything general. One correspondent said we had made $200,000,000 in clean cash in building the road, but that carried its own condemnation on its face.

Q. If the Government had been as faithful as the company in performing its obligations there would have been no difficulty now about paying the debt, would there?—A. No.

Mr. COHEN. I had the good fortune once to appear before this Commission, and they asked me to make some suggestions. I suggested that they report to the President that the Central Pacific Railroad Company had in all respects performed its obligations toward the Government. Have you any suggestion to make that will improve on my statement in that respect?

The WITNESS. I have advocated in our board our making out a bill against the Government, presenting it, and demanding payment of it, and that we should have a bill introduced in Congress to pay us what they ought to pay for these violations of the contract.

CONSTRUCTION OF ROAD FROM SAN FRANCISCO TO SAN JOSÉ.

By Commissioner ANDERSON:

Q. In regard to the construction of the road from San Francisco to San José, do you remember the date when that was completed?—A. We had nothing to do with the building of that road.

Q. Was it not constructed before the Central Pacific was completed?—A. Yes, sir; I think it was.

The Commission then adjourned to Wednesday, September 21, 1887, at 10 a. m.

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10 WALL STREET, NEW YORK,
Wednesday, September 21, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

OBJECTION BY COUNSEL FOR CENTRAL PACIFIC.

Mr. COHEN. Let me ask the Commission whether it would be willing to strike from the record of yesterday that statement of what the minutes of the Central Pacific Company contain. I do not want that to go in as part of your report. If the minutes are to be annexed there should be a full copy, and not an extract taken from them which is not in the language of the minutes.

Commissioner LITTLER. We said to you that we would take a certified copy of the minutes in place of it.

Mr. COHEN. The minutes are not here.

Commissioner LITTLER. You can get them. You have plenty of time.

Mr. COHEN. We have already spent $14,000 in complying with the wishes of this Commission.

Commissioner LITTLER. That is a small matter to you gentlemen.

Mr. COHEN. We have not any more time or money to expend in such matters.

Commissioner ANDERSON. We will give you the liberty of substituting the original. The extract as presented was taken by a gentleman who is prepared to swear to its accuracy.

Mr. COHEN. It is not in the language of the original.

Commissioner ANDERSON. We can do no more than to let you substitute the original. If you do not do that, the burden is with you.

Mr. COHEN. But we ought not to be put in the position of having it on the minutes.

Commissioner ANDERSON. It appears on the record that it is not a copy.

Mr. COHEN. If you will say that it is not in the language of the minutes, that may do, and it will not be binding on us.

Commissioner ANDERSON. You can always correct it, and if you do not take the trouble to do so, everybody in the United States will believe that it is correct.

Mr. COHEN. If it has the sanction of your name it will be so taken.

Commissioner ANDERSON. Then you must correct it.

Mr. COHEN. We ought not to be put in the position of having it purport to be taken from our books.

The CHAIRMAN. We will take your exception and enter it on the record.

THE HUNTINGTON VOUCHERS.

Commissioner ANDERSON (addressing Mr. Cohen). Has the Central Pacific Company forwarded to New York the vouchers, bearing Mr. Huntington's name, which the Commission called for at the examination in San Francisco?

Mr. COHEN. They have not. I have presented your request to Governor Stanford, and he said he would not send any of the vouchers from the office in San Francisco to New York; and he gave as a further reason that the company had already handed to the Commission a great many important vouchers which had not been returned. I will say further that I telegraphed to the chairman of this Commission from San Francisco to Philadelphia, to find out what had become of those missing vouchers, and nobody until the present time has been able to give me the requested information. Our time is short, and we desire to know what has become of those papers that were intrusted to you. That is the reason why Mr. Stanford did not want to send any more papers to New York.

COLLIS P. HUNTINGTON, being further examined, testified as follows:

By Commissioner ANDERSON:

REGARDING VOUCHERS THAT DO NOT GIVE DETAILS OF EXPENDITURES.

Question. You recall the fact that during your former examination a number of charges for miscellaneous expenses appearing on the books of the Central Pacific Company without any detailed statement of the persons to whom such moneys were paid or the purposes to which said moneys had been applied, were brought to your attention, and you were examined in reference to them. You stated, among other things, that it was your practice, at the end of each month, to forward to San Francisco a statement of the expenses, and that the entries on the books in California were made from such memoranda. You also, if I remember correctly, stated that you did not think the memoranda in San Francisco would develop any more detail than the mere statement that these moneys had been expended for legal expenses or on expense account. Do you remember that portion of your examination?—Answer. I remember the questions being asked. I do not think I said that the details would be spread upon the books there.

Commissioner ANDERSON. I have just said, in effect, that you have stated that they would not be spread on the books.

The WITNESS. Yes; I should answer it, I think, in the same way now, if the question were asked me. I said "monthly, perhaps," not monthly. I sent when I had time. My view is, as I remember (it is some time back), that I sent it about monthly.

Q. Have you, since that examination, received by correspondence any information from the officers in San Francisco as to what, in fact, does appear on the face of those vouchers which bear your signature?—A. No; I have not.

Q. Have you refreshed your memory in any way so as to be able to give this Commission any further information as to the subject of those expenditures?—A. Well, I have been very busy about other matters and I could hardly expect, even if I did turn my mind in that direction (which I certainly have done occasionally), to remember the details of things that happened twenty years ago, or thereabouts.

Commissioner ANDERSON. Not unless you consulted correspondence or books.

The WITNESS. Well, I have not consulted any particular correspondence. The matter has come to my mind, of course, quite frequently, but I have been a very busy man for the last fifty years, and in regard to these matters that were settled at the time I would hardly be able to remember, even if I made the greatest possible effort to do so.

Commissioner ANDERSON. Since your examination the Commission has seen the vouchers in San Francisco, extending over a period commencing in about 1872, and coming, more or less, down to date, and we find that in almost every month there are vouchers, bearing your signature, in which items varying from $500 in magnitude to a very large sum of money (I do not wish to be understood as quoting accurately from memory), to, perhaps, $75,000 or $100,000, were simply entered as being expended for "legal expenses," or for "expense account," and the voucher bears your signature, or is identified as coming from you. Now, is there any further explanation you wish to give as to the purpose for which these moneys were expended, and which you considered justified you in giving them the sanction of your name as to their being correct expenditures? Is there any further explanation that you desire to make to this Commission?

EXPENDITURES ALL FOR PROPER PURPOSES.

The WITNESS. I do not know that there is. They were all for proper purposes, or they would not have borne my signature. Of course the matters were fresh at the time, and whatever I wrote to my people was a statement of the facts as I had them in my mind then; but they have passed out of my recollection now, and I have never pretended to keep our books or to look into them very much. I have great confidence in my associates, or co-directors, and our employés, and I sent those matters to them; they were correct.

Q. Can you not give us some light as to the kind of use made of this money, so as to enable us to pass judgment as to what you call the correctness of the expenditures?—A. I do not know that I could. Of course there are a great many things that we have to pay money for that are perfectly legitimate and proper, in order to properly care for the interests that I was attending to. There was no money paid out but what was legally and morally right to pay out. Of that I have no doubt.

AS TO FEES TO MEMBERS OF CONGRESS.

Q. Would you designate as a proper expenditure the payment of a large fee to a member of Congress for some legal services of greater or

less magnitude, which was paid to such member while a measure in which the Central Pacific Company had an interest was pending in Congress?—A. Well, I would not think it was a proper thing to do if the matter on which he was to act was one that he had to vote on.

Q. You understand my question—that the counsel fee has no apparent reference to the subject of legislation, but is supposed to be paid for some other service entirely, only that the compensation to be made was made during the same session, and before the member's vote was actually cast, in regard to a measure in which the Central Pacific Company had an interest. Would you consider that that was a proper use of money?—A. Well, I should hesitate before I would use money in that way. Of course, when we want legal advice we generally go to the best men we think of.

LEGAL ASSISTANCE FROM MEMBERS OF CONGRESS.

Q. As matter of fact, has not the Central Pacific Company frequently had legal assistance both from members of Congress and from members of the State and Territorial legislatures?—A. I know very little of what has been done west of the Missouri River.

Commissioner ANDERSON. Then we will confine ourselves to what you know.

The WITNESS. I do not think there would be any objection to employing a man to attend to a case in court because he was a member of the Senate or of the House.

Q. Even though, at the time, there was a measure pending before the legislature in which the Central Pacific Company had a large pecuniary interest?—A. I should have no hesitation in employing the best man I could find, whether he was a member of Congress or not.

Q. In regard to other services of a kindred character—the preparation of a statement of a case or of facts and figures which, in your judgment, established propositions in which the Central Pacific Company had an interest, would you deem it improper to employ a member of Congress for the purpose of getting together such information, and paying a member of Congress compensation for such services?—A. I should want to think of that, if such a case should arise. I always like to get the best men to do any particular thing that I have to do. If the case should ever come up I should consider it very carefully and then I should act according to the best of my judgment.

EMPLOYING PERSONS RECOMMENDED BY MEMBERS OF CONGRESS.

Q. You would, in similar cases of the rendering of legal services or of services in the nature of getting together useful information, have no hesitation in employing persons recommended to you by members of Congress?—A. I do not think I should hesitate to employ the best man, even if he had been recommended by a member of Congress.

Q. Between the years 1872, 1873 and the present time, is it not true that it has often happened that there have been measures pending in Congress in reference to which it was extremely desirable that the status of the Central Pacific Company should be intelligently put forth and explained to Congress?—A. There is no doubt of that.

NECESSARY TO GET TOGETHER A GREAT MANY FACTS.

Q. It was necessary for you to get together a great many facts and figures, which required considerable patient research?—A. There is no doubt of that.

Q. How many persons do you suppose have been in the employ of the company during that time engaged in this harvesting of useful knowledge?—A. It is difficult to tell. Every day brought its work and we got persons to attend to it, and they attended to it.

Q. Who selected the persons who were to do this work?—A. General Franchot was in Washington for a number of years; and then Mr. Sherrill—very wise and very good men, both of them.

Q. Had they all the requisite knowledge of the qualifications of different persons, which necessarily implied a close acquaintance with the affairs of the Central Pacific Company—had these gentlemen sufficient personal knowledge to make that selection without assistance from you?—A. Well, I have spent a good many evenings with both of them, explaining to them what needed to be done.

SELECTION OF PERSONS TO GATHER INFORMATION.

Q. In these conversations on the general subject in which you were interested, which I presume was a matter of discussion between yourself and Mr. Franchot and Mr. Sherrill, you say these gentlemen, and not yourself, selected the persons to whom the duties of gathering together the required information were assigned?—A. It would be difficult to say just how far I did advise. I would give them an idea of what I thought would be useful to them in attending to the affairs that they were looking after.

Q. Did you ultimately become acquainted with, or aware of the names of, all the persons who were engaged in this work?—A. Oh, no.

Q. Did you become acquainted with the names of many such persons?—A. Well, more or less so, but I do not recall names at the moment.

CLASS OF PERSONS SELECTED.

Q. What class of persons was generally selected? Were they persons who had official connection with the Central Pacific Company or outsiders?—A. I think the honorable Commissioner could answer that himself; he must know that we should get suitable men to do the work that we had to do. We wanted to inform every member that had a vote in regard to what we wanted, and that it was useful to the public and was proper and right to do.

Commissioner ANDERSON. My question is as to whether the class of persons so employed consisted mainly of persons who had no official connection with the Central Pacific Company, or whether this class consisted of some of the officers of or persons in connection with the company itself?

The WITNESS. Many outside persons, no doubt.

PERSONS SO EMPLOYED ENGAGED FOR A SINGLE SESSION.

Q. Did the persons so employed generally remain in the discharge of these duties during several sessions, or only a single session?—A. I should think not for more than one session as a rule. There are a great many new members of Congress coming in at each session, and almost every man has some one constituent that can sit down and talk to him and explain matters, when I could not do it, and when perhaps General Franchot could not.

Q. Then one of the qualifications which you looked for in the persons selected by General Franchot and Mr. Sherrill was the qualification of

being able to talk successfully to the new members of Congress as they appeared?—A. That would naturally be so; and, therefore, I suppose it was so.

RELATIONS OF SUCH PERSONS TO MEMBERS OF CONGRESS.

Q. Do you not remember, as matter of fact, that it frequently occurred, in discussing the qualifications of persons whom it was proposed to employ, that the relations of such persons to members of Congress were the subject of discussion?—A. Without remembering the facts in the case, the subject itself would almost convince me that it was so; that if you wanted to go and explain to a member of Congress, you would want an able man and some one that he could talk to, and whom he would allow to talk to him.

Q. Is it usual for members of Congress to make any special difficulty about allowing intelligent citizens to talk to them?—A. Well, I have had men refuse to talk to me.

CHARACTERISTICS OF PERSONS CHOSEN FOR SUCH SERVICE.

Q. What form of inducement, then, in your discussion with Mr. Franchot or Mr. Sherrill would suggest itself as being likely to loosen the tongue of the member of Congress?—A. Without remembering what I did say, I should naturally say, "I cannot talk to him; he is a clever fellow, a little thin skinned, afraid, and we want some man that can sit down and explain to him. All he wants is to know that it is right. Now you want some constituent of his—his best man, if you will—to explain to him that this thing is in the public interest." I could not do it myself and probably Mr. Franchot could not do it. Intelligence on the part of the person and the fact that he had some acquaintance with a member of Congress, such as would arise from being one of his constituents or having been in more or less intimate relation with him, would be a circumstance that would commend a person having such qualifications to me, as showing that he would be a proper man to select, a wise and good man, to go and talk to his member of Congress. I would suppose that any man would be willing to go and talk to a friend about something that was not wrong, when he would not do it to every man he met on the street.

Q. In regard to the range of discussion that was to be permitted between the members of Congress and the apostles that you sent to them, was that generally confided to Mr. Franchot and Mr. Sherrill, or did you take a hand in that?—A. Probably it was done more or less by General Franchot, Mr. Sherrill, and myself.

Q. As a matter of fact, did they, from time to time, consult with you?—A. They did.

FUNDS USED IN EXPLAINING MATTERS TO CONGRESS.

Q. Do I understand the testimony heretofore given by you correctly—that the larger portion of the funds which appear on the vouchers over your signature were applied to legal expenses and expended through payments made by you through Mr. Franchot, Mr. Sherrill, and other such parties, for the purpose of explaining these matters to Congress in the way you have detailed to-day?—A. I would not be prepared to say that the majority was. We had many things to do. We had a great many things in the Departments to attend to. We have now hundreds of thousands of acres of land that we are trying to get patents for.

Q. Without limiting you to members of Congress, my question is whether the unexplained vouchers were for expenditures, the majority of which were incurred for purposes such as you have detailed this morning or kindred purposes in other Departments?—A. I could not divide and subdivide them at this distance of time from other transactions; but I have no doubt that they were paid out for legal and proper legitimate purposes, such as would be sanctioned by the strictest rules of morality.

TO PREVENT CONGRESS AND THE DEPARTMENTS FROM COMMITTING ROBBERY.

Q. But what I want to get at particularly is that no portion of these moneys was to be considered as covered by the ordinary expenditures of a railroad for purchases of property or materials. Those would be specific vouchers. So that as to all the unexplained vouchers we may assume that they were for moneys expended for imparting information to Congress or to the Departments, or for some purpose of that character?—A. That I cannot say. Most of the money was expended no doubt to prevent Congress and the Departments from robbing us of our property.

PRIVILEGES OF COUNSEL.

Commissioner ANDERSON (observing Mr. Cohen conferring with the witness). Mr. Cohen, we think this witness is abundantly able to take care of himself.

Mr. COHEN. It is my privilege to call his attention to anything that occurs to me.

Commissioner ANDERSON. It is your privilege to make objections.

Mr. COHEN. We do not think that that is all.

Commissioner ANDERSON. I beg that there may be no conferring. If you desire to make any objections to questions we shall be glad to have you do so.

Mr. COHEN. I propose to call the attention of the witness to matters connected with the history of this company.

The WITNESS. Mr. Cohen has called my attention to the fact that there were large vouchers for rails and locomotives, and large sums paid, for which Mr. Colton had vouchers.

Commissioner ANDERSON. I have no objection after I get through to Mr. Cohen's correcting and explaining anything he chooses.

Mr. COHEN. You have stated that to me ever since you commenced taking testimony, several weeks since, but when you get through you never give me a chance to examine a witness.

Commissioner ANDERSON. I do not agree with you in your statement of what happened, but you shall have an opportunity.

Mr. COHEN. I called Mr. Huntington's attention to something that he had forgotten.

Commissioner ANDERSON. I object to it, while the witness is being examined.

ZEALOUS IN TAKING CARE OF PROPERTY.

Q. Is there any special session of Congress that impresses itself vividly on your mind as having occasioned an unusual amount of work of the character to which you refer?—A. I do not remember any special session. We have been very zealous in taking care of our property ever since we commenced work.

Commissioner ANDERSON. I refer particularly to the contest at the time that Thomas A. Scott sought to obtain right of way and the first right of occupancy in connection with the Texas Pacific and Southern California.

The WITNESS. No; I do not think there is anything special; that is to say, anything that was very expensive. It did not need so many explanations. Mr. Scott wanted, in the first place, $100,000,000 to build that road, and I used to go up myself before the committee and say that we would build it without any aid as fast as he could build it, and that the public should not find fault with the rates of fares and freights, and that generally put a quietus on the subsidy proposition. A further argument was that the Government had extended aid to one road and expected to get its money back, and that it should not help Scott to destroy the security it had.

Q. As a matter of fact, did not Mr. Scott make great efforts to get bills through Congress to assist his enterprise?—A. He did.

CONTENDING FOR TWO YEARS AGAINST SCOTT'S BILLS.

Q. And, as a matter of fact, were you not for two years contending against that legislation with all the vigor of which you were capable?—A. Yes. I used to telegraph my people every day to push the work on; that that was the way to kill Mr. Scott's project.

Q. Did you not also write many letters on that subject in describing the arduous nature of your labors?—A. I should think so.

Q. Is it not true that at that time General Franchot had a number of persons in his employ for the purpose of furthering the interest of the Central Pacific and defending them?—A. As I remember, he had quite a good many.

Q. Can you give us the names of any of those persons in connection with the Scott legislation, or attempted legislation?—A. I do not think of any at the moment except Mr. Sherrill; he was with Mr. Franchot.

Commissioner ANDERSON. But you have stated that there were quite a good many.

The WITNESS. There were; I have no doubt of it, but I do not for the moment recall any names.

Q. When you say "quite a good many" do you mean forty or fifty persons?—A. I do not know how many, but I should say a good many.

Q. Do you remember whether you saw any of them, personally yourself?—A. No; I do not, and still I should have been very likely to see them. I used to go over occasionally. Mr. John Boyd has been in our interest for a long time, and another gentleman was Mr. Beard.

Q. During what years did this business relating to Mr. Scott's interest continue?—A. I cannot give the years. It ran along for two or three years, I should think; somewhere in the seventies, probably.

Q. Was it not in 1876 and 1877?—A. Probably.

THE COLTON LETTERS.

Q. To what persons connected with the road was your correspondence which related to this Washington business mostly addressed?—A. I should think to D. D. Colton.

Q. Do you keep letter-press copies of your letters?—A. Sometimes I do and sometimes not. I am very careless about such things.

Q. You are personally quite familiar with the Colton letters, I presume, having had occasion to see them in the course of some litigations?—

A. Letters that I wrote I should be very apt to be familiar with. The newspapers have been publishing letters purporting to be mine ever since they were lost or stolen.

Q. Why do you think they were stolen?—A. Because they were in the safe in the office where they belonged (so my people told me) on Saturday, and on Monday they were gone. I do not know that they were stolen, but those were the facts. I call it "stealing" them.

Q. Were they written to Mr. Colton personally, or to the company?—A. They were written to him as a director. The party that took them away certainly had no business with them. They were taken away after Mr. Colton's death.

Q. Are they not in possession of Mr. Colton's administratrix, Mrs. Colton, to-day?—A. I do not know. Some parties came to me to sell me those letters.

Q. They had no market value for you, I suppose?—A. I told the parties that I had written them, and if they wanted to sell them they had better sell them to somebody who had not seen them.

NOTHING WRONG ABOUT THE ORIGINALS UNLESS IT WAS THE GRAMMAR AND SPELLING.

Q. Then you do know what was in them?—A. I do not know what was in those letters. There was nothing wrong in the original letters unless it was the grammar and the spelling. [Laughter.]

Q. Please look at the letter I now show you, at page 1705 of the Colton record, and state whether you recognize that letter?—A. I do not recognize that letter; but still I might have written it. It says that Mr. Scott had a short-hand writer and I had not. I do not remember ever having written any such thing.

Q. Read to the end of the letter and state whether, according to your best recollection, that letter was written by you or not? The letter begins on page 1705. The matter on page 1706 is what I desire you especially to read.—A. (After looking at the letter.) I do not recollect that. There are a good many things in here that do not seem to be like me, and some that do.

Q. Are there not references made there that nobody could have made except yourself?—A. I should think any could.

THE COLTON SUIT.

Q. Do you remember the fact of the bringing of the Colton suit?—A. Yes.

Q. Were you in California during a portion of the time?—A. I think not; and still I might have been. It spun out a long time.

Q. Were you aware of the fact that a number of letters purporting to have been written by you to Mr. Colton were put in evidence in that case?—A. I do not know, but I suppose they were.

Q. You heard it. Did you see the record?—A. No; I do not think I saw the record. They sent me over a lot of reading matter, but I treated that as I usually do such matters. I do not usually read such matter unless I can be benefited by it.

Q. Did you never, before to-day, see a copy of the volume I have just placed in your hands?—A. I never saw a copy of that book before.

NEVER READ THE LETTERS SINCE HE WROTE THEM.

Q. And you never saw the letter I have shown you, in the form I have presented it to you?—A. I have never read any of the letters since I

wrote them. Those that I wrote of course I read when I wrote them—at least, something akin to reading them; but I have never read them since, I think.

Q. What is your best judgment—did you write the letters, a copy of which I have shown you, or did you not?—A. Well, I would not want to say. I should say I was in great doubt.

Q. You think the balance is so exactly even that you can not tell us whether you did or did not write it, but, upon the whole, you think you wrote it?—A. I have no further answer to make to that question than that which I have just given.

Q. Which would displease you most, if you had to swear—to swear that you did write it or to swear that you did not?—A. I must answer that as I have answered your last question.

FELT LIKE APOLOGIZING TO THE HOG.

Q. If you are entirely neutral on the question whether you wrote this letter or not, let me ask you whether it would not be impossible for you ever to have written such a sentence as this, and whether you do not know that such a thing was impossible to you—that you could not have done it and that you had not done it? I will read this sentence:

All the members in the House from California are doing first-rate except ——, and he is a damned hog any way you can fix him.

Did you ever write such a sentence as that to anybody?—A. Well, I should think that I did. I wrote about one fellow, and I have never passed a hog since that I have not felt as though I wanted to go on the other side of the way, as I had abused him. But I do not think that that was the language that I used, and I do not think that is a copy of the letter.

Q. But you do think that you used that language?—A. No; I do not think that I said that. I do not think that I used the word "damned."

Q. But I understand you to say you used such language about somebody?—A. I think in my letters I said that such a fellow was a "wild" hog; I do not think I ever used a word so angular as "damned."

WOULD RATHER NOT ANSWER.

Q. Will you tell us to whom that letter refers, whether the word be "wild" or "damned"?—A. Well, I should rather not.

Commissioner ANDERSON. If you object to answer, that presents another question; if you do not object to answer, we respectfully ask for the answer.

The WITNESS. I should rather not answer.

Commissioner ANDERSON (addressing Mr. Cohen). Are we to understand this as a claim of privilege?

Mr. COHEN. You are conducting this examination and I do not like to interfere with a gentleman of your great experience.

Commissioner ANDERSON (to the witness). Mr. Huntington, we would like to be informed as to whether you put your refusal to answer on the ground taken by the United States circuit court or not, so that we may conduct ourselves accordingly. If you simply say you do not want to answer because it is unpleasant, that is one thing. If you say you do not want to answer because you claim that we have no right to insist on an answer, that is another. Will you not inform us which ground you take?

The WITNESS. I guess I will put it on the latter ground.

Commissioner ANDERSON. The witness objects to answer and states, as his ground, that the Commission has no legal right to insist on an answer.

Mr. COHEN (addressing the witness). You have got it wrong. You mean to say "the former ground."

The WITNESS. I will put it on the former ground; yes.

The CHAIRMAN. We had better put the question direct, and let the witness say yes or no.

Commissioner ANDERSON. We would rather have the witness say on what ground he declines to answer.

ON THE GROUND THAT IT IS UNPLEASANT TO ANSWER.

The WITNESS. I would rather decline to answer on the ground that it is unpleasant.

The CHAIRMAN. You may make any explanation you please.

The WITNESS. The party to whom I suppose it refers lives in San Francisco, and I do not want to say anything that would be unpleasant to him. There is nothing that we are going to make or lose by it.

Commissioner ANDERSON. I will read another sentence from this letter and see whether you remember writing such a sentence or not:

Scott is working mostly among the commercial men. He switched Senator ——, of ——, and ——, of ——, this week, but you know they can be switched back, with proper arguments, when they are wanted.

Do you recollect ever writing such a sentence as that to any one?—A. No; I do not.

Q. Will you swear you never wrote such a sentence to Mr. Colton?—A. It is ten or twelve years ago, and I would not say that I did not write it, because, frequently, a member of Congress would say he would go for the bill, and then he would see Mr. Scott. Men I knew at the time would say they would vote for the bill, but I was satisfied that when I would sit down with them I could show them that it would cost the Government $100,000,000, and that I could switch them back.

MEANING OF THE WORD "SWITCH."

Q. I refer particularly to the use of the word "switch," which hardly anybody but a railroad man would use to a member of Congress. Do you recollect that that has occurred in your correspondence?—A. I do not.

Q. I think you have just now used that word in describing the operation?—A. Well, it is a good word.

Q. What would be the meaning of the word "switched"?—A. Changed.

Q. Changed, simply?—A. That is the proper meaning of the word, I believe—to change from one track to another by a switch. That is a railroad expression.

Q. But you could not use an iron switch on a Senator. What kind of a switch would you refer to as being used in order to change him?—A. In that case I should very likely have told him that we would build the road as quickly as Scott would, and would not ask for any aid. Scott in his first bill asked for something like $100,000,000 of Government aid. I think that I could explain to any man with whom I could sit down and talk that it was not a good thing to do. I think I could switch almost any fair man from that proposition.

MEANING OF THE PHRASE "COMMERCIAL MEN."

Q. Do you think that you used, in any of your correspondence, this expression: "Scott is working among the commercial men"? Do you recollect such a phrase as that?—A. I do not remember it, but he got resolutions passed by boards of trade and chambers of commerce, and by commercial and political conventions generally.

Q. If you used that expression, that is the sense in which you referred to these persons as "commercial men"?—A. Yes.

Q. You do not think that you intended, if you ever used that expression, to refer to persons who represented that they could control votes in Congress?—A. That is what I hired men to go to Washington for—to influence members of Congress by giving them good and solid reasons to show that what I wanted done was in the interest of the people.

Q. I will now ask you to look at a letter, beginning at page 1703 of the Colton record, dated January 17, 1876, and see whether you remember writing that letter, or a similar letter, to Mr. Colton. It is at the foot of the page.—A. (After examining the letter.) I do not remember having written it.

AS TO ORDERS FOR ENGINES.

Q. There is an allusion in the paper I have shown you to a Mr. Towne, as sending you an order for engines. There was a Mr. Towne, at that time (1876), connected with the Central Pacific, was there not?—A. Yes; he was general manager.

Q. Did you at any time receive an order from him for engines?—A. I do not recollect receiving the order for them, but I was getting orders from him very frequently.

Q. Can you explain how any letters purporting to contain your signature could contain references of this kind to Mr. Towne, except on the theory that it was a letter of your own?—A. I can not; except that if anybody was going to write a letter of course he would put some truth in it. He would not make it all lies, because it would not be to his interest.

DOUBTS HAVING WRITTEN THE LETTER.

Q. Do you believe you wrote that letter which I have shown you, or not?—A. I should have doubts about having written it. I do not remember anything in it.

Commissioner ANDERSON. I will read the last clause and ask you the question whether you wrote it or not. The last clause is: "I believe with $200,000 I can pass our bill, but I take it that it is not worth that much to us." Did you ever write that sentence to Mr. Colton?

The WITNESS. I should say not.

Q. You deny, under oath, that you ever wrote that sentence?—A. I would not say positively, but I would say it is my best recollection and belief that that portion of it was made up.

Q. You do not remember it now?—A. I do not remember it. I do not know any reason why I should have written it. I can see how the Government could have paid five times that to have got that road built.

WITNESS HAS AN IMPRESSION THAT THE COLTON LETTERS ARE MUCH GARBLED.

Commissioner ANDERSON. The real question is whether you did write this or not. These letters, as you are doubtless aware, are letters pur-

porting to have been written by you to Mr. Colton, and were put in evidence in the Colton suit.

The WITNESS. My impression is that they are very much garbled, that there are certain things in all of them probably that I did write and that very much in them is false.

Q. Has that always been your impression—that these letters are garbled?—A. I never saw those before.

Q. Is it this morning that you first formed that impression?—A. I have never seen those letters before.

Q. Have you never thought they were garbled before?—A. I did not think anything about it.

Q. Have you never had interest enough to examine them to see all that was written?—A. I do not remember anything about them, because, although I do not remember all that I have said, there are certain rules that have governed my life which allowed me to do some things and not to do others.

WILLING TO HAVE PUBLISHED ANYTHING HE EVER PUT IN A LETTER.

Q. I think your statement was that you had never put anything in a letter that you would not be willing to have published before the whole world. I wish to ask whether, if you did put in that letter the words "I believe, with $200,000, I can pass our bill," it is your best judgment that you would be willing to have that published to the world as your statement?—A. Certainly, I would; with $200,000 I could get a man from almost every Congressional district in the United States to go to Washington and show his member of Congress that a Southern Pacific road would protect our border, which, with all our Army, we had never been able to do, and that without any cost to the Government. General Sherman himself told me that by means of 2,000 men with that road he would rather agree to protect our border than with 50,000 men without the road.

Commissioner ANDERSON. I will read you the preceding sentence in connection with this proposed expenditure of $200,000, in order that you may see whether that was the sense in which the words were used, if you did use them:

It cost money to fix things so that I would know his bill would not pass.

The WITNESS. Of course, that is right in the direction I have spoken of.

WHAT WAS MEANT BY THE WORD "FIX."

Q. Will you tell me what is meant by the word "fix," as you there understand it?—A. To go and fix a man by convincing him that it was right. I understand the Connecticut dialect very well, and I used the word that expressed my idea. That is just what I meant. I would, with $200,000, fix things. That is, I would plan so that the Government would make millions out of it, and that we would be benefited by it.

Q. Always assuming that if there is a sentence in the letter of August 29, which sentence you do not admit to be yours, you have a right to reject it, let me ask whether, when you allude to what Mr. Scott is doing on his side, you refer to this same class of work—that is to say, to argument and answering legitimate inquiries and supplying information of the character to which you refer—as the class of work you intended to do or might have done with the $200,000? I refer you again to this sentence: "Scott is working mostly among the commercial men." Would

that, in your judgment (if used in that sentence), refer to work of that same character?—A. I should suppose so.

16⅔ PER CENT. OF THE APOSTLES "SHORT WEIGHT."

Q. I understand you as declaring under oath that that expression, if used by you, did not mean among men whose votes were purchasable?—A. Certainly not. It would be very strange, however, if out of three or four hundred men there was not more than one that was unworthy. Eighteen hundred years ago the best man that ever lived selected twelve men, and 16⅔ per cent. of them were "short weight." [Laughter.]

Commissioner ANDERSON. But this sentence does not refer to any work you were doing, but refers to what Mr. Scott is doing.

The WITNESS. I did not suppose by that that he was going to buy votes, but that he was going to bring certain influences to bear to pass his bill if he could. He was asking the Government for a large sum of money, but we did not ask for anything.

DOES NOT SUPPOSE MR. SCOTT EVER BOUGHT A VOTE.

Q. Then you did not, during the course of all this work, ever believe or suspect that Mr. Scott used any unworthy methods of obtaining votes?—A. I do not suppose that he ever bought a vote. He might get friends (I would not say it was unworthily) by passes. He had railroads running all over the country. He might do that without ever mentioning a vote. He might, by doing a man a favor, get a return favor, thinking, of course, that it was in the public interest.

Q. I will ask you to look at this same record, at the letter, on pages 1710 and 1711 (No. 128), and see if you remember writing that letter.—A. (After examining the letter.) I do not remember having written that letter. There are some things in there that I should say I would have been very likely to write, others I have no recollection of ever having written.

Q. Well, is it your best impression, after reading that copy, that you wrote that letter?—A. My impression is that there are some things in there that I probably wrote, and some things that I did not.

"THE R. R. COMMITTEE OF THE HOUSE WAS SET UP FOR SCOTT."

Commissioner ANDERSON. I will read the letter and beg you to correct me when I read portions that you reject.

NEW YORK, *March* 4, 1876.

FRIEND COLTON: Yours of February 24th, No. 142, is received. I have been in Washington most of the time since Congress met, and you say truly when you write that you think I have had a rough fight there this winter. The R. R. Com. of the House was set up for Scott, and it has been a very difficult matter to switch a majority of the committee away from him, but I think it has been done; but Scott is very able, and then he promises everything to everybody, which helps him for the day, and in this fight, and just what he may yet do I cannot say. There is to be some legislation for the Texas and P. or the S. P. before the 44th Congress goes out, and as Scott promises so much, and has such a fearfully long list of creditors to help him, that I have my fears that he will be able to pass his bill next winter, if matters are then as they are to-day. And I think it of so much importance that he is not allowed to build a road parallel to ours with Government aid that I shall endeavor to get our bill passed through the Senate this winter if possible (and the House, too). If we only get it through the Senate, and could then get built some road in Arizona before Congress comes together next winter, I think there would be but little doubt we would win the fight. What do all you think of it? I am doing all I can to demoralise Scott in Texas. He has got to have legislation in that State to extend time on his land grant or else it is lost to him.

The Southern Pacific bonds have been admitted to the stock board here. It was a hard thing to do, as they have a rule that no bonds shall be admitted except on completed roads. I think there is an even chance of selling some of the bonds this spring. It is such a large loan that we must be very careful in launching it, as its final success depends very much on the way the loan is put onto the market.

Yours, truly,

C. P. HUNTINGTON.

P. S.—Those memorandums giving progress of the work on S. P. are very interesting to me. H.

DOES NOT REMEMBER WRITING THE LETTER.

Q. Now, as a matter of fact do you not remember writing in regard to those Southern Pacific bonds?—A. No; I do not. If I had written such a letter, it would naturally have been to Mr. Hopkins. When I wrote on financial matters it was generally to Mr. Hopkins.

Q. What portion of the letter I have read to you do you reject, or what portion does your memory discard?—A. There are some ideas in the letter that may be mine; but I do not remember such a letter.

Q. Do you think that this was one of your ideas—that the Railroad Committee of the House was set up for Mr. Scott?—A. Well, he had a great many friends. I do not mean by that that it was set up wickedly, but that he got his friends into it.

Q. Was it a special committee?—A. The Railroad Committee was a standing committee.

Q. It was the general railroad committee?—A. Yes.

Q. Had there been any changes made in that committee during that winter while the legislation was pending?—A. I should think probably not. It was not usual to make changes.

WHAT "SET UP" REFERRED TO.

Q. Whatever would have been referred to by these words "set up" would be something that you would refer to as being done by the Speaker at the beginning of the session?—A. Yes; certain influences that were brought to bear—all correct in their way, but, instead of having a man from California or a man from the extreme South, having a man from Philadelphia or a man from that section—what I call a man of that "geography"—that is to say, a man whose geography was in favor of the Texas Pacific road.

Q. As to the next sentence, I will ask you whether your memory rejects that, as a part of your work or not. I call your attention to that because it contains this somewhat peculiar word "switch." "It has been a very difficult matter to switch a majority of the committee away from him, but I think it has been done."—A. My company's work there was with the committee, to show them the great wrong there would be in giving this large subsidy in money when a good responsible company would build the road without any money. It was very hard work, particularly when it was against their "geography," as I may say. I do not suppose any honest man (and I certainly think this Commission is honest) would think that anybody was bought with money. In Congress they have sometimes, I believe, 5,000 bills to look after, and the members cannot expect to analyze every bill. Parties interested in a particular bill have to go and explain it to the members, and it is very hard work; it takes a good many men a good many hours.

NO PERSONAL OBJECTION TO THE PRODUCTION OF LETTERS.

Q. I understood you to say a few moments since that you had no objection whatsoever to the production and publication of any letters which

you had written.—A. I have no personal objection. It seems that these letters have disturbed this Commission. Politicians are very thin-skinned, and there are always people who want to make the better appear the worse.

Commissioner ANDERSON. I like to have things explained.

LIGHT-WEIGHT POLITICIANS CRYING FROM THE HOUSE TOPS.

The WITNESS. I would be very glad to explain, and I will do so as far as I can. I will explain, if you like, what the difference is between having the Central Pacific road built so that a whole army can be transported comfortably across the continent in six days, and the condition of things before the road was built, when you could trace the line by the bleaching bones of the cattle that died for want of food and from drinking poisoned waters, and by the graves of murdered emigrants all the way from the Missouri River to the Sacramento. You could follow the whole line by those marks, and you could not get out of sight of a carcass. We went to work and built the road, and the Government said it would give us so much if we built it. We complied in every particular with the contract, and because some light-weight, narrow-minded politician thought he could make something by maligning us, he went upon the house-tops and cried aloud. I would like to explain many things to this people, and I hope to live long enough to do it. I spent twenty-five of the best years of my life in building this road across the high, dry, arid plains of the continent, and am abused for it by a portion of the press and by light-weight politicians who known little and care less about what we have done for the country.

AS TO THE INJUNCTION RESTRAINING PRODUCTION OF THE COLTON LETTERS.

Q. As far as these letters are concerned I return to the proposition. Did you say you had no objection to their production for the purposes of explanation? I would like to know whether you directed the issue of an injunction in San Francisco when the counsel for Mrs. Colton was about to place these letters in the hands of the Commission?—A. My attorneys there did what they thought was best. I think I did not know anything about it at that time.

Mr. COHEN. We accept all responsibility for that.

Commissioner ANDERSON. I am only asking my question. I want to know whether you knew anything about it or were consulted about it.

The WITNESS. My attorneys have authority to do what in their judgment they think proper to do. I do not think I knew anything about that specially.

Q. You did not know anything about it at the time?—A. I did not know of it at the time, but as I say they had power to do it.

AS TO CORRECTNESS OF PRINTED COPIES.

Commissioner ANDERSON. The position we are in is this: We are forced to ask you as to these letters from this printed book, because we cannot lay the original paper before you, your attorney in San Francisco having prevented Mr. Hayes by injunction from placing the Colton letters in our hands. Now, to make the examination brief, I will ask you, either now or at your leisure, as you desire, to examine the letters printed in the Colton case, purporting to have been written by yourself

to Mr. Colton, and to state whether it is your best impression that these printed copies are correct copies or not.

The WITNESS. Unless it is specially necessary I will say to the Commission that I work many hours a day, and I do not care anything about reading these letters. I have never read them, as I say, and never should read them unless there were a necessity that I should.

Commissioner ANDERSON. If you do not desire to read them——

The WITNESS (interposing). I do not want to read them. I do not care anything about them.

Commissioner ANDERSON. If you do not care to read them I will read them to you and ask you some questions. It will only take more time to discuss the matter. If you are satisfied, or your counsel is satisfied that these printed letters are correct copies it will save a whole day's examination.

COULD NOT SAY THEY ARE CORRECT.

The WITNESS. I am not, and therefore, if it should save a whole month's examination, I could not say they were correct.

Commissioner ANDERSON. It is a printed case, and doubtless your counsel has examined it.

Mr. COHEN. I would suggest that you go on with some other part of the examination, and I will think it over and talk to Mr. Huntington about it during the recess. You can take the letters up after recess.

Commissioner ANDERSON. That is satisfactory. You know perfectly well what the facts are, as to whether these are correct or not.

The WITNESS. I have some matters to attend to at the recess and I can not read them then.

Commissioner ANDERSON. If you say you merely want to discuss what is right to do—whether to object to their being read at all, or if you say that you are satisfied that they are correct copies, it would save time.

Mr. COHEN. I thought it would save time.

Commissioner ANDERSON. It may. And if you say you want to have time for that purpose I will ask the chairman to allow that course to be taken.

Mr. COHEN. I think I would like to talk to the witness a little about them. I have not had any consultation with Mr. Huntington at all. He has just got back from Europe, and I have just come from California.

Commissioner ANDERSON. It will take a whole day to read them, and if Mr. Cohen will, in good faith, endeavor to save us the time it would be desirable.

Mr. COHEN. What is that last remark, "in good faith"?

Commissioner ANDERSON. Yes; it will take a whole day to read them, and if you really mean to save us time, that course would be very acceptable.

Mr. COHEN. We do not want to waste any time about it. We want to get through with it to-day; and I will talk with Mr. Huntington about it at recess.

Commissioner ANDERSON. We shall probably have twenty letters to examine him on after they are all conceded to be correct. I do not know but that we had better go ahead and read them.

The CHAIRMAN. I think I would go ahead with the examination.

HUNTINGTON TO CROCKER.

Commissioner ANDERSON. I will read a letter purporting to have been written by you to Mr. Crocker, and which will be found at page 1604 of the printed record in the Colton case:

NEW YORK, *November 20th*, 1874.

FRIEND CROCKER: Herewith I send copy of bill that Tom Scott proposes to put through Congress this winter. Now, I wish you would at once get as many of the associates together as you can and let me then know what you want. Scott sent me three copies, fixed as he wants them, and asked me to help him pass them through Congress, and if I would not do it as he has fixed it, then he asked me to fix it so that I will, or in a way that I will support it. Now, do attend to this at once, and in the meantime I will fix it here, and then see how near we are together when yours gets here. Scott is prepared to pay, or promises to pay, a large amount of money to pass his bill, but I do not think he can pass it, although I think this coming session of Congress will be composed of the hungriest set of men that ever got together and that the d—— only knows what they will do. But as Scott's bill proposes to give the A. and P. land grant (the west end of it), I am not sure that it would not be as well to let the bill stand in that way, we stopping the Texas Pacific at the Colorado River. If we ask to come this side of the Colorado, it will be hard to stop the Texas P. from going west of it. I think the Texas P. or some of their friends will be likely to take the ground that the S. P. is controlled by the same parties that control the Central, and that there must be two separate corporations that run roads into S. F., and it will be very hard for us to make head against that argument, and I am disposed to think that Colton had better come over and spend a few weeks, at least, in Washington. Would it not be well for you to send some party down to Arizona to get a bill to build in the Territorial legislature, granting the right to build a R. R. east from the Colorado River (leaving the river near Fort Mohave), have the franchise free from taxation, or its property, and so that the rates of fares and freight can not be interfered with until the dividends on the common stock shall exceed 10 per cent. I think that would be about as good as a land grant. It would not do to have it known that we had any interest in it, for the reason that it would cost us much more money to get such a bill through if it was known that it was for us. And then Scott would fight it if he thought we had anything to do with it. If such a bill was passed I think there could at least be got from Congress a wide strip for right of way, machine shops, &c.

Yours truly,

C. P. HUNTINGTON.

I have read you a letter purporting to have been written by you to Mr. Crocker, on the 20th of November, 1874. What is your best recollection as to whether you wrote that letters?

PROTEST AGAINST MODE OF QUESTIONING.

Mr. COHEN. I desire, on behalf of the Central Pacific Railroad Company, to offer a protest against this mode of questioning. There is nothing whatever to identify the paper which the Commissioner has read as being a copy of any letter or document extant. It is not proved and not competent to be used in evidence. It is contrary to the elementary principles of the law of evidence. For that reason I object to any questions being predicated on it or being answered.

Commissioner ANDERSON. The objection is entered.

Mr. COHEN. For the reasons I have stated I advise the witness not to answer the question.

Commissioner ANDERSON. The witness will do as he pleases. He is evidently a law unto himself. He has got a very good adviser, too.

NO RECOLLECTION OF HAVING WRITTEN THE LETTER.

The WITNESS. I have no recollection of ever having written that letter. There are a good many things in there that I do not think I did write. There are some things there that I might or might not have written, because they were things that did occur.

Mr. COHEN (addressing the witness). It is a matter of choice with you whether you will answer the question or not. It is a question which a court, being governed by the rules of evidence, would not permit to be asked of a witness. You are not bound to answer.

Commissioner ANDERSON. This witness understands his business.

The WITNESS. There are certain things there which are not like me, and I do not believe that I wrote them. Some I might have written, or might not.

Q. I will read you this sentence. I desire to know whether it is written by you or not:

Scott is prepared to pay, or promises to pay, a large amount of money to pass this bill, but I do not think he can pass it, although I think this coming session of Congress will be composed of the hungriest set of men that ever got together, and that the d— only knows what they will do.

THAT CONGRESS NOT THE HUNGRIEST CROWD HE EVER SAW.

Did you or not write that sentence?—A. I do not think I wrote that I have seen a good many hungry crowds. I do not think that that Congress was really the hungriest crowd I ever saw. Therefore I do not think I wrote that.

Q. Is it because you do not think that that was a just criticism on that particular Congress, or do you mean to be understood as swearing that you never could have used an expression of that kind in the letter.—A. According to my rule of life I should say that I did not. I am pretty sure that I never wrote such a sentence in a letter. It would not be like me.

PERSONALLY WOULD NOT OBJECT TO PRODUCTION OF ORIGINAL LETTER.

Q. Have you any objection, Mr. Huntington, for the purposes of this examination, and in order to set the question at rest, to direct a discontinuance of the suit which prevents the production of the original letters?—A. There are other parties interested with me. As far as I am personally concerned, I would not object. My associates are interested in this matter, and I should have to consult them. At present I should simply refer the matter to my counsel.

Commissioner ANDERSON. We are prepared to send and have the letter produced and abide by its sentiments, after a personal verification by you as to the genuineness of the handwriting. Have you or have you not any objection to that course being pursued?—A. I have already answered that question.

Q. Will you consult your associates and let us know the result?—A. My counsel can do as he chooses.

Commissioner ANDERSON. It is perhaps of some importance to you whether or not you wrote the particular sentence that I have been reading.

The WITNESS. I do not know whether it is or not.

A LETTER RELATING TO COAL.

Commissioner ANDERSON. I will read you a letter dated November 13, 1874, to Mr. Colton, pages 1608, 1609 and 1610, of the Colton record.

NEW YORK, *November* 13*th*, 1874.

FRIEND COLTON: Your letters of the 1st and 3rd inst. are received. It would seem as if you had acted wisely in what you have done in the way of informing yourselves of the value of the coal which you bought at Coos Bay. I do hope that you will

find coal on the lines of some of our roads. But on or off the rail, I hope the fuel question will be sharply looked after until you are satisfied that the minimum of the cost has been reached. I think I will talk with Gould in relation to coal, as you suggest, but I am not certain as I shall, for if we should ever get control of the U. P. I want to be as little mixed up with Gould as possible, as he is so much of a speculator that it is very difficult to tell just where his interest is, or whether he is working to put stock up or put it down. If you could get the title to what coal land you want at Evanston at a fair rate, and a fair rate for transporting it on the U. P., I should much rather prefer not having anything to do with any of them in this coal matter; as I should expect, if we did, that they would work the stock up and then sell it out; then raise the d—— in some way by having the U. P. break its contract with the coal company so as to put the price down, or what they would be as likely to do, start a new Co. I know very little of the details of this coal matter, and nothing, as you may say, of the question of title, and it would seem to me to be important enough for you to come and attend to the case in Washington, but of that you will know best. If you want me to do anything about it write me fully and I will do what I can.

Yours, truly,

C. P. HUNTINGTON.

Do you remember writing a letter of that character to Mr. Colton, in regard to this coal?

WHAT IS "THE OBJECT OF RAKING UP THESE OLD PERSONAL MATTERS."

The WITNESS. I do not. I never had any idea of getting control of the Union Pacific. If it is not asking too much of the Commission I would ask the object of raking up these old personal matters.

Mr. COHEN. To control the next election.

Commissioner ANDERSON. We are directed by Congress to ask the questions, under the act.

The WITNESS. If it is for political purposes, of course, I have nothing to say; but really, for other purposes, is it of any moral or business interest to the country?

NOT FOR POLITICAL PURPOSES.

Commissioner ANDERSON. I will answer your question. It is not for political purposes. It is to ascertain whether you used money to influence legislation. That is why these letters are read.

The WITNESS. Is there anything in that letter that shows anything of that kind?

Commissioner ANDERSON. No; not in this particular letter.

The WITNESS. Then, as to that particular letter, I would ask the Commission of what use it is? Of course I ask this hesitatingly, because I wish to show all respect to the Commission.

Commissioner ANDERSON. Do you want that particular letter withdrawn?

The WITNESS. No; I do not care anything about it. But what object is there in raking it up, supposing it were true?

The CHAIRMAN. Pardon me, you have prevented the production of the original letters. We are now relying upon a court record, and we want to identify these letters as far as possible and practicable. That is the purpose of this examination. If you will produce the originals in your own handwriting it will save a great deal of time.

The WITNESS. With all due deference to the Chairman of the Commission, suppose you had the original of the letter, and suppose I had said something in it about Jay Gould, a man whom I respect very highly, is there anything there that Government money could be spent for? I think this investigation costs money. It certainly costs me

time, and time is money to me. I do not see why these old personal matters should be raked up, since it is for no political reason, unless it is to amuse this Commission.

Commissioner ANDERSON. I thought I had answered very clearly that the object of my questions is to ascertain whether you have used money to influence legislation.

INSTRUCTED HIS PEOPLE NEVER TO USE MONEY IN ANY IMMORAL OR ILLEGAL SENSE.

The WITNESS. I will say here, as I have said many times before, that we never have, in any way whatever. I have given instructions to my people never to use any money in any immoral or illegal sense, but to bring proper influences to bear to get votes, and only proper influences.

Q. Then I want you to explain the allusions which are made from time to time in these letters to the use of money in connection with members of the legislature. We will only waste time by discussing it.—A. It takes money to try cases in court, and when we are attacked in Congress we have to pay money for attorneys to protect our interests there.

Commissioner ANDERSON. If you want to decline to answer on the ground that we cannot force you to answer, that is one thing. If you do not decline, let us proceed.

The WITNESS. I will answer your questions to the best of my ability.

AS TO MEN THAT CAN BE CONVINCED.

Q. Then you had better let me proceed. We will get through sooner that way than by discussing the whole merits of the question. I read a letter dated December 1, 1874, which will be found on page 1611 of the Colton record:

NEW YORK, *December 1st*, 1874.

FRIEND COLTON: Your letters of November 20th, 21st, and 22nd are received. I agree with you as to the Stockton and Copperopolis bonds, and would give them, say, $500,000, 5 per cent., guaranteed by the Central for the $1,000,000, seven per cent. now out, and I would do this at once. I would like to know what is being done with the Cal. Pacific extension bonds. Has any of our people endeavored to do anything with ——— and ———? They are both men that can be convinced. I can endorse all you say of Mt. Diablo coal, but think I shall not do anything about the Rocky Mountain coal with Gould, but let it rest until you come over, as it is one of the many things that you understand better than I do. I will see ——— when he comes over and talk with him, and maybe he and we can work together, but if we can brush him out it would have a good effect, and then we could, or at least would try, to get some better timber to work with. It looks now as though I should telegraph Bradbury to close charter for two, and possibly three, of the White Star steamers as soon as I can get U. P. R. R. Co. to sign contract for running with steamers, which contract I will send copy of to-morrow. I have thought it would be well for Captain Bradbury to go out to China in one of the steamers and fix matters there, and then come to S. F. I see nothing else so good as to load the steamers out with coal. I am doing all I can to educate the people on the S. P. securities, and it begins to look a little as though the bonds could be sold within ten to fifteen months at prices that we can afford to take, but to do that we have got to work the Centrals up, and I am doing what I can in that way. If we can get the Centrals up to par, I hope we shall be able to start the S. P. at 90 to 95. That would be a good price. You will not sell many in Cal., and it is therefore very important that the few you do sell should be sold at a high price. And in this connection it would help us very much if we could fix up Cal. Pacific income and extensions on the basis that we talked of, even if we had to pay something to convince ——— and ———. As you all know the importance of getting out at the earliest day the new bonds on the S. P., I will say nothing of it here, except that I would have them like the present issue as far as the coupons and register go, and that it will take at least two months to get them engraved and printed, so that I hope you will send them on as soon as you can, so that I can set the engraver and printer at work.

Yours, truly,

C. P. HUNTINGTON.

Do you recollect writing a letter of that character to Mr. Colton?—A. I do not. There are many things there that occurred some time; I do not know whether at the date of that letter or not. I should be disposed to think that in those letters there was some truth and some fiction.

Q. Do you remember as to the following sentence:

Have any of our people endeavored to do anything with ——— and ———? They are both men that can be convinced.

DOES NOT REMEMBER WHO THEY WERE.

Do you remember who those persons were?—A. I do not. I do not remember anything about it. But what we wanted was so clearly in the interest of the Government that where I was able to meet a member I could convince him that it was for the interest of the Government, unless his geographical position was such that he would hold to his local interest at the expense of the interests of the country.

LEGISLATION MORE DIFFICULT TO GET IF CONGRESS KNEW THE INTERESTS WERE WORKING TOGETHER.

Q. I will read you a letter of December 10, 1876, from page 1615 of the record in the Colton suit:

NEW YORK, *December 10th*, 1874.

FRIEND COLTON: Your two letters of November 29th are received. The Texas Pacific bill, as amended by me, is on the way to Cal. As it is somewhat different in theory from your views as set forth in your letter, I will not reply to you in detail before you receive the bill. I agree with you that there will be no bill pass this session, granting such aid as is asked for. I think we must add section to the bill as sent out that will allow, or maybe compel, us to build a road to connect San Diego with our line. On account of this legislation, I think it important that the S. P. should be disconnected from the Central as much as it well can be. And, as you say, I think it should have a superintendent that does not connect with the C. P., although I think it would be difficult to get a man as good as Towne. I agree with you fully when you say our telegraph superintendent is no good. I sent you on the 6th copy of my letter to Scott. I have just received his reply. I will have copy of it made and sent to you; also my reply, before this goes, and will send them with this. This S. P. is an important matter and should be attended to at once. I am glad you are coming over soon.

Yours, truly, C. P. HUNTINGTON.

Do you remember writing a letter of that character?—A. I do not.

Q. Is there anything in the allusions to the connection between the Central Pacific and the Southern Pacific that you recall?—A. Not at this time. I have always thought it was better to work the roads in harmony—better for the public and better for ourselves.

Q. The allusion here is that it would be more difficult to get legislation if people in Congress knew that the interests were working together than if they thought they were not represented by the same persons. Is that a familiar subject to you with reference to legislation?—A. I do not recall it now as being one.

LETTER TO THOMAS A. SCOTT.

Q. I will read you a letter dated December 8, 1874, addressed by you to the Hon. Thomas A. Scott (page 1616 of the Colton record):

DECEMBER 8TH, 1874.

Honorable THOMAS A. SCOTT,
Pres. Texas and Pacific Ry. Co., Philadelphia, Pa.:

DEAR SIR: Herewith I hand you two copies of the proposed bill for your road, with such alterations as I want embodied therein. As it is a hard time for building railroads just now, and as we are all interested in the construction of this road, I trust that these alterations will meet your approval, and that such arrangements will be made as will secure the early completion of the road.

Truly, yours, C. P. HUNTINGTON, *Prest.*

Do you remember writing that?—A. No.

Q. You do not remember writing that?—A. No; I do not. It is possible that I wrote a portion of that.

SCOTT TO HUNTINGTON: "YOUR SUGGESTIONS ARE TOTALLY INADMISSIBLE."

Q. I will read you a letter from Thomas A. Scott to yourself as vice-president (page 1617 of the Colton record):

TEXAS AND PACIFIC RAILWAY CO.,
OFFICE OF THE PRESIDENT,
Philadelphia, 9th December, 1874.

C. P. HUNTINGTON, ESQ.,
Vice-President, New York:

MY DEAR SIR: I have your letter of December 8th, and I am sorry you took the trouble you have in regard to our bill. We expect to build our road to San Diego as already pledged to the public to do. We had hoped that it would be to your interest to connect with us at San Gorgonio Pass. Your suggestions are totally inadmissible, and I am rather surprised to have you make them after the many statements you have made to me in regard to this matter.

Very truly, yours,

THOMAS A. SCOTT, *Prest.*

Do you remember that letter and that Mr. Scott took that ground?—A. I do not. I do not see how it could have been so. San Gorgonio is 700 miles, or thereabouts, from El Paso. It does not seem to connect very well.

HUNTINGTON TO SCOTT: "AM SOMEWHAT DISAPPOINTED IN YOUR REPLY."

Commissioner ANDERSON. I will now read a letter from page 1617. The whole subject may recur to you as you hear it. It is the answer that you wrote or appear to have written on December 10, 1874, to Colonel Scott:

DEAR SIR: I have the honor to acknowledge the receipt of your letter of the 9th inst., and am somewhat disappointed in your reply to my letter of the 8th inst. You say, 'We expect to build our road to San Diego, as already pledged to the public to do.' It did not neither does it now strike me that the public care who build the road so that it is built, as it seemed to me that the two companies working from different directions could build it in less time than one company could. My great interest, of course, is with the Central Pacific, which will not be benefited by the construction of this road; but the parties who control the Southern Pacific are very anxious to have this southern line completed at an early day. And so long as I am acting as the president of the company I shall do all that I can to carry out their wishes.

Yours, truly,

C. P. HUNTINGTON,
President.

Honorable THOS. A. SCOTT,
President Texas Ry. Company, Philadelphia, Penn.

Do you not recollect that correspondence with Mr. Scott?—A. No; it escaped my mind that we had ever had any correspondence by letter. I used to meet him in Washington very frequently and also here. We used to talk the matter over.

LETTER TO COLTON: SUGGESTION AS TO BRINING COLONEL GRAY.

Q. I will read you a letter from page 1618 of the Colton record, as follows:

NEW YORK, *December* 11, 1874.

FRIEND COLTON: It is my opinion that there will not be any legislation in Congress this winter for the S. P. or the Texas P. R. R., and yet it is possible that if all

the Cal. members both in the House and Senate are in favor of the change of line of the S. P. it can be done. Now, if you think we can get ———, I would suggest that you bring Colonel Gray over with you to explain the difference between the different lines, or the difference between the line first located and the one where the road ought to build. I send copy of letter just sent to Towne, that explains itself. Steamers still waiting on U. P.

Yours, truly,

C. P. HUNTINGTON.

DOES NOT REMEMBER IT.

Do you remember writing that letter to Mr. Colton?—A. No. That is entirely out of my mind.

Q. Was there any Colonel Gray that you knew or had anything to do with?—A. Yes. Colonel Gray was our consulting engineer on the Central Pacific; and he was the engineer-in-chief of the Southern Pacific.

Q. Do you remember suggesting that Colonel Gray be brought over to explain the difference in these locations to some members of Congress?—A. It has gone from my mind entirely, if it was ever there.

Q. Do you know who that blank can have referred to, when you say:

Now, if you think we can get ———, I would suggest that you bring Col. Gray over with you to explain the difference between the different lines.

A. No, I do not.

LETTER TO COLTON: ALLUSION TO "PASSES AND MONEY."

Q. I will read to you a letter dated March 3, 1875, page 1622, of the Colton record.

NEW YORK, *March 3rd*, 1875.

FRIEND COLTON: Yours of the 1st and 2nd inst. have just come to hand, also dispatch that you have received two dispatches from George E. Gray. What is up? Have received no letter from C. P. H. for three days. Have you sent passes and money? The money I had not sent for the reason I did not know you wanted it until to-day. The passes have gone as fast as they have come in from Dillon. I have just sent over for the last lot, and if they come will send them with this. I also send $1,000, as requested. I noticed a bill passed the House some few days since, called up by Williams of Mich. I forget its title, but it called for reports, etc., etc., from the Pacific roads. Of course it was something ugly, or it would not have passed. Gould has control of the P. M. S. S. Company (or the stock) I think, and can control the company, and has been urging me to go into the board of directors, but I have refused, although there is many reasons why it would be well for some of us to be on that board. Scott's bill must not pass; but you understand that as well as I. What did Gray telegraph about? I would like to see Franchot, but I am fearful he makes a mistake in coming north so early.

Yours, truly,

C. P. HUNTINGTON.

DOES NOT RECALL IT.

Do you recall any of the matters contained in the letter I have just read? Please look at it and say?—A. No; I do not recall anything there.

Q. Please look at it and oblige me by telling me if you can explain that sentence: "Have received no letter from C. P. H. for three days." Is it intended to be a telegram in quotation marks? C. P. H. appear to be your initials. What I want to know is if there should be quotation marks embracing those words, "Have received no letter from C. P. H. for three days. Have you sent passes and money?"—A. I do not know anything about it.

Q. Do you know what money or what passes are alluded to in that letter?—A. I do not. I think I gave passes here myself. I do not understand that allusion.

SCOTT GOES TO MEXICO—HUNTINGTON TO COLTON.

Q. I will read you a letter from page 1631 of the record in the Colton suit:

NEW YORK, *December 25th*, 1875.

FRIEND COLTON: Your telegram in relation to passenger coaches is received and is having attention. Tom Scott has gone, or is going very soon, over the Texas Pacific road and so on into Mexico, and I hear of several prominent parties going to Mexico with him. He has commenced to get up his Texas Pacific connected with some Mexican scheme, and I have no doubt but that he will be before Congress next winter in great force; but we ought to be in condition to at least keep him this side of the Colorado River. I have been at work considerable of the time since you left getting up a pamphlet in relation to the S. P., giving many reasons why the bonds should be very good, and I think after you have read the book you will take some of the securities. Colburn is putting the facts in a readable shape; I find him to be a very valuable man. Cannot you do something to bring up the gross earnings of the S. P.? They are very small for so much road as is being operated. I think that road should have a first-class superintendent. I send with this copy of B. S. Manufacturing Company letter in relation to curtains for sleeping car.

Yours, truly,

C. P. HUNTINGTON.

ESCAPED HIS MIND.

Do you recollect that letter and the allusion particularly to Mr. Scott and his scheme?—A. No, it has escaped my mind that he ever contemplated going into Mexico with a railroad.

ALLUSION TO ARGUMENT BEFORE R. R. COMMITTEE.

Q. I will read you a letter from page 1639 of the Colton case:

NEW YORK, *April 9th*, 1875.

FRIEND COLTON: Yours of March 29th, No. 7, is received, with list of engines on the roads, drawings, etc. The engines ordered are too far advanced to make any changes, but when I come to Cal. I will talk with Stevens and see the practical workings of the machines. The 15 x 22 engines on the road were ordered by Mr. Crocker. The order came for fifty of them, and I bought and sent, I think, twenty. A few such machines are useful. As I wrote you, Bradbury cabled for 5,000 pounds sterling. I called on Dillon for their half; tell him that I thought it important that he answer such calls early. He said he thought so. I think we have called three times since, and got the money to-day—a few minutes to-day before 3 p. m. It looks as though they were a little short. I have sent a cable transfer to Bradbury. I hear of Tom Scott's being at work in the Southern States on his Texas Pacific. I think he expects to make one of his greatest efforts next winter, and hopes to be able to pass his bill. I shall send you argument before the R. R. Committee to all the Southern N. papers, as it connects more with their interest than with Tom Scott's.

Yours, etc.,

C. P. HUNTINGTON.

Q. Do you recollect that letter?—A. No.

Q. Do you recollect the argument?—A. I do not recollect about his going South.

Q. Do you recollect the argument of Colton, that you approved of and sent to the Southern newspapers?—A. It has escaped my mind entirely that he ever sent one.

Q. "I shall send you argument before the railroad committee to all the Southern newspapers;" I assume that that is a misprint for "your argument." You do not recall whether Mr. Colton made any argument?—A. No; I do not remember about his sending over any argument.

Q. Did you prepare an argument yourself before the railroad committee that was sent to the Southern newspapers?—A. They were all making arguments. I do not remember about any one in particular.

Q. I refer to one that was sent to the Southern newspapers for publication.—A. No; if he ever sent any it has gone from me entirely.

AS TO INDEPENDENCE NARROW GAUGE ROAD.

Q. I will read you a letter of April 22, 1875, page 1641, of the record in the Colton case:

NEW YORK, *April 22nd*, 1875.

FRIEND COLTON: Yours of the 9th inst., No. 18, is received. I have seen Dillon and read him that portion of your letter that referred to U. P. working on Sec. 31, and asked him to have the work stopped, but he said I had better see Gould. I have not seen him yet. There is much talk here about the Independence Narrow Gauge road. I hear of them in the market for rails and rolling stock. I was told to-day that William Butler Duncan, Senator Jones and Stewart, T. W. Park, and Jay Gould were all in this narrow-gauge road. I have no reason to believe this is true except the rumor, and that is a better reason for its being false than of its being true. T. W. Park and Jones, on the part of the Panama road, and Gould for the P. M. have been much together of late. And at first quarreled (so said), but now, I am told, are very friendly, and I have no doubt have talked over the matter of a railroad from the Pacific coast to Salt Lake. And Gould has gone in with the Kansas Pacific R. R. folks, and, I am inclined to think, now controls that company. I mention these matters of the railroad from Salt Lake to the Pacific, south of the C. P., because such a thing is rumored about, not because I think a road is soon to be built there.

Yours truly,

C. P. HUNTINGTON.

Do you remember that letter and these allusions to those gentlemen?—A. No; I had forgotten all about their ever having any connection with those lines, if I ever knew it.

GOVERNOR S. SAID SOME GOOD THINGS.

Q. I read from page 1653 of the Colton case, a letter of May 28, 1875:

NEW YORK, *May 28th*, 1875.

FRIEND COLTON: Yours of the 20th, No. 50, is received with N. P. clippings. I do not think Booth made many votes by his Grand Hotel speech. The Governor said—Gov. S——— some good things to the Chronicle interviewer; but I think it unfortunate that he should so closely connect the C. P. with the S. P., as that is the only weapon our enemies have to fight us with in Congress.

The rest of the letter refers to another matter of no special interest. I ask you whether you remember writing the sentences I have read to you?—A. No; I had forgotten about the governor ever having an interview with the Chronicle.

KEPT SOME PEOPLE'S LETTERS; OTHERS, DID NOT.

Q. Were you in the habit of keeping letters and referring to letters received by you by their number? Was that your custom?—A. With some parties, and with some not.

Q. With Mr. Colton?—A. I think I used to number the letters to him.

Q. And that he numbered his?—A. I am not so certain about that; I am inclined to think not.

Q. Do you know any person named Booth who made a speech at the Grand Hotel?—A. I do not. I know lots of men named Booth, but I do not connect any of them with any of my letters.

Q. Do you know Governor Booth?—A. Yes; I know him very well.

Q. Do you remember the fact that he made a speech at the Grand Hotel in the spring of 1875?

The WITNESS. Where was that?

Commissioner ANDERSON. I am only endeavoring to ascertain whether this is an allusion of yours.

The WITNESS. No; I do not remember. I never knew that he made a speech at any hotel.

AN ALLUSION TO ——— AS A "WILD HOG."

Q. I will read you from page 1661, letter of May 1, 1875:

NEW YORK, *May 1st*, 1875.

FRIEND COLTON: Yours of the 17th of April, No. 17, is received, and contents carefully noted. As to the road east of Spadra, I notice there has arrived in California, out of the last 8,000 tons of 56-pound iron rails bought, say, 4,800 tons, say 1,200 tons more due and nearly so. So it would seem that you are not to have any delay on account of rails to lay the 50 miles of the Fort Yuma line, and I think you should have the next 50 miles graded, so that you can lay the track next winter; sooner than that we will not have the rails. I notice that you say of ——— he is a wild hog; don't let him come back to Washington, but as the House is to be largely Democratic, and if he was to be defeated likely it would be charged to us, hence, I should think it would be well to beat him with a Democrat; but I would defeat him anyway, and if he got the nomination, put up another Democrat and run against him, and in that way elect a Republican. Beat him. I am glad Stubbs is coming over here. You know I do not pretend to know anything of the details of our freight business.

Yours truly,

C. P. HUNTINGTON.

DOES NOT REMEMBER HAVING WRITTEN SUCH A LETTER.

Is it your recollection that you wrote that letter?—A. No; I do not remember ever having written such a letter. I think I should have done such a thing if I had been there, perhaps; or would have tried to at least.

Q. Has it not some expressions in it that you recall as having used?—A. Not specially.

Commissioner ANDERSON. I am merely asking you with reference to the identification of the letter. Do you not remember this expression, "wild hog," as applied to a certain person referred to in the letter I have just read?

The WITNESS. I do not remember using it there; but I did sometimes use it.

Q. You did use it?—A. That is an expression I have used.

Q. Will you inform us with reference to what person that expression was used?—A. If it could be of any benefit to any human being or to any interest in the country—any legitimate, honest interest or purpose—I should be awfully tempted. But I cannot think of any interest whatever that would be served by answering it.

A MAN WHOSE VIEWS RAN CONTRARY TO ALL HUMAN INTERESTS.

Q. I call your attention to the fact that the reference is to some person who was to be prevented from getting back to Congress. Was it not some person whose views were hostile to the Central Pacific Railroad, and whom, for that reason, you did not want returned to Congress?—A. If I remember the person, and I believe I do, it was a man whose views ran contrary to all human interests. Anything that would benefit humanity anywhere he was against.

Q. Do you decline to give us the name?—A. I do not think it would be best.

Commissioner ANDERSON. We do not ask your reason, but we ask if you decline to give the name.

The WITNESS. I do not want to say anything that the Commission would think was discourteous; but, really, if they would give me any reason, even the shadow of a reason, I should be tempted.

NO MONEY USED TO PREVENT THE "WILD HOG'S" RETURN TO CONGRESS.

Q. I will give you a reason for it. If it should appear that some portion of the unexplained money was used to prevent this gentleman from being returned to Congress, that would be interesting to Congress to know.—A. Well, I can tell you that there was not.

Q. How do you know?—A. This could not have been money that I paid out. I did not pay out any. I was not there.

Q. That may be. That is another matter. You know there are other vouchers there besides yours that are unexplained, do you not?—A. I think I have heard that.

Q. So that it is quite possible that the Central Pacific money was used, after you had advised that it would be desirable for the interests of the company to defeat this gentleman's election?—A. I do not think it was.

Q. I am only giving you a reason why we want the name. If you object to giving the name, that is sufficient for the present.—A. I think I had better not give the name.

IMPORTANT TO HAVE RIGHTS IN ARIZONA.

Q. I will now read to you a letter from page 1664 in the Colton suit, dated September 15, 1875:

NEW YORK, *September* 15th, 1875.

FRIEND COLTON: Yours of the 7th inst., No. 57, is received; also your dispatch in have P. M. S. S. Co. withdraw their patronage, etc. As to the latter, I asked Governor Stanford to attend to it, and he said he would, and I have no doubt he done so. He living in Cal., I thought it one of the things he could do better than I. The Gov. left here last night. I am glad to notice you are stopping the one per cent. per month. That will kill anything that I know of. Scott is stirring up the South on his Texas and Pacific. Parties are sending me papers every day—some for him, some against him. I have written three letters to-day to different parties in the South on T. P. R. R. matters. I think it is of much importance that we have some rights in Arizona, and I think if we could get them I think we should do so at once. You know my views, and I had a long talk with Gage on the matter, and if we could get two franchises to run through the State, I think we should do so at once. We should not be known in it, but should be sure that we have the control, in black and white, before they become a law. I will write again in a few days. Somehow, I have not got my ideas in line yet.

Very truly,

C. P. HUNTINGTON.

P. S. I send memorandums of rails shipped, etc.

Do you recall that letter or a letter similar to that?—A. Not clearly enough to identify the letter.

AS TO MR. STEPHEN T. GAGE.

Q. Do you know a Mr. Stephen T. Gage?—A. Yes.

Q. What is his relation to Mr. Stanford?—A. I do not know. He is, I think, a director in one of the roads; perhaps more than one.

Q. Do you remember having talked with Mr. Gage in regard to the franchises in Arizona, in that year, 1875?—A. No; I do not. The fact is, matters that I get through with drop out of my mind.

"A. A. C." A GOOD FELLOW.

Q. I read you from page 1665, a letter dated September 17, 1875:

NEW YORK, *September 17th*, 1875.

FRIEND COLTON: Yours of the 9th inst., with inclosures as therein stated, are received. It looks as though you would be able to cave Mr. Fitch and Pickering down the bank. I will do what I can to get Gould and Dillon to make the exchange of coal lands, as you desire, but I very little hope that they will do what you want them to. I am glad to hear of your paying Reese and others, as it is well to pay even if we have to borrow the money right over again, and when the money is due pay it or renew the note. I hope you will pay A. A. C. what we owe him. He is a good fellow but his account has stood long enough. As we shall need a large amount of money this winter it would be well to borrow some on six to twelve months, if you could do so at fair rates. I do not expect to sell any S. P. bonds this fall. We shall need considerable gold here to pay interest on the 1st of Oct., but I hope to get on without calling any from Cal.

Yours, truly,

C. P. HUNTINGTON.

Do you recall writing that letter and those allusions to Fitch and Pickering? Do you know what those allusions are?—A. Yes. I do not know what in the world we wanted to "cave them down the bank" for, unless it was that they opposed our getting Goat Island, which they have regretted ever since. They are very nice gentlemen.

TO WHOM DO THESE INITIALS REFER?

Q. Do you know whom those initials "A. A. C." refer to as "a good fellow"?—A. I do not.

Q. Do you think you could find out after communicating with your counsel?—A. I do not know. [Addressing Mr. Cohen.] Do you remember? Possibly you are the party.

Commissioner ANDERSON. Mr. Cohen's initials are "A. A. C.," are they not?—A. Yes. What puzzles me is that he owed us any money.

Commissioner ANDERSON. No. You owed him money. This letter says, "I hope you will pay A. A. C. what we owe him. He is a good fellow, but his account has stood long enough."

The WITNESS. Well, we borrowed money sometimes of Mr. Cohen, and did not like to have such an account run too long. We liked to pay up.

MATERIALITY OF THE INQUIRY.

Mr. COHEN. I would like to get a little information myself, Mr. Anderson. How does the fact that the Central Pacific owed money to anybody and wanted it paid bear upon matters that are confided by Congress to this Commission?

Commissioner ANDERSON. If you ask the question seriously, I will say that there is a vast number of letters here, and we can not tell until we read them how material they are.

Mr. COHEN. You know what is in them. You have read them.

Commissioner ANDERSON. I have not read that.

Mr. COHEN. I do not think my private business with the Central Pacific needs any explanation.

Commissioner ANDERSON. I am willing to have the last letter struck out, if you wish it.

Mr. COHEN. I do not care anything about, or about any of them. They are read for gossip or scandal, just as I say, to influence the question as to who shall have the next custom-house or post-office. All this this Commission was appointed for was to determine that question.

HUNTINGTON TO COLTON: SCOTT'S EFFORTS FOR TEXAS PACIFIC. INQUIRY AS TO ARIZONA CHARTERS.

Commissioner ANDERSON. I will read from page 1669 a letter of September 27, 1875:

NEW YORK, *September 27th*, 1875.

FRIEND COLTON: Yours of the 18th, with inclosure, as stated, is received. You must be very busy with all of your associates out of the city. I notice by McCarthy's letter to Mr. Crocker that the people of San Diego will join with us if he will agree to build east from their city, and I am inclined to think we had better do that, as that would strengthen Wigginton very much to have his people ask him to fight for a bill as we want it. Scott is making the strongest possible effort to pass his bill the coming session of Congress. He gets every little gathering in the South to pass resolutions favoring the Texas Pacific bill; then those that the Texas Pacific owes name a legion, and, of course, they are all for it; then he is promising a connection with all the broken-down roads in the South, with the promise of money to help them all if his bill passes; and by some kind of a turn he is settling up with all those that hold him personally, and that is to help him, as it makes his promises worth something with the broken-down fellows that he is agreeing to help. If we had a franchise to build a road or two roads through Arizona (we controlling, but having it in the name of another party), then have some party in Washington to make a local fight and asking for the guarantee of their bonds by the U. S., and if that could not be obtained offering to build the road without any aid, it could be used against Scott in such a way that I do not believe any politician would dare vote for it. Can you have Safford call the legislature together and grant such charters as we want at a cost of say $25,000? If we could get such a charter as I spoke to you of, it would be worth much money to us. If there is anything done it must be done quickly. I am very sorry that Sargent is feeling so hard toward us, but I shall endeavor to see him before Congress meets. I have bought the tunnel-bolts at three and a half (currency) instead of 9 cents (gold), as was being paid by Mr. Crocker when I was in California. I think money is too cheap with you all in California, and that we can be beat in building railroads by those that place more value on a dollar than we do; and I think when one of us goes to the front in a car that weighs, say, 20 tons, it adds to the cost of every mile of road that we build thereafter more than $100 per mile. I wish you would let me know who ordered the officer's car that is now running on the S. P. Please let me know what the new transfer boat cost.

Yours, truly,

C. P. HUNTINGTON.

Q. Do you remember writing such a letter as that to Mr. Colton?—A. No; I do not. Some of the ideas or some things that are suggested there, of course, have been in my mind, but there are some things there that are new.

ALLUSION TO THE PEOPLE OF SAN DIEGO.

Q. Do you remember a man named McCarty writing to Mr. Crocker that the people of San Diego would join with the Central Pacific people if you would agree to build east from their city?—A. No; I do not remember ever knowing a Mr. McCarty living in San Diego.

Q. Did you know a man named Wigginton?—A. Yes; I knew a man named Wigginton.

Q. Did he belong to San Diego or where?—A. No; he lived in the San Joaquin Valley, I think. I do not know just where. I am quite sure he lived in the San Joaquin Valley. That is north of San Diego.

Q. You say some of the ideas in this letter do strike you as having come from yourself?—A. No; not in the shape of a letter. I have

thought of those things, and I might have written them, but after hearing that read, I do not recall anything.

SUGGESTION AS TO CALLING THE ARIZONA LEGISLATURE TOGETHER.

Q. I will read this particular sentence to you and ask you whether you wrote that:

Cannot you have Safford call the legislature together and grant such charters as we want, at a cost of, say, $25,000?

A. I do not remember writing it. I remember something of Mr. Colton writing to me that it would cost a good deal to get a bill drawn and call the legislature together to pass it. There is something running in my mind like this, that he did not believe the legislature of the Territory would pay the expense; possibly, if we should pay the expense of their coming together, a bill might be passed, as it was very much in the interest of the Territory. The people of the Territory were poor, and that seemed a large sum to them.

Q. To pay the expense of an extra session?—A. Yes. I do not remember writing about it, but possibly I did.

Q. As a matter of fact, Mr. Safford was governor of the Territory at the time, was he not?—A. I do not remember, but I think he was. I have known him for many years, and I think he would rather we should pay the expense of an extra session than that his people should do so.

THE ETHICS OF A SUGGESTION TO PAY THE "COST."

Q. Would that application of $25,000 be within the domain of what you have described to us as part of the necessary, legitimate, and proper expenditure of money for the purpose of advancing the interests of the Central Pacific?—A. Yes. I would not see any harm in it.

Q. You would not see any harm in offering to pay the expenses of an extra session of the Territorial legislature—I will not say to purchase a bill, but with the idea that a bill should be presented to them to pass, and passed, if they approved it?—A. While the expense of passing a bill so much in the interest of the people of the Territory should be paid by the Territory, yet rather than not have it we would be willing to pay the expense of an extra session to pass it. There certainly is nothing wrong in that.

Q. What do you include in their expenses—just the board bill of the members of the legislature, or their salaries?—A. Whatever the Territory was responsible for.

"EXPENSES" WOULD COVER WHATEVER THE TERRITORY WAS RESPONSIBLE FOR.

Q. That is, the salary of the members and any other expenses?—A. The idea was that whatever the Territory was responsible for the parties would pay. Just what that was I could not say.

Q. Whatever that was, if the company should offer to pay it, instead of putting it on the Territory, then, in order to have such legislation as the legislature passed, that, in your judgment would be a proper application of money?—A. There certainly would be no harm in it, and it would be clearly in the interest of the people.

A MEMBER OF THE FORTY-FOURTH CONGRESS, AND EX-GOVERNOR.

Q. I will read you from pages 1676 and 1677 of the Colton record a letter of October 19, 1875:

NEW YORK, *October 19th*, 1875.

FRIEND COLTON: In your number 79 you mention that Mr. Hopkins has been over the line and examined the trestle work with Mr. Montague, etc. I was very glad to hear

that he has done so, as I felt uneasy about it. Mr. H. wrote and gave what seemed to be very good reasons for not doing any work on them this fall, etc. I think you should pay off Cohen what we owe him, and for that matter every one else that we are paying 12 per cent. interest. I borrowed $50,000 for six months to-day at 7 per cent.; and took up the same amount of our paper that had about 10 months to run at 10 per cent. I think it was well to send Harvey Brown to look after the land matters. The work in the San Fernando tunnel does not seem to be pushed as fast as ought to be. There was, if I read the engineer's figures correctly, 1,250 feet of the heading of the tunnel out on the 30th of September. I have given ——— a letter to you. He is a member of the 44th Congress, ex-governor of ———, and a slippery fellow, and I rather think in Scott's interest, but not sure. I gave him a pass over C. P. and got one for him over U. P., so do the best you can with him, but do not trust him much.

Yours truly,

C. P. HUNTINGTON.

Do you remember writing that letter?—A. I do not.

DOES NOT REMEMBER WRITING SUCH A LETTER.

Q. Do you remember writing any letter with an allusion to a member of the Forty-fourth Congress who had been an ex-governor, whom you described as a "slippery fellow" and to whom you gave passes?—A. No. I do not remember writing any such letter. I used to give passes to every member of Congress, as I wanted them to go over and see what we had done for the country. I do not remember specially anybody's being in Congress who was an ex-governor.

Q. A Virginian; an ex-governor of Virginia?—A. No.

Mr. COHEN. Or of Pennsylvania?

The WITNESS. No; I do not know. I am quite sure that I did not know any member from Virginia that was an ex-governor.

Q. Is it your best impression that you wrote that letter or did not?—A. I do not think I should have written such a letter.

Q. Will you swear that you did not write such a letter as that?—A. There are some things in it that I am very certain that I would not write. There may be some things picked out of the letter that I did write.

Q. I should very much like to be informed as to what part of that letter you are very sure you did not write?—A. I do not remember about the "ex-governor," because I cannot think of anybody that was an ex-governor that was a member of Congress.

(Here Mr. Norris wrote a name on a piece of paper, which he handed to the witness.)

The WITNESS. No; I do not believe I ever wrote about that man.

Q. You knew him?—A. I knew him, but he never was much of a friend of ours. I do not think I ever did him any favor. I am very sure I have not loaned him any money, nor any man in his place.

WOULD HAVE GIVEN A PASS IF ASKED FOR ONE.

Q. The expression is that you gave him a letter for Mr. Colton and a pass over the Central Pacific and Union Pacific.—A. I should have given him a pass, very likely, if he asked for one.

Q. Was he not a member of the Forty-fourth Congress?—A. He was in Congress, but in which Congress I do not remember.

Q. Was he not an ex-governor?—A. He was an ex-governor of Virginia, yes; but I do not believe that I ever wrote that he was a "slippery fellow," for I certainly never thought so.

The CHAIRMAN. We will now take a recess until 2 o'clock. In the mean time if you can have a consultati on, Mr. Huntington, with your

counsel as to the production of the original letters it will save a great deal of examination.

The WITNESS. I shall have all my time occupied outside of this matter during this hour. I have several gentlemen to see and I may even be a little late in getting back.

No. 10 WALL STREET, NEW YORK,
Wednesday, September 21, 1887.

Afternoon session.

C. P. HUNTINGTON, being further examined, testified as follows:

"OBNOXIOUS TO THE REPUBLICAN SIDE OF THE HOUSE."

By Commissioner ANDERSON:

Question. I now read a letter from page 1681 of the Colton record, dated New York, November 10, 1875:

NEW YORK, *Nov.* 10, 1875.

FRIEND COLTON: Yours of October 23, 1875, No. 85, is before me. ——— is also here. I think ——— can do us some good if he can work under cover, but if he is to come to the surface as our man I think it would be better that he should not come, as he is very obnoxious to very many on the Republican side of the House, and then there is so many things about our business that he does not know, and he has not the time to learn it before Congress comes and goes. It is very unfortunate that he came over in the directors' car with Mr. Crocker. I received a letter to-day, from a party in Mass., that said that Gorham and Sargent were very much offended because ——— was or rather had come over to look after our interests in Washington. I am, however, disposed to think ——— can do us some good, but not as our agent, but as an anti-subsidy Democrat, and also as a Southern man with much influence in the South in showing the Southern people that the Texas and Pacific R. R. is in no way a Southern Pacific road, but a road if built by the Government would prevent the Southern States from having a road to the Pacific for many years. But ——— must not be known as our man. I received a letter from H. S. Brown this morning that G. was for Randall or for Walker. I send copy with my reply.

Yours, etc.,

C. P. H.

Q. Do you remember a letter referring to those subjects, written by you to Mr. Colton?—A. I do not. There was a letter from somebody in Massachusetts, but I do not remember getting any letter from anybody in that State at that time.

Q. It refers to a party in Massachusetts who said that Gorham and Sargent were very much offended because this person who is referred to had been appointed to look after your interests in Washington. Do you remember the fact that somebody alluded to these gentlemen as being offended?—A. I do not. It has gone out of my mind entirely. I knew Gorham and Sargent very well.

Q. Who were Gorham and Sargent?—A. Sargent was our minister to Germany. He had a discussion with Bismarck and the folks over there about pork.

Q. Were they in Congress at that time?—A. I do not think Gorham was ever in Congress.

Q. Had he any official position under the Government?—A. He was Secretary of the Senate, I believe, at one time. I do not know whether he was at that time, or not.

WHO CAME IN THE CAR WITH MR. CROCKER?

Q. Do you remember who came over with Mr. Crocker in a car, as to whom you thought it undesirable that he should have come that way?—A. I do not remember. Mr. Crocker almost always brings over some one. He is a very clever gentleman, and generally brings some friends.

Q. Do you know who is referred to in the blank in this letter?—A. I do not. Of course there were a good many people coming and going that I knew, but that particular trip I do not remember.

WAS IT EX-SENATOR GWYN?

Q. Do you know whether during that session your company employed ex-Senator Gwyn to attend to and look after your interests?—A. He was there; but I do not remember the session.

Q. This was in November, 1875.—A. I would not say that he was not there. He was there one session of Congress.

Q. Does that refresh your memory now as to who came over in the car with Mr. Crocker? Do you remember whether he came over in the car with Mr. Crocker, and that you thought it undesirable?—A. I do not. I could not say that he ever came over in a car with Mr. Crocker.

A CONFIDENTIAL AGENT.

Q. Did he act afterward as one of your confidential agents?—A. He did. He explained some of our matters, I think, to his Southern friends.

Q. Did he receive compensation for his services, as far as you know?—A. It would be very strange if he had not received compensation if he did anything for us.

Q. Who had charge of liquidating his account, you or General Franchot?—A. I think General Franchot. Dr. Gwyn was a very able and active man.

Q. Did you personally make any payment to him?—A. I do not think I did; still, I might have done so. He was a very good man to employ; he was honest and capable.

Q. Do you remember whether receipts were obtained from him through either General Franchot or yourself?—A. I do not; I should hardly think we would have taken receipts from the doctor.

Q. As a matter of fact, do you recollect ever having had his receipts in your possession—vouchers for money that had been paid to him?—A. I do not.

Q. Have you in your mind any recollection of the amount of money paid to him?—A. I have not.

Q. Even generally, whether the amounts were large or small?—A. I could not say. But I know Dr. Gwyn so well that I would like to say that whatever money was paid to him he did not use for any immoral or illegal purpose.

A SUGGESTION THAT R. R. AND THE LAND COMMITTEES OF CONGRESS WOULD NOT FAVOR SUBSIDIES.

Q. I read you a letter dated December 17, 1875, from page 1690 of the Colton record:

NEW YORK, *Dec.* 17, 1875.

FRIEND COLTON: I expect to have a bill ready early next week so amending the Texas Pacific act as to allow the S. P. to build east of the Colorado River, or rather will have some changes made in the bill you sent over. The vote in the House the

other day will do much good in helping Speaker Kerr in making up the R. R. and land committees in such a way that they will not be likely to report in favor of any subsidies. Of course the South were not all for Scott's bill before we commenced working there; but we have done good work, and I am getting Southern papers every day from the line of his travels that speak out against the Texas Pacific. See clippings inclosed. The Railroad Gazette, in publishing the proceedings at the St. Louis convention, made some mistakes which I have endeavored to correct, as you will notice by copy of letters sent to you. Nearly all the papers here have taken favorable notice of it. I send slips from World and Tribune. The editor's article in the R. R. Gazette I did not see until after its publication. I have looked over Gov. Irwin's message; it seems to be well enough, although not just such a one on R. R. matters as I expected.

Yours, truly,

C. P. HUNTINGTON.

Do you remember writing that letter?—A. I do not. Many of the things referred to are familiar to me, or were so.

Q. Do you remember the allusion to the Railroad Gazette, and the publication of the Saint Louis convention?—A. I do not. In fact I do not know what Gazette you refer to, or where it is published.

Q. Do you remember the fact that you were encouraged in regard to the constitution of the committees by the vote in the House?—A. I do not. Of course, in a case of that kind we should do what we could, and bring all proper influences to bear to get an anti-subsidy committee. That was in our interest; in the interest of the people. So I suppose there was no harm in that.

SCOTT MAKING TERRIBLE EFFORTS AND NUMEROUS PROMISES.

Q. I will read you a letter dated December 13, 1875, page 1699 of the record in the Colton case:

NEW YORK, *Dec.* 13, 1875.

FRIEND COLTON: Your two letters of the 4th inst., Nos. 107 and 108, with inclosures, are received. The resolutions I think are all right. You write you are drawing up a bill to introduce in Congress. I am glad you are. I have been to work on one for some days and Mr. Storrs has it in hand now. When yours comes I will use the best one, or, what is more likely though, use the best parts of both. I hope to have it introduced by Thursday, the 23rd. Scott is making a terrible effort, promising everything to everybody, and I promise nothing that I do not expect we shall fulfill, and the Southerns being so very poor that many of them will hold to Scott in hopes he may do something for them. Vain hope. ———, as you no doubt have seen, has gone off the railroad committee, but there is a good man in his place, ———. His going off looks as though he did not care to help us or harm us much. If he did he would have stayed on the committee. I sent you to-day Senate bills No. 6 and 14. I could get control of Atlantic and P. R. R. at a very small cost, but do we want it as a gift.

Yours truly,

C. P. HUNTINGTON.

Do you recall that letter to Mr. Colton?—A. I do not. I will say, however, as I did in regard to some of the others, that there are many things there that are familiar to me. I really regret that I can not give the Commission more information about my private affairs, and about the inside working of our company. I should be glad if I could give the Commission the most minute particulars of our company affairs.

Q. You have no impression as to whether you wrote that letter or not?—A. No.

WHAT ARE HIS SERVICES WORTH?

Q. I will read you a letter dated January 14, 1876, from page 1700 of the record:

NEW YORK, *January* 14, 1876.

FRIEND COLTON: Yours of December 30 and the 1st inst., Nos. 120 and 121, also your telegram that ——— has had for his services $60,000 S. P. bonds; then asking how

much more I think his services are worth for the future. That is a very difficult question to answer, as I do not know how many years ——— has been in our employ, or how far in the future we should want him. In view of the many things we now have before Congress, and also in this sinking fund that we wish to establish, in which we propose to put all the company's lands in Utah and Nevada, it is very important that his friends in Washington should be with us, and if that could be bought by paying ——— say $10,000 to $20,000 per year, I think we could afford to do it, but of course not until he had controlled his friends. They could hurt us very much on this land matter, although I would not propose to put the land in at any more than it is worth, say $2.50 per acre. I would like to have you get a written proposition from ——— in which he would agree to control his friends for a fixed sum, then send it to me.

Between the business here and in Washington I am worked about up to my capacity.

Yours truly,

C. P. HUNTINGTON.

Do you remember anything relating to a payment of $60,000 in Southern Pacific bonds for the services of any individual?—A. I do not. Somebody else must have given those bonds out, if they were given.

Q. Do you remember your attention being called to the fact that $60,000 in Southern Pacific bonds had been given to any one for services?—A. I do not.

Q. Some one as to whom you did not know how many years he had been in the employ of the company?—A. I do not.

WILLIAM B. CARR'S RELATIONS WITH THE COMPANY.

Q. Were you acquainted at this time with William B. Carr?—A. Yes; I knew Mr. Carr.

Q. What relation did he hold to the company?—A. I think that he did business for us for a good many years. He had some contracts. I have known Mr. Carr since 1850, I think. He is a bright man.

Q. What kind of contracts did you say?—A. I think he had one or more contracts to construct some portion of the Western Pacific road.

Q. I am speaking of 1875-'76.—A. I think Mr. Carr was a general utility man. He never had any public position that I know of.

Q. He was not a freight agent or passenger agent, was he?—A. No; I think not. But we have to have men as important to us as freight and passenger agents, because when we have money we have to hire somebody to watch it or it will be stolen.

WHAT ARE A "GENERAL UTILITY" MAN'S SERVICES?

Q. When you say a "general utility" man, I want my attention directed to the class of services he would perform.—A. He would go out to get rights of way, as I remember, and, I presume, to look after legislation at Sacramento, and, I think, was often before the council in San Francisco.

Q. As a matter of fact did he not attend the legislature in California?—A. He used to go up very frequently and attend to matters there.

Q. Was he not generally known, in the inoffensive sense of the word, as a "lobbyist"?—A. No; I think not. I would not call him a "lobbyist." He used to attend to our business. But perhaps I do not understand the word "lobbyist." I take it, a "lobbyist" is a man who stays around the capitol and picks up any sort of work he can get. A man that goes there as the regular agent for some legitimate business and attends to that business and nothing else I do not call a lobbyist.

Q. I will take your definition of a lobbyist as one who attends the legislature in the interest of a great corporation, seeing members of the legislature, using argument with them, doing everything that he can to defend the company or to promote its interest. Was that Mr. Carr's business?—A. I should say that a man who did that was an agent of the company.

Q. Was that Mr. Carr's business?—A. He used to go there for that purpose, with others. There were a great many members, and they had to be educated more or less as to what we needed and as to whether or not it was in the interest of the people. If it was, I think they would be pretty likely to go for it; if not I should expect they would go against it.

ARE SUCH SERVICES WORTH $10,000 TO $20,000 PER ANNUM?

Q. Should you consider the services of such a man worth from $10,000 to $20,000 per annum?—A. I should think so; if he is as able a man as I think Mr. Carr is. I should not think from ten to twenty thousand would be out of the way.

Q. I read this sentence in the letter: "I would like to have you get a written proposition from ——— in which he would agree to control his friends for a fixed sum and then send it to me." Do you recollect writing and asking for that information, with reference to Mr. Carr?—A. I do not. I have no recollection of anything of the kind.

Q. Have you any knowledge as to what friends Mr. Carr has in Washington whom you deemed it desirable to control or influence in any way?—A. No. I think he had more or less influence with all the members from California.

Q. Had he himself been a member of Congress?—A. No; but I think he knew, personally, all the men from the Pacific coast.

Q. Had he a large acquaintance with members of Congress?—A. I think with all California members.

Q. Did his acquaintance also extend to Washington?—A. I suppose it would, with the California members.

"I BELIEVE WITH $200,000 I CAN PASS OUR BILL."

Q. I will read you a letter dated January 17, 1876, page 1703 of the Colton record:

NEW YORK, *Jan.* 17, 1876.

FRIEND COLTON: Yours of the 8th and 9th inst., Nos. 123, 124, and 125, are received. The news of much rain is good, even if it does wash our roads some. I have just received an order from Mr. Towne for 25 20 x 24 cylinder engines, which I shall buy. As I understand it, you buy this size because they will haul more cars than an 18 x 24, so I shall soon expect an order for a 24 x 30, because they will haul more than a 20 x 24. I wish to say for myself that while I much like Stevens' plan of arranging driving-wheels, etc., I am as much opposed to having any engines on the road with more than 18 x 24 cylinders, and of course other parts in proportion, and you will all come to this some time. I have received several letters and telegrams from Washington to-day, all calling me there, as Scott will certainly pass his Texas Pacific bill if I do not come over; and I shall go over to-night; but I think he could not pass his bill if I should help him; but of course I cannot know this for certain, and just what effort to make against him is what troubles me. It cost money to fix things so that I would know that his bill would not pass. I believe with $200,000 I can pass our bill; but I take it that it is not worth that much to us.

Yours, truly,

C. P. HUNTINGTON.

That letter, or part of it, has been already read to you. What do I understand you to say in regard to the last sentence:

I believe with $200,000 I can pass our bill, but I take it that it is not worth that much to us.

A. I have answered it once, but I will answer it again if you wish.

Commissioner ANDERSON. You might do so just in order to have it all together.

The WITNESS. I should say that with $200,000 I could pass a bill that would protect our border for 1,500 miles between Mexico and the United States, where the cowboys have been raiding ever since the treaty of Guadalupe Hidalgo. I should say that with $200,000 I could get such a bill passed, when the building of the road would not cost the Government one dollar, and would make land, then entirely worthless, of some value after the road was built. I should say that I could get men from as many districts in the United States as would be necessary to convince members of Congress that this road was in the interest of the people, and was a thing that they could not afford to vote against.

Q. What do I understand you to say as to whether that particular sentence was written by you or not?—A. I do not know whether it was or not.

A BILL IN WHICH NO AID WAS ASKED OF THE GOVERNMENT.

Q. You understand that the bill referred to here is a bill in opposition to the Scott bill?—A. It was the bill in which we asked no aid of the Government. We offered to build the road from San Diego substantially to the mouth of the Rio Grande, so far as protecting the country is concerned, as the road would be much of the way in sight of Mexico. We have made it possible for the Government to look over and protect the lives and property of our people along that border. Just why we should be abused for that, since it is in the public interest, I never saw and do not see now. In all our railroad building within the territory of the United States we have fulfilled our contracts to the letter, but the Government has not done that with us, but has treated us as we would expect to be treated only by highwaymen. For carrying the mails across the Sierra Nevada Mountains, where it costs more to build and operate a railroad than in any other part of the United States, where coal is $6 per ton, and not very good at that, we get from the Government less than is paid on the Baltimore & Ohio road, where they get coal of much better quality at 90 cents a ton, because some demagogue rises in his place and proposes that it shall be so, thinking he will be returned to his place because he has done this injustice to a corporation.

FRIENDS OF THE TEXAS PACIFIC ALL WORKING HARD IN WASHINGTON.

Commissioner ANDERSON. I will read you a letter of January 29, 1876, page 1705:

NEW YORK, *January* 29, 1876.

FRIEND COLTON: Your letters of the 19th and 20th, Nos. 128 and 129, are received. I notice and appreciate what you say about my being overworked. I am working rather hard this winter, but I think I can stand it for some time yet. Scott is making a terrible effort to pass his bill, and he has many advantages with his railroads running out from Washington in almost every direction, on which he gives free passes to every one which he thinks can help him ever so little. The Texas Pacific seems to own almost every one in the country. I hear in very many of the large towns there are parties holding stock in his construction company, and they are all in Washington working for the T. P. bill. Then, on our side we have ——, ——, ——, and —— in the Senate to help us. —— is very bitter, so much so that he can hurt us but little. So you can see things are very lively with us, but I shall defeat them, or, I should rather say, Congress will, for I doubt if he could pass his bill if I should help him, yet I am making the best fight I can, and I think I

are doing very well. Scott is very able; he has a shorthand writer, and I have not had any, but the last time I agreed to pay half and so get a copy, but could not bring the marks of what you may call them with me as we did last winter. I will send you out what was said at the last meeting as soon as they are printed. The committee asked us to have them printed for their use. Much of it was printed before we went before the com.—Scott's as well as my own. I returned from Washington this morning; shall go back next Monday night, but I dread it very much. Scott is working mostly amongst the commercial men. He switched Senator ——, of ——, and ——, of ——, this week, but you know they can be switched back with proper arguments when they are wanted; but Scott is asking for so much that he can promise largely to pay when he wins, and you know I keep on high ground. All the members in the House from Cal. are doing first rate except ——, and he is a damned beg any way you can fix him. I wish you would write a letter to ——, saying that I say he is doing first rate, and is very able, etc., and send me copy. I am working as I have before wrote you, I think, to get up a co. to build a road from Austin to El Paso. If I can get some men in it that I am working with, I will get much strength from the South for it. I have much to do to-day, and will write no more at this time.

Yours, truly,

C. P. HUNTINGTON.

P. S.—I will get you telegraph passes. H.

Mr. COHEN. You do not want that to go on the record again, do you? We have had it twice, I believe.

Commissioner ANDERSON. I beg pardon; I think not. We will attend to the record.

Q. I merely ask you, Mr. Huntington, do you remember the material contained in that letter as having been written by you?—A. I do not remember having written the letter. There is much there that is not new, but there is some that is. I think that letter has been answered before. I will continue to answer it, if necessary. Of course I am at your service.

Q. I merely ask you if your judgment is that that letter is a copy of a letter written by you?—A. I should not think it was a copy. I should think probably something had been cut out of the letter and something added. People who steal letters would be likely to change them to suit themselves.

Q. I read to you now a letter dated December 22, 1875——

The WITNESS (interposing). My counsel suggests, and I would ask the Commission, whether it is not practicable for you to submit these questions in writing, so that I can write out my answers during the evenings, when I have more time. I have no special objection to answering them here, but some of them seem to come up for the third time.

Commissioner ANDERSON. There are no others coming up more than once. I think we can get through this afternoon.

COMMITTEE NOT NECESSARILY A TEXAS PACIFIC BUT A "COMMERCIAL" ONE.

I will read you a letter dated December 22, 1875, from page 1689 of the record:

NEW YORK, *Dec.* 22, 1875.

FRIEND COLTON: Your letters of the 11th inst., Nos. 111 and 112, are received; also your dispatch that you would send $125,000 in gold. You need send more gold for the January interest. I notice the progress on the tunnels; they go slow. I hope the work on that next to the largest one in the Tehachipi will be pushed. I am glad to notice that you are thinking of commencing it soon. What is the exact length of the San Fernando tunnel? I think —— will return to California in January. I have just returned from Washington. —— was unfortunate about the R. R. committee, that is, there was not a man put on the committee that was on his list, and I must say I was deceived, and he was often with ——, and K. was at his rooms and

spent nearly one evening. The committee is not necessarily a Texas Pacific, but it is a commercial com., and I have not much fear but that they can be convinced that ours is the right bill for the country. If things could have been left as we fixed them last winter there would have been little difficulty in defeating Scott's bill; but their only argument is it is controlled by the Central. That does not amount to much beyond this: It allows members to vote for Scott's bill for one reason, and give the other that it was to break up a great monopoly, &c. If these dam interviewers would keep out of the way it would be much easier travelling. I send a few clippings.

Yours, truly,

C. P. HUNTINGTON.

ATTENTION CALLED TO THE WORD "COMMERCIAL."

I read this letter to call your attention to the fact that the same word appears to have been used in it which was used in a letter read before, being the letter of January 29, 1876. I refer to the word "commercial." You explained the sentence in that letter, "Scott is working mostly among the commercial men," by saying that that referred to boards of trade and persons who had industrial interests throughout the country, and that it was by influencing them that he expected to get assistance to pass his bill. Now, the sentence in the letter that I have just read refers to the committee itself, and states that "the committee is not necessarily a Texas Pacific, but it is a commercial committee." Will you please explain that?

The WITNESS. If I wrote it at all (though I have no recollection of writing it) I think I should have said their geography might influence them. That is, it was on the line of that Pennsylvania interest. I always called Scott's interest in Washington the "Pennsylvania interest," and the Texas Pacific a tail to the Pennsylvania Railroad Company. Scott endeavored to get the committees so organized as that the local interests of their members would lie along the line of the Pennsylvania Railroad, or territory in which that road was interested, while I endeavored to get them farther north, or else from the Gulf States.

COULD CONVINCE MEMBERS THAT "OURS IS THE RIGHT BILL FOR THE COUNTRY."

Q. Would that explain the exact connection of the latter part of the sentence, "And I have not much fear but that they can be convinced that ours is the right bill for the country"?—A. I do not think there was a man in Congress, when you put it squarely before him, that would vote away eighty to one hundred millions when a good road could be built without any aid from the Government. In fact, I know when I sat down with a man myself I hardly ever failed to convince him that that was not the thing to do. He could understand, himself, that his particular person would not be likely to rest in his particular chair at the next session of Congress if he voted away $80,000,000 when it was not necessary. Still it was very hard to "switch" people or prevent them voting against a subsidy that they thought would benefit their particular locality, as is proved by the voting of large sums to clear out trout-streams in the interior of the Republic.

DID NOT MEAN THAT THE COMMITTEE WAS PURCHASABLE.

Q. Do I understand you to say positively that if you did use this word you did not mean to assert that the committee, as formed, was purchasable; that it was a committee that could be bought?—A. Of course not.

Q. You did not mean that?—A. Of course not. I always told our people to keep on "high ground," as I expressed it, to fix them all as well as they could, but never to buy a vote. I was always firm on that point. Under no consideration would we ever give money for a vote, even if votes could be so obtained, because that is not right, and it was easy to demonstrate that our propositions were all in the interest of the public. It costs money to fix these things all the time.

"COMMERCIAL" SHOULD HAVE BEEN "GEOGRAPHICAL."

Q. You think the word "commercial," if used by you, was entirely an error, and should have been "geographical"?—A. I think so. The letters that I wrote to Mr. Colton I usually wrote after I got through my day's work. I used to go down early in the morning to the docks and look after the shipping of our goods. I would stay there until 10 o'clock, then go to my office and attend to business until 3, then go out and attend to purchasing, and get back to the office about dark, and write my letters. Of course if I had expected that so much of my time would have been taken up as has been for the last few years in explaining to Congress, I should have been more particular in my language, and should have kept data, so that I could give to this Commission and all other inquirers all the details of my business. But as the Government has said they would give us so much to build the road, we built the road exactly as we had agreed to. I never thought the Government would go back on its contract, especially when it was so much in their own favor. We worked night and day for years to accomplish this great work, and it never came into my mind that the Government of the United States would be following us around to see where we had put this dollar and that, so long as we fulfilled our contract with them. Still we have to rise and explain, and explain, and explain. What for, I do not know.

IF THE WORD "COMMERCIAL" USED, IT WAS NOT USED IN AN OFFENSIVE OR SINISTER SENSE.

Q. Do I understand you to say that you do not think you used the word "commercial," as applied to the Senate committee, at all in your letter?—A. I do not think I did in any letter. Still it is possible I did, but not in any offensive or sinister sense. I use words frequently that perhaps are not the best words, but they convey my idea. For instance, I talked about "fixing" things. Even my friends would say that that is not a good word; but it was plain to me. All I can say is this: "Out of the abundance of the heart the mouth speaketh."

Commissioner ANDERSON. I think everybody would agree that the word "commercial" is an exceedingly expressive one.

The WITNESS. Well, in that connection I think perhaps it is not the best one. But it was honestly said, and not in the sense in which evil people would be likely to construe it. I meant that it was a proper and a reasonable thing to do, and it would be done honestly and honorably.

Q. You say you might have used the word "geographical"?—A. I say that might have been a better word.

Q. That would be totally different in its meaning from "commercial."—A. Well, yes; but in my previous answers I have explained the sense in which I meant it. If I wrote it at all I wished to convey the idea that there was a commercial interest to be served.

SENATORS "SWITCHED."

Q. Referring to the letter of January 29, 1876, speaking of the committee, you say that "Scott has switched Senator ——, of ——, and ——, of ——, this week, but they can be switched back." Can you tell us who is referred to by those blanks?—A. No; I presume if I wrote the letter at all, I mentioned certain men that had been friendly to our interests. That is, men who would know that they were best serving the interests of the public in doing what we wanted to have them do.

Q. Do you remember who those two gentlemen were who were referred to in those blanks?—A. No. Whoever they were, if the letter was written by me, there was nothing wrong with the men. Men told me in Washington when the Thurman bill passed: "Mr. Huntington, we know it is wrong, but we dare not do anything else."

"RAILROAD COMMITTEE OF HOUSE SET UP FOR SCOTT."

Commissioner ANDERSON. I will read you a letter, dated March 3, 1876, to be found at page 1710 of the record in the Colton case:

NEW YORK, *March* 4, 1876.

FRIEND COLTON: Yours of February 24th, No. 142, is received. I have been in Washington most of the time since Congress met, and you say truly when you write that you think I have had a rough fight there this winter. The R. R. Com. of the House was set up for Scott, and it has been a very difficult matter to switch a majority of the committee away from him, but I think it has been done; but Scott is very able, and then he promises everything to everybody, which helps him for the day and in this fight, and just what he may yet do, I cannot say. There is to be some legislation for the Texas and P. or the S. P. before the 44th Congress goes out, and as Scott promises so much and has such a fearfully long list of creditors to help him, that I have my fears that he will be able to pass his bill next winter, if matter are then as they are to-day. And I think it of so much importance that he is not allowed to build a road parallel to ours with Government aid that I shall endeavor to get our bill passed through the Senate this winter if possible, and the House too. If we only get it through the Senate, and could then get built some road in Arizona before Congress comes together next winter, I think there would be but little doubt we would win the fight. What do all you think of it? I am doing all I can to demoralize Scott in Texas. He has got to have legislation in that State to extend time on his land grant or else it is lost to him.

The Southern Pacific bonds have been admitted to the stock board here; it was a hard thing to do, as they have a rule that no bonds shall be admitted except on completed roads. I think there is an even chance of selling some of the bonds this spring. It is such a large loan that we must be very careful in launching it, as its final success depends very much on the way the loan is put on to the market.

Yours, truly,

C. P. HUNTINGTON.

P. S. These memorandums giving progress of the work on S. P. are very interesting to me.

H.

The WITNESS. That letter, if you will allow me, has been read once; I think twice.

Commissioner ANDERSON. These letters repeat their assertions. This letter, if you will pardon me, has not been read before. I only want to ask you (if you wrote it) what you meant by the use of the expression that "the Railroad Committee of the House was set up for Scott."

The WITNESS. I think, perhaps, it is not the best word, but I meant that he had got his friends to work and got men geographically or otherwise personally friendly to his interests. I suppose there is always more or less "pulling and hauling," as you may say, to get committees right or to get them wrong.

A DIFFICULT MATTER TO "SWITCH" MEMBERS AWAY FROM SCOTT'S BILL.

Q. You say, "It has been a very difficult matter to switch a majority of the committee away from him, but I think it has been done." That expression is giving the same force to the word "switch" that you have already explained?—A. Most assuredly; we had so many good reasons why members should go against Scott's bill and vote for ours that I had always great faith that by giving a man thoroughly to understand what we wanted we could switch him from Scott's bill, unless he or his constituency were geographically interested in it.

SCOTT MAKING A "DIRTY FIGHT."

Q. I will read to you from page 1712 a letter dated March 22, 1876:

NEW YORK, *March* 22, 1876.

FRIEND COLTON: Your letters of March 3d and 8th, Nos. 143 and 144, reached me in Washington. You write me that you wish Senate bill No. 153 to pass. It gives the right of way through the military grounds at Benecia, as you no doubt understand; as amended it gives the right only to the Northern R. R. Co.

I am having a very lively fight in Washington, but things do not look bad.

Scott is making a very dirty fight and I shall try very hard to pay him off, and if I do not live to see the grass grow over him I shall be mistaken. You know I work 365 days in a year when it is necessary.

Yours, truly,

C. P. HUNTINGTON.

What would you understand by the use of the words "a dirty fight" used in that letter as applied to Scott's campaign?—A. I do not remember having written the letter. There are some things, however, in it that have been in my mind before.

Q. If you are positive you did not write the letter I will not ask any question until the letter is produced.—A. I should think there was something in all of those letters probably that were in my letters. There are others that I do not remember anything about.

Q. On your statement that you can not absolutely deny the letter, I again ask you what would be the meaning of the use of the words "dirty fight" as applied to Scott's transaction. Would you mean by that that he was using money on his side?—A. Oh, no,

SOME THINGS PUBLISHED THAT WERE PERSONAL AND UNJUST.

Q. What would you mean?—A. Well, I do not know now particularly. He had some men in Washington that republished some things that were personal and unjust. I suppose it is hardly necessary to speak of the matter here; but there was a little paper in Kentucky that was very bitter against me personally, and published some things about me. Those he got republished in Washington. If I wrote that expression that is possibly what I meant. I have no recollection of saying anything of that kind in the letter. But I know I was very much vexed at the time. I have been in business for myself very actively for over fifty years, and I do not usually need to make any explanation of what I have done. My record is pretty clear. If any man in America has done more for the benefit of the American people or kept more men at work for the last twenty-five years than my associates and myself, and paid them more for their labor, I would like to see him.

"KEEP ON HIGH GROUND."

Q. I will now read you a letter of March 23, 1876, from page 1712 of the case. To shorten matters, unless you desire me to read the whole letter, I will simply read a sentence I desire to call your attention to:

When I see you I have much to tell you of Washington matters that I have not time to write, but I keep on high ground, so that we can not be hurt by any investigation.

Do you recall using a sentence of that character?—A. No; I do not. Still I did frequently use it to my people. I told them to keep "on high ground." I went over to Washington once and found that General Franchot had a lot of cigars and some wine and liquors on his table. I said, "Put those away." He said to some one while I was there, "Huntington is a clever fellow; vote for his bill." I said to him, "Do not talk about Huntington being a clever fellow. Put your liquor and your cigars away. Sit down and give them good solid reasons why this should be done in the public interest, and then you are all right."

A LARGE NUMBER OF SPEECHES PRINTED AND SENT BROADCAST.

Q. I read from page 1717 a letter of April 27, 1876:

NEW YORK, *April* 27, 1876.

FRIEND COLTON: I returned from Washington this morning and find yours of the 11 and 13 insts. on my desk. To-day is the first time that I have been to my office since the 19th. I returned from Washington last Saturday night, but got telegram Sunday that I must be in W. Monday morning, so returned there Sunday night. It seems to me well that you have arranged with the stage-line via Yuma.

We are getting on with the sinking-fund bill as well, perhaps, as we could expect; not much opposition yet, and I have hopes that we can get something through that will be satisfactory to us. Scott, I think, has given up all hopes of getting any subsidy this session, and is asking for eight years more time, and I think he will get it against all we can do. His new bill calls for his building 20 miles each year from San Diego this way and 50 miles west from this end of his road. Scott has several parties that I think do nothing else but write articles against the Central Pacific and its managers, then get them published in such papers as he can get to publish them at small cost, then sends the papers everywhere, and there is no doubt but that he has done much to turn public sentiment against us. If it was known that the C. P. did not control the S. P. I think we could beat him all the time, although he had about the same advantage over us in Washington that we would have over him in Sac. If he wants a committeeman away he gets some fellow (his next friend) to ask him to take a ride to New York or anywhere else, of course on a free pass, and away they go together. Then Scott has always been very liberal in such matters. Scott got a large number of that drunken, worthless dog ———'s speeches printed and sent them broadcast over the country. He has flooded Texas with them. The Sac. Record-Union hurts us very much by abusing our best friends. There was a No. of that paper came over some little time since that abused ——— and some other of our friends, with ———'s name up for President. ——— took it around and showed it. He showed it to ———, with the remark that he did not suppose that he cared anything about it, but that he would show him what the railroad organ said about him. If I owned the paper I would control it or burn it.

Do you recall what I have read as being contained in a letter from you to Mr. Colton?—A. No; there is much there that I do not remember anything about.

Q. Do you know who is referred to in the statement that Scott got a large number of the speeches of somebody whom you refer to as a "drunken, worthless dog"?—A. No; I do not. I regret that I do not have those names and everything, so that I could help this Commission, as I know it would give this Commission pleasure. Still, I do not think it is of any importance to the public.

ONE OF THE "THOUSAND LITTLE ANNOYANCES OF THE DAY."

Q. Do you remember alluding to the articles against the Central Pacific being shown to some persons whose names are left blank here:

Some other of our friends, with ——'s name up for President. —— took it around and showed it. He showed it to ——, with the remark that he did not suppose that he cared anything about it, but that he would show him what the railroad organ said about him.

A. No. If that was written it was about one of the thousand little annoyances of the day that came and went and were forgotten. It must have been some little thing that did not make any impression on my mind. At the time, if I had known, as I said before, that this particular correspondence was to have gone into the national archives to go down to future generations I should have tried to have it full in every way, as it is going to cost the Government a good deal of money and ought to be correct.

NOT TOO LATE TO TELEGRAPH FOR THE LETTERS.

The CHAIRMAN. It is not too late to telegraph for the letters. We shall be in session for some days. You can get the letters.

The WITNESS. If you can show me the necessity for it or how any human being could be benefited by it, black or white, native or foreign born, I will strain a point to get it before the Commission; but if it can serve any human interest I do not know it; therefore I should not like to put myself to a great deal of trouble to amuse any one.

"THE HARDEST FIGHT BY A HUNDRED TIMES."

Q. I read you, from page 1726, a letter of June 7, 1876:

NEW YORK, *June* 7, 1876.

FRIEND COLTON: Your letters, May 29 and 30, Nos. 163 and 164, are received. I am glad to hear that the work on the Tehachipi is moving on satisfactorily. When will the track be laid to the summit? I notice what you say of the Lawrence bill, but it will never become a law. I went to Washington night before last and returned last night. Shall go back to-morrow, so as to be at the meeting of the Judiciary Com. Friday. I am having the hardest fight by a hundred times that I have ever had in Washington, but we shall not be eat up this time. I hope —— will be sent back to Congress. I think it would be a misfortune if he was not. —— has not always been right, but he is a good fellow and is growing every day. —— is always right, and it would be a misfortune to Cal. not to have him in Congress. —— is a damned hog, and should not come back. It is shame enough for a great commercial city like S. F. to send a scavenger like him to Congress once. I have not time to write more.

Yours, truly,

C. P. HUNTINGTON.

Can you refer us to the names of the parties alluded to in this letter?—A. No. There are many things in all these letters that are familiar and many things of which I have no recollection of. It is possible that in every letter there is something that I did write.

FAVORED ELECTION OF MEN WHO FAVORED PUBLIC IMPROVEMENTS.

Q. Do you recollect that in June, 1876, you were in favor of the return of some persons who had represented California in Congress, and opposed to the return of another member?—A. I should say it would have been very strange if we had not been in favor of men that were in favor of public improvements that we knew would largely benefit the public, and (if you will) that would be of some benefit to us,

Q. Do you remember what persons?—A. No; I do not. No doubt I did write such things as that it was well to return large-minded men to Congress, and not well to return little fellows, drinking men, men that had no other business except to malign or blackmail somebody—I will not say "blackmail," but to malign some one. We did not want to have such men get back. If I had written about such a matter, no doubt I should have taken that view. The public interest would have been better served in every case, I believe, to have followed my advice when I gave it than to have done otherwise; that I have no doubt of. I have not been in this country, working as I have, purely for myself. I have been doing many things for the public in a modest, quiet way. I have not made it a purely personal matter all the time. Many times in building the Central Pacific road I would have given anybody largely out of the money that I had if they would have taken the work off my hands and assured me that they would have built the road. I know the same is true of my associates. In one case we agreed to pay interest ten years on $1,500,000 of the bonds—7 per cent. gold bonds. I personally gave my guarantee that I would pay that. I have done many things that I did not do for profit. I did them in order that the road should be a success. California was full of people that wanted to come east, including women and children. That point had its weight with us. It is very well to sneer at that, as people of small minds will, but it had its influence on us, and a very large influence. A railroad would give people a means of crossing the continent comfortably in six days and on land, instead of spending twenty to thirty days on the ocean, with all the inconveniences of such a voyage.

WHO WERE THE OBJECTIONABLE PARTIES?

Q. To return to the point; is it not true that there are three names referred to in this letter—three blanks—at this period in 1877, meaning Messrs. Luttrell, Page, and Piper, California Representatives?—A. I would not say that. Those gentlemen have all been members of Congress.

Q. Was it not one of those three men that you were opposed to, and did not consider worthy of being returned?—A. Well, very likely.

Q. If this letter was written, the uncomplimentary expression applied to the person whom you did not commend, I presume?—A. I presume so.

Q. Was that Mr. Piper?—A. If it was necessary—if any public interest could be served—I could answer that; but I would not like to do so unless the public interest, in however remote a way, could be benefited by it; then I should be disposed to answer the question.

SHOULD BE DEFEATED AT ALMOST ANY COST.

Q. I read to you, from page 1727 of the record, a letter of June 12, 1876:

NEW YORK, *June* 12, 1876.

FRIEND COLTON: Your three letters of the 26th and 27th May, No. ——, are received. I notice what you say of ——, ——, and ——. The latter should be defeated at almost any cost.

WOULD THAT BE A PROPER APPLICATION OF CORPORATION MONEY?

The rest of the letter is immaterial. That is written in the same month as the prior letter. I want to ask you whether it comes within

your definition of the proper application of the moneys of the corporation to use them for the purpose of defeating members of Congress?—A. Well, I do not know. We should not use any money of the Central Pacific to defeat a member of Congress.

Q. "The latter should be defeated at any cost," you say.—A. I have always been in the habit, personally, of "chipping in" for my friends ever since I was twelve years old. When they came around and wanted to elect a good fellow, and defeat a bad one, I would help. If a man did not do that, I should think he was of rather small pattern.

Q. I presume we all "chip in." I do not refer to that. I am referring to moneys of the Central Pacific. To your knowledge have any of the moneys of the Central Pacific been used for election purposes?—A. No. if I had been in San Francisco at the time, and wanted to defeat Mr. Piper, if you will, I should have done it with my own money; I should not have used any money of the Central Pacific Railroad. Mr. Piper did get up in Washington and make a speech on one field day (a piece that he had got somebody to write, I presume), and he delivered it there when the House was about empty, and had it printed in the Record.

WOULD PAY EXPENSES OF A TRIP TO CALIFORNIA.

Q. I will read you, from page 1735 of the Colton case, part of a letter of July 26, 1876:

NEW YORK, *July* 26, 1876.

FRIEND COLTON: I have been working for the last two months to get a party of, say, 25 Southern members of Congress to to go out to Cal., and over the line of the S. P., and see what we have done, and our ability to do. Of course I want no one to go except the best men of the South; men that will go for the right as they understand it, and not as Tom Scott or somebody else understands it. I told Senator Gordon, of Georgia, if he could get up a party of the best men of the South, we would pay all their expenses, which, I suppose, would be not less than $10,000, and I think it would be money well expended. When would be the best time to come?

Do you remember writing in regard to getting up a party of statesmen of that character?—A. I do not. I do remember about speaking to several parties. They were very ignorant of what we had done, and I told them if they would get up a party of good men we would be glad to pay their expenses to California, to give them an opportunity of seeing how much we had done for the country and at how small a cost to the Government. I tried very hard to get them to do this. I do not remember about writting about it, however.

CONSIDERED A LEGITIMATE AND PROPER EXPENDITURE.

Q. But would you consider that expenditure of money as coming within what you have defined as a legitimate and proper expenditure?—A. I should most certainly, as it would be done to educate them up to the necessities of the country west of the Missouri River.

Commissioner ANDERSON. I am going to ask you a question to-morrow that Mr. Crocker said he had not time to think of. I mention it to you now. That is in regard to your views as to the best adjustment to be made between the Government and the company; especially your views as to the paying capacity of the company. Will you be so kind as to revolve that over during the night?

The WITNESS. I will if I can. It is a pretty large question.

Commissioner ANDERSON. But you know that is what the Commission has before it. We were quite surprised to get nothing from Mr. Crocker on the subject.

The WITNESS. Allow me to say that I hope the Commission will go into that subject very thoroughly, because all the money the Government is to get comes from the people who use the road; and I should not think it right to force this generation to pay, if it was possible to do so, what should be distributed through several generations.

ARRANGING TO OBVIATE HOSTILE LEGISLATION.

Q. I will read you from page 1742 of the case, a letter of November 15, 1876:

NEW YORK, *Nov.* 15, 1876.

FRIEND COLTON: I had meeting in Phil. last night with Tom Scott. We meet again here to-morrow. I do not have my own way altogether, but I think we shall agree upon some bill that we can all work for. We shall have to prorate on through business more than I would like; and I think there should be a bridge co. organized (that we are not known in) to build over the Colorado River at, say, Arrowsbury or any other point on the river, then build at the point where the R. R. crosses, under contract with the railroad co. In this way we could tax the through business on this line if we so desired.

That is all of that letter that is material. Do you remember the fact that at this time you began to discuss an arrangement with Mr. Scott which would obviate hostile legislation between the two companies?—A. Colonel Scott and myself had a number of talks, though I do not remember writing to Mr. Colton about it. Scott wanted the two companies to have an even prorate across the continent, which I did not think would be fair, but it was in my mind to have a bridge built across the Colorado River, on which we could have an "arbitrary," so as to equalize or make up in part the difference in the expense of operating our road over that of operating the Texas Pacific.

Q. That bridge was subsequently built, was it not?—A. Yes.

Q. And it was separately organized from the Southern Pacific?—A. Yes.

DIFFICULTIES IN THE WAY OF BUILDING A BRIDGE.

Q. Do you happen to know what it cost to build that bridge?—A. I do not. It cost a good deal. We had to bring our lumber from Puget Sound. The lumber got warped and we had to get more. The Government prevented us a long time from going through a patch of sage brush they had, making the bridge cost a good deal more than it ought to have cost. The timber came from Puget Sound through the straits of Fuca, to San Francisco, and then 722 miles by rail, and lay on those hot burning sands at the bridge site, and a good deal of it got twisted, waiting for permission from the Government to build the approaches to the bridge through the sand and sage brush belonging to the Government.

Q. Do you know who built that bridge?—A. I think the Pacific Improvement Company.

Q. Was it the Western Development Company?—A. It might have been, but I think not.

Q. Were you a stockholder in the Colorado Bridge Company?—A. If built by the Pacific Improvement Company; yes. I do not know how that was.

Q. Are you a stockholder to-day in the Colorado Bridge Company?—A. I presume I am.

Q. Do you receive a portion of the rent which is paid for that bridge?—A. If I am a stockholder I do. If there are dividends coming to me they are credited to me in San Francisco. I never see it if it is paid,

RENT PER ANNUM FOR THE USE OF THE BRIDGE.

Q. Do you know how much rent per annum is paid, either by the Central Pacific or by the Southern Pacific Company, for the use of that bridge?—A. I do not. I know the bridge has been burned up once or twice.

Q. Leaving out the burning up, have you any idea of the first cost of that bridge?—A. I have not.

Commissioner ANDERSON. Mr. Douty stated, in California, that the first cost of the bridge was about $40,000.

Mr. COHEN. Oh, no; $50,000.

Commissioner ANDERSON. Well, say $50,000.

Q. Do you know what rent was fixed to be paid for that bridge by the Central Pacific during the period before the lease in 1885?—A. I do not. It ought to be pretty large, because it is a very dangerous place for a bridge. I never had anything to do with it.

Q. You do not remember whether you were present and voting at the time of the fixing of the rent for the use of that bridge?—A. I do not. Still it is possible I was there. Mr. Cohen says it pays 6 per cent. on the cost.

THE TRUTH SHOULD BE STATED FOR INFORMATION OF THE GOVERNMENT.

Commissioner ANDERSON. Mr. Cohen has a fanciful way of looking at those things. He thinks if a house burns down three times the rent ought to be trebled.

Mr. COHEN. Mr. Anderson, you know the facts in this case as well as I do.

Commissioner ANDERSON. I think that it is an exorbitant rent.

Mr. COHEN. You know the facts. You ought to state the truth. You know the truth, and you ought to state it for the information of the Government. You conceal it all the time, wresting the truth against that company, and trying to make the worse appear the better part. You know just as well as I do that the rent they pay is at the rate of 6 per cent. per annum on the cost of the bridge.

WHAT IS MEANT BY "FIXING UP" A COMMITTEE.

Commissioner ANDERSON. I will read you from a letter on page 1756 of the Colton record, dated March 7, 1877:

NEW YORK, *March* 7, 1877.

FRIEND COLTON: Since writing you last your letters, Feb. 10, 16, and 23, Nos. 28, 29, and 31, have been received. I notice you are looking after the State railroad commissioners. I think it is time. Congress has adjourned, and we have not been hurt, except by the paying out of some money in Washington for hotel bills, etc.

I am quite sure that we stand better in Washington at this time than we ever did before.

The P. M. S. S. Co. got no aid. I will tell you some things about that some time. The sinking-fund bill did not pass, but it is in a much better shape to pass than it ever has been before. I stayed in Washington two days to fix up R. R. committee in the Senate. Scott was there, working for the same thing, but I beat him for once, certain, as the committee is just as we want it, which is a very important thing for us. You will no doubt notice before you get this that we were not able to pass the Texas Pacific bill.

Q. If that letter is a correct copy of a letter written by you I would ask you what you allude to by speaking of fixing up the committee?—A. I do not remember having written the letter. By fixing the com-

mittee I meant getting the best men—those who could not be swerved from the right by any local interests.

Q. How would you try to bring about that result?—A. By endeavoring to get men that, as far as we knew, were in favor of the public interests; that is, against giving $80,000,000 of subsidy to build a road when we would build it for nothing. If I had written this letter I think I should have added "ourselves and the Government," because the Government—that is, the people—were interested as much as we were; in fact, more.

Q. What I want to know is what you would do to secure the result?—A. I would go to some member of the House whom I knew to be friendly and ask him to see the Speaker and recommend the appointment on the committee of good men who could not be switched by any local interest.

Q. The Speaker of the House and the President of the Senate?—A. Yes.

Q. This letter refers to the Senate?—A. Yes.

A CHANGE IN THE "MAKE-UP" OF THE COMMITTEE.

Q. On this same subject I read you from page 1758 of the record, from a letter dated March 14, 1877, omitting the first part of the letter, the following sentence:

After the Senate Railroad Committee was made up Scott went to Washington in a special train, and got one of our men off and one of his on, but they did not give him the com. Gordon of Ga. was taken off and H. Bogy of Mo. put on. Scott could not have troubled us with the S. P. if the S. P. had been left by itself as we had it, but putting it with the C. P., as it had been done, makes it an ugly fight, and it will continue to go more and more so until the S. P. is built a long way east of where it is now.

Do you remember such a change occurring as that in the railroad committee of that year?—A. I do not; but no one would suspect General Gordon of being anything but a high-toned, honorable man. He was in Georgia, and his "geography" was in favor of the Southern Pacific line—that is, the road would certainly be a benefit to his State, while a Missouri man would have been in favor of Scott's road, because it would run through Missouri.

C. P. HUNTINGTON.

The Commission then adjourned to to-morrow, Thursday, September 22, 1887, at 10 a. m.

The following letter was subsequently received from Mr. Huntington:

SUBJECT: COMPENSATION FOR MAILS ON AIDED ROADS.

[Central Pacific Railroad Company, 23 Broad street. C. P. Huntington, vice-president.]

NEW YORK, *October* 13, 1887.

Hon. ROBERT E. PATTISON,
Chairman U. S. Pacific Railway Commission, New York:

DEAR SIR: During my testimony before the Commission on the 21st ult. I stated that the Central and Union Pacific Railroad Companies were allowed by the Government a less rate for carrying the U. S. mails over the Rocky Mountain and Sierra Nevada ranges, where every element of railroad operation was more expensive, than was allowed to the other non-aided railroad companies throughout the country.

The members of the Commission expressed a desire to be furnished with further evidence in support of this statement. I beg to refer them to an "act making appropriations for the service of the Post-Office Department for the fiscal year ending June 30, 1877, and for other purposes" (19 Stat., 78), by which "the compensation to all railroad companies for the transportation of mails is reduced 10 per centum per annum" from the rates theretofore prevailing.

Section 13 of the same act (19 Stat., 82) is as follows: "That all railroad companies whose railroad was constructed in whole or in part by a land grant made by Congress on the condition that the mails should be transported over their road at such price as Congress should by law direct, shall receive only 80 per centum of the compensation authorized by this act."

By the act making like appropriations for the year ending June 30, 1879 (20 Stat., 148), the compensation to all railroad companies for the transportation of mails was further reduced 5 per centum per annum, and my understanding is that that is the unrepealed law and practice to this day.

Permit me to add that this is not the full extent of the grievance. This arbitrary cutting down the compensation for mail carriage originated in a desire on the part of the Executive to shift the deficit of receipts of the Department under its expenditures to the shoulders of the railroad companies of the country, and on the part of the respective partisans in Congress to figure out a showing of economy in appropriations more apparent than real.

The non-aided railroad companies were at liberty to refuse the mail carriage on terms they deemed unjust, if they deemed it policy, and some of them threatened so to do. The land grant and subsidized roads could not refuse, so that the bulk of the retrenchment fell to their share. Deficiency bills were reported year after year for the payment of the mail carriage by these companies who were so situated as to enforce their demands. On the other hand, all efforts to secure the full payment which the Pacific Railroad act of 1862 contemplates, by deficiency appropriations, have failed of effect. This cause of complaint against the Government is worse than I had before stated it.

Yours, very respectfully,

C. P. HUNTINGTON,
Vice-President.

No. 10 WALL STREET, NEW YORK,
Thursday, September 22, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

COLLIS P. HUNTINGTON, being further examined, testified as follows:

A LETTER TO A FLORIDA SENATOR.

By Commissioner ANDERSON:

Question. I will read to you from page 1763 of the record in the Colton suit, a letter dated March 26, 1877, as follows:

MARCH 20TH, 1877.

FRIEND COLTON: I gave to-day a letter to Senator ——, of Florida. He is a good fellow enough, and our friend, after he is *convinced* we are right.

H.

Do you remember giving a letter in 1876 to a Senator from Florida?—Answer. I do not. Very likely I should have done so if he asked me, and if he was going to California. To almost all the people who were going over there, who asked me for letters, I gave them.

Q. Can you supply the name of the Senator from Florida that is referred to in this letter?—A. No. I do not remember. I knew both of the Senators from Florida.

Q. Do you remember seeing him about that date, 1877?—A. It is very difficult to carry dates. Of course I was seeing all those people almost every day when I was in Washington. Probably I saw the Senators from Florida.

Q. Did you have any special acquaintance with Senator Conover from Florida?—A. I used to meet him and Senator Jones frequently. I could not call it any special acquaintance.

A FRIEND OF THE ENTERPRISE.

Q. Was this gentleman regarded as a friend of the enterprise and a being satisfied that your views were correct?—A. I should think s because the Southern road, which was more particularly in controver ran into his section, and would accommodate his people. Ours w wholly a Southern road and, of course, benefited the Gulf States, a they should all have been in favor of the Southern road, as against th road from Saint Louis to San Diego.

Q. Do you remember the occasion of his visit to California in 1877, anything about it?—A. No; I do not remember the date.

CAREFUL AS TO CHOICE OF A UNITED STATES SENATOR.

Q. I quote from a letter on page 1765, dated April 3, 1887. Th first part of the letter refers to business matters, which, of course, I wi read if you desire. I read especially the following quotations:

We should be very careful to get a U. S. Senator from Cal. that will be disposed use us fairly, and then have the power to help us. ———, I think, will be friendl and there is no man in the Senate that can push a measure further than he can. Ra road credits are very sensitive here.

Do you remember in 1877 what Senator it was that you referred to?— A. I do not. Of course we were watching to get fair, good men an able men to act upon these interests that the public and we were inte ested in. But I do not remember who that referred to.

Q. Who was the next Senator from California elected after 1877?— A. I could not say. It is easily found out, I suppose.

Q. Was Senator Sargent elected soon afterwards?—A. I shoul think not. He was in the Senate, but I should have said it was earli than that. He was a very able man. If he was running for a positio I should have liked very much to have had him get the place. He wa a man above suspicion. I knew him intimately for years, and neve heard a breath of suspicion or taint against the character of A. A. Sa gent. I should do all I could for him for any place that he wanted whether I had any personal interest in the matter or not.

THE LOS ANGELES AND INDEPENDENCE ROAD.

Q. I will read you a letter from page 1766 of the Colton case, date April 20, 1877:

NEW YORK, *April 20th*, 1877.

FRIEND COLTON: Yours of the 11th, No. 40, is received. I notice what you wri of financial matters, and I quite agree with you that we must stop all outlays that w possibly can and reduce our floating debt.

I think with you that it will be too *hot to work* in Arizona the coming summer, b it is possible that it will be too hot in Washington to work to advantage there, a we may think it best to send some to work east of Yuma for one hundred miles or s and have it reported over the wires that the work is being rapidly pushed forwar &c.

I wrote Crocker on the 7th inst. in relation to Jones' Los Angeles road. A few da after I saw Jones I met Gould. He told me Keene had bought it. Of course I said was glad to hear it, as we did not want the road at any price; that I made Jones a offer for it because we wanted him to help us with our (C. P. & U. P.) sinking fu bill in Congress, and I was very glad it had got (the railroad) out of the way, an that I saw nothing now to prevent friendly relations between ——— and ourselve &c. On the Sunday following ——— came to my house and said he came from ——— and ———, and that in the panic or break in Panama a few days before ——— wo have been broken if ——— and ——— had not come in to help him out, and to do it the had to take ———'s railroad, &c., and he asked me, after some beating about, if w

wanted the road at $480,000. I told him that we did not want it at all, but that we would take it so as to work in harmony with ——, and that I had made him an offer as I wrote Crocker, and my impression was our people would do that now, but I was quite sure we would rather —— and —— would keep the road, if by that —— could be made our friend, &c. What do you all think of this? I am rather disposed to think that —— and —— have not bought the road but hold it as collateral.

Yours, truly,

C. P. HUNTINGTON.

Do you remember writing that letter?—A. I do not remember having written such a letter. There are some ideas in there that have been in my mind before. You mention, I believe, one Senator's name there.

Q. The language of the letter is, "that I made Jonesan offer for it." Is that Senator Jones?—A. I should think very very likely it was.

Q. Jones of Nevada or Jones of Florida?—A. Jones of Nevada.

Q. Did Senator Jones have an interest in the road that is referred to there?—A. Senator Jones, I think, was sole owner.

Q. What is the title of the road?—A. The Los Angeles and Independence road, I think. It is the Santa Monica road.

Q. Was that road subsequently purchased by the Central Pacific or its directors?—A. It was not.

BOUGHT BY THE WESTERN DEVELOPMENT COMPANY.

Q. What disposition was made of that road?—A. I should say the Western Development Company bought it.

Q. Bought it and completed it, did they not?—A. No; it was completed from Santa Monica to Los Angeles.

Q. Who were the stockholders in the Western Development Company?—A. I think the large majority of the stock was held by Leland Stanford, Mark Hopkins, Charles Crocker, and myself.

Q. Those four held all of it, did they not?—A. Not all.

Q. Had you not, of the 50,000 shares, over 49,000?—A. I think not. I have never seen the books of the Western Development Company. From the very start, in all our contract companies, we have been endeavoring to get people to put in money with us, to share the profits and take the risk. We have not been able to get in people as we would have liked.

Q. Was this road immediately leased by the Western Development Company to the Central Pacific, and subsequently to the Southern Pacific?—A. I could not say. That is among the data in California, and I have had but little to do with it.

WANTED TO HAVE THE LOS ANGELES AND INDEPENDENCE ROAD OUT OF THE WAY.

Q. By whom has this road been operated ever since?—A. I could not say. Our people have changed the lease, I think, once or twice. It was a road that was running in opposition to the road from Wilmington to Los Angeles. I wished to have it out of the way. The Santa Monica road was cutting rates, and the business was light for one road. To divide the volume of business and then cut the rate would leave but little for either road.

Q. You say that some of the ideas contained in this letter you recognize as having been in your mind before the date of the letter. Will you tell me whether this is one of them?

I made Jones an offer for it, because we wanted him to help us with our (Central Pacific and Union Pacific) sinking fund bill in Congress.

A. I would not put it in that way. Mr. Jones, I think, was short of money, and I bought the road as cheap as I could. I knew that he was opposed to the Government giving this large subsidy asked by the Texas Pacific, and I, no doubt, thought that if he could be relieved of this embarrassment he would have more time to attend to his public duties, one of which would be to kill this Texas Pacific subsidy bill.

Mr. COHEN. Mr. Jones was the sole owner of that road, was he not?

The WITNESS. I think so. If I remember right he told me that the road cost him $716,000. I gave him, I think, $200,000 in cash for it and fifty bonds; and the road cost him $716,000, as, I think, he told me.

Q. The bill that you have referred to in your answer relating to the granting of subsidies for the completion of other roads is not the bill referred to in the sentence I have quoted?—A. It might not have been. It might have been something else; I do not pretend to carry these dates. I get the ideas of different things that we have done. But good men have generally been for them as soon as it was explained to them how they affected the public interests.

Q. I understand your statement, then, to be that if Mr. Jones were relieved from his embarrassment he could give more attention to the intelligent consideration of the bill, whatever it was?—A. Of the bills before the Senate.

Q. What bill did you understand this sentence to refer to: "Our (C. P. & U. P.) sinking-fund bill in Congress"? That letter was written in 1877. Is not that the Thurman act?—A. No, I think not. I wrote a letter, as I remember it, to the Secretary of the Treasury, saying that we thought it important that we should have a proper sinking-fund bill to pay this money that was due to the Government. I am quite sure a year or more I worked upon that before the introduction of the Thurman bill. The Thurman bill was taken up more as a political measure to "take the wind," as I suppose the boys would say, out of our sails; or, rather, I should say, to gain on the political side rather than to hurt us.

"THINGS HAVE CHANGED VERY MUCH."

Q. This bill referred to in this letter is a bill that would have been preferred by the Central Pacific to the Thurman act which was actually passed, is it not?—A. As I remember, it would, as it was a bill under which there would have been a real sinking fund, while the Thurman bill has sunk the money of the company without benefiting the Government or any one else. Things have changed very much, as the Government has furnished means to build a road on each side of the Central Pacific, which has taken it out of the power of the Central Pacific to earn enough net money to take care of the sinking fund such as we then proposed.

Q. Can you supply any of the blanks contained in this letter as to the names of persons whom Mr. Jones had reference to as having been called on? Look at the letter and state.—A. I remember how you read them. I could not. I was writing about pretty much everybody that was interested in public matters. I never have given those letters much weight. I wrote them hurriedly in the evenings, as I have said, after getting through my day's work, and I did not suppose that they would ever be considered as important as they are, or as there is an effort made, I would say, to make them important. They mostly relate to efforts that we made to save the Government from paying $80,000,000 and building a competing road to the Central Pacific, in which the Government had a large interest. We not only wanted to protect ourselves

by paying that debt, but also by building a road that would be at least friendly, and would serve the public as it has served without any cost to the Government.

"MUST HAVE FRIENDS IN CONGRESS FROM THE WEST COAST."

Q. I will read a letter from page 1770 of the Colton case, dated May 7, 1887:

NEW YORK, *May 7th*, 1877.

FRIEND COLTON: Since I last wrote you your Nos. 41, 42, and 43 have been received.

Mr. Bryan, the Japanese commissioner, was in our office here last week and said he had been ordered to go to Europe. How long he should remain there he could not say, but he thought not long; would see you in S. F. on his return in relation to mails to Japan.

I am glad to get so good a report of the Ione coal. May it ever continue to burn as well.

I hope the Arizona business will meet your expectations. We need the money that the business will bring badly.

I notice what you say of ———, the Florida Senator. He is a clever fellow, but don't go any money on him.

I will have notice for the redemption of S. P. bonds to the amount of $200,000 published here as you request.

I suppose you will put in the S. P. bonds that belong to the W. D. Co. If not, I want to stand in as the others do. I would not put in any series A.

The $70,000 that I let ——— have are tied up for ten years. I think we can make more than the interest on the amount paid for ———'s road out of our other roads by not running the ——— road at all; and ——— is very good-natured now, and we need his help in Congress very much; and I have no doubt we shall have it. We must have friends in Congress from the West coast, as it is very important, I think, that we kill the open highway and get a fair sinking-fund bill by which we can get time beyond the maturity of the bonds that the Government loaned us to pay the indebtedness; and I think if any Republican is elected in ———'s place he (———) is worth to us, if he comes back as our friend, as much as any six new men, and he should be returned.

It is fearfully hard to get money here; I think never so much so before.

Yours truly,

C. P. HUNTINGTON.

Do you recollect any of the sentiments contained in that letter?—A. I would wish to say, in answer to the other letter, as there seems to be an effort to damage some public men, that I never gave Senator Jones any money for any purpose whatever connected with legislation. I bought his road and gave him two hundred and odd thousand dollars for a road that he told me cost him seven hundred thousand and odd, and I believed what he told me. He does not need any one to protect him; but still, as an effort seems to have been made, I wish to put those facts upon the record. I do not remember having written that letter, though there are ideas there that are not new to me. I see nothing wrong in it, or in any part of it. We wanted to pay the Government what we owed; we wanted to pass a sinking-fund bill, and we did whatever we could that was right to do. I do not think it would be necessary that we should, and I don't think we would be called upon, if we were unprincipled enough to do it, to pay money to pass a bill allowing us to pay the Government all we owed them, in lieu of paying them as a few politicians wanted it.

"POLITICIANS GET AWFULLY SHORT" OF FUNDS.

Q. Will you please tell me whether the Florida Senator here referred to is the same gentleman to whom you appear to have given a letter of introduction to Mr. Colton shortly prior?—A. I could not say; I think very likely it was—if I wrote it at all.

Q. If you wrote it at all, can you tell us the meaning of these words: "He is a clever fellow, but don't go any money on him"?—A. Well, the fact of it is, a good many of these politicians get awfully short; but I have always refused to lend them money unless they had good collateral. I do not think the Florida Senator was an exception.

Q. Then you think the meaning was: "Don't lend him any money without security?"—A. Of course, if we had money to lend, and he had Government bonds or any other good collateral, we should accommodate him.

Q. Your company was not in the habit of lending money?—A. It does not necessarily follow that the Central Pacific was going to lend him any money. I lend money myself sometimes.

Q. The allusion to $70,000 of bonds that are tied up for ten years; can you tell us what that refers to?

The $70,000 that I let ——— have are tied up for ten years. I think we can make more than the interest on the amount paid for ———'s road out of our other roads by not running the ——— at all; and ——— is very good-natured now.

THE SANTA MONICA ROAD WAS CUTTING.

A. I do not remember about the bonds being tied up, but it would have been a wise provision of the trade to keep those bonds off the market while we were selling the same securities ourselves. Los Angeles, Wilmington, and Santa Monica are not far apart, and the Los Angeles trade was pretty important, and steamers ran from San Francisco to Santa Monica for the Los Angeles trade. We ran to Wilmington and were competing for that trade, which was being cut all to pieces by the Santa Monica road, and I did think that we could save more money than the interest on the two hundred and odd thousand dollars, even if we did not run the Santa Monica road at all.

Q. The road referred to is evidently the road from Los Angeles to Santa Monica?—A. Yes.

SINKING-FUND BILL IN CONGRESS.

Q. Is the sinking-fund bill that is referred to in this letter, as it presents itself to your mind, the same bill that was referred to in the former letter, which you described as "our sinking-fund bill," in the words "help us with our (C. P. and U. P.) sinking fund in Congress"? The reference in the present letter is: "We must have friends in Congress from the West Coast, as it is very important, I think, that we kill the open highway, and get a fair sinking-fund bill by which we can get time beyond the maturity of the bonds that the Government loaned us to pay the indebtedness." Is that the same sinking-fund bill that the company then desired to have passed?—A. I should suppose so, if I wrote the letter.

Q. Do you remember having used such an expression as "kill the open highway"? What would that refer to?—A. I do not remember having used any such expression.

Q. Can you give any explanation as to what construction can be put upon those words: "Kill the open highway"?—A. No; I cannot. It could hardly be a railroad, for an open highway would be a road on which they would let everybody run cars, which would be impossible on a single-track road.

SCOTT'S "OPEN HIGHWAY."

Q. I will read you a letter from page 1776 of the Colton record:

NEW YORK, *May 15th*, 1877.

FRIEND COLTON: Yours of the 7th inst. is received. I am glad you are paying some attention to Gen. Taylor and Mr. Kasson. Taylor can do us much good in the South. I think, by the way, he would like to get some position with us in Cal. Mr. Kasson has always been our friend in Congress, and, as he is a very able man, has been able to do us much good, and he has never lost us one dollar. I think I have written you before about Senator ———. He may want to borrow some money; but we are so short this summer, I do not see how we can let him have any in Cal.

I have just given Senator ———, of Kansas, a letter to you. He is a good fellow and can do us much good, and, I think, is well disposed toward us.

Senator ——— is coming over; also his brother in-law, ———. They are good fellows, but ——— means business; not there, but in W.

Scott is working everywhere for his open highway, but I think we can beat him; but it will cost money and harder work to beat him with money under the plan of some of my associates, viz: having it understood that the C. P. and S. P. are, as it were, one property. Then it would be without money if the public could know the facts; that is, that the S. P. is a separate and distinct property.

Railroad credits are as badly demoralized as ever here. The Baltimore and Ohio R. R. paper is thrown out by nearly, if not all, the banks here.

I hope before this reaches you that the road will be completed to Fort Yuma and a large outlay stopped there. I would like to know what the road has cost up to this time, say from Goshen south, and have the items given.

Jay Gould told me the U. P. had contracted to have a branch built 100 miles long from their road towards the Black Hills, for which they pay for the road (no rolling stock) $9,000 per mile, iron rails. I guess he don't do as well as that.

Yours, truly,

C. P. HUNTINGTON.

I am disposed to think we could trade with Scott for all the T. and P. rights west of the Rio Grande for a small sum.

Is there anything in that letter that you recall?—A. In all those letters there are ideas that are not new to me, and there are others that I have no recollection of.

Q. Does the suggestion as to Scott's "open highway" refresh your recollection as to the use of the term "kill the open highway" in the other letter?—A. No; I do not see how it could mean an "open highway," unless Scott might have said he was going to build a railroad and allow everybody to run cars on it.

Q. Might it not have been a sarcastical allusion to Scott's plan, or to Scott's road?—A. It is possible. Of course we were building a road; we took all honorable means that we could to succeed; and wanted to pass a sinking-fund bill.

Q. Do you recollect writing to Colton that a certain Senator, whose name is not given, might want to borrow some money, but that you were too short to let him have any in California?—A. No; I do not. There are quite a number, though, who have been in the Senate, I think, in its history, whom I would not be likely to have much money for when they wanted to borrow.

Q. But would you be likely to write to Mr. Colton with reference to the subject and give him a warning?—A. Well, I might, and I might not.

Q. The point would be that if he were not warned he might possibly lend money and lose it?—A. I do not remember having written such a letter. It would have been very proper to have done so surely, if I thought he would lose the money by lending it.

Q. Can you give us the name of the Senator referred to in the connection I have just stated?—A. I cannot. If I had the list to look

over, I have no doubt I could tell more than one as to whom it would not be safe to have much money when they wanted to borrow.

A KANSAS SENATOR GETS A LETTER.

Q. (Reading:)

I have just given Senator ———, of Kansas, a letter to you. He is a good fellow and can do us much good, and, I think, is well disposed towards us.

Can you tell us who that Senator was?—A. No; I do not know. Any gentleman, I think, who wanted to do the right thing would do what we wanted to have done, and I should be very likely to give him a pass.

Q. He is identified as a "Senator from Kansas." Do you know who the Senators from Kansas were at that date, May, 1877?—A. I do not; but that is easily ascertained.

"GOOD FELLOWS BUT MEAN BUSINESS."

Q. The next allusion is:

Senator ——— is coming over; also his brother-in-law, ———. They are good fellows, but ——— means business; not there, but in W.

Am I correct in assuming that "W." means Washington?—A. That is the first letter in the word Washington, certainly. You might or might not be correct. I do not recollect having written any such letter.

Q. (Reading:) "Senator ——— is coming over." How would you construe that? Coming over to California?—A. I do not know whether it meant coming over there, or coming over to the right view of the subject. We might have shown him that what we wanted was the correct thing; and he might be coming over to the right.

Q. Coming over to the right view of the subject?—A. Yes.

Q. (Reading:) "Also his brother-in-law, ———." Do you remember any Senator at that time who had a brother-in-law in whose position, or in whose views, you were interested?—A. I do not.

Q. Can you inform us who is referred to by this "Senator ———" who was "coming over"?—A. No. I am writing a great many letters every day, and if I had written portions of these I could hardly be expected to remember much about them, as the names seem to be all blank.

AS TO STATEMENT THAT CENTRAL PACIFIC HAD NOT EARNED ITS DIVIDEND.

Q. I will read you from page 1799 of the Colton case a letter under date of October 29, 1877:

NEW YORK, *October 29th*, 1877.

FRIEND COLTON: Herewith I send mem. of bills payable in November. A very heavy list as the money market is to-day, but I think $400,000 of it will have to come from the earnings of the roads, and we should begin to lay by something this month for the January interest. We should not pay any dividends this fall. It would hurt us in Washington, and here particularly with the German bankers. Mr. Herman told me a few days since, when I asked him for money, that he had none then, but if he had he would not lend us any if we paid div. this fall. He said we did not earn last year as much as we declared in dividends, and in looking over the annual report he seems to be right, and I cannot find where our sinking fund makes any figure in the profit and loss account of the report. I wish you would examine the last report in relation to the above two things.

Yours, truly,

C. P. HUNTINGTON.

Do you recollect writing on that subject?—A. I do not. I have been always very careful about looking after our financial matters and seeing that everything was paid. This letter is in that direction. I do not recollect having written it, or having been refused any money by any German bankers.

Q. I call your attention more particularly to the statement made by you, that after examination you had concluded this banker was right in stating that "we did not earn last year as much as we declared in dividends, and in looking over the annual report he seems to be right." Do you remember whether that was the conclusion you reached?—A. I remember something of the kind. I do not know that it was at that date I wrote out for an explanation, and they said that there was considerable net money out of the earnings of previous years.

Q. From prior years?—A. Prior years; and that it was all right. And it was all right. I do not remember the figures, but I know the impression on my mind was very distinct that it was all right from explanations that they made. We have always been very particular about such things, not to pay any dividends that were not earned.

Q. I am to understand that your own conclusion was that as far as the assertion made in this note is concerned, you subsequently became satisfied that the dividend which was declared was absolutely declared out of earnings either of that year or of prior years—out of the surplus?—A. I do not connect it with that letter particularly, but I know that at some time I asked them the question, and they explained it to me, and became satisfied that it was all right.

PERSONNEL OF RAILROAD COMMITTEE.

Q. I now read you a sentence from a letter on page 1800 of the Colton case, dated October 30, 1877. After referring to matters of business, I find this sentence:

The committees are made up for the 45th Congress. I think the R. R. Com. is right, but the Com. on Territories I do not like. A different one was promised me. Sherrel has just telegraphed me to come to Washington to-night. I shall not go as I am not well, and to always go at Sherrell's call would kill me or any one else in one session of Congress. I think there never was so many strikers in Washington before, and I think there will be more bills of an unfriendly character offered than ever before.

Do you remember anything in regard to that subject in the fall of 1877?—A. I do not. I know there have always been a great many people in Washington, belonging to the Third House, who were very impecunious. The landlords, I was told, were after them very sharp; and they were making great efforts to raise money to pay board bills.

Q. I refer particularly to this: "A different one [committee] was promised me." Do you recollect using such a sentence as that in any of your letters?—A. I do not. I cannot imagine where I would have got the promise. No Speaker ever promised me anything. Of course we brought all the influence to bear that we could, to have appointed good men, who could not be swerved by small politics or by local influences against the right.

Q. In the course of such efforts the personnel of the committee, as contemplated, must have been the subject of discussion?—A. Most assuredly it would have been.

Q. So that this sentence may mean that, after conferring with your friends in Washington, they had represented to you that they believed their efforts would be successful in getting such a committee appointed as you desired?—A. We should naturally endeavor to get good men on the committees.

A GOOD MANY STRIKERS IN WASHINGTON.

Q. (Reading.) "I think there never was so many strikers in Washington before." That, I believe, you have explained by saying it was true that there were a great many persons in Washington who were more or less hungry and wanted their hotel bills paid?—A. Well, it was so, I believe; and as far as I know is so in all places where there is legislation going on. There are people in those places who want to be very useful to you, and who have "great influence," taking their own story for it. Of course, where one was a proper man no doubt we would employ him. I do not remember any particular case. I refer particularly to the "members of the Third House," as they are commonly called.

Commissioner LITTLER. As that house is not a recognized house under the Constitution I wish you would explain what you mean.

The WITNESS. It is not organized under the Constitution of the United States.

TEMPER OF CONGRESS NOT VERY GOOD—SOMEBODY MAY GET HURT.

Q. I will now read you a letter from page 1802, of the Colton case, dated November 9, 1877, omitting the business portion of the letter:

I do not think we can get any legislation this session for extension of land grants or for changing line of road unless we pay more for it than it is worth. Scott seems to be very confident that he can pass his T. and P. bill. I do not believe he can. Some parties are making great efforts to pass a bill through Congress that will compel the U. P. and C. P. to pay large sums into a sinking fund, and I have some fears that such a bill may pass. Jim Keene and others of Jay Gould's enemies are in it, and will pay money to pass. We have a hearing to-morrow before the Judiciary Com. The temper of Congress is not good and I fear we may be hurt, and somehow I do not feel so much like doing battle with the whole human race as I once did. I go to Washington to-night. The petition for change of line of S. P. has just come in.

Yours truly,

C. P. HUNTINGTON.

The WITNESS. What did I say about the human race?

Commissioner ANDERSON. "Somehow I don't feel so much like doing battle with the whole human race as I once did."

The WITNESS. I do not recollect ever having such a feeling come over me.

Q. You are ready still to do battle with the whole human race?—A. Yes; always ready to stand for the right, as I understand it.

Commissioner ANDERSON. It is not "doing battle for," but "doing battle with."

Mr. COHEN. It is a misprint.

The WITNESS. Either way will do.

Commissioner ANDERSON (to Mr. Cohen). Do you think it is a misprint?

Mr. COHEN. It must be. I do not know anything about it.

A FEAR OF HERR MOST AND HIS CROWD.

Commissioner ANDERSON. It follows the words, "The temper of Congress is not good and I fear we may be hurt." The context would not indicate that you were referring to peaceful methods of promoting the welfare of humanity, but the expression "doing battle" appears to refer to the fear that you would be antagonized by the temper of Congress and by what they intended to do.

The WITNESS. I do not remember having ever written that, but there was one time when it seemed as if Herr Most and his crowd had gath-

ered there and were going to strike wherever they could at property legitimately earned. Of course there were not many such; but still they made a good deal of noise. They were there for their own objects and reasons; I did not inquire what they were, but I do remember that there was a time when they struck out at legitimate interests.

OPPOSITION TO THE THURMAN BILL WITHDRAWN.

Q. This reference to a bill to compel the Union Pacific and Central Pacific to pay large sums into a sinking fund was doubtless to the Thurman bill, which was subsequently passed, and to the position it then occupied in Congress, I presume?—A. It is possible. The Thurman bill we were opposed to; but as we were told it would be a final settlement of the whole matter, we did not toward the last oppose it. They said that that should be the settlement, and we thought if that could be the finality we would not oppose it.

Q. Do you remember ascertaining at this time that "Jim Keene and others of Jay Gould's enemies" were in favor of and working to pass the Thurman bill?—A. I do not recollect now that I ever knew that Jim Keene had any interest in anything there. I have been told, and I believe, that the speculators in shares tried to get all sorts of legislation to benefit themselves and to send stocks up or down as their particular interests might require; and I think no one questions but what that is being done continuously.

BUYING VOTES IN CONGRESS NOT BENEFICIAL TO ANYBODY.

Q. The expression used in this letter, if you wrote it, is applied to speculators who were trying to get the Thurman bill passed. The letter says they "will pay money to pass" the bill. Does that refer to the use of money such as you have referred to before in explaining to members of Congress, or to the belief on your part that an improper use of money was to be made?—A. I do not suppose that anybody could go into Congress and buy votes that would be of any benefit to him. While it is very likely that there is a percentage in every body of men that may be influenced by money, and while it is very likely that there have always been such men in Congress, still if you should buy two or three of them and get them to work for you, they would drive away ten honest men for every one such man you hired to work for you.

Q. Do I understand you to mean by that, that you do think that occasionally it does happen, though it may be a mistaken policy, that a small percentage of members of the legislature are hired by reward in money, or in stock, or for value, to assist in the passage of legislation or to prevent hostile legislation?—A. I should think it would be strange if such a case had not happened, although the principle is wrong and the policy, I think, would be bad. What I did say, however, was, that in any large body of men there is always a small percentage of men that are not true to themselves or to anybody else; but they are pretty generally known; and you cannot employ them to your own advantage. What others do, of course, I have no means of knowing.

TO GET LEGISLATION THIS SESSION MUST PAY MORE THAN IT IS WORTH.

Q. I will read you another sentence:

I do not think we can get any legislation this session for extension of land grants, or for changing line of road unless we pay more for it than it is worth.

If that sentence was used by you, what payment did you refer to, the language being "pay more for it than it is worth"?—A. Just what I would mean if I had a case in court. Sometimes when a man has sued me I have settled, not because it was right, but because I thought I could not employ counsel to defend it as cheaply as I could settle it. In this case I probably thought that it was not worth the bringing men from different parts of the United States to make efforts to extend the grant. That meaning seems to me to be very clear, and I think almost any one would so construe it, except some party that is looking with a desire to find some unclean thing.

"ANNOYED BY THE WASHINGTON BUSINESS."

Q. I will read you from page 1803 of the Colton case the following letter:

NEW YORK, *November* 15*th*, 1877.

FRIEND COLTON: Yours of the 2nd, No. 27, came to hand some days since, and would have been acknowledged before but for the reason that I have been very busy in Washington most of the time and I return there again to-morrow night, as I have a hearing before the Judiciary Committee on Saturday. You can have no idea how I am annoyed by this Washington business, and I must and will give it up after this session. If we are not hurt this session it will be because we pay much money to prevent it, and you know how hard it is to get it to pay for such purposes; and I do not see my way clear to get though here and pay the Jan. interest with other bills payable to Jan. 1st, with less than $2,000,000, and possibly not for that. I hear from all directions that Scott is very sure of passing his T. and P. bill this session. I do not believe it; but he has never before, I think, made the effort that he is now making. I think Congress will try very hard to pass some kind of a bill to make us commence paying on what we owe the Government. I am striving very hard to get a bill in such a shape that we can accept it, as this W. business will kill me yet if I have to continue the fight from year to year, and then every year the fight grows more and more expensive; and rather than let it continue as it is from year to year, as it is, I would rather they take the road and done with it.

Yours, etc.,

C. P. HUNTINGTON.

Do you remember substantially having those sentiments at that time in November, 1877?—A. No; I have no recollection of having got as tired as that letter would seem to show that I was. I have been pretty vigorous for over fifty years.

Q. As to those allusions to the payment of money you make the same explanation you have made before?—A. Most assuredly. I do not know what other construction could well be put upon them.

"MATTERS NEVER LOOKED WORSE IN WASHINGTON."

Q. I will read you from page 1806 of the Colton record, under date of November 22, 1887, as follows:

NEW YORK, *Nov.* 22, 1887.

FRIEND COLTON: Yours, Nos. 28 and 29 and 30, are received. Why I asked you how much we owe to the Bank of Nevada was, Kelley, of E. K. & Co., said that he heard we owed them $2,000,000. I said to him that I did not think the C. P. owed them anything, but that I would write and find out. Matters never looked worse in Washington than they do at this time. It seems as though all the strikers in the world were there. I send with this copy of one of their letters I received yesterday, all of the same tenor. The one I send is from ex-Senator ———. They have a bill in to make the Pacific roads pay the Gov. what they owe (not due). The Gov. put it into a fund to be used to build the Texas and Pacific road, and do such other things as the people most do want. If you have ties and rails at Yuma I think it would be well to keep a few men at work extending the S. P.; it will help us in W. I would not do but very little, just enough to say work, but not enough to feel the cost. Money is getting some easier, but the distrust of railroad credits is worse than ever, if that is possible.

Yours truly,

C. P. HUNTINGTON.

A LETTER PRINTED WITHOUT SIGNATURE.

The following letter comes immediately after the one I have just read:

Personal. (Copy.)

1339 K STREET, *Washington, Nov.* 20, 1877.

Mr. HUNTINGTON:

DEAR SIR: I have noticed the movements of the Com. on the Judiciary and seen the published proceedings relating thereto. Of course my advice is gratuitous, and if it is worth nothing will cost nothing, but I am not sure as you will get anything from the committee that you can accept. Indeed, I am sure you cannot accept anything they report, but can you beat it? To that question I address myself. First, I say, not by proposing to that same committee the bill of last session.

Mr. COHEN (interposing). What are you reading from?

Commissioner ANDERSON. I am reading from a letter without signature, which is printed in connection with the letter just read from Mr. Huntington, in which he says, "The one I send is from ex-Senator ———."

Mr. COHEN. Whom do you expect to show that is?

Commissioner ANDERSON. I do not know. It is a part of the letter, sent as an inclosure with the other letter.

Mr. COHEN. I do not think anonymous letters ought to go into this record.

Commissioner ANDERSON. This is not anonymous.

Mr. COHEN. Particularly if you have not got the original.

Commissioner ANDERSON. If we have not the original it is not our fault.

Mr. COHEN. We have not got it.

Commissioner ANDERSON. It is not an anonymous letter. It is a letter printed without a signature; that is all.

Mr. COHEN. That is as near anonymous as you could make it, as you will see by the definition of the word if you will look at the dictionary.

Commissioner ANDERSON. It is referred to in the letter which we have read (and which we state is from Mr. Huntington), by the words: "The one I send is from ex-Senator ———."

OBJECTED TO.

Mr. COHEN. I will ask you, if you were defending a case in court, whether you would admit a letter of that kind to the detriment or injury of your client?

Commissioner ANDERSON. If the original were proved to be in the possession of the witness, or under his control, yes.

Mr. COHEN. But it is not under his control. I ask for a vote of the Commission as to whether that is a legitimate and proper use of the opportunity of examining this witness. I would like to have a vote of the Commission taken as to whether this is a legitimate examination; whether it is within the purposes confided by Congress and the President to this Commission, and whether the Commission is making a fair and proper use of its opportunities.

Commissioner ANDERSON. Mr. Cohen, I must ask you to state whether or not you object to the question on the ground that the witness can not be compelled to answer it under Judge Field's decision.

Mr. COHEN. I have stated my objection. I say further that I am sent here by the Central Pacific Railway Company to watch their interests, having been appointed by the president and board of directors for that

purpose, and it is my duty to object to any impertinent, irrelevant, or improper testimony finding its way into this record. I do not care whether the witness is willing to answer the question or not. Other people have rights as well as the witness. I do not think it is a legitimate mode of carrying out the purposes and duties confided to this Commission.

Commissioner LITTLER. How will the reading of that letter prejudice the Central Pacific road?

ALLUSION TO ANONYMOUS LETTERS.

Mr. COHEN. You have got in your possession anonymous letters from everybody that has ever had a dispute with this corporation about freights, or about any matters of business, and from everybody who has ever asked for a pass and been refused. If you commence putting anonymous letters into the record, where will you stop? We have had about twenty-four hours or more of this foolishness—raking up old grievances, reading letters which have been before the people of the United States now for ten or twelve years, wasting the time of the Commission, and wasting the time of the witness, which is valuable, and the time of counsel, and I claim it is not a proper subject of examination. I say further that I do not think this commission has any right to depart from well-recognized rules of evidence, or to examine this witness on anything which a judge of a court of record would not allow him to be examined upon.

LETTER IN QUESTION NOT ANONYMOUS.

Commissioner ANDERSON. I wish to say in regard to my own position about it, that the letter I am reading is not an anonymous letter. It is referred to in a letter which purports to be signed by Mr. Collis P. Huntington——

Mr. COHEN (interposing). You have not even proved it is Mr. Huntington's letter.

Commissioner ANDERSON. Please let me state my reason for reading the letter from the printed case. We have on the record the fact that the original letters from which these copies (whether correct or not) were made, have been prevented from reaching our hands by an action instituted by Mr. Huntington. We are entirely desirous of having the originals, in the usual way, in court, before us, instead of these printed papers; but as that has been made impossible by Mr. Huntington's own act, I deem it to be within the rules of law to read the copies, no matter how imperfectly verified, when the witness, by his own action, prevents the originals from being before us.

IF ANONYMOUS IT WOULD NOT BE READ.

In regard to the letter which I am reading, and which is referred to in the other letter, if it were an anonymous letter I would not read it, nor would I ever vote in this Commission or anywhere in favor of reading an anonymous letter under any circumstances. But, as far as asking the question is concerned, the act directs us to ask the question whether moneys have been used to influence legislation. That is our duty. The court may have decided that a witness need not answer if he does not choose to answer; but nobody has decided that this Commission shall not ask the question, and therefore we do ask it and intend to ask it. This

letter is from an ex-Senator, and it is cited in the principal letter in connection with the statement that many letters of this character are sent to him, and that "it seems as though all the strikers in the world are in Washington now." I therefore say that, in my judgment, it refers directly to the inquiry which Congress has instructed us to make. I will with great pleasure put the vote which you desire to have put.

Mr. COHEN. I desire to say in reply that I claim that you have not proved that the letter to which this anonymous communication is attached was written by Mr. Huntington. Further, I would say that as far as I recollect, I do not think that the original of this paper that you are asking him about is among the letters the production of which was enjoined by the circuit court of California. I do not think we have the originals.

Commissioner ANDERSON. Gentlemen of the Commission, I desire your instructions as to whether I shall proceed or not.

The CHAIRMAN. Proceed with the examination, unless there is some objection on the part of the Commission.

Mr. COHEN. I would like a vote of the Commission as to whether this is a proper mode of examination.

The CHAIRMAN. Mr. Cohen can enter his objection.

Mr. COHEN. I would like a vote of the Commission as to whether this is a proper examination.

The CHAIRMAN. The chair rules that Mr. Anderson may proceed with his examination. If there is any objection that you have to make as counsel you can enter it on the record.

Mr. COHEN. I have stated my objection.

THE READING OF THE LETTER CONTINUED.

Commissioner ANDERSON. I continue the reading of this letter, then:

First, I say, not by proposing to that same committee the bill of last session. They are set in another direction. Second, not by having no counter measure. How, then, can you hope to defeat them? I reply, first, by at once putting before the Committee on the Pacific Railroad such a bill as you can accept and by pressing a report from that committee. If you rely upon moving it as an amendment or substitute you will fail, as it then has the sanction of no committee of this Congress, and can not be pushed successfully. Second, let Mr. Mitchell, of the Pacific Railroad Committee, call his committee, thoroughly discuss and report such a bill as you can accept. Then antagonize the report of the Judiciary Committee with a report from the Pacific R. R. Committee, and our friends then can sustain the report of the one committee against the other. The Thurman bill will pass if no concerted and determined effort is made to defeat it. I live close by and see often two members of the Judiciary Committee, and they have another measure to follow their bill if they pass it. Their new measure is, put by law your roads into the hands of a receiver until and while the requirements of the law are being fulfilled, so that if you take the case growing out of this new law to the Supreme Court, in the mean time your roads and funds are controlled by a receiver. I only allude to this as a plan that I have heard spoken of. These suggestions are entirely gratuitous; but, as you know, I am

Yours, truly,

——— ———.

Now, do you remember writing a letter inclosing the letter which I have just read to you?

WITNESS DOES NOT RECALL THE LETTER.

The WITNESS. I do not. I do not remember ever having read that before. Was that letter with those others that were stolen? Was that stolen, as was claimed, with the others?

Commissioner ANDERSON. I was not one of the parties connected with that burglary. I can give you no light,

The WITNESS. I did not know but that you might have some light on the subject that I have not.

Commissioner ANDERSON. I can not give you any light.

The WITNESS. I have no recollection of ever having seen anything of the kind before.

Q. In the letter-in-chief of November 22, which I have read, the language used is, "The one I send is from ex-Senator ———." Do you remember writing a letter and inclosing a letter from an ex-Senator relating to these measures?—A. I do not.

AS TO SUGGESTIONS AND OFFERS OF ASSISTANCE.

Q. Did you frequently receive letters from persons in Congress, making suggestions and offering to assist?

Mr. COHEN. This is not from a person in Congress.

Commissioner ANDERSON. From persons in Washington offering to assist you if permitted?

The WITNESS. Of course we were trying to establish a proper sinking fund, and we were communicating with every one that we thought was disposed to, and that was able and willing to, help us.

Q. Among those correspondents was or was not ex-Senator Pomeroy?—A. I knew the Senator.

Q. Did you receive letters from him containing suggestions as to your proceedings?—A. I do not recollect.

Q. Do you now recollect receiving from him the letter which I have read to you?—A. I do not.

Q. As to the proper way of advocating your interests in regard to legislation and in relation to the Thurman bill?—A. I do not. I knew him, but I am not clear whether I asked him to help us or not.

THE SANTA MONICA ROAD.

Q. I read from a letter at pages 1810 and 1811 of the Colton record, November 24, 1877, the following:

The Departments have ruled that we have another year to build the S. P. Then, if we do not get extension of time when needed, a law to change the route would do us no good. I notice what you write of the Santa Monica road. I am satisfied with that trade, and when you write pay ——— no part of the $25,000, because there is an unsettled account of, say, $6,000. I think you forget his position. I have paid him the $25,000, as he told me he needed it very much. I hold the $70,000 S. P. that he was to have in the trade; that is, he is to have the coupons for ten years, then the bonds. ——— can do us much good, and says he will. If he does not, the fault will not be mine. I find nothing in this office to show that all the S. P. between Caliente and Mohave station has been accepted by the Government, or that we have ever made application to have it accepted. When I heard that one of the commissioners to examine the S. P. out from Yuma was to go from this side, I made objections, which I would not have done if I had known that it was the Sturges that has been so long in the Interior Department, and I hope you will explain it to him, as he is one of the best men in that Department of the Government, and can do us good in our land matters.

This is a part of the letter of November 24, 1877. Does the transaction that I have read come to your mind as one that you were familiar with at the time?—A. No. I had forgotten about it.

Q. Is this Santa Monica road the same one referred to before as the Los Angeles and Independence?—A. Yes.

Q. Do not the figures recall to you that they are the same figures alluded to in the other letter, $70,000 of bonds, and that the gentleman was to have the coupons for ten years?—A. I had forgotten about the bonds being $70,000. There was a certain amount; I should have said

$30,000, and $200,000 in cash. Of course the coupons belonged to the party that owned the bonds, and to be paid when due.

Q. It is the same transaction evidently that was referred to before?—A. I do not recollect just how that was, but this evidently was the Santa Monica road. I have no recollection of having loaned $25,000 on $70,000, or whatever amount of bonds it was, but they were good collateral. If I had the money to spare and anybody wanted that amount of money on the bonds I should have been glad to let them have it.

FLOATING BONDS.

Q. What was the object in holding those bonds for ten years, giving him the coupons meanwhile, and the bonds at the end of the ten years?—A. That is not an uncommon thing when we are first floating bonds. When I first came over here I traded the bonds with the Spuyten Duyvil works; I let them have half a million dollars of those bonds, but I had a contract with them that they should not put the bonds upon the market at less than par and accrued interest, because they would be likely to demoralize the market.

Q. Did you keep the bonds, or did you deliver them to the Spuyten Duyvil Company on a contract that they were not to put them on the market?—A. I think I delivered the bonds.

Q. Do you remember any case in which you sold bonds and held them in your custody and control for ten years, and simply paid the coupons over?—A. No; I do not remember that I did.

Q. In this case the language used is:

I hold the $70,000 S. P. that he was to have in the trade; that is, he is to have the coupons for ten years, then the bonds.

Then follow the words:

—— can do us much good, and says he will.

The blank refers, does it not, to the gentleman who sold you the Santa Monica road?—A. From his geography he would naturally support bills that would develop California. I do not believe Senator Jones ever did any favor for us because of our buying his Santa Monica road.

THE PURCHASE OF THE SANTA MONICA A LEGITIMATE BUSINESS TRANSACTION.

Q. Does not the blank left in this letter mean Senator Jones?—A. I presume it does. I do not know that I wrote the letter, but I think it is probably a part mine and a part not mine. There certainly is nothing wrong in the purchase of this road. We bought a road of Senator Jones that cost him $716,000 and we paid possibly $270,000 for it. I thought it was $250,000. It was a good purchase for us. If anybody wanted to borrow $25,000 on $70,000 of the bonds I would have let them have the money, because the collateral was perfectly good.

THE OUTLOOK NOT GOOD.

Q. I read you part of a letter, from page 1814 of the Colton case, dated December 17th:

Now, of the Salt Lake line to Oregon and other matters connected with it. The Texas and P. Company have been fighting us for years, but have had but little money, but have used passes and promises largely; but the latter, as they say, is about played out, and some little time ago they joined teams, as I have been told,

with the North P. They had a little money to use, as they have no mortgage a floating debt, as I am told. They have made a little money on this end of their roa and I think are using it. Jay Gould went to Washington about two weeks since and I know saw Mitchell, Senator from Oregon, since which time money has bee used very freely in Washington, as some parties have been hard at work for the T and P. N. P. with the Salt Lake branch that never work except for ready cash, an Senator Mitchell is not for us as he was, although he says he is; but I know he i not. Gould has large amounts of cash, and he pays it without stint to carry hi points. He feels that he is being menaced by the extension of the S. P., although tell him it is in the U. P. as much as the C. P. interest that we take care of that lin and that he may have half of the line east of the Colorado, or 10-22ds of the whol line, etc., and he says all right; but he doesn't feel all right. There is many thing I would like to say to you, but will only say the outlook is not good.

Yours, etc.,

C. P. HUNTINGTON.

Do you remember anything about the transactions I have just al luded to?—A. A part of that seems to be entirely new, but there ar some things in it that are not.

Q. Do you recall having stated that Senator Mitchell had once bee for you, but now was not, "though he says he is"?—A. I do not.

Q. You don't remember ever having that idea?—A. No, I do not. do not remember how he was on those matters. I am not very well ac quainted with him.

SOME PEOPLE WORK FOR GOOD NATURE, OTHERS FOR CASH.

Q. With what force would the words which I have read here be used if you ever wrote them:

Since which time money has been used very freely in Washington, as some parti have been hard at work for the T. & P. N. P. with the Salt Lake Branch that nev work except for ready cash.

A. We often get certain things done by good nature. I would some times catch a man at Washington, and would say, "I should like t have you speak to Congressman So-and-so, or to Senator So-and-s Sometimes he would say, "I will do that." I might say, "We woul like to have you stay over." Some would stay over, from good natur while others might say, "I want the cash." Of course I do not refer t members of Congress. It costs a good deal to keep really strong men and it takes money when you have to see three or four hundred men i a few days, as, for instance, when a bill is before a committee, or is com ing up for a vote. If three or four hundred men have to be seen, it i impossible for one or two or half a dozen men to see them and explai in time.

Q. Then, some of this work is done on credit, and some of it is don for cash payments?—A. Some of it was done for good nature. I pre sume if Mr. Anderson—if you will allow me to say it—were in Wash ington, from what acquaintance I have with him, I should say, "I would like to have you see some one and explain this matter to him," he would very likely say, "I will;" but if I were to ask him to stay over night, he would say, "That is business; I should want some money for that."

Commissioner ANDERSON. I think I would give you credit.

"GOOD NATURE" VERSUS "SPOT CASH."

Q. Then the distinction made in this letter is between ready-cash people and those who would give time, not requiring money paid on the plan of what is called "spot cash"?—A. No; it refers to men who wi

not work for good nature, but want, as you say, "spot cash." I cannot say that I see anything wrong in that. Of course, if one wants to find a wrong he can do so. I heard a man once say that he could prove from the Bible that it was right for man to kill his brother, and there was a bet made that he could not. He found in one part of the Bible these words: "Cain killed his brother Abel." Then he turned over a good ways further, and found where it read: "Go thou and do likewise." [Laughter.] So he proved his case.

SCOTT'S PROMISES.

Commissioner ANDERSON. I will read you part of a letter on page 1816 of the Colton case, under date of February 23, 1878, as follows:

I returned from Washington last night. The Sub. Com. of the R. R. Com. of the House have agreed to report Scott T. and P. bills through to San Diego, and I am disposed to think the full com. will report it to the House. It can be stopped, but I doubt if it would be worth the cost, as I do not think it can pass the House, although many think it can be passed. Scott, no doubt, will promise all the—say $40,000,000 that the act would give him.

Very likely two sinking fund bills will be reported to the House next week, one from the Judiciary and the other from the R. R. Com. of the Senate. The latter one, I have little doubt, we could accept, and I think we can pass it.

It is Saturday night.

Yours truly,

C. P. HUNTINGTON.

A. That $40,000,000 was the bill as amended. At first it was about $100,000,000. He reduced it from time to time until it finally got down to a little less than $40,000,000.

Q. Does your allusion refer to promises to be made to this army of assistants and explainers?—A. I have no recollection of having said anything of the kind in a letter to Mr. Colton, but no doubt if he could not get them to stay without cash he would have to pay them.

SINKING FUND BILLS.

Q. I read the following sentence from the same letter:

Very likely two sinking fund bills will be reported to the House next week, one from the Judiciary and the other from R. R. Com. of the Senate. The latter one, I have little doubt, we could accept, and I think we can pass it.

Do you remember that there was a bill which you were inclined to accept at this time with regard to the sinking fund?—A. It is entirely out of my mind, if there were two bills at that date. I know that sometime before—I think as long as two years before—we made a proposition to establish a sinking fund to pay the Government bonds, that is, extending the time to pay them, but at the moment I do not recollect about there being two bills at one time. The Thurman bill they made great efforts to pass. Judge Thurman dined Senators at his house almost every night for a long time, a few at a time, to log-roll it through.

"THIS CONGRESS" AN "AGRARIAN CAMP."

Q. I will read you from a letter on page 1822, under date of April 19, 1878:

NEW YORK, *April 19th*, 1878.

FRIEND COLTON: I returned from Washington this morning and found on my desk yours of the 10th inst., No. 74. Thurman's funding bill has not passed the House yet, but it will, I think, although I am endeavoring to get it to the Judiciary Committee. If I can I think we can get it amended, but even that is doubtful. There was some

mistakes made by us when the bill was in the Senate; the greatest was in Gould going to Washington; but it is too long a story to write now. I will tell you when we meet, if we have nothing better to talk of. This Congress is nothing but an agrarian camp, the worst body of men that ever before got together in this country. Scott is making a hard fight on his T. and P. bill. He has made a combination with the Northern Pacific, which will give him some strength, how much I cannot tell. The N. P. are to ask for guarantee of their bonds by the U. S. I shall come to Cal. soon after Congress adjourns. Find some one to buy me out of everything there. I am tired and want to quit.

Yours, as ever,

C. P. HUNTINGTON.

P. S. We have all agreed that we will not keep Cap. Bradbury any longer. He is now in Europe.

H.

Do you remember the expressions contained in that letter?—A. I do not.

Q. Does the expression that "Congress is nothing but an agrarian camp" occur to you as having been used by you?—A. We all recognize the fact that of late years there have been too many communists, agrarians, and that class of people in public places.

Mr. COHEN. Anarchists?

The WITNESS. And anarchists; that is the word that I was trying to think of. Very few men who have large business go to Congress.

THE COMPANY DESERVES A VOTE OF THANKS.

Q. The description that you have now given is the same description (assuming this letter to be a genuine one) that we are to put on the words, "This Congress is nothing but an agrarian camp, the worst body of men that ever before got together in this country"?—A. Well, I suppose I wrote it, if at all, when I was tired and vexed with a thousand and one annoyances, caused by men who ought to have given us a vote of thanks, instead of injuring us and our property, as they did.

OBJECT OF THE THURMAN BILL.

Q. I will read you from page 1827 a letter under date of May 9, 1878:

NEW YORK, *May 9th*, 1878.

FRIEND COLTON: Yours of April 29th and May 1, Nos. 81 and 82, are received. I am very glad to learn that Mr. Crocker's health is improving.

Thurman has introduced a bill (No. 1200 S.) the object of which would seem to be to start another branch of the Government, whose business will be to look after the Pacific roads. You no doubt will receive a copy of the bill, as I gave Mr. Boyd orders to send Judge Sanderson a copy of all bills that we could possibly have any interest in.

Dillon has just left the office. He says he was expecting Bradbury back from Europe in a few days, which was news to me, as I knew nothing of his whereabouts.

When I come to Cal. I will bring out Western D. Co. accounts.

WASHINGTON FILLED WITH LOBBYISTS.

I was told to-day that Scott was getting up great combinations, T. & P. N. P., John Roach the ship-builder, who is asking subsidy for steamers to Brazil, etc., etc. I do not think he will get any aid for his T. & P., but Washington is filled up with his lobby and I think he has some party in three-quarters of the Congressional district south of the Potomac and Ohio—anyway north—all working to get up petitions to members of the Senate and House, getting letters written to members, and getting little meetings, then passing resolutions to send to Congress, and all these things have some effect, just how much we shall see.

The Military Committee met Monday. I was there, as was Scott's man, ——— ——— said it was an important matter, that they would fight, etc., but was not ready, so it went over to next Tuesday.

Yours truly,

C. P. HUNTINGTON.

Do you recollect any of the matters alluded to in that letter?—A. I do not. I remember that Scott did have agents traveling over the United States to get petitions signed by boards of public works, boards of trade, &c., in favor of his bill.

Q. Can you explain this allusion to the Military Committee meeting on Monday?—A. No, I forget that we ever had anything before the Military Committee.

THE CREDIT OF THE COMPANY INJURED.

Q. I will read you from page 1847 a letter dated February 9, 1878.

NEW YORK, *February 9th*, 1878.

FRIEND COLTON: Your letters Nos. 56 and 57 and 58, received and all carefully noted. And whilst the outlook is not as good as I wish it was, I am very glad you are all alive.

I have but little doubt we shall pull through, but our credit has been very much hurt of late, and I find it difficult to borrow money here, as every one who has money seems to think he will want it any moment to run away with it to some hiding-place. The notes have come to hand, and I may be compelled to use them, but shall not, except as a last resort; for, as soon as we use one, I think we shall have to use them altogether when we want to borrow money. I returned from Washington last night, and I am as near used up as I ever was in my life before. I am spending my last winter at Washington. As I feel to-day, I would not agree to spend another there for all the property we all have. Our matters are looking fair in Washington. Scott is very bitter in the discussion. He used some business compliments and all such stuff, and I am compelled to play him; but it is very distasteful to me.

Yours, truly,

C. P. HUNTINGTON.

The WITNESS. I did not hear all that, as there is so much noise here.

THE INGRATITUDE OF CONGRESS.

Q. I will read the essential part. The sentence I am calling your attention to is:

I am spending my last winter in Washington. As I feel to-day, I would not agree to spend another there for all the property we all have. Our matters are looking fair in Washington. Scott is very bitter in the discussion. He used some business compliments and all such stuff, and I am compelled to play him; but it is very distasteful to me.

Do you remember feeling in the manner described in that letter in regard to this Washington business?—A. Well, I know that I was over there; I do not remember having written that letter, but possibly I did. I frequently got very much annoyed there at the ingratitude of Congress.

Q. Is that all that you recall as having inspired you with so much disgust in regard to this Washington business? The expression used in the letter is: "I would not agree to spend another there for all the property we all have."—A. There were a thousand things that annoyed me; but what annoyed me most was that the representatives of the people in Washington should fail to recognize the great work that we had done for the country.

THE BUSINESS DISTASTEFUL AND REPUGNANT.

Q. The business was excessively distasteful and repugnant to you; is that it?—A. Yes, very. It was business that I did not like. I knew I was right, and believed that nearly every member of Congress knew it as well as I did, and yet continued to abuse us, hoping thereby to advance their own selfish interests.

Q. Is it not true that the refusal of men to see things as you thought they ought to see them would cause you more disturbance than the mere fact of your having to pay more hotel bills or pay out more money than you thought had actually been earned?—A. Probably it did.

HOW THE PAYMENTS TO ASSISTANTS WERE MADE.

Q. In the transactions of making all these payments to the people who were employed for the purpose of getting up the information, who assisted you?—A. I used to leave it altogether, or nearly so, with Mr. Franchot, until his death; and from that time, with Mr. Sherrill.

AS TO MR. ISAAC E. GATES.

Q. Who was Mr. Gates?—A. He is a man in my office here.

Q. What was his full name?—A. Isaac E. Gates.

Q. How long has he been with you?—A. He has been with me, I guess, about twenty years.

Q. Was he intrusted by you with the disbursement of some of this money that is covered by the vouchers signed by you?—A. No; I have always attended to those matters myself.

Q. Has he not signed many vouchers for money received from you?—A. I should say not.

HIS CONNECTION WITH THE COMPANY.

Q. Does not his name appear on many of the bills or statements that you have returned to the Central Pacific Company monthly?—A. It is possible. I do not have much to do with the book-keeping. I hand memoranda in, and the clerks attend to them.

Q. I refer to these memoranda. Did you not frequently enter Mr. Gates's name on these memoranda as having received large sums of money from you?—A. I think not. He never has been to Washington. He knows nothing of our matters there at all.

Q. The memoranda which we have seen in San Francisco, and which are not here, although we have called for them—I mean the memoranda prepared by you and sent by you to San Francisco, contain Mr. Gates's name very frequently, with the number of dollars carried out opposite his name, but without any further statement. If that be so, does that recall to your mind the fact that much of this money passed through Mr. Gates's hands?—A. I am very certain that none ever passed; I am quite certain that all came to me.

Q. What would be the meaning of your writing the word "Gates" in the memoranda sent by you to the Central Pacific Company with a certain number of figures carried out on the same line with his name?—A. I do not know. I do not recall now just why it should be so.

Q. Would not the natural meaning be that that meant to say to the Central Pacific Company, "I have given to Mr. Gates, to be applied to the use of the company, so much money"?—A. It might, and might not. He never has had anything to do with our Washington matters. I have always attended to those matters myself.

ATTENDS TO GENERAL EXPENSES.

Q. Has he expended any money for the account of the Central Pacific Company?—A. He attends to many things here in the way of paying for rails, locomotives, and a thousand things like that.

Q. Then he does not attend to the legal expenses, or to the expense account at all?—A. No; I have always attended to that myself.

Q. Are we to understand that the word "Gates," wherever it is entered on the statements which purport to explain the disposition made of legal expenses, or general expenses, was put there without its being a fact that the money was paid to Mr. Gates and expended by him?—A. Whatever was on the paper was right; there is no question about that. It is possible that what you refer to may have arisen from the fact that all my checks are printed payable to the order of Mr. Gates. I have been doing a large business for thirty years, and I suppose that I have handled a thousand million dollars in that time of money that passed through my hands, and it would be very difficult to remember every item.

Q. Is Mr. Gates in New York, now?—A. He is.

Q. Is he now in your employ?—A. Not in my employ.

Q. Is he in the employ of the company?—A. Yes.

Q. And your statement is specific that no portion of the funds covered by the unexpended vouchers were disbursed by Mr. Gates?—A. I should say so.

MR. GATES'S WORD ENOUGH.

Q. All of the business that Mr. Gates has done with regard to the purchase of materials, or any other purchase, was covered by vouchers in the usual form, as I understand it, stating the application of the money and the person or corporation to whom the payment was made. Is that so?—A. I should say that whatever ought to be, is; that is about all that I could say as to that.

Q. Would you to-day pass a voucher for Mr. Gates without its stating in detail the person to whom the payment was made and the purpose for which the money was to be used?—A. Mr. Gates is a man that I should trust anywhere for any amount; he is correct; and if I had his word for it, that would be enough.

Q. Is there any occasion on which Mr. Gates has presented you a report stating that he had expended any important sum of money, exceeding $5,000, without at the same time producing a voucher to support his expenditure?—A. I should say not.

Q. You do not remember any such case?—A. No; I do not remember any.

THE BOOKKEEPING IN CALIFORNIA.

Q. I understand you to say that you have very little acquaintance with the book-keeping in California or with any of that work?—A. I really have nothing to do with it.

Q. Have you anything to show, any entries or memoranda, relating to transactions which would naturally have appeared on the books of the Contract and Finance Company?—A. I have not. Mr. Hopkins always attended to that business for me. He was a partner in mercantile business with me; and he had a power of attorney to do for me almost anything that I could do myself.

Q. Have you no books which would show the actual payments either in stock, bonds, or money which may have been made by the Contract and Finance Company to you?—A. No, I have not; I have never kept any books in connection with those matters.

WHAT THE BOOKS OF THE CONTRACT AND FINANCE COMPANY SHOW.

Q. Do you know from any source whatever what the books of the Contract and Finance Company would show to have been the actual

cost of the construction of the Central Pacific from the eastern line of the State of California to Promontory Point?—A. No, I have not, except on the principle on which the Dutchman kept his books. He said he always knew what he owed and what he had to pay it with. I know that when we got through we were largely in debt, and had nothing but some shares of the Central Pacific Company to pay it with; and the shares could not have been sold at that time for enough to pay the debt. I know this to be so, because Mr. Hopkins told me so.

Q. Do you know how many shares of the Central Pacific Company were divided up by the Contract and Finance Company at the close of its operations?—A. I do not. I should say (I cannot say where I got the information) that there were some four hundred thousand shares, or perhaps more.

Q. That is, $40,000,000 worth, at par?—A. Yes.

LAND-GRANT BONDS.

Q. Do you know whether they divided up anything else—any land-grant bonds?—A. I am very sure they did not before the completion of the road. If they did I have no recollection of it. I think I remember having been told that they used some land-grant bonds to pay some debts that they had.

Q. Did you ever get any land-grant bonds from the Contract and Finance Company?—A. I think I did; I know we advanced large amounts of money to the Contract and Finance Company, and I think a portion of that advance was paid in land-grant bonds.

Q. Do you know in what year you got the land-grant bonds?—A. No, I do not; but it was after the road was completed. We kept everything together.

Q. What was the amount of land-grant bonds which you got from the Contract and Finance Company?—A. I do not know. The mortgage was for $10,000,000, and some of the bonds were sold while the road was being built.

Q. You mean the land-grant loan?—A. Yes; the land-grant mortgage. The amount was $10,000,000, and there was quite a good many of the bonds, as I remember, sold. There was a certain number of them went towards paying the floating debt.

DISPOSITION OF THE BONDS.

Q. There were about $7,000,000 of those bonds which were paid by the Central Pacific to the Contract and Finance Company?—A. Very likely.

Mr. COHEN. Where did you get that amount from?

Commissioner ANDERSON. From the books of the Central Pacific Company.

Mr. COHEN. Is that in evidence?

Commissioner ANDERSON. Yes; they are entered in the report of the disposition of the land-grant bonds. It appears that about $7,000,000 were paid the Contract and Finance Company in satisfaction of $6,000,000 of notes held by that company.

PRICE OF THE BONDS.

The WITNESS. I should have said that they did not take it at as high a price as that. Those bonds were not sold at over 65 cents, I think, at the time.

Commissioner ANDERSON. The report will show the exact figures.

Q. Do you remember whether the amount received by you was between a million and a half and two million of dollars, as your share or your portion of those bonds?—A. I should think it was not as much as a million and a half. I know that whatever they were, I sold them and used the money for other public improvements.

Q. Can you ascertain for us the amount of land-grant bonds that you received in 1874 and 1875?—A. I do not believe I could. I no doubt counted them at the time and found them correct. Whenever I got a chance to sell them I sold them and used the money, as I have said for public improvements.

PECULIAR METHOD OF BOOKKEEPING.

Q. Did you keep any books showing the amount of bonds held by you?—A. No; I always kept little memoranda and when I sold any bonds they were crossed off and after a certain time transferred to other memoranda. I have carried my own personal matters largely in my hat.

Q. Do you know of a book showing the amount of interest received by you on the land-grant bonds in 1874 and 1875, while you held those bonds?—A. No; I do not believe I would have any. I do not know why I should, as I should simply go and collect the coupons as anybody else would do, and paid my debts with the money.

CONTRACTS FOR CONSTRUCTION OF CENTRAL PACIFIC.

Q. Did you know anything of a contract made with Crocker & Co. for the construction of the Central Pacific from section 31 to 138?—A. No; I did not. The first contract that was let to him, I think, was for 18 miles. I used to go to California about once a year, and staid but a few days. My business was here. Mr. Crocker had a contract, as I remember, of eighteen sections from Sacramento, and then contracts were made with six or eight parties for about 13 miles more. Afterwards our people wrote something about letting the balance of the contract, to the State line, to Mr. Crocker, but I was opposed to it, although I forget what I said. I was told that the smaller contractors had quarreled with each other and there was trouble about getting labor; the men on the upper section would go to Sacramento to get men for the work, but it was pleasanter on the lower section and contractors there would scoop those men in as they were going on to the work on the other section. There were many complaints of that kind. They said that they were satisfied from the condition of the labor market that it would be better to concentrate the work in one party's hands. They convinced me that that was better and it was done; but I was not there and I know very little of the details. I remember the general features.

CONTRACT WITH MR. CROCKER.

Q. I refer now to the contract which Mr. Crocker did get. Do you know anything about the cost of construction of the portion of the work from section 31 to section 138—the cost to Mr. Crocker?—A. No; I do not. It was immense, though. He complained very bitterly, and I think our people helped him to the extent of their ability every way they could. He was expecting to get some one in with him, and I think

perhaps he did, but I do not remember about that. I tried here to get men to take an interest in his contract, but they would not do it; they said that the risk was too great, but that if there was an organized company, so that they might know just what their responsibility was, they might take some interest. Then I wrote to our people to organize under the laws of the State a building company, which they did. They called it the "Contract and Finance Company." Then I tried to get moneyed men here to take stock in it, and spent considerable time in the effort. Mr. Hopkins wrote to me about taking some of that stock. I told him to take just as little as he could get along with, but to take as much as was necessary, for the road must be built.

TRANSFER OF STOCK.

Q. We have got all that on the record and I want to shorten your examination. With regard to the Crocker contract, do you know how it came that the stock which the Central Pacific received for the construction of that particular portion of the road was transferred to the Contract and Finance Company, in which all you gentlemen, as I understand it, had an equal interest?—A. No; I do not know that.

Q. There were $13,000,000 or $14,000,000 of stock which had been received under the Crocker contract, and which was passed over to the Contract and Finance Company?—A. I do not know how that was done. I know that we were troubled very much to get money, and that we all not only indorsed paper but advanced money from our private means up to the farthest extent of our credit.

Q. Were you all interested together?—A. We had no interest whatever in the Charles Crocker contract. That was one of the things that I would not go into myself, but we all did all we possibly could to carry through the heavy work on the Sierra Nevada mountains short of being personally responsible for the whole work.

AMOUNT TRANSFERRED.

Mr. COHEN. Where would the amount of stock transferred from Crocker to the Contract and Finance Company appear?

Commissioner ANDERSON. Mr. Stanford said that it was transferred, but he did not give the date.

Mr. COHEN. He does not give the amount.

Commissioner ANDERSON. Yes; he gives the amount.

Mr. COHEN. I do not remember it.

Commissioner ANDERSON. He says that the Crocker stock was transferred, and that the amount of the Crocker stock is proved very accurately, down to a share, from the Central Pacific books. We never understood why Crocker did not keep it, for he was one of the parties interested in that contract, and it is on that point that I am now asking for light.

The WITNESS. It was probably used to settle for the large sums of money that had been advanced to Mr. Crocker. If I could help you out in any way with these particulars I would be very glad to do it, but I have no information excepting what was given me by Mr. Hopkins, and that I have already given you. We afterward bought at 12 cents on the dollar the stock that Crocker got from the Contract and Finance Company.

EFFECT OF BUILDING OF SOUTHERN PACIFIC ROAD.

Q. What, in your judgment, has been the effect of the construction of the Southern Pacific Railroad on the security afforded to the United

States by the subsidized part of the Central Pacific?—A. If the Southern Pacific had been controlled by parties unfriendly to the Central Pacific the effect on the Central Pacific would, of course, be injurious, but one of the objects in building it was to protect the Central Pacific. But it would not probably make much difference now as to who controls it, as the Government has given a subsidy to each of two roads much nearer the Central, which, by competition, have taken from the Central Pacific its power to earn little, if any, net money on its through business.

DIVERSION OF TRAFFIC.

Q. Referring more particularly to the construction of the Southern Pacific, what traffic, if any, has it diverted from the Central Pacific?—A. Not much. I think the Southern Pacific has injured the Cape Horn and Panama business more than it has the Central Pacific.

NEW YORK BUSINESS.

Q. About the other business, known as the New York business. How far within the last three or four years has the percentage of that business gone over the Southern Pacific instead of over the Central Pacific?—A. Quite a large percentage of the business of what may be called the "tide line," but the whole of that is only 20 per cent. of the California trade, while all the rest of the business goes over the Central Pacific and other all-rail lines. As I have said, the tide-line business is competed for sharply by the Cape Horn and Panama routes.

Q. How about the canned goods, merchandise, and fruits?—A. That is a class of business that has to be carried on the line that will carry quickest.

Q. Does the most of that go by the Southern Pacific, or by the Central?—A. I am not prepared to say. The Southern Pacific, though, is a very good line.

REDUCTION OF TONNAGE.

Q. Can you state to what extent it has reduced tonnage of the Central Pacific in the other business?—A. Not any, to any considerable extent, I should think, as we take but little of the inland business.

LOCAL BUSINESS.

Q. In regard to the local business of the Central Pacific, what effect has the construction of the Southern Pacific had on that?—A. It can have but very little on the Central's local business.

Q. Would it bring some new business which otherwise would not have gone over it at all?—A. That is a matter which could be better answered by our general traffic manager.

EARNING CAPACITY OF SUBSIDIZED PORTIONS.

Q. Have you any information to give the Commission as to the present earning capacity of the subsidized portion of the Central Pacific?—A. I have not; it is not great, but just what, would be better answered by the general traffic manager.

Q. Is it your opinion that the subsidized portion of this road, if separated by foreclosure proceedings or otherwise, from the rest of the system, could earn more than the interest on the first-mortgage bonds,

above operating expenses?—A. That I could not say. It would depend upon a good many things. If it were running independent of everybody else it would be very likely to get hurt. There are narrow-gauge roads running in Nevada, which if in unfriendly hands would be likely to turn much of the trade of Nevada away from the Central Pacific. We have endeavored to protect the interests of the Central Pacific in every way. I think that Government bonds to run one hundred and twenty years, at a rate of interest that the company could pay, and at the same time liquidate the principal, could have been sold in the last two years.

PLAN OF SETTLEMENT.

Q. On that subject will you please state to the Commission as fully as you desire any suggestion you have to make with regard to any scheme or plan of adjusting the debt existing from your company to the United States?—A. To work that out would take me at least a month of such time as I could spare from my current work, and I will do it. I think a plan could be arranged if we could have any guarantee that the Government would keep faith with the company, and not do as they have done heretofore.

Commissioner ANDERSON. The idea that this Commission has of the purpose for which it was called into being is to secure just these explanations that you refer to, and we are desirous of receiving from you any explanation that you or any other officer of the company can give us.

Mr. COHEN. I would suggest, in reply to that, that before you close your labors, Mr. Huntington make some suggestions in writing, and you can annex it to his testimony.

Commissioner ANDERSON. We want it for use within ten or fifteen days.

Mr. COHEN. You shall have it within fifteen days.

The WITNESS. I do not know as to that. I have some ideas about that.

SUGGESTIONS REQUESTED FROM WITNESS AS TO PLAN OF SETTLEMENT.

Commissioner ANDERSON. What the Commission desire of Mr. Huntington is his suggestions upon: (1) The desirability of a change from a percentage of net earnings to a payment of a fixed sum; (2) his idea of a change in regard to the extension of the period for payment; (3) his idea of a change with regard to the annual percentage or interest that should be charged, or which the company could pay; (4) any suggestion with regard to the commutation rate by which the whole obligation could be discharged at once, and the relations between the Government and the company absolutely and completely divorced; (5) any light that he can shed upon the question of how much security and what kind of security the Government has now for its debt, and what could be done to increase or enlarge the securities which it holds.

The WITNESS. If it were capitalized and put into a fixed amount—interest and all—with payments to be made every six months, or at some other fixed time, then of course the security would be growing better all the time, because the property itself will be increasing in value as the years roll by, while the amount of indebtedness would be steadily decreasing. Most of the great roads of this country have, I believe, a

bonded debt to-day of greater amount than they had when they were first built.

Commissioner ANDERSON. I have no other question to ask Mr. Huntington.

HANDWRITING OF WITNESS.

By Mr. COHEN:

Q. You have been questioned to-day in relation to certain letters that you wrote, none of which has been exhibited to you; and you have doubted whether the copies which have been read to you were fair and true transcripts of the letters which you wrote. I ask you what is the general character of your handwriting. Is it easily read?—A. I used to flatter myself that I could write a letter in half the time that it would take the other party to read it.

Q. Were you acquainted with Horace Greeley in his lifetime?—A. I was.

Q. Is your handwriting something like his? He said his writing could always be read when it was on the back of a note, but could not be read in a letter?—A. I have seen his writing, and I think it was worse than mine.

HIS REFERENCE TO THE CHARACTER OF CONGRESS.

Q. In one of these letters you speak of the "agragrian" character of Congress. Was not the opinion which you then formed, and which you expressed in that letter, derived from the members of what you have termed the "Third House," rather than from your own observation?—A. I do not remember the language that I used exactly; but I did not mean to be understood as saying that anything like a majority, or a respectable minority, of Congress were of that class; but I have no doubt that some of the members could be so classed.

THE SANTA MONICA ROAD.

Q. In purchasing the Los Angeles Railroad from Senator Jones did you purchase it at the lowest price you could?—A. I did. I bought the road from him just as I would buy a road from Mr. Cohen. I bought it as low as I could. I thought then, as I do now, that it was a good purchase.

Q. You did not pay any more for the road because Mr. Jones was a Senator than you would have paid if he had not filled any public position, did you?—A. No. In fact, the road was cheap at the price we paid for it—something less than one-third of what it cost to build, as I remember.

RATE OF INTEREST PAID.

Q. You were questioned about a statement contained in one of your letters as to the rate of interest which you paid. State to the Commission the rate of interest which you paid in California on money that you borrowed for the purpose of constructing the road; and the rate of interest you paid on the indebtedness you had incurred in such construction, which remained after you had used the bonds issued by the road, and the bonds issued by the Government?—A. I could not say at this time. We paid the current rate of interest in California, which, I think, when we first commenced, was 1 to 1½ per cent. per month. We bought gold here at a very large premium to pay for our labor. We paid gold

for interest on our million and a half of 7 per cent. bonds, for which I paid at one time 222 in currency.

Q How long did the rate of interest remain as high as 1 per cent. in California; until what year?—A. It would be difficult to give the date. I know that in 1849 we used to lend money for 10 per cent. per month. It went down to 5 in a year or two afterwards, and continued to fall by degrees until it reached 10 per cent. per annum, which is now, I believe, the legal interest in California.

Commissioner LITTLER. In what year was it that you paid 222 premium on gold?

The WITNESS. I can not say now; but I could tell by looking over the price list of gold here. I bought it in the open board.

Mr. COHEN. I have the price list of gold during all that time, if you want it entered on the minutes.

The WITNESS. I sold $40,000 here for Huntington & Hopkins for 279, I think.

FINANCIAL STANDING OF HUNTINGTON, HOPKINS & CO.

Q. You have spoken in your testimony, given before this Commission some weeks ago, of your guaranteeing some of the bonds which you sold—of their being guaranteed by Huntington, Hopkins & Co. State to the Commission what was the financial standing of Huntington, Hopkins & Co. at the time you commenced the construction of the Central Pacific road?—A. I flatter myself that there was not a better financial house in the world—for anything that we wanted. I had some paper out in this town in 1837, and I believe that I never had a piece of paper go to protest, and Huntington & Hopkins stood A–1.

Q. Mr. Crocker has stated that at the time he went into the construction of this road he was worth over $200,000. What was the financial rating at that time of Huntington & Hopkins?—A. I believe that I could have got $1,000,000 well enough on our credit, in our legitimate business.

Q. I am speaking of your property. How much property had you—in money or money's worth?—A. I should say that we had $500,000 or $600,000. We had not enough to build the Pacific road.

MR. STANFORD'S FINANCIAL CONDITION.

Q. Can you state the condition of Mr. Stanford's finances at the time that he entered into the work of building this road?—A. In a general way. I believe that every member of the company came in at my personal solicitation. I spent many evenings until a late hour, after getting through my regular business, in going to see men, and I went to see only those who were thrifty, and whom I believed to be safe business men. I spent several evenings at Governor Stanford's house, and he finally said that he would go in. I should have said that the house of Stanford Brothers was then worth up in the hundred thousand several times. I wanted to get him to come in because he was a good business man, and a clean man in all respects. I should have said that Mr. Crocker was worth more than $200,000. He was doing a thrifty business, and I counted him one of the best business men in California. His integrity was never questioned.

MR. HUNTINGTON'S METHOD OF SIGNING CHECKS.

Q. You were asked about several payments being charged to Isaac E. Gates, those payments appearing upon vouchers that you sent to

California. Are not all, or almost all, of the checks signed by you drawn to the order of Isaac E. Gates? Are not your checks printed to the order of Isaac E. Gates, and then issued by him as occasion may require?—A. They are. I often sign two or three thousand checks at a time. They are printed to the order of Isaac E. Gates, and I usually take some books to my home and sign the checks after I get through with my work for the day. I sign most of my checks there. As they are printed to the order of Mr. Gates it is safe so to sign them.

HOW THE COMPANY EXPECTED TO PAY ITS DEBT TO THE GOVERNMENT.

Q. You have been asked to make some suggestions with reference to a settlement of the claim of the Government against the Central Pacific and the Western Pacific roads. When the Central Pacific signed its acceptance of the terms of the act of 1862, was it not your understanding that the Government would look to the transportation to be done by the Central Pacific for the payment of the principal and interest of the bonds which it had advanced to aid in the construction of that road?—A. It was thought they would be paid in that way. I think that we thought that the earnings of the Government—that is, for the work that the Government would need to have done by the roads—would more than pay the interest, and in time, in fact, liquidate the principal. I do not think that we expected, or that when the bill was passed in Congress that Congress expected, there would be any money paid excepting the 5 per cent on the net earnings; the balance would be paid in services. The expenses of the Government were very large, as the Government records will show, before the road was built; and we, at least I, supposed that the earnings from the Government business would be sufficient to meet all these payments.

POLICY ADOPTED TOWARD THE INDIANS.

The Indians were very troublesome there before the road was built, and after that we took care of them. That cut off all source of income of that kind. The chief of the Piute Indians said that he had 3,000 warriors, and they were very troublesome. Indeed, in one battle at the Big Meadows, our troops under Major Ormsby lost 175 men. After our road was built we negotiated with the Indians. We gave the old chief a pass, good on passenger cars, and we told our men to let the common Indians ride on the freight trains whenever they saw fit. We treated them kindly and our men are doing so to this day. I know that I said to the chief that they must take care of the railway and we would take care of them. They have been very friendly ever since; and in more than one case they have given the company notice of washouts on the road. It was so with the Shoshone Indians. Mr. Crocker sent for the chief, made a treaty with him. He stipulated that if they would take care of us we would take care of them, and we have had no trouble with them since. The forts and military stations that the Government had along this line, in the Great Basin, have been removed. The Government paid for taking barley over to Fort Churchhill 40 cents per pound, and other supplies at like rates. I have never agreed with the Government as to its Indian policy. I have always thought that kind treatment would win their good-will, and I think so now. At any rate the Government has not needed any troops to take care of the Indians on our line of road since we built the road.

GOVERNMENT TRANSPORTATION EXPECTED TO PAY INTEREST.

Q. When you were pushing the road over the Sierra Nevada Mountains, building it without regard to cost, and bending all your energies to getting it through in the shortest possible time, did you not understand that your fixed charges would consist only of the interest on your first-mortgage bonds, and that you would not be required to pay the Government interest on the principal of the bonds, except by way of transportation?—A. We expected that the transportation the Government would need would pay the interest.

EFFECT OF COMPETING LINES.

Q. After the amendment of 1864, when the Government consented to receive one-half of the earnings instead of the entire debt, was it not the understanding with your company that one-half the transportation and the 5 per cent. upon the net earnings would be all that would be required to provide for the payment of the principal and interest and for the credit advanced by the Government?—A. I do not remember that I had any very pronounced ideas on that. As I say, I think we would have gotten along all right, and that we would have paid the Government debt, had not the Government subsidized competing lines to the north and south of us. If they had not done that, I think we could have paid out of the earnings of the road all the debts of the company, probably not at the maturity of the bonds; but I think none of the great roads of the country have paid their current expenses and paid for the cost of construction in so short a time as thirty years.

SURPRISED AT THE COURSE TAKEN BY THE GOVERNMENT.

It never entered my mind that we would have four or five transcontinental roads, aided largely by the Government, in fact aided more largely than it had aided us. I never thought that it would do it, not knowing the Government then as I do now, but thinking if it did destroy the earning power of the Central Pacific that it would concede something for the wrong it had done that company.

COMPLETION OF ROAD.

Q. Do you remember at what time the Central Pacific was completed and turned over to the Government as a completed road?—A. I think it was on the 10th of May, 1869.

Q. Did the Government at that time refuse to receive the road as a completed road?—A. Yes; there were a great many things that had to be done to strengthen it.

REQUISITION BY THE GOVERNMENT.

Q. What requisition was made by the Government on you in the way of a deposit of your first-mortgage bonds?—A. If I remember rightly I did deposit four millions with the Secretary of the Treasury as a guarantee that we would complete the road as the Government required.

THE ROAD ACCEPTED.

Q. At what time did the Government accept the road as a completed road according to its view of the situation?—A. I cannot say. It was considerably later than May, 1869.

Q. Was it not August 1, 1874?—A. It was a considerable time after. I should hardly think as late as 1874.

Q. In the mean time the Government retained a portion of the earnings and bonds of the company, did it not?—A. It retained the bonds for a considerable time, and it has held most of the lands ever since. We have not been able to get our lands as we have earned them.

Q. Was not the fact that the Government refused to accept the road as a completed road before October 1, 1874, the reason why you did not pay 5 per cent. of net earnings until after that time?—A. It was not called for until the road was completed, and the act of acceptance would be proof of that.

DECISIONS BY THE COURTS.

Q. The Court of Claims, and the circuit court of the United States for the northern district of California took the same view of the situation that you did, did they not?—A. I do not know that that question was adjudicated in the courts; since that time the Government has owed us a large amount of money.

Q. Just answer that question; I will come to the other in a minute. Do you remember whether that is so or not?—A. It is out of my mind now, if it was adjudicated in the courts.

Mr. COHEN. The Court of Claims and the circuit court took your view of the situation, and on appeal the judgment was reversed by the Supreme Court of the United States, and then you paid the 5 per cent. from the 10th of May, 1869.

The WITNESS. Now that you are repeating it I believe that it was in the courts, although it had gone out of my mind.

WHY PAYMENT OF THE 5 PER CENT. WAS DELAYED.

Mr. COHEN. I want to show the reason why the 5 per cent. was not paid until after the decision of the Supreme Court of the United States. That is the point of my question. One of the purposes that moved the appointment of this Commission was the charge that the Central Pacific Railway Company had not kept and performed its obligation towards the Government as undertaken by them in their acceptance of the act of 1862 and the act of 1864. I would like you to give the Commission your side of the question.

THE CENTRAL PACIFIC COMPANY HAS FULFILLED EVERY OBLIGATION TO THE GOVERNMENT.

The WITNESS. I believe that we have in every way fulfilled every obligation that we owed to the Government under the contract; that in no way have we failed. We built the road, as I remember, more than seven years before the act of Congress required it to be done, and since that time in every way we have done the Government service whenever it has called upon us, and done it promptly, and we have paid all that the original acts called for to be paid, and all that the Thurman act calls for. If in any one case we have failed to do that I do not know it; neither do I believe that we have failed in any case.

COMPARATIVE COST OF CONSTRUCTION.

Q. This Commission are charged to ascertain the comparative cost of construction of the road as compared with what it would have cost with the prices of labor and commodities prevailing five years preced-

ing and five years subsequent to the completion of said road. Can you give any information to the Commission on that point?—A. It would be difficult to say just how much. I suppose that no one doubts but that it cost very nearly or quite double when it was built what it would have cost before or later. I paid $32,500 for locomotives, and I think 6 per cent. Government tax on the top of that for such machines as were bought before the war for $10,000. Many other things were in proportion. Powder, if I remember, went up as high as $6, such as we used to buy at $2.25. That was a large item in building the road across the Sierra Nevadas. I think our record will show that we paid $6,000 for freighting some locomotives over the Isthmus of Panama, when we might have sent them around Cape Horn for $400 before the war. But we had to send material very nearly a year in advance of the time we wanted to use it; and we have had goods on the way between here and San Francisco more than twelve months. We had to send very nearly everything a year in advance. Rates went up very high for insurance. Before the war the ordinary rates of insurance against total loss and general average were 2½ per cent. During the time of the war they went up as high as 17 per cent. For fish-plates that could have been bought before the war at $1.90 per hundred, I think we paid $6.50 per hundred during the war. Rails that sold in 1861 or 1862, as the market record will show, at about $55, I think went up to $150 in the time of the war. Almost all other things were in like proportion. The price of labor advanced. We had to buy gold here to pay for our labor out in California. There was only one white man living between Big Bend of the Truckee and Bear River, a distance of nearly 600 miles, when we commenced to build the road. The Indians occupied all that country. Everything had to be hauled a long way in advance, which was very expensive. I met some teams with ties in the Wahsatch Mountains, and I asked what the price was. They said $1.75 each. They had seven ties on that wagon. I asked where they were hauled from, and they said from a certain cañon. They said it took three days to get a load up to the top of the Wahsatch Mountains and get back to their work. I asked them what they had a day for their teams, and they said $10. This would make the cost of each tie more than $6. I passed back that way in the night in January, and I saw a large fire burning near the Wahsatch summit, and I stopped to look at it. They had, I think, from twenty to twenty-five ties burning. They said it was so fearfully cold they could not stand it without having a fire to warm themselves.

DISCOUNT ON BONDS.

Q. Another branch of the inquiry intrusted to this Commission is to ascertain "what discount the Pacific Railroad and its several branches were forced to make in disposing of the bonds guaranteed by the Government, to obtain the gold coin which was the currency of the country through which the greater part of said roads pass." Have you any information on that point?—A. I have not the data. I saw it stated somewhere that it was about 70 cents. The Government would not take them of the banks as security for the bank's circulation. They were a new thing, and we had a great deal of trouble for a long time in selling them. But we sold them for the most we could get, which was not much more than half what the Government is now buying them for, and putting into our sinking fund.

BONDS BOUGHT BACK AT A PREMIUM.

Q. Is it or not the fact that the bonds which you sold at a discount of 30 per cent. have been bought back by the Government at a premium of 34 per cent., and put into the sinking fund?—A. I have said 35, but you may be right.

Q. And used the money of the Central Pacific to make the purchases?—A. Yes.

DIVERSION OF TRAFFIC.

Q. There has been an impression prevailing that the managers of the Central Pacific have diverted business from the aided roads, and other roads in California built by them which did not receive aid from the Government. Do you know of any such case?—A. I do not. I do not believe it has been done in any one case.

TRANSFER OF MAILS.

Q. The mails were transferred from the Western Pacific to the California Pacific, were they not?—A. Yes; we would have liked to carry them the other way, so as to get the long haul, if they had paid us for it; but they would not do it. They refuse now to pay what the Court of Claims and the Supreme Court have decided to be our due. They would not put it into the appropriation bill, as I was told, I suppose, for some political reasons.

AMOUNTS DUE FROM GOVERNMENT.

Q. The United States Government is indebted to the Central Pacific for services performed on the unaided roads, for about $2,000,000, is it not?—A. I should have said a little more than that; but perhaps that will cover it.

EFFECT OF DELAY IN PAYMENT.

Q. What has been the effect on the Central Pacific Railroad Company of the retention of its money in the United States Treasury?—A. It could not be otherwise than damaging. They have a rule never to pay any interest on what they have got in their grasp, but to make everybody else pay just as soon as they can get the account in.

Q. What has been the average interest paid by the company for money to supply this retention of money by the United States Government?—A. I do not know. We have hired the money, and got it as low as we could, and of course we have paid the market rates.

Q. The market rates have been about what?—A. About the legal rates of interest, I suppose.

DECISION OF THE COURTS.

Q. Your right to have this amount of $2,000,000 and upwards has been decided by the Court of Claims and by the United States Supreme Court in your favor, has it not?—A. I know that both courts have decided—and I believe by a unanimous court in both cases—that the money belongs to and should be paid to the railroad company, and I know of no reason, except the one I have given, why it has not been paid over.

Mr. JOHN F. DILLON. The decision was made a year ago last spring, and I argued the case.

The WITNESS. Not longer ago than that? But, as we wanted the money so badly, it has probably seemed longer than it has really been.

ISSUE OF LAND-GRANT BONDS.

Q. When were first bonds issued, secured on the land grants to the Central Pacific?—A. I cannot give the date; I think somewhere about 1870.

Q. About the last part of 1870, was it not?—A. I cannot say; it was about that time; I have no memoranda which will give me the date, and I am not very good at remembering dates.

Commissioner LITTLER. There is a table here giving that.

Commissioner ANDERSON. It was at the date of the land-grant bond and mortgage. It was in 1870.

DIVISION OF THESE BONDS.

Q. You were asked about the division of the land-grant bonds made by the Contract and Finance Company. Were not those bonds delivered to the stockholders in payment of money which had been advanced to the corporation by stockholders?—A. I should say so.

Q. And not as dividends?—A. No; I should not call it that; but still it might be called dividends. There had been a large amount of money advanced, and, as I understood, these were in part settlement of the account.

Q. In other words, the stockholders of the Contract and Finance Company had deposited money with the company to the credit of each person making the deposit, and he received these land-grant bonds in satisfaction of such deposit?—A. Mr. Hopkins attended to all that business. Whether or not they lent the money, or paid it in to go on with the work, I do not know just now; but there was money paid in, and in very large amounts.

DEPOSIT OF STOCK WITH CONTRACT AND FINANCE COMPANY.

Q. You were asked about the deposit of stock of the Central Pacific Railway Company, made by Charles Crocker & Co. with the Contract and Finance Company. I believe that Mr. Stanford and Mr. Crocker have both testified to the same point. I want to ask you what indebtedness, if any, was assumed by you gentlemen, by the five persons associated together, in consideration of that deposit of stock with the Contract and Finance Company?—A. Mr. Crocker and Mr. Stanford ought to know much more about the details of that than I do, as I was not there. I know that we were then borrowing money in every way we could at that time to help Mr. Crocker. I would not take any interest in his contract for building a road across the Sierra Nevada; it was a work of too great magnitude to be prosecuted under a partnership, but we let him have money and borrowed money, as I remember, in very large quantities for him.

Mr. COHEN. Mr. Crocker's memory is not very reliable just at this time, and he is not able to give us the information, and I thought that you might remember it?

The WITNESS. I know what Mr. Hopkins once told me when I was out there, and he occasionally wrote to me, but he used to attend to the matters just as though I did it myself. I had all confidence in him.

Whatever it was necessary to do to push on the great work, we did, notwithstanding that my friends told me it was going to break me up before we got through the Sierra Nevada Mountains.

MR. CROCKER ASSUMES AN INDEBTEDNESS.

Mr. COHEN. The point I wish to establish to the satisfaction of the Commission is that this stock which was deposited by Mr. Crocker was not entirely the profit made by him in the construction of the road from Sacramento to the State line, but that he had assumed an indebtedness which was at the time that he deposited the stock beyond its then market value.

The WITNESS. I have no doubt but that there really was money lost in the building of the road over the Sierra Nevada Mountains. There was a very large debt that Mr. Crocker owed, more than all the stuff that belonged to the Sierra Nevada Mountain division would have paid. When we built that mountain road everything was at fearful cost; we were impeded by terrible snow-storms, and it was very expensive.

FINANCIAL CONDITION OF COMPANY AFTER FULFILLING CONTRACT.

Q. As I read the testimony before the Commission it shows that the contract with the Contract and Finance Company for constructing the road from the State line of California to Promontory Point was at the price of $43,000 per mile in cash and $43,000 per mile in stock. When the road was constructed to Promontory Point the Contract and Finance Company had spent all the cash that it had received, had 23,000,000 of stock on hand, and a debt of $3,500,000—a long way beyond the market value of the stock. Can you give us any further information of the standing of the Contract and Finance Company when it had fulfilled that contract and constructed the road to Promontory Point?—A. No; I knew that they were always in want of money, and they could not have sold out their stock and paid their debts or anything like it when they reached Promontory. Of course those things appreciated years afterwards, and they got out with some profit.

EFFECT OF BRANCH ROADS UPON MAIN LINE.

Q. That appreciation was caused by the building of connecting roads in California, and the opening up of valleys and agricultural land in California that had not been used before that time, was it not?—A. It could not have had other than that tendency. Of course the building of branches assisted the main line. They were built to protect the interest of the Central Pacific in the territory that it occupied.

NO DIVIDENDS DECLARED UNTIL COMPLETION OF ROAD.

Q. One of the main clauses of the indictment (if I may use that term) which prompted the appointment of this Commission is to the effect that you and your associates divided among yourselves large dividends, consisting of the first-mortgage bonds issued on the Central Pacific Railway Company, and a large portion of the bonds issued by the Government. Is that true?—A. I am quite sure there was no division, or any dividend declared until the work was all completed. I do not think there was.

ALL PROCEEDS FROM BONDS USED IN CONSTRUCTION.

Q. Were not the proceeds of all the first-mortgage bonds issued by the Central Pacific and the Western Pacific, and the proceeds of all

bonds loaned by the United States to those companies, absolutely use in the construction of the work between Promontory Point and San José?—A. They were all used, I am sorry to say, and much more. We ought to have had some of them for the work that we did.

Q. How much stock do you say had been issued by the Central Pacific Railway Company at the time of the consolidation made with the other roads, in 1870?—A. I have not the data, but I should say about fifty millions. It might be a little over or under.

AMOUNT OF STOCK ISSUED.

Mr. COHEN. It has been insisted here by Mr. Anderson, in the examination of different witnesses, that each one of you five gentlemen got from the Contract and Finance Company $13,000,000 in stock, which would make $65,000,000 issued, and Mr. Anderson received some support for his questions in the statement made by Governor Stanford, that each one got $13,000,000. I thought that that was a mistake, and I subsequently, upon inquiry, confirmed my view. I would like to get your recollection about it.

The WITNESS. I used to be a pretty good mathematician, but never was able to get thirteen five times in fifty. I do not believe there was any such amount of stock issued. There could not have been.

The CHAIRMAN. I think Mr. Stanford's testimony was that there was $53,000,000, divided by four. That was his testimony in California.

Mr. COHEN. Divided by five.

The CHAIRMAN. No; divided by four.

Mr. COHEN. Fifty-four millions issued at the time of the consolidation and divided among five.

The WITNESS. I should have said about $50,000,000.

Mr. NORRIS. We have the figures here. It was $54,000,000.

LEGAL EXPENSES OF CENTRAL PACIFIC COMPARED WITH OTHER ROADS.

Q. A great deal has been said in the course of this inquiry, both here and in California, about the large amounts that have been paid for legal and miscellaneous expenses. Have you ever compared the cost of the legal expenses of the Central Pacific and other roads that were under the management of Governor Stanford and yourself with the same class of expenses incurred by other roads here and in England?—A. I would say that there has been so much said about these matters that I asked a party to give me the correct information of what they paid for legislative expenses in England, and he brought me these figures, which I have no doubt are correct:

	Per mile
Parliamentary cost of Brighton Railroad	£4,8
Parliamentary cost of Manchester and Birmingham Railroad	5,0
Parliamentary cost of Blackwall Railroad	14,4
Solicitor's expenses, London and Northwestern Railroad	240,0

I have no doubt those figures are correct. I told a man, who ought to know, to give me the exact figures; and it was some satisfaction to know that we had been more economical in comparison with other companies. I do not suppose any one suspects that there was a vote bought with any of that money.

Mr. COHEN. Having that information before you, did you not feel that Judge Dillon, as representing the Union Pacific, and myself, as representing the Central Pacific, had been very much underpaid? You need not answer the question. I will withdraw it.

The WITNESS. I should say, if I were going to answer it, that if you did not get paid until you had done as much for the public as I have done, you would be at this time a long way off from getting any pay.

EFFECT UPON AIDED ROADS OF BUILDING OF OTHER AIDED ROADS.

Q. Can you give your views more extensively than you have to this Commission as to the effect upon the earnings of the aided roads by the building of the Northern Pacific and the Atlantic and Pacific?—A. I have not the data to tell how much, but it must be a very great damage to the Central line. It could not be otherwise.

Commissioner LITTLER. Your general traffic manager has furnished us with a table showing all that.

VIEWS OF WITNESS ON THIS SUBJECT.

Mr. COHEN. But Mr. Huntington's views on that subject are important.

The WITNESS. It could not be otherwise than damaging, as those two roads cost, no doubt, less than the Central to build. They had large subsidies given them. Their subsidies were more than was given to the Central, more than the amount of both the bonds and the lands, which would allow those roads to do the business, and live, at rates which would force the Central down to where the Government could not get anything. What the Government did for those two roads has determined largely the earning powers of the Central line for through business; and I hope that the Commission will consider that point and recommend the Government to treat the Central line as it did the other two lines. The financial problem will be easily solved then, as far as the Government debt is concerned.

NOT EXPEDIENT TO INCREASE RATES.

Q. How much could the earnings of the aided line be increased so as to meet the indebtedness of the road to the Government, when that is ascertained?—A. It seems to me that we have got to wait for the growth of the country to come up to it. We cannot charge any more than they charge on other lines. If we do, all the business that now goes to the Central line would go to the other lines. I should hope that the local business would grow so that the Central could in time pay the Government, provided that the interest was not more than the Government, as a borrower, would have to pay.

Mr. COHEN. You could increase the local charges of the Central; but that would not cut much figure in discharging the obligations of the Government.

The WITNESS. We would dry up the industries that are now there and drive them to the other lines.

Q. If you increased your rate on through business, would not that business go to the other lines?—A. Of course, it could not be otherwise.

AID RENDERED TO THE CANADIAN PACIFIC BY CANADIAN GOVERNMENT.

Q. Can you state what aid has been rendered by the Canadian Government to the building of the Canadian Pacific, and the advantages

which that road enjoys from the United States in its competition with the Central Pacific?—A. I have not read their charter, but I understand that the Government guarantees 3 per cent. on the capital stock, which, as the road was no doubt built at a profit, would give a very fair per cent. on the actual investment, so that the road could be run at such rates as would only call for the payment of current running expenses, nothing for interest. I understand that they have a large subsidy for running a line of steamers from the west end of their road to China, Japan, and Australia, which would bring them a large tonnage from these subsidized steamers, while we have to run our steamers without subsidy. Perhaps I need not have mentioned this, for I believe it is universally understood that the policy of the British Government is to build up a foreign commerce by extending aid to British ships, while the policy of our Government is to do what it can to cripple American commerce.

EFFECT UPON THE CENTRAL PACIFIC.

By the CHAIRMAN:

Q. While on that subject of the Canadian Pacific, will you explain to the Commission how the operation of that road affects the traffic of the Central Pacific, and how it detracts or takes from it?—A. It certainly can fix prices that we cannot go above. I think it has done that already. They could not do the business, perhaps, if we did it at the same price. But they would fix a price so low that we could not make anything unless we gave them something to keep out of the market.

THE ROUTE.

Q. Will you please describe the route?—A. They would run steamers from California, from Oregon and Puget Sound to the western terminus of their road, and then they would switch off on to our American roads and the navigable waters east of the Rocky mountains, and thus compete for a very large portion of our business.

ARRANGEMENT WITH OUR GOVERNMENT.

By Mr. COHEN:

Q. Does not the Canadian Pacific possess great advantages from their arrangement with this Government allowing them to transport merchandise through our territory in bond?—A. There is no doubt of that, and I think that would be the policy of our Government.

COMPETITION IN GOVERNMENT BUSINESS.

Q. Have you any opinion as to the competition between the Canadian Pacific and the Central Pacific for the Government business which has been given to this Canadian Pacific as against the Central? Have not goods been shipped over the Canadian Pacific which were refused to the Central Pacific?—A. I have not heard of such a thing, but would be prepared to believe it if anybody were to tell me.

Commissioner ANDERSON. I think the point was with regard to permitting goods to go in bond without paying duties.

Mr. COHEN. My point is that there were some goods going to Japan, I think, on account of the Government. We applied for them, but they would not give them to us; but they shipped them by the Canadian

Pacific, and they went over on one of their steamers to Japan. The Government did not treat us very well in the matter.

COMPARATIVE PRICE FOR CARRYING MAILS.

The WITNESS. When they would not give us for doing the business over the Sierra Nevada Mountains as much as they pay to eastern roads, with cheap fuel, I would be prepared to believe they would do almost anything. That has been done, and is being done to-day. We rise 7,042 feet in 105 miles, and we have many other heavy grades and curves on the Central Pacific. Our fuel costs five, six, or seven times what fuel costs the Baltimore and Ohio road. As I understand and believe, the horizontal price for carrying mails on the two roads is the same, but for political reasons, no doubt, they cut ours down to a less price.

A CALL FOR OFFICIAL DATA.

Commissioner LITTLER. This Commission would be glad to have official data on that question.

The WITNESS. We will give it to you.

Commissioner LITTLER. We would like to see any contract existing between the Government and any of these railways which are built on level land here, through this thickly populated country.

The WITNESS. We will get that for you.

Mr. COHEN. You have got some of them before you now, Mr. Littler.

Commissioner LITTLER. That is a very serious charge to make against an officer of the Government; and we want to know whether it is true or not.

Mr. JOHN F. DILLON. The Union Pacific had a case against the Government, which went to the Court of Claims and then to the United States Supreme Court. The result of it was that they gave us no more for carrying the mails over the mountains (and the same rule applies to the Central Pacific) than they paid the level roads of Illinois and Iowa.

COMPENSATION OF AIDED ROADS FOR CARRYING MAILS.

The WITNESS. And even then they took off 20 per cent. of it.

Mr. JOHN F. DILLON. They take that off from all.

The WITNESS. No; it is only from the aided roads. They take it off from the Pacific roads, but do not take it off from the other roads. They do not pay us, and they will not allow us any interest on what they do not pay.

Mr. COHEN. I think that all the information that Mr. Littler asks for is already in. I will look the testimony over and see.

Commissioner LITTLER. Mr. Stanford stated it in general terms, but I would like to have some official knowledge of that fact.

WHAT THE RECORDS OF THE RAILROAD COMMISSIONER SHOW.

Mr. COHEN. All the testimony that I have collated I have taken, not from books of the Central Pacific, because that was too cumbersome a way to take it, but I have gone to the records at Washington for most of the testimony I have put before you; and if you had gone to the same place for the data I believe you would have saved a great deal of time and money. I find it better digested there, in the office of the Railroad Commissioner, than anywhere else. There was one statement

made by the Commissioner, which I will read. It is a sample of what you will have when you look over the evidence:

On this subject the United States Auditor of Railroad Accounts says that the Government has taken way business across the State of Nevada, and has also given transportation to the Northern Pacific, Atchison, Topeka and Santa Fé, all rival roads, and the Canadian Pacific, and is paying them full rates, when they could get it done for less by the aided Central Pacific.

That is the testimony of your own officer.

A BUSINESS TRANSACTION BETWEEN THE GOVERNMENT AND CENTRAL PACIFIC.

The WITNESS. I do not recollect the date, nor the articles, but I remember that there was some freight offered here some years ago which I told the Government agents the Central would take for the price they could send it for; but they did send it, not by the Central, but around Cape Horn; and I was told, and believe, that when it reached San Francisco it was carted from the docks to a storehouse; storage was paid on it; it was then carted back again and put on a local steamer and taken up to Mare island, where it was intended to go when it left this port; whereas our road runs right to Mare Island, which is this side of San Francisco 26 miles. Why it was done I do not know. We did not offer any commission for sending it our way, and it is not fair to suppose that they got any for sending it the other way.

ADVANTAGES OF LEASING ROAD TO SOUTHERN PACIFIC.

By Mr. COHEN:

Q. Will you tell the Commission your views respecting the necessity and advantage of leasing the Central Pacific to the Southern Pacific Company?—A. The Central Pacific leased the Southern, when the Southern had but a little road to operate, in order to save expense and keep those interests in harmony, one with the other; and they did that until such time as the mileage of the Southern Pacific was much more than the Central; and now the road operated by the Southern Pacific is more, I think, than 4,000 miles, whilst the aided portion of the Central Pacific is less than 900 miles. We thought that the interests of both companies would be better served to transpose the lease. It was discussed by our people there; and they wrote to me about it, and I thought it was a wise thing to do. It was a prominent feature of the contract that the arrangement should be such that neither company should make out of the other; so that if the lease did not work for the interests of both companies it should be readjusted. The only object was to have but one set of officers, and to work everything in harmony.

By Commissioner LITTLER:

Q. In which company did your interest predominate at that time?—A. I had a large interest in both companies. I do not know exactly when the lease was made; but I think my larger interest was in the Southern Pacific at that time.

Mr. COHEN. The lease was made in 1885, I think.

OBJECT OF THE LEASE.

The WITNESS. I think it was made then; but I do not think the effect upon our individual interests was thought of by any one of us. The

object was merely to work the two properties in harmony and for the best interest of both. It was thought to be a wise thing. We have agreed to get control of the Oregon road (which was rather a dangerous thing to do, but we did it) in order to protect the Central Pacific interest. The Pacific Improvement Company, in which I am a large stockholder, agreed to get the control of the Oregon and California road.

SELLING SHORT.

Q. Have you any information which will enable you to state to this commission the average quantity of the stock of the Union Pacific Railway Company, and the Central Pacific Railway Company, that had been borrowed and loaned here in New York by persons who were selling the stock of those companies short, prior to the appointment of this Commission?—A. I have been told, and believe, that it was done long before the Commission was appointed, and is done now. That there are great interests at work I do believe, and in fact I cannot account for this under any other hypothesis. I cannot believe that this is all done for political purposes; and certainly there is nothing else, except one or the other. I believe now that there are large blocks of stock short, and that they are working here in this city to get it down, and that this is a part of the machinery. No gentleman here knows anything about it, of course. But they have been over to Washington time and again. I have seen men over there myself who I knew were working for that. It is very much to the detriment, certainly, of the people who are operating these properties, and who are doing it in an honest and legitimate way.

RELATIONS WITH PACIFIC MAIL CO.

By Commissioner ANDERSON:

Q. Have you knowledge of the relation existing for some years past between the Pacific Mail and the Central Pacific? I mean more especially the policy of paying subsidies, or allowing a certain percentage on traffic.—A. I do not understand that we, the overland or transatlantic railroads, have ever paid a subsidy to the Pacific Mail. I have said often to our people that there was a price that the railroads could pay to the Pacific Mail for a certain amount of tonnage that would be very much to the advantage of all the railroads and to the steamship company. Upon that theory the arrangements between the two interests have been made. We thought, therefore, that it was better for the railroad companies to hire 600 tons of capacity of each steamer and load them up with Cape Horn freight, or even with valuable freight, if the roads thought it best so to do in order to meet the payments. This would keep the prices regular, which would better satisfy the public and give the transportation companies more net money. I am now convinced this was the correct policy. I had no interest in the Pacific Mail when I went into this arrangement, excepting a few shares to qualify me to act as a director. Whatever I did was done for the interests of the railroads; but at the same time I have done nothing that I thought was harmful to the steamship company. While I was a director of the Pacific Mail (as I have been for several years), I said to them, "I will not vote in your board, because I am more interested in the railroads. Do what you think is best, but I will not vote." I have, therefore, never voted in the Pacific Mail company on any of those contracts between the railroads and the steamship company, because I have

said to them that my largest interest lay the other way. It was not subsidizing; it was hiring a certain amount of tonnage, to which they could give cargo that would return all they paid; or if they thought it was more for the interest of the railroads they could fill it up with cheap tonnage, and give the railroads the profit on the higher class freights.

Q. Where did I understand you to say that you abstained from voting?—A. In the Pacific Mail.

Q. Did you ever vote in the railroad board?—A. Most assuredly; I would vote if I was there. I have not always been there, but my voice has been heard.

Q. And you have advocated the views that you have just expressed?—A. Most assuredly I have, and should do it all the time.

Q. For how many years were you a director in the Pacific Mail?—A. I think for four or five years.

Q. What was your interest in the Pacific Mail, as measured in stock, without giving the aggregate figures?—A. I have hardly ever had over fifty shares, and at one time only five shares, just enough to be a director.

TONNAGE RESERVED.

Q. Was not this compensation or payment for tonnage reserved or engaged in the Pacific Mail by the railroad company actually paid without regard to the question whether any freight was carried or not?—A. No; it was always worked in the interest of the railroads, of course paying the Pacific Mail the agreed amount.

Q. But did you not pay for the given number of tons on each ship, without reference to the question whether freight was actually carried sufficient to fill up that space?—A. I would have to go to the freight men to answer that. My ideas were to fill it up with something, but whether we did or not was controlled entirely by the interest of the railroads.

Q. But if you did not happen to carry that tonnage would you not pay just the same amount?—A. If we had to fill it up with textile goods that we would carry for four cents for overland, or carry them over probably for one cent, we should have paid whatever we had to pay them, and carried it ourselves, because there would have been money in that for the railroads.

ACTUAL PAYMENTS.

Q. My question is whether the actual payments made by the railroad company varied at all with reference to the actual number of tons of freight that you carried?—A. We hired 600 tons, as I remember, in each steamer, and we expected to fill it, but if we did not that was our fault and not the fault of the steamers.

Q. But did you not pay the same amount?—A. We paid the contract price.

Q. Is it not true, as matter of fact, that on very many occasions you sent no freight at all by the steamers?—A. I do not think there was any case where we did not send some; but I have no doubt that on every occasion if there was empty space, it was left so because it was for the interest of the railroads that it should be so; and the kind of freight we gave them was always governed by what we thought was for the interests of the railroads, and I have no doubt but the interest of the steamship company was better served by this arrangement than it could have been by running in opposition to the rail lines.

AMOUNT PAID ANNUALLY.

Q. Do you remember how much these payments came to annually?—A. No.

Q. Was it not about $90,000 per month?—A. I think so. I should like to make a contract with them to-day in the interest of the railroad at not so large a price as that; but there is a price that they can afford to take, and that the railroads can afford to pay, that would be decidedly for the interests of all the parties. Of that there is no doubt.

Q. What articles of freight can they practically reach so as to injuriously affect the freight rates that you can charge?—A. They can reach all classes.

Q. They could not reach fruit?—A. We do not carry much fruit from San Francisco to here. They could not carry fruit; but that is a small item in our business.

Q. They could not carry anything as to which time was more an object than the mere distance it had to go, could they?—A. They run, I suppose, in thirty-five days.

Q. And you run in ten days?—A. We have not yet, and I should not want to ride on a freight car that did it in that time.

QUICK FREIGHT.

Q. In fourteen days?—A. No. Goods are frequently thirty days going from here to San Francisco. I think that twenty-six days is about the average. General Dodge says that twenty days is quick freight. There is some quick freight. No business man can fail to see, if he goes into this question, that this is a wise thing for both companies to do. It is simply a question of both companies carrying at a fair rate, or cutting it down and carrying it at a rate that does not pay. That is all there is of it. It is either carrying at a loss or carrying at a profit. There is so much stuff goes, and the competition cuts prices all to pieces, and we must carry it at that cut rate, or work in harmony and get fair rates.

DIVERSION OF FREIGHTS.

By Mr. COHEN:

Q. There is another view of the matter which I would like you to explain. The Pacific Mail can carry everything that the Union Pacific and Central Pacific can, except fruit. They do carry between San Francisco and New York—when they are in opposition, do they not—all classes of freight?—A. Yes; there is no class of freight, except perishable freight, that they do not carry.

Q. What would be the result were it not for this pooling arrangement with the railroads?—A. We do not call it a "pool;" we call it chartering a certain amount of tonnage.

Q. It is not a subsidy, as it is termed. Call it by any term which you please. When they are running without that arrangement they divert a certain amount of tonnage from the English and French ports directly to Aspinwall, which, under other circumstances, would come to New York, do they not? I mean freight shipped from Paris, London, or Liverpool, and intended for San Francisco, comes on steamers that run from the English and French ports to Aspinwall, and the freight is carried from there to San Francisco, instead of coming through New York.—A. I have no doubt that is true.

Q. Therefore the railroad company would get some benefit of the prices paid the Pacific Mail in having the freight come to New York

and be carried directly across the continent, instead of having it go to Aspinwall and through by the Pacific Mail Company's steamers to San Francisco, is not that so?—A. There is no doubt of that.

THE SOUTHERN PACIFIC AS A FREIGHT LINE.

Q. You mentioned this morning the fact of the Southern Pacific carrying freight from here to California, but I think you did not mention the element of time. Does not the Southern Pacific demand a portion of the through freight because it can deliver freight from New York quicker than it is carried over the Union and Central?—A. The Southern Pacific is a good line. As to the time it makes as compared with the other lines I am not prepared to say. I think it is the best line for freight originating on the tide or Atlantic coast line; but very much the larger proportion of freight originates inland, which the Southern Pacific does not, to any considerable extent, reach.

C. P. HUNTINGTON.

NEW YORK, *Thursday, September* 22, 1887.

GRENVILLE M. DODGE sworn and examined.

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. I am a civil engineer.

Q. You have been engaged in that business all your life?—A. Yes.

CONNECTION WITH UNION PACIFIC.

Q. What connection had you with the Union Pacific scheme?—A. I commenced making surveys for the Union Pacific in 1853, and I have been connected with it, directly or indirectly, from that time to this, excepting five years during the war; then I was in communication with it and with the Government in relation to it; but I had no official capacity.

Q. After the war how soon did you resume your position as engineer-in-chief?—A. I think it was in May, 1866.

Q. What is your present relation with the company?—A. I am a director.

Q. What part, or how prominent a part, did you take in the preliminary investigations that led to the location of the route upon which this road was built in 1866, 1867, and 1868?—A. I made the locations on the approval of the Government.

PRELIMINARY SURVEYS AND ESTIMATES.

Q. Who else was engaged in that work during the time—the work, I mean, of the preliminary surveys and the estimates as to the cost of the construction of the road?—A. During the war Mr. Peter A. Dey was the chief engineer, and had charge of the surveys and locations.

Q. Did your examination embrace the whole country from Omaha to Ogden?—A. My examination embraced the country from Omaha to the California State line.

Q. Did you also make estimates of the probable cost of the construction of this road?—A. I did. I made estimates of quantities, but not of the cash cost. That was an impossible thing to do in those days.

Q. You made estimates of quantities, but did those estimates apply to all the classes of work that were required to be done to complete the road?—A. Yes.

Q. During what years were those estimates prepared?—A. I made them from 1853 up.

Q. I mean those that finally figured when the work was actually done.—A. After 1866 I made them in each year, as the work progressed, or our surveys demonstrated where the line would be built.

Q. The estimates of quantities then represented the amount of clearing required for preparing the ground, the amount of excavation of earth of different qualities, and the amount of excavation of rock, and the amount of fills required, and all these items?—A. Yes; everything.

Q. Did it also include the amount of masonry required for building the culverts and bridges?—A. Everything.

Q. And the number of ties required to be laid on the road?—A. Yes.

Q. Did it also include the quantity of rails required, and fish plates and fastenings?—A. Everything.

Q. Did the estimate also cover the kind and number of buildings required for station houses?—A. Everything. There was nothing connected with the road but what it covered.

Q. Do I understand you to say that you did not figure at all, in dollars, as to the probable cost of this work?—A. Not at first; not until after the prices were fixed by the contractors.

Q. Were you also supervising engineer during the progress of the work to inspect it as it progressed from time to time?—A. Yes; for the company.

EXPLANATION OF THE WITNESS'S FAILURE TO APPEAR BEFORE THE WILSON COMMITTEE.

Q. Do you remember the occasion of the Wilson Investigating Committee in 1873?—A. I do.

Q. Do you recollect the fact that among other general subjects that were very prominently examined on that occasion, the question of the actual cost of the road, as compared with its cost measured in bonds and stocks, was much talked of, and a good deal of evidence taken on the subject?—A. I should say, in relation to that matter, that during all that investigation I was in Texas, and knew nothing about it except what I may have seen in the papers or in the reports. I was not present at any of it.

Q. In order that you may, if you desire, make an explanation with regard to one or two passages in the report, I will call your attention to the fact that the report contains the following statement:

The presence, as a witness, of General Grenville M. Dodge, chief engineer, under whose supervision the principal part of the work was done, could not be procured, although diligent efforts were made to that end; and telegrams were sent to him insisting the attendance of the witness, and the deputy sergeant-at-arms was sent after him, who has diligently sought for him for weeks, but has been unable to find him.

Is there any explanation you desire to make with regard to the accuracy of that statement, or otherwise?—A. Simply this: That at the time that investigation was being made I was building a road in Texas, known as the Texas Pacific; I had about forty days, I think, to make a connection of the road there, to save the charter of the company and to save the subsidy. Mr. Thomas A. Scott, for whom I was at work, and who was at the head of the company, wired me that it was not necessary for me to appear in Washington until the road was completed. When it was completed I came North, and wired the committee that I

was prepared to appear before them; and so wired the attorneys, but they did not see proper to call me. I afterwards did appear before committee there, and made whatever explanations they wanted of me.

HIS APPEARANCE BEFORE THE JUDICIARY COMMITTEE OF THE HOUSE.

Q. Before what committee was that?—A. Mr. Hunton's committee, the Judiciary Committee of the House in 1876.

Q. Were you examined at length with regard to this matter?—A. Everything they wished to know of me.

Q. Did your examination turn on the cost of the construction of the road and the transactions connected with its construction?—A. I do not think they went into an examination of the cost of the road; but it is impossible for me to state now what they did go into.

Q. Was your examination a protracted one?—A. I think they had me before them twice or three times, two or three hours at a time.

By Commissioner LITTLER:

Q. Was that testimony printed?—A. Yes.

Q. What committee was this—a Congressional committee?—A. Yes.

Q. A committee of investigation?—A. A committee of investigation, as I understood, for some purpose; I do not recollect what.

Q. Who was the chairman of the committee?—A. Mr. Hunton, of Virginia, I think.

HOW THE MOUNTAIN-CROSSINGS WERE DETERMINED.

By Commissioner ANDERSON:

Q. Give the Commission, in a general way, a statement as to the nature of the road from Omaha to Ogden, referring to any special point where the difficulties of construction were very great or different from the ordinary grades that prevail in the country.—A. How much of a detail do you wish me to go into? Of course the key to any line crossing the continent is the crossing of the Rocky and other mountains. As you know, they are the Black Hills, the divide of the continent, the Wahsatch Mountains, the Humboldt, and the Cascade. The line crossing of the Rocky Mountains was entirely controlled by where we could cross those mountains. It took several years before we could discover that point. It was finally discovered by my running what was known as a foot-line at the base of the mountain, from the Laramie River to the south, and a summit line on the top of the mountain, and finding the lowest point in the summit and the highest point in the plains. That happened to be at Sherman and Cheyenne. That point was discovered and was finally determined in 1866. That, of course, controlled the line from the Rocky Mountains east to the Missouri River. The next point to determine was the divide of the continent. All the attacks upon that country had always been made by the Bridger Line, by the Bridger Pass, and by the South Pass. My early examination, and my examinations when I commanded that department in my Indian campaign, satisfied me that the true line was about half-way between the South Pass and the Bridger Pass. But it was a country wholly unknown. For 300 miles it was occupied by Indians, and nobody had ever theretofore been able to force their way through it. I undertook it with my party, had my chiefs killed, but finally went through myself, forcing the way through and discovered what I suppose was the true line crossing the divide of the continent. Then I came to the Wahsatch Mountains, which were

all governed by the trend of the Bear River, which cuts them on the north, about 120 miles north of where we crossed. These mountains had been attacked there, before I went there, by Mr. Reed and by a great many others; finally it was discovered that the true line was north of Fort Bridger, up the Muddy to Yellow Creek, across to Bear River, and down the Echo and the Weber to Salt Lake. In an early day it was supposed they could cross the north arm of Salt Lake at what was known as the Bear River arm. My first surveys through there showed throughout about 11 feet of water, which we could bridge. My last showed about 19 feet, and it was impossible for us to bridge that depth of water, and that forced us north and over the Promontory to Monument Point. The next natural line was down the Humboldt and up the Truckee until we struck the State line. Farther than that I do not know. The Central Pacific determined the line from there on.

NO DIFFICULTIES BETWEEN OMAHA AND CHEYENNE.

Q. As far as this road, which you have described, runs from Omaha to Cheyenne, if I understand you correctly, that part was over the plains and presented no difficulties of construction and no point involving large expenditures?—A. No, sir; only the cost of the work at that time was greater than now; it would not involve large expenditures to-day.

Q. You mean that there was nothing unusual in the railroad building?—A. No.

Q. Now with regard to the ascent of the Rockies in passing from Cheyenne to Sherman, did you find it a gradual ascent, or were there peculiar engineering difficulties to overcome?—A. There was no difficulty to overcome there, as compared with any other parts of the mountain. I may state that a locomotive of the Union Pacific road can haul from Ogden to Omaha as many cars as two locomotives of any other line across this continent, or any other that can be discovered, unless you put it right alongside of the Union Pacific.

LATER ESTIMATES OF COST OF CONSTRUCTION.

Q. I understood you to say that at a later period, after your estimates of quantities had been completed, you did make estimates as to the probable cost of construction?—A. Yes.

Q. When were the latter estimates made?—A. I think some time along after the partial completion of the road—after I knew what the contracts were and what the actual cost of work was.

Q. After the contracts were entered into?—A. After we knew what the prices of the contracts were.

Q. What contracts do you refer to?—A. I refer to the contracts which the contractors made and turned the prices over to me.

Q. Were your estimates based upon those contracts?—A. My estimates for actual cost were. Almost all my estimates for the company to the contractors were based upon the contracts that the company turned over to me, and instructed me to make estimates upon those contracts.

NO RELATIONS WITH CONTRACTORS EXCEPT TO SEE THAT THEY PERFORMED THEIR WORK.

Q. Had you any special relations with the persons and incorporations who were the contractors of the Union Pacific—I mean with

Hackett, Davis, or the Credit Mobilier?—A. Nothing, except to s that they performed their work in accordance with their contracts.

Q. Did you ever form any preliminary estimates before the contra were entered into as to what would be a fair amount to pay for th work?—A. I think that I made estimates upon the work, but my me ory does not serve me that I did make any in detail for the company.

AS TO ACTUAL COST OF UNION PACIFIC ROAD.

Q. Have you any memoranda or copies of contracts that would sh any light upon the question as to what would have been fairly the co of construction of the Union Pacific on the line you have describe having in view all the circumstances which prevailed in 1866, 1867, a 1868, so that we can obtain some light as to what the real cost of co struction of that road should have been?—A. In the latter part of it—in 1869—when the road had reached Piedmont and Evanston, I wa out there and completed the construction of the road myself for th company. I know about what the road cost from Ogden to Promontory That was 47 miles; that cost about $87,000 in cash per mile.

Q. What figures have you to show that cost?—A. I have a mem randum that I found that was made at the time. I can furnish i But the payments that were made for everything is a pretty good es mate of what the cost of the road would have been and what it is no I know the prices that were paid for work, all the way through, in cas

BASIS OF ESTIMATE.

Q. In order to estimate properly what that particular section mu have cost, you would have to base your conclusion upon the statemen of the number of yards of earth and rock excavation, the fills required the masonry, bridging, and cost of rails?—A. Yes; and freight an everything contingent upon it.

Q. Have you memoranda containing those details?—A. I think have, but I will not be certain about it. I have a memorandum of th cost, or estimated cost, which I made up for the Union Pacific Compan when they were about to turn it over to the Central Pacific.

Q. In order to enable us to give the proper weight to your statemen we would like to have the material on which you base your computa tion before us.—A. I will try to obtain it for you.

Q. You have not got it with you?—A. No.

555 MILES BUILT IN ONE YEAR.

Q. Do you recall the prices at which the different classes of work we figured in that estimate?—A. We worked from April, 1868, to May 1 1869, continuously, through summer and winter. We had not a mil of road located west of Laramie at that time, nor a mile of road graded In that year we located and built and put in running order 555 mile of road—laying everything from one end and bringing everything fro the Missouri River. Of course the cost in winter was extraordinary I know that we paid, crossing the mountains, as high as $3.50 per cubi yard of earth which had to be blasted.

Q. When you say "we paid" whom do you mean?—A. I mean tha the contractors paid it.

Q. Who was the particular contractor that you refer to?—A. Up to Piedmont it was the Ames contract, I think; from there on I went o

and took charge of the road for the Union Pacific Company, and knew the prices being paid because of that fact.

Q. In regard to the statement which you have made as to the payments made at this particular period—from what source did you derive your knowledge that $3.50 was paid for blasting rock?—A. From my own memory of the facts. It was an extraordinary thing.

Q. I understood you to say that you had no official connection with the contract companies, excepting a supervision of the work, to see that it was done, and that they were entitled to receive the agreed compensation from the railroad company?—A. I had not, except as I state—that in 1869 I went on and took charge of the road and finished it up for the company.

Q. That was from Ogden to Promontory Point?—A. The work was not finished back. When I went there I think our track was in the Echo Valley, at some place.

AS TO METHOD OF CONSTRUCTION AND PAYMENT.

Q. Please describe the process, or method, which applied to that construction—I mean to ask how the men were employed and how the prices were fixed and how payments were made.—A. When I went there the contracts, as a general thing, had already been made to certain parties, and a good many of the contractors having failed, the company had to then step in their place and complete the work; that is, the contracting company had to step in and take their places, and pay the men, and for everything to complete the road. We were pushing for Humboldt Wells. We graded our road nearly to Humboldt Wells.

Q. You are referring now to the construction between Ogden and Promontory Point?—A. I am referring to the construction from there to Piedmont.

Q. How far is Piedmont from Ogden?—A. About 120 miles.

Q. Do I understand, then, that the books of the Union Pacific should show the actual payments in cash made for all the work done between Piedmont and Promontory Point, not through any contract with any contractor, taking the work at satisfactory figures, but the payments made directly on estimates for the quantities of work actually done, and at prices fixed for the job, or piece, as you may say?—A. I do not know anything about the books of the Union Pacific Railroad. Mr. Mink can answer that question better than I can.

Q. You can tell how the payments were made—whether there were so many yards found by you to have been excavated by persons with whom you had made a bargain at so much per yard, or whether those payments were made on any contract for the completion of the work?—A. I cannot state as to that, because I do not know.

WHAT THE BOOKS SHOW.

Commissioner ANDERSON. Perhaps Mr. Mink can inform the Commission whether this part of the Union Pacific was constructed and paid for by the Union Pacific under any contract, or whether the books will show that it was construction directly done by the company and without the intervention of any contractor.

Mr. MINK. My understanding is that it was done under the Davis contract, and the books show that the money was charged to the Davis contract.

Commissioner ANDERSON. But do the books show that the prices charged for the work was according to the terms of the Davis contract;

or were the prices charged based on estimates showing the quantity of work done, of different qualities, with the prices fixed, applicable to the material, at so much per yard?

Mr. MINK. As I recollect it, it was a specified sum per mile for the road and equipment.

DID GENERAL DODGE DO THE WORK FOR THE RAILROAD COMPANY?

Q. General Dodge, with that explanation from Mr. Mink, is it not likely that you were mistaken in saying that you did the work directly for the company; and is it not the fact that you must have acted as the agent representing the company, and merely representing the company, in seeing that the amount earned per mile, under the Davis contract, had accrued?—A. I cannot tell that. I went out by order of the president, and took charge of the work, and closed it. Who it was charged to, or anything of that kind, I do not know. The work was quite a great deal of trouble there, and they were anxious to have it completed.

HIS REPORTS BASED ON MILEAGE DONE.

Q. What I want to get at is whether the reports that you made to the Union Pacific road about pay ments were based on estimates of the number of yards of work done, or whether those reports merely showed that a certain lineal distance of the road had been completed, so that the person entitled to pay would be entitled to receive a payment at so much per mile.—A. My estimates, as chief engineer of the road, and my recollection is that they were based right upon the contracts.

Q. Based upon contracts per mile and not upon contracts per quantity?—A. Yes; that is my recollection. That was my estimate to the company.

ACTUAL CASH COST OF ROAD BETWEEN OGDEN AND PROMONTORY.

Q. Then is your statement that the road cost $87,000 per mile based upon the fact that that was the contract price per mile in that part of the construction; or does that answer mean to convey to the Commission the idea that the quantity of work, as measured by you, would have been fairly worth, at the market prices then prevailing, the sum of $87,000 per mile?—A. The price was based upon the actual cash cost price of the work. It was made up for the purposes of settlement with the Central Pacific road between Ogden and Promontory. We built there, and we sold them the road.

Q. Was it the actual cash cost under the contracts made for building the road at so much per mile, or was it the actual cost according to the contracts made with the persons who were paid cash value for the work done?—A. As I understood it, it was the actual cash cost to the men who actually built the road.

Q. If that be so, will your memorandum on which you base your conclusion show that fact?—A. I think it will.

Q. Can you let us have that to-morrow?—A. I will try to.

Q. How did the work between Ogden and Promontory Point, as to the quantity of work to be done, compare with that part of the work between Omaha and Cheyenne?—A. It was much heavier.

Q. How did it compare with that part of the work between Cheyenne and Piedmont?—A. That is a hard question to answer without figures.

THE FARTHER WEST THE GREATER THE COST.

Q. Which would cost the most per mile?—A. The west end would cost more per mile. There you had a longer distance to haul your rails and ties, and a longer distance to haul your provisions and men. The farther west you went the more the road cost.

Q. But as to the depth of the cuts, the quantity of masonry required, and the fills to make, how was it?—A. Taking the road from Cheyenne to Promontory Point it would be a fair average to put in the mountains and plains per mileage of excavation.

TOPOGRAPHY FROM CHEYENNE TO PROMONTORY POINT.

Q. I do not quite understand you?—A. Of course when you leave Cheyenne to go over the mountains you have got very heavy work; but when you cross Laramie Plains you have not got it as heavy. When you get into Rattlesnake Mountains you have heavier work again. When you cross the divide and go down Bitter Creek it is not so heavy. When you strike the Wahsatch Mountain range the work increases. But if you take an average, the part, for instance, from Ogden to the east base of Promontory is light, while the last part up the mountain is very heavy, because there we were climbing the mountains.

Q. Then the work from Ogden to Promontory, taking the whole 47 miles, may be considered as presenting a fair average cost of the mountain portion of the construction?—A. A fair average of quantity, not of cost.

Q. A fair average of quantity as compared with the whole line from Cheyenne to Promontory?—A. I do not want you to think that I state that the whole cash cost of the road was at that rate.

FROM OMAHA TO CHEYENNE, CASH COST $30,000 TO $35,000 PER MILE, EQUIPPED.

Q. Now, with regard to what would have been a fair estimate of actual cost between Omaha and Cheyenne during the years of actual construction, can you give us any information? By actual cost I mean taking a number of yards of work to be done, and the other work to be done, what would have been the fair cost of that work to the contractor, in 1868, with, say, 10 per cent. added for cost of supervision and attention?—A. From Omaha to Cheyenne I suppose that the work cost perhaps in cash something like from thirty to thirty-five thousand per mile.

Q. What do you include in that?—A. I include a completed road, the equipped road, and everything. That includes $7,500 per mile for equipment.

Q. Then, as I understand the whole statement made by you, it is that from $30,000 to $35,000 per mile would be a fair estimate of the cost of construction, in 1868 and 1869, of that part of the road from Omaha to Cheyenne, and $85,000 per mile from Cheyenne to Promontory Point?—A. I only gave you the cost of 47 miles there.

Q. I understood you to say that $87,000 per mile would be a fair average to take, taking the whole road from Cheyenne to Promontory Point, good and bad?—A. Not at all; I only spoke of the road from Ogden to Promontory.

COMPARISON OF COST BETWEEN CERTAIN LINES.

Q. I ask you to compare the cost and quantity of the work from Ogden to Promontory Point with the quantity and cost of the work which you had to do from Cheyenne to Piedmont. Which of those two would

be the more expensive?—A. It would be according to when the wo was done. If one was done in the winter and the other in the sum there could be no comparison.

Q. Referring at present merely to the quantity of work to be do which of the two sections per mile would present the larger quan of work between Cheyenne and Piedmont as compared with that be tween Ogden and Promontory, mile for mile; or you can take any oth subdivision that may be more convenient?—A. One is distant over t miles and the other about 47, and it is pretty hard to compare them.

Q. Then take any other subdivision that your greater familiar with the subject will prompt, starting from Cheyenne, and let the Com mission know how the quantity of work to be done over these differe sections compare.—A. Our heavy work was from Cheyenne to Lar mie.

Q. How many miles is that?—A. It is hard to remember those things There is one division of the road that I now forget. I wish to say tha it is a long time since I have given any attention to distances there. I you have a railway guide here you could get that.

Q. I will put the question in this way, and you can perhaps answe it to-morrow when you bring your detailed statement. Can you fur nish this Commission with an estimate from such material as you may have in your possession, and from your memory, of the fair averag actual cost of the construction of this road, stated by divisions, com mencing at Cheyenne and extending to Promontory Point?—A. I have none of those estimates. They are all with the company. I left all my papers with the company when I left the company.

PORTIONS OF ROAD OVER THE ROCKIES AND THE WAHSATCH COS OVER $85,000 PER MILE.

Q. Is there any portion of the road between Cheyenne and Ogden that, taking into consideration its distance from the place from which the materials proceeded when it was constructed, cost as much a the sum you have stated as the cost from Ogden to Promontory Point?—A. Yes; there are portions of the road I have no doubt over the Rocky Mountains and over the Wahsatch that cost more per mile than that.

Q. To how many miles of the road would that statement apply?—A. I think all the road from Piedmont down through Echo cost more money than that. It was built in the winter, when we paid enormous prices.

Q. You mean that the part from Piedmont to Ogden would cost more than the part from Ogden to Promontory?—A. A good portion of it was heavy rock work, and it must have cost a great deal more than that for that part of the road.

Q. Is there any portion of the road between Cheyenne and Piedmont that would cost more per mile, having in view the different distances of transportation, and the period of actual construction, than the sum you have named as being the cost from Ogden to Promontory Point?—A. There are miles on the Black Hills which cost more; but taking the average cost through, I do not know that there is.

ACTUAL COST OF ROAD FROM CHEYENNE TO OGDEN MUCH LESS THAN $87,000 PER MILE.

Q. Then, taking the whole range from Cheyenne to Ogden, would it be your judgment that the actual construction cost more or less than $87,000 per mile?—A. A great deal less.

Q. Can you, within limitations as to an approximation, state about what, in your judgment, that would have cost at that time, or did cost?—A. You can get at the exact cost of that line in cash. I think they have it. I think it has been made a part of the records of the Government.

Q. Do you mean in the Wilson committee report?—A. I think it is there; yes.

Mr. JOHN F. DILLON. That states the cash cost of the road.

The WITNESS. That is better testimony than mine, because they knew exactly what it did cost. A statement made twenty years after is a mere matter of guess work as to the actual cost of the road; but you have data which give it officially.

Commissioner ANDERSON. I think if General Dodge will bring us the data which will give us the cost between Ogden and Promontory Point, it will be all that I desire to ask him. [Addressing the witness.] Can you bring us that to-morrow?

The WITNESS. Yes.

Mr. JOHN F. DILLON. I call your attention to the fact that this calls for the cost of construction five years before and five years after construction.

The WITNESS. I can give the cost then and now.

Commissioner ANDERSON. The act says five years before the actual construction and five years after, the object being to show that it cost more at the time of the actual construction than it would have cost at either of the other dates.

The WITNESS. When would be the five years after?

Mr. JOHN F. DILLON. In 1875. Then I would like to have you state what it would cost to build the road now?

The WITNESS. I have built roads almost every year since, and if I had time I could give you the information.

The Commission then adjourned to Friday, September 23, 1887, at 10 o'clock a. m.

No. 10 WALL STREET, NEW YORK,
Friday, September 23, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

GRENVILLE M. DODGE, being further examined, testified as follows:

COST OF ROAD FROM OGDEN TO PROMONTORY.

By the CHAIRMAN:

Question. Have you in your possession the estimate which you were requested to present to the Commission this morning, as to the cost of construction of the Union Pacific?—Answer. I have an estimate here from Ogden, west, which I spoke about—47 miles.

Q. What does the estimate contain?—A. It contains the entire cost of that work.

Q. On what was it based?—A. It was based on the actual cost of the contracts.

By Commissioner LITTLER:

Q. Is that an estimate, or an account showing the cost?—A. That is the cost.

Q. It is not estimated, but the actual cost?—A. It is the actual co
yes.

By the CHAIRMAN:

Q. "Cost of Union Pacific Railroad from ten hundred and forti
mile post to Promontory Summit, 45 88/100 miles, $87,188.86 per m
$4,000,224.96"; what is included in the actual cost?—A. Here is the c
in items: Grading, masonry, bridging, rock work, and everything el
On this side is the grading, masonry, bridging, track, tanks, and bu
ings, telegraph, labor since laying track, engineering, and amount
complete the road. That amount required to complete the road is w
the Government required.

Q. How much equipment is there in that?—A. There is no equ
ment in that.

Q. What would be the estimate for cost of equipment upon that p
of the road?—A. We placed upon the road, I think it was, $7,500
mile.

Q. So that the actual cost of $87,000 per mile, with the additio
$7,500 for equipment, would bring the actual cost and estimated va
of equipment to $87,108.86 plus $7,500, or $94,688.86?—A. Yes.

Q. Will you give us a copy of this, or will you submit this pape
the Commission?—A. I want to retain this, but I will have a c
made of it, if you like.

The following is a copy of the statement referred to:

S. B. Reed's statement of cost of grading from Ogden to Promontory Summit.

[Station 450 to Station 2290, 33 11/100 miles.]

	Cubic yards.	Cost per cubic yard.	Amou
Earth excavation	188,008	.30	$56,4
Do	119,281 5/10	.35	41,7
Do	4,031	.38	1,5
Do	5,488	.40	2,1
Do	147,721 5/10	.42½	62,7
Do	173,189	.50	86,5
Do	9,981	.52	5,1
Do	33,882 5/10	.55	18,6
Do	9,350	.57	5,3
Do	17,389	.60	10,4
Do	40,937	.66⅔	27,2
Do	877	.69½	
Do	790	.70	
Do	1,250	.74½	
Do	19,483	.75	14,6
Do	11,370	.80	9,0
Do	1,137	1.00	1,1
Do	3,010	1.75	5,2
Loose rock	25,435	2.00	50,8
Do	43,813 4/10	4.00	175,2
Solid rock	149,154	(*)	387,6
Earth excavation	4,084	(*)	
Loose rock	8,107	(*)	283,4
Solid rock			
Extra work:			
Rock excavation			20,0
Clearing, water hauling, &c			20,0
Lumber for dump boards, &c			5,0
Total			1,252,0

Company work, cost covered by pay-roll.

Cost of work done by Union Pacific Railroad between Promontory Summit and Monument Point.

—— miles.
—— dollars per mile.
$444,907.25/100.

Grading:	
Earth, $135,575.58; rock, $216,620.00	$352,195.58
Masonry	5,930.70
Making roads, hauling water, grubbing, and clearing	39,865.00
Telegraph lines	5,833.50
Engineering, superintendence, and contingencies	40,382.48
	444,207.26

Cost of Union Pacific Railroad from ten hundred and fortieth mile-post to Promontory Summit.

40.44/100 miles.
97,168.58/100 dollars per mile.
$4,000,224.96/100.

Grading	$1,184,101.70
Masonry	15,699.94
Bridging	336,168.08
Track, material and laying	1,510,749.74
Tanks and buildings	52,218.21
Telegraph	13,645.95
Labor since laying track:	
Engineering and contingencies	328,943.85
Amount to complete road	381,842.60
	4,000,224.96

Q. Now, beginning with the point of construction of the Union Pacific at the Missouri River, and giving it by miles, what was the actual cost to Cheyenne?—A. That is a matter that it is impossible for me to give; but it is sworn to, in the Wilson report, by the auditor of the contractors.

AS TO EARLY ESTIMATES.

Q. Did you make any estimate at the time about what would be the actual cost?—A. I did not make any estimate of the cost on each section; I made estimates of all the quantities, which I returned to the company, and whenever it was known what the work was costing, and they asked for an estimate of the cash cost of certain portions of it, I would furnish it.

Q. What estimate did you make from the Missouri River to Omaha and Cheyenne per mile?—A. I have not got that and could not tell; but I have here, as I find on looking over my papers, an estimate made evidently from near the one hundredth meridian to Ogden.

Q. How far west of the Missouri River is the one hundredth meridian?—A. About 247 miles. This is made in my own handwriting, here in New York, upon a sheet of their office paper, upon which an estimate has been made for the company. That would give my idea of what the cost would be of the work. Probably this was made in 1868, because it was made after the quantities were all known.

Q. How does that compare with your estimate given yesterday of the cost from Omaha to Cheyenne, where you said the cost per mile was about $30,000 to $35,000?—A. That is the east end of the road, and was the very lightest work.

Q. Did that cover the entire road from Omaha to Cheyenne?—A. I just gave that as mere guess-work. It was an estimate made without

any data; you asked my opinion, and it was only an opinion; I objected to giving an estimate, and you asked me for my opinion.

Q. Is your opinion to-day the same as yesterday?—A. Yes.

FROM 100TH MERIDIAN TO OGDEN ESTIMATED TO COST $50,000 PER MILE.

Q. What is your opinion as an engineer as to the cost from Cheyenne to Ogden?—A. I have got it here from the one hundredth meridian to Ogden, an estimate made at the time. I make that cost, as my estimate at the time, as $36,637,276; that is 732 miles; that is a paper that I found, and it shows it is made from accurate data.

Q. Seven hundred and thirty-two miles from what point?—A. From near the one hundredth meridian to Ogden; that estimate was made upon a condition of building the road, as we were then building it; but when they came to Piedmont, and we went into the work in the winter time, the cost of the work done there in the winter was certainly double what it would have been under these circumstances.

Q. That would be at the rate, then, from the one hundredth meridian to Ogden, of about $50,000 per mile?—A. Yes; something like $50,000 per mile.

Q. So that, as an engineer, making an estimate and giving your opinion as to the cost of construction of that road, at the time, it was the rate of $30,000 to $35,000 per mile, from the Missouri River west to the one hundredth meridian, and from the one hundredth meridian on to Ogden, at the rate of $50,000 per mile, on the average?—A. Yes; on the average.

Q. And that from Ogden west, 40 miles, the figures you have given as the cost was the actual cost at the time of the construction?—A. Yes; I want to say that from Piedmont to Promontory the actual cost was a good deal more than this estimate, for the reason which I gave—that it was built in the winter. We built the road from the Wahsatch Mountain in the winter when the snow on a level was at the top of the telegraph poles. Men worked there and blasted the rock and earth in the winter months.

Q. Then whatever the cost as charged to the company, in excess of the rate per mile given by you as an engineer, is a sum added as a result of the time at which you built the road?

The WITNESS. I do not understand the question.

Q. The estimate given by you from the Missouri River to Cheyenne and from the one hundredth meridian to Ogden, is an estimate of the actual cost, as charged upon the company's books; and any excess over that estimate is the result of the time during which the road was built and the obstacles that you met with?—A. I do not know how it was charged upon the books. I suppose the charges upon the books of the company are the cost in securities. This statement is the estimate of the cost in cash. Mr. Mink can answer the question of cash as shown on books better than I can.

BASIS OF THE ESTIMATE.

By Commissioner ANDERSON:

Q. In whose handwriting is this estimate?—A. I do not know whose it is. I suppose, though, that it is in the handwriting of one of the engineers in my office.

Q. Is that the original paper that was prepared at the time?—A. That I cannot state. That is a paper that I found among my own

part. I recollect making this up; and I have no doubt that this is the original paper.

Q. You are sufficiently familiar with the figures in detail to recognize it as being either the original, or an exact copy?—A. Yes.

Q. From what material was that statement made up?—A. All the grading, excavation, and everything else, was made up from the statement furnished by Mr. Reed, the superintendent of construction; the masonry, and track material and laying, tanks and buildings, telegraph, and such things were made up from data furnished by the engineers, showing the cost of each different part of the construction.

Q. But, as I understand it, the estimate which you have must have been made up after the whole work had been completed?—A. This was made up at the time we sold this road, or were about to sell it, to the Central Pacific. It was made up to show the exact cash cost at that time.

ESTIMATE NOT MADE UP FOR PURPOSE OF OBTAINING PAYMENTS.

Q. It was not made up then for the purpose of obtaining payments as the work progressed from the Union Pacific?—A. No; it has nothing to do with that. Those estimates are entirely different.

Q. Now, with regard to the rates at which each kind of work was charged, from whom did you obtain those rates?—A. They are put down here as stated by Mr. Reed; others were probably obtained from the regular vouchers, as to the cost.

Q. If you say they were obtained from vouchers, do you say it as a surmise, or as a fact which you know?—A. I suppose I called upon each of the departments which had expended this money to report the amounts that had been expended upon such and such work, and that was furnished to me, and I compiled that and made a statement from it.

Q. Mr. Mink has stated that the actual payments made by the Union Pacific Company for this work were made under contract at so much per mile, and that the payments were not made in kind.—A. I called upon the contractors and superintendent of construction, who laid out the work for the contractors; that was Mr. Reed. He furnished me with the actual cash cost.

Q. If the contractors were to make a statement they would undoubtedly employ their own superintendent, and estimate at so much per day; and they would necessarily state to you what, in their judgment, the work was worth per yard, and what the masonry was worth per yard, but they would not state to you the exact amount paid by them in wages to the men they employed?—A. I do not know why they should not.

Q. The contractors would naturally not pay for the work per yard, but would pay the men whom they employed to do the work their wages?—A. A portion of this work was contracted to other contractors.

Q. By whom?—A. By Mr. Reed, the superintendent of construction.

Q. Whose superintendent?—A. The contractors' superintendent.

Q. What is his name?—A. Samuel B. Reed.

THE DAVIS CONTRACT.

Q. What is the name of the chief contractor for whom he was chief superintendent?—A. This was under the Davis contract.

Q. Then the superintendent of the Davis contract would sublet certain portions of the work, and report to you the rates at which he had paid for it for account of Mr. Davis?—A. Yes.

Q. To what extent have you knowledge that the work was done in that way, and not by the direct employment of gangs of men, under foremen, to whom wages were paid?—A. I was on the ground when the most of this work was done; a part of it was done by the contractors, and a part by what they call the company, and if you look at this in detail you will see that it is made up in that way showing what was done by the different parties.

Q. Do you know what was the rate per mile for that work under the Davis contract?—A. I do not know. It is a matter of record.

Q. Is it not possible that in order to make a settlement with the Central Pacific you were instructed to make up a statement of cost by distributing the rates paid for the different grades of work, so as to make the cost substantially equal to what the Union Pacific were compelled under the Davis contract to pay Davis for that work and so enable the Union Pacific to be reimbursed the actual cost to the Central Pacific?—A. No; not in making up a statement of this kind.

Q. But in making up statements of that kind, if you took the rates for the different grades of work as to that portion which was not sublet to contractors, and simply figured up what the total cost would be at these several rates, is it not clear that you would not obtain the actual cost, unless the rates which were given to you for the different grades of work were the exact equivalent for the rates actually paid, or the cost, by reason of the rates of wages that were to be paid for the work actually done?—A. That is a pretty long question, and I shall have to digest it a little before I can answer. I can state in a few words what my understanding of this is. To my best ability, in my position as chief engineer, I obtain the actual cash cost of this work by going to the proper sources for it; and that is what I returned to the company to enable them to settle with the Central Pacific.

STATEMENT ABOVE GIVEN SHOWS ACTUAL COST TO CONTRACTOR.

By the CHAIRMAN:

Q. Do you understand that that paper represents the actual amount of money paid out by the Union Pacific road for the construction of this piece of road?—A. I understand that to be the actual amount paid out in cash by the contractors.

By Commissioner ANDERSON:

Q. And not the cost to the Union Pacific? The Union Pacific may have paid a great deal more.—A. The Union Pacific base their contract upon a different principle entirely. This is actual cash cost. That is what my memory is, that I was instructed to obtain the actual cash cost of this road—Ogden to Promontory.

WITNESS RELIED ON MR. REED'S WORD.

Q. Now, taking up some of these figures in detail, you enter on this statement 188,098 cubic yards earth excavation at 30 cents per yard, and carry out the amount as $56,429.40. Who was it that paid 30 cents per yard for that earth excavation?—A. Mr. Reed.

Q. And what information have you that he did pay 30 cents per yard for that earth excavation?—A. His mere statement to me. He was the superintendent of construction.

Q. Is there anything else on which you base it—any books which you examined belonging to Mr. Reed or to Mr. Davis, to which you can refer

your authority for saying that the actual cash cost to Mr. Davis there, through his superintendent, Mr. Reed, was 30 cents per yard for that work?—A. I certainly never examined the books of Mr. Reed or of anybody else when he made his statement to me officially of what he paid for work.

Q. Is your explanation the same as to all the items which follow that item in regard to this earth excavation—being the whole column, and running from 30 cents per yard to $1 per yard?—A. It is the same. It is his statement of cost as made to me.

Q. I find charges for excavating loose rock at $1.75 and $2 per yard, and $4 per yard for solid rock. What is the basis on which you found the entries which are made in this account?—A. He furnished them to me.

Q. They are also Mr. Reed's statements?—A. Yes.

Q. And so with regard to the following items: "149,154 cubic yards of earth excavation, company work, $367,469.67." What is the meaning of that entry, "Company work"?—A. There was a portion of that line across the salt desert, and a great deal of it was under water, and portions of it, if I remember rightly, we could not get a contractor to touch, and the company had to put their own men in and do the work.

THE "COMPANY" MEANT THE CONSTRUCTION COMPANY.

Q. That is, the Union Pacific Company?—A. The contractors. When he speaks of "the company" he speaks of his own company. The contracting parties there, when they let contracts, of course they had to reserve their own forces, and their own force would go in and help the contractors, and push on the work where it was not going on fast enough. I judge that that refers to that. I know that in that class of work over the overflowed desert, where it was under water, the men had to go in up to their waists to work.

Q. Then this is the construction company that you refer to?—A. Yes, sir.

Q. Do you know what its incorporated name was?—A. I do not know as it had any incorporated name, except that Mr. Reed was the superintendent of construction for the contractors.

Q. There must have been some organization that we can refer to for the purpose of asking where its books or records are?—A. It is under the Davis contract, I suppose.

THE DAVIS CONSTRUCTION COMPANY.

Q. Then, calling it "The Davis Construction Company" (for want of a better name), do I understand as to this figure, for this 149,154 yards of earth excavation, as to which no price is given per yard, but only a lump sum for the cost—that you made that entry on the statement made by Mr. Reed to you?—A. Yes.

Q. And you did not examine the books of the Davis Construction Company?—A. No; I examined none of the books.

Q. The entry, "Company work, cost covered by pay-roll," applies to the earth excavation which I have just examined you about; and also to the item of "loose rock," which is carried out at $262,478.35. Did you yourself examine those pay-rolls?—A. No, sir; of course not.

Q. Then there are three entries following those which I have spoken of, under the head of "Extra work, rock excavation, clearing, water-hauling, &c., lumber for dump boards, &c.," the three items being

$20,945, $20,898.75, $3,919.35. As to those items, is the source of your authority the same—information given by Mr. Reed?—A. Certainly.

Q. And no personal examination of pay-rolls or books?—A. No.

Q. Who is Mr. Reed?—A. He was superintendent of construction for the contractors.

Q. Is he now living?—A. I think he is, but I do not know.

Q. Have you any idea where these books are to be found which contain these entries?—A. No.

WITNESS'S SOURCES OF INFORMATION.

Q. The figures as to which I have been examining you contain the cost of grading of some 53 miles of road west of Ogden?—A. Yes.

Q. Do I understand you correctly, that the proportionate part of that grading charge for the 45 miles sold to the Central Pacific, between Ogden and Promontory Point, is carried in as the first item on the left-hand page of this statement, which is entered as "grading, $1,184,101.70"?—A. I suppose it is; I have not gone through the figures. In fact, I have no doubt that that is the proper cost and charge.

Q. Do I understand the other items entered on the left side of this statement, representing the masonry, bridging, track, engineering and contingencies, and amount to complete road, were different items which were grouped together in order to make up the bill to present to the Central Pacific?—A. Yes.

Q. From what source did you derive the item "masonry, $13,699.94"?—A. I suppose I obtained it from the contractor who did the work. I do not know who it was.

Q. Do you know whether it was obtained from an examination of any book at all?—A. I do not think that I examined the books.

Q. You merely took the statement?—A. I took the statements. I called for them from the different engineers and heads of departments.

Q. The heads of what departments?—A. The heads of their departments.

Q. That is, the Davis Construction Company?—A. Yes.

Q. Also distinguishing between the Davis people and the Union Pacific people?—A. Yes.

Q. Now, as to "bridging, $336,168.08," was that obtained in the same way?—A. The same; all of it.

BRIDGES EXAMINED BY ENGINEERS.

Q. Did you make any special examination of the amount of bridging that was done, in order to test the accuracy of this statement?—A. I did not myself, but my engineers, of course, examined all these matters as the road was built and completed.

Q. Did they examine for any purpose other than to ascertain that the bridges were properly built?—A. And as to the amount of material in them.

Q. Did they examine them for the purpose of ascertaining what would be the fair cost?—A. Probably not.

WHAT IS INCLUDED IN THE ITEM, "TRACK, MATERIAL, AND LAYING."

Q. This item of "track, material, and laying, $1,510,749.74," from what source did you derive that?—A. The same as all the rest.

Q. What does that item include, the rails?—A. Yes.

Q. And fish-plates and fastenings?—A. Yes.

Q. Does it include the ties?—A. I suppose it does; yes. It includes the track, material, and laying.

Q. Do you know the weight of the rail which was laid there?—A. Fifty-six pounds.

Q. Was it an iron rail?—A. Yes, sir. There were no steel rails in those days. It was American iron.

Q. Did you make any computation or examination for the purpose of examining this apparently large charge for 45 miles of track?—A. I have not since I have seen the paper.

Q. At what time did you?—A. I suppose I did when I made the statement of cost, but I cannot remember it.

Q. Do you remember whether you did or not?—A. No; that was 25 years ago.

Q. What proportion of the expenses included in the item would be covered by the rails?—A. I cannot tell without going into it and figuring upon it.

Q. All that it does include, as you can judge from the other charges, which cover all the rest of the work, is the track, the fish-plates, the washers, fastenings, and the ties?—A. And the laying—all the cost of laying the track, and the surfacing.

Q. It does not include any proportion of the road-bed?—A. No, sir; not the grading.

WHAT PROPORTION WOULD BE REPRESENTED BY THE RAILS.

Q. Can you not tell us, under the contract for the rails, the fixtures, fastenings, the ties, and the leveling of such portions as might be required for laying, what proportion would be represented by the rails?—A. Generally the track costs about one-third to one-half of the total cost of the road.

Q. But assuming that all your grading is done, and all that you have to do is to put the ties on, purchase the rails and fastenings, and lay the rails on, including the labor of preparing the bed for the ties, do you mean to say that the rails do not represent more than one-third of the cost of the whole work?—A. Of the whole cost of a road?

Q. No. Assuming the bed to be all prepared, and the items are the ties, the rails, and the laying.—A. The road-bed is a small part. For instance, no one could tell there, because he would not know what the freight upon those rails was. If I had the items by me I could tell. The freight on our rails out there as a general thing was as much as the cost of the rails, and the freight upon the ties was near what the ties cost us.

COST OF WORK IN WINTER EXTRAORDINARY.

Q. Do you not know what the ties cost?—A. I have not a detailed statement here now. I heard Mr. Huntington say yesterday that those that went in on the Wahsatch cost $1.75. He asked the man that was hauling them there. The ties for all that work were brought from the rear end in the winter. That work was mostly done in the winter and spring, and it cost double, and probably treble, what it would have cost if done in the summer. There was a piece of work that was done in the winter in Weber valley, and when the ground was covered with snow. I put the track laid on the road-bed there when it was solid ice, and I have seen the whole track, train, locomotive, and everything on it slide right off into the ditch at once. Therefore the cost of winter work was an extraordinary cost, on account of the time of the year that it was done.

Q. We understand from your statement that we may safely conclude that the cost was excessive and unusual, but what we desire to know is whether we can accept this estimate as coming from a person who officially examined the books, disclosing the actual payments, or whether the whole foundation for this estimate is that Mr. Reed made certain reports of figures to you. Of course the difficulty is as to the amount of reliance that can be placed upon it. So if you can give us any other source of information as to this large item for track it will lend force to your statement. As it is, it is simply information given by Mr. Reed.—A. I have no means of aiding you as to that.

Q. You have no means of making it any more reliable than it is in your testimony?—A. No; but I have no doubt that it is correct.

Q. You will perceive that the amount of this item alone, for track, material, and laying, is about $33,000 per mile?—A. Yes.

COST OF ROAD FROM PIEDMONT TO PROMONTORY $90,000 PER MILE, CASH.

Q. That is as much as you have estimated the entire cost of grading and building the road and everything else between Cheyenne and Omaha?—A. Yes. The grading is a small item in building roads. If I remember rightly, the road from Piedmont to the top of Promontory Mountain cost over $90,000 per mile in cash.

Q. Then these other items which you refer to in this paper are all based on this same information received by you either from Mr. Reed or from some other person in the employ of the Davis Construction Company?—A. Yes, sir; so far as 45 miles are concerned.

AMOUNT PAID BY CENTRAL PACIFIC TO UNION PACIFIC $2,698,620.

Q. Do you know what the amount was that was paid by the Central Pacific Company to the Union Pacific Company for this work?—A. I do not.

Commissioner ANDERSON. Mr. Mink, do you remember?

Mr. MINK. It was $2,698,620.

Q. Can you now answer the question from the information furnished you by Mr. Mink? Will you accept his statement?—A. Yes; $2,698,620.

WHY THE UNION PACIFIC ACCEPTED SO MUCH LESS THAN COST.

Q. Can you explain why the Union Pacific Company accepted a sum largely less than the statement which you handed us showing the actual cost?—A. I cannot. I know that there was a great contest over it; and we preferred to sell rather than they should build a road alongside of us.

Q. Can you inform us what was the cost per mile for this part of the road under the Davis contract?—A. The Davis contract was for $15,629,000 for 171 miles. This is the cost to the contractors. The cost to the railroad company was $23,431,768.10; that is $137,000 per mile to the railroad company. The cost to the contractors, as appears from the figures contained in the Wilson report, was about $90,000 per mile. The above figures are furnished by Comptroller Mink, and are taken from the figures contained in the Wilson report.

REFERENCE TO TEXT OF OAKES AMES CONTRACT AND DAVIS CONTRACT.

Commissioner ANDERSON. In this connection I call the attention of the Commission to the Oakes Ames contract, at page 759 of the Wilson

report, and to the Davis contract, which embraces the part of the road now under examination, at page 768 of the report, the price fixed by the Davis contract being referred back to the stipulation of the Oakes Ames contract.

Mr. JOHN F. DILLON. Those prices mentioned in the Oakes Ames contract are cash, and the actual cost to the company as expressed in mortgages and stock would necessarily vary from that.

HOW THE ESTIMATES COMPARE WITH COST IN NORMAL TIMES.

Q. In the estimate you have given of about $35,000 per mile as the cost from Omaha to the one hundredth meridian, and $50,000 per mile from the one hundredth meridian to Ogden, are those your estimates of the actual cost of the work as actually done, or would that have been the ordinary cost in normal times and under ordinary conditions?—A. The $35,000 estimate was a matter of judgment, which you asked for yesterday. I then had no figures with me. I found among my papers a rough estimate, which was made by myself, of the cost from the one hundredth meridian to Ogden, made some time before completion of road, and that is based upon prices being paid for work at the time, and was evidently made for the purpose of ascertaining about what the actual cost in cash would be under the then circumstances. But from Piedmont beyond, that part was built under extraordinary circumstances, and that estimate would not apply from Piedmont to Ogden; but from there east it would.

Q. From there east it contains sufficient margin to cover any special circumstances of weather or distance? or is it the labor actually required in the building of the road during that period of construction that makes the difference?—A. In making my estimate, I just took the quantity and the price paid and ascertained what amount that would make. I have the actual quantities before me in this paper.

COST FROM PIEDMONT TO OGDEN.

Q. Now, taking the work from Piedmont to Ogden, 110 miles, what, in your judgment, should be added to the estimate you have just made, in order to cover the peculiar difficulties which attended the construction as it really occurred?—A. When I was out there they were doing the work, and I thought that the actual cost under favorable circumstances for work done in seasonable time would have to be added three or four times; but I find that the actual cost for this work done in winter was only about double. Men who went out in the morning with overcoats on, and would have to work with overcoats on all day, were not able to do very large days' works.

Q. Is it your judgment that on the estimate made by you for that 110 miles, if doubled, this Commission can safely assume that the actual cost of construction did not exceed the estimate so doubled?—A. That would be my judgment, but you can ascertain the actual cost. I think my estimate is made with a view of covering the cost under the same circumstances as we had been doing the work.

PROBABLE COST OF UNION PACIFIC.

Q. Accepting, of course, your explanation that this is simply a basis of approximation, can you give that as your estimate of the probable actual cost of this road: the rate of $35,000 per mile for 247 miles from Omaha to the one hundredth meridian, which makes $8,645,000.

That would be $36,000,000 from the one hundredth meridian to Ogden; and to this amount there should be added for the 110 miles from Fremont to Ogden about $50,000 per mile (doubling your estimate for the 110 miles), making $5,500,000, and these three sums added together, namely $8,645,000, $36,000,000, $5,500,000, making $50,145,000, form your estimate of the probable cost of construction as it occurred?—A. Yes; if you have the distances and figures right.

AS TO MR. DEY'S ESTIMATES.

Q. Do you know anything about the estimates which have been prepared by Mr. Dey?—A. No; I do not.

Q. Did you hear from him what his estimates were, and did you hear that they differed from yours?—A. I do not know. Mr. Dey was on the road before these surveys were made upon this line. I do not remember receiving anything from him, but I used to hear from Mr. Dey often.

Q. Have you any knowledge of the circumstances that led to his resignation?—A. I have not, only what I have heard and seen since. I was not there; I was in the South then.

Q. You have no knowledge derived directly from him or from the officers of the company?—A. I have not, except what was said in conversation. Mr. Dey had been in an early day my own chief—a man that I respect very highly, and that was a matter that I never discussed much with him.

NO KNOWLEDGE OF SO LOW A FIGURE AS $19,000 PER MILE.

Q. Have you any knowledge of a section of the Union Pacific having been built by a person named Bushnell?—A. I have not.

Q. Have you any knowledge of the actual construction of some portions of this work, under some contract, made as low as $19,000 per mile, exclusive of stations?—A. I have not.

AS TO ITEM OF $74,000 ENTERED AS PAID TO GENERAL DODGE FOR AIDING LEGISLATION.

Q. I desire to call your attention to a passage in the report of the Wilson committee, with which you are doubtless familiar, and ask you what explanation you desire to make with regard to it. Referring to a certain amount of money which the committee think should be reimbursed to the company, or proceedings taken to collect them, I find the following reference: "$126,000 were paid to C. S. Bushnell on the 1st of March, 1871, and denominated special legal expenses, which were disposed of as follows: First, to G. M. Dodge, for services in procuring the passage of the act of March 3, 1871, in relation to transportation by said company for the Government, $74,000." The other portions of the item do not contain your name, and I do not call your attention to them.—A. You will find my testimony upon that before the Hunton committee, and a clear explanation of it, much better than I can give now, because it was fresh in my mind then.

Q. We would prefer to have the explanation direct.—A. If you will give me the Hunton book I will read it to you.

Q. We have not got it here; have you got it? If you will hand it to us that will be an answer.—A. It is in their printed report. Mr. Bushnell's testimony also covers that fully.

Q. Will you read it just as it is there?

The witness read the following extract from Pub. Doc. Mis. 176, 44th Congress, first session, House of Representatives:

Q. In some investigation that has taken place in regard to this matter, was it not said that a sum of money, probably $125,000, had gone into your hands?—A. No; I think not; I think you have reference to Mr. Bushnell, probably.

Q. Mr. Bushnell, instead of you?—A. Yes, sir; you no doubt refer to the Wilson investigation. If you had the Wilson report here you could see what connection I had with that matter.

Q. But you can state it now?—A. I suppose you refer to a check for about $24,000 that was paid to me by Mr. Bushnell.

Q. Yes; state your connection with that.—A. That is all the connection I had with it. He paid me that amount of money.

Q. What for?—A. Upon a call of Union Pacific stock. I had a call upon him of Union Pacific stock, and that was the amount that was due from him.

Q. What do you mean by having a call upon him for that stock?—A. I bought the call on him of the stock at about twenty-three, I think, or something like that, and when the stock went up that was the difference.

The WITNESS. Then they asked me an explanation of what a put and call was.

Q. Is that all the explanation contained in the book from which you are reading?—A. That is about the substance of it. There were more questions asked me; but that is all in relation to this.

Q. Was the voucher which was prepared for this payment signed by you?—A. I do not know that it ever was.

DOES NOT KNOW WHETHER HE HAS SEEN VOUCHER OR NOT.

Q. Have you ever seen that voucher?—A. I do not know whether I have or not.

Q. Have you ever heard that the Union Pacific have in their possession a voucher which states on its face that this money was paid to you for services in procuring the passage of the act of March 3, 1871?—A. No; I have not.

Q. You never heard that?—A. I never heard it. I know that I was there for Mr. Bushnell on that service; and that is the way he paid me—by giving me a call on the stock. In fact I went there and obtained the passage of that bill.

Q. Then the agreement with regard to the call had some reference to the passage of the bill?—A. Yes; that was his inducement for me to go there.

Q. State what occurred between you and Mr. Bushnell at the time the call was given to you.—A. It is pretty hard to do that. I had already been obtaining from Congress a separate bridge bill, for building a bridge across the Missouri River in connection with the Union Pacific; but I failed in that, and when I was at home I received a dispatch from Mr. Bushnell, and also one from the president of the road, asking me to go to Washington and aid in this matter.

A "CALL" ON THE STOCK.

Q. That was Mr. Sidney Dillon?—A. No; Mr. Scott, I think, asked me if I would go to Washington and aid in the passage of that bill, in order to obtain bonds or something with which to build the bridge. Finally I went; and when I was there Mr. Bushnell, I suppose, wanted to pay me for my services. I told him that I could not stay there and work and give my services for anything of that kind; and then he gave me a call upon the stock, and I suppose that he paid my expenses besides.

Q. How many shares of stock did the call cover?—A. That is more than I can tell you; I do not remember.

Q. Was the call in writing?—A. I think it was; but Mr. Bushnell will probably remember that better than I do.

Q. Was it signed by Mr. Bushnell individually, or on behalf of the company?—A. It was by him individually. I do not know that the company had anything to do with it.

Q. What advantage would it be to Mr. Bushnell to get that act passed, personally?—A. I think he was a very heavy holder of the stock of the company, and was there representing a great many other holders, and it would be a great advantage to the stock of the company if this bill passed.

Q. Was he a director of the company at this time?—A. I think he was; but I believe that he had some contract in relation to the bridge bill which, if we got it through, the interest on that would be reduced very much, and it would be a great benefit to the company.

Q. Do you know if his bargain with you was made on behalf of the company, or on behalf of himself?—A. On behalf of himself, as I understood it; but still it might have been on behalf of the company. I do not know. He can answer as to that.

WHY THE CHARGE WAS MADE TO THE COMPANY.

Q. If made on behalf of himself, can you explain why the payment is charged to the company? If the contract with you was made on behalf of Mr. Bushnell individually, can you explain why the amount paid to you was charged to the company?—A. I think I can. Mr. Bushnell owed me this money and told me that there was a certain amount of money due him from the company; and when they paid him he paid me that check for my part of it.

Q. That would not explain why he should charge the amount paid to you to the company?—A. That he can explain; I cannot explain those things.

Q. Why did you not call the stock?—A. I had rather take the difference. I did not care to pay for the stock.

WHAT IS A "CALL"?

Q. For the benefit of the Commission please explain what a call is?—A. You had better get some "put and call" broker to do that.

Commissioner ANDERSON. I will state: A call is a contract under which the party giving the call agrees that the party to whom the call is given shall have the right to demand from him a delivery of the stock, at a specified figure, at any time during the period limited by the call.

SERVICES OF WITNESS AT WASHINGTON.

Q. What services did you render with regard to the passage of this bill? How long were you at Washington, and how extensively did you work?—A. I was there quite a time—from the time the bill was presented until it was passed.

Q. Was it a month?—A. Yes; I think more. I think it was two months; but I cannot tell that exactly. I gave my attention right to it. I understood the matter thoroughly—the necessity of it, and everything else about it; and there was no reason why the bill should not be passed. It was a proper bill to pass; and it enabled us to build the Missouri River bridge.

Q. Did you remain at Washington continuously all the time?—A. I think I did; all the time.

Q. How often do you suppose you appeared before the committee?—A. I cannot tell. I went before them several times, and I went to see nearly every member of the House and every member of the Senate.

Q. Were you compelled to employ any assistance to get the facts?—A. No; I don't think I did employ any one. I might have employed attorneys.

Q. This payment, then, covered your own individual services?—A. My own individual assistance; it was for my own benefit.

INFLUENCING LEGISLATORS.

Q. Was any money used by you for the purpose of influencing any member of the committee, or any legislator, in procuring the passage of this bill?—A. Certainly not. I have been to Washington ever since I have been connected with the Union Pacific Railroad; I have been called there upon nearly every measure; and I never saw the necessity of such a thing, and I do not think a man would dare to do it; I would not. There was no necessity for such a thing.

AS TO SIOUX CITY AND PACIFIC RAILROAD.

By Commissioner LITTLER:

Q. You were at one time a director of the Sioux City and Pacific Railroad?—A. I think I was at one time, but I could not state positively unless you have the data. I have been a director of so many roads that I cannot tell; I think I was.

Q. Were you there actively connected with the road?—A. No; I don't think I ever attended the meetings; it is possible I may have done so.

Q. Do you know who built that road?—A. John I. Blair built it, I think.

Q. Our examination of the books failed to disclose that John I. Blair built the road.—A. Then I am mistaken. I only know it from the fact that he built a good many roads through Iowa. I have no knowledge, only the supposition that I have in my own mind.

Q. We fail to find any history of its construction, or any paper or book in relation to its construction, and we fail to ascertain what construction company, or what individual or individuals, built the road?—A. I think if I had anything to do with it, it was after it was built and completed. I know that I had nothing to do with it when it was being constructed.

Q. As a director did you take any active part in the management of the property?—A. Not at all.

Q. Did you ever attend any meetings of the board?—A. I would not like to say that I did not or that I did. I do not remember. I do not even know why I was made a director there.

Q. You practically know nothing about the construction of the road nor its operation?—A. I know nothing about it.

CHARACTER OF THE COUNTRY.

By the CHAIRMAN:

Q. What do you know about the country through which it passes?—A. It is a road running down through the Missouri Valley, across to

Fremont. It is a light country from Sioux City to Omaha, and a heavy country from the Missouri to Fremont.

Q. What is the ability of the country now to sustain that road by its local traffic?—A. That is a very serious question—there is so much serious competition there. You will have to go to some operator to ascertain that. It would be a mere matter of judgment. I think that the competition there is very strong.

Q. Has the road an advantage over its competitors by reason of its location along the Missouri bottom?—A. It is a light grade there along the Missouri bottom, and they can probably haul material cheaper than a road crossing the country.

Q. Has not the population been centered about Sioux City longer than about the competing line?—A. My recollection of that country is that the Missouri Valley is about the first settled, but that the country back has heavier settlements than the Missouri Valley.

Q. Are you familiar with the products, and the population through which the Sioux City road passes?—A. Yes; I have lived in that country ever since 1853.

Q. Have you been there lately?—A. I go there about once a year.

LOCAL TRAFFIC.

Q. What in your judgment is the ability of the productions of that country, and the population, to sustain the road by local traffic?—A. Do you mean just to pay operating expenses?

Q. I mean to support the road by its local traffic, as distinguished from through traffic?—A. I should think the local traffic would pay the operating expenses of the road.

Q. What advantages has it as a line in connection with the through lines?—A. I believe the line runs in connection with the Northwestern road; and of course there is a part of that road that has the same advantage as any other through line.

CONNECTIONS WITH THROUGH LINES.

Q. What advantage does it give to a through line by its connection?—A. It allows the Northwestern to reach Sioux City in that way. It reaches it also in two other ways. I do not think there is much advantage to it crossing Iowa; but they have used it to cross Nebraska, and to connect with the Freemont and Elkhorn Valley road.

Q. What other through line is connected with it?—A. I don't know any except the Northwestern.

Q. Does the Illinois Central cross it at any point?—A. No; the Illinois Central connects with it at Sioux City.

Q. Has the Northwestern, in your judgment, an advantage over the Illinois Central in having the possession of the Sioux City road, in getting into Sioux City?—A. No, I do not think it has; the Illinois Central runs direct to Sioux City.

Q. Has the Northwestern Railway in the possession of the Sioux City an advantage over the Illinois Central in having possession of the Sioux City and through lines and the country through which they pass?—A. I should say not. I should say that they were about on equal terms.

Q. So there can be no strife between the Illinois Central and the Northwestern for the possession of the Sioux City road in the event of its being an independent road?—A. I don't see where there could be

say, because the Illinois Central comes into Sioux City from the north, and the Sioux City road from the south.

Q. Would the possession of the Sioux City then be an advantage to the Illinois Central?—A. I cannot see where it would be an advantage to them, unless they have some objective point to the south and west. The Illinois Central always has run into Sioux City on a leased road.

FINANCIAL STANDING OF SIOUX CITY AND PACIFIC ROAD.

Q. What, in your judgment, is the capacity of the Sioux City road to pay the Government debt?—A. That is a matter that I know very little about. I would want to see its earnings, which I have never seen independently. I know that in its early days it earned very little money.

Q. I understand you to say that the Sioux City through local traffic would pay operating expenses?—A. That is a mere guess.

Q. With that local traffic in view, what, in your judgment, would be the ability of the Sioux City road to settle with the Government? I am asking for your opinion.—A. I believe that the Sioux City has all that it can do to pay interest on the first mortgage from its earnings. That would be my idea; but it is mere guesswork of mine, because I have never given any thought to it.

DEBT OF THE UNION PACIFIC.

Q. Have you given any thought to the subject of the settlement of the debt of the Union Pacific?—A. Yes; I made a proposition once to the Government to settle it, and have given it a great deal of thought.

Q. What proposition did you make?—A. As soon as the Union Pacific got what we call upon its feet, so that we saw it could take care of itself, the company, of course, began to think about the debt. They supposed that they would not be called upon to pay the debt, or any interest upon it, when the road was built.

Q. Why do you say that the road would never be called upon for that?—A. If you had ever traveled through that country, as I did, before the road was built you would not think there was anything in it to pay. The men who knew the country had no idea, in those days, that it would be possible to make a road pay there. Even when I had completed this road, and made estimates to the Union Pacific Railway Company that in five years it would earn $5,000 per mile, they thought that I was crazy. That was the first estimate that ever was made as to its earnings; but I worked its earnings up to $5,000 per mile in five years. I do not think there was anybody who would sustain me in that estimate at that time; but we went on, and in ten years earned a great deal more. It then seemed that the country west of the Missouri would never be productive, because of the lack of water. Then came a change of climate and a development of the country, so that people could go into that country and settle; and that has enabled this company to earn the money to pay its interest and dividends upon its stock. If the Government had let us alone, and let us go on and use our credit, and pay the debt when we wanted to, we would have been free from all this trouble. We could have had five, six, or seven thousand miles of branches attached to it as feeders. Take the branches away from the Union Pacific road to-day and it could not pay anything.

PLANS OF SETTLEMENT APPROVED BY SECRETARY BRISTOW AND PRESIDENT GRANT.

Q. Now, go back to your proposition about the payment of the debt, and state what that was?—A. When Mr. Gould came into the road he

commenced giving it a good deal of consideration; and we formulated a plan—two plans; it is impossible for me to state exactly what they were, but I can give the substance. One was a plan in which we calculated the then present value of the debt, and agreed to make a payment that would pay that debt off in a certain length of time. Another plan was one by which we agreed to pay so much per year that should be made a sinking fund, and increase upon the gross earnings. I went to Washington with the propositions, and went before the Secretary of the Treasury, Mr. Bristow, and called his attention to it; I got him to consider it; he took it up and made some changes in it; it was then taken before the Cabinet; it was approved; I went with it before the President, General Grant, and he approved it; and they wrote their messages, and were about to present them to Congress, when it commenced getting into the papers. There was an immense short interest in Union Pacific stock here; and they sent representatives to Washington who went to General Grant and made him believe that this proposition of the company was for the purpose of booming the stock, and that laid the plan by. General Grant has told me a great many times since that he regretted very much that he did not put the matter before Congress and settle the thing then. The proposition that we made then would, I think, have paid the debt off within twenty years after it was due.

Q. In what year was that?—A. That was in 1874 or 1875. It was when Mr. Bristow was Secretary of the Treasury.

Q. Were the propositions made in writing—A. Yes; everything was in writing.

Q. Were they printed at the time?—A. I do not think they were. I have been unable to find, although I have looked everywhere, but have not found a copy of them. Of course if Secretary Bristow is disposed to testify he can tell better than I can about it.

Q. Do you know whether copies are on file in the Treasury Department?—A. I do not. I suppose they are, though, because it was a matter of long calculation and discussion, and it was given a great deal of consideration.

PRESENT DIFFICULTIES OF THE UNION PACIFIC.

Q. What advantage, if any, has an immediate settlement with the Government by the road, based upon the commutation allowance, over an extension through a series of years to maturity, and leaving the present arrangement unchanged until maturity?—A. The difficulty with the Union Pacific road to-day is that it is tied, hand and foot. It cannot defend itself. The law that I think was put upon us in 1873 was made for the purpose of destroying the Union Pacific. If we go outside to defend ourselves we must do it indirectly. Whereas if we were allowed to use our credit to defend our territory, and to take care of it, the Union Pacific Railroad property would be one of the best properties in the United States. But it is being destroyed just by the fact that we are tied hand and foot. We are hauled up in Washington, and everywhere else. Everything we do is criticized. It seems that everything we ever did, from the time we started until we got the road built, is treated with suspicion. It is thought that there is something wrong in it. I have been connected with the road, and with every administration of it, and I have seen its best men fail; and I have never yet seen anybody connected with that railroad who did not give his best effort, as he saw it, for the benefit of the property, and for the benefit of the Government. I want to say here that the Government has

little interest in the matter while we built the road. Even the reports which we sent to the Government were hardly considered. When first called upon by Congress the Secretary of the Interior snubbed me by saying that Congress did not know by what right our reports happened to come there. When we needed help from them to take care of the property, they did not pay much attention to us; but as soon as we got the road up so that it appeared to be a success, we were attacked constantly.

ADVANTAGE OF AN IMMEDIATE SETTLEMENT.

Q. I repeat my question. What would be the advantage of an immediate settlement by the taking possession through purchase for cash or otherwise, of the roads by the company, and separating them from the Government, over an extension based upon annual payments?—A. If I get your idea, you mean an immediate payment to-day, so as to leave the company free. There may not be so much advantage in that as there would be in making the settlement by time, if you will relieve us and release us from all conditions except taking care of the property and paying our debts. You ask what is the difference between a settlement to-day and a settlement by payments from time to time. Is that your idea?

ADVANTAGE OF FREEDOM FROM GOVERNMENTAL SUPERVISION.

Q. Yes. I ask what are the advantages to the Government in divorcing the roads from the Government, and leaving the roads to look after themselves—the roads paying the Government its debt, and taking possession, over an extension of the present relation of the road with the Government?—A. It would be a great benefit to the company, of course, if they were free from Government supervision, and were allowed to carry on their business in the best way, and to go on and build branches. It would be a great benefit to the property.

Q. When you made your proposition to the Government, what time did you give for the extension?—A. That is a matter it is impossible for me to state. In one way the payments ran until the sinking fund met the debt. When that would be, I forget. In the other way, it was by the payment of so much money, increased from time to time; but I think the time was not stated in that proposition.

ADVANTAGE OF PAYMENT BY SPECIFIED SUM OVER A PER CENTAGE OF NET EARNINGS.

Q. What advantage has a specified sum paid per annum in an extension system over a percentage of net earnings?—A. Net earnings, as you know, are an uncertain quantity. Net earnings are dependent upon what you obtain, your rate per passenger, and per ton per mile.

Q. Has the plan of a specified sum an advantage over a percentage?—A. I think a specified sum is much better, because we would know then exactly what the company would have to do. But I do not want to speak in relation to that matter. The company can speak for itself on that point.

ABILITY OF UNION PACIFIC TO MEET DEBT.

Q. What, in your judgment, is the ability of the Union Pacific to pay the debt?—A. There is no question as to its ability, if you give us full

control of the property and give us time. Let us pay this debt the same as we would any debt, by either selling a low-priced bond or fixing it at something that we could meet. If this road was independent of the Government they could issue new bonds the same as all roads do under a system of interest that could be met.

JUNCTION OF SIOUX CITY AND UNION PACIFIC.

Q. How far is the southern point of the Sioux City road from the Union Pacific road—the track is what distance?—A. It is at Fremont—just at Fremont.

Q. How many miles is that from the main line of the Union Pacific?—A. It is right at the main line. The Sioux City and the Union Pacific join at Fremont.

Q. Is that the original main line of the Union Pacific?—A. The Sioux City road runs right across from Fremont, on the Union Pacific, and goes to Sioux City.

Q. Who has control of the road between the main line of the Union Pacific and the junction at the Valley?—A. I do not know, but I suppose the Northwestern Company. I have no knowledge of those matters.

Q. Are you familiar with that country?—A. Yes.

Q. What is the distance?—A. I suppose about 30 miles.

OBJECT OF CONSTRUCTING SIOUX CITY ROAD.

Q. Was the purpose of the construction of the Sioux City to give an outlet to the Northwestern in Iowa down to the main line of the Union Pacific, and from the Union Pacific to the West?—A. The charter shows that. I suppose that it was. I paid very little attention to those matters. The idea, as I understood it, in the scheme was to give an outlet in Kansas City and Saint Joseph, and another at Council Bluffs, and another at Sioux City.

Q. Were you familiar with the construction of the Sioux City at the time you were connected with the Union Pacific?—A. I knew of its construction. I was not over its line.

THE CONTROL OF THE SHORT LINE.

Q. Can you give the Commission the reason for the omission or failure to connect with the Sioux City by which it would be under the immediate control and in direct connection with the Union Pacific?—A. They did build a road to Fremont, to a connection with Union Pacific, did they not?

Q. No; there is a leased line, under the control of another company, between the main line and Fremont. The Sioux City seems to have terminated within 25 miles of the Union Pacific and given the short line to the control of a stranger?—A. If I ever knew that fact I have forgotten it.

THE BRANCH SYSTEM.

By Mr. JOHN F. DILLON:

Q. You have already expressed an opinion that what is termed the branch system of the Union Pacific is essential to its prosperity?—A. Yes, sir.

Q. On what is that view based?—A. Branches would develop and control the territory along the line of the road and bring business to the main line, by which we get a longer haul upon it. If we had not developed that country, and some other road had come in and built these branches, we would only have the business contributory to our road along the main line. The efforts of all railroads is to obtain control of as much territory as they can, and especially the farther west they go, so as to get longer hauls on the main line.

Q. Is that the case with all competitors of the Union Pacific?—A. It is.

COMPARATIVE COST OF CONSTRUCTION.

Q. Among the subjects of inquiry by this Commission is this: To ascertain the comparative cost of the construction of the road, as compared with what it would have cost with the prices of labor and commodities prevailing five years preceding and five years after the completion of the road. How extensively have you been engaged in building railroads?—A. I have built railroads, or have been connected with building railroads, ever since I was nineteen years old.

Q. The act of Congress allowed the company, I think, until the 1st of July, 1875, to complete this road. Suppose they had taken that time, what would have been the relative cost of construction as compared with the actual cost at the time and under the circumstances under which the roads were built?

Commissioner ANDERSON. The answer to that question can hardly be valuable, because you do not say when they commenced to build the road. If they commenced in 1867 and ended in 1875 it would depend upon the percentage of work done in each of those years.

Mr. JOHN F. DILLON. I want to give it within five years—how much less it would have cost if they had taken until 1875?

Commissioner ANDERSON. It seems difficult to answer that unless he knows how large a percentage of the work was delayed.

Mr. JOHN F. DILLON. He can give his best judgment.

The WITNESS. If we had taken the whole time from 1866 to 1875 to build the road it probably could have been built for half what it was built.

Q. How much more would it have cost, in your judgment, to have completed the work in 1869 than to have taken five years beyond that time in which to complete it?—A. That is a hard question to answer. I built railroads from 1870 to 1875 and I know about what railroads cost then. I suppose that it cost 33½ to 50 per cent. more.

WHY THE WORK WAS PUSHED.

Q. Do you know why the work of completion was pushed with such rapidity and at such great cost?—A. It was the demand of the Government and the demand of the country.

Q. Did you have any interviews with any of the officers of the Government about it?—A. Yes; with the President, and with different members of the cabinet, and every one was pressing us. It was desired apparently all over the country. We all felt the necessity of getting the road built.

CONVERSATION WITH PRESIDENT LINCOLN.

Q. Did you have any conversation with President Lincoln on the subject at any time?—A. At the commencement of the work I did. When

I first made my surveys I met Mr. Lincoln in Council Bluffs, in 1856 or 1857. He took great interest in them and obtained all the information he could. He owned some property in that town and came there to see it, and I happened to come in from the mountains and met him, and he took great interest in the matter. I was a young man, and of course he got from me all that I knew. In 1863, when I was at Corinth, Miss., I received a dispatch from General Grant, directing me to proceed to Washington, as the President wished to see me. I went there, and he again took up this question of the building of the Pacific roads, having known that I had been connected with it up to that time. He expressed a great desire to have it built. I thought that the Government ought to build it. He seemed to think differently, but he said that the Government was ready to do almost anything that would assure its completion. He said he looked upon it as a necessity. He went through the subject with me, in relation to where the initial points of the road should be. In fact, he said that the Government would do whatever was necessary to insure the people taking hold and building the road.

THE OREGON BRANCH.

Q. Did you make any surveys at any time with reference to what was termed the Oregon Branch?—A. I made the original surveys, and I suppose it was from my recommendation that the company took it up.

Q. What was the general nature of that Oregon line?—A. The direction was northwest. It gave us an outlet on the Pacific Ocean at the mouth of the Columbia River.

Q. How far, in a general way, was it coincident with the present line—the Oregon Short Line to Oregon? Were the two lines in the same general direction?—A. No. The Oregon Short Line goes to the northwest, and really comes in and joins the Union Pacific a very short distance from the western terminus of the Union Pacific. Everything that goes up over the Oregon Short Line the Union Pacific gets the haul upon nearly its entire length.

Q. What I ask is, what point were you seeking to reach, acting for the Union Pacific, when you made your surveys?—A. I meant to reach tide water at Portland.

SEEKING AN OUTLET TO THE PACIFIC OCEAN.

Q. What was the object of the company in seeking that connection?—A. The object was to give it an independent outlet to the Pacific Ocean, for the purpose of obtaining the trade from Oregon and Washington Territory, which, we believed, would have a very large trade for us and help maintain and build up our main line.

Q. The company has recently obtained a lease of the Oregon Railway and Navigation Company. Did you investigate that matter, and did it have the approval of your judgment?—A. I did. I went out there before the lease was made, I think last November, and made a careful examination of the line and of the country; and I put myself on record as very strongly in favor of obtaining the right of traffic over it by lease, or by some other method, by which there would be no possibility of our losing our right over that road to the Pacific.

THE WITNESS ALWAYS WILLING TO TESTIFY.

Q. There have been some statements made in the public press as to a disinclination on your part, or an attempt even, to evade the service

of the process of this Commission to appear and testify. Have you anything to say as to that?—A. I would like to ask the Commission upon what that statement was based. Certainly I have never shown any indisposition to come here. A note to me at my office at any time, or to the president, or to any officer of the Union Pacific Railway, would have brought me. I never knew that anybody had any difficulty in finding me. I saw a statement in the papers that I had been followed 2,200 miles in order to get me here.

The CHAIRMAN. You are mistaken about that. We first sent a note to General Dodge, and in addition to that sent a subpœna, as to any other witness. That was all.

AS TO NEWSPAPER REPORTS.

The WITNESS. Here is the statement made in a Philadelphia paper: "Home from California. Work of the Pacific Railroad Commission. Governor Pattison talks of the inquiry in San Francisco. A subpœna for an evasive witness." Then follows: "A clever capture of Dodge."

Commissioner ANDERSON. That is a Philadelphia paper, is it not?

The WITNESS. Yes, sir. I would like to read this:

One of the principal witnesses whom the Commission will examine on September 11, when it shall meet in New York, will be General Grenville M. Dodge. The latter has been evading the service of a subpœna ever since the appointment of the Commission. He is considered a very important witness, as he is well acquainted with the secret history of the Pacific roads. He had charge of the construction of the Union Pacific Railway, and was the chief engineer of that enterprise. He is also president of the Construction Company of the Fort Worth and Denver Railroad, a director of the company, and president of the Saint Louis, Des Moines and Northern Railway. The sergeant-at-arms of the Commission chased General Dodge 2,200 miles over the country for the purpose of serving a subpœna on him to appear before the Commission, but the wily general always succeeded in giving his pursuer the slip. Governor Pattison appointed John J. Curley, of the Record, a special sergeant-at-arms for the purpose of serving the subpœna. The necessary documents arrived from San Francisco on Monday night. Mr. Curley proceeded to New York on Tuesday morning, and after four hours hard work finally located General Dodge at No. 1 Broadway, the big Washington building, which contains 330 offices. The general's name not appearing on the directory of the building, it required diligent inquiry to locate him in an office on the eighth floor. Admission to his presence was impossible, but a three hours' wait rewarded Mr. Curley with a glimpse of General Dodge as he emerged from one of the four elevators in the building and endeavored to lose his identity in the throng on Broadway. He was soon overtaken, however, and accepted service of the subpœna in the middle of Broadway.

THE CHAIRMAN HAS NOT BEEN INTERVIEWED.

The CHAIRMAN. I will say that at no time during my association with this Commission have I ever given expression to any newspaper upon any question whatever in connection with it. I have never submitted to an interview upon any subject at any time; furthermore, I did not know that you had been subpœnaed until some time subsequent to your subpœna; furthermore, while at Council Bluffs we simply addressed a letter to you, hoping to find you at Omaha, and then on the failure of that notice, and in order to carry out what we believed to be our duty under the law, we sent a subpœna by the sergeant-at-arms. That is all that the Commission has done in connection with the service of a writ upon you. As to your efforts to evade the subpœna, I was not aware of any such allegation, and did not know anything at all about it, and have no knowledge now upon the subject.

The WITNESS. This purports to be an interview with you, Mr. Chairman, and I supposed that it stated the facts. Did you address a letter to me at my home in Council Bluffs?

The CHAIRMAN. I sent Mr. Walsh, the sergeant-at-arms, over.

The WITNESS. If a letter had been addressed to me it would have reached me. I was here in New York until the 27th of April, then went West with Mr. Adams, stopped at Denver, attended public meetings at Pueblo, rode across the country to Fort Worth, Tex., and came back here. Mr. Adams, when he got here, told me that he had heard that you were going to examine me here; and I supposed that when you wanted me you would send for me. I saw this article, and there was a column in the New York papers also about it. I do not like to be placed in such a position.

The CHAIRMAN. The Commission is not responsible for that in any way. Have you any further suggestions to make to the Commission?

The WITNESS. I have not.

The CHAIRMAN. Have you any further information to give?

The WITNESS. I have given all that I know of. I shall be glad to give you anything that you ask me for.

Q. Were you connected with the Union Pacific during the presidency of Mr. Scott?—A. Yes.

WITNESS WAS A DIRECTOR.

Q. Were you a member of the board?—A. Yes, sir; I was a member of the board for a long time, I think. I believe that I was a member of the board all the time, except one or two years, when Horace F. Clark was president.

Q. Do you recall the compensation paid to Mr. Scott as president of the Union Pacific during that time?—A. No; I do not. I was in Texas and did not attend the meetings of the board.

Q. Have you any knowledge upon the subject of what sums of money were paid to him for assuming the presidency of the Union Pacific?—A. I have not.

HOSTILE INDIANS AN ELEMENT OF COST.

I would like to say that there is one element of cost in building the Union Pacific Railroad not yet stated. The road from Loup Fork to Green River had to be surveyed and constructed when the Indians virtually had possession of that country, and were at war. A great deal of stock was taken from the contractors, and numbers of their men were killed. In surveying the line not a mile could be run except under the protection of troops or armed men, and the chiefs of four of my parties were killed while engaged in the performance of their duties in the field. While the Government aided us in every way possible, furnishing military escorts and trying to protect us to the best of their ability, it was impossible to give complete protection to men stretched out for hundreds of miles grading, cutting ties, laying track, and everything connected with the construction of the road. I have myself stood at the end of the track and seen the Indians swoop down and drive off hundreds of head of stock near the graders, and get away with them before they could be intercepted, as the cavalry along our line in those days was limited in numbers. When the graders would go out to work each day they would have to carry their muskets and stack them upon the dump or in the cut, ready for use at any moment. I remember once or twice, when I had been out with the Government commissioners examining the road, the Indians cut our trains off by burning bridges ahead of us. This was a continual source of anxiety, cost, and trouble

during the entire construction of the road to Green River, and it was a percentage of cost that could not be estimated, because no person would do work as cheaply where he had to risk his scalp as he would in a country free from such troubles, like Iowa and Illinois.

THE UNION PACIFIC CAN PAY IF IT GETS AN EXTENSION.

I wish also to say, from my knowledge of the Union Pacific road and its capabilities, that there is no question in my mind but what if the Government will give the company an opportunity by allowing it time, or allowing it to issue a bond of low rate of interest to meet the Government debt, they can pay it and make the property one of the best railroad properties in the United States. They must immediately repeal the law of 1873 to enable the company to use its credit with which to build branches to defend the main line, in which the Government has so much interest. The Government, in my opinion, should allow the company to invest the amount of the sinking fund at this time in its hands in building branches to the road, taking in lieu of the sinking fund either the first mortgage upon the branch, or a bond of the Union Pacific Railway upon the branch. There is no question but that the Union Pacific could pay the interest upon this bond, thus increasing the sinking fund itself much more rapidly than it is increasing now. I think that the branches already built (which we have had to build indirectly) have been the salvation of the main line of the Union Pacific Railway. Without those branches I do not believe it to-day would be able to earn its interest, much less pay anything to the Government. I remember distinctly that it was Mr. Lincoln's idea that the saving to the Government by the building of the road would compensate for any aid the Government might give it. I also remember that in 1865–'66, when I made the Indian campaigns in this country, where the transportation in these campaigns from the Arkansas River to the Yellowstone was said to have cost over $12,000,000, had the Union Pacific been in existence it need not have exceeded $1,000,000 to subdue those Indians. In fact, by the completion of the road, the Indian troubles were virtually settled.

THE COMPANY'S EARNINGS ENCOURAGING.

There has been a wide-spread belief throughout the country that the Union Pacific Railway Company was not disposed to pay the Government, or pay its interest, but that is not a fact. From the time the railway company was able to make any payment they sought a settlement with the Government. If the settlement which was proposed by the company when Mr. Gould was president, and which was fully agreed upon by the President and Cabinet, had been carried out at least one-half of the Government debt to-day would have been wiped out; for the earnings since that time have shown that it was amply able to make the payments then proposed.

STOCK-JOBBING OPERATIONS INTERFERE.

The Government was then frightened out of a settlement by a mere stock-jobbing operation in Wall street; and my experience is that in every attempt that has been made since to settle with the Government we have been defeated by just such operations as defeated us then. The desires and advances and efforts of the company have invariably been laid aside upon the strength of any report or any lie that

could be started against us through the press, or any other way, to help a stock operation. It is the Government and Congress that are to blame to-day for the Union Pacific Railway Company not having paid or provided for the payment of the Government debt long before it or the interest was due.

GRENVILLE M. DODGE.

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10 WALL STREET, NEW YORK,
Friday, September 23, 1887.

JOHN M. THURSTON, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Where do you reside?—Answer. At Omaha.

ASSISTANT ATTORNEY OF UNION PACIFIC—HIS DUTIES.

Q. Are you connected in any way with the Union Pacific Railway Company?—A. Since the 1st of July, I think, 1877, I have been the assistant attorney of the Union Pacific Railway for the State of Nebraska.

Q. What were your duties as assistant attorney?—A. My duties have been confined almost wholly to the actual trial of litigated cases, mostly in the United States circuit court for the district of Nebraska, and in the State courts of that State, and in a general way having under my charge the interests of the Union Pacific Railway Company in the legislature of the State. My employment by the Union Pacific Railway Company was subject to the condition that I was only to devote such time as they needed to their service, and I was permitted to continue the practice of law upon my own account.

Q. Who was the principal solicitor of the company?—A. Mr. A. J. Poppleton.

Q. Were you subject to his orders?—A. Within the line of duty which I have stated, I was.

COMPENSATION.

Q. How were you compensated, by special case or by a salary?—A. My first engagement was made with the then general superintendent, afterwards called the general manager, S. H. H. Clark, who arranged with me the terms of my employment and proposed to pay me a salary at the commencement of $3,000 per annum. The idea was that if I proved efficient and matters were satisfactory my salary would be increased. On making the actual arrangement with Mr. Poppleton I discovered that Judge Wakely, who then held the position which I was to assume, under his arrangement with the Union Pacific Company was entitled to three months' notice before terminating his contract with them. Mr. Poppleton for that reason paid me one-half salary for three months, so that my real salary commenced three months after my employment.

VOUCHERS.

Q. Did you render vouchers for your salary and for the expenditures which you made from time to time?—A. I did.

Q. Were the vouchers subject to the approval of Judge Poppleton?—A. A part of them. The vouchers for my salary, as arranged with Mr.

Poppleton, were subject to his approval. Some time early in the year (I cannot tell without referring to the vouchers, which I saw and looked over on Tuesday for the first time), Mr. S. H. H. Clark made me a voucher for $500.

INCREASE OF SALARY.

Q. What year was that?—A. I should judge it was very early in 1879. I had called Mr. Clark's attention to the fact that he had promised me an increase in salary. He then said that he was not prepared to make a regular increase, but he made me a voucher for $500, which was in addition to my then regular salary. In December, 1879, if I am not mistaken about the date, Mr. Clark, the general manager, wrote me a letter in answer to my request for an increase in salary, which letter I filed with Mr. J. W. Gannett, the auditor of the Union Pacific Railway Company, in which letter he stated that he had considered my request for an increase of salary, and that in response to it he would make me a voucher on the 31st of December for $1,000, which was to be an addition to my salary for the then current year; that from the 1st of January following my salary should be $5,000 per year, but that for reasons personal to himself he preferred that the additional $2,000 should be carried by separate vouchers, subject to his own approval. So that for the year 1879 I received in addition to my first stated salary a voucher, early in the year, for $500, a voucher on the 31st of December for $1,000, making my salary for 1879 $4,500. From that time on I drew my salary under two systems of vouchers; one at the rate of $3,000 per year, subject to Mr. Poppleton's approval, and the other for $2,000 per year, subject to Mr. S. H. H. Clark's approval.

ATTENDED THE LEGISLATURE OF NEBRASKA.

Q. When did you first attend the legislature of Nebraska in reference to the company?—A. I attended the legislature for the Union Pacific Railway Company in a certain instance, and for a special purpose, before my regular employment by them, at the session of 1879, if my memory serves me as to the date. I attended there on the special employment of Mr. Clark, and went to Lincoln, taking with me the draft of a resolution prepared by Mr. Poppleton, which it was desired to have passed, if possible, by the two houses of the legislature. That resolution was a resolution directed to the Congress of the United States, concerning bill, commonly known as the Crounse prorate bill, which was being urged by the Burlington and Missouri River Railroad Company, for the purpose of compelling the Union Pacific to prorate with it at points of connection; that is to say, to take its business at a prorate, for the distance passed over, of the entire sum charged for the whole distance. This resolution was a resolution drawn somewhat in this general way, asking Congress to pass a general prorate bill compelling all railroads to prorate with each other, and asking it to oppose any special prorate bills in the interest of any one company, or directed solely against any one company. That resolution was introduced into both houses of the Nebraska legislature one morning and was passed by a unanimous vote, and, I think, perhaps was a sort of surprise, as I think but very few people in the legislature knew what they were passing. After its passage the Burlington road concentrated a large number of people at Lincoln for the purpose of securing a reconsideration. I had had this resolution signed by the officers of the two houses, and telegraphed to

Washington, within fifteen minutes after its introduction, as passed by the unanimous vote of both houses. Then they attempted for the balance of the session to reconsider it. I stayed there to do what I could to prevent a reconsideration. For that service I was paid whatever I charged for it; I forget how much.

SPECIAL SERVICE.

Q. In addition to the compensation allowed you regularly by the company, you were paid an additional compensation, and your expenses during the year 1879 at the session you refer to?—A. This was in 1877. This was before my employment as an attorney of the Union Pacific. I was employed for this special purpose, and up to that time I had had no connection with the Union Pacific Railway Company.

Q. How long during the session of 1877 did you remain at Lincoln in this special service?—A. My judgment is that I was there during the last two weeks of the session.

Q. Who assisted you at the time?—A. No one.

Q. Had you present with you any employés of the company detailed to assist you at that time?—A. I had not.

METHODS USED TO INFLUENCE LEGISLATION.

Q. What effort did you make to prevent the passage of the resolution reconsidering the original resolution?—A. I interviewed as many of the members of both houses as it was possible to see, laid the matter before them, and stated the reasons which the Union Pacific Company urged against the passage of the Crounse pro-rata bill in Congress. I also appeared before the assembled committees of the two houses, and made an oral argument to the same effect.

Q. Did you use any other measures?—A. I did not.

SERVICES AS TO MERRICK COUNTY BONDS.

Q. Where did you meet the members of the legislature?—A. I met the members of the legislature at whatever place I could see them most conveniently. For the most part I saw them at their seats on the floor of the house, or at the hotels. Perhaps there is one matter that I overlooked here in replying to your question asking me when I was first employed by the Union Pacific Company. I was employed on a special service as far back, I should say, as 1875. I was sent for by Mr. Poppleton, and was employed to represent the Union Pacific Railway Company in a series of joint discussions in Merrick County, Nebraska, in which county the Burlington road, under the name of one of its organizations, was attempting to carry bonds. I went through that county and participated in a series of joint discussions with an attorney from Lincoln representing the Burlington road. The bonds were defeated. I charged compensation for that; I have forgotten the amount.

Q. Were the discussions at public meetings?—A. Yes; joint discussions.

Q. What charge did you make to the Union Pacific Company for your services?—A. I do not recollect. I think I charged them something like twenty or thirty dollars a day for the time actually employed.

Q. Were there any legal services rendered during your employment during that time?—A. Only as I have stated.

Q. By public speeches?—A. Yes.

Q. I hand you a voucher reading:

1875, AUGUST 9TH.

Union Pacific Railway Company to John M. Thurston, Omaha, Nebr., Dr.

For professional services in opposing issue of bonds of Midland Pacific Railroad Company in Merrick County, by public speeches, and cash paid expenses..... $235

I ask you if this is the bill referred to in the statement you have already made?—A. Yes; that is the charge which I made at that time. I also returned to that county and made one speech afterwards, for which I made another charge.

Mr. JOHN F. DILLON. You claimed Merrick County as a part of your territory, and thought that the Burlington Company was invading it; is that it?

The WITNESS. That was as it was submitted to me. I was not in the employ of the Union Pacific at that time. I was given a large number of facts, which I digested as hurriedly as I could do, and went up there and commenced this series of joint meetings.

Q. Were your services at that time, and the public speeches which you made, solicited by the company?—A. Yes; I was sent for by Mr. Poppleton, and asked if I would go and perform that service.

Q. After the session of 1877, when did you attend the next session of the Nebraska legislature?—A. I presume I was there for a part of the session in 1879. I was there a part of that session, I think.

RAILWAY LEGISLATION.

Q. What was pending, of interest to the Union Pacific Railway Company, in the Nebraska legislature in 1879?—A. It is impossible for me to state what bills were pending at any particular session. It is, however, a fact in the history of the legislature of Nebraska that for the last six or eight years there have been introduced a very large number of bills aiming to reduce the rates of transportation on all railways in the State, both passenger and freight; also perhaps different methods of what the railways considered unfair taxation; and also regulating the operation of their roads in the various ways that legislation seeks to control them. How many bills were introduced in the legislature as far back as 1879 I am unable to state. My judgment would be, however, that at recent sessions of the legislature there have been from one-third to one-fourth of all the bills introduced directly affecting the railway interests.

Q. Have the bills been regarded as bills hostile to railways?—A. Yes; wholly so. They have been so regarded from a railway standpoint.

Q. Have any of the bills been enacted into laws?—A. They have; yes.

MULTIPLICITY OF BILLS INTRODUCED.

Q. What proportion of the bills introduced as hostile to the railroads have been enacted into laws?—A. There have been but very few hostile enactments; the proportion I am unable to state. The fact of it is that almost every member of the legislature has in a general way duplicated every other member's bills. There has been a great deal of strife in the Nebraska legislature by the members to see how many bills they could introduce for the satisfaction of their constituents attacking railway interests. There were not enough avenues of attack open to

go around; and they were necessarily compelled to duplicate each other's bills; so that the committee which had the matter of freight transportation before it, for instance, would have bills introduced by probably half the members of the house for consideration at one time.

HOW SUPPORTED.

Q. Were the bills supported by the members of the legislature—largely supported?—A. That is difficult to state. They were supported, I think, most of them, by quite a number of very honest converts to the so-called anti-monopoly doctrine. They were supported by a great many other people who were so afraid of adverse newspaper criticism that they were willing to vote for anything which attacked railways, no matter how much it was opposed to their own honest judgment.

SENTIMENT OF THE COMMUNITY.

Q. Then the number of bills introduced into the legislature upon the subject was not a fair measure of the sentiment of the communities of Nebraska upon questions of railroad legislation?—A. I beg your pardon; I am not here to express my opinion as to the sentiments of the people in the State of Nebraska, and I do not care to guess.

Q. Were the bills introduced into the legislature of Nebraska a measure of the views of the constituents of the members introducing them?—A. I have no means of knowing, and I do not care to express my opinion upon that subject.

Q. Was there any feeling in the State of Nebraska or any sentiment upon the question of the burdens that the railroads had put upon them, and therefore they desired legislation upon the subject?—A. If the Commission will read the different newspapers they can get the best opinion upon that subject. I have no opinion to express.

PERSONAL EFFORTS AT LINCOLN.

Q. Did you meet the members of the legislature when you were in attendance?—A. Very few of them. I will state to you what I did personally at the sessions of the Nebraska legislature. This matter, as every one there knew (it was a public matter), was in my charge for the Union Pacific Railway Company. I was able, however, to give it but very little of my personal attention, for the reason that the United States circuit court for Nebraska holds one of its three sessions at Lincoln, commencing at the same time that the legislature sits; and I was there during the sessions of that court (which lasts as long as the legislature), and engaged in the almost daily trial of cases, both for the railroad and in my own personal practice. I was, therefore, able to do but very little except to secure the services of whatever employés I thought necessary to obtain for me as rapidly as they were introduced copies of all bills, which I endeavored to examine evenings, referring such as I thought were necessary to the officers of the different departments at Omaha, and then expressing to the officers at Lincoln in the employ of the railway company my views with reference to what manner I thought the bills affected railway interests, and in what manner, if any, I thought they should be amended, so as to be reasonable from a railroad standpoint. Bear in mind I was not there arbitrating between the people and the railways. I was there representing the railway interest from a railway standpoint and endeavoring to modify

proposed legislation as the managers of the company represented to me were proper for railway interests. That comprises nearly the whole that I did personally at the sessions of the legislature, except this: Whenever there was a meeting called for the purpose of a committee considering any pending railway legislation, I went before that committee and made a public argument, sometimes meeting the representatives of the measures in joint discussion, and at other times presenting the matter without any opposing argument. I also at times saw some leading members of the legislature and explained to them the points in which I thought the proposed legislation was wrong, and gave them the views of the company, and appealed to their honest judgments as to whether or not our views were correct. But, generally speaking, I neither had the time, nor did I in fact attend to personal interviews with members of the legislature.

Q. Had you been a member of the legislature prior to your employment by the company?—A. As far back as 1875 I was a member of the house. That was in the January and February sessions of the legislature in 1875.

Q. Were you a member of any subsequent sessions?—A. No, sir; I did not care to repeat my experience as a member of the legislature.

ASSISTANTS.

Q. In the sessions of 1879 what assistants had you, if any, to aid you in your work at Lincoln?—A. It is impossible for me (unless there is some memorandum available) to state who I had, or how many. I think that perhaps I had some persons at Lincoln representing the Union Pacific Railway at different times during the session of the legislature. My recollection would be that in 1879 I was at Lincoln but very little during the session; and at that session, if I recollect rightly, there was not very much proposed legislation.

Q. Were employés of the company detailed from time to time to assist you at Lincoln?—A. Whenever there was anything pending which was peculiarly within the province of the freight department, or of the passenger department, some representatives of those departments would come to Lincoln and explain, as far as they could, either to the committees in open session, or to the members individually, their views upon those subjects.

A CALL FOR NAMES OF EMPLOYÉS.

Q. Can you recall the names of any of the gentlemen at the head of the departments which you have named who assisted you?—A. I can recall that Mr. Kimball was there. I will not state with regard to any particular session, but generally. I can recollect that Mr. Kimball was then the general passenger agent, and he was there at times, and he participated in several discussions before committees of the house. I know that Mr. Vinning, the general freight agent of the Union Pacific Railway Company, was there at times. I know that Mr. Shelby, who was in the freight department, was there at times; and there were others there at one time and another. I know that at times Mr. Hamlin, who was a regular employé of the railroad, was at Lincoln; but I do not think that Mr. Hamlin was ever there at my instance, and my recollection now is that he never did anything there under my direction, although I may be mistaken in some slight degree as to that.

Q. Was Mr. Shelby a member of the legislature while in the employ of the company and in attendance upon you?—A. I can recollect that

Mr. Shelby was a member of the legislature, but when he was a member I have not the slightest recollection.

EMPLOYMENT OF MR. CRAWFORD.

Q. Do you recollect a Mr. Crawford who assisted you?—A. I see in looking over this voucher a receipt from Mr. Crawford for $100. I have no recollection in the world about it.

Q. Are you acquainted with Mr. Crawford?—A. Yes.

Q. Was he employed by the company during your attendance upon the legislature in the interest of the Union Pacific?—A. Mr. Crawford was employed there last winter, during the months of February and March.

Q. Was he employed by you?—A. No, sir; but he was employed; I was away from Lincoln very much of the last session of the legislature, and another gentleman there reported to me that he wished Mr. Crawford to stay there. Mr. Crawford had been there on his own hook, for what reason I do not know, only as he stated, that he was a straight Democrat and wanted to oppose the election of a man who was attempting to prostitute both parties to secure his election as United States Senator. After the Senatorial fight was over, a gentleman who was in the employ of the Union Pacific told me that he would like to have Mr. Crawford remain there. I authorized him to have Mr. Crawford remain at a salary of $200 per month for the rest of the session of the legislature.

WITNESS OBJECTS TO GIVING NAMES.

Q. What was that gentleman's name?—A. Well, Governor, I have no hesitation in giving you or any member of this Commission, if you want to call them as witnesses, the names of any men who were at Lincoln; I am perfectly willing to give them to you in that way; but unless you require me to put it in this record (not knowing what their wishes are about it) I prefer not to do so. If to give you personally the names of any persons who were employed there will serve your interest, I will gladly do it.

Commissioner LITTLER. Do I understand, Judge Thurston, that you desire to give these names to the Commission privately?

The WITNESS. Yes; if you wish me to do so. I do not know, unless they are given an opportunity to appear before the Commission, but what they might feel sensitive about having their names entered into this record through my lips, but I will give you the names of every person who has in any manner been employed by the Union Pacific Railway Company in attendance at the sessions of the Nebraska legislature.

MR. LEE A WITNESS.

Q. Are you acquainted with Mr. Lee of Omaha, or Lincoln?—A. I do not recollect any Mr. Lee; no, sir.

Q. Was he employed by you in the session of 1879 in any capacity, or by Mr. Hanlon? I hand you a voucher and ask you to examine it.—A. I don't recall any Mr. Lee. That Mr. Lee [referring to the voucher], whoever he was, was certainly not in attendance at Lincoln upon the session of the legislature. It is very likely that that Mr. Lee was in attendance at Lincoln as a witness, or for some purpose connected with some pending litigation.

Q. Was he employed in any way in the interest of the Union Pacific Railway Company in preventing or obtaining legislation?—A. I am certain that I never had anybody at Lincoln in the employ of the Union Pacific Company by the name of Lee; and that $28 item I can only explain on the theory that he must have been there as a witness in some Union Pacific lawsuit, and that I paid his hotel bill or expenses.

AS TO MR. HANLON.

Q. What was Mr. Hanlon doing there during that session?—A. As I have stated, Mr. Hanlon was there; sent there, I presume, by the Union Pacific Railway Company for the purpose of representing our views on railway questions.

Q. How did he represent them?—A. You will have to ask him for that; I do not know.

AS TO MR. GURLEY.

Q. Was Mr. Gurley in attendance upon the session of 1879?—A. No, sir. Mr. Gurley has never been in the employ of the Union Pacific Company but once. I employed him generally, last year some time, I think, along about the 1st of June, at a salary of $100 per month, to continue until his services were dispensed with.

DUTIES AT LINCOLN.

Q. What were his duties as to the legislature?—A. I will state to you generally, as to all persons representing the Union Pacific Railway Company at Lincoln, what their duty was. It was allotted among them, to a certain extent——

Q. Who made the allotment?—A. I think perhaps that I told Mr. Gurley what to do; but at the session of the legislature at which he was present I was not there, I might say, more than half of the session. During that time I was very busily engaged in trying cases in the United States circuit court then sitting, and Mr. Manchester, who is one of our regular employés, was there, and I think that he generally directed what these different gentlemen were to do. But the general scope of it was this, and this and no more: Certain gentlemen, I think Mr. Gurley, and if I recollect rightly, Mr. Mercer, who was a regular employé of the Union Pacific Company, were directed to secure, as soon as they could after introduction, copies of all railway bills, and submit them either to myself, or in my absence to Mr. Manchester, or to one other gentleman who was there, and whose name I feel perfectly free to give you individually. But, whoever was there, when it was possible for me to examine these bills I examined them, and then sent such ones to Omaha as I thought needed examination there; received reports from there as to what ways they were looked upon as being dangerous to railway interests, and prepared such amendments as were thought by the officers of the department at Omaha in matters submitted to them were proper, or which, in regard to what might be be called legal legislation, I thought were proper means; and these employés of ours at Lincoln were then instructed as to what points we thought the proposed legislation was bad in, from a railway standpoint, and as to what proposed amendments we thought were proper; and they were instructed to secure, if possible, whenever the matters came up for consideration, a public hearing by the committee of the bills referred to; and they were

instructed to notify me of any time and place fixed for such public hearing, when I would be present; or, if it were necessary for any head of a department or freight or passenger agent to be there, he would be present. They were further under the general instruction to see every member of the house possible and lay before them the railway's views as to the bad character of proposed legislation. This was more particularly necessary for the reason that the reports of the committees of the Nebraska legislature carry but little weight, and are just as apt to be reversed by the action of the house as they are to be adopted, making it, if one wishes to look after the character of proposed legislation affecting any interest, absolutely necessary for some person representing particular views, as you might say, to see every member of the house and lay those views before them.

Q. Did these gentlemen report to you from time to time?—A. They reported to me partially, but there was very little reporting made to me as to what members they had seen, or what particular views the members they had talked to expressed concerning the proposed legislation. I was altogether too busy to attend to any matters of detail of that kind.

SPECIAL ABILITIES OF EMPLOYÉS.

Q. What special ability had Mr. Crawford in addressing committees of members of the legislature?—A. I don't know. I have heard Mr. Crawford talk but very little.

Q. Have you ever heard Mr. Hanlon talk?—A. I have heard Mr. Hanlon make some observations on various subjects.

Q. What special ability had he in addressing a committee or a member of the legislature upon a question?—A. You are as good judges of that as I am, as you have heard him testify. I presume that was as much on a railroad subject as I ever heard him speak. Mr. Hanlon was a regular employé of the Union Pacific Railway, and was in its employment at the time I was employed, and had been there for years before, and his comings and his goings were not subject to my direction.

EXPLANATION OF VOUCHER 53,274.

Q. I call your attention to voucher 53,274, to John M. Thurston, for $6,262.35, and ask you if you will explain that voucher to the Commission. Read the voucher.

A. It is as follows:

John M. Thurston, of Omaha, June 29, 1879, for expenses incurred and moneys disbursed upon business of the company from April 22 to date.. $6,262.35

RESISTING AN ATTACK UPON UNION PACIFIC TERRITORY.

At this date stated, or within those dates, there had been a proposition submitted by the Elk Horn Valley Road to vote bonds in Madison County, and I think some other counties in Nebraska, but more especially in Madison County, which was a county whose business at that time went entirely to the Union Pacific Road, although it lay 30 miles from its track. There was also a proposition submitted to Platte County, Nebraska, at about the same time, which is a county from which our road then ran, and the business of which we had exclusively, to vote bonds to this same Midland Pacific Railroad, which was the Burlington and Missouri River Railway under another name, for the purpose of building a line to Columbus, in Platte County, to strike us

I was requested by the general manager of the Union Pacific to take whatever steps could be taken to defeat both those propositions, as it was considered to be a very serious attack upon our territory, and one that the company was justified in resisting and defending, if possible. I went more especially to Merrick County (although other parties went also, and went into Platte County) at the request of Mr. Clarke. This business was not within the line of my employment as it had been agreed upon with the company; and I was instructed that for this service, little or great, I would be compensated. I went into Madison County, which I then reached by a ride across country of 30 or 40 miles; I filled that county with public meetings for thirty days; employed every local man in the county that I could find who could make a speech of any kind; I hired men and teams to go and see every individual voter in the county, as far as possible; and I retained three or four attorneys there, whose duties were mostly in making stump speeches, which may not be a part of the duty of an attorney East, but an attorney West is a poor man unless he does a little of that in connection with his other business. Mr. Clark, as I now recollect, also authorized another party in Madison County to take hold of the matter on his own hook. Parties were also employed in Platte County for about the same purpose. As the result of that the bond measure in Madison County, where I was, was defeated. During the time that that canvass was going on we got the county commissioners (or I did) to submit a proposition for the Union Pacific to build a branch line up there. We did that for the double purpose of making a campaign document to beat the other bonds with, and we were also desirous of building a branch line into that territory. After we had obtained the Elk Horn Valley Road the next contest followed right on its heels, in which they pursued the same policy which we had pursued against them; and that county was, you might say, ablaze for another two or three weeks. At the end of that time they beat our bonds, it being necessary to have a two-third vote to carry the bonds. Their bonds had a majority of all the votes of the county, and so did ours; but both series were defeated. Still, I think before the vote was decided we submitted precinct bonds to some precincts in that county, and had another fight over those and carried them. When we got through there there were different bills of expenses coming in, some through me, and some went to Mr. Clark directly. My recollection would now be that of that voucher Mr. Clark had expended money in employing men whom I had no connection with, I should say, covering about half of that amount. I don't remember the exact sums. There was an item allowed me for my services, the amount of which I do not recollect. It may be one of these items; I cannot say about that. I had not thought of this voucher until last Tuesday, since the time it was made. Anyway, some item here represents the amount paid to me for my services, possibly that $400 item; but my recollection would be that it was more than that. I don't know why I did that amount of work for $400; I cannot explain that. I ought to have charged a thousand dollars at least, and it is possible that I did; but I do not remember, and I have no memorandum here to govern me. Anyway, when it was all cleared up, my own services, my own expenses, and those made by Mr. Clark were, aggregated; and Mr. Clark asked me if I had any objection to signing a voucher for the whole expense for those bond elections, including his disbursements and my own. I did not see the least objection to it, and I signed the voucher; and that is it.

PERSONAL RECEIPTS.

Q. Did you strike your name out afterwards upon one of the receipts for some money?—A. No, sir.

Q. Will you explain that to the Commission?—A. It was the habit in going anywhere where we needed to expend money to obtain money from the cashier, giving one of these personal receipts, which would be accounted for by voucher. That receipt stood against me in the cashier's office of the company as so much money drawn by me unexpended. On putting in vouchers to cover such moneys these receipts were ordinarily taken back and torn up. They stood for nothing in the world except as representing a personal advance of money, to be accounted for by voucher. I recollect nothing about those receipts, except that I see there is $400 received by me on April 22. That was when I started out, as I judge, upon that expedition. I took $400 along for expenses. On May 9 I must have drawn $100; on May 21 I must have drawn another $100; and when the voucher was made out which covered these different amounts my name would be either torn off of there or erased.

Q. In other words, you had drawn from the company, from time to time, in cash, $6,262.35 to be accounted for?—A. No.

Q. That is what I wish explained.—A. I don't know just how much I had drawn. I say that Mr. S. H. H. Clark expended a portion of this money to parties that I was not able to cover in this territory.

AMOUNT OF PERSONAL ACCOUNTING.

Q. How much did you account for, and how did you account for it?—A. I submitted to Mr. Clark my figures, whatever they were. My judgment would be that what was allowed me for my expenses and what I expended would amount to just about half of this voucher. That is my recollection. I see here that Mr. Clark had drawn out $2,000, which I think was forwarded, and I think he probably turned that over himself to a party in Madison County who was working on his employment to defeat these bonds.

Q. Did you ever render any other account of that sum of money than the voucher you hold in your hand?—A. No, sir. Well, with this exception: I probably submitted to Mr. Clark a more detailed statement of the expenditures made by me than anything which appears here. That is, I may have done it, and I may not. Mr. Clark would have taken my word for the expenditure of that entire sum without any subvoucher. If I had told him I had expended that sum, he would have taken my word without question. But, as matter of fact, I did not expend to exceed one-half of the money covered by that voucher.

Q. Did you keep an individual account from time to time of the amount of money expended?—A. I made some memoranda at different times.

Q. Did you submit all the memoranda to Mr. Clark as the general manager?—A. That would be my recollection.

Q. Do you know whether Mr. Clark filed anywhere, in any department of the Union Pacific Company, any memorandum showing in detail the expenditure of that sum of money?—A. I have not the slightest idea.

HOW COUNTY BONDS WERE ISSUED.

Q. How were the bonds issued in the county?—A. By vote of the people.

Q. Through the county commissioners?—A. Yes. The proposition was submitted to the people to be voted upon; if two-thirds of the vote was cast in favor of the proposition, the county commissioners acted.

Mr. JOHN F. DILLON. Is there anything in this act of Congress which makes it the duty of this Commission to criticise the action of the company in defeating a rival road, or warrants the Commissioners in going into all the details which are now sought to be obtained? Obviously it was an effort to protect the property of the company.

The CHAIRMAN. My next question will lead up to that.

The WITNESS. I have no objection to explain, as far as possible, anything that was done.

INFLUENCING VOTES.

Q. Was any part of this voucher expended directly to a voter for the purpose of securing his vote upon the bond question?—A. No, sir.

Q. Were any votes bought with any part of this sum of money represented by the voucher which you hold in your hand? Was any of it paid by the Union Pacific Company for the purpose of securing bonds, or preventing bonds being issued by the counties you have named?—A. Not within my knowledge or belief. I do not think that any attempt was made in that or in any other bond election to buy votes.

Q. Were not sums of money, parts of the voucher that you hold, given to others for the purpose of securing votes for or against bonds?—A. No, sir; not at all.

HALL COUNTY BONDS.

Q. I hand you Voucher No. 66496:

Union Pacific Railway Company to John M. Thurston, Dr.

Nov. 10, 1870. For expenses and disbursements upon business of the company in Hall County $336

Please explain that voucher to the Commission.—A. That was the expenditure incurred in the voting of bonds at Grand Island, in Hall County, in aid of the erection of the Union Pacific Railroad shops at that point.

Q. How were the expenditures made by you; directly?—A. No, sir. I think that they were made by the employment of persons at Grand Island to canvass the precincts. I think that there are also some expenditures there for persons whom I employed to attend one or two public meetings which were held, and to make speeches; also the expenses of teams and carriages on election day to bring voters to the polls.

Q. Did you regard the voucher as a sufficient voucher?—A. I have nothing to say on that subject. I considered that it was for my superior officers to say whether they wished any further items of account than the voucher of my expenditure.

Q. That was the only statement of expenditures you filed with the company?—A. I am not certain about that. I have no possible means of knowing, and I have no recollection except as it is assisted by this voucher which is presented to me.

Q. If you filed any other voucher would it appear among the records of the company?—A. There would be no other voucher filed. I may have presented a statement to the general manager of the company. I may or may not; I don't know.

NATURE OF EXPENSES AT LINCOLN.

Q. I hand you Voucher No. 5144:

Union Pacific Railway Company to John M. Thurston, Dr.

Feb. 28, 1879. For amount paid for board, traveling, and other expenses, and disbursements upon business of the company..... $[illegible]

Please explain for what the amount named in that voucher was expended by you.—A. That was for expenses incurred while in attendance upon the legislature at Lincoln.

Q. What was the nature of the expense?—A. This is comparatively a small amount. I should imagine that at least half of it was for board bills, carriage hire, and like expenses.

Q. Did you render any other statement to the company of the expenditures of that sum of money?—A. That I do not know.

Q. What authority, or what limit, had you for the expenditure of money at Lincoln in the interest of the company?—A. I don't know as I was limited at all. My recollection is that at that session of the legislature I was there in person a portion of the time, and that I had no one regularly employed to attend on that session of the legislature. I presume that that expense was all, or nearly all (there may be some more; I am not certain; I don't think there is much more), of the expense attendant upon that session of the legislature, which would include my own board bill, carriage hire, and moneys paid out for clerical assistance in copying bills, writing at my dictation, and matters of that kind.

PROBABLY NO DETAILED ACCOUNT RENDERED.

Q. Did you keep a detailed account of your expenditures, and enter them upon any book?—A. No; not upon any book. It is quite possible that I may have kept a memorandum; but of the expenditure of that amount of money for those purposes I do not think that I kept any memorandum, except the mere entry of the amount on a little slip of paper carried in my pocket.

Q. Have you any of the slips of paper in your possession now?—A. I have not.

Q. Have you any other memoranda which would show the detailed expenditure of the amount named in that voucher?—A. Not of this voucher; no, sir.

Q. Or any other voucher for the Union Pacific Company?—A. No, I do not think I have any in my possession at all. It was my custom to submit to some officer of the company a statement in a general way of an amount covered by a voucher; and when that voucher was approved whatever memoranda I had was either turned into the office of the company or torn up. I considered that when I had satisfied my employer as to the character and amount of the expenditures there was no other person interested in the matter.

SUBMITTED MEMORANDA.

Q. Then in addition to the vouchers I have handed you your recollection is that from time to time you handed in memoranda of expenses?—A. I will not say that I handed in any memoranda, but my recollection is that I submitted them.

Q. And that the memoranda were returned to you by the company?—A. I should say that on such a voucher as that, whatever memoranda

I had, as soon as I had satisfied the general manager of the company of the character of the expenditure, the memoranda was simply torn up—the voucher representing the disbursement.

Q. The purpose of my examination is simply, under the provisions of the act of Congress, to ascertain as to the sufficiency of these vouchers. We have found large numbers of vouchers, consisting of mere general statements, without giving any details. Therefore I am trying to ascertain if there is any other detailed statement which the Commission can secure. If so, we would be glad to have it, to enable us to pass upon these general vouchers.—A. I know of none. My superior officers never required any more of me in the way of vouchers than those you see before you. I think that when I stated to them that I had expended a certain amount of money for certain purposes they considered my statement satisfactory and took my signature to the voucher.

FURTHER EXPENSES AT LINCOLN.

Q. Voucher No. 12858:

Union Pacific Railway Company to John M. Thurston, Dr.

J. L. Mitchell's expenses and services as attorney	$220
F. F. Ireland's expenses and services as attorney	350
Paid hotel bill, January and February	716
Miscellaneous expenses and disbursements	500
	1,800

Please explain the expenditure recorded in that voucher?—A. That is for legislative expenses at the session of 1881. It is for the different parties who were employed by me to appear at Lincoln, at different times, for the purpose of looking after legislation affecting railways in the manner I have already stated in my examination. I should say that this voucher was for the total expenses of that character incurred at that session of the legislature.

Q. Were they instructed by you as to their methods of looking after legislation?—A. Yes, sir.

CHARACTER OF WORK.

Q. What were they to do in the interest of the company?—A. They were, in the first instance (at least certain designated ones of them), to secure, as soon after their introduction as possible, copies of all bills affecting railway matters, and submit them to me. Through me they were submitted, whenever I deemed it necessary, or they related to a branch of the railroad business with which I was not perfectly familiar, to the officers of different departments of the company to which the proposed legislation related. The views of those officers were obtained and given to me, and if it was thought that amendments were proper for the bills, the character of the amendments were outlined to me, and I prepared those amendments. I then gave these gentlemen representing the company at Lincoln the views of the company upon the character of the proposed legislation; and they were under instructions to see as many members of the legislature as possible, and give them by word of mouth the objections which the company had to the proposed legislation, and explain to them the reasons for those objections, and also present to them the character of the proposed amendments which the railroad company thought were desirable.

PASSES TO LEGISLATORS AND STATE OFFICIALS.

Q. Had you authority to issue passes to members of the legislature or their friends?—A. At the sessions of the legislature—I was going to say what sessions, but I cannot say what sessions—but at some of the sessions of the legislature while in attendance at Lincoln, passes have been sent to me to be issued subject to my discretion—trip passes; none others. It was, however, the custom of all railroads in the State of Nebraska—the Union Pacific and all others—a custom which antedated my employment with the company—to issue to all members of the legislature, and to all State officials, time passes over the railroads, covering the duration of their terms of office. Except in the case of members of the legislature these passes were made annually to public officers. At the time of my employment with the railroad, it was the custom of all railways, I think, to issue to all members of the legislature annual passes, good for the session of the legislature, over their entire lines. Afterwards and probably more at my instance than for any other reason, the passes which were issued to members of the legislature by the Union Pacific Railway were limited, I think, first to six months, and afterwards to three, and made good only in the State of Nebraska. With the policy of issuing passes to members of the legislature I had nothing whatever to do or say. I found that system in full operation with all railroads in the State of Nebraska when I was employed as an attorney.

AUTHORITY TO ISSUE PASSES.

Q. Had the subordinates or those employed by you authority to issue to members of the legislature passes while at Lincoln?—A. No, sir; except in this instance: I had but very little to do with the actual filling out of any trip passes issued at Lincoln to any one. There was usually some one there who did that, mostly on his own responsibility; that is, I intrusted him with the responsibility of doing that, and especially in my absence. I was not at Lincoln, I think, over half the time during any session of the legislature; but there was generally some one there, either myself or some one, to whom the authority was delegated, who had the right to fill out a blank pass, good within the State of Nebraska, and to issue it at his discretion.

MISCELLANEOUS EXPENSES.

Q. In voucher No. 12858 can you explain to the Commission what the miscellaneous item of $500 was for; it is under date of February 28th, or about that time, at the session of the legislature?—A. That was very largely, if my recollection serves me right, for the hotel bill of myself and these other gentlemen. I think perhaps the hotel bill would cover that; I should say there must be at least one hundred days or more of board.

Q. That is to say, in addition to the bill at Lincoln during January and February, for $716, the miscellaneous item of $500 was also for that?—A. No; I was mistaken. I did not glance at the voucher. I had not noticed that there was anything there except the $716 item. The $500 item would cover the expenses paid for carriage hire, and matters of that kind. It would also cover payments for clerical work for making copies of all bills introduced, and probably would cover the expenses of persons employed by me, as I might need them, to whom I

dictated considerable correspondence, and who prepared for me the drafts, as dictated to them, of proposed amendments. That, in a general way, is all the expense that I know of that is included in that item.

Q. Do you make the same explanation as to the sufficiency of the voucher and the details as to the prior vouchers?—A. I do. The voucher shows for itself, with the exception of that one item.

A VOUCHER FOR "SPECIAL BUSINESS."

Q. Voucher No. 14151:

The Union Pacific Railway Company, to John M. Thurston, Dr.

Apr. 30, 1881. Travelling and incidental expenses and disbursements on special business under direction of assistant general manager $595

SPECIAL BUSINESS.

Please explain to the Commission the item in that voucher "special business"?—A. On looking that voucher over last Tuesday (which was the first time I had seen it since it was signed) I was unable to satisfy my mind as to what that expenditure was for, more than this: I should now say that it must have been for the expenses of some one of the several elections in some one of the counties of the State to carry bonds. I am utterly unable to locate the expenses at any particular county, but I think, and I am satisfied of it in my own mind, that that voucher is to cover that kind of expense. The legislature was not in session at that time, and that had nothing at all to do with legislative matters.

Q. Were you on such special business under the direct superintendence of the general manager in the matter of looking after counties where the bond question arose?—A. I was. I only looked after matters of that kind when I was specially directed to do so by the general manager or his assistant, or by the general superintendent. My recollection now is that they paid me for special services. I think that portion of the voucher was for my own individual compensation, outside of my regular salary. How much I do not know, as I cannot locate the particular bond election to which that voucher refers.

Q. Were written instructions given you on such occasions?—A. None, whatever.

VOUCHER FOR SALARY.

Q. Voucher No. 17775:

Union Pacific Railway Company to John M. Thurston, Dr.

Aug. 18, 1881. Special services from June 1, to September 1..... $500
Disbursements and expenses on special service 185

685

Will you explain to the Commission that voucher?—A. The first item of $500 is for my own pay under the increase of salary allowed me by Mr. Clark, commencing on the 1st of January, 1880, as I have already stated. It will be found by the Commission that the two series of vouchers appearing here constitute a payment to me—by one set of vouchers, of $3,000 per year, and by the other set of vouchers, of $2,000 per year. As I have already stated, those two series of vouchers are for my own salary, and for no other purpose. I used that money to take care of my family with.

Q. And it was designated as "special services" on the voucher?—A. Yes; it was, in these vouchers. As I have already stated, it was done at the instance of Mr. Clark, the request being conveyed to me by letter, which I filed with the auditor, with the vouchers. I had nothing to do with that manner of receiving payments. It did not make any difference to me how I got my salary so long as I got it.

AS TO "DISBURSEMENTS AND EXPENSES."

Q. In whose handwriting is that voucher?—A. That voucher is in my own handwriting. I suppose that Mr. Clark did not care to have it known among the members of the legal department generally that he had raised my salary. The disbursements and expenses for special services of $185 I have no manner of recollection concerning. There are in my vouchers items of expenses of that character (and I should judge by the amount that this was one of them) where I attended some court, or courts, during this length of time, and paid the hotel bills and expenses of witnesses at the places where I tried my lawsuits. The amount of that item would indicate to me that that was to cover some one or more cases of that kind.

Q. Were you asked by the head of the legal department at any time to designate in your vouchers the cases that you were engaged in?—A. No.

Q. They accepted the general term "disbursements and expenses"?—A. The expenses that were incurred in going out and trying a lawsuit were simply put in as "disbursements and expenses." They did not amount to much. The Commission will see that in the ten years of my employment there was not much money expended in that way. Usually when we went out to try a lawsuit, and had a lot of employés attending as witnesses, we did not require special vouchers for the expenses of every man; but I simply paid the hotel bills for the whole lot, and put it in in that way.

ANOTHER SALARY VOUCHER.

Q. Voucher No. 24,707:

Union Pacific Railway Company to John M. Thurston, Dr.

Apr. 30, 1882. Services as attorney on special business, January 31st to date.. $500.00

Explain that.—A. That is a part of my regular salary.

Q. Under the circumstances that you have explained?—A. Yes. You will notice that for a while Mr. Gannett, the auditor of the company, filled out those vouchers; but after that I think I filled them out myself when I wanted to put them in, and the language may vary a little.

FOR SERVICES IN CONNECTION WITH BOONE COUNTY BONDS.

Q. Voucher No. 29,581:

Union Pacific Railway Company to John M. Thurston, Dr.

Sept. 12, 1882. Disbursements and expenses on special business of the company ..... $[illegible]

BOONE COUNTY BONDS.

A. I should say that those expenses were incurred on some bond election, and I think it was on the bond election in Boone County. I don't

say that positively, but I think so. I know that I conducted that campaign in Boone County, and secured the vote of an issue of bonds as large as the county could vote—which was 10 per cent. of their assessed valuation. The county got those bonds.

BOND ELECTION IN NANCE COUNTY.

Voucher No. 37,028:

Union Pacific Railway Company to John M. Thurston, Dr.

July 9, 1883. For expenditures and disbursements on special business of the company.

What special business?—A. I should say that that was the expenses of a bond election, probably in Nance County. I am not quite certain about the location or the dates of those different bond elections. I went through a number of those, and I returned vouchers for my expenses, and this is a voucher of that character for some one of those bond elections.

Q. In the voucher which you now hold in your hand the same explanation would apply to the expenditure as with reference to the other vouchers?—A. Yes, sir; in the same manner. I think, perhaps, that in each of those vouchers there was some portion of the amount allowed me for my services.

OTHER BOND ELECTIONS.

Q. Can you give to the Commission the number of bond elections that were participated in?—A. I think so. There was a bond election in Madison County, as I have stated, in which we antagonized the issue of bonds to the Elk Horn Valley road. Following that was an election in the same county in which we endeavored to secure the issue of bonds to our own branch line. Following that was an election in certain precincts of the same county in which we did secure precinct aid to the full extent that it could be voted in the precinct through which our branch extended.

PRECINCT BONDS.

Q. How were the precinct bonds issued?—A. Precinct bonds are issued in our State by virtue of an election held in the precinct upon the call of the county commissioners, which call is issued upon petition of certain freeholders of the precinct. The vote being favorable, the county commissioners, in the name of the precinct, issued the bonds. In addition to those I have named, I took part in the election which resulted, as we claimed, in carrying bonds in Pierce County, Nebraska. The Pierce County bonds, however, were enjoined by the action of the court, and I think that, pending the preliminary injunction, we abandoned the intention of extending our branch line into Pierce County, and therefore refused to carry on the litigation, and did not get the bonds. Then I had charge of the bond election which resulted in voting the limit of bonds in Boone County, to which the county was entitled—10 per cent. of their assessed valuation. We secured those bonds. Then I was in charge of the bond election by which the bonds of Grand Island precinct, in Hall County, were voted to aid in the construction of shops; and also the construction of the branch line north to Howard County. I was also to a certain extent (not so actively in person) in charge of voting bonds in Hall County for the extension of the branch from Grand Island to Saint Paul, Nebr. I was also in charge of the

bond election by which bonds were voted in Fullerton precinct, Nance County, to aid in the construction of the branch there. I also had more or less to do with opposing the proposed voting of bonds by counties through which our road ran, including Merrick, Platte, and some other counties, in favor of our competing lines.

Q. In all of the elections which you have named sums of money were expended in looking after the bond election?—A. Yes, sir.

A BILL FOR BOARD.

Q. Voucher No. 34,134:

Union Pacific Railway Company to John M. Thurston, Dr.

1885. Hotel bill of self and employés of the company at Lincoln for January and February $600,00

Please explain that service rendered by the employés?—A. I think this receipted bill explains the voucher. That was simply for our board, as is shown there. I think they figured that by the day. It is rather a light board bill.

Q. What employés were there during that session of the legislature?—A. I was there myself; I think Mr. Manchester was there; I think I had a clerk there about that time. Whether any of that board bill covered the rooms which Mr. Hamlin occupied a portion of the time, or not, I do not now remember. I have not looked at the bills sufficiently to state. It does seem to me that at different times I employed four or five lawyers—perhaps that is too many—three or four or five lawyers, to come there for a week or two at a time, from different parts of the State. I have no way of refreshing my recollection about that. I think perhaps I did. But there were but very few people there at that session of the legislature representing the railway company. In fact, there were not enough there to properly examine, let alone present the objections of the railway company, the bills introduced, and give them such consideration as they ought to have.

FOR SPECIAL SERVICES.

Q. No. 41,629:

Union Pacific Railway Company to John M. Thurston, Dr.

1885, Oct. 17. For expenses and disbursements on special services of the company by direction of the general manager.

I understand this to be the voucher you have referred to as the other voucher in connection with the arrangement made with Mr. Clark.—A. No.

Q. Please explain that voucher to the Commission?—A. I had forgotten any such voucher as this when I examined it last Tuesday; that is, of a voucher of that late date. I think that voucher is to cover a matter of expense for persons employed at Lincoln during the legislative session of 1885. The management of the Union Pacific Railway Company changed along in 1884 some time, and my recollection is that part or all of the expenses of the persons attending the legislature in 1885 were paid by me; and that the cashier of the company held my individual slip, like the one or two you have seen here, for the money, and that the account was not closed up until this date.

Commissioner LITTLER. How much is that?

The WITNESS. One thousand dollars.

Q. In whose handwriting is this voucher?—A. That is in my own handwriting.

FOR EXPENSES DURING LEGISLATIVE SESSIONS.

Q. Voucher No. 57031.

Union Pacific Railway Company to J. M. Thurston, Dr.

Dec. 23, 1886. For expenses during the year 1886 on special services under direction of the president..... $5,500.00

Other than the items accounted for in the separate bills, amounting to $2,900, will you explain the balance of the voucher?—A. The moneys received by me on the balance of that voucher were received just prior to the commencement of the last legislative session, and were designed to cover the expenses of the legislative session of January and February following. Members of the company would understand the fact that after the cashier's office was changed into that of assistant treasurer at Omaha, the habit which we had formed of going there and putting in our individual receipts and drawing out money whenever we wanted it, and accounting for it afterwards, was broken up, and it was no longer the practice for me, as I would want money to pay parties at Lincoln, to go to the cashier's office any day I wanted it, and draw a certain amount of money. I would want money before I could make out a voucher and put it in. In addition to these items, and some matters of personal expense of my own, the balance of the voucher, I think $2,500 of it, was used by me in paying parties and expenses at the last session of the legislature.

AS TO SPECIAL DIRECTIONS.

Q. What special direction had you from the president?—A. I simply had the direction of Mr. Adams, who instructed me that I was expected to have in charge and look after the matters of legislation affecting the railway interest at the coming session of the legislature; and I was instructed to use my own judgment entirely with reference to the matter.

Q. Were the sums of money expended in the same way as the expenditures you have already named?—A. In the same way exactly.

AID FOR BRANCH LINES.

Q. I call your attention to one item of the voucher, "Services and expenses in procuring aid for branch line, $660."—A. I had forgotten that there was that much of an item. Mr. Regan was engaged in voting bonds in aid of the Saint Joseph and Western road; and in connection with that he was requested by me to take charge of the matter of ascertaining for the benefit of the Union Pacific Company the probability of our securing aid for proposed branch lines. It is a fact that the Union Pacific Railway Company have had in contemplation for some time the construction of a series of branch lines in the State of Nebraska, which they have deemed almost absolutely necessary for the preservation of their future interests. They have made preliminary surveys, and laid out lines, and investigated the matter of the probability of securing aid from different counties and precincts along the proposed lines, hoping and expecting (which was particularly true at this time) that that session of Congress,

or the forthcoming session, would take such action with regard to legislation affecting their interests as would leave them in the near future free to go on and prosecute these enterprises. The failure of Congress to act simply put an end to them. I have no idea of the financial situation of the company, but I know that the failure of Congress to act terminated the present possibility of the company to go on and build these branch lines.

NO MONEY EXPENDED TO SECURE VOTES.

Q. During your attendance upon the legislature during the years you have named, while in the employ of the Union Pacific Railway Company, were any of the sums of money named in the vouchers which have been presented to you, or in any other voucher paying the money of the Union Pacific Railway Company, expended for the purpose of securing from members of the legislature their vote or support of measures?—A. Not one dollar.

Q. Have you any knowledge through any other source of the expenditure by any other person of the money of the Union Pacific Railway Company, or of any other money, for the purpose of securing the vote or support of members of the legislature in the interest of the Union Pacific Railway Company?—A. I have not; and in my own judgment no money, not a dollar, has ever been used for any such purpose.

By Commissioner LITTLER:

Q. My recollection is that there is a voucher, to which your attention has been called, for about $6,000?—A. Yes.

MARKET VALUE OF VOTES.

Q. Assuming that you had undertaken to use that sum of money directly for the purpose of buying votes in one of those counties, where the people mostly own their own lands, how far would you have succeeded? My object is to ascertain whether there is any established market value for votes out there?—A. It depends upon what kind of votes you mean. I have no means of judging except from rumors, and I do not like to put myself on record as supporting rumors. There never is an election there, nor anywhere else, I guess, but what the newspapers are full of alleged uses of money.

Q. From your knowledge of the character of your people through those country counties, what is your opinion as to attempting to carry an election by means of purchasing votes, where they were not in favor of the proposition? Could it have been done at all?—A. In the State of Nebraska, its more newly settled counties, where these propositions have been voted upon, are settled in very large part by men who carried muskets on the Union side, in what is now called "the late unpleasantness;" and in my judgment those men cannot be bought.

BORN IN THE EAST, THROUGH NO FAULT OF HIS OWN.

Q. You were born in the East, I have understood you to say?—A. Yes; but not through any fault of my own.

Q. How, in your opinion, does the integrity of your people compare with that of the people of Pennsylvania and New York, when it comes to buying votes?—A. I can only judge by what the newspapers say. Those people have a bad reputation in the newspapers.

AS TO WITNESS'S WILLINGNESS TO TESTIFY.

The WITNESS. There was some comment in the newspapers in my State about my having been fishing when the Commission was at Omaha; and I wish to submit some telegrams that passed between myself and the Commission at that time. I would like to have them attached to my testimony.

The CHAIRMAN. You may read them.

The WITNESS. The first is a telegram from Windham, Minn., dated June 29, 1887, to A. J. Poppleton, the general attorney for the railway company at Omaha.

I have just ascertained that the Commission wish me as a witness. I had no intimation that I was wanted, or I should have been in Omaha. It would break up the plan of myself and wife for our summer vacation to return now, but I am most willing to appear; and if the Commission require can be with them on Friday morning; or I can meet the Commission at any time or place they may name. Please arrange for me, and telegraph me here, care of John G. Redding.

J. M. THURSTON.

To that I received the following answer:

OMAHA, NEBR., *June* 29.

To JOHN M. THURSTON (care J. G. Redding),
Windham, Minn.:

Poppleton out of town. Have notified Commission of your willingness to appear. They do not wish to cause you any inconvenience, but would prefer to have you appear on Friday next. If it suits you better they will take your testimony at Kansas City the latter part of next week, or in New York next September. Please answer.

G. M. CUMMINGS.

To that I answered, at about 2 o'clock the next morning, as I was changing cars at Worthington:

G. M. CUMMINGS,
Omaha:

Can best meet Commission in New York in September at any date they may name. Please express my thanks for their courtesy in the matter.

J. M. THURSTON.

I have appeared here at my own expense, and am glad to do so. I do not charge the Government anything for it; and I wish to thank the Commission for their kindness in excusing me at that time.

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10 WALL STREET, NEW YORK,
Friday, September 23, 1887.

JOHN CHARLES FRÉMONT, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. General Frémont, you were engaged, I believe, at one time in connection with the construction of what was known as the Leavenworth, Pawnee and Western Railroad?—Answer. I was.

Q. What connection had you with that enterprise—I mean from what year to what year?—A. In 1863 and 1864.

Q. Who was associated with you?—A. Samuel Hallett.

Q. Please give us a short statement of how your connection was formed with that railroad, and generally what happened with regard to

its construction or development while you were connected with it, and to whom it was afterwards passed.—A. The story of it may be a little longer if I give it in that way. Perhaps I could better give it in answer to questions.

PURCHASE OF LEAVENWORTH, PAWNEE AND WESTERN RAILROAD

Q. We wish it more to fill in the historical sketch that we have of the construction of that road from its inception, in 1861, down to the consolidation.—A. Samuel Hallett and myself negotiated with the president and directors of what was then the Leavenworth, Pawnee and Western Railroad Company. We purchased it, and began payments for it at the end of May, 1863. The payments for the road were continued along until they were finished in October—at the end of October—of the same year. The negotiation was with General James C. Stone, General Thomas Ewing, jr., Colonel Isaacs, and Mr. McDowell. The payments were made at different times to these gentlemen, and the last payment was made to Washington Hunt as trustee. The sum paid for the road was $203,000, which I paid.

CHARACTER OF THE PROPERTY PURCHASED.

Q. Please tell us what it was that you bought, and how far the construction had proceeded.—A. There was little or no construction when I bought it, so far as I remember. Perhaps some surveys had been made and some grading begun; but I do not remember of any construction worthy of note having been made at the time we purchased it.

Q. Had there been any titles to land obtained through contracts with the Indians?—A. The titles to land, I think, had been acquired from the Pottawatomie and Delaware Indians. The road was considered to own over two million acres of land, of which the principal part was obtained from the Indians.

Q. So that what you bought was substantially the franchise of the road under its charter, and such rights as had been acquired from these tribes of Indians, and such surveys as had been made?—A. Exactly.

NO PROGRESS MADE IN CONSTRUCTION.

Q. Please describe the construction after you acquired the title, as far as it went.—A. I scarcely remember, as the construction was so unimportant, so slight after I acquired it, because I held it but for a very short time, and estrangements took place between Samuel Hallett and myself, and from that time nothing was done. That took place in 1864.

CANADIAN CONTRACTORS.

Q. Then the enterprise simply languished during those two years, nothing special being done about it?—A. Pretty much so. The contract had been made by the contractors of the Leavenworth, Pawnee and Western road, with a Canadian firm; and they were to a certain extent more or less at work at the time we bought it; but very little advance was ever made. Attempts were made to continue the building of the road by that same company; and contracts were made to complete it in January, 1864, but nothing was done under them.

SALE OF ROAD TO KANSAS PACIFIC COMPANY.

Q. How did the interest in the enterprise pass from you and Mr. Hallett, and to whom did it pass?—A. It passed from me to the Kansas

Pacific Company. I think that Mr. Filly, of Saint Louis, who was a director of the road, was the person with whom I had the transactions and negotiations; and the assets, all that we had, were turned over to him for the company. That was some time in December, 1864.

Q. Do you mean Chauncey R. Filley, of Saint Louis?—A. I don't know whether his name was Chauncey or not.

Mr. JOHN F. DILLON. I think his name is G. H. Filly.

The WITNESS. Then it was not Chauncey. It is a long time ago, and I do not remember; but it was to a Mr. Filly, of Saint Louis, one of the directors of the road, that we transferred what we had.

Q. After December, 1864, you had no personal knowledge of the construction whatever?—A. None.

Q. And had no interest in the Kansas Pacific after that date?—A. None other except to receive the payments which were made to me of the sum for which I sold it. I paid for it $203,000, and I received for it about that sum.

CERTIFICATES ENTITLING HOLDERS TO STOCK.

Q. What knowledge have you of certificates, not of stock, but certificates entitling the holders to receive stock in the company, which purported to have been issued before you and Mr. Hallett acquired your interests in 1863?

The WITNESS. Do you refer to the list of which some mention has been made in the newspapers?

Commissioner ANDERSON. Yes.

The WITNESS. Those two lists were turned over to me among the papers showing the condition of the property at the time of its transfer to me.

THE INTERVIEW REFERRED TO BY GENERAL STONE.

Q. Were you present at the interview referred to by General Stone in his testimony, by which it appears that certain entries or memoranda were made on the face of that list?—A. I cannot say. I may have been present, but I doubt if I was. They were turned over to me among the other papers, and were laid away and treated as dead letters, pretty much. They were never given any effect to, but remained in that condition until I transferred the property to the Kansas Pacific.

Q. You say that you do not remember whether you were present at that interview or not, when these remarks were noted by Mr. Stone. As he described it, a number of gentlemen were present, and the remarks noted by him appear to have been the result of an interchange of sentiment among the gentlemen present; and these memoranda were entered in the margin of the paper. Do you recollect being present at an interview of that character? I may say that General Stone does not know that you were present. I merely inquire for your memory about it.—A. I was about to say that among the number of interviews that we had in the course of the negotiations it would be difficult for me to say at which particular ones I was present; but I have no recollection of having been present at any such interview as you mention.

Q. Where is the original of this statement which was prepared and which you say was handed over with the other papers?—A. I do not know where they are at this time. They may be among my papers, or they may have been transferred with the papers showing the condition

of the company at the time I sold it to the Kansas Pacific. I lost a number of papers at the burning of Morrell's fire-proof warehouse on Fourth avenue, and they may have been there. I have been surprised to see how many duplicates of those, or copies of those, were out. They never were put out by me.

DOES NOT KNOW HOW THE PAPERS BECAME PUBLIC.

Q. The paper, I presume, was in manuscript?—A. In manuscript. There were two papers; one referred to the Delaware and Pottawatomie land business, and the other to the Congressional affairs.

Q. You have no idea at whose instance or on whose motion this manuscript found its way into print?—A. I have not.

Q. Please look at the copy I now show you, and state whether you recognize it as being a copy of the paper you have referred to.—A. This appears to be the same, though I gave much less attention to this particular paper than to that which had on it the names of the parties purporting to influence members of Congress.

Q. That appears to have on it the memoranda, if you will examine it.—A. This is not the paper which I had. It is not a copy of that paper. The paper which was turned over to me was much more full than that, and there were many names on it which I do not see here.

Q. Do you know Mr. Clark Bell and Mr. McDowell whose names appear to be affixed to the certificate stating this to be a copy?—A. Yes, I know Mr. Clark Bell very well.

Q. Did he do business for you at any time? Would it be possible that he had the possession of the original paper?—A. No; I should think not. This may be a copy, but so far as my recollection goes there are discrepancies. It does not address itself to my memory as being quite the same as those which were turned over to me. The papers certainly resemble each other, but it is impossible for me to say that this is a full copy of those which I had.

Q. Is there any special difference which strikes you, such as the absence of any particular name, or of any particular remark?—A. There are some names which I remember as being on the other paper that are not on this.

WITNESS HAS NO PERSONAL KNOWLEDGE.

Q. Have you any personal knowledge whatsoever as to the facts which are alluded to in this paper? I mean as to the fact of the delivery of any certificates to the parties named; or facts relating to services which they were not supposed to recollect; or facts relating to the motives which actuated the policy which is indicated under the column of "remarks" to be pursued in respect to these different persons?—A. No; I have no personal knowledge whatsoever in regard to those matters. All this business took place a year before I bought the road.

NO EFFECT GIVEN TO THE CERTIFICATES.

Q. And your best recollection is that you were not present when this column of remarks was written; and that you did not receive from any of your predecessors in this interest any information relating to the persons named on this paper. Is that correct?—A. That is my general recollection. It would be difficult for me to say that I never heard anything from them with regard to these things. They were turned over

among papers which went to show the condition of the company. I know that no effect whatever was given to the certificates. No stock or lands were ever transferred by me to any one of the parties named on those—any of them.

Q. Do you know whether, subsequent to the time when you passed the property over to your successors, any proceedings were had with regard to these certificates, or whether any of them were recognized?—A. No, I do not. There might be a recollection of some things floating in my mind, but I would not be willing to speak of it or mention any name unless I had positive personal knowledge; because a stigma of that kind once affixed does not go away.

Q. We do not ask for the names. Have you any general information derived from your great familiarity with the western country, and with the relations of the Union Pacific to the Government, that you desire to lay before the Commission to help us in our investigation?—A. No. I know not nearly so much as those more nearly engaged. It has always been an object of interest to me, but I do not know anything which would be of special interest to you which you do not already know.

WITNESS WAS NOT ENGAGED IN SECURING PASSAGE OF BILLS.

By Commissioner LITTLER:

Q. I understand you to state that if the list shown you contains a list of names to whom promises of stock, or other valuable thing was given, to any public man, either in Congress or out, you had nothing to do with it?—A. Nothing whatever.

Q. You were not engaged in the business of bribing members of Congress about that time?—A. No; I was in the field about that time, and pretty actively engaged—at the time of the passage of that bill.

Q. If anything of that kind was done it was done without your knowledge, and you had nothing whatever to do with it?—A. Entirely without my knowledge. All that I know of that part of the business of the road, or the passage of the bill, is contained in these papers.

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10 WALL STREET, NEW YORK,
Friday, September 23, 1887.

THOMAS EWING, being duly sworn and examined, testified as follows:

The CHAIRMAN. I believe your name was referred to in a deposition made before this Commission by General Stone, referring to some matters connected with the early history of the Kansas Pacific Road. I understand that you desire to make some statement, and we shall be happy to hear it.

CONNECTION WITH LEAVENWORTH, PAWNEE AND WESTERN COMPANY.

The WITNESS. I have asked this opportunity to make a statement respecting my connection with the Leavenworth, Pawnee and Western Railroad Company, which in 1862 became a branch of the Pacific Railway, and especially to tell what I know about certain contracts alleged to have been made by that company in aid of the passage of the first Pacific Railroad law—that of 1862.

I was connected with it as a director about one year—from June, 1861, to June, 1862; but never had an active part in its management. The real managers of the company were the president, J. H. McDowell, the vice-president, A. J. Isaacs, and the treasurer, General J. C. Stone. They had absolute control of the affairs of the company for more than a year before I became a member of the board, and for a still longer time after I left it to enter the Army. They went to Washington at the opening of the session of Congress of 1861-'62, to aid in passing the proposed Pacific Railroad bill. I did not go there until late in the session, in fact until after the bill had passed the House of Representatives and was well on its way in the Senate. I remained there but a few weeks and left before the bill passed the Senate. I never again met with the board or executive committee, for the reason that immediately on returning to Kansas I was offered and accepted a commission to raise the Eleventh Kansas Infantry Volunteers, and I thereupon dropped the business of the railroad company, and never had anything to do with it thereafter.

CONTRACTS FOR STOCK AND LANDS.

While in Washington on that occasion, I recollect to have joined with one or more of the gentlemen named in executing four or five contracts with persons whose names are set down in the list in regard to which General Stone was recently examined by this committee. The company had at that time a charter, some surveys from Leavenworth, and a right of purchase of certain lands of the Delawares. It had nothing else except the hope of being made part of the Pacific Railroad, which the Kansas people greatly needed and desired to have built. There was no possibility of building it except with Government aid. The people of the country were then both ignorant of and inattentive to the pressing national need of the Pacific Railway, and the feasibility of its construction; the immediate war exigencies absorbing all interest. To pass the bill it was indispensable that the subject should be thoroughly and ably presented to Congress and the country through the press and by personal discussion with committees and members of Congress. The company had no means whatever to obtain such service except by contracts for stock and lands, the value of which were wholly dependent upon the passage of the bill. I am not at all willing to admit that such employment of men was proper. Like contracts are recognized and enforced by the courts as legitimate, and every man knows that no measure of mixed public and private interest is ever enacted in Congress or any State legislature without employment of men to present and discuss it before committees and in the press.

NEVER HEARD OF THE LISTS UNTIL 1872.

I never heard of these lists until 1872. General Stone is reported to have testified that they were prepared in the fall of 1863, a year and a half after I ceased to have any participation in the affairs of the company. I never heard of one-fifth part of the contracts named in these lists. More than half of the names mentioned in them are of persons I never knew nor met. Whatever contracts may have been made by any of the gentlemen named while the Pacific Railroad bill was pending in Congress before I went to Washington and after I left there, I knew nothing whatever about. There was no occasion to have them made known to me, and they were not. The only contracts named

in those lists as published of which I was cognizant, according to the best of my recollection, are those with McBratney, Lathrop, Lathan, Johnson, and King. I may have known of one or two others, but with the list before me I cannot recall any. I never knew of any contract or arrangement with McDowell. The contracts, so far as I had any knowledge whatever of them, were made in consideration of legitimate service of the character I have indicated. I never knew or had reason to believe that any person with whom any contracts were made had or professed to have any corrupt or improper understanding or arrangement with any member of Congress respecting the bill.

By Commissioner ANDERSON:

Q. When did you first learn of the existence of this list?—A. It was during the campaign of 1872 in Ohio, when it was published in some one of the New York papers.

Q. And you examined it, I suppose, at that time, as well as later?—A. I did; and I came out with a card stating in effect, but more briefly, what I have said here.

USE MADE OF CERTIFICATES.

Q. Was the use made of the certificates you have referred to in the cases specified by you limited to those persons themselves, or were those contracts delivered with the right to them to use them in any way they pleased for the purpose of bringing about desired legislation?—A. The contracts were all personal with them, and I may say that I never knew of any stock being issued; they were simply contracts for stock.

Q. That is all they profess to be, under General Stone's testimony. Were these contracts that were prepared in the four or five cases that you know of, limited to promises for stock, or did they also embrace some of the lands?—A. My impression is that several of them embraced lands—the contracts which I have named here.

Q. There is one named in addition to those you have mentioned—Washington Cheever. Do you recollect him?—A. I recollect the person, but I have no recollection of any contract with him.

Q. Was any one of these contracts, or any promises for stock, or for land, used with your knowledge or consent in any manner, directly or indirectly, for the purpose of influencing any member of the legislature? A. So far as I know, or have reason to believe, they were not.

Q. So far as you had authority or intervention of your own it would have been without your sanction and without your privity?—A. Decidedly so.

ISSUE OF STOCK.

By Mr. JOHN F. DILLON:

Q. You were a director from 1862 to 1863?—A. From 1861 to 1862.

Q. In this list there are two columns, one giving the number of shares subject to assessment, and the other the number of shares not subject to assessment?—A. Yes.

Q. And there is a summing up, as follows:

Number of shares subject to assessment	70,140
Number of shares not subject to assessment	13,020
Original stock subscribed to organize the company	2,350

At the time when you were connected with the company had any road been constructed?—A. None.

Q. Do you know the extent to which at that time stock had been issued?—A. My impression is that there had been but a small amount of

stock issued up to the time that I ceased to have any knowledge of the company or its affairs.

A PAPER COMPANY.

Q. That is to say, in 1862, when you left, it was substantially a paper company, whose hope of living depended upon being recognized by this act of Congress?—A. That was substantially the situation.

Q. And with no money in its treasury?—A. No.

Q. And no stock had been sold or paid for in cash?—A. Nor were there any responsible stock subscribers. That is to say, General Stone, I think, subscribed for all the capital stock; but it was well understood that he was not able to pay for it; and there were a few shares to each director. When I came into the board I recollect that I was put down as a subscriber for five shares. General Stone had subscribed, for the purpose of keeping control of the company, to a majority of its capital stock.

The Commission then adjourned to Saturday, September 24, 1887, at 10 o'clock a. m.

No. 10 WALL STREET, NEW YORK,
Saturday, September 24, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

COMMUNICATION FROM JOHN M. KASSON REQUESTING INVESTIGATION OF A REPORT CONCERNING HIMSELF.

The chairman laid before the Commission the following communication, which was read and ordered spread upon the record:

CONSTITUTIONAL CENTENNIAL COMMISSION,
No. 907 WALNUT STREET,
Philadelphia, September 23, 1887.

Hon. ROBERT E. PATTISON,
Chairman of Pacific R. R. Commission, 10 *Wall Street, New York:*

SIR: A gentleman has just shown me the brief report of a New York journal of an examination of C. P. Huntington, esq., touching certain letters written by him some years ago. In this report it appears that my name was mentioned in one of his letters, as follows:

"Senator Kasson is an able fellow, and we have never lost any money on him."

The report never appeared before in this form and connection to my knowledge. I now come to you, whose repute is that of an honorable man, and ask you to probe the meaning of that phrase to the bottom, by examining Mr. Huntington, and any and every other agent of the Pacific road, on the question whether the indication of that expression, or the actual fact anywhere was or is that, at any time or place or under any circumstances or in any form, Mr. Huntington or his company ever paid or offered to pay any money or other compensation, or to "lend" any money to me, or were ever asked for any money or other compensation by me; in a word, whether my hands are clean or unclean.

I have the honor to request that you append this letter to your report, and that you incorporate in it the result of your inquiry.

I am, sir, your obedient servant,

JOHN M. KASSON.

NO EVIDENCE REQUIRING INVESTIGATION.

Commissioner ANDERSON. In regard to the request contained in that letter, I desire to say, so far as my own judgment is concerned, and I presume I merely echo the judgment of every member of this Commission, that no evidence whatever has been placed before this Com-

mission tending to show, in the slightest way, that Mr. Kasson has received any money or anything of value from the Central Pacific Railway Company, or from any of its agents or officials. I therefore move that, as to that request, a member of this Commission be authorized to acknowledge the receipt of Mr. Kasson's letter, and incorporate in that letter the statement just made by me, and to state that we do not deem it necessary to make any further inquiry, as far as that matter is concerned.

The motion of Commissioner Anderson was agreed to, and he was requested to send a reply to Mr. Kasson's letter.

The Commission then adjourned until Wednesday, September 28, 1887, at 10 a. m.

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10 WALL STREET, NEW YORK,
Wednesday, September 28, 1887.

Mr. COHEN. I have been asked by Mr. Jackson, the agent of Senator Jones, to submit this affidavit to the Commission, explaining the transaction between Senator Jones and the Southern Pacific Company, or whoever bought the Los Angeles and Independence Railroad. It is sworn to before the United States commissioner at San Francisco. You have already had Mr. Jackson's deposition upon other matters.

The CHAIRMAN. Do you wish to read the affidavit?

Mr. COHEN. I simply wish to let it go on the record. I do not care to read it. The affidavit is presented at Mr. Jackson's request.

AS TO SALE OF THE LOS ANGELOS AND INDEPENDENCE RAILROAD.

Mr. Jackson's affidavit is as follows:

ADDITIONAL AFFIDAVIT OF JOHN P. JACKSON.

In the matter of the examination into the affairs of the Central Pacific Railroad Company.

STATE OF CALIFORNIA,
City and County of San Francisco, ss:

JOHN P. JACKSON, being duly sworn, comes and makes the following statement: In the proceeding before the Commission at the Palace Hotel, in the city of San Francisco, on the day of , 1887, the Commissioners propounded a question to the honorable Leland Stanford, then a witness before said Commission, as follows: "Have you paid any money for the purpose of influencing legislation to John P. Jones?" Which question the said witness, by the advice of his counsel, refused to answer.

Affiant further says that he is informed and believes that certain letters written by C. P. Huntington to David D. Colton and certain other letters or copies thereof, written by David D. Colton to said C. P. Huntington, are within the control of said Commission. That the said Commission intended to annex said letters to their report which they are required to make to the President under the act of Congress from which they derive their appointment. That the parties having the immediate custody of said letters and said copies, which were intended to be so introduced before the said Commission, have been enjoined by the circuit court of the United States from the production of said letters or disclosing of their contents; that affiant is informed and believes that the said letters or the said copies contain statements of certain monetary transactions between the said C. P. Huntington or the said David D. Colton or the said Central Pacific with the said John P. Jones.

That the said Commissioners have left the city of San Francisco since the said Stanford was examined, and are about to meet for further examination into the affairs of the Central Pacific at the city of New York.

That affiant will not be present at the city of New York at any session that may be held there, but for the purpose that his knowledge and information concerning the affairs of John P. Jones may appear for the information of the said Commission, and in case the injunction restraining the production of the said letters or the disclosing of their contents may be removed, he makes the following statement:

For the last twelve years I have been the agent and attorney in fact, under an unlimited power of attorney, of Senator John P. Jones, of Nevada, and have transacted all his business in the State of California. During this time Senator Jones sold to C. P. Huntington and associates the Los Angeles and Independence Railroad and wharf for about $250,000, being about one-half its cost price. It was paid for in installments. Previous to the coming due of one of the said installments General Colton wrote in one of the said letters to C. P. Huntington not to pay the next installment due, as Mr. Jones owed them money. The facts in the premises were that the only money owed by Mr. Jones was the sum of $5,400, which was due for back taxes on the Los Angeles and Independence Railroad; and this amount of money affiant paid to Mr. A. N. Towne, general manager of the Central Pacific Railroad. This I believe to be the only money transaction that took place in the last twelve years between the Central Pacific Railroad or its owners and said Senator John P. Jones.

I make this affidavit in case the said letters may be admitted or Senator Stanford may be required to answer the questions, which, under the advice of counsel, he has declined to answer, so that the facts may be before the Commission and this statement may be incorporated in the testimony accompanying its report, the information being particularly in my possession.

J. P. JACKSON.

Subscribed and sworn to before me this 31st day of August, 1887.

L. S. B. SAWYER,
Commissioner U. S. Circuit Court, Northern District of California.

COMMISSIONER ANDERSON'S REPLY TO MR. KASSON.

Commissioner ANDERSON. I desire to say that I have written to Mr. Kasson a letter in reply to his letter of 23d.

Commissioner Anderson's letter is as follows:

UNITED STATES PACIFIC RAILWAY COMMISSION,
10 *Wall street, New York, September* 24, 1887.

Hon. JOHN A. KASSON,
924 *Fifteenth Street, Washington, D. C.:*

DEAR SIR: The United States Pacific Railway Commission has this morning received your letter of the 23d instant. As requested by you, the Commission has directed your letter to be entered on our minutes, and requested me on its behalf to acknowledge its receipt, and to answer the same.

We have made every effort to have the original Colton letters before us for the purpose of our investigation, but their production, as you doubtless know, has been prevented by the action of Mr. Huntington himself, or of his representatives.

The letter in question was read to Mr. H. from the printed record in the Colton suit. The exact language of the sentence to which you refer is as follows:

"Mr. Kasson has always been our friend in Congress, and as he is a very able man, has been able to do us much good, and he has never lost us one dollar."

It is of course quite possible that the word printed "lost" is "cost" in the manuscript.

In relation to your request for a further examination, the following is an extract from the minutes of the Commission:

"Commissioner Anderson stated:

"In regard to that request, I desire to say, as far as my own judgment is concerned (and I presume I simply echo the judgment of every member of this Commission), no evidence whatever has been placed before this Commission tending to show in the slightest way that Mr. Kasson has received any money or thing of value from the Central Pacific Railway Company, or any of its agents or officials. I therefore move as to that request, that a member of this Commission be authorized to acknowledge the receipt of Mr. Kasson's letter, and to incorporate in that letter the statement now made by me, and to state that we do not deem it necessary to make any further inquiry in the matter referred to.

"The motion was agreed to."

With the assurances of our sincere respect, I remain,

Yours truly,

E. ELLERY ANDERSON.

AS TO DISSENTING OPINION OF JUDGE HOFFMAN.

Commissioner ANDERSON. I have also written to Mr. Carey, United States district attorney at San Francisco, ordering some copies of Judge Hoffman's dissenting opinion in the matter involving the right or duty of the courts to compel Mr. Leland Stanford to answer the questions put to him by the Commission which he has refused to answer. I stated in that letter that it was the desire of the Commission that the matter should be carried to the Supreme Court of the United States for review, if the rules of practice permitted that to be done. I stated, however, as a result of my own examination that I could find no method in the existing provisions of law by which the order of the United States circuit court in the matter referred to could be appealed; that it did not seem to be susceptible of an appeal, and I now see that Judge Hoffman has stated the same thing.

Mr. COHEN. When was that opinion filed?

Commissioner ANDERSON. It appears in this morning's New York World, as a telegraphic dispatch from San Francisco.

MR. COHEN DENIES THE EXISTENCE OF A CERTAIN LETTER.

Mr. COHEN. I desire to say that I have examined the Colton correspondence, and that there is no such letter as you examined Mr. Huntington about—a letter stating that there was nothing lost by Mr. Kasson. Mr. Huntington never wrote any such letter.

Commissioner ANDERSON. I do not think we can receive any such statement in the absence of the letters. The letters should be produced.

Mr. COHEN. No letter can be produced that does not exist.

Commissioner ANDERSON. I say no statement about letters should be made, since the letters are not produced.

Mr. COHEN. In the course of my practice when I have stated that I know a thing as a fact, I have generally had proper credence given to my statement, and when I say that there is no such letter, I mean it. I say further, that it should have been the part of the Commission to satisfy themselves that the allegation they were examining Mr. Huntington about, and which was intended to reflect upon the character of a public man, had some foundation.

Commissioner LITTLER. How are you able to state, Mr. Cohen, that there is no such letter?

Mr. COHEN. Because I have gone through all the letters.

The CHAIRMAN. If we are going to examine Mr. Cohen, we will put him on the witness stand.

Commissioner ANDERSON. I object to these statements about the letters.

Mr. COHEN. I have a right to make the statement.

Commissioner LITTLER. Are you testifying, or are you stating this professionally?

Mr. COHEN. I am stating this as counsel.

Commissioner ANDERSON. Counsel for whom?

Mr. COHEN. For the Central Pacific Railroad Company and its different members. I say that Mr. Huntington never wrote any such letter.

Commissioner LITTLER. If you want to make a statement as a witness we will hear you.

Mr. COHEN. I have made my statement.

The CHAIRMAN. Mr. Cohen is through. He simply wanted to place his statement on the record. We have no objection to that.

10 WALL STREET, NEW YORK.
Wednesday, September 28, 1887.

HORACE WHITE, being duly sworn and examined, testified as follows:

The WITNESS. I appear here as a volunteer, through the courtesy of the Commission.

A VOUCHER EXPLAINED.

On examining the testimony given by Judge Usher, I see that he said a voucher which had been submittted to the Commission purported to show that I had put in a bill for $745 for services of some kind. I find that Judge Usher was quite unable to explain the appearance of that voucher, and so stated to the Commission.

WITNESS PRESENTED NO BILL FOR HIS SERVICES.

I wish to say that I never put in any bill for services to the Union Pacific Railroad, or to the Kansas Pacific Railroad, or to any Pacific railroad. I was a member of the bondholders' committee of the Kansas Pacific Railway, which company went into bankruptcy in 1876. There was a committee of nine bondholders appointed to assist the receivers in the discharge of their duties. I was one of the nine. There was a special committee of three, consisting of Mr. L. H. Meyer, Artemus H. Holmes, and myself, who did most of the office work. I was not at that time engaged in any other work, consequently I was able to give most of my time to those duties. In the course of our duties it became necessary to send somebody to Washington to assist in securing the passage of a bill to compel the Union Pacific Railroad Company to prorate with the Kansas Pacific Railroad Company. The Union Pacific Railroad Company was required by its charter to receive freight at Cheyenne and transport it to the western terminus of the road at Ogden on the same terms that it received its own freight at Omaha or Council Bluffs, but it refused to do so, and, refusing to do so, the Kansas Pacific Company believed, and the bondholders believed, that they were disabled from paying their interest, and that the bankruptcy of the road was in consequence of such refusal. The Kansas Pacific Company and the bondholders, of course, were at variance on a good many points, but they were in entire harmony on that point, and both agreed that it was necessary that a bill should be passed to compel the Union Pacific Railroad Company to perform its duty in that regard in order that the Kansas Pacific Company might meet its interest obligations. I was designated as one member of the committee to go to Washington on that business, and Mr. Holmes was designated as another. I went there several times, and was there two or three months altogether, and paid my own traveling expenses and hotel bills and printing bills.

ASKED AS TO EXPENSES, HE STATED THE AMOUNT.

Now, as to this voucher of $745, the only way I can account for it is this: Mr. Carr, the president of the Kansas Pacific Company, was there at one time when we were all of us engaged in this endeavor; and my recollection is that he asked me what my expenses had been and that I told him and that he drew a draft on his treasurer at Saint Louis and handed it to me to pay my expenses. That is my recollection. This voucher, which purports to be for services, does not seem to have any

signature, either mine or anybody else's. I have never seen that voucher, but I intend to see it if I have to go to Omaha to look at it. I have no recollection of it myself. I intend to see whether any signature is attached to it. I only desire to see it because I never put in any bill for services to the Union Pacific or the Kansas Pacific or any other Pacific company.

I remarked that I was in Washington on this business several months. I have in my hand here a volume of literature compiled on our side on that subject, a volume of 747 pages. My small contribution is bound up in that volume. Judge Usher, I observe, has a low opinion of it. In that I agree with him.

By Commissioner LITTLER:

Question. If you ever received the money evidenced by this voucher you think it was for your expenses, hotel bills, &c., while you were in Washington?—Answer. I do, sir; emphatically.

Q. And that you never received any consideration and never charged any for your services?—A. I know that positively.

EVIDENCE THAT THE BILL IS NOT FOR SERVICES.

Q. Is not the fact that the bill is so small pretty conclusive evidence that you never made out a bill for your services?—A. Well, I never worked for such low wages as that since I arrived at man's estate. If, after deducting expenses, there was any balance left it was so small that I should refuse to accept it for services.

A LETTER TO JUDGE USHER.

Judge Usher is considerate enough to say in his testimony that he never liked me, because I was always attacking Lincoln in my newspaper during the war. I have written a letter to Judge Usher to say that I was not an editor of any newspaper during the war and that the question of his personal likes or dislikes was not made a subject of inquiry under the resolution of Congress which appointed this Commission. That is my "tit-for-tat." I have nothing further to say, unless you gentlemen wish to ask any question.

The CHAIRMAN. I believe we have nothing further.

The WITNESS. I desire to thank the Commission for its courtesy.

LETTERS AND DOCUMENTS ACCOMPANYING MR. WHITE'S COMMUNICATION.

Mr. Horace White subsequently addressed the following letter to the Commission:

NEW YORK, *October* 15, 1887.

To the UNITED STATES PACIFIC RAILWAY COMMISSION:

GENTLEMEN: Since I appeared before you as a witness I have been allowed to take from the files temporarily, and I now present to you for inspection, the original voucher which purported to show that I had rendered a bill for "services at Washington" to the Kansas Pacific Railway in the year 1878, for the sum of $745, or had received that sum for services rendered to said company. You will observe that this voucher is not signed by me, and that there is attached to it, by pasting a paper, evidently in the handwriting of Mr. R. E. Carr, the then president of the company, containing a memorandum of six payments, in words and figures following, viz:

Brooks & Son, board bill $72.85
J. H. Wadsworth, legal services 1,250.00

Horace White, expenses at Washington (order of H. Villard)..... $[illegible]
R. S. Elliott, printing and advertising..... [illegible]
Geo. L. Vose, calculations made by him (on grades and curves)..... [illegible]
J. H. Rickey, one month's services..... [illegible]

It is plain that the person who made up the voucher in my case from Mr. Carr's memorandum used the word "services" when he should have used the word "expenses." This confirms my recollection of the matter, as already stated in my testimony.

Yours, truly,

HORACE WHITE.

I certify that the memorandum referred to by Mr. White contains the entries above indicated.

CHAS. P. YOUNG, *Sec'y.*

THE UNION PACIFIC RAILWAY COMPANY,
Boston, October 7, 1887.

MY DEAR WHITE: I inclose you the vouchers you requested. The delay is explained in the accompanying papers to Comptroller Mink.

You will observe that these vouchers, although made out in your name, do not have your signature, which is only found on the two drafts drawn by Mr. Carr. The explanation seems very plain that, after paying you $745, Mr. Carr, instead of making his voucher for expenses, made it for "services." This, I believe, is your explanation of it.

Will you please return these documents as soon as you get through with them?

I remain, &c.,

ISAAC H. BROMLEY,
Assistant to President.

HORACE WHITE, Esq.,
Editor Evening Post, New York, N. Y.

THE UNION PACIFIC RAILWAY COMPANY,
Omaha, Nebr., October 4, 1887.

DEAR SIR: As requested in your telegram of September 30, I send you herewith Kansas Pacific voucher No. 594, favor of Horace White, $745, with all papers belonging to same, and voucher draft 3263, by which it was paid.

We had some difficulty in finding the papers; hence the delay in forwarding them.

Yours, truly,

ERASTUS YOUNG,
Auditor.

OLIVER W. MINK, Esq.,
Comptroller Union Pacific Railway Company, Boston, Mass.

[Voucher.]

G. E. department, No. 594. For November, 1878. Account legal expense.
Paid Dec. 11, 1878.
Draft No. 3263.

The Kansas Pacific Railway (S. T. Smith, receiver) to Horace White, of Washington, D. C., Dr.

Pay A. H. Calef, cashier, address, St. Louis, Mo., for the account and amount as per original bill rendered, filed in the auditor's office, and certified by receiver viz:

1878.
Mch. 13. Services at Washington, order H. Villard, receiver:
January 30, 1878..... $[illegible]
March 13, 1878..... [illegible]

$745.00

Seven hundred and forty-five dollars.
Approved.

S. T. S.,
Receiver.

Examined, registered and approved.

H. C. CLEMENTS,
Auditor.

[Voucher.]

Charge G. E., legal expenses. M. L., mileage. Month Nov., 1878.

Kansas Pacific Railway to Horace White, of Washington, D. C., Dr.

1878.
Feb. 13. Pay A. H. Calef, cashier, address, St. Louis, Mo., for services at Washington; order H. Villard, recv.:

January 30, 1878	$500.50
March 13, 1878	245.00
	745.00

Paid Decr. 11, 1878, dft. No. 3263.
For approval of C. S. Greeley, ex. rec'r.
See letter from him Dec. 23rd, 1878. A. O. L. No. 2761.
Receipt of Horace White attached.
For approval of H. Villard, ex. rec'r.
See his letter Dec., 1878. A. O. 20 of 1879.
Approved.

S. T. SMITH,
Receiver.

[Endorsed:] Horace White, Washington, D. C. Per A. H. Calef, cashier, St. Louis, Mo., Nov., 1878.
$745.00.

[Kansas Pacific Railway; S. T. Smith, Receiver.]

NOTICE.—This draft is valid only when dated and signed by A. H. Calef, cash'r, and accompanied by a ———, dated and signed by H. C. Clements, Ass't and Act'g Auditor.
$745.00.
Voucher draft No. 3263.

KANSAS CITY, *December* 11, 1878.

Cashier for receiver Kansas Pacific Railway, St. Louis, Mo., pay to the order of myself seven hundred and forty-five dollars, in payment of amount voucher favor Horace White, Washington, D. C., for services, January 30th and March 13th, '78.
Dated at Kansas City, Dec. 12th, 1878.

A. H. CALEF,
Cashier.

MENOIR.

(Stamped on face:) Not for payment; for remittance or credit only. Kansas Pacific Ry.: Paid: Dec. 12, 1878, Kansas City, Mo. Auditor's office.
(Written across face as follows:) U. S. Circuit Court, Dist. of Kansas. Approved. H. P. Dillon, Special Master.
(Indorsed:) For credit account of Horace White on books. C. S. Greeley, H'y Villard, Rec'a. A. H. Calef, cashier. Menoir.

[$500.00.] WASHINGTON, *January* 30, 1878.

At sight pay to order of Horace White, esq., five hundred dollars, for value received.

ROB. E. CARR,
Gen'l M.

To A. H. CALEF,
Cash'r, St. Louis, Mo.
(Stamped on face:) Receiver's office, Feb. 5, 1878. K. P. R. W.

[Indorsements.]

Pay McGinnis Bros. & Fearing, or order.

HORACE WHITE.

Pay A. Lane, esq., cash'r, or order.

McGINNIS BROS. & FEARING.

Pay J. C. Van Blarcom, acting cashier, or order, for collection, on account Fourth National Bank.

A. LANE,
Cashier.

Received payment.

J. C. VAN BLARCOM,
Cashier.

$245.00.] WASHINGTON, D. C., *March* 13, 1878.

Pay to the order of Horace White two hundred and forty-five dollars, value received, and charge the same to account of

ROB. E. CARR,
Gen'l M.

To A. H. CALEF,
Cash'r, St. Louis, Mo.

(Stamped across face:) Receiver's office, March 16, 1878. K. P. R. W.
(Indorsed:) Pay Jas. Wormley or order. Horace White. James Wormley. Pay L. Levering, esq., or order. Riggs & Co. L. Levering.

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10 WALL STREET, NEW YORK,
Wednesday, September 28, 1887.

I. E. GATES, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. I am a clerk and assistant in the office of the Central Pacific Railroad Company, or the Southern Pacific now.

CONNECTION WITH CENTRAL PACIFIC.

Q. How long have you been connected with the Central Pacific Railroad Company?—A. It is about eighteen years, I should say, since my first connection with the company.

Q. Have your functions always been discharged in New York city?—A. Yes, sir.

Q. Under whose immediate direction are you?—A. That of Mr. C. P. Huntington, the vice-president of the company.

Q. Do you occupy the same room with him?—A. I do not at present. In the beginning I did for a short time.

Q. Where was that room?—A. At No. 54 William street.

Q. How long did you occupy the same room with him?—A. I should say but a few months. I could not tell exactly how long.

Q. To what place did you then move?—A. My own particular office was moved into an adjoining room.

Q. But still at No. 54 William Street?—A. Yes.

Q. How many years did you remain there?—A. I could not tell without referring back. We remained there until the plastering broke through over our heads when they were pulling down the building.

Q. To what place did you then remove?—A. To No. 9 Nassau street, the Duncan building.

Q. Were you with Mr. Huntington or with the Central Pacific as early as 1873?—A. Yes.

Q. What books did you then keep for Mr. Huntington?—A. I did not keep any books for him.

Q. What books did you keep, if any?—A. I did not keep any books. It has never been my duty to keep books, nor any part of my duty.

DUTIES.

Q. Please state, then, what your duties were.—A. As nearly as I can describe I was a general assistant to Mr. Huntington, but not a bookkeeper.

Q. What did you help him in—in what kind of transactions?—A. In any transactions that he committed to me for attention. I acted under his orders.

Q. Was not his business attending to the interests of the Central Pacific—the purchase of material for that road, and the sale of its securities in general?—A. He probably could tell what his business was better than I could.

Q. I am not asking you whether he could or could not. I am asking you what you know about his business, derived from your employment and acquired in the discharge of your duties?—A. He was vice-president of the company and the executive officer of the company in New York.

Q. What I want to get at is what you did for him, and for that reason I refer you to things that he did in which you say you assisted him.—A. It is a very difficult matter to specify.

GENERAL SUPERVISION OF WORK.

Q. Did you visit or communicate with persons with whom he had negotiations for the purchase of rails, for instance, for the road?—A. Perhaps, on occasions, I might have done so. For instance, if he had a contract for rails with any manufacturing company, after the contract was made I might be intrusted with seeing that it was carried out and that the deliveries were made. I would be intrusted with general work of that kind.

Q. That business of seeing that such a contract was carried out would involve visiting the parties selling the rails, or receiving statements from them as to the forwarding of the rails, and also involve the making of certain payments to those persons in satisfaction of their contract. Is not that so?—A. So far as payments are concerned, it would involve seeing that a check was drawn and sent to them at the proper time when payment was due—under Mr. Huntington's direction.

HOW CHECKS WERE DRAWN.

Q. Did you have any connection with that part of the work—seeing that a check was drawn and sent to them when the proper time came?—A. I should say that I did. I should say that I might have had something of that kind to do. For example, Mr. Huntington might say, "So many rails have been delivered under such a contract. Send a check to A, B, or C in payment for them."

Q. When he would say that, who would prepare that check and sign it?—A. He signed the checks himself.

Q. What signature did he affix to those checks?—A. His own signature.

Q. C. P. Huntington?—A. C. P. Huntington.

Q. Simply that?—A. Simply that. His official title was probably printed on the check.

Q. You have seen several thousand of those checks, have you not?—A. Yes.

Q. Do you know whether or not his official title was printed under his name as written?—A. I could not say as to every case, but generally that was the fact, that the name was written and the title of "Vice-President," or "V. P." printed on the check. It was the official check of the company.

BANK ACCOUNTS.

Q. Upon what banks were those checks drawn?—A. Different banks.

Q. Please enumerate.—A. I think that for a time they were drawn on Fisk & Hatch, and subsequently we had an account in the Fourth National Bank.

Q. In what bank was your account kept in 1873 and 1874?—A. I should say in the Fourth National Bank; but I am not positive about that without referring to dates.

Q. In whose immediate charge were those check books?—A. The man who had the handling of the checks and the filling out of them was one of the clerks in the office.

Q. What was his name?—A. There have been different clerks. Sometimes a Mr. Emery wrote the checks.

Q. Please give his full name?—A. W. C. Emery.

Q. Where does he live?—A. He lives in the Twenty-fourth ward of the city of New York, I think; but I could not give you his exact address.

Q. Did you ever give him instructions which led to the filling up of checks?—A. Under Mr. Huntington's directions I may have done so.

Q. Was the same form of check used—I do not mean the same ornamentation, but a printed check drawn to the same order from 1871 down to date?—A. We have always used a printed form of check. Of course, in changing from one bank or banker to another we have had a different check.

FORM OF CHECK.

Q. Please state what the "order" was, in the form used by you—to whose order were those checks printed?—A. My name was generally printed on the face of the check.

Q. "I. E. Gates"?—A. Yes.

Q. As holding office of any kind?—A. No.

Q. Simply the person?—A. Simply the person.

Q. So that before negotiation your indorsement would always be necessary?—A. Yes.

Q. After the check had been filled up and signed by Mr. Huntington what was the course of business?—A. I do not know that I understand you exactly.

Q. After the check had been filled up and signed by Mr. Huntington some steps would have to be taken in order to make the check effective?—A. It would require my indorsement, of course.

Q. I asked what was the course of business. Would Mr. Huntington hand the check to you?—A. Not necessarily. He might say, and perhaps would say, to the book-keeper who wrote out the check, "Fill out a check for John Smith," or whoever it might be. That would be done and presented to me for indorsement.

Q. How could he fill out a check to John Smith if the check was already printed to the order of I. E. Gates?—A. He would write across the back of the check, "Pay to the order of John Smith," and I would sign it.

INDORSEMENTS.

Q. What was the order of proceeding in order to make it effective?—A. The name of the party to whom it was to go would be indorsed on the back of the check.

Q. How would the knowledge as to a particular kind of indorsement be derived? That is, how would the person who drew the check know to whose order he was to direct it to be paid on the back of the check?—A. He would know by Mr. Huntington's direction.

Commissioner ANDERSON. Exactly; that is what I want to know.

The WITNESS. Yes.

Q. Who would write that indorsement on the check?—A. The man who drew the check.

Q. Always that man?—A. I should say in most cases, if not in all cases.

Q. Did not Mr. Gates ever write that?—A. It is possible that I might have done so.

Q. Is it not true, as matter of fact, that you did very often do it?—A. I should think not. I cannot say positively that I ever did it, and yet I might have done it.

KNOWLEDGE OF BUSINESS TRANSACTIONS.

Q. You would accept the direction that you found on the back of the check without any inquiry about it, and affix your signature to that?—A. If it was a check in the regular course of business for material, or anything of that kind, I naturally should, knowing what payments were to be made. I should probably have before me a list of the payments that were to be made. I would indorse the check.

Q. You would indorse the check then in cases where you knew the transaction, and that it was intended to fulfill a legitimate obligation of the Central Pacific Company?—A. Yes.

Q. Were there cases which differed from this in character—cases in which you were required to indorse a check without knowing the object to which it was to be applied?—A. Oh, yes.

Q. How frequent were such occasions as that?—A. I could not say. There were cases of that kind, I know; but I could not tell now what they were.

PROCEEDINGS AS TO CHECKS.

Q. In cases of that character please describe the proceeding between the filling up of the face of the check and its actual application to its purpose.—A. It would in such cases be only under the direction of the vice-president.

Q. What kind of directions would he give you as to checks of that character?—A. I do not know that I can state exactly. If he should bring a check to me for my indorsement I should indorse it at his direction.

Q. In such checks would the indorsement be in blank?—A. It might be, or it might not.

Q. Were there many cases of indorsement simply by writing your name on the back of the check at Mr. Huntington's request?—A. I should say not very many; and still I cannot give any number.

Q. Were there many checks drawn in this way and indorsed by you for which, at the request of Mr. Huntington, you procured bills and delivered them to Mr. Huntington?—A. Very few, I should say; still I cannot tell how many.

Q. What would you do with checks indorsed in blank, or indorsed by you without any specific order?—A. In that case I should follow implicitly the directions of the vice-president.

Q. Were those checks then returned to him for application or use in business, or were they used by you?—A. I should say, as a general rule, that they were used by him. There might have been cases when the currency was drawn on checks.

Q. Did Mr. Huntington keep any different account from the one you have described?—A. Not to my knowledge.

SPECIAL BANK ACCOUNT.

Mr. COHEN. What kind of an account are you speaking of, Mr. Anderson?

Commissioner ANDERSON. Any special bank account.

The WITNESS. Any other bank account for the company?

Commissioner ANDERSON. Yes.

The WITNESS. Of course he had his private bank account.

Commissioner ANDERSON. I am talking now of the account from which the funds of the company came—the account with Fisk & Hatch and the account with the Fourth National Bank are the only accounts you recall?

The WITNESS. They are. On reflection, I think at one time we had an account with Eugene Kelly & Co., and possibly at one time with Speyer & Co., bankers, with whom there were dealings.

Q Who made the stub entries in the check-books?—A. The clerk who drew the check.

Q. Mr. Emery?—A. The clerk who drew the checks. Sometimes Mr. Emery might be absent and some other clerk might draw them.

Q. Do you still hold the same position with reference to the Central Pacific Company?—A. Substantially, yes.

THE STUB CHECK-BOOKS.

Q. When did you last see these stub check-books?—A. I do not know that I have ever seen any of them since they were completed, in use. When one check-book is used up, the covers are taken off and the checks and stubs are kept for a time, and are then disposed of, I suppose, as being of no further use.

Q. You say you "suppose." Is that merely a supposition, or do you know that those checks and stubs have been disposed of?—A. If they are in existence I do not know where they are. My impression is that they are not in existence. I cannot say positively.

Q. How long have you known them to be kept after the check-book was filled?—A. I have no definite knowledge about that—no knowledge of any definite time.

Q. To what officer of the company were they customarily delivered?—A. I do not know that I could trace the history of them at all after they are completed—after the last check is taken from the book.

Q. I do not ask you to trace their history; I ask you if you know to what officer of the Central Pacific Company those check-books would be delivered.—A. I do not.

Q. Can you give this Commission any light as to where they should look, or what officer they should examine, for the purpose of ascertaining the stubs of the check-books used by Mr. Huntington from 1873 to 1880?—A. I cannot.

NAME OF WITNESS UPON VOUCHERS.

Q. Are you aware that in many of the vouchers which Mr. Huntington was in the habit of remitting monthly to San Francisco your name was entered opposite many and large sums of money in the body of the voucher as sent to San Francisco?

Mr. COHEN. What paper is that that you are reading from, Mr. Anderson—the paper that you are examining the witness from?

Commissioner ANDERSON. I am not examining the witness from any paper.

Mr. COHEN. You consulted a paper before you asked him that question—I would like to see what that paper is.

Commissioner ANDERSON. You are welcome to see the paper that I hold in my hand; but I am not examining the witness from any paper. [Handing a newspaper to Mr. Cohen.]

Mr. COHEN. I see it is a copy of the New York World of January 15, 1887. Well, the World is good authority on many subjects.

The WITNESS. In the first place, I do not know that Mr. Huntington has remitted any vouchers to San Francisco.

Commissioner ANDERSON. I may say to you that we have seen the papers in San Francisco. Whether they are called "memorandums" or "vouchers," we have seen the papers, and Mr. Huntington has told us that it was his custom to remit many vouchers or memorandums to San Francisco. On many of those the word "Gates" was written, and opposite to the word "Gates" there was written a sum of money in the different cases. Were you aware of that fact?

The WITNESS. I have read statements to that effect in the newspapers.

MONTHLY REPORTS.

Q. Were you not aware that between 1872 and 1883 or 1884, it was Mr. Huntington's practice to make monthly reports to San Francisco?—A. Yes; I know that fact—that it was his practice to make monthly reports.

Q. Did you assist him in preparing those reports?—A. I did not.

Q. Did you ever see these reports?—A. I might have seen them sometimes.

Q. Who would assist Mr. Huntington in making them?—A. They were written out as I remember by the clerk, whoever he was, that drew the checks—the clerk that kept the check-book and kept the cash account.

Q. How many clerks were there engaged in that business at that time?—A. There was only this one who was engaged regularly in that business. As I have said, he might occasionally be absent, and some one in the office would take his place.

Q. Do you know that at that time your name was entered very commonly in those reports—that the word "Gates" was written in those reports and a certain number of dollars carried out in the column opposite the name?—A. I saw them before they were sent away, but oftener did not see them. If it was stated, I noticed the fact, of course.

Q. What would you understand from a report so prepared, with the word "Gates" on one line, and a certain number of dollars written opposite—what would you understand to be the meaning of that entry?—A. I should understand that I had indorsed a check, under Mr. Huntington's direction, in blank, procured the money on it, and handed it to him, or handed the check to him.

Q. And as far as you remember, did you ever see your name written in those reports and certain figures written opposite the name when the fact did not agree with the entry as made—when the entry did not represent a transaction which had occurred?—A. I have no recollection of ever seeing such a case.

Q. So that we may assume that, as far as your memory serves you, the entries in Mr. Huntington's reports were in conformity with the facts?—A. Certainly, so far as I can remember.

CONNECTION WITH CERTAIN CHECKS SIMPLY CLERICAL.

Q. The Commission would state to you that it appears from the reports in San Francisco that between 1872 and 1880 there were over one hundred items of the character I have described to you, the amounts of which will vary from $200 to $7,000. Have you any additional explanation to give in regard to these vouchers which we understand from your testimony to represent transactions that did occur, so far as you know?—A. The explanation that I can give is this: As I have already stated, checks of that character were drawn by Mr. Huntington's direction. The checks were either handed to him, or possibly, at times, currency might have been drawn on the checks and handed to him, and my connection with the matter was simply clerical. What he did with the money or what he did with the check never came under my observation. It was not my province to know. It did not come within the line of my duty.

Q. As to the use made of any of the funds represented by these various checks, do we understand you to state that you have no personal knowledge whatsoever?—A. I have no personal knowledge whatsoever, excepting, possibly, in some cases I may have paid some money; but, if so, small amounts, either to General Franchot or Mr. Sherrill; but beyond that I have no knowledge.

Q. Do you remember the legislation pending in Washington, and the state of affairs pending there in the spring of 1878?—A. I have some recollection of it.

NEVER IN WASHINGTON.

Q. Do you remember that the Wilson Committee was then engaged in investigating the Pacific railroads?—A. I very likely knew of it at the time, but I could not say now whether it was that year or some other year, or what committees there were. I might say here, for the information of the Commission, that I know very little about Washington matters. I have never been in Washington in my life, and was never before any committees.

RAILWAY LEGISLATION.

Q. You remember, as matter of fact, that there was an occasion when the Pacific railways were examined and a report was made to Congress in regard to bringing a suit against the Union Pacific through the Attorney-General?—A. I remember that fact; yes.

Q. Do you remember that at or about that time you had interviews with Mr. Huntington in regard to these proceedings in Washington, specially bearing on those matters?—A. I do not recollect any such special interviews.

Q. Do you remember the fact that a bill was reported in Congress in 1878, looking to proceedings against the Central Pacific, and the appointment of a special committee to examine the affairs of the Central Pacific?—A. I remember that such a committee was appointed. The year I do not remember.

Q. That there was a bill for the appointment of such a committee?—A. Yes; I remember that that was the fact.

Q. Do you remember whether the committee itself was appointed?—A. No, I do not know.

Q. What became of that bill?—A. I do not know.

Q. Do you remember any circumstances connected with its defeat?—A. No, I do not.

AS TO THE WILSON COMMITTEE'S CALL FOR BOOKS AND PAPERS.

Q. Do you remember that during that same investigation a very urgent call was made by the members of the Wilson Committee on Mr. Huntington for the production of the books and papers showing the cost of construction of the Central Pacific Railroad?—A. No, I do not remember any such call.

Q. You have never had any conversation with him relating to these subjects, then—the subject of the books or of the demands that have been made by Congress for their production at this time?—A. I cannot say that I never had any conversation with him about it, but I do not remember now any special conversation when the matter was discussed between us.

Q. What I want to know is whether you remember that he reported to you in conversation, after his examination in Washington, that members of the committee, or persons representing the Government, had pressed for an inspection of those books at that time?—A. I do not remember any such report made by him to me. He would not naturally report such a thing as that to me, I not being an officer of the company.

AS TO DISAPPEARANCE OF BOOKS.

Q. Did you ever hear Mr. Huntington refer to the disappearance of any of the books of the company or any books in which the Central Pacific Company had an interest?—A. I have no recollection of ever hearing him speak of any disappearance of books.

Q. Books of the Contract and Finance Company?—A. I do not remember. That company never had any books here in New York City that I ever saw.

PURPOSE OF EXAMINATION.

Mr. COHEN. I will ask the Commission if this testimony is taken for the purpose of contradicting Mr. Huntington. He is your witness. You have sworn him and taken his testimony on the subject.

Commissioner ANDERSON. We want to get all the light we can as to these missing books, Mr. Cohen. I will not say what the purpose of the examination is.

Q. You say you have occasionally made small payments to Mr. Francioni and Mr. Sherrill. Where did you see those gentlemen?—A. I do not think I said I had done so. I said I may have done so. I do not now recall any particular instance, but I may have done so.

Q. Do you remember those gentlemen?—A. Yes.

Q. Did you know them?—A. Yes.

Q. Where were you in the habit of seeing them?—A. More frequently probably in our office than anywhere else. In my own room.

Q. In the Central Pacific office?—A. Yes.

PERSONS CONNECTED WITH WASHINGTON BUSINESS.

Q. What other gentlemen connected with your Washington business have you ever seen at the office of the Central Pacific Company?—A. I have met Mr. Henry Beard occasionally in the Central Pacific office, and Mr. Boyd.

Q. Have you named all the persons coming from Washington, connected with the Central Pacific business, whom you have seen in the office of the Central Pacific Company in New York?—A. It would be

very difficult to recall all the parties I may have seen in seventeen years, but I do not remember any others who have been connected particularly with our business there.

Q. Have you at any time seen in the office of the Central Pacific Company any members of Congress?—A. It is quite possible that I may have seen members of Congress in the office. I cannot now recall whom.

Q. You have no recollection of any specific person?—A. No.

REGARDING MR. HUNTINGTON'S CORRESPONDENCE.

Q. Who received Mr. Huntington's correspondence in the morning?—A. I think the usual custom in the office is for Mr. Phillips, one of the clerks in the office, to take the letters from the postman who delivers them in the office. Certain letters pertaining to certain matters that he knows about he opens himself, and attends to himself. At the period to which you refer letters went directly to Mr. Huntington's desk.

Q. Did he answer his letters himself?—A. That was his usual custom.

Q. Did he keep letter-press copies of all letters written by him, or did the company keep such letter-press copies?—A. The company keep copies of letters on their own business. As to Mr. Huntington's correspondence, he is able to answer for himself.

Q. You say you are an officer of the Central Pacific Company?—A. No, sir; I did not say so.

Q. Or that you were connected with the Central Pacific? I so understood it.—A. I am not an officer of the Central Pacific Railroad Company.

Q. You were an officer of the Central Pacific Railroad Company during the period I have referred to?—A. I was not.

Q. In whose employ were you?—A. I was in the employ of the Central Pacific Railroad Company and in that of other companies—not exclusively of the Central Pacific Company.

Q. We will not split hairs as to whether you were an "officer" or an "employé." You received money for your compensation from the Central Pacific Railroad Company?—A. Yes.

Q. And does it strike you as extraordinary that you should be called upon to explain the disposition made of the letters of that company, merely because they were written by its vice-president, Mr. Huntington?—A. Yes; I should think it extraordinary, especially when the vice-president, who is himself an officer, has been examined by you.

LETTER BOOKS.

Q. Can you tell me where the letter books are that you refer to?—A. No; I cannot.

Q. In whose custody were they while they were in your office?—A. They were not in my office.

Q. In whose office were they?—A. In the office of the company.

Q. In the general office?—A. Yes.

Q. You cannot give us any information as to their whereabouts?—A. I cannot.

NO KNOWLEDGE OF MONEYS BEING PAID TO INFLUENCE LEGISLATION.

Q. Have you any knowledge, during the whole period of your employment by the Central Pacific Company, of the use or application of any of the moneys represented by the checks indorsed by you for the pa-

...e of, in any manner whatever, directly or indirectly, influencing leg...ation?—A. I have not.

Q. Have you any knowledge of the payment of any of those moneys ...any person connected with the management of your business in Wash...gton?—A. Not in addition to what I have already said. I may have ...times; if so, in very small amounts, either to Mr. Franchot or Mr. ...errill, in payment of their services as their regular salary.

Q. The question put by me goes a little beyond what you have done ...sonally. It includes knowledge of anything that may have been done ...any one else. Have you any knowledge that Mr. Huntington used ...of these amounts, in any way, for the purpose referred to?—A. I ...ve not.

Q. Not only for payment for influencing legislation, but whether Mr. ...ntington was in the habit of paying moneys to Mr. Franchot or to ...Sherill, or to any of the other agents that were in Washington?—...No.

Q. You have no knowledge on that subject at all?—A. I have no ...owledge on that subject at all.

A COMMON PRACTICE AS TO CHECKS.

Q. What was the object of having these checks printed as payable to ...r order? Was it not the fact that Mr. Huntington knew that you ...re familiar with the business, and you would be careful to see that ...ks were properly used and applied to proper purposes? Were not ...se the reasons which led to the printing the checks in the way they ...re printed—payable to your order?—A. Well, I should say so; yes. ...is a very common practice here.

Commissioner ANDERSON. I understand.

The WITNESS. Frequently Mr. Huntington would be out of town for ...e or two or three days, and sometimes a month at a time.

Q. You say it is a "common practice." The person who is selected ...the general standing "order" to whom the check is made payable is ...selected because of the faith reposed in him, and because of his knowl...ge of the affairs of the company for whom he is acting?—A. I should ...ge so, yes; I should judge that was the reason.

Q. That being the case, can you shed any light at all on the use of the ...ks I have referred to, which you were called upon to indorse in ...nk, as to which you say you have no knowledge of the purpose to ...ich they were applied, the fact being that there are over one hun...d such instances, and that they amount to between $300,000 and ...0,000 in money?—A. I can give no further light than I have already ...ven.

PURPOSE OF HAVING CHECKS PRINTED TO MR. GATE'S ORDER.

By Mr. COHEN:

Q. Was not the main purpose of having the checks printed to your ...er that you might be able to carry on the business of the company ...ring Mr. Huntington's absence from New York?—A. That was cer...nly one very important purpose.

Q. He was away frequently during the last seventeen years, was he ...?—A. Quite frequently, and for different lengths of time.

Q. When you were directed by Mr. Huntington to fill out a check, or ...e a check to be filled out, or to indorse a check, that was sufficient ...rrant to you, without making any further inquiry?—A. Of course.

Q. You spoke of its being a common custom in New York to have checks printed to the order of some employé in offices doing a large business. Would it be practicable for the vice-president of such a company as the Central Pacific to sign a check as it was called for during the business hours of the day?—A. It would not. We sometimes issued 400 or 500 checks in a day.

BOOK-KEEPER WOULD INDICATE THAT CHECK WAS DRAWN TO ORDER OF WITNESS.

Q. In the monthly report spoken of by Commissioner Anderson, that was sent by Mr. Huntington to California. If the book-keeper saw a check drawn to your order, without any explanation, would he put in the report something to indicate that the check had been drawn against the bank, to your order, without making any explanation about it?—A. That would be all he could do.

By Commissioner ANDERSON:

Q. Were you in the habit occasionally of seeing the entries on the stubs of the check-books?—A. No, sir; I very rarely saw them. So far as I remember I very rarely saw the entries on the stubs.

STUB ENTRIES WOULD GIVE NO FURTHER INFORMATION.

Q. Under any of the cases of the unexplained checks, have you seen the stub entries, so as to know whether the entries on the stubs would give the Commission any more information than you have been able to give it?—A. So far as I remember they would give no further information.

Q. Is there any place that you know of where that information can be obtained?—A. I do not know of any.

Q. That is to say, do you know any person of whom we may inquire as to the application actually made of all these moneys of the Central Pacific Company which cannot be traced beyond your indorsement?—A. No, sir.

By Mr. COHEN:

Q. Would not that be shown in the books kept by the Central Pacific Railroad Company in California?—A. It would be shown there if anywhere.

By Commissioner ANDERSON:

Q. Why do you say it would be shown there? Do you mean at all to assert that it is shown on those books?—A. No. The books in California I have never seen or examined. The monthly statements are sent here, and the books are kept there.

Q. The books cannot show any more than the monthly statements do unless the keeper of the books should get his information from some source other than the monthly reports?—A. No.

By Mr. COHEN:

Q. The books in San Francisco are the proper place in which to enter the details concerning the business of the company?—A. The books in San Francisco show the general business of the company.

Q. And that is the only place where such details are kept?—A. The only place where such details are kept.

Q. Have the letter press books that have been required about here been in your possession, or under your control?—A. They have not been in my possession or control.

Commissioner ANDERSON. Mr. Colburn, can you give us any light in regard to the custody of the stub check-books, or letter-press books, that have been alluded to?

Mr. COLBURN. None whatever. That matter is not in my line at all.

Commissioner ANDERSON. Do you know in whose line it would be?

Mr. COLBURN. No.

CALL FOR STUB CHECK-BOOKS, LETTER-PRESS BOOKS, AND ORIGINAL CHECKS.

Commissioner ANDERSON (addressing Mr. Cohen). We make a formal call on the company to produce its check-books containing the stubs of checks drawn on Fisk & Hatch, on the Fourth National Bank, on Eugene Kelly & Co., and on Speyer & Co. between 1872 and 1880. In regard to the letter-press books, we also call on you to produce them for the same period, with this explanation, that if those books are very numerous, and you will let me know where they are, I will go personally and select such of the letter books as we may want. We also call for the production of the original checks pertaining to the stubs, for the same period.

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10 WALL STREET, NEW YORK,
Wednesday, September 28, 1887.

Mr. JOHN F. DILLON. I beg leave to read an official communication to your body, signed by T. J. Potter, vice-president of the Union Pacific Railroad Company. It explains itself, and is as follows:

COMMUNICATION FROM VICE-PRESIDENT POTTER, OF THE UNION PACIFIC, ON THE RELATIONS OF THE MAIN LINE TO ITS BRANCHES.

UNION PACIFIC RAILWAY,
OFFICE OF THE VICE-PRESIDENT,
Omaha, Nebr., September 19, 1887.

To Messrs. PATTISON, ANDERSON, AND LITTLER,
United States Pacific Railway Commission:

Understanding that, at your session at Omaha, you had expressed a desire that officers of the Union Pacific Railway would submit written statements of their views on any matters falling within the scope of your investigation, I have taken the liberty of offering you briefly some facts and suggestions which occur to me as having direct bearing on the relations of the subsidized, or main line, to its branches, and which has already been treated as an important matter of inquiry by you.

After the construction and successful inauguration of the Union Pacific Railway as a main or trunk line and the most important link in the chain of roads designed by the Government and people of this country, to permanently bind the Pacific States to the Federal Union, it became evident to the managers that the enterprise would not long continue self-supporting, if left dependent on the transcontinental traffic—between the Atlantic and Pacific coasts—for which it must compete with the cheaper transportation of the ocean, as well as other transcontinental railways then projected. The company was compelled in self-defense, for self-preservation, to push out feeders, or branches, into sections capable of agricultural development, and into mining districts and the live-stock regions, from which a supporting traffic could be drawn to the main line, and, at the same time, occupy territory which would otherwise be invaded by competing railways. In this it was simply following the well-established policy of every large and successful system of railways in the West—such as the Illinois Central, the Burlington, the Northwestern, the Rock Island, and the Saint Paul.

It is within my personal knowledge that the Union Pacific Company has only followed the example of older corporations in its policy of sustaining its branches by a system of divisions of joint revenue which gives them a higher rate of compensation per mile than is accorded to the main line. I may add, without fear of contra-

diction, that in most cases to which I have referred the allowances to branch and connecting roads have been more liberal than those made by the Union Pacific under its constructive mileage system. You will note that in the cases I refer to there is the same diversity in the divisions made as obtains on our line. This arises from the varying circumstances which surround each case, and which must be determined on its merits, without regard to others.

I know of no exact, arbitrary rule by which to determine in all cases the ratio which the compensation of branches or connections should bear to trunk lines, and do not believe any such rule can be formulated. The whole situation in every case must be taken into account, and the conclusion arrived at should stand, or be varied only in the light of experience and by actual results.

When a new feeder is built into an undeveloped or partially developed section the manager should carefully estimate the volume of traffic and travel he can command for a given period; the average length of haul; the return lading for his cars; the grades to overcome; the best manner to utilize the power and equipment, and the forces necessary to man and operate his road at the least cost. His judgment, then, as to the relative ratio this branch should receive must be experimental and subject to change when the conditions change. But if this branch is so located that it can connect and sell its traffic to another and competing line, whatever that line would pay for the traffic should be the measure of its rights against the parent company, or should, at least, have great weight in determining them.

It seems to me this last consideration has been disregarded by the Union Pacific Company in fixing its present low divisions for some of its most important branches.

At the present time the Union Pacific Company operates nearly 3,000 miles of branches. Of these the constructive mileage divisions on about 350 miles are, in dividing joint freight earnings, 1½ miles to 1 mile of the main line; 800 miles, 1¼ miles to 1 mile; 1,000 miles, 1½ miles to 1 mile; 125 miles, 2 miles to 1 mile.

By this method of dividing it will be observed that branches get this allowance only upon traffic actually interchanged with the main line, and only upon the actual distance it transports the property. It may have all the outlays incident to collecting, storing, loading, and switching, for a haul of 5, 10, or 20 miles against a possible haul of 500 or 1,000 miles over the main line, and if, by competition or for other cause, the main line is forced to reduce its rates on business interchanged with branches taking constructive mileage divisions, these branches must stand their pro rata proportion of such reductions.

Now let me direct your attention to a few of the many cases analogous to ours, in which branches are given special advantages on joint traffic by constructive mileage, percentage, or arbitrary divisions.

The Illinois Central allows its branches an "arbitrary" of 25 per cent. for any distance until the haul on the main and branch lines becomes equal, when the division are made pro rata per mile. Thus for a haul of 10 miles on the branch and 90 miles on the main line the branch would receive 25 per cent. of the joint rate, though its service represents only 10 per cent. of the total haul.

As the Illinois Central Company pays to the State 7 per cent. of its gross earnings, the same question was raised several years ago by the legislature that has been raised by Congress in respect to the Union Pacific and its branches. Under the impression that the Illinois Central management was favoring its branches for the purpose of reducing the gross sum from which the State received its 7 per cent., a legislative committee was appointed to investigate and report. After thorough examination, including the testimony of disinterested experts, the policy of the company in developing and sustaining its branch system was fully vindicated.

One of the complaints made in the State's behalf in this case was that the Illinois Central had improperly allowed a branch $21.25 for its haul of 112 miles while taking for its main line $8 for 81 miles "car haul," the through rate per car-load being $29.25.

In its report upon this and other charges the committee says:

"This question of 'car haul' is one on which the committee had grave doubts as to its justness and fairness, compared with a due and proper regard for the interests of the State, it being entitled to 7 per cent. of the gross earnings of the Illinois Central Railroad on its lines in Illinois, as provided by its charter. But, after the most diligent and impartial inquiry and careful consideration, your committee have concluded that the fixed car haul rate of $8 from Gilman to Chicago, a distance of 81 miles, is substantially a fair and just proportionate allowance to the main line in its earnings; and that a fixed car haul rate of $6 is a fair and just proportionate allowance from Kankakee to Chicago, a distance of 56 miles.

"And said conclusion is based upon the following, among other reasons:

"*First.* As far as we could learn, and as shown by the testimony of other railroad managers who have no interest in the question, it is the universal rule of an auxiliary line to get a much larger proportionate share of the car haul rate than the main or trunk line, because the auxiliary line, or 'feeder,' has all the trouble and expense

originating or producing the freight; they perform all the station service, switching and train service, and in many cases for only a short haul; whereas the main line has no extra train service, station service, or switching service, but simply adds it to their regular train, and, with little or no cost to them, deliver the car to its destination.

"*Second.* The auxiliary line that produces the business must and should have the greater per cent. proportionate to the mileage, for the reason that they have to keep up their track, station, and train service, with a comparatively small volume of business; whereas the main line requires but little if any extra track, train, or station service, to carry these through car hauls to their destination, and on account of their larger volume of business can afford to do it at a less rate.

"*Third.* We think it a fair rate for the reason that other roads offer to take the car loads of the Gilman and Springfield to Chicago, from Gilman, at a fixed car haul of $7 per car, and we think it best for the interests of the Illinois Central and for the State, that the Illinois Central proper should accept a car haul rate of $8 per car for Chicago than to let the Gilman and Springfield road sell its business at Gilman to the Wabash at $7 per car. In that event the Illinois Central proper would lose the $8 per car on that business, and consequently the State lose its 7 per cent., or 56 cents on each car; and the same reasons and the same principles apply in the same way to the Iuka-Ilake division.

"*Fourth.* We find, from investigation, that it is the practical experience of railroad men that these auxiliary lines will not pay operating expenses and interest on their bonds if they were required to do business with trunk or main lines on a strictly pro rata mileage basis."

Under a contract between the Chicago, Burlington and Quincy and the Burlington and Missouri River road in Iowa for the division of joint through rates on stock shipped from points 10 to 50 miles west of the Mississippi river to Chicago, at a through rate of $50 per car-load, the Iowa "feeder" received $23 for its short haul and the Burlington received $27 for its haul of 207 miles to Chicago.

After the Burlington and Missouri of Iowa was completed to the Missouri river and consolidated with the Chicago, Burlington and Quincy, divisions for interchanged traffic were established between the lines east and west of the Missouri river, by which the Burlington and Missouri River Company in Nebraska received 50 per cent. of the through rate for an average haul of 125 miles and the main line 50 per cent. for its haul of 486 miles. This concession was made because any competitor of the Burlington would gladly have purchased the traffic at that rate, and for the further reason that it was the settled policy of the Burlington management to amply sustain its feeder branches and enable them to push into and develop new territory to feed the main trunk. And this, to my mind, is precisely the course to be pursued by the Union Pacific Company. The Burlington has now a system of branch lines west of the Missouri which earns for itself from $8,000,000 to $10,000,000 annually, besides contributing a vast amount of business to its lines east of the river. The same policy was adopted in respect to its Kansas City branch, which was allowed 40 per cent. of through rates on an average haul of 75 miles, the trunk line from Chicago taking 60 per cent.

I might cite many instances in which other strong corporations have built up extensive systems of auxiliary and feeding lines by similar liberal policy, but think it unnecessary to burden you with further details. I will only add two instances which have recently come to my knowledge on the Pacific coast.

The Oregon Railway and Navigation and Northern Pacific companies allow the Palouse branch a constructive mileage of 2 miles to 1, and the Northern Pacific has recently contracted to give the Oregon and Washington Territory Railroad a pro rata division on traffic to and from Tacoma, with an arbitrary added of 20 per cent. of its own revenue between Wallula and Puget Sound, or the equivalent of 34 miles to 1 mile in favor of the connecting road.

Having spent most of my active railroad life in connection with and in the midst of the development of these great "systems" of railway to which I have referred, and which have grown from single stems to vast aggregations of branches, each averaging from 3,000 to 6,000 miles of prosperous and successful railway, it appears clear to my mind that the surest, if not the only, way to insure the permanent success of the Union Pacific system is to pursue the same policy that has produced these results. The small divisions allowed to some of its present branches hardly afford enough revenue to properly maintain their efficiency and discharge their fixed liabilities.

With the consent of the Government, the Union Pacific should support its feeders in the same liberal manner as its powerful competitors have and are now doing. This would bring to its aid private capital, if needed, to occupy rich sections of tributary country, swell the volume of business to the main line, and make more certain its final payment of its debt to the United States.

Respectfully submitted.

T. J. POTTER,
Vice-President.

The CHAIRMAN. Have you anything else to add?

Mr. DILLON. I have a request to make, which I have put in writing because I think it is important enough to justify it, and, with your permission, I will read that.

Commissioner ANDERSON. A communication from whom?

Mr. DILLON. From myself, as counsel of the company. It is as follows:

COMMUNICATION FROM MR. JOHN F. DILLON.

[The Union Pacific Railway Company, law department. John F. Dillon, general solicitor. Office, 73 Broadway.]

NEW YORK, *September* 27, 1887.

To the PACIFIC RAILWAY COMMISSION:

GENTLEMEN: As representing the Union Pacific Railway Company, I make the following statement and request: As early as May last your investigations began in this city, and were devoted for some weeks constantly to an examination of the books, accounts, and methods of the Union Pacific Railway Company in this city. It was then resumed in the city of Boston, at the main office of the company, and afterwards continued at Omaha and other places along the line of the railway company. In May the Commission issued a public circular, addressed in blank, widely distributed and published, stating in detail the lines of inquiry mapped out for the Commission by Congress, and concluding with the request that if the person who receives it has no information on the subjects mentioned in the circular he would refer it to persons who may possess such information. This circular was signed by the Commissioners. This request has been made public, and the whole world has been invited to appear as witnesses before the Commission. This invitation has been availed of here and elsewhere by scores of persons, among whom have been persons who have had business litigations or disputes with the company, and who have sought to use the Commission for personal and private ends. Everything anybody had to say, whether admissible by the rules of evidence or not—hearsay, rumors, idle gossip—has been received without objection by the company.

Immediately upon the Commissioners commencing their labors the question arose whether the company would avail itself of its legal rights and refuse to produce any books, papers, or documents which would not be demandable in a regular judicial investigation; and the management of the company decided to interpose no obstacles or objections of any kind to the most thorough possible examination, and the Commission will bear witness that they have not. Accordingly the company has produced every book, paper, or document in its possession or under its control which has at any time been demanded by the Commission or by their experts. In Boston, where the records and main archives of the company are kept, the company set apart for the use of the Commission a room in which a large corps of the assistants and experts of the Commission have been examining the books and papers of the company for more than one hundred days, with liberty to make extracts or copies therefrom *ad libitum*. This has been done *ex parte*; and now, on behalf of the company, I make the request that, as a simple matter of justice, if anything has been found by the Commission which requires explanation, we shall be notified of the specific matter and be given an opportunity to make such explanation; and I am instructed by the company's management to say further, that if the Commission desires on any point any other information which is in the company's power to give, it will be glad to comply with its request.

Having gone through this long *ex parte* scrutiny, withholding nothing from the Commission, whether in the form of documents or in the personal examination of witnesses, the management of the company is, above all, most anxious that if the Commission wish for any other evidence or information bearing upon the company's affairs it will call for the same. For months, and even years, through the public press, in Congress, and elsewhere, a demand has been made for an investigation of this sort, and allegations have constantly been put forth that it would lead to developments of a character most injurious to the company's interests. The company has always been aware that such would not be the case, and courted investigation. An investigation of the most complete kind has now been made, and if anything can be done to make it more complete the company calls upon the Commission to do it, in order that those who have made such allegation may produce such evidence, or, if they fail, they may hereafter hold their peace.

Furthermore, there are two points which the law creating the Commission especially directed them to inquire into. One of these related to the construction of branch lines, which, it was currently asserted, the company had operated in the nature of suckers rather than as feeders of the subsidized line. The second related to alle-

...ges in the division of traffic which had been made to those lines. A large body of evidence has been placed before the Commission bearing on these points. The company is most anxious at this late stage of the investigation not to delay the Commission or encumber its record with unnecessary evidence. It is the opinion of the management that freedom to develop the system of the Union Pacific and to build branch lines in order to do so is vital to the salvation of that system and to the ability of the company to meet its obligations to the Government at maturity, or at any time subsequent thereto. Investigation on these points, therefore, goes to the very essence of the company's case. If the Commission desire, the company stands ready to produce other and further witnesses as to what is necessary in the construction of branch lines and what has been the practice generally in regard to allowances to such lines. The company will not bring forward this evidence unless the Commission desire it to do so. The company is satisfied that the evidence already adduced is entirely adequate to make out the company's case. The management therefore is willing to rest its case on the record as now made up. If, however, the Commission desire further or additional evidence on these points, the company stands ready to produce anything that may be called for.

Very respectfully, yours,

JOHN F. DILLON,
General Solicitor Union Pacific Company.

Mr. DILLON. I understood that the Commission desired to close the testimony on Friday. We have witnesses that we can call in regard to branch lines. I am aware of your having devoted a large amount of time to that investigation. These witnesses would speak generally, I think, as to the practice of other railway companies and, perhaps, produce nothing but cumulative evidence on those points.

AS TO CALLS.

Commissioner LITTLER. Do you know whether the Union Pacific people have furnished all the calls we have made from time to time? [To Mr. Mink.] Do you know, Mr. Mink?

Mr. MINK. Not all. There are a few that we should like to put in.

Commissioner LITTLER. What calls have remained unanswered?

Mr. MINK. Some few calls for copies of contracts, one with the Western Union and one with the Pacific Hotel Company—one statement with reference to rebates and one as to cash receipts.

Commissioner LITTLER. And one as to aid from municipal and public bodies.

Mr. MINK. That is another. I think it doubtful whether you can get them all by Friday, but we will do our best. I think everything is ready except that one statement. Some of the statements are on the way from Omaha now.

AS TO MR. DILLON'S REQUEST.

Commissioner LITTLER. We can answer Judge Dillon to-morrow morning.

The CHAIRMAN. I have no objection to that.

Mr. DILLON. Mr. Potter is here and is anxious to return. He is one of the witnesses whom I should like to call if you wish to hear further testimony on the points I have indicated.

Commissioner LITTLER. Will to-morrow morning do for him?

Mr. DILLON. Yes; I will request him to remain.

MR. FRENCH HAS NO STATEMENT TO MAKE.

Commissioner ANDERSON. Do I understand that Mr. French desires to give any information to this Commission in regard to those moneys?

Mr. THEOPHILUS FRENCH. I believe not.

Commissioner ANDERSON. I believe it appears on record that early in the investigation we invited Mr. French to appear before us and desired to hear what he had to say.

Commissioner LITTLER (addressing Mr. French). You say you have no desire to make any statement to this Commission?

Mr. FRENCH. No, I have not.

Mr. DILLON. I may say that the telegraphic relations of the company to the Government have been very fully investigated.

The CHAIRMAN. We want to get it on our record without putting in the printed record of the Congressional inquiry—the Warner report of the Forty-ninth Congress.

Mr. DILLON. There are two sides to that telegraph question. If Mr. Bates, who, I understand, is to be examined, goes into that matter I should want to present the other side.

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10 WALL STREET, NEW YORK,
Wednesday, September 28, 1887.

Afternoon session.

D. H. BATES, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am president and general manager of the Baltimore and Ohio Telegraph Company.

Q. How long have you been connected with that company?—A. Nearly four years.

Q. Were you before the Committees of the United States Senate and House of Representatives on Post-Offices and Post-Roads in March, 1886?—A. Yes.

Q. Who was chairman of that committee?—A. If I remember rightly, the chairman was Hon. James H. Blount.

RELATIONS OF THE AIDED ROADS TO THE TELEGRAPH SYSTEM.

Q. Did you give your testimony in regard to the relation of the aided railroads to the telegraph system?—A. Yes.

Q. Have you anything to add or to suggest other than that which you testified to before that committee?—A. No, sir; I think my testimony then given covers all that I might state in connection with that subject.

Q. Have you a copy of your testimony with you?—A. I have not.

Q. Have you a copy in your possession?—A. I have had it in my office, and think that I could readily get a copy.

Q. Have you read it over lately?—A. Yes.

Q. Will you produce to the Commission a copy of the testimony in that matter?—A. Yes, sir.

Q. Have you read the printed copy of your testimony in the report of the House of Representatives which I now hand you [handing a book to the witness], being a report of General Warner from the Committee on Post-Offices and Post-Roads. [H. R. Report No. 3501, 49th Congress, 2d session.]—A. Yes, I have examined this as carefully as possible.

Q. Can you say that that is a correct copy of your testimony before the committee?—A. Yes; that is a correct copy.

TESTIMONY OF WITNESS IN THE WARNER REPORT PUT IN EVIDENCE.

(The testimony of Mr. D. H. Bates before the Warner committee, above referred to, is offered as matter of record in this proceeding.)

Q. Have you anything further to suggest to the Commission in reference to the telegraph system in connection with the aided roads?—A. No; I think General Warner's recommendation and report covered the whole ground thoroughly.

Q. Have you any suggestions to make to the Commission?—A. No, sir.

By Mr. JOHN F. DILLON:

Q. There were other witnesses examined before that commission?—A. I believe there was, sir.

Q. Can you name some of them?—A. Dr. Norvin Green, vice-president, and Mr. John Van Horn, of the Western Union Telegraph Company. I think also W. D. Somerville, the superintendent of press transmission of that company; Mr. J. C. Reiff, and others whose names will be found in the copy before me.

Q. Have you examined the testimony of those witnesses as printed in this Congressional report?—A. Only very generally, not with any detail so as to warrant me in speaking of it.

Q. You have no reason to doubt that it is correctly reported, have you?—A. I have not; I think it is.

Mr. DILLON. I do not exactly understand whether you offer the whole report or only a part of it.

The CHAIRMAN. Only Mr. Bates's testimony. I will say that I have no objection to the whole report going in, but the report is offered specially with reference to Mr. Bates's testimony before that committee, so as to place the matter on record in our report.

AS TO TESTIMONY OF DR. NORVIN GREEN AND OTHERS.

Mr. DILLON. I may state that Dr. Norvin Green and others to whom Mr. Bates has referred are in the city, and if you will accept this as substantially their testimony before the committee in like manner as you did Mr. Bates's, I will offer it.

The CHAIRMAN. I am perfectly willing to do that.

Commissioner ANDERSON. So far as you know, the evidence as given in that report is correct?

Mr. DILLON. I was not present when it was given, but I have no doubt it is. It was taken stenographically.

Commissioner LITTLER. Does the act of Congress in relation to evidence make that evidence?

Mr. DILLON. I doubt whether any of it is in the nature of a judicial inquiry.

The CHAIRMAN. This testimony from the Warner report is not offered before this Commission as a matter of technical "evidence." It is offered as testimony taken by Congress in an investigation as to telegraph matters. The telegraph question in connection with the Pacific roads was thoroughly investigated by Congress and witnesses from all parts of the country were examined. This Commission simply desires to place on record the fact that the matter of the telegraph system in connection with the Pacific railroads has been placed before the Commission.

Mr. JOHN F. DILLON. General Swayne attended here this morning as representative of the Western Union Company, understanding that this inquiry was to be gone into. He expects to come this afternoon if there is any necessity for it.

Mr. LITTLER. The only object I had in my remark to you was to say that if the act of Congress in relation to evidence and depositions makes it testimony, the whole of it may be considered in evidence.

Mr. JOHN F. DILLON. I should prefer to offer it, and that you allow me to go through the book; and if you do not care to have the whole report come before you, let me put in such matter as I wish.

THE TESTIMONY ADMITTED.

The CHAIRMAN. It is only meant as matter to be placed on the record of the Commission so that we may inquire, as far as we possibly can, how far the railroad property reaches into the telegraph system, and whether there has been any violation of the law in reference to the contract made between the Pacific railroads and the Western Union Company, transferring this property out of the hands of the railroad company.

Commissioner ANDERSON. I move that it be received.

Commissioner LITTLER. I second the motion.

The motion was agreed to.

A STATEMENT BY MR. JOHN F. DILLON AS TO THE TELEGRAPH.

Mr. JOHN F. DILLON. If you will consider me as under oath, I will make a brief statement that will be useful to the Commission, and without that you will find great difficulty in understanding the exact status unless you read that report. There have been quite a number of litigations between the Western Union and other companies, and the Union Pacific and the Kansas Pacific companies, which have had the effect of defining the status of the telegraph lines and the rights of the Pacific railroads with some degree of accuracy. I state what I understand to be the result. The Union Pacific Company, under its charter, which was to build a railroad and telegraph line, built, as I understand it, on the Union Pacific line proper, between Omaha and Ogden, a telegraph line of its own, which is there to-day on one side of the track.

CERTAIN RAILROAD COMPANIES AUTHORIZED TO ENTER INTO ARRANGEMENTS WITH CERTAIN TELEGRAPH COMPANIES.

The ninteenth section of the act of 1862 contained a provision that—

The several railroad companies herein named are authorized to enter into an arrangement with the Pacific Telegraph Company, the Overland Telegraph Company, and the California State Telegraph Company, so that the present line of telegraph between the Missouri River and San Francisco may be moved upon or along the line of said railroad and branches as fast as said roads and branches are built; and if said arrangement be entered into, and the transfer of said telegraph line be made in accordance therewith to the line of said railroad and branches, such transfer shall, for all purposes of this act, be held and considered a fulfillment on the part of said railroad companies of the provisions of this act in regard to the construction of said lines of telegraph. And, in case of disagreement, said telegraph companies are authorized to remove their line of telegraph along and upon the line of railroad herein contemplated without prejudice to the rights of said railroad companies named herein.

Now, at the date of the passage of that act, in 1862, as I understand it (this is matter of history), under several acts of Congress, which had, to some extent, subsidized the line from the Missouri River to the Pacific

Ocean, these three companies named in section 19, namely, the Pacific Telegraph Company, the Overland Telegraph Company, and the California State Telegraph Company, owned an independent line then in operation from the Missouri River to the Pacific Ocean.

UNION PACIFIC BUILT ITS OWN TELEGRAPH LINE.

In regard to the Union Pacific road, between Omaha and Ogden, no such arrangement as this authorized to be made was entered into. If it had been there would have been but one line of telegraph. The Union Pacific, between those points, built its own telegraph line.

Under the authority of section 19, and without any consent by or contract with the Union Pacific Company, these companies, whose rights have since been acquired by the Western Union, moved existing line of telegraph on to the right of way of the Union Pacific, where it now is. So that there exists to-day two lines of telegraph on the Union Pacific Railroad: one built by the Union Pacific Company, and the other built under authority of this act of Congress by the companies therein named, to whose rights of ownership the Western Union Company has succeeded.

ATLANTIC AND PACIFIC LEASED UNION PACIFIC'S TELEGRAPH FRANCHISE.

I may say further, that long anterior to my professional connection with the Union Pacific Company, the Atlantic and Pacific Company obtained a lease from the Union Pacific Company of its telegraph franchise; it then perhaps being the owner of the other line, though I will not say that with certainty. It was decided by Judge McCrary, in an opinion which you will find reported in his reports, that that lease was *ultra vires*, but as the Union Pacific had received a large pecuniary consideration for it, namely, if my memory serves me rightly, a large amount of the stock of the Atlantic and Pacific, which they had sold, the Union Pacific could not be permitted to resume possession of the property until it had accounted for that on equitable principles, and reimbursed the Atlantic and Pacific Company, and the Western Union as its successor, and we are enjoined from taking possession of that telegraph line until such accounting.

Commissioner LITTLER. That case will be found in the Supreme Court reports, I presume?

Mr. JOHN F. DILLON. Yes.

The CHAIRMAN. That case is referred to in the report of the Warner committee.

UNITED STATES TELEGRAPH COMPANY GIVEN RIGHTS.

Mr. JOHN F. DILLON. On the 2d of July, 1864, if my memory serves me—the date of the passage of the amendatory Pacific Railroad act—Congress passed another act which I have been in the habit of calling the Idaho act, which gave to the United States Telegraph Company the same rights as those given by the original section 19 to these three companies; that is, the same rights in respect to the Kansas Pacific line that that section gave to these other companies in respect to the Union Pacific line. But there is this difference between the two cases: Congress, by this act of 1864, gave to the United States Telegraph Company, a corporation of New York, the same powers which it had given to these

three other companies in the original act of 1862, and under that authority (which you will find reported in Judge Miller's opinion, to which I will presently refer, and which was the basis of that opinion) the Kansas Pacific and the United States Telegraph Company (or the Western Union, its successor) entered into a contract by which the line of telegraph now on the Kansas Pacific road was constructed by this company, or jointly by it and the Western Union Company; and Mr. Justice Miller, when the litigation ceased in respect to it, decided that the authority to make such an arrangement given by the act of Congress justified the making of that contract and that it was neither illegal nor *ultra vires*, but valid.

KANSAS PACIFIC AND UNION PACIFIC ENJOINED FROM TAKING POSSESSION OF TELEGRAPH LINE.

The result of that was that he enjoined the Kansas Pacific and the Union Pacific, as its successor, from taking possession of the telegraph line on that road or doing anything in violation of that contract, which he held to be valid. That you will find in his opinion, which is printed in this compilation.

The CHAIRMAN. Yes; and it is in that report.

Mr. JOHN F. DILLON. The result of that was he sought to enjoin us when we sought to take exclusive possession of that road. If my memory does not deceive me, he also held that the terms of that contract by which the company was to do an exclusive commercial business were legal.

In that condition of things, after these adjudications, in both of which the Union Pacific Company was, substantially, defeated in the courts, the existing contract between the Western Union Company and the Union Pacific Company was made. That appears in the report, and is, as I understand, the contract under which those companies are working to-day.

That is all the explanatory statement that I have to make.

Commissioner ANDERSON. Who represented the Union Pacific Company in the litigation before Judge McCrary?

Mr. JOHN F. DILLON. I did.

Commissioner ANDERSON. Who represented the Kansas Pacific in the litigation before Judge Miller?

Mr. JOHN F. DILLON. It was then consolidated, and the consolidation was represented by Judge Usher, myself, and the company's counsel. We made the best fight we could. The companies were hostile then.

The CHAIRMAN. You delivered an opinion that is quoted here concerning the transfer of that property at the time.

AN OPINION BY MR. DILLON CONCERNING THE TRANSFER.

Mr. JOHN F. DILLON. I am glad you have referred to that. The American Union at that time was a rival of the Western Union. Quite early in 1880, soon after the consolidation, the American Union Telegraph Company made a demand, the nature of which I infer from a copy of the opinion which Mr. Bradley and I gave, that the Union Pacific Company was bound to receive and transmit messages for the public or for any other telegraph company under the penalties prescribed in the act of Congress. When that demand was made on the Union Pacific Company by the American Union, the Union Pacific Company consulted its counsel (Mr. Bradley and myself) as to its legal obligations, and we

gave the opinion to which you have referred. Acting on that opinion, the company undertook to seize possession of the line on the ground that the transfer to the Atlantic and Pacific and through it to the Western Union was *ultra vires*. Judge McCrary sustained that view of the matter so far as concerned the line which the Union Pacific built, but he also held that we should be restrained and enjoined from taking possession of it until we had repaid the amount we had received under the arrangement. In giving that opinion my attention, or Mr. Bradley's, was not directed to this 18th section of the act of Congress of 1862, nor did we know the rights which had grown up in favor of the Western Union Company under that. That was really the turning point of the litigation in the courts.

AMERICAN UNION AND WESTERN UNION CONSOLIDATED.

The CHAIRMAN. What took place immediately after that decision of the court; was there not a Union of all the companies?

Mr. DILLON. Some time after that (I cannot recall the date) the American Union and the Western Union were consolidated.

Mr. SWAYNE. In January, 1881.

Mr. DILLON. General Swayne fixes the date as January, 1881. So that, a year after the giving of that opinion, the companies were consolidated.

The CHAIRMAN. So that all the wires, whatever companies they may have belonged to prior to the consolidation, are now under one control—that of the Western Union?

Mr. JOHN F. DILLON. No, sir; I do not so understand it.

The CHAIRMAN. Was it not so found in the investigation in Congress by the Warner Committee.

WESTERN UNION DOES NOT CONTROL UNION PACIFIC'S TELEGRAPH LINE.

Mr. JOHN F. DILLON. The existing contract between the Western Union and the Union Pacific is here. It shows, on the other hand, according to my understanding of it, that the Western Union does not control, on the Union Pacific road, the line of telegraph which the Union Pacific Company owns. Of course the Western Union controls its own line. The peculiarity of the situation, you perceive, is that the Western Union has a line of its own on the Union Pacific road. The railroad company has also a line of its own; and this existing contract is a contract for joint work and division of profits.

The CHAIRMAN. Does the railroad company operate its lines for general messages, other than the railroad messages.

Mr. JOHN F. DILLON. Yes. It receives messages from everybody. You had better get that detail from the company. But nobody that offers a message to any point at which there is a commercial office is refused, as I understand it, by the officers or agents of the Union Pacific Company.

The CHAIRMAN. Are they known as the agents of the Union Pacific Company or of the Western Union Company?

Mr. JOHN F. DILLON. As to the relations between the two companies, there is a provision as to how they shall be, but I think in most cases the agents are agents and operators of the railroad company.

The CHAIRMAN. Was not the consideration to be paid for the surrender of the wires of the Union Pacific Company to the Western Union

Company, under the contract, one-half of the receipts that are monthly or annually accounted for by the Union Pacific Company to the Western Union, and paid over.

NO SURRENDER OF UNION PACIFIC'S WIRES TO WESTERN UNION.

Mr. JOHN F. DILLON. I do not understand that there has been any such surrender, or any surrender, of the wires of the Union Pacific to the Western Union.

The CHAIRMAN. I call your attention to the fact that some items of receipts in Omaha consisted of amounts, from time to time, paid over by the Western Union Company to the Union Pacific in consideration of the contract to which you have referred.

PROVISION FOR A DIVISION OF EARNINGS.

Mr. JOHN F. DILLON. There is a provision here for a division of the earnings (I cannot state what it is) of the two lines. I may state, in reference to the matter of that contract of July 1, 1881, that Mr. Frederick L. Ames, as a representative of the Union Pacific, had it in charge, and, although I had a general relation of counsel to the Union Pacific Company in the matter of that contract, I notified the Western Union that I acted for the Union Pacific Company. This contract recites on its face the existence of these various litigations—unsettled litigations, really. Those suits were never pressed to final decision; and the very moment this contract is terminated, by its provisions, these suits and the original rights of the Western Union and the Union Pacific revive.

POWER OF UNION PACIFIC TO MAKE CONTRACT WITH OTHER THAN WESTERN UNION.

The CHAIRMAN. Under the contract would it be within the power of the Union Pacific to make a contract with any telegraph company other than the Western Union, east of the Missouri River, for the purpose of sending messages?

Mr. JOHN F. DILLON. I have not read it for a long while. I do not know whether there is any prohibition—whether this is an exclusive contract—or not.

The CHAIRMAN. As matter of fact, would they not be compelled to recur to the Western Union for the purpose of making any such arrangement?

Commissioner ANDERSON. Read section 3.

Mr. JOHN F. DILLON (reading):

SEC. 3. The railway company, so far as it legally may, hereby grants and agrees to assure to the telegraph company the exclusive right of way.

NO OTHER COMPANY HAS LEGAL RIGHT TO DEMAND SAME CONTRACT AS WITH UNION PACIFIC.

"So far as it legally may," no farther. I may say that since that time the Supreme Court of the United States has decided in two cases, in effect, that no other telegraph company has any legal right to say to the Union Pacific Company, "You have made a certain contract with the Western Union Company, and we come to you and demand that you shall make a like one with us." I refer to the case from Colorado,

of the Denver and New Orleans Railroad Company, and also to the more recent case in the Supreme Court of the United States, known as the "Express case."

Commissioner ANDERSON. You mean it is reported in the Supreme Court reports.

Mr. JOHN F. DILLON. Yes.

Commissioner ANDERSON. Could you give us the volume?

Mr. JOHN F. DILLON. I will supply it to you. That was the point in both those cases. You can readily see, gentlemen, that that must be so. We own that property. You have a mortgage on it. You are the Government. Here are rival lines of telegraph. We own one and a private telegraph company own the other. Now, the act of Congress says that we may make such arrangements as we see fit. If they are fair arrangements they hurt nobody. That is the contract, and the Baltimore and Ohio or any other company has no legal right to go to the Union Pacific and say, "You have got to duplicate with us your contract with another company."

UNION PACIFIC OBLIGED TO TRANSMIT ANY COMMERCIAL MESSAGE.

Commissioner ANDERSON. In regard to what you have stated with reference to the Union Pacific Company having its own line, the power of operating it, and the practice of receiving the railroad company's messages, I call your attention to the second section and the fourth Article:

The railway company further agrees that the employés shall transmit over the lines owned, controlled, or operated by the parties hereto, all commercial telegraph business offered at the railway company's offices, and shall account to the telegraph company exclusively for all such business and the receipts thereon, as provided herein.

So that if you do any business over this line it is for account of the Western Union.

Mr. JOHN F. DILLON. This makes it obligatory on us to transmit any commercial message, to do our whole duty to the public. Then the receipts coming from that are disposed of by later provisions of this contract, by which, upon some basis, they are divided between the two companies. The only question that can possibly arise under the provisions is whether the Union Pacific is getting a fair proportion of its receipts, so as to make it a fair contract to its stockholders and the Government.

Commissioner LITTLER. What do you know about that?

Mr. JOHN F. DILLON. I only know that the Union Pacific think it a very advantageous contract for us. I, of course, have no personal knowledge.

OPERATION OF TELEGRAPH LINES BY LAND-GRANT ROADS.

The CHAIRMAN. At page VII of the Warner report the committee say:

Do the land-grant roads now maintain and operate telegraph lines as they operate their roads, affording equal facilities to the public in general, or do they not? The evidence presented to the committee seems conclusive that they do not, but, on the other hand, that they have entered into contracts with the Western Union Telegraph Company by which said company does most of the business for the roads themselves and practically the entire commercial business done over the wires stretched along the land-grant roads. Copies of these contracts will be found in the appendix to the report. These contracts are exclusive in their nature, and practically place the entire control of the business between the Atlantic and Pacific States in the hands of one telegraph company.

Further on in the same report the committee say:

The right of the Western Union Telegraph Company, or any other telegraph company, to construct and operate telegraph lines from the Missouri River to the Pacific and to erect poles on the right of way of the railroad companies, upon terms to be agreed upon between the parties, does not arise in the case under consideration, which is simply and solely whether or not the land-grant railroads do maintain and operate for the use of the Government and the public, with equal facilities and rights to all, telegraph lines as required in the several charters and grants constituting contracts between said companies and the United States. Your committee finds that telegraph lines are not maintained and operated as railroads are, nor, in the opinion of your committee, as was contemplated in the acts making the grants, but, on the other hand, that some or all of said companies, or their successors, have, in violation of the true intent and meaning of said acts, transferred to the Western Union Telegraph Company the use and operation, in whole or in part, of the telegraph lines property belonging to them, and the exercise of their telegraph franchises, thereby impairing the lien of the United States on the property of said companies, as well as preventing the public use of such telegraph lines.

Mr. JOHN F. DILLON. That report shows on its face that the members of the committee who made it are not acquainted with either the statutory or the adjudged rights of the respective parties.

Commissioner ANDERSON. Without referring to any question of rights, is it not true that the actual results of the arrangements which have been made leave the complete and exclusive control of the telegraph business in the hands of the Western Union?

Mr. JOHN F. DILLON. I do not so understand it.

Commissioner ANDERSON. I mean the practical control. Does any other company forward any messages?

Mr. JOHN F. DILLON. As respects the Kansas Pacific line, it is adjudged by Mr. Justice Miller that the company built it and have the exclusive right to do a commercial business upon it.

Commissioner ANDERSON. Not exclusive of the Kansas Pacific Company itself?

Mr. JOHN F. DILLON. I think that is his decision.

Commissioner ANDERSON. Exclusive of the railroad company?

Mr. JOHN F. DILLON. Exclusive of the railroad company, because that was the contract, and he says it was valid. I want you to read that opinion.

Commissioner ANDERSON. If that is the scope of the decision, of course they do the exclusive business because the courts say they are entitled to it.

A VERY GOOD CONTRACT.

Mr. JOHN F. DILLON. We think we made a very good contract, by which we get part of the commercial receipts of that road. I do not know what Mr. Bates testified before the Warner committee, but I understand at that time the Baltimore and Ohio was not within hundreds of miles of either terminus of the Union Pacific road, either at Kansas City or at Omaha. The point in dispute is this, I think: There is no pretense that any message tendered either by any individual or by the Baltimore and Ohio Telegraph Company, or any other telegraph company, is not received and transmitted on the same terms that it is received and transmitted for anybody else. Mr. Bates does not say that that is the case. But the point in controversy is whether the Baltimore and Ohio Company, or any other company, has a right to come up to Omaha and Kansas City and say to us, "You have made one contract with the Western Union Company. You have got to duplicate that contract, and make it with us."

Commissioner ANDERSON. You say, if I understand you, that Judge Miller went further, and said (and that I cannot understand) that the rights which the Western Union Company had acquired under the act of Congress and by purchase from the companies enumerated, were exclusive of the right of the railway company.

DISTINCTION TO BE BORNE IN MIND.

Mr. JOHN F. DILLON. No; I say that on the Kansas Pacific (you must keep the distinction in mind) there never was more than one line built, and that was built jointly by the railroad and the telegraph company. A provision of that contract was that the telegraph company should have the exclusive right to do commercial business, and Mr. Justice Miller said that that contract was authorized and was valid. On the Union Pacific line each of these companies has a line of its own, and they have made, under the act of Congress (the eighteenth section of the act of 1862), the contract of 1881, an arrangement in regard to this business which we say that committee was not justified in reporting as legal or unauthorized. The committee's report is in that respect in the teeth of the adjudications on that subject.

Commissioner LITTLER. What action of Congress, if any, followed that report?

Mr. JOHN F. DILLON. I am not aware of any.

The CHAIRMAN. A bill was presented. That was all. It was not enacted into law.

INCONSISTENCY OF OPPONENTS OF UNION PACIFIC.

Mr. JOHN F. DILLON. It is only another instance of the inconsistency of the opponents of the Union Pacific Company. In one breath they say, "You owe this debt to the Government, and you must pay it to the last farthing." In another breath they say, "This is public property, and if you make a contract with one person you must make a similar contract with every other person." That is a principle that no one would think of applying to the New York Central, or any other railroad.

THE ARRANGEMENT A CESSION TO THE WESTERN UNION COMPANY BY THE UNION PACIFIC OF ALL TELEGRAPH PRACTICE.

Commissioner ANDERSON. Omitting all questions of the relations of the Government as a creditor, and simply for the purpose of ascertaining whether what the Union Pacific has done is or is not in violation of the law under which it was chartered, please tell me, in regard to that road, whether there was a separate railroad telegraph line, and whether the arrangement which you have made is not, substantially, a cession to the Western Union Company of all practice on the part of the railroad company to operate its telegraph line?

Mr. JOHN F. DILLON. I answer that, by the very provisions of the contract to which you called my attention, the stipulation is that the company should do a commercial business, and do all that is offered. My understanding of the practice under that contract is that it conforms to the provision, but I have no personal knowledge on that point. You will have to get that from either the railroad officers or the officers of the Western Union Company.

10 WALL STREET, NEW YORK,
Wednesday, September 28, 1887.

JAMES MIDDLEDITH, being further examined, testified as follows:

By Commissioner ANDERSON:

Question. At the close of your examination heretofore taken, you were asked whether you had any suggestion to offer as to what, in your judgment, ought to be the terms of adjustment between the United States and the Pacific Railroad Companies. To that question you made answer that you would submit your views within two or three months. Have you any views to submit to the Commission on that question?—Answer. I have not get them ready, but I will submit them.

Commissioner ANDERSON. We are unable to wait much longer.

MISREPRESENTATIONS OF THE NATURE OF THE GOVERNMENT LIEN.

The WITNESS. You can have them in the course of a couple of days. I submit to this examination at the request of the chairman, simply to show the nature of the bills presented to the last Congress, to show where they failed to do justice to the Government in the matter of calculation, and to expose the misrepresentations that have been made as to the nature of the Government lien, as far as I am able.

GOVERNMENT LIEN EXTENDS OVER ALL BRANCHES OF UNION PACIFIC.

By the CHAIRMAN:

Q. What are the misrepresentations to which you refer?—A. In the first place I hold that, according to the Thurman act, the Government lien extends over all the branch lines that have been constructed out of the proceeds of the income of the Union Pacific Company's subsidized line, or any of its properties or assets used in that way; because, under the Thurman act, the property and assets and the income of the Union Pacific Company are held for the lien of the United States; and any shape that they have since taken must, of course, be subject to that lien.

Q. On what do you base your views that you have just given to the Commission?—A. On the words of the law.

Q. What words of the law?—A. I could not quote it literally.

By Commissioner LITTLER:

Q. I understand that you propose to submit your views in writing, do you?—A. Yes; I will do so.

Q. When can you do that?—A. I can give them to you in the course of a couple of days.

By Mr. JOHN F. DILLON:

Q. What is your business?—A. I am living on my income.

Q. Are you a lawyer?—A. No, sir.

Q. You do not hesitate to give an opinion as to the legal construction of the act of Congress?—A. No.

Q. Were you summoned to attend here before?—A. Yes.

Q. Did you receive a circular from the Commission inviting you to come?—A. I received a summons by messenger O'Mara, I think.

Q. Your opinion is that if you have a mortgage on my house, lot, &c., and you are not satisfied with the mortgage, all you have to do is to

and it is to say, "I will extend this mortgage to lot 9"?—A. No; nothing of the kind.

Q. Has the Government any more power than an individual to create a lien?

The WITNESS. Will you be kind enough to read that law of 1878?

SCOPE OF THE ORIGINAL LIEN.

Q. How extensive was the original lien of the Government?—A. It covered the railroad, the telegraph, and the lands to a certain extent.

Q. What part of the railroad?—A. The line between Omaha and Ogden.

Q. What part of the Kansas Pacific?—A. The eastern half, I think. It has about 1,400 miles, I think, altogether.

Q. That was the limit of the original line, was it?—A. Yes.

LIEN EXTENDED BY THURMAN ACT.

Q. In what way was the lien extended?—A. By the Thurman act, which has been determined by the decision of the Supreme Court.

Q. There was no question of lien in the case, was there?—A. Yes.

Q. Are you sure of that?

The WITNESS. Will you be kind enough to read it?

Q. Was there any question in the Thurman act case as to whether the lien extended to any particular property or not?—A. The Union Pacific, as I understand it, appealed from the Thurman act—appealed from the jurisdiction of Congress to extend its lien. The Thurman act was confirmed, and that lien was extended.

Q. And that is the basis of your judgment that the Supreme Court has decided that the Thurman act extended the lien?—A. I should think that ought to be final.

Mr. JOHN F. DILLON. That is all I have to ask the witness. It is about as useful as most lay opinions are on matters of law.

By the CHAIRMAN:

Q. When did you first make yourself acquainted with questions affecting the Pacific railroads?—A. In 1885.

A GOOD CHANCE FOR A REFORM PRESIDENT TO MAKE DEMOCRATIC CAPITAL.

Q. What were your associations with railroads then?—A. A neighbor of mine, Mr. Coudert, was appointed Government director, and I incidentally told him I would look up the Union Pacific. I looked it up and found, in my judgment, a violation of the laws of 1873 and a diversion of the assets of the road, and presented those facts to Mr. Coudert; and I thought it would be a good chance for a reform President to make Democratic capital out of it, and I presented it to Mr. Cleveland.

JUDGE EDMUNDS SAYS UNION PACIFIC REPEATEDLY VIOLATED THURMAN ACT.

If Judge Dillon has any doubt as to whether I am wrong or not I can refer him to an authority that stands very high, that confirms my views as to the violation of those laws, namely, Judge Edmunds. In the debate in the Senate, on February 25, 1887, on the bill to which this Commission owes its origin, he will find that Judge Edmunds says the

Union Pacific Company has repeatedly violated the provisions of the Thurman act, violations which the preceding Administration, though Republican, had not punished. He will also find that by the Thurman act the Government is entitled to interest on the advances made on coupons of the subsidy bonds. In both bills presented to Congress for the settlement of this debt that has been omitted. In the Outhwaite bill, the Union Pacific Company has been credited with $2,000,000 on its partial payments, which the Hoar bill omits. The Outhwaite bill makes the indebtedness of the Union Pacific $52,000,000, while the Hoar bill makes it $54,000,000.

Commissioner ANDERSON. I suggest that Mr. Middledith embody in his written communication to us any errors of computation or calculation that he may have discovered.

The WITNESS. I simply say it is known that the Union Pacific pays 5, 6, 7, and 8 per cent. on its mortgages and has even professed to earn 4 or 5 per cent. on its stock. I had a computation made by Professor Elliott, the Government actuary, at Washington, of what would be the difference between extending the debt on the Outhwaite plan and 5 per cent.; and the difference which the Government loses by accepting a settlement of 3 or 3½ per cent. is $111,000,000. In other words, even giving the company such an extension, they are getting a fresh subsidy from the United States greater than the debt.

As far as questions of law are concerned, I believe the Judiciary Committee decided against Mr. Dillon on the matter of the necessity for the indictment of these gentlemen who have violated the law of 1873, although the bill was simply reported favorably to the House. It never came to any question.

WITNESS BELIEVES IN AN EXTENSION.

Q. Have you considered the question of the adjustment of the debt to the Government on the basis of extension?—A. Yes, sir; I believe in making an extension of the debt. I do not believe in crippling the companies in any way.

Q. Will you submit to the Commission, in writing, your statement of it?—A. Yes.

Q. Have you considered the question of the settlement of the debt with the Government on the basis of an immediate settlement?—A. I have not.

Commissioner ANDERSON. A cash settlement.

The WITNESS. You mean the amount that would be proper to pay?

The CHAIRMAN. I mean an immediate settlement, whether cash or otherwise, provided it be immediate.

INTEREST PAID BY GOVERNMENT LUMPED IN COMPUTATION.

The WITNESS. I have not. I would like, before leaving the question of bills, to say something about how this Outhwaite bill was prepared. The Government has paid annually the interest on those bonds since 1867; $2,000,000, for instance, in 1867, and $2,000,000 in 1868. Every one of those $2,000,000 has been lumped in computation, and instead of the Government getting interest on it, the whole has been thrown forward to 1907 and discount deducted from their payments made twenty years before.

Commissioner ANDERSON. That seems to have been a legitimate conclusion from the decision of the Supreme Court, holding that the interest was not intended to mature until 1907.

The WITNESS. But I can give you an opinion of Senator Edmunds differing from that.

Commissioner ANDERSON. The Supreme Court has given an opinion on that point.

The WITNESS. It has never been tested.

AS TO PLAN OF SETTLEMENT.

Commissioner LITTLER. Will you give us your views as to the settlement of the debt of the Union Pacific Railroad to the Government?

The WITNESS. Yes.

Commissioner LITTLER. And your reasons for entertaining those views?

The WITNESS. Yes.

The CHAIRMAN. When will you be prepared to submit your statement?

The WITNESS. I will give you that in two days.

The CHAIRMAN. I understand you are prepared to submit, first, your views as to an adjustment of the debt by the method of extension; and second, a statement containing your views upon an immediate settlement.

The WITNESS. That I cannot do. I will give you what I think will be the cash value of the debt.

The CHAIRMAN. Then I understand you will submit a statement containing your views on the bills.

The WITNESS. Yes.

The CHAIRMAN. I mean by an immediate settl ement the plan devised under the Thurman act—a settlement by which the Government shall surrender its interest in view of a consideration that is to be given by the companies. I should like to have your views as to methods of adjustment on that basis.

The WITNESS. I understand, sir.

INVESTIGATED UNION PACIFIC ON HIS OWN ACCOUNT.

By Mr. DILLON:

Q. When was your attention first directed to the Union Pacific Company?—A. In 1885.

Q. By whom?—A. By myself.

Q. Without any suggestion from anybody?—A. Without suggestion. I can shorten your examination by saying I am under oath, and that I have acted in this matter for no one but myself. I think that will satisfy you.

Q. You took it up on your own account?—A. Exactly.

REPORTED HIS CONCLUSION, SUCCESSIVELY, TO MR. COUDERT, COLONEL LAMONT, MR. HENLEY, SENATOR MACPHERSON, AND THE NEW YORK WORLD.

Q. You made some investigation. To whom did you report the result?—A. First to Mr. F. R. Coudert.

Q. Did you ever report that to any one else?—A. When he did not have anything to do with it, I went to Mr. Lamont.

Q. And to whom else?—A. To Mr. Henley.

Q. Why did you go to Mr. Henley?—A. Because I knew he was an anti-monopolist.

Q. Are you an anti-monopolist?—A. To a certain extent; yes, sir. I believe in making monopolists conform to law as well as poorer citizens.

Q. To whom else did you report that?—A. To Senator McPherson.

PUBLISHED HIS STATEMENT IN NEW YORK WORLD.

Q. Who else?—A. When I found that Mr. Cleveland would not do anything with that, I presented one statement to the New York World.

Q. A communication?—A. Yes, sir; to get the benefit of public opinion.

Q. How was that headed?—A. I could not tell you now.

Q. Was it a communication?—A. I hardly know that it was. It was simply a statement founded on the reports of the Union Pacific Company.

Q. Did you prepare it yourself?—A. I did, sir.

Q. Was it printed as you prepared it?—A. I think it was, with several slight mistakes.

Q. Did that appear in the form of a communication over your own signature?—A. It did not.

NOT PRINTED AS AN EDITORIAL.

Q. Did it appear in the form of a communication at all, or did it appear in the form of an editorial?—A. It was not an editorial; it was printed on one of the side pages.

Q. Were you a correspondent of the World?—A. No.

Q. Where was that prepared?—A. It was to force public opinion to take notice of the issue.

Q. Was that prepared in Washington?—A. Yes.

Q. Was it sent in the form of a communication from Washington?—A. No; I gave it to Mr. Crawford, whom I knew.

Q. Did you ever prepare more than one article for the World?—A. Two, I think, were the utmost.

Q. Did you ever prepare any for any other paper?—A. No.

Q. Did you ever have any conversation or report the result of your conversation to any one here in New York?—A. No; on the contrary, I refused to do so.

Q. You stated broadly this afternoon that the Union Pacific Company had violated the act of 1873.—A. Yes.

PARTICULARS OF UNION PACIFIC'S VIOLATION OF THE ACT OF 1873.

Q. I wish you to specify the particulars, and how you know it?—A. I should say that it violated the law in issuing collateral trust bonds of various dates, and in issuing the $10,000,000 of stock. I think that indorsing the Oregon Short Line bonds was a violation of the law of 1873. The indorsement of the Saint Joseph and Grand Island bonds was a violation of the law of 1873.

Q. Does that complete the catalogue of violations known to you?—A. There may be more.

Q. When, therefore, you said that the Union Pacific Company had violated law you meant that it had issued this stock, had issued these collateral bonds and made these guarantees; that is what you meant, is it?—A. Practically, yes.

Q. You also stated, if I understood you rightly, that the Union Pacific Company had violated the Thurman act. Will you be kind enough to specify in what particular it has violated the Thurman act?—A. I quoted Judge Edmunds as saying that.

AS TO VIOLATION OF THE THURMAN ACT.

Q. So that, so far as you know, of your own knowledge, there has been no violation of the Thurman act by the Union Pacific Company?—A. I am not prepared to state that. I simply quote what Judge Edmunds said in reference to that act.

Q. What did he say?—A. That the Union Pacific Company had repeatedly violated the Thurman act.

Q. In what particular?—A. He did not state. His remarks will be found in the Congressional Record of the 26th of February, 1887.

Q. You feel perfectly justified in making a positive statement and repeating it here?—A. He said that their attention had been drawn to it, and that they had taken some action in reference to the Union Pacific, and the result of that was that $700,000 or $800,000 had been paid into the Treasury of the United States by that company.

THINKS MR. DILLON WRONG.

Q. Are you aware of the fact that the Union Pacific Company is not in default one dollar under the Thurman act or any other act of Congress?—A. I think you are wrong, sir. I think it has violated the law of 1873, and if the laws were executed, that the situation would be very different.

Q. I repeat the question, whether you do or do not know whether the Union Pacific Company is or is not in default, under the Thurman act or any other act of Congress?—A. I presume they have paid all that those acts require. The Commissioner of Railroads told me the peculiar method in which Mr. Adams prepared the return of earnings of the Kansas Pacific road, dividing the earnings by two instead of taking the proper proportion of earnings belonging to the subsidized roads; and I see by one of his late reports that that makes a difference of $75,000 in one year, which the United States ought to have received.

Q. That is, the earnings of the Kansas Pacific were divided on the mileage basis instead of on your basis?—A. Yes.

Q. Do you know that the Supreme Court of the United States said that that might be done?—A. I know that the road has complied with General Johnston's demand in the last instance.

Q. I want to know who it was that made a suggestion to you here?—A. It was a friend of mine.

Q. Will you give me his name?—A. No, sir; I will not.

OUTSIDE SUGGESTIONS TO WITNESS.

Commissioner ANDERSON. What is it you want, Judge Dillon?

Mr. JOHN F. DILLON. During his examination a gentleman made a suggestion to him in relation to his answers. I now ask the witness who it was, and he declines to give his name.

The WITNESS. I simply tell you that the gentleman knows nothing about the Union Pacific.

Q. What did he say to you?—A. He said to "look out for that question." That is simply all.

The Commission then adjourned till Thursday, September 29, 1887, at 10 a. m.

10 WALL STREET, NEW YORK,
Thursday, September 29, 1887.

THOMAS M. NORWOOD, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Where do you reside?—Answer. In Savannah, Ga.

Q. Were you a member of Congress?—A. Yes, sir.

Q. During what years?

The WITNESS. You mean my present term?

The CHAIRMAN. No; your past terms.

A. I was in Congress from 1871 to 1877.

Q. Subsequently?—A. Subsequently I was a member of the Forty-ninth, and am now of the Fiftieth, Congress.

Q. During what years, if you recall them?—A. From March, 1871, to 1877 I was in the Senate; from March, 1885, up to the present time, I have been in the House of Representatives, and have been elected to the Fiftieth Congress.

A STATEMENT CONCERNING A PUBLICATION IN THE NEW YORK WORLD.

The CHAIRMAN. I understand that you desire to make a statement to the Commission concerning a publication in the New York World.

The WITNESS. Yes.

The CHAIRMAN. The Commission will be glad to hear you.

The WITNESS. I wish to inquire, first, if the statement made by the World, which I have in my hand, and which I suppose has been before the Commission during this investigation, is admitted to be correct so far as the Central Pacific Company recognizes it? In other words, does the company question the statement here as taken from the books in the Treasury by the World?

The CHAIRMAN. Mr. Cohen can probably answer as to the position of the company on the question of that publication.

Mr. COHEN. Mr. Norwood, I have never seen the matter concerning which you are about to testify, until a minute ago, and I do not know where the paper got its information from. I have never compared anything that appears there with the books, therefore I am not in a position to answer.

The CHAIRMAN. I will state on the part of the Commission that all the items published in the World by their dates, amounts, and names, were verified by the accounts, as far as possible, of the Central Pacific Company, upon a call for the vouchers there published, and upon an examination the Commission is satisfied that the publication of the items is correct as set out in the World, from the vouchers of the Central Pacific Company.

AN ERROR IN REGARD TO WITNESS.

The WITNESS. The statement, then, that I wish to make is to correct an error in this account so far as it relates to me. The account is not correct. It sets forth that the Central Pacific Railroad Company paid me certain amounts of money at different dates indicated. That, I take it, is an account rendered by the Central Pacific Company to the Government, of expenses incurred by that company in the settlement of the accounts with the Government under the Thurman bill. Is that correct?

The CHAIRMAN. This is a statement of unexplained accounts and vouchers prepared by Mr. French, and furnished to the New York World.

The WITNESS. Disallowed?

The CHAIRMAN. They were discovered in the audit and disallowed at the time of the investigation by Mr. French as auditor.

The WITNESS. As rendered by the Central Pacific Company?

The CHAIRMAN. Yes, sir. To what items in the publication do you refer?

The WITNESS. All of them; every item.

Commissioner ANDERSON. All those that contain your name?

The WITNESS. I refer to those containing my name; I know nothing about the others.

The CHAIRMAN. There appears an item dated July 2, 1878, "T. M. Norwood, $1,000."

The WITNESS. Yes; you will find that the items run on from 1878 to 1879.

The CHAIRMAN. The other items are:

1878. Sept. 4.	T. M. Norwood	$1,000.00
Nov. 2.	T. M. Norwood	1,083.98
Nov. 27.	T. M. Norwood	500.00
1879. Jan. 17.	T. M. Norwood	1,500.00
Feb. 16.	T. M. Norwood	300.00
Feb. 25.	T. M. Norwood	200.00
Apr. 14.	T. M. Norwood	2,127.42
May 10.	T. M. Norwood	800.00
July 16.	(to Aug. 4) T. M. Norwood	1,283.30
Sept. 27.	T. M. Norwood	800.00

The WITNESS. The total amount paid to me is not down there, but I believe that is the last item.

NEVER RECEIVED ANY SUM FROM CENTRAL PACIFIC.

Q. Do you recollect receiving from the Central Pacific Company such sums as are named there?—A. I never received any amount, at any time, from the Central Pacific Company.

Q. Were you at any time employed by the Central Pacific Company?—A. No, sir; in no capacity.

Q. Then if these charges or entries appear on the books of the Central Pacific Company in your name, they are clearly in error?—A. They are entirely a mistake.

Q. And do not refer to you?—A. Yes, they refer to me, I suppose.

Q. In what relation do they refer to you?—A. As counsel of the Southern Pacific Railroad Company. They are charged up as to the Central Pacific.

Q. How were you employed by the Southern Pacific?

The WITNESS. Shall I give a brief history of my employment?

The CHAIRMAN. If you please.

WITNESS'S CONNECTION WITH SOUTHERN PACIFIC.

The WITNESS. I left the Senate in March, 1877, and resumed my practice of law in Savannah. In May—I think it was—1878, I received a communication from a friend asking me to come on to Washington, that he wanted to see me on some important business. I went right on and was introduced to Mr. Huntington, who told me that the Southern Pacific Railroad Company was in a contest with the Texas Pacific, and that

he wanted my services for that company. I engaged with him as counsel of the road, the principal work for me to do being to discuss the question among the people of the South as to the relative merits of the two roads; in other words, to advocate the building of the Southern Pacific Railroad. Mr. Scott was asking Congress for a subsidy—had been for several years. Mr. Huntington told me that the Southern Pacific Company wanted no subsidy. I entered on the work in the pursuance of this written contract, which I submit to the Commission.

CONTRACT WITH SOUTHERN PACIFIC.

The CHAIRMAN. Read it, if you please.

The WITNESS (reading):

[Office of the Southern Pacific Railroad Company of California, No. 9 Nassau street, C. P. Huntington, A. & A.]

NEW YORK, *June* 4, 1878.

Hon. T. M. NORWOOD,
Savannah, Ga.:

DEAR SIR: The Southern Pacific Railroad Company of California desire your counsel and professional services, and offer you a salary at the rate of $10,666 per annum, payable in equal monthly installments, the company, however, reserving the right to determine the engagement at any time not less than nine months.

Whenever you have to travel on business for the company your traveling expenses, including hotel bills, will be paid monthly on an account of the same being rendered at its office, No. 9 Nassau st., N. Y.

Please favor me with an answer to above and oblige, yours, very truly,

C. P. HUNTINGTON, *A. & A.*

I replied to this, from Savannah (a copy of which reply I have in my letter-book, but have it not here with me), accepting the terms offered in this proposition, and I entered upon the work for the Southern Pacific Railroad Company.

CHARACTER OF WITNESS'S WORK.

To give you an idea of the work that was done, I will say that when the legislature of Alabama was in session in the winter of 1878 and 1879 I found that the Texas Pacific Company, through its agents there, had a resolution reported by some committee of the legislature (I forget what committee, probably the committee on the railroad) favoring the Tom Scott system. I went there, and my going resulted in a public discussion between ex-Governor Watts, representing the Texas Pacific, and myself. The resolutions were referred back to the committee and never appeared again.

By Commissioner ANDERSON:

Q. What was this discussion between yourself and Mr. Watts—before what body?—A. The public, including members of the legislature of Alabama.

Commissioner ANDERSON. I mean was it before a committee.

The WITNESS. No, sir; it was at night, in the hall of representatives.

Q. You were not a member of that legislature, were you?—A. Oh, no.

JOINT DISCUSSION AS TO MERITS OF SOUTHERN PACIFIC AND TEXAS PACIFIC.

Q. I want to understand what this discussion was. Was it a private discussion between you and this gentleman, or an argument before a

legislative committee?—A. When I found that this resolution had been reported, I requested that I might be heard in behalf of the Southern Pacific Railroad, and the legislature gave us the representative hall one night for a joint public discussion between ex-Governor Watts and myself.

Q. A public discussion to which the whole committee, as well as the legislature, was invited?—A. Yes; everybody. Ladies were there. I had also another discussion with ex-Governor John C. Brown, of Tennessee, before the Chamber of Commerce of Charleston. I merely mention those as illustrations of the kind of work that I did. That was all the kind of work that I did as the representative of that company. In other words, I was not about Washington at all—had nothing to do with the company there. I told Mr. Huntington that I would not go to Washington on any account. My engagement ran through 1878, and I think probably all of 1879. The account paid me was the amount set forth in that contract. But the whole amount is not in this account published by the World. Though I have no data, no dates to show that the amounts paid me were received at the several times stated in the World, still I had no doubt whatever that they are the sums paid me by the Southern Pacific. I always gave my receipts to that company.

NEVER EMPLOYED BY CENTRAL PACIFIC.

Q. Were you ever employed in any capacity by the Central Pacific Railway Company?—A. No, sir. When I was introduced to Mr. Huntington he was the first man connected with the Central Pacific Company or the Southern Pacific Company that I ever knew. That was, I think, in May, 1878. I never had any connection with that company at any time.

Commissioner ANDERSON. Then I assume that the only way the items could have appeared in the Central Pacific accounts is that the service was rendered to the Southern Pacific Company and the charge made against the accounts of the Central Pacific.

The WITNESS. That is just what has occurred, so far as I know.

Q. Do you know anything in connection with that from which you can state as a fact that it was charged?—A. No, sir. I say the service was rendered to the Southern Pacific Railroad Company, and those items charged in there I have no doubt are the items that were paid to me by the Southern Pacific Railroad Company, because the Central Pacific Company never paid me a dollar. I never had any connection with it.

Q. At the time this contract of June 4, 1878, was made did you hold any public office whatsoever?—A. No; I had been out of public service from March, 1877, until that date; that is, about fifteen or sixteen months.

HOW ACCOUNTS WERE PAID.

Q. Will you please explain to the Commission how those payments were made to you from time to time?—A. Just as I called for them. Sometimes I would not render an account for simple expenses that had occurred under the latter clause of the contract. If I wanted money for my private use, or the expenses of my family, I would draw on them.

Q. To whom would you render the account?—A. To Mr. Gates or Mr. Huntington.

Q. How were those letters addressed?—A. Always addressed to one or the other of those gentlemen.

Q. Was there any indication on the envelope besides the name of "Vice-president of the Southern Pacific"—or was the Southern Pacific Company in any way identified on the envelope?

The WITNESS. You mean in my letter?

Commissioner ANDERSON. Yes.

The WITNESS. None that I remember.

RECEIPTS GIVEN SOUTHERN PACIFIC.

Q. Did the Southern Pacific Company appear in the account as you rendered it, as the party who was debtor to you, on the face of the bill?—A. I always gave my receipts to the Southern Pacific. I made the bill to the Southern Pacific.

Q. Is it your recollection that the Southern Pacific Railroad's name appeared on the bill as made by you?—A. Yes.

Q. And these accounts were rendered to Mr. Gates or Mr. Huntington, at 9 Nassau street, New York?—A. Yes. Several times I remember being paid when I was in the office.

Q. At No. 9 Nassau street, New York?—A. Yes.

Q. How was the payment made—whether in bills or checks?—A. I have no distinct recollection, but my impression is that it was in bills. My recollection is that when I rendered an account (I never overdrew) for whatever amount was due, Mr. Gates would draw a check and then send it out, and, as a matter of convenience to me, have it cashed and give me the money.

PAID BY DRAFTS.

Q. That could not have been done in cases where money was remitted to you. When you were not in the city how were remittances made?

The WITNESS. You mean what was the form of the draft?

Commissioner ANDERSON. Yes.

A. When they remitted to me they always sent a draft; they never sent money.

Q. Do you remember how the drafts were signed?—A. I do not.

Q. They may have been drafts on local bankers, purchased here in New York—drafts payable where you happened to be?—A. Yes.

Q. Bought of bankers here in New York?—A. Yes. I suppose, by looking back over the books of the bank with which I kept my accounts in Savannah, I might find out how those checks were drawn.

Q. Do you remember, in any case, receiving a check from Mr. Huntington which purported to be a check on the Southern Pacific Company as distinguished from the Central Pacific Company?—A. I never drew in any way other than on the Southern Pacific Company.

Commissioner ANDERSON. I am addressing myself to what occurred on Mr. Huntington's side, as to the form of payment made by him, whether the checks or drafts received by you, according to your recollection, indicated in any case that they were drawn on funds of the Southern Pacific Company?

NOTHING ON DRAFTS TO INDICATE THAT THEY WERE DRAWN ON ACCOUNT OF ANY PARTICULAR FUND.

The WITNESS. I cannot say as to that, because there was nothing on the face of the draft that indicated that it was on account of any particular fund.

By Commissioner LITTLER:

Q. Was there anything in the signature which indicated it?—A. No, sir.

By Commissioner ANDERSON:

Q. In these cases of checks drawn by Mr. Gates in New York, where the Southern Pacific Company would have one bank account and the Central Pacific another, do you recollect anything in regard to the check drawn by Mr. Gates which would convey to your mind the fact that it was the Southern Pacific money that was being used and not the Central Pacific?—A. No, sir.

Q. You recollect nothing on that subject?—A. No; I do not think the checks had any ear-marks of that kind at all.

Q. Have you any recollection as to these checks that Mr. Gates sent out and got cashed, as to what the signature to those checks was?—A. My impression is that those checks were signed by Mr. Gates.

Q. Is that impression distinct at all, in any way?—A. Not enough for me to state it as a fact.

Q. Do you remember whether the body of the checks was printed or not?—A. Yes, sir; printed. But I do not know on what bank.

MR. GATES DREW THE MONEY AND GAVE IT TO WITNESS.

Q. Do you remember whether Mr. Gates, after taking the check from the check-book, was in the habit of indorsing or putting his name on the back of it?—A. My impression is that the checks were drawn by him so that he could draw the money. My name was not indorsed on them. He drew the money and handed it to me. He might, at some time, have given me a check, but I do not remember about that.

Commissioner ANDERSON. I would state that Mr. Gates's statement of the general practice, as far as the Central Pacific is concerned, is this: That the funds here were drawn on checks signed by Mr. Huntington and printed, payable to the order of Isaac E. Gates, and then Mr. Gates, when he desired to use the money, would indorse the checks so made payable to him, and use them in that way. That statement would not indicate whether the check actually used was a Central Pacific or a Southern Pacific check. In either case the signature would appear to be the same.

NOTHING TO INDICATE WHETHER CHECKS WERE DRAWN ON CENTRAL PACIFIC OR SOUTHERN PACIFIC FUNDS.

The question I now address to you is, whether anything ever occurred in your interviews with Mr. Gates which enables you now to depose that the checks which were sent out in order to be cashed for your convenience were checks drawn on Southern Pacific funds or checks drawn on Central Pacific funds?

The WITNESS. Nothing whatever.

Q. You can give us no light on that point?—A. No, sir.

Q. Did you have any personal interviews with Mr. Huntington in regard to this employment?—A. My first interview was with him and with him alone.

Q. A personal interview?—A. Yes.

Q. Where?—A. In Washington.

Q. Had you, before that time, had any business connection with Mr. Huntington?—A. None whatever. I was introduced to him at that time by a gentleman who telegraphed me to come on.

Q. What is the name of the gentleman?—A. General Gordon, of Georgia.

Q. Did Mr. Huntington, in the course of his conversation with you, refer to a number of other gentlemen who were similarly employed in the same business?

WAS COUNSEL OF SOUTHERN PACIFIC.

Mr. COHEN. One minute. I understand the witness to say that he was the attorney and counsel of Mr. Huntington at this time.

The WITNESS. No, sir; of the Southern Pacific Railroad Company.

Q. And Mr. Huntington was acting on behalf of the Southern Pacific Railroad Company in his communications to you?—A. Yes.

Mr. COHEN. It is for you to determine whether you want to render any communications that you received from your client for the benefit of this Commission.

Commissioner ANDERSON. Mr. Norwood understands the limit of his duty and privilege perfectly well.

The WITNESS. Go on with the question. Let me hear it.

DID NOT KNOW OF OTHER GENTLEMEN SIMILARLY ENGAGED.

Commissioner ANDERSON. My question is, whether Mr. Huntington, in the course of his conversation, stated to you that a number of other gentlemen were engaged in the same way throughout the South?

The WITNESS. He did not. I did not think there were any others; at least, not in the capacity I was.

Commissioner ANDERSON. I mean in the capacity of maintaining the advantages of the Southern Pacific project and promoting it in the South, either by argument or explanation?

The WITNESS. I do not think he mentioned the name of anybody.

Q. Did you, in the course of your employment, meet with other gentlemen who were engaged in the same line of duty?

The WITNESS. In the South?

Commissioner ANDERSON. Yes.

The WITNESS. I do not remember any one. I think there was one gentleman in Montgomery, Ala., who was taking an interest in the Southern Pacific Railroad, but I do not remember his name. I know there were several employed there by the Tom Scott system at that time. Governor Watts was employed by him (Scott). I do not know whether it was a general employment or whether he was only employed to make this argument on the night when he had this discussion.

SERVICES RENDERED SOUTHERN PACIFIC PUBLICLY.

By Mr. COHEN:

Q. Were the services you rendered to the Southern Pacific Company done openly, publicly?—A. Oh, yes, sir; everywhere advertised.

Q. Do you know whether, during the time of your employment, the Southern Pacific Railroad had been leased to the Central Pacific or not?—A. I do not.

Q. You have no information on that subject?—A. No, sir. All I can say about that is, that during the discussion that I had, it was always urged that the Southern Pacific Railroad and the Central Pacific Railroad were one. I mean that was the popular argument against the position that I occupied. It was an *ad captandum* argument. It was urged that the Central Pacific Railroad had money that had been given to it by the public, and it was now using that money to destroy Tom Scott

and the Texas Pacific Railroad to build the Southern Pacific road. That was the line of argument that several of the gentlemen that I debated with took. But it was always contended by Mr. Huntington that the Southern Pacific and the Central Pacific were entirely distinct companies—not only distinct corporations but distinct companies; but that it was true that the owners of one were owners of the other, or were so in part. There may have been some corporators in one that were not in the other, but that in the main the gentlemen who owned the Central Pacific were interested in the Southern Pacific.

Q. How much of the Southern Pacific Railroad of California had been built at the time of your employment by that company?—A. When I first went out to overlook the field, to make up my mind about the advantages of the Southern Pacific, I went from San Francisco down to Fort Yuma, the eastern terminus.

RENDERED COMPANY VALUE RECEIVED.

Q. Do you consider that you were overpaid by the Southern Pacific Company for the services you rendered to it?—A. No, sir; I considered that I rendered that company value received, and I think they so considered it, because when I got through my work public sentiment in the South on this question was reversed, and the next session of Congress, I think, Mr. Scott abandoned the field. There was no complaint on either side.

Mr. COHEN. I think that is their view. I did not know what you had to say about it.

The WITNESS. I rendered value and I got value. I got what I contracted for and was satisfied. I will state that there was nothing, so far as I know, improper in the conduct of the Southern Pacific Railroad or any of its officers, unless it may be these items that are charged here, and I have appeared here for the purpose of correcting that mistake. The Central Pacific Company never paid me a dollar, and if those items are charged in there as being paid by the Central Pacific Company they are entirely incorrect. But I have no doubt that those items are the items that were paid to me by the Southern Pacific Company under my contract which lies on the table.

By the CHAIRMAN:

Q. All of your services were rendered to the Southern Pacific Company?—A. Entirely. I never had any connection with the Central Pacific Company or anybody connected with it, except Mr. Huntington.

WHETHER CENTRAL PACIFIC PAID FOR SERVICES RENDERED SOUTHERN PACIFIC.

By Commissioner ANDERSON:

Q. Do you know, as a matter of fact, whether the relations existing between the Southern Pacific and the Central Pacific Company were such that the Central Pacific had assumed and agreed to discharge this particular obligation of the Southern Pacific?—A. None at all. I know nothing at all about them.

Q. If that were the fact, then the entries as they appear in the book might be justified?—A. That is for others to determine. If the Central Pacific Company is the debtor of the Government and has to render an account of its expenses to show its net income and charges, amounts which another corporation paid, as part of the expenses of the Central Pacific Railroad Company, I do not see how it could be justified.

Q. Suppose the Southern Pacific Company paid to the Central Pacific Company a consideration in money, in return for which the Central Pacific Company agreed to pay out the operating expenses and other charges, including, for instance, these charges of yours, in behalf of the Southern Pacific Company, that arrangement would have to be examined before we could determine that there was anything improper in it?—A. Yes.

Commissioner ANDERSON. If I understand Mr. Cohen's position correctly, that these charges are intended to be justified under the lease, as my own memory of the lease does not bear me out, I would ask whether the terms of the lease imposed on the Central Pacific Company the duty of paying these particular obligations—if that is what Mr. Cohen claims?

Mr. COHEN. We will see about that, Mr. Chairman. I am not prepared to answer until I see the papers. There is this, however, to be said: The Auditor has rejected these items and they have been treated as money in the treasury, and the Government has received its part of it. It seems to me very idle to use up the time of the gentleman from Illinois, who wants to get home, in pursuing this line of questions.

Commissioner LITTLER. I am in no hurry, Mr. Cohen.

The CHAIRMAN. That does not alter the facts, however, of the attempt of the Central Pacific Company to make a charge against the Government of such an amount. The fact that the Central Pacific Company was not permitted to carry it out was not its fault, but in consequence of the attitude of the Government.

Mr. COHEN. I would like to discuss these matters with you at a future time.

The CHAIRMAN (jocularly). I would be glad to meet you at a public meeting.

Mr. COHEN. At any time after 6 o'clock in the evening.

NO FURTHER STATEMENT, MERELY AN EXPLANATION.

By the CHAIRMAN:

Q. Have you any further explanation or statement to make?—A. No; I merely wished to correct that statement, which was an error of somebody. Whether it was on the part of the World man who took the account from the books, or on the part of the gentleman who rendered the account, or on the part of the Central Pacific Railroad, I know not. The error lies somewhere between those three. That is why I asked in the beginning whether that account was recognized by the Central Pacific Company as being correct.

The CHAIRMAN. The account is correct. The books and vouchers were all examined and the amounts called off.

Mr. COHEN. And they are yet retained by the Commission, who refuse to return them.

The WITNESS. Then the error is by the Central Pacific Company. I would ask Mr. Cohen, counsel for the Pacific companies, whether this is Mr. Huntington's signature [referring to the contract he had produced]?

Mr. COHEN. We will admit that signature to be in Mr. Huntington's handwriting.

Commissioner ANDERSON. Can you tell us in whose handwriting the body of the letter is?

Mr. COHEN. No.

The WITNESS. My impression is that the body of it is in Mr. Gates's handwriting, but I do not know.

10 WALL STREET, NEW YORK,
Thursday, September 29, 1887.

J. C. REIFF, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. In New York City.

Q. What is your occupation?—A. I am connected with the firm of Woerishoffer & Co.

Q. Is that a firm of stock brokers?—A. Yes.

Q. How long have you been connected with that firm?—A. Since 1881.

Q. In what capacity?—A. I have an interest in the concern.

MADE A STUDY OF THE FINANCIAL CONDITION OF THE PACIFIC RAILROADS.

Q. Have you given any special attention to the matters of the Pacific railroads?—A. Somewhat.

Q. To which railroad have you given most attention, the Central Pacific or the Union Pacific?—A. I never had any connection whatever in any way with the Central Pacific; I was connected for a number of years with the Kansas Pacific.

Q. What was your connection with the Kansas Pacific?—A. I was its eastern financial agent.

Q. During what years?—A. From October, 1866, until the early part of 1874.

Q. We are informed that you have made the subject of the financial condition of the Pacific railroads and their relations to the Government something of a study, and my question is whether that is so, and, if so, to which road you have given most attention?—A. After the Kansas Pacific to the Union Pacific, because of its connection with that road.

Q. Have you investigated the affairs of the Central Pacific to any extent?—A. No.

Q. Between what years are you most familiar with the affairs of the Union Pacific and the Kansas Pacific?—A. During the years that I was connected with the Kansas Pacific, of course.

Q. From 1866 to 1874?—A. Yes.

NOT A VOLUNTEER WITNESS.

Q. Have you any special acquaintance with the management and methods adopted by the Union Pacific after 1874?—A. I can answer that yes and no. In a general way I have. In some specific ways I have. I would like to say to the Commission that I do not know whether I can give them any information on the subjects into which they are inquiring. But I have read in the papers this morning what purports to be a letter addressed to the Commission yesterday by Judge Dillon. I would like to have it appear on the record that I do not come here as a volunteer witness. My relations with some of these gentlemen have been of a rather unfortunate character. I have already suffered considerably on account of their moneyed power and ill-will, and I do not care to increase that load if I can help it.

Q. Whose money power and ill-will do you refer to?—A. Well, I suppose I refer to Mr. Gould. He is the "boss."

Q. Mr. Gould has at present no interest that you know of in the Union Pacific, has he?—A. Not that I know of; no.

Q. Do I understand your reluctance to volunteer information to arise from a disinclination to encounter more opposition in general matters?—A. No; I have given indications heretofore that I am not backward about that, although rather unequally matched.

HAS FOLLOWED THE EVIDENCE OFFERED BEFORE THE COMMISSION.

Q. We desire from you a full statement of all matters that you know pertaining to our inquiry and resulting from such studies as you may have made of the Union Pacific system. You have followed, have you not, the general line of evidence that has been offered before this Commission?—A. As far as it has appeared in the papers.

Q. With regard to the transactions of the Union Pacific Company from 1874, we will say, to 1883, have you not examined their reports and obtained all information which was in your power, and reached certain conclusions in regard to the matters connected with the declaration of dividends, with the consolidation of the Kansas Pacific, with the acquisition of branch lines, and have you not examined these matters with reference to their effect on the general solvency of the company, and particularly to its relations with the United States Government?—A. I have given general attention to the subject, and kept as well advised as I might with the showing of their reports, and from time to time as things have been discussed in the courts and in Congress.

Q. Have you written any communications on that subject?—A. Sometimes I have; yes, sir.

Q. What communications that contain your views have you written in relation to the matter?—A. I do not know that I have ever set out my views particularly, in any special communication. I have written some letters, I think, on particular points at times to the Secretary of the Interior; at times to the Commissioner of Railroads, and, possibly, one or two to the President.

WHAT HAS IMPRESSED THE WITNESS IN REGARD TO UNION PACIFIC.

Q. What are the salient points that were referred to in those communications?—A. I cannot recall them specifically. If the Commission will permit me I will tell them what has always impressed my mind, what has been uppermost in my mind in regard to this subject.

Commissioner ANDERSON. We will take it that way.

The WITNESS. In the first place, the second section of the act of July 2, 1864, provided that the Union Pacific Railroad should accept no subscription to its capital stock except to be paid in money, and that they should assess that stock not less than 5 per cent. in each six months until the whole 100 cents on the dollar had been paid. Of course, it is notorious that that was not done. And much of the power of the Union Pacific Railroad which it used to bankrupt the Kansas Pacific Railroad, to the injury of myself and a great many of my friends, came about by their utter disregard of their obligations; because they acquired power by the creation of paper which cost them nothing, and yet extracted from the public very large returns of money which gave them control of facilities and opportunities which they denied their ally in this original legislation (the Kansas Pacific) and which led to its bankruptcy.

MR. GOULD ACQUIRES LARGE INTERESTS IN SECURITIES OF KANSAS PACIFIC.

Q. Do you refer particularly to the refusal to prorate beyond Cheyenne?—A. Yes, sir; that was the primary object. Having bankrupted

that road, and before it was reorganized, further power was exerted to finish its bankruptcy, so as to make it so absolute and complete that it would be possible for the Union Pacific interest to acquire its control. After Mr. Gould had acquired large interests in the securities of the Kansas Pacific, having already practical control of the Union Pacific, he built a railroad from the line of the Colorado Central somewhere in the vicinity of Boulder, Colo., for example, to Cheyenne, which gave them a parallel line from Cheyenne to Denver, and, of course, made the Denver Pacific absolutely worthless. Through that means he was enabled to secure terms from the Denver Pacific bondholders, as well as to exert a further influence upon the Kansas Pacific people in their bankrupt condition which he would not have been able to exert in any other way.

Having accomplished that object in subsequent years, that constructed portion of the road was absolutely abandoned.

Q. State exactly what portion of the Colorado Central was abandoned?—A. I do not know the number of miles. Possibly 50 miles. It appears in one of the late publications.

ABSORPTION THROUGH FORM OF CONSOLIDATION.

Q. Fifty miles of the end nearest Cheyenne?—A. Nearest Cheyenne; yes. Having exercised this power over the Kansas Pacific, Mr. Gould finally absolutely acquired control of the junior securities of the Kansas Pacific at a nominal sum. He was a director in the Union Pacific Railroad, and was enabled, therefore, to make the contract on both sides and to fix the terms of the absorption through the form of consolidation.

As to that consolidation, I have always criticised it; and I have said that it was without any possible legal effect, for the reason that in my judgment there is not a single paragraph in any law passed at any time by the Congress of the United States which ever contemplated such a consolidation. There is a reference to consolidation in those laws, but any lawyer (which I am not) who will, in a disinterested way, read those laws as referring to consolidation, I think will be compelled to come to the conclusion that any consolidation, except by the consent of Congress, related to a period antedating the completion of the railroad.

THE EARLY COMPLETION OF THE LINE DESIRED.

The whole feature, as embodied in the laws, was for the purpose of consolidating, if necessary, the effort of all the people interested in all the lines of railroad so as to secure the earlier completion of the line. I think that the confirmation of that is reached in the fact that the only attempted consolidation on the part of the Central Pacific in its main line was made with the Western Pacific, and for that special consent of Congress was asked and obtained. I have always insisted that every reasonable authority that the Pacific railroads needed to facilitate the strengthening and development of their property they had reason to expect from Congress, if asked for, and I do not know of anybody who ever opposed the granting of any proper request. But the criticism I have passed, after suffering from their conduct in connection with the Kansas Pacific, was that they simply applied the Gould method of doing exactly what they wanted to do, trusting to the subserviency of public officers and courts, under the plea of "innocent vested rights;" that it is "too late," and that it could not be undone.

On that same ground I have criticised not only the consolidation and the issue of securities thereunder, but I have criticised the issue of the $10,000,000 of stock that was made by the Union Pacific Company in 1881, I think, soon after the consolidation.

I have criticised the issue of the collateral trust bonds for the alleged construction of branch roads because of the total lack of power, not that it might not have been good policy for the company to do it.

CRITICISM OF METHODS PURSUED IN CONSTRUCTING BRANCH LINES.

I have likewise criticised the construction of the branch lines in the manner and under the methods pursued by them for the same reason. It has seemed to me that while there was plenty of law for everybody it was differently administered to the powerful as against the poor; and that if there was anything that this company really needed to defend itself against the encroachments of other railroad corporations or for the development of its own territory, it was entitled to go to its creator and ask for it and get it. They say a great deal nowadays, during the examinations before this Commission, about the manner in which this company has been cramped by the public discussion, cramped by Congress, cramped by this means and that means. I know of nothing that they have ever failed to do, up to the time of the creation of this Commission, because they were cramped. This entire branch system that they have got was practically created after the passage of the Thurman act. Their credit has never failed them. They have always been able to borrow money as cheaply as anybody else.

ROADS WOULD NOT SUBMIT TO LAW.

My chief criticism on them has been that they would not submit themselves to the same law to which they ask other people to submit. For example, they utterly defy all criticism in relation to the consolidation. They were so arbitrary about it that when the Government directors attempted to attend the meetings at the time of the consolidation they shut the doors on them, and those directors had to apply to Attorney-General Devens to know what they should do in the premises. They took the ground that the Union Pacific Railway Company was a different corporation from the Union Pacific Railroad Company, but Attorney-General Devens said it was in effect the same company.

SPIRIT OF THE LAW WAS TO AID THESE ROADS.

I have always held that the spirit of the law was to aid these railroads. If they could not pay they were never to be called upon to pay. When they could pay they were expected to pay. The theory on which much of this discussion has been based, that the Government sought these people to build these railroads, is an entire fallacy. My own people—the Kansas Pacific—were interested alike with them, and the Government did not seek them. These gentlemen saw an opportunity. The Government being in the throes of war when the legislation was first had, of course preferred to co-operate with individuals rather than to itself build a road. The Government was fully employed about 1863 and 1863, and even in 1864.

I have always believed that the interest on the subsidy bonds was intended to be currently paid if the company earned it, especially before dividends were paid. Of course, the Supreme Court of the United

States differs with me, and that is unfortunate. But the company has never made any attempt to pay except under compulsion, and from the date when compulsion was attempted the company has fought. The company has, fortunately, been possessed of facilities by which the administrator of the law has been kept off. For example, these questions that are being discussed now have been, in a way, discussed from dates anterior to the completion of the Union and Central Pacific roads.

RESOLUTION OF CONGRESS DIRECTING ATTORNEY-GENERAL TO BRING SUIT.

Congress passed a resolution in 1869 directing the Attorney-General to bring a suit on certain allegations that had been made—certain information that was supposed to be held by the Government against both the Union Pacific and the Central Pacific companies, to see whether they had taken this, that, or the other, and had issued stock without authority, and given stock away, and other things. That suit was never brought.

After the Credit Mobilier investigation, when the Union Pacific company went through the same ordeal which the Central Pacific is now passing through, the Attorney-General was directed to file a bill. After a while he did file a bill and nearly all the talent of the United States was present on one side, and the bill went off on a demurrer entered by Mr. Evarts, now Senator from this State, on the ground that the United States was not such a party in interest as a stockholder, and therefore the suit could not be maintained. But the court in submitting its opinion set forth what it believed was the intent of Congress, and pointed out possible ways by which the end could be accomplished. The matter was allowed to drop.

So that they have had practically a free course. They have glorified themselves a great deal, and instead of doing their duty, as I conceive, they have paid about as much to themselves in dividends as would pay the principal of the debt of the Union Pacific Railroad to the Government.

INTENTION OF THE THURMAN ACT.

When the Thurman act was under discussion it was intended to include the Kansas Pacific. The Kansas Pacific was then in a state of bankruptcy. I was no longer connected with it, but a great many of my friends were, and had large interests involved. Knowing the situation I went to Washington and had some friends explain the peculiar situation and relation of the Kansas Pacific to the Union Pacific; and at that instance Senator Thurman struck the Kansas Pacific out of that bill, I suggesting that, as they could not pay now, having been brought to this bankrupt condition by the Union Pacific, it was hard to jump on them. "Take that out of the bill now," I said, "and just as soon as the Kansas Pacific Company can lift its head, pass a similar bill for it." So that my chief criticism has been that these people arrogated to themselves the privilege of doing what they pleased, and when they were brought up they simply either stated that they were a State corporation, or, if the States went after them, they were a Federal corporation.

STATE OF KANSAS OPPOSED TO CONSOLIDATION.

For example, the State of Kansas filed a bill, through its attorney-general, against this consolidation, and it was in process of being decreed,

as I think, to be utterly invalid when the Union Pacific people consented to meet the chief demand of the State of Kansas, which was to submit to its jurisdiction. It has always appeared to me that it would be a very fair thing for these companies instead of paying dividends on their stock, if they had any net earnings after keeping their roads in the most perfect condition for their business, to pay the excess into a sinking fund voluntarily, if possible, or otherwise involuntarily, into the treasury of the company or the Treasury of the United States, toward the liquidation of this debt.

I have never been in favor of extracting from these companies a penny that was unfair or inequitable, but when I see fortunes made out of those roads in the hands of some people who have made them, I do not think there is a fair divide as between a few individuals and the general public. Therefore I pass my criticism as a free American citizen from time to time.

AUTHORITY FOR CONSOLIDATION.

Q. Now, taking up the subjects in turn, can you state anything definite as to the facts on which they are based? The first subject you have mentioned was the power to consolidate; and your statement was that an examination of the act would show that the exertion of that power was only intended to be permitted to the time before the completion of the roads. Can you refer us to the words of the acts on which you base that assertion?

Mr. JOHN F. DILLON. Section 16 of the act of 1862 and section 16 of the act of 1864 give the authority for consolidation.

The WITNESS. Section 16 of the act of 1862 says that—

> At any time after the passage of this act all of the railroad companies named herein and assenting hereto, or any two or more of them, are authorized to form themselves into one consolidated company. Notice of such consolidation, in writing, shall be filed in the Department of the Interior, and such consolidated company shall thereafter proceed to construct said railroad and branches and telegraph lines upon the terms and conditions provided in this act.

APPLIED TO THE PERIOD BEFORE CONSTRUCTION.

The references, both in this act and the act of 1864, practically cover the same point—that after this consolidation shall take place they shall proceed to construct said railroad. And in subsequent sections they provide that if one company shall assume to construct the line of another company for the purpose of facilitating the construction, the defaulting company may thereafter redeem its property by paying this amount; the object being, as I stated before, to hasten its completion. Because here were three or four railroads aiming at the same result. That is the theory. When the State of Kansas filed a bill against the consolidation I had the privilege of consulting with one of the counsel for the State of Kansas. He sent for me and asked me some questions about it, and asked what my view was, and I told him my view. He accepted that theory and incorporated it in his argument in the Supreme Court. On a point of law it was referred back to the State, but, as I said, the matter was compromised when the Union Pacific Company consented to submit to the jurisdiction of the State of Kansas. That was the chief interest the State had.

Commissioner ANDERSON. The next subject you alluded to was the consolidation itself and the methods by which it was carried out. This Commission has had very full evidence pertaining to that subject, and unless there is some special point indicating a violation of law in the

methods that were pursued, which you are possessed of and which have not been disclosed to us, you may assume that those facts have been fully proved.

The WITNESS. I think so.

STOCK ISSUED WITHOUT POWER.

Commissioner ANDERSON. The next suggestion you made was in relation to the issue of $10,000,000 of stock after the consolidation, and the language used by you was that you criticised that issue because it was made without power, though not, perhaps, because it was bad policy to issue it under the circumstances which really occurred. Now, why do you say that that stock was issued without power?

The WITNESS. Simply because I think either the act of 1862 or the act of 1864, creating the Union Pacific Railroad and fixing the capital at $100,000,000, states, in so many words, apart from having this capital stock paid up in money, and in no other way, that the capital stock should not be increased beyond the cost of the road. Of course that originally meant that it might be possible to need more than the $100,000,000 of capital, because people had very vague notions then about the cost of this road; but the road having been completed in 1869, I can not see any authority for issuing any stock under that law in 1880 or 1881, whether they got paid for it or not. I do not say that Congress would not have given them the privilege, but they assumed that the capital stock of the Union Pacific Company was about $36,000,000 at the time of its completion, and they never assumed to increase that for any purpose until the consolidation of those companies. The further increase was after the consolidation. It was issued for the purpose, I think, as was stated, of furnishing more facilities and increasing the equipment, and possibly paying for some branch lines. As matter of fact a good deal of money went into property that was not only of very questionable value, but under very questionable circumstances, viz, the amount of money that was practically set apart to pay Mr. Gould for the Central Branch, as well as the Denver and South Park.

Q. Do you know what use was made of the $10,000,000 that were paid for that issue?—A. No, I can not answer in any way that could be considered evidence.

DATE OF ISSUE OF STOCK.

Q. Do you know the date of the issue of that stock?—A. My impression is that it was either the latter part of 1880, or early in 1881.

Q. Do you know the date of the payment to Mr. Gould for the Central Branch and the Kansas Central?—A. The Kansas Central was an entirely different transaction.

Commissioner ANDERSON. I am speaking of the date. They were paid for at the same time.

The WITNESS. No, I do not know whether they were paid for or not.

Q. Do you know that the Kansas Central and the Central Branch were paid for before the issue of that $10,000,000 of stock?—A. No.

Q. Were they paid for by stock acquired by the consolidation itself—especially by stock acquired from the Denver Pacific transaction?—A. No.

Commissioner ANDERSON. We have all those facts before us.

The WITNESS. Very well. I think all those things will be capable of explanation, probably in a different way from the way in which they have been explained to you.

WAS THE ISSUE OF STOCK ILLEGAL?

Commissioner ANDERSON. I think we have the evidence pretty fully.

Q. In regard to the legality of the consolidation, is it your judgment that if the actual cost of the three consolidated roads was $60,000,000, and the stock at the time of consolidation was $50,000,000, then the issue would have been illegal?—A. Certainly; because it is absolutely in evidence, years ago, that the roads never cost the $50,000,000 of stock.

Q. My question is, assuming that it were proved that the actual cost of the Union Pacific, Kansas Pacific, and the Denver Pacific roads had been $60,000,000 in money, and that the consolidated stock at the time of consolidation was $50,000,000, on that assumption would the issue of the $10,000,000 of stock have been within the permission of the law?—A. Oh, if they could show that it went to the construction of the road, certainly it would have been within the permission of the law; but they did not pretend that.

Commissioner ANDERSON. I am not arguing that. But you say it depended on the cost.

The WITNESS. Yes.

Commissioner ANDERSON. Their claim was that the actual cost was over $60,000,000.

The WITNESS. But their road was completed.

Q. I again put my question. Assuming that the roads had been completed some years before, that the aggregate stock was $50,000,000, that the actual cost of construction was $60,000,000 before consolidation then, in your judgment, after the consolidation, would the consolidated company have the legal power to issue $10,000,000 of stock to reach the limit of the actual cost of construction?—A. If the consolidation were legal, certainly.

THE POWER FOR CONSTRUCTION OF BRANCH ROADS.

Q. Now, in regard to the construction of branch roads. You have stated that they have been largely constructed by the Union Pacific Company from the years 1877–'78 down to date, and that these constructions have all been carried on without legal power. Will you state upon what you base that proposition; in what way was there a lack of power?—A. I will say that the only power the Union Pacific Railroad has ever possessed under any law of Congress, or possesses to-day, is the power to build, maintain, and operate a line of railroad from the Missouri River to Ogden—one single line of railroad and telegraph; that is, the naked authority. All the other authority relates to the other branch roads which were to have their rights in connection with the Union Pacific, which rights, of course, have always been denied.

Q. That we understand. But that does not touch the question, because it does not pursue the inquiry as to the manner in which the branch roads were actually constructed. Take, for instance, the construction of the Republican Valley road. What act of the Union Pacific Company has occurred in regard to the construction of the Republican Valley road which you can set your finger on as being a violation of law?—A. The ownership.

Commissioner ANDERSON. Then it is not the construction.

The WITNESS. If they had constructed that line under the original charter, of course they would have been able to show where the power lay. They did not construct it directly as the Union Pacific road, because it had, I think, a State charter.

Q. Then, is it your point that by indirect methods they procured independent corporations to build branch roads, and that the ownership of the stock of those branch roads was, in effect, undertaking to do what was not permitted by law?—A. Yes, sir.

Q. Is there any provision in the law that restricts their power to own or take the stock, or a portion of the stock, of a branch road?—A. There is nothing in the law in regard to it.

METHODS PURSUED IN CONSTRUCTING BRANCHES.

Q. Is there anything within your field of information in regard to he methods pursued by the directors of the Union Pacific Company in cont ducting these branch constructions—I mean anything as to which you have any knowledge, showing a divided duty by the directors, so that in the construction of the branch roads they have profited by their votes as directors of the Union Pacific Company?—A. I have no personal knowledge.

THINKS SOME OF THE DIRECTORS WERE INTERESTED IN THE CONSTRUCTION OF THE OREGON SHORT LINE.

Q. Have you any indications that you can give us as to the construction of any of these roads in particular where you have reason to believe anything of the kind occurred?—A. Yes; I think there were some of the directors interested in the construction of the Oregon Short Line.

Q. Are there any other roads to which you can refer us?—A. I have no doubt that they had a moneyed interest in the Denver and South Park and also moneyed interest in the construction of the last road they built into Leadville, what they call the "High Line." But, of my own knowledge, I have no information.

Q. What information have you in regard to the construction of the Oregon Short Line—the first road named by you—which entitles you to affirm a belief that some of the directors of the Union Pacific Company were interested in the construction?—A. Some three or three and one-half years ago, I think it was, I was in Leadville, and I there met a man whose name I can not now recall who had just had an interview with one of the contractors of that road, who was boasting of the amount of money he had made in its construction. He was known to have had no considerable money at all when he went into the contract, but it was believed that the contracting firm was backed by certain directors of the road and that one of the contractors was a nephew of Mr. Sidney Dillon, who on that account (I was led by this party to understand) had been given a number of favorable contracts. Therefore I draw the distinction between knowing these things of my own personal knowledge and being persuaded of them.

Q. Can you state to the Commission the name of Mr. Sidney Dillon's nephew?—A. No; there were two men in the firm. I think one was named Stevens and one named Collins. I do not know; if they were named to me I might recall them.

By the CHAIRMAN:

Q. Can you give the names of the directors that were interested?—A. No; but when the directors of two concerns are practically the same it would not be very difficult to infer. I do not say that these gentlemen committed any wrong at all in the matter, but Mr. Anderson asked me whether they were in that way occupying a dual relation. I do not

say that they did any wrong in that matter at all, because they may have been the only people that had faith enough in the enterprise to put in money.

Commissioner ANDERSON. The mere fact that the contractor made money would hardly justify the conclusion that the directors made profits.

The WITNESS. Not at all; but I was given to understand that two or more of them had an interest.

By Commissioner ANDERSON:

Q. In the contract for construction?—A. Yes, sir.

CALLED ON TO SPECIFY.

Mr. JOHN F. DILLON. You say two or more of the directors. I want you to specify to whom your belief points.

The WITNESS. I make a great distinction between giving evidence on my own personal knowledge and otherwise.

Commissioner ANDERSON. The witness started in by saying that he did not know.

Mr. JOHN F. DILLON. He said his belief was that two of the directors had made profit.

The WITNESS. My belief has nothing to do with it.

Mr. JOHN F. DILLON. I want you to specify who they are.

Q. Is your belief based on anything further than the statements made by the contractor to you?—A. That is the basis of it.

Mr. JOHN F. DILLON. Not the contractor, but some one who knew him.

The WITNESS. Well, the contractor was in town there and I was introduced to him. I have forgotten his name, now.

UNDOUBTEDLY CERTAIN DIRECTORS OF THE UNION PACIFIC HAD AN INTEREST IN ACQUIRING KANSAS PACIFIC.

Q. Have you any knowledge of any other construction contract from which you can assert that any of the directors of the Union Pacific Company made a profit out of the construction?—A. I will answer that this way: A little while ago you submitted a supposed condition of affairs in regard to the cost of the construction of this road at the time of the consolidation. Undoubtedly there were certain directors of the Union Pacific Company that had an interest in the acquisition of the Kansas Pacific; and an acquisition might be treated as construction.

Commissioner ANDERSON. We have the full evidence as to the Kansas Pacific transaction, and are satisfied as to the profits that were made in that matter. We have the proof. But I am now speaking in regard to the system of branch constructions—the Denver and South Park, the Utah Northern, the Oregon Short Line, the Omaha and Republican Valley, and all that class of roads that have been built by the Union Pacific as feeders of the main line from 1878 to date.

The WITNESS. I have no personal knowledge in regard to that and never claimed to have any.

Q. You have no knowledge that any of the directors of the Union Pacific Company made a personal profit out of those constructions, they having voted as directors on the terms of construction?—A. I have no personal knowledge; never claimed to have any.

GENERAL EFFECT OF THE BRANCH SYSTEM PERNICIOUS.

Q. What is your personal judgment as to the general effect of the branch system of the Union Pacific on its financial status?—A. I think a large part of it has been very pernicious.

Q. Which part in particular, or which branches especially?—A. I think the acquisition of the Kansas Central, for example, was without any justification whatever, certainly without any benefit. The acquisition of the Central Branch was likewise without any justification, certainly without any benefit. A large portion of the Denver and South Park was a perfectly reckless piece of business; likewise this portion of the Colorado Central that I spoke of. I think the Oregon Short Line acquisition was a ridiculous piece of business. Those are the principal features.

Q. All of the branches you have referred to, except the Oregon Short Line, antedate 1881, do they not?—A. The Colorado Central does; the Kansas Central does not. The Kansas Central was after that.

Commissioner ANDERSON. You are mistaken about that.

The WITNESS. What, after the consolidation?

Commissioner ANDERSON. The consolidation was in 1880.

The WITNESS. Oh, well, between 1880 and 1881; I do not know particularly.

Commissioner ANDERSON. Well, we will say they antedate 1883.

The WITNESS. They were of a date subsequent to the consolidation.

Commissioner ANDERSON. As matter of fact they were part of the consolidation; that is, that Kansas Central and the Central Branch.

The WITNESS. I beg your pardon.

Commissioner ANDERSON. We have all that.

The WITNESS. Well, I will not discuss it with you.

Commissioner ANDERSON. What I want to get at is, do they antedate 1882, except the Oregon Short Line?

The WITNESS. I think the Central Branch and the Kansas Central do. The Denver, South Park and Pacific was about 1880, I think.

Commissioner ANDERSON. January, 1881.

The WITNESS. My impression was that the Denver and South Park was somewhere between 1880 and 1881.

NO AUTHORITY FOR CONSTRUCTION OF OREGON SHORT LINE.

Q. Now, taking the Oregon Short Line, will you please state what, in what particular, or for what reason your judgment is that the construction of that road was without reason or good judgment?—A. First, my main reason is that the Union Pacific Company had no authority whatever to construct it or to aid in its construction. They there deliberately gave a guarantee, and subsequently, when they were charged with having made that guarantee, they attempted to repudiate it before a committee of Congress. That they did give that guarantee is borne out by the fact that Mr. Sidney Dillon was president of both corporations and signed the bond as president of the Oregon Short Line, and signed the guarantee on that bond as president of the Union Pacific Railroad.

Q. The question I ask is more with reference to the policy of constructing the road, as to whether it is a benefit to the Union Pacific or not?—A. Last year, I think, was the best year they have had, and then it earned about one-half the first-mortgage interest.

OREGON SHORT LINE NOT PROFITABLE.

Q. Still, in passing judgment on that, you have to take a more enlarged horizon than a single year. Have you so studied the question as to have formed a definite conclusion as to whether the construction of the Oregon Short Line and the union of interest between that company and the Union Pacific, taking the whole future for the next thirty or forty or fifty years—has your field of observation enabled you to say whether that was a prudent or a foolish thing to do?—A. I will answer that by saying that I do not think any railroad man (certainly not within the last ten years) has built any railroad in expectation of what will happen thirty or forty years hence. I think that is a long way to build ahead. Certainly the Oregon Short Line has not been profitable to this date. The chief aim of the Union Pacific was not to develop any local business, but to get to the Pacific coast, and they did not choose to use the line appointed for them, namely, the Central Pacific. I question its policy, even apart from what its earnings have been.

Q. To come to closer particulars, are you acquainted with the main articles of freight and transportation that are involved in that union of the Oregon Short Line with the Union Pacific, and especially in connection with the lease of the Oregon Railway and Navigation Company, so as to open up the field through Oregon and to Portland?—A. In a general way, yes. But the Oregon Short Line was not built in connection with the lease of the Oregon Navigation. That was at too late a date to have any bearing on this question.

Commissioner ANDERSON. I am not arguing about the merits. I am interested in determining in my own mind the question whether that particular connection is going to increase the solvent power of the Union Pacific Company or not.

The WITNESS. The road is built now, and it is hoped it will be a benefit.

Q. Can you furnish any statements of facts or figures which will help our judgment as to whether that will increase the solvent power of the Union Pacific Company or not?—A. Nothing more than their own reports show.

GUARANTEE OPEN TO CRITICISM.

Q. You are aware that they have guaranteed the interest on the Grand Island bonds. Is that guarantee open to the same criticism in your judgment?—A. Undoubtedly.

Q. That it is a violation of the act of 1873?—A. Undoubtedly.

Q. Do you understand the distinction attempted to be drawn by the company by that guarantee?

The WITNESS. Through a traffic arrangement?

Commissioner ANDERSON. No; but that the prohibition of the law is a prohibition of a pledge of its property, and not a personal guarantee for the payment of interest; have you heard that distinction before?

The WITNESS. When you issue your note you pledge your property, do you not?

Commissioner ANDERSON. As a lawyer, I would say no.

The WITNESS. As a business man?

Commissioner ANDERSON. I will say that as a business man, if I do not pay it, my property will ultimately suffer, but the criticism I make is that the word pledge is used in its legal sense.

The WITNESS. In other words, if the Saint Joseph and Grand Island road does not earn the interest of its bonds the interest is paid out of

the earnings of the Union Pacific, just as they pay the interest on the Denver and South Park, and every one of their branch roads. It is known and conceded, I think, by themselves, that their branch system, as a whole, does not earn the interest on the bonds. Now, the money has got to come from somewhere, and can only come from the earnings or the result of the sale of the credit of the Union Pacific Company.

Q. In regard to your construction of the word "pledge," if it be a promise which causes the person giving the promise to lose money, and if pledging be equivalent to paying, would not that in effect preclude the Union Pacific Company from making any corporate contract on which it should lose money?—A. Not in the general administration of its business.

COLLATERAL TRUST A DIRECT OBLIGATION.

Q. In regard to the collateral trust (you mentioned that, I think), what do you understand that collateral trust to be?—A. A direct obligation of the Union Pacific Company, supplemented by certain collateral.

Q. And of what does this collateral consist?—A. Bonds of certain of the branch lines.

Q. Bonds and stocks?—A. I think no stocks.

Q. Securities of branch lines?—A. Yes.

Q. What provision of law has the company violated in effecting the collateral trust?—A. First, the organic law, which gave them no power; second, the act of 1873, which prohibited it.

Q. Which prohibited what?—A. The pledging of the property or earnings of the company.

Q. One construction put on that is that that applied to the railroad itself aided by Congress, and did not restrict it from making such disposition as it saw fit of securities which the system held, and which were not part of the railroad; have you heard that distinction made?—A. Yes; if I were as astute a lawyer as you are, or as Judge Dillon hopes he is, I could discuss this question with you, but this is a question of practical business and honorable obligation.

CONSTRUCTION OF THE UNION PACIFIC TELEGRAPH LINE.

Commissioner ANDERSON. We know that you have given a great deal of intelligent consideration to this question, and we are anxious to hear the full force of the views of those who have criticised strongly (and after considerable examination of the facts) the transactions of these companies, in order that we may have every view before us. So we invite a full statement of your views, in order that they may be fully considered. You have also given considerable attention, have you not, to the construction of the telegraph line of the Union Pacific?

The WITNESS. Yes.

Commissioner ANDERSON. Will you give the Commission your views on that subject, or will you submit a statement which has already been made by you to Congress, if you desire to shorten the examination?

A. My views in relation to this subject are fully stated in the report of the Warner committee of the House of Representatives, being House Report No. 3501, Forty-ninth Congress, second session.

Q. Do you desire to express anything in addition to that?—A. My consideration of this question grew out of my conviction that the obli-

gation of these companies was just as mandatory and important in the construction, maintenance, and operation of an independent telegraph system furnished with growing facilities, as the business of the country grew, as the construction, maintenance, and operation of the railroad. They of course have utterly ignored that except when it was in the interest of parties temporarily in control of the Union Pacific, when their views have radically changed.

By the CHAIRMAN:

Q. Have you considered the effects of the constructive mileage allowance to the branch lines by the main line?—A. No, sir.

Q. Have you given any thought to the question of constructive mileage?—A. No.

THE CASE IN 98TH UNITED STATES REPORTS.

By Commissioner ANDERSON:

Q. To what case do you refer where the Supreme Court points out remedies that you suggested a moment ago?

The WITNESS. Respecting that suit?

Commissioner ANDERSON. Yes.

The WITNESS. It was an opinion that was rendered on that demurrer—not by the United States Supreme Court—I think it was by Judge Hunt, if I am not mistaken.

Commissioner ANDERSON (to Mr. John F. Dillon). To what case did you refer?

Mr. JOHN F. DILLON. The case reported in 98th United States Reports.

WERE THE INVESTMENTS GOOD OR BAD ONES?

By Commissioner LITTLER:

Q. Assuming that the Oregon Short Line and the Denver and South Park were bad investments, and that they have at no time paid the interest on their mortgage bonds, yet if it appears from the books of the Union Pacific Company that the traffic coming on to the main line and hauled from Granger and from Denver increases the earnings of the main line so as to more than pay the deficit of interest on its bonds, what would you then say as to whether the investments were good or bad?—A. On your premise, of course it might be very good. It took a good many years after the Pennsylvania Railroad acquired its line from here to Philadelphia before it paid its charges, but it was very good for the Pennsylvania Railroad.

Q. Is it or not fair, in determining the wisdom or unwisdom of the acquisition by the Union Pacific Company of these branches, to take into account the effect of the earnings on the main line as well as to take into account the fact that the earnings of the branch lines, with the constructive mileage allowed to them fails to pay the interest on the first-mortgage bonds?—A. Undoubtedly. But when you are considering the side of mercy to a wrong-doer, you want as well to consider the relation he bore to other parties at the time these things were done.

Commissioner LITTLER. I am dealing with the property as I find it.

The WITNESS. I am not inclined to be merciful to a man who has bankrupted me.

Commissioner LITTLER. These investigations are not for the purpose of determining what punishment shall be given to the wrong-doer, but for the purpose of determining what shall be done with the property

as we find it just now. The question of what shall be done with the wrong-doers is a separate and independent one.

The WITNESS. But is it not important to consider in this connection that, if these people are wrong-doers, such hedges shall be thrown about them that they shall not hereafter bankrupt other people?

Commissioner LITTLER. Yes; that would be proper.

The WITNESS. They assisted in the bankruptcy of the Denver and Rio Grande, that I was interested in, in another way.

THE SUSTAINING OF BRANCHES A CORRECT THEORY.

The CHAIRMAN. If by the constructive mileage system all the branch lines are sustained, then the merit is with the main line, and not with the branch lines.

The WITNESS. Undoubtedly the theory of sustaining a branch line for the purpose of developing a main line is a correct theory.

The CHAIRMAN. You believe that to be a correct theory?

The WITNESS. Yes.

The CHAIRMAN. Do you believe it to be a correct theory to deplete the treasury of the main line in order to build up other lines?

The WITNESS. No; but it may be a very wise thing to temporarily deplete the main treasury for the purpose of bringing more, subsequently, to the common fund.

By the CHAIRMAN:

Q. How long is the depletion to continue?—A. That would be another question.

Q. Might it not end in severely depleting the treasury of the main line in the attempt to support the branch lines?—A. Undoubtedly; and hence that provision that is so severely tested by this case, in the Thurman act, which laid hold of all the property that they had at that time and put the lien of the Government upon it after the actual cost of the property.

CONSTRUCTION OF TRIBUTARIES TO UNION PACIFIC NECESSARY.

By Commissioner ANDERSON:

Q. Are you able to state whether, in your judgment, reviewing the whole territory of the Union Pacific, it would be worth less money or more money if it had never constructed or acquired any branch interests whatever and had confined itself to the main line from Omaha to Ogden?—A. Oh, it could not have confined itself to its main line in view of the general development of the country.

Q. It would have been utterly impossible?—A. That would have been utterly impossible.

Q. The requirements of the adjoining territory compelled the construction of tributaries that would feed them and develop their business?—A. Somewhat.

Q. That was the general result—that branch lines had to be built, just as branches have to grow on a tree?—A. That will be the argument adduced.

Q. But is it your view?—A. As a general proposition, as stated by Commissioner Littler; yes.

BRANCH LINES NOT TO BE DEVELOPED AT EXPENSE OF MAIN LINES

By the CHAIRMAN:

Q. But in the case now before you (the case of the Union Pacific Railroad), the branch line system, if a wise system, is not to be developed

at the expense of the main line?—A. Not at all; I would be very emphatically of the opinion that very much of the disadvantage that the Union Pacific has labored under, growing out of the competition with other roads that have been built in that country, would have been avoided had they treated the Kansas Pacific Railroad, and all of the railroads that are mentioned in the original legislation, in the spirit in which those laws were enacted; because all of the companies then east of the Mississippi river would have had a common interest, and there would have been no inducement to enter into that territory in unjust competition. For instance, the Kansas Pacific was intended to furnish an outlet for that whole section running through Baltimore, Cincinnati, Louisville, Saint Louis, and Kansas City. Leavenworth was given a connection to Lawrence on the Kansas Pacific for the same reason. The Hannibal and Saint Joe was given a connection through what is now the Central Branch, intended to meet the Kansas Pacific originally, and afterwards attempted to be diverted to meet the Union Pacific, as the Kansas Pacific was originally at the 100th meridian. The Chicago, Burlington and Quincy was given a line through the Burlington and Missouri line; other roads were given connection through the Sioux City and Pacific. So that all the country there would have been served by a common interest. Of course, by the development in time you could not say what lines, purely parallel, might have been built. Some people thought there would be money in building the West Shore alongside of the New York Central. But the branch line system would have been radically different had the Union Pacific people treated the lines, which they long subsequently acquired—had they treated them originally in the true spirit of the legislation.

A GOOD DEAL OF ATTENTION GIVEN TO THE SUBJECT OF RAILROADS.

By Commissioner LITTLER:

Q. You have disclosed a good deal of intelligence on this subject. I will ask you to state what connection you have had with railroads and whether you have been engaged in the practical operation of railroads, and, if so, how long.—A. My first connection with any railroad was, as I stated, with the Kansas Pacific. Since that date I have been connected generally as a director with one or more railroads, and my information, of course, is not so technical as the information of gentlemen, for example, like Mr. Potter.

Q. What roads are you connected with?—A. I am a director in the Saint Louis, Arkansas and Texas.

Q. Then, as I understand you, you have given the subject of railroads a good deal of attention for a good many years?—A. As much as my limited capacity would allow me.

IGNORANCE REGARDING THE SIOUX CITY AND PACIFIC.

Q. Do you know anything about the Sioux City and Pacific?—A. No, sir.

Commissioner LITTLER (jocularly). There is a wonderful amount of ignorance in this country in relation to that road.

The WITNESS. That ignorance, I think, grows out of the fact that there was a great deal of ignorance as to the points of the compass when that road was located.

Commissioner LITTLER. We have never been able to find out who constructed that road.

The WITNESS. I think John I. Blair got some of the boodle.

PLAN OF SETTLEMENT.

Q. Have you thought of the subject of the best possible adjustment between the United States and these Pacific railroads; have you made a study of it at all?—A. I have given it some little attention.

Q. Have you examined the different schemes suggested or the bills that have been before Congress?—A. Yes; I have read most of the bills that have been presented.

Q. Dividing these schemes into schemes relating to an extension, with a fixed annual or semi-annual payment, and schemes looking to an immediate adjustment either by a payment in money or an adjustment of a present and immediate kind which would determine and separate the relations of the United States from the railroads, please explain to the Commission what, in your judgment, would be the best method.—A. I do not think there could be an immediate adjustment at all. I do not think either of these companies, on their own showing, or acknowledgment, is in any position to make any adjustment that would be at all reasonable to the Government, or possible for them.

THE COMPANIES SHOULD NOT BE OPPRESSED.

I do not think these companies ought to be oppressed. I think the first thing to do is to administer existing law in a spirit of equity. First compel these people to do those things that they can do, and when they have reached the limit of their power, then carry out the spirit of the original legislation and say "you shall not be compelled or asked to do more than you can do." For example, somebody ought to pay up this stock. Somebody ought to compensate these treasuries for the dividends that were paid out of the stock that was clearly issued either without authority or without consideration. Had that money never been distributed of course these companies would have had a sinking fund more than ample to provide for all these things in the near future; not that they would be able to pay these bonds at maturity, because they could not. Next, if the gentlemen will not do that——

Commissioner LITTLER (interposing.) Assuming that the Government cannot do it—not that it will not, but that it cannot, according to the decision of the Supreme Court in the Connecticut case, and that we must deal with these people as we find them—what then?

The WITNESS. Well, I will not assume that case. There was a way pointed out by which it could be done, and can be done to-day.

RIGHTS OF THE GOVERNMENT.

Commissioner LITTLER. Please point out that way to us. We shall be happy to see it.

The WITNESS. Well, if I had my way I should pass a simple bill, at first, through Congress declaring that the United States Government, wherever it had a moneyed interest in any corporation, should at all times and under all circumstances be entitled to all of the rights in regard to protecting its interest that a stockholder has. That seemed to be the rock on which the court split. That would not be an *ex post facto* law, because here is an unexecuted or uncompleted contract.

Commissioner LITTLER. You think that would stand a test of the court, do you?

The WITNESS. I think it would be worth trying. It would stand the test of common sense.

Commissioner LITTLER. That is, perhaps, a different thing.

The WITNESS. Yes, I think it is. My experience of courts proves that.

DEBT SHOULD BE PAID BEFORE DIVIDEND DECLARED.

Commissioner LITTLER. But now, passing that and taking these companies as they are, what would you recommend?

The WITNESS. In the first place, I would do nothing that would limit the development of these companies to their highest degree of efficiency. They ought certainly to be able to stand (and still perform their duties) the ordinary competition of private capital. I certainly would not allow these companies to pay any more dividends on stock that represented no money until they had paid this debt. At the time of the maturity of this debt, without changing the law in the meantime, I would simply ascertain what amount was due the Government from these companies, and I would, in addition to preventing them from paying dividends on stock that was not paid for, have them earn interest on every cent that ever went into these properties. Then I would extend that debt for a reasonable period at the lowest rate of interest at which the United States Government could borrow money; and that is even more than these roads have asked, I believe.

RESTRICTIONS AS TO NEW INDEBTEDNESS.

Commissioner LITTLER. State the percentage, if you have it in your mind.

The WITNESS. Not over 3 per cent., and I would make that possible on a condition that they should be given authority to extend their first mortgage, and I think their first mortgage could be extended under existing law at the rate of 3 per cent., because the first mortgage of the Union Pacific Railroad is, practically, a Government bond. I would throw restrictions around them in respect of creating new indebtedness, in respect of the maladministration of their property, not the proper administration of their property, and I would not allow them to renew, by a mortgage on this property, any debt that had heretofore been improperly created. Certainly, if they did, it must be something like a debenture obligation, coming after all of their indebtedness that was authorized to be created, and after this indebtedness to the Government. They have wasted this property, and if they had not wasted it they would not be in this condition.

SYSTEM OF PAYMENTS.—FIXED AMOUNT MIGHT BECOME ONEROUS.

Commissioner LITTLER. Would you pass from a system of payments based upon a percentage of net earnings to a system of payments of a fixed amount?

The WITNESS. No; because the payment of a fixed amount might become onerous.

Q. Suppose the companies should prefer the fixed amount from the Government point of view, what would be your judgment?

The WITNESS. If that was a reasonable amount and they showed a disposition to meet this payment in the spirit that I have suggested, I would do with them the same as I would do with anybody else who was trying to do the best he could.

Q. As a matter of fact, is it not true that the payment of a percentage on the net earnings necessarily leads to all sorts of collisions and irri-

tating differences of opinion in ascertaining the net earnings?—A. No; I do not think so.

Q. Is it not the fact that there have been many such differences?—A. Yes.

Q. I do not say whose fault it is, but my question is: Does not that method of ascertaining the sum necessarily lead to irritation?—A. Not necessarily. I would allow these companies to spend all the money they want to spend on permanent improvements. The great object, I think, is not to get the money back. If it can come back in the spirit of that original legislation, let it come back. If it all goes, let it go. But in regard to a suggestion made by you just now as to the possibility of a settlement which would take these companies away from the Government, you can never do that. The trouble is, those companies do not recognize that there is any obligation outside of this technical moneyed obligation, and they try to make it appear that the Government is a sort of entity outside of the public. This road was built for the benefit of the public. It is not right that it should be allowed to go on and control entirely and arbitrarily the question of rates. That is a question that is involved likewise as to the future.

ALL RAILROADS SHOULD BE SUBJECT TO LEGISLATIVE CONTROL.

Q. Would you draw a distinction between the Pacific railroads and any other railroads in the United States; is it not your judgment that they should all be subject to reasonable legislative control?—A. Yes; and once having made a rate, growing out of competition, I would make that their maximum rate; for a rate agreed upon between two railroads must be satisfactory, no matter what the motive.

Q. You have specified an extension of the debt for a reasonable period, and that the rate of interest should not exceed 3 per cent.; that the company should be controlled against misuse of their funds and franchises, and that if they were satisfied with a fixed rate, and the rate was sufficient to meet the case, that there would be no objection to substituting a fixed rate instead of a percentage on the net earnings.—A. Not at all.

HOW TO INCREASE THE GOVERNMENT'S SECURITY.

Q. Now, have you any suggestions to make as to what can be done to increase the Government security, the claim being that the security is now limited to the subsidized portion of the road?—A. Yes; I have one suggestion. The chief thing to avoid is the dissipation of this property. For example, treating the consolidation of these companies as an accepted fact, there is an issue of bonds known as the Kansas Pacific consolidated bonds. They were issued for certain specific purposes, part of which have not been carried out, notwithstanding the bonds were out. But there was an obligation issued by the Kansas Pacific and, of course, assumed by the Union Pacific now, an obligation of this company to pay the principal and interest of those bonds. The lands of the Kansas Pacific were given as an additional collateral security. During a period when dividends have been paid on the Union Pacific the proceeds of sales of lands by that company have gone into the common fund. They have even used the proceeds of land sales to pay the interest on the Kansas Pacific consolidated bonds at a time when it was claimed that the Union Pacific was earning dividends on its stock, instead of using the proceeds of land sales in accordance with the condi-

tions of that mortgage, and of every other reasonable mortgage, that the estate, if sold, should go to wipe out the debt instead of for the general uses of the company.

Q. In other words, that the Union Pacific Company should have paid the interest on the Kansas Pacific consolidated bonds out of its earnings before declaring its dividends, and was not entitled to be reimbursed for that by the proceeds of the lands?—A. I certainly think so.

Q. The question was what could be done to increase the security of the United States—by putting in stocks or bonds of collateral roads, or any other security?—A. I claim that they are all in, absolutely, under the Thurman act; I think it is section 20 of that act. You cannot get more out of this carcass than there is in it.

THE SUPREME COURT ON THE THURMAN ACT.

Q. The claim of the company is that Congress cannot increase the lien of the road so as to make it apply to things to which it did not apply when the act was passed. But without discussing the legal merits of that, can you suggest any method by which the security of the United States can be increased by the co-operation of the Union Pacific Company?—A. On that subject I could not suggest anything, because it simply makes the creature more powerful than the creator. The Supreme Court of the United States, in affirming the constitutionality of the Thurman act, stated as broadly as language can state that the power of Congress over this road was practically absolute, and they simply assumed that they were subject to a technicality, and, therefore, instead of amending that law so as to compel the companies to provide payment currently, they thought they could go to any extent in providing a sinking fund proper in the public treasury. So that Congress was amply authorized to do everything to prevent the dissipation of this property, because the stockholders had no rights until after the debts were paid.

Q. Please continue the development of your scheme of adjustment.—A. I have not any fixed scheme of adjustment.

METHOD OF COMPUTATION.

Q. Well, give us your views on the subject in regard to a method of ascertaining or fixing a method of ascertaining what fixed payments would be reasonable as between the United States Government and the companies. What methods of computation would you resort to in order to ascertain the present value of the debt?—A. I think if these companies can ever pay the debt they can do it in fifty years. I do not think it necessary to extend the debt indefinitely. I do not think it would be wise legislation in any way to talk about letting a debt run for one hundred or one hundred and fifty years that was made to run thirty years. If they can not pay it I would take it by installments, just as they could pay it, and let the question of the maturity of the debt remain indefinite. I believe in being easy on a debtor.

Q. Can you make no suggestions whatever by which the relations between the companies and the Government can be entirely separated and dissolved?—A. No, because I do not think it possible. This road must always remain the creature of the people.

PLAN OF SETTLEMENT.

Q. I am speaking of the financial relations. One method is clearly possible; that is, that the company should pay the full amount up to

date to the Government; that would result in a dissolution of their financial relation, would it not?—A. That is one way. Let them pay off the first-mortgage debt in any way they please, so that the lien would be removed from being in advance of the Government; then let the Government take the balance of the earnings, so far as the stockholders are concerned, that have not paid anything into the Treasury; and I would even go so far—notwithstanding my criticism on the $10,000,000 of stock—I would go so far as to consider that $10,000,000 because it did actually go into the Treasury; therefore, the proportion that that $10,000,000, or any other sum that went into the Treasury, bears to the capital stock, I would make provision that that proportion of the dividend might be taken out of the net earnings. I would be very liberal in the matter of betterments and improvements, and whenever it should be shown to the President of the United States or some other authority that the company could better devote the money to betterments than to pay it into the Treasury of the United States, I would allow it to do so.

Q. But that would not lead to the divorce of the financial relations to which I have referred?—A. I do not see how that is possible unless they pay the debt, and then that will belong to the United States.

Q. But that would be the same as to all railroads; but if the officers should tender payment to the United States to-day, would you approve that?—A. Most undoubtedly.

TOO MUCH MONEY IN THE TREASURY ALREADY.

Q. There are complaints that there is already money enough in the Treasury. Would there not be serious objection to receiving $40,000,000 of the people's money if the Union Pacific people should undertake to gather it together and pay the debt?—A. I do not think there could be any objection. I can not conceive of any.

Q. Would that meet your view?—A. Yes.

FORECLOSURE ALL BOSH.

Q. Another method that would lead to a divorce in time, or, if it could be effected immediately, would be a foreclosure of the roads?—A. I have not taken any interest in that sort of thing; that is bosh.

Q. In other words, you oppose the idea of the United States taking possession of this property and undertaking to run it as a private enterprise?—A. No; I do not. But I would only do that in case of that being an absolute necessity, and I do not think it is necessary.

Q. When you speak of it as bosh you mean that they ought not to resort to such a method as that, and not as to their taking possession of the road?—A. That is it. I think the other roads would receive much more consideration and the country would absolutely be developed more rapidly if there was not a necessarily selfish interest. Of course that is involved in the maintenance of this property at present.

THE PUBLIC BENEFITED BY REDUCTION OF RATES.

Q. You have spoken of restricting them from paying dividends until the debt was paid. Do you mean to go the whole length until the debt was paid or only that you would put certain restrictions on the period when the dividend was to be paid?—A. If they get to a point where they could pay current interest on the subsidy bonds and a portion of

the principal, that would cancel this debt within a reasonable period and the rates were not unusually high, I might pay them something for superintendence; but I think the public at large would be more truly benefited by the reduction of rates. No man that ever put a penny of money into these railroads should be ousted of that penny. On the contrary, he should have that, and reasonable interest, even cumulative interest, if he can show that there was any money put in there and not reimbursed.

Q. In regard to the management of the road itself, the security of the public, and the manner in which the rolling-stock is kept, is it, in your judgment, true that a corporation which for a long period of years pays no interest whatever to its stockholders, is as well managed as one that does pay a reasonable dividend?—A. As a general proposition it is not true, although sometimes the directors of a company can make more money in speculating on a non-dividend paying stock, and they get their profit in that way.

Q. But I am speaking of the ordinary management through the administrative officers who take charge of the road and keep regularity in its trains and insure safety to the public. Is not that secured better by railroads that pay reasonable dividends?—A. As railroads are managed to-day, certainly.

Q. Have you any other suggestions you can make to the Commission in regard to the subject of the relations between the Government and the company?—A. I think not.

DEBT OF SIOUX CITY AND PACIFIC.

By the CHAIRMAN:

Q. How could you adjust a debt, as in the case of the Sioux City and Pacific Railroad, where the road has a first mortgage of $16,000 a mile and it could be duplicated to-day at $11,000 a mile?

Commissioner LITTLER. And where it does not pay the interest on its first-mortgage bonds?

The WITNESS. Well, in that case they claim that that road is consolidated into the Northwest, or, practically, absorbed into the system, and for the very purpose of giving the Northwest an advantage that it could not possess otherwise than by building a road. The Northwest system is amply able to pay, and the Northwest can make the Sioux City road pay.

THE GOVERNMENT AND THE CHICAGO AND NORTHWESTERN COMPANY.

By Commissioner LITTLER:

Q. How is the Government to get its debt, under the circumstances, in its adjustment with the Sioux City road? By extension or how?—A. I think that is the severest case you can put. I think an equitable arrangement could be found, as between the Government and the Northwest Company. Of course you cannot get more than there is in it, but you are entitled to get all that there is, reasonably, in it. If the Sioux City and Pacific had remained independent to this hour, and could not pay a cent, nobody would say a word, except that the Government had lost its money.

Commissioner LITTLER. I was going to call your attention to the fact that the Northwestern management declined to make the Government any offer whatever, and is wholly indifferent to what legislation takes place. It also appears from the evidence already taken that the

company has never paid a dollar of net earnings into the Treasury, and that it is not now, and has nor for years, been able to pay the interest on the first-mortgage bonds; and that there is a large accumulation of overdue coupons. That is the financial situation of the property, and we would be glad to have you suggest a remedy by which the Government could secure itself.

AN ILLUSTRATION.

The WITNESS. I do not think of any difference in regard to the Northwest Company that would make me hesitate to devise a scheme. But I will give you an illustration. The Central branch for years after its construction never earned the interest on its first-mortgage bonds It finally came into the possession of some new people and they extended it until, I think, it was possibly self-sustaining. Now, Mr. Gould acquired that property for reasons satisfactory to himself, when he was in practical control of the Union Pacific, and when he was in practical control of the Kansas Pacific. He gave a certain consideration for it. I think he gave equal to about $250 a share for some 8,000 shares of stock that they picked up from the widows and orphans. Whether the Union Pacific Company gave him cash, or bonds, or what not, they gave him a consideration which reimbursed him for that. Therefore he, having acquired it for a consideration satisfactory to himself—they having acquired it for a consideration satisfactory to themselves and on a basis which showed that it must be a highly profitable property, worth more even than the 10 per cent. stock of the United New Jersey Railroads, guaranteed by the Pennsylvania Company; now if that stock was worth $250 a share in 1879, for example, it implied a higher earning capacity. I do not think that the Union Pacific Company, or whoever is the owner now (it is hard to tell who is), should be permitted to plead a non-earning capacity after he bought it, for a purpose which showed that it was certainly earning a great deal to him. So that if the Sioux City was acquired by the Northwest for what they deemed a valuable consideration (as I suppose they wanted to get to Omaha) they can certainly make that earn very much more than its interest, and if they could not make it earn, fairly and honestly, more than the interest on the first-mortgage bonds I would not ask them to pay the Government debt—even the rich Northwest corporation.

EFFECT OF TAKING POSSESSION OF SIOUX CITY AND PACIFIC.

By the CHAIRMAN:

Q. What would be the effect of the Government taking possession of the Sioux City and Pacific road and running it on operating expenses?—A. I think they would lose money, probably, unless they compelled the Northwest to do certain things which I think, of course, they could do.

Q. What would be the practical result?—A. Oh, I do not think the Government wants a hundred miles of railroad up in that country situated as that railroad is. That is a very different thing from the Government operating the Union Pacific or the Central Pacific.

Q. How would they compel the Northwestern to an adjustment by taking possession?—A. I think that when the Northwest acquired the Sioux City and Pacific they acquired it subject to all its obligations, and the Sioux City was incorporated into this general legislation of 1862 and 1864; which legislation was subject to alteration, amendment, and repeal. And I think Congress could legislate on the Sioux City and

Pacific to affect the Northwest just as they legislated on the Central and the Union Pacific to affect them. A man does not get all the sauce when he takes a franchise. If he gets the benefit he must take the responsibilities, too.

CONGRESS COULD APPLY A REMEDY.

Q. Can you suggest any means by which this Commission can compel the Northwestern to assume any more responsibilities than it has in relation to that property?—A. Under the decision of the United States circuit court in California I do not think this Commission has much power to compel anything.

Q. Can you suggest any remedy that Congress could apply?—A. I think I could draw a bill.

Q. Keeping in mind the fact that the Northwestern Company is merely a stockholder in that property?—A. Yes; that is the "innocent holder" dodge.

The CHAIRMAN. That is the legal relation between the companies today. The proof is that the Northwestern owns and controls a majority, and, perhaps, all the stock of the Sioux City.

The WITNESS. If that is the legal relation I would endeavor to see what the equitable relation is, and see if we could not do something with that.

DIVIDENDS DECLARED WITHOUT AUTHORITY OF LAW.

By Commissioner ANDERSON:

Q. Did I understand you, among the other violations of law enumerated by you, to say that the Union Pacific Company had declared dividends without authority of law?—A. Most certainly you understood me to that effect, because they could not declare dividends under any authority of law when the stock outstanding was issued without any authority.

Q. Do you assert that on any other basis except the illegality of the issue of stock—I mean, do you assert that they declared dividends in years when no dividend was earned?—A. I never said that.

Q. I know you did not; but I ask you whether that is your meaning. Have you any knowledge on the subject whether dividends were earned in all the years when they were declared?—A. I think they attempted to show that they earned a great deal more money than they paid out, because very much of the money paid on their branch lines came from earnings.

Q. Are you aware that it is the practice of most railroads, and I presume of the Union Pacific road, to count the accretions of former years in determining whether, in a given year, they can declare a dividend or not?—A. Yes.

A "SURPLUS" WIPED OUT.

Q. In your judgment is that a conservative policy?—A. That is simply a fraud; so patent a fraud that the Northwestern wiped out, the other day, $10,000,000 of what they called "surplus." The Union Pacific cannot wipe out a surplus that is represented by bonds and stocks.

Q. You cannot assert what the credit balance on the balance-sheet represents unless you take the property into which it has gone and as-

certain its true and actual value?—A. Certainly. As a rule, surpluses grow up by failing to expend what should have been expended, charging to construction account what should have gone to operating expenses.

Q. Is it the practice of railroad companies to keep their construction account up to actual cost, without making the necessary allowance for deterioration and decrease of value from year to year?—A. Poor's Manual has too many pages to answer that. Some railroads have no construction account. John Edgar Thomson some years ago found it exceedingly dangerous to have a construction account open. The managers insisted on having items go to construction account instead of operating account, and he simply wiped it out. The Pacific railroads to-day, where they have a construction account, should not charge into that except in a specific and open manner what should go to construction.

Q. The conservative policy would be to charge everything that there can be any question about to operating expenses, and so reduce the temptation to declare dividends which have not been fairly earned?—A. I think so.

NO UNDUE RESTRICTIONS DESIRABLE, BUT CONDITIONS SHOULD BE IMPOSED.

Q. The Union Pacific people have stated to the Commission with great earnestness that they desire, in order to improve their position and increase their solvent power, to be awarded by Congress through legislation an absolute and unlimited power to build branch lines, and in such manner as the directors shall deem advisable. Is it your judgment that legislation on that character would be good policy, if the other terms of the adjustment in regard to extension and fixed payment are made so as to satisfy the United States claim in, say, fifty years?—A. I do not think, as I said before, that any undue restrictions should be laid on this company, but I think that when this company asks for any franchise whatever, in view of past experience, certain conditions that are reasonable should be placed on it and those conditions should be kept.

Q. I am asking you to specify in regard to this branch-line question, because the railroad companies attach a great deal of importance to it. Would your judgment lead you to approve a bill which should fix an annual payment, regulate the rate of interest, extend the debt for fifty years from date, and then permit the railroad company to make any extensions and build any branch lines which in the judgment of the directors should be approved?—A. Provided that no debt or stock of any kind should ever be issued on those roads unless it represented a hundred cents on a dollar, on a fair estimate, for construction, and that some reasonable restriction be placed upon them in respect of charges.

Q. What do you mean by "in respect of charges"?—A. In respect of rates.

By the CHAIRMAN:

Q. Would not any extension plan be accompanied by years of litigation, charges, and counter-charges that have characterized these roads for the last twenty years?—A. Well, I suppose it would be possible to pass a bill, when the Government would cease complaining; but whether it would be possible to pass a bill that would stop the other fellows, I do not know.

ATTEMPTS TO RESTRAIN THE ROADS.

Q. Would not then an adjustment carrying out a divorcement of the Government from the company, even at a loss, be more beneficial to the Government, the country, and the roads?—A. I do not think that the road has ever been restrained. I think the road has done all that it would have done except, possibly, during the past year; and I guess they are glad now that they did not build any more than they did.

Q. Has not Congress attempted repeatedly by enactments to restrain the roads?—A. I only know of two attempts. One was the passage of the Thurman act, which certainly was liberal towards the companies, and the other was an act passed in June, 1874, to compel the Union Pacific to extend facilities to the Kansas Pacific, making a failure to do that a subject of fine and imprisonment. That never did the Kansas Pacific any good. Judge Dillon can tell you more about that than I can, as to why it failed.

Q. Practically, was there any result from such restraining legislation?—A. No result except to hasten the bankruptcy of the Kansas Pacific.

WHO HAS THE POWER?

Q. What assurances then would there be, judging by past history, of any utility in that sort of legislation?—A. I think that the Commissioner of Railroads (under the law creating the Auditor of Railroad Accounts, in addition to the other legislation), in connection with the Secretary of the Interior, has more power over these corporations, under existing law, than any Government officer that I know of has over anything under his charge, except it may be the Secretary of the Treasury over the key to the vaults.

I will give you an example. Mr. Armstrong was once Commissioner of Railroads. He was as nice an old gentleman as ever lived. When he was appointed he desired to magnify his office. They all do that. [Laughter.] He heard of me. He met me one night up at the Fifth Avenue Hotel and got talking about various things, about his office and what he hoped to do, and so on. I told him I thought he had a very responsible office and one that gave any man a great opportunity for political distinction in the proper sense—an advancement in public favor—by the proper exercise of the functions of his office. He said he would be very glad to have any suggestions, and that that was what he was going to do; that he was going to make these fellows "toe the mark," and so on. Subsequent to that time I had occasion to talk to him about a subject, not the Union Pacific, but the Texas Pacific. I wrote him a letter and he met me once after that in New York and referred to this letter, and he says, "Mr. Reiff, I have a letter in my office from you and I don't know exactly what to do with it." I asked, "Is it written in good English?" Yes, he thought it was. Then I said, "The letter asks you to do a certain thing." "Well," he says, "the trouble about this is that if any question properly comes before me that I have got to decide upon, I am going to decide upon that question without fear, favor, or hope of reward. I do not stand in fear of anybody." But, he says, "I do not want to go out looking for things." "Well," I said, "it is exactly to look for things that your particular office was created. When Senator Thurman and Senator Edmunds created your office that is exactly what it was done for."

Another instance is that the Attorney-General was at one time specially directed to file a bill, and never filed it.

I would simply have these gentlemen perform their duty, or I would put somebody in their places who would do it. All that is wanted is a fair man.

HAS RESTRAINING LEGISLATION FAILED?

By the CHAIRMAN:

Q. Then we come back to the original proposition, whether restraining legislation has failed or, if there is a deficiency in the law, whether the law has failed. What hope has the Government that the arrangement can be made any more satisfactory in the future?—A. Well, possibly, if you were President of these United States you would see whether the people appointed to office, whether Cabinet officers or not, would perform the duties assigned to them. If they did not you would try some one else. There is no use looking for new legislation on this matter until there is a deliberate and faithful attempt to enforce what you have. There is plenty of law in the books. The Secretary of the Interior has lots of power; so has the Commissioner of Railroads; so has the Attorney General; more than all, the President.

Q. What plan have you to suggest, that would be sufficient, with reference to the enforcement of the legislation to which you refer?—A. I am not administering the general affairs of the Government, but if I were an autocrat I should send for these gentlemen if they had failed to enforce the law. I would endeavor to ascertain their reasons therefor. If they could not give me any satisfactory reasons I would give them one more show, or displace them, or have them commit hari-kari under the Chinese plan. If they did not do it I would punish them as I punished other people for short comings.

PRESCRIBE A PENALTY.

You will notice that wherever there is a law in the statute book that is attempted to be enforced and the penalty is prescribed, they walk right up and settle. But the trouble is, legislation is made sometimes in a general sort of way, and there is put in the bill no penalty. For example, section 20 of the act of 1862 provides a certain character of accounts to be rendered. In other words, Congress said, at the end of all this legislation, "We want these accounts furnished every year. We want to know the particulars of your business; the bonds out, the stock out, etc. We want every piece of information that anybody would be entitled to under the circumstances." Congress further says that those reports shall be submitted under oath. But there is no penalty attached to that law; and yet, for years, reports were filed in Washington, first in the Treasury Department, and afterwards in the Interior Department, in which the railroad people stated that this stock, for example, was fully paid, and swore to it. There was no attempt made to investigate the matter. Now, possibly, if there had been a penalty attached to that they would not have stated what they did.

Q. By a penalty you mean imprisonment?—A. Yes; if that is necessary; though I do not like to put people behind the bars.

Q. In the enforcement of a law do you regard imprisonment as more important than forfeiture or fine?—A. Oh, forfeiture is a fraud. The Broadway Railroad has shown that.

CONCERNING THE DUTIES OF GOVERNMENT DIRECTOR.

Q. Of what importance has the office of Government railroad director been to the Government in the enforcement of existing law?—A. A great advantage, if the Commissioner would perform his duties.

Q. Have the duties of Government director been performed in the past in aiding the Government?—A. According to the views of the respective directors, I suppose so. They have all sworn that they perform their duties.

Q. Have you any suggestions to make with reference to the office of Government director or to the duties of that office?—A. I think the duties of a director of a corporation are a very serious matter. I think that a Government director ought to be absolutely disinterested. The object and aim of the law is to have him absolutely disinterested, so that he may have no personal interest whatever in the subject of investigation. If those directors administer the duties of their office in the true spirit of responsibility of a director, they would keep this concern from committing many errors.

$10 A DAY NOT FIRST CLASS COMPENSATION.

By Commissioner ANDERSON:

Q. But could it be brought about that they should perform these duties thoroughly under a system of appointment that pays them $10 a day when they attend, and which does not charge them with obtaining that vast mass of exceedingly intricate information that is necessary for the thorough performance of the duties assigned to them?—A. Ten dollars a day is not first-class compensation for men competent to perform the duties of Government director.

Q. But the chairman's idea is to inquire whether the office of Government director should be abolished, or whether it should require a man to perform that duty exclusively, or whether a better salary should be attached to the office, or what change you would suggest so as to make the office thoroughly effective?—A. Yes; I think they should have a salary that would enable them to afford to give their time, if a salary is necessary. Lots of people, probably, would take the office without salary. But what I mean is this: It is not necessary for a man to be a member of the majority and have a voice in the management. If there are thirteen members in a board, and if Mr. Gould is one, and he is interested enough to go to a meeting, I will bet on him every time. [Laughter.] He will do the voting. I mean, if a man is determined to benefit the Government, and he knows what he wants, he is a majority in himself.

By the CHAIRMAN:

Q. As the office is now constituted would not the Government be as well off without directors as with directors?—A. Yes; I think so.

Q. Have you any further suggestion?—A. No.

LEGAL STOCK OF UNION PACIFIC OUTSTANDING.

By Mr. JOHN F. DILLON:

Q. You are of opinion, as I understand, that there is no legal stock of the Union Pacific Company outstanding unless it may be the last $10,000,000 which was issued, the money for which went into the treasury of the company?—A. I think there is. The first $2,138,000 is, I think, legal; but I do not think there was more than about 10 per cent. paid in on it.

Q. Were you connected with the Kansas Pacific for a time?—A. Yes.

Q. Did you ever own stock in it?—A. I do not know that I ever owned stock in my own name. I had a little interest in it.

Q. Do you know how much money was ever paid on account of stock subscriptions to the Kansas Pacific?—A. In form, none. Oh, there was a nominal amount paid at the time of incorporation.

Q. In fact, any?—A. In fact, none, except by contract for work done; and, on the basis of the estimated cost of the Union Pacific, it was fully paid, I suppose.

Q. Have you ever owned any stock in the Union Pacific Company?—A. I never had any in my own name.

Q. Have you had any in fact?—A. Yes.

Q. When did you buy it?—A. I do not know. I bought it when I thought it was going up.

Q. You knew it was illegal?—A. That has nothing to do with the question.

Q. Have you bought any since 1880?—A. I do not know that I have.

Q. Directly or indirectly?—A. No; I do not think I have.

A SUFFERER FROM THE CONDUCT OF THE UNION PACIFIC.

Q. Have you any stock interest in the company now?—A. No.

Q. The Kansas Pacific?—A. No. The Kansas Pacific is wiped out, you say.

Q. You stated that you were a sufferer, as I understood you, by the consolidation?—A. No; I did not say so.

Q. What was your statement in regard to being a sufferer from the acts of stockholders?—A. I stated that I suffered from the conduct of the Union Pacific towards the Kansas Pacific in the matter of not granting them their rights under the law.

Q. In what respect—were you a stockholder?—A. I was a bondholder, and I had stock interests from time to time. When I was interested in the company my interests were the company's interests.

Q. You suffered in your capacity as a stockholder and a bondholder?—A. Yes.

Q. When you acquired this stock you knew everything you know now in regard to the consideration for which it was issued, did you not?—A. I did not know as much about the law of the creation of these companies then as I did subsequently.

MATTERS OF PUBLIC DISCUSSION AND NOTORIETY.

Q. As I understand your fundamental position, it is that, although the Union Pacific to-day has seven or eight thousand stockholders, none of whom, perhaps, or very few of whom were interested in the construction of the road, all of that stock (although purporting to be fully paid and although it may have been transferred a hundred times since its original issue) should be treated as null, except so far as it originally represented cash paid into the treasury. That is the basis, is it not, of the remedy that you suggest as to the manner in which that stock should be dealt with in any future legislation?—A. Well, I do not know that I would go to that bald extent. If there were any extenuating circumstances in the case of the present stockholders I might well be induced, if it lay with me, to draw distinctions. But where I found a stockholder or party interested in the securities of the Union Pacific Company, to-day, who was not innocent and profited by the things complained of, I certainly would treat him as not entitled to consideration and I would make him pay; and some people who may not be at present interested I would make pay. I would draw a broad distinction

between an absolute innocent and one who was not innocent, but I do not suppose that that would compel me to go to the extent of saying that these holders of stocks and bonds who acquired them after 1875, or mainly after 1880, were entitled to give no consideration whatever to the source of their holdings. All these things have been matters of public discussion and notoriety from 1869 down. I suppose that there are very few innocent stockholders to-day, in the true sense, who acquired their stock prior to 1880; because the list of stockholders then, as shown by the consolidation, was very small in number, although respectable in amount, of holders.

Q. Going now into some specific matters: First, in relation to the branch roads. Have you ever taken any steps to prevent the construction or to question the policy of the company in building branch roads?—A. Not that I know of.

SUIT OF ARNOLD LEO AGAINST THE UNION PACIFIC.

Q. Do you know anything in regard to a suit having been brought in the Supreme Court of the United States by one Arnold Leo against the Union Pacific Company?—A. I recollect something of such a suit.

Q. Do you remember the year it was brought?—A. No, sir.

Q. Did you advise the bringing of that suit?—A. No, sir.

Right here, gentlemen of the Commission, I desire to say that I am perfectly willing to be subjected to any reasonable cross-examination. I started out by saying that I was not here as a volunteer witness and that my relations to some people I might come in contact with here have not been agreeable. I do not think I ought to be subjected to a cross-examination that will lead to things not connected with this investigation. What Judge Dillion wants to show is that I am moved by a personal motive. If he asks me whether I am, I will answer that question. I do not know that Judge Dillion has any right here. I do not want to place myself in the position of declining to answer. I am not the criminal. I am not the defendant. I am not on trial. And I think I am entitled to some consideration.

The CHAIRMAN. We will give you every consideration, Mr. Reiff, but we know you can take care of yourself.

A SLIGHT DIFFERENCE OF OPINION.

Mr. JOHN F. DILLION. It is a very common subject of examination to ascertain the motive and animus of a witness.

The WITNESS. I do not think, in my answer to the Commission, that I have shown any animus.

Mr. JOHN F. DILLON. I have never been concerned in any lawsuit or examination in which the Union Pacific Company was a party, here or in Washington, where I have not seen Mr. Reiff. He is an open foe.

The WITNESS. I do not think I have ever met you in court in this town, except as your friend.

Mr. JOHN F. DILLON. When I was trying the case of the Union Pacific Company against the Government, were you not in attendance at the Court of Claims day after day?

The WITNESS. One day I may have been there to hear your argument, as an intellectual treat. [Laughter.]

Commissioner ANDERSON. We will trust that Judge Dillon will not go into anything unnecessary.

Mr. JOHN F. DILLON. The witness may decline to answer.

The WITNESS. That is what I want to avoid. I do not want to say that I decline to answer. I do not want to be placed in that position.

Mr. JOHN F. DILLON. I want to show that this witness caused a suit to be instituted here questioning the policy of the Union Pacific Company in respect of the construction of branch lines and the legality of the collateral trust, and failed. I may not be able to show it.

The WITNESS. No; I do not think you will be able to show either of those things.

AS TO WOERISHOFFER & CO.

Q. Were you connected with Woerishoffer's firm in 1882?—A. Yes.

Q. Do you know what relation that firm had to the institution of the Leo suit?—A. I know of no relation that existed between them.

Q. Do you know when Mr. Leo bought his stock?—A. No, sir.

Q. Did you ever have any conversation with Mr. Leo in regard to that suit?—A. Generally, yes.

Q. Have you any knowledge that Woerishoffer & Co., the day before the institution of that suit, owned the 100 shares of stock on which it was brought?—A. No.

Q. You do not know whether it is so or not?—A. No.

Q. It was shown in that case that the suit was brought in December, 1882; and that Mr. Leo acquired the stock on which it was brought from Woerishoffer & Co. the day before its institution?—A. I do not know whether that was shown or not.

Q. You have no knowledge on that subject?—A. I have not.

Q. Do you know who Mr. Leo's counsel was in that suit?—A. John E. Burrill, I think.

WITNESS WAS A DIRECTOR IN THE RIO GRANDE COMPANY.

Q. Were you ever a director in the Rio Grande Company?—A. Yes, sir.

Q. Were you a director at that time?—A. No.

Q. It was charged in the affidavits in that case, and not denied by Mr. Leo, that that suit was promoted by the Rio Grande Company and by the firm of Woerishoffer & Co. Have you any knowledge on those subjects?—A. No.

Q. You have stated that you were in Washington, I think, during the Forty-eighth and Forty-ninth Congresses?—A. I do not think I so stated.

REGARDING THE THOMPSON BILL.

Q. Do you recollect the Thompson bill in Congress?—A. Yes.

Q. Do you recollect the examination before various committees there concerning the proposal to tax the lands of the Union Pacific Company?—A. I recollect that there was such a bill.

Q. Concerning the proposed extension of the Thurman act over the Kansas Pacific and an increase of percentage which was required?—A. No; I never was present at any such hearing. I remember that there was such a bill under discussion in Congress.

Q. Were you not a witness before the committee?—A. I think not, sir.

Q. You have devoted a good deal of attention, in Washington and elsewhere, to the affairs of the Union Pacific Company?—A. Not much. It might have been different if I had.

WHY WITNESS HAS TAKEN SO MUCH INTEREST IN UNION PACIFIC AFFAIRS.

Q. Will you state to the Commission why, not being a stockholder or bondholder in the company, you have taken such a lively interest in its affairs, here and elsewhere?—A. I have stated to this Commission, explicity, how my objections first began, through what I considered the improper and unjust treatment of the Kansas Pacific on the part of the Union Pacific. Subsequent to that period I became involved in a controversy in which Mr. Gould wronged me; and subsequently he was aided in practically the same scheme of wrong doing toward me by the Western Union Telegraph Company. At one time, he being not only the largest holder of Union Pacific stock, but its practical controller, I naturally did not feel very friendly to any enterprise in which he was interested; and as the Western Union Telegraph Company had very deeply wronged me, I naturally did not feel very friendly toward it, especially as some of the old directors of the Union Pacific Company were parties to this wrong which Mr. Gould finally carried out, and are still directors in the Western Union, and profited by the wrong that the Western Union did me. That is my motive. It is an open motive. Everybody knows it. I have been charged with a great many things. For instance, I was charged (not by name, but then I do not have to be kicked more than a dozen times to know that I am meant), by Judge Dillon himself, before a committee of Congress as being a speculative charlatan that he had seen in the corridors of the Capitol. I know what my motives are, and I know what I have done.

A VERY STRANGE THING.

He referred just now to the Thompson bill. Is it not a very strange thing that immediately after Mr. Thompson left Congress, after having passed this bill through one House of Congress almost unanimously, we should find him in the employ of the Pacific Railroad Companies the next session, when he himself told me that he was defeated in his re-election by the action of these people? If they would look elsewhere than to me for the action of these people they would find motives, and motives that they would have to cover up. Is it not a very strange thing that nearly every man who has been against these people in Congress, if he has been an able foe, has, at one time or another, become their employé? Who signed the Credit Mobilier report in Congress? Who is their best friend in the United States Senate to-day? George F. Hoar, of Massachusetts. Who are their attorneys in Washington? Shellabarger & Wilson. They both signed that report in Congress.

MR. THOMPSON'S EMPLOYMENT.

Q. You have made the statement that Mr. Thompson was in the employment of the Pacific roads. Do you mean the Union Pacific?—A. Well, I did not specify the Union Pacific. I know he was there under the shadow of Mr. Sherrell, and Mr. Sherrell was representing the interests, in point of fact, of both companies, though I suppose the Central Pacific paid him. There is no use getting to technicalities. Judge Dillon knows that all I say is true. I may not be able to prove it to his satisfaction or to the satisfaction of this Commission technically, but he knows it is true.

Q. I ask you again whether you do not mean to imply that after Mr. Thompson's term expired he was in the employment of the Union Pa-

cific Company?—A. I did not mean to say anything of that kind. I simply said he was there in the interest of the Pacific railroads. The interest was common in the Thompson bill. Both roads were in it. The Central Pacific Company was more opposed to the Thompson bill, because he laid a heavier load on that company, but in protecting their interests they were necessarily protecting the Union Pacific.

Q. Were you not in attendance during almost the whole session of Congress—the one of which Mr. Thompson was a member? I will identify the Congress in that way. That was the Forty-eighth Congress, I believe. Were you not there opposing any legislation in the interest of the Union Pacific and promoting all bills inimical to the Union Pacific? —A. No; I was not there many times that winter that I recollect. I have not been to Washington many times. In the session to which you refer I do not think I ever attended three meetings of any committee. I do not remember to have ever been in any railroad committee room in the House but twice during that session.

Q. Was not that your business in Washington?—A. No. I could not have done much to further the Thompson bill, because I do not think it was right. If you will ask me whether I was there looking after Mr. Gould and his telegraph legislation I will answer that, yes, sir. I will not shirk anything that I have done.

Mr. JOHN F. DILLON. The witness has undertaken to give some legal opinion as to the nature of the collateral trust, but I do not care to examine him on that.

NEW YORK, *Thursday, September* 29, 1887.

THOMAS M. NORWOOD, being further examined, testified as follows:

AN EXPLANATION.

The WITNESS. To set myself right, I desire to say that in the New York World's issue of January 15, 1887, appears this statement as coming from myself:

Congressman T. M. Norwood, of Georgia, said this evening that the T. M. Norwood mentioned in the list of rejected accounts must be that of some other Norwood. He said he never had any connection, in any way, with the Central Pacific Railroad, and never received any fee from that company of any kind. He said that there are many Norwoods in the West, and that an examination will show that it must be some of the western Norwoods.

I want to explain, gentlemen, that from that statement somebody might infer that I was not the Norwood referred to here. It bears that construction, but it came about in this way. Mr. Durham, of the World, came to my room in Washington the evening before this issue of the World appeared and asked me if I ever had a claim against the Central Pacific Railroad Company. I told him no. That was the way he put the question, "Have you ever had a claim against the Central Pacific Company?" I said "No." "Well," he says, "there is an account here in the Treasury Department of a claim made by a gentleman of your name and your initials." I said I never had any claim against the Central Pacific Company nor any other of these roads, and if there be any claim there presented in that name it must be some other Norwood. That statement came from the fact that he put the question to me as to whether I ever had a claim or prosecuted a claim. He afterward told me that he called at the request of Mr. Crawford, the gentleman who wrote this article, I presume. But the next morning, when this article appeared, I then understood that he meant whether I had ever been

paid any money by the Central Pacific Company. But I stated to him at the time that I never had any claim against the Central Pacific Company, and never received a dollar from them, just as I stated here to-day.

It is only to correct that apparent contradiction as to the position I occupied that I wanted to make this statement.

NEW YORK, *Thursday, September* 29, 1887.

Afternoon session.

I. E. GATES, being further examined, testified as follows:

By Mr. NORWOOD:

Question. You have seen this statement in the World about accounts in which my name appears as receiving a certain amount?—Answer. There was a paper here yesterday, I believe. I did not look it over then.

Q. Certain amounts are put down as paid to me in 1878 and 1879?—A. Yes; I saw one amount there.

MR. NORWOOD'S ACCOUNTS WITH SOUTHERN PACIFIC COMPANY.

Q. You remember my agreement with the Southern Pacific Railroad Company, do you not?—A. As I remember, your agreement was with the Southern Pacific Railroad Company.

Q. And that I rendered accounts to you in the office, and sometimes that you paid me?—A. Yes; I should think quite likely I might have paid you. Of course, transactions of that kind, eleven or twelve years ago, when we were paying hundreds of people, would not be fresh in my mind; but I remember making payments to Mr. Norwood.

Q. On account of the Southern Pacific Railroad Company?—A. I always understood them to be on account of the Southern Pacific Railroad Company.

Mr. NORWOOD. That is all.

HOW THE PAYMENTS WERE MADE.

By the CHAIRMAN:

Q. How did you make the payments to Mr. Norwood?—A. Of course I cannot remember positively how they were made. Probably sometimes in currency, and probably sometimes in check to his order.

Q. Did you meet Mr. Norwood at the office of the Central Pacific Company?—A. Yes; I met him there.

Q. How often did you meet him there?—A. I could not tell.

THE AMOUNTS.

Q. I call your attention to the following payments detailed in the article referred to:

1878.		
Nov. 2.	T. M. Norwood	$1,083.33
Nov. 27.	T. M. Norwood	500.00
1879.		
Jan. 17.	T. M. Norwood	1,500.00
Feb. 16.	T. M. Norwood	500.00
Apr. 14.	T. M. Norwood	2,121.67
May. 10.	T. M. Norwood	500.00
Sept. 27.	T. M. Norwood	500.00

Do you recall any of the circumstances of the payment to Mr. T. M. Norwood, from time to time, of the several sums of money that I have read?—A. I do not recall any particular one. I have no doubt, however, that those payments were made.

PAID WITH CHECKS OR CASH?

Q. Was he paid by check or in cash?—A. That I cannot tell. As I said before, quite likely some of the payments may have been made by check and some may have been in cash. My impression is that the larger proportion of them were made by check.

Q. How were the checks drawn?—A. They might have been drawn with his name on the face of the check; that is, if the check had not been filled in with my name, or my name printed in the check, his name might have been on the face of the check, and it might have been then signed by Mr. Huntington; or the check might have been (as most of the checks were) signed by Mr. Huntington after my name was on the check, and then indorsed by me to Mr. Norwood's order.

Q. So that, according to your custom, if your name was printed in the body of the check, Mr. Norwood's name would not appear anywhere on the paper?—A. Yes; if he was paid directly by check his name would be on the back of the check.

Q. By indorsement?—A. Yes.

Q. In making payments on account of the Southern Pacific Railroad Company and the Central Pacific Company, did you use different check books or the same check book?—A. The same check book.

DOES NOT RECALL THAT ANY OF THE PAYMENTS TO MR. NORWOOD WERE ON ACCOUNT OF CENTRAL PACIFIC.

Q. Do you recall whether any of the payments I have read to you were made on account of the Central Pacific?—A. No, sir; I do not recall that fact. My impression is, and my understanding was at the time, that he was employed by the Southern Pacific Railroad Company and paid by that company.

Q. Did you make that charge, after payment, against the Southern Pacific account in the office?—A. That I cannot tell.

Q. Who kept the accounts of the Southern Pacific Railroad?—A. The clerk in the office who kept the cash account and who wrote out the monthly statements, reporting our transactions here to the San Francisco office.

MR. HUNTINGTON GAVE THE INSTRUCTIONS.

Q. Who would have given him the instructions as to how to charge the payments to Mr. Norwood?—A. That would naturally come from Mr. Huntington himself. Probably one general direction in the beginning of Mr. Norwood's employment would cover the whole for the subsequent period.

Q. As you recall the circumstances, the payments were on account of the Southern Pacific Railroad Company?—A. That is, as I recall it.

Q. So that if the charge was made, subsequently, to the Central Pacific Company, then it was made to the Southern Pacific Railroad, and from the Southern Pacific Railroad accounts charged to the Central Pacific?—A. That is my understanding; yes, sir.

Q. Had you any direction of the accounts?—A. Only in a general way, under Mr. Huntington's general direction.

Q. Were you at any time instructed by Mr. Huntington to charge expenses of the Southern Pacific Railroad Company to the Central Pacific account?—A. Not to my recollection.

Q. Did you ever make any charge to the Central Pacific expenditures made on account of the Southern Pacific Railroad?—A. I do not know that I ever did.

Q. If you ever did, would you not have a knowledge of it?—A. Well, I should be likely to remember it, I think.

I. E. GATES.

NEW YORK, *Thursday, September* 29, 1887.

LUCIUS E. CHITTENDEN, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. I am a lawyer.

Q. Practicing in the city of New York?—A. Yes.

Q. Of how many years' standing?—A. About twenty years here.

CONNECTED WITH LITIGATION AGAINST CENTRAL PACIFIC.

Q. Are you the gentleman that was referred to in the examination of Governor Stanford in regard to suits which have been instituted against the Central Pacific Company?—A. I judge from a portion of his testimony which I read that I am.

Q. You have been interested in litigation of that character, have you?—A. I have.

Q. Will you please state to this Commission what the suit was in which you represented some of the parties?—A. It was an action in favor of a number of minority shareholders of the California Pacific Railroad Company, brought against the Central Pacific Railroad Company, Mr. Stanford, Mr. Huntington, Mr. Crocker, and the representatives of Mr. Hopkins, to compel an accounting between the parties, to procure a transfer of the title to 76,000 shares of stock to the corporation, to set aside the lease to the Central Pacific Company, and for other subordinate purposes.

BASIS FOR LITIGATION.

Q. Can you state a little more in detail what circumstances connected with the issue of the bonds and stock of the California Pacific, or with the construction of the road, furnished the basis for this litigation?—A. I think, if the Commission will permit me to give a short history of the suit, I can make that plainer than in any other way.

Commissioner ANDERSON. You may proceed.

The WITNESS. In the spring of 1880 I was applied to by certain of these shareholders, who had just ascertained the fact that a modification had been made in the terms of that lease by which the California Pacific Railroad Company, for $50,000 a year, released its right and three-fourths of the net earnings, by way of rent, in excess of $550,000. They wished to know whether that modification could not be set aside. They brought me some documents and facts about it. They represented, I think, about five thousand shares of stock. While the matter was under examination they told me that Mr. Cohen was in the city, who knew all about it, and they wished to bring me in connection

with him in regard to the matter, and also with a Mr. Latham, who had been formerly largely interested in the corporation. I had several interviews with Mr. Cohen, the result of which was that he made an arrangement with these gentlemen to commence and prosecute this action, he being a stockholder himself in the corporation, and representing that he was personally familiar with all the facts. I was unwilling to advise as to a suit unless I knew what the facts were. I went to California in their service, and attempted to get access to the books of the company.

WILLING TO ADVISE THAT A SUIT BE BROUGHT.

Q. Of the Central Pacific Company?—A. Of the California Pacific Company. They were in the possession of Mr. Crocker. That access was refused; but the facts that I learned there, and which were indicated to me by Mr. Cohen, induced me to believe that a suit could be maintained and should be brought. I was then willing to advise that it be brought, and an arrangement was made by which Mr. Cohen was to take charge of the suit in California and prosecute it to effect, and my office was to do what was necessary here. I may say here that Mr. Cohen at that time stated to our clients that he had charge of another suit in favor of San Joaquin County, involving similar questions and principles, and that he could prosecute one as well as the other; that the San Joaquin suit would ripen first, and it would not be necessary, probably, to try more than one of them, and that both suits should take the same course and share the same fate; one should not be settled, particularly, without the other. Now, I will state the facts upon which the suit was brought, and then state what became of it. I then procured the documents, which showed that at a certain period in July, 1871, Mr. Huntington, for himself and his then associates, Mr. Hopkins and Mr. Stanford (Mr. Crocker was out at that time), were to purchase of Mr. Latham and others something over 76,000 shares of stock of this company, and to pay for that stock by the issue of $1,000,000 in mortgage bonds of the California Pacific corporation, which bonds were to be guaranteed by the Central Pacific Company. It also appeared that just at the time the change of possession was to take place the then directors of the California Pacific Company, of whom Mr. Latham was one, and Mr. J. P. Jackson was president, made a compact with Messrs. Huntington, Hopkins, and Stanford, by which they agreed, within a period of eighteen months or two years, to put an additional track on the California Pacific road between Davisville and Sacramento, a distance of about 12 miles.

CALIFORNIA PACIFIC PASSES INTO HANDS OF CENTRAL PACIFIC COMPANY.

Q. Who was to put on the additional track?—A. Messrs. Hopkins, Stanford, and Huntington, for which work they were to receive these bonds. Immediately thereafter the California Pacific property and corporation passed into the hands, substantially, of the Central Pacific Company, and its officers were appointed over it. They took possession and have operated the road ever since. Nothing was done about this contract until November previous to the 1st of January, when it was to have been performed.

Q. November of what year?—A. 1872. It was to be performed by the 1st of January, 1873. During the previous winter there had been a

freshet, which had carried off a portion of this road and interrupted its traffic. On the 9th of November, 1872 (as the papers showed), Messrs. Huntington, Hopkins, and Stanford assigned to the Contract and Finance Company their contract to double track this road, and the Contract and Finance Company then made a contract with the California Pacific directors, who were at that time persons in the employ of the Central Pacific Company, to repair this road between Davisville and Sacramento, and also between Davisville and Knight's Landing, and stating that those repairs were to be substituted for the performance of a former contract to double-track the road, no sums being mentioned,

SALE OF THE "DONOHOE" ROAD AND A FLEET OF STEAMERS.

Between that time and the 1st of January they did make those repairs—as the records state, at all events. I may say here that a temporary track had been laid down in the September previous—September, 1872—and the running of the road commenced. There was put on to the records of the company a certificate that the Contract and Finance Company had made these repairs, and that therefore they were discharged from this contract. It was also developed by documentary evidence that Messrs. Huntington, Hopkins, and Stanford sold what was known as the Donahoe road—the San Francisco and North Pacific road—which at that time was owned by the Central Pacific Company. They claimed to have extended that road somewhat. By the papers, the California Pacific appeared to have sold it to the Contract and Finance Company for $750,000, and at about the same time Mr. Huntington and his associates sold it to Mr. Peter Donahoe for $1,050,000. They had also sold a large fleet of steamers that then belonged to the California Pacific—some forty or fifty, if I remember rightly, comprising a large part of the steamers then running upon the inland waters. Those were sold by the California Pacific to the Central Pacific, and have since been used for or disposed of by them. It appeared, further, that after they began to build the Northern Railroad and got it running from a point just above the bay crossing (I have forgotten the name of the place) that road was completed by the California Pacific Railroad Company under some arrangement or contract with, I think, the Western Development Company; that then the Northern Railroad, from its junction with the California Pacific to a place called Williams, was leased (by the Northern Railroad Company or the Pacific Improvement Company) to the California Pacific Company, by a verbal lease, which ran for a considerable time, and that, finally, when the Northern Railroad was completed so as to make the connection perfect between Sacramento and Oakland by using a portion of the California Pacific Railroad, then this lease was made to the Central Pacific Company.

TERMS OF LEASE OF PORTION OF CALIFORNIA PACIFIC.

Q. The lease of the California Pacific?—A. What remained of the California Pacific. The lease was for $550,000 a year, and three-fourths of the net earnings in excess of that sum; and, perhaps, some other things were to be paid first. That lease appeared, on the face of the document, to be dated the 10th of July, 1876. It turned out, however, not to have been authorized or executed until the month of May, 1877. They operated under that lease until December, 1879, when a modification of it was made by which the California Pacific, in consideration of $50,000 a year, gave up all claim under that provision of the lease. It

exclaimed—and I thought the evidence pretty satisfactorily established it—that that lease was fraudulent, that the original purchase of the stock was fraudulent, and that if anybody owned that stock it belonged to the California Pacific Railroad Company, whose bonds bought it and paid for it.

Q. Please explain a little more in detail how you make out that the bonds of the California Pacific bought the stock.—A. Simply by the terms of the contract. By the contract Messrs. Stanford, Huntington, and Hopkins agreed to purchase these shares and pay for them by the delivery of 1,600 bonds of the California Pacific Railroad Company to be issued and secured by mortgage upon its property; and the contract also provided that these bonds were to be guaranteed by the Central Pacific Railroad Company, a fact to which I shall come to presently.

OWNERSHIP OF BONDS.

Commissioner ANDERSON. I do not quite get the facts in regard to the ownership of these bonds. You say there were $1,600,000 of bonds, that they were to be issued on the contract for double-tracking; that that contract for double-tracking was assigned to the Contract and Finance Company, and that that company subsequently, by agreement with the parties, substituted a contract to do some repairs instead of double-tracking, and that the repairs at the end of 1872 were done. But you have not stated to us whether the bonds of the California Pacific Company were issued and delivered to the Contract and Finance Company in payment of those repairs.

The WITNESS. The bonds were issued on the 1st of September, 1871, and delivered to the parties who sold the stock, as it turned out afterwards, all of the 1,600 bonds, as the contract required. Then, more than a year afterward, to wit, in November, 1872, this substituted contract was made, by which the Contract and Finance Company agreed to make these repairs in payment for those bonds which had already been delivered. The claim was (I shall come to that in a moment) that these repairs were not more in value than $50,000 or $60,000 at the outside, and, consequently, that because of the inconsiderable consideration that was paid, the whole transaction could not be upheld in equity.

I can furnish you with a copy of the complaint and answer in the case. Have I made that plain?

SALE OF 76,000 SHARES OF CALIFORNIA PACIFIC STOCK.

Q. I do not yet get, exactly, how the 76,000 shares of stock found their way into the hands of those who exchanged or sold them for those bonds. Was it stock of the California Pacific?—A. Certainly. The California Pacific stock was sold by its owners, to the amount of 76,000 shares, directly to Messrs. Stanford, Huntington, and Hopkins, and assigned to them on the books of the company.

THE CONSIDERATION.

Q. What was the consideration that appears to have been paid for that transfer of stock?—A. One million six hundred thousand dollars, in the bonds of the California Pacific Company indorsed by the Central Pacific Company.

Q. And your proposition is that they had not made title to those bonds by any payment or consideration to the California Pacific, in any way, at that time?—A. They had not, except by this agreement to

double-track the road eighteen months afterward. There was no pretense of any consideration paid but that contract.

Q. And the only consideration ever received by the California Pacific for those bonds was the value of the repairs done, whatever that value might be?—A. Yes.

Commissioner ANDERSON. I think I understand you now.

THE SUIT COMMENCED.

The WITNESS. Upon my return I advised the bringing of the suit, and the arrangement was made to have it commenced and for Mr. Cohen to prosecute it. It was commenced and was prosecuted by him with great ability through the preliminary stages, until the matter was finally argued and submitted on demurrer, which raised a very important question of the statute of limitations—whether it applied to and cut off the alleged frauds under the statute of California, which required the action to be brought within three years after the parties injured acquired knowledge of the facts. After that had been submitted I received a letter from Mr. Cohen (I have letters that I can produce, though I have not them with me), in which he desired to have some person appointed to act as attorney in the case, and saying that he would continue to act as counsel.

Mr. COHEN. Will you produce these letters?

The WITNESS. Yes, if you desire them.

Commissioner ANDERSON. We will call for them if you desire them.

Mr. COHEN. Yes, I want them.

Mr. ANDERSON. Then the Commission desires Mr. Chittenden to produce Mr. Cohen's letters.

MR. COHEN WITHDRAWS FROM SUIT—MR. PRINGLE RETAINED.

The WITNESS. Shortly afterward I received a letter in which Mr. Cohen said he wished to withdraw from the suit altogether, and gave some reasons for it, and thereupon one of the parties immediately went to San Francisco and retained Mr. Edward J. Pringle.

Commissioner ANDERSON. Please give the name of the party who went to San Francisco.

The WITNESS. That party was Mr. Fosdick. He went to San Francisco, Cal., retained Mr. E. J. Pringle, and procured Mr. Cohen's consent to his substitution, and that resulted in a new arrangement. Since that time the suit has been prosecuted by Mr. E. J. Pringle, of California, and myself. Mr. Cohen has had nothing to do with it. I mention this because I think that Mr. Cohen ought not to have stated here (as he apparently did on your record) that he commenced the action as the "agent of Mr. Chittenden." I think that erroneous. I do not think he would say so now, or should say so now. I do not at all shrink from the responsibility of that action; but he should not have said what your record shows that he said.

Mr. COHEN. I admit fully that I was just as much responsible as anybody else for bringing that suit. But it was the fact, as I understand it, that I had not the control of the suit, but was simply your agent, to take instructions from you; but I accept all responsibility of the bringing of the suit.

The WITNESS. It is true that I had not the authority to settle the suit.

Mr. COHEN. Whatever there is, good or bad, about the bringing of that suit, I am responsible for it quite as much as you are, probably.

ISSUE OF THE SUIT.

Q. What was the issue of that suit?—A. The demurrers were overruled, and there was, in 1885, a trial of the suit which occupied something over four months. A very dilligent effort was made on our part to show something about the cost of those repairs and to extract it from some one of the parties connected with the Central Pacific Railroad. Mr. Huntington referred to the books and vouchers of the Contract and Finance Company. They were inaccessible, and we were unable to show anything about the actual cost of those repairs except that they were done between the 15th of November and the 1st of January, the time being rather short. The case was submitted to the judge.

The facts that I have stated in regard to the sale of the San Francisco and North Pacific road, and of the steamers, and of the lease, and of the modification, were all proved, and a very large mass of evidence was put in. It appeared, however, from the records of the company, that in August, 1872, Messrs. Huntington, Stanford, and Hopkins retired from the board of directors, and persons in their employment or in that of the Central Pacific Railroad Company were elected in their places, Messrs. Stanford and Hopkins being appointed at the same time general agents of the California Pacific Railroad Company and authorized to exercise all its corporate powers.

BONDS HAVE NO SUBSTANTIAL VALUE.

Another fact was developed upon the trial. It was claimed by the defendants that these 1,600 bonds had no substantial value; that the road was so loaded down with debts and mortgages that they would not have sold for any price, therefore they had no purchasing power in the acquisition of those shares of stock, and that their whole purchasing power and value was given to them by the guaranty of the Central Pacific Railroad Company. The fact, however, was developed on the trial, and then came to the knowledge of the stockholders for the first time, that the entire consideration claimed to have been paid to the Central Pacific Railroad Company for the guaranty was paid by the California Pacific in a contract by which the California Pacific Railroad Company undertook to haul the Central Pacific Passenger cars over its road for $5,000 a month, and to maintain the fare between San Francisco and Sacramento for a period of four years at $4. We finally compelled the production of that contract, which, on its face, expressed that it was made in consideration of this endorsement.

PRESENT STATE OF SUIT.

The present state of the suit is this: The court ultimately held that these parties, Messrs. Stanford, Huntington, and Crocker, having retired from the board ceased to be trustees; that the cause of action was severable; that the parties whom they substituted for themselves did not continue the trust; that therefore everything that took place before 1873 (which covered the largely material parts of our case) was barred by the statute of limitations, and that, standing by themselves alone, and without consideration of the other parts of the case which were barred by the statute, we had not produced sufficient proof to show fraud in fact in the execution of that lease and its modification.

THE STATUTE OF LIMITATIONS.

Q. The distinction you make in regard to the period at which these gentlemen ceased to be trustees is applied by you, as I understand it,

to the distinction between the statute of limitations as applied against a trust, and the statute of limitations as applied in reference to a cause of action which does not rest on trust duties.—A. Yes. The California statute of limitations is identical with our own. I believe it is historically taken from ours. The fact was developed upon the trial, for the first time, that the consideration for the guarantee of the Central Pacific Company was paid, not by Messrs. Stanford, Huntington, and Hopkins, but by the California Pacific Company; and the terms and conditions of that contract were discovered actually for the first time upon the trial of the action. In the argument, we undertook to maintain that that was a material fact constituting the fraud, and that as the proof at the time it came to the knowledge of the parties was conclusive, we had answered the statute of limitations. We were not fortunate enough, however, to attract the attention of the court on that point, and it is not mentioned in the opinion. I believe that is a statement of the history of that suit.

Q. Your bill was dismissed by the court.—A. Yes.

AN APPEAL TAKEN.

Q. Has an appeal been taken?—A. Certainly.

Q. Is that appeal now pending?—A. Yes.

A CALL FOR COPY OF RECORD.

Q. Can you furnish us with a copy of the record, or the pleadings at any rate?—A. The record in that case has not yet been printed and I cannot furnish a complete copy of it except by having a copy made. It is very lengthy. I think that, aside from the pleadings, there are something like 3,500 type-writer pages.

Commissioner ANDERSON. I referred more particularly to the complaint.

The WITNESS. I can furnish a copy of the complaint and the answer, and I will do so.

Q. How long have you known Mr. Huntington?—A. I used to know him when I was in the Treasury Department, from 1862 to 1865, and have known him ever since.

THE WILSON COMMITTEE.

Q. Do you remember the occasion of the examination by the Wilson committee at Washington in reference to Credit Mobilier matters?—A. I do.

Q. Were you present at Washington during that winter?—A. Part of it.

Q. Do you remember whether Mr. Huntington was there during the same winter?—A. I do.

Mr. COHEN. What winter was that?

Commissioner ANDERSON. The winter of 1873.

Q. Was Mr. Huntington examined as a witness before the committee?—A. He was.

Q. Was Mr. Franchot also?—A. He was.

A BILL RELATING TO CENTRAL PACIFIC.

Q. Do you remember whether there was any separate subject of legislation proposed by that committee, differing from the bill which affected

the interests of the Union Pacific Company, and addressed to the interests of the Central Pacific?—A. There was such a bill reported by the committee.

Q. Will you please state what the general features of that bill were?—A. Perhaps a little preliminary word is necessary on that point. The investigation of the Central Pacific Company and the Contract and Finance Company was not taken up by the Wilson committee until a pretty late period in the session. It was the third session of the Forty-third Congress, and it was, as I remember, about the middle of February before they completed their branch of the investigation in reference to the Union Pacific and the Credit Mobilier. They then examined General Franchot and Mr. Huntington, and I think I may say it appeared from their testimony that the necessary investigation of the Contract and Finance Company's affairs could only be procured in California. The session closed on the 4th of March. Of course there was no time for such an investigation. It resulted in a partial report being made by the Wilson committee, with a bill authorizing the Secretary of the Treasury, I think, to appoint a commission to continue the investigation and report at the next session of Congress.

Q. Have you a copy of that bill?—A. I have one which I could furnish to the Commission. I think I have copies of pretty much all those proceedings.

Q. As to the evidence of General Franchot and Mr. Huntington, which we find in the Wilson report, is that the evidence to which you refer as having been taken at the close of February?—A. I presume so, though I have not looked at it for a long time. I should recognize it very readily. [After looking at the printed report of testimony taken by the Wilson committee, being report No. 78, House of Representatives, forty-second Congress, third session.] The book which you have shown me appears to be the testimony as taken before that committee, and it appears that Mr. Franchot was examined on the 13th of February and Mr. Huntington on the 14th of February, 1873; the first on page 687 and the last on page 696.

Q. I understand you to say that you were present during these examinations?—A. I was.

AS TO EXAMINATION OF MR. HUNTINGTON BEFORE WILSON COMMITTEE.

Q. Do you recall the fact that Mr. Huntington was examined at some length as to the actual cost of construction of the Central Pacific road and the nature of its relations with the Contract and Finance Company?—A. I remember that he was examined on those subjects by different members of the committee.

Q. And that, in answer to general questions as to what those books would show, and who was acquainted with the actual cost of construction, his statement was that the information was in California, and that the books and offices were there?—A. That is the general fact.

Q. Do you remember what attitude Mr. Huntington was taking then in regard to the passage of this bill?

Mr. COHEN (addressing the witness). Were you counsel for Mr. Huntington at that time?

The WITNESS. I was counsel for the railroad company.

Mr. COHEN. Which railroad company do you mean?

The WITNESS. The Central Pacific Railroad Company, as I understood it. I would rather state just what my relation to the matter was, as a point is made of it.

Commissioner ANDERSON. You may state it.

THE "EDMUNDS AMENDMENT."

The WITNESS. The first Credit Mobilier committee (the "Poland" committee) was appointed very soon after that session of Congress convened. It became public that Senator Edmunds was preparing legislation, in some form, to authorize the Secretary of the Treasury to withhold from the subsidized Pacific railroads payments to an amount equal to the accumulated interest on the subsidy bonds plus the 5 per cent. net earnings after completion. Mr. Huntington desired me to see whether I could not convince Mr. Edmunds that that would be very rash legislation and very unjust to the corporations. I had expressed long before, as Mr. Huntington knew, that this interest was not payable by the companies until the maturity of the bonds. At his request and his employment I went to Washington and had an interview with Senator Edmunds in which I protested as energetically as I knew how against the Government taking the law into its own hands in this case, and, as I thought, deciding the law improperly. Whether it made any impression I do not undertake to say, but when Mr. Edmunds's ideas came to be formulated, as they were, in an amendment to the legislative, executive, and judicial appropriation bill of that session, they did authorize and direct the Secretary of the Treasury to withhold these payments, but they authorized the companies to bring an action in the Court of Claims to recover the amount, which would raise the question of the legal right of the Government to withhold it, and the question whether this interest was due; also, that an appeal might be taken from the decree of the Court of Claims to the Supreme Court of the United States, and that both courts should give to such suits preference over all other business.

MR. HUNTINGTON FAVORED THE AMENDMENT.

The effect of that was that while it withheld the payments for the time being, it enabled the corporations to have the question settled, as was then proposed at the next ensuing term of the supreme court.

Mr Huntington was strongly in favor of that amendment, on the ground that it would take the place of other adverse legislation at the session. At his request I prepared a letter which he signed, and I delivered to Senator Edmunds, and which will be found in the records, in which he expressed the satisfaction of the Central Pacific Railroad Company with that legislation, and their purpose, in good faith, to conform to it.

At Mr. Huntington's request I remained in Washington to do what I could to forward the passage of that legislation. It went through the Senate without difficulty, and came to be known as the "Edmunds Amendment."

That was the subject-matter of my employment.

OPPOSITION IN THE HOUSE.

When the matter got over to the House, however, something—the developments of either the Credit Mobilier committees or of the press—had occasioned a great deal of hostile feeling, and there was very severe criticism against the Central Pacific road and its managers, as well as the Union Pacific. To that, however, I did not pay much attention.

It became known that Mr. Holman, in the House, was going to lead in an attempt to strike out the provision of the Edmunds amendment

which authorized the commencement of those suits and gave them preference in the courts, which would have destroyed the value of the bill to the company.

At Mr. Huntington's very earnest request, I remained in Washington, doing what I could in a proper professional way, to defeat this amendment of Mr. Holman, which we knew was to be made. The defeat of the Holman amendment, the passage of the Edmunds amendment, and the defeat of the Wilson bill, were the objects sought to be accomplished during the remainder of the session, by the Central Pacific Railroad and by Mr. Huntington.

Q. The Wilson bill you refer to is the bill directing an investigation and the appointment of commissioners?—A. Yes.

Q. Was Mr. Huntington continuously there, or there a good deal during that session of Congress?—A. He was.

Q. Were your interviews with him frequent?—A. They were.

CONFERENCES WITH MEMBERS OF CONGRESS.

Q. Do you know (from meeting them or in any other way) that Mr. Huntington had frequent conferences with members of Congress in regard to those bills?—A. Certainly he did, and so did I. That was a very common matter.

Q. Where was it Mr. Huntington's practice to have these interviews with members of Congress?—A. Mr. Huntington and General Franchot had quarters that year, I think, at Willard's Hotel. They had rooms there during the excitement that were frequently visited by members of Congress and others. It was a very frequent occurrence to have interviews with members of the House of Representatives (after the legislation got into that House) at the Capitol, and wherever they could be found without intrusion.

Q. Were there other gentlemen besides yourself and General Franchot who were engaged in the discharge of these duties in behalf of the company?—A. There were. I wish, however, to say that my own efforts were exclusively confined to getting through the Edmunds amendment and the defeat of the Holman amendment. The other matter I had nothing professionally, or otherwise, to do with.

OTHER PERSONS EMPLOYED.

Q. Can you state to the Commission the names of other gentlemen who were employed at the same time in this and similar work?—A. I remember General Franchot, of course. I remember a gentleman by the name, I think, of Boyd, who had formerly held some office in the House of Representatives, and I think there was a Mr. Sherrill. It is a little difficult for me to separate this time from one or two other occasions when I have been in Washington. It seems to me there was a Mr. Carr who was quite efficient, who was a west-coast man; and there were others. It is a long while ago, and I cannot recollect them all now.

Q. Do you remember the name of Henry Beard?—A. I do not recognize that.

THE BUSINESS PROSECUTED WITH DILIGENCE.

Q. How active, generally, was that business of prosecuting those interviews and urging generally the opposition of the Central Pacific Company to those measures?—A. I can answer, for myself, that it was

just as active as it was possible for me to make it without intrusion upon members of Congress in what I regarded as an improper way. I lost no opportunity, and, so far as my observation goes, I should think every one else that was at work in the same interest worked with equal diligence.

AN INVESTIGATION NOT DESIRED.

Q. Was Mr. Huntington exceedingly desirous to defeat the Wilson bill appointing the committee of investigation?—A. I cannot answer as to that, except that he said it must be defeated—that he did not desire to have an investigation at that time.

Q. Have you a copy of that bill in your copy of the Wilson committee's report?—A. I have, I think. It ought to be there. [After looking at the book.] This says "copy of the bill." It is House bill No. 4060, Forty-second Congress, third session. It was reported on the 1st of March, 1873.

THE FATE OF THE WILSON BILL.

Q. What was the fate of that bill?—A. I really do not remember, except that I know that it did not pass. Taxing my recollection, I should say that at that stage in the session it could not pass without a suspension of the rules, and that the vote upon the Holman amendment showed very clearly that there was not strength enough in favor of the bill to pass it. The controversy, as I now think, was substantially determined by the fate of the Holman amendment.

Q. That is, of the amendment striking out the right to bring suits in the Court of Claims?—A. Yes. I remember distinctly that the defeat of the Holman amendment was regarded as a measure of the forces of the different parties; so that after that there was not much apprehension about the passage of the Wilson bill.

THE VOTE ON THE HOLMAN AMENDMENT.

Q. Do you recall the occasion of the vote on the Holman amendment?—A. I cannot state the vote, but it must be shown in that book. [After looking through the volume.] I think that the Holman amendment, which was to strike out that provision, was defeated in committee of the whole by a vote of 52 ayes to 95 noes.

Q. On what day was that vote taken—does your record show?—A. I do not think it does. This is cut from a copy of the Congressional Globe, and the dates are not reliable; but it appears to have been upon or after Saturday, March 1, 1873.

A LIST OT MEMBERS.

Q. Did you, yourself, during the week preceding that vote, prepare any list of members of Congress with reference to satisfying yourself as to the status of those gentlemen for or against that amendment?—A. I think I ought to say in regard to that, with all respect to the Commission, that I ought not to be asked to disclose anything that I did as counsel.

Commissioner ANDERSON. As soon as we reach any question which in your judgment crosses the line of proper inquiry you may, of course, take the objection, and the Commission will dispose of it.

The WITNESS. I should like to hear the question read.

The secretary read the question.

The WITNESS. We had those lists constantly. I do not know that I could say that they were prepared particularly the week before the adjournment.

Q. But those names were before you and you examined them with reference to forming a judgment as to how those gentlemen stood on the question?—A. Certainly.

WITNESS' EFFORTS LIMITED TO ARGUMENT.

Q. In regard to such members as you concluded were doubtful, to what character of argument or inducement did you resort in order to secure their votes?—A. So far as I was myself concerned I not only had no doubt, but I impressed my views as strongly as I could upon everybody connected with the legislation, that any attempt which could be attacked even by the press (which was watching very closely at that time) as irregular or in the slightest degree improper, to pass the Edmunds amendment, would recoil upon us and would inevitably defeat us. When, therefore, I had argued the question (for I maintain that the argument was on the side of the railroad) and had failed, I considered the parties that would not listen to that as entirely beyond reach. That limited my efforts.

Q. You then discharged them as "incurable"?—A. Well, as unconvertible, at all events.

DECLINES TO ANSWER.

Q. Now, in regard to any members of Congress whose votes it was attemped or desired to secure, do you know of any instance in which any money or thing of value was used for the purpose of influencing their votes?—A. In regard to that whole subject I had no knowledge whatever that did not come to me while I was acting as counsel; and whether it strictly falls within the professional rule or not (and I certainly hope that the gentlemen of the Commission will not suppose that I intend any disrespect to them) I will not answer any questions on that subject unless I am required to do so by an authority that I am bound to obey. There are other reasons why I do not answer that question. While I did not act for the Central Pacific Railroad Company, I did act for certain gentleman whose relations to the railroad company and to Mr. Huntington were made the subject of inquiry; and, for that reason also, I must decline to go into any examination or discussion on that subject.

By Commissioner LITTLER:

Q. Do you put your reasons for declining on the ground that you received your information as counsel for the company or for Mr. Huntington?—A. I put it upon the ground that I received it while I was counsel. I do not know that I can go any further than that.

Commissioner ANDERSON. It is sufficient to raise the question that you decline to answer the question that has been put to you; we understand you to decline?

The WITNESS. Yes, sir; I do.

OTHER PENDING LEGISLATION.

By Commissioner ANDERSON:

Q. Have you been present at other sessions of Congress when the Central Pacific Railroad Company has been interested in pending legislation?—A. I have.

Q. On what occasions?—A. My acting for the Central Pacific Railroad Company, or for Mr. Huntington, commenced as early as the appointment of what was known as the "Committee of Eminent Citizens." I cannot fix the date of that, but it was about the time that it was claimed that the railroads were completed and that an act was passed providing for the appointment of a committee of gentlemen who, in the bill, were, I think, called "eminent citizens," who were to examine the road and determine how much money it would cost to complete it within the meaning of the railroad acts, and then recommend some way in which the money could be deposited and the balance of the bonds issued.

Commissioner ANDERSON. That was in 1869?

The WITNESS. In 1869. From that time there were two or three occasions when I was there at Mr. Huntington's request. I made the final arrangement with Secretary Boutwell for the issue of the last bonds that were issued to the Central Pacific Railway Company. That was at the end of a good deal of legislation that took place that winter about it. Then I was there at another time when the question first came up whether the companies were bound to pay the interest on the subsidy bonds before their maturity. I cannot at this time—there is nothing that enables me to fix the date of it.

Q. Is there any other session of Congress which you recall at which you were present for a period of time and represented the companies in reference to the legislation actually pending at Washington?—A. There was a time subsequent to the appointment of the Commission that I have spoken of, when I was there for a considerable time and prepared an argument, which was printed, and which would recall what the subject was. It was to defeat some legislation looking to compelling the companies to pay this interest, but I cannot recall the session nor precisely the terms of the act.

Q. Were you present at Washington during the dates that preceded the passage of the Thurman bill in 1877-'78?—A. I was there, but I do not think I had any connection with that matter.

Q. On the other occasions when you have been in Washington to which you have alluded, was Mr. Huntington also present and engaged in the same business?—A. Mr. Huntington has been in Washington pretty nearly all the time that I have been there on any of these occasions in regard to these matters. I would occasionally leave Washington and come over to New York for a short time and return, but I gave pretty close attention to his matters.

Q. Did he have, on the other occasions, the same gentlemen to assist him in his Washington labors, whose names you have already given?—A. He had Mr. Franchot from 1866 until he died. I do not remember that this man that they called Carr was there more than once. It seems to me that he was called "Bill Carr." Mr. Boyd has been, I understood, in Mr. Huntington's employ a good while, and Mr. Sherrill took General Franchot's place after his death. I do not know whether he was employed previously, but he was very much interested in legislation.

USE OF MONEY IN INFLUENCING LEGISLATION.

Q. I will ask you the same question in regard to those other occasions. You may dispose of it as you think proper. Do you know, as to any of those other occasions to which you have alluded when you were in Washington, whether Mr. Huntington or any of his agents used any money or anything of value for the purpose of influencing the vote of a member of Congress?—A. I do not.

Q. You have no knowledge at all bearing on the other occasions?—A. I have not.

Q. Was the subject of the actual cost of construction of the California Pacific one of the subjects of investigation in your suit?—A. Yes; it was.

Q. Do I understand you to say that you were unable to ascertain the cost of construction of that road?—A. No, sir; we were unable to ascertain the cost of the repairs upon the road.

COST OF CONSTRUCTION OF CALIFORNIA PACIFIC.

Q. Did you ascertain the cost of construction of the California Pacific Railroad itself?—A. Not with any definiteness.

Q. In the course of your examination of the books of the California Pacific, did you ascertain the cost to that company of the steamers which were subsequently sold to the Central Pacific?—A. Yes. The sale to the Central Pacific was, nominally, for the cost price of the steamers.

Q. Why do you say "nominally?"—A. The record showed that those steamers were sold by the California Pacific Railroad Company to Milton S. Latham, to be paid for in accounts that he had against the corporation, or accounts of the Central Pacific Railroad Company, and they were credited in the books of the Central Pacific Company to the California Pacific at their cost price. I claim that the sale was nominal because I claim that a large part of the account of the Central Pacific Company against the California Pacific Company, which these steamers paid, was exaggerated or unfounded.

Q. In other words, that the Central Pacific Company did not really owe the amount to Mr. Latham and the amount to the California Pacific which was set off against the price of the steamers?—A. Yes.

Q. According to your statement, then, the Central Pacific Company bought this property by paying for it less than its actual value?—A. That was our claim.

Q. That was the claim of the California Pacific?—A. Yes. For instance, this will illustrate what I mean. On all advances made by the Central Pacific Company on account of the California Pacific, and upon all monthly balances of their account, 1 per cent. a month interest was charged, which was compounded monthly throughout the entire transaction; and the growth of interest in that way is very rapid.

Commissioner ANDERSON. In connection with this testimony I offer this copy of the bill:

[H. R. 4060. Report No. 86. Forty-second Congress, third session.]

IN THE HOUSE OF REPRESENTATIVES.

MARCH 1, 1873.—Read twice, ordered to be printed, and recommitted.

Mr. J. M. WILSON, from the Select Committee on Credit Mobilier No. 2, reported the following bill:

A BILL to provide for securing the interests of the United States and the public in the Central Pacific Railroad Company, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury shall appoint three discreet and disinterested persons, whose authority shall extend until the fifteenth day of December, eighteen hundred and seventy-three, as commissioners, at least one of whom shall be learned in the law, whose duty it shall be to examine into the financial condition of the Central Pacific Railroad Company, whether funded or otherwise; the amount of capital stock issued by said company; the cost of the construction of the

road of said company, and the cost thereof to the contractor or contractors who constructed the same; and to further inquire whether any of the persons connected with any contract or contracts for construction, directly or indirectly, were in any way interested in the said railroad company, and, if so, whether as stockholders, directors, or officers thereof; and if any contract was made with any corporation for the construction of said road, or any portion thereof, the character of such corporation, under what authority the same was organized, the amount of its capital stock, its directors, officers, and stockholders; whether any of said directors, officers, and stockholders were, at the time of making or during the performance of any contract, officers, directors, or stockholders of the said Central Pacific Railroad Company; what amount in money, stock, or bonds was received by such corporation from said railroad company; what, if any, dividends were made by such corporation out of any assets derived from such contract, and the manner in which the same were made; and to make such other and further inquiries as may be necessary to a full understanding as to the financial condition of said railroad company and to the disposition of the corporate moneys, bonds, stocks, and other property thereof, so that it may be ascertained whether the lands or bonds received by said railroad company from the United States have been unlawfully disposed of or applied to purposes other than those for which received, and whether the security of the United States for its claims against said company has been impaired.

SEC. 2. That it shall further be the duty of said commissioners to inquire whether or not in the measurement of the line of said Central Pacific Railroad Company, and of the line of the Union Pacific Railroad Company, with reference to the issue of the bonds of the United States to said railroad companies, the same was properly made.

SEC. 3. That it shall further be the duty of said commissioners to inquire whether or not the Union Pacific Railroad and branches are and have been operated in accordance with the provisions of section fifteen of the act approved July second, eighteen hundred and sixty-four, entitled "An act to amend an act entitled 'An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes,'" approved July first, eighteen hundred and sixty two, which section is in the words following: 'That the several companies authorized to construct the aforesaid roads are hereby required to operate and use said roads and telegraph for all purposes of communication, travel, and transportation, as far as the public and the Government are concerned, as one continuous line, and in such operation and use to afford and secure to each equal advantages and facilities as to rates, time, and transportation, without any discrimination of any kind in favor of the road or business of any or either of said companies, or adverse to the road or business of any or either of the others;' and also to inquire whether or not there are any contracts in existence made by said Union Pacific Railroad Company with any corporation, person, or persons, whereby unjust or improper discriminations are made in relation to the transportation of coal or other commodities over said road, or any portion thereof.

SEC. 4. That said commissioners shall receive a salary of three thousand dollars each. They may employ a stenographer and a clerk, whose compensation shall be fixed by the Secretary of the Treasury, and in addition to the salaries and compensation hereinbefore specified there shall be allowed to the commissioners, clerk, and stenographer their actual traveling expenses.

SEC. 5. That said commissioners shall have power to send for persons and papers, to swear or affirm witnesses, and examine them under oath or affirmation, and, for the purpose of enforcing the attendance of witnesses and the production of papers, may make a requisition upon the marshal of the district where they may be, and it shall be the duty of such marshal, in person or by deputy, to serve such subpœnas as may be directed to him by said commissioners, for which services such marshal shall receive such compensation as is allowed to him for service of like process by law.

SEC. 6. That said commissioners shall report to the next Congress, at the beginning of the first session thereof, the testimony taken, with a detailed report in relation to the matters hereinbefore specified.

SEC. 7. That for the purpose of carrying out the provisions of this act the sum of twenty thousand dollars is hereby appropriated out of any moneys not otherwise appropriated.

PRODUCTION OF PAPERS.

The WITNESS. The letter to which I referred, which I prepared for Mr. Huntington, dated January 27, 1873, in regard to the Edmunds amendment is here; also the Edmunds amendment, and also the Holman amendment.

Commissioner ANDERSON. I ask you to produce the bill of complaint in the Fosdick suit and the letters which Mr. Cohen has requested you to produce.

Q. Is there any other matter of interest to this Commission that you wish to speak of?

COMPENSATION FOR HIS SERVICES.

The WITNESS. There is another matter of slight interest to me which I wish to mention.

According to your report, Senator Stanford has imputed to me, in connection with the prosecution of that suit, that, for some reason, I was trying to get even with the Central Pacific Company, and that the subject I was trying to get even upon was some alleged difference between Mr. Huntington and myself as to the value of my services.

Now, I think Mr. Stanford must be misinformed on that subject. If he is not, perhaps I have got some interest in it. He says that, claiming a much larger sum, I was paid $10,000. If the Central Pacific Company's books show any such thing, they are erroneous. Mr. Huntington was very profuse in his views of the value of my services, and how he was going to compensate me, but when I got through he said the company was very poor, that they could not afford to do what was right; and I told him he need not trouble himself about argument, that he could pay me whatever he thought fit, for I did not care to discuss the value of such services; and he paid me either $3,000 or $3,500. So that if I appear to be charged with $10,000, somebody has got $6,000 of my money, and I should like to have it. In regard to that having any relation to this suit, the subject has not entered my mind from that day to this.

A DIFFERENCE OF OPINION.

By Mr. COHEN:

Q. Did you not present a claim to Mr. Huntington for $25,000 for your services in Washington?—A. No, sir; never.

Q. Did you not tell him that you owed Fiske & Hatch the sum of $25,000, and that he could close up his indebtedness to you by settling that account with Fiske & Hatch?—A. Never; and never was such a thing the fact.

Q. Did he not tell you that the company could not pay, but that he would give you half the road in compensation for your services?

The WITNESS. You ought to know better than to put that question.

Mr. COHEN. I put it under instructions. I am told that those are the facts.

The WITNESS. Then your instructions are utterly unfounded.

Mr. COHEN. You deny that? There was a difference of opinion between you and Mr. Huntington as to your compensation.

The WITNESS. No, sir; I can not say even that there was a difference of opinion. I told him that I thought I ought to have $10,000, and I have told what he said in reply.

Mr. COHEN. I do not propose to go into the case of Main against the railroad company in California now; it has been tried in California. I will put this record in evidence [producing papers].

Q. In the services you rendered to Mr. Huntington, or to the Central Pacific Railroad Company, in Washington, did you have any associate counsel?—A. I think not. I do not remember any. I did not regard myself as employed in the matters before the Wilson committee. I

think that Mr. Evarts attended one session before the committee with me.

Q. Did Mr. Evarts assist you in the conduct of the case before that committee?—A. There was nothing to be "conducted." There was no action taken by anybody but the committee or the witnesses.

Q. Have you not taken a good deal of interest in the proceedings of this Commission?—A. I have not.

INTERVIEWS WITH THE COMMISSIONERS.

Q. Have you had interviews with members of the Commission before this time?—A. One—yes, two.

Q. Will you name the gentlemen with whom you had interviews?—A. Mr. Anderson.

Q. And the other?—A. I think they were both with Mr. Anderson.

Q. You have put the record which you obtained as the counsel of the Central Pacific Company at the disposal of this Commission, have you not?—A. No, sir.

Q. The book that you have been examined upon is your property, is it not?—A. Yes.

Q. It has been in the possession of the Commission before to-day, has it not, or did you bring it to-day?—A. I sent it to Mr. Anderson at his request, within a day or two.

Commissioner ANDERSON. It is a copy of the Wilson report.

Q. You have given such information to Mr. Anderson as you could, so as to enable him to conduct your examination to-day, have you not?—A. No, sir.

Q. You have not given him any information?—A. I will tell you just what I have given to Mr. Anderson. He came to me at a certain time, when he said he was going to California, and wanted to know if I could put him in the way of getting the printed record in the Colton case, and at his request I sent a telegram to California. That was the whole of the first interview. The second——

Commissioner ANDERSON (interposing). Before you pass to the second let me remind you that subsequently I sent you word that I had obtained what I wanted.

The WITNESS. Certainly.

Commissioner ANDERSON. So that I never received that copy of the Colton record from you.

The WITNESS. No; and, in the second interview, Mr. Anderson asked me if I knew what was going on as to which the railroad was interested at this session, and, as I remember, whether I had a copy of the Wilson report. I do not think he said anything about the Wilson bill. I told him that I thought I had the whole thing. I generally kept those things. That night I sent it to him.

ARGUMENT FOR USE BEFORE CONGRESS.

Q. Did you not make an argument before one of the committees of Congress, and print it? I believe you have stated that already.—A. No.

Q. You did not?—A. I wrote an argument for use in one of the proceedings of Congress, which was printed and distributed. It was not delivered before any committee.

Q. Have you a copy of that argument?—A. I presume I have. I usually keep all those things.

OPINION EXPRESSED REGARDING CLIENTS.

Q. You expressed yourself, I believe, as to the efforts of your clients, Governor Stanford, Mr. Huntington and Mr. Crocker, in the building of the Central Pacific Railroad, very favorably, did you not?—A. I presume so.

Q. You pronounced a eulogy upon them?—A. No, sir.

Q. Did you not speak of the Government of the United States, in its treatment of them, as acting a counterpart of the contract between Shylock and Antonio?—A. No, sir.

Mr. COHEN. I thought you did. I read that within the last twenty-four hours.

The WITNESS. I never wrote such stuff as that, if you did read it within twenty-four hours.

Mr. COHEN. I thought it was worth copying, it was so well put.

The WITNESS. I do not deal in that sort of stuff.

Q. At the same time that you produce those letters to-morrow will you produce a copy of the argument?—A. I will if I find it; but if you have it so easily at hand you had better produce it.

Mr. COHEN. Well, it is one that does not belong to me. I borrowed it.

The WITNESS. It would require much investigation for me to find it.

Mr. COHEN. You were a Treasury official during the building of this road. You had means of knowing what these men did, and your testimony in their behalf would go a long way, I think, if we could get it on the record. At that time you were giving your views as a public officer.

The WITNESS. You are entirely mistaken, sir, in both your premises. While I was in the Treasury Department I did not know anything whatever about the Central Pacific Railroad, and had nothing to do with it.

Mr. COHEN. If you cannot find a copy of it I think I can find a copy to support what I have stated as to what you said of those gentlemen.

THE COMPLAINT IN THE MAIN CASE.

Q. Who drew the complaint in the Main case, which you have been talking of?—A. I drew it, principally.

Q. Did you send it out to California?—A. Yes.

Q. At the time the contract was made that that suit was brought to annul, do you remember what was the debt of the California Pacific?—A. I do not.

Q. Do you remember the length of the road that was built from Vallejo northward to Sacramento, and just above there?—A. The road to Sacramento, I think, is 60 miles.

Q. The entire length of the road was about 80 miles, was it not?—A. No; now, as I remember, the road is about 134 miles.

Q. I am speaking of the road existing in 1871, at the time this contract was made that you testified about, when the promoters of the Central Pacific acquired a majority of the stock.—A. I think it was about 140 miles, if I remember rightly; the record will show.

Q. What was the bonded debt on that road?—A. I do not remember what it was.

CALIFORNIA PACIFIC EXTENSION BONDS.

Q. Do you remember the bonds being issued by that company, which were called the California Pacific extension bonds, to the extent of

$3,500,000, and that those bonds had been issued and sold, and that not a yard of road had been built on which those bonds were supposed to have been a lien?—A. I do not understand that; I never understood that.

Q. Do you not remember that at the time this stock was acquired by Mr. Stanford, Mr. Huntington, Mr. Crocker, and Mr. Hopkins, or whoever did acquire it, that the debt on the California Pacific Railroad over and above any security existing, would impose a lien or debt of $45 a share upon each share of the stock of that company?—A. I do not.

CAPITAL STOCK OF COMPANY.

Q. What was the capital stock of the company at that time?—A. I think it was $12,000,000.

Q. Was not the debt of that company, over and above any securities that existed at that time, nearly $5,000,000?—A. No; I do not understand that it had any debt for which there was no security existing. I believe it had some floating debt—had notes given for the Donohoe road and for the steamers that were outstanding, but I never heard of any other debt. My impression is that the figures show that the cost of that road, as it was made up, was not any larger, if it was as large, as the cost, mile for mile, of the Central Pacific road.

Q. But the Central Pacific road was built through a different country, was it not?—A. A large part of it was built through a much cheaper country.

Q. There were no snow sheds or mountainous pieces of road on the California Pacific, were there?—A. I believe not.

DEBT OF CALIFORNIA PACIFIC.

Q. Do you remember the figures of the debt of that road, and what was secured and what was not?—A. What was not secured? I do not know what you are talking about. There was no such thing. There was, first, a mortgage $2,250,000.

Q. Was that a first mortgage?—A. There was then a mortgage of $3,500,000. There was then the mortgage for $1,600,000 that these people, Mr. Huntington and the others, put on. There was an income bond mortgage, a bond secured upon the income of the company, which at that time was $1,000,000, possibly $1,500,000. I am not aware of any other debt that there was against the company, except the notes in part that had been given for the San Francisco and Northern Pacific road and steamers.

Q. Was not the company overdrawn in a banking house of San Francisco to a large amount, and had its notes not been given to secure that amount?—A. No.

Q. You say that it was not so?—A. The testimony showed that there was an overdraft of something like $40,000 or $50,000, but there were no notes given to secure it. The testimony also shows that the overdrafts by the California Pacific Railroad Company were quite a matter of course.

AMOUNT OF PROPERTY.

Q. According to your statement there was a mortgage of $2,250,000; another of $3,500,000, which would amount to $5,750,000; and a mortgage for $1,000,000, which would make $6,750,000; and the entire property of the company was about 140 miles of road, as you recollect it, was it not?—A. Oh, no. At that time the company had these steamers, for

which they paid $800,000; and they were supposed to be worth it. They had the San Francisco and North Pacific road, which extended from—I cannot give the names of the places; but it had that additional property at that time. Besides, it had the road from Vallejo to Marysville, and the branch that ran up the Napa Valley.

Q. How do you make 140 miles of road of that system?—A. I tell you that such was my impression. The road from Vallejo to San Francisco is, if I remember rightly——

Mr. COHEN (interposing). There was no road from Vallejo to San Francisco, was there?

The WITNESS. From Vallejo to Sacramento. That was, if I remember rightly, 60 miles; the road from Davisville to Marysville was, if I remember rightly, about 45 miles; and the road from Napa Junction to the end of that Napa Valley road was about 40 miles more. I am calling upon my memory for all this, but I think that was about the fact.

Q. What do you make the length of the North Pacific road?—A. I think it is about 30 miles.

Commissioner ANDERSON. As it stood then, you mean?

Mr. COHEN. Yes; as it stood then.

Q. Do you not know that the North Pacific road was covered by a certain indebtedness, and that the notes of the California Pacific road were out for the purchase of that North Pacific road; that there was a separate debt in addition to the bonded debt at that time?—A. There was not any bonded debt on that road. There was not any separate debt on that road. There was a note for $500,000 which these parties claim to have paid.

Q. Which parties?—A. Mr. Huntington and others. They claim to have turned that note over to the Contract and Finance Company. It was outstanding at the time its stock was purchased.

Q. Then that $500,000, according to your statement now, is in addition to the bonded debt of $6,750,000?—A. That $500,000 relates to the Donohoe road alone. It does not touch the California Pacific, of which I have been speaking, and is a separate thing altogether.

LIABILITIES OF STOCKHOLDERS IN CALIFORNIA.

Q. Do you understand that there is a law in California that makes the stockholders of the company liable for its debt?—A. It is not different from the law here, as I understand it.

Mr. COHEN. I think it is somewhat different; at least we so understand it.

FINANCIAL CONDITION OF CALIFORNIA PACIFIC.

Q. At the time that Mr. Huntington and Mr. Stanford bought out this stock of the California Pacific was not the financial condition of the California Pacific such that if it had been sold under either of its mortgages there would have been a deficiency after all of its property would have been parted with, and would there not have been imposed the liability of $45 a share on each share of stock?—A. I do not believe any such thing or anything approaching to it. I believe if the road had been decently taken care of it was worth every dollar of the money that was properly placed against it, and would have paid the interest from that day to this. I do not think anybody can examine the evidence and have any doubt on that subject.

Mr. COHEN. I will ask you to produce those letters of which you have spoken, and I may ask you a few more questions on that subject.

The WITNESS. I will produce them.

The Commission then adjourned to Friday, September 30, at 10 a. m.

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10 WALL STREET, NEW YORK,
Friday, September 30, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

JOHN H. WALSH, being further examined, testified as follows:

AS TO JOHN I. BLAIR.

By the CHAIRMAN:

Question. Did you serve a subpœna on John I. Blair?—Answer. I did, sir.

Q. Where?—A. At his residence, Blairstown, N. J.

Q. When?—A. On Friday morning, September 2.

Q. What answer did he make?—A. He said he did not know whether he would come here or not; that he was going West, and might not get back by the time for which he was subpœnaed. He would see.

Q. What date was fixed in the subpœna for his attendance here?—A. September 20, 1887.

Q. At what place was he subpœnaed to attend?—A. He was subpœnaed to attend at No. 10 Wall street, in the city of New York.

Q. Has Mr. Blair been here to your knowledge?—A. I have not seen him here.

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10 WALL STREET, NEW YORK,
Friday, September 30, 1887.

OLIVER W. MINK, being further examined, testified as follows:

The WITNESS. In compliance with calls already made by the Commission, I present the following papers:

WESTERN UNION CONTRACT.

Copy of a contract between the Union Pacific Railway Company and the Western Union Telegraph Company, dated July 1, 1881.

(This contract is the same as the one appearing in print in the Warner report, being Report No. 3501, House of Representatives, Forty-ninth Congress, second session, relating to land-grant telegraph lines.)

PACIFIC EXPRESS COMPANY CONTRACT.

Copy of a contract between the Union Pacific Railway Company and the Pacific Express Company, dated January 19, 1886.

The contract is as follows:

Agreement.—The Union Pacific Railway Company and the Pacific Express Company, January 19, 1886.

This agreement, made and entered into this 19th day of January, A. D. eighteen hundred and eighty-six, between the Union Pacific Railway Company, a corporation organized under the laws of the United States, for themselves and for all lines owned, operated, or controlled by them, party of the first part, and the Pacific Express Com-

party, a corporation organized under the laws of the State of Nebraska, party of the second part,

Witnesseth, that whereas the party of the first part now owns and is engaged in operating lines of railroad extending from the Missouri River at Council Bluffs, Iowa, and Kansas City, Mo., to Ogden, Utah, and Huntington, Oregon, and diverging lines;

And whereas the party of the second part is an express company, having a large and established business between the principal commercial cities of the East and various places upon the lines of said railroad, and points beyond such lines of railroad;

And whereas the party of the second part is desirous of securing, for the benefit of itself and the persons employing it, permanent and reliable facilities for the transportation of its express matter, and the party of the first part is desirous of securing the business and patronage of the party of the second part,

It is agreed as follows:

First. The party of the first part agrees to provide on each of its daily passenger trains sufficient facilities of the kind customarily furnished to express companies by railroad companies for the transportation of all freight and express matter which may be tendered them by the party of the second part for transportation upon any of their daily passenger trains, at any station which such trains may stop, and to receive and transport such freight and express matter upon the said passenger trains leaving such station next after said tender, and carry and deliver the same without delay. But the carriage of more than one car-load of express matter by any one passenger train, shall, for convenience, be at the option of the party of the first part.

Second. The party of the second part shall be entitled to send free, both ways, all its messenger's safes and empty packing trunks, and shall also have the privilege to send free of charge one person with each car, as messenger, to take charge of its property and the property confided to it for carriage, and, when necessary, an additional messenger, armed as a guard for protection against highway robbers. Such messengers shall ride in the car provided by the party of the first part for the carriage of their goods in their charge. The agents of the party of the second part shall be carried free of charge in the passenger trains of the party of the first part, whenever such agents are traveling on the business of the party of the second part.

In case the cars for the transportation of express matter are furnished by the party of the second part, the said second party shall be entitled to receive from the party of the first part such compensation for said cars as is the customary mileage paid by said first party to connecting railways for similar cars.

Third. The party of the first part agrees to employ the party of the second part exclusively to receive, take charge of, and deliver all money, remittances, packages, and parcels which they may be required to have sent or delivered on the line of its railway, by express, such service to be compensated for as hereinafter provided.

Fourth. Settlements shall be made monthly, and the party of the first part shall be entitled to receive fifty (50) per cent. of the total gross earnings of the party of the second part on the lines of the said first party's railroad.

Fifth. The party of the second part shall at all times be entitled to have its necessary equipment material transported free on freight trains, as compensation for receiving, caring for, and delivering the money, remittances, packages, and parcels of the party of the first part, and shall not make any other charge for such service.

Sixth. The party of the second part shall have the right to employ the agents and servants of the party of the first part as its own agents, when such employment will, in the opinion of the parties of the first part, not be to the interruption of or detriment of their business. It is understood that in the case of such employment the party is the exclusive employé of the party of the first part, as to any shipment to be made on account of said first party, until it is delivered to an exclusive employé of the party of the second part.

Seventh. This contract is to supersede and cancel and is a settlement in full for all existing contracts between the parties hereto, and shall be binding for ten (10) years from the first day of May, 1886, and shall apply to all lines of railroad now owned, operated, or controlled by the party of the first part, and also to such as may be owned, operated, or controlled by them during the period of this contract.

The said second party, in consideration of this contract and the rights and privileges accorded by it, agrees to give to the said party of the first part two million four hundred thousand dollars ($2,400,000) of its capital stock, and it is agreed that the capital stock of the second party shall not be increased above $6,000,000 without the consent of the first party.

Eighth. The party of the first also agrees not to engage during the last-named period in the express business, nor to employ any other express company or individual in the carriage of its money, remittances, packages, parcels, or goods by express, and that they will not permit any of their employés to carry or deliver express matter except as hereinbefore provided.

They also agree that they will not during such period give to any other person, firm, company, or corporation any better or more advantageous terms, rates, or facilities than they give to the party of the second part, and they will so far as they lawfully

may, during all such period, protect and forward the interests and business of the party of the second part.

Ninth. The party of the first part, in consideration of the payments received and hereafter to be received and the benefits to be derived from this agreement, hereby appoints and constitutes the said party of the second part its sole agent to manage and carry on the express business of its lines of railway, and should any portion of said railway be occupied by any other express company or firm, then such payments as may be received from such other express company or firm shall be considered gross earnings of said party of the second part and treated as such.

[U. P. RY. CO. SEAL.] THE UNION PACIFIC RAILWAY COMPANY,
By C. F. ADAMS, JR.,
President.

Attest:
HENRY MCFARLAND, *Secretary.*
Witness:
OLIVER W. MINK.

[P. E. CO. SEAL.] THE PACIFIC EXPRESS COMPANY,
By E. M. MORSMAN,
President.

Attest:
WM. F. BECHEL, *Secretary.*

I also present—

MARKEL, SWOBE & CO. CONTRACT.

Copy of a contract between the Union Pacific Railway Company and Markel, Swobe & Co., dated December 1, 1884.

Copies of some correspondence between the Union Pacific Railway Company and the Pacific Hotel Company, under which the above-mentioned contract with Markel, Swobe & Co. was modified.

PAYMENTS TO U. H. PAINTER.

A statement of payments made to U. H. Painter, not included in the legal expense account of the company.

Statements showing the amounts expended in the construction and reconstruction of the Omaha bridge.

CONSTRUCTIVE MILEAGE.

Statements in relation to constructive mileage allowances for the months of July and August, 1886, and January and February, 1887, to which I have annexed an explanatory memorandum.

The statement is as follows:

The Union Pacific Railway Company.—Earnings on interchange business between the Union Pacific Railway and branch lines, reapportioned on an actual mileage basis (business paying any part of the Union Pacific system an arbitrary not included), month of July, 1886.

Roads.	Earnings on constructive mileage basis, as reported.	Earnings divided on actual mileage.	Gains by constructive mileage.	Losses by constructive mileage.
Union Pacific Rwy., consolidated	$446,717.70	$485,648.01	.....	$38,930.31
Omaha and R. Valley R. R., consolidated	65,195.67	56,744.63	$8,451.04	.....
Echo and Park City Rwy	3,443.51	2,957.57	485.94	.....
Colorado Central R. R	30,978.12	27,642.95	3,335.17	.....
Salt Lake and Western Rwy	2,763.82	2,019.55	744.27	.....
Utah and Northern Rwy	54,904.32	48,561.15	6,343.17	.....
Oregon Short Line Rwy	102,194.66	87,646.43	14,548.23	.....
Greeley, Salt Lake and Pacific Rwy	3,833.89	3,122.60	711.29	.....
Lawrence and Emporia Rwy	235.07	189.31	45.76	.....
Junction City and Fort Kearney Rwy	7,512.12	5,730.58	1,781.54	.....
Solomon R. R	5,722.12	4,331.94	1,390.18	.....
Salina and Southwestern Rwy	3,064.21	2,274.18	790.03	.....
Denver and Boulder Valley R. R	3,375.20	3,367.52	7.68	.....
Kansas Central R. R	213.40	95.55	117.85	.....
Montana Rwy	1,368.09	1,199.93	168.16	.....
Total	731,521.90	731,521.90	38,929.31	38,930.31

The Union Pacific Railway Company.—Earnings on interchange business between the Union Pacific Railway and branch lines, apportioned to some part of the line on the basis of local rates or arbitraries, month of July, 1886.

Roads.	Earnings as reported, divided on local rates and arbitraries.	Earnings divided on actual mileage.	Gains by local rates and arbitraries.	Losses by local rates and arbitraries.
Union Pacific Rwy. consolidated	$11,106.50	$15,401.58	.....	$4,295.08
Omaha and Republican Valley R. R	5.89	4.40	$0.99	.....
Colorado Central R. R	5,850.57	5,515.23	335.34	.....
Denver, South Park and Pacific R. R	7,970.70	4,137.21	3,833.49	.....
Utah and Northern Rwy	2.93	2.74	.21	.....
Oregon Short Line Rwy	38.81	43.14	.....	4.33
Greeley, Salt Lake and Pacific Rwy	252.65	122.56	130.09	.....
Solomon R. R	4.74	5.73	.....	.99
Denver and Boulder Valley R. R	1,060.83	1,574.18	.....	513.35
Georgetown, B. and Leadville Rwy	79.11	16.59	62.52	.....
Golden, Boulder and Caribou Rwy	723.66	272.55	451.11	.....
Total	27,095.91	27,095.91	4,813.75	4,813.75

The Union Pacific Railway Company.—Summary of interchange and local earnings on the Union Pacific system, month of July, 1886.

Business strictly local to the Union Pacific Rwy. consolidated	$717,158.22
Business strictly local to the branch lines	180,803.61
Business interchanged with branch lines only	48,922.65
Business interchanged as per Statement A	731,521.90
Business interchanged as per Statement B	27,095.91
	1,705,560.29

The Union Pacific Railway Company.—Earnings on interchange business between the Union Pacific Railway Company and branch lines, reapportioned on an actual mileage basis. (business paying any part of the Union Pacific system an arbitrary not included), month of August, 1886.

Roads.	Earnings on constructive mileage basis, as reported.	Earnings divided on actual mileage.	Gains by constructive mileage.	Losses by constructive mileage.
Union Pacific Rwy., consolidated	$346,205.15	$375,951.05	.....	$29,555.90
Omaha and Republican Valley R. R., consolidated	59,033.16	59,990.52	$8,172.64	.....
Echo and Park City Rwy	3,838.58	3,215.76	622.82	.....
Colorado Central R. R	41,759.60	36,688.70	5,070.90	.....
Salt Lake and Western Rwy	1,641.56	1,109.86	531.70	.....
Utah and Northern Rwy	1,457.73	1,264.91	192.82	.....
Oregon Short Line Rwy	62,037.19	54,517.79	7,519.40	.....
Greeley, Salt Lake and Pacific Rwy	3,874.14	3,130.66	743.48	.....
Lawrence and Emporia Rwy	283.31	222.66	60.65	.....
Junction City and Fort Kearney Rwy	11,127.96	8,155.37	2,972.59	.....
Solomon R. R	8,469.40	6,305.41	2,163.99	.....
Salina and Southwestern Rwy	3,044.27	2,175.68	868.59	.....
Denver and Boulder Valley R. R	3,496.19	3,461.61	34.58	.....
Denver, Marshall and Boulder Rwy	155.88	111.67	44.21	.....
Kansas Central R. R	1,618.16	1,060.63	557.53	.....
Total	548,232.28	548,232.28	29,555.90	29,555.90

The Union Pacific Railway Company.– Earnings on interchange business between the Union Pacific Railway and branch lines, apportioned to some part of the line on the basis of local rates on arbitraries. Month of August, 1886.

Roads.	Earnings as reported divided on local rates and arbitraries.	Earnings divided on actual mileage.	Gains by local rates and arbitraries.	Losses by local rates and arbitraries.
Union Pacific Rwy., consolidated	$99,472.39	$112,119.49	.....	$12,646.10
Omaha and Republican Valley R. R.	10.23	10.87	.....	.64
Echo and Park City Rwy	1.18	.47	$0.71	.....
Colorado Central R. R	6,114.86	4,870.19	1,244.67	.....
Denver, South Park and Pacific R. R	9,525.38	4,893.15	4,632.23	.....
Utah and Northern Rwy	54,434.00	32,022.91	22,411.16	.....
Oregon Short Line Rwy	16,473.91	33,234.45	.....	15,760.54
Greeley, Salt Lake and Pacific Rwy	224.56	124.68	99.88	.....
Solomon R. R	14.90	10.51	4.39	.....
Denver and Boulder Valley Rwy	1,243.06	1,786.68	.....	543.62
Golden, Boulder and Caribou Rwy*	853.13	329.81	523.32	.....
Georgetown, B. and Leadville Rwy	32.63	14.11	18.52	.....
Total	188,407.32	188,407.32	28,934.90	28,934.90

*Denver, Marshall and Boulder Rwy., after August 26, 1886.

The Union Pacific Railway Company.—Summary of interchange and local earnings on the Union Pacific system, month of August, 1886.

Business strictly local to the Union Pacific Railway, consolidated	$725,223.21
Business strictly local to branch lines	218,575.26
Business interchanged between branch lines only	49,570.29
Business interchanged as per statement A	548,232.28
Business interchanged as per statement B	188,407.32
Total earnings	1,730,008.15

Union Pacific Railway Company.—Earnings on interchange business between the Union Pacific Railway and branch lines reapportioned on an actual mileage basis (business paying any part of the Union Pacific system an arbitrary not included), month of January, 1887.

Roads.	Earnings on constructive mileage basis, as reported.	Earnings divided on actual mileage.	Gains by constructive mileage.	Losses by constructive mileage.
Union Pacific Rwy., consolidated	$240,907.11	$260,974.50	.....	$20,067.39
Omaha and Republican Valley R. R., consolidated	75,411.56	67,187.62	$8,223.94	.....
Echo and Park City Rwy	2,775.14	2,311.18	463.96	.....
Colorado Central R. R	36,620.13	33,542.78	3,077.35	.....
Salt Lake and Western Rwy	635.83	310.36	324.97	.....
Denver, South Park and Pacific R. R	.....	.....	.....	.....
Utah and Northern Rwy	213.06	188.11	24.95	.....
Oregon Short Line Rwy	17,092.78	12,861.23	3,231.55	.....
Greeley Salt Lake, and Pacific Rwy	1,874.48	1,830.59	43.89	.....
Lawrence and Emporia Rwy	956.64	808.34	148.30	.....
Laramie, North Park and Pacific R. R	.....	.....	.....	.....
Junction City and Fort Kearney Rwy	8,914.81	6,854.32	2,060.49	.....
Solomon R. R	5,428.92	4,065.46	1,361.46	.....
Salina and Southwestern Rwy	1,655.83	1,239.06	416.77	.....
Denver and Boulder Valley R. R	2,441.54	2,376.28	65.26	.....
Denver, Marshall and Boulder Rwy	172.59	133.82	38.77	.....
Georgetown, B. and Leadville Rwy	.....	.....	.....	.....
Kansas Central R. R	334.94	138.67	196.27	.....
Salina, Lincoln and Western Rwy	1,628.27	1,239.77	388.50	.....
Denver and Middle Park R. R	4.57	3.61	96	.....
Total	397,065.70	397,065.70	20,067.39	20,067.39

Union Pacific Railway Company.—Earnings on interchange business between the Union Pacific Railway and branch lines apportioned to some part of the line on the basis of local rates or arbitraries, month of January, 1887.

Roads.	Earnings as reported, divided on local rates and arbitraries.	Earnings divided on actual mileage.	Gains by local rates and arbitraries.	Losses by local rates and arbitraries.
Union Pacific Rwy., consolidated	$78,400.27	$87,924.01	.....	$9,523.74
Omaha and Republican Valley R. R.	43.63	45.68	.....	2.05
Colorado Central R. R.	4,171.56	3,614.52	$557.04	.....
Denver, South Park and Pacific R. R.	7,064.84	4,462.32	2,602.52	.....
Utah and Northern Rwy.	51,429.52	33,296.75	18,132.77	.....
Oregon Short Line Rwy.	20,987.12	32,856.81	.....	11,869.69
Denver and Boulder Valley R. R.	305.47	268.80	36.67	.....
Georgetown, B. and Leadville Rwy.	45.62	39.50	6.12	.....
Kansas Central R. R.	83	47	36	.....
Total	162,448.86	162,448.86	21,395.48	21,395.48

The Union Pacific Railway Company.—Summary of interchange and local earnings on the Union Pacific system, month of January, 1887.

Business strictly local to the Union Pacific Railway, consolidated	$515,251.82
Business strictly local to branch lines	134,811.66
Business interchanged between branch lines only	48,651.67
Business interchanged as per statement A	397,065.70
Business interchanged as per statement B	162,448.86
Total earnings	1,262,229.74

Union Pacific Railway Company.—Earnings on interchange business between the Union Pacific Railway and branch lines, reapportioned on an actual mileage basis (business paying any part of the Union Pacific system and arbitrary not included), month of February, 1887.

Roads.	Earnings on constructive mileage basis, as reported.	Earnings divided on actual mileage.	Gains by constructive mileage.	Losses by constructive mileage.
Union Pacific Rwy., consolidated	$232,297.60	$254,900.03	.....	$22,602.43
Omaha and Republican Valley R. R., consolidated	81,662.15	73,908.85	$7,753.30	.....
Echo and Park City Rwy.	1,180.45	983.48	196.97	.....
Colorado Central R. R.	30,806.24	25,613.97	4,692.27	.....
Salt Lake and Western Rwy.	511.94	317.61	194.33	.....
Denver, South Park and Pacific R. R.	1,469.26	1,132.28	336.98	.....
Utah and Northern Rwy.	21,106.44	17,435.97	3,670.47	.....
Ogden, Salt Lake and Pacific Rwy.	3,640.10	2,934.79	705.31	.....
Lawrence and Emporia Rwy.	582.63	374.36	208.27	.....
Laramie, North Park and Pacific R. R.	8,997.36	6,898.16	2,099.20	.....
Junction City and Fort Kearney Rwy.	5,410.30	4,121.23	1,289.07	.....
Salina and Southwestern Rwy.	2,691.01	2,034.53	656.48	.....
Denver and Boulder Valley R. R.	782.60	668.35	113.25	.....
Denver, Marshall and Boulder Rwy.	329.58	308.80	20.78	.....
Georgetown, B. and Leadville Rwy.	.....	.....	.....	.....
Kansas Central R. R.	1,450.37	916.50	542.87	.....
Salina, Lincoln and Western Rwy.	1,286.03	983.47	302.56	.....
Denver and Middle Park R. R.	7.21	6.89	.32	.....
Total	393,630.27	393,630.27	22,602.43	22,602.43

Union Pacific Railroad Company.—Earnings on interchange business between the Union Pacific Railway and branch lines, apportioned to some part of the line on the basis of local rates or arbitraries, month of February, 1887.

Roads.	Earnings as reported, divided on local rates and arbitraries.	Earnings divided on actual mileage.	Gains by local rates and arbitraries.	Losses by local rates and arbitraries.
Union Pacific Rwy., consolidated	$44,585.17	$48,651.14	.....	$4,065.97
Omaha and Republican Valley R. R., consolidated	27.47	33.06	.....	5.59
Colorado Central R. R.	7,488.41	5,851.64	1,636.77	.....
Denver, South Park and Pacific R. R.	*1,270.01	*591.97	*678.04	.....
Utah and Northern Rwy.	41,164.81	26,296.66	14,868.15	.....
Oregon Short Line Rwy	19,113.71	30,529.68	.....	11,415.97
Greeley, Saint Louis and Pacific Rwy.	105.77	67.03	38.74	.....
Junction City and Fort Kearney Rwy.	.53	.28	.25	.....
Solomon R. R.	.92	.94	.....	.02
Denver and Boulder Valley R. R.	1,038.86	1,433.69	.....	394.83
Denver, Marshall and Boulder Rwy.	.55	.41	.14	.....
Georgetown, B. and Leadville Rwy.	145.35	128.98	16.37	.....
Totals	112,401.54	112,401.54	15,882.38	15,882.38

*Credit.

The Union Pacific Railway Company.—Summary of interchange and local earnings on the Union Pacific system, month of February, 1887.

Business strictly local to the Union Pacific Rwy., consolidated	$838,321.25
Business strictly local to branch lines	113,267.23
Business interchanged between branch lines only	41,069.29
Business interchanged as per statement "A"	996,696.37
Business interchanged as per statement "B"	112,401.54
Total earnings	1,100,613.87

Statement of freight business between Chicago points and Mississippi River points on the east and all points on the Union Pacific Railway upon the west, transcontinental business included, during month of July, 1886.

	As divided in settlement with foreign roads.			Divided on actual mileage basis.			Total.
	East of Missouri River.	West of Missouri River.		East of Missouri River.	West of Missouri River.		
		Union Pacific R'y, consolidated.	Branch lines.		Union Pacific Rwy, consolidated.	Branch lines.	
Chicago points, via Council Bluffs	$231,150.04	$315,000.56	$100,113.10	$235,433.24	$251,913.25	$50,016.27	$844,362.76
Mississippi River points, via Council Bluffs	46,920.34	62,214.45	12,416.80	59,713.42	53,797.66	8,040.51	121,551.59
Chicago points, via Kansas City	39,985.04	43,537.70	8,225.56	42,823.25	41,861.53	7,083.52	91,768.30
Mississippi River points, via Kansas City	26,523.41	49,587.62	7,079.70	34,217.22	44,417.35	4,806.21	83,199.78
Total	344,567.83	470,450.33	127,835.22	472,187.13	391,969.74	73,896.51	943,873.38

Gain to Union Pacific Railway system by present divisions:

Union Pacific Railway, consolidated	$73,620.19
Union Pacific Railway, branch lines	49,136.71
Total	127,756.90

Statement of freight business between Chicago points and Mississippi River points upon the east, and all points on the Union Pacific Railway system upon the west, transcontinental business included, during month of August, 1886.

	As divided in settlement with foreign roads.			Divided on actual mileage basis.			Total.
	East of Missouri River.	West of Missouri River.		East of Missouri River.	West of Missouri River.		
		Union Pacific R'y, consolidated.	Branch lines.		Union Pacific R'y, consolidated.	Branch lines.	
Chicago points, via Council Bluffs	$148,561.37	$231,585.77	$76,653.51	$222,117.32	$188,495.56	$46,217.77	$456,830.65
Mississippi River points, via Council Bluffs	17,439.86	15,645.23	4,586.13	22,628.57	12,118.69	2,923.96	37,671.22
Chicago points, via Kansas City	31,114.01	37,606.32	4,647.02	42,446.40	27,634.62	3,286.33	73,367.35
Mississippi River points, via Kansas City	29,685.41	54,907.18	8,512.78	40,958.39	46,868.63	5,278.25	93,105.27
Total	226,800.65	339,744.50	94,429.44	328,150.68	275,117.50	57,706.41	660,974.59

Gain to Union Pacific Railway system by present divisions:

Union Pacific Railway, consolidated	$64,627.60
Union Pacific Railway, branch lines	36,723.03
Total	101,350.03

Statement of business between Chicago points and Mississippi River points upon the east, and all stations on the Union Pacific system upon the west, transcontinental business excluded, January, 1887.

Movement.	As divided in settlement with foreign roads.			Total charges.	Divided on basis of actual mileage.		
	East of Missouri River.	West of Missouri River.			East of Missouri River.	West of Missouri River.	
		Union Pacific Railway, consolidated.	Branch lines.			Union Pacific Railway, consolidated.	Branch lines.
Chicago points, via Bluffs	$119,320.58	$88,333.33	$43,463.16	$251,117.05	$154,132.18	$67,861.83	$29,122.04
Mississippi River points, via Council Bluffs	16,046.95	10,568.49	4,201.77	30,815.21	21,016.09	7,599.48	2,199.64
Chicago points, via Kansas City	12,457.72	14,176.06	714.75	27,378.53	16,196.40	10,816.81	365.32
Mississippi River points, via Kansas City	28,949.71	37,934.94	7,646.37	74,531.02	33,893.25	34,745.23	5,892.54
Totals	176,804.94	151,010.82	56,026.05	383,841.81	225,237.92	121,023.35	37,580.54

Gain to the Union Pacific system by present divisions, as follows:

Union Pacific Railway, consolidated	$29,987.47
Branch lines	18,445.51
Total	48,433.98

Statement of transcontinental business via Council Bluffs and Kansas City, showing the earnings as apportioned on the basis of constructive mileage and arbitraries, and the amounts the Union Pacific would have earned on the basis of straight mileage division, January, 1887.

Route.	West-bound.		East-bound.	
	Union Pacific earned on constructive mileage and arbitrary basis.	Union Pacific would have earned on basis of actual mileage.	Union Pacific earned on constructive mileage and arbitrary basis.	Union Pacific would have earned on basis of actual mileage.
Via C. F. F. L. and Council Bluffs (Chicago points)	$30, 987. 96	$28, 987. 84	$9, 284. 06	$8, 093. 91
Via Council Bluffs (Chicago points)	19, 065. 33	20, 629. 46	4, 348. 92	4, 289. 49
Via Kansas City (Saint Louis points)	10, 094. 90	10, 783. 45	1, 983. 18	2, 191. 88
Totals	60, 988. 21	60, 400. 75	15, 617. 06	15, 121. 28

Gain to the Union Pacific by constructive mileage divisions:

West-bound	$587. 46
East-bound	495. 78
Total	1, 083. 24

Statement of freight business between Chicago points and Mississippi River points, upon the east, and all points on the Union Pacific Railway system, upon the west, transcontinental business included, during month of February, 1887.

	As divided in settlement with foreign railroads.			Divided on actual mileage basis.			Total.
	East of Missouri River.	West of Missouri River.		West of Missouri River.		East of Missouri River.	
		Union Pacific Railway, consolidated.	Union Pacific, branch lines.	Union Pacific Railway, consolidated.	Union Pacific, branch lines.		
Chicago points, via Council Bluffs	$165, 166. 67	$217, 349. 97	$75, 194. 70	$234, 150. 29	$172, 645. 03	$50, 916. 02	$457, 711. 34
Mississippi River points, via Council Bluffs	43, 461. 18	26, 181. 25	15, 678. 83	59, 790. 49	17, 552. 00	7, 918. 77	85, 291. 26
Mississippi River points, via Kansas City	25, 525. 00	50, 857. 11	7, 331. 67	31, 092. 42	46, 723. 07	4, 918. 29	82, 733. 78
Chicago points, via Kansas City	16, 046. 33	16, 954. 38	1, 992. 74	21, 994. 22	11, 944. 08	1, 055. 37	34, 993. 65
Total	250, 199. 00	311, 342. 71	99, 197. 94	347, 027. 42	248, 874. 16	64, 808. 45	660, 719. 03

Gain to Union Pacific Railway system by present divisions, as follows, *i. e.*:

Union Pacific Railway, consolidated	$97, 463. 35
Union Pacific Railway, branch lines	34, 389. 49
Total	96, 852. 84

A.

The Union Pacific system.—Memorandum in relation to the constructive mileage allowances for the year ending February 18, 1887, based on the returns of July and August, 1886, and January and February, 1887.

On the business interchanged by the Union Pacific with its auxiliary lines, on constructive mileage and other bases as opposed to a straight mileage basis, the parent contributed the following sums:

July, 1886	$43,215.39
August, 1886	42,196.03
January, 1887	29,591.10
February, 1887	26,758.40
	141,760.92

The total freight earnings of the system for the year ending February 28, 1887, were $18,844,557.46, of which there was earned in—

July, 1886	$1,705,560.29
August, 1886	1,730,009.15
January, 1887	1,202,229.74
February, 1887	1,199,619.57
Making a total in the four months of	5,897,418.75

The freight earnings of these four months were 31.2905 per cent. of the total freight earnings for the year.

If the constructive mileage and other allowances for these four months sustain the same relation to the allowances for the year that the freight earnings for the four months in question sustain to the total freight earnings for the year, the total allowances for the year would amount to $453,047.79.

On the other hand, the Union Pacific received from its connections at Omaha, Kansas City, Ogden, and Huntington, on constructive mileage and other bases, as opposed to a straight mileage basis, the following sums:

July, 1886	$127,599.30
August, 1886	101,350.03
January, 1887	49,536.12
February, 1887	96,858.04
Making a total of	375,333.49

Assuming that this is equal to 31.2905 per cent. of the total, the gross amount for the year would be $1,199,512.59.

Balance, representing the profit under the constructive mileage rule in favor of the Union Pacific system, $746,464.80.

B.

The Union Pacific system.—Memorandum in relation to constructive mileage allowances, based on the returns of July and August, 1886, and January and February, 1887.

On the business interchanged by the Union Pacific with its auxiliary lines on constructive mileage and other bases as opposed to a straight mileage basis, the parent company contributed during the months in question the following sums:

July, 1886	$43,215.39
August, 1886	42,196.00
January, 1887	29,591.13
February, 1887	26,758.40
	141,760.92

Of the allowances thus made in favor of the branch lines of the Union Pacific there were contributed by the lines east of the Missouri River and west of Ogden and Huntington the following sums:

July, 1886	$49,138.71
August, 1886	36,722.00
January, 1887	18,445.51
February, 1887	34,360.00
	138,666.72
Balance contributed by the Union Pacific	3,064.10

Amounts contributed to the Union Pacific by the lines east of the Missouri River and west of Ogden and Huntington in addition to the amounts contributed by those lines to the branch lines of the Union Pacific:

July, 1886	$78,460.29
August, 1886	64,697.00
January, 1887	31,080.61
February, 1887	62,403.55
	236,636.75
Balance in favor of the Union Pacific	233,572.57

If $233,572.57 equals 31.2905 per cent., the total for the year would amount to $746,464.80.

PAYMENTS ON ACCOUNT OF COAL LANDS.

I also present a statement of payments made at Omaha on account of coal lands.

The statement is as follows:

Statement of payments made at Omaha on account of coal lands and charged to "Coal lands," Union Division.

Date.	Voucher.	To whom paid.	Amount.	Total.
1875.				
June 30	32213	O. F. Davis for 320 acres land at Almy: NW. ¼ S. 32, T. 16, R. 120, 160 acres, deed, 248 ... SW. ¼ S. 32, T. 16, R. 120, 160 acres, deed, 247 ...	$6,400.00	
Dec. 30	34496	John D. Selleck, for 160 acres land at Evanston: W. ½ NW. ¼ and W. ½ SW. ¼ S. 20, T. 16, R. 120, deed No. 248	3,200.00	
1877.				$9,600.00
Aug. —	48195	William Hinton, for coal lands at Evanston: N. ½ of NW. ¼ and NW. ¼ of NE. ¼ S. 8, T. 15, R. 120, 120 acres, deed No. 251	2,000.00	
	48196	Michael Quealy, for coal lands at Rock Springs: N. ½ of NW. ¼ and NW. ¼ of NE. ¼ S. 8, T. 15, R. 120, 120 acres, deed No. 249	1,000.00	
1881.				3,000.00
Mar. —	14068	John and James Bell and others, for coal lands in Uinta County, Wyoming Territory	500.00	
Oct. 17	Cash.	J. H. Johnson, account coal lands	1,000.00	
Oct. 24	Cash.	J. A. Edson, account coal lands	125.00	
Nov. 30	21382	J. H. Johnson, account coal lands	300.00	
Dec. 30	22950	J. H. Johnson, account coal lands in Wyoming Territory	400.00	
1882.				2,325.00
Apr. 29	Cash.	To James Teasdel, for payments on the following described lands for Uinta County, Wyoming Territory, viz: NE. ¼ S. 17, T. 21, R. 116 west, deed 4001 ... $3,200.00 SW. ¼ S. 17, T. 21, R. 116 west, deed ... 3,200.00 NW. ¼ S. 17, T. 21, R. 116 west, deed 4004 ... 3,200.00 SE. ¼ S. 8, T. 21, R. 110 west, deed 4002 ... 3,200.00 SW. ¼ S. 8, T. 21, R. 116 west, deed ... 3,200.00 SE. ¼ S. 7, T. 21, R. 116 west, deed ... 3,200.00 NE. ¼ S. 18, T. 21, R. 116 west, deed ... 3,200.00	22,400.00	
June 30	Cash.	To E. S. Crocker, for payment on lands, viz: E. ½ SE. ¼ S. 6, T. 21, R. 116 W.; W. ½ SW. ¼ S. 5, T. 21, R. 116 W., deed No. — ... $3,200.00 W. ½ SE. ¼ S. 5, T. 21, R. 116 W.; E. ½ SW. ¼ S. 5, T. 21, R. 116 W., deed No. 4003 ... 3,200.00	6,400.00	
		(Uinta County, Wyoming.)		
July 31	28614	To J. H. Johnson, amounts paid him July 23 and August 3, account coal lands Oregon Short Line	200.00	
Aug. 31	.....	For amounts paid from March 31, 1881, to April 30, 1882, in retaining possession of coal lands on Twin Creek	15,075.59	

Statement of payments made at Omaha on account of coal lands, &c.—Continued.

Date.	Voucher.	To whom paid.	Amount.	Total.
1883.				
Sept. 20	.....	To amounts paid the following persons for coal lands on Oregon Short Line:		
	20008	Jessie Bell, SE. ¼, 7, 21, 116	$2,375.00	
	20009	John Bell, SE. ¼, 8, 21, 116, 4003	2,375.00	
	20010	Job A. Edson, SW. ¼, 17, 21, 116	1,675.00	
			96,425.00	
Oct. 31	31403	To amount paid United States Government for 40 acres land on Grass Creek	800.00	
	31404	To amount paid W. B. Deddridge for expenses of above purchase	1.50	
Nov. 21	31915	To J. H. Johnson, amount paid him for procuring title to lands on Twin Creek	102.00	
Dec. 21	32032	To J. H. Johnson, amount paid him account coal lands	200.00	
1884.				$22,510.00
Feb. —	32938	D. O. Clark, for E. ½ of NE. ¼ S. 8, T. 15, R. 12 W.; SW. ¼ of NE. ¼ S. 8, T. 15, R. 12 W. For cash to make final payment on 120 acres coal land at Almy	2,400.00	
Mar. —	35147	Thomas A. Clark, for W. ½ of SE. ¼ and E. ½ of SW. ¼ S. 5, T. 21, R. 116 west, in Uinta County, Wyoming Territory. Warranty deed No. 4003 to Oregon Short Line	750.00	
Apr. —	35482	To J. H. Johnson, for advance on coal lands, October 13, 1883	500.00	
Aug. —	38406	To T. M. Foote, amount paid for recording patent favor C. D. Clark for coal lands	1.70	
Nov. —	40805	To Samuel Wood, attorney for S. R. Maxwell: For NE. ¼ of SE. ¼ S. 28, T. 2, R. 7 west; N. ½ of NE. ¼ S. 28, T. 2, R. 7 west; SE. ¼ of NE. ¼ S. 28, T. 22, R. 7 west (in Gallatin County, Montana, deed No. 351)	22,700.00	
	41560	To Samuel Wood, attorney, account first payment on above land	500.00	
	41475	J. H. Johnson, expenses, Omaha	135.00	
	41921	do	63.00	
	40813	To D. O. Clark, for cash advanced to make payment for coal lands on Medicine Lodge Creek, Montana, known as the Rock Cliff claim, as follows: H. J. Sweet, ¼; Edward F. Ferris, ¼; Frank Hylucross, ¼; James L. Cochrane, ¼; Alvin M. Baldwin, ¼ of 320 acres	5,000.00	
	41860	To D. O. Clark, for cash advanced to make payment for 960 shares of Bozeman Coal Company stock, as per agreement with: C. W. Hoffman, F. D. Pease, Frank Esler, D. F. Sherman, and C. H. Cobb, at $50 a share, authorized by Dillon & Ames by telegram to S. H. H. Clark, January 3, 1884	48,000.00	
1885.				80,048.70
Jan. —	42545	To D. O. Clark, for amount paid to Lena Ornstein for 640 acres of coal land on Medicine Lodge Creek, Idaho Territory	4,500.00	
May —	45827	To N. F. Spencer, for cash paid for filing 10 coal claims in North Park, at $3 each	30.00	
June —	45130	To William Leach for NW. ¼ S. 17, T. 21, R. 116, coal land number 8, in Uinta County, Wyoming Territory, quit-claim deed to Oregon Short Line Railway Company, No. 4004	2,375.00	
	45871	Recording patent to Mr. Leach	1.50	
		Note for $500 was paid in April, 1881, V. R. 14062, as part payment on section 17221, R. 116, and ¼ of the section has now been paid for in full.		
Nov. —	49021	To John Stone, recorder of Uinta County for recording United States patent ..... $1.50 Recording quit claim deed 1.35	2.85	
Dec. —	.....	Edward R. French, for proportion of salary for examining titles in Wyoming	25.00	
	48956	Edward R. French, expenses	19.50	
Dec. —	48959	To E. S. Crocker, recorder United States land office, Evanston, Wyo. Ter., for amounts paid the United States for following cash entries for coal lands, 960 acres:	6,963.85	147,484.70
		No. 14, R. H. Brown, SE. ¼ S. 26, T. 19, R. 105, deed 10006 ..... $2,200.00		
		No. 15, J. P. Bay, NE. ¼ S. 26, T. 19, R. 105, deed 10008 ..... 2,200.00		
		No. 16, Thomas H. Daily, SW. ¼ S. 26, T. 19, R. 105, deed 10007 ..... 2,200.00		
		No. 17, B. C. Smith, NW. ¼ S. 26, T. 19, R. 105, deed 10005 ..... 2,200.00		
		No. 18, Fred A. Gordon, NE. ¼ S. 22, T. 19, R. 105, deed 10011 ..... 2,200.00		
		No. 19, A. M. Collett, SE. ¼ S. 22, T. 19, R. 105, deed 10010 ..... 2,200.00		
			13,200.00	

Statement of payments made at Omaha on account of coal lands, &c.—Continued.

Date.	Voucher.	To whom whom paid.	Amount.	Total.
1894.				
Dec. —	42650	Fees paid for relinquishments of pre-emption entry	$6.00	
	42286	To Lambert Weiss, for 120 acres near Bozeman, as follows: E. ½ NW. ¼ S. 29, 2, 7, 80 acres; SW. ¼ of NE. ¼, 28, 27, 40 acres; In Gallatin County, Montana, 40 acres being coal lands, deed No. 552	1,342.00	
	42656	To Beckwith Quinn & Co., amount paid through C. D. Clark for coal entries as follows: J. M. Teasdel, SW. ¼ S. 24, 19, 105, deed 10009 $3,200.00; W. W. Funk, SE. ¼ S. 24, 19, 105, deed 10000 3,200.00	6,400.00	$33,891.85
		Sweetwater County, Wyoming Territory.		
1895.				
Feb. —	50768	To J. M. Teasdel, for expenses in procuring title to SW. ¼ S. 24. 19, 105, in Sweetwater County, Wyoming Territory	5.00	
	50069	To Walter S. Hurlburt, receiver of United States land office, Cheyenne, for amount paid to United States for coal entries, as follows: No. 10, J. J. Huston, SE. ¼ 26, 22, 80, 160 acres, deed 10040 $3,200.00; No. 11, Samuel G. Atkins, NE. ¼ 26, 22, 80, 160 acres, deed 10041 3,200.00; No. 12, J. Groves, SW. ¼, 26, 22, 80, 160 acres, deed 10042 3,200.00	9,600.00	
		Expenses C. D. Clark and L. R. Meyer, in Carbon County, Wyoming	15.00	
Mar. —	51677	E. S. Crocker, recorder United States land office, Evanston, Wyo. Ter., amount paid him for following coal land entries: James B. Barnacle, NW. ¼ S. 34, 19, 105, W., acres 160, deed 10004 $3,200.00; Samuel H. Grace, NE. ¼ S. 34, 19, 105, W., acres 160, deed 10003 3,200.00; Charles Copley, SE. ¼ S. 4, 18, 105, W., acres 160, deed 10014 3,200.00; James H. Standener, SW. ¼ S. 34, 19, 105, W., acres 160, deed 10001 3,200.00; Otto Gugler, SW. ¼ S. 4, 18, 105, W., acres 160, deed 10013 3,200.00; Charles Morley, SE. ¼ S. 34, 19, 105, W., acres 160, deed 10002 3,200.00; William J. Knox, SE. ¼ S. 4, 18, 105, W., acres 157.32, deed 10015 3,156.40; Charles S. Hoxie, S. ½ of NW. ¼ and lots 3 and 4, S. 4, 18, 105.32, ¼ 105, deed 10012 3,106.60	25,463.00	
			35,083.00	131,396.44
		Located in Sweetwater County, Wyoming Territory.		
Mar. —	52622	To A. J. Poppleton, for procuring execution of deeds to coal lands	4.00	
Apr. —	51566	To C. D. Clark, for services in obtaining patent to E. ½ SE. ¼ sec. 6 and W. ½ SW. ¼ sec. 8, 21, 116 in Uinta County, Wyoming, per contract with J. H. Johnson	250.00	
	51990	To James Stephenson, for carriage hire by J. L. Shrapshire, chief clerk in general attorney's office, collecting deeds to coal lands	4.00	
June —	51986	W. Cooper, for services in rendering deed from L. Weiss	2.25	
1896.				26,142.75
July —	64821	To Samuel H. Word, for amount of expenses account of the purchase of coal lands from Maxey, near Bozeman, Mont	8.75	
Aug. —	65630	To T. S. McMurray, amount paid by him for certified plat Medicine Lodge coal fields	2.50	
	65632	To T. S. McMurray, expenses investigating titles coal lands	23.50	
Sept. —	66155	C. F. Needham, amount paid him for fees, &c	4.50	
Dec. —	71206	Taxes on coal lands in Sweetwater County, Wyoming, for year 1896	827.95	
Dec. —	71208	Taxes on coal lands in Carbon County, Wyoming, for year 1896	17.43	
				889.63
1897.				
Apr. —	74526	To W. K. Mendenhall, for services in procuring patents on Evanston coal land entries Nos. 14, 15, 16, 17, 18, 19, 20, and 21, at $10 $80.00; Cheyenne entries No. 10, 11, and 12, at $10 30.00	110.00	138.43
				217,788.55

Union Pacific Railway Company.—Statement of amounts expended on account of Boulder Valley coal property.

Date.	Voucher.	To whom paid.	Amount.	Total.
1882. Mar. 31	25128	To R. R. McCormick, for last payment on purchase of Boulder Valley coal property from the Saint Louis and Denver Mining Company	$40,000.00	
June 19	27421	Cash. D. O. Clark, amount paid him on account of disbursements upon Boulder Valley coal mine in April and May, 1882, on account of material, &c	463.10	
Dec. 31	32648	For amount of taxes on Boulder Valley coal property for year 1884, located in Weld County, California	698.42	
		Total debits		$41,161.52
		Credits.		
1882. June 30	.....	By payment on lots 8 and 9, B. 32, in western addition to Erie, Colo., sold to Mr. Francis	30.00	
May 31	.....	By sale of lots in Erie, Colo	115.00	
July 13	.....	By part payment on two lots in Erie, Colo., sold to W. R. Howell	22.02	
July 31	.....	By balance of amount due on lot 26, B. 6, Erie, Colo	18.00	
Aug. 8	.....	By Thomas McAfee, part payment on lots 30 and 31, B. 20; also on lots 11, 12, and 13, B. 19, Erie, Colo	48.98	
Aug. 24	.....	By John Lambert, amount received on account of lot 27, B. 13, Erie	10.00	
		Total credits		244.00
		Balance		40,917.52

Union Pacific Railway Company.—Statement of account, Boulder Valley Coal Company.

Date.	Voucher.	To whom paid.	Amount.	Total.
1882. May 23	26497	Cash to balance against the Boulder Valley Coal Company; amount advanced by the City National Bank to Superintendent McDowell for improvements after property was purchased—		
		Amount advanced	$5,000.00	
		Interest	908.10	
			$5,908.10	$5,908.10

Union Pacific Railway Company.—Statement of amounts expended at Omaha for coal lands Colorado Division.

Date.	Voucher.	To whom paid.	Amount.	Total.
1881. July 31	17618	To Adolph Waeneke amount paid him for the SE. ¼ of the SE. ¼ of S. 8, and the E. ½ of the NE. ¼ S. 5, T. 17, and the W. ½ of the NW. ¼ of the NW. ¼ S. 6, T. 1, R. 69 W. in Boulder County, Colorado	$8,750.00	$8,750.00

Union Pacific Railway Company.—Statement of account of South Park Coal Company.

Date.	Voucher.	To whom paid.	Amount.	Total.
1882. Dec. 31	32547	To Spencer F. Maltby, amount paid him for coal lands as follows: W. ½ of the SW. ¼, NE. ¼ of the SW. ¼, SE. ¼ of the NW. ¼ of section 35, T. 8, R. 76 W	$400.00	$400.00

EXPENDITURES FOR CONSTRUCTION OF NEW LINES.

I also present a statement of expenditures for construction of new lines as shown by the books in the auditor's office at Omaha, from January 1, 1877, to December 31, 1886.

The statement is as follows:

THE UNION PACIFIC RAILWAY COMPANY.

Statement of expenditures for construction of new lines during the years 1877, 1878, 1879, 1880, 1881, 1882, 1883, 1884, 1885, and 1886, as shown by the books in the auditor's office at Omaha.

Name of new line or extension.	1877.	1878.	1879.	1880.
Omaha and Republican Valley R. R.	$535,343.96	$126,389.03	$291,613.78	$695,649.23
Omaha, Niobrara and Black Hills R. R.			441,555.66	416,814.09
Hastings and Grand Island R. R.			231,494.16	5,233.43
Marysville and Blue Valley R. R.			198,543.78	176,736.81
Manhattan, Alma and Burlingame Rwy.				128,462.96
Atchison, Saint Joseph and Methesay Rwy.				800.00
Lawrence and Emporia Rwy.				66,491.62
Kansas Central Rwy.				71,562.98
Junction City and Fort Kearney Rwy.				13,627.47
Solomon R. R.				5,231.14
Salina and Southwestern Rwy.				21,510.46
Colorado Central R. R.				1,572.16
Colorado Central R. R., Julesburgh Branch	399,284.41	56,274.60		744,341.60
Wyoming, Montana and Pacific Rwy.				13,727.15
Utah and Northern Rwy.		300,834.25	775,855.83	704,059.44
Utah Southern R. R.			531,609.73	259,908.19
Echo and Park City Rwy.				399,736.39
Total	934,528.37	582,497.88	2,470,612.96	3,809,232.60

Name of new line or extension.	1881.	1882.	1883.	1884.
Omaha and Republican Valley R. R.	$105,908.43	$280,423.23	$329,449.10	$59,276.04
Omaha, Niobrara and Black Hills R. R.	69,805.96	5,859.64	172,940.44	136,254.79
Hastings and Grand Island R. R.	91.25	200.00		
Marysville and Blue Valley R. R.	1,786.40	3,205.02		
Manhattan and Blue Valley R. R.	13,902.60	39,483.41	60,996.11	12,984.63
Lawrence and Emporia Rwy.	141.53			
Kansas Central R. R.	184,202.15	73,096.24	14,683.02	10,666.69
Junction City and Fort Kearney Rwy.		819.20		106,816.39
Salina and Southwestern Rwy.		25,340.77		4,959.61
Salina, Lincoln and Western Rwy.	1,922.63	8,251.36		
Colorado Central R. R., Julesburgh Branch	1,668,984.82	78,522.67		
Denver, South Park and Pacific R. R.	1,828,789.79	616,434.66	985,358.99	443,247.13
Greeley, Salt Lake and Pacific Rwy.	591,105.34	773,379.04	85,728.47	16,071.96
Georgetown, Breckinridge and Leadville Rwy.	10,382.49	234,428.47	153,356.84	22,981.43
Denver, Marshall and Boulder Rwy.	44,487.50	171,656.12	12,195.65	
Denver and Middle Park R. R.				33,194.79
Rawlin's Branch	5,661.04	1,673.70		121.66
Laramie, North Park and Pacific Rwy.	22,436.04	28,581.75	2,725.38	588.71
Wyoming, Montana and Pacific Rwy.		24,263.68	28,229.57	3,459.66
Montana Railway		51.30	23,108.60	151,962.04
Utah and Northern Rwy.	772,197.85	709,093.49	1,259.92	122,215.33
Oregon Short Line Rwy.	1,732,142.53	5,781,987.37	5,867,927.96	818,257.04
Echo and Park City Rwy.	98,872.66	12,263.16		291.30
Salt Lake and Western Rwy.	457,922.46	296,259.01	66,392.96	3,187.66
Total	7,971,231.66	9,365,261.91	7,981,893.26	1,982,423.62

Statement of expenditures for construction of new lines, &c.—Continued.

Name of new line or extension.	1885.	1886.	Total.
Omaha and Republican Valley R. R.	$180, 897. 12	$629, 681. 56	$8, 430, 982. 68
Omaha, Niobrara and Black Hills R. R.	19, 971. 56	22, 027. 61	1, 275, 006. 31
Hastings and Grand Island R. R.			236, 457. 84
Omaha and Elkhorn Valley Rwy.		27, 226. 88	27, 226. 88
Marysville and Blue Valley R. R.			370, 749. 21
Manhattan and Blue Valley R. R.	8, 165. 49	574. 052. 95	716, 195. 49
Manhattan, Alma and Burlingame Rwy.			129, 491. 98
Atchison, Saint Joseph and Methenay Rwy.			500. 00
Lawrence and Emporia Rwy.			66, 639. 14
Kansas Central R. R.	5, 373. 96		333, 661. 23
Junction City and Fort Kearney Rwy.	85, 604. 38	10. 38	296, 931. 82
Solomon Railroad			5, 331. 14
Salina and Southwestern Rwy.		985. 07	43, 177. 69
Salina, Lincoln and Western Rwy.	20, 632. 00	446, 545. 31	477, 358. 30
Topeka, Frankfort and Marysville Rwy.		4, 160. 97	4, 160. 97
Oakley and Colby Rwy.		57, 125. 17	57, 125. 17
Colorado Central R. R.			457, 432 17
Colorado Central R. R., Julesburgh Branch.			2, 509, 850. 17
Denver, South Park and Pacific R. R.	173. 04	36. 10	3, 851, 788. 88
Greeley, Salt Lake and Pacific Rwy.	7, 223. 21	28, 372. 26	1, 466, 346. 43
Georgetown, Breckenridge and Leadville Rwy.	5, 105. 37	393. 00	432, 587. 00
Denver, Marshall and Boulder Rwy.	113, 124. 75	100, 415. 36	450, 879. 28
Denver and Middle Park R. R.	4, 700. 70		32, 988. 00
Cheyenne and Northern Rwy.		880, 849. 11	880, 849. 11
Rawlins Branch			4, 633. 71
Laramie, North Park and Pacific Rwy.	2, 171. 52		66, 478. 43
Wyoming, Montana and Pacific Rwy.	5, 362. 85	2, 850. 66	77, 172. 97
Union Pacific and Western Colorado Rwy.		98, 455. 55	98, 455. 55
Union Pacific and Western Colorado Rwy. in Wyoming		74, 992. 60	74, 992. 60
Montana Railway	76, 976. 53	231, 223. 16	482, 722. 01
Utah and Northern Rwy.	30, 854. 36	143, 305. 09	3, 379, 405. 58
Oregon Short Line Rwy.	53, 844. 62	98, 223. 80	14, 343, 143. 32
Utah Southern R. R.			800, 978. 92
Echo and Park City Rwy.			471, 801. 70
Salt Lake and Western Rwy.			917, 290. 75
Total	625, 940. 39	3, 152, 452. 51	38, 286, 073. 04

Statement of miscellaneous earnings of the Union Pacific system from 1880 to 1886, inclusive.

Source.	1880.	1881.	1882.	1883.	1884.	1885.	1886.
Extra baggage	$84, 812. 21	$122, 213. 50	$118, 448. 57	$101, 773. 52			
Switching	14, 542. 80	23, 678. 25	30, 512. 49	48, 766. 86	$74, 786. 10	$126, 538. 50	$66, 895. 52
Telegraph receipts	42, 005. 38	44, 975. 47	48, 647. 54	63, 388. 46	54, 723. 49	34, 330. 76	20, 216. 95
Privileges on trains	11, 925. 82	14, 174. 91	14, 799. 89	14, 524. 96	14, 875. 01	15, 260. 71	16, 715. 16
Rent of Council Bluffs depot	22, 000. 00	21, 325. 00	23, 666. 70	26, 400. 11	26, 360. 03	26, 400. 00	26, 400. 00
Station service	3, 373. 10	4, 403. 00	10, 132. 97	414. 83			
Interest and exchange	599. 84	8, 109. 25	22, 450. 96	8, 213. 73	10, 284. 70	8, 285. 42	5, 154. 66
Track rental	51, 122. 05	64, 718. 35	138, 527. 73	127, 301. 00	360, 989. 59	112, 916. 51	154, 949. 94
Bridge rental			700. 00	875. 00	2, 400. 00	2, 400. 00	2, 875. 00
Sale of material at Topeka mill			24, 214. 07				
Profit on car department material			17, 229. 84				
Profit and loss on material	101, 330. 54	228, 812. 27	162, 892. 04	*168, 235. 57			
Profit and loss on Laramie rolling-mill		59, 950. 31	29, 431. 97	64, 220. 29		*10, 000. 00	
Profit and loss in mining and selling coal	*5, 978. 24	*59, 045. 07	*23, 402. 65	179, 322. 44	198, 592. 13		
Profit and loss on fuel			5, 142. 07	*12, 611. 55			
Boulder Valley and Central City wagon road				1, 945. 75	158. 15	1, 221. 73	752. 74
Loss on Dodge County bridge				*13, 072. 21			
Sale of sand, slag, cinders, &c.				39. 00	687. 80	918. 77	626. 00
Under charge on coal used by engines purchased of outside parties, account of strikes						*22, 273. 54	
Station service	30, 022. 01	28, 970. 70	49, 029. 77	101, 873. 53	66, 200. 73	67, 706. 93	61, 492. 25
Other items	763. 13	32, 050. 86	2, 621. 16	5, 218. 63	5, 530. 66	3, 676. 30	3, 192. 61
Total	346, 518. 14	591, 330. 80	673, 454. 62	903, 063. 90	734, 538. 34	827, 279. 29	354, 918. 93

*Debits.

Statement showing the "pool" and "non-pool" passenger earnings of the Union Pacific system, February 1, 1880, to January 1, 1887.

Years.	Earnings covered by pools.	Earnings not covered by pools.	Total.
1880	$234, 277. 43	$6, 681, 948. 26	$6, 916, 225. 69
1881	1, 929, 568. 40	4, 452, 289. 30	6, 372, 852. 69
1882	2, 725, 395. 77	4, 103, 124. 93	6, 828, 520. 70
1883	1, 030, 045. 11	5, 277, 452. 55	6, 307, 497. 66
1884	617, 854. 36	5, 453, 222. 59	6, 070, 076. 95
1885	2, 028, 042. 86	3, 727, 398. 82	5, 755, 441. 68
1886	1, 161, 247. 41	4, 934, 969. 05	6, 096, 227. 36
Total	9, 717, 272. 34	33, 969, 526. 30	43, 687, 798. 64

Statement of passenger earnings in the various pools, by years, from February 1, 1880, to December 31, 1886, inclusive.

Pools.	1880.	1881.	1882.	1883.
Transcontinental	.....	$1, 363, 884. 43	$1, 540, 833. 31	$434, 392. 74
Montana	.....	.....	.....	30, 653. 24
Virginia City	.....	.....	.....	3, 726. 93
Western Colorado	.....	.....	26, 925. 17	155, 179. 95
Colorado Railway Association	$233, 910. 50	549, 085. 50	1, 152, 131. 55	340, 729. 87
McPherson	376. 93	2, 619. 44	5, 505, 74	6, 977. 36

Pools.	1884.	1885.	1886.	Total.
Transcontinental	$342, 909. 35	$940, 989. 21	.....	$4, 577, 409. 07
Montana	175, 228. 76	189, 968. 86	$184, 585. 96	568, 231. 62
Virginia City	(*)	(*)	(*)	3, 726. 93
Utah traffic	.....	107, 496. 02	96, 110. 20	203, 606. 22
Utah and Colorado common points	.....	21, 284. 96	19, 639. 50	40, 924. 45
Western Colorado	95, 139. 46	42, 705. 03	99, 965. 00	419, 914. 61
Colorado Railway Association	92, 194. 54	457, 632. 78	486, 966. 05	3, 312, 450. 79
McPherson	1, 589. 49	.....	.....	17, 068. 98
Oregon	11, 222. 76	268, 575. 00	273, 980. 71	553, 778. 47
Grand total	.....	.....	.....	$9, 717, 272. 34

*Included in the Montana pools.

"POOL" AND "NON-POOL" FREIGHT EARNINGS.

I also present a statement showing the "pool" and "non-pool" freight earnings of the Union Pacific system, February 1, 1880, to December 31, 1886.

The statement is as follows:

Statement showing the "pool and "non-pool" freight earnings of the system from February 1, 1880, to December 31, 1886.

Years.	Earnings covered by pools.	Earnings not covered by pools.	Total.
1880 (11 months only)	$2, 258, 906. 19	$14, 248, 074. 37	$16, 506, 980. 56
1881	2, 295, 457. 64	18, 627, 733. 70	20, 923, 191. 34
1882	4, 082, 922. 78	15, 965, 857. 63	20, 048, 780. 41
1883	2, 498, 264. 70	17, 446, 174. 17	19, 944, 438. 87
1884	3, 068, 538. 33	14, 024, 398. 51	17, 092, 937. 39
1885	5, 512, 991. 56	12, 491, 255. 49	18, 004, 247. 05
1886	4, 001, 950. 07	14, 586, 794. 39	18, 588, 744. 46
Total	23, 716, 941. 32	107, 390, 288. 26	131, 107, 230. 08

Statement of freight earnings in the various pools, by years, from February 1, 1880, to December 31, 1886, inclusive.

Pools.	1880.	1881.	1882.	1883.
New Orleans Pacific			$66.72	
Kearney pool	$14,353.71	$19,751.10	48,988.67	
McPherson pool	12,017.62	14,526.67	49,876.49	$1,831.22
Lawrence pool	5,364.37			
Atchison and Santa Fé cattle pool	1,292.50			
Topeka pool	10,095.61			
Nebraska pool				
Carbondale pool	427.49	679.48		
Virginia City pool				8,397.77
Pacific Freight pool			1,829,276.23	450,609.17
Fremont pool				

Pools.	1884.	1885.	1886.	Total.
New Orleans Pacific				$66.72
Kearney pool				83,073.48
McPherson pool				70,252.00
Lawrence pool				5,364.37
Atchison and Santa Fé cattle pool				1,292.50
Topeka pool				10,095.61
Nebraska pool	$47,343.29	$586,916.31	*$471,293.88	1,105,553.48
Carbondale pool				1,106.97
Virginia City pool	7,335.46	8,604.77	10,131.72	34,469.72
Pacific Freight pool				2,280,065.40
Fremont pool			19,469.98	19,469.98

*Includes first nine months of 1886 only.

Pools.	1880.	1881.	1882.	1883.
Colorado Railway Association	$2,[illegible]819.92	$2,220,515.72	$1,536,319.60	$731,935.78
Oregon pool				
Transcontinental pool				
Chicago, Burlington, Missouri Pacific pool	15,499.70	19,021.72	31,781.12	66,489.79
Burlington and Missouri cattle pool	78.75	105.00	26.25	
Burkit pool				
Western Colorado pool	47,559.39	20,878.45	98,565.65	637,621.96
Utah Tariff Association			497,022.05	402,189.76
Helena and Butte				205,068.25
Morton Company pool	297.13			
Colorado and Utah common points				
Total	2,256,806.19	2,295,437.64	4,082,922.78	2,498,284.79

Pools.	1884.	1885.	1886.	Total.
Colorado Railway Association	$278,404.68	$1,165,905.49	$1,268,085.96	$9,350,077.15
Oregon pool	628.18	221,933.07	206,855.87	429,417.12
Transcontinental pool	289,497.46	1,534,583.15		1,824,080.61
Chicago, Burlington, Missouri Pacific pool				128,791.83
Burlington and Missouri cattle pool				210.00
Burkit pool			4,941.76	4,941.76
Western Colorado pool	563,485.04	484,558.74	494,910.45	2,347,579.68
Utah Tariff Association	816,239.05	451,268.06	712,758.15	2,879,492.97
Helena and Butte	992,461.08	977,117.17	770,644.58	2,945,292.08
Morton Company pool				297.13
Colorado and Utah common points	73,123.74	81,084.80	42,863.72	197,961.26
Total	3,068,528.88	5,512,991.56	4,001,950.07	23,716,941.82

PASSENGER POOL BALANCES.

I also present a statement of passenger pool balances, by years, from February 1, 1880, to December 31, 1886, for the Union Pacific system. The statement is as follows:

Statement of passenger pool balances, by years, from February 1, 1880, to December 31, 1886, inclusive.

Years.	Transcontinental.		Northern lines' subsidy.		Montana.		Virginia City.	Utah traffic.
	Balance due from.	Balance due to.	Balance due from.	Balance due to.	Balance due from.	Balance due to.	Balance due from.	Balance due from.
1880								
1881	$232,765.07							
1882	166,890.46							
1883	12,425.29		$5,948.63			$7,328.17	$*1,863.46	
1884	46,732.68		49,872.79			17,529.54		
1885		$20,566.65		$7,745.81	$20,358.70			$6,000.32
1886						30,328.79		5,782.15
Total	458,822.50	20,566.65	55,371.42	7,745.81	20,358.70	55,397.50	1,863.46	12,062.47

*Included in the Montana pool.

Years.	Utah and Colorado common points.	Western Colorado.		Colorado Railway Association.		McPherson.	Oregon.
	Balance due to.	Balance due from.	Balance due to.	Balance due from.	Balance due to.	Balance due to.	Balance due to.
1880					$4,249.95	$113.07	
1881					36,059.14	35.13	
1882		$175.66			64,945.52	1,280.56	
1883		1,312.20		$9,557.49		1,035.02	
1884			$7,095.41		13,431.44	413.41	$665.16
1885	$3,822.83		29,467.95	53,541.59			34,278.23
1886	4,127.77	2,059.27		45,305.75			217.07
Total.	7,950.60	3,547.13	36,563.36	108,404.83	118,680.05	2,877.19	35,160.45

RECAPITULATION.

Balances paid by Union Pacific system:		
Transcontinental		$458,822.50
Northern lines' subsidy		47,625.61
Virginia City		1,863.46
Utah traffic		12,062.47
		520,436.04
Balances received by Union Pacific system:		
Montana	$35,038.80	
Utah and Colorado common	7,950.60	
Western Colorado	33,016.23	
Colorado Railway Association	9,675.22	
McPherson	2,877.19	
Oregon	35,101.45	
		123,659.49
Net balance paid by Union Pacific system		376,776.55

FREIGHT POOL BALANCES.

I also present a statement of freight pool balances from February 1, 1880, to December 31, 1886, for the Union Pacific system. The statement is as follows:

Statement of freight pool balances of the Union Pacific system from February 1, 1880, to December 31, 1886.

Year.	Leadville pool.	New Orleans Pacific pool.	Kearney pool.	McPherson pool.	Lawrence pool.	Atchison, Topeka and Santa Fé cattle pool.	Topeka pool.
	Balance due to.	Balance due to.	Balance due to.	Balance due to.	Balance due from.	Balance due to.	Balance due to.
1880	$93,281.03		$1,683.01	$5,290.36	$9.76	$342.50	$4,429.90
1881	97,636.57		2,223.16	7,516.50			
1882		$1,038.65	176.40	6,231.09			
1883				5,376.91			
1884							
1885							
1886							
Total	190,907.60	1,038.65	4,091.57	25,515.45	9.76	342.50	4,429.90

Year.	Nebraska pool.	Carbondale pool.	Western Colorado pool.		Northern lines subsidy.		Pacific freight pool.
	Balance due from.	Balance due to.	Balance due from.	Balance due to.	Balance due from.	Balance due to.	Balance due from.
1880		$1,817.53					
1881		2,422.25					
1882				$14,349.99			$423,104.18
1883				55,114.57	$4,696.84		21,804.31
1884	$13,262.55		$15,716.46		70,721.31		
1885	49,870.61			18,498.62		$20,474.41	
1886	44,247.16			3,300.16			
Total	107,380.34	4,239.78	15,716.46	89,263.34	75,418.15	20,474.41	444,908.49

Year.	Norton County pool.	Fremont pool.	Colorado pool.		Oregon pool.		Transcontinental pool.
	Balance due from.	Balance due to.	Balance due from.	Balance due to.	Balance due from.	Balance due to.	Balance due from.
1880	$143.58			$100,188.01			
1881				207,345.41			
1882				49,103.53			
1883				57,889.93			
1884				26,415.77		$6,780.39	$25,180.81
1885			$25,127.41			18,647.00	2,505.54
1886		$1,366.99		84,665.33	$3,028.99		
Total	143.58	1,366.99	25,127.41	505,608.98	3,028.99	25,427.39	27,686.35

Statement of freight pool balances of the Union Pacific system, &c.—Continued.

Year.	Central Branch Union Pacific pool.		Norfolk pool.	Burlington and Missouri cattle pool.		Virginia City pool.
	Balance due from.	Balance due to.	Balance due from.	Balance due from.	Balance due to.	Balance due from.
1880		$16,254.01			$748.13	
1881		5,689.33			1,955.64	
1882	$927.67			$13.13		
1883	4,773.56					*$6,212.67
1884						*1,082.91
1885						
1886			81,473.63			*1,262.71
Total	5,701.43	22,253.34	1,473.63	13.13	2,703.77	11,212.71

Year.	Helena and Butte pool.		Colorado hay and grain pool.	Utah pool.		Colorado-Utah common points.	
	Balance due from.	Balance due to.	Balance due from.	Balance due from.	Balance due to.	Balance due from.	Balance due to.
1880							
1881							
1882				$7,865.70			
1883	$60,712.24			7,269.84			
1884	226,576.25			24,470.27			$18,341.19
1885	231,661.42		$6.97		$54,698.54		5,780.71
1886		$207,825.56	78.46	29,795.65		$2,528.71	
Total	658,247.91	207,825.56	84.53	69,305.81	93,824.59	2,528.71	22,144.19

*Included in Helena and Butte.

RECAPITULATION.

Balances paid by Union Pacific system:		
Lawrence		$8.73
Nebraska		197,389.91
Northern Ruse subsidy		54,913.73
Pacific freight		444,985.49
Norton County		143.53
Transcontinental		27,695.35
Norfolk		1,473.63
Virginia City		11,212.71
Helena and Butte		450,721.45
Colorado hay and grain		84.53
		1,088,549.53
Balances received by Union Pacific system:		
Leadville	$100,907.60	
New Orleans Pacific	1,038.65	
Kearney	4,091.57	
McPherson	25,515.45	
Atchison, Topeka and Santa Fé cattle	542.50	
Topeka	4,429.00	
Carbondale	4,239.78	
Western Colorado	73,546.82	
Fremont	1,366.99	
Colorado	480,481.52	
Oregon	22,366.40	
Central Branch Union Pacific	16,551.91	
Burlington and Missouri cattle	2,690.64	
Utah	53,678.78	
Colorado-Utah common points	19,615.39	
		811,066.96
Net amount paid by Union Pacific system		287,673.63

PAYMENT TO INDIVIDUALS AND COMPANIES ON PASSENGER TRAFFIC.

I also present statements of payments made to individuals and companies January 1, 1868, to December 31, 1886, on account of passenger traffic:

The Union Pacific Railroad.—Statement of payments made to individuals and companies, and foreign railroad companies, from January 1, 1868, to January 31, 1880, inclusive, on account of passenger traffic.

Years.	Individuals and companies.		Railroad companies.			Total.
	Overcharge.	Rebates.	Overcharge.	Rebates.	Pools.*	
1868	$1,194.55					$1,194.55
1869	4,662.27					4,662.27
1870	6,571.80		$2,223.09	$568.60		9,362.49
1871	25,220.53		1,001.08			26,221.41
1872	59,719.53	$301.50	†12.53			60,006.19
1873	51,007.42		148.44			51,155.86
1874	82,223.14		151.38			82,374.52
1875	110,720.70		689.61		$71,327.25	182,737.56
1876	109,414.35		185.61		66,258.05	175,858.01
1877	64,699.25	477.00	1,227.45		75,123.35	141,727.05
1878	89,527.79	2,511.00	104.30		59,287.85	151,430.64
1879	129,432.20	755.00	200.70		32,841.70	163,229.60
1880	3,600.08	126.00	57.50		9,144.90	12,928.48
Total	738,144.40	4,170.50	5,976.33	568.60	333,982.80	1,082,872.62

*Pacific Mail subsidy. †Credit.

The Union Pacific system.—Statement of payments made to individuals and companies, and foreign railroad companies, from February 1, 1880, to December 31, 1886, inclusive, on account of passenger traffic.

Years.	Individuals and companies.		Railroad companies.			Total.
	Overcharge.	Rebates.	Overcharge.	Rebates.	Pools.*	
1880	$17,333.58	$3,973.97	†$276.75		$51,373.09	$72,403.89
1881	38,906.44	7,515.99	577.84	$224.10	224,408.97	271,633.24
1882	52,874.79	591.25	150.43		154,532.90	208,155.37
1883	38,245.65	1,290.65	2,279.76		56,552.98	98,377.44
1884	30,907.81	8,421.50	1,999.96		80,686.05	122,015.32
1885	22,961.95	1,575.72	2,625.79		20,495.99	47,769.45
1886	30,580.54		3,806.12		54,558.29	88,944.95
Total	231,910.15	23,377.99	11,163.15	224.10	642,609.27	909,284.66

*Including Pacific Mail Steamship subsidy. †Credit.

PAYMENTS ON FREIGHT REBATES, OVERCHARGES, AND POOLS.

I also present statement of amounts paid on account of overcharges, rebates, and pools, April, 1867, to December 31, 1883, on account of freight traffic:

The Union Pacific system.—Statement of amounts paid on account of overcharges, rebates, and pools, in annual periods, from April, 1867, to December 31, 1883, on account of freight traffic.

Year.	Amount.	Year.	Amount.
1867		1877	$738,688.11
1868	$131,438.77	1878	807,883.57
1869	46,714.49	1879	1,191,488.63
1870	77,465.76	1880	993,881.17
1871	125,856.95	1881	1,881,765.10
1872	136,504.66	1882	2,068,382.63
1873	122,010.60	1883	1,466,767.50
1874	196,852.26		
1875	190,452.17	Total	9,469,975.66
1876	448,439.94		

I also present statement of payments for freight rebates, overcharges, and pools for 1884, 1885, and 1886:

Statement of payments for freight, rebates, overcharges, and pools, made by the Union Pacific system in 1884, 1885, and 1886.

Year.	To individuals.		To railroad companies.			Totals.
	Rebates.	Overcharges.	Rebates.	Overcharges.	Pools.	
1884	$851,444.88	$224,404.16	$95,318.19	$151,991.78	$376,390.56	$1,498,453.57
1885	500,243.27	130,703.57	94,764.74	153,842.10	362,095.74	1,241,649.42
1886	1,047,809.93	84,789.10	53,793.99	93,581.10	154,785.91	1,434,759.93
	2,500,096.08	448,896.83	243,876.93	399,274.98	923,272.21	4,515,413.13

GROSS RECEIPTS AND GROSS EARNINGS: 1867–1880.

I also present statement of the gross receipts and gross earnings of the Union Pacific Railroad Company from April, 1867, to January 31, 1880:

The Union Pacific Railroad Company.—Statement of gross receipts and gross earnings from April, 1867, to January 31, 1880, showing deductions from freight and passenger receipts on account of interchange business, rebates, overcharges, and pools.

Period.	Passenger.			Freight.		
		Deductions.			Deductions.	
	Gross receipts.	Amount paid foreign roads and companies—their proportion of interchange business.	†Rebates, overcharges and pools.	Gross receipts.	Amount paid foreign roads and companies—their proportion of interchange business.	†Rebates, overcharges, and pools.
1867, Apr. to Dec..	$290,511.64	$21,166.15	....	$902,519.47	....	....
1868.....	1,365,757.76	92,297.43	$1,194.55	2,946,364.13	$369,028.09	$121,429.77
1869.....	4,297,942.35	216,357.91	4,972.27	3,981,819.27	440,056.67	48,714.43
1870.....	4,154,256.92	329,245.83	9,36..49	3,560,976.90	452,995.95	77,465.70
1871.....	3,404,941.50	254,308.01	20,241.41	3,952,549.04	197,391.15	125,658.95
1872.....	3,675,797.49	285,477.29	60,608.19	5,455,196.17	880,185.62	126,594.98
1873.....	4,254,403.59	318,043.35	51,155.88	5,930,627.26	291,709.68	122,010.99
1874.....	4,419,131.54	362,866.47	63,374.52	6,009,623.61	235,023.32	109,853.38
1875.....	5,028,027.41	402,275.51	182,737.56	7,218,133.49	377,198.96	199,452.17
1876.....	4,850,579.31	367,118.77	175,858.01	8,128,719.86	376,156.42	448,439.94
1877.....	4,080,049.49	338,535.57	141,737.05	8,957,838.27	652,121.58	708,050.16
1878.....	3,682,923.78	341,123.43	181,430.84	9,469,892.91	699,570.90	507,836.25
1879.....	3,819,613.65	429,473.13	183,230.60	13,376,125.61	2,495,209.48	1,108,450.89
1880, January....	185,547.08	25,376.29	12,938.48	1,013,397.63	289,922.51	78,031.49
Totals.....	47,603,583.91	3,827,729.03	1,082,872.63	81,194,163.93	7,564,415.13	3,854,186.85

Period.	Passenger earnings.	Freight earnings.	Mail earnings.	Express earnings.	Miscellaneous earnings.	Total earnings.
1867, Apr. to Dec....	$350,325.49	$903,519.47	....	....	$6,717.88	$1,260,562.84
1868.....	1,305,265.78	2,456,807.37	$188,666.40	$71,557.59	43,942.77	5,067,671.81
1869.....	4,076,982.17	3,995,046.17	262,428.54	235,811.53	211,717.09	8,187,961.50
1870.....	3,818,627.69	3,058,515.19	274,513.88	231,691.76	191,929.00	7,625,277.11
1871.....	3,123,510.08	3,620,468.94	283,748.80	207,731.32	177,203.02	7,531,662.16
1872.....	3,370,312.41	4,768,419.07	283,835.00	326,333.35	133,685.70	8,892,605.53
1873.....	3,887,204.48	5,516,907.58	283,855.00	416,190.76	167,945.84	10,266,103.66
1874.....	3,952,858.55	5,664,731.33	345,758.00	381,303.77	315,238.47	10,559,680.12
1875.....	4,446,014.34	6,641,512.27	525,143.00	444,174.23	236,988.25	11,905,832.09 *
1876.....	4,307,602.53	7,304,123.50	574,138.00	502,738.42	198,255.39	12,886,858.84
1877.....	3,599,756.87	7,597,680.53	598,775.00	436,791.96	248,199.48	12,473,203.86
1878.....	3,190,369.72	8,500,955.76	598,775.00	491,145.79	342,026.81	13,131,272.58
1879.....	3,207,909.92	8,692,414.24	598,775.00	360,840.90	343,137.60	13,201,077.66
1880, January.....	147,242.81	645,443.68	49,731.25	363.32	12,580.32	855,360.83
Totals.....	42,692,962.25	69,775,506.95	4,685,595.55	4,254,674.72	2,538,551.12	123,917,370.59

* Omaha Bridge earnings included after January 1, 1878.
† Includes Pacific Mail Steamship subsidy.

GROSS RECEIPTS AND GROSS EARNINGS: 1880–1886.

I also present a statement of gross receipts and gross earnings of the Union Pacific system from February 1, 1880, to December 31, 1886:

The Union Pacific system.—Statement of gross receipts and gross earnings from February 1, 1880, to December 31, 1886, showing deductions from freight and passenger receipts on account of interchange business, rebates, overcharges, and pools.

Period.	Passenger.			Freight.		
	Gross receipts.	Deductions.		Gross receipts.	Deductions.	
		Amount paid foreign roads and companies—their proportion of joint business.	*Rebates, overcharges, and pools.		Amount paid foreign roads and companies—their proportion of joint business.	*Rebates, overcharges, and pools.
1880 (11 months)	$6,797,506.91	$787,332.22	$72,468.80	$23,225,267.29	$7,895,417.04	$224,193.29
1881	7,611,159.33	817,379.66	271,628.34	30,063,240.17	8,680,240.73	1,301,793.33
1882	8,195,128.60	977,778.02	308,155.27	30,458,971.23	7,829,827.55	2,065,193.81
1883	7,695,229.47	1,022,600.69	98,277.44	28,185,270.49	7,695,436.05	1,466,767.23
1884	7,022,661.36	846,156.69	122,015.23	26,121,196.22	7,525,660.27	1,480,158.27
1885	6,715,279.56	848,606.74	47,750.45	27,253,322.98	7,477,827.97	1,521,599.47
1886	7,548,943.87	1,003,661.56	88,944.85	25,897,176.60	5,662,731.60	1,434,709.56
Totals	51,539,427.54	6,057,612.16	909,234.60	195,023,653.22	53,224,367.21	10,131,309.76

Year.	Passenger earnings.	Freight earnings.	Mail earnings.	Express earnings.	Miscellaneous earnings.	Total earnings.
1880 (11 months)	$5,957,572.90	$16,504,860.56	$717,077.43	$802,227.92	$442,478.49	$24,424,217.30
1881	6,822,351.63	20,922,191.84	847,345.50	849,685.79	741,709.19	30,083,283.45
1882	7,012,101.61	20,629,674.98	894,709.98	915,730.39	806,063.50	30,258,280.46
1883	6,504,952.00	20,758,185.23	826,114.44	895,616.54	707,241.44	30,672,109.65
1884	6,070,906.95	17,092,927.39	852,270.80	822,603.48	817,491.81	26,657,200.43
1885	5,866,618.97	18,193,255.54	814,893.04	804,226.87	443,779.19	26,922,773.61
1886	6,606,227.26	18,588,744.46	819,508.47	861,253.43	437,068.77	26,892,797.39
Totals	43,972,130.72	132,690,010.23	5,680,058.34	5,804,022.17	4,477,722.39	182,413,654.89

*Includes Pacific Mail Steamship subsidy.

"AID" BONDS RECEIVED.

I also present a statement showing the amount of "aid" bonds received by the Union Pacific Railway Company or its branch lines up to December 31, 1886:

The Union Pacific Railway Company—Comptroller's office. Statements showing amounts of "aid" bonds received by the Union Pacific Railway Company or its branch lines to December 31, 1886.

Road or branch aided.	Name of county, township, &c., granting aid.	Amount.	Total.
Union Pacific R. R.	Schuyler Precinct, Colfax County, Nebraska.	$20,000	
Do.	Grand Island Precinct, Valley County, Nebraska.	25,000	
Omaha Bridge	Douglass County, Nebraska	250,000	
			$295,000
Kansas Pacific Rwy	Leavenworth County, Kansas		250,000
Denver Pacific Railway and Telegraph Company.	Arapahoe County, Kansas		500,000
Colorado Central R. R.	Boulder County, Colorado	196,000	
Do.	Gilpin County, Colorado	84,000	
			280,000
Junction City and Fort Kearney Rwy.	Clyde City, Cloud County, Kansas	500	
Do.	Belleville Township, Republic County, Kansas.	20,000	
Do.	Freedom Township, Republic County, Kansas.	15,000	
Do.	Clay County, Kansas	100,000	
Do.	Davis County, Kansas	62,000	
Do.	Elk Township, Cloud County, Kansas	19,000	
Do.	Lawrence Township, Cloud County, Kansas.	12,000	
			248,500
Omaha and Republican Valley	Butler County, Nebraska	100,000	
Do.	Howard County, Nebraska	40,000	
Do.	Sherman County, Nebraska	38,000	
Do.	Polk County, Nebraska	45,000	
Do.	Saunders County, Nebraska	140,000	
Do.	Grand Island Precinct, Hall county, Nebraska.	25,000	
Do.	Beatrice Precinct, Gage County, Nebraska.	25,000	
Do.	Blue Springs Precinct, Gage County, Nebraska.	10,000	
Do.	Scotia Precinct, Greeley County, Nebraska.	5,000	
Do.	Oak Precinct, Nuckolls County, Nebraska.	5,000	
Do.	Midland Precinct, Colfax County, Nebraska.	5,000	
Do.	Capital Precinct	5,000	
Do.	North Loup Precinct, Valley County, Nebraska.	4,000	
			448,000
Salina and Southwestern Rwy	McPherson City, McPherson County, Kansas.	2,000	
Do.	McPherson Township, McPherson County, Kansas.	5,000	
Do.	Smoky Hill Township, McPherson County, Kansas.	14,740	
Do.	Smoky View Township, McPherson County, Kansas.	10,000	
			31,740
Marysville and Blue Valley R. R.	Jackson Township, Riley County, Kansas.	17,000	
Do.	Marysville Township, Marshall County, Kansas.	15,000	
			32,000
Omaha, Niobrara, and Black Hills R. R.	Boone County, Nebraska		6,000
Kansas Central R. R.	Starr Township, Cloud County, Kansas		18,000
Solomon R. R.	Ottawa County, Kansas		50,000
Salina, Lincoln, and Western Rwy.	Lincoln County, Kansas	50,000	
Do.	Morton County, Kansas	15,000	
Do.	Culver County, Kansas	15,000	
			80,000
Cheyenne and Northern Rwy	Laramie County, Wyoming		100,000
			2,399,240

AS TO KANSAS PACIFIC REBATES, &C.

I am advised by our auditor, Mr. Erastus Young, that it will be impossible to furnish a statement of the amounts paid on account of rebates, overcharges, pools, &c., by the Kansas Pacific Railway Company prior to the consolidation, for the reason that he has been unable to find the records of that company containing such information.

INVESTMENTS BY UNION PACIFIC COMPANY IN BONDS OF OTHER ROADS.

Mr. Mink subsequently furnished the following statement:

The Union Pacific Railway Company.—Statement of certain particulars in relation to investments made by the company in bonds of other railroad companies, December 31, 1886.

Name of road.	Par value.	Ledger account.	Cost to the company.
Colorado Central R. R., 7 per cent	$4,697,000.00	$3,885,906.25	$3,885,906.25
Colorado Central R. R., 8 per cent	22,000.00	20,712.50	20,712.50
Denver, Marshall and Boulder Rwy	218,000.00	215,780.03	215,780.03
Denver, South Park and Pacific R. R	2,797,000.00	2,748,911.66	2,748,911.66
Echo and Park City Rwy	480,000.00	482,000.00	482,000.00
Georgetown, Breckenridge and Leadville R. R	127,000.00	127,000.00	127,000.00
Greeley, Salt Lake and Pacific Rwy	608,000.00	629,274.12	629,274.12
Junction City and Fort Kearney Rwy. (Branch)	171,000.00	166,775.15	166,775.15
Kansas Central R. R	1,152,000.00	1,073,400.00	1,073,400.00
Loveland Pass Mining and R. R. Tunnel	600,000.00	1.00	1.00
Manhattan, Alma and Burlingame R. R	200,000.00	205,100.00	205,100.00
Marysville and Blue Valley R. R	128,000.00	115,200.00	115,200.00
Nevada Central R. R	250,000.00	1.00	1.00
Omaha and Republican Valley R. R	2,250,000.00	2,037,300.00	2,037,300.00
Omaha, Niobrara and Black Hills R. R	777,000.00	781,000.00	781,000.00
Salina, Lincoln and Western Rwy	319,000.00	255,060.35	255,060.35
Saint Louis, Council Bluffs and Omaha R. R	19,500.00	19,500.00	19,500.00
Salt Lake and Western Rwy	1,000,000.00	864,000.00	864,000.00
Utah and Northern Rwy	4,992,000.00	3,320,720.00	3,320,720.00
Utah Southern R. R. Extension	962,000.00	737,204.20	737,204.20
Wabash, Saint Louis and Pacific receiver's certificate	60,000.00	60,000.00	60,000.00
Wasatch and Jordan Valley R. R	10,000.00	1.00	5,915.00
Total	22,467,500.00	17,929,287.26	18,160,179.06

The above statement does not include the following railroad bonds deposited in the Kansas Pacific Consolidated Mortgage Trust, against which, pursuant to the terms of the trust indenture, consolidated bonds have been issued.

Denver and Boulder Valley R. R	$550,000.00
Golden, Boulder and Caribou Rwy	60,000.00
Junction City and Fort Kearney Rwy	970,000.00
Lawrence and Emporia R. R	400,000.00
Salina and Southwestern Rwy	540,000.00
Solomon R. R	575,000.00
Total	3,195,000.00

INVESTMENTS OF UNION PACIFIC COMPANY IN STOCKS OF OTHER ROADS.

The Union Pacific Railway Company.—Statement of certain particulars in relation to in-vestments made by the company in stocks of other railroad companies, December 31, 1886.

Name of road.	Par value.	Ledger account.	Cost to the company.
Atchison, Colorado and Pacific R. R	$134,400.00	$2,251.22	$2,251.22
Bear Valley R. R	322,194.12	52,971.84	52,971.84
Central Branch Union Pacific R. R	858,700.00	1,876,000.00	1,876,000.00
Colorado Central R. R	6,229,000.00	3,689,100.17	3,689,100.17
Colorado Central R. R. of Wyoming	150,000.00	1.00	75,465.32
Colorado Western R. R	9,100.00	1.00	500.00
Denver, Marshall and Boulder Rwy	1,000,000.00	613,467.31	613,467.31
Denver, South Park and Pacific R. R	6,135,100.00	4,364,712.49	4,364,712.49
Echo and Park City Rwy	450,000.00	85,283.16	85,283.16
Georgetown, Breckenridge and Leadville R. R	127,700.00	127,700.00	127,700.00
Gray's Peak, Snake River and Leadville R. R	6,000.00	1.00	500.00
Greeley, Salt Lake and Pacific Rwy	808,500.00	808,500.00	808,500.00
Junction City and Fort Kearney Rwy	44,000.00	43,772.14	43,772.14
Kansas Central R. R	1,813,400.00	1.00	472,703.15
Kansas, North Park and Pacific R. R. and Telegraph	84,400.00	84,400.00	84,400.00
Lawrence and Emporia R. R	465,000.00	1.00	31,161.37
Leavenworth, Topeka and Southwestern Rwy	550,000.00	1.00	97,625.75
Leadend Pass Mining and R. R. Tunnel	4,000.00	1.00	1,200.00
Manhattan, Alma and Burlingame R. R	418,650.00	44,790.58	44,790.58
Montana Rwy	420,000.00	420,000.00	420,000.00
Montana Union Rwy	500.00	500.00	500.00
Nevada Central Rwy	950,500.00	1.00	190,350.00
Omaha and Republican Valley Rwy. of Nebraska	1,000,000.00	553,245.21	553,245.21
Oregon Short Line Rwy	8,015,000.00	9,942.91	9,942.91
St. Joseph and Grand Island R. R	2,301,500.00	377,970.99	377,970.99
Salina and Southwestern R. R	231,700.00	38,072.16	38,072.16
Salina, Lincoln and Western Rwy	1,050,000.00	10,500.00	10,500.00
Salt Lake and Western Rwy	1,000,000.00	117,200.00	117,200.00
South Park and Leadville Short Line R. R	1,000,000.00	1.00	34,743.55
Utah and Nevada Rwy	555,000.00	317,658.24	317,658.24
Utah and Northern Rwy	4,816,400.00	674,399.45	674,399.45
Utah Central Rwy	1,000,000.00	692,071.82	692,071.82
Total	43,275,774.12	14,982,518.69	15,346,220.33

The above statement does not include the following railroad stocks deposited in the Kansas Pacific Consolidated Mortgage Trust:

Denver and Boulder Valley R. R	$17,000.00
Golden, Boulder and Caribou Rwy	30,000.00
Junction City and Fort Kearney Rwy	720,000.00
Salomon R. R	1,000,500.00
Total	1,797,500.00

DISPOSITION OF AID BONDS.

The following letter, with accompanying statement, was also received:

THE UNION PACIFIC RAILWAY COMPANY,
New York, October 19, 1887.

Hon. ROBERT E. PATTISON,
Chairman U. S. Pacific Railway Commission, No. 10 Wall Street, New York:

DEAR SIR: I inclose with this, in answer to a request of the Commission, a statement relating to the disposition made of the aid bonds received by the various companies in the Union Pacific system.

I remain, yours, very respectfully,

OLIVER W. MINK,
Comptroller.

The Union Pacific Railway Company.—Comptroller's office.—Statement concerning the disposition made of the "aid" bonds received by the Union Pacific Railroad, the Kansas Pacific Railway, the Denver Pacific Railway and Telegraph Company, the Colorado Central Railroad, and other companies.

Road or branch aided.	Name of counties, townships, &c., granting aid.	Amount.	Proceeds.	Remarks.
Union Pacific R. R.....	Schuyler Precinct, Colfax County, Nebraska.	$20,000.00	$20,000.00	
Do.....	Grand Island Precinct, Valley County, Nebraska.	25,000.00	22,500.00	
Omaha Bridge.....	Douglas County, Nebraska.	250,000.00	213,950.00	
Kansas Pacific Rwy ...	Leavenworth County, Kansas.	250,000.00	.....	Delivered to contractors on account of construction and equipment. $6,000 bonds sold for $4,650. Balance, $245,350, apparently distributed to subscribers and contractors.
Denver Pacific Railway and Telegraph Company.	Arapahoe County, Kansas..	500,000.00	.....	
Colorado Central R. R.	Boulder County, Colorado..	196,000.00	127,280.00	
Do.....	Gilpin County, Colorado....	84,000.00	59,370.00	
Junction City and Fort Kearney Rwy.	Clyde City, Cloud County, Kansas.	500.00	500.00	
Do.....	Belleville Township, Republic County, Kansas.	20,000.00	20,000.00	
Do.....	Freedom Township, Republic County, Kansas.	15,000.00	15,000.00	
Do.....	Clay County, Kansas.....	100,000.00	52,400.00	$43,000 sold for $38,700. Balance, $57,000, used in the purchase of Arkansas Valley Railway Company securities.
Do.....	Davis County, Kansas.....	83,000.00		
Do.....	Elk Township, Cloud County, Kansas.	19,000.00	17,100.00	
Do.....	Lawrence Township, Cloud County, Kansas.	12,000.00	10,800.00	
Omaha and Republican Valley R. R.	Butler County, Nebraska...	109,000.00	66,410.03	
Do.....	Howard County, Nebraska .	40,000.00	30,100.00	
Do.....	Sherman County, Nebraska.	38,000.00	38,290.00	
Do.....	Polk County, Nebraska	45,000.00	45,750.00	
Do.....	Saunders County, Nebraska.	140,000.00	140,000.00	
Do.....	Grand Island Precinct, Hall County, Nebraska.	25,000.00	22,500.00	
Do.....	Beatrice Precinct, Gage County, Nebraska.	15,000.00	14,325.00	
Do.....	Blue Springs Precinct, Gage County, Nebraska.	10,000.00	9,550.00	
Do.....	Scotia Precinct, Greeley County, Nebraska.	5,000.00	5,100.00	
Do.....	Oak Precinct, Nuckolls County, Nebraska.	5,000.00	5,050.00	
Do.....	Midland Precinct, Colfax County, Nebraska.	5,000.00	5,000.00	
Do.....	Capital Precinct, Colfax County, Nebraska.	5,000.00	5,000.00	
Do.....	North Loup Precinct, Valley County, Nebraska.	4,000.00	3,820.00	
Salina and Southwestern Rwy.	McPherson City, McPherson County, Kansas.	2,000.00	2,054.05	
Do.....	McPherson Township, McPherson County, Kansas.	5,000.00	4,750.00	
Do.....	Smoky Hill Township, McPherson County, Kansas.	14,740.00	22,668.06	The Smoky Hill and Smoky View Township bonds were sold together for $22,668.06.
Do.....	Smoky View Township, McPherson County, Kansas.	10,000.00		
Marysville and Blue Valley R. R.	Jackson Township, Riley County, Kansas.	17,000.00	16,490.00	
Do.....	Marysville Township, Marshall County, Kansas.	15,000.00	15,405.42	
Omaha, Niobrara and Black Hills R. R.	Cedar Precinct, Boone County, Nebraska.	6,000.00	5,730.00	
Kansas Central R. R....	Starr Township, Cloud County, Kansas.	10,000.00	10,065.27	
Solomon R. R.....	Ottawa County, Kansas	50,000.00	42,500.00	
Salina, Lincoln and Western Rwy.	Lincoln County, Kansas....	50,000.00	50,000.00	
Do.....	Morton County, Kansas	15,000.00	14,550.00	
Do.....	Culver County, Kansas.....	15,000.00	14,550.00	
Cheyenne and Northern Rwy.	Laramie County, Wyoming.	160,000.00	152,000.00	

REMARKS OF MR. JOHN F. DILLON.

Mr. JOHN F. DILLON. I wish to say something with reference to the suit of Arnold Leo against the Union Pacific Railroad Company, which has been already several times referred to.

That suit was brought by Leo as a stockholder to have it adjudged that the Union Pacific Company had no legal power to invest in the securities of branch lines or to make the collateral trust. In that case the questions involved were investigated and argued.

AS TO BRANCH LINES.

Among other evidence produced by the company in the case was a letter from Mr. T. F. Oakes, who was at that time vice-president of the Northern Pacific Company—a rival company to the Union Pacific—but who was for many years officially connected with the Kansas Pacific in various capacities, as superintendent and receiver. The letter is in regard to the policy of constructing branch lines. Mr. Oakes is in the city, and if the Commission prefer to have him here we will produce him, so that he may affirm on oath his judgment given in that letter.

Commissioner LITTLER. Is that letter on the subject of branch lines?

Mr. JOHN F. DILLON. Yes.

Commissioner LITTLER. It contains his opinion on that subject.

Mr. JOHN F. DILLON. Yes, and presents the subject in a strong light.

Commissioner LITTLER. Do you present the testimony of this man as an expert?

Mr. JOHN F. DILLON. Not only as an expert, but as a man familiar with the Kansas Pacific road and the country tributary to it.

The CHAIRMAN. Do you present the testimony in connection with the question of the wisdom of constructing branch lines or as to the methods of their construction?

Mr. JOHN F. DILLON. As to these particular branch lines I ask to be permitted to read the letter, and the Commission can give such weight to it as it sees fit.

The letter is as follows:

[Northern Pacific Railroad Company, Vice-President's Office. T. F. Oakes, Vice-President.]

NEW YORK, *February* 7, 1883.

SIDNEY DILLON, Esq., *President of the Union Pacific Railway Company:*

DEAR SIR: Your letter of the 5th instant, asking for my opinion as to the policy of your company investing in branch lines, is received, and you make this request on the ground of my former connection with the Kansas Pacific Railway (which was for a period of about sixteen years) and my familiarity with your entire system of roads.

I am entirely free to give my opinion, which is very decided on the subject named, and my views are based on an experience of about twenty years in the West and Northwest.

If the Kansas Pacific Railway Company had adopted and pursued the policy of building and extending branches of its main line into territory geographically tributary to it, I have no doubt it would have avoided the disasters which befell it. But it left its trunk line without feeders to support it and the result was inevitable. It died from sheer inanition, and its failure was from the want of a system of branches judiciously constructed to bring to it the nourishment necessary for its support.

In striking contrast with this is the Atchison, Topeka and Santa Fé Railroad Company. The road of that company is constructed through a country in no respect superior in the elements which furnish railway traffic to that traversed by the Kansas Pacific, but that company adopted the policy of providing feeders for the main line, by the construction of branches, and the result is the achievement of great success. Had that company pursued a different policy the expense of maintaining and operat-

ing its line would have so exhausted its resources that it would long ago have resulted in disaster to all concerned.

Were I writing this to any one not connected with the Union Pacific Railway, I would point to your company, and its policy in building branch lines from eligible points and on judiciously selected lines, as another illustration of the wisdom and beneficial effects of that system.

The Saint Paul, Minneapolis and Manitoba Railway Company has adopted the same policy, and with a result not only gratifying and remunerative to its stockholders, but of inestimable benefit to the country thus brought into railway connection with the East and South; and so of the Chicago, Milwaukee and Saint Paul, and the Chicago and Northwestern Railroad Companies. But it is needless to multiply instances. These facts are apparent and speak louder than words.

From another view of the subject I come to the same conclusion, namely: a land-grant road, as yours is, and so far distant from the seaboard, must furnish facilities to the settlers on the lands for getting their products to market. These products will not bear ordinary wagon transportation over more than a few miles without consuming every cent of profit. How are the purchasers of, and settlers on, your lands to be sustained unless you give them the means of access to market? And the same is true of settlers on the Government lands. But as to the former, it has always seemed to me that such railroad companies are under the highest moral obligation to do everything within their power necessary to give the means, at least, of subsistence; and this, under our present conditions of life, cannot be done if they are left shut out from access to the rest of the world.

Public policy also requires this course to be efficiently and thoroughly carried out whenever the ends will seem to justify the means, and the interest of the stockholders is plainly in the same direction.

In conclusion, I say that my unqualified opinion is that a railroad company whose trunk line traverses a region suitable for the homes of industrious, educated, and law-abiding citizens, or that can be made accessible to natural sources of wealth, should adopt and carry out the policy of constructing branch roads so as to afford the required facilities, and at the same time thus promote the interests of its own stockholders.

Very truly yours,

T. F. OAKES.

REFERENCES TO BRANCH LINES IN REPORTS OF GOVERNMENT DIRECTORS.

I now wish to call the attention of the Commission briefly to the references in the reports of the Government directors from year to year on the subject of branch lines, showing that every year what has been done has been reported to Congress. It is a very important element in this case, as Judge Wheeler held when he decided the Leo case. I have not the reports of 1872 or 1873, but in one of the reports before me there is an extract from and a reference to the reports of those years, which will be sufficient for the present purpose, I think. I should like to have these on the record.

In the report of the Government directors for the year 1876 the several interests of the Union Pacific Company in Colorado and Utah railroads more or less directly connected with its main line are given as follows:

Particulars of the company's interests in the Colorado Central Railroad Company, June 30, 1876.

Amount charged for materials, cash, freights, &c		$1,316,401.21
Credits:		
110,000 first-mortgage bonds, at $85	$93,500.00	
396,000 first-mortgage bonds, at $80	316,800.00	
2,100 shares stock, at $25	52,500.00	
84,000 Gilpin County bonds, at $80	67,200.00	530,000.00
Balance unprovided for, without interest		786,401.21

Overdue coupons, not included in above, $334,440, gold.

The company has sold 50 of the Colorado Central Railroad Company first-mortgage bonds, received as above, leaving 456 still on hand; in addition to which they

...000, received through the Colorado Improvement Company, making 1,056 bonds in all owned by the company.

Of the stock, the company still owns the 2,100 shares received as above, and also ... shares received through the Colorado Improvement Company, making 9,300 shares in all owned by the company.

Particulars of the company's interest in the Utah Central Railroad Company, June 30, 1876.

... shares stock, at $50	$250,000.00
... shares stock, at $90	27,000.00
Total, 5,300 shares, costing	277,000.00

This stock is in the hands of the company.

Particulars of the company's interest in the Utah Southern Railroad Company, June 30, 1876.

Amount charged for materials, cash, freight, &c	$813,353.51
Credit: 1,016 first-mortgage bonds, at $80	812,800.00
Balance unprovided for	553.51

In addition to the 1,016 bonds received as above, the company received 121 bonds as a consideration for its interest in the Utah Southern Railroad Company, making in all 1,137 bonds, of which 716 have been disposed of, leaving 421 bonds still on hand.

The Union Pacific Railroad Company has 2,850 shares of Utah Southern Railroad Company stock upon which 70 per cent. has been paid, and which has cost the company $169,849.32, in addition to which it has 5,000 shares of full paid stock, which it received as a consideration for its interest in that company.

Particulars of the company's interest in the Utah Northern Railroad Company, June 30, 1876.

Amount charged for freight, materials, interest, &c	$148,100	
Credit: By cash and coupons	73,700	
		$74,400
By 93 bonds, at 80 per cent		74,400
Overdue coupons		16,625

The 93 bonds received as above are in the hands of the company.

The company owns 378 shares of the Utah Northern Railroad Company stock, received as a consideration for its interest in that company.

In the report of the Government directors for the year ending June 30, 1877, the directors say:

Upon the subject of the aid extended by the Union Pacific Company to other companies, the Government directors in their report for 1873 remarked:

"With regard to the advances which the Union Pacific Company has made in aid of the roads mentioned, we can but repeat what we said in our report of 1872: 'We do not question the wisdom of a policy which tends to secure to the trunk line the business which the said several roads may command. It could not well afford to have said business diverted from it. The policy, however, should be so ordered as not to interfere with whatever present or future claim the Government may have for reimbursements.' The ability of the company to make the advances referred to shows that it could have returned more to the Government than it has, and raises the question of the power of the company to divert its means into channels not authorized by the law."

The total advances made, and the companies added, appear in the following table and these in last year's report:

Investment in Summit County Railroad Company, $134,500 bonds, 1,622 shares full-paid stock, 2,759 shares assessable stock, and valuable coal lands. Estimated value and cost, $60,000.

Colorado Central Railroad has been aided to the extent of	$1,610,497.86
Credits secured by Union Pacific Railroad Company	767,156.20
Balance, without interest	843,341.66

The investments in the Utah Central, Utah Southern, and Utah Northern Companies have not been increased during the past year, and remain as stated in the report of the Government directors for the year ending June 30, 1876.

The statement of investments in the Republican Valley Railroad has not yet been received, and will not be in time to be embraced in this report. The Union Pacific Company's investment in this road is regarded as a safe and remunerative one, as very considerable aid has been secured from the counties into which it has been constructed, and the country will supply it with a large local business.

The Utah Central, Utah Southern, and the Colorado Central are the most important of the roads aided. These, and the Utah Northern, are reported quite fully in the reports of the Government directors for the years 1872, 1873, and 1876. The Republican Valley road, in Nebraska, and the Summit County road, in Utah, involve investments of more recent date.

Aid to other roads is in contemplation by the company—one to the Blak Hills region and one to secure the business of Montana. The Government directors believe that this policy of the company should be at all times held subordinate to its obligations to the United States. When this is assured, the policy may result in public, as well as corporate, good. It would seem to be definitely settled that national aid in the construction of railroads by grants of public lands, or otherwise, is at an end. Still, there are important regions of our country to be developed by the construction of railroads. If this can be done by corporations whose interests it is to secure the business of those regions, without endangering repayment to the Government in such cases as that of the Union Pacific Company, an important public interest would be subserved. Wherever railroads go, the Indian question is practically settled. From the vast domain covered by the Union Pacific road, its connecting lines, and the settlements included by them, Indian troubles have disappeared, and the cost of the Indian service generally has been greatly reduced. The roads above mentioned, as held in contemplation by the Union Pacific Company, would, if constructed, tend strongly to further simplify said service and reduce its cost. If the policy can be carried out without hazard to the claim of the Government, it involves possibilities of great moment to the country at large, and of almost incalculable advantage to the sections of our Western Territories most directly interested. (See letter of General Crook at conclusion of this report.)

General Crook was at that time in charge of the military department of the Platte.

GENERAL CROOK'S LETTER ON THE UNION PACIFIC BRANCHES.

The letter of General Crook, to which reference is made, is as follows:

HEADQUARTERS DEPARTMENT OF THE PLATTE,
COMMANDING GENERAL'S OFFICE,
Omaha, Nebr., October 9, 1877.

SIR: Referring to your communication of the 8th instant, stating that the managers of the Union Pacific Railroad propose building two branches from the main line, the initial of one east of Sherman, Wyo., with its objective point at or near North Bozeman, Mont., the other to start at or near Rawlings, Wyo., and join eastern branch at its terminus in Montana—the eastern branch passing through the Black Hills and the western through the Wind River country—you request my opinion on the points explained in the following answers:

They will have a most salutary and positive effect in settling our Indian troubles, thereby saving large expenditures of public funds. They will invite to and open up for settlement most valuable farming and grazing lands, aid in the discovery of new mining sections, and promote the development of valuable mineral resources already discovered. They will save the public Treasury vast amounts in economy in transportation of military supplies, troops, and mails. From my personal knowledge of the country through which the proposed lines will pass, I regard the project as eminently practicable, and more easily accomplished than many of the works of similar character now in successful operation in the country west of the Mississippi.

I have confined my reply to the questions embraced in your letter, but under the head of gain, &c., I would say, generally, that I know of no proposed enterprise more important to the vast country they will open up, nor any that will be of more positive and enduring good to the whole country. They will, when completed, be of national importance and benefit.

I have the honor to be, very respectfully, your obedient servant,

GEORGE CROOK,
Brigadier-General, U. S. Army.

Hon. J. H. MILLARD,
Government Director Union Pacific Railroad, Omaha, Nebr.

Commissioner ANDERSON. Those particular branches were not constructed?

Mr. JOHN F. DILLON. We have one looking toward the Black Hills, and we have reached Montana through the Utah and Northern, which was then not extended to that point.

GOVERNMENT DIRECTORS FAVOR BUILDING BRANCH ROADS.

In the Government directors' report for the year ending June 30, 1878, is the following:

During the last few years, however, and under the management of those who now control it, the policy of the Union Pacific has been to protect itself from competition in another way. It has sought to occupy the territory adjacent to its line in advance, through the construction of a system of branch roads or feeders. This seems in every respect a wise policy, and one which it is for the interest of the Government to encourage. Through it not only are much needed railroad facilities furnished, but the net earnings of the company being thus applied, the permanent value of the property as a security for the advances made to the corporation by the Government is largely enhanced. There are now five of these branch lines in which the Union Pacific is interested, either directly or indirectly, to the extent of entire possession or in part. These are the Omaha and Republican Valley, the Colorado Central, the Utah Central, the Utah Southern, and the Utah Northern. It is not deemed necessary to encumber this report with any details concerning these branch lines, either as touching their length or their business and financial relations with the Union Pacific. If desired by the Department, these can most readily be obtained through the office of the Government auditors. Meanwhile, it, of course, need not be said that these branch lines, or the securities which represent them, in so far as they are the property of the Union Pacific Railroad Company, are not covered by the Government mortgages, and contribute to the security of those mortgages only in so far as these branches are valuable feeders of the main line, and as such practically inseparable from it.

POLICY OF COMPANY TO FOSTER ITS BRANCHES.

In the Government directors' report for the year ending June 30, 1879, occurs the following:

The policy of the company has been to foster its branches until they become self-sustaining. This is good policy, since, for example, on through traffic with points on the Utah and Northern, it gives the Union Pacific a haul over the entire line. Large shipments that formerly went via the Missouri River to Fort Benton and were distributed by wagon transportation from that point are now distributed from the terminal station of the Utah and Northern.

The company leased in March last the Colorado Central Railroad for a term of fifty years, and guaranteed that 35 per cent. of the gross earnings should be applied upon the securities of the road. This leaves 65 per cent. to equip, maintain, and operate the road.

In order to give a concise view of the feeding lines directly connected with the Union Pacific Railroad, or in which it is interested, or whose building is contemplated, a brief description of them furnished to the directors by Mr. S. H. H. Clark, the general manager, is placed in the appendix.

It has been suggested that in view of the contingency of the branch or feeding lines becoming connected with other main lines of railway, and thus diverting their own business from the Union Pacific, it may be good policy for the Government to invest the sinking fund in first-mortgage bonds of these branch lines, bearing 7 per cent. interest, if satisfactorily guaranteed by the Union Pacific, and thus secure to the latter the business of said lines until the debt of the Government is paid.

In the appendix to report of the Government directors for 1879 is "a statement of feeding lines of railroad built or projected and connecting with the Union Pacific Railroad, furnished by Mr. S. H. H. Clark, general manager of the Union Pacific Railroad." In that statement the following-named lines are mentioned: The Omaha and Republican Valley Railroad; the Omaha, Niobrara and Black Hills Railroad; the Hastings and Grand Island Railroad; the Utah Central and Utah Southern railroads; the Utah and Northern Railway (narrow gauge).

CONGRESS PRACTICALLY RATIFIED THIS POLICY.

I may observe that Congress has practically ratified this policy, at least in regard to the Utah and Northern and the Oregon Short Line, in this way: It chartered the Utah and Northern originally, and after the Union Pacific acquired an interest in it, it rechartered it, knowing the relation of the Union Pacific and the Utah and Northern. In 1882 Congress granted directly a charter to the Oregon Short Line Railway Company with a full knowledge of the relation that actually existed between the Oregon Short Line and the Union Pacific.

In the report of the Government directors of the Union Pacific road for 1880 (page 10 of the Government pamphlet) this statement occurs:

The policy of building and aiding to build branch lines of railroad by this company, that has been pursued in past years and is still being continued, was wise, both in its conception and in its execution, as the trunk line of railway has branch and feeding lines of railway to support it, independent of its through business, which now amounts to but a small proportion of its traffic, viz: 28 per cent.

CONGRESS INFORMED THAT UNION PACIFIC COMPANY CREATED A COLLATERAL TRUST BOND.

In the same report for 1880, on page 12, is a full statement that the Union Pacific Company created a collateral trust bond dated July 1, 1879, to run twenty-nine years, drawing 6 per cent. interest, secured by the first-mortgage bonds of the Colorado Central road, the Omaha and Republican Valley road, and the Utah and Northern road, all of which draw 6 per cent. interest. That report for 1880 further says:

Five million dollars of collateral trust bonds have been delivered to the railroad company in conformity with the terms of the trust, nearly all of which have been sold—last sales made at $1.05—and their proceeds have been substantially used to aid in the construction of branch roads, thus enabling the railroad company to retain the securities of its branch roads, and by their deposit, in this or similar trusts, multiply the construction of branch roads as the mining interests or further settlement of the country may require. A copy of this trust indenture the Government directors attach to this report.

They then set out in full a copy of the indenture, with a form of bond and full particulars.

CONGRESS INFORMED OF THE CONSOLIDATION.

In the same report the Government directors, under date of December 16, 1880, report as follows:

The Union Pacific Railroad Company entered into articles of union and consolidation of the Union Pacific Railroad Company, the Kansas Pacific Railway Company, and the Denver Pacific Railway and Telegraph Company, January 24, 1880.

They then give the particulars of the transaction and annex to their report a copy of the articles of union and consolidation, which was transmitted to Congress.

FEEDERS OF UNION PACIFIC.

In the Government directors' report for 1881 the following statement in regard to the branches is made:

From information furnished from the Union Pacific Railroad officers, these are the roads that extend from the main line and operate as feeders to it. It will be seen that these branches are already much longer than the main line, and that they extend over a vast range of country that is either wholly new territory or else occupied by

mmon with competing lines of other roads. The following are the lines above referred to:

	Miles.
Omaha and Republican Valley Railroad	132
Niobrara and Black Hills	82
Saint Joseph and Western	252
Colorado Central road	184
Denver and Pacific Railway	106
Echo and Park City Railroad	31
Utah and Northern Railway	421
Oregon Short Line (completed)	50
Idaleburg Extension	151
Total	1,409

AUDITOR OF RAILWAYS APPROVES BRANCH LINES.

I have not before me the report of the auditor of railways; but Auditor French, in 1880, at page 25 of his report, refers to the branch lines with approval, and Commissioner Armstrong likewise refers to them with approval, stating the particulars in his report for 1882, at page 33.

GENERAL POLICY OF BRANCHES NOT SO MUCH AT ISSUE AS MANNER OF EXECUTING POLICY.

Commissioner ANDERSON. What I understand the chairman to have meant in his remarks on this subject heretofore—and it seems to me to have great force—is that the general subject is not so much at issue as the particular manner in which the policy was carried out, both as to judgment in selecting the particular branches and (as in former years at any rate) as to the honesty of the manner in which the thing was carried out. To use an illustration: I suppose everybody would concede that the aqueduct now being constructed to increase the water power of the city of New York is a proper and judicious use of money, but if an aqueduct were to be built through an arid desert, and it should turn out that the city officials were interested in the construction (I do not mean to say that these are facts at all, but I mention them to illustrate the point)—if that were proven, and if the fact still were that the increase of water supply was of importance to the city of New York, it would hardly be relevant to use that fact in a discussion of the method of particular construction.

As to the methods pursued in the case of the Union Pacific Railroad, we have had a great deal of evidence, and I do not know whether you want to give us any more. There have been questions raised as to the Leadville line, as to the acquisition of interest in the Saint Jo and Western, and as to some others that are not perhaps so much in point. On the other side there has been given evidence to show, as to some of these branches, that they were constructed in the most economical method possible, and have been of great advantage. It is to that point that I wish to call your attention; so that in case you desire to give any further evidence on this subject, it should be addressed rather to the methods of construction than to the general question of the wisdom of the policy.

TWO BRANCHES OF THE SUBJECT.

Mr. JOHN F. DILLON. I am very glad you have made this suggestion, because it enables me to say pertinently that this subject of branches has evidently two *branches* to it; one is the legal power to do this, and the other is a question of policy as to building any particular branch.

The Commission will have noticed throughout the entire history of this matter that the legal power of the Union Pacific to invest its surplus earnings (much more the power of the Union Pacific to pledge its credit) for the purpose of building branch lines has been denied from the beginning to this day.

CHARACTERIZATION OF MR. REIFF'S REMARKS.

In his testimony given yesterday Mr. Reiff mentioned it. The substance of his diatribe was: "There is no legal power in the Union Pacific Company to have ever done more than one thing, namely, to build a main line from Omaha to Ogden; everything else that it has done has been illegal." The parties he acted with—Woerishoffer and those people—as late as 1882, brought in the courts of New York, or caused to be brought, a suit to have it judicially determined that the Union Pacific had no such legal power. He was here yesterday, and others have been before in the Departments, and in Congress, no later than last year, in what is known as the Henley resolution (copy of which I believe is in your record somewhere), charging that all these investments were illegal, and that the Union Pacific had no authority to issue the collateral trust bonds; that all the guarantees which it has made on the Oregon Short Line, and on the Saint Jo and Western, and in fact everything that it has at any time done in the way of aiding branch lines, is illegal. I beg the Commission not to forget that.

If it is illegal, then we want this Commission to report (and the justice of this was so obvious that Mr. Reiff conceded that it should be reported one way or the other) that in every State and Territory through which our road runs we should have the same power, and no more, that railroads have which are created by those several States and Territories, in respect to building branch lines, so that whenever they may do, and under whatever conditions they may do it, we may do it. Otherwise we are at a disadvantage.

THE UNION PACIFIC AT A DISADVANTAGE IN BUILDING BRANCHES.

The honorable chairman has said that it is not now a question of legality. But it is a question of legality. He says we have always done it. True, we have; but we have done it by indirection. We have done it under a great disadvantage. The Chicago, Burlington and Quincy Company can build and promote branch lines, and during the last year has been able to get money at 4 per cent., because that company has the plain charter right to do it, and the use of their credit in reference to the matter is under no cloud or question. But when we undertake to do it, Mr. Reiff and everybody else who is our enemy rushes into the public prints or rushes down to the Department of the Interior. Those people have flooded the offices of the Commissioner of Railroads with protests against these collateral trust bonds and with protests against these guarantees. They stimulate people to distrust our securities. Our enemies do this; I do not particularize anybody. The records of Congress show that at almost every session somebody gets up and moves an inquiry into the management of the Union Pacific Company.

FAILURE OF ACT TO GIVE POWER TO BUILD BRANCHES.

Mr. COHEN. Where do you find any doubt as to the power of the company to build a branch road?

Mr. JOHN F. DILLON. They say it is based on the law.

Commissioner ANDERSON. It is based on the act of 1873 mostly.

Mr. JOHN F. DILLON. Not alone on that.

Commissioner ANDERSON. On the failure to give power.

Mr. JOHN F. DILLON. On the failure to give power. The act says that the Union Pacific may extend its line to meet the Central Pacific, and says nothing about branches. In 1862, when this road was chartered, the country looked to nothing but a main line, and did not have its attention directed to branches.

Mr. COHEN. Has it not all the power necessary to make its main line productive?

Mr. JOHN F. DILLON. Well, I have very grave doubts about that, Mr. Cohen. At all events, the power ought to be plainly expressed, so as to prevent doubts and controversy about it.

IS THE GOVERNMENT LIEN LIMITED TO PORTION OF ROAD SUBSIDIZED?

The CHAIRMAN. I understand that you deny absolutely any claim of the Government to a lien on any property acquired beyond the subsidized part of the road. Now, if on the subsidized part of the road there is realized a surplus by which, or through which, improvements made on the property become part of the property, you say that is an advantage to the property, but you deny that the Government has any interest in that acquired property so far as security is concerned.

Mr. JOHN F. DILLON. That suggests a matter of great importance for you to consider in your report. There is nothing plainer on earth than that the lien of the Government for these subsidy bonds is limited to the road in respect of which the bonds were issued. So thoroughly is that the case that the Supreme Court of the United States decided that as the subsidy bonds on the Kansas Pacific were issued only to the extent of 394 miles, that extent of line was the extent of the Government lien—that it is simply a mortgagee of the subsidized part of railroad and nothing else.

Commissioner LITTLER. And that its lien is only co-extensive with the line which its money assisted to construct.

LIEN INCLUDES EQUIPMENT, BUT NOT GRANTED LAND.

Mr. JOHN F. DILLON. That is adjudicated, and does not admit of debate. It includes the equipment of the road but, of course, does not include the land. It is limited by its terms. As long therefore as the Government is paid its interest as a creditor, or whatever is due to it, it has nothing further to ask. The surplus earnings of the road, after paying the interest, belong to the stockholders. And instead of criticising the Union Pacific and its stockholders, who might lawfully have distributed this whole surplus in the way of dividends, without violating any moral obligation, the stockholders should be lauded for having said, "We will put the surplus earning into branch lines." Will you tell me what equity the Government has to that, under the contract?

TO DESIST FROM APPROPRIATING ALL EARNINGS WOULD BE FOUNDATION OF GOVERNMENT'S LIEN ON BRANCHES.

In suggesting an alteration of the status, you may say that if the Government, under the Thurman act, or under the power which is reserved, should desist from a claim of appropriating all of these earnings to the payment of its debt, and allow the company to appropriate part of the money which, by the exercise of its great power, the

Government might take to itself, that should be the foundation of a lien on the branches thus built. That has got to be done, not by virtue of any existing statute, but by virtue of a new relation to be entered into between the Government and the company. And, speaking for myself here, on the spur of the moment, I should say that under proper limitations, that would be right; that this property ought to be legally bound together, and that your first duty is to take such steps as to require or authorize an arrangement whereby all the property shall be kept together, and not to allow it to become dismembered, as it might be under existing circumstances.

POSITION OF STOCKHOLDERS IF COMPANY FAILS TO PAY ITS DEBT.

Suppose we did not pay, and a great many are of the opinion that the true solution of this matter is that we are just like anybody else, and if we cannot pay at the day, and in full, the Government should foreclose its lien and make the stockholders come in and protect themselves, letting the property be put up to the highest bidder. That would have the effect of putting the Government where it would get the benefit of its lien for what it is worth; it would sell out the railroad, and the stockholders would lose everything unless they bid the road in, and if they did they would be just where they are now through their existing corporate organization.

I know the disadvantages which the present status entails. We are at a disadvantage in dealing with our property, in holding our territory, and competing with our rivals by reason of these doubts as to our power to do anything legally.

CLAIM OF THE COMPANY AGAINST THE UNITED STATES FOR DELAWARE AND POTTAWATOMIE LANDS.

There is one other matter that I have been requested to call your attention to, so that if you think proper, and if it is within the scope of your powers, you may make a suggestion in regard to it. I refer to the testimony of Judge Usher before this Commission in regard to the claim of the company against the United States, in favor of the Kansas Pacific Company, for selling lands in the Delaware and Pottawatomie Reservation, as to which lands the United States covenanted as follows, in the second section of the act of 1862:

> The United States shall extinguish as rapidly as may be the Indian titles to all lands falling under the operation of this act and required by the said right of way and the grants hereinafter made.

The grants referred to are the grants of land.

According to Judge Usher's testimony the Government, instead of keeping this contract with us, and extinguishing this Indian title and fulfilling the grants made to the company, has sold these lands to others, and keeps the consideration or benefit. We ask you to make a report that in any adjustment this claim should be adjusted on fair and equitable principles. It is a very considerable claim.

Commissioner LITTLER. Have you a list of the lands misappropriated, as you claim.

Mr. JOHN F. DILLON. Judge Usher states the amount approximately. Of course you cannot deal with the question judicially, but you can deal with the principle involved, if you see fit.

AS TO THE DUTY OF THE COMMISSION REGARDING THE CONSOLIDATION.

I have only one other thing to say. I would like to look for a moment at the act under which you are operating, in regard to your duties as to the consolidation.

Commissioner ANDERSON. The act requires us "to investigate and report all the facts relating to the alleged consolidation of the Union Pacific Railway Company, the Kansas Pacific Railroad Company, and the Denver Pacific Railway and Telegraph Company into an alleged corporation known as the Union Pacific Railway Company."

Mr. JOHN F. DILLON. Do you understand that a direction to report as to the facts requires from you any expression of opinion as to the legal power to do what was done?

Commissioner ANDERSON. We cannot answer that question now.

Mr. JOHN F. DILLON. Then I would like to say a word or two on that subject, if you have any doubt about it. I do not ask you to express any opinion. The only point is whether I shall occupy five minutes of your time.

Commissioner ANDERSON. Had you better not leave that for us to ask for if we desire it?

Commissioner LITTLER. Mr. Dillon's suggestion is that he be allowed to argue the legal question of the alleged consolidation of the Kansas Pacific and the Union Pacific.

Mr. JOHN F. DILLON. The legal power.

Commissioner ANDERSON. Yes, the legality. I have just read the language of the act, and I have stated that I do not think we could answer as to whether or not the act requires us to pass on the question of legality; but it seems to me that a question of that magnitude could certainly not be treated satisfactorily in five minutes by any counsel, not even by Judge Dillon.

Mr. JOHN F. DILLON. I could not go into it at all, but I should like to speak for five minutes on it.

Commissioner ANDERSON. I have no objection to your occupying five minutes, but it seems to me that a subject of that scope, no matter how you treat it, could hardly be inclosed within the limit of five minutes.

Mr. JOHN F. DILLON. I occupied four hours before the Supreme Court of the United States on that subject, and I think that court practically passed upon it.

Commissioner LITTLER. If we desire to hear argument at all I think it would be more satisfactory to hear you at length and at our convenience.

ALL THE STOCK EXCHANGED.

Mr. JOHN F. DILLON. That would be very much more satisfactory to me. I believe it is in evidence before you that all the stock has been exchanged pursuant to the consolidation years ago.

Commissioner ANDERSON. Yes, we have all that. We have the exchange completed except to the extent of four or five hundred shares.

Mr. JOHN F. DILLON. I think that now practically all the stock has been exchanged, so that it has ceased to be a question so far as the stockholders are concerned, or so far as State of Kansas is concerned, and so far as the United States is concerned. I do not think anything is easier to demonstrate than that the companies were not only authorized but encouraged to build as a unit, and it would have been a great deal better for everybody if the subsidized roads had all been built under one system.

A CALL ON MR. COHEN AS TO STUBS OF CHECK-BOOKS.

Commissioner ANDERSON (addressing Mr. Cohen). Do you offer, Mr. Cohen, to produce the check-books, or the stubs of check-books, containing the entries relating to checks drawn by Mr. Huntington and charged by him to the Central Pacific Railroad Company between 1871 and 1878?

Mr. COHEN. I have not made any offer on the subject.

Commissioner ANDERSON. I repeat my question; I did not state that you had made an offer to produce them. Yesterday I called for those stubs, and now I ask you to make reply to that call, stating either that you will produce them, or that you decline to produce them, or making such offer as you think proper.

Mr. COHEN. There is nothing like being exact; it was the day before yesterday that you called for them.

Commissioner ANDERSON. No matter as to the date; the call was made, and I have now asked you the question that you have heard.

Mr. COHEN. I have paid no attention to the call.

The CHAIRMAN. I would suggest that the question be put to Mr. Cohen direct, now, and have it on the record, as to whether he will produce the stub-books or check-books of the Central Pacific Railroad Company.

Commissioner ANDERSON. I will put the question again in that form. Will you produce the stub check-books above referred to by me before this Commission?

Mr. COHEN. I have not any such books in my possession, and I do not feel called upon to hunt for them.

Commissioner ANDERSON. When you say "I," are you answering for yourself or for the Central Pacific Railroad Company?

Mr. COHEN. I answer for myself.

Commissioner ANDERSON. Are you the counsel of the Central Pacific Railway Company, and do you appear before us as the representative of that company?

Mr. COHEN. I do.

Commissioner ANDERSON. Then I ask you, as such representative, will you produce before this Commission the stub check-books above referred to?

Mr. COHEN. I will, whenever I am instructed by my clients so to do.

Commissioner ANDERSON. Have you reported to the officers in this city, of the Central Pacific Railway Company, the call made on you by this Commission to produce those stub check-books?

Mr. COHEN. I have not.

Commissioner ANDERSON. Will you so report to them?

DOES NOT FEEL LIKE PRODUCING CHECK-BOOKS UNLESS HIS CLIENTS ARE TO BE REIMBURSED.

Mr. COHEN. I do not know that I am called upon to do so. I presented to the Commission here a claim for a vast amount of money which we have expended in its service, and until I can see some disposition on the part of the Commission to recognize, or even to examine into, the merits of that claim, I do not feel like subjecting my client to any further expenditure, even for the increased service which I would render. I have in my pocket a letter from the secretary of the Central Pacific Company, addressed to Mr. Huntington, vice-president, in which the secretary said that the Company has expended, in the service of this Commission, and in matters pertaining to the preparation of evi-

dence put before it, and in the employment of counsel, at least $100,000. Some of that was expended for transportation which the Commissioners ordered, including the provisioning of the cars with food and wines and things of that kind. I do not feel like subjecting my clients to any further expenditure in connection with this examination unless they are to be reimbursed for it.

PROPER BILLS WILL RECEIVE ATTENTION OF COMMISSION.

Commissioner ANDERSON. That reference seems to me totally uncalled for. As soon as a bill of particulars of the transportation account shall have been received it will be attended to. Any other bills that are proper, and accompanied by proper vouchers in support of them—which does not always appear to be the case in matters connected with the Central Pacific—will receive our attention.

Mr. COHEN. That is your view.

Commissioner ANDERSON. And when received they shall be disposed of according to what we believe to be the justice of the case. But the whole of this discussion is an evasion of the question that I put to you, Mr. Cohen.

OBJECTS TO THE TERM "EVASION."

Mr. COHEN. I object to that term.

Mr. ANDERSON. You may object.

Mr. COHEN. It is not an evasion. I will not permit you, sir, to address me in that way.

Commissioner ANDERSON. I repeat that you may object to it.

Mr. COHEN. I do object to it, and I shall insist that in your capacity as Commissioner you shall use proper and respectful language.

Commissioner ANDERSON. That is a description of the language I have used.

Mr COHEN. It is not, and I will not permit you to speak to me in that way. A commission from the President of the United States does not authorize you to conduct your proceedings in any other than a gentlemanly manner.

Commissioner ANDERSON. If you are through with this discussion we will resume business. I now repeat: As representative of the Central Pacific Railway Company, will you produce before this Commission the stub check-books already referred to?

WILL PRODUCE CHECK-BOOKS WHEN AUTHORIZED BY CLIENT.

Mr. COHEN. I have answered you to the extent of my ability in that matter. When I am authorized by my client to do anything for you I will do it.

Commissioner ANDERSON. Will you explain to this Commission how you are to be authorized or not authorized unless you take the trouble to report the matter to your superior officers?

Mr. COHEN. I think you are entirely right in that. I have not reported to them for the simple reason that I have told you that I did not feel like subjecting them to any further expense in connection with this inquiry.

CALL FOR THE LETTER-PRESS BOOKS.

Commissioner ANDERSON. I now repeat my question as to the letter-press books with regard to which the demand was that you should inform this Commission where they were, and the statement made that a

member of the Commission would limit the call to such letters or books as covered or related to the subject of inquiry. Are you now prepared to answer whether the Central Pacific Railway Company has now in its possession letter-press copies of the letters written by Mr. Huntington between 1872 and 1880?

Mr. COHEN. I have no recollection on the subject one way or the other.

THE COMMISSION PROPOSED TO PAY ITS WAY.

The CHAIRMAN. I wish to state here with reference to the bill for transportation that the Commission made a contract with the Union Pacific Railway Company, and also with Mr. Potter, vice-president of the Central Pacific Company, for all the transportation of the Commission. We desired an itemized bill of expenses rendered, and stated that the Commission desired to pay all charges for such transportation that in the judgment of the Commission would meet the approval of the Government, and only such ordinary transportation and meals as were given by the company to travelers in the ordinary trains. When a detailed bill is rendered to the Commission, with items, the Commission will be prepared to pass upon it. These remarks apply to the Union Pacific Company and the Sioux City and Pacific Company, as well as to the Central Pacific Company and any other roads that the Commission has passed over under that arrangement with reference to transportation. The Commission declined all offers or propositions of railroad companies to transport us free of charge, and desired to occupy toward the several corporations the same relations as strangers would occupy, paying for all services rendered. That was the proposition of the Commission to the companies.

AS TO THE OFFER TO SELL THE COLTON LETTERS TO MR. HUNTINGTON.

Commissioner ANDERSON. There was one answer made by Mr. Huntington, or one statement made by him, to which I wish to call attention. He stated when before the Commission that an agent of the Colton estate had offered these Colton letters to him for sale. The Commission desire to be informed of the name of the agent referred to by Mr. Huntington, and desire him to appear again before the Commission, unless he sees fit to send us the name through the counsel of the company.

Mr. COHEN. I intended to have mentioned that to Mr. Huntington, but have had no opportunity since adjournment last night to do so. I will do it at recess.

HAS THE UNION PACIFIC CLOSED ITS TESTIMONY?

Commissioner LITTLER. I should like to inquire of Judge Dillon whether the Union Pacific Company has closed its testimony and made all the suggestions it desires to make, unless the Commission should call for something further.

Mr. JOHN F. DILLON. I stated in my letter the other day, that you had had access to our books and paper, *ex parte*, with liberty to make extracts; that we did not know what you had done, and that unless you called our attention to some charges we had nothing further to present. I ought to add, perhaps, that we have been at some little disadvantage in this matter, by reason of the fact that no one person connected with our company has been present at all the hearings at which testimony has been taken. I was present in New York and Boston during the taking of testimony in those places. I was not present during the taking of

the testimony at Omaha, Denver, or other places; hence when we come to look over the printed testimony if we discover anything that is serious that needs to be supplied we would like to reserve the right, subject to the judgment of the Commission, to supply it. We are not aware of anything of that kind now.

CENTRAL PACIFIC BILL FOR TRANSPORTATION OF COMMISSION.

Mr. COHEN. I have the details now of the transportation furnished to this Commission, if you care to take them down.

Commissioner ANDERSON. You may hand the bill to us, and we will examine it.

Mr. COHEN. I have not got it in a separate bill. It is mixed up with other matters. I will give you the items, if you care to have your reporter take them down.

Commissioner ANDERSON. No; we want them before us, so that we may pass upon them.

The CHAIRMAN. There are a number of items in the bill pertaining to individual members of the Commission, in their individual capacity, and which they assumed. We desire to have those items separated from that portion of the bill properly chargeable to the Government.

Commissioner LITTLER. I made the request of the company that as to any individual expenses incurred for me, outside of the Commission—as my wife and child were with me—I did not desire the Government to pay any portion of such expenses. I do not wish the Government to pay any increased expense by reason of their being with me.

Mr. COHEN. I can only give you the information furnished to me.

Commissioner LITTLER. We desire you to present to us the naked bill of the company against the Government for the transportation of the Commission proper, with its staff of officials and employés.

The CHAIRMAN (addressing Mr. Cohen). Will you submit the bill, if you have it, to the Commission?

Mr. COHEN. I have not got the bill for transportation in formal shape. It is mixed up with other items. You want the transportation separate from the other items?

The CHAIRMAN. Yes.

Mr. COHEN. This paper that I have includes something more.

Commissioner ANDERSON. Submit anything you desire, and we will give it attention.

Mr. COHEN. Will you let me call the items over to your stenographer?

Commissioner ANDERSON. We object to that, if it is a "mixed-up" bill. As soon as you present a bill for transportation, we will consider it.

Mr. COHEN. I will try to get it out in a formal manner and give it to you this afternoon.

A STATEMENT WANTED OF THE CONDITION OF THE CENTRAL PACIFIC SINKING FUNDS.

Commissioner ANDERSON. There is one matter that we have called for several times. I do not know whether the answer has been furnished from San Francisco or not, but we will place it once more on the record. We want a statement of the exact condition of the respective sinking funds which have been accumulated by the Central Pacific Company showing the precise amount applicable to each separate mortgage, and enumerating the securities which represent the fund and stating where they are, and in what custody.

Mr. COHEN. Is not that in the statement furnished to you by Mr. E. H. Miller, jr.?

Commissioner ANDERSON. It had not been furnished when we left San Francisco, but it may have been furnished since to our accountant, Mr. Stevens. The call was made on Mr. Crocker. There is a statement in each of the reports of the company, but there are changes in the sinking fund and in the particular bonds that were held from time to time. We want an exact statement of its condition as it is to-day. Mr. Colburn can undoubtedly get that up.

Mr. COLBURN. It was stated in the testimony of Mr. E. H. Miller, jr., the secretary of the company, that such a statement would be furnished.

COUNSEL FOR UNION PACIFIC REQUESTS PERMISSION TO PUT IN FURTHER TESTIMONY IF NECESSARY.

Mr. JOHN F. DILLON. I would like to reserve the right to supply anything that has escaped attention, if it be material or serious. Immaterial matters I do not care about.

Commissioner LITTLER. You understand that you take your chance of getting it printed.

Mr. JOHN F. DILLON. I understand. I do not know that we want to put in anything more. I have already said that in my own judgment one of the most important inquiries is the relation of the main line and the branches. Connected with that is the question of the allowances to branch lines, in which the Government is no more interested than that, if the mileage allowances were unduly large, they have to that extent reduced the percentage that the Government would get under the acts of 1862 and 1864 and the Thurman act. As we understand it, we have adduced very abundant testimony that the percentages allowed to the branch lines by our company are not very large, but only reasonable. Mr. Adams informs me that he is able to produce a large amount of expert testimony on that subject if it is really desired, but the Commission announced early last week, I think, that it intended to close on Friday, and it did not seem to me that it was necessary, from my knowledge of what had been put in on that subject, to supplement it by any further testimony. I would like to have the reservation made to produce anything further to include that, if it be deemed by us or by the Commission to be really necessary.

Commissioner LITTLER. We will consider the request.

LIMITATIONS AS TO RIGHT TO BUILD BRANCHES.

Mr. JOHN F. DILLON. I should like to make a suggestion at this point that has doubtless occurred to the Commission.

It is a constantly recurring problem with every railway management as to whether they shall build branches. An unlimited power to do that may lead to building branches unadvisedly or unwisely and without due consideration. The question is, what limitations can be put upon that right? It seems to me that legislation should be gone into as to adopting these branches, or the profitable ones among them, into the Union Pacific family.

As to building branches in the future, it may be that the Government has such a large interest in this property that it should be in some way consulted as to the expediency of building or acquiring or

extending any given branch. Ordinarily, of course, that is determined by the directors or the stockholders—often determined, perhaps, in a way injuriously affecting the investment, by superinducing the bankruptcy of the company to the injury of a mortgage creditor.

In many railway mortgages, as the Commission know, there are provisions that branches shall not be built without some consent on the part of a mortgage creditor. That seems to be foreshadowed in the very act that appoints you. The people of this country would never have rested under the idea that the Union Pacific or this system of roads should not supply the country to which they were tributary when that country should come to be settled—when the needs of the country should come to demand of them, as Mr. Oakes very strongly puts it, that they should supply railway facilities.

Take an illustration. It ran to within 106 miles of Denver. Denver came, in the course of time, to be a great and important point. The people of this country would never be satisfied to have passengers for Denver going by stage along those 106 miles. They would want to have the Union Pacific road run up there and give the people railway facilities.

The suggestion is that you will not cut off the power to supply railway facilities to the great territory reached by these roads, but if unlimited power is liable to endanger the Government's security the real question to submit is, what limitation should be put upon that power?

REQUEST FOR BILLS AGAINST INDIVIDUAL MEMBERS OF COMMISSION.

Commissioner ANDERSON (addressing Mr. Cohen). We assume that you understand that this Commission asks you to furnish immediately any bills that your company may have against the members of the Commission as individuals, their bills as individuals having no connection with the bills against the Commission, as you well know, the gentlemen connected with the Commission being entirely prepared to liquidate their individual indebtedness.

Mr. COHEN. I do not understand that the company has any bills against any members of this Commission.

Commissioner ANDERSON. We desired to receive them. It was so explained at the time.

Commissioner LITTLER. I made a special request of your company so far as I was concerned. Let that be done.

Commissioner ANDERSON. If, because we took our wives and children with us, we are to receive the discourtesy of having bills for their transportation rendered against the Government—bills which the Commission will not recognize as proper bills—we want to know it as soon as possible.

Mr. COHEN. I do not know anything about the circumstances. All I know is, that the secretary has sent the bill for the transportation.

Commissioner ANDERSON. We will give the bill attention as soon as it is presented.

Mr. COHEN. I will send it to you this afternoon.

10 WALL STREET, NEW YORK,
Friday, September 30, 1887.

LUCIUS E. CHITTENDEN, being further examined, testified as follows:

The WITNESS. I have here the bill of complaint in the Main case against the Central Pacific Railroad Company and others, which has been referred to [producing it].

LETTERS FROM MR. COHEN.

I made reference in my testimony to some letters of Mr. Cohen, which he asked me to produce. In reply to that, I now produce the entire correspondence of Mr. Cohen—all his letters on that subject to me. I think the letters to which I referred particularly are dated January 12 and April 27, 1882.

The CHAIRMAN. Do you want the letters to go on this record?

Mr. COHEN. This witness has referred to them as being of importance. You might put in the two that he has identified.

Commissioner ANDERSON. We do not want any of them.

Mr. COHEN. The two he has referred to I think should go in. One of them is dated January 12, 1882. That I wrote myself. The second one is dated April 27, 1882, and appears to have been written by a clerk in my office.

The first letter is as follows:

SAN FRANCISCO, *January* 12, 1882.

Main and others against C. P. R. R. et al.

DEAR SIR: My engagements are such as to compel me to be frequently absent from here, and in the above cause I should be glad to have some one substituted in my place as attorney of record. I am willing to remain as counsel, but I desire to be relieved of the attorney's work. I am pushing the case as fast as possible, but I find the judges grant the other side more time than I am willing to consent to.

Truly, yours,

ALFRED A. COHEN.

L. E. CHITTENDEN, Esq.,
11 *Pine Street, New York.*

The second letter is as follows:

SAN FRANCISCO, *April* 27, 1882.

L. E. CHITTENDEN, Esq.,
New York:

DEAR SIR: In coversation had to-day with Mr. Charles Main regarding the case of Charles Main against the Central Pacific Railroad Company and others, he expressed himself as much averse to the continuance of the suit—said he had verified the complaint because there was no one else here to do so, and now, finding himself antagonistic to Stanford and Crocker, whom he is daily meeting in society, he objects to the further use of his name as plaintiff, and desires to withdraw.

In consequence of this conversation, and to carry out the views expressed in my letter to you of January 12, I have given Mr. Main formal notice that I desire to withdraw as attorney for the plaintiff, and desire him to appoint some one in my stead on or before the 10th of July next, and will, by this mail, send like notice to the other plaintiffs. I have not Mr. Fosdick's address, and send the notice for him to your care. Will you kindly present it to him, and unite with the parties in interest in such action as may be necessary?

The argument on the demurrer is set for to-morrow, and I hope it will be reached. In the case of San Joaquin county against the Central Pacific Railroad Company and others, the defendant's demurrer to the complaint has been sustained on the ground that the plaintiff is not a stockholder in the Central Pacific, and, if it is, the cause of action is barred.

Truly, yours,

ALFRED A. COHEN,
Per W.

Mr. COHEN (addressing the witness). Do you want to put in the rest of these?

The WITNESS. I have no choice about it. It was the letter of April 27, 1882, to which I referred when I said that upon receipt of that letter Mr. Fosdick immediately went to San Francisco and employed other counsel.

Q. Is it your intention to express to the Commission the view that your case was not properly attended to while it was in my charge?—A. I have no views to express to the Commission at all. You stated on the record that you commenced this action as my agent. It is in reply to that that I have made these statements. I do not care about it one way or the other, except to have the truth appear.

Q. Did the interests of your case or of your clients suffer while they were in my charge as attorney?—A. I do not know that I have ever considered that question.

Q. I believe you said something on the subject yesterday, did you not?—A. I said I thought you argued the demurrer after the receipt of this letter with ability. I made that statement from your brief.

Mr. COHEN. I thought from the tenor of your remarks to the Commission that your idea was that your interests had suffered by the correspondence that I had sent to you.

The WITNESS. I can not help what you think about it. I have made the statement just as the facts are, and I do not draw any inference one way or the other.

MR. COHEN DENIES A STATEMENT OF WITNESS.

Mr. COHEN. I want to say to you while you are on the stand that while I do not agree to the statements you have made to the Commission concerning my retainer in the case; still, it is a matter of no importance, except as to one thing that you said I had stated to you, and which I shall deny. That is, that I would postpone the rights of the county of San Joaquin to the rights of your client—in other words, that a settlement should not be made with the county of San Joaquin until a settlement was made with your clients.

Commissioner ANDERSON. The statement was that no one case should be settled without the other, as I understood.

The WITNESS. That was true, and that was the principal consideration on which the case was put into Mr. Cohen's hands.

Mr. COHEN. I propose to take the stand myself to deny that.

The CHAIRMAN. You have been sworn once and your denial is on the record.

Mr. COHEN. Very well. Then I will say that it is not true. At the time when I took charge of this case I had all the business I could very well attend to. I was not bidding for any business, and above all I would not have been guilty of the gross impropriety of bartering off the rights of one client to obtain employment from another. That is all I have to say about that.

SHYLOCK AND ANTONIO.

The WITNESS. If that is all on that point, I wish to say that Mr. Cohen interrogated me yesterday about an argument that I had made, in which he asked me if I had not written some eulogy on the managers of the Central Pacific and compared their treatment by the Government with the treatment of Shylock and Antonio. Upon my denial, he said he had read it within twenty-four hours. I have not seen that argument

since it was printed that I remember of. I have it, and shall hand it to the Commission, and hope it may be returned to me. The argument was an answer to an opinion expressed by the Attorney-General that the effect of the original Central Pacific act of 1862 was to make a donation of the subsidy bonds to the railroad company. It was in reply to that argument that I said whatever I did say on that subject. I prefer to be judged by what I said rather than by anything else.

Mr. COHEN. The language that I believe you used at page 45 of your argument is this——

Commissioner ANDERSON (interposing). Is it material to encumber our record with this?

Mr. COHEN. I do not care about it, except that Mr. Chittenden has mentioned it.

MR. CHITTENDEN'S QUOTATION.

The WITNESS. What I stated was accurate, and what he stated was not accurate. Here is what I stated:

> If the range of legal history furnishes another instance of such a "gift," "donation," or act of bounty, it has escaped our notice. The commercial transaction supposed to have taken place on the Rialto, between the Grecian merchant and the Jew, has been sometimes assailed for its inequity and want of adequate consideration. But it was a donation upon better terms than that conferred by "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862.

That is in reply to the Attorney-General's argument that that first act independent of the second, amounted to a gift of these bonds to the company. If that is comparing the action of the Government in its treatment of this people with the case with which my friend is more familiar than I am, I do not understand the force of language.

Mr. COHEN. The brief I read from is headed "Will Congress preserve the national faith in its dealings with the Pacific railroad companies?" It is dated July 17, 1871. That is the brief to which you referred, is it not?

The WITNESS. The title to this argument headed with the inquiry to which Mr. Cohen refers is "Extracts from the debates in Congress on the passage of the acts to secure the construction of a railroad to the Pacific, with some suggestions upon the question whether the United States issued their bonds to the Pacific railway companies to promote and protect the national interests, and upon an adequate consideration; or as an act of bounty. Prepared by L. E. Chittenden, in behalf of the Central Pacific Railroad Company of California, and presented to the honorable the Judiciary Committee of the Senate of the United States." That is the document.

Mr. COHEN. The brief goes in, as I understand it, so that we may refer to it in argument; or shall I call the attention of the witness to it?

Commissioner LITTLER. Do you propose to argue this matter before this Commission?

Mr. COHEN. One of the counsel of the company will file a written argument, I understand.

Commissioner LITTLER. You can leave your brief with us.

MR. COHEN'S QUOTATIONS.

Mr. COHEN. I only wanted to call attention to the language, to know whether it is the language of the witness. That is all. The parts I

want to refer to are very short. On page 35 of your brief appears the following:

The construction of the main line of the Pacific Railroad commenced in 1863. At the time the act of 1864 was passed, about 80 miles of the western or California portion was in running order, and an equal or greater portion of the eastern end had also been built. The issue of bonds had already commenced. As early as January 1, 1864, a payment of interest had been made by the Government. The work progressed with a degree of energy never before displayed in the construction of any public work in the world; but it could not keep pace with the impatience of the people. To meet the public demand for its completion, no cost was spared. The frosts and snows of winter were not permitted to delay it, and the result was that the last rail was laid almost seven years before the time limited by the statute.

That is your language, is it not?

The WITNESS. That is the language of this argument. It is true, unless the statements made by these Central Pacific people on many occasions are untrue.

Mr. COHEN. At page 38 of your brief this occurs:

The act was passed in 1862. At almost every session since it has been in some form before Congress. It has been debated more than any other single subject of legislation. It has been added to, extended, and improved. It has been translated into foreign languages, published and circulated at home and abroad. On the faith of its provisions and the official construction given to them, capitalists——

The WITNESS (interposing). May it please the Commission, I desire to say that I wrote every word of that document.

Mr. COHEN. Will you let me read it?

The WITNESS. I do not wish to be kept here while you read it.

Commissioner ANDERSON. Let it be marked.

Mr. COHEN. There are but a few lines more which I will read:

On the faith of its provisions and the official construction given to them, capitalists have been invited and urged to come forward and aid the United States in their greatest national work to supply their greatest national necessity. The invitation has been accepted and more than $100,000,000 contributed to the enterprise. The work has been done. In a national point of view it has met every reasonable expectation. Indian and Mormon wars are no longer probable, scarcely possible. The line of forts across the unsettled territory is abandoned; the standing army is no longer required; the Atlantic and Pacific coasts are united; their inhabitants are no longer strangers, but a homogeneous people, having common interests; the commerce of Asia and the Indies is brought to our markets. All the saving which the most ardent friends of the enterprise ever promised has commenced, and is insured for all the future. The bones of emigrants no longer whiten the plains and point the traveler to the westward trail while they apprise him of its dangers. Detachments of soldiers no longer guard our mails, or are needed to protect the westward flow of the wave of population. The wife and children of the settler are safe from the rifle and the scalping-knife. Men and women, adults and infants, reach our new Territories in safety and comfort. We feast upon the fruits of California. Her mountains divide the attention of the traveler for pleasure with those of New Hampshire and Virginia. These things, which ten years ago were wild fancies, have become substantial realities. All these has the Pacific Railroad accomplished, and is accomplishing, for the nation.

I think that is all I shall read from that.

COMPENSATION RECEIVED FROM CENTRAL PACIFIC BY MR. CHITTENDEN.

Q. You said yesterday that you received from the Central Pacific Railroad Company only about $3,000 or $3,500. Can you say when that was paid to you?—A. I can not.

Q. Have you any recollection of receiving the payment from the Central Pacific Railroad Company on the 19th of April, 1873?—A. I have no distinct recollection of it.

Q. Did you receive it?—A. I received a payment about that time for those services.

Q. Did you receive a payment on the 30th day of July of the same year of $2,237.59?—A. I could not tell whether I did or not from recollection. If I did, it had no connection with these services.

PURPOSE FOR WHICH PAYMENTS WERE MADE.

Q. For what purpose were those payments made to you in 1873?—A. One of them was made in payment for services of which I spoke yesterday, and I can not remember for what any other was made. I was performing services for Mr. Huntington about that time. Some adequate and proper compensation was all the money that was ever paid to me.

Q. Your brief is dated January 17, 1871. How long after its date was it filed by you?

The WITNESS. What brief?

Mr. COHEN. The brief you have just produced here.

The WITNESS. This brief, or argument, or whatever you call it, was prepared for use at the session during the winter of 1871, when an attempt was made (the details of which I can not recall) to pass some act retaining the moneys payable to the Pacific Railroad companies in consequence of the accrued and paid interest on Government bonds. That is a transaction entirely independent of the one referred to yesterday, which occurred in 1873.

A COPY OF BRIEF SENT TO EACH MEMBER OF SENATE AND HOUSE.

Q. When did you use that brief or argument? How long after its date?—A. It was prepared in the city of Washington, and printed and circulated. A copy of it was sent to each member of the House and Senate immediately after its preparation. That part of it I had nothing to do with; but I prepared it in Washington about that time.

Q. When were you paid for your services in making that argument?—A. I can not tell you now. That is seventeen or eighteen years ago. But about that time.

Q. You say the payments made to you in 1873 were not for services connected with that argument?—A. No, sir; not at all.

Q. What were the services you had rendered for which you received the payment of 1873?—A. I described them here yesterday.

Q. I asked you as to the payment of $2,237.59. Now I ask whether you did not receive a subsequent payment of $6,000?—A. Not to my recollection. I have no recollection of any services for which I received any such payment. If any such money came into my hands it was for some proper purpose.

Q. Did you not receive from the Central Pacific Railroad Company for your services, in various payments, the sum of $10,000, with the addition of some expenses that you had incurred?—A. I am unable to state the aggregate which I have received for all services rendered to the Central Pacific Railroad Company. Whether or not that aggregate amounts to $10,000 from 1869 to 1874, I do not know. The amount I received for the services referred to by Mr. Stanford, and spoken of here yesterday, was not $10,000, but, according to my best recollection, $3,000, possibly $3,500.

10 WALL STREET, NEW YORK,
Friday, September 30, 1887.

HENRY DAY, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. You are an attorney at law and reside in New York?—Answer. Yes.

CONNECTION WITH ATCHISON AND PIKE'S PEAK ROAD; NOW CENTRAL BRANCH UNION PACIFIC.

Q. Have you had any special connection at any time with a railroad formerly known as the Atchison and Pike's Peak Railroad Company, and now known as the Central Branch Union Pacific?—A. I have had connections with them both, as being personally interested in the stock and bonds, and I was also for some years counsel for the company.

Q. During what years were you familiar with the inception and development of that enterprise?—A. I was not connected with it at its inception. I was brought into it by the then counsel, Mr. Effingham H. Nichols, who was for many years the counsel, and probably the first counsel, of the enterprise. He remained so, I should think, up to, perhaps, 1871 or 1872. For four or five years I was also counsel, and perhaps associate counsel with him.

Q. For four or five years preceding 1871?—A. No; succeeding that time.

THE RIGHT GIVEN TO THE HANNIBAL AND SAINT JOSEPH RAILROAD COMPANY.

Q. Have you any knowledge connected with the early history of the road prior to 1871?—A. I only know the manner in which the road was built, and I have some general recollection of the affairs of the company. In the act of 1862 the right to build 100 miles of road west of the Missouri River was given to the Hannibal and Saint Joseph Railroad Company, that company to receive lands and bonds at the same rate that the other Pacific railroads did.

Q. Is the point on the Missouri River defined in the act?—A. No; it is not. The language is as follows:

SECTION 13. The Hannibal and Saint Joseph Railroad Company of Missouri may extend its roads from Saint Joseph via Atchison, to connect and unite with the roads through Kansas, upon filing its assent to the provisions of this act, upon the same terms and conditions, in all respects, for 100 miles in length next to the Missouri River, as are provided in this act for the construction of the railroad and telegraph line first mentioned, and may for this purpose use any railroad charter which has been or may be granted by the legislature of Kansas: *Provided*, That if actual surveys shall render it desirable, the said company may construct their road, with the consent of the Kansas legislature, on the most direct and practicable route west from Saint Joseph, Missouri, so as to connect and unite with the road leading from the western boundary of Iowa at any point east of the one hundredth meridian of west longitude, or with the main trunk road at said point, but in no event shall lands or bonds be given to said company, as herein directed, to aid in the construction of their said road for a greater distance than 100 miles. And the Leavenworth, Pawnee and Western Railroad Company of Kansas may construct their road from Leavenworth to unite with the road through Kansas.

ASSIGNED TO THE ATCHISON AND PIKE'S PEAK RAILROAD COMPANY.

Q. How did that right pass to the Atchison and Pike's Peak road?—A. They took an assignment of this road under the statute, the Atchison and Pike's Peak road being the road that is organized under the

laws of Kansas. There is a road spoken of in the act, and that is the one.

Q. When did construction commence on that road?—A. I am not able to say. I did not go into it until the construction had been commenced some time. When that was I do not know.

Q. Are you able to state how far westward of Atchison the construction had progressed at the time you came in?—A. I am not able to state that. I know the period of time when I came in. There are persons who could state that.

Q. Who could give us the information prior to your acquaintance with it?—A. Mr. Effingham H. Nichols knows all about it.

WITNESS' INTEREST IN LATTER ROAD.

Q. From the time you came into the road in 1871 are you familiar with its construction and business generally?—A. I had nothing to do with the construction, except that I was a member of or had an interest in the construction company that built the road. I bought out a certain interest. I believe it was divided into shares. There was something like thirty-two shares, and this construction company took the lands and took all the property of the railroad for building it.

Q. What was the title of the company?—A. It was organized as the Atchison and Pike's Peak Railroad Company, and issued its bonds and stock in that name.

BUILT BY A CONSTRUCTION COMPANY.

Q. Was there any distinction between the title of the construction company and the title of the railroad?—A. Yes. I do not remember what the title of the construction company was.

Q. Who was the president of the construction company?—A. I do not know that. I never paid any attention to this construction company. That is to say, we scarcely ever had any meetings, and simply took reports of the builder employed by the company. A man by the name of Osborne had the contract to build that road, and all I know is that he made reports from time to time as to how much of the road was built and its condition.

MR. OSBORNE THE CONTRACTOR.

Q. Was Mr. Osborne's contract made with you and the other gentlemen forming the construction company, or was it made with the railroad company?—A. It must have been with the railroad company. I do not see how there could be any construction company making a contract except with the railroad company; but I was not a party to these early transactions, so that I cannot state that from personal knowledge.

Q. That which you acquired was an interest in the profits to be made out of the Osborne contract?—A. I bought a thirty-second share of that contract. Mr. Nichols had a contract with Mr. Osborne for building this road, and it was divided up into shares. The parties were obliged to advance money as it was needed for building the road, and what they got was the bonds and stock.

Q. Then Mr. Osborne could only have been the representative of the real interests—the thirty-seconds—so that the profits derived from the Osborne contract really belonged to the holders of those shares?—A. He sold them out. Whether or not he made any profit on the thing I cannot say.

Q. How many of those thirty-seconds did you have?—A. One.

OTHER PARTIES INTERESTED.

Q. Can you give us the names of any others?—A. There were Mr. A. S. Barnes, the publisher here; Mr. R. M. Pomeroy, of Boston, now deceased; Mr. Effingham H. Nichols, of New York, was another; and there were some Boston gentlemen. Subsequently Mr. Oliver Ames came in, though I doubt whether he was in this original syndicate.

Q. The present governor of Massachusetts?—A. Yes. He came in when we had to extend this road. We had to build extensions to it afterwards.

Q. Who managed the affairs of these shareholders in the Osborne contract?—A. Mr. Nichols had almost the entire control. He probably negotiated them all, in connection with me, and, I presume, he knows more about them than any other man.

Q. Have you a copy of the contract?—A. No; I never had it.

Q. Do you know how many miles of construction it covered?—A. Just one hundred.

By Commissioner LITTLER:

Q. Was this a narrow-gauge road?—A. No, sir; it was a standard gauge; it was built according to the act.

By Commissioner ANDERSON:

Q. Was the whole of that 100 miles constructed under that contract?—A. Yes; and then they extended it another 100 miles.

THE FIRST HUNDRED MILES COMPLETED WITHIN THE LIMITATION.

Q. We will come to that extension later on. When was the first 100 miles completed?—A. It was completed within the time required by the act. I am not certain just when that was. It was completed a year before the limitation expired.

Q. The time referred to in what act?—A. The act of 1862.

Q. What other acts of Congress have been passed in relation to the Central Branch?—A. The act of 1864 affected it—affected all the branches, but no act has been passed relating to the Central Branch especially, although there should have been one. There has been a very great wrong done to the Central Branch, if I may digress slightly. The Central Branch was to join in with the road running from Kansas City; it was to go northwest, and to strike into the Union Pacific about the 100th meridian. When they built their road and came down the Smoky Hill road to Denver, that left us entirely in the woods. We were just left in the mud, with a million or two of dollars expended and the road was not worth 10 cents on the dollar. Then, in order to make the road worth anything, we went to work and extended it.

AMOUNT MR. OSBORNE WAS TO RECEIVE.

Q. We will come to that presently. I want first to get at what was in these 100 miles. Under this contract, what was Mr. Osborne to receive?—A. I am giving my recollection, which, I presume, is correct. He was to receive a certain amount of stock—the stock and the bonds of the road—$16,000 a mile of first-mortgage bonds, and I think the lands from the Government as well as the stock of the company. That is my recollection; but the contract is to be had, I presume.

Q. Can you refer us to the contract? Who would have it?—A. I do not know of anybody but Mr. Nichols who would have it. I rather think that he wrote it.

Q. Was not Mr. Osborne also to receive the Government bonds?—A. I suppose; but it is 21 years ago, and I am a little uncertain.

Q. Is it not your recollection that the contract was what was described to us, in reference to some other contracts, as an exhaustive contract?—A. I suppose so. That is what I have said. I suppose that he received everything that the road could receive from the Government, and its first-mortgage bonds and stock. That is my belief.

OWNERS OF OSBORNE CONTRACT SHARES ALSO CENTRAL BRANCH DIRECTORS.

Q. Were any of the owners of shares in the Osborne contract also directors of the Central Branch road itself?—A. I am not so certain about that, but it is my recollection that they were. I am not very sure about it.

Q. Do you know anything about the subscription to the stock itself?—A. I do not; that was before my time.

Q. But the stock was issued, as I understand you, directly from the company to Osborne under the Osborne contract?—A. I suppose so; but I do not like to speak with certainty about a paper that I have not seen for twenty years.

HISTORY OF THE ROAD.

Q. Please give us what information you can as to the operation of the road and the financial results of its operation after the completion of the 100 miles?—A. The road was bankrupt for a great many years. We could not pay any interest on our bonds. We could not earn enough to pay anything on the bonds; and, more than that, I believe it did not pay operating expenses. We spent a great many years in Washington endeavoring to get what we considered our right under the law—the right to extend our road to a connection with the Union Pacific under a provision that, if any of the branch lines which other roads were to undertake should fail to be built by that road within the time specified in the act, then the road that has built its branch may continue it to a junction with the trunk line, and should receive the same amount of bonds and lands. We simply asked Congress to allow a map to be filed by us continuing that route, and we were years and years trying to get that map filed so that we might continue our route. It was once filed, but it was taken off the files by General Grant, and we have never been able to get any connection with the Union Pacific, and never have received any bounty from Congress. Then we had to continue it as an independent road.

WHEN APPLICATIONS TO CONGRESS WERE PRESSED.

Q. During what years were those applications to Congress pressed in Washington?—A. All the time after the Kansas Pacific changed its route. I think they changed its route in 1871.

Q. You can locate it by the time when the Kansas Pacific followed the Smoky Hill route, can you not?—A. As far as I know, we had nothing to do with Congress until that route was changed, and then we were obliged to endeavor to get a bill passed authorizing us to continue or to have our map filed. I was in Washington two or three winters endeavoring to get some bill passed to relieve us, or to refer it to the courts. As the United States cannot be sued we desired to have this question of our rights under the act referred to the courts. We could not even get that. We could not get anything.

WHEN ATTEMPTS TO GET LEGISLATION CEASED.

Q. When did you desist from your attempts to get legislation to assist the road?—A. I should think it was somewhere about 1875 or 1876. I am not able to give the time within a year or two.

Q. When did your interest in the road terminate?—A. I was obliged to sell out my interest to help extend the road. It would take a great deal of money to extend this road so as to make it pay, and I was obliged to sell my interest.

Q. In what year did you cease to have any interest?—A. Oh, I have some interest now. I have some of the bonds.

Q. What did you receive by this thirty-second interest in the contract?—A. That I am not able to say. I had not been over the accounts to see. I ought to have been entitled, according to my computation, to one thirty-second of 1,600 bonds. That would be 50 bonds, I think. Then I ought to be entitled to a certain amount of stock. How much I do not remember.

Q. Your recollection is that you were entitled to one thirty-second part of all the bonds and stock of the company?—A. That is my recollection; yes.

NO INTERVENING PEOPLE.

Q. Were there no deductions by reason of the other parties that were interested—the intermediate parties—in the construction of the road? Were intervening profits made by contractors between yourself and the railroad company?—A. I do not believe that there were any intervening people.

Q. So that your recollection is that each one of the holders of the thirty-second shares was to receive one thirty-second of all the bonds and stock?—A. That is my recollection.

Q. From whom did you obtain your thirty-second?—A. I think I got it from Mr. Osborne direct.

Q. Was it a purchase, or did you receive it by reason of your interest in the company?—A. I paid down $20,000, the first thing.

Q. Bought it from Mr. Osborne for that much money?—A. Yes; that was the inception of it, and then they had to build the road. At the time I bought I gave $20,000 to him for this one thirty-second.

Q. That was to be applied by him to the construction of the road, I presume?—A. No; I think it was to go into his pocket; but I know he was to build the road and furnish all the money.

NATURE OF MR. OSBORNE'S CONTRACT.

Q. But the holders of the shares were to reimburse him, I presume?—A. No. I take the contract to be like this: "I will build this road, iron it, and put on the rolling-stock, and you shall pay me so many bonds and stocks and whatever you receive from the Government."

Q. That was his contract with the railroad company?—A. Yes; that is what I mean.

Q. But after he had sold out to the gentlemen who took the thirty-seconds (and I understood you to say you bought a thirty-second interest in this contract for $20,000) did you not also assume a thirty-second part of the liabilities, if he was, under that contract, to advance the money and build the road?—A. Well, I presume that was so, although I do not remember distinctly the term of the contract.

Q. Have you any papers that would show what amount the purchasers of these interests agreed to pay to Mr. Osborne or what share of the lia-

bilities they agreed to assume for the purpose of constructing this 100 miles of road?—A. I have not any of those papers. I trusted these gentlemen. Mr. Nichols is a friend of mine, and whatever he told me about it I believed.

Commissioner ANDERSON. It is clear that you could not be the owners of the bonds and stocks unless you agreed to do what they were to be issued against.

The WITNESS. We must, of course, have had a responsibility of one thirty-second of the contract to finish it—to furnish the money. We had to pay out money to build the road and we got our pay in this material that I speak of.

NO KNOWLEDGE OF THE COST OF CONSTRUCTION.

Q. The object is to ascertain the cost of construction of that 100 miles of road to Mr. Osborne or his associates—to the real parties in interest; but you have no knowledge of what that cost of construction was.—A. Not the slightest.

Q. Were you familiar with the road itself; did you go over it frequently?—A. I never went over it until four or five years after it was finished; we then went over it to look at some extensions that we had to make.

Q. Have you no idea of the total amount of your contribution to this construction?—A. No; I know I paid the $20,000 down, but as to what I have paid since I have no idea.

Q. At the rate of $20,000 for 32 shares it would be $640,000. Now, is it within your recollection that you have ever paid anything else of moment except that $20,000?—A. I do not remember that I have; but it is a long time ago, and I have had a great many railroad schemes on my hands since that time.

MR. OSBORNE BUILT THE ROAD, THE SHAREHOLDERS SHARING THE LIABILITY.

Q. Is it not your understanding, on reflection, that Mr. Osborne agreed with the purchasers of those interests that he would build the road for $640,000, and to reimburse them that they should have the bonds and stocks?—A. No; I do not think there was any such arrangement as that. The best I can tell you is what I said before, that he was to build the road, furnish a certain amount of rolling-stock, and we shared that liability, as I understand it; we had to furnish the money as it was required.

Q. But you can recall no other expenditure by yourself except the payment of this $20,000?—A. Well, I think I was paying along during all the time, but I cannot say now. I had no book-keeper and it was early in my professional career, and I let the thing slide; I had not anything to show.

Q. If I understand you correctly, this occurred in 1871?—A. No; I was more of an attorney in 1871; but I paid my money from 1866 on to 1871.

Q. You paid your money in 1866 and afterward?—A. Yes, sir.

Q. It was all paid, I assume, before the road was entirely completed?—A. Yes; I believe so.

OPERATION OF ROAD AFTER COMPLETION.

Q. Please describe a little more fully the operation of this road after completion. You say it did not pay. Describe what its financial his-

tory was, as far as you know.—A. It remained eight or ten years without paying anything on stock or bonds. We began to make extensions of it at the rate of 10, 15, or 20 miles at a time, up to some large town, and then we would make another extension up to another town; and each time we made a syndicate to build that extension. When we had extended it to the Republican River the business then began to be better, and every extension we made improved it, and the country began to build up, so that at last we got the road where it began to pay expenses. We had never paid any interest on the bonds, I think, until it was sold out to the Kansas Pacific. That is my recollection.

SALE TO KANSAS PACIFIC.

Q. To what transaction do you refer as being a sale to the Kansas Pacific?—A. This road continued in that infirm condition—not being able to pay anything upon its stock or bonds—for some ten or twelve years, when there was a negotiation between the Kansas Pacific and the Central Branch for selling the stock or the interest and putting the control of this road under the Kansas Pacific, so that the two should be run in connection, one with the other.

Q. Have you any personal knowledge of that negotiation?—A. No.

Q. You only describe it to us as you have heard it described?—A. Yes. I never came in contact with the gentlemen who made the negotiations.

Q. In what year do you locate that transaction?—A. I should have to guess a little widely. It is easy, however, to ascertain it.

TIME OF TRANSACTION.

Q. Is it not a transaction that occurred in 1869, about the same period as the consolidation of the Union Pacific with the Kansas Pacific?—A. I think it was before the consolidation of the Union Pacific with the Kansas Pacific.

Commissioner LITTLER. Mr. Anderson asked you if it was not about that time.

The WITNESS. I should judge it was; but that is a matter that other gentlemen can state exactly. If you examine Governor Ames, who had a good deal to do with it, he can tell you.

Q. Then it was the Ames negotiation to which you referred?—A. That is it.

Q. Then it was part of the consolidation of the Union Pacific with the Kansas Pacific—or took place at the same period?—A. No; I think not.

Q. Mr. Ames has given us the dates.—A. I think one preceded the other by a considerable time.

Q. That is what you refer to by the term "sale" to the Kansas Pacific?—A. Yes; that is what I refer to.

Q. Before the representatives of the Kansas Pacific, or before Mr. Gould acquired any interest in this road, did any gentlemen whom you know gather together most of the interests represented by stock in that company?—A. I think so. I have been so informed—that many of the interests—much of the stock—was bought up.

AFRAID MR. GOULD MIGHT RUIN THE STOCK.

Q. By whom was the stock bought up?—A. I have to speak a little from hearsay. I had no part in it myself. I had sold my stock. I let

mine go at a cheap figure, because I was afraid Mr. Gould might run all of it.

Q. I am seeking to identify the thing merely. Who do you understand to be the purchaser who gathered in all this stock?

The WITNESS. Am I to understand that it is proper for me to state what I have merely heard?

Commissioner ANDERSON. For the purpose of identifying the transaction, I think so.

The WITNESS. I have no objection to state, as I believe there is no obligation to the contrary. Mr. Pomeroy, who is now deceased, bought a large interest, I think, and I think Mr. Oliver Ames bought a large interest. Those are the only two gentlemen that I know of who did buy large interests.

Commissioner ANDERSON. That connects directly with what we have from Mr. Ames.

CONDITION OF ROAD.

Q. Just anterior to the purchase of stock by Mr. Ames and Mr. Pomeroy, please describe the condition of this road, including the four or five branches that had been constructed for the purpose of developing its business; and describe also its financial condition, as you understood it, at that time—in 1878 and 1879.—A. This is what I understood from the officers, although I was not an officer or treasurer, and did not run the road: That the extension of this road had benefited it, and that the expectation was that within a year or two it would be able to pay the interest on its bonds, and the officers also stated that they expected to be able to pay some dividend on their stock; that it had made a very great difference in the road—the making of these extensions. That was the common statement, and we were glad to buy bonds on that understanding. I bought quite a number of bonds, thinking that they would improve.

Q. At what figure, about, were the bonds selling about that time?—A. I think about 75, 80, or 90. They kept going up until they got up to par.

ARREARS OF INTEREST FUNDED.

Q. What had become of the arrears of interest on those bonds at that time?—A. Those arrears of interest were funded and a new mortgage given to cover them; so that there is what is called a funded coupon bond with some ten years' interest, and that is outstanding.

Q. Do you know the amount of that bond?—A. Yes; I drew it, I think. It was for $1,800,000, or something like that.

Q. So that the mortgages that existed on that road, at the time of the Pomeroy and Ames transaction, on the first 100 miles, were a first mortgage of the company for $1,600,000, the Government bonds for $1,600,000, and this funded mortgage, representing the arrears of interest, about $1,500,000 or $1,800,000?—A. I think that is the amount of that mortgage. I may have got it a little high.

Q. How much was the capital stock of the company?—A. I really do not know.

Mr. MINK. It was $1,000,000.

The WITNESS. I think that is so.

Q. How long before Messrs. Ames and Pomeroy bought this stock was it that you parted with yours?—A. Just about a year, I should think.

Q. Did you also sell your bonds, or did you retain them?—A. I retained most of my bonds. I have sold some of them.

THE ROAD WAS EARNING NOTHING.

Q. What was this circumstance to which you allude, that induced you to believe that your stock had but little value?—A. Well, there was no circumstance except the fact that the road did not earn anything. The next fact was that the Kansas Pacific (Mr. Gould managed it then) was building a road from Manhattanville, on the Kansas Pacific, up to Clay Center, or some such place, which was the extension of our line; so that our business coming through Kansas along the Republican branch was diverted to the Kansas Pacific, and, as they had a through route to the East, it almost destroyed our business, we having no through route from Atchison, and the road being really valueless. That is to say, if we had not dealt fair with him, or he had not dealt fairly, as I think he did, with us.

Q. The position at the time you sold your stock was, that by reason of the construction of the competing road which you have described, your road had but very little value, as you judged?—A. I was afraid. It had value, but not what it might have.

Commissioner ANDERSON. I am speaking of value as tested by its actual earnings at the time.

The WITNESS. Its actual earnings did not pay any interest on its bonds. That is the best I can say.

CONTINUING THE FUNDING PROCESS.

Q. Do you remember what the last year of the funded coupons was?—A. I do not.

Q. Did not this funding process continue up to about the time you sold your stock?—A. Somewhere near that.

Q. Have you any knowledge of the affairs of this company later than the time when you sold your stock?—A. No.

Q. Could you not fix that period a little more definitely, whether it was 1878 or 1879?—A. I could not even fix it then without looking at my books. I should have to go back over the records for years.

Q. Was that stock sold to Mr. Pomeroy or to Mr. Ames?—A. No.

Q. It was sold in the general market?—A. I sold it to a broker in Wall street.

Q. Have you examined the earnings of this company (you being interested as a bondholder) in any way during the years following 1879?—A. I have received reports, as I have asked about it from time to time. I think I have examined the reports.

Q. And have you examined the terms of the lease of the road to the Missouri Pacific by the Union Pacific?—A. I did at the time, I think, but I do not remember the terms now.

ABILITY OF THE COMPANY TO MEET ITS LIABILITIES.

Q. Have you made any examination whatever of the affairs of the company with reference to its ability to meet the accruing interest of the United States bonds, and ultimately to meet its indebtedness?—A. I know that it has been doing very much better during the last few years, and has more than paid the interest on its bonds. That is what I gather from the reports.

Q. When you say the interest on its bonds, you do not include any interest whatever for the United States?—A. No.

Q. To what bonds do you refer?—A. The interest bonds and the funded coupon bonds.

Q. Your recollection is that the financial operation of the company has resulted in something beyond interest on these bonds?—A. I feel very sure of that.

Q. Is Mr. Osborne living?—A. I do not think he is.

Q. Where did he reside?—A. In Kansas: he went from the western part of New York out there, I think, to take his contract; but I believe he came back and died.

Q. Did you ever see his books, showing the cost of construction of this road?—A. No.

Q. Did any committee on behalf of the shareholders examine his books?—A. I think the treasurer looked after that. Mr. Nichols was the treasurer, I think, of the construction company; he certainly was of the road.

By the CHAIRMAN:

Q. Where is Mr. Nichols now?—A. At 20 Nassau street, I think.

THE CENTRAL BRANCH'S LAND GRANT.

By Commissioner ANDERSON:

Q. Have you any knowledge of the land grant made to this company?—A. I know there was one for 100 miles only.

Q. Do you know what method the railroad company pursued in disposing of the lands?—A. I know it sold the lands as it got opportunity, from time to time, to settlers, but I do not know of any other method of its selling the lands.

Q. Do you know whether these lands, or any large portion of them, were transferred in trust to Mr. Pomeroy and others, on a trust to reimburse holders of certificates of indebtedness?

The WITNESS. What certificates of indebtedness?

Commissioner ANDERSON. Were you not at one time a holder of a certificate of indebtedness from this company to you—a certificate for about $15,000?—A. I do not remember anything about certificates. I know that at one time some lands were conveyed to Mr. Pomeroy, and I think to myself, and I think it likely to Mr. Nichols, for some purpose, I do not now recall what.

MINUTE BOOKS OF THE COMPANY.

Commissioner ANDERSON. We have a condensed copy taken by one of our employés from the minute books of the company, and it may refresh your recollection, the transaction appearing to have occurred in 1874, there being a number of certificates of indebtedness recognized by the company to be due to different parties. I will ask you to cast your eye over the names and see whether they refresh your recollection as to the manner in which the company secured the payment of those amounts.

The WITNESS. Are these the minutes of the Central Branch?

Commissioner ANDERSON. Yes.

The WITNESS (after looking over the page). I think there was some such paper as that.

CERTIFICATES OF INDEBTEDNESS.

Q. Does that refresh your memory as to the certificates of indebtedness?—A. It refreshes my recollection that we borrowed money quite largely and the company had nothing to give but some certificates;

that they owed this money and they secured it, as I recollect, by the lands given in trust (I think I was one of the trustees) to be sold, and the proceeds applied to the payments of these certificates.

Q. You say you borrowed money. You mean you loaned it to the company?—A. Yes.

Q. Who are the parties to whom these certificates were made?—A. The names are here. This refreshes my memory. I should not have remembered anything about it if you had not shown me this. I think in one or two instances lands were put in my name and the names of one or two others as trustees for some such purpose. This is one of the instances.

Q. Please name some of the parties who were interested in that trust of lands, according to your recollection after examining the paper.—A. I see that I was interested in it.

Q. Your interest appears to have arisen out of your professional relation to the company, as I understand?—A. No; there are $5,000 put down here that I had advanced. They never paid me anything until they sold out to the Union Pacific Company, when my bills were paid. That was the first time I got anything. Then I got $8,000 for my services for about six years. That is all I ever received from the company.

Q. What does this certificate purport to represent, so far as you are concerned?—A. $15,800. It says: "Henry Day, for balance of money due him, $5,000." That was money lent. "For professional services rendered, $8,000." That was for services rendered up to that time. The balance was for professional services to be rendered. I was to take charge then of all the professional business of the company from that time onward, and they made a provision for that.

Mr. COHEN. You spoke of the sinking fund of the Central Pacific Company. I find that the information asked for is appended to the testimony of Mr. E. H. Miller, jr., on the 16th of August. It was a paper that we handed in to you.

DISPOSITION OF LANDS.

Q. Have you any books, papers, or accounts, showing what disposition was made of those lands?—A. I have not any papers, but I have some recollection.

Q. Do you remember how many acres there were?—A. No; I do not. Whatever were left of them were returned—released to the Central Branch Union Pacific after it was transferred.

Q. Do you remember what the terms of your trust were; was it not to reimburse these certificates to which you have referred?—A. Yes; I believe those were all put in. Still those papers are all on file somewhere, or copies of them kept.

Q. What was the aggregate amount of the certificates for which the lands were conveyed to you?—A. I could not tell. There are three pages in that paper you showed me.

Q. Where can you refer us to an account of that trust? You say it must be on file somewhere?—A. Those deeds Mr. Nichols had at one time. I think very likely he has got them yet.

Q. What I refer to particularly is an account showing the lands sold, the proceeds, and the disposition of those proceeds.—A. I never executed a deed myself, I think, to any of the land for anybody, except a release of lands back to the company.

Q. Who were the trustees besides yourself?—A. I think Mr. Pomeroy was one, and I am not sure that there was any other.

Q. Who attended to the business?—A. Mr. Nichols was the attorney. He had a young man with him in his office. There never were any conveyances or leases that I remember. All I recall is that we returned those lands and released them to the company.

Q. All of them?—A. Yes; I think so. I have not any of them. I never received a cent from the company.

Q. Then your recollection is that none of those lands were sold for the purpose of carrying out the trust, so that you had no account to render?—A. I do not think there were. I think they were all returned to the Central Branch. They asked me half a dozen times for deeds, and I gave them.

A CALL FOR A STATEMENT.

Commissioner ANDERSON (addressing Mr. Mink). We find in the minutes of September 16, 1880, that Mr. Pomeroy resigned as trustee of the lands and premises, and presented a statement of what had been done under the trust. Can you furnish us with that?

Mr. MINK. I will do so if I can find the statement.

LANDS USED TO RAISE MONEY.

Q. Were there any other trusts on these lands, with which you were in any way connected?—A. I rather think there is some other deed, but exactly why it was done or how it was done I cannot remember.

Q. Was it intended to secure the indebtedness of the road in some way?—A. That is the way I understand it. We had to turn every way to get money when the Government would not allow us to continue this road, and we used the lands sometimes to raise money, or paid money out ourselves, and took this trust, as I recollect. All these lands have been returned to the road or disposed of and proper returns made to the company.

TRUSTS NOT RECORDED.

Q. Then, as I understand it, your certificate of indebtedness remained entirely due, no part having been paid, up to the time of the transfer of this property to Mr. Gould and to the Union Pacific?—A. I do not say that. I say that I received my fee for services, but I should judge that in some way or other my $5,000 that I had loaned had been paid out of a fund. [After a pause.] Will you allow me?—these matters dawn on me little by little. As I remember it, if I remember aright, these trusts were not recorded, and the company was allowed to sell the lands from time to time and thus make provision for the certificates that are there spoken of. There was some such arrangement as that in some of the papers (whether it is this or not) that the company could sell. I remember, in some instances, the company did sell and we were asked to release and ratify. I remember, in a number of cases, that deeds would come to me, and I was asked to execute and my wife to ratify them.

Q. Then you wish to qualify the statement, as I understood it before, that no deeds had been executed by the trustees so as to show what the actual disposition of the lands was by the company, and the trustees merely gave the deeds at the company's request?—A. It is a great many years ago, and I am doing as well as I can to give you the information.

AN INQUIRY FOR THE BOOKS.

Q. The information I want to get at is, where I can find the books which will show the proceeds of the lands sold and the application of

those proceeds?—A. The treasurer, Mr. Nichols, ought to be able to tell you about every cent of the money. As far as I know (and I think I know all the facts) every cent of money in this company went into the treasury, and was disposed of as any corporate money ought to be, to my certain knowledge. I was a director at the time, and I was on committees, and I am perfectly confident that not a cent of this money has ever been diverted to the private interests of any man concerned with it. If all corporations were managed as honestly as that you would not have any Commission.

EFFORTS AT WASHINGTON.

Q. In regard to the proceedings in Washington, were you the representative of the company during the years that they were attempting to get such legislation as you have referred to?—A. I was for about three winters, perhaps four.

Q. Were you the sole representative in Washington?—A. I was, for those winters. Previous to that Mr. Nichols had been for about five or six years in Washington, to spend the winter.

Q. Do you know whether certain resolutions were passed by the company placing in your control certain amounts of the stock of the company, with authority to use it as might be most expedient with reference to Washington business?—A. I do not believe there are any such resolutions. I do not believe the company ever had any stock to dispose of.

Q. After you became connected with it?—A. Yes. I say I think all their stock was out.

WITNESS AUTHORIZED TO GET AID FROM CONGRESS.

Q. What action was taken, if you recall any, by the board of directors in regard to disposing of any securities whatever of the company with reference to bringing about a successful result in Washington?—A. I do not remember of anything except (whether it is on the minutes or not I do not know) the company authorized me, if I could through any influence that I might exert, to get other people to interest themselves in this road. They authorized me to get any aid I could from Congress, and if I would do it, and could do it, there should be allowed me a certain percentage, as I recollect, of what was obtained. I do not know whether that is on the minutes or not, but that is a fact.

Q. Were you authorized, under that resolution, to dispose of any stock or bonds or securities of the company in any way?—A. No; I think not. I am sure not, for we had not any to dispose of. That is one thing that I remember; that if the relief that we were entitled to could be got through they could afford to pay me for the services.

Q. Was the amount that they, under those circumstances, were to pay you sufficiently large to cover the employment of other persons in assisting you?—A. Yes.

Q. Was it intended to cover the assistance of other persons?—A. Yes; it was intended to not only cover the assistance, but to engage other people to assist me in this matter, which I did. I employed three or four gentlemen to go with me to Washington.

Q. Will you please name those persons whom you did employ and who assisted you in this work?—A. I employed Mr. Henry Alexander to go with me to Washington. His pay was entirely contingent. I think he got two or three of his own friends to go on with me.

Q. You mean the gentleman of that name who is a lawyer in New York?—A. Yes.

THE DUTIES OF THOSE WHO URGED AID.

Q. What was the line of duty which these gentlemen discharged?—A. We were expected to advocate this law and to take care of the rights of this company and explain them to these gentlemen who were on committees, and to appear before the committees. I had to appear before the Judiciary Committee, composed of the most distinguished jurists in the Senate. I had to see our own Senators. I had to see the Vice-President of the United States. I had to see Mr. Hewitt, and I had to see a great many Senators and sit down in their rooms and go over the law and endeavor to persuade them that we were entitled to the relief we wanted, viz, the right to continue this road. That was all that was ever done. I might as well finish this now. I spent three winters constantly writing papers, publishing briefs and arguments, and endeavoring at one time to get bills passed for our relief, and at another time to get the matter referred to the Supreme Court; and at another time to get President Grant and the Solicitor-General to file a map of the route which we should take. I saw I suppose twenty different gentlemen, and spent time with every one of them going over the law and printed briefs and arguments. I never spent one cent, except that I paid my hotel bills. I never gave a dinner nor gave any man a cent of money, nor promised him any. I told the gentlemen that went with me that if we succeeded we could afford to pay them. But they never got a cent, and I did not.

Q. These promises were limited to the gentlemen who aided you in your work?—A. I was authorized to expend a certain proportion of the money that I was to have to give to gentlemen. I never extended a promise to anybody but Mr. Alexander.

Q. But you said he had two or three friends whom you took with you?—A. Yes; but he had his talk with them. I never made a promise to any Solicitor-General, Senator, Representative, or anybody else that they were to receive any money or interest or anything.

Commissioner LITTLER. Anything of value?

The WITNESS. Or anything of value. It was the poorest professional service that could be rendered.

NOTHING OF VALUE USED FOR THE PURPOSE OF INFLUENCING VOTES.

Q. Now, I will ask you the question in a still broader way. Was any property, thing of value, stock, or security, or money of this corporation ever promised by any officer of the corporation, within your knowledge, to any member of Congress or to any person directly for the purpose of influencing a vote?—A. Not to any person, directly or indirectly, or in any other way, to my knowledge, neither money nor anything else.

Q. What interest did you have, if any, connected with any of the branch lines which were subsequently consolidated with the Central Branch?—A. There is no other that is consolidated, that I know of. It is not consolidated with any of them.

THE ATCHISON, COLORADO AND PACIFIC.

Q. Or leased?—A. Yes; they are leased. I helped to build all of them. They were little 20-mile stretches, and then they were all con-

solidated into one, called the Atchison, Colorado and Pacific, about 100 miles long, and that is leased to the Central Branch. I was interested in building all those.

Q. Under what circumstances were those roads constructed—through a construction company?—A. Yes; all of them. We just took the stock and bonds for building the roads, and we furnished the money.

Q. What was the name of that construction company?—A. I think at one time it was the Republican Valley. At another time it had another name. It was not a corporation; it was a simple syndicate of gentlemen who got themselves together and agreed to build these roads and take what they could get out of them.

Q. In each case the contract for building the road provided that all of the bonds and all of the stock should be issued in payment for the construction?—A. Yes.

Q. In no case was there a cash subscription for stock direct?—A. No, sir. In every case I think those securities were turned over and the road was to be turned over with a certain amount of rolling-stock.

THE RAILROAD COMPANY AND CONSTRUCTION COMPANY NOT COMPOSED OF THE SAME PERSONS.

Q. In all those cases were the persons interested in the construction contract the same persons who were interested in the railroad?—A. No. We had a legal decision about that time that those things were not exactly proper, and we were a little careful, I think, not to have the same persons in the construction company that were in the railroad company.

Q. Are you speaking from memory now, or from general impression? Take any one of those companies that you refer to, and state whether the board of directors differed in any way from the persons interested in the building of the road.—A. I feel very confident that they were different gentlemen. I know that I took some pains to see that I was not acting in two capacities.

Q. Have you any memoranda or reports of this case from which you can furnish us with the names of the directors and the names of parties interested in the building contract?—A. I have not any of these papers. Mr. Pomeroy kept them all.

Q. Would Mr. Nichols have them?—A. He was not in all of them. He was a little timid about going into the first two construction companies that were formed, and did not put in any money. But I do not believe he has any papers.

Q. Mr. Pomeroy is dead, I believe?—A. Yes. His papers are in Boston, I suppose.

Q. Do you know who his representative is?—A. He left a son and a daughter, I believe.

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10 WALL STREET, NEW YORK,
Friday, September 30, 1887.

COLLIS P. HUNTINGTON, being further examined, testified as follows:

By Mr. COHEN:

Question. Did you know Mr. Lucius E. Chittenden?—Answer. Yes.

Q. Was he ever employed by you for any of the companies that you were connected with?—A. He was employed by the Central Pacific Railway Company.

HOUSE BILL NO. 4060 AND THE HOLMAN AMENDMENT.

Q. Do you remember a bill that was introduced in the House of Representatives in the session of Congress of 1873, known as House Bill No. 4060, that accompanied the report of the Wilson committee?—A. I do not remember the date or the number, but there were a great many bills of that kind. In fact there have been so many that it has been pretty lively for everybody.

Q. Do you remember an amendment proposed by Mr. Holman to that bill, which amendment was defeated?—A. No; I do not.

Commissioner ANDERSON. I think the Holman amendment was an amendment proposed to the Edmunds bill, and that the Wilson bill was different. The Wilson bill provided for a committee of investigation.

Mr. COHEN. There was another bill at the same session introduced by Mr. Edmunds. This Holman amendment that I have spoken of was an amendment to the appropriation bill, and it was defeated.

Commissioner ANDERSON. The Holman amendment struck out the right to apply to the Court of Claims, if I remember aright.

Q. Do you remember the amendment of which I am speaking?—A. I do not; I think the House of Representatives has about four thousand bills each session, and more or less of them have to do with the Pacific Railroads; I do not remember the details to which you refer.

EMPLOYMENT OF MR. CHITTENDEN.

Q. Did you employ Mr. Chittenden to defeat that Holman amendment?—A. I do not recollect that he was employed for that purpose. As I remember there were $4,000,000 of our bonds in the United States Treasury, which they were holding by the right of might, and only by that right, and I got Mr. Chittenden to go over to Washington and write a brief, as I remember, and we got the bonds.

Mr. COHEN. Mr. Chittenden's services in that behalf were rendered in 1871. I am speaking of the Holman amendment, which was proposed to the bill of 1873.

Commissioner ANDERSON. It was the same occasion when Mr. Huntington was examined as a witness.

Mr. COHEN. Yes.

The WITNESS. I do not remember about it. I should have said that to the best of my recollection Mr. Chittenden did not go over in 1873, but it is possible that he did. A little unpleasantness grew up between myself and Mr. Chittenden. I had forgotten about his going over after that. In fact I do not think he did.

Q. I want to call your attention to the evidence give by Mr. Chittenden yesterday before this Commission. In answer to questions he testified as follows:

QUOTATIONS FROM MR. CHITTENDEN'S TESTIMONY.

Question. Have you a copy of that bill in your copy of the Wilson committee's report?—Answer. I have, I think. It ought to be there (after looking at the book). This says; "copy of the bill," it is House bill No. 4060. It was reported on the 4th of March, 1873.

Q. What was the fate of that bill?—A. I really do not remember, except that I know that it did not pass. Taking my recollection I should say that at that stage in the session it could not pass without a suspension of the rules, and that the vote on the Holman amendment showed very clearly that there was not strength enough in favor of the bill to pass it. The controversy, as I now think, was substantially determined by the fate of the Holman amendment.

Q. That is, the defeat of the amendment striking out the right to bring suits in the Court of Claims?—A. Yes; I remember distinctly that the defeat of the Holman amendment was regarded as a measure of the forces of the different parties, so that after that there was not much apprehension about the passage of the Wilson bill.

Mr. Chittenden further testified:

Question. Now in regard to any members of Congress whose votes it was attempted or desired to secure, do you know of any instance in which any money or thing of value was used for the purpose of influencing their votes?—Answer. In regard to that whole subject I have no knowledge whatever that did not come to me while I was acting as counsel, and whether it strictly falls with in the professional rule or not (and I certainly hope that the gentlemen of the Commission will not suppose that I intend any disrespect to them). I will not answer any questions on that subject unless I am required to do so by an an authority that I am bound to obey. There are other reasons in regard to that investigation. While I did not act for the Central Pacific Railroad Company, I did act for certain gentlemen whose relations to the railroad company and to Mr. Huntington were made the subject of inquiry; and for that reason also I must decline to go into any examination or discussion of that subject.

By Commissioner LITTLER:

Q. Do you put your reasons for declining on the ground that you received this information as counsel for the company or for Mr. Huntington?—A. I put it upon the ground that I received it while I was counsel. I do not know that I can go any further than that.

Commissioner ANDERSON. It is sufficient to raise the question that you decline to answer the question that has been put to you. That we understand.

The WITNESS. Yes, sir; I do.

NOTHING PAID TO MEMBERS OF CONGRESS TO INFLUENCE VOTES ON HOLMAN AMENDMENT.

The question I put to you is whether, to your knowledge, any money, property, thing of value, promise of any nature or description was ever made to any member of Congress for the purpose of influencing his vote on that Holman amendment?—A. I am quite sure that there never was by me or by any one else at my request.

DIFFERENCE WITH MR. CHITTENDEN AS TO COMPENSATION.

Q. You spoke of having a difference with Mr. Chittenden. Will you explain what that difference was and how it arose?—A. Mr. Chittenden went over to Washington with me, and my recollection is that he had been over once or twice before this time. This was in 1871, as I remember. He came back and handed me a bill for $25,000; or rather I do not know that he handed me a bill, but he said he wanted $25,000.

Mr. COHEN. This matter I am talking about occurred in 1873, when he said he got this information as counsel which he refused to disclose.

The WITNESS. I have no recollection of his going after we got those bonds out of the Treasury. I have not got the data as to when it was.

Q. Will you state the grounds of the disagreement between you?—A. He was there for two or three days, as I remember, and for that service he wanted $25,000; or, rather, I met him in front of Fisk and Hatch's place one day, and asked him how much he was going to charge for going over, and he said $25,000. I smiled, I suppose, and passed on. He spoke to me several times about it along afterwards, and I told him I did not see it. I think about a year or more after that I told him that I would give him $10,000, and he finally took that amount. I think that closed my business with him.

Q. He has been dissatisfied since the payment of that bill, has he?—A. He has looked very much as though he was dissatisfied when I passed him. He has not talked very much about it.

WITNESS WAS EXAMINED BEFORE POLAND COMMITTEE.

By Commissioner ANDERSON:

Q. During this winter of 1873 were you examined as a witness before the Wilson committee?—A. I think I never was examined before any committee excepting the one known as the Poland committee.

Q. Were you not examined as a witness in 1873 before some committee?—A. I cannot say as to the date but likely it was in 1873. I do not remember the date, but the committee was what was known as the Poland committee, I am very sure.

Q. Was General Franchot examined at that time?—A. If he was I do not remember it.

Q. I do not mean necessarily the same day, but was he examined in connection with the same investigation?—A. I do not remember. I do not usually stop in Washington more than a day or so at a time. General Franchot remained there all the time when Congress was in session.

Q. Do you remember being present when General Franchot was a witness?—A. I am quite sure I was not.

Q. Do you remember the fact that you were yourself examined?—A. Yes; I was examined before some committee.

Q. Were you examined at some length?—A. Yes; I think so.

Q. Did your examination extend over a day?—A. It was all at one sitting of the committee, I think.

Q. Do you remember whether Mr. Chittenden was there during that examination when you were examined?—A. I should say he was not, but still it is possible that he may have been there.

PROBABLY HAD COUNSEL PRESENT.

Q. Do you remember having counsel present when you were being examined?—A. I probably did have. I almost always ask some one to come in in a case of that kind.

Q. Do you remember what this bill was that the committee reported in regard to the Central Pacific Railroad after having examined you?—A. No; I do not.

Q. Do you not remember that this examination occurred very near the close of the session?—A. No; I do not remember.

Q. Do you remember the fact that in the course of your examination it was developed that the books and the persons who possessed the information that Congress called for were in California, and that there was no time to get them before the close of the session?—A. No; I do not remember anything of it. I should say that there was nothing of the kind. What I was examined most particularly on was with reference to the Credit Mobilier or Union Pacific Contracting Company, as I remember.

Q. Have you ever read your evidence since you were examined?—A. No: I have not. I hardly ever do read my evidence unless it is necessary that I should do so.

EVERYBODY DROPPED IN BILLS ABOUT PACIFIC ROADS.

Q. The report purports to be dated on the 13th of February, 1873. Do you remember the fact that the bill that was reported by the Wilson committee with regard to the Central Pacific road differed from the bill that was reported in regard to the Union Pacific road?—A. No; I do not remember about that. As I say, almost everybody kept dropping in a bill about the Pacific roads, and it would be utterly impossible for me, even if I had done that and nothing else, to have carried all these Washington matters in my mind.

Q. Was there not considerable excitement at the time about the Wilson committee and the Poland committee and their investigations?—A. I should say not.

Q. You do not remember that excitement?—A. I do not remember any excitement; no.

AS TO CREDIT MOBILIER DISCLOSURES.

Q. You do not remember any excitement in regard to the Union Pacific Company and the Credit Mobilier?—A. No; I do not.

Q. You do not remember that the whole United States was very much excited about the alleged disclosures that were then made?—A. No; I do not. I have never seen the whole United States very much excited, except during the war.

Q. Will you look at the bill and see whether you remember it?—A. (After looking at the bill.) I think it is very likely that that bill was introduced. I do not remember it just now.

Q. Do you remember that you were examined in regard to the actual cost of construction of the Central Pacific road and in regard to the contract and finance books?

The WITNESS. In Washington?

Commissioner ANDERSON. Yes.

A. No; I do not. I cannot believe that I ever was examined there excepting before the Poland committee.

Commissioner ANDERSON. I am speaking of this examination [indicating it], which you can take and read if you desire it, though I do not want to trouble you with it unless you prefer.

The WITNESS. I would rather not read unless you insist upon my doing so.

Commissioner ANDERSON. I will not insist.

COST OF CONSTRUCTION OF CENTRAL PACIFIC.

Q. Do you recall no allusion to the cost of construction of the Central Pacific road itself, and to the facts that could be found or ascertained from the books of the Contract and Finance Company?—A. I have been examined as to that, I think; at least I have been asked about it a great many times; perhaps not by committees; but I know I have been asked about it by other people, and I have told them that we never got any more than the Government agreed to pay.

Commissioner ANDERSON. I am speaking of this examination connected with this bill that sought to appoint commissioners for the purpose of getting information from the books of the Central Pacific Company as to the cost of its construction.

The WITNESS. I do not remember any particular examination on that subject in Washington.

Q. You do not remember that you were examined on that subject?—A. I should say not; but the question has been up before standing committees of the House. I remember telling them frequently what we paid for certain things, such as materials to build the Central Pacific road.

Q. Was your memory in regard to the matters that had occurred between 1868, 1869, and 1870 better in 1873 than it is to-day?—A. Well, if I could see just what I did testify to I could tell whether I remember if it was so, and if I did not remember it now I should say that I remembered it better then than I do now.

Q. Do you remember that in February, 1873, you were asked how much stock of the Central Pacific you had received from your interest in the construction of that road?—A. No; I do not. I have been asked that question a number of times somewhere, but I could not tell ex-

actly when. Mr. Hopkins always attended to those matters for me. He was a partner of mine in the hardware and metal trade.

FORMER TESTIMONY OF WITNESS.

Commissioner ANDERSON. I will read to you a few questions and answers from that examination, to see if they will recall this matter to your mind. Regarding the land-grant bonds you were first examined. Your testimony is reported as follows:

Question. How many land-grant bonds did you get?—Answer. I can't say. I didn't get many.

Q. About how many?—A. I really couldn't say how many. I got them a few at a time.

Q. Did you get any stock?—A. Yes; I got some stock.

Q. How much?—A. I don't know. Mr. Hopkins keeps a memorandum of that.

Q. Do you not understand about how much stock you had of that company—have you no idea?—A. No, sir.

Q. Can you tell to within a hundred shares how much stock you had?—A. No.

Q. Can you tell within one thousand shares?—A. I do not think I can.

Q. Can you tell within two thousand shares how much stock you had?—A. Yes; I think I can tell within two thousand shares, probably. I should think I had something in the neighborhood of a million dollars of stock.

Do you remember that testimony?

DOES NOT REMEMBER THE TESTIMONY.

The WITNESS. No; I do not; and still that is about as I should have thought it would have run at that time. I did not look after those matters. Since then I have made some inquiries of people out there. Until Mr. Hopkins' death he kept all those things, and I did not know much what I had; but whatever I had was in his control, and I knew when the accounting time came everything would be right. I attended to all our business on this side, and Mr. Hopkins attended to everything in which I had an interest in California.

Q. As matter of fact, what have you testified to before this Commission as being the amount of your share of the Central Pacific stock that you received?—A. I do not remember exactly what I testified to. I do not remember just how much stock I had, but as I remember there were about $51,000,000 of stock, and I have something near a quarter of that amount; not a quarter, but something near a quarter.

Q. About $20,000,000 of stock?—A. Well, I do not think it was over $12,000,000 stock.

Q. About $10,000,000?—A. I should think somewhere along there.

MR. HOPKINS ATTENDED TO EVERYTHING.

Q. At the time of this examination you testified, and the reports also show, that all of the $54,000,000 of stock had been issued. Now, will you please explain how it was possible for you to testify before that committee in 1873 that you had received $1,000,000 of stock when your present testimony is that the shares of stock you received amounted to over $10,000,000?—A. Yes; that is very simple. Those things were done entirely in California. I knew but little of what they were doing there. I attended to the purchasing here, and I hardly ever referred to the details of my personal business there. I knew that Mr. Hopkins would take care of them. Anything I had to do there he would do for me. He used to borrow money for us there as we wanted to borrow, and he used it there. I hardly ever attended to anything on that side. For instance, I was never in the office of the Contract and Finance Company,

although I believe it was in the same building as the Central Pacific office. I never asked Mr. Hopkins about anything except to see how much we owed. I kept pretty good track of that. In those days we used to owe so much money that it often made me uneasy.

Q. Is that the only explanation you can give for not knowing whether your ownership in this road was $10,000,000 or one million?—A. Yes; it strikes me that it is satisfactory to myself. If it is not satisfactory to the Commission I am certainly very sorry.

WHEN DIVIDENDS WERE PAID.

Q. How soon after giving that testimony did you receive a dividend on your stock?—A. I do not know. The records will show that.

Commissioner ANDERSON. From the records it appears that the first dividend was paid in September, 1873.

The WITNESS. They probably wrote me about the dividends, but I do not think I had any shares here until much later than that. I doubt if I had any shares here, except a thousand or two thousand shares that belonged to me personally, until after Mr. Hopkins' death.

Q. Would the presence of the shares here prevent you from getting credit for dividends declared in San Francisco?—A. Certainly not, but the money would be naturally used there to pay our debts. Any dividends we received were immediately used. We hardly ever kept much money on hand, but used it to pay our debts and stop interest.

Commissioner ANDERSON. The difficulty in my mind is this: I do not say that you do not satisfy me, but I confess it seems to me extraordinary that at this time in 1873 you were in fact the owner of ten or twelve millions of dollars of this stock, and the testimony given by you was that your ownership was one million dollars.

The WITNESS. I do not know how that was. Very likely this stock was held by the Contract and Finance Company, or if distributed I had not been informed of it. I did not look after the accounts, as I have said. Mr. Hopkins kept our accounts. I was always the outside man in all our business. He took care of the books.

WHO OFFERED TO SELL THE COTTON LETTERS?

Commissioner ANDERSON. In reference to a statement made by you some days since regarding the Colton letters, you stated that those letters had been offered for sale to you by an agent. You did not disclose the name of the agent or person to whom you referred. We would like you to state who it was that offered those letters to you for sale.

The WITNESS. Four different parties came to me at different times and offered those letters. I do not know who they were; I might have known. I did not ask them their names, nor the price they asked for the letters. I have no doubt that they came from the party that controlled the letters. Mrs. Colton can give you the information as to who they were, I have not the least doubt.

Commissioner ANDERSON. Mrs. Colton, I understand, denies that any person authorized by her offered the letters for sale.

The WITNESS. I do not care anything about what she says.

Commissioner ANDERSON. I only desire to test the matter.

The WITNESS. I do not care anything about it. Four parties came to me to sell those letters. Whether they could deliver the letters I do not know.

Q. Can you identify the parties in any way?—A. One party said he came from Wells, Fargo & Co. Whether he did or not I do not know or care.

Q. When was that?—A. It was one of the times that I was in California, and he came to the Palace Hotel.

Q. Did he have any other letters with him?—A. I do not know. I did not ask him.

Q. Did he show you any authority to satisfy you that he could deliver the letters?—A. No; I did not ask him, because I did not care whether he had any authority or not. I did not even ask his name. When a man comes to blackmail me I do not ask him any questions as to whether he comes on his own account or for others.

Commissioner ANDERSON. That is very proper, but if you can furnish any clue to the parties who offered to sell these letters, the Commission would like to get it.

The WITNESS. If you will allow me I would like to know of what use the information would be to the Commission if I could tell them the names of the men that offered to sell these letters that were stolen? If it was of any use to the Government, or to this Commission, or anybody else, I might put myself out of the way to find out who it was; but unless the Commission can give me some reason why it will be of some benefit to the Government or themselves or some one of the human race, I do not propose to put myself out to find out who the vendors of these stolen letters were.

EMPLOYMENT OF MR. NORWOOD.

Q. Do you know Mr. Norwood?

The WITNESS. Mr. Norwood, of Georgia?

Commissioner ANDERSON. Yes.

A. Yes; I know him.

Q. Have you employed him to render any services in regard to the construction of some portion of the Southern Pacific road, or the extension of it?—A. I did employ Mr. Norwood.

Q. What was that employment, as you remember it?—A. As I remember it, it was to explain to members of Congress about what we were doing.

Q. What who was doing—the Southern Pacific or the Central Pacific?—A. The Southern Pacific and the Central Pacific; what we had done for the country; how we had built railroads through the sage-brush country, and what it was possible to do for that country.

Q. This was in 1878. To shorten this inquiry I will say that Mr. Norwood has testified positively, and has produced a written contract, from which it would appear that the services to be rendered by him were for the Southern Pacific Railroad; whereas, in the monthly statements sent by you to California we find the amount paid him to be charged against the Central Pacific, and it is so entered. What explanation have you to make as to why a retainer to Mr. Norwood for services to be rendered to the Southern Pacific Company should be charged by you to the Central Pacific?—A. Well, it is out of my mind at this time why it was. I have no doubt it was right if it was so charged. Very likely the contract was made with the Southern Pacific when the larger part of his services were to be rendered for the Central Pacific.

Q. Is that the only explanation you can make?—A. I do not think of any other. That is, I do not remember.

Q. May it not have been a mistake?—A. No; I do not think it was any mistake.

Q. You do not think you make mistakes?—A. No; not when I have a live thing right before me.

AS TO FURTHER WITNESSES.

Mr. JOHN F. DILLON. If the Commission please, I have a peremptory engagement at 4 o'clock. May I inqure whether any witnesses in relation to the Union Pacific matters are expected to be called this afternoon?

Commissioner ANDERSON. We shall examine no witnesses after 4 o'clock to-day. We may have to examine Mr. Effingham Nichols, but that is an exceptional matter.

The CHAIRMAN. I would say that Mr. Middledith informed the Commission at noon to-day that he was unable to prepare his statement in time for the meeting of the Commission to-day, but that he would let us have it probably to-morrow or early next week, submitting it in writing. We will submit a copy to you.

SIDNEY DILLON NOT INTERESTED IN OREGON SHORT LINE CONSTRUCTION CONTRACT.

Mr. JOHN F. DILLON. I hope our comptroller may have access to it. I desire to say another thing, and would like it noted on the record. Mr. Reiff stated on yesterday on hearsay evidence that he believed some of the directors of the Union Pacific (pointing particularly to Mr. Sidney Dillon) had been interested in the construction contract of the Oregon Short Line Railway. During the recess to-day I called Mr. Sidney Dillon's attention to that statement. In reply he told me that he understood that he had testified broadly here that he had never been interested in that contract or any other. Whether that statement is on the record or not Mr. Sidney Dillon does not know, but if he finds that it is not on the record, he wishes to put on the record a statement under oath that he was not interested in the construction of that or any other branch line.

The CHAIRMAN. Your remarks have been taken down and will appear on our record.

Commissioner ANDERSON (resuming the examination of Mr. Huntington). I now show you the letter produced before the Commission by Mr. Thomas M. Norwood in his examination of yesterday—a letter written by you to him regarding the services which you desired him to render. The letter is as follows:

MR. HUNTINGTON TO MR. NORWOOD.

OFFICE OF THE SOUTHERN PACIFIC RAILROAD COMPANY OF CALIFORNIA,
No. 9 NASSAU STREET, *New York, June* 4, 1878.

C. P. Huntington, A. & A.

Hon. T. M. NORWOOD,
Savannah, Ga.:

DEAR SIR: The Southern Pacific Railroad Company of California desire your counsel and professional services, and offer you a salary at the rate of $10,666 per annum, payable in equal monthly installments, the company, however, reserving the right to determine the engagement at any time not less than nine months. Whenever you have to travel on business for the company your traveling expenses, including hotel bills, will be paid monthly on an account of the same being rendered at its office, No. 9 Nassau street, New York.

Please favor me with an answer to above, and oblige,

Yours, very truly,

C. P. HUNTINGTON,
A. & A.

The WITNESS (after reading the letter). I should not have said that we paid him as much per annum as that. That is a pretty high price.

NOT A MISTAKE TO CHARGE THE NORWOOD BILL AGAINST CENTRAL PACIFIC.

Q. The only question is as to the entry of that charge against the Central Pacific Company. I ask you whether that entry may not have been a mistake?—A. No, that was not a mistake. I do not remember the details of it, but I do not make any mistakes of that kind. There was a good reason for its having been done that way. I have no doubt about that.

Q. Do you never make mistakes?—A. Well, rarely ever, with live business on my table. When it passes from me then I forget it.

A CORRECTION AS TO STOCK.

I should say, with regard to that stock, of which you inquired before, that Mr. Cohen tells me that it stood in the name of the Contract and Finance Company at one time. Almost everybody in California knew more about it than I did. When I testified before, I testified to what I believed to be exactly so. Very likely there was a distribution made after that, or, if before, I had not heard of it.

WAS THERE A DISTRIBUTION

Q. Do you remember when the distribution occurred?—A. No. I have not spent more than about ten days in a year in California for, I guess, the last twenty-five years.

Q. Do I understand you to say that the distribution of the $9,000,000 required to make up the $10,000,000 took place after the 13th of February, 1873?—A. I am satisfied that it was not distributed, or if it was that I did not know it, because if I knew I should have said so.

MAY HAVE BEEN OWNER OF ONE-QUARTER OF CONTRACT AND FINANCE COMPANY.

Q. What was the actual difference to your ownership whether the distribution had or had not been made? Were you not an owner of one-quarter of the Contract and Finance Company?—A. I might have been an owner of a quarter of the stock of the Contract and Finance Company, and yet never had any of that stock come into my hands personally, as it might have been sold and the proceeds used in other public improvements; so that what finally came to me as dividends of that company might have been something entirely different from the Central Pacific shares. I know we tried very hard to get people into the Contract and Finance Company, but we could find no one to take the risks.

Mr. COHEN. The stock might never have been distributed, but used to pay the debts of the Contract and Finance Company.

The WITNESS. I am satisfied that we could not have sold the stock for anything like enough to pay the debts on the completion of the Central Pacific Railroad.

Q. Have you concluded your statement as to the stock?—A. Yes; I think so.

Q. Does your statement in regard to the value of the stock, and as to whether you could pay the debts with it or not, refer to the period of

the completion of the road in 1869, or the period when you gave this evidence before the committee in 1873?—A. I do not know how soon the stock began to appreciate. I bought Mr. Crocker's stock for 12 cents. He said we should have made it 12½, and I got him to take it back a year or so afterwards at the same price. My impression is that it was as late as 1873 that I got him to take it back. I am quite sure that that price would not have paid the debts of the company.

Q. Are you aware of the fact that you, in 1873, testified before this committee of Congress that you would not sell your stock for 50 cents on the dollar?—A. It is possible that I did; all things are possible to those who wait, and I waited a good while.

Q. And that you also testified that you expected a dividend very shortly on that stock?—A. I do not remember, but I testified according to the light that I then had. There is no question about that.

MR. HUNTINGTON'S TESTIMONY BEFORE WILSON COMMITTEE OFFERED IN EVIDENCE.

Commissioner ANDERSON. I offer in evidence the whole of this record of Mr. Huntington's testimony, taken before the Wilson committee, undertaking to identify it, if necessary, more fully than by the printed report. I hand Mr. Cohen a copy of the printed report.

Mr. COHEN. Of course I have no voice in determining what you shall put on this record.

Commissioner ANDERSON. If you desire further verification of it we will obtain it.

Mr. COHEN. I do not think you ought to put it on the record without giving us an opportunity to examine it. This is the first I have seen of it.

Commissioner ANDERSON. Mr. Cohen might take the ground that the record is misprinted, and he would be naturally entitled to a further verification of it if he so desired before being committed to it.

Mr. COHEN. Would it not be sufficient to refer to it, instead of putting it in? It is very lengthy.

Commissioner ANDERSON. No; it is only a few pages long.

The WITNESS. The Government has a hundred millions of dollars that it does not know what to do with, and I should think it could print this without trouble.

Commissioner ANDERSON. I only offer it because, from what has been said this afternoon, it may be referred to in further proceedings of the Commission, and therefore you are entitled to know that we may refer to any part of it.

(The testimony of C. P. Huntington before the so-called Wilson committee of the House of Representatives in 1873 will be found at page [illegible] of Report No. 78, Forty-second Congress, third session.)

THE NORWOOD MATTER AGAIN.

Q. To go back to the Norwood matter. Do you remember that those charges were made against the Central Pacific on several occasions—that it was not all done in one sum?—A I do not know. I have not looked at it for some time.

Mr. COHEN. What payment?

Commissioner ANDERSON. The payments to Mr. Norwood. There were several payments for those services in the South.

The WITNESS. I do not remember.

Q. What reason can you suggest for charging the Central Pacific with work done under a contract which, on its face, appears to have concerned the Southern Pacific?—A. I do not know; I have no doubt there was a good reason for it. The Southern Pacific was operated by the Central Pacific for a long time, and of course the Southern Pacific was built in an effort to protect the interests of the Central Pacific against such wild-cat rates as we have had in the last year or two. Every month during that time we lost greatly by the cutting of rates.

Q. Was not the Southern Pacific just as much interested in the work being done in order to get it through as was the Central Pacific?—A. From this standpoint I should say, yes. Just what reasons there were at that time I do not remember now.

Q. Do those reasons apply to all that was done of this character on behalf of the Southern Pacific Company?—A. I should think not.

Commissioner ANDERSON. As your vouchers do not furnish us with the names of the persons employed except in two cases, we are unable to point you to particular individual bills; but I am referring to the employment of agents to fight the Tom Scott scheme, which employment would be naturally in the interest of the Southern Pacific, so that we might infer, when we had bills that were charged to the Central Pacific, that the other bills would also be charged to it.

The WITNESS. I should think not.

Q. How would you make the difference? What would be the point which would decide a different treatment?—A. It is thirteen years ago, and I do not remember the reasons why it was done this way or that, but from its having been done that way I am satisfied it was right. There are many things about this, as there are about other ancient history, on which I would find it difficult to enlighten this Commission.

Q. If we could have the names and the vouchers, we could also be satisfied. Do you recollect whether it was your general rule to charge the Central Pacific the expenses incurred in fighting the battle of the Southern Pacific against Tom Scott?—A. I should say, as I have said two or three times before, in answering the same question, that it was not.

THE STUB CHECK-BOOKS.

Q. Mr. Gates has testified to the course of business, and the manner in which these payments that were made by you for the account of the Central Pacific were made. He has testified that the checks that were drawn on Fisk & Hatch at one time, on Eugene Kelly & Co. at another time, and on the Fourth National Bank at another time, were printed, and that his name was printed in the "order"; that they were signed by you and then indorsed by him under your directions. Can you tell the Commission what has become of the stub check-books from which the checks were removed from 1872 to 1878?—A. I should say they were destroyed. They should have been destroyed. We should drive ourselves out of the building if we kept all such dead matter as that.

Q. Do I understand that they have been destroyed?—A. I think they have.

Q. As I understand the transactions, these books were the property of the Central Pacific corporation, were they not?—A. The stubs of the Central Pacific checks, of course, belonged to that company.

Commissioner ANDERSON. I am referring to the checks which you used that were printed to the order of Mr. Gates.

The WITNESS. I have nearly all my checks printed that way; probably six or eight different companies' checks printed in the same way.

Q. I refer to the checks of Fiske & Hatch, of the Fourth National Bank, and of Eugene Kelly & Co., which covered the funds out of which you paid the unexplained vouchers, if you will permit me to so describe them, and which have been charged to the Central Pacific Company. I ask you whether these books and accounts were books and accounts of the Central Pacific corporation?—A. The Central Pacific check-books belonged to the corporation. I should say so.

Q. What I mean is this: You might have done this business by paying money out from your own individual funds. I mean from an individual account in which you would have all your own personal transactions. Then you might have charged the amount, and been reimbursed by the Central Pacific Company out of an account which might be signed officially, as by the Central Pacific Company. I want to know whether the payment of these different items which were entered afterwards in a monthly statement was done by you out of a book which contained only matters of the Central Pacific?—A. I should think most of them were in Central Pacific books, and the account would be charged to the different parties to whom it was proper to charge them.

WHAT HAS BECOME OF THE STUB CHECK-BOOKS?

Q. Then, assuming that these stub check-books were the property of the Central Pacific Company, I again ask you what has become of them?—A. The stubs were of no value, and they would naturally be destroyed.

Q. Were they destroyed by your direction?—A. Yes; they would be destroyed by my direction, I think, under general orders that after so long we would not keep telegraph stubs or other worthless material to cumber our rooms.

Q. I am only referring to stub check-books; no matter about "telegraph." How long do you consider it proper to keep stub check-books?—A. Well, I suppose about four years.

Q. Do I understand you then to swear positively that those books from 1872 to 1880 have been destroyed?—A. I would not swear positively that they have all been destroyed; no.

Q. Where would they be, if not destroyed?—A. I do not myself know where they would be.

Q. Where were they kept during the years they were in use; in your room?—A. When we moved out of the building in Nassau street we destroyed a great deal of stuff, and sent a great deal of truck to California; but I do not think we sent any of those stubs, because they would not have been of any value.

NATURE OF ENTRIES ON STUBS.

Q. What was your practice in regard to the entry made by you in the stub as to what information you would there put down? Did you generally put the date of the check in the stub?—A. I do not think I have made an entry in a check-book for years.

Q. I am talking about the stub entry. Did you fill it up or did Mr. Gates do so?—A. Mr. Gates, I think.

Q. Would he naturally get his instructions from you?—A. Yes; he probably would.

Q. Would he know the date?—A. Yes; if I should want to pay Thomas Jones, I should tell Mr. Gates to pay him. What he would put on the stub I would not know.

Q. Would you be interested to examine the stub to see that they preserved the information of the name of the person to whose order the check was given and the purpose for which the check was drawn?—A. I should think I naturally would.

Q. As to those checks on which money was drawn to pay General Franchot and Mr. Sherrill, do you remember, as matter of fact, whether in those stub-books the names of those persons appeared?—A. I should think they would.

Q. Do you remember whether any information from which the person who was to make the entry in the day-book or to post that item would be contained in those stubs?—A. I think not. I think there would be nothing but the date, the amount, and the name.

ENTRIES UPON BLOTTER.

Q. From 1872 to 1878 did you keep a day-book here of your expenses?—A. We kept a blotter.

Q. Who made those entries in the blotter?—A. The book-keeper; that is, whoever kept the books.

Q. What was his name?—A. I think it was Mr. Gates more generally. I do very little writing myself.

Q. From what memoranda would Mr. Gates make his entries in the blotter—from the entries in your check-book, or from information directly given by you?—A. Not always by me, because I am not always there. I suppose if a bill came in he would enter what it was for and the amount.

Q. But in regard to payments, did he have any source of information, except the stubs of your check-book and the checks themselves when before him?—A. I think he would.

Q. Can you think of any sources of information that he would have except those checks to make the entries of payments in the blotter?—A. Yes; the checks were made from some data or authority, which would be his guide to make the checks, and which would be continuing.

Q. So that the blotter would tell us to whom all those checks were made payable, at any rate?—A. Well, I do not know. A good deal of the money that I used would naturally be entered to me and probably would be so stated, if it was for miscellaneous expenses or legal expenses or anything else. It would probably be so entered.

THE BLOTTER PROBABLY DESTROYED.

Q. Where are those blotters that you used from 1872 to 1880?—A. I do not know, but we would hardly keep blotters so long as that.

Q. These are blotters of the Central Pacific Company, are they not?—A. On their business; yes.

Q. Were those blotters also destroyed by your direction?—A. They should have been.

Q. Would any gentleman that you know of connected with the Central Pacific Company take the responsibility of destroying blotters without instructions from you?—A. I should think not.

Q. Do you say they have been destroyed?—A. I should say so. I have said that when books like old blotters become so old we would want their room.

Q. Can you give this Commission any information as to where it can search for those blotters, so as to ascertain by actual inspection whether they are in existence or not?—A. No; I cannot, to a certainty; but I

should say, if there are any such old ones, they would be in my office in the Mills building.

Q. Have you no person who is in charge of old papers or old books?—A. Mr. Gates would probably know. I do not follow old papers. I have been always the outside man, as I have heretofore explained.

Q. Mr. Gates says he does not know, and he thinks it very extraordinary that we should ask him such a question while you are here. Do I understand you to say now that you can give us no light as to where these blotters or stubs or checks or any other written evidence of these transactions can be found?—A. No; I cannot. There is a certain amount of live matter that we have in the office; but when papers get so old as to be of no use I give orders to have them destroyed, so that the room can be occupied by live matters.

LIMIT OF TIME FOR CURRENT ACCOUNTS.

Q. What is your custom as to checks—what is the limit of time that you observe before destroying them?—A. There is a reasonable time for keeping checks, after which they should be destroyed. There is no necessity for keeping a check, I suppose, over four years.

Q. From where did you get your four years' limitation?—A. I think a running account is outlawed in four years. In California it used to be that a book account or current account was outlawed in a year, I think; then they lengthened the time.

Q. Have those checks been destroyed?—A. I should say so; they ought to be.

Q. Did you give instructions for the destruction of those checks?—A. In a general way I told Mr. Gates that we had no necessity for keeping this dead matter occupying room which was otherwise valuable.

SCHEME OF THOMAS A. SCOTT.

By Mr. COHEN:

Q. What would have been the effect on the revenue and earnings of the Central Pacific Company—the aided line—if the proposition of Mr. Thomas A. Scott to obtain a subsidy from the Government to build the Texas Pacific road had been successful?—A. It would have been very injurious to the Central Pacific. It could not have been otherwise.

Q. Was not the Central Pacific, equally with the parties representing the Southern Pacific, interested in preventing the confirmation of Scott's scheme?—A. Most certainly, as was every tax-payer in the United States.

Q. Have you ever devoted any of your time to making an examination of the stubs of checks drawn for the business of the Central Pacific, or any of the other corporations that you represent?—A. I never have.

SPACE CAN BE BETTER UTILIZED THAN IN STORING DEAD MATTER.

Q. Your office is in the Mills building, I believe, is it not?—A. It is.

Q. It is somewhat expensive to get room there, is it not?—A. Yes; very.

Q. You think you can put the space to better use than to store up old papers, blotters, and check-books to satisfy the curiosity of an examining commission every time Congress appoints one?—A. Well, if I had supposed that they were of any earthly use to any one, there is no one that I would rather keep them for than a commission of this kind.

Q. I think we have it in evidence here that your business requires the issue of five or six hundred checks a day. Is that about correct?—A. I do not know. I give orders that no coupon must be paid except ing by check, and the number of the coupons is legion.

Q. How many check-books do you think you use in one year for all the corporations that are under your control?—A. We use a great many thousand checks. I could not say how many.

Q. It would take a large amount of cubic space to store all the stub check-books used in one year, would it not?—A. I think we pay more than 400,000 coupons a year.

COMPENSATION OF MR. CHITTENDEN.

By Commissioner LITTLER:

Q. Mr. Chittenden stated yesterday, and he repeated the statement to-day, that for the service rendered by him either to you or to the Central Pacific or the Southern Pacific at Washington he received not to exceed $3,500, and his best recollection was that he received only $3,000 for services rendered in 1873. He further said that if it appeared from the books of the Central Pacific Company that the company had paid $10,000 for those services, somebody had received $6,000 for him on account. Now, do I understand you to state positively that for that service you did pay him $10,000?—A. I am very sure that I did, because it ran along for a year or more.

Q. What sort of a voucher, if any, did you take from him, or have you no recollection?—A. I have no recollection.

Q. Would you have paid him that sum of money without a receipt or voucher of some kind?—A. Well, I should naturally have taken a receipt from Mr. Chittenden. I do not know whether I did or not. As to those Washington matters I used very frequently to take some money in my pocket and pay them to Mr. Franchot.

Q. If the books of the Central Pacific show a payment of $10,000 to Mr. Chittenden instead of $3,000 do you think there must be some sort of voucher on file in California evidencing that payment?—A. If I took it it would be there. We send all those things there.

Q. Are you as sure that you paid him $10,000 as he is that you only paid him $3,000 or $3,500?—A. I am sure I paid him $10,000. It was a thing that was a source of irritation between us for more than a year. I made him the offer and he did not take it at first. I do not think I can be mistaken.

NO MONEY PAID HIM EXCEPT FOR SERVICES RENDERED.

Q. Mr. Chittenden also refused to answer a question of this Commission as to whether he had received at any time money to be applied for corrupt or unlawful purposes. He declined to answer on the ground that he was your counsel, or the counsel of those companies. I will get you to state whether you, as the representative of yourself or of those companies, desire to remove from him the professional restriction that is upon him and let him state what he may know?—A. I certainly know that he never had any instruction for any such purpose. I never paid him any money for any such purpose, and I do not think he is a man that would use his own money for such a pupose. So far as I am concerned, I would be perfectly willing to remove the restriction, but it is a matter for the board of directors.

Q. Did you ever pay him any money for any illegitimate purpose at any time?—A. I never paid him any money at any time, except for his own purposes, I am very sure.

Q. Did he ever disburse any money as your agent at any time whatever?—A. I am quite sure he never did. I am quite sure that General Franchot was the only man that ever did so in Washington while he lived, and afterward Mr. Sherrill.

C. P. HUNTINGTON.

A BILL OF PARTICULARS.

Mr. COHEN. I now submit the bill of particulars of the transportation supplied by order of this Commission by the Central Pacific Railroad Company [handing the paper to the chairman].

The CHAIRMAN. I ask that Mr. Cohen read this bill.

Mr. COHEN. I did not make the bill.

The CHAIRMAN. You made certain statements or insinuations here with reference to the expenditures of this Commission. I demand that you read this bill in detail, item by item. If you do not do so I will ask the secretary to read it.

Mr. COHEN. I do not know what statement I made that is not borne out by the bill rendered.

The CHAIRMAN. This is the bill you have presented, and I ask that you now read it.

Mr. COHEN. That is a bill for transportation as I understand it. It is a copy of a bill sent to me from California. I have no objection to its being read. The only question I have now to ask is whether this closes our connection with the Commission.

The CHAIRMAN. I decline to hear any statement from you or to make any statement to you until this bill has been read.

Mr. COHEN. I am not making any statement, and I decline to hear any statement from you. I merely ask whether there is any further necessity for my presence here.

The CHAIRMAN. Just as soon as the bill for the transportation of the accountants—Mr. Stevens and his assistants—is submitted to the Commission, and as soon as the transportation account of the engineer appointed by the Commission to examine the Central Pacific road and the assistants aiding him are presented and examined by the Commission, so that the Commission may have opportunity of scrutinizing the detailed expenses for transportation, we will pass upon the bill of the Central Pacific Company.

Mr. COHEN. We will render you the other bills when I get the details.

AS TO SEPARATE ITEMS OF EXPENSE.

Commissioner LITTLER. I made a request of the company to have a separate bill made to my own name for the expenses of my wife and child.

Mr. COHEN. I have no means of doing that.

Commissioner LITTLER. I requested of the company that that be done.

Mr. COHEN. I do not think there is anything included in that bill except the Government portion.

Commissioner ANDERSON. A number of the items in this bill consist of charges for fifteen fares; will you explain the reason for that?

Mr. COHEN. I do not know anything about that except that it is a bill that has been sent to Mr. Huntington.

Commissioner ANDERSON. Is it not the custom of the road when a car is used to charge fifteen fares for the use of the car? You know that Mr. Morgan, our engineer, did not have any fifteen persons in his party. [Addressing Mr. Colburn.] You can explain that, can you not?

Mr. COLBURN. There is such a custom. The Pullman Company have a rule to that effect.

Commissioner ANDERSON. These items are probably the result of such a custom.

Mr. COHEN. As I have said, I know nothing at all about that bill, except that I was requested to present it.

Commissioner LITTLER. It will receive attention as soon as the transportation bills are all received.

Commissioner ANDERSON. Does this contain all the charges that you know of, to date, for the transportation?

Mr. COHEN. It is all that has been rendered to me. I do not know anything about it.

Commissioner ANDERSON. The items for provisions contained in that bill are the only items you have any knowledge of?

Mr. COHEN. I have no knowledge of anything pertaining to the subject-matter except what I see in that paper.

REMAINING WORK OF COMMISSION.

The CHAIRMAN. Have you anything else to submit?

Mr. COHEN. I have nothing, except to ask what the pleasure of the Commission may be with regard to any further relations between it and the Central Pacific Railroad Company.

The CHAIRMAN. The Commission will hear Mr. Middledith's statement concerning remedies.

Mr. COHEN. Does that concern the Central Pacific?

The CHAIRMAN. Yes; we will submit a copy of it to you.

Mr. COHEN. We will submit to you by Thursday next a statement as to how we propose to meet our obligations to the Government.

The CHAIRMAN. That will do. We should like to have it next week at the latest.

Mr. COHEN. You shall have it on Thursday next.

The CHAIRMAN. In writing?

Mr. COHEN. In writing. Now, as to any brief or written argument that we may want to present to the Commission, how soon must it be filed with you?

Commissioner LITTLER. It ought to be filed by the 15th of October.

Commissioner ANDERSON. I think we had better say the 10th of October.

Mr. COHEN. We could not get it ready by that time.

Commissioner ANDERSON. We must get right to work on our report.

Mr. COHEN. Our argument will be in print.

Commissioner ANDERSON. We would like to consider it before coming to our conclusion. Send us your argument as early as you can—not later than the 15th of October, if possible.

The CHAIRMAN. There will be no further testimony taken.

Commissioner ANDERSON. Except that of Mr. Effingham B. Nichols.

The CHAIRMAN. The statement of Mr. Middledith will be submitted in writing, and also the propositions of the Central Pacific Railroad Company.

Mr. COHEN. I think we should hear the proposition of Mr. Middledith before making ours.

The CHAIRMAN. You shall have a copy of it. The public sessions of the Commission now stand adjourned until the further call of the chair.

The Commission then adjourned to meet upon the call of the chair.

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10 WALL STREET, NEW YORK,
Tuesday, October 4, 1887.

The Commission met. Present, Commissioner Anderson.

JOHN I. BLAIR, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. In Blairstown, N. J.

A VARIETY OF OCCUPATIONS.

Q. What is your occupation?—A. If you asked me what I was not into, I might answer more readily. I am into so many things that it is pretty hard to tell all of them. I am constructing Western railroads and giving my attention to banking and other business of a private character.

Q. How long have you been interested in the construction of railroads?—A. Since about the year 1845, I should judge; not as a contractor, but in the way of raising the means to construct railroads and letting them out to contractors to be constructed.

CONNECTION WITH SIOUX CITY AND PACIFIC RAILROAD.

Q. Did you have any connection with the Sioux City and Pacific Railroad?—A. I did.

Q. During what period; when did it commence and when did it terminate?—A. The company was organized, I believe, in 1864. The commencement of the construction of the road was in June or July, 1866, I believe.

Q. When did whatever relations you had to that road terminate?—A. I think in 1871 or 1872; that is, I was president of the road from 1864, I think, to 1871 or 1872, when I resigned.

Q. Who were the first directors of the road when you were president?—A. My recollection is that Mr. M. K. Jesup, of New York City, was a director; also Mr. Schuchardt, of this city; Mr. Platt Smith, of Dubuque, who was president of the Dubuque road, in Iowa; Mr. Crocker, of Oswego, and myself, of course.

ORGANIZATION OF COMPANY.

Q. Where was the first organization of this company effected?—A. It was an Iowa company. It was organized under the laws of the State of Iowa.

Q. Do you remember that James F. Wilson and A. W. Hubbard were also original directors or incorporators of the company?—A. I think their names were used, but I do not think they took any active part in the matter. I recollect these other gentlemen whose names have been mentioned, because they took a very active part in the road.

Q. Do you remember that two other gentlemen were substituted for those whose names I have given you, one being Mr. Oakes Ames?—A. I think Mr. Oakes Ames was a director at some other time, whether a year afterward or longer I cannot say.

Q. Was Mr. A. W. Johnson, of Maine, a director?—A. I recollect that he was a director at a later period. I recollect these names since you mention them.

SUBSCRIPTIONS FOR STOCK.

Q. What is your recollection as to what was done with regard to subscriptions to the stock?—A. I recollect, in the first instance, that a considerable subscription was signed by some of the directors, but it was virtually, in a measure, all abandoned. They did not respond, and I, as president, advertised to open books at Dubuque for those to subscribe who I supposed would be able to pay, and would pay. I was unwilling, as president, to go on and construct the road without raising the money independently of anything that we expected to obtain from the Government. I opened subscriptions at Dubuque, and I failed to obtain any subscribers, except a very few. I know I subscribed myself to a considerable sum, and I put down Mr. Ames, supposing that he would subscribe for the same.

Q. A thousand shares, was it not?—A. I think probably, yes. He was not there. And I think I probably put down a thousand shares for Mr. Lambard, who was not there. There was Mr. Platt Smith, who was president and a director of the Dubuque road. He put down for himself and put down something for a lot of friends, but they afterward refused to recognize his subscription. So it was struck off, and his subscription was struck off, except $5,000. I took his note for that and carried it for him; but he lost his money.

Q. Do you remember another large subscription by a construction company?—A. After the failure to obtain the subscribers that I had advertised for, it appeared to be a failure. I then issued circulars to, I think, all the stockholders of the Cedar Rapids and Missouri River road (a Nebraska road, running from the Missouri River to Omaha, the money to construct which I had raised), to see what they would do toward constructing the road. I got them to come in from time to time, and there was a large amount of subscriptions obtained from the various parties.

IOWA RAILWAY CONTRACTING COMPANY.

Q. Do you not remember that the Iowa Railway Contracting Company subscribed for ten thousand shares of this stock?—A. I think they did.

Q. At the same time that the other gentlemen subscribed for eleven hundred shares?—A. We got the other gentlemen to take that off their hands. They subscribed in the first place, but we got others to take a large portion of it off their hands.

Q. You yourself were president of this Iowa railway contracting company at this time, were you not—at the time they subscribed for these ten thousand shares?—A. I think I was.

Q. In what year did this subscription occur? Was it just before the construction commenced?—A. Yes; it was some time before the construction commenced, not a very great while, though, I think.

CASH PAID FOR STOCK.

Q. What, if any, cash or money was paid in on account of those subscriptions?—A. Every dollar of the cash was paid in to the extent of

$1,791,400, and I think afterward there was a hundred and some odd thousand dollars more. I think Mr. Lambard paid that in. So that I think the whole amount of stock was $1,899,000, and that was paid in in clean cash.

Q. Is it your recollection that these subscriptions were paid to the Sioux City Company itself, directly?—A. That money was, every dollar, paid in in cash.

Q. To whom?—A. $1,791,400 was paid into my hands, I think; at least I collected it, or our treasurer collected it. I think part of it was collected by Mr. Williams, of Boston, and part of it by myself, but that was all paid out on the construction of the road.

Q. Did you not retain possession of it during the time between its payment to you and the time when it was paid out on the construction contract?—A. I do not understand you; but this money was all paid in while the road was under construction, through July, August, September, November, and January. The last 5 per cent. was in January.

Q. Of what year?—A. January, 1867.

Q. And was it all paid out during the same year?—A. Yes; every dollar of it was paid out.

Q. To whose credit was it placed?—A. It was paid to the contractors.

Q. To whose credit was it placed when it was paid to you?—A. What was not paid right to me was paid to the treasurer at Boston, who paid the money on the drafts to the contractors who were constructing the road.

Q. My question is as to the moneys paid to you—to whose credit did they stand after you received them?—A. The money went to the credit of the construction of the road.

Q. In what bank did you keep it?—A. I do not think I kept much of it in any bank, because as we got in the money we spent it right away. It was paid out right at once.

Q. The same day that you received it?—A. Well, not the same day that we received it, I suppose. We received it in July, August, September, and November, as we went along.

METHODS OF PRACTICE REGARDING CHECKS.

Q. Please describe your custom. If you received checks, would you not deposit them in a bank?—A. It was in this way: If the money was paid in Boston, to my treasurer, I knew what was to be drawn out, and I drew a draft on the treasurer at Boston, Mr. Williams. That money would be procured from some bank in Chicago who would advance it for the draft, and that money would be paid over right away to the contractors who were constructing the road.

Q. Where were you, personally, at the time you received these subscriptions?—A. I was generally out there when the money was paid.

Q. Out in what city?—A. Well, you might say at Cedar Rapids, and on the line of the road, generally speaking. Cedar Rapids was the place where we had our office most generally. The money was obtained from some bank in Chicago.

Q. Was it your practice to indorse over the checks you received to the contractors, or did you deposit those checks and draw drafts against them?—A. I always drew the money direct by my own draft.

Q. These checks that you received from the subscribers must have been deposited somewhere in order to pay the drafts that you gave to

the contractors.—A. I would give a draft on the treasurer, at Boston, for what money was not paid in to me direct.

Q. But I am speaking of the money that was paid to you direct.—A. In the case of the money that was paid to me direct, of course I drew the bills and paid them out to the contractors. For some things I gave checks or drafts. For instance, if I had a sum of money to pay for ties or any other matters, I would give a draft on the treasurer for that; I would give the person of whom the ties or other property were bought a draft on the treasurer at Boston.

Q. When you speak of a draft on the treasurer, do you mean the treasurer of the Sioux City Company?—A. Yes; the treasurer at Boston, who collected these subscriptions.

Q. What is his name?—A. J. M. S. Williams.

Q. Is he now living?—A. No, sir; he is dead.

Q. Where did he keep his account?—A. In Boston.

BOOK ACCOUNTS.

Q. Do you know where the books are that will show the receipts of these moneys and their expenditures?—A. I do not, at present. I suppose that Mr. Williams had his own books where he kept his accounts.

Q. Did you keep any book account of the remittances you sent to the treasury?—A. I had vouchers of my settlement with the auditing department of every dollar I paid out, to the extent of this $1,791,400, and gave them all up to Mr. Williams, of the auditing committee, every voucher I had, and got their discharge, as I recollect.

Q. From what source do you derive the figures you have given us as to the amount paid in for the stock?—A. I looked at a memorandum that I had at home in my ledger—simply a memorandum that I took the figures from.

Q. Is that a ledger?—A. Only my private book in which I made simply an estimate of the stock that had been paid in. That was a memorandum that I kept; otherwise the books were kept at Cedar Rapids. A good many vouchers that I had taken we had to substitute. We had a fire that burnt up our early records, pretty much, and mostly all the vouchers I had.

ESTIMATED COST OF ROAD.

Q. With whom was the contract made for building this road?—A. In the first instance I undertook to build a road for the Sioux City and Pacific Railroad Company independently of any contract whatever. That was in June or July, 1866. The engineer, in the mean time, made a report that the cost of constructing the road would be $4,968,120. That was his estimate.

Q. Who was the engineer?—A. Mr. William W. Walker.

Q. Is he living?—A. I think he is.

Q. Can you tell us where he can be found?—A. He was in California the last I heard of him, with some road there.

Q. Was his estimate in writing?—A. Yes; he made a report.

Q. Did you see that report?—A. I did; I recollect seeing it.

Q. Have you a copy of it?—A. I have not.

Q. Please describe what amount of railroad building that estimate covered?—A. It covered all the Sioux City and Pacific Railroad, and it covered the shops and machinery, and the rolling stock, and all those items. I recollect that.

Q. The Sioux City being a railroad from what point to what point?—A. The Sioux City Railroad was from Sioux City to Fremont, Nebr., to a connection there with the Union Pacific Railroad.

CHARACTER OF COUNTRY.

Q. Are you personally acquainted with the country through which this road passes?—A. Yes; I am well acquainted with it.

Commissioner ANDERSON. Please describe it.

The WITNESS. The country from Sioux City to the Mississippi River was a very level country. At the time I constructed the road you might say it was almost entirely uninhabited. There was one house at Missouri Valley, I recollect, and there was a house in the woods some 12 or 15 miles from there, and a few Mormons lived at the Little Missouri River, and then there was a few at Omaha, about 40 miles away. Then I think there was nothing until we got up to this side of Sioux City. There was a house or two there. Then there was Sioux City. That was about all the inhabitants there were there.

Q. How many miles did that cover?—A. About 75 miles, I think.

Q. You say that was a level country?—A. Yes.

DIFFICULTIES OF CONSTRUCTION.

Q. Were there any special difficulties of construction over that 75 miles?—A. Yes, sir; there is this difficulty about it—there was nothing there on which the contractors could feed their teams. They had to bring their corn from Cedar Rapids and that part of the country, and their other supplies from other parts. No one can have any idea of the expense of constructing a road at that time, when there were no materials. One thing from which you may judge is that I do not think we had a tie on the line that cost less than $1.25. The saying was, "An acre of land for a tie." I would rather have 300,000 acres of land, a good deal, than 300,000 ties.

MR. WALKER'S ESTIMATE.

Q. Please look at the estimate I show you, which is extracted from the minutes of the company, and see if you recognize it as the estimate to which you refer as being made by Mr. Walker.—A. I well recollect that Mr. Walker's report at that time was $4,968,120. That was for the whole line—101 miles—and the sidings.

Q. Do you recall the paper I show you as being the same estimate that he made—that the figures are the same?—A. I cannot say about that. I only recollect the amount.

THE MISSOURI BRIDGE.

Q. Do you remember that it included $1,000,000 for the Missouri bridge?—A. I think there was something for the Missouri bridge calculated on.

Q. One million one hundred and thirty thousand dollars?—A. Very likely. I recollect the whole amount of his estimate very well.

Q. How soon after this estimate was made was any contract made?—A. I commenced the road for the company in June or July, and the contract was made afterward. I think it was in November.

Q. In what year?—A. I think it was in September, 1867; the main contract was made in 1867, I think.

CONTRACT WITH DOUGLAS & BROWN.

Q. What contracts were there before the principal contract?—A. There were no contracts before that, I think. I had some portion of the grading let before the contract was made.

Q. To Douglas & Brown?—A. Yes.

Q. Do you remember at what rate per mile?—A. I do not now recollect what the rate per mile was. I recollect that it was changed. There was a rate per mile at which it was let out. There came a tremendous freshet during the summer, and we found that the grade was not high enough, because the water overflowed the grade we had laid down.

Q. Was not the rate with Douglas & Brown about $3,000 a mile?—A. I think that was something like the first contract. I think there was a raise afterward; that some addition was given. I know it was altered—at any rate, that is my recollection now—because we raised the grade considerably from the original contract.

Q. How much work did Douglas & Brown do?—A. I think they did the main grading.

Q. Do you mean for the whole road, or part of the road?—A. Well, I think they did the main grading for that road. I am not certain whether another Mr. Brown did a portion of it. I can not say at present, it is so long ago.

Q. Was any other part of the work let out by you before this contract of September, 1867?—A. Oh, yes; some of the work was let out before Mr. Ames and the others took the contract.

Q. To whom?—A. I think it was to Douglas & Brown. I am not certain whether they did the first work or not. I am not positive now about it, but my impression is that they were the men. I am not certain but that there was another Mr. Brown who had taken part. Whether the contract was merged in his or not I will not say now.

Q. What work did they do besides the grading?—A. I think that is all they did. That is my recollection of it now—that they did the grading, and nothing else.

Q. They did not lay the ties, then?—A. Oh, no; nor the track, nor did they build depot houses, stations, round-houses, nor anything of that kind.

Q. What they did, then, was, substantially, to grade the road?—A. Simply to grade the road.

Q. Do you know what payments were made to them for the work which they did?—A. I recollect that they were all cash payments that were made to them.

Q. Do you remember what the payments amounted to?—A. I do not now remember.

THE ACCOUNT BOOKS.

Q. Who kept those books?—A. They were kept at Cedar Rapids. The estimates were made out monthly.

Q. Who kept them?—A. The books were kept there, I think, by Mr. Walker, or some clerks that we had there at that time.

Q. Have you ever seen those books since the period when they were kept?—A. No; I have no recollection of seeing them after the settlement was made by the committee. Probably that might have been in 1870 or 1871. The vouchers—such vouchers as we had—were produced. The books were burned up. I do not know whether we had the books or not at that time.

APPROXIMATE COST OF REGULATING ROAD.

Q. Have you any recollection of the approximate cost or amount of money paid to Douglas & Brown for the work of regulating the road?—A. I have not now.

Q. Have you any recollection of the approximate cost per mile that was contracted or agreed to be paid?—A. It appears to me, since you speak of the $3,000 per mile, that that was on this side of the river; whether that included the extras that I gave them afterward I do not remember. I know I raised the contract considerably from what it was to be. The original contract, I think, was 35 cents a yard.

Q. That is, for excavation?—A. Excavation; yes, sir. The work over the river was very heavy. That was another contract, afterward. It was very heavy work over the river to Fremont.

Q. How many miles were there of this work over the river?—A. If I remember aright, it was about 26 miles.

EXTENT OF ROAD EMBRACED IN FIRST CONTRACT.

Q. What points are embraced; from Missouri Junction to Fremont?—A. No; it included to California Junction. The first contract, I think, was really only from California Junction, 70 miles, to Sioux City. The other was let afterward, I think; and there were 25 or 26 miles of road on the other side of the river that was very heavy work.

Q. Do I understand that when the contract of 1867 was made the grading and regulating had been substantially completed?—A. No; there had been something done on it, but there was nothing done on the other part. It was only 65 or 70 miles that was let at that time.

Q. That left about 30 miles to be graded?—A. That was not let yet. That was let the next year.

Q. At the time this contract of 1867 was made, can you tell how much money had been paid in on the stock at that time?—A. There must have been about $250,000 paid about that time.

Q. And all that money which you have described as received was paid out on this contract?—A. Every dollar of it, on the various contracts; not on that alone, but on the various contracts.

Q. Had any other funds been received up to that time by the company from any other source?—A. No, sir. I think I had to borrow a good deal of money besides.

Q. Can you give us any information as to how much money you had borrowed at that time?—A. I do not know that I can. I know that about December or January I borrowed—I do not recollect the amount of money borrowed.

Q. December or January of what year?—A. That same fall.

Q. You mean after you made your contract?—A. Yes.

Q. But I am speaking of the time before you made your contract. What I want to get at is this: Were those contracts with Douglas & Brown substantially all paid and out of the way at the time the contract of 1867 was entered into?—A. Oh, no; not at all. When the contract of 1867 was entered into with the contracting parties they assumed all the contracts that had been made by Douglas & Brown, and they assumed that contract.

Q. Still, that does not answer the question. Had the work done up to that time been paid for?—A. Yes; I think it had been. There was only some grading that had been done up to that time, I think.

THE CONTRACT OF 1867.

Q. With whom was this contract of 1867 made?—A. It was made with Mr. Oakes Ames and Mr. D. C. Blair.

Q. DeWitt C. Blair?—A. Yes.

Q. Was Mr. Oakes Ames a director of the Sioux City Company at that time?—A. I cannot say whether he was or not at that time. I suppose the books will show. There were returns made, I know, to the Government.

Commissioner ANDERSON. We have those here.

The WITNESS. Those would show.

Q. Was Mr. DeWitt C. Blair a relation of yours?—A. Yes, sir.

Q. What relation was he to you?—A. My son.

STOCKHOLDERS INTERESTED IN THE CONTRACT.

Q. Did these two gentlemen take this contract in their own personal interest solely?—A. No; they took it for the benefit of all the stockholders.

Q. Please name the gentlemen for whose benefit they took it.—A. It was to be for the benefit of all the persons who subscribed to the stock. I think the stockholders were some sixty or eighty persons.

Q. Did these gentlemen subsequently make a distribution of all the assets received by them under this contract?—A. Yes.

Q. Have you the particulars of that distribution, so that you can inform us who received the avails of the contract?—A. Every stockholder that had paid in one single dollar got his proportion of the assets of the company—every dollar.

Q. But I want to know the names of the persons?—A. I cannot name them. I know there were sixty or seventy stockholders. That is my recollection of it. I cannot tell you the names. There were a great many Eastern people. There was a number of stockholders here and a great many of them in Boston.

Q. Please name those who received a large portion, or any of the principal stockholders whose names you recall.—A. Mr. Ames was a very considerable stockholder, and I was a considerable stockholder myself.

DISTRIBUTION OF STOCK.

Q. What was the total capital stock?—A. The total capital stock that was paid in was $1,899,000, I believe, and I had $1,791,000; but some paid in Boston afterwards. The stock issued was $1,899,000. There was no stock issued except such stock as was paid for.

Q. What proportion of this distribution did you receive?—A. I cannot say now exactly what it was, but I think I owned about an eighth of the concern—a sixth or an eighth portion.

Q. About a sixth or an eighth?—A. About, probably, one-fifth or one-sixth; I will not say exactly; I know I was a large stockholder.

Q. What proportion did Mr. Oakes Ames receive?—A. He was about equal with me.

Q. Can you not name some of the other gentlemen who received proportions as large as yours?—A. Mr. Lambard was a large stockholder.

Q. Give his full name.—A. Charles A. Lambard.

Q. He is dead, I believe?—A. Yes.

Q. Do you remember any others?—A. There was a firm by the name of Glidden & Williams, and John B. Alley. I think Mr. Alley was

considerable of a stockholder. Mr. William E. Dodge, I think, was a stockholder.

THE BOARD OF DIRECTORS.

Q. Which of the gentlemen whom you have named, and who participated in this distribution, were directors of the Sioux City Company in September, 1867, when the contract was made?

The WITNESS. Do you mean to ask me who participated in it?

Commissioner ANDERSON. Which of those who participated in the distribution were directors of the Sioux City Company when the contract was made?—A. All the stockholders, the whole lot of them, had an equal interest in proportion to what they signed for.

Q. But that is not what I asked you. I asked you which of those stockholders who received a share were directors of the Sioux City Company and voted for the contract.—A. I cannot say that; I can only say that it was unanimous, so far as the contract was concerned, with not only the directors but with all the stockholders, because they were all consulted about the matter.

Q. You were a director yourself?—A. Yes; I was president at the time.

Q. Was Mr. Oakes Ames a director?—A. I am not certain whether he was at that time. He was at some time a director. The minutes would show. I have forgotten about it now. He was not an original director.

Q. Did he remain a director after he once became a director?—A. My impression is that he did.

Q. Do the minutes give the date of his election?—A. I suppose so.

Q. Did William B. Allison share in the distribution?—A. I know that Mr. William B. Allison was a subscriber to the extent of $5,000; that was all. I think he took no active part in the matter. He lived at Dubuque, and I know that I insisted very urgently that he should take some stock in the road, because it would benefit Dubuque, but he took no action about it, except that he was a stockholder to the extent of $5,000.

Q. Was he a director?—A. I think Mr. Allison was a director in the original organization.

Q. Did he not act as vice-president of the company?—A. I cannot say that at present. I think, in the organization of the company, my name was used. I can not recollect about that. Afterward I took but very little interest in the matter, as I recollect. I recollect that I was appointed president of the road when I was not here at all. Probably Mr. Allison or some one of them acted as vice-president or other officer before I was elected.

Q. It appears from the minutes that he was vice-president in August, 1868, and I want to ask you whether your memory agrees with the minutes?—A. Well, he very likely was. Whatever the minutes say is, no doubt, true; but he took no active part. I recollect that very well.

Q. Mr. Walker, the engineer, was he a director of the road?—A. He might have been afterward, but I do not recollect whether he was or not.

Q. Did he receive any portion of this distribution?—A. No; nothing at all, except that if he subscribed for some stock he got his proportion; that is all.

Q. I am asking you whether he was a stockholder?—A. I am inclined to think that he did own a little stock, but I am not certain about that.

Q. Do you remember that Perry H. Smith was a director?—A. I recollect him very well; he lived in Chicago; he was a very wealthy man. It is likely that he became a director and came in afterward. There were a good many changes. A good many men went out.

Q. Do you remember Joseph H. Scranton?—A. Yes.

Q. Was he a director?—A. I cannot say; probably he was. He was a director in other companies that we had out West.

Q. Was he a stockholder?—A. Yes; I think he was. I think he had some stock. He was in the Cedar Rapids road. Almost all those men were solicited to take stock in this road, and I suppose Mr. Scranton took some. These men were all solicited to come in and do something toward the road, because outsiders had refused to do anything.

Q. Was De Witt C. Blair a director in the road?—A. I think he was at one time; still I am not positive about that. I suppose the minutes at Washington would show all that.

Q. Do you remember William T. Glidden?—A. Yes.

Q. Was he a director?—A. I am inclined to think he was, latterly.

Q. I mean when the contract was voted?—A. I cannot say about whether he was then or not. He undoubtedly was a stockholder.

Q. Was F. Nickerson a director when the contract was voted?—A. I cannot say that. The minutes would show. At the moment it is hard for me to recollect, there were so many changes from time to time, some of the men being dead.

HOW THE CONTRACT WAS CARRIED OUT.

Q. After this contract of September, 1867, was made between De Witt C. Blair and Oakes Ames, on the one part, and the Sioux City Company, on the other, how was the business of this construction conducted; was there a committee appointed?—A. My recollection is that after they took the contract the matter was turned over to me to carry out the contract for them—to see the money expended.

Q. That is, to employ the engineers and men to build the road?—A. Yes, sir.

Q. And to receive the money and pay the contractors?—A. Yes; the whole thing was, I think, put in my hands to carry out—to construct the entire road and carry the whole thing out.

Q. With whom did you make a contract?—A. I think that the contract with Mr. Ames and Mr. D. C. Blair was rather a vote of the company.

Q. With whom did you make a contract to build the road?—A. There were different parties. Douglas & Brown to do the grading. The ties were supplied by another person, and the bridges by another person.

PURCHASE OF SUPPLIES.

Q. Give us the names of those persons as well as you can. From whom did you buy your iron?—A. Of the Johnstown Company, and of an Ohio company, of the Delaware and Lackawanna Coal Company, and I bought iron, I think, of the Reading Iron Company, and some, I think, of a Boston company. I think it was a difficult matter to get the iron from one company at the time, because they were needing so much iron all around.

Q. From whom did you buy the ties?—A. From various parties. I bought some, I think, in Chicago, some on the Missouri River, and some on the Mississippi. I might have got a few ties over in the Missouri

Valley, along the Missouri River, but there was nothing there but cottonwood. I think my ties were pretty much all brought from Chicago or the Mississippi River.

Q. From whom did you purchase fish-plates and fastenings?—A. I think I bought them principally at Pittsburgh. I bought some also of the manufacturers at Chicago.

You may recollect, when you come to talk about building roads, that at that date fish-plates were at 6¾ and 6 7/10 cents per pound, and I have bought them since at 1½. Nails were 5¾ and 6 cents a pound, and since that they have come to be about 2 cents or 2 1/10. Iron was $80 and $85 to $100 a ton, at the works, where you could get it, besides the freight. Imagine ties at $1.25. You have no idea of the expense of things in those days.

SUB-CONTRACTS.

Q. With whom did you contract to do your excavating?—A. That was with Douglas & Brown, I think, chiefly. I think they had the main contract for excavating. They were very large contractors, and they had in their employ a very large force of men.

Q. With whom did you contract to do your blasting?

The WITNESS. Rock work?

Commissioner ANDERSON. Yes.

A. I suppose they did that. I do not think there was much rock work to do. There was not much rock work to do on the Iowa side. There were some to do, I believe, on the other side.

Q. What bridges did you have to build?—A. We had to build quite a number of them. We had to build a bridge across the river Sioux and across the Ford River. There was quite a number of bridges, but those were important bridges.

Q. How did you cross the Missouri?—A. We had two large steamers there, one of which, I think, would take over eight cars at a time.

Q. I understand that you conducted all this business yourself?—A. I did, sir. I believe there was nothing that I did not buy or contract for.

WHO KEPT THE BOOKS?

Q. Who kept your books at that time?—A. I had receipts and vouchers for everything. What was paid out at Cedar Rapids Mr. Walker kept the accounts of there.

Q. My question is, who kept the set of books—the journal and ledger account which was kept by you, between you and the contractors and the sellers of material whom you have enumerated above?—A. The money was paid out on vouchers, over at Cedar Rapids.

Q. But who kept the books?—A. Mr. Walker must have kept those books. He kept books there for what he paid out, he and his clerks.

Q. Am I to understand that those were your personal books?—A. No; I cannot say that they were my personal books, because I handed the money over to him, and whatever money I handed over to him he was charged with, and he had to account for it. That was all there was of it. He had to see that he was credited.

Q. They were the books of D. W. Blair and Oakes Ames, then, who had undertaken the construction?—A. Well, they were the contractors, but, really, I was substituted in their place to carry it out, and I was accountable for all the moneys that came into my hands. Mr. Walker had to show the committees that were appointed what he had done with the money that was paid over to him. I had receipts and vouch-

ers for all the money that I received and paid. I paid for all the iron and materials of every kind and had them shipped and sent on.

Q. My inquiry is, in what books were kept the accounts, for instance, between John I. Blair, trustee, and the Reading Iron Company for iron sold by the company and bought by you in order to lay it on this road, in what books would that ledger account be found?—A. I cannot say what books that would be found in. The book that I had—the memorandum that I had—was a memorandum of the different purchases that I paid for, and for all these purchases I had the bills to show that I paid. The committee appointed to settle with me required my vouchers for every single dollar that I had paid out and every single dollar that I had received. They allowed me for nothing except on the vouchers that I produced. Those vouchers were all delivered up to the committee that made the settlement. Mr. Williams, I think, was the committee, and everything in the way of vouchers and everything I had was delivered up to him. I recollect that I took his discharge.

"A PIECE OF PAPER WOULD KEEP ALL THE ACCOUNTS."

Q. But this business must have been conducted by a set of books. When you ordered iron from these different parties you have named, and ordered fish-plates and ties, there must have been entries in the day book, and subsequently these entries must have been posted into the ledgers in order to enable you to know how much you would have to pay.—A. The construction of a railroad involves accounts that are very different, perhaps, from those used in other kinds of business. Probably a piece of paper would keep all the accounts I wanted to keep. If I bought a thousand tons of rails from a company that would be one bill and receipt. That might be put in an envelope. All those vouchers would be produced when the bill came to be looked for.

Q. I am not talking about vouchers, but about books.—A. So far as I am concerned that is the only kind of books I ever kept. Mr. Walker kept books at Cedar Rapids for the moneys that he had paid out. I know very well he had them, because he accounted for all the money he paid out.

Q. Where are Mr. Walker's books?—A. I supposed they were at Cedar Rapids, if they were not burned about 1869. I will not say about that. We had a fire there that burned up a good deal.

ACTUAL COST OF CONSTRUCTION.

Q. Have you any memorandum now in your possession showing the amount of money not only paid by you personally, but incurred by you as trustee of this contract, and which will inform us as to what was the actual cost of constructing that railroad?—A. The actual cost of constructing the railroad, the division among the stockholders, was $4,640,720. That is according to the figures I have.

Q. Why do you call it the division among the stockholders?—A. That was the actual cost. The stockholders had nothing divided except stock. The money for the Government bonds was expended in the construction of the road. The money paid in by the stockholders was expended, every dollar of it, in the construction of the road. The bonds that we had were estimated at 75 cents on the dollar.

Q. Are you not stating now the amount paid by the company to Mr. DeWitt C. Blair and Mr. Oakes Ames?—A. Mr. DeWitt C. Blair and Mr. Oakes Ames did not get a solitary dollar, only for the actual money that they paid for the stock; that is all.

Q. When you state the figures, $4,640,720, was not that the amount paid by the company to Messrs. Blair and Ames reckoned in bonds and in money as the payment was made?—A. That was the cost of the road. Mr. Oakes Ames did not get that at all; he got nothing at all; all he had to show for his money was really his stock.

DIVISION OF STOCK.

Q. I understand that he divided it; but I ask whether the fact was not as I have stated it?—A. I divided it. I did not give it to Mr. Ames. I gave the stock out myself.

Q. I ask whether the figure you have given represents the number of dollars you paid to the Reading Company and other companies for iron, or whether it represents the amount of money paid by the company to De Witt C. Blair and Oakes Ames, or to you as representing them, and divided up by you among the stockholders; which is it?—A. The Government bonds were sold for cash, and that went into the road, and so did this other money paid. Every dollar of this went into the road, and the only thing that Oakes Ames or any other stockholder had to show was simply the stock he had, and nothing else. That is all there is about it.

Q. We will come down to this division. You say there was a division made among the stockholders. When was this division made?

The WITNESS. The division of stock?

Commissioner ANDERSON. No; when was the division made?

The WITNESS. When I issued the stock to them?

Commissioner ANDERSON. Yes.

A. I guess it must have been in 1870 or 1871; along there. I will not say what time.

Q. Have you any written record of that division?—A. I think I have some memorandum of it at home, by which I could tell. I think it must have been about 1871, the time that I gave out the stock.

Q. Who gave out the stock?—A. I gave out the stock.

Q. Personally?—A. Yes; as president of the road. I gave every man stock in proportion to the money he paid.

THE STOCK-BOOK.

Q. This stock must have been taken out of a stock-book, a book containing the certificates?—A. Yes; I had a stock-book, I know.

Q. That stock-book must have had stubs?—A. Yes. If I had known you would call for me I might have told you the name of every stockholder, and what his stock was.

Q. Where is the stub of the stock-book?—A. I suppose it is at Cedar Rapids, if anywhere.

Q. Have you had it within the last year?—A. Oh, no; I have not had it—I was going to say for twenty years—since the year 1871, at the time I issued the stock and settled up with the company. I have no recollection of seeing anything of it after that. Everything was settled and paid for.

Q. This memorandum you speak of, which will show the persons who received stock and what they received—was it written by you? Is it in your handwriting?—A. No, sir; I think not.

Q. From what source was it taken?—A. I think it was taken from a memorandum that was made up by a clerk that I had. I think I have a rough memorandum of the stockholders with me at my place at Allentown.

Q. What is the name of the clerk to whom you refer?—A. Charles E. Vail.

Q. Is he living?—A. No, sir; he is dead.

Q. Was this distribution made by you in New York here or out West?—A. I think the figuring and distribution I made at Cedar Rapids. I might have done some of it at Blairstown, but I think it was at Cedar Rapids, Iowa.

Q. What was, in fact, distributed?—A. Just the stock. We had nothing else to distribute.

STATEMENT FOR STOCKHOLDERS AS TO BONDS.

Q. Was there a statement made up for the stockholders?—A. I think there was.

Q. Have you your copy?—A. I have not.

Q. Can you refer me to any place where a copy of that statement could be obtained?—A. I could only give you the figures. I think I could give you the figures of what I got myself.

Q. The statement would naturally contain an explanation of what had been done with the Government bonds and the first mortgage bonds?—A. The Government bonds were all sold for money, and when I come to speak about distribution, we distributed the second bonds to those of the stockholders who would take them at 75 cents on the dollar. The stockholders got that with their stock. I would call the Government bonds the first-mortgage.

Q. Which bonds do you mean were given to the stockholders?—A. Not the Government bonds, but the bonds that we got.

Commissioner ANDERSON. Your own bonds?

The WITNESS. Yes; our own bonds. They were valued at 75 cents on the dollar.

Q. How much was the aggregate amount of bonds distributed to the stockholders?—A. One million two hundred and twenty-one thousand dollars I think the bonds were.

Q. The whole issue of bonds was distributed with the stock?—A. Yes; rated at 75 cents on the dollar.

Q. Each stockholder getting his pro rata of the bonds?—A. Yes; each got his pro rata; and if there was any fraction, he either paid it or received it, as the case might be.

Q. Did the company receive anything whatever from the stockholders for this distribution at that time?—A. The company had the road.

Q. But did it get any money from the stockholders for the bonds?—A. It certainly did.

Q. When?—A. Previous to the distribution.

Q. I understand that previous to the distribution you say they paid in the subscription for their stock?—A. Yes; the subscription for their stock, and they had to pay for the bonds, too.

HOW THE BONDS WERE PAID FOR.

Q. When did they pay for their bonds?—A. They had to pay for them about the same time. They had to pay the money, you know.

Q. Do you mean to say that when you got your stock and bonds that were rated at 75 cents on the dollar you personally paid 75 cents on the dollar on the bonds that were given to you?—A. That is what I considered that I paid for them.

Q. Well, did you pay it?—A. Yes.

Q. How many bonds did you get?—A. I will not say now. I got my pro rata, whatever that was.

Q. Approximate the amount. Out of $1,600,000 you say your share was about one-sixth. Did you get as much as $200,000 in bonds?—A. I suppose I did, probably. I must have had something like that.

Q. When were those bonds delivered to you—in 1871?—A. I think that was the time the distribution was made.

Q. What month?—A. I cannot tell the month now.

Q. Do you state that at the time you received your bonds you paid to the Sioux City Company for those bonds 75 cents on the dollar for them?—A. We had paid previous to that.

Q. I ask you now if you say that when you got your bonds you paid 75 cents on the dollar for them?—A. That is what we estimated the bonds cost us in clean cash. That was our estimate at the time.

Q. If you paid that amount to the Sioux City Company that would be over $150,000. Can you state to this Commission when that payment was made by you and how?—A. We paid it previously. We owed and borrowed a pretty large sum of money. We had borrowed and owed in one shape or another, and when we came out here we had the bonds to be distributed.

Q. That is to say, that after you closed your accounts up and built your road you found that you had left the stock and the company bonds, but the Government bonds had all been negotiated?—A. All had been negotiated, and we had the stock, and of course we had these bonds. The stock was paid for and the bonds were paid for.

Q. When you say the bonds were paid for, do you mean to assert that you ever paid the company, besides the subscription that you paid for the stock, 75 cents on the dollar for the bonds?—A. That is what our estimate was.

Q. I am not asking for the estimate. I ask you if you bought those bonds from the company and paid for them in the way I have described, by giving the company 75 per cent. of the par value of the bonds in addition to what you had paid in for your stock?—A. That is my recollection.

THE BONDS NOT A DIVIDEND.

Q. Is it not true that these bonds were divided up as a dividend among the stockholders, they having paid for the stock and considering themselves as the owners of the bonds?—A. No, sir; I think not. That is not my recollection at all. The bonds were estimated at 75 cents on the dollar, which, my recollection is, we paid the cash for. That was the cash value that the bonds stood us in.

Q. Am I to understand you as swearing that you have ever paid the Sioux City Company 75 per cent. of the par value of your bonds, in money, outside of your subscription?—A. Yes; that is what our estimate was.

Q. Will you refer me to any account of your own, or any check or evidence, of payment made by you to the Sioux City Company for those bonds?—A. I do not know that I can give you any other estimate than what I stated to you. I know that in our settlement of cash and everything the bonds had cost us 75 cents on the dollar, that we had paid the money for.

Q. These bonds were delivered by you to the different stockholders at the same time that the stock was delivered to the different stockholders, were they not?—A. I suppose they were. It would not have been a very long time afterward. I do not know how long we were making the distribution.

Q. Mr. Oakes Ames got his share, and Mr. De Witt C. Blair his share, and Mr. Lambard his share?—A. All the stockholders, I think, got their shares, if they paid for them; and if they did not, the bonds were sold.

SOME OF THE BONDS SOLD.

Q. Were any of these company bonds sold at all?—A. I think there were some sold.

Q. Who sold them—I mean before the distribution?—A. I do not know that there were any of them sold. There were some of the stockholders that did not take their bonds, or did not pay for them.

Q. Did not pay for their stock?—A. Did not pay for their bonds, and of course they were sold. I think there were some of them sold.

Q. In what book were the proceeds of any bonds sold ever entered?—A. I cannot say about that. It went into the fund, of course.

Q. My only question is, in what book the proceeds of bonds sold would be entered, so that you could find what you had on hand?—A. There was a memorandum of distribution made at Cedar Rapids. I think that was where the distribution was made. There was a circular made out and sent to them for each person's pro rata, and some minute was made of it there.

Q. Who received the proceeds of the bonds—the Government bonds or the company bonds?—A. I received them.

AS TO THE BANK ACCOUNT.

Q. In what bank did you place them?—A. We sold the Government bonds along as we constructed the road, and the money was paid out and distributed, I think, in 1869, or along there; it might have been 1868 or 1870.

Q. But you do not answer the question that I put to you. My question is, in what bank did you place those proceeds?—A. I think some of the proceeds were placed in the National City Bank here in this city.

Q. New York city?—A. New York city. I think some of the proceeds were placed there for a while.

Q. To whose credit?—A. I suppose it was placed to my credit; most likely it was. I guess some of the funds were left for a short time with the Park Bank. But we owned a very large portion of the bonds before the sale was made.

Q. Do you mean that when the proceeds of these bonds were placed to your credit in a bank you had no journal and no day-book and no ledger account at all in which you yourself kept an account of the amount so received by you?—A. I undoubtedly had an account in a bank or bank-book. But I can recollect this, that we never held funds very long in hand.

FUNDS ENTERED IN POCKET-BOOK.

Q. But if you only kept them on hand five minutes, would you not enter them in your own books?—A. Yes; I would probably enter them in my pocket-book, if in nothing else.

Q. Would you not enter them in a formal day-book or journal?—A. No; I did not do that kind of business. I would enter them by a single-entry charge.

Q. Do you mean to say that all the funds of the Sioux City Company were kept account of in a loose pocket-book in that way?—A. No; I do not pretend to say that they were kept in a loose pocket-book; but they

were kept in a memorandum book. The funds did not lie long; I used them up as fast as I received them.

Q. What other funds did you receive besides the proceeds of stock subscriptions and the proceeds of the sale of Government bonds; did you receive anything else?—A. Yes; it all went to the company..

Q. I am only asking what else you received. From what other source did you receive money?

The WITNESS. Besides the bonds?

Commissioner ANDERSON. Besides the Government bonds and the payments on the stock.

A. We received some for the sale of lands.

ACTUAL COST OF ROAD.

Q. Before we pass to the lands, can you not tell me what the actual cost of this road was? I do not mean what the amount of the distribution was, but what the cost to you was—how much it cost you to do what you did. By "you," I mean you as trustee.—A. Four million six hundred and fifty thousand dollars.

Q. From what source do you take those figures?—A. I take them from the cash we paid.

Q. From what source do you take them—from what paper or book?—A. I take them from the Government bonds we sold and our own bonds, and the money paid in for stock.

Q. Is that the only way in which you arrive at that conclusion?—A. Yes.

Q. Do you get it by adding up the amount of payments actually made by you—made by you, from a book in which those payments are entered?—A. That is my recollection of it.

Q. If that is your recollection, where is that book containing the payments made by you; you say you have footed up a list of payments made by you, entered in a book?—A. For all the payments that I made, myself, and all that Mr. Walker made (my paymaster in the West), I have vouchers for, and those vouchers I settled with the committee for, and delivered them over to him.

SOURCE OF INFORMATION.

Q. Now, we will go back to my question. From what source do you obtain the information that the cost of that road was $4,650,000?—A. The Government bonds were all used, and the capital stock and other bonds were all used for the construction of the road.

Q. Is that the only source of your information?—A. Of course, that is what I know is the calculation.

Q. Is that the only source of your information?—A. Well, I think it is, in a measure.

Q. Then you have not in your possession any material showing the amount of these vouchers that you have given up, and you cannot ascertain the amount by adding them together, to-day?—A. No; I could not, no differently than what I have stated here.

Q. How do you know whether they differ or not if you have not got them in your possession?—A. I know that was the amount; that is all. I recollect that was the amount.

Q. That was the amount of the stock and the two kinds of bonds?—A. That was the amount of the cost of the road.

Q. Do you swear that that was the amount of the vouchers which you delivered up to the committee?—A. Yes; I think so; I think that was the case.

Q. How do you know that that was the amount of the vouchers?—A. All I know is by the settlement.

Q. But that will not inform you that the amount of the vouchers was the equivalent of the stock and the two classes of bonds?—A. It certainly would. I think it would, sir.

Q. Now you say that when you made the distribution you had on hand for distribution the stock and all the company bonds?—A. Of course I had the stock. Whether I had the bonds all in my possession or not at that time, or whether they were in the possession of some of the others, I cannot say now. I think we had some of the bonds hypothecated for money at one time.

Q. But they were all distributed to the stockholders?—A. They were all distributed.

Q. And they were rated as being worth 75 per cent.?—A. Yes.

LAND GRANTS.

Q. What became of the land-grant of the company?—A. We were unfortunate about that. We got scarcely any lands at all. The lands were all taken up. I think we got no lands whatever in Iowa. We had a few swamp lands, I think, voted us by Sioux City.

Q. How many acres, in all, did you receive on the different grants?—A. We got nothing from the Government with the exception of that 26 miles of road on the Nebraska side. The Union Pacific Railroad had its grant, and this grant lapsing, we were entitled to one-half of the lands, whatever it was. The Union Pacific people made a division, and they did not stand by the division, so we had to sue them, and we eventually made a compromise. We got some lands there.

GOVERNMENT LAND.

Q. How many thousand acres? It appears from the Government reports that the amount of land awarded to your road under the acts of 1862 and 1864 was 41,236$\frac{53}{100}$ acres. Is that your recollection?—A. I recollect getting the land set off to us. I will not say what was the number of acres of land; but the Union Pacific road sold a part of the lands, and we sued them. We had the suit in the Supreme Court of the United States for a long while, and we eventually wanted money pretty badly, and we sold all the interest we had in those lands for $200,000 to the Missouri Railroad Company. We owed considerable money, and that amount was paid in to the company.

STATE LAND.

Q. What other lands did you have besides the United States grant?—A. The Northern Nebraska Air-Line Company received 48,000 acres of land (something short of that number, though they were entitled to that); the State had donated to them 48,000 acres of land. We consolidated with that company, and we got those lands. At least the Sioux City and Pacific Railroad got the benefit of those lands. In that consolidation I think we paid in something like $80,000 to that company; but, however, that money was all turned over to the Sioux City and Pacific Railroad Company and they got the benefit of it. We had

those lands on hand in 1873, I think. There was very little of them sold at that time. You must recollect this: At the time when we got these lands there was really hardly any sale at all for land, because the Government had passed the homestead law and no man would buy land of you when he could go and get 160 acres of land beside you for nothing. These lands lay and lay; and I recollect that we issued circulars to every stockholder we had, inviting them to take these lands at $2 an acre, and I think about two-thirds of them came in and took the lands at $2 an acre, and the other part did not. All that money was paid in in cash to the Sioux City and Pacific Company. That was in 1873.

SALE OF LAND TO STOCKHOLDERS.

Q. Please state again what was your course of business in relation to selling these lands to the stockholders.—A. There seemed to be no sale for them to individuals at all at that time. We held them and held them, and there was no sale; and we wanted money very badly at the time, I recollect, and the result was that we fixed a price on them that we thought was a fair value, and we thought the stockholders would take them and pay the money. We issued circulars to them, and I think about three-fourths of the stockholders came in and took the land at the price. The others did not.

Q. Did the directors apportion these lands to themselves also?—A. Just as far as they were stockholders they took their pro rata of land. Some of them did and some did not; but they went to all the stockholders of the company in proportion.

Q. Who fixed the price for which the land should be sold?—A. The company fixed the price.

Q. That is, the directors fixed the price?—A. The directors fixed the price.

Q. In what year was that done?—A. 1873 was the year when these lands were sold, if I am correct about it. That was the time I paid for mine. The lands lay scattered over a few counties of the State. They were scattered lands.

TRANSFER OF STOCK TO CHICAGO AND NORTHWESTERN.

Q. What was the arrangement, and how was it brought about, by which the stock of this company was transferred to the Chicago and Northwestern Company?—A. That stock, in the first place, was put into the hands of trustees. A good many put their stock into the hands of the trustees of the Cedar Rapids and Missouri River Railroad Company. I think I was one of the trustees. The stock was scattered, and it had very little value. There was some intimation made by some persons that they were about buying up the stock. If that had been done that road might have been embarrassed and passed into other hands.

Q. What road?—A. The Sioux City and Pacific.

Q. How?—A. They might have turned the business on to some other road, or, at least, they might have done this: If they had got the control of it the road might have gone into bankruptcy. That is about the amount of it, because really the Cedar Rapids road in Nebraska took care of it and kept it alive. The stock was put in their hands and we held it ever since, I believe. Something like that. I think there was something paid for the stock. I think we paid something for it—the Cedar Rapids Company of Nebraska did, I think.

Q. How much?—A. It occurs to me that it was about 15 cents.

Q. Then it was bought up in the interest of the Cedar Rapids Company?—A. It was bought up, of course, in the interest of the Cedar Rapids Company as well as of the Nebraska and our other interests, because we wanted to protect the road and protect the bonds. That was the amount of it. When we consolidated with the Northwestern road that was one of the assets belonging to the Cedar Rapids road, and everything that we had belonging to the Cedar Rapids Company we turned over to the Northwestern Company.

HOW THE CONSOLIDATION WAS EFFECTED.

Q. How was the consolidation with the Northwestern Company effected?—A. We changed stocks with them for some part. They assumed the bonds, and as to some of the road we sold the stock for bonds.

Q. As far as the Sioux City road is concerned, you transferred the stock to the Chicago and Northwestern Company?—A. They took it as part of the assets. It was an asset of the Cedar Rapids Company. We turned it all over. I do not know that there was any particular price fixed for it at all. It was in the whole deal, and we turned over everything that there was—the Cedar Rapids and all the Sioux City stock that we owned.

Q. What did you get for what you turned over?—A. We got stock from their road, and we got bonds.

Q. How many shares of Northwestern stock did you get?—A. I cannot say exactly how many shares we got. We had preferred stock that, I believe, we took a bond for, but I cannot say what the stock was. It might have been $10,000 a mile or more; I really cannot tell, there were so many things lumped together about the whole matter, about the different roads—we had a number of branch roads.

ADVANTAGES OF THE ARRANGEMENT.

Q. What advantage to the Northwestern was this property that was transferred by the Cedar Rapids and especially by the Sioux City and Pacific?—A. The Cedar Rapids road had a perpetual lease on the Nebraska road, reaching from the Mississippi to Omaha, and we had a number of other branches—the Diamond road and a short road up to Lyons, and some others. They had a perpetual lease on those roads. To have the business of the Sioux City road was some advantage to them. The Elkhorn road that we had was a long road that was built, and that was a feeder. The business that came off that Elkhorn road and across the Sioux City and Pacific went on to the Northwestern road. They got the haul on that business.

Q. They got control of it?—A. We thought it was for our interest to let them have it. We thought the Elkhorn road, too, was a great advantage to the Sioux City and Pacific, because we got that haul. The Elkhorn road crosses at Fremont and goes up the Elkhorn River in Nebraska. This road went through there and connected there at Fremont.

Q. Does the Elkhorn freight still pass over the Sioux City and then the Northwestern?—A. Yes.

Q. Does the Sioux City road enable the Northwestern road now to control that freight?—A. Yes; that branch, of course, enables them to control that freight in a measure, although we have another branch

road that runs on and turns off when you get to about 15 miles from Fremont. That branch road runs down to Omaha. The business of the Elkhorn could be sent down to Omaha, instead of coming over the river and using the road the whole way. It was an advantage to the Northwestern to have the road in that connection.

EFFECT OF BUILDING PARALLEL ROADS.

Q. In what other respects is it an advantage to the Northwestern to keep the Sioux City road?—A. The way it is now it is not, except that one prong that goes over from Missouri Valley to Fremont. That is a valuable part of the land for them to keep, because it brings the Elkhorn business to them, but really the part that runs up to Sioux City is of very little value. There have been parallel roads built there—a road running down on the other side of the river and a road on this side. The Milwaukee Company has been building a road that parallels it a little way off, and since we have sold the Iowa Falls road to the Illinois Central they have built a road down, and the country is filling up. I do not think the Sioux City and Pacific is to-day worth 10 cents on the dollar. So few gentlemen can really estimate the cost of building roads at that day compared with what it is to-day. No one can know the great difficulty that we all labored under with these land grants when we got them. For the Government passed a law to give 160 acres to every homestead, and we had no sale for our lands at all. I think I paid $700,000 taxes on lands. You could not sell land to anybody that could get 160 acres for nothing.

EARNING CAPACITY OF ROAD.

Q. What are the present net earnings of the Sioux City road?—A. I do not know.

Q. The bonded indebtedness is $1,600,000 of company bonds?—A. Yes, and Government bonds.

Q. The same of Government bonds?—A. Yes.

Q. Is there any other liability that you know of?—A. No.

Q. Have you any knowledge of the earning capacity of that road, so that you can give us any information as to how much it can earn beyond interest on the company bonds?—A. The Northwestern of course is throwing all the business possible on that road. I think in all probability it is about earning the interest now on the company bonds; that is my opinion; and a great deal of that is derived really from the Elkhorn road.

PRESENT MARKET VALUE.

Q. In your judgment, if you were in the market buying a railroad, would you consider the Sioux City and Pacific road worth more than $1,600,000?—A. Well, I think the road has got valuable shops and machinery. All those things are very valuable. I consider that the Government bonds are worth about $1,000,000. I think the road is worth our bonds and about a million dollars of the Government's.

Q. It is worth, you think, about $2,500,000?—A. Yes; or $2,600,000. I think that is the worth of it to the Northwestern road. Without the Northwestern road, and standing on its own merits alone, I do not think it is worth the bonds, from the way in which they are cutting up railroads in that section of the country.

The Commission then adjourned to to-morrow, Wednesday, October 1, 1887, at 10 a. m.

10 WALL STREET, NEW YORK,
Wednesday, October 5, 1887.

Present, Commissioner Anderson and Commissioner Littler.

METHOD OF BOOK-KEEPING FURTHER EXPLAINED.

JOHN I. BLAIR, being further examined, testified as follows:

The WITNESS. Before proceeding I would like to explain somewhat more fully about my mode of keeping books. When I am from home I make a memorandum of all my transactions, every day, and when I get home I transfer those memoranda into a book—each one into a separate book where it belongs. In this matter of constructing this road, when I was from home, and gave any check for iron, I entered it in this book. When I went home, the book that I recollect keeping for that contained one or two quires of paper. When I received a bill I marked across that I had got the bill. All the money that I would pay was entered in my book, entered in that pocket-book. Then any money that I would pay to the engineer or paymaster at Cedar Rapids I would charge to him, and he would have to show what he did with the money. I recollect now distinctly of taking this book along and all the vouchers to compare with the charges in this memorandum book. Those I handed over to the examining committee—all the vouchers that I had. Some vouchers that were missing had to be replaced. That book and those vouchers I gave over to the examining committee, Mr. Williams. I think I brought back that memorandum book. I had a vault in a store where I had had my office. I had been a merchant for some forty years. I kept some old papers in that vault. When I gave up business, I rented my store out, and the persons that rented it had the use of the vault. My book would show the amount paid to the different people. But my charges were not very numerous. For instance, there would be one transaction of a thousand tons of rails, and I would make one entry of that. That was my mode of doing business. When the thing was over I would take that book and my vouchers to settle with the examining committee that was appointed, when I would get my discharge. That was the end of it.

AUDITING COMMITTEE.

By Commissioner ANDERSON:

Q. I find from the minutes of the Sioux City and Pacific Company that this committee to which you refer was appointed in November, 1870, and consisted of Mr. J. B. Alley, Mr. J. M. S. Williams, and Mr. Charles E. Vail.—A. Yes.

Q. Which of those gentlemen are now living?—A. Mr. John B. Alley.

Q. Is Mr. Vail living?—A. No, he is dead; and Mr. Williams is dead.

Q. The resolution directed this committee to examine and audit the accounts for building and equipping the company's road and all expenses connected therewith. Is it your recollection that this memorandum book in which you posted the figures from your pocket-book is the only book of account that these gentlemen examined?—A. That is all they examined of mine and my vouchers. They examined Mr. Walker's account also.

Q. Did he have a book?—A. He had a book, I suppose, containing entries of what he had paid.

Q. Where was this examination held?—A. At Cedar Rapids, at the office of the company.

Q. And you say your recollection is that after that examination you brought your book away with you?—A. I think I did. I think I brought my book away with me. They kept all the vouchers.

AN ATTACHMENT BY MR. LAMBARD.

Q. Is this the only examination of your accounts that occurred?—A. I think there was another examination. It originated through themselves. There was a dispute of interest. I might state to you that in 1868, about the time that I received the Government bonds, and expected to sell them for the purpose of completing the road (with other moneys) there was an attachment taken out by a man by the name of Lambard, who was one of the original incorporators of the road. He came forward and claimed that he was entitled to one-ninth of the whole road; that there were nine stockholders, and that he was entitled to one-ninth of the whole interest. He took out an attachment in that year, in New York City, attaching all the money that might be in the Park Bank, as was supposed, and in the City Bank and in my hands, and otherwise. I was not to distribute a dollar of it. The result was that I had to go on my own responsibility and borrow money and carry through that road in various ways, and, of course, I charged the interest that I paid. This Mr. Williams, who was a treasurer in some other companies that we had interests in, was not considered responsible. I considered him irresponsible. He had considerable money in his hands belonging to other companies, and I wanted to oust him from that place. Then his friends came forward and said that I had not accounted for the interest that I had charged, and that it was all wrong; that I had money and that it was in the banks, and that I had got interest for it, &c. They brought suit.

SUIT BROUGHT BY MR. WILLIAMS IN NAME OF COMPANY.

Q. The company brought suit?—A. Well, not exactly the company. It was in the name of the company, but really it was Williams and these other parties that controlled it. That matter was referred to a master.

Q. Who was the master?—A. Governor Kirkwood, at Iowa City. We went through the evidence in the matter, and after we had got through I got Mr. Taylor's evidence and other evidence to show that the money that was attached had not been loaned to me at all, and that I had had no use of it whatever; that the money lay dead, and that the money I had borrowed I had paid interest for. After we had got through this evidence they discontinued the suit and paid the costs. That was the end of it.

Q. Where is that evidence to be found on file?—A. I cannot tell you anything about that. The matter was all before Judge Kirkwood, and when they got through they withdrew that suit and paid the costs, and that was the last of it. I paid no further attention to it.

Q. Is that all of the dispute that occurred between you and this company as to settlements?—A. I do not recollect any other matter. There was some controversy, I believe, about some receipts of the road—some things they thought I ought to account for.

COMMITTEES OF ARBITRATION IN 1872 AND 1873.

Q. Do you remember that in 1872 Mr. John B. Alley and Mr. J. M. S. Williams were again appointed a committee to arbitrate with you for a

final settlement of the affairs of the company?—A. I suppose that was the matter that was referred afterwards to Governor Kirkwood.

Q. Do you remember that in May, 1873, a committee having charge of the suit against you made a report through Mr. Horace Williams?—A. I do not recollect what report they made about it.

Q. Who was Horace Williams?—A. Horace Williams was president of the Nebraska Railroad, I think, at the time, and lived in Iowa.

Q. Do you remember that he made any report on this subject?—A. I do not recollect.

DUDLEY FIELD ATTORNEY FOR LAMBARD.

Q. In regard to this suit of Lambard against yourself, who was Mr. Lambard's attorney in New York?—A. I think it was Dudley Field. I think he said he paid Dudley Field $10,000 to get a judgment, which he did, I believe, through Judge Barnard, for two or three hundred thousand dollars, I believe. He got judgment for one-ninth interest.

Q. Have you a copy of the papers in that suit?—A. I have not.

Q. Do you remember what the result of the suit was?—A. Oh, yes; I recollect very well what the result of the suit was.

Q. Lambard got a judgment, did he not?—A. He got judgment for a one-ninth interest—some two hundred and odd thousand dollars.

MITCHELL & CRANE ATTORNEYS FOR COMPANY.

Q. Who was the attorney for the company in New York?—A. Judge Mitchell was one of the attorneys. The firm was Mitchell & Crane at that time. Judge Mitchell is now dead.

Q. What counsel did they have?—A. I do not recollect whom they had.

Q. Is Mr. Crane dead, too?—A. No, sir; he is living.

Q. He is in New York, is he?—A. Yes.

Q. Do you know where his office is?—A. Somewhere in Wall street; I forget the number.

AN APPEAL AND COMPROMISE.

Q. You say you appealed from that judgment?—A. Yes, we appealed from it.

Q. Do you know whether or not the appeal was ever argued?—A. There was a committee appointed, and I believe there was some condition that we should let Mr. Lambard have so much stock—that he might have all the stock he claimed. We did not care anything about that, but he would have to pay 40 cents on the dollar for it; so we turned over the stock to him and he paid all the costs, and the suit was discontinued. I think Mr. Lambard failed, afterward, to pay for his stock.

Q. What was he to pay for his stock—how much?—A. He was to pay just what the others paid.

Q. Was it not 40 cents on the dollar?—A. Yes; that was what he was to pay.

Q. And that was what the others had paid?—A. Yes.

A BLACKMAILING AFFAIR.

Q. This judgment was recovered by Mr. Lambard after all the subscriptions by the others had been paid?—A. All the subscriptions had been paid, and Mr. Lambard, before that, had made a subscription and

had paid that, or arranged for it, and never said a word about this matter until we had got through the road, and then he came on and got out the attachment and shut everything up. We considered it nothing but a blackmailing affair from beginning to end.

Q. What I want to get at is, whether the papers in that suit would not disclose all the prior history of that road, and all the profits it was claimed the stockholders had made, and what profits Mr. Lambard was entitled to by reason of his right to subscribe?—A. I presume that was set out, but I cannot say about it. He thought at that time that it was very valuable, and perhaps other people did, because they thought we were getting 300,000 or 400,000 acres of land, while it turned out that we only got 42,000. There were no lands claimed within the bounds, except that much.

COMPLETION OF ROAD.

Q. Do you remember that under date of February 11, 1869, or in the spring of 1869, it appears in the minutes of the company that an announcement was made of the completion of a section of 32.27 miles, making in all 101.70 miles of completed road? Do you remember that in the spring of 1869 that was about the position of the company—that the road was constructed up to that point?—A. Yes; I think the road was completed about that time. In February or March, I think the Government commissioners were over to take up the road. I think that in 1868 they took up the part from California Junction up to Sioux City. I think that part was taken up then, and the next year afterwards this other part was completed.

AFFIDAVIT AS TO ISSUE OF BONDS.

Q. Do you remember that shortly after that period you and Mr. Walker made an affidavit, which appears on the minutes of the company, certifying that the Sioux City Company had not before that time issued any of its own bonds as securities in any form or manner which entitled the same, either in law or equity, to priority of preference in payment to bonds of the United States, and the company at that time had not executed any company mortgage of any kind on its road, or issued any bonds of any kind whatever?—A. Yes, sir.

Q. Do you remember making that affidavit?—A. Yes; I think the bonds were issued in 1869. That was in February, was it not?

Commissioner. ANDERSON. Yes.

The WITNESS. It was in May, I guess, 1869, after the road had all been approved, and was through, that these bonds were issued—that is, the bonds that we were entitled to issue.

Q. Then it was true at the time you made that affidavit—which was after the substantial completion of the road—that none of the bonds of the company had been issued?—A. I think none had.

RESOLUTION OF MAY, 1869.

Q. It appears also from the minutes that in May, 1869, a resolution was passed, reciting that "In view of the facts stated, that the improvements necessary for the present business require additional equipment, and in view of the fact that the stockholders have not yet received any stock or other securities for their subscriptions paid in for the construction of the road or for the earnings of the road which have gone into the construction, *Resolved*, That the president be authorized to issue

to the stockholders of this company capital stock hereof equal in amount to the calls heretofore paid or secured to be paid by each. Also, to distribute to the said stockholders an amount equal to 50 per cent. of such calls in the first-mortgage bonds heretofore issued by said company and paid to the contractors on account of the construction of said road, and which, by an arrangement with them, have been received from said contractors." Do you remember when that action was taken?—A. I think there was something of that kind. That is my recollection, since I have heard you read that.

DISTRIBUTION OF STOCK.

Q. How was it that a portion of those bonds had been delivered to the contractor—that is, I suppose, yourself, as trustee for Mr. De Witt C. Blair and Mr. Ames, and were then returned to the company?—A. I suppose, of course, the distribution would have to be made by me for them, to the stockholders. Whether they aided in the distribution or not I cannot say now. The distribution would have been made by me for them to the different stockholders pro rata.

Q. In other words, it made no difference whether the bonds went through you or directly to the stockholders, the same result was reached?—A. Yes; I suppose if they went through me, it was for them; how far they participated in it I cannot say.

Q. In connection with that, I will ask you whether, under the agreement that was made with you by De Witt C. Blair and James Ames at the same time that the main contract was entered into, that agreement, after referring to the main agreement, did not recite that the parties thereto assigned to you, in trust for the benefit of the stockholders of the Sioux City and Pacific Railroad Company and their successors, all the profits of every kind and nature that may arise under this contract, and that the parties to that agreement released, quitclaimed, and confirmed to you, for the benefit of those stockholders and their successors, all profits and surplus profits under whatever color, form, or pretense the same might arise under said contract?—A. I recollect very well that that is about the substance of it; that neither Mr. Ames nor Mr. Blair was to have any advantage over any single stockholder. Every stockholder was to fare exactly alike. There was to be no discrimination on the part of any one. They were to have their pro rata share.

Q. So that, as far as concerned this distribution of 50 per cent. of bonds that were recited to have been paid to the contractors, it made no difference whether you distributed them under this trust I have referred to or whether they were distributed directly to the stockholders by the company?—A. No, I suppose it made no difference.

THE REMAINING BONDS AND STOCK.

Q. Do you remember that shortly after that another resolution was passed directing you to complete the distribution of all the remaining bonds and stock of the company among the stockholders?—A. I recollect that it was done.

Commissioner ANDERSON. I will read to you the language of the minutes:

The president was requested to make distribution, on or before the 1st of January, 1871, to the stockholders of this company of all bonds, stock, and cash assets which have accrued to said stockholders in the construction of the Sioux City and Pacific railroad, and to close any and all outstanding contracts for construction, and to make final settlement with the contractors on or before said date.

Do you remember that that was done?—A. I know that there were full and final settlements made with every person, whether it was at that time or afterward. It may have been some time shortly afterward; probably that year.

Q. What I mean to inquire about is whether all the company's bonds and all the company's stock were distributed by this action among the stockholders in proportion to the amounts of stock held by each?—A. Yes, that was done.

Q. And the consideration which the company received from them was the money (whatever it was) that the stockholders had paid in to the company toward the construction of the road?—A. Yes.

Q. And you think that a correct statement of the amount of the moneys paid by the stockholders will be found in the Lambard suit?—A. I cannot say about that. I suppose it would. I cannot say what it is stated at there.

PREFERRED STOCK.

Q. Do you remember the transaction by which preferred stock was issued in payment for 6½ miles of road between California Junction and Missouri Valley?—A. That was made in order to make a connection with the Sioux City and Pacific Railroad, so that all freight for the Government and everything else could come direct through Sioux City.

By Commissioner LITTLER:

Q. Connection with what company?—A. Connection with the Cedar Rapids road. These 6½ miles of road were built and leased to this company.

By Commissioner ANDERSON:

Q. Please state what the transaction was, what you got, and what was paid.—A. We remitted the cost on those 6½ miles of road at $25,000 a mile—$169,000 I think it was; and that was leased to that road permanently.

Q. What did your company agree to pay for it—the Sioux City road?—A. I say that was the amount.

Q. In what? State the transaction.—A. I think there was a lease taken to the Sioux City and Pacific road—a lease or sale. They were to pay interest at 7 per cent. on $169,000, which was the cost of the road.

Q. How did they secure that—did they pay it in cash or in preferred stock?—A. They paid it in preferred stock.

Q. Tell us about that?—A. They gave preferred stock.

Q. They issued preferred stock?—A. Yes.

Q. To what amount?—A. To the amount of $169,000.

By Commissioner LITTLER:

Q. For the 6½ miles?—A. Yes; I think a little more than 6½ miles; and issued preferred stock for these $169,000.

By Commissioner ANDERSON:

Q. Did they give them anything else; did they give them any common stock?—A. No; that is all that was given them.

COMMON STOCK GIVEN IN PAYMENT FOR LANDS.

Q. What disposition did they make of the lands that the 6½ miles were entitled to receive?—A. That was not entitled to any lands. That belonged to the Cedar Rapids and Missouri Valley Railroad Company. I

have no clear recollection of what the terms were. I recollect the $169,000, however. [After looking at the agreement.] I see that there was some common stock issued.

Q. Was there not some land that the Cedar Rapids Company was permitted to hold which really belonged to these 6½ miles, as part of the adjustment?—A. When I come to think about it, I think the Cedar Rapids Company owned a large amount of land. We owned considerable land there. Probably 1, 2, or 3 acres of land that we might have owned there we deeded for depot grounds, station grounds, &c., over to the company, in addition to the road, and I presume that that was what this common stock was given for. I cannot say. That was land belonging to the Sioux City Company.

CHARACTER OF COUNTRY.

Q. How did this 6½ miles of road compare with the rest of the road as to the country through which it passed?—A. It was estimated at that price as being the cost. I suppose the cost of that part of the road was correctly estimated. It had no rolling stock, shops, or machinery, or anything of that kind whatever.

Q. I ask you how the country compared with the country through which the Sioux City road passed, as to difficulties of construction—was it substantially the same?—A. Substantially the same. It was considered a little lower ground part of the way.

DISTRIBUTION OF FIRST-MORTGAGE BONDS.

Q. I find an entry on the minutes to the effect that you were to make a further allotment to the stockholders of $400,000 of first-mortgage bonds which had been set aside in connection with Mr. Lambard's suit. Will you please explain that?—A. I suppose that all the bonds were not distributed at the same time; that a portion of them were held back.

Q. Had not four hundred bonds been placed in somebody's hands in order to enable the company to appeal from the Lambard judgment?—A. Yes; that was the case.

Q. Then when the Lambard judgment was settled or arranged you distributed those four hundred bonds among the stockholders?—A. Yes; they got them all.

MR. BLAIR RETIRES FROM PRESIDENCY OF ROAD.

Q. I find, from the minutes, that in September, 1871, John I. Blair retired, Horace Williams was elected president, and John I. Blair, as financial agent and treasurer, was directed to turn over all bonds or coupons, paid or unpaid, with all books of account, papers, and property, in his hands; and he was also instructed to pay over some balances as specified in the report of the auditing committee, and a balance from him also as treasurer of the Fremont, Elkhorn and Missouri Valley Railroad, to the Sioux City and Pacific. Do you remember that action?—A. I do not recollect that; but I recollect that some time afterward, in settlement, everything was settled. I paid everything, every dollar that was in my hands. There was some balance, I think, in my hands.

Q. Do you remember that Mr. Williams succeeded you as president?—A. Yes.

SETTLEMENT OF ACCOUNTS.

Q. Do you remember that at this time you were required to turn over all books of account to the company?—A. Yes.

Q. Do you remember what, if any, books of account you did turn over?—A. I suppose all the books that were at Cedar Rapids were turned over. That might have been. I do not know. I suppose that was a reference to the books while I was president—that our books and property of every description would be turned over to the new president—including all supplies and everything that belonged to the Sioux City and Pacific Railroad.

Q. Would not that also embrace the construction books showing the transactions of the company relating to construction?—A. I suppose so. I guess those had all been given up before that, so far as vouchers and everything of that kind was concerned. They were all given up.

Q. You have told us that two years before this you took the book showing the actual cost of the road to the auditing committee, and took it back and placed it in a vault?—A. I think at the time I gave the vouchers, and made a settlement with the auditing committee, they took all the vouchers; and my impression is that I took my book home, because it was simply a transcript of the payments that I had made. I had given all the vouchers up to the company.

Q. My question is: After the resolution was passed calling on you to deliver up all the account books relative to the affairs of that company, did you deliver up this particular book to which you have referred which contained a statement of the actual cost of construction of the road?—A. I cannot say whether I did or not. I do not know that I was ever called upon to do that. I had been running this road as president, and I had all the books of the operation of the road, which was a separate and distinct thing entirely. We had moneys to receive and moneys to pay, and everything of that kind. And everything that I had in the old company in any shape whatever we turned over to the new organization—to the president of the railroad. Of course I paid no further attention to it. All the books, papers, vouchers, and everything that there was for the running of the road and for the construction, so far as I know, were turned over.

Q. You say that in regard to this particular book that contained the statement of the actual cost of construction of the road, and which you exhibited to the committee and then took away with you, you did not think you were called upon to turn that book over?—A. I do not think that I was, because they had all the vouchers. The settlement had been made with the committee before that, when I gave up all my vouchers.

By Commissioner LITTLER:

Q. You mean the auditing committee?—A. The auditing committee.

By Commissioner ANDERSON:

Q. Your recollection is that you did not give up to the company the book containing the actual cost of construction of the road?—A. I will not say that I did. My book that I had, after giving up all my vouchers, and reporting to the company all moneys that I paid over to Mr. Walker, which equaled the amount that he had paid out, I suppose, or more, he being the paymaster there. He had to make a settlement with the committee. He had to account for the money which had been paid over to him. He settled that account himself. I settled my own account with them and gave all up. My recollection is that this book

contained one or two quires of paper. I kept all my books by single entry—simply making a charge of such an amount on such a day.

By Commissioner LITTLER:

Q. Do you not know where that book is now?—A. I do not. It may be that I can find it. I had an office in a store where there was a vault, and I rented that out afterward. I might find it. All this was twenty years ago, however.

SIOUX CITY AND PACIFIC LAND COMPANY.

Q. I find the following resolution passed in March, 1872:

That the Sioux City Company sell all their lands in Nebraska, except those needed for station purposes, to the Sioux City and Pacific Land and Town Lot Company on such terms as the executive committee shall deem just and equitable, and receive the stock of said Land and Town Lot Company in pay therefor.

Do you remember that action?—A. Yes; I recollect that we did sell the lands, and that there was a value put on those lands.

Q. Who was president of the Sioux City and Pacific Land and Town Lot Company?—A. I forget whether I was president of that company at that time or not. Probably I might have been.

OWNERSHIP OF STOCK.

Q. Who owned the stock of that company?—A. Those who subscribed.

Q. Were they not, substantially, the same people who were stockholders in the Sioux City Company?—A. Yes; we put a price on all these lands that we had for sale. We sent circulars to every stockholder, asking him to take a share of these lands.

Q. That comes afterwards. I am now referring to the Sioux City and Pacific Land and Town Lot Company. I only want to know if the stockholders in that company were not, substantially, the same people who were stockholders in the railroad company?—A. I think they were. All who were willing to come into the company and contribute toward it. Those who did not come into the company of course were not. But I think, substantially, they were. I will say that three-quarters of all the stockholders of the Sioux City and Pacific Railroad Company came in and took their pro rata of land and paid for it in money. The pro rata that would have belonged to the remaining quarter if they had come in, was then offered to the other stockholders to take it in proportion, if they would.

HOW THE COMPANY PAID FOR THE LAND.

Q. Please confine yourself, at present, to the transaction with this land company. The resolution states that the Sioux City and Pacific Railroad Company is to accept pay for these lands in stock of the land company. Is that the way the land company paid for the land?—A. The land company, in the first place, paid cash for the land and then took stock in the company.

Q. Who took stock in the company?—A. Every man who paid his pro rata share for the land got stock of the company, because when the land was sold he would get his proportionate pay as a stockholder.

Commissioner ANDERSON. The language of your resolution is that the Sioux City company should receive the stock of the land company in payment for the lands?

The WITNESS. The Sioux City company did not receive it, because the money was paid. Cash was paid to the Sioux City company. If they took stock of course all the parties took it and paid the money. I know the money was paid for the land. I took my share and paid cash. But others did not take their share of the land, because they did not think it was any object.

DISTRIBUTION OF STOCK PROPORTIONED TO MONEY PAID IN.

Q. In order to refresh your recollection as to the manner in which these lands were first disposed of, before the action was taken to offer them first to the stockholders at $2 an acre, I read to you from the minutes the action which follows the action to which I have already referred as to the lands in Nebraska. The minutes say the lands in Iowa were similarly disposed of to the Sioux City Land and Town Lot Company in Iowa, and the president was directed to dispose of all lands and town lots in Iowa held by him in trust to the same company (that is, the land company), and a resolution was passed as follows:

Resolved, also, That the officers of the said land company be authorized to issue the land stock to be paid to this company, to the individual stockholders of this company pro rata, instead of to the company.

Do you remember that that was done?—A. I do not recollect what was done, but I know this: that the price fixed upon the land was paid in cash to the Sioux City and Pacific Railroad Company. I think the stock was issued to each stockholder for the amount he actually paid—for the number of acres and the price. The money was paid in first to the Sioux City and Pacific Railway Company, all in cash, and the stock was afterward issued by this company. When you come to speak about the lands in Iowa, these lands were some swamp lands that were voted by Woodbury County. I got them to vote some swamp lands there. They thought they would do something toward the erection of a depot there, and they voted some swamp lands, and I had a hard time after that to get the lands out of them. Those were all the lands we got. We got no Government lands whatever.

SIOUX CITY AND PACIFIC LANDS SOLD TO STOCKHOLDERS.

Q. When you say that the lands were paid for in cash, do you refer to all the transactions, or only to the transaction subsequently had in regard to receiving $200,000 and selling the lands for $200,000?—A. That $200,000 that we sold the lands for was for lands that were a portion of that 42,000 acres that we got from the Government. The Union Pacific Company claimed them, and we had a suit in the Supreme Court of the United States, I think, at the time to recover those lands from them, and also to recover the lands that they had sold. The Union Pacific Company sold the lands, and denied that we had any rights whatever in the lands. We brought suit, and we thought our case was a good one; still it was uncertain. The Sioux City and Pacific Railroad Company wanted the money pretty badly, and we sold the lands to the stockholders for $200,000. I know they paid for them in money. That is about the amount of it. So far as I am concerned I know I can say that it was a loss to me individually.

Q. What I want particularly to know is whether you are positive that at the time of the conveyance of the Nebraska lands to the Sioux City and Pacific Land and Town Lot Company, in March, 1871, and at the time of the conveyance of the Iowa lands to this same company in

March, 1871, there was any consideration paid by the land company, in money, to the railroad company?—A. According to my books it was in 1873 that the balance of that 42,000 acres was sold.

STOCK ISSUED DIRECTLY TO STOCKHOLDERS.

Commissioner ANDERSON. I am talking of a transaction that occurred in March, 1871, under a resolution, by virtue of which the Sioux City company sold all its Nebraska lands to this land company. The resolution directed that the stock of the land company should be received in payment therefor by the railroad company. Then a subsequent resolution directed that the land company might issue its stock in payment for these lands direct to the stockholders of the railroad company instead of issuing it to the railroad company.

The WITNESS. Of course it was issued to the stockholders—those who took their proportion of the $200,000 purchase. The stock was issued to those who paid, exactly in proportion to the money that they paid.

Commissioner ANDERSON. This transaction occurred two or three years before the $200,000 transaction, and the effect of it, as stated in the minutes, would appear to simply distribute the lands which are referred to—the Iowa and Nebraska lands—among the stockholders of the Sioux City company as a dividend.

The WITNESS. No; we paid money for it. We paid cash. I paid cash, and so did every one, so far as I know. We paid the money squarely in to the company.

Q. Let us see what you did yourself. What stock did you receive of the land company in March, 1871, or in the spring of 1871?—A. I have it down, I think, that that land in 1873 was 48,000 acres.

LAND OBTAINED THROUGH CONSOLIDATION WITH NORTH NEBRASKA AIR LINE.

Q. Are the 48,000 acres included in the Nebraska lands?—A. No. Those are lands that we got of the North Nebraska Air Line consolidation. I and some others controlled the charter of the North Nebraska Air Line Company, and we got 48,000 acres of land by that charter. Those lands were turned over to the Sioux City and Pacific Railroad Company. Those lands were held. We might have sold some from time to time. I will not say how many were sold, but whatever was sold the Sioux City company got the benefit of.

Q. When you say that, do you mean that the company got the benefit of it or the stockholders got the benefit of it?—A. It was paid into the Sioux City and Pacific Railroad Company. It was not paid to the stockholders; it was paid right in to the road.

Q. Will not their account show if they received any money?—A. I suppose it will. The money was paid in clean cash. I paid my money in clean cash. The fact was that the railroad was in debt.

Q. Why should you pay in money to the Sioux City Railroad Company when the transaction showed that the lands were passed over to the land company and it was the land company that should pay the Sioux City, and not the purchaser of the land?—A. I took my share of the land, and so did every other stockholder, and each man paid his money in to the Sioux City and Pacific Railroad Company.

Q. From whom did you take your lands?—A. The lands were turned over to the Sioux City and Pacific Company, and I suppose they made the title to the lands to us.

Q. Then when you took your lands from the land company were you not bound to pay the land company for the lands?—A. You may say that I was interested in the land company; but I individually paid the money over for my land to the Sioux City and Pacific Railroad Company. Then, for that, this land company gave me stock for my money. They were the owners of the land, and they gave me stock for my money in the land company.

Q. How much did you pay?—A. Oh, I did not get any stock in the land company. Out of this 48,000 acres, I got what I paid for at $2 an acre. The land was set off to me and I got a deed for it, I presume. I got the land, I know, at $2 an acre; so did every other stockholder that paid.

CUTTING ACROSS THE CORNERS.

By Commissioner LITTLER:

Q. Do you mean to say that instead of paying the money in to the land company and having the land company pay it in to the Sioux City Company, you cut across the corner and paid directly to the Sioux City Company?—A. Paid directly to the Sioux City Company.

Q. And then the land company issued to you the stock?—A. No. I am speaking now of the 48,000 acres, whatever was left of it. They gave us the land at $2 an acre. The other was different. This 48,000 acres was really offered, not to the company, but to the stockholders, at $2 an acre, and circulars were sent to them—not to the land company, as to that 48,000 acres. The stockholders came in and took the land. The other matter of $200,000 that was paid was different, because that was money paid in, and stock of the company was taken for that.

WITNESS PURCHASES 7,000 ACRES FROM SIOUX CITY AND PACIFIC COMPANY.

By Commissioner ANDERSON:

Q. Are we to understand that you bought all of the 48,000 acres?—A. No, sir; not at all. I only got my pro rata.

By Commissioner LITTLER:

Q. How much cash did you individually actually pay in?

The WITNESS. Into the land company?

Commissioner LITTLER. Into the land company or the railroad company.

A. I think I got about 7,000 acres of land, and I paid in $14,000 for it. That money I paid in cash to the Sioux City and Pacific Railroad Company.

STATE OF NEBRASKA BRINGS SUIT.

Q. Was there not a suit brought by the State of Nebraska to avoid your title to these lands—a suit based on these transactions and alleging them to be illegal?—A. Yes; we had some suit with the State of Nebraska. It was a suit brought by some of the officers in the name of the State of Nebraska. It was considered a blackmailing transaction on the part of some outside gentlemen who wanted to be paid something for services and other things. They got this matter up.

Q. From whom did the company get these 48,000 acres—from the General Government or the State of Nebraska?—A. From the State.

By Commissioner ANDERSON:

Q. Where are the papers in this suit to be found?—A. I cannot tell you. I suppose in the State of Nebraska.

Q. Who was your lawyer?—A. Judge Cook was one.

Commissioner LITTLER. D. C. Cook?

The WITNESS. Yes.

Q. Is he living?—A. No; Judge Cook, of Cedar Rapids. Unfortunately, like almost everybody who went into the transactions in those early days, he is dead; and those who are not dead are all busted up.

By Commissioner LITTLER:

Q. You are still able to pay 100 cents on the dollar?—A. I am.

TOTAL AMOUNT OF LAND GRANTS.

By Commissioner ANDERSON:

Q. Will you please enumerate all the lands that this company got from different sources?—A. We got 48,000 acres of land from the State of Nebraska—from the Northern Nebraska Air Line Company, of which I was one of the incorporators. That we turned over for the benefit of the Sioux City and Pacific Railroad Company. Then we got our share of the proceeds—whether it was all or not, at least it was said to be all, of the 48,000 acres. Our charter was granted at the same time that the Union Pacific Railroad Company's charter was granted, and, of course, where we lapped the Government decided that we were entitled to one-half of the land. But the land had been pretty much all taken up for some distance out, and the Union Pacific Company disputed our right and we had to bring suit. They had sold a good many of these lands. In the settlement of the matter the question of the sale of the land was in suit, and we wanted the money. We were pretty sure to recover. It was just about like this: that the stockholders of the Sioux City and Pacific Railroad and the Cedar Rapids and Nebraska Railroad had got either to loan the money to sustain the road and keep it along or else get something on those lands. The company had a right to the lands, and we valued the right at $200,000, and issued circulars to our stockholders to come in and take their pro rata.

RESULT OF LITIGATION WITH UNION PACIFIC.

By Commissioner LITTLER:

Q. Were those lands still in litigation between those two companies?—A. Yes; and it was undecided whether we could get anything or not.

Q. How many acres did you finally get out of that litigation?—A. I cannot tell. I think the Union Pacific Company had sold, probably, one-half of the lands.

Q. How much did you claim under your grant?—A. We claimed 42,000 acres.

Q. How much was involved in this lap?—A. That was the total amount we claimed was due us. They claimed that it was not so much.

Q. How many acres did you get out of this controversy, do you remember?—A. I can not say that.

Q. Was it not about 8,000 or 9,000 acres?—A. It might have been. They had sold some, I know, and we had to compromise with the Union Pacific Company at last. It was decided in our favor.

Q. How much money beside the land did they give you in settlement?—A. I really cannot say.

Q. What is your best recollection as to the amount they gave?—A. I cannot say, for my part, what it was. I recollect that they had sold very nearly half of the land.

Q. Do you recollect how much an acre they paid to you, in money, for the lands which they had sold?—A. It appears to me that it was $4 or $5 an acre, with the interest, that they paid. I think we set some one to calculating what they had sold the land for at the time, and the interest on it.

Q. How much other land (not the land in controversy) did you get from the Government as part of the grant to the Sioux City road?—A. We got no land whatever except that. There was where our great loss was. We ought to have been entitled to 300,000 or 400,000 acres of land, but we got nothing.

Q. Have you any means of furnishing the Commission with a statement of the amount of money you received in addition to the lands growing out of this dispute between the two companies?—A. I have not. I can simply state this: that I took my pro rata of that $200,000 that I paid. I paid $40,000, and I know I held $40,000 in stock. I have been receiving some dividends on it; some years 10 per cent. and some years less and some years more. And my calculation is that, in getting out, I shall get, probably, 50 cents on the dollar (counting the interest I got) for my $40,000.

By Commissioner ANDERSON:

Q. What $40,000 do you refer to?—A. I paid $40,000 cash for part of that $200,000. Many did not take their proportion at all. I took my proportion of that, and the rest was divided among the others. I took my pro rata, so as to make up the amount.

WOODBURY COUNTY SWAMP LANDS.

Q. Have you enumerated all the lands which the Sioux City Company got?—A. The 48,000 acres.

Q. And part of the 42,000?—A. Yes; that and the swamp lands.

Q. What were the swamp lands?—A. They were swamp lands that Woodbury County voted to us.

Q. How many acres?—A. I do not recollect. They voted us all the swamp lands they agreed to, but I do not know how many acres there were of them.

Q. What became of the swamp lands? Did they go into this land company?—A. I think so. We had some law business about that at some time, and when I come to think about it, I think we only got a portion of the swamp lands—that they had parted with some of them.

Q. Where were these swamp lands?—A. In Woodbury County.

Q. Are these the Iowa lands referred to in the resolution of 1871 providing that they be deeded to the land company, and providing that the land company might issue its stock to the individual stockholders instead of the railroad company? Are those all the lands that you had in Iowa?—A. Those are all the lands that we had in Iowa to my recollection.

LAND GRANTS TO CEDAR RAPIDS COMPANY.

Q. Did you get any from the State of Iowa?—A. I think not. It is my impression that we did not; I cannot say; possibly we might, but I think not.

Q. Did you get any lands from Harrison County?—A. I think not.

Q. Did you get any lands from Monona County?—A. Those were Cedar Rapids lands.

Q. Did they ultimately come to the Sioux City Company under the consolidation?—A. We sent to Washington and we claimed the swamp lands and we marked them off; but they had been sold to others and we had lost them, and eventually we never got any swamp lands from the State.

Q. How could the Monona lands go to the Cedar Rapids Company?—A. All these lands were Cedar Rapids lands. They got a million acres and more from the State. The Cedar Rapids Company was a land-grant road across the State. We got all those grants.

STATE LANDS OF NEBRASKA.

By Commissioner LITTLER:

Q. Do you know how the State of Nebraska became vested with the title to those lands, in the first instance, from the General Government?—A. The General Government, as I understood it, gave each of these territories half a million acres of land for railroads and other improvements which they might deem proper.

Q. Was that by the terms of the act of admission into the Union?—A. I suppose so. That is what was done. The State afterward passed a law to give to any railroad company that would build ten miles of road, 20,000 acres of land, and if they built 50 miles they were to have 100,000 acres of land.

COUNTY BONDS.

By Commissioner ANDERSON:

Q. In addition to the lands, did you receive any aid of any kind from other counties—county bonds or money?—A. Yes; I think the Northern Nebraska Air Line Company received some aid by bonds that were voted.

Q. By what counties?—A. I think it was Washington and Dodge counties.

Q. Do you remember the amount?—A. I really forget the amount now.

Q. Whatever it was, was it paid to the company in county bonds?—A. Yes.

Q. Did those bonds subsequently inure to the benefit of the Sioux City Company?—A. I think they got the benefit of it.

DISPOSITION OF BONDS.

Q. Do you know whether the bonds were sold or what disposition was made of them?—A. They were prorated among the stockholders.

Q. Did you get any of them?—A. I did.

Q. Do you remember how many you got as your share?—A. No, I do not.

Q. Did you get about a fifth or a sixth?—A. I got my pro rata. I do not know that there was any time set out for the payment of bonds. They paid about 1 per cent. interest a year, I believe, on the valuation—1 to 1½. That was all that was ever received on the bonds.

Q. Are they still outstanding?—A. Yes, and likely to remain so.

Q. Was there any aid of this same character extended by any other counties?

The WITNESS. To the Sioux City and Pacific?

Commissioner ANDERSON. Yes, or that came to the Sioux City and Pacific ultimately.

Q. I do not recollect at present. I recollect about those swamp lands being voted to us. We only got a part of them. We had to bring suit.

Commissioner ANDERSON. I am referring now to county bond aid.

The WITNESS. No; we got no other county bond aid.

LITIGATION WITH WASHINGTON COUNTY.

Q. Did Washington County bring suit against your company?—A. There was some controversy in Washington County about the bonds. I would not say exactly what it was—whether they brought suit against us or we against them. There was some controversy with them. It was some blackmail business, I believe. Some of them wanted to get paid.

MISSOURI VALLEY AND BLAIR RAILWAY AND BRIDGE COMPANY.

Q. Do you remember that there was a company got up known as the Missouri Valley and Blair Railway and Bridge Company?—A. Yes.

Q. When was that company formed?—A. Four or five years ago, I think the company was got up.

Q. Who got up that company? Who were the principal stockholders?—A. I took some stock in it.

Q. How much was the capital stock?—A. I really forget what it was.

Q. In what State was it organized?—A. I suppose the organization was in Iowa. I will not say exactly about that.

Q. Do you not remember as to the capital stock?—A. I do not recall the amount of the capital stock at present.

Q. How much stock did you have?—A. I forget how much stock I did have. I know that I took my share of it in the organization, but I will not say how much I did take.

THE STOCKHOLDERS.

Q. Who were your associates in that enterprise?—A. They were generally, I think, stockholders in Nebraska railroads and in the Cedar Rapids and Missouri River Railroad, and the people interested in the Elkhorn.

Q. Were they not the same persons, substantially, who controlled the Sioux City at that time?—A. Many men who had previously controlled the Sioux City Company were "broken," and dead and gone.

Q. I am referring to the people who were stockholders in the Sioux Company in 1882. Were they not also stockholders in this bridge enterprise?—A. I think some of them were.

Q. Did you control the enterprise? Did you hold a majority of the stock of the Bridge Company?—A. No, I did not. The stockholders of those various companies might have controlled the majority. Of course they did, but I do not recall so much about that.

THE DIRECTORS.

Q. Who were the directors of the Bridge Company?—A. I was one of the directors originally; but I do not recollect about it.

Q. Do you know whether the directors of the Bridge Company were, substantially, the same people who were directors in the Sioux City Company?—A. I cannot say about that.

OBJECT OF THE ASSOCIATION.

Q. What was the object of the Missouri Valley and Blair Railway and Bridge Company?—A. To build a bridge. I think I bought for the Missouri Valley five or six hundred acres, and the river came and took the land off into the other State, on the opposite side. At least the land all went off. We then got land a mile above, and that went off again. So we were troubled all the time to build tracks here and there in various places. Therefore it was thought best to get the bridge; and we got up this bridge. I know it was built for cash, and it cost us, I think, about $1,200,000. We issued a bond on that bridge, I recollect. I think the bonds were all taken at par, about.

TRANSFER OF RIGHTS AND FRANCHISES OF SIOUX CITY AND PACIFIC.

Q. Do you remember that the first action taken in regard to this was the passage of a resolution that all the rights, privileges, and franchises conferred upon the Sioux City and Pacific Railroad Company under the act of Congress of June 27, 1862, relative to the construction and maintenance of a railway bridge over the Missouri River, be and the same are hereby transferred and assigned to the Missouri Valley and Blair Railway and Bridge Company? Do you remember that the first thing you did was to undertake to acquire those franchises and those rights?—A. I think there was something like that passed. That is my recollection.

Commissioner ANDERSON. You say you had a certain amount of stock, but you cannot recollect exactly how much it was.

The WITNESS. No; I cannot.

TERMS OF CONTRACT.

Q. For how much was the bridge bonded?—A. I am not certain, but I think about $1,000,000.

Q. What were the terms of the contract made between the Sioux City and the bridge company?—A. I do not recollect those terms.

Q. Have you a copy of the first contract between the Sioux City Company and the bridge company for the construction of that bridge?—A. There was a law of Congress to justify the building of that bridge as an independent property in some shape.

Commissioner ANDERSON. What I desire to get at is the terms of the contract made between the bridge company and the railroad company, specifying how much the railroad company should pay for the bridge, and any other terms relating to its construction.

The WITNESS. I do not recollect what its terms were.

Q. Please look at the paper I now show you and say whether that is not the construction agreement.—A. (After examining the paper.) I recollect that that is the purport of an understanding, from the fact that the earnings of the bridge would not pay the interest, and therefore the Northwestern and Nebraska and the Cedar Rapids roads agreed, really, to guarantee any deficiency that there was in the payment of the interest on the cost of the bridge.

Q. The understanding was that these five companies had various interests in this crossing of the Missouri River, and that your company should build the bridge and issue bonds up to the cost of the bridge, and in consideration of their right to use the bridge, they should guarantee, in certain proportions, the payment of the coupons on the bonds

issued by you. Then it was also provided that a certain amount of the stock of the company should be issued to each of the companies in the proportion of their respective interests in the bridge. Is not that so?—A. Yes; that is about my understanding of it. Whatever stock was issued was issued in that way.

Q. After that did the Blair Company go on and build the bridge?—A. Yes.

CANNOT REMEMBER THAT HE REMAINED PRESIDENT OF THE BLAIR COMPANY.

Q. Did you remain the president of that company during the construction of that bridge?—A. I do not recollect whether I did remain president of the company or not.

Commissioner ANDERSON. It is only four or five years ago.

The WITNESS. Yes; but I have been president of so many companies, and my name has been used in so many things that I really did not take much interest in it.

Q. Did you retain your interest in the stock of the Blair Bridge Company?—A. I did, and in the stock of the other roads that I was interested in, in their proportion of the stock.

CONTRACTORS.

Q. With whom did the Blair Company make the contract to build the bridge? I mean the actual builders of it. Who built it?—A. That company, I suppose, built it. The Blair Bridge Company built the bridge.

Q. But I mean, with whom did they make their main contracts for iron, steel, and material that entered into the building of the bridge?—A. I think a Pittsburgh company supplied the iron, and I think the stone work was supplied by another contractor who had done work on the Bismarck bridge. I do not recollect his name. The bridge cost $1,200,000, while the Union Pacific Railroad Bridge was mortgaged, I think, for $1,500,000. We built it for clean cash, and there is no security on it except the actual cost of the bridge.

Q. In what books would the actual cost of the bridge appear—the books of the Blair Bridge Company?—A. I think so; I think the cost of the bridge will all appear, regularly. What we wanted was the control. I do not think that stock represents any value. It was only to hold control.

BONDS REPRESENT THE ACTUAL COST.

By Commissioner LITTLER:

Q. Do you think the bonds represent the actual cost of the bridge?—A. The bonds represent the actual cost of the bridge, and the value of it. Of course there was some other capital there of the stockholders, to build it, provided they did not negotiate the bonds, but afterwards the bonds were negotiated.

By Commissioner ANDERSON:

Q. Do you know whether, in order to determine whether bonds should be issued, any statement of the actual cost of this bridge was rendered to those different companies so as to satisfy them that the bridge had actually cost $1,200,000?—A. I think there was. I think they were perfectly satisfied with the actual cost of the bridge, and that it was all paid for.

TRANSFER OF STOCK TO NORTHWESTERN COMPANY.

Q. Do you know what the Northwestern paid to the Sioux City for the stock that was transferred in December, 1885?—A. It was only their guarantee, I guess. I do not think there was much money.

Q. Do you know what the Northwestern paid for it in money?—A. They might have taken their pro rata of bonds. The bonds were issued in lieu of the stock, and the stock might be considered as given over as a pro rata of that guarantee. If there was a deficiency on the payment of the coupons, that company had to pay in proportion to that stock; it would have to contribute towards the deficiency.

Q. As a matter of fact, did not the Northwestern assume all the obligations of the Sioux City, and pay to the Sioux City $37,000 for $37,000 of stock?—A. I want to say this: When we sold out to them the assets were all turned over, and this may have been some indebtedness that the Cedar Rapids Company owed; I will not say about that. When we consolidated our roads with the Northwestern they assumed all the indebtedness, and they assumed the indebtedness of the coupons.

Q. Was there an exception made to the liabilities of the Sioux City that were assumed by the Northwestern?—A. Yes, sir; I believe they did not assume to pay the Government anything.

THE GOVERNMENT BENEFITED.

Q. They excepted the liability to the Government, did they not?—A. Yes. Now, let me tell you, gentlemen, as to how the Government fared in the construction of this road. After this road was constructed I went to Saint Louis and got Captain Lawrence to go to Sioux City with two steamboats. We put some money up there, and after that the Government sent all its Army stores to Sioux City, and a store-house was put up there. He said he had been a very large contractor, and had for some years carried more or less goods for the Government up the Yellowstone, and otherwise, from Saint Louis. The difference in that year was that the Government gained over $1,600,000 between what they paid in taking the goods from Sioux City and what they had paid before.

HOSTILE LEGISLATION.

Q. Do you know whether, in the Congress of the United States or in the States of Nebraska or Iowa, your company has had to encounter hostile legislation at any time?—A. We had considerable litigation on this swamp-land matter. I recollect about that.

Commissioner ANDERSON. I do not say litigation, but legislation, as to trying to put down freight or passenger rates.

The WITNESS. Yes; we have had all that trouble with these commissioners. We supposed that when we built a railroad it belonged to us, but I do not know about that now at all, because the commissioners say what we shall have for carrying, whether we make anything by it or not. The result of it is that in various parallel roads, you might say, to-day (except the long roads of the country), that all the others must go into the hands of a receiver and go into insolvency.

Commissioner LITTLER. What Commissioner Anderson wants to know is whether the legislatures of Nebraska or Iowa have at any time attempted to pass legislation restricting the company in its charges for freight and passengers, thereby threatening the revenues of the company.

The WITNESS. Oh, yes; that is done about every year, pretty much. These matters are got up almost every year before the legislature.

Q. Was any bill ever actually passed?—A. I think there have been various bills passed, such as appointing commissioners to see what we should have for carrying freight, &c. These commissioners, of course, are some of them, men who know very little about railroads, and they wish to serve their constituents, you know, who elected them, and if they can cut down freights, &c., they consider that they ought to be re-elected, as they have done the community considerable service. That is about the amount of it.

INFLUENCING LEGISLATION.

Q. In regard to these measures that were so numerous, and, as you say, frequently coming up in the legislature, was it your habit to attend at the capitol of Iowa or Nebraska?—A. No; I never attended.

Q. Did anybody attend on your behalf?—A. We had, sometimes, somebody to go there.

Q. Who attended at Des Moines, Iowa, in behalf of your company?—A. I do not recollect. I think that sometimes we had somebody who was over in Nebraska. That has happened of late years more than formerly. Everybody was at the railroads in former years, but lately every man that took a pig to market wanted a free ticket.

Q. Can you not name some man who attended to these matters for you? Mr. Hall?—A. Mr. Hall was one of our managers, and I think he attended sometimes, and I sometimes wrote letters to members with whom I was acquainted, not only in Nebraska and Iowa, but I used to do that frequently to our members of the legislature who I thought were disposed to do what was right; I would write them on the subject.

Q. Did you have any lawyers engaged in this business?—A. I do not know that we had any in particular. We might have had, but I do not recollect.

Q. To your knowledge, has there ever been any money, or stock, or bonds, or property of any kind or nature used or paid by any agent of the company for the purpose of influencing legislation?—A. No; I never paid anything.

ONLY WANTED WHAT WAS JUST.

Q. And you have no knowledge of any such transaction?—A. No, sir. I might say as to all the transactions with the Government in the early days that I got all my lands from the Government myself. I filed my route, and everything, from beginning to end. I never employed a lawyer. I did it all myself. As a general thing, if I found a bill that had merit in it I found that just men would always work for it and wanted no pay. There was another set, of course, that never did anything without pay, but I never wanted anything of them, because I never wanted anything but what was just.

VOUCHERS FOR DISBURSEMENTS.

Q. Do you know whether during the period of your connection with the company any of its disbursements were not evidenced by sufficient vouchers?—A. I know of none.

Q. Do you know of no case where vouchers were passed without disclosing on their face the names of the persons to whom the money was

paid and the purpose to which the money was applied?—A. No; I do not. For my part, if there was any such thing it was kept from me.

MOTIVES OF LEGISLATORS.

By Commissioner LITTLER:

Q. You spoke about a certain proportion of legislators who always acted from high and honorable motives, and did not want to be paid, and then you spoke of another class of fellows who did want pay. How did you happen to know that?—A. I knew that by experience in my own State.

Q. You were speaking of the New Jersey legislators?—A. Yes; and I believe it is the same thing in other States—in Pennsylvania, and I guess in all the others. And so far as New York city is concerned, you know they never did anything there unless they got paid. People here are complaining of poor Sharp. He was only the people's agent, to carry out our objects. He was only an agent. He made a sharp bargain. Without him we should not have got the road in Broadway at all.

MONEY NOT A NECESSARY FACTOR IN LEGISLATION.

Q. Recurring to the class of men who always want pay for their services in legislatures, do you state that from your personal knowledge in relation to the legislators of Iowa or Nebraska, or either of them?—A. No; I do not speak of them so particularly in regard to that matter. I have not had so much experience about the matter with them. When I undertook to build the road across the State of Iowa, raised the money and carried it through, I was rather popular. Dubuque company had failed to build its road. I wrote them a letter to the effect that if they would give me the lands I would build that road. I did not go to the legislature. I think the Iowa company spent a large amount of money that winter, and I think they only got three votes that winter—in the senate, I think, but one. They gave me the land, and I built the Iowa Falls and Sioux City road, which is leased to the Illinois Central Railroad Company.

Q. In all your operations and experience in constructing railroads in those States you have at no time found it necessary to pay, and have not at any time paid, money to influence legislation in any of those States, have you?—A. No; they were willing to give me more legislation than I wanted. I built the roads in Iowa, and it was for clean money. I never sold a share of stock or a bond. I raised the money and built the roads, and when all through I gave every stockholder his pro rata.

Commissioner ANDERSON. Tell us about the telegraph line connected with the Sioux City road.

TELEGRAPH LINE.

The WITNESS. We put up the telegraph line as part of the property.

By Commissioner ANDERSON:

Q. Did you operate it?—A. Yes.

Q. Did you sell it?—A. Yes; it all went with the property.

Q. Was not the telegraph line sold by your company to the Western Union?—A. Yes; I think it was.

Q. Then it did not go with the railroad, did it?—A. We were to build a telegraph line. We built a telegraph line, and when we ran our

telegraph separately we had a great deal of trouble. We built our own railroads and telegraph lines, and whenever we wanted to go over their line they charged us extras or headed us off, and afterward we concluded to sell out to them, but to retain some privileges. For railroad purposes I think we used it free.

Q. Look at the paper I now show you and say whether that is the agreement of the Sioux City Company with the Western Union Company?—A. That appears to be the contract.

Q. Is that the contract, as you recollect it?—A. Yes; I recollect the sale.

Commissioner ANDERSON. The consideration, I think, is $6,250?

The WITNESS. Yes.

Q. Is that your contract for your telegraph line?—A. Yes.

Q. And such privileges as are reserved in the contract?—A. Yes; we reserved all the privileges that the railroad company might want hereafter.

SALE OF GOVERNMENT BONDS.

Q. Did you personally sell the Government bonds, or were they sold to some New York house?—A. I think I sold them mainly myself; still I cannot say about that.

Q. Were not some sold through Winslow, Lanier & Co.?—A. No; I think not.

Q. In whose hands were those bonds that were attached by Mr. Lambard?

The WITNESS. At the time of the attachment?

Commissioner ANDERSON. Yes.

The WITNESS. I either had a portion of them at home at Blairstown, or else I had them deposited for safe-keeping in the Park Bank or the City Bank.

Q. Did you not mention some broker's firm here, in your statement made before, on whom the attachment was served?—A. I think there was some broker here who had some money in his hands on call. Drexel was the name—one of that firm. I think I had left some of those bonds in their hands at a certain price. The money, I think, I left in their hands. They were to pay some little interest—3 per cent., or something like that—until I might call for it.

Q. Do you remember at what rate those bonds were sold?—A. Some of them were sold a little under par at one time.

Q. In what year were there any bonds sold under par?—A. About the time that we got those bonds (it must have been about 1869) I think some were sold under par and I think some sold at par.

Q. Were not some sold at quite a premium?—A. No, sir.

Commissioner ANDERSON. United States sixes.

The WITNESS. I know that at that time I got the full market price.

A STATEMENT OF PROCEEDS.

Q. Have you a statement of the proceeds of those bonds?—A. Yes; I think I could show you a statement. If you look at the quotations you will see they were sold at par and some of them under par.

Q. They were sold in 1869 or 1870—all of them—were they not?—A. Yes; I think they were.

Q. They were sold at the full market value?—A. Yes.

FIRST-MORTGAGE BONDS.

Q. Do you yourself now hold any of the company's first-mortgage bonds?—A. I do.

Q. How many bonds do you now hold? I mean if they were the bonds originally issued to you.—A. The bonds originally were. I think I have got some $200,000 of them or a little more. Some I bought and some I gave away.

Q. I am referring now to bonds that were distributed to you as your share. Do you still hold them?—A. I hold a portion of the bonds that I originally got. The others I disposed of.

Q. Do you know whether any of the other distributees hold any of the bonds that were originally distributed to them?—A. No; I do not. I bought some of the bonds of some of them, I recollect. I think there are very few of the original persons who got the bonds that hold any of them I think their circumstances were such that the bonds were parted with.

MEMORANDUM BOOK USED BY WITNESS.

Q. In regard to the memorandum-book you produced a while ago, will you please show it to us, and state how far you can, from that memorandum, give us the items of the cost of construction of this road?—A. I have not got the original book; I said only I knew what the original amount was.

Commissioner ANDERSON. You had the original book here about half an hour ago—a black book.

The WITNESS. Oh, no. That book I was showing you is a book I have brought here, showing you the manner in which, when I am from home, I make entries of my business transactions. You can see it takes a page every day.

Q. Is that a mere sample, or is it the identical book relating to this road?—A. This book is for this year. It is a kind of book that I use every year.

Q. Have you the book corresponding to that in character for the year 1870?—A. I may possibly have it. Sometimes while I am from home I may give checks for $100,000 or more or less, and I enter it in my memorandum book, and when I get home I charge each one.

CALL FOR ORIGINAL BOOKS.

Commissioner ANDERSON. The Commission will ask you to look for the book to which you have referred as having been exhibited to the committee appointed to audit your accounts, which you say you afterward took back and placed in a vault, and also will ask you to look for the original memorandum book from which original book the entries were made in the book first above referred to, and if you can find either of those two books it will ask you to produce them before the Commission.

The WITNESS. I will send them to you with pleasure. I have to go west soon, but will examine before I leave home, and write you. We had accounts and correspondence with various roads, and there were baskets full of my correspondence for years and years.

PRESENT PAYING CAPACITY OF SIOUX CITY ROAD.

Q. Is there anything further that you can state in regard to the value of the securities that the United States has for its claim, or with regard to the best adjustment that can be made between the road and the United States?—A. I can only give my opinion as of the present time. I think this road is about worth our bonds, and we could afford to pay

the Government about a million dollars for the whole debt. That would be my opinion.

In the first place, there is a road built parallel on the other side of the river—right down the river. The Milwaukee Company is building a road parallel, the Illinois Central is running a road down to Onawa, and the Sioux City road is completely "cut up." So far as the Illinois Central is concerned they will not give you a dollar's worth of business if they can help it. The Milwaukee road used to give us business at Sioux City. They are getting their own roads now, and they give us nothing. I did own the road up to Yankton and Sioux Falls, but eventually I sold it to the Milwaukee road and they agreed to give us their business. Since then they have built their own road, and do not give us any business.

This competition has cut business down to such a point that, absolutely, a great deal of the local business we do does not pay expenses. But we say, here is a thing we had better carry if it pays half the expense of the men that run the road. If we do not get anything more than the actual expenses we had better take it, because it will pay our men. Then we have to live on the profits that are above that. If we did not do that we would have to pay all our expenses out of the profits, and have little business.

ITS VALUE TO THE NORTHWESTERN COMPANY.

Q. Do you not think that the Northwestern, considering the importance of this road to its system, could well afford to pay the Government $1,500,000 for a quittance in full?—A. No; the only valuable part is the part from the Missouri Valley to Fremont. That is of value because of the four or five hundred miles of its Elkhorn road that crosses this road. That is the valuable part. But there is a road now that has been built from Blair to Omaha that really would take the business there. But it is, with the bridge, a very important part to the Northwestern; but the part up to Sioux City is of very little value except as an up and down route along the river.

AMOUNT RECEIVED FOR STOCK.

Q. Are you a director in the Northwestern?—A. Yes.

Commissioner LITTLER. I would like you to state to the Commission just what the Northwestern paid to the company for this Sioux City stock.

The WITNESS. The Cedar Rapids owned the stock, or the greater portion of it, and we turned over all the assets that the Cedar Rapids had, and all that we had with our road, and I do not believe we got much for the stock in the trade—the way we sold out.

Commissioner LITTLER. Refresh your memory and state, to the best of your knowledge, just how that stock was accounted in the trade—at how many dollars.

The WITNESS. I am under the impression that in the deal (from my calculation about my own interest and otherwise) we did not realize over 10 or 15 cents on the dollar.

Q. How many shares of the Sioux City were there?—A. There was $1,200,000 of stock. But the Cedar Rapids did not own all that stock. I do not know how much of it there was. We might have a million and a half of them.

OUTSTANDING STOCK.

By Commissioner ANDERSON:

Q. Did the Northwestern buy the rest of the stock?

Commissioner LITTLER. The outstanding stock.

The WITNESS. I think not. I guess there is some outstanding yet. It may be, though, that they bought it all in.

Q. Do you know what they paid for the outstanding stock?—A. No. I do not know, but I do not think they paid over 10 or 15 cents. People used to offer me stock for that.

PRESENT VALUE: CONTROL OF ROAD.

By Commissioner LITTLER:

Q. How much is that stock worth to-day, considering the fact that it controls the property—the Northwestern Company having a majority?—A. The only value I consider it to have to-day is for the purpose of controlling the road.

Q. You would not take that for it, would you?—A. Yes; I would sell it for that, only that I want it to control the business.

Q. The Northwestern people would not sell it for that, would they?—A. I do not think they would.

Q. Is it not worth 30 cents, at least, to the Northwestern Company?—A. I do not think so.

Q. Would you, as a director of the Northwestern road, advise the sale of a majority of this stock at 30 cents on the dollar?—A. No; I should not advise them to sell it, because they keep the control of that road by it. They had better keep it, not sell it; but if it was not to keep the control of the road I should be glad to part with it for 10 cents on the dollar. The only object of the bonds of the Sioux City and Pacific Railroad was to take care of the people who owned the bonds. We have protected the bonds. We have contributed to pay them.

By Commissioner ANDERSON:

Q. By "we" you mean the Northwestern, do you?—A. No. The Northwestern contributed by giving rebates, and all that. But I mean the Cedar Rapids, which has 300 or 400 miles of road, and the Elkhorn, and such roads. We have got to take care of the road. If they could not pay it we had to take hold and borrow the money and pay it.

THE GOVERNMENT DEBT.

By Commissioner LITTLER:

Q. In view of the fact that the Government debt threatens at an early day to wipe out this stock, and thereby wipe out the control of the Northwestern Company in this property, and in view of the fact that the Sioux City forms a part of this system, I again ask you whether, under all the circumstances, the Northwestern could not well afford to pay the Government $1,500,000 for a release of this debt?—A. I do not know what they could do when the time comes around, but at present I should think it would be generous to pay $1,000,000. I am speaking now as if I were the United States. When the Government comes to take the road, if it does take it, we can make as good a bargain as any other road, and if we cannot, the Government could keep it and run it, and it could see how it would come out then. That is all there is about it.

LAND PATENTS: HOW OBTAINED.

Q. Who attended to the business of obtaining patents from the Government for your lands?—A. I did. I got them all out of the Government myself.

Q. What was the course of proceedings? Was it to make application for location?—A. Yes, we located the road. It was all marked off on the books at Washington. They took the map and marked off how much land there was. Then we selected lands in the office, and they approved it, and they gave us patents.

Q. Did you take out patents as soon as they were ready in all cases?—A. I cannot say whether we did right away. They laid some time without being taken out, because we wanted to avoid the tax all we could.

EFFECTS OF HOMESTEAD LAW.

Q. The fact was that if the patent had been issued the lands became taxable?—A. The lands became taxable; and we, of course, wanted to avoid that, because we could sell no lands. Here was the trouble. When the Government passed the homestead law no man would buy an acre of land from us. I think the tax was $700,000 before I sold an acre. The homestead men got such privileges that nobody would buy lands of us. The Government had an immense amount of land lying there. I think on the Iowa Falls road they had half a million acres. But, Lord-'a'-mercy! when the homestead bill went through the homesteaders came there like the locusts of Egypt.

IOWA FALLS CONTRACTING COMPANY.

Q. There was a number of corporations to which you have referred, and we want to know about who the officers and directors of those corporations were. There is the Iowa Falls Contracting Company. Who was president of that company?—A. I was.

Q. Who were the directors, do you remember?—A. I do not remember exactly. They were some of our stockholders.

Q. Do you mean some of the stockholders of the Sioux City Company?—A. I do not know whether of the Sioux City Company. They might have been. The stockholders of the Iowa Contracting Company were, I think, stockholders of the Iowa Falls Company.

By Commissioner LITTLER:

Q. Can you send us a full list of those officers when you get home?—A. I do not know that I could. I might have the minutes. But at Cedar Rapids they would be able to tell you.

OTHER COMPANIES CONTROLLED BY THE SAME INTERESTS.

Commissioner ANDERSON. There are the Iowa Falls Contracting Company and the Missouri Valley Land Company?

The WITNESS. That Missouri Valley Land Company was the Missouri and Pacific.

Commissioner ANDERSON. The Sioux City and Pacific Land and Town Lot Company. You were the president of that, I believe?

The WITNESS. Yes.

Commissioner ANDERSON. And it was in the control of the same interest, substantially, as the other companies?

The WITNESS. Yes.

By Commissioner ANDERSON:

Q. Were you also president of the Missouri Valley Land Company?—A. I guess I was.

Q. Who was president of the River Sioux Town Lot Company? Was it one of the same people who were in the land company, only that it referred to town lots instead of lands?—A. I guess so. I am not certain about that.

PRESIDENT OF FIFTEEN OR SIXTEEN COMPANIES.

Q. Were you president of the Missouri Valley and Blair Railway and Bridge Company?—A. I think so. We had fifteen or sixteen companies; and I believe at one time I was president of all of them.

Q. Were you president of the Fremont, Elkhorn and Missouri Valley Railroad?—A. Yes; I was president of that company, and raised all the money for it, pretty much.

Q. Were you president of the Cedar Rapids and Missouri River?—A. Yes.

CALL FOR A LIST OF OFFICERS OF THE SEVERAL COMPANIES.

By Commissioner LITTLER:

Q. Can you not send us a list of the officers of those several companies?—A. At Cedar Rapids I might find all this information, and probably I may at home. I will look and see whether I can hunt them up.

Commissioner LITTLER. I wish you would, and if you have them all, send them.

The WITNESS. Yes. I am obliged to leave for Iowa to-morrow or next day. I am bound over in recognizance there to appear on behalf of the State. I have been building roads out there. I can get the particulars, undoubtedly, of these officers, either at Cedar Rapids, or I may have them at home in some entries. I used to have them all, but this is so long back that really I hardly know where to look.

Commissioner ANDERSON. In regard to those two books, I would like you to write me a note here in case you cannot find them, saying that you cannot find them.

The WITNESS. Yes; I will give you all the information I can, with pleasure.

AS TO THE WISDOM OF BUILDING BRANCH ROADS.

Q. Will you give us your opinion as to the wisdom of the construction of the branch lines on the Union Pacific road, and state what effect, whether good or bad, they have had upon the main line with reference to its earnings?—A. Some of their branches have contributed to them, and others that they have built have been a loss to them. That is my view about it. I think they have spread out entirely too far.

Q. What is your judgment of the wisdom of a great trunk line building branch roads or feeders?—A. It is only to secure territory that it should be advisable to build. I would never build a spur road if it was not to secure territory; not one.

Q. That is what they are built for, is it not?—A. Yes; but a good many have built these spurs as matter of speculation.

Q. But where there is valuable territory which can only be made tributary to the main line through the construction of a branch line,

and where the branch line is built with that view, and upon economical business principles, is it or not a wise project, as a rule?—A. Yes; it is wise. I have done a great deal of it myself. It is to hold territory. We get the long haul on the main line, and if that branch will pay merely running expenses we consider that we are well off. Then we have got the business, and have got it on the long haul.

Q. So that it sometimes pays, does it, to build a branch line, although the earnings of the branch line, separated from the main line, do not really pay interest on the cost of construction?—A. It would be valueless so far as paying interest on cost was concerned.

A WISE INVESTMENT.

Q. And yet it would be a wise investment?—A. A wise investment for a main road. I have done it. Although the branch line was a loss the business it made for the main line made up for that.

Q. In other words, you got a long haul on the main line of traffic which otherwise you would not have had?—A. Yes; a long haul. It would give us a full load to pull. There is no road between here and Chicago that could live except on the through business. When I ran the Delaware and Lackawanna road I made money at 2 cents a ton per mile, and lost money on the way business at 5 cents per ton a mile. We never started from the coal mines until we got all we could pull to the New York market. There the engineer got his dinner and took all the empty cars back.

LONG AND SHORT HAUL.

By Commissioner ANDERSON:

Q. It is the long haul that pays, is it not?—A. Yes. When we started to take out the local business, the first 10 miles out we had to stop; and perhaps the car for that station might be in the center of the train, and that had to be got out, and so the engineer would fool away his time all the way down, especially if he was a little green and did not get the cars well arranged. Take a road 20 miles long, and if you get 10 tons on that 20 miles you can take it for 1½ cents a ton; that is $3 for a car; and probably not a full load at that. Even if you get a full load it would only be $3; and it would not pay the grease for the axles. You cannot get a team to-day to carry under 20 cents per ton per mile; but if you wanted them to take a ton 1 mile, and then unload it, they would not take it. But if you wanted them to carry it all the way, they would do so. And now when we take freight for 1½ cents a ton people complain. If you charged the prorate it would cut off the West. This long and short haul principle, as they attempt to apply it, would ruin the West. The Union Pacific used to charge a shilling a mile.

Q. Do you consider each of these branch lines of the Union Pacific a loss?—A. They built a branch line—some of that line that went to Den-

Q. (Interposing.) To Leadville, do you mean?—A. Yes; some of the mountain road they have got.

Q. You are not sufficiently familiar with them to state whether they are profitable or not?—A. No.

Commissioner ANDERSON. Then I will not ask you about them.

GOVERNMENT SHOULD BE GENEROUS.

The WITNESS. The Union Pacific has got to come down in its prices. It values its stock at something, but I do not know what it will come to

in time. If the Government will be generous to it, and give it a long time to pay, paying a little every year, it would come out all right.

Commissioner LITTLER. Paying a little of the principal, and the interest every year?

The WITNESS. Yes. The company probably could do that. As I have said, with the Northwestern, that would be about as much as it could afford to pay. That would be about as much as $2,600,000 for the road, which I think would be about all that it is worth. Still, after a long while, the company might do better.

Q. Do you know how much you owe the Government?—A. I cannot say.

Commissioner ANDERSON. It will be about $5,000,000, I believe, in 1897.

COST OF RUNNING A RAILROAD.

The WITNESS. I do not know how much. I know this, it is pretty hard work to run a road. It takes a good deal of capital to run these roads. Take the case of a Western road; if goods go from Philadelphia to Sioux City you have got your little prorate to pay. About nine-tenths of it has to be paid to the Philadelphia road at the end of the month. When the goods come there the merchant may not have the money, and does not take out the goods, and so you have got to raise the money to pay. Then if you burn wood you must get your supply a year ahead. You have no idea how much capital it takes to run a road, after all is said and done. You have got to pay your men every month, and the other railroad expects to get paid every month. I have had experience enough to know that you need a great deal of capital to run a road. That used to pinch us wonderfully on this Sioux City and Pacific Railroad. The Government pays nothing. Its goods all come there and have to be carried. The other roads pay sometimes six months after convenience. [Laughter.]

The Commission then adjourned, to meet upon the call of the chair.

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10 WALL STREET, NEW YORK, *October* 25, 1887.

The Commission met upon the call of the chair, all the Commissioners being present.

A SUGGESTION FROM MR. STANFORD.

The Commission received the following telegram from Mr. Leland Stanford:

SAN FRANCISCO, CAL., *October* 20, 1887.

To ROBERT E. PATTISON, E. ELLERY ANDERSON, and DAVID T. LITTLER, *United States Pacific Railway Commission, Room* 33, *No.* 10 *Wall Street, New York*:

In your examination of myself, you asked me to suggest some way of settlement between the Central Pacific Railroad Company and the Government. Now that the testimony has closed, and, as I am advised, nothing material has developed in conflict with the equities as established by the testimony taken in California, I desire to suggest that the Commission report in favor of the appointment of a proper court to consider the equities existing between the Government and the Central Pacific Railroad Company, as inquired into in accordance with the act of Congress approved March 3, 1887, and render final judgment thereon. Then the question what further legislation may be needed can be fairly considered. I consider that the act of Congress directing inquiry into the equities erects a different standard by which to measure the relations between the railroad company and the Government from the purely legal relation theretofore existing.

LELAND STANFORD.

TESTIMONY OF EFFINGHAM H. NICHOLS.

EFFINGHAM H. NICHOLS, being duly sworn and examined, testified as follows:

The WITNESS. I should like to make a statement.

The CHAIRMAN. We shall be glad to hear you.

The WITNESS. I received a letter from Commissioner Anderson inquiring of me two things: First, the early history of the Union Pacific Railroad, Central Branch, and, in the next place, the cost of the road. On those two matters, with what time I have had, receiving the note only yesterday morning, I am prepared to give a very concise and succinct statement, if you will allow it, which is full of interest, and which embraces all the facts of my relations to the road and its history down to the time we parted with it.

Commissioner ANDERSON. I am perfectly satisfied with that arrangement, reserving the control of the examination afterwards, when you have finished your statement.

The WITNESS. That will be satisfactory, of course.

HISTORY OF CENTRAL BRANCH UNION PACIFIC.

My first statement, then, is a statement of my relations with the Central Branch Union Pacific Railroad, and its history from the time of my connection with it until the time that a majority of the stock was sold, as I afterwards understood, to the Union Pacific Railroad Company.

My attention was first called to what was then called the Atchison and Pike's Peak Railroad Company in the year 1865. In connection with Mr. William C. Wetmore, of this city, and Mr. R. M. Pomeroy, of Boston, now deceased, and Chauncey Vibbard, representing Mr. Erastus Corning and a few others, a conference was had in regard to the matter. We were told that this company had been in existence for a long period of time—I forget how long; that it was chartered under an act of the Territory of Kansas bearing date 1859; that it was entitled to certain subsidies in bonds and lands under the Pacific railroad acts of 1862 and 1864; that its visible assets or available assets would be, in pursuance of those acts of Congress, 1,600 of first-mortgage bonds, 1,600 of United States bonds, and $1,000,000 of stock. It was capitalized with $1,000,000 of stock, besides the land.

Commissioner ANDERSON. The lands to be granted?

The WITNESS. The lands to be granted. We examined into this matter with great care. We were told that we should have to take it subject to certain existing obligations, which would require them to retain about 400 of the first-mortgage bonds, and also that it was subject to certain contracts for lands. We directed our attention at once to inquiring into the matter and finding out what the rights were of this company. We found it to be true that its charter was a Territorial charter granted by the Territory of Kansas. The rights that were given to the Hannibal and Saint Joseph Railroad Company under the acts of Congress of 1862 and 1864, which authorized it to continue or to build a line west of Atchison 100 miles, and for that purpose to use any charter which had been or might be granted by the State of Kansas, we found had all been assigned to this company. Then we also examined and found that the general plan of the Pacific Railroad had been completed by the filing of the maps. We found that, upon an examination of the acts of Congress, they were acts which, according to their title, provided for

the construction of a railroad, a unit, and that the different parts of the road which had been assigned to different companies were integral portions of that unit. We found that the maps were completed, as I have stated, and therefore that the plan of the Pacific Railroad was perfect and complete.

In discussion with Mr. William C. Wetmore, our attention was particularly drawn to this question: Suppose, after we had completed our 100 miles of road, that any of these other companies should fail to complete their portions, might we not be in trouble and be left standing in the wilderness? We then directed our attention to the sixteenth section of the act of 1864, which not only provided that any two or more companies might be consolidated and become the successors of all the rights of the individual companies, but also provided in the strongest and most emphatic language that in case the companies did not consolidate, any of them, such company, upon the completion of its road, "shall be entitled to continue and extend its road until a connection shall be reached, and shall be entitled to lands and bonds."

AS TO THE CONSTRUCTION CONTRACT.

We were further informed that a construction contract, which was afterwards abandoned, had already been made by those previous parties with a man by the name of William Osborn. We examined into that question, and found that the interests in that contract were divided into sixty-fourths.

I will state here, because it comes in appropriately, that afterwards we concluded to abandon that contract entirely. We obtained the consent of all parties to abandon that contract, and to let the company go on and build its road in good faith, the same as an individual would, upon certain terms and conditions, which I will hereafter state.

At that time Mr. Samuel C. Pomeroy (ex-Senator Pomeroy) was the president of the road. A man by the name of Willis Gaylord was the treasurer, and a man by the name of James Wadsworth was the secretary. We concluded to go into this scheme, and we took different interests in this contract.

By Commissioner ANDERSON:

Q. In what contract?—A. In this construction contract with Mr. William Osborn, which, as I have stated, we afterwards canceled.

Q. In the Osborn contract?—A. In the Osborn contract. We went on and paid in about $600,000.

Q. Will you be a little more specific just there as to what this contract was? If you have a copy of it we would like to see it.—A. I have no copy of it. I do not know where there is any copy.

Q. Who were the parties?—A. It was a contract entirely between that railroad company and this William Osborn. These interests were assigned by William Osborn to different parties. I will endeavor to recall those names before I leave, and give them to you, as far as I can. There were a great many of them.

Q. Can you state what Mr. Osborn was to receive from the company and what he was to do?—A. He was to receive all the bonds that were remaining.

Q. That is, the first-mortgage bonds and the United States bonds?—A. The first-mortgage bonds and the United States bonds, and the proceeds of the capital stock, and I think some portion of the lands.

By Commissioner LITTLER:

Q. The stock itself?—A. Yes, sir; the stock itself.

Q. Not the proceeds?—A. Virtually that contract became absolutely null and void, for reasons which I will give you.

By Commissioner ANDERSON:

Q. In order to ascertain the effect of the change, we want to understand what the contract was. In consideration of the first-mortgage bonds, of the United States bonds, and of the stock itself, or its proceeds, as the case may be, was Mr. Osborn to build and equip and deliver 100 miles of road?—A. Yes, sir.

Q. And after the contract was made, he assigned most of the interests in that contract to certain parties associated with yourself?—A. Not all of them. He retained four sixty-fourths.

Q. Did he assign all except four sixty-fourths?—A. Yes, sir.

Q. Which were subsequently canceled?—A. Which were subsequently canceled. As I have already stated, we went on and paid in about $600,000 cash.

Q. Either to Mr. Osborn or for what he had done?—A. We paid to Willis Gaylord.

VIRTUAL CANCELLATION OF THE CONTRACT.

Q. Was it not to meet the actual expenses?—A. That was to meet the actual expenses of building the road. With that condition of things we became dissatisfied; that is, this new organization, if I may so speak, became dissatisfied. The result was that Mr. Ralph M. Pomeroy, of Boston, who is now deceased, became president of the road; I was elected the nominal treasurer, although I was counsel of the road and could not give it attention. Mr. Thomas M. Sother, who is now somewhere in Southern California, and who is an aged man, being upwards of eighty years of age, I think, and feeble in body now, was elected secretary and was the acting treasurer of the road. Also, at that juncture, the parties who were interested in the contract, at my instance, having paid $600,000, agreed to surrender this contract—all except Mr. Osborn. We bought him out and the contract was virtually canceled.

Q. Can you give us the date of this transaction?—A. The books would show, but the books are in possession of our successors; that is, the Union Pacific Railroad Company.

Q. Please examine the extract from the minutes of December 1, 1868, and see if that refreshes your mind as to the time when this occurred.—A. I have read a part of that.

Q. The question is, whether that refreshes your mind as to the period when the Osborn contract was altered or changed?—A. I think it very likely that that was about the time.

Q. About December, 1868?—A. About the time, although it had been virtually abandoned before that. I know that papers were prepared by which these parties agreed to cancel. Where those papers are I do not know.

Q. Before you proceed to state exactly what occurred, will you please explain to us the physical condition of the road at this time, and how far it had been constructed?—A. That I could not state, except by reference to the papers. I know that the road was nearly, if not quite, completed. I think this will all come in in my statement, if you will allow me to go on with my statement.

Commissioner ANDERSON. Very well, you may proceed.

CONDITIONS OF CANCELLATION.

The WITNESS. This contract was canceled upon conditions that, having paid in $600,000, six thousand shares of the capital stock should be issued to the parties that had paid in that amount of money; also upon the condition, as respects the company, that the remaining $400,000 should be subscribed for and paid for in cash, provided, as a further inducement to this cancellation, that 400 of the first-mortgage bonds should be divided up among the stockholders. And I think also it provided that the remaining first-mortgage bonds should be purchased by those parties at a certain price; but I am not sure about that.

Q. Was it not also understood that the 6,000 shares which were to be issued to the parties who had paid the $600,000 were to entitle them to their pro rata interest of all the profits and advantages which would accrue to them under the Osborn contract?—A. No, sir; it was not.

Commissioner ANDERSON. It is so stated on the minutes.

The WITNESS. Well, I refer to the final action, which I may have confused with that in regard to it. In the year 1866 we were informed that there was a bill pending before Congress which had been introduced by the Kansas Pacific Railroad, which might possibly affect our rights. We went to Washington, and I was the counsel of the company, having been employed from the beginning. We presented a protest against the passage of that bill as a matter of precaution, although, upon examination, we found it had no effect upon us. That bill was passed.

PASSAGE OF THE SMOKY HILL BILL.

After the passage of that bill we began to fear lest parties at Washington in authority might think that that Smoky Hill bill affected our rights in some way. In order to make ourselves secure and safe in the matter, we at once applied to the honorable Benjamin R. Curtis, one of the most distinguished lawyers in his day, for his advice in regard to the effect of the Smoky Hill bill. We obtained from him his opinion, which we have in print. It was to the effect that it did not affect our roads in any way, but that we would have the right, after the completion of the road, to go on and continue our road to a connection with the Union Pacific at the 100th meridian, and receive lands and bonds. It was thought advisable we should at once apply to the Secretary of the Interior, then Mr. Browning, and file a map, and ask to have our lands withdrawn.

PROCEEDINGS BEFORE SECRETARY OF THE INTERIOR.

Q. You mean withdrawn from the right of public settlement?—A. Yes, sir; withdrawn from the right of pre-emption and settlement. My impression is we had no formal argument before Mr. Browning. I think he went out of office without any formal decision being rendered, but upon that subject I am not certain. We went subsequently before Mr. Cox. Before we got there, I had applied to Mr. Curtis to review his argument, or at least his opinion, and to give us a more full opinion upon the subject, which he did, confirming his first opinion. We then went before Secretary Cox, of the Interior, and the matter was argued before him by Mr. Evarts and myself. I have stenographic copies of his argument and my argument on that occasion. Mr. Cox must have referred the matter to Attorney-General Hoar, and there is every reason to believe, as I can show you from the papers, that Attorney-Gen-

and Hoar held that we were entitled to extend our road and to receive lands and bonds. But no formal opinion was given to Mr. Cox. Mr. Cox states, in his opinion, that he was unable to reach that clearness in regard to the matter that he would desire, and therefore could not withdraw the land. But he stated that our equities were such that it furnished a case, or a strong claim, for Congressional legislation. We immediately after that prepared a bill which, in substance, according to the best of my recollection, was this: That nothing contained in the Rocky Hill bill should in any way affect the rights of the Central Branch Company, under the acts of Congress, and particularly under the sixteenth section of the act of 1864.

AS TO AUTHORIZATION TO EXTEND THE ROAD.

Q. In connection with that, will you read the lines which, in your judgment, authorized you to claim that, if a consolidation did not go into effect, the Central Branch would have the right to continue?—A. It is the strongest language that mortal man could draw, and is in these words. The sixteenth section, you will observe, commences in this way:

And be it further enacted, That any two or more of the companies authorized to participate in the benefits of this act are hereby authorized at any time to unite and consolidate their organizations, as the same may be or shall be, upon such terms and conditions, and in such manner as they may agree upon.

Then the act goes on to state that they shall have the right, in case any other company shall not finish the portion of the road assigned to it, to go on and build the road and to receive the lands and bonds.

Q. That the consolidated company should have that right?—A. Yes, sir. Now towards the close, about half a page from the close of that section, you will see:

And in case any company authorized thereto shall not enter into such consolidated organization, such company, upon the completion of its road, as hereinbefore provided, shall be entitled to, and is hereby authorized to, continue and extend the same under the circumstances, and in accordance with the provisions of this section, and to have all the benefits thereof, as fully and completely as are herein provided, touching such consolidated organization.

That gave us the right to go on and have our bonds, &c., on the plan as filed and fixed before we entered into our undertaking, and before we spent a dollar on the road.

OPPOSITION BY KANSAS PACIFIC.

As I have stated, we went before Congress with an act of the character I have mentioned. We found, to our surprise, that we were bitterly opposed in Congress by the Kansas Pacific Company—that was the inference—and also by another company, the name of which I cannot fully recollect, but I think it was called Saint Joseph and Western, which road lay a little to the north of us and was interested in lands. The result of matters before the Senate was that we were defeated by a vote of 27 in our favor to 28 against us. The leading minds of the Senate were all with us, and their comments and remarks are in one of those bound volumes which I will leave with you.

Under the advice of the Hon. William Pitt Fessenden, the Senator from Maine, who seemed to take a great interest in this matter, and who came to see me at my rooms, we went again before the then Secretary, Mr. Delano, and presented our petition, having first obtained an

order from the President to review and to examine into this matter, and Mr. Evarts again, with myself, argued the matter before Secretary Delano. I think we were assisted at that time by the Hon. Daniel W. Gouch, of Boston, formerly a member of Congress; also by Mr. George S. Hale, a prominent lawyer of Boston. Mr. Delano, after giving the matter consideration, referred it to the then Attorney-General, Akerman. Owing to some engagements of Mr. Evarts, I went before Akerman with ex-Attorney-General Hoar, and in that way learned the facts in regard to his opinion, which I have also the evidence of here, because I afterwards obtained his opinion.

We went before Mr. Akerman. We argued the matter, and we were opposed in that argument by Mr. Williams, formerly of the Senate, who afterwards became Attorney-General, which fact it is necessary for me to state here for certain reasons. Before any opinion was given Mr. Attorney-General Akerman was asked to yield up his portfolio, and Mr. Williams came in as Attorney-General, and the matter of course came before Mr. Williams. But he could not act, and it was therefore referred to Mr. Bristow.

Mr. Bristow, when Mr. Hoar and I came before him, stated to us that he had had an extraordinary conversation with Mr. Akerman, and he did not think it was proper for him to proceed; but after some conversation he concluded he would hear the case. We went on and argued the case at length. Finally, he indorsed the papers—and it is a matter of public record—and declined to decide the case.

The matter then came up before Solicitor-General Phillips. We went before him, and the book which Judge Dillon holds in his hands contains all the proceedings which were then had before Mr. Phillips. That book contains stenographic copies of my argument, of Mr. Benjamin R. Curtis's argument, who succeeded me, and of Mr. Evarts's closing argument. It also contains Mr. Phillips's opinion in full, confirming our right to continue our road and to receive lands and bonds.

MAP APPROVED BY PRESIDENT GRANT.

Under the acts of Congress it was then necessary for us to take our map to the President, General Grant, for his signature. It had to receive his approval. The map was sent by the Secretary of the Interior to the President and it was signed by him, and the President became *functus officio*. The act was complete, and our rights were acknowledged by the Government.

Q. In what year was that?—A. That must have been in the year 1873, the early part, I think. December 12, 1872, was the time the argument was made. The opinion of Mr. Phillips is dated January 10, 1873, and the map was signed very shortly afterwards—within a week or two afterwards.

Q. How far did the map extend westward?—A. It extended to a connection with the one hundredth meridian, as provided by the act of Congress.

Q. Did it extend to a connection with the Union Pacific?—A. Yes, sir.

Q. What point would that be? Would it be at the North Platte, about?—A. The best way to call your attention to that is to look at that map. There [indicating] was our road running out 100 miles and we connected *there*.

Q. Where you have a flag up?—A. Yes, sir.

Commissioner ANDERSON. The flag was never planted there.

The WITNESS. The flag was never planted there by us. We surveyed it. We had already surveyed the route. It was done by our surveyor, Mr. Gunn, under the protection of a company of 80 mounted cavalry whom General Grant and General Sherman gave us for that purpose.

AFTERWARD PRESIDENT GRANT TORE OFF HIS SIGNATURE.

The next thing that came in order was a matter that was attended with great surprise. Mr. Boutwell, who was then Secretary of the Treasury, under the pressure of public clamor and under the pressure of the public debt—whose motto seemed to be the reduction of the national debt, right or wrong—requested the President to withdraw that map. The President sent to the office for the map and tore off his signature and put it in the drawer in his official room in the White House and the matter was referred to Mr. Boutwell. The matter has remained there with Mr. Boutwell to this day. I went to the President and asked for an explanation. He said to me, "Mr. Nichols, do not be alarmed. Do not be worried. This will be all right." That was the last conversation I had with the President upon the subject.

In that condition of things, having already paid in $1,000,000 for our capital stock and finding ourselves the subject of public clamor, and owning and acknowledging and feeling it to be one of the worst exhibitions (I mean this tirade against the Pacific Railroads) that I have ever known or that this country has ever experienced excepting where grave judges have sat and condemned poor helpless women for witchcraft, we began to look into the situation. We tried to save this wreck and to see what could be done.

THE CAUSE OF SUCH ACTION.

Q. You have not exactly explained so that we can fully understand what it was that occurred that prevented any accomplishment of your designs of extension. Were you not informed that, for reasons that were deemed satisfactory by the officers in Washington, it was concluded that you had not established your title and that they desired to reverse their action?—A. No, sir; the President was informed by the Solicitor-General that we had this right in every respect; and what took place I have already stated. And we were informed by Columbus Delano, Secretary of the Interior, that he had recalled the map. I went to the President to see if it was so, and he showed me the piece of paper, which was about *that* size [indicating], which lay in the drawer, and told me not to be alarmed.

Q. Have you had no other conversation with other officers so as to be able to give us some explanation of the probable motive for this unusual action?—A. No, sir; never heard of any explanation.

Q. Do you think it was absolute caprice?—A. I think it was the pressure of public clamor against the railroads, which was then in its height, was the cause of this action.

By the CHAIRMAN:

Q. Through whom was it executed?

The WITNESS. What executed?

The CHAIRMAN. This thought, this public clamor, which led up to the tearing off of the signature and the withdrawal of the support of

the Government. Was it at the suggestion of Mr. Boutwell, who was Secretary?—A. All I know in regard to that is that Mr. Delano told me that the matter had been recalled and referred to the Secretary of the Treasury. That is all I know in regard to it. The matter of public clamor is a matter of public notoriety which requires no statement from me.

EFFORTS TO SECURE A REMEDY.

By Commissioner ANDERSON:

Q. Did you make no efforts to have your rights, as you considered them, established by the opinion of Solicitor-General Phillips and by the actual fact of the affixed signature of President Grant? Did you make no further efforts?—A. We seemed to have been stuck at that point, and I returned to my constituents and had a conversation with them. It was suggested that perhaps neither I nor Mr. Curtis nor Mr. Evarts had the necessary experience in such matters that was necessary to move things along, and it was suggested that I should not return to Washington, and that Mr. Day should take my place, which I at once acquiesced in, as I was too much interested in the affair to run any risk in regard to the matter. Mr. Day went to Washington in company with Mr. Henry M. Alexander, both prominent lawyers in this city. But nothing was accomplished, except that Mr. Day did succeed in having us omitted from the effects of the Thurman act. I think that is true.

I now return to the thought of what we should do.

By Commissioner LITTLER:

Q. Before you proceed, let me ask this: How much land did you claim under the act of Congress?—A. We claimed the full amount. There was only, I think, one-tenth or one-twelfth of it left.

Q. How much land did you get?—A. I can not recollect. The land-books would show. They are in possession of the company, to which I have no access.

Q. What portion of the land do you claim to have failed to get?—A. I should think it was more than nine-tenths.

Q. You never did get it?—A. Never did get it; no, sir. We never had any relief in any way whatever.

THE LIMITATION IN THE LAW AS TO LENGTH OF ROAD.

By Commissioner ANDERSON:

Q. Before you leave this subject, what answer is there to the objection that there is a limitation in the act applicable to the Hannibal and St. Joseph Railroad, and to the company that might derive any rights from it, by which limitation it is provided that "in no event shall lands or bonds be given to said company, as herein directed, to aid in the construction of their said road for a greater distance than 100 miles?" What answer is there to the objection that the act itself fixes an absolute limitation of 100 miles applicable to your company? This is section 13 of the act of 1862, and applies directly to the company in which you are interested.—A. The act of 1864, very obviously.

Q. The act of 1864 did not mention that portion of it?—A. It referred to any portion—any company—

Be it further provided, That any two or more of the companies authorized to participate in the benefits of this act—

That, of course, applied to every company connected with it. And then it says:

And in case any company authorized thereto—

We were authorized to enter into this act and have the benefits of it—

shall not enter into such consolidated organization, such company, upon the completion of its roads, as hereinbefore provided, shall be entitled, &c.

That word "entitled" is a strong word.

By Commissioner LITTLER:

Q. Shall be entitled to what?—A. (Reading:)

shall be entitled to, and is hereby authorized to, continue and extend the same under the circumstances, and in accordance with the provisions of this section, and to have all the benefits thereof, as fully and completely as are herein provided, touching such consolidated organization.

Commissioner ANDERSON. It seems impossible to imagine that a road which was restricted to 100 miles west of Atchison under any circumstances could be intended as being included within the permission to consolidate with the Pacific Railroad and to continue indefinitely. The subject-matters are absolutely inconsistent.

The WITNESS. Bear with me one moment. This act is entitled, "An act to construct a railroad"—a unit. The parts assigned to each company were integral portions of that unit. We built 100 miles, and the Kansas Pacific Company was required by law to so locate its road as to connect with us at the end of 100 miles. We did build our road.

WAS THE KANSAS PACIFIC REQUIRED TO CONNECT?

By Commissioner ANDERSON:

Q. Where do you find any provision in the act that requires the Kansas Pacific to so locate its road as to unite with you at a distance of 100 miles?—A. I will give it to you.

And the railroad through Kansas——

Q. What section is that?—A. Section 9 of the first act.

Mr. JOHN F. DILLON. The act of 1862.

The WITNESS. The act of 1862, section 9. If you will go to section 3, about fifteen lines from the top——

Commissioner LITTLER. Read the portion you refer to.

The WITNESS:

And said railroad through Kansas [which is the name given to the Kansas Pacific road] shall be so located between the mouth of the Kansas River, as aforesaid, and the aforesaid point on the one-hundredth meridian of longitude that the several railroads from Missouri and Iowa herein authorized to connect with the same can make connection within the limits prescribed in this act, provided the same can be done without deviating from the general direction of the whole line to the Pacific coast.

Commissioner ANDERSON. The Kansas Pacific was to build to the one-hundredth meridian, which was 394 miles west of Kansas City, and there to make connection with the Union Pacific. A reference to the Iowa and other railroads, which were authorized to build and make connection, cannot apply to a railroad which was only authorized to extend 100 miles west of Atchison, because you were not going within 150 miles of any connection.

The WITNESS. Yes, sir, we were. That is a matter of fact. By the bye, the locating of that road was subject to the approval of the Presi-

dent, if, by reason of the position of the country, in any way they could not come exactly within 100 miles; and those few miles of road it may be, we would have had to build. But, in submitting this matter to counsel, there has never been the least doubt in their opinions. When we went to Mr. Curtis about it we wanted advice. We did not ask for an opinion in our favor. There has never been any question in regard to this.

Commissioner ANDERSON. I suppose you will return to the question of the cost of the road subsequently, because that is what we are mainly interested in.

The WITNESS. Yes, sir; this first part of my statement simply concerns the history of my connection with the road.

Q. Are these 100 miles only the part that is covered with road?—A. Yes, sir; 100 miles. We went beyond the Blue River to a place called—I have forgotten its name. The meridian of Fort Riley, I think, is 87½ miles. I can give you that exactly.

Commissioner ANDERSON. I do not know that it is material. We cannot rule, very well, on anything that the Secretary of the Treasury or General Grant has done.

The WITNESS. But he was *functus officio* after having performed that act. The opinion of Mr. William Whiting—some of you may have known him; he is dead now, but he was a very prominent counselor at Boston—was obtained by Senator Wilson, and it is in one of those books.

THE BUILDING OF EXTENSIONS.

After this condition of things we looked at our property. I, as counsel to the company, felt a great interest in it; but I was also interested because I owned about one-tenth of it, having put in about $100,000. We concluded that the first thing we must do was to stop payment on our first-mortgage bonds, as we had no money with which to pay it. Mr. Pomeroy and I had lent the company $400,000. We concluded to fund the coupons of our first-mortgage bonds for a certain period of time; for something like three and a half years. During this time the country began to fill up, and we were induced to go on and build extensions to this road. We did build extensions under different charters, embracing altogether 288 miles, I think it was. We will call it, in round numbers, 300 miles. These extensions I was requested afterwards to consolidate, which I did.

Q. Under what name?—A. Under the name of the Atchison, Colorado and Pacific Railroad Company, which embraced all the extensions, excepting one, which ran up to the north and which is called the Jewel County and Western Railroad Company.

Q. Will you give the names of the consolidated branches?—A. I have given them.

Commissioner LITTLER. Give the names of the constituent companies.

The WITNESS. I am unable to do that. There were, I think, six of them. After this consolidation was effected we, who had always acted in perfect good faith, instead of leasing the Central Branch to the Atchison, Colorado and Pacific, leased the Atchison, Colorado and Pacific to the Central Branch, so as to increase its value and increase its resources and increase its income.

Q. Whom do you mean by we?—A. I refer to the gentlemen who were in the management of this thing.

Q. Do you mean the controlling powers of the consolidated branches?—A. Yes, sir. I mean the controlling powers in the consolidated branches.

THE MEN WHO CONTROLLED.

By the CHAIRMAN:

Q. Who were the controlling powers?—A. Mr. Oliver Ames came in late and was a powerful man in the enterprise. Mr. R. M. Pomeroy was very able, looking very carefully after everything.

Commissioner ANDERSON. We only want their names.

The WITNESS. There was Mr. Erastus Corning. There was Mr. Vibbard. There was a man by the name of Charles Gould. There was Mr. Henry Day. There was a man by the name of William C. Wetmore, and a man by the name of Greenleaf.

By Commissioner ANDERSON:

Q. Do you mean Augustus W. Greenleaf?—A. Yes, sir. Then there were also John A. Stewart and Nathaniel Thayer, of Boston.

Q. Do you mean John A. Stewart of the United States Trust Company?—A. Yes, sir; also ex-Governor William Claflin and Mr. George S. Hale.

Q. A. S. Barnes?—A. A. S. Barnes; he came in later. After awhile——

Q. Can you locate these years a little more definitely? "After awhile" does not express anything definite.—A. About the year 1880 Mr. Oliver Ames came to me and asked me if I would sell, or agree to sell, to him my stock, together with a controlling interest, whatever I had, in the Atchison, Colorado and Pacific at the same price at which he should sell his. I agreed to do so.

Q. Can you tell us in what year this was?—A. I should think it was about 1880.

Q. Was it just before the actual transaction occurred with which we are all familiar?

The WITNESS. Which transaction do you refer to?

Commissioner ANDERSON. The actual sale of the interest which you described as having been to the Union Pacific, and which appears to have been first made to Mr. Gould.

A. Yes, sir.

MR. AMES'S TRANSACTION IN THE STOCK.

Q. Was it just before that?—A. Yes; some little time before that. I think it was several months, however, before Mr. Ames concluded his transaction. The result was that I got $250 a share for my interest—$250 for each share of my stock. But that statement requires explanation.

Q. Two hundred and thirty-eight dollars, was it not?—A. Two hundred and fifty dollars. But this statement, as ordinarily understood, is not true, because there was sold with it a ratable portion of the other 300 miles—of the stock representing the other 300 miles. In other words, the majority of the capital stock of the Atchison, Colorado and Pacific road, and of the Jewel County road went with it, and what we therefore received, proportionally, was, say, 62½ on the dollar.

By Commissioner LITTLER:

Q. For all the stock?—A. For all the stock. But it had all been concentrated—its chief value lay in the Central Branch Union Pacific—by reason of our own act.

Q. What was the entire capital stock of the consolidated company at that time?—A. That I could not tell you. I think we only issued $6,000 of shares per mile. There were sixteen first-mortgage bonds and $6,000 of stock per mile, while on the Central Branch there was a first mortgage of $16,000 a mile and the stock amounted to $10,000 a mile.

By Commissioner ANDERSON:

Q. Will you please explain how you figure this 62½ per cent.? How many shares did you put in of the Central Branch and of the Consolidated Company?—A. My statement is this, that what was equivalent to, or what bore the same relation to the other portion of the road, was sold, if there had been $10,000 of the stock issued to the mile. There was not. There was only $6,000. If it had all been capitalized alike it would have been about 62½ per cent., because there were only 383 miles all told.

Commissioner ANDERSON. Then, I understand that there was a certain amount of the Central Branch sold, and that represented 100 miles of construction. But regarding the ownership of the Central Branch as carrying with it something like 250 miles of consolidated branches, the beneficial ownership of which was substantially in the Central Branch, then if this consolidated branch railroad had had the same amount of stock issued per mile as had been issued on Central Branch, and you added the stock together of the Central Branch and of the consolidated company, you would find that the $250 per share for stock of the Central branch, would be equivalent to about 63½ per cent.

The WITNESS. Sixty-five per cent.

Commissioner ANDERSON. It would have been equivalent to 65 per cent. on the aggregate of the stock of both classes?

The WITNESS. Yes, sir.

By Commissioner LITTLER:

Q. Do you mean that the amount of money which you received for your Central Branch stock, if spread over all the stock, would amount to about 65 cents on the dollar?—A. Yes, sir.

Q. That is what you mean?—A. Yes, sir. I will here state that the Central Branch stock sold at one time as low, after it had all been paid for in full, as 15 cents on the dollar.

SELLING PRICE OF STOCK.

By Commissioner ANDERSON:

Q. It sold within two or three months after your sale as low as 100, did it not?—A. I know nothing about that. There was so much bid for a controlling interest in the stock.

Q. But I am speaking of the value of the stock in the market. Did it not sell as low as $100 within three months after that sale?—A. Not to my knowledge.

Q. Did it not sell as low as 80 cents on the dollar within three months before the transaction?—A. I should think it did, and lower still.

Q. Do you know of a sale at 160 the day before you got 250?—A. No, sir; I was not a party to any transaction of buying or selling at that time, and know nothing about the details of any of them. I simply attended to my own matters.

THE COUNSEL EMPLOYED BY THE COMPANY.

I would like to add here that we employed, at Washington or elsewhere, the following counsel: Mr. Benjamin R. Curtis, Mr. Daniel W.

Beach, Mr. George S. Hale, Mr. William M. Evarts, Mr. E. Rockwell Hoar, Mr. William Whiting. Also we employed Mr. Thomas A. Hendricks and Mr. Beverly Johnson, after they were out of office. Mr. Pomeroy employed General Craig and Peter Abel, and a prominent lawyer at Quincy, whose name I cannot recollect. Mr. Henry Day, as I stated, was also employed, and so was Mr. Henry M. Alexander.

Commissioner LITTLER (jocularly). I guess your case failed for want of sufficient and able counsel.

The WITNESS. It would seem so.

COST OF THE ROAD.

On the second point on which Mr. Anderson wanted to make inquiries I will give all the information I can, but it is not definite. But I think it will be found that the general outline which I will give is correct.

The available resources of the road, I have already stated, were the first-mortgage bonds, the second-mortgage bonds, and the stock, making altogether, if we had realized par for them, $4,200,000.

By Commissioner ANDERSON:

Q. That is, $1,600,000 of the first-mortgage bonds, $1,600,000 of the United States bonds, and $1,000,000 stock?—A. Yes, sir. For the amount of our counsel fees, and the board of myself and counsel, and printing—I think our printing bill must have been $10,000—and stenographer's fees, and traveling expenses, I should have to refer to the books to ascertain; but I should think it must have amounted to $100,000. The commissions and interest on loans made from time to time, during construction, must have amounted to $100,000. This is only general. The interest on bonds, before we made default, must have amounted to $150,000 or perhaps $250,000.

Q. That was after some receipts were had from the road, was it not?—A. Yes, sir; I will show it.

Commissioner ANDERSON. That will hardly come into construction, the interest on the bonds.

The WITNESS. I know; but I am going to deduct this to show what was left. I should think the salaries must have come to $100,000.

Commissioner ANDERSON. That is not "construction."

BONDS RETAINED BY THE OLD ORGANIZATION.

The WITNESS. I am speaking of things that did not come into construction. I am going to deduct this in a moment. Sundry suits, $50,000; retained by the old organization, $400,000 bonds, and given to the stockholders, 400 bonds. And then, at the instance of Mr. Corning, we employed a man by the name of Wheeler, an Englishman.

Q. Do I understand those 400 bonds to be two separate amounts, as stated there?—A. Yes, sir; 400 bonds given to the stockholders, on the condition of surrendering the old contract, and our agreeing to complete and pay for in full the balance of the stock, the full million dollars.

Commissioner ANDERSON. I understand that the parties after the reorganization were substantially the same as before; it was merely an alteration in the form of doing the business.

The WITNESS. No, sir.

Q. The parties in interest did not change?—A. There was no possible relation between them whatever.

Q. Did the parties change?—A. All changed.

Q. When Mr. Osborn's contract was, as you call it, abrogated or modified, did the parties who subscribed for the $400,000 differ from the parties who had advanced the $600,000?—A. Oh, no, sir.

Q. They were the same?—A. They were the same. But the parties with whom I was associated were a new set of men entirely. It was a reorganization of the old concern, the history of which I know comparatively nothing.

THE CHALICE PARTY.

Q. Whom do you mean as the prominent leaders of the old concern, before you came in?—A. There was a man in Atchison by the name of Chalice.

Q. Do you mean to say that the Chalice party actually received $400,000 in bonds?—A. I mean to say that the old organization, when it came to us, retained in round numbers 400 bonds. It might not have been exactly that number. Where they went to, I know nothing at all.

Q. Do you mean 400 of the first-mortgage bonds of the company?—A. Yes, sir.

Q. Not 400 United States bonds?—A. No, sir; 400 first-mortgage bonds of the company.

Q. You say those bonds were actually issued so as to form a part of the permanent obligations of this company before your party appeared on the scene at all. Do I understand that?—A. That I do not know; about that I cannot tell.

Q. In order to ascertain exactly what assets your people realized—A. (Interrupting.) They certainly were issued before Pomeroy and Gaylord resigned and left the concern.

THE BOOKS DO NOT SHOW TO WHOM CERTAIN BONDS ISSUED.

Q. Do you know whether the books show to whom those 400 bonds were issued?—A. No, sir; they do not show anything about it.

Q. From what source do you derive the information that enables you to state that before your party acquired their interests and during the reign of the Chalice party, 400 of the first-mortgage bonds of this company were issued, so as to become a part of its obligations?—A. It was made a condition of permitting us to come in and to take this franchise. It was declared to us to be subject to all these obligations. We tried to find out what those obligations were, but we never could.

Q. As matter of fact, do you remember, from your examination of the books and affairs of this company, that 400 of its first-mortgage bonds had been actually issued to the Chalice party, or anybody representing them?—A. My recollection in regard to that is not clear, but I should say that they were certainly issued before Mr. Willis Gaylord resigned as treasurer.

Q. Is it not true that the claims of the Chalice party were subsequently settled, after negotiation and adjustment, for $10,000 in money and ten bonds?—A. That is entirely a different matter. That refers, according to my recollection, to certain bonds which they had also issued long before we knew anything about this concern, to Chalice and others, for certain lands. There was also a suit brought by a member of the Chalice party, claiming that he was entitled to 2,000 shares of stock, I think it was.

THE OSBORN CONTRACT.

Q. Then I will put it this way: Is it not true that under the Osborn contract, as it stood before the additional subscription for 4,000 shares of stock, and as it stood afterwards, including the whole business, all

of the $1,600,000 of the first-mortgage bonds of this company were issued to Mr. Osborn and by him, under the assignments, divided up among the parties in interest?—A. It is not true.

Q. How many were issued?—A. I do not think a bond was ever delivered to Mr. Osborn.

Q. I do not care about the form. How many of those bonds were allotted to the parties in interest?—A. Never anything, excepting the 400 bonds, which was upon the condition of surrendering their claims to this contract and upon condition that they would pay up the remainder of the capital stock.

AS TO PROFITS UNDER THAT CONTRACT.

Q. What were the profits which are alluded to as being the profits to which the holders of the sixty-fourth interests were entitled, under that contract?—A. If that contract had been carried out and executed, which it never was, under the Osborn contract, they would have been entitled to their proportionate interest of whatever might have been left after building the road out of the assets contained in that construction contract.

Q. What did you say became of the first-mortgage bonds of this company, apart from the $400,000 which were allotted to the parties under the Osborn contract?—A. I am already engaged in stating that, and will go on to state it further.

Commissioner ANDERSON. Very good; you may proceed.

The WITNESS. Four hundred bonds were retained by the original association prior to our connection.

Q. Do you mean the Chalice party?—A. Prior to my connection with it.

Q. Do you mean the Chalice party?—A. It has never been called the Chalice party.

Q. I call it that for convenience. Do you mean Abel, Fairchild, Chalice, McBratney, Strongfellow, Spencer, Sickles, Butcher, Hart, Irving, Dickinson, and Pomeroy; were those the people you refer to as having retained $400,000 in bonds?—A. I know nothing about it, excepting that they were retained by Willis Gaylord, the treasurer. What he did with them I do not know.

Commissioner ANDERSON. Then proceed with your statement, and we will try to get it otherwise.

WHEELER AUTHORIZED TO NEGOTIATE BONDS.

The WITNESS. At the instance of Mr. Erastus Corning, an Englishman by the name of Wheeler was sent abroad to negotiate the sale of the 1,200 first-mortgage bonds, with the understanding that if he brought us back $1,000,000—they were to be sold at not less than par—he should have 200 bonds.

Q. Can you give us the date of this?—A. I cannot, but it will appear by the records.

The following extract from the minutes of June 26, 1865, was read:

Henry G. Wheeler authorized to sell 1,000 6 per cent. first-mortgage gold bonds, of $1,000 each, of the Atchison & Pike's Peak Railroad Company and Telegraph Line, in any foreign market, on the best terms he can obtain, not below par value in United States currency; and as an inducement for the success of the negotiation of these bonds, the company appropriated 5,000 shares of the capital stock, and 80,000 acres of the land granted by the United States, or so much of said stock and lands as may be found essential by the said Wheeler for the success of his negotiation; and the secretary is authorized to deliver to William Osborn for Henry G. Wheeler the stock referred to.

SETTLEMENT WITH WHEELER.

Q. Is that what you refer to?—A. I remember such a transaction, but my recollection of it is as I said, that he was authorized to sell $1,000,000 of these bonds at par, and that he was to have the 200 bonds for his services, and that he agreed to do it within a certain time. He did not do it within the time, and he was recalled; and when we called upon him to deliver back the papers, documents, and bonds that he had in his possession, he refused to do it. We had him arrested, and we settled with him, and gave him 150 bonds. So that that took away 150 bonds from us. I think it was 150 bonds. I am not positive as to that amount.

Commissioner ANDERSON. On May 13, 1869, it appears from the books, 50 bonds were charged up as having been given to settle this matter with Wheeler.

The WITNESS. My recollection is that it was 150 bonds. Then I will state that those different things that I estimated, deducted from the "available assets," as I termed them, namely, $4,200,000, left $2,800,000.

Q. Why do you deduct them if they were not a part of the construction?—A. So as to get at what was actually expended on the construction of the road.

Q. How would it follow that the remainder was expended on the construction of the road? It might have been put into the pockets of the board of directors, for all we know.—A. I certainly should have known it. I state my recollection; that is all I can do.

A CALL FOR THE BOOKS.

Commissioner ANDERSON. What we want from you, if you have it, is a statement that you know of a certain book or books where the payments actually made by Mr. Osborn, or by the parties who built this road, at so much for excavation, and so much for iron rails, and so much for actual expenditures, can be found. We do not want a simple statement that after deducting certain amounts that you know of from the "available assets," you conclude all of the remainder was expended on the construction of the road, because that is no proof.

The WITNESS. So far as the money expended in the construction of the road is concerned, I presume that those books were kept out in the office at Atchison, and whatever books there are in the concern here have all been given over to our successors in office. They were delivered over by Mr. Thomas M. Sother.

Commissioner ANDERSON. Our book-keeper, who has been over all the books now in the possession of the Union Pacific Railway Company, informs us that all he finds are the operating books, and that the construction accounts start with balances taken from Osborn's books.

The WITNESS. I never saw them.

Commissioner ANDERSON. The Osborn construction books cannot be found?

The WITNESS. I have never seen them.

Q. Who kept them?—A. They must have been kept out at Atchison.

Q. In what form did you and your associates make your payments to meet the cost of construction incurred by him?—A. The books were kept, as I said before, by Mr. Sother. That is, the books that related strictly to the treasurership were kept by Mr. Sother, and were all in

his handwriting. I used to examine them once in a while in company with Mr. Pomeroy. Mr. Pomeroy was the active business man; I only acted as counsel.

AS TO DISPOSITION OF BONDS.

Q. Did you yourself receive any of the first-mortgage bonds or United States bonds of this company?—A. Never. I sold them myself, and put the money into the treasury, every dollar of it, and received about 99 cents on the dollar, average. I remember that, because I examined it.

Q. Put it in the treasury?—A. It must have gone into the treasury.

Commissioner ANDERSON. You must know if you had the money.

The WITNESS. I am only speaking from my memory. If I received any money when Mr. Gaylord was treasurer, it went into Mr. Gaylord's hands.

BONDS GIVEN AS COMMISSIONS ON LOANS.

Q. Do you mean the treasurer of the Central Branch or the treasurer of William Osborn?—A. The early part might have gone to Willis Gaylord, who was also acting as treasurer of Osborn. That might have been. Let me state that there were commissions paid to persons who, in our dilemma, lent money; and instead of the commissions being allowed in the way that is usual, or as was usually done in Wall Street at that time, and as was paid by the Union Pacific and other railroad companies (paying 5 per cent. in cash or 2½ per cent. for commissions on a loan) our executive committee allowed, besides the interest on loans, a bond.

By Commissioner LITTLER:

Q. You mean commissions, not interest on loans, do you not?—A. I mean commissions on loans. They allowed bonds for a certain amount, but I do not remember what it was. I have loaned the company, in company with Mr. Pomeroy, as high as $400,000 in cash, and we received some bonds as commissions, but in no other way.

(A paper was here shown to witness at pages 71, 72, 73, being the report of one of the accountants to the Commission, Mr. S. F. Perrenoud, on the Central Branch.)

Commissioner ANDERSON. This is a list of the bonds in the accounts of the company, as kept, which appear to have been issued without any corresponding compensation or any proceeds that can be traced into the company.

The WITNESS. What are these taken from?

Mr. PERRENOUD. Taken from the treasurer's books.

The WITNESS. What are they called?

Mr. PERRENOUD. They are called the bond-book, the journal, and the ledger.

The WITNESS. Under what heading?

Mr. PERRENOUD. Under the heading of "Donations and compensation bonds."

Commissioner ANDERSON. Allotted with the stock.

The WITNESS. How many are there of these? All I can say in reply to this is that not one dollar or one iota of property was ever divided among the parties in interest under the Osborn contract with the exception of the 400 bonds which were made a condition of the surrender of the balance of the stock, the parties agreeing to pay up that stock and to take the remainder of the bonds. I should think that this

statement that is shown me was a statement of the disposition of bonds, but there were no bonds given excepting for adequate compensation.

Mr. PERRENOUD. Those three hundred and ninety-nine or four hundred bonds are stated there.

The WITNESS. As given with the stock?

Mr. PERRENOUD. Yes.

The WITNESS. Do you say this includes the 400 bonds given with the stock?

Commissioner ANDERSON. Yes, that includes the 400 bonds given with the stock.

Mr. PERRENOUD. Or 399.

The WITNESS. My memory will not enable me to throw any more light on this. [Referring to the pages of the report above specified.]

AS TO COST OF ROAD.

By Commissioner ANDERSON:

Q. Can you give us any information, from your knowledge of these 100 miles of road, of the country through which it was built, the kind of iron and ties and fish-plates that were used, the cuts and blastings that may have occurred, and what the actual cost of that 100 miles was?—A. I cannot tell you in dollars and cents. I know that we paid as high as $110 for common iron rails delivered in Kansas, when you can buy them delivered there to-day, of steel, for inside of $40, and perhaps inside of $35; and that we paid for rolling stock from three to four times, my belief is—I state that on information and belief as to what they can be bought for now.

Q. Can you not form an estimate as to whether this road cost, say, anything not less than $15,000 a mile and not more than $250,000 a mile?—A. The only way I can form any estimate is this: I have reason to believe, in a fair level country, for about from $18,000 to $20,000 per mile, a road can now be built and fairly equipped. As I look back and try to reflect upon that—because Mr. Anderson has called my attention to it—I do not see how that road could have been built for less than $50,000 per mile at that time; and yet it might have been. I am not an expert in those things. I am a lawyer by profession. I knew that everything was done under the supervision, or a great deal of it—at least all the latter part of it—of Mr. R. M. Pomeroy, and he was a very close business man.

By Commissioner LITTLER:

Q. Was any portion of this road built through the aid of the construction company?—A. Yes, sir; a small portion of it. It commenced to be built in that way.

AS TO THE OSBORN CONTRACT.

By Commissioner ANDERSON:

Q. You were naturally interested in the figures of the Osborn contract, whether that went through or not, to see how much it actually did cost and to see whether you were getting any profit or not under the contract, or to see what would be just terms of adjusting it, so that your attention was probably called to the Osborn balances in order to show you and your associates how much he had been expending. Is that not true?—A. That is not true in my case.

Q. I think you have stated that from time to time you saw the Osborn books, as kept by Mr. Sother?—A. No, sir; I have not stated any such thing.

Q. Do you remember ever seeing the Osborn books?—A. Never.

Q. Do you remember ever conversing with Mr. Sother as to how much this road had cost?—A. No, sir.

Q. Do you remember that subject being discussed among the associates who were interested in the contract?—A. It must have been.

BALANCES TAKEN FROM THE BOOKS.

Q. I show you the balances taken from the construction books of Mr. Osborn, as they appear on the Central Branch books, the total for construction being given at $2,306,430.42, to which is added the equipment amounting to $243,924.52, making a total for construction and equipment of $2,550,342.94, to which was added afterwards bills contracted for construction and equipment not included in the above but paid afterwards, $181,002.29, making a total of $2,731,347.23. I will ask you whether, in your judgment, those figures correctly represent the cost of that road?—A. I should think it very probable, but I only refer to it by inference, because Mr. Sother was a very correct accountant, and Mr. Pomeroy was a very severe man in regard to money matters, and no such account was ever made up by me personally. I am not a book-keeper. Whose handwriting is that in?

Commissioner ANDERSON. In whose handwriting, Mr. Mink, are the transcripts of the balances taken from Mr. Osborn's construction books?

Mr. MINK. I do not know.

Commissioner ANDERSON. It was probably some officer of the Central Branch.

The WITNESS. The question I ask was, From what official books was this taken?

Mr. PERRENOUD. The operating books kept in Kansas.

The WITNESS. I do not think I ever looked at them. I do not think I ever saw them.

Q. As these purport to be transcripts of balances which appear on Osborn books and are so described, my question was whether the figures here given tally with your general memory as to the cost of construction of this road?—A. It seems to me as though it must have been a great deal more than that. I do not see how that was ever built for that amount. I have no doubt of the accuracy of the books.

DISPOSITION OF BONDS.

Q. What knowledge have you of the disposition made of either of those classes of bonds, the United States bonds or the first-mortgage bonds?—A. Not one bond, to my knowledge, was ever given away without consideration to the company. Not one bond, so far as my knowledge goes, was ever divided under any construction contract, excepting the 400, which were made a condition of the final agreement of surrender, &c., as I have already stated. Not a dollar of money, so far as my knowledge goes, has ever been used in payment for legislation, or to influence any son or daughter of Adam to do anything but what was proper.

Commissioner ANDERSON. The daughters of Adam have not figured in this investigation yet.

The WITNESS. I used to hear sometimes in Washington about daughters of Adam.

Q. It is not quite sufficient for our purpose to say that the bonds were not issued without consideration. Do you mean to say, of your

own knowledge, that all the bonds of this company, except the 400 which were given as an inducement to obtain subscriptions to the stock, were actually sold for money?—A. So far as my knowledge goes, sold for money.

Q. How far does your knowledge go?—A. It goes, in a general way, over it all. The man who would have a more accurate knowledge of it would be Mr. Pomeroy, who is now deceased. But my own belief is that value received was paid for everything, except that as to the 400 bonds that were divided, it was a very poor bargain to put $400,000 there.

Commissioner ANDERSON. I do not dispute that. The $400,000 bonds that were divided, as appears from the minutes, were distributed pro rata among the gentlemen who subscribed for $400,000 of the stock.

The WITNESS. For the remaining $400,000 stock.

AS TO DISPOSITION OF MONEY PAID FOR STOCK.

Q. Is it not true that the money paid for that stock was also immediately directed to be appropriated for the benefit of the same parties who subscribed, in order to pay the amount due by them for construction account?—A. Not a dollar; every dollar of it was paid in cash.

Commissioner ANDERSON. If that be so, explain the entry in your book which appears immediately after the memorandum reciting the subscription to the stock and directing that the treasurer allot to the parties in interest, pursuant to the resolution of October 25 last, 400 of the first-mortgage bonds of this company. Immediately after that we find this extract, of the same date, at page 132: The treasurer of the company is authorized to pay over to the parties in interest in the Osborn contract the proceeds and avails of said stock options, to be applied to the liquidation and payment of their indebtedness and outstanding obligations on construction account.

The WITNESS. That was on construction account. Not one dollar of it ever went to any stockholder or any party who was interested in stock.

Q. I ask whether the proceeds which resulted from the stock subscriptions were not immediately applied by the order of the company to the liquidation of the amounts due by the parties in interest on construction account?—A. Yes, sir; on construction account.

Q. So that these parties were the same, I understand you, who held the sixty-fourths before the modification of the Osborn contract—the same parties who subscribed for the $400,000 of the new stock?—A. Yes, sir; but I do not want it to appear upon the record that I sanction any idea that anything whatever was paid, excepting—so far as these moneys, that were paid in by the parties, they were paid for the actual construction of the road, and not to any obligations that the contractors might be under to parties who might have advanced money to them, or anything of that kind.

Q. I do not mean that. I mean that the parties who subscribed to this agreement jointly had agreed to pay in a certain proportionate amount of the construction cost of the road, each one subscribing and paying in so much, according to the interest that he took. Then subsequently an arrangement was made, there having been $600,000 advanced or incurred by those parties, that they should have 6,000 shares of stock, and that a subscription should be taken at par for the $400,000 remaining, and as an inducement to that subscription $400,000 in bonds were allotted, and then the treasurer was directed to apply the proceeds

of the $400,000 obtained for the stock to the payment of amounts that were due from these same people by reason of their obligations to advance their proportionate shares on construction account. Is that correct?—A. You have got the words "amount due from these people" in there. The proceeds of the 4,000 shares of stock, like the proceeds of the 6,000 shares of stock, were applied to construction account, to building the road for the company—the property of the company.

AS TO SALE OF BONDS.

Q. Did you personally have anything to do with the sale of any of the bonds?—A. My own impression is that I did not.

Q. Who did conduct the sale of the bonds?—A. I think Mr. R. M. Pomeroy.

Q. Do you know through what house it was effected, or how the sale was effected?—A. I think that they were bought mostly by parties in interest, for they went down in value and have been sold as low, when we were in our troubles, as 20 cents on the dollar.

Q. You think they were bought largely by the parties in interest, that is, the parties who were interested in the sixty-fourths?—A. No; by the general stockholders.

Q. Do you know in what bank Mr. Pomeroy kept his account at this time, of the sales of those bonds?—A. He kept his account, I think, in a bank in Boston; what bank I do not know, but I think it was some leather bank. Those who are familiar with Boston can probably tell. I think he had two or three bank accounts in Boston.

NO BONDS DONATED OR DISTRIBUTED EXCEPT THE 400.

Q. Do I understand your statement to be, then, that to your knowledge no bonds were donated or distributed, except the 400?—A. No bonds to my knowledge, or that I have any idea of, were ever distributed or donated to any one, except the 400 bonds which were distributed in accordance with the agreement.

Q. Do I understand you also to mean that no bonds were distributed either through Mr. Osborn's contract or by some other means equivalent thereto, so as to be distributed among the parties interested in the construction of the road, as payment for construction?—A. There never was a bond, nor a dollar, nor anything of any value whatever, ever distributed under the Osborn contract. It was the same as though it was dead.

Q. Were there any bonds distributed for construction?—A. No, sir.

AND AS COMPENSATION FOR LOANS.

Q. Were there no bonds distributed as compensation for loans?—A. Yes, sir; there were.

Commissioner ANDERSON. Please tell us what you know of that class of bonds.

The WITNESS. There was a committee appointed, of the board of directors, to act upon this subject; where any of the parties made a loan to the company, say $25,000, in addition to the interest, they were allowed a bond. I do not remember what the amount was, but it was a liberal amount—$20,000 or $25,000—to the best of my recollection. It was in accordance with the custom which then prevailed with railroad companies.

Q. That was a loan for what period?—A. I should think it was for a loan of three or four months.

Q. And every time that loan would be made a bond would be given?—A. When that was renewed a bond would be given. Remember, gentlemen, it was hard times then. We never resumed specie payments until 1880, was it not?

Commissioner LITTLER. 1879.

Q. How many bonds found their way out of the company on this matter of construction as compensation for loans?—A. I do not know; there may have been—I only give you an estimate—fifty or seventy-five bonds possibly.

"EXISTING OBLIGATIONS."

Q. Were there not also bonds issued as compensation for claims?

The WITNESS. Compensation for claims?

Commissioner ANDERSON. In settlement of existing obligations.

The WITNESS. The words "existing obligations," which have become somewhat notorious in the Central Branch company, were first uttered to us by the parties who had control of this thing before the organization to which I belonged had anything to do with it, and we never could find out what the words "existing obligations" meant. We tried to. The words became a passing joke. It was said to become a test as to whether a man was tight or not, to ask him to say the words "existing obligations." If he could say them plainly, it was evident he was sober.

Commissioner ANDERSON. Your name appears on the books of the company as having received four bonds for existing obligations; you ought to know on what they were.

The WITNESS. Those are very unfortunate words for anybody to put opposite to me—"existing obligations." If that term has been used by Mr. Sother, and entered upon the books, and that appears so——

Mr. PERENNOUD. "Existing liabilities."

The WITNESS. Well, the words come from the Commission and not from the books. I dare say that was for loans.

Commissioner ANDERSON. No, the bonds issued to you for loans are separate.

The WITNESS. What is that?

COMPENSATION BONDS CHARGED TO WITNES.

Commissioner ANDERSON. Compensation bonds charged to you are entered separately. My only object in calling attention to it is that it might explain to you that there were bonds issued for "existing liabilities." You may tell us what they referred to. There are 45 to Jay Cooke & Co., 37 to Willis Gaylord, 4 to yourself, and 7 to Charles Gould.

The WITNESS. It is possible, if I saw this in the original book, if it was a book kept by Mr. Souther, that from some of the surroundings I might be able to explain it; but from this memorandum I am unable to give any explanation of it.

Commissioner ANDERSON. That answer applies to page 72 of the same report heretofore shown you.

The WITNESS. No bond, or anything in connection with this road from any source, was ever issued to me gratuitously.

Q. Have you any recollection of the number and amount of the loans that you made to this company?—A. I cannot tell you.

Q. Have you no recollection whatever as to the average amount or about the amount?—A. No, sir; it is a good many years ago, and those things were obtained a great deal by notes and indorsement at the bank.

Q. Have you any recollection of the amount of compensation bonds that were issued to you?—A. No, sir; I cannot tell you.

WITNESS'S INTEREST IN CONSTRUCTION.

Q. What was your interest under the Osborn contract, or in construction generally?—A. I think that I subscribed for eight sixty-fourths, one-eighth originally; but I would want the Commission to understand that so far as the Osborn contract is concerned, it is the same as though it never had seen light or never was in existence.

Q. Did you receive and pay the same share as the other associates, paying for the construction of the road and receiving whatever compensation was derived from the company for that construction?—A. So far as my knowledge goes, I did.

Then, if you can tell us how much you paid in and how much you received out, and we should multiply those two figures by eight, would not that give us a fair answer on the proposition we desire to establish, which is, what the road really cost to construct and what the parties in interest received out of it?—A. You will bear in mind that I have already stated that the construction contract was the same as though it never existed, and no element can ever be taken into account in calculating the cost of this road.

HOW MUCH WITNESS PAID, AND WHAT FOR.

Q. We will put it differently. We will merely ask you as to the cost of the bonds and stock to you. How much did you pay for what you got?—A. I paid $100,000 for 1,000 shares of stock; and I presume that under that agreement that was made I got forty bonds.

Commissioner LITTLER. As a bonus?

Commissioner ANDERSON. No; distribution and allotment.

The WITNESS. It was a distribution and allotment made at the time of giving up this contract. Those contracts were used in building all railroads, but we concluded we would abandon that thing entirely, and go on.

By Mr. JOHN F. DILLON:

Q. Do you mean that you paid $100,000 in cash for forty bonds and—how much stock?

The WITNESS. One hundred thousand dollars in stock.

By Commissioner ANDERSON:

Q. Is that a statement of your entire transaction? Is that all you got?

The WITNESS. After this stock was out I think I bought some stock once in awhile, and I think I sold some stock.

Commissioner ANDERSON. I am talking of what you got from the company?

The WITNESS. That is all.

Q. Do you say $40,000 bonds covers all the bonds you ever got from the company?—A. All, excepting the compensation bonds in the shape of commissions.

Q. And the four bonds paid for a liability which represented a valid liability, if you got those four bonds? There are four bonds charged to you for existing liabilities.—A. Yes, sir; I never received anything from the company excepting for full consideration.

AS TO MR. DAY'S INTEREST.

Q. Was Mr. Day similarly interested with yourself?—A. He became interested, I think, later on. I am not quite sure it was later on; not much later on, but somewhat later on. He had an interest in this contract, and in that shape he became interested. He paid in his amount. Finally that was abandoned and he received his stock for what he paid in.

Q. His statement of what he received appears to differ from yours as to the proportion of money, bonds, and stock. Is it not your recollection that you and Mr. Day received bonds in the same proportion according to the interest you each had in the company?—A. Those who were interested at the time and who had put in the $600,000 were all exactly the same. Whether Mr. Day became interested after that or before that I do not know. I cannot tell about that. If Mr. Day has made any statement that is different from what I state, he is laboring under a misapprehension.

Q. How familiar have you been with the operation of the road from the time it was completed down to the time it was sold through Mr. Ames?—A. I have very little familiarity.

Q. What is your general understanding as to its financial condition?—A. I know I used to ask Mr. Ames. Mr. Ames—I mean the present Governor Ames—always carried a little memorandum book in his pocket, where he had noted the earnings of the road; and once in a while he would show them to me, and I would express my approbation or my disapprobation, whatever it was, and it would soon pass out of my mind again.

Q. Was it not notorious among all of you, between 1870 and 1878, that the business of this corporation was very poor, and it was under financial embarrassment?—A. We were certainly very poor, and I think it must have been a notorious fact.

DEFAULT ON FIRST-MORTGAGE COUPONS.

Q. Were you not in default on your coupons of the first-mortgage bonds?—A. We were in default for, I think, three and one-half years or four years.

Q. Do you remember when you funded them? Was it not in 1879?—A. I think, upon reflection, it was; yes, sir.

Q. So that you were in default right down to 1879?—A. We must have been. I can recollect now.

Q. Who drew that funding mortgage?—A. That funding mortgage was drawn by Mr. Henry Day, I think.

Q. Did you have any of the first-mortgage bonds of the company at this time?—A. That I cannot recollect.

Q. You do not remember whether you put in any of your coupons or not?—A. That I do not remember.

Q. Did you get any of the income bonds?—A. Upon reflection, it appears to me I did get one for unpaid coupons, as it occurs to me now. It had my signature to it, and I gave it to my daughter as a memento. That comes back to me. I think that came to me.

THE FUNDING BOND.

Q. Do you know by whose advice it was that the maturity of the funding bond was made to occur before the maturity of the United States loan?—A. No, sir; I did not know that that was the fact.

Q. Do you know whether the coupons representing the obligation which was secured by that mortgage were canceled, or whether they were deposited with a trustee as an attendant security for the mortgage?—A. They were deposited with certain trustees, and the bonds were issued. One of those trustees, I think, was William C. Wetmore, but I do not remember the other. I think it was William C. Wetmore, and some other one with him.

Q. Do you know those coupons are claimed to be alive now as a protection to the mortgage?—A. Yes, sir; it was guarded against thoroughly.

Q. So that, on a foreclosure, the rights to be foreclosed would be as of the coupons themselves being a part of the mortgage, which antedates the United States loan?—A. Yes, sir. They are a part of the obligation that is covered by the first mortgage.

Commissioner ANDERSON. So that the claim, as we understand it, is, that those $600,000 or $700,000 income bonds take precedence of the United States claim?

The WITNESS. Yes, sir; they take precedence of it.

Commissioner ANDERSON. Mr. Mink, have you that mortgage?

Mr. MINK. No, sir; I have not.

Commissioner ANDERSON. I believe we have never had it. Do you know where that mortgage can be seen?

The WITNESS. Do you mean the funding mortgage?

Commissioner ANDERSON. Yes; have you a copy of it?

The WITNESS. Mr. Day had all to do with that, and Mr. Sother assisted him afterwards.

Q. Was it printed?—A. That I do not know.

Mr. JOHN F. DILLON. It was recorded, was it not?

Commissioner ANDERSON. It must have been recorded, I should judge. We will get a copy of it somewhere.

FINANCIAL CONDITION OF COMPANY BETWEEN APRIL AND NOVEMBER, 1879.

Q. Will you please explain, as far as you know of it, the financial condition of this company immediately after this income bond was made?—A. After this income bond was made, and everything funded and the bonds issued, the property was in the hands of our successors; but at the time of the sale to Mr. Gould——

Q. I want to draw your attention particularly to the interval between April, 1879, and the sale to Mr. Gould, which occurred in November, 1879. What, if anything, happened to your company during those six months, to explain the fact that an insolvent company which funded six years of its obligations in April was worth $250 a share six months afterwards?—A. At the time of the sale to Mr. Gould we were in debt, besides our funded debt, $150,000, of which amount $8,000 due to Mr. Day was a part. By authority I paid that $8,000, and I wanted the company to pay back that money to me. They owe it to me to-day, with interest. At that time I lost my wife and my father, and I neglected paying attention to it until about one or two years ago, when I wrote to the company. They ought to pay it to me. That showed the financial condition of things.

Commissioner ANDERSON. The financial condition of things had not improved, as we understand the force of your remarks, between April and November?

MR. GOULD PAYS $250 A SHARE.

The WITNESS. There was a great deal of spirit in the company. Mr. Gould had come up alongside of us, and was beginning to run tracks alongside of us. The men that were with us had some money. We determined we would run that race until we went into Denver, and it led to Mr. Gould buying the property. That is to say, for the majority of all this stock, which would be equivalent to four shares for every one share, he was to pay us $250.

Q. Then that bargain was the result of a vehement competitive rivalry in railroad construction, and not, in your judgment, the result of an estimated and careful appraisement of the resources and earning power of your railroad itself. Is that correct?—A. That I do not mean to say; probably no State in this Union has grown faster than Kansas has of late. It has grown with wonderful rapidity. Any far-seeing man who had patience to wait (and Gould is a far-seeing man) could see that it would not be long before that road would be in a good paying condition.

Q. Is it in a good paying condition now?—A. I presume it is.

Q. Do you know?—A. I own one share of stock, and they had not done me the favor of paying my dividends on it. I looked in one of those red books and I found they were paying 10 per cent. dividends.

HAS THE STOCK ANY INTRINSIC VALUE?

Q. I ask you this: If you take that company as an asset, with its earning power as you know it, on the one side, and charge on the other side the first-mortgage bonds of the company, the funded bonds of the company, the debt due the United States, and the value of the accrued interest to the United States, to date, is it your judgment that the stock of that company has any value at all?—A. No, sir.

Q. It has none?—A. I should say it had not.

Q. That being so, how does your explanation as to the development of the State of Kansas and the accruing wealth justify a price of $250 a share for that stock, subject to these very claims that I have mentioned, that payment having been made within six months after you had funded your defaulted interest?—A. Because I have always had great faith in my Government. The Government ought to deal with this company kindly and not deal with it in the rough and harsh manner with which it has dealt with other companies. In fact, the Government, in regard to this road, ought to cancel the indebtedness entirely, upon condition that for, say, forty or fifty years from the time of its starting, or it might be a shorter time than that, in lieu of their indebtedness the company should agree to render service to the United States Government in carrying the mails and rendering all service that can be done at 50 per cent. of cost of usual rates, or of the actual cost of carrying.

A TEST QUESTION.

Q. Let me test you. Is your faith in the Government so intense and great that you would to-day think it a possible transaction, or one which you would seriously consider for a moment, to pay to-day to the owners of this stock $250 a share, taking it as it stands? Would you not consider such a proposition out of all reason? Would you give

$250 a share for this stock to-day, because of your faith in the Government?—A. I would not myself. But that is no criterion.

WHY MR. GOULD PAID $250 A SHARE.

Commissioner ANDERSON. What we want to understand is, why Mr. Gould was willing to give you $250 a share for this stock, so that we can fit it with the other acts that occurred in this comedy or tragedy, and come to some intelligent conclusion as to his motives.

The WITNESS. In the first place, to stop competition.

Commissioner ANDERSON. That is what I asked you before: Whether it was the result of the rivalry between the two roads that were building, or whether it was the result of an appraisement.

The WITNESS. I think, in the first place, he examined into the matter. He wanted me to go to him and give him a distinct account of the property, from one end to the other, and the condition of things, a subject I was not particularly familiar with; but I, with great care, finally reached what I considered to be accurate knowledge of everything. I had it on a paper. I went to him and read it to him, when he quietly said to me, "Mr. Nichols, you are substantially correct." I found out afterwards that he knew everything about that road, from one end to the other. There was a man—I should think, from the description, it was Joe Richardson—who had traveled around in his shirt sleeves; and they ordered him out from some of the round-houses, supposing him to be a tramp.

Q. At the time of this conversation, were you aware that a negotiation was pending or had made some progress, under which Mr. Gould contemplated a rival line to be formed of the Missouri Pacific, of your road, and its possible extension through the Loveland Pass, to Ogden?—A. No, sir; I never heard of that until this hour.

MR. GOULD AN EXTRAORDINARY MAN.

Q. How many interviews had you with Mr. Gould in regard to this company?—A. I regard Mr. Gould as one of the most extraordinary men I have ever met, and therefore my interview with him made an impression on me. Before the interview that I refer to I had never seen or known the man.

By Commissioner LITTLER:

Q. What time was that?—A. That was at the time that I delivered to him a paper, a copy of which the company is in possession of.

Q. Do you mean the Commission? What company; the Railroad Company or what?—A. I mean Mr. Gould. I saw Mr. Gould and handed him some papers, the copies of which are in the bound volumes in the possession of the company, giving the indebtedness, and also reporting to him the condition of the road.

FIXING THE TIME OF THE INTERVIEW.

By Commissioner ANDERSON:

Q. Was this at or about the time that the transaction occurred between Mr. Ames and Mr. Gould?—A. Yes, sir.

Q. It was a part of the same thing?—A. Yes, sir.

Q. Do you say that was the only interview you had with Mr. Gould relating to this railroad?—A. Prior to that—let me think one moment. The interview that I refer to occurred at No. 80 Broadway, and I think

that I then and there was introduced to Mr. Gould for the first time. I never knew him by sight before that, and I watched and studied the man very carefully.

Q. Did you render him any service in relation to his negotiations for this road?—A. No, sir.

Q. Did you render any service to the company in relation to this negotiation for which you made a charge?

The WITNESS. This negotiation?

Commissioner ANDERSON. Yes; between Mr. Ames and Mr. Gould.

The WITNESS. No, sir; never.

PAYMENT TO WITNESS.

Q. Did Mr. Gould pay you any money?—A. No, sir; excepting there was money paid, not by Gould but by the company, for what was due me on the books of the company, for money lent and for services, which had nothing to do with this negotiation.

Q. That had nothing to do with this negotiation?—A. No, sir.

Q. The payment, then, was a payment of an obligation existing before?—A. Yes, sir; I think embracing a certificate of indebtedness that was issued to me for money lent a long time before.

Q. Was it represented by a certificate which was delivered to you at the same time that a number of other certificates were issued to other parties to whom the company was indebted?

The WITNESS. Were there 21 certificates in all?

Commissioner ANDERSON. Yes; I believe so.

The WITNESS. Yes, sir.

Q. That is the certificate you refer to?—A. Yes, sir.

Q. Dated December 1, 1873, at page 182 of the minutes?—A. Yes, sir.

Q. My question now is, did Mr. Gould pay you $25,000?

The WITNESS. For what?

Mr. ANDERSON. I will read it: "For attorney's fees, &c., as per claim submitted afterwards by J. Gould, $25,000."

The WITNESS. There was due me for balance of services, in my work at Washington, $20,000, and in fact a great deal more than that. There was also due me $5,000 for services in two suits that were brought against the company, which made the $25,000. Besides that, there was due me for services rendered in preparing the lease of the Atchison, Colorado and Pacific Railroad Company to the Central Branch I think about $2,500 which has never been paid; also due to Mr. Day $8,000, which I paid him and which has never been paid; and also $2,800 due to the secretary, which I paid him, and which has never been paid me.

Q. My question is whether Mr. Jay Gould paid you $25,000 for claims which you had or claimed to have against this company?—A. Mr. Ham gave me bonds for those $25,000, and my claim was assigned to Mr.—I do not know whom. I think it was assigned; I am not sure.

Q. What bonds did Mr. Ham give you?—A. I think they were Kansas Pacific bonds, consolidated; Kansas consols, they were called.

Q. Was this after the sale to Mr. Gould?—A. This was after Mr. Ames had sold to Mr. Gould.

Q. Was it a part of the understanding of the sale to Mr. Gould that you were to receive this money?—A. No, sir; it had nothing to do with it. This was a claim against the Central Branch Company.

AS TO THE CLAIM OF THE WITNESS.

Q. I understand that it was not a claim that the Central Branch was willing to pay before the transfer to Mr. Gould, was it?—A. Yes, sir.
Q. Had they offered to pay?—A. I will not say "willing to pay." They were unable to pay it. They were too poor to pay it.
Q. Were they willing to pay it?—A. I should have forced them to pay it.
Q. Had it been audited or passed in any shape or form?—A. I think it had been passed.
Q. Who passed it?—A. I cannot tell. It was admitted. I do not think there was anything in writing in regard to it, but it was approved by the company.
Q. Who do you say is willing to say for the company that this claim was approved?—A. I think it was approved in the minutes of the company.
Q. Can you say who approved of it—any officer of the company or any members connected with it?—A. That I cannot do. I do not believe there was any reference of it to any committee.

WAS IT CONTINGENT ON SUCCESS?

Q. Was not the $20,000 you have referred to, in regard to the Washington busines, entirely contingent upon your success there?—A. No, sir; not at all. There was something of that kind originally entered into with Mr. Pomeroy, but that was all done away with. It was found soon after Mr. Pomeroy went there that he was not the man to take it up.
Q. Who settled upon the $20,000 as being the amount?—A. I was to have a reasonable compensation, and it must have been approved by the principal directors then.
Q. Can you refer us to any witness whom we may call and ask this question?—A. I think Mr. Pomeroy was one.
Commissioner ANDERSON. Mr. Pomeroy is dead?
The WITNESS. Yes, sir.
Commissioner ANDERSON. We have a little preference for living persons. All the directors must have been cognizant of the fact?
The WITNESS. I think they all knew about my claim.

By Commissioner LITTLER:

Q. Was it ever formally presented to the board of directors or the auditing board of the company?—A. I do not think it was. It might have been. But those things were generally managed by Mr. Sother and Mr. Pomeroy.
Q. Was it ever discussed between the different officers of the company and yourself, formally or informally?—A. I think not. Not that I recollect of, at least.
Q. How did the company know that you had such a claim?—A. Mr. Pomeroy knew it well, and Mr. Sother knew it well, and the company knew it. They know that when a man is employed to deliver arguments, &c., they must pay.

By Commissioner ANDERSON:

Q. Did it ever materialize into dollars in value, until after the Ames and Gould transaction? Of course I understand they had more money then, and could afford to be more liberal.—A. By the bye, I think, upon reflection, it was secured by and discussed at the time of the creation

of the deed of trust, which was made to secure not only these certificates of indebtedness but also for legal services.

Q. That is the deed of trust of the lands, which is referred to in the minutes and which refers directly to the twenty-one certificates, is it not?—A. Yes, sir; I think in that you will find that it was given for several purposes: One to secure certain coupons; one to secure the certificates of indebtedness. I speak now from memory merely. Of course you will correct me if I am wrong; and then for legal services and some other things.

Q. I understand this $25,000 payment to be entirely distinct from the certificate of indebtedness. You have received them both, have you not?—A. Yes, sir; I received them both.

FURTHER INFORMATION ASKED AS TO THE "EXTRAORDINARY PURCHASE."

Q. Can you give us any more information as to the change that occurred between April, 1879, and November, 1879, and which will explain the extraordinary purchase made by Mr. Gould from Mr. Ames?—A. There was something that occurred to my mind a few minutes ago, but it passes my recollection just at this moment.

Q. Did the price strike you at the time you received it as something more than you had ever expected to get?—A. There was this remarkable feature about it, which we who were familiar with the thing, and who had worked along with the matter, knew. We knew that to have this property represented by $1,000,000 of stock was a most extraordinary thing. It showed the good faith and the perfect integrity with which we had acted, notwithstanding the action of the Departments towards us. There was a great deal of value thrown into that $1,000,000 of stock, because it controlled this road, and because of the rapid growth of Kansas; and anticipating future values is one thing, receiving values now in hand is another thing. I had supposed that that stock would become very valuable. It was important that our company should belong to the Union Pacific Railroad. I tried to negotiate, or entered somewhat into a negotiation, with Mr. Sidney Dillon. I did not see him personally, but wrote him a long letter on the subject. I have since attributed this purchase to the facts set forth in that letter. We enjoy most remarkable—I say *we*, although I have no interest in this matter now—but under that charter we enjoy remarkable privileges. The charter is of great value, for one thing. The rapid growth of Kansas is another consideration. The prevention of competition is another consideration. There are some other considerations.

VALUE OF THE CENTRAL BRANCH TO THE UNION PACIFIC.

Q. Please tell us in what possible respect the Union Pacific Central Branch is of any value to the Union Pacific as a tributary or a feeder, or what possible connection it has with it.—A. It has no connection at the present time. I mean by that, connection on the ground.

Q. You mean geographical connection?—A. It has no geographical connection. But the probabilities of connections are great; and if connections were made it would detract, of course, from the road below it, which is about 40 or 50 miles below, I think—the Kansas Pacific—which is now a part of the Union Pacific.

Q. Do you mean, if the road had remained independent and had prolonged itself at its own expense, so as to form a union with the Union

Pacific, that it might have been a dangerous competitor to the Kansas Pacific?—A. Yes, sir; and in addition to that, although I cannot give you the particulars, I think Mr. Oakes Ames informed us that there were other parties that were negotiating and were talking about purchasing this road. If it had been purchased, it would have very materially damaged the Union Pacific.

Q. Have you stated all the reasons that you can which shed any light at all on the price that was paid by Mr. Gould to Mr. Ames?—A. I think I have.

Q. In regard to the values derived from these leased lines, how much of the stock in the consolidated company was held by the Central Branch Union Pacific?—A. Some portion of it, but I cannot tell what portion.

ADDITIONAL VALUE "THROWN IN."

Q. The only additional value that would be, as you express it, thrown into the 100 miles, would be derived from the ownership of that stock in the consolidated company, would it not?—A. Yes, sir, and so as to control that they had a lease of it.

Q. But as far as ownership was concerned it would only be represented by the stock, would it not?—A. Only represented by the stock.

Q. And if they did not own any of the stock, there would be nothing thrown into the 100 miles? Of course, if the consolidated company was owned by outsiders, there would be no additional value in selling the 100 miles, because they did not own any portion of the consolidated company. Is not that so?—A. If they did own 100 miles they would have owned a trunk line, and all the business that came in from the country beyond, which was growing rapidly and increasing in value, would have to go over the 100 miles of road. I have been there, and know something about it.

Commissioner ANDERSON. I am now speaking of the advantage you have referred to before, of value thrown in by reason of the ownership of a portion of this consolidated company. I want to get at what proportion of the whole stock of the consolidated company was held by the Central Branch.

The WITNESS. I cannot tell you, but the books will show that.

Commissioner ANDERSON. Mr. Mink, can you show that; what is the stock of the consolidated company?

Mr. MINK. I cannot tell you, but it is in our annual report. The Central Branch stock is $1,000,000.

CENTRAL BRANCH OWNERSHIP OF ATCHISON, COLORADO AND PACIFIC STOCK.

The WITNESS. I think I can answer your question. You ask how much the Central Branch owned, of its own right, of the stock of the consolidated company, to wit, the Atchison, Colorado and Pacific?

Commissioner ANDERSON. Yes, sir.

The WITNESS. You mean the company that owns the railroad lying beyond the 100 miles?

Commissioner ANDERSON. Yes.

The WITNESS. I think they were paid for transportation and material in stock, and a certain amount of stock was issued to them, so that they owned that. When they bought the majority of the Central Branch stock from Mr. Oliver Ames they also obtained enough stock of the consolidated company in addition to own and control a majority of that

stock, so that they virtually owned and controlled not only the Central Branch, but also the Atchison, Colorado and Pacific extension, and also the Jewell County road.

By Commissioner LITTLER:

Q. Did that interest go in the purchase of the Central Branch Union Pacific stock?—A. It went without any further consideration. The stock delivered was not only——

Q. The stock of the 100 miles?—A. For instance, one share of stock went at $250. Not only was the one share of Central Branch delivered, but also a corresponding amount in value, if they had been capitalized at the same amount, of the other 300 miles.

Commissioner ANDERSON. It appears then, from the accounts of the company, that the Central Branch owns 7,857 shares of the Atchison, Colorado and Pacific Railroad. What I understand you to say is, that the sale of the stock of the Central Branch passed not only the Central Branch itself, but the interest of that company in these shares of the consolidated company.

The WITNESS. No, sir; not the sale of the Central Branch stock passed it, but it was delivered outside of it, and by separate certificates.

By Commissioner ANDERSON:

Q. To the Union Pacific Company?—A. To Mr. Gould, or whoever took it.

UNION PACIFIC OWNERSHIP OF SAME STOCK.

Commissioner ANDERSON. Do I understand your company has any stock, Mr. Mink?

Mr. MINK. Yes, sir; the Union Pacific Company owns some of the Atchison, Colorado and Pacific and the Central Branch owns a little more. I cannot tell the actual amount, but it appears in our annual report.

Commissioner ANDERSON. So that then the purchase of Central Branch stock passed both a certain amount of the consolidated company's stock by delivery and also a certain ownership by reason of the ownership of the Central Branch itself.

Mr. MINK. I do not know that it passed any by delivery. I cannot tell you how we acquired the $124,000 of stock that the Union Pacific Company own; but the purchase of the Central Branch stock did carry along with it some stock in the Atchison, Colorado and Pacific.

Commissioner ANDERSON. By reason of that stock being in the ownership of the Central Branch?

Mr. MINK. Yes, sir.

FINANCIAL CONDITION OF BRANCHES.

Q. Do you know anything about the financial condition of these branches which were consolidated; how much they were bonded for?—A. They were bonded for $16,000 a mile.

Q. Do you know whether their earnings are equal to their operating expenses and fixed charges?—A. I do not know it of my own knowledge, but I know that the interest is paid.

Q. Do you know that the interest is paid on the bonds of the branches?—A. On the bonds of the branches, yes, sir.

Q. Are you a holder of any of those bonds at present?—A. The Atchison, Colorado and Pacific and Jewell County? No, sir; I am not an owner of a bond.

INTEREST PAID BY MISSOURI PACIFIC.

Q. Do you know that the interest is paid from the earnings of the branches, or whether it is paid by the Missouri Pacific Railroad Company?—A. It must be paid by the Missouri Pacific. I am confident of that, because I have seen statements, I think, of their net earnings. I have seen those statements repeatedly, which show that there is sufficient to pay the interest on those bonds.

Q. Do you know whether it is sufficient or not, or whether the Missouri Pacific pays it as a part of the obligations of its lease?—A. If the statements that have been published are not correct, then it is a false and gross misrepresentation made by the Missouri Pacific road. I presume they are correct, for I never knew Mr. Gould to put his finger to anything that is not straight.

Q. Does the Missouri Pacific publish the accounts of the earnings of the branches separately from the earnings of the system?—A. I think not.

COST AND CHARACTER OF BRANCH CONSTRUCTIONS.

Q. Do you know anything about the actual cost of these branch roads?—A. No, sir; I do not.

Q. Do you know the character of the construction? Was there any steel rail?—A. That I do not know. Right in that connection I would like to state something that I had forgotten. I am informed and believe that the Central Branch track has been relaid with steel rails from one end to the other.

Q. On these branches do you know whether there was any cash subscriptions for any of this stock?—A. My impression is that there was, but they were built under construction contracts.

Q. What I want to know is whether those roads represent anything more, any greater expenditure, than the proceeds of their bonds, $16,000 a mile?—A. My impression is that the entire amount of money necessary for their construction was paid in cash by the parties who were interested in the contracts (in only one of which was I interested at all), and that the parties received the bonds, which were the return made for the moneys they had advanced, as a dividend under a construction company.

Q. It is fair to assume that the parties did not part with more than they got under those construction contracts, is it not?—A. I should think it might be.

Q. Is it not your judgment that those roads cost the amounts that they are bonded for and no more?—A. Yes, sir; I should say about that, because iron has been very cheap. At the time those roads were built iron was very cheap indeed, and Mr. Pomeroy looked after that a great deal, and he was a pretty sharp buyer.

LEASE OF THE BRANCHES TO THE CENTRAL BRANCH COMPANY.

Q. Do you know anything about the terms of the leases of these branches to the Central Branch?—A. Yes, sir; I drew that lease myself, and it provides that the lessor——

Q. The Central Branch?—A. The Central Branch should pay a certain amount of money.

Q. One thousand dollars a mile, was it not, per annum?—A. One thousand dollars per mile, which would cover the interest on the bonds,

which amounts to $960 a mile, and which leaves a small amount for keeping up the organization; and then they pay, in addition, all taxes of every kind, and do all repairs of every kind, and make all improvements.

Q. How long was this lease to run?—A. I do not remember the length of that lease.

Q. Is not that an important factor in determining the value of these branches to the main road?—A. Yes, sir.

Q. Do you not remember that it was twenty-five years?—A. I do not remember that.

Commissioner ANDERSON. Mr. Mink, how long is the lease?

Mr. MINK. I cannot tell you. I think it was about twenty-five years.

Q. Do you remember in what year the lease was made?—A. That lease must have been made in 1879, I think, to the best of my recollection.

Commissioner ANDERSON. Then it would expire in 1904?

The WITNESS. If it was twenty-five years.

EFFECT OF THE LEASE ON THE VALUE OF THE CENTRAL BRANCH.

Q. In what respect would that lease add so much of value to the Central Branch if it is subject to a readjustment of its terms in a few years?—A. During that period the Central Branch would control the business of the Atchison, Colorado and Pacific, and the Union Pacific owning a majority of the stock of the consolidated company, namely, the Atchison, Colorado and Pacific, would have both roads, one in one pocket and one in the other.

Q. Do you mean to say that the holder of a majority of stock could make inequitable or unjust terms, thereby favoring the corporation which he represented and desired to favor as against a minority; would not he be compelled to make just terms and a just rental?—A. I cannot conceive of any possible circumstances under which the stockholders of the Atchison, Colorado and Pacific would want to dissolve their connection with the Central Branch Union Pacific.

Q. Might they not demand such an increase of rental as would substantially give to them most of the benefits and leave very little to the Central Branch?—A. That might be; you cannot tell what might occur in the future.

GUARANTY OF BRANCH BONDS BY CENTRAL BRANCH COMPANY.

Q. Do you know to what amount the Central Branch has guaranteed the bonds of the branch roads?—A. They have guaranteed, my recollection is, the principal and interest. But I should want to refer to the bonds for greater certainty.

COUNTY AID TO BRANCHES.

Q. Do you know what county aid was extended to those branch roads?—A. No, sir. I heard at the time, but I cannot tell you anything about it.

Q. What company were you interested in?—A. It was the last company; the road was built under the last charter, at the further end. I do not remember the name. [After looking at a memorandum.] My recollection is that the name of the company in which I was interested, which was at the further end, the most westerly end, was the Atchison, Solomon Valley and Western Railroad.

Q. Did that company ever receive any county aid?—A. I think it did.

Q. Do you know how much?—A. I cannot tell you. They were obtained through the instrumentality of Mr. William F. Downs, who was then our manager.

Mr. JOHN F. DILLON. Your superintendent?

The WITNESS. Superintendent. Mr. Downs is dead.

WITNESS'S INTEREST IN ATCHISON, SOLOMON VALLEY AND WESTERN ROAD.

Q. What was your interest in the construction of that road; what share?—A. We subscribed with a view of going to Denver.

Q. What proportion did you take?—A. I subscribed $250,000.

Q. What was the total subscription?—A. I do not know. I cannot tell. We were cut short by the arrangements made with Mr. Gould, and I paid in about $100,000, I should think. But I am not sure about the amount.

Q. Do you know what the total amount was for which your road was bonded?—A. $16,000 a mile.

Q. How many miles, do you recollect?—A. I cannot recollect now.

Q. What did you get for your $100,000?—A. *If* I paid in $100,000, I cannot tell you, I do not remember now, but I made a handsome profit on it.

RELATION OF COST TO EARNING CAPACITY OF BRANCHES.

Commissioner ANDERSON. What we want is to ascertain the relation between cost and earning capacity of these branches.

The WITNESS. I have no hesitation in stating anything I can to the Commission.

Commissioner ANDERSON. I want to know whether this particular branch that you were interested in cost as much as was represented by its bonded indebtedness, after deducting the county aids.

The WITNESS. I should think not. That is my impression.

Q. Is it your judgment that this same state of affairs applies to the other branches?—A. I should think there was more money made off the first road, that is eventually, although the parties ran a great deal of risk. On the first 20 or 30 miles that they built on the end of the Central Branch, I think more money was made by the parties who were then interested than was made by those of us who were interested in the farther end. I had no faith then in the thing. I was completely demoralized by this public clamor at Washington, and I was unfit to look at anything. Other parties went in and——

Commissioner ANDERSON (interposing). I think you went in pretty well yourself, and you saw a pretty good pile at the end of it.

The WITNESS. Just explain that.

Commissioner ANDERSON. I mean to say you stuck to it until you made a magnificent bargain with Mr. Gould.

The WITNESS. It would have been far better for me if I had taken that $100,000 and burnt it up than it has been. It broke up my business, for I went to Washington and devoted myself exclusively to this matter. I devoted more than six of the best years of my life to it, and it has enabled me (perhaps it is no credit) to know as much about these Pacific railroad laws, perhaps, as any other man to-day, with the exception, perhaps, of my worthy friend here.

Mr. JOHN F. DILLON. I yield to you.

Q. Are you now a holder of any of the Central Branch bonds?—A. I am not personally. My family owns some.

Q. Some of the first-mortgage bonds?—A. The first-mortgage bonds.

Q. Of the same lot that were originally issued?—A. Of the first-mortgage bonds of the Central Branch, my daughter owns some. I have one child, a daughter.

EXPENSES AT WASHINGTON, $4,325.28.

Commissioner ANDERSON. We find some entries that appear to refer to you in the journal. I read one under date of September 10, 1868; "E. H. Nichols, credit amount paid per R. M. Pomeroy and self for congressional traveling and expenses at Washington, $4,325.28." Please look at that entry and state whether you recollect that expenditure?

The WITNESS. I believe that to be perfectly correct. I do not remember the details of it, but not one dollar of that or any other charge was ever improperly used.

Q. That amount of money was spent by you in Washington during that session, was it?—A. By Mr. Pomeroy and myself, as it appears here. That is, I have no doubt of its correctness. If this is taken from Mr. Sother's books, they were examined by myself and Mr. Pomeroy, and I have no doubt of its correctness.

Q. Do you remember that you were in Washington during that year of 1868?—A. I was in Washington. I went on to Washington at the close of the year 1866. I supposed that I might remain there, and so told my wife, that I might remain there a month or two in order to get matters adjusted. I remained there until April, 1873.

Q. Do you remember whether in 1868, when this statement was made up, representing this expenditure of money, a voucher was prepared?—A. No; I do not recollect anything about it.

Q. Do you remember whether it was the custom to pay you such sums without your giving a voucher therefor?—A. I think the whole thing was explained to the committee. There may have been a voucher or detailed statement of it prepared. I presume it was prepared by Mr. Pomeroy, for he attended to the money matters.

Q. Do you remember how long a period of time this payment covered?—A. No, sir.

Q. Do you remember what the character of the expense was which was charged to this railroad company?

The WITNESS. What is the date of it?

Commissioner ANDERSON. September 10, 1868, for Congressional traveling and expenses at Washington.

A. I cannot tell you.

NATURE OF THOSE EXPENSES.

Q. Can you tell us, from recollection, what was the nature of your expenditures in Washington?

The WITNESS. At that time?

Commissioner ANDERSON. Yes.

A. Mr. Pomeroy employed a number of persons as counsel, whose names I have mentioned, and there was a great deal of printing going on. I cannot tell you.

Q. Do you mention these names in connection with this particular period, September, 1868?—A. No, sir; I cannot recollect about the dates.

Q. You do not mean that any portion of this was applied to the payment of counsel fees to some of these gentlemen you have referred to—Mr. Evarts and others—do you?—A. Not to the main counsel, for I employed them all myself; but to some of the others it may have been paid.

INTERVIEWING MEMBERS OF CONGRESS.

Q. Will you please name any person whom you believe to be covered by an entry made in September, 1868?—A. I could not tell you.

Q. Were you yourself in the habit of interviewing members of Congress with reference to the interests of the company?—A. Yes, sir; in reference to this bill that we passed; I became acquainted, I think, with every member of the Senate.

Q. Was that applicable to the year 1868? At that time had the Kansas Pacific changed its route?—A. Oh, yes, sir. I think we did not come with our bill before the Senate until after Cox's decision. The three Pacific railroad acts are dated July 1, July 2, and July 3, one in 1862, one in 1864, and one in 1866. Cox's decision had not at that time been given. Cox's decision was dated the 27th of January, 1870, and this was September, 1868, you say.

Q. Can you give us any detail at all which can fit this item?—A. No, sir, I cannot. Will you please read the words preceding it?

Commissioner ANDERSON (reading): "Amount paid for R. M. Pomeroy and self for Congressional traveling and expenses at Washington, $4,325.28."

The WITNESS. I cannot recollect it.

Q. How would you explain this expression, "Congressional traveling"?—A. It is a common phrase—going on to Washington.

Q. Do you think "Congressional" is used as an adjective to qualify "traveling," or that there should be a comma between those words?—A. It is difficult for me to tell what other people mean. The word "Congressional," I can conceive, might be used by those who are not experienced, as pertaining to Washington.

Q. Can you shed no light on it at all?—A. I have a pretty clear recollection, and I should think that that was some of Mr. Pomeroy's work.

Q. You do not think you worded that sentence?—A. No, sir; I think likely that is Sother's sentence, or Sother's and Pomeroy's together.

NO PORTION OF EXPENSES USED TO INFLUENCE MEMBERS OF CONGRESS.

Q. Do you state, under oath, that no portion of this money was, to your knowledge, used for the purpose of influencing any member of Congress?—A. I do.

Q. In any way, shape, or form?—A. In any way, shape, or form.

SOME DINNERS GIVEN.

Q. Do you extend that so far as to include the giving of dinners?—A. No, sir; there were some dinners given.

Q. Some of that money may have been expended in that way?—A. That may be, but I think it was after that. I think there were two or three dinners given at the Arlington, but I was not present at any one of them. Some of the parties there thought it would be a good opportunity to get acquainted with members of Congress and for talking to them in regard to it. When I went there I did not know as much as I know now.

Q. Is there any other form of spreading the railroad gospel that you are acquainted with, that was in use at Washington when you were there, than giving dinners?

The WITNESS. What is that?

PURPOSES FOR WHICH MONEY WAS USED.

Q. Is there anything else that those moneys were used for, in forms that you would consider perfectly justifiable and not amounting to bribery, besides the giving of dinners?—A. No money was ever used for any purpose that I have any knowledge or recollection of, excepting for counsel fees, and for board of counsel and myself; and I think I did not even charge for my family when I was there; and there was also the printing. I should think the printing bills must have amounted to $10,000, for I have got boxes enough to indicate that. There were also stenographer's fees and traveling expenses.

Q. Are you quoting from any memorandum of figures, or merely from a memorandum made to refresh your mind?—A. No, sir. At your request I tried to think over this matter, and I made some memoranda which is at your service to examine.

FURTHER EXPENSES AT WASHINGTON, $7,140.

Q. I find a subsequent entry, "April 5, 1869, sundry expenses incurred by me in Washington to date, for traveling, board, printing, and sundry special expenses, $2,140; retaining fee, W. M. Evarts, $5,000; total $7,140." The item begins, "E. H. Nichols, credit." That appears to be credited to you in your account with the company. In regard to the $2,000, have you any further explanation to give as to that item than you have given already?—A. No, sir.

FOR SPECIAL SERVICES OF WITNESS, $20,000.

Q. I find under date of January 1, 1870, "Effingham H. Nichols, credit, special services rendered during construction of the road, $20,000." What was that credited to you for?—A. It was for services rendered during the construction of the road.

Q. Special service of what character?—A. As lawyer.

Q. Is there a bill of items covering that amount?—A. I think not. I think you will find it all in the minutes. I recollect something about that.

Q. Has this entry any connection with the subsequent adjustment that you have referred to, after the sale to Mr. Gould?—A. No, sir; nothing.

Q. Was this $20,000 paid to you by the company?—A. That is my recollection. I am under the impression that it was paid, but it is so many years ago I do not remember.

FOR DISBURSEMENTS AND SERVICES, $23,344.91.

Commissioner ANDERSON. Then I find the following entry, under date of July 15, 1870, "For disbursements and services between January 1 and July 12, 1870, promoting the passage of bills for the relief of the Central Branch U. P. R. R. Co., $23,344.91."

The WITNESS. That must have been money paid out by Pomeroy and myself.

Q. Was there any voucher prepared?—A. As I say, the particulars of it were all furnished at the time,

Q. Can you give us no information as to an item of this size, $23,000, embracing a period of only a few months?

The WITNESS. What year was that?

Commissioner ANDERSON. 1870. The first six months of 1870.

The WITNESS. It must have embraced counsel fees, and it must have embraced something to me on account—some fees to me, probably.

Commissioner ANDERSON. This is in addition to the item of $20,000 which we have just passed. It is a separate entry.

The WITNESS. Let me see. [After examining the statement.] All I can say is that I should think that we spent in counsel fees and in printing, and in these things which I have named, in Washington—I cannot speak with any definiteness—more than $75,000; perhaps over $100,000. Mr. Evarts argued the case three times; Mr. Benjamin R. Curtis gave us two different opinions and argued the case once; Mr. Hoar argued the case twice or three times.

Q. Were any of the employments that you have referred to prior to July, 1870?—A. I should think they must have been; certainly. Oh, yes, sir.

Commissioner ANDERSON. The application of this money, as stated in the entry, is for promoting passage of bills for the relief of the company?

The WITNESS. I am not the author of that language. I suppose that was put in there by Thomas M. Sother.

Commissioner ANDERSON. He must have obtained it from the vouchers or explanation given to him by yourself.

The WITNESS. I think those things were all caused to be entered in there by Mr. R. M. Pomeroy.

AMOUNT PAID GENERAL JAMES CRAIG, $500.

Commissioner ANDERSON. I find an entry under date of October 12, 1868, "by amount paid General James Craig, $500."

The WITNESS. Who is that charged to?

Commissioner ANDERSON. It is credited to you. "Expenses to Kansas and back, $263.24. Cash paid on account of Central Branch Railroad Company, $1,000;" and, 15th October, same amount again, $1,000. Will you see if you can explain those entries?

The WITNESS. I have no recollection about that, and I do not believe any such money was ever paid by me. I am sure it was not. But I think that had something to do with politics—Mr. Pomeroy's operations out there—but what, I do not know.

Q. Why should it be credited to you?—A. Because, I suppose, I was called upon to sign a check.

Commissioner ANDERSON. It would not be credited to you unless you signed your own check.

The WITNESS. Is it credited to me?

Commissioner ANDERSON. Yes, sir; that is a credit to you; and it means that you had stated to the company that you had paid General Craig $500 and wanted it back.

The WITNESS. I do not believe I paid General Craig any $500. I think, if that was paid, it was paid by Mr. Pomeroy.

Commissioner ANDERSON. You may have paid Mr. Pomeroy. He may have said he preferred to have it entered that way, and had it credited to you, and you paid it to him.

The WITNESS. It may have been something of that kind. I do not recollect about it.

Afternoon session.

EFFINGHAM H. NICHOLS, being further examined, testified as follows:

AS TO VALUE RECEIVED BY COMPANY FOR STOCK ISSUED.

Commissioner ANDERSON. Before resuming this question of legal expenses, I have examined the report made to us from the books of the company, and I would like to see whether I can get any more information from you as to the value received by the company from these stock issues. The entries on the books contain a statement of all the issues of stock, giving the number of shares issued to each person, the name of the person receiving the stock, the date of the issue, and the only cash which the books of the company show to have been received from this stock. The statement also includes the stock operations on the $400,000 subsequently issued and contains a statement of the exact amounts paid on these stock operations. I will hand you this statement, from which it would appear that the entire amount received by the company for both the original issues of stock and the amounts paid in on the stock options, was $386,700 [handing paper to witness]. That is from pages 84 and 85 of the auditor's report.

The WITNESS. Any statement which purports to come from the books of the company, and from which any conclusion can be drawn that a less amount than $1,000,000 was paid for the $1,000,000 stock, is false and untrue so far as the conclusion derived therefrom, with the exception, I think, of a balance due on the amounts of stock that were issued to R. M. Pomeroy of—I cannot recollect the amount—somewhere, I should say, from $2,000 to $5,000, or $6,000 or $7,000, that was not paid at the time that we delivered over the books.

Q. Do you consider the stock which you issued as compensation for loans, for instance, as stock which produced its par value in cash?—A. There was no stock ever issued for anything excepting cash.

Q. Was no stock ever issued as compensation for loans?—A. No, sir; every dollar was paid in, with the exception that I have named, which will appear upon the books in the pencil memorandum, made after a most careful and elaborate examination. I think it was made by Mr. Sother or by myself, and I think it is the only memorandum that I have ever made in any of the books.

Commissioner ANDERSON. The statement made by you is that 1,616 shares of this stock, in addition to another entry, to which I will call your attention in a moment, of 199 shares, were issued to you, and the only credit for value received by the company from you for that 1,600 shares of stock is $62,100

The WITNESS. Whatever those statements are, they are misleading. There is another book which was kept by Willis Gaylord; and the first payment—for instance, my proportion of it was something like $60,000—will appear in that book, and in the books then that followed it, which were kept by Mr. Sother. Whatever stock I held—at different times I held different amounts of stock, but whatever stock was issued by the company the company has received full value for, with the exception of what I referred to as to Mr. Pomeroy.

Q. How many shares of stock were issued to you on these stock options?—A. Whatever amount I paid in. For instance—this is the only answer I can give—if I had paid in $60,000, then 600 shares of stock were issued to me, and no more and no less in that proportion, and nothing else.

Q. How many shares of stock did you pass to Mr. Ames?—A. I owned at that time, I think, 901 shares, and my father's estate owned 100 shares; and I passed to Mr. Oliver Ames, as the books will show (for I have a copy of that book at my office, which I retained for my own satisfaction), 1,000 shares.

Q. Had you sold some of your stock between the time when you subscribed to the option and the time when you sold to Mr. Ames?—A. Yes, sir; I had sold, and I think I had bought. But I do not remember about that particularly.

Q. The entry against you is for 1,616 shares of stock. Are you prepared to state whether that is or is not the amount of stock that was issued to you on these stock options?—A. I do not think any such amount of stock was issued to me on any stock option. There could not have been in the nature of things.

Commissioner ANDERSON. We can only take the entries as we find them in the books, and that is the way we do find it there entered.

The WITNESS. There are other portions of the book which will explain that. I am confident there must be.

AMOUNT PAID FOR STOCK BY WITNESS.

Q. Can you tell us what money you paid to the Central Branch Company for the amount of this stock subscription?—A. I paid at the rate of $60 on every share of stock and afterwards $40.

Q. Do you know what amount of money you paid?—A. I cannot tell you. But it was at that rate, whatever the amount was that I had at that time.

Q. Would there be any difficulty in ascertaining from your account how much you paid in?—A. I should think an expert could easily ascertain.

Q. Have you not any account of transactions in that year which will show how much money you paid to the Central Branch? If you have, we could ascertain how many shares of stock you would be entitled to.—A. I do not believe I have, in any way. But I make this general statement, that I never received a share of stock but what was paid for in full.

Commissioner ANDERSON. The difficulty with us is that somebody else got it other than the Central Branch Company.

The WITNESS. The Central Branch Company got every dollar of it.

Commissioner ANDERSON. The books show otherwise.

The WITNESS. Then the books have not been properly examined.

WHAT THE BOOKS SHOW.

Commissioner ANDERSON. But the consideration and advantages obtained by the company, as shown by this balance sheet, do not bear you out. They contain a statement of all the assets it received, and all the company has to show for it, and all the cash entered as coming from the stock subscribed for by you, is $62,100.

The WITNESS. I think you stated that for the whole capital stock all that they received was—how much?

Commissioner ANDERSON. $386,700.

OTHER BOOKS KEPT.

The WITNESS. That is explained upon this principle: That the money that was paid in upon the stock options is in another book entirely that was kept by Willis Gaylord, who was treasurer, not only of the com-

pany, but also of the Construction Company, and the $600,000 was paid in there. This amount, $386,000, that ought to have shown $400,000 for the stock, was issued to us at that time, we having already paid in, as appears by another set of books, $600,000; I mean $600,000 in round numbers. It was intended to be that. Then, as to the remaining stock that was issued, every dollar of that stock which I got I paid for; and so it was with every one else. There is an affidavit of mine in one of those books, which I know is true, otherwise I would not have sworn to it at the time. I will read it, and it may throw light upon this:

READING FROM AN AFFIDAVIT.

That a contract for the construction of the first 100 miles of the said railroad was made upon the 9th day of May, 1865.

That contract was made long before that, but some features of it were changed, and the date was altered.

That by mutual understanding and agreement, no material work was commenced under said contract until the month of July following.

That is to say, until the expiration of one year from the passage of the Pacific Railroad act of July 2, 1864.

That at the time of the making of said contract the entire capital stock of said company was subscribed, namely, $1,000,000; that during the summer and fall of the year 1865 nearly $480,000 thereof was paid into the treasury, and that on or about the month of July, 1866, the further amount of about $420,000 was paid into the treasury in cash; that since that time the residue of said capital stock, namely, $400,000, excepting about $26,800——

Does that make up the difference?

Commissioner ANDERSON. This is $386,700, which is $13,300 short.

The WITNESS:

That since that time the residue of said capital stock, namely, $400,000, excepting $26,800, has been paid into the treasury in cash; that said $26,800 is due and payable from the stockholders, who, by reason of sickness or some other cause, have not yet paid the same; and that no part of said amounts have ever been repaid to said stockholders, but that the whole amount, now amounting to upwards of $1,000,000, has been disbursed and expended, etc.

By Commissioner LITTLER:

Q. How did you happen to make that affidavit?—A. To show our good faith before Congress, or at least before the Departments.

By Mr. JOHN F. DILLON:

Q. What is the date of it?—A. The 5th day of April, 1869.

WHAT THE BOOKS SHOW AS TO PAYMENTS MADE.

By Commissioner ANDERSON:

Q. The statement taken from the books contains not only the stock subscribed for on the stock option of $400,000, but all the prior subscriptions of Chalice, Brooks, Pomeroy, and others, and it is only by adding all those together that we obtain the figures $386,700. The payments that appear on the books to have been made on the stock options do not exceed $150,000. Can you explain, if there be any other book that contains evidence of the receipt of moneys belonging to this corporation, how it is possible to ascertain what benefit the corporation would be entitled to therefrom? From the books we have all the contracts and obligations appearing against the company as having been satisfied out of these assets that they have received, and there is no evi-

whatever tending to show that you or any of these other gentlemen paid these other sums.—A. There is a book that we obtained from Gaylord, with whom we had trouble, which must be in the possession of the Union Pacific Railroad Company, which, while it is unsatisfactory to us, yet it must show a certain amount of money received and a certain amount of money paid to Osborn on account of construction of the road. As matter of fact, or at least I know so far as I myself am concerned, and so far as a great many other gentlemen are concerned that I am familiar with, they had paid in $600,000. That was paid in. The other was called stock option. Parties could take it if they chose. They took it and agreed to pay in the other $400,000, all of which was at this date, or had been at this date, paid in, with the exception of $30,000. I am very sure that when the books were handed over—I think Mr. Mink will find in Mr. Pomeroy's account a memorandum of something, with the dates, on account of the stock that was issued to him. I do not remember the amount, and I think it is written in pencil.

WITNESS PAID CASH FOR ALL HE GOT.

Q. To put the question directly to you, if you received 900 shares of stock on these stock options, do I understand you to say that you paid $90,000 in cash for it?—A. If I received 900 shares, I paid $90,000 for in cash. *If* I did.

Q. So that whatever stock you received you paid for in full?—A. Whatever stock I received I paid for in full.

By Commissioner LITTLER:

Q. In cash?—A. In cash; in money.

Commissioner ANDERSON. The total amount which appears to have been received by this company for the stock options is $167,000, and no more.

The WITNESS. If you mean to state that that appears by the books——

Commissioner ANDERSON (interposing). I do.

THE ACCOUNTANT COULD NOT HAVE SEEN ALL THE BOOKS.

The WITNESS (continuing). I state in reply that there must be a mistake about that, and the accountant who went over it was not put in possession of the proper books from which to ascertain the result.

Commissioner ANDERSON. I would say, in explanation of what I have stated, that from the accountant's statement to me, it is not clear from the books exactly what was received on the stock options as distinguished from what was received from the other $600,000 of stock issued before; but that the books show that the total amount received from all sources, for the whole million dollars of stock, is $386,700; and that you state must be erroneous?

THE WITNESS CANNOT BE MISTAKEN THAT ONE MILLION DOLLARS WAS PAID IN, IN CASH.

The WITNESS. I state that that is necessarily erroneous, and cannot be otherwise. I will state further, that at the time the 6,000 shares were issued, the parties having paid in the money before at different periods as it was called for, interest was allowed on them up to the day of issue of the stock, and that interest and the price paid amounted to

$600,000, for which 6,000 shares of stock were issued; and then the 4,000 shares were issued, and my recollection is that every dollar of it was paid for at par. I cannot be mistaken about it. It was paid in cash, every dollar of it.

Commissioner LITTLER. Mr. Mink, have you no book in your possession that shows these facts?

Mr. MINK. No, sir; everything was turned over to the accountants.

The WITNESS. I will inquire if you have Willis Gaylord's books?

Mr. MINK. I do not know them by that name. We have all the books that were turned over to us at the time of the purchase.

Commissioner ANDERSON. Mr. Perannoud says he has not seen that Willis Gaylord book.

The WITNESS. The only book that I ever got out of Willis Gaylord was one book which was I suppose delivered over. It was a very simple affair, containing the amount he paid out on one side, and the amount he received on the other. Whether he had written it up to date or not, I do not know. We had trouble with him. We had paid in the $600,000, that is, such sum as, with the interest, amounted to $600,000, up to the date of the issuing of this stock.

By Commissioner LITTLER:

Q. Did this trouble with Mr. Gaylord result in his refusing to surrender up a portion of the books which he kept?—A. It grew out of our trying to find out what the "existing obligations" were for.

By Commissioner ANDERSON:

Q. Do you remember that 199 shares of this stock was subsequently issued to you after the sale to Mr. Gould?

The WITNESS. After the sale to Mr. Gould?

Commissioner ANDERSON. On the 29th of January, 1879; that was ten months before the sale to Gould?

CERTIFICATES OF INTEREST IN THE OSBORN CONTRACT.

The WITNESS. I can recall a circumstance of this kind: that I bought some certificates (upon which parties had paid) of interest in the Osborn contract, and I took them and paid up the difference and the stock was issued to me.

Q. Were those certificates taken as money at their face value?—A. They were taken at their face value.

Q. To what kind of a certificate do you refer?—A. I refer to a certificate—I can not recall it exactly, but I think the form of the certificate was that such a person was entitled to so much; or it was in the nature of an assignment of these parties who had assigned this Osborn construction contract. Parties who had taken interest in that transferred it from one person to another, and sold interests in that contract upon which payments had been made.

Q. By them?—A. By them.

Q. And then the certificates represented or stated the amount which they had advanced?—A. It stated the amount which they had advanced. That appeared upon the certificate, and the party receiving the certificate, of course, would have to pay up the difference if calls were made, if they were behind on them.

WHAT THEY ENTITLED THE HOLDER TO.

Q. Why should that certificate represent an amount in money which the Central Branch was bound to pay?—A. It had nothing to do with

the Central Branch. The holder of that certificate was entitled to have 1 share issued to him for every $100 that he had paid on account of that certificate; and if I bought the certificate I was entitled, upon showing evidence that I was the assignee of that certificate, to receive from the company my certificate of stock for 1 share, which carried with it the option in the relation of 40 to 60. For instance, suppose it was for 100 shares; supposing there had been $6,000 paid, 1 was entitled to 60 shares, and I was entitled to the option of 40 shares more upon paying the $4,000 for it.

Q. Were you also entitled to the four bonds that would belong with the option?—A. Yes, sir.

Q. In other words, you were entitled to come in as a subscriber to the 4,000 shares, being, under this certificate, entitled to be a holder under the 6,000 shares?—A. I stood in the shoes of the man who originally subscribed.

Q. Is that your recollection of the manner in which you obtained this 100 shares of stock?—A. I had no distinct recollection about any specific number of shares. I never acquired any certificate or any stock without paying its full face.

Q. You do not mean necessarily in money, do you?—A. Necessarily in money; yes, sir.

Q. In this case do you say that the consideration you paid was by delivery of this certificate to the company, which entitled you to stock?—A. Yes, sir; the man who had held that certificate paid every dollar on it, and I paid the balance.

AS TO THE CONSIDERATION PAID TO THE COMPANY WHEN ISSUING STOCK.

Q. I am only asking what consideration was paid to the company at the time of the issuing of this stock? I understand the 199 shares——A. (Interposing.) I paid to them the balance that had not been already paid at par. For instance, of the $19,900 sixty per cent. of this had been already paid in cash and the balance I paid in cash.

Q. To whom did you deliver the certificates that you held?—A. That I cannot tell.

THE PROBABLE WHEREABOUTS OF THE CERTIFICATES.

Q. The regular form would have been to deliver them to the treasurer of the company, would it not?—A. I should not be surprised if these certificates were somewhere about the office.

Q. About whose office?—A. About my office at the present time. The only reason for that belief is this, that I once owned the property where I am now sitting, and my office was here, as was also the office of the treasurer of the company. The office of the company in the city of New York was here, I think—just about here. I sold this property to Mr. Astor and we moved from here to No. 20 Nassau street. The clerk that I had then, my chief clerk, died suddenly a year and a half since. A great many papers were destroyed, but I think a paper like that may possibly be in some of the safes. I bought the safe from the company and all the papers that were really valuable were delivered by Mr. Sother to our successors, but it may possibly be that those papers may be in my office. If so, I will hunt for them and send them to you, although they ought to be kept carefully as muniments of the title of the interest in that construction company.

Q. The certificate that you refer to is evidently a voucher to the company for the issuing of the stock; that is so, is it not?—A. Yes, sir; it is evidently a voucher.

Q. If you have it, will you kindly produce it?—A. I will deliver it if I can find it. Those papers are all together, I think. I think that those things were examined and were all put in one envelope together. They ought to be in the possession of our successors.

Q. In exercising the option on the certificate, do you say that you took it up and paid at par for the balance of the stock which you were entitled to receive?—A. Yes, sir.

PRICE OF THE STOCK IN JANUARY, 1879.

Q. Can you explain why, in January, 1879, when the stock of this company could be bought in the market for a trifle, you would do that?—A. That is hearsay—selling in the market for a trifle.

Commissioner ANDERSON. No; it has been sworn to.

The WITNESS. I think I had been on to Boston and there went out and dined with Mr. Oliver Ames and Mr. R. M. Pomeroy. I remember that while at dinner Mr. Ames wanted to buy 100 shares of stock of me. I agreed to sell it to him at 120 and I was surprised; I did not know what it meant. It began to go through my mind that there was something up.

Q. Mr. Ames's testimony is that as early as January, 1879, the stock was selling for a mere trifle. It was before your income mortgage had been made. That is the date of the issue of 199 shares to you. Can you explain why, at that time, you would have been willing to pay par for any portion of this stock of this company?—A. I cannot tell now what that refers to. Have you the books here?

Commissioner ANDERSON. No; these are only extracts.

The WITNESS. I think the books would explain where I got that from. I mean the stock books.

Commissioner ANDERSON. It does not appear from the books that the company received any consideration whatever for these 199 shares of stock.

Mr. PERENNOUD. The stock books merely show the issuance to you of the 199 shares, and that is all.

The WITNESS. I beg leave to say that the books of the company must show it and do show it.

Commissioner ANDERSON. We will have them brought on here and exhibit them to you.

The WITNESS. Mr. Pomeroy was too sharp a man, in looking after things, not to have seen that.

HOW MUCH MONEY CENTRAL BRANCH RECEIVED FOR FIRST-MORTGAGE BONDS.

Commissioner ANDERSON. In regard to the mortgages, you have stated that $400,000 of the $1,600,000 were distributed as inducements to stock subscriptions?

The WITNESS. Yes, sir.

Q. You have also stated that a number of them were paid out in settlement of prior liabilities, and a number of them were paid out as compensation for loans. Can you state, with any degree of approximation, how much the Central Branch received in money for the $1,600,000 of first-mortgage bonds?—A. I cannot tell you. The books will show.

Q. It appears from the books that the whole amount received from this issue was $567,612.14. Have you anything to say in regard to the accuracy of that figure?—A. I will state this: That about 400 were retained by Willis Gaylord, and they never came into our hands; that 100 were given to Mr. Wheeler, the Englishman, in settlement with him; and that 400 were distributed with the stock options. That made 900, leaving 750. I should think that at least 50 of those were given for commissions upon loans. That would leave $600,000. What was the amount received for them?

Mr. NORRIS. $567,000.

The WITNESS. I am astonished at that statement, because they produced more than I should suppose. It only goes to show the good faith of the parties who subscribed and took these bonds, and I am surprised they should have got that amount for them.

Q. Did you yourself subscribe for bonds?—A. I think that I did, but what I paid for them I do not remember.

Q. Do you remember whether you paid par for them?—A. No, sir; I should think not. I am not positive that I did take any.

BOND-PURCHASES IN NAME OF WITNESS.

Commissioner ANDERSON. We find on the 24th of April, 1866, this entry: "E. H. Nichols, 25 bonds for $17,500."

The WITNESS. I think very likely that various clients of mine wanted to obtain bonds, and they were offered for that price and I bought them for them. I paid the money. It is so long since that I cannot recollect, but I think that is the explanation.

Commissioner ANDERSON. On June 5, the same year, we find this entry: "E. H. Nichols, four bonds, $2,800."

The WITNESS. That is at 70; yes, sir. That goes to corroborate it. I have a faint impression that we offered the bonds at one time at 70 or 75.

Commissioner ANDERSON. On October 1, 1866, we find an entry of twenty-eight bonds for $19,600, also at 70 cents on the dollar.

The WITNESS. I think I was the medium for paying for them, but I do not think I ever bought so many of them for myself.

Commissioner ANDERSON. On October 31 and November 1, we find two entries: "E. H. Nichols, 16 bonds, $11,200," and "4 bonds, $2,800," all at 70.

The WITNESS. I think the probability is that most of those bonds were ordered from Boston by Mr. Pomeroy, and the money was sent to me, and Mr. Sother made an entry of the transaction, and delivered to me the bonds and received from me the money. But I do not think those purchases were made by me for my own interest in any way.

Q. Do you make the same answer as to all the purchases that have been made through you, of bonds?—A. Yes, sir. I cannot make any other. Do you see the name R. M. Pomeroy down there often?

Commissioner ANDERSON. Oh, yes; Mr. Pomeroy's name appears here.

The WITNESS. Then he was in town, and he would take care of himself.

AN EXPLANATION.

Commissioner ANDERSON. I would like you to explain a little more definitely what is the meaning of the entry that the stock subscriptions were directed to be applied by the treasurer to the liquidation of the amounts due by the parties in interest on the construction account.

The WITNESS. I mean that there were moneys due for material. That must have been so. It could bear no other possible construction. Moneys were due for material and for labor on the road. This book of Mr. Willis Gaylord's is a very large book, bound in red.

Q. Is Mr. Willis Gaylord living?—A. I do not know whether he is or not.

Q. Where does he live?—A. He lived in Brooklyn. I should think he was alive. He is a brother of the first wife of Senator Samuel C. Pomeroy, and he married the daughter of some man that formerly kept an iron foundery in Brooklyn.

Q. Do you know who his connections are in New York—his lawyer or any one else—so that we could ascertain about him?—A. No, sir; I do not. You may find the name Willis Gaylord in the directory.

THE TREDWELL SUIT.

Q. There have been a number of litigations arising out of these matters, have there not?—A. Yes, sir.

Q. Will you please enumerate the prominent litigations?—A. There was a suit brought by one Samuel Lennox Tredwell, which was brought against every stockholder and the company, alleging that he was entitled to a division of the assets under the Osborn contract. That case came to trial, and we satisfied the court and jury that that contract was never performed; that it was abandoned, and the road was built by the company.

Q. Who was Mr. Tredwell's counsel?—A. A prominent judge here who died up at Tarrytown or Yonkers. If I heard the name I could tell.

Commissioner ANDERSON. It was not Judge Barnard?

The WITNESS. No, sir.

Mr. JOHN F. DILLON. Was it Beach?

The WITNESS. Yes, sir. Beach was his counsel.

Q. Who was the counsel for the company?—A. Messrs. Sterling & Walden. Mr. Sterling is living in Massachusetts, but Mr. Walden is the man who attended to it.

Q. Which Mr. Walden?—A. He is around in Liberty street, in the building in the rear of the Mutual Life. I was also counsel.

Q. Was that case carried up on appeal?—A. No, sir.

Q. Have you a copy of the record of the proofs taken?—A. No, sir; I have not.

Q. Has Mr. Walden?—A. Mr. Walden may have. I think it likely he has. It was taken down by the court stenographer. I should think it could be found.

Q. What year was it tried in?—A. It was a great many years ago.

Q. Before the transfer to Mr. Gould?—A. Oh, yes, sir; it was somewhere, I should think, between 1872 and 1877.

THE CHALICE SUIT.

Q. What other suits were tried?—A. There was a man—I have already given his name once here——

Commissioner ANDERSON. Chalice?

The WITNESS. A man by the name of Chalice, who brought a suit. I forget the particulars of it. I think it was a suit for stock which he alleged was agreed to be given and delivered to him, to the best of my recollection, for services that he rendered in doing a variety of things,

and among other things in obtaining for the Atchison and Pike's Peak Railroad Company an assignment from the Hannibal and Saint Joseph Railroad Company, which then had its offices in Boston, to the Atchison and Pike's Peak Railroad Company.

Q. Was that suit tried?—A. That suit was tried before a referee, and the testimony of Mr. Chalice was given, stating that at such a day he was at Boston, &c. We afterwards found, by an investigation of certain books that lay at that time in the cellar of the Astor House, that Mr. Chalice was in this city at that time. We explained the matter to him and he retracted what he had stated.

Q. Who were the counsel in that case?—A. Our counsel was Mr. Walden again, and Mr. John K. Porter. The counsel on the other side I cannot tell.

Q. Who was the referee?—A. I think the present Judge Ingraham, but I am not positive about that. It was before he was judge.

Q. Were these suits tried in New York?—A. Yes, sir; in the city of New York.

Q. Would Mr. Walden have a copy of that record and of the evidence?—A. I should think he might have it. I do not know. I cannot tell.

Commissioner ANDERSON. The suit was by Chalice against the company, as I understand it.

The WITNESS. Chalice against the company. That is my recollection of it.

Q. Mr. Willis Gaylord also brought a suit, did he not?—A. No, sir; I think not.

Q. Was there not a settlement with him?—A. That was referred to a committee, and whether there was a settlement made or not I do not know. There was a settlement made with this Mr. Chalice.

Q. Was not the amount $20,000?

The WITNESS. Was that in bonds or what?

Mr. NORRIS. It was ten bonds and $10,000.

WILLIAM OSBORN'S SUIT.

Q. Did not Mr. Osborn bring a suit?—A. No, sir; not to my recollection. At the time we threw up this contract entirely, we bought out his interest in it and had it canceled. I do not remember when.

Q. Have you no recollection of a suit brought by Mr. Osborn and Mr. Charles Gould in 1878?

The WITNESS. Do you say William Osborn?

Commissioner ANDERSON. Yes; Mr. William Osborn and Mr. Charles Gould.

The WITNESS. I do not believe that any such suit was ever brought. I think that Charles Gould was dead, and that he died of heart disease abroad many years ago.

Commissioner ANDERSON. There is at page 249, on April 11, 1878, a reference in the minutes to a suit begun by William Osborn and Charles Gould for the payment of interest on the mortgage bonds of the company.

The WITNESS. I have no recollection about that. Yes, I do recollect now, something about a suit. This Mr. Osborn was not willing to have his bonds funded, and he brought suit, and I think we had to settle with him.

Q. Is he living now?—A. I do not know. If so, he is at a place called Watertown in this State, or at least he was there once. I do not know where he is now. His suit was a perfectly legitimate and proper suit.

AS TO THE LANDS OF THE CENTRAL BRANCH COMPANY.

Q. Can you give us any information in regard to the disposition made of the lands of this company?—A. I cannot tell you. The records were all kept in the land office out at Atchison, and I know nothing about them.

Q. Who were the trustees?—A. I refer now, by that, to the sale of lands, of which record was kept out there. Mr. Pomeroy, I think, was made trustee in one deed of trust, which had for its object, among other things, to secure $75,000 which we borrowed of the Freedman's Savings Bank, and some other things. Those claims were all paid up in cash by Mr. Pomeroy.

Q. What were the Kickapoo lands?—A. The Kickapoo tribe of Indians had a reservation in Kansas, out on our road about 20 miles, and there was some treaty made with them long before I knew anything about it—it is a matter of public record in the proceedings of Congress—under which we became entitled to purchase some lands. Those lands were sold, and were a part of the lands that were owned by the company.

WHAT THE BOOKS SHOW AS TO THE RECEIPTS FROM LANDS.

Q. How do you explain that the books of the company do not show any receipts from the proceeds of these lands? Do you know whether they were embraced in the contract for construction?—A. I should say that they did show. Those books, however, were never under my observation, for they were kept in the land office at Atchison.

Q. The accountant informs me that I am in error; that they do show some proceeds; but that the accounts are not so kept that any accurate conclusion can be reached. Have you no personal knowledge of your own of how much of these lands there were?—A. No, sir.

Q. Or of what they were sold for, or what became of the proceeds?—A. No, sir. I will add this. That at the time——

Q. Do you know whether or not the Congressional lands were included in the contract for construction? We find the following entry in relation to the matter—it is at page 147, under date of November 15, 1870:

The secretary reported that no deed has, as yet, been executed by the company conveying to the parties in interest the Congressional lands included in their contract.

Resolved, That the president be instructed to execute a deed of said lands to the contractor or his assigns.

But on a subsequent date, the 22d of April, 1873, there is a rescinding of that resolution.—A. Yes, sir; we gradually went out of that whole thing appertaining to the construction company. That thing was wiped out, so that the result was as though no such contract had ever been made.

AS TO THE TRANSFER OF THE LANDS TO THE UNION PACIFIC.

I want to say that at the time we transferred everything to our successors there were some lands held in trust by Mr. Pomeroy, and the question came up as to how they should be transferred. I remember distinctly we had a meeting at Mr. Gould's office. I had prepared myself to give an opinion as to how they should be transferred. Mr. Day also had a way of doing it. I was called upon to state to Mr. Gould how it should be done. I stated it. Mr. Day was called upon. The

result was that the transfer was made in accordance with my plan, namely, to transfer them direct to Sidney Dillon; and he holds them to-day in trust, for all I know.

Q. Do you know how extensive the contract was that was transferred?—A. No, sir.

Commissioner ANDERSON. Mr. Mink, do those lands appear in your returns, or have you knowledge of them?

Mr. JOHN F. DILLON. I will say that my recollection is that when we came into possession of the Central Branch it appeared that Mr. Pomeroy held the title to a portion or to all of the residue of the land grant to which we would succeed. I mean to which the Central Branch Company would succeed, and the Union Pacific, as its owner, the owner of its stock, in interest. We had considerable discussion with Mr. Pomeroy in regard to the manner of transferring those lands. I think some discussion was also had with him in regard to certain amounts of moneys which he claimed should be paid as a condition precedent to our getting the title out of him, the details of which I have forgotten. Finally, however, Mr. Pomeroy transferred the lands which stood in his name as trustee, and Mr. Sidney Dillon was made a trustee in his stead as the president of the Union Pacific Company. My further recollection is (although I have no professional relation to these matters, except as I was called upon to prepare some legal instrument), that the Central Branch Company sold the residue of those lands in bulk some six or seven years ago to some outside parties for $2 or $3 an acre—the most they could get for them—and that Mr. Sidney Dillon transferred them, having the title. I think you will find that is the case.

Commissioner ANDERSON. Who has Mr. Dillon's account relating to these lands?

MR. SIDNEY DILLON ACTED AS TRUSTEE.

Mr. JOHN F. DILLON. They would appear on the company's books. Mr. Sidney Dillon acted simply as trustee.

Commissioner ANDERSON. Mr. Mink, you say they appear on your books?

Mr. MINK. Yes, sir; they appear on the company's books.

Commissioner ANDERSON. So that your books will show the disposition of these lands that came from the Central Branch, the amount realized, and the disposition of the proceeds?

Mr. MINK. I think they do. The sales were made in Atchison, and all the details are there. Since 1884, when the accounts were sent to Boston, we had regular monthly returns from the commissioner. Everything is on file there for the last two or three years.

Commissioner ANDERSON. Have you any knowledge of the amount of the tract that Mr. Sidney Dillon held?

Mr. MINK. No, sir.

Commissioner ANDERSON. To whom do you refer us for that information?

Mr. MINK. I think I might be able to find something about it on the files of the company at Boston. I have never looked for it.

Mr. JOHN F. DILLON. I have no doubt you will find the contract, because I recollect writing that contract, or supervising it.

Commissioner ANDERSON. Our object is to verify the asset and see that the proper party has got such benefit as may come from it.

Mr. MINK. I will try and find it. The only thing I have ever looked for is the report of Mr. Pomeroy that you asked for some weeks ago. I was not able to find that.

A STRUGGLE TO GET THE TITLE FROM POMEROY.

Mr. JOHN F. DILLON. We had quite a struggle to get the title out of Pomeroy; not because he did not recognize the trust, but as to certain claims he had which he thought ought to be satisfied before he parted with the title.

Commissioner ANDERSON. He claimed, did he not, that there were certain indebtednesses of the company that were entitled to be paid before he parted with the title to the land?

Mr. JOHN F. DILLON. Yes, sir; and if he parted with it he might be incurring some liability.

Mr. NORRIS. It appears from the minutes of September 16, 1880, that Mr. Pomeroy resigned as trustee, and at the time of his resignation presented a complete statement of his trust. Have you that statement?

Mr. MINK. Did he present that, or did he agree to present it?

Mr. NORRIS. The extract that I made from the minute books was, "R. M. Pomeroy resigns as trustee of the land and premises, and presents a statement of what has been done under his trust."

Mr. MINK. My recollection of the proceeding is that Mr. Pomeroy agreed to present a paper, but I never could find it on the files of the company.

Mr. JOHN F. DILLON. He did not say he did it in writing.

Q. We find the following entry in the minute book, at page 200, under date of March 9, 1875: "Examination made of every voucher for stock issued, bonds sold or allotted, &c., by Henry Belden and Secretary Thomas M. Sother." Do you remember that examination?—A. No, sir.

Q. Did you know Henry Belden?—A. No, sir; I do not recollect any such man. That was twelve years ago. I think there was a very rigid examination at the time that Mr. Greenleaf came into the concern.

Q. By whom?—A. Belden might have been a clerk of Greenleaf & Norris.

A REQUEST FOR EXPLANATION AS TO EXPENDITURES.

Commissioner ANDERSON. I will ask you a general question. We find on the books of this company a number of vouchers for payments made to you, which are entitled "for services," "for traveling expenses," and "for moneys expended at Washington." They commence in 1866 and, exclusive of the $25,000 which appears to have been paid after the sale to Mr. Gould, coming down to 1878, they exceed $200,000.

The WITNESS. Charged to me?

Commissioner ANDERSON. Yes. There are different amounts charged by you to the company and credited to you in their accounts with you, as representing moneys expended by you. Have you any definite explanation to give as to these large expenditures?

The WITNESS. In the first place, I must object to that statement of $200,000.

Commissioner ANDERSON. We will modify the question, then; I put it in that form for the purpose of saving time, but I know you are entitled to have each item called over.

The WITNESS. There is no charge for anything but what was expended by me, excepting with this qualification: that the "boss," so to speak, of the Central Branch Company was Mr. R. M. Pomeroy, who was the business man; and when money was wanted he sometimes asked me to sign a check, which would be prepared; that is, when I was treasurer, and at other times when Mr. Sother was treasurer. I presume that

things were entered as being charged by me—that is, they went in under my name—of many of which I knew nothing about the details. Many of these amounts were made up probably by Mr. Pomeroy, and, by direction of Mr. Sother or Mr. Pomeroy, were charged by Mr. Sother to me.

Commissioner ANDERSON. These are all payments made to you, as far as the books show. They indicate that over $200,000 of money was paid by this company to you, or credited to you in their account.

The WITNESS. I can not understand how any such amount can be charged to me.

Commissioner ANDERSON. They are credited to you. It would appear that you rendered accounts for services rendered, traveling expenses, moneys expended at Washington and elsewhere, and that the amount of those accounts so rendered footed up this large sum.

The WITNESS. I will make this general answer, that so far as the books are concerned I believe the books are perfectly correct, with this exception, that in charging some things to me, there were expenditures, or might have been expenditures, which I knew nothing about, where I gave the money to Mr. Pomeroy.

Q. And they would use your name?—A. They would use my name.

Commissioner ANDERSON. The amount as verified is $131,773.

The WITNESS. That is a different thing. I was rather astonished at the figure $200,000, for I did not understand it. I do not know how in the world we ever got along with paying the counsel we did and doing what we did with the small amount we paid out. The counsel I dealt with were leading counsel. Many of the others were employed by Mr. Pomeroy.

HOW THE MONEY WAS EXPENDED.

Commissioner ANDERSON. Please state in general terms to what purposes this $131,000 (as far as you can trace it in your recollection) was applied.

The WITNESS. As I have already stated, and I have made a memorandum, it was expended, so far as I know and can recall, for counsel fees and for printing, for parlors, for services, for traveling expenses, for stenographers, and dinners, &c. Put dinners in, though I never was present at any of the dinners.

NOTHING GIVEN TO CONGRESSMEN.

Q. In the whole course of your dealings, has any portion of the company's money or stock or anything of value belonging to it been given to any member of Congress or promised to any member of Congress?—A. Not to my knowledge.

Q. Do you say no such use of its property was made, to your knowledge, for the purpose of influencing legislation in any way?—A. No, sir.

Q. Who had charge of the vouchers while you were treasurer?—A. Mr. Sother.

Q. Was he not under you?—A. Yes, sir; he was acting treasurer. I was the counsel of the company, and of course was away a great deal. I suppose the reason of my being elected treasurer was that I might, while in Washington, obtain and receipt for the bonds that were issued by the Government.

AS TO VOUCHERS.

Q. How can you explain the fact that no vouchers were to be found covering that period of time?—A. I am confident that so far as vouch-

ers are concerned, whatever they were, they were in the charge and custody of Mr. Sother.

Q. Did you not from time to time see them as he filed them away?—A. I am a great hand for generalities. I look at things in a general sort of way and I make up my mind that such and such a thing is correct. But Mr. Pomeroy was very severe in his examination of the books.

Q. Are you positive that none of those vouchers are in your possession now?—A. There are several boxes of papers, which I presume are my own papers, gathered up promiscuously in the hurry of moving. We were obliged to leave this building on a certain day at 12 o'clock, and in the course of an hour or two. Those boxes are piled up in my room. I have wanted somebody to overhaul them and put them in order for myself. I have never had an opportunity yet.

Q. Will you either allow an examination to be made or make it yourself, to see whether the vouchers belonging to the Central Branch are to be found among the papers?

The WITNESS. How much time will you give me?

Commissioner ANDERSON. We will provide a clerk to do it under your directions, if you prefer.

The WITNESS. I am going to be very busy for the remainder of this week; I could not give any attention to it.

Commissioner ANDERSON. Then we will take next week.

The WITNESS. Very well.

Commissioner ANDERSON. Where is your office now?

The WITNESS. At No. 20 Nassau street.

Mr. JOHN F. DILLON. Mr. Chairman, the Union Pacific Company would like to have a man there, and if there are any documents or papers that ought to be among its archives, we would like to take them and put them in its possession.

Commissioner ANDERSON. Of course you can have some one there. Those papers ought to be preserved.

PRICE OF FIRST-MORTGAGE BONDS.

Q. When was it that those bonds sold as low as 20 cents on the dollar?—A. I cannot tell you, but I understand that Mr. Day bought a number at 20 cents on the dollar.

Q. Do you mean first-mortgage bonds?—A. First-mortgage bonds; I never bought any at that figure.

Q. What was the lowest figure at which you purchased them?—A. I do not remember purchasing any. I was counsel for the company and attended to my business.

AS TO FAILURE OF COMPANY TO GET FULL LAND-GRANT.

By Commissioner LITTLER:

Q. Do you desire to say anything further in relation to the failure of these companies to get the full amount of their land grant?—A. As far as the 100 miles went, we got all that were left. They had been taken up for school purposes and were embraced in the Indian reserves. The result was, according to my general recollection, that we got about one-twelfth of what we would have had if it was not for these reservations.

Q. How many acres were you entitled to per mile under the land grant?—A. This was so long ago that I have forgotten.

Commissioner ANDERSON. They got 222,000 acres.

The WITNESS. I think we were entitled to about 12,500 acres every mile, and if that is all we got it is a great deal less.

Q. Did you claim a land grant on all your extension?—A. We claimed a land grant on the extension of our road to a connection with the Union Pacific at the 100th meridian.

Q. How far was that?—A. That was about 190 miles.

By Commissioner ANDERSON:

Q. Beyond the western terminus of your road?—A. Yes, sir. And those lands we are entitled to to-day. The law had been executed; the President had signed the map; he was *functus officio*.

CLAIM THAT THE COMPANY WAS ENTITLED TO THE LANDS, EVEN THOUGH ROAD NOT BUILT.

Commissioner ANDERSON. But the road is not built.

The WITNESS. But it is like the man in prison. "You can't put him in prison, but still he is there."

Commissioner ANDERSON. Your road is not built.

The WITNESS. We filed a map as we were entitled to by law, a finished map, and asked to have the lands withdrawn.

Commissioner ANDERSON. You would only be entitled to have patents issued as 20 or 40 miles were completed.

The WITNESS. Yes, sir. But we were entitled to have the lands withdrawn.

Commissioner ANDERSON. But you were only entitled to have the patents issue as the road was built.

The WITNESS. We were entitled to the lands.

Commissioner LITTLER. You claim that under the act of Congress you were entitled to have the President of the United States set apart all the public lands within a certain distance on either side of the road until you made your selection.

The WITNESS. Yes, sir; but since that they have taken them and set them apart for another company, the St. Joseph and Western, I think.

Q. You do not mean to say, do you, that you got a valid title to the land by filing a map?—A. I mean to say the law says that "there shall be, and are hereby granted," and that would seem to vest the title.

Q. As soon as you filed a map?—A. Yes, sir; that is my recollection of the law.

Q. Even though you never built the road?—A. No.

THE LAW SAYS LANDS "ARE HEREBY GRANTED."

By Commissioner LITTLER:

Q. Do you mean to say that you were entitled to have those lands withdrawn from entry for the time being, and until the road was constructed, or until such lapse of time as should operate to revert the lands to the Government again?—A. I mean to say that the law says that they shall be and they are hereby granted. Then it goes on say, afterwards, in some part of the law, I think, that these patents shall issue as the road is built.

Mr. JOHN F. DILLON. I would like to get that matter out. I see there is a little obscurity.

Commissioner ANDERSON. You may get it out.

Mr. JOHN F. DILLON. I have always been of the opinion that there was a great wrong to the Central Branch in this business. It is perfectly clear in my mind.

Commissioner LITTLER. Proceed and get it out.

WRONG DONE TO CENTRAL BRANCH.

Mr. JOHN F. DILLON. The scheme of this Pacific system was, that the main line and all the branches were to be connected. The words "unite and connect" are used in connection with each branch, and, in connection with those branches, was what was then termed the Atchison Branch, which became the Central Branch. The Leavenworth, Lawrence, Pawnee and Western was authorized to connect—that became the Kansas Pacific—and to build the said railroad through Kansas, between the mouth of the Kansas River and the aforesaid point, on the one hundredth meridian. "That the several roads from Missouri and Iowa, herein authorized to connect with the same, can make connection within the limits prescribed in this act." Now, the limits prescribed within this act for the connection of the Central Branch Union Pacific were 100 miles. I find, Mr. Nichols, in the argument which you made before the Secretary of the Interior, this statement: "In calculating distance at that time it was found that the meridian of Fort Riley was 87½ miles west of Atchison in a direct line; but you generally lose from 12 to 15 per cent. in the actual progress, in a given direction, in the construction of a road, and it was therefore supposed that these 100 miles would bring the Central Branch to the meridian of Fort Riley." That was, as you understood it, the distance in a straight line?

The WITNESS. Yes, sir.

By Mr. JOHN F. DILLON:

Q. So that if the Kansas Pacific had been built according to the original scheme of running to Fort Riley, and then up the Republican Valley to the one hundredth meridian, these 100 miles subsidized would have connected you with the Kansas Pacific. Is that your understanding?—A. That is so. As to the location, however, of that Kansas road, it was provided that the locating of it should be determined by the President. That was filed and approved.

Mr. JOHN F. DILLON. The Commission will find, on reference to this act, that the company had the right to make the location as far west as Fort Riley, but that the location from Fort Riley to the point on the one hundredth meridian was to be under the control of the President of the United States.

The WITNESS. The map was to be approved.

Mr. JOHN F. DILLON. The location of the road and the map?

The WITNESS. Yes, sir.

Q. Do you know anything about the filing of the map of location of its route by the Kansas Pacific road up the Republican Valley to the one hundredth meridian?—A. It was filed, and it was determined before we entered into these things, and before the Smoky Hill road was built.

Q. Then, after the Kansas Pacific road had elected, as you claim, to go up the Republican Valley to the one hundredth meridian, and filed a map for that purpose, you of the Central Branch went on and made your contracts with reference to that fact. You adopted a line accordingly, did you not?—A. Yes, sir.

EFFECT OF THE ACT OF 1866.

Q. What was the effect, when the act of 1866 was passed, on the route of the Kansas Pacific and on your company?—A. The effect upon our company was none whatever. In the first place, our company was not named, and, so far as any counsel that we have ever consulted has

ever contended, there was nothing in the act whatever, even by implication, depriving the Central Branch of any of its rights. That could only be done either by a direct reference in that law to us or by an implication.

Q. As I understand you, the Central Branch located its line all the way from Atchison to a connection with the Union Pacific at the one hundredth meridian?—A. We did.

Q. And the President of the United States approved the map?—A. Approved the map.

Q. He approved the map of location?—A. We had filed our first map of 100 miles, supposing that made the plan of the Pacific Railroad all complete. It is spoken of as "the plan and the route." They are all referred to in the law that the tracks should be uniform, and various other things, all applying to one continuous road from the Missouri River to the Pacific Ocean. After our 100 miles were completed we filed our map——

MAP OF EXTENDED LINE FILED.

Q. You filed your map of extended line from the 100 miles to the one hundredth meridian?—A. Yes, sir.

Q. To connect with the Union Pacific road?—A. Yes, sir.

Q. And that map was approved?—A. That map was approved by the President.

Q. Was not the result of the Kansas Pacific change of location that it went out West, and went nowhere near your road?—A. It went upon an independent line.

Q. That left your 100 miles running out as a "plug" into the country?—A. Yes, sir.

Q. Did it not go into an unsettled region at that time?—A. Yes, sir.

CLAIM OF RIGHT TO EXTEND ROAD UNDER ACT OF 1886.

Q. The claim you make is, as I understand it, that under the sixteenth section of the act of 1864, the provision was that if any road which was a part of the system should, when it got to the end of its line, find that another road was not building to complete the system, it might go on with the work and be entitled to the bonds and the lands which would have come to the road which it was originally contemplated should build the road?—A. Yes, sir.

Q. Is not the grant a grant *in presenti* of so many sections of land on each side of the road when it is definitely located?—A. Yes, sir.

Q. Did you make a definite location to the one hundredth meridian?—A. Yes, sir.

Q. And that map was approved, and, therefore, under the language of the act, as you construe it, you became entitled, in advance of building, to the legal title to the lands on the whole route, subject to being defeated if you did not build the road?—A. Yes, sir.

Commissioner ANDERSON. We understand all that, only I do not concur in the view expressed as to the application of the sixteenth section.

MR. DILLON'S VIEWS.

Mr. JOHN F. DILLON. The claim, as I understand it, and as the counsel for the Union Pacific, the equity I wish to press on this Commission is that, according to Mr. Nichols's view, and according to the opinions

of Judge Hoar and Judge Curtis, it stands on a legal basis, that, irrespective of any legislation, they were entitled to extend this road to a connection with the Union Pacific at the one hundredth meridian, and to draw their lands and their bonds. If it is not a legal claim, as he puts it, then the company has this strong equity, that they were induced to commence the construction of this road on a scheme that the 100 miles would connect them with the rest of the system, and after they had entered upon it Congress changed the route of the Kansas Pacific and left their road a "plug."

Commissioner ANDERSON. I concede the force of the last proposition.

The CHAIRMAN. The Union Pacific declined to extend the relations of a connecting road with the Kansas Pacific when they wanted to go up there. That is the same system, and the same principle is applicable.

Mr. JOHN F. DILLON. I do not think so at all, for this reason: that although the Union Pacific might not prorate with the Central Branch, if they had made connection, it is obvious to anybody that that railroad, connected with the Union Pacific system, would be worth vastly more than it would as a road running out into an unbroken prairie, as it did for fifteen years.

Commissioner LITTLER. Do you claim that this road was extended on the strength of the opinion of counsel such as Mr. Nichols has mentioned, that the promoters of the extension would receive the land grant and also the Government bond grant?

Mr. JOHN F. DILLON. No, I do not suppose that any such claim can be maintained. This claim that was made before the Department was made away back in 1872 and 1873. When they failed to get recognition they had to remain in abeyance until 1877 or 1878, when they commenced the extension; and I do not suppose that extension, under a different corporate organization, has any claim whatever to any of these lands.

EFFECT ON CENTRAL BRANCH OF CHANGE OF LOCATION OF KANSAS CENTRAL.

Commissioner ANDERSON. The only question is, whether the change of the location of the Kansas Pacific inflicted an unexpected injury on the value of the Central Branch, and whether that raises an equity which ought to be reported.

Mr. JOHN F. DILLON. That is the view in which I press it on the Commission.

WAS STOCK PAID FOR IN FULL, IN CASH?

Q. I want to understand whether you wish to go on the record clearly and positively as making the statement that so far as your own stock is concerned, and so far as your personal knowledge extends as to the stock of any other persons, it was paid for in full to the company, in cash, at par?—A. Yes, sir; in full at par.

DID PROCEEDS OF FIRST-MORTGAGE BONDS AND GOVERNMENT SUBSIDY PAY FOR CONSTRUCTION?

Q. What recollection have you as to whether the proceeds of the first-mortgage bonds, and the proceeds of the Government subsidy, yielded enough in money to pay for the actual construction of the road?—A. My recollection is that it fell far short.

By Commissioner ANDERSON:

Q. But have you not told us that you do not know what the road did cost to construct?—A. I say my judgment is that it must have fallen far short, from the nature of the case.

Q. How can you have any judgment if you do not know what the cost of the road was to construct?—A. I have this judgment from what I know of railroad building now, that it must have cost, I should say, three times as much to build as it would now.

Commissioner ANDERSON. That is a mere guess or estimate. It is not based on any knowledge derived from the books.

The WITNESS. It is based upon what knowledge I have of railroad building, so far as the books are concerned, and from this knowledge, also, that more money was borrowed and more money used.

WITNESS SAYS NO BONDS WERE MISAPPLIED BY DIRECTORS.

Commissioner ANDERSON. That proposition, that more money was used (without intending it offensively), would still be consistent with the theory that the proceeds of the bonds and stock had been misapplied by the directors, and were not put into the construction of the road.

The WITNESS. There were no bonds ever misapplied by the board of directors, that is, by us.

Commissioner ANDERSON. That is, to your knowledge.

The WITNESS. Well, it could not have been done without my knowledge.

Commissioner ANDERSON. I can only repeat that the books show that the proceeds of the stock and bonds were about $2,500,000.

The WITNESS. To which I reply that there must be other books which ought to be in the possession of our successors, if they were delivered to them. I think I can produce a receipt given to Mr. Sothers.

WHAT WAS RECEIVED BY CENTRAL BRANCH COMPANY ON SALES OF STOCK.

By Mr. JOHN F. DILLON:

Q. It was stated, in the course of your examination this afternoon, that the books, so far as they had come into the possession of this Commission or had been examined by them, showed that the company had only received of the proceeds of the 10,000 shares of stock the sum of between $300,000 and $400,000. If the books do so show, or the portion of them that the Commission has examined, what have you to say, based on your own knowledge, as to the accuracy or the correctness of that statement?—A. I mean to say, from what I can gather, that the present officers seem to have control of only those books which came into existence under our administration. There was an administration before that of Mr. Gaylord, and it appears, from what I can gather, that they are not in possession of Mr. Gaylord's books.

Q. The point of my inquiry is, not what the brush-heap of a lot of books or book accounts could show, but from your personal knowledge, whether more than three or four hundred thousand dollars were actually received by the company on account of the sales or dispositions of its capital stock?—A. I cannot state what moneys were paid into Willis Gaylord's hands, but I have not a shadow of a doubt in my mind but what every share of stock was paid for in cash.

Q. The whole amount?—A. The whole amount, $1,000,000, except a balance which I have mentioned.

Q. Do you know of anybody getting a share of stock without full payment at par?—A. No, sir; never.

NO STOCK SOLD FOR LESS THAN PAR.

Q. Did you ever understand, in your connection with the company, at any time or from any source, that any of its stock was disposed of at less than par?—A. Never.

Mr. JOHN F. DILLON. You made some statement here this morning in respect to what, in your judgment, would be the proper adjustment of the debtor and creditor relations of this company and the Government in regard to the subsidy advanced to the company, and I would like to have you state your views on that subject briefly.

The WITNESS. Do you mean as to the roads generally?

Mr. JOHN F. DILLON. No; as to the Central Branch. How should the Government, in your judgment, treat this matter of the indebtedness?

By Commissioner LITTLER:

Q. Before stating that, have you any interest in this property now, directly or indirectly?—A. I have one share of stock, I think.

Commissioner LITTLER. Now you may proceed.

SUGGESTION AS TO PLAN OF SETTLEMENT.

The WITNESS. I will express my views, which will embrace this company especially and also the other companies. In regard to this company, in view of the position in which we were left by the Government, after everything was approved, I think a settlement, and a very generous settlement, should be made. As I have stated, I have no interest in it, and it does not make any difference whatever to me. I think that the claim of the Government against this company ought to be wiped out on condition that for a certain number of years the carrying of the mails and all service rendered to the Government should be made at cost of, say, 50 per cent. of the ordinary charges. In regard to the companies in general——

Q. Before passing that, if they have such equities as you describe, why do you insist on their carrying the mails for fifty years at half cost?—A. As a compensation for wiping out the present indebtedness.

Q. If they have equities which entitle them to wipe out the present indebtedness why entail that burden on them?—A. It is a fact that they did receive $1,600,000, and while they claim that we justly owe that to them, we say to them in reply, "Here, when we entered into this bargain," because Howard, of the Senate, always spoke of this as a bargain, and you will find, if you go back to 1860, that both the political parties of this country, in their platforms and at their conventions, declared the construction of the Pacific railroads to be an absolute necessity. And there is also evidence to show that there is much probability that we would have a western republic, as well as the one we have, if it had not been for the Pacific railroads. The condition of things that existed at the time these Pacific railroad acts were passed it is very difficult for us to recall at the present time. We were in a plight, and in a condition where it was absolutely necessary that these laws should be passed. These laws were passed in the nature of a proposition to the capitalists of the country. They accepted that proposition and that contract upon the faith that Congress would carry out

these laws. Now, it is obvious to any man, and it is declared by writers, that the Government is in the same position in respect to its contract as would be the case of a contract between two individuals.

THE EQUITIES THAT EXIST.

And what are the equities that exist in the settlement of this matter, so far as the companies generally are concerned? In the first place, what is the object of this law? It was, among other things, to furnish facilities, and that the Government might have the use of the same, for carrying mails and for other purposes. What are the facts? I will give you one statistic which may be of some interest. It occurred in the argument which I made before the Judiciary Committee of the Senate of the United States. At the date of January 1, 1871, the interest which had then been paid upon the bonds issued to all the companies amounted to $8,815,345.49. The interest that was repaid by transportation, etc., was $2,460,818.94, one-fourth of it. Now, when this act was passed, it was expected and it was intended, and it was a part of the basis upon which these capitalists agreed to enter into this contract, that all the Government transportation should be done by these roads.

By Commissioner ANDERSON:

Q. Why did they not say so in the law? We can only go by the law.—A. It is implied in the law.

Commissioner ANDERSON. I beg pardon. The law only says that the transportation should be made at usual rates.

Mr. JOHN F. DILLON. He is right about it, because no living man was sanguine enough to suppose that in the life-time of this debt this country would be penetrated with roads, and that there would be rival roads.

THIS COMMISSION BOUND BY THE LAW.

Commissioner ANDERSON. What I am saying is that there seems to be very little use to present statements to this Commission and ask us to construe debates in Congress, or to construe what the newspapers said at the time, when we are bound by the laws.

Mr. JOHN F. DILLON. The Commission law says that you shall consider the cost of transportation before and after these roads were constructed.

Commissioner ANDERSON. Yes; but that does not bear on the proposition that the Government was bound to give enough transportation to pay its cost.

Mr. JOHN F. DILLON. No, not a legal obligation. No one, as I said, was sanguine enough to believe that there would be five roads to the Pacific Ocean.

Commissioner ANDERSON. Right on that point, to show how utterly it fails to be supported by the facts, I wish to say that on the same day that the act was passed under which the Central and Union Pacific roads were really constructed, in July, 1864, the whole land grant given to the Northern Pacific was also passed. So that the construction of that road was certainly expected.

Mr. JOHN F. DILLON. But what was the distance? It was 200 miles away.

Commissioner ANDERSON. I am only meeting your position that there was no transcontinental road anticipated.

The CHAIRMAN. And the Central turned around and built the Southern Pacific, another through road.

GOVERNMENT BUSINESS SENT BY WAY OF THE ISTHMUS.

The WITNESS. If they had given them the through business, instead of sending it around by the way of the Isthmus, which they did for the purpose of showing a small expenditure in the Departments, the result would have been not only that the interest, but a large amount of the principal, would have been paid. The Government has saved immense amounts of money, and I say that that fair dealing which ought to exist between two honest men who want to deal fairly with each other should be extended to this company. The Government can well afford to wipe out all the interest for the benefit acquired, and inasmuch as the companies are helpless, and I do not see, for myself, how they are going to pay this debt, my idea would be that they should pay the principal, which should be secured by payments from year to year until it was wiped out. The country never has had a better friend than this Pacific Railroad. Nothing has ever been done in this country in the way of constructing roads that has resulted in so much benefit as the construction of these roads.

TO WHOM BENEFIT OF CANCELLATION WOULD INURE.

By Commissioner ANDERSON:

Q. To whom do you consider the benefits would inure if the Government should cancel the whole or any part of these obligations? Would they not inure simply to the present stockholders of these companies? Are not those the only persons who would get any benefit?—A. No, sir. So far as stockholders are concerned, to be sure they would derive a benefit from it.

Q. What did the present stockholders of these roads, except in the case of the Central Pacific, have to do with the construction of these roads?—A. They are their successors—that is all—in interest.

Commissioner ANDERSON. They bought their stock in the market?

EFFECT OF THE CANADIAN PACIFIC AND THE INTERSTATE COMMERCE ACT.

The WITNESS. They are their successors in interest, so far as that goes. The Government ought to be a great exemplar of justice, and these companies ought to be dealt with lightly and generously. Take the Canada road. There it stands, with no interstate commerce bill to bother it, and it goes on and gets this business. It is going to rob these roads of their business by the oppressive action of the Government. Shylock, when he demanded his pound of flesh, complied with the contract. The Government, I think, ought to look upon this as a business transaction, and try to make it so that they can effect a settlement. It is desirable to make a settlement, and I think it ought to be made; but the Government should consider also the benefits that have been derived.

By Commissioner LITTLER:

Q. Can you suggest any legislation on the part of Congress which would prevent the Canadian Pacific from taking from the American roads the commerce which it now takes?—A. That is entirely a new subject, and I could not now make any suggestion.

By the CHAIRMAN:

Q. Have you anything further to say?—A. I do not know of anything at present. I will say that I do not know what the province of the resolution is that you are acting under.

Commissioner LITTLER. It is an act of Congress.

The WITNESS. I know it is an act of Congress. You ought to recommend something that would be generous and proper so far as these roads are concerned, for they all had a hard time of it. Poor Oakes Ames, who was slaughtered in this thing, lost every dollar; and so far as any charge of improper action against him was concerned, there never was an act of Congress, from the time he became interested in this road until his death, or as long as he had any connection with it, that was attempted to be passed, excepting one to get the office of the Union Pacific Railroad Company out of this city and away from disreputable judges, and to put it in Boston. And every man who ever took part in any action adverse to Mr. Oakes Ames, I believe, has recalled and regretted his action.

The following statement was subsequently received from Mr. Effingham H. Nichols:

AS TO REVERDY JOHNSON.

Since my examination of the 25th instant I have become satisfied that while the Hon. Reverdy Johnson, after leaving the U. S. Senate, rendered us what aid he could, yet it must have been done through kindness and his conviction that we were entitled to relief, and not strictly as *our counsel*, as I cannot remember of any retainer having been paid him.

(2) I also recall the fact that other persons than counsel were employed either by, or at the instance of, Mr. R. M. Pomeroy, for the purpose of explaining to members of Congress, or of committees, the nature of our claims for relief and for calling attention to the various printed circulars which counsel had prepared.

THE TREASURER'S BOOK FOUND.

(3) The "treasurer's book kept by Mr. Willis Gaylord" has been found and delivered to Mr. Perrenoud on promise that he would deliver it to the Union Pacific Railroad Company.

MEMORANDA SHOWING CASH PAID FOR STOCK AND SHOWING DISPOSITION OF BONDS.

(4) I have also found a private memorandum book prepared by Mr. Bather (for my protection) which I have shown to Mr. Perrenoud (one of the accountants of the Commission), which shows that every share of the capital stock of the Central Branch Company issued was paid for in cash at par, and also shows what disposition was made of every one of the first-mortgage bonds of said company, numbered from 1 to 1,600, showing that the said first-mortgage bonds were disposed of as follows, viz:

	Bonds.
In settlement with Mr. Wheeler	50
To parties prior to us for what they called "existing obligations"	290
Settlement of Chalice suit	10
To trustees of mortgage	10
In payment of freights	56
In compensation for loans	95
Allotted with stock, including twenty-one belonging to the company	407
Sold for cash	682
Making the total number	1,600

These memoranda go to confirm my general recollection as given
my testimony.

Of course, as to minute details and figures, numbers, &c., relating
matters that occurred many years since, memory can not always
relied upon. The memorandum book to which I have referred
nothing but what is shown by the books of the company—only the fa
are collated which show results. I also find in my office several bu
dles of papers which appear for the most part to relate to the Cent
Branch Railroad Company, all which, of course, ought to be in possess
of our successors.

EFFINGHAM H. NICHOLS

UNION PACIFIC INCOME AND EXPENDITURE.

Mr. MINK. I submit this statement to you in answer to the let
written by Commissioner Littler.

Commissioner LITTLER. This is a statement of the gross and n
earnings of the Union Pacific system for the current year to date.

Mr. MINK. It is for the first six months of 1887. It embraces m
than the earnings and expenses. It embraces the income.

The statement is marked "Exhibit No. 1, January 25, 1887," and
as follows:

*The Union Pacific Railway Company. Comptroller's Office. Statement of income
expenditure of the system for the six months ending June 30, 1887 and 1886.*

	1887.	1886.	Increase.	Decrease.
INCOME.				
Earnings, entire system	$13,021,892.01	$11,231,056.92	$1,690,835.09	
Expenses, entire system	8,338,919.81	7,777,221.25	561,698.56	
Taxes, entire system	537,390.00	497,618.90	39,771.10	
Total expenses and taxes	8,876,309.81	8,274,840.15	601,469.66	
Surplus earnings	4,145,582.20	3,056,216.77	1,089,365.43	
Income from investments outside of the system	316,116.09	283,247.67	32,868.42	
Proceeds miscellaneous land sales	14,094.72	8,164.53	5,930.19	
Profits on investments, premiums, etc.	15,044.50	489,606.27		474,561.77
Received from trustees Kansas Pacific consolidated mortgage	10,410.00	643,230.00		632,820.00
Pacific Express Company, settlement of old contract		111,675.33		111,675.33
Total income	4,501,247.60	4,591,540.57		90,292.97
EXPENDITURE.				
Interest on bonds	2,003,768.03	2,599,367.83	4,400.20	
Discount and interest, premiums, etc.	110,870.42	64,062.23	46,808.19	
Sinking-fund requirements, company's bonds	332,720.00	330,395.00	2,325.00	
Interest on bonds of operated roads	685,600.00	680,085.00	5,515.00	
Land taxes and land expenses, Union Division	24,250.35	35,806.46		11,556.11
Profit and loss	34,816.95		34,816.95	
Total	3,772,023.75	3,689,716.52	82,309.23	
Surplus to this point	729,221.85	901,824.05		172,602.20
Less United States requirements	335,856.23	225,001.00	110,855.23	
Surplus income, six months to June 30	393,365.62	676,823.05		283,457.43

BOSTON, *October* 22, 1887.

AS TO THE AFFIDAVIT OF GEORGE W. CHEDIC.

The chairman laid before the Commission an affidavit made by Mr. George W. Chedic, in connection with a copy of a speech made by Hon. John M. Daggett, of Nevada, in the House of Representatives, on the 22d of February, 1881. It was ordered to be filed.

The Commission then adjourned to meet upon the call of the chair.

CENTRAL PACIFIC RAILROAD—SUGGESTIONS OF SETTLEMENT.

A COMMUNICATION FROM MR. C. P. HUNTINGTON.

The following communication was received from Mr. C. P. Huntington:

[Office Central Pacific Railroad Co., No. 23 Broad Street. C. P. Huntington, Vice-President.]

NEW YORK, *October* 11, 1887.

To the PACIFIC RAILWAY COMMISSION:

GENTLEMEN: I submit for your consideration the following suggestions concerning the principles of an adjustment between the Central Pacific Railroad Company and the United States:

I propose that there be an understanding between the company and the Government as to the amount which the company will be indebted at the maturity of the bonds.

The act of March 3, 1887, creating this Commission, requires a report on the following facts:

(1) The average cost per annum of Government transportation in the region now traversed by the Pacific railroads between the year 1860 and the completion of said roads.

(2) The average cost per annum since such completion.

(3) What additional facilities have been furnished to the Government and the people by said roads.

(4) What discount the Pacific railroad and its several branches were forced to make in disposing of the bonds granted by the Government to obtain gold coin, which was the currency of the country through which the greater part of said roads passed.

(5) The comparative cost of construction of said roads as compared with what they would have cost with the prices of labor and commodities prevailing five years preceding or five years subsequent to the completion of said roads.

(6) Whether or not the Pacific railroad was completed in less time than was allowed by law, and if so, how much less time, and if the United States was benefited thereby.

(7) If the United States, since the Union and Central Pacific Railroad Companies accepted the terms proposed by Congress for the construction of the Pacific railroads, has granted aid in land for building competing and parallel roads to said Pacific railroads, and if so, how many such roads, and to what extent such competing lines have impaired the earning capacity of the Pacific railroads.

(8) What sums the Pacific railroads and their branches can severally pay annually on account of their indebtedness to the United States without imposing such burdens upon the people, and particularly upon

the localities through which the roads pass, as to retard the development of the country.

The information which the Commissioners may furnish to the Government on these points committed to their inquiry and the Government's action thereon will have a controlling influence on the amount of such indebtedness and the proposition for its settlement; for it is not to be supposed that Congress required to be informed on these various subjects unless it intended to use the knowledge required in determining the nature of the settlement between the United States and the companies.

As at present advised, and hoping that the Government will deal equitably with the Central Pacific Railroad Company, and having regard to the present and supposed future earnings of the company, and recognizing at this time that the through business does not leave any, or very little, net earnings, and that the amount to be paid must come from the local traffic; that such business is light, the country traversed by the road is poor, and no very large amount can be drawn from that source, I think the best proposition I can suggest in the interest of the Government is that the amount, when ascertained, be capitalized by equating the interest so as to get it all into one fixed sum, then dividing it into two hundred equal payments, one part to be paid each six months; the interest on the principal sum being reckoned at the same rate at which Government bonds could be placed in settlement of its indebtedness. But, as I have said before, any proposition made at this time, or until the amount of indebtedness is ascertained, must be purely speculative.

I cannot forbear calling attention to the difference in position, both of the United States and the company, with respect to this indebtedness in view of the unsatisfactory operation of the Thurman bill, and what the position would have been if the company had been permitted to carry out its own purposes of creating a sinking fund for its protection.

As far back as 1876, in conjunction with the president of the Union Pacific Railway, I called the attention of the Secretary of the Treasury to the fact that the company would not be able to respond to the Government's claim at the time of its maturity, and I proposed on behalf of the Central Pacific Railroad Company to establish and maintain a sinking fund, which, if it had been permitted, would have left both debtor and creditor in a much more favorable position than either of them are to-day.

If a contract of settlement on the basis above referred to could be made between the company and the Government, and we could have any reasonable assurance that the Government would adhere to the contract on its part, I would recommend its acceptance by the company.

Yours, respectfully,

C. P. HUNTINGTON,
Vice-President.

UNION PACIFIC RAILWAY—POINTS FOR CONSIDERATION.

A COMMUNICATION FROM MR. CHARLES FRANCIS ADAMS.

The following communication was received from Mr. Charles Francis Adams:

UNION PACIFIC RAILWAY COMPANY,
Boston, October 15, 1887.

Messrs. ROBERT E. PATTISON, E. ELLERY ANDERSON, and DAVID T. LITTLER, *United States Pacific Railroad Investigating Commission, New York City:*

GENTLEMEN: While on the part of this company I do not propose to burden you with any formal closing argument or summary of facts bearing upon the voluminous record which has resulted from your investigation, I yet desire to submit in writing a few brief points for your consideration.

Having carefully watched the evidence presented to your board, it seems to me that certain points stand prominently out as the only points which really call for explanation, or upon which it might be desirable for the company to present argument. All of these were particularized in the law creating the Commission. They are, briefly, the following:

(1) The matter of the consolidation in 1880 of the Union Pacific and the Kansas Pacific.

(2) The purchase of certain branch or auxiliary lines by the Union Pacific.

(3) The construction of branch lines.

(4) The arbitrary traffic allowances, or "constructive mileage," made by the Union Pacific to those branch lines.

(5) The Pacific mail "subsidy," so called.

(6) Rebates paid to individuals or private companies doing business with the Union Pacific.

(7) The use of the company's funds for the purpose of influencing legislation.

(8) The individual interest of directors or officials of the company in corporations or firms doing business with the Union Pacific.

(9) The interest of the company in outside business enterprises, such as coal mines, stock-yards, &c.

(10) The payment of a large sum in dividends between the years 1873 and 1884.

Upon points other than the above I am not aware that anything which would call for particular notice has been elicited by your investigation. I will therefore take up these several points seriatim, presenting, as briefly as I can, the argument of the company in its behalf as respects each.

(1) The consolidation of the Kansas Pacific with the Union Pacific took place at a time (1880) when I personally had no connection whatever with either company, whether as a director, as an official, or as a stockholder. I had been a Government director during one year before this consolidation was under discussion, to wit, during the year 1878. I became a member of the company's board of direction in the year 1883, after the consolidation was a consummated fact. Personally, therefore, I had no connection with it, and was in no way responsible for it. As respects the action in that matter of any individual directors interested in the securities of the one company or of the other, I do not

find it necessary to say anything. Such action was their private affair, subject to well-established principles of law, and calls for no defense or explanation from me.

One point only I have to make: No unprejudiced person at all acquainted with the railroad situation in that region will deny that the consolidation of the Kansas Pacific with the Union Pacific has actually resulted not only to the benefit of both companies, but even more to the benefit of the country through which the two roads run. The consolidation, therefore, justified itself in the result. Meanwhile, I have further to point out that the Union Pacific made no greater sacrifice, gave no larger consideration for the Kansas Pacific as a part of the new consolidated company, than a responsible outside and competing corporation, to wit, the Missouri Pacific, then stood willing and was anxious to give.

It cannot be fairly argued that the director of one railroad company, who is likewise interested in the stock of another railroad company of which he is also a director, is called upon to sell to the first company his interest in the securities of the second company for a less price than some one else is willing to give. He is merely called upon not to take advantage of his position as a director to get for his property more than it will bring in the outside market.

I submit that it is proved in the evidence contained in your record that, at the time the consolidation of the Kansas Pacific with the Union Pacific was effected, other and equally responsible parties were willing to give for the Kansas Pacific or its securities as much or more than the Union Pacific allowed. The Union Pacific was therefore protected in the transaction, and the results have entirely justified it.

(2) In the matter of the purchase of certain other and auxiliary lines by the Union Pacific, while mistakes of judgment may have been made, there has been no evidence elicited during your examination (which has been of the most thorough character) tending to show that any purchase was ever effected with a view to the individual benefit of persons connected with the Union Pacific, either as officials or as directors. In the case of the Denver, South Park and Pacific, the purchase subsequently proved to be unfortunate. Nevertheless, the evidence is that after the purchase was made another party, to wit, the Denver and Rio Grande Railway Company, stood ready to pay the Union Pacific a bonus of $500,000 for its bargain. The Union Pacific management, after careful consideration, declined to accept this bonus and part with its purchase. This, as now appears, was an error of judgment; but the facts as they existed at the time justified the purchase, inasmuch as large dividends were then being earned by the Denver, South Park and Pacific, and paid to its stockholders. It could not be foreseen that the earnings of the company would diminish more than one half within the next two years. Such a result was, indeed, most improbable.

I have made a careful personal inquiry as to the fact whether the offer of $500,000 bonus for the control of the Denver, South Park and Pacific was made to the Union Pacific in good faith and by responsible parties. I am satisfied that it was so made, and that it was a bona fide offer. If further evidence on this point is necessary I stand ready to produce it.

As respects certain other purchased lines, of which the Nevada Central is the most striking instance, the record shows merely that these lines were purchased under circumstances which at the time seemed to justify their purchase, although subsequent events may have failed to justify it. The directors of the Union Pacific are not infallible, must

are they prophets. In the course of events they have been compelled to exercise business judgment. In exercising that judgment they necessarily at times fell into error. Meanwhile, I submit with the utmost confidence, the record fails to show any case in which corrupt motives entered into the purchase of any of the lines referred to, or that any official or director of the company was, in a secret way, the recipient of money paid on account of such purchase.

(3) As respects the expediency of constructing branch lines and developing the original Pacific roads into systems, which should at once supply the regions through which those roads were built with needed railroad facilities and bring traffic to the mother lines, as respects the expediency of pursuing this policy, further argument seems unnecessary. No one in the slightest degree acquainted with the economics of railroad management, or with the material or social condition of the Pacific roads and the regions they traverse, has appeared to dispute it. There has been much criticism of the course pursued by the company, and many loose charges have been made by those whose opinions in the practical affairs of life carry weight with no one; but all the evidence entitled to authority is on the other side. In their last annual report, for instance, the Government directors, after careful personal examination, expressed themselves on this point in the following emphatic language:

> Like all other great railroads of the West, the Union Pacific must in future look almost entirely to the development of its local business for its principal revenue It must occupy and develop promptly the territory naturally tributary to its trunk line, or this taken possession of by rival lines, and be left without business enough to support its main stems.

But the proposition would seem to be so plain that it is a waste of time and space to argue it further.

As respects the method pursued in the construction of branch lines composing the so-called Union Pacific system there is no evidence whatever that the directors or officials of the company have in any way profited through such construction to the injury or prejudice of the Union Pacific. On the contrary, I do not believe that an equally clear record in this respect could be shown by a majority of other railroad companies in the country. Certainly no instance of jobbery has been revealed in the course of your investigation. For years, and especially since the consolidation of 1880, it has been the practice to construct these lines in such a way that all the securities representing them would be turned into the treasury of the Union Pacific in payment of the actual cost of such construction. That contractors and others have made a profit through that construction is most probable. It is the business of contractors to make a profit out of their contracts. That they made an illegitimate profit in the case of these branches nowhere appears; much less that any portion of such illegitimate profit, if any was made, found its way into the hands of those responsible for the management of the Union Pacific.

(4) As respects constructive mileage to branch lines, I submit that the course pursued by the Union Pacific has, in the course of this investigation, been shown to be the usual and legitimate course pursued in such cases, and that as such it was in 1882 distinctly approved of record by the representatives of the Government upon the board of direction. (See report of Government Directors for the year 1882, page 193; Executive Document No. 69, first session Forty-ninth Congress.) It has been suggested that, in the case of the Union Pacific, the same persons acted for both parties concerned—for the main line, and for the branch

line; that their action consequently was open to suspicion. But it also appears that the action of these persons was reviewed with care by the officers who most properly should review it, to wit, the Government directors. Thus, the Government itself, through its accredited agents, looked into the matter and approved the action taken. What more could be required? If the action of the Government's own representatives will not justify the company's board of direction in a matter of this sort, as against any subsequent claim of the Government, what will justify it? What course is open for the company to pursue? Are we to understand that the formal action of the Government's own agents, within the direct line of their duties, is not binding on the Government?

It does not seem necessary to add anything further on this head. The written communication submitted to you by Vice-President Potter and the evidence of Government Director Alexander seem to be conclusive on the general principle involved.

(5) As respects the Pacific Mail "subsidy," so called, I have to call your attention to page 8 of the annual report of the directors of the company to the stockholders for the year ending December 31, 1885. It is there shown that this so-called subsidy business had been for years discussed, and was inquired into by a committee of the United States Senate, of which Mr. Bayard, the present Secretary of State, Mr. Lamar, the present Secretary of the Interior, and also Mr. Thurman, were members. After careful investigation, this committee reported that the matter called for no action or further consideration, and their report was accepted by the Senate. I submit that the course of this committee justified the action of the company, and the company had a right thereafter to go on in the course theretofore pursued. If this is not so, the question again arises, What possible action on the part of the Government can be considered as indicating its policy and binding upon it?

But this so-called "subsidy" has been grossly misrepresented in the public prints and on the floor of Congress. It was simply one feature in a railroad "pool," at a time when railroad pools were in common use and had not been prohibited by law. By means of it, as has been fully explained in the pages of the report above referred to, about 10 per cent of a common business was allotted to one of the transportation companies interested. This was not a large or unusual proportion of the "pool" traffic to be allotted to one member of a pool, certainly not an unduly large proportion. For obvious reasons, explained in the report referred to, this allotment of traffic was commuted into a cash payment. While the pool, which was rendered possible by this payment, was in operation, the rates on transcontinental business were sustained. Of those rates the Government received its full proportion. The Government, therefore, was one of the largest recipients of the benefits of this pool. The proceeds of it now represent a considerable portion of the sinking fund which has accumulated under the Thurman act. Immediately on the termination of the pool the value of the transcontinental traffic, so far as the Union Pacific was concerned, was greatly reduced. The payments made to the Government were correspondingly reduced. The Government, in other words, was a partner in this pool—a knowing partner, an unobjecting partner, a partner who derived advantage from it; and this, I submit, clearly appears in the columns of the Congressional Record, as above referred to, and in the reports of the Government directors.

(6) As respects rebates paid private companies or individuals doing business with the Union Pacific, I have to say that the company makes no denial of such payments. The payment of rebates was, until the

of the interstate commerce act, a regular and recognized part system under which the railroads of the United States were op- The directors of this company—as they conceived it was their to do—operated the road intrusted to them in such a way as to money both for the company and for the Government; and in to do this it was necessary to operate the Union Pacific as roads ing with the Union Pacific were operated. In this respect it no difference whether the directors of the Union Pacific regarded ilroad methods in common use as good or as bad. They did not hold positions as economical theorists or as general railroad reformers. were there as business men in charge of one particular railroad, t in charge to make money out of that road for those they repre- If the Union Pacific has refused to do competitive business way in which other companies did competitive business, the public made by it would have been met by the secret rates of competing and the stockholders of the Union Pacific and the Government have suffered accordingly. I submit, therefore, that no blame es to the directors for the course they pursued in this matter. should not alone be held responsible for a system in common use. course is not open to censure, unless it can be shown that the gers of the company themselves profited through the system, in- ally and illegitimately.

is nowhere appears. In the case of the Omaha and Grant Smelt- Company, to which heavy rebates were paid, the record shows that prominent directors of the Union Pacific were stockholders. This dmits of a perfect explanation; and the course of the directors in tion, if examined, will be found to be wholly justifiable. The Omaha Grant Smelter has been for years the largest shipper and the most erative patron of the Union Pacific. In the early days it was a tion where this smelter would be located. It could be located either the line of the Union Pacific or elsewhere. It was located at ha. It began its operations with insufficient capital. More money ecessary to enable it to do business upon a scale which would be table in competition with other smelters. Feeling that the Union fic would be a large beneficiary by this proposed increase of busi- those who had the affairs of the Omaha and Grant Smelter in go came to the East and solicited increased capital from those in- ted in the stock of the Union Pacific. Not without difficulty they ed two of the directors of the company, wholly with the view of rding the interests of the Union Pacific, to advance the capital ed, and those gentlemen accordingly became interested in the stock e Omaha and Grant Smelter. But, while so interesting themselves, took special pains to guard the interests of the company of which were directors, as will be seen from the following extract from a r written by one of them, under date of November 21, 1881, to J. nnett, then auditor of the company at Omaha, the official who with the Omaha and Grant Smelter on behalf the Union Pacific.

was especially understood, at the time of making this arrangement with Mr. and his associates, that the Union Pacific Company should not, on account of ther, make any more favorable terms with the Smelting Company than they heretofore, either in credit on freight bills or rates of freight, and I shall rely on personally to see that they get no increased favors over and above what they heretofore had.

e course pursued by the directors in question in this matter is, fore, fully justified, unless the position is taken that the directors railroad company are in no case to assist any industry upon the

line of such railroad which it is claimed will be conducive to its interest. In this respect the directors of the Union Pacific to-day are, as they always have been, between two fires. On the one side, parties interested in local development along all the lines operated by the company are in the habit of coming to the directors with their projects, correctly arguing that, unless those interested in the Union Pacific will evince their confidence in such projects by putting their capital into them, others cannot be expected so to do. In fact, when such parties call upon other capitalists and promoters of enterprises in regard to these projects, they are uniformly met by the inquiry whether those interested in the Union Pacific, who have the best means of information, believe in the projects sufficiently to invest their own money in them. If the answer is "No," that is apt to be the end of the application. The directors, therefore, are under constant pressure to take interests in these enterprises. If they do not do so, they are charged with selfishness, with lack of enterprise, and with a desire to get everything out of the country without putting anything back into it.

If, on the other hand, they do, as in the case of the Omaha and Grant Smelter, lend such enterprises a helping hand, and evince their confidence in them by advancing money, they are, in case such enterprises prove remunerative, charged with having drawn illicit profits from a connection with companies doing business with the Union Pacific. Whichever course they pursue, they fail to give satisfaction, and are severely criticised.

This can be said, I believe, of the directors of no other railroad company in the country.

(7) As respects the use of the company's funds for the purpose of influencing legislation, I deem it unnecessary to say anything. Extensive as the investigation has been, your record contains no trace of any such improper use of money. On this vital point the company comes out from the fire unscathed. If anything to the contrary is to be found in the evidence, I would ask to have it pointed out. No document, no voucher, no witness that the Commission has called for and likely to throw light on this charge, has failed to be presented or to appear.

That the company has in the course of its history, and even during recent years, spent large amounts on its legislative business is apparent. The vouchers for such payments have been produced, as also the officials through whose hands the money passed. This money was spent on the legislative business of the company, just as equal or much larger sums were spent upon the legal business of the company. The one requires no less unremitting attention than the other. The Union Pacific operates railroads in seven States and Territories, and measures nearly affecting its interests are continually pending before Congress. The company cannot suffer default before legislatures or before Congress, any more than it can suffer default in the courts. Wherever, as in the case of the Union Pacific, vast interests are at stake, whether in the courts or before legislative bodies, they must be carefully looked after. To thus look after them necessarily costs money, and a great deal of money. But there is no more ground to assume that the money thus spent in legislative work is spent in corrupting legislators than there is that money spent in prosecuting or defending cases in court is spent in corrupting judges and jurors.

(8) The matter of the alleged interest of directors and officials in outside companies I have already sufficiently discussed. Nothing

submit, appears in your record under this heading which either does not admit of satisfactory explanation or of a perfect defense.

(9) As respects the interest of the company in outside business enterprises, such as coal mines, stock-yards, etc., it must be borne in mind that the position of the Union Pacific has been peculiar. It was originally supposed that the transcontinental road would run through what was practically a desert. It was constructed to do Pacific business alone. The region through which it ran was devoid of inhabitants, and of course had no accumulated capital. Under these circumstances, the very necessities of the company compelled it, in its earlier days, to enter into these outside business enterprises. It had to mine coal, for instance, for its own use, inasmuch as there were no coal mines, except such as it might open, on the line of its road. Moreover, there were certain branches of business, elsewhere left to private enterprise, which could not be so left to it in this country, for the reason that neither men nor money were in the country. For example, for thousands of miles there were no hotels. The company, therefore, had to build hotels, if only to accommodate its own employés; and accordingly it was forced to go, to a certain extent, into the hotel business. So also as respects stock-yards. A stock-yard is simply a depot for the receipt and handling of cattle for shipment; just as a freight station or a passenger depot are buildings for the receipt and accommodation of freight and passengers seeking transportation. The company had to establish stock-yards, for the reason that no one else was prepared to establish them, any more than other persons were prepared to establish hotels. In many cases these stock-yards had to be permanently operated by the railroad company, for the obvious reason that the business transacted was confined to short periods of the year, and no one else would undertake to do it. I submit that in no case has your investigation shown any abuse connected with these stock-yards. Charges have been made against the company at Council Bluffs, and at other points; but all of these admit of ready and obvious explanation; and the difficulty in these cases seems to have arisen from the fact that the company did not own and operate the yards itself to the exclusion of all private enterprise.

The company also operated a rolling-mill at Laramie, for the reason that it was necessary to re-roll its old iron, and the cost of transportation, if the old iron was sent to be rolled at a mill operated by private parties, would amount to nearly as much as the iron was worth. Old iron must be handled upon the spot if it is to be handled economically.

But the policy of the company during recent years has been to withdraw, as rapidly as possible, from all connection with outside enterprises, and to confine itself to its legitimate business of a common carrier. This has been well understood, and is apparent from almost innumerable letters in the correspondence between the Eastern office and the local office at Omaha. Meanwhile, such a change of policy as this can be brought about gradually, if it is brought about without detriment, both public and private. The company has already disposed of its coal interests in Colorado, and for several years it has had under consideration the expediency of disposing of its coal interests in other Territories. This matter has recently been investigated by the present board of Government directors, one member of which—Mr. Hanna—has long practical experience as a coal miner. Mr. Hanna has expressed his opinion, in writing, that the time has not yet come when it would be safe for the Union Pacific to give up coal mining and to turn that business over exclusively to private parties.

(10) The payment of a large sum in dividends, between the years 1873 and 1884, is alleged as an offense; and it has been argued that the more recent financial difficulties of the company are due to such payments.

So far as the dividends in question were concerned, this matter at least has been fully discussed, and finally passed upon by the highest tribunal in the country, to wit, the Congress of the United States. Payment of dividends on the capital stock of the company began in the year 1873. In 1878 the "Thurman act" was passed. The passage of this act was due to the payment of dividends. Congress therein practically covered the whole ground, disposing of the dividend question, as is apparent from the debates. It assumed the position that, if dividends were to be paid to the stockholders, provision must likewise be made for the creditors of the company. What that provision should be was distinctly prescribed in the act, and partook of the nature of a preferred charge. The matter of future dividends was then provided for, and it was enacted that it should be a penal offense on the part of the directors to pay, or on the part of the stockholders to receive, any dividends, *unless provision for the creditors of the company, as prescribed in the act, had first been made.* Furthermore, in the course of debate the ground was explicitly taken by Senator Thurman, the father of the bill, that it was not desirable the payment of dividends to the stockholders should be discontinued. "It is," he said, "for the interest not only of the companies, but of the country and the public, that the stockholders should receive some reasonable dividends; because where roads pay dividends they are always better managed then where they pay none." (Congressional Record, March 12, 1878.) The payment of dividends was, therefore, not only recognized as proper by Congress, but the payment of them, where the earnings would justify it, and provision for the debts of the company had been made, was actually encouraged.

This took place in 1878. Dividends under the "Thurman act" were paid by the company to its stockholders during the succeeding six years. The payment of dividends stopped in April, 1884, because the earnings ceased to justify their payment. Meanwhile, from the year 1878 down to the present time, whether dividends were paid to stockholders or not, every dollar provided by the "Thurman act" to be set aside for the satisfaction of the creditors of the company has been set aside. It is alleged by no one that the company is in default as respects these payments.

This matter, therefore, has been fully discussed, passed upon by Congress, decided, and the company has lived up to the decision. It is *res adjudicata.*

Moreover, it is incorrect to assume that any financial difficulties of the company subsequent to the year 1883 were due to the payment of dividends prior to that time. This is apparent from the returns as published in the annual reports.

As evidence of this I have to refer to the table of earnings of the company since 1880, to be found on page 99 of the annual report of the directors for the year 1886. It will there be seen that the gross earnings of the Union Pacific attained their maximum in the year 1881, when they exceeded $24,000,000. In the year 1885 they had fallen to $17,500,000—a decrease of nearly $7,000,000, or more than one-half of the largest net earnings of any year in the company's history, those net earnings never having quite reached the sum of $12,000,000. It is to this falling off of gross earnings, and consequently of net earnings, that the more recent financial difficulties of the company were due. The falling

off again, was due to the construction of competing lines to the Pacific coast. The value of the so-called transcontinental business was $3,703,656.79 in 1881, while five years later, in 1886, it was only $1,334,249.47,—a falling off of 64 per cent. Other through competitive traffic in Colorado, Utah, and Montana fell off in like ratio at the same time and for the same reason. That it should so fall off was impossible for the directors to foresee. Such a reduction was most improbable—almost without precedent. Meanwhile, from the date of the consolidation in 1880 to April, 1884, when dividends were stopped, the net income of the company amounted, after the payment of all fixed charges, to nearly $24,000,000, of which sum $15,600,000 were disbursed in the form of dividends, leaving an amount of $8,250,000 belonging to the stockholders, and fairly applicable to dividends, which was turned into the business, and is now represented in the company's property. The dividends paid were not unduly large, and their payment by no other company would ever have attracted notice or been alleged as an offense.

I deem it unnecessary to offer any more extended argument or closing defense of the Union Pacific. I have merely to add that, never in the history of corporations has there been an investigation equal in magnitude, thoroughness, or cost to that which your Commission has just completed. In the desire to make the investigation final, and put a stop to future idle and scandalous talk, it may not improperly be said that your Commission has neglected no effort to bring all parties before you who had aught to say against the Pacific railroads. The Union Pacific has interposed no objection to the evidence thus adduced. Regardless of the fact whether such evidence was legally admissible or no, we have patiently and silently submitted to the production, among more pertinent matter, of a vast amount of scandal, tittle-tattle, gossip, unfounded allegations of prejudiced parties, newspaper rumors, all dragged into court to make out some sort of a case upon which an indictment might be framed. We submit that no such case has been made out. We further submit that no such case can be made out.

It would be futile to pretend that where a corporation has for over twenty years been concerned in such a multiplicity of transactions as the Union Pacific has been concerned in, some sort of a popular case could not, with sufficient expenditure of industry, ingenuity, and money, be worked up against it. The men who have handled the interests of the company since Congress itself in 1873, and again in 1878, passed upon all matters involved in the management of the company's affairs up to those dates, have been no more and no less than human. That they have committed errors is not for a moment denied. It is, however, confidently maintained that this investigation shows that they have handled the affairs of the corporation merely in the way in which the affairs of other corporations of a similar character have been handled; that they have had recourse to no unusual or corrupt practices, and that all errors into which they have fallen, injurious to the interests of the company, have been errors of judgment, and not errors of intent.

I remain, &c.,

CHARLES F. ADAMS,
President.

PROCEEDINGS IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF CALIFORNIA.

IN THE MATTER OF THE

Application of the United States Pacific Railway Commission to compel Leland Stanford to answer certain interrogatories to him propounded by said Commission.

[Petition.]

Circuit court of the United States for the northern district of California.
In the matter of the United States Pacific Railway Commission.

The petition of Robert E. Pattison, E. Ellery Anderson, and David T. Littler, Commissioners appointed under an act of Congress entitled "An act authorizing an investigation of the books, accounts, and methods of railroads which have received aid from the United States, and for other purposes," approved March 3, 1887, respectfully shows:

I.

That the Central Pacific Railroad Company of California was duly organized and incorporated under the laws of the State of California on or about the 27th day of June, 1861.

That on December 13, 1862, the Western Pacific Railroad Company was incorporated under an act of the legislature of the State of California.

That on the 22d day of August, 1870, the said Central Pacific Railroad Company of California, and the said Western Pacific Railroad Company, together with certain other railroad companies, were duly and legally consolidated, and that the companies so consolidated became, and thereafter were known as, the Central Pacific Railroad Company.

That on the 1st day of July, 1862, the Congress of the United States enacted a law entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes."

That by the ninth section of said act it was, among other things, provided that the Central Pacific Railroad Company of California, a corporation existing under the laws of the State of California, was thereby authorized to construct a railroad and telegraph line from the Pacific coast, at or near San Francisco or the navigable waters of the Sacramento River, to the eastern boundary of California, upon the terms and conditions stated in the said act, and that thereafter authority was given to the said corporation to extend the line of its railroad to a junc-

with the Union Pacific Railroad Company, at or near Ogden, in the ritory of Utah.

II.

That under the provisions of the act of July 1, 1862, above referred , and of another act of Congress passed July 2, 1864, entitled "An act amend an act entitled 'An act to aid in the construction of a railroad d telegraph line from the Missouri River to the Pacific Ocean, and secure to the Government the use of the same for postal, military, d other purposes,' approved July 1, 1862," the said Central Pacific ilroad Company received aid from the Government of the United tes in bonds, and that the terms and conditions upon which such was extended to the said company are set forth in detail in the said ts, to which acts reference is hereby made for greater certainty.

III.

That on the 7th day of October, 1832, the Central Pacific Railroad mpany duly accepted the conditions of the said acts of Congress, and sequently filed their acceptance thereof in the Department of the terior, and that they thereby became subject to the jurisdiction of ngress and the laws of the United States; that all of the bonds pro- ded by the said acts have been duly delivered by the United States to said Central Pacific Railroad Company, and that the said company received the entire benefit thereof; that all other privileges, advan- es, and gifts of land by the said acts provided have also been re- ived by the said company in so far as it has become entitled to re- ve the same.

IV.

Your petitioners further show that by the terms of the said act of ngress first above recited, approved March 3, 1887, it was provided at the President of the United States should appoint three Commis- ners for the purposes of the said act; that the persons appointed on said Commission should have power to examine all books, papers, d methods of the companies in the said act named, and that the said mmissioners were charged with the duty of examining into the work- g and financial management of all the railroads that have received aid m the Government in bonds, and also to inquire and report whether id companies, or either of them, or their officers or agents, have paid y money or other valuable consideration, or done any other act or ing for the purposes in the said act stated, to which for greater cer- inty reference is hereby made.

V.

Your petitioners further show that in the month of April, 1887, the President of the United States did appoint your petitioners Commis- sioners under the said act, and that said Commissioners have duly quali- ied, and are now engaged in discharging the duties imposed upon them by the said act.

VI.

Your petitioners further show that it was, by the last-mentioned act, further provided "that the Commissioners hereby created, or either of them, shall have power to require the attendance and testimony of wit- nesses, and the production of all books, contracts, agreements, and docu- ments relating to the matter under investigation, and to administer oaths; and to that end may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the

production of books, papers, and documents under the provisions of this section;" and that "any of the circuit or district courts of the United States within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpœna issued to any person, issue an order requiring any such person to appear before said Commissioners, or either of them, as the case may be, and produce books and papers, if so ordered, and give evidence touching the matter in question."

VII.

Your petitioners further show that on the 10th day of August, 188[illegible], a regular session of the Commission was held at the Palace Hotel, in the city of San Francisco, for the purpose of investigating the books, accounts, and methods, and other matters referred to said Commission by the said act, of the Central Pacific Railroad Company.

That Leland Stanford was and, from about the year 1863 to the present time, has been and still is the president of the said company; that as such president he has taken a large part in the management of the said corporation, has been active in all its business, and has been personally familiar with its financial affairs.

That on the said 10th day of August, 1887, the said Leland Stanford was present before the said Commission as a witness duly sworn; that in the course of the examination of the said Stanford a number of vouchers purporting to represent the expenditures of moneys belonging to the said corporation, which vouchers had been produced by the company and were duly authenticated, were produced and verified; that a copy of all the said vouchers is hereunto annexed, marked "Schedule A," which schedule is made a part of this petition.

That it appears from said vouchers that between the 9th day of November, in the year 1870, and the 21st day of December, in the year 1880, various large sums of money, amounting in the aggregate to the sum of $733,725.68, had been expended by the said Leland Stanford and had been by him charged to the said company, and by the acts of the said company had been re-imbursed to the said Leland Stanford.

That the persons to whom the said moneys had been paid and the objects to which the same had been applied do not appear upon the face of the said vouchers, except that the said objects are stated in general terms to have been for general expense account for legal services, and also except that in a few instances the initials of persons to whom the moneys purport to have been paid are given.

Your petitioners further show that in the course of the said examination, voucher No. 2569½, being one of the vouchers hereto annexed, was shown to the witness and the following interrogatory was thereupon propounded to him:

"Q. Was any part of the $171,000, the sum named in this bill that I handed to you (and that you now have), paid for the purpose of influencing legislation?"

The witness thereupon declined to answer the said interrogatory.

That in the course of the examination of the said Stanford it appeared that the amount contained in the said voucher was ascertained by one William E. Brown, under the directions of the said Leland Stanford, and that the result was arrived at by examining the individual checks of the said Stanford and selecting therefrom those which the said Stanford desired to charge to the said Central Pacific Railroad Company and containing the aggregate of the said checks.

That it further appeared that the said Stanford had destroyed the said checks and the stub-books from which the same were taken, and

the pass-books relating to the bank account on which the said checks had been drawn.

That it also appeared from the evidence of the said Leland Stanford that in the month of December, 1875, the legislature of California was in session at the city of Sacramento; that it was the custom and practice of the said Stanford to attend at the sessions of the legislature for the purpose of protecting the interests of the Central Pacific Railroad Company, and that on such occasions he was accompanied by one or more attorneys or agents, for the purpose of assisting him before the legislature.

That the following interrogatory was propounded to the said witness:

"Q. Please name the lawyers who were in the habit of attending the legislature with you?"

That the witness thereupon declined to answer the said interrogatory.

That thereupon all of the said vouchers following voucher No. 2569½ were in succession presented to the witness and he was asked whether any part of the moneys described in the said vouchers was expended through any agent or individual for the purpose of influencing legislation, and that the said Stanford, as to each of the said vouchers, declined to answer the said interrogatory.

That subsequently the following interrogatory was propounded to the said Stanford in relation to the said vouchers:

"Q. Did you ever give any portion of the moneys covered by these vouchers to Mr. S. T. Gage for the purpose of using the same in connection with measures pending in the legislature?"

That the witness declined to answer the said interrogatory.

That thereupon the following interrogatory was propounded to the said witness:

"Q. Did you ever give any money that was thus expended without requiring any detailed account of the manner in which the same should be expended, to Mr. S. T. Gage?"

That the witness declined to answer the said interrogatory.

That thereupon the following interrogatory was propounded to the said witness:

"Q. Did you ever pay any money to W. B. Carr for the purpose of being used with reference to legislative matters pending in the California legislature?"

That the witness declined to answer the said interrogatory.

That thereupon the following interrogatory was propounded to the said witness:

"Q. I ask you the same question with regard to W. W. Stow."

That the witness declined to answer the said interrogatory.

That thereupon the following interrogatory was propounded to the said witness:

"Q. I ask you the same question as to R. B. Mitchell."

That the witness declined to answer the said interrogatory.

That thereupon the following interrogatory was propounded to the said witness:

"Q. I ask you the same question as to W. M. Stewart?"

That the witness declined to answer the said interrogatory.

That thereupon the following interrogatory was propounded to the said witness:

"Q. The same question as to S. W. Kellogg?"

That the witness declined to answer the said interrogatory.

That thereupon the following interrogatory was propounded to the said witness:

"Q. I ask you the same question as to Lyman Trumbull?"

That the witness declined to answer the said interrogatory.

That thereupon the following interrogatory was propounded to the said witness:

"Q. I ask you the same question as to John P. Jones?"

That the witness declined to answer the said interrogatory.

VIII.

That a copy of the evidence of the said Leland Stanford relating to the matters above referred to and containing his refusals to answer the several interrogatories above stated is hereunto annexed, marked "Schedule B," and is made a part of this petition.

Your petitioners further show that they are informed and believe that the matters sought to be disclosed by the interrogatories addressed to the said Leland Stanford relate to the subject-matter of their inquiry, and that in order to enable them to properly discharge the duties imposed upon them by the said acts of Congress the witness should be required to answer the same.

Therefore these petitioners pray this honorable court to issue an order requiring the said Leland Stanford to show cause, at a time and place to be specified in the said order, why he should not be required to appear before the said Commissioners and answer the said interrogatories.

ROBT. E. PATTISON.
E. ELLERY ANDERSON.
D. T. LITTLER.

CITY AND COUNTY OF SAN FRANCISCO, *ss:*

Robert E. Pattison, E. Ellery Anderson, and David T. Littler, being duly sworn, each for himself says that he has read the foregoing petition and knows the contents therein stated to be true, except as to matters which are therein stated to be alleged on information and belief, and that as to those matters he believes it to be true.

ROBT. E. PATTISON.
E. ELLERY ANDERSON.
D. T. LITTLER.

Sworn to before me this 13th day of August, 1887.

[SEAL.] HOLLAND SMITH,
Notary Public.

SCHEDULE A, annexed to the petition, consists of the following vouchers, which will be found set forth in full in volume 6, at the pages indicated below:

Voucher number.	Page.	Amount.	Voucher number.	Page.	Amount.
2569½	3160	$171,781.89	2349	3173	[illegible]
2971½	3177	8,911.53	2178½	3173	[illegible]
1877	3179	50,000.00	865½	3174	[illegible]
2781	3179	20,000.00	1664	3175	[illegible]
2564½	3178	8,773.95	1619	3176	[illegible]
2385	3176	1,500.00	1878	3161	[illegible]
1309	3164	500.00	1052	3162	[illegible]
1760	3159	38,156.02	307	3163	[illegible]
2564	3162	48,816.04	2567½	3177	[illegible]
1782½	3171	50,000.00			

SCHEDULE B, annexed to the petition, consists of the record of all proceedings before the Commission at the afternoon session of Wednesday, August 10, 1887, to be found in volume 6, pages 3160 to 3206.

ANSWER OF LELAND STANFORD.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF CALIFORNIA.

IN THE MATTER OF THE

United States Pacific Railway Commission.

To the Honorable the Justices of said Circuit Court:

Leland Stanford, named in the petition filed in this honorable court in the above entitled matter named, comes and makes answer to said petition in the manner following, that is to say:

The Central Pacific Railroad Company was duly incorporated under the laws of the State of California, on or about the 27th of June, 1861, and when it has continued to be and still is a corporation duly organized and acting under the laws of the State of California. In 1870 the Central Pacific Railroad Company of California consolidated with the Western Pacific Railroad Company, and thereafter became and still is known as the Central Pacific Railroad Company.

On the 1st of July, 1862, the Congress of the United States passed an act entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes."

On October 7, 1862, the company accepted the conditions of this act in conformity with its requirements.

On July 2, 1864, Congress passed an act entitled "An act to amend an act entitled 'An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes,'" approved July 1, 1862. Of the provisions of these acts of Congress the company availed itself, and has received the bonds provided for in said acts, and in part received the other subsidies therein provided for. With the aid thus furnished and the aid furnished by various subsidies under the laws of the State of California and the means and resources of the promoters and stockholders of that company, it constructed the Central Pacific Railroad from the city of Sacramento, in the State of California, to Promontory Point, in the Territory of Utah—the Central Pacific Railroad Company constructing the road from Sacramento to Promontory Point, and the Western Pacific Railroad Company constructing that extending from Sacramento to the City of San José. Since its construction I have been and still am president of the Central Pacific Railroad Company. As such I have taken a very active part in the construction of its road and the management of its affairs, and in the earlier road and the management of its affairs; and in the earlier part of the history of the company I was its financial agent and representative upon this coast.

During the course of the construction of its road the company was compelled to borrow money largely, and incur large expenditures of an extremely varied and general character.

In its incipiency the enterprise was regarded as of doubtful success. The project was considered as visionary; its practicability was questioned; the liability, under the laws of this State, of the stockholders for their proportion of the debts and liabilities of the company contracted or incurred while stockholders, created distrust and deterred the public from taking an interest in the enterprise or extending it financial aid. These causes rendered the company, as such, unable in its corporate capacity to borrow money or secure the necessary funds with which to carry forward the construction of its road. Time was material, delay was disastrous. Public and private interests alike imperiously demanded a speedy completion of the road. Under the circumstances no alternative remained to myself and associates but upon our individual responsibility, as best as we might, to raise the necessary funds to enable the company to prosecute the work of construction of the road. Upon its success we staked our fortunes, assumed the responsibilities, and borrowed upon our individual credit these necessary funds.

At that time its office and principal place of business under its original articles of incorporation was in the city of Sacramento, while in those days, as at present, the city of San Francisco was the principal money center of the Pacific Coast, and the place where I was compelled to transact most of the business on behalf of the company in the way of raising and disbursing moneys on its account. In so doing I was practically compelled to pursue the course described in my evidence, a copy of which is annexed to the present application, in transacting the business of the company, and from time to time I made up my accounts and furnished vouchers to it as therein described.

In this way I have taken part in transacting the business of the company for a period extending over twenty-five years, and in point of value aggregating upwards of four hundred millions of dollars. As the business took place I was cognizant of it, but, owing to its multiplicity and the pressure of matters more important than mere detail, as well as the lapse of time, I am now no longer able to recall many of the matters with which I was once personally so familiar.

In May, 1887, shortly after the organization of the Commission, I received a circular from the Commissioners, calling upon me for information touching the matter specified in the act of Congress creating it.

This embraced all the matters contemplated and provided for in the act. How extensive and detailed is the information thus asked for an inspection of the act of Congress alone can tell. Comprehensive and sweeping as are its requirements, immediately upon the receipt of the circular I in good faith diligently endeavored to comply with them. Agreeable to the request thus made, I gave the necessary instructions to the officers and employés of the company to secure all available information thus called for, and called to my assistance all the aid at my command to fully, completely, and categorically answer the various interrogatories propounded to me. These answers I have submitted to the Commission. Some time after the receipt of this circular I was favored with the presence of accountants and experts of the Commission, at whose request they called upon me for the purpose of investigating the books of the company and its affairs.

I promptly placed at their command all the books and all information at my disposal. Since then these gentlemen, with the assistance of the various officers and employés of the company, have been diligently

in collecting all the data and information they desired in respect to the subject of the circular. Since the arrival of the Commission in San Francisco I have waited upon them; the principal officers and employés of the Central Pacific Railroad Company have waited upon them; and every person in the employ of the company whose presence was desired, or who could furnish them information in respect to the subjects of their investigation, have promptly and cheerfully done so.

In the original act of July 1, 1862, section 20, it was provided—

That the corporation hereby created and the roads connected therewith under the provisions of this act shall make to the Secretary of the Treasury an annual report, therein shall be set forth, first, the names of the stockholders and their places of residence, so far as the same can be ascertained; second, the names and residence of the directors, and all other officers of the company; third, the amount of stock, and the amount thereof actually paid in; fourth, a description of the lines of road surveyed, and of the lines thereof fixed upon for the construction of the road, and the cost of such surveys; fifth, the amount received from passengers upon the road; sixth, the amount received from freight thereon; seventh, a statement of the expense of said road and its fixtures; eighth, a statement of the indebtedness of said company, setting forth the various kinds therefor; which report shall be sworn to by the president of the said company, and shall be presented to the Secretary of the Treasury on or before the first day of July in each year.

The requirements of this provision of the law have been fully complied with from the time of its enactment, thus early bringing to the attention of the Government in the mode prescribed knowledge of all matters thus referred to.

Compliance with the provisions of this section of the statute compelling the company, in 1863, to report to the Government the names of its stockholders, their place of residence, the names of its directors and of all its other officers, the amount of its stock subscribed, of the amount actually paid in, a description of the line of its road surveyed, as well as of the lines fixed for its construction, of the cost of such surveys, the amount received from passengers and freight, a statement of the expenses of the road, its fixtures, and a statement of the indebtedness of the company, setting forth the various kinds thereof. Coeval, therefore, with the creation with its indebtedness, the company was required to furnish the Government with a statement of it; and coeval with the, time of the requirement did the company furnish such statement and, I believe, has ever since continued to do so.

As repeatedly declared by the highest court in the land, the relations created by the act of Congress between this company and the Government was that of a debtor and creditor. And the sole and only power to modify or change the relation thus created is expressed in the provisions of section 18, declaring that—

Whenever it appears that the net earnings of the entire road and telegraph, including the amount allowed for the services rendered for the United States, after deducting all expenditures, including the repairs and furnishing and running and managing the said road, shall exceed ten per cent. upon its cost, exclusive of the five per centum to be paid to the United States, Congress may reduce the rates of fares thereon, and, if unreasonable in amount, may fix and establish the same by law. And to better accomplish the object of this act, namely, to promote the public interest and welfare by the construction of said railroad and telegraph line and keep the same in working order, and secure to the Government at all times (but particularly in time of war) the use and benefits of the same for postal, military, and other purposes, Congress may, at any time, *having due regard to the rights of said companies* namely herein, add to, alter, amend, or repeal this act.

The repeal of this act of Congress would not do away with the Central Pacific Railroad Company. Its existence does not depend upon the act of Congress. It owes its existence to the laws of the State of California and to those laws alone. While to the provisions of the act of

Congress are due the bounties therein provided for, the company does not owe its existence to that act, but to the laws of the State of California. However the repeal of the act of Congress may affect these bounties, it can in no wise affect the existence of this company.

It will moreover be observed that this reserved power is qualified with the attendant obligation on the part of the Government to only exercise it "having due regard for the rights of said companies." In the exercise of this reserved power, on the 19th of June, 1878, Congress passed an act to create an Auditor of Railroad Accounts, and for other purposes (Statutes of 1878–'79, page 169). The designation of this office was changed by the act of March 3, 1881, to "United States Commissioner of Railroads." The change has only been in title; the power and duties of the office remain the same. The first Auditor of Railroad Accounts appointed under the act of 1878 visited the office of the Central Pacific Railroad Company, in San Francisco, in 1879, and made a thorough examination of the accounts, books, and vouchers of the company from the date of its organization down to the date of his examination. He was given every facility for his examination.

Upon his report the account between the company and the Government was then settled and adjusted. Like examinations have actually been made, and the accounts between the Government and the company adjusted accordingly, the last one being on December 31, 1886. In these various ways was the Government kept fully informed, in the mode prescribed by Congress, of the condition of the affairs of the company as they stood up to the 31st of December, 1886. The affairs of the company, running from the 1st day of July, 1862, to the 31st of December, 1886, were thus annually made public to the country before the road of the Central Pacific Railroad Company had assumed any tangible shape. Its condition was reported to the United States Secretary of the Treasury. To him was annually reported the amount received from passengers and freight over the road. To him was reported "a statement of the indebtedness of the company, setting forth the *various kind thereof.*" As the road was constructed and the indebtedness therefor created, it had to be reported to the Secretary of the Treasury, and it was so reported annually. Congress and the country were thus annually advised of the progress of the enterprise and of the mode and manner in which it was conducted. The work was not done in secret; its magnitude forbade; the interests of the parties forbade; the interests of the public forbade. The solemn declaration of Congress that "*the better to accomplish the object of this act, namely, to promote public interest and welfare by the construction of said railroad and telegraph line, and the keeping the same in order,*" fully attest the character of the enterprise, and at once demonstrate how futile have been the efforts to conceal or disguise aught concerning the mode or manner in which it was carried forward. The mode and manner in which it was carried on was not disguised from the public; but the public in this State, and the public throughout the United States, at the time *well knew how the work was carried on.*

The embarrassments and the difficulties attendant upon the construction of the road deterred capital and banished all grounds for cupidity. While risks had to be incurred, liabilities assumed, the prospective profit and success were contingent and doubtful, and few were hardy enough to embark in the enterprise. While myself and my associates did not at the time hesitate to take the risk and stake our fortunes on the success or failure of the enterprise, and while we do not feel that we are on that account alone entitled to justly complain of any fair and candid or even

official examination of the mode and manner in which the affairs of the company have been carried on and the interests of the public been treated, yet we feel that where we have complied with all of the requirements of the law, where we have annually reported to the United States Secretary of the Treasury, as required under the act of 1862, where we have submitted the affairs of the company to the investigation of all the officials charged with the investigation of the same, and where we have complied with every requirement of the law, oppressively as it has sometimes borne upon the company, and where the properly-authorized officers of the Government have accepted and received the reports of the company, fully showing the condition of its affairs as required by law, up to the 31st of December, 1886, it is hardly in keeping with the solemn compact made between the company and Congress, under the act of July, 1862, that no addition to, alteration in, or amendment to that act should be made without *having due regard for the rights of the company*, on the 3d of March, 1887, to pass the act of Congress authorizing the present investigation, under which we are called upon to go over now and investigate transactions reported to the Government over a quarter of a century ago, and long since settled and closed.

It may be true that there is no statute of limitations to run against the Government of the United States in any suit or proceeding at law or in equity; but assuredly where parties have carried on their dealings agreeably to the provisions of the several acts of Congress for over twenty-five years, openly and publicly, under the official responsibility, and subject to the scrutiny of the public press, it is not too much to ask that after such lapse of time some clear, imperious public necessity shall demand a disregard of all the principles and rules governing men in the ordinary business relations of life, and require the existence of some overruling necessity to call upon and justify the overhauling of all such dealings. Clearly this can not be the "due regard for the rights of the company" referred to in the act of 1862.

"With due regard for the rights of the company" such investigation cannot be had. "With due regard for the rights of the company" its duties, alike to the Government and its stockholders, cannot be disregarded. "With due regard for the rights of the company" its confidential relations and private business affairs cannot be made the subject of public investigation.

Notwithstanding having in these various modes, from the time of the passage of the original act of July 1, 1862, down to December 31, 1886, placed the Government in full possession of the true condition of the affairs of the company, yet upon the arrival of the Commission in this city, as already stated, I and the various officers of the company have promptly and cheerfully afforded to the Commission every facility for a full, complete, and most thorough investigation of all matters the examination of which the Commission could properly be chargeable with. This examination has not only extended to the affairs of the Central Pacific Railroad Company, but it has extended to a searching investigation of the affairs of all the consolidated and allied companies connected with that corporation. Their affairs have been examined into, not only by the experts of the Commission, but the Commissioners themselves, and all their business relations have been exposed to the public and the prying curiosity of rival business competitors. Despite all the information thus promptly and cheerfully extended to the Commission it insists upon an investigation of matters with which the Government has and can have no possible concern. The Government, as already

stated, is but a creditor of the company. Its interest is in its per centum of the net earnings of the company. What disposition may have been made of its assets in the past, or what disposition may have been made of such portion of its assets or earnings as the Government has not and never had any interest in, is a matter with which the Government can have no possible concern.

In the answer submitted to the Commission on behalf of the company I have already stated, and now state, that in determining the amount of the net earnings of the company for the purpose of ascertaining what would be coming to the Government, amounts in respect to which satisfactory and detailed vouchers are not furnished shall be regarded as if the money represented by such vouchers were on hand, and the account with the Government settled as if such moneys remained unexpended. And I here make the same statement, in view of which I am wholly unable to discover how the Government can be concerned in any of the other earnings or funds of the company, or to which it has not and can have no possible legal or equitable claim. As to all moneys and funds of the company upon which the Government has not and can have no legal or equitable claim it occupies the position and stands clothed with all the legal rights and powers of any other debtor in the management, conduct, and disposition of this property, and is entitled to the like protection under the law.

It is in regard to this class of property the Commission insists upon answers to questions insistence upon which can have no possible effect upon any of the just relations between this company and the Government, and can only tend to cast doubt and suspicion upon parties whose names may be mentioned in the course of such investigation. As the subjects in respect to which these questions are propounded are of an exclusive private character and in no ways affecting the interests of the Government, neither the company nor its officers feel called upon to answer them.

To this course I feel the more constrained as the gentlemen of the Commission have distinctly and repeatedly avowed in the course of their examination that they did not regard themselves bound in such examination by the ordinary rules of evidence; that they would receive hearsay and ex parte statements, surmises, suspicions, and all character of information that might be called to their attention. And during the course of my examination before the Commission it has more than once transpired that I was examined upon charges made in pleadings and proceedings instituted against the company based upon suspicion and surmise, and in many cases without actual foundation. Questions have been propounded, and a line of examination pursued, manifestly prompted by disaffected and hostile parties, whose aim was more the pursuit of personal enmity of a private character than the interests of the public at large or the ends of justice. To answer any of the objectionable questions propounded necessarily gives rise to the implication that all persons whose names may be mentioned in the questions to which answers are declined are guilty of the acts, commission of which is implied in the bare asking of the question.

In my testimony given to the Commissioners I have said in substance, and now repeat, that I have never corrupted or attempted to corrupt any member of the legislature, or any member of Congress, or any public official, nor have I authorized any agent to do so.

In regard to the vouchers referred to on the present application, I have already submitted my explanation to the Commission, and I have already stated to them, as I have hereinbefore stated, that they shall

be allowed in any wise to injuriously affect the interests of the Government. Yet I do not in this connection deem it proper to admit the implication of the Commission of any thing improper upon my part, because of the form or character of the vouchers, or the failure to explain the same. All the claims covered by those vouchers have received not only the approval of the board of directors of the Central Pacific Railroad Company, but likewise the approval of the stockholders of the company. All parties who could in any wise legally or equitably be affected by the disbursements embraced in those vouchers were fully satisfied therewith, and have ratified and approved of the same. In addition to which I may be permitted to say that in the conduct and management of a business of the magnitude of that of the Central Pacific Railroad Company, and the various corporations consolidated and allied therewith, it is impossible not from time to time to have to do business involving disbursements which every dictate of business prudence will not admit of being made public. Arrangements of a private character, names of parties not publicly known, and the disclosure of which could only result in defeating the ends in view and exposing the persons so named to suspicion or obloquy, would forbid making the same public either upon the archives of the company or before a public commission. We find this course of policy not only sanctioned by ordinary experience in business life, but we find that the Government of these United States and the government of the State of California, as well as the government of the city and county of San Francisco, severally allow to their chief magistrates moneys the investment of which is committed exclusively to their judgment and discretion, and for which detailed vouchers are never required.

I regret that the Commission have deemed it their duty to propound questions involving criminality on my part and on the part of the persons whose names have been mentioned by the Commission in such questions, answers to which for the reasons already stated I have felt constrained to decline to make.

I had supposed that every American citizen was protected by law from such questions. Be that as it may, acting not merely on my own behalf, but in behalf of those whose interests as stockholders of the Central Pacific Railroad are committed to my charge, I feel bound to decline to answer them unless the court shall otherwise direct. All citizens of these United States are entitled to the equal protection of the laws, and no person can be deprived of life, liberty, and property without due process of law.

I feel that I am entitled not only personally to the benefit of these constitutional guarantees, but that all my fellow citizens whose interests I, through this company, represent are likewise entitled to their benefit. I do not feel personally at liberty to decline to assure to them and to their interests committed to my charge the benefit of the protection secured to them by these great fundamental principles of our Constitution and laws, and, therefore, I respectfully submit that under their protection I am not required to answer the questions propounded, nor should the court make the order prayed for in the petition herein.

McALLISTER & BERGIN,
Attorneys for Respondent.

STATE OF CALIFORNIA,
City and County of San Francisco, ss:

Leland Stanford, having been duly sworn, says that he is the person named in the foregoing answer in the above-entitled matter; that he

has heard read the foregoing answer, and knows the contents thereof; that the same is true of his own knowledge, except as to the matters which are therein stated on his information and belief, and as to those matters that he believes it to be true.

LELAND STANFORD.

Subscribed and sworn to before me this 16th day of August, A. D. 1887.

[NOTARIAL SEAL.] HOLLAND SMITH,
Notary Public.

Indorsed: Service of within answer and receipt of a copy thereof admitted this 16th day of August, A. D. 1887.

John T. Carey, United States attorney. Filed August 16, 1887. L. S. B. Sawyer, clerk.

BRIEF FOR THE U. S. PACIFIC RAILWAY COMMISSION.

No. ——. IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF CALIFORNIA.

IN THE MATTER OF THE

United States Pacific Railway Commission's application to compel Leland Stanford to answer.

Points and authorities. John T. Carey, United States attorney, and Henry C. McPike, assistant United States attorney, counsel for petitioners.

STATEMENT OF FACTS.

The petitioners are the Commissioners appointed under an act of Congress passed March 3, 1887, authorizing the investigation of the books, accounts, and methods of railroads which have received aid from the United States, and for other purposes.

The Central Pacific Railroad is a corporation included with those designated by the act.

The Commissioners, in the discharge of the duties imposed by the act, have been for some time past engaged at the city of San Francisco in examining the officers of the company and its books and accounts. During the examination of Leland Stanford, who since 1863 has been the president of the road, a number of vouchers were produced bearing his signature and containing no other designation of the purposes to which the moneys covered by the vouchers had been applied than the statement that they were for "expense accounts" or "legal expense accounts."

The act, among other things, directs the Commissioners to inquire "what amounts of money or other valuable consideration, such as stocks, bonds, passes, etc., have been expended or paid out by said companies, whether for lawful or unlawful purpose, and for which sufficient and detailed vouchers have not been given," and further, "to inquire and report whether said companies, or either of them, or their officers or agents, have paid any money or other valuable consideration or done any other act or thing for the purpose of influencing legislation."

In pursuance of this direction contained in the act, the Commissioners addressed to the said Leland Stanford the following question:

Q. "Was any part of the $171,000, the sum named in this bill that I handed to you (and that you now have), paid for the purpose of influencing legislation?"

The witness declined to answer the question, not, however, alleging as a reason for such refusal that the answer might tend to criminate

him, but asserting that the question was one to which the Commission had no legal right to demand an answer. The question was repeated as to various vouchers, and in different forms, for the purpose of avoiding any question as to its being sufficiently specific; but as the company's counsel have expressly declared that they did not desire the court to pass on any mere question of form or regularity, we shall assume that the question above quoted presents the whole matter to the court on its merits.

The question thus presented, while of the utmost gravity and importance, is entirely free from any complications or uncertainty as to the facts involved. The petitioners respectfully insist that they were entitled to an answer to the question above propounded. Their right to an answer depends on the two following propositions:

I.

That Congress had the power to direct the investigation, and to direct it in a manner set forth in the act.

II.

That the question above propounded relates to the subject of the investigation.

POINT 1.—*Congress had the power to investigate "books, accounts, and methods of railroads which have received aid from the United States."*

In this connection it will be observed that the act of March 3, 1887, is not applied to any corporation by name, but extends to all corporations which have received aid from the United States. It can not, therefore, be claimed that its provisions are directed against any particular corporation.

The proposition stated in this point, in our judgment, will be conceded by every one, including the counsel for the Central Pacific Railroad. Its application to the case under consideration has been disguised and obscured by reference to matters which really have no connection with the question. It is alleged and urged that when the United States lent its credit to the Central Pacific Railroad it abdicated its sovereignty and stepped down into the ranks of its own subjects by creating between it and the corporation above named the relation of debtor and creditor. That as creditor it has no right to demand that what are claimed to be equivalent to proceedings supplementary to execution shall be exercised on its behalf, not only before judgment but before the maturity of its claim. This argument simply tenders a false issue to the court. The objects intended to be attained by the act have no relation to the enforcement of the debt due to the United States, and the investigations directed are not in the nature of proceedings for a recovery of the claim or a discovery of assets.

The attempt, therefore, to apply the doctrine of the Supreme Court of the United States as laid down in the United States against the Union Pacific Railway Company (98 U. S., 569), can not be successfully maintained. That suit was brought under an act of Congress passed March 3, 1873, directing the Attorney-General to cause a suit in equity to be instituted in the name of the United States against the Union Pacific Railroad Company and against a number of persons described in the act who were alleged to be wrongfully in possession of property of the said company either by reason of unpaid subscriptions for the stock or

tion of the receipt of moneys of the company to which they were not entitled, for the purpose of compelling the payment for such stock and the collection and payment of such moneys, and the restitution of such property or its value either to the said railroad company or to the United States, whichever shall in equity be held entitled thereto. (See case above cited, p. 571.)

It will be readily perceived that the sole object of this suit was to enforce by peculiar remedies the alleged rights of the United States as creditor against the defendants as debtors or against persons who could be properly held accountable in that suit for property or money; and the decision of the court is placed entirely on this ground. The United States is treated as an ordinary creditor, whose debt is not due and who seeks by extraordinary proceedings in equity to sequestrate the assets and choses in action of its debtor. The court, however, expressly recognized the existence of the relation of sovereign and subject between the United States and the company, and declared that those relations were in nowise affected or impaired by the existence of the relation of creditor and debtor. At page 616 the court says:

> In its sovereign or legislative relation to the company the United States has power, the extent of which it is unnecessary to define in this case. The two sections of the act, under one of which this suit was instituted, are instances of an exercise of these powers and they affect the interest of the company in important particulars. Congress might have also directed the Attorney-General, either as part of these proceedings or as an independent one, to ask the court to declare the franchise of the company forfeited. It might have ordered a bill to inquire if the company is involved, and if so, wind up its affairs and distribute its assets. In short, there are many modes in which the legislature could have called into operation all the judicial powers known to the law.

This same distinction is still more emphatically recognized in the Sinking Fund Case (99 U. S., p. 710), the clearest statement of this dual relation being found in the dissenting opinion of Mr. Justice Field at page 751:

> The relation of the General Government to the Pacific companies is twofold: That of sovereign in its own territory and that of contractor. As sovereign its power extends to the enforcement of such acts and regulations by the companies as will insure to the management of their roads and conduct of their officers in its territory, the safety, convenience, and comfort of the public.

In the same case, at page 720, Chief-Justice Waite, after having explained the existence of the reserved right of amendment, cites with approbation the law as laid down by Mr. Justice Clifford in Miller *v.* The State (15 Wall., p. 498):

> It may safely be affirmed that the reserved power may be exercised and to almost any extent to carry into effect the original purposes of the grant or to secure the due administration of its affairs, so as to protect the rights of stockholders and of creditors, and for the proper distribution of its assets.

The same justice again cites that proposition from Holyoke Company *v.* Lyman, 15 Wallace, 519; the declaration that the same right of amendment may be exercised "to protect the rights of the public and of the corporators or to promote the due administration of the affairs of the corporation." He also cites with approbation the declaration of Mr. Justice Field in Tomlinson *v.* Jessop, 15 Wallace, 459, that "the reservation affects the entire relation between the State and the corporation and places under legislative control all rights, privileges, and immunities derived by its charter directly from the State."

A vast proportion of the affairs of modern society are carried on through the instrumentalities of corporations. As common carriers they move substantially all the passengers and freight which the re-

quirements of commerce demand. The highways, railways, canals, and water-ways are all substantially operated and controlled by these great corporations. A very large proportion of the manufacturing industries and a proportion of our agricultural enterprises are carried on in the same way. These corporate powers, judiciously exercised, have been among the most powerful agents for the great development of modern civilization, and have largely promoted the wealth, welfare, and comfort of all classes of our society. But they have also proved to be, in the hands of the unscrupulous, powerful engines of oppression and instruments by which the cupidity and the avarice of men have been enabled to gratify unlawful ends. The accumulation of power and wealth in corporations, unless firmly controlled and regulated by efficient and constant supervision, is a menace to the liberties of the people. It seems, therefore, impossible to deny the proposition that all legislatures through whose actions these corporations have been called into being shall have the absolute and unlimited right to control them, and to regulate them, and, when they deem it necessary, to investigate their methods, the management of their affairs, their books and accounts, and to examine their officers.

We submit that a close examination of the act under which these Commissioners have been appointed will satisfy the court that it is not intended under that act to institute any proceedings for the purpose of protecting or advancing the interests of the United States as a creditor. No power whatever is given to the Commissioners to judicially determine as between the United States and the companies any question or right whatever. They cannot determine or adjudge the amount due to the United States from either of the companies referred to in the act. The Commissioners are required to inform themselves as to a vast variety of matters of fact, and are directed to report their conclusions to the President, and through him to Congress. The general purpose of their report is to enable Congress to ascertain "whether the interests of the United States require any extension of time for performance of the obligation to the United States of said companies, or any of them," and the Commissioners are also directed "to submit a scheme for such extension which shall secure to the United States full payment of all debts due them from said companies, with a reasonable rate of interest, in such time as the Commissioners shall propose, having due regard to the financial ability of said companies, and the proper conduct of their business, in such a manner as shall afford efficient service to the public."

We challenge the counsel for the company to cite from the act a single sentence or word which looks to any proceedings whatever which can in any way judicially determine any obligation of these companies, any right of the United States, or in any manner, however remote, affect their relations to each other as debtor and creditor. It is impossible, on the other hand, to read the act carefully without being convinced that the object of Congress was to obtain through this Commission such information as it was entitled in the exercise of its sovereign powers to receive from corporations which it had aided by its grant of powers and franchises, by the loan of its credit, and by its munificent donation of public lands.

POINT 2.—*The method of conducting the investigation as provided in the act is entirely within the scope of the powers of Congress.*

The act provides that the President of the United States shall appoint three Commissioners, and to these Commissioners power was given to conduct the investigation. No serious question is made as to the right

of Congress to adopt this method of obtaining needed information. It could hardly be obtained through the intervention of any committee of Congress. The information called for by the act is so varied and so extensive that it will evidently require the constant and uninterrupted attention of the persons to whom these duties were confided for the entire period allowed by the act itself. Moreover, this method of informing Congress has been so constantly pursued, both by the national and the several State legislatures on so many occasions and for such a variety of purposes, that we shall assume its propriety to be conceded.

POINT 3. *The jurisdiction of Congress as to the Central Pacific Railroads is as complete and extensive as it is over all other roads aided by the United States.*

This point was expressly decided in the Sinking-Fund Case (99 U. S., p. 710). An attempt was made in that case to distinguish between the Central Pacific Railroad Company and the Union Pacific Railroad Company as to the applicability of the Thurman act; but the court held that the Central Pacific Railroad Company, after having accepted all the conditions that were attached to the grants, including the reservation of power to amend, could not assert that Congress had not full jurisdiction over its affairs.

We therefore submit that the provisions of the act of March 3, 1887, apply with full force to the Central Pacific Railroad Company.

POINT 4.—*The power given to the Commissioners to require the attendance of witnesses, the production of books and papers, and to invoke the aid of the courts of the United States was a valid exercise of the powers of Congress.*

This point contains the real question now under consideration. Counsel for the company allege and urge that, while conceding the right of Congress to investigate, and to appoint the Commission, the exercise of these rights can not in any way affect or impair the reciprocal and corresponding rights of the company and its officers to decline to answer. They allege, in short, that Congress had no power, in the methods prescribed for this investigation, to compel the company or its officers to make answer against their will to questions propounded to them. They deny that Congress has power to require the courts of the United States to enforce answers to such questions by their process.

They cite in this connection the case of Kilbourn *v.* Thompson (103 U. S., p. 168.) We submit that the case cited has no application whatever. The question involved was simply whether the House of Representatives possessed the general power over all citizens of the United States to punish for an alleged contempt. The decision of the court was that no such power existed. No question was presented as to the right of an officer or commissioner engaged in conducting a lawful investigation to apply to a court of competent jurisdiction for an order or process in aid of the lawful purposes prosecuted by such commissioner; nor was there in that case any application to any judicial officer for the enforcement of the right. The House declared by resolution that the trustee of the firm of Jay Cook & Co. had recently made a settlement of the interest of the estate of Jay Cooke & Co. to the disadvantage and loss, as it is alleged, of the numerous creditors of said estate, including the Government of the United States, and also declared that the courts were powerless, by reason of said settlement, to afford adequate redress to the said creditors (including, of course, the Government of the United States), and thereupon it appointed a special committee with power to send for persons and papers. The plaintiff, Kilbourn, was subpœnaed to appear before the committee, and afterwards before the bar of the

House. He declined to answer certain questions, and thereupon the Speaker, by his own warrant, committed the plaintiff to jail.

The only question involved in that case was whether the House was vested with power to commit the plaintiff, Kilbourn. In the case at bar, Congress has passed an act directing a lawful investigation. The investigation is to be conducted by commissioners. These commissioners are authorized to subpœna witnesses, and in the event of a refusal to answer to present their petition to this court, setting forth all the facts. They submit themselves entirely to the jurisdiction and power of this court, both as to the sufficiency of the power of Congress and as to the question whether the interrogatory propounded by them is a proper question to be asked of the witness, under the act from which they derive their power, and they ask this court, if it shall decide in the affirmative, to adjudge that the witness should answer, and, in the event of a continued refusal, to enforce such answer by its process.

It is clear, therefore, that the decision cited has no bearing on the question. Moreover, none of the considerations above referred to arising out of the relations between the sovereign and the corporations which it creates apply to the Kilbourn case. The investigation was ordered simply upon the allegation that the United States was the creditor of Jay Cooke & Co. The House directed an investigation into and scrutiny of the affairs of that company without the suggestion of any public object which was to be promoted or served.

The functions exercised by Congress in administering the affairs of a community so vast, representing such varied and different interests, as exist in the United States of America, require for their intelligent application full and detailed information with reference to all matters which may become the subject of Congressional investigation. Without this information Congress is worse than powerless. Its enactments will fail of their effect, and in many cases will intensify and increase the very abuses or wrongs which they were intended to abate or rectify.

We find, from an examination of the statutes of the various States of the Union, that the methods directed by this act, or methods substantially equivalent, have been pursued in relation to a vast variety of subjects.

National banks are corporations created by acts of Congress, to which to a limited extent the credit of the United States has been loaned. By section 5240 of the United States Revised Statutes provision is made for the appointment of bank examiners with full power to examine the books and papers of national banks and to subpœna and examine their officers and agents on oath. Could it possibly be claimed that this power was beyond the scope of Congress? Would any court hesitate to require a bank officer declining to answer a question propounded by an examiner, adjudged to be within the scope of his lawful inquiry, to make such answer, and, in the event of the refusal, to enforce obedience by use of its process?

Railroad commissioners appointed for the purpose of supervising the operation of railroads are, in every State where the office exists, authorized to subpœna witnesses and examine them. In the State of California this right is secured to the railroad commissioners by a provision of the constitution itself. (Article 12, section 22, Constitution of California, 1879.)

In all States the public schools are open to the complete and close scrutiny of inspectors appointed under acts of the legislature, and their powers of inspection and of examination are extended to private schools participating in the public funds.

In the State of California the eighteenth article of the Political Code provides for the appointment of a board of examiners of all claims made against the State. By section 658 the chairman is authorized to issue subpœnas and compel the attendance of witnesses before the board in the same manner that any court in this State may.

By section 1986 of the Code of Civil Procedure of California, subdivision 3, it is provided that witnesses may be required to attend before various officers named in that section or "before any officer or officers empowered by the laws of the United States to take testimony."

Inspectors of registrations are everywhere authorized by law to administer oaths to electors applying to be entered on their registers, and to examine the applicant or his witnesses.

Registers of land entries are authorized by law, in the case of conflicting claims, to examine the claimants and their witnesses.

Officers of the United States appointed for the purpose of obtaining the information and statistics required for the purposes of the census are authorized to put various questions to all persons examined by them, and by section 2191 of the United States Revised Statutes, a refusal to answer either of the inquiries authorized by law subjects the person refusing to a penalty of $30.

Insurance departments everywhere appoint inspectors or officers charged with the duty of examining the condition of the insurance companies, and are likewise authorized to examine books, papers, and officers for the purpose of investigating the affairs of the respective companies and reporting thereon.

Can it be doubted that in a case held to be within the limits of lawful inquiry an officer charged with the duty of making such inquiry would be entitled, on presentation of the facts to any court of competent jurisdiction, to obtain an order directing the witness to answer and to the enforcement of such order by appropriate process?

In England, and in all the States of this Union, grand juries are charged with a number of public duties, in the discharge of which they inquire into the condition of prisons, hospitals, reformatories, asylums, and other quasi-public institutions. They are always authorized by law to examine witnesses. By reference to the statutes of the various States it will be found that in the discharge of these useful duties they are everywhere assisted and aided by the right to apply to competent tribunals for the enforcement of the attendance of witnesses and for process compelling answers to their inquiries.

We cite on this subject from the charge delivered to the grand jury by Mr. Justice Field in this district on the 22d of August, 1872. (2d Sawyer, p. 671.)

> By a statute of the State, grand jurors of the State courts possess very great inquisitorial powers. They are required to inquire into the official misconduct of public officers of every description in their county, and are entitled to the examination of all its public records. They are bound by their oath to inquire into and presentment make of all public offenses against the law of the State committed or triable in their county of which they have or can obtain legal evidence. In order to ascertain whether or not there has been any official misconduct in any public officer they have, under the statute, authority to inspect all his books and records and subject him to a searching examination.

Additional instances might be cited of the exercise of this power, which may be said to be absolutely essential to the efficient discharge of the endless number of duties in which the public has an interest. But we submit that enough has been stated to convince the court that when the inquiry ordered is lawful, and the officer entrusted with its execution has asked a question which relates to the subject of investiga-

tion, he is entitled to the aid of the court in enforcing an answer to his question.

We cite on this subject the case of The Commonwealth *v.* The Farmers' and Mechanics' Bank (21 Pick., 542). By chapter 14 of the laws of Massachusetts, 1838, the governor was directed to appoint commissioners. It was provided that they should visit the banks, have free access to their vaults, books, and papers, and should make all such inquiries as might be necessary to ascertain their condition; that they might summon and examine the officers and agents of the banks in relation to the transactions and condition of the banks; and that an officer or agent who should refuse, without justifiable cause, to appear and testify when thereto required should be subject to fine and imprisonment. It was further provided by the said act that if upon examination of any bank the commissioners should be of opinion that it was insolvent, or that its condition was such as to render its further progress hazardous to the public, the commissioners might apply to a justice of the supreme court to issue an injunction to restrain such corporation, in whole or in part, from further proceeding with its business until a hearing of the corporation could be had, and that the justice should forthwith issue such process, and after a full hearing of the corporation upon the matters aforesaid might dissolve or modify the injunction or make it perpetual.

The power exercised by the legislature of Massachusetts in the case cited very far exceeds the limits which have been observed by Congress in the act of March 3, 1887. In the former act the commissioners appointed by the governor were armed with all the powers and authority which have been delegated to the present Commissioners under the United States statute; but the Massachusetts act made it the absolute duty of the court to issue a temporary injunction upon the report of the commissioners. The authority of the Commissioners under the act of March 3, 1887, is simply limited to propounding their questions; beyond that they of their own motion have no power whatever. The refusal of the witness to answer simply brings the entire proceedings before this court, and it has competent power to grant or refuse the relief prayed for by the Commissioners.

In the Massachusetts case above cited the authority of the legislature to appoint the commissioners, through the governor, to invest them with power to investigate, and to require a judicial officer to issue a temporary injunction on their report, was sustained by the court, Chief-Justice Shaw rendering the opinion. All the questions presented to this court in the case at bar were discussed in the case cited.

(1) The objects which the legislature had in view in the adoption of the measures.

(2) The means which they had adopted for accomplishing those objects.

(3) Whether in the ends proposed or in the means prescribed the legislature had transcended the powers vested in it by the Constitution or had exceeded the just limits of legislative authority.

In all these particulars the action of the legislature was sustained.

In no State have the divisions of the great departments of the government between the judiciary, the executive, and the legislative been more closely observed than in Massachusetts. Its courts have always been tenacious of their jurisdiction. And we submit that we may safely accept the decision cited as affording firm foundation for the proposition that Congress has in no manner exceeded the just limits of its power

in authorizing these Commissioners to conduct this investigation and to propound the question before the court. We may also safely conclude, if the report of such Commissioners was a sufficient ground for obtaining a temporary injunction as a matter of right, that the report of the present Commissioners to this court is a sufficient ground for asking the issuance of the process of this court, if it be satisfied that the witness should have answered the question propounded to him.

POINT 5.—*The question addressed to Leland Stanford relates to the matter under investigation and is within the scope of the powers of Congress.*

The counsel representing the company and the witness have declined to take the objection that the question is of a criminating character. We therefore omit any discussion of this point, or of the question whether the immunity against the use of such answer in any criminal proceeding is sufficient to entitle the Commission to an answer to the question.

Some question was made as to whether, as matter of fact, the moneys covered by Mr. Stanford's vouchers had been included in the account rendered to the Government for the purpose of ascertaining the net earnings of the company. The Commissioners do not desire a decision based on this question, and therefore concede, for the purposes of this motion, that the amounts in question have not been charged as against the United States, to the end that this matter may be disposed of entirely on its merits.

That the question above propounded relates to the investigation is self-evident, for the act, in substantially the exact words of the question, directs the Commissioners to propound it.

The only question then remaining is whether this particular question is within the scope of the powers of Congress. It will not be disputed that the right to question can not extend beyond the right to investigate. The right to investigate is as to the management and the administration of the affairs of the company. Questions which have no relation to such matters, which should be prompted by idle curiosity or suggested by the desire to inflict suffering or disgrace on persons connected with the corporation solely for the purpose of gratifying a malignant feeling against them, would certainly not be within the scope of a legitimate investigation. We concede that the court has full and complete control of this question, and the right to determine absolutely whether the question relates to the investigation and is within the scope of the powers of Congress. But we submit that an interference with the rights of Congress in this direction should only be resorted to when it is made perfectly clear that the question asked is entirely beyond the scope of legitimate inquiry.

The gentleman to whom the question was propounded has been the manager of this corporation from its inception. He has controlled its affairs. He has at all times been familiar with its finances; and yet it appears from the uncontradicted averments of the petition that between the years 1870 and 1880 he has personally disbursed the sum of $733,-[illegible], which to an individual would be a large fortune, and offers no explanation of such disbursements except that they were for "expense account." Is it a sufficient answer that the amounts covered by these vouchers have not been charged to the United States in its private account with this corporation as its creditor?

It is not because of its relation as creditor that the question is put. This corporation has been endowed with great powers and with a munificent public donation. The administration of its affairs is a matter of public interest to all our citizens. If it be true that its officers have, as asserted, made a practice of corrupting legislatures, of poisoning the

administration of justice, and have so prostituted the trust positions which have been confided to them for the purpose of promoting their personal advantages as stockholders of this company, surely the people from whom its franchises proceeded have a right to be informed as to the facts which have occurred. The right to ask its officers whether the rates charged by the corporation have been exorbitant is conceded. The right to inquire whether their train service has been efficient, whether proper safeguards for the public have been provided, is conceded. And yet dereliction in these matters would inflict on the community but a trivial injury as compared with that which must result if they have used the funds of the company for the purpose of corrupting the law of the land.

It seems to us too clear for argument that the question propounded to Leland Stanford is entirely within the scope of a proper investigation, that it relates directly to the subject matter, and that he should be required, by the order of this court, to answer these and other questions of similar import.

POINT 6.—*The prayer of the petitioners should be granted, and an order should be entered directing the said Leland Stanford to appear before them, at a time and place to be specified, to make full answers to the questions stated in the petition, and to give evidence touching the said subject of inquiry.*

And now a few comments upon some of the authorities referred to by counsel for the respondent.

Gordon *v.* United States (117 U. S., p. 698), does not come within the issues of the matter before the court. Careful reading will show that the statute (act of March 3, 1863, entitled "An act to amend an act to establish a court for the investigation of claims against the United States"), which was made the subject of the decision, was held not to be constitutional so far as it applied to the jurisdiction of the United States Supreme Court, for the reason solely that the province of the Supreme Court under the Constitution, being purely judicial, it could act upon nothing which would not permit it to enforce its judgment by its own process. That the statute in question conferred no other power upon it than to advise the Secretary of the Treasury upon a certain matter, and then leave it for him to say whether he would act upon the opinion of the court or not.

But even in the opinion of Taney, C. J., at page 699, will be found dictum which strengthens the position of the petitioners in the case at bar, for there, says the Chief Justice: "Congress may undoubtedly establish tribunals with special powers to examine testimony and decide, in the first instance, upon the validity and justice of any claim * * * against the United States, subject to the supervision and control of Congress or a head of any of the Executive Departments."

The learned Chief Justice undoubtedly used the words "examine testimony" in the light of taking testimony, and if they have the power to take testimony, as an incident of the power they have the right to enforce the giving of the testimony. Then how are they to enforce the giving of the evidence? By punishing a refusal to testify? The Supreme Court, in Kilbourn *v.* Thompson, holds that they cannot punish for contempt, and *a fortiori* one of their agents, to wit, a commission, cannot; then what power can? The answer is, the only power in the land—the courts of the country.

The case United States *v.* Ferreira (13 How., U. S., 40) was based entirely upon the principles laid down in Gordon *v.* United States (117 U. S., 698), and involved similar questions throughout.

The treaty and acts of Congress under investigation in that case and that of United States *v.* Yale Todd, found in a note at page 52, the question considered was whether Congress could constitute a court of justice a commissioner to act in an advisory capacity to the Secretary of the Treasury.

Gibson *v.* Templeton (62 Texas, 556) was a suit brought in court which the Supreme Court held the constitution of the State did not give the courts power to determine. That under the constitution of Texas "a proceeding to contest an election is not a 'suit, complaint, or plea' within the meaning of the constitution," and that although "the legislature prescribes who shall be made parties to such a proceeding, yet when the subject-matter is such as can not be litigated, the making of parties does not make the proceeding a suit," and further that the "contest of an election, being an extra-judicial question, must be regulated by the political authority of the State." Considered apart from the constitution of Texas, such a question could have no more bearing upon the matter at bar than the Sermon on the Mount.

But were the same question before the courts of the State of California would it not be considered a judicial question purely?

Vide contest of elections in Codes of California.

Van Slyke v. *Templean County Farmers' Mutual Life Insurance Company* (39 *Wisc.*, 390).—The decided question was that "the constitution of the State having vested all judicial jurisdiction in courts and justices of the peace, and provided for the election of judges of all courts, the legislature can confer no judicial jurisdiction on other officers or persons, excepting power not exceeding that of a circuit judge at chambers, on court commissioners."

Cohn *v.* Hoff (3 Brevard, S. C., 501) holds that when the State constitution points out and prescribes how a judge should be elected, the legislature can not prescribe a different mode or manner, and confer on the governor power of appointment of a judge when constitution requires that he be elected.

The dictum in the opinion pointing out the distinction between the powers of the judiciary under our system of government and that of the English judiciary, no one disputes.

United States *v.* Ritchie (17 How., 524) decided that the act of Congress, passed March 3, 1851, making provision for the appointment of a board of commissioners to settle private land claims in California was constitutional, and, further, that the board was not a court under the constitution, invested with judicial powers.

Section 7 of the act provided "That the secretary of the board shall be, and he is hereby, authorized and required, on the application of the law agent or district attorney of the United States, * * * to issue writs of subpœna commanding the attendance of a witness or witnesses before the board or any commissioner."

The statute being by the Supreme Court in the case last cited *supra* expressly held constitutional, and at the same time held not to vest judicial powers upon the board, now, under the doctrine of the case of Kilbourn *v.* Thompson (103 U. S.), could the board enforce the attendance of witnesses before it? As the statute does not point out the mode in that case, we say it would be accomplished in a constitutional way by applying to a court of the United States for compulsory process, as a necessary incident to the grant of power to administer oaths and take testimony.

And if the above statute had contained the language of the statute of March 3, 1887, upon the subject of applying to the courts of the

United States for compulsory process, could any reasonable person doubt the power of the court applied to to compel the attendance of the witness and compel him to purge himself if contumacious? And in the absence of provisions of the nature of those contained in the last act cited, the board of land commissioners, had the statutes of California contained provisions similar to those found in section 1986 of the code of civil procedure of California, might have found adequate aid in enforcing witnesses to testify by applying to a State court.

Section 1986, Code of Civil Procedure, sub. 3, reads:

> The subpœna is issued to require attendance before * * any officer or officers empowered by the laws of the United States to take testimony; it may be issued by any judge or justice of the peace in places within their respective jurisdiction; with like power to enforce attendance, and, upon certificate of contumacy to said court, to punish contempt of their process.

Yet, says the respondent, the land commission of California could take only such evidence as a party summoned before it might, as a matter of grace, permit.

Would not such a doctrine, if urged and upheld in the early days of California, have virtually rendered this great commission absolutely powerless to accomplish the ends for which it was created?

The Supreme Court of the United States and district court of California have time and time again laid down the doctrine that the functions of the California land commission were essentially political, and not judicial, in their nature.

Yet, who then, or now, even, excepting the respondent here, would invoke the heresy that the powers of the commission, created by solemn act of Congress, and which the highest judicial power in the land has pronounced constitutional, could be haltered, obstructed—yes, virtually rendered nugatory by a witness who claims the right to give what evidence he may please to give, to withhold what he may please to withhold?

The whole argument of the company's counsel is based on a fallacy. They assert that the demand that process issue to compel a witness to answer is an encroachment on the functions of the judiciary; the fact is, that while the three great departments of Government are distinct, they are bound together by the closest ties of mutual interest and mutual duty. Each must and should aid the other. No department, no executive, no commissioner, invades the functions of the judiciary when he asks that it issue its process to compel obedience to law. In all cases the simple question is whether the act, the examination, the hearing of the claim, or the investigation, is authorized by law. In this way only can the functions of the bank examiner, the inspector of insurance, the commissioners of claims, the census officers, the grand juries, and all other officials who are charged with administrative duties, but who possess no judicial powers whatever—in this way alone can these duties be efficiently discharged.

Ex parte Vallandigham (1 Wall., 243) decided that the appellate powers of the Supreme Court as granted by the Constitution are limited and regulated by the acts of Congress, and must be exercised subject to the exceptions and regulations made by Congress, and that the above case did not come within that category; and, further, that a proceeding by court-martial "is not in law or equity within the meaning of those terms as used in the third article of the Constitution."[7351]

Burgoyne *v.* Board of Supervisors (5 Cal., 19) adds its voice to the threadbare theme that each of the three cardinal branches of our republican form of government, executive, legislative, judicial, is independ-

one (1) of the others—no one can exercise the functions of the others.

People v. Sanderson (30 Cal., 160) decides that the duties of trustee of the State library properly fall within the sphere of the executive department, and that a chief-justice of the State, while such, is prohibited by the State constitution from exercising the functions and duties of trustee of the State library.

There is not the slightest shadow of a claim on the part of the petitioners at bar that the act of Congress in question (March 3, 1887) confers upon the commissioners, petitioners herein, a single judicial function. They can determine nothing, any more than could the California land commission, *ubi supra.* No right can be changed, created, or enforced. In fine, their functions are plainly defined, and do not encroach in the slightest degree upon any department of the United States Government, nor relate to any other than the one to which they clearly belong.

Smith v. *Strother* (68 *Cal.*).—In this case the distinction between what is a legislative and what a judicial act is clearly pointed out, and the court, speaking through Mr. Justice Thornton, finds authority for its conclusions in the language of Mr. Justice Field in the Sinking Fund case reported in 99 U. S., from which we have already quite extensively quoted, as an authority for the position of the petitioners in the matter now before the court.

By the act of the legislature of March 21, 1885, it was attempted to confer upon the supreme court legislative functions, which attempt we are quite willing to join with counsel for respondent here in condemning.

We insist, again, that whatever powers the statute of Congress of March 3, 1887, confers upon the circuit and district courts of the United States, for the purpose of enabling the purpose and intent of the whole act to be carried out, are purely judicial in their nature.

The authority conferred is to "hear and determine" in the first instance; and in the second that of "enforcing its determination, by its own process," in the very fullness and plentitude of its power in that behalf.

United States v. *Union Pacific Railroad Company* (11 *Blatch.*, 385).—The case, we respectfully submit, is not authority upon any legitimate inquiry arising in the case at bar.

There is no attempt here by the United States "to convert to itself the property of another, by its own declaration or its own authority;" nor any to obtain "redress for alleged fraudulent acts on the part of the directors and managers of the * * * railroad company, in breach of their duty to the shareholders."

In re Ziebold (33 *Fed. Rep.*, 791).—The case is a false analogy to the one at bar. It grew out of an attempt by the legislature of Kansas to confer upon a county attorney authority to summon witnesses to testify before him with power to punish for contempt in case of refusal to appear.

The court, per Foster, J., held that the authority vested in the county attorney "on the mere unsworn statement of any person, and without any case pending before him, * * * to set this judicial machinery in motion, with no restriction as to whom he shall summon before him to testify, *and no limitation but his own good-will as to the scope of his investigation*, fortified by a power to exact answers to any questions he sees proper to ask, almost despotic in its severity," * * * is an "attempt to unite the judicial with the executive branch of civil government; and when the law-making power and the power which declares and applies, as well as that which executes and administers the law, are

united and invested in one person or body, it becomes a despotism and not a constitutional government."

Is the Pacific Railroad Commission endowed with any of these judicial attributes? Are they empowered, under the act of March 3, 1887, to summon witnesses before them, "and visit upon them severe penalties" should they refuse to come or to testify, with "no limitation but their own good-will as to the scope of their investigation?" It would baffle the ingenuity of the learned counsel for respondent to find any such power in the statute.

So long as a witness summoned before the Commission proves willing to attend and give answer there is, of course, no need of compulsion; but when he proves contumacious and some compulsion is necessary, does the act empower the Commission to become the judges as to whether or not the question asked the witness is relevant to the matters under investigation as defined in the statute, and adjudging it so, to visit penalties upon him? Clearly not. The statute vests no such power or authority in the Commissioners. It defines and limits the scope of their investigation, and whether or not they keep themselves within these limitations is purely a judicial question which Congress has deferentially left to the judiciary to determine.

When, in the judgment of the Commissioners, a question is pertinent to the matter under investigation, and a witness denies it, it is made the duty of the judicial branch of the Government, upon a proper application, to look into the statute to find authority in the Commissioners to propound the question, and also to apply those other tests whereby its relevancy and competency may be determined. And when, after due deliberation upon the law and the facts, the court determines either one way or the other, it pronounces a judgment—1st, upon the statute; 2d, upon the scope of the inquiry or investigation; 3d, and from the two former, the relevancy and competency of the question propounded; and, whichever way its judgment goes, obedience must follow; if the court finds the inquiry a legitimate one, properly instituted by competent authority, and the question relevant, the witness must reply. If the judgment of the court should be otherwise, the Commissioners are equally bound to refrain from asking it; and in no conceivable sense does the court thus acting become ancillary to or act in an advisory capacity to the Commissioners.

The primary right of the Commissioners to ask a question is a right defined by the statute, but to be determined by the judiciary, and once determined, from it the corresponding duty of the witness flows as naturally as the succession of day and night.

At page 795 the learned judge used language with reference to the powers of a grand jury which, we submit, furnishes as pure an analogy of the situation of the parties concerned here as could well be devised. The language is: "*Nor can a grand jury issue a subpœna for a witness or decide the competency of a question asked, or punish for a contempt. These matters rest with the court.*"

In principle is there a shade of difference between the powers of the Commissioners under the statute in question and those exercised by a grand jury in performing the duties devolved upon them by statute? Does a grand jury exercise judicial functions? Can it hear *and determine?* Can it pronounce a judgment which any person or thing in the world would be bound by?

Suppose the grand jury of the city and county of San Francisco had summoned the sheriff of the city and county before it, and had propounded to him the following question: "Mr. Sheriff, have you 'vol-

willfully permitted' the escape of John Doe, a prisoner once in your custody?" And the sheriff had replied, "I decline to answer," and the jury had then applied to the court for an order to show cause upon the sheriff why he should not make the answer, would the court have heard him say, "There is no 'case' before the court? The grand jury has no right to apply to this court to aid it in compelling me to answer unless I see fit to—I am a citizen of the United States. I have thrown around me those guaranties of personal liberty and private security which have come down to all of us alike from the days of the Tudors, and for attempting to curtail which the head of a Charles rolled from the block?"

Our opinion is that before the court would incline its ear seriously to such a showing of rhetorical right it would examine the provisions of section 923 of the penal code of California, which says: "The grand jury must inquire into the condition and management of the public prisons within the county; and into the willful and corrupt misconduct in office of public officers of every description within the county," taken in connection with section 108 of the same code, which says: "Every * * * sheriff * * * who fraudulently contrives, procures, aids, connives at, or voluntarily permits the escape of any prisoner in custody is punishable, etc.," before deciding upon the relevancy of the question, and the right of the jury to propound it.

With the policy or wisdom of the legislative department of the Government in directing an investigation or inquiry this court has nothing to do.

The only question which the court will permit itself to ask is: Has the legislature directed the investigation; does it invade any constitutional right of any one to be investigated?

In conclusion we will say, that unless this power to investigate all public and quasi-public enterprises, undertakings, and institutions shall be found to exist as one of the inherent powers of a sovereign people, a power which each State legislature in the Union may invoke as well as Congress, then before the decisions of the court in this case must fall every bank commission, railroad commission, board of examiners, and national bank inspector in the land.

We respectfully submit, for the reasons given, that the prayer of the petitioners should be granted.

JOHN T. CAREY,
United States Attorney.
HENRY C. McPIKE,
Assistant U. S. Attorney, Counsel for Petitioners.

BRIEF OF MESSRS. McALLISTER & BERGIN FOR LELAND STANFORD.

IN THE CIRCUIT COURT OF THE UNITED STATES IN AND FOR THE NORTHERN DISTRICT OF CALIFORNIA.

IN THE MATTER OF

The United States Pacific Railway Commission's application to compel Leland Stanford to answer.

[Points and authorities.]

The act of Congress of July 1, 1862, created and constitutes the basis of the relation between the company and the Government, speaking of which in the United States *v.* Union Pacific Railroad Company (91 U. S., 81), the court say:

It is true the scheme contemplated profit to individuals, for without a reasonable expectation of this capital could not be obtained, nor the requisite skill and enterprise. But this consideration does not in itself change the relation of the parties to this suit. This might have been so if the Government had incorporated a company to advance private interests, and agreed to aid on account of the supposed incidental advantages which the public would derive from the completion of the projected railway. But the primary object of the Government was to advance its own interests, and it endeavored to engage individual co-operation as a means to an end—the securing of a road which should be used for its own purposes. The obligations, therefore, which were imposed on the company incorporated to build it must depend on the true meaning of the enactment itself, viewed in the light of contemporaneous history.

The nature of this relation is more extensively considered in United States *vs.* Union Pacific Railroad Company (98 U. S., 613, 614, 615), and the same case in the 11th Blatch., 385, 393, 397, 399, 400, and 401. Upon examination made in this case of the relations of the companies named in the act to the Government of the United States the court there held, that the relation thereby created was that of debtor and creditor, and that in respect to the property, in which the Government had no beneficial interest, that is to say, in respect to all the property and earnings of the company outside of the percentage of net earnings reserved to the Government, the companies occupied the relation of private proprietors, with whose proprietory interests and their control the Government can exercise no other power of interference than it can in respect to the proprietorship, control, and management of the property of any other private person. The power reserved to alter or modify the act of Congress is coupled with the obligation to exercise it with *due regard to the rights of the company.* Under exercise of this power the legal

rights of the companies are reserved, and they remain as fully entitled to the protection of the law as the rights of any other private individual. The mere fact that the companies are artificial creations of law, called into existence by the consent of the parties co-operating in the organization of corporations, does not leave either the companies, the artificial creations, or the beneficiaries, of which they are simply the representatives, destitute of the benefit of the protection of all the constitutional guaranties assured to all persons for the protection of life, liberty and property. (*Ex parte* Parrott, 6 Sawy., 374; County of San Mateo *v.* Southern Pacific Railroad Co., 8 Sawy., 264-5; Santa Clara Co. *v.* S. P. R. R. Co., 118 U. S., 396.)

Among those guaranties is, that no man shall be deprived of life, liberty, or property without due process of law, nor shall private property be taken for public use without just compensation. Of the extent to which this constitutional guaranty assures protection to private property an exhaustive discussion will be found in the case of Wynehamer *v.* The People (13 N. Y., 383), the court in that case declaring that "the true interpretation of these constitutional phrases is, that where rights are acquired by the citizen under the existing law there is no power in any branch of the Government to take them away; but where they are held contrary to the existing law, or are forfeited by its violation, then they may be taken from him—not by an act of the legislature, but in the due administration of the law itself, before the judicial tribunals of the State. The cause or occasion for depriving the citizen of his supposed rights must be found in the law as it is, or, at least, it can not be *created* by a legislative act which aims at their destruction. Where rights of property are admitted to exist, the legislature can not say they shall exist no longer; nor will it make any difference although a process and a tribunal are appointed to execute the sentence. If this is the "law of the land" and "due process of law" within the meaning of the Constitution, then the legislature is omnipotent. It may, under the same interpretation, pass a law to take away liberty or life without a pre-existing cause, appointing judicial and executive agencies to execute its will. Property is placed by the Constitution in the same category with liberty and life." * * *

Page 395:

We are brought, then, directly to the question, does the "act for the prevention of intemperance, pauperism, and crime," in a just constitutional sense, deprive the citizens of this State of their property in intoxicating liquors? We have already seen that this species of property is just as inviolable as any other. That by the operation of this law its commercial value is annihilated; that it can not be sold; that it is unlawful to keep it; that all legal protection is withdrawn from it; and that it becomes a public nuisance. Is the owner "deprived" of it within the fair meaning of the Constitution? I bring the act to this particular test, because if it can stand with this clause of the Constitution it can with every other.

Now, I can form no notion of property which does not include the essential characteristics and attributes with which it is clothed by the laws of the society. In a state of nature property did not exist at all. "Every man might then take to his use what he pleased, and retain it if he had sufficient power; but when men entered into society, and industry, arts, and sciences were introduced, property was gained by various means, for the securing whereof proper laws were ordained" (Tomlin's Law Dic., Property, 2 Bl. Com., 34.) Material objects, therefore, are property in the true sense, because they are impressed by the laws and usages of society with certain qualities, among which are, fundamentally, the right of the occupant or owner to use and enjoy them exclusively, and his absolute power to sell and dispose of them; and as property consists in the artificial impression of these qualities upon material things, so whatever removes the impression destroys the notion of property, although the things themselves may remain physically untouched.

Nor can I find any definition of property which does not include the power of disposition and sale, as well as the right of private use and enjoyment.

Page 397:

The statute under consideration, without reference to its provisions for the seizure and physical destruction of intoxicating liquors, by force of its prohibitions alone, sweeps them from the commerce of the State, and thus annihilates the quality of sale, which makes them valuable to the owner. This is destructive of the notion of property. I need, perhaps, take no further notice of their qualified vendibility for the Sacrament and the other special uses named in the act. These are only the occasional and incidental uses of the article. It is the general and primary use which is aimed at. It is the mass of property which is struck down; and the possible conservation of an extremely insignificant portion can not change the character of the law.

The power of disposition thus declared inherent in property and secured by the Constitution not merely imports right of the owner to sell and dispose of it, but to sell and dispose of it at pleasure, and when and where and how he pleases, subject only not to do so in contravention of the general laws of the land. It excludes and is incompatible with the idea that the owner in exercising such power of disposition can in any wise be called to account therefor, or be compelled to disclose the mode and manner in which he has seen fit to exercise this his legal and constitutional right. And it is upon this principle of the inviolability of private property and private ownership that it is not only thus secured by this provision of the Constitution, but the owner is protected against unreasonable searches and seizures. (Boyd *vs.* U. S., 116 U. S., 622, 629, 630, 631, 632, 634; Cooley on Constitutional Limitations, 376; *In re* Ziebold, 23 Fed. Rep., 793.)

Not only, therefore, is property thus secured under State and Federal Constitution, but *the person of the owner is equally secured.* To own or hold property without personal liberty would be but a poor boon. Hence it is that the Constitution declares that no man shall be deprived of liberty any more than property or life, and the liberty thus secured guaranties to the citizen full exercise of all his mental and physical faculties free from governmental interference, save and except in so far as the same may occur in the legitimate and orderly course of the administration of the general laws of the land.

Mr. Mills, in his work on Liberty, page 24, clearly and distinctly declares the true principle underlying the legitimate province of governmental interference with the liberty of the citizen. The learned author says:

The only part of the conduct of any one for which he is amenable to society is that which concern others. *In the part which merely concerns himself his independence is of right absolute. Over himself, over his own body and mind, the individual is sovereign.*

What kind of liberty is that which leaves the citizen liable to inquisitorial examination at the pleasure of the legislature? What kind of a constitutional guaranty is that which would thus expose him to the whims and caprices of any one department of the Government? If in respect to matters not arising in the course of judicial proceedings he may be compelled to disclose his private affairs and make known to the world that which lies treasured in his own bosom, where are the vaunted guaranties of freedom? In respect to such subjects, in framing the organic law, the people have not vested the legislature, so to speak, with jurisdiction over such matters, and they are as incompetent to invade or affect the same as would be a judicial tribunal that should undertake to pass judgment in a matter entirely without its jurisdiction.

No star chamber can ever be formed under the constitution of the State of California or the United States. (First Blackstone, 231; 4th Blackstone, 266, 310, 429, 433, 437; 2nd Hume's Hist. of Eng., 592; 4th Hume's Hist. of Eng., 200, 491, 495, 497, 498, 499; 5th Hume, pages 18

and 39; 1st Macaulay's Hist. of Eng., p. 98; 1st Hallam's Constitutional History, 65 to 67; 2nd Hallam's Constitutional History, pages 39 and 317; Loan Association *vs.* Topeka, 20 Wallace, 662; *Ex parte* Parrott, 6 Sawy., 374; Slaughter House Cases, 16 Wallace, 76, 90, 105, 113, 116.)

In the language of Justice Swayne in the Slaughter House cases (16 Wall., 127):

Life is the gift of God, and the right to preserve it is the most sacred of the rights of man. Liberty is freedom from all restraints but such as are justly imposed by law. Beyond that line lies the domain of usurpation and tyranny.

Interference within this realm is beyond the pale of constitutional legislation.

The court accordingly, in Kilbourn *vs.* Thompson (103 U. S. 190), declared:

Whether the power of punishment in either House by fine or imprisonment goes beyond this or not, we are sure that no person can be punished for contumacy as a witness before either House, unless his testimony is required in a matter into which that House has jurisdiction to inquire, and we feel equally sure that neither of these bodies possesses the general power of making inquiry into the private affairs of the citizen.

* * *

Page 193.

If the investigation which the committee was directed to make was judicial in its character, and could only be properly and successfully made by a court of justice, and if it related to a matter wherein relief or redress could be had only by a judicial proceeding, we do not, after what has been said, deem it necessary to discuss the proposition that the power attempted to be exercised was one confided by the Constitution to the judicial and not to the legislative department of the Government. We think it equally clear that the power asserted is judicial and not legislative.

The preamble to the resolution recites that the Government of the United States is a creditor of Jay Cook & Co., then in bankruptcy in the district court of the United States for the eastern district of Pennsylvania.

If the United States is a creditor of any citizen, or of any one else, on whom process can be served, the usual, the only legal mode of enforcing payment of the debt is by a resort to a court of justice. For this purpose, among others, Congress has created courts in the United States, and officers have been appointed to prosecute the pleas of the Government in these courts. * * *

Page 194:

If the settlement to which the preamble refers as the principal reason why the courts are rendered powerless was obtained by fraud, or was without authority, or for any conceivable reason could be set aside or avoided, it should be done by some appropriate proceeding in the court which had the whole matter before it, and which had all the power in that case proper to be intrusted to anybody, and not by Congress or any power to be conferred on a committee of one of the two houses.

The resolution adopted as a sequence of this preamble contains no hint of any intention of final action by Congress on the subject. In all the argument on the case no suggestion has been made of what the House of Representatives or the Congress could have done in the way of remedying the wrong or securing the creditors of Jay Cook & Co., or even the United States. Was it to be simply a fruitless investigation into the personal affairs of individuals? If so, the House of Representatives had no power or authority in the matter more than any other equal number of gentlemen interested for the Government of their country. By "fruitless," we mean that it could result in no valid legislation on the subject to which the inquiry referred. (People *vs.* Keeler, 99 N. Y., 485.)

Not only is the inquiry inadmissible for these reasons, but on the further ground that the act of Congress itself clearly shows intention to extend the investigation to matters involving liability to criminal prosecution.

By the terms of the act evidence given on such investigation is declared inadmissible in any criminal suit or proceeding, thus clearly and unmistakably showing that the subject matter of the investigation designed was intended to embrace matters which might render the parties

amenable to criminal prosecution. It is true that the inquiry is thus attempted to be made legal by excluding incriminating testimony that may be given in the course of the investigation from admission in any criminal prosecution, and it is no less true that there are some decisions undertaking to vindicate and uphold this species of legislation. Its correctness, however, has never been definitely determined by the highest court of the land, and is open to question upon just principles to unanswerable argument. (State *vs.* Girvin, 13 Lea, Tenn., 60.)

The line of reasoning upon which these authorities proceed is that the design of the constitutional provision is to protect the citizen against being compelled to bear witness against himself in any criminal prosecution, and that as that is the end designed to be secured by this constitutional provision, if such end be accomplished otherwise through legislation, it is competent for the legislature to declare that the parties shall be compelled to testify.

The vice of the argument lies in the assumption that it is competent for the legislature to compel the citizen to barter away his constitutional guaranty for this statutory privilege. There is no power in the Government to deprive the citizen of the benefit of any guaranty secured to him by the Constitution, and it is wholly illogical and unwarrantable to say that because the supposed end designed to be secured by the constitutional guaranty is accomplished by legislation, therefore may the legislature deny to him the benefit of the constitutional guaranty itself. Where, we would ask, is the warrant of the Constitution authorizing the legislature to set aside any of these provisions or to deny the citizen any immunity thereby secured to him? Is it not the veriest paltering with the greatest rights known to law, and secured to the citizen, to hold that he can be compelled to thus barter away his constitutional rights? Of course it is an entirely different question as to whether or not the legislature may not extend immunity from punishment to the person who may see fit to give evidence incriminating himself. That is a matter dependent upon different principles, not having any just application to the principle involved in this class of legislation.

Of course it must be manifest to the court that while the terms of the act of Congress might in this instance secure a party giving evidence from having the same used against him in any criminal prosecution instituted in a Federal court, it can not protect him against such consequences in a State tribunal, nor can it shield him from the obloquy and odium attached to the giving of such testimony. Whatever may be the validity of this provision of the act of Congress in the tribunals of the United States, it can have no operation in the State forum. Thus, under the provisions of this act, may a party be compelled to give evidence of an incriminating character, which not only may be used against him in State tribunals, but which will necessarily tend to degrade him and expose him to obloquy and odium.

Suggestion was made on the argument that declination to answer should have been upon this particular ground. But it is obvious that any such claim necessarily implies commission of that, guilt of which is entirely denied, and to make claim of privilege would necessarily import the very thing the party denies, a right to inquire into which is most distinctly and unequivocally challenged.

The constitutional right of a citizen should not be thus confounded with a mere rule of procedure properly obtaining in the ordinary course of procedure in the trial of criminal and civil cases. The rule itself in this respect is open to just doubt, and in our humble judgment is founded in error.

The general rule of which it has been made a part is one founded in experience and convenience, and having a distinct and intelligible purpose. The object of the rule is that a judge or court may be informed of the grounds upon which immunity is claimed or a ruling is asked, so that the court may, if so advised, correct its ruling accordingly. It is thus designed alike for the benefit of the court and the benefit of the adverse party. When informed of the grounds of the claim the adverse party may be able to supply proof by other competent evidence. The purpose of the rule is to place the court and the adverse party fully in possession of the facts, so that all may intelligently act accordingly. But where the objection is one that can not be changed by mere form of proof, this rule does not obtain. As correctly observed in Nightingale *vs.* Scannel (18 Cal., 323):

> The defendant claims that the evidence was not admissible for *any purpose;* that a statement of the ground upon which it was objected to would have been superfluous and was not therefore required. This view is based upon what appears to us to be the proper rule in such cases, and we see no good result to be accomplished in holding parties to a more strict and rigid practice in these matters.

Where, under the Constitution and the laws therefore, the party is entitled to the immunity claimed, it would seem that he should not be compelled to make the claim thereto in such a manner as to expose him to the odium attached to the mere assertion of his legal and constitutional right. The rule, however, has no application to the case now before the court. The question is here one of constitutional power. It is to compel the answers, and the court is here now fully and distinctly advised of all the grounds of objection interposed to answering.

To hold, therefore, that the rule had any application in the present instance would be to merely stick in the bark. Not only is the investigation attempted to be made unauthorized under the Constitution and laws, but this court, under the Constitution and the laws, has not jurisdiction to extend to it the aid invoked.

The United States courts have consistently declared from the earliest date that they can only exercise judicial powers.

The authorities on the point are: Hayburn's Case (2d Dall., 409); United States *vs.* Farréira (13 How., 40–47); U. S. *vs.* Todd (13 How., U. S., 52); United States *vs.* Ritchie (17 How., U. S., 533, 534); *Ex parte* Vallandigham (1 Wall., 252); Gordon *vs.* United States (2 Wall., 561; 117 U. S., 698); Burgoyne *vs.* Board of Supervisors (5 Cal., 19); Exline *vs.* Smith (*Ibid.*); Dixie *vs.* Hulburt (*Ibid.*, 343); People *vs.* Sanderson (9 Cal., 166); Smith *vs.* Strother (68 Cal., 197); Gibbs *vs.* Templeton (62 Tex., 556); San Slyke *vs.* Trempeleau County Farmers' Insurance Company (29 Wisc., 392); Cohen *vs.* Hoff (3 Brevard, S. C., 501).

These cases very clearly show what constitutes judicial power, and that where the action of the court is not followed by judgment determinative of the rights of the parties litigant, it is not in any proper or legal sense the exercise of judicial power, and therefore can not be vested in any of the courts of the United States.

Neither the action of the commissioner of this court upon the present application partakes of this character.

Neither the action of the one nor the other is in any wise determinative of the rights of any person, and therefore it is not of a character jurisdiction of which Congress can constitutionally vest in this court.

Upon these principles we therefore respectfully submit that the prayer of the petition be denied.

Respectfully submitted.

McALLISTER & BERGIN,
Counsel for Leland Stanford.

BRIEF OF L. D. McKISICK, ESQ., FOR LELAND STANFORD.

IN THE CIRCUIT COURT FOR THE NINTH CIRCUIT, NORTHERN DISTRICT OF CALIFORNIA.

Before the honorable Stephen J. Field, one of the Justices of the Supreme Court; honorable Lorenzo Sawyer, judge of the circuit court; Honorable Ogden Hoffman, judge of the district court for the northern district of California; and the honorable George M. Sabin, judge of the district court for the district of Nevada. In the matter of the application of the Pacific Railway Commission for an order to compel Leland Stanford to answer certain questions propounded to him by the Commissioners while prosecuting their inquiries under the act of March 3, 1887.

I.

The provision of the act of March 3, 1887, creating the Commission, which authorizes one or more of the Commissioners to invoke the aid of the circuit or district court of the United States to assist them in compelling a witness to attend, and to answer questions, is a species of legislation so novel, that I have been wholly unable to find any judicial decision upon that or any analogous legislation.

The court is asked to make an order (not to render judgment or decree) compelling a citizen to answer questions propounded to him by a political agent of the legislative and executive departments of the government, over which it has no jurisdiction, in a matter in which it has and can have no concern.

The proceeding is inaugurated for the purpose of invoking the aid of the court, and to procure an order which, if not complied with, may result in a further order of the court to punish a citizen for no act done, or omitted to be done, in a judicial proceeding pending in court, but for acts done, or offenses alleged to have been committed, against the political department out of court.

Undoubtedly, either House of Congress may appoint committees of its members, and authorize them to make inquiries, and report the result of those inquiries to the House. So also Congress may enact a law, with the approval of the President, creating a commission, and authorize it to inquire into matters of public concern for the information of Congress. But can Congress confer power upon such committee or commission to invade the private rights of the citizen, or institute or initiate hostile proceedings against him, and, if resisted, fine and imprison him; in other words, deprive him of his property and of his liberty? If such power exists, the life, liberty, and property of the citizen are subject to the mere edict of Congress. In my opinion, no

warrant for such power can be found in the Constitution of the United States nor in the law of the land.

Its attempted exercise is in direct conflict with the provisions of the fourth and fifth amendments of the Constitution.

I am not discussing the power of Congress to punish by fine or imprisonment for a breach of its privileges where the offender is the aggressor, but a case in which a committee or commission has instituted or initiated hostile proceedings against the citizen, and seeks to deprive him of his liberty and property without other warrant or authority than an act imposing upon it a mere duty to inquire and report.

In Kilbourn *vs.* Thompson (103 U. S., 168) the Supreme Court decided that the committee was appointed to investigate a subject not within the power of the House to investigate, and the action of the committee was therefore *ultra vires* and no defense. So that it is clear that these committees or commissions are not above the law. If they can become the aggressors in making inquiries, and institute proceedings resulting in depriving the citizen of his liberty or property, nothing could be easier than for Congress to become a despotism.

The fourth and fifth amendments are as follows:

FOURTH AMENDMENT.

The right of the people to be secure in their persons, houses, papers, and effects against unreasonable searches and seizures shall not be violated, and no warrant shall issue but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

FIFTH AMENDMENT.

No person shall be compelled in a criminal case to be a witness against himself, nor be deprived of life, liberty, or property without due process of law.

Believing, as I do, that the questions propounded by the Commission to the witness violate the letter and spirit of those amendments as certainly and as clearly as the order made on Boyd did, which will be found reported in 116 U. S., 607, in my opinion the court will discharge the rule, on the ground that neither the Congress nor the Commission can constitutionally require them to be answered.

II.

Is the proceeding before the court a judicial proceeding, and if judicial, is it one of which the courts of the United States can take cognizance?

The provision of the act under which the petition was filed is as follows:

Any of the circuit or district courts of the United States within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpœna issued to any person, issue an order requiring any such person to appear before said Commissioners, or either of them, as the case may be, and produce books and papers, if so ordered, and give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

The jurisdiction of a court to compel the attendance of a witness is merely ancillary.

In 1st Greenleaf on Evidence (section 309), in treating of the attendance of witnesses, it is said:

And *first*, in regard to the method of procuring the *attendance* of witnesses, it is to be observed that every court having power definitely to hear and determine any suit, has by common law inherent power to call for all adequate proofs of the facts in controversy, and to that end to summon and compel the attendance of witnesses before it.

In Rapalje's Laws of Witnesses (section 301) the same doctrine is laid down. I find no trace of any authority or jurisdiction in the courts to issue a subpœna, or to make an order requiring a witness to attend before some other court, or at some other place, to answer questions in a suit or controversy of which the court has no power definitely to hear and determine, with the exception of letters rogatory, and the statutory provisions providing for the examination of witnesses before commissioners appointed by a court of some other State or a foreign country, which provisions are but a substitute for letters rogatory. The jurisdiction in such cases rests upon the principle of international comity.

This whole subject is explained in 1st Greenleaf (14th edition, section 320, and note). But in those cases there is always a suit pending in the court out of which the letters or the commissions issue.

In my opinion the order asked for in this proceeding is in no sense judicial. Congress could just as well have authorized the Commission to invoke the aid of the United States marshal, and commanded him to seize the contumacious witness and carry him before the Commission and compel him to answer, or confine him in jail during the pleasure of the Commissioners.

The fact that Congress has attempted to impose this duty upon the courts does not make it judicial; the courts determine the question.

In 2d Story on the Constitution (sec. 1777) it is said:

> The functions of the judges of the courts of the United States are strictly and exclusively judicial. They can not, therefore, be called upon to advise the President in any executive measure, or to give extra-judicial interpretation of law, or to act as commissioners in cases of pensions, or other like proceedings.

In support of the rule there stated he cites 5 Marshall's Life of Washington (ch. 6, pp. 433–441); Sergeant on Const. (ch. 29, p. 363); Marbury *vs.* Madison (1 Cranch, 171); Dewherst *v.* Coalthart (3 Dall. R., 409); Hayburn's Case (2 Dall. R., 409–410, and note); and to those may be added United States *vs.* Ferreira (13 Howard, p. 40, and note); Gordon *vs.* United States (117 U. S., 697).

The investigation and inquiry authorized by the act creating this Commission are purely political, and it is the settled doctrine of the Supreme Court that in such cases the judicial department of the Goverment will not interfere. (Luther *vs.* Bordon, 7 Howard p. 1; State of Georgia *vs.* Stanton, 6 Wall., 50; Mississippi *vs.* Johnson, 4 Wall., 475.)

In Georgia *vs.* Stanton the decision of the court dismissing the bill is put upon the sole ground of want of jurisdiction, because the questions involved were purely political.

III.

But if the proceedings now before the court be judicial, does it fall within the judicial power of the courts of the United States? Courts of the United States are not courts of inferior jurisdiction, but are courts of limited jurisdiction, and consequently the jurisdiction of the court must always be shown on the record, and depends upon two questions:

First. Has Congress extended the jurisdiction of the court over the subject matter, or over the parties?

Second. Is the act constitutional?

First, as the provisions of the Constitution.

The first section of the third article of the Constitution of the United States provides that—

> The judicial power of the United States shall be vested in one Supreme Court, and in such inferior courts as the Congress may, from time to time, ordain and establish.

And the second section of the third article provides that—

The judicial power shall extend to all *cases* in law and equity arising under this Constitution, the laws of the United States, and treaties made, or which shall be made, under their authority; to all cases affecting ambassadors, other public ministers and consuls; to all cases of admiralty and maritime jurisdiction; to *controversies* to which the United States shall be a party; to controversies between two or more States; between a State and citizens of another State; between citizens of different States; between citizens of the same State claiming lands under grants of different States, and between a State or the citizens thereof, and foreign States, citizens, or subjects.

Judicial power means that power with which courts are clothed for the purpose of the trial and determination of causes. (United States *vs.* Arredondo, 6 Peters, 691.)

It is not sufficient to bring a matter under the judicial power that it involves the exercise of judgment upon law and facts. (United States vs. Ferreira, 13 Howard, 40.)

Mr. Marshall, in his great speech in the House of Representatives on the Robins resolutions, defined the judicial power of the United States, as reported in the appendix to 5 Wheaton, pp. 16 and 17, in the following language:

The gentleman from New York had relied upon the second section of the third article of the Constitution, which enumerates the cases to which the judicial power of the United States extends, as expressly including that now under consideration. Before he examined that section it would not be improper to notice a very material misstatement of it, made in the resolutions offered by the gentleman from New York. By the Constitution the judicial power of the United States is extended to all cases in law and equity arising under the Constitution, laws, and treaties of the United States; but the resolutions declare the judicial power to extend to all *questions* arising under the Constitution, treaties, and laws of the United States. The difference between the Constitution and the resolutions was material and apparent. A case in law or equity was a term well understood and of limited signification. It was a controversy between parties which had taken a shape for judicial decision. If the judicial power extended to every question under the Constitution, it would involve almost every subject proper for legislative discussion and decision; if to every question under the laws and treaties of the United States, it would involve almost every subject on which the executive could act. The division of power which the gentleman had stated could exist no longer, and the other departments would be swallowed up by the judiciary. But it was apparent that the resolutions had essentially misrepresented the Constitution. He did not charge the gentleman from New York with intentional misrepresentation; he would not attribute to him such artifice in any case, much less in a case where detection was so easy and so certain. Yet this substantial departure from the Constitution in resolutions affecting substantially to unite it, was not less worthy of remark for being unintentional. It manifested the course of reasoning by which the gentleman had himself been misled and his judgment betrayed into the opinions those resolutions expressed.

By extending the judicial power to all cases in law and equity the Constitution had never been understood to confer on that department any political power whatever. To come within this description a question must assume a legal form for forensic litigation and judicial decision. There must be parties to come into court who can be reached by its process and bound by its power; whose rights admit of ultimate decision by a tribunal to which they are bound to submit.

And in Osborn *vs.* U. S. Bank (9 Wheaton, on p. 819) he said substantially the same thing. And in 2 Story on the Constitution (sec. 1646) the same definition of the words "case" and "controversies" is given. In the Mayor *vs.* Cooper (6 Wall., on p. 252), Mr. Justice Swayne, delivering the opinion of the court, said:

As regards all courts of the United States inferior to this tribunal two things are necessary to create jurisdiction, whether original or appellate. The Constitution must have given to the court the capacity to take it, and an act of Congress must have supplied it. Their concurrence is necessary to vest it.

Although this Pacific Railway Commission has come into this court and invoked its aid, they have not brought the United States with

them, neither have they brought into court the Central Pacific Railroad Company. In Postmaster-General *vs.* Early (12 Wheaton R., 136-149) it was decided that the United States were not parties to the action, although the suit solely regarded their interests. So that it appears clear that we have neither a case nor a controversy. There are no parties, no subject matter about which there is a controversy, within the jurisdiction of the court, consequently there is no jurisdiction, for that means the power to hear and determine the subject matter in controversy between parties to a suit. (Rhode Island *vs.* Massachusetts, 12 Peters, 657.)

Bouvier says the word controversy means a dispute arising between two or more persons; controversy, says the Supreme Court in Chisholm *vs.* Georgia (2 Dall., 419), is a civil and not a criminal proceeding.

This argument must not be understood to deny jurisdiction to the circuit and district courts in all cases where there are not parties plaintiff and defendant. There are cases in which the court has jurisdiction in *ex parte* cases, notably in habeas corpus cases; but it must be remembered that the writ of habeas corpus is a constitutional writ, and the right to apply for it is a constitutional right; but after all it is never applied for until after there has been a case or a controversy in which the party applying was in some way deprived of his liberty. That was so in Fisk's case (113 U. S., 713). He was sued in the supreme court of the State of New York. Under a statute of that State, upon the application of the plaintiff in the action, the court made an order requiring him to go before a commissioner to be examined before issue or trial; he moved to vacate the order; the motion was denied and he appealed; the court of appeals affirmed the order; in the meantime he removed the case into the United States circuit court; that court made an order directing him to obey the order made in the cause by the State court before removal, and also made an order of its own, requiring him to go before the commissioner and be examined; he refused to obey both orders, and was thereupon fined and imprisoned; he applied to the Supreme Court for a writ of habeas corpus, which was granted, upon the ground that after the case was removed into the circuit court, he was not bound to obey the order of the State court, and that the circuit court had no jurisdiction to make the order which it did.

I call the attention of the court to that case, for the reason that if the court shall make the order asked for here, it will be found to be very instructive.

IV.

As to the questions asked the witness by the commission: Having argued that subject fully at the bar, I shall only call the attention of the court to the authorities. A witness cannot be compelled to answer a question tending to disgrace him, or to degrade his moral character, or render him infamous, or subject him to a criminal prosecution, or to a suit for penalties, or to litigation of any kind. The scope of the inquiry authorized by the act under which the commission is proceeding is broad enough to cover nearly every one of the enumerated privileges.

The present question relates to expenditures of money to influence legislation. Section 5450 of the Revised Statutes of the United States provides that—

> Every person who promises, offers, gives, or causes or procures to be promised or given any money or other thing of value, or makes or tenders any contract, etc., to any member of either house of Congress, with intent to influence his vote or decision, etc., shall be fined not more than three times the amount given, or promised, etc., and shall be moreover imprisoned not more than three years.

The penal code of California, section 85, provides that—

Every person who gives or offers to give a bribe to any member of the legislature, etc., to influence a member, etc., is punishable by imprisonment in the State prison not less than three nor more than ten years.

In addition to the above, sections 504, 560, and 563, relating to corporations, make many of the matters sought to be inquired into felonies and misdemeanors. I will go no further into these matters, believing as I do that the rule will be discharged; and I hope that your honors may not only discharge the rule, but that you will justify Senator Stanford for declining to answer the questions propounded to him, as Lord Kenyon did the witness in Milman *vs.* Tucker (2 Peak, N. P. C., 222-223), when he told the witness, on his being asked by Erskine whether he had not been convicted of forging coalmeters' certificates, that he need not answer; and told the jury that the witness (having availed himself of the privilege) was not thereby at all discredited; and said he, himself, should, had he been asked such a question, have refused to give an answer, for the sake of the justice of the country, and to prevent such an examination. (2 Phillips on Evidence, Note, p. 948.)

I append the argument made at the bar to these points, and I respectfully submit that the rule to show cause should be discharged.

L. D. McKISICK,
Of Counsel for Respondent.

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE NINTH CIRCUIT AND DISTRICT OF CALIFORNIA.

IN THE MATTER OF THE

Application of the United States Pacific Railway Commission for an order to compel Leland Stanford to make answer to certain questions to him by it.

WEDNESDAY, *August* 17, 1887.—2 o'clock p. m.

ARGUMENT OF L. D. M'KISICK.

If your honors please, my colleague presented the respondent's answer to show cause so fully this morning, that I shall not trouble your honors very long in adding just a few words to what he said, and entirely in consonance with what he did say, but I will present some views which I have in a rather different aspect.

Now, as to the power of Congress to appoint a commission to investigate matters in which Congress may feel that it now has or will hereafter have an interest, in view of what should be the policy of the Government in its legislation, I entirely agree with all that has been said. It is unlimited. But when it comes to the exercise of the power of that commission, whether it be joint by the Senate and the House, or whether it be separate by the Senate or by the House, if there should arise a question which involves the rights of a citizen we have a right to inquire into the questions involved, both in respect to the power of Congress to appoint the commission as to the particular subject, and also with regard to the manner in which the commission shall exercise the powers which have been conferred upon it.

This proceeding before your honors—and I do not say before this court purposely, because I will argue that it is not a proceeding in

court all—but this proceeding before your honors arose in this way. The United States district attorney comes here and presents to your honors, or to one of your honors, an application which is styled—and I particularly call the attention of the court to this, because I shall endeavor to show that there is something in it—it is in the matter of the application of the Pacific Railway Commission. Application for an order to require Leland Stanford to make answer to certain questions put to him by it, and it is the petition of Robert E. Pattison, E. Ellery Anderson, and David T. Littler, commissioners appointed under an act of Congress entitled "an act authorizing the investigation of the books, accounts, and methods of railroads which have received aid from the United States, and for other purposes, approved March 3, 1887." Now, that is, so far as we have in these proceedings, the title of this matter. This Railroad Commission, this Pacific Railway Commission, as it styles itself, and very properly too, is nothing more than an agent of the political department of the Government. It is an agent appointed by the Congress to make certain inquiries. It has no judicial functions whatever; otherwise, it would not be here before your honors. But it is clothed with certain powers, and certain duties have been imposed upon it; and I have no doubt it is trying faithfully to execute the powers and to perform those duties. When it has executed the powers which Congress has conferred upon it, its duty will then be to report to the President of the United States the results of its examinations and inquiries, and through the President of the United States to Congress; because the act makes it the duty of the President to submit to the Congress the report of the Commissioners, and the evidence, with such suggestions as he may deem proper. That is what this Commission is—a political agent of the Government, clothed with these powers, and charged with these duties. It comes here to the city of San Francisco, to the office of the Central Pacific Railroad Company, which is one of the roads which received bonded aid, as we may call it, from the Government, limited by the act to an investigation into the affairs of those railroad corporations which have received aid in bonds from the Government. That is the extent of its power. Whether it has gone beyond that or not is not now for us to discuss; but while engaged in the performance of its duties (and we will assume, and it is proper and right to assume for the Commissioners, and proper and right to assume for the Congress, in the first place, that the Congress intends no wrong to anybody; and in the second place, that the Commissioners intend no wrong to anybody, but they are attempting to discharge their duties), and that act says that in performance of their duties they shall have power to call before them persons and examine those persons as witnesses; they shall have power to send for papers and look into the various matters that are disclosed by those papers. If it shall become necessary, they may invoke the aid of any of the courts of the United States where they may be then in session, to have subpœnas to call witnesses before them; or if a witness while being examined should decline to answer questions, or in the language of the act, should become contumacious, which as lawyers we understand, then they may invoke the aid of the court to compel the witness to answer the questions. It is because this petition alleges that the respondent here became contumacious, in the technical sense, and declined to answer certain questions, that they come here now, and invoke the aid of the court—I will say of the courts of the United States—to compel that witness to answer those questions. Now, I say that at the threshold lies a very grave question, and I want to call your honors' attention

the fact that there is no controversy between the United States and the Central Pacific Railroad Company at all. The act of Congress of the 3d of March, 1887, does not pretend that there is any controversy between the United States and the Central Pacific Railroad Company. There is no party here, either in law or in equity. There is no suit here, either at law or in equity, between the United States and the Central Pacific Railroad Company. There is no controversy here between the United States and the Central Pacific Railroad Company. But these gentlemen who have been appointed on this Commission, in the discharge of their duty, have found it necessary to appeal to that particular clause of the act of Congress which authorizes them to invoke the aid of the court.

Now, when they come into this court, they must come into it under the Constitution and the laws of the United States, because no man can come here and invoke the aid of the circuit court, or the district court of the United States, unless he can show authority from the Constitution, and under the Constitution, and an act of Congress, which authorizes him to do so.

Now, the question is, "Is this a judicial proceeding?" The question is "Has the court any jurisdiction under the Constitution of the United States, or the acts of Congress, to lend its aid to this Commission to compel this respondent to answer the question?" I say, if the honorable court please, or if your honors please, rather, that nothing of the kind can be found either in the Constitution of the United States, or in any statute of Congress passed in pursuance of the Constitution of the United States; and I say that, if the honorable court please, upon my reading of the Constitution. And while I am not going to detain your honors very long, I want, simply because it is in the line of duty, as I think, to state propositions that are very familiar to your honors.

The first section of the third article of the Constitution of the United States provides that the judicial power of the United States shall be vested in one Supreme Court and in such inferior courts as the Congress may from time to time ordain and establish. The Constitution does not define judicial power, nor does it define courts; but this Constitution was framed by gentlemen who were perfectly familiar with the common law; it was framed under the common law, as we might say; because we have in it these sections that the right of trial in criminal cases shall be by jury, and in civil cases, where the matter in controversy is more than $20, by jury. The Constitution does not define what a jury is, but we all know that a jury at common law and the jury that is meant by this Constitution consists of twelve men; and we know what the judicial power means, although the Constitution does not define it, but it has been defined by the Supreme Court of the United States. The Constitution defines the limits of the judicial power, but Congress prescribes how much of it is to be exercised by the Federal courts. Judicial power means that power with which courts are clothed for the purpose of the trial and determination of causes; the power conferred to render a judgment or decree; that is judicial power. Now, the second section of the third article provides how far this judicial power shall extend. And in that section it is provided:

> The judicial power shall extend to all cases in law and equity arising under the Constitution and laws of the United States, and treaties made, or which shall be made, under their direction; to all cases affecting ambassadors, other public ministers and consuls; to all cases of admiralty and maritime jurisdiction.

The Constitution does not define the word "case," but we understand what that means. It is a suit either at law or in equity, where

there are parties plaintiff, complainant; parties defendant, respondent. There must be a case under these clauses of the second section of the third article, to which the jurisdiction extends. Furthermore, it extends to controversies to which the United States shall be a party. I call the attention of your honors to the fact that the United States is no party here. It extends to controversies between two or more States; between a State and citizens of another State; between citizens of different States; between citizens of the same State claiming lands under grants of different States, and between a State or the citizens thereof and foreign citizens or subjects. Now this judicial power, which the Constitution says shall be vested in one Supreme Court and such inferior courts as the Congress may from time to time ordain and establish, extends to these persons and to these subject matters no further, and Congress can not extend it any further, if your honors please; but Congress may say how much of it shall be exercised, and that is the great distinction. The Congress may say that the circuit courts of the United States shall exercise so much of this power as it chooses it may exercise; and only on the 3d of March, 1887, if your honors please, the jurisdiction of the circuit court was very much restricted. Congress had a right to do that, because the decisions from the time that the Constitution was ordained and established have been that the Congress may confer as much of this jurisdiction which is vested in the courts, or which may be vested in the courts, or to which the judicial power may extend, as it please; but the courts have as continuously and as frequently said, whenever it became necessary for them to say so, that Congress can not go beyond what the Constitution has said. Now I say, if the honorable court please, or if your honors please, that before you can exercise any jurisdiction at all, there must be a suit at law or in equity, or a controversy. We have nothing of the kind here, and I believe you will agree with us when your honors come to think of this, with the authorities before you which my friend has cited—and the cases run all through them—commencing with Hayburn's case. That was the old pension case, where the judges were authorized by the act of Congress to inquire into the various applications laid before them by persons who claimed that they were entitled to pensions. That case is so familiar to the court that I won't refer to it; but the judges all differed; that is, they did not agree as to whether it was a judicial power or whether they were to act as commissioners, and some of them acted as commissioners, and some of them allowed Todd's pension at New Haven, Conn., and the pension was paid to him; but the question still remained unsettled by the conflicting opinions of the various judges. The United States after having paid that pension sued to recover it back, and the question was whether or not the act under which these judicial officers had passed upon it was constitutional. If it was, then the pension was rightly paid. If not, the pension was wrongfully paid, and the United States Government had the right to recover it back. The court held in the Todd case that the act conferring these powers upon the judges of the circuit and district courts of the United States was unconstitutional, and that the judicial power was improperly exercised in allowing the pension, and the Government recovered a verdict against Todd.

Mr. Justice FIELD. What volume is that reported in?

Mr. MCKISICK. That is reported in the note to the case of Ferriera, in 13th How. The case itself was never reported, but the Chief Justice looked it up. It is in the note to the case in 13th How.

Mr. Justice FIELD. He refers to that in his opinion.

Mr. MCKISICK. Yes, he refers to it in his opinion, and also refers to the

...ial case, and tells you where you can find the opinion of all the ... upon that question.

Mr. Justice FIELD. Does Judge Taney, in that Hayburn case, lay ... the doctrine that no judicial power can be exercised except in a ...?

Mr. MCKISICK. No, sir; because it was not necessary for him to de... that. He states this: He refers to all these cases, and says that ... judicial power which is conferred by the Constitution upon the ... must be exercised in conformity with the Constitution, and not ... conformity with acts of Congress, if they go beyond the Constitution.

Mr. Justice FIELD. And this judicial power can not be exercised ex... in cases?

Mr. MCKISICK. There must be a case or a controversy. Just why ... Constitution changed its phraseology from "cases at law and in ...ity" to "controversies" the commentators have always been in ...ubt; but there are certainly many controversies that are special pro...dings, and probably the framers of the Constitution had something ... that idea in their minds when they changed the phraseology from ..." to "controversies;" but the Supreme Court has always decided ... they are almost interchangeable.

Mr. Justice FIELD. That would lead, practically, to this: That Con... could not issue any commission and compel testimony to be given, ...use it could not invest the commission with authority to enforce ...dience to a subpœna, and could not invest the courts with authority. ... that your point?

Mr. MCKISICK. That is my point, sir. If Congress wants a commis... to exercise judicial functions, it may say, "Be it enacted, and ... hereby is created a Pacific railway court;" because I don't be... the Constitution limits Congress in determining what they shall ... a court.

Judge HOFFMAN. They must have a case or a controversy before ..., according to your argument, or they could not investigate.

Mr. MCKISICK. That is exactly my argument. That is to say, the ...ission may investigate any subject, but when that commission ... into this court it must come here with a case, or it must come ... with a controversy; and unless it does come here with a case or ... a controversy, the judicial power which is vested in the courts of ... United States does not extend to that matter; because here is the ...ation: It shall extend only to cases at law, or in equity, or to con...ersies between the enumerated parties. That is the point that I ..., and that is the reason that I call the attention of your honors to ... fact that there is no case here; there is no controversy here. ... is no controversy in the act. The act itself makes no controversy ... the Central or the Union Pacific, or any other railroad, but ... simply appoints this Commission to investigate and inquire into ..., and report them to the President, in order that they may be laid ... Congress. Therefore I say that the argument of my friend is ... correct and proper when he says that this Commission, while ... investigate to the extent that the debtor is willing to allow it ... investigate, and probably some distance beyond that, under the ...isions of the act of Congress, or the various acts of Congress ... (because as to some of them the railroad corporation accepted ... terms and thereby came under the act itself), when that Commis... comes into this court, or into any court, it must come here under ... provisions of the Constitution. I understand, if your honors please, ... the rule is perfectly well settled, not only in the Supreme Court

of the United States, but in the district and in the circuit courts, that whenever a question comes into the court, the jurisdiction of the court must affirmatively appear. While it is true that, under the Constitution and under the acts of Congress, the circuit courts and district courts are not courts of limited jurisdiction in the common-law sense, yet under the peculiar phraseology of the Constitution, which vests the power in one Supreme Court and in the inferior courts, and then says to what subjects and what persons it shall stand, that the courts always stop at the threshold, to look to the question of jurisdiction, and if they find—no matter whether it is made or not by the parties—if the court finds that it is without jurisdiction under the Constitution, or if an act of Congress has attempted to confer more jurisdiction upon it than the Constitution gave it, they will stop *sua sponte* and proceed no further. It is true that in some instances, where it was a question of citizenship, the parties—although the record did not affirmatively show it—the parties consented in open court that the facts of citizenship necessary to give the court jurisdiction did exist. But suppose, if the honorable court please, just to illustrate, that an act of Congress were passed, authorizing a citizen of a State to sue another citizen of the same State upon a money demand, where the amount in controversy was $100,000, and thereupon Lloyd Tevis sued James C. Flood—they are both citizens of California—and alleged that under that act of Congress he had come into the circuit court to prosecute his money demand; not a question of grants from different States, but a money demand against James C. Flood, under that act of Congress, for $100,000. Your honors would not entertain that jurisdiction a moment, because you would say that Congress had no power under the Constitution to extend the jurisdiction of the circuit court to controversies of that character between citizens of the same State.

Now these are broad illustrations, but I want to impress upon the court that my opinion is that there is no case here, either at law or in equity, nor any controversy between the United States or the Pacific Railway Commission and the Central Pacific Railroad Company. That is not the case here at all. This Commission has no controversy with the Central Pacific Railroad Company. They come here and tell you that a witness whom they desire to examine in making their investigation into the affairs of the Central Pacific Railroad Company is contumacious, and they invoke your aid to make him answer questions which they have propounded to him, without any case at all—without any controversy with the Central Pacific Railroad Company. I do not propose to go any further into that proposition. I think I have made myself understood as to that.

Now as to the next. I don't think that I can add any thing at all to what has been said by my friend. He has put it so strong and upon such a broad principle, that I think it certainly lodged in your honors' minds that the character of the questions propounded to the witness, whom this petition alleges to be contumacious, are such questions as no court of justice, if it were a case or if it were a controversy, would compel him to answer. Without a case and without a controversy, of course I come back to my first proposition. But with a case and with a controversy, the questions propounded to this witness are of such a character that no court of justice would compel him to answer.

We have some principles in our code of civil procedure relating to witnesses that are nothing in the world but rules of the common law—general rules of law applicable to all the courts. I mean they are extracted from the common law.

Your honors will remember that this Commission is clothed with the power of making these investigations; it makes them itself; it examines the witnesses; the witness has nobody there, no judge, no one to protect him; but just such questions as they may believe—and I don't want to do them an injustice—but just such questions as they may believe they are authorized by the act of Congress to ask—and the act of Congress is certainly very sweeping—they ask the witness. The witness can not appeal to a judge. There is no judge there to protect him. He must answer, or he is contumacious, in the opinion of the Commissioners, because they believe that under the act of Congress they have the right to compel the witness to answer. I don't say that they have the right to compel him, but they have a right to insist upon his answer, and if he does not answer, then they believe they have a right to invoke the aid of your courts. Now, that is contrary to all principles of law. A witness is entitled to be protected—I don't care in what tribunal he is—he is entitled to be protected. From what? If your honors will permit me I will read to you sections 2065 and 2066 of the Code of Civil Procedure of the State of California. They are only, as I say, rules of the common law, and rules of all courts of justice; rules of the courts of the United States, as well as of the courts of California. "A witness must answer questions legal and pertinent to the matter in issue." Well now, there is no issue. There is no issue at all between the United States and the Central Pacific Railroad Company. There is no issue between the Pacific Railway Commission and the Central Pacific Railroad Company. There is no such thing as an issue to be found in the act of Congress. There is no act which they have done, or which they can do, which makes an issue which this law means, and that is, where there is a party plaintiff, a party defendant; a party complainant or a party respondent, as it may be, in law or in equity.

"A witness must answer questions legal and pertinent to the matters in issue, though his answer may establish a claim against himself; but he need not give an answer which will have a tendency to subject him to punishment for a felony, nor need he give an answer which will have a direct tendency to degrade his character, unless it be to the very fact in issue, or to a fact from which the fact in issue would be presumed. But a witness must answer as to the fact of his previous conviction for felony. 2066. It is the right of a witness to be protected from irrelevant, improper, or insulting questions.

Who protects him in that right before this Commission, if your honors please? Here is a right given to a witness by the law—and I say that this law is just as applicable in the courts of the United States as it is in the courts of California—to be protected from these things, and yet there is nobody who can enforce that right—nobody there. "And from harsh or insulting demeanor." I will read the section:

"It is the right of a witness to be protected from irrelevant, improper, or insulting questions, and from harsh or insulting demeanor; to be detained only so long as the interests of justice require it; to be examined only as to matters legal and pertinent to the issue.

I say that these rules, although they are formulated in the Code of Civil Procedure of the State of California, are as old as Lord Ellenborough's time. He did protect his witnesses.

Judge HOFFMAN. Mr. McKisick, am I to understand you as denying to the legislature of this State the right to organize a commission to investigate a subject and to compel witnesses to testify? Because, if it is a mere investigation there is no issue, there is no suit at law, there is no controversy; it is merely an inquiry. There is no charge against anybody or suit against anybody. Have they no right to compel a witness to answer?

Mr. McKISICK. They may have a right, but they have no right to invoke the judicial power to aid them; but in a case of that kind it would be the duty of the committee to report back to the legislature, and then for the legislature to act—and the legislature has quasi judicial powers, and always has had to punish for a breach of privilege. Parliament had them, and the legislatures of the State and Congress have them; and if the committee had been properly organized and sent out to investigate, and a witness is brought before it, and the witness is contumacious, it is the duty of the committee to go back to its author, the legislature, but not to come into a court of justice.

Judge HOFFMAN. The Supreme Court negatived the idea of judicial power such as Parliament exercises being confided to Congress at all. That is in the case of a suit against the Sergeant-at-Arms.

Mr. McKISICK. I don't understand, if the honorable court please, that the decision has gone quite that far. I think that there are certain powers that the legislature or Congress may exercise; but I won't undertake to say, if your honors please, what the legislature ought to do, or how far it could go, if the committee reported back to the legislature that a witness was contumacious. But I say that it has no right to come into a court of justice—that is, I say that the Constitution does not authorize it to come into a court of justice, and invoke the aid of a court to compel a witness to answer before a committee.

Now, as I have said, the witness must be protected. Suppose, if your honors please, that you should differ with me—and I merely state this for illustration—and make an order compelling this witness to appear before the Commission to answer the question, and he should go there, and the question should be put to him—I won't say what this Commission would do—but suppose the question should be put to him in a harsh, insulting manner, and he were to say, "I don't want to answer that question; I want to be protected." Would either one of your honors go there to protect him? Are you a part of that Commission? I beg pardon for putting my argument that way, but that is what it comes to. Is the circuit court of the United States, or the district court of the United States a part of this Pacific Railway Commission, or its servant? I say, No. I say it is a tribunal under the Constitution and laws of the United States, and the witness could not insist upon your honors going there to protect him from the wrongs mentioned in one provision of this code, or give him the rights mentioned in another. And he goes there and he declines to answer because of the manner, or has answered as he did in this very case, when your honors look into this petition, with the exhibits as to this $171,000 voucher. He answered as fully as any court would have ever compelled him to answer as to the first proposition, what became of the money. He said, "I can't remember; the transaction is so old; it is made up of so many different items. I was once familiar with it, but they have passed out of my mind and I can't tell you." And I say, and I say it with a great deal of confidence, that if either one of your honors had been presiding in a court of justice in the trial of a case or a controversy, and the witness had answered in that way, you would not have compelled him to answer it any further.

Mr. CAREY. You do not suggest that in your answer.

Mr. McKISICK. Why should we, when you put it in your petition?

Mr. CAREY. You didn't suggest to the court that you have sufficiently answered.

Mr. McKISICK. The court will see that we have sufficiently answered by looking at your petition. Senator Stanford could have met this application, in my opinion, by a motion to quash, or a demurrer; but from

the beginning of these investigations down to the 10th of August, 1887, he has shown every disposition that an honorable gentleman could show to comply with the law, and to be courteous and polite to these Commissioners; but when they press him on these questions beyond where any witness ought to be pressed, then he appeals to the Constitution and the laws, and declines to answer. That is the position that he is occupying, and when he comes here to respond——

Mr. Justice FIELD (interrupting). Does he put his objection to answer on the ground that he cannot recollect the matter?

Mr. MCKISICK. If the court please, he did not in his answer, but the petition itself exhibits the answer that he made to a question to this very voucher, and of course we did not deem it necessary for him to answer any further.

Mr. Justice FIELD. I am speaking of before the Commission.

Mr. MCKISICK. Oh yes, he puts it very fully, and he gives the reasons and he gives them *in extenso*, and with a great deal of particularity. Any one who reads that answer and reads the circumstances under which that voucher was made up, will understand perfectly well that he was giving the very best answer to that Commission that he could give in a court of justice.

Judge HOFFMAN. As I understand, he is asked, was any portion of this $171,000 paid for the purpose of influencing legislation? He says, "I decline to answer." He don't say, "I don't know."

Mr. MCKISICK. That is a separate question.

Judge HOFFMAN. That is the question we are dealing with.

Mr. MCKISICK. We are dealing with two questions. He had said he did not know what items made up that voucher. Then the question was put to him, if any part of that money had been used to influence legislation. Under the advice of counsel he stopped there. Now, if the honorable court please, or if your honors please—whichever you may be—there is something that you will see, when you come to look at these questions and the answers, that will convey to your minds the impression that the question was not asked of Senator Stanford if any of this money had been used to influence legislation legitimately. We all know that thousands and hundreds of thousands of dollars may be used legitimately to influence legislation. But these questions are framed, and the whole tenor of them shows that the purpose and scope of them was to ascertain from the witness whether any of the money had been used to influence legislation improperly. When I say "improperly," I mean either under the Marshall case, or if there was bribery. I mean under the Marshall case where there was pay, or under the Trist case where there were certain improper statements made by the Messrs. Childs to certain members of Congress. The whole tenor and scope of these questions go to that: "Have you used any money improperly, illegally, and wrongfully to influence legislation?"

Mr. CAREY. That is an inference you draw from the questions. The questions are not framed in that way.

Mr. MCKISICK. You will see that that is the whole tenor and scope of the questions. The exhibits to this petition show that, if I read them correctly. Congress did not, in my opinion, mean anything of the kind, because Congress certainly knew very well that money might be spent to influence legislation. Congress might have wanted to know whether the moneys thus spent had influenced legislation in the interests of the company, or had influenced legislation against their interests. But that is not the purpose of this Commission in asking these questions, as I think your honors will very

readily see; but the purpose was to fasten some stigma upon the witness. The purpose was to fasten some stigma upon certain persons whose names were mentioned on some of those vouchers. It is not dark at all. It is clear as noonday sun that that is the object and purpose of these questions, from the manner in which they were shaped and framed; and I say that the witness did perfectly right in declining to answer them, and I do not believe that your honors will make an order requiring him to answer them. I don't believe, in the first place, that the circuit court, or the district court, or that your honors as judges, have any jurisdiction whatever over this matter. I do believe that you will agree with me when you come to read the questions propounded to the witness, and the manner in which they were propounded to him, and there are two classes of them, as I say. To one class he answers just as fully as he would have been compelled to answer in any court of justice. The judge would have said, "The witness has gone far enough; he has told you all he knows." The other is, where it is apparent and transparent that the object and purpose was——

Mr. Justice FIELD. Did it involve the first question when he said he could not state what made up the items; do you take that in connection?

Mr. MCKISICK. They asked him the general question, what his recollection about the voucher was. I won't give you the language of the question, but it is there. There was nothing wrong in that question at all.

Mr. Justice FIELD. His answer was what?

Mr. MCKISICK. His answer went very fully into an explanation of the voucher.

Mr. Justice FIELD. After that, notwithstanding he said he didn't know, they asked him whether any of that money had been used to influence legislation?

Mr. MCKISICK. Yes, sir.

Mr. Justice FIELD. Your argument is that the second ruling involves the first?

Mr. MCKISICK. The second ruling involved the first. And then, besides, the tone and manner of the question shows that they were not satisfied with his answer, and they wanted to show by him that some of the money which he had expended in that voucher, and in others, included sums of money that had been paid improperly and illegally to influence legislation; and I am perfectly willing to rest that branch of the case upon your honors' reading of the questions and his answers.

Now, one other question that I think is very proper to state, and I will only state it without argument. This particular voucher, or these particular vouchers, to be sure, come from the archives of the Central Pacific Railroad Company, but they have the name of this witness upon them; and as to that, of course, he is being examined about a paper or about affairs of which he himself was a party in making the paper. Now, I say that under the Boyd case, and under all of the cases under the Constitution, in fact, that when they came to that paper and asked him improper questions, or asked him questions that might have tended to degrade his character or to criminate him, he had a right to stop. And, furthermore, if your honors please, this act of Congress authorizes these Commissioners to report whether or not any dividends have been improperly declared; whether or not any of the net proceeds or the net earnings of the company had been improperly diverted. In other words, these questions would tend, if answered by the witness in the way which the Commission expected him or wanted him to answer, eri-

directly, they would tend to subject him to certain penalties and forfeitures. I call your attention to the case of the United States *vs.* The Planters' Bank of Virginia—I believe my friend Mr. Bergin did not refer to that; it is in 1st Peters, and at page 100—the United States became a creditor of that bank. Under an act of the legislature of Virginia, which authorized certain private banking institutions to be organized in that State, certain formalities were required to be complied with by the officers or persons organizing that bank. If they were not complied with, the officers and directors became personally responsible, and liable not only for the debts of the bank but subject to certain penalties imposed by the act itself. The bank having become insolvent, and not being able to pay the United States when it demanded the debt which it owed, the United States filed a bill in equity, under the provision of an act of the Virginia legislature which authorized a bill in equity to be filed against the officers of the bank to make them personally liable for the debt of the bank. That act of the legislature of Virginia required the officers and directors to answer questions, but said that "no answer given to a bill in equity in this proceeding shall be used in any criminal proceeding against the officers." The cashier was one of the officers—his name was Campbell. When he came to answer with the others they pleaded that they could not answer that without subjecting themselves to penalties and forfeitures under the laws of Virginia That plea was set down for argument, and the judge of the district court, having heard argument on that plea, sustained it, and thereupon the United States appealed—it was an equity case—to the Supreme Court of the United States, and the pleas are set out in the report. The facts are all stated and the pleas set out, and Chief Justice Marshall affirmed the judgment of the district court in about two paragraphs, saying: "It is perfectly evident, under the act of the legislature of Virginia, that an answer to this bill would subject these parties to penalties, and therefore they are not required to answer." I say that whether you take this upon the ground that these questions tend to criminate or degrade the witness, or whether they tend to subject him to penalties, or to forfeitures, or to suits to recover back net earnings, or whatever the phrase is in the act, that he is not compelled to answer that question at all.

Mr. Justice FIELD. He didn't take that ground.

Mr. CAREY. No, sir; he didn't take that ground.

Mr. MCKISICK. He does not take this ground, if the honorable court please. The answer has not been read to you. When you come to the latter clauses of the answer you will see that he stands upon his legal right under the Constitution of the United States, and that is sufficient. The Constitution of the United States protects him, and he is not bound to plead specially which one of the sections or which one of the provisions of the Constitution does protect him; but that was the ground upon which he declined, and he would have declined, of course, upon no other, because under the Constitution of the United States he was not bound to answer.

Mr. Justice FIELD. Should he not have taken that ground when the question was asked?

Mr. MCKISICK. I think not. I do not think the law requires it; in fact, I am very sure that the witness may say, "I decline to answer," and then he may give his reasons for it, if he is asked for. "It will tend to criminate me; it will tend to degrade me." But the reasons here were not asked for.

Judge HOFFMAN. Must he not, in any court of justice, put his privilege upon that ground, and say, "Counsel advises me not to answer?"

Mr. MCKISICK. In the first place he says, "I decline to answer." Then the party examining has a right to say, "Upon what ground do you decline?" But suppose the party does not say that; then when he is called upon to show cause why he did not answer, he, of course, may give a reason for it.

OPINION OF COURT.

The Courts of the United States can not be made mere aids to a commission of inquiry created by Congress.

IN THE MATTER OF THE

Application of the Pacific Railway Commission for an order upon a witness before it to answer certain interrogatories propounded to him.

OPINIONS OF MR. JUSTICE FIELD, AND JUDGES SAWYER AND SABIN, DELIVERED IN THE U. S. CIRCUIT COURT AT SAN FRANCISCO, AUGUST 29, 1887.

[T. I. Bergin, L. D. McKisick, for Leland Stanford. John T. Carey, U. S. District Attorney, Henry C. McPike, Asst. U. S. Dist. Attorney, for the Railway Commission.]

IN THE CIRCUIT COURT OF THE UNITED STATES, NINTH CIRCUIT, NORTHERN DISTRICT OF CALIFORNIA.

1. The Pacific Railway Commission is not a judicial body and possesses no judicial powers under the act of Congress of March 3, 1887, creating it, and can determine no rights of the Government or of the corporations whose affairs it is appointed to investigate.
2. Congress can not compel the production of private books and papers of citizens for its inspection, except in the course of judicial proceedings, or in suits instituted for that purpose, and then only upon averments that its rights in some way depend upon evidence therein contained.
3. The courts are open to the United States as to private parties to secure protection for their legal rights and interests, by regular proceedings.
4. Congress can not empower a commission to investigate the private affairs, books, and papers of the officers and employés of corporations indebted to the Government as to their relations to other companies with which such corporations have had dealings, except so far as such officers and employés are willing to submit the same for inspection; and the investigation of the Pacific Railway Commission into the affairs of officers and employés of the Pacific Railway Companies under the act of March 3, 1887, is limited to that extent.
5. The United States have no interest in expenditures of the Central Pacific Railroad Company under vouchers which have not been charged against the Government in the accounts between them; and the Pacific Railway Commission under the act of Congress of March 3, 1887, has no power to investigate such expenditures against the will of the company and its officers.
6. The judicial power of the United States is limited to "cases" and "controversies" enumerated in Article III, Section 1, of the Constitution as modified by the eleventh amendment, and to petitions on habeas corpus and can not be extended by Congress; and by such "cases" and "controversies" are meant the claims of litigants brought for determination by regular judicial proceedings established by law or custom.
7. The judicial department is independent of the legislative, in the Federal Government, and Congress can not make the courts its instruments in conducting mere legislative investigations.

8. The power of United States courts to authorize the taking of depositions on interrogatory from courts of foreign jurisdictions exists by international comity; but no comity of any kind can be invoked by a mere investigating committee appointed by Congress.
9. The Central Pacific Railroad Company is a State corporation not subject to Federal control, any further than a natural person similarly situated would be. Per Sawyer, J.
10. The Central Pacific Railroad Company is absolute owner of the lands and bonds granted to it by the Government, having complied with the act making the grant, subject to the lien of the Government to secure its advances, in the same way and to the same extent as a natural person in like situation. Per Sawyer, J.
11. The relation of creditor and debtor exists between the United States and the Central Pacific Railroad Company, under the act granting aid to the latter, with like force and effect as if both were natural persons, the relation being private and having nothing to do with the power of the Government as sovereign. Per Sawyer, J.
12. The United States, as creditor, can not institute a compulsory investigation into the private affairs of the Central Pacific Railroad Company, or require it to exhibit its books and papers for inspection in any other way, or to any greater extent, than would be lawful in the case of private creditors and debtors. Per Sawyer, J.
13. The United States, as Creditor, have the same remedy as a private creditor, and no other, to compel payment of any moneys due it from the Central Pacific Railroad Company, as their debtor, or to prevent the latter from wasting its assets before the debt matures, and that remedy, if any, must be by a regular judicial proceeding in due course of law, and Congress has no power to constitute a roving, legislative inquisition into the affairs of the company to ascertain what it has done or is doing with its money. Per Sawyer, J.

STATEMENT OF FACTS.

This is an application of the Pacific Railway Commission, created under the act of Congress of March 3, 1887, "Authorizing an investigation of the books, accounts, and methods of railroads which have received aid from the United States, and for other purposes," for an order requiring a witness before it to answer certain interrogatories propounded to him. That act authorizes the President to appoint three commissioners to examine the books, papers, and methods of all railroad companies which have received aid in bonds from the Government, and in terms invests them with power to make a searching investigation into the working and financial management, business, and affairs of the aided companies, and also to ascertain and report—

Whether any of the directors, officers, or employés of said companies, respectively, have been or are now directly or indirectly interested, and to what amount or extent, in any other railroad, steamship, telegraph, express, mining, construction, or other business company or corporation, and with which any agreements, undertakings, or leases have been made or entered into; what amounts of money or credit have been loaned by any of said companies to any person or corporation; what amounts of money or credit have been or are now borrowed by any of said companies, giving names of lenders and the purposes for which said sums have been or are now required; what amounts of money or other valuable consideration, such as stocks, bonds, passes, and so forth, have been expended or paid out by said companies, whether for lawful or unlawful purposes, but for which sufficient and detailed vouchers have not been given or filed with the records of said company; and further to inquire and report whether said companies, or either of them, or their officers or agents, have paid any money or other valuable consideration, or done any other act or thing for the purpose of influencing legislation.

It is difficult to express in general terms the extent to which the Commissioners are required to go in their inquisition into the business and affairs of the aided companies; or the extent to which they may not go into other business and affairs of its directors, officers, and employés. The act itself must be read to form any conception of the all-pervading character of the scrutiny it exacts of them.

And it provides that the Commissioners, or either of them, shall have the power—

To require the attendance and testimony of witnesses and the production of all books, papers, contracts, agreements, and documents relating to the matter under investigation, and to administer oaths; and to that end may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses, and the production of books, papers, and documents.

And it declares that—

Any of the circuit or district courts of the United States within the jurisdiction of which such inquiry is carried on, may, in case of contumacy or refusal to obey a subpœna issued to any person, issue an order requiring any such person to appear before said Commissioners, or either of them, as the case may be, and produce books and papers if so ordered, and give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

And also that—

The claim that any such testimony or evidence may tend to criminate the person giving such evidence shall not excuse such witness from testifying, but such evidence or testimony shall not be used against such person on the trial of any criminal proceeding.

In the discharge of the duties imposed upon them, the Commissioners have attended at San Francisco and called before them as a witness Leland Stanford, who is now and has been from its organization president of the Central Pacific Railroad Company, one of the companies which received aid in bonds from the Government; and on the 10th of August, whilst he was under examination respecting the affairs of that company, a number of vouchers purporting to represent the expenditure of moneys belonging to it were produced and verified. These vouchers, as stated by the Commissioners, represented the aggregate sum of $733,725.68, which had been expended by Mr. Stanford between November 9, 1870, and December 21, 1880, and by him charged to the company, and by the company subsequently reimbursed to him. The persons to whom the moneys were paid and the objects to which they had been applied do not appear upon the face of the vouchers, except that the objects are stated to have been for "general expense account" or for "legal services," and except, also, that in a few instances the initials of persons to whom the money is purported to have been paid are given. One of the vouchers (No. 2,569½) represented the expenditure of $171,781.89. It reads as follows:

C. P. R. R. Co., to Leland Stanford, Dr.

To cash paid on account of general expenses to December 31, 1875.....	$37,365.50
To cash paid on account of general expenses to December 31, 1875.....	34,416.39
	171,781.89

This was indorsed, in addition to its number, amount, and a statement of its general character, as follows:

Allowed Feb. 7, 1876, by board of directors, folio 153.
I certify that the within account, amounting to $171,781.89, is correct.
LELAND STANFORD.

When under examination Mr. Stanford was asked to explain in detail the character of the expenditures covered by this voucher. He replied that he had no recollection of its contents, but presumed it was made up of many items. He then proceeded to explain at great length the manner in which he did business for the company in negotiating loans and incurring expenditures, which was briefly this: The loans were generally negotiated in San Francisco, and the payment of expenses incurred by him was frequently made there, though for many years the office of the company was at Sacramento. His payments were usually

in checks drawn in his own name. The check-books, with loose memoranda kept by him, were handed, from time to time, to some one connected with the office, by whom a general voucher was made up embracing the several expenditures incurred, and the voucher was then presented by the witness to the directors of the company and by them approved. The witness kept no accounts of his several expenditures, except loose memoranda and his check-books, from which the vouchers were made up; and he supposed the voucher in question was thus made up. He could not, at that date, state the items which made up the several accounts, but he had no doubt that he explained the matter to the company when the voucher was presented. To the question, "What explanation did you give the company?" the witness answered as follows:

Well, as I do not remember the items of it, I cannot remember, of course, what explanation I may have given to the company. I don't think I went into details of these things to the company, further than to say I found it necessary to expend for the general interest of the company so much; and I do not think that they ever questioned me particularly as to the wisdom of the expenditure.

The Commission then asked the witness this question:

Was any part of the $171,000 (the sum named in this bill that I have handed to you and that you have) paid for the purpose of influencing legislation?

The counsel present acting for the railroad company objected to the question, for the reason that the witness had said that he did not remember what constituted the items composing the voucher; and said that upon that point (of influencing legislation) any question the Commission has asked, or might be disposed to ask, the witness would be advised not to answer, upon the ground that the company is willing to account to the Government for its proportion of any voucher that is produced, or of any entry upon the books of the company that is unexplained, and therefore it will not make any difference what is done with the money—whether it was thrown into the sea or wasted in any manner or form. The chairman of the Commission repeated the question in a modified form, as follows:

Was any part of the sum named in the voucher submitted to you paid to any agent or individual for the purpose of influencing legislation?

To this the witness answered as follows:

I told you I did not know anything about this, but then I shall act upon the advice of my counsel. I don't suppose it can make any possible difference as long as we account for the money. If the Government is not satisfied with the vouchers which we present, whether the money was expended or wasted or anything of the kind, it can make no possible difference, because if it went into the sea—if I had used this money improperly or thrown it away, I might be accountable to the stockholders for my trust, but the Government can not have any more than the money, and the company is willing to account for that if you are not satisfied with the action.

The witness, therefore, under advice of counsel, declined to give any further answer.

The chairman also asked this question:

Are you able to state to the Commission that any of the money was paid for illegitimate or corrupt purposes, that is, to corrupt the legislature of the State of California or any other State legislature, or the Congress of the United States?

And to which the witness answered as follows:

I have told you what I know, that I do not remember about that account; but I can say this, that I never corrupted a member of the legislature in my life, and I do not know that any of my agents ever did. So far as Congress is concerned, I saw a statement that the board of directors allowed my account for expenditures made in Washington or in various places. I do not know that I ever had any occasion to pay out any money at Washington except for my own private expenses.

The witness, upon further examination, testified that his check-books in which he drew his checks for the expenditures were destroyed; that it had always been his habit about once a year to have a "clean up," and when he wanted to go away he would overhaul his papers, and what he did not want he would destroy; that he had been to Europe three times within the last few years, and each time he had "cleaned up," leaving only such papers as, in case he might not return, he was willing that other people might see.

Notwithstanding the answer of the witness that he could not state the items of the voucher, and had no recollection of any of them, he was repeatedly asked substantially the same question, as though by its repetition a different answer might be obtained. The answer was, however, substantially the same in every instance. Other vouchers of a similar kind presented by the witness to the company were produced and verified, and with respect to them the witness said as follows:

I suggest to the Commission that there is not in all that class of bills to-day a single item that I positively remember. I could not tell the amount, nor when these bills were credited, excepting I went to the books. I cannot tell of a single item that went to make up the amounts. Let my answer as to this and to the other vouchers of that class be the same as I have made to the other (the first) voucher; and I will take that position generally.

Yet the Commissioners felt it their duty to ask specifically as to each voucher substantially the same question, at which some feeling appears to have been excited, as the following passage from the examination upon one of the vouchers discloses:

CHAIRMAN OF THE COMMISSION. Was any part of the sum expended through any agent or individual for the purpose of influencing legislation?

Answer. Not to my knowledge. I have told you already. I do not know the object of your examining me in this way. I have told you that I do not know anything about it; and I have told you that, I think, three or four times.

The CHAIRMAN. I want you to distinctly understand that I am going to ask you as to each of these vouchers, and I will put it on the record.

The WITNESS. And I want you to distinctly understand that I shall exercise my discretion about it.

The CHAIRMAN. That is your right; and it is my right and duty, sworn to, to ask you.

The WITNESS. It is your right and your duty to be a gentleman in asking questions.

The CHAIRMAN. Well, if I have not been, I will apologize.

The WITNESS. Well, I think you have occasion to apologize for asking such questions as that over and over again.

The CHAIRMAN. I will repeat my question, and you can decline just as you have done. I am going through all of these vouchers just in this way, so that there will be no mistake in the future.

The Commissioners now ask in their petition that the witness be summoned to show cause why he should not be required to answer the interrogatories whether any part of the sums named in the several vouchers was paid for the purpose of influencing legislation, which he has declined to do except in the manner stated.

Subsequently interrogatories were propounded to Mr. Stanford inquiring whether any portion of the moneys covered by the several vouchers produced following the first one was paid to certain parties, who were named, for the purpose of using the same in connection with measures pending in the legislature.

The witness declined to answer these interrogatories, and the Commissioners also ask in their petition that he be summoned to show cause why he should not be required to answer them.

It was also in evidence before the Commission that in December, 1875, the legislature of California was in session in the city of Sacramento.

and that it was the custom of the railroad company to be represented before its committees. The Commission thereupon inquired as follows:

The CHAIRMAN. How many representatives did you have there?

Answer. I used to generally go there and spend a good deal of time when there was any very hostile legislation going on or proposed. I was up there, and sometimes had one of our people and sometimes another; sometimes one lawyer and sometimes another.

The CHAIRMAN. Please name the lawyers who were in the habit of attending the legislature with you?

Answer. Unless it is really necessary, I do not want to go into the detail of any thing of that kind. We often employ agents in a confidential character, and it was not advisable that others should know that they were in our service. I do not want to answer unless I am compelled to answer. I want to give you all the information that is in our power by which you may understand under what obligations we are to the Government.

If we have wrongfully disposed of any of the assets of the Central Pacific Company that could possibly affect its relation with the Government I want you to know it, but where it is a matter merely between myself and my stockholders and directors, and it can not make any difference in our relations to the Government or what the Government may want to claim because of the lack of proper vouchers upon which to base their five or twenty-five per cent., I do not want to do it. I can not conceive that the questions you are asking me can possibly affect our account with the Government so long as we are willing to pay. If you are not satisfied with these vouchers, we say to you say so, and we will account for them as money on hand.

To the question subsequently repeated the witness declined to answer, and the Commissioners pray in their petition that the witness also be required, by order of the court, to show cause why he shall not be required to answer this interrogatory. Upon the filing of the petition, which was signed and verified by the oath of the Commissioners, an order was entered as prayed, that the witness show cause before the court, on a day designated, why he should not be required to appear before them and answer the interrogatories propounded.

The witness appeared in response to the order and filed his answer to the petition, in which he gives at some length the history of the construction of the road of the company and of the difficulties its projectors had to encounter, and mentions the aid in bonds and lands received from the Government, and the annual reports made to the Secretary of the Treasury of its condition and management. He states that since its organization, in June, 1861, he has been its president, and, after describing the manner of doing business, adds—

In this way I have taken part in transacting the business of the company for a period now extending over twenty-five years, and in point of value aggregating upwards of four hundred millions of dollars. As the business took place I was cognizant of it, but, owing to its multiplicity and the pressure of matters more important than mere detail, as well as the lapse of time, I am now no longer able to recall many of the matters with which I was personally so familiar.

He also states that by the decision of the Supreme Court the relation between the United States and the railroad company is that of creditor and debtor, and that the rights of both are those springing from that relation; that the examination made by the Commission has not only extended to the affairs of the Central Pacific Railroad Company, but has extended to a searching investigation of the affairs of all the consolidated and allied companies connected with that corporation; and that their affairs have been examined into not only by the experts of the Commission, but the Commissioners themselves, and their business relations have been exposed to the public and the prying curiosity of rival business competitors; and that the Commission insists upon investigating matters with which the Government has and can have no possible concern; that the disposition the company may have made of such portion of its assets or earnings as the Government has not and

never had any interest in is of this character; and yet the Commission insists upon answers to questions respecting such disposition which can have no possible effect upon the relations between the company and the Government, and can only tend to cast suspicion upon parties whose names may be mentioned; and as the subjects in respect to which these questions are propounded are of an exclusively private character, in no way affecting the interests of the Government, neither the company nor its officers feel called upon to answer.

The respondent also makes this extraordinary statement, that he is constrained to this course "as the gentlemen of the Commission have distinctly and repeatedly avowed, in the course of their examination, that they do not regard themselves bound in such examination by the ordinary rules of evidence; that they would receive hearsay and *ex parte* statements, surmises, suspicions, and all character of information that might be called to their attention;" and that during the course of his examination it had more than once transpired that he was examined upon charges made in pleadings and proceedings instituted against the company based upon suspicion and surmises, and in many cases without actual foundation; that questions had been propounded and a line of examination pursued manifestly prompted by disaffected and hostile parties, whose aim was more the pursuit of personal enmity of a private character than the interests of the public at large or the ends of justice; that to answer any of the objectionable questions would necessarily give rise to the implication that all persons whose names may be mentioned in the questions to which answers are declined are guilty of the acts of commission which is implied in the bare asking of the questions; that in his testimony he had said in substance, and now repeats it, that he never corrupted or attempted to corrupt any member of the legislature or any member of Congress or any public official, and never authorised any agent to do so; that all the claims covered by the vouchers referred to have received not only the approval of the board of directors of the Central Pacific Railroad Company, but likewise the approval of the stockholders of that company; that all parties who could in any way legally or equitably be affected by the disbursements embraced in them were fully satisfied therewith and have ratified and approved of the same.

And in addition the respondent states that, in the conduct and management of a business of the magnitude of the Central Pacific Railroad Company and the various corporations consolidated and allied therewith, it is impossible not from time to time to have to do business involving disbursements which every dictate of business prudence will not admit of being made public; that arrangements of a private character, names of parties not publicly known, and the disclosures of which could only result in defeating the ends in view and exposing the persons so named to suspicion and obloquy would forbid making the same public, either upon the archives of the company or before a public commission; that this course of policy is not only sanctioned by ordinary experience in business life, but the Government of the United States and the government of the State of California, as well as the government of the city and county of San Francisco, severally, allow to their chief magistrates money the investment of which is committed exclusively to their judgment and discretion and for which detailed vouchers are never required.

The respondent further adds that the Commission deemed it its duty to propound questions involving criminality on his part and on the part of the persons whose names were mentioned in such questions, answers

to which, for the reasons stated, he has felt constrained to decline to make; that, acting not only on his own behalf but on behalf of those whose interests as stockholders of the Central Pacific Railroad Company are committed to his charge, he feels bound to decline to answer them unless by the court he is otherwise directed.

The purport of the answer of the respondent is that the Government has no legal interest in the matters in relation to which the interrogatories are propounded; that he has answered the interrogatories so far as it was in his power to do so, not having any recollection of the items for which the vouchers were made up, at this distant day from the transactions to which they relate, and that he is shielded by the Constitution from answering questions implying criminality in his conduct and calculated to cast aspersions upon others.

The district attorney of the United States, acting for the Commissioners, moves for a peremptory order upon the witness to compel him to answer interrogatories, notwithstanding his answer to the order to show cause.

Mr. Justice FIELD, after filing the above statement of facts, delivered the opinion of the court as follows:

The motion for a peremptory order upon the witness to answer the interrogatories propounded by the Railway Commission has been fully argued; and everything which could be said in its favor has been ably presented by the United States attorney, either in oral or printed arguments. In resisting the motion counsel of the respondent have not confined themselves to a discussion of the propriety and necessity of the interrogatories, and the sufficiency of the answers given by him, but they have assailed the validity of the act creating the Commission, so far as it authorizes an examination into the private affairs of the directors, officers, and employés of the Central Pacific Railroad Company, and confers the right to invoke the power of the Federal courts in aid of the general investigation directed.

Impressed with the gravity of the questions presented, we have given to them all the consideration in our power.

The Pacific Railway Commission, created under the act of Congress of March 3, 1887, is not a judicial body; it possesses no judicial power; it can determine no rights of the Government or of the companies whose affairs it investigates. Those rights will remain the subject of judicial inquiry and determination as fully as though the Commission had never been created; and in such inquiry its report to the President of its action will not be even admissible as evidence of any of the matters investigated. It is a mere board of inquiry, directed to obtain information upon certain matters and report the result of its investigations to the President, who is to lay the same before Congress. In the progress of its investigations, and in the furtherance of them, it is in terms authorized to invoke the aid of the courts of the United States in requiring the attendance and testimony of witnesses and the production of books, papers, and documents. And the act provides that the circuit or district court of the United States within the jurisdiction of which the inquiry of the Commission is had, in case of contumacy or refusal of any person to obey a subpœna to him, may issue an order requiring such person to appear before the Commissioners and produce books and papers and give evidence touching the matters in question.

The investigation directed is to be distinguished from the inquiries

authorized upon taking the census. The Constitution provides for an enumeration of the inhabitants of the States at regular periods, in order to furnish a basis for the apportionment of Representatives, and in connection with the ascertainment of the number of inhabitants, the act of Congress provides for certain inquiries as to their age, birth, marriage, occupation, and respecting some other matters of general interest, and for a refusal of any one to answer them a small penalty is imposed (R. S., sec. 2171). There is no attempt in such inquiries to pry into the private affairs and papers of any one, nor are the courts called upon to enforce answers to them. Similar inquiries usually accompany the taking of a census of every country, and are not deemed to encroach upon the rights of the citizen.

And in addition to the inquiries usually accompanying the taking of the census, there is no doubt that Congress may authorize a commission to obtain information upon any subject which, in its judgment, it may be important to possess. It may inquire into the extent of the productions of the country of every kind, natural and artificial, and seek information as to the habits, business, and even amusements of the people. But in its inquiries it is controlled by the same guards against the invasion of private rights which limit the investigations of private parties into similar matters. In the pursuit of knowledge it can not compel the production of the private books and papers of the citizen for its inspection, except in the progress of judicial proceedings, or in suits instituted for that purpose, and in both cases only upon averments that its rights are in some way dependent for enforcement upon the evidence those books and papers contain.

Of all the rights of the citizen, few are of greater importance or more essential to his peace and happiness than the right of personal security, and that involves not merely protection of his person from assault, but exemption of his private affairs, books, and papers from the inspection and scrutiny of others. Without the enjoyment of this right all other rights would lose half their value. The law provides for the compulsory production, in the progress of judicial proceedings or by direct suit for that purpose, of such documents as affect the interest of others, and also in certain cases for the seizure of criminating papers necessary for the prosecution of offenders against public justice, and only in one of these ways can they be obtained and their contents made known against the will of the owners.

In the recent case of Boyd *vs.* the United States (116 U. S., 616) the Supreme Court held that a provision of law of Congress which authorized a court of the United States, in revenue cases, on motion of the Government attorney, to require the defendant or claimant to produce in court his private books, invoices, and papers, or that the allegations of the attorney respecting them should be taken as confessed, was unconstitutional and void as applied to suits for penalties or to establish a forfeiture of the party's goods. The court, speaking by Mr. Justice Bradley, said:

> Any compulsory discovery by extorting the party's oath, or compelling the production of his private books and papers to convict him of crime or to forfeit his property, is contrary to the principles of free government. It is abhorrent to the instincts of an Englishman; it is abhorrent to the instincts of an American. It may suit the purpose of despotic power, but it cannot abide the pure atmosphere of political liberty and personal freedom.

The language thus used had reference, it is true, to the compulsory production of papers as a foundation for criminal proceedings, but it is applicable to any such production of the private books and papers of a

party otherwise than in the course of judicial proceedings or a direct suit for that purpose. It is the forcible intrusion into and compulsory exposure of one's private affairs and papers, without judicial process, or in the course of judicial proceedings, which is contrary to the principles of a free government, and is abhorrent to the instincts of Englishmen and Americans.

In his opinion in the celebrated case of Entick *vs.* Carrington, and three other King's messengers, reported at length in 19 Howell's State Trials, 1029, Lord Camden said:

> Papers are the owner's goods and chattels; they are his dearest property, and are so far from enduring a seizure, that they will hardly bear an inspection; and though the eye can not, by the laws of England, be guilty of a trespass, yet, where papers are removed and carried away the secret nature of those goods will be an aggravation of the trespass and demand more considerable damages in that respect. Where is the written law that gives any magistrate such a power? I can safely answer, there is none; and, therefore, it is too much for us, without such authority, to pronounce a practice legal which would be subversive of all the comforts of society.

Compulsory process to produce such papers, not in a judicial proceeding, but before a commission of inquiry, is as subversive of "all the comforts of society" as their seizure under the general warrant condemned in that case. The principles laid down in the opinion of Lord Camden, said the Supreme Court of the United States, "affect the very essence of constitutional liberty and security. They reach further than the concrete form of the case then before the court with its adventitious circumstances; they apply to all invasions on the part of the Government and its employés of the sanctity of man's home and the privacies of life."

In Kilbourn *vs.* Thompson (113 U. S., 168), we have a decision of the Supreme Court of the United States that neither House of Congress has the power to make inquiries into the private affairs of the citizen; that is, to compel exposure of such affairs. That case was this: The firm of Jay Cooke & Co. were debtors of the United States, and it was alleged that they were interested in a "real-estate pool" in the city of Washington, and that the trustees of their estate and effects had made a settlement of their interests with the associates of the firm to the disadvantage and loss of numerous creditors, including the Government of the United States. The House of Representatives, by a resolution reciting these facts, authorized the Speaker to appoint a committee of five to inquire into the matter and history of said "real-estate pool" and the character of the settlement, with the amount of the property involved in which Jay Cooke & Co. were interested, and the amount paid, or to be paid, in said settlement, with power to send for persons and papers, and report to the House. The committee was appointed and organized, and proceeded to make the inquiry directed. A subpœna was issued to one Kilbourn, commanding him to appear before the committee to testify and be examined touching the matters to be inquired into, and to bring with him certain designated records, papers, and maps relating to the inquiry. Kilbourn appeared before the committee and was asked to state the names of the five members of the real-estate pool and where each resided, and he refused to answer the question or to produce the books which had been required. The committee reported the matter to the House, and it ordered the Speaker to issue his warrant, directed to the Sergeant-at-Arms, to arrest Kilbourn and bring him before the bar of the House to answer why he should not be punished for contempt. On being brought before the House, Kilbourn persisted in his refusal to answer the question and to produce the books and papers required. He was thereupon held to be in contempt, and committed to

custody of the Sergeant-at-Arms until he should signify his willingness to appear before the committee and answer the question and obey the *subpœna duces tecum*; and it was ordered that in the mean time the Sergeant-at-Arms should cause him to be confined in the common jail of the District of Columbia. He was accordingly confined in that jail forty-five days, when he was released on habeas corpus by the chief justice of the supreme court of the District of Columbia. Upon his release he sued the Speaker of the House, the members of the committee, and the Sergeant-at-Arms for his forcible arrest and confinement. The defendants pleaded the facts recited, to which plea the plaintiff demurred. The demurrer was overruled, and judgment ordered for the defendants. On a writ of error to the Supreme Court the judgment was affirmed as to all the defendants except the Sergeant-at-Arms. They, being members of the House, were held to be protected from prosecution for their action. But as to Thompson, the judgment was reversed and the cause remanded for further proceedings. In the Supreme Court the questions involved received great consideration; and it was held that the subject matter of the investigation was judicial and not legislative, and that there was no power in Congress, or in either House, on the allegation that an insolvent debtor of the United States was interested in a private business partnership, to investigate the affairs of that partnership, and, consequently, no authority to compel a witness to testify on the subject.

> The House of Representatives [said the court] has the sole right to impeach officers of the Government and the Senate to try them. Were the question of such impeachment before either body acting in its appropriate sphere on that subject, we see no reason to doubt the right to compel the attendance of witnesses and their answer to proper questions in the same manner and by the use of the same means that courts of justice can in like cases. Whether the power of punishment in either House by fine or imprisonment goes beyond this or not, we are sure that no person can be punished for contumacy as a witness before either House unless his testimony is required in a matter into which that House has jurisdiction to inquire, and we feel equally sure that neither of these bodies possesses the general power of making inquiry into the private affairs of the citizen.

And again:

> If the investigation which the committee was directed to make was judicial in its character, and could only be properly and successfully made by a court of justice, and if it related to a matter wherein relief or redress could be had only by a judicial proceeding, we do not, after what has been said, deem it necessary to discuss the proposition that the power attempted to be exercised was one confided by the Constitution to the judicial, and not to the legislative, department of the Government. We think it equally clear that the power asserted is judicial, and not legislative.

And again:

> The resolution adopted as a sequence of the preamble contains no hint of any intention of final action by Congress on the subject. In all the argument on the case no suggestion has been made of what the House of Representatives or the Congress could have done in the way of remedying the wrong or securing the creditors of Jay Cooke & Co., or even the United States. Was it to be simply a fruitless investigation into the personal affairs of individuals? If so, the House of Representatives had no power or authority in the matter more than any other equal number of gentlemen interested for the Government of their country. By fruitless, we mean that it could result in no valid legislation on the subject to which the inquiry referred.

When the case went back to the supreme court of the District of Columbia and was tried, the plaintiff recovered a verdict for $60,000 against the Sergeant-at-Arms. A new trial having been granted for excessive damages, the plaintiff recovered on the second trial a verdict for $30,500. This amount was subsequently reduced to $20,000, which was paid by order of Congress, with interest and costs of suit. (23 U. S., 1 Otto, McArthur and Mackey Rep., 416, 432.)

This case will stand for all time as a bulwark against the invasion of the right of the citizen to protection in his private affairs against the unlimited scrutiny of investigation by a Congressional committee. The courts are open to the United States as they are to the private citizen, and both can there secure, by regular proceedings, ample protection of all rights and interests which are entitled to protection under a government of a written constitution and laws.

The act of Congress not only authorizes a searching investigation into the methods, affairs, and business of the Central Pacific Railroad Company, but it makes it the duty of the Railway Commission to inquire into, ascertain, and report whether any of the directors, officers, or employés of that company have been, or are now, directly or indirectly, interested, and to what extent, in any railroad, steam-ship, telegraph, express, mining, construction, or other business company or corporation, and with which any agreements, undertakings, or leases have been made or entered into. There are over one hundred officers, principal and minor, of the Central Pacific Railroad Company, and nearly five thousand employés. It is not unreasonable to suppose that a large portion of these have some interest, as stockholders or otherwise, in some other company or corporation with which the railway company may have an agreement of some kind, and it would be difficult to state the extent to which the explorations of the Commission in tothe private affairs of these persons may not go if the mandate of the act could be fully carried out. But in accordance with the principles declared in the case of Kilbourn *vs.* Thompson, and the equally important doctrines announced in Boyd *vs.* The United States, the Commission is limited in its inquiries as to the interest of these directors, officers, and employés in any other business, company, or corporation to such matters as these persons may choose to disclose. They can not be compelled to open their books and expose such other business to the inspection and examination of the Commission. They were not prohibited from engaging in any other lawful business because of their interest in and connection with the Central Pacific Railroad Company, and that other business might as well be the construction and management of other railroads as the planting of vines or the raising of fruit, in which some of those directors and officers and employés have been in fact engaged. And they are entitled to the same protection and exemption from inquisitorial investigation into such business as any other citizens engaged in like business.

With reference to the vouchers respecting which the principal interrogatories are propounded, and to which we are asked to compel answers from the witness, it is conceded by the Commission on this motion that the moneys covered by them were not charged against the United States in ascertaining the net earnings of the company. If such were the case, it is difficult to see what interest the United States can have in the disposition of those moneys. Be that as it may, the Federal courts can not, upon that concession, aid the Commission in ascertaining how the moneys were expended. Those courts can not become the instruments of the Commission in furthering its investigation. Their power, its nature and extent, is defined by the Constitution. The Government established by that instrument is one of delegated powers, supreme in its prescribed sphere, but without authority beyond it. No department of it can exercise any powers not specifically enumerated or necessarily implied in those enumerated. Such is the teaching of all of our great jurists, and the tenth amendment declares that "The powers not delegated to the United States by the Constitution, nor

prohibited by it to the States, are reserved to the States respectively or to the people." Any legislation of Congress beyond the limits of the powers delegated is an invasion of the rights reserved to the States or to the people, and is necessarily void. The first section of the third article of the Constitution declares that "The judicial power of the United States shall be vested in one Supreme Court and such inferior courts as Congress may, from time to time, ordain and establish." The second section of the same article declares that—

The judicial power shall extend to all cases in law and equity arising under this Constitution, the laws of the United States, and treaties made, or which shall be made, under their authority; to all cases affecting ambassadors, or other public ministers, and consuls; to all cases of admiralty and maritime jurisdiction; to controversies to which the United States shall be a party; to controversies between two or more States; between a State and citizens of another State; between citizens of different States; between citizens of the same State claiming lands under grants of different States, and between a State, or the citizens thereof, and foreign States, citizens or subjects.

This section was modified by the eleventh amendment, declaring that—

The judicial power shall not be construed to extend to any suit in law or equity commenced or prosecuted against one of the United States by citizens of another State, or by citizens or subjects of any foreign State.

As thus modified, the section states all the cases and controversies in which the judicial power of the United States can be exercised, except those arising on a petition for a writ of habeas corpus, which is regarded as a suit for one's personal freedom. The judicial power of the United States is, therefore, vested in the courts, and can only be exercised by them in the cases and controversies enumerated, and in petitions for writs of habeas corpus. In no other proceedings can that power be invoked, and it is not competent for Congress to require its exercise in any other way. Any act providing for such exercise would be a direct invasion of the rights reserved to the States or to the people, and it would be the duty of the court to declare it null and void. Story says, in his Commentaries on the Constitution, that—

The functions of the judges of the courts of the United States are strictly and exclusively judicial. They cannot, therefore, be called upon to advise the President in any executive measures or to give extrajudicial interpretations of law, or to act as commissioners in cases of pensions or other like proceedings. (Sec. 177.)

The judicial article of the Constitution mentions cases and controversies. The term controversies, if distinguishable at all from cases, is so in that it is less comprehensive than the latter and includes only suits of a civil nature. (Chisholm *vs.* Georgia, 2 Dall., 431, 432; 1st Tucker's Commentaries, App., 420, 421.) By cases and controversies are intended the claims of litigants brought before the courts for determination by such regular proceedings as are established by law or custom for the protection or enforcement of rights, or the prevention, redress, or punishment of wrongs. Whenever the claim of a party under the Constitution, laws, or treaties of the United States takes such a form that the judicial power is capable of acting upon it, then it has become a case. The term implies the existence of present or possible adverse parties whose contentions are submitted to the court for adjudication. In Osborn *vs.* United States (9 Whea., 819), the Supreme Court, speaking by Chief-Justice Marshall, after quoting the third article of the Constitution declaring the extent of the judicial power of the United States, said:

This clause enables the judicial department to receive jurisdiction to the full extent of the Constitution, laws, and treaties of the United States, when any question,

respecting them shall assume such a form that the judicial power is capable of acting on it. That power is capable of acting only when the subject is submitted to it by a party who asserts his rights in the form prescribed by law. It then becomes a case, and the Constitution declares that the judicial power shall extend to all cases arising under the Constitution, laws, and treaties of the United States.

In his Commentaries on the Constitution, Mr. Justice Story says:

It is clear that the judicial department is authorized to exercise jurisdiction to the full extent of the Constitution, laws, and treaties of the United States, whenever any question respecting them shall assume such a form that the judicial power is capable of acting upon it. When it has assumed such a form, it then becomes a case; and then, and not till then, the judicial power attaches to it. A case, then, in the sense of this clause of the Constitution, arises when some subject touching the Constitution, laws, or treaties of the United States is submitted to the courts by a party who asserts his rights in the form prescribed by law.

And Mr. Justice Story refers in a note to the speech of Marshall in the case of Robbins, in the House of Representatives, before he became Chief-Justice, which contains a clear statement of the conditions upon which the judicial power of the United States can be exercised. His language was:

By extending the judicial power to all cases in law and equity the Constitution has never been understood to confer on that department any political power whatever. To come within this description, a question must assume a legal form for forensic litigation and judicial decision. There must be parties to come into court, who can be reached by its process and bound by its power; whose rights admit of ultimate decision by a tribunal to which they are bound to submit.

The proceedings to obtain testimony upon letters rogatory to be used in the courts of foreign countries, is not, as suggested by counsel, an exception to this doctrine. There are certain powers inherent in all courts. The power to preserve order in their proceedings and to punish for contempt of their authority are instances of this kind. And by jurists and text writers the power of the courts of record of one country, as a matter of comity, to furnish assistance, so far as is consistent with their own jurisdiction, to the courts of another country, by taking the testimony of witnesses to be used in the foreign country, or by ordering it to be taken before a magistrate or commissioner, has also been classed among their inherent powers.

For by the law of nations [says Greenleaf] courts of justice of different countries are bound mutually to aid and assist each other, for the furtherance of justice; and hence when the testimony of a foreign witness is necessary, the court before which the action is pending may send to the court within whose jurisdiction the witness resides a writ, either patent or close, usually termed a letter rogatory, or a commission *sub mutuæ vicissitudinis obtentu ac in juris subsidium*, from those words contained in it. By this instrument the court abroad is informed of the pendency of the cause, and the names of the foreign witnesses, and is requested to cause their depositions to be taken in due course of law, for the furtherance of justice, with an offer on the part of the tribunal making the request to do the like for the other, in a similar case. (Treatise on evidence, vol. 1, section 320.)

The comity in behalf of which this power is exercised cannot, of course, be invoked by any mere investigating commission. And it would seem that by act of Congress the power of the Federal courts in this respect has been restricted to cases in which a foreign government is a party or has an interest. (R. S., sec. 4071.)

The act of Congress creating the Railway Commission in terms provides, as already stated, that it may invoke the aid of any circuit or district court to require the attendance of witnesses and the production of books, papers, and documents relating to the subject of inquiry; and empowers the court, in case of contumacy or refusal of persons to obey subpœnas to them, to issue orders requiring them to appear before the commissioners, or either of them, and produce the books and

ordered, and give evidence touching the matters in question and to punish disobedience to its orders; and does not appear to leave any discretion in the matter with the court. It would seem as though Congress intended that the court should make the orders sought upon the mere request of the Commissioners, without regard to the nature of the inquiry. It is difficult to believe that it could have intended that the court should thus be the mere executor of the Commissioners' will. And yet, if the Commissioners are not bound, as they have asserted, by any rules of evidence in their investigations, and may receive hearsay, *ex parte* statements, and information of every character that may be brought to their attention, and the court is to aid them in this manner of investigation, there can be no room for the exercise of judgment as to the propriety of the questions asked, and the court is left merely to direct that the pleasure of the Commissioners in the line of their inquiries be carried out. But if it was expected that the court, when its aid is invoked, should examine the subject of the inquiries to see their character, so as to be able to determine the propriety and pertinency of the questions, and the propriety and necessity of producing the books, papers, and documents asked for before the Commission, then it would be called upon to exercise advisory functions in an administrative or political proceeding, or to exercise judicial power; if the former, they can not be invested in the court; if the latter, the power can only be exercised in the cases or controversies enumerated in the Constitution, or in cases of habeas corpus.

The provision of the act authorizing the courts to aid in the investigation in the manner indicated must, therefore, be adjudged void. The Federal courts under the Constitution can not be made the aids to any investigation by a commission or a committee into the affairs of any one. If rights are to be protected or wrongs redressed by any investigation, it must be conducted by regular proceedings in the courts of justice in cases authorized by the Constitution.

The inability of the courts of the United States to exercise power in any other than regular judicial proceedings was decided in Hayburn's case as early as 1792 (2 Dall., 409). In March of that year Congress passed an act providing that invalid officers, soldiers, and seamen of the Revolution should be entitled to certain pensions proportionate to the extent of their disability, and devolved upon the circuit court of the United States of the district where the invalids resided the duty of examining the proofs presented of the nature and extent of the disability, and of determining what amount of their monthly pay would be equivalent to the disability ascertained and to certify the same to the Secretary of War, who was to place the names of the applicants returned on the pension list of the United States in conformity thereto, unless where he had cause to suspect imposition or mistake, in which case he was authorized to withhold the name of the applicant from the list and report the same to Congress at its next session (1 Stats. at Large, 244, secs. 2 and 4). Every circuit judge, except one, who did not have the question before him, was of opinion that the law was unconstitutional and void. From a statement of Mr. Justice Curtis, in a note appended to the report of the case, it would seem that the judges were of opinion that the power devolved upon them by the act was not judicial in the sense of the Constitution, and if judicial, that their decisions could not be subject to the revision of the Secretary of War or of the Congress of the United States. Plainly, the power exercised by them in determining the extent to which the invalids were entitled to the pensions provided upon the proof produced was in its nature judi-

cial, for it required examination of evidence and judgment thereon, but it was not judicial in the sense of the Constitution, under which judicial power can be exercised only in the cases enumerated in that instrument. The judges forwarded their conclusions to President Washington, and the act was subsequently repealed.

A suit being afterwards brought against one Yale Todd to recover back the amount of pension paid to him, the question of the validity of the act came before the Supreme Court, and judgment was rendered in favor of the United States for the money. This case will be found stated at length by Chief-Justice Taney in a note to the report of United States *vs.* Ferreira (13 Howard, 52). "The decision," said that great Chief-Justice, "has ever since been regarded and followed by every department of the Government, by the legislative and executive, as well as the judiciary." (Gordon *vs.* United States, 117 U. S., 703.)

The conclusion we have thus reached disposes of the petition of the Railway Commissioners, and renders it unnecessary to consider whether the interrogatories propounded were proper in themselves or were sufficiently met by the answers given by Mr. Stanford, or whether any of them were open to objection for the assumptions they made or the imputations they implied. It is enough that the Federal courts can not be made the instruments to aid the Commissioners in their investigations. It also renders it unnecessary to make any comment upon the extraordinary position taken by them according to the statement of the respondent, to which we have referred, that they did not regard themselves bound in their examination by the ordinary rules of evidence, but would receive hearsay and *ex parte* statements, surmises, and information of every character that might be called to their attention. It can not be that the courts of the United States can be used in furtherance of investigations in which all rules of evidence may be thus disregarded.

The motion of the district attorney for a peremptory order upon the witness to answer the interrogatories as set forth in the petition of the Railway Commission is therefore denied, and the order to show cause is discharged.

CONCURRING OPINION.

SAWYER, circuit judge, concurring:

I fully concur in the reasoning of the circuit justice and the conclusions reached, but I deem it proper to present some further views in support of our decision.

It is necessary to understand the exact legal relation of the Central Pacific Railroad Company to the United States, in order to correctly appreciate the constitutional powers of Congress, and of the Commission acting under its authority, over it. The Central Pacific Railroad Company is a private corporation, created and existing under the laws of the State of California. It derived none of its *corporate* faculties or franchises from the United States. It is in no way subject to the control or laws of the United States, except so far as it is subject to regulation as an instrument of foreign or interstate commerce, or their authority to establish post-roads, or their war powers, in pursuance of the constitutional provisions on the subject, or such regulation as is authorized by the terms of the contract found in the acts of Congress of 1862 and 1864, accepted by the railroad company as a contract. The Central Pacific Railroad Company is simply an artificial person, created with certain faculties by the State of California, and, it stands in relation to the United States, within the scope of its faculties, in

precisely the same situation as a natural person under like circumstances. The United States have no more and no less, power over it, than they would have over a natural person in the same situation. The contract might as well have been made with a natural person as with a corporation. Had the grantee under the acts of Congress been a natural person instead of the Central Pacific Railroad Company, accepting the terms of the contract tendered by the act and constructing the road and performing the conditions of the contract, the rights of the United States would have been precisely such as they are now with respect to the Central Pacific Railroad Company; no more, and no less. Since all the conditions of the contract on the part of the Central Pacific Railroad Company have been fully performed in all respects, so far as they are required to be performed for that purpose, the title to the lands granted has fully vested, and the Government bonds having been delivered, the Central Pacific Railroad Company has become the absolute owner of the road and all its appurtenances, together with the lands granted and bonds issued, subject only to the mortgage to secure the payment of the bonds issued by itself, and the lien of the Government to secure its advances, in all respects in the same manner and to the same extent as if it were a natural person similarly situated. The United States have no further control over or interest in said lands or bonds. The United States, in sections 5 and 6 of the act of 1862 and section 5 of the act of 1864, tendered the railroad companies a contract, and, when accepted, there was a contract between the parties upon the terms specified obligatory upon both, and which could not be changed by either without the consent of the other. Says the Supreme Court in U. S. *vs.* C. P. R. R. Co. (118 U. S., 238), after quoting these provisions:

> These sections, taken together, constitute the contract between the United States and the appellee. (U. S. *vs.* U. P. R. R. Co., 91 U. S., 72; Sinking Fund Case, 99 U. S., 700-718; U. P. R. R. Co. *vs.* U. S., 104 U. S., 662.) *This contract is binding on the United States*, and they *can not*, without the consent *of the company, change its terms* by any subsequent legislation. (Sinking Fund Cases, *supra*.)

Being the owner, with the title fully vested in it, the company could dispose of the lands and bonds at its own will and pleasure, in the same manner, and to the same extent, and with the same effect, as if the contract had been between two natural persons, without being liable to render any other account to the United States than it could be called upon to render had the United States been an association of an equal number of natural persons.

It is, consequently, a matter of no legal concern to the United States what disposition the company made of the lands or bonds, and they have no right to inquire into the matter of their disposition in any other mode or under any other circumstances than they could have been inquired into had the corporation and the United States been two natural persons.

The relation of the Central Pacific Railroad Company to the United States, therefore, under the contract as a contract, is now simply that of debtor and creditor, with certain covenants for service on its completed road still to be performed by the latter, with the debt and performance of those covenants secured by certain specific liens upon portions of the property of the debtor. They stand upon an equal footing as contractors, and upon the same footing as debtor and creditor, as if the indebtedness, obligations, and securities existed between two natural persons. This is clearly the result, as established by the Supreme Court in the Sinking Fund cases, which has by a divided court extended

the power of Congress further in that direction than any other case, and, as it seems to us, to the utmost admissible limit. In those cases the Chief Justice, who announced the opinion of the majority of the court, in speaking of the Union Pacific Company, which is a corporation created by Congress itself, said:

> The United States occupy toward this corporation a twofold relation—that of sovereign and that of creditor. (U. S. vs. Union Pacific Railroad Company, 98 U. S., 566.) Their rights as a sovereign are not crippled because they are creditors, and their privileges as creditors are not enlarged by the charter because of their sovereignty. They can not, as creditors, demand payment of what is due them before the time limited by the contract. Neither can they, as sovereign or creditors, require the company to pay the other debts it owes before they mature. (99 U. S., 724.)

As to the Central Pacific Railroad Company, the United States do not even occupy the relation of sovereign, except so far as its road extends through the Territories, and then only as to that part of the road within a Territory, which is now only that part in the Territory of Utah, and so far as its authority to regulate commerce with foreign nations and between the States is concerned, and these powers are merely police powers. The organization of the Central Pacific Railroad Company is under and by virtue of the laws of another sovereignty, and its *habitat* is in the State of California, beyond the jurisdiction of the United States, except so far as it is subject to the power of Congress under some special grant of power, or its control is necessary to carry out some power specially granted. We look in vain for any power to deal with it, except the power to regulate its acts, as an instrument of interstate or foreign commerce, or such power as Congress may have over it under its authority to establish post-roads, or under its war powers. The relation of debtor and creditor arising under a contract is but a private relation. It is not a sovereign or governmental relation. And the power reserved in the acts of Congress to repeal or amend the act as to the Central Pacific Railroad Company could only extend to amendment, so far as it operated *as a law*, and not as a contract, and then not to affect the terms of the contract after it had become executed and rights had vested under it.

If, as said by the Supreme Court, the "privileges" of the United States "*as creditors* are not enlarged by the charter, because of their sovereignty," then no greater powers can be conferred upon the Commission appointed by Congress in this case than Congress could have conferred upon them for the investigation of matters between debtors and creditors who are natural persons, citizens of and residing *within States*. Could a private creditor authorize or lawfully make a compulsory examination of the character provided for in this act into the private affairs of his debtor? Or could Congress, *within a State*, under its limited sovereign powers in a State, authorize a private creditor to make such an examination of his debtor's affairs and call upon the courts in like manner to compel answers? Can the Government do for itself, *as creditor within a State*, what it cannot do for private creditors? If not, and "*the privileges of the United States as creditors are not enlarged by the charter because of their sovereignty*," upon what principle can the compulsory examination attempted to be authorized by this act be sustained? I can find none. This investigation, so far as the questions under consideration are concerned, is not for a sovereign governmental purpose, but for the purpose of further securing a private debt not yet matured, already secured by a contract, acceptable to and accepted by the creditor at the time it was made. And—

> The United States can not any more than a State interfere with private rights except for legitimate *governmental* purposes. They are not included within the con-

constitutional prohibition which prevents States from passing laws impairing the obligation of contracts, but equally with the States they are prohibited from depriving persons or corporations of property without due process of law. They cannot legislate away to themselves, without making compensation, the lands they have given this corporation to aid in the construction of its railroad. Neither can they by legislation compel the corporation to discharge its obligations in respect to the subsidy bonds otherwise than according to the terms of the contract already made in that connection. The United States are as much bound by their contracts as are individuals. If they repudiate their obligations it is as much repudiation, with all the wrong and reproach that term implies, as it would be if the repudiator had been a State, or a municipality, or a citizen. *No change can be made in the title created by the grant of the lands, or in the contract for the subsidy bonds, without the consent of the corporation. All this is indisputable.* (The Chief Justice in the *Sinking Fund Cases*, 99 U. S., 718, 719.)

Having ascertained the relation of the parties to each other to be that of contractors—that of debtor and creditor by contract simply, in the same sense as if both were natural persons and private citizens—the question arises as to what authority Congress has, within a State, through Commissioners appointed by it, to investigate the private affairs of a mere contract debtor, and ascertain what he has done with his own money, or what he proposes to do with it—whether he is making judicious investment of his money or not—as bearing upon his probable ability to pay his debt, some years in the future, when it shall have matured?

Mr. Justice Field well said, in the Sinking Fund cases:

> When, therefore, the Government of the United States entered into the contract with the Central Pacific Railroad Company, it could no more than a private corporation or a private individual finally construe and determine the extent of the company's rights and liabilities. If it had cause of complaint against the company, it could not undertake itself, by legislative decree, to redress the grievances, but was compelled to seek redress, as all other civil corporations are compelled, through the judicial tribunals. If the company was wasting its property, of which no allegation is made, or impairing the security of the Government, the remedy by suit was ample. To declare that one of two contracting parties is entitled, under the contract between them, to the payment of a greater sum than is admitted to be payable, or to other or greater security than that given, is not a legislative function. It is judicial action; it is the exercise of judicial power, and all such power, with respect to any transaction arising under the laws of the United States, is vested by the Constitution in the courts of the country. (99 U. S., 759, 760; see also authorities cited.)

I do not understand that this doctrine is questioned by the majority of the court. They only differed as to its applicability in that particular case. I do not understand that the Central Pacific Railroad Company is charged with a violation of any of the terms of its contract, unless it be claimed that it has failed to pay over the full amount of percentage required by the contract of the net earnings of the road. If it has failed in this matter, it is not a matter of any legal concern to the Government what the company has done with its own. If it has failed in this particular, and there is reason for sustaining an action, the proper mode of procedure for ascertaining the truth and enforcing the obligation, if violated, is to institute a suit, alleging the facts, and have an investigation in due course of judicial inquiry, and obtain a judgment for any amount withheld. If the full amount has not been paid over, it matters not to the Government how the balance has been expended. The company is liable like any other debtor upon a contract, and not otherwise. But if it be desirable to trace it, and subject the specific fund to the uses contemplated, and there be sufficient ground for so doing, the courts are the proper tribunals in which to effect that object. So, also, if there be a commission of waste upon the property upon which the debt is secured, the courts afford the proper remedy by a suit in equity to restrain the waste. These are the means afforded by the Constitution and laws to private parties for redressing their

wrongs. And there is no different remedy provided for the Government on its contracts. In such proceedings there would be allegations which would inform the defendant what it is called upon to meet. In the language cited by Mr. Justice Field, from a case in the supreme court of Massachusetts, "like all other matters involving a controversy concerning public duty and private rights," it would in such proceedings "be adjusted and settled in the regular tribunals where questions of law and fact are adjudicated on fixed, established principles, and according to the forms and usages best adapted to secure the impartial administration of justice." (99 U. S., 761.) A bill in equity that seeks a discovery upon general, loose, and vague allegations is styled a "fishing bill," and such a bill would be at once dismissed on that ground. (Sto. Eq., Pl. 263, 264, and cases cited.) A general, roving, offensive, inquisitorial, compulsory investigation, conducted by a commission without any allegations, upon no fixed principles, and governed by no rules of law or of evidence, and no restrictions except its own will or caprice, is unknown to our Constitution and laws; and such an inquisition would be destructive of the rights of the citizen and an intolerable tyranny. Let the power once be established and there is no knowing where the practice under it would end.

These principles, it appears to me, are established beyond further controversy in the case of Kilbourn *vs.* Thompson (103 U. S., 168). At the time of the failure of the bankers, Jay Cooke & Co., they were largely indebted to the United States for moneys deposited by the Secretary of the Navy with a branch of the house in London. It was claimed that Jay Cooke & Co. were largely interested in a company dealing in real estate at Washington, known as the "real estate pool," and that a considerable amount of their funds was invested in that speculation. It seems to have been claimed, also, that there was something in the nature of a trust in favor of the Government in the moneys of Cooke, that had gone into the pool. A committee was appointed to investigate the matter and trace the money, with power to send for persons and papers. Kilbourn, supposed to be one of the managers of the pool, was summoned for examination. He refused to testify, on the ground that the House had no authority, in this manner, to inquire into the private affairs of the debtors of the Government, and others connected with them. He was thereupon, upon proceedings for that purpose, committed by the House for contempt, and held in custody forty-five days. After his release he sued the Sergeant-at-Arms of the House and the investigating committee for false imprisonment, and recovered a large judgment of $60,000, afterwards reduced to $20,000, on the ground that the House had no authority to make a compulsory investigation, or to commit him for contempt, for the reason that these functions were judicial in their nature, over which the courts alone can have jurisdiction; and this judgment, as against the Sergeant-at-Arms of the House, was affirmed by the Supreme Court. In the course of the decision the court says:

> If the United States *is a creditor of any citizen*, or of any one else, on whom process can be served, the usual, *the only legal mode of enforcing payment of the debt is by a resort to a court of justice.* For this purpose, among others, Congress has created courts of the United States and officers have been appointed to prosecute the pleas of the Government in these courts. (103 U. S., 193.)

Again:

> What was this committee charged to do? To inquire into the nature and history of this real estate pool. How indefinite. What was the real estate pool? Is it charged with any crime or offense? *If so, the courts alone can punish the members of*

Is it charged with fraud against the Government? *Here, again, the courts, and the courts alone, can afford a remedy.* Was it a *corporation whose powers Congress* could repeal? There is no suggestion of the kind. (*Ib.*, 195.)

Again:

In looking to the preamble and resolutions under which the committee acted, before which Kilbourn refused to testify, we are of opinion that the House of Representatives *not only exceeded the limit of its own authority, but assumed a power which could only be properly exercised by another branch of the Government because it was in its nature purely judicial.* (*Ib.*, 192.)

And again, after stating some particulars to which the powers of the House to punish extends, the court adds:

Whether the power of punishment in either house, by fine or imprisonment, goes beyond this or not, *we are sure that no person can be punished for contumacy as a witness before either house unless his testimony is required in a matter into which the House has jurisdiction to inquire, and we feel equally sure that neither* of these bodies possesses the general power of making inquiry into the private affairs of the citizen. (*Ib.*, 190.)

After a thorough discussion of the case and an elaborate examination of the authorities the court announces its unanimous conclusion in the following terms:

We are of opinion, for these reasons, that the resolution of the House of Representatives authorizing the investigation *was in excess of the power conferred on that body by the Constitution; that the committee, therefore, had no lawful authority to require Kilbourn to testify as a witness beyond what he voluntarily chose to tell; that the orders and resolutions of the House and the warrant of the Speaker under which Kilbourn was imprisoned are in like manner void for want of jurisdiction in that body, and that his imprisonment is without any lawful authority.* (*Ib.*, 196.)

In my judgment the principle established here covers fully the case under consideration. It establishes the position that the House of Representatives has no authority or jurisdiction to make a compulsory inquiry into the disposition of the funds of a conventional debtor of the United States; to inquire what this debtor upon a contract has done with his money, or to inquire into the private affairs of their debtors upon contract and those dealing with such debtors.

It is urged that the decision only goes to the point that private parties dealing with the debtor cannot be examined by the House; that the principle does not extend to the debtor himself, and especially to the Central Pacific Company, which is but a corporation; and that the present investigation only extends to what disposition it has made of its bonds and proceeds of lands received from the Government and the money arising from operating its road.

But there is no such limitation in the ruling. Says the court:

Can the rights of the pool or of its members, *or the rights of the debtor and of the creditor of the debtor*, be determined by the report of a committee *or by an act of Congress*? If they cannot, *what authority has the House to enter upon this investigation into the private affairs of individuals who hold no office under the Government?* (*Ib.*, 195.)

That the Central Pacific Railroad is a corporation in no way beholden to the United States for its corporate faculties and franchises and not a natural person cannot affect the question.

It is but an aggregation of natural persons, and is as much a private party as if its constituents were united in a mere partnership instead of a corporation. This principle was maintained in the railroad tax cases (2 Saw., 166), and recognized by the Supreme Court at the argument of the same case on appeal. The bonds issued and the lands granted, as we have before seen, under the authorities cited, upon the completion of the road and the specific earnings of the road thereafter arising, were the absolute property of the Central Pacific Railroad Company, in which the United States had no legal concern whatever, except so far as their

lien by contract covers them. There is no element of a trust, public or otherwise, in the case, as sometimes claimed, except in such sense as any common carrier, whether by ox team, mule team, horse team, railway or steam-ship, exercises a public trust, which is only subject to regulation under the police powers of the Government, State or national, as the case may require. That there is no element of trust in the case is ably shown by Mr. Justice Hunt, in U. S. *vs.* Union Pacific Railroad Company (11 Blatch., 403), and his ruling on this point was affirmed on appeal in 98 U. S., 570. But if there were a trust as claimed, the administration of the laws relating to trusts is the peculiar province of courts of equity. It is no part of the functions of Congress under the Constitution.

It is further urged that the judgment of imprisonment only was held to be beyond the jurisdiction of the House—that the House, or Congress, may investigate and call upon the courts when so authorized, as in the present act, to perform the judicial part of the work by enforcing the requirement of the Commissioners. But there is no such limitation in the language of the court, as will be seen by re-examining the passages quoted. On the contrary, the want of power in the House to punish is grounded on the want of power to investigate at all. It is directly said in the case cited that the House may punish for contempt in certain specified cases wherein the power is conferred by the Constitution, or when necessary to the proper execution of powers expressly conferred. And the court with reference to these instances, as we have seen, says in terms:

> Whether the power of punishment in either house by fine and imprisonment goes beyond this or not, we are sure that no person can be punished for contumacy as a witness before either house *unless his testimony is required in a matter into which that House has jurisdiction to inquire, and we feel equally sure that neither of those bodies possesses the general power of making inquiry into the private affairs of the citizen.* (Kilbourn *vs.* Thompson, 103 U. S., 190.)

That was a case like this, wherein the House was seeking to inquire into the private affairs of the debtor—seeking to ascertain what that debtor had done with his money, some of which he held as a depositary of the United States.

The decision was not put upon the ground that the House could not in any case punish for contempt, but on the ground that the House, in cases like this, had no authority to make the inquiry at all, and consequently there could be no punishment for contempt, either by the House or any other body or tribunal. Under the act now in question, Congress has undertaken to authorize a commission to make inquiry into the private affairs of its creditors—into the purpose, for which the debtor appropriated its own funds—which the Supreme Court, in the case cited, says it has no power to do, and the Commission is authorized to call upon the courts to aid it in its unlawful inquiry. The court is not called upon to act in any judicial proceeding, or investigation pending before it, or before any other court, in the discharge of its judicial functions, or any matter ancillary to the exercise of its judicial functions. There is no case or controversy at all pending before it of which the proceeding attempted to be authorized is a part, or to which it is ancillary or in any way pertinent. It does not appear to us that it is contemplated by the act that the court, in the investigation provided for, when called upon to aid the Commission shall inquire beyond the point whether the question asked is within the scope of the broad field of inquiry prescribed. And so the Commissioners claim, for they have conducted their investigation on that theory; and they insist that

they are not bound by any rules of evidence or other principles of law observed by courts of justice, and by which the latter are guided and controlled, in the ascertainment of facts in the course of ordinary judicial proceedings. If this be the correct view, the court is expected to compel an answer irrespective of any other considerations. Even questions criminating the witness are to be answered, the only protection to the party being that his answer shall not be used against him in a criminal prosecution—a protection of little avail to any party who should disclose criminal acts upon which an indictment could be found, and should upon compulsion indicate other sources of evidence by means of which the acts disclosed can be proved; and such acts may also constitute offenses under the laws of the State, against which Congress can afford no immunity.

As bearing upon the power of Congress to compel an answer to criminating questions, or compel the production of private papers, see U. S. v. Boyd (116 U. S., 616). The principles therein established are equally applicable to the matter now under consideration. The court seems, therefore, to be called upon to compel, under process for contempt, an answer to any question which the Commission sees fit to ask within the scope of the inquiry attempted to be authorized by the act. If this be so, the court is, simply, made an instrument by this act, in the hands of the Commission, to execute its unregulated and unrestricted will. The court is made the ministerial agent of the Commission to perform its behests, whenever a witness refuses to respond to a question or produce papers within the range of the authority attempted to be given by the statute. The judicial department of the Government is, simply, made, by this act, an adjunct to the legislative department in the exercise of its political and legislative functions and powers to execute its commands, and that, too, in a matter into which Congress, under the decision cited, has no jurisdiction whatever to inquire. I know of no power in Congress to thus render the judicial department subordinate or ancillary to the legislative and executive departments of the Government, or to either of them. If there is any one proposition immutably established, I had supposed it to be that the judiciary department is absolutely independent of the other departments of the Government; that it cannot be called upon to act in part subordinate to any other department of the Government, or to a commission armed with exasperating inquisitorial powers over private affairs, unlimited by any consideration other than its own unregulated discretion. And so I understand the authorities to be.

The functions of the judges of the courts of the United States are strictly and exclusively judicial. They cannot therefore be called upon to advise the President in any interpretation of law, or to act as commissioners in cases of pensions or other like proceedings. (2 Sto. Con., sec. 1777, and cases cited.)

The courts in this instance are called upon not to exercise their ordinary powers in the administration of justice, but to assist Congress in the exercise of its deliberative, legislative, and political powers—to aid it by irregular and extraordinary, not to say unprecedented, means—to act as its agent in matters wholly foreign to the functions of the judiciary.

In my judgment, therefore, reason and the authorities cited establish beyond reasonable ground for controversy the proposition that there is no lawful authority in the Commissioners to compel answers to the various questions propounded and set out in the petition, or any of them, which the respondent refused to answer, nor can the courts be lawfully required to compel answers thereto.

I concur in the order made discharging the order to show cause.

CONCURRING OPINION.

SABIN, J., Concurring.

In announcing my concurrence in the opinions of the circuit justice and the circuit judge in this matter, I do not deem it necessary to review at any length the questions by them so ably and satisfactorily discussed and decided. In this application to the court to issue its subpœna and compel answers to be made to the various questions propounded, the court is called upon to exercise no judicial function or power, unless it be the very slight duty of determining whether or not the questions propounded are within the scope of the inquiry authorized by the act of Congress creating the Commission.

The act itself is most broad and comprehensive in its terms and imposes little, if any, restraint upon the Commission in the field of its inquiry. It scarcely needs the ruling of a court to determine whether the questions propounded, or any questions which may be propounded, by this Commission, are within the scope and purview of the act creating the Commission. But, aside from this most simple and limited duty, if duty it may be, the court has no judicial function to perform in this matter. It is simply called upon by the Commission to execute its will; to compel the attendance and obedience of witnesses—a purely ministerial duty—to serve as a convenient adjunct to the Commission. I cannot think that the courts were organized for any such purpose, or that they can be called upon to perform any such duty.

I need not advert to the nature and character of many of the questions propounded by the Commission, as appears from the record of this proceeding, answers to which the court is asked to compel. They seem to be quite in keeping with some of the extraordinary powers claimed and exercised by the Commission, and to fully confirm their assumed right to disregard the usual and established rules of evidence and principles of law in conducting their investigations. And this court is seriously asked to lend its aid in furtherance of such purpose. Many of the questions propounded would seem, from the record, to have been answered as fully as it was possible for the witness to answer them. I do not, however, press this consideration, as I think this decision should rest, not upon the simple fact as to whether or not the questions have been fully answered, but upon the broader and more important principles which underlie this whole subject, to wit: Has this Commission lawful right to hold this investigation; to propound these questions and compel answers thereto; to inquire into the private affairs of this respondent, or of the Central Pacific Railroad Company, or of any individual, and invoke the powers of this court to carry out such purpose? These questions are so fully and ably discussed in the opinions rendered that further comment thereon seems unnecessary.

It is not claimed that this is a "case" or a "controversy" between any parties to which the judicial power extends and over which it has proper jurisdiction. Neither the United States nor any other person is making complaint against this respondent or against said railroad company, in any form or manner known to judicial proceedings. No charges are made against the one or the other, by any one, of duties neglected or obligations unfulfilled. In regard to the very account immediately under consideration by the Commission, and in reference to which many of the questions were propounded to which we are asked to compel answers, it is shown that this account was fully settled and adjusted by and between the United States and said company long ago. Upon page

In the argument of the United States attorney, submitted in support of this motion, it is stated:

"Some question was made as to whether, as a matter of fact, the moneys covered by Mr. Stanford's vouchers had been included in the account rendered to the Government for the purpose of ascertaining the net earnings of the company. The Commissioners do not desire a decision based upon this question, and therefore concede, for the purposes of this motion, that the amounts in question have not been charged as against the United States, to the end that this matter may be disposed of entirely on its merits."

If this be true, what interest then is it to the United States, even if it had a right so to do, to inquire how or in what manner this account accrued or was paid? It concerns the United States in no manner—affects no pecuniary right or interest claimed by it, due or not matured. What interest then has the United States in this inquiry beyond that of any third party whose curiosity might prompt him to inquire into that concerning which he has no right or interest?

Is not this, then, a mere idle inquiry, not made in the interest of, or to preserve or establish the rights of, the Government or any person? Has not any third person, to gratify an idle curiosity, the same right to institute these inquries and invoke the aid of the courts in support thereof?

Courts do not entertain such investigations or inquiries, or lend their aid thereto. If this power of unlimited, inquisitorial investigation into the affairs of private corporations or companies, or of individuals—and it concerns all alike—shall be once established, who can say where it will end or what will be its limit of injustice at all times, but more especially when called into exercise in times of political excitement, or under the influence of partisan zeal or passion?

In the close adherence to well-settled principles of law, founded upon the just observance of the rights of all parties, will we not find the greatest safety alike to public and private rights?

Without further discussion of the subject, I fully concur in the opinion read and in the order made.

(Indorsed:) Read in open court August 29, 1887.

L. S. B. SAWYER, *Clerk.*

I, L. S. B. Sawyer, clerk of the circuit court of the United States for the northern district of California, do hereby certify the foregoing to be a full, true, and correct copy of the opinions read in open court August 29, 1887, in the therein entitled matter.

Attest my hand and the seal of said circuit court this 26th day of September, 1887.

[SEAL.]

L. S. B. SAWYER, *Clerk.*

JUDGE OGDEN HOFFMAN'S DISSENTING OPINION.

IN THE MATTER OF THE

Application of the Pacific Railway Commission for an order upon a witness before it to answer certain interrogatories propounded to him.

OPINION OF HOFFMAN, JUDGE.

I am unable to concur in the decision of the court refusing to grant the order applied for by the Commissioners.

The application was made in precise conformity to the third section of the act of March 3, 1887.

That section, after conferring power on the Commissioners to require the attendance of witnesses and the production of books, etc., provides that "to that end they may invoke the aid of the courts," and power is given to the courts, in cases of contumacy or refusal of a witness to appear and testify or produce books, etc., before the Commissioners, to issue an order requiring him to do so. And any refusal to obey such order may be punished by such court as a contempt.

Similar and almost identical provisions are contained in the act to regulate commerce, commonly known as the interstate commerce act.

Section 12 of that act, after conferring upon the Commission power to require the attendance and testimony of witnesses and the production of books, papers, etc., provides that "to that end it may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of books," etc.

And the courts of the United States are empowered, "in case of contumacy or refusal to obey a subpœna issued to a witness," to order him to appear before the Commission and produce the books or give evidence touching the matter in question, "and any failure to obey such order of the court may be punished by such court as a contempt thereof."

Section 6 of the same act confers upon the courts extensive powers to enforce the orders of the Commission by writs of mandamus and by injunction, disobedience to which is made punishable as for a contempt.

If the grounds on which the decision of the court in the present case are in great part based be correct its aid must be refused not only to these two Commissions but also to all commissions of inquiry created by Congress to obtain information, however necessary to enlightened legislation.

It is not suggested that Congress could constitutionally confer upon any such Commission the judicial power of adjudging a recusant witness guilty of and punishing him for contempt.

If the courts can afford no aid, the only source of information is testimony voluntarily furnished.

The great importance of the questions thus presented will be at once recognized.

It may be suggested that all requisite information will usually be offered to commissions of inquiry voluntarily, and therefore that compulsory process is unnecessary.

But the question is, Does the right exist, to be exercised when found to be necessary?

I think it clear, that the right to require information in aid of legislation is an appropriate and necessary means of enabling Congress to exercise its great and principal, if not sole, function. That it is, therefore, a power conferred upon it by the Constitution by necessary implication; and that as it can only be effectually exerted through and by the aid of the courts, it is the duty and right of the courts to furnish that aid, when required by law, upon notice to the witness, and after full and careful consideration whether the proposed inquiry invades any constitutional right, immunity, or privilege which the witness may claim.

If such a question should be presented I should go as far as either of my associates in maintaining the constitutional rights of the citizen against encroachment by the Commission, whether by its own volition or by direction of Congress.

The application of the Commission, "invoking the aid of the court," has been denied on the grounds:

1. That the duty imposed before the court is merely to enforce by its process the order of the Commission requiring the attendance or evidence of the witness, or the production of books, papers, etc., "relating to the matter under investigation." That the court is clothed with no judicial function whatever; that it is, in fact, degraded into the mere executive officer of the Commission, to be used as the blind instrument for the enforcement of its mandates.

If this be the true construction of the act, I should, without hesitation, unite with my associates in declining to perform so unconstitutional and degrading a function.

That the act will bear this construction, I admit.

That it is the necessary and reasonable construction, I deny.

It is a well-settled rule that when an act of Congress or of a legislature is susceptible of two constructions, one violative of the Constitution and of the private rights of citizens and the other obnoxious to no such objections, the latter interpretation shall be preferred, if for no other reason than a decent respect for the motives and intentions of the legislature.

It will be noted that the language of the act is not mandatory upon the courts, but permissive; it does not impose a duty; it merely confers a right. It is, that the court *may*, when its aid is invoked, issue an order, and the failure to obey such order *may* be punished as a contempt. The words *must* or *shall* are not employed.

The aid here invoked is that of *a court*.

Congress could not have been unaware or unmindful of the facts that the courts of the United States can not be converted in to mere instruments or executive officers of a commission of inquiry.

It seems to me more reasonable and more respectful to Congress to construe these provisions as conferring upon the courts the right to lend their aid only after full consideration and judicial determination of every question raised or objection made by the witness.

That it is its right and duty to consider and adjudge whether the ques-

tion put to the witness is, in the words of the act, "relative to the matter under investigation; whether it violates his right to be protected from inquisitions into his private affairs or into his private papers; whether he has any personal privilege to refuse to answer, and, possibly, whether the question put or the papers required are only colorably in aid of contemplated legislation, but really an essentially inquisitorial investigation to subserve political or personal ends.

Every constitutional right of the citizen would thus be fully protected. And he would receive that protection where, as in all cases, he must ultimately look for it, in the courts of the country.

If I am right in this construction of the statute, the objection fails.

2. The second ground upon which the court has declined to lend its aid raises by far the most important question presented in this case.

It is held by the court that no jurisdiction has been given to it under the Constitution, nor can it be conferred by Congress, to entertain an application of this nature, because there is no "case" or "controversy" before it, such as is contemplated in the provisions which define the extent of the judicial power of the United States.

It will be noted that this ruling does not rest upon the alleged inquisitorial or other objectionable character of the investigation which the railway commission is directed to make.

It applies to *all* commissions of inquiry which Congress may create, and, in effect, denies to Congress the right to obtain information through the instrumentality of such commissions, except from witnesses who voluntarily appear and testify.

I am deeply impressed with the importance of this question, and that in differing from my associates I am liable to error. But it arises in this case and must be considered.

I do not for a moment question that, in the language of Judge Story—

> The functions of the judges of the courts of the United States are strictly and exclusively judicial. They can not, therefore, be called upon to advise the President in any executive measures, or to give extra-judicial interpretations of law, or to act as commissioners in cases of pensions or other like proceedings. (Story's Comm. on the Cons., sec. 1777.)

I of course am aware that, by the second section of the third article of the Constitution, the judicial power of the United States is declared to extend to the "*cases and controversies*" therein specified.

In the great case of Osborn *vs.* United States, the Supreme Court, speaking through Chief Justice Marshall, said of this article of the Constitution:

> This clause enables the judicial department to receive jurisdiction to the full extent of the constitutional laws and treaties of the United States, where any question respecting them shall assume such a form that the judicial power is capable of acting upon it. That power is capable of acting only when the subject is submitted to it by a party who asserts his rights in the form prescribed by law.
>
> It then becomes *a case*, and the Constitution declares that the judicial power shall extend to all cases arising under the Constitution, treaties, and laws of the United States.

That the questions presented, or which might be presented, in this or other similar proceedings are eminently judicial in their character can not be doubted.

They have involved a judicial inquiry into the constitutional right of Congress to direct an alleged inquisitorial investigation into the private affairs of a citizen, or to compel the production of his private books and papers.

They might also have required the judicial determination of his right to refuse to incriminate himself, or to betray the secrets of the confessional or of professional confidence.

ey have also involved an inquiry into the relations of the Govern-
to the aided railways, and especially the Central Pacific, and the
of its legislative power with regard to them.
ey are, therefore, in the highest sense judicial in their nature.
ve they assumed such a *form* that the judicial power is capable
ting upon them?
a certain sense the "subject has," in the language of Chief Justice
hall, "been submitted to the court by a party who asserts his rights
form prescribed by law."
e Commission asserts its right to obtain an answer to the questions
to the witness.
hether that right exists, they submit to the decision of the court
irected by law, and in the form of a petition asking its aid. That
he court is authorized by law to afford if in its opinion the Com-
ion has a right to put the questions and obtain an answer to them.
t it seems to be considered that to call the judicial power into
vity, and especially its power to issue and enforce compulsory pro-
to a witness, there must be a "*case*" where there are parties plain-
nd defendant before the court in the usual form of litigation.
ch does not seem to have hitherto been the understanding of either
legislative or judicial branches of the Government. No decision is
in support of this construction of the Constitution.
e courts are empowered by law to issue upon the request or letters
tory of a foreign tribunal compulsory process to obtain the testi-
y of a witness.
e power to assist each other in the administration of justice is said
e inherent in all courts, and it is their duty to do so under the
ty of nations.
t if the judicial power of the United States extends only to cases
re the courts, between parties plaintiff and defendant, and if no
er exists to issue compulsory process in aid of an inquiry, directed
e made by a statute of the United States, I have been unable to
ow that power can be invoked in aid of judicial investigations in
eign country. Certainly the courts can possess no inherent power
t as conferred directly or indirectly by the Constitution, and it is
lly certain they can derive none from the comity of nations.
e laws of Congress also provide that compulsory process may issue
tain the testimony of a witness *in perpetuam rei memoriam*.
e exercise of this power is not limited to cases actually pending in
between parties plaintiff and defendant. It extends to cases
re litigation is expected or merely apprehended.
all or many of the States extensive powers of investigation and
iry have been confided to grand juries. In aid of these inquiries
pulsory process is freely awarded and enforced by the courts.
Congress should see fit to confer similar powers on grand juries of
United States and authorize them to invoke the aid of the courts
uing compulsory process, would the law be deemed unconstitu-
l except in cases where a prosecution had actually been com-
ced against a party accused and held to answer by the committing
trate?
e fact that grand jurors are officers of the court is immaterial. For
uestion is, can the court issue compulsory process in aid of an in-
gation where there is no case between parties litigant before the
t? If, as I believe, Congress could constitutionally authorize such
tigations to be made and empower the courts to afford the aid
h would alone render them possible, I fail to perceive why it can
afford the same aid to a commission of inquiry created by law.

If the law had authorized the district attorney, on the report of the commissioners that a witness had refused to attend and testify, to file a petition in the name of the United States on the relation of the commissioners praying that the witness be cited to appear and show cause why compulsory process should not issue against him, a "case" would be made which would fully satisfy the conditions contended for, as necessary to the exercise of judicial power.

But surely the constitutionality of the exercise by the courts of the powers invoked by the Commission must be a matter of substance and not of form, and can not depend upon a slight change in the method of procedure.

The aid which the court is asked to furnish is not merely the expression of its opinion that the witness ought to answer, and a recommendation or even an order to him to do so.

It is to punish him by attachment if he fails to obey the order.

But in all proceedings against defaulting witnesses, the papers, though in the beginning entitled in the name of the parties litigant, are, when the attachment issues, entitled in the name of the State or the people thereof, or of the United States. (People *vs.* Ferris, 9 Johns., 160.)

Whenever, therefore, the court issues its process against the person of the witness, which alone renders its interposition effectual, a case is presented in which the United States is formally the prosecutor and the witness the accused or defendant.

But without insisting strenuously on the force of these observations, which relate to matters of form rather than of substance, and are intended to meet an objection essentially verbal in its nature, it is sufficient to say that in this case a controversy has arisen between commissioners, in the attempted discharge of duties imposed upon them by law, and a witness, as to their right to make and his obligation to answer certain inquiries.

That controversy has, as by law directed, been referred to the court for its decision.

The questions raised are not only judicial in their nature, but require a decision by the court upon the validity under the Constitution of a statute of the United States, and the court is asked to give effect to its decision by declaring the witness to be under no obligation to answer, or by ordering him to do so, and enforcing obedience by means peculiarly judicial in their character.

It appears to me that a "case" has been presented to the court within the judicial grant of the Constitution.

The reasons assigned by the circuit judge in his concurring opinion for refusing to make the order prayed for refer more particularly to the railroads whose affairs the Commissioners are directed to investigate, and especially to the Central Pacific.

It is held by him, in substance, that the Central Pacific Railroad Company is a State corporation, not subject to Federal control any further than a natural person similarly situated would be.

2. That, having complied with the conditions of the grant, it holds its bonds and lands subject to the lien of the Government, in the same way and to the same extent as a natural person would do.

3. That the relation of creditor and debtor exists between the United States and the company with like force and effect as if both were natural persons; the relation being private, and having nothing to do with the power of the Government as sovereign.

4. The United States can not institute a compulsory investigation

the private affairs of the company, or require it to produce its books, etc., in any other way or to any greater extent than would be lawful in the case of private creditors and debtors.

The United States have the same remedy as a private creditor, and no other, to compel payment of moneys due or prevent waste of assets before the debt matures, and that remedy must be by a regular judicial proceeding in due course of law. And Congress has no power to institute a roving legislative inquisition into the affairs of the company to ascertain what it has done or is doing with its money.

Syllabus of concurring opinion of Sawyer, circuit judge.

The power of Congress to institute any compulsory inquiry whatever into the affairs of the aided railroads, even for the purpose of obtaining information necessary to the just or enlightened exercise of its legislative functions, is thus wholly denied.

In the case of Kilbourn vs. Thompson (103 U. S., p. 168) is much relied on in the opinion of both the judges of the court, a careful examination of that case, and of the points actually decided by it, becomes necessary.

The principal point decided in that case related to the judicial powers of either of the two branches of Congress.

It was held that neither house of Congress possesses any *general* power to punish for contempt.

That either house, in deciding on the election and qualifications of its members, has an undoubted right to examine witnesses and inspect papers, subject to the usual rights of witnesses in such cases; and it may be that a witness would be subject to like punishment at the hands of a body engaged in trying a contested election, for refusing to testify, that he would if the case were pending before a court of judicature.

This power, the court held, could not be exercised where the inquiry related to the private affairs of a citizen, as neither of the houses possesses the "*general power*" of making such inquiries.

The witness Kilbourn was a real-estate dealer in Washington, "and he was required to make statements in regard to his dealings with various persons who had had transactions with him, and to produce his books for the general inspection of the committee."

Statement of the case by Mr. Justice Miller, in his address to the alumni of the law department of the University of Michigan, June 29, 1887.

The nature of such an inquiry could not be mistaken or disputed.

The difference between it and the inquiry addressed to the respondent in this case is obvious.

"As to the existence or non-existence of the power (to punish for contempt)" in "aid of the legislative functions," the court expressly declines to decide (p. 189).

But it points out, with much emphasis, that no legislation was contemplated or was even possible on the subject-matter of the investigation ordered.

The resolution [it says] adopted, as a sequence of this preamble, *contains no hint of any intention of final action by Congress on the subject. In all the argument of the case, no suggestion has been made of what the House of Representatives or the Congress could have done in the way of remedying the wrong or securing the creditors of Jay Cooke & Co., or even the United States. Was it simply a fruitless investigation into the personal affairs of individuals? If so, the House of Representatives had no power or authority in the matter more than any other equal number of gentlemen interested in the government of their country. By "fruitless" we mean that it could result in no valid legislation on the subject to which the inquiry referred.* (P. 195.)

The difference in this particular, also, between the investigation directed by law to be made in this case and that ordered by the resolution of the House of Representatives in Kilbourn's case needs no comment.

The court further adverts to the fact that the matter to be investigated was pending in a court of justice, which had ample power to give

redress to the creditors of Jay Cooke & Co., by setting aside the settlement made by the trustee, if for any reason it could or ought to be set aside. This was a purely judicial function, which could not be exercised by Congress nor conferred by resolution on a committee of one of the two houses.

I have mentioned these particulars to show how widely the case of Kilbourn differs in every essential particular from the case at bar.

The judgment contains no intimation that Congress might not, by statute passed under the ordinary forms of legislation, confer upon a committee of investigation appointed by either or both houses the right to issue or obtain compulsory process for the attendance of witnesses. Still less does it determine the principal question mooted in this case, viz, whether Congress can authorize a commission of inquiry, in aid of legislation, to invoke the aid of the courts to compel the attendance of witnesses, and can constitutionally empower and require the court to afford that aid after it shall have judicially determined that the witness has no valid excuse for refusing to attend or to answer.

As to the nature and the limits of the legislative power of Congress over the aided railroads, the case of course throws no light whatever.

It must be conceded that the United States occupy towards the aided railroads (or at least towards the Union Pacific) a twofold relation—that of sovereign and that of creditor.

> Their rights as a sovereign are not crippled because they are creditors, and their privileges as creditors are not enlarged by the charter because of their sovereignty. (U. S. *vs.* Union Pacific Co., 98 U. S., 569.)

In other words, it is decided in this case that the United States, like private persons, are bound by their contracts, and that they can not by legislation impair the rights of parties with whom they have contracted, or enhance their own in violation of the stipulations of their contract.

But that the United States retain extensive powers of legislation has been recognized by the Supreme Court in two important cases.

By the act of March 3, 1873 (17 Statutes, 509), the Attorney-General was peremptorily ordered to bring a suit in the name of the United States against the Union Pacific Railroad Company. The nature of this suit is thus described by Mr. Justice Miller (page 608):

> For the purpose of this suit the court wherein it is brought was vested with power and aided by modes of procedure which it could apply to no other. Parties are subjected to a jurisdiction to which the same court could not subject them in any other suit, and they are required to litigate their rights in a suit common to them and others, with whom they could not be joined under the rules governing such matters in any other case.

These provisions were held to be a valid and constitutional exercise of legislative power.

It must be admitted, therefore, that with regard to the Union Pacific Railroad Company, at least, the United States possesses something more than the powers and rights of a private creditor, and that, though bound by their contracts, they can aid their enforcement by special and exceptional legislation.

It may be observed in addition that the same act conferred jurisdiction "on the proper circuit court of the United States to hear and determine all cases of mandamus to compel said Union Pacific Railroad Company to operate its road as required by law."

The validity of this provision was not passed upon by the Supreme Court, but it is referred to by Mr. Justice Miller without any intimation that it was unconstitutional.

By the act of May 7, 1878, known as the "Thurman act," it was pro-

ided in substance that the percentage of net earnings to be paid by both the Union Pacific and the Central Pacific Railroad Companies should thereafter be 25 per cent. of the same instead of 5 per cent., and that the one-half of the earnings for services rendered to the Government by the respective companies, which, by the act of July 2, 1864, was to be paid to the companies, should be retained by the Government to constitute a sinking fund for the ultimate discharge of the indebtedness due to the United States.

This legislation was held by the Supreme Court as valid and constitutional.

The relations of the Central Pacific Company, as a corporation created under the laws of California, to the United States, were elaborately considered by the court, and the validity of the legislation with regard to it, as well as the Union Pacific Company, was affirmed.

In regard to the former company the court observes:

The California corporation was organized under a State law, with an authorized capital of $8,500,000, to build a road from the city of Sacramento to the eastern boundary of the State, a distance of about 115 miles. * * * No power was granted to build any road outside the State or in the State except between the terminii named.

By the act of 1862 Congress granted this corporation the right to build a road from San Francisco or the navigable waters of the Sacramento River to the eastern boundary of the State, and from there through the Territories of the United States, until it met the road of the Union Pacific Company.

For this purpose all the rights, privileges, and franchises were given this company that were granted the Union Pacific Company, except the franchise of being a corporation, and such others as were merely incident to the organization of the company. The land grants and subsidy bonds to this company were the same in character and quantity as those to the Union Pacific, *and the same right of amendment was reserved.* Each of the companies was required to file in the Department of the Interior its acceptance of the conditions imposed before it could become entitled to the benefits conferred by the act.

This was promptly done by the Central Pacific Company, and *in this way that corporation voluntarily submitted itself to such legislative control by Congress as was reserved under the power of amendment.*

I am unable to perceive how, while this decision remains the law, the right of Congress to investigate its affairs for the purpose of obtaining information in aid of legislation can be questioned.

The investigation ordered by Congress has been characterized as an inquisitorial and an unwarrantable inquiry into the private affairs of the citizen.

That some of the inquiries directed to be made of the officers, stockholders, and employés of the companies are obnoxious to this objection may be conceded. If so, the court would not compel the witnesses to answer them.

The questions which the witness declined to answer in no way referred to his private and individual affairs.

They referred to the disposition made of its earnings by the company of which he is the head. In these earnings the United States is interested to the extent of 25 per cent. of their net amount.

But, if I understand correctly the arguments of counsel and the opinions of the judges, the whole investigation seems to be regarded as inquisitorial and unwarranted.

It seems to have been overlooked that many of the inquiries directed to be made are in the interest of the companies, and presumably indorsed in the subjects of investigation at their instance.

The Commissioners are required—

To ascertain the average cost per annum of Government transportation in the region now traversed by the Pacific railroads between the year 1850 and the comple-

tion of said roads; also, the average cost per annum since such completion, and what additional facilities have been furnished to the Government and people by said roads; also, to inquire what discount the Pacific Railroad and its several branches were forced to make in disposing of the bonds to obtain the gold coin which was the currency of the country through which the greater part of said roads pass. Also, to ascertain the comparative cost of construction of said roads as compared with what they would have cost with the prices of labor and commodities prevailing five years preceding, or five years subsequent to the completion of said roads. Also, to inquire whether or not the Pacific Railroad was completed in less time than was allowed by law; and if so, in how much less time, and if the United States was benefited thereby. Also, to inquire if either of the Pacific railroads have been embarrassed and their earning capacity impaired by antagonistic local or State legislation. Also, to inquire whether the United States, since the Union and Pacific Railroad Companies accepted the terms proposed by Congress for the construction of the Pacific Railroad, has granted aid in lands for building competing parallel railroads to said Pacific railroads; and if so, how many such roads and to what extent such competing lines have impaired the earning capacity of the Pacific Railroad. Also, if the United States have contracts with branch roads controlled by either of said Pacific roads for carrying United States mails; and if so, what service has been performed by them, and what money, if any, has been paid for such service, and what remains due and unpaid; and if the United States, by failing to pay for such mail service, has embarrassed said railroad companies, or either of them, in paying their indebtedness to the United States. Also, to inquire if the several Pacific Railroad Companies have complied with the provisions of an act to alter, etc., * * * commonly known as to the "Thurman act;" and if not, in what particulars they have failed to comply. Also, to inquire what sums the Pacific railroads and their branches can severally pay annually on account of their indebtedness to the United States without imposing such burdens upon the people, and particularly upon the localities through which the roads pass, as to retard the development of the country.

The Commissioners are also directed to consider and report whether the interests of the United States require any extension of the time "for the performance of the obligations to the United States of said companies, or any of them.

* * * * * * * * * *

"And if in their opinion such extension shall be required by the interests of the United States, they shall submit a scheme for such extension which shall secure to the United States full payment of all debts due them from said companies, with a reasonable rate of interest, in such time as the Commissioners shall propose, *having due regard to the financial ability of said companies, and the proper conduct of their business in such manner as shall afford efficient service to the public.*"

It will not be contended by any one, least of all by the respondent, that the investigation of the matters mentioned in the foregoing extracts from the statute is inquisitorial or offensive, or that it violates the rights of corporations or of their members as individuals.

On the contrary, that distinguished gentleman expressed in his communication to the Commissioners, in reply to their written interrogatories of May 12, 1887, the opinion that—

> The creation of the Commission charged by Congress with the duty of examining into the workings and financial management of all railroads that have received aid in bonds from the Government, * * * was an honest and candid admission by Congress that there were equities existing in favor of the railroads in question, which should be inquired into, and to the full benefit of which they are entitled.

And he adds:

> I know that such equities exist in favor of the roads I represent, and I am pleased that an opportunity has at length been offered us by Congress to present them in such form as to insure their full and impartial consideration both by it and the people at large.

When all the provisions of the act directing the investigations are considered, it does not seem wholly unworthy of the encomium bestowed upon it by the respondent.

Nor can I perceive with what justice the investigations, so far as the questions under consideration are concerned, can be described as instituted for the purpose of securing "a private debt not yet matured."

The labors of the Commission can give no additional security to the United States for the collection of its debt.

The Commissioners have no judicial powers. Neither the evidence taken by them nor their report would be admissible in a judicial proceeding. Congress may not adopt their conclusions of fact.

Their functions are limited to an inquiry into and ascertainment of facts to be laid before Congress, in view of legislation, possibly, and, as seems to have been expected, favorable to the companies.

But if my convictions had been less strong on the points I have discussed I should still have felt obliged to dissent from the action of the court, refusing the order prayed for.

It has been shown that the questions decided by the court are constitutional questions of grave, I might say transcendent, importance.

The doctrine enunciated in effect denies to Congress the right to invoke the aid of the courts to secure by compulsory process the attendance of any witness before any commission of inquiry, and to the court the right of affording that aid, if invoked.

The immediate effect of this decision, if followed, is to cripple, if not paralyze, the Commissioners in the discharge of a large part of their duties imposed upon them by law.

Much of the information sought for can only be obtained from the officers and employés of the railroads.

So long as those persons supposed they could be compelled to attend and give evidence, they freely responded to the summons of the Commissioners. But now, that they are advised that no power exists to compel them to do so, they will naturally decline to assume the odious attitude of voluntary informers against their employers, and will refuse to produce any papers or disclose any fact which might injuriously affect them.

If the witness had been ordered to answer and had refused, he would have been attached for contempt and committed to the custody of the marshal. From this custody he could have been at once released on habeas corpus, and held to bail in a nominal amount. The important questions raised could thus have been speedily submitted to the Supreme Court for final decision, without the slightest oppression or even inconvenience to the witness.

I know of no way in which the decision now made can be reviewed by that high tribunal.

It is declared by the Supreme Court in the Sinking Fund cases "that every possible presumption is in favor of the validity of a statute, and this continues until the contrary is shown beyond a reasonable doubt." (99 U. S., 718.)

Whatever may be thought of the validity of the reasoning by which I have attempted to maintain the constitutionality of this statute, it must, I think, be conceded, that the questions are novel and hitherto undecided, and that its unconstitutionality is at least doubtful.

In view of this fact, and of the far-reaching consequences of the decision, I considered it to be the duty of an inferior court not to pronounce against its unconstitutionality by a judgment which could not be reviewed or corrected by the Supreme Court, but, rather, to remit the question to that court for final solution; especially when the means of doing so were simple and speedy, and attended by no injury or inconvenience to any one.

[Order.]

At a stated term, to wit: the July term A. D. 1887, of the circuit court of the United States of America, of the ninth judicial circuit, in and for the northern district of California, held at the court-room, in the city and county of San Francisco, on Monday, the 29th day of August, in the year of our Lord one thousand eight hundred and eighty-seven.

Present: The Hon. Stephen J. Field, associate justice of the Supreme Court of the United States; the Hon. Lorenzo Sawyer, circuit judge; the Hon. George M. Sabin, United States district judge of Nevada.

In the matter of the application of the United States Pacific Railway Commission for an order to compel Hon. Leland Stanford to answer certain questions.—No. 5108.

This matter having been heretofore heard and submitted to the court for consideration and decision, and the same having been duly considered, Justice Field reads an opinion, and Judges Sawyer and Sabin concurring opinions, and thereupon it is ordered that the motion of the United States attorney, for a peremptory order upon the witness to answer the interrogatories propounded as set forth in the petition of the Railway Commission be, and the same hereby is, denied, and the order to show cause herein discharged.

[Indorsed.]

No. 5108. United States circuit court, ninth circuit, northern district of California. In the matter of the application of the United States Pacific Railway Commission for an order to compel Leland Stanford to answer certain questions. Certified copy of order.

I hereby certify that the foregoing is a full, true, and correct copy of an original judgment entered in the above entitled cause.

Attest my hand and the seal of said circuit court this 5th day of October, A. D. 1887.

[SEAL.] L. K. B. SAWYER, *Clerk.*

DEPARTMENT OF THE INTERIOR,
GENERAL LAND OFFICE, *Washington, D. C., May* 31, 1887.

Hon. L. Q. C. LAMAR,
Secretary of the Interior:

SIR: I am in receipt, through reference by the Assistant Secretary, on the 21st ultimo, for report, of a letter of the same date from the Pacific Railway Commission, requesting the following information, viz:

(1) A statement of all patents for lands issued to the Union Pacific Railway Company, the Central Pacific Railway Company, the Kansas Pacific Railway Company, the Central Branch of the Union Pacific Railway Company, the Western Pacific Railway Company, and the Sioux City and Pacific Railway Company, showing the total acreage of public lands donated to each company, and the date of the issue of such patents.

(2) The dates of the certificates of construction entitling the respective railway companies to the issue of patents.

(3) The amount of lands for which, under the several acts, patents may hereafter be issued, and which are as yet unpatented.

(4) Copies of the lists of selections of lands filed in this Department by the respective companies.

In reply, I have the honor to report that the following statement shows the number of acres patented to each of the companies mentioned, and the date of and the number of acres embraced in each patent.

Union Pacific Railway Company.

NEBRASKA.

Date of patent.	No. of patent.	Number of acres.	Date of patent.	No. of patent.	Number of acres.
Feb. 23, 1871	1	639,094.00	Nov. 19, 1877	21	[illegible]
May 29, 1874	3	15,716.50	June 15, 1882	24	[illegible]
July 17, 1874	4	18,196.78	Feb. 1, 1884	27	[illegible]
Mar. 20, 1875	7	359,651.60	June 30, 1884	28	[illegible]
June 9, 1876	9	209,742.72	Oct. 23, 1884	29	[illegible]
June 29, 1876	11	699.00	Mar. 14, 1885	30	[illegible]
Sept. 9, 1876	15	1,480.00	Mar. 26, 1886	31	[illegible]
Jan. 27, 1877	16	960.99			
Feb. 24, 1877	20	2,718.24	Total		[illegible]

Union Pacific Railway Company—Continued.

NEBRASKA—Continued.

[Joint with Sioux City and Pacific Railroad Company.]

Date of patent.	No. of patent.	Whole number of acres.	For Union Pacific.
Mar. 28, 1873	1	30,790.40	15,395.20
Dec. 12, 1873	2	20,904.51	10,452.26
Total		51,694.91	25,847.46

	Acres.
Within clear limits	2,467,204.26
Joint with Sioux City and Pacific, (i)	25,847.46
Total	2,493,051.72

[Under act of June 22, 1874. (18 Stat., 194)]

Even numbered sections selected by the railway company in lieu of lands in odd numbered sections relinquished by it in favor of actual settlers whose entries or filings were allowed under the pre-emption or homestead laws subsequent to the time at which, by the decision of the Land Office, the right of said road was declared to have attached to such lands:

Date of patent.	No. of patent.	No. of acres.
July 7, 1876	13	1,434.61
June 27, 1878	22	1,173.23
Total		2,607.84

WYOMING.

Date of patent.	No. of patent.	No. of acres.	Date of patent.	No. of patent.	No. of acres.
Apr. 17, 1874	2	4,748.76	July 7, 1876	12	2,565.63
May 20, 1874	3	19,815.78	Feb. 24, 1887	19	651.16
Jan. 5, 1875	5	11,227.30	Total		69,704.27
Feb. 12, 1875	6	30,665.64			

[Act June 22, 1864. Even sections].

Feb. 12, 1876	8	478.92	Apr. 7, 1883	25	640
June 24, 1876	10	8,423.45	Total		9,975.76
Feb. 24, 1877	17	435.39			

COLORADO.

[Act June 22, 1864. Even sections].

Date of patent.	No. of patent.	No. of acres.
Dec. 28, 1880	23	640

UTAH.

Feb. 24, 1887	18	27,821.06
Feb. 20, 1894	26	11,230.93
Total		39,051.99

Union Pacific Railway Company—Continued.

UTAH—Continued.

[Act June 22, 1874. Even sections].

Aug. 1, 1878	14	1,144.50

RECAPITULATION.

State.	Under granting act.	Under act of June 22, 1874.	Total number of acres.
	Acres.	*Acres.*	
Nebraska	2,493,051.72	2,607.84	2,495,659.56
Wyoming	69,704.27	9,977.76	79,682.03
Colorado		640.00	640.00
Utah	39,051.99	1,144.50	40,196.49
Total	2,601,807.98	14,370.10	2,616,178.08

Central Pacific Railroad Company.

CALIFORNIA.

Date of patent.	No. of patent.	No. of acres.	Date of patent.	No. of patent.	No. of acres.
Jan. 4, 1866	1	45,510.54	July 15, 1876	[redacted]	1,013.56
Dec. 19, 1866	2	42,065.49	May 22, 1877	[redacted]	787.84
June 27, 1867	3	35,171.97	Apr. 19, 1881	33	12,873.61
Oct. 12, 1867	4	21,618.62	June 23, 1883	36	50,944.73
Apr. 18, 1870	5	117,138.70	Apr. 30, 1884	37	14,040.00
May 18, 1871	6	9,480.52	Apr. 30, 1884	38	15,954.00
Aug. 22, 1871	12	160.00	Jan. 31, 1885	42	3,496.36
Feb. 18, 1873	15	8,937.13	Apr. 30, 1885	43	15,705.61
Feb. 18, 1873	16	54,024.09	July 26, 1886	48	17,427.36
Feb. 26, 1873	17	7,286.17			
Dec. 20, 1875	20	82.79	Total		489,042.73

NEVADA.

Dec. 5, 1876	24	182,740.72	July 31, 1886	49	17,867.80
Feb. 14, 1877	25	164,857.33			
June 7, 1878	30	14,543.18	Total		430,323.92
June 15, 1886	46	40,694.81			

[Act June 22, 1874. Even sections.]

Date of patent.	No. of patent.	No. of acres.
May 2, 1878	28	19

UTAH.

Date of patent.	No. of patent.	No. of acres.	Date of patent.	No. of patent.	No. of acres.
Sept. 16, 1884	39	76,101.91	July 17, 1886	47	43,303.57
June 27, 1885	44	642.72	Total		120,083.59
Dec. 17, 1885	45	11,745.89			

Central Pacific Railway Company—Continued.

RECAPITULATION.

State.	Under granting act.	Under act of June 22, 1874.	Total number of acres.
	Acres.	*Acres.*	
California	489,042.78		489,042.78
Nevada	420,323.92	160	420,483.92
Utah	130,683.89		130,683.89
Total	1,040,050.59	160	1,040,210.59

Kansas Pacific Railway Company.

Date of patent.	Number of patent.	Kansas.	Colorado.
		Acres.	*Acres.*
Mar. 1, 1873	1	25,999.80	
Oct. 13, 1873	2	26,914.63	
Apr. 9, 1874	3	54,612.82	
June 2, 1874	4	306,474.37	
Sept. 10, 1874	5	18,901.61	
Apr. 5, 1875	6		10,943.23
Dec. 1, 1875	7	49,444.74	
Feb. 15, 1876	8	14,221.10	
Aug. 20, 1876	9	22,284.57	
Sept. 10, 1877	10	2,976.53	
Dec. 27, 1877	11	222,490.32	
June 13, 1878	12	15,491.08	
May 7, 1879	13	43,760.37	
Dec. 11, 1879	14		12,950.43
Mar. 28, 1881	15	78,835.09	
Mar. 28, 1881	16		2,319.92
Denver Pacific	17		
Jan. 28, 1886	18	26,483.55	
Denver Pacific	19		
May 28, 1883	20		19,704.78
Total		917,795.67	45,918.36

RECAPITULATION.

	Acres.
Kansas	917,795.67
Colorado	45,918.36
Total	963,714.03

Central Branch Union Pacific Railroad Company.

KANSAS.

Date of patent.	No. of patent.	No. of acres.	Date of patent.	No. of patent.	No. of acres.
July 28, 1872	1	183,733.25	Apr. 10, 1886	5	30,528.74
Oct. 1, 1873	2	2,560.03	Aug. 17, 1886	6	273.85
Omitted	3				
June 28, 1880	4	1,154.71	Total		218,250.08

Western Pacific Railroad Company.

CALIFORNIA.

Date of patent.	No. of patent.	No. of acres.	Date of patent.	No. of patent.	No. of acres.
June 29, 1867	1	12,562.47	July 25, 1875	18	2,[illegible]
Mar. 25, 1868	2	4,943.46	Nov. 23, 1875	19	9,[illegible]
Mar. 5, 1870	3	52,960.14	Sept. 5, 1876	22	2,[illegible]
Apr. 9, 1870	4	98,322.26	May 22, 1877	27	[illegible]
May 31, 1870	5	111,164.95	June 6, 1878	29	[illegible]
Oct. 19, 1871	6	7,017.93	June 6, 1879	31	2,[illegible]
Nov. 25, 1871	7	12,723.26	July 15, 1880	32	2,[illegible]
Apr. 3, 1872	8	33,379.93	July 21, 1881	34	3,[illegible]
Dec. 24, 1873	9	44,048.42	June 28, 1882	35	10,[illegible]
Feb. 28, 1874	10	21,922.88	Oct. 4, 1884	40	1,[illegible]
May 7, 1874	11	1,537.39	Nov. 25, 1885	41	[illegible]
Aug. 28, 1874	13	650.29			
Nov. 25, 1874	14	10,295.43	Total		447,[illegible]

For the patents bearing the missing numbers, see statements of patents issued to the Central Pacific Railroad Company, the two series of numbers having been consolidated after the consolidation of the Western Pacific with that company in 1870.

[Sioux City and Pacific Railroad Company.]

Date of patent.	Number of patent.	Nebraska.	Iowa.
Feb. 11, 1873	1	11,207.67	3,[illegible]
Nov. 15, 1875	3		[illegible]
Apr. 22, 1878	5		[illegible]
Total		11,207.67	4,[illegible]

[Joint with Union Pacific Railway Company.]

NEBRASKA.

Date of patent.	Number of patent.	Whole number of acres.	For Sioux City and Pacific.
Mar. 29, 1873	1	30,790.40	15,[illegible]
Dec. 12, 1873	2	20,904.51	10,[illegible]
Total		51,694.91	25,[illegible]

	Acres.
Within clear limits—Nebraska	11,[illegible]
Joint with Union Pacific—Nebraska (½)	25,[illegible]
Total in Nebraska	37,[illegible]

[Act of June 22, 1874. Even sections.]

Date of patent.	Number of patent.	State.	Number of acres.
Apr. 9, 1877	4	Iowa	161.[illegible]

Western Pacific Railroad Company—Continued.

RECAPITULATION.

	Under granting act.	Under act of June 22, 1874.	Total number of acres.
STATE.	*Acres.*	*Acres.*	
[illegible]	37,055.12	.....	37,055.12
Iowa	4,181.51	161.60	4,343.11
Total	41,236.63	161.60	41,398.23
NAME OF ROAD.			
Union Pacific	2,601,807.98	14,370.10	2,616,178.08
Central Pacific	1,040,050.59	160.00	1,040,210.59
Kansas Pacific	963,714.03	.....	963,714.03
Central Branch Union Pacific	218,250.08	.....	218,250.08
Western Pacific	447,768.03	.....	447,768.03
Sioux City and Pacific	41,236.63	161.60	41,398.23
Total	5,312,827.34	14,691.70	5,327,519.04

(5) The completed sections of the roads in question were accepted by the President, as follows:

Union Pacific Railway.

	No. of miles.	Date of acceptance.		No. of miles.	Date of acceptance.
Omaha to 40th mile post	40	Jan. 24, 1866	580th to 600th mile-post	20	June 12, 1868
40th to 65th mile-post	25	May 1, 1866	600th to 620th mile-post	20	June 16, 1868
65th to 105th mile-post	40	June 26, 1866	620th to 640th mile-post	20	July 21, 1868
105th to 125th mile-post	20	July 12, 1866	640th to 680th mile-post	40	July 23, 1868
125th to 160th mile-post	35	Aug. 8, 1866	680th to 700th mile-post	20	Aug. 8, 1868
160th to 205th mile-post	45	Sept. 8, 1866	700th to 720th mile-post	20	Aug. 27, 1868
205th to 240th mile-post	35	Oct. 12, 1866	720th to 760th mile-post	40	Sept. 5, 1868
240th to 270th mile-post	30	Nov. 6, 1866	760th to 780th mile-post	20	Sept. 23, 1868
270th to 305th mile-post	35	Jan. 2, 1867	780th to 800th mile-post	20	Oct. 21, 1868
305th to 345th mile-post	40	June 10, 1867	800th to 820th mile-post	20	Nov. 19, 1868
345th to 385th mile-post	40	July 5, 1867	820th to 860th mile-post	40	Dec. 5, 1868
385th to 420th mile-post	35	Aug. 27, 1867	860th to 880th mile-post	20	Dec. 12, 1868
420th to 455th mile-post	35	Oct. 1, 1867	880th to 900th mile-post	20	Dec. 16, 1868
455th to 490th mile-post	35	Nov, 4, 1867	900th to 940th mile-post	40	Dec. 23, 1868
490th to 510th mile-post	20	Dec, 11, 1867	940th to 960th mile-post	20	Jan. 23, 1869
510th to 540th mile-post	30	Jan. 25, 1868	960th to 1000th mile-post	40	Feb. 9, 1869
540th to 560th mile-post	20	May 25, 1868	1000th to 1038.68th mile-post	38.68	July 15, 1869
560th to 580th mile-post	20	May 16, 1868			

The common terminus and point of junction of the Union Pacific Railway and the Central Pacific Railroad as fixed and established under the provisions of the act of Congress approved May 6, 1870 (16 Statu., 121), is situated in the NW. ¼ of the NE. ¼ of section 1, township 6 north, range 2 west, Utah Territory, 1,038.68 miles west of Omaha, Nebr., and 737½ miles east of Sacramento, Cal.

Central Pacific Railroad.

	No. of miles.	Date of acceptance.		No. of miles.	Date of acceptance.
*Sacramento to 31st mile-post	31		350th to 370th mile-post	20	Nov. 1, 18
31st to 74th mile-post	43	Dec. 14, 1866	370th to 390th mile-post	20	Nov. 16, 18
74th to 94th mile-post	20	Oct. 24, 1867	390th to 410th mile-post	20	Dec. 1, 18
94th to 114th mile-post	20	July 19, 1868	410th to 430th mile-post	20	Dec. 6, 18
114th to 138th mile-post	24	Dec. 10, 1867	430th to 450th mile-post	20	Dec. 26, 18
138th to 158th mile-post	20	June 8, 1868	450th to 470th mile-post	20	Jan. 12, 18
158th to 178th mile-post	20	Aug. 3, 1868	470th to 490th mile-post	20	Jan. 27, 18
178th to 215th mile-post	37	Aug. 12, 1868	490th to 510th mile-post	20	Feb. 16, 18
215th to 255th mile-post	40	Sept. 7, 1868	510th to 670th mile-post	160	May 27, 18
255th to 290th mile-post	35	Sept. 18, 1868	670th to 690.3th mile-post	20.3	July 15, 18
290th to 330th mile-post	40	Oct. 10, 1868	690.3th to 737.5th mile-post.	47.2	July 31, 18
330th to 350th mile-post	20	Oct. 23, 1868			

* Written acceptance can not be found. Said to have been accepted verbally by President Lincoln.

That portion of the Central Pacific Railroad which lies between the 699.3th mile-post (Promontory) and the junction with the Union Pacific Railway, 737.5 miles east of Sacramento, was constructed by the Union Pacific Railway Company and purchased by the Central Pacific Railroad Company, under the provisions of the joint resolution of April 1, 1869 (16 Stat., 56).

Kansas Pacific Railway.

	No. of miles.	Date of acceptance.		No. of miles.	Date of acceptance.
From State line (Kansas City) to 40th mile-post	40	Oct. 28, 1865	234th to 259th mile-post	25	Sept. 19, 18
40th to 62d mile-post	22	Dec. 20, 1865	259th to 285th mile-post	26	Oct. 9, 18
62d to 85th mile-post	23	May 8, 1866	285th to 305th mile-post	20	Dec. 1, 18
85th to 105th mile-post	20	July 7, 1866	305th to 325th mile-post	20	Jan. 1, 18
105th to 130th mile-post	25	Oct. 15, 1866	325th to 350th mile-post	25	Apr. 2, 18
130th to 155th mile-post	25	Jan. 22, 1867	350th to 370th mile-post	20	May 18, 18
155th to 185th mile-post	30	May 4, 1867	370th to 383.94th mile-post.	13.94	Oct. 8, 18
185th to 210th mile-post	25	June 10, 1867	383.94th to Denver, Colo., or to 638.6th mile-post	244.66	Oct. 11, 18
210th to 234th mile-post	24	Aug. 12, 1867			

Central Branch Union Pacific Railroad.

Atchison, Kans., to 20th mile-post	20	July 12, 1866	40th to 60th mile-post	20	Apr. 9, 18
20th to 40th mile-post	20	Dec. 6, 1866	60th to 80th mile-post	20	Dec. 4, 18
			80th to 100th mile-post	20	Jan. 9, 18

Western Pacific Railroad.

San José, Cal., to 20th mile north	20	Dec. 14, 1866	83d to 103.16th mile west of Sacramento, or to the 20th mile-post north of San José	20.16	Jan. 21, 18
Sacramento to 20th mile west	20	Sept. 1, 1869			
20th to 83d mile west of Sacramento	63	Oct. 27, 1869	Total	133.16	

Sioux City and Pacific Railroad.

Sioux City, Iowa, to 20th mile-post	20	Mar. 27, 1868	Cala. Junction, Iowa, to Fremont, Nebr.	32.27	Mar. 1, 18
20th mile-post to Cala. Junction	49.5	Mar. 9, 1868	Total	101.77	

(3) With respect to the quantity of land which is as yet unpatented to the companies mentioned I have to state that such quantities can not be given with accuracy, as many of the lands are, as yet, unsurveyed, and no complete adjustment, for the purpose of ar-

taining the losses sustained by the several grants, by reason of settlements, entries, reservations, etc., has been made.

The number of acres granted to the companies in question is, however, estimated as follows:

To the Union Pacific Railway Company, 11,309,844 acres, of which 4,853,844 acres are in the State of Nebraska, 590,000 acres in Colorado, 5,016,000 acres in Wyoming, and [illegible],000 acres in Utah.

The grant to the Central Pacific Railroad Company is estimated at 8,000,000 acres, of which 1,600,000 acres are in the State of California, 5,100,000 acres in Nevada, and 1,300,000 acres in Utah.

The grant to the Kansas Pacific Railway Company is estimated at 6,000,000 acres, of which 4,000,000 acres are in Kansas and 2,000,000 acres in Colorado.

The Western Pacific Railroad Company, the Central Branch Union Pacific Railroad Company, and the Sioux City and Pacific Railroad Company have selected practically all the lands within the limits of their respective grants which were subject thereto, except, perhaps, isolated tracts, the greater portion of which have been patented, for which reason no estimate of the number of acres granted to said companies is submitted.

(4) Copies of the lists of selections of lands filed in this Department by the companies named are also requested.

As there are, including the patented lists, 290 lists of such selections, embracing [illegible],000 acres, to prepare copies of which would, with the force which could be assigned to such duty, require at least three months, such copies have not been prepared. If, however, the commissioners still desire said copies, and will so advise this office, they will be furnished as soon as possible.

The following statement shows the number of acres selected by the respective companies which have not been patented, and are now awaiting examination by this office:

	Acres.
Union Pacific:	
Nebraska	528,785.36
Colorado	
Wyoming	555.11
Utah	2,163.70
Total	531,504.17
Central Pacific:	
California	330,725.59
Nevada	61,897.19
Utah	153,453.87
Total	546,076.65
Kansas Pacific:	
Kansas	798,876.23
Colorado	25,662.57
Total	824,538.80
Central Branch Union Pacific:	
Kansas	4,310.17
Western Pacific:	
California	6,026.95
Sioux City and Pacific:	
Nebraska	1,937.79

The following statement shows the number of acres patented to and selected by each of the several companies, which selections are now pending in this office:

Railroad.	Acres patented.	Acres of selections pending.	Total patented and selected.
Union Pacific	2,616,178.08	531,504.17	3,147,682.25
Central Pacific	1,040,210.59	546,076.65	1,586,287.24
Kansas Pacific	963,714.03	824,538.80	1,788,252.83
Central Branch Union Pacific	218,250.08	4,310.17	222,560.25
Western Pacific	447,768.03	6,026.95	453,794.98
Sioux City and Pacific	41,396.23	1,937.79	43,336.02
Total	[illegible]27,519.04	1,914,394.53	7,241,913.57

The following statement shows the number of acres selected by each of the several companies (including patented selections), the estimated number of acres granted to each, and the estimated number of acres remaining unselected:

Railroad.	Acres selected.	Estimated number of acres granted.	Estimated number of acres unselected.
Union Pacific	3,147,682.17	11,309,844	6,415,781.83
Central Pacific	1,589,287.24	8,000,000	4,211,712.76
Kansas Pacific	1,788,252.83	6,000,000	
Central Branch Union Pacific	223,560.25		
Western Pacific	453,794.98		
Sioux City and Pacific	43,396.02		

The commissions' letter is herewith returned.

Very respectfully, your obedient servant,

WM. A. J. SPARKS,
Commissioner.

Agreement of the Transcontinental Association.

Resolved: (1) San Francisco and Portland shall be regarded as common points in the matter of rates to and from Eastern common or competitive points.

(2) The through rates via all routes to and from Portland, via San Francisco, and to and from San Francisco, via Portland, shall be the same upon business exchanged with Eastern common or competitive points in the United States or Canadas.

(3) All business passing through San Francisco to or from points north of the Oregon-California State line shall be delivered to the line of the Oregon Railway and Navigation Company, Pacific Coast Steam-ship Company, or Oregon Improvement Company, in consideration of which the companies named will give to the Southern routes a rebate of 20 per cent. from the tariff rate—which shall not be increased—between San Francisco or Portland and points north. It is further agreed that in the event of ocean competition between San Francisco and said Northern points, the steam-ship lines of the above-named companies will guarantee protection against rates made by other steam-ships not controlled, subsidized, or chartered by any of the lines parties to this agreement.

Rates on business to and from points north of the Oregon and California State line, when carried via San Francisco, except the business of Portland, and the canned-salmon business of Astoria, shall be made by adding to the Portland or San Francisco rate a charge which shall not be less than the local charge of the Northern Pacific Railroad between Portland and such points, nor more than the present established rates between San Francisco and such points, less the 20 per cent. rebate hereinbefore guaranteed.

(4) The through rates between eastern through or competitive points and points in California, other than San Francisco, for business forwarded via Portland, shall be made by adding to the through rates between said eastern points and San Francisco the current local rates of the regular established transportation lines, which may carry the business between said California points and San Francisco.

(5) All lines here represented solemnly agree to maintain the rates now in force, or which may hereafter be mutually agreed upon, between San Francisco and Portland, on the one hand, and eastern through or competitive points in the United States or Canadas on the other hand, without cut, rebate, or deviation in any manner, it being the understanding that the giving of passes or reduced fares to, or upon request of, or for account of shippers or consignees or their families, or to any person, for the purpose of influencing business, or the payment of any ticket commissions, shall be regarded as a violation of this agreement, subjecting the offender to the penalties hereinafter provided.

(6) From and after the date of this agreement no street commission or ticket rebate on east-bound overland tickets will be paid by the companies parties hereto; and connecting eastern lines shall be requested by the commission hereafter to be appointed to discontinue the payment of street commissions and rebates to passengers, and the making of any cuts whatever from established through rates; and should any such railroad company fail or refuse to comply with such requests, it shall be the duty of the commissioner to notify the Pacific coast terminal companies, which shall then suspend the sale of all tickets over the lines so failing or refusing for so long a time as the commissioner may direct.

And further, the Pacific coast terminal companies shall, through the commissioner, redeem (within five days from date of issue), at the full amount received by them therefor, any and all through tickets of their respective issues, purchased by or for passengers, at such times and under such circumstances as may be deemed best by the commissioner.

(7) All special contracts binding shippers to one or more of the parties hereto shall

be immediately thrown open to each and every other party to this agreement, and contracting shippers shall be notified to that effect.

(8) A commissioner shall be appointed whose salary and expenses shall be paid jointly by the parties hereto in proportion as the earnings from the business subject to this agreement are shared by each.

(9) Said commissioner shall arbitrate all disputes arising under this agreement between the parties thereto, and his decision shall be final and binding upon all. Complaints by one or more parties against other parties hereto shall be made in writing to the commissioner, who shall promptly investigate and give judgment according to the facts, within thirty days, unless more time shall seem to be necessary for full inquiry and consideration upon the part of the commissioner.

(10) If any party hereto is adjudged by the commissioner to have deviated from the established rates, said party shall be fined for each offense three times the amount of earnings which would have accrued from the business had it been taken at the regularly established rates, but not less in any case than $500.

(11) Each party hereto shall deposit with some solvent bank, to the order of the commissioner, the sum of $5,000, and shall keep that sum so deposited. From said sum all fines shall be collected by the commissioner.

(12) The fines collected by the commissioner shall be distributed among the non-offending parties hereto in proportion to their earnings from the business, subject to this agreement.

(13) The commissioner shall have access to all books and papers of the parties hereto which have a bearing upon the Pacific coast traffic, which is the subject of this agreement.

(14) It is also agreed that, so far as practicable, the parties to this agreement will protect the through rates and carry out all instructions that may be issued by the commissioner in order to protect the through rates, so that one line may not have any advantage over any other line.

(15) Said commissioner shall be promptly supplied at the close of each day's business with a legible impression copy of the way-bills for all freight covered by this agreement, and shall be supplied by each of the parties hereto with such other statistics and statements, as he may desire, as to the business done by them and covered by this agreement.

(16) It is agreed that a new passenger tariff will be issued as soon as practicable, and in case the lines can not agree on rates the commissioner will settle all the differences that may come up, such as giving side rides and other matters. His action will be final.

(17) It is agreed that the subsidy now paid the Pacific Mail Steamship Company for steamers between San Francisco and New York shall be borne by the several companies here represented in the proportions of their revenue from the San Francisco business covered by this agreement.

(18) It is understood and agreed that the Pacific mail business between New York and San Francisco shall be managed fairly and impartially in the interests of all lines concerned, and shall not be used as a means of securing business for any one or more of these lines as against others, and that any complaints upon this subject shall be referred to and settled by the commissioner, subject to the same fine that is provided for the cutting of rates, it being understood that the commissioner's relations to the Pacific mail business between New York and San Francisco shall be the same as his relations to the other business which is the subject of this agreement.

(19) This agreement shall take effect October 1, 1883, and continue in force until December 31, 1884, or until ninety days' written notice shall have been given to the commissioner, by one or more parties hereto, of a desire or intention to withdraw therefrom.

Done at San Francisco, California, this 28th day of September, 1883.

For the ATCHISON, TOPEKA AND SANTA FÉ RAILROAD COMPANY,
J. F. GODDARD, *Traffic Manager.*
BURLINGTON AND MISSOURI RIVER RAILROAD,
By T. J. POTTER, *Vice-President.*
CENTRAL PACIFIC RAILROAD COMPANY,
By A. N. TOWNE, *General Manager.*
DENVER AND RIO GRANDE RAILWAY,
By B. C. DODGE, *Vice-President and General Manager.*
GALVESTON, HARRISBURG AND SAN ANTONIO RAILWAY COMPANY,
By A. N. TOWNE, *General Manager.*
NORTHERN PACIFIC RAILROAD COMPANY,
By JOHN MUIR, *Superintendent of Traffic.*
SOUTHERN PACIFIC RAILWAY COMPANY,
By A. N. TOWNE, *General Manager.*
THE TEXAS AND PACIFIC RAILWAY COMPANY,
By H. M. HOXIE, *Third Vice-President.*
UNION PACIFIC RAILWAY COMPANY,
By S. H. H. CLARK, *General Manager.*

Agreement of the Trans-Continental Association.

TOPEKA, KANS., *November* 8, 1881.

The agreement of the Trans-Continental Association, dated September 28, 1882, is hereby altered and amended to read as follows:

Section 4 is amended by substituting the word "Portland" for the word San Francisco in the last two places in said section in which the word San Francisco occurs.

Sections 1, 2, and 3 are canceled, and the following clauses substituted therefor:

Rates between San Francisco, on the one hand, and Galveston, Council Bluffs, Omaha, Kansas City, and intermediate points on the Missouri River and points common therewith, on the other, shall be the same as the rates between Portland, on the one hand, and Saint Paul, Minneapolis, Minnesota Transfer, Duluth, and Superior, and points common therewith, on the other.

Rates between San Francisco and the Northern Pacific Railroad's eastern terminals, and points east thereof via Portland, shall be made by adding to the agreed Portland rates, as herein provided for, the established ocean tariff.

Rates between points north of the Oregon and California State line and eastern points via San Francisco, shall be made by adding to the agreed San Francisco rates, herein provided for, the established ocean tariff.

In consideration of the foregoing, the Northern Pacific and the Oregon Railroad and Navigation Company shall be paid by the other lines, parties hereto, in the manner hereinafter provided, 6 per cent. of the gross earnings accruing to the said other lines on business between, or passing through eastern points herein named and San Francisco, except business received from or delivered to the Occidental and Oriental Steamship Company or the Pacific Mail Steamship Company, it being understood that the Northern Pacific Railroad and the Oregon Railroad and Navigation Company share in the subsidy to be paid the Pacific Mail Steamship Company in accordance with section seventeenth.

Settlements to be made monthly, on receipt of the Commissioner's statement of the net balance.

It being understood that the Trans-Continental agreement, as now modified, shall not in any way affect the rights of the Oregon Short Line Railway Company, or the Utah and Northern Railway Company, under their contracts with the Northern Pacific Railroad Company and the Oregon Railway and Navigation Company.

Provided, That the Utah and Northern Railway shall not make lower rates to or from San Francisco via Portland, than the rates made to and from San Francisco direct by the parties hereto.

Provided, That whenever the percentages of any of the members of this association are hereafter changed, or whenever any new members are admitted to this association, the percentages of all the members shall be revised according to the rules of this association.

4. The through rates between eastern through or competitive points and points in California other than San Francisco, for business forwarded via Portland, shall be made by adding to the through rates between said eastern points and Portland, the current local rates of the regular established transportation lines, which may carry the business between said California points and Portland.

5. All lines here represented solemnly agree to maintain the rates now in force, or which may hereafter be mutually agreed upon, between San Francisco and Portland, on the one hand, and eastern through or competitive points in the United States or Canada on the other hand, without cut, rebate, or deviation in any manner; it being the understanding that the giving of passes or reduced fares to, or upon request of, or for the account of, shippers or consignees or their families, or to any person, for the purpose of influencing business, or the payment of any ticket commissions, shall be regarded as violation of this agreement, subjecting the offender to the penalties hereinafter provided.

6. From and after the date of this agreement no street commission or ticket rebate on east-bound overland tickets will be paid by the companies, parties hereto; and connecting eastern lines shall be requested by the commissioner hereafter to be appointed to discontinue the payment of street commissions and rebates to passengers, and the making of any cuts whatever from established through rates; and should any such railroad company fail or refuse to comply with such requests, it shall be the duty of the commissioner to notify the Pacific Coast Terminal Companies, which shall then suspend the sale of all tickets over the lines so failing or refusing, for so long a time as the Commissioner may direct.

And, further, the Pacific Coast Terminal Companies shall, through the commissioner, redeem within five (5) days from the date of issue, at the full amount received by them therefor, any and all through tickets of their respective issues, purchased by or for passengers, at such times and under such circumstances as may be deemed best by the commissioner.

7. All special contracts binding shippers to one or more of the parties hereto shall be immediately thrown open to each and every other party to this agreement, and contracting shippers shall be notified to that effect.

6. A commissioner shall be appointed, whose salary and expenses shall be paid jointly by the parties hereto in proportion as the earnings from the business subject to this agreement are shared by each.

7. Said commissioner shall arbitrate all disputes arising under this agreement between the parties hereto, and his decision shall be final and binding upon all. Complaints by one or more parties against other parties hereto shall be made in writing to the commissioner, who shall promptly investigate and give judgment according to the facts within thirty days, unless more time shall seem to be necessary for full inquiry and consideration on the part of the commissioner.

8. If any party hereto is adjudged by the commissioner to have deviated from the established rates, said party shall be fined for each offense three times the amount of earnings which would have accrued from the business had it been taken at the regularly-established rates, but not less, in any case, than $500.

9. Each party hereto shall deposit with some solvent bank, to the order of the commissioner, the sum of $5,000, and shall keep that sum so deposited. From said sum all fines shall be collected by the commissioner.

10. The fines collected by the commissioner shall be distributed among the non-offending parties hereto in proportion to their earnings from the business, subject to this agreement.

11. The commissioner shall have access to all books and papers of the parties hereto which have a bearing upon the Pacific Coast traffic, which is the subject of this agreement.

12. It is also agreed that, so far as practicable, the parties to this agreement will protect the through rates and carry out all instructions that may be issued by the commissioner in order to protect the through rates, so that one line may not have any advantage over any other line.

13. Said commissioner shall be promptly supplied at the close of each day's business with a legible impression copy of the way-bills for all freight covered by this agreement, and shall be supplied by each of the parties hereto with such other statistics and statements as he may desire, as to the business done by them and covered by this agreement.

14. It is agreed that a new passenger tariff will be issued as soon as practicable, and in case the lines can not agree on rates, the commissioner will settle all the differences that may come up, such as giving side rides and other matters. His action will be final.

15. It is agreed that the subsidy now paid the Pacific Mail Steamship Company, for its steamers between San Francisco and New York, shall be borne by the several companies here represented, in the proportions of their revenue from the San Francisco business covered by this agreement.

16. It is understood and agreed that the Pacific Mail business between New York and San Francisco shall be managed fairly and impartially, in the interests of all lines concerned, and shall not be used as a means of securing business for any one or more of those lines as against others, and that any complaints upon this subject shall be referred to and decided by the commissioner, subject to the same fine that is provided for the making of rates.

It being understood that the commissioner's relations to the Pacific Mail business between New York and San Francisco shall be the same as his relations to the other business which is the subject of this agreement.

18. This agreement shall take effect October 1, 1883, and continue in force until December 31, 1884, or until ninety days' written notice shall have been given to the commissioner, by one or more parties hereto, of a desire or intention to withdraw therefrom.

Done at San Francisco, Cal., this 28th day of September, 1883.

For the ATCHISON, TOPEKA AND SANTA FÉ RAILROAD COMPANY,
J. F. GODDARD, *Traffic Manager.*

For the BURLINGTON AND MISSOURI RIVER RAILROAD,
T. J. POTTER, *Vice-President.*

For the CENTRAL PACIFIC RAILROAD COMPANY,
A. N. TOWNE, *General Manager.*

For the DENVER AND RIO GRANDE RAILWAY,
D. C. DODGE,
Vice-President and General Manager.

For the GALVESTON, HARRISBURGH AND SAN ANTONIO RAILROAD COMPANY,
A. N. TOWNE, *General Manager.*

For the NORTHERN PACIFIC RAILROAD COMPANY,
JOHN MUIR, *Superintendent of Traffic.*

For the SOUTHERN PACIFIC RAILROAD COMPANY,
A. N. TOWNE, *General Manager.*

For the TEXAS AND PACIFIC RAILWAY,
H. M. HOXIE, *Third Vice-President.*

For the UNION PACIFIC RAILWAY COMPANY,
S. H. H. CLARK, *General Manager.*

Resolutions adopted at a meeting of the Trans-Continental Association, held at Topeka, Kan., November 7 and 8, 1883.

Resolved, That while it is the wish of all parties, members of the Trans-Continental Association, to continue existing schedules of rates for excursion parties from the East to the Pacific coast and return, all applications for such transportation rates and special arrangements be referred to and acted upon by the commissioner, who shall inform those interested as to routes, etc.

Resolved, That from and after November 10, 1883, the allowances of free baggage on overland tickets will be as follows:

	Pounds.
Each full or whole weight	150
Theatrical tickets, as now	200
Trans-Pacific tickets, as now	250

Children's (½) tickets one-half of above, respectively.

The above allowances to include baggage checked to local or intermediate points, the owner having paid through excess or extra baggage charges (if any).

All second-class or emigrant baggage to be checked only to actual destination of the passenger.

Resolved, That from and after November 10, 1883, no stop-over privileges be granted to holders of emigrant or third-class overland tickets, excepting in cases of possible sickness, making such privilege an actual necessity.

SECRETARY'S OFFICE,
CENTRAL PACIFIC RAILROAD COMPANY,
San Francisco, September 15, 1887.

DEAR SIR: In response to your request, I have made out, and hand you herewith, a diagram showing the lines of the Central Pacific Railroad, and the mortgages thereon. This diagram is in accordance with the idea expressed by you, as I understand it.

Very truly yours,

G. L. LANSING,
Assistant Secretary.

CHARLES P. YOUNG, Esq.,
Secretary U. S. Pacific Railway Commission, 10 Wall Street, New York.

SECRETARY'S OFFICE,
CENTRAL PACIFIC RAILROAD COMPANY,
San Francisco, September 8, 1887.

SIR: In response to your verbal request made at the last day of the session of your Commission in San Francisco, I hand you herewith statements regarding the freight and passenger traffic of the Central Pacific Railroad Company and associated lines, for the ten years ending 1880, stated annually, showing the decrease of rates and the increase of traffic.

Very respectfully,

G. L. LANSING,
Assistant Secretary.

Hon. ROBERT E. PATTISON,
Chairman Pacific Railway Commission, No. 10 Wall Street, Room 33, New York.

Statement of passenger traffic, rates, and gross receipts from same, on the Central Pacific Railroad and leased lines, and the same lines operated by the Southern Pacific Company, from April 1, 1885.

[C. P. R. R. Co.—Passenger traffic—1877-1886.]

Year.	Passengers carried one mile.	Miles of road.	Passengers carried one mile to each mile of road.	Rate per passenger per mile.	Gross receipts.
				Cents.	
1877	181,715,306	1,788	101,907	3.02	$5,483,794
1878	178,723,225	2,119	84,350	2.95	5,264,913
1879	180,779,711	2,319	77,953	2.72	4,919,254
1880	191,415,400	2,467	77,590	3.04	5,810,794
1881	218,117,760	2,707	80,575	3.06	6,668,639
1882	255,824,362	3,041	84,125	2.92	7,474,216
1883	291,109,508	3,998	97,100	2.73	7,945,838
1884	275,084,110	2,957	93,011	2.63	7,236,570
1885	260,140,788	2,809	92,641	2.45	6,377,966
1886	325,814,000	2,860	113,921	2.02	6,579,561

The average rate per passenger carried one mile, for 1877, was 3.02 cents, as compared with 2.02 cents in 1886, a difference of 1 cent, or about 50 per cent. The average passenger traffic for the same time shows that for 1886 to have been about 13 per cent. greater than for 1877. The increase of passenger traffic is thus not commensurate with the reduction in rates.

The gross receipts from passenger traffic on all lines in 1886 was, at the average rate of 2.02 cents per mile, $6,579,561. Had the average rate for 1877 been paid on the traffic of 1886, the gross receipts would have been for the latter year $9,839,582, or $3,260,021 more than they actually were.

I hereby certify that the foregoing statement is compiled from the books and records of the Central Pacific Railroad Company and the Southern Pacific Company, and that the same is true, according to the best of my knowledge and belief.

G. L. LANSING,
Assistant Secretary C. P. R. R. Co.

Subscribed and sworn to before me this 7th day of September, A. D. 1887.
[SEAL.]

E. B. RYAN,
Notary Public in and for the City and County of San Francisco, State of California.

Statement of freight traffic, rates, and gross receipts from same on the Central Pacific Railroad and leased lines, and the same lines operated by the Southern Pacific Company from April 1, 1885.

[C. P. R. R. Co.—Freight traffic—1877-1886.]

Year.	Tons carried per mile.	Miles of road.	Tons carried one mile to each mile of road.	Rate per ton per mile.	Gross receipts from freight.
				Cents.	
1877	358,982,037	1,783	201,339	2.71	$9,736,009
1878	302,281,712	2,119	185,126	2.75	10,802,276
1879	449,580,783	2,319	193,868	2.43	10,924,574
1880	565,063,758	2,467	229,050	2.34	13,245,957
1881	733,285,639	2,707	270,885	2.16	15,842,139
1882	902,981,309	3,041	296,936	1.81	16,302,882
1883	775,976,492	2,998	258,831	1.92	14,922,970
1884	684,507,619	2,957	234,724	1.96	13,043,084
1885	654,206,152	2,809	233,473	1.83	12,000,573
1886	949,594,447	2,860	332,026	1.38	13,068,450

Average rate for 1877 was 2.71 cents per ton per mile, as compared with 1.38 in 1886, a difference of 1.33 cents, or about 100 per cent. The average traffic for the same time

shows that for 1886 to have been but about 65 per cent. greater than for 1877. The increase of traffic is therefore not commensurate with the reduction of rates.

The gross receipts from freight traffic for all lines in 1886 was, at the average rate of 1.38 cents per ton per mile, $13,088,430. Had the average rate of 1877 been paid on the traffic of 1886 the gross receipts would have been $25,733,009, or about $12,644,579 more than they actually were.

I hereby certify that the foregoing statement is compiled from the books and records of the Central Pacific Railroad Company and Southern Pacific Company, and that the same is true according to the best of my knowledge and belief.

G. L. LANSING,
Assistant Secretary C. P. R. R. Co.

Subscribed and sworn to before me this 7th day of September, A. D. 1887.
[SEAL.]
E. B. RYAN,
Notary Public in and for the City and County of San Francisco, State of California.

UNION PACIFIC RAILWAY COMPANY,
GENERAL TRAFFIC MANAGER'S OFFICE,
Omaha, September 29, 1887.

DEAR SIR: In my examination the Commission asked an explanation of rebates paid on coal shipped from Eldon, and also rebates paid to the Clyde Mill, in Kansas. As I was not familiar with the cases at the time, I have since investigated them, and copy below the record, which will show why these rebates were allowed.

You will also find copy of the sworn statement of J. H. Ferguson, which shows why the Union Pacific company was forced to pay rebates to the Omaha and Grant and other smelting and refining companies on shipments of bullion. This should go into the record of my testimony as a sample of the competition we have had to meet in the past by rebate.

Yours truly,

THOS. L. KIMBALL,
Assistant to Vice-President.

CHARLES P. YOUNG, Esq.,
Secretary Pacific Railway Commission, 10 Wall Street, New York.

[Eldon Coal and Mining Company, Omaha. Hanson & Adams, Central City. Seven original expense bills herewith.]

OCTOBER 10, 1883.

DEAR SIR: Please reduce charges to $1.50 per ton from Ottumwa or Eldon, Iowa, to Central City, charging the Chicago, Rock Island and Pacific Railroad 50 per cent. of the overcharge, using mine weight as basis of settlement.

It was necessary for us to make this rate of $1.50 in order to put Eldon coal down at Central City at the same price at which White Breast coal was being delivered.

Please give the matter immediate attention, as I have said to Mr. Ladd, secretary of the Eldon Coal and Mining Company, that we would make immediate refund.

Yours truly,

J. A. MUNROE,
Assistant General Freight Agent.

J. G. TAYLOR, Esq.,
Freight Auditor, Omaha, Nebr.

[Eldon Coal and Mining Company, Omaha. Hastings Coal. Papers and expense bills herewith.]

OCTOBER 10, 1883.

DEAR SIR: Please reduce charges to $1.25 per ton on basis of mine weights, Eldon or Ottumwa, Iowa, to Hastings. Charge the Chicago, Rock Island and Pacific Railroad their proportion. We had to make this rate in order to meet the White Breast competition.

Your immediate attention please, as I have said to Mr. Ladd, of the Eldon Coal and Mining Company, that we would arrange to settle these claims promptly, and [illegible]

these are the last claims we shall have of this character, for I believe the coal question is very nearly settled and that we shall be able in the future to make something out of the business.

Yours truly,

J. A. MUNROE,
Assistant General Freight Agent.

J. G. TAYLOR, Esq.,
Freight Auditor, Omaha.

OCTOBER 11, 1883.

DEAR SIR: Papers and original expense bills herewith. Please reduce to $1.50 per ton from Eldon or Ottumwa to Lincoln, based on mine weights, divisions, Chicago, Rock Island and Pacific 60 per cent., Union Pacific 40 per cent.

Yours truly,

J. A. MUNROE,
Assistant General Freight Agent.

J. G. TAYLOR, Esq.,
Freight Auditor, Omaha.

Rates necessary to meet price made by B. and M. on White Breast coal.

J. A. M.

GENERAL FREIGHT DEPARTMENT,
Omaha, October 10, 1883.

The freight auditor is hereby requested to reduce the charges Eldon, Iowa, to Kearney to $3 per ton on 10 car-loads coal, consigned to L. R. Moore, as per attached expense bills.

Divisions:

	Per ton.
Union Pacific Railway	$1.00
Chicago, Rock Island and Pacific	1.00
Through	2.00

J. A. M.

GENERAL FREIGHT DEPARTMENT,
Omaha, October 10, 1883.

The freight auditor is hereby requested to reduce bridge charges Council Bluffs to Omaha to 2 cents per 100 pounds (minimum weight 30,000 pounds per car), on 50 car-loads coal, shipped by Eldon Coal Company, Eldon, Iowa, and consigned to various parties, as covered by attached expense bills.

J. A. M.

[Special notice 2504 Z.]

GENERAL FREIGHT DEPARTMENT,
Omaha, March 22, 1884.

The freight auditor is hereby requested to refund 3 cents per 100 pounds from the charges, Clyde and Lawrenceburgh to Kansas City and Leavenworth, on 248 car-loads grain, shipped by the Clyde Mill Company, Clyde, Kans., and consigned to various parties, as covered by attached copies of billing. Refund made to meet rates via Missouri Pacific Railway.

J. A. MUNROE.

[Special notice 2810 Z.]

OMAHA, *April* 8, 1884.

The freight auditor is hereby requested to refund the charges, $38.42, Kansas City to Lawrenceburgh, on one car lumber, consigned to Clyde Mill Company, and which was used in erecting corn cribs at Lawrenceburgh. Chicago way-bill 506, December 5, 1883. Expense bill herewith attached.

J. A. MUNROE.

[Special notice 2649 Z.]

OMAHA, *April* 14, 188

The freight auditor is hereby requested to refund 3 cents per 100 pounds from charges, Lawrenceburgh and Clyde to Kansas City, on 73 car-loads grain, consigned various parties, as per attached statements of billing. Refund made to meet rate the Missouri Pacific Railway.

J. A. MUNRO

[Special notice 2683 Z.]

OMAHA, *April* 21, 188

The freight auditor is hereby requested to refund shippers, Clyde Mill Company, Cl Kans., 6 cents per 100 pounds from the charges, Clyde and Lawrenceburgh to Kansas C on 186 car-loads corn, consigned to various parties. Refund made as against rate Missouri Pacific Railway Company. Statement of billing herewith attached.

J. A. MUNRO

DENVER, *August* 13, 188

DEAR SIR: In reference to the investigation recently made here by the railroad c missioners, and your request that I should advise you in reference thereto, you k absent from the room when I was put upon the stand, I have to submit the followin

The rate on 20 cars P. S. & R. Co., bullion, shipped February 20 to March 12, 1 Pueblo to Missouri River, was $10 per ton, rebate $5 per ton, net rate $5 per ton, A ison, Topeka and Sante Fé. Paid by voucher June 18, 1885.

15 cars Blu P. S. & R. Co., shipped April 21 to May 5, 1885, net rate $6 per ton, eblo to Missouri River, R. & M. R. R.; voucher June 18, 1885.

127 cars Blu P. S. & R. Co., April 15 to August 1, net rate $6 per ton, Pueblo to souri River, Atchison, Topeka and Sante Fé. Paid in two installments, voucher Ju 1885.

57 cars Blu P. S. & R. Co., August 1 to 31, 1885, net rate $6 per ton, Pueblo to souri River, R. & M. R. R. Paid in two installments, voucher March, 1886.

56 cars Blu P. S. & R. Co., September 1 to 31, 1885, net rate $6 per ton, Pueb Missouri River R. & M. R. R. Paid in two installments, voucher January 27, 188

46 cars Blu P. S. & R. Co., October 1885, net rate $6 per ton, Pueblo to Missouri R R. & M. R. R. Paid in two installments, voucher January 1886.

51 cars Blu Eilers, November 1885, net rate $6 per ton, Pueblo to Missouri River, & M. R. R. Voucher February 24, 1886.

42 cars Blu Eilers, December 1885, same as above, voucher March 12, 1886, R. & M

37 cars Blu Eilers, January 1886, same as above, voucher April 16, 1886, R. & M.

38 cars Blu Eilers, February 1886, same as above, voucher May 24, 1886, R. & M.

31 cars Blu Eilers, March 1886, same as above, voucher June 14, 1886, R. & M.

57 cars Blu Eilers, April 1886, same as above, voucher July 26, 1886, R. & M.

50 cars Blu Eilers, May 1886, same as above, voucher August 2, 1886, R. & M.

42 cars Blu Eilers, June 1886, same as above, voucher September 18, 1886, R. & M

49 cars Blu Eilers, July 1886, same as above, voucher September 18, 1886, R. & M

53 cars Blu Eilers, August 1886, same as above, voucher R. & M. R. R. Paid d to Aurora while I was in Glenwood Springs.

For the balance of the year, I being absent, the claims were made up, some by while in Glenwood, and the balance in the Aurora S. & R. Co.'s office and settled d without passing through my hands. All other payments mentioned above were mad for by me.

From May 6, 1884, to November 5, 1885, the net rate on bullion, Missouri River to rora, was 10 cents per hundred pounds. To Chicago for P——— L——— Co., 12½ cent hundred pounds. The net rate on bullion from Colorado points to Missouri River signed to Pennsylvania Lead Company, prior to January 1, 1886, never exceeded $7 ton (Denver or Pueblo to Missouri River), and a great many car loads were carried $7 down to $5 per ton, and for a short time, as nearly as I can remember without ing some old memorandums, as low as $3.25 per ton D. or P. to Missouri River.

Yours, respectfully,

J. H. FERGUSO

The $6 rate on Eilers bullion was subject to three months' notice of withdrawal by C., B. & Q. R'y. My term of office with the A. S. & N. Co. expired on January 15, 1 and up to that time I had received no notice of the withdrawal of the rate.

J. H. FERGUSO

STATE OF COLORADO, *County of Arapahoe, ss:*

J. H. Ferguson, being duly sworn, on his oath says that the above and foregoing statement is true to the best of his knowledge and ability.

J. H. FERGUSON.

Subscribed and sworn to before me this 13th day of August, A. D. 1887.

EDWARD L. RAYMOND,
Notary Public.

THE UNION PACIFIC RAILWAY COMPANY.

Memorandum of sterling loans guaranteed by Messrs. Frederick L. Ames, F. Gordon Dexter, Charles F. Adams, jr., and Elisha Atkins.

Loan.	Guaranteed sixty days.		Renewed sixty days.		Renewed sixty days.		Renewed sixty days.		Renewed sixty days.		Total.
	Date.	Amt.	Date.	Amt.	Date.	Amt.	Date.	Amt.	Date.	Amt.	
		Dollars.		*Dollars.*		*Dollars.*		*Dolls.*		*Dolls.*	
[illegible]	June 3	482,500	Aug. 2	841,000	Sept. 30	481,500	.....	.....	1885.	.....	1,445,000
[illegible]	.....	.....	.....	.....	.....	.....	Nov. 29	240,125	Jan. 28	241,000	481,125
[illegible]	June 12	241,500	Aug. 12	240,750	Oct. 11	240,000	.....	.....	.....	.....	722,250
[illegible]	June 16	241,750	Aug. 12	240,875	.....	.....	.....	.....	1885.	.....	482,625
[illegible]	June 20	482,000	Aug. 19	481,500	Oct. 17	480,750	Dec. 16	480,250	Feb. 14	482,750	2,407,250
[illegible]	June 30	480,000	Aug. 29	482,500	.....	.....	.....	.....	.....	.....	962,500
[illegible]	.....	.....	.....	.....	Oct. 28	239,875	Dec. 27	240,000	.....	.....	479,875
[illegible]	Dec. 30	479,250	.....	.....	.....	.....	.....	.....	.....	.....	479,250
Total.	.....	2,407,000	.....	1,936,625	.....	13442,625	.....	960,375	.....	723,750	7,460,375

Twenty loans aggregating $7,460,375, or £1,550,000 sixty days. Largest amount outstanding at one time, $1,927,750.

COMPTROLLER'S OFFICE, *Boston, June 2, 1887.*

[Office of Lincoln Board of Trade, J. E. Utt, secretary.]

LINCOLN, NEBR., *July 6, 1887.*

GENTLEMEN: Inclosed find copies of protests served on the Missouri Pacific, the Burlington, and Missouri River, in Nebraska, and the Chicago, Burlington and Quincy Railroads, at this place; also the arguments with which we propose to go before the Interstate Commission.

While we have made no specific charge against the Union Pacific Railway Company, we implicate them in making the complaints, as being parties to the combination that exists to discriminate against this locality, and in favor of Omaha.

Please furnish me with a list of the rates given by Himebaugh & Merriam, commencing with 1883, and terminating April 5, last. This is for the information of C. T. Brown & Co., a grain firm located at this point. They state that they have thirteen elevators, which cost $50,000, on the line of the Union Pacific Railway; that during the year 1883 their rebate was 5 cents per hundred weight, but since that date the Union Pacific Railway has paid them but 2 cents per hundred weight when they transferred the grain. When they asked for special rates they were told plainly that they could have no special rates, but that they must sell to the Omaha firm. This they were compelled to do, much to their detriment, and against their wishes. This has been the situation since 1883.

Very respectfully,

J. E. UTT.

UNION PACIFIC INVESTIGATING COMMITTEE, *Kansas City, Mo.*

PROTEST NOTICE.

To the Missouri Pacific Railway Company, its agents and attorneys at Lincoln, Nebr.

You will take notice that I, or we, object and protest against payment of the excessive freight charges that have been and are now being enacted by your company to this city on and since April 5 last, from Chicago and common points, and Saint Louis, East Saint Louis, and common points on shipments from those points, and originating east thereof, to wit:

From Chicago and common points:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.
100	84	57	41	35	40	35	28	25	21	25

From Saint Louis, East Saint Louis, and common points:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.
80	64	47	36	30	32½	27½	23	20	16

The following reasons are given to justify the action taken in this instance:

The rates and charges are unjust and unreasonable as compared with those to adjacent and competing points, for example: The rates to Louisville and Omaha are from Chicago and common points:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.
90	75	50	35	30	32½	29½	23	20	16	20

From Saint Louis and East Saint Louis:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.
70	55	40	30	25	25	22	18	15	11

The distance from Saint Louis to Lincoln via your line is less than the distance to Omaha.

In establishing rates to Lincoln and Omaha the fact is disregarded by your line that substantially the short haul is within the long haul.

The present schedule of rates is a discrimination against this locality, and disregards the existence of similar conditions and like circumstances. Lincoln is a city of great commercial importance, competing with Omaha for supremacy in the same territory west of the Missouri River, and favored with many natural facilities superior to that point.

The rates from Chicago and Saint Louis to Lincoln are on a basis that will average 15 per cent. higher than the rates to Omaha. This is done by joint action and agreement of the Missouri Pacific, Union Pacific, Burlington and Missouri River, Elkhorn and Missouri Valley Railways and connections, being competing, and that have compromised their differences and placed the city of Lincoln on an extortionate basis by an unlawful combination.

The business of Lincoln has been fostered and developed by railway companies within the last twelve years, quoting Omaha rates openly and privately, thereby establishing a precedent that should govern existing tariffs.

Therefore we, or I, give final notice that in due time appeal will be made to the United States courts and the Interstate Commerce Commission for relief in the premises, also claims will be presented, and payment pressed, for reimbursements based on equitable rates of all overcharges that have accrued or may accrue on shipments made over your line since April 5, 1887.

Lincoln, Nebr., ——— ——, 1887.

———— ——.

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PROTEST NOTICE.

To the Burlington and Missouri River Railroad Company in Nebraska, and the Chicago, Burlington and Quincy Railroad Company (owner), their agents and attorneys at Lincoln, Nebr.:

You will take notice that I, or we, object and protest against payment of the excessive freight charges that have been and are now being exacted by your railroad lines in this

city, on and since April 5 last from Chicago and common points, or originating beyond—for example—from Chicago:

1.	2.	3	4.	5.	A.	B	C.	D.	E.	Salt.	Hard coal.
100	84	57	51	35	40	35	28	25	21	25	25

And on lumber from Chicago, 26 cents; Clinton, 24 cents; Minneapolis, 28 cents per 100 pounds, and from other points higher or lower rates according to established differentials based on the Chicago rate.

The following reasons are given to justify the action taken in this instance:

The rates and charges are unjust and unreasonable as compared with adjacent and competing points—for example, the rates to Omaha and Louisville, via your lines from Chicago, are:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.	Hard coal.
90	75	50	35	30	32½	29½	23	20	16	20	20

And on lumber from Chicago, 20 cents; Clinton, 18 cents; Minneapolis, 22 cents, per 100 pounds, other points taking the usual differentials based on Chicago, but all rates are at least 6 cents per 100 pounds higher to Lincoln than Omaha or Louisville.

A comparison of your existing freight schedules show that the rates from Chicago to Lincoln average 118 per cent. on the class rates, 130 per cent. on lumber, and 125 per cent. on salt and hard coal, above rates to Louisville and Omaha.

The distances via your lines are from Chicago to Omaha, 508 miles; Louisville, 510 miles; Lincoln, 541 miles; if the mileage Chicago to Lincoln was applied to the Louisville and Omaha rates on a proportionate basis, the rates Chicago to Lincoln would be 106 per cent. of the rates to those points; at present your lines charge and collect more per ton per mile on freight to Lincoln being long haul, than for the short haul to Louisville, the latter being included wholly within the former.

The current freight tariffs from Chicago to Lincoln are a discrimination against this locality, and disregard the existence of similar conditions and like circumstances, Lincoln being a city of commercial importance, competing with Omaha for supremacy in all territory west of the Missouri River, with many superior natural advantages over that point. The excessive rates to Lincoln are the result of collusion between the Missouri Pacific, Burlington and Missouri River in Nebraska, Chicago, Burlington, and Quincy (owner), Union Pacific, Fremont and Elkhorn Valley Railroads and connections, competing lines, compromising their differences, and placing this city on an extortionate basis by an unlawful combination.

Therefore, I, or we, give final notice hereby, that in due time an appeal will be made to the United States courts and the Interstate Commerce Commission for relief in the premises, also claims will be made and payment insisted on for reimbursement based on equitable rates for all overcharges that have accrued or may accrue on shipments made over your lines since April 5, 1887.

LINCOLN, NEBR., ——— ——, 1887.

———

Complaint is made against the Missouri Pacific Railway Company as follows: For unjust and unreasonable freight charges; extortionate freight rates; disregard for distance and the long and short haul; discrimination against this locality; disregard of precedent established prior to April 5 last; disregard for similar conditions and circumstances; disregard for Lincoln as a commercial center and rate-basing point, and an unlawful combination with other railways against the commercial, manufacturing, mercantile, and financial prospects of the city of Lincoln.

To the honorable Board of Railway Commissioners for the State of Nebraska:

Your petitioners respectfully show that the Lincoln Board of Trade and Freight Bureau are composed of all classes of prominent business men of this city, that the object of their organization is to promote commercial interests by all legitimate means they are able to command.

This city being located inland depends entirely upon its railways for transportation accommodations. Ten distinct lines reach this place, being a greater number than to any other point within the State; they were directed and built here because this is the natural commercial center of the State.

The railways reaching the city of Lincoln can, by acting justly, encourage its growth,

or if unmolested, they can, by discrimination destroy its prosperity; it is evident they have adopted the latter course as they are favoring rival cities, and depressing the business of this place. For this cause the organizations named protest against this injustice, and appeal through your honorable body for relief.

Complaint is made against the Missouri Pacific Railway, a direct line, owned and controlled by the same company, and under one management from Saint Louis to Lincoln, Nebr., and doing business with connecting lines from Chicago to Lincoln.

1. The rates charged to Lincoln from Chicago, East Saint Louis, Saint Louis, and common points by the Missouri Pacific Railway Company, and its connections, on business from those points, and originating east thereof, are unjust and unreasonable as compared with adjacent and competing points. For example:

From Chicago to Lincoln:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.	Hard coal.	Lumber.
100	84	57	41	35	40	35	28	25	21	25	25	26

From Saint Louis and East Saint Louis to Lincoln:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.	Hard coal.
80	64	47	36	30	32½	27½	23	20	16	20	20

From Chicago to Weeping Water and Omaha:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.	Hard coal.	Lumber.
90	75	50	35	30	32½	29½	23	20	16	20	20	20

From Saint Louis and East Saint Louis to Weeping Water and Omaha:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.	Coal.
70	55	40	30	25	25	22	18	15	11	15	15

Again, the rate on lumber from Saint Paul and Minneapolis to Lincoln is 28 cents per cwt.; to Atchison, Saint Joseph, Leavenworth, and Kansas City, 22 cents per cwt. The Missouri Pacific Railway hauls this freight for the latter points over their line through Nebraska.

2. The distance via the Missouri Pacific Railway from Chicago, Saint Louis, etc., to Omaha is greater than to Lincoln, also the charge per ton per mile is greater than to Omaha and Weeping Water, and again, the short haul to Weeping Water is wholly included within the long haul to Lincoln.

3. Comparison shows that existing freight schedules from Chicago and Saint Louis to Lincoln average 18 per cent. higher on the class rates, 25 per cent. higher on salt and coal, and 30 per cent higher on lumber than the rates to Weeping Water and Omaha. Based on distance, the charge to Lincoln would be 99 per cent. of the Omaha rates via the Missouri Pacific Railway.

4. The railroad in question in extending from Falls City north, establishes Omaha rates by all lines passing through that section of Nebraska. As it approaches within twenty-five miles east of Lincoln, that territory is favored with so great differentials on all classes of freight, that it diverts trade legitimately belonging to this city. For example the dealers at those stations can, with equal profit, sell lumber $1.75 per 1,000 less, and coal $1 per ton less, and all other articles of trade are similarly affected to our detriment. Again, the comparatively low rates to adjacent and competing points discourages the investment of capital at this place. Parties wishing to engage in merchantile pursuits, or erect manufactories and distribute their goods over the entire State will not do so unless they can depend upon equitable tariffs to govern in collecting their merchandise and material from the east.

5. The present differentials imposed on Lincoln are higher than those in force prior to that date. The business of this city has been fostered and developed for the last twelve years by the railways, within that time, quoting Omaha rates, openly or privately, thus establishing a precedent that should prevail in framing existing freight schedules. Also, the Missouri Pacific Railway Company have charged, and now charge, Omaha rates to Lincoln from all other points south of Saint Louis, including New Orleans, points in Arkansas, Texas, etc. Again, they charge Omaha rates from points north and west of Saint Louis, for example, Kansas City, Atchison, Leavenworth, and Saint Joseph.

6. The excessive rates from Chicago, East Saint Louis, Saint Louis, and east thereof, [illegible] the result of collusion between the Burlington and Missouri River Railroad in Ne[illegible]; and the Chicago, Burlington, and Quincy Railroad; (owner), the Missouri Pa[illegible], the Union Pacific, and the Fremont, Elkhorn, and Missouri Valley Railways and [illegible]nections, competing lines, compromising their differences, and placing this city on [illegible] extortionate basis by unlawful combination.

7. The current freight tariffs referred to are a discrimination against this locality, and [illegible]gard the existence of similar conditions and circumstances. Lincoln is favored with [illegible]questionably superior natural advantages. She is now a city, strong in commercial [illegible]portance, striving to compete with other cities and localities in all territory west of [illegible] Missouri River. With a population of 43,000, her business enterprises include five [illegible] wholesale grocery houses, wholesale hardware houses, numerous implement, and [illegible] distributing houses in proportion; also two packing houses, and various extensive [illegible]nufactories; also, all the State institutions, including the asylums and penitentiary, [illegible]e latter containing several hundred men, engaged in convict labor—does this not [illegible]clusively establish Lincoln as a large commercial center?

Railways, in framing freight tariffs, make commercial centers rate-basing points; the [illegible]ner towns are regulated by grading between the cities to which the rate lines are [illegible]wn and the pins placed. In doing this they give each place an equitable position. [illegible] demonstrate: New York is the initial basing-point at the seaboard. Boston rates are [illegible]mewhat higher, Philadelphia rates lower, and Baltimore still less, being regulated by [illegible]e ocean rates, but it is intended to place each of these points in line for an even race [illegible].

The rates are based on Buffalo, etc., and Chicago, the latter being the great center of [illegible]ade west. Other centers are based on that point. This is true of Indianapolis (an [illegible]hird capital city, protected fully by the railways). Peoria is 108 per cent. of Chicago; [illegible]aint Louis, Hannibal, Keokuk, Quincy, and Burlington being 116 per cent. of Chicago. [illegible]ll intermediate towns are graded. The above rates are from seaboard. Now consider [illegible]e rates from Chicago to western commercial centers. The rates from Chicago to Du[illegible]que and Muscatine and points between are the same. Cedar Rapids, Iowa, 85 miles [illegible]est of Clinton, is slightly increased. For example, to Clinton, 145 miles west of Chi[illegible]go, fifth class, is 18 cents per hundred-weight; to Cedar Rapids it is 20 cents, and [illegible]Marshalltown is slightly advanced, but at all times is the same as Des Moines, because [illegible]hese two cities compete for the trade of central Iowa, and must be on the same footing. [illegible]Reaching the Missouri River, we find commercial centers from Kansas City to Omaha, [illegible]inclusive, that were started when steam-boats made the rates (a factor that disappeared [illegible]fifteen years ago, thus wiping out the river as a rate-making power). Those cities are [illegible]all placed in line to compete equally in territory beyond. Sioux City, with much less [illegible]importance than Lincoln, is based on Omaha. Minneapolis and Saint Paul were con[illegible]sidered in this connection. April 5 their rates were made 89 per cent. of Omaha, but [illegible]they have since been reduced, because the Lake Superior route, via Duluth, broke the [illegible]rate combination. The next commercial centers recognized are Denver and Pueblo; [illegible]they are placed on the same basis from the east, and given an equal show for the business [illegible]of Colorado. Finally, consider the Pacific coast. All commercial centers there are [illegible]equally favored, viz: Portland, San Francisco, Sacramento, San José, Los Angeles, and [illegible]San Diego. The question naturally arises, why has Lincoln been overlooked? Why [illegible]has she not stand in the same relation to Omaha that Muscatine does to Rock Island, [illegible]Clinton to Dubuque, Marshalltown to Des Moines, Pueblo to Denver, and San José to [illegible]San Francisco? There can be no doubt about the commercial importance of the place. [illegible]Other cities are recognized that are smaller in size, and do less business. The answer [illegible]is, the Lincoln Board of Trade is that there is an extortionate combination against [illegible]the city, formed by the railway companies, and they ask to have the same broken up, [illegible]and Lincoln placed in line with other localities and Missouri River points, so that she [illegible]may have even facilities in competing for the trade of Nebraska.

8. It is right, just, and natural that Lincoln should be put on an equal basis with [illegible]Missouri River points to compete for the commerce within the State of Nebraska. It [illegible]prevents combination and centralization, acting as an evener or equalizer. Circum[illegible]stances favor this, and the former practices of the railroad companies justify it. Lin[illegible]coln was given Missouri River rates prior to the purchase of the Atchison and Nebraska [illegible]Railway by the Burlington and Missouri River, or the Chicago, Burlington and Quincy [illegible]Railroad (also, when the bonds were voted for the building of the Missouri Pacific Rail[illegible]way to this city, it was with the tacit understanding that Missouri River rates were to [illegible]prevail). Therefore, Lincoln has a right to the continuation of those rates. Capital [illegible]has been located here, and industries established on the faith that those rates would be [illegible]continued; it is unjust to destroy these industries and this capital by a discrimination [illegible]made against this city. The volume of business, constantly increasing, demands [illegible]reduction in rates.

Your petitioners therefore pray that a hearing be had on the matters complained of, and in case that you should determine that you have not the jurisdiction, or the power to correct the wrongs complained of, that you forward the same, with the proofs thereof, to the Interstate Commission.

STATE OF NEBRASKA, *Lancaster County, ss:*

Isaac M. Raymond and John E. Utt, being first duly sworn, depose and say that they are, respectively, the president and secretary of the Lincoln Board of Trade and Freight Bureau, duly incorporated under the laws of Nebraska, and that the facts as herein set forth are true as they verily believe.

_____,
President Board of Trade.

_____,
Secretary Board of Trade.

Subscribed in my presence and sworn to before me this —— day of ——, 1887.

_____,
Notary Public.

Complaints are made against the Burlington and Missouri River, in Nebraska, and the Chicago, Burlington and Quincy (owner) Railways, as follows: For unjust and unreasonable freight charges, extortionate freight rates, disregard for distance and the long and short haul, discrimination against this locality, disregard for precedent established prior to April 5 last, disregard for similar conditions and circumstances, disregard for Lincoln as a commercial center and rate-basing point, and an unlawful combination with other railways against the mercantile, manufacturing, and financial prosperity of the city of Lincoln, Nebraska.

To the honorable Board of Railway Commissioners for the State of Nebraska:

Your petitioners respectfully state that the Lincoln Board of Trade and Freight Bureau are composed of all classes of prominent business men of this city, and that the object of its organization is to promote its commercial interests by all legitimate means they are able to command.

The city, being located inland, depends entirely upon its railways for transportation accommodations. Ten distinct lines reach this place, being a greater number than to any other point within the State. They were directed and built here because this is the natural commercial center of the State.

The railways reaching the city of Lincoln can, by acting justly, encourage its growth, or if unmolested they can, by discrimination, destroy its prosperity. It is evident they have adopted the latter course, as they are favoring rival cities and depressing the business of this place. For this cause the organizations named protest against the injustice and appeal through your honorable body for relief.

Complaint is made against the Burlington and Missouri River, in Nebraska, and the Chicago, Burlington and Quincy (owner) Railway Companies—a direct line owned and controlled by the Chicago, Burlington and Quincy Railroad Company from Chicago, Ill., to Lincoln, Nebr.—and the following facts are presented to support the same:

The rates charged to Lincoln from Chicago and common points by the Burlington and Missouri River, in Nebraska, and the Chicago, Burlington and Quincy (owner) Railway on business from those points, and originating beyond, are unjust and unreasonable compared with the rates to adjacent and competing points. For example:

From Chicago to Lincoln:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.	Hard coal.
100	84	57	41	35	40	35	28	25	21	25	25

And on lumber from Chicago, 26 cents; Clinton, 24 cents, and Minneapolis, 23 cents per hundredweight, and from other points higher or lower rates, according to the established differentials based on the Chicago rate.

From Chicago to Omaha and Louisville:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.	Hard coal.
90	75	50	35	30	32½	29½	23	20	16	20	20

And on lumber from Chicago, 20 cents; Clinton, 18 cents, and Minneapolis, 18 cents per hundredweight, other points taking the usual differentials based on Chicago, but al-

are at least 6 cents per hundredweight higher to Lincoln than to Omaha or Louis-

3. A comparison of the existing freight schedules of said lines shows that the rates from Chicago to Lincoln average 18 per cent. on the class rates, 30 per cent. on lumber, and 35 per cent. on salt and hard coal above the rates to Louisville and Omaha.

4. The distances via said lines are from Chicago to—

	Miles.
Omaha	508
Louisville	510
Lincoln	541

5. If the mileage from Chicago to Lincoln was applied to the Louisville and Omaha rates on a proportionate basis, the rates from Chicago to Lincoln would be 106 per cent. of the rates to those points. At present said lines charge and collect more per ton per mile on freight to Lincoln, being the long haul, than the short haul to Louisville, the latter being usually included within the former.

6. The current freight tariffs from Chicago to Lincoln are a discrimination against this city, and disregard the existence of similar conditions and like circumstances, Lincoln being a city of commercial importance, competing with Omaha for supremacy in all territory west of the Missouri River, with many superior natural advantages over that point. The excessive rates to Lincoln are the result of collusion between the Missouri Pacific, Burlington and Missouri River in Nebraska; Chicago, Burlington and Quincy Railroad; Union Pacific, and Fremont, Elkhorn and Missouri Valley Railways and connections, competing lines, compromising their differences, and placing this city on an unreasonable basis by unlawful combination.

7. The comparatively low rates to adjacent and competing points discourages the investment of capital at this place. Parties wishing to engage in mercantile pursuits or erect manufactories and distribute their goods over the entire State will not do so unless they can depend upon equitable tariffs to govern in collecting their merchandise and material for the East.

8. The present differentials imposed on Lincoln are higher since April 5 last than when in force prior to that date. The business of the city has been fostered and developed during the last twelve years by the railways within that time quoting Missouri River rates openly and privately, thus establishing a precedent that should prevail in framing existing freight schedules.

9. Lincoln is a large commercial center, and should be classed by the railways as a distributing point instead of being graded with the local stations from Louisville west. This city has over 40,000 population. Her business enterprises include five large wholesale grocery houses, wholesale hardware houses, numerous implement and other distributing houses in proportion; also two packing-houses, and various extensive manufactories. Again, all the State institutions are located here, including the asylums, etc., and the penitentiary, the latter containing several hundred men engaged in convict labor. Does this not make Lincoln a prominent commercial center? Railways (except in this instance) in framing freight tariffs make commercial centers rate-basing points, the smaller towns being regulated by grading between the cities. In doing this each city is given an equitable position. To demonstrate, New York is the basing point at seaboard; Boston rates are higher, Philadelphia and Baltimore lower, being regulated largely by the ocean rates, the intention being to place each of these points on an equality. Buffalo, Pittsburgh, Cincinnati, and Chicago are rate-basing points. A large number of western cities are based on Chicago. In making the rates from the seaboard, Peoria is 10 per cent. of Chicago; Saint Louis, Hannibal, Keokuk, Quincy, and Burlington 20 per cent. of Chicago, etc. Again, rates are the same from Chicago to Muscatine, Rock Island, Davenport, Moline, Clinton, and Dubuque; also Minneapolis and Saint Paul, Minn., are equalized. In interior Iowa, Marshalltown and Des Moines are placed on the same footing. Reaching the Missouri River, we find commercial centers from Sioux City to Sioux City, inclusive, that were started when steam-boats made the rates (a factor that disappeared years ago, thus disposing of the river as a rate-making power). These cities are all enabled to compete on an equality in territory beyond. The next commercial centers west recognized are Pueblo and Denver. They are placed on the same basis from the east, so as to successfully compete in Colorado. Finally, the Pacific coast cities are equally favored, viz: Portland, San Francisco, Sacramento, San José, Los Angeles, and San Diego. The question naturally arises, why has Lincoln been overlooked? Why does this city not stand in the same relation to other points that Burlington, Davenport, and Muscatine do to each other, Clinton to Dubuque, Minneapolis to Saint Paul, Marshalltown to Des Moines, Pueblo to Denver, Albuquerque to Santa Fé, Sacramento to San Francisco? There can be no question about the commercial importance of the place. Other cities of less magnitude are recognized.

8. It is an established principle in making interstate distance and joint tariffs that as the distance increases the ratio of the rates decreases. In making the schedules to Lincoln this fact has been wholly ignored, although it is kept in view at places within 30 miles of this city. Take fifth class from Chicago, for example, to Burlington, 210 miles, 21 cents, to the rate-basing line in Nebraska, 510 miles, 30 cents, and to Lincoln, 541 miles, 35 cents. Again, from Chicago to Clinton, Iowa, 145 miles, fifth class, 15 cents; Cedar Rapids, 219 miles, 20 cents; Marshalltown and Des Moines, 25 cents; rate-basing line in Nebraska, 30 cents. Lincoln should not exceed 31 cents, even if subjected to the severest grading within reason.

9. It is right, just, and natural that Lincoln should be put on an equal basis with Missouri River points to compete for the commerce within the State of Nebraska. It would prevent centralization and combination, acting as an evener or equalizer. Circumstances favor this, and the former practices of the railways justify it. Again, Lincoln was given Missouri River rates prior to the purchase of the Atchison and Nebraska by the Burlington and Missouri River in Nebraska, or the Chicago, Burlington, and Quincy Railroad. Therefore Lincoln has a right to the continuation of those rates. Capital was located here and industries established on the faith that those rates would be continued. It is unjust to destroy those industries and capital by discriminations in rates against this city. The volume of business constantly increasing demands equality in rates.

Your petitioners therefore pray that a hearing be had on the matters complained of, and in case that you should determine that you have not the jurisdiction or the power to correct the wrongs complained of, that you forward the same with the proofs thereof to the Interstate Commission.

STATE OF NEBRASKA, *Lancaster County, ss:*

Isaac M. Raymond and John E. Utt, being first duly sworn, depose and say that they are respectively the president and secretary of the Lincoln Board of Trade and Freight Bureau, duly incorporated under the laws of Nebraska, and that the facts as herein set forth are true, as they verily believe.

I. M. RAYMOND,
President Board of Trade.
J. E. UTT,
Secretary Board of Trade.

Subscribed in my presence and sworn to before me, this —— day of ——, 1887.
[SEAL.]
——— ———,
Notary Public.

Statement of amounts paid to the Pacific Mail Steamship Company by the Union Pacific Railway Company, the Central Pacific Railroad Company, and various other companies on account of trans-continental business, from September 30, 1871, to March 21, 1880.

Date.	Guaranty.	Earnings.	Balance of guaranty.	Union Pacific proportion.			Proportion.								
				Passenger.	Freight.	Total.	Central Pacific.	Southern Pacific.	Atchison, Topeka and Santa Fé.	Texas and Pacific.	Burlington and Missouri River.	Denver and Rio Grande.	Northern Pacific, O. R. & N., and O. S. L.	Galveston, Houston and San Antonio.	Atlantic and Pacific.
Sept. 30, 1871, to Sept. 30, 1872	$708,610.00	$605,730.56	$96,920.56	.....	$96,920.56	$96,920.56	.....	.....	.....	.....	.....	.....	.....	.....	.....
Sept. 30, 1872, to Jan. 30, 1873	186,456.68	146,282.52	40,174.16	.....	40,174.16	40,174.16	.....	.....	.....	.....	.....	.....	.....	.....	.....
January 1, 1873, to May 20, 1873	*56,746.42	.....	56,746.42	.....	56,746.42	56,746.42*	.....	.....	.....	.....	.....	.....	.....	.....	.....
April to November, 1875	516,077.50	366,159.86	149,917.64	$71,327.25	9,628.27	80,955.52	$68,962.12	.....	.....	.....	.....	.....	.....	.....	.....
Dec., 1875, to Mar. 31, 1879	229,730.00	188,402.36	41,317.64	20,368.80	1,942.73	22,311.53	19,006.11	.....	.....	.....	.....	.....	.....	.....	.....
April 1 to September 30, 1876	211,172.50	113,444.31	97,728.19	36,234.05	16,500.07	52,734.12	44,994.07	.....	.....	.....	.....	.....	.....	.....	.....
Oct., Nov., and Dec., 1876	185,592.50	105,483.64	80,108.86	22,459.95	20,796.83	43,256.78	36,850.08	.....	.....	.....	.....	.....	.....	.....	.....
January and February, 1877	110,892.50	90,214.47	20,678.03	7,937.30	3,124.19	11,061.49	9,616.54	.....	.....	.....	.....	.....	.....	.....	.....
March 1 to July 31, 1877	307,237.50	194,526.29	112,711.21	36,296.75	24,555.81	60,852.56	51,858.65	.....	.....	.....	.....	.....	.....	.....	.....
August and September, 1877	105,427.50	64,314.99	41,112.51	11,530.60	10,629.19	22,160.51	18,952.00	.....	.....	.....	.....	.....	.....	.....	.....
October and November, 1877	132,930.32	103,468.93	30,461.39	11,561.03	4,851.30	16,412.35	14,049.04	.....	.....	.....	.....	.....	.....	.....	.....
December, 1877	76,429.80	63,477.55	12,952.34	3,562.65	2,431.61	5,994.26	5,956.08	.....	.....	.....	.....	.....	.....	.....	.....
January, 1878	75,627.96	55,616.51	20,011.45	2,903.65	7,872.64	10,776.29	9,235.16	.....	.....	.....	.....	.....	.....	.....	.....
February, 1878	75,908.06	63,175.72	12,732.34	2,624.20	4,051.26	6,675.46	5,856.88	.....	.....	.....	.....	.....	.....	.....	.....
March, 1878	78,494.39	63,263.00	15,231.39	4,347.00	3,877.95	8,224.95	7,006.44	.....	.....	.....	.....	.....	.....	.....	.....
April, 1878	82,983.63	67,454.52	15,529.11	6,153.70	2,229.72	8,383.42	7,145.69	.....	.....	.....	.....	.....	.....	.....	.....
May to August, 1878	156,220.55	92,760.44	63,560.11	23,128.20	11,194.25	34,322.45	29,237.66	.....	.....	.....	.....	.....	.....	.....	.....
September, 1878	79,315.09	49,601.38	29,713.62	5,570.10	10,475.26	16,045.36	13,668.28	.....	.....	.....	.....	.....	.....	.....	.....
October, 1878	79,742.50	54,872.19	24,870.31	5,800.95	7,529.01	13,329.96	11,440.35	.....	.....	.....	.....	.....	.....	.....	.....
November, 1878	91,557.50	47,207.59	44,349.91	4,621.05	19,327.90	23,948.95	20,400.86	.....	.....	.....	.....	.....	.....	.....	.....
December, 1878	88,571.12	41,304.56	47,266.56	2,997.00	22,536.95	25,533.95	21,742.61	.....	.....	.....	.....	.....	.....	.....	.....

*Settlement of contract of October 1, 1872.

THE UNION PACIFIC RAILWAY COMPANY.

Statement of amounts paid to the Pacific Mail Steamship Company by the Union Pacific Railway Company, the Central Pacific Railroad Company, and various other companies, etc.—Continued.

Date.	Guaranty.	Earnings.	Balance of guaranty.	Union Pacific proportion.			Proportion.								
				Passenger.	Freight.	Total.	Central Pacific.	Southern Pacific.	Atchison, Topeka and Santa Fé.	Texas and Pacific.	Burlington and Missouri River.	Denver and Rio Grande.	Northern Pacific O.R. & N., and O.S.L.	Galveston, Houston and San Antonio.	Atlantic and Pacific.
January, 1879	$80,226.54	$29,681.75	$49,644.79	$2,493.73	$24,344.43	$26,808.16	$22,256.61								
February, 1879	87,880.50	34,248.76	53,631.74	2,427.30	26,533.56	28,961.14	24,670.60								
March, 1879	95,715.73	43,949.66	51,766.66	4,498.75	23,465.24	27,963.99	23,812.67								
April, 1879	96,144.99	35,559.92	60,585.07	5,598.45	27,117.49	32,715.94	27,869.13								
May and June, 1879	139,348.56	89,309.58	100,039.05	11,703.15	42,317.94	54,021.09	46,017.96								
July, 1879, to Feb. 29, 1880	55,215.09		55,215.09	29,616.10		29,616.10	25,238.20								
April, 1880	112,018.09	67,570.59	44,447.50		24,091.70	24,091.70	20,448.89								
May, 1880	113,376.89	59,790.89	53,586.00		28,936.44	28,936.44	24,649.56								
June, 1880	111,213.89	55,980.71	55,233.18	7,455.68	22,370.24	29,825.92	25,407.26								
July, 1880	111,269.09	41,620.49	69,648.51	9,408.35	28,206.84	37,610.19	32,038.32								
August, 1880	111,515.54	42,717.19	68,798.35	7,430.22	29,720.89	37,151.11	31,647.24								
September, 1880	111,206.53	44,212.14	66,994.39	8,085.55	28,091.42	36,176.97	30,817.42								
October, 1880	111,423.35	44,339.77	67,284.58	9,246.92	27,086.75	36,333.67	30,950.91								
November, 1880	111,000.00	51,322.34	59,677.66	9,288.51	22,937.42	32,225.93	27,415.73								
December, 1880	114,590.86	61,092.97	53,567.89	4,819.98	24,117.58	28,937.46	24,650.43								
January, 1881	112,509.46	51,132.61	61,436.85	5,480.66	27,695.24	33,175.90	28,260.95								
February, 1881	122,030.64	57,602.69	64,427.95	5,048.19	29,742.91	34,791.10	29,636.85								
March, 1881	117,945.69	60,946.70	56,998.99	4,544.02	25,749.43	30,293.45	25,805.54								
April, 1881	116,428.10	51,504.34	64,923.76	5,578.63	17,994.53	23,573.16	20,084.93	$11,626.28							
May, 1881	113,810.14	50,698.04	62,612.10	9,115.20	16,425.18	25,540.38	21,756.57	11,270.18							
June, 1881	114,626.15	48,558.20	66,067.95	3,964.09	19,856.50	23,822.59	20,291.26	11,264.11							
July, 1881	111,392.45	37,412.01	73,979.84	4,618.12	22,014.62	26,632.74	24,080.79	13,316.37							
August, 1881	113,977.83	49,575.62	63,402.21	3,727.29	17,817.74	21,545.03	20,163.02	11,412.40							
September, 1881	114,925.74	55,078.43	59,847.31	4,082.88	18,741.44	22,824.32	27,529.76	10,772.52							
October, 1881	118,346.82	61,782.24	56,564.58	2,956.27	17,406.11	20,362.38	26,019.11	10,181.36							
January, 1882	90,714.84	86,410.27	4,304.27	1,364.42	13,137.76	15,002.18	21,299.97	5,000.00	$5,000.00						
February, 1882	100,795.45	54,597.86	46,297.59	1,246.42	13,734.69	14,981.08	21,299.43	4,998.00	4,998.00						
March, 1882	102,486.44	55,588.00	46,898.44	2,588.34	13,980.00	16,567.31	13,797.42	5,000.00	5,000.00						
April, 1882	102,486.44	55,588.00	46,898.44	2,588.34	13,980.00	16,567.31	13,797.42	5,000.00	5,000.00						
May, 1882	102,486.44	55,588.00	46,898.44	2,588.34	13,980.00	16,567.31	13,797.42	5,000.00	5,000.00						
June, 1882	102,486.44	55,588.00	46,898.44	2,588.34	13,980.00	16,567.31	13,797.42	5,000.00	5,000.00						

November, 1882	93,107.39	41,448.47	88,331.79	2,388.74	14,427.62	15,813.04	20,000.00			6,152.96							
December, 1882	93,413.80	42,239.30	87,084.89	2,388.74	15,482.49	15,466.32	20,333.79			6,165.11	5,165.11						
January, 1883	97,098.16	37,827.31	88,791.79	4,726.41	14,434.43	19,302.89	27,460.42			6,434.27	6,434.27						
February, 1883	99,573.26	47,516.54	82,361.71	2,473.09	13,359.07	18,934.67	24,983.39	3,956.55		4,824.06	3,956.05						
March, 1883	98,304.14	42,145.39	88,058.82	3,051.39	12,900.79	18,952.18	25,787.06	4,236.09		4,843.46	4,236.09						
April, 1883	99,230.35	48,203.61	81,067.74	3,800.65	11,642.24	15,442.89	23,491.16	3,980.72		4,412.23	3,980.72						
May, 1883	100,118.13	47,924.48	82,498.65	3,549.29	12,324.79	15,874.06	24,147.06	3,963.32		4,595.46	3,963.32						
June, 1883	99,021.30	48,137.66	85,883.62	4,027.06	12,572.15	16,809.21	25,706.47	4,224.80		4,828.34	4,224.80						
July, 1883	97,231.12	31,759.25	65,471.77	3,863.76	16,234.90	19,798.66	30,117.04	4,949.67		5,656.76	4,949.67						
August, 1883	98,791.37	31,508.37	65,283.09	3,241.57	16,500.03	19,741.59	30,080.18	4,935.30		5,640.43	4,935.30						
September, 1883	99,265.65	32,759.89	63,826.06	4,572.05	14,638.23	19,210.28	29,221.98	4,802.57		5,486.65	4,802.57						
October, 1883	98,271.19	31,477.46	64,793.73	3,169.87	14,593.90	17,708.77	19,405.72	13,179.09		4,072.29	1,764.36	$1,599.76	$2,465.40	$465.22	$3,861.06	$270.84	
November, 1883	97,123.56	34,722.49	62,401.06	1,935.90	12,404.09	14,339.99	15,012.77	13,913.07		4,172.94	1,927.61	1,027.66	1,201.15	3,982.66	3,603.97	2,219.02	
December, 1883	97,087.12	27,902.66	66,134.24	2,262.47	11,412.23	13,694.80	14,312.17	17,921.67		5,924.89	2,347.90	1,204.32	1,480.16	4,269.98	5,315.78	2,562.81	
January, 1884	98,733.70	28,327.36	66,406.34	1,786.86	8,767.55	10,554.41	11,659.86	21,224.44		5,917.83	2,736.09	1,340.76	1,840.92	4,111.91	6,780.69	2,810.51	
February, 1884	98,959.24	31,379.95	65,579.29	2,200.41	10,247.85	12,448.26	12,830.10	17,773.30		5,053.76	2,440.26	1,202.07	1,520.13	3,978.79	5,788.03	2,705.14	
March, 1884	98,268.86	34,593.50	61,673.36	2,553.94	12,107.06	14,661.09	17,007.05	11,258.48		5,316.79	2,557.93	1,062.10	2,701.29	3,902.78	3,604.19	1,102.10	
April, 1884	98,409.06	34,263.85	62,025.23	3,553.28	12,019.95	16,573.14	17,555.00	10,231.54		5,153.98	2,496.36	1,715.62	2,203.76	3,762.45	2,828.28	1,468.01	
May, 1884	98,274.79	29,982.37	66,891.42	3,801.04	14,201.30	18,182.43	19,165.13	10,565.90		4,969.01	2,216.43	2,131.82	2,707.76	4,111.91	3,471.06	1,193.21	
June, 1884	98,253.42	28,512.76	66,741.34	4,740.22	16,243.46	20,983.68	19,893.63	10,572.85		6,654.14	717.25	1,190.96	1,179.77	3,566.38	1,661.34	353.24	
July, 1884	96,345.70	22,236.65	74,019.65	4,277.14	16,375.60	21,652.74	25,374.61	7,589.42		4,476.17	880.18	1,082.72	944.63	4,360.77	1,471.06	951.51	
August, 1884	96,253.12	26,226.81	70,026.31	2,188.69	19,290.12	21,478.81	20,548.21	10,265.92		3,951.78	1,914.99	1,052.22	1,149.82	4,068.70	2,986.14	2,139.65	
September, 1884	96,270.69	27,469.79	68,800.90	6,934.78	17,186.14	16,884.36	18,414.96	12,240.72		5,772.99	2,894.27	858.64	1,488.75	4,056.44	3,371.87	3,048.67	
October, 1884	96,286.96	28,304.26	67,952.69	3,189.42	9,985.78	12,185.17	12,021.98	13,276.86		6,241.79	2,954.66	2,894.21	2,894.20	3,986.53	3,992.89	5,429.79	
November, 1884	96,222.94	24,466.00	72,456.94	2,994.35	11,489.86	13,864.24	13,823.63	13,329.64		5,823.66	2,917.82	2,770.53	2,934.59	4,367.70	5,961.79	6,763.84	
December, 1884	97,185.36	28,861.93	68,323.43	1,555.36	9,561.19	11,136.55	13,492.35	13,057.87		8,224.02	2,927.30	2,789.45	2,442.09	4,079.30	3,942.31	6,077.35	
January, 1885	97,661.31	32,507.62	65,173.69	2,498.20	10,808.66	13,306.92	9,535.92	16,309.61	6,038.91	2,938.21	2,870.89	1,824.28	2,137.94	4,023.34	3,449.91	5,450.59	
February, 1885	96,254.05	30,751.90	65,502.13	1,301.62	12,071.90	13,373.53	10,682.96	14,996.45	6,084.69	2,870.89	1,824.28	2,137.94	4,023.34	3,714.87	5,493.28		
March, 1885	96,464.96	34,930.71	61,543.88	1,537.54	11,108.19	12,945.73	10,894.48	12,240.72	5,772.99	2,438.89	1,739.64	2,033.91	3,589.97	3,849.24	3,219.52		
April, 1885	95,822.27	24,835.70	71,986.57	2,415.45	13,333.84	14,796.99	13,954.83	14,435.89	6,727.85	2,802.66	2,035.71	2,272.85	4,282.30	4,139.09	6,080.56		
May, 1885	96,309.30	30,792.48	65,516.87	1,663.64	11,849.69	13,513.33	12,844.69	12,151.16	6,139.61	2,580.66	1,891.59	2,146.84	4,012.91	3,788.01	5,548.78		
June, 1885	97,215.85	30,186.81	67,056.74	2,299.99	7,071.62	9,966.95	10,120.69	9,027.99	4,594.38	1,990.75	1,885.58	1,592.54	2,680.49	2,980.25	4,087.23		
July, 1885	92,341.57	25,884.59	66,477.04	1,847.69	12,937.26	14,804.91	14,350.81	15,118.28	6,438.30	2,600.86	969.84	1,288.93	4,029.47	5,140.90	5,951.11		
August, 1885	93,287.37	25,924.00	60,343.37	1,134.67	12,291.34	13,426.01	12,196.23	10,814.73	5,840.50	1,355.26	878.88	1,169.23	3,701.62	4,656.96	5,268.45		
September, 1885	88,506.02	26,076.46	50,420.17	1,288.97	9,953.23	11,192.20	11,114.51	8,994.47	4,873.23	1,122.86	734.20	974.61	3,221.08	3,722.00	4,439.92		
October, 1885	89,862.53	23,828.50	47,084.03	1,121.55	9,311.48	10,433.03	9,575.96	9,980.97	4,599.97	1,080.15	682.80	905.76	3,015.54	3,585.50	4,121.79		
November, 1885	88,824.37	40,140.92	48,683.45	723.12	10,089.81	10,792.93	9,841.49	9,713.16	4,702.51	1,110.11	706.25	937.61	3,146.08	3,454.97	4,278.14		
December, 1885	87,789.41	36,700.76	51,029.05	779.21	10,640.33	11,410.54	8,009.37	12,067.73	4,668.98	1,173.63	743.36	990.35	2,873.71	3,654.99	5,106.39		
January, 1886																	
February, 1886	228,925.90	82,755.61	146,170.29	5,808.90	28,644.04	34,652.94	31,927.57	30,172.79	15,098.11	7,512.52	2,271.05	3,016.14	.....	11,598.92	13,992.35		
March, 1886																	
Total	11,227,939.27	6,854,113.06	5,373,826.21	508,090.42	1,455,665.91	1,908,746.39	2,036,131.05	405,962.42	256,297.79	164,363.32	41,827.52	49,696.07	100,962.64	112,488.11	112,650.97		

NOTE.—Since October, 1883, the apportionments shown are those of the commissioner of the Trans-Continental Association. Prior to that date, the proportions shown for the Central Pacific, Southern Pacific, Atchison, Topeka and Santa Fé, and Texas and Pacific Companies would be subject to correction on account of any settlements which these roads may have made with other roads or with each other. Such corrections would not affect the balance of guaranty, or the Union Pacific's proportion.

Statement of payments to the Union Pacific Railway Company on account of "steamship fund" collections—to March 31, 1886.

Year.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
July, 1875, to October, 1877													$65,223.01
1877											$9,735.12	$5,802.86	15,537.98
1878	$2,606.25	$1,564.42	$1,374.91	$4,797.53	$7,741.70	$8,635.40	$9,778.71	$8,602.50	$8,459.60	$9,451.98	8,315.90	2,780.54	74,060.49
1879	1,313.26	1,560.64	1,488.26	3,733.51	12,452.46	11,488.94	8,498.95		3,163.21	9,816.49	5,747.80	1,341.63	60,605.86
1880	697.39	709.50	1,197.40	3,045.06	4,671.71	11,613.15			*24,866.45	9,368.60	10,867.06	9,572.33	76,908.67
1881	2,900.34	3,366.19	3,495.29	3,179.79	8,567.45	12,564.50	8,227.76	7,078.80	8,192.39	7,873.75	5,276.26	5,097.07	75,298.59
1882	2,122.53	1,977.84	1,852.77	1,679.27	6,598.15	8,790.58	2,605.08	4,427.39	5,295.34	5,620.92	3,804.33	2,721.30	47,144.66
1883	2,144.16	2,350.39	1,934.81	1,782.74	2,801.12	6,091.43	3,189.74	4,226.00	4,621.61	4,782.61	2,067.66	1,950.97	37,494.26
1884	1,097.49	1,758.07	1,277.96	1,337.95	2,200.94	7,951.28	3,297.56	4,226.60	4,163.44	2,254.96	1,710.40	1,496.08	33,612.73
1885	1,219.23	1,175.02	520.06	1,181.18	1,105.08	3,263.57	4,871.78	3,501.72	4,391.13	2,790.09	2,105.98	845.77	26,791.00
1886	419.85		†1,962.65										2,382.50
Grand total													514,661.77

*Includes the two preceding months. †Includes the preceding month.

Total amount paid by the Union Pacific to the Pacific Mail Steamship Company $1,993,746.33
Deduct amount received by Union Pacific on account of "steamship fund" 514,661.77

Net payments by Union Pacific on account of Pacific Mail Steamship Company's subsidy ... 1,479,084.56

AUDITOR'S OFFICE, OMAHA, *July* 16, 1887.

Statement of earnings and expenses of branch lines for the years 1880 to 1883, inclusive, together with expenditures for additional construction and equipment for same period.

	Omaha and Republican Valley.	Omaha, Niobrara and Black Hills.	St. Joseph and Western.	Marysville and Blue Valley.	Colorado Central, including Julesburg branch.	Utah and Northern.	Carbondale branch, or Lawrence and Emporia.	Junction City and Fort Kearney.	Solomon.	Salina and Southwestern.	Denver and Boulder Valley.	Golden, Boulder and Caribou.	Summit County, or Echo and Park City.
Fixed charges	$166,950.00	$68,800.00	$504,000.00	$8,900.00	$336,030.00	$388,040.00	$27,900.00	$85,000.00		$32,400.00	$38,500.00	$4,800.00	$28,809.00
1880.													
Earnings	180,025.44	53,189.07	681,974.31	19,480.23	1,211,411.14	1,016,060.77	25,407.64	104,326.10	$45,288.77	38,454.45	74,627.52	13,460.66	9,606.58
Expenses	144,771.31	51,727.71	658,289.42	35,948.45	577,252.30	463,643.91	32,996.83	92,131.40	59,017.95	37,925.84	67,325.24	9,557.36	3,521.84
Expense ratio	80.43 p. ct.	97 p. ct.	96.53 p. ct.	184.50 p.ct	47.65 p. ct.	45.72 p. ct.	132.78 p.ct	88.31 p. ct.	133 p. ct.	98.79 p.ct.	90.34 p.ct.	71 p. ct.	31.66 p.ct.
Surplus or loss	35,254.13	1,461.36	23,684.89	16,468.23	634,158.84	552,416.86	8,579.19	12,194.70	13,729.18	518.61	7,302.28	3,903.30	6,084.74
Construction and equipment			5,536.56		105,205.37	122,892.94					175.00		
1881.													
Earnings	205,119.35	58,340.32	759,503.48	20,966.87	1,313,923.84	1,359,583.32	35,096.12	99,829.34	64,538.71	40,072.87	85,713.07	26,896.60	91,559.41
Expenses	219,066.27	104,552.63	725,330.48	53,823.96	709,983.10	756,964.55	46,267.12	74,781.13	50,700.73	35,417.18	82,074.73	14,169.04	57,466.11
Expense ratio	106.80 p. ct.	179.21 p.ct	95.49 p. ct.	256.70 p.ct	53.19 p. ct.	55.67 p. ct.	131.83 p.ct	74.91 p. ct.	78.56 p.ct.	88.38 p.ct.	95.76 p.ct.	52.67 p.ct.	62.76 p.ct.
Surplus or loss	13,946.92	46,212.31	34,263.00	32,857.09	603,940.74	602,618.77	11,171.00	25,048.21	13,837.99	4,655.69	3,638.34	12,739.56	34,093.30
Construction and equipment			1,672.94		37,400.51	435,581.46					1,394.90		
1882.													
Earnings	324,586.02	144,583.11	809,318.51	25,777.88	1,720,039.94	2,210,668.30	24,319.52	93,946.89	70,665.50	56,933.66	80,829.51	28,111.22	99,897.49
Expenses	253,149.13	83,063.04	797,667.72	43,274.17	1,039,874.64	1,305,379.93	40,917.42	80,049.68	49,814.74	36,437.52	92,953.80	12,896.68	60,980.61
Expense ratio	77.89 p. ct.	57.45 p.ct.	98.56 p. ct.	167.75 p.ct	60.56 p. ct.	59.06 p. ct.	168.25 p.ct	85.21 p. ct.	70.49 p.ct.	64.00 p.ct.	114.99 p.ct	44.81 p.ct.	60.99 p.ct.
Surplus or loss	71,436.89	61,520.07	11,650.79	17,496.29	680,165.30	905,288.37	16,597.90	13,897.21	20,850.76	20,496.14	12,124.29	15,514.54	38,916.88
Construction and equipment			33,860.04		11,100.27	173,400.07					1,740.10		
1883.													
Earnings	450,424.21	195,000.03	1,044,852.99	36,672.35	1,543,256.47	1,999,206.58	74,446.13	171,906.31	102,215.66	69,290.27	83,720.64	23,867.90	98,725.74
Expenses	284,814.47	89,030.86	770,760.67	45,301.57	989,057.92	1,190,525.98	60,860.10	121,735.54	66,211.09	43,411.44	75,088.94	14,288.54	62,389.97
Expense ratio	63.23 p. ct.	45.49 p.ct.	73.76 p. ct.	116.77 p.ct.	64.12 p. ct.	60.46 p. ct.	81.76 p.ct.	70.98 p. ct.	64.14 p.ct.	62.64 p.ct.	89.68 p.ct.	59.86 p.ct.	63.18 p.ct.
Surplus or loss	165,609.74	105,969.20	274,092.32	8,519.22	553,898.55	778,680.60	13,577.03	49,770.77	37,004.57	25,887.83	8,631.70	9,579.36	36,335.77
Construction and equipment		142.01	1,606.84		17,608.25	92,732.24	67.50	54.40		1,650.00			3,317.27

UNION PACIFIC RAILWAY COMPANY—continued.

Statement of earnings and expenses of branch lines for the year 1880 to 1886, inclusive, together with expenditures for additional construction and equipment for same period—Continued.

	Omaha and Republican Valley.	Omaha Niobrara and Black Hills.	St. Joseph and Western.	Marysville and Blue Valley.	Colorado Central, including Julesburg branch.	Utah and Northern.	Carbondale branch, or Lawrence and Emporia.	Junction City and Fort Kearney.	Solomon.	Salina and Southwestern.	Denver and Boulder Valley.	Golden, Boulder and Caribou.	Summit County, or Echo and Park City.
1884.													
Earnings	$668,744.26	$186,654.64	Operated independently.	Lease to C. & R. N. R. R. $185.98	$1,492,142.44	$1,998,576.97	$44,879.11	$196,798.84	$189,866.02	$71,582.46	$100,423.67	$25,629.07	$115,162.69
Expenses	504,776.67	144,981.64			969,134.32	1,113,629.91	59,023.93	133,891.78	82,980.68	47,438.87	82,356.18	10,753.98	61,908.64
Expense ratio	71.34 p. ct.	70.05 p.ct.			64.98 p. ct.	55.72 p. ct.	132.81 p.ct	67.98 p. ct.	50.43 p.ct.	66.29 p.ct.	82.07 p.ct.	42.97 p. ct.	53.67 p.ct.
Surplus or loss	163,967.57	41,673.00			524,008.12	884,947.06	14,724.82	64,812.06	56,885.40	24,123.59	18,077.54	14,274.09	53,253.45
Construction and equipment	29.62	575.26			38,189.01	122,227.28	50,427.32	2,733.87	1,546.34	3,742.19			
1885.													
Earnings	671,998.96	170,748.69			1,220,705.69	1,910,554.72	24,806.76	222,224.22	144,206.57	64,932.13	93,713.20	26,780.54	61,580.86
Expenses	626,129.49	153,862.03			1,021,322.17	1,621,619.72	47,196.29	178,966.99	105,492.22	45,801.00	74,321.84	20,044.05	67,960.89
Expense ratio	93.18 p. ct.	89.53 p.ct.			77.80 p. ct.	84.88 p.ct.	189.67 p.ct	77.06 p. ct.	73.15 p.ct.	70.54 p.ct.	79.31 p.ct.	54.50 p.ct.	83.53 p.ct.
Surplus or loss	45,857.47	17,885.66			200,453.52	288,935.00	22,390.53	53,235.23	38,714.25	19,131.13	19,391.36	16,736.49	13,980.97
Construction and equipment	3,093.55	328.96			17,927.55	52,464.95	3,900.50				300.00		250.39
1886.													
Earnings	802,189.58	188,473.82			1,391,215.05	2,050,438.69	12,440.69	216,224.01	139,177.80	79,403.97	91,294.77	15,367.13	77,864.89
Expenses	788,350.15	147,300.17			977,102.25	1,591,920.69	28,824.90	166,447.23	111,428.55	84,096.89	75,655.02	7,842.44	72,694.63
Expense ratio	98.27 p. ct.	78.99 p.ct.			70.23 p. ct.	77.59 p. ct.	231.70 p.ct	76.98 p. ct.	80.06 p.ct.	68.12 p.ct.	82.87 p.ct.	51.03 p.ct.	92.71 p.ct.
Surplus or loss	13,839.43	30,173.65			414,112.80	459,518.00	16,384.21	49,776.78	27,749.25	25,305.38	15,639.75	7,524.69	5,170.26
Construction and equipment	174,409.58	6,584.07		2,533.92	31,905.10	804,758.37	268.31		5,604.70	2,468.45	513.39		6,917.91
Total for seven years.													
Earnings	3,303,075.80	995,679.71	$3,295,740.29	105,097.33	9,993,054.57	12,515,109.35	241,485.97	1,116,760.71	706,689.04	420,658.81	610,232.88	169,514.12	574,206.97
Expenses	2,921,057.49	773,519.08	2,952,057.29	178,432.15	6,283,326.70	8,042,784.72	317,685.59	848,025.75	525,615.00	300,540.44	549,775.70	89,292.09	386,102.69
Expense ratio	88.37 p. ct.	77.69 p.ct.	89.57 p. ct.	169.78 p.ct	.....	64.26 p. ct.	131.54 p.ct	75.92 p. ct.	74.37 p.ct.	71.44 p.ct.	90.09 p.ct.	52.65 p.ct.	66.85 p.ct.
Surplus or loss	382,018.31	222,160.63	343,683.00	78,340.82	3,709,727.87	4,472,324.63	76,179.63	268,734.96	181,074.04	120,118.37	60,456.68	80,222.03	188,104.28
Construction and equipment	377,673.76	8,936.42	30,498.75	2,719.84	980,997.04	1,994,097.81	54,865.68	3,733.87	7,151.04	7,250.64	4,813.39	.....	30,695.97

Statement of earnings and expenses of branch lines for the years 1880 to 1886, inclusive, together with expenditures for additional construction and equipment for same period—Continued.

	Denver, South Park and Pacific.	Oregon Short Line.	Greeley, Salt Lake and Pacific.	Kansas Central.	Salt Lake and Wisconsin.	Georgetown, Breckenridge and Leadville.	Montana.	Denver, Marshall and Boulder.	Denver and Middle Park.	Laramie, North Park and Pacific.	Manhattan and Blue Valley.	Saline, Lincoln and Western.	Total.
Fixed charges	$301,500.00	$365,850.00	$56,560.00	$90,000.00	$64,800.00	$8,850.00		$10,800.00				$21,140.60	
1880.													
Earnings													$3,473,212.68
Expenses													2,288,100.56
Expense ratio													64.20 p. ct.
Surplus or loss													1,220,358.12
Construction and equipment													242,699.89
1881.													
Earnings	1,464,228.04												5,625,488.34
Expenses	1,154,470.76												4,086,087.78
Expense ratio	78.85 p. ct.												
Surplus or loss	309,757.28												1,540,398.56
Construction and equipment	1,202.61												497,293.47
1882.													
Earnings	1,558,723.48	53,065.90	13,673.35	158,220.57	55,328.61								7,520,209.46
Expenses	1,181,273.88	62,245.34	16,068.95	141,368.14	15,514.43								5,312,879.52
Expense ratio	75.78 p. ct.	117.27 p. ct.	117.52 p.ct.	89.91 p. ct.	28.04 p.ct.								70.56 p. ct.
Surplus or loss	377,449.60	9,179.44	2,395.60	17,452.43	39,814.18								2,216,729.64
Construction and equipment	249,535.18			17,865.60									467,257.26
1883.													
Earnings	1,557,020.85	917,972.23	62,722.23	259,234.86	94,017.21								8,756,432.68
Expenses	1,508,272.56	562,006.66	81,897.64	304,689.71	44,579.30								6,315,630.96
Expense ratio	96.86 p. ct.	61.23 p. ct.	130.57 p.ct.	117.45 p.ct.	47.41 p.ct.								72.11 p. ct.
Surplus or loss	48,748.29	355,965.56	19,175.44	45,384.85	49,437.91								2,442,821.72
Construction and equipment	453,297.05			49,102.30									659,668.61

UNION PACIFIC RAILWAY COMPANY—continued.

Statement of earnings and expenses of branch lines for the years 1880 to 1886, inclusive, together with expenditures for additional construction and equipment for same period—Continued.

	Denver, South Park and Pacific.	Oregon Short Line.	Greeley, Salt Lake and Pacific.	Kansas Central.	Salt Lake and Wisconsin.	Georgetown, Breckenridge and Leadville.	Montana.	Denver, Marshall and Boulder.	Denver and Middle Park.	Laramie, North Park and Pacific.	Manhattan and Blue Valley.	Saline, Lincoln and Western.	Total.
1884.													
Earnings	$1,194,069.17	$1,659,199.90	$84,884.40	$283,287.54	$99,089.25	$13,744.04	$44,491.67						$7,880,229.53
Expenses	1,491,061.39	770,560.48	92,594.06	377,562.15	41,957.35	13,315.51	15,581.07						6,012,987.84
Expense ratio	124.87 p. ct.	72.75 p. ct.	109.08 p.ct.	133.29 p. ct.	42.34 p.ct.	96.88 p.ct.	35.02 p.ct.						76.59 p. ct.
Surplus or loss	296,992.22	288,639.42	7,709.66	94,294.61	57,131.90	428.53	28,910.60						1,867,241.99
Construction and equipment	206,434.06	851.47		45,184.82									471,941.44
1885.													
Earnings	1,145,494.40	1,633,190.47	63,311.24	268,059.43	71,179.85	7,353.57	75,654.01		$2,051.40	$958.53			8,219,643.24
Expenses	1,161,623.72	1,275,230.63	89,410.63	314,634.60	47,359.59	18,305.54	60,222.99		5,075.56	3,365.26			6,998,678.38
Expense ratio	101.41 p. ct.	69.56 p. ct.	141.22 p.ct.	117.37 p. ct.	66.53 p.ct.	247.57 p.ct.	79.60 p.ct.		247.42 p.ct.	351.09 p.ct.			84.39 p. ct.
Surplus or loss	16,129.32	557,959.84	26,099.39	46,575.17	23,820.26	10,951.97	15,431.02		3,024.16	2,406.73			1,282,764.91
Construction and equipment	15,928.44	25,738.05		736.83	537.47								119,969.01
1886.													
Earnings	1,246,539.77	1,942,107.31	70,657.05	217,672.64	66,146.89	11,330.03	78,764.92	$33,054.81	3,103.27	987.40	$41,841.56	$23,568.93	8,797,664.89
Expenses	1,292,843.09	1,434,731.21	92,396.53	293,719.30	36,763.64	15,447.75	60,415.52	21,049.65	5,436.60	2,146.10	35,434.93	14,794.17	7,325,193.30
Expense ratio	103.7 p. ct.	73.87 p. ct.	130.68 p.ct.	134.94 p. ct.	55.58 p.ct.	136.34 p.ct.	76.70 p.ct.	63.68 p.ct.	175.19 p.ct.	217.35 p.ct.	84.69 p.ct.	62.77 p.ct.	83.26 p. ct.
Surplus or loss	46,303.32	507,376.10	21,679.48	76,046.66	29,383.25	4,117.72	18,349.40	12,005.16	2,333.43	1,158.70	6,406.63	8,774.76	1,472,471.60
Construction and equipment	33,063.89	172,559.84	2,945.17	2,890.12	186.75	2,009.59	140,386.39	471.48					1,449,099.39
Total for seven years.													
Earnings	8,166,975.71	5,905,535.80	295,248.27	1,187,145.04	395,761.80	32,427.54	193,910.60	33,054.81	5,154.67	1,945.93	41,841.56	23,568.93	30,223,975.62
Expenses	7,789,545.40	4,104,774.32	372,307.81	1,431,973.90	186,174.31	46,968.80	136,219.56	21,049.65	10,512.25	5,511.36	35,434.93	14,794.17	26,223,427.19
Expense ratio	95.38 p. ct.	95.61 p. ct.	126.06 p.ct.	120.62 p. ct.	48.26 p.ct.	144.84 p.ct.	68.50 p.ct.	63.68 p.ct.	203.92 p.ct.	283.36 p.ct.	84.69 p.ct.	62.77 p.ct.	
Surplus or loss	376,530.31	1,700,761.48	77,059.54	244,828.86	196,587.50	14,541.16	62,691.02	12,005.16	5,357.58	3,565.45	6,406.63	8,774.76	12,000,548.43
Construction and equipment	961,401.22	199,149.36	2,043.17	114,125.91	350,72	2,009.59	140,386.39	471.48					3,889,986.14.

OMAHA, NEBR., *July 18, 1887.*

UNION PACIFIC RAILWAY.

Statement of land taxes paid by the company from 1865 to 1886, inclusive.

Year.	Paid.	Refunded.	Net paid.	Year.	Paid.	Refunded.	Net paid.
[illegible]	$278.06	.....	$278.06	1877	$130,991.24	$503.92	$130,487.32
[illegible]	380.27	.....	380.27	1878	129,039.96	1,471.60	127,567.36
[illegible]	30.26	.....	30.26	1879	110,974.67	2,547.82	108,426.85
[illegible]	1,014.06	.....	1,014.06	1880	90,901.48	1,279.77	89,621.71
[illegible]	495.05	.....	495.05	1881	58,436.42	4,083.57	54,352.85
[illegible]	36,469.41	.....	36,469.41	1882	54,305.07	5,416.72	48,888.35
[illegible]	90,136.14	.....	90,136.14	1883	49,237.39	4,302.30	45,934.09
[illegible]	55,219.20	$341.73	55,219.20	1884	36,483.89	5,583.58	30,900.31
[illegible]	1,522.87	.....	1,522.87	1885	15,696.57	3,946.81	11,749.76
[illegible]	1,471.51	.....	1,471.51	1886	11,463.56	5,566.19	5,897.44
[illegible]	168,127.87	495.72	168,127.87				
[illegible]	74,297.52	.....	74,297.52	Total	1,157,500.92	36,974.62	1,120,526.30

UNION PACIFIC RAILWAY—KANSAS DIVISION.

Statement of taxes paid on lands of the Kansas Division from 1874 to 1886, inclusive.

Years.	Amount.	Years.	Amount.
[illegible]	$6.00	1882	$10,542.66
[illegible]	3,151.16	1883	4,830.07
[illegible]	11,330.45	1884	7,374.36
[illegible]	14,561.29	1885	5,318.25
[illegible]	27,716.03	1886	4,849.11
[illegible]	13,686.76		
[illegible]	35,435.18	Total	130,927.60
[illegible]	22,146.28		

UNION PACIFIC RAILWAY COMPANY.

Recapitulation of legal expenses, from February, 1880, to December, 1886, inclusive.

Year.	Amount.	Union Division.	Kansas Division.	Leavenworth Branch.	Denver Pacific.
[illegible]	$69,327.54	$32,947.58	$25,831.18	$210.04	$338.74
[illegible]	90,348.08	28,360.64	60,396.69	16.35	1,574.40
[illegible]	47,674.43	20,275.63	22,818.36	30.55	4,549.89
[illegible]	53,245.51	26,506.00	25,205.61	47.85	1,186.05
[illegible]	51,774.94	29,657.91	21,435.05	55.42	626.56
[illegible]	50,838.55	30,290.11	18,623.28	554.87	1,370.19
[illegible]	45,457.09	27,139.51	16,764.67	604.35	948.26
Total	398,666.14	195,507.68	191,074.94	1,609.43	10,394.09

Exhibit No. 1 of June 2, 1887—Central Branch Union Pacific Railroad Company—Memorandum in relation to United States transportation.

Amount paid in cash to December 31, 1878	$37,690.91
Amount carried to interest account to December 31—	
1878	54,548.60
1879	9,070.30
1880	28,904.77
1881	31,277.57
1882	35,289.57
1883	10,298.70
1884	38,291.55
1885	47,943.84
1886	39,044.55
	294,669.45
Deduct cash payments in 1883	40.96
Total	294,638.49

CENTRAL BRANCH UNION PACIFIC RAILROAD COMPANY.

AGREEMENT TO FUND PAST-DUE COUPONS OF FIRST-MORTGAGE BONDS.

This agreement, made this 1st day of April, in the year of our Lord 1879, between the subscribers hereto, who are respectively holders of the past-due coupons of the first-mortgage bonds of the Atchison and Pike's Peak Railroad Company, now called the Central Branch Union Pacific Railroad Company, to the amount set opposite their respective names, parties of the first part, the said Central Branch Union Pacific Railroad Company, party of the second part, and Henry Day and Oliver Ames as trustees, parties of the third part, witnesseth:

Whereas there are now existing arrears of interest upon sixteen hundred of the first-mortgage bonds of the said party of the second part of $1,000 each, from the 1st day of May, 1873, to the date hereof, at the rate of 6 per cent. per annum; and

Whereas the coupons on each of said bonds representing such interest became due, one on the 1st day of November, 1873, and one half-yearly thereafter, until and including the 1st day of November, 1878; and

Whereas said party of the second part desires to defer and secure the payment of said coupons already due, and to become due, on all said bonds up to and including the 1st day of November, in the year of our Lord 1878, in the manner hereinafter stated; and

Whereas said company has agreed to acknowledge its indebtedness to the owners of said past-due coupons for the face of the same and interest thereon from the time the same became due at the rate of 7 per cent. per annum until the 1st day of May, 1879, which interest amounts to the sum of $110,880; and

Whereas this indebtedness for coupons on said first-mortgage bonds, 1,600 in number, up to and including the said 1st day of November, 1878, amounts to $528,000 exclusive of interest on the same; and

Whereas said party of the second part desires to have said coupons funded and held unpaid without prejudice to their security under the mortgage which has been heretofore made to secure said first-mortgage bonds:

Now, therefore, this agreement witnesseth—

1. That the parties of the first part, each acting in his own behalf as to the coupons by him held, do hereby agree to deposit such of said coupons of said first-mortgage bonds as they may respectively own to the number set opposite their respective names, with the said parties of the third part as trustees, to be held by them in the manner and with the effect and for the purposes and trusts hereinafter mentioned, without prejudice to the rights and security of the holders of said coupons under the mortgage made by the party of the second part to John E. Williams and B. W. Bonney to secure said first-mortgage bonds, bearing date the 1st day of May, 1865, which security shall continue and may be enforced upon the contingencies hereinafter named.

Said coupons shall be held by the said trustees uncanceled, and for the benefit and security of holders of certificates and bonds hereinafter mentioned, it being understood that all the coupons so deposited shall form one fund for the joint and equal security of all of the said certificates and funded coupon bonds issued in place of the same, and representing the said coupons and the interest on the same as hereinafter mentioned, and the interest of any one party holder of any of said bonds or certificates in the said coupons shall not attach to any specific coupon, but only to an aliquot part or proportion of the whole of the same, such proportion being the same as the par value of said funded coupon bonds and certificates herein described which he may hold shall bear to the whole issue of such funded coupon bonds and certificates, without regard to their being the specific coupons that were deposited by him.

2. Said coupons shall be held upon the trusts and agreements that whenever the whole issue of said funded coupon bonds and certificates, interest and principal, is paid by the company, the said funded coupons shall be delivered up to said company to be canceled, and subject to the further trusts hereinafter named.

3. In case said company shall fail to pay the coupons upon any of said funded coupon bonds, or interest upon any of the certificates which may represent any aliquot part of said funded coupon bonds, at the time when the same shall become due, and after the default shall have continued for the space of sixty days, then the owner and holder of any of said funded coupon bonds or of any of said certificates may present said bond or bonds, or certificate or certificates, to said trustees, who shall return or exchange for them the full amount of the same in coupons, which at their face value, together with interest thereon from the time they respectively become due until the 1st day of May, 1879, at 7 per cent. per annum, shall be equal to the amount of the face value of the said funded coupon bonds or certificates delivered up.

In case the amount of the funded coupon bonds or certificates, with the interest added,

can not be evenly adjusted, and there shall be a part of a coupon unadjusted on such exchange, then such trustee shall issue a certificate to the said holder stating that he is entitled to such an aliquot part of one coupon, which with interest on the same from the time the coupon became due till May 1, 1879, will equal the amount of such last-named certificate, and that the holder of such certificate shall be entitled to an equitable and pro rata interest in the coupon remaining in their hands, and to the amounts received on the same; and the trustees shall distribute all money they shall receive on the same to the parties equitably entitled thereto pro rata according to the amount of certificates held by each.

In case of a distribution of coupons, as above named, the same shall be distributed as nearly as possible in sets of eleven coupons belonging to one original first-mortgage bond, together, and the trustees shall have the authority to make the selection of coupons which shall be returned to each party claiming the same.

4. In case said first mortgage shall be foreclosed and the property sold, the distributive share upon such sale which shall be decreed to be paid on account of the said coupons so held by the trustees and in their possession shall be received by them and shall by them be paid over to the holders of said funded coupon bonds and certificates, each of said holders receiving his pro rata and equitable share of the same.

5. Said party of the second part hereby agrees to issue bonds, to be called funded coupon bonds, in the sum of $1,000 each, and certificates in such amounts as may be required, which together shall be equal to the amount of said funded coupons, together with the interest on such coupons from the time they become due, respectively, until May 1, 1879.

Said bonds shall bear date the 1st day of April, 1879, and shall be payable on the 1st day of May, 1895, and shall bear interest at the rate of 7 per centum per annum from May 1, 1879, payable on the 1st day of November and May of each year, according to interest warrants or coupons attached.

The form of said bonds and coupons shall be substantially as follows:

$1,000. No. ———

The Central Branch Union Pacific Railroad Company, formerly the Atchison and Pike's Peak Railroad Company.

FUNDED COUPON BOND.

This bond issued for funded interest on the first-mortgage bonds of the Atchison and Pike's Peak Railroad Company.

The Central Branch Union Pacific Railroad Company, for value received, promises to pay to bearer $1,000 in United States gold coin (not inferior to the present standard), at its office in the city of New York, on the 1st day of May, 1895, together with interest thereon from the 1st day of May, 1879, at the rate of 7 per cent. per annum, payable half-yearly, on the 1st days of November and May in each year, according to the interest warrants or coupons hereto annexed.

This bond is issued to represent an aliquot part of the amount of funded interest or coupons of the first-mortgage bonds of the Atchison and Pike's Peak Railroad Company, together with the interest on said coupons from the day the same became due, respectively, until the 1st day of May, 1879, which coupons have been deposited with Henry Day and Oliver Ames, trustees, to be held as collateral security to this bond, under and according to the provisions of an agreement bearing date the 1st day of April, 1879, made between certain holders of the coupons of the first-mortgage bonds of the Atchison and Pike's Peak Railroad Company of the first part, the Central Branch Union Pacific Railroad Company of the second part, and said Henry Day and Oliver Ames, as trustees, of the third part, which agreement has been executed in duplicate, one copy being held by said railroad company and the other copy being held by said trustees.

Said coupons are to be held by said trustees uncancelled, with full preservation of the existing mortgage-lien therefor, but with suspension of the remedy therein as provided by said agreement; it being also agreed and provided in said agreement that in case of default in the payment of this bond at maturity thereof, or in case of a continued default in the payment of any coupon hereto attached for sixty days after the same shall have become due and payable, that then the amount of said funded coupons which, with interest thereon from the time the same became due, respectively, to May 1, 1879, shall equal the par value of this bond, shall, upon demand of the holder of this bond, be surrendered to him in exchange for this bond; and further, that in case of the foreclosure of the said first mortgage, the holder of this bond shall be entitled to an equitable and pro rata share of the amount received upon said funded coupons by said trustees.

This bond is not to be issued nor become valid without the indorsement of said trustees, Henry Day and Oliver Ames, to the effect that this bond is issued under and according to the provisions of the above-named agreement.

In witness whereof, the said Central Branch Union Pacific Railroad Company has hereunto affixed its corporate seal and caused the same to be attested by the signature of its president and secretary the 1st day of April, 1879.

——— ———,
President.

——— ———,
Secretary.

The coupons to be annexed to the said bonds are substantially as follows:

The Central Branch Union Pacific Railroad Company hereby promises to pay to bearer, at its office in the city of New York, $35, in gold coin, lawful money of the United States, of the standard of 1879, on the —— day of ———, 18—, for semi-annual interest on one funded coupon bond numbered ——.

——— ———,
Treasurer.

Said party of the first part further agrees that it will deliver to the holders of any of said coupons, who shall fund the same, an amount of said funded coupon bonds equal in par value to said coupons so funded, together with interest thereon, at the rate of 7 per cent. per annum, from the time they respectively become due till May 1, 1879.

In case any holder of coupons who shall make the deposit as aforesaid with the said parties of the third part shall be entitled under the provisions herein to the fractional part of a funded coupon bond, then the said company shall issue its certificate under its seal, stating that the company is indebted to the holder of said certificate to a certain portion of another bond. Said certificate shall bear interest at the same rate, and shall be paid at the same time and place as the interest on such funded coupon bond is paid. But such certificates shall be assignable only upon the books of said railroad company in the city of New York.

Any holder of said certificates amounting to $1,000 or more may at any time surrender the same to said railroad company at its office in the city of New York, and receive therefor a funded coupon bond or bonds and a new certificate representing the same amount.

The said certificate shall be in the following form:

No. CENTRAL BRANCH UNION PACIFIC RAILROAD COMPANY.

FUNDED COUPON CERTIFICATE.

The Central Branch Pacific Railroad Company hereby acknowledges itself indebted to ——— ——— in the sum ——— dollars, lawful money of the United States, which it agrees to pay on the 1st day of May, 1895, together with the interest thereon from ——— ——— 18—, at the rate 7 per cent. per annum, payable half-yearly, on the 1st day of November and May of each year, until this certificate is paid; principal and interest payable in gold coin of the United States of the standard of 1879 in the city of New York.

This certificate represents a portion of the funded coupons and interest thereon mentioned in a certain agreement bearing date the 1st day of April, 1879, made between the holders of the coupons of certain mortgage bonds of the Atchison and Pike's Peak Railroad coupons of the first part, the said Central Branch Union Pacific Railroad Company of the second part, and Henry Day and Oliver Ames, trustees, of the third part in relation to the funding of coupons of the said first mortgage bonds, and is entitled to the security and other privileges therein mentioned relating to the same.

This certificate, together with others of this class amounting to $1,000 or more par value, may be surrendered to the said railroad company in the city of New York, when a funded coupon bond or bonds, and another certificate if required to equalize value, will be issued in place of the same, and for the same amount.

This certificate is transferable only on the books of the said company in the city of New York, and the party in whose name the same shall stand when said interest is payable shall be entitled to receive the same.

In witness whereof the said Central Branch Union Pacific Railroad Company has hereunto affixed its corporate seal and caused the same to be attested by the signature of its President and Secretary.

7. And whereas, by a certain indenture of agreement bearing date the 2d day of April, 1878, made between said Central Branch Union Pacific Railroad Company of the first part, Ralph M. Pomeroy and Juliette E. his wife, of the city of Boston, of the second part, and Ralph M. Pomeroy, of the city of Boston, of the third part, certain bonds and coupons

lands were conveyed and assigned to said party of the third part in trust among other things to sell the same and apply the proceeds thereof to the payment of the coupons of the first-mortgage bonds of said company, due and to become due, from and including those due on the first day of November, 1873, to and including those to become due on the 1st day of May, 1879:

Now, therefore, in consideration of these presents and of the security hereby provided for the payment of said coupons, said parties of the first part do hereby release and discharge said Ralph M. Pomeroy, party of the third part in said instrument, from the payment of said coupons funded as above named, or of any portion of the same, from the proceeds of said land, and do hereby covenant and agree for themselves, their legal representatives or assigns, holders of said funded coupon bonds herein mentioned, to and with said Central Branch Union Pacific Railroad Company and its successors, that all lands in said deed mentioned shall be discharged from all further obligations mentioned in said deed in relation to the payment of said funded coupons, and that the proceeds of said lands which would under the said trust deed have been applied to the payment of said coupons funded as hereinbefore provided shall be disposed of under and according to the trusts and purposes as mentioned in said deed, in the same manner as if said funded coupons herein mentioned had been paid by the said company at the time the same became due.

And said party of the second part does hereby agree to pay all the disbursements and expenses, and all lawful and proper commissions for the service of the parties of the third part in carrying out this trust, and said parties of the third part are hereby authorized to deposit the coupons so funded with them, as aforesaid, in the Mercantile Safe Deposit Company of the city of New York.

In witness whereof the said Central Branch Union Pacific Railroad Company have caused their seal to be hereunto affixed, and these presents to be attested by their president and secretary; and the said parties of the third part have hereto set their hands and seals, and the said parties of the first part have also hereto set their hands this 1st day of April, in the year of our Lord 1879.

Sealed and delivered in the presence of Central Branch Union Pacific Railroad Company by—

R. M. POMEROY,
President.
THOS. M. SOTHER,
Secretary.
HENRY DAY,
OLIVER AMES,
Trustees.

STATE OF NEW YORK, *City and County of New York*, ss:

On this 1st day of April, 1879, before me, William E. Scovil, personally came R. M. Pomeroy, known to me to be the president of the Central Branch Union Pacific Railroad Company; and on the same day in the same year, before me also came Thomas M. Sother, known to me to be the secretary of said company, the corporation described in, and who executed the above instrument, who being by me duly sworn, did each depose and say as follows:

R. M. Pomeroy, that he resides in the city of Boston, that he is the president of said company; Thomas M. Sother, that he is the secretary of said company, and resides in the city of Brooklyn; and each did depose and say that he knows the corporate seal of said company; that the seal affixed to the above instrument is said corporate seal of said company, and was affixed by order of the board of directors of said company, and that he signed his name thereto by the like order.

In witness whereof I have hereunto set my hand and seal this 1st day of April, A. D. 1879.

W. R. SCOVIL,
Notary Public, No. 305, City and County of New York.

STATE OF NEW YORK, *City and County of New York, ss:*

On this 1st day of April, in the year of our Lord 1879, before me personally came Henry Day and Oliver Ames, to me known to be the individuals described in (as trustees) and who executed the above instrument, who acknowledged that they executed the same as trustees.

In witness whereof I have hereunto set my hand and official seal the 1st day of April, A. D. 1879.

WILLIAM E. SCOVIL,
Notary Public, No. 305, City and County of New York.

We agree to be bound by the above agreement, provided the same shall be subscribed by owners of eleven thousand coupons.

	Number of coupons.
Oliver Ames	1,000
G. Twichell	187
Nathaniel Thayer	607
Oliver Ames, additional	131
R. M. Pomeroy	1,210
George Ripley	121
J. W. Brooks, by F. Dennison, attorney	77
A. S. Barnes	1,000
W. C. Wetmore	1,210
Isaac F. Tyson	307
A. H. Potter	200
H. C. Goodnow	213
C. S. Parsons	200
John Monleon	50
J. C. Atwater	400
J. C. Atwater	200
F. Watheman	11
Henry Day	1,200
W. H. Male	10
S. W. Moore	50
James P. Dike	50
Aaron Jacobs	25
William Claflin, by H. B. Hackett, jr	473
J. T. Dane	25
H. H. Batcheller	10
James Potter	11
T. S. Moody	11
Pally A. Lockwood	11
George L. Porter	44
Walter Wheeler, by James Potter	33
William S. Wilson, trustee	3
George C. Bishop	100

THE UNION PACIFIC RAILWAY COMPANY,
EQUITABLE BUILDING,
Boston, November 21, 1887.

GENTLEMEN: On Friday, as a result of an intimation received through Comptroller Mink, of this company, my attention was called to the fact that no sinking fund had been provided for the retirement of the $630,000 funded interest bonds of the Central Branch Union Pacific Railroad Company. I must frankly admit that I was not before aware of this fact. Other and more pressing financial matters occupied my attention, and this fact consequently had escaped me.

I at once instructed the secretary to call a meeting of the directors of the Central Branch Union Pacific, which was held on Saturday, and a vote passed, a copy of which I inclose for the information of the commission. The original instrument providing for the funding of the unpaid coupons should, of course, have contained a provision for a sinking fund. Thanking you for calling my attention to the omission,

I remain, etc.,

CHARLES F. ADAMS,
President.

Messrs. ROBERT E. PATTISON, DAVID T. LITTLER, and E. ELLERY ANDERSON,
U. S. Pacific Railway Commission.

NEW YORK, *November 19, 1887.*

The executive committee of the board of directors of the Central Branch Union Pacific Railroad Company met at room 63, 42 Wall street, New York City, at 10 o'clock a. m.

Present, Messrs. Ames, Adams, and Wetmore.

James M. Ham was appointed secretary *pro tem.*

The following preamble and resolutions were presented, and, on motion of Mr. Ames, unanimously adopted:

Whereas the United States Pacific Railroads Investigating Commission has called attention to the fact that no provision has been made by this company for the retirement, by a sinking fund, or otherwise, of the bonds issued under the agreement to fund past due coupons of the company's first mortgage-bonds, dated April 1, 1879, said bonds maturing May 1, 1895, of which there are outstanding $650,000; and

Whereas the directors of this company, having had their attention directed to this subject, think it desirable and equitable, in view both of the interests of the company as well as the United States, that some specific arrangement looking to the payment of said bonds should be entered into by means of which, through the operations of a sinking fund, annual or semi-annual installments of the company's income shall be set apart for the purpose of providing a fund for the liquidation at maturity of said debt:

Therefore, voted, That the officers of the company be, and they hereby are, directed to prepare an instrument, providing that the company shall make annual payments to the American Loan and Trust Company, sufficiently large in amount to discharge said debt at maturity, supposing said fund can be made to earn at least 5 per cent. interest per annum, and the sums thus paid to be held by said trust company, as trustee, as a sinking fund, and invested upon such terms and conditions as may be in said indenture provided, the proceeds arising from the operations of said sinking fund to be applied at maturity towards the payment of said bonds. And in making investments of this sinking fund, said trust company, trustee, shall give preference to said funded interest bonds.

Adjourned.

JAMES M. HAM,
Secretary pro tem.

Articles of incorporation of the Sioux City and Pacific Railroad Company.

ARTICLE 1. Platt Smith, L. B. Crocker, M. K. Jesup, John I. Blair, James F. Wilson, A. W. Hubbard, Charles A. Lambard, Frederick Schuchardt, William B. Allison, and their associates hereby associate themselves and become incorporated under the provisions of chapter 52, title 10, article 1, and the acts amendatory thereof, of the revision of the laws of 1860, of the State of Iowa.

ART. 2. This company is organized for the purpose of constructing, maintaining, and operating a railroad from Sioux City, Iowa, to such point at and upon the Union Pacific Railroad, or the Iowa branch thereof from Omaha, as may be hereafter selected under the provisions of an act of Congress entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862, and the act amendatory thereof.

ART. 3. Said incorporation shall be known by the corporate name and style of the Sioux City and Pacific Railroad Company, and its principal place of business shall be Dubuque, Iowa, until otherwise directed by said company.

ART. 4. This corporation shall commence on the 1st day of August, A. D. 1864, and continue for the full period of fifty years from that date, with the right of renewal.

ART. 5. The capital stock of said company shall be $6,000,000, which shall be divided into shares of $100 each, and may be taken by individuals and corporations, to be paid in such installments as said company may require, and under such rules, regulations, and restrictions as may be provided by the board of directors.

ART. 6. The officers of said company shall consist of nine directors, who shall have the management of the affairs of the company, a majority of whom shall form a quorum for the transaction of business, and any director may vote by proxy.

ART. 7. The persons named in the first article of these articles of incorporation shall be the directors of said company until the first Wednesday of August, A. D. 1866, and until their successors are elected and qualified, upon subscribing these articles of incorporation and subscribing for at least ten shares of stock in said company.

ART. 8. The board of directors shall elect from their number a president and vice-president, and shall also select a secretary and treasurer of said company, provided that the secretary and treasurer shall hold their respective offices during the pleasure of the board.

ART. 9. The board of directors shall appoint an executive committee of five, one of whom shall be the president, and who shall possess such powers as may be delegated by the board of directors, and which appointment may be revoked at any time.

ART. 10. The president, vice-president, or any director may be removed by a two-thirds vote of all the directors; and in case of a vacancy, by resignation or otherwise, the

board shall fill such vacancy within sixty days, or at the first meeting of the board thereafter.

ART. 11. At all elections for directors each stockholder shall have one vote for each share held by him, and the votes may be cast in person or by proxy, under such rules and regulations as said company may prescribe; provided that each director shall hold at least ten shares of stock.

ART. 12. The said company shall at no time subject itself to an indebtedness or liability exceeding the sum of $4,000,000.

ART. 13. The private property of the officers and stockholders of said company shall be exempt from corporate debts.

ART. 14. These articles may be amended at any annual meeting of the stockholders; provided that such previous notice of said amendments shall be given as may be prescribed by the board of directors.

ART. 15. The board of directors shall have power to meet in New York City, due notice being first given to all of the directors at least ten days before such meeting.

ART. 16. There shall be, on the first Wednesday of August A. D. 1866, and annually thereafter, a meeting of stockholders for the purpose of selecting directors and for the transaction of such other business as may be properly transacted at such meeting; four weeks' notice of such meeting shall be given in such manner as the board of directors may prescribe.

ART. 17. Shares of stock subscribed shall be transferred by the president and secretary of said company at any time upon the request of the holder thereof.

PLATT SMITH,
M. K. JESUP,
A. W. HUBBARD,
FRED. K. SCHUCHARDT,
L. B. CROCKER,
JAMES F. WILSON,
CHARLES A. LAMBARD,
WM. B. ALLISON,
JOHN I. BLAIR.

Signers.

(Indorsements on said articles:) State of Iowa. Filed for record this 18th August, 1864, 10 o'clock a. m. Recorded in Book "B" of Incorporations, pages 434 to 38. James Wright, secretary of state, State of Iowa, Dubuque County. Filed for record August 6, 1864, 10 o'clock a. m., and recorded in Book No. 1 of Incorporations, page 310. William G. Stewart, recorder. By A. B.

Amendment to the articles of incorporation of the Sioux City and Pacific Railroad Company, adopted August 2, 1871.

Resolved, That article 16 of the articles of association be amended to read as follows: "There shall be, on the third Wednesday of May, 1872, and annually thereafter, on that day a meeting of the stockholders for the purpose of electing directors and for the transaction of such other business as may be properly transacted at such meeting. Three weeks' notice of such meeting shall be given in such manner as the board of directors may prescribe."

I hereby certify that the above and foregoing is a true copy of a resolution adopted at a meeting of the stockholders of the Sioux City and Pacific Railroad Company, held at the office of the company, Cedar Rapids, Iowa, August 2, 1871.

W. W. WALKER,
Secretary.

Filed for record in the recorder's office, Linn County, Iowa, January 26, 1872, at 12 o'clock m., and recorded in Book of Incorporations, at page ———. No. 350.

JOHN J. DANIELS,
Recorder.

Filed in the office of secretary of state, February 5, 1872, and recorded in Book "E," Incorporation Record, page 194.

ED. WRIGHT,
Secretary.
F. H. WARNER,
Deputy.

Articles of association of the Northern Nebraska Air-Line Railroad Company.

Be it known that the undersigned, citizens of the State of Nebraska, have this day associated themselves together under the name and style of the Northern Nebraska Air-Line Railroad Company, which name is hereby and by the presents assumed by the said company and by which the same is to be known.

1. The termini of said railroad shall be as follows, to wit: The main trunk and continuous line of said road is to commence at and within the town of De Soto, of Washington County, Nebraska, and at and within one-half mile of the Missouri River, in Washington County, in the State of Nebraska; thence in a westerly course, by the most practicable route, to be hereafter selected by the said company or under its direction, through the counties of Washington and Dodge, or through parts of the same, to the town of Fremont, in the county last named. The town of Fremont, in the said county of Dodge, is to be the terminus of the said road.

2. The object for which this association and company is formed, is to survey, locate, build, construct, and operate a railroad at and between the places hereinbefore named as the beginning and terminus of the said railroad and to do and perform any and all things necessary in the premises.

3. The capital stock of the said company necessary to construct and operate said railroad is and shall be the sum of $2,000,000.

4. The highest amount of indebtedness or liability to which this corporation shall at any one time be subject shall be not to exceed $1,000,000.

5. This company is formed under and by virtue of the provisions of the twenty-fifth chapter of the revised statutes of Nebraska, entitled "Incorporations," and especially under and by virtue of the provisions of the subdivision of said chapter, entitled "Railroad Companies," and commencing at section No. 72 of said chapter.

6. The officers of the said company shall consist of a president, one vice-president, secretary, and such other officers as the company shall from time to time create and establish.

7. The officers elected at the first election shall hold their offices for the period of three months, and after the first election, the time of election, the term of office, the manner of election, the qualification of officers and electors, shall be prescribed by the by-laws of the company.

8. The business operations of this company shall be regulated by by-laws, to be hereafter adopted by the company at any meeting or meetings of the same.

And we hereby certify that the foregoing articles of incorporation have been agreed upon and adopted by us this day.

Witness our hands and seals, this 7th day of June, A. D. 1867.

D. C. SLADER. [SEAL.]
J. A. UNTHANK. [SEAL.]
THOS. P. KENNARD. [SEAL.]
JOHN S. BOWEN. [SEAL.]
J. T. DAVIS. [SEAL.]

Witness present:
L. D. BEALS.

STATE OF NEBRASKA,
County of Douglas, ss:

Personally came before the subscriber, a notary public within and for said county and state, D. C. Slader, J. A. Unthank, Thomas P. Kennard, John S. Bowen, and J. T. Davis, the incorporators above named, who are to me known as the identical persons therein named, and each for himself acknowledged the same to be their voluntary act and deed, and in my presence admitted each and every of the signatures thereto to be genuine.

Witness my hand and notarial seal this 7th day of June, A. D. 1867.
[L. S.]
J. C. AMBROSE,
Notary Public.

STATE OF NEBRASKA,
County of Douglas, ss:

I, George Armstrong, clerk of the district court of the first judicial district within and for Douglas County, State of Nebraska, hereby certify that J. C. Ambrose, whose genuine signature appears to the above certificate as notary public, was at the time the same bears date, and yet is an acting notary public within and for said county duly commissioned and qualified, as appears of record in my office.

Witness my hand and seal of court at my office in Omaha city this 8th day of June, A. D. 1867.
[L. S.]
GEORGE ARMSTRONG, *Clerk.*

STATE OF NEBRASKA,
Secretary's Office, ss:

I, Thomas P. Kennard, secretary of the State of Nebraska, do hereby certify that I have carefully compared the foregoing copy of the articles of association of the Northern Nebraska Air Line Railroad Company with the original on file in this office, and that the same is a true and perfect copy of said articles.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Nebraska.

Done at Omaha this 16th day of August, A. D. 1867.

[L. S.] THOMAS P. KENNARD,
Secretary of State.

Articles of incorporation of Northern Nebraska Air Line Railroad filed August 20, 1867, at half-past 7 o'clock a. m., recorded in miscellaneous record, page 84, Washington County, Nebr.

A. CASTETTER,
County Clerk,
By F. A. BENNER,
Deputy.

Filed for record September 7, 1867, at 8 o'clock a. m., and recorded in book O, of incorporations, pages 72, 73, 74, 75, 76.

E. H. ROGERS,
County Clerk Dodge County, Nebr.

Agreement of consolidation of the Sioux City and Pacific Railroad Company with the Northern Nebraska Air Line Railroad Company.

Whereas the Sioux City and Pacific Railroad Company, organized under the laws of the State of Iowa, has constructed its line of railroad from Sioux City, in the State of Iowa, to a point on the Missouri River in the State of Iowa nearly opposite to the town of De Soto, in the State of Nebraska, and desires to extend its line of railroad from the said point on the Missouri River to intersect the Union Pacific Railroad at or near Fremont, in the State of Nebraska; and

Whereas the Northern Nebraska Air Line Railroad Company, organized under the laws of the State of Nebraska to build a railroad from the said town of De Soto to Fremont aforesaid, has valuable subscriptions, lands, and franchises secured for that purpose; and

Whereas the line of railroad proposed by the said two corporations being substantially the same from Missouri River westward, it is desired by the said corporations to consolidate so that one line of road only may be built from De Soto to Fremont aforesaid; and that stockholders of both corporations may become stockholders in the one consolidated company, and the whole line of railroad from Sioux City to Fremont may be the property of one corporation, and controlled and operated as one and the same continuous line of railroad:

Now, therefore, to effect the purpose aforesaid, the said corporations, by their directors, have entered into this agreement, to wit:

ARTICLE 1. The two corporations aforesaid are consolidated, and the said consolidated company shall be known by the name of the Sioux City and Pacific Railroad Company.

ART. 2. The business of this consolidated company shall be managed by a board of nine directors, who shall be elected by the stockholders.

ART. 3. The stockholders of both of the corporations hereby consolidated shall be stockholders in this consolidated company, and shall be required to pay within a time to be fixed by the board of directors such a proportion of the stock subscribed by each as shall make the per centum paid by the stockholders of both of the former corporations equal. Any stockholder of either of said corporations who may be thus required to pay to equalize the payments as aforesaid may at his option surrender his stock and receive back again the installments by him paid. When such payments and equalization shall have been made the stockholders of both of said corporations shall be stockholders in this consolidated company, with equal privileges in all respects.

ART. 4. All of the lands, subscription lists, and property of every kind, whether in actual possession or to be acquired and received into possession hereafter, under any law, contract, or by what means soever, which either of said corporations now has or may or could hereafter recover or receive, as well as the said railroad and the stock and fixtures thereof shall be the property of the consolidated company.

ART. 5. Until an election shall take place under these articles the present board of directors and officers of the former Sioux City and Pacific Railroad Company shall be the directors and officers of this consolidated company.

In witness whereof the president of each of said corporations has hereunto set his hand and caused the seal thereof to be affixed. Done on this 15th day of September, A. D. 1880.

[SEAL S. C. & P. R. R. CO.] JOHN I. BLAIR,
President Sioux City and Pacific Railroad Company,

[SEAL N. N. A. L. R. R. CO.] W. W. WALKER,
President Northern Nebraska Air Line Railroad Company.

SIOUX CITY AND PACIFIC RAILROAD COMPANY.

Statement of rental paid to Fremont, Elkhorn and Missouri Valley Railroad Company by Sioux City and Pacific Railroad Company.

Years.	Amount.	Years.	Amount.
1871 (9 months)	$3,737.35	1880	$40,346.92
1872	16,779.62	1881	58,238.20
1873	15,094.61	1882	97,388.16
1874	13,063.27	1883	171,277.07
1875	14,421.24	1884 to June	120,654.10
1876	14,823.37		
1877	19,817.25	Total	607,418.94
1878	21,787.78		

Net rates per passenger per mile and per ton per mile.

Years.	Per passenger per mile.	Per ton per mile.	Years.	Per passenger per mile.	Per ton per mile.
	Cents.	*Cents.*		*Cents.*	*Cents.*
1871	4.69	3.44	1881	3.37	2.20
1872	4.09	2.97	1882	3.26	2.20
1873	3.86	2.87	1883	3.18	2.42
1874	3.87	2.67	1884	2.85	2.30
1875	3.86	2.57	1885	2.86	1.87
1876	3.70	2.87	1886	3.15	1.80
1877	3.56	2.10	1887 (half year)	3.10	1.51
1878	3.50	2.45			

ADDITIONAL TESTIMONY OF MARVIN HUGHITT.

In response to questions by the Commissioner, Mr. HUGHITT furnishes the following written replies:

Q. What are the relations between the Sioux City and Pacific Railroad Company and the Western Union Telegraph Company?—A. The Sioux City and Pacific Railroad Company leased its entire line of telegraph to the Western Union Telegraph Company for a term of twenty-five years from April 1, 1871. For the consideration received by the railroad company for same, see copy of lease inclosed herewith.

Q. What revenue and expenditures have grown out of this service?—A. The railroad company received from the telegraph company (as stated in the lease) the sum of $6,420. This amount was paid by the telegraph company January 5, 1872. In addition to the above amount received by the railroad company; it receives the benefit of direct connection with the general telegraph system of the country; the privilege of doing a large amount of business over the Western Union lines free of

cost; preferential rights for its messages over those of a commercial nature; the material and implements it requires in maintaining and enlarging its facilities as needed; also other important and valuable considerations. We have no means of ascertaining what the earnings of the telegraph company have been on the property in question, or what the receipts and expenditures would have been if the railroad company had continued to operate its lines. It is apparent, however, that it would have been a very difficult matter to operate the short lines of the Sioux City Railroad profitably as a distinct system, especially as the cost to the Western Union Telegraph Company of reaching principal points touched by the Sioux City would have been very small compared with the convenience and necessity of its doing so.

In response to a request to furnish copies of the annual reports of the Sioux City and Pacific Railroad Company, Mr. HUGHITT says:

The Sioux City and Pacific Railroad Company has never made any printed annual reports. Since 1879 reports have annually been furnished the United States and are on file in the office of the Commissioner of Railroads at Washington. Printed copies of same can be had upon application to said office.

In response to a call for the engineer's original notes (or copies of them) on which the cost of construction of the Sioux City & Pacific road was estimated, Mr. HUGHITT says:

In answer to the inquiry for engineer's original notes would say that they are not attainable, but it is quite probable that the Commission may find them among the archives of the Government at Washington.

Road mileage of the Union Pacific Railway consolidated and auxiliary lines.

		Miles.
Union Pacific Railroad, Union Division (A):		
Main line: Council Bluffs to Ogden		1,033.34
Branches:		
Broadway, Council Bluffs	1.65	
Omaha Junction Switch to junction with Chicago, St. Paul, Minneapolis and Omaha Railway	2.44	
Niles Junction to Coal Mines	.37	
Almy Junction to Coal Mines	3.21	
		7.67
Total, Union Division		1,041.01
Kansas Pacific Railway, Kansas Division (N):		
Main line: Kansas City to Denver		638.93
Branches:		
Wyandotte spur	2.08	
Enterprise spur	1.95	
		4.03
Total, Kansas Division		642.96
Kansas Pacific Railway, Leavenworth Branch (O), Leavenworth to Lawrence		34.00
Denver Pacific Railway, Cheyenne Division (U), Denver to Cheyenne		106.00

RECAPITULATION.

(A) Union Division	1,041.01
(N) Kansas Division	642.96
(O) Leavenworth Branch	34.00
(U) Cheyenne Division	106.00
Total, Union Pacific Railway consolidated	1,824.01

AUXILIARY LINES.

		Miles.
[illegible] and Republican Valley Railroad:		
Main line, Valley, Nebr., to Marysville		121.41
Branches:		
Valparaiso to Stromsburgh	53.30	
Blue Springs Spur	.68	
Saint Paul to Loup City	39.40	
Grand Island to Ord	60.77	
Scotia Spur	1.37	
		155.52
Marysville and Blue Valley Railroad, leased by the Omaha and Republican Valley Railroad Company		12.80
		289.73
[illegible], Niobrara and Black Hills Railroad:		
Main line, Columbus to Norfolk (Nebr.)		50.37
Branches:		
Lost Creek to Albion	34.46	
Genoa to Cedar Rapids	30.55	
		65.01
		115.38
[illegible]attan and Blue Valley Railroad: Manhattan to Marysville		54.95

RECAPITULATION.

[illegible] and Republican Valley Railroad (including Marysville and Blue Valley Railroad)	289.73
[illegible], Niobrara and Black Hills Railroad	115.38
[illegible]attan and Blue Valley Railroad	54.95
Total, Omaha and Republican Valley Railway	460.06

NOTE.—These roads were consolidated under one company January 1, 189[illegible].

[illegible] and Park City Railway:	
Main line, Echo to Park City	27.59
Branches, Echo to Grass Creek	4.30
Total	31.89
[illegible] Lake and Western Railway:	
Main line, Lehi Junction to Tintic	53.89
Branches, Lehi to Silver City	4.15
Total	58.04
[illegible]aramie, North Park and Pacific Railway: Laramie to Soda Lakes	13.29
[illegible]gan Short Line Railway:	
Main line, Granger to Huntington	541.81
Wood River Branch, Shoshone to Ketchum	59.79
Total	611.60
[illegible] and Northern Railway: Ogden to Silver Bow	408.95
[illegible]ction City and Fort Kearney Railway:	
Main line, Junction City (Kans.) to Concordia	70.66
Branch, Lawrenceburgh to Belleville	17.14
Total	87.80
[illegible]ence and Emporia Railway (formerly known as Carbondale Branch): Lawrence to Carbon Hill	30.64
[illegible] Railroad: Solomon to Beloit	57.04
[illegible] and Southwestern Railway: Salina to McPherson	35.45
[illegible] Central Railroad: Leavenworth to Miltonvale	166.14

Colorado Central Railroad:		
Narrow gauge:		
Denver to Central City	24.59	
Forks Creek to Georgetown	21.33	
Total narrow gauge		45.92
Broad gauge:		
Denver to Colorado Junction	130.36	
Julesburgh Branch (Julesburgh to La Salle)	151.48	
Total broad gauge		281.84
Total Colorado Central Railroad		327.76
Denver, South Park and Pacific Railroad:		
Main line, Denver to Leadville		151.12
Branches:		
Como to Baldwin Mines	131.05	
Bear Creek Junction to Morrison	9.89	
Como to Coal Mine	3.47	
Keystone to Dickey	6.86	
California Gulch Spur	3.05	
Garos to London	16.00	
Schnanders to Buena Vista	3.87	
		174.19
Total		325.31
Greeley, Salt Lake and Pacific Railway:		
Broad gauge:		
Greeley to Stout		39.63
Bellevue Spur		.79
Narrow gauge, Boulder to Sunset		14.54
Total		54.96
Denver and Boulder Valley Railroad: Brighton to Boulder		27.00
Georgetown, Breckenridge and Leadville Railway: Georgetown (Colo.) to Graymount		8.47
Denver and Middle Park Railway: Ralston to Glencoe		4.51
Denver, Marshall and Boulder Railroad: Argo Junction to Boulder		26.70
Salina, Lincoln and Western Railway: Salina to Lincoln Center		34.68
*Cheyenne and Northern Railway: Cheyenne to Chugwater		70.61

RECAPITUTATION.

Union Pacific Railway consolidated		1,494.00
Omaha and Republican Valley Railway	460.06	
Echo and Park City Railway	31.89	
Salt Lake and Western Railway	58.04	
Laramie, North Park and Pacific Railway	13.29	
Oregon Short Line Railway	611.60	
Utah and Northern Railway	408.95	
Lawrence and Emporia Railway	30.64	
Junction City and Fort Kearney Railway	87.80	
Solomon Railroad	57.04	
Salina and Southwestern Railway	35.45	
Kansas Central Railroad	166.14	
Colorado Central Railroad	327.76	
Denver, South Park and Pacific Railroad	325.32	
Greeley, Salt Lake and Pacific Railway	54.96	
Denver and Boulder Valley Railroad	27.00	
Georgetown, Breckenridge and Leadville Railway	8.47	
Denver and Middle Park Railroad	4.51	
Denver, Marshall and Boulder Railroad	26.70	
Salina, Lincoln and Western Railway	34.68	
		2,770.06
		4,264.06
*Cheyenne and Northern Railway (not yet operated)		70.61
Total, Union Pacific system		4,335.17

THE UNION PACIFIC RAILWAY COMPANY.—COMPTROLLER'S OFFICE.

Statement showing amount advanced by the Union Pacific Railway Company on account of the construction of auxiliary lines during the years 1880, 1881, and 1882, and bonds and stock received on account of construction during same period.

[Prepared by company.]

Name of road.	Amount.	Credits: Bonds.		Credits: Stocks.	
		Par value.	Cost.	Par value.	Cost.
1880.					
Kansas and Republican Valley (including Marysville and Blue Valley)	c$105,806.10 758,061.04				
Nebraska, Alma and Burlingame	c70,523.44 330,976.56	$339,000	$305,100.00	$400,000	$35,876.56
Utah and Northern Railway	672,559.44	1,482,000	889,200.00	1,482,000	222,300.00
Colorado Central (Julesburg branch)	744,341.68				
Dakota, Niobrara and Black Hills	c37,071.80 380,720.00				
Idaho and Park City (Summit County)	400,491.88				
Kansas Central	10,859.18				
Kansas and Southwestern	9,630.37				
Kansas and Emporia	161,010.80				
Wyoming, Montana and Pacific	31,948.34				
Utah Southern	397,996.96	1,203,000	854,500.00	650,000	65,000.00
	3,877,565.34	3,024,000	2,028,800.00	2,532,000	313,176.56
1881.					
Kansas and Republican Valley (including Marysville and Blue Valley)	28,371.56	*128,000 †967,000	*115,200.00 †870,300.00	*84,000 †483,500	*24,174.96 †183,708.23
Wyoming, Montana and Pacific	3,081.04				
Utah and Northern	771,822.35	1,338,000	912,000.00	1,338,000	182,400.00
Colorado Central (Julesburg branch)	1,686,984.82	2,262,000	1,809,600.00	2,262,000	700,250.17
Dakota, Niobrara and Black Hills	44,805.96	977,000	781,600.00	977,000	94,441.82
Idaho and Park City (Summit County)	58,672.36	480,000	432,000.00	320,000	72,724.25
Kansas Central	627,435.07	486,000	461,200.00	248,000	24,800.00
Kansas and Southwestern	184,966.25	†148,000 †179,000	126,368.62 99,212.00	180,900	9,045.00
Lake and Western	437,822.46				
Kansas and Emporia	172,400.48	465,000	302,250.00	465,000	31,161.37
Oregon Short Line	[1,735,342.53				
Jersey, Salt Lake and Pacific	891,105.34				
Georgetown, Breckenridge and Leadville	10,382.49				
Kansas, North Park and Pacific Railroad and Telegraph Company	22,436.04				
Denver, South Park and Pacific	2,550,744.01	901,000	901,000.00	701,200	613,500.00
Dakotan and Blue Valley	13,707.35				
Idaho and Northwestern	1,923.63				
Denver, Western and Pacific	44,487.50				
	8,966,491.24	8,322,000	6,770,730.62	7,069,600	1,935,255.80
1882.					
Kansas and Republican Valley	283,628.35	281,000	281,000.00	140,900	84,540.00
Wyoming, Montana and Pacific	26,007.38				
Utah and Northern	709,408.99	557,000	501,300.00	557,000	111,400.00
Colorado Central (Julesburg branch)	78,523.67				
Dakota, Niobrara and Black Hills	c6,140.36				
Idaho and Park City	13,283.06				
Kansas Central	101,869.80	148,000	148,000.00	386,000	154,400.00
Kansas and Southwestern	25,340.77				
Kansas and Northwestern	8,251.26				
Lake and Western	396,263.01	1,080,000	864,000.00	1,080,000	97,200.00
Jersey, Salt Lake and Pacific	773,379.04				

Amounts preceded by an italic *c* represent county and other bonds which have been sold by the Union Pacific Railway Company, and credit has been given to the several railway construction accounts for the proceeds of such sales. Other amounts represent the net advances made.

*Marysville and Blue Valley Railroad.

†Kansas and Republican Valley Railroad.

‡Kansas and Southwestern Railroad.

§Kansas and Southwestern Railroad.

During the year 1881 the Union Pacific Railway Company received $3,291,500 on account of subscriptions to bonds and stock of the Oregon Short Line Railway Company.

Statement showing amount advanced by the Union Pacific Railway Company, etc.—Continued

Name of road.	Amount.	Credits: Bonds.		Credits: Stocks.	
		Par value.	Cost.	Par value.	Cost.
Georgetown, Breckenridge and Leadville	$234,428.47				
Laramie, North Park and Pacific Railroad and Telegraph	38,581.75				
Denver, South Park and Pacific	616,434.86	$1,018,000	$1,018,000.00	$1,001,600	$879,29[illegible]
Denver, Western and Pacific	171,668.12				
Manhattan and Blue Valley	39,678.66				
Oregon Short Line Railway	*5,781,067.37				
	9,291,699.40	3,094,000	2,812,300.00	3,255,000	[illegible]

* During the year 1883 the Union Pacific Railway Company received $5,079,200 on account of subscriptions to bonds and stock of the Oregon Short Line Railway Company.

Statement of bonds acquired and placed in the Kansas Pacific consolidated mortgage, Denver Pacific mortgage, or Denver Extension mortgage trusts, during 1880, 1881, *and* 1882.

	1880.	1881.	1882.	When released from trust and canceled.
Cheyenne Branch bonds	$349,000.00	$12,000.00	$15,000.00	
Denver and Boulder Valley R. R. Co. bonds	55,000.00	10,000.00	8,000.00	
Income bonds, Kansas Division	28,100.00	22,200.00		
Income bonds, subordinated, Kansas Division	20,000.00		166,800.00	
Junction City and Fort Kearney Rwy. Co. bonds	150,000.00			
Lawrence and Southwestern R. R. Co. bonds (Carbondale Branch)		200,000.00		
Leavenworth Branch bonds	241,000.00	92,000.00		
First land-grant bonds, Kansas Division	729,000.00	1,800.00	2,000.00	June 5, 188[illegible]
Second land-grant bonds, Kansas Division	96,000.00	3,000.00		May 15, 188[illegible]
Eastern Division coupon certificates, Kansas Division		274,425.00	22,980.00	
Middle Division coupon certificates, Kansas Division		529,185.00	12,600.00	
Denver Extension coupon certificates, Kansas Division		866,740.00	15,522.50	
Leavenworth Branch coupon certificates, Kansas Division	46,270.00	10,710.00	26,196.50	
First land-grant coupon certificates, Kansas Division	218,239.69	236.25		Dec. 31, 188[illegible]
Second land-grant coupon certificates, Kansas Division	159,075.00	945.00	1,575.00	Dec. 30, 188[illegible]
Denver extension bonds, Kansas Division		88,000.00	97,000.00	
Total	2,092,284.69	2,210,991.25	367,735.00	

...ment of bonds acquired by the Union Pacific Railway Company during the years 1880, 1881, *and* 1882.

Title of bond.	1880.		1881.		1882.	
	Bonds.	Entered at	Bonds.	Entered at	Bonds.	Entered at
...ma, Colorado and Pa-cific	$113,000.00	$110,000.00	$296,000.00	$296,000.00		
...Island Precinct	25,000.00	25,000.00	25,000.00	25,000.00	$50,000	$50,000.00
...Central	638,000.00	574,200.00	112,000.00	112,000.00	2,000	2,000.00
...and Nebraska	731,320.00	731,320.00	460,000.00	465,200.00	148,000	148,000.00
			344,841.00	298,608.26	80,001	82,696.23
...Joseph and Pacific	1,060,804.23	1,060,804.23	*112.80	112.80	28,999	25,125.00
			244,177.57	219,872.45		
...and Republican Valley	295,000.00	196,666.67	672,000.00	673,636.32	281,000	281,000.00
...and Northern	1,482,000.00	889,200.00	1,338,000.00	912,000.00	5,000	5,000.00
					559,000	501,300.00
...Southern Extension	975,000.00	682,500.00			7,000	7,000.00
...City, Cloud County, Kans			300.00	300.00		
...Central			2,262,000.00	1,808,600.00	4,000	4,000.00
...South Park and Pa-cific			901,000.00	901,000.00	430,000	430,000.00
					1,018,000	1,018,000.00
...Township, Cloud County, Kans						
			11,650.00	12,278.31		
...and Park City			462,000.00	432,000.00		
...and Grand Island					375,000	42,989.82
...Township, Cloud County, Kans			10,200.00	10,709.91		
...and Emporia			465,000.00	332,250.00	(†)	
...Township, Cloud County, Kans			17,200.00	18,395.67		
...and Blue Valley			128,000.00	115,200.00		
...son City, McPherson County, Kans			2,000.00	1,400.00		
...Township, Mc-Pherson County, Kans			5,000.00	3,500.00		
...and Pass Mining and ...Tunnel Co					400,000	72,000.00
...Alma and Bur-lington			339,000.00	305,100.00		
...Central			250,000.00	150,000.00		
...Mining and Indus-trial Association of Colo-rado					10,000	10,000.00
...Niobrara and Black Hills			977,000.00	781,600.00		
...Joseph Bridge Build-ing	784,000.00	784,000.00				
...and Southwestern			540,000.00	221,580.34	(†)	
...Louis, Council Bluffs and Omaha			19,500.00	19,500.00		
...Lake and Western					1,000,000	864,000.00
...Western			534,000.00	275,000.00		
Total	6,071,024.23	5,083,500.90	10,342,854.77	8,238,965.57	3,462,970	2,930,161.75

*Scrip. †Placed in trust.

The following are affidavits relating to the methods employed in compiling the statement of freight earnings of the Union Pacific Railway Company, derived from interchanged traffic for the year 1886, amounting to $4,544,333.17; also to statement of passenger earnings for the same year from interchanged traffic, amounting to $934,121.74:

...changed freight traffic as above	$4,544,333.17
...changed passenger traffic as above	934,121.74
	5,478,454.91

Compare these figures with second column of table on page 899 (vol. 2) of the record.

...TE OF NEBRASKA, *Douglas County, ss:*

I, John D. Ludlow, being sworn, do upon my oath say I am a clerk in the office of the freight auditor of the Union Pacific Railway Company at Omaha, Nebr.; that I

compiled the statement of freight earnings of the Union Pacific Railway Company derived from interchanged traffic for the year 1886, amounting to $4,544,333.17, as shown on blank Form 250, dated May 11, 1887.

That the figures used in compiling the above-mentioned statement were obtained from the books of the Union Pacific Railway Company, in which are recorded the entire earnings of all lines operated by the said company, as obtained from its various station agents' reports of freight forwarded from and to each station, and from similar reports of such railroad companies as the Union Pacific Railway Company interchanges business with, and in which books a division of all freight revenue between the Union Pacific Railway Company and all lines operated by it is recorded in monthly periods.

That in determining the amounts of interchanged freight traffic as shown on the above-mentioned blank Form 250, freight revenue derived from traffic between stations on the same line or branch was considered local earnings, and the remainder interchange earnings; that the sums included as interchange earnings formed a part of the ordinary freight-traffic earnings of the Union Pacific Railway Company for the year 1886; that the apportionment of same was made on the regular and usual basis of division between the Union Pacific Railway Company and the lines operated by it; and that only the usual proportions of the through-freight charges allotted to the Union Pacific Railway Company as its share of the earnings on shipments between main line and branch line stations was included as its interchange earnings, and that no portion of the earnings due to other railway companies on account of business interchanged with them was included therein.

I further depose and say that in the preparation of the statement first above mentioned due care was taken to guard against errors; that the computations were carefully made and their correctness verified by balancing the sums of the local and interchanged earnings of each division as obtained with the total monthly earnings as previously determined and shown by the books referred to above; and that to the best of my knowledge and belief the said statement is correct.

JNO. D. LUDLOW.

I, Samuel J. Cutler, a clerk in the office of the freight auditor of the Union Pacific Railway Company at Omaha, Nebr., being duly sworn, do depose and say that the freight earnings of the Union Pacific Railway Company derived from interchanged traffic for the year 1886, amounting to $4,544,333.17, referred to in the above deposition of John D. Ludlow, were compiled by him under my direct supervision and instructions; that the method pursued to determine the correct amount of interchanged earnings was as stated in the above deposition; that due care was taken to guard against errors in the preparation of the statement made on blank Form 250, above referred to, and that, to the best of my knowledge and belief, the same is a true and correct exhibit of the freight earnings of the Union Pacific Railway Company derived from interchanged traffic with its branch lines for the period mentioned.

SAMUEL J. CUTLER.

I, Andrew S. Van Kuran, being duly sworn, do depose and say I am the freight auditor of the Union Pacific Railway Company, and familiar with the books, reports, and records pertaining to the freight accounts, traffic, and revenue of the Union Pacific Railway Company; that I have examined the books and records from which the statement on blank Form 250, referred to in the above depositions, was compiled, and have investigated the method pursued to determine the freight earnings of the Union Pacific Railway Company derived from interchanged traffic for the year 1886 as shown therein, and believe the same was prepared as stated in the above depositions, and is a true and correct exhibit, as above stated.

ANDREW S. VAN KURAN.

Sworn to before me and subscribed in my presence by John D. Ludlow, Samuel J. Cutler, and Andrew S. Van Kuran, respectively, this 25th day of November, 1887.

[SEAL.] J. S. SHROPSHIRE,
Notary Public.

STATE OF NEBRASKA, *County of Douglas, ss:*

I, Thomas L. Kelton, being sworn, do, upon my oath, say I am a clerk in the office of the auditor of passenger accounts of the Union Pacific Railway Company at Omaha, Nebr.; that I compiled the statement of passenger earnings of the Union Pacific Railway Company derived from interchange traffic for the year 1886, amounting to $934,121.74, as shown on blank Form 250, dated May 11, 1887.

That the figures used in compiling the above-mentioned statement were obtained from an abstract of each report of ticket sales made by agents of the Union Pacific

Railway Company, and from similar reports of such railroad companies as the Union Pacific Railway Company interchanges business with, and on which blank a division of all passenger revenue between the Union Pacific Railway Company and all lines operated by it is recorded in monthly periods.

That in determining the amounts of interchange passenger traffic, as was shown on the above-mentioned blank Form 250, only such passenger revenue derived from traffic between stations on the Union Pacific Railway Company consolidated and branch lines was used, and that the apportionment of same was made on the regular and usual basis of division between the said Union Pacific Railway Company and the lines operated by it; and that only the usual proportion of the through passenger earnings allotted to the Union Pacific Railway Company as its share of the total earnings was included as its interchange earnings.

I further depose and say that in the preparation of the statement first above mentioned, due care was taken to guard against errors that the computations were carefully made, and their correctness verified by balancing the sums of the local and interchanged earnings of each division as obtained with the total monthly earnings as previously determined and shown by the abstract referred to above, and that to the best of my knowledge and belief the said statement is correct.

T. L. KELTON.

Subscribed in my presence and sworn to before me this 25th day of November, A. D. 1887.

[SEAL.] J. S. SHROPSHIRE,
Notary Public.

STATE OF NEBRASKA, *County of Douglas, ss:*

W. S. Wing, being duly sworn, deposes and says that he is the auditor of passenger accounts of the Union Pacific Railway Company, and as such is familiar with the facts relating to the passenger earnings of said railway company, as shown on statement Form 250, dated May 11, 1887, of which $934,121.74 was derived from interchange traffic with its branch lines; said figures were compiled by Thomas C. Kelton, under my direct supervision and instruction; that the method pursued to determine the correct amount of interchange earnings was as stated in his deposition; that due care was taken to guard against errors in the preparation of the statement made on blank Form 250, above referred to, and that, to the best of my knowledge and belief, the same is a true and correct exhibit of the passenger earnings of the Union Pacific Railway Company, derived from interchange traffic with its branch lines, for the period named.

W. S. WING.

Subscribed in my presence and sworn to before me this 25th day of November, A. D. 1887.

[SEAL.] J. S. SHROPSHIRE.
Notary Public.

STATE OF NEBRASKA, *County of Douglas, ss:*

I, Erastus Young, being duly sworn, do depose and say that I am the auditor of the Union Pacific Railway Company, and as such have general charge of the traffic accounts of the said company; that the methods of apportioning the earnings interchanged between the Union Pacific Railway Company and its branch lines as described in the affidavits of J. D. Ludlow, Samuel J. Cutler, Andrew S. Van Kuran, T. L. Kelton, and W. S. Wing are in accordance with my instructions; that the earnings derived by the said Union Pacific Railway Company from interchanged traffic with its branch lines during the year 1886, as stated in statement (Form 250) dated May 11, 1887, viz, $5,478,454.91, of which $934,121.74 was derived from passenger and $4,544,333.17 from freight, were ascertained by making an analysis of the revenue accounts of the company; that only the Union Pacific Railway Company's proportion of the earnings that were joint between it and its branch lines was included in the amount above stated, and that the sums thus included form a part of the ordinary traffic earnings of said Union Pacific Railway Company; and that to the best of my knowledge and belief the statement above referred to is a true and correct exhibit of the freight and passenger earnings of the Union Pacific Railway Company derived from interchanged traffic with its branch lines for the year 1886.

I further depose and say that earnings derived from the transportation of United States mail matter interchanged between the Union Pacific Railway and its branch lines was not included in the interchanged earnings for the reason that it was impossible to ascertain its value or the proportion due the said Union Pacific Railway Com-

pany and its branch lines except upon the basis fixed by the United States Post-Office Department, which is at a fixed rate per mile for the total service performed over each designated route.

ERASTUS YOUNG.

Subscribed in my presence and sworn to before me this 25th day of November, A. D. 1887.

[SEAL.] J. S. SHROPSHIRE,
Notary Public.

PRESIDENT'S OFFICE, UNION PACIFIC RAILWAY COMPANY,
Boston, November 21, 1887.

MY DEAR SIR: An important question of railroad economics has arisen in the course of the investigation which the specially appointed Pacific Railroad Commission is now making into the affairs of this company—a question upon which experts only can pass. Accordingly I desire to submit the case in point to you, and ask you to confer upon me the great favor of an immediate reply.

The question at issue relates to the profit derived by the main line of the Union Pacific, from that portion of the traffic of its branch lines which is done over the tracks of the main line.

In other words, taking the Oregon Short Line as an example, the facts are specifically as follows, viz: The Oregon Short Line connects with the Union Pacific at Granger, 896 miles from Omaha. The Oregon Short Line itself, then, has 610 miles of road west of Granger, connecting with the tracks of the Oregon Railway and Navigation Company at Huntington, in Oregon. So far as the Union Pacific is concerned, the business done over the Oregon Short Line is largely what is known as through business; that is, business originating from, or destined to, points east of Omaha, the terminus of the Union Pacific, and west of Granger, its point of junction with the Short Line. In this respect the Oregon Short Line, among the branches of the Union Pacific, is not peculiar. Most of the business coming to, or going from, those branches is through business, so far as the Union Pacific is concerned.

The question is: What is approximately the ratio of profit to the Union Pacific on the traffic of the Oregon Short Line, or other branches of the Union Pacific, while such traffic is moving over the Union Pacific proper between Omaha and the point of junction with the branch line, whether Granger or some other?

The average ratio of operating expenses of the entire Union Pacific system to its gross earnings has, since 1880, a period of seven years, been 53.60 per cent. So far as the Union Pacific proper is concerned, apart from its auxiliary system, the average ratio has been 48.18 per cent. It is unnecessary to point out that the business of the branch lines, being purely through business so far as the Union Pacific proper is concerned, is done by the Union Pacific at a much lower cost than its own local business. The traffic in question is mainly freight. It is received by the Union Pacific from the branch lines in full car-load or train lots, and delivered by the Union Pacific to the branch lines in the same way. There is for the Union Pacific proper, no expense of collecting, switching, handling, or delay of rolling-stock. In the case of the Oregon Short Line, for instance, some five full train-loads a day are received and delivered by the main line. The wheels of these trains, whether starting from Omaha or from Granger, are in constant motion for 896 miles of Union Pacific main line track. When this haul is completed, the cars composing the train are turned over by the Union Pacific, either

to its Eastern connections at Omaha, or to the Oregon Short Line at Granger. The only cost involved is motive power and train crews.

Under these circumstances, what average profit does the Union Pacific derive from its branch-line traffic of this character? If the average profit of the Union Pacific on its general traffic is 51.82 per cent., what may be considered a fair average on its branch-line traffic?

In dealing with this question before the Commission, I used the following illustration, which I extract from the printed record:

I will now take the Union Pacific business—freight—to the Oregon Short Line, in order to show how profitable that traffic is to the main line. The Union Pacific at present delivers to the Oregon Short Line about a hundred and three cars a day of freight. That represents five full trains. Much of it is coal, which comes from Rock Springs, and goes over the Oregon Short Line to local points or to Butte, Mont.; the balance comes from Omaha. I will take the case of freight trains from Omaha to the Oregon Short Line. The trains are made up in the Omaha yard—we will say, two trains a day. Each train consists of twenty-four cars. Those cars, on an average, carry 15 tons apiece of paying freight. That freight pays three-quarters of a cent a ton per mile, or about that. It really pays more, but we will suppose three-quarters of a cent. Therefore, each car would earn 12 cents a mile; and, there being twenty-four cars in a train, the train would earn $2.88 a mile, and it would go 860 miles. In other words, that train earns, between Council Bluffs and Granger, the sum of $2,500, all of which goes to the Union Pacific. The Union Pacific, before the Oregon Short Line Company built its road, had its own complete facilities, its general staff, general expenses, and fixed charges, none of which were increased perceptibly by the new business which goes to or comes from the Short Line. The cost of hauling a train on the Union Pacific is about 55 cents a mile. Therefore it will be, in the case of a train run from the Short Line, 860 times 55 cents, or, in round numbers, $450.

Q. The cost of such a train as this?—A. Yes; such a train would cost the Union Pacific proper $450 to haul. In addition to that, I am not aware of any expense which the main line is put to, except the wear and tear of its track, which in the case of a single train is imperceptible. It is so small that we are unable to approximate it in our statistics, although we carry them down to as fine a point as we can. But we will suppose that it amounts to $250, which is a very liberal estimate. That would make $700 as the total expense to which the Union Pacific was subjected on account of a Short Line train, which earned for the Union Pacific $2,500. Upon that single train, therefore, as nearly as I can ascertain from the best figures at my command, the Union Pacific earns net $1,800.

I would like to be advised whether you, as an expert, would be disposed to confirm the results herein reached by me, to wit: that in the case and under the circumstances stated, the mother line nets in the neighborhood of 70 per cent. of the gross amount received by it on the branch-line traffic passing to and from the branch lines over its own tracks.

The comptroller of the company, in estimating the average value of the branch-line interchange traffic to the mother line, computed it at 40 per cent. of the gross value of such traffic. The conclusion reached by him does not materially differ from that reached by me in the foregoing extract from my evidence. This result is questioned by certain of the Commissioners. As bearing upon the doubts which may exist in their minds, I would call your attention to the marked passage on page 11 of the printed testimony which I herewith send you.

It is of great importance to this company that the opinion of experts of unquestioned authority should be obtained upon the point involved. I therefore take the liberty of writing to you, and in conclusion, would merely add, that, to be of value, an answer to this communication will have to reach me as soon as possible after its receipt.

I remain, etc.,

CHARLES F. ADAMS,
President.

NEW YORK, *November* 23, 1887.

DEAR SIR: Your favor of the 21st is just received. You ask my opinion, as an expert in railroad management, as to the average profit derived by the Union Pacific Railroad from its branch-line traffic, and whether I will be disposed to confirm the statements and estimates given in your testimony on that point before the Pacific Railroad Investigating Committee, a copy of which you submit.

In reply I have no hesitation in affirming that your estimate that 70 per cent. of the gross receipts of the Union Pacific from its branch-line traffic is profit, is entirely reasonable and moderate. By "profit" I mean money left in the treasury after payment of all expenses incurred in doing the work, which would not have been incurred if that traffic did not exist. Doubtless the proportion of profit will vary on different branches. It will be less on those which join the main line near its eastern terminus, and therefore give it but a short haul, and less on those which reach competitive points and bring low-rate traffic. It will be greater on lines which are in and about the Rocky Mountains and give the main line very long hauls, and greater on those which bring non-competitive freight. From my personal knowledge of your system and character of your traffic, I feel confident that the "profit" in many cases would exceed 75 per cent. of the receipts by the main line.

The principle involved is as far beyond question as the multiplication table, and it is exemplified by the history and present situation of the railroad property now under my charge, the Central Railroad and Banking Company of Georgia.

Twenty-two years ago the rival southern ports of Savannah and Charleston had each a road reaching into the interior of about the same mileage (say 200 miles)—the Central from Savannah and the South Carolina from Charleston. Each road had been torn up by Sherman's army, and had nothing left but its road-bed.

The Central Railroad began immediately to acquire and control branch lines and feeders by lease, purchase, and construction. It to-day owns in fee simple three steamship lines (Savannah to Philadelphia, New York, and Boston) and 1,108 miles of railroad, and controls nearly 1,300 more miles by part ownership, acquired generally through aiding in their construction. Its stock is selling at 125, and it is earning over 10 per cent. net, and is paying its stockholders 8 per cent. dividends. The South Carolina is running only its original 200 miles of road, and has been, meanwhile, sold out and reorganized. It is now so hemmed in by other large systems that it will probably finally be absorbed by one of them. It has never paid any dividends.

But the point of the whole matter is this: *Comparatively few of the Central's auxiliary lines are profitable in themselves.* In my recent report to the stockholders I state that the auxiliary system as a whole is but little more than self-supporting, though it is hoped that parts of it will eventually become profitable.

But in the struggle for existence among the railroad systems of our section, the Central has survived and flourished and taken a leading position by providing itself with feeders and protection, and we are still vigorously pursuing the same policy. I am to-day building and preparing to build four or five more roads and extensions, only one of which will probably pay *directly* the interest on its cost. The others are feeders, or for protection, or both.

So as the road I am now operating is to-day flourishing on the results of a "branch line policy," and is not at all a solitary example of its

kind, I think the wisdom—I may say, the absolute necessity—of such policies, judiciously carried out, is an amply demonstrated fact.

Very truly, yours,

E. P. ALEXANDER.

CHARLES F. ADAMS, Esq.,
President Union Pacific Railway Company, Boston, Mass.

WILMINGTON, *November* 24, 1887.

MY DEAR SIR: In reply to your letter of November 21, I beg to say that I have been for the last fifteen years engaged in the construction and management of railroads and in the study of all practical and economic questions connected therewith.

I have read your testimony before the Pacific Railroad Commission on in regard to the system of constructive mileage in use between the Union Pacific Railroad and its branch lines, and have pleasure in saying that the practice, as explained by you, is not only fair and liberal, but is the same in principle that is everywhere applied in this country for the division of earnings between main lines and their controlled branches where different ownership exists, and also between lines which are independent of each other and are merely working together for mutual convenience and profit.

I have carefully considered the testimony in reference to the origin of this system and the justice of its application to the Union Pacific and its branches, and must say that the reason for the practice has been very mildly stated. In my judgment the branch lines, irrespective of ownership, are entitled to all the advantages of their position; and in the division of traffic, this would in many cases give them a mileage allowance on joint traffic equal to the amount the traffic would have to pay if it were hauled by ox or mule teams or carried upon the backs of pack-animals. And if the branch lines were owned by different stockholders from those of the main line, and they were otherwise protected and free to act for their own interests alone, it may be safely assumed that they would apply this rule most rigidly. This would be literally taking all the traffic would stand, and the only question left in that case for the management of the main line to consider would be, Can we get enough out of this business to pay us the actual cash cost of handling it? If so, the decision would most certainly be to take it, in the hope that ultimately the business of the branch line and of the country adjacent, would be so increased, and the conditions become so changed, that the main line would be ultimately enabled to draw a fair profit from them.

As to the application of the practice to the case of the Oregon Short Line, I submit the following remarks: I am familiar with the vast region tributary to the Columbia River, having served in it as an officer of the Corps of Engineers, U. S. Army, in 1860–'61, and having three years ago revisited it, for the purpose of refreshing and extending my knowledge in regard to it. So profoundly was I impressed, during the latter visit, with its varied and vast resources, and with the certainty of its becoming at no distant day the home of a dense and prosperous population, that I took the liberty, as you may recollect, of urging you by letter to push your lines into it as fast as possible, by lease, purchase, and construction, as might from time to time be necessary.

It was then and is now my deliberate judgment that it would have been wise for you to carry out this policy, if it had been certain that

your main line from Omaha to Granger would not receive one dollar of direct profit from the traffic thus secured in ten years. Let me make my meaning clear. The Columbia River country, by which I mean the State of Oregon and the Territories of Washington and Idaho, is for all human uses the best that anywhere touches the borders of the Pacific Ocean, and will one day abound in untold wealth. Its railroad and ocean-borne traffic will be of incalculable value, and will necessarily grow up most rapidly along the lines first connecting it with the Territories and States east of it. If in order to control such lines it had been necessary for your company to agree to give to the companies owning them complete control over their own properties, a guaranty of all their fixed charges, and all the profits of their own business, and of the joint business with your main line for ten years, it would have been wise and justifiable for you to enter into the agreement, provided, always, that you could not have secured the same end and advantages under more advantageous terms.

But as a matter of fact, it is certain, without going into details, that you have secured much better terms, as will appear from my answer to the specific question which you submit for my consideration, namely:

What average profit does the Union Pacific derive from the traffic of the Oregon Short Line or other branches, while such traffic is moving over the Union Pacific between Omaha and the branch-line junction?

From the statement of the mileage allowances which is set forth in the testimony before the Commissioners, and the case as stated by you, I do not hesitate to express the belief that full 50 per cent. of the compensation allowed to the main line, even where the rate is the lowest, is clear profit; and instead of taking your figures of 55 cents as the cost of moving full train loads, per freight train mile, as I might very properly do, I take the average cost for the last seven years, which, as shown by your report for 1886, was a fraction less than $1.0 per "revenue train mile." This average includes every possible expense connected with the operation of the road, from general expenses to taxes, and applies to both passenger and freight train mileage, and is, therefore, manifestly much in excess of the average cost per freight train mile, for any given volume of new business.

According to your statement the average receipts for Short Line freight business, at the low figure of three-fourths of a cent per ton per mile, are $2.88 per freight train mile, and hence the average profit is at least $1.48 per mile, which in the case of a full train of 25 cars, between Omaha and Granger, would be something over $1,250, and in case of any new business the figures would not fall below $1,800, and would probably reach $2,000.

The case is so clear, so simple, in fact, that it is difficult to see how it can be controverted, or what further statement or argument can be brought to bear upon it. It is of course within the range of railroad accounting to approximate very closely to the actual cash outlay due to running one or more additional freight trains over an established railroad, but the figures would be difficult for any one but an expert to understand, and hence I refrain from giving them.

For the purposes of this letter it is sufficient to say that under favoring circumstances, I do not doubt that 35 cents per train mile will pay all expenses directly incurred in running such trains, of 25 car-loads each, solid, from Omaha to any important branch junction, and that all the revenue received above that amount per mile by the main line, will go towards paying regular operating expenses, and reducing the

erage cost of running the other trains. In all such cases the profit, will be seen at a glance, will be considerably more than 70 per cent. the mother or main line.

Very truly, yours,

JAMES H. WILSON.

CHARLES F. ADAMS, Esq.,
President of the Union Pacific Railway Company, Boston, Mass.

PHILADELPHIA, WILMINGTON AND BALTIMORE RAILROAD COMPANY,
Philadelphia, November 25, 1887.

MY DEAR MR. ADAMS: I have read with much interest the report of the testimony which you gave to the Pacific Railroad Investigating Committee, and I most heartily indorse what you said in respect to "feeders," which, because they do not *per se* earn much and often fail to earn their operating expenses, are pronounced to be "suckers." For nearly twenty-three years I have been president of this company, and have studied carefully this question of feeders. I still hold steadfastly to opinions upon this subject formed before 1867, viz, that the success of a main line depends very much upon the fostering of feeders, even though those feeders are, to people who have had no experience in railroad management, a burden to be shaken off as soon as possible. This company has been aiding and supporting for over twenty years, by mileage concessions, drawbacks, subsidies, etc., roads that even to day fail to earn their operating expenses. Four branches have been operated by this company in 1886 whose operating expenses exceeded their gross receipts by over $100,000, yet so sure are we of their value as feeders that we continue to operate them, and could not be induced to part with them. This company for twenty-three years has paid in dividends never less than 8 per cent. per annum, and sometimes 10 per cent., while paying 2 per cent. of net earnings, on an average, for improvements which have been charged to expenses, and have not caused an increase of construction account. I am fully satisfied that this result could not have been attained without the profit derived from our branches, many of which are of themselves a burden to us, but from whose traffic given to us for longer haul we realize handsome profits. In your testimony I think that you did not call attention to the fact that from a natural growth of business, wisely fostered by the main line, these branch roads become stronger year by year. Upon one of our branch lines there was in 1882 a deficit of about $6,000 in operating; in 1883 the deficit was over $15,000; in 1884 the deficit was nearly $7,000; in 1885 there was a surplus of nearly $35,000; in 1886 the surplus was over $20,000, and the accounts now being made up for 1887 will, I am told, show a still larger surplus.

Owing to the absence of my secretary on 23d instant and to-day I delayed this letter, and now must leave it unfinished, but hope to send the residue on 26th instant if my secretary returns to give me papers which he has in custody.

Yours, very truly,

ISAAC HINCKLEY,
President.

CHARLES F. ADAMS, Esq.,
President Union Pacific Railway Company, Boston, Mass.

PHILADELPHIA, *November* 26, 1887.

MY DEAR MR. ADAMS: In continuation of my letter of yesterday in respect to branch roads, I will give you facts as to the Delaware Railroad, our most important feeder.

Recognizing the importance of this road as a feeder we many years ago took a lease of it (terminable in 1897), paying as rental that company's fixed charges and 6 per cent. dividends on their stock, agreeing to stock and work their road at cost. Anticipating losses in working the road and paying the rental, we made it a condition of the lease that if during its duration the net earnings should exceed the rental, three-quarters of the surplus should be paid to us to re-imburse us for past losses in operating, and one-quarter as a bonus. We also provided that if ever our past losses had been made good (no interest allowed) thenceforth any surplus should be paid to us one-half, and the other half to make a sinking fund to be used pro tanto in reducing the bonded debt of the Delaware Railroad Company, thus incidentally reducing the rental.

At one time there had grown up a deficiency of nearly $292,000 in net earnings to meet rentals. This year the whole deficiency has been repaid, and we have begun to take one-half of surplus of net earnings over rentals to ourselves, and to pay one-half to Delaware Railroad Company sinking fund.

When we had sunk nearly $292,000 for operating expenses over and above net earnings, I computed our profits upon the business given us by this feeder, and calling those profits 36 per cent. of receipts like those upon our main line at the time, we found that while apparently losing $292,000 in operating, our profits on the additional business given us by this feeder was $1,400,000. This was eleven years since, and while we have recovered our losses in operating, plus one-fourth of surplus of net earning over rentals, we have made several millions of profits from business given us by this feeder, which was often alluded to by some of our directors as a "sucker."

The prospective value of feeders ought not to be lost sight of.

Yours, very truly,

ISAAC HINCKLEY.

CHARLES F. ADAMS, Esq.,
President Union Pacific Railway Company, Boston, Mass.

CENTRAL PACIFIC RAILROAD.

Resolution of board of directors, passed June 6, 1865, relating to the contract of Charles Crocker & Co.

Resolved and ordered, That Charles Crocker & Co. be allowed and paid for all work done and material furnished, or which may hereafter be done and furnished, until the further order of the board of directors, in the construction of the railroad of the company from section 43 eastward, subject to and in accordance with the terms, conditions, and stipulations set forth in the contract with said Charles Crocker & Co., dated September 19, 1863, except so far as the same are modified or changed by this order, at the following rates and prices and in accordance with the following classification, to wit:

(1) For clearing and grubbing up to section 50, $200 per section, and for clearing and grubbing section 50 and beyond, such price as may be agreed upon by the president of the company and said C. Crocker & Co., and in case of their disagreement, the price to be fixed by the chief engineer.

(2) For earth excavation, to include all kinds of top soil, loam, sand, and other material, removable by the ordinary process of plowing and shoveling, including haul, as per profile, 45 cents per cubic yard.

(3) For cement, to include that material or whitish formation commonly known as "cement," which shall be excavated without blasting, including 100 feet haul, 65 cents per cubic yard.

(4) For semi-hard rock and indurated material, to include all friable, argillaceous rock, hard pan, decayed granite, and indurated or cemented earth or gravel, which shall be excavated by blasting, $1.47½ per cubic yard.
(5) For solid rock, to include the softer varieties of granite, slate, and calcareous rock, and other rocks of a like character, $2.50 per cubic yard.
(6) For extra-hard rock, to include the harder varieties of granite, blue hard rock, quartz, and similar varieties of rock, $5 per cubic yard.
(7) For flinty rocks, to include flint porphyry, iron-stone, hornblende trap-rock, and rocks of a like character, and also all tunnel-work, such price as may be agreed upon by the president of the company and said C. Crocker & Co., and in case of their disagreement to be fixed by the chief engineer.
(8) For riprap protection wall, $3 per cubic yard.
(9) For increase of average haul for 100 feet, 1½ cents per cubic yard.
(10) For hammer-dressed masonry (dry), $35 per cubic yard.
(11) For rubble masonry (dry), $25 per cubic yard.
(12) For concrete masonry in cement, $15 per cubic yard.
(13) For culvert masonry and foundation wall for trestle-work (dry), $30 per cubic yard.
(14) For slope or retaining-wall, including paving for foundations of structures (dry), $10 per cubic yard.
(15) For brick-work in cement, $30 per thousand.
(16) For blind or French drains (dry), $3 per cubic yard.
(17) For cement mortar, $5 per cubic yard.
(18) For lime mortar, $3 per cubic yard.
(19) For timber in truss-bridges of spans from 149 to 201 feet, $90 per 1,000 feet, board measure.
(20) For timber in truss-bridges of spans from 99 to 151 feet, $82 per 1,000 feet, board measure.
(21) For timber in truss-bridges of spans from 49 to 101 feet, $75 per 1,000 feet, board measure.
(22) For timber in truss-bridges of spans from 14 to 51 feet, including all farm and road bridges, $70 per 1,000 feet, board measure.
(23) For timber in stringer-bridges, trestling and timber piers, $75 per 1,000 feet, board measure.
(24) For timber and plank in foundation, $50 per 1,000 feet, board measure.
(25) For timber in piling, $40 per 1,000 feet, board measure.
(26) For driving piling, 25 cents per linear foot under the surface.
(27) For wrought iron in all structures, 15 cents per pound.
(28) For cast-iron in all structures, 11 cents per pound.
(29) For cut spikes and nails in all structures, 8 cents per pound.
(30) For ties, 83 cents each.
(31) For track-laying and distributing ties and other material, $800 per mile.
The payments to be made monthly according to the monthly estimates, five-eighths thereof in gold coin, and the remaining three-eighths in the capital stock of the company, at the rate of $2 of capital stock for each $1 of said three-eighths of said estimates, with the privilege of paying said three-eighths in gold coin in lieu of said stock at the election of said company, to be made at the time of such payment.

OFFICE OF THE CENTRAL PACIFIC RAILROAD COMPANY,
San Francisco, November 7, 1887.

I, E. H. Miller, jr., secretary of the Central Pacific Railroad Company, do hereby certify that the foregoing is a full, true, and correct copy of a resolution adopted by the board of directors of said company at a meeting thereof held June 6, 1865.

E. H. MILLER, JR.

Summary of legal expenses of the Union Pacific Railway Company.

Year.	Boston books.	Omaha books.	Total.
[illegible] (Feb. 1 to Dec. 31)	$37,996.03	$33,286.32	$71,282.35
[illegible]	67,315.36	29,935.04	97,250.40
[illegible]	37,594.91	24,825.52	62,420.43
[illegible]	43,126.54	27,992.05	71,118.59
[illegible]	40,982.05	30,284.47	71,266.52
[illegible]	86,167.74	31,660.30	117,828.04
[illegible]	42,164.92	27,998.07	70,162.99
Total	355,347.55	205,981.77	561,329.32

Summary of legal expenses of the Union Pacific Railway Company—Continued.

LAND DEPARTMENT.

Year.	Union Division.	Kansas Division.	Total.
1860	$18.50	$600.00	$[illegible]
1861	628.50	340.00	1,[illegible]
1863	121.60	8.75	[illegible]
1864	.....	69.80	[illegible]
1865	.....	351.40	[illegible]
1866	.....	943.70	[illegible]
	1,018.60	192.40	1,[illegible]
Total	1,794.60	3,105.85	4,[illegible]

Summary of legal expenses of the Kansas Pacific Railway Company.

Year.	Main line.	Leavenworth branch.	Total.	Year.	Main line.	Leavenworth branch.	Total.
1867	$8,075.79	.....	$8,075.79	1880 (Jan. 31)	$21,142.58	$972.04	$21,[illegible]
1868	14,298.68	.....	14,298.68		318,770.14	1,390.05	[illegible]
1869	13,696.57	.....	13,696.57				
1870	16,116.66	.....	16,116.66	1880 (Feb. 1 to Dec. 31).	25,831.13	210.04	26,041.[illegible]
1871	26,497.47	.....	26,497.47	1881	60,208.60	16.35	[illegible]
1872	32,790.56	.....	32,790.56	1882	22,818.36	30.55	[illegible]
1873	23,330.19	.....	23,330.19	1883	25,205.61	47.85	[illegible]
1874	57,598.15	.....	57,598.15	1884	21,435.05	55.42	[illegible]
1875	40,676.91	$96.84	40,773.75	1885	18,628.85	554.87	[illegible]
1876	31,100.72	301.80	31,402.52	1886	16,764.67	674.35	[illegible]
1877	3,977.93	40.50	4,018.43				
1878	14,818.44	.....	14,818.44	Total	101,060.41	1,589.43	[illegible]
1879	14,659.47	277.97	14,937.44				

LAND DEPARTMENT.

Years.	Amount.	Years.	Amount.
1868	$1,708.40	1877	$[illegible]
1871	1,521.23	1878	1,[illegible]
1872	2,835.89	1879	1,[illegible]
1873	5,456.52	1880 (Jan. 31)	[illegible]
1874	2,804.98		
1875	868.76	Total	[illegible]

Summary of legal expenses of the receiver Kansas Pacific Railway Company.

Year.	Main line.	Leavenworth branch.	Total.	Year.	Main line.	Leavenworth branch.	Total.
1876 (Nov. 21 to Dec. 31)	$1,761.11	$66.53	$1,827.64	1879 (Jan. 1 to Aug. 31)	$41,801.17	$1,057.52	$42,[illegible]
1877	24,619.55	549.04	25,168.59				
1878	50,694.89	1,281.12	51,976.01	Total	118,876.72	2,054.21	121,[illegible]

Land Department Union Pacific Railroad Company.

Year.	Amount.	Year.	Amount.
1869	$264.00	1877	$[illegible]
1872	21.40	1878	[illegible]
1873	5.00	1879	2,[illegible]
1874	348.30		
1875	607.31	Total	[illegible]
1876	248.40		

Summary of legal expenses of the Union Pacific Railway Company.

Year.	Boston books.	Omaha books.	Total.	Year.	Boston books.	Omaha books.	Total.
[illegible]	$7,400.00	.....	$7,400.00	1874	$21,788.43	$25,663.59	$47,452.02
[illegible]	.....	.....	.....	1875	75,906.41	22,908.95	98,907.36
[illegible]	4,317.08	.....	4,317.08	1876	50,909.04	28,003.25	78,912.29
[illegible]	11,770.00	.....	11,770.00	1877	76,621.90	30,281.09	107,002.99
[illegible]	60,633.89	$3,181.60	63,815.49	1878	83,686.97	31,396.40	115,083.37
[illegible]	57,875.95	17,220.00	75,165.95	1879	51,723.33	40,914.44	92,637.77
[illegible]	95,940.65	22,783.38	118,733.03	1880 (Jan 31)	4,854.18	2,206.92	7,061.10
[illegible]	159,120.67	18,808.06	177,928.73				
[illegible]	57,863.38	17,490.33	75,353.71	Total	896,773.43	285,642.14	1,122,415.57
[illegible]	16,260.55	24,674.13	40,934.68				

Summary of legal expenses of the Union Pacific Railroad and Railway and Kansas Pacific Railway Companies.

	Union Pacific Railroad and Railway Companies.	Kansas Pacific Railway Company.	Total.
[illegible] to January 31, 1880	$1,122,415.57	$320,060.19	$1,442,475.76
Land department, 1868 to January 31, 1880	.....	20,814.21	20,348.50
Receiver, 1876 to August 31, 1879	5,534.29	121,830.93	121,830.93
Land department, 1880 to 1888	1,794.60	3,105.85	4,900.45
[illegible] to 1880	561,329.32	192,669.84	753,999.16
Total	1,691,473.78	658,481.02	2,349,554.80

Statement of persons employed by the Kansas Pacific Railway Company between January 1, 1867, to February 1, 1880, whose compensation was $5,000 or more per annum.

Name.	Occupation.	Rate.	Length of service.
John D. Perry	President	$5,000.00	Jan. 1, 1867, to Mar. 31, 1867
Do	....do	8,000.00	Apr. 1, 1867, to Apr. 30, 1871
William J. Palmer	Treasurer	5,000.00	Jan. 1, 1867, to Mar. 31, 1869
S.S. Greeley	....do	5,000.00	Apr. 1, 1869, to Aug. 31, 1869
Do	....do	6,000.00	Sept. 1, 1869, to Apr. 30, 1871
Do	....do	6,000.00	May 1, 1874, to Nov. 20, 1876
Do	Receiver	10,000.00	Nov. 21, 1876, to Oct. 30, 1878
E. Wiard	....do	10,000.00	Nov. 21, 1876, to Oct. 30, 1878
J.P. Usher	Solicitor	5,000.00	May 1, 1867, to Jan. 31, 1877
Do	....do	6,000.00	Feb. 1, 1877, to July 31, 1878
J.P. Devereux	Attorney and land commissioner.	5,000.00	Aug. 1, 1868, to Oct. 30, 1868
Do	Land commissioner	5,000.00	Nov. 1, 1868, to Sept. 30, 1875
Do	Attorney	5,000.00	Oct. 1, 1875, to July 31, 1878
Do	....do	5,000.00	Nov. 1, 1878, to June 30, 1879
Perry, Brumback & Ferry	....do	5,000.00	Nov. 1, 1878, to June 30, 1879
W.H. Greenwood	Chief engineer	5,000.00	Aug. 1, 1869, to Nov. 30, 1870
A. Anderson	General superintendent.	6,000.00	Oct. 1, 1867, to Apr. 30, 1871
H.S. Bowen	....do	6,000.00	Jan. 1, 1871, to Aug. 31, 1874
G.S. Lyford	....do	6,000.00	Dec. 1, 1874, to Dec. 31, 1876
T.F. Oakes	....do	6,000.00	Nov. 21, 1876, to Mar. 31, 1879
Adolphus Meier	Vice-president	6,000.00	June 1, 1869, to Apr. 30, 1871
Do	President	5,000.00	July 1, 1876, to Sept. 20, 1876
H.R. Carr	....do	6,000.00	May 1, 1871, to Apr. 30, 1874
Do	....do	10,000.00	May 1, 1874, to Apr. 30, 1876
Do	....do	10,000.00	Oct. 21, 1876, to June 30, 1878
Do	Second vice-president.	6,000.00	Jan. 1, 1871, to Apr. 30, 1871
T.F. Oakes	General freight agent.	5,000.00	Dec. 1, 1870, to July 10, 1876
Do	Vice president	8,000.00	July 10, 1876, to Nov. 20, 1876
H.M. Edgerton	....do	6,000.00	Mar. 12, 1879, to Jan. 23, 1880
L.H. Eicholtz	Engineer constructor.	6,000.00	July 15, 1870, to Aug. 31, 1870
T. Smith	Auditor	5,000.00	May 1, 1874, to May 31, 1879
Do	General superintendent.	6,000.00	June 1, 1879, to Feb. 1, 1880
Do	Receiver	10,000.00	For services performed and to be performed as receiver, paid and authorized by court.
Do	Auditor, 2 years, Nov. 21, 1876, Nov. 21, 1878, $2,000 additional salary.		

UNITED STATES PACIFIC RAILWAY COMMISSION,
Washington, D. C., April 21, 1887.

Hon. CHARLES S. FAIRCHILD,
Secretary of the Treasury:

DEAR SIR: The Commission appointed to investigate the Pacific railroads desire information on the following points:

(1) The corporate names of all the railroad companies which have been "aided in bonds" by the United States, with a reference to the acts under which such bonds have been issued.

(2) A statement applicable to each of the said companies, of the bonds issued, giving date of issue, amounts issued, names of persons to whom bonds delivered, total amount outstanding.

(3) A statement of payments made to the United States by each company, showing amount of payments, date of payments, amounts credited by the United States for transportation, mail service, etc.

(4) The ledger account of each of the said companies with the United States, showing the debits each year for interest paid by the United States, and the credits for cash paid or credit for transportation or mail service, and the balance of the indebtedness to the United States at the date of the statement.

(5) The accounts of the sinking funds held by the United States for the aided roads, showing the credits for each year, and the balance now held by the United States for account of the respective companies.

Yours, respectfully,

ROBERT E. PATTISON,
Chairman.

[The Union Pacific Railway Company operates the railroads named below:]

Name of road.	From—	To—	Miles.	Subsidized or otherwise.	Owned, leased, or controlled.
Union Pacific Railway	Council Bluffs, Iowa	Bridge Junction, Omaha, Nebr	3.98	Not subsidized	Owned.
Do	Bridge Junction, Omaha	Ogden, union depot, Utah	1,029.36	Bonds and lands	Do.
Union Pacific Railway, branches	Council Bluffs, Iowa	Junction with main line	1.65	Not subsidized	Controlled.
Do	Junction Switch, Omaha, Nebr	Connection with Chicago, Saint Paul, Minneapolis and Omaha Railway.	2.44	Part subsidized	Owned.
Do	Niles Junction, Wyo	Towards coal mines, Wyo	.27	Not subsidized	Controlled.
Union Pacific Railway	Almy Junction, Wyo	Coal mines, Wyo	3.21	do	Do.
Do	Union Depot, Kansas City, Mo	Santa Fé street, Kansas City, Mo	.14	do	Do.
Do	Santa Fé street, Kansas City, Mo	Missouri-Kansas State line	.51	do	Owned.
Do	Missouri-Kansas State line	A point on Kansas Pacific Railway	893.94	Bonds and lands	Do.
Do	A point on Kansas Pacific Railway	Eighteenth street, Denver, Colo	244.48	Lands only	Do.
Do	Eighteenth street, Denver, Colo	Union depot, Denver, Colo	.68	Not subsidized	Controlled.
Union Pacific Railway, branches	Armstrong, Kans	Wyandotte, Kans	2.66	do	Do.
Do	Lawrence Junction, Kans	Union depot, Leavenworth, Kans	31.90	do	Owned.
Do	Detroit, Kans	Enterprise, Kans	1.95	do	Controlled.
Union Pacific Railway	Denver, Colo	Cheyenne, Wyo	106.19	Lands only	Owned.
			1,622.28		
Omaha and Republican Valley Railroad	Valley, Nebr	Nebraska-Kansas State line	121.41	Not subsidized	Controlled.
Omaha and Republican Valley Railroad, Blue Springs Spur.			.68	do	Do.
Omaha and Republican Valley Railroad	Valparaiso, Nebr	Stromsburgh, Nebr	53.30	do	Do.
Do	Grand Island, Nebr	Ord, Nebr	69.77	do	Do.
Omaha and Republican Valley Railroad, Scotia Spur.			1.37	do	Do.
Omaha and Republican Valley Railroad	Saint Paul, Nebr	Loup City, Nebr	39.40	do	Do.
Omaha, Niobrara and Black Hills Railroad	Columbus, Nebr	Norfolk, Nebr	50.37	do	Do.
Do	Lost Creek, Nebr	Albion, Nebr	34.48	do	Do.
Do	Genoa, Nebr	Cedar Rapids, Nebr	20.85	do	Do.
Colorado Central Railroad	Julesburg, Colo	La Salle, Colo	151.48	do	Do.
Do	Denver, Colo	Fort Collins, Colo	67.83	do	Do.
Do	do	Golden, Colo	14.96	do	Do.
Do	Golden, Colo	Georgetown, Colo	34.80	do	Do.
Do	Forks Creek Junction, Colo	Central City, Colo	11.12	do	Do.
Georgetown, Breckenridge and Leadville Railway.	Georgetown, Colo	Graymont, Colo	8.47	do	Do.
Marysville and Blue Valley Railroad	Marysville, Kans	Kansas-Nebraska State line	12.80	do	Do.
Manhattan and Blue Valley Railway	Manhattan, Kans	Marysville, Kans	54.95	do	Do.
Salina and Southwestern Railway	Salina, Kans	McPherson, Kans	35.45	do	Do.
Salina, Lincoln and Western Railway	do	Lincoln Centre, Kans	34.88	do	Do.
Lawrence and Emporia Railway	Lawrence, Kans	Carbon Hill, Kans	30.90	do	Do.

Mileage of roads operated March 1, 1887, by the following companies, to which the United States have loaned bonds in aid of construction—Continued.

[The Union Pacific Railway Company operates the railroads named below:]

Name of road.	From—	To—	Miles.	Subsidized or otherwise.	Owned, leased or controlled.
Solomon Railroad	Solomon, Kans	Beloit, Kans	87.04	Not subsidized	Controlled.
Kansas Central Railroad	Leavenworth, Kans	Miltonvale, Kans	166.14	do	Do.
Junction City and Fort Kearney Railway	Junction City, Kans	Concordia, Kans	70.66	do	Do.
Junction City and Fort Kearney Railway, branch	Lawrenceburgh, Kans	Belleville, Kans	17.14	do	Do.
Denver and Boulder Valley Railroad	Brighton, Colo	Boulder, Colo	27.00	do	Do.
Denver, South Park and Pacific Railroad	Union depot, Denver, Colo	Sixteenth street, Denver, Colo	.08	do	Do.
Do	Sixteenth street, Denver, Colo	Leadville, Colo	151.13	do	Do.
Do	Como, Colo	Baldwin Mine, Colo	121.05	do	Do.
Do	Bear Creek Junction, Colo	Morrison, Colo	9.89	do	Do.
Do	Como Junction, Colo	Coal Mine, Colo	3.47	do	Do.
Do	Dickey, Colo	Keystone, Colo	6.86	do	Do.
Do	Leadville, Colo	California Gulch, Colo	2.05	do	Do.
Do	Garos, Colo	Leadon, Colo	16.00	do	Do.
Do	Schwander, Colo	Buena Vista, Colo	2.07	do	Do.
Greeley, Salt Lake and Pacific Railway	Greeley, Colo	Stout, Colo	30.03	do	Do.
Do	Bellevue Junction, Colo	Bellevue, Colo	.70	do	Do.
Do	Boulder, Colo	Sunset, Colo	14.43	do	Do.
Denver, Marshall and Boulder Railroad	Argo Junction, Colo	Boulder, Colo	26.70	do	Do.
Denver and Middle Park Railroad	Ralston, Colo	Glencoe, Colo	4.51	do	Do.
Laramie, North Park and Pacific Railroad	Laramie, Wyo	Soda Lakes, Wyo	13.20	do	Do.
Echo and Park City Railway	Echo, Utah	Park City, Utah	27.50	do	Do.
Do	Park City Junction, Utah	Old Terminus, Utah	.31	do	Do.
Do	Grass Creek Junction, Utah	Grass Creek mines, Utah	3.90	do	Do.
Salt Lake and Western Railroad	Lehigh Junction, Utah	Tintic, Utah	53.30	do	Do.
Do	Ironton, Utah	Silver City, Utah	3.94	do	Do.
Do	Silver City, Utah	Eureka, Utah	.21	do	Do.
Oregon Short Line Railway	Granger, Wyo	Huntington, Oreg	541.62	do	Do.
Do	Shoshone, Idaho	Ketchum, Idaho	60.79	do	Do.
Utah and Northern Railway	Ogden, Utah	Silver Bow, Mont	408.96	do	Do.
Cheyenne and Northern Railway	Cheyenne, Wyo	Chugwater, Wyo	70.61	do	Do.
			4,622.84		

[The Southern Pacific Company (of Kentucky) on the 1st of April, 1885, leased from the Central Pacific Railroad Company all the roads owned, leased, and operated by it and by the Southern Pacific railroad companies, and is now operating the same, as named below.]

Union Pacific Railway	Ogden Station, Utah	Utah Southern Railroad crossing	.11	Bonds and leases	Neither.
Do	[illegible]	[illegible]	[illegible]	Do	[illegible]
Central Pacific Railroad	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Do	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Do	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Do	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Do	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Do	Oakland Wharf, Cal	San Francisco, Cal	2.69	Ferry	Do.
Northern Railway and San Pablo and Tulare Railroad.	Tracy (via Martinez), Cal	West Oakland, Cal	77.54	Not subsidized	Leased.
California Pacific Railroad and Northern Railway.	Sacramento (via Suisun), Cal	Port Costa, Cal	57.62	do	Do.
Central Pacific Railroad	Roseville Junction, Cal	Montague, Cal	268.90	Lands only	Owned.
Do	Lathrop, Cal	Goshen, Cal	146.08	Not subsidized	Do.
Do	Oakland Pier, Cal	Brooklyn (East Oakland), Cal	4.84	do	Do.
Do	do	Melrose, Alameda and East Oakland, Cal.	12.47	do	Do.
Do	Niles, Cal	San José, Cal	17.54	Bonds and lands	Do.
Northern Railway	West Oakland, Cal	Delaware Street, California	4.53	Not subsidized	Leased.
California Pacific Railroad	Vallejo Junction, Cal	Vallejo, Cal	2.00	Ferry	Do.
Do	Davisville, Cal	Knight's Landing, Cal	18.57	Not subsidized	Do.
Northern Railway	Woodland Junction, Cal	Tehama, Cal	100.74	do	Do.
California Pacific Railroad	Vallejo, Cal	Suisun, Cal	30.10	do	Do.
Do	Napa Junction, Cal	Calistoga, Cal	34.48	do	Do.
Stockton and Copperopolis Railroad	Stockton, Cal	Milton, Cal	30.00	do	Do.
Do	Peters, Cal	Oakdale, Cal	19.00	do	Do.
Amador Branch Railroad	Galt, Cal	Lone, Cal	27.20	do	Do.
Berkeley Branch Railroad	Shellmound, Cal	Berryman's, Cal	2.84	do	Do.
San Joaquin Valley and Yosemite Railroad	Berenda, Cal	Raymond, Cal	21.60	do	Do.
Total owned and leased by Central Pacific Railroad Company.			1,769.68		
Southern Pacific Railroad	Huron, Cal	Colorado River, Colorado	228.56	Lands only	Leased.
Do	Los Angeles, Cal	San Pedro, Cal	24.24	Not subsidized	Do.
Western Development Company	West bank of Colorado River, California.	Yuma, Ariz	.13	do	Do.
Southern Pacific Railroad of Arizona and New Mexico.	Yuma, Ariz	West bank of Rio Grande River, New Mexico.	551.39	do	Do.
Los Angeles and Independence Railroad	Los Angeles, Cal	Santa Monica, Cal	16.83	do	Do.
Los Angeles and San Diego Railroad	Florence, Cal	Santa Ana, Cal	27.60	do	Do.
Southern Pacific Branch Railway	Sangus, Cal	Santa Paula, Cal	33.90	do	Do.
Pacific Improvement Company	West bank of Rio Grande River, New Mexico.	East bank of Rio Grande River, Texas	.23	do	Do.
Galveston, Harrisburgh and San Antonio Railway.	East bank of Rio Grande River, Texas.	El Paso, Tex	3.61	do	Do.
Total operated by Southern Pacific Company March 1, 1887.			2,906.17		

Mileage of roads operated March 1, 1887, by the following companies, to which the United States have loaned bonds in aid of construction—Continued.

[The Sioux City and Pacific Railroad Company operates the railroads shown below.]

Name of road.	From—	To—	Miles.	Subsidized or otherwise.	Owned, leased or controlled.
Sioux City and Pacific Railroad	Sioux City, Iowa	California Junction, Iowa	69.75	Bonds and lands	Owned.
Do	California Junction, Iowa	Fremont, Nebr	32.02	do	Do.
Do	do	Missouri Valley, Iowa	5.84	Not subsidized	Do.
			107.61		

[The Missouri Pacific Railway Company operates the Central Branch Union Pacific Railroad and branches named below.]

Central Branch Union Pacific Railroad	Atchison, Kans	Waterville, Kans	100.00	Bonds and lands	Operated for owners.
Atchison, Colorado and Pacific Railroad	Waterville, Kans	Lenora, Kans	193.00	Not subsidized	Leased.
Do	Greenleaf, Kans	Washington, Kans	7.00	do	Do.
Do	Yuma, Kans	Warwick, Kans	31.00	do	Do.
Do	Downs, Kans	Bull City, Kans	24.00	do	Do.
Rooks County Railroad	Bull City, Kans	Stockton, Kans	18.00	do	Do.
Atchison, Jewell County and Western Railroad	Jamestown, Kans	Burr Oak, Kans	33.00	do	Do.
			406.00		

J. E. JOHNSTON,
Commissioner.

DEPARTMENT OF THE INTERIOR,
OFFICE OF COMMISSIONER OF RAILROADS,
Washington, D. C., April 7, 1887.

Statement by fiscal years of amounts covered into the United States Treasury to the credit of sinking fund, Union Pacific Railroad Company, under act May 7, 1878.

Fiscal year.	One-half compensation for services rendered and withheld under section 2.	Payments to sinking fund under section 4.	Non-aid compensation for services rendered and withheld under assignment July 5, 1884, etc.	Interest on sinking-fund bonds.	Total.
[illegible]	$200,809.86	.....	.....	$743.75	$201,553.61
[illegible]	331,694.27	.....	.....	12,034.56	343,728.73
[illegible]	285,222.90	.....	.....	19,540.98	304,763.28
[illegible]	298,542.43	.....	.....	33,019.35	331,561.78
[illegible]	420,110.12	.....	.....	30,960.05	451,070.17
[illegible]	971,925.84	$788,173.43	.....	42,809.48	1,802,878.75
[illegible]	641,471.72	6.83,541.03	$722,917.42	87,837.22	2,086,767.49
[illegible]	350,049.65	.....	360,900.90	186,157.43	897,008.97
Six months of 1887	304,405.20	.....	283,625.68	206,478.85	793,509.73
Total	3,804,201.49	1,421,714.46	1,367,344.09	619,601.48	7,212,861.52

Present condition of sinking fund, Union Pacific Railroad Company.

Bonds held:	
Funded loan of 1907	$4,476,650.00
United States Pacific Railroad	1,043,000.00
Union and Central Pacific Railroad, first mortgage	186,000.00
Balance uninvested	56,008.45
	5,765,658.45
Premium paid	1,447,203.07
Total	7,212,861.52

TREASURY DEPARTMENT, *May 3, 1887.*

Statement by fiscal years of bonds purchased for sinking fund, Union Pacific Railroad Company, showing classes of bonds purchased, premium paid on same, and bonds redeemed.

Fiscal year.	Funded loan of 1881, 5 per cent., extended August 12, 1891, at 3½ per cent., and exchanged August 1, 1892, at 3 per cent.	Loan July 12, 1882, 3 per cent.	Funded loan of 1907, 4 per cent.	United States Pacific Railroad bonds, 6 per cent.	Premium paid on purchase of bonds.
[illegible]	$193,400.00	.....	.....	.....	$8,116.25
[illegible]	63,050.00	.....	$31,300.00	$75,000.00	22,876.63
[illegible]	.....	.....	1,350.00	286,000.00	93,078.56
[illegible]	.....	.....	.....	.....	.....
[illegible]	.....	$1,626,000.00	.....	.....	48,925.00
[illegible]	.....	*510,000.00	3,091,000.00	.....	677,804.63
[illegible]	.....	*510,000.00	1,095,000.00	.....	268,825.00
Six months of 1887	*256,450.00	*200,000.00	260,000.00	{ 682,000.00 †188,000.00 }	327,583.00
Total	.....	.....	4,478,650.00	1,231,000.00	1,447,203.07

*Called. †First mortgage.

Statement by fiscal years of amounts covered into the United States Treasury to the credit of sinking fund, Central Pacific Railroad Company, under act May 7, 1878.

Fiscal year.	One-half compensation for services rendered and withheld under section 2.	Payments to sinking fund under section 4.	Premium realized on sinking-fund bonds exchanged.	Interest on sinking-fund bonds.	Total.
1879	$126,136.13	.....	.....	$458.75	$126,594.88
1880	252,736.11	$181,329.51	.....	8,826.87	442,892.49
1881	252,076.94	229,078.32	.....	19,284.00	500,439.26
1882	278,028.44	144,436.74	.....	42,244.46	464,709.64
1883	743,041.41	79,149.91	.....	48,821.63	871,013.95
1884	192,358.92	.....	.....	50,537.38	242,896.30
1885	349,489.38	.....	.....	40,451.00	389,940.38
1886	130,634.42	.....	.....	70,262.98	200,897.40
Ten months of 1887	171,369.95	.....	$54,752.50	39,159.66	265,282.11
Total	2,495,871.70	633,992.48	54,752.50	320,000.72	3,504,617.40

Present condition of sinking fund, Central Pacific Railroad Company.

Bonds held:	
United States Pacific Railroad	$2,548,000.00
Balance uninvested	10,994.75
	2,558,994.75
Premium paid	945,622.65
Total	3,504,617.40

TREASURY DEPARTMENT, *May* 3, 1887.

Statement by fiscal years of bonds purchased for sinking fund, Central Pacific Railroad Company, showing classes of bonds purchased, premium paid on same, and bonds redeemed.

Fiscal year.	Funded loan of 1881, 5 per cent., extended August 12, 1881, at 3½ per cent., and exchanged August 1, 1882, at 3 per cent.	Loan July 12, 1882, 3 per cent.	Funded loan of 1907, 4 per cent.	United States Pacific Railroad bonds, 6 per cent.	Premium paid on purchase of bonds
1879	$121,450.00	.....	.....	.....	$5,111.88
1880	73,450.00	.....	$197,350.00	.....	18,988.49
1881	.....	.....	1,750.00	$444,000.00	146,672.78
1882	.....	.....	.....	.....	.....
1883	.....	$541,200.00	.....	.....	10,226.25
1884	.....	*541,200.00	.....	.....	.....
1885	.....	900,000.00	.....	.....	27,000.00
1886	.....	320,000.00	.....	.....	13,600.00
Ten months of 1887	*194,000.00	*1,220,600.00	†100,100.00	2,104,000.00	726,124.25
Total	.....	.....	.....	2,548,000.00	945,622.65

*Called. †Exchanged.

Statement showing to whom delivered, the dates of issue, maturity, commencement of interest, and the amount of bonds issued to the several Pacific railroad companies.

CENTRAL PACIFIC RAILROAD COMPANY OF CALIFORNIA.

Maturity of bond.	Date of issue.	To whom delivered.	Commencement of interest.	Amount.
Jan. 16, 1895	May 12, 1865	Collis P. Huntington	Jan. 16, 1865	$1,258,000
	Nov. 8, 1865	do	Aug. 14, 1865	384,000
	Nov. 9, 1865	do	Oct. 16, 1865	256,000
	Dec. 11, 1865	do	Nov. 29, 1865	464,000
Jan. 1, 1896	Mar. 6, 1866	do	Mar. 6, 1866	640,000
	July 10, 1866	do	July 10, 1866	640,000
	Oct. 31, 1866	do	Oct. 29, 1866	320,000
Jan. 1, 1897	Jan. 15, 1867	do	Jan. 14, 1867	640,000
	Oct. 25, 1867	do	Oct. 25, 1867	320,000
	Dec. 12, 1867	do	Dec. 11, 1867	1,152,000
Jan. 1, 1898	June 10, 1868	do	June 9, 1868	945,000
	July 11, 1868	do	July 10, 1868	320,000
	Aug. 5, 1868	do	Aug. 4, 1868	640,000
	Aug. 14, 1868	do	Aug. 13, 1868	1,184,000
	Sept. 12, 1868	do	Sept. 11, 1868	1,280,000
	Sept. 21, 1868	do	Sept. 19, 1868	1,120,000
	Oct. 13, 1868	do	Oct. 12, 1868	1,280,000
	Oct. 28, 1868	do	Oct. 26, 1868	640,000
	Nov. 5, 1868	do	Nov. 3, 1868	640,000
	Nov. 12, 1868	do	Nov. 11, 1868	640,000
	Dec. 5, 1868	do	Dec. 5, 1868	640,000
	Dec. 7, 1868	do	Dec. 7, 1868	640,000
	Dec. 30, 1868	do	Dec. 29, 1868	640,000
	Jan. 2, 1872	do	Nov. 28, 1868	4,120
Jan. 1, 1899	Jan. 15, 1869	do	Jan. 13, 1869	640,000
	Jan. 29, 1869	do	Jan. 28, 1869	640,000
	Feb. 17, 1869	do	Feb. 17, 1869	640,000
	Mar. 2, 1869	do	Feb. 17, 1869	1,008,000
	Mar. 2, 1869	do	Mar. 2, 1869	1,333,000
	May 28, 1869	do	May 27, 1869	1,786,000
	July 15, 1869	do	May 27, 1869	1,214,000
	July 16, 1869	do	July 15, 1869	268,000
	Dec. 31, 1869	do	July 16, 1869	1,510,000
		Total		25,865,120

UNION PACIFIC RAILROAD COMPANY.

Feb. 1, 1896	Feb. 1, 1866	T. C. Durant	Feb. 1, 1866	640,000
	May 7, 1866	B. F. Bunker	May 7, 1866	400,000
	June 26, 1866	do	June 26, 1866	640,000
	July 13, 1866	do	July 13, 1866	320,000
	Aug. 9, 1866	do	Aug. 9, 1866	560,000
	Sept. 11, 1866	do	Sept. 11, 1866	720,000
	Oct. 15, 1866	A. G. Lathrop	Oct. 13, 1866	560,000
	Nov. 8, 1866	do	Nov. 7, 1866	480,000
Jan. 1, 1897	Jan. 9, 1867	B. F. Bunker	Jan. 8, 1867	560,000
	June 11, 1867	do	June 10, 1867	640,000
	July 6, 1867	do	July 6, 1867	640,000
	Aug. 29, 1867	do	Aug. 29, 1867	560,000
	Oct. 2, 1867	do	Oct. 2, 1867	560,000
	Nov. 5, 1867	do	Nov. 5, 1867	560,000
	Dec. 13, 1867	E. H. Rollins	Dec. 13, 1867	320,000
Jan. 1, 1898	Jan. 28, 1868	do	Jan. 27, 1868	957,000
	May 18, 1868	do	May 16, 1868	960,000
	May 19, 1868	do	May 18, 1868	960,000
	June 12, 1868	do	June 12, 1868	960,000
	June 17, 1868	do	June 18, 1868	960,000
	July 23, 1868	do	July 22, 1868	960,000
	July 25, 1868	do	July 24, 1868	1,841,000
	Aug. 12, 1868	do	Aug. 11, 1868	640,000
	Aug. 29, 1868	do	Aug. 28, 1868	640,000
	Sept. 7, 1868	do	Sept. 7, 1868	1,280,000
	Sept. 23, 1868	do	Sept. 23, 1868	640,000
	Oct. 22, 1868	do	Oct. 21, 1868	640,000
	Nov. 20, 1868	do	Nov. 19, 1868	640,000
	Dec. 7, 1868	do	Dec. 7, 1868	1,280,000
	Dec. 15, 1868	do	Dec. 14, 1868	640,000
	Dec. 17, 1868	do	Dec. 16, 1868	640,000
	Dec. 24, 1868	do	Dec. 23, 1868	640,000
	Dec. 24, 1868	do	Dec. 24, 1868	640,000
	July 15, 1870	J. M. S. Williams	Nov. 21, 1868	1,612

Statement showing to whom delivered, the dates of issue, maturity, commencement of interest, and the amount of bonds issued, etc.—Continued.

UNION PACIFIC RAILROAD COMPANY—Continued.

Maturity of bond.	Date of issue.	To whom delivered.	Commencement of interest.	Amount.
Jan. 1, 1899	Jan. 29, 1869	John J. Cisco	Jan. 29, 1869	$640,00
	Feb. 10, 1869	Union Pacific Railroad Company	Feb. 10, 1869	1,280,00
	July 22, 1869	John M. S. Williams	July 16, 1869	640,00
	Nov. 10, 1869	E. H. Rollins $114,000	July 16, 1869	437,00
	July 14, 1870	J. M. S. Williams 323,000	July 16, 1869	160,00
		Total		27,256,00

KANSAS PACIFIC RAILWAY, LATE UNION PACIFIC RAILWAY, COMPANY—EASTERN DIVISION.

Nov. 1, 1895	Nov. 1, 1865	John D. Perry	Nov. 1, 1865	$640,00
Jan. 1, 1896	Jan. 1, 1866	W. J. Palmer	Jan. 1, 1866	320,00
	May 8, 1866	do	May 8, 1866	320,00
	July 9, 1866	do	July 9, 1866	320,00
	Oct. 16, 1866	do	Oct. 15, 1866	400,00
Jan. 1, 1897	Jan. 23, 1867	do	Jan. 23, 1867	400,00
	May 6, 1867	J. C. Reiff	May 6, 1867	400,00
	June 11, 1867	Josiah C. Reiff	June 10, 1867	400,00
	Aug. 13, 1867	J. C. Reiff	Aug. 13, 1867	280,00
	Sept. 20, 1867	do	Sept. 20, 1867	400,00
	Oct. 26, 1867	do	Oct. 26, 1867	416,00
	Dec. 3, 1867	do	Dec. 3, 1867	320,00
Jan. 1, 1898	Jan. 14, 1868	do	Jan. 14, 1868	400,00
	Apr. 28, 1868	do	Apr. 28, 1868	400,00
	June 6, 1868	do	June 6, 1868	320,00
	Nov. 5, 1868	do	Nov. 2, 1868	320,00
		Total		6,160,00

CENTRAL BRANCH UNION PACIFIC RAILROAD COMPANY, LATE ATCHISON AND PIKE'S PEAK RAILROAD COMPANY, ASSIGNEES OF THE HANNIBAL AND ST. JOSEPH RAILROAD COMPANY.

Jan. 1, 1896	July 27, 1866	S. C. Pomeroy	July 19, 1866	$320,00
	Dec. 7, 1866	E. H. Nichols	Dec. 6, 1866	320,00
Jan. 1, 1897	May 2, 1867	do	May 1, 1867	320,00
	Dec. 4, 1867	do	Dec. 3, 1867	320,00
Jan. 1, 1898	Jan. 21, 1868	do	Jan. 20, 1868	320,00
		Total		1,600,00

SIOUX CITY AND PACIFIC RAILROAD COMPANY.

Jan. 1, 1898	Mar. 16, 1868	J. I. Blair	Mar. 10, 1868	$792,00
	Mar. 30, 1868	do	Mar. 30, 1868	320,00
	Mar. 3, 1869	do	Mar. 3, 1869	311,00
		Total		1,423,00

WESTERN PACIFIC RAILROAD COMPANY.

Jan. 1, 1897	Jan. 24, 1867	John A. Griswold	Jan. 26, 1867	$320,00
1899	Sept. 3, 1869	C. P. Huntington	Sept. 3, 1869	320,00
	Oct. 29, 1869	do	Oct. 25, 1869	1,600,00
	Jan. 27, 1870	do	Jan. 22, 1870	320,00
	Jan. 8, 1872	do	Jan. 22, 1870	10,00
		Total		1,970,00

ROS. A. FISH,
Assistant Register.

TREASURY DEPARTMENT, REGISTER'S OFFICE, *May* 3, 1887.

Statement of the account of the "sinking fund, Union Pacific Railroad Company," established in the Treasury of the United States under section 3, act May 7, 1878.

	One-half compensation for services rendered, withheld under section 2.	Payments (in cash) under section 4.	Compensation for services rendered over non-aid portion of road, under assignment July 6, 1864.	Interest on sinking-fund bonds.	Sinking-fund bonds redeemed 3 per cents.	Total by fiscal years.
November, 1878	$5, 225. 87					
December, 1878	57, 352. 58					
January, 1879	54, 516. 18					
February, 1879	92. 75					
May, 1879	62, 578. 44			$743. 75		
June, 1879	21, 044. 04					
Total fiscal year ending June 30, 1879	200, 809. 86			743. 75		$201, 553. 61
August, 1879	47, 733. 12			2, 417. 50		
September, 1879	14, 258. 79					
October, 1879	396. 48					
November, 1879	37. 06			3, 205. 62		
December, 1879	227. 75					
January, 1880	19, 218. 70					
February, 1880	48, 364. 33			3, 205. 62		
March, 1880	496. 00					
April, 1880	52, 505. 58					
May, 1880	104. 75					
June, 1880	148, 351. 81			3, 205. 62		
Total fiscal year ending June 30, 1880	331, 694. 37			12, 034. 36		343, 728. 73
July, 1880	280. 97					
August, 1880	429. 25			3, 205. 62		
September, 1880	72, 283. 47					
October, 1880	1, 069. 38					
November, 1880	1, 476. 90					
December, 1880	69, 415. 62			9, 604. 62		
January, 1881	115. 19					
February, 1881	2, 870. 33					
March, 1881	64, 970. 20			3, 205. 62		
April, 1881	840. 32					
May, 1881	1, 351. 27			3, 525. 12		
June, 1881	70, 129. 42					
Total fiscal year ending June 30, 1881	285, 222. 30			19, 540. 98		304, 763. 28
July, 1881	438. 68			11, 156. 50		
August, 1881	90. 55					
September, 1881	805. 54					
October, 1881	72, 275. 17					
November, 1881	7, 494. 91			5, 891. 97		
December, 1881	2, 517. 95					
January, 1882	3, 595. 55					
February, 1882	32, 669. 07			13, 400. 44		
March, 1882	83, 080. 04					
April, 1882	8, 040. 12			2, 570. 44		
May, 1882	87, 534. 85					
Total fiscal year ending June 30, 1882	298, 542. 43			33, 019. 35		331, 561. 78
July, 1882	128. 30					
September, 1882	10, 808. 58			13, 400. 44		
October, 1882	39, 443. 28					
November, 1882	68, 397. 54					
December, 1882	204, 849. 05			2, 249. 87		
January, 1883	4, 373. 48					
February, 1883	28, 433. 64			13, 079. 87		
March, 1883	11, 299. 00					
April, 1883	17, 206. 80					
May, 1883	34, 187. 03			2, 249. 87		
June, 1883	983. 42					
Total fiscal year ending June 30, 1883	420, 110. 12			30, 980. 05		451, 090. 17

Statement of account of "sinking fund, Union Pacific Railroad Company," etc.—Cont'd.

	One-half compensation for services rendered, withheld under section 2.	Payments (in cash) under section 4.	Compensation for services rendered over non-aid portion of road under assignment July 4, 1864.	Interest on sinking-fund bonds.	Sinking-fund bonds redeemed 3 per cents.	Total by fiscal years.
August, 1883	$212,926.92			$13,079.87		
September, 1883	16,235.01					
October, 1883	28,085.86					
November, 1883	324,378.44			2,249.87		
January, 1884	84,121.46					
February, 1884	118,438.07			13,079.87		
March, 1884	30,126.29					
April, 1884	43,747.19					
May, 1884	85,335.35			14,399.87		
June, 1884	22,501.25	$788,173.43				
Total fiscal year ending June 30, 1884	971,895.84	788,173.43		42,809.48		$1,802,878
September, 1884	410,376.59		$195,622.10	25,229.87		
October, 1884	13,140.37		40,541.42			
November, 1884				13,627.62	$910,000	
December, 1884	66,224.96		306,781.19			
January, 1885	350.23		5,289.66			
February, 1885	595.10		246.14	18,404.87		
March, 1885	40,842.60		72,781.69			
April, 1885	1,219.24	633,541.03	351.22	24,326.50		
May, 1885	51,298.23		31,946.03	7,248.37		
June, 1885	56,924.35		79,348.03			
Total fiscal year ending June 30, 1885	641,471.73	633,541.03	723,917.42	87,837.23	910,000	2,996,767.4
July, 1885	202.89		284.47			
August, 1885	70,979.56		79,407.54	49,314.87		
September, 1885	4,560.08		8,960.15			
October, 1885	12,007.76		35,377.39			
November, 1885	215.69		222.34	40,674.87		
December, 1885	94,854.94		86,647.46			
January, 1886	70.66		393.16			
February, 1886	19,208.58		2,335.04	53,554.87		
March, 1886	71,576.89		74,744.97		400,000	
April, 1886	10,416.63		1,114.50	38,237.05		
May, 1886	2,208.77		159.72	4,248.37	60,000	
June, 1886	63,747.17		71,179.25	127.40	50,000	
Total fiscal year ending June 30, 1886	350,049.65		360,800.99	186,157.43	510,000	1,407,008.07
July, 1886	8,513.57		8,017.50	53,016.50		
September, 1886	72,470.88		75,200.79	3,423.37		
October, 1886	29,410.30		5,022.62			
November, 1886	60,275.10		76,934.04	47,712.61	200,000	
December, 1886	7,533.93		1,308.72	55,616.50		
January, 1887	7,838.54		1,393.68			
February, 1887	83,640.43		87,892.76	1,923.37	256,450	
March, 1887	3,624.84		5,458.15			
April, 1887	31,097.71		22,896.82	44,786.50		
May, 1887	68,621.06		77,788.53			
Total for eleven months of fiscal year 1887	373,026.26		360,414.21	206,478.85	456,450	1,396,369.32
Aggregate						9,235,721.11

Statement account of "sinking fund, Union Pacific Railroad Company," etc.—Continued.

RECAPITULATION BY FISCAL YEARS.

	One-half compensation for services rendered, withheld under section 2.	Payments (in cash) under section 4.	Compensation for services rendered over non-aid portion of road, under assignment July 5, 1884.	Interest on sinking-fund bonds.	Sinking-fund bonds redeemed 3 per cents.	Total by fiscal years.
1881	$200, 809. 86			$743. 75		$201, 553. 61
1882	331, 694. 37			12, 034. 36		343, 728. 73
1883	385, 222. 30			19, 540. 98		404, 763. 28
1884	298, 542. 43			33, 019. 35		331, 561. 78
1885	420, 110. 12			30, 980. 05		451, 090. 17
1886	971, 895. 84	$788, 173. 43		42, 809. 48		1, 802, 878. 75
1887	641, 471. 72	633, 541. 63	$723, 017. 42	87, 837. 23	$910, 000	2, 996, 767. 40
1888	350, 049. 63		360, 800. 99	186, 157. 42	510, 000	1, 407, 008. 07
1889 (eleven months)	373, 026. 26		360, 414. 21	206, 478. 85	456, 450	1, 396, 369. 32
Total	3, 872, 822. 55	1, 421, 714. 46	1, 445, 132. 62	619, 601. 48	1, 876, 450	9, 235, 721. 11

RECAPITULATION OF TOTALS.

One-half compensation under section 2		$3, 872, 822. 55
Payments under section 4		1, 421, 714. 46
Services over non-aided, under assignment July 5, 1884		1, 445, 132. 62
Interest on sinking-fund bonds		619, 609. 48
Sinking-fund bonds redeemed		1, 876, 450. 00
Total		9, 235, 721. 11
Bonds purchased for sinking fund:		
United States 5 per cent. exchanged to 3 per cent	$256, 450	
United States loan, July 12, 1882	1, 620, 000	
		1, 876, 450. 00
Now held in sinking fund:		
United States funded loan of 1907, 4 per cent		4, 478, 650. 00
United States Pacific railroad, 6 per cent		1, 043, 000. 00
Union and Central Pacific first-mortgage, 6 per cent		235, 000. 00
Premiums, commissions, etc., paid		1, 455, 494. 32
Total		9, 088, 594. 32
Balance uninvested June 1, 1887		147, 126. 79

TREASURY DEPARTMENT,
Washington, D. C., June 9, 1887.

Bonds purchased for sinking fund, Union Pacific Railroad Company.

	Funded loan of 1881, 5 per cent.	Funded loan of 1907, 4 per cent.	U. S. Pacific R. R., 6 per cent.	Union and Central Pacific, 1st mortgage, 6 per cent.	Premium, etc., paid.	Total by fiscal years.
February, 1879	$50, 500				$3, 049. 37	
June, 1879	133, 900				5, 066. 88	
Total fiscal year ending June 30, 1879	*193, 400				8, 116. 25	$201, 516. 25
September, 1879	49, 200				984. 00	
October, 1879	13, 850				330. 88	
June, 1880		$31, 300	$75, 000		21, 505. 75	
Total fiscal year ending June 30, 1880	*63, 050	31, 300	75, 000		22, 870. 63	192, 220. 63
July, 1880		650	117, 000		33, 868. 56	
April, 1881		700	169, 000		59, 210. 00	
Total fiscal year ending June 30, 1881		1, 350	286, 000		93, 078. 56	380, 428. 56

*$256,450 funded loan of 1881, 5 per cent., was extended August 21, 1881, at 3½ per cent., and exchanged August 1, 1882, to 3 per cent.

Bonds purchased for sinking fund, Union Pacific Railroad Company—Continued.

	Funded loan of 1881, 3 per cent.	Funded loan of 1907, 4 per cent.	U. S. Pacific R. R. 6 per cent.	Union and Central Pacific, 1st mortgage, 6 per cent.	Premium, etc., paid.	Total by fiscal years.
April, 1884	*$1,620,000				$48,925.00	
Total fiscal year ending June 30, 1884	1,620,000				48,925.00	$1,668,925.00
February, 1885		2,400,000			524,364.00	
May, 1885		691,000			153,440.63	
Total fiscal year ending June 30, 1885		3,091,000			677,804.63	3,768,804.63
August, 1885		219,000			50,015.94	
October, 1885		161,000			37,095.93	
December, 1885		44,000			10,532.50	
February, 1886		184,000			43,585.00	
April, 1886		497,000			127,595.63	
Total fiscal year ending June 30, 1886		1,095,000			268,825.00	1,363,825.00
August, 1886		260,000			68,575.00	
December, 1886			430,000		123,858.75	
January, 1887			54,000		18,951.25	
February, 1887			198,000		70,290.00	
April, 1887				{†$140,000 ‡48,000}	35,908.00	
May, 1887				{†10,000 ‡37,000}	8,201.25	
Total for eleven months of fiscal year 1887		260,000	682,000	235,000	335,874.25	1,512,874.25
Aggregate						9,088,304.21

*Loan of July 12, 1882, 3 per cent. †Union. ‡Central.

RECAPITULATION BY FISCAL YEARS.

1879	*$193,400				$8,118.25	$201,518.25
1880	*63,050	$31,300	$75,910		22,870.63	192,230.63
1881		1,350	286,000		91,078.56	378,428.56
1884	1,620,000				48,925.00	1,668,925.00
1885		3,091,000			677,804.63	3,768,804.63
1886		1,095,000			268,825.00	1,363,825.00
1887 (eleven months)		260,000	682,000	$235,000	335,874.25	1,512,874.25
Total	1,876,450	4,478,650	1,043,000	235,000	1,455,494.32	9,088,304.21

* $256,450 funded loan of 1881, 5 per cent., was extended August 21, 1881, at 3½ per cent., and exchanged August 1, 1882, to 3 per cent.

Statement of the account of the "sinking fund, Central Pacific Railroad Company," established in the Treasury of the United States under section 3, act May 7, 1878.

	One-half compensation for services rendered, withheld under section 2.	Payments (in cash) under section 4.	Interest on sinking-fund bonds.	Sinking-fund bonds redeemed, 3 per cents.	Premium received on sale of sinking-fund bonds, 4 per cents.	Total by fiscal years.
December, 1878	$38,587.26					
March, 1879	44,297.77					
May, 1879	43,251.10		$458.75			
Total fiscal year ending June 30, 1879	126,136.13		458.75			$126,594.88
August, 1879	42,540.81		1,518.12			
September, 1879	31,094.65					
October, 1879	158.92					
November, 1879		$181,329.51	2,436.25			
January, 1880	49.01					
February, 1880	22.00		2,436.25			
March, 1880	74.10					
April, 1880	26,063.62					
May, 1880	69.00		2,436.25			
June, 1880	152,673.90					
Total fiscal year ending June 30, 1880	252,796.11	181,329.51	8,826.87			442,892.49
July, 1880	217.38					
August, 1880	60.75		2,436.25			
September, 1880	69,570.74					
October, 1880	234.95					
November, 1880	1,060.92	239,076.32				
December, 1880	47,356.37		9,972.25			
January, 1881	166.85					
February, 1881	18,365.61					
March, 1881	56,401.94		2,436.25			
April, 1881	944.32					
May, 1881	656.43		4,419.25			
June, 1881	57,100.68					
Total fiscal year ending June 30, 1881	252,076.94	239,076.32	19,264.00			500,417.26
July, 1881	79.62		15,811.00			
August, 1881	94.25	144,436.74				
September, 1881	208.40					
October, 1881	68,573.74					
November, 1881	20,730.97		6,220.72			
January, 1882	78,258.83					
February, 1882	3,709.46					
March, 1882	12,976.77		17,016.37			
April, 1882	82,189.15					
May, 1882	887.59		3,606.37			
June, 1882	10,319.06					
Total fiscal year ending June 30, 1882	278,028.44	144,436.74	42,244.46			464,709.64
July, 1882	85.68					
September, 1882	7,405.56		17,016.37			
October, 1882	290.01					
November, 1882	344.90					
December, 1882	380,365.44	79,149.91	3,452.75			
January, 1883	189,259.58					
February, 1883	331.94		20,836.25			
March, 1883	41,407.62					
April, 1883	1,405.36					
May, 1883	129,483.74		7,516.25			
June, 1883	1,611.34					
Total fiscal year ending June 30, 1883	743,041.41	79,149.91	48,821.62			871,012.94
August, 1883	842.44		20,836.25			
September, 1883	176.78					
November, 1883	158,996.34		7,516.25			
January, 1884	691.60					
February, 1884	817.63		18,732.13	$541,900.00		
March, 1884	752.87					

Statement of account "sinking fund, Central Pacific Railroad Company," etc.—Cont'd.

	One-half compensation for services rendered, withheld under section 2.	Payments (in cash) under section 4.	Interest on sinking-fund bonds.	Sinking-fund bonds redeemed, 3 per cents.	Premium received on sale of sinking-fund bonds, 4 per cents.	Total by fiscal years.
April, 1884	$2,074.17					
May, 1884	22,009.47		$3,452.75			
June, 1884	5,987.62					
Total fiscal year ending June 30, 1884	192,358.32		50,537.38	$541,800.00		$784,695.70
September, 1884	161,233.86		16,772.75			
October, 1884	16.77					
November, 1884			3,452.75			
December, 1884	34,764.83					
January, 1885	2,851.11					
February, 1885	2,824.50		16,772.75			
March, 1885	47,228.95					
April, 1885	553.47					
May, 1885	49,242.69		3,452.75			
June, 1885	50,773.70					
Total fiscal year ending June 30, 1885	349,489.38		40,451.00			389,940.38
July, 1885	191.95					
August, 1885	976.38		23,522.75			
September, 1885	50,115.71					
November, 1885			10,202.75			
December, 1885	38,781.73					
January, 1886	121.50					
February, 1886	.09		25,922.75			
March, 1886	37,310.56			300,000.00		
April, 1886	4.23		4,962.69	450,000.00		
May, 1886	23.04		4,962.75	140,000.00		
June, 1886	3,109.23		704.38	300,000.00		
Total fiscal year ending June 30, 1886	130,634.42		70,262.96	1,190,000.00		1,390,897.38
July, 1886	37,495.76		15,461.41	30,000.00		
September, 1886	39,630.04		1,461.75			
October, 1886	11,554.19					
November, 1886	39,172.97		3,452.75			
December, 1886	46.78		15,311.00			
January, 1887	82.44					
February, 1887	39,172.97		1,461.75	194,900.00		
March, 1887	4,214.80			*199,100.00	$54,752.50	
April, 1887			1,091.00			
May, 1887	28,736.32					
Eleven months of fiscal year 1887	210,106.27		39,139.66	424,000.00	54,752.50	727,998.43
Aggregate						5,699,139.71

*Sold 4 per cents.

RECAPITULATION BY FISCAL YEARS.

1879	$126,196.13		$458.75			$126,654.88
1880	252,736.11	$181,329.51	8,826.67			442,892.29
1881	252,076.94	229,076.32	19,264.00			500,417.26
1882	278,028.44	144,436.74	42,244.46			464,709.64
1883	743,041.41	79,149.91	48,821.62			871,012.94
1884	192,358.32		50,537.38	$541,800.00		784,695.70
1885	349,489.38		40,451.00			389,940.38
1886	130,634.42		70,262.96	1,190,000.00		1,390,897.38
1887 (eleven months)	210,106.27		39,139.66	424,000.00	$54,752.50	727,998.43
Total	2,534,668.02	633,992.48	320,006.72	2,155,800.00	54,752.50	5,699,139.71

Account of the "sinking fund, Central Pacific Railroad Company," etc.—Continued.

RECAPITULATION OF TOTALS.

One-half compensation, under section 2	$2,534,608.02
Payments under section 4	633,902.48
Interest on sinking-fund bonds	820,066.72
Premium on sinking-fund bonds sold	54,782.50
Sinking-fund bonds redeemed and sold	2,155,800.00
Total	5,699,159.72
Bonds purchased for sinking fund:	
United States 5 per cents. exchanged to 3 per cents	$194,900.00
United States loan July 12, 1882, 3 per cents	1,761,800.00
United States funded loan of 1907, 4 per cents	199,100.00
	2,155,800.00
Now held in sinking fund:	
Pacific Railroad 6 per cents	2,548,000.00
Central Pacific first-mortgage 6 per cents	9,000.00
Premium, commission, etc., paid	947,222.40
Total	5,660,022.40
Balance uninvested June 1, 1887	39,137.32

TREASURY DEPARTMENT,
Washington, D. C., June 9, 1887.

Bonds purchased for sinking fund, Central Pacific Railroad Company.

	Funded loan of 1881, 5 per cent.	Funded loan of 1907, 4 per cent.	United States Pacific R. R. bonds, 6 per cent.	Union and Central Pacific R. R., first mortgage 6 per cent.	Premium, commission paid.	Total by fiscal years.
February, 1879	$36,700				$1,880.88	
June, 1879	84,750				3,231.08	
Total fiscal year ending June 30, 1879	*121,450				5,111.96	$126,561.96
September 1879	43,300				854.00	
October, 1879	30,250				831.87	
June, 1880		$197,350			15,294.62	
Total fiscal year ending June 30, 1880	*73,450	197,350			16,980.49	287,780.49
July, 1880		950	$119,000		35,183.28	
April, 1881		800	325,000		111,442.00	
Total fiscal year ending June 30, 1881		1,750	444,000		146,625.28	592,375.28
December, 1882, total fiscal year ending June 30, 1883	†541,800				10,836.00	552,636.00
June, 1885, total fiscal year ending June 30, 1885	900,000				27,000.00	927,000.00
January, 1886, total fiscal year ending June 30, 1886	320,000				12,400.00	332,400.00
January, 1887			990,000		329,055.61	
February, 1887			678,000		228,060.31	
March, 1887			436,000		150,579.00	
May, 1887				$9,000	1,563.75	
Eleven months of fiscal year, 1887			2,104,000	9,000	728,258.67	2,841,258.67
Aggregate						5,660,022.40

RECAPITULATION BY FISCAL YEARS.

1879	*121,450				5,111.96	126,561.96
1880	*73,450	197,350			16,980.49	287,780.49
1881		1,750	444,000		146,625.28	592,375.28
1883	541,800				10,836.00	552,636.00
1885	900,000				27,000.00	927,000.00
1886	320,000				12,400.00	332,400.00
1887 (eleven months)			2,104,000	9,000	728,258.67	2,841,258.67
Total	1,956,700	199,100	2,548,000	9,000	947,222.40	5,660,022.40

*$194,900 funded loan of 1881, 5 per cent., was extended August 21, 1881, at 3½ per cent., and exchanged August 1, 1882, at 3 per cent.
†Loan July 12, 1882, 3 per cent.
‡Central.

Bonds purchased for sinking fund, etc.—Continued.

UNION PACIFIC RAILROAD COMPANY.

1870.				1870.		
Jan. 27	To amount of bonds issued from Feb. 1, 1869, to Jan. 1, 1869	$25,908,000.00		Jan. 27	By credits for transportation	$695,731.22
27	To interest from date of issue to June 30, 1869	2,081,869.89		27	By interest on same	18,709.89
27	To interest on accrued interest	45,854.89		27	By balance, June 30, 1869	27,229,292.85
		28,125,724.78				28,125,724.78
Jan. 27	To balance, report 172966	27,229,292.85		Mar. 25	By credit for transportation	186,154.49
Mar. 25	To amount of bonds issued from July 1 to Dec. 31, 1869	1,077,000.00		25	By interest on same	2,415.80
25	To interest same period	809,859.96				188,569.29
25	To interest on accrued interest	36,938.79		25	By balance, Dec. 31, 1869	28,964,322.07
		29,153,091.60				29,152,891.36
25	To balance, report 173080	28,964,522.07		Mar. 29	By credit for transportation	55,539.67
				29	By interest on same	1,912.40
					By balance	28,907,070.00
		28,964,522.07				28,964,522.07
29	To balance, report 173792	28,927,070.00		Sept. 2	By credits for transportation	182,149.12
Sept. 2	To amount of bonds issued from Jan. 1 to June 30, 1870	161,512.00		2	By interest on same	3,126.78
2	To interest on said bonds to July 1, 1870	9,391.20		2	By balance, June 30, 1870	29,780,498.81
2	To interest on bonds, from Jan. 1 to July 1, 1870	812,250.00				
2	To interest on accrued interest	55,562.10				
		29,965,785.30				29,965,785.30
1871.				1871.		
2	To balance, report 175417	29,780,498.81		Feb. 6	By credits for transportation	145,273.49
Feb. 6	To amount of interest on bonds from July 1 to Dec. 31, 1870	817,095.36		6	By interest on same	2,722.79
6	To interest on accrued interest	76,319.63		6	By balance, Dec. 31, 1870	30,526,415.64
		30,673,914.80				30,673,914.80
6	To balance, report 177332	30,526,415.64		July 31	By credits for transportation	305,322.79
July 31	To amount of interest on bonds from Jan. 1, to June 30, 1871	817,095.36		31	By interest on same	3,212.49
31	To interest on accrued interest	98,697.11			By balance, June 30, 1871	31,133,499.84
		31,442,208.11				31,442,208.11
31	To balance, report 180020	31,139,438.01		1872.		
1872.				Jan. 9	By credits for transportation	224,235.65
Jan. 9	To amount of interest on bonds from July 1 to Dec. 31, 1871	817,095.36		9	By interest on same	4,232.49
9	To interest on accrued interest	116,907.63		9	By balance, Dec. 31, 1871	31,033,743.27
		32,067,436.00				32,067,436.00
9	To balance, report 183260	31,838,743.27				
July 24	To amount of interest on bonds from Jan. 1 to June 30, 1872	817,095.36		July 24	By credits for transportation	217,139.25
				24	By interest on same	2,953.49
24	To interest on accrued interest	138,087.09		24	By balance, June 30, 1872	32,574,249.36
		32,793,916.72				32,793,916.72

Bonds purchased for sinking fund, etc.—Continued.

UNION PACIFIC RAILROAD COMPANY—Continued.

1873.			1872.			
July 24	To balance, report 185437	$32,547,248.28	Dec. 31	By balance		$32,574,681.81
Dec. 31	To amount of warrant No. 34, dated Oct. 23, 1871, in favor of Treasurer United States, with interest to June 30, 1872, per report 187263	433.53				
		32,574,681.81				32,574,681.81
31	To balance, report 187263	32,574,681.81	1873.			
1872.			Jan. 8	By credits for transportation	115,202.58	
Jan. —	To amount of interest on bonds from July 1, to Dec. 31, 1872	817,095.36	8	By interest on same	1,297.91	
—	To interest on accrued interest	160,145.09	8	By balance, Dec. 31, 1872	116,700.49 / 33,435,221.77	
		33,551,922.26				33,551,922.26
8	To balance, report 187296	33,435,221.87	July 11	By credits for transportation	86,143.77	
July 11	To amount of interest on bonds from Jan. 1 to June 30, 1873	817,095.36	11	By interest on same	1,430.95	
11	To interest on accrued interest	185,961.29	11	By balance, June 30, 1873	87,574.72 / 34,350,703.70	
		34,438,278.42				34,438,278.42
11	To balance, report 189238	34,350,703.70	Jan. 26	By credits for transportation	226,450.67	
1874.						
Jan. 26	To amount of interest on bonds from July 1 to Dec. 31, 1873	817,095.36	26	By interest on same	3,696.68	
26	To interest on accrued interest	213,425.75	26	By balance, Dec. 31, 1873	233,156.35 / 35,149,068.46	
		35,381,224.81				35,381,224.81
26	To balance, report 191318	35,149,068.46	July 10	By credit for transportation	294,694.76	
July 10	To amount of interest on bonds from Jan. 1 to June 30, 1874	817,095.36	10	By interest on same	2,594.28	
10	To interest on accrued interest	237,376.69	10	By balance, June 30, 1874	297,289.04 / 35,906,251.47	
		36,203,540.51				36,203,540.51
10	To balance, report 193251	35,906,251.47	1875.			
1875.			Feb. 1	By credits for transportation	343,981.38	
Feb. 1	To amount of interest on bonds from July 1 to Dec. 31, 1874	817,095.36	1	By interest on same	2,707.86	
1	To interest on accrued interest	262,792.18	1	By balance, Dec. 31, 1874	346,689.36 / 36,829,449.75	
		37,076,139.01				37,076,139.01
1	To balance, report 195515	36,829,449.75	July 22	By credits for transportation	444,670.66	
July 22	To amount of interest on bonds from Jan. 1 to June 30, 1875	817,095.36	22	By interest on same	5,450.05	
22	To interest on accrued interest	287,788.14	22	By balance, June 30, 1875	450,129.71 / 37,484,203.54	
		37,934,333.25				37,934,333.25
22	To balance, report 197626	37,484,203.54	1876.			
1876.			Feb. 5	By credits for transportation	438,869.51	
Feb. 5	To amount of interest on bonds from July 1 to Dec. 31, 1875	817,095.36	5	By interest on same	5,208.56	
5	To interest on accrued interest	307,430.76	5	By balance, Dec. 31, 1875	444,098.07 / 38,164,631.50	
		38,608,729.66				38,608,729.66

Bonds purchased for sinking fund, etc.—Continued.

UNION PACIFIC RAILROAD COMPANY—Continued.

1876.			1876.		
Feb. 5	To balance, report 200109	$38,164,631.89	Aug. 19	By credits for transportation	$135,169.11
Aug. 19	To amount of interest on bonds from Jan. 1 to June 30, 1876	817,095.36	19	By interest on same	2,169.14
19	To interest on accrued interest	327,843.60	19	By balance, June 30, 1876	138,095.25 39,171,475.27
		39,309,570.85			39,309,570.85
19	To balance, report 202360	39,171,475.27	1877.		
1877.			Jan. 29	By credits for transportation	47,169.75
Jan. 29	To amount of interest on bonds from July 1 to Dec. 31, 1876	817,095.36	29	By interest on same	858.43
29	To interest on accrued interest	358,048.89	29	By balance, Dec. 31, 1876	48,023.15 40,296,598.34
		40,346,619.52			40,346,619.52
29	To balance, report 204221	40,296,598.34	July 28	By credits for transportation	660,170.13
July 28	To amount of interest on bonds from Jan. 1 to June 30, 1877	817,095.36	28	By interest on same	7,754.09
28	To interest on accrued interest	391,862.52	28	By balance, June 30, 1877	667,921.61 40,839,633.19
		41,507,554.22			41,507,554.22
28	To balance, report 206369	40,839,633.19	1878.		
1878.			Mar. 8	By credits for transportation	347,062.17
Mar. 8	To amount of interest on bonds from July 1 to Dec. 31, 1877	817,095.36	8	By interest on same	4,249.12
8	To interest on accrued interest	408,060.63	8	By balance, Dec. 31, 1877	351,311.49 41,713,510.49
		42,064,822.18			42,064,822.18
8	To balance, report 208804	41,713,510.49	Aug. 10	By credits for transportation	718,767.11
Aug. 10	To amount of interest on bonds from Jan. 1 to June 30, 1878	817,095.36	10	By interest on same	2,964.25
10	To interest on accrued interest	434,360.94	10	By balance, June 30, 1878	721,728.36 42,243,192.43
		42,964,915.79			42,964,915.79
10	To balance, report 210634	42,243,192.43	1880.		
1880.			Oct. 6	By credits for transportation	292,343.91
Oct. 6	To amount of interest on bonds from July 1 to Dec. 31, 1878	817,095.36	6	By interest on same	4,896.42
6	To interest on accrued interest	456,200.41	6	By balance, Dec. 31, 1878	297,040.33 43,213,447.87
		43,510,488.20			43,510,488.20
6	To balance, report 213312	43,213,447.87	Dec. 28	By credits for transportation	1,172,943.81
Dec. 28	To amount of interest on bonds from Jan. 1 to June 30, 1879	817,095.36	28	By interest on same	3,501.55
28	To interest on accrued interest	497,368.08	28	By balance, June 30, 1879	1,176,445.37 43,351,406.24
		44,527,851.31			44,527,851.31
28	To balance, report 222509	43,351,406.24	1881.		
1881.			May 21	By credits for transportation	96,288.43
May 21	To interest on bonds from July 1 to Dec. 31, 1879	817,095.36	21	By interest on same	19,564.77
21	To interest on accrued interest	482,906.83	21	By balance, Dec. 31, 1879	115,853.20 44,535,553.23
		44,651,406.43			44,651,406.43

Bonds purchased for sinking fund, etc.—Continued.

UNION PACIFIC RAILROAD COMPANY—Continued.

1881.			1881.		
May 21	To balance, report 222226	944, 535, 555. 22	July 5	By credits for transportation	$390, 157. 51
July 5	To interest on bonds from Jan. 1 to June 30, 1880	817, 095. 36	5	By interest on same	3, 101. 80
5	To interest on accrued interest	518, 971. 30			393, 259. 31
			5	By balance, June 30, 1880	45, 478, 362. 58
		45, 871, 621. 89			45, 871, 621. 89
5	To balance, report 225537	45, 478, 362. 58	Oct. 31	By credits for transportation	188, 452. 45
Oct. 31	To interest on bonds from July 1 to Dec. 31, 1880	817, 095. 36	31	By interest on same	1, 775. 18
31	To interest on accrued interest	547, 255. 52			190, 227. 63
			31	By balance, Dec. 31, 1880	46, 652, 485. 83
		46, 842, 713. 46			46, 842, 713. 46
31	To balance, report 227100	46, 652, 485. 83	1882.		
1882.			June 5	By credits for transportation	142, 941. 74
June 5	To interest on bonds from Jan. 1 to June 30, 1881	817, 095. 36	5	By interest on same	1, 194. 66
5	To interest on accrued interest	582, 479. 21			144, 136. 40
			5	By balance June 30, 1881	47, 907, 924. 00
		48, 052, 060. 40			48, 052, 060. 40
5	To balance, report 229069	47, 907, 924. 00	Sept. 18	By credits for transportation	91, 416. 14
Sept. 18	To interest on bonds from July 1 to Dec. 31, 1881	817, 095. 36	18	By interest on same	933. 30
18	To interest on accrued interest	620, 142. 36			92, 349. 44
			18	By balance, Dec. 31, 1881	49, 253, 812. 28
		49, 345, 161. 72			49, 345, 161. 72
18	To balance, report 232189	49, 252, 812. 28	1883.		
1883.			June 27	By credits for transportation	226, 242. 90
June 27	To interest on bonds from Jan. 1 to June 30, 1882	817, 095. 36	27	By interest on same	1, 664. 70
27	To interest on accrued interest	660, 489. 01			227, 907. 60
			27	By balance, June 30, 1882	50, 502, 489. 05
		50, 730, 396. 65			50, 730, 396. 65
27	To balance, report 235721	50, 502, 489. 05	Sept. 14	By credits for transportation	362, 451. 25
Sept. 14	To interest on bonds from July 1 to Dec. 31, 1882	817, 095. 36	14	By interest on same	1, 891. 92
14	To interest on accrued interest	697, 979. 31			364, 343. 17
			14	By balance Dec. 31, 1882	51, 653, 220. 55
		52, 017, 563. 72			52, 017, 563. 72
14	To balance, report 237406	51, 653, 220. 55	Nov. 26	By credits for transportation	117, 304. 62
Nov. 26	To interest on bonds from Jan. 1 to June 30, 1883	817, 095. 36	26	By interest on same	1, 525. 65
26	To interest on accrued interest	732, 501. 26			118, 829. 07
			26	By balance, June 30, 1883	53, 083, 968. 16
		53, 202, 817. 17			53, 202, 817. 17
26	To balance report 238224	53, 083, 968. 10	1884.		
1884.			Oct. 3	By credits for transportation	588, 845. 95
Oct. 13	To interest on bonds from July 1 to Dec. 31, 1883	817, 095. 36	3	By interest on same	7, 081. 80
13	To interest on accrued interest	775, 424. 28			595, 927. 75
			13	By balance, Dec. 31, 1883	54, 080, 579. 99
		54, 676, 507. 74			54, 676, 507. 74
13	To balance, report 241617	54, 080, 579. 99	Dec. 11	By credits for transportations	483, 963. 97
Dec. 11	To interest on bonds from Jan. 1 to June 30, 1884	817, 095. 36	11	By interest on same	8, 724. 23
11	To interest on accrued interest	805, 322. 04			492, 688. 19
			11	By balance, June 30, 1884	55, 210, 304. 20
		55, 702, 997, 39			55, 702, 997, 39

Bonds purchased for sinking fund, etc.—Continued.

UNION PACIFIC RAILROAD COMPANY—Continued.

1884. Dec. 11	To balance, report 243329.	$55,210,304.20	1885. Feb. 5	By credits for transportation		$480,741.82
1885. Feb. 5	To interest on bonds from July 1 to Dec. 31, 1884	817,095.36	5	By interest on same		6,874.31
5	To interest on accrued interest	859,213.77	5	By balance, Dec. 31, 1884		496,618.08 56,369,996.88
		56,866,613.33				56,866,613.33
5	To balance, report 244545.	56,369,996.68	Oct. 13	By credits for transportation		434,892.68
Oct. 13	To interest on bonds from Jan. 1 to June 30, 1885	817,095.36	13	By interest on same		4,332.62
13	To interest on accrued interest	874,504.54	13	By balance, June 30, 1885		439,245.30 57,621,851.28
		58,061,096.58				58,061,096.58
13	To balance, report 248385.	57,621,851.28	1886. June 24	By credits for transportation		182,820.60
1886. June 24	To interest on bonds from July 1 to Dec. 31, 1885	817,095.36	24	By interest on same		1,804.28
24	To interest on accrued interest	911,509.18	24	By balance, Dec. 31, 1885		184,625.15 59,165,881.67
		59,350,506.82				59,350,506.82
24	To balance, report 252615.	59,165,881.67	1887. Mar. 31	By credits for transportation		167,228.71
1887. Mar. 31	To interest on bonds from Jan. 1 to June 30, 1886	817,095.36	31	By interest on same		1,040.39
31	To interest on accrued interest	957,881.09	31	By balance, June 30, 1886.		169,168.91 59,771,689.21
		60,940,858.12				60,940,858.12
31	To balance, report 256213.	59,771,689.21				

ROS. A. FISH,
Assistant Register.

TREASURY DEPARTMENT,
Register's Office, May 3, 1887.

KANSAS PACIFIC RAILWAY COMPANY.

1870. Feb. 10	To bonds issued from Nov. 1, 1868, to Jan. 1, 1869	$6,303,000.00	1870. Feb. 10	By credits for transportation		$546,569.19
10	To interest on bonds to June 30, 1869	834,813.09	10	By interest on same		7,602.64
10	To interest on accrued interest	28,272.53	10	By balance, June 30, 1869		554,231.73 6,611,853.84
		7,166,085.62				7,166,085.62
10	To balance, report 173028.	6,611,853.84	Apr. 2	By credits for transportation		84,655.89
Apr. 2	To interest on bonds from July 1 to Dec. 31, 1869	189,090.00	2	By interest on same		1,157.89
2	To interest on accrued interest	9,265.62	2	By balance, Dec. 31, 1869		85,813.78 6,724,305.68
		6,810,209.46				6,810,209.46
2	To balance, report 173820	6,724,305.68	Aug. 17	By credits for transportation		53,134.13
Aug. 17	To interest on bonds from Jan. 1 to June 30, 1870	189,090.00	17	By interest on same		732.37
17	To interest on accrued interest	12,641.87	17	By balance, June 30, 1870.		53,866.50 6,872,241.05
		6,926,127.55				6,926,127.55

Bonds purchased for sinking fund, etc.—Continued.

KANSAS PACIFIC RAILWAY COMPANY—Continued.

1870. Aug. 17	To balance, report 175376.	$6,872,261.65	1871. Feb. 6	By credits for transportation		$83,798.54
1871. Feb. 6	To interest on bonds from July 1 to Dec. 31, 1870	189,000.00	6	By interest on same		825.66
6	To interest on accrued interest	17,077.83	6	By balance, Dec. 31, 1870.		84,615.20 6,993,813.63
		7,078,428.88				7,078,428.88
6	To balance, report 177340.	6,993,813.63	July 31	By credits for transportation		89,182.27
July 31	To interest on bonds from Jan. 1, to June 30, 1871	189,000.00	31	By interest on same		670.84
31	To interest on accrued interest	20,724.41	31	By balance, June 30, 1771		89,853.11 7,113,774.98
		7,203,628.09				7,203,628.09
31	To balance, report 180032	7,113,774.98	1872. Jan. 9	By credits for transportation		70,498.37
1872. Jan. 9	To interest on bonds from July 1 to Dec. 31, 1871	189,000.00	9	By interest on same		983.90
9	To interest on accrued interest	24,283.25	9	By balance, Dec. 31, 1871.		71,482.27 7,255,705.96
		7,327,188.23				7,327,188.23
9	To balance, report 182362	7,255,705.96	July 24	By credits for transportation		46,075.39
July 24	To interest on bonds from Jan. 1, to June 30, 1872	189,000.00	24	By interest on same		591.10
24	To interest on accrued interest	28,581.18	24	By balance, June 30, 1872.		46,666.49 7,426,710.65
		7,473,377.14				7,473,377.14
24	To balance, report 185486.	7,426,710.65	1873. Jan. 8	By credits for transportation		93,274.34
1873. Jan. 8	To interest on bonds from July 1 to Dec. 31, 1872	189,000.00	8	By interest on same		1,341.79
8	To interest on accrued interest	33,711.32	8	By balance, Dec. 31, 1872.		94,616.13 7,554,895.84
		7,649,511.97				7,649,511.97
8	To balance, report 187295.	7,554,895.84	July 11	By credits for transportation		15,616.33
July 11	To interest on bonds from Jan. 1 to June 30, 1873	189,000.00	11	By interest on same		314.28
11	To interest on accrued interest	37,556.88	11	By balance, June 30, 1873.		15,930.61 7,766,212.11
		7,781,542.72				7,781,542.72
11	To balance, report 189240.	7,766,212.11	1874. Jan. 26	By credits for transportation		123,837.92
1874. Jan. 26	To interest on bonds from July 1 to Dec. 31, 1873	189,000.00	26	By interest on same		1,495.93
26	To interest on accrued interest	43,896.36	26	By balance, Dec. 31, 1873		125,333.85 7,873,864.62
		7,999,198.47				7,999,198.47
26	To balance, report 191317.	7,873,864.62	July 11	By credits for transportation		85,558.96
July 11	To interest on bonds from Jan. 1 to June 30, 1874	189,000.00	11	By interest on same		831.79
11	To interest on accrued interest	47,125.94	11	By balance, June 30, 1874.		86,390.77 8,023,689.79
		8,110,080.56				8,110,080.56
11	To balance, report 193262.	8,023,689.79	1875. Feb. 2	By credits for transportation		36,130.00
1875. Feb. 2	To interest on bonds from July 1, to Dec. 31, 1874	189,000.00	2	By interest on same		920.57
2	To interest on accrued interest	51,620.69	2	By balance, Dec. 31, 1874.		37,050.57 8,227,349.91
		8,264,400.48				8,264,400.48

Bonds purchased for sinking fund, etc.—Continued.

KANSAS PACIFIC RAILWAY COMPANY—Continued.

1875.			1875.		
Feb. 2	To balance, report 195538.	$8,227,349.91	July 23	By credits for transportation	$70,161.[illegible]
July 23	To interest on bonds from Jan. 1 to June 30, 1875	189,090.00	23	By interest on same	1,121.[illegible]
23	To interest on accrued interest	57,730.50	23	By balance, June 30, 1875.	8,306,886.[illegible]
		8,474,170.41			8,474,170.41
23	To balance, report 197662.	8,306,886.70	1876.		
1876.			Feb. 5	By credits for transportation	36,780.[illegible]
Feb. 5	To interest on bonds from July 1 to Dec. 31, 1875	189,090.00	5	By interest on same	847.[illegible]
5	To interest on accrued interest	62,816.60	5	By balance, Dec. 31, 1875.	8,611,165.[illegible]
		8,648,793.30			8,648,793.30
5	To balance, report 200117.	8,611,165.24	Aug. 21	By credits for transportation	7,[illegible]
Aug. 21	To interest on bonds from Jan. 1 to June 30, 1876	189,090.00	21	By interest on same	70.[illegible]
21	To interest on accrued interest	69,244.95	21	By balance, June 30, 1876.	7,732.[illegible] 8,861,767.[illegible]
		8,869,500.19			8,869,500.19
21	To balance, report 202361.	8,861,767.49	1877.		
1877.			Jan. 29	By credits for transportation	67,[illegible]
Jan. 29	To interest on bonds from July 1 to Dec. 31, 1876	189,090.00	29	By interest on same	736.[illegible]
29	To interest on accrued interest	76,763.01	29	By balance, Dec. 31, 1876.	68,149.[illegible] 9,050,471.[illegible]
		9,127,620.50			9,127,620.50
29	To balance, report 204222.	9,050,471.22	July 28	By credits for transportation	15,[illegible]
July 28	To interest on bonds from Jan. 1 to June 30, 1877	189,090.00	28	By interest on same	212.[illegible]
28	To interest on accrued interest	82,694.13	28	By balance, June 30, 1877	16,174.[illegible] 9,315,068.[illegible]
		9,331,255.35			9,331,255.35
28	To balance, report 206373	9,315,080.97	1878.		
1878.			Mar. 8	By credits for transportation	670.[illegible]
March 8	To interest on bonds from July 1 to Dec. 31, 1877	189,090.00	8	By interest on same	3.[illegible]
8	To interest on accrued interest	90,362.43	8	By balance, Dec. 31, 1877	673.[illegible] 9,593,859.[illegible]
		9,594,533.40			9,594,533.40
8	To balance, report 208805	9,593,859.87	Aug. 10	By credits for transportation	188.[illegible]
Aug. 10	To interest on bonds from Jan. 1 to June 30, 1878	189,090.00	10	By interest on same	3.[illegible]
10	To interest on accrued interest	98,725.80	10	By balance, June 30, 1878	193.[illegible] 9,881,491.[illegible]
		9,881,675.67			9,881,675.67
10	To balance, report 210631	9,881,491.76	1880.		
1880.			Oct. 6	By credits for transportation	212,153.[illegible]
Oct. 6	To interest on bonds from July 1 to Dec. 31, 1878	189,090.00	6	By interest on same	2,322.[illegible]
6	To interest on accrued interest	107,354.76	6	By balance, Dec. 31, 1878.	214,475.[illegible] 9,963,450.[illegible]
		10,177,936.52			10,177,936.52
6	To balance, report 213338	9,963,450.62	Dec. 16	By credits for transportation	580,[illegible]
Dec. 16	To interest on bonds from Jan. 1 to June 30, 1879	189,090.00	16	By interest on same	2,765.[illegible]
16	To interest on accrued interest	109,813.52	16	By balance, June 30, 1879	583,[illegible] 9,678,[illegible]
		10,262,354.14			10,262,354.14

Bonds purchased for sinking fund, etc.—Continued.

KANSAS PACIFIC RAILWAY COMPANY—Continued.

1880.				1881.			
Jan. 16	To balance, report 222372		$9,679,346.21	May 21	By credits for transportation		$45,199.33
1881.							
May 21	To interest on bonds from July 1 to Dec. 31, 1879	189,090.00		21	By interest on same		853.69
21	To interest on accrued interest	101,290.39					46,053.02
				21	By balance, Dec. 31, 1879		9,923,673.58
			9,969,726.60				9,969,726.60
21	To balance, report 225225		9,923,673.58	July 5	By credits for transportation		77,287.40
July 5	To interest on bonds from January to June 30, 1880	189,090.00		5	By interest on same		13.81
5	To interest on accrued interest	108,620.21					77,301.21
				5	By balance, June 30, 1880		10,144,082.58
			10,221,383.79				10,221,383.79
5	To balance, report 225262		10,144,082.58	Oct. 31	By credits for transportation		55,327.04
Oct. 31	To interest on bonds from July 1 to Dec. 31, 1880	189,090.00		31	By interest on same		445.54
31	To interest on accrued interest	115,232.48					55,772.58
				31	By balance, Dec. 31, 1880		10,392,632.48
			10,448,405.06				10,448,405.06
31	To balance, report 227104		10,392,632.48	1882.			
1882.				June 5	By credits for transportation		62,719.12
June 5	To interest on bonds Jan. 1 to June 30, 1881	189,090.00		5	By interest on same		525.84
5	To interest on accrued interest	122,688.97					63,244.96
				5	By balance, June 30, 1881		10,641,166.49
			10,704,411.45				10,704,411.45
5	To balance, report 229071		10,641,166.49	Sept. 18	By credits for transportation		59,846.07
Sept. 18	To interest on bonds from July to Dec. 31, 1881	189,090.00		18	By interest on same		790.99
8	To interest on accrued interest	130,144.99					60,637.06
				18	By balance, Dec. 31, 1881		10,899,764.42
			10,960,401.48				10,960,401.48
18	To balance, report 232194		10,899,764.42	1883.			
1883.				June 27	By credits for transportation		95,952.59
June 27	To interest on bonds from Jan. 1 to June 30, 1882	189,090.00		27	By interest on same		2,031.54
27	To interest on accrued interest	137,902.93					98,984.13
				27	By balance, June 30, 1882		11,127,773.22
			11,226,757.35				11,226,757.35
27	To balance, report 235717		11,127,773.22	June 29	By credits for transportation		5,216.23
				29	By interest on same		33.00
							3,249.23
				29	By balance supplemental to June 30, 1882		11,124,523.99
			11,127,773.22				11,127,773.22
29	To balance, report 236862		11,124,523.99	Sept. 14	By credits for transportation		92,871.39
Sept. 14	To interest on bonds from July 1 to Dec. 31, 1882	189,090.00		14	By interest on same		146.70
14	To interest on accrued interest	144,645.72					93,018.09
				14	By balance, Dec. 31, 1882		11,365,241.62
			11,458,259.71				11,458,259.71
14	To balance, report 237499		11,365,241.62	Nov. 26	By credits for transportation		150,899.87
Nov. 26	To interest on bonds from Jan. 1 to June 30, 1883	189,090.00		26	By interest on same		1,463.82
26	To interest on accrued interest	151,867.25					152,363.69
				26	By balance, June 30, 1883		11,553,835.18
			11,706,198.87				11,706,198.87

Bonds purchased for sinking fund, etc.—Continued.

KANSAS PACIFIC RAILWAY COMPANY—Continued.

1883.				1884.		
Nov. 26	To balance, report 238226	$11,553,835.18		Oct. 13	By credits for transportation	[illegible]
1884.						
Oct. 13	To interest on bonds from July 1 to Dec. 31, 1883	189,090.00		13	By interest on same	[illegible]
13	To interest on accrued interest	157,525.06		13	By balance, Dec. 31, 1883	11,814,[illegible]
		11,900,450.24				11,900,[illegible]
13	To balance, report 241619	11,814,162.06		Dec. 11	By credits for transportation	[illegible]
Dec. 11	To interest on bonds from Jan. 1 to June 30, 1884	189,090.00		11	By interest on same	[illegible]
11	To interest on accrued interest	165,334.86		11	By balance, June 30, 1884	12,168,[illegible]
		12,168,586.92				12,168,[illegible]
11	To balance, report 243231	12,168,213.12				
1885.				1885.		
Feb. 5	To interest on bonds from July 1 to Dec. 31, 1884	189,090.00		Feb. 5	By credits for transportation	152,[illegible]
5	To interest on accrued interest	175,956.39		5	By interest on same	2,[illegible]
				5	By balance, Dec. 31, 1884	12,378,[illegible]
		12,533,259.51				12,533,[illegible]
Feb. 5	To balance, report 244547	12,378,568.41		Oct. 13	By credits for transportation	76,[illegible]
Oct. 13	To interest on bonds from Jan. 1 to June 30, 1885	189,090.00		13	By interest on same	[illegible]
13	To interest on accrued interest	182,267.05		13	By balance, June 30, 1885	12,672,[illegible]
		12,749,925.46				12,749,[illegible]
Oct. 13	To balance, report 246387	12,672,619.67		1886.		
1886.				June 24	By credits for transportation	92,[illegible]
June 24	To interest on bonds from July 1 to Dec. 31, 1885	189,090.00		24	By interest on same	[illegible]
24	To interest on accrued interest	191,088.59		24	By balance, Dec. 31, 1885	12,959,[illegible]
		13,052,798.26				13,052,[illegible]
June 24	To balance, report 253016	12,959,137.16		1887.		
1887.				Mar. 31	By credits for transportation	45,[illegible]
Mar. 31	To interest on bonds from Jan. 1 to June 30, 1886	189,090.00		31	By interest on same	[illegible]
31	To interest on accrued interest	199,684.11		31	By balance, June 30, 1886	13,301,[illegible]
		13,347,911.27				13,347,[illegible]
Mar. 31	To balance, report 256315	13,301,710.34				

ROS. A. FISH,
Assistant Register.

TREASURY DEPARTMENT,
Register's Office, May 3, 1887.

CENTRAL BRANCH UNION PACIFIC RAILROAD COMPANY.

1870.				1870.		
Feb. 10	To bonds issued from Jan. 1, 1866, to Jan. 1, 1868	$1,600,000.00		Feb. 10	By credits for transportation	[illegible]
10	To interest on bonds to June 30, 1869	205,808.26		10	By interest on same	[illegible]
10	To interest on accrued interest	11,533.84		10	By balance, June 30, 1869	1,817,[illegible]
		1,817,342.10				1,817,[illegible]

Bonds purchased for sinking fund, etc.—Continued.

CENTRAL BRANCH UNION PACIFIC RAILWAY COMPANY—Continued.

Feb. 10	To balance, report 173067	$1,813,790.53	Apr. 7	By credits for transportation		$1,811.13
Apr. 7	To interest on bonds from July 1 to Dec. 31, 1869	48,000.00	7	By interest on same		29.31
7	To interest on accrued interest	6,413.71				1,840.44
			Apr. 7	By balance, Dec. 31, 1869		1,866,363.77
		1,868,204.21				1,868,204.21
Apr. 7	To balance, report 173846	1,866,363.77	Aug. 19	By credits for transportation		2,100.00
Aug. 19	To interest on bonds from Jan. to June 30, 1870	48,000.00	19	By interest on same		43.84
19	To interest on accrued interest	7,990.91				2,143.84
			19	By balance, June 30, 1870		1,920,210.84
		1,922,354.68				1,922,354.68
Aug. 19	To balance, report 175434	1,920,210.84	1871.			
Feb. 6	To interest on bonds from July 1, 1870, to Dec. 31, 1870	48,000.00	Feb. 6	By balance, Dec. 31, 1870		1,977,817.17
6	To interest on accrued interest	9,606.33				
		1,977,817.17				1,977,817.17
Feb. 6	To balance, report 177356	1,977,817.17	July 31	By credits for transportation		1,875.00
July 31	To interest on bonds from Jan. 1 to June 30, 1871	48,000.00	31	By interest on same		20.83
31	To interest on accrued interest	11,334.52	31	By balance, June 30, 1871		1,895.83 2,035,256.66
		2,037,151.69				2,037,151.69
July 31	To balance, report 180037	2,035,256.66	1872.			
Jan. 11	To interest on bonds from July 1 to Dec. 31, 1871	48,000.00	Jan. 11	By balance, Dec. 31, 1871		2,096,314.36
11	To interest on accrued interest	13,057.70				
		2,096,314.36				2,096,314.36
Jan. 11	To balance, report 182369	2,096,314.36	July 24	By credits for transportation		6,562.50
July 24	To interest on bonds from Jan. 1 to June 30, 1872	48,000.00	24	By interest on same		133.92
24	To interest on accrued interest	14,889.43	24	By balance, June 30, 1872		6,696.42 2,152,507.37
		2,159,203.79				2,159,203.79
July 24	To balance, report 185480	2,152,507.37	1873.			
Jan. 8	To interest on bonds from July 1 to Dec. 31, 1872	48,000.00	Jan. 8	By credits for transportation		1,875.00
8	To interest on accrued interest	16,575.22	8	By interest on same		20.33
			8	By balance, Dec. 31, 1872		1,895.33 2,215,187.26
		2,217,082.59				2,217,082.59
Jan. 8	To balance, report 187298	2,215,187.26				
July 11	To interest on bonds from January 1 to June 30, 1873	48,000.00	July 11	By credits for transportation		937.50
11	To interest on accrued interest	18,453.62	11	By interest on same		18.10
			11	By balance, June 30, 1873		956.60 2,280,686.28
		2,281,642.88				2,281,642.88
July 11	To balance, report 189237	2,280,686.28	1874.			
Jan. 24	To interest on bonds from July 1 to Dec. 31, 1873	48,000.00	Jan. 24	By credits for transportation		5,116.25
24	To interest on accrued interest	20,420.59	24	By interest on same		87.07
			24	By balance, Dec. 31, 1873		5,203.32 2,343,903.45
		2,349,106.87				2,349,106.87

Bonds purchased for sinking fund, etc.—Continued.

CENTRAL BRANCH UNION PACIFIC RAILWAY COMPANY—Continued.

Jan. 24	To balance, report 191346	$2,343,903.45	July 11	By credits for transportation		
July 11	To interest on bonds from Jan. 1 to June 30, 1874	48,000.00	11	By interest on same		
11	To interest on accrued interest	22,317.10	11	By balance, June 30, 1874	2,416,[illegible]	
		2,414,220.55				2,414,[illegible]
July 11 1875.	To balance, report 193263	2,410,391.55	1875.			
Feb. 5	To interest on bonds from July 1 to Dec. 31, 1874	48,000.00	Feb. 5	By credits for transportation		4,[illegible]
5	To interest on accrued interest	24,311.75	5	By interest on same		4,[illegible]
		2,482,703.30	5	By balance, Dec. 31, 1874	2,474,[illegible]	
						2,482,[illegible]
Feb. 5	To balance, report 195550	2,476,278.89	July 22	By credits for transportation		7,[illegible]
July 22	To interest on bonds from Jan. 1 to June 30, 1875	48,000.00	22	By interest on same		[illegible]
22	To interest on accrued interest	26,348.37	22	By balance, June 30, 1875	2,545,[illegible]	7,[illegible]
		2,552,627.26				2,552,[illegible]
July 22 1876.	To balance, report 197645	2,545,038.90	1876.			
Feb. 5	To interest on bonds from July 1 to Dec. 31, 1875	48,000.00	Feb. 5	By credits for transportation		4,[illegible]
5	To interest on accrued interest	28,351.17	5	By interest on same		[illegible]
		2,621,390.07	5	By balance, Dec. 31, 1875	2,616,[illegible]	2,616,[illegible]
						2,621,[illegible]
Feb. 5	To balance, report 200116	2,616,355.40	Aug. 19	By balance, June 30, 1876	2,694,[illegible]	
Aug. 19	To interest on bonds from Jan. 1 to June 30, 1876	48,000.00				
19	To interest on accrued interest	30,490.65				
		2,694,846.05				2,694,[illegible]
Aug. 19 1877.	To balance, report 202353	2,694,846.05	1877.			
Jan. 29	To interest on bonds from July 1 to Dec. 31, 1876	48,000.00	Jan. 29	By balance, Dec. 31, 1876	2,775,[illegible]	
29	To interest on accrued interest	32,845.38				
		2,775,691.43				2,775,[illegible]
Jan. 29	To balance, report 204235	2,775,691.43	July 28	By credits for transportation		14,[illegible]
July 28	To interest on bonds from Jan. 1 to June 30, 1877	48,000.00	28	By interest on same		[illegible]
28	To interest on accrued interest	35,270.73	28	By balance, June 30, 1877	2,844,[illegible]	14,[illegible]
		2,858,962.16				2,858,[illegible]
July 28 1878.	To balance, report 206370	2,844,679.38	1878.			
Mar. 8	To interest on bonds from July 1 to Dec. 31, 1877	48,000.00	Mar. 8	By credits for transportation		4,[illegible]
8	To interest on accrued interest	37,340.37	8	By interest on same		[illegible]
		2,930,019.75	8	By balance, Dec. 31, 1877	2,925,[illegible]	4,[illegible]
						2,930,[illegible]
Mar. 8	To balance, report 208806	2,925,450.95	Aug. 10	By credits for transportation		4,[illegible]
Aug. 10	To interest on bonds from Jan. 1 to June 30, 1878	48,000.00	10	By interest on same		[illegible]
10	To interest on accrued interest	39,763.53	10	By balance, June 30, 1878	3,009,[illegible]	4,[illegible]
		3,013,214.48				3,013,[illegible]

Bonds purchased for sinking fund, etc.—Continued.

CENTRAL BRANCH UNION PACIFIC RAILROAD COMPANY—Continued.

	To balance, report 210635	$3,008,657.52	1880.		
			Oct. 6	By credits for transportation	$3,947.19
	To interest on bonds from July 1 to Dec. 31, 1878	48,000.00	6	By interest on same	54.42
	To interest on accrued interest	42,259.73			4,001.61
			6	By balance, Dec. 31, 1878	3,094,915.64
		3,098,917.25			3,098,917.25
	To balance, report 213371	3,094,915.64	Dec. 8	By credits for transportation	1,697.19
	To interest on bonds from Jan. 1 to June 30, 1879	48,000.00	8	By interest on same	42.12
	To interest on accrued interest	44,847.47			1,739.31
			8	By balance, June 30, 1879	3,186,023.80
		3,187,763.11			3,187,763.11
	To balance, report 222215	3,186,023.80	1881.		
			May 21	By balance, Dec. 31, 1879	3,281,004.51
	To interest on bonds from July 1 to Dec. 31, 1879	48,000.00			
	To interest on accrued interest	47,580.71			
		3,281,004.51			3,281,004.51
	To balance, report 223222	3,281,004.51	July 5	By credits for transportation	6,926.91
	To interest on bonds from Jan. 1 to June 30, 1880	48,000.00	5	By interest on same	111.89
	To interest on accrued interest	50,448.14			7,038.50
			5	By balance, June 30, 1880	3,373,014.15
		3,380,052.65			3,380,052.65
	To balance, report 225534	3,373,014.15	Oct. 31	By credits for transportation	27,346.22
	To interest on bonds from July 1 to Dec. 31, 1880	48,000.00	31	By interest on same	372.37
	To interest on accrued interest	53,190.42			27,718.59
			31	By balance, Dec. 31, 1880	3,446,485.98
		3,474,204.57			3,474,204.57
	To balance, report 227162	3,446,485.98	1882.		
	To interest on bonds from Jan. 1 to June 30, 1881	48,000.00	June 5	By credits for transportation	18,547.47
	To interest on accrued interest	55,394.58	5	By interest on same	224.72
					18,772.19
			5	By balance, June 30, 1881	3,531,108.37
		3,549,880.56			3,549,880.56
	To balance, report 229978	3,531,108.37	Sept. 14	By credits for transportation	15,516.68
	To interest on bonds from July 1 to Dec. 31, 1881	48,000.00	14	By interest on same	199.83
	To interest on accrued interest	57,933.25			15,716.51
			14	By balance, Dec. 31, 1881	3,621,325.11
		3,637,041.62			3,637,041.62
	To balance, report 232192	3,621,325.11	June 27	By credits for transportation	15,607.79
	To interest on bonds from Jan. 1 to June 30, 1882	48,000.00	27	By interest on same	126.20
	To interest on accrued interest	60,639.75			15,733.99
			27	By balance, June 30, 1882	3,714,230.87
		3,729,964.86			3,729,964.86
	To balance, report 235718	3,714,230.87	Sept. 14	By credits for transportation	17,990.79
	To interest on bonds from July 1 to Dec. 1, 1882	48,000.00	14	By interest on same	144.18
	To interest on accrued interest	63,426.93			18,134.97
			14	By balance, Dec. 31, 1882	3,807,322.83
		3,825,457.80			3,825,457.80

Bonds purchased for sinking fund, etc.—Continued.

CENTRAL BRANCH UNION PACIFIC RAILROAD COMPANY—Continued.

1872.			1872.		
Sept. 14	To balance, report 237500	$3,807,522.83	Nov. 26	By credits for transportation	[illegible]
Nov. 26	To interest on bonds from Jan. 1 to June 30, 1883	48,000.00	26	By interest on same	[illegible]
26	To interest on accrued interest	66,225.68	26	By balance, June 30, 1883	[illegible]
		3,921,748.51			3,921,748.51
Nov. 26	To balance, report 238229	3,912,029.50	1884.		
1884.			Oct. 10	By credits for transportation	[illegible]
Oct. 13	To interest on bonds from July 1 to Dec. 31, 1883	48,000.00	10	By interest on same	[illegible]
13	To interest on accrued interest	69,360.88	10	By balance, Dec. 31, 1883	[illegible]
		4,029,390.38			4,029,390.38
Oct. 13	To balance, report 241621	4,018,986.32	Dec. 11	By credits for transportation	[illegible]
Dec. 11	To interest on bonds from Jan. 1 to June 30, 1884	48,000.00	11	By interest on same	[illegible]
11	To interest on accrued interest	72,569.59	11	By balance, June 30, 1884	[illegible]
		4,139,555.91			4,139,555.91
Dec. 11	To balance, report 243383	4,139,552.97	1885.		
1885.			Feb. 5	By credits for transportation	[illegible]
Feb. 5	To interest on bonds from July 1 to Dec. 31, 1884	48,000.00	5	By interest on same	[illegible]
5	To interest on accrued interest	76,186.59	5	By balance, Dec. 31, 1884	[illegible]
		4,263,739.56			4,263,739.56
Feb. 5	To balance, report 244549	4,254,193.01	Oct. 13	By credits for transportation	[illegible]
Oct. 13	To interest on bonds from Jan. 1 to June 30, 1885	48,000.00	13	By interest on same	[illegible]
13	To interest on accrued interest	79,625.79	13	By balance, June 30, 1885	[illegible]
		4,381,818.80			4,381,818.80
Oct. 13	To balance, report 248389	4,333,971.72	1886.		
1886.			June 24	By credits for transportation	[illegible]
June 24	To interest on bonds from July 1 to Dec. 31, 1885	48,000.00	24	By interest on same	[illegible]
24	To interest on accrued interest	82,019.15	24	By balance, Dec. 31, 1885	[illegible]
		4,463,990.87			4,463,990.87
June 24	To balance, report 252018	4,444,482.73	1887.		
1887.			Mar. 31	By credits for transportation	[illegible]
Mar. 31	To interest on bonds from Jan. 1 to June 30, 1886	48,000.00	31	By interest on same	[illegible]
31	To interest on accrued interest	85,334.49	31	By balance, June 30, 1886	[illegible]
		4,577,817.21			4,577,817.21
Mar. 31	To balance, report 256217	4,559,330.42			

TREASURY DEPARTMENT,
Register's Office, May 3, 1887.

ROS. A. FISH,
Assistant Register.

Bonds purchased for sinking fund, etc.—Continued.

CENTRAL PACIFIC RAILROAD COMPANY.

1870.			1870.			
Jan. 11	To amount of bonds issued Jan. 16, 1865	$2,362,000.00	Feb. 11	To balance		$3,020,482.93
11	To interest on bonds July 16, 1869	588,816.83				
11	To interest on accrued interest	69,666.10				
		3,020,482.93				3,020,482.93
11	To balance	3,020,482.93	Feb. 12	By credit for transportation		72,666.99
12	To amount of bonds issued during the years 1866-'67-'68 and '69	21,741,000.00	12	By interest on same		1,071.82
12	To interest on bonds to June 30, 1869	1,130,300.35	12	By balance		25,853,216.92
12	To interest on accrued interest	35,073.45				
		25,926,955.73				25,926,955.73
12	To balance	25,853,216.92	Mar. 19	By credits for transportation		44,098.87
Mar. 19	To bonds issued from July 1 to Dec. 31, 1869	1,778,000.00	19	By interest on same		443.84
19	To interest on said bonds	701,668.08	19	By balance		28,321,094.31
19	To interest on accrued interest	32,752.02				
		28,365,637.02				28,365,637.02
Mar. 19	To balance	28,321,094.31	Apr. 11	By balance		28,411,708.80
Apl. 11	To interest on bonds from July 16, 1869, to Jan. 16, 1870	70,860.00				
11	To interest on accrued interest	19,754.49				
		28,411,708.80				28,411,708.80
11	To balance	28,411,708.80	Sept. 10	By credit for transportation		47,288.31
Sept. 10	To interest on bonds from Jan. 16 to June 30, 1870	64,453.58	10	By interest on same		499.10
10	To interest on accrued interest	20,441.14	10	By balance		29,207,834.45
10	To interest on bonds from Jan. 1 to June 30, 1870	705,570.00				
10	To interest on accrued interest	53,448.34				
		29,255,621.86				29,255,621.86
10	To balance, report 175277	29,207,834.45	1871.			
1871.			Feb. 11	By credit for transportation		77,584.53
Feb. 11	To interest on bonds from July 1 to Dec. 31, 1870	776,430.00	11	By interest on same		1,930.00
11	To interest on accrued interest	99,805.03	11	By balance, Dec. 31, 1870		30,004,554.95
		30,084,069.48				30,084,069.48
11	To balance, report 177293	30,004,554.95	July 31	By credit for transportation		101,622.20
July 31	To interest on bonds from Jan. 1 to June 30, 1871	776,430.00	31	By interest on same		948.89
31	To interest on accrued interest	123,706.65	31	By balance, June 30, 1871		30,902,114.51
		30,904,691.60				30,904,691.60
31	To balance, report 180034	30,802,114.51	1872.			
1872.			Jan. 9	By credit for transportation		79,289.42
Jan. 9	To interest on bonds from July 1 to Dec. 31, 1871	776,430.00	9	By interest on same		1,418.89
9	To interest on accrued interest	147,633.44	9	By balance, Dec. 31, 1871		31,654,409.63
		31,726,177.95				31,726,177.95

Bonds purchased for sinking fund, etc.—Continued.

CENTRAL PACIFIC RAILROAD COMPANY—Continued.

1872.			1872.			
July 9	To balance, report 182361	$31, 645, 469. 63	July 24	By credit for transportation		$104, 488. 98
24	To bonds issued Nov. 28, 1868	4, 120. 00	24	By interest on same		2, 066. 25
24	To interest on bonds from Nov. 28 to June 30, 1872	888. 23	24	By balance, June 30, 1872		32, 492, 986. 23
24	To interest on bonds from Jan. 1 to June 30, 1872	776, 430. 00				
24	To interest on accrued interest	172, 894. 09				
		32, 599, 841. 95				33, 599, 841. 95
24	To balance, report 185457	32, 493, 379. 36	Dec. 31	By interest on transportation credits		422. 13
			31	By balance		32, 492, 935. 83
		32, 493, 369. 36				32, 493, 369. 36
Dec. 31	To balance, report 187264	32, 492, 935. 83	1873.			
1872.			Jan. 9	By credits for transportation		86, 618. 39
Jan. 9	To interest on bonds from July 1 to Dec. 31, 1872	776, 553. 60	9	By interest on same		1, 934. 07
9	To interest on accrued interest	198, 234. 47	9	By balance, Dec. 31, 1872		33, 379, 715. 87
		33, 467, 723. 90				33, 467, 723. 90
9	To balance, report 187294	33, 379, 715. 87	July 11	By credits for transportation		110, 982. 68
July 11	To interest on bonds from Jan. 1 to June 30, 1873	776, 553. 60	11	By interest on same		2, 422. 77
11	To interest on accrued interest	224, 837. 88	11	By balance, June 30, 1873		34, 267, 704. 49
		34, 381, 107. 35				34, 381, 107. 35
11	To balance, report 189239	34, 267, 704. 49	Jan. 26	By credits for transportation		83, 504. 11
1874.			26	By interest on same		138. 29
Jan. 26	To interest on bonds from July 1 to Dec. 31, 1873	776, 553. 60	26	By balance, Dec. 31, 1873		35, 213, 013. 29
26	To interest on accrued interest	251, 477. 53				
		35, 295, 735. 62				35, 295, 735. 62
26	To balance, report 191221	35, 212, 012. 25	July 10	By credits for transportation		290, 910. 33
July 10	To interest on bonds from Jan. 1 to June 30, 1874	776, 553. 60	10	By interest on same		5, 179. 15
10	To interest on accrued interest	279, 806. 77	10	By balance, June 30, 1874		35, 972, 282. 54
		36, 268, 372. 62				36, 268, 372. 62
10	To balance, report 193252	35, 972, 282. 54	1875.			
1875.			Feb. 5	By credits for transportation		65, 272. 75
Feb. 5	To interest on bonds from July 1 to Dec. 31, 1874	776, 553. 60	5	By interest on same		1, 168. 79
5	To interest on accrued interest	302, 614. 88	5	By balance, Dec. 30, 1874		36, 985, 914. 96
		37, 051, 451. 02				37, 051, 451. 02
15	To balance, report 195551	36, 985, 014. 96				
July 22	To interest on bonds from Jan. 1 to June 30, 1875	776, 553. 60	July 22	By credits for transportation		1, 332. 39
22	To interest on accrued interest	332, 996. 85	22	By interest on same		19. 81
			22	By balance to June 30, 1875		36, 092, 662. 99
		36, 094, 565. 43				36, 094, 565. 43
22	To balance, report 197684	36, 092, 662. 99	1876.			
1876.			Feb. 5	By credits for transportation		23, 966. 35
Feb. 5	To interest on bonds from July 1 to Dec. 31, 1875	776, 553. 60	5	By interest on same		343. 29
5	To interest on accrued interest	366, 227. 19	5	By balance to Dec. 31, 1875		36, 219, 133. 34
		36, 235, 473. 88				36, 235, 473. 88

Bonds purchased for sinking fund, etc—Continued.

CENTRAL PACIFIC RAILROAD COMPANY—Continued.

1876.				1876.			
Jan. 5	To balance, report 200115	$39,210,193.39		Aug. 21	By credits for transportation		$20,447.99
" 21	To interest on bonds from Jan. 1 to June 30, 1876	776,553.60		" 21	By interest on same		201.93
" 21	To interest on accrued interest	399,750.29		" 21	By balance to June 30, 1876		40,346,787.49
		40,386,437.32					40,386,437.32
" 21	To balance, report 202368	40,346,787.49		1877.			
1877.				Jan. 29	By credits for transportation		27,458.36
" 29	To interest on bonds from July 1 to Dec. 31, 1876	776,553.60		" 29	By interest on same		944.62
" 29	To interest on accrued interest	433,860.01		" 29	By balance to Dec. 31, 1876		41,518,788.12
		41,557,191.10					41,557,191.10
" 29	To balance, report 204224	41,518,788.12		July 28	By credits for transportation		796,651.80
July 28	To interest on bonds from Jan. 1 to June 30, 1877	776,553.60		" 28	By interest on same		9,068.49
" 28	To interest on accrued interest	469,010.04		" 28	By balance to June 30, 1877		41,957,711.38
		42,764,351.76					42,764,351.76
" 28	To balance, report 206972	41,957,711.38		1878.			
1878.				Mar. 8	By credits for transportation		123,636.70
Jan. 8	To interest on bonds from July 1 to Dec. 31, 1877	776,553.60		" 8	By interest on same		2,040.76
" 8	To interest on accrued interest	482,177.73		" 8	By balance to Dec. 31, 1877		43,090,765.25
		43,216,442.71					43,216,442.71
" 8	To balance, report 208814	43,090,765.25		Aug. 10	By credits for transportation		144,698.82
" 10	To interest on bonds from Jan. 1 to June 30, 1878	776,553.60		" 10	By interest on same		1,698.68
" 10	To interest on accrued interest	515,869.35		" 10	By balance to June 30, 1878		44,226,791.29
		44,373,188.20					44,373,188.20
" 10	To balance, report 210824	44,226,791.29		1880.			
1880.				Oct. 6	By credits for transportation		173,083.32
Jan. 6	To interest on bonds from Jan. 1 to Dec. 31, 1878	776,553.60		" 6	By interest on same		2,277.17
" 6	To interest on accrued interest	550,250.13		" 6	By balance to Dec. 31, 1878		45,378,234.53
		45,553,595.02					45,553,595.02
" 6	To balance, report 213319	45,378,234.53		Dec. 7	By credits for transportation		254,678.37
Jan. 7	To interest on bonds from Jan. 1 to June 30, 1879	776,553.60		" 7	By interest on same		1,342.91
" 7	To interest on accrued interest	584,793.44		" 7	By balance to June 30, 1879		46,483,082.29
		46,739,581.57					46,739,581.57
" 7	To balance, report 222945	46,483,082.29		1881.			
May 21	To interest on bonds from July 1 to Dec. 31, 1879	776,553.60		May 21	By credits for transportation		780,716.47
" 21	To interest on accrued interest	617,956.27		" 21	By interest on same		6,221.65
		47,878,172.16		" 21	By balance to Dec. 31, 1879		47,091,234.04
							47,878,172.16
" 21	To balance, report 222237	47,091,234.04		July 5	By credits for transportation		296,525.90
July 5	To interest on bonds from Jan. 1 to June 30, 1880	776,553.60		" 5	By interest on same		1,342.76
" 5	To interest on accrued interest	636,182.42		" 5	By balance to June 30, 1880		48,206,102.40
		48,503,971.06					48,503,971.06

Bonds purchased for sinking fund, etc—Continued.

CENTRAL PACIFIC RAILROAD COMPANY—Continued.

1881.			1881.		
July 5	To balance, report 225222	$48,206,102.46	Oct. 31	By credits for transportation	$157,677.21
Oct. 31	To interest on bonds from July 1 to Dec. 31, 1879	776,553.60	31	By interest on same	1,413.46
31	To interest on accrued interest	669,629.47	31	By balance to Dec. 31, 1880	49,493,294.73
		49,652,285.47			49,652,285.47
31	To balance, report 237105	49,493,294.73	1882.		
1882.			June 5	By credits for transportation	133,915.19
June 5	To interest on bonds from Jan. 1 to June 30, 1881	776,553.60	5	By interest on same	1,361.46
5	To interest on accrued interest	706,243.44	5	By balance to June 30, 1881	50,837,754.33
		50,978,091.82			50,978,091.82
5	To balance, report 229970	50,837,754.33	Sept. 8	By credits for transportation	103,977.93
Sept. 18	To interest on bonds from July 1 to Dec. 31, 1881	776,553.60	8	By interest on same	1,125.77
18	To interest on accrued interest	746,579.08	8	By balance to Dec. 31, 1881	52,257,780.33
		52,362,887.01			52,362,887.01
18	To balance, report 232191	52,257,780.16	1883.		
1883.			June 27	By credits for transportation	211,491.46
June 27	To interest on bonds from Jan. 1 to June 30, 1883	776,553.60	27	By interest on same	3,665.67
27	To interest on accrued interest	791,179.80	27	By balance to June 30, 1882	53,616,355.23
		53,825,513.56			53,825,513.56
27	To balance, report 238720	53,616,355.29	Sept. 14	By credits for transportation	404,782.84
Sept. 14	To interest on bonds from July 1 to Dec. 31, 1882	776,553.60	14	By interest on same	743.91
14	To interest on accrued interest	831,756.46	14	By balance to Dec. 31, 1882	54,813,169.40
		55,218,654.35			55,218,654.35
14	To balance, report 237497	54,813,169.42	Nov. 26	By credits for transportation	374,354.76
Nov. 26	To interest on bonds, from Jan. 1 to June 30, 1883	776,553.60	26	By interest on same	6,337.12
26	To interest on accrued interest	867,839.66	26	By balance, June 30, 1883	56,076,190.91
		56,457,562.70			56,457,562.70
26	To balance, report 238223	56,076,190.91	1884.		
1884.			Oct. 13	By credits for transportation	160,615.87
Oct. 13	To interest on bonds, from July 1 to Dec. 31, 1883	776,553.60	13	By interest on same	961.76
13	To interest on accrued interest	905,732.13	13	By balance, Dec. 31, 1883	57,567,498.13
		57,758,476.64			57,758,476.64
13	To balance, report 241618	57,567,498.75	Dec. 11	By credits for transportation	82,443.87
Dec. 11	To interest on bonds, from Jan. 1 to June 30, 1884	776,553.60	11	By interest on same	215.71
11	To interest on accrued interest	951,371.39	11	By balance, June 30, 1884	59,292,767.40
		59,325,424.74			59,325,424.74
11	To balance, report 243330	59,292,767.40	1885.		
1885.			Feb. 5	By credits for transportation	196,668.92
Feb. 5	To interest on bonds, from July 1 to Dec. 31, 1884	776,553.60	5	By interest on same	2,655.87
5	To interest on accrued interest	1,002,229.42	5	By balance, Dec. 31, 1884	60,872,401.37
		61,071,550.42			61,071,550.42

Bonds purchased for sinking fund, etc.—Continued.

CENTRAL PACIFIC RAILROAD COMPANY—Continued.

1885.			1885.		
Feb. 5	To balance, report 244546	$60, 872, 801. 37	Oct. 13	By credits for transportation	$153, 474. 44
Oct. 13	To interest on bonds, from Jan. 1 to June 30, 1885	776, 553. 60	13	By interest on same	1, 231. 55
13	To interest on accrued interest	1, 049, 630. 44	13	By balance, June 30, 1885	62, 544, 279. 46
		62, 698, 985. 41			62, 698, 985. 41
13	To balance, report 248386	62, 544, 279. 46	1886.		
1886.			June 24	By credits for transportation	99, 065. 74
June 24	To interest on bonds, from July 1 to Dec. 31, 1885	776, 553. 60	24	By interest on same	803. 64
24	To interest on accrued interest	1, 099, 774. 78	24	By balance, Dec. 31, 1885	64, 329, 679. 06
		64, 420, 607. 84			64, 420, 607. 84
24	To balance, report 252000	64, 329, 679. 06	1887.		
1887.			Mar. 31	By credits for transportation	40, 568. 69
Mar. 31	To interest on bonds, from Jan. 1 to June 30, 1886	776, 553. 60	31	By interest on same	745. 98
31	To interest on accrued interest	1, 153, 336. 77	31	By balance, June 30, 1886	66, 218, 254. 76
		66, 259, 569. 43			66, 259, 569. 43
31	To balance, report 256214	66, 218, 254. 76			

ROS. A. FISH.
Assistant Register.

TREASURY DEPARTMENT,
Register's Office, May 3, 1887.

WESTERN PACIFIC RAILROAD COMPANY.

1870.			1870.		
Mar. 14	To Union Pacific Railroad Co. (Western Division):		Apr. 23	By balance, Dec. 31, 1869	$1, 725, 563. 47
	Bonds issued Jan. 1, 1867	$320, 000. 00			
	Interest and accrued interest, Jan. 26, 1867, to June 30, 1869	49, 398. 78			
Apr. 23	To interest on bonds, from July 1 to Dec. 31, 1869	9, 600. 00			
23	To interest on accrued interest	1, 481. 96			
23	To bonds issued from July 1 to Dec. 31, 1869	320, 000. 00			
23	To interest from Sept. 3 to Dec. 31, 1869	6, 312. 36			
23	To bonds issued from July 1 to Dec. 31, 1869	1, 008, 000. 00			
23	To interest from Oct. 28 to Dec. 31, 1869	10, 770 37			
		1, 725, 563. 47			1, 725, 563. 47
23	To balance, report 174019	1, 725, 563. 47			
Aug. 18	To bonds issued Jan. 22, 1870	322, 000. 00	Aug. 18	To balance, June 30, 1870	2, 197, 798. 97
18	To interest from Jan. 22 to June 30, 1870	8, 468. 60			
18	To interest from Jan. 1 to June 30, 1870	49, 440. 00			
18	To interest on accrued interest	2, 326. 90			
		2, 197, 798. 97			2, 197, 798. 97

Bonds purchased for sinking fund, etc.—Continued.

WESTERN PACIFIC RAILROAD COMPANY—Continued.

1870.			1870.		
Aug. 18	To balance, report 175364	$2,107,796.97	Sept. 22	By credits for transportation	98,231.23
1871.			1871.		
Feb. 7	To interest on bonds, from July 1 to Dec. 31, 1870	59,100.00	Feb. 7	By interest on same	137.49
7	To interest on accrued interest	4,133.97	7	By balance, Dec. 31, 1870	2,162,614.29
		*2,171,032.94			2,171,032.94
7	To balance, report 177371	2,162,614.20	July 31	By balance, June 30, 1871	2,227,492.63
July 31	To interest on bonds, from Jan. 1 to June 30, 1871	59,100.00			
31	To interest on accrued interest	5,778.43			
		2,227,492.63			2,227,492.63
31	To balance, report 180036	2,227,492.63	Aug. 16	By credits for transportation	187.86
1872.					
Jan. 9	To interest on bonds, from July 1 to Dec. 31, 1871	59,100.00	22	By credits for transportation	16.75
9	To interest on accrued interest	7,724.78	29	By credits for transportation	864.73
			1872.		
			Jan. 9	By interest on same	22.13
			9	By balance, Dec. 31, 1871	2,293,226.63
		2,294,317.41			2,294,317.41
9	To balance, report 182268	2,293,226.63	July 24	By balance, June 30, 1872	2,362,664.79
July 24	To interest on bonds, from July 1 to June 30, 1872	59,100.00			
24	To interest on accrued interest	9,606.78			
24	To bonds issued Jan. 22, 1870	500.00			
24	To interest on same from Jan. 22, 1870, to June 30, 1872	31.98			
		2,362,664.79			2,362,664.79
24	To balance, report 185485	2,362,664.79			
1873.			1873.		
Jan. 8	To interest on bonds from July 1 to Dec. 31, 1872	59,116.80	Jan. 8	By balance, Dec. 31, 1872	2,423,544.73
8	To interest on accrued interest	11,763.14			
		2,423,544.73			2,423,544.73
8	To balance, report 187299	2,423,544.73	July 11	By credit for transportation	16.75
July 1	To interest on bonds from Jan. 1 to June 30, 1873	59,116.80	11	By interest on same	.26
	To interest on accrued interest	13,889.54	11	By balance, June 30, 1873	2,506,533.96
		2,506,551.07			2,506,551.07
11	To balance, report 189235	2,506,533.96	1874.		
1874.			Jan. 26	By balance, Dec. 31, 1873	2,581,729.98
Jan. 26	To interest on bonds from July 1 to Dec. 31, 1873	59,116.80			
26	To interest on accrued interest	16,079.22			
		2,581,729.98			2,581,729.98
26	To balance, report 191355	2,581,729.98	July 11	By balance, June 30, 1874	2,659,181.98
July 11	To interest on bonds from Jan. 1 to June 30, 1874	59,116.80			
11	To interest on accrued interest	18,335.10			
		2,659,181.88			2,659,181.88

Bonds purchased for sinking fund, etc.—Continued.

WESTERN PACIFIC RAILROAD COMPANY—Continued.

1874.					
July 11	To balance, report 193261	$2,659,181.88	1875.		
1875.			Jan. 28	By balance, Dec. 31, 1874	$2,738,957.34
Jan. 28	To interest on bonds from July 1 to Dec. 31, 1874	59,116.80			
28	To interest on accrued interest	20,658.66			
		2,738,957.34			2,738,957.34
28	To balance, report 195480	2,738,957.34	July 26	By balance, June 30, 1875	2,821,126.05
July 26	To interest on bonds from Jan. 1 to June 30, 1875	95,116.80			
26	To interest on accrued interest	23,051.91			
		2,821,126.05			2,821,126.05
26	To balance, report 197667	2,821,126.05	1876.		
1876.			Feb. 5	By balance, Dec. 31, 1875	2,905,759.83
Feb. 5	To interest on bonds from July 1 to Dec. 31, 1875	59,116.80			
5	To interest on accrued interest	25,516.98			
		2,905,759.83			2,905,759.83
5	To balance, report 200111	2,905,759.83	Aug. 18	By balance, June 30, 1876	2,992,932.63
Aug. 18	To interest on bonds from Jan. 1 to June 30, 1876	59,116.80			
18	To interest on accrued interest	28,056.00			
		2,992,932.63			2,992,932.63
18	To balance, report 202252	2,992,932.63	1877.		
1877.			Jan. 29	By balance, Dec. 31, 1876	3,082,720.62
Jan. 29	To interest on bonds from July 1 to Dec. 31, 1876	59,116.80			
29	To interest on accrued interest	30,671.19			
		3,082,720.62			3,082,720.62
29	To balance, report 204223	3,082,720.62	July 28	By balance, June 30, 1877	3,175,202.25
July 28	To interest on bonds from Jan. 1 to June 30, 1877	59,116.80			
28	To interest on accrued interest	33,364.83			
		3,175,202.25			3,175,202.25
28	To balance, report 206368	3,175,202.25	1878.		
1878.			Mar. 8	By balance, Dec. 31, 1877	3,270,458.31
Mar. 8	To interest on bonds from July 1 to Dec. 31, 1877	59,116.80			
8	To interest on accrued interest	36,139.26			
		3,270,458.31			3,270,458.31
8	To balance, report 208897	3,270,458.31	Aug. 10	By balance, June 30, 1878	3,368,572.05
Aug. 10	To interest on bonds from Jan. 1 to June 30, 1888	59,116.80			
10	To interest on accrued interest	38,996.94			
		3,368,572.05			3,368,572.05
10	To balance, report 210627	3,368,572.05	1880.		
1880.			Oct. 6	By balance, Dec. 31, 1878	3,469,629.21
Oct. 6	To interest on bonds from July 1, to Dec. 31, 1878	59,116.80			
6	To interest on accrued interest	41,940.36			
		3,469,629.21			3,469,629.21

Bonds purchased for sinking fund, etc.—Continued.

WESTERN PACIFIC RAILROAD COMPANY—Continued.

1880.			1882.		
Oct. 8	To balance, report 212379	$3,469,629.21	Dec. 8	By balance, Dec. 31, 1879	$3,573,718.09
Dec. 8	To interest on bonds from Jan. 1 June 30, 1879	59,116.80			
8	To interest on accrued interest	44,972.08			
		3,573,718.09			3,573,718.09
8	To balance, report 222100	3,573,718.09	1881.		
1881.			May 21	By balance, Dec. 31, 1879	3,680,929.63
May 21	To interest on bonds from July 1 to Dec. 31, 1879	59,116.80			
21	To interest on accrued interest	48,094.74			
		3,680,929.63			3,680,929.63
21	To balance, report 223222	3,680,929.63	July 5	By balance, June 30, 1880	3,791,357.52
July 5	To interest on bonds from Jan. 1 to June 30, 1880	59,116.80			
5	To interest on accrued interest	51,311.09			
		3,791,357.52			3,791,357.52
5	To balance, report 225535	3,791,357.52			
Oct. 31	To interest on bonds, from July 1 to Dec. 31, 1880	59,116.80	Oct. 31	By balance to Dec. 31, 1880	3,905,098.25
31	To interest on accrued interest	54,623.93			
		3,905,098.25			3,905,098.25
31	To balance per report No. 227103	3,905,098.25	1882.		
1882.			June 5	By balance to June 30, 1881	4,022,251.20
June 5	To interest on bonds, from Jan. 1 to June 30, 1881	59,116.80			
5	To interest on accrued interest	58,036.15			
		4,022,251.20			4,022,251.20
5	To balance per report No. 229874	4,022,251.20	Sept. 18	By balance to Dec. 31, 1881	4,142,918.74
Sept. 18	To interest on bonds, from July 1 to Dec. 31, 1881	59,116.80			
18	To interest on accrued interest	61,550.74			
		4,142,918.74			4,142,918.74
18	To balance per report No. 232190	4,142,918.74	1883.		
1883.			June 27	By balance to June 30, 1882	4,267,206.30
June 27	To interest on bonds, from Jan. 1 to June 30, 1882	59,116.80			
27	To interest on accrued interest	65,170.76			
		4,267,206.30			4,267,206.30
June 27	To balance per report No. 235722	4,267,206.30	Sept. 14	By balance to Dec. 31, 1882	4,395,222.49
Sept. 14	To interest on bonds, from July 1 to Dec. 31, 1882	59,116.80			
14	To interest on accrued interest	68,899.39			
		4,395,222.49			4,395,222.49
14	To balance per report No. 237501	4,395,222.49	Nov. 26	By balance to June 30, 1883	4,527,079.16
Nov. 26	To interest on bonds, from Jan. 1 to June 30, 1883	59,116.80			
26	To interest on accrued interest	72,739.87			
		4,527,079.16			4,527,079.16

Bonds purchased for sinking fund, etc.—Continued.

WESTERN PACIFIC RAILROAD COMPANY—Continued.

1883.			1884.		
Nov. 26	To balance per report No. 238230	$4,527,079.16	Oct. 13	By balance to Dec. 31, 1883	$4,662,891.53
1884.					
Oct. 13	To interest on bonds, from July 1 to Dec. 31, 1883	59,116.80			
13	To interest on accrued interest	76,695.57			
		4,662,891.53			4,662,891.53
13	To balance per report No. 241622	4,662,891.53	Dec. 11	By balance to June 30, 1884	4,802,778.28
Dec. 11	To interest on bonds, from Jan. 1 to June 30, 1884	59,116.80			
11	To interest on accrued interest	80,769.95			
		4,802,778.28			4,802,778.28
11	To balance per report No. 243334	4,802,778.28	1885.		
1885.			Feb. 5	By balance to Dec. 31, 1884	4,946,861.63
Feb. 5	To interest on bonds, from July 1 to Dec. 31, 1884	59,116.80			
5	To interest on accrued interest	84,966.55			
		4,946,861.63			4,946,861.63
5	To balance, report 244550	4,946,861.63	Oct. 13	By balance to June 30, 1885	5,095,267.48
Oct. 13	To interest on bonds, from Jan. 1 to June 30, 1885	59,116.80			
13	To interest on accrued interest	89,289.05			
		5,095,267.48			5,095,267.48
13	To balance, report 248390	5,095,267.48	1886.		
1886.			June 24	By balance to Dec. 31, 1885	5,248,125.50
June 24	To interest on bonds, from July 1 to Dec. 31, 1885	59,116.80			
24	To interest on accrued interest	93,741.22			
		5,248,125.50			5,248,125.50
24	To balance, report 252019	5,248,125.50	1887.		
1887.			Mar. 31	By balance to June 30, 1886	5,405,569.26
Mar. 31	To interest on bonds, from Jan. 1 to June 30, 1886	59,116.80			
31	To interest on accrued interest	98,326.96			
		5,405,569.26			5,405,569.26
31	To balance, report 256218	5,405,569.26			

TREASURY DEPARTMENT,
Register's Office, May 3, 1887.

ROS. A. FISH,
Assistant Register.

SIOUX CITY AND PACIFIC RAILROAD COMPANY.

1870.			1870.		
Feb. 5	To amount of bonds issued from Jan. 1, 1868, to June 30, 1869	$1,626,329.00	Feb. 8	By credits for transportation	$16.27
5	To interest on bonds	96,568.69	8	By balance	1,727,666.60
5	To interest on accrued interest	2,194.18			
		1,727,022.87			1,727,022.87

Bonds purchased for sinking fund, etc.—Continued.

SIOUX CITY AND PACIFIC RAILROAD COMPANY—Continued.

1870.			1870.		
Feb. 5	To balance, report 173040	$1,727,006.60	Mar. 16	By credits for transportation	$352.71
Mar. 16	To interest on bonds from July 1 to Dec. 31, 1869	48,849.60	16	By interest on same	.89
16	To interest on accrued interest	2,960.60	16	By balance, Dec. 31, 1869	353.71 1,778,463.89
		1,778,816.80			1,778,816.80
16	To balance, report 173180	1,778,463.09	Aug. 17	By credits for transportation	28.69
Aug. 17	To interest on bonds from Jan. 1 to June 30, 1870	48,849.60	17	By interest on same	.71
17	To interest on accrued interest	4,504.29	17	By balance, June 30, 1870	29.40 1,831,799.18
		1,831,816.98			1,831,816.98
17	To balance, report 175365	1,831,799.14	1871.		
1871.			Feb. 7	By balance, Dec. 31, 1870	1,886,743.84
Feb. 7	To interest on bonds from July 1 to Dec. 31, 1870	48,849.60			
7	To interest on accrued interest	6,104.10			
		1,886,743.84			1,886,743.84
7	To balance, report 177392	1,886,743.84	July 31	By credits for transportation	5.20
July 31	To interest on bonds from Jan. 1 to June 30, 1871	48,849.60	31	By interest on same	.08
31	To interest on accrued interest	7,752.72	31	By balance, June 30, 1871	5.28 1,943,340.16
		1,943,346.16			1,943,346.16
31	To balance, report 180038	1,943,340.34	1872.		
1872.			Jan. 11	By balance, Dec. 31, 1871	2,001,640.55
Jan. 11	To interest on bonds from July 1 to Dec. 31, 1871	48,849.60			
11	To interest on accrued interest	9,450.61			
		2,001,640.55			2,001,640.55
11	To balance, report 182374	2,001,640.55	July 24	By credits for transportation	422.72
July 24	To interest on bonds from Jan. 1 to June 30, 1872	48,849.60	24	By interest on same	.34
24	To interest on accrued interest	11,199.62	24	By balance, June 30, 1872	423.06 2,061,265.81
		2,061,689.77			2,061,689.77
24	To balance, report 185481	2,061,265.81	1873.		
1873.			Jan. 8	By credits for transportation	.69
Jan. 8	To interest on bonds from July 1 to Dec. 31, 1872	48,489.60			
8	To interest on accrued interest	12,983.37	8	By balance, Dec. 31, 1872	2,123,103.69
		2,123,103.78			2,123,103.78
8	To balance, report 187360	2,123,103.69	July 11	By credits for transportation	4,044.61
July 11	To interest on bonds from Jan. 1 to June 30, 1873	48,849.60	11	By interest on same	43.39
11	To interest on accrued interest	14,843.51	11	By balance, June 30, 1873	4,088.00 2,182,703.38
		2,186,796.80			2,186,796.80
11	To balance, report 189241	2,182,703.38	1874.		
1874.			Jan. 26	By credits for transportation	1,865.82
Jan. 26	To interest on bonds from July 1 to Dec. 31, 1873	48,849.60	26	By interest on same	21.69
26	To interest on accrued interest	16,631.50	26	By balance, Dec. 31, 1873	1,887.51 2,246,296.98
		2,248,184.48			2,248,184.49

Bonds purchased for sinking fund, etc.—Continued

SIOUX CITY AND PACIFIC RAILROAD COMPANY—Continued.

	To balance, report 191356	$2,346,296.86	1874. July 11	By credits for transportation	$1,075.75
July 11	To interest on bonds from Jan. 1 to June 30, 1874	48,849.60	11	By interest on same	12.02
11	To interest on accrued interest	18,539.31	11	By balance, June 30, 1874	1,087.77 2,312,598.00
		2,313,685.77			2,313,685.77
11	To balance, report 193269	2,312,598.00	1875. Feb. 2	By credits for transportation	42.61
2	To interest on bonds from July 1 to Dec. 31, 1874	48,849.60	2	By interest on same	.43
2	To interest on accrued interest	20,528.34	2	By balance, Dec. 31, 1874	43.04 2,381,932.90
		2,381,975.94			2,381,975.94
2	To balance, report 195526	2,381,932.90	July 26	By credits for transportation	2,288.03
July 26	To interest on bonds from Jan. 1 to June 30, 1875	48,849.60	26	By interest on same	20.51
26	To interest on accrued interest	22,608.39	26	By balance, June 30, 1875	2,308.54 2,451,082.35
		2,453,390.89			2,453,390.89
26	To balance, report 197665	2,451,082.35	1876. Feb. 5	By credits for transportation	28,864.03
5	To interest on bonds from July 1 to Dec. 31, 1875	48,849.60	5	By interest on same	9.61
5	To interest on accrued interest	24,682.87	5	By balance, Dec. 31, 1875	28,873.64 2,495,741.18
		2,524,614.82			2,524,614.82
5	To balance, report 200112	2,495,741.18	Aug. 21	By credits for transportation	464.32
21	To interest on bonds from Jan. 1 to June 30, 1876	48,849.60	21	By interest on same	2.76
21	To interest on accrued interest	26,022.63	21	By balance, Jan. 30, 1876	467.08 2,570,146.33
		2,570,613.41			2,570,613.41
21	To balance, report 202869	2,570,146.33	1877. Jan. 29	By balance, Dec. 31, 1876	2,647,250.71
29	To interest on bonds from July 1 to Dec. 31, 1876	48,849.60			
29	To interest on accrued interest	28,254.78			2,647,250.71
		2,647,250.71	July 27	By credits for transportation	23,108.52
29	To balance	2,647,250.71	27	By interest on same	301.62
July 27	To interest on bonds from Jan. 1 to June 30, 1877	48,849.60			23,410.14
27	To interest on accrued interest	30,567.93	27	By balance, June 30, 1877	2,703,258.10
		2,726,668.24			2,726,668.24
27	To balance, report 206371	2,703,258.10	1878. Mar. 8	By credits for transportation	5,830.85
8	To interest on bonds from July 1 to Dec. 31, 1877	48,849.60	8	By interest on same	87.52
8	To interest on accrued interest	32,248.14	8	By balance, Dec. 31, 1877	5,918.37 2,778,437.47
		2,784,355.84			2,784,355.84
8	To balance, report 208810	2,778,437.47	Aug. 10	By credits for transportation	7,108.34
10	To interest on bonds from Jan. 1 to June 30, 1878	48,849.60	10	By interest on same	65.55
10	To interest on accrued interest	34,503.51	10	By balance, June 30, 1878	7,173.98 2,854,616.59
		2,861,790.58			2,861,790.58

Bonds purchased for sinking fund, etc.—Continued.

SIOUX CITY AND PACIFIC RAILROAD COMPANY—Continued.

1878.				1880.		
Aug 10	To balance, report 210064.	$2,854,616.50		Oct. 6	By credits for transportation	$[illegible]
1880.						
Oct. 6	To interest on bonds from July 1 to Dec. 31, 1878	48,849.60		6	By interest on same	[illegible]
6	To interest on accrued interest	36,788.90		6	By balance, Dec. 31, 1878.	[illegible]
		2,940,255.00				[illegible]
6	To balance, report 213359.	2,932,607.31		Dec. 8	By credits for transportation	[illegible]
Dec. 8	To interest on bonds from Jan. 1 to June 30, 1879	48,849.60		8	By interest on same	[illegible]
8	To interest on accrued interest	39,110.62		8	By balance, June 30, 1879.	[illegible]
		3,019,967.53				[illegible]
8	To balance, report 222216.	3,011,819.35		1881.		
1881.				May 21	By credits for transportation	[illegible]
May 21	To interest on bonds from July 1 to Dec. 31, 1879	48,849.60		21	By interest on same	[illegible]
21	To interest on accrued interest	41,504.98		21	By balance, Dec. 31, 1879.	[illegible]
		3,102,173.93				[illegible]
21	To balance, report 232224.	2,999,891.71		July 5	By credits for transportation	[illegible]
July 5	To interest on bonds, from Jan. 1 to June 30, 1880	48,849.60		5	By interest on same	[illegible]
5	To interest on accrued interest	44,147.15		5	By balance, June 30, 1880.	[illegible]
		3,192,888.46				[illegible]
5	To balance, report 225536.	3,180,747.86		Oct. 31	By credits for transportation	[illegible]
Oct. 31	To interest on bonds from July 1 to Dec. 31, 1880	48,849.60		31	By interest on same	[illegible]
31	To interest on accrued interest	46,572.84		31	By balance, Dec. 31, 1880.	[illegible]
		3,276,170.30				[illegible]
31	To balance, report 227101.	3,267,717.92		1882.		
1882.				June 5	By credits for transportation	[illegible]
June 5	To interest on bonds from Jan. 1 to June 30, 1881	48,849.60		5	By interest on same	[illegible]
5	To interest on accrued interest	49,181.94		5	By balance, June 30, 1881	[illegible]
		3,365,749.46				[illegible]
5	To balance, report 229972.	3,355,106.96		Sept. 18	By credits for transportation	[illegible]
Sept. 18	To interest on bonds from July 1 to Dec. 31, 1881	48,849.60		18	By interest on same	[illegible]
18	To interest on accrued interest	51,803.61		18	By balance, Dec. 31, 1881.	[illegible]
		3,455,760.17				[illegible]
18	To balance, report 232193.	3,444,589.69		1883.		
1883.				Jan. 27	By credits for transportation	[illegible]
June 27	To interest on bonds from Jan. 1 to June 30, 1883	48,849.60		27	By interest on same	[illegible]
27	To interest on accrued interest	54,488.09		27	By balance, June 30, 1882.	[illegible]
27	To amount received on account of judgment of the Court of Claims, report 220827	45,987.42				
		3,593,914.80				[illegible]

Bonds purchased for sinking funds, etc.—Continued.

SIOUX CITY AND PACIFIC RAILROAD COMPANY—Continued.

1882.			1883.		
June 27	To balance, report 235719.	$3,588,583.13	Sept. 14	By credits for transportation	$24,998.58
Sept. 14	To interest on bonds from July 1 to Dec. 31, 1882	48,849.00	14	By interest on same	118.51
					25,105.09
14	To interest on accrued interest	58,807.89	14	By balance, Dec. 31, 1882.	3,671,135.53
		3,696,240.62			3,696,240.62
14	To balance, report 237498.	3,671,135.53	Nov. 26	By credits for transportation	1,000.24
Nov. 26	To interest on bonds from Jan. 1 to June 30, 1883	48,849.60	26	By interest on same	6.21
					1,006.45
26	To interest on accrued interest	61,284.47	26	By balance, June 30, 1883.	3,780,171.15
		3,781,269.60			3,781,269.60
26	To balance, report 238228.	3,780,171.15	1884.		
1884.			Oct. 13	By credits for transportation	9,538.98
Oct. 13	To interest on bonds from July 1 to Dec. 31, 1883	48,849.60	13	By interest on same	57.04
					9,594.02
13	To interest on accrued interest	64,555.53	13	By balance, Dec. 31, 1883.	3,883,982.26
		3,893,576.28			3,893,576.28
13	To balance, report 241020.	3,883,982.26	Dec. 11	By credits for transportation	245.95
Dec. 11	To interest on bonds, from Jan. 1 to June 30, 1884	48,849.60	11	By interest on same	1.16
					247.11
11	To interest on accrued interest	67,669.87	11	By balances, June 30, 1884.	4,000,254.62
		4,000,501.73			4,000,501.73
11	To balance, report 243332.	4,000,254.62	1885.		
1885.			Feb. 5	By credits for transportation	20,413.82
Feb. 5	To interest on bonds from July 1 to Dec. 31, 1884	48,849.60	5	By interest on same	254.85
					20,668.67
5	To interests on accrued interest	71,158.04	5	By balance, Dec. 31, 1884.	4,099,592.50
		4,120,262.26			4,120,262.26
5	To balance, report 244548	4,099,593.59	Oct. 13	By credits for transportation	27,107.54
Oct. 13	To interest on bonds from Jan. 1 to June 30, 1885	48,849.60	13	By interest on same	74.75
					27,182.29
13	To interest on accrued interest	74,138.21	13	By balance, June 30, 1885	4,195,309.11
		4,222,581.40			4,222,581.40
13	To balance, report 248388	4,195,309.11	1886.		
1886.			June 24	By credit for transportation	12,465.52
June 24	To interest on bonds from July 1 to Dec. 31, 1885	48,849.60	24	By interest on same	200.24
					12,665.76
24	To interest on accrued interest	77,012.37	24	By balance, Dec. 31, 1885	4,308,595.32
		4,321,261.08			4,321,261.08
24	To balance, report 253017	4,308,595.32	1887.		
1887.			Mar. 31	By credits for transportation	10,424.91
Mar. 31	To interest on bonds from Jan. 1 to June 30, 1886	48,849.60		By interest on same	144.22
			31		10,569.13
31	To interest on accrued interest	80,408.26		By balance, June 30, 1886	4,427,284.05
		4,437,853.18	31		4,437,853.18
31	To balance, report 256216	4,427,284.05			

TREASURY DEPARTMENT,
Register's Office, May 3, 1887.

ROS. A. FISH,
Assistant Register.

Statement by fiscal years of amounts covered into the United States Treasury to the credit of sinking fund, Union Pacific Railroad Company, under act May 7, 1878.

Fiscal year.	One-half compensation for services rendered and withheld under section 2.	Payments to sinking fund under section 4.	Non-aid compensation for services rendered and withheld under assignment July 8, 1884, etc.	Interest on sinking-fund bonds.	Total.
1879	$200,809.86	.....	.....	$743.75	$201,553.61
1880	331,094.27	.....	.....	12,034.26	343,728.53
1881	285,222.30	.....	.....	19,540.89	304,763.19
1882	296,342.43	.....	.....	33,919.35	331,561.78
1883	420,110.12	.....	.....	30,980.05	451,090.17
1884	971,895.84	$788,173.43	.....	42,809.48	1,802,878.75
1885	641,471.72	638,541.63	$723,917.43	97,937.22	2,096,767.99
1886	330,049.65	.....	280,000.00	186,157.43	897,006.08
1887 (19 months)	204,405.30	.....	283,625.63	206,478.85	793,509.78
Total	3,604,201.49	1,421,714.46	1,287,344.09	619,601.48	7,219,861.52

Statement by fiscal years of bonds purchased for sinking fund, Union Pacific Railroad Company, showing classes of bonds purchased, premium paid on same, and bonds redeemed.

Fiscal year.	Funded loan of 1881, 5 per cent., extended Aug. 12, 1881, at 3½ per cent., and exchanged Aug. 1, 1882, at 3 per cent.	Loan July 12, 1882, 3 per cent.	Funded loan of 1907, 4 per cent.	United States Pacific railroad bonds, 6 per cent.	Premium paid on purchase of bonds.
1879	$193,400.00	.....	.....	.....	$8,116.25
1880	63,050.00	.....	$31,300.00	$775,000.00	22,870.62
1881	.....	.....	1,350.00	286,000.00	93,078.50
1882	.....	.....	.....	.....	.....
1883	.....	.....	.....	.....	.....
1884	.....	$1,622,000.00	.....	.....	48,925.97
1885	.....	*910,000.00	3,001,000.00	.....	677,804.53
1886	.....	*510,000.00	1,065,000.00	682,000.00	268,825.00
1887 (19 months)	*206,450.00	*200,000.00	380,000.00	†188,000.00	327,583.00
Total	.....	.....	4,478,650.00	1,231,000.00	1,447,203.87

* Called. † First mortgage.

Present condition of sinking fund, Union Pacific Railroad Company.

Bonds held:	
Funded loan of 1907	$4,478,650.00
United States Pacific railroad	1,043,000.00
Union and Central Pacific railroad first mortgage	188,000.00
Balance uninvested	56,093.43
	5,765,658.43
Premium paid	1,447,203.07
Total	7,212,861.52

TREASURY DEPARTMENT, *May* 5, 1887.

Statement by fiscal years of amounts covered into the United States Treasury to the credit of sinking fund, Central Pacific Railroad Company, under act May 7, 1878.

Fiscal year.	One-half compensation for services rendered, withheld under section 2.	Payments to sinking fund under section 4.	Premium realized on sinking fund bonds exchanged.	Interest on sinking-fund bonds.	Total.
[illegible]	$128, 126. 13			$458. 75	$128, 584. 88
[illegible]	252, 736. 11	$181, 329. 51		8, 826. 87	442, 892. 49
[illegible]	252, 076. 94	229, 076. 23		19, 304. 00	500, 417. 26
[illegible]	278, 039. 44	144, 456. 74		42, 244. 46	464, 709. 64
[illegible]	742, 041. 41	79, 149. 91		48, 821. 62	871, 012. 94
[illegible]	102, 338. 92			50, 597. 38	243, 936. 30
[illegible]	349, 489. 38			46, 451. 00	396, 940. 38
[illegible]	180, 634. 42			76, 282. 98	256, 917. 40
[illegible] (10 months)	171, 869. 95		$54, 752. 50	38, 180. 66	264, 803. 11
Total	2, 495, 871. 70	633, 992. 48	54, 752. 50	330, 906. 72	3, 504, 623. 40

Statement by fiscal years of bonds purchased for sinking fund, Central Pacific Railroad Company, showing classes of bonds purchased, premium paid on same, and bonds redeemed.

Fiscal year.	Funded loan of 1881, 5 per cent. extended Aug. 12, 1881, at 3½ per cent. and exchanged Aug. 1, 1882, at 3 per cent.	Loan July 12, 1869, 3 per cent.	Funded loan of 1907, 4 per cent.	United States Pacific railroad bonds, 6 per cent.	Premium paid on purchase of bonds.
[illegible]	$121, 450. 00				$5, 111. 98
[illegible]	78, 450. 00		$197, 250. 00		16, 990. 40
[illegible]			1, 750. 00	$444, 000. 00	146, 635. 28
[illegible]					
[illegible]		$541, 800. 00			10, 836. 00
[illegible]		*541, 800. 00			
[illegible]		900, 000. 00			27, 000. 00
[illegible]		220, 000. 00			12, 460. 00
[illegible] (10 months)	*194, 900. 00	*1, 220, 000. 00	†198, 109. 60	2, 104, 000. 00	726, 694. 92
Total				2, 548, 000. 00	945, 658. 65

*Called. †Exchanged.

Present condition of sinking fund, Central Pacific Railroad Company.

Bonds held:	
United States Pacific railroad	$2, 548, 000. 00
Balance uninvested	10, 984. 75
	2, 558, 984. 75
Premium paid	945, 658. 65
Total	3, 504, 623. 40

TREASURY DEPARTMENT, *May 3, 1887.*

Early in November additional letters calling for further information were addressed to the Treasury, War, Navy, Interior, and Post-Office Departments. These letters, with the answers of the respective Departments, and the exhibits accompanying the same, are as follows:

UNITED STATES PACIFIC RAILWAY COMMISSION,
10 *Wall Street, New York, November* 5, 1887.

SIR: The United States Pacific Railway Commission, which has been charged by Congress with the duty of furnishing information respecting the working and financial management of the bond-aided Pacific railroads and their relations to the Government, request that you will kindly cause to be furnished to it information on the following points; the particulars asked for being necessary for the preparation of complete answers to the interrogatories set forth by Congress in the act creating the Commission:

By section 6 of the act of July 1, 1862, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," the bond-aided roads were required to transmit dispatches over their telegraph line, and to transmit mails, troops, and munitions of war, supplies, and public stores on said railroad for the Government whenever required to do so by any Department thereof. They were further obligated to give the Government at all times the preference in the use of the same at fair and reasonable rates of compensation, not to exceed the amount paid by private parties for the same kind of service. They were also required to apply annually out of the net earnings a given percentage toward the payment of the bonds and interest.

By section 6 of the act of 1878, commonly known as the Thurman act, the Union Pacific and the Central Pacific Railroad companies were prohibited from paying dividends when in default of payment to the Government on bond and interest account or sinking-fund account, or interest on any lien prior to that of the Government.

By section 9 of the same act they were required to settle obligations with the Government and to perform all the requirements of that act within six months after such performance might be due, under penalty of forfeiture.

By the act of March 3, 1873 (sec. 4), the Union Pacific Railroad Company was required to keep its books, records, correspondence, and all other documents open to inspection by the Secretary of the Treasury, or to such persons as he may delegate for that purpose.

Will you kindly inform us whether the obligations herein enumerated have been fully complied with; also whether the companies have been in default on bond and interest account or sinking-fund account, or failed to conform to section 9 of the act of 1878 referred to.

It has been charged by the bond-aided railroad companies that the Government has improperly withheld payments due to them on account of half transportation and on account of transportation on non-aided lines.

Will you kindly furnish us with all the facts in your possession with regard to that matter, and with a copy of the circular of the Secretary of the Treasury dated September 11, 1885, relative to withholding compensation from such railroads; also a statement of the total cash payments by the Government to bond-aided companies for half transportation; also copies of circulars of instruction or direction to accounting officers relative to settlements of said companies.

In the course of the investigation made by the Commission complaint was made by the officers of the Central Pacific Railroad Company that the Government had been carrying credits for the transportation of non-aided lines to bond an interest account, which was a flat payment, and not to other accounts where they might obtain interest on their credits. The Commission would be glad to know whether that statement is in accordance with the fact, and, if so, the grounds on which the Department proceeded in the matter.

The Commission also desires information as to whether any rebates or deductions have been made by the bond-aided railroads from full tariff rate in transportation services rendered for the Government, the companies having granted rebates in large numbers and for large amounts to private shippers.

At Omaha it was stated to the Commission that by the act of 1866, which authorized the construction of railway bridges across navigable streams and regulates the use thereof, the railroad companies operating such bridges are required to make no higher charge for the transportation of freight or passengers for the Government over such bridges than is charged as mileage rate going or coming over the road adjoining the bridges. It was stated by Edward Rosewater, a witness before the Commission, that the mileage rate on the railroad adjoining the bridge at Omaha was 5 cents per mile for quite a long time over the Union Pacific Railroad, and that while the bridge did not really measure more than 2 miles in length (though, with its approaches, it was claimed by the company to measure 3.7 miles), yet the charge for transportation to the public has been 50 cents for each person and $10 per car load for freight, the charge for coal amounting to $1 per ton. The Commission would like to be informed whether the rates charged to the Government for transportation over this bridge were or were not computed on the basis of the mileage rate on the road adjoining the bridge.

It was also charged by the same witness that coal transported for the Government from Rock Springs to Omaha cost the Government $14 per ton, while citizens of Omaha obtained the same coal for $10.50 per ton.

At Cheyenne it was stated to the Commission that while (between February, 1879, and September, 1881) coal from Rock Springs was sold at Cheyenne for $5.50 per ton, the same coal delivered to Camp Carlin was charged to the Government at the rate of $8.50 per ton. Is there any information in the possession of your Department bearing on this matter? If so, will you kindly furnish it to the Commission?

The Commission also desires your Department to compute the value as of July 1, 1888, of the respective obligations from the bond-aided railways to the United States, including all interest accrued and to accrue to the maturity of the debt, crediting to interest payments on the bond and interest account, discounting the aggregate at 3 per cent. per annum, and crediting against the result the amount now held in the sinking fund.

I have the honor to remain, very respectfully, your obedient servant,

ROBERT E. PATTISON,
Chairman.

Hon. C. S. FAIRCHILD,
Secretary of the Treasury, Washington, D. C.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, D. C., November 26, 1887.

SIR: In answer to your communication of the 5th instant, requesting certain information necessary for the preparation of complete answers to the interrogatories set forth by Congress in the act creating the Pacific Railway Commission, I have the honor to state that the compensation from time to time found due for services performed for the Government over the bond-subsidized Pacific railroads is disposed of as follows:

UNION PACIFIC RAILWAY COMPANY.

One half of the service over the aided lines of this company is credited to bond and interest account, and the other half to the sinking-fund account created by the act of May 7, 1878. The whole of the compensation for service over the non-aided lines is also withheld, and, with the company's consent, applied to the sinking-fund account.

KANSAS PACIFIC RAILWAY COMPANY.

The whole of the aided service is applied to bond and interest account, and the whole of the non-aided service is applied to the sinking fund account of the Union Pacific Railway Company.

CENTRAL PACIFIC RAILROAD COMPANY.

Compensation due for service over the aided lines of this company is withheld and applied as in the case of the Union Pacific Company—one-half to the bond and interest account and one-half to the sinking fund account. The company claiming payment in money for service over the non-aided or leased lines, no disposition has for some time past been made of amounts found due for such service. The amount so suspended at this date is not definitely known as reports have not been received from all the Departments, but it is believed that it will not exceed $400,000.

SIOUX CITY AND PACIFIC RAILROAD COMPANY.

One-half of the aided service is credited to bond and interest account, and the other half, with the whole of the non-aided service, is suspended, as in the case of the Central Pacific.

CENTRAL BRANCH UNION PACIFIC COMPANY.

The whole of the aided and non-aided service is withheld and applied to bond and interest account.

The reasons for withholding payment for non-aided service are fully set forth in circulars issued by the Department September 11, 1885, and June 23, 1887, copies of which are inclosed.

I also inclose a copy of a communication from the Third Auditor of the Treasury with reference to the tariff rates of these companies, and other matters in relation thereto; also a communication from the Government actuary, containing computations on the basis submitted by you of the value, as of July 1, 1888, of the respective obligations of these roads.

The cash payments by the Government to these companies for half transportations, under the acts of 1862 and 1864 and subsequent rulings of the Department, are as follows:

Union Pacific	$2,362,646.29
Kansas Pacific	1,144,913.19
Central Pacific	837,569.42
Sioux City and Pacific	51,605.26
Central Branch Union Pacific	37,731.87

The amounts paid by the Government for interest accruing on bonds issued in aid of the construction of these roads, and the amounts respectively repaid by the companies to November 1, 1887, are as follows:

Name of road.	Paid by United States.	Repaid by companies.
Union Pacific	$31,494,613.29	$11,901,642.63
Kansas Pacific	7,642,053.09	3,539,249.31
Central Pacific	29,664,984.07	6,194,012.35
Western Pacific	2,141,183.34	9,367.00
Sioux City and Pacific	1,835,094.29	131,923.63
Central Branch Union Pacific	1,933,868.26	316,124.12
Total	74,731,736.34	22,092,319.03

With regard to the obligations laid upon the Union Pacific and Central Pacific companies by the act of May 7, 1878, I have to state that payment of the amounts found due by the Court of Claims and by the United States Commissioner of Railroads have been made as follows:

UNION PACIFIC COMPANY.

Deposited with assistant treasurer at Boston, July 26, 1881, $69,358.83 on sinking-fund account for the year ending December 31, 1880.

Deposited with assistant treasurer at Boston, June 21, 1884, $718,-814.60 on sinking-fund account for the year ending December 31, 1883.

Deposited with Treasurer United States, April 16, 1885, $633,541.03 on sinking-fund account for the year ending December 31, 1884; also $383,162.99 on bond and interest account for the same year. These amounts were adjudged by the Court of Claims to be due under the sinking-fund act from July 1, 1878, up to the close of the calendar year 1884.

Deposited with assistant treasurer at Boston, December 4, 1886, $135,246.59 on bond and interest account for the year ending December 31, 1885.

CENTRAL PACIFIC COMPANY.

Deposited in the Treasury November 26, 1879, $181,329.51 on sinking-fund account for six months ending December 31, 1878.

Deposited in the Treasury November 29, 1880, $229,076.32 on sinking-fund account for the year ending December 31, 1879.

Deposited in the Treasury April 30, 1881, $144,436.74 on sinking-fund account for the year ending December 31, 1880.

Deposited in the Treasury December 26, 1882, $79,149.91 on sinking-fund account for the year ending December 31, 1881.

Deposited in the Treasury November 22, 1879, $609,080.69 on account of bond and interest account, being 5 per cent. of net earnings from

November 6, 1869, to June 30, 1878, and $30,191.27 deposited Novemb 17, 1879, on bond and interest account, being 5 per cent. of net ear ings for six months ending December 31, 1878.

Deposited in the Treasury August 28, 1886, $10,011.30 on bond a interest account, being an amount awarded to the Central Pacific Co pany by the Court of Commissioners of Alabama Claims.

I may add that the requirements of section 4 of the act of March 1873, so far as known at this time, have been satisfactorily compli with.

Respectfully, yours,

HUGH S. THOMPSON,
Acting Secretary.

Hon. ROBT. E. PATTISON,
Chairman Pacific Railway Commission,
No. 10 Wall Street, New York.

TREASURY DEPARTMENT, THIRD AUDITOR'S OFFICE,
Washington, D. C., November 12, 1887.

SIR: I have the honor to acknowledge the receipt of the extract co of a communication addressed by the chairman of the United Stat Pacific Railway Commission to the Secretary of the Treasury on t instant. It will be understood that my report relates only to su kinds of transportation service as are settled in this office.

(1) Copies of all tariffs, orders, classifications, or other publicatio in which the Pacific railroad companies purport to set out their ra and charges to the general public are procured by this office, and a its basis for settlement for transportation service rendered to the Uni States. Whenever the companies offer special or "cut" rates to t public the accounting officers, of course, apply such rates to Uni States transportation. It has not been the practice of these compan to make *rebates or deductions* in favor of the United States; they ha uniformly demanded the full rates which their tariffs, etc., purport to their charges to the general public.

I have no knowledge to what extent, if any, these companies ma rebates or deductions to private shippers. Information of such i stances would not reach the accounting officers, unless by pure chan and then in no number affording ground for an opinion whether a co pany sought to make the exception the rule and the rule the exce tion. To elicit information of that kind would require a searching i vestigation into all dealings between the companies and private pa ties; and that investigation could be successfully made only by so commission or officer clothed with special authority. The accounti officers have neither the opportunity nor the legal authority to make

(2) *Omaha Bridge rates.*—For many years the Union Pacific Rail Company has made in its tariffs special rates upon the section, nearl miles, which includes the bridge and its approaches, viz: 50 cents per p senger, and 5 cents per 100 pounds on freight, being much higher than any other 4 miles of its road. The accounting officers considered that t act of February 24, 1871 (16 Stats., 430), brought *this* bridge within t provision, made in the act of July 25, 1866 (14 Stat., 244), which forba higher charges for United States transportation on the several bridges which the act related than are charged per mile *on the roads leading to bridges.* Hence they refused to allow higher rates on the Omaha brid section than were charged for equal distances on other parts of the ro

the company, being indisposed to accept this construction, refrained for several years from presenting for settlement any accounts covering service on the bridge section. When it resumed presentation of such accounts, it was again met by this construction. Thereupon it carried the question into the Court of Claims, where the point was ruled in the company's favor. The Government took the case, on this point, to the Supreme Court, where also the decision was in the company's favor. (*Vide* 20 C. Cls. R., 77; 117 U. S. R., 359.)

The Supreme Court having decided that the company is entitled to charge the Government the same bridge-rates which it charges the general public, the accounting officers, of course, follow that rule.

(3) *Coal rates Rock Springs to Omaha.*—The public tariff-rates of the Union Pacific during the period indicated were $14 per ton, and the Government paid those rates. I have no information what rates were actually paid by private parties at Omaha.

(4) *Coal rates to Camp Carlin and to Cheyenne.*—After five days' search through immense masses of settled accounts of the Central Pacific without finding a single shipment of coal, *or any other supplies*, bound for *Camp Carlin*, inquiry was made at the Adjutant-General's office whether there ever was a post at that place, and if so, when established, etc. Information is verbally given by that office that a post never was there established. At the Quartermaster-General's office it is said that it was once proposed to establish a post there, but the recommendation was not approved; that, if troops were ever there, it was merely as at a temporary halting-place, and not to make it a point to which supplies were shipped. At all events, an immense search in the Central Pacific accounts covering the period indicated has not brought to light a single instance of any kind of shipment for that point.

During the period indicated in the chairman's communication, the tariff-rate of the Union Pacific coal, from Rock Springs to the *town* of Cheyenne, was $7 per ton. The Government coal, however, was not shipped to the town, but to Russell (Cheyenne *Depot*), which is on a branch road, and 3.3 miles beyond the town of Cheyenne. The tariff charge on the branch road (Cheyenne to Russell) was $1 per ton. The Government paid $8 per ton from Rock Springs to *Russell*.

Very respectfully,

JNO. S. WILLIAMS,
Auditor.

Hon. C. S. FAIRCHILD,
Secretary of the Treasury.

UNITED STATES TREASURY DEPARTMENT,
Washington, D. C., November 19, 1887.

SIR: In conformity with your instructions of the 5th instant, "to compute the value as of July 1, 1888, of the respective obligations from the bond-aided railways to the United States, including all the interest accrued and to accrue to the maturity of the debt, crediting to interest payments on the bond and interest account, discounting the aggregate at 3 per cent. per annum, and crediting against the result the amount now held in the sinking fund," I would say that with regard to all said roads the interest accrued and to accrue to maturity is $114,261,247.50, and the principal to be paid at maturity is $64,023,512, together amounting to $178,284,759.50.

Payments on the bond and interest account by the railways to November 1, 1887, are $22,092,319.03; estimated payments to be made on said account from November 1, 1887, to July 1, 1888, are $480,000, together making $22,572,319.03. After crediting this amount to the railways a balance remains of $156,312,440.47. Discounting this at 3 per cent. per annum to the dates of maturity gives $122,488,057.75. Crediting the sinking fund as it now is (November 1, 1887), $8,862,720.58, gives as the value for July 1, 1888, $113,625,337.17.

UNION PACIFIC RAILWAY COMPANY.

[Including Kansas Pacific Railway Company.]

The interest accrued and to accrue to the maturity of the debt is $59,304,778.94, and the principal to be paid at maturity is $33,539,512, making a total for these companies of $92,884,290.94.

Payments on the bond and interest account by these companies to November 1, 1887, are $15,444,891.94; estimated payments to be made on said account from November 1, 1887, to July 1, 1888, are $335,400, together making a total of $15,776,291.94. After crediting this amount an aggregate remains of $77,067,999. Discounting this at 3 per cent. per annum to July 10, 1897, the average date of maturity, gives $23,647,645.39.

Crediting the sinking fund as of November 1, 1887, $6,152,688.82, gives as the value July 1, 1888, $54,494,961.48.

CENTRAL PACIFIC RAILROAD COMPANY.

[Including Western Pacific Railway Company.]

The interest accruing and to accrue to the maturity of the debt for these companies is $49,248,924.41, and the principal to be paid at maturity is $27,855,680, together amounting to $77,104,604.41.

Payments on the bond and interest account by these companies are $6,203,379.35 to November 1, 1887; estimated payments to be made on said account from November 1, 1887, to July 1, 1888, are $134,800, together making $6,338,179.35. After crediting this amount the remaining aggregate will be $70,766,425.06. Discounting this at 3 per cent. to December 9, 1897, the average date of maturity, gives $55,150,611.18. Crediting the sinking fund as of November 1, 1887, $2,710,036.76, gives the value as of July 1, 1888, $52,440,575.94.

CENTRAL BRANCH UNION PACIFIC RAILROAD COMPANY.

The interest accrued and to accrue to the maturity of the debt, for the company, is $3,826,608.26, and the principal to be paid at maturity is $1,600,000, together amounting to $4,426,608.26.

Payments on the bond and interest account by this company, to November 1, 1887, are $316,124.12; estimated payments to be made on this account, from November 1, 1887, to July 1, 1888, are $6,900, together making $323,024.12. After crediting this amount the aggregate will be $4,103,584.14.

Discounting this amount at 3 per cent. per annum, to October 19, 1896, the average date of maturity, give $3,285,575.90, which would also be the value as of July 1, 1888, as this company has nothing to its credit in the sinking fund.

SIOUX CITY AND PACIFIC RAILROAD COMPANY.

The interest accrued and to accrue to the maturity of the debt, with regard to this company, is $2,880,935.89, and the principal to be paid at maturity is $1,628,320, together making $4,509,255.89.

Payments on the bond and interest account to November 1, 1887, are $131,921.64; estimated payments from November 1, 1887, to July 1, 1888, to be made on said account, are $2,900, together making $134,823.62. After crediting this amount the aggregate will be $4,374,432.17. Discounting this at 3 per cent. to January 1, 1898, the average date of maturity, gives $3,404,226.85, which would also be the value as of July 1, 1888, as this company has nothing to its credit in the sinking fund.

Yours respectfully,

E. B. ELLIOTT,
Government Actuary.

Hon. HUGH S. THOMPSON,
Assistant Secretary of the Treasury.

TREASURY DEPARTMENT, OFFICE OF THE SECRETARY,
Washington, D. C., June 23, 1888.

Memoranda in regard to settlement of Pacific Railroad accounts.

UNION PACIFIC.

Separate settlements will be made for transportation service over the aided and non-aided lines, one-half of the aided service to be applied to interest account, and the other half, with the whole of the non-aided service, to be credited to sinking-fund account.

KANSAS PACIFIC.

Separate settlements will be made for transportation service over the aided and non-aided lines, the whole of the aided service to be applied to interest account, and the whole of the non-aided service to be credited to the sinking-fund account of the Union Pacific.

CENTRAL BRANCH UNION PACIFIC.

Separate settlements will be made for transportation service over the aided and non-aided lines, the whole to be applied to the interest account of the company.

SIOUX CITY AND PACIFIC.

Two settlements will be made for transportation service over the aided lines and one settlement for service over the non-aided lines, one-half of the aided service to be applied to interest account and the other half, with the whole of the non-aided service, to be expended by the Secretary of the Treasury.

CENTRAL PACIFIC.

Separate settlements will be made for transportation service over the aided and non-aided lines, one-half of the aided service to be applied to interest account, and the other half to the sinking-fund account. Requisitions issued in settlements for non-aided service will be suspended in the Secretary's office until otherwise ordered.

[Circular.—Pacific Railroad earnings.]

TREASURY DEPARTMENT, OFFICE OF THE SECRETARY,
Washington, D. C., September 11, 1885.

The following decision of the Second Comptroller of the Treasury, in regard to compensation due the Central Pacific Railroad Company for services rendered for the Government, is published for the information and guidance of all concerned:

TREASURY DEPARTMENT, SECOND COMPTROLLER'S OFFICE.
Washington, D. C., August 28, 1885.

In the matter of the motion of the Central Pacific Railroad Company, before the Secretary of the Treasury, for a revocation or modification of Department order or circular of January 12, 1884, with reference to the disposition to be made of the earnings of the company for Government transportation.

REPORT.

The Central Pacific Railroad Company was originally incorporated under the laws of the State of California, prior to July 1, 1862, but its corporate powers were enlarged by an act of Congress approved July 1, 1862, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific coast, and to secure to the Government the use of the same for postal, military, and other purposes;" and further corporate rights and privileges were conferred upon it by an act of Congress approved July 2, 1864, entitled "An act to amend the act of

The company accepted of all the conditions imposed and benefits conferred by these enactments, and is, therefore, to that extent to be regarded in the same light as if originally incorporated by act of Congress.

By the provisions of these acts Government aid was extended to the construction of its road to the extent of a free grant of a right of way through the public lands, together with ten alternate sections per mile on each side of the road on the line thereof, within the limits of 20 miles, and a loan of $16,000 per mile in Government bonds for each mile of the completed road, which, by the act of 1862, was made a first lien upon the property of the company; but by the act of 1864 the lien was postponed to that of a mortgage of an equal amount executed by the company.

By section 6 of the act of 1862, it was provided that the grants made to the company were upon the condition that the company should pay the bonds at maturity, and should at all times transmit dispatches over their telegraph line, and transport mails, troops, munitions of war, supplies, and public stores upon their railroad line for the Government whenever required to do so by any department thereof, and that the Government should have the preference in the use of the same for all purposes at fair and reasonable rates of compensation, not to exceed the amounts paid by private

parties for the same kind of service, and it also provided that "all compensation for services rendered for the Government shall be applied to the payment of the bonds and interest until the whole amount is fully paid."

Section 5 of the act of 1864 so far modified this provision as to require "that only one-half of the compensation for services rendered for the Government by said company shall be required to be applied to the payment of the bonds issued by the Government in aid of the construction of said road."

Section 6 of the act or 1862 also provided that after the road was completed, and until the Government bonds and interest were paid, "at least five per centum of the net earnings of said road shall also be annually applied to the payment thereof."

The road was completed to Ogden and a junction there effected with the Union Pacific road in or about the year 1869. The number of miles constructed by aid of land grants and Government loans was 864.

About the time of the completion of its road the company adopted the policy of leasing or constructing branch and parallel lines, in aid of some of which land grants were issued, pursuant to various acts of Congress, and this policy was carried out to such an extent that in 1884 the company operated about 2,800 miles, of which it owned in round numbers 1,250 miles and leased 1,550 miles. Of the 2,800 miles operated by the company, 1,600 miles were what were termed land-grant roads.

Very soon after the completion of its road, the question came before the accounting officers in the Treasury Department as to the basis upon which compensation for Government services was to be computed and retained for the payment of its bonds and interest, under the acts of 1862 and 1864—that is, whether one-half of the compensation earned by the company in the service of the Government upon its entire system of roads, including non-aided as well as aided lines, should be retained by the Secretary of the Treasury and applied in payment *pro tanto* of the interest falling due annually upon the bonds of the United States issued in aid of the company, or whether these earnings should not be apportioned *pro rata* between the bonded and the non-bonded portions of the company's roads, and only one-half of the amount earned upon the bonded portion be retained for the purposes aforesaid.

It was then held by the accounting officers that one-half of the entire earnings of the company in the Government service, without reference to any discrimination between aided and non-aided lines, should be retained and applied as aforesaid.

This construction of the acts of 1862 and 1864 was acquiesced in by the company, and, so far as I can learn, no objection or protest was made or entered against the action of the accounting officers.

The entire Government loan being upwards of $27,000,000, and the interest upon it being over $1,600,000 the amounts to be applied under this construction of the law proved to be entirely inadequate to extinguish the interest annually falling due upon the bonds of the Government issued to the company; and in 1873 interest had accrued thereon, and remained unpaid, to the amount of several millions of dollars which the revenues due to the company from the United States, under the acts of 1862 and 1864, were insufficient to liquidate. This evidently led to the passage of the act of 1873, the second section of which, subsequently incorporated in the Revised Statutes, section 5260, directed the Secretary of the Treasury to withhold all payments to any railroad company and its assigns on account of freights or transportation over their respective roads of any kind to the amount of payments made by the United States for interest upon bonds of the United States issued to any such company and which shall not have been reimbursed, together with the five per centum of the net earnings due and not applied as provided by law. And a subsequent section provided that the company might bring suit in the Court of Claims to recover the price of such freight or transportation, and in such suit the right of the company to recover the same upon the law and the facts of the case should be determined and also the rights of the United States upon the merits of all the points presented by it in answer thereto.

It was apparently the view of Congress that the unpaid accrued interest upon the Government subsidy bonds constituted a debt of the company to the United States which was then due and payable, and which might be offset against the one-half of the earnings of the company for Government transportation which the act of 1864 required to be paid to the company; and that by directing the Secretary of the Treasury to withhold payment and compelling the company to resort to the Court of Claims to recover the moneys due it, under the act of 1864, this set-off might be made available.

But the Supreme Court of the United States, in the case against the Union Pacific Railroad Company, decided in October, 1875 (91 U. S., 72), held that the company could not be required to pay the interest annually accruing upon its bonds until the maturity of the principal, which would not occur until 1897, and the object which the Federal legislature sought to accomplish by the passage of the act of 1873 was thereby frustrated.

Meanwhile the accrued interest upon these bonds was accumulating at a rapid rate and in 1878 amounted to more than $13,500,000; and Congress again undertook to

provide some security to the Government against future loss from this source; and on May 7, 1878, passed what is commonly known as "the Thurman act," and which, in brief, was entitled "An act to alter and amend the act of eighteen hundred and sixty-two, and also to alter and amend the act of eighteen hundred and sixty-four," the first section of which provided that the net earnings mentioned in the act of 1862 should be ascertained by deducting from the gross amount of the earnings of the company certain items of expenditure enumerated and excluding certain other items named, and that this section should take effect June 30, 1878, and be applicable to all computations of net earnings thereafter.

The second section provided "that the whole amount of compensation which may, from time to time, be due to said several railroad companies, respectively, for services rendered for the Government shall be retained by the United States, one-half thereof to be presently applied to the liquidation of the interest paid and to be paid by the United States upon the bonds so issued by it as aforesaid to each of said corporations severally, and the other half thereof to be turned into the sinking fund, hereinafter provided, for the uses therein mentioned."

Section 3 established a sinking fund, and section 4 provided "that there shall be carried to the credit of said fund on the first day of February in each year the one-half of compensation for services hereinbefore named rendered for the Government by said Central Pacific Railroad Company not applied in liquidation of interest; and, in addition thereto, the said company shall, on said day of each year, pay into the Treasury, to the credit of said sinking fund, the sum of one million two hundred thousand dollars, or so much thereof as may be necessary to make the five per centum of the net earnings of said road, payable to the United States under said act of eighteen hundred and sixty-two, and the whole sum earned by it, as compensation for services rendered for the United States, together with the sum by this section required to be paid, amount in the aggregate to twenty-five per centum of the whole net earnings of said railroad company, ascertained and defined as hereinbefore provided, for the year ending on the thirty-first day of December next preceding."

Subsequent sections of the act make provision for the final disposition of the sinking fund and for its application eventually to the liquidation of the debts of the company, especially those which had priority over the lien of the bonds held by the United States. At the time of the passage of this act the company was operating as one system over 2,200 miles of road, being over 1,336 miles in excess of the 864 miles originally constructed by Government aid.

After the passage of the Thurman act the accounting officers adjusted the accounts of the Central Pacific Railroad Company for transportation services rendered by it over any and all portions of its various lines, without reference to the fact whether the same had been built by Government aid, and the whole amount of the earnings of the company for such transportation was covered into the Treasury and applied in the manner required by the provisions of that act. And this practice continued until May 24, 1883, when the then First Comptroller of the Treasury, upon appeal from the decision of the Sixth Auditor as to the right of the Utah and Northern Railway Company to payment for its services in carrying the mails of the United States, held that payment must in that instance be made by the Government to the railway company. The Utah and Northern Railway Company was neither owned nor leased by the Union Pacific Railroad Company, but, in the language of the decision (see 4 Lawrence, page 188), was "controlled" by that company.

While the First Comptroller discussed many questions which were not pertinent to the decision of the appeal then under consideration, and indicated his views thereon, yet, in a concluding paragraph of the opinion, he declares that "it is not intended to decide any question beyond that presented by the facts of this case."

This decision of the Comptroller seems to have been regarded by the then Secretary of the Treasury as deciding that the Government had no right, either under the act of 1873, or the Thurman act, or the supplementary act of March 3, 1879, to withhold payment from the Pacific Railroad Companies for transportation services performed for the Government, except over such portions thereof as had been built by aid of Government bonds; and a circular order or letter to that effect was promulgated by the Treasury Department June 27, 1883.

The Second Comptroller, however, who had the adjustment of the accounts of the War and Navy Departments and of the Indian service, took a different view of the question, and held that it was the duty of the Secretary to withhold payment of all moneys due these companies for Government transportation, and adjusted the accounts of the companies of which he had jurisdiction in accordance therewith.

The Secretary of the Treasury seems to have become dissatisfied with the circular letter of June 27, 1883, and on January 12, 1884, issued another letter upon the subject, which recites that it is deemed advisable to submit the question to Congress, and that thereafter all balances ascertained by the accounting officers to be due for these services should be certified, without suggestion as to the mode of payment, and thus reported to the Secretary subject to the future disposition of Congress. That

body was then in session, but took no action in the premises, and again met and adjourned without providing any solution of the question.

Since January 19, 1884, these accounts have been adjusted and certified in accordance with the provisions of the circular of that date; and, so far as they relate to the earnings of the Central Pacific Company upon the non-aided portions of its lines, the moneys earned in the Government service have neither been covered into the Treasury and applied as required by the provisions of the Thurman act, nor has the company been paid or received any credit for them whatever. This motion has therefore been made, in which the company seek, in effect, to have the order of January 19, 1884, revoked, and that of June 27, 1883, revived and enforced. The motion has a very wide scope, and its proper determination involves the true construction of those provisions of the Thurman act which require that all compensation due the company for services rendered the Government shall be retained by the Secretary of the Treasury and applied as therein directed.

It is insisted by the counsel for the company that this act is in terms, or by necessary implication, limited in its operation in this respect to the earnings for Government transportion over those portions of the company's lines in aid of which subsidy bonds had been issued, and that both the Supreme Court of the United States and the Court of Claims have so held in repeated adjudications upon the subject. I am unable to assent to this proposition; but if the Federal judiciary have so decided, it should foreclose all discussion of the point by the executive branch of the Government. I have examined all of the authorities cited by counsel, and I do not find that in any of them was the precise question here presented considered or decided. The cases most confidently relied upon by the company are the United States *v.* Kansas Pacific Railway Company (99 U. S., 455; 12 C. Cls., 237); Same *v.* Denver Pacific Railway Company (99 U. S., 460; 13 C. Cls., 302). But both of these cases arose before the passage of the Thurman act, and the construction of that act was not, and could not have been, the subject of judicial determination.

In the former case the principal question decided was, that the subsidy bonds issued by the Government were only a lien upon that portion of the road which had been built by the aid thereof; and in the latter case it turned out that the railroad company had not been the recipient of any subsidy bonds at all.

In the former case there was some discussion as to what constituted net earnings under the acts of 1862 and 1864, and the court reiterated the rule laid down by it in the case of The Union Pacific Railroad Company *vs.* The United States, (99 U. S., 402;) and while that case also arose before the Thurman act, it will be observed that the court, at page 419, when undertaking to define net earnings under the acts of 1862 and 1864, says, "These earnings, however, must be regarded as embracing all the earnings and income derived by the company from the railroad proper, and all the appendages and appurtenances thereof, including its ferry and bridge at Omaha, its cars, and all its property and apparatus legitimately connected with its railroad." And in the Denver Pacific Railway case, the court, in a foot-note, says that the exemption of the road from all liability to have its compensation for Government transportation withheld is based upon the fact that the company was not indebted to the United States; and Attorney-General Devens, in an opinion dated June 18, 1880, (16 Opinions, 517,) advised the retention of all compensation to the Central Pacific Company, upon all its lines and branches, until the question could be judicially determined, holding that it was not disposed of in either of the cases referred to. But the Supreme Court, in later cases, known as "The Sinking-fund Cases," (99 U. S., 700,) where the validity of the Thurman act was directly assailed, explicitly declared that the question was still an open one. They confirm the constitutionality of the Thurman act, and hold that the establishment of the sinking-fund created by it is a reasonable regulation of the administration of the affairs of the companies, promotive alike of the interests of the public and of the corporators, and is warranted under the authority which Congress has, by way of amendment, to change or modify the rights, privileges, and immunities granted by it; and at page 731 the Chief-Justice says, "It is not necessary now to inquire whether, in ascertaining the net earnings of the company for the purpose of fixing the amount of the annual contributions to the sinking fund, the earnings of all the roads owned by the present corporation are to be taken into account, or only of those in aid of which the land grants were made and the subsidy bonds issued. The question here is only as to the power of Congress to establish the fund at all. If disputes should ever arise as to the manner of stating the accounts, they can be settled at some future time."

It is not probable that such language would have been used at the very term at which the decisions of the Kansas Pacific and the Denver Pacific cases were handed down, if the court had regarded those decisions as settling the question of the extent to which the Government had the right to withhold compensation under the Thurman act.

The only remaining decision to which my attention has been called is that of the Pacific Railroad cases in 16 Court of Claims, 353. It was there held that the Thur-

this act did not extend to earnings by the Union Pacific Railway of the Kansas Pacific Company, which had become consolidated with it on the 24th of January, 1880, and the decision was based upon the ground that the consolidation had taken place after the passage of the Thurman act, and that the Kansas Pacific was nowhere referred to in that act; and the court, at page 360 says, "We are therefore led to the conclusion that section 2 of the act of 1878 was intended to apply only to the Union Pacific and Central Pacific roads *as they then stood*, and to their respective liabilities to the Government based on the bonds issued to them, respectively, by the Government."

Under this ruling the Government would have the right to retain the earnings of the Central Pacific for transportation over those roads which comprised its lines on the 7th day of May, 1878, when the Thurman act was passed, which will be found to have included nearly 2,200 miles of its roadway.

If the language employed in the Thurman act is to be given its ordinary and obvious meaning, there would seem to be but little room for doubt that it was the intention of Congress that the United States should retain the whole amount of compensation which might, from time to time, be due to the company from the Government, and that no separation or apportionment of its earnings between the aided and non-aided lines of the company was contemplated by the law-making power.

It would be difficult to employ words more pointed or explicit in this respect than those in which the second section of the act is expressed. And here it may be observed that it does not necessarily follow that if the net earnings referred to in the first and fourth sections of the act should be limited to the income of the company derived from the operation of the subsidized portion of its lines, the same limitation must be applied to the compensation to be retained under the second section.

Upon whatever basis the net earnings might be computed, and whether the compensation due the company from the United States exceeded the 25 per cent. of the net earnings provided for in section 4 or not, there were manifest reasons of propriety and sound public policy which required that the United States should be prohibited from making any money payments to the company on account of its Government service.

The company then owed the United States more than $13,500,000 of accrued interest, and without charging the company any interest upon the interest from the time when the Government was compelled to liquidate it, yet the interest was accruing annually upon the principal of the Government subsidy bonds at the rate of over $1,600,000.

It was not probable that the annual earnings of the company upon all its lines, of every character, in the Government service would ever equal this sum, to say nothing of the amount which must annually be reserved in order to extinguish the accrued interest upon the maturity of the bonds. This would require, in any view of the question, the reservation by the United States of the sum of $2,300,000 annually, but as a matter of fact the total compensation due the company from the United States, in any one year, has not exceeded one-half of that sum.

Take, for example, the earnings of the company as shown by the railroad commissioner's report for the year which ended June 30, 1884, and we find that the charges of the company for Government transportation amounted to $918,478.26, which if prorated over the aided and non-aided lines, gives $403,241.26 as the share of the former, and $515,237 as that of the latter. The net earnings of the aided line were $2,646,122.76, 25 per cent. of which is $661,530.69.

If the position of the company is tenable, the United States could not retain more than this amount from the moneys due from the Government to the company, but would be compelled to pay to the company, in cash, $256,947.57, although there was still due the United States from the company, for interest which had accrued in that year, the sum of $1,000,000, which was unprovided for.

It is not probable that Congress, which was charged with the duty of protecting the public funds from loss or waste, ever intended any such consequences to flow from an enactment the declared purpose of which was to provide adequate security for the Government.

One of the plain objects of the Thurman act was to put a stop to the further payment by the Government of money to a corporation which was largely its debtor. It had undertaken to accomplish this by the passage of the act of 1873, section 5260 of the Revised Statutes, but under the decisions of the Court of Claims this statute afforded no adequate remedy, and Congress was again called upon to legislate upon the subject, and the result was the passage of the act in question.

The change of language or form of expression from the act of 1862 is also significant. In section 6 of that act, which relates to the Government service and compensation therefor, and also to the retention of 5 per cent. of the net earnings, the reference in each case is to the *road* built by Government aid, while the reference in section 2 of the Thurman act is to the amount of compensation which may be due to the *company* from the United States.

There are also other internal evidences, furnished by the act of 1878, which lead to the same conclusion. The fourth section speaks of the earnings in the Government service as "the whole sum earned by it (the company) as compensation for services rendered for the United States." It also provides as the maximum amount to be contributed by the company to the sinking-fund the sum of $1,200,000, which, with the whole sum earned in the Government service and the 5 per cent. of net earnings, was designed to make up in the aggregate 25 per cent. of the net earnings of the company. But no such sum would have been necessary if the present contention of the company is well founded, for the reports of that year show that, computing the amount due the company from the United States and the 5 per cent. of net earnings upon the basis which the company now insists upon, they would amount to within $62,000 of the 25 per cent. of the net earnings of the subsidized portion of the road.

Congress apparently contemplated that the full sum of $1,200,000 might be required to make up the 25 per cent. of net earnings referred to in the act; but this could only happen in case the entire earnings of the company were intended; and, by making the necessary computations, it will be found that in each year subsequently the amount so required falls but little short of the sum named in the act.

The recitals in the act are also proper to be considered in determining its meaning and scope. In this act we find various recitals, by way of preamble, and among others, the declaration that the Western Pacific Railroad Company has since its incorporation, and since the original incorporation of the Central Pacific Railroad Company, become merged in and consolidated with the latter under the name of the Central Pacific Railroad Company, and that "divers other railroad companies have been merged in and consolidated with said Central Pacific Railroad Company."

Congress was legislating, not with reference to the Central Pacific Railroad Company as primarily organized, consisting only of that line of road which had been constructed by the aid of Government bonds, but it was dealing with a company which had already absorbed many other companies, and which had taken on a new character and incorporated into its railway system so many lines of connection that its mileage had increased nearly threefold; and whenever, in the act, it speaks of the earnings of the company, or of the compensation due to the company from the United States, the language must be construed with reference to the existing status of the corporation at the time the earnings are realized or the compensation becomes due. Unless this construction is adopted, it will be difficult to determine what the net earnings of the aided portions of the company's lines are, or what proportion of the compensation due it for Government service has been earned upon the aided lines, for the system is managed by the company as an entirety, the earnings and expenses going into a common pool, and no separation can be made which must not depend in a measure upon arbitrary rules to be adopted by the company.

If mileage is to be adopted as the standard by which the earnings of the subsidized portion of the road are to be measured, it would be within the power of the company to absorb other connecting and parallel lines in which its stockholders may be interested, and the operation of which might be less profitable than that of the original line of the company to such an extent as to reduce the share of the subsidized portion to a minimum, or, if the company owned and controlled parallel lines, it might divert the transportation in the Government service over those lines, and thus leave nothing due to be retained under the Thurman act.

The Auditor of Railroad Accounts, in his report to the Secretary of the Interior for the year ending June 30, 1879, at page 40, appreciating the consequences detrimental to the interests of the Government which would result from such a construction of the statutes, and after demonstrating, by reference to the reports of the company, that the net earnings per mile had been reduced from $6,509.37 in 1874 and 1875, to $4,332.42 in 1877 and 1878, by an increase of the mileage of the company's roads, says that, "If the Government 5 per cent. is to be computed on the amount of net earnings ascertained on the basis of mileage pro rata, these railroad companies have only to lease enough unprofitable lines, of which they may be themselves the owners, to reduce the Government 5 per cent., or 25 per cent. even, to a mere pittance.

There can be no question that under section 5260 of the Revised Statutes all the moneys due the company on account of freight or transportation were to be withheld to the amount of payments made by the United States for interest upon bonds issued by them to any such company, in addition to the 5 per cent. of net earnings which the act of 1862 authorized to be retained, and that Congress understood that the act of May 7, 1878, was not intended to permit the payment of any sums directed to be withheld by section 5260 is evidenced by the provision in chapter 183 of the laws of 1879, which directs the manner in which the Secretary of the Treasury shall make the entries upon the books of the Department in the adjustment of the accounts of the Pacific railroad companies. It is there provided that, for the proper adjustment of the accounts of the Central Pacific Company, and other companies enumerated, for services which have been or might thereafter be performed for the Government for transportation of the Army and of the mails, the Secretary of the Treasury was authorized to

make such entries upon the books of the Department as will carry to the credit of said companies the amount so earned, or to be earned, by them during each fiscal year and withheld under the provisions of section 5260 of the Revised Statutes and the act of Congress approved May 7, 1878. The reference here is to the entire earnings of the company for Government transportation, without limitation or apportionment, and the direction to the Secretary is explicit and unequivocal that the whole amount due the company from the United States shall be carried to its credit under the acts aforesaid. And so in the deficiency bill passed April 30, 1878, seven days before the passage of the Thurman act, in the clause making an appropriation for the transportation of the Army, there was inserted a proviso that no part of this sum should be paid to any railroad company, or to its assigns, on account of freight or transportation over their respective roads, unless there be an excess due such company after charging the amount of payments made by the United States for interest upon the bonds of the United States issued to any such company; but the same shall be paid to the Secretary of the Treasury, to be by him withheld, as directed by existing law. In this condition of the statutes, and the decisions of the courts upon the subject, a due regard for the protection of the public interests would seem to require the Secretary of the Treasury to follow the letter of the law and withhold payment of all moneys due the company for Government transportation. No injustice will be done, and no loss will accrue to the company in consequence of the adoption of this course, for all of the moneys withheld will be carried to the credit of the company, and either presently applied in the extinguishment *pro tanto* of the interest upon the subsidy bonds, which it is obligated to pay, or else safely invested for the benefit of the company, to be ultimately devoted, with its accumulation of interest, to the payment of the obligations of the company when they mature. The debtor company is in no wise harmed, while the Government, as a creditor, is, to this extent, made more secure.

With reference to the order of the late Secretary of January 12, 1884, it is difficult to see how it can longer be upheld. It was evidently intended only to be temporary in its operation, and it anticipated that some explanatory or remedial legislation by Congress would be had. But two sessions have since passed, and that body has manifested no disposition to further legislate upon the subject. Under this order, an approximate estimate shows that over nine hundred thousand dollars are now held in *suspense*, having been neither paid to the company nor credited to them under the Thurman act. It is clear that the Government can not properly refuse to act at all in the matter. It should either pay this money over to the company, or else it should be covered into the Treasury and invested and applied as required by the act of 1878. As the result of this review of the statutes and decisions upon the subject, I would respectfully submit the following recommendations:

First. That the circular letter or order of the Secretary of the Treasury of June 27, 1883, and that of January 12, 1884, be both revoked.

Second. That the amount of compensation due the company for Government service, heretofore audited by the accounting officers and not applied because of the directions in said order of January 12, 1884, should be covered into the Treasury, and one-half thereof applied to the extinguishment of interest which has meanwhile accrued on the Government subsidy bonds, and the other half credited to the sinking-fund, as required by the Thurman act.

Third. Hereafter the accounting officers of the Treasury adjust the accounts of the company for compensation due it for Government transportation, and direct that the whole amount of such compensation be retained by the Secretary of the Treasury and applied in the manner pointed out by that act.

Fourth. No decision of the Supreme Court of the United States affecting the question having been made since the opinion of Attorney-General Devens, dated June 18, 1880 (16 Opinions, 517), was rendered, a further reference of the questions here involved to the Department of Justice would seem to be unnecessary.

I. H. MAYNARD,
Second Comptroller.

Department Circular No. 83, of June 27, 1883, and circular letter of January 12, 1884, are hereby revoked, and all compensation now due or which may hereafter become due the Central Pacific Railroad Company for services rendered for the Government will be withheld and applied as indicated in the above decision.

DANIEL MANNING,
Secretary.

UNITED STATES PACIFIC RAILWAY COMMISSION,
19 *Wall Street, New York, November* 5, 1887.

SIR: The United States Pacific Railway Commission, which has been charged by Congress with the duty of furnishing information respecting

the working and financial management of the bond-aided Pacific railroads and their relations to the Government, request that you will kindly cause to be furnished to it information on the following points—the particulars asked for being necessary for the preparation of complete answers to the interrogatories set forth by Congress in the act creating the Commission.

In the course of the investigation of the Commission, complaint has been made by the bond aided companies, especially by the Central and Union Pacific Companies, that the War Department has discriminated against them by sending troops and munitions of war over other roads when they could have been transported as well or better over the bond-aided lines.

At Kansas City, Hon. John P. Usher charged that in 1886 coal had been sent to Fort Riley, Kans., over the Missouri, Kansas and Texas road, and that the Kansas Pacific Railroad Company should have been given the transportation of the coal.

Will you kindly inform the Commission as to the policy of the War Department with reference to such transportation, and if such diversions have occurred, will you kindly specify the instances, the amounts involved, and the reasons therefor.

By section 6 of the act of July 1, 1862, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," the bond-aided roads were required to transmit dispatches over their telegraph lines, and to transport mails and munitions of war, supplies and public stores on said railroad for the Government whenever required to do so by any department thereof. They were also required to give the Government the preference in the use of the same at fair and reasonable rates of compensation, not to exceed the amount paid by private parties for the same kind of service.

The Commission would be glad to know whether so far as your Department is concerned, those provisions of law have been complied with. The Commission is also required by act to ascertain "the average cost per annum of Government transportation in the region now traversed by the Pacific Railroads between the year 1850 and the completion of said roads, also the average cost since such completion." If there are any records in your Department which will furnish this information or any part of it, we will be obliged if you will present it in such form as will enable the Commission to answer the question.

I have the honor to remain, very respectfully, your obedient servant,

ROBERT E. PATTISON,
Chairman.

Hon. WILLIAM C. ENDICOTT,
Secretary of War, Washington, D. C.

WAR DEPARTMENT,
Washington City, November 9, 1887.

SIR: In reply to your letter of the 5th instant, requesting certain information in regard to the relations between the bond-aided Pacific railroads and the War Department, I beg to inclose a letter of the 7th instant from the Quartermaster-General upon the subject, which, it is

believed, together with its accompanying papers, also inclosed, will be found to contain the desired information.

Very respectfully, your obedient servant,

WILLIAM C. ENDICOTT,
Secretary of War.

Hon. ROBERT E. PATTISON,
Chairman U. S. Pacific Railway Commission,
10 Wall Street, New York, N. Y.

WAR DEPARTMENT, QUARTERMASTER-GENERAL'S OFFICE,
Washington, D. C., November 7, 1887.

SIR: I have the honor to return herewith the communication of the chairman of the United States Pacific Railway Commission of November 5, 1887, requesting information regarding certain matters pertaining to the relations between the bond-aided Pacific Railroads and the War Department.

With reference to the inquiry of the Commission as to the policy of the War Department in the matter of alleged discriminations against the railroads in sending troops and munitions of war over other roads when they could have been transported as well or better over the bond-aided lines, it is respectfully reported that the preference is in all cases, so far as known to this office, given to the bond-aided railroads, as required by the order of the honorable the Secretary of War of July 10, 1885, a copy of which, with the correspondence upon which it was based, is herewith inclosed.

Regarding the charge made by the Hon. John P. Usher, that coal had been sent to Fort Riley, Kans., over the Missouri, Kansas and Texas Railroad, and that the Kansas Pacific Railroad Company should have been given the transportation of the coal, the Quartermaster-General begs leave to differ from the opinion of the Hon. Mr. Usher, for the following reasons:

The Missouri, Kansas and Texas Division of the Missouri Pacific Railway from Junction City, Kans. (a point 3 miles from Fort Riley, Kans.), to the southern boundary of Kansas (182.75 miles), is a land-grant railroad of that class which, by the terms of the act of Congress granting the lands to aid in its construction, is required "at all times to transport troops, munitions of war, supplies, and public stores upon its road for the Government of the United States, *free from all cost or charge therefor to the Government.*" (See General Orders A. G. O., No. 89 of 1885, pages 16 and 44, copy herewith.)

It is, therefore, apparent that the transportation of coal for the Government and all other public property over the Missouri, Kansas and Texas Railroad costs the United States absolutely nothing; and it is considered that an officer of the Government would be derelict if in forwarding freight to Fort Riley from any point where the Missouri, Kansas and Texas Railroad could be conveniently used, he should select the Kansas Pacific route for the transportation, and thereby incur an indebtedness to be settled by the Government.

With reference to the inquiry of the Commission whether, so far as the War Department is concerned, the law has been complied with which requires the bond-aided roads to give the Government the preference in the transmission of telegrams over their telegraph lines and in the transportation of troops and supplies, and at fair and reasonable rates of compensation, not to exceed the amount paid by private parties for

the same kind of service, it is respectfully reported that, so far as known to this office, these railroad companies have not declined to give the Government the preference in such cases.

As to the charges made for telegraph service, it is remarked that these railroad companies hold that they are not subject to the law of July 24, 1866, empowering the Postmaster-General to fix annually the rates to be paid by the Government for telegraphic messages, and that they claim the "commercial rates" for such service; that is, the rates paid by the public generally.

No judicial decision upon this point is known to have been rendered; the decisions of the accounting officers of the Treasury upon the question do not seem to be uniform. Settlements have been made at the high commercial rates, but it is thought at present the Government rates only are allowed, and the whole matter is in an undefined state, owing to a claim upon the part of the Government that payment for all messages which pass over the lines of telegraph constructed along these roads, whether owned and operated by the railroad companies, the Western Union Telegraph Company, or any other company, should be withheld and applied upon the indebtedness of the respective railroads for bonds issued in their behalf. This claim on the part of the Government has resulted in the accumulation of a large number of unsettled and unadjusted accounts for public telegrams sent along the lines of these railroads.

As to the rates charged by these railroad companies for the transportation of United States troops and property, it is remarked that the rule has been to allow those rates for similar service which appear in the published tariffs of the railroad companies, supplemented by the certificate of the auditor of the company upon each account that the rates charged were the current and lowest rates charged the public at time of service.

Complaints have reached this office that these railroad companies discriminate against the United States in favor of private shippers, and in such cases an investigation of the subject has been made, and the facts reported to the accounting officers of the Treasury in transmitting the accounts for settlement. In connection with this subject attention is especially invited to Senate Report No. 504, Forty-sixth Congress, second session, wherein will be found the opinion of the Judiciary Committee of the Senate, and various reports of the Quartermaster's Department upon this subject.

With reference to the request of the Commission for assistance to enable it to report upon "the average cost per annum of Government transportation in the region now traversed by the Pacific Railroads between the year 1850 and the completion of said roads, also the average cost since such completion," I have the honor to invite attention to the inclosed copy of a report of the Quartermaster-General made September 29, 1884, to the honorable the Secretary of War, upon a request of the Commissioner of Railroads for similar information. The mass of information contained in this report was carefully collected at the time from the records of this office. The record has been carried to the year 1887, and is respectfully submitted for the information of the Commission.

Very respectfully, your obedient servant,

S. B. HOLABIRD,
Quartermaster-General, U. S. Army.

The SECRETARY OF WAR.

UNION PACIFIC RAILWAY COMPANY, EQUITABLE BUILDING,
San Francisco, Cal., May 23, 1885.

DEAR SIR: I desire to call your attention to a matter of considerable importance to the Union Pacific Railway Company, in which the United States is a very large creditor. This company finds itself at many points in competition with other lines for the transportation of Government freights, the greater part of which, I am informed, are moved under orders from your Department. The rates at which these shipments go forward are, under the laws of competition, the same over the lines of this company as they are over the lines of its rivals. The first impression, therefore, is that it is as economical for the Government to offer its shipments to one line as to another. This, however, is a mistake. The Union Pacific Company, as you are doubtless fully advised, has received from the United States upwards of $33,000,000 in 6 per cent. bonds, the amount of which it is under obligations to repay, together with the interest which may accrue thereon, at their maturity, some time between 1895 and 1899.

By judicial construction of the company's charter the principal of these bonds and and the accumulated interest thereon have been held to be not repayable by the company until the maturity of the bonds, except in so far as the application of certain sums contingent upon the amount of Government transportation and the amount of the company's net earnings are concerned.

Under the company's charter, and under the provisions of the Thurman act, one-half of the entire amount earned by this company from the transportation of Government freight, troops, mails, etc., is retainable by the United States and presently applicable to the extinguishment of the debt and the accrued interest. The United States, in engaging the Union Pacific to perform its transportation, therefore, not only strengthens the company in its ability to discharge its obligations to the United States, but it exercises an option, reserved under the charter, of declaring to be presently due a part of the debt equal to one-half of the total earnings derived from the Government transportation. In other words, the Government is at liberty to immediately apply on the debt 50 per cent. of these transportation charges, when in the absence of such application payment of the amount thus applied would be postponed until the maturity of the debt, some thirteen years hence.

From a computation which I have caused to be made it appears that on each $1,000 thus earned by the company from Government transportation and retainable by the United States on account of the debt and on the increased net earnings resulting from that transportation, there will accrue to the United States as interest (reckoning the funds as worth 3 per cent. per annum) $214.50. This accumulation of interest inures entirely to the benefit of the United States, as it is independent of the accumulations of interest on the sinking fund established under the "Thurman act," which latter inure to the benefit of the company. Thus, while a service valued at $1,000 when rendered by a rival company requires the payment by the United States of that amount in cash, the performance of the same services by the Union Pacific Company enables the Government to retain and at once apply to the extinguishment of the debt an amount which would not otherwise be applicable until 1898. It may therefore be said that under the charter relations existing between the United States and this company the company's charges to the Government are about 20 per cent. less than are the charges of its competitors, although apparently the same.

Possibly the importance of these considerations has not been fully recognized in the Departments. They present themselves to me as having force and character, and such as your Department may desire to entertain. It is, of course, wholly in the interest of the company that I address you in relation to these matters. Any increase, however, in the company's business which may come from an increase in its services for the United States must be, as I have pointed out, to the mutual advantage of both parties.

I remain, very respectfully, yours,

CHARLES F. ADAMS, Jr.,
President.

Hon. WILLIAM C. ENDICOTT,
Secretary of War, Washington, D. C.

[First indorsement.]

Respectfully referred to the Quartermaster-General for remark.
By order of the Secretary of War.

JOHN TWEEDALE,
Chief Clerk.

WAR DEPARTMENT, *June 6, 1885.*

[Second indorsement.]

QUARTERMASTER-GENERAL'S OFFICE,
Washington, D. C., June 9, 1885.

Respectfully returned to the honorable the Secretary of War, inviting attention to the inclosed copy of report of the Quartermaster-General, dated February 2, 1885, and to the decision of the Secretary of War thereon, dated February 6, 1885, in which the question is discussed whether the United States should use an indebted railroad instead of one not indebted, charges being the same.

S. B. HOLABIRD,
Quartermaster-General, U. S. A.

WAR DEPARTMENT,
QUARTERMASTER-GENERAL'S OFFICE,
Washington, D. C., February 2, 1885.

SIR: I have the honor to submit the inclosed communication of the shipping quartermaster at Portland, Oregon, making the following inquiry:

"In making shipments from this city to points east of the Missouri and Mississippi Rivers, such as Chicago, New York, Washington, etc., shall I issue bills of lading over the Oregon Railway and Navigation Company and Northern Pacific Railroad to Saint Paul, or over the Oregon Railway and Navigation Company and Union Pacific, say, to Omaha?"

The extension of the Oregon Short Line, a road owned and operated by the Union Pacific (Bonded) Railway, to a junction with the Oregon Railway and Navigation Company's railroad at Huntington, has opened a new route of traffic between Oregon points and points east of the Mississippi River, and has brought the Union Pacific Railway into sharp competition with the Northern Pacific Railroad for this business.

As a matter of fact, the Quartermaster's Department, by taking advantage of this new route, via the Union Pacific Railway, would save a large amount of money to the appropriation "Transportation of the Army," because in transporting United States troops and military supplies, say, between Portland, Oregon, and Chicago, Ill., the only payments to be made out of that appropriation would be for the transportation from Portland to Huntington (404 miles), and from the Mississippi River to Chicago (183 miles).

From Huntington to Granger (540 miles), over the Oregon Short Line, the money value of such transportation is withheld for future disposition by Congress, under decision of the honorable the Secretary of the Treasury, of January 18, 1881, relating to settlements with railroads owned, leased, and operated by the bonded Pacific railroads.

From Granger to Council Bluffs (880 miles), over the main line Union Pacific Railway, the money value of such transportation is applied to the debt of that railway company to the United States, under the provisions of the act of May 7, 1878 (Thurman law).

From Council Bluffs to the Mississippi River, say, Davenport, Iowa, over the Chicago, Rock Island and Pacific Railroad (317.75 miles), 50 per cent. of tariff rates is paid out of a special appropriation for land-grant railroads made by Congress.

Compare these facts with those arising out of the use of the Northern Pacific Route for transportation between Portland and Chicago, and the following result is reached:

From Portland, Oregon, to Brainerd, Minn. (1,774 miles), over the Oregon Railway and Navigation Company and Northern Pacific Railroad, full tariff rates must be paid out of the appropriation "Transportation of the Army." Although the Northern Pacific is a land-grant railroad, yet, under the law, no deduction is made from its accounts for military transportation.

From Brainerd, Minn., to Watab, Minn. (55 miles), over the old Western Minnesota Railroad, now operated by the Northern Pacific Railroad Company, 50 per cent. of tariff rates is paid out of the special appropriation for land-grant railroads made by Congress.

From Watab to Minneapolis, over the Saint Paul and Northern Pacific Railroad (74.55 miles), operated by the Northern Pacific Railroad Company, full tariff rates must be paid.

From Minneapolis to 11 miles south of Warrens, Wis., 185 miles, over the Saint Paul, Minneapolis and Manitoba Railroad, and the Chicago, Saint Paul, Minneapolis and Omaha Railway, 50 per centum of tariff rates is paid out of the special appropriation for land-grant railroads.

From 11 miles south of Warren to Chicago (238 miles), over the Chicago and Northwestern Railway, full tariff rates must be paid.

Thus by the Union Pacific Railway route, Portland to Chicago (2,324 miles), the transportation over 587 miles only is payable out of the Army transportation appro-

priation, and for the transportation over the remaining 1,737 miles, settlements are made as explained above.

While by the Northern Pacific route between the same points, 2,322 miles, the transportation over 2,087 miles is payable out of appropriation for Army transportation, and for the transportation over the remaining 235 miles, settlements are at 50 per cent. of tariff rates, as explained above.

The Northern Pacific Railroad Company was paid by the Quartermaster's Department for transportation services during the year 1883-'84, $166,358.06 out of the appropriation "Army Transportation." The Union Pacific Railway was paid nothing for such service over the Oregon Short Line, and the main line of its railway. It is therefore apparent that there would be a great saving by the use of the Union Pacific route in this case, and as pertinent thereto the following directions of the honorable the Secretary of the Treasury, of June 27, 1883, are quoted:

"Whenever practicable, and more economical to do so, it is desirable that shipments of Government freight be made over railroads which have received aid in bonds or lands from the United States."

This Union Pacific route has been opened for a few weeks only; its transportation rates have not been received at this office; a definite comparison of rates cannot therefore be made.

It may be assumed, I think, that the rates over both routes to Eastern points are the same. A difference of but 2 miles in the relative distances by each route between Portland and Chicago, indicates that the time and rate schedules will be about the same over both routes.

It may be stated as a rule the Quartermaster's Department distributes its business impartially among the railroads. Where two roads, one land-grant, the other non-land-grant, run between the same points, the non-land-grant railroad is not boycotted, and the work all given to the railroad already subsidized by the Government; the usually traveled, least expensive, route is the guide of the department; and non-subsidized roads generally drop their rates to equal those of the subsidized roads in military transportation.

But competition between a bonded and non-bonded railroad opens other questions; the amounts withheld from bonded railroads are placed to their credit; virtually they are payments to the railroad, and in a broad view the United States pays to these bonded roads for their work a full equivalent of the cash money paid to non-bonded roads for like service.

Practically these very bonded railroads view this matter in this light, for they make every effort to secure Government business, knowing that they will not receive cash.

The question is respectfully submitted to the honorable the Secretary of War for any instructions he may wish to give.

Should he not give instructions, a division of the business will naturally be made, provided the ultimate cost to the United States shall be the same; all other conditions made the same.

Very respectfully, your obedient servant,

S. B. HOLABIRD,
Quartermaster-General U. S. Army.

The SECRETARY OF WAR.

[First indorsement.]

It appearing that the actual cost to the Government is the same, whether cash is paid out or a credit of equal amount given, no reason is seen to change the practice of the Quartermaster's Department as indicated by the Quartermaster-General.

By order of the Secretary of War.

JOHN TWEEDALE,
Chief Clerk.

WAR DEPARTMENT, *February* 6, 1885.

WAR DEPARTMENT, *July* 10, 1885.

[Third indorsement.]

As between a railroad which has received aid in bonds from the United States and a non-bonded railroad, it is undoubtedly to the interest of the War Department to use a bonded railroad, for a great saving thereby results to the Army appropriation, the charges for transportation over such roads not being payable from appropriations under control of the War Department. It is evident also that it is to the interest of the Government to use a bonded railroad, for although, in the language of my predecessor, "the actual cost to the Government is the same whether cash is paid or credit for an equal amount given" (if the question of interest is not considered), still as the indebtedness of the road to the Government is reduced by the amount of the transportation service performed for the Government, the eventual payment of the debt is thus rendered more certain; and therefore when the question arises

the preference will be given to the bonded railroad, and this decision is the more readily made as it is in accordance with the directions of the Secretary of the Treasury of June 27, 1883, referred to in the inclosed report of the Quartermaster-General of February 2, 1885, as follows:

"Whenever practicable and more economical to do so, it is desirable that shipments of Government freights be made over railroads which have received aid in bonds or lands from the United States."

By order of the Secretary of War.

JOHN TWEEDALE,
Chief Clerk.

WAR DEPARTMENT, QUARTERMASTER-GENERAL'S OFFICE,
Washington, D. C., September 29, 1884.

SIR: The letter from the office of the Commissioner of Railroads, dated August 29, 1884, requesting information concerning the rates and cost of transportation of United States troops and military supplies from 1860 to 1883, inclusive, referred to this office for report, is herewith respectfully returned.

As a compliance with the request, so far as the data at command of this office will permit, I have the honor to inclose:

Statement showing the amount of transportation provided by the Quartermaster's Department in the movement of United States troops and military property by rail, water, wagon, and stage, and the cost of the service for each fiscal year from 1884 back to 1866, including the service of the bonded Pacific Railroads, of which a supplemental report is appended. Supplemental report showing the amount of transportation provided by the Quartermaster's Department in the movement of United States troops and military property over the bonded Pacific railroads, their branches and leased lines, and the cost of the service for each fiscal year from 1884 back to 1866.

Statement showing cost of transportation of military supplies from Fort Leavenworth, Kans., to Fort Union, N. Mex., per 100 pounds entire distance, 750 miles, from 1860 to 1870, inclusive, before the establishment of railroad communication.

Statement showing rates paid for the transportation of United States troops by stage between points of the Mississippi River at various times between 1860 and 1867, before the establishment of railroad communication (selected from accounts paid by the Quartermaster's Department.)

Statement showing rates for passenger and freight paid in currency by the Quartermaster's Department for the transportation of United States troops and military supplies between New York City and San Francisco via the Isthmus of Panama (selected from accounts paid by the Quartermaster's Department).

Statement showing rates paid in currency by the Quartermaster's Department for the transportation of United States military stores between New York City and San Francisco via Cape Horn, from 1855 to 1864 (selected from accounts paid by the Quartermaster's Department).

Statement showing rates for passengers and freight paid in currency by the Quartermaster's Department for the transportation of United States troops and military stores between New York City, or Omaha, and San Francisco, via the Pacific Railroads from the date of their opening for transportation to 1884.

Report of post quartermaster, New Orleans, La., September 23, 1884, respecting shipments from that port to San Francisco before the establishment of railroad communications.

Letter of Thomas A. Scott, Assistant Secretary of War, and general manager United States military railroads, July 12, 1861, establishing rates of military transportation by railroads.

Report of committee of convention of railroad managers, called by the Secretary of War in April, 1862, fixing rates of military transportation during the war.

General Orders No. 9, Quartermaster-General's Office, February 22, 1867, abolishing from March 1, 1867, military rates prescribed by the convention of railroad managers in 1862, and authorizing settlements at railroad tariff rates for all services from that date, unless special arrangements more favorable to the Government can be secured.

It is remarked that since March 1, 1867, the Quartermaster's Department has on the whole paid little, if any, in excess of the military transportation rates by rail in effect during the war, except for service west of the Mississippi River, where railroad rates are probably three times higher than those east of that river.

Stage rates all over the country will average about 15 cents per man per mile.

Wagon rates on freight hauled 100 miles or over on routes west of the Mississippi will average about 25 cents per ton per mile.

Water rates can not be intelligibly averaged, involving, as they do, ocean, lake, river, and bay transportation, the use of sails and steam, and distances varying from a few miles to thousands.

It was never customary before the establishment of railroad communication to ship troops and stores overland from the Mississippi River to the Pacific Ocean; they were first sent to New York city and thence via Panama or Cape Horn.

The information in these statements is in some degree not exact, having been gleaned from records of the office not kept with the view of tabulation for such purposes, but may be considered approximately correct.

Very respectfully, your obedient servant,

S. B. HOLABIRD,
Quartermaster General U. S. Army.

The SECRETARY OF WAR.

Amount of transportation provided by the Quartermaster's Department in the movement of United States troops and military property by rail, water, wagon, and stage, and the cost of the service for each fiscal year from 1887 back to 1865, excluding the service of the bonded Pacific railroads, of which a supplemental report is appended.

During year ending June 30—	By rail.				By water, excluding ferriage.				By wagon.		By stage.			Total.			
	Persons transported.	Animals transported.	Freight transported.	Cost.	Persons transported.	Animals transported.	Freight transported.	Cost.	Freight transported.	Cost.	Persons transported.	Freight transported.	Cost.	Persons transported.	Animals transported.	Freight transported.	Cost.
			Tons.				*Tons.*		*Tons.*			*Tons.*				*Tons.*	
1887	27,014	.....	62,725	$944,280.09	197,365	.....	14,409	$97,213.39	67,874	$345,843.67	3,227	4	$30,753.38	227,606	.....	145,012	$1,418,092.53
1886	28,917	7,466	71,627	940,494.40	202,872	441	9,433	90,567.47	73,683	496,930.47	4,391	5	51,461.24	236,180	7,907	154,748	1,579,453.58
1885	25,292	3,780	76,019	942,622.71	199,076	246	12,644	100,455.44	70,706	463,165.54	3,997	5	49,829.10	228,365	4,026	149,374	1,556,072.79
1884[1]	23,967	3,823	38,787	1,116,253.04	36,869	476	11,327	294,548.44	53,476	658,735.00	3,677	1	55,090.33	64,513	4,301	103,591	2,124,635.81
1883	21,252	2,908	32,565	1,092,031.30	31,389	820	10,959	349,220.14	31,624	773,920.00	3,577	7	58,880.05	56,216	3,728	75,155	2,274,051.49
1882	38,663	6,587	34,560	1,312,401.70	[2]8,335	882	15,577	519,886.87	29,425	975,326.80	4,346	6	79,437.46	51,344	7,469	79,508	2,887,052.83
1881	23,727	4,942	42,436	845,642.56	[2]8,642	1,573	18,681	453,743.72	14,428	853,007.45	5,196	12	91,872.44	37,565	6,515	93,557	2,244,205.17
1880[3]	15,788	4,355	37,089	723,610.28	22,768	2,533	23,940	417,755.94	31,175	[2]22,188.69	4,192	15	86,263.65	42,748	6,868	92,219	2,049,818.56
1879	19,224	1,972	31,792	713,936.53	26,182	1,163	30,011	679,641.84	32,539	858,142.56	3,285	24	76,747.12	48,691	3,075	94,366	2,328,468.05
1878	29,307	3,008	26,539	(4)	33,608	2,046	31,915	(4)	26,559	(4)	2,802	5	(4)	65,717	5,114	85,018	(4)
1877	31,107	5,250	41,767	(4)	15,593	3,084	35,854	(4)	15,372	(4)	3,539	.....	(4)	50,259	8,334	112,993	(4)
1876[5]	29,414	5,906	46,111	606,903.85	31,204	1,425	18,480	411,399.27	15,076	852,576.09	3,053	.....	116,422.79	63,671	7,331	79,067	1,967,382.00
1875[5]	30,944	8,456	50,803	634,261.74	13,785	1,519	24,122	616,423.64	20,997	945,159.69	2,540	6	73,185.03	47,269	9,975	95,928	2,259,030.97
1874[5]	24,610	4,855	45,550	790,277.36	17,294	978	34,791	527,835.77	18,860	920,695.97	2,255	4	57,645.23	44,159	5,833	99,205	2,305,454.33
1873[5]	32,983	6,122	38,325	582,431.90	37,789	2,026	27,784	760,978.55	6,002	977,943.44	2,136	2	59,319.29	72,861	8,148	82,063	2,380,668.21
1872[5]	15,247	3,636	7,611	499,143.00	27,110	375	21,276	626,373.52	[3]3,441	1,100,000.00	2,391	.....	48,975.84	44,748	4,011	42,728	2,274,492.36
1871[5]	23,255	3,839	16,456	862,555.71	37,195	1,897	29,442	624,055.58	[2]2,130	1,310,006.24	3,926	.....	39,169.40	64,376	5,870	68,031	2,836,386.94
1870[5]	21,745	5,298	13,487	789,281.13	39,191	2,161	43,949	1,257,994.53	[3]9,441	1,036,803.54	2,754	56	49,192.49	63,591	7,459	76,923	3,133,271.75
1869[5]	41,759	14,281	12,642	1,320,138.09	96,118	3,685	62,171	1,424,222.85	[2]7,316	1,617,612.82	3,839	.....	55,895.60	141,716	17,966	136,076	4,417,869.33
1868[5]	39,934	.....	89,912	773,344.24	81,532	2,574	113,136	1,670,715.62	[2]2,645	2,530,591.26	919	.....	33,110.55	122,385	2,574	225,093	5,007,761.67
1867[6]	73,196	7,194	306,567	4,048,000.00	[4]14,459	[6]269	[6]21,330	[6]1,090,000.00	(7)	(7)	(7)	(7)	(7)	87,655	7,463	327,897	5,138,000.00
1866[5]	1,016,300	138,389	427,776	13,315,056.98	.....	.....	.....	5,268,490.37	40,745	3,314,495.10	.....	.....	589,490.65	1,016,300	138,389	468,521	22,487,533.10
1865[5]	2,498,559	388,665	5,969,176	19,169,341.19	1,476,037	327,755	3,442,453	27,915,942.98	47,243	1,316,532.01	7,842	.....	89,316.33	3,982,438	716,420	9,458,872	48,491,132.51

[1] The wagon tonnage reported for 1884 includes drayage, cartage, etc., in cities and at posts not included for 1883 or any other year.
[2] Not including transportation on Government vessels.
[3] Outstanding claims, not included in railroad transportation.
[4] Cost not reported.
[5] Outstanding claims at close of fiscal year not included.
[6] Ocean and lake alone.
[7] River, stage, and wagon not reported.

Supplemental report showing the amount of transportation provided by the Quartermaster's Department in the movement of United States troops and military property over the bonded Pacific railroads, their branches and leased lines, and the cost of the service for each fiscal year from 1887 back to 1886.

During year ending June 30—	By Union Pacific Railroad.				By Central Pacific Railroad.				By Kansas Pacific Railroad.				By Sioux City and Pacific Railroad.				Total.			
	Persons transported.	Animals transported.	Freight transported.	Cost.	Persons transported.	Animals transported.	Freight transported.	Cost.	Persons transported.	Animals transported.	Freight transported.	Cost.	Persons transported.	Animals transported.	Freight transported.	Cost.	Persons transported.	Animals transported.	Freight transported.	Cost.
			Tons.				*Tons.*				*Tons.*				*Tons.*				*Tons.*	
1887	4,008	1,274	9,532	$245,539.48	3,931	1,243	7,418	$239,357.41	.....	.....	.....	.....	687	....	487	$2,244.95	8,626	2,517	17,437	$487,141.84
1886	3,490	1,636	9,561	237,941.71	634	226	8,142	249,892.75	.....	.....	.....	.....	354	...	53	926.60	4,478	1,862	17,756	488,761.06
1885	4,318	893	17,694	283,509.10	554	22	17,262	277,226.59	.....	.....	.....	.....	142	19	181	1,583.00	5,014	934	35,137	562,318.69
1884	5,698	1,610	25,750	404,997.27	447	23	15,505	319,171.02	.....	.....	.....	.....	227	54	1,052	9,109.91	6,372	1,687	42,307	733,278.23
1883	[1]6,748	1,756	27,696	494,460.81	849	60	15,046	335,963.09	.....	.....	.....	.....	1,351	190	1,139	14,710.66	8,948	2,551	43,881	845,144.46
1882	11,691	4,059	28,568	625,748.82	3,787	1,654	13,599	540,500.46	.....	.....	.....	.....	441	63	548	3,630.94	15,919	5,776	42,715	1,169,940.22
1881	6,102	2,266	26,569	511,516.26	677	419	8,849	288,357.97	1,698	1,131	4,984	$31,908.21	616	24	672	4,765.61	9,093	3,840	41,074	836,638.05
1880	8,227	7,392	26,862	651,133.69	1,449	574	3,485	294,963.48	1,740	1,257	3,512	175,010.90	1,404	3	136	5,000.00	12,820	9,226	33,995	1,116,108.07
1879	6,536	1,088	22,185	463,943.40	2,688	112	1,453	155,000.00	1,081	558	2,243	100,000.00	161	28	193	3,000.00	10,480	1,786	26,074	721,943.40
1878	8,737	3,146	18,880	612,827.13	3,136	1,754	2,759	154,321.76	1,126	986	2,206	75,000.00	824	422	399	5,081.05	13,543	6,328	24,744	847,229.94
1877	19,347	5,383	30,707	537,379.91	799	290	1,890	150,288.07	3,602	2,842	3,209	152,879.28	150	...	43	11,420.64	14,898	8,515	35,849	851,967.93
1876	5,362	1,597	10,210	356,931.06	1,812	267	1,146	136,516.40	2,800	1,274	4,697	[2]9,875.40	50	2	15	2,145.27	11,114	3,140	16,268	505,468.13
1875	5,103	1,744	10,230	361,171.39	957	228	1,004	100,000.00	1,155	495	2,194	87,491.17	275	55	710	4,761.60	7,490	2,522	14,138	553,423.56
1874	5,823	1,442	9,362	306,589.98	1,199	120	1,398	170,000.00	1,170	179	1,058	98,978.16	325	40	813	4,761.60	8,523	1,781	12,631	580,329.14
1873	6,169	1,763	10,849	445,501.00	3,014	63	1,222	136,598.07	1,951	390	2,856	149,797.60	222	36	1,772	2,402.44	11,374	2,252	16,699	734,298.51
1872	3,015	.....	7,251	399,193.21	1,493	.....	2,536	229,176.25	3,939	.....	8,429	166,113.20	243	....	578	6,373.83	9,220	.....	18,814	800,857.00
1871	6,945	.....	12,123	812,812.55	478	.....	468	67,944.24	4,323	.....	5,263	255,603.85	.....	.....	.....	.....	11,746	.....	17,874	1,136,360.64
1870	6,512	.....	9,950	557,537.92	2,512	.....	1,059	87,957.90	4,618	.....	6,854	236,740.10	.....	.....	.....	.....	13,642	.....	17,872	882,235.92
1869	11,068	.....	10,790	478,534.78	.....	.....	.....	.....	7,470	.....	7,940	454,631.43	.....	.....	.....	.....	18,538	.....	18,730	933,166.21
1868	6,501	.....	18,609	968,454.41	.....	.....	.....	.....	6,164	.....	15,451	463,492.90	.....	.....	.....	.....	12,755	.....	34,056	1,431,947.31
1867	4,984	.....	7,432	301,896.86	.....	.....	.....	.....	6,725	.....	10,362	198,265.93	.....	.....	.....	.....	11,709	.....	17,814	500,162.79
1866	89	.....	.....	673.52	.....	.....	.....	.....	5	.....	.....	43.00	.....	.....	.....	.....	94	.....	.....	716.52
Total	139,230	37,049	350,864	10,058,303.80	30,466	7,000	[2]04,281	3,923,206.36	49,633	9,000	81,456	2,735,920.53	7,173	936	8,791	81,916.93	226,502	54,675	545,394	16,799,437.62

[1] Kansas Pacific consolidated with Union Pacific Railway.

[2] Sioux City and Pacific Railroad opened.

Cost of transportation of military supplies from Fort Leavenworth, Kans., to Fort Union, N. Mex., per 100 pounds entire, distance 750 miles, from 1860 to 1870, inclusive, before the establishment of railroad communication.

Year.	Cost.	Year.	Cost.
1860	$10.95	1866	$10.35
1861	10.50	1867	10.50
1862	12.37½	1868	10.65
1863	13.80	1869	11.02½
1864	15.22½	1870	10.72½
1865	15.00		

Rates paid for the transportation of United States soldiers by stage between points west of the Mississippi River at various times between 1860 and 1867, before the establishment of railroad communication.

[Selected from accounts paid by the Quartermaster's Department.]

From—	To—	Miles.	Rate per passenger.	Rate per mile.
Fort Leavenworth	Santa Fé, N. Mex	850	$125.00	$0.1
Do	Pueblo, Colo	645	90.00	.1
Do	Fort Larned, Kans	310	25.00	.0
Kansas City, Mo	Fort Lyon, Colo	511	110.00	.2
Do	Fort Larned, Kans	287	50.00	.1
Denver City, Colo	Santa Fé, N. Mex	508	220.00	.4
Do	do	508	100.00	.2
Do	Fort Lyon, Colo	220	45.00	.1
Do	Fort Larned, Kans	463	89.50	.1
Do	Fort Union, N. Mex	410	165.00	.3
Do	Fort Lyon, Colo	220	62.00	.2
Do	Council Grove, Kans	627	150.00	.2
Do	Bent's Fort	205	28.50	.1
Do	Camp Filmore	105	37.00	.3
Council Grove, Kans	Fort Dodge, Kans	219	53.75	.2
Do	Fort Larned, Kans	164	40.00	.2
Do	Fort Zarah, Kans	133	32.00	.2
Do	Running Turkey	65	15.00	.2
Fort Lyon, Colo	Fort Larned, Kans	224	55.20	.2
Cottonwood Springs	Atchison, Kans	350	75.00	.2
Do	Omaha, Nebr	202	7[illegible].00	.3
Do	Kearney, Nebr	97	35.00	.3
Do	Fort Sedgwick, Colo	106	25.00	.2
Fort Kearney, Nebr	Omaha, Nebr	181	30.00	.1
Do	Julesburg, Colo	208	35.00	.1
Do	McPherson, Colo	97	35.00	.3
Salt Lake City	Fort Bridger	124	35.00	.2
Do	Atchison, Kans	1,256	125.00	.1

Rates for passengers and freight paid in currency by the Quartermaster's Department for the transportation of United States troops and military property between New York City and San Francisco, via the Isthmus of Panama.

[Selected from accounts paid by the Quartermaster's Department.]

Year.	Officers.	Soldiers.	Stores.	Remarks.
1855..	$300.00	$125.00	No payment for freight fund	
1856..	300.00	125.00	.....do	
1857..	360.00	100.00	.....do	
	275.00	125.00		
1858..	300.00	145.00	Baggage in excess of 50 pounds, 20 cents per pound.	
		125.00		
1859..	120.00	57.00	Baggage in excess of 50 pounds, 10 cents per pound.	To Vancouver, officers, $140; soldiers, $65.
1860..	100.00	75.00	Baggage in excess of 50 pounds, 10 cents per pound; stores, 18 cents per pound.	
1861..	225.00	100.00	Stores, 18 cents per pound	New York to San Francisco.
	250.00	125.00	Ordnance stores, $3.50 per cubic foot....	San Francisco to New York.
1862..	250.00	125.00	Merchandise, $3.50 per cubic foot; merchandise stores, 18 cents per pound; fast freight, 10 cents per pound.	Do.
1863..	250.00			
	225.00			
1864..	250.00	175.00		
		100.00		
1865..	375.00	200.00		
	300.00	100.00		
	192.50	52.50		
1866..	300.00	100.00	$2.70 currency per cubic foot	For a portion of this year, $250 per officer and $75 per soldier.
1867..	250.00	75.00	10 cents per pound for all in excess of 50 pounds.	
1868..	100.00	45.00	10 cents per pound in excess of 100 pounds; merchandise, $1.65 per cubic foot.	
1869..	225.00	75.00	Merchandise, fast freight, $3.50 per cubic foot.	Premium, gold, 38½ per cent.
			Merchandise, slow freight, $1.50 per cubic foot.	Do.
			Merchandise, slow freight, $1 per cubic foot.	Premium, gold, 13⅓ per cent.
1870..	150.00	60.00		
1871..	150.00	60.00	Merchandise, slow freight, $1 per cubic foot.	Premium, gold, 11 per cent.
1872..	(*)	.....	Ordnance stores, fast freight, $1.50 per cubic foot.	Gold, $1.14.
1873..	(†)	60.00	Merchandise, slow freight, $1 per cubic foot.	Gold, $1.17½.

*No payment found. †No payment.

Rates paid in currency by the Quartermaster's Department for the transportation of United States military stores between New York City and San Francisco, via Cape Horn, from 1855 to 1864.

[Selected from accounts paid by the Quartermaster's Department.]

Year.	Per 100 pounds.	Remarks.
1855....	$2.00	60 cents per cubic foot.
1856....	*.059	Heavy freight; light freight, 37½ cents per cubic foot.
1857....	1.50	Fixed ammunition.
	1.20	Powder.
1858....	.....	Subsistence stores, $2.00 per barrel; boxes, 30 cents per cubic foot.
1859....	.50	Ordnance stores; miscellaneous stores, 25 cents per cubic foot.
1860....	2.50	Loose muskets.
	.50	Shells; miscellaneous stores. 30 cents per cubic foot.
1861....	.....	Miscellaneous stores, 30 cents per cubic foot.
1862....	.75	Miscellaneous stores; ordnance stores, 32½ cents per cubic foot; per barrel, $1.50.
1863....	.75	Do.
1864....	1.25	Miscellaneous stores; ordnance stores, 32½ cents per cubic foot; per barrel, $1.50; pig lead, ordnance stores, 40 cents per cubic foot; powder, 50 cents, and subsistence stores, 35 cents per cubic foot.

*Or $21.18 per ton.

Cost of transporting troops, etc., reported by the Quartermaster-General November 16, 1854.

To San Francisco via the Isthmus:*
- Transportation (cost):
  - Each commissioned officer $225
  - Each enlisted man, laundress, etc $150
- Subsistence:
  - The whole subsisted by contractor.
- Baggage (allowance):
  - Each person on the steamer ..... pounds.. 100
  - Each person across the Isthmus ..... do.... 25
  - All over the 25 pounds across the Isthmus to be paid for at 15 cents per pound.

From San Francisco to Vancouver or Oregon, in June, 1853:
- Transportation (cost):
  - Each commissioned officer $75
  - Each enlisted soldier, etc 40
- Stores (cost):
  - Per ton (in June, 1853) 30
  - In December, 1853 ..... per ton.. 15
  - In February, 1854 ..... do.... 20

From New Orleans to San Francisco:
- Transportation (cost):
  - For each officer $300
  - For each enlisted soldier 150
  - Including transit of Isthmus.
- Baggage:
  - Extra baggage, 15 cents per pound.

Provisions to San Francisco or Fort Vancouver, via the Isthmus:
- To Aspinwall ..... per ton.. 14
- Across the Isthmus ..... do.... 300
- From Panama to San Francisco ..... do.... 80

Say, $394 a ton of 2,000 pounds.

Agents of the line think that when the railroad across the Isthmus shall be completed the freight across will not exceed one-fourth of the above, $75 a ton, say, $100 for the whole distance via Cape Horn to San Francisco or Benicia.

From Baltimore, 90 cents per cubic foot, $4.50 per flour barrel.

From New York, $3.70 per barrel for flour, 60 cents per cubic foot for other packages.

Same rates apply to camp and garrison equipage and clothing, as all such freight by sea-going vessels is charged for by the cubic foot.

Rates for passengers and freight paid in currency by the Quartermaster's Department for the transportation of United States troops and military stores between New York City or Omaha and San Francisco, via the Pacific railroads, from the date of their opening for transportation to 1887.

[The rates of third-class freight adopted being about the average of all.]

Year.	From New York City (3,320 miles).		From Omaha (1,916 miles).		Year.	From New York City (3,320 miles).		From Omaha (1,916 miles).	
	Officers and soldiers.	Stores per 100 pounds.	Officers and soldiers.	Stores per 100 pounds.		Officers and soldiers.	Stores per 100 pounds.	Officers and soldiers.	Stores per 100 pounds.
1869	$142.00	$5.77	$111.00	$5.00	1880	$138.00	$4.00	$100.00	$3.00
1870	140.00	5.30	100.00	5.00	1881	138.00	4.00	100.00	3.00
1871	140.00	4.70	100.00	3.25	1882	141.80	4.00	100.00	2.95
1872	140.00	4.85	100.00	3.25	1883	137.25	4.00	95.00	2.95
1873	140.00	4.85	100.00	3.50	1884	129.65	4.00	95.00	3.00
1874	139.50	1.90	100.00	2.50	1885	*129.00	4.00	95.00	2.98
1875	138.00	4.00	100.00	3.00		†122.50	4.00	91.65	2.98
1876	138.00	4.00	100.00	2.75	1886	*94.90	3.95	60.00	2.10
1777	139.00	4.00	100.00	2.75		†80.50	3.95	50.00	2.10
1878	139.00	4.00	100.00	2.75	1887	*95.75	3.85	60.00	3.00
1879	140.00	4.00	100.00	2.75		†81.75	3.85	50.00	3.00

*Unlimited rate. †Limited rate. *In May, 1854.

QUARTERMASTER'S OFFICE,
New Orleans, La., September 23, 1864.

GENERAL: In reply to your communication of the 19th instant I have the honor to state that there has been no regular line of steamers or sailing vessels between this place and San Francisco, either via the Isthmus or Cape Horn since 1858. In that year a company started a steamship named the *Costacoalcos* between here and the Isthmus, but only two or three trips were made. I can not learn what the charges were for either freight or passage, as there is no trace of said company now in existence.

With the exception of the above, up to and including 1860, the only route of travel and freight from here to San Francisco was via New York or Havana where connection was made with the Greytown or Aspinwall steamers; but neither at that time nor since have any through rates from here been in operation.

The rate of passage from Saint Louis to New Orleans in 1860 was	$25.00
Freight for 100 pounds	1.00
From the opening of the Mississippi River to the 30th of June, 1864, the regular rates have been:	
For passage	20.00
Freight per 100 pounds	.50

Private boats, such as the *Great Republic* in 1859 and the *Natchez* later, charged $25 for passage, and in times of "opposition" rates were much lower, but the above were those charged by regularly organized companies.

The Atlantic and Mississippi Steamship Company failed in 1870. The Saint Louis and New Orleans Packet Line and the Merchants' Southern Packet Line ran their boats from 1871 to 1878, and the Anchor Line, organized in 1878, is the only one now in existence.

There are no records of the old lines now in this city, and the foregoing information was obtained from the agent of the Anchor Line and from the steam-boat men who have been running on the Mississippi River for thirty years.

I am, general, very respectfully, your obedient servant,

J. W. SCULLY,
Major and Quartermaster U. S. Army.

QUARTERMASTER-GENERAL, U. S. ARMY,
Washington, D. C.

WAR DEPARTMENT, *Washington. July* 12, 1861.

DEAR SIR: In making settlements with railroad companies for transportation of troops and supplies, please observe the following as a general basis:

Per passenger per mile, 2 cents for distance moved.

Equipments, munitions, and supplies, accompanying regiments, first-class local rates, which will average about as follows:

	Cents.
20 miles or less, per 100 pounds	10
50 miles, do	15
100 miles, do	25
150 miles, do	40
200 miles, do	50
300 miles, do	75
350 to 400 miles, not exceeding, do	90

For transportation of horses in small lots, the following are the usual estimated weights of railroad companies:

	Pounds.
Single animal	3,000
2 animals	4,000
3 animals	5,000
4 animals	6,500
5 animals	8,000
6 animals	9,000
7 animals	10,000
8 animals	11,000
9 animals	12,000
Full car-loads, thirteen or fourteen horses, usually charged	18,000

All other supplies forwarded by freight trains, all charged local rates according to classification of property, which will usually average, on provisions and heavy freights, 2 to 3 cents per ton of 2,000 pounds per mile. Dry-goods, clothing, and light goods will average 3 to 5 cents per ton of 2,000 pounds per mile.

Respectfully, etc.,

THOMAS A. SCOTT,
General Manager.

Major SIBLEY,
Quartermaster's Department.

REPORT OF THE COMMITTEE.

Resolved, That the rates offered to the Government for the transportation of passengers shall be 2 cents per mile, allowing to each soldier not exceeding 80 pounds of luggage—this to include those things ordinarily carried by a soldier in heavy marching order, and tents.

Resolved, That the rates for the transportation of freights shall be (under the four classifications last made by the four Atlantic trunk lines, with the additions hereunto annexed) the same as for the time being are charged for general transportation either local or through; but upon these rates, both local and through, there shall be made a reduction of 10 per cent. upon all transportation ordered by the Government through its proper officers; *Provided*, That, the rates for 50 miles or less shall not exceed on first class, 5 cents; on second class, 4½ cents; on third class, 4½ cents, and on fourth class, 4 cents per ton per mile; and that on distances above 50 miles the rate shall not exceed on first class, 3 cents; on second class, 2¾; on third class, 2½ cents, and on fourth class, 1¼ cents per ton per mile; and that whatever the distance ordered, the full length so ordered shall govern the rate whether the freight passes over one or many roads: *And further provided*, That in the application of the maximum rates to distances over 50 miles no increased distance shall be charged a less price, and the distance shall be estimated on both freight and passengers by the shortest lines, allowance being made for intermediate distances between terminal stations of connecting lines. It shall be the duty of each company to furnish the Secretary of War and to the Quartermaster-General copies of their through and local tariffs, and when changes are made to notify them of the same.

Resolved, That it is the opinion of this convention that the Secretary of War should make such compensation as will be equitable to those roads whose expenses are enhanced by reason of being in or near the seat of war.

Resolved, That Hon. Erastus Corning, Samuel M. Felton, and Thomas L. Jewett be a committee on the part of this convention to confer and co-operate with the Secretary of War and the Quartermaster-General from time to time, with authority to take such action as may be necessary to produce harmonious and satisfactory results in the business relations of the Government with the railroads of the United States.

SPECIAL CLASSIFICATION.

First class.—Drums (twice first class), haversacks, canteens, camp kettles, and mess-pans, wagon covers, furniture and camp stools, hard bread, powder in barrels, buckets, clothing.

Second class.—Gun carriages, caissons, forges and light artillery mounted, wagons and ambulances, loaded car, 28 feet in length, estimated at 12,000 pounds, other lengths of cars in proportion. Tents and tent poles, sabers in boxes, cattle, and horses reckoned at 18,000 pounds to a load for a car 28 feet long, and other sizes of cars in proportion.

Third class.—Fixed ammunition, small-arms ammunition, Sibley tent-stoves.

Fourth Class.—Cannon and mortars not mounted, cannon balls and shells, lumber, and timber, flour, beef, pork, hay (hay reckoned at 18,000 pounds to a car load).

GENERAL ORDERS, }
No. 9. }

QUARTERMASTER-GENERAL'S OFFICE,
Washington, D. C., February 22, 1867.

By authority of the Secretary of War the military rates prescribed by the circular of the Quartermaster-General of May 1, 1862, will cease to apply in settlement for railroad transportation services rendered after the first day of March, 1867.

Officers of the Quartermaster's Department are informed that unless a more favorable special arrangement can be made with the railroad companies, separately or in

satisfaction, either for fixed periods or in each case as it arises, settlement may be made at the rates of the public tariff, at date of service, of the railroad company or railroad line performing the transportation.

Officers paying railroad transportation accounts will be careful to provide themselves with authentic and official copies of the tariff of the railroads performing the services in force at the dates of service.

The forms of transportation orders and of bills of lading now in use, or as they may be modified by the revised regulations of the Quartermaster's Department, will be adhered to, and also the Government classification of stores and general method of settlement of accounts until further orders.

The restrictions hitherto existing upon payments to railroads which have received grants of lands from the Government are still in force.

D. H. RUCKER,
Acting Quartermaster-General, Brt. Major-General, U. S. Army.

UNITED STATES PACIFIC RAILWAY COMMISSION,
10 *Wall Street, New York, November* 5, 1887.

SIR: The United States Pacific Railway Commission, which has been charged by Congress with the duty of furnishing information respecting the working and financial management of the bond-aided Pacific railroads and their relations to the Government, request that you will kindly cause to be furnished to it information on the following points, the particulars asked for being necessary for the preparation of complete answers to the interrogatories set forth by Congress in the act creating the Commission.

In the course of the investigation, complaint has been made by the officers of the bond-aided Pacific railroads that the United States Government had discriminated against them by sending seamen across the continent via Panamá instead of by rail over the bond-aided roads, and by sending material and supplies by way of Panama and by Cape Horn instead of over their roads. This complaint is based on the assumption that it was the duty of the Government, all else being equal, to give the transportation to bond-aided roads in preference to non-aided lines.

Will you kindly inform the Commission what has been the policy of the Department respecting this transportation, and if such diversions have occurred, kindly state the specific instances, the amounts involved, and the reason therefor.

By section 6 of the act of July 1, 1862, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," the bond-aided roads were required to transmit dispatches over their telegraph lines, and to transport mails, troops, and munitions of war, supplies and public stores on said railroad for the Government whenever required to do so by any department thereof. They were also required to give the Government the preference in the use of the same at fair and reasonable rates of compensation, not to exceed the amounts paid to private parties for the same kind of service.

The Commission would be glad to know whether, so far as your Department is concerned, those provisions have been complied with.

I have the honor to remain,

Very respectfully, your obedient servant,

ROBERT E. PATTISON,
Chairman.

Hon. W. C. WHITNEY,
Secretary of Navy, Washington, D. C.

NAVY DEPARTMENT,
Washington, November 14, 1887.

SIR. I have the honor to acknowledge the receipt of your letter of the 5th instant, requesting to be furnished with information on the several points therein presented, with regard to the alleged discrimination against the bond-aided Pacific railroads in the transportation of seamen and freight to the Pacific coast; and asking whether the conditions of the act of July 1, 1862, requiring preference to be given to the Government in the use of the railroad and telegraph line from the Missouri River to the Pacific Ocean in the transmission of telegraphic dispatches and the transportation of mails, troops, and munitions of war, supplies and public stores on said railroads have been complied with. In reply I have to inclose herewith a copy of a circular letter, addressed to the chiefs of the several Bureaus of the Department, and copies of the several replies thereto.

Very respectfully,

D. B. HARMONY,
Acting Secretary of the Navy.

Hon. ROBERT E. PATTISON,
Chairman U. S. Pacific Railway Commission,
10 Wall street, New York.

[Circular to the Bureaus.]

NAVY DEPARTMENT, *November 7, 1887.*

SIR: Please report to the Department, without delay, on the following points presented in a communication from the chairman of the United States Pacific Railway Commission:

I. Has there been any discrimination against the bond-aided Pacific railroads by sending seamen across the continent via Panama instead of by rail over such roads?

II. The same as to sending material and supplies by way of Panama and by Cape Horn, instead of over those roads.

III. What has been the policy respecting this transportation, and if such diversions have occurred, state the specific instances, the amounts involved, and the reason therefor.

IV. The chairman states that "By section 6 of the act of July 1, 1862, entitled 'An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes,' the bond-aided roads were required to transmit dispatches over their telegraph lines and to transmit mails, troops, and munitions of war, supplies and public stores on said railroads for the Government whenever required to do so by any department thereof. They were also required to give the Government the preference in the use of the same at fair and reasonable rates of compensation, not to exceed the amounts paid to private parties for the same kind of service," and asks whether those provisions have been complied with.

Very respectfully,

D. B. HARMONY,
Acting Secretary Navy.

NAVY DEPARTMENT, BUREAU OF STEAM ENGINEERING,
Washington, November 8, 1887.

SIR: Replying to Department's circular, dated the 7th instant, regarding points presented in a communication from the chairman of the United States Pacific Railway Commission, I have the honor to report that so far as this Bureau is concerned, it has never discriminated against "the bond-aided Pacific railroads," in sending freights to the Pacific coast, and has no reason to believe that its charges for transportation of the small amount of freight which has been sent by this Bureau are in excess of that charged to private parties for same kind of service.

Respectfully,

GEO. W. MELVILLE,
Chief of Bureau.

Hon. W. C. WHITNEY,
Secretary of the Navy.

NAVY DEPARTMENT, BUREAU OF CONSTRUCTION AND REPAIR,
Washington, D. C., November 9, 1887.

SIR: In reply to the Department's circular of the 7th instant, you are respectfully informed that this Bureau is not aware of any discrimination against the bond-aided Pacific railroads. In point of fact, all material sent to California by this Bureau are shipped through the Quartermaster-General of the U. S. Army, and the accounts for the same are settled by the Fourth Auditor.

I am, sir, very respectfully, your obedient servant,

T. D. WILSON,
Chief Constructor, U. S. Navy, Chief of Bureau.

Hon. W. C. WHITNEY,
Secretary of the Navy.

NAVY DEPARTMENT, BUREAU OF MEDICINE AND SURGERY,
Washington, November 8, 1887.

SIR: Referring to circular of November 7, I have the honor to state that all shipments of stores, and all transfers of sick or insane men, under charge of this Bureau, have been, and are, made over the Pacific railroads. No shipments or transfers have been made to or from California, either via Panama or Cape Horn.

Very respectfully,

F. M. GUNNELL,
Chief of Bureau.

Hon. W. C. WHITNEY,
Secretary of the Navy.

BUREAU OF YARDS AND DOCKS, NAVY DEPARTMENT,
Washington, November 8, 1887.

SIR: In reply to the several interrogatories contained in the Department's circular letter to Bureaus, dated November 7 instant, this Bureau has the honor to report that it has no knowledge of any discrimination having been made against the bond-aided Pacific railroads, to which reference is made in Paragraphs I, II, and III. The provisions enumerated in section 6 of the act of July 1, 1862, referred to in Paragraph IV, have, so far as this Bureau is aware, been complied with.

Very respectfully, your obedient servant,

D. B. HARMONY,
Chief of Bureau.

Commodore D. B. HARMONY, U. S. N.,
Acting Secretary of the Navy.

BUREAU OF ORDNANCE, NAVY DEPARTMENT,
Washington City, November 8, 1887.

SIR: In reply to the Department's circular to the Bureaus of the 7th instant, I have the honor to report that there has been no discrimination against the bond-aided Pacific railroads in the transportation of material, so far as this Bureau is concerned; and the provisions of the law specified have been complied with, as required by the Navy Department circular No. 18, of June 23, 1881.

I am, sir, your obedient servant,

M. SICARD,
Chief of Bureau.

Hon. W. C. WHITNEY,
Secretary of the Navy.

BUREAU OF NAVIGATION, NAVY DEPARTMENT,
Washington, November 8, 1887.

SIR: In compliance with the Department's circular of the 7th instant, I have the honor to report that materials and supplies under the cognizance of this Bureau, which require shipment from eastern stations to the Pacific coast of the United States, are invariably forwarded overland through the Army quartermasters' offices at New York, Philadelphia, and Washington, in accordance with previous orders from the Department.

No shipments to that coast are made by way of Panama or Cape Horn.

Very respectfully, your obedient servant,

J. G. WALKER,
Chief of Bureau.

The SECRETARY OF THE NAVY,
Navy Department.

NAVY DEPARTMENT, BUREAU OF EQUIPMENT AND RECRUITING,
Washington, November 10, 1887.

SIR: Replying to the circular letter of the Department, dated the 7th instant, in reference to points presented in a communication from the chairman of the United States Pacific Railway Commission, the Bureau would respectfully say in answer to the first question that there has been no discrimination against the bond-aided railroads by this Bureau in the matter of transportation of enlisted men.

When the Bureau has had occasion to send men from east to west or *vice versa* they have been uniformly carried by the Pacific Mail Steam-ship Company, via Panama, on account of the cheaper transportation compared with overland route, the difference by the former route being in favor of the Government at least 50 per cent.

In reply to the second question, it is the custom of the Bureau to send all freight overland, as required by Department circular No. 18, of June 23, 1881, the cost of said transportation being paid by the Fourth Auditor of the Treasury on the certificate of the Army quartermaster at Chicago, approved by the Bureau.

The reply of the Bureau to question number one and two seems to answer question "three" of the circular letter.

In reply to the fourth question, that the provisions of section 6 of the act of July 1, 1862, have been complied with; the matter of payment for telegraphing being somewhat similar to that for transportation of freight, the Bureau paying for no telegrams over the bond-aided lines, but simply certifies to the service, and the bills are settled by the Fourth Auditor of the Treasury.

Very respectfully, your obedient servant,

W. S. SCHLEY,
Chief of Bureau.

Hon. W. C. WHITNEY,
Secretary of the Navy.

NAVY DEPARTMENT, BUREAU OF PROVISIONS AND CLOTHING,
Washington, D. C., November 9, 1887.

SIR: I have to report upon the following points presented in Department's circular to the Bureaus, under date of the 7th instant:

(1) "Has there been any discrimination against the bond-aided Pacific railroads by sending seamen across the continent via Panama instead of by rail over such roads?"

Answer. This Bureau is not cognizant of any such discrimination.

(2) "The same as to sending materials and supplies by way of Panama and by Cape Horn, instead of over these roads."

Answer. The files of this Bureau do not show that any discrimination has been made against the said roads in sending materials and supplies via Panama and Cape Horn. In fact the custom has prevailed for years in this Bureau, and continues to prevail, to deliver all supplies pertaining to it to the Quartermaster's Department of the Army, to be shipped over said roads to San Francisco.

(3) "What has been the policy respecting this transportation, and if such diversions have occurred, state the specific instances, the amount involved and the reason therefor?"

Answer. No diversions have occurred.

(4) "By section 6 of the act of July 1, 1862, etc."

Answer. This Bureau is of the impression that the provisions of the law referred to in the fourth paragraph of said circular have been complied with in so far as the Bureau of Provisions and Clothing is concerned.

Very respectfully,

JAMES FULTON,
Paymaster-General U. S. Navy.

THE SECRETARY OF THE NAVY,
Navy Department.

UNITED STATES PACIFIC RAILWAY COMMISSION,
10 *Wall Street, New York, November* 4, 1887.

SIR: The United States Pacific Railway Commission, which has been charged by Congress with the duty of furnishing information respecting the working and financial management of the bond-aided Pacific railroads and their relations to the Government, request that you will

kindly cause to be furnished to it information on the following points, the particulars asked for being necessary for the preparation of complete answers to the interrogatories set forth by Congress in the act creating the Commission.

By section 6 of the act of July 1, 1862, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," the bond-aided roads were required to transmit dispatches over their telegraph lines, and to transport supplies and public stores on said railroad for the Government whenever required to do so by any department thereof. They were also required to give the Government at all times the preference in the use of the same at fair and reasonable rates of compensation, not to exceed the amount paid by private parties for the same kind of service.

The Commission would be glad to know whether, so far as your Department is concerned, those provisions of the law have been complied with.

In a letter of Commissioner William A. J. Sparks to yourself, dated Washington, D. C., May 31, 1887, and transmitted to this Commission, containing a statement of all land patents granted to bond-aided railroads, there was given, at the close, a recapitulation showing the number of acres selected, the estimated number of acres unselected, and the estimated number of acres granted. The total of the acres selected and the estimated number of acres unselected, when added together, do not equal the "estimated number of acres granted." This is a seeming discrepancy which the Commission has not been able to reconcile. Will you be good enough to have an explanation afforded?

The Central Pacific Railroad officials declare that when the Union and Central Pacific Railroads were completed the Government raised the price of land to double the minimum valuation; that settlement was begun upon railroad lands alone, and that at the present time there is twice as much railroad land under cultivation as there is of land obtained by the settler direct from the Government. Can you arrange to have the Commission placed in possession of the facts bearing on these statements? Can you give an estimate of the comparative cost to settlers of Government and of railroad land?

The Central Pacific Railroad Company claims that it has observed all the obligations imposed upon it, and that there has been no delinquency on its part in connection with the patenting of lands granted to it by the Government. They further declare that there has never been a time when the Government was able to meet the requirements of the company with reference to land patents as promptly as the patents were asked for, and that they have lost over $500,000 through the Government's delay, as well as large sections of mineral lands which, at the time of the completion of the road, were not known to be mineral lands.

The officers of that road also allege that on March 22, 1869, there was a suspension of the issuance of the patents by order of the Secretary of the Interior, which suspension lasted a considerable time; that in November, 1869, the granting of one-half of the patents due to the company was suspended for a failure of the company to complete the road; that suspension of land applications, which were made as early as 1867 "for further examination," are still held in abeyance; that intervals of two years elapse between dates of survey of lands and dates of final approval of those surveys by the surveyors-general.

The officials of the same company charge that the rates for surveying the lands covered by the grant, as fixed by the Commissioner of the General Land Office, have been so low as to wholly arrest the progress of surveys within the grant.

Two instances are cited in support of this charge by the officials referred to, who say that—

> During the year 1886 the surveyor-general for the State of Nevada advertised for bids for survey relating to 345 townships of land within the limits of the grant to the Central Pacific Railroad Company in that State; that those 345 townships (embracing about one-half the area of the lands granted to the Central Pacific Railroad Company in the State of Nevada) are still unsurveyed. Specifications for these surveys and the amount which should be allowed as fees for the surveys were advertised, and the bids were to have been offered (according to the advertisement) on November 1 of that year. On the date on which these bids were to be opened not one bid had been received. The proposals had been rejected in their entirety by the surveyors. A like result has attended the offers of the Government for the completion of the surveys of land in California; and on the 1st of July, 1886, the surveyor-general of California returned to the Treasury of the United States the entire amount of the appropriation which had been made by Congress for the completion of the surveys of land in that State, notifying the Commissioner of the General Land Office at the same time that no responsible surveyor would enter into a contract for the completion of the surveys, as the rate of compensation offered by the Commissioner was entirely too low.

The statement of the land agent of the Central Pacific Railroad Company would indicate that the excess of applications for patents over the number of patents issued is 622,000 acres. The letter of the Commissioner of the General Land Office dated May 31, 1887, indicates that applications for 546,000 acres are pending. A difference in dates may account for this seeming discrepancy.

The railroad officials charge that one-half the lands have not been surveyed because of the policy of the Commissiomer of the General Land Office; that surveying for the past two years has been almost wholly suspended, and that the Commissioner of the General Land Office has imposed onerous and unreasonable rules of practice in connection with the disproval of the mineral character of the land.

They further charge that on June 30, 1882, the then Commissioner of the General Land Office reported that his Bureau was several years in arrears, and that from 1882 to 1886 the number of acres pending before the Department on account of railroad land grants has increased from 2,000,000 to 16,000,000 acres; that the present Commissioner had examined and certified but 100,000 acres in one year, out of a total of over 16,000,000 acres, while the average in the previous years had been 584,000 acres; and at the present rate it would require one hundred and sixty years to dispose of pending applications, and that the company could select 1,000,000 acres next year if pending patents were acted upon.

As to these complaints the Commission would be glad to have the views and information of the Interior Department.

The land commissioner of the Kansas Pacific raad declares that his company applied for and paid the fees for patents on 1,000,000 acres of land since 1881, and that up to this time no patents have been granted. If this declaration be correct the Commission will feel obliged for a statement of the causes of delay.

In the examination of the books of the Union Pacific Railroad Company, at Omaha, it was ascertained that that company had been acquiring the ownership of coal lands by making entries in the names of various individuals and by paying the costs of the entries. Are there any facts in the possession of the Interior Department that in any way connect that company with such ownership?

At Kansas City, Hon. John P. Usher, counsel for the Union Pacific Company, insisted that the company had a claim for odd sections in the diminished Delaware reserve. Can you kindly inform us as to the facts respecting this claim?

In the letter heretofore referred to from the Commissioner of the General Land Office to the Secretary of the Interior, dated May 31, 1887, there appears a statement that applications for patents on 4,310.17 acres of land selected by the Sioux City and Pacific Railroad Company are still pending. As that company disposed of all its rights to its land grant in 1874, the Commission desires to be informed as to whether these pending applications are of recent date, or whether they were before the years mentioned and whether the claim is a legal and just one.

Will you be good enough also to inform the Commission whether the bond-aided roads have observed all the duties imposed upon them in connection with their land grants; also what time was consumed by the companies in applying for patents after surveys had been made?

Will you also be good enough to cause to be furnished to the Commission a statement of the balances on deposit each year by each such company for surveying, selecting, and conveying lands. Also copies of calls made by the Secretary of the Interior upon bond-aided railroad companies for payment of costs of selection under the act of June 10, 1886.

Also a statement showing to what extent the bond-aided railroad companies have been selling or transferring uncertified lands.

In connection with the work of the Bureau of Railroads, the Commission desires to ask:

(1) Whether it has been the practice of the Commissioner of Railroads to disallow all insufficient vouchers?

(2) Upon what matters, if any, there are existing differences between the bond-aided companies and the Government?

(3) A statement of the unadjusted accounts between said companies and the Government and the reasons therefor.

(4) In the years 1870, 1872, and 1878, it appears on a superficial examination that the Sioux City and Pacific Railroad Company had net earnings in excess of the interest on its first-mortgage bonds, but did not pay a percentage on its net earnings for those years into the Treasury. Do these facts tally with the records, if there be any, for those years in the office of the Commissioner of Railroads?

(5) The president of the Sioux City and Pacific Railroad Company stated to the Commission that the company which he represented had refused to pay its percentage of net earnings for recent years into the Treasury because of the refusal of the Government to allow the company credits for transportation. To what extent does the information in possession of the Commissioner of Railroads bear out this assertion?

A prompt answer to this letter is earnestly solicited in view of the fact that the Commission has only a few weeks in which to prepare its final report for submission to the President. It should be stated that the Commission has been unable to present these matters to your notice at an earlier date because most of the matters referred to were brought out in testimony in California.

I have the honor to remain, very respectfully, your obedient servant,

ROBERT E. PATTISON,
Chairman.

Hon. L. Q. C. LAMAR,
Secretary of the Interior, Washington, D. C.

DEPARTMENT OF THE INTERIOR,
Washington, November 30, 1887.

SIR: In answer to your request, in letter of 4th instant, for certain information relating to the bonded Pacific railroads, I inclose herewith copy of report of 28th instant from the Acting Commissioner of the General Land Office, with its inclosures; also copy of report of to-day, from the Commissioner of Railroads.

Very respectfully,

D. L. HAWKINS,
Assistant Secretary.

CHAIRMAN PACIFIC RAILWAY COMMISSION.

DEPARTMENT OF THE INTERIOR,
GENERAL LAND OFFICE,
Washington, D. C., November 28, 1887.

SIR: I am in receipt, through reference by the Department for report, of a letter from Hon. Robert E. Pattison, chairman of the Pacific Railway Commission, asking on behalf of said Commission to be furnished with certain information respecting the bond-aided Pacific railroads, in reply to which I have the honor to submit the following:

(1) Reference is made to section 6 of the act of July 1, 1862 (12 Stat, 489), which requires the roads therein mentioned to transmit dispatches over their telegraph lines and to transport supplies and public stores over their railroads for the Government when required to do so by any Department thereof, and to give the Government at all times the preference in the use of the same at fair and reasonable rates of compensation, not to exceed the amount paid by private parties for the same kind of service. Information is asked whether those provisions have been complied with so far as this Department is concerned.

The roads in question furnish transportion for the agents and officers of this office engaged on public business when required to do so upon the order of this office and the Department. Only the regular tariff rates are charged for such transportation. The companies mentioned do not own the telegraph lines along the lines of their respective roads, and hence do not transmit official telegrams.

(2) Reference is made to my letter of May 31 last, addressed to you, and by you transmitted to the Commission, at the close of which is a recapitulation showing the number of acres selected, the estimated number of acres granted, and the estimated number of acres unselected by the bond-aided railroad companies. It is stated that the total of acres selected and the acres unselected when added together do not equal the number of acres granted, and an explanation of the seeming discrepancy is asked.

An examination of the recapitulation in question shows that as respects the Union Pacific, Central Pacific, and Kansas Pacific railroads the number of acres selected, when added to the number of acres unselected, equal the estimated numbers of acres granted.

With respect to the Central Branch Union Pacific, Western Pacific, and Sioux City and Pacific railroads, the table in question shows only the number of acres selected, the number unselected and the number granted being omitted. This omission is explained on page 21 of the letter, where it is stated that as said roads have selected practically all the lands within the limits of their respective grants which were

subject thereto, except perhaps isolated tracts, no estimate of the number of acres granted would be submitted.

The recapitulation was intended to show the number of acres of the classes mentioned embraced within the grant for each particular road. It was not expected that the sum of the first and third columns would be equal to the third. Had such been the case, an estimate of the number of acres granted and the number remaining unselected would have been made and inserted in the proper column.

The nearest estimate of the number of acres granted to the three roads last mentioned that can be given at this time, or in advance of a final adjustment of the grants, is the number of acres selected by each of said companies as set forth in my letter above referred to.

(3) It is stated that the Central Pacific Railroad officials declare that when the Union and Central Pacific railroads were completed, the Government raised the price of land to double the minimum valuation, and that at the present time there is twice as much railroad land under cultivation as there is of land obtained by the settler direct from the Government. Request is made to have the Commission placed in possession of the facts bearing on these statements, and for an estimate of the comparative cost to settlers of Government and of railroad land.

Neither the act of July 1, 1862, nor July 2, 1864, contain any specific provisions increasing the price of the alternate sections reserved to the United States within the limits of the several grants made thereby.

The price of such alternate reserved sections was, however, regulated by general law (act March 3, 1850, 10 Stat., 244), which fixed the price of alternate reserved sections along the limits of all railroads, in aid of the construction of which public lands had been or might thereafter be granted, at $2.50 per acre.

By act of Congress approved March 6, 1868 (15 Stat., 39), it was provided that nothing in the Pacific railroad act of July 1, 1862, and the acts amendatory thereof should be construed to authorize the withdrawal or exclusion from settlement and entry under provisions of the pre-emption or homestead laws of the even-numbered sections along the routes of the several roads therein mentioned which had been or might thereafter be located. It was further provided that such sections should be rated at $2.50 per acre, and be subject to entry only under the homestead and pre-emption laws. The act did not change the price of such lands, but left the same as fixed by the act of 1853.

I am unable to give any information respecting the quantity of railroad land under cultivation as compared to the quantity obtained from the Government by settlers.

Neither can I furnish an estimate of the comparative cost to settlers of Government and of railroad lands, being without information as to the prices charged by the railroad companies for their lands.

(4) It is stated that the Central Pacific Railroad Company claims that it has observed all the obligations imposed upon it and that there has been no delinquency upon its part in connection with the patenting of its lands; that there has never been a time when the Government was able to meet the requirements of the company with reference to land patents as promptly as the patents were asked for, and that they have lost over $500,000 through the Government's delay, as well as large sections of mineral lands which at the time of the completion of the road were not known to be mineral lands.

It is also stated that the officers of the Central Pacific Railroad allege that on March 22, 1869, there was a suspension of the issuance of pat-

ents by order of the Secretary of the Interior, which suspension lasted for a considerable time; that in November, 1869, the granting of one-half of the patents due the company was suspended for a failure of the company to complete its road, and that suspensions which were made as early as 1867 for "further examination" are still held in abeyance.

Referring to the allegation that the issuance of patents was suspended, it appears that on March 22, 1869, the Secretary of the Interior directed this office to withhold all action looking towards the issue of patents for lands to the Central Pacific and Western Pacific Railroad Companies.

The reason for this suspension is not stated in the Secretary's letter, but it is obvious from subsequent correspondence on the subject that it was ordered in view of the joint resolution approved April 10, 1869 (16 Stat., 56), then pending in Congress, which authorized the appointment of a board of five eminent citizens to examine and report upon the condition of the Union Pacific and Central Pacific Railroads.

By letter dated November 3, 1869, Secretary Cox, after stating that the Commission appointed to examine the Union Pacific and Central Pacific Railroads had reported, and its report been accepted and made the basis of an adjustment of the accounts between the United States and said companies, authorized this office to commence the patenting of lands to such companies under their grants in the manner therein directed. In addition to the bonds retained by the United States as security for the completion of said roads in matters reported deficient, one-half of the lands ready for patenting, viz, sections 3, 7, and 11, etc., were to be suspended until further directions from the Department.

The other half, viz, sections 1, 5, 9, etc., were authorized to be patented as fast as surveys and other preliminaries were completed.

On February 1, 1870, Secretary Cox revoked the suspension of March 22, 1869, so far as the same related to the Western Pacific Railroad Company.

November 18, 1874, Secretary Delano, by direction of the President, revoked the partial suspension of November 3, 1869, and directed the issue of patent to the Union Pacific and Central Pacific Railroad companies for all lands inuring to them, the Commissioners appointed during that year to re-examine said roads having reported that the roads were completed as first-class railroads, fully complying with the requirements of law and the instructions of the Department.

In regard to the statement of the company that there has never been a time when the Government was able to meet the requirements of the company with reference to land patents as promptly as the patents were asked for, I have to say that said statement is not substantiated by the records of this office. On the contrary, it appears that patents have been issued within as short periods after selections by the company as were consistent with proper and careful examination of the lists of selections and the preparation of the list for patenting.

A table is herewith submitted showing the dates of selection of lands by the company in the San Francisco land district and the dates of issuance of patents on such selections, an examination of which will show the promptness with which selections have been acted upon; and this table is a fair indication as to promptness of action on selections in other land districts in California.

SAN FRANCISCO DISTRICT.

No. of list.	Date of selection.	No. of acres.	Date of patent.	Acres patented.
1	Oct. 6, 1866	3,418.47	June 29, 1867	3,160.61
			Mar. 25, 1868	17.86
2	Dec. 11, 1866	13,231.06	June 29, 1867	4,592.28
			May 31, 1870	8,511.71
3	Feb. 26, 1867	5,886.26	June 29, 1867	5,809.56
			Mar. 25, 1868	56.70
4	Aug. 15, 1867	2,399.77	Mar. 25, 1868	2,399.77
5	Feb. 8, 1868	2,852.74	Mar. 25, 1868	2,489.13
			Mar. 5, 1870	363.61
6	Dec. 22, 1868	52,904.34	Mar. 5, 1870	52,695.53
7	Mar. 24, 1870	109,898.13	May 31, 1870	103,015.88
8	June 26, 1871	12,421.86	Apr. 3, 1872	9,809.21
9	No list of this number.			
10	Oct. 11, 1872	40,457.53	Dec. 24, 1872	29,988.18
11	Jan. 7, 1874	9,440.67	Feb. 28, 1874	8,312.90
			May 7, 1874	814.71
12	Jan. 30, 1874	1,151.17	Aug. 28, 1874	345.20
			Nov. 25, 1874	91.26
13	Rejected list.			
14	Sept. 7, 1874	10,124.17	Nov. 23, 1874	10,124.17
15	May 24, 1875	2,261.24	July 22, 1875	2,261.24
16	Selections rejected			
17	July 16, 1875	1,002.23	Nov. 23, 1875	655.63
			July 15, 1880	660.20
18	Nov. 6, 1875	3,334.59	Sept. 5, 1876	1,774.46
			June 6, 1879	240.00
19	Sept. 17, 1878	442.34	Nov. 25, 1884	202.34
			July 15, 1880	373.97
20	Apr. 29, 1880	658.97	July 21, 1881	240.00
21	July 6, 1881	10,812.56	June 28, 1883	10,812.56
22	Aug. 4, 1882	318.84		
23	July 27, 1883	2,135.04	Oct. 4, 1894	1,395.04
24	Oct. 20, 1884	3,921.18		

The discrepancy in acreage between the selections and patents is due to the fact that upon examination it was found that portions of the selected lands did not inure to the grant, being excepted therefrom by reason of previous appropriations or reservations, or that at the time the patents were prepared portions of the selected lands were covered by unadjudicated adverse claims, or were involved in cases pending before the Department. In the latter class, where the cases were finally decided in favor of the company, the lands involved were included in the patent issued immediately subsequent to final decision, but the time allowed in preparing this communication has not been sufficient to follow up and show when each particular tract was patented to the company.

In regard to list No. 2, selected December 11, 1866, embracing 13,231 acres, it will be observed that 4,592.28 acres thereof were patented to the company on June 29, 1867, while 8,511.71 acres thereof were not patented until May 31, 1870.

The reason for the delay in this case was that it was found upon examination that the selected lands omitted from the first patent were not conterminous with the company's constructed road. On January 21, 1870, the President accepted evidence of construction of that section of road opposite said lands, and within a short time thereafter, on May 31, 1870, the same were carried into patent. The complaint of the company that they have lost large sections of mineral lands through official delay in issuing patents, which at the time of the completion of the road were not known to be mineral lands, seems hardly worthy of notice or reply.

This office has always endeavored to exclude from patents to said company all mineral lands, and to exercise the greatest care in ascer-

taining whether or not the lands selected were mineral in character; but notwithstanding the care which has been exercised numerous complaints have been received that lands known to be mineral have been patented.

If the efforts of this office have resulted in many cases in saving to the Government lands to which the company was not entitled, and which were excepted from the railroad grant by the express terms thereof, said company certainly has no right to complain, and the fact that it has complained is indicative of a disposition and desire to wrongfully acquire title to lands to which it has and can have no legal right.

As to selection lists No. 22 and 24 and part of list No. 23, still remaining unpatented, action was suspended thereon for a time because the principle governing the company's right to the lands was involved in a case pending before the Department which was finally determined in favor of the company December 15, 1886. (Case of Rees *vs.* C. P. R. R. Co., 5 L. D., 277.)

Action is still suspended on said lists for the reason that in certain railroad selections in California it was required by this office, as a precautionary measure, that special affidavits should be filed by the company, showing the non-mineral character of the lands selected, substantially the same as are required in agricultural cases generally. This requirement was resisted by the company interested, and the matter is now pending on appeal before the Department. If said requirement is finally sustained it will be proper to require non-mineral affidavits as to the lands embraced in the lists referred to. Otherwise, said lists will be examined and patents prepared thereon as soon as the question above stated is settled.

(5) The statement of the company as to the rapid increase of pending railroad selections between the years 1882 and 1886, and the small proportion thereof which has been examined and certified by this office, is substantially correct. The present Secretary of the Interior has, however, given directions for the adjustment of railroad land grants as rapidly as possible, and said directions are being carried into effect to the full extent of the ability of the clerical force of this office available for that purpose.

(6) The discrepancy existing between the statement of the land agent of the Central Pacific Railroad Company and the letter of the Commissioner of the General Land Office, dated May 31, 1887, as to the excess of applications for patents over the number of patents issued, may be accounted for by the fact that many of the lands applied for by the company, whose claim thereto has been finally rejected, are included in the company's statement and omitted from said letter, and the further fact that selections have been made by the company and included in its statement since the statement contained in said letter was prepared.

(7) In regard to pending selections by the Kansas Pacific Railroad Company, I have to say that in the fall of 1883 the agent of the State of Kansas, Hon. S. J. Crawford, filed in this office a brief setting forth that said company had abandoned its grant of lands by failure to construct its road, wholly or in part, on the line indicated by its map of general route, and for this reason action on the company's selections was suspended by Commissioner McFarland. The matter is now in process of examination and will probably be settled in a short time.

(8) In response to the inquiry as to whether there are any facts in the possession of this Department that in any way connect the Union Pacific Railroad Company with the ownership of coal lands to which said company has acquired title by making entries in the names of

various individuals and by paying the cost of the entries, I have to say that a special investigation of certain entries at Omaha disclosed that most, if not all, the parties making the entires were at the date of entry in the regular employ of the Union Pacific Railroad Company and admitted that they did not pay for the lands, but refused to volunteer any further information for fear of impairing their relations with said company. If desired, the names of the entrymen referred to, with a description of the lands entered and the report of the special investigation, can be furnished.

(9) Inquiry is made concerning the facts connected with the claim of the Union Pacific Railroad Company for odd sections of land in the diminished Delaware Reserve. In the treaties between the United States and the Delaware Indians, of May 30, 1860, and July 2, 1861, the Delawares agreed to sell to the Leavenworth, Pawnee and Western Railroad Company (afterwards the Union Pacific Railroad Company, Eastern Division), at their appraised value, the surplus lands, both odd and even sections, within their reservation, not included in their home reserve. During the years 1867 and 1868 three patents, covering 223,890.84 acres of land, appraised at $286,652.82½, were issued to the Union Pacific Railroad Company, Eastern Division, under said treaties. It is presumed that these are the lands referred to.

(10) The pending selections by the Sioux City and Pacific Railroad Company, amounting to 1,937.79 acres, made since the year 1883, are considered valid, if found upon examination to be free from adverse claim. The fact that the company has heretofore disposed of its land grants is not considered material in considering the question by this office as to what lands passed under its grant. A statement is inclosed showing the amount of deposit at the end of each year for surveying by each of the six bond-aided roads.

(11) The Commission also asks whether the bond-aided roads have observed all the duties imposed upon them in connection with their land grants and what time was consumed by the companies in applying for patents after survey had been made. A request similar in character was made by the Commission in a letter dated June 22 last.

To give this information in detail would require a statement showing the dates of survey of each of the numerous townships and parts of townships within the limits of the grants in question, together with the dates of selection of the lands in such townships. To furnish the information in this form, with the force at the command of this office, would be impracticable.

It will perhaps be sufficient to say, however, that the Western Pacific, the Sioux City and Pacific, and the Central Branch Union Pacific made their selections without any unusual delay. All, or about all, the lands within the limits of said grants were surveyed at the dates of the completion of the respective roads, and the bulk of the lands as to which there was no question were selected within the course of three or four years.

It is obvious, however, that the Union Pacific, the Kansas Pacific, and the Central Pacific Railroad companies have been guilty of unreasonable delay in making their selections. For instance, the grant to the Union Pacific Railroad Company in the State of Nebraska amounts to about 4,853,844 acres. Of these all but about 285,000 acres had been surveyed prior to the completion of the last section of the road in 1869, and the survey of the remaining lands was completed during the year 1877. Although ten years have elapsed since the completion of the survey within the limits of its grant in said State the company has

selected but 3,024,444 acres, the same being less than two-thirds of its grant therein.

The grant to said company in the State of Colorado amounts to about 500,000 acres, of which about 150,000 were surveyed at the date of the completion of the road in 1869, and all of which are now surveyed. It has selected but 640 acres in said State, and that was of an even-numbered section, selected under the special indemnity act of June 22, 1874.

Its grant in Wyoming amounts to about 5,016,000, of which all but about 50,000 acres have been surveyed; two-thirds of which was surveyed prior to 1876. Up to this time it has selected but 80,317 acres in said Territory.

Its grant in Utah amounts to about 850,000, of which about 85,000 acres were surveyed at date of the completion of the road in 1869. About one-half the grant was surveyed prior to 1876, and about 370,000 acres are still unsurveyed. The company has selected but 42,360 acres in said Territory.

The grant to the Kansas Pacific Railroad Company in the State of Kansas amounts to about 4,000,000 acres. Of this amount all but about 208,000 acres was surveyed at the completion and acceptance of the last section of said company's road, which occurred October 12, 1872, and surveys of the whole were completed during the year 1874. Although thirteen years have elapsed since the completion of the surveys, the company has selected but 1,716,671.90 acres—less than one-half its grant in the said State.

Its grant in the State of Colorado is estimated at about 2,000,000 acres. Of this about 1,200,000 acres were surveyed prior to 1870, and the survey of the whole was completed during the year 1883. It has selected altogether in said State but 71,580.93, or less than one-twentieth of its grant therein. The grant to the Central Pacific Railroad Company in the State of California is estimated at 1,600,000 acres. Of this amount about 1,000,000 acres were surveyed prior to the completion of said company's road, and all but about 60,000 acres are now surveyed. The company has selected 819,768.37 acres, or about one-half of its grant in said State.

The grant to said company in the State of Nevada amounts to about 5,100,000 acres, of which about 700,000 acres were surveyed at the date of the completion of the road and about 2,000,000 are now surveyed. The company has selected 517,332.23 acres, or about one-fourth of the surveyed lands within its grant in said State.

Its grant in the Territory of Utah amounts to about 1,300,000 acres. Of this about 250,000 acres were surveyed at the date of the completion of the road in 1869, and about 850,000 acres are now surveyed. The railroad company made no selections whatever in said Territory until February, 1884, nearly fifteen years after the completion of its road, and has selected, all told, but 517,332.23 acres therein.

(12) Owing to pressure of business no lists of lands have as yet been prepared for patenting under act of May 10, 1886, and no calls made by this Department on the bond-aided companies for payment of cost of selections under said act.

(13) This office has no information showing to what extent the bond-aided railroad companies have been selling or transferring uncertified lands.

(14) Referring to the statement that intervals of two years elapse between the dates of survey of lands and dates of final approval by the surveyor-general, I have to state that as no particular contracts or

surveys which have been thus delayed are mentioned it is not practicable for this office to make a definite reply to the allegation, but if such delays have occurred they may have been due to the failure on the part of the deputy surveyor to make returns promptly upon completion of his field work, or to inadequate appropriations for clerical services in the office of the surveyor-general which rendered it impracticable to construct the necessary plats and prepare transcripts of field notes within a reasonable time after the receipt of the returns.

Heretofore it has been the practice in the offices of the several surveyors-general to cause the returns of surveys to be examined, and if upon such office examinations the surveys appeared to have been properly executed the requisite plats and transcripts were prepared, the surveys approved and the duplicate plats and field notes forwarded to this office for final action. The examinations in the field during the past years (and especially in California) have proved conclusively that a very large proportion of the surveys executed under contracts made prior to the incoming of the present administration were fraudulent in character.

Under date of April 1, 1887, the United States surveyor-general of California advised this office that he had approved several surveys and accounts contracted under his predecessor, but in future he should refuse to do so except under special instructions or after the work had been verified in the field. In reply the surveyor-general was advised that his approval or rejection of a survey was a matter within his own judgment and discretion, and that this office would not instruct him in the matter of approval, but that in case he rejected a survey he should do so formally and notify the deputy accordingly. Soon after assuming the duties of his office, Commissioner Sparks deemed it proper, in view of developments made by field examinations and of the complaints against the inaccuracy of surveys in many localities, to suspend action in the matter of acceptance of and payment for surveys until the same could be examined in the field. Owing to the limited means placed at the disposal of this office for the conduct of field examinations, and the large number of surveying returns subsequently received, this rule caused delay in the acceptance of surveys in many cases, but the number of fraudulent and defective surveys in several surveying districts which have been brought to light by the rigid examinations of the past two years fully justifies the conclusion to suspend final action upon surveying returns until the true character of the work could be ascertained.

Under date of April 5, 1886, the surveyor-general of Nevada was advised of the apportionment to his district of the sum of $10,000 from the appropriation for the fiscal year ending June 30, 1886. He was instructed that the contracts must state specific rates, and that only the minimum rates per mile provided in the appropriation act would be allowed without special authority from this office, and that if a survey was proposed for which augmented rates were necessary the surveyor-general must forward a statement showing the reason why the survey is required and specifically why augmented rates should be allowed, setting forth the character of the land and all particulars necessary to the formation of a judgment by the commissioner upon the question of authorizing such contract. The instructions stated further that the present policy of this office is to confine the survey of public lands to the agricultural lands embracing existing settlement or similar lands contiguous to such settlements and within regular progress of survey. In letter dated May 13, 1886, the surveyor-general of Nevada, referring to the instructions from this office dated April 5, 1886, stated that the

surveyors in his district would not compete for the execution of surveys at the minimum rates allowed by said instructions, that Nevada is not an agricultural State and presents no attractions for the settler; that there are not a dozen quarter-sections in the State worth settling upon; that the grazing interest is, after mining, the main industry; that the demand for lands now comes from the present and prospective cattle interests who desire to occupy the valleys embracing the creeks and springs for stock purposes. In reply he was informed that from the admissions in his letter, which present the existing condition of the land, agricultural, and grazing interests of Nevada in a frank and satisfactory manner, it was evident that further surveys in the interest of actual settlers under the provisions of the homestead and pre-emption laws are not needed at present, and that "under existing official regulations and the present status of the industries of the State of Nevada, the only surveys permissible are of the lands situate on either side of the line and within the limits of the Central Pacific Railroad Company. If any surveys can be effected thereon you are requested to present the date regarding the same for my examination and action."

Contracts aggregating $8,948 were subsequently awarded. One of these contracts falling within the railroad grant was approved; the others were rejected as not complying with regulations.

By letter dated September 22, 1886, the surveyor-general of Nevada was advised of the appropriation of $30,000 per act of August 4, 1886, for surveying the public lands in Nevada, and was instructed that the lands within the grant to the railroad company should be surveyed in reference to other lands.

He was authorized to list and call for bids for the survey of all remaining unsurveyed lands situate on either side of the line of the railroad within the granted limits in the State of Nevada at rates of mileage not to exceed the maximum allowed by law.

Contracts to the entire amount of the appropriation have been let for surveys within the railroad grant in Nevada and the surveys are now in process of execution.

In the matter of the apportionment for the survey of public lands in California during the fiscal year ending June 30, 1886, the records show that under date of February 10, 1886, the surveyor-general was advised of the apportionment of the sum of $17,500 for surveys in that State. He was informed that under contracts for the subdivision of a township the survey of such township must be completed in its entirety, unless natural obstacles render such completion absolutely impossible; that the practice of surveying the easier portions of a township and omitting the more difficult portions would not be permitted; that his first attention must be given to closing up the fractional surveys which had theretofore been made in that manner, and that except as stated "you will confine the expenditure of the present appropriation exclusively to agricultural lands and will restrict township surveys to lands within the range of the progress of settlement." Contracts will not be made for the survey "of townships remote from settlement nor for the survey of forests nor of heavily timbered lands."

The restrictions as to surveying rates in California were the same as given to the surveyor-general of Nevada in a letter of April 5, 1886, cited above.

Under date of March 24, 1886, the surveyor-general of California, referring to office letter of February 10, 1886, urged that augmented rates be allowed for all the surveys to be contracted in his district.

To this request this office replied April 2, 1886, that it was not disposed to give general authority to contract for surveys at the aug-

mented rates, and insisted upon the presentation of all the facts showing the necessity for the survey of lands requiring augmented rates before sanctioning the letting of contracts at such rates.

On March 29, 1886, the surveyor-general submitted a list of townships in southern California, which he proposed putting under contract, the cost, about $5,000, to be paid from amounts deposited by the Central Pacific Railroad Company and its branches, and requested, in view of the rough and mountainous character of the lands, that augmented rates be allowed in the letting of this contract.

By letter dated April 8, 1886, the surveyor-general was authorized to invite proposals for the survey of the townships named, at rates not exceeding $13 per mile for standard and meander lines; $11 for township and $7 for section lines, the same being the augmented rates provided in the act approved March 3, 1885, for the survey of "lands heavily timbered, mountainous, or covered with dense undergrowth."

On May 21, 1886, the surveyor-general advised this office that notice inviting bids for this work had been posted in his office and in the United States land office at Los Angeles, as required by instructions, but no bids had been received. On April 14, 1886, the surveyor-general submitted a list of eleven townships in southeastern California which he deemed advisable to put under contract for survey, payable from the regular appropriation, and stated that from information obtained through settlers and others it appeared that the country sought to be surveyed was of such a character that a survey could not be made at the rates allowed, and requested to be permitted to enter into contract for the survey of said townships at augmented rates under section 2405, Revised Statutes, United States, viz, $18 for standard parallels, $16 for township and $14 for section lines.

To this request the office replied under date of April 24, 1886, that—

> The augmented rates specified in section 2405, Revised Statutes, for the survey of lands densely covered with forest or thick undergrowth ($18, $16, and $14) are allowable only at my discretion.
>
> The act approved March 3, 1885, making appropriation for the survey of public lands, specifically provides that the Commissioner may allow for the survey of lines through heavily timbered, mountainous, or covered with dense undergrowth, $13, $11, and $7 per mile for standard, township, and section lines, respectively, with lesser augmented rates for Oregon and Washington Territory.
>
> In view of this later enactment, which limits my discretion to given rates, I do not deem it proper to consider those named in section 2405 of the Revised Statutes, United States, and must decline to authorize you to contract for surveys thereunder.

An application dated April 19, 1886, by Mr. Jerome W. Madden, land agent of the Southern Pacific Railroad Company, for the survey of certain lands in southern California, was filed in this office by Hon. Leland Stanford, United States Senate, and under date of May 5, 1886, the surveyor-general was authorized to advertise for proposals for the survey, and the restrictions as to minimum rates and timber lands were waived in this instance.

Under date of May 28, 1886, in replying to a letter from the surveyor-general, dated May 14, he was advised that—

> Until the implied restriction of the Revised Statute rates shall have been modified or omitted in the act making appropriation for public surveys, I do not deem it expedient to entertain any suggestion as to their allowance.

From the foregoing it will appear that the only contract let by the surveyor-general of Nevada within the railroad grant, and payable from the appropriation for the year ending June 30, 1886, was approved by this office, and that the entire appropriation of $30,000 for surveys in Nevada during the year ending June 30, 1887, has been applied to surveys within the railroad grant and contracts therefor duly approved,

As to surveys in California the surveyor-general was authorized to advertise for proposals at not exceeding the minimum rates allowed by the appropriation act, and instructed in all cases where surveys were proposed for which augmented rates were necessary to forward a full statement of the reason why the survey was required, why augmented rates should be allowed, and all particulars necessary for this office to judge of the propriety of authorizing contracts for such work. No contracts were let even at the augmented rates allowed by the appropriation act, and this office regarded said act as limiting its discretion to the rates therein named and declined to authorize surveys at the rates named in section 2405, Revised Statutes of the United States.

The acts making appropriations for public land surveys for the fiscal years ending June 30, 1887 and 1888, make no provision for augmented rates.

The Commission's letter is herewith returned.

I am, sir, very respectfully, your obedient servant,

S. M. STOCKSLAGER,
Acting Commissioner.

Hon. L. Q. C. LAMAR,
Secretary of the Interior.

DEPARTMENT OF THE INTERIOR,
OFFICE OF COMMISSIONER OF RAILROADS,
Washington, November 30, 1887.

SIR: I received yesterday for the second time the questions of the chairman of the "U. S. Pacific Commission" referred to me by the Department on the 7th instant, but returned unanswered, for the reasons then given. Upon verbal instructions given yesterday I now reply to them.

In connection with the work of the Bureau of Railroads, the Commission desires to ask:

(1) Whether it has been the practice of the Commissioner of Railroads to disallow all insufficient vouchers?

Answer. I have found none. Had I, they would have been treated as an honest man treats counterfeit money.

(2) Upon what matters, if any, there are existing differences between the bond-aided companies and the Government?

Answer. The only such differences that occur to me are two cases between the Union Pacific Railway Company and the Government—whether the earnings of the Union Pacific Company's bridge at Omaha and those of its Pullman sleeping-cars, are liable for a percentage to the Government; this Department decided that it was. The company paid, but instituted suit in the Court of Claims to recover the two sums.

(3) A statement of the unadjusted accounts between said companies and the Government and the reasons therefor?

Answer. There are none such.

(4) In the years 1870, 1872, and 1878 it appears on a superficial examination that the Sioux City and Pacific Railroad Company had net earnings in excess of the interest on its first-mortgage bonds, but did not pay a percentage on its net earnings for those years into the Treasury. Do these facts tally with the records, if there be any for those years, in the office of the Commissioner of Railroads?

Answer. The United States circuit court, district of Iowa, in its October term, 1876, decided that the Sioux City and Pacific Railroad Com-

pany's earnings up to October 31, 1874, were not more than sufficient to pay the interest on its first-mortgage bonds, and the Supreme Court affirmed the decision, and the records of this office show that the earnings of the road from November 1, 1874, to June 30, 1879, were not equal to the interest on the first-mortgage bonds, therefore nothing was due from the company to the Government in all that period.

(5) The president of the Sioux City and Pacific Railroad Company stated to the Commission that the company which he represented had refused to pay its percentage of net earnings for recent years into the Treasury because of the refusal of the Government to allow the company credits for transportation. To what extent does the information in possession of the Commissioner of Railroads bear out this assertion?

Answer. There is no information in this office to bear out the assertion of the president of the Sioux City and Pacific Railroad Company. This company instituted suit in the Court of Claims April 13, 1886, to recover one-half of the Government transportation on the aided portion of the road and the entire transportation on the non-aided portion from October, 1879, to July, 1884. Judgment was rendered against the United States, and on August 23, 1886, the sum of $82,766.80 was paid the company in cash.

Respectfully submitted.

J. E. JOHNSTON,
Commissioner.

Hon. L. Q. C. LAMAR,
Secretary of the Interior.

Sioux City and Pacific Railroad Company.

Dr.				Cr.			
Date.		Field.	Office.	Date.		Field.	Office.
1869. Dec. 31	To balance	$178.69	$31.66	1869. July 21	By deposits...	$178.69	$31.66
1883. Dec. 31	To balance	249.41	62.67	1870. Jan. 1	By balance ...	178.69	31.66
				1883. Feb. 27	By deposits...	70.72	31.01
		249.41	62.67			249.41	62.67

Western Pacific Railroad Company.

1866. Dec. 31	To balance	$903.00	$346.00	1866. Dec. 28	By deposits ...	$711.00	.....
				28	....do.....	.....	$250.00
				Oct. 13	....do.....	192.00	.....
				13	....do.....	.....	96.00
		903.00	346.00			903.00	346.00
1867. Dec. 31	To balance	1,321.00	486.00	1867. Jan. 1	By balance....	903.00	346.00
				Feb. 26	By deposits ...	313.00	.....
				26	....do.....	.....	105.00
				Aug. 15	....do.....	105.00	.....
				15	....do.....	.....	35.00
		1,321.00	486.00			1,321.00	486.00
1868. Dec. 31	To balance	3,829.50	1,322.00	1868. Jan. 1	By balance....	1,321.00	486.00
				Feb. 8	By deposits ...	129.50	43.00
				Jan. 7	....do.....	2,379.00	793.00
		3,829.50	1,322.00			3,829.50	1,322.00

Western Pacific Railroad Company—Continued.

Dr.				Cr.			
Date.		Field.	Office.	Date.		Field.	Office.
1870.				1869.			
Dec. 31	To balance	$5,956.18	$1,990.38	Jan. 1	By balance	$3,829.50	$1,322.00
				1870.			
				Jan. 14	By deposits	2,126.68	668.38
		5,956.18	1,990.38			5,956.18	1,990.38
1871.				1871.			
Dec. 31	To balance	8,379.70	2,714.89	Jan. 1	By balance	5,956.18	1,990.38
				Feb. 3	By deposits	1,963.52	654.51
				July 25	....do	50.00	25.00
				Aug. 14	... do	410.00	45.00
		8,379.70	2,714.89			8,379.70	2,714.89
1874.				1872.			
Sept. 30	To expenditures	129.50	*12.95	Jan. 1	By balance	8,379.70	2,714.89
30	....do	2,374.77	*237.47	1874.			
Aug. 17	....do	410.00	*41.00	June 3	By deposits	196.00	34.00
17	....do	74.79	*7.47				
Dec. 31	To balance	5,586.64	2,450.00				
		8,575.70	2,748.89			8,575.70	2,748.89
1875.				1875.			
Feb. 24	To expenditures	201.00	*20.10	Jan. 1	By balance	5,586.64	2,450.00
Aug. 19	....do	202.62	*20.26	Aug. 5	By deposits	108.00	1.00
Jan. 14	....do	209.08	*20.90				
Feb. 24	....do	1,753.64	*175.38				
Jan. 14	....do	121.21	*12.12				
Dec. 31	To balance	3,206.29	2,202.18				
		5,694.64	2,451.00			5,694.64	2,451.00
1877.				1876.			
Dec. 31	To balance	3,224.29	2,220.18	Jan. 1	By balance	3,206.29	2,202.18
				1877.			
				June 29	By deposits	18.00	18.00
		3,224.29	2,220.18			3,224.29	2,220.18
1878.				1878.			
Oct. 19	To expenditures	1,216.60	.....	Jan. 1	By balance	3,224.29	2,220.18
19	... do	1,723.06	.....	Feb. 13	By deposits	36.00	18.00
23	... do	.....	361.22	Oct. 31	... do	12.00	6.00
Aug. 20	... do	108.00	.....	31	... do	24.00	12.00
D[illegible] 31	To alance	219.23	1,894.96				
		3,296.29	2,256.18			3,296.29	2,256.18
1880.				1879.			
Dec. 31	To balance	335.23	1,937.46	Jan. 1	By balance	249.23	1,894.96
				1880.			
				Mar. 3	By deposits	71.00	35.50
				3	....do	15.00	7.50
		335.23	1,937.46			335.23	1,937.46
1881.				1881.			
Dec. 31	To balance	707.15	2,061.43	Jan. 1	By balance	335.23	1,937.46
				June 30	By deposits	6.99	2.33
				30	....do	364.93	121.64
		707.15	2,061.43			707.15	2,061.43
1883.				1882.			
Dec. 31	To balance	781.61	2,087.25	Jan. 1	By balance	707.15	2,061.43
				1883.			
				July 24	By deposits	5.40	1.80
				26	....do	72.06	24.02
		784.61	2,087.25			784.61	2,087.25
1884.				1884.			
Dec. 31	To balance	1,154.12	2,210.42	Jan. 1	By balance	784.61	2,087.25
				Sept. 10	By deposits	237.17	79.06
				Oct. 17	....do	132.34	44.11
		1,154.12	2,210.42			1,154.12	2,210.42

* Estimated.

Central Pacific Railroad Company.

Dr. Cr.

Date.		Field.	Office.	Date.		Field.	Office.
1865. Dec. 31	To balance	$2,512.00	$855.00	1865. May 26	By deposits	$2,512.00	
				26	do		$855.00
		2,512.00	855.00			2,512.00	855.00
1866. Dec. 31	To balance	6,274.57	1,838.00	1866. Jan. 1	By balance	2,512.00	855.00
				Sept. 10	By deposits	1,831.57	
				10	do		545.00
				Nov. 12	do	1,831.00	
				12	do		438.00
		6,274.57	1,838.00			6,274.57	1,838.00
1871. Dec. 31	To balance	7,534.57	2,325.33	1867. Jan. 1	By balance	6,274.57	1,838.00
				1871. July 12	By deposits	429.00	143.33
				Dec. 28	do	830.00	344.00
		7,534.57	2,325.33			7,534.57	2,325.33
1872. Dec. 31	To balance	8,623.37	2,857.23	1872. Jan. 1	By balance	7,534.57	2,325.33
				Sept. 23	By deposits	45.00	10.00
				Oct. 15	do	1,043.80	521.90
		8,623.37	2,857.23			8,623.37	2,857.23
1873. Dec. 31	To balance	9,123.37	2,957.23	1873. Jan. 1	By balance	8,623.37	2,857.23
				Aug. 7	By deposits	500.00	100.00
		9,123.37	2,957.23			9,123.37	2,857.23
1874. Aug. 17	To expenditures	860.00	*86.00	1874. Jan. 1	By balance	9,123.37	2,957.23
17	do	500.00	*50.00	Feb. 3	By deposits		73.00
Dec. 31	To balance	7,763.37	2,896.23			9,123.37	3,032.23
		9,123.37	3,032.23	1875. Jan. 1	By balance	7,763.37	2,896.23
1875. Jan. 14	To expenditures	400.00	*40.00	6	By deposits	832.23	945.20
14	do	45.00	*4.50	Nov. 8	do	126.00	63.00
14	do	1,043.80	*104.38	Jan. 20	do	8,206.67	2,751.32
Dec. 31	To balance	15,490.47	6,506.67			16,988.27	6,655.75
		16,988.27	6,655.75	1876. Jan. 1	By balance	15,490.47	6,506.67
1876. Jan. 24	To expenditures	2,512.00	*251.20	Feb. 23	By deposits	264.00	132.00
24	do	1,931.57	*193.15	Oct. 17	do	6.00	3.00
24	do	1,241.52	*124.15	Feb. 23	do	5,779.26	2,889.62
Feb. 15	do	203.23	*20.32	23	do	5,307.85	1,425.07
Sept. 12	do	67.02	*6.70				
Oct. 18	do	2,885.78	*288.57				
Dec. 31	To balance	18,015.45	10,072.47				
		26,856.58	10,956.56			26,856.58	10,956.56
1877. Jan. 19	To expenditures	2,849.10	*284.91	1877. Jan. 1	By balance	18,015.45	10,072.47
Dec. 31	To balance	15,637.58	10,038.17	July 30	By deposits		15.00
				Feb. 26	do	471.23	235.61
		18,486.68	10,323.08			18,486.68	10,323.08
1878. Apr. 16	To expenditures		945.20	1878. Jan. 1	By balance	15,637.58	10,038.17
16	do		33.73				
Aug. 20	do	126.00					
Mar. 19	do	5,417.57					
Aug. 20	do	264.00					
Oct. 23	do		58.65				
23	do		58.50				
Sept. 18	do	1,558.34					
Oct. 9	do		85.64				
9	do		50.00				
Dec. 31	To balance	8,271.67	8,806.36				
		15,637.58	10,038.17			15,637.58	10,038.17

*Estimated.

Central Pacific Railroad Company—Continued.

Dr. Cr.

Date.		Field.	Office.	Date.		Field.	Office.
1879.				1879.			
Dec. 20	To expenditures	$1,683.25	*$168.52	Jan. 1	By balance	$8,271.67	$8,896.36
Nov. 20	do	961.58	*96.15				
Dec. 31	To balance	5,624.84	*8,541.69				
		8,271.67	8,896.36			8,271.67	8,896.36
1880.				1880.			
Feb. 4	To expenditures		226.40	Jan. 1	By balance	5,624.84	8,541.69
Jan. 23	do	4,901.08		17	By deposits	20.00	10.00
Feb. 26	do	2,525.34		23	do	848.00	174.00
Apr. 13	do	2,012.35		Mar. 9	do	668.42	100.28
	do	432.46		22	do	1,387.72	196.31
Feb. 16	do	2,605.70		26	do	314.64	58.99
Aug. 11	do	45.70		Apr. 17	do	22.24	7.41
28	do		25.00	May 4	do	280.27	93.44
Oct. 11	do		10.00	June 16	do	225.68	38.47
15	do		93.00	19	do	117.34	20.71
			*206.85	22	do	1.92	10.66
				Aug. 26	do	102.30	34.10
Dec. 31	To balance		8,026.06	28	do	2.70	9
				Dec. 31	By balance	3,526.56	
		12,612.63	9,287.32			12,612.63	9,287.32
1881.				1881.			
Jan. 1	To balance	3,526.56		Jan. 1	By balance		8,026.06
1882.				1882.			
Dec. 31	To balance	793.61	9,466.12	June 29	By deposits	6.70	2.34
				29	do	51.58	17.13
				29	do	10.76	3.59
				July 28	do	4,251.13	1,417.06
		4,320.17	9,466.12			4,320.17	9,466.12
1883.				1883.			
Dec. 31	To balance	1,346.51	9,650.01	Jan. 1	By balance	793.61	9,466.12
				Apr. 25	By deposits	551.62	183.87
				Nov. 17	do	1.28	.02
		1,346.51	9,650.01			1,346.51	9,650.01
1884.				1884.			
Jan. 29	To expenditures		2.00	Jan. 1	By balance	1,346.51	9,650.01
Oct. 28	do	2,095.59	747.50	8	By deposits	128.20	42.74
Dec. 31	To balance	6,136.89	10,856.32	Feb. 4	do	3,136.25	
				4	do		407.72
				Apr. 1	do	665.17	221.73
				Aug. 5	do	25.70	
				5	do		2.35
				25	do	781.23	260.41
				Sept. 3	do	47.83	15.94
				3	do	190.83	63.61
				Oct. 22	do	2,045.66	681.89
				Nov. 4	do	147.17	
				4	do		19.13
				Dec. 31	do	717.94	239.31
		9,232.48	11,605.82			9,232.48	11,605.82
1885.				1885.			
Dec. 31	To balance	9,298.21	11,695.32	Jan. 1	By balance	6,136.89	10,856.32
				2	By deposits	42.19	5.49
				Apr. 13	do	402.67	134.23
				14	do	469.85	61.66
				Aug. 25	do	118.86	39.62
				Oct. 26	do	354.49	118.16
				27	do	501.75	167.25
				27	do	25.65	8.55
				Nov. 2	do	9.60	
				2	do		1.25
				2	do	402.82	
				2	do		52.37
				19	do	321.77	107.26
				30	do	189.83	63.27
				30	do	226.60	56.51
				*30	do	95.84	32.95
		9,298.21	11,695.32			9,298.21	11,695.32

* Estimated.

Central Pacific Railroad Company—Continued.

Dr. Cr.

Date.		Field.	Office.	Date.		Field.	Office.
1886.				1886.			
June 22	To expenditures	$3,500.00	*$350.00	Jan. 1	By balance	$9,298.21	$11,695.22
Dec. 31	To balance	18,519.28	14,609.28	15	By deposits		265.17
				15	do	2,193.60	
				Feb. 10	do	427.54	142.51
				26	do	57.38	15.79
				Mar. 3	do	845.27	291.76
				15	do		111.83
				15	do	782.82	
				15	do		45.73
				15	do	320.08	
				Apr. 1	do	802.28	267.42
				19	do	289.77	
				19	do		41.40
				May 6	do	547.79	182.57
				June 8	do	314.29	104.76
				23	do	13.17	4.39
				28	do	556.46	185.49
				21	do	414.22	
				21	do		59.17
				21	do	960.06	
				21	do		137.15
				Aug. 6	do	385.94	128.65
				Sept. 7	do	198.45	65.48
				29	do	447.94	149.31
				Oct. 30	do	321.95	107.32
				21	do	84.50	28.19
				Nov. 29	do	1,165.54	388.52
				29	do	453.74	151.25
				Dec. 16	do	1,200.30	400.10
		22,019.28	14,959.28			22,019.28	14,959.28
1887.				1887.			
Jan. 14	To expenditures	138.32		Jan. 1	By balance	18,519.28	14,609.28
Oct. 13	To balance	36,569.50	19,911.34	Mar. 21	By deposits	1,776.08	
				21	do		222.00
				May 31	do	658.04	
				31	do		82.26
				July 14	do	655.34	218.44
				Oct. 13	do	5,802.30	1,934.10
				13	do	6,447.68	2,149.23
				13	do	168.68	56.23
				13	do	65.95	21.98
				13	do	858.60	286.20
				13	do	367.20	122.40
				13	do	171.03	57.01
				3	do	1,217.64	152.21
		36,707.82	19,911.34			36,707.82	19,911.34

* Estimated.

Contracts outstanding under which no payments have yet been made.

Number.	Date.		Approved.	Amount.
132	Nov. 20, 1884	California	Dec. 1, 1884	$1,712.00
133	do	do	do	2,288.00
139	Dec. 24, 1884	do	Jan. 6, 1885	6,770.00
142	Oct. 6, 1886	Utah	Oct. 19, 1886	3,003.00
145	June 24, 1886	do	July 7, 1886	1,557.18
157	Mar. 10, 1887	do	Apr. 5, 1887	1,140.70
161	July 9, 1887	do	Aug. 2, 1887	1,277.62
163	Sept. 1, 1887	do	Oct. 6, 1887	1,342.50
	Total			19,181.00

Union Pacific Railroad Company.

Dr. Cr.

Date.		Field.	Office.	Date.		Field.	Office.
1869.				1869.			
Dec. 31	To balance	$11,859.25	$2,427.59	July 21	By deposits	$9,757.54	$4548.69
				Oct. 6	do	6,322.87	1,361.86
				July 21	do	625.30	116.31
				21	do	1,112.94	232.79
				21	do	160.26	34.51
				21	do	671.24	132.99
		11,859.25	2,427.59			11,859.25	2,427.59
1870.				1870.			
Jan. 7	To expenditures		41.57	Jan. 1	By balance	11,859.25	2,427.59
Apr. 11	do		235.00				
June 11	do		150.82				
Nov. 21	do	1,377.36					
Dec. 20	do	1,388.18					
20	do	1,241.95					
20	do	2,032.23					
Nov. 21	do	839.16	*270.00				
Dec. 31	To balance	4,988.37	1,749.20				
		11,859.25	2,427.59			11,859.25	2,427.59
1871.				1871.			
Mar. 31	To expenditures	1,826.16	*182.60	Jan. 1	By balance	4,988.37	1,749.20
Apr. 15	do	35.00	*3.50				
Dec. 31	To balance	3,127.21	1,554.10				
		4,988.37	1,749.20			4,988.37	1,749.20
1874.				1872.			
Aug. 31	To expenditures	1,203.32	*120.33	Jan. 1	By balance	3,127.21	1,554.10
Dec. 16	do	57.38	*5.74	1874.			
31	To balance	8,425.17	2,788.33	Feb. 19	By deposits	1,500.11	287.19
				Nov. 4	do	695.69	133.24
				17	do	3,265.07	596.61
				17	do	925.50	194.85
				Nov. 19	do	163.29	28.37
		9,685.87	2,914.40			9,685.87	2,914.40
1875.				1875.			
May 6	To expenditures	334.30		Jan. 1	By balance	8,425.17	2,788.33
Feb. 24	do	3,416.10		13	By deposits	14,655.24	2,905.37
Sept. 21	do	4,899.05		Aug. 11	do	24.57	5.29
29	do	599.10		11	do	18.63	3.72
Oct. 12	do		31.52	Oct. 6	do	1,275.88	286.80
16	do		275.00	6	do	2,258.76	526.84
16	do		275.00	Sept. 1	do	15.58	3.79
Nov. 5	do	1,530.10		Aug. 11	do	27.45	5.77
Dec. 3	do	1,801.49					
May 5	do	2,409.49	*867.43				
Dec. 31	To balance	11,711.74	5,186.66				
		26,701.28	6,685.61			26,701.28	6,685.61
1876.				1876.			
May 5	To expenditures	5,723.97	*372.31	Jan. 1	By balance	11,711.74	5,186.66
Sept. 14	do	609.48	*60.05	Feb. 8	By deposits	27.04	5.33
May 5	do	935.81	*62.88	Mar. 28	do	5.51	1.23
5	do	647.07	*64.71	28	do	281.78	67.69
5	do	2,258.70	*225.87	28	do	89.98	23.35
Dec. 31	To balance	5,362.38	4,509.70	Aug. 15	do	43.49	10.23
				15	do	21.19	4.15
				15	do	14.26	3.47
				Apr. 27	do	40.34	1.39
				Aug. 15	do	965.24	45.34
		13,220.57	5,346.82			13,220.57	5,346.82
1877.				1877.			
Dec. 31	To balance	5,394.49	4,563.98	Jan. 1	By balance	5,362.38	4,509.70
				Sept. 10	By deposits	32.11	5.28
		5,394.49	4,563.98			5,394.49	4,563.98
1878.				1878.			
July 3	To expenditures		238.46	Jan. 1	By balance	5,395.49	4,565.80
Dec. 31	To balance	5,405.37	4,330.08	Nov. 30	By deposits	10.88	2.06
		5,405.37	4,568.54			5,405.37	4,568.54

*Estimated.

Union Pacific Railroad Company—Continued.

Dr. Cr.

Date.		Field.	Office.	Date.		Field.	Office.
1879.				1879.			
Feb. 27	To expenditures	$305.79	.....	Jan. 1	By balance...	$5,405.37	$4,330.08
July 7	...do.....		$116.28				
7	...do.....		109.34				
Feb. 27	...do.....	304.01	.....				
27	...do.....	110.74	.....				
Dec. 31	To balance.....	4,684.83	4,044.46				
		5,405.37	4,330.08			5,405.37	4,330.08
1880.				1880.			
Dec. 31	To balance	4,809.55	4,070.04	Jan. 1	By balance ..	4,684.83	4,044.46
				July 15	By deposits ...	22.40	5.12
				Sept. 21	.. do.....	102.32	20.46
		4,809.55	4,070.04			4,809.55	4,070.04
1881.				1881.			
Dec. 31	To balance.....	6,508.61	4,373.55	Jan. 1	By balance....	4,809.55	4,070.04
				27	By deposits ..	40.00	2.00
				May 28	....do	45.16	9.74
				June 28	....do.....	50.42	9.51
					28	....do.....	401.84	83.55
					28	....do.....	791.21	173.09
				May 19	....do.....	40.00	3.00
					24	....do.....	420.43	22.62
		6,508.61	4,373.55			6,508.61	4,373.55
1882.				1882.			
Dec 31	To balance.....	16,393.35	5,282.00	Jan. 1	By balance ...	6,508.61	4,373.55
				Apr. 14	By deposits ...	132.05	29.84
				19	... do	76.19	17.61
				19	... do.....	9,586.50	861.00
		16,393.35	5,282.00			16,393.35	5,282.00
1883.				1883.			
Dec. 20	To expenditures..	4,115.37	*411.53	Jan. 1	By balance....	16,393.35	5,282.00
31	To balance.....	24,694.28	8,055.51	Feb. 20	By deposits ...	191.80	47.65
				Apr. 26	... do.....	397.48	91.86
				Feb. 20	....do.....	809.77	216.09
				Aug. 16	....do	4,314.02	1,071.81
				Oct. 12	....do.....	856.29	212.74
				26	....do.....	136.05	37.53
				26	....do.....	516.15	112.02
				26	....do.....	1,179.03	261.53
				Nov. 23	....do.....	182.00	39.22
				23	....do.....	33.50	7.53
				26	... do.....	4,171.30	908.53
				Mar. 14	....do.....	1,615.02	319.32
				14	....do.....	2,936.14	639.18
				14	... do.....	1,015.95	229.59
		28,809.65	9,467.04			28,809.65	9,467.04
1884.				1884.			
May 20	To expenditures.	5,268.44	*526.84	Jan. 1	By balance....	24,694.28	8,055.51
June 12	... do	2,191.10	*219.11	May 23	By deposits ...	1,334.65	308.14
Oct. 23	... do	4,767.69	*476.77		23	....do.....	350.50	80.92
	30	do	3,135.66	*313.57	July 16	....do.....	125.40	....
Dec. 31	To balance.....	11,141.94	7,925.88	Aug. 18	...do		17.00
		26,504.83	9,462.17			26,504.83	9,462.17
1885.				1885.			
Jan. 6	To expenditures	1,952.04	*195.20	Jan. 1	By balance	11,141.94	7,925.88
21	...do	8,994.70	*899.47	Feb. 25	By deposits....	192.26	.....
Apr. 4	... do	54.01	*5.40		25	....do.....	423.52	.....
	20	....do.....	4,292.43	*429.24		25	....do.....	25.77	.....
	20	.. do	4,827.11	*482.71		25	....do.....	73.95	.....
			6,151.49	Apr. 13	....do.....	335.09	72.36
				May 20	....do	662.79	164.67
				Feb. 25	.. do.....	1,043.79	....
				Nov. 11	....do.....	2.00	.60
				Dec. 31	By balance....	6,968.67	.....
		20,120.29	8,163.51			20,120.29	8,163.51

* Estimated.

Union Pacific Railroad Company—Continued.

Dr. Cr.

Date.		Field.	Office.	Date.		Field.	Office.
1886.				1886.			
Jan. 1	To balance	$6,308.67		Jan. 1	By balance		$6,151.4
Dec. 31	do	4,598.36	$8,394.51	Feb. 11	By deposits	$331.00	94.0
				11	do	240.04	50.0
				11	do	28.28	7.0
				May 19	do	10,232.40	2,073.0
				Aug. 26	do	25.25	3.1
		10,907.03	8,394.51			10,907.03	8,394.51
1887.							
Apr. 20	To balance	10,710.98	9,446.24	1887.			
				Jan. 1	By balance	4,598.36	8,394.51
				Mar. 31	By deposits	2,213.64	479.0
				Apr. 26	do		3.1
				26	do	24.94	
				30	do	3,874.04	569.5
		10,710.98	9,446.24			10,710.98	9,446.24

Contracts outstanding under which no payments have yet been made. No. 155 dated June 28, 1886, Utah. Approved July 14, 1886, for $1,430.50.

Central Branch Western Pacific Railroad Company.

1870.				1870.			
Dec. 31	To balance	$995.34	$120.00	Nov. 28	By deposits	$543.37	$68.0
				Dec. 24	do	451.97	52.0
		995.34	120.00			995.34	120.0
1871.				1871.			
Dec. 31	To balance	2,361.73	249.11	Jan. 1	By balance	995.34	120.0
				13	By deposits	697.87	62.0
				13	do	615.17	66.0
				Feb. 24	do	53.35	9.1
		2,361.73	249.11			2,361.73	249.11
1872.				1872.			
Apr. 13	To expenditures	543.37	*54.33	Jan. 1	By balance	2,361.73	249.11
13	do	451.97	*45.19				
13	do	1,313.04	*131.30				
Dec. 31	To balance	53.35	18.29				
		2,361.73	249.11			2,361.73	249.11
1879.				1873.			
Dec. 31	To balance	75.80	28.92	Jan. 1	By balance	53.35	18.29
				1879.			
				Apr. 11	By deposits	7.91	3.29
				11	do	17.63	7.34
		78.89	28.92			78.89	28.92

*Estimated.

Kansas Pacific Railroad Company.

1870.				1870.			
Dec. 21	To balance	$3,211.18	$360.00	Nov. 19	By deposits	$1,356.77	$141.00
				19	do	567.76	59.00
				22	do	242.15	40.00
				29	do	594.56	60.00
				29	do	449.94	60.00
		3,211.18	360.00			3,211.18	360.00
1871.				1871.			
Dec. 31	To balance	3,320.18	420.00	Jan. 1	By balance	3,211.18	360.00
				Oct. 5	By deposits	109.00	60.00
		3,320.18	420.00			3,320.18	420.00

Kansas Pacific Railroad Company—Continued.

Dr.

Date.		Field.	Office.
1872.			
Apr. 13	To expenditures	$1,356.77	$*135.67
13	....do	567.76	*56.77
13	....do	242.15	*24.21
13	....do	594.56	*59.45
13	....do	449.94	*44.99
Dec. 31	To balance	109.00	98.91
		3,320.18	420.00
1873.			
Aug. 19	To expenditures	109.00	*10.90
19	....do	5,748.52	*574.85
Dec. 31	To balance	5.48	213.16
		5,863.00	798.91
1874.			
Sept. 30	To expenditures	219.08	*21.90
Dec. 31	To balance	724.17	333.21
		943.25	355.11
1875.			
Dec. 31	To balance	2,137.35	588.23
		2,137.35	588.23
1876.			
Dec. 31	To balance	2,694.35	658.23
		2,694.35	658.23
1877.			
Dec. 31	To balance	6,574.78	1,622.30
		6,574.78	1,622.30
1878.			
Sept. 7	To expenditures	364.77	*36.47
7	....do	453.19	*45.51
Dec. 31	To balance	6,927.36	1,823.45
		7,747.32	1,905.43
1879.			
Dec. 31	To balance	8,047.62	2,100.23
		8,047.62	2,100.23

Cr.

Date.		Field.	Office.
1872.			
Jan. 1	By balance	$3,320.18	$420.00
		3,320.18	420.00
1873.			
Jan. 1	By balance	109.00	98.91
13	By deposits	1,455.00	175.00
13	....do	303.00	35.00
13	....do	2,996.00	590.00
		5,863.00	798.91
1874.			
Jan. 1	By balance	5.48	213.16
Apr. 1	By deposits	225.00	25.00
May 8	....do	348.00	44.00
Nov. 17	....do	364.77	72.95
		943.25	355.11
1875.			
Jan. 1	By balance	724.17	333.21
Aug. 14	By deposits	855.00	102.00
Nov. 17	....do	119.00	16.00
17	....do	134.00	18.00
Jan. 12	....do	305.18	119.02
		2,137.35	588.23
1876.			
Jan. 1	By balance	2,137.35	588.23
Feb. 24	By deposits	235.00	30.00
June 3	....do	322.00	40.00
		2,694.35	658.23
1877.			
Jan. 1	By balance	2,694.35	658.23
5	By deposits	46.35	11.50
Mar. 2	....do	3.22	.80
2	....do	11.32	2.81
2	....do	741.85	184.31
2	....do	2,577.79	640.45
Apr. 10	....do	271.47	67.45
July 9	....do	23.21	5.77
19	....do	59.10	14.68
Nov. 30	....do	146.12	36.30
		6,574.78	1,622.30
1878.			
Jan. 1	By balance	6,574.78	1,622.30
Apr. 3	By deposits	465.41	.....
3	....do	.....	107.45
Feb. 9	....do	530.22	131.73
Dec. 23	....do	2.58	.64
Mar. 1	....do	174.33	43.31
		7,747.32	1,905.43
1879.			
Jan. 1	By balance	6,927.36	1,823.45
Aug. 8	By deposits	69.30	.....
8	....do	.....	16.00
8	....do	16.63	.....
8	....do	.....	3.80
Oct. 20	....do	109.37	27.17
Aug. 12	....do	416.24	103.41
12	....do	334.20	83.03
12	....do	57.46	14.28
12	....do	16.45	4.09
12	....do	90.31	22.44
23	....do	10.30	2.56
		8,047.62	2,100.23

* Estimated.

Kansas Pacific Railroad Company—Continued.

Dr. Cr.

Date.		Field.	Office.	Date.		Field.	Office.
1880.				1880.			
Dec. 31	To balance	$8,308.59	$2,165.07	Jan. 1	By balance	$8,047.62	$2,16[illegible].23
				Feb. 27	By deposits	161.77	40.19
				27	do	99.20	24.65
		8,308.59	2,165.07			8,308.59	2,165.07
1881.				1881.			
Dec. 31	To balance	8,729.08	2,269.53	Jan. 1	By balance	8,308.59	2,165.07
				Feb. 8	By deposits	249.65	62.03
				28	do	20.62	5.13
				8	do	28.25	7.04
				8	do	13.52	3.36
				8	do	13.84	3.44
				8	do	94.51	23.49
		8,729.08	2,269.53			8,729.08	2,269.53
1882.				1882.			
Mar. 24	To return of excess deposited	92.62	23.01	Jan. 1	By balance	8,729.08	2,269.53
Dec. 31	To balance	9,278.33	2,406.99	Feb. 15	By deposits	450.06	111.83
				15	do	29.62	7.36
				15	do	77.13	19.16
				15	do	39.32	9.77
				15	do	45.74	11.36
		9,370.95	2,429.99			9,370.95	2,429.99

UNITED STATES PACIFIC RAILWAY COMMISSION,
10 *Wall street, New York, November* 5, 1887.

SIR: The United States Pacific Railway Commission, which has been charged by Congress with the duty of furnishing information respecting the working and financial management of the bond-aided Pacific railroads and their relations to the Government, request that you will kindly cause to be furnished to it information on the following points, the particulars asked for being necessary for the preparation of complete answers to the interrogatories set forth by Congress in the act creating the Commission.

In the course of the investigation by the Commission charges have been made by the officers of the bond-aided railroad companies that the Post-Office Department has given preference in mail transportation to the roads that were in competition with them, this complaint being based on the assumption that it was the duty of the Government, all else being equal, to give the transportation to bond-aided railroads in preference to non-aided lines.

Hon. John. P. Usher, at Kansas City, testified that mail matter from Kansas City to Lawrence and Topeka is carried mainly by the Atchison, Topeka and Santa Fé Company, and from Kansas City and these Kansas towns to Colorado by the same company.

Officials of the Central Pacific Railroad Company also charged that the Central Pacific line was discriminated against in favor of the non-aided lines. They further declared that the rate allowed to that line for mail transportation did not exceed the allowance to railroads in the East.

Will you kindly arrange to furnish the Commission with all the facts in the possession of your Department bearing on these matters?

Will you also be good enough to furnish such information as will enable the Commission to comply with the following direction contained

in the act of Congress approved March 3, 1887, authorizing an investigation into the affairs of the bond-aided Pacific roads, namely:

To inquire if the United States have contracts with branch roads controlled by either of said Pacific roads for carrying the United States mail, and, if so, what service has been performed by them, and what money, if any, has been paid for such service and what remains due and unpaid.

It will be sufficient if you can furnish the total balances due, if any, without any statements of details.

By section 6 of the act of July 1, 1862, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River, and to secure to the Government the use of the same for postal, military, and other purposes," the bond-aided roads were required to transmit dispatches over their telegraph lines and to transport mails, troops, and munitions of war, supplies, and public stores on said railroads for the Government whenever required to do so by any Department thereof. They were also required to give the Government the preference in the use of the same at fair and reasonable rates of compensation, not to exceed the amount paid by private parties for the same kind of service.

The Commission would be glad to know whether, so far as your Department is concerned, these provisions of law have been complied with.

I have the honor to remain, very respectfully, your obedient servant,

ROBERT E. PATTISON,
Chairman.

Hon. W. F. VILAS,
Postmaster-General, Washington, D. C.

POST-OFFICE DEPARTMENT,
OFFICE OF THE POSTMASTER-GENERAL,
Washington, D. C., November 22, 1887.

SIR: In compliance with the request contained in your communication of the 5th instant, making certain inquiries in regard to the relations between the Post-Office Department and the Central and Union Pacific railroads, I have the honor to transmit herewith a letter from the Hon. A. Leo Knott, Second Assistant Postmaster-General, inclosing certain papers which fully explain these relations and the position which the Department takes in the matter of mail transportation with the Central and Union Pacific Railroads.

Very respectfully,

WM F. VILAS,
Postmaster-General.

Hon. ROBERT E. PATTISON,
Chairman of United States Pacific Railway Commission,
No. 10 Wall street, New York.

POST-OFFICE DEPARTMENT,
OFFICE OF SECOND ASSISTANT POSTMASTER-GENERAL,
Washington, D. C., November 22, 1887.

SIR: I deem it proper to make the following statement in explanation of the apparent delay in replying to your communication of the 5th instant, addressed to the Postmaster-General, an answer to which is herewith inclosed.

That communication was referred to this office by the Postmaster-General immediately on its receipt, and this office was ready to furnish

the information and facts in answer to your inquiries within a few days thereafter; but that part of your letter referring to the services performed by, and the balances due to, the non-aided leased lines controlled by the Union Pacific and Central Pacific Railroads was referred to the Hon. Daniel McConville, Sixth Auditor of the Treasury, as the accounting officer of this Department. An answer to that inquiry required a very elaborate and thorough investigation of the books of the Auditor's office, and a large number of calculations, so that it was impossible, as I am informed by the chief clerk of his office, to supply the information until the date of his letter.

Very respectfully,

A. LEO. KNOTT,
Second Assistant Postmaster-General.

Hon. ROBERT E. PATTISON,
Chairman United States Pacific Railway Commission,
No. 10 Wall street, New York City, N. Y.

POST-OFFICE DEPARTMENT,
OFFICE OF SECOND ASSISTANT POSTMASTER-GENERAL,
Washington, D. C., November 22, 1887.

SIR: In reply to the communication addressed to you by the honorable the United States Pacific Railway Commission, under date of November 5, 1887, in regard to the relations between the bond-aided Pacific railroads and the Post-Office Department, and making certain inquiries in reference thereto, I have the honor to submit the following statement and inclosed papers:

In regard to the allegation "that charges have been made by the officers of the bond-aided railroad companies that the Post-Office Department has given preference, in mail transportation, to the roads that were in competition with them, this complaint being based on the assumption that it was the duty of the Government,—all else being equal—to give the transportation to bond-aided railroads in preference to non-aided lines," I have to say that in the administration of the duties of this office, charged with the function of the transportation of the mails, it has been deemed a paramount duty on its part to the public that it should always seek and secure the best facilities and the most rapid and expeditious means for transportating the mails.

As the carrying of the mails is a monopoly assumed by the Government, and a charge is made therefor to the public who use the mails, it is a matter of right on the part of the public, as well as of obligation on the part of the Department, that those railroads which will give the best facilities should be preferred in the transportation of the mails. In accordance with this fundamental principle of postal administration, in 1881, on the completion of the Southern Pacific Railroad, the mail for southern California was diverted from the Union Pacific and Central Pacific railroads to this road, namely, the Southern Pacific, and this was done in order to secure to the Department and to the people of California the advantage of twenty-four hours' reduction in time in the transportation of the mails from the East to that State.

The amount of mails thus and for this purpose diverted was very considerable, as it comprised an accumulation of mail from all parts of the country east of the ninety-sixth meridian.

In 1883, upon the completion of the Northern Pacific Railroad, another large diversion of mail was made from the Union Pacific to that road, namely, the Northern Pacific, in pursuance of the same policy of seek-

lug the best facilities and the most rapid and expeditious means for the transportation of the mails.

By this last diversion all the mails carried on lines east of the Mississippi River for Oregon, Washington Territory, Alaska, and British Columbia were sent by the Northern Pacific Railroad via Saint Paul. Mail originating west of the Mississippi River and east of the Rocky Mountains was directed to go via the Union Pacific or the Northern Pacific, that line being selected that made the best time. Lines in Oregon and Washington Territory were directed, by the same order, to send all mail for points east of the Mississippi River by the Northern Pacific via Saint Paul. All mail from points west of the Mississippi River and east of the Rocky Mountains was directed to be sent via the Utah Northern Division of the Union Pacific Railroad. (See general order on this subject of the General Superintendent of Railway Mail Service, on page 3 of Senate document, hereinafter referred to.) The loss in weight and mail pay to the Union Pacific Railroad in consequence of this diversion to the Northern Pacific Railroad is stated in Table C, page 12, of said Senate document, and took place on route No. 34001, Union Pacific Transfer to Ogden City, the loss in average daily weight of mail carried being 5,675 pounds, and in annual rate of compensation $62,768.65.

From this brief general statement it will be seen that the Post-Office Department has in fact given preference in mail transportation to certain roads which were in competition with the bond-aided railroads, but this preference has been given because of the superior facilities and greater expedition which the Department secured thereby in the transportation of the mails from the East to the West.

The complaints or charges referred to in the communication of the honorable Commission as having been made by the officers of the bonded railroads have been heretofore submitted to this office, and have been fully considered by yourself and your predecessor. But looking at the question from a postal stand-point, the Postmaster-General deemed it his duty to avail himself of the best facilities furnished by the railroads for the transportation of the mails, and did not, and could not, in his judgment, favor the aided railroads by giving them the transportation of the mails when better time and better facilities were furnished by other railroads, and this, it is submitted, is the only stand-point from which this Department could regard the question.

I have further to observe that these same charges and complaints were the subjects-matter of a resolution adopted by the United States Senate on the 13th of January, 1886, directing the Postmaster-General to furnish the Senate information over what railroads the fast-mail from Chicago was transported, and what advantage was gained in transporting the same over railroads other than the Union Pacific.

In answer to those resolutions a very full, explicit, and exhaustive statement was made under date of March 8, 1886, and is to be found in Senate Executive Document No. 88, first session of the Forty-ninth Congress.

This document embraces a letter addressed by you to the President *pro tempore* of the Senate, covering a communication from this office to you and a letter from the Hon. John Jamison, then General Superintendant of the Railway Mail Service, and certain exhibits and tables. This letter from you presents the case on the part of the Department in answer to those charges and complaints so fully, that I do not think it necessary for me to do more than to request you to invite the attention of the Commission thereto as a full answer to its inquiries

on this subject. The relations between the Department and these bond-aided railroads in the matter of the transportation of the mails at the time said document was submitted to the Senate are fully presented therein, and those relations have not materially changed since. That document, marked Exhibit A, is herewith filed, and is requested to be taken and considered as a part of this answer.

I also append herewith a copy of a letter, marked Exhibit B, addressed to me by the present Superintendent of the Railway Mail service, Hon. T. E. Nash, under date of November 14, 1887, which supplements the information contained in the above-mentioned Senate document, and brings the history of the case between the Post-Office and these railroads down to the last-mentioned date.

By reference to paragraph 3, page 4, of my letter to you, contained in said document, it will be seen that before any diversion of mails from the Union Pacific railroads took place, in pursuance of a contract made with the Chicago, Burlington and Quincy Railroad Company for the fast-mail between Chicago and the Union Pacific Transfer (Omaha), an effort was made by the then General Superintendent of the Railway Mail Service, Hon. William B. Thompson, to induce the Union Pacific Railroad Company to give a faster schedule on its lines from Omaha to the Pacific coast, but that the Union Pacific Railroad Company refused so to do unless it should receive extra compensation for the facilities thus requested, and that such extra compensation for such extra-fast facilities should be paid in cash, and not in credits on its account with the Government.

The question whether such an arrangement as proposed by the Union Pacific Railroad Company, to wit, the payment in cash for these extra-fast facilities could be made was submitted to the Attorney-General, and that officer held that such payment in cash could not be made, but that any sums of money earned and due for such facilities, if furnished, would have to be placed to the credit of the company in its account with the Government; and thereupon the Union Pacific Railroad Company refused to furnish such facilities and expedition, although requested and urged to do so by the agents of the Department; whereupon the mails for Oregon, Washington Territory, Alaska, and British Columbia were diverted, as above stated, to the Union Pacific Railroad Company.

In answer to the testimony and charge of the Hon. John P. Usher, of Kansas City, "that mail matter from Kansas City to Lawrence and Topeka is carried mainly by the Atchison, Topeka and Santa Fé Company, and from Kansas City and these Kansas towns to Colorado by the same company," I have to refer to the last-mentioned letter of the Hon. T. E. Nash, which furnishes a full and satisfactory explanation of the reasons why the said mail matter was given to the Atchison, Topeka and Santa Fé Company.

It will be seen therefrom that, upon the establishment of the fast mail last March between Saint Louis and Kansas City over the Missouri Pacific Railroad, arriving at Kansas City at 11 a. m., efforts were made to have all the lines running west from Kansas City to wait for this connection, which was a very valuable and important one, and that these efforts were successful with nearly every line going west from Kansas City, but the Kansas Pacific Division of the Union Pacific Railroad Company declined to accede to the wishes of the Department in this behalf, the officers thereof claiming that it would be impossible to hold their morning train west for this connection as it would lose them important connections at Denver.

As this fast mail from Saint Louis to Kansas City (running in close connection at Saint Louis with the fast mail from Pittsburgh to Saint Louis) carries the great bulk of the mail for the State of Kansas, it necessarily followed that a large portion of the mail for Lawrence and Topeka was forwarded by that road which would make that connection, to wit, the Atchison, Topeka and Santa Fé. The fast mail via the Missouri Pacific reaches Kansas City at 11 a. m., and by the present arrangement is dispatched over the Atchison, Topeka and Santa Fé Railroad at 11.15 a. m. Had it been placed on the Kansas City Division of the Union Pacific Railroad it would have had to remain in Kansas City until evening, thus depriving a large and populous region of the country of the advantages of this fast mail. It follows, therefore, that whatever losses the Union Pacific and its branches may have incurred by these diversions of the mail from its lines these losses are to be attributed to its own indisposition or inability to meet the just and necessary requirements of the service.

In regard to the transfer of the carrying of the mails from Omaha to Denver and to offices in Colorado, of which Denver was the distributing point, I have to state that this diversion was made in pursuance of a contract between this Department and the Chicago, Burlington and Quincy Railroad Company, executed January 7, 1885. The object of that contract was to secure and establish a fast mail from Chicago to Union Pacific Transfer (Omaha), to be run in close connection with the fast mail already established between New York and Chicago. This contract is to be found in the Senate document above referred to, on pages 7, 8, and 9, and in consideration of furnishing this fast line to the Department, by which the benefits of the fast mail from New York was extended to large and important sections of the country, one of the stipulations was that this company, to wit, the Chicago, Burlington and Quincy, "shall carry on its lines all through mails to and from points west of the Missouri River, and to and from Council Bluffs, Iowa." By virtue of this stipulation, which constitutes one of the considerations of said contract, this Denver mail was given to the Burlington and Missouri River Railroad in Nebraska, which is one of the lines of the Chicago, Burlington and Quincy system.

By the establishment of this fast line between Chicago and Omaha via the Chicago, Burlington and Quincy Railroad, the time between New York and Denver was reduced from 83 hours and 25 minutes to 71 hours and 10 minutes.

The loss to the Union Pacific Railroad by this transfer of the Denver mail to the Burlington and Missouri River Railroad, in Nebraska, in the average daily weight of mails was 124 pounds, and in rate of annual compensation $905.45. (See said Senate document, page 12, route No. 38017, Julesburgh to La Salle.)

It is pertinent to this branch of the inquiry to add here that in addition to the deductions of 10 and 5 per cent., before mentioned, there is also under the thirteenth section of the act of 1876 a further deduction of 20 per cent. from the pay of the Northern Pacific Railroad for mail transportation, the said Northern Pacific Railroad being a land-grant road. This section provides that—

> Railroad companies whose railroad was constructed in whole or in part by a land grant made by Congress on the condition that the mails should be transported over their road at such price as Congress should by law direct, shall receive only 80 per centum of the compensation authorized by this act.

This provision of the thirteenth section making the said deduction of 20 per cent. does not, however, apply to the Union Pacific or the Central Pacific railroads, on account of the condition in the charters of those

companies that the Government shall pay them for any services rendered in transportation "a fair and reasonable rate of compensation, not to exceed the amount paid private parties for the same kind of service." The rate of cost, therefore, for the same service is less on the Northern Pacific than on the Union or Central Pacific railroads to the extent of the said 20 per cent. deduction.

The Southern Pacific Railroad is also a land-grant road from Fort Yuma, Ariz., to Goshen, Cal., a distance of 491 miles, and its pay for mail transportation is subject to the same deduction of 20 per cent. for that distance.

It is also alleged in the communication of the honorable the Pacific Railway Commission "that the rate allowed to that line (the Central Pacific) for mail transportation did not exceed the allowance to railroads in the East."

In answer thereto, I have to state that the rates of compensation for railroad transportation are fixed by the act of Congress of March 3, 1873, as amended by the acts of July 12, 1876, and June 17, 1878 (these last two mentioned acts making deductions of 10 and 5 per cent., respectively, from the compensation fixed by the original act of 1873), and are uniform in their application to all the railroads in the United States, and this Department has not the power to make any discrimination whatever in the allowances to railroads for railroad mail service. I herewith append, marked Exhibit C, circular form No. 2501, containing the provisions of law regulating the pay for the transportation of the mails on railroad routes, and request that it be taken and considered as a part of this answer.

In answer to the fourth inquiry contained in the said communication of the honorable the United States Pacific Railway Commission, to wit, "if the United States have contracts with branch roads controlled by either of said Pacific roads for carrying the United States mail, and, if so, what service has been performed by them, and what money, if any, has been paid for such service and what remains due and unpaid. It will be sufficient if you can furnish the total balances due, if any, without any statement of details," I herewith inclose a letter, marked Exhibit D, from the Hon. Daniel McConville, Sixth Auditor of the Treasury, under date of November 19, 1887, to whom that part of the inquiry was referred as the accounting officer of the Treasury for this Department.

From this letter it will be seen that the balance due to the branches of the Central Pacific railroads for transportation of the mails from July 1, 1882, to September 30, 1887, is $911,276.93, which sum remains unpaid, and that the balance due the Union Pacific, Central Branch Union Pacific, and Kansas Pacific Railroad Companies have been placed to their credit at the Treasury under an assignment by the presidents of the respective companies, and that the balance due the Sioux City and Pacific Railroad Company has been certified to the Register of the Treasury under date of March 3, 1879. These balances are for mail service performed by the said roads under what is known as recognized service; that is, for service in the transportation of the mails placed on those roads in the manner and form prescribed by, and in accordance with the provisions contained in, the act of 1873 and the supplements thereto.

Very respectfully,

A. LEO KNOTT,
Second Assistant Postmaster-General.

Hon. WILLIAM F. VILAS,
Postmaster-General.

EXHIBIT A.

[Senate Ex. Doc. No. 88, Forty-ninth Congress, first session.]

Letter from the Postmaster-General, transmitting, in reponse to Senate resolution of January 13, 1886, information relative to the so-called "fast mail" west of Chicago.

POST-OFFICE DEPARTMENT,
OFFICE OF THE POSTMASTER-GENERAL,
Washington, D. C., March 8, 1886.

SIR: I have the honor to acknowledge the receipt of a certified copy of the following resolution, adopted in the Senate on the 13th of January last:

"*Resolved*, That the Postmaster-General be directed to furnish to the Senate the following information, viz:

"First. Over what railroads the so-called 'fast mail' from Chicago, destined for points in Colorado, Utah, and Idaho, is transported, and what advantage is gained by the Government in transporting over roads other than the Union Pacific.

"Second. The cost of such transportation, and, if the same is being paid for out of the Treasury, what reason exists for paying therefor out of the Treasury to other companies, instead of having the said service performed by the Union Pacific Company, and crediting the compensation therefor to the said company on its indebtedness to the Government.

"Third. Whether anything is gained or lost, in point of time, by sending over other roads rather than the said Union Pacific road.

"Fourth. Copies of all existing contracts in relation to said transportation."

And in response thereto to transmit a communication from the Second Assistant Postmaster-General, addressed to me under date of February 27, together with the accompanying exhibits, marked, respectively, Exhibits A, B, and C, and a letter of the Superintendent of the Railway Mail Service to the Second Assistant Postmaster-General, in which the several points inquired into by the resolution are answered.

Very respectfully,

WM. F. VILAS,
Postmaster-General.

The PRESIDENT PRO TEMPORE OF THE SENATE.

POST-OFFICE DEPARTMENT,
OFFICE OF SECOND ASSISTANT POSTMASTER-GENERAL,
Washington, D. C., February 27, 1886.

SIR: In response to your reference of resolution of the Senate of the United States of January 13, 1886, calling for information as to the railroads over which the so-called "fast mail" is transported west of Chicago, I have the honor to submit the following answers to the interrogatories contained therein:

In answer to the first part of the first interrogatory, to wit, "Over what railroads the so-called 'fast mail' from Chicago, destined for points in Colorado, Utah, and Idaho, is transported," I have the honor to submit the following statement:

The "fast mail" from Chicago, destined for points in Colorado, Utah, and Idaho, is transported over the Chicago, Burlington and Quincy Railroad from Chicago to the Union Pacific Transfer (Council Bluffs and Omaha), on the following schedule:

Leave Chicago, Ill., at 3 a. m., six times a week; arrive at Union Pacific Transfer, Iowa, at 7 p. m.

On reaching the Union Transfer this mail is distributed as follows: The mail for the Territories of Utah and Idaho (except the mail of thirty-three offices in the latter Territory, wich is sent over the Northern Pacific Railroad via Saint Paul) is forwarded over the lines of the Union Pacific Railroad. The mail destined for points in Colorado is forwarded over the lines of the Burlington and Missouri River Railroad in Nebraska.

In answer to the second part of the first interrogatory, namely, "What advantage is gained by the Government in transporting over roads other than the Union Pacific?" I have to say that the dispatch of the Colorado mail over the Burlington and Missouri River Railroad in Nebraska is made in pursuance of a stipulation contained in an agreement made on the 7th of January, 1885, between this Department and the Chicago, Burlington and Quincy Railroad (which controls the Burlington and Missouri River Railroad), which stipulation is as follows:

"And it is further stipulated and agreed that the Chicago, Burlington and Quincy Railroad Company shall carry on its lines all through mails to and from points west of the Missouri River, and to and from Council Bluffs, Iowa, and the said mails shall be so sent by the Post-Office Department."

The Burlington and Missouri River Railroad in Nebraska constitutes one of the lines controlled by the Chicago, Burlington and Quincy Railroad system.

A copy of said contract between this Department and the Chicago, Burlington and Quincy Railroad Company is herewith appended, marked Exhibit A, a copy of which is also to be found on pages 254 and 255 of the report of the Postmaster-General for 1885.

In order to answer with fullness and accuracy the second part of the first interrogatory, it is necessary to take into consideration the whole movement of the fast mail westward of Chicago as affected by the said contract. On the arrival of the fast mail from New York at Chicago, at 12.45 a. m., this mail from the East, together with the mail at Chicago at that time ready for dispatch westward, is, in pursuance of the aforementioned contract, transported over the lines of the Chicago, Burlington and Quincy Railroad, leaving Chicago at 3 a. m. and reaching the Union Pacific Transfer at 7 p. m. on the same day. The portion destined for Colorado is then forwarded over the line of the Burlington and Missouri River Railroad, and that destined for Utah and southern Idaho is dispatched over the Union Pacific and its lines.

Before the establishment of this fast mail from Chicago to the Union Pacific Transfer, the time of transit of the mails from Chicago to Denver was forty-four hours and forty minutes, the mail leaving Chicago at 12.50 p. m., and arriving at Denver at 8.15a. m. on the second day thereafter. Since the establishment of this fast train over the lines of the Chicago, Burlington and Quincy Railroad, the time from Chicago to Denver has been reduced to forty-one hours and ten minutes, the fast mail leaving Chicago at 3 a. m. and arriving at Denver at 8.10 the day following. The advantage, therefore, derived by the Government in sending that portion of the Colorado mail over the lines of the Burlington and Missouri River Railroad in Nebraska is a gain in the running time between these two points, Chicago and Denver, of three hours and thirty minutes. But there is an expedition in the transportation of the mails to the Pacific States of about twenty-four hours secured to the Government by virtue of this contract, of which the aforesaid stipulation constitutes a part.

This fast mail was established by an agreement made between this Department and the Chicago, Burlington and Quincy Railroad, on the 10th of March, 1884, and the existing contract is a continuation, until 1888, of the arrangement then entered into.

It is proper to state, in this connection, that in the latter part of 1881, on the completion of the South Pacific Railway, the mail for southern California was diverted from the Union Pacific to this route—the Southern Pacific. This was done in order to secure the advantage of twenty-four hours reduction in the time of the transportation of the mails from the East to the West; and the quantity of mail thus diverted from the Union Pacific was very considerable, as it comprised an accumulation of mail from all of the country east of the 96th meridian.

It is to be further observed that upon the completion of the Northern Pacific Railway, in 1883, another large diversion of mail from the Union Pacific was made under the following general order, issued by the General Superintendent of Railway Mail Service.

GENERAL ORDER, No. 159.

WASHINGTON, D. C., *October* 30, 1883.

All lines east of the Mississippi River will send mail for Oregon, Washington Territory, Alaska, and British Columbia, via Saint Paul and the Northern Pacific Railway.

Division superintendents will issue special instructions to lines west of the Mississippi River and east of the Rocky Mountains, so that mail will go via the Union Pacific Railway or the Northern Pacific Railway, selecting the line that makes the best time.

Lines in Oregon and Washington Territory will send mail for points east of the Mississippi River, via the Northern Pacific Railway and Saint Paul.

The superintendent of the eighth division Railway Mail Service will issue instructions to divert at Blackfoot Junction mail for lines west of the Mississippi River and east of the Rocky Mountains that will make better time, via the Utah Northern Division of the Union Pacific Railway.

W. B. THOMPSON,
General Superintendent.

By this it will be seen that in October, 1883, all of the lines east of the Mississippi River were directed to send all the dispatch mail for Oregon, Washington Territory, Alaska, and British Columbia, via Saint Paul and the Northern Pacific Railway, and that division superintendents were directed to issue instructions to lines west of the Mississippi River and east of the Rocky Mountains to send mail over the Union Pacific Railway or Northern Pacific Railway, selecting the line that makes the best time,

while mails for lines west of the Mississippi River and east of the Rocky Mountains was directed to be sent via the Utah Northern Division of the Union Pacific Railway.

It will be seen that before the establishment of the fast mail under the contracts aforesaid, of March 10, 1884, and January 7, 1885, a very considerable portion of the mail destined for the Pacific region and the Western Territories, has already been diverted from the Union Pacific Railway by orders from this Department, and that this was done in order to secure a quicker dispatch of the mails destined for the northern and southern portion of the Pacific coast via the Southern Pacific Railroad and Northern Pacific Railroad.

In answer to the first part of the second interrogatory, namely, "The cost of such transportation, and if the same is being paid for out of the Treasury," I file herewith tabulated statements, marked Exhibits B and C, showing the cost of such transportation and the amount which is being paid for the same out of the Treasury of the United States.

In answer to the second part of the second interrogatory, namely, "What reason exists for paying therefor out of the Treasury to other companies, instead of having said service performed by the Union Pacific Company, and crediting the compensation therefor to the said company on its indebtedness to the Government," I have the honor to state that the reason which apparently actuated the Department in making the aforesaid contract with the Chicago, Burlington and Quincy Railroad Company, and in making the distribution of the mails in 1881 and in 1883, above referred to, under which contract and by which distribution large amounts of mail matter were diverted from the Union Pacific Railroad and its lines to the Burlington and Missouri River, Southern Pacific, and Northern Pacific Railroads, is already set forth in the answer to the second part of the first interrogatory, and that reason is, briefly, this: By making the aforesaid contract with the Chicago, Burlington and Quincy Railroad Company, and by the distribution of the mails effected in 1881 and 1883, above referred to, an advance in the transportation of the mails to the States on the Pacific coast and to the Territories of from one day to two days was considered to have been effected. What was sought for was rapid transit of the mails, and this was thought to be enhanced by the means above mentioned.

I have been informed by the General Superintendent of the Railway Mail Service that before any of this diversion of the mails from the Union Pacific Railroad took place, in pursuance of the contract and the arrangement hereinbefore fully stated, an effort was made to induce the Union Pacific Railroad to give a faster schedule on its lines from Omaha to the Pacific coast, by which the same rapid expedition to the mails could be secured, but that the Union Pacific Railroad Company refused so to do unless it should receive extra compensation for such facilities, and that such extra compensation for such extra fast facilities should be paid in cash by the Government, and not in credits on its debts to the Government; that the question as to whether or not the Government, under the legal status which the Union Pacific Railroad Company occupied towards the Government, could pay for such extra fast facilities in cash instead of in credits on its indebtedness, was submitted to the Attorney-General of the United States, and that that officer held that such payments in cash for such extra fast facilities could not be made, but that the sums of money received therefor would have to go to the credit of the company in its account with the Government.

Thereupon the said Union Pacific Railroad Company refused to furnish these fast facilities and expedition in the transportation of the mails, requested and urged upon it by the agents of the Department.

In answer to the third interrogatory, namely, "Whether anything is gained or lost, in point of time, by sending over other roads rather than the Union Pacific road," it is respectfully submitted that this interrogatory is fully answered in the reply to the second parts of the first and second interrogatories, respectively.

In answer to the fourth interrogatory, a copy of the existing contract in relation to the transportation of said mails is herewith submitted, as requested, marked Exhibit A.

I herewith append, as a part of this answer, a full and detailed statement from Hon. John Jameson, General Superintendent of Railway Mail Service, in regard to the subject-matter of the above inquiries.

Very respectfully,

A. LEO KNOTT,
Second Assistant Postmaster-General.

Hon. WILLIAM F. VILAS,
Postmaster-General.

POST-OFFICE DEPARTMENT,
OFFICE OF THE GENERAL SUPERINTENDENT
OF RAILWAY MAIL SERVICE,
Washington, D. C., January 20, 1886.

SIR: In reply to your verbal request and the resolution of the Senate of January 13, relative to the fast mail for Colorado, Utah, and Idaho, I have the honor to state that the fast mail from Chicago west is via the Chicago, Burlington and Quincy, Burlington and Missouri River, and Union Pacific Railroads, and the mails for the States and Territories mentioned are forwarded as follows:

Colorado mail.—From the New York and Chicago railway post-office, arriving at Chicago at 12.45 a. m.; Colorado mail is forwarded via the 3 a. m. train (Chicago, Burlington and Quincy Railroad) to Pacific Junction; thence via the Burlington and Missouri River Railroad (Pacific Junction and Denver railway post-office). The distance from Chicago to Denver via this route is 1,032 miles, while via the Union Pacific the distance is 1,067 miles. The superior facilities via the Burlington and Missouri River Railroad (Pacific Junction and Denver Railway post-office) is one reason for forwarding Colorado mail by this route, and, moreover, the distance to Denver is 35 miles shorter than via the Union Pacific route. Colorado mail is forwarded at the 11.30 a. m. dispatch from Chicago via the Chicago, Burlington and Quincy Railroad to Kansas City, Mo.; thence via the Kansas division of the Union Pacific to Denver and via the Atchison, Topeka and Santa Fé to Pueblo, that portion being forwarded by each of these latter routes that can the soonest accomplish delivery.

Utah Territory.—All mail for Utah Territory is forwarded via the Union Pacific Railroad. Previous to the completion of the Northern Pacific Railroad the mails for the Northwestern States and Territories (excepting Dakota Territory) were forwarded via the Union Pacific, but, on the extension of railway post-office service from Wallula, Wash., east to Helena, Mont., ordered October 11, 1883, immediately following the completion of the Northern Pacific Railroad, the following order was issued by my predecessor, W. B. Thompson, by direction of Postmaster-General Gresham:

GENERAL ORDER } WASHINGTON, D. C., *October* 30, 1883.
No. 159. }

Pacific coast mails.—All lines east of the Mississippi River will send mail for Oregon, Washington Territory, Alaska, and British Columbia, via Saint Paul and the Northern Pacific Railway.

Division superintendents will issue special instructions to lines west of the Mississippi River and east of the Rocky Mountains, so that mail will go via the Union Pacific Railway or the Northern Pacific Railway, selecting the line that makes the best time.

Lines in Oregon and Washington Territory will send mail for points east of the Mississippi River via the Northern Pacific Railway and Saint Paul.

The superintendent of the eighth Division Railway Mail Service will issue instructions to divert at Blackfoot Junction mail for lines west of the Mississippi River and east of the Rocky Mountains that will make better time via the Utah Northern Division of the Union Pacific Railway.

W. B. THOMPSON,
General Superintendent.

Changes.—It has been found necessary from time to time to make changes in the manner of forwarding the mails for certain sections of the western territory, to secure to the public the fullest advantages afforded by the newly completed extensions of railroads, the first object being the expedition, the next, the cost. At the present time the mails are forwarded as indicated in the general order above.

Idaho mail.—Idaho mail is forwarded via the Union Pacific, excepting matter for thirty-three offices located on the Northern Pacific Railroad, which is forwarded via Saint Paul from Chicago.

Montana Territory.—That portion of Montana Territory located on the Utah Northern Railroad is forwarded via the Union Pacific, the remainder via Saint Paul and the Northern Pacific. The bulk of mail for this Territory, however, goes via the Northern Pacific from Chicago to advance delivery.

Washington Territory and British Columbia.—Mails for Washington Territory and British Columbia are forwarded via the Northern Pacific Railroad. It seems proper to state in this connection, also, that the mail for Southern California was diverted from the Union Pacific Railroad in the latter part of 1881, so as to be forwarded via the (then newly completed) Southern Pacific Railroad, by which route a reduction of twenty-four hours was made in the transit time of mails for Southern California from the east. The quantity of this mail was very considerable, as it comprised the accumulation from all the country east of the 96th meridian.

In reply to the second paragraph of the resolution, I have to inform you that this office has no data or record from which to determine as to the cost and manner of payment for the transportation of the mails.

In reply to the third paragraph of the resolution I have to state that, previous to the establishment of the "fast mail" between Chicago and San Francisco via the Chicago, Burlington and Quincy and Union Pacific Railroads, the time in transit between New York and Denver was eighty-three hours and twenty-five minutes, as follows:

Leave New York 8.50 p. m., Monday; arrive Chicago 5.41 a. m., Wednesday. Leave Chicago 12.15 p. m., Wednesday; arrive Burlington 8.05 p. m., Wednesday; arrive Omaha 10 a. m., Thursday; arrive Denver 8.15 a. m., Friday, and the same time in transit of the p. m. dispatch from Chicago to Denver was forty-four hours and forty minutes; leaving Chicago at 10 p. m., and arriving at Denver via the Chicago, Burlington and Quincy and Union Pacific Railroads, at 6.40 p. m., second day.

Commencing with the establishment of the "fast mail" west of Chicago via the Chicago, Burlington and Quincy, Burlington and Missouri River, and Union Pacific Railroads, the time between New York and Denver was reduced to seventy-one hours and ten minutes, as follows:

Leave New York 9 p. m., Monday; arrive Chicago 12.35 a. m., Wednesday. Leave Chicago 3 a. m., Wednesday; arrive Denver 8.10 p. m., Thursday.

There is no dispatch of mail for Colorado at 10 p. m. from Chicago since the establishment of the fast mail last mentioned, the p. m. dispatch being omitted and forwarded via the Chicago and Burlington, the fast mail at 3 a. m. reaching Denver in forty-one hours and ten minutes, as follows: Leave Chicago 3 a. m.; arrive Denver 8.10 p. m., the following day.

Mail for Colorado is forwarded via the Chicago, Burlington and Quincy and Burlington and Missouri River Railroads in accordance with a stipulation in the contract between the Department and that route for fast mail facilities. See page 254, paragraph 6, Postmaster-General's Report, 1885, as follows:

"And it is further stipulated and agreed that the Chicago, Burlington and Quincy Railroad Company shall carry on its lines all through mails to and from points west of the Missouri River, and to and from Council Bluffs, Iowa; and the said mails shall be so sent by the Post-Office Department."

Copies of all official records and contracts in relation to the transportation of mails are on file in the railway adjustment division of your office.

Very respectfully,

JNO. JAMESON,
General Superintendent.

Hon. A. LEO KNOTT,
Second Assistant Postmaster-General, Washington, D. C.

[Exhibit A.]

POST-OFFICE DEPARTMENT,
Washington, D. C., March 3, 1886.

I certify that the annexed is a true copy taken from the files and records of this Department.

In testimony whereof I have hereto set my hand and caused the seal of the Post-Office Department to be affixed, the day and year above written.

[SEAL.]

WM. F. VILAS,
Postmaster-General.

Whereas an agreement was entered into on the 10th day of March, 1884, between the Postmaster-General of the United States and the Chicago, Burlington and Quincy Railroad Company, under the provisions of which a special "fast mail train," starting from Chicago, Ill., at 3 a. m. has been maintained by said company six times per week over the line from Chicago to Union Pacific Transfer since March 11, 1884; and whereas the provisions of said agreement have been carried out with great benefit to the public; and whereas said contract or agreement will expire March 10, 1886, the following contract is entered into for the purpose of securing to the public these advantages this 7th day of January, 1885, between the Post-Office Department of the United States of America (acting in this behalf by the Postmaster-General) and the Chicago, Burlington and Quincy Railroad Company, by Charles E. Perkins, its president, and Thomas J. Potter and Charles E. Perkins, sureties, witnesseth:

That the Chicago, Burlington and Quincy Railroad Company agrees to maintain the service stipulated and provided for in the agreement of March 10, 1884, and particularly the "special fast mail train," leaving Chicago at 3 a. m., six times per week, on route 23007, from Chicago, Ill., to Burlington, Iowa, for the compensation now fixed under the acts of March 3, 1873, July 12, 1876, and June 17, 1878, viz, one hun-

dred and ninety-three thousand and seventy-one dollars and sixty cents ($193,071.60) per annum.

And on route 27005, from Burlington to Union Pacific Transfer, Iowa, for the compensation now fixed under the laws above cited, viz, one hundred and seventy-nine thousand two hundred and sixty-eight dollars ($179,268) per annum, from March 11, 1885, to March 10, 1888, for which period this contract shall be in full force and effect.

And in order to facilitate the transaction of the postal business on the line from Chicago to Union Pacific Transfer, the said railroad company agrees to add within a reasonable time two railway post-office cars, each 60 feet in length, to the equipment now in use on the line, for which said railroad company shall receive no additional pay, the cars herein provided for being intended to increase the efficiency of the lines of railway post-office now in use.

And it is further stipulated and agreed that the Chicago, Burlington and Quincy Railroad Company shall carry on its lines all through mails to and from points west of the Missouri River, and to and from Council Bluffs, Iowa, and the said mails shall be so sent by the Post-Office Department.

And it is further stipulated and agreed that the Post-Office Department, if requested by the Chicago, Burlington and Quincy Railroad Company to do so, shall weigh the mails and readjust the pay or revise the pay upon any other basis of compensation which may then exist on the two routes above described, to take effect from and after any date subsequent to January 1, 1886, that may be designated by said railroad company.

It is further stipulated and agreed that the said railroad company shall from March 11, 1885, to March 10, 1888, cause the "special fast mail train" to continue to leave Chicago, Ill., at 3 a. m. six times per week, as at present, and arrive at Union Pacific Transfer, Iowa, at 7 p. m., instead of as at present.

The Post-Office Department agrees to pay the legal rate of compensation, $40 per mile per annum, from October 29, 1884, for the line of 50-feet postal cars now running between Quincy, Ill., and Kansas City, Mo., over the Hannibal and Saint Joseph Railroad, owned by the Chicago, Burlington and Quincy Railroad Company; and in consequence of changes in the distribution of mails shall reweigh the mails and readjust the pay from January 15, 1885, on routes 33012, Atchison to Columbus; 34016 Beatrice to Red Cloud; 34020, Wymore to Table Rock.

The said railroad company also agrees to run an apartment car between McCook and Denver, and run the line of railway post-office cars formerly in use between those points between Pacific Junction and McCook.

It is also stipulated and agreed that the said railroad company shall not be required to shorten its time of running from that above given between Chicago and Union Pacific Transfer.

If the Union Pacific Railroad Company change its schedules to leave the transfer earlier than 7 p. m., so as to break the above-mentioned connection, then the Post-Office Department will, with the co-operation of the Chicago, Burlington and Quincy Railroad Company, use the lines of the latter, by way of Denver and Pueblo to Ogden, for its through mails.

In witness whereof the said Postmaster-General has caused the seal of the Post-Office Department to be hereto affixed, and has attested the same by his signature; and the said railroad company by its president and sureties, and hereunto set their hands and seals the day and year set opposite their names, respectively.

FRANK HATTON, [L. S.]
Postmaster-General.

Signed, sealed, and delivered by the Postmaster-General in the presence of—
W. P. DUMBLE.

JANUARY 7, 1885.
Executed in triplicate.
And by the other parties hereto in the presence of—
J. C. PEASLEY,
T. S. HOWLAND,
Witnesses.

Signed this 14th day of January, 1885.

CHICAGO, BURLINGTON AND QUINCY RAILROAD COMPANY,
By CHARLES E. PERKINS, *President.*

Signed this 14th day of January, 1885.

CHARLES E. PERKINS, [SEAL.]
Surety.

Signed this 14th day of January, 1885.

THOMAS J. POTTER. [SEAL.]

CHICAGO POST-OFFICE, *January* 14, 1885.

I hereby certify that Charles E. Perkins and Thomas J. Potter are good and sufficient securities for the amount of the foregoing contract.

P. W. PALMER, *P. M.*

Attest:

H. W. WEISS, [SEAL.]
Ass't Secretary.

[Exhibit B.]

Statement showing the weight of mails and compensation of the Chicago, Burlington and Quincy Railroad between Chicago and Union Pacific Transfer, for the transportation of the mails prior to the execution of the "fast-mail" contract, and the weight of mails and compensation of said road between said points after the contract went into effect and in pursuance thereof. Also the weight of mails and compensation of the Chicago, Milwaukee and Saint Paul, the Chicago and Northwestern, and the Chicago, Rock Island and Pacific railroad companies, between Chicago and Union Pacific Transfer, before said contract went into effect and after said contract went into effect, said roads having been reweighed and compensation readjusted on account of said "fast-mail" contract.

No. of route.	Terminl.	Title of company.	Distance.	Annual pay for transportation prior to contract.	Annual pay for transportation after contract.
			Miles.		
29084	Chicago, Lanark Junc. (n. o.) ...	Chicago, Milwaukee and St. Paul Railway.	116.50	$22,511.29	$23,312.68
29024*	Lanark Junc. (n. o.), Savanna...		23	2,859.12	2,859.12
27026	Savanna, U. P. Transfer (n. o.)...		254.18	37,232.10	41,137.32
			493.68	62,602.51	66,309.42
29003	Chicago, U. P. Transfer (n. o.).....	Chicago and Northwestern Railway.	490.14	106,243.84	91,291.46
29015	Chicago, Davenport.....	Chicago, Rock Island and Pac. R'y.	182.92	68,971.81	40,194.84
27014	Davenport, U. P. Transfer (n. o.).		317.95	82,425.35	42,843.76
			500.87	151,397.16	83,038.60
29007	Chicago, Burlington	Chicago, Burlington and Quincy Railroad.	206	80,326.91	144,426.60
27005	Burlington, U. P. Transfer (n. o.)		291	60,252.18	121,068.00
			497	140,579.09	265,494.60

No. of route.	Pay for railway post-office cars prior to contract.	Pay for railway post-office cars after contract.	Average daily weight of mails prior to contract.†	Average daily weight of mails after contract.‡	Remarks.
			Pounds.	*Pounds.*	
29084	.....	.....	7,002	6,961	Decrease in weight.
29024*	.....	.....	2,123	2,122	Same weight.
27026	.....	.....	1,493	1,750	Increase in weight.
29003	$27,751.80	$27,751.80	18,324	8,642	Decrease in weight.
29015	11,880.60	11,880.60	28,449	9,609	Do.
27014	16,706.75	16,706.75	19,374	4,827	Do.
29007	17,443.40	48,645.60	25,425	54,621	Increase in weight.
27005	18,945.20	58,200.00	12,807	37,031	Do.
	30,389.60	106,845.60			

*Part. †Weight in 1883. ‡Weight in 1884.

Memorandum to Exhibit B.

It will be seen by the above table that the net increase in the annual cost of mail transportation and railway post-office car service is $65,675.68; that of this increase, $70,455.40, or about 82 per cent. of the whole increase, is owing to the increase in the cost of the railway post-office cars. This increase in the cost of railway post-office cars was rendered necessary by the large amount of mail concentrated on the Chicago, Burlington and Quincy Railroad and its lines, by reason of this contract, while there was no decrease in the cost of railway post-office cars on the three competing lines of railway between Chicago and the Union Transfer, from which this mail was taken.

Summary showing the increase or decrease in pay for transportation and for railway post-office cars on above routes before and after contract went into effect, and the net increase in cost on the four lines named in consequence of said contract.

	Pay for transportation after contract went into effect.		Pay for railway post-office cars after contract went into effect.
	Increase.	Decrease.	Increase.
Chicago, Milwaukee and Saint Paul	$3,705.91		
Chicago and Northwestern		$41,042.28	
Chicago, Rock Island and Pacific		68,358.56	
Chicago, Burlington and Quincy	124,915.51		$70,455.40
Total	128,621.43	113,400.84	70,455.40
Total decrease in cost of transportation	113,400.94		
Net increase in cost of transportation	15,220.49		
Increase in cost of railway post-office cars	70,455.40		
Total net increase in cost	85,675.86		

[Exhibit C.]

Statement showing the decrease in weight of mails and compensation of the Union Pacific Railway between Union Pacific Transfer (n. o.) and Ogden City, Utah, after the diversion of certain mails from said route on account of the completion of the Northern Pacific Railroad. Also the increase in weight of mails, and compensation on roads operated in the interest of the Chicago, Burlington and Quincy Railroad, west of the Missouri River, prior to and after the "fast-mail" contract went into effect. Also weight and compensation on Union Pacific lines to Denver, Colo.

No. of route.	Title of company and termini.	Distances.	Annual pay for transportation prior to adjustment in 1884.
		Miles.	
34001	Union Pacific Railway—Union Pacific Transfer (n. o.), Iowa, and Ogden City, Utah	1,034.01	$440,142.30
34002	Burlington and Missouri River Railroad (in Nebraska)—Plattsmouth and Kearney, Nebr	119.11	24,509.85
34004	Omaha and Southwestern Railroad—Omaha, Nebr., and Oreopolis Junction (n. o.), Nebr	16.60	1,845.09
34009	Republican Valley Railroad—Hastings, Nebr., and Denver, Colo	*415.88	10,903.32
38007	Union Pacific Railway—Denver, Colo., and Cheyenne, Wyo	106.86	10,507.54
38017	Union Pacific Railroad—Julesburg, Colo., and La Salle Station (n. o.), Colo	151.16	19,257.78

* Prior to the weighing of April 16, 1884, pay had only been fixed on that portion of route 34009 between Hastings and Culbertson, 172.33 miles.

No. of route.	Title of company and termini.	Annual pay for transportation after adjustment in 1884.	Pay for railway post-office cars prior to adjustment in 1884.	Pay for railway post-office cars after adjustment in 1884.
34001	Union Pacific Railway—Union Pacific Transfer (n. o.), Iowa, and Ogden City, Utah	$338,373.65	$61,064.50	$61,064.50
34002	Burlington and Missouri River Railroad (in Nebraska)—Plattsmouth and Kearney, Nebr	29,738.62	3,687.50	3,687.50
34004	Omaha and Southwestern Railroad—Omaha, Nebr., and Oreopolis Junction (n. o.), Nebr	2,270.88	415.00	415.00
34009	Republican Valley Railroad—Hastings, Nebr., and Denver, Colo	53,116.57		10,307.00
38007	Union Pacific Railway—Denver, Colo., and Cheyenne, Wyo	13,421.23	1,155.00	1,155.00
38017	Union Pacific Railroad—Julesburg, Colo., and La Salle Station (n. o.), Colo	18,352.33	3,770.00	3,770.00

Statement showing the decrease in weight of mails and compensation of the Union Pacific Railway between Union Pacific Transfer and Ogden City, Utah etc.—Continued.

No. of route.	Title of company and termini.	Average daily weight of mails as per weighing in 1882.	Average daily weight of mails as per weighing in 1884.	Increase or decrease.
		Pounds.	*Pounds.*	*Pounds.*
34001	Union Pacific Railway—Union Pacific Transfer (n. o.), Iowa, and Ogden City, Utah	29,665	23,990	−5,675
34002	Burlington and Missouri River Railroad (in Nebraska)—Plattsmouth and Kearney, Nebr	2,013	3,964	+1,952
34004	Omaha and Southwestern Railroad—Omaha, Nebr., and Oreopolis Junction (n. o.), Nebr	1,617	2,617	+1,000
34009	Republican Valley Railroad—Hastings, Nebr., and Denver, Colo	495	2,357	+1,862
38007	Union Pacific Railway—Denver, Colo., and Cheyenne, Wyo	1,317	1,944	+627
38017	Union Pacific Railroad—Julesburg, Colo., and La Salle Station (n. o.), Colo	1,963	1,859	−124

Memorandum to Exhibit C.

It appears from the above table that as a result of the weighing on the main branch of the Union Pacific Railway, route No. 34001, Union Pacific Transfer to Ogden City, Utah, there was a decrease in the weight of the mails of 5,675 pounds, and in the annual compensation for transportation of $62,768.85.

On the Union Pacific line from Denver to Cheyenne, route No. 38007, there was a gain in the weight of the mails of 627 pounds, under the same weighing, and of $2,923.69 in the annual compensation.

On its line from Julesburg to La Salle Station, route No. 38017, there was a decrease in the weight of the mails of 124 pounds, and a loss in the annual compensation of $995.45, making a net loss on these lines of the Union Pacific Railway of $60.750 41 per annum.

This weighing in 1884 was made, as far as the Department is at present advised, in pursuance of the stipulation in the contract referred to between the Department and the Chicago, Burlington and Quincy Railroad Company; also, by reason of the fact that under General Order No. 159 of Railway Mail Superintendent Thompson, dated October 30, 1883, a considerable amount of mail had been diverted from the Union Pacific to the Northern Pacific Railway for reasons therein stated.

The correspondence in the Department shows that the weighing on the main line of the Union Pacific Railway from Omaha to Ogden City was ordered in consequence of the diversion of the mail effected by the last-mentioned order. These routes were all weighed at the same time.

EXHIBIT B.

POST-OFFICE DEPARTMENT,
OFFICE OF GENERAL SUPERINTENDENT OF RAILWAY MAIL SERVICE,
Washington, D. C., November 14, 1887.

SIR: In response to your personal request, and in connection with the letter from Hon. Robert E. Pattison, chairman of the United States Pacific Railway Commission, dated November 5, 1887, calling for certain information regarding the relations between the Post-Office Department and the bond-aided Pacific railroads, and in which he says:

(1) "In the course of the investigation by the Commission charges have been made by the officers of the bond-aided railroad companies that the Post-Office Department has given preference in mail transportation to the roads which were in competition with them, this complaint being based on the assumption that it was the duty of the Government—all else being equal—to give the transportation to the bond-aided railroads in preference to the non-aided lines;

(2) "Hon. John P. Usher, at Kansas City, testified that mail matter from Kansas City to Lawrence and Topeka is carried mainly by the Atchison, Topeka and Santa Fé Company, and from Kansas City and these Kansas towns to Colorado by the same company;

(3) "Officials of the Central Pacific Railroad Company also charged that the Central Pacific line was discriminated against in favor of the non-aided lines; they further declared that the rate allowed to that line for mail transportation did not exceed the allowance to railroads in the East"—

I would state that under date of January 20, 1886, a letter was addressed you from this office giving substantially the information that is called for in this inquiry. This previous letter was in connection with the United States Senate resolution of January 13, 1886, calling for information in regard to the so-called "fast mail" west of Chicago, to which the honorable Postmaster-General made reply under date of

March 8, 1886, said reply being afterwards printed as Executive Document No. 98 first session Forty-ninth Congress.

In the letter from this office of January 20, 1886, it was shown that Colorado mail, departing from Chicago at 3 a. m., was dispatched via the Chicago, Burlington and Quincy Railroad to Omaha, and thence by the Burlington and Missouri River Railroad in Nebraska to Denver, and at 11.30 a. m. was dispatched via the Chicago, Burlington and Quincy Railroad to Kansas City, Mo. Prior to arriving at the latter point mail for Colorado was divided and a portion sent from Kansas City via the Kansas division of the Union Pacific Railroad to Denver, and another portion over the Atchison, Topeka and Santa Fé to Pueblo—that portion being forwarded by each of these routes that could the soonest accomplish delivery. That this Colorado mail was not forwarded over their line was one of the complaints made by the Union Pacific Company, and the reason why such mail was not so forwarded was owing to a stipulation contained in an agreement made on the 7th of January, 1885, between the Post-Office Department and the Chicago, Burlington and Quincy Railroad (which controls the Burlington and Missouri River Railroad in Nebraska) for the establishment of a fast mail between Chicago and Council Bluffs, which stipulation is as follows:

"And it is further stipulated and agreed that the Chicago, Burlington and Quincy Railroad Company shall carry on its lines all through mails to and from points west of the Missouri River, and to and from Council Bluffs, Iowa; and the said mails shall be sent by the Post-Office Department."

This contract did not contemplate, of course, that any mail should be held or delayed in order to be carried by the Chicago, Burlington and Quincy trains, and in dispatching this Western mail the question of expedition has always received prior consideration.

As to the complaint of the Hon. John P. Usher, of Kansas City, that matter for Lawrence and Topeka is mainly carried by the Atchison, Topeka and Santa Fé Company instead of being given to the Kansas Pacific division of the Union Pacific Railroad, I would state that at the time the fast mail was established between Saint Louis and Kansas City over the Missouri Pacific Railroad, arriving at Kansas City at 11 a. m., strenuous efforts were made to have all of the lines running west from Kansas City wait for this connection, and the efforts of the Department in this direction were successful with nearly every line; but among those that declined to accede to the wishes of the Department was the Kansas Pacific division of the Union Pacific Railroad, the officers of which claimed that it would be impossible to hold their morning train west for this connection as it would lose them important connection at Denver. As the fast mail connection from Saint Louis to Kansas City carries the great bulk of the mail for the State of Kansas a large portion of the mail for Lawrence and Topeka must necessarily be forwarded by the road which makes the connection, namely, the Atchison, Topeka and Santa Fé; otherwise the mail would have to remain in Kansas City until evening.

Another source of complaint which was taken up and considered in letter from this office of January 20, 1886, was the diversion of mail for Oregon, Washington Territory, Alaska, and British Columbia, to go from Chicago via Saint Paul, and the Northern Pacific, instead of via Omaha and the Union Pacific. And again, that matter for the southern portion of California was sent via the Atlantic and Pacific and Southern Pacific Railroads rather than by their lines. In both of these cases the mail was diverted in order to secure a more speedy delivery. The circumstances under which mail for Washington Territory, Oregon, Alaska, and British Columbia was sent via Saint Paul were somewhat similar to those under which Colorado mail was sent to the Chicago, Burlington and Quincy road, a contract having been made with the Chicago, Milwaukee and Saint Paul Railroad Company whereby, in consideration of the establishment of a fast train between Chicago and Saint Paul and the greatly improved facilities which such a fast would furnish the Department agreed to send mail for that portion of the country above mentioned by that line, provided it would be carried as expeditiously as by the Union Pacific. There has been no mail of any importance diverted from the Union Pacific roads since January 20, 1886, except as mentioned above in regard to certain towns in Kansas. The situation, therefore, is practically the same to-day as it was then, and as the subject is dealt with more in detail in communication of this office of that date, I would respectfully invite your attention to it.

As covering the whole case, therefore, I think I can safely say that there has been no mail diverted from the Union Pacific railroads except that which would secure a more speedy delivery by other lines; and such diversion was made to subserve the public interest.

Very respectfully,

T. E. NASH,
General Superintendent.

Hon. A. LEO KNOTT
Second Assistant Postmaster-General, Washington, D. C.

EXHIBIT C.

[No. 2501.]

RAILWAY ADJUSTMENT DIVISION.

[Route No. ——, from —— to ——.]

Circular.

Laws respecting pay for the transportation of mails on railroad routes.

[For the information of parties concerned, the sections and paragraphs hereto appended are transcribed from the Revised Statutes and from acts of Congress making appropriations for the service of the Post-Office Department.]

——— ———,
Second Ass't P. M. General.

WASHINGTON, D. C., —— ——, 188 .

SEC. 3999. If the Postmaster-General is unable to contract for carrying the mail on any railway route at a compensation not exceeding the maximum rates herein provided, or for what he may deem a reasonable and fair compensation, he may separate the letter-mail from the other mail, and contract, either with or without advertising, for carrying such letter-mail by horse express or otherwise, at the greatest speed that can reasonably be obtained, and for carrying the other mail in wagons or otherwise, at a slower rate of speed.

SEC. 4000. Every railway company carrying the mail shall carry *on any train which may run over its road*, and *without extra charge* therefor, all mailable matter directed to be carried thereon, with the person in charge of the same.—*Act of March* 3, 1873.

SEC. 4002. The Postmaster-General is authorized and directed to readjust the compensation hereafter to be paid for the transportation of mails on railroad routes upon the conditions and at the rates hereinafter mentioned:

First. That the mails shall be conveyed with due frequency and speed; and that sufficient and suitable room, fixtures, and furniture, in a car or apartment properly lighted and warmed, shall be provided for route agents to accompany and distribute the mails.

[NOTE.—"Sufficient and suitable room," etc., must be provided under this section to entitle the company to the pay hereinafter prescribed for weight of mails. No additional pay can be allowed for cars or apartments required when such cars or apartments are less than 40 feet in length. Sec. 4004 provides additional pay for cars 40 feet in length and over. The Department determines the size of the mail car or apartment.]

Second. That the pay per mile per annum shall not exceed the following rates, namely: On routes carrying their whole length an average weight of mails per day of two hundred pounds, fifty dollars; five hundred pounds, seventy-five dollars; one thousand pounds, one hundred dollars; one thousand five hundred pounds, one hundred and twenty-five dollars; two thousand pounds, one hundred and fifty dollars; three thousand five hundred pounds, one hundred and seventy-five dollars; five thousand pounds, two hundred dollars, and twenty-five dollars additional for every additional two thousand pounds; the average weight to be ascertained, in every case, by the actual weighing of the mails for such a number of successive working days, not less than thirty, at such times after June thirtieth, eighteen hundred and seventy-three, and not less frequently than once in every four years, and the result to be stated and verified in such form and manner as the Postmaster-General may direct.—*Act of March* 3, 1873.

PENALTY FOR FAILURE TO PROVIDE SPACE FOR DISTRIBUTION OF THE MAILS AS ABOVE REQUIRED.

* * * That in case any railroad company fail or refuse to provide railway post-office cars when required by the Post-Office Department, said company shall have its pay reduced ten per centum on the rates fixed in sec. 4002, R. S., as amended by act of July 12, 1876, entitled "An act making appropriations for the service of the Post-Office Department for the fiscal year ending June 30, 1877, and for other purposes," and as further amended by the act of June 17, 1878, entitled "An act making appropriations for the service of the Post-Office Department for the fiscal year ending June 30, 1879, and for other purposes." * * *—*Act of June* 11, 1880.

ADDITIONAL PAY FOR RAILWAY POST-OFFICE CARS.

SEC. 4003. In case any railroad company now furnishing railway post-office cars shall refuse to provide such cars, such company shall not be entitled to any increase of compensation under the provisions of the next section.

SEC. 4004. Additional pay may be allowed for every line comprising a daily trip each way of railway post-office cars, at a rate not exceeding twenty-five dollars per mile per annum for cars forty feet in length; and thirty dollars per mile per annum for forty-five-foot cars; and forty dollars per mile per annum for fifty-foot cars; and fifty dollars per mile per annum for fifty-five to sixty-foot cars.

SEC. 4005. The length of cars required for such post-office railway-car service shall be determined by the Post-Office Department, and all such cars shall be properly fitted up, furnished, warmed, and lighted for the accommodation of clerks to accompany and distribute the mails.—*Act of March* 3, 1873.

MAILS TO BE WEIGHED BY AGENTS OF THE DEPARTMENT.

* * * And out of the appropriation for inland mail transportation the Postmaster-General is authorized hereafter to pay the expenses of taking the weights of mails on railroad routes, as provided by the act entitled "An act making appropriations for the service of the Post-Office Department for the year ending June thirtieth, eighteen hundred and seventy four," approved March third, eighteen hundred and seventy-three; and he is hereby directed to have the mails weighed as often as now provided by law by the employés of the Post-Office Department, and have the weights stated and verified to him by said employés under such instructions as he may consider just to the Post-Office Department and the railroad companies.—*Act of March* 3, 1875.

REDUCTION OF TEN PER CENTUM.

* * * *Provided*, That the Postmaster-General be, and he is hereby, authorized and directed to readjust the compensation to be paid from and after the first day of July, eighteen hundred and seventy-six, for transportation of mails on railroad routes, by reducing the compensation to all railroad companies for the transportation of mails ten per centum per annum from the rates fixed and allowed by the first section of an act entitled "An act making appropriations for the service of the Post-Office Department for the fiscal year ending June thirtieth, eighteen hundred and seventy-four, and for other purposes," approved March third, eighteen hundred and seventy-three, for the transportation of mails on the basis of the average weight. * * *—*Act of July* 12, 1876, sec. 1.

ADDITIONAL REDUCTION OF FIVE PER CENTUM FROM JULY 1, 1878.

And provided further, That the Postmaster-General be, and he is hereby, authorized and directed to readjust the compensation to be paid from and after the first day of July, eighteen hundred and seventy-eight, for transportation of mails on railroad routes by reducing the compensation to all railroad companies for the transportation of mails *five per centum per annum* from the rates for the transportation of mails on the basis of the average weight fixed and allowed by the first section of an act entitled "An act making appropriations for the service of the Post-Office Department for the fiscal year ending June thirtieth, eighteen hundred and seventy-seven, and for other purposes," approved July twelfth, eighteen hundred and seventy-six.—*Act of June* 17, 1878.

ALLOWANCE ON LAND-GRANT ROADS.

SEC. 4001. All railway companies to which the United States have furnished aid, by grant of lands, right of way, or otherwise, shall carry the mail at such prices as Congress may by law provide; and until such price is fixed by law, the Postmaster-General may fix the rate of compensation.—*Act of March* 3, 1873.

That railroad companies whose railroad was constructed in whole or in part by a land grant made by Congress, on the condition that the mails should be transported over their road at such price as Congress should by law direct, shall receive only eighty per centum of the compensation authorized by this act.—*Act of July* 12, 1876, *sec.* 13.

PENALTY FOR REFUSAL TO CARRY MAILS ON FASTEST TRAINS.

* * * *And if any railroad* company shall fail or refuse to transport the mails when required by the Post-Office Department, upon the fastest train or trains run upon said road, said company *shall have its pay reduced fifty per centum of the amount provided by law.*—*Act of March* 3, 1865.

EXHIBIT D.

OFFICE OF THE AUDITOR OF THE TREASURY
FOR THE POST-OFFICE DEPARTMENT,
Washington, D. C., November 19, 1887.

SIR: In reply to your letter of the 7th instant, requesting that you be furnished with the total balance due on the branches of the Pacific railroads for transportation of the mails, I have the honor to inform you that a balance of $911,276.93 is due on the branches of the Central Pacific Railroad Company from July 1, 1882, to September 30, 1887, and remains unpaid.

The balances due the Union Pacific, Central Branch Union Pacific, and Kansas Pacific railroad companies have been placed to their credit at the Treasury under an assignment by the president of the respective companies.

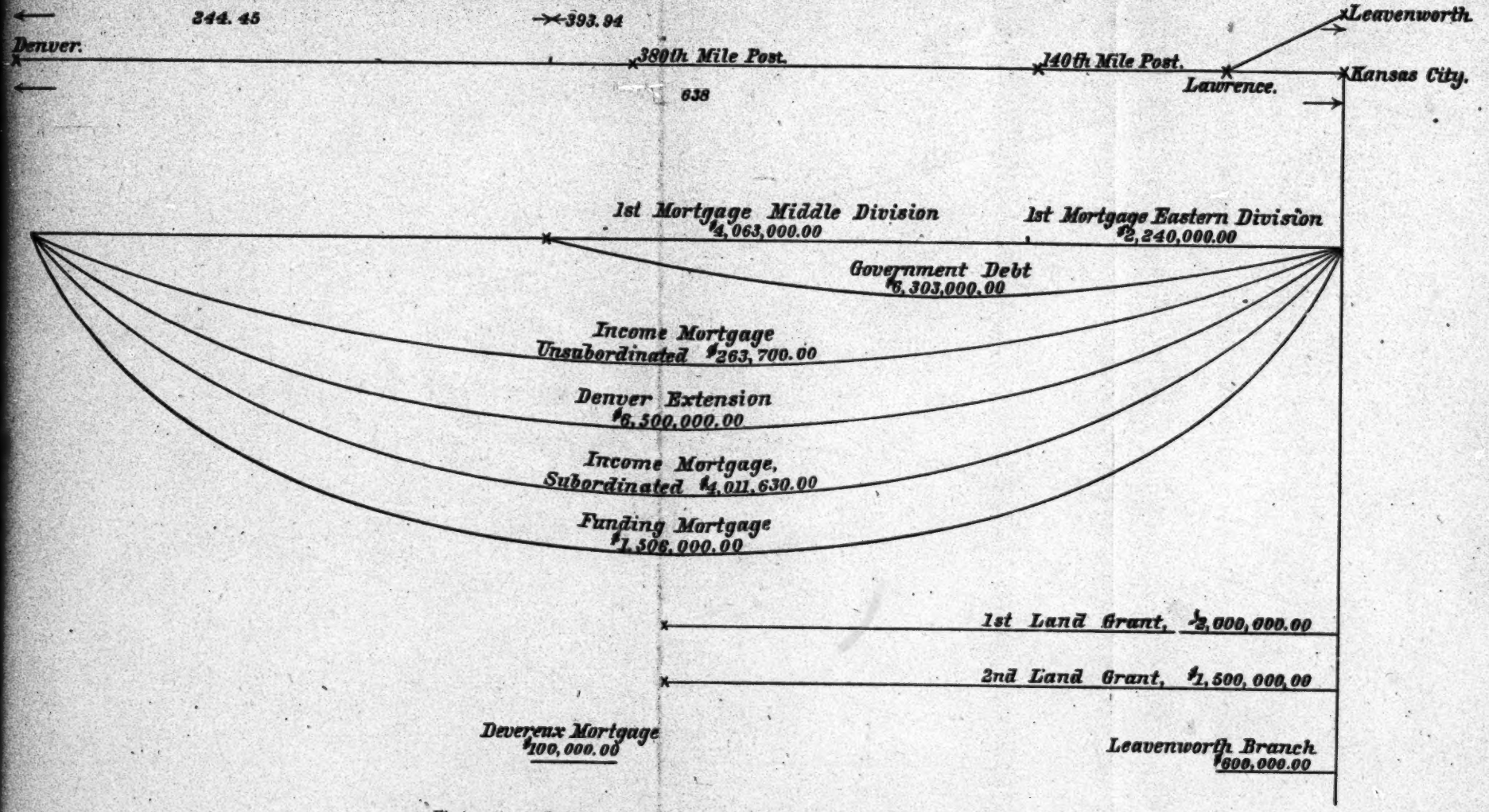
The balance due the Sioux City and Pacific Railroad Company has been certified to the Register of the Treasury, under the act of March 3, 1879.

Respectfully,

D. MCCONVILLE,
Auditor.

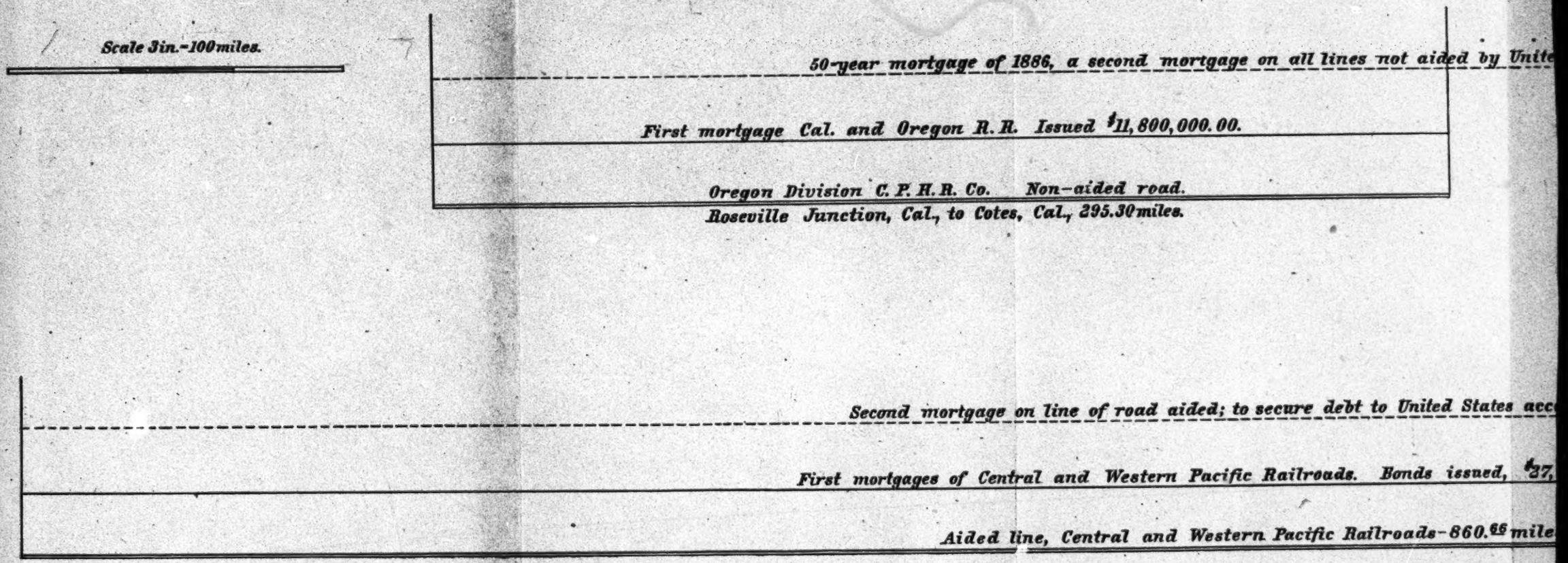
Hon. A. LEO KNOTT,
Second Assistant Postmaster-General.

DIAGRAM ILLUSTRATING THE CONDITION OF THE FUNDED DEBT OF THE KANSAS PACIFIC RAILWAY COMPANY, JANUARY 1, 1878.



First mortgage Eastern and Middle divisions		$6,303,000
Government debt		6,303,000
Income bonds { Subordinate	$4,011,650	
Income bonds { Unsubordinate	263,700	
		4,275,350
Denver extension		6,500,000
Funding mortgage		1,500,000
First land grant		2,000,000
Second land grant		1,500,000
Leavenworth branch		600,000
Devereux mortgage		100,000
		29,081,350

[Report of U. S. Pacific Railway Commission, vol. 7.]



[Report of U. S. Pacific Railway Commission, vol. 7.]

United States bonds, and lands of Company. Issued $7,063,000.00.

1st. mtge. San Joaquin Valley, R. R. $6,080,000.00.

San Joaquin Valley Division.

Lathrop to Goshen, Cal., 146.08 miles.

1st mtge. B. W.P.R.R. $765,000.00. W.P.R.R.

Niles to W. Oakland, 24.31m.

1st mtge. S.F.O. & A. $233,000.00. Local lines.

S.F. Oakland and Alameda, 25.03 miles of track.

account of bonds issued. Amount of bonds, $27,855,680.00.

$27,853,000.00. Also, Cal. State Aid bonds unpaid, $284,000.00.

miles. San José, Cal. to 5 miles west of Ogden, Utah.

S. P. Co. 13574

50TH CONGRESS, 1st Session. | SENATE. | Ex. Doc. 51, Part 9.

TESTIMONY

TAKEN BY

THE UNITED STATES PACIFIC RAILWAY COMMISSION,

APPOINTED

UNDER THE ACT OF CONGRESS APPROVED MARCH 3, 1887, ENTITLED "AN ACT AUTHORIZING AN INVESTIGATION OF THE BOOKS, ACCOUNTS, AND METHODS OF RAILROADS WHICH HAVE RECEIVED AID FROM THE UNITED STATES, AND FOR OTHER PURPOSES."

ROBERT E. PATTISON, OF PENNSYLVANIA, *Chairman*,
E. ELLERY ANDERSON, OF NEW YORK,
DAVID T. LITTLER, OF ILLINOIS,
Commissioners.

VOLUME VIII.

REPORTED BY

CHARLES P. YOUNG, of New York,
SECRETARY AND STENOGRAPHER TO THE COMMISSION.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1887.

4433

REPORT

ON THE

UNION PACIFIC RAILWAY AND ITS BRANCHES; THE CENTRAL PACIFIC RAILWAY AND ITS BRANCHES; THE CENTRAL BRANCH OF THE UNION PACIFIC RAILROAD; THE SIOUX CITY AND PACIFIC RAILROAD; ALSO ON AUXILIARY AND LEASED LINES,

BY

RICHARD PRICE MORGAN, JR.,

INSPECTING ENGINEER FOR THE UNITED STATES PACIFIC RAILWAY COMMISSION.

OCTOBER 15, 1887.

REPORT.

THE UNION PACIFIC RAILWAY SYSTEM.

DWIGHT, ILL., *October* 15, 1887.

ROBERT E. PATTISON, *Chairman*, E. ELLERY ANDERSON,
and D. T. LITTLER,
The United States Pacific Railway Commission:

GENTLEMEN: I beg leave to report the results of my examinations and estimates, made in compliance with your resolution of appointment and instructions, which charge me "with the duty of examining the Union Pacific Railway and its branches, the Central Pacific Railway and its branches, the Central Branch of the Union Pacific Railroad, and the Sioux City and Pacific Railroad, and of reporting to the Commission the material and physical conditions of the said roads and their equipments, and their fair present actual value, together with an estimate of the present cost of reproducing the same." Associated or auxiliary lines of road were subsequently included by verbal instructions. The inspection of the real and personal property in respect to their character and condition was very thoroughly made by actual measurement, verification, and observation; also ample notes were taken and constant effort made to secure all needed data to aid in determining the fair present actual value and the present cost of reproducing the properties.

A statement in detail of the method and work of inspection, etc., will be found in Appendix A.

STATEMENT IN DETAIL.

To avoid repetition the following statement in detail of the condition of the Union Pacific road and fixtures from Omaha to Ogden is presented, and applies to the entire Union Pacific system. Modifications, however, are briefly noted in the separate statement of each line.

THE MATERIAL AND PHYSICAL CONDITION OF THE UNION PACIFIC RAILWAY AND ITS BRANCHES, AND THEIR EQUIPMENTS.

	Miles.
Council Bluffs to Omaha	3
Omaha to Ogden	1,030.9
Ogden to junction of the Central Pacific Railroad	5
	1,038.9

ALIGNMENT AND GRADES.

The alignment and grades, considered as a whole, for the practical working of trains, present a high standard of excellence, exceptions in

detail appearing to be caused by arbitrary physical conditions, the force of which can only be determined by instrumental measurements and complete computations.

EXCAVATIONS AND EMBANKMENTS.

The excavations, rock and earth, in tunneling, prism and side-cuts, are as a rule ample in width and as safe in respect to their slopes and condition as those of standard roads and their branches having similar material and contour of natural surface.

The embankments are in good form for stability, and they are generally full in width at grade, unless the roads are to be ballasted, which would involve additional width in some localities. While it is true that there is stone, gravel, and cinder ballasting placed about a portion of the depots, shops, and in some of the excavations, and also on "gumbo spots" on the embankments, it is also true that practically there is little ballasting *per se* on the system. But that the physics of the roads may be properly understood by those not familiar with the country and climate, it should be borne in mind that the embankments are almost wholly constructed of sandy loam, sand, gravel, disintegrated granite, shale, and other pervious material.

This is especially true of all parts of the Union Pacific system lying west of the one-hundredth meridian. The stringent necessity for stone and coarse gravel ballasting to secure good track and economy in its maintenance on lines extending from the Atlantic seaboard to the Missouri River, does not therefore exist throughout this region, which is more or less arid and formed of material incident to its geological and climatic conditions.

BRIDGING.

The bridges of the first importance on the main line from Council Bluffs to Ogden are of iron and have cut-stone abutments and piers laid in cement. Many of these bridges have been recently built in substitution for those of combined wood and iron construction.

The most notable and really great structure on the system is the new iron and steel truss bridge across the Missouri River, connecting Council Bluffs and Omaha, built to carry two railroad tracks and two independent roadways. This bridge has just been completed by the eminent civil engineer, Mr. George S. Morison, at a cost of about $1,000,000, and it is second to none of the great bridges of the world in its stability and completeness for the purpose designed.

The wooden truss, pile, and trestle bridges are constructed on a high standard of capability as to the strength of their members, and the plans are those most approved in that class of bridging.

CULVERTS AND CATTLE-GUARDS.

Arched, box, and open culverts of stone, laid in cement, and also dry stone work are used for small openings and beneath high embankments, also timber and plank culverts. The cattle-guards are almost wholly of timber and plank, of the usual form of construction.

CROSS TIES.

Between Omaha and Ogden 30 per cent. of the ties are white or burr oak, and 70 per cent. mainly of mountain pine intermixed with white cedar

and spruce. At Laramie burnetizing works have recently been erected at an outlay of more than $75,000, and a large proportion of the tie renewals of this season on the line east and west of Laramie are to be of burnetized oak and other timber.

The ties from Omaha to North Platte are almost entirely of white and burr oak, and the number per mile averages 2,900.

TRACK RAILS.

All of the track rails from Council Bluffs to the junction of the Central Pacific Railroad are of steel, except 3.6 miles of the 5 miles from Ogden to the junction under lease to the Central Pacific Company (which are iron), as follows:

	Miles.
Of steel:	
56 pounds per lineal yard	568.5
60 pounds per lineal yard	360
60½ pounds per lineal yard	104.6
67 pounds per lineal yard	2.02
Of iron:	
56 pounds per lineal yard	3.6
The side tracks are laid with iron rails, 52 pounds per lineal yard, and there are	224.6

The joint fastenings are 21-inch fish plates, 16 pounds per joint; 21-inch angle plates, 22 pounds per joint; 36-inch angle plates, 44 and 50 pounds per joint. The joints are bolted with three-fourths inch bolts and nuts, having nut locks of the several kinds in general use, and the rails are full spiked with $5\frac{1}{2}$ by $\frac{9}{16}$ spikes. The frogs and switches are of the most approved kinds.

WATER TANKS.

The water tanks are uniformly of 50,000 gallons capacity, and of the best construction of frost-proof tubs. The foundations are of cut stone, and the tanks rest on cast-iron columns.

COAL CHUTES.

There are many first-class coal chutes, yet for good economy they are not in sufficient number.

BUILDINGS.

The hotel, passenger, freight, section, tenement houses, and other buildings are ample in size and well adapted to their respective localities, except at Ogden, where more suitable depot buildings should be erected. The buildings are substantial and neat, and rest on good stone foundations.

The engine houses, machine, car, and other shops for repairs and construction, are generally suitable as to the capacity and character of the structures, except at Omaha and a few other localities, which will be noted. The principal shops at Omaha are many of them built of wood, and in such close proximity that the liability to a most damaging fire is greater than it should be.

The principal shops of such a system should be constructed of stone, brick, iron, and slate, and so ample in capacity that all the workmen employed, even at times of emergency, can be economically engaged.

SNOW SHEDS AND FENCES.

The snow sheds and fences are suitable in construction, and are in good condition; some of the sheds are old, and will soon need replacing.

The conclusion is irresistible that this line of the system is well adapted to the service; that in its maintenance, with the exceptions noted, were renewals of ties, rails, bridges, and buildings made more frequently than has been done during the last few years it would not be sound economy; the change from iron track rails having cast and wrought iron chairs at the joints, to the present steel track, with fish and angle-plate joint fastenings, all of the most approved patterns, has mainly taken place within the last eight years. This advance in the character of the track is constantly taking place, a considerable amount of heavy steel rails and angle-plate fastenings having been put in the track this season, in substitution for lighter steel rails which were but partially worn. While the inspection in detail shows defects in some respects, still in the aggregate it characterizes the roadway and fixtures as being well adapted, wisely maintained, and improved.

LOCOMOTIVES.

The locomotives of the whole system are generally of first-class manufacture. Their adaptation to the service required of them has been constantly improving through the experiences, since the road was put in operation, of the management and those having direct charge of the motive power and its application to the service. The standard of maintenance is high and the motive power of the system generally is in good order. (For detailed statement see Appendix B.)

ROLLING STOCK.

All classes of cars are generally of good manufacture, well maintained, and in good practical working order. (For detailed statement see Appendix C.)

KANSAS CITY TO DENVER.

(639.4 miles.)

The character and condition of the road, buildings, and fixtures from Kansas City to Denver are substantially the same as generally stated of the line between Council Bluffs and Ogden, noting only in modification the following:

Rails.—160.7 miles are laid with steel, 52 pounds per lineal yard; 52 miles, 59 pounds; 283.3 miles, 60 pounds; 87.2 miles, 60½ pounds; 55 miles, 64 pounds; 1.2 miles, 67 pounds. There are 158.6 miles of side-tracks, laid with iron, 52 pounds per lineal yard.

Excepting 52 miles of 1878 and 1879 steel the entire line has been laid of rails manufactured since 1881, and the late renewals are of 60, 62, and 67 pounds per lineal yard, having first-class angle-plate joint fastenings corresponding to the different weights of rail.

Cross-ties.—The entire track between Kansas City and Denver is laid on white and burr oak ties, numbering 3,000 to each mile of track.

Kansas City.—The depot, freight, and yard facilities at this place are equal to those of any other road entering the city, and are comfortable, substantial, and ample.

Armstrong.—The capacity of the buildings for machine, car shop, and auxiliaries, seems to be quite sufficient, but the same objection to them exists as that spoken of in respect to the shops at Omaha.

Denver.—The passenger and freight facilities at Denver are first class in character, capacity, and permanency, the buildings being constructed of stone, iron, slate, and brick. The machine and other shops are not conveniently arranged, and are manifestly inadequate in capacity, involving considerable undue cost for labor.

The hospital building is thoroughly constructed of stone, brick, iron, and slate. It is capacious and well adapted in its location and plan for the purpose intended.

JULESBURG TO DENVER.

(197.3 miles.)

Of this line 150.9 miles, from Julesburg to La Salle, were constructed and completed in 1881. The bridges, ties, iron rails, and with some exceptions, the steel rails, are the original of construction, and are all in good condition. The buildings, water, and fuel appliances are well adapted, neat, and substantial.

The road-bed is ample and in good form. The ties are white cedar and pine, of standard size, with a few white oak ties in curves, and 2,640 to each mile, except between Denver and La Salle, where there are 3,000 to the mile.

36.1 miles are laid with 56-pound iron rails, not branded, but supposed to be from the Laramie mill, 1880 roll; 135.3 miles are laid with steel, 60 pounds per lineal yard; the brands of the steel are 1883, 1884, and 1886; 25.9 miles are laid with steel, 56 pounds per lineal yard, manufactured in 1880.

There are 15.5 miles of side-track laid with 52-pound iron. The joint fastenings are 36.1 miles of fish plates and 161.2 miles of angle plates each of suitable length and weight. The alignment is excellent, and the grades very slight.

LA SALLE TO CHEYENNE.

(60.3 miles.)

The road-bed, bridges, and buildings, are as stated of the line between Council Bluffs and Ogden. The ties, 3,000 to each mile, are of standard size, and pine timber, with a few oak ties on the curves.

25.3 miles are laid with steel, 56 pounds per lineal yard; 26 miles, 60 pounds.

The brands of the steel are 1884, 1885, and 1886.

The joint fastenings are suitable angle plates. Nine miles are laid with 56-pound iron and fish plate joint fastenings.

The iron rails were old and badly worn, but new 60-pound steel rails were distributed for substitution.

7.1 miles of side-track are laid with iron 52 pounds per lineal yard.

With the exception of the 9 miles of iron rails the track is in good condition for the service required, as indicated by the age and weight of the steel rails and the ties and the joint fastenings.

OREGON SHORT LINE.

(Granger to Huntington, 541.3 miles.)

The road-bed, bridges, and buildings are substantially the same as stated of the line between Council Bluffs and Ogden.

Ties.—The ties are standard in size; 2 per cent. are white oak, 10 per cent. white cedar, and 88 per cent. pine, 2,800 to each mile.

Rails.—506.1 miles are laid with steel, 52 pounds per lineal yard; 29.5 miles 60 pounds; 5.7 miles with iron 56 pounds per lineal yard.

There are 47.3 miles of side-track laid with iron 52 pounds per lineal yard.

The brands of the steel rails are 1882 and 1883 and indicate the age of the track. The road was completed in 1882 and 1883.

The joint fastenings are suitable angle plates, nuts and bolts, and nut locks. This line and its appointments are generally well adapted to the present and an increased traffic, and is in good condition.

WOOD RIVER BRANCH.

(Shoshone to Ketcham, 69.4 miles.)

The construction of this line was completed in April, 1883. The road and fixtures are comparatively new, substantial, and well adapted.

Rails.—26.6 miles are laid with steel, 52 pounds per lineal yard; 42.8 miles with iron, 56 pounds per lineal yard.

The brands of the steel are 1882 and 1883.

The iron has no brand, but is supposed to have been manufactured at Laramie, and though in fair order, it is second hand.

There are 3 miles of side-track laid with iron 52 pounds per lineal yard.

UTAH NORTHERN.

(Pocatello to Silver Bow, 255.5 miles.)

The change of the gauge of this line, from 3 feet to 4 feet 8½ inches, was completed in July last.

12.3 miles are laid with 52-pound steel; 243.2 miles with 60-pound steel. The brands show that the steel rails, except 12.3 miles, were manufactured in 1886 and 1887.

The 52 pound steel has 22-inch angle-plate joint fastenings, and the 60-pound steel, 36-inch angle plates, both of most approved pattern and weight. Side-tracks, 20.4 miles, of 52-pound iron.

The actual weight of the iron rails used for side-tracks on the standard gauge lines of the system varies from 45 to 60 pounds per lineal yard; therefore 52 pounds per lineal yard is adopted as a standard weight for estimating all side-tracks.

The alignment of this road has been improved in adapting it to standard instead of narrow gauge. 2,900 ties are laid in each mile, and are composed of Oregon fir, native pine, and spruce.

At the date of the inspection, July 9, 1887, 33 per cent. of the ties were new, and of standard size, 6 inches by 8 inches by 8 feet; 66 per cent. were of the soundest of the narrow-gauge ties, 7 inches by 7 inches by 6 feet, thus making a good track without incurring the expense at once of replacing all of the short ties with those suited to standard gauge.

MONTANA UNION RAILWAY.

(Silver Bow to Butte City and extensions, 7 miles of three-rail track.)

3½ miles, 56-pound steel, 1880 and 1885; 3½ miles, 60-pound steel, 1886; 22 and 36 inch angle plates. The ties are of Oregon fir and local pine and spruce; 2,800 ties are laid to each mile.

(Silver Bow to Garrison, 45 miles; also 5½ miles of third rail.)

20 miles are laid with 45-pound steel rails; 25 miles with 60-pound steel rails.

The 45-pound steel was manufactured in 1882; the 60-pound steel was manufactured in 1886. The ties are all new, standard size, and of Oregon fir timber. This line has three rails from Silver Bow to Stuart.

(Stuart to Anaconda, the Anaconda Smelter.)

There are 14 miles of this line, including extensions. There are three rails; two are 60 pounds per lineal yard, manufactured in 1886, and one rail of 52 pounds, manufactured in 1882. The ties are mountain pine and spruce, 2,640 to each mile.

CHEYENNE AND NORTHERN.

(75 miles inspected.)

This is a new road. At the date of inspection, June 16, 1887, the grading and bridging were finished and track laid for about 90 miles, and also the work was being pushed to finish the road to the 125-mile point, large quantities of material having been delivered for the track and bridges. The track is laid with 52-pound steel rails, manufactured in 1886. The angle-plate joint fastenings are of the highest standard. The ties are mainly white cedar, 2,640 to each mile. The construction of the road is thorough and substantial.

LARAMIE TO SODA L

(13.6 miles.)

The entire line is laid with 58-pound Laramie iron rails and with fish-plate joint fastenings. The ties are pine, and 2,640 are laid to each mile. There are no buildings or side tracks.

ECHO AND PARK CITY BRANCH.

(28 miles.)

5 miles are laid with 56-pound steel rails, with angle-plate joint fastenings; 23 miles are laid with 50-pound iron rails, with fish-plate joint fastenings. The ties are pine, and 2,640 are laid to each mile.

UTAH EASTERN RAILWAY.

(Narrow gauge, length 23 miles.)

This road extends from Coalville to Park City. About 20 miles of the track, which was laid with 35-pound iron, had been abandoned and the rails were being taken up. The buildings and structures are of no value. A branch, 3 miles in length to the coal miles is operated in connection with the Echo and Park City line.

OMAHA AND REPUBLICAN VALLEY RAILROAD—VALLEY TO MARYSVILLE.

(134.2 miles.)

39.3 miles of this line are laid with iron, 56 pounds per lineal yard; 1.8 miles are laid with iron, 52 pounds per lineal yard; 2 miles with

steel, 52 pounds per lineal yard; 46.2 miles with steel, 56 pounds per lineal yard; 2.3 miles with steel, 60 pounds per lineal yard; 4.6 miles with steel, 60½ pounds per lineal yard; 38 miles with steel, 62 pounds per lineal yard; 17.6 miles of side track laid with iron, 52 pounds per lineal yard.

The ties are white cedar and white oak, about equally divided, 2,800 to each mile. The joint fastenings for iron rails are fish-plates. The joint fastenings for steel rails are almost uniformly angle-plates of suitable sizes. It should be noted that the facilities for light repairs and housing locomotives at Beatrice, the junction of the Nebraska and Kansas divisions, are wholly inadequate.

VALPARAISO TO STROMSBURG.

(52.7 miles.)

42.2 miles of this line are laid with iron which is very much worn, 50 pounds per lineal yard; 10.5 miles are laid with steel.

The iron is laid with fish-plates and the steel with angle-plate joint fastenings. White cedar ties with some oak are used, and 2,640 are laid in each mile.

COLUMBUS TO NORFOLK.

(50.4 miles.)

41.1 miles are laid with worn 50-pound iron rails and fish-plate joints; 9.3 miles laid with iron, 59 pounds per lineal yard; 3.5 miles of side track are laid with iron, 52 pounds per lineal yard. Number of ties 2,640 to each mile; white cedar and some oak.

LOST CREEK TO ALBION.

(33.8 miles.)

16.9 miles are laid with iron, 50 pounds per lineal yard; 16.9 miles, 56 pounds per lineal yard.

There 2,640 white cedar ties to each mile.

2.6 miles of side track are laid with iron, 52 pounds per lineal yard.

GENOA TO CEDAR RAPIDS.

(30.3 miles.)

10 miles are laid with iron, 50 pounds per lineal yard; 10 miles, 56 pounds; 10.3 miles, 58 pounds.

All of the joint fastenings are fish-plates; 2,640 white cedar ties to each mile. Side tracks, 3.9 miles, are laid with iron, 52 pounds per lineal yard.

LEAVENWORTH TO LAWRENCE.

(35 miles.)

6.2 miles of the road are laid with second-hand steel, 52 pounds per lineal yard, and fish-plate joint fastenings; 4.7 miles are laid with steel, 60 pounds per lineal yard; the joint fastenings are suitable angle-plates; 20.1 miles of 66 pounds, second-hand iron, and wrought chairs; 4 miles, 66 pounds steel, new, and 36-inch angle-plate joints.

On this line there are 3,000 ties to each mile, of white oak and white cedar.

There are 3.9 miles of side tracks laid with iron, 52 pounds per lineal yard.

LAWRENCE TO CARBONDALE.

(32 miles.)

This line was not being operated on the 9th of September last, and as it was said to be dangerous for a train to pass over the road, it was not inspected. The rails, it was said, are old 56-pound iron of varying lengths, worn and in poor condition. Side tracks 3.6 miles, of 52-pound iron.

MANHATTAN TO MARYSVILLE.

(55.1 miles.)

20.3 miles are laid with steel rails, 52 pounds per lineal yard, 3 miles of which are laid with new steel, and 17.3 miles with second-hand steel. Suitable angle-plate joint fastenings are used throughout.

34.8 miles are laid with second-hand iron rails, 56 pounds per lineal yard. The joint fastenings are fish-plates. The ties are of white oak, 2,800 to each mile. Side tracks, 3.6 miles of iron, 52 pounds per lineal yard.

SALINA, LINCOLN AND WESTERN. SALINA TO LINCOLN CENTER.

(34.8 miles.)

34.8 miles are laid with old iron rails, 56 pounds per lineal yard, and old fish and angle plates; 2,640 white-oak ties are laid in each mile. Track supplies for the extension, which is being rapidly completed to Plainville, are, new steel rails, 52 pounds per lineal yard, and 36-inch angle-plates. The ties are mainly oak. Side tracks, 2.6 miles, are laid with iron, 52 pounds per lineal yard.

SALINA TO McPHERSON.

(35.1 miles.)

This line is laid with old iron, 50 pounds per lineal yard, and fish-plate joints; 2,800 white-oak and white-cedar ties are laid in each mile. The road for the present or probable future traffic is a fairly good one. Side tracks, 3.3 miles, of 52-pound iron.

SOLOMON TO BELOIT.

(57.3 miles.)

This line is laid with iron rails, 50 pounds per lineal yard, 21-inch angle-plates, and wood and iron nut locks are used. There are 2,800 ties laid to each mile, white oak and white cedar. The road is well adapted in character and condition for its present or probable future traffic.

There are 4.4 miles of side tracks laid with iron, 52 pounds per lineal yard.

JUNCTION CITY TO BELLEVILLE.

(86.5 miles.)

3.4 miles of this line are laid with steel rails, 52 pounds per linear yard; 83.1 miles with iron rails, 50 pounds per lineal yard; 7.9 miles of side track with iron rails, 52 pounds per lineal yard.

There are 2,800 ties to each mile, half white oak and half white cedar. The iron rails and fish-plate fastenings are old and worn. The alignment, grades, embankments, buildings, and appliances are good.

GRAND ISLAND TO ORD.

(60.7 miles.)

7 miles are laid with iron rails, 50 pounds per lineal yard; 53.7 miles are laid with iron rails, 56 pounds per lineal yard.

The iron and fish plates are old and worn and the rails of varying lengths. Ties, 2,640 to each mile, and of spruce and white cedar.

There are 3 miles of side tracks laid with iron rails, 52 pounds per lineal yard. This includes the Scotia Branch.

SAINT PAUL TO LOUP CITY.

(38.9 miles.)

19.45 miles are laid with iron, 50 pounds per lineal yard; 19.45 miles, 56 pounds per lineal yard.

The ties are laid 2,640 to each mile. The timber is white cedar and pine. The iron and fish plates are old and worn. Side tracks, 2.6 miles, of 52-pound iron.

BRIGHTON TO BOULDER.

(27.8 miles.)

13.9 miles are laid with iron rails, 50 pounds per lineal yard; 13.9 miles, 56 pounds per lineal yard.

The iron rails and fish plate fastenings are old and worn. The side tracks, 9.5 miles, are of old iron, 52 pounds per lineal yard. 3,000 ties are laid to each mile, composed of white cedar and spruce.

ARGO JUNCTION TO BOULDER.

15.1 miles are laid with steel rails, 60 pounds per lineal yard; the rails were manufactured in 1885; 12.8 miles are laid with 56-pound iron, manufactured in 1881.

Suitable angle-bars and fish-plates are used. 2,700 pine ties are laid in each mile. The side tracks, 2.9 miles, are laid with iron, 52 pounds per lineal yard.

DENVER TO FORT COLLINS.

(88 miles.)

9.4 miles are laid with steel, 52 pounds per lineal yard; 78.6 miles with iron, 56 pounds per lineal yard. Fish-plate joint fastenings. Side tracks, 17.9 miles, of iron, 52 pounds per lineal yard. 3,000 mountain pine ties are laid to each mile.

GREELEY TO STOUT.

(35.8 miles.)

35.8 miles are laid with iron rails, 56 pounds per lineal yard. There are 5.2 miles of side tracks laid with iron, 52 pounds per lineal yard. Fish-plate joint fastenings. 2,850 pine ties are laid to each mile.

NARROW-GAUGE LINES IN COLORADO.

(Gauge 3 feet.)

Denver to Como (88.2 miles).—44 miles are laid with steel rails, 40 pounds per lineal yard; 44.2 miles, 45 pounds per lineal yard.

The brands of the steel are 1881, 1882, and 1883.

There are 10.8 miles of side tracks laid with iron, 40 pounds per lineal yard.

The Fisher rail-joint is mainly used on this line. 3,000 pine ties are laid in each mile. The general shops and buildings for repairs at Denver, the principal terminus of the narrow-gauge roads, are very inadequate and inconvenient. The cost of the principal repairs of the equipment of those roads is in consequence considerably greater than it should be.

Como to Saint Elmo (65.1 miles).—33 miles are laid with steel rails, 40 pounds per lineal yard; 4.8 miles, 52 pounds; 27.3 miles with iron rails, 35 pounds per lineal yard; 5 miles of side track are laid with iron, 40 pounds per lineal yard.

The steel is laid with suitable angle-plates. The iron is laid with suitable fish-plates. The brands of the steel are 1882, 1883, and 1885. There are 3,000 pine ties laid in each mile of track.

Saint Elmo to Gunnison and the Baldwin Coal Mines (66 miles).—50.9 miles are laid with steel rails, 40 pounds per lineal yard; 15.1 miles are laid with iron rails, 56 pounds per lineal yard. There are 5.3 miles of side track laid with iron, 40 pounds per lineal yard.

The steel rails are laid with angle-plates and Fisher joint fastenings. The iron rails are laid with fish-plate joint fastenings. The steel is branded 1882 and 1883. There are 3,000 pine ties laid in each mile.

Schwenders to Buena Vista (3.8 miles).—3 8 miles are laid with steel rails, 40 pounds per lineal yard; 1.4 miles of side track are laid with iron rails, 40 pounds per lineal yard.

The steel rails are laid with angle-plate joint fastenings.

The steel rails were manufactured in 1883; 3,000 pine ties are laid in each mile.

Leadville to Como (62.6 miles).—55 miles are laid with steel rails, 40 pounds per lineal yard; 2.5 miles, 52 pounds; 1 mile is laid with iron rails, 35 pounds per lineal yard; 4.1 miles with iron rails, 56 pounds.

There are 7.7 miles of side track laid with iron, 40 pounds per linear yard.

The steel is laid with suitable angle-plates. The iron is laid with suitable fish-plates. The brands of the steel are 1881 and 1882. There are 3,000 pine ties laid to each mile.

Bear Creek Junction to Morrison (9.5 miles).—9.5 miles are laid with worn iron rails, 30 pounds per lineal yard; 1.4 miles side tracks with worn iron rails, 40 pounds per lineal yard. Fish-plate joints; 2,800 pine ties are laid to each mile.

Garos to London (15.4 miles).—15.4 miles are laid with iron rails, 35 pounds per lineal yard; 1.8 miles of side track are laid with iron rails, 40 pounds per lineal yard. The joint fastenings are fish-plates; 2,700 pine ties are laid to each mile.

Lower Coal Mine to Coal Branch Junction (4.8 miles).—4.8 miles are laid with iron rails, 52 pounds per lineal yard. There are .3 of a mile of side track laid with iron rails, 40 pounds per lineal yard. The joint fastenings are fish-plates.

Dickey to Keystone (6.9 miles).—6.9 miles are laid with iron rails, 56 pounds per lineal yard. The joint fastenings are fish-plates; .7 of a mile of side track are laid with iron rails, 40 pounds per lineal yard.

Golden to Central City (23.9 miles, 7.8 third rail, total 31.7).—11 miles are laid with steel rails, 40 pounds per lineal yard; 4 miles, 50 pounds; 7.8 miles, 52 pounds; 4 miles are laid with iron rails, 35 pounds per lineal yard; 4.9 miles, 56 pounds; 2.6 miles of side track are laid with iron, 40 pounds per lineal yard.

The steel rails are laid with suitable angle-plates. The iron rails are laid with suitable fish-plates; 2,800 pine ties are laid to each mile.

Forks Creek to Graymont (29.6 miles).—13.2 miles are laid with steel rails, 40 pounds per lineal yard; 16.4 miles with iron rails, 56 pounds per lineal yard.

There are 3.9 miles of side track laid with iron rails, 40 pounds per lineal yard. The steel rails are laid with angle-plates. The iron rails are laid with fish-plates; 2,850 pine ties are laid in each mile.

Boulder to Sunset (12.6 miles).—12.6 miles are laid with steel rails, 40 pounds per linear yard; .9 of a mile of side track is laid with iron rails, 40 pounds per lineal yard. The steel is branded 1882 and is laid with angle-plate joint fastenings. Excepting the high degree of curvature this is a well-constructed road for the purpose intended. There are 3,000 pine ties laid to each mile.

Ralston to Glencoe (4.1 miles).—4.1 miles are laid with iron rails, 35 pounds per lineal yard. There are .5 of a mile of side track laid with iron rails, 40 pounds per lineal yard.

The track is laid with fish-plate joint fastenings; 2,800 ties are laid in each mile.

UTAH NORTHERN RAILWAY.

Ogden to Pocatello (141.7 miles); *Ogden to McCammon Junction* (130.2 miles; third rail, reduced to track); *McCammon to Pocatello* (11.5 miles).—53.7 miles are laid with steel rails, 40 pounds per lineal yard; 17.5 miles, 52 pounds; 22.9 miles are laid with iron rails, 30 pounds per lineal yard; 29.5 miles, 35 pounds; 5.8 miles, 50 pounds; 12.3 miles, 56 pounds. There are 9 miles of side track laid with iron rails, 40 pounds per lineal yard.

The steel is laid with angle-plate joint fastenings. The iron is laid with fish-plate joint fastenings.

The steel rails are branded 1882. There are 2,800 pine ties laid to each mile. The iron rails are worn and the track generally in poor condition.

SALT LAKE AND WESTERN.

Lehi Junction to Silver City (53.8 miles).—This road was constructed and completed in 1881 and 1882. There are 53.8 miles laid with steel rails, 52 pounds per lineal yard. The joint fastenings are all fish-plates; 2.4 miles of side track are laid with iron rails, 40 pounds per lineal yard.

There are 2,640 pine ties laid in each mile. The steel rails were manufactured in 1881.

KANSAS CENTRAL.

(3 feet gauge.)

Leavenworth to Miltonvale, Kans. (165.9 miles).—2 miles are laid with iron rails, 35 pounds per lineal yard; 74.9 miles, 40 pounds; 9.7 miles, 50 pounds; 1 mile, 52 pounds; 78.3 miles, 56 pounds; 8.5 miles of side track are laid with iron, 40 pounds per lineal yard. The track is laid with fish-plate joints, and 2,800 ties are laid to each mile.

UTAH AND NEVADA.

(3-feet gauge.)

Salt Lake City to Terminus (37 miles).—37 miles are laid with iron rails, 35 pounds per lineal yard. The joint fastenings are all fish-plates; 3,000 pine ties laid in each mile.

CENTRAL BRANCH UNION PACIFIC RAILWAY COMPANY, KANSAS.

Atchison to Waterville (100 miles).—This road is laid with steel rails weighing 56 pounds per lineal yard, and suitable angle-plate joints. The steel is branded 1883, 1884, 1885. More than 3,000 white-oak ties are laid to each mile. The alignment, grades, and general condition of this road and its equipments are good. The principal bridges are the Howe Truss, resting on coursed stone abutments and piers laid in cement. There is some ballasting of broken stone, gravel, and cinders, but the road is not ballasted throughout. The extensions are laid with steel and iron rails, and it is said they are well-constructed lines.

The fair present actual value of the road.—The average annual net earnings of the road and leased lines for 1883 to 1886, inclusive, are, according to the reports of the company, $627,407, a sum equal to 5 per cent. on $12,548,140. This is understood to embrace not only the 100 miles of the Central Branch proper, but also the leased lines, the Atchison, Colorado and Pacific Railroad, 254.03 miles, and the Atchison, Jewell County and Western Railroad, 34 miles, making a total of 388.03 miles operated. The average net earnings per mile per annum is $1,591.

In consequence of the disastrous failure of the crops on this road, the construction of competitive roads, and the subsidence of emigration to the western portion of the road, it is estimated that the actual net earnings in the future will be greatly less, and will not exceed $1,200 per mile per annum.

The present cost of reproducing the road and equipments from Atchison to Waterville, 100 miles, is estimated at $2,004,000.

THE NEVADA CENTRAL RAILROAD.

Battle Mountain to Austin (93.3 miles).—This is a narrow or 3-feet gauge road, about eight years old. The grading is light, the bridging simple, and but little of it. The ties are pine, and 2,640 are laid to each mile; the rails are re-rolled iron 30 and 35 pounds per lineal yard. The shops, buildings, and tools are inexpensive. The equipment consists of 3 light locomotives, 1 passenger coach, 2 combination coaches, 79 freight cars, and 1 steam inspection car.

The total cost of reproducing the road, its equipment, tools, and appliances, and also the telegraph line new would not exceed $855,119; an average cost of $9,165 per mile. The road is in fairly good condition for the traffic it is intended to provide for. As the earnings of 1886 were "insufficient to pay operating expenses and taxes." and there is no data to show a probable increase in its earnings, its value could only be determined by those having the disposal of the material of which the road is built, unless the lessee of the Central Pacific Railroad should be willing to pay to it large constructive mileage.

ESTIMATE OF "THE FAIR, PRESENT ACTUAL VALUE" OF THE UNION PACIFIC RAILWAY AND ITS BRANCHES.

The following letters furnish an appropriate introduction to the consideration of this important question:

DENVER, COLO., *August* 22, 1887.

DEAR SIR: I am instructed by the United States Pacific Railway Commission to include in my report an estimate of "the fair, present actual value" of the Union Pacific Railway and its branches. The principal basis for determining the fair present actual value of those roads is their productive capacity in excess of operating expenses and their complete maintenance.

There should be added to or deducted from the result so obtained, a reasonable estimate to represent their probable future productive capacity. In addition to my personal examination of the roads, their condition and equipment, and also the character of the tributary country, I have as data the directors' reports to the stockholders for the past ten years.

What I desire further is to avail myself of such considerations other than those contained in your reports, if there are any, which the thorough knowledge of yourself and associates of the country traversed by the Union Pacific system and others may enable you to suggest to aid me in the preparation of my estimate. If you should be kind enough to provide me with such information or suggestions as you may be able, favorable and unfavorable, as to the probable future productive capacity of the lines, I would like it in such form that I can make it an integral part of my report to the Commission. Be kind enough to address me at my home, Dwight, Ill., and oblige,

Very respectfully, yours,

RICHARD P. MORGAN, Jr.,
Inspecting Engineer for the United States Pacific Railway Commission.

Hon. CHAS. F. ADAMS,
President of the Union Pacific Railway Company, Boston, Mass.

BOSTON, *September* 26, 1887.

MY DEAR SIR: I have to acknowledge the receipt of your favor of August 22, in which you invite me to give you such information or suggestions as I may be able as to the probable future productive capacity of the Union Pacific system, with a view to enabling you to form an estimate of the "fair, present actual value" of that system.

I know of few things more difficult than to form an estimate of the "fair, present actual value" of any railroad property. The history of the railroad system of the country has been full of surprises in this respect; and a system as complex as that of the Union Pacific is especially difficult to appraise.

The present actual value of a property may be approximately estimated on either of two grounds; first, on the cost of duplicating; and second, on its earning capacity.

I hold it quite impossible to state what would be the cost of duplicating to-day the original Union Pacific. While everything which enters into the construction of a railroad has during the last twenty years diminished in value, the cost of procuring right of way and terminal facilities has increased almost indefinitely. When the Union Pacific was built through Kansas City and Omaha, the ground now occupied by its right of way and terminal facilities had little market value.

To-day a similar road could not be constructed through Omaha or Kansas City enjoying like terminal facilities at any measureable cost. An example of the increase in the value of railroad terminal facilities is afforded in the case of the Chicago, Burlington and Quincy in Chicago.

When that company obtained the properties which it now has in Chicago the cost was probably represented by a few thousands, or perhaps hundred thousands, of dollars. Those terminal facilities are now said to be worth $30,000,000.

It is the same in less degree with the Union Pacific. At a rough estimate, I should suppose that, although the cost of the material which entered into the construction of the Union Pacific is now one-half less than it was when it was put into the road, the value of its terminal grounds, stations, etc., has increased from ten to fifty fold. In round numbers, the company now owns 5,000 miles of track, with shops, stations, freight grounds, yard room, sidings, etc., around which towns have grown up at all the principal points. Taking the entire system, with its equipment, shops, terminal grounds, station buildings, etc., as they stand to-day, it might cost in the neighborhood of $40,000 a mile to duplicate it; or about $200,000,000 in round numbers.

If an estimate of "the fair, present actual value" is to be based upon the earning capacity of the property, which I presume is the correct basis, judging by the returns of the present and the last three years, the Union Pacific earns net about $10,000,000 per annum. I would by no means undertake to even venture a guess as to the future. On the one side the through or Pacific coast business which the Union Pacific was originally built to do, has during the last three years much diminished in value. Nevertheless, it would now, as an element in our traffic returns, seem to have reached as low a point as it is likely to reach. The receipts from through business may, therefore, be regarded as having touched "hard pan."

On the other hand, the receipts from local traffic have steadily increased every year in the company's history, and are still increasing. I see no reason to suppose that they will not be larger in the future than they now are. The number and extent of competing roads striving for their share of this business is also increasing. The country served by the Union Pacific and its branches is as a whole a country of light business, admitting only of a slow and limited development. I should not therefore be willing to venture a prediction to the effect that the receipts from the local traffic of the Union Pacific and its branches during the coming years are likely to be more profitable than during more recent years; but it may be so, for in railroad as in other matters, it is the unexpected which is apt to occur. Unless the policy pursued by the Government towards the company undergoes a change this traffic must diminish rather than increase. Supposing, however, that the reductions which will be made from earnings offset the natural increase of traffic, the conclusion may be reached that the net earning capacity of the property during the next few years (which alone it is safe to consider) will be about what it has been during the last few years, to wit, in the neighborhood of $10,000,000 per annum.

The amount above named would represent a return of 5 per cent. upon what I have estimated to be the cost of reproducing the property in its present condition of development. In answer to your query, therefore, I should report $200,000,000 as the "fair, present actual value" of the Union Pacific and its branches.

I, have the honor to be, etc.,

CHAS. F. ADAMS,
President.

RICHARD P. MORGAN, Esq.,
Inspecting Engineer for the United States
Pacific Railway Commission, Dwight, Ill.

THE EARNING CAPACITY OF THE SYSTEM.

There has been a steady decline, as shown by the annual reports of the directors of the company, in the net earnings of the system since 1882. This has taken place in the face of effective increased mileage and the considerable temporary earnings incident to the construction of that increase in mileage, and also those arising from the construction of competitive lines.

The maintenance account does not include the decay of the ties on the roads of recent construction, which have nevertheless been decaying, and the expense of renewals as steadily accumulating as though the routine of renewals had been reached, as on older roads, and included in the annual expense on that account.

In regard to the advantages anticipated from the construction of additional branch lines, there may be some branches and extensions justified, but, as a general policy, and especially west of the one hundredth meridian, it would be a dangerous one, for the mere construction of a railroad can not make a productive country.

In the region referred to, embraced by this system, there may possibly be surprising developments in the mining of precious metals which

would justify extensions or new branches after critical investigations, but the vast schemes now in full blast of "prospecting" that country by constructing many railroads through it is likely to come to a bitter end; therefore should be very cautiously participated in even as a defensive policy.

A line drawn through Nebraska and Kansas on the one hundredth meridian, and varying somewhat at the north and south of those States, to conform to the range of the Rocky Mountains, may be fairly regarded as about the limiting line at which the analogous conditions of climate and soil extending thence to the Atlantic seaboard cease.

Turning west nearly an equal distance, to the Sierra Nevada Mountains, there is a corresponding expanse of territory, but in that area thus defined the analogy between those sections of the country is mainly found.

It has comparatively a very limited pastoral capacity and its agricultural capacity is very far less, indeed; though it has been said that this country is changing in its conditions and that the rain-fall is increasing each year. It would seem safer, in considering that question in connection with the construction and operation of railroads and their earnings, to have faith in the permanency of the Rocky and Sierra Nevada Mountains and their work, rather than the opinions of interested parties.

The average annual net earnings of the Union Pacific Railway Company from 1882 to December 31, 1886, as shown by the report of the directors for 1886 (p. 104), on 4,607.4 miles have been $9,441,907.29, or a sum equal to 5 per cent. per annum on $188,838,145.80.

There has been an average annual decrease in the net earnings of the company from 1882 to 1886, inclusive, amounting to $1,115,142.86.

The net earnings of the company for 1886 were $7,522,707.02, a sum equal to 5 per cent. per annum on $150,454,140.40.

The average annual net earnings of the Union Pacific system from 1882 to 1886, inclusive, was $11,229,007.09.

The average annual decrease in the net earnings of the system from 1882 to December 31, 1886, four years, was $1,298,294.65.

The net earnings of the system for 1886 were $8,995,178.71, a sum equal to 5 per cent. on $179,903,574.20.

As before suggested, there is a percentage of wear and decay of the material used in the recently constructed branch lines and extensions to repair which will require a large expenditure.

This depreciation during a period of six years has doubtless aggregated fully $1,000,000, an average of $166,666 annually, and should be estimated as a part of the current cost of maintenance, even though it was not required to be made, and has not appeared in the maintenance accounts concurrently with the decay and wear.

The earnings of the system, as suggested, have included charges for the transportation of the persons employed and material used in the construction of the branch lines and extensions, and to some extent for rival lines, therefore when that work ceases the considerable revenue from these sources will also cease. This suspended expense of maintenance and the temporary earnings arising from the constructions of new roads are factors of importance, the one that increases the cost of maintenance being certain and continuous and that which increases the earnings uncertain and temporary.

The Pacific coast business, for which the main line of the Union Pacific road was built, has been largely diverted. The principal cause of this diversion still exists and its capability to control traffic is rapidly

increasing. The Union Pacific Company can exercise but slight influence over the sources of that business, therefore it must be expected that the lessee of the Central Pacific road (the Southern Pacific Company) will engage in its interest all possible means to secure as complete diversion of traffic as can be from the Union Pacific road, so long as the lessee has greater interests in other lines. The lessee practically owns and controls a most comprehensive system of railroads in California, which extends north to Portland, Oregon, and south to Los Angeles and San Diego, thus touching completely the coast of California and part of Oregon. Through the port of San Francisco and other ports on that coast the roads of the lessee have easy communications with the Western World and Alaska. For these reasons it seems clear that the principal reliance for maintaining the Pacific coast business at its present value to the Union Pacific Railroad Company must be the Oregon Short Line, which reaches ocean-going vessels at Portland. In addition to the stringent interests and power of the lessee several new lines of railway are being pushed through to the Pacific coast, and they will demand and receive their share of the through business, because their exigencies are likely to be great in addition to their natural rights.

The recent overbuilding of railroads through the pastoral and to mining regions should not be lost sight of, for that will doubtless affect adversely in a measurable degree the earnings of the Union Pacific system; hence again the future local earnings may be less then they now are.

The sources of revenue on the Denver, South Park and Pacific lines do not seem to promise well. Between Denver and Gunnison City many towns, mines, and smelters have been abandoned; the interests and population at Gunnison City have very greatly diminished; while few localities manifest growth and activity.

The important fact that throughout the really practicable agricultural territory embraced by the branch lines there has been a disastrous failure of crops, and that in much of this territory there is liability to failure, justify anticipations of decrease rather than an increase in the earnings of the system.

The foregoing considerations and facts indicate that the actual net earnings of the system, including the new branches under construction, for 1888 to 1890, inclusive, excepting from the account the earnings that may arise temporarily from the construction of those new lines, will not exceed $7,500,000 per annum, a sum equal to 5 per cent per annum on $150,000,000. By actual net earnings is meant the balance remaining after deducting from the gross earnings the cost of operating the road, the complete maintenance of the road, its structures, its equipments, and the payment of taxes.

It should be added that if the interests of the persons who control the affairs of the Central Pacific Railroad Company come into harmony with those of the Union Pacific Company, the net earnings of the Union Pacific system would be considerably greater than estimated.

ESTIMATE OF THE PRESENT COST OF REPRODUCING THE UNION PACIFIC RAILWAY AND ITS BRANCHES, AND THE CENTRAL BRANCH OF THE UNION PACIFIC RAILROAD AND ITS BRANCHES, AND THEIR EQUIPMENTS.

In placing an estimate upon the fair present actual value of important terminal properties and their facilities they should not be regarded as monopolies, but they are fairly entitled, in addition to the commer-

cial value of the property, to any practical value actually arising from their eligibility of situation for the transaction of the local business, and that which they give to and receive from related lines.

Instances are quite common, indeed, it is the rule in the West, that extensive and important terminal properties have increased in commercial value as rapidly as the marvelous growth of the cities in which they are located. In some instances the cost of an actual equivalent to such grounds and facilities would be very great, but in connection with the consideration of those cases it should be borne in mind that rival roads, costing much less and of less value as a machines, entering the suburbs of a city, though their terminal facilities are inferior, nevertheless by reason of their moderate actual cost that company could establish rates remunerative to itself which would measurably govern the value of other terminal facilities, if not the commercial value of their grounds.

It is difficult to reach conclusions entirely satisfactory as to such values, but it seems clear that extreme estimates either for or against the value of important terminal facilities are untenable.

Estimate of the present cost of reproducing the main line of the Union Pacific Railway system—Omaha to Ogden.

(1,038.9 miles.)

Right of way		$188,000
Grading, bridging, and culverts		7,672,720
Ties		1,809,575
Main track, rails, etc.		5,062,443
Side tracks, rails, etc		1,322,670
Track-laying and surfacing		623,340
Fencing		208,000
Snow-fences		250,000
Snow-sheds		124,920
Buildings		1,558,350
Telegraph line		129,862
Locomotives, passenger equipment, and freight equipment		4,155,620
Fixed tools, stationary power, and other tools		519,500
Engineering and contingencies, 10 per cent		2,362,500
The impact and adaptation		1,870,000
		27,857,500
Cost per mile, $26,814+.		
Terminal properties and their facilities:		
Omaha	$10,000,000	
Ogden	300,000	
		10,300,000
Total		38,157,500
Cost per mile, $36,728+.		

Estimate of the present cost of reproducing the Kansas Division, main line of the Union Pacific Railway system—Kansas City to Denver.

(639.4 miles.)

Right of way	$160,000
Grading, bridging, and culverts	3,188,400
Ties	1,534,600
Main track, rails, etc	3,354,600
Side tracks, rails, etc	333,400
Track laying and surfacing	383,700
Fencing	66,500
Snow-fences	25,000
Buildings	901,000

Telegraph line		$80,000
Locomotives, passenger equipment, and freight equipment		2,557,600
Fixed tools, stationary power, and other tools		95,900
Engineering and contingencies, 10 per cent		1,268,070
Impact and adaptation		959,100
		14,907,870
Cost per mile, $23,315+.		
Terminals:		
Kansas City	$5,000,000	
Denver	2,000,000	
		7,000,000
Total		21,907,870

Total cost per mile, $34,263.

Estimate of the present cost of reproducing the line of the Union Pacific Railway between Cheyenne and Denver.

(106.5 miles.)

Right of way	$26,625
Grading, bridging, and culverts	374,300
Ties	159,750
Main track, rails, etc	529,300
Side tracks, rails, etc	71,200
Track laying	63,900
Fences	10,400
Telegraph line	13,325
Buildings	106,500
Locomotives, passenger equipment, and freight equipment	426,000
Engineering and contingencies, 10 per cent	178,130
The impact and adaptation	159,750
	2,119,180
Average cost per mile, $19,898.	
Terminal properties and their facilities:	
Denver	500,000
Total	2,619,180

Total cost per mile, $24,593.

Estimate of the present cost of reproducing the narrow-gauge line of the Union Pacific railway system—Denver to Gunnison and Baldwin.

(223.1 miles.)

Right of way	$50,000
Grading, bridging, and culverts	2,241,400
Ties	267,800
Main track, rails, etc	788,000
Side tracks, rails, etc	151,400
Track laying and surfacing	133,900
Fencing	10,000
Snow-fences	25,000
Telegraph	27,900
Buildings	111,600
Locomotives	223,100
Passenger and freight equipment	133,900
Fixed tools, stationary power, and other tools	44,700
Engineering and contingencies, 10 per cent	420,870
The impact and adaptation	223,100
Total	4,852,670

Cost per mile, $21,751+.

Estimate of the present cost of reproducing certain roads and branch lines of the Union Pacific Railway system.

Route.	Length.	Cost of reproduction.	Average per mile.
	Miles.		
Julesburg to La Salle	151.1	$2,905,600	$19,230
Granger to Huntington	541.3	11,908,800	22,000+
Shoshone to Ketchum	69.4	1,179,500	16,995+
Pocatello to Silver Bow	253.5	4,599,200	18,000+
Silver Bow to Butte City	7	210,700	30,100
Silver Bow to Garrison	45	769,500	17,100
Stuart to Anaconda	14	210,000	15,000
Cheyenne and Northern	75	1,350,000	18,000
Laramie to Soda Lake	13.6	95,200	7,000
Echo and Park City Branch	28	452,200	16,150
Omaha and Republican Valley (Valley to Marysville)	134.2	2,422,400	18,050+
Valparaiso to Stromsburg	53.17	790,500	14,867+
Columbus to Norfolk	50.4	756,000	15,000
Lost Creek to Albion	33.8	506,500	14,985+
Geneva to Cedar Rapids	30.3	456,000	15,049+
Leavenworth to Lawrence	35	526,000	15,028+
Lawrence to Carbondale (not inspected 32 miles)			
Manhattan to Marysville	55.1	880,500	15,980+
Salina to McPherson	35.1	490,400	13,971+
Solomon to Beloit	57.3	803,200	14,017+
Junction City to Belleville	86.5	1,213,600	14,030
Grand Island to Ord	60.7	907,500	14,950+
Saint Paul to Loup City	38.9	544,100	13,986+
Brighton to Boulder	27.8	476,600	17,143+
Argo Junction to Boulder	15.1	271,800	17,999+
Denver to Fort Collins	68	1,583,000	17,988+
Greely to Stout	35.8	601,600	16,804+
Central Branch, Union Pacific Railway	100	2,004,000	20,040
Total	2,137.07	38,914,400	.....
NARROW-GAUGE ROADS.			
Leadville to Como	62.6	1,752,800	28,000
Bear Creek Junction to Morrison	9.5	133,000	14,000
Garos to London	15.4	169,400	11,000
Como Coal Branch	4.8	38,400	8,000
Dickey to Keystone	6.9	69,000	10,000
Golden to Central City	23.9	621,400	26,000
Forks Creek to Graymount	29.6	888,000	30,000
Boulder to Sunset	12.6	289,800	23,000
Ralston to Glencoe	4.1	61,500	15,000
Ogden to McCammon Junction	130.2	2,343,600	18,000
Salt Lake and Western	53.8	753,200	14,000
Leavenworth to Miltonvale	165.9	2,654,400	16,000
Utah and Nevada	37	481,000	13,000
Total	556.3	10,255,500	.....
For the terminals and facilities for the narrow-gauge system in Colorado and at Denver and Leadville	.....	1,000,000	.....

Summary of the track rails on the Union Pacific Railway system narrow-gauge roads in Colorado.

Steel rails.			Iron rails.		
Weight per lineal yard.	Miles.	Tons.	Weight per lineal yard.	Miles.	Tons.
40 pounds	277.5	17,444	30 pounds	32.4	1,526
45 pounds	48.2	3,407	35 pounds	83.3	4,582
50 pounds	7.8	613	40 pounds	74.9	4,675
52 pounds	24.8	2,026	50 pounds	15.5	1,218
			52 pounds	5.8	474
	358.3	23,490	56 pounds	138.0	12,144
				349.9	24,619

Narrow-gauge lines	miles..	708.2
Average weight of the steel rails per lineal yard	pounds..	41.7
Average weight of the iron rails per lineal yard	do....	44.76
Per cent. in tons of steel rails		.488+
Per cent. in tons of iron rails		.511+

THE SAINT JOSEPH AND GRAND ISLAND RAILROAD.

(Standard-gauge, length 252.52 miles.)

The material and physical condition of the road.—What has been said of the material and physical condition of the Union Pacific main line is practically applicable to this road.

It has been greatly improved during the past three years, the track rails having been renewed with steel rails of 52 and 60 pounds weight per lineal yard, manufactured in 1884, 1885, and 1886. The bridges and buildings have also been improved.

The road, its buildings, and equipment are in good condition.

The fair present actual value of the road and its equipments.—The value of the road, as determined by its net earnings since its organization, and under what seem to have been favorable conditions, is considerably less than the principal of the first-mortgage and second-mortgage income bonds. The total amount of these mortgages is $8,641,362.22, or $34,220+ per mile of road.

For some of the reasons stated in respect to the Union Pacific system, and because the net earnings of this road are not sufficient to pay the interest on its bonded debt, it is estimated that the annual net earnings of the road for several years to come will be less than hitherto in a degree that will demonstrate the "fair present actual value" of the road and equipments to be not more than $25,000 per mile, or a total value of $6,313,000.

The estimate of the present cost of reproducing the road and its equipments is $23,550 per mile.

THE UNION PACIFIC RAILWAY.

General statement.—The Union Pacific Railway has not at any time in its history been equal in its material conditions to the present road. There is more and superior motive power and car equipment, a higher standard of maintenance of track, and better facilities of all kinds. The integrity of the management was manifest everywhere on the system, and especially in the personal efforts of President Adams and Vice-President Potter to provide the inspecting engineer of the Commission with accurate information and all the data and facilities that he desired them to furnish. The information provided by them and the ample notes taken by the Corps of Engineers would enable, if desirable, the compilation of a very elaborate report in minute detail, giving the composition, condition, and cost of reproducing every mile of the system separately, and every building and structure and the equipments in every department.

The time available for preparing the report has been so short that the important statements desired have been reached as rapidly as possible, but it is believed they will furnish a reasonably accurate guide for the action of the Commission.

Summary of the present cost of reproducing the Union Pacific Railway system and its equipments, October 15, 1887.

(Standard-gauge roads, 4,051.87 miles.)

Council Bluffs to Ogden	$38,157,500
Kansas City to Denver	21,907,870
Denver to Cheyenne	2,619,180

Branch lines	$38,914,400
One hundred and thirty miles new lines and material delivered	2,500,000
Total	104,098,950

(Narrow-gauge roads, 779.4 miles.)

Denver to Baldwin	4,852,670
Other roads	10,255,500
	15,108,170
Terminals for narrow-gauge system	1,000,000
Total cost of all roads and equipments	120,207,120

The "material and physical conditions" of the roads and their equipments are good, being well adapted as a system and wisely maintained.

The "fair present actual value" of the system is estimated to be $150,000,000.

The present "cost of reproducing" the system and its equipments is estimated at $120,207,120.

Very respectfully submitted.

RICH'D P. MORGAN, Jr.,
Inspecting Engineer for the United States Pacific Railway Commission.

DWIGHT, ILL., *October* 15, 1887.

WILLIAM L. ELSEFFER,
Principal Assistant Engineer, New York City.

THE SIOUX CITY AND PACIFIC RAILROAD IN IOWA AND NEBRASKA.

	Miles.
From California Junction, Iowa, to Fremont, Nebr.	31.7
From California Junction, Iowa, to Sioux City, Iowa	69.7
From California Junction, Iowa, to Missouri Valley, Iowa	5.9
Total	107.3
Less bridge section	3.36
	103.94

THE MATERIAL AND PHYSICAL CONDITION OF THE ROAD.

The alignment of the road is excellent, and the grades are easy. The excavations, rock and earth, in prism and side-cuts, are ample in width and in good condition. The embankments are generally full in width and in good form. The bridging of all classes is well constructed and maintained.

The Missouri River is crossed on the Missouri Valley and Blair Railway Bridge. This great structure is a single track, iron and steel bridge constructed by Mr. George S. Morison, civil engineer.

It was substituted in the fall of 1883 in the operations of the road for the ferrying and transfer appliances of the Sioux City and Pacific Railroad Company. The length of the bridge and approaches is 3.36 miles, connecting with the original line on the east side and west side of the river.

The buildings and other fixtures of the road are in good condition, and seem well adapted, excepting at Sioux City, where the accommodations are poor.

The cross-ties are of standard size, white oak and white cedar, laid 3,000 to each mile.

The composition of the track is 25 per cent. of iron rails, 56 pounds per linear yard, having fish-plate joint fastenings; 75 per cent. is of steel rails, 60 pounds per linear yard, having 30 and 34 inch angle-plate joint fastenings.

The iron rails are somewhat worn. The steel rails were manufactured in 1883, 1884, and 1887.

The principal shops and buildings at Missouri Valley seem to be sufficient for the needs of the road. The material of road-bed is earth and sandy loam, without ballasting.

THE FAIR PRESENT ACTUAL VALUE OF THE ROAD.

The average annual gross earnings from June 30, 1882, to June 30, 1887, five years, have been $590,500.84. The average annual net earnings, deducting from gross earnings operating expenses and taxes only, for the same period have been $227,475.08.

For four years ending June 30, 1887, there has been an average annual increase in the net earnings of $32,205.70.

The road has been well maintained, and the earnings hitherto seem to make it probable that the net earnings in the future would, under the same management and alliance, amount to $200,000 per annum. But the failure of the crops west of the Missouri, and other causes mentioned, which are likely to affect the earnings of other roads adversely, will in a measurable degree affect the Sioux City and Pacific. There is also greater competition to be met than in the past, both east and west of the Missouri.

The Chicago, Milwaukee and Saint Paul and Illinois Central roads must now and in the future receive each a share.

It does not appear, therefore, to be safe to estimate that the future earnings of the Sioux City and Pacific road, after paying operating expenses, taxes, and the cost of complete maintenance, will exceed $150,000 per annum, a sum equal to paying interest at 5 per cent. per annum on $3,000,000.

Estimate of the present cost of reproducing the Sioux City and Pacific Railroad, its buildings, equipments, tools, and stationary power (103.94 *miles*).

Right of way and depot grounds	$220,000
Grading and bridging (except the Missouri River bridge and approaches, 3.36 miles)	635,600
Ties	221,000
Main track, rails, etc	553,100
Side tracks, rails, etc	53,900
Track laying and surfacing	73,800
Fencing	40,000
Buildings	126,000
Telegraph line	13,000
Locomotives	84,000
Passenger equipment	37,000
Freight equipment	69,000
Fixed tools, stationary power, and other tools	30,600
Engineering and contingencies, 10 per cent	215,700
Total	2,372,700

The "material and physical conditions" of the road and equipments are good.

The "fair present actual value" is estimated to be $3,000,000.

The present "cost of reproducing" the road and its equipments is estimated at $2,372,700.

Very respectfully submitted.

RICH'D P. MORGAN, Jr.,
Inspecting Engineer for the United States Paific Railway Commission.

DWIGHT, ILL., *October* 15, 1887.

WILLIAM L. ELSEFFER,
Principal Assistant Engineer, New York City.

THE CENTRAL PACIFIC RAILROAD AND ITS BRANCHES.

ESTIMATE OF THE FAIR PRESENT ACTUAL VALUE OF THE CENTRAL PACIFIC RAILROAD AND ITS BRANCHES.

The following correspondence with the president of the company furnishes an appropriate introduction to the consideration of the subject:

DENVER, COLO., *August* 22, 1887.

DEAR SIR: I am instructed by the United States Pacific Railway Commission to include in my report an estimate of "the fair present actual value" of the Central Pacific Railway and its branches.

The principal basis for determining the fair present actual value of those roads is their productive capacity in excess of operating expenses and their complete maintenance. There should be added to or deducted from the result so obtained a reasonable estimate to represent their probable future productive capacity. In addition to my personal examination of the roads, their condition, equipment, and the character of the tributary country, etc., I have as data your reports to your stockholders for the past ten years, excepting that for 1886, which Mr. W. G. Curtis will doubtless send to me with other papers, as arranged at an early day.

What I desire further is to avail myself of such considerations other than those contained in your reports, if there are any, which the very complete knowledge of yourself and associates of the country traversed by the Central Pacific and other lines may enable you to suggest, to aid me in the preparation of my estimate. If you kindly provide me with such information and suggestions as you may be able, favorable and unfavorable, as to the probable future productive capacity of the lines, I respectfully suggest that it be in such form that I can make it an integral part of my report to the Commission. Be kind enough to address me at my home, Dwight, Ill., and oblige,

Very respectfully, yours,

RICH. P. MORGAN, Jr.,
Inspecting Engineer for the United States Pacific Railway Commission.

Hon. LELAND STANFORD,
President of the Central Pacific Railway Company, San Francisco, Cal.

SAN FRANCISCO, CAL., *September* 9, 1887.

DEAR SIR: Your letter asking me to furnish you with data for an estimate of "the fair present actual value" of the Central Pacific Railroad and its branches is received.

There is necessarily so much of uncertainty about this whole question that, in my position as an officer of the railroad company, I have concluded not to indulge in speculations as to the possibilities of the road. For through business so much depends upon competition, and for local business so much upon the population that may come into the country, that I feel the great difficulty of making an estimate at all satisfactory to myself. I can not take the least chances either of underestimating the property or of overestimating it; therefore I must content myself with sending you our annual reports.

I prefer to leave you to your own unbiased judgment, which is free from the many strong circumstances that might possibly influence mine.

Respectfully, yours,

LELAND STANFORD.

Mr. RICHARD P. MORGAN, Jr.,
Inspecting Engineer, United States Pacific Railway Commission.

As Mr. Stanford prefers not to add any facts or opinions other than those contained in his reports as president of the company, those reports necessarily remain the principal basis for estimating the value of the properties.

The reports exhibit the following results:

	For 1881, on 2,707 miles operated.	For 1882, on 3,041 miles operated.	For 1883, on 2,998 miles operated.	For 1884, on 2,957 miles operated.	For 1885, on 1,649.86 miles operated.
Gross earnings	$24,094,100.95	$25,662,757.12	$24,744,421.20	$22,166,106.28	$14,384,420.56
Operating expenses, maintenance, and taxes	14,577,725.79	17,078,066.14	16,617,805.11	17,293,371.69	7,009,460.46
Net earnings	9,516,375.16	8,584,690.98	8,126,616.09	4,872,734.59	7,374,960.10
Average gross earnings per mile	8,900+	8,438+	8,253+	7,494+	8,723
Average operating and maintenance expenses and taxes per mile	5,385	5,616+	5,542+	5,848+	4,248
Average net earnings per mile	3,515+	2,822+	2,711+	1,646+	4,475

The Central Pacific Railroad and associated lines, embracing the 1,649.86 miles on which the earnings for 1885 and 1886 were made, are as follows:

	Miles.
Central Pacific Railroad	1,248.60
Sacramento and Placerville Railroad	5.64
California Pacific Railroad	115.44
Northern Railway	153.63
San Pablo and Tulare Railroad	46.51
Stockton and Copperopolis Railroad	49.00
Amador Branch Railroad	27.20
Berkeley Branch Railroad	3.84
Sacramento River steamers	
Total	1,649.86

For 1886, on 1,649.86 miles operated:	
Gross earnings	$15,066,801.43
Operating expenses, maintenance, and taxes	7,684,923.01
Net earnings	7,381,878.42
Gross earnings per mile per annum	9,131+
Operating expenses, maintenance, and taxes per mile per annum	4,657+
Net earnings per mile per annum	4,474+

Net earnings per mile per annum of Central Pacific and operated lines, after payment of operating expenses, maintenance, and taxes.

Years.	Net earnings.	Total miles operated.	Years.	Net earnings.	Total miles operated.
1881	$3,515	2,707	1884	$1,648	2,957
1882	2,823	3,041	1885	4,469	1,649.86
1883	2,711	2,998	1886	4,474	1,649.86

These fluctuating results, considered in connection with the fact that the management of the affairs of the Central Pacific Railroad Company is in the control of the managers of the Southern Pacific Company, its

lessee and the chief officers of each company being identical, does not by any means prove that the interests of each company will be equally conserved. Either road may be made productive or otherwise by the changing interests of the persons who control them, and make and cancel leases at will, etc.

The condition of the roads of the system and the equipment show that unusual expenditures will soon become necessary for their proper maintenance.

The transcontinental traffic will, at an early day, be subjected to still further agreed subdivisions, else an irreconcilable war of rates between the several lines will produce an equivalent loss to the Central Pacific. It does not seem safe to assume that the Pacific coast business will bear rates high enough to satisfy a pool of so many and such great interests as those which are to be parties to it. Nor would reasonably remunerative rates on the present volume of that business produce earnings sufficiently great to satisfy the pooling interests, and there is no prospect of a sudden increase in the traffic to meet that demand.

The local business in and west of the Sierra Nevada Mountains will doubtless increase steadily, but on that portion of the line extending from Ogden west for a distance of more than 600 miles the increase will be very slow unless, by the discovery and development of great mines of the precious metals, they rise suddenly to importance.

In the presence of these facts and considerations any estimate of the value of the properties based upon the past, present or probable future earnings of the system, would be merely conjecture. But a closer analysis of the origin and disposition made of the past earnings of the system would doubtless disclose that the main line extending to Ogden has great intrinsic merit, especially as a trancontinental line.

The reports made by the company of the average net earning power of the system, if those reports can be relied upon, lead to the conclusion, that after the payment of operating expenses, complete maintenance, and taxes the net surplus should be not less than $5,500,000 per annum for 1887, 1888, and 1889, a sum equal to 5 per cent. per annum on $110,000,000.

The data and facilities asked for to aid the inspection and estimation of the road and properties was promptly provided, and the general roadmaster of the Pacific system, Mr. W. G. Curtis, accompanied the corps of engineers throughout the inspection, and very materially aided them in their work by furnishing profiles, maps, plans, and information which his long connection as a civil engineer with the road enabled him readily to do.

THE MATERIAL AND PHYSICAL CONDITION OF THE CENTRAL PACIFIC RAILROAD AND ITS BRANCHES.

	Miles.
Terminus Union Pacific Railway, Ogden to Sacramento	738.00
Sacramento to Niles, via Stockton and Lathrop	107.17
Niles to San José	17.54
Lathrop to Goshen (not aided)	146.08
Roseville to Oregon State line (not aided)	296.47
Niles to Oakland depot (not aided)	27.00
Brooklyn, East Oakland, Melrose, and Alameda branches (not aided)	17.31
Double track (not aided)	7.72
Total	1,357.29

Alignment and grades.—The alignment and grades considered as a whole for the practical working of trains present a high standard of excellence.

There are some exceptions in detail which appear to be caused by arbitrary physical conditions, and also in some instances, notably between Argenta and Battle Mountain, there seems to be needless length of line. In these instances instrumental tests are necessary to determine the exact character of the location and construction of the road.

Excavations and embankments.—The excavations, rock and earth, in tunneling, prism and side cuts are as a rule ample in width and as safe in respect to their slopes and condition as those of standard roads and their branches, having similar material and contour of natural surface.

The embankments are in good form for stability and they are generally full in width at grade, unless the roads are to be completely ballasted, which would involve additional width in some localities.

Between Ogden and Wadsworth some parts of the roads are completly and some only partially ballasted, but altogether it is insufficient in length or completeness to characterize the road as being ballasted.

Between Wadsworth and Sacramento most of the distance the road is fairly well ballasted with stone, gravel, and shale. The road in the arid region, between Wadsworth and Ogden, does not so much need ballasting as the lines in California west of the Sierra Nevada Mountains, where the extreme wet and dry seasons prevail. The road from Sacramento to San José via Stockton, Lathrop, and Niles is ballasted with gravel, not up to a full standard the entire distance, but a medium ballast. From Niles to Oakland Pier the road is ballasted with gravel and sand.

Between Lathrop and Goshen there are 49 miles of incomplete ballasting, composed of cinder, gravel, and sand, and 97 miles are without ballasting.

From Roseville Junction to Tehama there is incomplete ballasting of gravel, estimated at 50 per cent., or $1,000 per mile. From Tehama to the Oregon State line the material of which the embankments are composed and the road-bed in the excavations is generally of stone, shale, gravel, and sandy loam, making with but few exceptions a sufficient ballasting in itself.

Bridging.—Nearly all of the important truss bridges on the main line, from Ogden to Oakland via Sacramento, Lathrop, and Niles, are constructed of wood in the varying forms of the Howe truss. There are some first-class iron truss bridges. All of the iron and some of the wooden truss bridges rest on first-class abutment and pier masonry, but there are many of the important wooden bridges that have timber abutments and piers. The wooden bridges of importance are covered in with corrugated iron, which serves as a protection against fire and decay by exposure.

Some of the wooden bridges are about twenty years old, but a careful examination of their members did not disclose any important depreciation by decay or otherwise.

From Niles to San José there are no important bridges; a few spans of straining beam truss, and a few short pile trestle bridges.

From Lathrop to Goshen the bridging is wooden truss and pile trestle work. It averages about fifteen years old, and should be thoroughly reconstructed as rapidly as possible.

From Roseville Junction to Redding there is some quite important bridging, but it is all constructed of timber, including the foundations. These bridges are about fifteen years old. The crossing of the Sacra-

mento was being renewed with timber at the date of the inspection, August 13, 1887. From Redding to the Oregon State line the bridges are new and of best character of construction, all having first class stone abutments and piers, and thirteen of the principal crossings of the Sacramento River are upon the highest standard of iron bridges, the abutments and piers being coursed masonry laid in cement. Also all other openings and waterways have stone abutments, or they are stone-arched culverts laid in cement.

Cross ties.—The ties are nearly all of California redwood, with some truckee pine and cedar.

On the main line from Ogden to Oakland via Sacramento, Stockton, Lathrop, and Niles there is an average of more than 3,000 ties to each mile, and on the other lines of the Central Pacific proper there are between 2,800 and 2,900 to each mile.

The ties are generally in good condition, but in some cases the renewal of the red-wood ties seems to be postponed to the extreme limit. This doubtless arises from the fact that those ties wear out instead of decaying.

Some perfectly-sound red-wood ties were found into which the track rails had worn fully 2 inches, the ties having been in the track more than fifteen years.

Track rails.—Of the track between Ogden and Oakland via Sacramento, Lathrop, and Niles 78 miles are laid with iron rails weighing 56 pounds per lineal yard.

The joint fastenings are the ordinary fish-plates. The iron rails and fastenings are old and worn; 648 miles are laid with steel rails weighing 60 pounds per lineal yard, and 151 miles are laid with steel rails weighing 56 pounds per lineal yard. The steel rails are laid with the angle and fish plate combination joint fastenings 22 inches long and of weights suitable to each size of rail. The Verona nut-lock is generally used. The brands of the steel rails show them to be on an average about eight years old. The steel rails have been put in the track from time to time in small quantities as fast as the iron rails have been worn out. (For particulars see Appendix F.)

From Niles to San José 12½ miles are laid with steel rails weighing 50 pounds per lineal yard, with suitable angle and fish plate joint fastenings; 5 miles are laid with iron rails weighing 56 pounds per lineal yard, having fish-plate and wrought-iron chair-joint fastenings.

On the entire system the standard track spikes are used, and the tracks are full spiked.

Water-tanks.—The water-tanks vary in size from 30,000 to 50,000 gallons' capacity. They are well constructed, and are adapted in size and location to furnish the water supply.

For the purpose of obtaining good water many of the tanks are filled by bringing the water through long pipe lines from springs on adjacent mountains.

Coal-chutes.—In substitution for coal-chutes long sheds are provided for the coal depots. In each shed are one and in some of them double tracks, on which a car traverses the length of the sheds. Placed on the cars are small steam hoisting cranes and large buckets, with which to fill the tenders of the locomotives.

Buildings.—The buildings on the system seem to be of sufficient capacity for the requirements, especially the car and locomotive repair-shops and round-houses. There is but little need of buildings for the accommodation of the patrons of the road between Ogden and Wadsworth. The great shops and buildings at Sacramento and the passen-

ger station at Oakland Pier compare favorably with any for like purposes in the country, at large. Many of the station buildings on the line of the road in California are neat, substantial, and of sufficient size. For the local passenger traffic of Oakland and adjacent suburban villages the passenger depots are but poor apologies for the accommodation of the patrons of the road.

Snow-sheds and fences.—The snow-sheds and fences are in fairly good condition There are about 32 miles of practically continuous snow-shed on the Sierra Nevada Mountains, extending from the vicinity of Donner Lake on the east to near Cisco on the west of the range. On account of the great fall of snow in this locality and avalanches from the mountain-sides the sheds are of very costly construction. They are in good condition.

The physical condition of the roads clearly demonstrates a remarkably close management. Without reference to the bounty of the Government or what the character of the construction of the roads should have been originally, but viewed from the single stand-point of ownership, the present condition of the tracks and structures, and also of the equipment, seem to indicate economy, for no part is permitted to be renewed until absolutely necessary.

While this is true, decided improvement has been steadily going forward in the character of the road and its structures. Whenever it became necessary to make renewals or betterments of any kind they have been uniformly of a much higher standard than the orignal construction. On this class of betterments about $2,000,000 have been expended since 1880.

The locomotives.—The age and condition of each locomotive will be found in Appendix G.

This statement of the company has been compared with the actual inspections made, and is believed to be correct both as to the number and condition of the locomotives. There are 242 in all; 48 of them are twenty years old, 102 are nineteen years old, 24 are seventeen years old, 50 are eleven years old, 8 are 5 years old, 2 are two years old, and 8 are new.

The cars.—A large number of the following list of cars, furnished by the company, have been inspected and found to be in fairly good condition. But the absence from the lines of the road of many of them on distant service made it impracticable to find or inspect a majority of them.

List of cars owned by the Central Pacific Railroad Company.

Kind of cars.	Number.	Kind of cars.	Number.
Passenger-cars	153	Oil-cars	8
Sleeping-cars	40	Fruit-cars	129
Emigrant-cars	70	Flat freight-cars	1,875
Postal-cars	10	Water-cars	19
Baggage-cars	38	Tie-machine car	1
Express-cars	10	Derricks	7
Officers' cars	4	Derrick-tenders	11
Paymaster's car	1	Pile-drivers	6
Caboose-cars	93	Dump-cars	78
Station-cars	15	Snow-plows	9
Box freight-cars	2,319	Hand, section, tall, iron, lumber, and push cars	433
Powder-cars	3		

Estimated present cost of reproducing the following leased lines.

Route.	Length.	Cost of reproduction.	Average per mile.
	Miles.		
Northern Railway and San Pablo and Tulare Railroad, West Oakland via Martinez to Tracy	77.54	$2,253,340	$29,060+
Benicia to Sacramento via Suisun	57.62	1,623,100	28,169+
Davis to Knight's Landing	18.57	336,120	18,100+
Northern Railway, Woodland Junction to Tehama	108.74	1,183,100	17,700+
Suisun to Vallejo	20.1	553,255	27,525+
Napa Junction to Calistoga	34.48	545,000	16,096+
Amador Branch, Galt to Ione	27.2	458,320	16,850
Stockton and Copperopolis Railroad and Oakdale Branch	39	820,950	21,050

Estimate of the present cost of reproducing certain roads of the Central Pacific Railroad Company.

Route.	Length.	Cost of reproduction.	Average per mile.
	Miles.		
Roseville Junction to Delta	190.47	$4,154,300	$21,810+
Delta to State line	106	3,400,600	32,081+
Total Roseville Junction to State line of Oregon	296.47	7,554,900	25,482+
Lathrop to Goshen	146.08	2,943,520	20,150+
Brooklyn, East Oakland, Melrose, and Alameda Branch (including 7.72 miles of double track)	17.31	346,200	.....
Total	459.86	10,844,620	.....

Estmate of the present cost of reproducing the Central Pacific Railroad from the terminus of the Union Pacific Railway at Ogden to Oakland, via Sacramento, Stockton, Lathrop, and Niles; also from Niles to San José, and their equipment.

(891.97 miles.)

Right of way		$650,000
Grading, bridging, and culverts		12,464,900
Ties		1,342,500
Main track, rails, etc		4,395,500
Side tracks, rails, etc		1,073,800
Track laying and surfacing		536,900
Fencing		106,000
Snow sheds and fences		1,225,000
Buildings, excepting Oakland and Sacramento		806,000
Telegraph lines		156,600
Locomotives		1,566,000
Car equipment		2,873,000
Fixed tools, stationary power, and other tools		650,000
Engineering and contingencies, 10 per cent		2,784,620
The impact and adaptation		1,342,100
		$31,972,920
Cost per mile, $35,845+.		
Terminal properties and their facilities:		
Sacramento	$2,500,000	
Oakland and San Francisco	4,500,000	
		7,000,000
Cost per mile, $43,693+.		
Steamers, all classes		1,050,000
Total		40,022,920

The "material and physical conditions" of the Central Pacific Railroad and its branches and their equipments are not at a high standard in many respects, but whether a higher standard should be reached and betterments made more rapidly than is shown in the body of this report is a question which from the stand-point of ownership it would be difficult to determine.

It is estimated that the "fair present actual value" of the road and its branches *should be* $110,000,000.

The "present cost of reproducing" the road and its equipments, from the terminus of the Union Pacific Railway at Ogden to Oakland, via Sacramento, Stockton, Lathrop, and Niles, also from Niles to San José, 889.71 miles, including terminal properties and their facilities at Sacramento, Oakland, and San Francisco, also including steamers of all classes, is estimated at $40,022,920. Including 467.58 miles of branches, the "present cost of reproducing" would be $50,867,540.

Very respectfully submitted.

RICH'D P. MORGAN, Jr.,
Inspecting Engineer for the United States Pacific Railway Commission.

DWIGHT, ILL., *October* 15, 1887.

WILLIAM L. ELSEFFER,
Principal Assistant Engineer, New York City.

APPENDICES.

A.—Statement of the Method, Work, and Date of the Inspection.

To enable the inspection to be completed within the time allotted, and thoroughly made, the Commissioners provided a special train, consisting of a locomotive, baggage, and combined commissary and observation car.

This train was moved over the roads at a varying speed, as the conditions made it practicable for the engineers to take the notes necessary to make a report on the material and physical condition—the fair actual value, and the cost of reproducing the properties.

The average rate of speed was about 12 miles an hour.

To secure a systematic inspection it was decided to stop at regular intervals of 5 miles, and also at all important structures and stations. This plan was carried into effect, and at each 5-mile point the following measurements and data were noted:

The right of way.
The fencing.
The alignment.
The grades.
The width of the excavation at grade.
The form of the excavation.
The kind of material excavated.
The width of the embankment at grade.
The form of the embankment.
The material of the embankment.
The material of the ballasting.
The kind of ties.
The dimensions of the ties.
The average useful life of the ties.
The condition of the ties.
The number of ties in 52.8 feet.
The gauge of the road.
The length of the track rails.
The sectional dimensions of the track rails.
The weight of the rails per lineal yard.
The material of the rails.
The condition of the rails.
The brand of the manufacture.
The date of laying the rails.
The kind of joint fastenings.
The length of the joint fastenings.
The weight of the joint fastenings.
The size of the bolts and nuts.
The weight of the bolts and nuts.
The number of bolts per joint.
The kind of nut-lock.
The size and number of the spikes.

As the train moved between the 5-mile points additional notes were taken, by which to estimate the quantities of earth, rock, and other material in the embankments and excavations; also of the condition of the road, its bridges, buildings, and structures. Whenever it appeared to be necessary the train was stopped for the purpose of examining important bridges, heavy work, tunnels, water-works, coal mines, quarries, snow-sheds, etc.

By request, the division roadmasters accompanied the train over their respective divisions, and upon application gave to the inspecting engineers such information and opinions as they were able to do. By this means much valuable knowledge essential to the preparation of this report was most readily obtained, such as the local price of labor and of lumber, timber, and cross-ties; the useful life, locally, of the several kinds of timber used in the cross-ties, bridges, and other structures; information as to the sources of fuel and water supply; the dates when steel rails were substituted for iron rails; what their requisitions had been for renewals, and what proportion of each had been supplied and used; also other desirable assistance.

The cost and useful life of the different kinds of timber in the bridges and used for cross-ties being very important factors in the cost of construction and maintenance, much attention was given to those subjects.

At the terminal points, ends of divisions, and intermediate stations, a careful inspection was made of all locomotives, cars, stationary power, machinery, and tools found at those places, in verification of the statements and schedules furnished by the officers of the railway companies.

The inspection was commenced at Council Bluffs and Omaha on the 27th day of May, 1887, and continued without interruption, terminating at the same places on the 16th day of September, 1887.

Between the 27th day of May and the 15th day of July, the Nebraska, Wyoming, Idaho, and Salt Lake divisions of the Union Pacific system were inspected. Between July 15 and August 16 the Central Pacific Railroad and its branches, and also other roads in California, were inspected. The remaining time was given to the inspection of the Colorado narrow-gauge roads, the Kansas Division and its branches of the Union Pacific system, and the Sioux City and Pacific Railroad.

B.—Statement of the Condition of the Motive Power of the Union Pacific Railway System on September 1, 1887.

In the interval between May 27 and the 16th of September, more than 60 per cent. of the locomotives of the Union Pacific system were carefully examined, noting their general condition and the condition of their several principal parts, also the date of their construction and the names of the manufacturers.

It was impracticable within the limited time to make a similar inspection of all the locomotives of the system, but enough were inspected to enable a comparison with the regular monthly report which is made to the general manager of the company of the condition of the motive power.

This comparison has proved quite satisfactory; therefore the report to the manager for September, having been verified, has been adopted.

It is believed to be complete and substantially correct as to the number, age, and condition of the locomotives, and furnishes more satisfactory conclusions than could be otherwise deduced from the actual inspections, made at considerable intervals of time.

Union Pacific, Division A.

Division.	No. of engine.	Bought or rebuilt.	Condition.
		Rebuilt.	
Nebraska	300	Apr., 1882	Good.
		New.	
Wyoming	330	June, 1868	Good.
Nebraska	334	Jan., 1869	Do.
Do	335	Apr., 1869	Fair.
Do	338	Apr., 1868	Do.
Wyoming	340	Apr., 1868	Good.
Nebraska	341	Apr., 1868	Fair.
Do	343	Dec., 1868	General repairs.
Do	394	Feb., 1869	Good.
		Rebuilt.	
Nebraska	500	Apr., 1883	Good.
Do	503	Nov., 1882	Fair.
Do	504	Nov., 1881	Do.
Do	505	Oct., 1881	Good.
Wyoming	511	Apr., 1881	General repairs.
Do	512	Jan., 1882	Fair.
Nebraska	513	Oct., 1881	Good.
Idaho	514	Aug., 1883	Do.
Nebraska	515	May, 1881	Do.
Wyoming	516	June, 1882	Poor.
Do	517	Jan., 1882	Good.
Idaho	518	June, 1881	Do.
Nebraska	519	Feb., 1881	Fair.
Idaho	520	Mar., 1881	Good.
Nebraska	553	Mar., 1880	Do.
Do	561	Sept., 1881	Do.
Do	562	Sept., 1881	Fair.
Do	566	Nov., 1882	Good.
Do	567	Apr., 1882	Do.
Do	570	Nov., 1880	Do.
Do	571	Oct., 1880	Fair.
Wyoming	572	Oct., 1880	Good.
Colorado	573	Feb., 1884	Poor.

Union Pacific, Division A.—Continued.

Division.	No. of engine.	Bought or rebuilt.	Condition.
		Rebuilt.	
Nebraska	574	Dec., 1881	Fair.
Idaho	575	Oct., 1881	Good.
Nebraska	576	Sept., 1882	Do.
Colorado	577	Aug., 1880	Do.
Nebraska	578	June, 1881	Do.
Idaho	579	June, 1880	Do.
Wyoming	580	Nov., 1880	Do.
Do	581	June, 1882	Do.
Idaho	582	Aug., 1881	General repairs.
Do	583	Mar., 1882	Good.
Nebraska	595	June, 1883	Do.
Do	596	Sept., 1881	Do.
Do	597	Dec., 1879	Do.
Do	598	May, 1885	Do.
Idaho	599	Feb., 1881	Do.
Nebraska	601	Sept., 1885	Do.
Do	602	Oct., 1882	Do.
Colorado	650	July, 1883	Fair.
Nebraska	653	Dec., 1885	Do.
Colorado	654	Aug., 1882	Good.
Do	655	Mar., 1882	Do.
Do	657	Aug., 1880	Do.
Do	658	Oct., 1880	Do.
Do	659	Apr., 1880	General repairs.
Do	660	Sept., 1884	Good.
Do	661	May, 1880	Do.
Nebraska	701	May, 1882	Poor.
Do	702	July, 1884	Good.
Do	709	Jan., 1885	Do.
		New.	
Nebraska	716	June, 1886	Good.
Do	717	June, 1886	Do.
Do	718	June, 1886	Do.
Do	719	June, 1886	Do.
Do	720	June, 1886	Do.

Union Pacific, Division A—Continued.

Division.	No. of engine.	Bought or rebuilt.	Condition.
		New.	
Nebraska	721	June, 1886	Good.
Do	722	July, 1886	Do.
Wyoming	723	July, 1886	Fair.
		New.	
Wyoming	724	July, 1886	Good.
Do	725	July, 1886	Fair.
		Rebuilt.	
Nebraska	800	July, 1883	Good.
Do	801	Jan., 1884	Do.
Wyoming	802	Oct., 1883	Do.
Nebraska	803	Sept., 1885	Fair.
Do	804	Sept., 1884	Do.
Do	805	Nov., 1883	Good.
Do	806	Jan., 1884	Do.
Do	807	Oct., 1885	Do.
		New.	
Nebraska	808	Sept., 1875	Poor.
		Rebuilt.	
Wyoming	809	Sept., 1886	Fair.
		New.	
Wyoming	810	Oct., 1875	Good.
Do	811	Nov., 1875	Poor.
Do	812	Nov., 1875	Good.
Do	813	Dec., 1875	Poor.
		Rebuilt.	
Nebraska	814	Jan., 1883	Good.
Wyoming	815	Mar., 1886	Do.
		New.	
Wyoming	816	Dec., 1875	Fair.
Do	817	Dec., 1875	Good.
		Rebuilt.	
Nebraska	818	Apr., 1886	Good.
Do	819	July, 1885	Do.
Do	821	Mar., 1885	Do.
Do	822	Sept., 1885	Do.
Do	823	Oct., 1882	Do.
Do	824	Feb., 1886	Do.
Do	826	Sept., 1886	Do.
		New.	
Nebraska	900	July, 1868	Good.
Do	901	July, 1868	Fair.
Do	902	Aug., 1868	Good.
Do	903	Aug., 1868	General repairs.
Do	904	Aug., 1868	Good.
Do	905	Sept., 1868	Do.
Do	906	Sept., 1868	Do.
Do	907	Sept., 1868	Fair.
		Rebuilt.	
Nebraska	908	Nov., 1872	Good.
		New.	
Nebraska	909	May, 1868	Poor.
		Rebuilt.	
Wyoming	910	July, 1882	Good.
Colorado	911	Aug., 1881	Do.
		New.	
Wyoming	914	Oct., 1868	Good.
Nebraska	915	Oct., 1868	Fair.
Do	916	Nov., 1868	Do.
Colorado	917	Nov., 1868	Poor.
		Rebuilt.	
Nebraska	918	Mar., 1870	Good.
		New.	
Nebraska	919	Aug., 1868	Fair.
Wyoming	920	Aug., 1868	Poor.
Nebraska	921	July, 1868	General repairs.
		Rebuilt.	
Nebraska	922	June, 1886	Good.
		New.	
Nebraska	923	Aug., 1868	Good.
Do	924	Aug., 1868	Do.
Do	925	Sept., 1868	Do.
Colorado	926	Sept., 1874	Fair.
Nebraska	927	Oct., 1874	General repairs.
Do	928	Feb., 1875	Do.
Wyoming	929	Feb., 1875	Do.
Do	930	Apr., 1878	Good.

Union Pacific, Division A—Continued.

Division.	No. of engine.	Bought or rebuilt.	Condition.
		New.	
Nebraska	931	Apr., 1878	Good.
Do	932	May, 1878	Do.
Do	933	May, 1878	Do.
Do	934	May, 1878	Do.
Wyoming	935	May, 1878	Do.
Nebraska	936	June, 1878	Do.
Do	937	June, 1878	General repairs.
Wyoming	939	July, 1878	Good.
Do	940	June, 1879	Do.
Idaho	941	June, 1879	Do.
Nebraska	942	July, 1879	Do.
Wyoming	943	Aug., 1879	Do.
Colorado	944	Aug., 1879	Fair.
Idaho	945	Sept., 1879	Good.
Do	946	Sept., 1879	Do.
Do	947	Oct., 1879	Do.
Do	949	Jan., 1880	Fair.
Do	950	Jan., 1880	Do.
Do	951	Feb., 1880	Good.
Wyoming	952	Feb., 1880	Do.
Do	953	Feb., 1880	Do.
Idaho	954	Feb., 1880	Fair.
Wyoming	955	May, 1880	Heavy repairs.
Do	956	May, 1880	Good.
Nebraska	957	Apr., 1880	Do.
Idaho	985	May, 1881	Do.
Wyoming	986	June, 1881	Fair.
Do	987	June, 1881	Good.
Do	988	June, 1881	Do.
Nebraska	989	July, 1881	Fair.
Wyoming	990	July, 1881	Good.
Nebraska	991	July, 1881	Do.
Idaho	992	July, 1881	Do.
Do	993	Aug., 1881	Do.
Wyoming	994	Aug., 1881	Do.
Do	995	Aug., 1881	Do.
Nebraska	996	Aug., 1881	Do.
Idaho	997	Aug., 1881	Fair.
Nebraska	998	Aug., 1881	Do.
Colorado	999	Sept., 1881	Good.
Wyoming	1000	Sept., 1881	Do.
Do	1001	Sept., 1881	General repairs.
Idaho	1002	Sept., 1881	Good.
Nebraska	1003	Mar., 1881	Fair.
Wyoming	1004	Jan., 1880	Do.
Do	1005	Feb., 1880	Good.
Do	1006	Feb., 1880	Fair.
Do	1007	Feb., 1880	Good.
Do	1008	Feb., 1880	Do.
Do	1009	Feb., 1880	Do.
Do	1010	Feb., 1880	Do.
Do	1011	July, 1880	Do.
Do	1012	July, 1880	Do.
Nebraska	1013	Nov., 1880	Do.
Idaho	1014	Nov., 1880	Do.
Nebraska	1015	Dec., 1880	Do.
Do	1016	Dec., 1880	Fair.
Do	1017	Dec., 1880	General repairs.
Wyoming	1100	Oct., 1874	Good.
Do	1101	May, 1881	Do.
Nebraska	1102	May, 1881	Do.
Idaho	1103	Oct., 1879	Fair.
Nebraska	1104	July, 1878	Good.
Do	1155	Feb., 1887	Fair.
Do	1156	Feb., 1887	Do.
Do	1157	Feb., 1887	Do.
Do	1158	Feb., 1887	Do.
Do	1159	Mar., 1887	Do.
Do	1160	Mar., 1887	Do.
Do	1200	Sept., 1880	Good.
Colorado	1201	Sept., 1880	Fair.
Nebraska	1202	Sept., 1880	Do.
Wyoming	1203	Oct., 1880	Do.
Do	1250	Dec., 1868	Do.

Union Pacific, Division A—Continued.

Division.	No. of engine.	Bought or rebuilt.	Condition.
		New.	
Wyoming	1251	Jan., 1869	Fair.
Do	1252	Jan., 1869	Do.
Do	1253	May, 1881	General repairs.
Do	1254	May, 1881	Good.
Do	1255	May, 1881	Poor.
Do	1256	May, 1881	Good.
Do	1257	June, 1881	Do.
Do	1258	June, 1881	Do.
Do	1259	Sept., 1881	Do.
Do	1260	Sept., 1881	Do.
Do	1261	Oct., 1881	Do.
Nebraska	1262	Oct., 1881	General repairs.
Do	1263	Dec., 1881	Good.
Wyoming	1264	Dec., 1881	General repairs.
Nebraska	1265	Dec., 1881	Good.
Wyoming	1266	Jan., 1882	Fair.
Do	1267	Jan., 1882	Poor.
Do	1268	Oct., 1882	Fair.
Do	1269	Oct., 1882	Good.
Do	1270	Oct., 1882	Do.
Do	1271	Oct., 1882	Do.
Do	1272	Oct., 1882	Do.
Do	1273	Dec., 1883	Do.
Do	1274	Dec., 1883	Do.
Do	1275	Dec., 1883	General repairs.
Do	1276	Dec., 1883	Good.
Do	1277	Dec., 1883	Do.
Do	1278	Jan., 1883	Do.
Do	1279	Jan., 1883	Heavy repairs.
Do	1280	Feb., 1883	Good.
Do	1281	Feb., 1883	Do.
Wyoming	1282	Feb., 1883	Fair.
Do	1283	Feb., 1883	Good.
Do	1284	Mar., 1883	Do.
Do	1285	Mar., 1883	Fair.
Do	1286	Mar., 1883	Good.
Do	1287	Mar., 1883	Do.
Do	1288	April 1883	Do.
Do	1289	April 1883	Do.
Do	1301	April 1886	Do.
Do	1302	Jan., 1877	Do.
Do	1303	Jan., 1887	Do.
Do	1304	Jan., 1887	Do.
Do	1305	Jan., 1887	Do.
Do	1306	Jan., 1887	Do.
Do	1307	Jan., 1886	Do.
Do	1308	Jan., 1887	Do.
Do	1309	Jan., 1887	Do.
Do	1310	Feb., 1887	Do.
Do	1311	Feb., 1887	Do.
Nebraska	1304	June, 1868	Poor.
Do	1305	July, 1868	Fair.
Wyoming	1306	June, 1868	General repairs.

Union Pacific Division N.

Division.	No. of engine.	Bought or rebuilt.	Remarks.
		Rebuilt.	
Kansas	310	1879	Good.
Do	311	May, 1880	Do.
Do	312	Feb., 1880	Poor.
Colorado	313	Aug., 1880	Fair.
Kansas	321	May, 1879	Do.
Do	322	Oct., 1879	Poor.
Do	323	April, 1879	Good.
Do	345	April, 1880	Poor.
		New.	
Kansas	347	Oct., 1868	Poor.

Union Pacific, Division N—Continued.

Division.	No. of engine.	Bought or rebuilt.	Condition.
		Rebuilt.	
Kansas	348	1878	Good.
Do	349	1878	Fair.
		New.	
Kansas	350	May, 1867	Good.
		Rebuilt.	
Kansas	351	Aug., 1882	Good.
Do	352	Sept., 1882	Fair.
Do	353	Feb., 1878	Do.
Do	354	May, 1878	Do.
Colorado	355	June, 1881	Do.
Kansas	356	Feb., 1878	Do.
Do	357	Aug., 1880	Poor.
Do	359	Aug., 1880	Do.
		New.	
Kansas	360	May, 1870	Good.
		Rebuilt.	
Kansas	361	Aug., 1880	Heavy repairs.
Do	362	April, 1879	Poor.
Do	363	June, 1880	Good.
Do	364	Mar., 1881	Do.
		New.	
Kansas	396	April, 1868	Fair.
		Rebuilt.	
Kansas	397	July, 1882	Good.
Do	398	Oct., 1879	Fair.
		New.	
Kansas	399	July, 1870	Fair.
		Rebuilt.	
Kansas	400	April, 1880	Good.
Do	403	Nov., 1881	Fair.
Do	404	Jan., 1880	General repairs.
Do	405	July, 1879	Fair.
Do	406	June, 1878	Good.
		New.	
Kansas	407	Aug., 1870	Fair.
Do	408	Aug., 1870	Good.
		Rebuilt.	
Kansas	409	April, 1877	Good.
Colorado	410	April, 1886	Do.
Kansas	411	Dec., 1880	Poor.
Do	412	Mar., 1879	Good.
		New.	
Kansas	413	Sept., 1870	Fair.
Colorado	414	Sept., 1870	Good.
		Rebuilt.	
Colorado	415	Mar., 1882	Good.
Kansas	416	Feb., 1880	Poor.
Do	417	Dec., 1878	Do.
Colorado	418	Sept., 1880	Heavy repairs.
		New.	
Kansas	420	Jan., 1871	Good.
Do	421	Jan., 1871	Fair.
Do	422	Jan., 1871	Good.
		Rebuilt.	
Kansas	423	Oct., 1879	Poor.
Do	424	May, 1881	Good.
Do	426	Sept., 1881	Do.
Do	427	Mar., 1882	Poor.
		New.	
Kansas	428	Mar., 1871	Fair.

Union Pacific, Division N—Continued.

Division.	No. of engine.	Bought or rebuilt.	Condition.
		Rebuilt.	
Kansas	429	May, 1881	Good.
		New.	
Kansas	471	Sept., 1869	General repairs.
		Rebuilt.	
Kansas	472	June, 1881	Good.
Do	506	June, 1881	General repairs.
Do	508	April, 1882	Heavy repairs.
		New.	
Kansas	509	Dec., 1878	Good.
Do	510	Dec., 1878	Good.
		Rebuilt.	
Kansas	527	Aug., 1885	Good.
Do	554	Aug., 1885	Poor.
		New.	
Kansas	555	Dec., 1878	Fair.
		Rebuilt.	
Kansas	556	Nov., 1881	Good.
Do	557	Dec., 1882	General repairs.
Do	600	Sept., 1883	Good.
Do	602	July, 1886	Do.
Do	651	Aug., 1884	Do.
Do	652	Mar., 1884	Do.
Do	656	June, 1884	Do.
Do	662	Mar., 1885	Do.
Do	664	May, 1885	Do.
Do	664	Feb., 1883	Do.
Do	665	Oct., 1886	Do.
Do	666	Oct., 1885	Fair.
Do	667	Jan., 1884	Good.
		New.	
Kansas	703	Nov., 1879	Good.
Do	704	Nov., 1879	Heavy repairs.
Do	705	Nov., 1879	Good.
Do	706	Nov., 1879	General repairs.
Do	707	Nov., 1879	Good.
Do	708	Nov., 1879	Do.
Do	711	May, 1886	Fair.
Do	712	May, 1886	Good.
Do	713	May, 1886	Fair.
Do	714	May, 1886	Good.
Do	715	May, 1886	Fair.
		Rebuilt.	
Kansas	820	April, 1886	Good.
Do	827	1887	General repairs.
		New.	
Kansas	1018	Mar., 1880	Poor.
		Rebuilt.	
Colorado	1019	Mar., 1884	Good.
		New.	
Colorado	1020	Mar., 1880	Good.
Do	1021	Mar., 1880	Fair.
Do	1022	Mar., 1880	General repairs.
Kansas	1023	June, 1880	Poor.
		Rebuilt.	
Kansas	1024	1881	Good.
Do	1025	Aug., 1881	Do.
Do	1026	Aug., 1881	Poor.
		New.	
Kansas	1151	Feb., 1887	Good.
Do	1152	Feb., 1887	Do.
Do	1153	Feb., 1887	Do.

Union Pacific, Division N—Continued.

Division.	No. of engine.	Bought or rebuilt.	Condition.
		New.	
Kansas	1154	Feb., 1887	Good.
Do	1204	Sept., 1880	Fair.
		Rebuilt.	
Kansas	1382	1878	Good.
		New.	
Kansas	1384	Jan., 1880	Good.
		Rebuilt.	
Kansas	1385	Mar., 1879	Fair.
Do	1386	July, 1878	Good.
		New.	
Kansas	1387	May, 1867	Fair.
		Rebuilt.	
Kansas	1388	June, 1878	Good.
Do	1390	Sept., 1881	Fair.
		New.	
Kansas	1392	April, 1870	Good.
		Rebuilt.	
Kansas	1393	Nov., 1877	Good.
		New.	
Colorado	1395	Sept., 1880	Good.

Leavenworth Branch, Division O.
(No equipment.)

Denver Pacific, Division U.

Location.	No. of engine.	Bought or rebuilt.	Condition.
		New.	
Colorado	365	July, 1870	Good.
Do	366	July, 1870	Do.
Do	431	July, 1870	Poor.
Do	432	July, 1870	Good.
Kansas	433	July, 1870	Fair.
		Rebuilt.	
Nebraska	710	June, 1885	Good.

Omaha and Republican Valley, Division B.

Location.	No. of engine.	Bought or rebuilt.	Condition.
		New prev. to—	
Nebraska	314	Apr., 1867	Good.
Do	315	Apr., 1867	Do.
		New.	
Nebraska	336	Dec., 1868	Good.
Do	337	May, 1867	Do.
		Rebuilt.	
Nebraska	390	Feb., 1885	Heavy repairs.
		New prev. to—	
Nebraska	392	Apr., 1863	Good.
		New.	
Nebraska	393	July, 1867	Fair.

Omaha and Republican Valley, Division B—Cont'd.

Location.	No. of engine.	Bought or rebuilt.	Condition.
		Rebuilt.	
Nebraska	501	June, 1882	Good.
Do	502	July, 1882	General repairs.
		New.	
Kansas	736	Mar., 1887	Good.
Do	737	Mar., 1887	Do.
Do	738	Mar., 1887	Do.
Do	739	Mar., 1887	Do.
Do	740	Mar., 1887	Do.
Do	741	Mar., 1887	Do.
Do	742	Mar., 1887	Do.
Do	743	Mar., 1887	Do.
Do	744	Mar., 1887	Do.
Do	745	Mar., 1887	Do.

Colorado Central, Division H.

Location.	No. of engine.	Bought or rebuilt.	Condition.
		New prev. to—	
Nebraska	531	Apr., 1867	Poor.
		Rebuilt.	
Nebraska	568	Aug., 1881	Good.
Colorado	569	Dec., 1881	Fair.
Do	584	May, 1884	Good.
		New prev. to—	
Colorado	585	Apr., 1879	Good.
		Rebuilt.	
Nebraska	825	May, 1886	Good.
Colorado	912	Oct., 1883	Do.
Do	913	Dec., 1881	Do.
	N. G.		
Colorado	30	Feb., 1884	Poor.
Do	31	Sept., 1881	Good.
Do	32	Sept., 1882	Do.
		New prev. to—	
Colorado	33	Apr., 1879	Good.
		Rebuilt.	
Colorado	59	Dec., 1885	General repairs.
		New.	
Colorado	107	Feb., 1884	Good.
Do	108	Feb., 1884	Do.
Do	150	Mar., 1880	Do.
Do	152	Nov., 1880	General repairs.
Do	153	Nov., 1880	Good.
Do	154	July 1881	Fair.
Do	155	July 1881	Good.
		New prev. to—	
Colorado	284	Apr., 1879	Poor.
Do	292	Apr., 1879	Scrapped.
Do	293	Apr., 1879	Good.

Colorado Central, Julesburg Branch, Division F.

Location.	No. of engine.	Bought or rebuilt.	Condition.
		New.	
Nebraska	395	Sept., 1867	Light repairs.
		Rebuilt.	
Nebraska	563	Mar., 1884	Good.

Colorado Central, Julesburg Branch, Division F—Continued.

Location.	No. of engine.	Bought or rebuilt.	Condition.
		Rebuilt.	
Nebraska	564	Nov., 1883	Good.
Do	565	Mar., 1884	General repairs.
		New.	
Colorado	958	Apr., 1881	Good.
Do	959	Apr., 1881	Do.
Do	960	June, 1881	Fair.
Do	961	Aug., 1881	Good.
Do	962	Sept., 1881	Do.
Do	963	Sept., 1881	Fair.

Denver, Marshall and Boulder, Division P.

Location.	No. of engine.	Bought or rebuilt.	Condition.
		New prev. to—	
Denver, Marshall and Boulder	22	Aug., 1882	Condemned.

Salt Lake and Western, Division I.

Location.	No. of engine.	Bought or rebuilt.	Condition.
		New.	
Salt Lake and Western	984	Aug., 1882	Fair.

Oregon Short Line, Division L.

Location.	No. of engine.	Bought or rebuilt.	Condition.
		Rebuilt.	
Idaho	550	Feb., 1883	Good.
Do	551	Aug., 1882	Fair.
Do	552	June, 1880	Good.
Do	558	Feb., 1882	Do.
Do	559	Mar., 1885	Do.
Do	560	Dec., 1882	Do.
Do	586	July, 1882	Do.
Nebraska	587	Nov., 1885	Do.
Idaho	588	May, 1881	Do.
Do	589	Nov., 1879	Do.
Do	590	June, 1880	Do.
Do	591	Sept., 1879	Do.
Do	592	Apr., 1880	General repairs.
Do	593	Nov., 1880	Fair.
Nebraska	594	July, 1885	Good.
		New.	
Nebraska	746	Mar., 1887	Good.
Do	747	Mar., 1887	Do.
Do	748	Mar., 1887	Do.
Do	749	Mar., 1887	Do.
Do	750	Mar., 1887	Do.
Idaho	964	Aug., 1882	Do.
Do	965	Aug., 1882	Do,
Do	966	Apr., 1881	Do.
Do	967	Aug., 1882	Do,
Do	968	Sept., 1882	Do.
Nebraska	969	Nov., 1874	Do.
Idaho	970	Nov., 1874	Do.

Oregon Short Line, Division L—Continued.

Division.	No. of engine.	Bought or rebuilt.	Condition.
		New.	
Idaho	971	Aug., 1874	General repairs.
Do	972	Mar., 1881	Good.
Do	973	July, 1881	Do.
Do	974	Aug., 1874	General repairs.
Do	975	July, 1879	Do.
Do	976	Sept., 1874	Good.
Do	977	Apr., 1880	Fair.
Do	978	Dec., 1883	Good.
Do	979	Dec., 1883	Light repairs.
Do	980	Dec., 1883	Good.
Do	981	Dec., 1883	Do.
Do	982	Dec., 1883	Light repairs.
Do	983	Dec., 1883	Good.

Utah and Northern, Division K.

Division.	No. of engine.	Bought or rebuilt.	Condition.
	B.G.	*New.*	
Idaho	726	Feb., 1887	Good.
Do	727	Feb., 1887	Do.
Do	728	Mar., 1887	Do.
Do	729	Mar., 1887	Do.
Do	730	Mar., 1887	Do.
Do	731	Mar., 1887	Do.
Do	732	Mar., 1887	Do.
Wyoming	733	Mar., 1887	Do.
Idaho	734	Mar., 1887	Do.
Do	735	Mar., 1887	Do.
Do	751	May, 1887	Do.
Do	752	May, 1887	Do.
Do	753	May, 1887	Do.
Do	754	May, 1887	Do.
Do	755	June, 1887	Do.
Do	756	June, 1887	Do.
Do	757	June, 1887	Do.
Do	758	June, 1887	Do.
Do	759	July, 1887	Do.
Do	760	July, 1887	Do.
	N. G.	*New prev. to—*	
Idaho	2	Aug., 1880	Good.
Do	10	Feb., 1880	Fair.
Do	11	Feb., 1880	Good.
Do	12	Feb., 1880	Fair.
Nevada			
Central	13	Feb., 1880	Good.
Idaho	14	Feb., 1880	Do.
Do	15	Feb., 1880	Fair.
Do	16	Feb., 1880	Good.
Do	17	Feb., 1880	Fair.
Do	19	Feb., 1880	Do.
		New.	
Idaho	20	Mar., 1880	Fair.
Do	21	Mar., 1880	Good.
Do	22	Mar., 1880	Do.
Do	23	June, 1880	Do.
Do	24	June, 1880	Fair.
Do	25	June, 1880	Do.
Do	80	Feb., 1881	Light repairs.
Do	81	Feb., 1881	Fair.
Do	82	Mar., 1881	Do.
Do	83	Mar., 1881	Good.
Do	84	Mar., 1881	Do.
Do	85	Mar., 1881	Do.
Do	86	Apr., 1881	Do.
Do	87	May, 1881	Do.
Do	88	May, 1881	Do.
Do	89	May, 1881	Do.
Do	90	Aug., 1881	Fair.
Do	91	Aug., 1881	Good.
Do	92	Aug., 1881	Do.
Do	93	Aug., 1881	Do.

Utah and Northern, Division K—Continued.

Division.	No. of engine.	Bought or rebuilt.	Condition.
		Rebuilt.	
Idaho	94	June, 1885	Fair.
Do	95	Oct., 1885	Good.
		New.	
Idaho	96	Oct., 1885	Good.
Do	97	Nov., 1885	Light repairs.
Do	98	Nov., 1885	Fair.
Do	99	Dec., 1885	Good.
Do	100	Dec., 1885	Do.
Do	260	Feb., 1886	General repairs.
Colorado	261	Feb., 1886	Good.
Idaho	262	Mar., 1886	General repairs.
Colorado	263	Mar., 1886	Good.
Idaho	264	Apr., 1886	Do.
Do	265	Apr., 1886	Do.
		New prev. to—	
Idaho	290	Feb., 1880	Good.

Kansas Central, Division Y.

Division.	No. of engine.	Bought or rebuilt.	Condition.
	N. G.	*New prev. to—*	
Kansas	3	Sept., 1882	Condemned.
Do	102	Sept., 1882	Fair.
Do	103	Sept., 1882	Good.
		New.	
Kansas	104	Dec., 1882	Poor.
Do	105	Nov., 1881	Good.
Do	106	Nov., 1881	Do.
		New prev. to—	
Kansas	281	Sept., 1882	General repairs.
Do	282	Sept., 1882	Fair.
Do	287	Sept., 1882	Good.
Do	288	Sept., 1882	Do.
Do	295	Sept., 1882	Condemned.
Do	298	Sept., 1882	Do.
Do	299	Sept., 1882	Do.

Utah, Eastern Division.

Division.	No. of engine.	Bought or rebuilt.	Condition.
		New prev. to—	
Wyoming	1	Dec., 1883	Poor.
Do	280	Dec., 1883	Good.
Do	289	Dec., 1883	Poor

Denver, South Park and Pacific, Division J.

Division.	No. of engine.	Bought or rebuilt.	Condition.
		New prev. to—	
Colorado	4	Sept., 1882	B., Condemned.
Do	40	Sept., 1882	Good.
Do	41	Sept., 1882	Do.
Do	42	Sept., 1882	Do.
Do	43	Sept., 1882	Do.
Do	44	Sept., 1882	Poor.
Do	45	Sept., 1882	Good.

Denver, South Park and Pacific, Division J—Continued.

Location.	No. of engine.	Bought or rebuilt.	Condition.
		New prev. to—	
Colorado	46	Sept., 1882	Poor.
Do	47	Sept., 1882	Good.
Do	48	Sept., 1882	Do.
		Rebuilt.	
Idaho	51	May, 1884	Poor.
		New prev. to—	
Idaho	52	Sept., 1882	Poor.
Colorado	53	Sept., 1882	Good.
Do	54	Sept., 1882	Do.
Idaho	55	Sept., 1882	General repairs.
Colorado	56	Sept., 1882	Poor.
Do	57	Sept., 1882	Fair.
Do	58	Sept., 1882	Good.
Do	60	Sept., 1882	Do.
		New.	
Colorado	101	Jan., 1883	Good.
Do	109	Feb., 1884	Do
Do	110	Feb., 1884	Do.
Do	111	Feb., 1884	Do.
Do	112	Feb., 1884	Do.
Do	113	Feb., 1884	General repairs.
Do	114	Feb., 1884	Good.
Do	115	Feb., 1884	Do.
Do	116	Feb., 1884	Do.
		New prev. to—	
Colorado	140	Sept., 1882	Poor.
Do	141	Sept., 1882	Good.
		Rebuilt.	
Colorado	142	May, 1884	Light repairs.
		New prev. to—	
Idaho	156	Sept., 1882	Good.
Colorado	157	Sept., 1882	Do.
Do	158	Sept., 1882	Do.
Do	160	Sept., 1882	Fair.
Idaho	161	Sept., 1882	Good.
Colorado	162	Sept., 1882	Do.
Do	163	Sept., 1882	Do.

Denver, South Park and Pacific, Division J—Continued.

Location.	No. of engine.	Bought or rebuilt.	Condition.
		New.	
Colorado	164	Oct. 1882	Fair.
Do	165	Oct. 1882	Poor.
		New prev. to—	
Colorado	190	Sept., 1882	Good.
Do	191	Sept., 1882	General repairs.
Do	192	Sept., 1882	Good.
Do	193	Sept., 1882	Do.
Do	194	Sept., 1882	Do.
Do	195	Sept., 1882	Do.
Do	196	Sept., 1882	Do.
Do	197	Sept., 1882	Do.
		New.	
Colorado	198	June, 1882	Poor.
Do	199	June, 1882	Do.
Do	200	June, 1882	Fair.
Do	201	June, 1882	Good.
Do	202	June, 1882	Poor.
Do	203	June, 1882	Good.
Do	204	July, 1883	Do.
Do	205	July, 1883	Do.
Do	206	July, 1883	Do.
Do	207	July, 1883	Do.
Do	208	Aug., 1882	Fair.
Do	209	Aug., 1882	Do.
Do	210	Aug., 1882	Do.
Do	211	Aug., 1882	Good.
Do	212	Aug., 1882	Do.
Do	213	Aug., 1882	Fair.
Do	214	Sept., 1883	Good.
Colorado	215	Sept., 1883	Do.
Do	216	Sept., 1883	Poor.
Do	217	Sept., 1883	Good.
		New prev. to—	
Colorado	240	Sept., 1882	Good.
Do	241	Sept., 1882	General repairs.
Do	242	Sept., 1882	Good.
Do	243	Sept., 1882	Do.
Do	283	Sept., 1882	Do.
Do	291	Sept., 1882	Do.

SUMMARY.

	Total number of engines bought or rebuilt.	Good.	Fair.	Poor.	General repairs.	Heavy repairs.	Light repairs.	Condemned.
Division A	252	167	54	12	17	2	.....	.....
Division N	114	60	27	16	7	4	.....	.....
Division O, no equipment.								
Division U	6	4	1	1	.....	.....	.....	.....
Total Union Pacific consolidated	372	231	82	29	24	6	.....	.....
Division B	19	16	1	.....	1	1	.....	.....
Divisions H and F	33	21	4	3	3	.....	1	1
Divisions D, M, B	1	.....	.....	.....	.....	.....	.....	1
Division I	1	.....	1	.....	.....	.....	.....	.....
Division L	40	31	3	.....	4	.....	2	.....
Division K	64	47	13	.....	2	.....	2	.....
Division Y	13	5	2	1	1	.....	.....	4
Division U. E	3	1	.....	2	.....	.....	.....	.....
Division J	74	49	8	11	4	.....	1	1
Total Union Pacific and auxiliary lines	620	401	114	46	39	7	6	7
Per cent	100	65	19	7	8			1

C.—Car equipment of the Union Pacific Railway and operated lines April 30, 1887.

The absence from the lines of the system, on distant service, of a large proportion of the cars made it impracticable to inspect a majority of each class owned by the company. Nor could the total number claimed be verified except by a comparison of the numbers of those actually inspected with the system of classification, assignment, and apportionment of the numbering established by the company. The inspections and comparisons that were made leave no reasonable ground for doubting the accuracy of the company's schedules in respect to the number, kind, and condition of the car equipment.

Classification.	Union Pacific Railway, Divisions A, N, C, and U.	Omaha and Republican Valley, B, C, and E.	Echo and Park City, G.	Salt Lake and Western, I.	Oregon Short Line, L.	Denver, Marshall and Boulder.	Colorado Central. Broad gauge, F.	Colorado Central. Narrow gauge, H.	Denver, South Park and Pacific, J.	Denver and Leadville Short Line.	Utah and Northern. Narrow gauge, K.	Utah and Northern. Utah Eastern.	Kansas Central, Y.	Total equipment April 30, 1887.
Passenger equipment.														
Pullman sleepers	38	....	....	....	....	....	....	....	5	....	5	....	....	48
Coaches	111	2	....	....	8	2	8	11	17	....	19	....	6	184
Coach and baggage	12	1	1	1	....	....	1	2	6	1	....	....	1	26
Coaches, excursion	....	....	....	....	....	....	....	6	....	....	8	....	....	14
Excursion and emigrant sleepers	54	....	....	....	....	....	....	....	....	....	....	....	....	54
Baggage	39	..	1	....	2	....	....	2	3	....	4	....	..	51
Mail	11	....	....	....	3	....	5	....	....	....	4	....	....	23
Express	12	....	....	....	....	....	....	....	....	....	....	....	....	12
Baggage, mail, and express	4	2	....	....	....	....	3	3	3	....	....	....	3	19
Baggage and mail, and mail and express	8	....	..	..	1	....	....	....	....	....	....	....	....	8
Baggage and express	3	....	....	....	2	....	2	....	....	....	4	....	....	11
Officers' and pay	9	....	....	....	1	....	....	....	2	....	2	....	....	14
Total passenger equipment	301	5	2	1	17	2	19	24	36	1	46	..	10	464
Freight equipment.														
Fruit	25	....	....	....	....	....	....	....	....	....	....	....	....	25
Caboose	181	1	....	1	12	..	11	2	19	....	22	3	4	256
Box-cars	4,215	256	....	....	370	10	246	97	544	2	297	..	203	6,240
Box-cars Cal. F. F. L	173	....	....	....	195	....	....	....	....	....	....	....	....	368
Box-cars Cal. fruit	275	....	....	....	....	....	....	....	....	....	....	....	....	275
Furniture-cars	50	....	....	....	....	....	....	....	....	....	....	....	....	50
Refrigerator-cars	77	....	....	....	....	....	....	....	27	....	....	....	....	104
Flat cars	493	5	....	....	183	12	105	37	223	3	105	3	21	1,189
Coal-cars	1,050	106	....	30	321	14	90	75	297	....	527	58	45	2,613
Coal, Pocatello transfer	79	2	..	....	102	....	7	....	100	....	3	....	....	293
Coal-hoppers	18	....	....	....	....	....	....	2	....	....	....	....	....	20
Coal-dump	105	....	....	....	....	....	22	....	....	....	100	....	....	227
Stone-dump	30	....	....	....	....	....	....	....	....	....	....	....	....	30
Stock-cars	789	16	....	....	....	....	72	8	9	....	71	....	30	989
Combination (stock)	158	....	....	....	....	....	....	....	....	....	....	....	....	158
Extra trucks (Poc. trans)	20	....	....	....	5	....	....	....	100	....	....	....	....	125
Total freight equipment	7,738	380	..	31	1,187	36	553	221	1,219	5	1,125	64	303	12,962
Road and miscellaneous.														
Outfit, boarding-cars	19	....	....	....	....	....	....	....	5	....	2	....	....	26
Derrick cars	12	....	....	....	1	....	....	1	....	....	....	....	....	14
Wrecking-tool cars	11	....	..	....	4	....	....	1	3	....	2	..	1	22
Pile-driver cars	7	....	....	....	....	....	....	....	....	....	1	..	....	8
Water and tank cars	52	....	....	2	8	....	....	....	....	....	....	....	1	63
Plow and scraper cars	13	....	....	....	2	....	....	....	....	....	1	..	....	16
Construction flat cars	22	....	....	....	....	....	....	....	....	....	....	....	....	22
Steam shovel	4	....	....	....	....	....	....	....	....	....	....	....	....	4
Hand and velocipede cars	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Rubble and push cars	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Total roadway, etc	140	....	....	2	15	....	..	2	8	....	6	....	2	175
Total equipment on hand	8,179	385	2	34	1,219	38	572	247	1,283	6	1,277	64	315	13,601

Statement showing age of freight-car equipment of Union Pacific Railway and auxiliary lines, April 30, 1887.

Classification.	Acquired prior to January 1, 1882.	Acquired in—						Total freight equipment April 30, 1887.
		1882.	1883.	1884.	1885.	1886.	1887.	
Fruit	.....	.....	.....	25	.....	.....	.....	25
Caboose	208	21	27	.....	.....	.....	.....	256
Box	4,635	288	140	152	.....	925	100	6,240
Box Cal. F. F. L	168	.....	.....	200	.....	.....	.....	368
Box Cal. F. F. L. fruit	25	.....	.....	.....	.....	250	.....	275
Furniture	.....	.....	.....	.....	.....	50	.....	50
Refrigerator	11	25	15	.....	.....	50	3	104
Flat	984	205	.....	.....	.....	.....	.....	1,189
Coal	1,460	151	25	413	64	.....	500	2,613
Coal (Pocatello transfer)	201	.....	.....	.....	4	80	8	293
Coal-hoppers	20	.....	.....	.....	.....	.....	.....	20
Coal-dump	77	.....	.....	100	49	1	.....	227
Stone-dump	30	.....	.....	.....	.....	.....	.....	30
Stock	889	.....	.....	.....	.....	100	.....	979
Combination (stock)	158	.....	.....	.....	.....	.....	.....	158
Extra trucks (Pocatello transfer)	.....	.....	.....	.....	125	.....	.....	125
Total freight equipment	8,866	690	232	865	242	1,456	611	12,962

F.—Weight, Material, Location, etc., of Rail in Main Line Tracks on the Central Pacific Railroad and Branches.

Western Division, July 1, 1887.

[Note.—Each section is 1 mile long.]

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
1, 2, 3, 4	Steel	60	Troy	1,636.8	Previous to May, 1877	San Francisco Bay, 69 miles; Oakland wharf.
	do	*60				
	do	60	do	2,508	May, 1877	
5, 6			B. I. Co. and Cambria.	2,772	do	
	do	60	do	4,376	do	Oakland Point.
	do	60	Troy	60	July, 1879	
7	Iron	*56	(†)	844	‡ 1870	
	Steel	60	Troy	429	July, 1879	
	do	60	U. K. M	600	Apr., 1879	
	do	60	Troy and Scranton.	160	Dec., 1878	
8	do	50	Troy	1,263	Sept., 1878	
	do	50	Scranton	706	Jan., 1878	
	do	50	do	2,122	Oct. and Dec., 1877	
	do	50	do	4,826	Sept., 1877	Market Street Station.
	do	50	do	376	Oct., 1877	
9	Iron	*56	(†)	78	‡ 1870	
	Steel	50	Scranton	553	Sept. 1877	
10	do	50	Cambria	4,727	Previous to May, 1877	
	do	50	do	718	May, 1877	
	do	60	Troy	3,710	do	
11	do	60	do	254	June, 1879	
	do	50	Scranton	598	Oct., 1877	
	do	50	do	3,274	Nov., 1877	
	do	60	Troy	2,006	May, 1877	
	do	50	do	1,076	Sept. and Oct., 1878	Melrose.
	do	50	Scranton	1,693	Nov., 1877	
12	do	50	do	79	Jan., 1878	
	do	50	do	1,103	Oct., 1879	
	do	50	do	1,181	Dec., 1879	
	do	50	do	45	Feb., 1879	
	Iron	*56	(†)	103	§ 1870	

* Supposed or estimated weight.
† Brand not recorded; unknown.
‡ Supposed date; actual date not known.
§ Supposed date of laying; actual date not known.

Western Division, July 1, 1887—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
13, 14	Iron	*56	(†)	30	§1870	
	Steel	50	Scranton	5,250	Sept. and Oct., 1877	
	do	50	do	3,537	Aug. and Sept., 1877	
	do	60	Troy	1,743	May, 1877	
	do	60	do	3,370	do	Jones.
15, 16	do	50	Cambria, P. S. Co., B. I. Co., and Thompson.	1,910	Previous to May, 1875	
	do	50	do	3,429	May, 1875	
17	do	50	Scranton	252	July, 1879	San Leandro.
	do	50	do	1,589	Jan., 1880	
	do	50	do	687	May, 1878	
	do	50	do	93	July, 1879	
18	do	50	B. I. Co. and Cambria.	4,500	Previous to May, 1877	
	do	50	do	2,941	May, 1877	
	do	50	Scranton	1,350	Aug. and Oct., 1877	
	do	*70	(†)	980	Dec., 1877	
19	Iron	*56	(†)	29	§1870	
	Steel	*50	(†)	1,656	Dec., 1877	
	do	50	Scranton	2,235	Sept. and Nov., 1877	
20	do	50	do	1,389	June, 1879	San Lorenzo.
	do	50	do	3,426	Aug. and Sept., 1877	
21	do	50	Cambria, B. I. Co., and Troy.	1,854	Previous to May, 1877	
	do	50	do	4,213	May, 1877	
	do	50	Scranton	1,067	Dec., 1879	Haywards.
22	do	50	do	989	do	
	do	50	do	4,291	Sept., Oct., and Nov., 1877.	
	do	50	do	2,780	Aug. and Sept., 1877	
23, 24	do	50	B. I. Co., Troy, and Cambria.	1,500	Previous to May, 1877	
	do	50	do	5,280	May, 1877	
	do	50	do	3,093	do	
25, 26	do	50	B. I. Co. and Scranton.	2,187	Aug. and Sept., 1877	
	do	50	Scranton	5,280	Sept. and Oct., 1877	
	do	50	do	188	Oct., 1877	
27, 28	do	50	do	2,430	Dec., 1877	
	do	50	do	2,662	Jan., 1878	
	do	50	do	211	Jan., 1878	
	do	50	Troy	1,253	Sept., 1878	
	do	50	Scranton	1,550	Sept. and Dec., 1879	
29	do	50	Cambria and B. I. Co.	2,266	‡1879	
	do	50	(†)	1,348	‡1879	Decoto.
	do	50	Troy	3,091	‡1879	
30	do	50	B. I. Co	841	‡1879	
	do	50	do	1,139	‡1879	
	do	50	B. I. Co. and Scranton.	4,058	Aug. and Sept., 1877	
31	Iron	*56	(†)	83	‡1870	
	do	*56	(†)	4,729	‡1870	Niles.
32	Steel	50	Scranton	551	Sept., 1877	
	Iron	*56	(†)	5,280	‡1870	
	do	*56	(†)	2,782	‡1870	
33, 34	Steel	50	Cambria, Thompson, Troy.	2,498	Previous to May, 1877.	
	do	50	do	3,034	May, 1877	
35	do	50	Scranton	899	Feb., 1879	
	Iron	*56	(†)	1,347	‡1870	
35 to 39, inclusive.	do	*56	(†)	26,400	‡1870	Sunol, in 36th mile.
	do	56	(†)	1,633	‡1876	
40	Steel	50	Troy	1,800	‡1879	
	do	50	Cambria	1,847	‡1879	
41	do	50	do	337	‡1879	Pleasanton.
	Iron	56	(†)	4,943	‡1876	
42, 43	do	56	(†)	10,560	‡1876	
44	do	56	(†)	4,488	‡1876	
	Steel	60	Troy	860	May, 1879	This section 5,348 feet long.

* Supposed or estimated weight.
† Brand not recorded; unknown.
‡ Supposed date; actual date not known.
§ Supposed date of laying; actual date not known.

Western Division, July 1, 1887—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
45	Steel	60	Troy	3,160	‡May, 1879	
	do	60	do	1,440	Mar., 1879	
	do	60	do	680	Previous to May, 1877	
46	do	60	do	3,982	May, 1877	
	do	56	Cambria	1,296	‡1879	
47	do	50	do	369	‡1879	Livermore.
	Iron	*56	(†)	4,911	‡1869 to 1880	
50	do	*56	(†)	15,840	do	
51 to 53	do	*56	(†)	15,840	do	
54	do	*56	(†)	5,280	do	
	do	*56	(†)	2,391	do	Altamont.
55	Steel	50	Cambria	1,201	‡1879	
	do	50	Troy	1,688	‡1879	
	do	50	do	203	‡1879	
56	Iron	*56	(†)	5,077	‡1869 to 1880	
57, 58	do	*56	(†)	10,560	‡1869 to 1880	
59	do	*56	(†)	4,653	‡1869 to 1880	
	Steel	50	B. I. Co	627	June, 1877	
60	do	50	do	693	do	
	Iron	*56	(†)	4,587	‡1869 to 1880	
61 to 71, inclusive.	do	*56	(†)	58,080	‡1869 to 1880	Midway, in 63d m.
72	do	*56	(†)	4,070	‡1869 to 1880	Ellis, in 69th m.
	Steel	50	B. I. Co	1,210	Previous to May, 1877	Tracy, in 71st m.
73	do	50	do	2,832	May, 1877	
	do	50	Scranton	2,448	May and Oct., 1877	
	do	50	do	1,663	Oct., 1877	Banta.
74	do	50	do	1,607	Feb. and June, 1878	
	do	50	Troy	1,133	Aug., 1878	
	do	60	do	857	June, 1879	
75	do	60	Troy	5,280	June, July, Sept., 1879	
76	do	60	do	5,280	Sept., 1879	
77	do	60	do	499	July, 1879	
	do	60	do	4,781	Previous to May, 1877	
	do	60	do	3,031	July, 1879	
	do	50	Scranton	210	Mar., 1878	
78	do	50	do	180	Aug., 1878	
	do	50	Troy	180	Oct., 1878	
	do	50	(†)	210	do	
	Iron	56	(†)	253	‡1869	
79	Steel	50	Cambria	1,214	Previous to May, 1877	
	do	50	do	4,495	May, 1877	
	do	*50	Troy	785	‡1877	
80	do	*50	do	3,382	‡1877	
	do	50	B. I. Co	1,898	May, 1877	
81	do	50	do	2,335	do	
	do	50	Scranton	2,945	Sept., 1877	
	do	50	do	2,324	Oct., 1877	Lathrop.
82	do	50	do	1,348	Feb. and June, 1878	
	do	50	Troy	1,608	Aug. and Oct., 1878	
				279	Oct., 1878	
	do	50	do	60	Aug., 1878	
	do	50	Scranton	929	May, 1879	
83	do	50	do	2,931	Dec., 1879	
	do	50	do	1,061	1880	
	do	50	do	1,101	Dec., 1879	
84	do	50	B. I. Co. and E. Thompson.	945	May, 1877	
	do	50	Cambria	3,174	Previous to May, 1877	
	do	50	do	265	May, 1877	
	do	50	Scranton	1,405	June, 1879	
85	do	50	Troy	600	Aug., 1878	
	do	50	B. I. Co	2,845	Previous to May, 1877	
	Iron	*56	(†)	150	‡1869	
	Steel	50	Scranton	15	Aug., 1877	
	do	50	do	75	do	
86	Iron	*56	(†)	208	‡1869	
	Steel	50	Scranton	390	Mar., 1878	
	do	50	do	4,607	May and June, 1879	
	do	50	do	2,180	May, 1879	
	do	50	Troy	271.5	Sept., 1878	
87	do	50	Scranton	148.5	Mar., 1878	
	do	50	do	150	Nov., 1877	
	do	50	B. I. Co	2,530	Previous to May, 1877	

*Supposed or estimated weight.
†Brand not recorded; unknown.
‡Supposed date of laying; actual date not known.

Western Division, July 1, 1887—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
	Steel..	50	B. I. Co	107	May, 1877	
	..do...	50	Scranton	1,194	May, 1879	
88	..do...	50	Cambria	1,471	May, 1877	
	..do...	60	Troy	1,382	‡1877	
	..do..	50	B. I. Co	1,126	Previous to May, 1877.	
	..do...	50	....do	2,422	May, 1877	
89	..do...	50	Scranton	2,586	Sept., 1877	
	..do..	50	....do	272	Feb., 1878	
	..do...	50	....do	1,189	Feb. and May, 1878	
90	..do...	50	Troy	1,096	Aug., 1878	
	..do...	50	Scranton	2,905	Apr. and May, 1879	
	..do...	50	....do	1,890	May and June, 1879	Stockton.
	..do...	50	....do	843	Dec., 1879	
91	..do...	50	....do	1,199	Jan., 1880	
	..do...	50	Dronfoeld	1,358	Apr., 1882	
	..do...	50	....do	4,636	....do	
92	..do...	50	Scranton	126.4	Dec., 1879	
	..do...	50	Troy	517.6	May, 1880	
93	..do...	50	....do	5,280	....do	
	..do...	50	....do	639	....do	
94	..do...	50	Scranton	2,786	1880	
	..do...	50	....do	1,636	Dec., 1879	
	..do...	50	....do	219	June, 1879	
	..do...	50	....do	1,340	....do	
95	..do...	50	....do	1,800	Apr., 1879	
	..do...	50	Troy	1,293	Aug., 1878	
	..do...	50	Scranton	570	June, 1878	
	..do...	50	....do	277	Mar., 1878	
	..do...	50	....do	222	....do	
96	..do...	50	....do	3,874	Oct., 1877	
	Iron..	*56	(†)	153	‡1869	
	Steel..	50	Scranton	1,031	Sept., 1877	
	..do...	50	....do	2,822	....do	Castle.
97	..do...	50	....do	1,080	Aug., 1877	
	..do...	50	B. I. Co	1,378	Previous to May, 1877.	
	..do...	50	....do	1,468	May, 1877	
98	..do...	50	Thompson	600	‡1877	
	..do...	50	Troy	1,738	‡1877	
	..do...	50	Cambria	1,474	Previous to May, 1877.	
	Steel..	50	Cambria	486	May, 1877	
99	..do...	50	Scranton	211	Sept. and Nov., 1877	
	..do...	50	....do	149	Mar. and Sept., 1878	
	..do...	50	B. I. Co	2,214	Previous to May, 1877.	
	..do...	50	Troy and Scranton.	210	Previous to Nov., 1878.	
	..do...	50	Scranton	1,658	May, 1879	
100, 101	..do...	50	Cambria and B. I. Co.	3,324	‡1879	
	..do...	50	Scranton	88	Oct., 1877	
	..do...	50	....do	1,033	May, 1879	
	..do...	50	Troy	90	Oct., 1878	
102	..do...	60	....do	1,280	Previous to May, 1877.	
	..do...	50	Cambria	2,877	‡1877	
	..do...	60	Troy	5,280	Previous to May, 1877.	
	..do...	60	....do	568	May, 1877	
	..do...	50	Scranton	2,847	Sept., 1877	
103, 104	..do...	50	....do	1,064	Feb., 1878	
	..do...	50	Troy	688	Sept., 1878	
	..do...	50	Scranton	143	Apr., 1879	
	..do...	50	....do	4,035	Apr. and June, 1879	Lodi.
105	..do...	50	P. S. Co	1,245	1880	
	..do...	50	....do	1,408	1880	
	..do...	50	Scranton and Troy	1,863	1880	
	..do...	50	Troy	448	Sept., 1878	
106	..do...	50	....do	274	Sept., 1881	
	..do...	50	Scranton	608	June, 1878	
	..do...	50	....do	659	Oct., 1877	
	..do...	50	....do	595	....do	
107	..do...	50	B. I. Co	3,120	May and Aug., 1877	
	..do...	50	Scranton	1,565	Aug. and Oct., 1877	
	..do...	50	....do	878	Oct., 1877	

* Supposed or estimated weight.
† Brand not recorded; unknown.
‡ Supposed date of laying; actual date not known.

Western Division, July 1, 1887—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
108	Steel	50	Scranton	1,909	May, 1878	
	do	50	do	2,433	Apr. and July, 1879	
	do	50	do	2,790	July, 1879	
	do	50	do	1,671	Dec., 1879	Acampo.
	do	50	do	810	Jan., 1880	
109	do	50	do	2,776	do	
	do	50	Troy	1,795	1880	
	do	50	do	368	Sept., 1878	
	do	50	Scranton	341	Feb., 1878	
	do	50	do	777	do	
	do	50	do	929	Sept., 1877	
110	do	56	Troy	1,798	May, 1880	
	do	50	B. I. Co	1,773	‡1880	
	do	50	Thompson	603	‡1880	
	do	50	do	597	‡1880	
	do	50	roy	840	‡1880	Forest Lake.
	do	50	Cambria and Troy	1,220	‡1880	
111	do	50	Cambria	1,195	‡1880	
	do	50	Scranton	688	May, 1879	
	do	50	Troy	180	Sept., 1878	
	Iron	*56	do	277	‡1869	
	Steel	50	B. I. Co	283	Mar. and May, 1877	
	do	50	do	1,659	Previous to May, 1877	
112	do	50	Scranton	1,590	May, 1879	
	do	50	do	360	July, 1879	
	do	50	do	1,661	Sept., and Oct., 1881	
113	do	50	do	5,280	Oct., 1881	
	do	50	do	93	do	
114	do	50	do	2,973	1880	Galt.
	do	56	Troy	1,466	1880	
	do	50	Kloman	748	1880	
115	do	50	Troy	2,066	1880	
	do	50	Scranton	3,214	May and June, 1879	
	do	50	do	1,212	Oct., 1877	
	do	50	do	1,285	Feb., 1878	
116	do	50	do	1,814	May, 1888	
	do	50	Troy	660	Sept., 1878	
	do	50	Scranton	309	May, 1879	
	do	50	do	2,741	Oct., 1877	
117	do	50	do	1,198	Aug., 1877	
	do	50	B. I. Co. and Thompson.	1,341	Previous to May, 1875	
	do	50	do	1,035	May, 1875	
118	do	50	Troy	1,221	do	
	do	50	Troy and Cambria	1,209	do	
	do	50	B. I. Co. and Cambria.	1,284	do	
	do	50	B. I. Co	540	do	
	do	50	do	760	do	
119	do	50	Cambria, P. S. Co., B. I. Co., Troy & E. Thompson.	4,520	May, 1885	Arno.
	do	50	B. I. Co	432	Previous to May, 1877	
120	do	50	Scranton	3,620	May and Oct., 1877	
	do	50	B. I. Co	1,828	Previous to May, 1877	
	do	50	Scranton	1,531	Oct., 1877	McConnell.
121	do	50	do	1,372	May, 1878	
	do	50	Troy	1,298	Sept., 1878	
	do	50	Scranton	1,079	May, 1879	
122	do	50	do	2,474	do	
	do	50	do	2,806	Jan., 1880	
	do	50	do	716	do	
123	do	50	Troy	1,769	1880	
	do	50	Scranton	2,795	1880	
124	do	50	do	1,150	1880	Elk Grove.
	do	50	P. S. Co	1,993	1880	
	do	50	Dronfield	2,137	Apl., 1882	
125	do	50	P. S. Co., Troy and Scranton.	4,763	1880	
	do	50	Scranton	517	Dec., 1879	

*Supposed or estimated weight.
†Brand not recorded; unknown.
‡Supposed date of laying; actual date not known.

Western Division, July 1, 1887—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
126	Steel	50	Scranton	3,548	May and June, 1879	
	do	50	do	1,197	Dec., 1879	
	do	50	Troy	535	Sept., 1878	
	do	50	do	777	do	
127	do	50	Scranton	1,764	May, 1878	
	do	50	do	2,719	Oct., 1877	
	do	50	do	1,193	do	
128	do	50	(†)	1,468	‡1877	
	do	50	B. I. Co. and Thompson.	1,190	‡1877	
129	do	60	Troy	1,429	Previous to May, 1877	
	do	60	do	2,195	May, 1877	
	do	50	Cambria	3,085	do	
	do	60	Troy	429	do	Florin.
	do	50	B. I. Co	1,830	do	
130	do	*50	E. Thompson, B. I. Co. and Troy.	1,212	‡1877	
	do	*50	(†)	411	‡1877	
	do	50	B. I. Co	1,020	Aug., 1877	
	do	50	Scranton	387	Oct., 1877	
131	do	50	do	4,921	do	
	do	50	do	350	June, 1878	
132	do	50	Scranton and Troy	1,455	June and Sept., 1878	
	do	50	do	3,825	Jan. to June, 1879	
133	do	50	Scranton	2,198	June, 1879	
	do	50	Troy	3,082	1880	
134	do	50	Troy and Scranton.	5,103	1880	
	do	50	Scranton	177	1881	Brighton.
135	do	50	do	1,517	Sept., 1881	0.29, West. Div. R. R., 0.71, Sacramento and Placerville R. R.
136, 139	do	*50	(†)			4.00 Sac. and Plac'rville R. R., 67 Sac. & Placerville.
140	do	*50	(†)	1,742.4	1877	33 Sac. Div.
	do	*50	(†)	2,761.8	1877	Sacramento 140.
141	do	50	Scranton	1,093.2	Dec., 1877	
	do	50	Cambria	1,200	Oct., 1878	
	do	50	Scranton	225	Aug., 1879	
142	do	50	do	46.8	Sept., 1877	
	do	50	Cambria	5,233.2	do	
143	do	50	do	3,600	1875	
	do	50	do	1,541.8	Sept., 1877	
	do	60	Troy	138.2	‡1877	
	do	60	do	11.8	‡1877	
144	do	60	Cambria	1,680	Feb., 1877	
	do	60	Scranton	1,200 2,388.2	Sept. and Oct. 1878	

Sacramento Division, July 1, 1887.

145	Steel	60	Scranton	5,280	Sept., 1878	
146	do	60	do	5,280	do	
147	do	60	do	2,746.8	do	
	do	60	Troy	2,168.2	1880*	
	do	60	Cambria	365	Apr., 1877	
148	do	60	do	600	do	Arcade.
	do	60	Troy	4,680	Mar., 1880	
149	do	60	do	273.8	Jan., 1880	
	do	50	do	4,346.2	Sept., 1878	
	do	50	Scranton	660	Aug., 1879	
150	do	50	do	3,608.2	Sept. and Oct., 1877	
	do	50	Troy	1,671.8	Sept., 1878	
151	do	50	Scranton	5,280	Sept., 1877	

* Supposed or estimated weight.
† Brand not recorded; unknown.
‡ Supposed date of laying; actual date not known.

Scranton Division, July 1, 1887—Continued.

Number of section.	Material (iron or steel).	Weight, per yard.	Maker's brand.	Length feet of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
152	Steel	50	Scranton	1,451.8	Sept., 1887	
	do	60	Cambria	1,600	Apr., 1877	
	do	60	Troy	2,168.2	Mar. and Sept., 1876	
153	do	60	do	1,788.2	Apr., 1876	
	do	60	do	2,491.8	Mar. and Sept., 1877	
	Iron	56	P. R. M. Co	400	1875	
	Steel	60	Troy	1,293.8	Jan. and Apr., 1877	
154	do	50	Scranton	1,018.2	Dec., 1877	Antelope.
	do	50	do	1,231	Feb., 1878	
	do	60	Cambria	1,140	May, 1877	
	do	60	Mixed	197	1877*	
155	do	50	Scranton	4,321.8	Oct. and Dec., 1877	
	do	60	Cambria	938.2	May, 1877	
	do	60	do	120	Dec., 1877	
156	do	60	do	231.8	Apr., 1877	
	do	60	Troy	5,048.2	Previous to Jan, 1877	Roseville Junction.
157	do	60	do	2,161.8	Jan., 1877	
	do	60	Joliet	650	do	
	do	60	Scranton	1,260	Nov., 1878	
	do	50	Troy	1,208.2	do	
	do	50	do	3,783.8	do	
158	do	60	Scranton	150	do	
	do	50	Troy	156	Apr., 1879	
	do	60	Scranton	300	do	
	do	50	do	890.2	July, 1879	
	do	50	do	712.8	do	
	do	60	do	240	Apr., 1879	
159	do	60	do	1,195	Nov., 1878	
	do	60	Cambria	2,250	Jan. to Apr., 1877	
	do	60	Troy	510	Nov., 1876	
	do	60	Joliet	372.2	Mar., 1875	
	do	60	do	127.8	do	
	do	60	Troy	1,380	do	
160	do	60	do	545	Previous to June, 1875	
	do	60	Scranton	863	June, 1879	
	do	50	do	900	Dec., 1878	
	do	50	do	1,404.2	Dec., 1877	
161	do	50	do	4,947.8	do	
	do	50	do	332.2	June, 1878	
162	do	50	do	4,767.8	do	Rocklin.
	do	50	Troy	512.2	May, 1876	
	do	50	do	1,767.8	Previous to Jan., 1877	
163	do	50	Cambria	1,680	Jan. to Apr., 1877	
	do	50	Scranton	973.2	Oct., 1877	
	do	50	do	859	Oct., 1878	
	do	50	Troy	2,030	Sept., 1875	
164	do	50	do	480	May, 1876	
	do	50	do	672.2	Jan., 1877	
	do	50	Scranton	2,097.8	Oct., 1878	
	do	50	do	2,250	Oct., 1877	
	do	60	do	2,652.2	May, 1878	
165	do	50	Troy	115	Oct., 1883	Loomis.
	do	60	do	192.8	Previous to Jan., 1877	
	do	60	do	70	June, 1877	
	do	60	Scranton	545.8	May, 1878	
166	do	50	do	2,652	Nov., 1877	
	do	60	Cambria	1,380	Apr., 1877	
	do	60	Troy	702.2	Previous to Jan., 1877	
	do	60	do	267.8	Jan., 1877	
167	do	60	do	1,140	Apr., 1876	
	do	60	Joliet	1,730	Aug., 1875	
	do	60	Cambria	2,142.2	Oct., 1875	
168	do	60	do	3,287.8	do	Penryn.
	do	60	Joliet	1,992.2	June, 1875	
	do	60	do	107.8	do	
	do	60	Troy	1,100	Mar., 1876	
169	do	60	Scranton	1,162	Mar., 1878	
	do	60	do	405	Oct., 1878	
	do	60	do	1,708	Nov., 1878	
	do	60	French	797.2	Aug. and Sept., 1872	
170	do	60	do	5,280	Sept., 1872	
171	do	60	do	2,303.3	do	New Castle.
	do	60	Cambria	2,976.7	Oct., 1874	

*Supposed date of laying; actual date unknown.

Scranton Division, July 1, 1887—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
	Steel	60	Cambria	2,963.3	Oct., 1874	
	do	60	do	*380	do	
172	do	60	Scranton	*380	Dec., 1883	
	do	60	do	220	do	
	do	60	Joliet	1,716.7	Sept., 1875	
	do	60	do	2,413.3	do	
173	do	60	Scranton	2,080	Mar., 1878	
	do	60	Cambria	786.7	Sept., 1874	
	do	60	do	3,280.3	do	
174	do	60	French	1,999.7	1872	
	do	60	do	4,300.3	1872	
175	do	60	Scranton	979.7	Mar., 1878	
	do	60	do	2,500	Mar. and July, 1878	
	do	60	Cambria	1,530	Oct., 1874	
176	do	60	Troy	690	June, 1876	Auburn
	do	60	Joliet	560	Aug., 1877	
	do	60	do	1,869.7	June, 1875	
	do	60	Troy	360	Mar., 1876	
177	do	50	Scranton	2,694	Oct., 1877	
	do	60	do	356.3	July, 1878	
	do	60	do	1,344	Mar., 1878	
	do	60	Troy	149.7	Mar., 1876	
178	do	60	Joliet	3,540.3	June, 1875	
	do	60	do	246	May, 1877	
	do	60	do	3,959.7	July, 1875	
179	do	60	Troy	2,220.3	Mar., 1876	
	do	60	do	2,778.2	Nov., 1876	
180	do	60	French	176.5	1872	
	do	60	Cambria	1,515	1874	
	do	60	Joliet	810.3	July, 1875	
	do	60	French	3,066	1872	
181	do	60	Cambria	1,350	Dec., 1874	
	do	60	Scranton	864	Apr., 1878	
182	do	60	French	3,307.5	Dec., 1872	
	do	60	Cambria	1,972.5	Sept., 1874	
	do	60	do	1,399	do	
	do	60	do	630	May, 1877	
183	do	60	French	295	do	Clipper Gap.
	do	60	Scranton	2,667.3	Apr., 1878	
	do	60	do	*135	Feb., 1884	
	do	50	do	*135	Dec., 1877	This section 153.7 feet short.
	do	50	do	2,000	Oct., Nov., Dec., 1877	
	do	50	do	*1,078.7	Dec., 1877	
184	do	60	do	*1,078.7	Feb. and Mar., 1884	
	do	60	French	700	July, 1873	
	do	60	Joliet	371	July, 1875	
	do	60	Troy	1,130	Feb., 1876	
185	do	60	Cambria	982.5	Aug., 1874	Line changed and shortened 55 feet.
	do	60	Joliet	4,242.5	July, 1875	
186	do	60	French	2,717.5	1872	
	do	60	Cambria	2,562.5	Aug., 1874	
187	do	60	do	413.7	Sept., 1874	
	do	60	French	4,866.3	1872	
	do	60	Cambria	126.3	Sept., 1874	
	do	60	Troy	1,630	1876	
	do	60	Cambria	1,137	Jan., 1877	
188	do	50	Scranton	488.7	Nov., 1877	
	do	60	do	1,163	Feb., 1878	
	do	60	do	735	Apr., 1878	
	do	60	Cambria	687.2	Nov., 1874	
	do	60	Joliet	1,875	Aug., 1875	
189	do	60	Troy	430	Dec., 1875	New England Mills.
	do	60	do	1,040	1876	
	do	60	Cambria	1,138	Jan., 1877	
	do	50	Scranton	109.8	Nov., 1877	
	do	60	French	3,160	Sept., 1872	
190	do	60	Cambria	1,057.8	Nov., 1874	
	do	60	do	570	Dec., 1874	
	do	60	Scranton	492.2	June, 1878	
	do	60	do	965	May, 1878	
191	do	60	do	67.8	June, 1878	
	do	60	French	4,247.2	Oct., 1872	

* On one side only.

Sacramento Division, July 1, 1887—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
192	Steel	60	French	1,580.8	Previous to Jan., 1877.	
	do	60	Joliet	2,820		
	do	60	Troy	879.2		
193	do	60	Troy	2080.6	Mch., 1876	
	do	60	Cambria	3189.2	Previous to Jan., 1876.	
	do	60	do	30.8	Jan., 1876	Colfax.
	do	50	Scranton	1978	Oct., 1877	
194	do	60	do	670	Feb., 1878	
	do	60	Cambria	170	do	
	do	60	Scranton	180	do	
	do	60	do	1535	Nov., 1878	
	do	60	do	736.2	June, 1886	
195	do	60	do	51.8	do	
	do	50	do	3094	Oct., 1877	
	do	60	French	1532.2	Previous to Jan., 1873.	
	do	60	do	1362.5	Jan., 1873	Long Ravine.
196	do	60	do	*600	do	
	do	60	Scranton	*600	May, 1884	
	do	60	French	3317.5	Previous to Jan., 1873	
	do	60	Cambria	3565.5	Previous to Jan., 1875	Cape Horn.
197	do	60	do	*775	Jan., 1875	
	do	60	Krupp	*775	Aug., 1883	
	do	60	Cambria	939.5	Previous to Jan., 1875	
198	do	60	Troy	342.5	July, 1876	
	do	60	Cambria	2837.5	Feb., 1875	
	do	60	do	2160	Mch., 1877	
	do	60	do	2392.5	Feb., 1875	Cape Horn Mills.
199	do	60	French	2567.5	Previous to Jan., 1873.	
	do	60	do	*300	Jan., 1873	
	do	60	Krupp	*300	Nov., 1883	
200	do	60	French	1238.4	Previous to Jan., 1873.	
	do	60	Cambria	4021.6	Sept., 1874	
201	do	60	do	2433.4	do	
	do	60	Cambria, Scranton	2946.6	Previous to June, 1878.	
	do	60	Scranton	976.4	Mch., 1878	Secret Town.
	do	60	French	1332	Previous to Jan., 1873.	
202	do	60	Joliet	1005	July, 1875	
	do	60	Cambria	900	Previous to Jan., 1877.	
	do	60	do	*884.6	Jan., 1877	
	do	60	Troy	*884.6	Previous to Jan., 1886	
203	do	60	Cambria	3578.4	Previous to Jan., 1877	
	do	60	French	1701.6	1872	
204	do	60	do	2978.4	1872	
	do	60	Cambria, St. Louis	600	Previous to Jan., 1877	
	do	60	Scranton	701.6	Nov., 1877	
	do	50	do	1338.4	do	
205	do	60	Mixed brands	486	Nov., 1877	Gold Run.
	do	60	Joliet	2855.6	1875	
	do	60	Saint Louis	600	Dec., 1876	
	do	60	do	750	do	
	do	60	Joliet	1609.4	1875	
206	do	60	Cambria	840	1874	
	do	60	Saint Louis	360	July, 1876	
	do	60	Troy	1720.6	1876	
	do	60	do	4630	1876	Dutch Flat.
207	do	60	Cambria	150	Jan., 1877	
	do	60	Saint Louis	480	Jan., 1876	
	do	60	Troy	911.2	Previous to May, 1876.	
208	do	60	Cambria	2080	Dec., 1874	
	do	50	Scranton	1388.8	Nov., 1877	
	do	50	do	881.2	do	Alta.
	do	60	French	570	1872	
209	do	60	Cambria	413.8	1874	
	do	60	Troy	600	1876	
	do	60	Joliet	2355	June, 1875	
	do	60	Saint Louis	460	Previous to Jan., 1877.	
	do	60	Cambria	4366	Nov. 1874	Towle.
210	do	60	do	*914	do	
	do	60	Krupp	*914	Aug., 1883	
	do	60	Scranton	*600	Jan., 1884	
211	do	60	French	2523.3	Jan., 1873	
	do	60	Cambria	2756	Nov., 1874	
212	do	60	French	5280	Jan., 1872	

*On one side only.

Sacramento Division, July 1, 1877—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
	Steel	60	French	1153	Jan., 1877	
	do	60	Cambria	3325	Dec., 1874	
213	do	60	Troy	600	Previous to Jan., 1877.	
	do	60	Scranton	791.2	Apr., 1878	Shady Run.
	do	60	do	1158.8	do	
	do	60	Cambria	2130	Nov., 1874	
214	do	60	Troy	1020	May, 1876	
	do	60	French	971.2	Previous to Jan., 1877.	
215	do	60	do	5280	Jan., 1877	
216	do	60	French	5, 280	Jan., 1877	
217	do	60	do	5, 280	do	
218	do	60	do	3, 717.8	do	Blue Cañon.
	do	60	Cambria	1, 562.2	1874	
219	do	60	do	5, 280	1874	
220	do	60	do	5, 280	1874	
	do	60	do	4, 091.8	1874	
221-222	do	60	Troy	469.7	1876	
	do	60	Scranton	718.5	Apr., 1878	
	do	60	Cambria	5, 280	1874	
223-224	do	60	do	4, 669.3	1874	Emigrant Gap.
	do	60	Saint Louis	610.7	1876	
	do	60	do	714.3	1876	
	do	60	Scranton	1, 594	Apr., 1878	
224	do	60	do	806	Mar., 1878	
	do	60	Joliet	500	1875	
	do	60	Cambria	1, 685.7	1874	
	do	60	do	2, 112.3	1874	
225	do	60	Joliet	3, 167.7	1875	
226	do	60	do	2, 894.3	1875	
	do	60	Troy	2, 775.7	1876	
	do	60	do	754.3	1876	
	do	60	St. Louis	438.0	1876	
227	do	60	Scranton	1, 506	Feb., 1878	
	do	60	Joliet	2, 205	1875	
	do	60	Cambria	376.7	1874	
228	do	60	do	5, 280	1874	
229	do	60	do	5, 280	1874	
	do	60	do	1, 714.3	1874	
230	do	60	Joliet	2, 053.2	1875	
	do	60	Cambria	200	Mar., 1877	
	do	60	Saint Louis	1, 222.5	1876	
231	do	60	do	1, 961	1876	
	do	60	French	3, 319	1872	Cisco.
	do	60	do	1, 371	1872	
	do	60	Cambria	1, 610	1874	
232	do	60	Scranton	300	May, 1878	
	do	60	Cambria	1, 230	1874	
	do	60	French	709	1872	
233	do	60	do	3, 121	1872	
	do	60	Cambria	2, 159	1874	
	do	70	do	2, 221	1874	
234	do	60	do	270	1877	
	do	60	Troy	2, 030	1876	
	do	60	Joliet	750	1875	Tamarack.
235	do	60	do	5, 280	1875	
	do	60	do	1, 917	1875	
236	do	60	Saint Louis	1, 025	1876	
	do	60	Scranton	2, 338	May, 1878	
237	do	60	do	3, 311	do	
	do	60	Troy	1, 969	1876	
	do	60	Troy	117	1876	
238	do	60	do	1, 230	1875	
	do	60	Joliet	750	1875	
	do	60	Cambria	3, 183	1874	Cascade.
	do	60	do	3, 694.7	1874	
239	do	60	do	*900	1874	
	do	60	Joliet	685.3	1875	
	do	60	Troy	*900	Sept. 1, 1883	
	do	60	Joliet	1, 774.7	1875	
240	do	60	Troy	2, 178.3	1876	
	do	60	Saint Louis	1, 327	1876	
241	do	60	Troy	1, 764.2	1876	
	do	60	Scranton	3, 515.8	May, 1878	Soda Springs.

*On one side only.

Sacramento Division, July 1, 1887—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
242	Steel	60	Scranton	1,507.2	May, 1878	
	do	60	Saint Louis	3,772.8	1876	
	do	60	do	297.2	1876	
243	do	60	Troy	570	1876	
	do	60	Joliet	4,412.8	1875	
	do	60	do	187.2	1875	
244	do	60	do	2,638	1876	
	do	60	Troy	2,454.8	1876	Summit.
	do	60	do	297.5	1876	
	do	60	Scranton	630	May, 1878	
245	do	60	do	750	Mar., 1887	
	do	60	Joliet	1,610	1875	
	do	60	Cambria	1,484	Previous to Jan., 1887.	
	do	60	French	598.5	1872	
246	do	60	do	5,280	1872	
247	do	60	do	5,277.6	1872	
	do	60	Cambria	2.4	1874	
248	do	60	do	5,280	1874	
	do	60	do	2,619.8	1874	
249	do	60	Joliet	630	1875	
	do	60	Scranton	2,030.2	1878	
	do	60	do	3,555.5	1878	
250	do	60	Cambria	1,100.5	1877	
	do	60	Troy	624	1876	
	do	60	do	3 122.5	1876	
	do	60	Cambria	1,402	1874	
251	do	60	French	755.5	1872	
	do	60	do	3,532	1872	
	do	60	Cambria	1,748	1874	
253	do	60	do	5,280	1874	
254	do	60	do	5,280	1874	
	do	60	do	518	1874	
	do	60	Joliet	1,386	1875	
255	do	60	Krupp	714	1882	
	do	60	Troy	1,470	1875	
	do	60	do	1,192	1876	
256	do	60	Troy	1,208	1876	
	do	60	Saint Louis	4,072	1876	
	do	60	do	3,160.2	1876	
257	do	60	Joliet	1,100	1875	
	do	60	Troy	1,019.8	1876	
	do	60	do	540	1875	
	do	60	do	1,080	1876	
258	do	60	Saint Louis	1,202.8	1876	
	do	60	Joliet	1,887.2	1875	
	do	60	Cambria	570	1875	
	do	60	Joliet	2,514.8	1875	
259	do	60	Saint Louis	2,600	1876	
	do	60	do	165.2	1877	
	do	60	do	347.6	1877	
260	do	60	Cambria	534	1877	
	do	60	French	875	Previous to 1877	
	do	60	Scranton	3,523.4	June, 1878	
261	do	60	do	2,679.6	Aug., 1878	Truckee.
	do	60	Troy	2,600.4	July, 1879	
262	do	60	do	1,694.6	do	
	do	60	do	1,840.4	Dec., 1878	
	do	60	do	2,345	May, 1880	
263	do	60	Cambria	1,140	Feb., 1877	
	do	60	Saint Louis	3,011.4	Dec., 1876	
	do	50	Troy	1,128.6	Oct., 1878	
	do	60	do	700	July, 1880	
264	do	*60	do	1,036.4	Sept., 1876	
	do	*60	Cambria	1,435	Sept., 1874	
	do	60	Saint Louis	258.6	Dec., 1876	
	do	*60	Joliet	1,850	June, 1875	
265	do	*60	Troy	3,283.6	July, 1876	
	do	*60	Joliet	1,996.4	Aug., 1875	
	do	*60	do	1,237.1	do	
	do	*60	do	240	Feb., 1876	
	do	60	Scranton	540	May, 1878	Prosser Creek.
266	do	*60	Troy	900	Apr., 1876	
	do	*60	Cambria	1,165	Sept., 1874	
	do	*60	Troy	210	May, 1876	
	do	*60	do	987.9	June, 1876	

*Supposed or estimated weight.

Sacramento Division, July 1, 1887—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
	Steel	*60	Troy	713.9	June, 1876	
	do	*60	do	1,000	1876	
267	do	*60	do	2,200	Oct., 1875	
	do	60	Saint Louis	1,050	Dec., 1876	
	do	*60	Scranton	316.1	May, 1878	
	do	60	do	2,373.9	do	
268	do	60	Troy	208.6	July, 1879	Boca.
	do	60	do	2,697.5	June, 1880	
269	do	60	do	1,286.9	July, 1879	
	do	60	Saint Louis	3,993.1	Feb., 1877	
	do	60	do	201.9	July, 1877	
	do	60	do	1,200	Dec., 1876	
270	do	*60	Cambria	270	Apr., 1875	
	do	*60	do	×19	Oct., 1875	Clinton.
	do	*60	Joliet	1,970	do	
	do	*60	Troy	×28.1	Sept., 1876	
	do	*60	do	676.9	do	
271	do	60	Saint Louis	4,277	Dec., 1876	
	do	60	Scranton	328.1	July, 1878	
	do	60	do	1,746.5	Nov., 1878	
272	do	60	Troy	1,498	Aug., 1879	
	do	60	do	1,935.5	May, 1880	Cuba.
	do	60	Mixed†	102	Feb., 1879	
	do	60	Cambria	822.9	Apr., 1878	
273	do	60	Saint Louis	900	Dec., 1876	
	do	*60	Joliet	3,520	Sept., 1875	
	do	60	Scranton	37.1	July, 1878	
	do	60	do	1,535.9	do	
274	do	*60	Troy	1,799.1	Apr., 1876	
	do	*60	do	817	May, 1880	Bronco.
	do	60	Saint Louis	1,128	Nov., 1876	
	do	*60	Troy	3,612.5	Oct., 1875	
275	do	*60	do	894.9	Apr., 1876	
	do	*60	do	772.6	Aug., 1876	
	do	*60	do	1,547.4	do	
	do	60	Scranton	758	Dec., 1853	
276	Iron	*60	(†)	461	do‡	
	Steel	60	Troy	1,570	June, 1879	
	do	60	Scranton	440.6	Apr., 1878	
	do	60	do	503	Feb., 1879	
	do	60	do	543.4	Apr., 1878	
	Iron	*60	(†)	292	do‡	
277	Steel	60	Scranton	1,380	Mar., 1878	Mystic.
	Iron	*60	(†)	724	do‡	
	Steel	60	Saint Louis	2,214	Nov., 1876	
	Iron	*60	(†)	126.6	do‡	

Truckee Division, July 1, 1887.

	Steel	*60	(†)	429.4	‡1878	
278	do	60	Scranton	608	Nov., 1878	
	do	60	Troy	3,242.6	June and July, 1879	
	do	60	Joliet	1,000	Sept., 1875	
279	do	60	Troy	4,230	Previous to Nov., 1879.	
	do	*60	(†)	1,050	‡1879	
280	do	60	Troy	531.4	Oct., 1879	State line between California and Nevada.
	do	60	do	4,748.6	Apr., 1880	
	do	60	do	25.4	do	
	do	60	Scranton	526	June, 1878	
281	do	*60	(†)	635	‡1878	
	do	60	Saint Louis	3,440	Nov., 1876	
	do	*60	Troy	593	Nov., 1875	
	do	60	do	60.6	Aug., 1883	
	do	60	do	239.4	do	
	do	*60	do	187	Nov., 1875	
	do	*60	do	655.5	1876	
282	do	*60	(†)	515	‡1876	
	do	60	Saint Louis	898	Jan., 1877	
	do	50	Scranton	612	Apr., 1878	
	do	50	Troy	2,173.1	Dec., 1878	

*Supposed or estimated weight.
† Brand not recorded—unknown.
‡ Supposed date of laying; actual date not known.

Truckee Division, July 1, 1887—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
283	Steel	50	Troy	2,222.9	Dec., 1878	
	do	50	Scranton	885	July, 1879	Essex.
	do	60	Troy	4,172.1	Apr., 1880	
284	do	60	do	5,280	do	Verdi.
	do	60	do	2,200	July, 1879	
285	do	60	do	2,037.9	Apr., 1880	
	do	60	Scranton	1,042.1	July, 1878	
	do	60	do	142.9	Apr., 1878	
286	do	60	Cambria	1,010	Apr., 1877	
	do	60	Saint Louis	2,700	Dec., 1876	
	do	60	Troy	1,419.1	Apr., 1880	
	do	60	do	1,717	Aug., 1879	
287	do	60	do	1,445.2	Apr., 1880	
	do	60	Saint Louis	2,117.6	Jan., 1877	
	do	60	do	585.2	do	
	do	60	Cambria	564	Apr., 1877	
288	do	*60	Troy	2,200	Dec., 1875	
	do	50	do	617.8	Oct., 1878	
	do	60	do	1,313	Aug., 1879	
	do	*60	do	2,120	Dec., 1875	
289	do	50	do	1,954.2	Oct., 1878	
	do	60	do	458	Apr., 1880	
	do	60	do	747.8	July, 1879	
	do	60	do	2,188.2	July, 1879	
290, 291	do	60	do	3,091.8	Sept., 1880	
	do	60	do	5,280	Sept. and Oct., 1880	
	do	60	do	832.2	Oct., 1880	
	do	60	Saint Louis	480	Dec., 1876	
292	do	*60	Troy	510	Sept., 1876	
	do	60	Saint Louis	1,620	Oct., 1876	
	do	60	Scranton	1,837.8	June, 1878	
293	do	60	do	653.2	June and Nov., 1878	
	do	60	Troy	4,623.8	July and Aug., 1880	
	do	60	do	3,478.2	Aug. and Sept., 1880	Reno.
294	do	60	do	704	July, 1879	
	do	60	Saint Louis	1,097.8	Previous to May, 1877	
	do	60	do	1,002.2	May, 1877	
	do	60	Cambria	270	do	
295	do	50	Scranton	909	June, 1878	
	do	50	do	2,190	Nov. and Dec., 1877	
	do	50	do	908.8	Jan., 1878	
296	do	50	do	5,280	do	
	do	50	do	1,284.2	do	
	do	60	Saint Louis	1,067	1876	
297	do	60	Troy	1,426	July, 1879	
	do	60	do	665	Mar., 1881	
	do	60	Scranton	837.8	June, 1881	
298	do	60	do	1,462.2	do	
	do	60	Krupp	3,817.8	Sept., 1881	
299	do	60	do	5,280	do	
300	do	60	do	5,280	do	
301	do	60	do	4,692.2	do	
	do	60	Saint Louis	587.8	Nov., 1876	
302	do	60	do	992.2	do	Vista.
	do	60	Krupp	4,287.8	Sept., 1881	
	do	60	do	624.2	do	
	do	60	Saint Louis	582.8	Jan., 1877	
303	do	*60	Troy	2,865	May, 1876	
	do	60	do	770	Jan. and May, 1880	
	do	60	do	448	Jan., 1881	
	do	60	Saint Louis	907.2	Jan., 1877	
304	do	*60	Troy	1,296.8	do	
	do	50	do	3,076	Dec., 1878	
	do	*50	do	2,263	Jan., 1879	
305	do	60	do	1,460	Mar., 1880	
	do	60	do	1,089	May, 1880	
	do	60	Scranton	468	June, 1881	
306	do	60	do	3,999.4	do	
	do	60	Krupp	1,280.6	Sept., 1881	
	do	60	Scranton	776.8	June, 1881	
307	do	50	do	783.2	Dec., 1877	
	do	*50	Troy	1,100	Oct., 1875	
	do	60	do	620	May, 1880	

*Supposed or estimated weight.

Truckee Division, July 1, 1887—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
308	Steel	50	Scranton	4,346.8	Dec., 1877	
	do	60	Saint Louis	933.2	Nov., 1876	
	do	60	do	2,866.8	do	
309	do	*60	Cambria	564	Mar., 1877	
	do	50	Scranton	1,849.2	Oct., 1877	
	do	50	do	789.8	do	
310	do	50	Troy	2,760	Feb., 1879	
	do	60	Scranton	1,607	June, 1881	
	do	*60	Troy	123.2	Jan., 1876	
	do	*60	do	956.8	do	
311	do	60	Krupp	4,323.2	Sept., 1881	
312	do	60	do	3,501.8	do	
	do	60	Troy	1,013.2	Feb., 1876	
	do	60	do	765	May, 1880	
313	do	*60	do	2,746.8	Feb., 1876	
	do	60	Scranton	485	June, 1881	
	do	60	Krupp	2,048.2	Oct., 1881	
314	do	60	do	2,489.8	do	Clark's.
	do	60	do	2,700.2	Nov., 1881	
315	do	60	do	5,280	do	
	do	60	do	2,064.8	do	
	do	60	Scranton	660	Aug., 1881	
316	do	*60	Troy	1,020	Jan., 1876	
	do	60	Saint Louis	1,185	do	
	do	60	do	350.2	Mar., 1877	
	do	60	do	494.8	do	
317	do	60	Scranton	514	June, 1878	
	do	*60	Cambria	2,386	Mar., 1877	
	do	60	Krupp	1,955.2	Nov., 1881	
	do	60	do	1,983.3	do	
318	do	60	Scranton	356	Feb., 1879	
	do	*60	Troy	2,750	Oct., 1875	
	do	50	Cambria	190.7	July, 1876	
319	do	50	do	2,209.3	do	
	do	60	Krupp	1,250	Sept., 1881	
	do	60	Scranton	1,820.7	Aug., 1881	
320	do	50	do	313.7	Nov., 1877	
	do	60	do	1,056.3	June and Aug., 1881	
	do	50	Troy	3,910	Feb., 1879	
	do	50	Scranton	2,324.3	Nov., 1877	
321	do	60	Saint Louis	1,750	Nov., 1876	
	do	60	do	275	Apr., 1877	Salvia.
	do	*60	Troy	630	Oct., 1875	
	do	*60	Cambria	300.7	Mar., 1877	
	do	*60	do	462.3	do	
322	do	60	Scranton	407	Apr., 1881	
	do	60	Troy	2,590	Mar. and May, 1880	
	do	60	Saint Louis	1,830.7	1876	
323	do	60	do	3,629.3	May, 1876	
	do	*60	Troy	1,650.7	Apr., 1876	
	do	*60	do	1,359.3	do	
	do	*60	do	1,600	Oct., 1875	
324	do	*60	Cambria	455	Mar., 1877	
	do	50	Troy	826	Nov. and Dec., 1878	
	do	50	do	1,039.7	Jan., 1879	
325	do	50	do	115.3	do	
	do	60	do	1,495	Mar., 1880	
	do	60	Scranton	3,069.7	May and Sept., 1881	
326	do	60	do	2,151.3	Sept., 1881	
	do	60	Krupp	3,128.7	do	
327	do	60	do	2,898.3	do	
	do	50	Scranton	2,381.7	Oct., 1877	
328	do	50	do	2,187.3	do	
	do	60	Krupp	3,092.7	Oct., 1881	
	do	60	do	290.3	do	Wadsworth.
	do	60	Scranton	742	June, 1881	
	do	*60	Troy	165.7	Nov., 1875	
329	do	*60	do	825	Feb. and Mar., 1876	
	do	60	Saint Louis	2,565	Oct. and Nov., 1876	
	do	*60	Cambria	500	1875	
	do	*60	Joliet	252	Aug., 1876	
	do	*60	Troy	1,831.3	Nov., 1875	
330	do	50	B. I. Co.	1,000.7	May, 1877	
	do	60	Cambria	1,095	do	
	do	60	Troy	1,353	Jan., 1880	

* Supposed or estimated weight.

Truckee Division, July 1, 1887—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
331	Steel	60	Krupp	947	Oct., 1881	
	do	50	Cambria	2,403	Apr., 1876	
	do	53	B. I. Co	1,930	May, 1877	
	do	56	do	99.3	do	
332	do	50	Scranton	1,124.7	Oct., 1877	
	do	60	Krupp	4,056	Sept., 1881	
333	do	50	Scranton	2,171.3	Oct., 1877	
	do	56	Troy	1,403	Sept. and Dec., 1878	
	do	60	do	1,705.7	Sept. and Oct., 1880	
334	do	60	do	1,910.3	Sept., 1880	
	do	*60	Cambria	2,049	Apr., 1877	
335	do	*60	Joliet	1,234.7	Aug., 1876	
	do	60	Saint Louis	4,045.3	Oct., 1876	
	do	50	Troy	2,590.7	Jan., Feb., Mar., 1880	
336	do	*60	do	1,950	Mar., 1876	
	do	*60	Joliet	379.3	Aug., 1876	
337	do	60	Troy	2,352.8	Mar., 1880	Desert.
	do	60	Krupp	2,927.2	Nov., 1881	
338	do	60	do	5,280	do	
339	do	60	do	5,280	do	
	do	60	do	2,681.3	do	
340	do	56	Troy	652.7	Oct., 1878	
	do	50	do	1,946	Apr., 1879	
	do	50	do	1,219.3	Oct., 1878	
341	do	60	do	760.7	July, 1879	
	do	60	Saint Louis	2,160	1876	
	do	*60	Cambria	1,140	Mar. and Apr., 1877	
342	do	60	Troy	2,239.3	July, 1879	
	do	60	do	1,500	May, 1880	
	do	60	Krupp	1,540.7	Dec., 1881	
343	do	60	do	5,280	do	
344	do	60	do	5,280	do	
345	do	60	do	4,479.3	do	
	do	60	do	800.7	Jan., 1882	
346	do	60	do	5,280	do	
347	do	60	do	1,941.3	do	
	do	60	Dronfield	3,338.7	Aug., 1882	
348	do	60	do	5,280	do	
349	do	60	do	5,280	do	Hot Springs.
	do	60	do	171.3	do	
350	do	60	Scranton	2,608	Apr. and July, 1881	
	do	60	Troy	1,470	Mar., 1880	
	do	60	do	1,030.7	July and Aug., 1879	
	do	60	do	454.3	July, 1879	
351	do	50	do	3,306	Nov., 1877	
	do	50	do	519	Jan., 1879	
352	do	50	Saint Louis	1,660.7	1876	
	do	60	do	1,671.3	do	
	do	60	Troy	3,608.7	Sept., 1880	
	do	60	do	1,602.3	do	
353	do	60	Scranton	2,460	Apr. and May, 1881	
	do	50	B. T. Co	1,218.7	June, 1877	
354	do	50	do	1,781.3	do	
	do	50	Cambria	3,498.7	Mar., 1876	
355	do	50	do	1,301.3	do	Mirage.
	do	60	Dronfield	3,978.7	Oct. and Nov., 1882	
356	do	60	do	5,280	Sept. and Oct., 1882	
357	do	60	do	5,280	Sept., 1882	
	do	60	do	1,611.3	do	
	do	60	Troy	510	Oct., 1876	
358	do	60	Saint Louis	1,070	Dec., 1876	
	do	60	do	1,540	Jan. and Feb., 1877	
	do	50	Scranton	338.7	Nov., 1877	
	do	60	Troy	210	July, 1879	
	do	50	Scranton	1,640.3	Nov., 1877	White Plains, section 363.
	do	50	Troy	600	Dec., 1878	
359	do	60	do	7,143	June, July, Aug., 1879	
	do	60	do	3,098	Mar. and Apr., 1880	
	do	60	Scranton	3,750	Mar., 1881	
	do	60	do	5,090.2	Mar., 1883	
363	do	60	Dronfield	5,078.5	Apr., 1884	

*Supposed estimated weight.

Truckee Division, July 1, 1887—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
384	Steel	60	Dronfield	19,634.3	Apr., 1884	
	do	60	Scranton	2,835	Mar., 1883	
	do	60	Troy	1,498	Mar., 1880	
388	do	50	Scranton	2,432.7	Oct., 1877	
	do	50	do	207.5	do	
	do	60	Saint Louis	1,400	Jan., 1877	
	do	60	do	1,400	Nov. and Dec., 1876	
389	do	60	do	5,163	1876	
	do	50	Cambria	3,600	Apr., 1876	
	do	60	Troy	8,687	June and July, 1879	
	do	60	Scranton	5,844.5	Mar., 1883	
373	do	60	V. I. W	98	1883	
374–378	do	60	Scranton	2,007.7	Mar., 1883	Brown's, section 375.
	do	60	Dronfield	24,302.3	Apr., 1883, to Apr., 1884	
379–383	do	60	do	25,927	do	
	Iron	*56	(†)	473	‡1868	Granite Point, section 383.
	do	*56	(†)	826.7	‡1868	
	Steel	50	Scranton	6,449.7	Oct., 1877	
384–388	do	50	Troy	584	Feb., 1879	
	do	50	do	746	Aug., 1879	
	do	60	do	2,997	Mar., 1880	
	do	60	Scranton	14,816.6	Mar., 1883	
	do	60	do	670.4	do	
389–393	Iron	*56	(†)	22,132	‡1868	Lovelocks, section 391.
	Steel	60	Scranton	3,597.6	Mar., 1883	
	do	60	do	4,801.6	do	
	do	60	Mixed	46.8	Aug., 1882	
394–398	do	60	Dronfield	18,836	do	
	do	60	Troy	2,687.6	June, 1879	
	Iron	*56	(†)	28	‡1868	
	do	*56	(†)	6,909.6	‡1868	
	Steel	60	Troy	4,762.4	June, 1879	
	do	60	Saint Louis	528	Apr., 1877	
	do	60	do	1,056	1876	
399–403	do	*60	Troy	3,795	do	
	do	*60	Joliet	1,110	July, 1875	
	do	*60	Cambria	1,140	Nov., 1874	Oreana, section 403.
	do	60	Saint Louis	393	1876	
	do	60	Scranton	1,500	Mar., 1847	
	do	60	do	5,293	May, 1887	
	do	60	do	17,282.6	Mar., 1883	
404–408	do	50	do	4,968.5	Oct., 1877	
	Iron	*56	(†)	4,148.9	‡1868	
	do	*56	(†)	22,051.6	‡1868	
409–413	Steel	60	Scranton	2,779.4	Mar., 1883	Rye Patch, section 413.
	do	60	do	1,569	Mar., 1887	
	do	60	Dronfield	18,526	July and Aug., 1882	
414–418	do	60	Saint Louis	2,320.6	1876	
	do	50	Troy	1,288	Nov., 1878	
	Iron	*56	(†)	4,265.4	‡1868	
	do	*56	(†)	3,737.7	‡1868	
419–423	Steel	60	Saint Louis	3,074	1876	
	do	60	Cambria	2,890.3	Aug., 1877	
	do	60	Dronfield	16,698	Apr., 1882	
424	do	60	Scranton	5,542.7	1883	Humboldt, section 424.
428	Iron	*56	(†)	20,857.3	‡1868	
	Steel	50	Scranton	7,920	Nov., 1877	
429–433	do	50	Troy	1,230	Nov., 1878	
	do	60	Krupp	14,898.7	Oct., 1881	
	do	60	Scranton	2,351.3	Apr., 1883	
	do	60	Krupp	487.3	Oct., 1881	
434–438	do	60	Dronfield	23,374	Apr., 1884	Mill City, section 436.
	do	60	Saint Louis	2,077.7	1876	
	Iron	*56	(†)	461	‡1868	

* Supposed or estimated weight.
† Brand not recorded; unknown.
‡ Supposed date of laying; actual date not known.

Truckee Division, July 1, 1887—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
	Steel	60	Saint Louis	790.3	1878	
	do	60	Troy	1,497	Dec., 1879	
	Iron	*56	(†)	1,080.5	‡ 1868	
439–443	Steel	60	Troy	8,941.7	Mar., 1883	
	do	60	do	11,457.6	Apr., 1883	
	do	60	Scranton	2,438.6	do	Raspberry, section 443.
	do	60	Dronfield	194.3	do	
444	do	60	do	21,877.3	Apr., 1884	
448	do	60	Troy	4,522.7	Mar., 1883	
	do	60	do	10,622	do	
	do	60	Krupp	10,446.3	Nov., 1881	
449–453	do	50	Cambria	4,234.3	May, 1876	
	do	50	Troy	1,097.4	Nov., 1878	Rose Creek, section 453.
	do	50	do	1,605.8	do	
	do	60	do	11,227.5	Aug., 1880	
454–458	do	50	Scranton	5,280	Nov., 1877	
	do	60	Saint Louis	3,857	1876	
	Iron	*56	(†)	4,429.7	‡ 1868	
	do	*56	(†)	8,753.3	do	
	Steel	60	Troy	767	Aug., 1879	
459–463	do	60	Saint Louis	4,163	1876	
	do	50	Scranton	2,640	Nov., 1877	
	do	60	Troy	2,995	July, 1879	
	do	60	U. R. M. Co	7,081.7	Jan., and Feb., 1879	
	do	60	do	1,469.3	Feb., 1879	
	Iron	*56	(†)	9,826	‡ 1868	
464–468	Steel	60	Krupp	8,842	Sept. and Oct., 1881	Winnemucca, section 464.
	do	60	U. R. M. Co	4,206	Feb., 1879	
	do	60	do	2,056.7	Dec., 1878	
	do	60	do	2,738.3	do	
	do	60	do	3,000	Feb., 1879	
469–473	do	60	L and S. Co	3,633.5	Aug., 1879	Tule, section 470.
	do	60	Troy	6,211	Jan., 1880	
	do	60	do	10,217.2	Sept., 1880	
474–478	do	60	do	11,860.8	do	
	do	60	Scranton	14,539.2	Apr. and May., 1881	
	do	60	do	10,272.3	May and June, 1881	
479–483	do	60	Krupp	7,387	Sept., 1881	
	do	60	Scranton	5,260	Apr., 1881	Golconda, section 481.
	do	60	Troy	3,480.7	Mar., 1880	
	do	60	do	604	Jan., 1880	
	do	60	do	3,968.3	Mar., 1880	
484–488	do	60	do	7,003	Dec., 1879	
	do	50	Cambria	5,980	June., 1876	
	do	50	Scranton	6,566	Oct., 1877	
	do	60	Troy	2,278.7	Nov., 1879	
	do	60	do	10,718.3	do	
	do	60	U. R. M. Co	415	Feb., 1879	
489–493	do	60	Troy	4,874	Nov., 1875	Iron Point, section 492.
	do	60	U. R. M. Co	4,964.2	Feb., 1878	
	do	60	Krupp	5,428.5	Sept., 1881	
	do	60	do	11,073.4	Nov., 1881	
494–498	do	60	Dronfield	15,326.6	July and Aug., 1882	
	do	60	do	9,892.6	Aug., 1882	
499–503	do	50	Troy	3,239	Oct., 1878	
	do	60	Scranton	13,268.4	Mar., 1883	
	do	60	do	18,314.6	Mar. and Apr., 1883	
504–508	do	60	Dronfield	7,675	Mar., 1883	Stone House, section 505.
	do	60	do	410.4	July, 1882	
509–513	do	60	do	26,400	Apr., May, and July, 1882.	
514–518	do	60	do	17,139.1	July, Aug., and Sept., 1882.	
	do	60	do	9,260.9	Apr., 1883	

* Supposed or estimated weight.
† Brand not recorded; unknown.
‡ Supposed date of laying; actual date not known.

Truckee Division, July 1, 1877—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
519-523	Steel	60	Dronfield	3,359.6	Apr., 1883	
	do	60	Scranton	18,613	Apr and May, 1883	Piute, section 519.
	Iron	*56	(†)	4,427.4	‡ 1878	
524-528	do	*56	(†)	10,588.6	do	
	Steel	60	Dronfield	15,811.4	Apr. and May, 1883	Battle Mountain, section 519.
529-533	do	60	do	10,242.4	Oct., 1882	
	do	60	do	16,157.6	Apr., 1883	
534-538	do	60	do	15,740	Oct., 1882	Argenta, section 536.
	do	60	Scranton	10,660	Mar., 1883	
539-543	do	60	do	26,400	do	
544-548	do	60	do	3,183.1	do	
	do	60	Cambria	4,893.4	Apr., 1877	Shoshone, section 547.
	do	60	Dronfield	18,323.5	Sept., 1882	
	do	60	Dronfield	7,803.5	do	
549-553	do	60	Cambria	5,935.6	Apr., 1877	
	do	50	Scranton	3,988	Sept., 1877	
	do	60	do	8,670.9	Apr., 1883	
554-558	do	60	do	26,400	Apr. and May, 1883	Beowawe, section 557.
	do	60	do	3,335.1	May, 1883	
559-563	do	60	do	6,730	Mar., 1883	
	do	60	Dronfield	16,334.9	Sept., 1882	
	do	60	do	9,997.8	do	
	do	60	Troy	4,807.5	Apr., 1876	
564-568	do	60	do	249	Nov., 1879	Cluro, section 566.
	do	60	U. R. M. Co	1,345.7	Feb., 1879	
	do	60	Krupp	10,500	Nov., 1881	
	do	60	U. R. M. Co	2,802.1	Dec., 1878	
569-573	do	60	do	18,246.4	Jan. and Feb., 1879	
	do	60	Troy	5,351.5	Apr., 1876	

Salt Lake Division.

	Steel	60	U. R. M. Co	1,952.9	Dec., 1878	
574-578	do	60	Troy	8,131.5	Apr., 1876	Palisade, section 575.
	do	60	Cambria	2,776.4	Apr., 1877	
	do	50	Scranton	13,539.2	Oct. and Nov., 1877	
	do	50	do	1,619	Oct., 1877	
	do	60	Cambria	8,638.4	Apr., 1877	
579-583	do	50	Scranton	595	Mar., 1878	
	do	50	Troy	5,244	Oct., 1878	
	do	60	Krupp	10,303.6	Nov. and Dec., 1881	
584	do	60	do	17,065.4	do	
	do	60	U. R. M. Co	3,463.6	Jan., 1879	
588	Iron	56*	(†)	5,871	1868 ‡	
	Steel	60	U. R. M. Co	4,511.4	Jan., 1879	
589-593	do	60	Troy	21,888.6	Sept. to Dec., 1875	End of Truckee Division.
	do	60	do	13,497.4	do	Carlin at 585.
594-598	do	60	Scranton	12,902.6	Apr. and May, 1883	Salt Lake Division commences at Carline.
599-603	do	60	do	17,988	Apr., 1883	
	do	60	Dronfield	8,412	May, 1883	Moleen, section 596.
604-608	do	60	do	12,017.7	do	
	do	60	Scranton	11,270.3	do	
609-613	Iron	56*	(†)	3,112	1868 ‡	Elko, section 608.
	Steel	60	Scranton	26,099.9	Apr. and May, 1882	
614-618	do	60	Troy	300.1	Apr., 1882	
	do	60	do	14,896.7	do	
	do	60	Krupp	11,503.3	Sept. and Oct., 1881	Osino, section 617.
	do	60	do	323.6	Sept., 1881	
619-623	do	60	U. R. M. Co	6,1[illegible]	Feb., 1879	
	do	60	Troy	6,8[illegible]	Apr., 1880	
	do	60	do	8,91[illegible]	Oct., 1880	
	do	60	do	4,039.[illegible]	Dec., 1875	

* Supposed or estimated weight.
† Brand not recorded; unknown.
‡ Supposed date of laying; actual date not known.

Salt Lake Division—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
624–628	Steel	60	Troy	6,640.6	Dec., 1875	
	do	60	do	6,097	Apr., 1880	
	do	60	Dronfield	11,321	Sept., 1882	
	do	60	Scranton	2,104	May, 1883	Peko, section 628.
	do	60	do	237.4	Mar., 1883	
629–633	do	60	do	17,467.6	Mar. and May, 1883	
	do	60	Dronfield	8,932.4	May and Sept., 1882	Halleck, section 631.
634–638	do	60	do	26,400	Sept., 1882	
639–643	do	60	do	26,400	Sept. and Oct., 1882	Natchez, section 640.
644–648	do	60	do	26,400	do	
649–653	do	60	do	26,400	Sept., 1882	Deeth, section 644.
654–658	do	60	do	26,400	July, Aug., and Sept., 1882.	
659–663	do	60	do	26,400	May, June, and July, 1882.	Bishop, section 652.
664	do	60	do	2,155.9	Apr., 1882	Tulasco, section 657.
	do	60	Scranton	2,306	Oct., 1881	
	do	60	Krupp	868	Dec., 1881	
	do	60	do	2,515	Apr., 1882	
	do	60	Troy	16,283	Jan. and Feb., 1880	Wells, section 665.
668	do	60	do	172.1	Dec., 1879	
669–673	do	60	do	3,633	Sept., 1879	
	do	60	do	8,810.9	Nov. and Dec., 1879	Cedar, section 671.
	do	60	U. R. M. Co	13,956.1	Dec., 1878, and Jan., 1879.	
674–678	do	60	do	4,868.5	Dec., 1878	
	do	60	Joliet	4,517.5	July and Aug., 1876	
	do	60	Cambria	17,014	Mar. and Apr., 1877	
679–683	do	60	do	5,712	Apr., 1877	
	do	60	Joliet	3,054.5	July and Aug., 1876	Independence, section 679.
	do	60	Troy	5,280	Nov. and Dec., 1875	
	do	56	Scranton	2,430.5	Oct., 1877	
	do	60	U. R. M. Co	9,923	Dec., 1878	
684–688	do	50	Cambria	1,563.5	June and July, 1876	Otego, section 685.
	do	60	Joliet	16,707	Aug., 1876	
	do	50	Scranton	8,129.5	Sept. and Oct., 1877	
689–693	do	50	Cambria	15,109	June and July, 1876	
	do	60	U. R. M. Co	11,291	Jan., 1879	Pequod, section 691.
	do	60	do	7,190.3	do	
694–698	do	50	Cambria	7,162.7	May and June, 1876	
	do	60	Troy	6,390.5	Nov. and Dec., 1875	
	do	60	Cambria	5,656.5	Mar. and Apr., 1877	
	do	60	U. R. M. Co	1,607.7	Jan., 1879	Toano, section 700.
699–703	do	60	Troy	8,651	Mar., 1880	
	do	60	do	16,131.3	Sep'., Oct., and Nov., 1880.	
704–708	do	60	do	1,407.7	Nov., 1880	
	do	60	Scranton	24,824	Apr. to Oct., 1881	Laray, section 708.
	do	60	Joliet	168.3	Aug., 1876	
	do	60	do	5,191.7	do	
709–713	do	60	U. R. M. Co	2,385	Jan., 1879	
	do	60	Troy	414	Apr., 1880	
	do	60	Krupp	18,409.3	Sept. and Oct., 1881	
714–718	Steel	60	Krupp	18,770.4	Oct. and Dec., 1881	
	do	60	Troy	7,629.6	Apr., 1883	Montello, section 717.
719–723	do	60	do	16,189.4	do	
	do	60	Dronfield	10,210.6	Mar., 1884	
724–728	do	60	do	10,688.4	do	
	Iron	*56	(†)	15,511.6	1868‡	Tacoma, section 726.
	do	*56	(†)	5,314.4	1868‡	
729–733	Steel	60	Dronfield	19,509.6	Sept., Oct., and Dec., 1882.	Line between Nevada and Utah section 729.
	do	50	Cambria	576	May, 1881	
	do	60	Dronfield	23,937.4	July, Aug., and Sept., 1882.	
734–738	Iron	*56	(†)	2,462.6	1868‡	Lucin, section 738.
	do	*56	(†)	16,100.9	1868‡	
	do	50	Scranton	40.6		
739–743	Steel	60	do	6,970.5	Apr., 1884	
	do	60	Troy	3,288	Nov., 1878	
744–748	do	50	Scranton	9,410.4	Apr., 1884	
	do	60	do	16,989.6	Mar., 1884	

*Supposed or estimated weight.
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‡Supposed date of laying; actual date not known.

Salt Lake Division—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
749-753	Steel	60	Scranton	892.9	Mar., 1884	Bovine, section 749.
	do	60	Troy	25,507.1	Apr., 1882	
	do	60	do	12,947.4	Apr., 1883	
754-758	do	60	Krupp	13,012.6	Nov. and Dec., 1881	
	do	60	do	440	Apr., 1882	
	do	60	do	2,445	do	
759-763	do	.....	.....	19,069.7	Sept., Oct., and Nov., 1881.	Terrace, section 760.
	do	60	Scranton	4,885.3	May and June, 1881	
	do	60	do	2,320.2	May, 1881	
764-768	do	50	do	15,712	Oct., 1877	
	do	60	Cambria	8,367.8	Mar. and Apr., 1877	
769-773	do	60	Troy	26,400	Mar., Apr., and July, 1880.	Matlin, section 770.
774-778	do	60	do	6,118.4	Nov. and Dec., 1879	
	do	60	do	20,281.6	Feb. and Mar., 1880	
	do	60	do	6,552.5	Aug., 1879	
	do	60	do	3,674.1	Nov., 1879	
779-783	do	50	Cambria	8,300	Apr., and May, 1876	Ombey, section 780.
	do	60	Joliet	7,089	Aug. and Oct., 1876	
	do	60	U. R. M. Co	784.4	Jan., 1879	
	do	60	do	4,563.6	do	
	do	60	Troy	4,260.6	Mar., and Apr., 1880	
784-788	do	60	Joliet	6,439.5	Aug. and Oct., 1876	
	do	60	Krupp	1,315.3	Oct., 1881	
	do	50	Scranton	9,821	Oct., 1877	
789-793	do	60	Krupp	23,856.2	Oct. and Nov., 1881	Kelton, section 792.
	do	60	Dronfield	2,543.8	Apr., 1884	
794-798	do	60	do	26,400	do	
799-803	do	60	do	470.2	do	Seco, section 799.
	do	60	do	25,929.8	Sept., 1882	
	do	60	do	14,991.2	Sept. and Nov., 1882	
804-808	do	60	do	10,511	Apr., 1883	
	do	60	Scranton	897.8	Apr., 1884	Monument, section 806.
809-813	do	60	Scranton	13,256.2	Apr., 1884	
	Iron	*56	(†)	13,143.8	‡1868	Lake, section 813.
	do	*56	(†)	3,476.2	‡1868	
	Steel	53	Cambria	1,065	Apr., 1876	
814-818	do	60	Scranton	1,500	Mar., 1887	
	do	50	do	3,304	Oct., 1877	
	do	60	U. R. M. Co	2,379.1	Feb., 1879	
	do	60	(†)	14,975.7	Aug., 1880	
819-823	do	60	U. R. M. Co	11,673.9	Feb., 1879	
	do	50	Scranton	6,064	Sept., 1877	Rozel, section 822.
	do	60	do	8,642.1	Apr. and May, 1881	
	do	60	do	1,661.9	Apr., 1881	
	do	60	(†)	3,460	Aug., 1880	
824-828	do	50	Cambria	8,399.6	Apr. and May, 1876	
	do	60	U. R. M. Co	7,770	Jan. and Feb., 1879	
	do	60	Krupp	5,108.5	Oct., 1881	
	do	60	do	10,152.5	Oct. and Dec., 1881	
829-833	do	60	do	3,115	Jan. and Mar., 1882	Promontory, section 830.
	do	50	Scranton	5,402	Sept., 1887	
	do	60	Joliet	3,066.5	June, 1875	
	do	60	do	4,664	Aug., 1876	
	do	60	do	19,963	June, July, and Aug., 1875.	
834-838	do	60	do	2,272	Aug., 1875	
	.....	.....	Scranton	2,272	May, 1884	
	do	60	Joliet	4,165	July and Aug., 1876	
	do	60	do	1,730	Aug., 1875	
	do	60	do	2,399.5	Aug., 1876	
	do	60	Cambria	11,361	Apr., 1877	
839-843	.....	.....	Scranton	2,026	June, 1881	
	do	60	U. R. M. Co	4,464.5	Dec., 1878	Blue Creek, section 842.
	do	50	Scranton	1,800	Sept., 1877	
	do	50	Troy	2,619	Oct., 1878	
	do	60	U. R. M. Co	749.5	Dec., 1878	
844-848	do	60	Krupp	2,969	Dec., 1881	
	.....	.....	Dronfield	14,888	July and Aug., 1882	
	do	60	do	7,793.5	Apr., 1883	

* Supposed or estimated weight.
† Brand not recorded; unknown.
‡ Supposed date of laying; actual date not known

Salt Lake Division—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
849–853	Steel	60	Dronfield	29,610	Apr., 1883	
	do	60	Scranton	5,790	Apr., 1884	
	do	60	do	6,725	do	
854–858	do	60	Dronfield	3,278	do	
	Iron	*56	(†)	16,397	1868‡	
	do	*56	(†)	5,480.5	1868‡	
859–863	do	50	Troy	1,316	Oct., 1878	Corinne, section 859.
	do	60	do	6,721.5	Mar. and July, 1880	
	Steel	60	Scranton	12,882	Apr. and May, 1881	
864–868	do	60	Troy	14,304	Sept., Nov., and Dec., 1879.	Brigham, section 868.
	do	60	do	12,096	Jan., Feb., and Mar., 1880.	
	do	60	do	8,830.5	Aug. and Sept., 1879	
869–873	do	60	U. R. M. Co	3,577	Dec., 1878	
	do	60	do	12,825	Jan., 1879	Bonneville, section 873.
	do	60	Dronfield	1,147.5	Apr., 1883	
874–878	do	60	do	6,072.5	do	
	do	60	do	20,327.5	Apr., 1884	
879–883.23	do	60	do	5,990.5	do	
	Iron	*56	(†)	21,623.9	1868‡	Ogden, section 882.

Oregon Division, July 1, 1887.

1	Steel	*50	(†)	1,413.8	Aug., 1877	Roseville.
	do	50	P. S. Co	2,464.2	July and Aug., 1880	
	do	50	B. I. Co	1,402	1881	
2	do	50	P. S. Co	153.6	Aug., 1880	
	do	50	Dronfield	5,122.4	Apr., 1884	
3, 4, 5, 6	do	50	do	21,120	do	Whitney.
7	do	50	do	3,523.6	do	
	Iron	*50	(†)	1,756.4	1861‡	
8, 9, 10	do	*50	(†)	15,840	1861‡	Lincoln.
	do	*50	(†)	3,025.6	1861‡	
11	Steel	50	Troy	2,254.4	Sept., Oct., and Nov., 1878.	
	do	50	do	526.6	Sept., 1878	
12	do	50	do	540	Mar., 1880	
	Iron	*50	(†)	4,213.4	1861‡	
	do	*50	(†)	3,560.6	1861‡	
13	Steel	50	Scranton	1,257	Feb., 1880	
	do	50	Dronfield	462.4	July, 1882	
14, 15	do	50	do	10,560	Apr. to July, 1882	Ewing.
	do	50	do	2,331.6	Apr., 1882	
16	do	50	Scranton	2,660	Mar., 1881	
	do	50	P. S. Co	288.4	1880	
17	do	50	do	5,075.6	1880	
	do	50	Scranton	204.4	June, 1879	
	do	50	do	1,292.1	do	
18	do	50	Troy	2,038	Sept., 1878	
	do	50	Scranton	1,949.9	Previous to Apr., 1882.	
19	do	50	Scranton and Troy	5,280	Apr., 1882	
20	do	50	do	722.6	do	Sheridan.
	Iron	*50	(†)	4,557.4	1866‡	
	do	*50	(†)	2,260.6	1866‡	
21	Steel	50	Scranton and Troy	1,278	Nov., 1878	
	do	50	Troy	444	Mar., 1879	
	do	50	Scranton	1,260	Feb., 1880	
21–22	Steel	50	Troy	37.4	Previous to Apr., 1882.	Wheatland.
	do	50	do	5,280	Apr., 1882	
	do	50	do	1,106	do	
23, 24	do	50	Scranton	2,936	Mar., 1881	
	do	50	Dronfield	1,237.4	May, 1884	
	do	50	do	4,985.6	do	
25, 26, 27	Iron	*50	(†)	294.4	1867‡	
	do	*50	(†)	15,840	1867‡	
28	do	*50	(†)	5,280	1867‡	Reeds.

* Supposed or estimated weight.
† Brand not recorded, unknown.
‡ Supposed date of laying; actual date not known.

Oregon Division—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
29	Iron	*50	(†)	5,280	1868‡	
30	Iron	*50	(†)	5,155.6	1868‡	
	Steel	50	Dronfield	124.4	May, 1883	
31, 32	do	50	do	10,560	do	
33	do	50	do	4,258.6	Apr., 1883	
	Iron	*50	(†)	1,021.4	1869‡	Yuba.
34	do	*50	(†)	4,192.5	1869‡	
	Steel	50	Troy	1,087.5	Sept., 1878	
	do	50	do	1,453.1	Nov., 1878	
35	do	50	do	1,818.3	Mar. and July, 1879	Marysville.
	Iron	*50	(†)	2,008.6	1869‡	
36	Steel	50	Troy	1,532.6	July, 1879	
	do	50	P. S. Co	3,747.4	July and Aug., 1880	
	do	50	do	141.4	Aug., 1880	
37	do	50	Dronfield	2,406.2	July, 1886	
	Iron	*56	(†)	2,732.4	1869‡	
	do	*56	(†)	3,008.3	1869‡	
38	Steel	50	Dronfield	1,581.7	July, 1886	
39, 40, 41	Iron	*56	(†)	15,840	1869‡	Lomo, in section 41.
42-52	do	*56	(†)	58,080	1869‡	Live Oak, section 45.
53, 54	do	*56	(†)	10,560	1870‡	Gridley, section 52.
	do	*56	(†)	1,031.5	1870‡	
55	Steel	50	Scranton	469.7	Dec., 1877	Biggs, section 55.
	do	50	do	333	Jan., 1879	
	do	50	do	3,445.8	Previous to Apr., 1882	
	do	50	do	420.2	Apr., 1882	
56	do	50	do	3,982	Mar. and May, 1880	
	Iron	*56	(†)	877.8	1870‡	
57-67	do	*56	(†)	58,080	1870‡	
68	do	*56	(†)	1,047.2	1870‡	Silsby, in section 61.
	Steel	50	Dronfield	4,232.8	June, 1884	Nelson, section 65.
69	do	50	do	5,280	do	
70	do	50	do	1,047.2	do	
	Iron	§56	(‖)	4,232.8	1870¶	
71-77	do	§56	(‖)	36,960	1870¶	Durham, in section 72.
	do	§56	(‖)	4,140.7	1870¶	Wright's, section 75.
78, 79	Steel	50	Troy	1,139.3	July, 1879	Chico, section 78.
	do	50	do	808.3	do	Shawa, section 83.
	Iron	§56	(‖)	4,473.7	1870¶	Nord, section 85.
80-97	do	§56	(‖)	95,040	1870¶	Anita, section 87.
	do	§56	(‖)	3,312	1870¶	Cana, section 90.
98	Steel	50	Troy	1,967	Jan., 1879	Soto, section 93.
99-103	Iron	§56	(‖)	26,400	1870	Vina, section 99.
	do	§56	(‖)	3,380.3	1870	Sesma.
	Steel	50	Scranton	871	Mar., 1880	
104, 105	do	50	Mosa Bay	1,028.7	July, 1886	
	do	50	do	811.3	do	
	Iron	§56	(‖)	4,468.7	1870	Tehama.
	do	§56	(‖)	1,611.9	1871	
106, 107	Steel	50	Mosa Bay	840	Feb., 1887	
	do	60	Scranton	2,828.1	Mar., 1887	
	do	60	do	857.1	do	
108-117	Iron	§56	(‖)	4,422.9	1871	Tyler's. Oak Creek, section 110.
	do	§56	(‖)	52,800	1871	Rawson, section 113.
118-125	do	§56	(‖)	42,240	1872	Red Bluff, section 117.
	do	§56	(‖)	5,029.8		
126, 127	Steel	60	Dronfield	250.2	June, 1884	
	do	60	do	5,280	do	
	do	60	do	1,589.8	do	Hooker.
128, 129	do	60	Scranton	2,471	Jan., 1887	
	do	60	do	1,219.2	Apr., 1887	
	do	60	do	1,056.6	do	
130-142	Iron	§56	(‖)	4,223.4	1872	
	do	§56	(‖)	68,640	1872	

* Supposed or estimated weight.
† Brand not recorded; unknown.
‡ Supposed date of laying; actual date not known.
§ Supposed weight.
‖ Brand not known.
¶ Supposed date of laying.

Oregon Division—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
143-144	Iron	*66	(†)	5,276.6	1872	Buckeye, section 132.
	Steel	60	Troy and Scranton	3.4	June, 1887	Cottonwood, 134.
	do	60	Scranton	909.6	do	Anderson, 141.
145-151	Iron	*56	(†)	4,370.4	1872	Clear Creek, 147.
	do	*56	(†)	36,960	1872	
	do	*56	(†)	2,568.8	1872	
152	Steel	60	Scranton	930.2	June, July, and Sept., 1886.	Redding.
	do	60	do	841	Jan., 1887	
153	do	60	do	106.8	do	End of track, 1872.

* Supposed weight. † Brand not known.

NOTE.—To correct errors discovered after completion of the above statement (Roseville to Redding) deduct 48,008 feet of "iron rail track" and add 48,008 feet of "steel rail track," laid with 60-pound steel rail, from 1883 to 1886.

New line constructed north of Redding.

From engineer's station No.—	To engineer's station No.—	American steel rail, weight per yard.	Length.	Date of laying.	Remarks, names of stations, etc.
		Pounds.	*Miles.*		
4048x71	4948x31.2	60	17.03	1883	End of track at Redding to Kennet.
4948x81.2	6063x62	60	21.13	1884	To Delta.
6063x62	6164x14.7	60	1.79	Aug., 1884	To end of track.
6164x14.7	7392x27	60	24.68	1886	To near Dunsmuir.
7392x27	7397x47	50	0.10	1886	
7397x47	313x86	60	44.29	1886	To near Gazelle.
313x86	10170x56.7	54	8.43	June, 1887	To near Montague.
10170x56.7	10202x40.6	50	0.60	June 30, 1887	To Montague.
10202x40.6	10521x87	54	6.06	do	To Willow Creek Summit.
10521x87	11658x50	60	21.44		Cole's to State line, between California and Oregon.

WEIGHT, MATERIAL, LOCATION, ETC., OF RAIL IN MAIN-LINE TRACKS ON THE CENTRAL PACIFIC RAILROAD AND BRANCHES.

Visalia Branch, July 1, 1887.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
	Iron ..	*56	.....	80	1870.....	Lathrop.
	Steel..	50	Sheffield	5, 288	Jan., 1882	
	...do ..	50	Cambria	665	Feb., 1877	
	...do ..	50	Moss Bay.....	9, 042	Jan., 1883	
	...do ..	50	Troy.....	3, 955	Sept., 1878	
	...do ..	50	Scranton.....	2, 445	Feb., 1878.....	
1-10.....	...do ..	50	....do	2, 547	Oct., 1881	Morrano, in sec. 6.
	...do ..	50	....do	7, 856	June, 1881.....	
	...do ..	50	Troy.....	3, 613	June, 1880.....	
	...do ..	50	Scranton.....	5, 248	Dec., 1879	
	...do ..	50	B. I. Co	1, 323	Apr., 1877.....	
	...do ..	50	Scranton.....	5, 299	Aug., 1877	
	...do ..	50	....do	5, 330	Jan., 1880	
	...do ..	50	....do	5, 652	.....do	
	...do ..	50	Troy.....	1, 345	Oct., 1878	Ripon, in section 11.
	...do ..	50	....do	7, 131	May, 1880	
	...do ..	50	....do	1, 948	Nov., 1878.....	Salida, in section 14.
11-20.....	...do ..	50	Moss Bay.....	2, 302	Jan., 1883	
	...do ..	50	Troy.....	14, 482	June, 1880.....	
	...do ..	50	Scranton.....	1, 800	.....do	
	...do ..	50	Troy.....	7, 863	.....do	Modesto, in sec. 20.
	...do ..	50	Moss Bay	9, 885	Jan., 1883	
	...do ..	50	Dronfield	392	June, 1882.....	
	...do ..	50	....do	3, 617	.....do	
	...do ..	50	Troy.....	3, 832. 5	Sept., 1878	
	...do ..	50	....do	2, 628	Nov., 1878	
	...do ..	50	....do	5, 320	June, 1880.....	Céres, in section 25.
	...do ..	50	Scranton.....	1, 255	Feb., 1878	
	...do ..	50	B. I. Co	1, 320	Apr., 1878.....	
21-30.....	...do ..	60	Troy.....	60	June, 1880.....	
	...do ..	50	Scranton.....	2, 145	Sept., 1881	
	...do ..	50	....do	2, 685	Oct., 1881	
	...do ..	50	Sheffield	7, 930	Jan., 1882	
	...do ..	50	Dronfield	6, 726	May and June, 1882...	
	...do ..	50	Cambria and P. S. Co.	4, 297	June, 1882	
	...do ..	50	Dronfield	10, 975	Jan., 1883.....	
	...do ..	50	....do	21, 010	.... do	
	...do ..	50	Moss Bay.....	1, 940	Aug., 1884.....	
	...do ..	50	W. and C.....	718	Dec., 1884.....	Turlock, section 33.
	...do ..	60	Troy.....	750	Jan., 1886.....	
	...do ..	50	Dronfield.....	900	Mar., 1886.....	Delhi, in section 39.
31-40.....	...do ..	60	Scranton.....	437	Mar., 1887.....	
	...do ..	50	Dronfield.....	8, 200	Aug. and Sept., 1886..	
	...do ..	50	Sheffield	10, 558	Jan., 1882.....	
	...do ..	50	Troy.....	630	Nov., 1878.....	Livingston, sec. 43.
	...do ..	50	Scranton.....	1, 258	Feb., 1878.....	
	...do ..	50	B. I. Co.....	1, 319	Apr., 1877.....	
	...do ..	50	Sheffield	2, 891	Sept., 1881.....	
	...do ..	50	Dronfield.....	2, 160	May, 1886	
	...do ..	50	Sheffield	7, 615	Sept., 1881.....	
	...do ..	50	Moss Bay.....	465. 5	Feb., 1883.....	
	...do ..	50	Troy.....	1, 375	Sept., 1878.....	
	...do ..	50	Dronfield.....	13, 043. 5	Feb., 1883	
	...do ..	50	....do.....	1, 800	Aug., 1886.....	
	...do ..	60	Scranton.....	1, 710	Mar., 1887.....	Arena, in section 46.
41-50.....	...do ..	56	Dronfield.....	871	Feb., 1887.....	
	...do ..	50	Moss Bay.....	896	July, 1886.....	
	...do ..	50	Dronfield.....	588	.....do	
	...do ..	50	....do	2, 577	May, 1886	Atwater, section 50.
	...do ..	50	Moss Bay.....	747	Aug., 1884.....	
	...do ..	50	Sheffield	7, 251	Jan., 1882.....	
	...do ..	50	....do	13, 209	Dec., 188-	
	...do ..	50	Troy.....	661	Nov., 1878.....	

* Supposed or estimated weight.
† Brand not recorded, unknown.
‡ Supposed date of laying, actual date not known.

Visalia Branch, July 1, 1887—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
	Steel	50	Sheffield	3,056	Dec., 1881	
	do	50	do	2,127	Sept., 1881	
	do	50	(†)	14,129	Aug., Sept., and Oct., 1880	
	do	50	Troy	1,080	Oct., 1878	
	do	50	Scranton	1,233	Feb., 1878	
51–60	do	50	(†)	11,967	Aug. and Sept., 1880	
	do	50	(†)	3,744	July, 1880	
	do	50	Cambria	1,278	Feb., 1878	
	do	50	(†)	407	Sept., 1880	
	do	50	Scranton	11,679	Aug. and Sept., 1881	
	do	50	do	300	Oct., 1881	
	do	50	do	29,734	Oct. and Nov., 1881	
61	do	50	do	1,056	Apr., 1884	
70	do	50	Dronfield	2,000	Feb., 1883	Athlone, in section 80.
	do	50	Moss Bay	20,000	do	
	do	50	do	1,250	do	
	do	50	Dronfield	7,137	do	
71–80	do	50	Troy	3,290	Sept., 1878	
	do	50	Scranton	1,242	Feb., 1878	Minturn, section 74.
	do	50	Dronfield	10,893	June, 1882	
	do	50	Scranton	15,788	Nov., 1881	
	do	50	do	13,200	Aug., 1881	

Visalia Division, San José, Oakland and Alameda Branches.

	Steel	50	Scranton	2,640	Aug., 1881	
	do	50	(†)	4,760	June, 1881	
81–90	do	50	Scranton	8,900	May, 1881	Berenda, section 84.
	do	50	(†)	2,472	June, 1881	
	do	50	Scranton	26,043	Nov., 1881	
	do	50	Dronfield	7,985	Feb., 1883	
	do	50	do	7,900	do	
	Iron	*56	(†)	998	Feb., 1872	
	Steel	50	B. I. Co	1,284	Apr., 1877	
91–100	do	50	Scranton	1,250	Feb., 1878	Madera, section 91.
	do	50	Troy	2,630	Sept., 1878	Borden, section 94.
	do	50	Scranton	8,950	June, 1880	
	do	50	(†)	29,500	July, 1880	
	do	50	(†)	4,210	July and Aug., 1880	
	do	50	Dronfield	3,004	May, 1882	
	do	50	Troy	1,813	Sept., 1878	Sycamore, sec. 103.
	do	50	Dronfield	3,681	July, 1882	
101–110	do	50	Scranton	17,447	Oct., 1881	
	do	50	Sheffield	2,540	do	
	do	50	do	2,760	Sept., 1881	
	do	50	Scranton	5,240	Oct., 1881	
	do	50	Dronfield	10,000	May, 1882	
	do	50	do	4,428	do	
	do	50	do	18,470	Mar., 1883	Fresno, section 112.
	do	50	Scranton	1,215	Feb., 1878	Malaga, section 117.
111–120	do	50	do	4,993	Jan., 1882	
	do	50	Sheffield	7,493	do	
	do	50	Scranton	13,515	Apr., 1884	
	do	50	do	2,786	May, 1884	
	Steel	*50	Dronfield	2,736	Mar., 1883	
	do	50	do	15,658	do	
	do	50	Scranton	1,457.5	Apr., 1884	
	do	50	Mixed*	575.5	Feb., 1886	
	do	50	Dronfield	1,050	Apr., 1886	
	do	60	Scranton	1,667	Mar., 1887	Fowler, section 122.
121–130	do	60	do	738	June, 1887	
	Iron	*56	(†)	7,696	1882	
	Steel	50	Dronfield	210	Nov., 1886	
	do	50	do	1,500	Sept., 1886	Selma, in section 128.
	do	50	Scranton	2,091	Aug., 1886	
	do	50	Dronfield	1,800	June, 1886	
	do	50	Sheffield	15,619	Jan. and Feb., 1882	

* Supposed or estimated weight.
† Brand not recorded, unknown.

Visalia Division, San José, Oakland and Alameda Branches—Continued.

Number of section.	Material (iron or steel).	Weight per yard.	Maker's brand.	Length of track.	Date of laying.	Remarks, names of stations, etc.
		Lbs.		*Feet.*		
	Iron ..	*56	(†)	1,342	1872	
	Steel..	50	Moss Bay	4,024	Apr., 1884	
	..do ..	50	Dronfield	8,058	Sept., 1882	Kingsburg, section 133.
	...do ..	56	Scranton	2,720	Dec., 1881	
	...do ..	50	Sheffield	4,587	....do	Traver, in section 138.
131-141	...do ..	50	Troy	1,339	Feb., 1879	
	...do ..	50	Scranton	4,297	Apr., 1880	
	...do ..	56	Sheffield	3,233	Dec., 1881	Cross Creek, section 141.
	...do ..	50		22,837	Jan., 1882	
	...do ..	50	Dronfield	363	Aug. 1882	
	...do ..	50	do	4,714	....do	
	...do ..	50	Scranton	4,299	Mar., 1885	
	...do ..	50	Moss Bay	564	1883	
	...do ..	80	Dronfield	1,720	Mar., 1883	
	...do ..	56	Scranton	509.5	May, 1884	
	...do ..	50	....do	1,932	Feb., 1885	
141-146.06	...do ..	50	....do	1,393	Apr., 1885	
	Iron ..	*56	(†)	2,242	1872	
	Steel..	50	Mixed†	320	Feb., 1887	
	...do ..	60	Scranton	809	Mar., 1887	
	...do ..	50	....do	290	Mar., 1885	Goshen.
	...do ..	50	Sheffield	13,246	Oct. and Nov., 1881	

*Supposed or estimated weight.
†Brand not recorded—unknown.

San José Branch.

	Iron ..	*56	(†)	26,980.8	1866	
	Steel..	50	B. I. Co.	1,980	Apr., 1877	Niles, in section 1.
	...do ..	50	Scranton	577.9	June, 1877	
	...do ..	50	....do	800	Aug., 1877	Irvington, section 4
	...do ..	56	B. I. Co	3,802	....do	
	...do ..	50	Troy	4,221	Oct., 1878	
	.. do ..	50	....do	1,919	Dec., 1878	Warm Springs, section 8.
117.54	...do ..	50	....do	946	May, 1879	
	.. do ..	50	Scranton	8,259.5	May, June, July, 1879.	
	...do ..	50	....do	7,129	Dec., 1879	
	.....	50	....do	3,472	Sept., 1881	
	...do ..	50	Dronfield	2,254	May, 1882	Milpitas, section 12.
	...do ..	50	....do	10,008	July, Aug., Sept., 1883.	
	...do ..	50	....do	10,541	Apr. and May, 1883	
	...do ..	50	Moss Bay	1,227	July, 1885	San José, section 18.

Oakland and Alameda Branches.

Iron ..	*56	(†)	14,030	(‡)	From Oakland Pier, Alice street drawbridge, Masticks, Fernside, to Brooklyn, Melrose, Seventh and Harrison streets, Alameda wharf, Brooklyn; total, 25.03 miles; single and double track reduced to single track.
Steel..	*60	(†)	118,128.4	(‡)	

*Supposed or estimated weight.
†Brand not recorded—unknown.
‡Supposed date of laying; actual date not known.

G.—Central Pacific Railroad Locomotives.

No.	Size of cylinder.		Drivers.		Date put in service.	Date rebuilt.	Present condition.
	Diameter.	Stroke.	No.	Diameter.			
	Inches.	*Inches.*		*Feet. Ins.*			
1	16	22	4	4 6	Mar. 19, 1863		Good.
2	16	24	4	5 0	Sept. 26, 1863		Do.
3	17	24	4	4 8	Oct. 29, 1863	Oct. 30, 1872	Do.
4	11	15	2	4 6	Nov. 6, 1863		Fair.
5	15	22	4	4 0	Nov. 27, 1863	July 29, 1881	Do.
6	17	24	6	4 0	Feb. 20, 1864		Poor.
7	16	24	4	5 0	....do		Fair.
8	18	22	6	4 0	July 1, 1865		Good.
9	17	24	4	4 8	....do	Dec. 9, 1871	Do.
10	18	22	4	4 6	Sept. 27, 1865		Poor.
11	15	22	4	5 0	Feb. 20, 1864		Do.
12	17	24	6	4 0	Nov. 27, 1865		Fair.
13	17	24	4	4 8	Dec. 20, 1865	Nov. 30, 1871	Good.
14*	17	24	4	4 6	Mar. 16, 1866	June 24, 1871	Poor.
15†	18	22	4	4 6	Mar. 22, 1866	Aug. 15, 1871	No. vac.
16	17	24	6	4 0	Feb. 15, 1866		Good.
17‡	17	24	6	4 0	Feb. 6, 1866		No. vac.
18	17	30	6	4 8	Apr. 6, 1866	Aug. 27, 1884	Good.
19§	18	30	6	4 8	Mar. 29, 1866	Dec. 26, 1873	Do.
20	18	24	6	4 6	July 20, 1866		Poor.
21	18	24	6	4 6	Aug. 9, 1866		Do.
22	18	24	6	4 6	Aug. 18, 1866		Good.
23*	18	24	6	4 6	Aug. 31, 1866	June 23, 1871	Do.
24	18	24	6	4 8	Dec. 15, 1866		Do.
25	16	22	4	5 0	....do		Do.
26	17	22	6	4 0	Jan. 28, 1867		Do.
27	17	22	6	4 0	Feb. 6, 1867		Do.
28	16	24	4	5 0	....do		Do.
29	16	24	4	5 0	Apr. 11, 1867		Poor.
30	16	22	4	5 0	May 22, 1867		Good.
31	16	24	4	5 6	....do		Do.
32	17	22	4	4 6	May 29, 1867		Poor.
33	17	22	4	4 6	....do	Dec. 11, 1872	Good.
34	17	24	4	4 6	June 13, 1867		Do.
35	17	24	4	4 6	....do	Mar. 15, 1872	Poor.
36	17	24	4	4 8	June 1, 1867	Oct. 31, 1873	Good.
37	16	22	4	5 0	June 6, 1867		Do.
38	18	24	6	4 6	July 1, 1867		Do.
39	18	24	6	4 6			Fair.
40§	15	22	4	4 6	Sept., 1868	July 20, 1872	Do.
41	14	24	4	4 6	....do		Do.
42	14	24	4	4 6	....do	May 9, 1871	Good.
43	14	24	4	5 0	....do	Nov. 13, 1886	Do.
44	18	24	6	4 6	Aug. 2, 1867	Dec. 3, 1874	Do.
45	18	24	6	4 6	Aug. 23, 1867	Dec. 16, 1873	Do.
46	17	22	4	4 6	Sept. 16, 1867	May 5, 1872	Do.
47	17	22	4	4 6	Oct. 8, 1867		Do.
48	17	30	4	4 6	Oct. 30, 1867	Apr. 25, 1883	Do.
49	17	22	4	4 8	....do	Sept. 18, 1871	Do.
50	16	22	4	5 0	Oct. 18, 1867		Poor.
51	16	22	4	5 0	Oct. 25, 1867		Good.
52	17	22	4	5 0	Oct. 31, 1867	Nov. 16, 1875	Do.
53	16	24	4	5 0	Nov. 7, 1867		Fair.
54	16	22	4	5 0	Nov. 4, 1868		Do.
55	17	24	4	4 8	Nov. 18, 1868	June 30, 1873	Poor.
56	18	24	6	4 0	Apr. 16, 1868		Do.
57	18	24	6	4 0	Mar. 1, 1868		Fair.
58	18	24	6	4 0	July 8, 1868	Dec. 24, 1873	Good.
59	18	24	6	4 0	....do		Do.
60	16	24	4	5 0	Aug. 24, 1868		Poor.
61	17	24	4	5 0	Sept. 19, 1868	June 29, 1875	Do.
62	16	24	4	5 0	....do	Apr. 7, 1873	Do.
63	16	24	4	5 0	Sept. 24, 1868		Good.
64	16	24	4	5 0	Feb. 20, 1868		Do.
65	16	24	4	5 0	Feb. 29, 1868		Do.
66	16	24	4	5 0	Mar. 14, 1868		Do.
67	16	24	4	5 0	Apr. 1, 1868		Do.
68	18	24	6	4 6	Apr. 18, 1868		Do.
69	18	24	6	4 6	May 1, 1868	July 11, 1878	Do.
70	18	24	6	4 6	May 16, 1868		Do.

* Rebuilt three times.
† Condemned February, 1887.
‡ Blown up, 1879.
§ Rebuilt twice.

G.—*Central Pacific Railroad locomotives*—Continued.

No.	Size of cylinder.		Drivers.		Date put in service.	Date rebuilt.	Present condition.
	Diameter.	Stroke.	No.	Diameter.			
	Inches.	*Inches.*		*Feet. Ins.*			
71	18	24	6	4 6	May 25, 1868		Good.
72	18	24	6	4 8	June 4, 1868		Fair.
73	18	24	6	4 8	Apr. 1, 1868		Do.
74	18	24	6	4 8	Apr. 13, 1868		Good.
75	18	24	6	4 8	Apr. 28, 1868	Aug. 18, 1871	Do.
76	17	24	4	5 0	Apr. 10, 1868	July 2, 1873	Do.
77	16	24	4	5 0	Apr. 15, 1868		Do.
78	16	24	4	5 0	Apr. 22, 1868		Do.
79	16	24	4	5 0	Apr. 29, 1868		Poor.
80	16	24	4	5 0	Feb. 13, 1868		Do.
81	16	24	4	5 0	Mar. 5, 1868	Apr. 23, 1874	Good.
82	18	24	6	4 8	May 12, 1868	Sept. 2, 1871	Do.
83	18	24	6	4 8	....do		Poor.
84	16	24	4	5 0	Feb. 29, 1868		Good.
85	18	24	6	4 8	May 15, 1868	Jan. 31, 1874	Do.
86	18	24	6	4 8	May 21, 1868		Do.
87	18	24	6	4 8	May 28, 1868		Do.
88	18	24	6	4 8	June 10, 1868		Do.
89	18	24	6	4 6	June 19, 1868	Sept. 25, 1875	Good.
90	18	24	6	4 6	June 13, 1868		Do.
91	18	24	6	4 6	do		Do.
92	18	24	6	4 6	July 11, 1868	Apl. 11 1876	Do.
93	11	15	2	4 6	do		Do.
94	16	24	4	5 0	June 16, 1868		Fair.
95	15	24	4	5 0	June 22, 1868		Good.
96	15	24	4	5 8	July 2, 1868	Feb. 28, 1874	Do.
97	17	24	4	4 8	July 8, 1868	Oct. 13, 1873.	Do.
98	16	24	4	5 0	....do		Do.
99	17	24	4	4 8	July 25, 1868	July 15, 1873	Fair.
100	15	22	4	5 6	July 7, 1868		Do.
101	15	24	4	5 0	July 21, 1868		Do.
102	15	22	4	4 8	Aug. 19, 1868		Do.
103	15	22	4	4 8	Aug. 22, 1868		Good.
104	17	24	4	5 0	Aug. 27, 1868		Do.
105	15	22	4	4 8	Sept. 10, 1868		Do.
106	15	22	4	4 8	Sept. 14, 1868		Do.
107	15	22	4	4 8	....do		Do.
108	15	22	4	4 8	Sept. 28, 1868		Do.
109	15	22	4	4 8	Oct. 5, 1868		Do.
110	17	24	4	5 0	Oct. 1, 1868		Do.
111	15	22	4	4 8	Oct. 10, 1868		Do.
112	15	22	4	4 8	Aug. 10, 1868		Do.
113	15	22	4	4 8	do		Do.
114	15	22	4	4 8	Aug. 24, 1868		Do.
115	16	24	4	5 0	Aug. 28, 1868		Fair.
116	15	22	4	4 8	....do		Do.
117	15	22	4	4 8	Sept. 10, 1868		Do.
118	15	22	4	4 8	Oct. 9, 1868		Good.
119	15	22	4	4 8	Oct. 20, 1868		Fair.
120	15	22	4	4 8	Nov. 9, 1868		Good.
121	16	24	4	5 0	Nov. 20, 1868		Do.
122	17	26	4	5 8		Mar. 12, 1886	Do.
123	17	26	4	5 8		Mar. 8, 1886	Do.
124	16	24	4	5 0			Fair.
125	17	26	4	5 8		Nov. 15, 1886	Good.
126	15	22	4	4 8	Aug. 27, 1868		Do.
127	15	22	4	4 8	do		Do
128	15	22	4	4 8	Sept. 16, 1868		Do.
129	15	22	4	4 8	Sept. 30, 1868		Fair.
130	15	22	4	4 8	Sept. 23, 1868		Do.
131	17	24	4	4 8	Nov. 4, 1868	Oct. 16, 1872	Do.
132	17	24	4	4 8	Nov. 7, 1868	Nov. 3, 1872	Good.
133	15	22	4	4 8	Nov. 12, 1868		Fair.
134	15	22	4	4 8	Nov. 17, 1868		Good.
135	17	24	4	4 8	....do	Aug. 15, 1873	Do.
136	16	24	4	5 0	....do		Do.
137	16	24	4	5 0	....do		Do.
138	15	22	4	4 8	Oct. 7, 1868		Do.
139	15	22	4	4 8	....do		Do.
140	15	22	4	4 8	Oct. 13, 1868		Do.
141	15	22	4	4 8	Oct. 16, 1868		Do.
142	17	24	4	4 8	Oct. 21, 1868	Aug. 30, 1872	Do.
143	15	22	4	4 8	Oct. 23, 1868		Do.
144	15	22	4	4 8	Oct. 31, 1868		Do.
145	15	22	4	4 8	Nov. 6, 1868		Do.
146	15	22	4	4 8	Nov. 21, 1868		Do.

Central Pacific Railroad locomotives, etc.—Continued.

No.	Size of cylinder.		Drivers.		Date put in service.	Date rebuilt.	Present condition.
	Diameter.	Stroke.	No.	Diameter.			
	Feet.	*Feet.*		*Feet. Ins.*			
147	15	22	4	4 8	Nov. 1, 1868		Good.
148	16	24	4	5 0	Dec. 31, 1868		Do.
149	16	24	4	5 0	Jan. 5, 1869		Do.
150	16	24	4	5 0	....do		Do.
151	16	24	4	5 0	Jan. 15, 1869		Do.
152	16	24	4	5 0	Jan. 19, 1869		Do.
153	16	24	4	5 0	Dec. 5, 1868		Do.
154	16	24	4	5 0	Dec. 12, 1868		Do.
155	16	24	4	5 0	Dec. 29, 1868		Do.
156	16	24	4	5 0	Apr. 30, 1869		Do.
157	16	24	4	5 0	....do		Do.
158	16	24	4	5 0	May 13, 1869		Do.
159	16	24	4	5 0	....do		Do.
160	16	24	4	5 0	June 19, 1869		Do.
161	16	24	4	5 0	....do		Do.
162	16	24	4	5 0	July 16, 1869	April 8, 1874	Do.
163	16	24	4	5 0	....do		Do.
164	16	24	4	5 0	Nov. 9, 1868		Do.
165	16	22	4	5 0	Nov. 13, 1868		Do.
166	17	26	4	5 8	July 28, 1869	Nov. 15, 1886	Do.
167	17	24	4	4 8	Mar., 1870	Oct., 1873	Do.
168	15	22	4	5 0	....do		Fair.
169	14	24	4	5 0	....do		Do.
170	14	24	4	5 0	....do		Do.
171	14	24	4	5 0	....do		Good.
172	17	24	4	5 6	....do		Do.
173	17	24	4	4 6	....do	Nov. 18, 1872	Do.
174	15	22	4	5 0	....do		Do.
175*	18	30	6	4 8	....do	July 27, 1886	Do.
176	15	22	4	4 6	Nov., 1868		Do.
177†	18	30	6	1 8	Mar., 1870	Aug. 7, 1873	Do.
178	15	22	4	4 0	....do		Do.
179	17	24	4	4 8	Oct., 1873	Oct. 9, 1873	Do.
180	17	24	4	4 8	Nov., 1872	Nov. 4, 1872	Do.
181	17	24	4	4 8	....do	....do	Do.
182	17	24	4	4 8	....do	....do	Do.
183	17	24	4	4 8	Dec., 1872	Dec. 4, 1872	Fair.
184	17	24	4	4 8	....do	Mar. 15, 1873	Good.
185	15	22	4	4 8	Nov., 1868		Do.
186	17	24	4	4 8	Oct., 1873	Oct. 20, 1873	Do.
187	18	24	4	5 0	....do	Oct. 15, 1873	Do.
188	18	24	4	5 0	....do	....do	Do.
189	18	24	6	4 6	May, 1875		Do.
190	18	24	6	4 6	....do		Do.
191	18	24	6	4 6	....do		Do.
192	18	24	6	4 6	June, 1875		Do.
193	18	24	6	4 6	....do		Do.
194	18	24	6	4 6	....do		Do.
195	18	24	6	4 6	July, 1875		Do.
196	18	24	6	5 0	....do		Do.
197	18	24	6	5 0	....do		Fair.
198	18	24	6	5 0	....do		Do.
199	18	24	6	5 0	Aug., 1875		Good.
200	18	24	6	5 0	....do		Fair.
201	18	24	6	5 0	....do		Do.
202	18	24	6	4 6	July, 1875		Do.
203	18	24	6	4 6	....do		Do.
204	18	24	6	4 6	June, 1885		Good.
205	18	24	6	4 6	Apr., 1876		Do.
206	18	24	6	4 6	....do		Do.
208	18	24	6	4 6	....do		Do.
207	18	24	6	4 6	....do		Do.
208	18	24	6	4 6	May, 1876		Do.
209	18	24	6	4 6	....do		Do.
210	18	24	6	4 6	July, 1876		Do.
211	18	24	6	4 8	....do		Do.
212	18	24	6	4 8	....do		Do.
213	18	24	6	4 8	Aug., 1876		Do.
214	18	24	6	4 8	....do		Do.
215	18	24	6	4 8	....do		Do.
216	18	24	6	4 6	....do		Do.
217	18	24	6	4 6	....do		Do.
218	18	24	6	4 6	Sept., 1876		Fair.
219	17	24	4	5 6	July, 1876		Do.
220	17	24	4	5 6	....do		Good.

*Old engine sold for $1,000. †Old engine sold for $3,500, 7-29-1886, and new engine constructed.

G.—*Central Pacific Railroad locomotives*—Continued.

No.	Size of cylinder.		Drivers.		Date put in service.	Date rebuilt.	Present condition.
	Diameter.	Stroke.	No.	Diameter.			
	Feet.	*Feet.*		*Feet, Ins.*			
221	17	24	4	5 6	July, 1876		Fair.
222	17	24	4	5 0	Aug., 1876		Good.
223	17	24	4	5 0	... do		Do.
224	17	24	4	5 0	....do		Do.
225	17	24	4	5 0	Sept., 1876		Do.
226	17	24	4	5 0	....do		Do.
227	17	24	4	5 0	Oct., 1876		Do.
228	17	24	4	5 0	....do		Do.
229	19	30	8	4 6	Apr., 1882		Do.
230	16	24	6	4 0	Dec., 1881		Do.
231	16	24	6	4 0	Jan., 1882		Do.
232	16	24	6	4 0	....do		Do.
233	16	24	6	4 0	....do		Do.
234	16	24	6	4 0	Feb., 1882		Do.
235	16	24	6	4 0	....do		Do.
236	16	24	6	4 0	....do		Do.
237	21	36	10	4 9	Mar., 1884		Do.
238	18	30	6	4 9	Feb., 1887		Do.
239	18	30	6	4 9	....do		Do.
240	18	30	6	4 9	Mar., 1887		Do.
241	18	30	6	4 9	....do		Do.
242	18	30	6	4 9	May, 1887		Do.
243	18	30	6	4 9	....do		Do.
244	18	30	6	4 9	....do		Do.
245	18	30	6	4 6	....do		Do.

Three vacant numbers; total, 242.

REPORT

OF

RICHARD F. STEVENS,

CHIEF ACCOUNTANT,

TO THE

UNITED STATES PACIFIC INVESTIGATION COMMISSION,

ON THE

ACCOUNTS OF THE CENTRAL PACIFIC AND WESTERN PACIFIC RAILROAD COMPANIES.

OCTOBER 8, 1887.

REPORT OF RICHARD F. STEVENS.

Statement No. 1.

Index to accountant's report and statements of the Central Pacific Railroad Company of California.

Statement No.	Title.
1	Index.
2	Report.
3	Balance-sheet, 1863.
4	Balance sheet, 1864.
5	Balance-sheet, 1865.
6	Balance-sheet, 1866.
7	Balance sheet, 1867.
8	Balance-sheet, 1868.
9	Balance-sheet, 1869.
10	Balance-sheet, 1870.
11	Balance-sheet of the Western Pacific Railroad Company of California.
12	Balance-sheet, 1871.
13	Balance-sheet, 1872.
14	Balance-sheet, 1873.
15	Balance-sheet, 1874.
16	Balance-sheet, 1875.
17	Balance-sheet, 1876.
18	Balance-sheet, 1877.
19	Balance-sheet, 1878.
20	Balance-sheet, 1879.
21	Balance-sheet, 1880.
22	Balance-sheet, 1881.
23	Balance-sheet, 1882.
24	Balance-sheet, 1883.
25	Balance-sheet, 1884.
26	Balance-sheet, 1885.
27	Balance-sheet, 1886.
28	Table of balance-sheets Central Pacific Railroad Company, from 1863 to 1886.
29	Table of gross earnings, operating expenses, and net earnings, from 1863 to 1886.
30	Additional notes, from 1865 to 1886.
31	Statement of cost of construction of additional roads.
32	Statement of account of Charles Crocker & Co.
33	Statement of amounts paid to leased lines.
34	Statement of United States 6 per cent. bonds issued to Central Pacific Railroad Company.
35	Amounts paid for legal expenses in detail.
36	Note on amount paid to Union Pacific Railroad Company for road east of Promontory Point.
37	Mileage and dates of opening of the various roads comprising the Southern Pacific system.
38	Forms showing method of division of earnings and expenses.
38½	Statement showing gross and net earnings of the aided portion of the Central Pacific Railroad for the month of June, 1886.
39	Constructive mileage statement.
40	Do.
41	Do.
42	Requirement of United States under act of Congress May 7, 1878, for 1884.
43	Statement of rebates and overcharges.
44	Statement of sinking funds.
45	List of directors of Central Pacific Railroad Company.
46	List of directors of Southern Pacific Railroad Company.
47	List of directors of Southern Pacific Railroad Company of New Mexico.
48	List of directors of Southern Pacific Railroad Company of Arizona.
49	List of directors of California Pacific Railroad.
50	List of directors of Berkeley Branch Railroad.
51	List of directors of Stockton and Copperopolis Railroad.
52	List of directors of San Pablo and Tulare Railroad.
53	List of directors of Amador Branch.
54	List of directors of Los Angeles and San Diego.
55	List of directors of the Los Angeles and Independence Railroad.
56	List of directors of the Western Development Company.
57	List of directors of the Pacific Improvement Company.
58	List of directors of the Northern Railway Company.
59	Articles of association, etc., between Central Pacific Railroad and California and Oregon Railway, etc.
60	Statement of salaries over $5,000 per annum.
61	List of extraordinary expenses.

Statement No. 2.

SAN FRANCISCO, CAL., *October* 8, 1887.

Hon. ROBERT E. PATTISON,

Chairman of the Commission to examine into and investigate the books, accounts, and methods of railroads which have received aid from the United States, and for other purposes.

SIR: In the accompanying statements of the affairs of the Central Pacific Railroad Company of California I have endeavored to present as clearly and briefly as possible the information required from the accounting department by the act of Congress approved March 3, 1887, authorizing an "investigation of the books and accounts and methods of railroads which have received aid from the United States, and for other purposes."

Of course this information is bounded by books and vouchers which have been exhibited and furnished me. I have avoided making any deductions or surmises from the facts disclosed by them, deeming the work of an accountant ended when he presents an exact and clear transcript or analysis of the books and vouchers.

An accountant deals only with facts and figures; deductions he has nothing to do with. I have tried to pursue this principle throughout my report. The whys and wherefores of the expenditures, the causes that led to extending the main roads by the various diverging branches, and the benefits accruing from such branches are hardly within the scope of the duty of an accountant. The benefits derived from such branches to the main lines incidentally, not only from the amount of business created, but from the opening up an entirely new and undeveloped country, can not be estimated or verified by figures. Results in such a case is the only criterion. The first clause in the act that comes under my consideration is—

> Whether the books and accounts are or have been so kept as to show the net earnings of the aided roads, and what said books and accounts actually show in regard thereto, and what have been in fact said net earnings.

From the commencement of the operations of the Central Pacific Railroad Company of California up to December 31, 1880, the amount of net earnings of the aided or subsidized portions of the roads by the United States were not kept separate on the books of the company, but were ascertained on the basis of mileage. This method of arriving at the results was accepted from time to time by the different United States auditors of railroad accounts, and careful examinations were made by them verifying, and in some instances changing, the amounts as apportioned. This method, while not as accurate as the one now pursued, gave no undue advantage to the non-aided roads. From January 1, 1880, a division of the receipts of every shipment of freight and the fare of every passenger is made pro rata between the roads performing the business. Each road receives its exact share. The freight and passenger receipts are taken directly from the way-bills and entered on monthly sheets, showing the exact amount of business between each station with every other station separately, and dividing that amount in exact proportions according to the distance carried on each road. These monthly sheets are condensed into annual sheets, and then again summarized into final sheets of each road for the total amount of its proportion of the passenger and freight business.

With regard to the current expenses, the charges for operating are located whenever and wherever it can possibly be done. Items of ad-

ministration, general superintendence, train expenses, office and general expenses are divided as to the percentage of earnings each line bears to the total of gross earnings. At the end of each year a summary is made of the whole earnings and expenses as compiled from the monthly sheets.

I deem this method of apportioning the receipts and expenses between the different divisions and subdivisions of the whole road as complete a system as can be devised, and it meets with the entire approval of the United States Commissioner of Railroads.

The only objection that can be advanced against it is the expense entailed upon the management of the road in computing the immense mass of details required by it. Exhibit A, Statement No. 38, appended, gives copies of the various blanks used in arriving at the final figures of the amounts of actual net earnings and receipts pertaining to the road subsidized by the United States.

I also append a statement (see Exhibit E, Statement No. 42) of the return of the Central Pacific Railroad Company to the United States Government for the fiscal year ending December 31, 1884, giving the requirement of the United States, under the act of Congress May 7, 1878, for that year.

By comparing that with the current statement appended to this report for the same year (see Exhibit No. 23, statement No. 25) it will be seen that the "Extraordinary Expenses" were not included in or deducted from the earnings, and the only expenses or deductions were those properly belonging to the operating department, a portion of the taxes, and the interest actually paid (not that which had accrued) on the first-mortgage bonds. The general expenses account in the operating department ($488,179.54) is what was expended in operating and maintaining the roads, and is not of an extraordinary or unusual character. The returns to the United States Government for the other years are of a similar character. I think it proper to give here, in justice to the Central Pacific Railroad Company, a statement, prepared by Mr. C. L. Lansing, assistant secretary, showing the method of ascertaining the earnings of the aided roads.

Central Pacific Railroad Company.

The method of ascertaining the earnings of the aided road.

The books and accounts of the Central Pacific Railroad Company have been kept so as to show the net earnings of all the roads operated by the company collectively. The net earnings of the aided road have been segregated from the earnings of all the lines operated since January 1, 1880.

Prior to that date the books and accounts were not kept so as to show the aided-line earnings separately; but such aided-line earnings were ascertained by the United States auditor of railroad accounts by the application of rules which he prescribed.

The mileage of those roads which were non-aided or leased increased from year to year by the construction of branches, extensions, and feeders. Up to the first part of 1885, when the leases of most of these roads were canceled, the lines operated amounted to 2,802 miles of road. The aided road included in this amount is 860 miles in length. These lines were all operated as one system; trains were run through over the different roads; freight was billed and passengers ticketed to destination. It was practically a general pooling arrangement, by which each road had the advantages of all, yet lost none of those natural to its own situation. It was understood that no line was to be benefited at the expense of another.

By this method of operation the expedition of business was greatly facilitated, the administration and general expenses were maintained at a minimum, and the service to the public was better, cheaper, and more satisfactory in every way than would have been possible had each road been separately operated.

From this manner of operation it followed that the most economical method of keeping the accounts of the company was that which showed the system as an aggregate, instead of each road by itself. On account of the much greater economy of this

method, the books and accounts have been kept showing the earnings of all lines together. Subsequently, however, the net earnings of the aided line have been segregated from the total for all lines.

To ascertain the net earnings of the aided line, the segregation has been made as follows:

FROM NOVEMBER 6, 1869, TO JUNE 30, 1878.

This covers the period from the final completion of the road as fixed by the Supreme Court to the commencement of operation of the "Thurman act."

For this period 5 per cent. of the net earnings was payable by the company to the Government as provided by the contract acts. The proper meaning of the term "net earnings" as used in the acts was not determined, however, till the decision of the Supreme Court rendered in its October term of 1878. Nor was the legal date of completion of the road from which the net earnings was payable to the United States determined till the decision of the Supreme Court rendered at the same time. Before this time, then, it was not possible for the company to currently state the net earnings of the aided line.

A statement was finally submitted by the company to the Government covering the period from the completion of the road to December 31, 1878. This statement is shown in detail in the report of the United States Auditor of Railroad Accounts for 1879, pp. 226, 227. To arrive at the aided line's proportion, the total for all lines was prorated on the basis of the miles of road operated. The aided line's percentage of the total ranged from 98.1828 per cent. in the first year given to 40.6213 in the last year; the percentage of aided road decreasing as the new branch lines were added to the system.

The company's statement was not accepted by the United States Auditor. This officer, who was appointed to carry into execution the laws affecting the Pacific railroads, made an extended examination of the books and accounts of the company in May, 1879. Every facility and assistance was afforded him and his accountants in examining the company's affairs, and especially to ascertain the net earnings of the aided road. (See Rep. U. S. Aud., 1879, pp. 34, 40.)

The statement showing the net earnings, made up by the United States Auditor, were believed by the company to favor throughout the interests of the Government. They were accepted by the company, however, rather than cause antagonism with the Government, which must always be to the company's injury. It was thought, too, that should such net earnings be greater than the correct amount, the excess would be but an additional payment on the company's debt to the Government, and though paid in that case before due, would be different from a direct loss. Five per cent. of the net earnings so ascertained by the Auditor was promptly paid into the United States Treasury by the company. (Rep. 1879, p. 38.)

Of the amount shown by his statements, the Auditor says:

"The total amount of the 5 per cent. of net earnings, as ascertained by this bureau, for the Government from November 6, 1869, to December 31, 1878, is $1,978,688.38, or $745,391.86 in *excess of the company's statement.* * * * The money is all in the Treasury of the United States." (Rep. 1879, p. 39.)

The "statement showing settlement with Central Pacific Railroad Company as to amount of 5 per cent. of net earnings due the United States from November 6, 1869, to December 31, 1878," appears in the report of the Auditor for 1879, pages 228, 229, 230, and 231. In this statement all the through business is prorated between San Francisco and Ogden, the aided proportion of which is over 95 per cent. The local business is then prorated to all lines operated on an equal mileage basis. This method favors unfairly the Government, for after deducting the through, the remaining local belonging to the roads within the State of California, where the non-aided and leased lines are located, is greater per mile of road than in Nevada and Utah, where the greater portion of the aided line is located. If it were possible at this late day to ascertain the earnings of the aided line by dividing each shipment and passenger charge for these years prior to 1879, it would thus doubtless appear that there were less than the amounts named in the statements on which the settlements were made.

FROM JULY 1, 1878, TO DECEMBER 31, 1879.

The Thurman act took effect July 1, 1878, but the Government officer appointed to apply its rules did not visit the company's offices to ascertain the net earnings thereunder till 1879. To the end of the last-named year, therefore, the earnings were ascertained by the United States Auditor of Railroad Accounts on the same basis as for the previous period, excepting that the definition of net earnings was changed as to some items by the Thurman act. The decision of the Supreme Court, above referred to, rendered in the "Five per cent. case" in 1878, did not allow as a deduction from the gross earnings the interest paid by the company on its first-mortgage bonds.

This item the Thurman act specifically names as a proper deduction in ascertaining the net earnings, and from July 1, 1878, it has been so deducted.

For this period the current settlements were made without deducting the expenses paid for new construction and new equipment on the aided road. Though these items were named as proper deductions from the gross earnings in ascertaining the net by the Supreme Court in the "Five per cent. case," the United States Auditor claimed that they should not be allowed under the Thurman act. To avoid any conflict with the Government the company temporarily acceded to the claim of the Auditor, and the payments for this period were promptly paid by the company into the United States Treasury without such deductions. The items were left, however, to the decision of the courts. This was finally had in February, 1885, when, in the case of the Union Pacific Railroad *vs.* The United States, it was decided that payments for new construction and new equipment were a proper deduction.

In accordance with this decision the accounts were restated in the report of the United States Commissioner of Railroads (1886, p. 35). This correction of the accounts shows that for the period during which these items were not currently allowed by the United States officers the net earnings were overstated $1,565,708.28, on which the company overpaid the Government the sum of $321,152.72. This sum has, since a decision of the court, been due the company in cash, but is still retained in the United States Treasury.

FROM JANUARY 1, 1880, TO FEBRUARY 28, 1883.

From January 1, 1880, to the present time the net earnings of the aided roads have been kept by the company by actually locating the route over which each shipment moved and each passenger traveled, and dividing the charges in each case to the several roads. This method of division necessitates a great deal of labor in distributing the immense number of items each month to the several lines, and causes a considerable item of expense to the company. The United States Auditor of Railroad Accounts, on his examination of the company's affairs in 1879, however, urged its adoption as being the most satisfactory method of ascertaining the net earnings of the aided line; and in response to his wishes, and the constant desire on the part of the company of avoiding any conflict with the Government or any public criticism on the part of its officers which could be avoided, the system suggested was at once put into effect, and a force of accountants and clerks have since been employed in continuing its operation.

In making the division of earnings by this method for each item of traffic, the proportion distributed to the several roads have been slightly altered for two different periods. From January, 1880, to February, 1883, inclusive, the business interchanged between the main line and branch roads has been divided by giving the branch roads constructive mileage on such traffic. It was intended by this means to give to the branch lines on which there was a shorter haul and less volume of traffic a rate per mile on the through shipments approximating its local rates, which would be demanded by the branch lines had they been operated independently. The constructive mileage thus allowed did not, however, give the branches their proper proportion of such through earnings, and the aided line has always received a larger percentage of the interchanged traffic than it was fairly entitled to or would have received had the different roads been operated by different companies.

FROM MARCH 1, 1883, AND FOR ALL SUBSEQUENT YEARS.

From March 1, 1883, to the present time the method of ascertaining the net earnings of the aided line by actual location of traffic has been continued, and the business interchanged between the main line and branches has been distributed on the basis of actual miles of traffic hauled in each case. That is to say, there has been no constructive or average mileage allowed.

In fairness to the branch lines on which there was a short haul and usually terminal expenses to pay, and to extensions into new territory where the traffic was small and higher rates of necessity prevailed, constructive mileage should have been allowed for this time, and at a higher rate than made for the prior periods when allowance was made. Such allowance would have been in accordance with the usual custom throughout the United States under similar circumstances and conditions. Its continuance, however, was a frequent source of criticism by those not familiar with the details of railway operation and the surrounding necessities controlling rates, and experience proved that the amounts involved were not large. To promote complete harmony, therefore, with the Government and the officers appointed to enforce the acts affecting the Pacific railroads, constructive mileage allowances were discontinued in 1883, and have not since been used. During this time the aided road, being the main line, has unquestionably received as net earnings more than its proper proportion of the traffic interchanged with the branches, and the Government has thus received

from the company, as 25 per cent. of net earnings, more than was really due under the law.

To carry into effect the provisions of the Thurman act a law was enacted by Congress in 1878 (20 Stat., 169), providing for the establishment of a railroad bureau in the Interior Department and the appointment of an officer in charge to make annual examinations of the financial affairs, operation, and management of the Pacific Railroads. During the past nine years this office has been held by four different persons. For each year during this time the books and accounts of this company have been submitted to the examination of the officer in charge of the Bureau and a corps of experienced railroad accountants acting under his direction. These officers have annually visited the offices of the company, examined the books and accounts, ascertained the net earnings of the aided line, and stated the amounts payable by the company to the Government. These amounts, as soon as ascertained, have been promptly paid by the company into the United States Treasury.

By reference to President Stanford's reply to the Commissioners' interrogatories Nos. 3, 4, and 5, it will be seen that the method of ascertaining the net earnings of the aided line which has been employed by the company has resulted in giving to the aided line, and so paying to the United States, larger amounts than would have been the case had the branch lines been operated by independent companies.

G. L. LANSING,
Assistant Secretary Central Pacific Railroad Company.

From the exhaustive reports heretofore made by the United States Commissioner of Railroads and from the examination made by me I am satisfied that the amount of the net earnings of the aided roads as returned to the Government is substantially correct.

The next requirement of the act is as to

CONSTRUCTIVE MILEAGE.

"Whether there has been a diversion of earnings of aided roads to less productive branches, through constructive mileage allowances or average mileage allowances, between aided and non-aided roads or parts of roads or otherwise, and also whether such system of constructive mileage allowances is fair and usual, and in practical operation has resulted adversely or otherwise to the aided roads and the interest of the United States."

Constructive mileage was allowed in the division of earnings to the several roads to certain less productive branches between January 1, 1880, and February 28, 1883, to the following-named roads:

	Per cent.
Amador Branch Railroad, from January, 1880, to February, 1883, inclusive	100
Los Angeles and Independence Railroad, from January, 1880, to February, 1883, inclusive	100
Los Angeles and San Diego Railroad, from January, 1880, to February, 1883, inclusive	100
San Pablo and Tulare Railroad, from January, 1880, to December, 1880, inclusive	50
Southern Pacific Railroad, from January 1, 1880, to February, 1883, inclusive	50
Stockton and Copperopolis Railroad, from January 1, 1880, to December 31, 1880, inclusive	50
From January 1, 1881 to February, 1883, inclusive	100
Northern Railway, from January 1, 1880, to December 31, 1880, inclusive (afterwards disallowed)	50
California Pacific Railroad, from January 1, 1880, to December 31, 1880, inclusive (afterwards disallowed)	50
Visalia Division Central Pacific Railroad and Oregon Division Central Pacific Railroad had during year	50

In order to ascertain as nearly as might be possible by the test of averages what amount of earnings may have been diverted from main lines to less productive branches, I caused to be prepared from the detail sheets statements showing the amount and the percentage of increase of straight mileage over constructive mileage for one month in each of the years 1880, 1881, and 1882. These statements involved much time and labor. The limited period at my command did not per-

mit me to make a fuller examination. The results show that during the month selected there was diverted from the main lines earnings as follows:

In 1880, $442,291, or $6\frac{94}{100}$ per cent. upon the year's business. (See Exhibit B, Statement No. 39.)

In 1881, $34,533.97, or $45\frac{6}{1000}$ per cent. upon the year's business. (See Exhibit C, Statement No. 40.)

In 1882, $43,938, or $59\frac{6}{1000}$ per cent. upon the year's business. (See Exhibit D, Statement No. 41.)

I insert here as part of my report the following *ex parte* and explanatory statement with regard to the constructive mileage for the year 1880 to the amount of $442,291, as stated above, given to me by the assistant secretary, Mr. G. L. Lansing:

SECRETARY'S OFFICE,
CENTRAL PACIFIC RAILROAD COMPANY,
San Francisco, September 21, 1887.

RICHARD F. STEVENS, Esq.,
Chief Accountant United States Pacific Railway Commission,
San Francisco, Cal.:

DEAR SIR: I beg to call your attention to the statement as to constructive mileage on the Central Pacific aided line, which was made up by accountants under your direction for the year 1880.

The results reached by the accountants show that had the plain mileage basis over the lines on which the service was performed been employed, the gross earnings for the year would have been $442,291 more than they were on the constructive mileage rule which was employed during this year.

This statement is true so far as it goes. Constructive mileage was allowed during this year, in originally making up the accounts, to the Northern Railway and the California Pacific. But at the close of the year, and before the settlement was made by the United States Commissioner, these allowances were canceled by the special entry covering them, amounting to $315,641.92; the result being to place these roads named upon an equal mileage basis for the year.

In the report of the United States Commissioner of Railroads for 1881, page 19, the earnings are shown upon which the settlement for the year 1880 was made.

The gross earnings from operation, as therein stated, is after the deduction of $315,641.92 above mentioned from the California Pacific and Northern Railway, and the addition of the same amount to the earnings of the aided line. There was a further addition to the earnings of the aided line also made at the same time, amounting to $435,625.77, for through business done on non-aided line, which might have been done on aided line. This was a gratuitous addition made by the Commissioner, Mr. French, on account of traffic which passed over the short route between Sacramento and San Francisco, which might have been carried over the long route; and in the latter case would have been over a greater distance of aided line. The sum of these two amounts increases the earnings as first made out by the amount of $751,267.69. Deduct from this sum the amount of increase stated by your accountants, as above stated, of $442,291, shows a balance of $308,976.69.

Should, then, the earnings for this year be restated, prorating the same over the lines upon which the service was done upon an equal mileage basis, the result would show $308,976.69 less for the aided-line earnings than was allowed in the settlement made by the United States Commissioner.

Very truly, yours,

E. H. MILLER, Jr., *Secretary,*
Per G. L. LANSING, *Assistant.*

In reply to that part of the question as to whether such system of constructive mileage allowances is fair and usual, I would state that it is a very common practice throughout the United States for the main trunk lines, in order to foster the building of feeders and branches, to give or allow such feeders bonuses, either in the shape of constructive mileage or allowances for terminal facilities, etc., a greater proportion of the receipts from the business furnished by such branches than the proportion of the mileage would admit of an equal division. Such allowances seem to me fair and usual.

The question as to whether there has been a diversion of earnings of aided roads to unlawful or improper purposes I do not think comes within the province of the accountant to decide upon. I can simply say that my examination disclosed no such diversion. The discrimination in rates query—in favor of aided and against non-aided roads—is answered in my report already given above upon constructive mileage; and by that upon rebates which will appear below.

CONCERNING REBATES.

To the questions as to what amounts have been deducted from the gross earnings of any of the aided railroad companies, by their general freight and passenger agents, or auditors, by way of rebate, etc., I would refer to Exhibit F, Statement No. 43.

In this exhibit is included, amongst the overcharges, a large number of claims for shipments in error—freight being billed through error in excess of the tariff rates, and afterwards adjusted through the different companies. Also, in the passenger rebates are charges for fares refunded for overcharges made by station agents. The exhibit gives rebates and overcharges, as shown by the books, without regard to their precise character; to separate the different items composing them would require a large number of clerks and months of work, which is now impracticable in the limited time allowed.

AS TO ASSETS.

In order to fully comply with the next requirement of the law, relating to the assets of the company, I have taken from the books a general balance-sheet, a current statement, showing profit and loss, and copious notes for each year from the organization of the company in 1863 to December 31, 1886. These are contained in Exhibits Nos. 1 to 25, Statements Nos. 3 to 27. They embody exhaustive information relating to the construction and equipment of the road, the sources from which the moneys were derived for such expenditures, the discounts and premiums on the sale of the securities of the company, the discount paid in exchanging currency into gold, and, in fine, involving all the financial and property transactions of the officers and agents of the company. Inasmuch as each separate document, so numbered, contains in precise and comprehensible form the reply to any query that may be made concerning the operations of the road, its financial and property dealings, its assets, and its obligations, I refrain from presenting here either an analysis or a summary of them, except to say that at the close of 1886 the capital stock of the company issued was—

(Capital stock).....	$70,608,800.00
(Of which there was in the hands of Leland Stanford, trustee, unsold, $3,333,300.)	
The bonded debt of the company was.....	89,552,680.00
The floating debt of the company was.....	3,015,136.09
The amount in the hands of the trustees of the land grant was.....	1,413,361.18
There was due to the operating department.....	21,529.82
And the profit and loss account to that date showed a credit to the income account of.....	27,220,802.50
Making the total liabilities of the company.....	191,832,309.59
The assets were the cost of the road and its equipment and its real estate and other acquired property, as they appear on the general ledgers of the company.....	165,495,373.71

The materials on hand, as per stock taken	$1,164,471.08
The money due from the United States Government, as per details given in Exhibit No. 25, Statement No. 27	10,009,086.59
The bills and accounts receivable	2,287,055.38
The capital stock of the company in the hands of Leland Stanford, trustee, for sale	3,333,300.00
And sinking funds Nos. 2 to 9	9,543,022.83
Making a total of assets equal to the liabilities of	191,832,309.59

The printed annual report of the Central Pacific Railroad Company for the year 1886 gives the amount of capital stock outstanding as $68,000,000, but the books of the company, as closed December 31, 1886, show an amount of $70,608,800, of which $3,333,300 belonged to the railroad and was in the hands of Leland Stanford, trustee. In 1887 $2,608,800 of this trust stock was canceled and the amount of outstanding stock reduced to $68,000,000. The company now holds in trust $724,500 of its own stock.

The apparent discrepancies between the above balance-sheet and the printed report of the Central Pacific Railroad Company for the year 1886 arises from the fact that that company, in preparing their report, mingled the accounts of 1886 with those of 1887, placing in it items that, while appearing among their entries for 1887, they judged belonged properly to the preceding year. The balance-sheet, as given above, is an exact transcript of the ledger, December 31, 1886. Among the items thus transferred from 1887 to 1886 was the rental for 1886, which was not due till May 1, 1887. While the entries in the annual published report of the company are most probably correct, I thought it best to confine myself strictly to the transcript of the books as they actually appeared December 31, 1886.

Among the liabilities above noted appears the amount of profit and loss of $27,220,802.50. This sum is not represented by cash or cash items, but has been invested mostly in the construction of the works. WERE IT DIVIDED UP AMONG THE STOCKHOLDERS IN THE SHAPE OF DIVIDENDS IT WOULD HAVE TO BE REPLACED BY AN ISSUE OF STOCK OR INTEREST-BEARING BONDS. Had the original grant of the United States Government provided that the company should pay its interest as it accrued, instead of at the date when the bonds matured (viz, from 1895 to 1898), this account would have been completely wiped out.

As to whether it is possible at this late day by examination of vouchers, bills, and pay-rolls to separate maintenance of way from original construction, I would reply in my opinion it is perfectly impracticable and impossible; and the same may be said of motive power. There are certain items, such as rails, bolts, fastenings, ties, switches, that can be positively determined, but the point where grading, ballasting of track, rounding off, and laying and relaying superstructure ends and where maintenance of way begins no one can determine. Years after a road is presumed to be finished it is deemed advisable to decrease the slopes of rock or earth cuttings, to increase those of embankments, to build additional side walls, to enlarge culverts, to strengthen and improve bridges, to lengthen and construct new sidings—in fine, to expend large sums of money, that had the work been done at the time of its original supposed completion would greatly have added to the cost of construction. The apportionment of the amount of such work is always left to the discretion of the civil engineer in charge, and the ordinary custom is for that official to indorse upon each roll or bill how the amount is to be divided. The same way is pursued with material and work furnished from the company's shops and the amount chargeable to construction for use of locomotives and cars,

how much of their wear and tear is owing to this and how much wear and tear on the tracks laid down is caused by their use for further construction work.

On this point I have consulted with several Eastern engineers who have had much experience in the building of railroads, and their opinion, taking into consideration, the length of time that has elapsed since the first completion, if such term may be used, of the road, and the peculiar circumstances attendant upon its construction, corroborate the views above stated. The amount involved, too, would be a very small one, viz, 5 per cent. upon such diversion, and would effect only the United States in the amount of money placed to the credit of the company as against the interest account due at maturity of the bonds.

Since the passage of the Thurman act there has been little if any charge to construction on the main or subsidized line.

Upon the books of the company the cost of the construction account on the asset side and the profit and loss account on the liability side would be each diminished the amount, if any, so charged in error.

As the time approaches for the payment of the principal and interest of the united subsidy bonds, it seems but just to the Government that this income account should annually be increased by a sum equal to the amount of the accruing interest unprovided for by the Thurman act and the amounts reserved for Government transportation; and that until this is done no dividends should be declared or paid. In other words, the profit and loss account should be increased annually the amount of liability to the Government for each year.

Under the inquiry of the act whether the proceeds of any trust fund or lands loaned, advanced, or granted have been diverted from their lawful use, I deemed it my duty to inquire into and examine the securities held for the benefit of the several sinking funds. I personally counted the various securities in the vaults of the company belonging to those funds, and append the result of my examination in Exhibit G, Statement No. 44. The difference between the sum total therein shown and that of the sinking funds at the close of 1886 is due to the respective dates, the funds having accumulated since the close of 1886 to the time of examination, October 1, 1887. The amount now standing to the credit of the sinking funds, as well as the amount in the vaults of the company to meet the demands upon them, is $9,277,045.66. The lists of directors and officers of leased, connecting, and associated railroad companies (see Exhibits H to V, Statements Nos. 45 to 58, inclusive) show the names of those who now are, or have been, directors, officers, or employés of the Central Pacific Railroad Company. The amounts of their individual interests it is impossible to ascertain; the annual list of stockholders (see exhibit accompanying, but not printed with this report) contains all the information that can be given in this connection. The amounts of money that have been loaned to any companies or individuals appear upon the balance sheets and in the notes above referred to; but the books and vouchers do not disclose the purposes for which they were loaned.

Records of passes have been kept, but there is nothing in such record to show whether any have been issued for unlawful purposes or not.

As to the query whether the company, their officers, or agents "have paid any money or other valuable consideration, or done any other act or thing for the purpose of influencing legislation," etc., the books of the company show nothing. The fact is apparent that large sums of money were expended without sufficient and proper vouchers, and that the purposes for which they were expended are totally unexplained.

While it is the custom of all railroad companies to expend large sums of money to prevent hostile and unjust legislation by State legislators, it is unusual and exceptional to confer such unlimited powers as were given to Messrs. Stanford, Huntington, Crocker, and Colton in disbursing millions of dollars on their personal and non-detailed vouchers. The only plea in defense of such action appears to be that the gentlemen referred to were the virtual owners of the road controlled by them, and had the right to protect the property as they saw fit.

A statement of the extraordinary expenses (see Exhibit W, Statement No. 61) is appended to this report. By this term I mean "what amounts of money, etc., have been expended or paid out by said companies, whether for lawful or unlawful purposes, but for which sufficient and detailed vouchers have not been given or filed with the records of said companies."

This exhibit discloses the fact that from 1863 to 1886 the extraordinary amount of $4,818,355.67 was disbursed by the officials of the company outside the apparent expenses necessary for the proper maintenance and conduct of the road.

Such an immense sum of money expended for an account of this kind requires special attention. The evidence taken before the Commission gives all the detail the officers of the company were willing to furnish. The books, vouchers, and papers relating to these expenses furnish nothing additional to that shown in Exhibit W. I would particularly call the attention of the Commission to the large sums of money expended in 1884 and 1885, when the construction of the road, as shown by the balance sheets, was virtually completed. In making my list of these expenses, and in comparing it with that of Mr. French, I have omitted certain items in his accounts (such as some of Fisk & Hatch's expenses in selling securities), deeming them legitimate. I have added to his list many items he omitted to include.

It is in order here, under the next paragraph of the act, to refer to the amounts paid by the Central Pacific Railroad Company to leased lines. A full statement of such lines and the amounts paid to them appears in Exhibit No. 31, Statement No. 33.

The next clause of the act relates to stockholders, and reads as follows:

> And said Commission shall also ascertain and report the names of all the stockholders in each of said companies, from its organization to the date of the investigation herein provided for, as they appear on the books of said companies at the date of its annual meeting in each year; the amount of stock held by each, what consideration, if any, was paid by each stockholder to said company for his stock, and when and in what property such payment was made, the date when each stockholder so appearing on the books became such, and whether stock is now held or has heretofore been held in the name of any person in trust or for the benefit of any other, and the names of all such persons; the total amount of the stock in each company, and the dates and amounts of any increase of such stock, and the reason for such increase.

Such inquiry is fully answered by the annual list of stockholders appended to this report (exhibit not printed), which gives the name of each stockholder, the date of his original acquirement of stock, the amounts held by each stockholder at the time of the annual meetings, and the amount of stock held in trust.

The consideration each stockholder paid for his stock or the kind or description of property paid for the same it is impossible to give.

The total amount of the stock of the company, the date and amount of increase of such stock, the consideration received by the company, and the reasons for such increase are given in the general balance sheets. "The amount of the annual salaries or compensation that are

now or at any prior time have been paid to any officer or employé of said company, when such salary or compensation amounts to $5,000 or more per annum, and the names of the persons now receiving or who have heretofore received such salaries or compensation," will be found in Exhibit Z, Statement No. 60.

A full list of all payments made under the head of "legal expenses," to whom made, and the amount paid to each, and for what specific services such payments were made, is presented in Exhibit No. 33, Statement No. 35.

Among the other requirements of the law devolving upon me to fulfill, I have to report that the notes of each year appended to the general balance sheets and the current statements show the amounts of taxes paid, and also separate statements of the discount paid upon currency sold for gold and the discount paid upon bonds sold for currency. The situation of the company, its property and resources, during the years reported upon, made it necessary to sell bonds at a discount for the currency of the United States, and to then transmute that currency into gold at an additional discount. It is impossible to give the exact amount of gold realized from the sale of United States bonds, but the two accounts of discount on such bonds sold and of discount on currency, appended to the general balance sheets, will give a near approximation of the United States bonds' value or produce in gold. (See Exhibit No. 32, Statement No. 34.)

To present a clear showing in terse form of the construction cost of the Central Pacific road and the terms upon which its directors settled with the Union Pacific Railroad Company, fixing the terminal point and junction of the two roads near Ogden, I have prepared a statement showing the facts and figures. (See Exhibit No. 34, Statement No. 36.)

Before closing this report I do not think it out of place to present a brief bird's-eye view of the history of the Central Pacific road and its branches from its inception down to the present time.

After the passage of the act of Congress of July 1, 1862, "to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," certain enterprising citizens of California formed themselves into a syndicate to build a railroad from the Pacific eastward under the provisions of that act; and under the general incorporation law of the State of California the Central Pacific Railroad Company was incorporated.

These gentlemen entered into a contract with Charles Crocker & Co. (which firm, by the way, appears to have been composed mostly of the gentlemen representing the syndicate above mentioned) to build a road eastward from Sacramento. The exact terms of this contract can not be given, owing to the entire absence of the books and vouchers of the contracting firm and the meager details furnished in the minute and other books of the Central Pacific Railroad Company. What could be ascertained with regard to this contract will be found in the statement made by me of the accounts of Charles Crocker & Co. (See Exhibit No. 28, Statement No. 32.)

After the construction of 138 miles of road by these parties, and some other few small contractors, viz: Turton, Ryan & Knox, C. D. Bates & Co., S. D. Smith, and Collins & Bro., a new contract was entered into with a corporation known as the Contract and Finance Company. The books of this latter corporation have also, strange to say, vanished. But enough positive information is found to show that the gentlemen comprising this corporation were mainly those belonging to

the first-named syndicate. The general terms of this missing contract are recited in the notes to the general balance sheet for 1868 (Exhibit No. 6), and need not be recapitulated here.

The Contract and Finance Company commenced their work at the 139th mile and built eastward to the end of the 690th mile, or 532 miles. Here they were met by the Union Pacific Railroad people building westward, and for some little time the two roads, frequently running parallel to one another, were in course of construction. Finally an agreement was entered into and ratified by Congress, by which the Union Pacific Company assigned and deeded over to the Central Pacific Company the road they had built from about 5 miles west of Ogden to the connecting place at the 690th mile, Promontory Point. The details of the price paid for this assignment appear in Exhibit No. 34, Statement No. 37.

The amount of profit realized by these two contracting parties, viz, Charles Crocker & Co., and the Contract and Finance Company, can not be definitely ascertained. It depended very much upon the prices that the securities paid them by the Central Pacific Railroad Company brought in the markets. One thing is certain, they lost no money by these transactions. In 1870, through consolidation with the Western Pacific Railroad, that road, together with the San Francisco Bay Railroad, became one corporation, under the name and title of the Central Pacific Railroad Company of California. The terms of this consolidation and the histories of the properties consolidated will be found set out at length in Exhibit No. 9, Statement No. 11.

In August of the same year, the Central Pacific amalgamated with and absorbed the California and Oregon Railroad, the San Francisco, Oakland and Alameda Railroad, and the San Joaquin Valley Railroad. The articles of association, amalgamation, and consolidation are given in Exhibit X, Statement No. 59.

As the State of California and the adjacent tributary territory rapidly developed, and cities, towns, and villages sprang up, and large ranches increased greatly in value and production, and branches from the main artery of the railroad as well as new connecting links were rendered indispensable, the above-named syndicate, with a view to the enhancement in value of their then existing properties, and also to the prospective profits to be derived from building such branches and links, were not inactive. The Northern Railway, the Berkeley Branch, the Anaheim Branch, the Southern Pacific of New Mexico, the Southern Pacific of Arizona, the Willows Branch, the Benicia Branch, the California and Oregon, the California Pacific, the Stockton and Copperopolis, the San Pablo and Tulare, the Los Angeles and San Diego, the Los Angeles and Independence, the San Joaquin Valley and minor branches were constructed.

A list of the directors and officers of these companies (see Exhibits H to V, Statements Nos. 45 to 58) discloses the fact that the gentlemen composing them were almost identical with those of the original syndicate. The profits accruing to them can not be accurately arrived at, as they were mostly paid in securities for the work performed; but enough is shown to demonstrate the fact that they were very large.

For example:

The actual cost of construction of the Northern Railway was	$3,029,818.88
The amount of securities paid them for such construction was	8,058,500.00
The profit, assuming that the securities were worth par, was	5,018,681.12
The cost of constructing the San Pablo and Tulare Railroad was	1,157,140.74
The securities paid them	2,884,116.00
The profit, assuming a par value for the securities, was	1,726,975.26

Under the Arizona contract the actual cost of construction was	$7,003,860.00
The securities paid them	29,599,250.00
The profit, assuming a par value for the securities	22,595,389.00
Under the New Mexico contract the actual cost of construction was	3,649,572.30
The securities paid them	10,869,300.00
The profit, assuming a par value for the securities	7,219,727.70

It is unnecessary to go through the entire list, but a careful examination shows that the stocks and bonds given to the constructors of the four above-named roads were greatly in excess of 100 per cent. profit on the cost of the works. (See Exhibit No. 27, Statement No. 31.)

Whether or not the directors of the Central Pacific Railroad Company were authorized to make these contracts is a legal and not an accounting question.

As to the value of the securities paid, as stated, for building these roads, it is sufficient comment to say that the bonds of those companies to the amount of $4,527,000 are now held by the Central Pacific Railroad Company in their sinking funds; and that their purchase price was almost at par value. (See Exhibit G, Statement No. 44.)

That the various lines owned and leased by the Central Pacific Railroad were an important factor in increasing the revenues of that company is undoubted. Take, for instance, the year 1884—a year in which the railroad officials assert that the receipts of their various roads were greatly diminished by the building of opposing and competing lines fostered by the United States Government.

According to the sworn returns to the United States Government Commissioner of Railroads, the net receipts of the aided roads were $1,212,526.45 (see Exhibit E, Statement No. 42). The current statement for the same year (Exhibit No. 23, Statement No. 25) makes the net receipts for the entire system as follows:

Net earnings, less operating expenses		$6,485,433.97
Less interest on first-mortgage bonds	$1,671,630.00	
Less expenses	659,271.00	
Less legal expenses	246,686.28	
Less engineering	6,836.78	
Less taxes	685,180.58	
Less land department	66,307.05	
		3,335,911.69
Net earnings, for comparison with Government statement		3,149,522.28

In making this comparison, I have not charged to the entire system the interest other than that on the first-mortgage bonds, for the reason that the other interests paid are properly charged against the main aided line, though not allowed in making up the Government statement. I have included, as to the entire system, general and legal expenses which would be proper deductions from the aided lines in making up a statement of the accounts of the aided roads outside of Government requirements.

It is clear from these two comparative statements that the profit carried to income account, after deducting all charges, rebates, allowances, and interests paid to unaided and leased lines, was 150 per cent. more than that directly earned by the main or aided line.

The lease made between the Southern Pacific Company and the Central Pacific Railroad Company, February 17, 1885, provides that outside of all charges, expenses, betterments, and United States requirements, the Southern Pacific Company agrees to pay annually to the Central Pacific Railroad Company at least $1,200,000, whether earned or not; and all amounts earned above that sum up to $3,600,000. The showing

above made of the earnings of the lines composing the Southern Pacific Company, warrants the assertion that the directors will be able to keep up to the terms of this agreement.

While at the first glance this lease appears to be a very favorable one to the Central Pacific Railroad, a careful reading of the terms of the lease, and a comparison of the earnings before and after the lease, shows that, assuming that the business had remained at a stand-still, the Central Pacific Railroad would have derived more profit by maintaining its original arrangements and leases.

In this connection, I present a statement showing the mileage and the dates of opening of the various roads comprising the Southern Pacific Company, Pacific System Central Pacific Railroad. (See Exhibit No. 35, Statement No. 36.)

On my arrival at San Francisco, I presented my credentials to Senator Stanford, the president of the company. He informed me that the company was only too anxious to have a full examination of the affairs of their offices, and referred me to Mr. E. H. Miller, jr., the secretary of the company, and requested that gentleman to give me every facility in his power.

It gives me pleasure to state that such request was heartily, thoroughly, and fully complied with by Secretary Miller, who afforded me every facility to examine all the books and vouchers that were under his control; but that, UNFORTUNATELY, many books, papers, minutes, and vouchers were missing that were of vital importance in pursuing the thorough investigation required by the act. The absence of these vouchers, books, and papers was alleged to be owing to the long lapse of time since they have been made.

In making my examination of the accounts of the Central Pacific Railroad Company it is but due to my assistants to testify to their faithful performance of the work I assigned them severally. My chief assistant on the Pacific coast, Mr. Lauren E. Crane, a well-known and highly-respected accountant of San Francisco, was formerly in the employ of the company, and his knowledge and experience I have found of great service in preparing, collating, and arranging my report.

Messrs. H. J. Anderson, John R. Grew, and Henry R. Miller have, in every instance, performed the work assigned them in a highly satisfactory manner; and Messrs. Albert Hart and T. Schmidt, in arranging the lists of stockholders, have, with the books and facilities offered, made as complete a transcript of them as the time would admit of.

It is extremely gratifying to me to acknowledge the valuable assistance of all of these gentlemen, without whose aid I would not have been able to present to your honorable body the full and complete information contained in this report and the exhibits accompanying it.

I am, very respectfully,

RICHARD F. STEVENS,
Chief Accountant.

EXHIBIT No. 1 (Statement No. 3).

General balance-sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1863.

LIABILITIES.

Capital stock, 13,640 shares, at $100 par value	1,364,000.00	
Less amount due by stockholders	500,860.00	
		$863,140.00
Convertible bonds, 785 bonds, of $1,000 each		785,000.00
Accounts payable		217,262.80
Amount due treasurer		5,450.00
		1,870,852.80

ASSETS.

Construction account proper	$705,860.96	
Interest	15.61	
Discount on $684,000 of convertible mortgage bonds	200,722.83	
Taxes	1,285.00	
	907,874.40	
Equipment account	100,784.47	
Total cost of road and equipment		1,008,658.87
Bills receivable		130,000.00
Accounts receivable		303,950.78
Sacramento County bonds (450 bonds, at $500 each)		225,000.00
Placer County bonds (400 bonds, at $500 each)		200,000.00
Materials on hand		3,069.69
Profit and loss		173.32
		1,870,852.91

NOTES.

Certain entries in journal and ledger, appearing under date of December 31, 1863, have been omitted here and placed under date of January 1, 1864; hence the apparent discrepancy with the books, which is rectified in the following year.

The convertible bonds were for $1,000 each, interest at 7 per cent., due January 1, 1883, but payable at will of the company January 1, 1873. They were exchangeable for United States Government bonds. The total amount of the issue was $1,483,000.

Capital stock.—Part of the capital stock was issued to original stockholders, payable in installments, part to certain parties as per accompanying notes, and part in exchange for county bonds at par.

In the construction account appears the following amounts (and for what account paid) of stock issued to various persons:

July 4, 1863. D. W. Strong; amount of stock issued to him by order of board of directors July 1, 1863, for services rendered and expenses	$2,000
July 4, 1863. T. C. Glidden	1,000
July 4, 1863. Mrs. E. M. Glidden	1,000
July 4, 1863. Mrs. E. L. Williams	1,000

(Stock issued to them in pursuance of agreement made by C. P. Huntington.)

July 4, 1863. Mark Hopkins	6,000

(Stock issued to him for services as treasurer and secretary, by order of board of directors, July 1, 1863.)

July 4, 1863. C. P. Huntington	25,000

(Stock issued to him for services as agent, by order of board of directors, July 1, 1863.)

July 4, 1863. Leland Stanford	20,000

(Stock issued to him for services as president of the company for the preceding two years, at a salary of $10,000 per year, by order of the board of directors, July 1, 1863.)

In the construction account appears bonds paid out as follows:

To James P. Flint $30,000

(For services as by agreement on file, first-mortgage bonds issued to him; the difference between par and cash value (viz, $5,000) was charged to discount.)

To Eugene Kelly and David S. Dodge 2,000

(First-mortgage bonds paid them for services as trustees of mortgage.)

To Charles Crocker & Co 25,500

(Being the cash value of $31,000 of first-mortgage bonds issued to him for extra work done, as per bill allowed him by board of directors September 12, 1863. Voucher on file.)

[Note as to sundry vouchers called for and examined.]

Voucher No. 354. Expense of T. D. Judah at Washington, D. C $2,750
Voucher No. 476. Amount paid James Bailey for expenses incurred in promoting the interests of the company. (Mr. James Bailey was then secretary of the company) 5,000
Voucher No. 477. Amount paid D. W. Stong (same as above) 500
Voucher No. 677. Amount paid J. J. Ayers & Co. for advertising in Morning Call and extra printing 5,000

The following-named contractors were paid the amounts set opposite their names on account of their contracts. The contracts are mislaid, with the exception of that of C. Collins & Bro.:

Construction account.

Chas. Crocker & Co $297,103.12
Turton, Ryan & Knox 10,764.88
C. D. Bates & Co 20,472.80
S. D. Smith 23,538.42
C. Collins & Brother 2,344.84

(See note following.)

NOTE.—The details of the final estimates or amounts of work performed under each contract also missing.

A contract with C. Crocker & Co. to construct railroad from foot of K street, Sacramento, to line of California Central Railroad appears in minutes of December 26, 1862.

[Note as to issuance of certain stock in 1863.]

July 1, 1863. To T. D. Judah $25,000.00

(This stock was paid to him for his services as agent in the Atlantic States, and prior to the organization of the company. See minutes, board of directors, July 1, 1863.)

July 4, 1863. To T. D. Judah 66,000.00

This amount of stock was issued to him to be distributed to various persons for services rendered the company. Part of this appears to have been distributed as follows:

	Shares.
Geo. A. Bassett	20
Ira Goodman	25
J. W. Forney	20
E. C. Kemble	10
D. W. Mahon	5
Geo. Hepburn	25
E. B. Sturgeon	20
J. R. Robinson	10
—— Ryan	50
W. B. Shore	20
R. M. Sherman	5

(See minutes, board of directors, September 27, 1862.)

July 4, 1863. To James Bailey $20,000

(This amount of stock was issued to him for "services" for the preceding two and a half years. See minutes, board of directors, July 1, 1863.)

August 4, 1863. To Lauren Upson 2,000

(Stock issued to him for services. See minutes, board of directors, August 1, 1863.)

August 1, 1863. Jas. McClatchy 1,000

(Stock issued to him for services. See minutes, board of directors, August 1, 1863.)

M. D. Boruck 1,000
Chas. M. Chase 1,000

(Stock issued to them for services. See voucher, No. 718, 1863.)

[Note as to certain county bonds.]

Placer County bonds (400 of $500 each) 200,000
Sacramento County bonds (450 of $500 each) 225,000

(Were taken at par value for subscription to the capital stock of the company at par value.)

Exhibit No. 2 (Statement No. 4).

General balance-sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1864.

LIABILITIES.

Capital stock, 15,389 shares, at $1,000 par value		$1,538,900.00
Less amount due by stockholders		135,670.00
		1,403,230.00
Convertible bonds, 1,394 bonds, par value $1,000 each		1,394,000.00
State-aid bonds, issue of July 1, 1864, 27 bonds of $1,000 each		27,000.00
Bills payable		25,000.00
Accounts payable		127,057.22
Suspense account (rolling-stock bought of S. Brannan, account adjudicated in 1865)		60,000.00
Mark Hopkins, treasurer		52,209.20
Amount of earnings over expenses for 1864, as per current statement	$46,971.91	
Less profit and loss account, December 31, 1863, as per ledger	$3,599.50	
Interest on convertible bonds	33,355.00	
Coupons paid by Eugene Kelly & Co	1,645.00	
	38,599.50	
Making profit and loss account December 31, 1864		8,372.41
		3,096,868.83

ASSETS.

Construction account proper		1,915,502.80
Interest and commissions		43,381.01
Discount on convertible bonds		250,493.87
Taxes		1,285.00
Expense account		37,838.91
Discount on currency		216,088.33
		2,464,589.92
Less premium and discount on Sacramento County bonds	$31,967.28	
Placer County bonds	19,240.50	
		51,207.78
		2,413,382.14
Equipment account		289,710.86

Making total cost of road and equipment	$2,703,093.00
Accounts receivable	136,693.43
Sacramento County bonds (327 bonds, at $500 each)	163,500.00
Placer County bonds (149 bonds, at $500 each)	74,500.00
Materials on hand	6,074.69
Income ledger, unsettled account	6,676.96
Land department	582.25
Pacific Stage Company	768.50
"Daily American Flag" stock (charged to expense account in 1866)	5,000.00
	3,096,868.83

Current statement of the Central Pacific Railroad Company of California for the year ending December 31, 1864.

Passenger earnings		$69,050.40
Freight earnings		42,775.99
Mail and express earnings		1,687.50
Total earnings		113,513.89
Operating expenses	$56,454.37	
Taxes	10,087.61	
Total operating expenses		66,541.98
Amount of earnings over expenses		46,971.91

Memorandum as to taxes, 1864:

Sacramento City	650.00
Do	36.00
Placer County	9,349.61
Sundries	52.00
	10,087.61

In the current account of this year there were no other expenses requiring comment.

NOTES TO GENERAL BALANCE-SHEET OF 1864.

The entries referred to in notes to the general balance-sheet of 1863 as having been made in the year 1863, instead of 1864, have been traversed and tested in making this balance-sheet, and the figures then arrived at have been found to be correct.

In the construction account appears: Capital stock paid to C. P. Huntington, agent, June 3, 1864, and transferred by him to various parties and charged to construction (September 20, 1864) $36,000

	Shares.
Certificate No. 385 to J. B. Stewart	20
Certificate No. 386 to John Boyd	5
Certificate No. 387 to John Hersey	5
Certificate No. 388 to Noah Brooks	10
Certificate No. 389 to George McDonald	15
Certificate No. 390 to T. T. Davis	50
Certificate No. 391 to Charles Sherman	5
Certificate No. 392 to G. T. M. Davis	50
Certificate No. 409 to Samuel P. Hull	100
Certificate No. 410 to L. B. Crocker	30
Certificate No. 411 to L. B. Crocker	10
Certificate No. 412 to L. B. Crocker	10
Certificate No. 413 to J. D. Ogden	10
Certificate No. 414 to A. W. North	20
Certificate No. 415 to J. D. Russell, or E. H. Miller, jr	20
Total	380

Fifty shares of this were accounted for as sold for $5,000, and construction account was credited therewith 5,000

31,000

In September, 1864, stock was issued to the following named parties, and was charged to "construction account" and "legal expense account," for amounts allowed by board of directors, September 5, 1864, for salaries and services rendered to July 1, 1864:

	Shares.
Leland Stanford	115
Mark Hopkins	100
C. P. Huntington	250
A. P. Stanford	50
Chas. Crocker	100
Chas. Marsh	25
Lauren Upson	16
D. W. Strong	14
Chas. Crocker, assignee of E. P. Crocker	230
Total	900

The vouchers for these items have not been found.

Stock issued to Chas. Crocker, September 27, 1864 (certificate number 500, 658 shares), being the amount due him in stock under and by virtue of contract of September 19, 1863.

In the construction account appears (under the sub-head of "expense account") a payment to C. P. Huntington, agent, for fares to and from New York, and for traveling expenses in the East, etc., no voucher, $5,888.05.

In the construction account appears amount paid by Leland Stanford, on account of expenses of election in the city and county of San Francisco, to indorse legislative enactment authorizing the issuance of $600,000 of San Francisco City and County bonds for 6,000 shares of the capital stock of the Central Pacific Railroad Company of California, $6,450.

The following named contractors were paid the amounts set opposite their names, on account of their contracts; the contracts are mislaid.

Construction account.

Chas. Crocker & Co		$344,614.62
Turton, Knox & Ryan		19,511.14
C. D. Bates	$20,869.06	
Less amount overpaid	2,301.49	
		18,567.57
S. D. Smith		27,393.22

In the general balance sheet for 1863 appears the item, under the head of "assets," of $100,784.47. It was not thought necessary in the notes to that sheet to give the details of the account, but, for the sake of lucidity, and in order to show what was expended for "equipment" in 1863, and what was so expended in 1864, the items are now given, as follows:

Details of equipment account, 1863.

Constructing-cars	$254.79
Hand-cars	234.02
Locomotives and tenders	1,429.33
Passenger and baggage cars	21,854.00
Freight-cars	27,975.30
Engine No. 1	13,6[illegible]8.86
Engine No. 2	15,196.25
Engine No. 3	9,785.00
Engine No. 4	10,366.25
Total	100,784.47

To show what equipment was added in the year 1864 the following is given:

Details of equipment account, 1864.

Constructing-cars	$372.83
Hand-cars	953.31
Passenger-cars	6,870.00
Freight-cars	33,598.00
Locomotives and tenders	817.76
Engine No. 1	2,084.70
Engine No. 2	3,008.80

Engine No. 3	$804.58
Engine No. 4	236.54
Engine No. 5	16,629.91
Engine No. 6	18,549.24
Equipment bought of S. Brannan, viz: The equipment bought of S. Brannan, under articles of agreement November 10, 1864, consisted of 4 locomotives; 1 baggage-car; 4 passenger-cars; 3 box-cars, and 23 platform-cars, then in use on the California Central Railroad; and they were paid for with 200 shares of capital stock of the company ($20,000); 25 State aid bonds ($25,000); and 60 bonds of the city and county of San Francisco, of $1,000 each, a total of	105,000.00
Total	168,926.39

The two amounts make the total of the equipment account as given in this general balance-sheet (1864), viz:

1863	$100,784.47
1864	188,926.39
Total	289,710.86

In the construction account appears amounts paid in stock (not in cash), as follows:

C. P. Huntington, for services as financial agent for year ending July 1, 1864	$25,000.00
A. P. Stanford, services for year ending July 1, 1864	5,000.00
Chas. Crocker, services and money expended, year ending July 1, 1864	10,000.00
Charles Marsh, for making explorations, year ending July 1, 1864	2,500.00
Lauren Upson, services for year ending July 1, 1864	1,600.00
D. W. Strong, services for year ending July 1, 1864	1,400.00
Chas. Crocker (assignee of E. B. Crocker), for services as counsel and attorney, from date of organization of company until July 1, 1864 (see minutes board of directors, Sept. 5, 1864)	23,000.00

EXHIBIT No. 3 (Statement No. 5).

General balance sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1865.

LIABILITIES.

Capital stock, 33,633 shares, at $100 each		$3,363,300.00
Less amount due by stockholders		93,180.00
		3,270,120.00
Convertible bonds, 1,394 bonds, par value $1,000		1,394,000.00
Convertible bonds (partly estimated)		78,425.00
State aid bonds, 58 bonds, par value $500		29,000.00
Bills payable		478,600.00
Accounts payable		923,592.72
Sinking fund No. 1		105,000.00
Mark Hopkins, treasurer	$407,588.62	
E. H. Miller, jr., cashier	13,231.23	
		420,819.85
S. T. Leet, Government freight account		2,629.43
Profit and loss:		
General account	$368,890.26	
Profit and loss as per current statement 1864	46,971.91	
Profit and loss as per current statement 1865	27,233.44	
		443,095.61
		7,145,282.61

ASSETS.

Construction proper		$5,522,812.88
Interest and commissions		86,781.76
Discount, less premium		391,071.53
Taxes and stamps		28,188.92
		6,028,854.09
Equipment account		223,468.77
Total cost of road and equipment		6,252,323.45
Accounts receivable		235,995.78
Bills receivable		183,586.65
Sacramento County bonds (327 bonds, par value $500)		163,500.00
Placer County bonds (149 bonds, par value $500)		74,500.00
San Francisco County bonds (189 bonds, par value $1,000)		189,000.00
Materials on hand		22,154.01
Land Department		7,198.37
United States Post-Office Department		12,024.35
Daily American Flag		5,000.00
		7,145,282.61

Current statement of the Central Pacific Railroad Company of California, for the year ending December 31, 1865.

Passenger earnings		$130,443.90
Freight earnings		251,214.67
Mail and express earnings		17,991.02
Miscellaneous earnings		5,942.50
		405,591.35
Operating expenses	$116,194.81	
U. S. taxes on gross receipts	7,163.70	
		123,358.51
Total		282,233.44
Less interest paid	150,000.00	
Less sinking fund	105,000.00	
		255,000.00
Carried to profit and loss		27,233.44

NOTES ON BALANCE SHEET FOR 1865.

Chas. Crocker & Co. were paid on contracts for construction as follows

	$28,373.60
	39,768.15
	90,613.23
	96,466.30
	162,903.33
	168,850.00
	54,898.44
	398,806.60
	176,051.75
	90,799.20
	12,500.00
	3,600.00
	4,110.91
	9,501.20
	343,593.62
	443,491.40
	32,939.00
	252,050.00
	329,200.00
	362,343.57
	135,850.00
	3,236,719.30

See Crocker's contract as modified on June 6, 1865, as per minutes of the board of directors of that date. Payments were to be made to him, five-eighths thereof in

gold coin and three-eighths in capital stock of the company, at the rate of $2 in capital stock for each $1 of said three-eighths.

In expense account appears $2,000 paid in stock of the company issued to D. H. Haskell for services. There appears no voucher for it.

The expense account was merged in construction account proper.

In the contingent expenses account appears a payment to Leland Stanford of $4,500. There is no voucher for it. (See report of July 12, 1865.)

The taxes for the year were:

Sacramento County	$17,207.63
Placer County	4,704.70
Revenue stamps and miscellaneous	6,276.19
Total	28,188.52

Under the caption "legal expenses" appear the following amounts paid for legal services:

To —— Shafter, 20 San Francisco County bonds	$20,000
To —— Pixley, 5 San Francisco County bonds	5,000

(See Leland Stanford's report of July 12, 1865.)

The sum of $9,350.35 was transferred from the "income ledger" to the construction account. That amount was made up of sundry items of expenditure for track, ballasting, graveling, and other "construction" work. Charged to "income ledger" and afterwards transferred to construction account.

Geo. R. Moore was paid $4,275 in capital stock for legal services. No voucher can be found.

Equipment account. The $105,000 rolling stock bought of S. Brannan, was sold to the Yuba Railroad Company for $78,586.65. The difference, viz, $27,568, was charged to profit and loss.

By resolution of the board of directors, May 1, 1865, E. H. Miller, jr., secretary, was paid $4,800 per year—five-eighths payable in cash and three eighths payable in capital stock of the company. Under the same resolution the following salaries were fixed:

Leland Stanford, president	$10,000.00
C. P. Huntington, vice-president	10,000.00
Mark Hopkins, treasurer	10,000.00
E. B. Crocker, agent and attorney	10,000.00

On account of these salaries stock was issued as follows:

To Leland Stanford	$12,000.00
To C. P. Huntington	8,500.00
To Mark Hopkins	15,000.00
To E. B. Crocker	900.00

No receipt vouchers for these items can be found.

The discount and premium account is:

DR.

Discount on currency	$296,520.49
Discount on convertible bonds	255,543.87
Discount on San Francisco bonds	5,200.00
Total	557,264.36

CR.

Discount and interest on Sacramento County bonds	$41,927.28
Discount and interest on Placer County bonds	22,240.50
Discount and interest on State aid bonds	102,025.00
Total	166,192.78
Balance to construction account	391,071.58

San Francisco County bonds.

These bonds were received from the city and county of San Francisco, and nothing was given in exchange. They were credited to profit and loss. When sold, the dis-

count was charged originally to discount account, but was afterwards transferred to profit and loss account. (See minutes of board of directors, May 1, 1865, and June 18, 1864.)

State aid bonds.

The State aid bonds, though entered upon the books as being received in 1866, must have been received in 1865, as $100,225 was in that year charged to discount and interest on them.

Exhibit No. 4 (Statement No. 6).

General balance sheet of the Central Pacific Railroad Company of California, for the year ending December 31, 1866.

LIABILITIES.

Capital stock, 85,806 shares, at $100 each		$8,580,600.00
Less amount due by stockholders		76,390.00
		8,504,210.00
Convertible bonds, 1,484 bonds, par value $1,000 each		1,484,000.00
State aid bonds, 1,408 bonds, par value $1,000 each		1,408,300.00
First-mortgage bonds, 610 bonds, par value $1,000 each		610,000.00
United States Government bonds, 3,962 bonds, par value $1,000 each		3,962,000.00
Bills payable (notes)		799,000.00
Accounts payable		481,334.70
Sinking fund No. 1		105,000.00
Mark Hopkins, treasurer		1,011,431.78
D. A. Bender, cashier		1,196.50
		1,012,628.28
Profit and loss account:		
Profit and loss account December 31, 1865	$443,095.61	
Less California Stage Company charged to profit and loss in 1866	506.18	
		442,589.43
Profit and loss for year ending December 31, 1866		381,860.71
		824,450.14
Total		19,189,923.13

ASSETS.

Construction account proper	$15,273,512.01
Interest and commissions	96,892.11
Discount—less premiums	1,499,000.14
Taxes and stamps	10,504.84
	16,879,899.10
Equipment account	875,771.50
Total cost of road and equipment	17,755,670.60
Accounts receivable	468,751.58
Bills receivable (notes)	183,586.65
Sacramento County bonds, 114 bonds, par value $500 each	57,000.00
Placer County bonds, 49 bonds, par value $500 each	24,500.00
California Central Railroad bonds, 447 bonds, par value $100 each	48,397.50
Suspense account	479,607.18
Materials on hand	140,665.75
Land department	6,559.13
United States Post-Office Department	25,184.64
	19,189,923.13

Correct statement of the Central Pacific Railroad Company of California for the year ending December 31, 1866.

Passenger earnings		$252,908.71
Freight earnings		577,728.33
Express earnings		9,700.00
Wharf earnings		9,435.59
Mail earnings		13,160.29
Miscellaneous earnings		793.90
United States Government freight earnings		541.34
		864,268.16
Operating expenses	$200,722.96	
Salaries	124,500.00	
		325,222.96
Net earnings		539,045.20
Less interest	122,440.00	
Less taxes	34,744.49	
		157,184.49
Amount carried to profit and loss		381,860.71

NOTES ON BALANCE SHEET FOR 1866.

Chs. Crocker & Co. were paid on contracts for construction as follows (and for extra work)	$133,977.05
	50,250.00
	38,263.01
	295,702.19
	110,500.00
	154,278.04
	57,900.00
	280,112.66
	105,450.00
	115,250.05
	253,562.23
	95,050.00
	346,723.08
	303,380.00
	459,820.37
	402,430.00
	133,586.93
	542,842.48
	474,950.00
	345,337.17
	302,120.00
	447,591.53
	391,650.00
	114,293.50
	1,192,389.82
	100,030.00
	1,043,350.00
	8,290,790.11

Mr. Crocker's contracts were modified on May 6, 1866, by the board of directors, so that the proportion of stock due upon them was paid to him at 30 cents instead of 50 cents upon the dollar.

Suspense account.

Being the balance of account of currency deposited by C. P. Huntington, agent, with Fisk & Hatch, New York, to the credit of the Central Pacific Railroad Company of California, and drawn out in gold from time to time.

The difference between gold and currency being charged to discount account. At the close of the year the amount chargeable to suspense account was $479,607.18.

Expense account.

The salaries of the principal officers are charged to this account.

The Daily American Flag account (stock), $5,000, is in this year charged off to expense account.

C. P. Huntington: The following amounts were paid by him to—

J. H. Ketchum, political expenses	$500.00
E. S. Hull	250.00
J. H. Hersey, General Payne's expenses	500.00
Henry Beard, services	375.00
R. J. Phillips, services	300.00
[Jno B. Stell, services]	3,466.00
[E. H. Pardee, services]	520.00
[R. J. Phillips, services]	1,200.00
[Henry Beard, services]	750.00
[E. S. Hull, services]	1,700.00
[Felix O'Byrne, services]	140.00
[Jno A. Hersey, services]	175.00
[Almon Hovey, services]	250.00

(In regard to the names bracketed see C. P. Huntington's letter of December 6, 1866. There are no individual vouchers for these items.)

Mr. Huntington also credited himself in his account current for personal expenses with $12,848.32.

This account ran from December 2, 1864, to May 1, 1866, and is composed of numerous small hotel bills, traveling expenses, telegrams, office rent, and items of like nature.

Contingent account.

The following amounts were paid by checks:

John Sime & Co	$5,000.00
W. E. Lovett	560.00
Benj. Dore	250.00

They were paid for contingent expenses. There are no individual vouchers for the separate items. (See Leland Stanford's report, May 4, 1866.)

Taxes and stamps.

The taxes and stamps for the year were as follows:

Revenue stamps and miscellaneous	$35,110.20
Sacramento taxes	5,178.79
Placer County taxes	4,960.34
Total	45,249.33

The discount and premium account is:

	Dr.	Cr.
Premium and interest on State-aid bonds		$156,544.60
Discount on currency	$202,347.12	
Premium on Sacramento County bonds		8,147.28
Premium on Placer County bonds		6,240.50
Discount on convertible mortgage bonds	51,860.49	
Discount on currency exchange	878,945.47	
Discount and interest on San Francisco bonds	50,562.20	
Discount on Government bonds	247,363.90	
Discount on first-mortgage bonds	38,130.51	
Discount on convertible bonds of 1864	200,722.83	
Totals	1,669,932.52	170,932.38
	170,932.38	
Balance to construction account	1,499,000.14	

The current statement for the year ending December 31, 1886, shows the gross receipts to be $864,268.16, and the operating expenses to be $200,722.96. There were no extraordinary expenses among these. The ratio of expenses to receipts was about 23 per cent.

Exhibit No. 5 (Statement No. 7).

General balance sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1867.

LIABILITIES.

Capital stock, 149,234 shares, at $100 each		$14,923,400.00
Less amount due by stockholders		68,860.00
		14,854,540.00
Convertible bonds, 1,483 bonds, par value $1,000 each		1,483,050.00
State aid bonds, 1,495 bonds, par value, $1,000 each		1,495,300.00
First-mortgage bonds, 3,436 bonds, par value $1,000 each		3,436,000.00
United States Government bonds, 200 bonds, par value $1,000 each		200,000.00
United States Government bonded account, 4,602 bonds, par value $1,000 each	$4,602,000.00	
Less amount retained from mail earnings	26,364.29	
		4,575,635.71
Bills payable (notes)	4,125,531.20	
Bills payable (employés)	30,877.80	
		4,156,409.00
Accounts payable		1,077,452.11
Sinking fund No. 1		105,000.00
Land department		14,080.45
Mark Hopkins, treasurer	$358,295.07	
D. A. Bender, cashier	43,364.09	
		401,659.16
Profit and loss account:		
Profit and loss account December 31, 1866	824,450.14	
Amount carried to profit and loss for year ending December 31, 1867, as per current statement	869,273.68	
		1,693,723.82
		33,492,850.25

ASSETS.

Construction proper		27,504,988.85
Interest		332,119.21
Interest on first-mortgage bonds		93,946.62
Discount, less premium		2,676,272.17
United States revenue taxes and stamps		11,509.34
		30,618,836.19
Equipment account		1,565,120.65
Total cost of road and equipment		32,183,956.84
Sacramento County bonds, 114 bonds, par value $500		57,000.00
Placer County bonds, 49 bonds, par value $500		24,500.00
Advances to auxiliary roads:		
California Central Railroad bonds, 720 bonds, par value	$77,135.87	
Yuba Railroad Company	6,964.78	
Freeport Railroad Company	91,904.15	
Western Pacific Railroad Company	20,576.90	
Western Pacific Railroad Company, engines and cars	7,593.22	
		204,174.92
Georgetown wagon road		1,000.00
Due from United States Government:		
Wood contract	$48.50	
Post-Office Department	13,248.38	
Public land surveys	3,863.55	
		17,160.43
Accounts receivable		686,965.38
Bills receivable (notes)		172,771.65
Materials on hand		145,321.03
Total		33,492,850.25

Current statement of the Central Pacific Railroad Company of California for the year ending December 31, 1867.

Passenger earnings		$332,188.54
Freight earnings		1,028,795.61
Express earnings		16,066.06
Wharf earnings		12,037.13
Mail earnings		40,792.32
Miscellaneous earnings		1,436.83
Earnings of California Central and Yuba Railroad		1,092.63
Rents		1,236.00
		1,433,645.74
Operating expenses	$333,623.92	
Interest on convertible bonds	107,733.83	
Taxes	65,347.57	
Salary of Leland Stanford, president	10,000.00	
Salary of C. P. Huntington, vice-president	10,000.00	
Salary of Mark Hopkins, treasurer	10,000.00	
Salary of E. B. Crocker, agent and attorney	10,000.00	
Salary of Charles Crocker, superintendent	5,000.00	
		551,705.32
		881,940.42
Receipts:		
Premium on 5 shares stock		25.00
Machine-shop account		727.68
		882,693.10
Deduct:		
Balance of car-shop account	$12,650.92	
Pacific Stage Company account	768.50	
		13,419.42
Amount carried to profit and loss account		869,273.68

NOTES ON BALANCE SHEET FOR 1867.

Charles Crocker & Co. were paid on contracts for construction as follows (including extra work)		$159,870.00
		139,888.00
		129,416.18
		113,190.00
		350,747.50
		204,439.79
		485,800.00
		883,815.09
		773,283.09
		1,745,804.78
		1,527,540.00
		218,321.80
		730,038.32
		638,750.00
		583,954.61
		510,930.00
		140,933.63
		123,270.00
	Extra work	173,785.27
	Extra work allowed by directors May 12, 1867	296,504.22
	Total	9,930,282.19

Expense account: The following accounts have been paid, for which there are no individual vouchers. They are mostly found in C. P. Huntington's account current:

Expenses of C. P. Huntington:

February 7	$632.40
March	985.22
April	464.16
May	1,464.00

Expenses of C. P. Huntington—Continued.		
June		$653.75
July		351.42
August		351.57
September		333.76
October		516.43
November		483.08
		6,286.39
C. P. Huntington, August 16, 1867, paid to—		
Geo. E. Gray, for services	$12,500.00	
Geo. E. Gray, for expenses	4,684.78	
		17,184.78
J. M. Van Buskirk, March		500.00
R. Franchot, March	$300.00	
Do	100.00	
R. Franchot, May	500.00	
Do	100.00	
Do	500.00	
Do	433.40	
Do	250.00	
		2,183.40
General Thomas Ewing, fees at Washington, March	500.00	
General Thomas Ewing, services	500.00	
		1,000.00
W. H. Lowery, services		500.00
E. M. Madded		500.00
R. K. Phillips, services, May	600.00	600.00
Henry Beard		450.09
George E. Gray	346.05	
Do	355.75	
Do	889.35	
Do	549.77	
Do	342.77	
		2,483.69
Fisk & Hatch, advertising bonds. (No voucher; C. P. Huntington's statement)		23,999.05

Taxes.

The following amount, chargeable to taxes, was, by book-keeper's error, charged to interest account:

May 15, Sacramento City taxes	$970.70	
(This was corrected and properly posted the following year.)		
The taxes paid in California during the year were:		
Gold Run	189.00	
Placer County	25,085.60	
Sacramento	8,457.67	
State and county	2,023.90	
United States	9,793.97	
Nevada County	1,017.34	
Clipper Gap	50.00	
		$46,617.48

The Georgetown wagon road ($1,000) was charged off to profit and loss in 1868.

Contingent expense account.

Amounts paid by Leland Stanford, as per his report of June, 1867:		
October 2, 1866, D. O. Mills & Co	$5,000.00	
December 22, 1866, E. McLane	1,000.00	
January 5, 1867, E. McLane	1,500.00	
		$7,500.00
Amounts paid, as per Leland Stanford's report of September, 1867:		
June 5, 1867, Union State central committee	2,000.00	
August 2, 1867, same committee	1,000.00	
		3,000.00

(There are no vouchers for these amounts.)

The item of extraordinary expenses in the construction account consisted mostly of pay-rolls, and was for the ordinary construction of the road. This account was merged in construction account, where it properly belonged. There were no items of an extraordinary nature in it.

Discount and premium account:

	Dr.	Cr.
Premium and interest on State aid bonds		$159,233.17
Discount on currency	$312,109.76	
Discount on currency exchange	1,982,491.13	
Premium and interest on Sacramento County bonds		14,987.28
Premium and interest on Placer County bonds		8,240.50
Discount on convertible mortgage bonds	51,930.49	
Discount and interest on San Francisco bonds	50,562.20	
Discount on Government bonds	247,863.90	
Discount on first-mortgage bonds	213,775.64	
	2,858,733.12	182,460.95
Less premium	182,460.95	
	2,676,272.17	

Exhibit No. 6 (Statement No. 8).

General balance sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1868.

LIABILITIES.

Capital stock, 246,799 shares, at $100		$24,679,900.00
Less amount due by stockholders		67,810.00
		24,612,090.00
First-mortgage bonds, 15,648 bonds, par value $1,000		15,648,000.00
United States Government bonds, 4,311 bonds, par value $1,000		4,311,000.00
United States Government bonded account		7,933,851.67
State aid bonds, 1,495 bonds, par value, $1,000		1,495,300.00
Convertible mortgage bonds, 1,483 bonds, par value $1,000		1,483,050.00
Sinking fund		236,500.00
Accounts payable		1,555,594.78
Bills payable (notes)	$2,519,991.60	
Bills payable (employés)	88,130.39	
		2,608,121.99
Land department	91,488.33	
Land department California and Oregon Railroad	3,700.09	
		95,188.42
Advances from auxiliary railroads:		
Sacramento Valley Railroad	2,167.90	
Yuba Railroad (earnings)	5,152.86	
California and Oregon Railroad	2,788.29	
Other roads, Central Pacific Railroad proportion	10,137.01	
		20,246.06
Mark Hopkins, treasurer	2,768,506.09	
D. A. Bender, cashier	118,130.49	
		2,886,636.58
Profit and loss, December 31, 1867	$1,693,723.82	
Less entries for year 1868 (see detail sheet accompanying)	216,209.08	
	1,477,514.74	
Amount carried to profit and loss for 1868, as per current statement	1,271,705.51	
		2,749,220.25
		65,634,799.75

ASSETS.

Construction proper		$51,551,730.86
Interest		637,657.18
Interest, coupons first-mortgage bonds		283,144.92
Discount, less premium		6,364,923.86
Taxes		102,997.77
Interests, coupons convertible, mortgage bonds		51,150.45
		58,991,605.04
Equipment account		2,906,175.15
Total cost of road and equipment		61,897,780.19
Advances to auxiliary railroads:		
Western Pacific Railroad Company	$36,549.49	
California Central Railroad	975.99	
California and Oregon Railroad	7,121.68	
Yuba Railroad	11,336.81	
San Joaquin Valley Railroad	6.00	
Oregon Branch Railroad	92.50	
		56,082.47
Bills receivable		142,963.40
Accounts receivable		1,505,603.16
United States Government accounts:		
Post-Office Department	$9,694.29	
Transportation account	5,414.75	
Transportation Geological Survey	48.50	
Land surveys	3,863.55	
		19,021.09
Suspense account	1,300,000.00	
Suspense account, coupons of first-mortgage bonds	436,050.00	
		1,736,050.00
Materials on hand		277,299.44
		65,634,799.75

Current statement of the Central Pacific Railroad Company of California for the year ending December 31, 1868.

Passenger earnings		$550,304.38
Freight earnings		1,295,396.74
Express		47,740.50
Mail		43,823.38
Miscellaneous		6,981.52
Wharf		15,035.83
Rentals		3,641.75
Receipts from United States Post-Office Department for the difference between amounts charged and amounts collected previous to June 17, 1867		3,201.62
		1,965,225.72
Operating expenses	$680,958.98	
United States Government taxes	12,561.23	
		693,520.21
Net earnings		1,271,705.51

Discount and premium account:

	Dr.	Cr.
Premium and interest on State-aid bonds		$160,242.01
Discount on currency	$5,495,582.39	
Premium and interest on Sacramento County bonds		167.28
Premium and interest on Placer County bonds		3,240.50
Discount on convertible mortgage bonds	51,930.49	
Discount on Government bonds	300,340.77	
Discount on first-mortgage bonds	680,720.00	
	6,528,573.65	163,649.79
	163,649.79	
	6,364,923.86	

Statement showing approximately the main features of the construction account of the Central Pacific Railroad Company of California for 1868.

Approximate amounts expended and for what:		
Paid Contract and Finance Company:		
In stock		$8,256,000.00
In cash		8,256,000.00
		16,512,000.00
Paid Charles Crocker & Co.:		
In stock at 30 cents on the $1	$1,041,670.00	
In cash	1,190,527.69	
		2,232,197.69
Paid for iron and superstructure		2,077,000.00
Paid on cashier's vouchers:		
January	29,036.52	
February	43,707.24	
March	53,365.76	
April	34,321.78	
May	32,742.20	
June	28,856.16	
July	32,245.34	
August	58,163.53	
September	69,828.46	
October	85,509.89	
November	78,586.59	
		546,383.47
Paid for building snow-sheds		200,000.00
Expense account, including salaries, and C. P. Huntington's accounts and extraordinary expenses and the expenses of Fiske & Hatch in advertising and selling bonds		525,000.00
Sacramento Wharf No. 1	48,589.59	
Sacramento Wharf No. 2	126,597.79	
		175,187.38
Buildings, shops, and machinery and engineering		500,000.00
Steamer freights		95,000.00
Marine insurance		158,484.81
Sundry items incidental to construction proper		1,025,488.66
Total cost of construction		24,046,742.01

Discount on currency for the year 1868.

DR.

Date.	Purchased by—	Who from or for.	Amount of discount.	Amount of gold.
June 10	C. P. Huntington, account, February 6.	From E. Kelly & Co	$16,906.25	$30,000.00
10	....do		10,281.25	25,000.00
10	C. P. Huntington, April 7		124,562.50	325,000.00
16	C. P. Huntington, March	On account G. T. M. Davis	3,751.20	13,646.75
26	C. P. Huntington, May 1		117,600.00	300,000.00
26	C. P. Huntington, May 6		1,962.50	5,000.00
July 2	C. P. Huntington	Advertising	9.45	
Aug. 24	Chas. Crocker & Co		15,070.50	50,235.00
18	C. P. Huntington		541,604.57	1,353,761.43
Mar. 8	C. P. Huntington, account, January.	From Fiske & Hatch	68,875.00	190,000.00
Apr. 9	C. P. Huntington, account, February.		133,656.25	325,000.00
9	....do		212,437.50	500,000.00
Feb. 1	C. P. Huntington, account, December 23, 1867.		102,506.25	300,000.00
Aug. 27	C. P. Huntington	For sundry small bills	5,937.44	19,790.77
27	....do	For discount on G. T. M. Davis's bill.	1,039.06	3,463.51
27	R. H. McDonald & Co., account.	No voucher	1,316.23	(*)

* Not stated.

Discount on currency for the year 1868—Continued.

DR.

Date.	Purchased by—	Who from or for.	Amount of discount.	Amount of gold.
27		Yuba Railroad bonds bought†	$2,250.00	$5,250.00
Sept. 1	C. P. Huntington, account, July.	Coupons bought	338.45	815.50
1	do		222,812.50	500,000.00
18	C. P. Huntington, account, February.	For E. B. Crocker	98.24	200.80
18	do	For Mark Hopkins	627.26	2,124.20
21	C. P. Huntington, account, August.		466,515.62	1,000,000.00
21	do	Discount on C. Crocker's draft, purchase of Oregon Railroad Company's orgines.	9,000.00	21,000.00
21	C. P. Huntington	For W. H. Powell	27.00	63.00
Oct. 13		For general average, ship *Mary*	77.85	(*)
13	Leland Stanford & Co	For payments on account in New York.	22,093.30	52,951.02
Nov. 1	C. P. Huntington	For baggage checks	423.73	1,271.25
1	C. P. Huntington, account, September.		220,250.00	500,000.00
1		For Contract and Finance Company (discount on California Central Railroad bonds).	2,088.45	6,101.55
Dec. 1		For Contract and Finance Company.	4,922.96	14,382.81
1	E. B. Crocker	Discount on purchase 75 United States bonds.	23,573.00	52,677.00
1	do	For small bill	8.91	28.71
1	C. P. Huntington, account, October.		478,906.25	1,225,000.00
1	do	For Contract and Finance Company, sale of rails.	9,329.09	25,875.00
30	C. P. Huntington, account, November.		374,075	1,100,000
30		For Contract and Finance Company for $10,000 currency charged them.	2,650	7,350
30		For Contract and Finance Company for discount on $46,906.81 currency, invoice rails, etc. charged to them.	12,454.15	34,512.66
			3,210,047.73	8,010,582.96

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Feb. 1	On amount paid Gallatin	$1,993.76	
Mar. 20	Chas. Stoddard	57.72	
July 2	Sacramento Valley Railroad on mail service collected.	243.60	
Aug. 24	On currency received from general average.	4,000.49	
Oct. 13	Ship *Swallow*	159.53	
Dec. 1	R. Franchot	175.00	
1	Ship *Volunteer*	123.48	
Sept. 21	Aug. General average, C. P H., account.	2,213.74	
		9,066.23	
Balance of account chargeable to discount on currency for 1868		3,200,981.50	
		3,210,047.73	
Total amount of gold		8,010,582.96	
Total amount of discount		3,210,047.73	
Total amount of currency		11,220,630.69	

* Not stated.

† These bonds were purchased for the company by C. P. Huntington in June for $7,500. They were transferred to the Contract and Finance Company August 31 for $5,250, they taking them at the gold value. No voucher.

Average value of gold dollar, $1.65 in currency; average value of currency dollar, 66.6 cents in gold.

Statement of cost of locomotives, Nos. 1 to 38.

Date.	Locomotive No.	Amount.	Date.	Locomotive No.	Amount.
1866.					
Mar. 1	1	$15,861.56		21	$21,311.9
1	2	18,205.08		22	21,283.2
1	3	10,589.58		23	21,235.7
1	4	10,603.49	1868.		
1	5	16,629.91	June 22	24	19,116.9
1	6	19,161.74		25	18,970.9
1	7	22,762.24	Aug. 31	26	18,671.4
1867.				27	18,230.9
Jan. 1	8	36,513.57		28	16,994.1
1	9	36,513.57		29	16,816.2
1	10	23,458.95		30	18,186.1
1	11	30,013.13		31	18,381.7
1	12	21,613.46	1869.		
1	13	23,716.49	Jan. 5	32	18,354.9
1	14	23,226.87		33	17,915.0
1	15	23,128.39		34	20,009.9
1	16	24,482.38		35	20,218.2
1	17	23,473.00		36	17,736.2
1	18	22,598.65		37	17,633.9
1	19	23,379.22		38	17,836.4
July 23	20	20,649.58			
Total					775,472.7
Average					20,407.1

The books show that the Contract and Finance Company were to furnish locomo tives. Instead of doing so, they paid the railroad company during 1868 $11,000 eac for 32 locomotives, and $12,500 for 6 locomotives. At an average rate of discoun for the year of $1.65 currency for $1 gold, it would bring the cost of the 32 locomotive to the Contract and Finance Company to $18,150 in currency, and the last 6 to $20,625 The first 38 locomotives bought by railroad company cost an average of $20,407.8 each in currency.

In the following year an additional sum of $1,500 was charged the Contract an Finance Company for the first 32 locomotives furnished them.

Profit and loss account for the year 1868, outside of current business, as per entries on gen eral ledger.

Jan.		Sinking fund No. 1		$100,000.0
Aug.	18.	C. P. Huntington's account for June:		
		Paid Speyer & Co. for release of contract to deliver bonds.		30,000.0
	31.	Discount and interest on San Francisco bonds		50,562.2
	31.	United States revenue stamps		7,360.6
	31.	C. D. Wilson, balance of account		20.6
	31.	Geo. F. Hartwell, balance of account		131.7
	31.	Freeport Railroad, balance of account		26,904.1
	31.	Georgetown wagon road, balance of account		1,000.0
Sept.	30.	Emigrant Gap wagon road		500.0
				216,479.3
Aug.	31.	Less stumpage account	$210.00	
		Less S. M. Buck account	60.25	
				270.2
				216,209.0

There are no vouchers for any of the above payments save for the item of $500.

Amounts paid by Leland Stanford and charged to expense account, as per his report Jul 29, 1868, for which no vouchers can be found.

Feb.	22.	Check Central Pacific Railroad Company	$500.0
Apr.	7.	D. A. Bender, cash borrowed (tags)	2,550.0
	8.	W. B. Carr	13,750.0
	11.	M. D. Boruck	1,000.0
	19.	S. H. Burnham	1,000.0

May 5.	Edward Curtis	$500.00
16.	T. J. Henley	500.00
19.	E. H. Miller, jr., cash borrowed (tags)	3,150.00
26.	W. L. Broughton	500.00
26.	Ezekiel Wilson	500.00
July 7.	M. G. Richardson	300.00
Feb. 5.	Check to Mark Hopkins for Gage & Safford	3,601.00
		27,851.00

Report of October 13, 1868.

July 9.	W. B. Carr	$1,000.00
25.	James McClatchy	1,000.00
Sept. 18.	McCullagh & Boyd	500.00
19.	Thomas Fitch	1,000.00
21.	S. T. Gage	7,500.00
29.	James Otis	2,500.00
		13,500.00

Equipment account.

Equipment charged to Contract and Finance Company, 1868:

38	locomotives, at $11,000 gold	$418,000.00
32	hand-cars, at $150 gold	4,800.00
9¼	passenger-cars, at $3,500	33,600.00
231	flat-cars, at $600	138,600.00
120	flat-cars, at $600	72,000.00
192	box-cars, at $800	153,600.00
33	platform-cars, at $600	19,800.00

Notes on equipment.

1868.

Aug. 18.	Amount paid for draft of Charles Crocker, president of the Finance Company, for four engines purchased in California.. (This item appears in the account current of C. P. Huntington for August, 1868, and is unaccompanied by vouchers.)	$21,000.00
	The amount of draft was $30,000 gold. The additional $9,000 was charged to discount on currency	9,000.00
	(These engines were bought of the Oregon Railroad Company.)	
Sept. 24.	The amount paid Contract and Finance Company on account of above four engines	23,100.00
	Premium on gold for above	9,900.00
		63,000.00

The four engines were purchased for $63,000 in currency, freight and charges to be paid by the Central Pacific Railroad Company.

Notes on C. P. Huntington's account, 1868.—*Expense account.*

The following amounts appear in C. P. Huntington's agents accounts for 1868, and for which there are no vouchers:

1867.

Dec.	Governor Donnelly, "on Minn. Chy. acct."	$1,000.00
	Fisk & Hatch, advertising and commissions on bonds	40,420.62

1868.

Jan.	R. Franchot	3,300.00
	John Davis	1,000.00
	C. P. Huntington, expenses	532.80
Feb.	Expense account	668.22
	J. M. Van Buskirk	500.00
	John Davis	2,000.00
	R. Franchot	500.00
	E. H. Lowery	416.66
	John Hersey	100.00
	John Boyd	100.00
	Sending bonds to Europe	10,845.00

Mar.	E. J. Rollins, Concord, N. H	$1,000.00
	R. Franchot	5,250.00
	W. S. King	500.00
	C. P. Huntington, on account	800.00
	Expenses of sending bonds to Europe	8,526.20
Apr.	R. Franchot	200.00
	C. P. Huntington	1,000.00
May	H'y Beard	450.00
	R. Franchot	5,000.00
	Thomas Magee, newspaper correspondent	300.00
	General Thomas Ewing, legal services	5,000.00
	C. P. Huntington, expenses	500.00
June	Abraham Doty, certificate of stock No. 1134, in accordance with directions in letter of C. P. Huntington, May 11, 1868	5,000.00
	R. Franchot	2,200.00
	C. P. Huntington, expenses	947.50
	Fisk & Hatch, two-thirds special advertising for six months ending June 30, 1868	35,087.60
	C. P. Huntington, special account: Stock disposed of by him, 679 shares issued to him in blank, to be filled up by him, and 295 shares issued to him as agent (in all 974 shares)	97,400.00
Aug. 31	Amounts transferred from suspense account, amount paid John Davis in June	5,000.00
3	Amount paid John Davis, December, 1867	1,200.00
	Amount paid John Davis, February, 1868	1,000.00
	Draft on Paris, June	1,500.00
	Amount paid William Jones, January 23	1,000.00
July	R. Franchot	3,000.00
	C. P. Huntington's expenses	3,500.00
Aug.	R. Franchot, traveling expenses	1,000.00
	C. P. Huntington, expenses	500.00
Sept.	Fisk & Hatch	5,000.00
	C. P. Huntington	700.00
Oct.	C. P. Huntington, expense	28,000.00
Nov.	C. P. Huntington, expense	1,500.00

Account current of the Contract and Finance Company with the Central Pacific Railroad Company of California to December 31, 1868.

DR.

Date.	Description of voucher.	Voucher No.	Amount.
1867.			
Dec. 4	Copies of papers from Secretary of State	1159	$10.00
26	Sundry items paid by Governor Stanford (see his report of September 5, 1867) for the Contract and Finance Company		23,736.00
26	Sundry items (as above) in Governor Stanford's report of December 26, 1867	33 to 47	10,327.00
31	Sundry items charged to Railroad Construction Company in error, now correctly transferred to Contract and Finance Company		2,321.70
31	Notes and interest, Charles McLaughlin, less discount for currency		19,006.80
31	Wagon cover and tents	1231	92.70
31	Top buggy	1232	375.00
31	Pay-roll and engineers' department	1319 to 1326	986.10
1868.			
Jan. 9	Freight on iron	1	3,011.80
14	....do	34	73.80
16	.....do	51	36.10
23	.....do	73	15.00
31	Milliken Bros., engineering	105, 106	140.00
Feb. 1	Stanford's report, interest and note	1, 9, 27, 31, 36	16,634.00
1	Freight on scrapers	Invoice book, p. 130.	58.00
Apr. 20	G. M. Davis, invoice bridge iron		11,346.00
May 30	Mark Hopkins, treasurer, cash	628	309,833.10
June 22	D. A. Bender, cashier, building tanks on cars	159, 160	2,901.70
July 2	8,000 shares capital stock Central Pacific R. R. Co. of California at par		800,000.00
29	Stanford's report of July, 1868, interest	Numerous vouchers.	9,994.10
29	Stanford's report, freight on scrapers	61	13.00
29	Standford's report, notes and interest to Dana		4,488.00

Account current of the Contract and Finance Company, etc.—Continued.

DR.

Date.	Description of voucher.	Voucher No.	Amount.
1868.			
Aug. 6	Freight on iron	923–926	183. 42
6	J. Williams, disbursed	929	70. 73
11	Materials furnished the Contract and Finance Company and charged to them on a gold basis:		
11	Spikes and joints $566, 694. 66		
11	Freight cars, 231 flat 138, 000. 00		
11	Pacific Telegraph 165, 000. 00		
11	21,000 insulators 7, 561. 00		
11	40 tanks 2, 800. 00		
11	3 turn-tables 900. 00		
11	Freeport Railroad iron and ties 65, 000. 00		
			946, 555. 66
11	Amount transferred from Western Pacific R. R. Co. that should have been charged to Contract and Finance Company	Numerous vouchers.	14, 386. 09
Aug. 12	Mark Hopkins, treasurer, cash	968	2, 040, 225. 14
	do	977	70, 687. 50
6	Rodman's wages	937	5. 00
18	Leland Stanford's draft, freight and charges on materials		8, 387. 87
28	Cash borrowed on two notes, L. Stanford from French Loan Society, account Central Pacific R. R. Co		150, 000. 00
28	40½ miles iron, 88 tons to the mile, or 3,542 tons, at $75		265, 650. 00
	43 miles of spikes, 5,200 pounds to the mile, 223,600 pounds, at 4½ cents		10, 062. 00
	40½ miles joints, 375 per mile, 17 pounds each, 256,508 pounds, at 6 cents		15, 395. 88
	120 platform (flat) cars, 3 to each mile, at $600		72, 000. 00
	8 locomotives, 1 to each 5 miles, at $11,000 each		88, 000. 00
	3,400 telegraph arms		603. 50
	Chains and spikes		3, 047. 06
29	Mark Hopkins, treasurer, cash		1, 107, 636. 03
31	Pay-roll	598	1, 024. 50
31	Yuba Railroad bonds, 7,500 currency, at 70		5, 250. 00
31	3,325 bars railroad iron, bought at sheriff's sale of Sacramento County, on judgment against Yuba R. R. Co. (sale 28th February, 1868)		29, 808. 25
Sept. 19	R. J. Morton, freight, railroad iron	1180	1, 000. 00
24	Materials furnished the Contract and Finance Company and charged to them on a gold basis:		
	Iron and superstructure, 593 miles, at 88 tons per mile, or 5,258 tons, at $75 $394, 350. 00		
	Spikes, 5,200 pounds to the mile, 310,700 pounds, at 4½ cents 13, 981. 50		
	Fish-bars and bolts, 375 to the mile, 17 pounds each, at 6 cents per pound 22, 854. 30		
	Freight cars: 192 box cars, at $800 each 153, 600. 00		
	33 platform cars at $600 each 19, 800. 00		
	15 engines at $11,000 each 165, 000. 00		
	96 passenger cars, at $3,500 each 33, 600. 00		
	32 hand cars, at $150 each 4, 800. 00		
			807, 985. 80
	This apparently completes the contract for iron and superstructure, locomotives, and cars to the 330th mile.		
25	73,900 shares capital stock of Central Pacific Railroad Company of California, at par		7, 396, 000. 00
26	Mark Hopkins, treasurer, cash	1216	2, 379, 931. 45
Oct. 3	R. J. Morton, hauling iron	1254	258. 22
13	Leland Stanford's account, sundry items, paid on account Contract and Finance Company	13, 17, 18, 19	91, 388. 92
Nov. 1	C. P. Huntington, agent, account California Central Railroad Company bonds transferred to Contract and Finance Company		8, 190. 00
1	F. W. Hopkins & Co., invoice of iron rails	See invoice book, pp. 223–227.	19, 305. 77
17	Nevada County taxes	1558	175. 00
17	Paid pay-roll	1560	941. 92
Dec. 1	C. P. Huntington, agent, account paid J. T. Brady, counsel fees, defense of his brother		5, 000. 00
1	F. W. Hopkins & Co., iron, invoice iron rails	Invoice book, 233, 236, 240.	55, 204. 09
6	Freight on bolts	1690	50. 18
30	C. P. Huntington, agent, November account, paid J. T. Brady counsel fees, defense of his brother		5, 000. 00
31	F. W. Hopkins, invoice rails	Invoice book.	32, 400. 01
31	J. C. Osgood, dredging machine	p. 241	7, 596. 80
31	Townsend & Jackson, dredging machine	p. 253	7, 000. 00
31	D. A. Bender, cashier, machine shops beyond State line	p. 256	3, 767. 59
			16, 904, 854. 76

Account current of the Contract and Finance Company, etc.—Continued.

CR.

Date.	Description of voucher.	Voucher No.	Amount.
1867.			
Dec. 26	L. Stanford, report of September 5		$53, 880.6
26	L. Stanford, report of December 26, proceeds of note of Contract and Finance Company		100, 000.0
Aug. 27	Discount on scrapers paid by C. P. H., December, 1867		17.2
27	G. T. M. Davis's bill, bridge iron, April 20		3, 448.0
27	C. P. H., paid Stanford's draft August 18		2, 514.3
28	Sundry interests paid on notes, amounting to $150,000		16, 734.5
28	77 miles of road and telegraph line completed, accepted by Commissioners, under contract of December 3, 1867		6, 622, 000.0
28	40 miles of road and telegraph line completed from 215th to 255th mile, accepted by United States Commissioners		3, 440, 000.0
Sept. 24	75 miles of road and telegraph and 3¾ miles sidings accepted by United States Commissioners		6, 450, 000.0
Oct. 15	L. Stanford's report, amount received by him		8, 304.0
15	L. Stanford's report, check received by him		1, 568.0
Nov. 1	C. P. H., difference between currency and gold on sale of 8,190 C. C. R. bonds		2, 081.6
1	C. P. H.'s account for September, difference between currency and gold on $19,305.77 charged to them		4, 922.0
Dec. 1	C. P. H.'s account for October, difference between currency and gold on $35,204.09 charged to them		9, 329.0
30	C. P. H.'s account for November, difference between currency and gold on $10,000 charged to them		2, 600.0
31	C. P. H.'s account for November, difference between currency and gold on $46,996.81 charged to them		12, 434.5
			16, 729, 824.8
	Balance, December 31, 1868		175, 029.8
			16, 904, 854.7

On December 3, 1867, the board of directors of the Central Pacific Railroad Company entered into an agreement with the Contract and Finance Company for the construction of a certain part of the road. The original contract is missing and no copy can be found.

The minutes of the board of directors December 3, 1867, reads:

"*Resolved*, That this company hereby consents and agrees with the Contract and Finace Committee to the terms, stipulations, and conditions of the articles of agreement submitted by the president to this board, and the president and secretary are hereby authorized and directed to execute the said contract on behalf of this company, and to attach the corporate seal thereto."

Entries on the books in 1868 indicate the following details:

(1) The Contract and Finance Company were apparently to construct and equip the road for $86,000 per mile, payable half in gold and half in capital stock of the railroad company, and also to provide the necessary sidings.

(2) The rails were to weigh 88 tons per mile.

(3) The spikes, 5,200 pounds per mile.

(4) Splice joints, 375 of 17 pounds each per mile.

(5) Bolts, four to each joint.

(6) Locomotives, one for each 5 miles.

(7) Passenger cars, one for each 20 miles.

(8) Box cars, one for each mile.

(9) Flat cars, two for each mile.

(10) Hand cars, one for each 6 miles.

(11) The specification and quality of the other work required by the contract is not yet shown by the books.

EXHIBIT No. 7 (Statement No. 9).

General balance sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1869.

LIABILITIES.

Capital stock, 401,651 shares, at $100		$40,165,100.00
Less amount due by stockholders		67,810.00
		40,097,290.00
First-mortgage bonds, 17,682 bonds, par value $1,000		17,682,000.00
United States Government bonds, 1,338 bonds, par value $1,000		1,338,000.00
State aid bonds, 1,495 bonds, par value $1,000		1,496,300.00
Convertible mortgage bonds, 1,483 bonds, par value $1,000		1,483,050.00
United States Government bonded account		24,254,738.47
Sinking fund		287,000.00
Accounts payable		3,014,584.86
Bills payable:		
Notes	$8,350,310.91	
Employés	79,406.17	
		8,429,717.08
Land department	119,767.84	
Land department California and Oregon Railroad	5,184.63	
		124,952.47
Contract and Finance Company		1,827,077.13
Bank of California		17,302.19
Western Pacific Railroad, passenger and freight earnings		12,301.84
Profit and loss account:		
Profit and loss December 31, 1868	$2,749,220.25	
Profit and loss for the year 1869, as per accompanying sheet	135,830.65	
		2,885,050.90
		102,948,364.94

ASSETS.

Construction proper		$85,401,554.76
Discount, less premium		8,738,878.32
		94,140,433.08
Equipment account		4,588,972.71
Total cost of road and equipment		98,729,405.79
Advances to auxiliary railroads:		
San Joaquin Railroad	$15.00	
Sacramento Valley Railroad	53,281.45	
Virginia and Truckee Railroad	39,190.36	
San Francisco and San José Railroad	1,000.00	
Oregon Branch Railroad	92.50	
Western Pacific Railroad	85,592.18	
California and Oregon Railroad	3,378.46	
		182,549.95
United States Government accounts:		
United States Post-Office Department	44,764.62	
United States transportation account	174,294.33	
United States transportation, Geological Survey	48.50	
Public land surveys	3,863.55	
		222,971.00
Bills receivable		287,900.00
Company's account receivable	$392,919.32	
Accounts receivable	938,594.22	
		1,331,513.54
Suspense account		200,000.00
Materials on hand		1,993,234.66
Error in postings of ledger		790.00
		102,948,364.94

Current statement of the Central Pacific Railroad of California for the year ending December 31, 1869.

Passenger earnings		$2,636,900.3
Freight earnings		2,793,301.6
Express earnings		294,082.9
Mail earnings		174,049.5
Miscellaneous earnings		13,166.2
Wharf earnings		23,598.9
Rental earnings		4,148.5
Telegraph earnings		12,052.9
Sleeping-car earnings		57,436.7
Earnings on leased and operated lines		16,388.0
Earnings on leased lines in 1868		10,137.0
		6,025,263.3
Less operating expenses and taxes		3,143,169.5
Amount of net earnings		2,882,093.7
Add—		
Profit and loss on wood account	$55,338.42	
Profit and loss on furniture account	15,280.71	
Engines bought at sheriff's sale at a nominal price; these engines are charged at about their actual value	28,524.89	
Premium on currency	35.00	
Shop account to balance inventory	270,296.65	
Miscellaneous	142.03	
Rental account	3,675.25	
		373,292.9
		3,255,386.7
Less—		
Taxes (general account) to December 31, 1868	122,301.87	
Taxes for 1869	149,149.58	
Interest account to December 31, 1868	307,925.15	
Interest account to December 31, 1869	683,280.24	
Interest on convertible bonds for 1868 (coupons)	102,103.95	
Interest on convertible bonds for 1869 (coupons)	101,339.25	
Interest on first-mortgage bonds for 1868	626,566.80	
Interest on first-mortgage bonds for 1869	949,985.50	
Haggin & Tevis, consideration for burning of grass in 1866	457.75	
Sinking fund No. 1; amount set apart from the earnings of the road, as per resolution of the board of directors, January 13, 1870	40,000.00	
Hand trucks heretofore charged to construction should have been charged to operating expenses	1,091.18	
Petty cash deficit of Mark Hopkins, treasurer	130.91	
Amount of shortage in cashier's books	214.00	
Counterfeit money	46.50	
Loss on chattel mortgage of the Yuba Railroad Company	34,963.40	
		3,119,556.0
Profit and loss		135,830.6

Statement showing approximately the main features of the construction account of the Central Pacific Railroad Company of California for 1869.

APPROXIMATE AMOUNTS EXPENDED, AND FOR WHAT.

Paid Contract and Finance Company for constructing 360 miles of railroad	$30,960,000.0
Paid Contract and Finance Company for extra work in building snow-sheds and sinking artesian wells	680,994.1
	31,640,994.1
Paid Union Pacific Railroad Company and Contract and Finance Company, in bonds	2,970,000.0
Paid interest	426,065.8

Paid salaries, expense account of C. P. Huntington, and incidentals	$426,000.00
Paid on cashier's vouchers	953,378.86
Paid Pacific Telegraph	40,000.00
Paid Marine Insurance	240,000.00
Paid for engineering	40,000.00
	36,736,368.86
Less credits for materials furnished the Contract and Finance Company over that purchased	2,896,544.96
Total cost of construction	33,840,823.90

Discount on currency, 1869. *Central Pacific Railroad Company of California.*

Date.	Purchased by—	Who from or for.	Amount of discount.	Amount of gold.
1869.				
Jan. 30	C. P. Huntington, account December, 1868.		$293,937.50	$825,000.00
30		Huntington, Hopkins & Co. (no voucher).	60,538.39	158,161.38
Mar. 20	C. P. Huntington, account June, 1869.		427,089.45	1,207,320.00
20		Huntington, Hopkins & Co. (no voucher).	9,991.85	28,438.25
25	C. P. Huntington, account July, 1868.	Charles Sexton	20.00	60.00
Apr. 24		Huntington, Hopkins & Co. (no voucher).	3,117.74	10,586.64
May 1		do	10,874.85	34,437.02
1	C. P. Huntington, account March, 1869.		93,750.00	300,000.00
15	C. P. Huntington, account May, 1869.	Draft on assistant treasurer at San Francisco in favor of Mark Hopkins, treasurer.	216.00	584.00
27	C. P. Huntington, account April, 1869.		190,500.00	600,000.00
27		Huntington, Hopkins & Co. (no vouchers).	5,435.83	17,213.49
June 20		John Bigler	100.00	300.00
30	C. P. Huntington, account for May 1869.		225,500.00	600,000.00
30		Huntington, Hopkins & Co. (no vouchers).	17,412.47	47,058.18
July 31	C. P. Huntington, account June, 1869.		153,667.50	400,000.00
31		Huntington, Hopkins & Co. (no vouchers).	10,504.14	27,692.73
31		Geo. E. Gray, consulting engineer, for grading and other work done in construction between Promontory and Humboldt Wells (no receipt for it).	152,435.12	457,305.34
31		Contract and Finance Company	1,407.50	4,222.50
31		Huntington, Hopkins & Co. (no voucher).	57,234.69	162,955.66
Sept. 1		California and Oregon Railroad, account of C. P. Huntington, April, 1869.	112.50	337.50
1		W. S. Green, in account of C. P. Huntington for April, 1869.	75.00	225.00
8	C. P. Huntington, account July, 1869.		534,120.00	1,456,220.00
8		Huntington, Hopkins & Co. (no voucher).	16,902.58	45,699.55
8		Sacramento Valley Railroad	1.12	3.38
8		C. Crocker	150.00	456.00
8		George E. Gray	37.50	112.50
8		Contract and Finance Company, cash paid by C. P. Huntington.	1,128.25	3,384.75
13	C. P. Huntington, account August, 1869.		393,100.00	1,090,000.00
13	do	Paid Charles Crocker	1,282.50	3,847.50
13		Huntington, Hopkins & Co. (no voucher).	12,580.00	34,931.93
13		Contract and Finance Company	4,912.00	14,736.00
20		Western Pacific Railroad	4,806.42	12,617.01
Nov. 15		Huntington, Hopkins & Co. (no voucher).	3,413.50	10,240.52

Discount on Currency, 1869. Central Pacific Railroad, etc.—Continued.

Date.	Purchased by—	Who from or for.	Amount of discount.	Amount of gold.
15	.....	Mark Hopkins	$877. 79	$2, 633. 37
30	.....	Sundries paid by C. P. Huntington ..	394. 28	1, 577. 10
Dec. 15	C. P. Huntington, account November, 1869.	.....	249, 834. 37	930, 000. 00
15	.....	Sundries, November	11, 600. 47	46, 401. 91
15	.....	W. H. Porter's draft	887. 18	3, 600. 00
31	.....	Coupons bought (currency, 75 cents)	7, 482. 57	22, 448. 55
31	C. P. Huntington, account December, 1869.	From E. Kelly & Co	17, 707. 64	52, 564. 67
31	.....do	.....	125, 750. 00	658, 000. 00
31	.....do	.....	6, 102. 53	27, 447. 88
31	.....do	Sundries	3, 118. 35	14, 268. 04
31	.....	W. H. Porter, cashier	42, 585. 42	119, 362. 02
31	C. P. Huntington, account December, 1869.	.....	6, 882. 26	26, 429. 74
			3, 170, 592. 23	9, 464, 248. 00

Cr.

Date.	Description.	Amount.
1869.		
Jan. 12	On Sacramento Valley mail collections	$332. 00
Feb. 27	On ship *Seminole*, account of C. P. Huntington, December, 1868	213. 33
Aug. 1	On four ships, general average	1, 625. 17
1	On Sacramento Valley mail collections	230. 00
Sept. 8	On $2,695 paid Huntington, Hopkins & Co., account of C. P. Huntington, July	565. 21
23	On $125 paid W. H. Porter, account of C. P. Huntington, August	31. 29
Nov. 15	On $320,000 paid Contract and Finance Company, account of C. P. Huntington, September	80, 000. 00
15	On $870, Sacramento Valley Railroad, account of C. P. Huntington, September	217. 50
Dec. 15	On $1,050,282.67 paid Contract and Finance Company, account of C. P. Huntington, November	211, 878. 53
15	On $374,228.91 paid Contract and Finance Company, account of C. P. Huntington, November	74, 865. 78
31	On general average, ship *Pocahontas*	982. 33
31	On general average, ship *Golden Hind*	1, 671. 30
31	On general average, ship *O. Davis*	22. 14
31	On general average, ship *Centurion*	2, 234. 65
31	On Jackson & Sharp	13. 50
31	On R. Franchot	232. 00
31	On Contract and Finance Company, sale of bonds	222, 687. 13
31	On Sacramento Valley Railroad, $870	134. 00
31	On cashier's account, December	8, 007. 65
31	On cashier, changing currency receipts to gold	42, 486. 75
		649, 302. 00
	Balance of account chargeable to discount on currency for 1869	2, 521, 290. 73
		3, 170, 592. 23
	Total amount of gold	9, 464, 248. 00
	Total amount of discount	3, 170, 592. 23
	Total amount of currency	12, 634, 840. 00

NOTES, 1869.

On capital stock.

The outstanding capital stock was increased during 1869 as follows:

Jan.	C. P. Huntington, 2 shares issued to Frederick Miles (no voucher)	$200. 00
Nov. 4.	C. P. Huntington, as per telegram of October 28 (no voucher).	5, 000. 00
Feb. 18.	Contract and Finance Company, under contract	8, 600, 000. 00
Oct. 11.	.....do	6, 880, 000. 00
		15, 485, 200. 00

On first-mortgage bonds.

Dec. 17.	Bonds were sold by Leland Stanford to the amount of..... (See Leland Stanford's report of that date; see also joint resolution of Congress of April 10, 1869.)	$500,000.00
Dec. 31.	Union Pacific Railway Company, paid them.....	740,000.00
Dec. 31.	.....do.....	60,000.00
Dec. 31.	Contract and Finance Company (see C. P. Huntington's letter of January 8, 1870).....	70,000.00

On United States Government bonds.

Amount sold during 1869 by C. P. Huntington (no voucher except his report).....	$12,080,000.00
To the Union Pacific Railway Company (see joint resolution of Congress of April 10, 1869).....	1,338,000.00
	13,418,000.00

Accounts payable.

Ledger folio.		
496.	Richard Franchot.....	$2,276.00
522.	Hook Smelting Company.....	3,606.00
610.	W. H. Cummings.....	32,379.35
46.	E. B. Crocker (personal account).....	2,183.90
47.	Mark Hopkins (personal account).....	25,243.46
49.	E. H. Miller, jr. (personal account).....	20,802.53
99.	Jersey City Spike and Rivet Company.....	2,000.00
110.	E. S. Miller.....	571.83
112.	Unpaid wages' account.....	498.04
130.	Sundry accounts of persons deceased.....	2,246.12
150.	S. S. Montague (personal account).....	1,032.41
156.	C. P. Huntington (suspense account).....	22,898.78
160.	Schooner *Truckee*.....	484.31
469.	Robert Robinson.....	400.09
494.	Wason Manufacturing Company.....	60,080.45
495.	Lackawanna Coal and Iron Company.....	285,608.16
509.	Stumpage account.....	850.50
516.	Fisk & Hatch.....	1,394,080.86
521.	D. D. McWade.....	500.00
532.	Pacific Rolling Mill.....	25,851.79
534.	E. B. Crocker (currency account).....	4,176.72
536.	Jackson & Sharpe.....	21,016.25
594.	Thomas Moffat.....	220.00
600.	P. Speyer.....	500,000.00
607.	E. S. Dennison.....	1,225.00
696.	Leland Stanford (suspense account).....	8,943.18
697.	L. D. Wicks.....	1,100.00
698.	T. J. Davis.....	1,000.00
750.	A. A. Hungerford.....	2,000.00
137.	Hospital receipts and disbursements.....	14,426.76
512.	N. W. Tallcott.....	804.05
530.	California and Oregon Railroad earnings.....	17,857.98
752.	W. B. Lang & Co.....	867.80
	W. H. Porter, cash.....	557,332.54
		3,014,584.86

On bills payable.

Notes issued during 1869:		
Feb. 18.	To Contract and Finance Company.....	6,000,000.00
June 30.	To Mrs. E. Aiken.....	367.70
Oct. 11.	To Contract and Finance Company.....	2,099,841.79
Nov. 1.	To French Loan Society.....	150,000.00
Dec. 31.	To Mrs. E. Aiken.....	469.12
		8,250,678.61

On construction account.

The interest account general for the year 1868 is in this year charged off as follows:	
Merged in construction account	$332,119.21
Charged to profit and loss	307,925.15
	640,044,36
The interest on convertible bonds for 1868 is charged to profit and loss	102,103.95
The interest on first-mortgage bonds prior to 1868 was in this year merged in the construction account	93,946.62
The interest on first-mortgage bonds for 1868 was in this year charged off to profit and loss	626.566.89
The taxes prior to December 31, 1868, heretofore charged to construction account, were in 1869 taken out and charged to profit and loss	122,301.87

The taxes and interest of 1869 were all charged to profit and loss. (See current statement.)

The Central Pacific Railroad Company paid to the Union Pacific Railway Company, as per joint agreement of November 10, 1869, for work done on the Central Pacific Railway west of the point of junction at or near Ogden, Utah, as per agreement of April 9, 1869, and the joint resolution of Congress of April 10, 1869.

One thousand five hundred and two first-mortgage bonds of the Central Pacific Railway Company, of $1,000 each	$1,502,000.00
Also 1,338 United States Government 6 per cent. regular	1,338,000.00
	2,840,000.00

Of the Central Pacific Railroad Company's first-mortgage bonds, 740 were an original issue, and 762 were purchased from those previously issued at a discount of $12,931.68, which amount was credited to construction account.

Seventy first-mortgage bonds were also paid to the Contract and Finance Company, and 60 of them to the Union Pacific Railway Company.

The average cost of iron paid to different concerns for 1869 was:	
To Spuyten Duyvil	$78.50
To Lackawanna Iron Company	80.00
Do	77.50
To Rensellaer	95.00

On expense account (which was merged in construction account December 31, 1869).

May 10. Paid George Rowland on account of celebration upon completion of the railroad, voucher 886	$1,000.00
May 14. Paid R. Franchot for services rendered to January 1, 1869. (See C. P. Huntington's letter of April 20, 1869; no voucher)	20,000.00
May 14. Paid George Rowland on account of celebration upon completion of the railroad	2,000.00
November 19. Paid R. T. Colbourn for services rendered. (See C. P. Huntington's letter of November 12, 1869; no voucher)	2,500.00
December 31. Paid Charles Crocker additional salary for the years 1866, 1867, 1868, and to December, 1869	18,333.28

(Can not find any authority or voucher for this payment, either in the form of a voucher or in a minute upon the minute-books of the directors.)

Amount credited Leland Stanford June 5, 1867, and then charged to bills receivable, is now charged to cash, without particulars (no voucher)	3,000.00
December 31, paid Richard Franchot:	
For services	20,000.00
For expenses	500.00

(See C. P. Huntington's letter of January 11, 1870; no vouchers.)

On items of expense appearing in C. P. Huntington's accounts for the year 1869.

Date.	Items.	Amount.	C. P. Huntington's accounts current.
Jan. 31	Advertising	$24,136.78	Dec. 31, 1868.
	Sundries	4,398.72	Do.
Mar. 20	C. P. Huntington, expenses	1,000.00	Jan., 1869.
20	Leeland Stanford, cash	1,000.00	Do.
30	Cash	25,000.00	Do.
Apr. 24	R. Conkling, legal services	10,000.00	Feb., 1869.
	R. Franchot	500.00	Do.
	W. B. Carr	15,000.00	Do.
	C. P. Huntington, expenses	1,000.00	Do.
	R. Franchot	200.00	Do.
May 1	....do	5,000.00	Mar., 1869.
	C. P. Huntington, expenses	10,000.00	Do.
	Thos. Ewing, jr., legal services	14,500.00	Do.
	R. Franchot	2,000.00	Do.
	C. P. Huntington, expenses	26,000.00	Do.
27	R. Franchot	500.00	Apr., 1869.
	C. P. Huntington, expenses	5,900.00	Do.
	....do	5,000.00	Do.
	R. Franchot	300.00	Do.
June 30	C. P. Huntington, expenses	500.00	May, 1869.
July 31	J. E. Risley, legal services	625.00	June, 1869.
	C. P. Huntington, expenses	875.00	Do.
	....do	23,000.00	Do.
	....do	500.00	Do.
	Edw'd Jordan, counsel	500.00	Do.
Sept. 8	John R. Bloss	500.00	July, 1869.
	C. P. Huntington, expenses	5,000.00	Do.
13	....do	500.00	Aug. account
	....do	6,431.08	Do.
	O. Ames, president, our proportion disbursement in Washington by special commission, G. K. Warren, chairman, in making report.	369.71	Do.
	C. P. Huntington, expenses	500.00	Do.
Nov. 15	Edw'd Jordan, counsel	500.00	Sept. account.
	C. P. Huntington, expenses	1,000.00	
30	J. E. Risley, legal services	625.00	Oct. account.
	C. P. Huntington, expenses	1,000.00	Do.
Dec. 15	Sam. Wilkeson, services in Washington	500.00	Nov. account.
	C. P. Huntington, expenses	1,000.00	
	Edw'd Jordan, legal services	500.00	
31	Jno. E. Risley, legal services	500.00	Dec. account.
	R. Franchot	500.00	Do.
	J. P. Lloyd	897.29	Do.
	C. P. Huntington, expenses	400.00	Do.
	F. & H., one-half special advertising	3,621.04	Do.
	(There are no special vouchers for any of these items, except as they appear in Mr. C. P. Huntington's accounts current for the year.)		

On equipment account.

On December 31, 1869, the following items and amounts were charged to construction and credited to equipment "to balance," as per inventory valuations:

Locomotives	$471,361.28
Passenger-cars	124,930.39
Freight-cars	721,487.16
Dump-cars	7,563.62
Hand-cars	2,575.63
	1,327,918.08

(Can see no reason for this transfer. The effect of the above is to increase construction account and decrease equipment account the same amount.)

Discount and premium account.

Ledger page.		Dr.	Cr.
60.	Discount on currency	$8,015,089.63	
62.	Discount on first-mortgage bonds	812,597.75	
490.	Discount on Government bonds	23,260.24	
589.	Premium and interest on Sacramento County bonds		$167.28
589.	Premium and interest on Placer County bonds		3,240.50
590.	Discount on convertible mortgage bonds	51,930.49	
	Discount and interest on State-aid bonds		160,592.01
		8,902,878.11	163,999.79
		163,999.79	
		8,738,878.32	

Accounts receivable.

20.	Leland Stanford (personal account)	$6,763.08
48.	Chas. Crocker (personal account)	5,661.62
50.	C. P. Huntington (personal account)	91,907.04
161.	Schooner *Elcho*	70.80
490.	B. B. Redding	200.00
504.	H. W. Hook	125.00
505.	Wm. Warner	8,000.00
521.	Naylor & Co	261.25
522.	L. Ramage	2,000.00
533.	Griffith Griffiths	1,310.54
533.	E. B. Ryan	1,615.90
535.	Geo. E. Gray	3,017.90
537.	H. S. Crocker	8,000.00
591.	B. F. Camp	1,500.00
600.	Sloop *Willie*	1,493.64
600.	Haggin & Tevis	34.85
602.	W. S. Green	225.00
605.	Isaac E. Gates	1,210.00
606.	Dent & Page	2,700.00
611.	David Bush	2,750.00
612.	James H. Storrs	11,000.00
613.	J. H. Bates	787.50
613.	Chas. Haslitt	83.00
696.	Harrison Smith	1,000.00
697.	A. P. and L. Stanford	55,066.90
697.	Leland Stanford (Salt Lake account)	6,809.43
698.	A. A. Hart	259.50
699.	State of California	6,423.40
699.	Levee commissioners	6,713.00
701.	W. W. Cope	100.00
701.	O. M. Mozencraft	50.00
701.	G. L. Tucker	30.00
702.	Mrs. Dr. Pearson	50.00
702.	W. L. King	1,024.00
703.	J. A. Hugston	200.00
703.	C. E. De Long	436.70
703.	Martin Rowan	50.00
704.	John Bigler	300.00
750.	Thos. J. Henley	2,269.75
792.	T. J. Flannigan	90.00
596.	General average, Enoch Train	18,467.57
489.	C. P. Huntington, agent, stock account	70,000.00
507.	American coal	733.02
528.	Coupons bought	4,516.43
588.	E. B. Ryan, Salt Lake account	547,338.46
751.	John E. Risley	3,500.00
752.	A. P. Stanford (white-pine freight account)	26,506.75
	H. H. & Co	35,942.19
		938,594.22

Account current of the Contract and Finance Company with the Central Pacific Railroad Company of California for the year 1869.

Date.	Description of voucher.	Voucher No.	Amount.
	Dr.		
1869.			
Jan. 30	Telegraph arms, cashier's account C	Cashier's account	$2,053.08
30	Payment by C. P. Huntington at Washington, D. C., to Storrs, account of Southern Pacific Railroad Company.	C. P. H.'s account.	14.35
Feb. 18	Iron, engines, cars, etc., for 200 miles	None	2,384,640.25
18	Capital stock, 86,000	do	8,600,000.00
18	60 notes of this date, $100,000 each, at 10 per cent. interest.	do	6,000,000.00
18	Cash	326	38,262.47
18	Paid for freight on bridge iron for Cosumnes Bridge	311	19.41
22	Purchase of land	331	8,333.34
May 1	Paid Storrs, C. P. Huntington's account for March	C. P. H.'s account	5,000.00
27	First-mortgage bonds of Colorado Central Railroad, C. P. Huntington's account April.	do	630.00
June 2	Freight from New York, 1 dredger	1011	189.80
14	do	1070	408.65
30	Marshall & Carter, for excess deduction on ties	1146	907.72
July 8	Knight & Hubron, right of way near Stockton	1196	255.20
30	San Francisco and San José Railroad's balance of freight on railroad iron, 1868.	1303	1,206.46
31	Iron, engines, cars, machinery, etc., for 160 miles of road	None	2,342,007.00
31	E. B. Ryan, statement of grading near Salt Lake		457,305.34
Aug. 26	Payments made as per bill rendered this day		164,798.28
26	do	1464	175,448.35
31	Cash, Huntington & Hopkins and Huntington and Hopkins & Co., checks.	1492	219,160.14
31	Warrant No. 417 on the treasurer	1493	856,384.89
31	Mark Hopkins, check No. 96 on Bank of California	1484	110,000.00
31	Bank of California, paid A. A. Cohen	1494	2,513.75
Sept. 3	Mark Hopkins, check on Bank of California No 97	1517	50,000.00
8	C. P. Huntington's account, July, currency	C. P. H.'s account.	4,513.00
13	C. P. Huntington's account, August, currency	do	19,648.00
10	To cash	1523	65,588.49
10	do	1524	21,503.38
13	do	1563	49,755.42
13	do	1561	50,000.00
23	do	1594	65,000.00
23	To cash, Mark Hopkins, check of the 18th, No. 99	1595	25,000.00
23	To cash deposited with D. O. Mills & Co	1580	15,000.00
28	do	1601	35,000.00
30	do	1608	20,000.00
Oct. 1	Capital stock, 68,800 shares	None	6,880,000.00
5	Cash, Mark Hopkins, check paid Dam No. 100	do	501.57
2	Cash	1632	15,000.00
4	do	1633	20,000.00
11	Iron, locomotives, cars, etc., for Western Pacific Railroad	None	1,284,579.22
11	Iron, spikes, joints, and bolts for San Francisco Bay Railroad.	do	178,090.00
12	Cash, October 9	1690	52,000.00
12	Cash, October 6	1691	20,000.00
18	Cash, October	1729	110,000.00
19	do	1745	1,000.00
21	do	1758	20,000.00
22	Cash and bills	1761	65,000.00
23	Cash	1764	35,000.00
26	do	1777	50,000.00
29	do	1789	17,000.00
30	Cash, Mark Hopkins's check in favor of Cohen	1803	610.50
30	Cash	1804	2,000.00
Nov. 2	do	1821	25,000.00
5	do	1834	60,000.00
6	Paid taxes, Elko County, Nevada, Moore's side track	1841	1,386.78
15	One Yuba Railroad bond, gold, C. P. Huntington's account, September 1.	C. P. H.'s account.	500.00
15	Notary's fees, C. P. Huntington's account, September 1	do	3.00
15	Discount on 320 Western Pacific Railroad bonds, currency		80,000.00
15	R. I. Coburn, 50 shares stock, per C. P. Huntington	C. P. H.'s account.	2,500.00
10	Cash	1858	10,000.00
12	do	1868–1870	25,000.00
13	do	1876	3,000.00
16	Cash	1888	10,000.00
19	Paid Underhill right of way, Western Pacific Railroad	1903–4	4.50
20	Cash	1906	25,000.00
21	Cash on account	1910	5,000.00
22	do	1911	2,000.00
23	do	1918	5,000.00
24	Cash on account H. H. & Co. check	1928	10,522.46
25	Cash	1931	10,000.00
28	do	1932	14,000.00
29	do	1940	15,000.00
30	C. P. Huntington's account for October, gold	C. P. H. account	480.00
30	C. P. Huntington's account for October, currency	do	472.75

Account current of the Contract and Finance Company with the Central Pacific Railroad Company of California for the year 1869—Continued.

Date.	Decription of voucher.	Voucher No.	Amount.
1869.			
Dec. 2	Cash	1997	$21,000.00
4	....do	1993	10,000.00
8	....do	2013	60,000.00
13	Cash and bills	2043	110,000.00
15	Discount currency on 1,008 Government bonds		211,876.32
15	Discount currency on 419 Western Pacific Railway first-mortgage bonds.		74,865.79
15	Paid Southern Pacific Railroad currency	C. P. H. account November.	20.00
15	Paid Kelly Yuba Railroad bonds, currency	....do	25,000.00
14	Cash	2046-7	26,200.00
16	....do	2052	25,000.00
18	....do	2061	50,000.00
16	Yuba Railroad Company, for sundry payments	23 items in journal.	10,654.21
16	Yuba Railroad Company's balance due on railroad notes	See journal	13,207.50
17	California and Oregon Railroad, for sundry payments	....do	44,447.01
20	Cash paid Friend & Terry	2064	8,000.00
20	Cash	2066	40,405.00
22	Cash sent Bank of California	2080	5,000.00
24	Cash	2087	25,000.00
27	....do	2097	6,000.00
29	....do	2105	14,000.00
30	....do	2110	9,000.00
31	....do	2114	10,000.00
31	Cash paid by Bank of California from September 11 to November 6.		11,192.61
31	Cash paid by Bank of California, November to January		27,226.00
31	36,729 bars railroad iron at Junction and Brighton	None	644,433.74
31	680 bars railroad iron on ship *Dashing Wave*	....do	12,487.50
31	To C. Crocker & Co., note of December 26, 1865	....do	105,000.00
31	One year's interest on above	....do	10,500.00
31	Discount on 1,438 Western Pacific Railroad bonds sold	....do	222,618.05
31	Discount on I. Fitch, $397.13	....do	68.51
31	On exchange California and Oregon and Yuba Railroad bonds, gold.	C. P. H.'s account	342.00
	Total		32,615,432.49
	CONTRA CR.		
1869.			
Feb. 18	200 miles of road, from the 330th to the 530th mile		17,200,000.00
Mar. 4	D. W. Earl, freight-house, Reno		4,337.05
4	Whitney & Co., freight-house, Reno		4,148.50
July 31	160 miles of road, from 530th to 690th mile		13,760,000.00
31	Discount on currency, $5,000, May 1		1,250.00
31	Discount on currency, $630, May 27		157.50
31	By paid Goss & Lambard, buildings and machinery		85,000.00
Aug. 4	Drawback on freight, San Francisco and San José Railroad, 1865.		535.00
26	Error in charge, October 13, 1868		63,812.50
Sept. 8	Discount on $4,513 currency, paid by C. P. Huntington in July.		1,128.25
13	Discount on $19,648, paid by C. P. Huntington in August		4,912.00
Nov. 15	320 Western Pacific Railroad Government bonds, C. P. Huntington's account for September.		320,000.00
30	Discount on $472.75 currency, C. P. Huntington's account October.		94.55
Dec. 15	Sale of 1,008 United States 6 per cent. Western Pacific Railroad bonds, currency.		1,030,382.67
15	Sale of 419 Western Pacific Railroad first-mortgage bonds, series A.		374,359.91
15	Discount on $25,020, currency		5,004.00
17	Cash, interest on notes		75,000.00
16	Proceeds of sale, $20,000, of Yuba County bonds		14,460.00
31	By Mark Hopkins' check No. 100, charged October 5 (check returned from Dead-Letter Office).		501.57
31	English iron charged in 1868. (NOTE.—The journal 321 shows that this was for 5,315 bars of English iron bought in 1868 and charged to Contract and Finance Company, for the Oregon Railroad Company, and now credited back, as the same will be included in charge to be made hereafter of iron laid in track to date.)		64,071.82
31	By note to Contract and Finance Company dated January 1, 1870, gold.		287,000.00
31	By sale 1,438 first-mortgage bonds of Western Pacific Railroad, series A.		1,290,542.12
31	Amount of Thomas Fitch draft collected by C. P. Huntington.		397.13
	Total		34,618,004.97

EXHIBIT No. 8 (Statement No. 10).

General balance sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1870.

LIABILITIES.

Capital stock, 510,292 shares, at $100 each		$51,029,200.00
Less amount due by stockholders		27,510.00
		51,001,690.00
First-mortgage bonds of the Central Pacific Railroad Company—25,200 bonds of the par value of $1,000 each		25,200,000.00
United States Government bonds, account Central Pacific Railroad—25,881 bonds, par value $1,000 each		25,881,000.00
United States Government bonds of the Western Pacific Railroad—1,970 bonds of the par value of $1,000 each		1,970,000.00
First-mortgage bonds of the Western Pacific Railroad, series A—1,970 bonds, par value $1,000 each		1,970,000.00
First-mortgage bonds of the Western Pacific Railroad—765 bonds, par value $1,000 each		765,000.00
State aid bonds—1,500 bonds, par value $1,000 each		1,500,000.00
First-mortgage bonds of California and Oregon Railroad		553,000.00
Convertible mortgage bonds—1,483 bonds, par value $1,000 each		1,483,000.00
First-mortgage bonds Western Pacific Railroad—169 bonds, par value $1,000 each		169,000.00
Sinking fund No. 1, convertible mortgage bonds of 1862		287,000.00
Bills payable	$7,930,310.91	
Bills payable employés	54,270.77	
		7,984,581.68
Land department	167,957.66	
Trustees land account	632.38	
		168,590.04
Contract and Finance Company		849,327.88
Operating department (or cash in the hands of officials, or vouchers not yet charged)		3,199,398.33
Accounts payable		1,043,836.32
Profit and loss account:		
Balance from 1869	$2,885,050.90	
Less amount debit profit and loss for the year ending December 3, 1870, as per current statement annexed	173,554.38	
		2,711,496.52
		126,736,920.77

ASSETS.

Construction account proper		$115,799,335.58
Discount		486,229.03
		116,285,564.61
Equipment account		4,459,537.30
Total cost of road and equipment		120,745,101.91
United States Government accounts:		
United States Post-Office Department	$116,060.10	
United States Government transportation account	134,175.57	
United States Government account retained	249,910.16	
United States bonds	40,000.00	
United States Treasury Department	352.40	
		540,498.23
Bills receivable		287,250.00
Company's accounts receivable	$3,032,210.22	
Accounts receivable	297,507.01	
		3,329,717.23
Materials on hand		1,834,353.40
		126,736,920.77

Statement of construction account of the San Francisco, Oakland and Alameda Railroad Company at the time of the consolidation with Central Pacific Railroad Company, August 22, 1870.

Steamer *Louisa*	$66,961.60
Steamer *Washoe*	83,769.40
Steamer *San Antonio*	55,381.10
Steamer *Oakland*	35,203.50
Steamer *El Capitan*	91,003.87
Steamer *Flora Temple*	11,912.20
Schooners *Elko* and *Truckee*	27,339.03
Oakland wharf extension	53,056.78
Second Street Ferry construction	18,596.65
Old cars purchased	2,100.00
Unpaid freight account	53.10
Charter steamer *Washoe*	600.00
Paid J. A. Fulton	380.00
Warehouse for marine engine	839.75
Loss on stock sold in 1867, 1,603 shares, at 50 cents	80,150.00
For the capital stock of the San Francisco and Alameda road under consolidation	100,000.00
Balance of former construction account	62,760.68
	690,127.85

Current statement of the Central Pacific Railroad Company of California, for the year ending December 31, 1870.

Passenger earnings		$3,581,506.18
Freight earnings		3,232,479.25
Express earnings		122,558.44
Mail earnings		238,582.56
Sleepers earnings		124,064.00
Telegraph earnings		28,385.54
Baggage earnings		22,875.83
Rental earnings		22,357.25
Wharf earnings		7,540.04
Miscellaneous earnings		58,621.11
		7,438,970.20
Less operating expenses		3,664,018.41
Amount of net earnings		3,774,951.79
Add profit and loss on California and Oregon Railroad consolidation	$19,207.98	
On amount charged to United States Post-Office Department	4,962.48	
On shop account	48,403.56	
On foundery account	27,647.01	
		100,221.03
		3,875,172.82
Less:		
Exchange—loss on currency sold	316,337.50	
Expense account	311,379.06	
Legal expense account	21,279.25	
Taxes	321,561.05	
Engineering	32,459.23	
Interest	547,962.44	
Discount on currency	369,899.26	
Marine insurance	7,501.25	
American River bridge	80,951.88	
Reconstruction coupon interest account, first-mortgage bonds Central Pacific Railroad	1,183,533.50	
Coupon interest on convertible mortgage bonds	99,484.87	
Coupon interest, first-mortgage bonds Western Pacific Railroad	147,091.50	
Coupon interest, California and Oregon Railroad, first-mortgage bonds	17,370.00	
Western Pacific Railroad*	41,223.43	

*Amount of profit and loss at the time of the amalgamation.

Less—Continued.		
Reclamations on freight, Summit Ice Company	$7,747.43	
Overcharges, United States Post-Office Department, July, August, and September	767.52	
Twenty California and Oregon Railroad bonds paid Mrs. Baldwin	20,000.00	
P. Reilly, damages	3,070.91	
Loss on store account	7,255.65	
Less cashier's account, Clipper Gap Agency	75.86	
B. B. Redding, cash loaned	200.00	
Haggin & Tevis	34.85	
A. A. Hart	262.43	
John Bigler	500.00	
State of California	6,428.90	
Levee commissioners	6,713.00	
United States Government, 1867	48.50	
Martin Rowan	50.00	
Legal expenses	119,355.74	
Construction account	376,120.28	
Profit and loss, general account	2,061.91	
		$4,043,727.20
Profit and loss		173,554.38

NOTES—1870.

On June 30, 1870, the debit balance of discount on currency was charged off to construction account, the amount being (all Central Pacific Railroad accounts)	$8,347,747.47
On June 30, 1870, the Central Pacific Railroad Company and the Western Pacific Railroad Company were consolidated, and the Central Pacific Railroad charged to its construction account, in consequence	12,749,044.76

The details of the amounts charged and credited to the consolidated and amalgamated company will be found in the general balance-sheet of the Western Pacific Railroad Company for 1870.

On construction account.

On August 22, 1870, the Central Pacific Railroad Company was consolidated with, took the roads, their equipments, and everything pertaining to them, and assumed all the liabilities of, the following-named railroad companies: The California and Oregon Railway Company; the San Joaquin Valley Railway Company; the San Francisco, Oakland and Alameda Railroad Company, and, in consequence, the Central Pacific Railroad charged to its construction account as follows:

On California and Oregon Railroad, on account of construction	$3,879,975.60	
On various accounts detailed	91,698.73	
		$3,971,674.33
On San Joaquin Valley Railroad (no voucher)		30,500.00
On San Francisco, Oakland and Alameda Railroad, on account of construction	690,127.85	
On account Contract and Finance Company	27,831.58	
On various accounts	50,438.27	
		768,397.70

General balance sheet, California and Oregon Railroad Company, August 22, 1870.

LIABILITIES.

Stock		$1,838,300.00
Due Contract and Finance Company:		
Stocks	$497,000.00	
Cash	1,344,800.00	
		1,841,800.00
First-mortgage bonds		263,000.00
Land department		11,652.15
Profit and loss		26,888.01
		3,981,640.16

ASSETS.

Construction: Contract and Finance Company (55 miles)	$2,750,000.00	
Construction: Contract and Finance Company (22.6 miles)	1,130,000.00	
Construction: Contract and Finance Company, sundries	355.60	
	3,880,355.60	
Less credit	380.00	
Total construction		3,879,975.60
Expense account		8,343.95
Taxes account		2,059.75
Discount first-mortgage bonds		52,200.00
Coupon interest, first-mortgage bonds		16,800.00
Land department		4,645.00
Due from various persons		7,650.00
Due from Central Pacific Railroad Company at date of amalgamation		9,965.86
		3,981,640.16

It appears from the journal of the California and Oregon Railroad Company that a contract was made with the Contract and Finance Company, dated April 2, 1868, to construct the road and stock it from Roseville at $30,000 stock and $20,000 cash per mile.

At the time of mergement 77.6 miles were completed, and the following rolling-stock furnished:

8 locomotives, at $12,000 each; 75 flat-cars, $750 each; 2 baggage-cars, $2,500 each; 75 box-cars, $825 each; 5 passenger-cars, $5,000 each; 8 hand-cars, $125 each	$1,831,000.00
They received in payment for this in stock and bonds $259,000, at 80 per cent., equivalent to cash payment	207,000.00

There was due them at the time of the mergement $497,000 worth of stock and $1,344,800 of cash, which were credited to them on the consolidated books.

The balances of the following accounts, heretofore kept separately, were in this year charged off to construction account:

Discount on Government bonds	$5,792.71
Discount on first-mortgage bonds	1,294,243.95
Discount on convertible bonds	51,890.49
Iron and superstructure	4,871,172.53
Buildings	220,306.47
Sacramento wharves	192,826.25
	6,636,352.60

The balances of the following accounts, heretofore kept separately, were in this year credited to construction account:

Premium and interest on State-aid bonds	$160,067.61
Premium and interest on Sacramento County bonds	167.25
Premium and interest on Placer County bonds	3,240.50
The profit and loss general account	376,130.25
	539,585.61

The Contract and Finance Company was paid for building snow-sheds, bridges, etc., in 1870 (the voucher, No 1406, being a receipt signed by the secretary of the company)	$1,072,874.79
There was paid, January 26, 1870, Chas. Crocker for contingent expenses (no particulars being stated)	7,000.00
There was paid, June 30, 1870, to L. Ramage (no voucher)	2,000.00

In December, 1870, there was paid as follows (no voucher):

John E. Risley	$5,000.00	
Dent & Paige	2,700.00	
Wm. S. King	1,024.00	
Edward Jordan	5,000.00	
R. Franchot	20,000.00	
Jas. H. Storrs	22,635.08	
		56,359.08
There was paid to the Contract and Finance Company for construction of railroad from Chico to Tehama, 26.15 miles, at $30,000 in stock and $20,000 in coin per mile		1,307,500.00

The voucher (No. 1515½) is a memorandum, not signed.

On expense account.

There was paid to a "committee of eminent citizens" for inspecting the railroad (no voucher)	1,000.00
There was paid (the voucher, No. 1530¼, being simply a letter from A. A. Cohen to E. H. Miller, jr., secretary, explaining items relating to schooner charter and other matters)	15,721.54

A statement made by Leland Stanford and receipted by him (Voucher No. 1407), included items of expense as follows:

Paid John Bigler (no voucher)	$1,200.00
Paid John White (no voucher)	50.00
Paid H. C. Beals (no voucher)	100.00
Paid J. A. Warwick (no voucher)	100.00
Paid A. D. Bell for subscription Immigration Aid Society (no voucher)	600.00
Paid Calvin Brown (no voucher)	500.00
Paid Jos. R. Beard (no voucher)	500.00
Paid stamps on notes for loans (no voucher)	117.00
Paid R. S. Williamson (no voucher)	250.00
Paid Sherman Day (no voucher)	400.00
Paid J. H. Carmany & Co. (no voucher)	100.00
Paid Wm. Ashburner, coal-mine account	715.75
Legal expenses:	
Paid H. McAllister (no voucher)	250.00
Paid McAllister & Bergin (no voucher)	2,500.00
Paid Wilson & Crittenden (no voucher)	2,500.00
Paid E. Wilson (no voucher)	1,000.00
Paid interest to French Loan Society	900.00
Paid C. P. Huntington (no details)	2,500.00
Paid damages to sundry parties (no details)	1,550.00
Paid A. A. Cohen for disbursements made in settlement of damages growing out of the collision of November 14, 1869 (for which there are separate vouchers)	55,570.14
Total amount of statement	71,402.89

On profit and loss operating account.

In 1870, debit balances were charged off to profit and loss operating account as follows:

State of California	$6,428.90
United States Government account (of 1867)	48.60
Legal expense account	140,634.99
Discount on currency	369,899.26
Expense account	311,379.06
Store account	7,255.65
Taxes	321,561.05

Coupon interest on first-mortgage bonds	$1,183,533.50
Coupon interest on convertible bonds	99,484.87
Interest account	547,902.44
Exchange account, discount on currency	316,337.50
Coupon interest on Western Pacific Railroad mortgage bonds	147,091.50
First mortgage bonds, California and Oregon Railroad	17,370.00
	3,468,987.31

And there was credited to the same account balances as follows:

Shop account to balance inventory	48,403.56
I street foundery	27,647.01
	76,050.57

On C. P. Huntington's accounts.

PREFATORY NOTE.—In C. P. Huntington's monthly accounts only the bald figures are given. There are no details given, nor do any vouchers accompany them.

C. P. Huntington paid to the Union Pacific Railroad Company to settle dispute as to the junction at Ogden (see his letter of August 12, 1870) $100,000.00

In his January account appear the following expense items:

R. Franchot, house rent at Washington, D. C.	400.00
C. P. Huntington	3,000.00
R. Franchot	500.00
W. C. Emory	500.00
	4,400.00

In his February account apppear the following expense items:

W. C. Emory	400.00
C. P. Huntington	1,500.00
Thomas McGee	200.00
R. Franchot	500.00
R. J. Phillips	400.00
Office rent	1,137.00
	4,137.00

In his March account appear the following expense items:

R. Franchot	3,298.55
C. P. Huntington	500.00
R. J. Phillips	200.00
W. C. Emory	200.00
	4,198.55
Petty expenses for the three months	1,405.92

C. P. Huntington's accounts from April to December, 1870, were missing. They contained expense items as follows:

April	$2,543.95
May	2,558.40
June	3,082.50
July	18,618.75
August	6,682.50
September	14,658.00
October	9,445.75
November	17,276.15
December	15,983.00
	90,802.00

These accounts were called for but were not produced. The individualized items of expense, therefore, can not be separated.

Account current of the Contract and Finance Company with the Central Pacific Railroad Company of California for the year 1870.

Date.	Item.	Dr.	Cr.
1870.			
Jan. 1	By balance from 1869	$1,827,077.13	
31	To cash and cash items for January	576,394.80	
Feb. —	By sale of 580 Western Pacific Railroad bonds		$506,652.76
	By discount		20,698.81
28	To cash and cash items for February	594,848.45	
Mar. 28	By sale of 80 Western Pacific Railroad bonds		77,036.24
	By discount		24,291.12
	By laying track and furnishing ties on Sacramento Valley to Brighton		8,282.11
31	To cash and cash items for March	482,348.13	
Apr. 30	To cash and cash items for April	855,780.31	
May —	By discount		5,569.12
	By cash		250,000.00
31	To cash and cash items for May	226,732.81	
June —	By discount and materials		78,679.32
	By snow-sheds		850,916.13
	By bridges		64,352.86
	By miscellaneous		83,174.48
	By sundries expended for construction of Western Pacific Railroad		74,431.32
30	To cash and cash items for June	548,611.77	
July —	By sundries		11,249.44
31	To cash and cash items for July	343,406.17	
Aug. —	By capital stock due for construction of California and Oregon Railroad		497,000.00
	By cash, bills on construction of California and Oregon Railroad		1,344,800.00
	By discount and sundries		7,137.65
31	To cash and cash items for August	661,285.49	
Sept. 30	To cash and cash items for September	887,789.90	
Oct. —	By extending the Oakland and Alameda wharves, and fencing railroad from Niles to Oakland, per resolution of board of directors (payment on account)		692,394.94
31	To cash and cash items for October	839,417.73	
Nov. —	By rebuilding American River bridge		32,011.48
	By discount		526.25
30	To cash and cash items for November	219,225.65	
Dec. —	By discount		21,367.52
	By construction of 26.15 miles of railroad and telegraph on the California and Oregon Branch, from the 77.6 mile to the 103.75 mile, the whole distance of the line from junction at Roseville to a point opposite Tehama (see minutes of the Cal. and Oreg. R. R. Co., p. 43)		
2	By capital stock $784,500.00		
	By cash 523,000.00		
			1,307,500.00
	By cash, bills paid for repairs		69,657.03
31	By balance due in cash		307,720.15
31	To cash and cash items for December	673,884.65	
31	To balance of stock due	1,281,500.00	
	Total	8,192,225.86	8,192,225.86

Discount on currency, Central Pacific Railroad Company of California.

DR.

Date.	Purchased by—	Who from or for.	Amount of discount.	Amount of gold.
1870.				
Jan. 6		Chas. Haslett, voucher 34	$42.50	$207.50
10		Sales of land	7,913.11	21,335.08
Feb. 14		Contract and Finance Company, currency paid them in January (no vouchers).	59.94	282.58
14		Huntington, Hopkins & Co., currency paid them in month of January (no voucher).	1,750.00	8,250.00
14	C. P. Huntington, suspense account.	Draft to cashier for $30,000, currency	5,250.00	24,750.00
14		California and Oregon Railroad account, H. Beard.	32.81	154.69

Discount on currency, Central Pacific Railroad Company of California—Continued.

Date.	Prepared by—	Who from or for.	Amount of discount.	Amount of gold.
1870.				
Feb. 14		Sacramento Valley Railroad Company, interest on bonds and for advertising.	$307.40	$1,501.00
14		Western Pacific Railroad Company, United States revenue tax interest on bonds, $757.20; and railroad charges on engine San Leandro, $1,155.10.	325.10	1,587.20
23		J. H. Bates, account at Ogden	88.18	529.08
28		Huntington, Hopkins & Co., additional on $10,000 in January.	70.00	420.00
Mar. 10	C. P. Huntington, account, February, 1870.		214,768.75	1,850,000.00
10		Contract and Finance Company, on $186,854.76 paid them in currency at 87 cents.	24,291.12	162,563.64
10		Charles Crocker on $10,145.98 paid him in currency at 87 cents.	1,318.98	8,827.00
10		Huntington, Hopkins & Co., on $10,500, currency.	1,764.30	8,235.70
10	C. P. Huntington, suspense account.	Draft to secretary, $500, currency	82.50	417.50
21		Cashier's account on back charges paid in currency by agents and billed forward in gold.	1,588.45	10,629.90
Apr. 26		Cashier's account, same as above	1,254.66	8,396.11
May 5	C. P. Huntington, account, March, 1870.		80,437.50	650,000.00
5		Huntington, Hopkins & Co	1,336.82	10,414.82
5		Contract and Finance Company	1,402.50	11,347.50
5	C. P. Huntington, account, March, 1870.	Paid for advertising Western Pacific Railroad bonds, by Contract and Finance, $37,878 36, currency.	4,166.62	33,711.74
30		Cashier's account on back charges paid in currency by agents and billed forward in gold.	504.28	3,976.92
June 4		Contract and Finance Company, on $51,555.84 paid for them in New York in April.	5,671.14	45,884.00
4		Huntington, Hopkins & Co., on $5,000 paid for them in New York in April.	600.00	4,400.00
18		Huntington, Hopkins & Co., on $15,094.75.	1,949.03	13,144.72
18		Contract and Finance Company, on $9,762.50.	1,273.38	8,489.14
18		Loss, general average, on ship *Dashing Wave*.	57.95	387.00
28		Cashier's account on back charges paid by agents in currency and billed forward in gold.	1,114.79	7,469.17
30		E. B. Ryan, on $897.22, in 1869	174.30	822.98
30		A. P. and L. Stanford, on $79,073.71	7,907.33	71,165.38
July 18	C. P. Huntington, account, June, 1870.	On $596,360, currency	91,331.40	505,028.60
18	C. P. Huntington, account, June, 1870.	On $500 paid Mark Hopkins	51.25	448.75
18	C. P. Huntington, account, June, 1870.	On $262.50 paid Contract and Finance Company.	28.87	233.63
18	C. P. Huntington, account, June, 1870.	On $9,650 paid Huntington, Hopkins & Co.	1,163.53	8,486.47
21		On back charges at stations billed forward in gold, auditor's account, June.	1,024.85	9,223.65
Aug. 13		California and Oregon land department sales to date, heretofore reduced to gold, now charged back to currency.	1,553.48	5,957.72
22	C. P. Huntington, account, July, 1870.	On $66,507.50 paid Contract and Finance Company.	6,650.75	59,856.75
22		On back charges at stations billed forward in gold.	1,003.90	9,035.77
Sept. 17	C. P. Huntington, account, August, 1870.	On $550,000, currency	90,375.00	459,625.00
20	C. P. Huntington's letter of July 14, 1870, and answer July 23, 1870.	On certificate of stock of Central Pacific Railroad transferred to Thos. Paton April 21, 1869.	2,000.00	18,000.00

Discount on currency, Central Pacific Railroad Company of California—Continued.

Date.	Prepared by—	Who from or for.	Amount of discount.	Amount of gold.
1870.				
Sept. 27	.....	Auditor's account for August on back charges at stations billed forward in gold.	$619.70	$5,577.30
22	C. P. Huntington, account, August, 1870.	On $15,000, currency, paid Huntington, Hopkins & Co.	2,093.50	12,904.50
Oct. 12	C. P. Huntington, September account, 1870.	.....	1,677.62	10,432.38
12	.....	Contract and Finance Company.	486.90	3,370.68
13	.....	....do	4,171.82	32,104.90
31	.....	Auditor's account, September, on back charges at stations billed forward in gold.	670.58	7,835.22
Nov. 14	C. P. Huntington, October account, 1870.	.....	68,093.75	446,906.25
14	C. P. Huntington (personal account).	Discount on $169,172.81, currency, from January 1, 1865, to November 1, 1870.	42,901.56	126,271.25
14	.....	Contract and Finance Company	526.25	4,737.25
17	.....	Huntington, Hopkins & Co	1,668.94	13,331.06
29	.....	Auditor's account, October, on back charges at stations billed forward in gold.	514.10	4,626.90
Dec. 30	C. P. Huntington, November account, 1870.	.....	1,075.00	8,925.00
29	.....	Contract and Finance Company	21,367.52	192,307.69
29	.....	Huntington, Hopkins & Co	601.57	5,624.63
31	.....	Mark Hopkins account	6.44	57.96
31	.....	Huntington, Hopkins & Co	1,011.30	8,968.70
31	.....	Contract and Finance Company	33,844.03	290,596.28
	Total	.....	844,329.95	5,237,086.62

Cr.

Date.	On what account.	Amount.
1870.		
Jan. 31	On account of George E. Gray, consulting engineer	$702.10
Feb. 14	On Contract and Finance Company's sales of Western Pacific Railroad bonds	88,664.23
Mar. 9	On post-office warrant bought of C. H. Cummings	16.25
10	On Contract and Finance Company's sales of Western Pacific Railroad bonds	10,131.31
May 5	On R. Franchot	190.70
20	On exchange at stations, as per cashier's account for April	212.10
June 18	On general average on the *Enoch Train*	6,673.56
28	On exchange at stations, as per cashier's account for May	498.69
30	On E. B. Ryan's Salt Lake account	4,120.57
30	On Contract and Finance Company's balance, Salt Lake account, on $94,845.69, currency, at 75 cents	23,711.59
30	On construction account, balance of account to date	8,347,747.47
July 18	On Contract and Finance Company, on $8,458.60, currency, at 89 cents; account of C. P. Huntington, June 29	931.54
18	On Contract and Finance Company, on $3,092.10, currency, at 89 cents	340.13
18	On R. Franchot, $1,000, currency	133.68
21	On auditor's account for June	58.68
Aug. 22	On Sacramento Valley Railroad, C. P. Huntington account, July	58.65
22	On C. M. bonds, account of C. P. Huntington, for July	140.91
22	On auditor's account for July	731.51
Sept. 27	On auditor's account for August	471.78
Oct. 13	On Parey and Pardee	25.64
12	On C. P. Huntington, account, September	272.26
12	....do	114.61
31	On auditor's account for September	292.70
12	On Sacramento Valley Railroad mail service	104.40
Dec. 30	On C. P. Huntington, account, November	9.93
30	On auditor's account for November	1,042.51
31	On 332 United States Government coupons to Contract and Finance Company	996.00
31	On coupons	211.05
31	On auditor's account for December	910.37
31	On profit and loss operating account	369,899.26
	Less balance January 1, 1870	8,859,419.58 8,015,089.63
	Total	844,329.95

Account of sales of land-grant mortgage bonds for $10,000,000 *of October* 1, 1870.

Date.	Description.	Amount realized.	Total.
1871.			
Jan. 28	7,064 bonds exchanged for bills payable or outstanding notes of the company, by order of L. Stanford	$6,110,360.00	
	Discount allowed in the exchange, bonds taken at 86½	953,640.00	
			$7,064,000.00
28	1889 bonds exchanged for bills payable or outstanding notes of the company, by order of Mark Hopkins	1,633,985.00	
	Discount allowed in the exchange, bonds taken at 86½	255,015.00	
			1,889,000.00
Aug. 12	200 bonds sold by Mark Hopkins	150,000.00	
	Discount, bonds taken at 75 per cent	50,000.00	
			200,000.00
1874.			
Mar. 10	12 bonds sold by C. P. H., credited in his account of January, 1874	10,071.94	
	Discount on the same	1,928.06	
			12,000.00
10	14 bonds sold by Fisk & Hatch, as per C. P. H.'s account current for February	9,356.00	
	4 bonds sold by C. P. H. (see account current for February)	3,373.20	
	Discount on above 18 bonds	5,270.80	
			18,000.00
May 13	1 bond sold by Fisk & Hatch, as per C. P. H.'s account current for April	821.15	
	Discount on the same	178.85	
			1,000.00
June 14	264 bonds sold by Fisk & Hatch direct	230,250.02	
	Discount on the same	33,749.98	
			264,000.00
1875.			
Nov. 15	325 bonds sold to Kuhn, Loeb & Co	291,388.69	
	Discount on the same	33,611.31	
			325,000.00
1876.			
Apr. 5	67 bonds sold by C. P. H	63,235.87	
	Discount on the same	3,764.13	
			67,000.00
1878.			
June 29	160 bonds sold by C. P. H	140,819.95	
	Discount on the same	19,180.05	
			160,000.00
			10,000,000.00

Total amount of discount, $1,356,338.18.

EXHIBIT No. 9 (Statement No. 11).

General balance-sheet of the Western Pacific Railroad Company of California for the year ending December 31, 1862.

LIABILITIES.

Capital stock, 54,000 shares at $100	$5,400,000.00
Less stockholders	129,600.00
Total	5,270,400.00

ASSETS.

Reserved stock (unissued)	5,256,000.00
Cash on hand	14,400.00
Total	5,270,400.00

General balance-sheet of the Western Pacific Railroad Company for the year ending December 31, 1863.

LIABILITIES.

Capital stock, $54,000 shares at $100	$5,400,000.00
Less stockholders	152,100.00
Total	5,247,900.00

ASSETS.

Reserved stock (*i. e.*, unissued)	$3,831,000.00
San Joaquin County reserved stock	250,000.00
Santa Clara County reserved stock	150,000.00
Contractors' reserved stock	1,000,000.00
First installment on stock	2,500.00
Cash on hand	14,400.00
Total	5,247,900.00

General balance-sheet of the Western Pacific Railroad Company of California for the year ending December 31, 1864.

LIABILITIES.

Capital stock, 54,000 shares at $100	$5,400,000.00
Less amount due by stockholders	167,400.00
Total	5,232,600.00

ASSETS.

Reserved stock (*i. e.*, unissued)	3,814,000.00
First installment on stock	2,700.00
Contractors' reserved stock	1,000,000.00
San Joaquin County bonds	250,000.00
Santa Clara County bonds	150,000.00
Cash on hand	15,900.00
Total	5,232,600.00

General balance-sheet of the Western Pacific Railroad Company of California for the year ending December 31, 1865.

LIABILITIES.

Capital stock, 54,000 shares at $100	$5,400,000.00
First mortgage	1,600,000.00
San Francisco County donation	250,000.00
Chas. McLaughlin, contractor	65,416.80
Total	7,315,416.80

ASSETS.

Construction, equipment, and right of way account		467,566.80
Discount on bonds		199,350.00
Engineering account		1,600.00
Organization account		400,000.00
Total cost of road and equipment account		1,068,516.80
Installments on stocks:		
First	$1,300	
Second	6,300	
Third	6,300	
Fourth	6,300	
Fifth	6,300	
Sixth	6,300	
Seventh	6,300	
Eighth	6,300	
Ninth	6,300	
Tenth	6,300	
		58,000.00

Reserved stock (*i. e.*, unissued)	$3,488,900.00
San Joaquin County reserved stock	100,000.00
Contractors	1,000,000.00
First-mortgage bonds, 1,600 bonds, par value $1,000 each, issue of December 1, 1865	1,600,000.00
Total	7,315,416.80

General balance-sheet of the Western Pacific Railroad Company of California for the year ending December 31, 1866.

LIABILITIES.

Capital stock, 54,000 shares at $100	$5,400,000.00
San Francisco County donation	250,000.00
First mortgage	1,600,000.00
Land sales	51,940.30
Chas. McLaughlin, contractor	3,647.20
Delinquent stock	2,462.50
Total	7,308,050.00

ASSETS.

Construction, equipment, and right of way	538,200.00
Discount on bonds	249,350.00
Engineering account	1,600.00
Organization account	400,000.00
Total cost of road and equipment	1,189,150.00
Reserved stock (*i. e.*, unissued)	3,518,900.00
Contractors' reserved stock	1,000,000.00
First-mortgage bonds, 1,600 bonds, par value $1,000 each, issue of December 1, 1865	1,600,000.00
Total	7,308,050.00

The balance-sheets up to December 31, 1866, show the capital stock issued, viz, $881,100, and the stock to be issued, viz, $4,518,900 (a total of $5,400,000). The balance-sheets of the succeeding years show the capital stock actually issued. The accounts are so recorded on the books of the company.

General balance-sheet of the Western Pacific Railroad Company of California for the year ending December 31, 1867.

LIABILITIES.

Capital stock, 8,811 shares at $100	$881,100
United States Government bond account	320,000
San Francisco County donation	250,000
First-mortgage bonds of December 1, 1865	210,000
Total	1,661,100

ASSETS.

Total construction, equipment, and right of way	1,661,100

General balance-sheet of the Western Pacific Railroad Company of California for the year ending December 31, 1868.

LIABILITIES.

Capital stock, 8,811 shares at $100	$881,100
United States Government bond account	320,000
San Francisco County donation	250,000
First-mortgage bonds of December, 1865	210,000
Total	1,661,100

ASSETS.

Total construction, equipment, and right of way	1,661,100

General balance-sheet of the Western Pacific Railroad Company of California for the year ending December 31, 1869.

LIABILITIES.

Capital stock, 79,000 shares at $100	$7,900,000.00
United States Government bond account	1,648,000.00
First-mortgage bonds of—	
December 5, 1865	210,000.00
July 1, 1869, 1,970 bonds, series A, par value $1,000	1,970,000.00
July 1, 1869, 765 bonds, series B, par value $1,000	765,000.00
Central Pacific Railroad Company of California	73,620.02
Amount carried to profit and loss, as per current statement	14,631.73
Total	12,581,251.75

ASSETS.

Construction, equipment, and right of way	12,348,823.48
Expense account	3,047.30
Real estate	350.00
Fuel account	6,729.13
Total cost of construction, equipment, etc	12,358,949.91
Contract and Finance Company	210,000.00
Central Pacific Railroad Company of California, earnings	12,301.84
Total	12,581,251.75

Current statement of the Western Pacific Railroad Company of California for the year ending December 31, 1869.

Passenger earnings		$195,453.03
Freight earnings		82,222.91
Express earnings		2,047.50
Mail earnings		2,663.65
Miscellaneous earnings		1,345.58
		283,732.67
Less:		
Operating expenses	$261,071.86	
Taxes	8,029.08	
		269,100.94
Amount of net earnings		14,631.73

General balance-sheet of the Western Pacific Railroad Company of California from January 1, 1870, to June 30, 1870 (the date of amalgamation with the Central Pacific Railroad Company).

LIABILITIES.

Capital stock, 79,000 shares at $100	$7,900,000.00
United States bond account	1,970,000.00
First-mortgage bonds, issue of—	
December 1, 1865	169,000.00
July 1, 1869, series A	1,970,000.00
July, 1869, series B	765,000.00
Central Pacific Railroad Company	277,558.87
Central Pacific Company, railroad earnings	112,200.22
Total	13,163,759.09

ASSETS.

Construction, equipment, and right of way	12,749,044.76
Real estate	350.00
Fuel account	37,390.67
Expense account	7,903.73
Engine San Leandro	10,781.53
Total cost of construction, equipment, and right of way	12,805,470.69
Contract and Finance Company	169,000.00
Central Pacific Railroad Company	148,994.89
Profit and loss, as per current statement	40,293.51
Total	13,163,759.09

Current statement of the Western Pacific Railroad Company of California from January 1, 1870, to date of amalgamation, June 30, 1870.

Operating expenses and account		$436,643.70
Coupon interest bonds paid		61,695.00
Taxes		7,225.44
		505,564.14
Less—		
Passenger earnings	$302,176.70	
Freight	137,934.66	
Express	4,307.14	
Mail	16,143.25	
Telegraph	96.35	
Miscellaneous	4,612.53	
		465,270.63
Net loss		40,293.51

[Western Pacific Railroad Company's ledger, folio 55.]

Account of Contract and Finance Company.

DR.

1869.		
Oct. 29	To first-mortgage bonds account, for 1,000 first-mortgage bonds sent C. P. Huntington for account of Contract and Finance Company, the bonds being of series A of 1970, and numbered from No. 1 to No. 1000, of issue July 1, 1869	$1,000,000.00
Dec. 1	To first-mortgage bond account, for 970 bonds sent to C. P. Huntington for account of Contract and Finance Company, the bonds being of series A, and complete the total number of series A, and are numbered from No. 1001 to 1970, both inclusive, of issue July 1, 1869	970,000.00
31	To first-mortgage bond account, for 765 bonds sent to C. P. Huntington for account of Contract and Finance Company, the bonds being the entire number of series B, and numbered from No. 1971 to 2735, inclusive, of issue July 1, 1869	765,000.00
	Total	2,735,000.00

1869.	Cr.	
Oct. —	By construction account, for amount due them in the bonds of the company, being the balance of bonds to be issued...	$1,760,000.00
28	By San Francisco Bay Railroad Company, as per certificate of its president and secretary	765,000.00
1870.		
Mar 12	By first-mortgage bond account, for 40 bonds redeemed by C. P. H., in New York, February 7, by giving 40 bonds of issue of July 1, 1869, in exchange	40,000.00
June 4	By first-mortgage bond account, for 1 bond redeemed by C. P. H., in New York, April 27, as per his account and letter of May 27, on file with Central Pacific Railroad Company.....	1,000.00
30	By first-mortgage bonds of Western Pacific Railroad Company, June, 1865.....	169,000.00
	Total.....	2,735,000.00

NOTES—WESTERN PACIFIC RAILROAD COMPANY.

As to origin of Company.

On December 4, 1862, the Central Pacific Railroad Company of California assigned to Timothy Dame, Richard Chenery, and Emory T. Pease, of San Francisco, and George H. Bodfish, of the county of Santa Clara, in California, and their assigns, the right to construct all that portion of railroad and telegraph lying between the city of Sacramento and the city of San Francisco which the said Central Pacific Railroad Company was or might be authorized to construct by the act of Congress of July, 1862, together with all the Central Pacific Railroad Company's rights, grants, donations, etc.

The express conditions were that the said named assignees would construct the railroad from San Francisco to Sacramento, and that the assignees were to assume all the liabilities under the act of Congress, as well as enjoy all the benefits.

On October 31, 1864, the Central Pacific Railroad Company made to the Western Pacific Railroad Company the same assignment of rights and privileges under the acts of Congress of July 1, 1862, and July 2, 1864.

On January 2, 1863, Dame and his associates assigned (in writing) to the Western Pacific Railroad Company all their privileges and obligations under the assignment made them between San José and Sacramento. The Western Pacific Railroad Company had organized under act of the legislature of California of May 20, 1861.

The estimated cost of the road.

The approximate estimate of the cost of the railroad from San José to Sacramento made December 6, 1862, by William I. Lewis, C. E., was as follows:

Construction.....	$4,240,748.60
Equipment	538,800.00
Building and fixtures	250,000.00
Fencing	240,000.00
Right of way	100,000.00
Legal and other incidental expenses.....	30,451.40
Total.....	5,400,000.00

Estimated length of road:

	Miles.
San José to Stockton.....	74
Stockton to Sacramento.....	46
Total	120

The first contract.

The first contract for constructing the road was made by the company with Charles McLaughlin and Alexander H. Houston, July 29, 1863.

The contract was to complete from San José to Sacramento the road-bed, superstructure, buildings, and machinery, and to furnish all rolling-stock, cars, engines, and equipments; the first 50 miles within two years from August 1, 1863, and the bal-

ance within four years from said date. If the contractors completed the work sooner they were to receive as a bonus one-half of the net earnings of the road up to August 1, 1867.

The contractors were to receive $5,000,000 for the work and materials and equipment, etc., payments to be made as follows:

In gold coin	$480,000.00
In county bonds, or their equivalent in other bonds:	
30 years, at 7 per cent	400,000.00
20 years at 8 per cent	250,000.00
20 years at 7 per cent	350,000.00
Total	1,480,000.00
In full-paid stock of the company (or in lieu thereof the application of that amount upon the 10,000 shares of stock subscribed for by the contractors)	$1,000,000.00
In bonds of the United States that might be issued to the Western Pacific Railroad Company under act of Congress of July 1, 1862, or under any supplementary act (or the equivalent of such bonds)	1,920,000.00
In bonds of the Western Pacific Railroad Company, secured by mortgage to the extent of $16,000 per mile, subject to lien of the first mortgage to the United States	1,000,000.00
Total	5,400,000.00

The contractors were to pay for "contingent and other expenses, for legal services rendered, engineering, overseeing, or other services rendered, or in the procuring of legislative or other aid or assistance or otherwise" (in short everything), "from the organization of the company up to and until the completion of the road."

The contractors were expressly precluded from binding the company or the stockholders, or making them liable in any way for anything.

Modifications of the contract were provided for.

Specifications were attached to the contract. They included:

Equipment.

Locomotives with tenders	15
Passenger-cars holding 60 persons	12
Express and baggage cars	4
Platform-cars	30
Freight-cars	50
Gravel-cars	30
Hand-cars	12

All first class.

The foregoing first contract was canceled by agreement and surrendered under a written release from the Central Pacific Railroad Company December 10, 1864.

The second contract.

The second contract was made December 10, 1864. Charles McLaughlin was the contractor. This contract was in all respects the same as the first one, with changes as follows:

(1) The acts of the legislature of California of May 20, 1861, and December 13, 1862, were cited.

(2) The first 25 miles from San José were to be completed, equipped, and delivered, in perfect running order, within one year from December 1, 1864.

(3) The balance of the road to the terminus at Sacramento was in like manner to be completed, equipped, and delivered within four years from said 1st day of December, 1864.

(4) The contractor was to be paid as follows:

In gold coin	$4,400,000.00
In paid-up stock of the company	1,000,000.00
Total	5,400,000.00

On September 15, 1866, Contractor McLaughlin presented an account to the Western Pacific Railroad Company, showing that 16 miles of the road were completed and equipped and in full running order, with all necessary structures, etc., and requested the company to take possession of and accept the same. This the company decided

by resolution to do, protecting themselves, however, against any possible debts or liabilities of the contractor, so far as the road might be affected.

In the account named Contractor McLaughlin specified that he had purchased for equipment:

4 locomotives and tenders, at $13,000 each	$52,000.00
3 passenger-cars, at $4,000 each	12,000.00
10 covered freight-cars, at $1,800 each	18,000.00
5 platform-cars, at $1,500 each	7,500.00
1 express and baggage car	2,000.00
2 hand-cars, at $150 each	300.00
Total	91,800.00

The amount then due him was $210,422.76. Payment of $20,000 on account was made to him, the balance being reserved as security against possible incumbrances or liens.

It is in order here to state that when the final account of Contractor McLaughlin was presented, June 8, 1867, it included (equipment):

5 locomotives, headlights, lanterns, etc	$79,300.00
Freight and expenses on same	10,000.00
Total	89,300.00
That would make the total amount paid by McLaughlin under his contract on account of equipment	181,100.00

The manner in which the books were kept, and the missing of Contractor McLaughlin's written reports, render it impossible to separate equipment from construction, month by month.

By indenture of agreement made June 8, 1867, Contractor McLaughlin was released from his contract by the Western Pacific Railroad Company and surrendered it to them—the company accepting from him the railroad in its then condition.

On the same day, June 8, 1867, articles of agreement were entered into between—

(1) Chas. McLaughlin, party of the first part;

(2) William B. Carr, party of the second part;

(3) { Leland Stanford, Mark Hopkins, C. P. Huntington, Charles Crocker, E. B. Crocker, } party of the third part;

(4) The Western Pacific Railroad Company, party of the fourth part.

The entries in the journal and the ledger show that the party of the third part constituted the Contract and Finance Company; or else that the said company was the assignee of said party.

Synopsis of articles of agreement.

(1) McLaughlin and Carr will convey and deliver to Contract and Finance Company, *fully paid for*, all grading and other work done on the unfinished portion of the road; and also all materials (materials enumerated) and equipments belonging thereto or contracted for.

(2) McLaughlin and Carr will deliver to the Contract and Finance Company all of the 1,600 first-mortgage bonds of the Western Pacific Railroad Company, with all the coupons originally thereto attached; the same being secured by a first-mortgage bond on 100 miles of the railroad; excepting, however, 211 of said bonds heretofore sold for rolling-stock (which rolling-stock is hereby conveyed to the Contract and Finance Company, or will be paid for to them), but the coupons belonging to the 211 bonds that have fallen due are to be paid for by McLaughlin and returned to the Western Pacific Railroad Company to be canceled; and if McLaughlin fails to do as above bound (as to the 211 bonds and coupons) he shall pay to the Contract and Finance Company the value of the bonds in legal tender notes, and that of the coupons in gold coin.

The bonds and coupons named may be given to either the Contract and Finance Company or the Western Pacific Railroad Company, and the covenants of this section shall be held for the benefit of the Western Pacific Railroad Company as well as that of the Contract and Finance Company; and the covenants in this instrument made to or for the benefit of the Western Pacific Railroad Company shall not be subject to any counter claim of any kind by Charles McLaughlin or his assigns.

(3) McLaughlin and Carr will convey to the Contract and Finance Company all the shares of the capital stock of the Western Pacific Railroad Company held by them in any manner; and also (will procure and deliver) all other shares of the said stock held or claimed by Mrs. Kate D. McLaughlin, Patterson, Wallace & Stow, John Center, M. J. Dooley, Charles N. Fox, S. O. Houghton, B. F. Mann, John A. Martin, Charles W. Sanger, Hugh S. Slicer, and from all other persons, etc., excepting the County of Santa Clara; and will assign to the Contract and Finance Company McLaughlin's contract for the purchase of said Santa Clara County's stock.

(4) McLaughlin agrees to indemnify the Contract and Finance Company against any possible loss in adjusting accounts between the Western Pacific Railroad Company and the counties of Santa Clara and San Joaquin.

(5) McLaughlin agrees to indemnify the Contract and Finance Company and the Western Pacific Railroad Company against any and all claims arising out of his contracting, except possible claims for inchoate right of way.

(6) McLaughlin assigns to the Contract and Finance Company his contract with the "Rensselaer Iron Company," of Troy, N. Y., and all of the first-mortgage bonds of the Western Pacific Railroad Company deposited with said iron company or with John A. Griswold under said contract; and assigns to them also all right of way acquired and all contracts for right of way.

(7) Relates to pending lawsuits affecting the Western Pacific Railroad Company (lawsuits recited), and McLaughlin agrees to take care of them all at his own expense; but the guarantee does not apply to any claim for right of way beyond the present completed portion of the road.

(8) McLaughlin agrees to pay all costs of obtaining from the United States title to Western Pacific Railroad lands.

(9) The Contract and Finance Company agree to fulfill the contract of McLaughlin and Carr with the Rensselaer Iron Company.

(10) Relates to hereafter executing proper instruments to carry out the foregoing provisions.

(11) The Contract and Finance Company and the Western Pacific Railroad Company agree to give to Charles McLaughlin and William B. Carr thirty sections of 640 acres each of land accrued or to accrue to the Western Pacific Railroad from the United States (with specified reservations of a strip 400 feet wide, 200 feet on each side of the road, and grounds for depots, shops, buildings, etc.), the said thirty sections to be selected by McLaughlin and Carr.

(12) The Contract and Finance Company and the Western Pacific Railroad Company agree that they will construct the railroad within the time necessary, and will give McLaughlin 10,000 acres of land, to be selected by him; and that the remainder of the land grant to the Western Pacific Railroad shall be conveyed by the Western Pacific Railroad Company to the Contract and Finance Company (or to purchasers), and the proceeds of the sales of such lands are to be applied to payments as follows:

(1) Note of Charles McLaughlin, indorsed by Contract and Finance Company, to Nicholas Luning, interest 1 per cent. per month	$21,420.93
(2) Note of Contract and Finance Company, indorsed by Charles McLaughlin, to Nicholas Luning, interest 1 per cent. per month	18,559.07
(3) Note of Charles McLaughlin, indorsed by Leland Stanford, to Hugh S. Slicer, interest 1 per cent. per month	15,000.00

After paying which specified notes the proceeds of the sales of lands shall be applied to the payment of all other "claims and demands hereinbefore mentioned, including so much of a claim of Cox & Arnold now in suit for $173,395.19, as may be adjudged to be a lien upon said railroad," and including all claims and demands growing out of construction, etc., of the Western Pacific Railroad against McLaughlin, or the Contract and Finance Company, or the Western Pacific Railroad Company.

When all such notes, claims, and demands shall have been paid, all the remainder of the land grant (excepting reservations as noted on p. 9, sec. 11) shall be given to Charles McLaughlin.

The land shall not be sold at less price than $1.25 per acre, and only upon the condition that the purchaser shall and will erect and maintain fences on both sides of the railroad.

McLaughlin agrees to attend, at his own expense, to the procuring of title and the sale of said lands.

(13) McLaughlin agrees to indemnify Carr against all liabilities growing out of Carr's connection with the Western Pacific Railroad Company; and McLaughlin is not to receive more than 150,000 acres of land until the Luning note is paid.

(14) The Contract and Finance Company agrees to pay the indebtedness of McLaughlin, as follows (promissory notes):

	Currency.
E. Mott Robinson, 7 per cent	$30,964.13
Henry B. Williams, 7 per cent	12,987.75

	Currency.
George Howes & Co., 7 per cent	$7,545.67
Glidden & Williams, 7 per cent	1,374.17
Glidden & Williams, 7 per cent	2,048.22
Dodge Bro. & Co., 7 per cent	7,422,93
Total	62,334.36
	Gold.
San Francisco and San José Railroad Company	7,444.60
Union Insurance Company—note, 1 per cent. per month	14,850.00
Eagle warehouse	604.50
R. & J. Morton, $590, $50	640.00
D. Hughes	1,281.25
Renton, Smith & Co	269.66
Union warehouse	204.75
Sundries	500.00
Total	25,794.76
Total in gold and currency	88,129.12

The Contract and Finance Company agree to deliver to McLaughlin their promissory notes, payable to his order, datee June 8, 1867, as follows:

One (not payable in coin) payable in one year, with interest at 1 per cent. per month	$25,000.00
One (payable in gold) payable in six months, with interest at 1 per cent. per month	12,500.00
One (payable in gold) payable in eighteen months, with interest at 1 per cent. per month	18,579.07
Total	56,079.07
And they also agree to pay and satisfy a note held by W. A. Dana for	4,000.00

On the same day, June 8, 1867, articles of agreement were entered into between the Western Pacific Railroad Company, as party of the first part, and Leland Stanford, Mark Hopkins, C. P. Huntington, Chas. Crocker, Edwin B. Crocker, party of the second part.

The journal and ledger entries show that the party of the second part constituted the Contract and Finance Company, or else that company was their assignee. For purposes of brevity the name of Contract and Finance Company is used in these notes.

Synopsis of agreement.

(1) The Contract and Finance Company agrees to complete and fully equip the Western Pacific Railroad within the time required by the acts of Congress.

(2) The Contract and Finance Company agrees to pay for all engineering and superstructure, services, right of way, depots, shops, "and all other uses of said railroad, and the expenses of procuring the same," and to complete and equip the telegraph line, and to procure from the Central Pacific Railroad Company a release and discharge of all claims of forfeiture against the Western Pacific Railroad Company.

(3) The Western Pacific Railroad Company agrees to pay to the Contract and Finance Company all of its capital stock unsold or undisposed of—certificates to be issued, transferred, and conveyed whenever demanded.

Agrees also to deed to the Contract and Finance Company all the (unsold) lands granted to the road by Congress upon receipt of patents (reservations as noted on p. 9, sec. 11).

Agrees also to give the Contract and Finance Company all the United States Government bonds to be received and all the Western Pacific Railroad Company's mortgage bonds remaining unsold, and to give the said Contract and Finance Company within one year 6 per cent. thirty-year first mortgage bonds to the amount and of the character authorized by Congress upon that portion of the road not encumbered by mortgage described, and to secure the same by a first mortgage.

The whole being *a payment* on the work agreed to be done by the Contract and Finance Company.

(4) The Western Pacific Railroad Company agrees to convey over their road free of charge all laborers, supplies, materials, etc. (in short everything), required by the contractors—the Contract and Finance Company.

The Contract and Finance Company agrees not to sublet their contract without the consent of the Western Pacific Railroad Company.

(5) Is a provision that no lien shall in any way be held or enforced by any one against the property of the Western Pacific Railroad Company.

(6) Is a provision that the several counties named, as well as the other stockholders, shall not be liable or bound for the debts of the Western Pacific Railroad Company beyond the actual amount of stock subscribed or held by any of them.

(7) Provides that the Western Pacific Railroad Company directors shall control and direct the line of route and location, and the style, etc., of all buildings, structures, and other appurtenances.

(The foregoing two synopses are made from the minute-book of the directors of the Western Pacific Railroad Company, pp. 270 to 289.)

On June 22, 1870, by articles of amalgamation, the Central Pacific Railroad Company and the Western Pacific Railroad Company were consolidated, the Central Pacific Railroad Company assuming all the debts of the Western Pacific Railroad Company, and succeeding to all its property.

Construction account.

(1) The total amount received from land sales by the Western Pacific Railroad Company up to June, 1867, was (which amount was credited to construction account June 9, 1867)	$87,730.9
(2) Delinquent or forfeited stock to the amount of (was credited to construction account June 8, 1876.)	2,402.9
(3) In 1869 there was charged to construction account as follows:	
Of capital stock "for stock to be issued to the Contract and Finance Company"	4,518,900.0
United States Government bonds	1,328,000.0
(4) Bonds of Western Pacific Railroad Company, being balance of bonds to be issued to the Contract and Finance Company	1,760,000.0
(5) Liabilities of San Francisco Bay Railroad (which amount was charged to construction account October 28, 1869)	3,265,000.0

The San Francisco Bay Railroad was merged with the Western Pacific Railroad on October 21, 1869.

San Francisco Bay Railroad Company.

The articles of association of the San Francisco Bay Railroad Company recite that on the 25th day of September, 1868, the following-named subscribers—

	Shares.
Edwin B. Crocker	20
C. Crocker	20
Leland Stanford	20
Mark Hopkins	20
C. P. Huntington	20
W. E. Brown	1
E. H. Miller, jr	1
Jerome Madden	1
B. B. Redding	1
D. A. Bender	1
Total	1,69

Organized themselves into an incorporated company, and paid down 10 per cent. upon their subscription to the capital stock. The company, as incorporated, contemplated locating, building, constructing, purchasing, holding, owning, maintaining, and operating the following-named lines of railroad and telegraph in the State of California, to wit:

"Commencing at Yerba Buena Island, otherwise called Goat Island, in the Bay of San Francisco, thence to a point on the present line of the Western Pacific Railroad, at or south of the city of Stockton; also commencing at a point in the said Bay of San Francisco, between the point of land on the east side of said bay, known as 'The Encinal,' and the city of San Francisco, thence to a point on the said Western Pacific Railroad, at or near Vallejo's Mill, in Alameda County, with a branch from said line to the said Western Pacific Railroad, in the Livermore Plains; also commencing at the city of San Francisco, thence to a point on the said Western Pacific Railroad at or near said Vallejo's Mill; also such branch and side lines and roads between the Bay of San Francisco and the said Western Pacific Railroad as the board of directors of the company may from time to time determine. The counties into or through which the said railroad and telegraph lines are intended to pass are the city and county of San Francisco, and the counties of San Mateo, Santa Clara, Alameda, Contra Costa, and San Joaquin."

The officers of the company consisted of Leland Stanford, president; E. B. Crocker, vice-president; Mark Hopkins, treasurer; E. H. Miller, jr., secretary; and those four gentlemen, together with Mr. Charles Crocker, constituted the board of directors.

On October 21, 1869, at a meeting of the board of directors, the following resolutions were adopted:

"*Resolved and ordered*, That this company pay the Contract and Finance Company for the work done and materials furnished in building its railroad and telegraph line from Vallejo's Mill to the city of Oakland, the sum of $3,265,000, of which amount $2,395,000 shall be paid in the capital stock of the company.

"*Resolved*, That it be, and is hereby, agreed, on the part of the board of directors of the San Francisco Bay Railroad Company, with the board of directors of the Western Pacific Railroad Company, to be evidenced by the adoption by said board of a like resolution that the said companies do amalgamate and consolidate their capital stock, debts, property, assets, franchises, and interests in such manner that the new corporation to be thereby formed shall be called and known by the name of 'The Western Pacific Railroad Company;' that its capital stock shall be $10,400,000, consisting of and divided into 104,000 shares, of the par value of $100 each. That said capital stock shall be distributed to and divided between the said 'The Western Pacific Railroad Company' and this company, so that the shareholders of each said companies shall receive a number of shares in said new and consolidated and amalgamated company equal to the number of shares held by them respectively in said old company, to be distributed to and among such shareholders pro rata, according to the number of shares held by them in the company in which they had previously been shareholders respectively. That the term of existence of said new corporation shall be fifty years, from and after the filing of its certificate of incorporation. That the said new corporation shall assume all the debts and liabilities of each of the said companies whose interests are to be amalgamated and consolidated.

"That all the franchises, interests, property, assets, rights, and privileges of each of said companies shall be vested in said new corporation from and after the completion of said amalgamation and consolidation.

"That the first board of directors of said new corporation shall be composed of the following-named persons, viz: Leland Stanford, C. P. Huntington, Mark Hopkins, E. B. Crocker, Charles Crocker, E. H. Miller, jr., and A. P. Stanford.

"That the necessary instruments of writing to effect such amalgamation and consolidation under the provisions of an act of the legislature of the State of California, entitled 'An act to provide for the incorporation of railroad companies and the management of the affairs thereof and other matters relating thereto,' approved May 20, 1861, and especially under the provisions of section 40 thereof, and under the acts amendatory thereof and supplementary thereto, shall be executed in due form of law by each of said companies whenever the written consent of three-fourths of the value of all stockholders in interest of each company to such amalgamation and consolidation shall have been obtained.

"That the president and secretary of the 'San Francisco Bay Railroad Company' be, and they are hereby, authorized to sign and execute under the corporate seal of said company and on its behalf any and all instruments of writing necessary or proper for effecting such amalgamation and consolidation."

The length of the road that the Contract and Finance Company contracted to build from Vallejo's Mill to Oakland was (about) 26¼ miles.

The price paid was, October 28, 1869		$3,265,000
In the following items:		
Capital stock of the Western Pacific Railroad Company		2,395,000
Capital stock issued to the following persons on their order, less the 10 per cent. heretofore paid in cash:		
Leland Stanford	$18,000	
Charles Crocker	18,000	
E. B. Crocker	18,000	
Mark Hopkins	18,000	
C. P. Huntington	18,000	
E. H. Miller, jr	900	
Jerome Madden	900	
B. B. Redding	900	
Wm. E. Brown	900	
D. A. Bender	900	
		94,500
From the 10 per cent. paid them in cash by Mark Hopkins, treasurer		10,500
Amount transferred to the credit of the Contract and Finance Company (from the proceeds of bonds issued)		765,000
		3,265,000

The San Francisco County donation.

This donation was in bonds to the amount of $250,00

By resolution of the board of directors, July 25, 1865, these bonds were sold to Charles McLaughlin at a discount of 30 per cent.

On operating expenses, 1870.

The operating expenses, $436,643.70, amounted to 94.28 per cent. of the gross earnings of the road, which were $465,270.63.

The larger items given in the detailed 1870 reports are as follows:

Jan.	Locomotive service	$13,410.6
	Repairs to track	18,818.6
	Repairs to engines	11,944.6
	Repairs to cars	5,301.9
	Alameda Ferry	4,093.6
	Ordinary operating expenses	21,183.6
		74,842.0
Feb.	Station service	7,762.9
	Train service	4,947.7
	Locomotive service	13,248.1
	Repairs to track	12,797.7
	Repairs to engines	8,749.1
	Repairs to cars	5,536.9
	Alameda Ferry	4,511.6
	Damages	19,196.6
	Ordinary operating expenses	5,576.2
		82,323.6
Mar.	Station service	7,707.5
	Train service	4,871.3
	Locomotive service	14,230.9
	Repairs of track	12,617.9
	Repairs of engines	9,170.9
	Repairs of cars	4,062.9
	Ferry service	4,163.6
	Damages	1,747.6
	Ordinary operating expenses	5,195.9
		63,767.9
Apr.	Station service	8,994.7
	Train service	5,269.9
	Locomotive service	16,875.5
	Repairs of track	14,689.9
	Repairs of engines	9,567.4
	Repairs of cars	5,364.5
	Ferry service	18,077.7
	Ordinary operating expenses	6,568.1
	Damages	5,879.9
		91,786.9
May.	Station service	7,923.6
	Train service	5,187.7
	Locomotive service	17,226.2
	Repairs of track	15,330.7
	Repairs of engines	9,060.7
	Repairs of cars	7,060.6
	Ferry service	7,035.7
	Ordinary operating expenses	4,925.6
		73,750.7
	Total	386,469.1
	Add payments in currency	8,938.9
	Add profit and loss operating account	41,235.6
	Total	436,643.7

Recapitulation of foregoing "operating expenses" for January, February, March, April, and May, 1870.

For locomotive service	$75,001.13
For train service	20,286.59
For station	32,317.39
For ferry	37,880.96
For repairs to track	74,384.76
For repairs to engines	48,912.33
For repairs to cars	27,416.39
For ordinary operating expenses	43,466.71
For damages paid (collision)	26,814.05
Total	386,480.31

On expense account.

October 3, 1869, payments were made and charged to expense account as follows:

Wm. B. Carr, July 29, 1868	$2,485.00
Emmet & Gallagher, October 3, 1868	1,000.00
Williams M. Bay, October 3, 1868	2,250.00

The sum total was charged off to construction account, October 21, 1869.

(There are no vouchers for these payments.)

On taxes.

The taxes paid were:

Santa Clara County for 1867, 1868, and 1869	$4,313.63
Alameda County for 1867, 1868, and 1869	4,907.40
City of San José for 1867, 1868, and 1869	212.33
Sundry school districts, 1869	165.70
San Joaquin County, 1869	4,847.00
Total	14,446.06

Of these taxes there was charged off to construction account, October 21, 1869	6,416.98
And on December 31, 1869, to operating account	8,029.08
Total	14,446.06

(There are no vouchers for all of these payments.)

On organization account.

By resolution of the board of directors, October 6, 1865, Charles McLaughlin was allowed for his expenses in organizing the Western Pacific R. R. Company and procuring assignment from the Central Pacific R. R. Company, and the ratification of it all by Congress, $400,000 in stock of the Western Pacific R. R. Company. This sum, which was credited to the ten installment accounts pro rata, was charged to organization account, and on June 8, 1867, charged to construction account.

EXHIBIT No. 10 (Statement No. 12).

General balance-sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1871.

LIABILITIES.

Capital stock, 596,440 shares, at $100 each		$59,644,000.00
Less amount due from stockholders		27,510.00
		59,616,490.00
Bonds accounts:		
First-mortgage of the Central Pacific R. R., 25,604 bonds, at $1,000 each		25,604,000.00
U. S. Government account Central Pacific R. R., 27,851 bonds, at $1,000 each		27,851,000.00
First-mortgage Western Pacific R. R., issued 1862, 2,735 bonds, at $1,000 each		2,735,000.00
State aid, 1,500 bonds, at $1,000 each		1,500,000.00
First-mortgage California and Oregon R. R., 4,606 bonds, at $1,000 each		4,606,000.00
Convertible mortgage, 1,483 bonds, at $1,000 each		1,483,000.00
First-mortgage Western Pacific R. R., 169 bonds, at $1,000 each		169,000.00
Land bonds, 9,153 bonds, at $1,000 each		9,153,000.00
San Francisco, Oakland and Alameda R. R., 500 bonds, at $1,000 each		500,000.00
Total funded debt		73,601,000.00
Sinking fund No. 1 convertible mortgage bonds of 1862		287,000.00
Bills payable	$60,500.00	
Bills payable (employés)	19,952.37	
		80,452.37
Land department	197,643.43	
Trustees land department	37,983.08	
		235,626.51
Accounts payable, employés, & company	953,949.96	
Accounts payable, general	589,481.27	
		1,543,431.23
By profit and loss, December 31, 1870	2,711,496.52	
By profit and loss, year ending December 31, 1871, as per annexed statement	491,368.38	
Total profit and loss account, December 31, 1871		3,202,864.90
		138,566,865.00

ASSETS.

Construction account proper	119,954,876.43	
Discounts	2,420,061.44	
	122,374,937.87	
Equipment	4,756,539.56	
Total cost of road and equipment		127,131,477.43
Advances to auxiliary roads		47,002.70
United States Government accounts:		
United States Post-Office Department	56,663.55	
United States Government transportation	127,536.50	
United States Government, retained from mail service and transportation	432,262.32	
United States bonds	20,000.00	
United States Treasury Department	4,456.40	
		640,918.77
Bills receivable		297,108.00

Accounts receivable, company's	$180,954.94	
Accounts receivable, general	275,021.33	
		$455,976.27
Contract and Finance Company account	2,639,205.89	
Less capital stock account	375,300.00	
	2,263,905.89	
Add bond account	169,000.00	
		2,432,905.89
Leland Stanford, trustee, stock issued to him for sale		5,333,300.00
G. Materials on hand		1,968,793.11
By amount of earnings over expenses for the month of December, 1871, credited in January, 1872		259,382.54
		138,566,865.01

Current statement of the Central Pacific Railroad Company of California for the year ending December 31, 1871.

RECEIPTS.

Freight earnings:		
Coin		$3,006,682.86
Currency		1,647,128.89
Passenger earnings:		
Coin		1,729,789.12
Currency		1,756,450.17
Express earnings:		
Coin		83,680.79
Currency		52,786.33
Wharf earnings:		
Coin		14,117.00
Mail earnings:		
Currency		263,646.28
Miscellaneous earnings:		
Coin		46,842.16
Currency		7,586.79
Sleepers:		
Coin		33,145.75
Currency		106,933.80
Telegraph:		
Coin		44,407.71
Currency		5,837.37
Rental:		
Coin		23,277.75
Currency		840.00
Baggage:		
Coin		9,585.90
Currency		29,315.79
		8,862,054.46
Less operating expenses:		
Coin	$3,799,280.54	
Currency	41,522.38	
		3,840,802.92
		5,021,251.54
Add credit to profit and loss account:		
Mar. 11. Fares of detectives—mail-robbery at Alta.	130.75	
July 5. Freight in car for United States Treasury Department	488.40	
July 28. California Steamship Navigation Company, damages to Sacramento wharf	60.25	
Nov. 27. Freight in car for United States Treasury Department	444.00	
		1,123.40
Amount of net earnings		5,022,374.94

Less charges to profit and loss account:			
Mar. 17.	Estate Albert and Salome Hayward, killed July 4, 1869	$6,000.00	
June 28.	Eliza Caldwell, damages, November 14, 1869	750.00	
June 29.	Eliza Caldwell, Judge Hamilton account, November 14, 1869	200.00	
July 6.	Error in amount returned Government transportation, June:		
	Coin	1.51	
	Currency	32.80	
July 11.	Sackett *v.* Western Pacific Railroad, paid November 14, 1887, by L. Stanford	3,000.00	
July 11.	Goldman *v.* Western Pacific Railroad, paid November 14, 1887, by L. Stanford	400.00	
July 11.	Carpenter rent Oak wharf, May 15, 1871	2,000.00	
July 15.	Counterfeit $20 bill—Miller, agent	20.00	
July 27.	United States Government, deducted for special agents' fares	122.74	
July 29.	P. Mechan, damages	3,400.00	
Aug. 5.	Loss by agent at Sesma	33.50	
Sept. 19.	Loss in cash, treasurer's account	73.50	
Oct. 5.	Dr. J. Shorb, witness, Mechan *v.* Western Pacific Railroad	125.00	
Oct. 5.	Dr. Bennett, witness, Mechan *v.* Western Pacific Railroad	125.00	
Dec. 30.	Coupon interest on bonds paid in 1871	2,363,466.71	
Dec. 30.	Interest account, general, on notes, etc	782,033.90	
Dec. 30.	Engineering department, 1871	21,134.41	
Dec. 30.	Legal expense account, 1871	61,825.78	
Dec. 30.	Taxes account, 1871	276,227.70	
Dec. 30.	Expense account, general, 1871	212,933.93	
Dec. 30.	Exchange operating currency sold	343,587.97	
Dec. 30.	Discount on currency	44[illegible]52.36	
Dec. 30.	Train robbers	[illegible]4.00	
Dec. 30.	Loss on First National Bank of Nevada check	305.75	
			$4,531,006.[illegible]
	Carried to profit and loss		491,368.[illegible]

Account current of the Contract and Finance Company with the Central Pacific Railroad Company of California for the year 1871.

Date.	On what account.			Dr.	Cr.
1871.					
Jan. 1	By balance from 1870—stock				$1,281,[illegible]
—	By cash items and discount			$174,176.10	
1	To balance from 1870—cash			307,720.15	
—	To cash and cash items for January			133,825.71	
Feb. —	By five notes of $100,000 each, dated October 11, 1869, in favor of Contract and Finance Company surrendered by order of L. Stanford	$500,000.00			
	Interest on the same	62,222.22			
			562,222.22		
	By less 500 bonds of $1,000 each, dated July 1, 1870, of the San Francisco, Oakland and Alameda R. R., at 85 cents	$425,000			
	Accrued interest	25,000			
			450,000.00		112,222.[illegible]
	By cash				19,283.[illegible]
28	To cash and cash items for February			68,112.17	
28	To balance (transferred) due the Southern Pacific R. R. Co			168,768.43	
28	To capital stock issued to the Contract and Finance Company on the California and Oregon R. R. Contract to the 103.75 mile			1,281,500.00	
Mar. —	By 200 shares of Wells, Fargo & Co.'s stock, delivered to R. Franchot—less discount				5,783.[illegible]
—	By discount				286.[illegible]
31	To cash and cash items, March			302,534.77	
Apr. —	By discount				62,768.[illegible]
—	By capital stock under contract with San Joaquin Valley R. R. Co. of December 29, 1869				2,000,000.[illegible]

Account current of the Contract and Finance Company with the Central Pacific Railroad Company of California for the year 1871—Continued.

Date.	On what account.	Dr.	Cr.
1871.			
Apr. 30	To 547 first-mortgage bonds of the Central Pacific R. R. Co. (see C. P. Huntington's account current for March)	$547,000.00	
2	To capital stock issued under contract with the San Joaquin Valley R. R. Co.—of date December 29, 1869	2,000,000.00	
	To cash and cash items for April	321,236.60	
May 31	To cash and cash items for May	1,065,823.90	
June 30	To cash and cash items for June	109,921.29	
July 20	By sale of 214 California and Oregon bonds		$176,399.92
20	By sale of 968 Central Pacific R. R. Co.'s first-mortgage bonds		968,703.75
20	By cash items and discount		193,376.68
31	To 182 first-mortgage bonds of Central Pacific R. R. Co. (see C. P. Huntington's account current for April and May)	182,000.00	
31	To cash and cash items for July	424,759.94	
Aug. 31	By discount		140.96
31	To cash and cash items for August	543,906.45	
Sept. 30	By cash items and discount		18,439.88
30	By paid sundry persons for claims against the San Francisco and Alameda R. R.		611,192.70
30	To cash and cash items for September	422,049.88	
Oct. 30	By cash and cash items		165,019.91
31	To cash and cash items for October	565,202.65	
Nov. 30	By discount		1,259.09
30	To cash and cash items for November	272,454.21	
Dec. 30	By construction of 12.51 miles of railroad and telegraph line, from 103.75 mile at Tehama to 116.26 at Red Bluff, on the California and Oregon branch, as per contract—cash $250,200.00		
—	By stock of Central Pacific R. R. Co. 375,300.00		625,500.00
—	By cash items December		70,121.51
—	By sundries		272.74
31	To cash and cash items for December	153,700.01	
	To balance		2,263,900.89
		8,770,446.16	8,770,446.16

Discount on currency Central Pacific Railroad Company, 1871.

DR.

Date.	Purchased by.	Who from or for.	Amount of discount.	Amount of gold.
Feb. 7		Contract and Finance Company	$16,870.34	$151,837.59
9		do	2,511.64	22,604.85
Mar. 14		do	295.27	2,657.42
Apr. 30		do	62,760.35	564,844.97
July 27		do	5,805.24	52,247.16
27		do	18,200.00	164,000.00
27		do	4,891.03	44,019.40
Aug. 12		do	140.96	1,268.68
Sept. 13		do	2,923.82	26,314.44
Oct. 19		do	338.95	3,050.59
Nov. 15		do	1,259.09	11,331.86
Dec. 26		do	271.74	2,445.68
Feb. 9	C. P. Huntington	For H. H. Seaton	11.55	104.95
July 27	do		192,533.63	1,522,787.25
27	do	Suspense to balance 4 S. A., coupons bought.	9.29	111.71
27	do		70,562.50	479,437.50
Aug. 12	do	Personal account	6,629.55	59,666.02
12	do	July account	82,218.75	566,781.25
Sept. 13	do	August account	34,718.75	240,281.25
Nov. 15	do	October account	22,048.75	138,951.25
Feb. 9		Huntington, Hopkins & Co.	486.70	4,634.80
Mar. 14		do	1,041.44	8,958.56
30		do	1,500.00	13,500.00
July 27		April and May, Huntington, Hopkins & Co.	3,000.00	27,000.00
27		June in N. Y., Huntington, Hopkins & Co.	2,743.10	22,256.90
Aug. 12		Huntington, Hopkins & Co.	1,145.42	8,706.25
Sept. 13		do	1,661.74	13,131.25

Discount on currency Central Pacific Railroad Company, 1871—Continued.

DR.

Date.	Purchased by.	Who from or for.	Amount of discount.	Amount of gold.
Oct. 13	.....	Huntington, Hopkins & Co...	$3,084.48	$21,431.25
Nov. 15	.....	....do	1,703.34	12,998.0
Dec. 23	.....	....do	1,526.73	13,364.0
Apr. 20	.....	Leland Stanford	280.00	2,539.0
July 27	.....	....do	75.60	693.0
Nov. 15	.....	....do	3.40	30.0
Apr. 20	.....	Charles Crocker.....	75.00	675.0
20	.....	Mark Hopkins	25.00	225.0
July 27	.....	....do	110.00	990.0
Dec. 23	.....	....do	39.07	351.6
July 27	.....	E. B. Crocker on balance currency account.	62.26	563.7
Nov. 11	.....	Railroad iron and material account.	18,629.60	167,666.5
			563,274.78	4,374,365.7

CR.

Date.	On which account.	Amount.
Mar. 14	On Richard Franchot, $6,425.....	$963.7
14	On Richard Franchot, $150.....	17.2
July 27	On Contract and Finance Company, 989 bonds sold.....	98,876.3
27	On Contract and Finance Company, 214 bonds sold	17,638.7
27	On Huntington, Hopkins & Co., $200.10, collected in New York.....	39.6
27	On Mark Hopkins, $560, collected in New York.....	55.4
Aug. 12	On Richard Franchot.....	75.6
Sept. 13	On general average "Helicon".....	6.1
13	On Contract and Finance Company.....	1,351.6
Nov. 15	On Richard Franchot, $3,580 gold.....	431.1
Dec. 23	On Mark Hopkins.....	854.1
23	On Richard Franchot	35.6
30	On profit and loss, operating account.....	443,692.1
		563,274.7

NOTES.

On construction account there was paid to—

Michael Reese		$31,361.5
Bank of California.....		112,896.6
Commissioner of funded debt		62,725.1
John G. Kellogg		37,632.6
A. A. Cohen, trustee		12,545.5
John Hewston, jr.		31,361.5
James Patterson		37,632.6
James D. Farwell.....		11,916.8
F. D. Atherton.....	$17,208.00	67,385.5
Do	50,177.50	
French Loan Society.....	62,725.10	92,830.7
Do	30,105.60	
J. De La Montagne		50,177.5
Fireman's Fund Insurance Company.....		18,818.8
Pacific Insurance Company		25,091.0
A. B. Grogan.....		18,818.8
Total.....		611,192.7

For their claims against S. F. and Alameda Railroad Company. This was the e
tire price paid for that road and ferry, the agreement being that if the Central P
cific Railroad paid these claims they should have entire ownership of the road. The
are no individual receipts of these parties and the agreement was not produced.

The contract with the Contract and Finance Company for the construction of the Oakland wharf is missing. Amount..... $212,311.39
Balance of interest was paid to Huntington & Hopkins, August 12, 1871, amounting to..... 246,291.66

This was interest on moneys advanced by them to Mark Hopkins, treasurer. The annexed statement shows his account current with the company as treasurer.

Balances of Mark Hopkins, Treasurer, from 1863 *to* 1872.

Date.	Items.	Dr.	Cr.
1863.			
Jan. 1		$6,093.39	
Apr. 1		33,710.74	
July 1		21,253.86	
Oct. 1			$24,847.27
1864.			
Jan. 1			5,459.04
Apr. 1			67,894.42
July 1			83,464.55
Oct. 1			119,557.03
1865.			
Jan. 1			52,209.20
Apr. 1		56,874.85	
July 1		103,710.75	
Oct. 1			60,167.42
1866.			
Jan. 1			407,588.62
Apr. 1			484,227.13
July 1			602,684.67
Oct. 1			769,233.83
1867.			
Jan. 1			1,001,431.78
Apr. 1			911,575.09
July 1			511,971.39
Oct. 1			445,000.46
1868.			
Jan. 1			358,295.07
Apr. 1			162,561.32
July 1		789,702.81	
Oct. 1			3,330,073.79
1869.			
Jan. 1			2,768,506.89
Apr. 1			2,931,859.53
July 1			2,858,200.99
Oct. 1		7,589.38	
1870.			
Jan. 1		6,281.97	
Apr. 1	Currency	3,681.39	*9,471.62
July 1	$209,423.52 Currency	20,214.41	
	Gold	189,209.11	
Oct. 1	90,407.11 Currency	40,446.76	
	Gold	49,960.35	
1871.			
Jan. 1	14,388.29 Currency	9,187.52	
	Gold	5,200.76	
Apr. 1	169,019.06 Currency	57,669.16	
	Gold	111,349.90	
July 1	497,065.98 Currency	16,178.36	
	Gold	480,887.62	
Oct. 1	803,435.12 Currency	230,286.92	
	Gold	663,146.20	
1872.			
Jan. 1		173,226.51	
Apr. 1	216,442.34 Currency	18,831.09	
	Gold	197,611.25	
July 1	490,065.41 Currency	58,958.27	
	Gold	431,767.14	
Oct. 1	548,712.61 Currency	19,428.19	
	Gold	529,284.42	
		4,331,625.08	17,966,971.31

* Gold.

On April 29, 1871, an amount was paid the Contract and Finance Company of $2,000,000.00

In stock, under contract with the San Joaquin Valley Railroad of December 29, 1869. There was no voucher whatever and the contract is missing.

December 30, 1871. The following amounts were paid to the Contract and Finance Company, under contract for construction and equipment of the railroad, telegraph, and fixtures, from the Central Pacific Railroad to a point at or near Red Bluff, in Tehama County, 12.51 miles; amount paid per mile, $20,000 in gold and $30,000 in capital stock. (See minutes board of directors, California and Oregon Railroad, p. 42.) Contract was not produced.

Cash	$250,200	
Stock	375,300	
		625,500.00

Notes on bonds.

Bonds of the San Francisco, Oakland and Alameda Railroad were issued to pay off notes held by the Contract and Finance Company. Amount 500,000.00

On expense account.

1871.			
Jan. 31.	C.P. Huntington's account current for January: Henry Beard, services, advertising, etc. No vouchers. Account current missing		10,721.65
Mar. 10.	Mark Hopkins paid A. N. Towne for contingent expenses. Voucher 631		1,000.00
14.	C. P. Huntington's account current for February:		
	C. P. Huntington's expenses		500.00
	C. Cushing, retaining fee, Sargent land case		1,000.00
	R. Franchot		500.00
	C. P. Huntington, amount heretofore charged to suspense account now charged to expense account (see C. P. Huntington's letter, December 10, 1870)		1,851.22
Apr. 20.	C. P. Huntington's account current for March. No details given in journal, and account current missing		15,220.67
July 27.	C. P. Huntington's account current for April and May. C. P. Huntington's expenses		500.00
27.	C. P. Huntington's account current for June:		
	C. P. Huntington's expense account		839.81
	L. E. Chittenden, counsel fees		4,838.00
	George Marsland, editor Financial Chronicle, services ...		100.00
	Paid J. E. Storrs balance of counsel fee of $35,000 (see C. P. Huntington's letter of June 20, 1871)		6,544.22
	Paid J. E. Gates additional amount for services June 27, 1871, (see C. P. Huntington's letter of July 6, 1871		1,986.11
Sept. 13.	C. P. Huntington's account current for August. No details in journal and account current missing		3,114.12
Oct. 13.	C. P. Huntington's account current for September. No details in journal, and account current missing		1,805.29
Nov. 15.	C. P. Huntington's account current for October:		
	C. P. Huntington, expenses		500.00
	J. E. Risley		1,250.00
Dec. 23.	C. P. Huntington's account current for November:		
	Wills's retainer in swamp-land case		250.00
	C. P. Huntington, expenses		1,000.00
	R. Franchot, house-rent at Washington		1,200.00
	(C. P. Huntington's accounts current for January, March, August, and September, 1871, are missing.)		
	In 1871, $6,000 per annum was paid the Sacramento and Yolo Bridge Company for tolls or rent for crossing their bridge. This contract continued until a new bridge was built		6,000.00
	C. C. Nowell, advertising		500.00
Robert Robinson was paid February 9, 1871, for assistant counsel in Placer			1,000.00
Aug. 29.	Paid S. W. Sanderson disbursements in law department		1,000.00
May 9.	J. Hamilton was paid		1,000.00

May	9. R. Robinson, legal expenses	$500.00
June	2. S. M. Wilson	1,500.00
Mar.	31. G. Cadwallader	1,000.00
Apr.	12. N. Hamilton	400.00
Nov.	4. A. A. Cohen	3,000.00
Mar.	—. Wilson & Crittenden	750.00
Aug.	31. S. W. Sanderson	1,006.50
	(S. W. Sanderson, expenses November 3, with proper vouchers.)	

Exhibit No. 11 (Statement No. 13).

General balance-sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1872.

LIABILITIES.

Capital stock, 596,000 shares, at $100	$59,644,000	
Less amount due by stockholders	27,510	
		$59,616,490
First-mortgage bonds of Central Pacific Railroad, 25,883 bonds, par value $1,000		25,883,000.00
United States Government bonds account		27,855,680.00
First-mortgage bonds of Western Pacific Railroad, 2,735 bonds, par value $1,000		2,735,000.00
First-mortgage bonds of California and Oregon Railroad		6,750,000.00
State-aid bonds, 1500 bonds, par value $1,000		1,500,000.00
Convertible mortgage bonds, 1,483 bonds, par value $1,000		1,483,000.00
Land bonds		9,153,000.00
Bonds of San Francisco, Oakland and Alameda Railroad		500,000.00
Bonds of San Joaquin Valley Railroad		6,090,000.00
Total bonded debt		81,939,680.00
Bills payable	$1,092,594.35	
Bills payable, employés	28,310.67	
		1,120,905.02
Land department, coin	176,913.31	
Land department, currency	55,241.78	
Trustees' land sales, currency	166,280.92	
		398,436.01
Operating department, or cash due to auditor's and other departments		367,724.27
Accounts payable		1,628,289.99
Profit and loss account:		
Profit and loss, as per balance sheet 1871	3,202,864.90	
Profit and loss, as per current statement 1872	4,231,095.30	
		7,433,960.20
Total		152,505,485.49

ASSETS.

Construction account		$132,091,973.85
Discount		103,043.83
		132,195,017.68
Equipment account		5,613,527.88
Total cost of road and equipment		137,808,545.56
United States Government accounts:		
Post-Office Department	$59,279.97	
Transportation account	194,464.06	

United States Government accounts—Continued.		
Retained account (on mail earnings, etc.)	$625,782.16	
Mail service	3,437.07	
Bonds	120.00	
		$883,083.23
Bills receivable		10,803.00
Company accounts receivable	942,297.11	
Accounts receivable, general	702,736.95	
		1,645,034.06
L. Stanford, trustee, capital stock of Central Pacific Railroad Company, issued him by order board directors for sale		5,333,300.00
Materials on hand		2,098,250.45
Contract and Finance Company		3,847,617.15
Sinking fund No. 1	497,847.00	
Sinking fund No. 2	165,500.00	
Sinking fund No. 3	165,500.00	
Sinking fund No. 4	50,000.00	
		878,847.00
		152,505,485.49

Current statement of the Central Pacific Railroad Company of California for the year ending December 31, 1872.

RECEIPTS.

Freight earnings:		
Coin		$4,738,853.66
Currency		2,228,591.59
Passenger earnings:		
Coin		2,289,553.84
Currency		1,775,656.15
Express earnings:		
Coin		97,489.40
Currency		66,905.15
Wharf earnings:		
Coin		4,715.35
Mail earnings:		
Currency		281,402.21
Miscellaneous earnings:		
Coin		109,881.41
Currency		49,349.73
Sleepers' earnings:		
Coin		35,273.22
Currency		119,492.15
Telegraph earnings:		
Coin		72,084.46
Currency		9,149.15
Rental earnings:		
Coin		30,658.65
Currency		440.00
Baggage earnings:		
Coin		21,579.04
Currency		32,575.14
		11,963,640.57
Less operating expenses:		
Coin	$4,953,612.42	
Currency	57,666.42	
		5,011,278.84
		6,952,361.73
Add items from profit and loss account:		
Changing rate United States Government transportation	8,309.62	
Discount on currency at stations	31,520.22	
Defalcations in passenger earnings of M. J. Maitland, tickets	6,242.60	

Add items from profit and loss account—Continued.		
Additional to United States Government transportation	$5,959.88	
Do	277.67	
Do	25.51	
Do	181.66	
F. G. Bush, defaulter, repaid	30.00	
United States Government transportation	65.75	
Do	34.10	
Shop account to balance inventory	6,867.80	
Foundery account to balance inventory	32,635.51	
United States Government transportation	9,968.76	
F. G. Bush, refunded	168.32	
United States Government transportation	9,512.90	
Sinking fund No. 1	287,000.00	
Construction account, discount on currency, 1870	369,899.26	
Construction account, discount on currency, 1871	443,052.36	
Interest on note, $287,000	94,997.00	
Contract and Finance Company, old rails	9,382.97	
Paymaster, over currency	36.85	
Paymaster, over coin	34,890.39	
Balance of interest 1872	550,027.49	
By credits general profit and loss account	4,747.91	
		$1,905,834.53
		8,858,196.26
Less charges against profit and loss account:		
Counterfeit currency	20.00	
Changing rate United States Government transportation	10,218.88	
Shop account, to balance inventory	5,072.62	
Store account, to balance inventory	4,061.96	
Loss First National Bank, Nevada check	305.75	
Train-robbers account	1,000.00	
Counterfeit currency	111.50	
Freight charge disallowed by United States Government	932.40	
Contract and Finance Company, railroad material used in 1871	26,432.17	
Loss on Government transportation	227.12	
F. G. Bush, agent, defaulter	983.48	
Loss on fuel, November, 1869, to July, 1872, for inventory	241,096.63	
Store account, to balance inventory	7,571.01	
United States Government transportation	11,432.14	
Freight on fuel	1,397.85	
Wells, Fargo & Co., overcharge	2,250.00	
United States Government transportation	12,167.48	
A. B. Gilbert, defaulter	1,142.90	
United States Government transportation	8.03	
Counterfeit currency	60.00	
Short in treasurer's account prior to August 19	850.00	
Short in cashier's account	10.75	
Operating ledger, suspense account	1,449.37	
United States Post-Office Department	33,407.41	
Discount on operating currency sold	425,349.27	
Expense account	233,372.17	
Legal expenses	63,676.16	
Taxes	239,972.00	
Engineering account	25,900.97	
W. J. Maitland, defaulter	4,448.57	
Coupon interest on bonds	3,272,272.37	
		4,627,100.96
Amount carried to profit and loss		4,231,095.30

Contract and Finance Company in account with Central Pacific Railroad Company, 1871.

CR.

	By balance, stock	$375,300.00
1872.		
Jan.	By 1,500 bonds of San Joaquin Valley Railroad, sold by C. P. Huntington, December, 1871	1,263,698.81
	By 6 months' interest on Western Pacific Railroad bonds	9,510.00
	By discount on currency	1,365.62
Feb.	By sale of two Western Pacific Railroad bonds of $1,000	2,300.00
	By interest on $560 of same	65.12
	By sale of 1,400 San Joaquin Valley Railroad bonds	1,188,408.25
	By discount on currency	1,568.00
	By repairs on roads	55,621.47
Mar.	By labor and materials	160,855.27
Apr.	By discount on currency	1,795.99
	By cash and cash items	28,803.01
	By sale of 2,400 San Joaquin Valley Railroad bonds	2,045,556.15
	By sale of 780 San Joaquin Valley Railroad bonds	667,790.12
May.	By discount on currency	142.63
	By cash items	31,874.04
June.	By discount on currency	288.50
July.	By discount on currency	53.46
Aug.	By cash and cash items	42,395.93
	By interest on bonds	9,466.80
	By discount on currency	136.30
Sept.	By cash and cash items	47,000.00
	By discount on currency	144.63
Oct.	By discount on currency	558.91
	By sale of Western Pacific Railroad bonds	16,800.00
Nov.	By sale of Western Pacific Railroad bonds	331,500.00
	By discount	3,480.75
Dec.	By 639 coupons on convertible mortgage bonds	22,365.00
	By real estate at Oakland Point	431,940.00
	By Ford property	117,009.12
	By Simpson property	98,602.55
	By constructing railroad and telegraph line from Red Bluff ($116\frac{55}{100}$ miles from Central Pacific Junction) to Redding ($151\frac{44}{100}$ miles from junction) or $34\frac{89}{100}$ miles, including side-tracks, buildings, etc., at $45,000 (see resolution of board of directors, December 21, 1873)	1,570,500.00
	By rent of lot 159 and part of block 20 in San Francisco, from April 1 to November 1, 1872	19,600.00
	By constructing new shops and filling at Sacramento	8,690.00
	By steamers, barges, and ferry at Antioch	83,401.00
	By legal expense, one-half paid to J. B. Felton, E. J. Lewis, C. E. Filkins, W. Pendergast, and Dudley & Budd	15,549.00
	By cash and cash items	784,978.96
	By discount and interest	175,385.11
	By interest on Western Pacific Railroad bonds	16.80
		9,614,495.62
	By balance to 1873	3,847,617.16
	Total	13,462,112.78

NOTE.—On December 1, 1872, the $375,300 in stock which had been carried as a credit to the Contract and Finance Company was, by resolution of the board of directors, applied as cash in payment of a shortage in delivery of rolling stock.

DR.

Jan.	To balance coin	$2,639,205.00
	To cash and cash items	683,790.00
	To discount and interest	293,432.75
	To cash and cash items	114,408.00
	To discount on currency	104,545.15
	To purchase by C. P. Huntington of six California Central Railroad bonds	156.00
Mar.	To cash and cash items	400,650.56
Apr.	To discount on currency	244,201.17
	To cash and cash items	1,447,647.01
May.	To cash and cash items	803,622.75
June.	To cash and cash items	899,546.39

DR.

July.	To cash and cash items	$514,944.84
Aug.	To cash and cash items	759,385.75
	To discount on currency	1,136.02
Sept.	To twenty second-mortgage bonds and coupons Sacramento Valley Railroad	21,000.00
	To cash and cash items	388,836.01
Oct.	To cash and cash items	511,534.97
	To purchase by C. P. Huntington of one bond of Western Pacific Railroad	950.00
	To discount on currency	1,848.00
Nov.	To discount on currency	38,454.00
	To cash and cash items	816,670.34
Dec.	To discount and interest	520,621.42
	To purchase of four California Railroad bonds	100.00
	To shortage in rolling stock delivered to California and Oregon Railroad	504,875.00
	To cash and cash items	1,751,145.51
		13,462,112.78

Discount on currency, Central Pacific Railroad Company, 1872.

DR.

Date.	Purchased by.	Who from or for.	Amount of discount.	Amount of gold.
1872.				
Jan. 18	C. P. H. (Dec., 1871, account)		$133,050.00	$1,182,950.00
Feb. 20	C. P. H. (Jan., 1872, account)		108,500.00	1,096,500.00
Apr. 19	C. P. H. (Mar., 1872, account)		44,350.00	385,650.00
May 14	C. P. H. (Apr., 1872, account)		20,500.00	200,000.00
14	C. P. H. (Cal. P. coupons)		.75	
June 14	C. P. H. (May account)		77,000.00	800,000.00
14	C. P. H. (Cal. P. coupons)		.63	
14	C. P. H. (June account)		81,450.00	600,000.00
Aug. 14	C. P. H. (July account)		125,021.87	900,000.00
Sept. 14	C. P. H. (Aug. account)		7,125.00	50,000.00
Oct. 14	C. P. H. (Sept. account)		23,321.88	170,000.00
Nov. 12	C. P. H. (Oct. account)		19,750.00	150,000.00
Dec. 16	C. P. H. (Nov. account)		12,262.50	
Jan. 18		Contract and Finance	622.82	5,415.80
18		do	742.60	6,457.40
Feb. 20		do	1,588.00	16,498.61
Apr. 15		do	296.46	2,999.58
8	On railway material	do	22,131.45	223,773.50
19		do	1,499.53	
May 14		do	142.63	1,283.73
June 14		do	288.50	2,596.53
July 13		do	83.48	751.40
Aug. 14		do	136.30	909.59
Sept. 14		do	144.02	1,108.37
Oct. 14		do	558.24	4,516.64
Nov. 12		do	363.54	2,770.50
Dec. 16		do	86.60	666.46
31		do	122,068.33	987,643.83
31		do	213.51	1,921.65
31		do	666.67	6,000.00
Jan. 18		Huntington, Hopkins & Co	2,178.74	22,821.26
Feb. 20		do	3,428.04	37,044.19
Apr. 15		do	3,150.55	31,849.45
19		do	3,432.23	34,067.77
May 14		do	6,964.10	63,035.90
June 14		do	5,891.46	44,108.54
July 13		do	4,680.00	35,320.00
Aug. 14		do	5,439.56	39,560.44
Sept. 14		do	2,646.42	17,353.58
Jan. 18		Mark Hopkins	23.56	212.06
May 14		do	200.00	1,800.00
June 14		do	2.13	19.25
Oct. 14		do	33.70	272.71
Apr. 27	Operating ledger (Mar.)		450.36	4,053.24
June 20	Operating ledger (May)		664.00	5,976.00
July 11	Operating ledger (June)		170.81	1,537.29
Dec. 31	Operating ledger (Dec.)		1,152.54	10,372.86
Aug. 7		Fuel account, balance account	23,258.68	209,327.94
17		Steam excavator	890.10	8,002.00
Dec. 16		Eugene Kelly & Co	7,790.59	58,161.51
31		Iron and material to C. & F. Co	3,115.74	28,041.66
31		Marine Ins. Co. to C. & F. Co	4,153.22	37,378.98
			883,680.22	7,269,820.28

Discount on currency, Central Pacific Railroad Company, 1872—Continued.

CR.

Date.	On what account.	Amou
1872.		
Jan. 18	On Contract and Finance Company (currency), $1,273,204 64	$131,
Feb. 20	On Contract and Finance Company (currency), $1,190,773 28	194,
20	On Mark Hopkins (currency), $8,541	
20	On Richard Franchot, $200 gold to currency	
27	On operating ledger, January	2,
Mar. 29	On operating ledger, February	
Apr. 15	On C. P. H. account for February	43,
15	On Contract and Finance Company on $2,045,556 15	184,
19	On Contract and Finance Company, discount on bonds	60,
19	On R. Franchot, on $300 gold	
May 14	On R. Franchot, on $100 gold	
29	On operating ledger, April	1,
June 17	On error in discount, H., H. & Co., June 14	
Aug. 14	On R. Franchot, on $700 gold	
14	On Contract and Finance Company, $9,466 80 currency	1,
31	On operating ledger, July, at stations	2,
Sept. 14	On Huntington, Hopkins & Co., $3,564 37 currency	
14	On Mark Hopkins, on $9,964 50 currency	1,
30	On operating ledger, August	4,
Oct. 14	On Contract and Finance Company, $16,800 currency, at 89	1,
14	On treasurer Sacramento Valley Railroad, $2,320 currency, at 89	
31	On operating ledger, September	4,
Nov. 12	On Contract and Finance Company, on 300 W. P. R. R. Government bonds sold	38,
30	On operating ledger, October	
Dec. 16	On C. P. R. account, November, $150,000 gold draft sold	28,
16	On Huntington, Hopkins & Co., on $9 currency	
16	On treasurer Sacramento Valley Railroad, on $615	
16	On Contract and Finance Company, $21,000 50, at 85½ per cent	2,
28	On operating ledger	2,
31	On Mark Hopkins, personal account, $11,550 currency	1,
31	On California Pacific Railroad	3,
31	On treasurer Sacramento Valley Railroad, on $325 currency	
31	On Contract and Finance Company, on $16 50	
31	On construction account, to balance	285,
		982,

NOTES.

ON CONSTRUCTION ACCOUNT.

The following amounts of stock and bonds were issued to the Contract and Fina Company for the construction of the San Joaquin Railroad merged in the Central cific in 1870:

April 29, 1870, capital stock of the Central Pacific Railroad, 2,000 shares, at $100		$2, 000, 00
January 18, 1872, 1,500 thirty-year bonds of the Central Pacific Railroad Company, dated October 1, 1870, mortgage upon the San Joaquin Branch from Lathrop to Visalia	$1, 500, 000. 00	
February 20, 1872, 1,400 thirty-year bonds of the Central Pacific Railroad Company, dated October 1, 1870, mortgage upon the San Joaquin Branch from Lathrop to Visalia	1, 400, 000. 00	
April 15, 1872, 2,400 thirty-year bonds of the Central Pacific Railroad, dated October 1, 1870, mortgage upon the San Joaquin Branch from Lathrop to Visalia	2, 400, 000. 00	
April 19, 1872, 780 thirty-year bonds of the Central Pacific Railroad, dated October 1, 1870, mortgage upon the San Joaquin Branch from Lathrop to Visalia	780, 000. 00	
		6, 080, 00

The following amounts of discount were charged off to construction in the year:

Discount on currency for 1870–71	$812, 951. 62
Discount on currency for 1872	265, 558. 75
Discount on currency, 3,697 Central Pacific Railroad bonds	518, 083. 97
Discount on currency, 6,000 California and Oregon Railroad bonds, series A	798, 848. 19

Discount on currency, 9,153 land bonds	$1,258,655.00	
Discount on currency, 500 San Francisco, Oakland and Alameda Railroad bonds	50,000.00	
		$3,704,097.53
On March 30 the Contract and Finance Company were paid for buildings, snow-plows, connecting track of the Central Pacific Railroad with California Pacific Railroad		54,501.38
December 21, 1872, amount paid Contract and Finance Company for connecting railroad and telegraph line from Red Bluff to Redding, 34.9 miles, with necessary side-tracks, buildings, etc., was $45,000 per mile; total		1,570,500.00
As per resolution board of directors December 21, 1872.		
The cost of the steamer *Thoroughfare* was this year charged off to construction account, and not to equipment account; amount		105,906.60
On expense account:		
On January 3, paid to D. Haskell, voucher No. 54		546.25
Jan. 18. R. Franchot, services	$20,000.00	
Jan. 18. R. Franchot, expenses	400.00	
		20,400.00
Sept. 14. R. Franchot, attorney's fees, etc		19,295.50
(C. P. Huntington's letters of January 5 and September 4 give no explanation.)		
May 14. Paid Leland Stanford (voucher No. 890, no details)		200.00
Sept. 18. Paid Leland Stanford (voucher No. 1753, no details)		5,640.00
Paid Charles Nordhoff, services in California (C. P. Huntington's letter of October 5, 1872, gives no explanation)		3,500.00
Paid R. Franchot services to December 31, (C. P. Huntington's account January 4, 1873, no voucher)		13,333.33
On equipment:		
Dec. 26. A lot of steamers, barges, real estate, materials, etc., were purchased from the California Steam Navigation Company by resolution of the board of directors December 14, 1872		786,000.00
(There is no voucher, no description of the amount or kind of property turned over.)		

On C. P. Huntington's account as per his statements produced.

1871.			
Dec.	C. P. Huntington's expenses		$500.00
1872.			
Jan.	J. E. Risley, expense account		1,250.00
Mar.	C. P. Huntington, expenses	$1,000.00	
	R. Franchot, expenses	1,000.00	
	J. E. Risley, to March, expenses	1,250.00	
	C. P. Huntington, expenses	1,000.00	
Apr.	C. P. Huntington, expenses to Washington	531.37	
	C. P. Huntington, expenses to Washington	500.00	
			1,031.37
May	C. P. Huntington, expenses to Washington	1,000.00	
	C. P. Huntington, expenses to Washinton	500.00	
	R. Franchot, expenses to Washington	5,000.00	
			6,500.00
June	R. Franchot, expenses to Washington	5,000.00	
	C. P. Huntington, expenses to Nordhoff	2,000.00	
	Fisk & Hatch, advertising	6,192.77	
			13,192.77
July	J. E. Risley, expenses		1,250.00
Aug.	C. P. Huntington		1,000.00
Oct.	J. E. Risley, expenses	1,250.00	
	C. P. Huntington, expenses	1,000.00	
	J. E. Gates,	5,000.00	
			7,250.00
Nov.	J. E. Gates, expenses	500.00	
	C. P. Huntington, expenses	1,500.00	
	J. E. Gates, expenses	500.00	
	J. E. Gates, expenses	4,000.00	
			6,500.00
Dec.	C. P. Huntington, expenses	500.00	
	J. E. Gates, expenses	200.00	
			700.00

EXHIBIT No. 12 (Statement No. 14).

General balance sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1873.

LIABILITIES.

Capital stock, 626,088 shares, at $100		$62,608,800.00
First-mortgage bonds Central Pacific Railroad, 25,883 bonds, par value, $1,000		$25,883,000.00
United States bonds account		27,855,680.00
First-mortgage bonds of Western Pacific Railroad, 2,735 bonds, par value $1,000		2,735,000.00
First-mortgage bonds California and Oregon Railroad		7,066,000.00
State aid bonds, 1,500 bonds, par value $1,000		1,500,000.00
Convertible mortgage bonds, 1,483 bonds, par value		1,483,000.00
Land bonds		9,153,000.00
Bonds of San Francisco, Oakland and Alameda Railroad		500,000.00
Bonds of San Joaquin Valley Railroad		6,080,000.00
United States registered bonds (1881) borrowed		62,387.00
		82,318,067.00
Bills payable	1,686,175.00	
Bills payable, employés	57,310.67	
		1,743,485.67
Land department, coin	207,043.76	
Land department, currency	58,481.78	
Trustees land sales, coin	339,929.98	
		605,455.52
Operating department (or cash due to auditor's and other departments)		275,993.50
Sinking fund (in suspense)		185,000.00
Accounts payable		2,047,819.00
Profit and loss account:		
Profit and loss as per balance sheet, 1872	7,433,960.20	
Profit and loss as per current statement, 1873	1,905,191.79	
		9,339,151.99
Total		159,123,773.68

ASSETS.

Construction account		$133,250,455.00
Discount		148,644.00
		133,399,100.00
Equipment account		6,128,750.00
Total cost of road and equipment		139,527,850.00
United States Government accounts:		
Post-Office Department	$248,245.80	
Transportation account	118,331.15	
"Retained" account (on mail earnings, etc.)	758,639.69	
United States Government bonds	120.00	
United States Treasury	1,762.00	
		1,127,098.64
Bonds in suspense (Central Pacific Railroad)		21,735.00
Bills receivable		3,631,536.00
Company accounts receivable	2,361,534.71	
Accounts receivable, general	959,508.71	
		3,321,043.42
L. Stanford, trustee, capital stock of the Central Pacific Railroad Company issued to him by order of the Board of Directors, for sale		8,333,300.00
Materials on hand		1,959,013.00
Contract and Finance Company		50,452.62

Sinking fund No. 1	$592,631.70	
Sinking fund No. 2	232,050.00	
Sinking fund No. 3	232,050.00	
Sinking fund No. 4	105,000.00	
		$1,151,731.70
Total		159,123,772.91

Current statement of the Central Pacific Railroad Company of California, 1873.

Freight earnings:		
Coin		$4,989,996.21
Currency		2,472,898.71
Passenger:		
Coin		2,235,942.81
Currency		2,182,474.61
Express:		
Coin		119,251.85
Currency		93,785.05
Wharf:		
Coin		87.70
Mail:		
Currency		269,014.28
Sleepers:		
Coin		34,327.05
Currency		120,240.75
Telegraph:		
Coin		86,997.52
Currency		6,255.19
Rentals:		
Coin		40,213.44
Currency		1,689.54
Baggage:		
Coin		10,254.77
Currency		34,443.68
Miscellaneous:		
Coin		126,398.23
Currency		39,681.59
		12,863,952.98
Less operating expenses:		
Coin	$4,929,684.09	
Currency	39,587.43	
		4,969,271.52
Amount of net earnings		7,894,681.46
Add—		
Sundry amounts credited direct to profit and loss	73,378.03	
Interest on sinking funds accrued to date	87,884.70	
		161,262.73
		8,055,944.19
Less—		
Sundry expenses charged direct to profit and loss	119,163.22	
Legal expenses	61,327.71	
General expenses account	177,196.72	
Taxes	327,063.96	
Engineering account	20,312.68	
Exchange discount on currency sales	397,519.80	
Discount on currency	195,295.17	
Loss on operating Sacramento River steamers	40,292.71	
		1,338,171.97
		6,717,772.22
Interest on bonds for 1873	3,184,315.43	
Dividend No. 1 on 542,755 shares at $3 per share	1,628,265.00	
		4,812,580.43
Profit and loss for 1873		1,905,191.79

Contract and Finance Company in account with Central Pacific Railroad Company, 1871.

DR.

Jan.	To balance	$3,847,617.18
	To interest	2,000.00
	To cash and cash items	483,421.82
Feb.	To cash and cash items	282,099.97
Mar.	To cash and cash items	92,817.67
Apr.	To discount	155.19
	To bond purchased by C. P. H.	1,633.76
	To cash and cash items	103,057.27
May	To cash and cash items	308,894.65
June	To cash and cash items	142,950.32
July	To cash and cash items	158,666.35
Aug.	To cash and cash items	455,527.73
	To balance of railroad iron account	784,919.65
	To discount and interest	1,762.67
Sept.	To interest	256,729.97
	To cash and cash items	653,677.39
Oct.	To cash and cash items	87,905.49
Nov.	To discount	113.43
	To cash and cash items	50,192.05
Dec.	To cash and cash items	100,476.26
		7,814,469.01

CR.

Jan.	By materials furnished	$24,777.38
Feb.	By construction and repairs	119,831.58
Mar.	By repairs	28,223.65
Apr.	By discount and interest	472.37
	By cash	52,313.76
	By materials and repairs	21,930.28
May	By materials and repairs	159,180.13
	By discount	125.19
June	By discount	7,509.40
	By overcharge on 5 locomotives	11,500.00
	By repairs	28,258.19
	By cash	488,549.62
July	By discount	159.35
	By cash	200,000.00
	By materials and repairs	71,389.22
Aug.	By cash	2,603.61
	By discount and interest	4,189.11
Sept.	By one-half amount to August on Mission Bay	126,152.32
	By tunnel at Clipper Gap	118,797.98
	By materials, repairs, etc	96,118.62
	By notes of Leland Stanford, Mark Hopkins, and C. P. H.	5,700,000.00
	By discount and interest	168.37
	By cash and cash items	352,766.73
Nov.	By cash and cash items	1,[illegible]
	By discount	154.77
Dec.	By materials and repairs	147,638.27
	Balance to 1874	50,457.97
		7,814,469.01

Discount on currency, Central Pacific Railroad Company, 1873.

DR.

Date.	Purchased by, who from or for.	Amount of discount	Amount of gold.
1873.			
Feb. 27	Operating ledger (Jan.)	$6.35	$57.15
Mar. 26	Operating ledger (Feb.)	545.07	4,905.63
July 29	Operating ledger (June)	103.92	935.28
Apr. 30	C. P. Huntington (Jan. account)	88,650.00	655,000.00
30	....do	203.37	1,461.29
30	C. P. Huntington (Feb. account)	7,912.50	50,000.00
30	C. P. Huntington (Mar. account)	762.50	5,000.00
May 22	C. P. Huntington (Apr. account)	46,781.25	255,000.00
July 15	C. P. Huntington (June account)	58,362.50	340,000.00
Aug. 13	C. P. Huntington (July account)	19,312.50	125,000.00
Sept. 13	C. P. Huntington (Aug. account)	20,275.00	130,000.00
Nov. 1	C. P. Huntington (Sept. account), U. S. assay office for short weight gold coin received in July, 1873	63.60	
13	C. P. Huntington (Oct. account)	6,028.66	38,177.43
Dec. 15	C. P. Huntington (Nov. account)	479.27	5,179.00
31	C. P. Huntington (Dec. account)	18,456.38	172,227.22
Apr. 30	Huntington, Hopkins & Co	994.50	4,395.50
30	Contract and Finance Company (Feb. 3)	80.92	659.95
30	Contract and Finance Company	156.40	1,046.86
May 22	Contract and Finance Company and L. Stanford	4,508.85	25,350.21
June 14	Contract and Finance Company	7,599.40	43,063.33
15	....do	159.35	978.86
Aug. 13	Contract and Finance Company and California and Oregon Railway	4,145.97	27,144.33
Sept. 13	Contract and Finance Company	148.37	971.36
Nov. 1	....do	3.90	27.05
13	....do	119.77	1,377.42
13	....do	32.00	368.00
Aug. 23	Railroad iron account	111,288.98	779,722.71
Sept. 1	Suspense account	100.00	900.00
Nov. 1	E. B. Crocker	993.11	13,241.49
13	Southern Pacific Railway	111.50	1,283.26
Dec. 15	....do	87.05	1,001.06
31	To balance	224,868.54	1,577,009.99
		621,080.74	4,291,435.28

CR.

Date.	On what account.	Amount.
1873.		
Feb. 1	By discount on $17.69, from C. H. C	$1.94
Apr. 17	By discount on $1.22, from C. H. C	.17
30	By operating ledger (March)	110.30
30	By Contract and Finance Company, on $1,193.76	153.19
30	By treasurer Sacramento Valley Railroad, on $272.31 currency	35.40
30	By treasurer Sacramento Valley Railroad, on $325.00 currency	40.62
30	By California Pacific Rwy. on $3,690.40 currency	479.75
May 22	By California Pacific Rwy. on $11,859.22 currency	1,748.88
22	By treasurer Sacramento Valley R. R., on $325 currency	43.75
31	Operating ledger April stations	350.40
June 14	By C. P. H., account May 1, premium on $230,000 gold sold	39,387.50
14	By C. P. H., account May 5, premium on $250,000 gold sold	41,562.50
14	By C. P. H., account May 10, premium on $175,000 gold sold	29,968.75
14	By C. P. H., account May 15, premium on $75,000 gold sold	13,125.00
14	By C. P. H., account May 16, premium on $60,000 gold sold	10,500.00
14	By treasurer Sacramento Valley R. R., on $286.78	43.32
14	By Mark Hopkins, on $1,050	158.25
30	By operating ledger stations in May	589.47
July 31	By R. Franchot, discount on $1,000 gold, May 23	180.00
Aug. 13	By Contract and Finance Company, M. H. & Cal. Pac., $14,584.36	1,932.43
30	By operating ledger stations, July account	3,336.13
Sept. 13	By Sacramento Valley, California Pacific R. R. and Contract and Finance Company, $13,022	1,725.45
Oct. 6	By operating ledger stations, August	2,901.01
27	By operating ledger stations, September	3,630.58
Nov. 1	By C. P. H. account, September, premium on $20,000 gold sold	2,282.50
1	By Contract and Finance Company, on $1,134.30 currency	113.43
13	By California Pacific R. R., $1,578.74	126.30
29	By operating ledger, October	1,774.64
Dec. 15	By C. P. H. Co., November sale of $110,011.09 gold	8,575.81
31	By operating ledger stations, November	2,078.70
31	By operating ledger stations, December	182.31
31	By balance $1,891,906 currency sold, about $87.53	224,868.54
31	By construction account, on 316 C. & O. bonds	33,749.55
31	By profit and loss	195,295.17
		621,080.74

NOTES.

On capital stock.

Three million dollars of capital stock were issued to L. Stanford, trustee, as per order board of directors February 21, 1873. This was evidently issued in order to comply with the legal requirements of the law regulating the proportionate issue of stock and bonds.

On legal expense account.

Amount charged off to profit and loss during the year for legal expenses was $61,327.71

It is composed mostly of salaries, and there are no unusual expenses.

On expense account.

The following amounts were paid by C. P. Huntington and charged to expense account 1873, as per his monthly statements:

Jan.	J. E. Risley, expense	$1,250.00	
	C. P. Huntington, expenses to Washington	512.00	
			$1,762.00
Feb.	William M. Evarts, attorney's fee		500.00
Mar.	George W. Julian, attorney's fee, Land Office	1,500.00	
	R. Franchot, expenses in Washington	5,148.46	
	J. E. Gates, expenses	1,700.00	
	C. P. Huntington, expenses	1,000.00	
			9,348.46
Apr.	J. E. Risley, in full	1,250.00	
	C. P. Huntington	1,000.00	
			2,250.00
May.	C. P. Huntington		1,000.00
July.	William M. Evarts, retainer in Government cases		2,500.00
Dec.	Charles Nordhoff	$1,000.00	
	C. P. Huntington	500.00	
			1,500.00
			18,860.46

There are no individual vouchers for these expenditures. Mr. Huntington appears to have received powers of attorney for such expenses from the board of directors.

Bills receivable.

On September 9, 1873, a resolution of the board of directors was adopted, resolving "That the secretary be directed to receive from the Contract and Finance Company the notes of Leland Stanford, Mark Hopkins, and C. P. Huntington, amounting to $5,700,000, indorsed by said Contract and Finance Company, on settlement of its indebtedness to this company, and credit the amount of same to the account of said Contract and Finance Company."

In pursuance of this resolution, the following notes were received by the company and charged to bills receivable:

6 notes dated July 31, 1873, on demand, at 10 per cent. ($200,000 each)	$1,200,000
5 notes dated July 31, 1873, on demand, at 10 per cent. ($100,000 each)	500,000
6 notes dated July 31, 1873, due December 31, 1873, at 10 per cent. ($200,000 each)	1,200,000
3 notes dated July 31, 1873, due December 31, 1873, at 10 per cent. ($100,000 each)	300,000
5 notes dated July 31, 1873, due June 30, 1874, at 10 per cent. ($200,000 each)	1,000,000
2 notes dated July 31, 1873, due June 30, 1884, at 10 per cent. ($100,000 each)	200,000
5 notes dated July 31, 1873, due December 31, 1874, at 10 per cent. ($200,000 each)	1,000,000
3 notes dated July 31, 1873, due December 31, 1874, at 10 per cent. ($100,000 each)	300,000
	5,700,000

Contract and Finance Company.

In 1872 and 1873 the Contract and Finance Company owed the Central Pacific Railroad Company large sums of money, which were liquidated on September 11, 1873, by the issuance of notes dated July 31, 1873, amounting to $5,700,000. Up to the dates of these notes the Contract and Finance Company was charged and the Central Pacific Railroad was credited with 10 per cent. interest on the amount due.

On bills payable.

Unpaid notes were outstanding as follows:

George E. Gray	$20,500
F. Speyer & Co	30,000
London and San Francisco Bank	425,000
R. T. Downs	25,000
C. H. Cummings	8,000
George W. Smith	30,000
National Bank, Brooklyn	150,000
Newark Savings Bank	500,000
German Exchange Bank	177,675
F. Speyer & Co	190,000
National Park Bank	130,000
	1,686,175

C. P. Huntington's expenses for 1873, *as per monthly statements.*

1873.	
January expense account:	
J. E. Risley	$1,250.00
C. P. H., expenses to Washington	512.00
February expense account:	
Wm. M. Evarts, attorney fee	500.00
March expense account:	
Geo. W. Julian, attorney fee	500.00
Geo. W. Julian, attorney fee	1,000.00
R. Franchot, expenses in Washington	5,148.46
J. E. Gates	1,700.00
C. P. Huntington	1,000.00
April expense account:	
J. E. Risley, in full	1,250.00
C. P. Huntington	1,000.00
May. C. P. H.'s expense	1,000.00
July expense account:	
Wm. M. Evarts, retainer, Government cases	2,500.00
December expense account:	
Chas. Nordhoff	1,000.00
C. P. Huntington	500.00

EXHIBIT No. 18 (Statement No. 15).

General balance-sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1874.

LIABILITIES.

Capital stock, 626,088 shares, at $100		$62,608,800.00
First-mortgage bonds, Central Pacific Railroad, 25,883 bonds, par value $1,000	$25,883,000.00	
United States bond account	27,855,680.00	
First-mortgage bonds, Western Pacific Railroad, 2,735 bonds, at $1,000 par value	2,735,000.00	
First-mortgage bonds, California and Oregon Railroad	7,291,000.00	
State aid bonds, 1,500 bonds, par value $1,000	1,500,000.00	
Convertible mortgage bonds, 1,483 bonds, par value $1,000	1,483,000.00	
Land bonds,	9,049,000.00	
Bonds of San Francisco, Oakland and Alameda Railroad	500,000.00	
Bonds of San Joaquin Valley Railroad	6,080,000.00	
Total bond account		82,376,680.00
Bills payable	1,560,308.97	
Bills payable (employés)	59,387.95	
		1,619,696.92

Land department, coin	$230,106.43	
Land department, currency	59,467.49	
Trustees land sales	434,363.64	
Land sales in suspense	12,518.39	
		$736,455.95
Operating department, Central Pacific Railroad	329,843.27	
Operating department, steamers	45,945.26	
		375,788.53
Accounts payable		338,430.08
Profit and loss account:		
Profit and loss as per balance sheet, 1873	9,339,151.99	
Profit and loss as per current statement, 1874	1,197,109.59	
		10,536,261.58
		158,592,113.06

ASSETS.

Construction account		$132,878,828.58
Discount		193,117.47
		133,071,946.05
Equipment account		6,129,657.91
Total cost of road and equipment		139,201,603.96
United States Government accounts:		
Post-Office Department, Central Pacific Railroad	$486,768.26	
Transportation account	180,149.31	
"Retained" account on mails, etc	758,639.69	
United States Government bonds unsold	120.00	
United States Treasury	1,762.00	
Post-Office Department (steamers)	3,600.00	
Post-Office Department, Stockton and Copperopolis and Sacramento Valley Railroad	612.60	
		1,431,651.86
Bonds in suspense, Central Pacific Railroad		22,510.00
Bills receivable		2,002,239.74
Company accounts receivable	1,904,429.83	
Accounts receivable, general	1,143,204.99	
		3,047,634.82
L. Stanford, trustee, capital stock of the Central Pacific Railroad Company, issued to him by order of the board of directors, for sale		8,333,300.00
Materials on hand		2,359,380.57
Contract and Finance Company,		741,827.94
Sinking fund No. 1	675,894.87	
Sinking fund No. 2	305,255.00	
Sinking fund No. 3	305,255.00	
Sinking fund No. 4	165,500.00	
		1,451,904.87
		158,592,113.06

Current statement Central Pacific Railroad Company of California for the year ending December 31, 1874.

Freight earnings:	
Coin	$5,451,403.81
Currency	2,435,710.97
Passenger earnings:	
Coin	2,335,880.41
Currency	2,387,966.53
Express earnings:	
Coin	134,130.81
Currency	88,933.09
Mail earnings:	
Currency	250,666.90
Sleepers' earnings:	
Coin	38,613.45
Currency	121,517.30
Telegraph earnings:	
Coin	104,102.20
Currency	6,373.80

Rental earnings:		
Coin		$50,121.83
Currency		1,723.67
Baggage earnings		
Coin		12,640.37
Currency		40,963.00
Miscellaneous earnings:		
Coin		149,410.64
Currency		852.81
		13,611,030.63
Less operating expenses:		
Coin	$5,223,429.42	
Currency	44,702.45	5,268,131.87
Amount of net earnings		8,342,898.76
Add—		
Sundry amounts carried direct to profit and loss	1,380.03	
Interest on sinking-fund notes—1873 and 1874	184,557.87	
Taxes on trust lands	11,790.42	197,728.32
		8,540,627.08
Less—		
Sundry amounts charged direct to profit and loss	7,116.05	
Dividend No. 2 on 542,755 shares, at $5 per share	2,713,775.00	
Interest on sinking funds	87,884.70	
Coupon interest, 1874	3,190,834.57	
Legal expenses, 1874	83,105.19	
General expenses, 1874	246,127.86	
Taxes, 1874	289,812.83	
Engineering, 1874	21,002.60	
Exchange, 1874	458,801.62	
Expenses steamer division	46,067.01	
Interest, general	198,990.06	7,343,517.49
Profit and loss for 1874		1,197,109.59

Contract and Finance Company in account with Central Pacific Railroad Company for the year ending December 31, 1874.

DR.

Jan. 1.	To balance	$50,457.07
	To cash and cash items	105,578.40
Feb.	To cash and cash items	107,291.18
Mar.	To cash and cash items	33,018.97
	To marine insurance	20,288.00
Apr.	To cash and cash items	47,589.33
May and June.	To cash and cash items	60,800.56
July and Aug.	To cash and cash items	96,781.59
Sept.	To cash and cash items	83,630.64
Oct.	To interest	15,553.48
	To cash and cash items	318,716.10
Nov.	To cash and cash items	150,681.84
Dec.	To interest	13,260.96
	To cash and cash items	187,057.38
		1,290,705.50

CONTRA, CR.

Jan.	By cash	$68,605.40
Mar.	By repairs	17,122.71
	By discount	2,536.00
Apr.	By repairs and materials	52,144.25
May.	By cash	173,744.10
July and August.	By cash	30,297.26
Sept.	By repairs	19,325.13
Oct.	By materials	1,409.20
	By materials and repairs	81,030.54
Nov.	By materials and repairs	36,939.02
Dec.	By materials and repairs	65,734.65
	Balance to year 1875	741,827.24
		1,290,705.50

Discount on currency, Central Pacific Railroad Company, 1874.

DR.

Date.	Purchased by, who from, or for.	Amount of discount.	Amount of gold.
1874.			
Mar. 10	C. P. Huntington (January account)	$2,875.00	$25,000.00
10	C. P. Huntington (February account)	2,658.44	22,280.17
Apr. 11	C. P. Huntington (March account)	1,225.00	10,000.00
June 15	C. P. Huntington (May account)	2,475.00	20,000.00
Nov. 13	C. P. Huntington (October account)	318.60	3,180.00
Dec. 31	C. P. Huntington (personal account)	6,542.50	58,880.21
Mar. 10	Southern Pacific R. R. Co	963.79	8,674.12
Apr. 11	....do	360.72	2,918.52
May 13	....do	634.19	5,121.12
June 15	....do	120.15	972.07
July 16	....do	116.11	1,045.00
Aug. 22	....do	64.06	576.59
Sept. 21	....do	79.92	866.16
Oct. 20	....do	102.51	1,000.00
Nov. 13	....do	59.50	601.13
Dec. 14	....do	101.14	1,022.00
31	....do	167.56	1,500.00
Mar. 10	Contract and Finance Company	2,536.00	17,732.00
Apr. 28	Operating ledger stations, March	64.92	594.25
May 27	Operating ledger stations, April	1,515.66	13,640.94
June 27	Operating ledger stations, May	1,416.30	12,746.70
July 30	Operating ledger stations, June	1,154.86	10,393.74
Oct. 29	Operating ledger stations	622.67	5,604.03
Nov. 30	Operating ledger stations, October	479.00	4,311.00
Dec. 31	Operating ledger stations, November	1,807.15	16,264.35
31	Operating ledger stations, December	1,178.68	10,602.73
Aug. 22	California Pacific Rwy advertising coupons	4.01	36.09
Dec. 14	....do	16.47	168.33
Aug. 22	Store account for year ending July 1	27,767.92	221,474.63
Oct. 1	Iron and material account	17,809.11	180,000.00
Dec. 31	To balance to construction account*	119,901.44	1,079,113.00
		195,136.98	1,736,535.00

*Memorandum.—This balance being mostly for premium on gold sold by C. P. Huntington, the currency being used to pay currency indebtedness of 1872 when the balance of discount on currency was charged to construction.

CR.

Date.	On what account.	Amount.
1874.		
Feb. 28	By operating ledger, January	$2,544.97
Mar. 10	C. P. H. account 1873, December	9,102.20
10	C. P. H. account, letter February 18	638.13
10	C. P. H. account, February 18	28.17
10	Southern Pacific R. R. Co., on $3,217.34 at 90 cents	321.73
10	Treasurer Sacramento Valley R., $1,230 at 90 cents	123.00
10	California Pacific R. R., $6,939.60 at 90 cents	693.96
24	Operating ledger, February	491.93
May 13	C. P. H. account, April, premium on $65,000 sold	8,818.75
June 15	C. P. H. account, May, premium on $41,155 sold	5,047.38
15	Treasurer Sacramento Valley R. R., premium on $832.50 currency	91.57
15	California Pacific Rwy, premium on $3,503.34 currency	385.37
July 16	Error in amount Southern Pacific R. R. of June 15	23.00
16	C. P. H.'s account, June, on $110,000 gold sold	12,412.50
Aug. 22	C. P. H.'s account, July, on $100,000 gold sold	10,031.25
22	Mail earnings S. and C. and S. and V., $6,463.86	646.39
29	Operating ledger, July stations	360.61
Sept. 21	C. P. H. account, August, on $250,000 gold sold	23,875.00
21	Mail earnings S. and C. and S. and V	61.75
21	Mail earnings Sacramento Valley treasurer	68.75
21	Mail earnings California Pacific R. R	206.25
29	Operating ledger, August	744.07
Oct. 1	Iron and material account	238.75
20	C. P. H. account, September, on $344,400 sold	32,848.75
20	C. P. H. account, September, on $1,155 sold	125.00
28	Mail services, steamers, $6,727.56	672.76
Nov. 13	C. P. H. account, October, premium on $125,000	12,562.50
Dec. 14	C. P. H. account, premium on $588,661.88	66,700.31
31	Leland Stanford, voucher 2228	2,357.77
31	Mark Hopkins, voucher 2229	1,000.00
31	Charles Crocker, voucher 2230	634.10
31	Sundries	214.10
		195,136.98

NOTES.

On construction account.

Five thousand dollars was subscribed to the Yosemite and Coulterville wagon road, to aid in the building and completion of the same.....	$5,000.00

On expense account.

July 30. W. B. Hyde, salary eight months	3,333.28
W. B. Hyde, expense (no signed voucher)	800.00
Aug. 25. Charles Crocker's expenses traveling around the world (no receipt or proper voucher)	3,573.18

There were no extraordinary expenses in the current payments or operating expenses of this year.

There were no extraordinary expenses in the legal expenses of this year.

On payments made by C. P. Huntington during 1874, in expense account.

Mar. 10. R. Franchot (see C. P. Huntington's letter of Feb. 18, 1873) ...	$13,333.33
10. Charles Nordhoff, Dec. 6, 1873	1,000.00
10. C. P. Huntington's expenses, Dec. 6, 1873	500.00
10. Charles Nordhoff, January 3, 1874	1,000.00
10. R. Franchot, January 13.....	500.00
10. J. E. Gates, January 16.....	200.00
10. Carlisle & McPherson, legal expenses	2,500.00
Apr. 11. Charles Nordhoff	1,000.00
11. C. P. Huntington's expenses.....	500.00
May 13. W. M. Evarts' opinion	250.00
June 15. C. P. Huntington's expenses.....	1,000.00
15. Charles Nordhoff	2,000.00
July 16. Legal expenses (no explanation on books)	20,000.00
16. R. Franchot	3,700.00
Oct. 20. Legal expenses (no explanation)	5,000.00
20. C. P. Huntington's expenses	500.00
Nov. 13. J. E. Gates	481.00
Dec. 31. Cash (no explanation).....	2,000.00
31. W. A. W. E. Manufacturing Company	4,863.43
On discount: The amount of discount ($458,801.62) was upon the sale or exchange of.....	4,552,624.67

Exhibit No. 14 (Statement No. 16).

General balance-sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1875.

LIABILITIES.

Capital stock, 626,088 shares, at $100.....		$62,608,800.00
First-mortgage bonds Central Pacific Railroad, 25,883 bonds, par value $1,000.....	$25,883,000.00	
United States bond account	27,855,680.00	
First-mortgage bonds Western Pacific Railroad, 2,735 bonds, par value $1,000.....	2,735,000.00	
First-mortgage bonds California and Oregon Railroad	8,000,000.00	
State-aid bonds, 1,500 bonds, par value $1,000.....	1,500,000.00	
Convertible mortgage bonds, 1,483 bonds, par value $1,000	1,483,000.00	
Land bonds.....	9,209,000.00	
Bonds of San Francisco, Oakland and Alameda Railroad.....	500,000.00	
Bonds of San Joaquin Valley Railroad.....	6,080,000.00	
Total bond account		83,245,680.00

Bills payable	$2,986,939.81	
Bills payable, employés	74,387.95	
		$3,061,327.76
Land department	309,018.46	
Trustees' land sales	182,423.59	
Land sales in suspense	14,868.39	
		506,310.44
Operating department Central Pacific Railroad, or amounts in hands of disbursing officers of the company not yet distributed		500,629.73
Accounts payable		2,860,086.49
Contract and Finance Company		120,255.91
Profit and loss account:		
Profit and loss, as per balance-sheet 1874	$10,536,261.58	
Less, as per current statement for 1875	230,308.58	
		10,305,953.00
		163,209,092.65

ASSETS.

Construction account		$134,409,917.04
Discount		166,966.29
		134,576,883.42
Equipment account		6,712,360.33
Total cost of road and equipment		141,289,243.75
United States Government accounts:		
Post-Office Department	$723,774.82	
Transportation account	390,046.57	
"Retained" accounts	758,639.69	
Bonds unsold	120.00	
Post-Office Department, steamer account	1,933.32	
Post-Office Department, Stockton and Copperopolis and Sacramento Valley Railroads	612.50	
		1,875,126.90
Bills receivable		832,970.44
Company accounts receivable	$1,640,058.43	
Accounts receivable	4,644,577.24	
		6,284,635.67
L. Stanford, trustee, capital stock of the Central Pacific Railroad Company, issued to him by order of the board of directors for sale		8,333,300.00
Materials on hand		2,812,490.51
Sinking fund No. 1	$778,484.36	
Sinking fund No. 2	385,780.50	
Sinking fund No. 3	385,780.50	
Sinking fund No. 4	232,050.00	
		1,782,095.36
		163,209,092.65

Current statement of the Central Pacific Railroad Company for the year ending December 31, 1875.

Freight earnings:	
Coin	$5,807,966.54
Currency	3,158,805.36
Passenger earnings:	
Coin	2,597,411.69
Currency	2,911,967.49
Express earnings:	
Coin	135,276.69
Currency	96,559.23
Sleepers earnings:	
Coin	52,781.69
Currency	127,190.23

Telegraph earnings:		
Coin		$126,720.12
Currency		9,540.61
Rentals earnings:		
Coin		44,976.29
Currency		1,703.02
Baggage earnings:		
Coin		10,803.09
Currency		50,390.61
Miscellaneous earnings:		
Coin		151,360.67
Currency		3,134.63
Mail earnings		242,141.70
Mileage earnings		47,131.87
		15,665,081.93
Less operating expenses:		
Coin	$6,221,554.74	
Currency	265,645.10	
		6,487,199.84
		9,177,882.09
Add—		
Sundry amounts credited direct	7,205.33	
Earnings of steamer division	127,257.07	
Discount and interest	42,003.10	
Land bonds, December 31, 1874	135,000.00	
Land bonds, March 20, 1875	429,000.00	
Interest on sinking funds	145,190.49	
		885,655.99
		10,063,538.08
Less—		
Dividend No. 3, 542,755 shares, at $6	3,256,530.00	
Dividend No. 4, 542,755 shares, at $4	2,171,020.00	
Coupon interest	3,216,080.00	
Legal expenses	106,184.44	
Taxes	400,855.09	
Engineering	25,805.66	
Interest and exchange	717,228.55	
Expense account	395,350.15	
Sundry amounts charged direct to profit and loss	4,792.77	
To balance, loss 1875		230,308.58
		10,293,846.66

Contract and Finance Company in account with the Central Pacific Railroad Company for the year ending December 31, 1875.

DR.

Jan. 1.	To balance	$741,827.24
Jan.	To cash and cash items	286,836.96
Feb.	To cash and cash items	62,464.27
Mar.	To cash and cash items	17,514.77
May	To cash and cash items	3,029.42
June	To cash and cash items	6,528.88
July	To cash and cash items	850.00
	Balance to 1876	120,255.24
		1,239,306.78

CONTRA CR.

Mar.	By cash and materials	$605,475.64
Apr.	By cash	525,006.00
Apr.	By materials	1,012.04
May	By tracks in San Francisco yard	104,724.45
June	By materials	2,197.01
Oct.	By planking King street	891.64
		1,239,306.78

Discount on currency—Central Pacific Railroad Company, 1875.

DR.

Date.	Purchased by, who from or for.	Amount of discount.	Amount of gold.
1875.			
Feb. 11	Southern Pacific Railroad, January	$124.86	$1,818.72
Mar. 12	Southern Pacific Railroad, at 87½	1,372.33	9,823.75
Apr. 13	....do	302.67	2,118.69
May 15	....do	379.62	2,657.34
June 14	Southern Pacific Railroad, $33,560.25 at 86½	4,530.63	29,979.68
July 16	Southern Pacific Railroad, $6,934.27 at 89	762.77	6,171.50
Feb. 27	Operating ledger, January	992.47	6,932.53
Mar. 28	Operating ledger, February	1,169.14	10,252.14
Apr. 28	Operating ledger, March	1,504.77	13,542.93
May 26	Operating ledger, April	1,396.51	12,568.79
June 30	Operating ledger, May	6,257.63	56,318.67
July 30	Operating ledger, June	2,915.17	24,986.29
Mar. 13	San Francisco and Northern Pacific Railroad account	440.64	3,963.76
Apr. 13	D. D. Colton	158.12	1,186.58
Dec. 31	D. D. Colton on $61.20 currency	1.15	8.63
Apr. 13	Stockton and Copperopolis Railroad	73.87	553.98
June 3	Ocean Steamship Company on $505.95 at 85½	68.31	437.31
14	C. P. Huntington, May account	12,031.25	75,068.75
July 16	C. P. Huntington, June account	2,493.75	15,898.88
Nov. 15	C. P. Huntington, October account	13,226.00	80,000.00
15	C. P. Huntington, letter November 6 from E. Kelly & Co	13,750.00	80,000.00
Dec. 31	C. P. Huntington, on balance currency in his account at 87½	14,228.57	100,346.99
June 14	Western Development Company on $11,500	1,650.00	9,900.00
Aug. 31	Western Development Company on $36,000	4,500.00	31,500.00
Oct. 21	Western Development Company, balance currency this day	5,523.20	38,662.40
Dec. 31	Profit and loss, United States Government transportation account, coin to currency.	295.92	2,063.72
31	Leland Stanford	1,674.15	11,719.05
31	Charles Crocker	940.71	6,585.00
31	Mark Hopkins	37.61	263.31
31	Profit and loss	41,707.18	375,364.62
		135,585.82	1,019,211.92

CR.

Date.	On what account.	Amount.
1875.		
Feb. 12	By C. P. H. account, January, premium on $75,000 gold	$93,321.00
Apr. 13	By C. P. H. on $4,000 currency	500.00
13	By C. P. H. on premiums $1,100 gold	176.00
13	By sundries	260.00
June 14	By mail earnings steamer, $2,000	250.00
14	By mail earnings steamer, S. and C. and S. and V. $612.20	81.63
July 16	By California Pacific, $1,497.25 at 89	164.75
22	By premium on silver coin	500.00
24	....do	300.00
Aug. 31	By Mark Hopkins on $30,000	3,750.00
31	By operating ledger	11,726.37
Sept. 13	By R. Franchot	468.75
16	By mail earnings steamers, $2,000	250.00
24	By premium $10,000 silver bought	100.00
28	....do	50.00
30	....do	50.00
30	By operating ledger, August	3,211.00
Oct. 1	By premium $10,000 silver bought	100.00
2	....do	100.00
9	....do	100.00
18	....do	100.00
21	By California Pacific Railroad on $1,126.05 currency	142.50
22	By premium on $15,000 silver	150.00
23	By premium on $10,000 silver	100.00
25	By premium on $5,000 silver	50.00
30	By operating ledger, September	5,251.00
Nov. 22	By premium on $10,000 silver	100.00
24	....do	125.00
29	....do	100.00
30	By premium on $5,000 silver	62.50
Dec. 1	Operating ledger, October	14,665.00
1	By premium on $5,000 silver	62.50
2	By premium on $10,000 silver	100.00

Discount on currency—Central Pacific Railroad Company, 1885—Continued.

Cr.

Date.	On what account.	Amount.
1875.		
Dec. 6	By premium on $4,000 silver	$40.00
10	By California Pacific Railroad on $673.02	84.12
16	By United States Post-Office Department steamers, $2,000	200.00
17	By premium on $10,000 silver	125.00
21	....do	125.00
23	....do	125.00
28	....do	125.00
26	By premium on $20,000	250.00
27	By premium on $10,000	125.00
30	By operating ledger, November	5,335.80
31	By Leland Stanford *et al*	71,162.36
31	By profit and loss, United States Government transportation account	2,709.45
31	By operating ledger, December	2,931.56
		135,538.53

Western Development Company.

		Dr.	Cr.
1875.			
Feb. 27.	To sundries	$59,302.37	
Mar. 31.	....do	169,249.92	
Apr. 29.	....do	198,455.56	
May 31.	....do	210,155.34	
June 26.	....do	337,418.06	
1874.			
Dec. 31.	By cash		$34,801.19
1875.			
Jan. 31.	....do		58,463.14
Feb. 29.	....do		1,448.96
Mar. 30.	....do		168,660.10
Apr. 30.	....do		633,200.38
May 27.	....do		24,014.26
June 30.	....do		23,459.02
June 30.	To balance carried down		40,534.20
		974,581.25	974,581.25
1875.			
July 1.	To balance down	40,534.20	
July 30.	To sundries	248,556.43	
Aug. 31.	....do	175,689.49	
Sept. 30.	....do	286,377.76	
Oct. 30.	....do	409,201.21	
Nov. 30.	....do	286,731.11	
Dec. 31.	....do	457,987.97	
July 31.	By sundries		17,363.39
Aug. 31.	....do		21,423.63
Sept. 30.	....do		29,905.44
Oct. 30.	....do		119,978.18
Nov. 30.	....do		211,200.10
Dec. 30.	....do		279,303.39
Dec. 30.	To balance to 1876	1,245,904.04	
		1,905,078.17	1,905,078.17

NOTES.

On construction account.

The following discounts on bonds were charged to construction account in this year:

Land bonds sold March, 1874	$7,377.71
California and Oregon Railroad bonds sold, 1872, 1873, and 1874	185,739.76

In this year $564,000 land-grant bonds were redeemed. The balance in the hands of the trustees of the land department was decreased that amount and profit and loss was credited.

The steamers are charged direct to construction instead of equipment account, viz:

Steamer *Oakland*	$233,281.16
Steamer *Transit*	250,333.08

On expense account.

Jan. 11.	S. T. Gage, personal expenses for 1874, voucher produced	$2,342.0
Sept. 6.	David D. Colton, personal expenses, voucher produced	2,230.0
Dec. 31.	L. Stanford, general expenses, rents, leases, Oakland wharf, to December 31, 1875	8,771.6
Dec. 31.	L. Stanford, amount disbursed to December 31, 1875, on account general expenses	171,781.0

The vouchers for the above last two items are not receipted but are indorsed, "allowed February 7, 1876, by board of directors."

Dec. 31.	L. Stanford, paid S. T. Gage for contingent expenses	3,500.0
Dec. 31.	L. Stanford, paid D. D. Colton, expenses	5,000.0

On legal expenses.

Dec. 31.	L. Stanford, for amounts disbursed for legal expenses, (no receipt, but voucher was indorsed "allowed February 7, 1876, by board of directors")	$15,117.2

On C. P. Huntington's expenses for 1875, as per monthly statements.

an.	C. P. Huntington, expenses	$2,500.0
	J. E. Gates, expenses	5,000.0
Feb.	C. P. Huntington	500.0
	R. Franchot	2,000.0
Mar.	R. Franchot, expenses in Washington	1,530.0
	W. C. Copeland	300.0
	C. P. Huntington, expenses February 16	1,500.0
	Richard Lambert	100.0
	Expense, no name	3,000.0
Apr.	J. E. Gates	1,000.0
	R. Franchot	500.0
Oct.	C. P. Huntington, expenses	1,045.0
Dec.	.....do	1,000.0
	Adams services in Washington	300.0

There were no vouchers for these expenses or details given save as above.

EXHIBIT No. 15 (Statement No. 17).

General balance-sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1876.

LIABILITIES.

Capital stock, 626,088 shares at $100 each		$62,608,800.0
First-mortgage bonds of the Central Pacific Railroad, 25,883 bonds, par value $1,000	$25,883,000.00	
United States bond account	27,855,680.00	
First-mortgage bonds of the Western Pacific Railroad, 2,735 bonds, par value $1,000	2,735,000.00	
First-mortgage bonds of the California and Oregon Railroad	8,000,000.00	
State aid bonds, 1,500 bonds, par value $1,000	1,500,000.00	
Convertible mortgage bonds of the Central Pacific Railroad, 1,483 bonds, par value $1,000	1,483,000.00	

Land bonds of the Central Pacific Railroad, 9,276 bonds, par value $1,000	$9,276,000.00	
Bonds of the San Francisco, Oakland, and Alameda Railroad, 500 bonds, par value $1,000	500,000.00	
Bonds of the San Joaquin Valley Railroad, 6,080 bonds, par value $1,000	6,080,000.00	
Total bond account		$83,312,680.00
Bills payable	4,872,746.63	
Bills payable, employés	59,387.95	
		4,932,134.58
Land and land trustees accounts		728,501.47
Operating department of the Central Pacific Railroad, or amounts in the hands of the disbursing officers not yet disbursed		599,256.46
Accounts payable		3,916,320.34
Profit and loss account:		
Profit and loss as per balance sheet, 1875	10,305,953.00	
Less profit and loss as per current statement, 1876	40,363.73	10,265,589.27
		166,363,282.12

ASSETS.

Construction account		$135,059,712.83
Discount, less premium		164,043.89
		135,223,756.72
Equipment account		8,157,266.31
Total cost of road and equipment		143,381,023.03
United States Government accounts:		
Post-Office Department, Central Pacific Railroad	$965,196.61	
Transportation account	503,489.05	
"Retained" account (mails, etc.)	758,639.69	
United States Government bonds (unsold)	120.00	
Post-Office Department (steamers)	5,313.48	
Post-Office Department S. and C. and S. and V. R. R	749.89	
		2,233,508.72
Bills receivable		837,270.46
Company accounts receivable	1,041,677.65	
Accounts receivable (general)	3,664,157.23	
		4,705,834.88
L. Stanford, trustee, capital stock of the Central Pacific Railroad Company issued to him by order of the board of directors for sale		8,333,300.00
Materials on hand		4,504,035.32
Sinking fund No. 1	890,915.22	
Sinking fund No. 2	473,828.02	
Sinking fund No. 3	473,828.02	
Sinking fund No. 4	304,738.45	
Sinking fund No. 5	25,000.00	
Sinking fund No. 6	100,000.00	
Sinking fund No. 7	100,000.00	
		2,368,309.71
		166,363,282.12

Current statement of the Central Pacific Railroad Company for the year ending December 31, 1876.

Freight earnings:	
Coin	$6,603,545.64
Currency	3,423,872.04
Passenger earnings:	
Coin	2,827,585.37
Currency	2,761,719.06

Express earnings:		
Coin		$135,455.2
Currency		116,043.9
Mail earnings:		
Currency		250,638.1
Sleepers earnings.		
Coin		58,939.9
Currency		144,733.1
Telegraph earnings:		
Coin		128,347.2
Currency		14,094.1
Rental earnings:		
Coin		54,407.1
Currency		3,138.7
Baggage earnings:		
Coin		18,296.9
Currency		57,054.7
Mileage earnings:		
Coin		69,559.6
Currency		18,587.4
Miscellaneous earnings:		
Coin		304,999.2
Currency		3,271.2
		16,994,216.2
Less operating expense:		
Coin	$7,742,153.43	
Currency	115,058.14	
		7,857,211.5
Amount of net earnings		9,137,004.7
Add—		
Interest on sinking funds		176,214.3
Earnings steamer division		79,916.9
		9,393,135.4
Less—		
Dividend No. 5	2,171,020.00	
Dividend No. 6	2,171,020.00	
Coupon interest	3,143,155.00	
Interest (general)	252,313.12	
General expense account	469,327.74	
Legal expense	193,758.59	
Taxes	340,508.72	
Engineering	21,867.78	
Discount on currency	670,528.25	
To balance, loss 1876		40,363.7
		9,433,499.1

Contract and Finance Company in account with Central Pacific Railroad Company for the year ending December 31, 1876.

CR.

Jan. 1. By balance		$120,255.1

DR.

Feb.	To interest to date	$13,933.93	
	To Leland Stanford *et al*	106,321.31	
			120,255.1

NOTE.—In February, 1876, the accounts of the Contract and Finance Company were finally closed on the books of the Central Pacific Railroad Company.

Discount on Currency, Central Pacific Railroad Company, 1876.

DR.

Date.	Purchased by.	Who from or for.	Amount of discount.	Amount of gold.
1876.				
Feb. 28	To Western Development Company		$2,150.25	$15,093.75
Mar. 13	....do		3,005.00	22,044.00
Apr. 14	....do		6,126.00	44,934.00
May 29	....do		50.00	450.00
June 29	....do		1,420.00	12,780.00
July 31	....do		11,195.03	100,755.24
Aug. 15	....do		7,887.89	70,991.03
Sept. 13	....do		8,568.03	86,632.27
Oct. 16	....do		823.50	8,326.50
Nov. 14	....do		1,020.00	11,688.00
Dec. 14	....do		2,600.00	29,900.00
30	....do		5,453.00	72,447.00
Apr. 14	To C. P. Huntington		14,000.00	100,000.00
29	To iron account		64,527.67	451,689.52
29	....do		6,513.26	45,592.85
29	....do		294,292.35	1,640,046.43
29	To Leland Stanford *et al*		5,099.50	37,396.30
July 15	....do		7,570.00	68,130.00
31	....do		4,287.98	35,591.87
Aug. 15	....do		2,772.54	24,952.81
Sept. 13	....do		3,656.23	36,968.57
Nov. 14	....do		76.95	776.05
Dec. 14	....do		273.60	3,148.40
30	....do		350.00	4,050.00
Apr. 29	To Mark Hopkins		57.00	538.00
May 6	To Southern Pacific Railroad		1,036.65	7,001.80
June 29	....do		221.99	1,997.92
July 31	....do		464.65	4,181.86
Sept. 13	....do		1,044.78	10,563.87
Oct. 4	....do		183.01	1,850.44
Dec. 14	....do		395.27	4,384.39
30	....do		120.19	1,883.03
Aug. 1	To R. Franchot		400.00	2,800.00
15	To California Pacific Railroad		65.00	585.07
Sept. 12		E. Kelly & Co	10,556.97	82,251.47
12		....do	3,019.58	23,526.22
Nov. 9	To Huntington, Hopkins & Co.		787.92	8,481.81
Dec. 30	To Chas. Crocker		8,242.85	57,699.95
30	To D. D. Colton		5.80	30.60
			420,356.25	3,135,843.12

CR.

Date.	On what account.	Amount.
1876.		
Feb. 29	By operating ledger (January)	$272.95
Mar. 13	By C. P. Huntington, account February, from general average	416.36
31	By operating ledger (February)	5,189.43
Apr. 29	By L. S. & C. C. on $712,273.71, at 88	83,472.85
June 29	By premium on general average paid in currency	584.08
July 31	By C. P. Huntington, June, on $150,000 gold sold	18,562.50
Aug. 15	By C. P. Huntington, July, on $25,000 gold sold	2,843.75
15	By Leland Stanford *et al*, on $16.80 currency	1.68
Sept. 12	By R. Franchot account, 400	56.00
Nov. 14	By C. P. Huntington, October, on $250,000 gold sold	24,000.00
Dec. 14	By C. P. Huntington, November, on $423,700 gold sold	38,908.37
30	By C. P. Huntington, December, on $830,000 gold sold	68,281.25
30	By Treasurer S. V. Railroad, on $2,722.00	272.20
30	By Western Development Company, on $903.15	83.22
30	By Southern Pacific Railroad, $5,116.09	304.47
30	By Leland Stanford	61,535.12
30	By C. P. Huntington	47,062.48
30	By Mark Hopkins	946.86
30	By operating department, year 1876	28,873.67
30	By steamer division mail	750.00
30	By profit and loss	40,916.09
		420,356.25

Western Development Company.

1876.		Dr.	Cr.
Jan. 1.	To balance from 1875	$1,225,904.04	
Jan. 31.	To sundries	457,848.16	
Feb. 29.	....do	346,793.38	
Mar. 30.	....do	640,235.19	
Apr. 29.	....do	2,847,093.98	
May 29.	....do	597,846.69	
June 30.	....do	516,267.79	
Jan. 31.	By sundries		$241,665.75
Feb. 29.	....do		371,728.75
Mar. 30.	....do		17,589.66
Apr. 29.	....do		2,866,172.28
May 29.	....do		1,443,064.78
June 30.	....do		97,165.37
	Balance carried down		1,594,662.42
		6,631,989.23	6,631,989.23
July 1.	To balance down	1,594,662.42	
July 31.	To sundries	498,407.73	
Aug. 31.	....do	451,857.69	
Sept. 30.	....do	650,929.68	
Oct. 30.	....do	385,549.10	
Nov. 23.	....do	72,080.01	
Dec. 30.	....do	573,528.34	
July 31.	By sundries		52,469.85
Aug. 26.	....do		16,078.28
Sept. 27.	....do		99,122.16
Oct. 31.	....do		1,842,094.64
Nov. 30.	....do		56,709.43
Dec. 31.	....do		86,602.31
Dec. 31.	Balance to 1877		2,073,938.19
		4,227,014.97	4,227,014.97

NOTES.

On construction: No construction except the ordinary additions to a completed road were made this year.

On legal expenses.

Mar. 13.	C. P. Huntington, legal expenses. No vouchers and no explanation or details	$10,000.00
Sept. 21.	Voucher signed by F. S. Douty, president, which reads "C. P. R. R. Co., Dr., to Western Development Co. For cash advanced on your account." No other details	29,974.13

On expense account.

Feb. 7.	L. Stanford, no details, but amount audited and approved by board of directors, February 7, 1876	20,000.00
May 20.	Mrs. Anna Franchot, paid her for her husband R. Franchot's services. No voucher, C. P. Huntington's letter of May 4, 1876	25,000.00
Sept. 7.	L. Stanford, expenses and disbursements. No authorization from board of directors could be found	50,000.00
Sept. 12.	R. Franchot, expenses from January 1, 1874, to March 4, 1875. No voucher. C. P. Huntington's letter of September 2, 1876	15,000.00
Sept. 22.	Lyman Trumbull, for services. See C. P. Huntington's letter of September 2, 1876	5,000.00
Sept. 22.	F. S. Douty, president, for voucher for expenses, rendered by Western Development Company. No details (voucher approved by D. D. Colton)	50,000.00
Oct. 4.	C. P. Huntington's expenses	500.00
Oct. 5.	....do	2,500.00
Oct. 14.	D. D. Colton's expenses	6,300.00
Nov. 3.	D. D. Colton (no voucher produced)	5,000.00
Nov. 8.	D. D. Colton	8,000.00
Nov. 16.	D. D. Colton, statement of claims (voucher unapproved)	2,000.00
Dec. 30.	Court of Claims (no voucher)	3,339.15

On C. P. Huntington's expense account, as per monthly statements for 1876.

Jan.	C. P. Huntington	$2,500.00
Feb.	Legal expense (charged to expense account)	10,000.00
Mar.	J. F. Coyle, Washington	50.00
Apr.	C. P. H., legal expenses	5,000.00
	....do	5,000.00
Apr.	J. E. Storrs, expenses at Washington, December, 1875, to April 15, 1876	1,621.00
	Attorneys' fees	5,000.00
May.	J. E. Gates, legal expenses	5,000.00
	....do	5,000.00
	....do	1,000.00
	J. D. Budd	100.00
	Ed. Larned, services and expenses in Washington	1,000.00
June.	S. C. Pomeroy, in Washington	1,000.00
	J. E. Gates, legal expenses	5,000.00
	W. Dodsworth, services and printing	1,000.00
	J. E. Gates legal expenses	10,000.00
	James E. Storrs, Washington expenses	523.93
July.	Charles H. Sherrill	3,000.00
	J. E. Gates, legal expenses	10,000.00
	J. A. Cake	400.00
	J. D. Budd, expenses	100.00
Aug.	W. L. Nicholson	125.00
	R. B. Mitchell, legal expenses	1,500.00
Oct.	J. E. Gates	5,000.00
	J. E. Gates, legal expenses	5,000.00
	J. E. Gates	1,000.00
	J. E. Gates	700.00
	John H. Rice	300.00
	J. E. Gates	1,000.00
Nov.	J. H. Rice, legal services	200.00
	Legal expenses	2,500.00
	J. E. Gates	1,000.00
	Charles B. Bell	200.00
	J. E. Gates	1,000.00
	J. M. McCorkel	400.00
	J. E. Gates	1,000.00
	C. P. Huntington	5,000.00
Dec.	J. E. Gates	3,000.00
	J. E. Gates, legal expenses	1,000.00

Notes on salary: James E. Storrs was paid by Mr. Huntington a salary of $10,000 for 1875, on his general authority from the board of directors.

The following is a detailed statement of coupon interest for this year charged to profit and loss:

Interest on Central Pacific bonds	$1,544,940
Interest on land bonds	515,790
Interest on California and Oregon	421,170
Interest on San Joaquin Valley	365,430
Interest on Western Pacific	162,870
Interest on convertible mortgage	108,955
Interest on San Francisco, Oakland and Alameda	24,000
	3,143,155

EXHIBIT No. 16 (Statement No. 18).

General balance sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1877.

LIABILITIES.

Capital stock, 626,088 shares, at $100		$62,608,800.00
First mortgage bonds of the Central Pacific Railroad, 25,883 bonds, par value, $1,000	$25,883,000.00	
United States bonds account	27,855,680.00	
First mortgage bonds of the Western Pacific Railroad, 2,735 bonds, par value $1,000	2,735,000.00	
First mortgage bonds of the California and Oregon Railroad	8,000,000.00	
State aid bonds, 1,500 bonds, par value $1,000	1,500,000.00	
Convertible mortgage bonds of the Central Pacific Railroad, 1,483 bonds, par value $1,000	1,483,000.00	
Land bonds of the Central Pacific Railroad, 8,704 bonds, par value $1,000	8,704,000.00	
Land bonds of the Central Pacific Railroad in suspense	85,135.14	
Bonds of the San Francisco, Oakland and Alameda Railroad, 500 bonds, par value $1,000	500,000.00	
Bonds of the San Joaquin Valley Railroad, 6080 bonds, par value $1,000	6,080,000.00	
Total bond account		82,825,815.14
Bills payable		5,446,844.29
Trustees land sales		856,042.81
Operating department of the Central Pacific Railroad, or amounts in the hands of the disbursing officers not yet disbursed		407,570.82
Accounts payable		4,441,069.21
Profit and loss account:		
P. and L. as per balance sheet of 1876	$10,265,589.27	
Less P. and L. as per current statement of 1877.	1,609,123.25	
		8,656,466.02
		165,242,601.29

ASSETS.

Construction account		$136,700,235.69
Equipment account		8,408,372.32
Total cost of road and equipment		145,109,208.21
United States Government accounts:		
Post-Office Department, Central Pacific Railroad	$1,199,380.48	
Post-Office Department, California Pacific Railroad	2,385.71	
Post-Office Department, Southern Pacific Railroad	17,734.28	
Post-Office Department, Stockton and Copperopolis Railroad	796.23	
Post-Office Department, Los Angeles and Independence Railroad	151.20	
Post-Office Department, steamers	632.98	
Transportation account	672,670.88	
"Retained"	758,639.69	
United States Government bonds unsold	120.00	
		2,652,511.45
Bills receivable		852,132.46
Company accounts receivable	1,290,169.76	
Accounts receivable, general	1,183,419.39	
		2,473,589.15
Materials on hand		2,854,302.09

L. Stanford, trustee, capital stock of the Central Pacific Railroad Company issued to him by order of the board of directors for sale		$8,333,300.00
Sinking fund No. 1	$998,279.21	
Sinking fund No. 2	562,005.77	
Sinking fund No. 3	562,005.77	
Sinking fund No. 4	379,116.70	
Sinking fund No. 5	51,794.44	
Sinking fund No. 6	207,177.77	
Sinking fund No. 7	207,177.77	
		2,967,557.43
		165,242,601.39

Current statement of the Central Pacific Railroad for the year ending December 31, 1877.

Freight earnings:		
Coin		$6,624,163.65
Currency		3,113,935.55
Passenger earnings:		
Coin		3,298,534.91
Currency		2,185,169.44
Express earnings:		
Coin		141,844.20
Currency		85,064.14
Sleepers earnings:		
Coin		66,898.14
Currency		100,592.00
Telegraph earnings:		
Coin		122,042.28
Currency		10,766.50
Rental earnings:		
Coin		54,210.91
Currency		3,733.75
Baggage earnings:		
Coin		13,735.79
Currency		39,161.98
Wharf earnings:		
Coin		25,952.60
Mail earnings:		
Coin		2,443.44
Currency		270,896.21
Miscellaneous earnings:		
Coin		258,436.83
Currency		4,770.63
Mileage earnings:		
Coin		19,725.27
Currency		29,065.89
		16,471,144.11
Less operating expenses:		
Coin	$7,718,666.92	
Currency	55,750.84	
Leased roads, coin	2,236,927.51	
Leased roads, currency	29,258.95	
		10,040,604.22
Amount of net earnings		6,430,539.89
Add earnings:		
California Pacific Railroad	$1,326,632.60	
Stockton and Copperopolis Railroad	166,453.95	
	1,493,086.55	
Less operating expenses:		
California Pacific Railroad	$819,806.37	
Stockton and Copperopolis Railroad	174,635.32	
	994,441.69	
Amount net earnings, California Pacific and Stockton and Copperopolis		498,644.86

Add—		
Interest on sinking funds		$189,247.72
572 land bonds redeemed		572,000.00
Earnings steamer division		64,537.27
Amount of income for year		7,754,969.71
Less—		
Dividend No. 8	2,171,020.00	
Dividend No. 9	2,171,020.00	
Coupon interest	3,347,305.00	
General interest	369,678.65	
General expenses	482,558.53	
Legal expenses	146,112.04	
Expenses law department	13,610.30	
Taxes	330,345.62	
Engineering	22,045.46	
Discount on currency	310,397.39	
Carried to profit and loss		1,609,123.25
	9,364,092.99	9,364,092.99

Discount on currency, Central Pacific Railroad Company, 1877.

DR.

Date.	Purchased by.	Who from or for.	Amount of discount.	Amount of gold.
1877.				
Feb. 14	Leland Stanford, *et al*		$999.16	$18,000.00
Dec. 8	do		6,232.11	103,000.00
15	do		247.50	3,750.00
31	Leland Stanford		2,465.93	45,000.00
Feb. 14	Western Development Company		235.00	4,400.00
Apr 23	do		400.00	7,000.00
May 14	do		250.00	4,750.00
June 11	do		6,164.04	96,000.00
Aug. 22	do		2,450.00	40,000.00
Sept. 18	do		2,000.00	32,000.00
Dec. 15	do		891.21	31,317.75
31	Western Development Company and Southern Pacific Railroad Company.		118.76	4,000.00
Feb. 19	Southern Pacific Railroad Company.		58.88	1,000.00
Mar. 13	do		119.52	2,000.00
Apr. 23	do		485.48	9,250.00
May 12	do		87.68	1,000.00
14	do		76.24	1,000.00
June 11	do		111.53	1,750.00
July 16	do		922.08	17,000.00
Aug. 25	do		57.75	1,000.00
Sept. 18	do		62.68	1,000.00
Oct. 4	do		80.31	1,000.00
11	do		49.82	1,000.00
Nov. 12	do		38.37	1,000.00
Dec. 15	do		46.19	1,000.00
May 26	Sacramento and Placerville Railroad.		77.11	1,000.00
July 1	Steel rails (1876)		151,285.52	1,961,000.00
1	Steel rails		33,562.98	500,000.00
Dec. 29	do		4,189.15	123,000.00
July 1	Iron pipe		846.19	13,000.00
1	Gal. iron		4,247.20	66,000.00
1	Marine insurance (1876)		630.00	9,000.00
16	H. S. Brown		168.00	3,000.00
Aug. 23	D. D. Colton		67.73	1,000.00
Sept. 18	do		42.94	800.00
Oct. 11	do		13.38	250.00
Aug. 23	O. and O. S. S. Company		.64	12.00
Sept. 18	C. P. Huntington (August account.		1,881.25	35,000.00
18	do	From Eugene Kelly & Co	6,313.41	113,000.00
Dec. 31	do		4,627.97	147,000.00
Oct. 4	Northern Railway Company		130.21	2,000.00
Dec. 31	Charles Crocker		717.51	22,000.00
31	do		100.42	3,000.00
31	C. P. Huntington		689.54	22,000.00
31	Mark Hopkins		50.00	800.00
			234,301.43	3,000,000.00

Discount on currency, Central Pacific Railroad Company, 1877—Continued.

Cr.

	On what account.	Amount.
14	By C. P. Huntington, January, $100,000 gold sold	$95,987.50
13	By C. P. Huntington, February, $525,000 gold sold	27,613.50
13	By Southern Pacific Railroad, $2,052.36, at 95½	92.36
21	By Sacramento Valley Railroad, $3,425.96, at 95	171.29
28	By C. P. H., March account, $100,000 gold sold	7,413.50
14	By C. P. H., April account, $100,000 gold sold	7,000.00
16	By Western Development Company, on $2,500, at 95	125.00
11	By C. P. H., May account, $300,000 gold sold	25,075.00
11	By Southern Pacific Railroad, on $832.35, at 94	49.94
11	By trustees of land, $100 currency, at 94	9.00
18	By C. P. H., August account, $75,000 gold sold	3,412.50
18	By Southern Pacific Railroad, on $2,891.17, at 96	115.65
11	By C. P. H., September account, $170,000 gold sold	3,837.50
13	By C. P. H., October account, $515,000 gold sold	14,293.75
23	By Western Development Company, October, $45, at 97½	1.13
14	By C. P. H. & Co., $23,206.25	632.65
8	By Leland Stanford *et al.*, $16.80, at 97½	.42
22	By steel rails account, $100 35, at 97	3.38
15	By C. P. H., November account, $210,000 gold sold	5,675.00
15	By Southern Pacific Railroad, $902.15, at 97	27.06
21	By C. P. H., December account, $270,000 gold sold	7,350.00
21	By premium on silver from folio 591	8,593.85
31	By exchange and transfer op. account, ledger, 591	11,347.62
31	By profit and loss	105,325.33
		234,901.43

Western Development Company.

1877.		Dr.	Cr.
	1. To balance from 1876	$2,073,938.19	
	30. To sundries	474,222.53	
	28. .....do	246,049.77	
	31. .....do	312,378.56	
	27. .....do	73,345.33	
	29. .....do	301,553.70	
	30. .....do	2,646,779.35	
	28. By sundries		$89,712.11
	29. .....do		1,061,148.07
	30. .....do		1,964,378.72
	31. .....do		293,736.86
	30. .....do		575,286.96
	30. By balance down		2,144,004.71
		6,128,267.43	6,128,267.43
	1. To balance brought down	2,144,004.71	
	30. To sundries	351,346.47	
	31. .....do	346,960.34	
	29. .....do	348,588.47	
	30. .....do	183,008.77	
	30. .....do	278,026.21	
	31. .....do	1,354,922.57	
	31. To balance to 1878	3,075,876.12	
	31. By sundries		436,941.76
	31. .....do		177,043.23
	29. .....do		219,337.95
	31. .....do		2,046,389.36
	30. .....do		341,825.36
	31. .....do		4,861,196.00
		8,082,733.66	8,082,733.66

NOTES—1877.

On construction.

Mar. 12.	Steamer *Capitol*, charged to construction account		$230,000.00
July 23.	The following discounts were charged to construction:		
	Discount on 656 land bonds (no voucher)		71,125.00
	Discount on 729 California and Oregon bonds (no voucher)		99,665.00
May 2.	The Western Development sold steam-boat *Ways* to the Central Pacific Railroad for		130,000.00
There was paid on coupon interest on bonds of—			
	San Francisco, Oakland and Alameda Railroad	$56,000.00	
	Central Pacific Railroad	1,555,800.00	
	Convertible mortgage	103,320.00	
	Western Pacific Railroad	164,405.00	
	California and Oregon Railroad	540,660.00	
	San Joaquin Valley Railroad	363,300.00	
	Land bond	563,820.00	
			3,347,305.00

On C. P. Huntington's expenses for 1877.

Jan.	Legal services	$10,000.00
	I. E. Gates	5,000.00
	Legal expenses	5,000.00
Feb.	I. E. Gates, legal expenses	10,000.00
	C. P. Huntington	5,000.00
Mar.	I. E. Gates, "legal expenses"	2,000.00
	J. H. Storrs	1,215.35
	I. E. Gates	5,000.00
	C. H. Sherrill	1,000.00
	I. E. Gates	500.00
	Ben Holliday	365.37
Apr.	J. A. Johnson, per order of Leland Stanford	100.00
	W. P. Copeland	150.00
	C. B. Ball, legal expenses	100.00
May.	I. E. Gates	5,000.00
	J. A. Johnson	250.00
	C. H. Sherrill	300.00
June.	C. H. Sherrill	3,000.00
	Legal expenses, W. M. Evarts	5,000.00
	Legal expenses, C. P. Huntington	5,000.00
July.	I. E. Gates	200.00
Aug.	I. E. Gates, "lands"	250.00
Sept.	C. P. Huntington	1,000.00
	Legal expenses	10,004.40
	C. P. Huntington	1,000.00
	Legal expenses	3,000.00
Oct.	C. P. Huntington, legal expenses	1,500.00
	Do	2,000.00
	Do	1,000.00
Nov.	I. E. Gates, "legal"	5,000.00
	Do	5,000.00
Dec.	L. Trumbull, "legal"	2,000.00
	I. E. Gates	2,500.00
	I. E. Gates, legal	6,000.00
	C. P. Huntington	2,000.00

On general expenses.

Apr. 23.	Chas. H. Sherrill, service to date (no voucher; see C. P. Huntington's letter of April 12, 1877)	15,000.00
July 16.	To Harvey S. Brown, two-thirds of $2,537.50 (no voucher; no details)	1,691.67
Feb. 6.	Western Development Company, amount paid them charged to expense account (no details on journal and voucher missing)	96,000.00
	6. Amount paid L. Stanford, expenses (voucher missing)	1,414.33

July 26.	L. Stanford, expenses, (no details; voucher 1456)	2,500.00
Oct. 5.	J. M. Bassett, for expenses (no details; voucher 1975)	$2,000.00
18.	A. N. Towne, expenses (no details; voucher 2005)	1,021.89
26.	Mark Hopkins, expenses (no details; voucher 2102)	5,000.00
Nov. 1.	L. Stanford, "for expenditures from July 30, 1876, to September 30, 1877" (no details; voucher is not receipted; No. 2176½)	83,418.09
Dec. 27.	Leland Stanford, for expenses (no details; voucher 2549)	52,500.00

EXHIBIT No. 17 (Statement No. 19).

General balance sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1878.

LIABILITIES.

Capital stock, 626,088 shares, par value $100		$62,608,800.00
First-mortgage bonds of the Central Pacific Railroad, 25,883 bonds, par value $1,000	$25,883,000.00	
United States bond account	27,855,680.00	
First-mortgage bonds of the Western Pacific Railroad, 2,735 bonds, par value $1,000	2,735,000.00	
First-mortgage bonds of the California and Oregon Railroad	8,000,000.00	
State-aid bonds, 1,500 bonds, par value $1,000	1,500,000.00	
Convertible mortgage bonds of the Central Pacific Railroad, 1,483 bonds, par value $1,000	1,483,000.00	
Land bonds of the Central Pacific Railroad, 7,713 bonds, par value $1,000	7,713,000.00	
Bonds of the San Francisco, Oakland and Alameda Railroad, 500 bonds, par value $1,000	500,000.00	
Bonds of the San Joaquin Valley Railroad, 6,080 bonds, par value $1,000	6,080,000.00	
Income bonds, 2,500 bonds, par value $1,000	2,500,000.00	
		84,249,680.00
Bills payable		4,144,998.14
Operating department of the Central Pacific Railroad, or amounts in hands of the disbursing officers of the company not yet distributed		219,163.43
Accounts payable		2,963,423.38
Profit and loss account:		
Profit and loss, as per balance sheet of 1877	$8,656,466.02	
Profit and loss, as per current statement 1878	3,682,812.08	
		12,339,278.10
		166,525,343.05

ASSETS.

Construction account		$137,288,068.98
Equipment account		8,600,954.26
Total cost of road and equipment		145,889,023.24
United States Government account:		
Post-Office Department, Central Pacific Railroad.	$1,563,863.66	
Post-Office Department, Southern Pacific Railroad	64,163.92	
Post-Office Department, California Pacific Railroad	2,338.41	
Post-Office Department, Stockton and Copperopolis Railroad	658.91	
Post-Office Department, Amador Branch	2,938.63	
Post-Office Department, Los Angeles and Independence Railroad	179.55	
Post-Office Department, Northern Railway	3,399.80	

United States Government account—Continued.		
Post-Office Department, Berkeley Branch	$391.62	
Transportation account	769,643.70	
Retained account (one-half)	758,639.69	
United States Government bonds (unsold)	120.00	
United States Treasurer	8,000.00	
		$3,174,337.01
Bills receivable		1,237,523.01
Company accounts receivable	$1,626,929.91	
Accounts receivable, general	610,650.56	
		2,237,580.47
Materials on hand		2,357,318.65
L. Stanford, trustee, capital stock of the Central Pacific Railroad Company, issued to him by order of the board of directors for sale		8,333,300.00
Sinking fund No. 1	$1,073,210.38	
Sinking fund No. 2	634,486.00	
Sinking fund No. 3	634,486.00	
Sinking fund No. 4	444,281.37	
Sinking fund No. 5	78,866.21	
Sinking fund No. 6	430,949.76	
		3,296,959.72
		166,525,343.65

Current statement of the Central Pacific Railroad Company of California for the year ending December 31, 1878.

Freight earnings:		
Coin		$7,620,644.75
Currency		3,181,631.65
Passenger earnings:		
Coin		3,506,945.80
Currency		1,778,667.60
Express earnings:		
Coin		149,340.30
Currency		86,455.40
Mail earnings:		
Currency		438,700.00
Sleeper earnings:		
Coin		68,553.20
Currency		93,445.00
Telegraph earnings:		
Coin		77,142.77
Rental earnings:		
Coin		62,413.00
Currency		3,561.20
Baggage earnings:		
Coin		17,670.00
Currency		33,441.30
Wharf earnings		42,760.91
Mileage earnings:		
Coin		13,772.00
Currency		3,110.20
Miscellaneous earnings:		
Coin		350,209.20
Currency		2,961.87
Steamer earnings:		
Coin		103,960.20
Currency		4,240.00
		17,639,067.20
Less operating expenses:		
Central Pacific Railroad, coin	$8,723,105.23	
Central Pacific Railroad, currency	57,207.25	
Leased roads, coin	1,236,861.30	
Leased roads, currency	14,179.15	
		10,031,352.93
Amount of net earnings		7,607,714.27

Add—			
Interest to June 30 on sinking funds			$118, 702. 29
Land-grant bonds redeemed			1, 151, 000. 00
			8, 877, 416. 55
Less—			
Coupon interest	$3, 254, 288. 33		
Interest	700, 491. 49		
		$3, 954, 779. 82	
Discount on currency		13, 950. 22	
General expenses		646, 363. 08	
Legal expenses		167, 771. 65	
Land department expenses		47, 263, 52	
Taxes		341, 430. 63	
Engineering		23, 045. 55	
Total		5, 194, 604. 47	
Amount carried to profit and loss		3, 682, 812. 08	
		8, 877, 416. 55	8, 877, 416. 55

Discount on currency, Central Pacific Railroad Company of California, 1878.

DR:

Year.	Purchased by.	Who from or for.	Amount of discount.	Amount of gold.
1878.				
Feb. 19	Southern Pacific Railroad Company		$28. 32	$1, 289. 78
Mar. 18	do		16. 29	788. 14
Apr. 13	do		20. 61	2, 040. 87
May 14	do		8. 42	1, 674. 29
June 12	do		12. 80	2, 846. 21
29	do	For error March 18	28. 42	947. 30
29	do		10. 96	2, 181. 64
Feb. 19	Western Development Company		399. 10	19, 555. 90
Mar. 11	do		46. 87	2, 453. 13
Apr. 13	do		206. 13	41, 018. 67
May 10	do		136. 50	27, 164. 75
June 13	do		98. 19	19, 538. 81
13		Eugene Kelly & Company	1, 966. 88	130, 747. 59
May 10	Market Street Railroad		23. 29	6, 622. 64
Aug. 15	Southern Pacific Railroad		5. 64	1, 321. 37
Sept. 16	do		9. 82	1, 954. 68
Aug. 31	C. P. Huntington		560. 65	111, 569. 90
31	Mark Hopkins		8. 96	1, 607. 30
Sept. 30	Leland Stanford		7. 01	1, 396. 78
30	Leland Stanford		.46	92. 54
Oct. 12	Discount on silver		22. 31	.....
24	Discount on silver, $23,728.15		118. 64	.....
31	Discount on silver, $1,594.76		8. 00	.....
Dec. 12	Western Development Company and Southern Pacific Railroad, on steel rails		1, 577. 33	134, 611. 39
31	Anna F. Judah account		5. 00	2, 000. 00
	Transferred to folio 316		9, 263. 59	.....
June 29	Transfer from Ledger 1 on silver		527. 70	.....
			15, 126. 00	503, 133. 68

CR.

Date.	On what account.	Amount.
Feb. 19	By C. P. Huntington, January sale of $265,000 gold	$4, 281. 25
Mar. 11	By C. P. Huntington, February sale of $140,000 gold	2, 675. 00
18	By Southern Pacific Railroad, sale of $1,525.01	30. 50
Apr. 12	By C. P. Huntington, March sale of $180,000 gold	2, 387. 50
May 10	By C. P. Huntington, April sale of $210,000 gold	1, 212. 50
June 13	By C. P. Huntington May, sale of $334,400 gold	1, 605. 75
25	By Southern Pacific Railroad, $635.72 at 99¾	3. 18
Aug. 15	By C. P. Huntington, July account, $75,000 gold sold	375. 00
Sept. 11	By premium on silver	639. 31
16	By C. P. Huntington, August account, $130,000	650. 00
Nov. 14	By C. P. Huntington, October account	630. 78
27	By Premium on silver	534. 85
Dec. 31	By Premium on $308.77 gold	.38
		15, 126. 00

Western Development Company.

1878.		Dr.	Cr.
Jan. 31.	To sundries	$681,369.69	
Feb. 28.	....do	261,333.13	
Mar. 28.	....do	145,706.28	
Apr. 30.	....do	282,391.94	
May 28.	....do	735,764.05	
June 29.	....do	221,726.85	
29.	To balance	2,111,694.52	
Jan. 1.	By balance from 1877		$3,075,876.12
19.	By sundries		647,197.73
Feb. 28.	....do		83,093.44
Mar. 29.	....do		99,069.94
Apr. 30.	....do		112,587.63
May 31.	....do		91,877.39
June 29.	....do		330,265.00
		4,439,986.46	4,439,986.45

1878.			
July 29.	To sundries	222,859.53	
Aug. 30.	....do	327,636.77	
Sept. 30.	....do	3,860,233.42	
Oct. 31.	....do	413,006.24	
Nov. 29.	....do	464,339.17	
Dec. 31.	....do	551,374.11	
31.	To balance carried to 1879	1,256,121.16	
July 1.	By balance		2,111,694.52
29.	By sundries		110,361.79
Aug. 31.	....do		629,472.43
Sept. 30.	....do		1,721,238.03
Oct. 31.	....do		308,902.35
Nov. 30.	....do		1,307,685.65
Dec. 31.	....do		906,073.60
		7,095,570.40	7,095,570.40

NOTES—1878.

On coupon interest paid.

Bonds of—	
Central Pacific Railroad	$1,563,120.00
Western Pacific Railroad	164,940.00
California and Oregon Railroad	481,230.00
San Joaquin Valley Railroad	367,200.00
Land mortgage	499,380.00
San Francisco, Oakland and Alameda Railroad	40,000.00
Convertible mortgage	105,025.00
Income, 2 months on $2,500,000	33,333.33
	3,254,228.33

On construction account.

Dec. 9.	Steamer *Amador* cost	$73,653.00
	Repairs to steamer *Amador* (see journal 72)	46,346.00
		120,000.00

On expense account.

Feb. 14.	To Mark Hopkins—Leland Stanford (voucher 307; no details)	$10,000.00
Apr. 15.	To Mark Hopkins—A. W. Towne, expenses to February 27 (voucher 670; no details)	1,388.84
Jan. 2.	To Mark Hopkins—Leland Stanford (voucher 6; no voucher produced)	400.00
28.	To Mark Hopkins—Leland Stanford (voucher 157; no voucher produced)	1,500.00
Feb. 18.	To Mark Hopkins—A. N. Towne (voucher 327; no details)	384.67

Apr. 19.	To Mark Hopkins—Leland Stanford (voucher 687; no details).		$100.00
May 13.	To Mark Hopkins—L. Stanford (voucher 861; no details)		1,500.00
June 7.	To Mark Hopkins—L. Stanford (voucher 1052; no details)		13,000.00
13.	To Mark Hopkins—A. N. Towne (voucher 1078; money advanced to secure business for company)		1,389.23
28.	To Mark Hopkins—Leland Stanford (voucher 1159; no voucher produced)		111,431.25
June 29.	To Western Development Company, charged in C. P. Huntington's account:		
	March 23–30, for printing reports	$2,450.00	
	April 3, J. H. Bell, "services"	38,500.00	
	Currency	40,950.00	
	Less ¼ per cent. for gold	204.75	
			$40,745.25
	(Voucher 1192½; no voucher produced.)		
29.	To Charles H. Sherrill (see C. P. Huntington's letter of July 8, 1878; no details; no voucher)		500.00
29.	Bills receivable; R. M. Walker, notes		700.00
	Bills receivable; Tom Maguire, balance of note		905.00
	H. S. Crocker & Co (no details and no signature or receipt; voucher 1192½)		12,440.00
29.	C. P. Huntington, as per his letter of June 18, 1878, in voucher 1192½; (no details)		90,167.20
Aug. 15.	To C. P. Huntington, agent (no voucher; no details and no reference)		42,855.06
Sept. 3.	L. Stanford (voucher 1619; no details)		12,000.00
4.	S. T. Gage (voucher 1625; no details)		3,000.00
23.	D. D. Colton (voucher 1734; no details)		1,200.00
Oct. 1.	D. D. Colton (voucher 1811; no details)		3,460.00
4.	D. D. Colton (voucher 1837; no details		3,290.00
23.	L. Stanford (voucher 1941; no details)		100.00
24.	L. Stanford (voucher 1951; office expenses)		1,058.00
Nov. 21.	L. Stanford (voucher 2167; no details)		100.00

On C. P. Huntington's expense account.

Jan.	C. P. Huntington	1,150.00
	I. E. Gates, legal	1,600.00
Feb.	C. P. Huntington, legal	2,500.00
Mar.	Legal expenses	5,500.00
	Do	4,500.00
	Do	10,000.00
Apr.	I. E. Gates	1,750.00
	Do	200.00
May.	J. R. West, services	500.00
	J. H. Storrs, expenses in Washington	1,000.00
	I. E. Gates, legal	5,000.00
	Do	2,500.00
	Do	5,000.00
June.	J. R. West, services	2,000.00
	I. E. Gates	2,000.00
	Do	500.00
July.	I. E. Gates	219.18
	Do	550.00
	Do	2,000.00
Sept.	J. A. George	150.00
	E. P. Howell	200.00
	I. E. Gates	1,500.00
	Do	5,000.00
	Do	2,000.00
	T. M. Norwood, expense	1,000.00
Oct.	J. A. George	150.00
	E. P. Howell	200.00
	I. E. Gates	5,000.00
	Do	2,000.00
	D. C. Forney	300.00
	I. E. Gates	1,000.00
	Do	2,000.00

Oct.	I. E. Gates	$6,000.00
	Do	3,500.00
	C. P. Huntington	3,000.00
	I. E. Gates	10,000.00
	Do	10,000.00
	Do	5,000.00
	J. A. George	300.00
Nov.	I. E. Gates	2,000.00
	C. H. Sherrill	1,000.00
	I. E. Gates	500.00
	T. M. Norwood	500.00
	Do	1,083.33
	John Boyd	200.00
	J. A. George	100.00
Dec.	I. E. Gates	10,000.00
	Do	2,800.00
	Do	10,500.00
	Do	500.00
	John Boyd	200.00
	John H. Flagg	100.00

EXHIBIT No. 18 (Statement No. 20).

General balance-sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1879.

LIABILITIES.

Capital stock, 626,088 shares, at $100 par value		$62,608,800.00
First-mortgage bonds of the Central Pacific Railroad, 25,883 bonds, par value $1,000	$25,883,000.00	
United States bond account	27,855,680.00	
First-mortgage bonds of the Western Pacific Railroad, 2,735 bonds, par value $1,000	2,735,000.00	
First-mortgage bonds of the California and Oregon Railroad	8,080,000.00	
State-aid bonds, 1,500 bonds, par value $1,000	1,500,000.00	
Convertible mortgage bonds of the Central Pacific Railroad, 1,500 bonds, par value $1,000	1,500,000.00	
Land bonds of the Central Pacific Railroad, 7,280 bonds, par value $1,000	7,280,000.00	
Bonds of the San Francisco, Oakland and Alameda Railroad, 687 bonds, par value $1,000	687,000.00	
Bonds of the San Joaquin Valley Railroad, 6,080 bonds, par value $1,000	6,080,000.00	
Income bonds	3,285,000.00	
Total bond account		84,885,680.00
Bills payable		4,212,960.00
Accounts payable		2,581,765.54
Operating department of the Central Pacific Railroad, or amounts in hands of the disbursing officers of the company not yet distributed		15,294.55
Profit and loss account.		
Profit and loss as per balance-sheet of 1878	$12,339,278.10	
Profit and loss as per current statement, 1879	3,043,260.51	
		15,382,538.61
		169,687,039.70

ASSETS.

Construction account		$138,292,803.32
Equipment account		8,672,573.05
Total cost of road and equipment		146,965,376.37

United States Government accounts:		
Post-Office Department, Central Pacific Railroad	$1,904,095.38	
Post-Office Department, Southern Pacific Railroad	17,498.70	
Post-Office Department, California Pacific Railroad	2,346.65	
Post-Office Department, steamers	1,500.00	
Post-Office Department, Amador Branch	2,569.64	
Post-Office Department, Stockton and Copperopolis Railroad	690.45	
Post-Office Department, Berkeley Branch	643.86	
Post-Office Department, Los Angeles and Independence Railroad	179.55	
Post-Office Department, Northern Railway	891.91	
		$1,930,416.14
Transportation account	1,022,661.29	
Retained account (one-half)	758,639.69	
Cash November 18, 1879	829,601.47	
United States bonds unsold	120.00	
		2,611,022.45
Bills receivable		1,021,363.36
Company accounts receivable	540,966.76	
Accounts receivable	1,864,439.98	
		2,405,406.74
Materials on hand		2,351,492.24
Leland Stanford, trustee; capital stock of the Central Pacific Railroad Company issued to him by order of the board of directors for sale		8,333,300.00
Sinking fund No. 1	1,186,713.55	
Sinking fund No. 2	728,835.38	
Sinking fund No. 3	728,835.38	
Sinking fund No. 4	524,281.26	
Sinking fund No. 5	108,057.17	
Sinking fund No. 6	463,440.16	
Sinking fund No. 7	328,500.00	
		4,068,662.90
		169,687,039.86

Current statement of the Central Pacific Railroad Company of California for the year ending December 31, 1879.

Freight earnings	$10,934,573.39
Passenger earnings	4,919,254.63
Express earnings	208,500.79
Mail earnings	417,347.23
Sleepers earnings	167,169.05
Telegraph earnings	81,606.63
Rental earnings	67,111.31
Baggage earnings	54,003.35
Mileage earnings	31,205.45
Miscellaneous earnings	272,391.33
Steamer earnings	64,807.86
	17,217,971.02
Less operating expenses	10,207,862.89
Amount of net earnings	7,010,108.13
Add—	
Land bonds redeemed	433,000.00
Dividend on 8,250 shares of Wells, Fargo & Co. (express) stock	33,000.00
Interest on sinking funds (14 months)	216,038.18
Interest on sinking funds (coupons)	17,865.00
	7,710,011.31
Less—	
Surveys, Winnemucca and Oregon	10,181.12
Surveys, California and Oregon	4,170.03
Engineering	20,886.02
General expense	394,752.79
Legal expense	199,136.38

Less—Continued.	
Land department	$66,130.6
Taxes on lands	32,187.5
Taxes, general	280,492.0
Interest, general	268,945.1
Interest, coupon	3,398,940.0
Amount carried to profit and loss	3,043,266.1
	7,710,011.3

Western Development Company.

1879.		Dr.	Cr.
Jan. 31.	To sundries	$509,440.52	
Feb. 28.	....do	438,312.50	
Mar. 10.	....do	1,031,282.50	
19.	To balance to Pacific Improvement Company*	280,517.64	
Jan. 1.	By balance from 1878		$1,256,121.8
31.	By sundries		415,054.7
Feb. 28.	....do		314,745.6
Mar. 19.	....do		273,632.1
		2,259,553.16	2,259,553.1

Pacific Improvement Company, half-yearly balances.

[C. P. R. R. Ledger No. 2; folio 386 to 399, 560-568.]

1879.		Dr.	Cr.
June 30.	To balance	$694,267.02	
Dec. 31.	....do	61,128.70	
1880.			
June 30.	By balance		$1,629,152.0
Dec. 31.	....do		114,691.8
1881.			
June 30.	To balance	657,329.19	
Dec. 31.	....do	1,428,735.11	
1882.			
June 30.	By balance		1,885.0
Dec. 31.	To balance	130,119.12	
1883.			
June 30.	By balance		822,206.7
Dec. 31.	....do		19,093.5
1884.			
June 30.	By balance		1,203,303.2
Dec. 31.	....do		3,252,057.4
1885.			
June 30.	By balance		502,447.3
Dec. 17.	To balance	271,375.00	

Account closed December 17, 1885, by transfer to Southern Pacific Company.

NOTES—1879.

On coupon interest paid on bonds of—	
Central Pacific Railroad	$1,551,729.0
Western Pacific Railroad	164,040.0
California and Oregon Railroad	480,000.0
San Joaquin Valley Railroad	367,740.0
Land	444,000.0
Income	239,250.0
Convertible mortgage	103,810.0
San Francisco, Oakland and Alameda Railroad	47,400.0
	3,398,940.0

* On March 19, 1879, the account of the Western Development Company was balanced off to Pacific Improvement Company, and on March 10 the Western Development Company is debited $1,000,000 and the Pacific Improvement Company credited with that amount. The journal states, "transfer per order of F. S. Douty, president."

On construction account.

Jan. 25.	The Western Development Company was paid 187 bonds of the San Francisco, Oakland and Alameda Railroad Company for $1,000 each, with all coupons to January 1, 1879, cut off; also $500 in cash, being for three-fourths of the cost of construction of the car ferry-slip and tracks connected therewith at Oakland Point, that amount having been completed by estimate of S. S. Montague, chief engineer		$187,500.00
	There were no other items of importance charged to construction account this year save that for the improvement of the Oakland ferry, which amounted to		81,887.91

On expense account.

Mar. 6.	To Charles Crocker (voucher 417; no details)		$5,000.00
25.	To Charles Crocker (voucher 498; no details)		26,452.68
28.	To Charles Crocker (voucher 512; no details)		3,100.00
May 1.	To Charles Crocker (voucher 767; no details)		40,000.00
6.	To Charles Crocker (voucher 806; no details)		40,000.00
July 23.	To L. Stanford (voucher 1308; no details)		500.00
Aug. 15.	To S. T. Gage (voucher 1500; no details)		2,500.00
Oct. 6.	To L. Stanford (voucher 1837; no details)		4,145.20
Nov. 11.	To C. Crocker (voucher 2100; no details)		250.00

CREDIT.

May 12.	To C. H. Sherrill, per C. P. Huntington		$10,000.00

On legal expense.

July 31.	To Western Development Company (voucher 1367; no details and voucher not produced)		$5,569.04
Sept. 27.	L. Stanford (voucher 1746; no details)		38,156.03

On C. P. Huntington's expense account.

Jan.	Expense account, I. E. Gates	$10,000.00	
	Expense account, I. E. Gates	1,000.00	
	Expense account, J. H. Bell, legal expenses	500.00	
	Expense account, I. E. Gates	5,000.00	
	Expense account, T. M. Norwood, expenses	500.00	
	....do	1,000.00	
	Expense account, I. E. Gates	10,000.00	
	....do	2,500.00	
Feb.	Expense account, I. E. Gates	10,000.00	
	Expense account, John Boyd, expenses	113.10	
	Expense account, J. M. Norwood, expenses	300.00	
	Expense account, I. E. Gates	10,000.00	
	....do	10,000.00	
	Expense account, J. A. George	150.00	
	....do	100.00	
	Expense account, T. M. Norwood	200.00	
Mar.	John Boyd, disbursements in Washington		$125.85
	T. M. Norwood		100.00
	C. H. Sherrill, to March 7, 1879, balance for services		11,077.34
	John H. Flagg, legal services		10,000.00
Apr.	J. A. George		291.60
	J. B. Bowman		250.00
	C. H. Sherrill		1,000.00
	J. B. Bowman		250.00
May.	John Boyd		200.00
	C. H. Sherrill		1,000.00
	T. M. Norwood		800.00
	J. C. Printup		100.00
June.	John Boyd		200.00
	C. H. Sherrill		100.00
	W. P. Copeland		75.00

June.	C. H. Sherrill	$1,000.00
	S. W. Morton	100.00
	I. E. Gates	1,000.00
July.	E. H. Pardee	10.00
	C. H. Sherrill	2,000.00
	John Boyd	40.00
	I. E. Gates	1,000.00
	J. E. Bowman, May, June, and July	750.00
	T. M. Norwood, to August 4, 1879	1,393.30
Aug.	I. E. Gates	1,000.00
Sept.	J. B. Bowman, August and September	500.00
	T. M. Norwood	800.00
Oct.	I. E. Gates	956.00
	T. M. Norwood, to November 4, 1879	443.35
	I. E. Gates	5,000.00
	I. E. Gates, advertising, printing, etc	2,500.00
Nov.	John Boyd	200.00
	C. H. Sherrill	1,000.00
Dec.	John Boyd	200.00
	S. W. Morton	125.00
	I. E. Gates (legal expenses)	1,000.00
	Do.	5,000.00
	J. B. Bowman, October, November, and December	750.00
	I. E. Gates (legal expenses)	5,000.00
	C. H. Sherrill	5,000.00
	I. E. Gates (legal expenses)	5,000.00
	Do.	5,000.00

There were no detailed vouchers for these payments.

EXHIBIT No. 19 (Statement No 21).

General balance-sheet of the Central Pacific Railroad of California, for the year ending December 31, 1880.

LIABILITIES.

Capital stock, 626,088 shares at $100 par value		$62,608,800.00
First-mortgage bonds of the Central Pacific Railroad, 25,883 bonds, par value $1,000	$25,883,000.00	
United States bond account	27,855,680.00	
First-mortgage bonds of the Western Pacific Railroad, 2,735 bonds, par value $1,000	2,735,000.00	
First-mortgage bonds of the California and Oregon Railroad	8,080,000.00	
State aid bonds, 1,500 bonds, par value $1,000	1,500,000.00	
Convertible mortgage bonds of the Central Pacific Railroad, 342 bonds, par value $1,000	342,000.00	
Land bonds of the Central Pacific Railroad, 7,080 bonds, par value $1,000	7,080,000.00	
Bonds of the San Francisco, Oakland and Alameda Railroad, 687 bonds, par value $1,000	687,000.00	
Bonds of the San Joaquin Valley Railroad, 6,080 bonds, par value $1,000	6,080,000.00	
Income bonds	3,285,000.00	
Total bond account		83,527,680.00
Bills payable		955,746.00
Accounts payable		5,923,889.55
Operating department (or amounts in hands of disbursing officers of the company)		150,501.45
Profit and loss account:		
Profit and loss as per balance sheet of 1879	15,382,538.61	
Profit and loss as per current statement, 1880	1,370,260.85	16,752,799.46
		169,919,417.46

1880.

ASSETS.

Construction account		$140,035,881.64
Equipment account		8,830,105.02
Total cost of road and equipment		148,865,986.66
United States Government accounts:		
Post-Office Department, Central Pacific Railroad	$2,336,245.03	
Post-Office Department, Southern Pacific Railroad	22,097.27	
Post-Office Department, California Pacific Railroad	1,808.77	
Post-Office Department steamers	1,500.00	
Post-Office Department, Amador Branch Railroad	3,153.07	
Post-Office Department, Stockton and Copperopolis Railroad	1,385.30	
Post-Office Department, Berkeley Branch Railroad	896.10	
Post-Office Department, Los Angeles and Independence Railroad	359.10	
Post-Office Department, Northern Railway	1,789.46	
		2,369,234.10
Transportation account	1,313,210.19	
Retained account, one-half	758,639.69	
Cash payments	1,058,677.79	
United States bonds unsold	120.00	
		3,130,647.67
Bills receivable		855,063.36
Company's accounts receivable	3,247,319.39	
Accounts	1,765,117.58	
		5,012,436.97
Materials on hand		2,149,934.14
Leland Stanford, trustee, capital stock of the Central Pacific Railroad Company, issued to him by order of the board of directors for sale		3,333,300.00
Sinking fund No. 1	342,000.00	
Sinking fund No. 2	838,045.15	
Sinking fund No. 3	838,045.15	
Sinking fund No. 4	616,873.26	
Sinking fund No. 5	141,835.63	
Sinking fund No. 6	601,089.52	
Sinking fund No. 7	674,925.46	
Sinking fund No. 8	100,000.00	
Sinking fund No. 9	50,000.00	
		4,202,814.17
		169,919,417.07

Current statement of the Central Pacific Railroad Company of California, for the year ending December 31, 1880.

Freight earnings	$13,245,857.79
Passenger earnings	5,819,794.23
Express earnings	238,939.72
Mail earnings	510,979.38
Sleepers earnings	193,125.32
Telegraph earnings	87,017.25
Rental earnings	61,853.33
Baggage earnings	54,764.99
Mileage earnings	6,872.79
Miscellaneous earnings	988,906.08
Steamers earnings	3,597.52
	20,511,640.40
Less operating expenses	12,045,668.89
Amount of net earnings	8,465,971.51

Add—		
Dividends on Wells, Fargo & Co.'s stock		$51,328.00
Wells, Fargo & Co. stock, 3,250 shares sold		384,140.00
Land-grant bonds redeemed		200,000.00
Sinking funds coupon interest		254,617.00
		9,320,056.77
Less—		
Dividend No. 9	$1,628,265.00	
Dividend No. 10	1,778,265.00	
Coupon interest	3,431,374.10	
Interest (general)	283,950.84	
General expenses	378,696.92	
Legal	155,586.57	
Engineering account	16,645.61	
Taxes	177,077.60	
Taxes on lands	40,445.75	
Land department	59,488.63	
Amount carried to profit and loss	1,370,260.85	
		9,320,056.77

NOTES—1880.

On coupon interest paid on bonds of—	
Central Pacific Railroad	$1,552,968.00
Western Pacific Railroad	164,100.00
California and Oregon Railroad	484,800.00
San Joaquin Valley Railroad	364,800.00
Land bonds	430,800.00
Income bonds	262,800.00
Convertible mortgage bonds	116,134.10
San Francisco, Oakland and Alameda Railroad	54,968.00
	3,431,374.10

On construction account.

Feb. 18. Leland Stanford sold 50,000 shares of stock of the Central Pacific Railroad Company, held by him as trustee, for $72 per share. The amount of discount was charged to construction account, say	$1,400,000.00
The proceeds were credited to the company	3,600,000.00
The only large expenditures for construction this year were:	
Passenger depot and other buildings and improvements at Sacramento	119,556.51
Oakland Ferry improvement	250,662.79

On expense account.

May 4. Leland Stanford (voucher 865½ "for legal and other expenses; no details)	91,276.00
Aug. 28. C. P. Huntington, $10,000, less cr. $2,500 (no voucher)	7,500.00
Jan. 6. Delos Lake, retainer, by Leland Stanford (voucher 43)	5,000.00
Dec. 31. Delos Lake, 1880	5,000.00

There were no other legal expenses outside of salaries during this year which call for comment.

On C. P. Huntington's expenses for 1880, as per his accounts current, and for which no vouchers or details were given.

Jan. 5. Beverly Tucker, expense account	$500.00
6. H. V. Poor	500.00
T. M. Norwood	972.22
Feb. 4. Beverly Tucker	500.00
9. I. E. Gates, "legal expenses"	1,000.00
12. I. E. Gates	200.00
18. C. P. Huntington	5,000.00
25. C. H. Sherrill	1,000.00
25. T. M. Norwood	416.67
Mar. 4. I. E. Gates, legal expenses	5,000.00

Mar.	10.	I. E. Gates	$4,000.00
	15.	C. P. Huntington, "legal"	6,000.00
	23.	I. E. Gates	500.00
	25.	C. H. Sherrill	1,500.00
	29.	John Boyd	200.00
Apr.	3.	I. E. Gates, "legal"	1,500.00
	9.	C. P. Huntington	3,000.00
	14.	C. P. Huntington, "legal"	2,000.00
	19.	I. E. Gates	6,000.00
	23.	C. H. Sherrill	2,500.00
May	1.	I. E. Gates, "legal"	6,000.00
	1.	John Boyd	250.00
	14.	W. H. Marcy, administrator of Ira T. Marcy	1,000.00
	18.	Legal expenses	5,000.00
	24.	....do	2,500.00
	27.	Mrs. T. D. Judah	500.00
June	4.	H. V. Poor	1,000.00
	10.	Chas. Sherrill	1,500.00
	29.	I. E. Gates, "legal"	3,000.00
	29.	John Boyd	1,600.00
July	1.	Chas. Sherrill	3,932.67
	2.	Legal expenses	2,000.00
Aug.	5.	....do	1,000.00
Sept.	11.	I. E. Gates	600.00
	24.	....do	500.00
	27.	....do	500.00
Oct.	6.	C. H. Sherrill	1,500.00
	15.	H. V. Poor, legal expenses	1,000.00
	29.	I. E. Gates, legal expenses	5,400.00
	30.	....do	1,000.00
Nov.	4.	....do	7,150.00
	12.	....do	4,500.00
	12.	W. W. Josselyn, legal expenses	820.62
	15.	C. H. Sherrill	1,500.00
	17.	Shellabarger & Wilson, three months services	1,250.00
	20.	Mrs. T. D. Judah	500.00
	22.	I. E. Gates, "legal"	5,000.00
Dec.	22.	....do	500.00
	23.	....do	500.00

EXHIBIT No. 20 (Statement No. 22).

General balance-sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1881.

LIABILITIES.

Capital stock, 636,088 shares, at $100 par value		$62,608,800.00
First-mortgage bonds of the Central Pacific Railroad, 25,883 bonds, par value $1,000	$25,883,000.00	
United States bond account	27,855,680.00	
First mortgage of the Western Pacific Railroad, 2,735 bonds, par value $1,000	2,735,000.00	
First-mortgage bonds of the California and Oregon Railroad	8,080,000.00	
State aid bonds, 1,500 bonds, par value $1,000	1,500,000.00	
Convertible mortgage bonds of the Central Pacific Railroad, 7 bonds, par value $1,000	7,000.00	
Land bonds of the Central Pacific Railroad, 6,660 bonds, par value $1,000	6,660,000.00	
Bonds of the San Francisco, Oakland and Alameda Railroad, 687 bonds, par value $1,000	687,000.00	
Bonds of the San Joaquin Valley Railroad, 6,080 bonds, par value $1,000	6,080,000.00	
Income bonds	3,285,000.00	
Total bond account		82,772,680.00

Bills payable		$20,000.
Accounts payable		3,600,506.
Trustees land mortgage		612,517.
Operating department of the Central Pacific Railroad, or amounts in the hands of disbursing officers of the company not yet distributed.		1,850,231.
Profit and loss account:		
Profit and loss as per balance sheet of 1880	$16,752,799.46	
Profit and loss as per current statement 1881	3,745,007.37	
		20,497,806.
		171,962,541.

ASSETS.

Construction account		$140,034,528.
Equipment account		8,889,521.
Total cost of road and equipment		148,924,049.
United States Government accounts:		
Post-Office Department, Central Pacific Railroad Company	$2,724,988.91	
Post-Office Department, Southern Pacific	71,094.89	
Post-Office Department, California Pacific	7,134.75	
Post-Office Department, steamers	1,500.00	
Post-Office Department, Amador Branch	4,624.13	
Post-Office Department, Stockton and Copperopolis	4,146.98	
Post-Office Department, Los Angeles and Independence	1,075.59	
Post-Office Department, Northern Railway	5,340.80	
Post-Office Department, Berkeley Branch	1,148.34	
		2,821,054.
Transportation account	1,963,859.69	
Retained account (one-half)	758,639.69	
United States bonds unsold	120.00	
Cash	1,203,114.53	
		3,925,733.
Bills receivable		844,527.
Company's accounts receivable	643,255.33	
Accounts	3,143,047.34	
		3,786,302.
Materials on hand		3,510,913.
Leland Stanford, trustee, capital stock of the Central Pacific Railroad Company issued to him by order of board of directors for sale		3,333,300.
Sinking fund No. 1	7,000.00	
Sinking fund No. 2	932,868.30	
Sinking fund No. 3	932,868.30	
Sinking fund No. 4	699,585.65	
Sinking fund No. 5	174,069.25	
Sinking fund No. 6	731,871.75	
Sinking fund No. 7	1,033,379.87	
Sinking fund No. 8	203,344.03	
Sinking fund No. 9	101,672.02	
		4,816,659.
		171,962,541.

Current statement of the Central Pacific Railroad Company of California for the year ending December 31, 1881.

Freight earnings	$15,842,139.
Passenger earnings	6,692,899.
Express earnings	318,021.
Mail earnings	457,166.
Sleeper earnings	212,504.
Telegraph earnings	92,000.
Rental earnings	62,278.

Baggage earnings	$83,631.68
Mileage earnings	4,279.76
Miscellaneous earnings	329,230.21
	24,094,100.95
Less operating expenses	13,861,009.60
Amount of net earnings	10,233,091.35
Add—	
Land-grant bonds redeemed	420,000.00
Dividends—Wells, Fargo & Co.'s stock	20,000.00
Sinking fund, interest	262,500.00
Sale of 5,000 shares Wells, Fargo & Co.'s stock	592,656.40
	11,528,247.75
Less—	
Dividend No. 11	1,778,265.00
Dividend No. 12	1,778,265.00
Interest, coupons	3,289,166.58
Interest, general	219,124.98
General expenses	239,606.98
Legal expenses	167,894.69
Engineering	16,007.71
Taxes	221,975.39
Taxes, land	42,107.67
Land department	30,826.38
Amount carried to profit and loss	3,745,007.37
	11,528,247.75

NOTES, 1881.

On construction account.

The only item of size charged to construction in this year was for Oakland Ferry and improvement	$107,541.26

On extraordinary expenses.

C. P. Huntington's account current for January:		
Jan. 3. I. E. Gates, legal	$5,000.00	
15. C. H. Sherrill	1,500.00	
19. I. E. Gates	2,000.00	
25. I. E. Gates, legal	550.00	
		9,050.00
C. P. Huntington's account for February:		
Feb. 1. G. F. Seward	500.00	
10. Shellabarger & Wilson, three months' services	1,250.00	
18. C. H. Sherrill	2,500.00	
19. I. E. Gates	10,000.00	
25. C. H. Sherrill	1,700.00	
		15,950.00
C. P. Huntington's account for March:		
Mar. 9. I. E. Gates, legal	1,000.00	
10. ....do	5,000.00	
		6,000.00
C. P. Huntington's account for April:		
Apr. 5. I. E. Gates, legal	2,500.00	
Apr. 9. John K. Porter, legal	1,000.00	
25. I. E. Gates, legal	1,000.00	
		4,500.00
C. P. Huntington's account for May:		
May 2. C. H. Sherrill	1,500.00	
6. I. E. Gates, legal	3,000.00	
18. Edward Atkinson	500.00	
23. I. E. Gates	1,727.33	
24. C. H. Sherrill	1,000.00	
		7,727.33

C. P. Huntington's account for June:		
June 6. I. E. Gates	$4,000.00	
15. I. E. Gates, legal	5,000.00	
24. I. E. Gates	75.00	
		9,075.00
C. P. Huntington's account for August:		
Aug. 15. C. H. Sherrill	1,000.00	
19. Charles Nordhoff	1,500.00	
		2,500.00
C. P. Huntington's account for September:		
Sept. 6. Shellabarger & Wilson, three months		1,250.00
C. P. Huntington's account for November:		
Nov. 12. C. H. Sherrill	1,000.00	
23. Mrs. Anna Judah	500.00	
26. C. H. Sherrill	5,396.34	
		6,896.34
C. P. Huntington's account for December:		
Dec. 7. Shellabarger & Wilson, three months' services	1,250.00	
30. I. E. Gates	200.00	
		1,450.00
There were no detailed vouchers for these payments.		
Coupon interest paid on bonds of the—		
Central Pacific Railroad	$1,552,980.00	
Western Pacific Railroad	164,105.00	
California and Oregon Railroad	484,800.00	
San Joaquin Valley Railroad	364,800.00	
Land	401,070.00	
Income	262,800.00	
San Francisco, Oakland and Alameda Railroad	54,960.00	
Convertible mortgage	3,651.58	
		3,289,166.58

EXHIBIT No. 21 (Statement No. 23).

General balance sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1882.

LIABILITIES.

Capital stock, 626,088 shares, at $100 par value		$62,608,800.00
First-mortgage bonds of the Central Pacific Railroad, 25,883 bonds, par value $1,000	$25,883,000.00	
United States bond account	27,855,680.00	
First-mortgage bonds of the Western Pacific Railroad, 2,735 bonds, par value $1,000	2,735,000.00	
First-mortgage bonds of the California and Oregon Railroad	8,080,000.00	
State-aid bonds, 1,500 bonds, par value $1,000	1,500,000.00	
Land bonds of the Central Pacific Railroad, 5,949 bonds, par value $1,000	5,949,000.00	
Bonds of the San Francisco, Oakland and Alameda Railroad, 687 bonds, par value $1,000	687,000.00	
Bonds of the San Joaquin Valley Railroad, 6,080 bonds, par value $1,000	6,080,000.00	
Income bonds	3,285,000.00	
Total bond account		82,054,680.00
Bills payable		12,280.00
Accounts payable		5,424,017.00
Trustees' land grant		584,770.00
Operating department of the Central Pacific Railroad or amounts in the hands of disbursing officers of the company not yet disbursed		553,389.00
Profit and loss account:		
Profit and loss as per balance sheet of 1881	20,497,806.83	
Profit and loss as per current statement, 1882	2,573,792.17	
		23,071,599.00
		174,309,536.71

ASSETS.

Construction account		$140,880,968.24
Equipment account		8,914,677.30
Total cost of road and equipment		149,795,665.54
United States Government accounts:		
Post-Office Department, Central Pacific Railroad	$3,130,644.09	
Post-Office Department, Southern Pacific Railroad	128,240.39	
Post-Office Department, California Pacific Railroad	11,913.75	
Post-Office Department, steamers	3,000.00	
Post-Office Department, Amador branch	6,276.83	
Post-Office Department, Stockton and Copperopolis	6,991.52	
Post-Office Department, Los Angeles and Independence	1,851.45	
Post-Office Department, Berkeley branch	1,398.00	
Post-Office Department, Northern Railway	9,246.20	
Post-Office Department, Southern Pacific of Arizona	111,356.64	
Post-Office Department, Southern Pacific of New Mexico	25,710.21	
		3,436,629.08
Transportation account, special agents	39,642.85	
Cash account	1,292,264.44	
One-half retained account	758,639.69	
Transportation	2,398,765.65	
Bonds unsold	120.00	
		4,479,432.63
Bills receivable		840,665.46
Company accounts receivable	320,949.96	
Accounts receivable	2,043,708.44	
		2,364,658.40
Materials on hand		4,214,766.43
Leland Stanford, trustee, capital stock of the Central Pacific Railroad Company issued to him by order of the board of directors for sale		3,333,300.00
Sinking fund No. 2	1,040,626.33	
Sinking fund No. 3	1,040,626.33	
Sinking fund No. 4	792,483.20	
Sinking fund No. 5	209,324.22	
Sinking fund No. 6	875,158.94	
Sinking fund No. 7	1,416,755.24	
Sinking fund No. 8	312,963.28	
Sinking fund No. 9	156,481.63	
		5,844,419.17
		174,309,536.71

Current statement of the Central Pacific Railroad Company of California for the year ending December 31, 1882.

Freight earnings	$16,302,882.72
Passenger earnings	7,474,216.12
Express earnings	350,286.21
Mail earnings	613,180.88
Sleepers' earnings	238,792.86
Telegraph earnings	97,000.00
Rental earnings	62,464.66
Baggage earnings	100,868.43
Mileage earnings	7,165.23
Miscellaneous earnings	415,900.01
Steamer earnings	20,485.29
	25,683,242.41
Less operating expenses	16,067,183.67
Amount of net earnings	9,616,058.74

Add—	
Land-grant bonds redeemed	$711,000.00
Sinking funds, interest	281,260.00
	10,608,318.74
Less—	
Dividend No. 13	1,778,265.00
Dividend No. 14	1,778,265.00
Interest on coupons	3,245,391.67
General interest	198,031.65
General expense account	330,646.75
Legal expense account	216,750.41
Engineering	15,479.65
Taxes (general)	404,722.89
Taxes on lands	43,282.80
Land department	23,700.75
Amount carried to profit and loss	2,573,792.17
	10,608,318.74

Accounts payable Central Pacific Railroad, 1882.

Hospital fund	$104,122.83
Southern Pacific Railroad	1,069,941.47
Leland Stanford	41,066.30
S. S. Montague	4,063.36
E. G. Miller, jr	18,653.63
Huntington, Hopkins & Co	69,887.86
Coupons Southern and Central Railroad	12,512.50
Land suspense	6,908.85
Sinking fund suspense	916,519.17
Unpaid coupons	56,945.00
S. W. Sanderson	2,135.94
Dividends 1 to 14	12,288.00
Employés Insurance Association	2,737.82
C. P. Huntington draft account	5,245.33
Treasurer California Pacific Railroad	169,229.65
E. H. Miller, jr	24,543.55
Demand loans	2,860,000.00
Southern Pacific Railroad suspense	30,000.00
Texas and New Orleans Railway	17,215.63
	5,424,017.00

NOTES—1882.

Coupon interest paid on bonds of the—	
Central Pacific Railroad	$1,552,980.00
Western Pacific Railroad	164,100.00
California and Oregon Railroad	484,800.00
San Joaquin Valley Railroad	364,800.00
Land	360,870.00
Income	262,800.00
San Francisco, Oakland and Alameda Railroad	54,960.00
Convertible mortgage	81.67
	3,245,391.67

On construction account.

Jan.	16. Amount paid Charles Stanford in full for services and commissions in negotiating 50,000 shares Central Pacific Railroad stock as per agreement made with him by Leland Stanford (see C. P. Huntington's letter of January 7, 1882)	100,000.00
	Cost of Oakland Ferry improvements for the year	357,889.15
	Steamer *Julia*	54,238.68

There were no other large items charged to construction during the year.

On legal expenses.

May 22.	Leland Stanford, amount expended in 1882 to date (voucher 908¼; no details)	$18,255.00

General expenses.

Sept. 19.	Leland Stanford, amount expended for company from June 20 to September 19 (voucher 1797¼; no details)	54,587.83
Oct. 17.	Leland Stanford, amount expended for company since September 19 (voucher 2013¼; no details)	14,703.00
Nov. 8.	W. W. Stow, for expenses (voucher 2205; no other details)	32,190.00
Nov. —.	W. W. Stow, for money expended by order of Governor Stanford (voucher 2286; no details)	1,000.00
Nov. 25.	C. H. Cummings, cash advanced, account miscellaneous, by order of president (voucher 2327; no details)	3,535.25
June 30.	Handel Zeitung, amount credited to bills receivable and charged to expenses (no details)	3,862.00

C. P. Huntington's account current.

C. P. Huntington's account for February:			
Feb. 8.	Roscoe Conkling, legal expenses		$5,000.00
C. P. Huntington's account for April:			
Apr. 10.	C. H. Sherrill	$1,500.00	
27.	Chas. Nordhoff	3,000.00	
			4,500.00
C. P. Huntington's account for May:			
May 22.	C. H. Sherrill		1,000.00
C. P. Huntington's account for June:			
June 19.	C. H. Sherrill	$1,500.00	
20.	Shellabarger & Wilson, three months	1,250.00	
10.	I. E. Gates, legal	2,000.00	
			4,750.00
C. P. Huntington's account for July:			
July 20.	C. H. Sherrill		3,000.00
C. P. Huntington's account for August:			
Aug. 20.	C. H. Sherrill		500.00
C. P. Huntington's account for September:			
Sept. 12.	Shellabarger & Wilson, three months		1,250.00
C. P. Huntington's account for October:			
Oct. 2.	C. H. Sherrill	$1,000.00	
12.	G. F. Edmunds, retainer in tax case	5,000.00	
25.	C. H. Sherrill, to December 1, 1882	2,640.00	
			8,640.00
C. P. Huntington's account for November:			
Nov. 15.	Shellabarger & Wilson, three months' services		1,250.00
C. P. Huntington's account for December:			
Dec. 6.	S. W. Sanderson, legal	$500.00	
12.	C. H. Sherrill	1,500.00	
22.	I. E. Gates	5,000.00	
29.	C. H. Sherrill	1,000.00	
			8,000.00

There were no detailed vouchers for these payments.

EXHIBIT No. 22 (Statement No. 24).

General balance sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1883.

LIABILITIES.

Capital stock, 626,088 shares, at $100, par value		$62,608,800.00
First-mortgage bonds of the Central Pacific Railroad, 25,883 bonds, par value $1,000	$25,883,000.00	
United States bond account	27,855,680.00	
First-mortgage bonds of the Western Pacific Railroad, 2,735 bonds, par value $1,000	2,735,000.00	
First-mortgage bonds of the California and Oregon Railroad	8,080,000.00	
State-aid bonds, 1,500 bonds, par value $1,000	1,500,000.00	
Land bonds of the Central Pacific Railroad, 5,375 bonds, par value $1,000	5,375,000.00	
Bonds of the San Francisco, Oakland and Alameda Railroad, 687 bonds, par value $1,000	687,000.00	
Bonds of the San Joaquin Valley Railroad, 6,080 bonds, par value $1,000	6,080,000.00	
Income bonds	3,285,000.00	
Total bond account		81,480,680.00
Bills payable		1,220,000.00
Accounts payable		7,022,088.00
Trustees land grant		926,000.00
Operating department of the Central Pacific Railroad, amounts in hands of disbursing officers of the company not yet distributed		613,402.00
Profit and loss account:		
Profit and loss, as per balance sheet of 1882	$23,071,599.00	
Add profit and loss as per current statement, 1883	1,907,389.33	
		24,978,988.33
		178,850,567.33

ASSETS.

Construction account		$141,431,561.78
Equipment account		9,179,868.50
Total cost of road and equipment		150,611,430.28
United States Government accounts:		
Post-Office Department, Central Pacific Railroad	$3,425,768.11	
Post-Office Department, Southern Pacific Railroad	113,479.20	
Post-Office Department, California Pacific Railroad	15,465.63	
Post-Office Department, Amador Branch	5,819.37	
Post-Office Department, Stockton and Copperopolis	6,259.67	
Post-Office Department, Berkeley Branch	1,336.23	
Post-Office Department, Los Angeles and Independence	1,642.97	
Post-Office Department, Northern Railway	14,366.67	
Post-Office Department, steamers	1,500.00	
Post-Office Department, Southern Pacific of Arizona	84,236.66	
Post-Office Department Southern Pacific of New Mexico	36,210.84	
		3,706,065.35
Transportation of special agents	45,505.10	
Cash	1,282,264.44	
One-half retained account	758,639.69	
Transportation account	2,741,160.50	
Bonds unsold	120.00	
		4,827,689.73
		840,665.00
Bills receivable		
Company accounts receivable	$212,682.10	
Accounts receivable	3,034,936.28	
		3,247,618.38

Materials on hand		$5,350,754.44
Leland Stanford, trustee, capital stock of the Central Pacific Railroad Company issued to him by order of the board of directors for sale		3,333,300.00
Sinking fund No. 2	$1,150,296.90	
Sinking fund No. 3	1,150,296.90	
Sinking fund No. 4	887,925.09	
Sinking fund No. 5	246,327.08	
Sinking fund No. 6	1,025,341.43	
Sinking fund No. 7	1,826,493.41	
Sinking fund No. 8	430,908.90	
Sinking fund No. 9	215,454.46	
		6,933,044.17
		178,850,587.82

Current statement of the Central Pacific Railroad Company of California for the year ending December 31, 1883.

Freight earnings	$14,932,969.94
Passenger earnings	7,945,826.07
Express earnings	339,901.63
Mail earnings	575,387.30
Sleepers' earnings	239,944.16
Telegraph earnings	97,000.00
Rental earnings	59,141.73
Baggage earnings	108,333.38
Mileage earnings	48,010.02
Miscellaneous earnings	397,906.97
Steamer earnings	1,236.55
	24,745,657.75
Less operating expenses	15,570,600.61
Amount of net earnings	9,175,057.14
Add—	
Land-grant bonds redeemed	574,000.00
Sinking funds interest	335,125.00
Dividends on Sacramento transportation stock	6,000.00
	10,090,182.14
Less—	
Dividend No. 15	1,778,265.00
Dividend No. 16	1,778,265.00
Coupon interest	3,218,160.00
General interest	328,431.39
General expense account	377,561.26
Legal expense	213,181.01
Engineering	13,734.68
Taxes, general	404,200.29
Taxes, lands	38,527.26
Land department	32,466.92
Amount carried to profit and loss	1,907,389.33
	10,090,182.14

Accounts payable, Central Pacific Railroad, 1883.

Hospital funds	$105,692.58
Los Angeles and San Diego Railroad (Post-Office Department)	1,192.43
South Pacific Railroad	540,486.94
Leland Stanford	46,453.11
C.P. Huntington	257,512.21
Charles Crocker	138,969.05
E.B. Miller	21,502.42
Mrs. Hopkins	29,335.50

Mrs. S. S. Montague	$6,691.20
Timothy Hopkins	90.70
Huntington, Hopkins & Co	88,538.00
Coupon account Stockton and Copperopolis Railroad	12,475.00
Land suspense	3,298.10
Sinking-fund suspense	955,144.17
S. W. Sanderson	18,056.90
Employés Insurance Association	5,430.00
G. L. Lansing	550.00
C. P. Huntington, draft account	2,473.35
Treasurer California Pacific Railroad	373,305.00
E. H. Miller, jr	28,948.00
Pacific Improvement Company	19,099.27
Unpaid coupons	33,035.00
Demand loans	4,200,000.00
Creed Haymond	1,303.00
Texas and New Orleans Railroad	18,148.50
Southern Pacific Railroad	30,000.00
Unpaid dividends, 1 to 16	84,943.00
	7,022,036.97

NOTES, 1883.

Coupon interest paid on bonds of the—	
Central Pacific Railroad	$1,552,960.00
Western Pacific Railroad	164,100.00
California and Oregon Railroad	484,800.00
San Joaquin Valley Railroad	364,800.00
Land	333,720.00
Income	262,800.00
San Francisco, Oakland and Alameda Railroad	54,900.00
	3,218,160.00

On construction account.

There were no items charged to construction in this year save the ordinary small additions to a completed road; the total amount of additional charge being	417,907.00

On expense account.

May 31.	N. I. Smith, for cash advances (voucher 1019; no details)	16,000.00
June 9.	Charles F. Crocker (voucher 1092, "general expense;" no details)	63,388.85
13.	Charles F. Crocker (voucher 1118, "general expense;" no details)	2,500.00
Aug. 7.	Charles F. Crocker (voucher 1513; voucher blank save signature)	10,000.00
Oct. 24.	Charles Crocker (voucher 1958, "for extraordinary expenses in service of company;" no details)	20,000.00
24.	Charles F. Crocker (voucher 1959, "general expenses;" no details)	10,000.00
Nov. 17.	Charles F. Crocker (voucher 2129, general expenses; no details)	49,995.15

On C. P. Huntington's account current.

Jan. 17.	I. E. Gates, legal	$5,000.00	
13.	C. H. Sherrill	1,500.00	
			6,500.00
Feb. 3.	I. E. Gates, legal	2,500.00	
6.	I. E. Gates	200.00	
8.	C. H. Sherrill	3,000.00	
			5,700.00
Mar. 9.	Shellabarger & Wilson, 3 months		1,250.00
May 5.	I. E. Gates, legal		5,000.00

June	1. C. H. Sherrill		$1,000.00
July	14. I. E. Gates		200.00
Sept.	4. C. H. Sherrill		1,000.00
Oct.	12. C. H. Sherrill		1,000.00
Nov.	8. C. H. Sherrill	$3,375.00	
	13. I. E. Gates	500.00	
	30. Shellabarger & Wilson	1,250.00	
			5,125.00
Dec.	19. I. E. Gates, legal		1,000.00

There were no detailed vouchers for these payments.

EXHIBIT No. 23 (Statement No. 25).

General balance-sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1884.

LIABILITIES.

Capital stock, 626,088 shares, at $100 par value		$62,608,800.00
First-mortgage bonds of the Central Pacific Railroad, 25,883 bonds, par value $1,000	$25,883,000.00	
United States bond account	27,855,680.00	
First-mortgage bonds of the Western Pacific Railroad, 2,735 bonds, par value $1,000	2,735,000.00	
First-mortgage bonds of the California and Oregon Railroad	8,080,000.00	
State-aid bonds, 499 bonds, par value $1,000	499,000.00	
Land bonds of the Central Pacific Railroad, 4,903 bonds, par value $1,000	4,903,000.00	
Bonds of the San Francisco, Oakland and Alameda Railroad, 687 bonds, par value $1,000	687,000.00	
Bonds of the San Joaquin Valley Railroad, 6,080 bonds, par value $1,000	6,080,000.00	
Income bonds	3,285,000.00	
Total bond account		80,007,680.00
Bills payable		583,500.00
Accounts payable		11,102,734.82
Trustees' land grant		883,296.94
Operating department of the Central Pacific Railroad, or amounts in hands of disbursing officers of the company, not yet distributed		1,138,439.72
Profit and loss account:		
Profit and loss, as per balance sheet of 1883	$24,978,988.33	
Profit and loss, as per current statement, 1884	244,811.76	
		25,223,800.09
		181,548,251.57

ASSETS:

Construction account		$141,859,517.73
Equipment		8,950,622.15
Total cost of road and equipment		150,810,139.88
United States Government accounts:		
Post-Office Department, Central Pacific Railroad	$3,830,603.96	
Post-Office Department, Southern Pacific Railroad	184,993.18	
Post-Office Department, California Pacific Railroad	20,192.55	
Post-Office Department, Los Angeles and Independence Railroad	2,476.49	
Post-Office Department, steamers	1,500.00	
Post-Office Department, Southern Pacific of Arizona	137,082.86	
Post-Office Department, Southern Pacific of New Mexico	51,447.24	
Post-Office Department, Los Angeles and San Diego Railroad	1,669.21	

United States Government accounts—Continued.		
Post-Office Department, Stockton and Copperopolis Railroad	$9,187.07	
Post-Office Department, Amador Branch	7,649.01	
Post-Office Department, Berkeley Branch	1,583.31	
Post-Office Department, Northern Railway	20,762.79	
		$4,269,147.[illegible]
Transportation of special agents	49,872,75	
Cash (transportation)	1,282,264.44	
One-half retained account	758,639.69	
Transportation account	3,136,526.46	
Bonds unsold	120.00	
		5,227,[illegible]
Bills receivable		10,000.[illegible]
Company's accounts receivable	1,095,291.17	
Accounts receivable	4,652,005.50	
		5,747,296.[illegible]
Materials on hand		5,092,369.[illegible]
Leland Stanford, trustee, capital stock of the Central Pacific Railroad Company, issued to him by the order of the board of directors, for sale		3,333,300.[illegible]
Sinking fund No. 2	$246,937.49	
Sinking fund No. 3	1,265,016.99	
Sinking fund No. 4	987,883.14	
Sinking fund No. 5	285,186.38	
Sinking fund No. 6	1,183,031.05	
Sinking fund No. 7	2,257,758.90	
Sinking fund No. 8	555,153.47	
Sinking fund No. 9	277,576.75	
		7,058,544.[illegible]
		181,548,251.[illegible]

Current statement of the Central Pacific Railroad Company of California for the year ending December 31, 1884.

Freight earnings	$13,043,094.[illegible]
Passenger earnings	7,[illegible]26,570.[illegible]
Express earnings	298,574.[illegible]
Mail earnings	562,454.[illegible]
Sleepers' earnings	194,267.[illegible]
Telegraph earnings	97,000.[illegible]
Rental earnings	64,633.[illegible]
Baggage earnings	60,209.[illegible]
Mileage earnings	6,742.53
Miscellaneous earnings	612,539.[illegible]
Steamer earnings	14,794.[illegible]
	22,180,830.[illegible]
Less operating expenses	15,695,396.[illegible]
Amount of net earnings	6,485,433.[illegible]
Add—	
Land bonds redeemed	472,000.[illegible]
Dividends on Sacramento transportation stock	1,200.[illegible]
Sinking funds, interest	373,000.[illegible]
Rebate—rental of Colorado division for 1883	234,211.[illegible]
	7,565,845.[illegible]
Less—	
Dividend No. 17	1,778,265.[illegible]
Interest, coupons	3,192,780.[illegible]
Interest, general	685,707.[illegible]
Expenses, general	659,271.[illegible]
Expenses, legal	246,606.[illegible]
Engineering	6,[illegible]30.[illegible]

Loss—Continued.	
Taxes	$685,180.58
Land department	66,307.05
Amount carried to profit and loss	244,811.76
	7,565,845.80

Accounts payable Central Pacific Railroad, 1884.

Hospital fund	$105,559.40
Southern Pacific Railroad	94,967.28
E. S. Miller	24,521.30
Mrs. S. S. Montague	15,593.29
T. Hopkins	1,683.38
Huntington, Hopkins & Co	60,000.00
Coupons S. and C. R. R.	13,100.00
Land suspense	7,742.86
Sinking fund suspense	2,168,859.17
Unpaid dividends	15,598.00
Employés insurance company	9,175.92
G. M. Lansing	1,000.00
E. H. Miller, jr	43,048.28
Pacific Improvement Company	3,252,057.42
Unpaid coupons	55,505.00
Creed Haymond	784.70
S. W. Sanderson	1,121.24
Treasurer's balance	533,841.94
Treasurer California Pacific Railroad	346,052.14
Loans payable	2,020,000.00
Demand loans	2,325,000.00
C. P. Huntington, draft	7,593.50
	11,102,734.82

NOTES, 1884.

On construction account.

The cost of the steamer *Piedmont* was charged to construction	$230,685.74
Furniture account to April 30, 1879, charged off to construction account	141,774.26
Buildings at Wadsworth were charged off to construction account	82,377.00
The balance charged to construction account for 1884 was for small items	82,771.59

On legal expense account.

There was paid—

Feb. 7.	James A. Johnson, "legal advice and services rendered" (no details; voucher 264)	$15,000.00
July. 9	James A. Johnson, "professional services and legal advice" (no details; voucher 1253)	17,500.00

On expense account.

There was paid—

May 21.	Charles F. Crocker, "sundry receipts charged to expense account" (voucher 926; no details)	$123,500.00
	24. Charles F. Crocker (voucher 945; no details)	1,000.00
	26. Charles F. Crocker (voucher 953; no details)	3,000.00
	27. Charles F. Crocker (voucher 959; no details)	40,000.00
June 2.	Charles F. Crocker (voucher 1028; no details)	40,000.00
July 10.	Charles F. Crocker (voucher 1269; no details)	22,250.00
	25. Charles F. Crocker (voucher 1341; no details)	2,500.00
Aug. 2.	Charles F. Crocker (voucher 1418; no details)	1,500.00
	7. Charles F. Crocker (voucher 1445; no details)	5,000.00

Aug.	19.	Charles F. Crocker (voucher 1513; no details)	$1,500.00
	22.	Charles F. Crocker (voucher 1531; no details)	5,000.00
	23.	Charles F. Crocker (voucher 1539; no details)	2,500.00
	25.	Charles F. Crocker (voucher 1546; no details)	5,000.00
Sept.	2.	Charles F. Crocker (voucher 1644; no details)	2,000.00
	3.	Charles F. Crocker (voucher 1650; no details)	9,500.00
	5.	Charles F. Crocker (voucher 1656; no details)	4,000.00
	6.	Charles F. Crocker (voucher 1662; no details)	1,000.00
	10.	Charles F. Crocker (voucher 1674; no details)	2,500.00
	17.	Charles F. Crocker (voucher 1709; no details)	2,500.00
	22.	Charles F. Crocker (voucher 1737; no details)	4,500.00
	24.	Charles F. Crocker (voucher 1751; no details)	1,000.00
Oct.	6.	Charles F. Crocker (voucher 1867; no details)	3,000.00
	6.	Charles F. Crocker (voucher 1868; no details)	2,850.00
	8.	Charles F. Crocker (voucher 1881; no details)	3,000.00
	14.	Charles F. Crocker (voucher 1906; no details)	25,000.00
	14.	Charles F. Crocker (voucher 1910; no details)	8,000.00
	15.	S. T. Gage (voucher 1916; no details)	3,500.00
	16.	Charles F. Crocker (voucher 1922; no details)	5,000.00
	21.	Charles F. Crocker (voucher 1946; no details)	5,000.00
	21.	A. B. Hotchkiss (voucher 1947; no details)	500.00
	20.	C. F. Crocker (voucher 1939; no details)	15,000.00
	24.	Creed Haymond (voucher 1972; no details)	500.00
	20.	S. T. Gage (voucher 1940; no details)	2,500.00
	22.	Charles F. Crocker (voucher 1955; no details)	3,000.00
	23.	Creed Haymond (voucher 1959; no details)	1,500.00
	24.	S. T. Gage (voucher 1967; no details)	2,000.00
	27.	S. T. Gage (voucher 1975; no details)	650.00
	28.	Charles F. Crocker (voucher 1982; no details)	9,500.00
	28.	S. T. Gage (voucher 1983; no details)	1,700.00
	30.	Charles F. Crocker (voucher 1991; no details)	2,000.00
	30.	J. M. Hanford (voucher 1992; no details)	500.00
	31.	Charles F. Crocker (voucher 2039; no details)	9,210.00
	31.	S. T. Gage (voucher 2040; no details)	1,000.00
Nov.	3.	Charles F. Crocker (voucher 2070; no details)	500.00
	5.	Charles F. Crocker (voucher 2082; no details)	5,000.00
	10.	S. T. Gage (voucher 2097; no details)	5,000.00
	13.	Charles F. Crocker (voucher 2116; no details)	20,000.00
	24.	Charles F. Crocker (voucher 2175; no details)	2,500.00
	24.	S. T. Gage (voucher 2176; no details)	1,800.00
Dec.	2.	J. P. Jackson (Voucher 2270; no details)	2,000.00
	1.	Charles F. Crocker (voucher 2358; no details)	2,500.00
	4.	Charles F. Crocker (voucher 2380; no details)	5,000.00
	23.	Charles F. Crocker (voucher 2382; no details)	5,000.00
	31.	Charles F. Crocker (voucher 2487; no details)	5,000.00

On C. P. Huntington's account.

Amounts paid—				
Jan.	15.	I. E. Gates, legal		$401.50
Feb.	5.	R. M. McLean, legal		1,000.00
Mar.	8.	Shellabarger & Wilson, three months	$1,250.00	
	15.	Robert M. McLean	500.00	
				1,750.00
Apr.	8.	I. E. Gates, legal		500.00
May.	2.	R. M. McLean	1,000.00	
	31.	R. M. McLean	500.00	
				1,500.00
June	26.	I. E. Gates, legal		2,000.00
July	5.	Legal	1,000.00	
	7.	Legal	2,500.00	
	22.	Legal	1,000.00	
				4,500.00
Aug.	1.	Legal		1,000.00
Sept.	3.	Shellabarger & Wilson, three months	1,250.00	
	23.	J. P. Harris, legal	2,500.00	
				3,750.00
Oct.	26.	I. E. Gates, legal		1,000.00
Dec.	8.	Shellabarger & Wilson, three months		1,250.00

There were no detailed vouchers for these payments.

Coupon interest paid on bonds of—		
Central Pacific Railroad	$1,552,980.00	
Western Pacific Railroad	164,100.00	
California and Oregon Railroad	484,800.00	
San Joaquin Valley Railroad	364,800.00	
Land	308,340.00	
Income	262,800.00	
San Francisco, Oakland and Alameda Railroad	54,960.00	
		$3,192,780.00

EXHIBIT No. 24 (Statement No. 26).

General balance-sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1885.

LIABILITIES.

Capital stock, 626,088 shares, at $100 par value		$62,608,800.00
First-mortgage bonds of the Central Pacific Railroad, 25,883 bonds, par value $1,000	$25,883,000.00	
United States bond account	27,855,680.00	
First-mortgage bonds of the Western Pacific Railroad, 2,735 bonds, par value $1,000	2,735,000.00	
First-mortgage bonds of the California and Oregon Railroad division	6,000,000.00	
First-mortgage bonds of the California and Oregon Railroad extension	3,680,000.00	
State-aid bonds, 284 bonds, par value $1,000 each	284,000.00	
Land bonds of the Central Pacific Railroad, 4,630 first-mortgage bonds, par value $1,000	4,630,000.00	
Land bonds of the Central Pacific Railroad, 5,000 second-mortgage bonds, par value $1,000	5,000,000.00	
Bonds of the San Francisco, Oakland and Alameda Railroad, 687 bonds, par value $1,000	687,000.00	
Bonds of the San Joaquin Valley Railroad, 6,080 bonds, par value $1,000	6,080,000.00	
Income bonds	3,285,000.00	
Total bond account		86,119,680.00
Bills payable		102,500.00
Accounts payable		4,202,583.91
Trustees land grants		1,107,246.75
Operating department of the Central Pacific Railroad, or amounts in hands of disbursing officers of the company not yet distributed		127,381.67
Profit and loss account:		
Profit and loss, as per balance-sheet of 1884	$25,223,800.09	
Less profit and loss, as per current statement, 1885	1,348,582.67	
		23,875,217.42
		178,143,409.75

ASSETS.

Construction account		$141,769,112.07
Equipment		9,224,394.38
Total cost of road and equipment		150,993,506.45
United States Government accounts:		
Post-Office Department, Central Pacific Railroad	$3,929,997.53	
Post-Office Department, Southern Pacific Railroad	200,464.57	
Post-Office Department, California Pacific Railroad	21,374.28	
Post-Office Department, Los Angeles and Independence Railroad	2,684.87	
Post-Office Department, Southern Pacific of Arizona	150,294.41	

United States Government accounts—Continued.		
Post-Office Department, Southern Pacific of New Mexico	$55,256.34	
Post-Office Department, Los Angeles and San Diego Railroad	2,384.62	
Post-Office Department, Stockton and Copperopolis Railroad	9,918.92	
Post-Office Department, Amador Branch	8,106.42	
Post-Office Department, Berkeley Branch	1,645.08	
Post-Office Department, Northern Railway	22,361.82	
		$4,404,489.86
Transportation of special agents	51,116.75	
Cash	1,282,264.44	
One-half retained account	758,639.69	
Transportation account	3,196,523.59	
Bonds unsold	120.00	
		5,288,664.47
Bills receivable		45,165.34
Company accounts receivable	7,234.86	
Accounts receivable	4,630,502.52	
		4,637,737.38
Materials on hand		1,164,471.08
Leland Stanford, trustee, capital stock of the Central Pacific Railroad company, issued to him by order of board of directors for sale.		3,333,300.00
Sinking fund No. 2	$262,282.23	
Sinking fund No. 3	1,428,517.53	
Sinking fund No. 4	1,126,204.47	
Sinking fund No. 5	335,379.88	
Sinking fund No. 6	1,387,647.28	
Sinking fund No. 7	2,781,960.55	
Sinking fund No. 8	602,722.82	
Sinking fund No. 9	351,361.41	
		8,276,076.17
		178,143,409.75

Current statement of the Central Pacific Railroad Company of California for the year ending December 31, 1885.

This current statement shows the earnings and the operating expenses only for the three months, January, February, and March, 1885, the Central Pacific Railroad having been leased to the Southern Pacific Company April 1, 1885.

Freight earnings		$2,625,076.38
Passenger earnings		1,473,183.20
Express earnings		62,534.51
Mail earnings		136,365.00
Sleeper earnings		33,704.28
Telegraph earnings		24,250.00
Rental earnings		17,443.97
Baggage earnings		11,294.70
Mileage earnings		2,038.92
Miscellaneous earnings		26,968.69
		4,412,762.65
Less—		
Operating expense road	$2,884,756.38	
Operating expense steamers	1,705.00	
		2,886,461.38
		1,526,301.27
Add—		
Sinking fund (interest)		614,032.00
Dividend No. 4 Sac. Trans. stock		7,200.00
Land-grant bonds redeemed		273,000.00
Overcharge on coupons W. P. R. R		3,330.00
		2,423,863.27

Less—		
Interest coupons	$2,208,434.17	
Interest general	225,856.33	
Expense account, general	399,835.73	
Legal expense account	112,640.20	
Taxes	211,926.53	
Engineering	5,537.81	
Land department	61,524.62	
Miscellaneous	3,741.67	
John Ponder	5,000.00	
Balance material account	91,370.62	
Profit and loss Stockton and Copperopolis Railroad	2,645.53	
Operating expenses April to December, inclusive	217,759.29	
Southern Pacific earnings for month of March, 1885, south of Gosben	226,173.44	
Profit and loss for year (loss)		$1,348,582.67
	3,772,445.94	3,772,445.94

ACCOUNTS PAYABLE CENTRAL PACIFIC RAILROAD, 1885.

Coupons Stockton and Copperopolis Railroad	$787.49
Land suspense account	7,467.66
Loans payable in New York	150,000.00
Unpaid dividends 1 to 17	12,837.00
Southern Pacific rental account	452,625.00
Sinking fund suspense	767.00
Speyer & Co	330.00
Southern Pacific Company	3,556,574.76
	4,181,388.91
Unpaid coupons	21,195.00
	4,202,583.91

NOTES—1885.

On construction account.

The total amount charged to construction this year was	$89,414.73

On legal expenses.

Apr. 15. Henry Vrooman was paid for legal services	9,500.00
May 12. Frank M. Pixley was paid for six months' services	5,000.00
Sept. 30. Pacific Improvement, for balances advanced to H. B. Herbert, was paid (no details)	8,276.39

On expenses account.

Jan. 26. Chas. F. Crocker (voucher 132; no details)	500.00
Feb. 2. S. T. Gage (voucher 206; no details)	6,000.00
16. L. Stanford, legal and other expenses (voucher 271½; no details)	40,066.95
Mar. 7. S. T. Gage (voucher 397; no details)	2,500.00
10. Charles F. Crocker (voucher 407; no details)	5,000.00
12. S. T. Gage (voucher 414; no details)	3,000.00
16. Charles F. Crocker (voucher 428; no details)	29,000.00
17. S. T. Gage (voucher 432; no details)	41,000.00
18. S. T. Gage (voucher 437; no details)	3,000.00
19. S. T. Gage (voucher 440; no details)	9,000.00
20. S. T. Gage (voucher 445; no details)	15,000.00
21. S. T. Gage (voucher 449; no details)	21,000.00
23. Charles F. Crocker (voucher 454; no details)	15,500.00
23. S. T. Gage for H. A. Cummings (voucher 455; no details)	1,750.00
23. S. T. Gage (voucher 455; no details)	8,500.00

Apr. 29.	Charles F. Crocker (voucher 680; no details)	$5,000.00
May. 1.	S. T. Gage (voucher 711; no details)	5,000.00
14.	S. T. Gage (voucher 764; no details)	5,891.00
June 6.	T. Hopkins (voucher 840; no details)	7,500.00
9.	S. T. Gage (voucher 844; no details)	5,000.00
13.	Timothy Hopkins (voucher 858; no details)	5,000.00
16.	S. T. Gage (voucher 866; no details)	2,550.00
July 27.	Sacramento and Placerville Railroad Company, cash advanced by them for general expenses of Central Pacific Railroad (voucher 959; no details)	4,080.00
Nov. 3.	Pacific Improvement Company (voucher 1167; no details)	55,588.35
17.	Chas. F. Crocker (voucher 1190; no details)	20,000.00
6.	Chas. H. Sherrill expense account Huntington's letter November 6, 1885	10,500.00

On C. P. Huntington's accounts current.

Jan. 9.	Sundries	$6,110.11	
22.	I. E. Gates	3,000,00	
			9,110.11

(Account current for January, 1885, missing, and no further details given in journal.)

Feb. 3.	I. E. Gates, legal	$500.00
Mar. 1.	Shellabarger & Wilson, 3 mos	1,250.00

Coupon interest paid on bonds of the—

Central Pacific Railroad	$776,490.00	
Western Pacific Railroad	82,050.00	
California and Oregon Railroad	242,400.00	
San Francisco, Oakland and Alameda Railroad	27,480.00	
State aid extended	17,465.00	
Land grant	147,090.00	
San Joaquin Valley Railroad	182,400.00	
Income five months	109,500.00	
Three months, Central Pacific	388,245.00	
Three months, West Pacific	41,025.00	
Three months, California and Oregon Pacific	121,200.00	
Three months, San Francisco, Oakland and Alameda	13,740.00	
Balance Con. Mge. Apr.	50,166.67	
Extended State aid April, May, and June.	7,254.72	
Additional to above outstanding	1,372.78	
Account 111 coupons Western Pacific	555.00	
		2,208,434.17

The Central Pacific Railroad Company, including all the property, real estate and personal, owned by that company, was leased to the Southern Pacific Company from the 1st day of April, 1885, for 99 years. By the general terms of the lease the Southern Pacific Company agreed to keep, maintain in good order, condition, and repair, and operate the leased property; also to add to and better the same at its own expense, pay all legally assessed taxes and other fixed charges, and return the property at the termination of the lease, with additions and betterments, in as good condition and repair as they received it. They agreed also to assume and discharge all liabilities and obligations of the Central Pacific Railroad Company, with the following exceptions:

(1) The principal of the funded and mortgage debts.
(2) The principal of the floating debt.
(3) The principal of the United States bonds heretofore loaned by the Government.
(4) The balance of interest due upon the same at maturity.

The Southern Pacific Company agree to pay and discharge the annual obligations imposed on the Central Pacific Railroad Company by the "Thurman" and other existing acts of Congress. They agreed also to keep true and faithful account of all the earnings and expenditures of every kind, and to pay an annual rental for the use of the said Central Pacific Railroad of $1,200,000.

They agreed, moreover, that if the net receipts for any year after paying all expenditures, operating, maintaining, and bettering the road, all taxes, rentals, interest, or any other obligations, shall exceed the sum of $1,200,000, then that amount of receipts so in excess up to the further sum of $2,400,000 (in all, $3,600,000) shall be paid to the Central Pacific Railroad Company.

EXHIBIT No. 25 (Statement No. 27).

General balance sheet of the Central Pacific Railroad Company of California for the year ending December 31, 1886.

LIABILITIES.

Capital stock, 706,088 shares, par value $100		$70,608,800.00
First-mortgage bonds of the Central Pacific Railroad, 25,883 bonds, par value $1,000	$25,883,000.00	
United States bond account	27,855,680.00	
First-mortgage bonds of the Western Pacific Railroad, 2,735 bonds, par value $1,000	2,735,000.00	
First-mortgage bonds of the California and Oregon Railroad division	6,000,000.00	
First-mortgage bonds of the California and Oregon Extension	5,800,000.00	
State-aid bonds, par value $1,000	284,000.00	
Land bonds of the Central Pacific Railroad, 4,570 first-mortgage bonds, par value $1,000	4,570,000.00	
Land bonds of the Central Pacific Railroad, 5,000 second-mortgage bonds, par value $1,000	5,000,000.00	
Bonds of the San Francisco, Oakland and Alameda Railroad, 687 bonds, par value $1,000	687,000.00	
Bonds of the San Joaquin Valley Railroad, 6,080 bonds, par value $1,000	6,080,000.00	
Income bonds	3,285,000.00	
Fifty-year bonds of the Central Pacific Railroad	1,373,000.00	
Total bond account		89,552,680.00
Bills payable		2,500.00
Accounts payable		3,012,636.09
Trustees land grant		1,413,361.18
Operating department of the Central Pacific Railroad, or amounts in hands of the disbursing officers of the company not yet distributed		21,529.82
Profit and loss account:		
Profit and loss as per balance sheet of 1885	23,875,217.42	
Profit and loss per current statement 1886	3,345,585.08	
		27,220,802.50
		191,832,309.59

ASSETS.

Construction account	$156,314,248.33	
Equipment account	9,181,125.38	
Total cost of road and equipment		$165,495,373.71
United States Government accounts:		
Post-Office Department, Central Pacific Railroad	3,932,061.54	
Post-Office Department, Southern Pacific Railroad	200,464.57	
Post-Office Department, California Pacific Railroad	21,374.28	
Post-Office Department, Los Angeles and Independence Railroad	2,684.87	
Post-Office Department, Southern Pacific of Arizona	150,294.41	
Post-Office Department, Southern Pacific of New Mexico	55,256.34	
Post-Office Department, Los Angeles and San Diego	2,384.62	
Post-Office Department, Stockton and Copperopolis Railroad	9,918.92	
Post-Office Department, Amador Branch	8,106.42	
Post-Office Department, Berkeley Branch	1,645.08	
Post-Office Department, Northern Railway	22,361.82	
		4,406,552.87

Transportation, special agent	$51,116.75	
Cash	1,222,264.44	
One-half retained account	758,639.69	
Transportation account	3,510,392.84	
Bonds unsold	120.00	
		$5,602,533.72
Bills receivable		45,165.30
Company accounts receivable	951,247.77	
Accounts receivable	1,290,642.27	
		2,241,890.04
Materials on hand		1,164,471.00
Leland Stanford, trustee, capital stock of the Central Pacific Railroad Company issued to him by order of the board of directors for sale		3,333,300.00
Sinking fund No. 2	276,969.68	
Sinking fund No. 3	1,558,512.15	
Sinking fund No. 4	1,239,269.94	
Sinking fund No. 5	379,160.58	
Sinking fund No. 6	1,565,353.34	
Sinking fund No. 7	3,266,245.76	
Sinking fund No. 8	836,474.30	
Sinking fund No. 9	421,037.08	
		9,543,022.83
		191,832,309.59

Current statement of the Central Pacific Railroad Company of California for the year ending December 31, 1886.

The Southern Pacific Company having leased the Central Pacific Railroad, the current statement for 1886 resolves itself into a profit and loss account simply.

PROFIT AND LOSS.

	Dr.	Cr.
By dividend No. 5, Sacramento Transportation Company		$7,200.00
By Southern Pacific Company, on account of sinking funds, balance accrued in 1885		452,625.00
By Southern Pacific Company, on account of Government transportation		303,914.53
By Southern Pacific Company, on account of net profits, April 1 to December 31, 1885		1,482,033.65
By sinking funds, interest		463,446.65
By Southern Pacific Company, on account sinking funds, 1885 and 1886		778,560.00
By land-grant bonds redeemed		60,000.00
To general expense account	$58,297.53	
To legal expense account	33,882.79	
To interest	13,914.21	
To taxes (general)	14,590.31	
To taxes on land	19,422.39	
To land department	62,026.92	
To amount carried to profit and loss	3,345,585.08	
	3,547,719.23	3,547,719.23

Accounts payable Central Pacific Railroad, 1886.

Southern Pacific Company	$1,995,962.29
Unpaid coupons	13,670.00
Unpaid dividends	9,263.00
Land suspense	6,745.00
Sinking fund suspense	986,995.00
	3,012,636.29

NOTES.

The construction account was increased this year by the building of the extension of the California and Oregon Railroad Company. The road from Redding to Delta was built by the Central Pacific Railroad Company, at a cost of $2,361,816.11.

The road from Delta to the State line was built under contract with the Pacific Improvement Company, and they have so far received under contract $8,000,000 in stock and $4,183,000 in bonds.

There is still to be paid the Pacific Improvement Company under the contract $317,000 worth of fifty-year bonds.

No comment is required on legal expenses for that year.

On expense account.

Jan.	7.	Chas. Crocker, agent, paid in New York to T. B. Shannon (no voucher and no details)		$2,500.00
June	4.	I. E. Gates, no voucher	$5,000.00	
	7.	G. B. Williams, expenses in Washington, no voucher	1,500.00	
				6,500.00
Nov.	6.	I. E. Gates, no details		2,000.00
Dec.	21.	I. E. Gates, no details		500.00
Apr.	30.	Southern Pacific Company, Chas. Crocker, expense account, voucher 154½		17,000.00
Sept.	13.	Disbursed by Chas. Crocker, G. B. Williams's expenses in Washington		650.00
		I. E. Gates, legal voucher 295½		2,500.00
Oct.	30.	I. E. Gates, legal, no details		5,200.00

(Statement No. 28.)

Table of balance-sheets of the Central Pacific Railroad Company from 1863 to 1886, inclusive.

LIABILITIES.

Year.	First-mortgage bonds of Central Pacific Railroad Company.	Capital stock issued.	Amount due on stock.	Net amount of stock.	Convertible bonds of Central Pacific Railroad Company.	State aid bonds.	United States bonds.	United States Government bonded account.
1863	.....	$1,364,000	$500,860	$863,140	$785,000	.....	.....	.....
1864	.....	1,538,900	135,670	1,403,230	1,394,000 }	$27,000	.....	.....
					*78,425 }			
1865	.....	3,363,300	93,180	3,270,120	1,394,000 }	29,000	.....	.....
1866	$610,000	8,580,600	76,390	8,504,210	1,484,000	1,408,300	$3,962,000.00	.....
1867	3,436,000	14,923,400	68,860	14,854,540	1,483,050	1,495,300	200,000.00	$4,575,635.71
1868	15,648,000	24,679,900	67,810	24,612,090	1,483,050	1,495,300	4,311,000.00	7,933,851.67
1869	17,682,000	40,165,100	67,810	40,097,290	1,483,050	1,495,300	1,338,000.00	24,254,738.47
					†287,000 }			
1870	25,200,000	51,029,200	27,510	51,001,690	1,483,000	1,500,000	25,881,000.00	.....
1871	25,694,000	59,644,000	27,510	59,616,490	1,483,000	1,500,000	27,851,000.00	.....
1872	25,883,000	59,644,000	27,510	59,616,490	1,483,000	1,500,000	27,855,680.00 }	.....
1873	27,855,680	62,608,800	.....	62,608,800	1,483,000	1,500,000	†62,387.50 }	27,835,680.00
1874	25,883,000	62,608,800	.....	62,608,800	1,483,000	1,500,000	27,855,680.00 }	.....
1875	25,883,000	62,608,800	.....	62,608,800	1,483,000	1,500,000	27,855,680.00	.....
1876	25,883,000	62,608,800	.....	62,608,800	1,483,000	1,500,000	27,855,680.00	.....
1877	25,883,000	62,608,800	.....	62,608,800	1,483,000	1,500,000	27,855,680.00	.....
1878	25,883,000	62,608,800	.....	62,608,800	1,483,000	1,500,000	27,855,680.00	.....
1879	25,883,000	62,608,800	.....	62,608,800	1,500,000	1,500,000	27,855,680.00	.....
1880	25,883,000	62,608,800	.....	62,608,800	342,000	1,500,000	27,855,680.00	.....
1881	25,883,000	62,608,800	.....	62,608,800	7,000	1,500,000	27,855,680.00	.....
1882	25,883,000	62,608,800	.....	62,608,800	.....	1,500,000	27,855,680.00	.....
1883	25,883,000	62,608,800	.....	62,608,800	.....	1,500,000	27,855,680.00	.....
1884	25,883,000	62,608,800	.....	62,608,800	.....	499,000	27,855,680.00	.....
1885	25,883,000	62,608,800	.....	62,608,800	.....	284,000	27,855,680.00	.....
1886	25,883,000	70,608,800	.....	70,608,800	.....	284,000	27,855,680.00	.....

*$78,425 is partly estimated.

†$287,000 is sinking fund. No. 1, convertible mortgage bonds of 1862.

‡ United States registered bonds borrowed and were repaid in the subsequent year. This was really an account payable.

Table of balance sheets of the Pacific Railroad Company, etc.—Continued.

LIABILITIES—Continued.

Year.	First-mortgage bonds of Western Pacific Railroad Company.	United States bonds of Western Pacific Railroad Company.	First-mortgage bonds California and Oregon Railway.	San Francisco, Oakland and Alameda Railroad bonds.	San Joaquin Valley Railroad bonds.	Income bonds.	First-mortgage bonds California and Oregon Railroad Extension.	First-mortgage bonds California and Oregon Railroad Division.	Land bonds Central Pacific Railroad, first mortgage.
1863									
1864									
1865									
1866									
1867									
1868									
1869									
1870	$169,000	$1,970,000	$553,000						
	2,735,000								
1871	169,000	(a)	4,606,000	$500,000					$9,123,000
	2,735,000								
1872	2,735,000		6,750,000	500,000	$6,080,000				9,153,000
1873	2,735,000		7,066,000	500,000	6,080,000				9,153,000
1874	2,735,000		7,291,000	500,000	6,080,000				9,049,000
1875	2,735,000		8,000,000	500,000	6,080,000				9,260,000
1876	2,735,000		8,000,000	500,000	6,080,000				9,276,000
1877	2,735,000		8,000,000	500,000	6,080,000				85,136
									8,704,000
1878	2,735,000		8,000,000	500,000	6,080,000	$2,500,000			7,713,000
1879	2,735,000		8,080,000	687,000	6,080,000	3,285,000			7,280,000
1880	2,735,000		8,080,000	687,000	6,080,000	3,285,000			7,080,000
1881	2,735,000		8,080,000	687,000	6,080,000	3,285,000			6,080,000
1882	2,735,000		8,080,000	687,000	6,080,000	3,285,000			5,949,000
1883	2,735,000		8,080,000	687,000	6,080,000	3,285,000			5,275,000
1884	2,735,000		8,080,000	687,000	6,080,000	3,285,000			4,903,000
1885	2,735,000	(b)	(b)	687,000	6,080,000	3,285,000	$3,680,000	$6,000,000	4,620,000
1886	2,735,000			687,000	6,080,000	3,285,000	5,800,000	6,000,000	4,570,000

Year.	Land bonds Central Pacific Railroad, second mortgage.	50-year bonds of the Central Pacific Railroad.	Total bonded debt.	Accounts payable.	Bills payable.	Land department and trustees' land mortgage.	Amount due treasurers.	Operating department (cash in the hands of officers of the company).
1863			$785,000.00	$217,262.80			$3,450.04	
1864			1,421,000.00	127,057.22	$25,003.00	$562.25	52,209.20	
1865			1,501,425.00	923,592.72	478,600.00	7,198.37	420,819.85	
1866			7,464,300.00	481,334.70	798,000.00	6,559.13	1,012,628.28	
1867			11,189,985.71	1,077,452.11	4,156,469.00	14,080.45	401,659.16	
1868			30,871,201.67	1,555,594.78	2,608,121.99	95,188.42	2,886,636.58	
1869			46,253,088.47	3,014,584.86	8,429,717.08	124,952.47		
1870			59,779,000.47	1,043,836.32	7,964,581.68	168,590.04		$3,190,388.9
1871			73,601,000.00	1,543,431.23	80,452.37	235,626.51		
1872			81,939,680.00	1,628,289.99	1,120,905.02	898,436.01		367,730.7
1873			82,318,067.50	2,047,819.03	1,743,485.67	605,455.52		275,663.9
1874			82,376,680.00	338,430.08	1,619,696.92	736,455.95		373,788.3
1875			83,245,680.00	2,860,086.49	3,061,377.76	506,310.44		500,620.7
1876			83,312,680.00	3,916,320.34	4,932,134.58	728,501.47		500,258.6
1877			82,825,815.14	4,441,062.21	5,446,844.39	856,042.81		467,570.3
1878			84,249,680.00	2,963,423.38	4,144,998.14			218,103.6
1879			84,885,680.00	2,581,765.54	4,212,960.86			15,396.5
1880			83,527,680.00	5,923,889.55	955,746.60			164,565.6
1881			82,772,680.00	3,600,595.21	20,000.00	512,517.56		1,856,321.3
1882			81,054,680.00	5,424,017.09	12,280.60	584,770.62		553,289.0
1883			81,480,680.00	7,022,026.96	1,220,600.00	926,090.08		613,495.6
1884			80,007,680.00	11,102,734.82	583,500.00	883,296.94		1,138,498.7
1885	$5,000,000		86,119,680.00	4,202,583.91	102,500.00	1,107,246.75		127,381.6
1886	5,000,000	$1,378,000	89,552,680.00	3,012,636.09	2,500.00	1,413,361.18		21,233.6

[a] These bonds, in 1871, merged in head of "United States bonds."

[b] See heads of "First-mortgage bonds California and Oregon Railroad Extension" and "First-mortgage bonds California and Oregon Railroad Division."

[c] Hereafter merged in next head, "Operating department (cash in the hands of the officers of the company)."

Table of balance sheets of the Pacific Railroad Company, etc.—Continued.

LIABILITIES—Continued.

Year.	Suspense account.	Government freight account.	Sinking fund in suspense.	Contract and Finance Company.	Bank of California.	Western Pacific Railroad earnings.	Advances from auxiliary railroad companies.	Profit and loss.	Total liabilities.
1863	*$60,000	.....	.....	.....	.....	.....	.....	$173.32	$1,870,852.84
1864	.....	.....	.....	.....	.....	.....	.....	8,372.41	3,696,858.83
1865	.....	$2,629.43	.....	.....	.....	.....	.....	443,095.61	7,145,282.61
1866	.....	.....	.....	.....	.....	.....	.....	824,450.14	19,189,923.12
1867	.....	.....	.....	.....	.....	.....	.....	1,693,723.82	33,492,850.25
1868	.....	.....	.....	.....	.....	.....	$20,246.00	2,749,220.25	65,634,799.75
1869	.....	.....	.....	$1,827,077.13	$17,302.19	$12,301.84	.....	2,885,050.90	102,948,384.94
1870	.....	.....	.....	849,327.88	.....	.....	.....	2,711,496.52	126,736,920.77
1871	.....	.....	.....	.....	.....	.....	.....	3,202,864.90	138,566,865.01
1872	.....	.....	.....	.....	.....	.....	.....	7,433,900.20	152,505,485.49
1873	.....	.....	$185,000	.....	.....	.....	.....	9,339,151.99	159,123,772.91
1874	.....	.....	.....	.....	.....	.....	.....	10,536,261.58	158,592,113.06
1875	.....	.....	.....	120,255.24	.....	.....	.....	10,305,953.00	163,209,092.65
1876	.....	.....	.....	.....	.....	.....	.....	10,265,589.27	166,363,282.12
1877	.....	.....	.....	.....	.....	.....	.....	8,656,466.02	165,242,601.39
1878	.....	.....	.....	.....	.....	.....	.....	12,339,278.10	166,525,343.05
1879	.....	.....	.....	.....	.....	.....	.....	15,382,536.61	169,687,039.86
1880	.....	.....	.....	.....	.....	.....	.....	16,752,799.46	169,919,417.07
1881	.....	.....	.....	.....	.....	.....	.....	20,497,806.83	171,962,541.19
1882	.....	.....	.....	.....	.....	.....	.....	23,071,590.00	174,309,536.71
1883	.....	.....	.....	.....	.....	.....	.....	24,978,988.33	178,850,587.82
1884	.....	.....	.....	.....	.....	.....	.....	25,223,800.09	181,548,251.57
1885	.....	.....	.....	.....	.....	.....	.....	23,875,217.42	178,143,409.75
1886	.....	.....	.....	.....	.....	.....	.....	27,220,802.50	191,832,300.50

*For rolling stock bought of S. S. Brannan; account adjudicated in 1865.

ASSETS.

Years.	Construction.	Equipment.	Total cost of road and equipment.	Accounts receivable.	Bills receivable.	Payments to sinking funds.	U. S. bonds unsold.
1863	$907,874.40	$100,784.47	$1,008,658.87	$302,950.76	$130,000.00	.....	.....
1864	2,413,282.14	289,710.86	2,703,093.00	136,693.43	.....	.....	.....
1865	6,028,854.68	223,468.77	6,252,323.45	235,995.78	183,586.65	$105,000.00	.....
1866	16,879,909.10	875,771.59	17,755,670.69	468,761.58	183,586.65	105,000.00	.....
1867	30,618,836.19	1,565,120.65	32,183,956.84	698,965.38	172,771.65	105,000.00	.....
1868	58,991,605.04	2,906,175.15	61,897,780.19	1,505,603.16	142,963.40	236,500.00	.....
1869	94,140,433.08	4,588,972.71	98,729,405.79	1,331,513.54	289,900.00	287,000.00	.....
1870	116,285,564.61	4,459,537.30	120,745,101.91	3,329,717.23	289,250.00	287,000.00	$40,000
1871	122,374,937.87	4,756,539.56	127,131,477.43	455,976.27	297,108.00	287,000.00	20,000
1872	132,193,617.68	5,613,527.88	137,808,545.56	1,645,034.06	10,808.00	878,847.00	120
1873	133,399,100.40	6,128,750.00	139,527,850.40	3,321,043.42	3,631,536.77	1,151,731.70	120
1874	133,071,946.05	6,129,657.91	139,201,603.96	3,047,634.82	2,002,299.74	1,451,904.87	120
1875	134,576,883.42	6,712,360.33	141,289,243.75	6,284,635.67	832,270.46	1,782,095.36	120
1876	135,223,756.72	8,157,266.31	143,381,023.03	4,705,834.88	837,270.46	2,368,309.71	120
1877	136,700,235.89	8,408,972.32	145,109,208.21	2,473,589.15	852,132.46	2,967,557.43	120
1878	137,288,068.98	8,600,954.26	145,889,023.24	2,237,580.47	1,237,523.68	3,296,259.72	120
1879	138,292,803.38	8,672,572.65	146,965,376.03	2,405,406.74	1,021,363.36	4,068,662.90	120
1880	140,035,881.64	8,830,105.02	148,865,986.66	5,012,436.97	855,063.36	4,202,814.17	120
1881	140,034,528.72	8,889,521.12	148,924,049.84	3,786,302.67	844,527.46	4,516,659.17	120
1882	140,880,988.24	8,914,677.30	149,795,665.54	2,364,658.40	840,665.46	5,844,419.17	120
1883	141,431,581.77	9,179,868.52	150,611,430.29	3,247,618.38	840,665.46	6,933,044.17	120
1884	141,859,517.73	8,950,622.15	150,810,139.88	5,747,296.67	10,000.00	7,058,544.17	120
1885	141,769,112.07	9,224,394.38	150,993,506.45	4,637,737.38	45,165.34	8,276,076.17	120
1886	156,314,348.33	9,181,125.38	165,495,373.71	2,241,890.04	45,165.34	9,543,022.83	120

Table of balance sheets of the Pacific Railroad Company, etc.—Continued.

ASSETS—Continued.

Years.	Sacramento County bonds.	Placer County bonds.	San Francisco County bonds.	Stock in the hands of Leland Stanford, trustee.	Daily American Flag stock.	Pacific Stage Company.	Georgetown wagon road.	Contract and Finance Company.	Income ledger (unsettled accounts).
1863	$225,000	$200,000							
1864	163,500	74,500			$5,000	$768.50			$8,678.8
1865	163,500	74,500	$189,000		5,000				
1866	57,000	24,500							
1867	57,000	24,500					$1,000		
1868									
1869									
1870								$2,432,905.89	
1871				$5,333,300				3,847,617.16	
1872				5,333,300				50,457.07	
1873				8,333,300				741,827.24	
1874				8,333,300					
1875				8,333,300					
1876				8,333,300					
1877				8,333,300					
1878				8,333,300					
1879				8,333,300					
1880				3,333,300					
1881				3,333,300					
1882				3,333,300					
1883				3,333,300					
1884				3,333,300					
1885				3,333,300					
1886				3,333,300					

Years.	Advances to California Central and other railroads.	Bonds in suspense.	Suspense account.	United States Government transportation account.	United States Treasury account.	United States mail service and retained account.	United States Government land surveys.	United States Government water contract.
1863								
1864								
1865								
1866	$48,397.50		$479,607.18					
1867	204,174.92						$3,863.55	$8.9
1868	56,082.47		1,736,050.00	$5,463.25				
1869	162,549.95		200,790.00	174,342.83				
1870				134,175.57	$352.40	$249,910.16		
1871	47,002.70			127,538.80	4,456.40	432,262.32		
1872				194,464.06		629,219.23		
1873		$21,735		118,331.15	1,762.00	758,639.69		
1874		22,510		180,149.31	1,762.00	758,639.69		
1875				390,046.57		758,639.69		
1876				503,489.05		758,639.69		
1877				672,670.88		758,639.69		
1878				769,643.70	8,000.00	758,639.69		
1879				1,022,661.29	829,601.47	758,639.69		
1880				1,313,210.19	1,058,677.79	758,639.69		
1881				1,963,859.69	1,203,114.53	758,639.69		
1882				2,438,408.50	1,282,264.44	758,639.69		
1883				2,786,665.60	1,282,264.44	758,639.69		
1884				3,186,399.21	1,282,264.44	758,639.69		
1885				3,247,840.34	1,282,264.44	758,639.69		
1886				3,561,509.59	1,282,264.44	758,639.69		

Table of balance sheets of the Pacific Railroad Company, etc.—Continued.

ASSETS—Continued.

Years.	United States Post-Office Department.							
	Central Pacific Railroad.	Steamers.	Stockton and Copperopolis, and Sacramento Valley Railroad.	California Pacific Railroad.	Stockton and Copperopolis Railroad.	Southern Pacific Railroad.	Los Angeles and Independence Railroad.	Amador Branch.
1862								
1864								
1865	$12,024.35							
1866	25,184.64							
1867	13,248.38							
1868	9,694.29							
1869	44,764.62							
1870	116,060.10							
1871	56,663.55							
1872	59,279.97							
1873	248,245.80							
1874	486,768.26	$3,600.00	$612.60					
1875	723,774.82	1,933.32	612.50					
1876	965,196.61	5,313.48	749.89					
1877	1,199,380.48	632.98		$2,385.71	$796.23	$17,734.28	$151.20	
1878	1,563,863.66			2,338.41	658.91	64,163.92	179.55	$2,978.63
1879	1,904,095.38	1,500.00		2,346.65	690.45	17,498.70	179.55	2,569.64
1880	2,336,245.03	1,500.00		1,808.77	1,385.30	22,097.27	359.10	3,153.07
1881	2,724,988.91	1,500.00		7,134.75	4,146.98	71,091.89	1,075.59	4,624.13
1882	3,130,644.09	3,000.00		11,913.75	6,991.52	128,240.39	1,851.45	6,276.83
1883	3,425,768.11	1,500.00		15,465.63	6,259.67	113,479.20	1,642.97	5,819.37
1884	3,830,603.96	1,500.00		20,192.55	9,187.07	184,993.18	2,476.49	7,649.01
1885	3,929,997.53			21,374.28	9,918.92	200,464.57	2,684.87	8,106.42
1886	3,932,061.54			21,374.28	9,918.92	200,464.57	2,684.87	8,106.42

Years.	United States Post-Office Department.					Total amount due by United States Government to Central Pacific R. R.	Amount of earnings over expenses Dec. 31, 1871, but credited in Jan., 1872.	Materials on hand.	Total assets.
	Northern R. R.	Berkeley Branch.	Southern Pacific R. R. of Arizona.	Southern Pacific R. R. of New Mexico.	Los Angeles and San Diego R. R.				
1862								$3,069.89	$1,870,852.84
1864								6,074.09	3,096,868.83
1865						$12,024.35		22,154.01	7,145,282.61
1866						25,184.64		140,665.75	19,189,923.12
1867						17,160.43		145,321.03	33,492,850.25
1868						19,021.09		277,299.44	65,634,799.75
1869						222,971.00		1,993,234.66	102,948,364.94
1870						540,498.23		1,834,353.40	126,736,920.77
1871						640,919.07	$250,382.54	1,968,793.11	138,566,865.01
1872						881,083.26		2,098,250.45	152,505,485.49
1873						1,127,098.64		1,959,019.91	159,123,772.91
1874						1,431,631.86		2,359,380.57	158,592,113.06
1875						1,875,126.90		2,812,420.51	163,209,092.65
1876						2,233,508.72		4,504,035.32	166,363,282.12
1877	$3,389.80	$391.62				2,652,511.45		2,854,302.69	165,242,601.39
1879	891.91	643.86				3,174,337.89		2,357,313.05	166,525,343.05
1880	1,768.46	896.10				4,541,438.59		2,351,492.24	169,687,039.86
1881	5,340.80	1,148.34				5,499,881.77		2,149,934.14	169,919,417.07
1882	9,246.20	1,398.00	$111,356.64	$25,710.21		6,746,788.30		3,510,913.75	171,962,541.19
1883	14,368.67	1,336.23	84,236.66	36,210.84		7,916,061.71		4,214,766.43	174,309,536.71
1884	20,782.79	1,583.31	137,082.86	51,447.24	$1,669.21	8,593,775.08		5,350,754.44	178,850,587.62
1885	22,381.83	1,645.08	150,294.41	55,256.34	2,384.62	9,496,571.01		5,092,399.84	181,548,251.57
1886	22,381.83	1,645.08	150,294.41	55,256.34	2,384.62	9,693,153.33		1,164,471.08	178,143,409.75
						10,009,086.59		1,164,471.08	191,832,309.59

(Statement No. 29.)

Table showing the gross earnings, operating expenses, and net earnings of the Central Pacific Railroad Company from 1863 *to* 1886, *inclusive.*

Years.	Freight.	Passenger.	Express.	Mail.	Sleeping car.	Telegraph
1863						
1864	$42,775.89	$69,050.40		$1,667.50		
1865	251,214.47	130,443.96		17,991.02		
1866	578,269.67	252,908.71	$9,760.00	13,160.29		
1867	1,028,795.61	332,188.56	16,066.66	40,792.32		
1868	1,295,396.74	550,304.38	47,740.59	47,025.00		
1869	2,783,301.03	2,626,980.35	294,082.89	174,049.50	$57,436.76	$13,682.6
1870	3,232,479.25	3,581,506.18	122,556.44	238,582.56	124,064.00	20,303.3
1871	4,653,811.75	2,240,230.29	136,467.12	263,646.28	140,679.55	50,203.6
1872	6,967,444.58	4,065,210.00	164,394.64	281,402.21	184,755.38	81,202.7
1873	7,462,894.92	4,418,417.42	213,056.99	269,014.28	154,567.80	93,202.7
1874	7,887,114.81	4,723,866.94	223,064.61	250,066.92	160,131.23	110,423.6
1875	9,056,072.50	5,569,369.32	231,835.90	242,141.76	179,902.21	126,203.7
1876	10,027,417.68	5,589,304.43	251,499.28	250,638.34	203,672.65	143,371.6
1877	9,738,099.20	5,483,704.35	226,998.34	273,339.65	167,490.14	132,886.7
1878	10,802,276.49	5,284,913.07	235,795.76	438,799.51	161,998.50	77,142.7
1879	10,934,573.39	4,919,254.63	208,509.79	417,347.23	167,109.05	81,686.6
1880	13,245,857.79	5,819,794.23	238,939.72	510,979.38	193,125.32	87,917.5
1881	15,842,139.01	6,692,828.37	318,021.22	457,168.23	212,524.25	92,889.6
1882	16,302,882.73	7,474,216.12	350,286.21	613,180.88	238,792.86	97,889.6
1883	14,932,999.94	7,945,826.07	333,901.63	575,387.30	239,944.16	97,889.6
1884	13,043,034.27	7,226,370.94	297,574.74	562,454.82	194,267.08	97,889.6
1885	7,625,078.38	1,473,183.20	62,534.51	130,365.80	33,704.28	24,230.0
1886						

Years.	Rentals.	Baggage.	Mileage.	Miscellaneous.	Wharf.	Steamers.	Operated and leased lines.	Total gross earnings.
1863								$113,523.0
1864				$5,942.50				465,561.6
1865				793.90	$6,435.59			864,295.1
1866				1,436.83	12,637.13		$1,092.63	1,432,443.7
1867	$1,236.00			6,061.52	15,035.83			1,965,223.7
1868	3,641.75			13,166.39	23,598.98			6,025,262.3
1869	4,148.58			58,621.11	7,540.04			7,439,978.9
1870	23,357.25	$22,875.83		55,552.35	14,117.66			8,863,171.6
1871	24,117.75	38,901.60		159,231.14				11,963,648.5
1872	31,098.85	54,154.80		166,079.82	87.70			12,863,962.9
1873	41,902.98	44,698.45		150,263.45			26,525.91	13,611,698.6
1874	51,845.50	53,603.37		154,494.70				15,065,961.6
1875	46,679.31	61,193.70	$47,131.87	308,269.66				16,994,214.9
1876	57,545.90	75,350.82	88,146.12	263,207.46	25,952.60			17,964,238.6
1877	57,944.66	52,897.77	48,791.16	353,213.15	42,748.94	$108,208.64		17,639,967.9
1878	65,974.71	51,112.52	16,883.22	272,391.33		64,807.86		17,217,571.6
1879	67,111.31	54,003.35	31,205.45	288,908.08		3,527.52		20,511,448.6
1880	61,853.33	54,764.99	6,872.79	329,230.21				24,094,186.9
1881	62,278.22	83,631.68	4,279.76	415,900.01		20,485.29	1,493,088.55	25,683,263.6
1882	62,464.66	100,868.43	7,165.23	397,906.97		1,236.55		24,745,457.7
1883	59,141.73	108,333.38	48,010.02	612,539.28		14,724.68		22,180,586.8
1884	64,933.16	60,289.46	6,742.53	26,938.89				4,412,762.6
1885	17,443.97	11,224.70	2,038.92					1,482,488.6
1886								
								274,128,118.7

Title showing the gross earnings, operating expenses, and net earnings of the Central Pacific Railroad Company, etc.—Continued.

Years.	United States taxes.	Operating expenses.	Total net earnings.	Other credits.	Total receipts or net earnings and other income.
1863					
1864	$10,067.61	$56,454.37	$46,971.91		$46,971.91
1865	7,163.70	110,194.81	282,233.44		282,233.44
1866		325,222.96	539,045.20		539,045.20
1867		378,623.92	1,055,021.82	$752.68	1,055,774.50
1868	12,561.23	680,958.98	1,271,705.51		1,271,705.51
1869		3,143,109.52	2,862,093.78	373,292.95	3,235,386.73
1870		3,664,018.41	3,774,961.79	100,221.63	3,875,172.82
1871		3,840,802.92	5,022,374.94		5,022,374.94
1872		5,011,278.84	6,952,361.73	1,905,834.53	8,858,196.26
1873		4,969,271.52	7,894,681.46	161,262.72	8,055,944.19
1874		5,268,131.87	8,342,898.76	197,728.32	8,540,627.08
1875		6,487,199.84	9,177,882.09	885,055.99	10,063,538.08
1876		7,857,211.57	9,137,004.73	256,130.74	9,393,135.47
1877		11,035,045.91	6,929,184.75	825,784.99	7,754,969.74
1878		10,031,352.93	7,607,714.26	1,269,702.29	8,877,416.55
1879		10,207,862.89	7,010,168.13	699,903.18	7,710,011.31
1880		12,045,668.89	8,465,971.51	854,085.26	9,320,056.77
1881		13,861,009.60	10,233,091.35	1,295,156.40	11,528,247.75
1882		16,067,183.67	9,616,058.74	992,260.00	10,608,318.74
1883		15,570,000.61	9,175,457.14	915,125.00	10,090,582.14
1884		15,695,396.99	6,485,423.97	1,060,411.83	7,545,835.80
1885		2,888,441.38	1,536,321.27	997,562.00	2,423,883.27
1886			1,482,033.05	2,065,686.00	3,547,719.23
	29,812.54	149,190,102.40	124,910,201.33		

Years.	Interest.	Dividends.	General taxes.	Other charges.	Amount carried to profit and loss.
1863					
1864					
1865	$150,000.00			$105,000.00	$46,971.91
1866	122,440.00		$34,744.49		395,617.52
1867	107,783.83		65,347.57	13,419.42	381,800.71
1868					869,273.68
1869	2,771,200.80		271,451.45	76,903.74	1,055,496.43
1870	1,995,442.31		321,561.05	2,053,284.89	135,830.65
1871	3,145,500.61		276,227.70	1,109,278.25	— 173,554.38
1872			239,972.00	4,387,128.96	491,368.38
1873	3,184,315.43	$1,628,265.00	329,063.96	1,011,108.01	4,231,095.30
1874	3,477,709.33	2,713,775.00	289,812.83	863,220.32	1,995,191.79
1875	3,933,308.55	5,427,550.00	400,855.09	532,133.02	1,197,109.59
1876	3,395,468.12	4,342,040.00	340,508.72	1,355,482.36	— 230,306.58
1877	3,716,983.65	4,342,040.00	330,345.62	974,723.72	— 48,363.73
1878	3,968,730.04		341,430.61	884,443.80	—1,608,121.25
1879	3,367,895.18		312,009.22	686,256.40	3,682,812.09
1880	3,715,324.94	3,406,530.00	217,523.35	610,417.63	3,043,260.51
1881	3,508,291.56	3,556,530.00	264,083.06	454,335.76	1,370,260.85
1882	3,443,413.32	3,556,530.00	448,065.69	586,577.56	3,745,007.37
1883	3,546,591.39	3,556,530.00	442,727.55	636,943.87	2,573,792.17
1884	3,878,487.29	1,778,265.00	685,180.58	979,101.17	1,907,389.33
1885	2,434,290.50		211,926.53	1,126,228.91	244,811.76
1886	13,914.21		34,012.70	109,823.92	—1,348,582.67
	53,877,031.15	34,308,055.00			3,345,585.08
Less					30,622,735.11
					3,401,932.61
					27,220,802.50

(Statement No. 30.)

Additional notes on the Central Pacific Railroad Company's balance-sheets.

1865.

The capital stock was increased by	$1,866,800.00
The funded debt was increased by	80,425.00
	1,947,315.00
The total amount of additional construction this year was	3,549,228.65

Of this amount, $3,236,710.35 was paid to Charles Crocker & Co. under their contract, of which $1,771,900 was stock. The difference between the amounts of stock and bonds issued and construction work done was made up of borrowed money under the heads of bills payable, $478,600; accounts payable, $923,592.72, and amounts due officers of the company, $420,819.87.

1866.

The capital stock was increased	$5,234,090.00
The funded debt was increased	5,962,875.00
	11,196,965.00
The additional construction for this year was	11,503,367.21

The amount paid Charles Crocker & Co. on account of their contracts and for extra work was $8,290,790.11, of which payment $5,126,800 was in capital stock.

The discount and premium account was also included in construction account	1,499,090.14

1867.

The capital stock was increased	$6,350,339.00
The funded debt was increased	3,725,665.71
	10,076,015.71
The additional construction this year was	14,428,286.15

Charles Crocker & Co. were paid on account of their contracts and for extra work $9,930,282.19; of this amount $6,160,800 was paid them in capital stock and the balance in cash. The discount and premium account showed charged to construction, $2,676,272.17. In this year large amounts were expended direct by the company for the building of snow-sheds and extra work in that part of the road that had been accepted and turned over from the contractors. The difference between the additional cost of construction, $14,428,286.15, and the amount of securities issued, $10,076,015.71, was derived from borrowed money and appears under head of bills payable, $4,156,448.

1868.

The capital stock was increased	$9,717,550.00
The funded debt was increased	19,681,215.36
	29,398,765.36
The additional construction this year was	29,713,863.35
Of the capital stock issued there was paid C. Crocker & Co	1,041,670.00
Paid the Contract and Finance Company	8,256,000.00
	9,297,670.00

The additional construction was as follows:	
Contract and Finance Company	16,512,000.00
C. Crocker & Co	2,232,197.67
Iron and superstructure	2,077,000.00
Paid on cashiers' vouchers	546,263.67
Paid building snow-sheds	200,000.00
C. P. Huntington account and extraordinary expenses	525,000.00
Sundry items incidental to construction, including wharves, buildings, shops, machinery, steamer freights, marine insurance, etc	1,954,102.05

Interest	$545,886.72
Discounts	3,688,651.69
Taxes	91,488.43
Equipment	1,341,054.50
	29,713,823.35

1869.

The capital stock was increased	15,485,200.00
The funded debt was increased	15,381,886.80
	30,867,086.80
The additional construction this year was	36,831,625.60

Of the capital stock issued there was paid—

C. P. Huntington, 52 shares	$5,200.00	
Contract and Finance Company	15,480,000.00	
		15,485,200.00

The additional construction was as follows:

Paid Contract and Finance Company	31,640,924.17
Paid Union Pacific Railroad and Contract and Finance Company in bonds	2,970,000.00
Paid interest	426,065.83
Paid salaries and C. P. Huntington's accounts current	426,000.00
Paid cashiers' vouchers	953,378.86
Paid Pacific Telegraph	40,000.00
Paid marine insurance	240,000.00
Paid engineering	40,000.00
Paid discounts	2,373,954.46
Paid equipment	1,682,797.56
	40,793,120.88

Less credits for materials furnished the Contract and Finance Company	$2,886,544.96	
Interests of previous year already charged	1,074,030.32	
		3,961,495.28
		36,831,625.60

1870.

The capital stock was increased	$10,904,400.00
The funded debt was increased	13,237,911.53
	24,142,311.53
The additional construction this year was	22,015,696.12

Paid the Contract and Finance Company for construction California and Oregon Railroad, 26.15 miles:

Stock	$784,500.00	
Cash	523,000.00	
		1,307,500.00
San Francisco, Oakland and Alameda Railroad		690,127.85
Construction account of Western Pacific Railroad merged June 30, 1870. The amount of Western Pacific Railroad stock merged into Central Pacific Railroad stock was $7,900,000		12,749,044.76
Construction account California and Oregon Railroad		3,971,674.33
The amount of stock of the California and Oregon Railroad at time of mergement was $1,838,300, with $497,000 due Contract and Finance Company. Contract and Finance Company was paid for building snow-sheds, bridges, etc., voucher No. 1406		1,072,874.79
San Joaquin Valley Railroad Company		30,500.00
The balance of construction consisted of discount on sale of bonds and general construction incurred direct by the company		2,193,974.39
		22,015,696.12

1871.

The capital stock was increased	$8,614,800.00
The funded debt was increased	14,110,000.00
	22,724,800.00
The additional construction this year was	6,386,375.52
Paid for San Francisco and Alameda Railroad	611,192.70
Construction Oakland wharf	212,311.30
Contract and Finance Company, construction San Joaquin Valley Railroad, paid in stock	2,000,000.00
Contract and Finance Company, construction California and Oregon Railroad	625,000.00
Other general construction	2,937,871.52
Total construction	6,386,375.52
Trust stock in hands of L. Stanford, trustee, part of issue of $8,614,800	5,333,300.00
Payment of notes and accounts payable	7,904,129.21
Vouchers in hands of officials, not yet charged, and sundry small accounts	3,199,398.22
	22,823,203.15

1872.

The capital stock was not increased.	
The funded debt was increased	8,338,000.00
The additional construction this year was	10,677,068.13
There was paid the Contract and Finance Company:	
For construction of San Joaquin Valley Railroad, in bonds	6,080,000.00
For construction of line from Red Bluff to Redding, 34 5/10 miles, at $45,000 per mile, in cash	1,570,500.00
Paid California Steam Navigation Company for lot of steamers, barges, real estate, materials, etc., for which there was no voucher, a detailed description of property	786,000.00
Steamer *Thoroughfare*	105,906.60
Discounts on currency, 1870, 1871, and 1872	3,704,097.53
	12,246,504.13

1873.

The capital stock was increased	2,992,310.00
The funded debt was increased	378,387.50
	3,370,697.50
The additional construction this year was	1,719,304.84
There was issued to L. Stanford, trustee, $3,000,000 of trust stock to be disposed of for the benefit of the company. A small amount of stock was canceled, say	7,000.00

1874 TO 1886.

From 1874 to 1886 there was no additional increase of stock and but a slight increase of funded debt for ordinary construction purposes.

1886.

The capital stock was increased	8,000,000.00
The funded debt was increased	3,433,000.00
	11,433,000.00
The additional construction this year was	14,501,867.26
The Central Pacific Railroad Company built the California and Oregon Railroad from Redding to Delta, costing	2,361,815.11

The Pacific Improvement Company constructed under contract the road from Delta to the State line, receiving to date, June 30, 1887, under their contract:

In stock	$8,000,000	
In bonds	4,183,000	
		$12,183,000.00
		14,544,816.11

The additional bonds required were issued in the previous and following years.

EXHIBIT No. 27. (Statement No. 31.)

Statement of the Northern Railway Company. Cost of construction under contract.

BERKELEY BRANCH.

1868.				
Apr. 30.	Construction to date	$1,090,387.20		
	Interest on construction to date	189,299.59		
			$1,279,686.79	
	Profit and loss on Berkeley Branch		813,097.71	
				$2,092,784.50

BENICIA BRANCH.

1880.				
Aug. 31.	Construction to date	555,314.09		
	Interest on construction to date	45,069.74		
			600,383.83	
	Profit and loss on Benicia Branch		1,113,966.17	
				1,714,350.00

WILLOWS CONTRACT.

1879.				
Aug. 30.	Construction to date	348,236.99		
	Interest on construction to date	5,496.38		
			353,733.37	
	Profit and loss on Willows Branch		1,311,397.63	
				1,665,131.00

NORTHERN RAILWAY.

1879.				
May 31.	Construction to date	713,373.53		
	Interest on construction to date	95,877.59		
			809,251.12	
	Profit and loss on Northern Railway		1,577,748.88	
				2,387,000.00

BERKELEY SIDING.

Construction to date	79,881.75		
Interest on construction to date	1,812.52		
		81,694.27	
Profit and loss on Berkeley Siding		202,470.73	
Rolling stock not furnished		20,100.00	
			304,265.00
			8,163,530.50

CR.

By sundry credits to general account of Northern Railway Company		168,594.90	
Less charges to general account of Northern Railway Company		63,564.40	
			105,030.50
Amount of construction and profit and loss			8,058,500.00

The profit and loss account assumes that the stock and bonds taken at par were worth their face value.

The rolling stock not furnished is credited back in the item of $168,594.90.

Total issue of stock and bonds of the Northern Railway and Branch.

STOCK.

1877.			
Nov. 15.	Berkeley Branch, 1,000 shares, at $100 par value		$100,000.00
1878.			
Apr. 17.	Northern Railway, 27,981 shares, at $100 par value		2,798,100.00
1879.			
July 26.	Northern Railway, 19,124 shares, at $100 par value		1,912,460.00
			4,810,560.00

BONDS.

1877.			
July 6.	Berkeley Branch, 100, par value $1,000	100,000.00	
1878.			
July 17.	Northern Railway, 1,466, par value $1,000	1,466,000.00	
1879.			
Jan. 14.	Northern Railway, 334, par value $1,000	334,000.00	
Jan. 15.	Northern Railway, 135, par value $1,000	135,000.00	
Feb. 10.	Northern Railway, 500, par value $1,000	500,000.00	
Feb. 27.	Northern Railway, 65, par value $1,000	65,000.00	
May 19.	Northern Railway, 38, par value $1,000	38,000.00	
Oct. 29.	Northern Railway, 462, par value $1,000	462,000.00	
Feb. 10.	Northern Railway, 148, par value $1,000	148,000.00	
			3,248,000.00
			8,058,560.00

The Northern Railway and Berkeley Branch Railway were built under the Berkeley contract.

	Miles.
From Oakland to Martinez	31.260
From Shell Mound to Berkeley	3
The Benicia Branch contract from Benicia to Fairfield	16.99
The Northern Railway contract from Woodland to Williams	39.2
The Williams contract from Williams to Willows	25.674
The Berkeley siding	4.681
Total distance	120.753

The road from Fairfield to Woodland, making the continuous route, was built by the California Pacific Railroad Company.

Cost of construction including interest:		
Berkeley Branch		$1,279,686.79
Benicia Branch		600,383.83
Willows contract		353,733.27
Northern Railway		809,251.12
Berkeley siding		101,794.27
		3,144,849.28
Less credit		105,030.50
Total cost of construction		3,039,818.98
Total profit and loss		5,018,681.12
		8,058,500.00

San Pablo and Tulare Railroad Company. Cost of construction.

1881.			
June 30.	Construction to date		$1,043,468.17
	Interest on construction to date		113,672.57
			1,157,140.74
	Profit and loss account		1,726,975.26
			2,884,116.00

SECURITIES ISSUED FOR ABOVE.

1879.		
July 28. 18,610 shares capital stock, at $100 per share par value		$1,861,000.00
1880.		
Apr. 28. 500 bonds, Nos. 1–500, at $1,000 par		500,000.00
June 11. 523 bonds, Nos. 501–1025, at $1,000 par		523,000.00
Jan. 31. Credit in account		116.00
		2,884,116.00

The profit and loss is made up by rating stock and bonds at par value. This road extends from Martinez to Tracy, a distance of 46.52 miles.

Amador Branch, 1877.

Cost of construction:		
Construction vouchers for grading, iron, superstructure, and completing road without equipment from 1875 to 1878		$341,896.56
Interest on construction to September 30, 1877		38,753.08
Total amount charged to construction		380,649.64
Amount carried to profit and loss to credit of Western Development Company		969,350.36
		1,350,000.00

SECURITIES ISSUED FOR THE ABOVE.

1877.		
July 6. 675 gold bonds, $1,000 each par value	$675,000.00	
Oct. 8. Capital stock, par value	648,000.00	
8. Cash on account	27,000.00	
		1,350,000.00

There were no extraordinary expenses in the construction account. This road extends from Galt to Ione, a distance of 27 miles.

Southern Pacific Railroad Company. Cost of construction.

1877.	
July 31. Colorado contract	$1,062,270.45
31. San Bernardino contract	1,289,247.16
31. San Fernando contract	1,471,471.83
31. Summer contract	3,322,234.43
31. Goshen contract	487,090.05
	7,632,313.92
1879.	
Apr. 30. Main line	3,777,913.19
Interest on above	480,499.50
	11,890,726.61
Profit and loss	17,262,793.39
	29,153,520.00

STOCK AND BONDS ISSUED FOR THE ABOVE ACCOUNT.

1876.	
Mar. 30. 2,567 bonds, series B, Nos. 17401–19967, par value $1,000 each	$2,567,000.00
Apr. 1. 112 bonds, Nos. 168–9–17000, par value $500 each	56,000.00
1. 2,417 bonds, Nos. 17000–17400 and Nos. 19968–21984 par value $1,000 each	2,417,000.00
Nov. 5. 3,837 bonds, series C, Nos. 21985–25821, par value $1,000 each	3,837,000.00
1877.	
Mar. 31. 1,179 bonds, Nos. 25822–27000, par value $1,000 each	1,179,000.00
July 16. 4,520 bonds, Nos. 27001–31520, par value $1,000 each	4,520,000.00
1876.	
Apr. 1. 50 certificates of 1,000 shares, Nos. 314–363, $100 par value	5,000,000.00
1. 4 certificates of 100 shares, Nos. 262–265, $100 par value	40,000.00
Nov. 15. 38,376 shares, $100 par value	3,837,600.00

1877.		
Mar. 1.	14,400 shares, $100 par value	$1,440,000.00
July 16.	42,591 shares, $100 par value	4,259,100.00
	Cash to balance account	453.00
		29,153,553.00

The vouchers for expense comprised in these contracts are mostly made up of statements of accounts from the auditor's and treasurer's departments, certified as to their correctness by the secretary, A. C. Irwin, and calculations examined by examining clerk. It would be impossible in the limited time to go over each individual voucher, but they are all evidently such items as would be incurred in building the road, such as grading, iron, and superstructure, ties, lumber, supplies, etc.

Bonds and stock above are rated at par value.

Extends from—	Miles
Sumner to San Francisco	141
Spadra to Colorado River	224.17
Huron to Goshen	40

Arizona contract.

Cost of construction of the Southern Pacific Railroad Company of Arizona from the east end of the Colorado River bridge, Yuma, to the New Mexico line, 384.17 miles.

1885.		
Dec. 31.	Cost of construction	$6,718,222.17
31.	Interest on above	285,637.83
		7,003,860.00
31.	Balance carried to profit and loss	22,595,389.00
		29,599,250.00

STOCK AND BONDS ISSUED FOR ABOVE.

1880.		
Dec. 31.	500 bonds, series A, 1 to 500, par value $10,000 each	5,000,000.00
31.	1,000 bonds, series A, 1 to 1,000, par value $1,000 each	1,000,000.00
31.	300 bonds, series B, 501 to 800, par value $10,000 each	3,000,000.00
31.	604 bonds, series B, 1,001 to 1,604, par value $1,000 each	604,000.00
		9,604,000.00
Oct. 31.	99,950 shares capital stock Southern Pacific Railroad Company of A, $100 par value	9,995,000.00
Nov. 23.	100,000 shares capital stock Southern Pacific Railroad Company, $100 par value	10,000,000.00
	Balance due on bonds to Pacific Improvement Company	250.00
		29,599,250.00

The amended contract dated 16th and 22d days of November, 1880, provides that the Pacific Improvement Company shall build and equip a single-track road with proper sidings, buildings, turn-tables, and everything necessary for a first-class road, and receive for doing so all the capital stock, less 50 shares, viz, 199,950 shares, at $100 each, say $19,950,000, and first-mortgage bonds to the extent of $25,000 per mile of road built, the road extending 384.17 miles. The amount of bonds issued to the Pacific Improvement Company was $9,604,000, showing a balance due them of $250.

The vouchers are mostly auditors' and treasurers' settlements and statements, and the expenses appear to be correct and such as would be proper in the construction of a road of this character.

The profit and loss account assumes that the stock and bonds taken at par were worth their face value.

New Mexico contract.

Cost of construction of the Southern Pacific Railroad Company of New Mexico, extending from the boundary line of New Mexico and Arizona to the west end of the Rio Grande bridge, 167.22 miles.

1884.		
Dec. 31.	Cost of construction	$3,604,360.53
31.	Interest on above	45,211.67
		3,649,572.20
	Balance carried to profit and loss	7,219,727.80
		10,869,300.00

STOCK AND BONDS ISSUED FOR ABOVE.

1881.		
Aug. 31.	4,180 bonds of $1,000 each, par value	4,180,000.00
31.	66,888 shares capital stock, $100 par value	6,688,800.00
31.	Balance due on bonds to Pacific Improvement Company	500.00
		10,869,300.00

The contract dated November, 1880, provides that the Pacific Improvement Company shall build and equip a single-track road with proper sidings, buildings, turntables, and everything necessary for a first-class road, and receive for doing so $25,000 a mile in first-mortgage bonds and $10,000 a mile in capital stock. The road extends 167.22 miles. The amount of bonds issued to the Pacific Improvement Company was $4,180,000, showing a balance due them of $500, and $6,688,800 of stock was also issued.

The vouchers are mostly auditors' and treasurers' settlements and statements, and the expenses appear to be correct and such as would be proper in the construction of a road of this character.

The profit and loss account assumes that the stock and bonds taken at par were worth their face value.

Cost of construction of the Colorado River bridge (700 feet long), August 16, 1887.

The bridge across the Colorado River at Yuma was built by the Western Development Company and completed November 1, 1878, at a cost of... $39,913.39
March 31, 1879, the Western Development Company sold the bridge to the Pacific Improvement Company at cost.

The account against the bridge stands as follows:

Cost to March 31, 1879	$39,913.39
Cost riprapping and maintenance to January, 1885	20,087.41
Cost rebuilding May, 1885	77,327.06
Cost rebuilding July, 1886	68,802.59
Investment of Pacific Improvement Company to date	206,130.45

Central Pacific Railroad Company (California and Oregon Division) extending from Delta to State Line. Cost of construction.

1887.		
June 30.	California and Oregon contract	$2,176,444.57
30.	California and Oregon right of way	22,946.24
30.	California and Oregon survey	106,350.48
30.	California and Oregon masonry	459,312.03
30.	California and Oregon telegraph	9,517.65
Apr. 30.	California and Oregon bridges, buildings, etc	355,349.29
30.	California and Oregon rolling stock	58,689.06
		3,188,609.32

STOCK AND BONDS ISSUED.

1886.		
Dec. 31.	Central Pacific Railroad Company (California and Oregon Division) bonds	2,120,000.00
Dec. 31.	Central Pacific Railroad Company (California and Oregon Division) fifty-year six per cent. bonds	1,373,000.00
Dec. 31.	Central Pacific Railroad Company (California and Oregon Division) capital stock certificates No. C 936	8,000,000.00
1887.		
June 30.	Central Pacific Railroad fifty-year 6 per cent. bonds	1,007,000.00
		12,500,000.00

(Six hundred and ninety thousand dollars delivered to Pacific Improvement Company; $317,000 yet undelivered; total, $1,007,000.)

These bonds are now in Mr. C. P. Huntington's hands to be executed in New York by the president and trustees.

The road for which this stock and bonds are issued, and to be issued to the extent of $12,500,000, runs from 191.87 miles north of Roseville, near Delta Station, to the State line, 104 miles.

There has been no construction interest charged in this account.

Anaheim Branch contract. Cost of construction.

1878.			
Dec. 31.	Construction vouchers	$78,887.33	
Oct. 31.	Interest on above	16,275.52	
			$95,162.85
	Profit and loss, Anaheim contract		746,637.15
			841,800.00

STOCK AND BONDS ISSUED FOR ABOVE.

1880.			
Nov. 30.	4,168 shares Los Angeles and San Diego Railroad Company capital stock, at $100 par value		416,800.00
Jan. 6.	90 shares, at $100 par value		9,000.00
20.	416 bonds Los Angeles and San Diego Railroad Company, par value $1,000 each		416,000.00
			841,800.00

The vouchers are auditors' and treasurers' statements, and comprise only the regular expenses incident to the proper construction of the road. The profit and loss account assumes the stock and bonds to be worth their par value.

MEMORANDUM.—The Los Angeles and San Diego Railroad ran from Florence to Santa Ana, a distance of 27.82 miles, of which distance the Western Development Company built 20.82 miles, and the Contract and Finance Company 7 miles. The contract was that the road should be constructed for $20,000 per mile, of stock and bonds each, or a total cost of $1,112,800. Of this amount the Contract and Finance Company received $280,000 in equal proportions of stock and bonds; and the Western Development Company $416,800 in stock and $416,000 in bonds. They also received $9,000 additional in stock. The cost to the Western Development Company of the 20.82 miles was $95,162.85, while the cost to the Contract and Finance Company for the 7 miles can not be ascertained. These figures show that the Contract and Finance Company undoubtedly expended large sums of money in the construction of the 20.82 miles.

EXHIBIT No. 28 (Statement No. 32).

Payments made to Charles Crocker & Co., upon contracts for constructing the Central Pacific Railroad Company from 1863 *to* 1868, *inclusive.*

Sections 1 to 18:

1863.			
Feb. 4.	Cash (voucher No. 284)		$5,834.02
Mar. 5.	Cash (voucher No. 319)		13,224.94
Apr. 10.	Cash (voucher No. 339)		20,262.94
June 4.	Cash (voucher No. 421)		10,752.75
June 4.	26 convertable mortgage bonds No. 901 to 926, inclusive		26,000.00
July 3.	Cash (voucher No. 369)		14,999.54
July 7.	Cash (voucher No. 464)		12,582.41
Sept. 19.	74 convertible mortgage bonds No. 972 to 1045, inclusive		74,000.00
Oct. 12.	Cash (voucher No. 513)		13,196.00
Oct. 21.	Cash (voucher No. 548)		21,786.00
Oct. 21.	Cash (voucher No. 314)		23,304.85
Nov. 12.	Cash (voucher No. 638)		12,940.00
Dec. 7.	Cash (voucher No. 666)		160.00
Dec. 8.	Cash (voucher No. 668)		13.00
Dec. 8.	Cash (voucher No. 671)		13.00

Dec. 14.	Cash (voucher No. 678)	$4,237.89
Dec. 17.	Cash (voucher No. 684)	4.00
Dec. 20.	Stock: For amount of stock portion of estimates of engineer on Charles Crocker & Co.'s contract for sections 1 to 18, credited to C. Crocker as payment on stock standing in his name (150 shares), per his order	666.68
Dec. 31.	Materials furnished	325.39
	Total 1863	254,324.45
1864.		
Jan. 4.	Cash, labor in car-shop (voucher No. 704)	224.38
Jan. 4.	Cash, pay-roll engine No. 1 (voucher No. 705)	290.00
Jan. 4.	Stock: For amount of stock credit due him under estimates on his contracts on sections 1 to 18, credited on his subscription of 500 shares of stock, per his order	44,333.32
Jan. 2.	Cash, oil for engines (voucher No. 701)	15.00
Jan. 8.	Cash (voucher No. 719)	71,877.62
Jan. 22.	Cash (voucher No. 766)	5.74
Feb. 1.	Cash, printing, etc. (voucher No. 811)	4.45
Feb. 6.	Cash, pay-roll engine No. 1 (voucher No. 829)	290.00
Feb. 6.	Cash, car-shop (voucher No. 830)	16.35
Feb. 12.	Cash, water for engine (voucher No. 839)	51.00
May 7.	Materials (no voucher)	4.00
May 10.	Cash, pay-roll engine No. 1 (voucher No. 915)	290.00
May 12.	Cash, oil, etc. (voucher No. 911)	16.00
May 12.	Cash (voucher No. 980)	8.63
Apr. 14.	Cash, pay-roll engine No. 1 (voucher No. 1000)	290.00
May 9.	Cash for gauges (no voucher)	2.70
May 28.	Cash, engineers and firemen (voucher No. 1134)	49.16
May 28.	Cash (voucher No. 1135)	217.50
May 28.	Cash, sundries (voucher No. 1136)	4.00
June 14.	Cash, sundries (vouchers No. 1207 to 1209)	6.60
Aug. 13.	Cash, labor (voucher No. 1468)	15.62
Aug. 26.	Cash, labor (no voucher)	70.00
Oct. 31.	Stock: For balance due him on contract, sections 1 to 18, in stock	5,000.00
Oct. 31.	Cash (voucher No. 1744)	22,593.48
	Total for 1864	145,675.55
	Total for sections 1 to 18	400,000.00

Recapitulation:

Payments in stock	50,000.00
Payments in bonds	100,000.00
Payments in cash	249,996.00
Payments in materials	4.00
	400,000.00

Sections 19 and 20.

1864.		
Jan. 8.	Cash (voucher No. 720)	455.40
Feb. 6.	Cash (voucher No. 826)	3,671.14
Mar. 9.	Cash (voucher No. 909)	4,881.21
Apr. 28.	Cash (voucher No. 1043)	6,218.50
	Total for sections 19 and 20	15,226.25

Sections 30 to 31.

1863.		
Oct. 21.	Cash (voucher No. 587)	5,108.70
Nov. 6.	Cash (voucher No. 628)	6,560.47
Dec. 10.	Cash (voucher No. 669)	3,780.98
Dec. 14.	Cash (voucher No. 673)	415.22
1864.		
Jan. 7.	Stock: Amount of stock credit due him under estimates on his contracts on sections 30 and 31, audited on his subscription of 500 shares of stock, as per his order	666.68

Jan.	8.	Cash (voucher No. 721)	$6,160.70
Feb.	6.	Cash (voucher No. 828)	8,463.67
Feb.	13.	Stock: Amount of stock, portion of estimates under contract of September 26, 1863, due, etc. (This was applied to payment of dues upon Mr. Crocker's subscription to the capital stock.)	4,703.12
Mar.	9.	Cash (voucher No. 907)	5,607.19
Mar.	9.	Stock: Amount of stock, portion of monthly estimates for February, 1864, under contract of September 26, 1865. (Applied to payment of dues upon Mr. Crocker's capital stock)	989.65
Apr.	18.	Cash (voucher No. 1024)	3,612.41
May	7.	Cash (voucher No. 1074)	3,952.63
June	9.	Cash (voucher No. 1176)	2,606.30
July	16.	Stock: For amount due to C. Crocker & Co., in stock, for work on sections 30 and 31, under contract, as per final settlement	5,240.55
July	16.	Cash (voucher No. 1346)	2,966.79
July	16.	Cash (voucher No. 1348)	16,362.36
		Total for sections 30 and 31	77,137.42

Recapitulation:

Paid in stock	11,600.00
Paid in cash	65,537.42
	77,137.42

Sections 32 to 54, inclusive.

1864.			
Apr.	19.	Cash (voucher No. 1026)	7,319.00
May	7.	Cash (voucher No. 1075)	4,614.53
June	9.	Cash (voucher No. 1176)	3,616.10
July	13.	Cash (voucher No. 1339)	19,079.96
Aug.	9.	Cash (voucher No. 1421)	14,219.47
Sept.	5.	Cash (voucher No. 1549)	5,997.42
Sept.	24.	Stock: For 658 shares of capital stock issued to C. Crocker in certificate No. 500, being amount due him in stock under contract September 19, 1863, on sections 32 to 54, up to September 1, 1864; amount credited on his assessment, ledger account. The amount due was $65,814.94. The issue was therefore short $14.94. Stock issued, 658 shares.	
		To C. Crocker $32,907.47	
		To construction account 32,892.53	
		Total 65,800.00	
		Rate upon the $1 at which the stock was taken 50 per cent.	32,907.47
Oct.	5.	Cash (voucher No. 1662)	5,100.00
Nov.	5.	Cash (voucher No. 1759)	5,660.00
Dec.	1.	Stock: For amount credited on Charles Crocker's contracts of April 30, 1861, and September 26, 1863, and charged to him by order of the board of directors of September 5, 1864	583.34
Dec.	19.	Cash (voucher No. 1912)	5,966.84
Dec.	31.	Cash (voucher No. 2014)	10.00
Dec.	31.	Stock: For work done, etc., on sections 32 to 36, engineer's estimates, December, 1864; 202 shares issued to him.	
		Charged to C. Crocker $10,090.72	
		Construction account 10,109.28	
		Totals 20,200.00	
		Rate upon the $1 at which the stock was taken 50 per cent.	10,090.72
		Total for 1864	115,164.55
1865.			
Jan.	4.	Cash (voucher No. 4)	1,079.94
Feb.	7.	Cash (voucher No. 78)	13,983.55
Feb.	7.	Cash (voucher No. 79)	3,750.00
Mar.	8.	Cash (voucher No. 171)	24,855.10
Apr.	10.	Cash (voucher No. 303)	56,633.27
May	8.	Cash (voucher No. 409)	76,283.13
May	31.	Income ledger	30.25

June 9.	Cash (voucher No. 578)		$101,814.59
June 10.	Cash (voucher No. 580)		37.25
June 14.	Cash (voucher No. 613)		4,134.00
June 24.	Stock: For 3,377 shares capital stock due Crocker & Co. on account for work, etc., on sections 32 to 56, under order of board of directors of September 5, 1864 (3,377 shares issued):		
	Charged, Crocker & Co	$168,850.00	
	Charged construction account	168,850.00	
	Total	337,700.00	
	Rate upon the $1 at which the stock was taken was 50 per cent		168,850.00
Aug. 10.	Cash (voucher No. 998)		54,898.44
Aug. 10.	Cash (voucher No. 1002)		249,254.16
Sept. 14.	Cash (voucher No. 1224)		110,032.34
Sept. 30.	Cash (voucher No. 1334)		15.00
Oct. 1.	Cash (voucher No. 1440)		5,938.36
Dec. 12.	Stock: For 5,041 shares due C. Crocker & Co. on account for work, etc., sections 32 to 55, order of directors of September 5, 1864 (5,041 shares issued):		
	Charged Crocker & Co	$252,050.00	
	Charged construction account	252,050.00	
	Total	504,100.00	
	Rate upon the $1 at which the stock was taken was 50 per cent		252,050.00
	Total for 1865		1,123,645.37
1866.			
Mar. 7.	Stock: 1,158 shares issued to C. Crocker on account for work on sections 32 to 54 (shares issued, 1,158)		
	Charged to C. Crocker	$57,900.00	
	Charged to construction	57,900.00	
	Total	115,800.00	
	Rate upon the $1 at which stock was taken was 50 per cent		57,900.00
Mar. 7.	Cash (voucher No. 115)		96,423.78
			154,323.78
	Total for sections 32 to 54		1,393,134.00
Recapitulation:			
	Payments in stock		522,031.53
	Payments in cash		871,102.47
	Total		1,393,134.00

Sections 55 to 92, inclusive.

1865.			
Sept. 14.	Cash (voucher No. 1225)		$56,749.55
Oct. 1.	Cash (voucher No. 1441)		214,746.02
Nov. 8.	Cash (voucher No. 1548)		277,182.14
Dec. 12.	Stock: For 6,584 shares due C. Crocker & Co. on account for work, etc., on sections 56, etc., under order of directors of September 5, 1864. (No. of shares issued, 6,584):		
	Charged to Crocker & Co	$329,200.00	
	Charged to construction account	329,200.00	
	Total	658,400.00	
	Rate upon the $1 at which the stock was taken was 50 per cent		329,200.00

Dec. 16.	Stock: For 2,717 shares issued to C. Crocker & Co. on account for work done, etc., on sections 56 to 78, as per order of board of directors, September 5, 1864 (No. of shares issued, 2,717):		
	Charged to Crocker & Co	$135,850.00	
	Charged to construction account	135,850.00	
	Total	271,700.00	
	Rate upon the $1 at which the stock was taken was 50 per cent		$135,850.00
Dec. 22.	Cash (voucher No. 1652)		226,464.62
			1,240,192.12
1866.			
Jan. 12.	Stock: For 1,005 shares of stock issued to C. Crocker on stock ledger for stock due him on account for work, etc., sections 56 to — (1,005 shares issued):		
	Charged to C. Crocker & Co	$50,250.00	
	Charged to construction account	50,250.00	
	Total	100,500.00	
	Rate upon the $1 at which the stock was taken was 50 per cent		50,250.00
Jan. 16.	Cash (voucher No. 31)		83,735.62
Feb. 12.	Stock: For estimates of work, etc., sections 56 to 78, January 7, 1866 (2,210 shares issued):		
	Charged to C. Crocker & Co	$110,500.00	
	Charged to construction account	110,500.00	
	Total	221,000.00	
	Rate upon the $1 at which the stock was taken was 50 per cent		110,500.00
Feb. 21.	Cash (voucher No. 99)		184,613.87
Mar. 9.	Stock: For 2,109 shares due C. Crocker & Co. on account for work done, etc., on sections 55 to 78, order of directors September 5, 1864 (stock issued, 2,109 shares):		
	Charged to C. Crocker & Co	$105,450.00	
	Charged to construction account	105,450.00	
	Total	210,900.00	
	Rate upon the $1 at which the stock was taken was 50 per cent		105,450.00
Mar. 9.	Cash (voucher No. 121)		175,070.41
Apr. 19.	Cash (voucher No. 216)		158,476.40
Apr. 19.	Stock: For 1,901 shares issued to C. Crocker for account of work done, etc., order of directors September 5, 1864. (Stock issued 1,901 shares):		
	Charged to C. Crocker & Co	$95,050.00	
	Charged to construction account	95,050.00	
	Total	190,100.00	
	Rate upon the $1 at which the stock was taken was 50 per cent		95,050.00
May 10.	Cash (voucher No. 285)		216,701.30
May 19.	Stock: For 4,334 shares of the capital stock of the company issued to C. Crocker on account for work done, etc., in month of April, orders of directors September 5, 1864, and May 2, 1866 (stock issued 4,334 shares):		
	Charged to C. Crocker	$130,020.00	
	Charged to construction account	303,380.00	
	Total	433,400.00	
	Rate upon the $1 at which the stock was taken was 30 per cent		130,020.00
June 9.	Cash (voucher No. 355)		287,394.57

June 9.	Stock: For 5,749 shares issued to C. Crocker for work done, etc., month of May, on sections 55 to 93, by orders of directors September 5, 1864, and May 2, 1866, and balance of account (stock issued 5,749 shares):		
	Charged to C. Crocker	$172,470.00	
	Charged to construction account	402,430.00	
	Total	574,900.00	
	Rate upon the $1 at which the stock was taken was 30 per cent		$172,470.00
July 11.	Cash (voucher No. 467)		339,292.48
July 14.	Stock: For 6,785 shares issued to C. Crocker for work done, etc. (same secs.; stock issued, 6,785 shares):		
	Charged to C. Crocker	203,550.00	
	Charged to construction account	474,950.00	
	Total	678,500.00	
	Rate upon the $1 at which the stock was taken was 30 per cent		203,550.00
Aug. 14.	Cash (voucher No. 548)		215,857.17
Aug. 14.	Stock: For 4,316 shares issued to C. Crocker on account for work done in July (on same sections; stock issued, 4,316, shares):		
	Charged to C. Crocker	129,480.00	
	Charged to construction account	302,120.00	
	Total	431,600.00	
	Rate upon the $1 at which stock was taken was 30 per cent		129,480.00
Sept. 24.	Cash (voucher No. 677)		279,741.53
Sept. 24.	Stock: For 5,595 shares issued to C. Crocker for work done, etc., on sections 55, etc., in August (stock issued, 5,595 shares):		
	Charged to C. Crocker	167,850.00	
	Charged to construction account	391,650.00	
	Total	559,500.00	
	Rate upon the $1 at which stock was taken was 30 per cent		167,850.00
Dec. 12.	Stock: For 14,777 shares issued to C. Crocker upon estimates for September, October, and November (same sections; stock issued, 14,777, shares):		
	Charged to C. Crocker	447,150.00	
	Charged to construction	1,030,550.00	
	Total	1,477,700.00	
	Rate upon the $1 at which stock was taken was 30 per cent		447,150.00
Dec. 13.	Cash estimates, sections 63 to 131 (voucher No. 964)		745,239.82
Dec. 31.	Cash (voucher No. 1103)		71,423.50
Dec. 31.	Stock: For 1,429 shares issued to C. Crocker on estimates for December (stock issued, 1,429 shares):		
	Charged to C. Crocker	42,870.00	
	Charged to construction	100,030.00	
	Total	142,900.00	
	Rate upon the $1 at which stock was taken was 30 per cent		42,870.00
	Total for 1866		4,412,387.34

1867.			
Mar. 13.	Stock: For 1,998.4 shares issued to C. Crocker on estimates for January and February (stock issued, 1,998.4 shares):		
	Charged to C. Crocker	$59,952.00	
	Charged to construction	139,888.00	
	Total	199,840.00	
	Rate upon the $1 at which stock was taken was 30 per cent		$59,952.00
Mar. 30.	Cash (voucher No. 197)		99,916.00
July 16.	Stock: For 6,940 shares issued to C. Crocker for work done:		
	Estimates on sections 65 to 114	131,520.00	
	Sections 115 to 141 (see sections 92 to 138, July 16, 1867)	76,680.00	
	Construction account	485,800.00	
	Total	694,000.00	
	Rate upon the $1 at which stock was taken was 30 per cent		131,520.00
July 26.	Stock: For 10,976 shares issued to C. Crocker upon estimates for work done, etc.; also 70.90 shares additional, making 11,046.90 shares:		
	Charged to C. Crocker	331,407.00	
	Charged to construction	773,283.00	
	Total	1,104,690.00	
	Rate at which stock was taken upon the $1 was 30 per cent		$331,407.00
July 31.	Cash (voucher No. 319)		219,227.50
Oct. 10.	Bills payable, a number of notes dated October 10, 1867, due one year after date, and bearing interest at the rate of 10 per cent. per annum		552,408.00
	Total for 1867		1,304,432.50
	Total of payments, sections 55 to 92		7,047,012.00
	Recapitulation:		
	Payments in stocks		2,642,569.00
	Payments in cash		3,852,034.50
	Payments in bills payable		552,408.00
	Total		7,047,012.00

Sections 92 to 138.

1867.			
Mar. 22.	Stock, 1,617 shares, issued to C. Crocker on account for work done, etc. (stock issued, 1,617 shares):		
	Charged to C. Crocker	48,510.00	
	Charged to construction	113,190.00	
	Total	161,700.00	
	Rate upon the $1 at which stock was taken was 30 per cent		48,510.00
Mar. 30.	Cash		80,906.25
July 16.	Stock (see same date, page 10)		76,680.00
July 31.	Cash (voucher No. 319)		127,753.75
July 30.	Stock, 21,822 shares, issued to C. Crocker upon estimates, sections 93 to 141 (shares issued, 21,822):		
	Charged to C. Crocker	654,660.00	
	Charged to construction	1,527,540.00	
	Total	2,182,200.00	
	Rate upon the $1 at which the stock was taken was 30 per cent		654,660.00

Oct. 1.	Stock, 9,125 shares, issued to C. Crocker upon estimates for work, sections 93 to 138 (shares issued, 9,125):		
	Charged to C. Crocker	$273,750.00	
	Charged to construction	638,750.00	
	Total	912,500.00	
	Rate upon the $1 at which stock was taken was 30 per cent		$273,750.00
Oct. 10.	Bills payable, a number of notes of the company, dated October 10, 1867, payable one year after date, with interest at the rate of 10 per cent. per annum		1,547,433.70
Dec. 4.	Stock, 7,299 shares, issued to C. Crocker for work, etc., sections 92 to 138 (shares issued, 7,299):		
	Charged to C. Crocker	218,970.00	
	Charged to construction	510,930.00	
	Total	729,900.00	
	Rate upon the $1 at which stock was taken was 30 per cent		218,970.00
Dec. 5.	Cash		364,984.61
Dec. 24.	Stock, 1,761 shares, issued to C. Crocker on estimates for November (shares issued, 1,761):		
	Charged to C. Crocker	52,830.00	
	Charged to construction	123,270.00	
	Total	176,100.00	
	Rate upon the $1 at which stock was taken was 30 per cent		52,830.00
Dec. 31.	Cash (voucher No. 1333)		100.00
Dec. 31.	Cash (voucher No. 1267)		88,003.03
	Total for 1867		3,534,587.31
June 22.	Stock, 5 shares, credited C. Crocker on his assessment account		500.00
Aug. 10.	Cash transfer to new account		57,400.00
	12. Cash (voucher No. 969)		100,000.00
	28. Cash transfer to New York account		5,207.44
Dec. 14.	Stock, 14,881 shares, issued to C. Crocker on estimates of work done, sections 93 to 138 (shares issued 14,881):		
	Charged to C. Crocker	$446,430.00	
	Charged to construction	1,041,670.00	
	Total	1,488,100.00	
	Rate upon the $1 at which stock was taken was 30 per cent		446,430.00
	Rate upon cash (voucher No. 1764)		580,990.25
	Total 1868		1,190,527.69
	Total of payments, sections 92 to 138		4,725,115.00
Recapitulation:			
	Payments in stock		1,772,330.00
	Payments in cash		1,405,351.30
	Payments in bills payable		1,547,433.70
	Total		4,725,115.00
	Grand total		13,657,624.73

Statement showing payments made to C. Crocker & Co. on contracts for construction, etc., by the Central Pacific Railroad Company of California in 1863, 1864, 1865, 1866, 1867, and 1868.

Sections 1 to 18—1863:		
In capital stock of the company		$666.68
In convertible mortgage bonds		100,000.00
In cash		153,657.77
		254,324.45

Sections 30 and 31:		
In cash		$15,[illegible]
Total for 1863		270,[illegible]
Sections 1 to 18—1864:		
In capital stock of the company		49,[illegible]
In materials		[illegible]
In cash		96,[illegible]
		145,[illegible]
Sections 19 and 20:		
In cash		15,[illegible]
Sections 30 and 31:		
In capital stock of the company	$11,600.00	
In cash	49,672.05	
		61,[illegible]
Sections 32 to 54, inclusive:		
In capital stock of the company	43,581.53	
In cash	71,583.32	
		115,[illegible]
Total for 1864		337,[illegible]
Sections 32 to 54—1865:		
In capital stock of the company		420,[illegible]
In cash		703,[illegible]
		1,123,[illegible]
Sections 55 to 92, inclusive:		
In capital stock of the company	465,050.00	
In cash	775,142.13	
		1,240,[illegible]
Total for 1865		2,363,[illegible]
Sections 30 to 54, inclusive—1866:		
In capital stock of the company	57,900.00	
In cash	96,423.78	
		154,[illegible]
Sections 55 to 92, inclusive:		
In capital stock of the company	1,654,640.00	
In cash	2,757,747.34	
		4,412,[illegible]
Total for 1866		4,566,[illegible]
Sections 55 to 92—1867:		
In capital stock of the company		522,[illegible]
In cash		319,[illegible]
In bills payable (notes)		552,[illegible]
		1,394,[illegible]
Sections 92 to 138, inclusive:		
In capital stock of the company	1,325,400.00	
In cash	661,753.61	
In bill payable (notes)	1,547,433.70	
		3,534,[illegible]
Total for 1867		4,929,[illegible]
Sections 93 to 138; inclusive—1868:		
In capital stock of the company		446,[illegible]
In cash		743,[illegible]
Total for 1868		1,190,[illegible]

RECAPITULATION.

Paid C. Crocker & Co., in—	
1863	$270,189.82
1864	337,338.70
1865	2,363,837.50
1866	4,566,711.12
1867	4,929,019.90
1868	1,190,527.69
Total	13,657,624.73

NOTES.

NOTE A.—The first 138 sections of construction were built by contractors as follows:

Sections 1 to 18, C. Crocker & Co.; 19 to 20, C. Crocker & Co. and Collins & Bro.; 21 to 24, Turton, Knox & Ryan; 25 to 27, C. D. Bates; 28 to 29, S. D. Smith; 30 to 31, C. Crocker & Co.; 32 to 54, C. Crocker & Co.; 55 to 92, C. Crocker & Co.; 93 to 138, C. Crocker & Co.

NOTE B.—Analysis shows that upon these contracts Crocker & Co. received:

In cash, five-eighths	$8,536,015.46
In stock and bonds, three-eighths	5,121,609.27
Total	13,657,624.73

NOTE C.—From the beginning, in 1863, until the close of April, 1866, C. Crocker & Co. took the capital stock of the company in payments on contracts at the rate of 50 cents on the dollar; beginning with May, 1866, and until the close of 1868, they took it at the rate of 30 cents on the dollar.

RECAPITULATION.

The gross amount paid to Charles Crocker & Co (not including extra work) was, as per detail sheet accompanying		$13,361,120.51
The amount paid them for extra work was		296,504.22
Total		13,657,624.73
Deduct materials furnished		329.39
		13,657,295.34
The total amount Charles Crocker received in bonds and stock was:		
In bonds, at par		100,000.00
In stock, at par	$57,980 22	
In stock, at 50 cents on $1.00	6,696,200.00	
In stock, at 30 cents on $1.00	11,947,530.00	
Total amount in stock		14,701,710.22
Total amount in stock and bonds		14,801,710.22
Crocker received in gold coin or its equivalent		8,853,117.93
		23,654,828.15

Statement showing capital stock issued to Charles Crocker in payments on his contracts by the Central Pacific Railroad Company at 50 cents on the dollar.

Date.	Shares.	Value at 50 cts. on $1.	Par value.
Sept. 30, 1864	658	$32,907.47	$65,800.00
Dec. 31, 1864	202	10,090.72	20,000.00
June 24, 1865	3,377	168,850.00	337,700.00
Dec. 12, 1865	5,041	252,050.00	504,100.00
Mar. 7, 1866	1,158	57,900.00	115,800.00
Dec. 12, 1866	6,584	329,200.00	658,400.00
Dec. 19, 1866	2,717	135,850.00	271,700.00
Jan. 12, 1867	1,005	50,250.00	100,500.00
Feb. 12, 1867	2,210	110,500.00	221,000.00
Mar. 9, 1868	2,169	108,450.00	210,900.00
Apr. 13, 1868	1,901	95,050.00	190,100.00
Total		1,348,099.19	2,696,200.00

Statement showing capital stock issued to Charles Crocker in payments on his contracts by the Central Pacific Railroad Company at 30 cents on the dollar.

Date.	Shares.	Value at 30 cts. on $1.	Par value.
May 19, 1866	4,334	$130,020.00	$433,400.00
June 9, 1866	5,749	172,470.00	574,900.00
July 14, 1866	6,785	203,550.00	678,500.00
Aug. 14, 1866	4,316	129,480.00	431,600.00
Sept. 24, 1866	5,595	167,850.00	559,500.00
Dec. 12, 1866	14,777	447,150.00	1,477,700.00
Dec. 31, 1866	1,429	42,870.00	142,900.00
Mar. 12, 1867	1,968.4	59,952.00	199,840.00
July 16, 1867	6,940	218,200.00	694,000.00
July 26, 1867	11,046.90	331,407.00	1,104,690.00
Mar. 22, 1867	1,617	48,510.00	161,700.00
July 30, 1867	21,822	654,660.00	2,182,200.00
Oct. 1, 1867	9,125	273,750.00	912,500.00
Dec. 4, 1867	7,299	218,970.00	729,900.00
Dec. 24, 1867	1,761	52,830.00	176,100.00
Dec. 14, 1868	14,881	446,430.00	1,488,100.00
Total		3,598,099.60	11,947,330.00

Statement showing capital stock issued to Charles Crocker in payments on his contracts by the Central Pacific Railroad Company at par value.

Dec. 20, 1863.	6.666 shares	$666.60
Jan. 4, 1864.	443.334 shares	44,333.40
Oct. 31, 1864.	50 shares	5,000.00
Jan. 7, 1864.	6.666 shares	666.60
Mar. 9, 1864.	9.896 shares	989.60
July 16, 1864.	52.405 shares	5,240.50
Dec. 1, 1864.	5.633 shares	563.30
June 22, 1868.	5 shares	500.00
Total		57,940.20

Materials furnished Charles Crocker by Central Pacific Railroad:

In 1863, sections 1 to 18	325.20
In 1864, sections 1 to 18	4.00
Total	329.20

Amount allowed Charles Crocker for extra work on his contracts, Central Pacific Railroad: The board of directors, by resolution adopted May 12, 1867, allowed him for extra work, $296,504.22.

Statement showing amount paid Charles Crocker on goods on each contract, Central Pacific Railroad Company.

On sections 1 to 18	$400,000.00
On sections 19 and 20	15,236.50
On sections 30 and 31	77,132.00
On sections 32 to 54 inclusive	1,393,134.00
On sections 55 to 92 inclusive	7,047,012.65
On sections 93 to 138 inclusive	4,725,115.00
Gross amount paid Charles Crocker	13,657,630.15

Upon a cash basis, rating bonds at par and stocks at 50 cents and 30 cents on the $1.

RECAPITULATION.

Total amount paid Charles Crocker & Co. on his contracts and for extra work.

Cash, or its equivalent, including materials furnished him	$8,853,117.55
Bonds, taken at par value	160,000.00
Stock, taken at par value	57,940.20
Stock, taken at 50 cents on the $1	2,696,000.00
Stock, taken at 30 cents on the $1	11,947,330.00
Total	23,654,387.75

EXHIBIT No. 31 (Statement No. 33).

Amount paid to leased lines by the Central Pacific Railroad Company, 1873 to March 31, 1885.

1873.

Southern Pacific Railroad of California	$72,630.00
Sacramento Valley Railroad	15,000.00
Total	87,630.00
Credits: Southern Pacific Railroad of California (a)	244.50
Net	87,386.50

(a) Overcredit through error.

1874.

Southern Pacific Railroad of California	110,469.33
Sacramento Valley Railroad	15,000.00
Total	125,469.33

1875.

Southern Pacific Railroad of California	267,100.00
Sacramento Valley Railroad	15,000.00
Union Pacific Railway (b)	143,234.01
Total	425,334.01

(b) Use of 5 miles of track west of Ogden.

1876.

Southern Pacific Railroad of California	597,175.00
Sacramento Valley Railroad	21,000.00
Union Pacific Railway	21,589.12
Total	639,764.12

1877.

Southern Pacific Railroad of California	1,491,275.56
Sacramento Valley Railroad	9,000.00
Sacramento and Placerville Railroad	9,000.00
Goshen Branch	50,000.00
Los Angeles and Independence Railroad	15,525.00
Berkeley Branch	6,000.00
Amador Branch	40,500.00
Northern Railway	95,085.00
California Pacific Railroad	825,000.00
Union Pacific Railway	42,111.85
Total	2,583,497.14

1878.

Southern Pacific Railroad of California	$1,656,600.00
Southern Pacific Railroad east of Colorado River	1,773.61
Sacramento and Placerville Railroad	18,000.00
Los Angeles and Independence Railroad	26,658.00
Berkeley Branch	6,000.00
Amador Branch	40,500.00
Northern Railway	98,602.34
California Pacific Railroad	550,000.00
Stockton and Copperopolis Railroad	25,000.00
Western Development Company (bridges)	16,026.35
Union Pacific Railway	33,068.15
Total	2,472,228.45

1879.

Southern Pacific Railroad of California	$1,656,000.00
Southern Pacific Railroad of Arizona	217,294.00
Sacramento and Placerville Railroad	18,000.00
Los Angeles and Independence Railroad	25,511.00
Berkeley Branch	6,000.00
Amador Branch	40,500.00
Northern Railway	97,365.00
California Pacific Railroad	550,000.00
Stockton and Copperopolis Railroad	25,000.00
Western Development Company (bridges)	3,725.50
Pacific Improvement Company	9,000.00
Union Pacific Railway	43,630.45
Total	2,692,571.95
Credits Southern Pacific Railroad of California (c)	21,045.97
Net	2,671,525.98

(c) Rebate allowed on rental.

1880.

Southern Pacific Railroad of California	$1,650,000.00
Southern Pacific Railroad of Arizona	451,875.48
Southern Pacific Railroad of New Mexico	19,969.47
Sacramento and Placerville Railroad	7,200.00
Los Angeles and Independence Railroad	24,629.00
Los Angeles and San Diego	5,564.00
Berkeley Branch	6,536.00
Amador Branch	40,500.00
Northern Railway	570,000.00
California Pacific Railroad	600,000.00
Stockton and Copperopolis Railroad	25,000.00
Pacific Improvement Company	12,000.00
Union Pacific Railway	40,303.55
Total	3,454,177.50

1881.

Southern Pacific Railroad of California	$1,650,000.00
Southern Pacific Railroad of Arizona	622,355.40
Southern Pacific Railroad of New Mexico	222,256.00
Sacramento and Placerville Railroad	8,000.45
Los Angeles and Independence	20,196.00
Los Angeles and San Diego	33,364.00
Berkeley Branch	9,216.00
Amador Branch	42,000.00
Northern Railway	570,000.00
California Pacific Railroad	600,000.00
Stockton and Copperopolis Railroad	25,000.00
Pacific Improvement Company	12,000.00
Galveston, Harrisburgh and San Antonio	16,855.20
Union Pacific Railway	34,550.45
Total	3,867,031.50

1882.

Southern Pacific Railroad of California	$1,666,666.00
Southern Pacific Railroad of Arizona	622,355.40
Southern Pacific Railroad of New Mexico	270,806.40
Sacramento and Placerville Railroad	7,200.00
Los Angeles and Independence	20,196.00
Los Angeles and San Diego	33,364.00
Berkeley Branch	9,216.00
Amador Branch	42,000.00
Northern Railway	590,617.20
California Pacific Railroad	600,000.00

Stockton and Copperopolis Railroad	$25,000.00
Pacific Improvement Company	26,741.95
Galveston, Harrisburgh and San Antonio Railroad	296,759.09
Union Pacific Railway	46,595.65
Total	4,257,627.69
Credits: Galveston, Harrisburgh and San Antonio (*d*)	54,900.00
Net	4,202,727.69

(*d*) Use of track by Texas and Pacific Railway.

1883.

Southern Pacific Railroad of California	$1,958,197.04
Southern Pacific Railroad of Arizona	622,355.40
Southern Pacific Railroad of New Mexico	270,896.40
Sacramento and Placerville Railroad	7,200.00
Los Angeles and Independence	20,196.00
Los Angeles and San Diego	33,384.00
Berkeley Branch	9,216.00
Amador Branch	42,000.00
Northern Railway	633,000.00
California Pacific Railroad	600,000.00
Stockton and Copperopolis Railroad	25,000.00
Pacific Improvement Company	24,000.00
Galveston, Harrisburgh and San Antonio Railroad	33,459.85
Union Pacific Railway	55,013.58
Total	4,333,918.27
Credits: Galveston, Harrisburgh and San Antonio Railroad (*d*)	4,575.00
Net	4,329,343.27

(*d*) Use of track by Texas and Pacific Railway.

1884.

Southern Pacific Railroad of California	$1,923,727.01
Southern Pacific Railroad of Arizona	622,355.40
Southern Pacific Railroad of New Mexico	270,896.40
Sacramento and Placerville Railroad	7,200.00
Los Angeles and Independence Railroad	20,196.00
Los Angeles and San Diego Railroad	33,384.00
Berkeley Branch	9,216.00
Amador Branch	42,000.00
Northern Railway	549,050.00
California Pacific Railroad	600,000.00
Stockton and Copperopolis Railroad	25,000.00
Pacific Improvement Company	22,591.40
Galveston, Harrisburgh and San Antonio	3,609.84
San Pablo and Tulare Railroad (*e*)	82,800.00
Union Pacific Railway	44,544.88
Total	4,256,570.93
Credits: Southern Pacific Railroad of California (*f*) $12,282.34	
Union Pacific Railway (*g*) 1,038.42	
	13,320.76
Net	4,243,250.17

(*f*) Use of track by Atlantic and Pacific Railroad
(*g*) Use of third rail at Ogden by Denver and Rio Grande Railway.

1885 (*h*).

Southern Pacific Railroad of California	$324,392.92
Southern Pacific Railroad of Arizona	103,725.90
Southern Pacific Railroad of New Mexico	45,149.40

Sacramento and Placerville Railroad	$1,[illegible]
Los Angeles and Independence Railroad	5,[illegible]
Los Angeles and San Diego Railroad	[illegible]
Berkeley Branch	2,[illegible]
Amador Branch	10,[illegible]
Northern Railway	120,[illegible]
California Pacific Railroad	150,[illegible]
Stockton and Copperopolis Railroad	6,[illegible]
Pacific Improvement Company	6,[illegible]
Galveston, Harrisburgh and San Antonio Railroad	[illegible]
San Pablo and Tulare Railroad	41,[illegible]
Total	825,518.[illegible]
Credits: Union Pacific Railway (i)	14,[illegible]
Net	810,[illegible]

(h) Includes to commencement of arrangement with the Southern Pacific Company.

(i) Rebate allowed on rental, $7,691.75, and correction of error, $7,188.62.

Total amounts paid to leased lines by the Central Pacific Railroad Company, 1873 to March 31, 1885.

Southern Pacific Railroad of California	$15,026,032.[illegible]
Southern Pacific Railroad of Arizona	3,262,317.[illegible]
Southern Pacific Railroad of New Mexico	1,100,067.[illegible]
Southern Pacific Railroad east of Colorado River	1,773.[illegible]
Sacramento Valley Railroad	75,000.[illegible]
Sacramento and Placerville Railroad	84,206.[illegible]
Goshen Branch	50,000.[illegible]
Los Angeles and Independence Railroad	178,168.[illegible]
Los Angeles and San Diego Railroad	147,446.[illegible]
Berkeley Branch	63,704.[illegible]
Amador Branch	340,500.[illegible]
Northern Railway	3,323,659.[illegible]
California Pacific Railroad	5,075,000.[illegible]
Stockton and Copperopolis Railroad	181,250.[illegible]
Western Development Company "bridges"	19,751.[illegible]
Pacific Improvement Company	103,333.[illegible]
Galveston, Harrisburgh and San Antonio Railroad	351,295.[illegible]
San Pablo and Tulare Railroad	124,200.[illegible]
Union Pacific Railway	504,650.[illegible]
Grand total	30,021,330.[illegible]
Credits	108,965.[illegible]
Net grand total	29,912,373.[illegible]

EXHIBIT No. 32. (Statement No. 34.)

United States 6 per cent. currency bonds issued to Central Pacific Railroad Company.

Date issued.	Interest commences.	Amount.
May 12, 1865	January 16, 1865	[illegible]
August 14, 1865	August 14, 1865	[illegible]
October 16, 1865	October 16, 1865	[illegible]
December 11, 1865	November 29, 1865	[illegible]
March 6, 1866	March 6, 1866	[illegible]
July 10, 1866	July 10, 1866	[illegible]
October 31, 1866	October 29, 1866	[illegible]
January 15, 1867	January 14, 1867	[illegible]
October 25, 1867	October 25, 1867	[illegible]
December 12, 1867	December 11, 1867	[illegible]
June 10, 1868	June 9, 1868	[illegible]
July 11, 1868	July 10, 1868	[illegible]
August 5, 1868	August 4, 1868	[illegible]

United States 6 per cent. currency bonds issued to Central Pacific Railroad Co.—Continued.

Date issued.	Interest commences.	Amount.
August 14, 1868	August 13, 1868	$1, 184, 000
September 12, 1868	September 11, 1868	1, 280, 000
September 20, 1868	September 19, 1868	1, 120, 000
October 12, 1868	October 12, 1868	1, 280, 000
October 28, 1868	October 26, 1868	640, 000
November 5, 1868	November 3, 1868	640, 000
November 12, 1868	November 11, 1868	640, 000
December 5, 1868	December 5, 1868	640, 000
December 7, 1868	December 7, 1868	640, 000
December 30, 1868	December 29, 1868	640, 000
January 15, 1869	January 13, 1869	640, 000
January 20, 1869	January 28, 1869	640 000
February 17, 1869	February 17, 1869	640, 000
March 2, 1869	February 17, 1869	1, 006, 000
March 3, 1869	March 2, 1869	1, 333, 000
May 28, 1869	May 27, 1869	1, 786, 000
July 15, 1869	May 27, 1869	1, 314, 000
July 15, 1869	July 15, 1869	288, 000
December 31, 1869	July 16, 1869	1, 510, 000
January 2, 1872	November 28, 1868	4, 120
Total		25, 885, 120

United States currency bonds issued to Western Pacific Railroad Company.

January 24, 1867	January 26, 1867	$320, 000
September 1, 1869	September 3, 1869	320, 000
October 29, 1869	October 28, 1869	1, 008, 000
January 27, 1870	January 22, 1870	322, 000
January 6, 1872	January 22, 1872	560
Total		1, 970, 560

EXHIBIT No 33.—(Statement No. 35.)

Central Pacific Railroad Company of California, legal expense account.

Journal folio.	Date.	Items.	Dr.	Cr.
	1864.			
87	Dec. 31	To expenses (amounts wrongly charged to expense account)	$2, 068. 00	
87	Dec. 31	Construction (for services of E. B. Crocker)	23, 000. 00	
78	Dec. 6	Mark Hopkins, treasurer, for recording mortgage	15. 00	
78	Dec. 3	Mark Hopkins, treasurer, legal costs, etc	142. 50	
85	Dec. 24	Sundry parties (fees, etc)	627. 75	
89	Dec. 31	Sundries account 1975	42. 00	
89	Dec. 31	Sundries 2006	82. 50	
	1865.			
95	Jan. 10	Mark Hopkins, supreme court fees 14	73. 00	
95	Jan. 21	Mark Hopkins 35	6. 10	
122	Feb. 25	George R. Moore, for balance due him in stock per agreement	4, 275. 00	
104	Mar. 2	Mark Hopkins, E. B. Crocker 154	27. 00	
104	Mar. 15	Mark Hopkins, H. S. Crocker & Co 203	155. 00	
110	Apr. 7	Mark Hopkins, D. W. Spear, costs 300	15. 25	
111	Apr. 30	Mark Hopkins, E. B. Crocker, disbursements 378	15. 00	
116	May 6	Mark Hopkins, E. B. Crocker, disbursements 405	7. 50	
118	May 6	Mark Hopkins, George R. Moore, for services 396	500. 00	
120	May 16	L. Stanford, Winans & Belknap, $25; C. T. Emmet, $500 for professional services; Towne & Bacon, $400, printing	925. 00	
118	May 20	M. Hopkins, county clerk, copying 473	20. 00	
118	May 24	M. Hopkins, William Sexton, fees, etc 493	165. 75	
120	June 3	M. Hopkins, E. H. Miller, jr., disbursements 541	24. 00	
120	June 3	M. Hopkins, E. B. Crocker, disbursements 544	47. 31	
118	May 15	By cash		56. 75
	June 3	Balance carried down		32, 176. 91
			32, 233. 66	32, 233. 66

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1865.			
	June 3	To balance brought down	$32,176.91	
130	June 6	M. Hopkins, W. D. Harriman, fees.....account 552		119.00
173	Aug. 26	S. F. bonds: For 20 S. F. bonds paid to Shafter, and for 5 S. F. Bonds paid to Pixley for services	25,000.00	
174	Aug. 26	Leland Stanford, paid Wilson & Wilson for services	500.00	
174	Aug. 26	Leland Stanford, S. & Bros. per paid Knox for services	25.00	
175	Aug. 26	Leland Stanford, paid Patterson, Wallace & Co. for services	1,000.00	
180	Sept. 4	M. Hopkins, E. B. Crocker, disbursements.....1161		32.00
192	Sept. 22	M. Hopkins, E. B. Crocker, disbursements.....1299		22.00
216	Nov. 10	M. Hopkins, E. B. Crocker, disbursements.....1555		8.00
213	Nov. 10	Robert Robinson, for legal services.....1553		1,175.00
	1866.			
238	Feb. 1	M. Hopkins, D. W. Spear, costs of suit at Auburn. 63		7.20
244	Mar. 19	M. Hopkins, H. S. Crocker, printing..... 133		21.00
250	Apr. 25	M. Hopkins, William Sexton, sheriff Placer County, fees..... 229		130.00
253	May 24	M. Hopkins, E. B. Crocker, disbursements..... 297		25.50
255	May 4	L. Stanford, C. F. Emmet, for opinion.....		1,000.00
252	May 31	M. Hopkins, E. B. Crocker, disbursements..... 301		200.00
257	June 2	M. Hopkins, C. Crocker, disbursements..... 351		85.50
269	July 19	M. Hopkins, E. B. Crocker, disbursements..... 510		101.50
277	Aug. 23	M. Hopkins, E. B. Crocker..... 577		8.00
277	Aug. 31	M. Hopkins, R. C. Pollard, costs of suit..... 586		16.55
280	Aug. 16	Cashier's account, current, July.....		16.50
281	Sept. 10	Robinson..... 614		100.00
297	Oct. 24	Mary Shaw..... 806		28.50
297	Oct. 29	McNeill..... 814		20.00
302	Oct. 24	Winans & Belknap.....		250.00
304	Nov. 5	E. D. Shirland, fees, county clerk.....		35.40
305	Nov. 17	D. W. Spear.....account 884		26.55
305	Nov. 17	A. M. Gambell..... 886		4.20
305	Nov. 26	E. D. Shirland, fees..... 924		24.00
313	Dec. 4	Robinson & Daniell..... 946		50.00
313	Dec. 14	Lansing, costs suits, Pierson *et al*..... 967		107.00
314	Dec. 18	Shirland, for fees.....1043		14.25
	1867.			
369	May 21	J. D. Carey..... 340		51.85
384	June 5	Stanford's report, Wilson & Crittenden.....		500.00
376	June 15	E. D. Shirland, fees..... 429		95.60
394	July 11	Robinson.....		4,250.00
396	July 22	Cashier's account current, June.....		87.10
424	Oct. 4	J. M. Lansing, sale Yuba R. R. stock..... 844		203.65
424	Oct. 4	Spear, county clerk, Placer, costs..... 845		113.85
446	Dec. 19	James Lansing, sheriff.....1237		24.00
444	Dec. 31	J. D. Carey.....1240		67.95
	1868.			
*2-2†	Jan. 9	Shirland, county clerk.....10-17		17.25
11	Feb. 7	D. W. Spear, fees..... 131		5.25
12	Feb. 12	J. D. Carey..... 168		21.00
13	Feb. 22	James Lansing, sheriff..... 212		4.60
13	Feb. 22	Clerk supreme court..... 213		240.75
22	Mar. 19	A. G. Winn Shaw, V. C. R. R..... 347		10.00
23	Mar. 31	W. B. C. Brown..... 390		6.75
28	Apr. 8	J. D. Carey..... 427		10.10
29	Apr. 20	R. Robinson, disbursements..... 479		229.05
30	Apr. 29	E. T. White, sheriff..... 516		17.00
45	May 9	County clerk Sacramento County..... 554		178.85
48	....	Cashier's account for April.....		276.90
47	May 30	County clerk and advertising.....633-634		64.30
52	June 22	E. T. White, sheriff..... 693		15.60
69	July 7	County clerk..... 756		33.40
67	July 15	Robert Robinson, services July 1, 1867, to July 1, 1868		3,000.00
70	July 15	Edward Cadwallader affts. ship. *Webster*..... 805		30.00
71	July 29	Supreme court clerk..... 859		64.50
80	Aug. 1	Clerk's fees, Placer County..... 898		79.05
80	Aug. 1	H. S. Crocker & Co..... 902		73.50
83	Aug. 26	Certified copies, account other roads.....1033		14.50
94	Aug. 31	Certified copies C. P. R. R.....1064-1085		34.25
	1867.			
394	July 11	By R. Robinson, for amounts paid him at various times and charged to legal expenses should have been charged to him.....	.....	[illegible]
		Balance to ledger 2.....	.....	71,[illegible]
			72,150.16	72,150.16

* Ledger. † Journal.

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1868.			
	Sept. 1	To balance from ledger 1	$71,850.16	
102	Sept. 4	Emmet & Gallagher 1079	1,000.00	
102	Sept. 4	Recording deeds in Placer County....1085-1087	22.90	
113	Sept. 21	C. P. H., account, August; paid J. H. Storr on account	1,000.00	
116	Sept. 30	R. Robinson, salary to October 1, 1868	1,416.65	
118	Oct. 10	H. S. Crocker, printing blanks, etc 1317	108.00	
149	Dec. 10	Supreme court clerk....1717	25.00	
151	Dec. 21	Disbursed by R. Robinson 1789	288.25	
153	Dec. 26	W. B. C. Brown, county clerk 1858	17.75	
153	Dec. 28	E. T. White, sheriff 1859	10.10	
154	Dec. 31	Robert Robinson, salary to January 1, 1869	1,000.00	
	1869.			
169	Jan. 12	Geo. Cadwallader suits relating to Cal. Cen., etc .. 60	250.00	
169	Feb. 3	McCullough & Boyd on account 242	550.00	
183	Feb. 22	Robert Robinson, expenses to Auburn 342	3.00	
194	Mar. 12	T. D. Harper, witness fees 485	13.00	
195	Mar. 16	William Coats, reporting case, Placer County 546	20.00	
198	Mar. 22	J. C. Boggs, witness fees 587	6.00	
200	Apr. 26	R. Robinson, expenses to Salt Lake and back 786	69.50	
200	Apr. 26	Dunne & Leonard, Humboldt County taxes 793	100.00	
223	May 10	R. Robinson, expended for professional services .. 870	1,000.00	
225	May 19	Costs in suit, Kline v. C. P. R. R 940	130.00	
225	May 19	Boyd & McCullough 941	500.00	
226	May 25	W. B. C. Brown, county, clerk 981	10.50	
235	June 21	G. G. Sewill, paid district clerk Placer County 1078	47.90	
235	June 21	Clerk of supreme court 1116	25.00	
261	Aug. 13	E. F. White, sheriff 1395	90.50	
261	Aug. 13	Robert Robinson, paid assistant attorney 1396	1,000.00	
261	Aug. 18	L. Ramage, services on account 1430	500.00	
271	Sept. 6	W. B. C. Brown, county clerk 1512	14.70	
288	Sept. 12	W. B. C. Brown, county clerk, C. P. R. R. v. Chapman 1713	50.00	
289	Sept. 18	J. B. Marshall, in case Ellis 1731	50.00	
289	Sept. 23	W. B. C. Brown, county clerk 1769	105.25	
290	Oct. 30	J. B. Marshall, expenses, and paid supreme court clerk 1802	68.60	
296	Nov. 2	C. J. Torbert, notary fees 1823	7.50	
296	Nov. 4	John S. Love, Kraner v. C. P. R. R 1829	57.50	
296	Nov. 5	J. H. Graves, Klein, v. C. P. R. R 1833	40.00	
297	Nov. 8	Carey, reporting and copying for R. Robinson 1848	55.00	
299	Nov. 26	Coates, reporting Klein v. C. P. R. R. 1936	78.00	
299	Nov. 30	C. J. Torbert, notary fees 1968	9.00	
297	Nov. 11	R. Robinson, expenses Placer County 1861	1,000.00	
309	Dec. 1	Supreme court clerk 1979	25.00	
309	Dec. 4	W. B. C. Brown, county clerk Sacramento County ..1998	105.00	
310	Dec. 11	Robert Robinson 2038	7,700.00	
310	Dec. 16	H. S. Crocker & Co., per R. Robinson 2053	61.60	
311	Dec. 16	Supreme court clerk 2060	25.00	
311	Dec. 24	Board of witnesses in snow-shed burners' case 2092	168.00	
311	Dec. 24	H. J. McCreary, assisting in above case 2093	100.00	
316	Dec. 31	Robert Robinson, salary to January 1, 1870	6,000.00	
312	Dec. 31	Notary fees, sundries 2115	4.00	
312	Dec. 31	B. T. Burkes, disbursements in Shedburner's case..2140	804.17	
	1870.			
333	Jan. 3	A. H. Cummings, short-hand reporter 5	15.00	
333	Jan. 3	John McC., certified copy city ordinance 14	15.00	
334	Jan. 7	Henry Edgerton, services 26	150.00	
341	Jan. 24	Fred. D. Chamberlin, Tom Allen case, 1868 185	25.00	
342	Jan. 25	Samuel Deal, Tom Allen case, 1868 190	25.00	
344	Jan. 29	W. B. C. Brown, Co. clerk fees 243	28.50	
344	Jan. 29	E. F. White, sheriff 246	58.00	
344	Jan. 29	Robert Robinson 247	12.50	
344	Jan. 31	C. J. Torbert, notary fees 269	8.00	
346	Feb. 1	S. W. Sanderson, 21 days in January 286	675.62	
347	Feb. 3	E. J. Robinson, for January 322	150.00	
349	Feb. 7	Legal services paid Placer Company, assessments .. 347	1,000.00	
349	Feb. 8	Mr. Gaylord, truckee 353	35.00	
351	Feb. 14	Supreme court, clerk 395	15.00	
350	Feb. 23	Ellen Boardman, copy of testimony($23.70) 449	23.70	
351	Feb. 28	Robert Robinson, for January	500.00	
352	Feb. 28	Robert Robinson, for February, and expenses..483, 484	581.00	
352	Mar. 1	S. W. Sanderson, for February 504	1,000.00	
353	Mar. 1	C. J. Torbert, notary fees 505	20.00	
353	Mar. 3	E. J. Robinson, for February 519	150.00	
354	Mar. 5	Hilliyer Wood & Deal, Virg'a City 540	150.00	
356	Mar. 9	J. B. Marshall, of Reno 563	150.00	
371	Mar. 18	J. W. Perkins, witness 607	10.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.		Dr.	Cr.
	1870.				
374	Mar. 23	To Cost in suit John Burke for killing Chinaman	636	$50.00	
375	Mar. 29	Alfred Helm, supreme court clerk of Nevada	662	20.00	
376	Mar. 31	S. W. Sanderson, services, March	674	1,000.00	
376	Mar. 31	Robert Robinson, services, March	675	500.00	
376	Mar. 31	E. J. Robinson, services, March	676	150.00	
377	Mar. 31	Robert Robinson, S. F. expenses, Virg'a, etc	691	41.00	
381	Apr. 9	W. B. C. Brown, Co. clerk	773	19.90	
381	Apr. 9	E. F. White, sheriff	774	9.60	
383	Apr. 13	G. J. Lammond, U. S. marshal, Virg'a City	790	277.44	
383	Apr. 14	Thomas Marshall, Utah, expenses	797	142.50	
	1869.				
284	Oct. 5	By L. Ramage (August 18)	1438		$500.00
		Balance to folio	210		104,092.29
				104,592.29	104,592.29
	1870.				
391	Apr. 30	To S. W. Sanderson, salary, April	891	1,000.00	
391	Apr. 30	Robert Robinson, salary, April	892	500.00	
392	May 2	E. J. Robinson, salary, April	924	150.00	
393	May 5	C. J. Torbert, notary fees	952	18.50	
396	May 7	Legal services, Placer County (R. Robinson)	964	1,000.00	
398 400	May 11	H. S. Crocker & Co., 40 pages brief Cal. P. V. C. P. R.R.	991	44.00	
3–3	May 11	Frederick Burke, disbursed in arson suit	1036	571.50	
5	May 21	W. A. McWilliams, county recorder	1072	48.50	
6	May 27	Robert Robinson, sundry expenses	1120	74.50	
8	May 31	S. W. Sanderson, salary, May	1149	1,000.00	
8	May 31	E. J. Robinson, salary, May	1150	150.00	
11	June 2	S. W. Sanderson, expenses to Washoe	1181	31.00	
12	June 5	Henry Edgerton, Klein v. Central Pacific R. R. Co.	1215	200.00	
13	June 7	Sheriff Wood, subpœnaing witnesses	1221	28.90	
14	June 9	McCullough & Boyd, balance of account	1243	166.25	
14	June 13	C. J. Torbert, notary fees	1264	16.50	
17	June 15	William Coates, reporting case Central Pacific R. R. v. Pierson	1286	182.80	
18	June 21	Supreme court clerk	1326	25.00	
18	June 22	Sumner Whitney, for books	1331	31.00	
21	June 23	Thomas Marshall, Salt Lake City, attorney for quarter ending June 17	1332	625.00	
21	June 30	S. W. Sanderson, for June	1380	1,000.00	
21	June 30	E. J. Robinson, for June	1381	150.00	
24	June 30	Amount paid by Leland Stanford	1407	6,250.00	
24	June 30	L. Ramage, attorney, for services, June 12 to December 1, 1869		2,000.00	
	1870.				
3–25	June 30	By profit and loss to balance fol			119,355.74
				119,355.74	119,355.74
7	July 1	To W. B. C. Brown, county clerk, Sacramento County	10	17.70	
9	July 11	Earl & Smith, attorneys at Elko, on account	77	500.00	
11	July 14	William Coates, reporting case Cramer v. Central Pacific Railroad	105	10.00	
14	July 18	H. H. Bancroft, law books	130	6.50	
14	July 19	Sumner Whitney, law books	135	187.25	
17	July 25	Elko Chronicle, testimony Capier v. Central Pacific Railroad	177	150.00	
17	July 25	W. M. Gillespie, reporting testimony Capier v. Central Pacific Railroad	178	60.00	
19	July 30	S. W. Sanderson, services, July	222	1,000.00	
19	July 30	E. J. Robinson, services, July	223	150.00	
19	July 30	W. B. C. Brown, county clerk services, July	237	21.65	
20	Aug. 1	Record for printing McConnell's argument	249	110.00	
22	Aug. 6	J. Hill, commissioner, Pearson, *et al*	308	140.00	
22	Aug. 6	H. Clark, commissioner, Pearson, *et al*	309	140.00	
23	Aug. 9	Legal services in Placer County	336	1,000.00	
25	Aug. 13	George W. Moore, commissioner, Central Pacific Railroad v. Pearson	359	140.00	
32	Aug. 23	C. J. Torbert, notary fees	404	40.00	
34	Aug. 27	H. B. C. Brown, county clerk	458	14.50	
35	Aug. 31	S. W. Sanderson, services, August	482	1,000.00	
35	Aug. 31	E. J. Robinson, services, August	483	150.00	
36	Sept. 1	W. B. C. Brown, county clerk fees	504	8.50	
39	Sept. 10	J. B. Marshall, on account legal services, Reno	577	250.00	
39	Sept. 13	Wilson & Crittenden, balance of account	599	1,928.00	
40	Sept. 16	Thomas Marshall, attorney, Salt Lake, quarter ending 17th	611	625.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.		Dr.	Cr.
	1870.				
44	Sept. 23	To Judgment and expenses, case Hayes v. Co	667	$643.50	
47	Sept. 27	Law books from Sumner Whitney, account railroad	711	57.90	
48	Sept. 30	S. W. Sanderson, services, September	729	1,000.00	
48	Sept. 30	E. J. Robinson, services, September	730	150.00	
48	Sept. 30	E. J. Robinson, expenses to S. F. account of the Co.	731	13.00	
49	Oct. 1	Sheriff summons witnesses, case Gilbert v. Co	768	5.00	
49	Oct. 1	W. H. Harper, services copying in September	782	72.00	
49	Oct. 1	E. Robinson, witnesses case Fleming v. Co	777	5.00	
49	Oct. 3	Bacon & Co., printing brief S. F. O. and A. R. v. Oakland	795	22.00	
50	Oct. 6	Karl & Smith, attorneys Elko case Caples v. Co	815	500.00	
50	Oct. 26	William Adams, witness Hayes v. Co	933	20.00	
50	Oct. 27	Robert Robinson, expenses	943	52.10	
51	Oct. 29	F. Allister, witness Hayes v. Co	956	20.00	
51	Oct. 31	S. W. Sanderson, services October	973	1,000.00	
51	Oct. 31	E. J. Robinson, services, October	974	150.00	
51	Oct. 31	H. B. Underhill, of Stockton, from August 14 to November 1	975	250.00	
52	Nov. 5	Hillyer, Wood & Deal, Virginia City, services to November 1	1035	1,000.00	
52	Nov. 5	W. B. C. Brown, county clerk fees	1036	24.45	
54	Nov. 8	Money expended in Placer County	1053	1,000.00	
56	Nov. 12	Waterman, for clerk fees, case Capel & Co., at Elko	1092	296.75	
58	Nov. 15	G. J. Lameson, United States marshal, Virginia, Nev	1112	128.00	
58	Nov. 17	George Seakel fees	1131	25.00	
59	Nov. 19	Belcher & Belcher, M'ville, Weber v. Central Pacific Railroad	1150	58.50	
70	Nov. 23	James Mullahy, witness	1176	4.00	
71	Nov. 25	County clerk, Washoe County, Nev	1196	63.35	
72	Nov. 28	C. G. Blackman, hunting witnesses	1215	30.00	
74	Nov. 30	S. W. Sanderson, services for November	1234	1,000.00	
74	Nov. 30	E. J. Robinson, services for November	1235	150.00	
75	Dec. 1	L. M. Clement, expenses, Webster v. California and Oregon Railroad	1276	7.00	
80	Dec. 8	Sumner Whitney, law books	1338	876.25	
83	Dec. 19	Alfred Helm, supreme court clerk of Nevada	1418	80.00	
85	Dec. 20	T. Marshall, attorney at Salt Lake, quarter ending December 17	1426	625.00	
86	Dec. 22	Robert Robinson, sundry disbursements	1460	17.50	
86	Dec. 22	H. S. Crocker & Co., printing briefs, etc	1467	87.05	
87	Dec. 24	W. B. C. Brown, county clerk fees	1479	28.55	
89	Dec. 29	Harvey Brown, for paid court fees, San Francisco	1509	7.50	
91	Dec. 31	S. W. Sanderson, December	1548	1,000.00	
91	Dec. 31	E. J. Robinson, December	1549	150.00	
91	Dec. 31	W. B. C. Brown, county clerk fees	1550	14.35	
91	Dec. 31	Robert Robinson, eleven months to date		5,500.00	
42	Sept. 17	By Contract and Finance Company, Wilson & Crittenden, account			$2,500.00
98	Dec. 31	Profit and loss, operating account			21,279.25
				23,779.25	23,779.25
	1871.				
97	Jan. 4	To Belcher & Belcher, attorneys, M'ville	33	4,000.00	
100	Jan. 12	McCullough & Boyd (1870)	105	1,334.25	
102	Jan. 17	H. S. Crocker & Co.	151	482.67	
105	Jan. 26	H. B. Underhill, Stockton	237	200.00	
106	Jan. 31	S. W. Sanderson, expenses	264	30.00	
106	Jan. 31	S. W. Sanderson, salary for January	265	1,000.00	
106	Jan. 31	E. J. Robinson, salary for January	266	150.00	
106	Jan. 31	James W. Cofforth	286	1,448.00	
106	Jan. 31	E. L. Craig, quarter ending December 31, 1870	287	666.64	
106	Jan. 31	James W. Cofforth		217.30	
106	Jan. 31	E. L. Craig, March 1 to October, 1870		1,166.66	
109	Feb. 1	Clerk's fees, Washoe City	301	27.00	
109	Feb. 2	H. V. Rice, witness fees	314	27.20	
110	Feb. 4	Foster, for binding briefs	329	10.25	
111	Feb. 6	E. B. Ryan, getting S. J. V. mortgage recorded	338		
111	Feb. 6	George O'Doherty, reporting cases	339	47.50	
112	Feb. 9	George O'Doherty, reporting cases	359	20.00	
113	Feb. 9	Attorney's fees, Placer County	360	1,000.00	
116	Feb. 16	Robert Robinson, disbursed	429	40.00	
117	Feb. 18	H. B. C. Brown, county clerk, Sacramento County	444	68.75	
119	Feb. 24	County clerk, San Joaquin County, fees	512	130.60	
	Feb. 25	C. F. Whitton, report of cases at San Joaquin County		34.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1871.			
121	Feb. 28	To Auditor account H. S. Crocker & Co., bill, January . 219	893.10	
122	Feb. 28	S. W. Anderson, services, February 537	1,000.00	
	1871.			
122	Feb. 28	To E. J. Robinson, services February 538	150.00	
122	Feb. 28	McFarland, expenses and witness 856	50.00	
122	Feb. 28	J. Mullaley, witness 859	3.00	
122	Feb. 28	H. B. Underhill, services and expenses to March 1. 560	215.00	
123	Mch. 1	Earl & Smith, Elko balance for services Copier & Co. 591	500.00	
126	Mch. 10	C. F. Whilton, reporter of cases 634	30.00	
126	Mch. 11	Justice and constable fees, Company v. Lofkother. 639	29.70	
126	Mch. 13	Alois Brand v. Company 648	125.00	
130	Mch. 18	H. S. Crocker & Co., stationery 688	21.25	
130	Mch. 20	Thomas Marshall, attorney, Salt Lake, services to March 1 699	625.00	
131	Mch. 23	G. J. Lannon, United States marshal, Nevada, balance case of Central Pacific Railroad v. Smith 723	168.00	
134	Mch. 31	R. Robinson, for books and expenses 769, 770	44.00	
134	Mch. 31	S. W. Sanderson, services for March 771	1,000.00	
134	Mch. 31	E. J. Robinson, services for March 772	150.00	
136	Apr. 3	Bancroft & Co., for books 822	13.00	
137	Apr. 5	County clerk of Washoe County, Nev. 838	6.00	
137	Apr. 6	G. O. Dougherty, reporting cases S. F. 850	3[illegible].00	
137	Apr. 6	Marsh and Osborn, reporting cases S. F. 851	12.00	
138	Apr. 10	Marshal of Reno, buggy hire for account of the Company 878	27.80	
140	Apr. 14	H. S. Crocker & Co., printing, etc 910	243.30	
140	Apr. 17	S. W. Sanderson, his expenses 927	15.00	
144	Apr. 22	H. W. Underhill, of Stockton, paid costs of suit.... 969	52.10	
144	Apr. 22	W. B. C. Brown, county clerk of San. Co. 970	12.65	
145	Apr. 25	Sumner Whitney, for law books 991	706.00	
145	Apr. 26	George O. Doherty, reporting cases Western Pacific Railroad 1003	158.80	
147	Apr. 29	S. W. Sanderson, salary for April 1045	1,000.00	
147	Apr. 29	S. W. Sanderson, per order M. Hopkins 1046	2,000.00	
147	Apr. 29	E. J. Robinson, account salary for April 1047	150.00	
147	Apr. 29	Clerk of Supreme Court 1048	25.00	
149	May 1	Robert Robinson, disbursed for sundries 1058	25.00	
150	May 3	H. B. Underhill, of Stockton, for March and April. 1090	200.00	
151	May 5	George O. Doherty, reporting cases 1106	29.00	
152	May 9	Robert Robinson, disbursed 1135	1,000.00	
153	May 12	Hillyer Wood and Deal of Virginia City 1176	711.50	
154	May 13	Robert Robinson, paid jury fees, case J. G. Walker . 1180	22.00	
154	May 15	Certified copy of opinion, Indianapolis and Indiana Railroad 1199	25.00	
155	May 18	W. B. C. Brown, county clerk 1217	33.15	
156	May 20	Sanderson, expenses to S. F., and back 1233	12.00	
156	May 22	McAllister & Co., services to date 1247	1,527.95	
158	May 27	Robert Robinson, disbursed per order L. Stanford.. 1275	500.00	
160	May 31	S W. Sanderson, salary for May 1299	1,000.00	
160	May 31	E. J. Robinson, salary for May 1300	150.00	
161	June 2	Wilson of W. & Crittenden, cases against Western Pacific Railroad 1341	1,500.00	
162	June 3	E. L. Craig, services from January 31, to May 31, four months 1355	666.66	
163	June 6	F. T. Burke, witness in case Harley 1373	6.00	
164	June 9	J. E. Sabine, cost of appeal case of Fairbanks 1395	10.75	
165	June 14	J. E. Sabine, fees, etc., in the Walker case 1427	25.25	
166	June 20	S. M. Wilson, legal services 1460	282.50	
168	June 23	William Coates, reporting cases 1494	35.00	
168	June 24	Thomas Marshall, for services, quarter ending 17th instant 1499	625.00	
168	June 24	W. B. C. Brown, county clerk fees 1500	25.10	
168	June 26	Sanderson, expenses to Carson 1506	16.00	
168	June 26	Sumner Whitney, law books 1507	431.00	
169	June 29	District court, Nevada, county clerk fees 1538	3.00	
170	June 30	S. W. Sanderson, June 1555	1,000.00	
170	June 30	E. J. Robinson, June 1556	150.00	
171	July 1	Robert Robinson, expenses to S. F., June 1582	23.50	
171	July 1	S. W. Sanderson, expenses of law department 1583	1,000.00	
171	July 1	A. G. Winn, maps and survey bed of Amazon River . 1591	44.00	
172	July 3	H. B. Underhill, salary May and June 1606	200.00	
176	July 11	Wilson & Crittenden, July 19, 1870, paid by L. Stanford 1685½	750.00	
176	July 11	J. R. McConnell, December 30, 1870, paid by L. Stanford 1685½	500.00	
176	July 11	George Cadwallador, January 10, 1871, paid by L. Stanford 1685½	1,000.00	
176	July 11	A. P. Crittenden, February 10, 1871, paid by L. Stanford 1685½	250.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1871.			
178	July 11	To N. Hamilton, April 12, 1871, paid by L. Stanford....1685½	$400.00	
178	July 12	Sanderson, expenses to State Nevada.....1687	31.75	
180	July 22	H. S. C. and Company, printing briefs 1769	24.15	
181	July 26	McCullough & Boyd, January to July, 1871 1790	1,024.00	
186	July 31	S. W. Sanderson, July 1844	1,000.00	
186	July 31	E. J. Robinson, July 1845	150.00	
186	July 31	E. L. Craig, June and July 1846	333.33	
186	July 31	T. B. McFarland 1847	100.00	
177	July 14	County clerk fees, case Jos. Harley 1714	7.25	
180	Aug. 2	J. J. Rogers, testimony and copy 1881	16.25	
182	Aug. 11	J. Hamilton, attorney fees 1940	1,000.00	
182	Aug. 11	William Coats, testimony Connor case 1941	49.00	
182	Aug. 11	Robert Robinson, expenses S. F. 1942	75.00	
	June 10	By costs remitted in the Walker case	.....	$32.00
		Balance carried down.....	.....	38,683.81
			38,715.81	38,715.81
		To balance brought down	38,683.81	
184	Aug. 14	Samuel D. Wilson, services.....1984	380.50	
189	Aug. 26	W. B. C. Brown, county clerk 2055	13.00	
189	Aug. 28	Robert Robinson, expenses 2060	80.00	
197	Aug. 30	H. B. Underhill, July and August 2075	200.00	
201	Aug. 31	Sanderson expended August 2085	1,006.50	
201	Aug. 31	Sanderson, salary August 2086	1,000.00	
201	Aug. 31	E. J. Robinson, salary August 2087	150.00	
204	Sept. 7	County clerk Humboldt County 2154	4.87	
204	Sept. 7	Supreme Court clerk 2155	25.00	
205	Sept. 12	E. L. Craig, salary August 2190	166.66	
208	Sept. 16	H. S. Crocker & Co., stationery 2229	137.50	
209	Sept. 19	Robert Robinson (Henry Starr note) 2248	500.00	
209	Sept. 19	Robert Robinson, paid tax deed 2249	3.50	
211	Sept. 22	M. Bonnifield, services, Fairbank *v.* Central Pacific Railroad 2263	50.00	
213	Sept. 25	Thomas Marshall, to September 17 2279	625.00	
213	Sept. 30	T. B. McFarland 2307	150.00	
213	Sept. 30	S. W. Sanderson, expenses 2320	500.00	
213	Sept. 30	S. W. Sanderson, services, September 2321	1,000.00	
213	Sept. 30	E. J. Robinson, services, September 2322	150.00	
213	Sept. 30	C. A. Gunter, services, September 2323	100.00	
214	Oct. 2	Robert Robinson, expenses 2349	95.00	
216	Oct. 5	Sumner Whitney, law books 2383	210.75	
216	Oct. 7	In State of Nevada 2416	650.00	
217	Oct. 7	Tickets furnished to Levi Rosener to go East 2417	560.00	
217	Oct. 9	Jabish Clement, legal services 2434	50.00	
217	Oct. 9	E. L. Craig, salary, September 2435	166.67	
220	Oct. 13	Sanderson, expenses traveling 2462	20.00	
220	Oct. 14	W. B. C. Brown, county clerk 2479	6.25	
226	Oct. 28	T. B. Howard, first-class ticket to New York 2496	20.80	
227	Oct. 31	S. W. Sanderson, October 2574	140.00	
227	Oct. 31	E. J. Robinson, October 2591	1,000.00	
227	Oct. 31	H. B. Underhill, Stockton, September and October 2592	150.00	
229	Nov. 2	Robert Robinson, expenses 2633	200.00	
230	Nov. 2	J. E. Foulds, clerk S. F. for Robert Robinson 2638	75.00	
231	Nov. 9	W. G. Crandall, witness, McCue case 2698	118.00	
231	Nov. 9	J. O. Goodwin, attorney fees to date 2699	20.00	
232	Nov. 11	William Coates, Beals case 2711	750.00	
233	Nov. 14	H. S. Crocker & Co., printing, etc 2737	20.00	
237	Nov. 18	County clerk Placer County 2773	13.20	
237	Nov. 18	E. L. Craig, salary, October 2774	8.85	
237	Nov. 20	Bancroft & Co., law books 2786	166.66	
238	Nov. 20	Sumner Whitney, law books 2787	20.00	
240	Nov. 25	W. B. C. Brown, county clerk 2820	430.50	
240	Nov. 25	McWilliams, county recorder 2821	17.55	
240	Nov. 27	T. B. McFarland, services 2833	12.00	
242	Nov. 30	S. W. Sanderson, services, November 2850	250.00	
242	Nov. 30	E. J. Robinson, services, November 2851	1,000.00	
242	Nov. 30	Robert Robinson and J. E. Foulds, services, November 2852-3	150.00	
242	Dec. 1	S. W. Sanderson, expended in law department..... 2872	185.00	
242	Dec. 2	William Coates, shorthand report McCue case.....2888	1,000.00	
247	Dec. 13	Thomas Marshall, salary to December 17.....2975	16.66	
247	Dec. 13	H. B. Underhill for November 2976	625.00	
247	Dec. 13	E. L. Craig for November 2977	100.00	
247	Dec. 14	F. T. Burke, second trial Kellogg case 2985	166.66	
250	Dec. 21	Presley Dunlap, services (case Beals) 3042	34.00	
			125.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1871.			
251	Dec. 23	To S. M. McFarland, services.....3043	$50.00	
252	Dec. 26	T. B. McFarland, services.....3052	200.00	
254	Dec. 29	Samuel L. Wilson, of S. F., services, December.....3069	401.78	
255	Dec. 30	W. B. C. Brown, county clerk fees.....3076	25.05	
255	Dec. 30	S. W. Sanderson, December.....3077	1,000.00	
255	Dec. 30	S. W. Sanderson, expenses, December.....3078	500.00	
255	Dec. 30	E. J. Robinson, December.....3079	150.00	
257	Dec. 30	Robert Robinson, salary for 1871.....	6,000.00	
	Dec. 30	By profit and loss.....	.....	[illegible]
			61,825.73	[illegible]
	1872.			
258	Jan. 1	To Robert Robinson, expenses, December.....4	61.00	
258	Jan. 1	J. E. Foulds, S. F., clerk, December.....5	105.00	
260	Jan. 5	H. B. Underhill, December.....43	100.00	
260	Jan. 6	F. L. Craig, December.....53	166.66	
261	Jan. 9	W. G. Crandell, expenses attending court.....66	20.00	
262	Jan. 13	T. B. McFarland.....88	100.00	
262	Jan. 13	William Coates.....89	78.00	
263	Jan. 17	N. Green Curtis, Burke estate case.....101	500.00	
267	Jan. 19	G. O. Dougherty, Badger case.....116	20.00	
270	Jan. 29	T. B. McFarland, balance, 1871.....167	920.00	
270	Jan. 30	McCullough & Boyd, 1871.....174	910.85	
266	Jan. 31	S. W. Sanderson for January.....177	1,000.00	
270	Jan. 31	S. W. Sanderson, expenses law department.....178	500.00	
270	Jan. 31	E. J. Robinson for January.....179	150.00	
270	Jan. 31	J. E. Foulds for January.....180	100.00	
274	Feb. 3	Robert Robinson, sundries.....229	14.00	
275	Feb. 6	Paterson, witness, Buchanan v. Co.....240	41.50	
275	Feb. 6	J. S. Woods, sheriff Sacramento County, bill.....241	155.40	
275	Feb. 6	H. B. Underhill, salary, January.....242	100.00	
275	Feb. 6	F. L. Craig, salary, January.....294	166.67	
278	Feb. 16	W. B. C. Brown, county clerk, bill.....304	18.55	
278	Feb. 17	George G. Sewell, of Auburn, fees.....329	8.50	
283	Feb. 23	Judge Reardon, board at Golden Eagle Hotel.....331	12.00	
283	Feb. 24	J. P. Foulkes, of Verdi, witness Burke case.....339	28.40	
283	Feb. 27	J. P. Foulkes, of Verdi, witness stamping beer case.340	32.60	
285	Feb. 28	B. Ellerman, fees, Paul Webber v. C. and O. railroad.....347	7.25	
285	Feb. 29	S. W. Sanderson, salary and expenses, February..362-3	1,500.00	
285	Feb. 29	E. J. Robinson, salary, February.....364	150.00	
285	Feb. 29	J. E. Foulds, salary, February.....365	110.00	
285	Feb. 29	E. L. Craig, salary, February.....366	166.66	
287	Mar. 2	Robert Robinson, expenses, February.....393	21.50	
287	Mar. 2	H. B. Underhill, salary, February.....398	100.00	
290	Mar. 9	Robert Robinson, paid assistant counsel fees.....443	1,000.00	
290	Mar. 9	J. B. Marshall, sheriff and clerk fees, Buchanan v. Company.....444	97.70	
291	Mar. 12	Bacon & Co., printing in case Taylor v. Western Pacific Railroad.....454	29.00	
291	Mar. 12	Sumner Whitney, law books.....455	76.25	
291	Mar. 12	S. W. Sanderson, cash in law department.....460	100.00	
294	Mar. 23	H. S. Crocker & Co., stationery.....524	14.00	
295	Mar. 25	Thomas Marshall, S. L., quarter ending March 17...534	625.00	
298	Mar. 30	Sanderson, salary for March.....575	1,000.00	
298	Mar. 30	Sanderson, in law department for March.....576	500.00	
298	Mar. 30	E. J. Robinson, salary for March.....577	150.00	
298	Mar. 30	J. E. Foulds, salary for March.....578	100.00	
301	Apr. 1	Robert Robinson, expenses March.....605	73.00	
302	Apr. 3	H. B. Underhill, expenses, March.....630	100.00	
306	Apr. 13	August Munier, county clerk, fees, San Joaquin..697	97.70	
308	Apr. 15	Robert Robinson, expenses.....700	36.90	
312	Apr. 19	E. L. Craig, salary for March.....721	166.66	
313	Apr. 25	Belcher Brothers, M'ville, services year 1871.....750	2,000.00	
313	Apr. 25	G. O. Dougherty, reporting case Jacobs v. Company.751	166.66	
314	Apr. 27	Robert Robinson, expenses.....765	63.50	
316	Apr. 30	S. W. Sanderson, April.....778	1,000.00	
317	Apr. 30	E. J. Robinson, April.....779	200.00	
316	Apr. 30	H. B. Underhill, April.....790	100.00	
317	May 1	W. S. Bromley, S. F., notary fees.....809	10.00	
317	May 2	J. E. Foulds, salary, etc., April.....818	103.00	
318	May 4	S. W. Sanderson, expenses law department.....831	500.00	
318	May 6	E. L. Craig, salary, April.....844	166.66	
326	May 23	Whitton, reporting case Humphrey & Roul.....1040	122.00	
330	May 31	S. W. Sanderson, May.....977	1,000.00	
330	May 31	S. W. Sanderson, expenses, May.....978	500.00	
330	May 31	E. J. Robinson, May.....979	200.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1872.			
329	May 31	To E. L. Craig, May	998	$166.66
331	June 3	J. E. Foulds, May	1010	100.00
331	June 3	Robert Robinson, expenses, May	1010	80.00
333	June 7	H. B. Underhill, May	1047	100.00
334	June 11	Sheriff Woods, subpœna witnesses, Beal *v.* Company	1069	3.20
334	June 12	H. V. Herbert, S. F., Jacobs *v.* Company	1076	120.15
337	June 14	P. Dunlap in case Anderson *v.* Company	1084	40.00
337	June 15	Thomas Marshall, quarter ending June 17	1090	625.00
339	June 21	Judge Reardon, board at Golden Eagle on business for Company	1114	10.00
340	June 25	H. S. Crocker & Co., stationery	1138	6.00
341	June 26	L. Upson, county clerk fees	1145	25.80
342	June 29	S. W. Sanderson, salary, June	1169	1,000.00
343	June 29	S. W. Sanderson, expenses, June	1170	500.00
343	June 29	E. J. Robinson, salary, June	1171	200.00
343	June 29	Robert Robinson, expenses, June	1173	55.00
344	July 1	E. L. Craig, June	1198	166.66
344	July 3	H. B. Underhill, June	1209	100.00
345	July 5	J. E. Foulds, June	1222	100.00
346	July 8	Jury fees, etc., case of Mrs. Miller *v.* Company	1241	50.25
347	July 11	J. Kelly, Reno, Mayberry *v.* Company	1270	17.00
347	July 11	Coates, reporting case of Mary Miller	1271	20.00
350	July 16	McCullough & Boyd, bill	1311	1 502.80
351	July 17	George W. Castle, sheriff of Stockton, fees	1316	35.00
352	July 22	H. S. Crocker & Co., stationery	1339	47.00
354	July 30	E. J. Robinson, salary, July	1380	200.00
354	July 30	H. B. Underhill, salary, July	1381	100.00
354	July 30	Robert Robinson, expenses, July	1382	51.00
355	July 31	S. W. Sanderson, salary, July	1395	1,000.00
356	July 31	S. W. Sanderson, expenses, July	1396	500.00
355	July 31	J. E. Foulds, salary, July	1397	100.00
357	Aug. 1	E. L. Craig, salary, July	1421	166.66
359	Aug. 7	Wood & Deal, Virginia City, Dyer case	1475	500.00
360	Aug. 10	Sheriff of San Joaquin County	1495	10.80
367	Aug. 27	H. B. Underhill, for August	1592	100.00
371	Sept. 2	E. J. Robinson, salary, August	1645	200.00
371	Sept. 2	E. L. Craig, salary, August	1646	166.66
372	Sept. 4	Bancroft & Co., law books	1671	21.00
373	Sept. 5	S. W. Sanderson, salary, August	1679	1,000.00
373	Sept. 5	S. W. Sanderson, expenses, August	1679	525.00
373	Sept. 5	Shoemaker Company, clerk, Reno	1680	33.62
373	Sept. 6	United States marshal, Washoe, Nev., fees	1692	30.00
373	Sept. 7	Grant J. Taggart, fees	1697	15.00
374	Sept. 9	J. E. Foulds, salary, August	1705	100.00
374	Sept. 11	Thomas Marshall, attorney, for quarter ending September 17	1718	625.00
380	Sept. 24	Sumner Whitney, law books	1785	254.00
380	Sept. 24	Bacon & Co., printing brief	1786	60.50
381	Sept. 27	H. B. Underhill, salary, September	1799	100.00
382	Sept. 30	S. W. Sanderson, salary, September	1816	1,000.00
382	Sept. 30	S. W. Sanderson, expenses law department September	1817	500.00
382	Sept. 30	E. J. Robinson, salary	1818	200.00
386	Oct. 4	J. E. Foulds, salary	1863	120.00
386	Oct. 5	Stockton Independent, Raab *v.* Company	1873	57.50
386	Oct. 7	James Kelly, Reno, fees, Haller *v.* Company	1883	25.50
388	Oct. 18	J. B. Marshall, Reno, jury fees, Mayberry *v.* Company	1948	72.00
394	Oct. 21	A. L. Bancroft & Company, law books per Robert Robinson	1965	8.00
397	Oct. 22	H. S. Crocker & Co.'s bill, August	1972	13.20
397	Oct. 31	E. J. Robinson, October	2025	200.00
399	Oct. 31	Stockton Independent, printing transcript Severy *v.* Company	2042½	84.00
400	Nov. 4	E. L. Craig, salary, September and October	2070	333.33
400	Nov. 5	J. W. Sanderson, salary and expenses, October	2080	1,601.50
401	Nov. 6	J. E. Foulds, salary, October	2086	120.00
402	Nov. 9	J. R. Felton, services, October	2107	833.33
402	Nov. 11	Costs and expenses, case Page *v.* Company at Salt Lake	2121	75.00
405	Nov. 16	H. S. & Co., stationery, etc., by Robert Robinson	2164	44.75
407	Nov. 18	county clerk	3173	12.90
409	Nov. 25	Supreme Court, clerk filing petition relative to Placer County	2208	10.00
410	Nov. 29	W. C. Thompson, witness, Page *v.* Company, Salt Lake	2237	79.50
414	Dec. 2	S. W. Sanderson, salary and expenses, November	2263	1,500.00
414	Dec. 2	E. J. Robinson, salary, November	2264	200.00

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1872.			
414	Dec. 3	To J. B. Marshall, for paid expenses Haller v. Central Pacific Railroad 2283	$150.00	
415	Dec. 5	E. L. Craig, attorney, November 2297	166.66	
415	Dec. 5	J. E. Foulds, clerk with Robinson, November ... 2298	120.00	
417	Dec. 9	W. J. Beatty, books for law department 2332	35.00	
419	Dec. 16	Thomas & Marshall, for year ending December 17.. 2370	625.00	
422	Dec. 17	Harvey Brown, sundry disbursements 2382	48.00	
423	Dec. 18	Bacon & Co., printing petition Taylor v. Western Pacific Railroad 2391	27.00	
424	Dec. 20	H. B. Underhill, salary for October and November. 2406	200.00	
424	Dec. 20	Record for printing brief 2407	7.70	
425	Dec. 21	E. J. Robinson, salary for December 2417	200.00	
426	Dec. 23	Supreme Court clerk 2428	50.75	
427	Dec. 24	Sawyer, examiner United States district court, Lee v. H. 2434	13.10	
428	Dec. 27	George Tilghman, clerk of the district court, San Joaquin 2451	115.40	
429	Dec. 28	Op ledger, Thos. Casey, attending cattle sale at Reno	50.00	
430	Dec. 30	L. Upson, county clerk, Sacramento County 2470	7.10	
431	Dec. 31	E. L. Craig, salary, December 2484	166.66	
431	Dec. 31	H. B. Underhill, salary, December 2485	100.00	
431	Dec. 31	J. E. Foulds, salary, December 2486	120.00	
431	Dec. 31	S. W. Sanderson, salary, December, and expenses 2503	1,500.00	
432	Dec. 31	J. B. Felon, salary, December, ... 2533	833.33	
422	Dec. 31	Robert Robinson, salary, year 1872	8,000.00	
437	Dec. 31	Contract and F. Co. one-half paid Fellon, Lewis, Pendegast, Filkan, and Budley and Budd 2532	15,549.49	
440	Dec. 31	By profit and loss journal		63,676 16
			63,676 16	63,676 16
	1873.			
442	Jan. 7	To Record, printing brief 30	11.00	
443	Jan. 9	T. B. McFarland, services, 1872 43	1,200.00	
444	Jan. 14	Record, printing briefs 73	27.50	
447	Jan. 23	Record, printing briefs 129	3.30	
449	Jan. 29	McCullough and Boyd, bill, 1872 151	1,593.85	
450	Jan. 31	E. J. Robinson, salary, January, 1873 166	200.00	
451	Feb. 3	J. B. Marshall, expenses suit Haller v. Company... 203	125.00	
451	Feb. 3	J. W. Graham, fees as witness, Thomas Marshall, defendant 204	25.00	
452	Feb. 6	W. C. Belcher, services, 1872 220	2,000.00	
452	Feb. 7	H. B. Underhill, for January 224	100.00	
453	Feb. 8	J. E. Foulds, for January 231	120.00	
456	Feb. 18	J. B. Felton, for January 270	833.00	
460	Feb. 28	S. W. Sanderson, January, February, and expenses. 323	3,038.00	
460	Feb. 28	E. J. Robinson, February 324	200.00	
460	Feb. 28	Jacobs case v. County, and taxes case 325	231.50	
460	Feb. 28	W. R. Watkins 326	50.00	
460	Feb. 26	McQuilkin v. Company 327	40.00	
461	Mar. 1	Searching records, Alameda Co 360	60.00	
461	Mar. 1	County clerk's fees, Sacramento Co 363	15.00	
461	Mar. 3	H. B. Underhill, salary, February 373	100.00	
462	Mar. 5	J. E. Foulds, salary, February 390	120.00	
462	Mar. 6	C. F. Whitton, transcribing evidence 399	64.00	
463	Mar. 7	Jas. Donovan, witness (case of McQuilkin) 404	18.00	
463	Mar. 8	J. B. Felton, for February 412	833.00	
463	Mar. 8	Reporter, fees in case of McQuilkin 413	102.00	
464	Mar. 10	H. S. Crocker & Co., printing complaints, etc..... 421	17.00	
465	Mar. 13	Will J. Beatty, codes of Cal for R. R. 437	35.00	
466	Mar. 15	McAllister and Bergen, case of Taylor..... 446	500.00	
468	Mar. 17	Thomas Marshall, salary, quarter ending March 17. 457	625.00	
471	Mar. 31	S. W. Sanderson, salary and expenses, March 515	1,500.00	
471	Mar. 31	E. L. Craig, salary, January, February, and March. 516	500.00	
471	Mar. 31	E. L. Craig, sundry disbursements 517	55.00	
471	Mar. 31	E. J. Robinson, salary, March 518	200.00	
471	Mar. 31	O. Finley, county clerk, Santa Clara County 519	20.00	
472	Apr. 1	Hogan v. Central Pacific R. R. Sup. Ct. clerk 542	15.00	
473	Apr. 2	Cash to R. J. Robinson 557	210.00	
473	Apr. 3	H. B. Underhill, salary, March 565	100.00	
474	Apr. 5	Paid Marsh E. Trenor case 578	35.30	
475	Apr. 9	Whitney for law books 594	165.75	
477	Apr. 16	H. V. Herbert, McQuilkin suit 636	26.25	
479	Apr. 18	John B. Felton, salary for March 644	833.33	
483	Apr. 29	Alf. A. Cohen, expenses in case Trevor v. U. P. R. R. 686	20.50	
484	Apr. 30	J. E. Foulds, salary, March and April 693	240.00	
484	Apr. 30	E. J. Robinson, salary, April 709	200.00	
489	May 1	S. W. Sanderson, salary and expenses, April 714	1,510.00	
489	May 1	H. B. Underhill, salary, April 715	100.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1873.			
480	May 5	To J. H. Job, clerk court, Humboldt County 746	$28.00	
481	May 7	E. L. Craig, salary, April 761	166.66	
481	May 7	Upson, county clerk 762	17.00	
482	May 14	J. B. Felton, salary, April 793	833.33	
485	May 19	Andrew Marsh, taking testimony, Treno & Co..... 815	135.10	
486	May 24	H. V. Herbert, McQuilkin and other cases 848	49.50	
486	May 30	E. J. Robinson, salary, May 874	200.00	
489	May 31	S. W. Sanderson, salary and expenses, May..... 887	1,522.00	
1	June 2	J. E. Foulds, salary, May 926	120.00	
3	June 6	Dr. Gibsons, witness case Trenor & Tucker 947	125.00	
3	June 7	H. B. Underbill, for May 951	100.00	
3	June 9	J. B. Felton, for May 958	833.33	
3	June 9	S. M. Wilson, fee in case Trenor & Tucker..... 957	500.00	
4	June 10	H. V. Herbert, expenses in Goshen suit 966	9.00	
6	June 16	Thomas Marshall, Salt Lake, for 9th to 17th instant. 1001	625.00	
11	June 19	Sumner Whitney for law books 1018	74.75	
12	June 24	Charles Halsey, court commissioner 1048	32.00	
12	June 25	Thomas Marshall, sundry expenses 1054	53.50	
14	June 30	Robert Robinson, salary January 1 to June 30	4,000.00	
15	June 30	E. J. Robinson, salary for June 1087	200.00	
15	June 30	Supreme Court clerk 1094	45.00	
16	July 1	S. W. Sanderson, salary and expenses June..... 1103	1,515.00	
17	July 3	H. B. Underbill, salary, June 1127	100.00	
18	July 7	Stockton Independent, Hill *vs.* Company 1149	22.50	
19	July 11	Woman's Publishing Company, Transcript, Trenor *vs.* Company 1178	97.50	
20	July 12	J. E. Foulds, salary June 1186	120.00	
25	July 16	Swett & Bumm, printing S. F 1201	106.25	
25	July 16	J. B. Felton, services, June 1202	833.33	
26	July 22	McCullough & Boyd, bill to July 1..... 1229	3,238.25	
26	July 22	E. Gilson, per abstract of assistant roll, S. F 1230	15.00	
27	July 24	Bancroft & Co., law books, etc 1240	33.65	
28	July 28	J. H. Bowker & Co., Reno, notary fees..... 1259	17.00	
29	July 29	Sawyer in case C. P. R. *et al. vs.* Company..... 1265	26.40	
30	July 31	S. H. Sanderson, expenses and salary, July..... 1280	1,500.00	
30	July 31	E. J. Robinson, salary, July..... 1281	200.00	
30	July 31	J. E. Foulds, salary, July..... 1282	120.00	
32	Aug. 2	Record for briefs, etc 1322	47.30	
32	Aug. 2	Record Central Pacific Railroad *vs.* Corcoran, etc.. 1324	65.90	
33	Aug. 4	W. Coates 1334	20.00	
33	Aug. 6	H. B. Underbill, July 1347	100.00	
34	Aug. 8	J. B. Felton, July 1350	833.33	
34	Aug. 8	Banks & Brothers, New York, law books..... 1360	106.50	
34	Aug. 9	Clerk of Supreme Court..... 1367	45.00	
39	Aug. 15	William E. Dudley, services quarter ending July 1. 1395	625.00	
43	Aug. 28	Woman's Publishing Company, Trenor case..... 1448	23.00	
43	Aug. 28	Sawyer, Doeffuer case 1449	10.00	
43	Aug. 28	Moss & Co., Norton estate case..... 1450	22.50	
45	Aug. 30	Reporters' fees, Johnston & Co. case..... 1482	22.00	
46	Aug. 30	Southern Pacific Railroad fees, case Corcoran..... 1486	27.00	
47	Sept. 1	S. W. Sanderson, salary and expenses, August..... 1495	1,500.00	
47	Sept. 1	E. J. Robinson, salary and expenses, August..... 1496	206.50	
47	Sept. 2	Expense in Goshen suit 1510	22.50	
47	Sept. 2	H. B. Underbill, August 1511	100.00	
47	Sept. 2	E. L. Craig, May, June, July, and August 1512	666.66	
48	Sept. 3	J. E. Foulds, salary and expenses, August..... 1519-20	131.75	
49	Sept. 5	Robert and Teresa Livermore 1534	360.00	
50	Sept. 6	J. B. Felton, salary, August 1541	833.33	
50	Sept. 9	Record, printing briefs 1555	60.40	
55	Sept. 17	Thomas Marshall, quarter ending 17th..... 1589	625.00	
56	Sept. 22	Clerk's fees district court, Washoe County 1608	29.05	
57	Sept. 25	Herbert, in the Goshen suit 1620	30.75	
59	Sept. 29	E. J. Robinson, salary, September..... 1646	200.00	
59	Sept. 30	S. W. Sanderson, salary and expenses..... 1657	500.00	
61	Oct. 6	J. E. Foulds, salary, September 1677	120.00	
65	Oct. 14	Woman's Publishing Company, printing..... 1715	11.00	
66	Oct. 14	Dr. Lideman, expenses witness to Oakland..... 1716	50.00	
66	Oct. 15	Record, printing..... 1726	31.10	
66	Oct. 15	Record, printing..... 1727	24.20	
66	Oct. 16	John B. Felton, for September 1733	833.33	
66	Oct. 16	Thomas Bennett, witness..... 1734	150.00	
71	Oct. 29	E. J. Robinson, salary, October 1816	200.00	
71	Oct. 29	Sacramento County clerk fees 1817	23.55	
72	Oct. 31	J. E. Foulds, salary, October..... 1842	120.00	
75	Nov. 1	George B. Johnston, witness at Stockton, May..... 1855	20.00	
77	Nov. 5	H. B. Underbill, salary, Sept..... 1879	100.00	
77	Nov. 7	H. S. Brown, cost of appeal, Neustadder *vs.* Company 1887	3.00	
79	Nov. 11	J. B. Felton, salary, October 1902	833.33	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1873.			
87	Nov. 21	To H. B. Underhill, salary, October 1969	$100.00	
87	Nov. 21	A. C. Crane, case Page *vs.* Company 1970	7.50	
87	Nov. 22	W. A. Dudley, salary ending October 1, 1873 1975	625.00	
88	Nov. 24	T. B. McFarland, on account 1984	50.00	
88	Nov. 24	H. V. Herbert, expenses 1985	128.75	
88	Nov. 24	Bancroft & Co., books and stationery 1986	10.25	
89	Nov. 28	Sumner Whitney, books 2005	269.75	
90	Nov. 29	S. W. Sanderson, salary and expenses October and November 2012	3,010.00	
90	Nov. 29	E. J. Robinson, salary, November 2013	200.00	
91	Dec. 1	J. E. Foulds, salary $130 and expenses $5, November .. 2026	135.00	
94	Dec. 5	H. B. Underhill, salary, November 2069	100.00	
95	Dec. 9	S. M. Wilson, case Taylor, agent, *vs.* W. P. R. R. 2088	500.00	
95	Dec. 10	J. B. Felton 2093	833.33	
96	Dec. 12	M. S. Hurd, for paid witnesses, Elko 2109	34.00	
99	Dec. 15	San Francisco city library membership, R. Robinson, and use of books 2222	100.00	
99	Dec. 15	Thomas Marshall, for quarter ending December 17 .. 2123	625.00	
100	Dec. 16	H. V. Herbert, expenses to Oakland, Canning suit .. 2127	32.00	
102	Dec. 23	United States marshal, steamer Thoroughfare 2166	29.00	
102	Dec. 23	George O. Dougherty, reporting case Taylor *vs.* U. P. R. R 2167	50.00	
102	Dec. 23	H. S. Brown, expenses Johanna Hurley *vs.* Company . 2168	3.00	
102	Dec. 23	E. L. Craig, four months' salary ending December 31 . 2169	666.66	
102	Dec. 24	Williams, Baxter & Stone, Virginia City, case, Wild embezzlement 2175	350.00	
105	Dec. 31	S. W. Sanderson, services and expenses in law department December 2208	1,505.00	
105	Dec. 31	E. J. Robinson, services, December 2209	200.00	
105	Dec. 31	J. E. Foulds, services, December 2210	130.00	
105	Dec. 31	Harvey S. Brown, services, at $5,000 per annum, December 2230	416.66	
105	Dec. 31	H. B. Underhill, December 2236	100.00	
106	Dec. 31	H. V. Herbert, expenses 2259	110.09	
106	Dec. 31	Charles Cadwallader, account taxes 2260	400.00	
106	Dec. 31	Robert Robinson, salary June 30 to December 31	4,000.00	
492	May 10	By Union Pacific Railroad, "J. Berrel"	.....	130.0
112	Dec. 31	Profit and loss	.....	61,397.7
			61,527.71	61,527.7
	1874.			
114	Jan. 5	To Crane & Boyd, bill 19	2,717.15	
115	Jan. 6	S. & B. Sawyer, court fees, case United States 25	54.50	
117	Jan. 12	J. B. Felton, salary, December 60	833.33	
119	Jan. 19	H. S. Brown, case of W. H. Magoon 95	3.00	
121	Jan. 23	Thomas Marshall, getting evidence, Page case 118	19.00	
123	Jan. 27	United States district court, case C. P. H. *et al.* 131	65.70	
123	Jan. 29	Clarkson & Vanschaak, Cook County, Illinois 141	256.21	
123	Jan. 30	E. J. Robinson, salary, January 148	200.00	
123	Jan. 30	Sumner Whitney, law books 149	72.50	
123	Jan. 30	L. D. Latimer, in the U. S. cheese case 150	10.00	
123	Jan. 31	J. E. Foulds, January 158	130.00	
123	Jan. 31	H. B. Underhill, January 159	100.00	
124	Feb. 2	H. V. Herbert, expenses 182	207.25	
124	Feb. 2	S. W. Sanderson, expenses and salary, January ... 183	1,525.00	
124	Feb. 2	H. S. Brown, salary, January 184	416.66	
125	Feb. 3	State of Nevada *vs.* Company 191	134.55	
125	Feb. 3	Western Union Company, telegram 192	.45	
125	Feb. 4	T. B. McFarland, balance salary year 1873 195	1,000.00	
126	Feb. 6	Crane & Boyd, bill 209	150.25	
126	Feb. 6	L. & B. Sawyer, case Tracy 210	86.70	
126	Feb. 6	Subscription to Law Reporter to date 211	7.50	
126	Feb. 7	J. B. Wilson, reporting Canning case 220	40.40	
127	Feb. 9	United States marshal, Tracy case 231	72.00	
127	Feb. 10	John B. Felton, for January 237	833.33	
129	Feb. 16	United States circuit court fees 257	12.20	
134	Feb. 25	Fifteenth district circuit court fees 310	15.00	
136	Feb. 27	W. L. Dudley, quarter ending December 31, 1873 .. 326	625.00	
136	Feb. 28	H. S. Brown, February 332	416.66	
136	Feb. 28	E. J. Robinson, February 333	200.00	
136	Feb. 28	J. E. Foulds, February 334	130.00	
136	Feb. 28	L. Sawyer, expenses, February 335	34.00	
137	Feb. 2	J. B. Marshall, expenses 353	20.00	
137	Mar. 2	United States circuit court fees 354	44.10	
137	Mar. 2	S. W. Sanderson, salary and expenses, February .. 355	1,500.00	
137	Mar. 2	H. B. Underhill 356	100.00	
138	Mar. 3	Clerk fees, case of John Mathews 366	3.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1874.			
148	Mar. 4	To H. V. Herbert, expenses	375	$287.85
150	Mar. 11	J. B. Felton, salary for February	405	833.33
151	Mar. 18	E. L. Craig, salary, January and February	425	333.33
152	Mar. 18	H. S. Brown, expenses	426	21.00
153	Mar. 20	Thomas Marshall, salary quarter ending 17th	434	625.00
153	Mar. 21	J. E. Foulds, expenses at Sacramento	440	25.00
154	Mar. 24	Pacific Law Reporter, two months to 23d	453	3.00
156	Mar. 25	Bancroft & Co., law books	457	82.85
158	Apr. 1	H. S. Brown, salary, March	493	416.66
158	Apr. 1	E. J. Robinson, salary, March	494	200.00
158	Apr. 1	J. E. Foulds, expenses and salary, March	495	139.00
158	Apr. 1	H. B. Underhill, salary, March	496	100.00
158	Apr. 1	T. M. Smith, Elko, Blair, Wilder & Wolcott case	353	200.00
158	Apr. 2	H. V. Herbert, expenses, March	354	273.60
159	Apr. 3	S. W. Sanderson, expenses and salary, March	355	1,520.00
159	Apr. 3	United States circuit court, March	356	10.00
159	Apr. 4	Supreme Court clerk	366	15.00
161	Apr. 9	John B. Felton	375	833.33
164	Apr. 13	Secretary of state, copies of tax laws	405	28.65
164	Apr. 15	County clerk Sacramento County, fees	425	7.55
166	Apr. 22	H. S. Brown, paid costs of appeal	426	3.00
167	Apr. 23	J. H. Stewart, witness, Agnew *vs.* Company	434	6.45
170	Apr. 30	S. W. Sanderson, expenses and salary, April	440	1,500.00
170	Apr. 30	H. S. Brown, salary, April	453	416.66
170	Apr. 30	E. J. Robinson, salary, April	457	200.00
170	Apr. 30	J. E. Foulds, salary, April	493	139.00
170	Apr. 30	H. B. Underhill, salary, April	494	100.00
170	Apr. 30	"Record," 20 copies, transcript	658	31.90
172	May 2	H. V. Herbert, expenses, April	694	109.75
172	May 4	W. C. Belcher, Marysville, services, 1873	704	2,000.00
174	May 12	J. B. Felton, services, April	743	833.33
177	May 13	J. E. Foulds, expenses at Truckee, car-thieves' case	760	20.00
178	May 15	A. S. Bancroft & Co., printing briefs, etc	768	93.80
180	May 21	George Hall, case Drew *vs.* Company	789	40.50
180	May 22	E. J. Robinson, salary for May	797	200.00
181	May 25	E. L. Craig, salary quarter ending May 31	808	507.00
181	May 25	B. F. Burt, clerk's fees	809	61.40
182	May 27	Heaton & Mowcher, expenses as witnesses		68.80
184	May 30	S. W. Sanderson, salary and expenses, May	831	1,500.00
184	May 30	Harvey S. Brown, salary and expenses, May	832	416.66
184	May 30	J. E. Foulds, salary and expenses, May	833	142.00
184	May 30	Boardman, for survey in Oakland, 1870	834	55.00
185	June 2	C. & F. Co., sundries	869	81.50
185	June 2	H. B. Underhill, for May	870	100.00
186	June 3	John B. Felton, for May	875	833.33
188	June 11	Copy of laws, 1874	920	3.00
189	June 12	W. L. Dudley, salary quarter ending April 1	924	625.00
189	June 15	Thomas Marshall, salary quarter ending June 17	937	625.00
193	June 17	J. J. Haley, from August 1, 1873, to June 1, 1874, 10 months, $300	952	3,000.00
194	June 18	H. S. Crocker & Co., printing	959	23.25
195	June 22	Clerk fees, United States circuit court at Elko	976	10.00
195	June 24	J. B. Marshall, paid for company	986	7.70
196	June 26	United States marshal, fees, Elko, case Pierce	996	39.25
198	June 30	Robt Robinson, services 6 months, to June 30. Journal		4,000.00
199	June 30	Harvey S. Brown, salary, June	1028	416.66
199	June 30	E. J. Robinson, salary, June	1029	200.00
199	June 30	H. B. Underhill, salary, June	1030	100.00
199	June 30	Recorder Solano County, Haggin *vs.* California Pacific	1031	1.50
199	June 30	Recorder Napa County, Haggin *vs.* California Pacific	1031	1.50
199	June 30	Recorder Yolo County, case Haggin *v.* Cal. P	1031	.50
200	July 1	Geo. Robinson, witness fees, etc., Washoe County taxes	1040	33.50
201	July 6	E. L. Craig, salary, June	1070	166.66
201	July 6	Copy of code amendment	1071	2.50
202	July 7	Crane & Boyd, bill to July 1, 1874	1084	1,731.35
202	July 8	John B. Felton, salary, June	1087	833.33
202	July 8	S. W. Sanderson, salary and expenses, June	1088	1,500.00
202	July 8	J. E. Foulds, salary and expenses, June	1089	142.50
204	July 13	Pacific Law Reporter to July 1	1110	6.00
204	July 15	Clerk's fees, county clerk San Joaquin County	1123	137.05
210	July 24	Banks Bros., draft books	1166	47.00
212	July 29	E. L. Craig, salary for July	1197	166.66
213	July 30	John W. Stuart, witness	1204	12.90
214	July 30	S. W. Sanderson, expenses and salary, July	1208	1,500.00
214	July 30	E. J. Robinson, salary, July	1209	200.00

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1874.			
214	July 30	To J. E. Foulds, expenses and salary, July....1210	$138.50	
215	Aug. 1	J. J. Haley, June and July....1229	666.00	
215	Aug. 1	H. V. Herbert, expenses, July....1230	234.75	
215	Aug. 1	H. S. Brown, July....1231	416.66	
216	Aug. 3	McAllister and Bergen, retainer....1255	2,500.00	
216	Aug. 3	John B. Felton, July....1256	833.33	
217	Aug. 6	Brancroft & Co., law books....1275	32.50	
217	Aug. 6	E. E. Hood, Stockton....1276	14.00	
218	Aug. 8	H. B. Underhill, July....1282	100.00	
220	Aug. 15	Sheriff fees, Reno, Nev....1320	52.25	
228	Aug. 29	E. J. Robinson, salary, August....1396	200.00	
230	Aug. 31	J. E. Foulds (see 1438), salary, August....1409	130.00	
230	Aug. 31	E. L. Craig, salary, August....1410	166.66	
230	Aug. 31	H. S. Brown, salary, August....1411	416.66	
230	Aug. 31	S. W. Sanderson, expenses and salary, August....1412	1,500.00	
231	Sept. 1	H. V. Herbert, expenses....1437	82.10	
231	Sept. 1	J. E. Foulds, additional salary, August....1438	20.00	
231	Sept. 2	J. J. Haley, salary, August....1444	300.00	
233	Sept. 7	F. M. Smith, Elko, attorney fees....1474	400.00	
233	Sept. 9	U. S. circuit court, Page v. County....1483	10.40	
234	Sept. 11	W. G. Porter, witness expenses....1494	60.40	
235	Sept. 12	Sumner Whitney, law books....1502	341.75	
235	Sept. 12	Clerk Supreme Court....1503	25.00	
236	Sept. 16	L. B. Felton, August....1522	833.33	
236	Sept. 17	Thos. Marshall, ½ ending July 1....1530	625.00	
242	Sept. 24	Pacific Law Reporter....1572	30.00	
242	Sept. 26	J. E. Foulds, salary, September....1583	150.00	
244	Sept. 29	S. W. Sanderson, salary and expenses, September....1590	1,500.00	
244	Sept. 30	H. S. Brown, salary, September....1591	416.66	
244	Sept. 30	E. J. Robinson, salary, September....1592	200.00	
244	Sept. 30	Transcript case, Canning....1593	50.00	
241	Sept. 24	W. S. Dudley, ½ ending July 1....1563	625.00	
246	Oct. 1	H. B. Underhill, August and September....1617	200.00	
246	Oct. 1	Sheriff of Placer County....1618	121.80	
246	Oct. 2	M. S. Hurd, witnesses paid by him....1633	80.00	
246	Oct. 2	E. V. Herbert, expenses....1634	55.75	
247	Oct. 3	Warner Earl, of Elko services....1642	1,027.50	
247	Oct. 5	J. E. Foulds, expenses....1653	5.25	
247	Oct. 5	Sawyer, certified copy opinion....1654	5.00	
248	Oct. 6	Beldon case, Hanson....1666	65.60	
248	Oct. 7	E. L. Craig, September....1671	166.67	
249	Oct. 8	Sam'l S. Mulfey, notary fees....1675	12.50	
251	Oct. 13	John B. Felton, September....1700	833.33	
256	Oct. 22	W. H. S. Barnes, retainer....1737	4,000.00	
261	Oct. 31	S. W. Sanderson, salary and expenses, October....1775	1,515.00	
261	Oct. 31	H. S. Brown, salary, October....1776	416.66	
261	Oct. 31	E. J. Robinson, salary, October....1777	200.00	
261	Oct. 31	J. E. Foulds, salary, October....1778	150.00	
262	Nov. 2	John B. Felton, salary, October....1799	833.33	
262	Nov. 2	H. O. Herbert, expenses, October....1800	450.00	
262	Nov. 2	J. J. Haley, salary, September and October....1801	600.00	
262	Nov. 3	H. B. Underhill, salary, October....1816	100.00	
265	Nov. 9	T. B. McFarland, account....1858	500.00	
265	Nov. 9	E. L. Craig....1859	166.66	
266	Nov. 12	Rob't Robinson, paid in Sacramento....1874	500.00	
271	Nov. 13	Twelfth district court....1881	32.50	
272	Nov. 24	Clerk district court, Washoe County, Nev....1921	139.05	
274	Nov. 30	Thomas Marshall, expenses....1929	150.00	
274	Nov. 30	E. J. Robinson....1959	200.00	
274	Nov. 30	J. E. Foulds....1960	150.00	
275	Nov. 30	Dr. Wooster, case of Trainor op. ledger....1977	25.00	
275	Nov. 30	L. A. Moore, case of Heron, op. ledger....1977	41.33	
276	Dec. 1	S. W. Sanderson, November....1978	1,500.00	
276	Dec. 1	J. J. Haley, November....1979	300.00	
276	Dec. 1	Herbert, expenses, November....1980	169.00	
277	Dec. 2	J. B. Felton, November....1998	833.33	
277	Dec. 2	H. S. Brown, November....1999	416.66	
278	Dec. 4	H. V. Herbert, ½ of from September 1, 1873....2012	750.00	
278	Dec. 4	E. L. Craig....2013	166.67	
278	Dec. 4	F. M. Smith, settlement Dunne case....2015	115.00	
278	Dec. 4	H. B. Underhill, November....2014	100.00	
278	Dec. 5	County clerk, Washoe County....2024	155.00	
279	Dec. 9	Bancroft & Co....2042	104.75	
285	Dec. 17	Thomas Marshall, qr. to date....2082	625.00	
286	Dec. 21	Gardner & Henry, Sacramento, printing....2101	124.20	
288	Dec. 26	J. H. Rand, services....2124	350.00	
288	Dec. 28	Warren Earl to date....2128	300.00	
288	Dec. 28	E. B. Pixley, expenses, witness....2129	21.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1874.			
289	Dec. 30	To H. S. Brown, December 2161	$416 66	
290	Dec. 31	S. W. Sanderson, salary and expenses, December ... 2182	1, 500. 00	
291	Dec. 31	E. J. Robinson, December 2183	200. 00	
292	Dec. 31	J. E. Foulds, December 2184	150. 00	
293	Dec. 31	W. L. Dudley, quarter ending October 1, 1874 2212	625. 00	
294	Dec. 31	E. L. Craig, December 2213	166. 67	
295	Dec. 31	Clerk supreme court of Nev 2214	80. 00	
296	Dec. 31	Clerk of Elko County, Nev 2215	60. 30	
297	Dec. 31	John B. Felton, December 2218	833. 33	
298	Dec. 31	H. V. Herbert, December, and expenses 2220	320. 50	
299	Dec. 31	H. B. Underhill, December 2221	100. 00	
300	Dec. 31	Rob't Robinson, services six months ending Dec. 31	4, 000. 00	
344	Sept. 30	By returned on voucher 1503	.....	$10, 000. 10
349	Dec. 31	profit and loss	.....	83, 105. 19
			83, 115. 19	83, 115. 19
	1875.			
362	Jan. 7	To Law Reporter to December 31, 1874 29	6. 00	
363	Jan. 9	Crane & Boyd, bill 1874 45	1, 529. 00	
365	Jan. 9	T. B. McFarland, balance of $2,400 46	1, 900. 00	
369	Jan. 9	J. J. Haley, for December 47	300. 00	
368	Jan. 11	Thomas Marshall, for amount Wiggins & Lewis ... 57	64. 28	
363	Jan. 11	Thomas Marshall, condemnation suit, land, Ogden. 58	32. 50	
364	Jan. 16	Belcher & Belcher, for 1874 75	2, 000. 00	
364	Jan. 16	H. S. Crocker & Co., printing 76	20. 25	
367	Jan. 23	Gardiner & Co., printing 125	22. 00	
367	Jan. 25	Goodyear Rubber Company, 7 pen-holders 132	15. 75	
371	Feb. 1	H. V. Herbert, January 183	318. 25	
371	Feb. 1	John B. Felton, January 184	833. 33	
371	Feb. 1	J. J. Haley, January 185	300. 00	
371	Feb. 1	E. J. Robinson, January 186	200. 00	
371	Feb. 1	J. E. Foulds, January 187	150. 00	
371	Feb. 2	H. S. Brown, January 196	416. 66	
372	Feb. 3	S. W. Sanderson, January 204	1, 500. 00	
374	Feb. 9	E. L. Craig, January 248	166. 67	
374	Feb. 9	J. E. Foulds, expenses January 249	50. 00	
377	Feb. 13	Pacific Law Reporter for C. P. W. & S. F 274	12. 00	
379	Feb. 19	E. J. Robinson, salary February 294	200. 00	
379	Feb. 20	Bancroft & Co., transcripts, State Nevada v. C. P. R. R 297	100. 00	
382	Feb. 27	W. L. Dudley, quarter ending December 31, 1874 ... 334	625. 00	
382	Feb. 27	H. S. Brown, February 335	416. 66	
382	Feb. 27	J. E. Foulds, February 336	150. 00	
384	Mar. 2	S. W. Sanderson, expenses, February, and salary . 376	1, 500. 00	
384	Mar. 2	E. L. Craig 377	166. 67	
384	Mar. 2	Judgment Wilcox v. Company 378	63. 00	
384	Mar. 2	Expenses Wilcox v. Company 379	950. 50	
384	Mar. 2	Suit about Ogden depot 380	88. 15	
385	Mar. 5	Miles Searls, Nevada, California case, Hyman 393	250. 00	
389	Mar. 8	J. B. Felton, Hyman 410	833. 33	
388	Mar. 8	J. C. Gould, case Pattochi 411	20. 00	
387	Mar. 9	Settlement suit Keeps for injuries 424	50. 00	
389	Mar. 10	Bancroft & Co., printing case Drew 431	68. 75	
389	Mar. 12	Bancroft & Co., books, etc 443	39. 00	
392	Mar. 17	Thomas Marshall, quarter ending March 17 463	625. 00	
394	Mar. 23	United States court, district of Nevada, Woodworth v. Company 492	133. 50	
397	Mar. 26	Bancroft & Co., printing 512	10. 52	
399	Mar. 31	George Holland, expenses, witness 513	7. 00	
399	Mar. 31	H. S. Brown, March 536	416. 66	
399	Mar. 31	E. J. Robinson, March 537	200. 00	
399	Mar. 31	J. E. Foulds, March 538	150. 00	
399	Mar. 31	F. M. Smith, 3-card monte case in Nevada 539	225. 00	
400	Apr. 1	S. W. Sanderson, March 561	1, 500. 00	
400	Apr. 1	E. L. Craig, March 562	166 66	
400	Apr. 1	H. B. Underhill, March 563	100. 00	
400	Apr. 1	H. V. Herbert, expenses, March 564	715. 55	
402	Apr. 2	Bancroft & Co., law books 573	61. 75	
402	Apr. 2	J. J. Haley, February and March 574	600. 00	
403	Apr. 7	J. B. Felton, March 608	833. 33	
405	Apr. 9	Sumner Whitney, law books 622	157. 75	
405	Apr. 9	Suit Tom McGuire and T. McCarty 623	10. 00	
405	Apr. 10	E. J. Robinson, paid legal expenses 6 0	120. 00	
407	Apr. 14	H. B. Underhill, January and February 658-9	200. 00	
410	Apr. 17	John Heaton, ex. case Agnew 675	57. 33	
410	Apr. 20	Bacon & Co., printing 694	6. 50	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1875.			
351	Apr. 22	To E. J. Lewis, Red Bluff, from December 1, 1874, to March 31, 1875 710	$833.60	
352	Apr. 24	United States court fees 721–722	19.40	
355	Apr. 29	E. J. Robinson, April 745	200.00	
355	Apr. 30	H. S. Brown, April 747	416.66	
355	Apr. 30	J. E. Foulds, April 748	150.00	
356	Apr. 30	H. V. Herbert, April 767	333.50	
356	May 1	H. B. Underhill, April 775	100.00	
357	May 3	E. L. Craig, April 794	166.67	
358	May 4	S. W. Sanderson, April expenses 805	1,521.00	
358	May 4	J. B. Felton, April 806	833.33	
358	May 5	Map of Mission Bay 818	45.00	
356	May 1	J. J. Haley, April 777	300.00	
361	May 14	E. J. Robinson, May 861	200.00	
364	May 17	Pacific Law Reporter to June 30 870	6.00	
365	May 19	W. L. Dudley, quarter ending March 30 880	625.00	
365	May 19	Bancroft & Co., printing labels 881	10.00	
365	May 19	S. Whitney, law books 882	4.00	
366	May 25	Copy of injunction 909	3.00	
369	May 27	H. S. Brown, May 925	416.66	
370	May 31	J. E. Foulds, May 939	150.00	
371	June 1	J. B. Felton, May 961	833.33	
371	June 1	J. J. Haley, May 962	300.00	
372	June 2	H. B. Underhill, May 975	100.00	
372	June 3	E. L. Craig, May 987	166.66	
373	June 7	H. V. Herbert, May 1013	410.00	
374	June 8	Clerk Elko County, Nev 1023	145.25	
380	June 15	R. Robinson, expenses to Sacramento 1065	12.50	
381	June 18	Thomas Marshall, quarter ending 17th 1088	625.00	
381	June 19	Wiggington & Marks 1097	300.00	
383	June 24	P. J. Metone, court reporter, San José 1126	280.00	
384	June 28	H. J. Crocker & Co., printing 1145	45.00	
384	June 28	Clerk supreme court of Nevada 1146	40.00	
385	June 30	H. S. Brown, June 1163	416.66	
385	June 30	E. J. Robinson, June 1164	201.00	
385	June 30	J. E. Foulds, June 1165	150.00	
388	July 1	J. J. Haley, June 1199	300.00	
388	July 1	T. E. Spencer, June 1200	29.25	
389	July 2	H. V. Herbert, expenses, June 1216	484.25	
389	July 2	E. L. Craig, June 1217	166.66	
389	July 2	T. J. Tennant, Eureka 1218	100.00	
390	July 8	Bancroft & Co., books and stationery 1253	67.00	
390	July 8	E. J. Lewis, services to June 30 1254	625.00	
391	July 10	Crane & Boyd, bill 1268	1,413.85	
392	July 13	S. W. Sanderson, May and June 1279	3,000.00	
392	July 13	J. B. Felton, June 1280	833.33	
399	July 23	McAllister & Bergin 1339	10.00	
401	July 29	W. D. Weseman, witness 1371	4.67	
401	July 29	C. R. Allen, witness 1372	9.00	
403	July 31	H. S. Brown, July 1384	416.66	
403	July 31	S. W. Sanderson, expenses and July 1383	1,500.00	
403	July 31	J. J. Haley 1385	300.00	
403	July 31	E. J. Robinson 1386	200.00	
403	July 31	J. E. Foulds 1387	150.00	
403	July 31	Crane & Boyd, judgment in Tremor case 1388	2,670.63	
404	Aug. 2	W. W. Stowe, six months ending June 30 1418	2,500.00	
404	Aug. 2	E. L. Craig, for July 1419	166.67	
405	Aug. 4	H. V. Herbert, for July and expenses 1441	404.00	
405	Aug. 4	H. B. Underhill, for July and June 1442–1443	200.00	
406	Aug. 5	J. B. Felton, for July 1449	833.33	
410	Aug. 14	C. P. H., account July, Hy. Miller, law books 1502½	29.05	
411	Aug. 14	C. P. H., account May, Hy. Miller, law books 1502½	128.75	
414	Aug. 21	W. L. Dudley, quarter ending July 1 1535	625.00	
416	Aug. 30	J. J. Haley, August 1576	300.00	
416	Aug. 31	S. W. Sanderson, August 1584	1,500.00	
416	Aug. 31	H. V. Herbert, August 1585	355.90	
416	Aug. 31	H. S. Brown, August 1586	416.66	
416	Aug. 31	E. J. Robinson, August 1587	200.00	
416	Aug. 31	J. E. Foulds, August 1588	150.00	
421	Sept. 6	E. L. Craig, August 1660	166.66	
422	Sept. 8	S. M. Wilson, August 1680	1,000.00	
422	Sept. 9	J. B. Felton, August 1684	833.33	
423	Sept. 11	T. B. McFarland, on account 1695	500.00	
428	Sept. 20	Thomas Marshall, to 17th instant 1756	625.00	
428	Sept. 21	County clerk, Washoe County 1766	43.55	
428	Sept. 21	Johnson Cyclopedia 1767	15.75	
429	Sept. 27	Dudley, of Stockton, expenses 1781	67.25	
429	Sept. 27	Robert Robinson, expenses 1782	7.50	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal Folio.	Date.	Items.	Dr.	Cr.
	1875.			
430	Sept. 28	To H. S. Brown, September.....1794	$666.66	
430	Sept. 29	S. Whitney, law books.....1802	20.25	
430	Sept. 29	F. E. Eaton, witness.....1803	7.50	
430	Sept. 30	S. W. Sanderson, expenses and September.....1815	2,000.00	
430	Sept. 30	S. M. Wilson, September.....1816	1,000.00	
430	Sept. 30	J. J. Haley, September.....1817	300.00	
431	Sept. 30	J. E. Foulds, September.....1818	150.00	
431	Sept. 30	Bacon & Co., printing.....1819	24.10	
432	Oct. 1	E. J. Robinson, September.....1844	200.00	
433	Oct. 1	Supreme court clerk, September.....1845	40.00	
433	Oct. 1	Filing transcripts.....1846	30.00	
433	Oct. 1	F. J. Eaton, witness.....1847	10.00	
433	Oct. 2	C. L. Craig, September and expenses.....1864	176.66	
434	Oct. 4	H. J. Crocker & Co., printing.....1872	48.00	
434	Oct. 5	J. B. Felton, September.....1881	833.33	
434	Oct. 5	H. B. Underhill, September.....1882	100.00	
434	Oct. 5	E. J. Lewis, to October 1.....1883	625.00	
434	Oct. 5	Eastman, printing to October 1.....1884	226.10	
434	Oct. 5	C. E. Brennan, to October 1.....1885	13.00	
435	Oct. 6	H. B. Underhill, August.....1892	100.00	
438	Oct. 13	United States circuit court, fees account steamer.....1947	433.50	
439	Oct. 16	H. V. Herbert.....1970	81.25	
439	Oct. 18	Judgment, Douglass v. Company.....1979	497.45	
440	Oct. 19	Transcript, Hopkins v. Company.....1986	175.00	
442	Oct. 21	C. P. H., account September, Hy. Miller, law books.....1988	*27.50	
445	Oct. 27	E. J. Robinson, October.....2038	200.00	
446	Oct. 28	Witness, Hull v. Company, Stockton.....2046	105.50	
446	Oct. 29	W. L. Dudley, quarter ending October 1.....2053	625.00	
446	Oct. 29	W. B. Underhill, October.....2054	100.00	
446	Oct. 29	Expenses Cody case in Nevada.....2055	306.00	
447	Oct. 30	S. W. Sanderson, October.....2074	2,000.00	
447	Oct. 30	S. M. Wilson, October.....2075	1,000.00	
447	Oct. 30	H. S. Brown, October.....2076	666.66	
447	Oct. 30	J. E. Foulds, October.....2077	150.00	
449	Nov. 1	H. V. Herbert, expenses and October.....2100	348.80	
449	Nov. 1	J. J. Haley, October.....2101	300.00	
450	Nov. 2	J. B. Felton, October.....2113	833.33	
450	Nov. 3	E. L. Craig, October.....2124	166.66	
450	Nov. 3	L. E. Hood, clerk fees.....2125	20.00	
451	Nov. 4	C. Finley, clerk fees.....2130	75.00	
451	Nov. 4	Faben's expenses.....2131	27.75	
451	Nov. 4	One year Chicago Legal News, to September 19, 1876.2132	2.20	
453	Nov. 11	E. J. Robinson, sundry payments.....2162	14.00	
457	Nov. 15	C. P. H., account October, United States Supreme Court, account steamer *Amador*.....	*200.90	
457	Nov. 15	C. P. H., account Banks Bros., law books.....	*81.65	
460	Nov. 19	J. J. Comney (San José), printing.....2230	134.00	
463	Nov. 29	E. J. Robinson, salary November.....2272	200.00	
463	Nov. 30	S. W. Sanderson, expenses and salary, November..2277	2,000.00	
463	Nov. 30	Wilson & Wilson.....2278	1,000.00	
463	Nov. 30	J. J. Haley.....2279	300.00	
463	Nov. 30	John E. Foulds.....2280	150.00	
465	Dec. 1	Op. ledger, October, H. S. C. & Co., printing briefs, etc.....2301	406.00	
468	Dec. 6	H. B. Underhill, November.....2342	100.00	
468	Dec. 6	H. V. Herbert, expenses and November.....2343	294.65	
469	Dec. 7	E. J. Lewis for October and November.....2353	416.66	
469	Dec. 7	Robt. Robinson, expenses to Sacramento.....2354	6.00	
474	Dec. 13	J. B. Felton, November.....2384	833.34	
474	Dec. 13	E. L. Craig, November.....2385	166.67	
474	Dec. 13	R. Robinson, expenses to Auburn.....2386	13.75	
476	Dec. 21	Sumner Whitney, law-books.....2427	19.00	
477	Dec. 21	Thos. Marshall, to December 17.....2428	625.00	
480	Dec. 30	E. J. Lewis, for December.....2502	208.33	
481	Dec. 31	S. W. Sanderson, for December.....2521	2,000.00	
481	Dec. 31	Wilson & Wilson, for December.....2522	1,000.00	
481	Dec. 31	H. S. Brown, for December.....2523	666.66	
481	Dec. 31	J. J. Haley, for December, and horse expenses.....2524	384.78	
481	Dec. 31	Wiggington & Marks.....2525	300.00	
482	Dec. 31	E. J. Robinson, for December.....2526	200.00	
482	Dec. 31	J. E. Foulds, for December.....2527	150.76	
482	Dec. 31	H. V. Herbert, for December, and expenses.....2528	138.65	
482	Dec. 31	H. B. Underhill, for December.....2560	100.00	
482	Dec. 31	E. L. Craig, for December.....2574	166.66	
484	Dec. 31	Leland Stanford, for paid to December 31, 1875....2587	15,117.33	
485	Dec. 31	Robt. Robinson, salary 1875.....2577½	8,000.00	
487	Dec. 31	Hy. Miller, law-books.....	*50.25	

*Currency.

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1875.			
466	Dec. 1	To H. S. Brown.....2316	$666.66	
491	Dec. 31	By profit and loss.....	.....	$106,186.44
			106,186.44	106,186.44
	1876			
3	Jan. 8	To E. Spenser, San José, paid supreme court clerk..... 47	15.75	
3	Jan. 12	J. B. Felton, for December..... 60	833.33	
4	Jan. 12	Record-Union, to October 7, 1876..... 73	12.00	
4	Jan. 14	Eve. Bulletin, to January 8, 1876..... 84	2.65	
5	Jan. 15	Crane & Boyd, bill..... 95	519.75	
6	Jan. 19	Faben's expenses, case Burnett..... 114	286.05	
6	Jan. 19	Hamilton & Dunlap, case Cosgrove..... 115	127.80	
6	Jan. 19	Map of California..... 116	3.50	
7	Jan. 20	D. S. McGuire, time, case Warren..... 123	150.00	
7	Jan. 21	Bancroft, stationery and printing..... 132	37.75	
8	Jan. 25	T. B. McFarland, 1875 (see September 11, 1875)..... 160	2,500.00	
9	Jan. 28	E. J. Robinson, January..... 181	200.00	
10	Jan. 29	J. E. Foulds..... 190	150.00	
10	Jan. 31	Wilson & Wilson..... 199	1,000.00	
10	Jan. 31	H. S. Brown..... 200	666.66	
10	Jan. 31	J. J. Haley..... 201	300.00	
10	Jan. 31	Reed & Van Fleet, of Elko..... 202	56.50	
11	Feb. 1	W. W. Stan, seven months, to January 31..... 230	5,833.33	
11	Feb. 1	W. L. Dudley, quarter ending December 31..... 231	625.00	
11	Feb. 1	H. V. Herbert, salary and expenses, January..... 232	450.65	
11	Feb. 1	H. B. Underhill, salary and expenses, January..... 233	100.00	
11	Feb. 2	S. W. Sanderson..... 240	2,000.00	
11	Feb. 2	Belden, transcribing case Warren..... 241	85.00	
12	Feb. 5	Subscription So. Review..... 266	7.50	
13	Feb. 8	E. L. Craig, January..... 281	166.67	
13	Feb. 6	Inter'l Review..... 282	1.00	
13	Feb. 7	Robt. Robinson, addl. for 1875..... 278½	2,000.00	
14	Feb. 11	Freight from New York, 4 cases books..... 289	52.90	
15	Feb. 14	J. B. Felton, January..... 303	833.33	
15	Feb. 14	E. J. Lewis, January..... 304	250.00	
15	Feb. 14	Sumner Whitney, law-books..... 305	33.50	
16	Feb. 17	Johnson's Encyclopedia..... 320	15.75	
16	Feb. 18	Freight from New York, 1 case books..... 326	13.30	
16	Feb. 19	T. P. Ryan, of Oakland, for services..... 335	300.00	
18	Feb. 24	Supreme court clerk, M. board engineers, Placer Co. 361	220.50	
18	Feb. 24	Sumner Whitney, Texas Reports Nos. 1-41..... 362	275.00	
20	Feb. 28	C. P. H., account January, Hy. Miller, books..... 362½	*2,661.75	
22	Feb. 29	Wilson & Wilson, February..... 385	1,000.00	
22	Feb. 29	H. S. Brown, February..... 386	666.66	
22	Feb. 29	J. J. Haley, February..... 387	300.00	
22	Feb. 29	E. J. Robinson, February..... 388	200.00	
22	Feb. 29	J. E. Foulds, expenses and February..... 389	162.00	
23	Feb. 29	Op. ledger (stationery)..... 413½	33.21	
24	Mar. 1	S. W. Sanderson, February..... 422	2,000.00	
24	Mar. 1	Freight, 1 case books from New York..... 423	7.30	
24	Mar. 2	H. V. Herbert, expenses and salary, February..... 434	223.50	
24	Mar. 2	H. B. Underhill, February..... 435	100.00	
25	Mar. 3	E. L. Craig, February..... 443	166.67	
26	Mar. 6	Jones, transcribing Regan v. Co..... 406	55.40	
26	Mar. 8	Third district court, C. P. v. A. A. Cohen..... 479	7.50	
27	Mar. 11	J. B. Felton, February..... 497	833.33	
30	Mar. 13	C. P. H. account, February..... Currency	*10,000.00	
31	Mar. 17	E. J. Lewis, February..... 520	250.00	
31	Mar. 17	R. Robinson, expenses..... 521	13.00	
33	Mar. 23	Thomas Marshal, quarter ending March 17..... 544	625.00	
36	Mar. 31	S. W. Sanderson, expenses and salary, March..... 597	2,000.00	
36	Mar. 31	Wilson & Wilson, March..... 598	1,000.00	
36	Mar. 31	H. S. Brown, March..... 599	666.66	
36	Mar. 31	E. J. Robinson, March..... 600	200.00	
36	Mar. 31	J. E. Foulds, expenses and salary, March..... 601	161.00	
36	Mar. 31	H. B. Underhill, March..... 602	100.00	
36	Mar. 31	Trittle's History of California..... 603	3.00	
39	Apr. 3	Belcher & Belcher, year 1875..... 644	2,000.00	
39	Apr. 3	H. U. Herbert, expenses and salary, March..... 645	392.55	
39	Apr. 4	E. L. Craig, expenses and salary, March..... 653	200.42	
39	Apr. 5	J. J. Haley, expenses and salary, March..... 663, 664	325.00	
40	Apr. 7	W. W. Stowe, February and March..... 676	1,666.66	
47	Apr. 18	W. H. S. Barnes, retainer..... 719	4,000.00	
47	Apr. 18	E. J. Robinson, half salary, April..... 740	100.00	
49	Apr. 25	E. J. Robinson, half salary, April..... 769	100.00	
50	Apr. 28	John B. Felton, salary March..... 776	833.33	

*Currency.

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.		Dr.	Cr.
	1876.				
82	Apr. 29	To Wilson & Wilson, salary, April	802	$1,000.00	
82	Apr. 29	H. S. Brown, April	803	666.66	
82	Apr. 29	J. J. Haley, April	804	300.00	
82	Apr. 29	J. E. Foulds, April	805	150.00	
84	May 1	H. W. Sanderson, April	838	2,000.00	
84	May 1	H. B. Underhill, April	839	100.00	
85	May 4	H. V. Herbert, April	874	445.40	
85	May 4	E. L. Craig, April	875	166.66	
87	May 9	E. J. Lewis, March and April	904	833.33	
87	May 9	W. L. Dudley, quarter ending March 31	905	625.00	
87	May 8	J. B Felton, April	893	833.33	
89	May 16	Freight on case of law books from New York	965	6.10	
89	May 18	Certified copy civil code, section 299	982	2.50	
89	May 18	H. W. Stow, for April	981	833.33	
94	May 22	E. J. Robinson, half for May	1003	100.00	
95	May 23	Fabens Taylor's case	1015	149.50	
95	May 24	Dibble Taylor's case	1016	250.00	
95	May 24	Bancroft, type-writer, etc	1019	151.10	
96	May 27	R. Robinson, expenses to Mariposa, etc	1035	13.00	
97	May 29	Operating ledger, April, stationery		22.56	
98	May 31	Wilson & Wilson, May	1051	1,000.00	
98	May 31	H. S. Brown, May	1052	666.66	
98	May 31	J. J. Haley, May	1053	300.00	
98	May 31	J. E. Foulds (per L. S., increased) May	1054	200.00	
98	May 31	E. J. Robinson, balance, May	1055	100.40	
99	June 1	H. B. Underhill, May	1099	100.00	
99	June 1	E. J. Robinson, additional, May	1100	50.00	
70	June 3-5	Bulletin, 13 weeks	1118	3.25	
70	June 6	H. V. Herbert, expenses and salary	1127	643.06	
72	June 13	H. Mayenbaum, services English v. Co	1162	100.00	
72	June 14	S. W. Sanderson, expenses and salary, May	1167	2,000.00	
73	June 17	R. Robinson, expenses to Sacramento	1189	10.00	
74	June 19	Clifford, clerk's fees, English v. Co	1193	22.50	
74	June 21	T. Marshall, to June 17	1207	625.00	
76	June 26	J. E. Foulds, June	1228	200.00	
77	June 29	Operating ledger, stationery, May		1.75	
80	June 29	C. P. H. account, Hy. Miller, books	1250½	29.30	
81	June 30	S. W. Sanderson, expenses and salary	1260	2,000.00	
81	June 30	Wilson & Wilson, June	1261	1,000.00	
81	June 30	H. S. Brown	1262	666.66	
81	June 30	J. J. Haley	1263	300.00	
81	June 30	E. J. Robinson	1264	250.00	
82	June 30	Robert Robinson, six months to date		5,000.00	
70	June 3-5	E. L. Craig, salary, May	1119	166.66	
82	July 1	H. V. Herbert, June	1293	264.65	
82	July 1	H. B. Underhill, June	1294	100.00	
82	July 1	Frank Shay, June	1295	22.92	
83	July 6	W. W. Stowe, May and June	1315	1,666.66	
83	July 6	E. L. Craig, June	1316	166.66	
83	July 7	J. B. Felton, May and June	1322	1,666.66	
83	July 7	E. J. Lewis, May and June	1323	833.33	
84	July 11	T. B. McFarland	1345	1,000.00	
87	July 19	E. L. Craig, expenses	1399	15.00	
87	July 20	H. S. Crocker & Co., printing brief, Hopkins v. Co	1408	48.40	
88	July 21	McAllister & Boyd (see voucher)	1416	10,000.00	
88	July 21	McAllister & Boyd, expended	1433	29.55	
89	July 24	J. E. Foulds	1434	200.00	
89	July 24	C. B. Hart, P. Mail S. S. Co., conveyances	1459	50.00	
90	July 27	W. L. Dudley, salary to June 30	1471	625.00	
90	July 29	H. S. Brown, July	1472	666.60	
90	July 29	J. J. Haley, July	1473	300.00	
90	July 29	Cope & Boyd, bill	1474	476.00	
90	July 29	H. W. Jones, reporter Cohen case, on account	1475	200.00	
90	July 29	Robert Robinson, costs Coolot case	1476	20.00	
91	July 29	J. J. Haley, keeping horse, July	1476	25.00	
91	July 31	S. W. Sanderson, expenses and salary, July	1482	2,000.00	
91	July 31	Wilson & Wilson, salary, July	1483	1,000.90	
91	July 31	E. J. Robinson, salary, July	1484	250.00	
91	July 31	H. B. Underhill, salary, July	1485	100.00	
91	July 31	Twelfth district court fees, Cohen case	1486	4.00	
92	July 31	Operating ledger, stationery and printing	1500½	131.28	
96	Aug. 1	Frank Shay, July	1510	137.50	
97	Aug. 2	H. V. Herbert, July	1524	314.75	
97	Aug. 2	E. L. Craig, July	1523	166.66	
98	Aug. 4	E. J. Lewis, July	1545	416.66	
98	Aug. 5	J. B. Felton, July	1553	833.33	
100	Aug. 13	F. T. Burke, expenses as witness	1591	15.00	
100	Aug. 14	J. E. Foulds, on account, August	1600	100.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1876.			
100	Aug. 15	To W. W. Stow, July 1608	$833.33	
104	Aug. 16	H. A. Jones, reporter Cohen case on account 1615	200.00	
105	Aug. 17	Clerk fees United States circuit court 1625	10.25	
105	Aug. 18	B. C. Brown, for a desk 1629	170.00	
106	Aug. 22	J. J. Haley, expenses Cohen case 1644	100.00	
106	Aug. 21	M. S. Bonnifield, of Winnemucca 1639	250.00	
107	Aug. 24	C. B. Hart, abstract to use, Cohen case 1650	35.00	
107	Aug. 25	J. J. Haley, Cohen case 1663	306.00	
107	Aug. 26	H. A. Jones, balance, reporter, Cohen case 1669	482.92	
107	Aug. 26	Alta, publishing argument Cohen case 1670	105.50	
108	Aug. 28	Sumner Whitney, law books 1675	39.50	
108	Aug. 28	Operating ledger, stationery 1679½	144.58	
109	Aug. 29	H. S. Brown, salary and expenses, August 1681	681.16	
109	Aug. 29	E. B. Ryan, account of taxes 1682	100.00	
110	Aug. 31	Wilson & Wilson, August 1701	1,000.00	
110	Aug. 31	W. W. Stowe, August 1702	833.33	
110	Aug. 31	J. J. Haley and expenses, August 1703	334.00	
110	Aug. 31	J. J. Haley, horse, August 1724	25.00	
110	Aug. 31	E. J. Robinson, August 1725	250.00	
110	Aug. 31	Frank Shay, August 1726	137.50	
110	Aug. 31	J. E. Foulds, balance of, August 1727	100.00	
111	Sept. 1	H. B. Underhill, August 1743	100.00	
111	Sept. 2	R. V. Herbert expenses, etc., August 1743	632.50	
113	Sept. 4	S. W. Sanderson, expenses, etc., August 1754	2,000.00	
112	Sept. 4	J. B. Felton, August 1755	833.34	
113	Sept. 7	E. J. Lewis, August 1779	416.66	
113	Sept. 7	H. S. Brown, expenses 1780	54.00	
114	Sept. 9	Bulletin to date 1792	3.50	
114	Sept. 9	A. L. Burley, witness 1793	10.00	
117	Sept. 12	C. P. W., account, August, Hy. Miller, law books 1817	78.50	
123	Sept. 14	Repairing Haley's buggy 1833	40.00	
124	Sept. 16	A. A. Moore 1847	100.00	
125	Sept. 19	E. L. Craig, August 1861	166.66	
125	Sept. 20	Thos. Marshall, quarter ending 17th instant 1867	*625.00	
126	Sept. 22	Disbursements for "G" 1878	29,974.13	
126	Sept. 22	J. J. Haley, for September 1879	300.00	
128	Sept. 29	E. J. Robinson, September 1927	250.00	
128	Sept. 29	J. E. Foulds, September 1928	200.00	
129	Sept. 30	S. W. Sanderson, expenses and salary, September 1934	2,000.00	
129	Sept. 30	Wilson & Wilson 1935	1,000.00	
129	Sept. 30	H. S. Brown 1936	670.16	
129	Sept. 30	Frank Shay 1937	137.50	
129	Sept. 30	H. B. Underhill 1938	100.00	
130	Sept. 30	Operating ledger for August 1960½	24.32	
131	Oct. 2	R. V. Herbert, expenses and salary, September 1970	575.45	
132	Oct. 3	W. W. Stow, September 1986	833.33	
132	Oct. 3	S. F. Directory, 1876 1987	5.00	
133	Oct. 5	J. B. Felton, September 2013	833.33	
133	Oct. 5	Law Reporter, March, 1875, to August 31, 1876 2014	27.00	
134	Oct. 9	E. L. Craig, expenses and salary 2036	190.66	
134	Oct. 10	Wilson & Wilson, Cohen case 2048	2,500.00	
134	Oct. 10	E. J. Lewis 2049	416.66	
134	Oct. 10	T. J. Tennant, of Carson 2050	100.00	
136	Oct. 13	H. A. Jones, official reporter, 12th district 2077	330.51	
136	Oct. 16	Third volume Johnson's encyclopedia 2091	15.75	
139	Oct. 17	B. C. Brown, office chair 2104	9.00	
140	Oct. 19	Per D. D. Colton 2120	1,000.00	
142	Oct. 24	W. L. Dudley, quarter ending September 30 2140	625.00	
142	Oct. 26	Cope & Boyd 2151	250.00	
142	Oct. 26	E. J. Robinson, October 2152	250.00	
143	Oct. 30	W. A. Cornwall 2173	25.00	
144	Oct. 31	S. W. Sanderson, expenses and salary, October 2183	2,000.00	
144	Oct. 31	H. S. Brown, October 2184	668.16	
144	Oct. 31	R. V. Herbert, October 2185	441.50	
144	Oct. 31	Wilson & Wilson, October 2186	1,000.00	
144	Oct. 31	J. J. Haley, October 2187	300.00	
144	Oct. 31	J. E. Foulds, October 2188	200.00	
144	Oct. 31	Frank Shay, October 2189	137.50	
144	Oct. 31	H. B. Underhill, October 2190	100.00	
144	Oct. 31	Haley's horse, September and October 2191	50.00	
144	Oct. 31	Haley's tickets to Gilroy 2192	21.00	
145	Oct. 31	Operating ledger, stationery 2192½	18.01	
147	Nov. 2	W. W. Stow, October 2232	833.33	
147	Nov. 2	E. L. Craig, October 2233	166.67	
147	Nov. 2	Whitney & Co., books 2234	30.00	
147	Nov. 2	Per D. D. Colton 2231	7,500.00	
147	Nov. 3	J. B. Felton, for October 2244	833.33	

*Currency.

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1876.			
140	Nov. 9	To E. J. Lewis, October 2278	$416.66	
140	Nov. 11	H. S. Crocker & Co., printing "Coolos" case 2292	7.50	
140	Nov. 13	J. J Haley, Cohen case 2303	44.00	
135	Nov. 17	Bancroft, books 2335-06	76.06	
135	Nov. 20	J. Craig, services and expenses 2347	61.60	
135	Nov. 18	Freight box books 2343	*4.88	
138	Nov. 23	Clerk of Supreme Court 2392	82.50	
138	Nov. 29	Wilson & Wilson, November 2400	1,000.00	
138	Nov. 29	E. J. Robinson, November 2401	250.00	
138	Nov. 29	J. E. Foulds, November 2402	200.00	
138	Nov. 29	H. B. Underhill, November 2403	100.00	
138	Nov. 29	Frank Shay, November 2404	137.50	
138	Nov. 29	H. V. Herbert and expenses, November 2405	2?7.60	
139	Nov. 30	Op. ledger, stationery	3.55	
141	Dec. 1	H. S. Brown, November 2432	666.66	
141	Dec. 1	J. J. Haley and horse, November 2433	325.00	
142	Dec. 4	J. B. Felton, November 2460	833.33	
142	Dec. 4	E. J. Lewis, November 2461	416.66	
142	Dec. 2	Chicago Legal News Company, 4 volumes 2456	15.00	
144	Dec. 9	S. W. Sanderson, expenses and salary, November .. 2501	2,020.00	
144	Dec. 9	Subscription to Bulletin, 13 weeks 2502	3.25	
145	Dec. 12	E. L. Craig, November 2516	166.66	
147	Dec. 14	C. P. H., account H'y Miller, books 2522	39.00	
170	Dec. 15	W. W. Stow 2530	833.33	
170	Dec. 15	E. J. Robinson, on account, December 2531	150.00	
172	Dec. 21	Thos. Marshall, to December 17 2573	*625.00	
172	Dec. 21	Thos. Marshall, expended for company 2574	63.25	
174	Dec. 27	J. B. Marshall, services to December 31, 1876 2615	1,500.00	
175	Dec. 28	Nineteenth district court, account, Union Pacific .. 2640	22.00	
175	Dec. 29	Op. ledger	13.52	
177	Dec. 30	Wilson & Wilson, salary, December 2664	1,000.00	
177	Dec. 30	H. S. Brown, expenses and salary, December 2665	669.16	
177	Dec. 30	H. V. Herbert, expenses and salary, December 2666	346.15	
177	Dec. 30	J. J. Haley, salary, December 2667	300.00	
177	Dec. 30	J. E. Foulds, salary, December 2668	200.00	
177	Dec. 30	H. B. Underhill and assistant, salary, December ... 2669	*150.00	
177	Dec. 30	Frank Shay, salary, December 2670	137.50	
177	Dec. 30	E. J. Robinson, balance of salary, December 2671	100.00	
177	Dec. 30	J. J. Haley's horse, December 2672	25.00	
177	Dec. 30	E. L. Craig, salary, December 2697	166.67	
177	Dec. 30	D. J. Crowley of Truckee, Bean case 2698	25.00	
178	Dec. 30	S. W. Sanderson, salary and expenses, December ... 2710	2,000.00	
178	Dec. 30	W. W. Stow, salary, December 2711	833.33	
178	Dec. 30	E. J. Lewis, salary, December 2712	416.66	
178	Dec. 30	T. B. McFarland, year 1876, $3,000, less $1,000, July 11 2713	2,000.00	
178	Dec. 30	J. B. Felton, December 2717	833.33	
178	Dec. 30	Robt. Robinson, June 30 to date	5,000.00	
185	Dec. 30	Op. ledger, stationery	27.95	
187	Dec. 30	By profit and loss, journal	.....	$193,758.59
			193,758.59	193,758.59
	1877.			
190	Jan. 9	To M. A. Wheaton 48	500.00	
190	Jan. 9	Chicago Legal News to September 19 49	*2.20	
191	Jan. 11	Belcher & Belcher for 1876 66	2,000.00	
190	Jan. 16	P. Dunlap, Foote case 98	100.00	
193	Jan. 17	W. L. Dudley, one-fourth, December 31 104	625.00	
194	Jan. 19	U. S. circuit court 122	10.00	
194	Jan. 19	Subs. Law Reporter to December 31 124	6.00	
195	Jan. 20	H. S. Crocker & Co., C. P. v. Harvard, printing 138	64.30	
196	Jan. 24	C. H. Marks, Merced 160	100.00	
196	Jan. 31	Wilson & Wilson, January 200	1,000.00	
198	Jan. 31	W. W. Stow, January 201	833.33	
198	Jan. 31	H. S. Brown, January 202	666.66	
198	Jan. 31	J. J. Haley and horse, January 203	325.00	
198	Jan. 31	E. J. Robinson, January 204	250.00	
198	Jan. 31	J. E. Foulds, January 206	200.00	
198	Jan. 31	Frank Shay, January 207	137.50	
199	Jan. 31	Cope & Boyd, account 204	208.25	
199	Feb. 1	S. W. Sanderson and expenses, January 234	2,000.00	
199	Feb. 1	J. B. Felton, January 235	833.33	
199	Feb. 1	H. V. Herbert and expenses, January 236	410.28	
199	Feb. 2	H. B. Underhill, January 246	125.00	
199	Feb. 5	E. J. Lewis, January 267	416.66	
199	Feb. 5	E. L. Craig, January 268	166.66	

*Currency.

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.		Dr.	Cr.
	1877.				
202	Feb. 9	To Keeney & Bigelow, "Elko"	312	$300.00	
208	Feb. 14	C. P. H., account, January, H'y Miller, books	339½	*70.00	
208	Feb. 20	Sumner Whitney	367	54.00	
209	Feb. 20	W. R. Chamberlin, witness	368	6.00	
210	Feb. 22	W. H. L. Barnes, retainer, 1877	386	4,000.00	
210	Feb. 28	Wilson & Wilson, February	418	1,000.00	
210	Feb. 28	H. S. Brown, February	419	666.66	
210	Feb. 28	E. J. Robinson, February	420	250.00	
210	Feb. 28	J. E. Foulds, February	421	200.00	
210	Feb. 28	Frank Shay, February	422	137.50	
211	Feb. 28	Op. ledger, January, account	442½	53.99	
213	Mar. 1	H. V. Herbert, expenses and salary, February	448	542.05	
213	Mar. 1	J. J. Haley, horse, expenses, and salary, February	449	325.00	
213	Mar. 1	H. B. Underhill, assistant, salary, February	450	125.00	
213	Mar. 1	Bancroft & Co., books	451	6.25	
214	Mar. 2	W. W. Stow, February	468	833.33	
215	Mar. 5	J. B. Felton, February	487	833.33	
215	Mar. 6	Whitney, books	493	37.50	
216	Mar. 8	M. S. Bonniefield, book-case	504	500.00	
216	Mar. 8	E. J. Lewis, February	505	416.66	
216	Mar. 8	E. L. Craig, February	506	166.67	
220	Mar. 13	S. W. Sanderson, expenses and salary, February	528	2,000.00	
220	Mar. 13	Sawyer, for certified copy	529	8.50	
222	Mar. 17	Sam'l Osborn, reporter, case Durkee	554	91.20	
222	Mar. 17	McAllister & Boyd, printing, case Cohen	555	46.00	
222	Mar. 17	Bulletin, three months, to March 10	556	3.25	
223	Mar. 20	O. E. Green, of Elko, case Quigley	570	19.25	
224	Mar. 22	Thos. Marshall, quarter, March 17	584	625.00	
226	Mar. 29	Earl & Rand, Elko, case Quigley	625	150.00	
227	Mar. 30	E. J. Robinson, salary, March	631	250.00	
227	Mar. 30	J. J. Haley, salary, March	632	300.00	
227	Mar. 31	Wilson & Wilson, March	641	1,000.00	
227	Mar. 31	W. W. Stow, March	642	833.33	
227	Mar. 31	Frank Shay, March	643	137.50	
227	Mar. 31	H. B. Underhill and assistant, March	644	125.00	
228	Mar. 31	Op. ledger, February		111.68	
229	Apr. 2	S. W. Sanderson, expenses and salary, March	676	2,000.00	
229	Apr. 2	H. V. Herbert, expenses and salary, March	679	1,464.35	
229	Apr. 2	H. S. Brown, March	680	666.66	
230	Apr. 2	J. E. Foulds, March	682	200.00	
230	Apr. 2	J. F. Allands, Pahl case	683	125.00	
231	Apr. 4	J. B. Felton, March	709	833.33	
231	Apr. 4	W. L. Dudley, quarter ending March 31	710	625.00	
231	Apr. 4	W. L. Dudley, printing, case Hall	710	11.70	
231	Apr. 5	Arrowsmith, case Pahl	726	50.00	
232	Apr. 7	J. H. Wilds, case Pahl	731	50.00	
232	Apr. 9	A. S. Bender, case Pahl	738	50.00	
233	Apr. 9	E. J. Lewis, March	737	416.68	
233	Apr. 11	Western Pacific, McCauley *v.* Harvey *et al*	761	61.06	
233	Apr. 11	Third district court, Durkee *v.* Company	749	36.80	
233	Apr. 12	H. S. Crocker & Co., printing, Pattochi *v.* Company	768	10.50	
234	Apr. 13	B. C. Brown, reporter, Bliss *v.* Company	779	63.50	
234	Apr. 14	Keney & Bigelow, of Elko, case Quigley	784	100.00	
234	Apr. 16	H. S. Crocker & Co., demurrer in J. R. Robinson case	788	21.00	
235	Apr. 17	E. L. Craig, for March	793	166.67	
236	Apr. 20	Robinson, expenses to Sacramento	806	9.00	
241	Apr. 30	Wilson & Wilson, April	849	1,000.00	
241	Apr. 30	H. S. Brown, April	850	666.66	
241	Apr. 30	E. J. Robinson, April	851	250.00	
241	Apr. 30	Frank Shay, April	852	137.50	
241	Apr. 30	H. B. Underhill and assistant, April	853	125.00	
243	Apr. 30	Auditor, account, March, stationery	873B	143.47	
244	May 1	W. W. Stow, April	880	833.33	
245	May 1	J. J. Haley and horse, two months, April	881	350.00	
245	May 1	J. E. Foulds, April	882	200.00	
245	May 1	H. V. Herbert and expenses, April	883	679.95	
245	May 3	J. B. Felton, paid O. Livermore, April	902	833.33	
245	May 3	E. L. Craig, April	903	166.66	
246	May 5	Robert Robinson, expenses to Sacramento, April	920	7.50	
247	May 9	McAllister & Bergin, account Seventh street	939	23.25	
248	May 8	E. J. Lewis, April	931	416.66	
248	May 12	Southern Pacific Railroad, March 3, paid Crane & Boyd, our one-third	961½	166.66	
250	May 14	C. P. H., account April, H'y Miller, books	961½	*71.50	
253	May 18	S. W. Sanderson, expenses and salary, April	985	2,000.00	
257	May 31	Wilson & Wilson, May	1053	1,000.00	

*Currency.

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1877.			
237	May 31	To H. S. Brown, May 1054	$666.66	
237	May 31	H. V. Herbert, expenses and salary, May 1055	692.00	
237	May 31	J. J. Haley, May 1056	325.00	
237	May 31	J. E. Foulds, May 1057	200.00	
237	May 31	Frank Shay, May 1058	137.50	
237	May 31	H. B. Underhill, May 1059	125.00	
237	May 31	Bancroft & Co., one book 1060	10.00	
238	May 31	Auditor, account, April, stationery 1062½	5.64	
245	May 3	Moore & Vrooman, Oakland 904	125.00	
269	June 1	W. W. Stowe, May 1095	833.33	
269	June 1	E. J. Robinson, May 1096	250.00	
269	June 1	Bancroft & Co., books 1097	36.00	
261	June 2	Suspense account of J. C	4,550.15	
263	June 5	S. W. Sanderson, expenses and salary, May 1132	2,000.00	
263	June 5	E. L. Craig, expenses and salary, May 1133	203.67	
263	June 5	Glastell, Chapman & Smith, Meek's case 1134	1,000.00	
268	June 11	C. P. H., account, May, H'y Miller, books 1164½	45.80	
268	June 11	Bulletin to June 9 1170	3.25	
268	June 11	E. J. Lewis, May 1176	416.66	
269	June 15	Law Reporter five months, to May 31 1195	7.50	
271	June 21	Robert Robinson, expenses to Sacramento, etc 1223	11.50	
271	June 21	Volume 4, Universal Cyclopædia 1224	15.75	
271	June 21	Thomas Marshall, quarter ending 17th 1226	625.00	
272	June 26	Half county clerk's fees, Hooper case 1249	4.00	
272	June 27	J. J. Haley, salary and horse, June 1254	325.00	
273	June 29	W. W. Stow, June 1265	833.33	
273	June 29	H. S. Brown, June 1266	666.66	
274	June 30	McAllister & Bergin, year to June 30 1281	14,580.20	
274	June 30	Wilson & Wilson, for June 1282	1,000.00	
274	June 30	J. E. Foulds, for June 1283	200.00	
274	June 30	Frank Shay, for June 1284	137.50	
274	June 30	H. B. Underhill, for June 1285	125.00	
275	June 30	Robert Robinson, six months to June 30	5,000.00	
277	July 2	H. V. Herbert, expenses and salary, June 1317	610.55	
277	July 2	E. J. Robinson, expenses and salary, June 1318	252.50	
279	July 7	E. J. Lewis, salary, June 1350	416.66	
280	July 9	E. L. Craig, salary, June 1360	166.66	
281	July 12	W. L. Dudley, quarter ending June 30 1376	625.00	
281	July 12	Sumner Whitney, law books 1377	41.50	
281	July 12	California Pacific Railroad, overcharge, June 2 1389	297.27	
282	July 14	U. S. circuit court clerk 1390	10.00	
286	July 16	H'y Miller, law books 1402½	*18.75	
287	July 17	S. W. Sanderson, expenses and salary, June 1413	2,000.00	
287	July 17	T. B. McFarland, on account 1414	1,000.00	
288	July 21	E. L. Dudley, Carlin 1433	179.00	
289	July 25	United States marshal at Reno, Nev 1448	140.80	
291	July 30	H. V. Herbert, expenses and salary, July 1472	600.45	
291	July 31	Wilson & Wilson, salary, July 1485	1,000.00	
291	July 31	H. L. Brown, July 1486	666.66	
291	July 31	J. J. Haley and horse, July 1487	325.00	
291	July 31	E. J. Robinson, July 1488	250.00	
291	July 31	J. E. Foulds, July 1489	200.00	
291	July 31	Frank Shay, July 1490	137.50	
292	July 31	H. B. Underhill and clerk, July 1491	125.00	
292	July 31	Auditor account, June stationery	5.72	
294	Aug. 2	E. L. Craig, July 1529	166.67	
295	Aug. 3	C. Thornton, services 1537	700.00	
296	Aug. 7	W. W. Stow, July 1557	833.33	
296	Aug. 9	Map of Oakland 1573	5.00	
297	Aug. 10	Cost of suit, 12th district court, July 1580	2,041.53	
297	Aug. 14	E. J. Lewis, July 1598	416.66	
297	Aug. 14	J. B. Marshall account, suits at Reno 1599	100.00	
299	Aug. 17	Western Railroad Association, ½ assessment, July, August, and September 1624	*680.51	
300	Aug. 20	S. W. Sanderson, expenses and salary, July 1633	2,000.00	
300	Aug. 21	U. S. circuit court fees, Vaughn *vs.* C. account patent 1636	45.90	
302	Aug. 22	E. J. Robinson, salary, August 1644	250.00	
305	Aug. 27	H. S. Brown, salary, August 1664	666.66	
305	Aug. 27	J. E. Foulds, salary, August 1665	200.00	
305	Aug. 28	Cope & Boyd, $1,102 to June 30 1675	367.33	
306	Aug. 30	A. L. Bancroft & Co., law books 1676	25.50	
306	Aug. 31	Wilson & Wilson, August 1696	1,000.00	
306	Aug. 31	Frank Shay, August 1697	137.50	
306	Aug. 31	H. B. Underhill, August 1698	125.00	
306	Aug. 30	Bacon & Co., printing 1683	19.10	
306	Aug. 30	Pacific Law Reporter to date 1684	4.50	

* Currency.

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.		Dr.	Cr.
	1877.				
307	Aug. 31	To Op. ledger, stationery		$3.71	
309	Sept. 1	H. V. Herbert, expenses and salary, August	1723	644.00	
309	Sept. 3	W. W. Stow, August	1743	833.33	
309	Sept. 3	J. J. Haley, August	1744	325.00	
310	Sept. 4	M. A. Wheaton, services in Vaughan case	1759	400.00	
311	Sept. 7	19th district court, clerk fees, Dent case	1778	2.50	
312	Sept. 10	S. W. Sanderson, expenses and salary, August	1789	2,000.00	
312	Sept. 10	E. J. Lewis, salary, August	1790	416.66	
312	Sept. 10	E. L. Craig, salary, August	1791	166.67	
312	Sept. 12	Bulletin	1803	3.25	
313	Sept. 13	Cope & Boyd	1810	131.50	
313	Sept. 14	Copy of complaint	1816	6.40	
319	Sept. 24	Thomas Marshall, quarter ending 17th	1863	*625.00	
320	Sept. 26	W. D. Co., per Henry Root	1877	137.50	
321	Sept. 27	Chicago Legal News	1887	2.20	
321	Sept. 28	Clerk of Supreme Court	1892	15.00	
321	Sept. 29	Wilson & Wilson, September	1901	1,000.00	
321	Sept. 29	H. V. Herbert, expenses, September	1902	625.30	
321	Sept. 29	H. S. Brown, September	1903	666.66	
321	Sept. 29	J. J. Haley and horse, September	1904	325.00	
321	Sept. 29	J. E. Foulds, September	1905	200.00	
321	Sept. 29	E. L. Craig, September	1906	166.66	
321	Sept. 29	Frank Shay, September	1907	137.50	
321	Sept. 29	H. B. Underhill and assistant, September	1908	125.00	
322	Sept. 29	Auditor account, August stationery		5.83	
324	Oct. 2	W. H. L. Barnes, retainer from October 1, 1877, to October 1, 1878	1939	4,000.00	
324	Oct. 2	Keeney & Bigelow, of Elko	1940	50.00	
326	Oct. 8	McAllister & Bergin, paid printing	1980	693.85	
327	Oct. 8	Robert Robinson, expenses	1981	10.00	
331	Oct. 11	E. J. Lewis, September	2021	416.66	
331	Oct. 11	McCormick, sheriff Placer County	2022	80.00	
331	Oct. 11	W. L. Craige, Bakersfield	2023	37.45	
333	Oct. 16	W. W. Stow, salary, September	2047	833.33	
333	Oct. 16	County clerk Humboldt County, record case	2048	20.20	
333	Oct. 19	H. S. Crocker & Co., legal cap paper	2059	30.20	
333	Oct. 19	Clerk of Supreme Court	2060	15.00	
334	Oct. 22	Clerk of Supreme Court	2076	7.55	
334	Oct. 22	Western Railroad Association, 13th assessment	2077	*680.51	
336	Oct. 27	Pacific Law Reporter for September and October	2110	3.00	
337	Oct. 30	Harvey S. Brown, salary, October	2123	666.66	
338	Oct. 31	Wilson & Wilson, salary, October	2133	1,000.00	
338	Oct. 31	H. V. Herber, expenses and salary, October	2134	681.00	
338	Oct. 31	J. E. Foulds, salary, October	2135	208.50	
338	Oct. 31	Frank Shay, salary, October	2136	137.50	
338	Oct. 31	H. B. Underhill, salary, October	2137	125.00	
340	Nov. 1	J. J. Haley and horse, salary, October	2173	325.00	
340	Nov. 1	E. L. Craig, October	2174	166.67	
340	Nov. 2	Bancroft, for books	2181	28.75	
341	Nov. 3	W. W. Stow, October	2189	833.33	
341	Nov. 3	Boagin, printing, U. S. G. 5 per cent. case	2190	265.50	
341	Nov. 3	Sumner Whitney, books	2191	17.90	
342	Nov. 6	W. L. Dudley, ¼ ending October 1	2221	625.00	
343	Nov. 8	E. J. Lewis, salary		416.66	
343	Nov. 9	S. W. Sanderson, salary and expenses, September and October	2235	4,000.00	
349	Nov. 14	Robert Robinson, district court, Alameda	2257	20.00	
349	Nov. 15	Robert Robinson, district court, Oakland	2265	25.00	
349	Nov. 15	H. S. Brown	2264	27.75	
353	Nov. 22	H. C. Marks, of Merced, on account collected	2303	73.17	
353	Nov. 22	H. C. Marks, of Merced, on account collected	(void)		
354	Nov. 26	H. S. Brown, salary, November	2322	666.66	
354	Nov. 27	J. E. Foulds, salary and expenses, November	2329	201.85	
354	Nov. 27	McAllister & Bergin, printing case, Durkee	2330	133.50	
354	Nov. 27	Frank Shay, expenses to Auburn	2331	7.00	
353	Nov. 30	S. W. Sanderson, expenses and salary, November	2349	2,011.50	
355	Nov. 30	H. Herbert, expenses and salary, November	2350	868.20	
355	Nov. 30	Wilson & Wilson, November	2351	1,000.00	
355	Nov. 30	W. W. Stow, November	2352	833.33	
355	Nov. 30	J. J. Haley and horse, November	2353	325.00	
355	Nov. 30	Frank Shay, November	2354	137.50	
355	Nov. 30	H. B. Underhill, November	2355	125.00	
358	Dec. 4	E. L. Craig, November	2407	166.67	
359	Dec. 8	Evening Bulletin, September 8 to date	2436	3.25	
362	Dec. 14	774 law books, formerly E. B. Crocker's	2469	3,000.00	
365	Dec. 15	H. Y. Miller, law books C. P. R., November	2477½	81.05	

*Currency.

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1877.			
372	Dec. 21	To Thomas Marshall, quarter ending 17th.....2524	$625. 00	
373	Dec. 28	Op. Ledger stationery, November 2525	13. 75	
373	Dec. 29	Wilson & Wilson, December.....2526	1, 000. 00	
373	Dec. 29	John E. Foulds, December 2569	200. 00	
373	Dec. 31	Harvey S. Brown, December 2577	666. 66	
373	Dec. 31	Frank Shay, December 2578	137. 50	
373	Dec. 31	H. B. Underhill, December.....2579	125. 00	
374	Dec. 31	J. J. Haley and horse, December.....2606	325. 00	
374	Dec. 31	W. W. Stow, December 2596	833. 33	
374	Dec. 31	S. W. Sanderson, December, and expenses.....2637	2, 000. 00	
374	Dec. 31	E. J. Lewis, December.....2638	416. 66	
375	Dec. 31	Belcher & Belcher, year 1877 2660	2, 000. 00	
375	Dec. 31	H. V. Herbert and expenses and salary, December .2661	545. 50	
375	Dec. 31	Robt. Robinson, salary, 6 months to date.....	5, 000. 00	
380	Dec. 31	H. Miller, law books, C. P. H., December.....2681	35. 15	
381	Dec. 31	Op. ledger, H. S. C. & Co., printing, etc.....	118. 50	
379	July 6	By E. L. Craig, costs collected, Atwood case journal.....	.....	839. 75
384	Aug. 25	Miscellaneous op. ledger, Cope & Boyd.....	.....	166. 66
383	Dec. 31	Amount to profit and loss	.....	146, 112. 04
			146, 318. 45	146, 318. 45
	1878.			
387	Jan. 9	To T. B. McFarland, balance salary, 1877..... 53	1, 500. 00	
387	Jan. 9	J. B. Marshall, balance salary, 1877..... 54	1, 067. 00	
387	Jan. 9	E. L. Craig, December, 1877 55	166. 66	
388	Jan. 11	P. Hand, witness 70	15. 00	
388	Jan. 11	Costs of appeal..... 71	14. 00	
391	Jan. 18	E. J. Lewis, December..... 114	416. 66	
391	Jan. 18	Rules of court..... 115	3. 00	
389	Jan. 22	Glassill, Chapman & Smith 133	377. 50	
392	Jan. 24	Translating deeds 142	10. 00	
394	Jan. 29	Pacific Law Reporter to December 31..... 165	4. 50	
394	Jan. 30	H. S. Brown, January 169	666. 66	
394	Jan. 31	Wilson & Wilson, January..... 180	1, 000. 00	
394	Jan. 31	W. H. L. Barnes, January 190	1, 000. 00	
394	Jan. 31	J. J. Haley, January..... 191	300. 00	
394	Jan. 31	J. E. Foulds, January..... 192	202. 00	
394	Jan. 31	H. B. Underhill, January..... 198	125. 00	
395	Feb. 1	Frank Shay, January 215	137. 50	
396	Feb. 2	W. W. Stow, January..... 225	833. 33	
396	Feb. 2	H. V. Herbert, expenses and salary, January 228	658. 00	
396	Feb. 4	S. W. Sanderson, expenses and salary, January.... 237	2, 000. 00	
398	Feb. 4	W. F. Good, January..... 238	100. 00	
398	Feb. 5	E. L. Craig, January..... 248	166. 66	
399	Feb. 9	McAllister & Berzin expenses 280	29. 00	
399	Feb. 11	Moore, Vrooman & Davis 287	230. 00	
399	Feb. 13	Bancroft & Co., Brooks, etc..... 299	72. 45	
399	Feb. 13	Bishop's Directory 301	3. 00	
400	Feb. 14	E. J. Lewis..... 308	416. 66	
400	Feb. 14	J. J. Dunham, expenses, 1866..... 309	48. 25	
401	Feb. 19	W. L. French at Winnemucca 332	50. 00	
403	Feb. 26	United States circuit court fees 359	10. 00	
407	Feb. 28	S. W. Sanderson, February 376	2, 000. 00	
407	Feb. 28	J. J. Haley, February 377	356. 00	
407	Feb. 28	J. E. Foulds, February..... 378	212. 50	
407	Feb. 28	H. B. Underhill, February..... 379	125. 00	
408	Feb. 28	Op. ledger, stationery, January.....	8. 00	
408	Feb. 28	Op. ledger, R. Clemens, January	15. 00	
409	Mar. 1	Wilson & Wilson, salary, February..... 404	1, 000. 00	
409	Mar. 1	H. S. Brown, expense and salary, February 405	666. 66	
409	Mar. 1	L. H. Cummins, salary, February..... 406	7. 00	
	Mar. 1	L. H. Cummins, salary, February .....(void)	.....	
	Mar. 2	H. V. Herbert, expenses and salary, February.... 414	1, 490. 50	
	Mar. 4	W. L. Dudley, to December 31, 1877..... 403	625. 00	
	Mar. 5	E. L. Craig, salary, February 432	166. 67	
	Mar. 5	F. Shay, salary, February 433	137. 50	
	Mar. 7	C. Thornton, services at Reno 444	300. 00	
	Mar. 7	Garrell Chapman & Co., Los A., services..... 445	250. 00	
	Mar. 9	W. F. Good 446		
	Mar. 11	County clerk's fees, Wilbers *vs.* Co 452	100. 00	
414	Mar. 12	W. H. L. Barnes's account 462	3. 50	
414	Mar. 12	E. J. Lewis..... 467	2, 000. 00	
415	Mar. 14	Printing 468	416. 66	
415	Mar. 15	Sumner Whitney, books..... 480	6. 25	
416	Mar. 16	H. K. W. Clarke, Dent. case 488	29. 00	
			497	250. 00

Central Pacific Railroad Company of California, legal expense account—Contin

Journal folio.	Date.	Items.		Dr.	C
	1878.				
418	Mar. 22	To Thomas Marshall, quarter ending 17th	518	*$625.00	
422	Apr. 2	S. W. Sanderson, expenses and salary, March	561	2,000.00	
422	Apr. 2	H. S. Brown, expenses and salary, March	562	740.16	
422	Apr. 2	H. V. Herbert, expenses, March	563	934.00	
422	Apr. 2	Wilson & Wilson, March	564	1,000.00	
422	Apr. 2	J. J. Haley, March	565	325.00	
422	Apr. 2	J. E. Foulds, March	566	200.00	
422	Apr. 2	H. B. Underhill, March	567	125.00	
423	Apr. 3	Frank Shay, March	605	187.50	
423	Apr. 3	J. J. Haley, expenses, March	608	33.50	
423	Apr. 4	W. F. Good, March	613	100.00	
424	Apr. 5	W. W. Stow, February and March	624	1,666.66	
424	Apr. 5	Western Railroad Association, quarter 1878	625	*617.44	
424	Apr. 8	E. L. Craig, March	634	166.67	
424	Apr. 8	Copies of bills	635	14.25	
425	Apr. 9	E. J. Lewis	640	416.66	
425	Apr. 11	D. J. Crowley	653	25.00	
427	Apr. 12	Henry Miller, law books, C. P. H.	654½	*77.10	
429	Apr. 15	Frank Shay, expenses and 11 days, April	689	54.90	
430	Apr. 19	Cowdrey's Encyclopædia	689	6.50	
432	Apr. 25	Western Railroad Association	722	*617.44	
432	Apr. 25	Southern Law Reporter	723	*5.00	
433	Apr. 26	H. A. Bloss, board of witnesses	728	20.00	
434	Apr. 30	Wilson & Wilson, salary, April	754	1,000.00	
434	Apr. 30	Wilson & Wilson, expenses, April	755	13.50	
434	Apr. 30	J. J. Haley, April	756	325.00	
434	Apr. 30	H. B. Underhill, April	757	125.00	
434	Apr. 30	Bancroft, books	758	33.20	
436	May 1	H. V. Herbert, expenses and salary, April	783	3,336.00	
436	May 1	H. S. Brown, expenses and salary, April	784	824.00	
436	May 2	S. W. Sanderson, expenses and salary, April	799	2,000.00	
437	May 3	W. F. Good, salary, April	807	100.00	
437	May 3	J. E. Foulds, April	808	200.00	
437	May 3	Pacific Law Reporter	809	4.50	
438	May 8	E. J. Lewis, esq., April	836	416.66	
438	May 9	W. W. Stow, April	843	833.33	
438	May 9	E. L. Craig, April	844	166.67	
438	May 9	S. S. Gray	845	450.00	
438	May 9	United States court fees	846	43.25	
443	May 15	Searching record	880	15.00	
445	May 20	Wilson & Wilson, in full to 17th	915	5,000.00	
445	May 22	A. A. Moore, Oakland	927	70.00	
446	May 27	W. H. L. Barnes	949	1,000.00	
448	May 31	H. V. Herbert, May	973	666.00	
448	May 31	J. E. Foulds, May	974	200.25	
448	May 31	J. J. Haley, May	975	325.00	
448	May 31	A. H. Cummings, May	976	190.00	
448	May 31	H. B. Underhill, May	977	125.00	
449	May 31	Operating ledger, April, stationery		37.50	
450	June 1	S. W. Sanderson, May	1014	2,000.00	
450	June 1	Wilson & Wilson, May	1015	1,000.00	
450	June 3	W. W. Stow, May	1024	833.33	
451	June 5	H. S. Brown, May	1043	666.66	
450	June 1	W. F. Good, May	1021	100.00	
451	June 6	A. J. Marsh, reporter's fees	1047	62.80	
452	June 7	H. Gibson	1054	2.50	
452	June 10	E. L. Craig	1062	166.66	
452	June 10	Evening Bulletin to 8th	1063	3.25	
456	June 17	T. B. McFarland, on account	1090	500.00	
456	June 17	E. J. Lewis, May	1091	416.66	
456	June 18	S. Whitney, books, May	1106	47.50	
460	June 24	Thomas Marshall, to June 17th	1132	625.00	
462	June 29	Wilson & Wilson, June	1167	1,000.00	
462	June 29	H. S. Brown, June	1168	666.66	
462	June 29	J. E. Foulds, June	1169	200.00	
462	June 29	A. H. Cummings, June	1170	190.00	
462	June 29	A. H. Cummings, June, expenses	1172	10.00	
462	June 29	H. B. Underhill	1173	125.00	
464	June 29	Robert Robinson, 6 months to June 30		5,000.00	
469	June 29	Operating ledger, stationery		53.25	
	June 29	By Ledger 2, folio 300			
450	June 1	California Pacific Railroad	1007½		
				62,896.74	

*Currency.

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1873.			
686	June 29	To balance from ledger No. 1	$54,141.16	
1	July 1	McAllister & Bergin to date	10,063.15	
1	July 1	W. W. Stow, June	833.33	
1	July 1	H. B. Herbert, June	473.00	
1	July 2	Len. Harris	53.00	
1	July 2	E. L. Craig, June	170.27	
2	July 5	Glassell, Chapman & Co., Los Angeles	500.00	
2	July 5	Sam Osborne	40.00	
3	July 9	W. L. Dudley, quarter to April 1	625.00	
4	July 11	Western Railroad Association, currency	517.44	
4	July 12	S. W. Sanderson, June	2,000.00	
4	July 12	J. J. Haley, June	300.00	
8	July 23	E. J. Lewis, June	416.66	
9	July 27	Pacific Law Reporter	6.50	
10	July 31	H. S. Brown, July	666.66	
10	July 31	J. J. Haley, and horse, $50	350.00	
10	July 31	J. E. Foulds	200.00	
10	July 31	A. H. Cummings	190.00	
11	Aug. 1	Wilson & Wilson	1,000.00	
11	Aug. 1	H. B. Underhill	125.00	
11	Aug. 1	H. V. Herbert	363.50	
11	Aug. 2	S. W. Sanderson	2,000.00	
12	Aug. 5	R. C. Hopkins, copy contract	10.50	
12	Aug. 6	Bancroft & Co., books	19.00	
13	Aug. 8	E. J. Lewis	416.66	
13	Aug. 8	E. L. Craig	166.66	
13	Aug. 8	Copy of deed	7.00	
13	Aug. 9	W. W. Stow	833.33	
13	Aug. 9	I. B. Marshall, account salary to July, 1873	600.00	
16	Aug. 15	C. P. H., July, H. Miller, books	46.70	
20	Aug. 22	Binding Law Journal	1.25	
21	Aug. 24	Copy of record, Thellar *et al. vs.* Company	6.00	
25	Aug. 31	S. W. Sanderson, August	2,000.00	
25	Aug. 31	Wilson & Wilson, August	1,000.00	
25	Aug. 31	H. S. Brown, August	682.16	
25	Aug. 31	H. V. Herbert, August	390.00	
25	Aug. 31	J. J. Haley, August	325.00	
25	Aug. 31	J. E. Foulds, August	208.50	
25	Aug. 31	A. H. Cummings, August	190.00	
25	Aug. 31	H. B. Underhill, August	125.00	
25	Aug. 31	A. L. Bancroft & Co., books	31.35	
26	Sept. 2	S. C. Herbert, search records, Oakland	150.00	
27	Sept. 4	E. L. Craig, August	166.67	
28	Sept. 5	E. J. Lewis, August	416.66	
29	Sept. 5	Ed. Curtis, Congressional Records	1.00	
	Sept. 6	W. W. Stow, August	833.33	
29	Sept. 7	Evening Bulletin, subscription	1.75	
30	Sept. 11	Duncan Cameron, judgment	50.00	
30	Sept. 11	U. S. circuit court, A. Gallatin case	10.00	
30	Sept. 12	G. C. Fabens, D. D. Benson case	491.75	
32	Sept. 16	C. P. H. account, August, H. Miller, books	45.75	
34	Sept. 23	T. Marshall to 17th instant	625.00	
34	Sept. 23	T. E. Baker	100.00	
34	Sept. 24	H. Hamil, judgment account California Pacific	260.25	
35	Sept. 27	E. Bosqui & Co., copies Law Points	18.75	
36	Sept. 30	Wilson & Wilson, September	1,001.30	
36	Sept. 30	H. S. Brown	676.66	
36	Sept. 30	J. J. Haley	325.00	
36	Sept. 30	J. E. Foulds	208.00	
36	Sept. 30	A. H. Cummings	190.00	
36	Sept. 30	H. B. Underhill	125.00	
36	Sept. 30	U. S. marshal, United States *v.* C. P. Chese case	4-.20	
36	Sept. 30	U. S. circuit court, Ryan case	46.70	
37	Oct. 1	W. H. L. Barnes, retainer	4,000.00	
37	Oct. 1	S. W. Sanderson, salary, September	2,000.00	
37	Oct. 1	W. W. Stow, September	833.33	
37	Oct. 1	H. V. Herbert, September	595.50	
37	Oct. 1	S. C. Herbert, search records	150.00	
37	Oct. 2	Wilson & Wilson, clerk's fees	3.00	
39	Oct. 3	E. L. Craig, September	166.67	
39	Oct. 7	S. Whitney & Co., books	17.50	
41	Oct. 8	Chicago Legal News	2.20	
41	Oct. 9	60 copies law journal	7.60	
42	Oct. 13	Telegram	.25	
44	Oct. 14	C. P. H., September, H. Miller, books	63.25	
46	Oct. 16	Baggett & Co., printing Ryan case	11.85	
49	Oct. 17	E. J. Lewis, September	416.66	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1878.			
47	Oct. 19	To C. Thornton	$150.00	
48	Oct. 22	Blank deeds and leases	37.50	
48	Oct. 23	U. S. court, Gallatin case	50.00	
49	Oct. 25	Evans, Ryan case	250.00	
50	Oct. 28	U. S. court, Ryan case	67.00	
51	Oct. 30	W. L. Dudley, quarter June 30	625.00	
51	Oct. 30	J. E. Foulds, salary and expenses, October	232.75	
51	Oct. 30	Western Railroad Association, ass't	617.42	
51	Oct. 30	Saint Louis Reports	40.10	
51	Oct. 31	Wilson & Wilson, October	1,000.00	
51	Oct. 31	H. S. Brown, October	666.66	
51	Oct. 31	H. V. Herbert, expenses and October	748.50	
51	Oct. 31	J. J. Haley, October	325.00	
51	Oct. 31	A. H. Cummings, October	190.00	
51	Oct. 31	H. B. Underhill, October	125.00	
51	Oct. 31	J. E. Foulds, expenses, October	5.00	
54	Nov. 5	E. L. Craig, October	166.66	
56	Nov. 11	W. W. Stow, October	833.33	
56	Nov. 12	L. Stanford, November 22, 1877, to date	46,816.94	
56	Nov. 12	Fees, justices' court, Los Angeles	5.25	
58	Nov. 13	September, stationery and printing	110.00	
58	Nov. 14	E. J. Lewis	416.66	
62	Nov. 15	U. S. circuit court	8.75	
64	Nov. 21	Le Count Bros., news files	2.00	
65	Nov. 25	Freight, 1 case books from New York	12.10	
65	Nov. 26	P. B. Comstock, fees, record case	330.80	
67	Nov. 30	Wilson & Wilson, November	1,000.00	
67	Nov. 30	H. S. Brown, November	666.66	
67	Nov. 30	J. J. Haley, November	325.00	
67	Nov. 30	H. B. Underhill, November	125.00	
68	Dec. 2	W. W. Stow, November	833.33	
68	Dec. 2	J. E. Foulds, November	200.00	
68	Dec. 2	A. H. Cummings, November	190.00	
68	Dec. 2	S. C. Herbert, abstract title, Oakland	150.00	
68	Dec. 2	H. V. Herbert, November	115.00	
70	Dec. 7	October, stationery	52.00	
72	Dec. 9	Freight, 2 cases books from New York	22.29	
74	Dec. 11	C. P. H., account November, H. Miller	252.60	
77	Dec. 12	E. J. Lewis, November	416.66	
77	Dec. 12	E. L. Craig, November	166.67	
78	Dec. 16	James Dwyer, Salt Lake, law books	7.90	
79	Dec. 17	J. B. Marshall, Salt Lake, account	100.00	
79	Dec. 19	J. E. Foulds, expense	5.00	
79	Dec. 23	Thos. Marshall, one quarter to December 17	625.00	
81	Dec. 24	Lake & McKeon, examiners	15.00	
81	Dec. 24	Copy of deed to Leet	1.75	
82	Dec. 27	J. E. Foulds	200.00	
83	Dec. 30	Wilson & Wilson, expenses Hooper case	25.00	
83	Dec. 31	Robert Robinson, 6 months' salary, December 31	5,00,.00	
85	Dec. 31	Wilson & Wilson, December	1,000.00	
85	Dec. 31	W. W. Stow, December	833.33	
86	Dec. 31	H. S. Brown, December	666.66	
86	Dec. 31	J. J. Haley, December	325.00	
86	Dec. 31	A. H. Cummings, December	190.00	
86	Dec. 31	H. B. Underhill, December	125.00	
87	Dec. 31	H. S. Brown, examiner, December	115.65	
87	Dec. 31	H. V. Herbert, December	473.50	
87	Dec. 31	S. C. Herbert, search records, December	150.00	
87	Dec. 31	Law Journal, to December	6.25	
87	Dec. 31	E. L. Craig	166.66	
87	Dec. 31	T. B. McFarland, balance, 1878	2,000.00	
87	Dec. 31	J. B. Marshall, balance, 1879	408.50	
87	Dec. 31	E. J. Lewis, December	416.66	
	Dec. 31	Operating ledger, December	317.00	
	Dec. 31	By charged profit and loss		$167,771.63
			167,771.63	167,771.63
	1879.			
97	Jan. 8	To Lake & McKeon, retainer, 1879	5,000.00	
97	Jan. 8	Clerk Supreme Court	40.00	
101	Jan. 22	C. Otto, door keys	1.50	
101	Jan. 23	W. L. Dudley, salary to October, 1878	641.60	
101	Jan. 23	Bancroft, books	62.00	
103	Jan. 28	Belcher & Belcher, year 1878	2,000.00	
103	Jan. 28	Robert Robinson, expenses, Sacramento	8.00	
104	Jan. 31	Wilson & Wilson, January	1,000.00	
104	Jan. 31	H. V. Herbert, January	721.50	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1879.			
104	Jan. 31	To S. C. Herbert, January	$150.00	
104	Jan. 31	J. J. Haley, January	325.00	
104	Jan. 31	J. E. Foulds, January	213.00	
104	Jan. 31	A. H. Cummings, January	190.90	
104	Jan. 31	H. B. Underhill, January	125.00	
105	Feb. 1	H. S. Brown, January	666.66	
105	Feb. 4	E. L. Craig, January	166.66	
106	Feb. 5	W. W. Stow, January	833.33	
106	Feb. 5	Whitney, books	20.00	
106	Feb. 7	Repairing chair	2.00	
107	Feb. 8	Twelfth district court clerk	80.00	
108	Feb. 14	Western Railroad Association	727.53	
109	Feb. 17	W. L. French, services	300.00	
112	Feb. 17	C. P. H., January, law books	740.00	
113	Feb. 18	G. Chapman & Smith, Los Angeles	750.00	
114	Feb. 21	W. H. L. Barnes	750.00	
115	Feb. 28	Wilson & Wilson, February	1,000.00	
116	Feb. 28	H. S. Brown, February	666.66	
116	Feb. 28	J. J. Haley, February	325.00	
116	Feb. 28	H. V. Herbert, February	466.00	
116	Feb. 28	S. C. Herbert, February	150.00	
116	Feb. 28	H. B. Underhill, February	125.00	
116	Feb. 28	J. E. Foulds	211.00	
116	Feb. 28	A. H. Cummings, February	190.00	
117	Feb. 28	Auditor, January	151.00	
119	Mar. 1	Examiner	5.00	
120	Mar. 5	H. S. Brown, expenses	72.00	
120	Mar. 6	W. W. Stow, February	833.33	
120	Mar. 7	I. B. Marshall, January and February	200.00	
120	Mar. 8	E. L. Craig, February	166.67	
123	Mar. 10	S. Whitney, law books	21.25	
124	Mar. 12	W. H. L. Barnes	500.00	
124	Mar. 12	J. J. Haley	90.00	
124	Mar. 12	J. E. Foulds	4.00	
128	Mar. 24	Thomas Marshall, Salt Lake, quarter to 17	625.00	
130	Mar. 31	Wilson & Wilson, March	1,000.00	
130	Mar. 31	H. S. Brown, March	666.66	
130	Mar. 31	J. J. Haley, March	325.00	
130	Mar. 31	J. E. Foulds, March	200.00	
130	Mar. 31	A. H. Cummings, March	190.00	
130	Mar. 31	H. V. Herbert	673.00	
130	Mar. 31	S. C. Herbert, March	150.00	
130	Mar. 31	H. B. Underhill, March	125.00	
131	Mar. 31	Auditor, February	6.50	
132	Apr. 3	Keeney & Bigelow	75.00	
133	Apr. 4	W. H. L. Barnes	500.00	
133	Apr. 4	W. L. Dudley, fourth quarter 1878	625.00	
133	Apr. 7	Western Railroad Association	727.53	
134	Apr. 9	E. L. Craig	166.66	
138	Apr. 14	Glassell, Smith & Smith, Los Angeles	22.25	
138	Apr. 14	Len Harris, expenses	54.25	
138	Ap. r 15	S. W. Sanderson, expenses Washington	2,200.00	
138	Ap. r 15	S. W. Sanderson, salary to March 31, 1879	12,000.00	
140	Apr. 19	W. W. Stow, March	833.33	
140	Apr. 24	J. K. Alexander	400.00	
140	Apr. 24	Law Review	5.00	
142	Apr. 26	Glassell, Smith & Smith, Los Angeles	100.00	
142	Apr. 28	Bancroft & Co., books	22.50	
142	Apr. 29	J. P. Hoge, Ryan case	2,000.00	
143	Apr. 30	Wilson & Wilson, April	1,000.00	
143	Apr. 30	H. S. Brown, April	666.66	
143	Apr. 30	J. J. Haley, April	325.00	
143	Apr. 30	J. E. Foulds, April	200.00	
143	Apr. 30	A. H. Cummings, April	190.00	
143	Apr. 30	H. B. Underhill, April	125.00	
144	Apr. 30	Auditor, March	30.50	
144	May 2	E. L. Craig, April	166.66	
145	May 3	H. V. Herbert, books, etc., April	625.50	
149	May 5	W. F. Boardman, survey, Oakland	50.00	
151	May 12	W. W. Stow, April	833.33	
148	May 12	S. C. Herbert	150.00	
149	May 15	C. P. H., April, books	111.25	
152	May 17	T. R. McFarland, on account	500.00	
153	May 23	E. J. Lewis, four months to May 1	1,000.00	
154	May 26	Law Review	2.00	
154	May 27	Chittenden Thornton, Burnett case	500.00	
155	May 30	Clerk's fees, Humboldt County	66.30	
		C. T. Jones, counsel, to date	250.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1879.			
155	May 30	To J. E. Foulds, expenses and salary, May	$221.00	
156	May 31	Wilson & Wilson, May	1,000.00	
156	May 31	H. S. Brown, May	666.66	
156	May 31	H. V. Herbert, expenses, and May	551.50	
156	May 31	J. J. Haley, May	325.00	
156	May 31	A. H. Cummings, May	190.00	
156	May 31	S. C. Herbert, May	150.00	
156	May 31	H. B. Underhill, May	125.00	
156	May 31	J. E. Foulds, May	50.00	
157	June 2	F. H. Thomas	5.30	
158	June 2	H. B. Underhill, expenses	14.00	
158	June 3	W. W. Stow	833.33	
158	June 3	J. B. Marshall, salary and expenses	345.00	
159	June 5	Examiner	3.05	
161	June 12	Repairing Haley's buggy	128.00	
164	June 14	C. P. H., May, books, New York office	730.50	
165	June 17	W. L. Dudley, quarter to April 1	625.00	
166	June 20	E. L. Craig, May	166.66	
166	June 20	J. L. Rice & Co., printing	60.00	
166	June 21	Thomas Marshal, S. L., quarter June 17	625.00	
167	June 24	Central Pacific *vs.* Southern Pacific Coast Railroad	25.00	
167	June 25	Wilson & Wilson, expenses, California Pacific case	151.25	
168	June 30	H. V. Herbert, expenses and salary, June	703.75	
168	June 30	J. J. Healey, June	325.00	
168	June 30	J. E. Foulds, June	269.50	
168	June 30	A. H. Cummings, June	190.00	
168	June 30	S. C. Herbert, June	150.00	
168	June 30	H. B. Underhill, June	125.00	
169	June 30	Robert Robinson, six months to date	5,000.00	
169	June 30	S. W. Sanderson, three months to date	6,000.00	
170	June 30	Auditor account, May	42.50	
171	July 1	McAlester & Bergin, one year salary and expenses	10,091.70	
171	July 1	H. S. Brown, June	666.66	
171	July 1	Wilson & Wilson, June	1,000.00	
171	July 1	E. J. Lewis, May and June	500.00	
171	July 1	E. E. Hood, short-hand notes	70.00	
171	July 1	H. B. Underhill, expenses	10.80	
172	July 7	H. A. Jones, reporter	54.50	
173	July 9	E. L. Craig, June	166.67	
173	July 9	Western Railroad Association	727.53	
173	July 9	Glassell, Smith & Smith, Los Angeles	125.00	
174	July 14	W. W. Stow, June	833.33	
174	July 15	H. M. Mitchell, sheriff fees	6.50	
181	July 28	Bancroft & Co., books	13.75	
183	July 31	Wilson & Wilson, July	1,000.00	
183	July 31	J. J. Haley, June	325.00	
113	July 31	H. V. Herbert, June	365.00	
183	July 31	S. C. Herbert, July	150.00	
183	July 31	J. E. Foulds, July	250.00	
183	July 31	A. H. Cummings, July	190.00	
183	July 31	H. B. Underhill, July	125.00	
183	July 31	Western Devel. Company, bill approved by C. C	5,569.04	
183	July 31	S. W. Sanderson, July	2,000.00	
183	July 31	Robert Robinson, July	833.33	
185	Aug. 1	H. S. Brown, July	666.66	
185	Aug. 1	Clerk's fees, fourth district	4.00	
186	Aug. 5	W. W. Stow, July	833.33	
186	Aug. 6	Creed Haymond, Reed case	200.00	
187	Aug. 7	Case of Sayles *vs.* Company	10.00	
187	Aug. 8	E. L. Craig	166.66	
190	Aug. 14	C. P. H., July, books	149.50	
192	Aug. 15	H. S. Brown, copy of judgment	1.50	
194	Aug. 19	T. B. McFarland, on account	300.00	
196	Aug. 26	J. B. Marshall, salary to September 1	300.00	
196	Aug. 26	J. B. Marshall, expenses	16.95	
196	Aug. 27	S. Whitney, books	21.75	
197	Aug. 29	A. H. Cummings, August	190.00	
198	Aug. 30	Wilson & Wilson, August	1,000.00	
198	Aug. 30	H. S. Brown, August	666.66	
196	Aug. 30	J. E. Foulds, expenses, and August	273.50	
196	Aug. 30	H. B. Underhill, August	125.00	
196	Aug. 30	S. W. Sanderson, August	2,000.00	
198	Aug. 30	Robert Robinson, August	833.33	
200	Sept. 1	E. L. Craig, August	166.67	
200	Sept. 1	J. J. Haley, August	325.00	
201	Sept. 4	H. V. Herbert, expenses and salary, August	760.00	
202	Sept. 5	S. C. Herbert, August	150.00	
202	Sept. 8	E. J. Lewis, August	500.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1878.			
203	Sept. 9	To W. W. Stow, August	$833.33	
203	Sept. 11	Johnson & Cross	24.40	
203	Sept. 23	Thomas Marshall, S. L. to September 17	625.00	
203	Sept. 24	Law deeds	2.20	
203	Sept. 25	C. Bennett, reporting Mono *vs.* Company	40.00	
203	Sept. 27	Leland Stanford, November 25, 1878, to date	38,156.03	
203	Sept. 30	Wilson & Wilson, September	1,007.50	
203	Sept. 30	H. S. Brown, September	666.66	
203	Sept. 30	J. J. Haley, September	325.00	
203	Sept. 30	A. H. Cummings, September	190.00	
203	Sept. 30	S. C. Herbert, September	150.00	
203	Sept. 30	H. B. Underhill, September	125.00	
203	Sept. 30	Copy articles association W. F. & Company	3.50	
203	Sept. 30	Auditor account, August	17.80	
203	Sept. 30	Robert Robinson, September	833.33	
204	Aug. 14	By C. P. H., account, July, book ret		$3.00
204	Aug. 24	Return cost of suit at Los Angeles		17.80
203	Sept. 30	To S. W. Sanderson, September	2,000.00	
203	Oct. 1	H. V. Herbert, expenses, and September	778.00	
203	Oct. 1	J. E. Foulds	258.50	
203	Oct. 1	Bancroft & Co., books	72.50	
204	Oct. 2	W. H. L. Barnes, for October	833.33	
204	Oct. 2	E. L. Craig, September	166.67	
204	Oct. 2	E. J. Lewis, September	250.00	
204	Oct. 3	W. W. Stow, September	833.33	
205	Oct. 4	Law Journal, Pac. Coast	6.50	
205	Oct. 6	M. Nunan	2.50	
205	Oct. 6	Examiner	2.55	
205	Oct. 8	Daily Law Journal	10.00	
206	Oct. 9	Court fees, case of J. Q. More	34.92	
206	Oct. 13	McAlester & Bergin, printing	92.25	
220	Oct. 16	M. T. Cummings, shorthand	4.90	
222	Oct. 16	W. L. Dudley, quarter ending June 30	625.00	
222	Oct. 21	J. C. Gould, expenses San J. Co. case	16.00	
223	Oct. 24	Western Railroad Association	363.77	
223	Oct. 29	Wilson & Wilson	89.25	
224	Oct. 29	H. A. Jones, reporting on blk. 414, M. B.	102.30	
225	Oct. 29	W. F. Good, costs school-tax suits	33.75	
226	Oct. 30	Auditor, account September	14.00	
226	Oct. 30	T. B. McFarland, on account	250.00	
226	Oct. 30	S. W. Sanderson, October	2,000.00	
226	Oct. 30	Robert Robinson, October	833.33	
227	Oct. 31	Wilson & Wilson, expenses, and October	1,019.00	
227	Oct. 31	H. V. Herbert, October	713.05	
227	Oct. 31	H. S. Brown	666.66	
227	Oct. 31	J. J. Haley	325.00	
227	Oct. 31	J. E. Foulds	304.00	
227	Oct. 31	A. H. Cummings	190.00	
227	Oct. 31	H. B. Underhill	125.00	
228	Nov. 1	W. H. L. Barnes, November	833.33	
228	Nov. 3	W. W. Stow, October	833.33	
228	Nov. 3	E. J. Lewis, October	250.00	
228	Nov. 3	E. L. Craig, expenses, and October	174.16	
229	Nov. 4	S. C. Herbert	150.00	
230	Nov. 7	F. W. Cherry, reporting	12.00	
230	Nov. 7	S. Whitney, books	33.00	
230	Nov. 8	J. Smith, matter Oak property	6.00	
232	Nov. 10	Blank books, C. P. H. account, October	66.25	
235	Nov. 17	F. Thorn, services	7.50	
236	Nov. 22	Thomas Marshall, S. L. expd	85.10	
237	Nov. 25	Copy ordinance and deed, Oak property	7.50	
238	Nov. 29	Wilson & Wilson, November	1,000.00	
238	Nov. 29	H. S. Brown, November	666.66	
238	Nov. 29	H. V. Herbert, November	842.50	
238	Nov. 29	J. E. Foulds, November	208.00	
238	Nov. 29	J. J. Haley, November	325.00	
238	Nov. 29	S. C. Herbert, November	150.00	
238	Nov. 29	A. H. Cummings, November	190.00	
238	Nov. 29	H. B. Underhill, November	125.00	
240	Nov. 30	S. W. Sanderson, November	2,000.00	
240	Nov. 30	Robert Robinson, November	833.33	
241	Dec. 1	W. C. Belcher, Chapen, *et al*	650.00	
241	Dec. 1	W. W. Stow, November	833.33	
241	Dec. 2	C. Thornton, case in Nevada	300.00	
241	Dec. 2	E. L. Craig, November	166.67	
242	Dec. 3	W. H. L. Barnes, December	833.33	
242	Dec. 3	A. Benting & Co., Reno	222.63	
242	Dec. 3	Reporter, Boston	5.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1879.			
243	Dec. 8	To J. C. Gould, expenses, Williams case	634.70	
243	Dec. 9	E. J. Lewis, November	250.00	
247	Dec. 13	W. L. Dudley, quarter September 30	625.00	
247	Dec. 13	J. B. Marshall, four months, December 31	400.00	
248	Dec. 15	Revised Statute, Texas	8.00	
248	Dec. 16	S. J. Clark, jr., retainer Oak suit	300.00	
249	Dec. 17	Houghton, Osgood & Co., subscription to Reporter	35.00	
249	Dec. 18	Delos Lake, balance salary of $10 000	5,038.00	
250	Dec. 23	Thomas Marshall, S. L. to December 17	625.00	
251	Dec. 26	J. J. Haley, December	325.00	
252	Dec. 30	Case Greuthner, Oakland	15.60	
254	Dec. 31	Wilson & Wilson, December	1,000.00	
254	Dec. 31	H. V. Herbert, expenses and December	1,375.00	
254	Dec. 31	H. S. Brown, December	666.66	
254	Dec. 31	E. J. Lewis, December	250.00	
254	Dec. 31	A. H. Cummings, December	190.00	
254	Dec. 31	H. B. Underhill, December	125.00	
255	Dec 31	J. E. Foulds, December	300.00	
255	Dec. 31	S. C. Herbert, December	150.00	
256	Dec. 31	T. B. McFarland, balance $3,000	1,950.00	
256	Dec. 31	Robert Robinson, December	833.35	
256	Dec. 31	S. W. Sanderson, December	2,000.00	
256	Dec. 31	C. P. H., account December, books	73.25	
246	Dec. 11	By Cache County, Utah, taxes		83.0
	Dec. 31	Carried to profit and loss		190,102.1
			190,102.18	190,102.1
	1880.			
266	Jan. 5	To W. H. L. Barnes, January	833.33	
266	Jan. 5	Banks Bros., N. Y., books	30.00	
266	Jan. 5	Examiner	2.10	
266	Jan. 6	Delos Lake, retainer, 1880	5,000.00	
266	Jan. 6	United States circuit court	77.30	
267	Jan. 8	H. S. C. & Co., printing	7.50	
268	Jan. 14	J. C. Gould, expenses, Bodie	26.50	
269	Jan. 19	W. W. Stow, for December	833.33	
270	Jan. 21	Bancroft & Co., books	23.76	
270	Jan. 22	Law Journal	5.00	
271	Jan. 24	Belcher & Belcher, for 1879	2,000.00	
271	Jan. 26	J. C. Gould, case South Pacific Coast road	52.00	
272	Jan. 27	J. B. Marshall, Reno, January	100.00	
273	Jan. 31	Wilson & Wilson, January	1,000.00	
273	Jan. 31	H. V. Herbert, expenses and January	1,190.00	
273	Jan. 31	J. J. Haley, January	325.00	
273	Jan. 31	J. E. Foulds, January	310.50	
273	Jan. 31	A. H. Cummings, January	190.00	
273	Jan. 31	S. C. Herbert, January	150.00	
273	Jan. 31	H. B. Underhill, January	125.00	
274	Jan. 31	S. W. Sanderson, January	2,000.00	
274	Jan. 31	Robert Robinson, January	833.33	
275	Feb. 2	H. S. Brown, January	666.66	
276	Feb. 2	E. L. Craig, December and January	333.33	
275	Feb. 3	W. H. L. Barnes, February	833.33	
275	Feb. 3	T. B. McFarland, January	200.00	
275	Feb. 3	J. P. Brown, copy record	25.00	
276	Feb. 7	Reporter, Boston	5.00	
276	Feb. 6	J. E. Foulds	6.50	
278	Feb. 14	Printing review Supreme Court decisions	300.00	
278	Feb. 14	S. Whitney, books	25.00	
278	Feb. 13	J. C. Gould, expenses C. P. *vs.* Ribby	10.00	
281	Feb. 18	Banks Bros., New York, books	117.00	
285	Feb. 25	Thomas Marshall, S. L. expended	44.00	
286	Feb. 26	Western Railroad ass't.	574.63	
286	Feb. 26	Glassell S. & Smith, Los Angeles	142.00	
287	Feb. 28	Wilson & Wilson, expenses and February	1,003.50	
287	Feb. 28	H. V. Herbert, expenses and February	1,342.00	
287	Feb. 28	J. J. Haley, February	325.00	
287	Feb. 28	J. E. Foulds, February	300.00	
287	Feb. 28	A. H. Cummings, February	190.00	
287	Feb. 28	S. C. Herbert, February	150.00	
287	Feb. 28	H. B. Underhill, February	125.00	
287	Feb. 28	T. Lynch, account Oak property	13.40	
287	Feb. 26	J. P. Brown, records Alameda	60.00	
287	Feb. 28	A. L. Bancroft & Co., books	9.25	
287	Feb. 28	S. W. Sanderson, February	2,000.00	
287	Feb. 28	Robert Robinson, February	833.33	
289	Mar. 1	H. S. Brown, February	666.66	
289	Mar. 2	W. H. L. Barnes, for March	833.33	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1880.			
280	Mar. 3	To E. L. Craig, February	$166 67	
280	Mar. 4	T. B. McFarland, February	200 00	
280	Mar. 4	J. B. Marshall, February	100 00	
280	Mar. 6	Cope & Boyd, expended	53 85	
280	Mar. 6	Daily Law Journal	5 00	
280	Mar. 6	J. E. Foulds, expenses	2 00	
281	Mar. 10	W. W. Stow, January and February	1,666 66	
287	Mar. 15	E. Bosqui & Co., printing	16 50	
287	Mar. 17	W. L. Dudley, to December 31, 1879	625 00	
289	Mar. 20	Thomas Marshall, S. L	625 00	
290	Mar. 26	H. Bigelow, Elko services	50 00	
302	Mar. 31	Wilson & Wilson, March	1,000 00	
302	Mar. 31	H. V. Herbert, March	974 00	
302	Mar. 31	H. S. Brown, March	666 66	
302	Mar. 31	J. J. Haley, March	326 53	
302	Mar. 31	J. E. Foulds, March	300 00	
302	Mar. 31	A. H. Cummings, March	190 00	
302	Mar. 31	S. C. Herbert, March	150 00	
302	Mar. 31	H. B. Underhill, March	125 00	
302	Mar. 31	S. W. Sanderson, March	2,000 00	
302	Mar. 31	Robert Robinson, March	833 33	
305	Apr. 2	J. P. Brown, services	70 00	
305	Apr. 6	T. B. McFarland, March	200 00	
305	Apr. 6	E. L. Craig, March	166 66	
306	Apr. 9	Western Railroad Assn, asst	574 63	
306	Apr. 9	H. Smith, notary's fees	1 00	
308	Apr. 10	E. B. Ryan, expended	9 50	
309	Apr. 12	Costs, five account suits	137 50	
309	Apr. 12	C. T. Whetton	2 00	
310	Apr. 14	C. F. McGlashen, Truckee	150 00	
311	Apr. 17	Copy deed, Oak. W. front	9 00	
312	Apr. 20	Law Journal	1 50	
313	Apr. 21	Darwin & Murphy, services	110 00	
312	Apr. 22	J. C. Gould, expenses, Suscot station	95 00	
314	Apr. 28	W. W. Stow, March and April	1,666 66	
314	Apr. 30	Wilson & Wilson, April	1,000 00	
314	Apr. 30	W. H. L. Barnes, April	833 33	
314	Apr. 30	H. S. Brown, April	666 66	
314	Apr. 30	J. J. Haley, April	325 00	
314	Apr. 30	J. E. Foulds, April	315 00	
314	Apr. 30	H. B. Underhill, April	125 00	
314	Apr. 30	J. P. Brown, April	100 00	
314	Apr. 30	Robert Robinson, April	833 33	
314	Apr. 30	S. W. Sanderson, April	2,000 00	
314	May 3	E. L. Craig, April	166 67	
314	May 3	A. H. Cummings, April	250 00	
314	May 3	McAlester & Bergin, for 1880	1,000 00	
314	May 4	H. V. Herbert, expenses and salary	2,673 00	
314	May 4	S. C. Herbert, April	150 00	
317	May 4	G. J. Jones & Co., Law Review	5 00	
320	May 5	S. C. Herbert, expended April	11 25	
318	May 8	T. B. McFarland, April	200 00	
318	May 8	J. H. Blood, notary	10 00	
319	May 12	R. M. Clark, Carson Bunnting case	500 00	
321	May 13	Banks Bros., New York, books	117 00	
322	May 14	C. F. Whitten, Gibbons case	45 00	
322	May 14	Carpenter, Oak. water front	50 00	
323	May 15	E. A. Deakin, papers, etc	8 25	
324	May 19	Glassell & Smith, L. A	765 00	
324	May 19	Albany Law Journal	5 00	
324	May 21	J. B. Marshall, salary, March, April, and May	348 60	
325	May 24	C. F. Whitten, services	7 50	
325	May 25	J. C. Gould, services	40 00	
326	May 28	W. A. Stewart, copy complaint	5 00	
326	May 29	Wilson & Wilson, May	1,000 00	
326	May 29	J. E. Foulds, May	331 00	
326	May 29	H. B. Underhill, May	125 00	
327	May 31	Chipman & Garter, May	257 00	
327	May 31	A. H. Cummings, May	250 00	
327	May 31	Robert Robinson, May	833 33	
327	May 31	S. W. Sanderson, May	2,000 00	
329	June 1	W. H. L. Barnes, May	833 33	
329	June 1	H. S. Brown, May	666 66	
329	June 1	J. J. Haley, May	325 00	
329	June 1	J. P. Brown, May	100 00	
329	June 1	Harry Morse, Babcock case	60 00	
329	June 1	Statutes, 1880	6 00	
330	June 2	H. V. Herbert, expenses and salary, May	2,480 00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1880.			
330	June 2	To E. L. Craig, May	166.67	
330	June 2	S. C. Herbert, May	150.00	
330	June 3	Hillhouse & Cole, Eureka, Nev	500.00	
331	June 5	Bulletin	3.50	
332	June 9	T. B. McFarland	200.00	
332	June 11	U. S. circuit court, case Tracy	68.20	
337	June 23	Rubber stamp	1.50	
338	June 24	Dakin, for paper	1.38	
338	June 25	Glassell, S. & S., Los Angeles	319.00	
338	June 26	Thos. T. Marshall, to June 17	625.00	
339	June 28	J. B. Marshall, June	100.00	
339	June 29	W. L. Dudley, to April	625.00	
339	June 30	Court fees, Alameda County	4.50	
339	June 30	McAlester & Bergin, balance year to June 30	9,016.15	
339	June 30	Wilson & Wilson, June	1,000.00	
339	June 30	W. H. L. Barnes, June	833.33	
339	June 30	J. E. Foulds, June	300.00	
339	June 30	A. H. Cummings, June	250.00	
339	June 30	H. B. Underhill, June	125.00	
340	June 30	H. S. Brown, expenses, June	49.60	
340	June 30	S. Whitney, books	73.75	
340	June 30	S. W. Sanderson, June	2,000.00	
340	June 30	Robt. Robinson, June	833.33	
342	July 1	W. W. Stow, May and June	1,666.67	
342	July 1	H. V. Herbert, expenses, etc., June	1,124.00	
342	July 1	H. S. Brown, June	666.66	
342	July 1	H. S. Brown, expenses	137.00	
342	July 1	S. C. Herbert, June	150.00	
342	July 1	J. P. Brown, June	100.00	
343	July 2	Chipman & Garter, June	250.00	
343	July 3	J. J. Haley, June	325.00	
343	July 3	T. B. McFarland, June	200.00	
343	July 3	Vrooman & Davis	270.00	
344	July 6	C. H. Marks, Merced, 1876, 1878	371.23	
344	July 6	Rubber stamp	6.50	
344	July 6	J. E. Foulds, expenses	1.50	
344	July 7	A. A. Brown, Oakland	50.00	
344	July 8	Western Railroad Association	574.63	
349	July 14	E. L. Craig, June	166.66	
349	July 15	Zines	1.50	
351	July 19	Daily stock report paper	3.00	
353	July 31	Wilson & Wilson, July	1,000.00	
353	July 31	W. H. L. Barnes, July	833.33	
353	July 31	H. S. Brown, July	666.66	
353	July 31	J. E. Foulds, expenses, etc., July	311.00	
354	July 31	H. V. Herbert, expenses, etc., July	1,287.00	
354	July 31	J. J. Haley, July	325.00	
354	July 31	A. H. Cummings, July	250.00	
354	July 31	J. P. Brown, July	100.00	
354	July 31	S. C. Herbert, July	150.00	
354	July 31	H. B. Underhill, July	125.00	
354	July 31	Tim Lynch, expenses to Reno	9.50	
354	July 31	S. W. Sanderson, July	2,000.00	
354	July 31	Robt Robinson, July	833.33	
356	Aug. 2	W. W. Stow, July	833.33	
357	Aug. 4	Chipman & Garter, July	250.00	
357	Aug. 4	E. L. Craig, July	166.67	
357	Aug. 6	T. B. McFarland, July	200.00	
358	Aug. 10	Reporter, paper	5.00	
359	Aug. 10	Law Journal	4.00	
360	Aug. 12	J. P. Brown, pens	2.00	
360	Aug. 14	E. Bosqui & Co., briefs	32.25	
362	Aug. 17	Bancroft & Co., books	21.90	
362	Aug. 24	Oakland City directory	3.50	
363	Aug. 25	J. B. Marshall, July and August	200.00	
363	Aug. 25	Clerk's fees, superior court	39.00	
366	Aug. 30	W. W. Stow, August	833.33	
367	Aug. 31	S. W. Sanderson, August	2,000.00	
367	Aug. 31	Robt Robinson, August	833.33	
368	Aug. 31	Wilson & Wilson, August	1,000.00	
368	Aug. 31	W. H. L. Barnes, August	833.33	
368	Aug. 31	H. S. Brown, August	666.66	
368	Aug. 31	J. J. Haley, August	325.00	
368	Aug. 31	J. E. Foulds, August	312.00	
368	Aug. 31	A. H. Cummings, August	250.00	
368	Aug. 31	H. B. Underhill, August	125.00	
368	Aug. 31	J. P. Brown, August	100.00	
369	Sept. 1	H. V. Herbert, expenses and salary, August	1,129.50	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1880.			
369	Sept. 1	To S. C. Herbert, August	150.00	
370	Sept. 4	Bulletin	3.25	
370	Sept. 6	Chipman & Garter	250.00	
370	Sept. 7	E. L. Craig	166.67	
371	Sept. 8	S. Whitney, books	27.50	
372	Sept. 13	Dakin, paper	2.75	
373	Sept. 13	Banks Brothers, New York, books	116.00	
375	Sept. 16	W. H. L. Barnes, costs	20.00	
376	Sept. 17	Bell Telephone Company	2.10	
376	Sept. 20	J. B. Marshall, expended	50.00	
377	Sept. 21	T. B. McFarland, August	200.00	
377	Sept. 22	Thos. Marshal, ending 17th	625.00	
377	Sept. 23	Clerk supreme court	5.00	
379	Sept. 30	Wilson & Wilson, September	1,000.00	
379	Sept. 30	W. H. L. Barnes, September	833.33	
379	Sept. 30	H. S. Brown, September	666.66	
379	Sept. 30	J. E. Foulds, September	317.00	
379	Sept. 30	A. H. Cummings, September	250.00	
379	Sept. 30	H. B. Underhill, September	125.00	
379	Sept. 30	H. V. Herbert, expenses and salary, September	1,535.00	
379	Sept. 30	S. W. Sanderson, September	2,000.00	
379	Sept. 30	Robert Robinson, September	833.33	
379	Sept. 30	J. P. Brown, September	100.00	
381	Oct. 1	J. J. Haley, September	325.00	
381	Oct. 1	Clerk supreme court Nevada	40.00	
382	Oct. 2	Chipman & Garter, September	250.00	
382	Oct. 2	T. B. McFarland, September	200.00	
383	Oct. 2	E. L. Craig, September	166.67	
383	Oct. 2	S. C. Herbert, September	150.00	
383	Oct. 4	W. W. Stowe, September	833.33	
383	Oct. 4	W. H. L. Barnes, expended	5.00	
383	Oct. 6	W. L. Dudley, to June 30	625.00	
383	Oct. 8	Western Railroad Association	574.63	
383	Oct. 8	Clerk supreme court	10.00	
384	Oct. 9	Three months Stock Report	3.00	
384	Oct. 11	Clerk second judicial court, Nevada	32.95	
385	Oct. 13	Samuel Cross, abstract title	30.00	
387	Oct. 16	C. P. H., September, books	79.50	
389	Oct. 20	Allen, transcribing testimony	40.00	
389	Oct. 21	Darneal, transcribing testimony	3.60	
390	Oct. 25	Cohen, books	8.00	
390	Oct. 25	City clerk, Oakland	2.50	
391	Oct. 29	H. S. Brown, October	666.66	
391	Oct. 30	Wilson & Wilson, October	1,000.00	
391	Oct. 30	J. J. Haley, October	325.00	
391	Oct. 30	J. E. Foulds, October	319.00	
391	Oct. 30	A. H. Cummings, October	250.00	
391	Oct. 30	H. B. Underhill, October	125.00	
391	Oct. 30	J. P. Brown, October	100.00	
392	Oct. 30	S. W. Sanderson, October	2,000.00	
392	Oct. 30	Robert Robinson, October	833.33	
394	Nov. 1	W. V. Herbert, expenses, etc., October	1,700.00	
394	Nov. 1	W. H. L. Barnes, October	833.33	
394	Nov. 1	S. C. Herbert, October	150.00	
394	Nov. 3	Bancroft & Co., books	31.90	
394	Nov. 4	Chipman & Garter, October	250.00	
395	Nov. 5	W. W. Stow, October	833.33	
395	Nov. 5	J. B. Marshall, September and October	200.00	
396	Nov. 9	Mayenbaum, services, taxes, Nevada	1,000.00	
396	Nov. 9	Thomas B. McFarland, October	200.00	
396	Nov. 9	E. L. Craig, October	166.67	
396	Nov. 9	Whitney, books	29.00	
396	Nov. 11	Hinges for desk	4.00	
401	Nov. 20	J. H. H. Reily, services	34.40	
402	Nov. 23	Hillhouse & Cole	500.00	
402	Nov. 23	Cope & Boyd, McQuinlan case	12.25	
402	Nov. 23	W. H. L. Barnes, expenses Raphael case	20.00	
402	Nov. 24	Carroll Cook, Bukhorn case	5.75	
403	Nov. 29	Harvey S. Brown, November	666.66	
404	Nov. 30	Wilson & Wilson, November	1,000.00	
404	Nov. 30	W. H. L. Barnes, November	833.33	
404	Nov. 30	J. J. Haley, November	325.00	
404	Nov. 30	A. H. Cummings, November	250.00	
404	Nov. 30	H. B. Underhill, November	125.00	
404	Nov. 30	James P. Brown, November	100.00	
404	Nov. 30	C. T. Whitter, reporter, two cases	180.00	
404	Nov. 30	J. E. Foulds, November	313.00	
404	Nov. 30	S. W. Sanderson, November	2,000.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1880.			
404	Nov. 30	To Robert Robinson, November	$833.33	
406	Dec. 2	H. V. Herbert, expenses etc., November	1,845.00	
406	Dec. 2	Chipman & Garter, November	250.00	
406	Dec. 2	T. B. McFarland, November	200.00	
406	Dec. 2	E. L. Craig, November	166.66	
407	Dec. 4	"Bulletin"	3.25	
407	Dec. 3	S. C. Herbert, November	150.00	
407	Dec. 6	Law Journal	5.00	
408	Dec. 8	Ink	2.00	
408	Dec. 9	Glassell & Co., expenses Brown case	938.90	
408	Dec. 10	W. L. Dudley to September 30	625.00	
409	Dec. 14	W. W. Stowe, November	833.33	
413	Dec. 17	Hinges	3.00	
414	Dec. 21	Thomas Marshall, salary to December 17	625.00	
414	Dec. 21	J. B. Marshall, November and December	200.00	
415	Dec. 24	Kinney & Bigelow, expenses	100.00	
417	Dec. 29	W. W. Stowe, December	833.33	
417	Dec. 30	H. S. Brown, December	666.66	
419	Dec. 31	Delos Lake, retainer, 1880	5,000.00	
419	Dec. 31	Wilson & Wilson, December	1,000.00	
419	Dec. 31	W. H. L. Barnes, December	833.33	
419	Dec. 31	H. V. Herbert, December	1,150.00	
419	Dec. 31	S. C. Herbert, December	150.00	
419	Dec. 31	J. J. Haley, December	325.00	
419	Dec. 31	J. E. Foulds, December	306.00	
419	Dec. 31	A. H. Cummings, December	250.00	
419	Dec. 31	J. P. Brown, December	100.00	
419	Dec. 31	H. B. Underhill, December	125.00	
419	Dec. 31	Superior court fees	4.00	
419	Dec. 31	Stock Report	3.00	
419	Dec. 31	Chipman & Garter, December	250.00	
419	Dec. 31	Belcher & Belcher, year 1880	2,000.00	
420	Dec. 31	S. W. Sanderson, December	2,000.00	
420	Dec. 31	Robert Robinson, December	833.37	
422	Dec. 31	Banks Bros., N. Y., books	165.00	
	Dec. 31	By amount carried to profit and loss		$155,586.57
			155,586.57	155,586.57
	1881.			
426	Jan. 4	To 4 court calendars	4.00	
427	Jan. 10	Delos Lake, retainer, 1881	5,000.00	
428	Jan. 10	T. B. McFarland, December	200.00	
428	Jan. 10	E. L. Craig, December	197.17	
428	Jan. 11	P. D. Wigginton, September	50.00	
432	Jan. 28	Mills & Jones	100.00	
433	Jan. 29	H. S. Brown, January	666.66	
433	Jan. 31	Wilson & Wilson, January	1,000.00	
433	Jan. 31	W. H. L. Barnes, January	833.33	
433	Jan. 31	H. V. Herbert, January	1,057.50	
433	Jan. 31	J. J. Haley, January	325.00	
433	Jan. 31	J. E. Foulds, January	317.00	
433	Jan. 31	A. H. Cummings, January	250.00	
433	Jan. 31	S. C. Herbert, January	150.00	
434	Jan. 31	J. P. Brown, January	100.00	
434	Jan. 31	H. B. Underhill, January	125.00	
434	Jan. 31	S. W. Sanderson, January	2,000.00	
434	Jan. 31	R. Robinson, January	833.33	
437	Feb. 9	Bancroft & Co	22.70	
437	Feb. 11	Law Journal	8.00	
438	Feb. 14	Chipman & Garter, January	250.00	
438	Feb. 14	T. B. McFarland, January	200.00	
438	Feb. 14	E. L. Craig, January	166.66	
443	Feb. 23	J. M. Smith, justice of the peace	10.00	
444	Feb. 28	Wilson & Wilson, February	1,000.00	
444	Feb. 28	W. H. L. Barnes, February	833.33	
444	Feb. 28	H. S. Brown, February	666.66	
444	Feb. 28	J. D. Redding, February	400.00	
444	Feb. 28	J. J. Haley, February	325.00	
444	Feb. 28	J. E. Foulds, February	306.00	
444	Feb. 28	A. H. Cummins, February	250.00	
444	Feb. 28	J. P. Brown, February	100.00	
444	Feb. 28	H. B. Underhill, February	125.00	
445	Feb. 28	S. W. Sanderson, February	2,000.00	
445	Feb. 28	Robert Robinson, February	833.33	
446	Mar. 1	Western Railroad Association	492.20	
446	Mar. 1	S. C. Herbert, February	150.00	
446	Mar. 1	H. V. Herbert, expenses, etc., February	1,375.50	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1881.			
447	Mar. 3	To E. L. Craig, February	166. 67	
447	Mar. 4	Clerk supreme court	10. 00	
448	Mar. 5	Bulletin	3. 25	
448	Mar. 7	Chipman & Garter, February	250. 00	
448	Mar. 7	Reporter	5. 00	
452	Mar. 14	W. W. Stow, January and February	1, 066. 66	
453	Mar. 16	Legal News	2. 20	
453	Mar. 16	J. P. Brown, expenses	4. 00	
453	Mar. 19	Clerk superior court	1. 00	
454	Mar. 21	C. A. Sumner, reporter	38. 20	
454	Mar. 22	T. Marshall, to 17th	625. 00	
454	Mar. 23	S. Whitney, books	46. 00	
455	Mar. 25	J. C. White, services	100. 00	
455	Mar. 26	Calendar superior court	1. 00	
456	Mar. 29	H. S. Brown, March	666. 66	
456	Mar. 31	Wilson & Wilson, March	1, 000. 00	
456	Mar. 31	W. H. L. Barnes, March	833. 33	
456	Mar. 31	H. V. Herbert, expenses, etc., March	2, 115. 00	
456	Mar. 31	J. E. Foulds, March	343. 00	
456	Mar. 31	J. J. Haley, March	325. 00	
456	Mar. 31	A. H. Cummings, March	250. 00	
456	Mar. 31	S. C. Herbert, March	150. 00	
456	Mar. 31	H. B. Underhill, March	125. 00	
456	Mar. 31	J. P. Brown, March	100. 00	
457	Mar. 31	S. W. Sanderson, March	2, 000. 00	
457	Mar. 31	Robert Robinson, March	833. 33	
458	Apr. 1	W. W. Stow, March	833. 33	
458	Apr. 1	J. D. Redding, March	200. 00	
459	Apr. 4	Stock Report	3. 00	
460	Apr. 5	M. S. Horan, services	100. 00	
461	Apr. 8	Western Railroad Association asst	492. 20	
461	Apr. 8	Cope & Boyd, McQuicken case	185. 00	
461	Apr. 12	Chipman & Garter, March	250. 00	
462	Apr. 15	Law Journal	6. 50	
465	Apr. 18	W. L. Dudley	627. 90	
465	Apr. 18	J. C. White, services	100. 00	
466	Apr. 21	Clerk United States circuit court	10. 00	
466	Apr. 22	Creed Haymond, tax cases	5, 000. 00	
468	Apr. 27	H. S. Brown, April	666. 66	
468	Apr. 29	W. W. Stow, April	833. 33	
469	Apr. 30	Wilson & Wilson, April	1, 000. 00	
469	Apr. 30	W. H. L. Barnes, April	833. 33	
469	Apr. 30	E. L. Craig, April	333. 33	
469	Apr. 30	J. J. Haley, April	325. 00	
469	Apr. 30	J. E. Foulds, April	306. 00	
469	Apr. 30	A. H. Cummings, April	250. 00	
469	Apr. 30	J. D. Redding, April	200. 00	
469	Apr. 30	J. D. Redding, expended April	128. 50	
469	Apr. 30	H. B. Underhill, April	125. 00	
469	Apr. 30	J. P. Brown, April	100. 00	
469	Apr. 30	Repairing desk, April	5. 00	
469	Apr. 30	S. W. Sanderson, April	2, 000. 00	
469	Apr. 30	Robert Robinson, April	833. 33	
471	May 2	H. V. Herbert, expenses, etc., April	1, 401. 00	
471	May 2	S. C. Herbert, April	150. 00	
471	May 2	Chipman & Garter, April	250. 00	
472	May 5	J. B. Marshall, 4 months	400. 00	
475	May 12	C. P. Huntington, account, April, books	92. 75	
477	May 17	J. C. White, services	100. 00	
478	May 20	W. L. Dudley, paid Booker & Hood	225. 00	
478	May 21	R. R. Bigelow, Elko, account taxes	200. 00	
480	May 30	County clerk fees, Stockton	10. 35	
481	May 31	Wilson & Wilson, May	1, 000. 00	
481	May 31	W. H. L. Barney, May	833. 33	
481	May 31	H. S. Brown, May	666. 66	
481	May 31	J. J. Haley, May	325. 00	
481	May 31	A. H. Cummings, May	250. 00	
481	May 31	Chipman & Garter, May	250. 00	
481	May 31	H. B. Underhill, May	125. 00	
481	May 31	J. P. Brown, May	100. 00	
481	May 31	J. B. Marshall, May	100. 00	
481	May 31	J. A. Anthony, expenses Stockton	8. 00	
483	May 31	S. W. Sanderson, May	2, 000. 00	
483	May 31	Robert Robinson, May	833. 33	
483	June 1	J. E. Foulds, expenses, etc	341. 00	
483	June 1	J. D. Redding, expenses	125. 10	
483	June 1	..... do	200. 00	
483	June 2	W. W. Stow	833. 33	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1881.			
483	June 2	To E. L. Craig, expenses, etc	$191.42	
484	June 2	M. S. Horan, April	100.00	
484	June 6	H. V. Herbert, expenses, etc	849.00	
485	June 6	....do	238.50	
485	June 6	....do	661.00	
485	June 6	S. C. Herbert	150.00	
485	June 6	E. Bosqui & Co., printing	9.00	
485	June 7	H. Vrooman, Oakland	200.00	
485	June 9	T. B. McFarland, 4 months	800.00	
485	June 9	John Shay, reporting Weston case	620.15	
485	June 9	"Bulletin"	3.25	
485	June 9	Creed Haymond, May	833.33	
486	June 11	W. F. Guard, clerk's fees	8.50	
490	June 15	W. L. Dudley, to March 31	625.00	
490	June 15	F. M. Cherry, reporting	16.40	
490	June 16	Harvey S. Brown, June	666.66	
490	June 17	J. C. White, services	100.00	
491	June 18	Law Review	5.00	
491	June 22	T. Marshall, June 17	625.00	
493	June 30	McAllister & Bergin, salary and expenses year ending June 30.	10,087.95	
493	June 30	Wilson & Wilson, June	1,000.00	
493	June 30	W. H. L. Barnes, June	833.33	
493	June 30	J. J. Haley, June	325.00	
493	June 30	J. E. Foulds, June	300.00	
493	June 30	H. Vrooman, June	200.00	
494	June 30	J. P. Brown, June	100.00	
494	June 30	H. B. Underhill, June	125.00	
495	June 30	S. W. Sanderson, June	2,000.00	
495	June 30	Robert Robinson, June	833.33	
497	June 30	Banks Bros., N. Y., books	168.30	
1	July 1	Creed Haymond	833.33	
1	July 1	J. D. Redding	200.00	
1	July 1	E. L. Craig	166.66	
1	July 5	Chipman & Garter, June	250.00	
3	July 11	H. V. Herbert, June	890.00	
3	July 11	S. C. Herbert, June	150.00	
3	July 11	A. H. Cummings, June	250.00	
3	July 11	Sundry persons, Weston case	290.00	
3	July 11	"Report"	3.00	
4	July 13	Western Railroad Association	492.20	
4	July 14	Law Journal	6.00	
4	July 14	H. S. Crocker & Co., stationery	1.60	
4	July 14	Whitney books	47.25	
5	July 15	Craig & Meredith, Droit case	50.00	
5	July 16	Cape & Boyd, services	771.75	
5	July 19	J. J. White, services	100.00	
6	July 20	J. B. Marshall, June and July and expenses	205.00	
6	July 20	Bancroft & Co., books	35.85	
6	July 20	Secretary of State, copies	30.00	
6	July 21	W. W. Stow, June	833.33	
8	July 28	W. W. Stow, July	833.33	
8	July 28	H. S. Brown, July	666.66	
8	July 29	Secretary of State	7.50	
8	July 30	Wilson & Wilson, July	1,000.00	
8	July 30	J. J. Haley, July	325.00	
8	July 30	J. E. Foulds, July	310.00	
8	July 30	A. H. Cummings, July	250.00	
8	July 30	H. B. Underhill, July	125.00	
8	July 30	J. P. Brown, July	100.00	
9	July 30	S. W. Sanderson, July	2,000.00	
9	July 30	R. Robinson, July	833.33	
10	Aug. 1	W. H. L. Barnes, July	833.33	
10	Aug. 1	H. Vrooman, July	200.00	
10	Aug. 1	E. L. Craig, July	166.66	
10	Aug. 1	S. C. Herbert, July	150.00	
10	Aug. 1	H. V. Herbert, July	433.00	
10	Aug. 2	J. D. Redding, July	200.00	
10	Aug. 2	J. D. Redding, expended July	204.05	
10	Aug. 2	....do	247.85	
10	Aug. 2	Chipman & Garter, July	250.00	
10	Aug. 2	M. S. Horan, June and July	100.00	
10	Aug. 4	J. M. Shannon, costs paid	16.95	
11	Aug. 4	Law Journal	5.00	
12	Aug. 8	H. Darneal, reporting	50.00	
12	Aug. 9	Creed Haymond, July	833.33	
13	Aug. 10	H. P. Holmes, repairs Haley buggy	63.50	
17	Aug. 18	Secretary of state	7.50	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1881.			
18	Aug. 22	To J. C. White, services	$100.00	
19	Aug. 25	W. H. L. Barnes, expended	5.00	
19	Aug. 29	Gassoll & S., Los A., sundry cases	209.25	
19	Aug. 29	County clerk, Sacramento	15.00	
21	Aug. 30	W. W. Stow, August	833.33	
21	Aug. 30	H. S. Brown, August	666.66	
21	Aug. 31	Wilson & Wilson, August	1,000.00	
21	Aug. 31	W. H. L. Barnes, August	833.33	
21	Aug. 31	J. J. Haley, August	325.00	
21	Aug. 31	J. E. Foulds, August	309.00	
21	Aug. 31	A. H. Cummings, August	250.00	
21	Aug. 31	H. Vrooman, August	200.00	
21	Aug. 31	H. B. Underhill, August	125.00	
21	Aug. 31	J. P. Brown, August	100.00	
21	Aug. 31	S. W. Sanderson, August	2,000.00	
21	Aug. 31	R. Robinson, August	833.33	
22	Sept. 1	H. V. Herbert, August	442.00	
22	Sept. 1	J. D. Redding, expenses, August	75.30	
23	Sept. 1	....do	200.00	
23	Sept. 1	S. C. Herbert, August	150.00	
23	Sept. 1	E. L. Craig, August	166.66	
23	Sept. 1	J. B. Marshall, August	100.00	
23	Sept. 3	T. B. McFarland, June, July, and August	600.00	
23	Sept. 3	Bancroft & Co., books	20.75	
10	Aug. 2	By J. D. Redding, paid in		$34.00
24	Sept. 6	To Chipman and Garter, August	250.00	
24	Sept. 6	George E. Whitney, August	200.00	
24	Sept. 7	Bulletin	3.25	
24	Sept. 8	Creed Haymond, August	833.33	
24	Sept. 8	Clerk Supreme Court	10.00	
29	Sept. 16	J. V. Herbert, expenses	42.00	
29	Sept. 17	J. C. White, agent, to September 17	100.00	
29	Sept. 17	Reporter's fees, Collins case	12.50	
29	Sept. 21	Thomas Marshall, to 17th	625.00	
30	Sept. 27	Chipman & Garter, September	250.00	
30	Sept. 27	H. V. Brown, September	666.66	
31	Sept. 29	W. L. Dudley, to June 30	625.00	
31	Sept. 29	E. Thompson, book	4.75	
31	Sept. 29	Chicago News	2.20	
31	Sept. 30	Wilson & Wilson, September	1,000.00	
31	Sept. 30	W. H. L. Barnes, September	833.33	
31	Sept. 30	J. E. Foulds, September	300.00	
31	Sept. 30	A. H. Cummings, September	250.00	
31	Sept. 30	H. Vrooman, September	200.00	
31	Sept. 30	J. J. Haley, September	325.00	
31	Sept. 30	H. V. Herbert, September	200.00	
31	Sept. 30	H. V. Herbert, expenses, September	394.00	
31	Sept. 30	S. C. Herbert, September	150.00	
31	Sept. 30	J. P. Brown, September	100.00	
31	Sept. 30	H. B. Underhill, September	125.00	
31	Sept. 30	Robert Robinson, September	833.33	
31	Sept. 30	S. W. Sanderson, September	2,000.00	
34	Oct. 1	W. W. Stow, September	833.33	
34	Oct. 1	W. W. Stow, expenses East	566.35	
34	Oct. 1	J. D. Redding, September	200.00	
34	Oct. 1	J. D. Redding, expenses, September	236.50	
35	Oct. 3	M. S. Horan, September	100.00	
35	Oct. 3	George E. Whitney, September	200.00	
35	Oct. 3	E. L. Craig, September	166.66	
35	Oct. 3	J. B. Marshall, September	100.00	
36	Oct. 8	T. B. McFarland, September	200.00	
36	Oct. 8	Whitney, books	38.50	
36	Oct. 10	Western Railroad Association	492.20	
37	Oct. 11	Bancroft, books	43.00	
37	Oct. 13	Creed Haymond, September	833.33	
39	Oct. 14	Banks Bros., N. Y., books	64.55	
40	Oct. 18	J. C. White, to 17th	6.00	
40	Oct. 18	H. Darneal, reporting	100.00	
41	Oct. 19	....do	60.00	
41	Oct. 21	McAllister & Bergin, expended	60.10	
44	Oct. 31	W. H. L. Barnes, October	833.33	
44	Oct. 31	H. S. Brown, October	666.66	
44	Oct. 31	J. J. Haley, October	325.00	
44	Oct. 31	H. V. Herbert, expenses, and October	578.00	
44	Oct. 31	S. C. Herbert, October	150.00	
44	Oct. 31	J. D. Redding, expended, October	70.65	
44	Oct. 31	....do	200.00	
44	Oct. 31	A. H. Cummings, October	250.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1881.			
44	Oct. 31	To. H. Vrooman, October	$200.00	
44	Oct. 31	H. B. Underhill, October	125.00	
44	Oct. 31	J. B. Brown, October	100.00	
44	Oct. 31	J. C. White, October	46.67	
44	Oct. 31	T. R. Knox, October	95.20	
44	Oct. 31	Maxwell & Hoffman, October	50.40	
45	Oct. 31	S. W. Sanderson, October	2,000.00	
46	Nov. 1	Wilson & Wilson, October	1,000.00	
46	Nov. 1	W. W. Stow, October	833.33	
46	Nov. 1	J. E. Foulds, October	300.00	
46	Nov. 1	J. A. Miller, clerk's fees	48.25	
46	Nov. 1	Greatheart, reporting in Fresno County	20.00	
46	Nov. 2	E. L. Craig, October	166.66	
46	Nov. 2	J. B. Marshall, October	100.00	
46	Nov. 4	Chipman & Garter, October	250.00	
47	Nov. 5	Creed Haymond, October	833.33	
47	Nov. 5	Bancroft & Co., books	34.50	
47	Nov. 5	..... do	24.50	
47	Nov. 7	G. E. Whitney, October	200.00	
48	Nov. 16	T. B. McFarland, October	200.00	
52	Nov. 21	C. T. Jones, services, Woodland	150.00	
54	Nov. 25	J. B. Marshall, November	100.00	
55	Nov. 26	J. J. Haley, November	325.00	
55	Nov. 26	Reporter July, December, 1881	5.00	
55	Nov. 28	W. L. Dudley, quarter ending September 30	625.00	
55	Nov. 28	Flournoy & Mhoor, Texas Pacific suit	500.00	
57	Nov. 30	Wilson & Wilson, November	1,000.00	
57	Nov. 30	W. H. L. Barnes, November	833.33	
57	Nov. 30	W. W. Stow, November	833.33	
57	Nov. 30	A. H. Cummings, November	250.00	
57	Nov. 30	Chipman & Garter, November	250.00	
57	Nov. 30	H. Vrooman, November	200.00	
57	Nov. 30	H. B. Underhill, November	125.00	
57	Nov. 30	J. P. Brown, November	100.00	
57	Nov. 30	J. C. White, November	100.00	
57	Nov. 30	S. W. Sanderson, November	2,000.00	
58	Dec. 1	Creed Haymond, November	833.33	
58	Dec. 1	H. S. Brown, November	[illegible]	
58	Dec. 1	J. E. Foulds, November	[illegible]	
58	Dec. 1	J. D. Redding, November	200.00	
58	Dec. 1	E. L. Craig, November	166.66	
58	Dec. 2	T. B. McFarland, November	200.00	
58	Dec. 2	S. Whitney, books	25.50	
58	Dec. 2	Daily Examiner	1.80	
59	Dec. 3	Evening Bulletin	3.25	
59	Dec. 5	M. S. Horan	100.00	
59	Dec. 6	S. C. Herbert, November	150.00	
59	Dec. 6	H. V. Herbert, November	200.00	
60	Dec. 6	H. V. Herbert, expenses	868.85	
60	Dec. 8	Law Journal	6.25	
60	Dec. 7	George E. Whitney, November	200.00	
64	Dec. 17	J. M. Dorsey, services	25.00	
65	Dec. 20	Thomas Marshall, to December 17	625.00	
66	Dec. 22	J. J. Haley, December	325.00	
68	Dec. 30	Garber, Thornton & Bishop	5,000.00	
68	Dec. 30	Lake & McKeon (Delos Lake)	5,000.00	
68	Dec. 30	J. D. Redding, December	200.00	
68	Dec. 30	J. D. Redding, expended	394.15	
69	Dec. 31	Belcher & Belcher, year 1881	2,000.00	
69	Dec. 31	Wilson & Wilson, December	1,000.00	
69	Dec. 31	W. H. L. Barnes, December	833.33	
69	Dec. 31	Creed Haymond, December	833.33	
69	Dec. 31	J. E. Foulds, December	300.00	
69	Dec. 31	A. H. Cummings, December	250.00	
69	Dec. 31	H. Vrooman, December	200.00	
69	Dec. 31	H. B. Underhill, December	125.00	
69	Dec. 31	J. P. Brown, December	100.00	
69	Dec. 31	M. S. Horan, December	50.00	
70	Dec. 31	W. W. Stow, December	833.33	
70	Dec. 31	Chipman & Garter, December	250.00	
70	Dec. 31	T. B. McFarland, December	200.00	
70	Dec. 31	E. L. Craig, December	166.66	
70	Dec. 31	I. B. Marshall, expenses, December	105.50	
70	Dec. 31	G. E. Whitney, December	200.00	
70	Dec. 31	H. S. Brown, December	666.66	
70	Dec. 31	J. C. White, December	100.00	
70	Dec. 31	H. V. Herbert, expended	1,027.00	
70	Dec. 31	H. V. Herbert, December	200.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Original Folio	Date.	Items.	Dr.	Cr.
	1881.			
70	Dec. 31	To S. C. Herbert, December	$150. 00	
71	Dec. 31	S. W. Sanderson, December	2, 000. 00	
73	Dec. 31	C. P. H., account, December, books	108. 80	
	Dec. 31	By amount carried to profit and loss		$167, 894. 69
			167, 928. 69	167, 928. 69
	1882.			
77	Jan. 6	To D. Vrooman, $100; J. Welch, $50	150. 00	
77	Jan. 9	Lake & McKeon, retainer, 1882	5, 000. 00	
78	Jan 13	B. Brooks, services, Alameda mah. case	166. 66	
78	Jan. 13	Bancroft Company, books	16. 50	
79	Jan. 16	J. D. Wiggington, services account, taxes	400. 00	
80	Jan. 18	Stock Report	6. 00	
80	Jan. 19	H. Daingal, reporting	24. 00	
81	Jan. 21	H. G. Brown, paid recorder Alameda County	76. 50	
82	Jan. 30	C. W. Gearhart, reporting	18. 00	
83	Jan. 31	Wilson & Wilson, January	1, 000. 00	
83	Jan. 31	W. H. L. Barnes, January	833. 33	
83	Jan. 31	H. S. Brown, January	666. 66	
83	Jan. 31	J. E. Foulds, January	300. 00	
83	Jan. 31	A. H. Cummings, January	250. 00	
83	Jan. 31	H. Vrooman, January	200. 00	
83	Jan. 31	J. P. Brown, January	100. 00	
83	Jan. 31	H. B. Underhill, January	125. 00	
83	Jan. 31	S. C. Herbert, January	150. 00	
83	Jan. 31	S. C. Herbert, expenses, January	655. 00	
83	Jan. 31	J. J. Haley, January	325. 00	
83	Jan. 31	J. C. White, January	100. 00	
83	Jan. 31	H. V. Herbert, January	200. 00	
83	Jan. 31	S. W Sanderson, January	2, 000. 00	
85	Feb. 1	Creed Haymond, January	833. 33	
85	Feb. 1	J. D. Redding, January	200. 00	
85	Feb. 1	J. D. Redding, expended, January	177. 85	
85	Feb. 1	T. B. McFarland, January	200. 00	
85	Feb. 1	E. L. Craig, January	166. 66	
86	Feb. 3	W. W. Stow, January	833. 33	
86	Feb. 3	Chipman & Garter, January	250. 00	
86	Feb. 3	George E. Whitney, January	200. 00	
87	Feb. 8	John Shay, services, reporting	202. 40	
87	Feb. 9	Supreme court fees	5. 00	
87	Feb. 10	McAllister & Bergin, costs in the tax cases in the U. S. court	1, 904. 90	
88	Feb. 14	Western R. R. Association, first inst., 82	519. 15	
91	Feb. 16	J. B. Marshall, January and February	200. 00	
91	Feb. 17	Sawyer, copies complaints	26. 15	
92	Feb. 21	J. E. Foulds, expended, tax cases	238. 00	
93	Feb. 27	J. C. Gould, expended, tax cases	5. 90	
95	Feb. 28	Wilson & Wilson, February	1, 010. 50	
95	Feb. 28	J. J. Haley	325. 00	
95	Feb. 28	J. E. Foulds	307. 50	
95	Feb. 28	Chipman & Garter	260. 10	
95	Feb. 28	W. H. L. Barnes	833. 33	
94	Feb. 28	A. H. Cummings, February	250. 00	
94	Feb. 28	H. Vrooman, February	200. 00	
94	Feb. 28	M. S. Horan, January and February	100. 00	
94	Feb. 28	J. C. White, February	100. 00	
94	Feb. 28	H. B. Underhill, February	125. 00	
94	Feb. 28	J. P. Brown, February	100. 00	
94	Feb. 28	S. J. Clark, services to date	1, 000. 00	
94	Feb. 28	J. M. Shannon, tax cases	12. 40	
94	Feb. 28	C. H. Putnam	2. 63	
94	Feb. 28	S. W. Sanderson, February	2, 000. 00	
96	Mar. 1	Creed Haymond, expenses, and February	843. 33	
96	Mar. 1	H. S. Brown, expenses, February	699. 66	
96	Mar. 1	H. V. Herbert, expenses, February	817. 80	
96	Mar. 1	S. C. Herbert, February	150 00	
96	Mar. 1	Bancroft, books	25. 25	
96	Mar. 2	E. B. Ryan, expended in tax cases	227. 00	
96	Mar. 2	J. E. Foulds, expended	8. 25	
96	Mar. 2	W. C. Belcher, Alameda, marsh cases	10. 00	
96	Mar. 2	Daily Examiner	2. 55	
97	Mar. 3	J. D. Redding, February	200. 00	
97	Mar. 3	J. D. Redding, expended	670. 60	
97	Mar. 3	T. B. McFarland, expended, and February	210. 00	
97	Mar. 3	E. L. Craig, February	166. 66	
97	Mar. 4	Bulletin	3. 25	
97	Mar. 6	W. L. Dudley, to December 31, 1881	625. 00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1882.			
97	Mar. 6	To G. E. Whitney	$200.00	
97	Mar. 6	McAllister & Bergin, expended	113.00	
98	Mar. 7	S. Osborne, reporting	55.40	
98	Mar. 9	W. W. Stow	833.33	
99	Mar. 11	The Reporter	10.00	
103	Mar. 15	J. P. Brown, expended, tax cases	7.00	
103	Mar. 17	E. B. Ryan, expended, tax cases	3,694.00	
104	Mar. 20	J. C. Gould, expended	33.00	
104	Mar. 21	Thomas Marshall, to March 17	625.00	
105	Mar. 27	T. R. Knox, reporting	35.00	
106	Mar. 31	Wilson & Wilson, March	1,000.00	
106	Mar. 31	W. H. L. Barnes, March	833.33	
106	Mar. 31	W. W. Stow, March	833.33	
106	Mar. 31	H. S. Brown, March	666.66	
106	Mar. 31	J. J. Haley, March	325.00	
106	Mar. 31	J. E. Foulds, March	307.50	
106	Mar. 31	A. H. Cummings, March	250.00	
106	Mar. 31	Henry Vrooman, March	200.00	
106	Mar. 31	H. B. Underhill, March	125.00	
106	Mar. 31	J. C. White, March	100.00	
106	Mar. 31	J. P. Brown, March	100.00	
106	Mar. 31	J. P. Brown, expended taxes	20.00	
106	Mar. 31	Telegraphing, March	33.00	
106	Mar. 31	S. Whitney, books	15.23	
107	Mar. 31	S. W. Sanderson, March	2,000.00	
102	Mar. 14	J. E. Foulds, expended	12.00	
109	Apr. 1	H. V. Herbert, expended	1,000.00	
109	Apr. 1	H. V. Herbert, March	200.00	
109	Apr. 1	S. C. Herbert, March	150.00	
109	Apr. 1	G. E. Whitney, March	200.00	
109	Apr. 1	E. L. Craig, March	166.66	
109	Apr. 1	Charles Crocker, for E. B. R., March	797.90	
109	Apr. 1	Bancroft, books	12.00	
109	Apr. 3	Creed Haymond, March	833.33	
109	Apr. 3	Chipman & Garter, March	250.00	
109	Apr. 3	Charles Crocker, for E. B. R.	2,649.75	
109	Apr. 3	Land department, part credit of March 11	362.06	
109	Apr. 3	E. Thompson, book	4.50	
110	Apr. 3	T. B. McFarland, expenses for March	224.00	
110	Apr. 4	J. D. Redding	200.00	
110	Apr. 4	J. D. Redding, expended	258.30	
110	Apr. 4	W. H. Campbell, services	17.40	
110	Apr. 4	Daily report for Haley	3.00	
111	Apr. 8	Western Railroad Association	519.15	
112	Apr. 10	Charles Crocker, E. B. R.	200.00	
112	Apr. 11	Law journal, Central	8.00	
113	Apr. 14	Law journal, Pacific	9.00	
116	Apr. 17	Banks Brothers, New York, books	89.00	
117	Apr. 18	Carpet cleaning	6.00	
118	Apr. 21	W. H. L. Barnes, expended	14.80	
118	Apr. 21	Higginton, services, tax cases	175.00	
118	Apr. 21	Clark, services, tax cases	29.25	
118	Apr. 20	Map, city	10.00	
120	Apr. 27	Gilbert & Moore, desk and chairs	87.00	
120	Apr. 28	Glassell & S. Los Angeles, services and expenses	1,541.60	
120	Apr. 29	Wilson & Wilson, April	1,000.00	
120	Apr. 29	Creed Haymond, April	833.33	
120	Apr. 29	A. H. Cummings, April	250.00	
120	Apr. 29	J. P. Brown, April	100.00	
120	Apr. 29	H. B. Underhill, April	125.00	
120	Apr. 29	H. Vrooman, April	200.00	
120	Apr. 29	J. J. Haley, April	325.00	
121	Apr. 29	S. W. Sanderson, April	2,000.00	
122	May 1	W. H. L. Barnes, April	833.33	
122	May 1	J. E. Foulds, April	300.00	
122	May 1	S. C. Herbert, April	150.00	
122	May 1	J. C. White, April	100.00	
123	May 1	W. H. Campbell, April	75.00	
123	May 1	W. V. Herbert, April	200.00	
123	May 1	W. V. Herbert, expended, April	675.00	
123	May 1	L. B. Sawyer, April	10.00	
123	May 2	W. W. Stow, April	833.33	
123	May 2	Chipman & Garter, April	250.00	
123	May 2	George E. Whitney, April	200.00	
123	May 2	T. B. McFarland, April	224.75	
133	May 2	J. D. Redding, expenses, April	390.25	
124	May 3	Harvey S. Brown, April	666.66	
124	May 3	"Mexican Law"	6.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal Folio.	Date.	Items.	Dr	Cr.
	1882.			
124	May 4	To County clerk, Tulare	$36.20	
124	May 5	E. L. Craig, expenses and salary	175.06	
124	May 5	W. H. L. Barnes, expended	44.75	
124	May 6	M. S. Horan, March and April	100.00	
124	May 6	Plum & Company, carpet	124.19	
124	May 6	J. S. Belcher, expended	23.35	
125	May 8	Clerk Butte County	8.25	
125	May 10	C. J. Edwards, tax cases	712.80	
126	May 11	Clerk Sutter County	19.55	
126	May 11	Southern Law Review	5.00	
129	May 13	Transcript tax cases	10.00	
129	May 15	Secretary of state	27.50	
130	May 17	Crittenden & McCue	65.00	
130	May 19	John Shay, transcript	213.40	
130	May 19	Barnes	197.40	
130	May 19	Ryder	9.50	
131	May 20	Land department, see March 11	1,020.56	
131	May 22	Leland Stanford, expended to date	18,253.00	
131	May 24	Wilson & Wilson, costs	4.50	
132	May 25	J. B. Marshall, three months	300.00	
132	May 26	H. Strong, tax case	216.00	
132	May 29	Advertising in San José	44.00	
133	May 31	Wilson & Wilson, May	1,000.00	
133	May 31	Creed Haymond, May	833.33	
133	May 31	W. H. L. Barnes, May	833.33	
133	May 31	J. E. Foulds, May	300.00	
133	May 31	A. H. Cummings, May	250.00	
133	May 31	H. B. Underhill, May	125.00	
133	May 31	J. P. Brown, May	100.00	
133	May 31	J. C. White, May	100.00	
133	May 31	W. H. Campbell, May	75.00	
135	May 31	S. W. Sanderson, May	2,000.00	
62	Jan. 28	By compromise judgment, Weston & Welch		$100.00
90	Mar. 2	J. D. Redding, from land cases		2,354.88
113	May 2	Old carpet sold		35.00
121	May 24	....do		15.00
133	May 31	Vacca Valley Railroad, change in voucher		24.00
137	June 6	J. D Redding, land cases		9.55
138	June 1	To J. J. Haley	325.00	
138	June 1	J. D. Redding	200.00	
138	June 1	H. Vrooman	200.00	
138	June 1	George E. Whitney	200.00	
139	June 3	T. B. McFarland	200.00	
139	June 2	Daily Examiner	1.95	
137	June 5	H. V. Herbert	200.00	
137	June 5	H. V. Herbert, expended	736.75	
137	June 5	S. C. Herbert	150.00	
137	June 5	Clerk fees Placer County	65.50	
137	June 5	Bancroft, books	28.50	
137	June 6	W. W. Stow	833.33	
137	June 6	Chipman & Garter	250.00	
137	June 6	E. L. Craig	166.66	
137	June 6	W. L. Dudley, March 31	625.00	
137	June 6	W. L. Dudley, expended	138.50	
137	June 6	....do	37.50	
137	June 6	J. D. Redding, account land cases	273.29	
137	June 6	Filing articles of incorporation, New Mexico	26.25	
137	June 7	H. S. Brown, May	666.66	
137	June 7	Wilson & Wilson, clerk fees	20.00	
141	June 13	Clerk's fees C. P. R. R. *v.* W. U. Tel. Co	9.50	
142	June 17	Shannon, Fresno County, expended	98.75	
142	June 17	Evening Bulletin	3.25	
143	June 26	T. Marshall, S. L., June 17	625.00	
145	June 27	S. P. Hewes, abstract title	20.00	
145	June 28	Vol. 3, American and English Railroad cases	4.50	
145	June 30	Federal Reporter	10.00	
146	June 30	Wilson & Wilson, June	1,000.00	
146	June 30	Creed Haymond, June	833.33	
146	June 30	Creed Haymond, expended June	52.50	
146	June 30	W. H. L. Barnes, June	833.33	
146	June 30	J. J. Haley, June	325.00	
146	June 30	J. E. Foulds, June	307.50	
146	June 30	A. H. Cummings, June	250.00	
146	June 30	J. P. Brown, June	125.00	
146	June 30	H. B. Underhill, June	125.00	
146	June 30	J. C. White, June	100.00	
146	June 30	W. H. Campbell, June	75.00	
146	June 30	M. S. Horan, May and June	100.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1882.			
146	June 30	To H. Vroomen, May	$200.00	
146	June 30	McAllister & Bergin, year to June 30	10,000.00	
146	June 30	McAllister & Bergin, expended	217.80	
147	June 30	S. W. Sanderson, June	2,000.00	
149	June 30	C. P. H., account June, books in New York	86.55	
152	July 1	H. I. Brown, June	666.66	
152	July 5	H. V. Herbert, June	200.00	
152	July 5	H. V. Herbert, expenses, June	287.00	
152	July 5	S. C. Herbert, June	150.00	
152	July 5	E. L. Craig, June	166.66	
152	July 5	T. B. McFarland, June	200.00	
152	July 5	T. B. McFarland, expenses	164.20	
152	July 5	A. M. Clark, fees	27.90	
152	July 5	L. B. Sawyer	20.00	
153	July 6	Chapman & Garter	250.00	
153	July 6	W. H. L. Barnes	25.00	
153	July 6	Daily Law Journal	7.25	
153	July 7	J. D. Redding	20.00	
153	July 7	Clerks' fees	10.00	
154	July 10	Western Railroad Association	519.15	
154	July 12	W. W. Stow, June	833.33	
155	July 12	P. D. Higgington, expenses	255.00	
155	July 13	J. D. Redding, expenses	184.75	
155	July 13	Fees, Transfer Company	41.00	
156	July 19	J. E. Whitney, June	200.00	
156	July 19	L. B. Sawyer, fees	50.00	
157	July 20	Delos Lake, retainer	833.33	
158	July 25	Gerhart, Tulare, fees	60.00	
158	July 26	Ph. Wiggington, services	550.00	
158	July 26	Clerks' fees	57.80	
158	July 28	Chipman & Garter, July	250.00	
159	July 31	Wilson & Wilson, July	1,000.00	
159	July 31	Creed Raymond, July	833.33	
159	July 31	J. E. Foulds, expenses, July	335.00	
159	July 31	J. J. Haley, July	325.00	
159	July 31	A. H. Cummings, July	250.00	
159	July 31	J. P. Brown, July	125.00	
159	July 31	H. B. Underhill, July	125.00	
159	July 31	R. Vrooman, July	200.00	
159	July 31	J. C. White, July	100.00	
159	July 31	W. H. Campbell, July	75.00	
159	July 31	L. D. McKissick, services	250.00	
160	July 31	S. W. Sanderson	2,000.00	
160	Aug. 1	Delos Lake, for August	833.33	
160	Aug. 1	G. E. Whitney, July	200.00	
161	Aug. 1	W. H. L. Barnes, July	833.33	
161	Aug. 1	W. W. Stow, July	833.33	
161	Aug. 1	H. S. Brown, July	666.66	
161	Aug. 1	J. D. Redding, July	200.00	
161	Aug. 2	E. L. Craig, July	166.66	
161	Aug. 2	Bancroft & Co., books, July	35.50	
161	Aug. 3	T. B. McFarland, July	200.00	
161	Aug. 3	S. C. Herbert, July	150.00	
161	Aug. 3	H. V. Herbert, July	200.00	
161	Aug. 3	H. V. Herbert, expended July	730.00	
161	Aug. 3	Sawyer, fees	30.00	
162	Aug. 4	J. D. Redding, expended	93.65	
162	Aug. 7	Reporting Craven case	20.40	
162	Aug. 7	Wilson & Wilson, filing papers	15.00	
162	Aug. 8	H. S. Brown, fees	2.90	
164	Aug. 15	Bancroft, books	8.50	
166	Aug. 16	McAllister & Bergin, expended	14.25	
168	Aug. 17	Garber, Thornton & Bishop, one-half for 1882	5,000.00	
168	Aug. 17	H. P. Tricon, services	25.00	
168	Aug. 17	Knox, reporting	20.00	
169	Aug. 21	Barnes, paid printing	127.00	
170	Aug. 24	H. P. Shedd, services	5.00	
172	Aug. 25	J. B. Marshall, June, July, and August	300.00	
173	Aug. 26	Transfer tax claims, Butte County	8.25	
173	Aug. 28	Creed Haymond, August	833.33	
173	Aug. 29	L. D. McKissick, services	250.00	
174	Aug. 31	Wilson & Wilson, August	1,000.00	
174	Aug. 31	H. S. Brown, August	666.66	
174	Aug. 31	J. E. Foulds, August	312.00	
174	Aug. 31	A. H. Cummings, August	250.00	
174	Aug. 31	H. Vrooman, August	200.00	
174	Aug. 31	H. B. Underhill, August	125.00	
174	Aug. 31	J. C. White, August	100.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1882.			
174	Aug. 31	To J. P. Brown, August	$125.00	
176	Aug. 31	W. H. Campbell, August	75.00	
176	Aug. 31	S. W. Sanderson, August	2,000.00	
176	Sept. 1	J. J. Haley, August	325.00	
176	Sept. 1	United States circuit court fees	30.00	
176	Sept. 2	Chipman & Garter, August	250.00	
176	Sept. 2	Bulletin	3.25	
177	Sept. 4	W. H. L. Barnes, August	833.33	
177	Sept. 4	H. V. Herbert, expended	952.50	
177	Sept. 4	H. V. Herbert, salary, August	200.00	
177	Sept. 4	G. E. Whitney, August	200.00	
177	Sept. 4	S. C. Herbert, August	150.00	
177	Sept. 4	M. S. Horan, August	100.00	
177	Sept. 4	Whitney, books	65.50	
177	Sept. 5	Cope & Boyd, Tracy cases	578.20	
177	Sept. 5	Cope & Boyd, Huntington cases	500.00	
177	Sept. 5	T. B. McFarland, August	260.00	
177	Sept. 5	J. D. Redding, August	200.00	
177	Sept. 5	E. L. Craig, August	166.66	
177	Sept. 5	Western Publishing Company, books	55.00	
177	Sept. 5	Bancroft & Co., books	20.00	
178	Sept. 8	W. W. Stow, August	833.33	
178	Sept. 8	Creed Haymond, expended	261.50	
178	Sept. 8	Secretary of state	25.00	
184	Sept. 19	E. Thompson, books	9.00	
184	Sept. 19	Chicago Legal News	2.20	
184	Sept. 20	County clerk's fees	13.00	
184	Sept. 21	Thomas Marshall, to September 17	625.00	
185	Sept. 23	W. L. Dudley, to June 30	625.00	
185	Sept. 26	J. P. Brown, September	125.00	
186	Sept. 27	L. D. McKissick, services	500.00	
186	Sept. 27	Shedd & Munckton	133.33	
186	Sept. 27	Secretary of state	10.00	
187	Sept. 29	Wilson & Wilson, September	1,000.00	
187	Sept. 30	Creed Haymond, September	833.33	
187	Sept. 30	J. J. Haley, September	325.00	
187	Sept. 30	J. E. Foulds, September	300.00	
187	Sept. 30	A. H. Cummins, September	250.00	
187	Sept. 30	H. Vrooman, September	200.00	
187	Sept. 30	H. B. Underhill, September	125.00	
187	Sept. 30	J. C. White, September	100.00	
187	Sept. 30	W. H. Campbell, September	75.00	
187	Sept. 30	F. B. Lake, September	50.00	
187	Sept. 30	S. Whitney, books	85.00	
187	Sept. 30	S. W. Sanderson	2,000.00	
190	Oct. 2	S. W. Sanderson, expenses East	1,500.00	
190	Oct. 2	J. W. Pomeroy, services	3,333.33	
190	Oct. 2	W. H. L. Barnes, September	833.33	
190	Oct. 2	W. W. Stow, September	833.33	
190	Oct. 2	H. S. Brown, September	666.66	
190	Oct. 2	J. D. Redding, September	200.00	
190	Oct. 2	J. D. Redding, expended	189.65	
190	Oct. 2	J. P. Brown, October	125.00	
190	Oct. 2	J. P. Brown, November	125.00	
190	Oct. 3	James A. Johnson	1,500.00	
190	Oct. 3	T. B. McFarland, September	355.00	
190	Oct. 3	Chipman & Garter, September	250.00	
190	Oct. 3	E. L. Craig, September	166.66	
192	Oct. 4	S. C. Herbert, September	150.00	
192	Oct. 4	H. V. Herbert, September	200.00	
192	Oct. 4	H. V. Herbert, expended	911.75	
192	Oct. 5	G. E. Whitney, September	200.00	
192	Oct. 7	Sawyer, fees U. S. circuit court	19.40	
193	Oct. 10	Western Railroad Association	519.15	
193	Oct. 11	M. S. Horan, September	50.00	
193	Oct. 20	M. S. Horan, expenses, services to date	200.00	
199	Oct. 20	Rhodes & Burton, expended	27.50	
200	Oct. 25	L. B. Sawyer, services	10.00	
200	Oct. 28	E. B. Stonehill, expenses to Carson	25.00	
201	Oct. 30	Glassell, Smith, & P., services and expenses	885.50	
202	Oct. 31	Wilson & Wilson, October	1,000.00	
202	Oct. 31	Creed Haymond, October	833.33	
202	Oct. 31	L. D. McKissock, October	500.00	
202	Oct. 31	J. A. Johnson, October	324.33	
202	Oct. 31	J. J. Haley, October	325.00	
202	Oct. 31	J. A. Foulds, October	300.00	
202	Oct. 31	A. H. Cummings, October	250.00	
202	Oct. 31	H. Vrooman, October	200.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1882.			
202	Oct. 31	To H. B. Underhill, October	$125.00	
202	Oct. 31	J. C. White, October	100.00	
202	Oct. 31	W. H. Campbell, October	75.00	
202	Oct. 31	F. B. Lake, October	75.00	
202	Oct. 31	H. V. Herbert, expended	749.50	
202	Oct. 31	H. V. Herbert, October	200.00	
202	Oct. 31	S. C. Herbert, October	150.00	
203	Oct. 31	S. W. Sanderson, October	2,000.00	
204	Nov. 1	W. H. L. Barnes, October	833.33	
204	Nov. 1	Chipman & Garter, October	250.00	
205	Nov. 2	T. B. McFarland, expended October	242.50	
205	Nov. 2	J. L. Redding, October	360.65	
205	Nov. 2	M. S. Horan, October	50.00	
205	Nov. 3	H. S. Brown, October	666.66	
205	Nov. 3	Bancroft & Co., books	14.00	
206	Nov. 4	L. D. McKissick, October	500.00	
206	Nov. 4	G. E. Whitney	200.00	
206	Nov. 6	W. W. Stow	833.33	
206	Nov. 6	Creed Haymond	5,000.00	
207	Nov. 11	W. L. Dudley, expended	17.00	
210	Nov. 14	C. P. Huntington, account, books	141.50	
210	Nov. 14	C. P. Huntington, Edwards retainer	5,000.00	
189	Oct. 2	By account, J. D. Redding		61.5
203	Oct. 31	James A. Johnson		1,500.0
207	Nov. 13	J. D. Redding		72.5
214	Nov. 24	To Sheriff Filare County, fees	15.85	
215	Nov. 29	Wilson & Wilson, November	1,000.00	
215	Nov. 29	H. S. Brown, November	666.66	
215	Nov. 29	J. A. Johnson, November	333.33	
215	Nov. 29	J. E. Foulds, November	300.00	
215	Nov. 29	A. H. Cummings, November	250.00	
216	Nov. 29	J. C. White, November	100.00	
216	Nov 29	F. B. Lake, November	75.00	
216	Nov. 29	W. H. Campbell, November	75.00	
216	Nov. 29	H. B. Underhill, November	125.00	
217	Nov. 29	S. W. Sanderson, November	2,000.00	
206	Nov. 4	E. L. Craig, October	166.66	
218	Dec. 1	Creed Haymond, expenses, and November	958.33	
218	Dec. 1	W. H. L. Barnes, November	833.33	
218	Dec. 1	L. D. McKissick, November	500.00	
218	Dec. 1	J. J. Haley, November	325.00	
218	Dec. 1	H. Vrooman, November	200.00	
218	Dec. 1	G. E. Whitney, November	200.00	
218	Dec. 1	Daily Examiner	1.95	
218	Dec. 2	H. V. Herbert, November	200.00	
218	Dec. 2	H. V. Herbert, expended	566.90	
218	Dec. 2	H. V. Herbert, steamer transit	154.25	
218	Dec. 2	S. C. Herbert, November	150.00	
218	Dec. 2	T. Norris, November	130.00	
218	Dec. 2	J. H. Blood, November	40.60	
218	Dec. 2	M. S. Horan, November	50.00	
218	Dec. 2	M. Bulletin	3.25	
219	Dec. 5	J. D. Redding	200.00	
219	Dec. 5	J. D. Redding, expended	76.30	
219	Dec. 5	Type-writer, Remington	100.00	
220	Dec. 6	Chipman & Garter, November	250.00	
220	Dec. 8	T. B. McFarland, expended, and November	200.00	
220	Dec. 8	Thomas Marshall, expended	32.00	
221	Dec. 11	P. Henshaw, services	10.00	
226	Dec. 20	Baggett & Co., printing	127.25	
226	Dec. 20	H. A. Jones, services	11.00	
227	Dec. 21	J. B. Marshall, 4 months	400.00	
227	Dec. 21	J. B. Marshall, expended	10.00	
227	Dec. 21	C. H. Putnam	50.00	
227	Dec. 22	W. W. Stow, November and December	1,666.66	
227	Dec. 22	Chipman & Garter, December	250.00	
227	Dec. 22	Thomas Marshall, quarter	625.00	
227	Dec. 22	Tulare County's account, case C. P. H	320.40	
228	Dec. 26	Creed Haymond, December	833.33	
228	Dec. 27	Bancroft & Co., books	315.25	
228	Dec. 29	Garber, Thornton & Bishop, balance 1882	5,000.00	
	Dec. 29	Belcher & Belcher, year 1882	2,000.00	
	Dec. 29	James A. Johnson, December, 1882	333.33	
	Dec. 29	M. S. Horan, services, etc., December, 1882	250.00	
	Dec. 29	T. B. McFarland, December, 1882	200.00	
	Dec. 30	W. L. Dudley, 6 months to December, 1882	1,250.00	
	Dec. 30	Wilson & Wilson, December	1,020.00	
	Dec. 30	W. H. L. Barnes, December	833.33	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1882.			
	Dec. 30	To H. S. Brown, December	$666.66	
	Dec. 30	J. J. Haley, December	325.00	
	Dec. 30	J. E. Foulds, December	300.00	
	Dec. 30	A. H. Cummings, December	250.00	
	Dec. 30	J. P. Brown, December	125.00	
	Dec. 30	H. B. Underhill, December	125.00	
	Dec. 30	J. C. White, December	100.00	
	Dec. 30	W. H. Campbell, December	75.00	
	Dec. 30	F. B. Lake, December	75.00	
	Dec. 30	S. C. Herbert, December	150.00	
	Dec. 30	H. V. Herbert, December	200.00	
	Dec. 30	H. V. Herbert, expended	668.00	
	Dec. 30	Thomas McKenna, expended and services	117.50	
	Dec. 30	H. Vrooman, December	200.00	
	Dec. 30	G. E. Whitney, December	200.00	
	Dec. 30	S. W. Sanderson, December	2,000.00	
	Dec. 30	C. P. H., account, December, S. W. Sanderson	500.00	
	Dec. 30	C. P. H., account, December, books	83.85	
	Dec. 30	By amount carried to profit and loss		$216,750.41
			220,862.44	220,862.44
	1883.			
240	Jan. 5	To papers, taxes, Amador County	$17.50	
240	Jan. 6	Bancroft & Co., books	26.50	
240	Jan. 8	L. D. McKissick, salary, January	500.00	
240	Jan. 8	J. M. Danks, copyist	75.00	
240	Jan. 8	V. A. Gregg, services	100.00	
240	Jan. 8	J. D. Redding, services, December	260.00	
240	Jan. 8	J. D. Redding, expended	147.45	
241	Jan. 10	Whitney, books	54.50	
242	Jan. 12	W. H. L. Barnes, expended	71.50	
242	Jan. 15	Daily Law Journal	6.00	
243	Jan. 19	Glassell, S. & P., Los Angeles, services and expended	915.90	
243	Jan. 19	Cape & Boyd, printing	19.00	
243	Jan. 19	J. W. Osborn, reporting	30.00	
244	Jan. 22	E. A. Girvin, reporting	52.00	
245	Jan. 25	Catron & Thornton, Santa Fé, 6 months	2,000.00	
245	Jan. 26	Catron & Thornton (to July, '83), 6 months	2,000.00	
244	Jan. 22	Samuel Osborn, reporting	34.37	
245	Jan. 26	E. Thompson, books	9.00	
245	Jan. 26	Albany Law Journal	5.00	
245	Jan. 27	Pacific Coast Journal	5.00	
245	Jan. 29	Samuel Osborn, services	21.85	
245	Jan. 29	Express on books	5.75	
245	Jan. 29	James A. Johnson, January	333.33	
246	Jan. 30	H. S. Brown, January	666.66	
246	Jan. 30	Chipman & Garter, January	250.00	
246	Jan. 31	Wilson & Wilson, January	1,002.50	
246	Jan. 31	J. E. Foulds, January	350.00	
246	Jan. 31	J. J. Haley, January	325.00	
246	Jan. 31	H. V. Herbert, January	250.00	
246	Jan. 31	A. H. Cummings, January	250.00	
246	Jan. 31	H. Vrooman, January	200.00	
246	Jan. 31	J. P. Brown, January	150.00	
246	Jan. 31	H. B. Underhill, January	125.00	
246	Jan. 31	J. C. White, January	100.00	
246	Jan. 31	W. H. Campbell, January	90.00	
246	Jan. 31	F. B. Lake, January	75.00	
247	Jan. 31	S. W. Sanderson, January	2,000.00	
247	Feb. 1	L. D. McKissick, for February	500.00	
247	Feb. 1	I. B. Marshall, January	103.00	
249	Feb. 5	G. E. Whitney, January	200.00	
249	Feb. 6	McAllister & Bergin, printing	393.80	
249	Feb. 6	E. L. Craig, November and December	499.99	
249	Feb. 7	S. C. Denson, January	200.00	
249	Feb. 8	E. A. Girvin, services	42.00	
250	Feb. 10	W. W. Stow, January	833.33	
250	Feb. 10	J. D. Redding	200.00	
250	Feb. 10	J. D. Redding, expended	141.75	
250	Feb. 10	W. H. L. Barnes, expended, January	39.50	
250	Feb. 10	F. A. Frisius, services	58.50	
250	Feb. 12	Creed Haymond, expended	264.00	
250	Feb. 12	E. B. Stonehill, salary, January	100.00	
250	Feb. 13	M. S. Horan, at Reno	225.00	
251	Feb. 13	M. S. Horan, January	50.00	
251	Feb. 13	Bancroft & Co., books	175.00	
251	Feb. 13	P. Dunlap, services, Sacramento	50.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1883.			
251	Feb. 14	To W. H. L. Barnes, services, January	$1,000.00	
251	Feb. 14	M. J. Davis, services, Sacramento	85.00	
255	Feb. 19	C. M. Post, services, Sacramento	150.00	
256	Feb. 26	P. D. Wiggington, expended	260.65	
256	Feb. 26	H. V. Herbert, expended	634.00	
256	Feb. 26	do	225.00	
256	Feb. 26	S. C. Herbert, services, January	150.00	
256	Feb. 26	T. McKernon, services	100.00	
257	Feb. 27	J. A. Johnson, February	333.33	
257	Feb. 28	Wilson & Wilson, February	1,000.00	
257	Feb. 28	W. H. L. Barnes, February	1,000.00	
257	Feb. 28	H. S. Brown, February	666.66	
257	Feb. 28	J. E. Foulds, February	350.00	
257	Feb. 28	J. J. Haley, February	325.00	
257	Feb. 28	A. H. Cummings, February	250.00	
257	Feb. 28	H. Vrooman, February	200.00	
257	Feb. 28	J. P. Brown, February	150.00	
257	Feb. 28	H. B. Underhill, February	125.00	
257	Feb. 28	J. C. White, February	100.00	
257	Feb. 28	W. H. Campbell, February	90.00	
257	Feb. 28	F. B. Lake, February	75.00	
257	Feb. 28	H. V. Herbert, February	250.00	
	Feb. 28	H. V. Herbert, expended	663.00	
	Feb. 28	United States circuit court fees	15.00	
258	Feb. 28	S. W. Sanderson, February	2,000.00	
259	Mar. 1	L. D. McKissick, March	500.00	
259	Mar. 1	E. B. Stonehill, February	100.00	
259	Mar. 1	Daily Examiner	1.95	
260	Mar. 2	S. W. Sanderson, balance of expenses to Washington	299.15	
260	Mar. 2	E. L. Craig, February	166.66	
260	Mar. 3	J. D. Redding, February	200.00	
260	Mar. 3	J. D. Redding, expended	162.00	
260	Mar. 3	J. B. Marshall, February	52.90	
260	Mar. 3	P. S. Corbet, February	202.28	
248	Feb. 2	By J. D. Redding	20.00	
279	Apr. 21	do	58.50	
260	Mar. 3	To H. A. Jones, reporting	30.00	
260	Mar. 3	Whitney, books	36.50	
260	Mar. 3	Evening Bulletin	3.25	
261	Mar. 5	M. S. Horan, February	50.00	
261	Mar. 7	S. C. Herbert, February	150.00	
261	Mar. 7	C. M. Post, services	150.00	
261	Mar. 7	T. McKenna, services	50.00	
261	Mar. 10	Chipman & Garter, February	250.00	
262	Mar. 10	W. H. L. Barnes, expended	34.50	
262	Mar. 10	Western Railroad Association, assistant	493.00	
262	Mar. 13	Central Law Journal	8.00	
265	Mar. 16	G. E. Whitney, February	200.00	
266	Mar. 20	Thomas Marshall, one-fourth to 19th	625.00	
266	Mar. 20	S. C. Denson, February	200.00	
266	Mar. 21	J. W. Osborn, searching records	40.00	
267	Mar. 23	Creed Haymond, expenses, Sacramento	240.00	
267	Mar. 24	Page & Ells, services	150.00	
267	Mar. 24	H. Darneal, reporting	26.00	
267	Mar. 26	W. W. Stow, February and March	1,666.66	
268	Mar. 28	J. B. Marshall, February and March	210.50	
268	Mar. 28	C. W. Gearhart, reporting	104.00	
268	Mar. 28	McKenna, steamer Transit case	100.00	
268	Mar. 29	H. S. Brown, March	666.66	
268	Mar. 29	Daily Times	6.00	
269	Mar. 31	Garber, Thornton & B., first quarter, 1883	2,500.00	
269	Mar. 31	Wilson & Wilson, March	1,000.00	
269	Mar. 31	J. A. Johnson, March	333.33	
269	Mar. 31	J. E. Foulds, March	350.00	
269	Mar. 31	A. H. Cummings, March	250.00	
269	Mar. 31	H. Vrooman, March	200.00	
269	Mar. 31	James P. Brown, March	150.00	
269	Mar. 31	H. B. Underhill, March	125.00	
269	Mar. 31	W. H. Campbell, March	90.00	
269	Mar. 31	F. B. Lake, March	75.00	
271	Mar. 31	Creed Haymond, quarter, March 31	2,500.00	
269	Mar. 31	J. J. Haley, March	325.00	
271	Mar. 31	S. W. Sanderson, March	2,000.00	
271	Apr. 2	J. D. McKissick, April	500.00	
271	Apr. 2	W. H. L. Barnes, March	1,000.00	
271	Apr. 2	J. D. Redding, March	200.00	
272	Apr. 2	E. B. Stonehill, March	100.00	
272	Apr. 2	J. C. White, March	100.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1883.			
272	Apr. 2	To M. S. Horan, March	$50.00	
272	Apr. 2	C. N. Post, March	70.00	
272	Apr. 3	Chipman & Garter, March	250.00	
272	Apr. 3	G. E. Whitney, March	200.00	
272	Apr. 3	E. L. Craig, March	166.67	
272	Apr. 4	S. C. Dennison, expenses	233.50	
273	Apr. 6	W. V. Herbert, expended	741.00	
273	Apr. 6	W. V. Herbert, expended, Los Angeles	88.50	
273	Apr. 6	W. V. Herbert, salary, March	250.00	
273	Apr. 6	S. C. Herbert, March	150.00	
273	Apr. 7	W. L. Dudley, quarter	625.00	
273	Apr. 7	P. D. Wigginton, services and expenses	1,350.00	
273	Apr. 7	H. M. Willis, services	200.00	
274	Apr. 7	J. D. Redding, expended	138.44	
274	Apr. 9	Bancroft & Co., books	10.00	
274	Apr. 10	Printing testimony, Harrison case	183.75	
275	Apr. 12	Western Railroad Association	493.00	
279	Apr. 21	Notary fees	2.00	
280	Apr. 27	Sheriff's fees	1.00	
280	Apr. 27	Wilson & Wilson, expended	8.75	
281	Apr. 30	Wilson & Wilson, April	1,009.50	
281	Apr. 30	W. H. L. Barnes, April	1,000.00	
281	Apr. 30	J. E. Foulds, April	350.00	
281	Apr. 30	J. J. Haley, April	325.00	
281	Apr. 30	A. H. Cummings, April	250.00	
281	Apr. 30	H. Vrooman, April	200.00	
281	Apr. 30	Tim Lynch, April	200.00	
281	Apr. 30	J. P. Brown, April	150.00	
281	Apr. 30	J. C. White, April	100.00	
281	Apr. 30	W. H. Campbell, April	90.00	
281	Apr. 30	F. B. Lake, April	75.00	
281	Apr. 30	H. B. Underhill	125.00	
282	Apr. 20	Creed Haymond, April	833.33	
282	Apr. 30	S. W. Sanderson, April	200.00	
283	May 1	L. D. McKissick, May	500.00	
283	May 1	Cape & Boyd, services	500.00	
284	May 1	W. W. Stow, April	833.33	
284	May 1	H. S. Brown, April	666.66	
284	May 1	J. A. Johnson, April	333.33	
284	May 1	E. B. Stonehill, April	100.00	
284	May 2	E. L. Craig, April	166.66	
284	May 3	S. C. Herbert, April	150.00	
284	May 3	J. D. Redding, April	200.00	
284	May 3	H. V. Herbert, April	250.00	
284	May 3	H. V. Herbert, expended, April	432.00	
286	May 10	S. C. Denson, April	208.50	
286	May 10	M. S. Horan, April	50.00	
286	May 10	Chipman & Garter, April	250.00	
286	May 11	H. P. McKoon, April	200.00	
286	May 12	W. F. Good, expended	282.15	
288	May 14	Banks Brothers, New York, books	91.55	
289	May 15	Secretary of state	3.50	
289	May 15	Mrs. Nightingill, witness	25.00	
289	May 17	McAllister & Bergin, expended	26.50	
289	May 17	E. Thompson, book	4.50	
289	May 18	J. D. Redding, expended	148.00	
290	May 19	Account tax cases	10.00	
290	May 19	..... do	5.60	
291	May 21	R. E. Arrick, services, case Reed & Patten	250.00	
291	May 24	J. B. Marshall, expenses April and May	208.00	
291	May 28	Clerk's fees at Auburn	27.75	
292	May 29	W. H. L. Barnes, May	1,000.00	
292	May 29	W. L. Dudley, expended May	142.30	
292	May 31	Wilson & Wilson, May	1,000.00	
292	May 31	H. S. Brown, May	666.66	
292	May 31	J. J. Haley, May	325.00	
292	May 31	J. A. Johnson, May	333.33	
292	May 31	A. H. Cummings, May	250.00	
292	May 31	Tim Lynch, May	200.00	
292	May 31	H. Vrooman, May	200.00	
292	May 31	J. P. Brown, May	150.00	
292	May 31	H. B. Underhill, May	125.00	
292	May 31	E. B. Stonehill, May	100.00	
292	May 31	J. C. White, May	100.00	
292	May 31	W. H. Campbell, May	90.00	
292	May 31	F. B. Lake, May	75.00	
292	May 31	Fees, Sutter County, May	29.15	
292	May 31	Levy, for book, May	9.50	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1873.			
293	May 31	To Creed Haymond, May	$833.33	
293	May 31	S. W. Sanderson, May	2,000.00	
294	June 1	W. W. Stow, May	833.33	
294	June 1	L. D. McKissick, June	500.00	
294	June 1	J. E. Foulds, May	350.00	
294	June 1	G. E. Whitney, May	200.00	
294	June 1	S. C. Herbert, May	150.00	
294	June 1	H. V. Herbert, May	250.00	
294	June 1	H. V. Herbert, expended	380.50	
291	Apr. 24	G. E. Whitney, April	200.00	
295	June 5	By J. D. Redding, collections		97.8
298	June 14	Refunded vouchers		5.0
304	June 29	J. D. Redding, collections		3.2
295	June 1	To W. H. L. Barnes, expended	102.40	
295	June 2	Chipman & Garter, May	250.00	
295	June 2	E. L. Craig, May	166.66	
295	June 2	Evening Bulletin	8.25	
296	June 5	Bancroft & Co., books	40.05	
296	June 5	Muneton, services	5.00	
296	June 8	McAllister & Bergin, expended	24.90	
296	June 6	J. D. Redding, expended	105.30	
296	June 6	J. D. Redding, salary	200.00	
296	June 9	S. C. Denson, May	200.00	
297	June 9	Clerk's fees, Stanislaus County	26.00	
297	June 9	Secretary of state	7.00	
297	June 11	M. S. Horan, May	50.00	
298	June 18	Daily Law Journal	5.00	
302	June 19	A. E. Mason	50.00	
302	June 20	Daily Examiner	1.95	
302	June 21	Charles Crocker	500.00	
302	June 21	A. D. Greenwood, commissioner	33.73	
303	June 22	Thomas Marshall, to June 17	625.00	
303	June 23	County clerk, fees	5.10	
303	June 25	S. T. Gage, expenses land cases	500.00	
303	June 25	Recorder's fees	8.60	
303	June 26	J. E. Foulds, June	350.00	
303	June 26	J. D. Redding, June	200.00	
303	June 26	J. B. Marshall, June	100.00	
303	June 26	County clerk's fees	39.75	
303	June 26	West Publishing Company	10.00	
303	June 27	County clerk, Sacramento County	5.00	
304	June 28	McAllister & Bergin, expended	26.45	
304	June 28	W. L. Dudley, expended	18.00	
304	June 29	H. S. Brown, June	666.66	
304	June 29	Pacific Law Journal	9.00	
304	June 29	Clerk Tehama County, fees	7.50	
305	June 30	McAllister & Bergin, year ending June 30	10,000.00	
305	June 30	W. H. L. Barnes, June	1,000.00	
305	June 30	Wilson & Wilson, June	1,000.00	
305	June 30	L. D. McKissick, July	500.00	
305	June 30	J. J. Haley, June	325.00	
305	June 30	A. H. Cummings, June	250.00	
305	June 30	Tim Lynch, June	200.00	
305	June 30	H. Vrooman, June	200.00	
305	June 30	J. P. Brown, June	150.00	
305	June 30	H. B. Underhill, June	125.00	
305	June 30	B. B. Stonehill, June	100.00	
305	June 30	John O. White, June	100.00	
305	June 30	W. H. Campbell, June	90.00	
305	June 30	F. B. Lake, June	75.00	
305	June 30	Creed Haymond, June	833.33	
305	June 30	S. W. Sanderson, June	2,000.00	
312	July 2	James A. Johnson, June	333.33	
312	July 3	E. L. Craig, June	166.66	
312	July 3	Chipman & Garter, June	250.00	
212	July 3	Certified copies	5.50	
313	July 5	T. A. O'Brien, services	100.00	
312	July 5	Garber & Thornton, quarter to June 30	2,500.00	
312	July 5	W. W. Stow, June	833.33	
312	July 5	George B. Whitney, June	200.00	
312	July 5	S. C. Herbert, June	150.00	
312	July 5	W. V. Herbert, expenses, June	951.00	
312	July 5	M. S. Horan, June	105.00	
313	July 9	S. C. Denson, June	218.50	
313	July 10	John McCoy, fees	6.50	
314	July 11	Western Railroad Association, third assessment	493.00	
314	July 13	W. R. Levy, fees, tax cases	460.00	
314	July 13	Copy land mortgage	3.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1873.			
315	July 16	To H. D. Lamotte, expenses	$33.98	
315	July 16	H. V. Herbert, expenses, etc	84.25	
315	July 16	T. McKenna, expenses, etc., services	95.00	
315	July 17	W. L. Dudley, quarter to June 30	625.00	
315	July 18	P. D. Wiggington, tax cases	122.50	
315	July 18	American Law Review	5.00	
315	July 18	American and English railroad cases	4.50	
316	July 20	Copies articles incorporation	7.50	
316	July 24	Copies articles Santa Clara County	5.00	
317	July 25	Copies articles Sacramento County	12.50	
317	July 26	Clerk's fees, Tulare County	40.00	
317	July 28	Certified copy assessment Fresno county	12.00	
318	July 30	Clerk's fees, U. S. circuit court	110.00	
319	July 31	Wilson & Wilson, July	1,000.00	
319	July 31	H. S. Brown, July	666.66	
319	July 31	J. D. Redding, July	389.15	
319	July 31	J. J. Haley, expenses, July	325.00	
319	July 31	A. H. Cummings, July	250.00	
319	July 31	Tim. Lynch, July	200.00	
319	July 31	J. P. Brown, July	150.00	
319	July 31	W. H. L. Barnes, July	1,000.00	
319	July 31	H. B. Underhill, July	125.00	
319	July 31	E. B. Underhill, July	100.00	
319	July 31	J. C. White, July	100.00	
319	July 31	W. H. Campbell, July	90.00	
319	July 31	H. B. Lake, July	75.00	
319	July 31	Creed Haymond, July	833.33	
319	July 31	S. W. Sanderson, July	2,000.00	
319	Aug. 1	W. W. Stow, July	833.33	
319	Aug. 1	J. E. Foulds, July	359.00	
320	Aug. 1	S. C. Denson, July	326.00	
320	Aug. 1	H. Vrooman, July	200.00	
320	Aug. 1	M. S. Horan, July	50.00	
320	Aug. 1	L. D. McKissick, August	500.00	
320	Aug. 2	J. A. Johnson, July	333.33	
320	Aug. 2	G. C. Whitney, July	200.00	
320	Aug. 2	E. L. Craig, July	166.66	
320	Aug. 3	H. V. Herbert, July	641.00	
320	Aug. 3	Chipman & Garter, July	250.00	
320	Aug. 3	Bancroft & Co., books	51.50	
320	Aug. 3	E. W. Marlin, fees, July	32.20	
321	Aug. 4	Campbell, Red Bluff, fees	30.10	
321	Aug. 6	S. C. Herbert, July	150.00	
321	Aug. 7	J. P. Irish	2,750.00	
322	Aug. 9	Tehama Company	422.04	
322	Aug. 9	J. C. Gould, clerk's fees	3.00	
322	Aug. 10	S. Whitney, books	81.00	
322	Aug. 11	H. D. La Motte	45.00	
322	Aug. 14	T. McKenna	82.00	
323	Aug. 15	Glassell, Smith & Co	509.75	
326	Aug. 18	Banks Bros., N. Y., books	109.80	
326	Aug. 18	S. C. Houghton, services	388.00	
326	Aug. 18	B. C. Brees	260.00	
326	Aug. 18	Houghton, M. & Co.	10.00	
326	Aug. 21	J. P. Brown, expended	1.00	
327	Aug. 27	S. C. Denson, expended	14.00	
327	Aug. 27	Clerk's fees	10.00	
327	Aug. 28	J. B. Marshall, July and August	200.00	
327	Aug. 29	P. J. Corbett, expenses	27.00	
328	Aug. 31	W. H. L. Barnes, August	1,000.00	
328	Aug. 31	Wilson & Wilson, August	1,000.00	
328	Aug. 31	H. S. Brown, August	666.66	
328	Aug. 31	J. E. Foulds, August	350.00	
328	Aug. 31	J. J. Haley, August	325.00	
328	Aug. 31	Chipman & Garter, August	250.00	
328	Aug. 31	By J. D. Redding		$30.45
328	Aug. 31	To A. H. Cummings, August	250.00	
329	Aug. 31	Tim Lynch, August	200.00	
329	Aug. 31	H. Vrooman, August	200.00	
329	Aug. 31	J. P. Brown, August	150.00	
329	Aug. 31	H. B. Underhill, August	125.00	
329	Aug. 31	J. C. White, August	100.00	
329	Aug. 31	E. B. Stonehill, August	100.00	
329	Aug. 31	W. H. Campbell, August	90.00	
329	Aug. 31	H. B. Lake, August	75.00	
330	Aug. 31	S. W. Sanderson, August	2,000.00	
330	Aug. 31	Creed Haymond, August	833.33	
330	Sept. 1	M. S. Horan, expenses	25.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1883.			
330	Sept. 1	To M. S. Horan, August	$50.00	
330	Sept. 1	E. L. Craig, August	166.66	
330	Sept. 1	M. J. Simmons, August	20.00	
330	Sept. 1	J. A. Gould, August	23.00	
330	Sept. 1	Bulletin, August	3.25	
330	Sept. 1	L. D. McKissick, September	500.00	
331	Sept. 3	J. A. Johnson, August	333.33	
331	Sept. 4	J. D. Redding, August	364.00	
331	Sept. 4	George E. Whitney, August	200.00	
331	Sept. 5	Daily Examiner, August	1.95	
331	Sept. 6	S. C. Denson, August	239.00	
332	Sept. 11	H. V. Herbert, August	642.00	
332	Sept. 11	S. C. Herbert, August	150.00	
335	Sept. 13	A. H. Cummings, expenses	50	
336	Sept. 17	Clunie & Knight	500.00	
336	Sept. 18	H. P. Shedd	80.00	
336	Sept. 18	T. D. Munckten	35.00	
337	Sept. 19	Chicago Legal News	2.20	
337	Sept. 21	Maps	25.00	
338	Sept. 24	Thomas Marshall, to September 17	625.00	
338	Sept. 26	W. W. Stow, August and September	1,666.66	
338	Sept. 26	L. B. Sawyer	48.50	
339	Sept. 29	W. H. L. Barnes	1,750.00	
339	Sept. 29	Wilson & Wilson, September	1,000.00	
339	Sept. 29	J. E. Foulds, expenses, etc., September	382.00	
339	Sept. 29	J. J. Haley, September	325.00	
339	Sept. 29	W. H. Cummins, September	250.00	
339	Sept. 29	Tim Lynch, September	200.00	
339	Sept. 29	J. P. Brown, September	150.00	
339	Sept. 29	J. C. White, September	125.00	
339	Sept. 29	W. H. Campbell, September	90.00	
339	Sept. 29	F. B. Lake, September	75.00	
339	Sept. 29	H. B. Underhill, September	100.00	
339	Sept. 29	L. D. McKissick, October	500.00	
339	Sept. 29	S. W. Sanderson, September	2,000.00	
339	Sept. 29	Creed Haymond, September	833.33	
342	Oct. 1	H. S. Brown, September	666.66	
342	Oct. 1	J. A. Johnson, September	333.33	
342	Oct. 1	George E. Whitney, September	200.00	
342	Oct. 1	H. Vrooman, September	200.00	
342	Oct. 1	E. B. Stonehill, September	100.00	
342	Oct. 2	Garber, Thornton & Bishop, third quarter, 1883	2,500.00	
342	Oct. 3	M. S. Horan, September	50.00	
343	Oct. 4	John Hall, suit railroad inclosure	810.91	
343	Oct. 6	C. Bennett, services, September	98.25	
344	Oct. 8	S. T. Gage, expended	2,500.00	
344	Oct. 10	Western Railroad Association	493.00	
344	Oct. 10	S. C. Denson	200.00	
344	Oct. 11	T. G. Newlands, per Towne	250.00	
343	Oct. 6	A. H. L. Barnes, expended	52.50	
347	Oct. 12	H. V. Herbert, expenses and September	910.00	
347	Oct. 12	S. C. Herbert, September	150.00	
347	Oct. 12	E. L. Craig, September	166.66	
347	Oct. 12	Bancroft, books	35.00	
347	Oct. 12	E. Thompson, books	4.50	
348	Oct. 16	W. D. La Motte	100.00	
348	Oct. 18	W. L. Dudley, to September 30	629.90	
348	Oct. 18	W. T. Baggett, printing	15.00	
349	Oct. 22	J. M. Pomeroy, tax cases	2,500.00	
350	Oct. 25	T. McKenna	150.00	
350	Oct. 26	J. D. Redding	200.00	
351	Oct. 30	W. W. Stow, October	833.33	
351	Oct. 31	W. H. L. Barnes, October	1,250.00	
351	Oct. 31	Wilson & Wilson, October	1,000.00	
351	Oct. 31	H. S. Brown, October	666.66	
351	Oct. 31	J. E. Foulds, October	350.00	
351	Oct. 31	J. J. Haley, October	325.00	
351	Oct. 31	A. H. Cummins, October	250.00	
351	Oct. 31	H. Vrooman, October	200.00	
351	Oct. 31	J. B. Marshall, September and October	200.00	
351	Oct. 31	Tim Lynch, October	150.00	
351	Oct. 31	J. P. Brown, October	125.00	
351	Oct. 31	H. B. Underhill, October	100.00	
351	Oct. 31	J. C. White, October	90.00	
351	Oct. 31	W. H. Campbell, October	200.00	
351	Oct. 31	F. B. Lake, October	75.00	
351	Oct. 31	J. C. Gould, October	21.00	
351	Oct. 31	S. G. Wilburn, clerk's fees	18.25	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1883.			
351	Oct. 31	To L. D. McKissick, November	$500.00	
352	Oct. 31	S. W. Sanderson, October	2,000.00	
352	Oct. 31	Creed Haymond, October	833.33	
354	Nov. 1	J. A. Johnson, October	333.33	
354	Nov. 1	E. B. Stonehill, October	100.00	
354	Nov. 1	J. J. Day, witness	54.00	
354	Nov. 2	J. D. Redding, expenses and October	1,053.85	
354	Nov. 2	H. V. Herbert, October	901.00	
354	Nov. 2	S. C. Herbert, October	150.00	
354	Nov. 2	McAllister & Bergin, expended	23.00	
354	Nov. 2	Holland Smith, notary	.75	
355	Nov. 6	S. R. Denson, expenses and October	270.00	
355	Nov. 8	M. S. Horan, October	50.00	
356	Nov. 9	H. V. Herbert, expended	558.00	
356	Nov. 9	C. Caldwalleder, expended	12.00	
356	Nov. 10	L. S. Belden, reporting	117.00	
356	Nov. 12	H. V. Herbert, expenses	814.00	
358	Nov. 13	Banks Bros., New York, books	91.90	
359	Nov. 14	W. H. L. Barnes, expended	20.50	
360	Nov. 16	Alta, advertising	100.00	
361	Nov. 20	Baker & Wines, Eureka, Nev	650.00	
362	Nov. 24	Thomas Marshall, S. L. Ryan, case	243.00	
363	Nov. 26	P. D. Wigginton	214.55	
363	Nov. 26	F. A. Fresius	50.00	
363	Nov. 27	T. McKenna, services and expenses	130.00	
363	Nov. 27	E. Selleck, services	50.00	
363	Nov. 27	W. W. Moore, services	40.00	
364	Nov. 21	S. Whitney, books	31.00	
365	Nov. 28	F. M. Pixley, on account to date	5,000.00	
365	Nov. 30	W. H. L. Barnes, November	1,250.00	
365	Nov. 30	Wilson & Wilson, November	1,000.00	
365	Nov. 30	H. S. Brown, November	666.66	
365	Nov. 30	J. A. Johnson, expenses and November	383.33	
365	Nov. 30	H. C. Herbert, expenses and November	982.00	
365	Nov. 30	J. E. Foulds, November	350.00	
365	Nov. 30	J. J. Haley, November	325.00	
365	Nov. 30	A. H. Cummins, November	250.00	
365	Nov. 30	Tim Lynch, November	200.00	
365	Nov. 30	J. P. Brown, November	150.00	
365	Nov. 30	H. B. Underhill, November	125.00	
365	Nov. 30	J. C. White, November	100.00	
365	Nov. 30	W. H. Campbell	90.00	
365	Nov. 30	F. B. Lake, November	75.00	
365	Nov. 30	J. C. Gould, expended	25.00	
365	Nov. 30	W. L. La Mott, expended and November	468.00	
365	Nov. 30	L. D. McKissick, December	500.00	
365	Nov. 30	Auditor's account, October	236.13	
365	Nov. 30	S. W. Sanderson, November	2,000.00	
365	Nov. 30	Creed Haymond, November	833.33	
365	Dec. 1	Geo L. Woods, services	200.00	
365	Dec. 1	H. Vrooman, November	200.00	
366	Dec. 1	M. S. Horan, November	50.00	
366	Dec. 1	Evg. Bulletin	3.25	
366	Dec. 3	E. B. Stonehill, November	100.00	
366	Dec. 3	Earl, Smith & Co., expended	44.00	
366	Dec. 4	W. W. Stow, November	833.33	
366	Dec. 4	Bancroft & Co., books	41.25	
366	Dec. 4	Secretary of state	10.00	
367	Dec. 7	S. C. Herbert, November	150.00	
367	Dec. 7	Daily Examiner	1.95	
367	Dec. 8	E. L. Craig, October and November	333.32	
368	Dec. 10	S. C. Denson, expenses, November	234.50	
368	Dec. 12	J. B. Marshall, expenses, November	132.00	
370	Dec. 13	C. P. H., account, November, Mrs. Pomeroy	150.25	
371	Dec. 15	P. D. Wigginton	255.00	
371	Dec. 15	H. Darneal	90.00	
372	Dec. 18	Stockwell Law Journal	7.00	
372	Dec. 18	H. V. Herbert, expended	6.50	
373	Dec. 21	W. W. Stow, services	5,000.00	
373	Dec. 22	F. M. Pixley, half year, October 31, 1883	5,000.00	
373	Dec. 26	Garber, Thornton & Bishop, fourth quarter, 1883	2,500.00	
373	Dec. 26	H. S. Brown, December	666.66	
373	Dec. 26	Thos. Marshall, to December 17	625.00	
373	Dec. 27	W. H. Campbell, extra services	60.00	
374	Dec. 28	J. D. Redding, expenses November and December	312.25	
376	Dec. 31	W. H. L. Barnes, December	1,250.00	
376	Dec. 31	Wilson & Wilson, December	1,000.00	
376	Dec. 31	W. W. Stow, December	833.33	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1883.			
376	Dec. 31	To J. J. Haley, December	$325.00	
376	Dec. 31	A. H. Cummings, December	250.00	
376	Dec. 31	J. D. Redding, November and December	400.00	
376	Dec. 31	Harry Vrooman, December	200.00	
376	Dec. 31	Tim Lynch	200.00	
376	Dec. 31	J. P. Brerton, December	150.00	
376	Dec. 31	H. B. Underhill, December	125.00	
376	Dec. 31	J. C. White, December	100.00	
376	Dec. 31	E. B. Stonehill, December	100.00	
376	Dec. 31	W. H. Campbell, December	90.00	
376	Dec. 31	F. B. Lake, December	75.00	
376	Dec. 31	Belcher & Belcher, year 1883	2,000.00	
377	Dec. 31	H. V. Herbert, expenses, December	905.00	
377	Dec. 31	J. E. Foulds, December	350.00	
377	Dec. 31	J. A. Johnson, December	323.33	
377	Dec. 31	S. C. Denson, expenses, December	213.90	
377	Dec. 31	M. S. Horan, December	50.00	
379	Dec. 31	Banks Bros., N. Y., books	100.30	
380	Dec. 31	Creed Haymond, December	833.36	
380	Dec. 31	S. W. Sanderson, December	2,000.00	
367	Dec. 10	By error of charge		$38.00
967	Dec. 31	Amount carried to profit and loss		213,191.62
			213,414.62	213,414.62
	1884.			
384	Jan. 2	To L. D. McKissick, January	500.00	
385	Jan. 8	S. C. Herbert, December	150.00	
385	Jan. 8	T. McKenna, expenses, December	57.00	
387	Jan. 15	L. D. McKissick, advance on salary	2,000.00	
387	Jan. 16	La Matt, expenses, Mitchell	100.00	
387	Jan. 17	Express charges	3.25	
388	Jan. 18	Earl, Smith & Campbell, bill	2,023.00	
388	Jan. 21	J. P. Brown, expenses	2.00	
389	Jan. 23	W. H. L. Barnes, expenses	10.00	
389	Jan. 25	E. L. Craig, December	166.66	
389	Jan. 23	W. J. Davis, transcript testimony	140.00	
390	Jan. 26	Catron, Thornton & Clancy, to December 31, 1883	2,000.00	
390	Jan. 28	I. Benjamin, reporter	140.00	
390	Jan. 29	Witness fees	25.00	
391	Jan. 30	S. Whitney, books	31.00	
391	Jan. 30	Geo. L. Woods, services	200.00	
391	Jan. 30	Clerk supreme court	30.00	
391	Jan. 31	W. H. L. Barnes, January	1,250.00	
391	Jan. 31	H. Vrooman, January	200.00	
391	Jan. 31	Wilson & Wilson, January	1,000.00	
391	Jan. 31	Tim Lynch, January	200.00	
391	Jan. 31	J. P. Brown, January	200.00	
391	Jan. 31	H. B. Underhill, January	125.00	
391	Jan. 31	W. H. Campbell, January	100.00	
391	Jan. 31	F. B. Lake, January	75.00	
391	Jan. 31	T. Pendergast, January	25.00	
391	Jan. 31	J. E. Foulds, expended, January	362.00	
391	Jan. 31	J. C. White, expended, January	109.75	
391	Jan. 31	H. V. Herbert, jury fees	186.60	
394	Jan. 31	J. B. Marshall, December and January	200.00	
392	Jan. 31	S. W. Sanderson, January	2,000.00	
392	Jan. 31	Creed Haymond, January	833.33	
392	Jan. 21	By return on voucher No. 388		62.00
392	Feb. 1	To E. B. Stonehill, January	100.00	
392	Feb. 1	J. A. Johnson, January	333.33	
392	Feb. 1	H. S. Brown, January	666.66	
392	Feb. 1	L. D. McKissick, February	500.00	
393	Feb. 2	M. S. Horan, January	50.00	
393	Feb. 2	J. C. Gould, expenses	10.00	
393	Feb. 4	W. L. Dudley, quarter ending December 31, 1883	625.00	
393	Feb. 4	E. L. Craig, January	166.66	
393	Feb. 4	H. V. Herbert, January	984.00	
393	Feb. 4	S. C. Denson, January	222.25	
393	Feb. 4	J. D. Redding, January	200.00	
393	Feb. 4	S. C. Herbert, January	150.00	
394	Feb. 5	W. W. Stow, January	833.33	
394	Feb. 5	J. D. Redding, expended	264.05	
394	Feb. 7	J. A. Johnson	15,000.00	
395	Feb. 9	T. W. Morgan, services	100.00	
395	Feb. 9	P. D. Wiggington, services and expended	962.50	
395	Feb. 9	A. B. Hotchkiss	296.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folios	Date.	Items.	Dr.	Cr.
	1884.			
393	Feb. 11	To Gearhart, reporter	$11.00	
394	Feb. 14	Sanderson's expenses to Sacramento	35.00	
395	Feb. 14	T. McKenna	70.00	
396	Feb. 14	Directory	2.50	
399	Feb. 18	Bennett, reporting	55.90	
401	Feb. 26	Sanderson, books	8.25	
401	Feb. 28	H. S. Brown, February	666 66	
402	Feb. 29	W. H. L. Barnes, February	1,250.00	
402	Feb. 29	Wilson & Wilson, February	1,000.00	
402	Feb. 29	J. E. Foulds, February	360.00	
402	Feb. 29	J. P. Brown, February	200.00	
402	Feb. 29	H. Vrooman, February	200.00	
402	Feb. 29	Tim Lynch, February	200.00	
402	Feb. 29	H. B. Underhill, February	125.00	
402	Feb. 29	J. C. White, February	100.00	
402	Feb. 29	W. H. Campbell, February	100.00	
402	Feb. 29	F. B. Lake, February	75.00	
402	Feb. 29	T. Pendergast, February	25.00	
402	Feb. 29	L. D. McKissick, March	500.00	
404	Feb. 29	S. W. Sanderson, February	2,000.00	
404	Feb. 29	Creed Haymond, February	833.33	
404	Mar. 1	J. A. Johnson, February	333.33	
404	Mar. 1	J. C. Gould, expended	8.00	
405	Mar. 1	W. W. Stow, February	833.33	
405	Mar. 2	J. D. Redding, February	330.20	
405	Mar. 3	E. B. Stonehill, February	100.00	
405	Mar. 3	Haymond, expended	466.00	
394	Feb. 8	By J. D. Redding, collected		$56.70
411	Mar. 20	Occidental and Oriental Steamship Company		6,200.00
405	Mar. 4	To E. L. Craig, February	166.66	
405	Mar. 4	J. E. Foulds, expended, February	3.00	
405	Mar. 6	M. S. Horan, February	50.00	
405	Mar. 7	S. C. Denison, February	594.20	
406	Mar. 8	Western Railroad Association	474.72	
406	Mar. 8	H. V. Herbert, expended, February	897.00	
406	Mar. 8	S. C. Herbert, February	150.00	
406	Mar. 8	T. McKenna, February	65.00	
406	Mar. 8	Bancroft & Co., books	37.90	
406	Mar. 8	Assistant court reporter	10.00	
406	Mar. 8	H. Darneal, reporting	10.00	
406	Mar. 10	I. B. Marshall, February	100.00	
407	Mar. 11	J. E. Selleck, February	100.00	
410	Mar. 17	Clerk's fees, taxes	400.65	
410	Mar. 17	Haymond *et al.*, expenses to Sacramento	175.00	
410	Mar. 18	E. Thompson, books	4.50	
410	Mar. 18	L. D. McK., expenses	1.00	
411	Mar. 20	J. P. Brown, expenses	3.00	
411	Mar. 21	Thomas Marshall, quarter ending March 17	625.00	
411	Mar. 21	L. C. Goodrich, judgment	193.79	
412	Mar. 24	H. D. LaMatt, taxes	17.00	
413	Mar. 27	S. Osborn, reporting	25.00	
413	Mar. 29	H. S. Brown, March	666.66	
413	Mar. 29	H. Vrooman, March	200.00	
414	Mar. 31	W. H. L. Barnes, March	1,250.00	
414	Mar. 31	W. H. L. Barnes, expended	7.50	
414	Mar. 31	Wilson & Wilson, March	1,000.00	
414	Mar. 31	J. A. Johnson, March	333.33	
414	Mar. 31	J. E. Foulds, March	400.00	
414	Mar. 31	Tim Lynch, March	200.00	
414	Mar. 31	J. P. Brown, March	200.00	
414	Mar. 31	H. B. Underhill, March	125.00	
414	Mar. 31	W. H. Campbell, March	100.00	
414	Mar. 31	J. C. White, March	100.00	
414	Mar. 31	T. B. Lake, March	75.00	
414	Mar. 31	T. Pendergast, March	25.00	
414	Mar. 31	J. C. Gould, expended, March	15.00	
414	Mar. 31	L. D. McKissick, April	500.00	
414	Mar. 31	S. W. Sanderson, March	2,000.00	
414	Mar. 31	Creed Haymond, March	833.33	
416	Apr. 1	Garber, Thornton & B., quarter to March 31	2,500.00	
416	Apr. 1	W. W. Stow, March	833.33	
416	Apr. 1	J. D. Redding, March	200.00	
416	Apr. 1	E. B. Stonehill, March	100.00	
417	Apr. 3	J. D. Redding, expenditures	378.50	
417	Apr. 3	J. B. Marshall, expenditures, March	116.65	
417	Apr. 4	S. C. Denson, March	212.25	
417	Apr. 4	E. L. Craig, March	166.67	
417	Apr. 4	Saint Louis Law Journal, 1884	5.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1884.			
417	Apr. 4	To E. Thompson, N. Y., book	$4.50	
417	Apr. 5	M. S. Horan, March	50.00	
417	Apr. 5	Examiner	1.95	
418	Apr. 9	Fees clerk, San J. Co	5.00	
418	Apr. 10	S. C. Herbert, March	150.00	
418	Apr. 10	H. V. Herbert, March	250.00	
418	Apr. 10	H. V. Herbert, expenditures	912.50	
418	Apr. 10	J. E. Selleck, March	100.00	
418	Apr. 10	T. McKenna, March	50.00	
418	Apr. 10	J. P. Brown, expenses to Sac	40.00	
415	Apr. 10	Sawyer fees, taxes	26.00	
419	Apr. 12	J. J. Haley, January, February, and March	975.00	
420	Apr. 14	Banks Bros., books	66.80	
421	Apr. 14	C. E. Kelly, notary	24.60	
421	Apr. 15	Central Law Journal	2.00	
422	Apr. 17	Saint Louis Law Journal	5.00	
422	Apr. 18	W. L. Dudley quarter, March 31	625.00	
422	Apr. 22	Western Railroad Association	474.72	
423	Apr. 24	F. M. Pixley, half year, to April 30, 1884	5,000.00	
423	Apr. 25	P. D. Wiggington	5.00	
424	Apr. 28	James P. Brown, April	200.00	
424	Apr. 28	S. B. Lake, April	75.00	
424	Apr. 30	W. H. L. Barnes, April	1,250.00	
424	Apr. 30	Wilson & Wilson, April	1,000.00	
424	Apr. 30	W. W. Stow, April	833.33	
424	Apr. 30	H. S. Brown, April	666.66	
424	Apr. 30	J. E. Foulds, April	350.00	
424	Apr. 30	Tim Lynch, April	200.00	
424	Apr. 30	J. C. White, April	100.00	
424	Apr. 30	H. B. Underhill, April	125.00	
424	Apr. 30	W. H. Campbell, April	100.00	
424	Apr. 30	T. Pendergast, April	25.00	
424	Apr. 30	P. D. Wiggington, April	158.00	
426	Apr. 30	S. W. Sanderson, April	2,000.00	
426	Apr. 30	Creed Haymond, April	833.33	
426	May 1	J. A. Johnson, April	333.33	
426	May 1	S. C. Denson, April	206.55	
426	May 1	E. B. Stonehill, April	100.00	
426	May 1	H. A. Jones, April	20.00	
419	Apr. 12	By J. D. Redding, collections		15.0
417	May 5	do		7.5
427	May 2	To Baker & Wines, December to May	550.00	
427	May 2	J. D. Redding, April	200.00	
427	May 2	S. W. Sanderson, expenses to Sac	109.75	
427	May 3	J. J. Haley, April	325.00	
427	May 3	J. W. Good, services	250.00	
427	May 3	E. L. Craig, April	166.66	
427	May 3	M. S. Horan, April	50.00	
427	May 3	L. D. McKissick, May	500.00	
427	May 3	T. R. Knox, reporting	25.00	
427	May 5	H. Vrooman, May	200.00	
427	May 5	Bancroft & Co., books	25.50	
428	May 8	H. W. Jones, reporting	25.00	
428	May 9	H. V. Herbert, salary and expenses	1,126.00	
428	May 9	S. C. Herbert, May	150.00	
428	May 9	T. McKenna, May	160.00	
428	May 9	J. E. Selleck, May	250.00	
428	May 10	K. E. Kelly, May	500.00	
429	May 13	S. W. Sanderson, expenses Sac	41.00	
431	May 15	Banks Bros., N. Y., books	50.55	
432	May 16	Witness fees	20.00	
432	May 16	Campbell, notary	1.00	
433	May 19	"Alta"	4.20	
433	May 22	Clunie & Knight, services	228.00	
433	May 22	H. A. Jones, services	15.40	
433	May 22	Callahan, books	21.45	
433	May 22	C. W. Comstock	7.20	
434	May 24	P. D. Wiggington	582.50	
434	May 24	Whitney & Co., books	31.25	
434	May 26	C. F. Crocker	421.20	
434	May 26	Recording	1.50	
435	May 31	W. H. L. Barnes, May	1,250.00	
435	May 31	Wilson & Wilson, May	1,000.00	
435	May 31	H. S. Brown, May	666.66	
435	May 31	J. E. Foulds, expenses, May	365.00	
435	May 31	J. J. Haley, May	325.00	
435	May 31	H. Vrooman, May	200.00	
435	May 31	J. P. Brown, May	200.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1884.			
435	May 31	To Tim Lynch, May	$200.00	
436	May 31	H. B. Underhill, May	125.00	
436	May 31	W. H. Campbell, May	100.00	
436	May 31	J. C. White, May	100.00	
436	May 31	F. B. Lake, May	75.00	
436	May 31	T. Pendergast, May	25.00	
436	May 31	Bulletin	3.25	
436	May 31	S. W. Sanderson, May	2,000.00	
436	May 31	Creed Haymond, May	833.33	
438	June 2	James A. Johnson, May	333.33	
438	June 2	E. M. Martin, May	250.00	
438	June 2	E. B. Stonehill, May	100.00	
438	June 2	M. S. Horan, May	50.00	
438	June 2	Daily Examiner	1.95	
438	June 2	L. D. McKissick, June	500.00	
438	June 3	J. D. Redding, expenses, May	636.15	
438	June 3	S. C. Denson, expenses, May	213.25	
438	June 3	J. B. Marshall, April and May	200.00	
439	June 4	T. D. La Matt, January 1, 1884, to date	3,000.00	
439	June 4	W. W. Stow, May	833.33	
439	June 5	C. Burnett, reporting	23.80	
439	June 5	E. Thompson, book	4.50	
440	June 10	L. B. Sawyer, court fees	15.10	
440	June 10	....do	6.00	
440	June 12	C. Benett, court expenses	63.80	
440	June 12	Federal Reporter	10.00	
444	June 13	Creed Haymond, special services	500.00	
445	June 19	E. Thompson, books	4.50	
446	June 21	S. C. Herbert, expenses, May	150.00	
446	June 21	H. V. Herbert, expenses, May	1,088.00	
446	June 21	J. E. Selleck, May	227.00	
446	June 21	T. McKenna, May	155.00	
446	June 22	Reporter's fees	20.00	
447	June 25	Thomas Marshall, to June 17	625.00	
447	June 25	P. D. Wiggington, expenses	7.00	
448	June 30	J. E. Foulds, expenses, June	373.50	
448	June 30	J. P. Brown, June	200.00	
448	June 30	W. H. Campbell, June	100.00	
448	June 30	F. B. Lake, June	75.00	
448	June 30	T. Pendergast, June	25.00	
448	June 30	W. L. Dudley, paid brief	50.40	
448	June 30	L. D. McKissick, July	500.00	
452	June 30	S. W. Sanderson, June	2,000.00	
452	June 30	Creed Haymond, June	833.33	
456	July 1	W. H. L. Barnes, June	1,250.00	
456	July 1	Wilson & Wilson, June	1,000.00	
456	July 1	H. S. Brown, June	666.66	
456	July 1	J. A. Johnson, June	333.33	
456	July 1	H. Vrooman, June	200.00	
456	July 1	Tim Lynch, June	200.00	
456	July 1	E. B. Stonehill, June	100.00	
456	July 1	J. C. White, June	100.00	
456	July 1	H. B. Underhill, June	125.00	
456	July 1	M. S. Horan, June	50.00	
456	July 3	J. D. Redding, June	200.00	
457	July 3	W. F. Mitchell	10.00	
457	July 3	Daily Law Journal	6.00	
458	July 7	J. B. Marshall, Reno	100.00	
460	July 8	W. L. Dudley, to June 30	625.00	
460	July 9	J. A. Johnson	17,500.00	
462	July 9	McAllister & Bergin, year, June 30	10,000.00	
462	July 9	Garber, Thornton & Bishop, quarter, June 30	2,500.00	
462	July 9	J. J. Haley, June	325.00	
462	July 9	E. L. Craig, May and June	333.32	
469	July 11	W. W. Stow, special services to June 30	2,500.00	
469	July 11	W. W. Stow, June	833.33	
469	July 17	H. B. La Matt, expenses	50.00	
469	July 18	E. Thompson, book	4.50	
469	July 21	H. V. Herbert, expenses and salary, June	1,042.00	
469	July 16	Western Railroad Association	474.72	
469	July 21	T. McKenna, June	130.00	
469	July 21	J. Selleck, June	245.00	
469	July 21	S. C. Herbert, June	150.00	
469	July 25	La Matt, expenses	50.00	
469	July 26	Bennett, reporting	36.00	
469	July 28	M. S. Horan, expenses, etc., June	115.00	
469	July 29	H. B. Lake, July	75.00	
469	July 30	H. S. Brown, July	666.66	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1884.			
464	July 31	To W. H. L. Barnes, July	$1,250.00	
464	July 31	Wilson & Wilson, July	1,000.00	
464	July 31	J. E. Foulds, July	350.00	
464	July 31	J. P. Brown, July	200.00	
464	July 31	Tim Lynch, July	200.00	
464	July 31	W. H. Campbell, July	100.00	
464	July 31	E. B. Stonehill, July	100.00	
464	July 31	T. Pendergast, July	25.00	
464	July 31	H. B. Underhill, July	125.00	
464	July 31	S. W. Sanderson, July	2,000.00	
464	July 31	Creed Haymond, July	833.33	
465	Aug. 1	J. A. Johnson, July	333.33	
465	Aug. 1	J. J. Haley, July	325.00	
465	Aug. 1	J. C. White, July	100.00	
465	Aug. 1	County clerk, Santa Clara	3.00	
465	Aug. 2	L. D. McKissick, August	500.00	
465	Aug. 2	J. D. Redding, July	200.00	
465	Aug. 4	J. B. Marshall, expenses, etc., July	105.00	
466	Aug. 5	Cartron, Thornton & Clancey, to June 30	2,000.00	
466	Aug. 5	E. L. Craig, July	166.66	
466	Aug. 6	S. C. Denson, July	507.90	
466	Aug. 6	M. Horan, July	50.00	
466	Aug. 6	Bancroft & Co., books	21.25	
466	Aug. 7	Oakland Directory	4.00	
467	Aug. 9	H. V. Herbert, expenses, etc., July	1,225.00	
467	Aug. 9	J. E. Selleck, July	260.00	
467	Aug. 9	R. J. Whittaker, July	150.00	
467	Aug. 9	S. C. Herbert, July	150.00	
467	Aug. 9	T. McKenna, July	166.00	
467	Aug. 9	S. Whitney, books	66.00	
467	Aug. 11	J. D. Redding, expended	208.70	
467	Aug. 11	H. D. La Matt, expended	58.00	
469	Aug. 12	Banks Bros., New York, books	120.95	
474	Aug. 16	Case Santa Fé and Colorado Railroad	200.00	
472	Aug. 19	Henry M. Willis	75.00	
492	Aug. 19	Sam'l Osborn, reporting	40.30	
473	Aug. 23	W. E. Doane	15.00	
474	Aug. 28	McAllister & Bergin, expended	124.40	
474	Aug. 29	Glassell, Smith & Patton, expenses and services	383.95	
474	Aug. 30	W. H. L. Barnes, August	1,250.00	
474	Aug. 30	Wilson & Wilson, August	1,000.00	
474	Aug. 30	H. S. Brown, August	666.66	
474	Aug. 30	J. E. Foulds, expended, etc., August	385.50	
474	Aug. 30	J. J. Haley, August	325.00	
474	Aug. 30	J. P. Brown, August	200.00	
474	Aug. 30	Tim Lynch, August	200.00	
474	Aug. 30	H. B. Underhill, August	125.00	
474	Aug. 30	J. C. White, August	100.00	
474	Aug. 30	W. H. Campbell, August	100.00	
474	Aug. 30	F. B. Lake, August	75.00	
474	Aug. 30	T. Pendergast, August	25.00	
475	Aug. 30	Evening Bulletin	3.25	
475	Aug. 30	L. D. McKissick, September	500.00	
475	Aug. 30	S. W. Sanderson, August	2,000.00	
475	Aug. 30	Creed Haymond, August	833.33	
477	Sept. 1	James A. Johnson, August	333.33	
477	Sept. 1	E. B. Stonehill, August	100.00	
477	Sept. 1	M. S. Horan, August	50.00	
477	Sept. 1	S. Osborn, reporting	39.60	
477	Sept. 1	J. C. Gould, August	10.00	
477	Sept. 1	Printing	27.50	
477	Sept. 1	——do	50.00	
477	Sept. 1	Advertising	50.00	
477	Sept. 2	Creed Haymond, extra, May, 1883, to May, 1884	5,000.00	
477	Sept. 2	J. D. Redding, expended, etc., August	380.30	
477	Sept. 2	S. C. Denson, expended, etc., August	205.50	
477	Sept. 2	H. V. Herbert, expended, etc., August	1,184.00	
477	Sept. 2	S. C. Herbert, August	150.00	
477	Sept. 2	J. E. Selleck, August	273.00	
477	Sept. 2	T. McKenna, August	161.00	
477	Sept. 2	R. Whittaker, August	100.00	
477	Sept. 2	W. H. L. Barnes, expended	25.00	
478	Sept. 3	J. P. Hoge, services	1,000.00	
478	Sept. 3	Baker & Hines, services	300.00	
478	Sept. 3	P. D. Wigginton, August	200.00	
478	Sept. 3	F. H. Hyatt, reporting	134.00	
479	Sept. 8	Daily Examiner	1.95	
479	Sept. 10	J. B. Marshall, August	100.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1884.			
479	Sept. 10	To C. Burnett, reporting	$28.40	
479	Sept. 11	E. Thompson, books	4.50	
482	Sept. 17	C. F. Whitten, reporting	40.00	
482	Sept. 17	Notary fees	11.00	
483	Sept. 19	J. C. Gould, c/a Moran	80.00	
483	Sept. 19	Chicago Legal News	2.20	
483	Sept. 20	T. O'Brien, fees	15.00	
484	Sept. 22	Copies record taxes Nevada Co	23.70	
484	Sept. 23	Thomas Marshall, to September 17	625.00	
484	Sept. 24	J. C. White, September	100.00	
484	Sept. 24	C. F. Crocker	2,000.00	
484	Sept. 25	Burnett, reporting	12.60	
485	Sept. 26	Earl Campbell & Co, Tucson, services	943.20	
485	Sept. 26	Repair type-writer	8.00	
485	Sept. 29	Reporter	5.00	
485	Sept. 30	W. H. L. Barnes, September	1,250.00	
485	Sept. 30	Wilson & Wilson, September	1,000.00	
485	Sept. 30	H. S. Brown, September	666.66	
485	Sept. 30	J. E. Foulds, September	372.00	
485	Sept. 30	J. J. Haley, September	325.00	
485	Sept. 30	Tim Lynch, September	200.00	
485	Sept. 30	J. P. Brown, September	200.00	
485	Sept. 30	H. B. Underhill, September	125.00	
485	Sept. 30	W. H. Campbell, September	100.00	
485	Sept. 30	E. B. Stonehill, September	100.00	
485	Sept. 30	F. B. Lake, September	75.00	
485	Sept. 30	T. Pendergast, September	25.00	
485	Sept. 30	S. W. Sanderson, September	2,000.00	
487	Sept. 30	Creed Haymond, September	833.34	
488	Oct. 1	J. A. Johnson, September	333.33	
488	Oct. 1	E. L. Craig, expended, etc., September	340.32	
488	Oct. 1	S. C. Denson, September	225.00	
488	Oct. 1	J. C. Gould, September	110.00	
488	Oct. 1	Times Publishing Company	12.00	
488	Oct. 1	Bennett, reporting	27.00	
488	Oct. 1	E. Thompson, books	4.50	
488	Oct. 1	L. D. McKisseck, October	500.00	
489	Oct. 2	M. S. Horan, September	50.00	
490	Oct. 3	Garber, Thornton & Bishop, third quarter 1884	2,500.00	
490	Oct. 3	Raymond, reporting	58.80	
490	Oct. 4	M. S. Horan, expended	165.00	
490	Oct. 4	S. Osborn, reporting	35.80	
490	Oct. 4	T. R. Knox, reporting	15.00	
490	Oct. 6	R. Whittaker	100.00	
490	Oct. 8	H. V. Herbert, September	250.00	
490	Oct. 8	H. V. Herbert, expended	981.00	
490	Oct. 8	do	212.00	
490	Oct. 8	S. C. Herbert, September	150.00	
490	Oct. 8	J. E. Sedleck, September	286.00	
490	Oct. 8	T. McKenna, September	161.00	
490	Oct. 10	H. V. Herbert	975.00	
490	Oct. 10	F. B. Lake	.60	
490	Oct. 15	S. Osborne, reporting	23.66	
491	Oct. 15	Banks Brothers, books	109.05	
494	Oct. 16	Boston Reporter	10.00	
494	Oct. 17	Western Railroad Association	474.72	
495	Oct. 22	C. C. Bethel, c/a Moran	200.00	
496	Oct. 18	J. D. Redding, September	200.00	
496	Oct. 28	W. H. L. Barnes, expended	48.80	
497	Oct. 30	J. B. Marshall, expended	213.00	
497	Oct. 31	Wilson & Wilson, October	1,000.00	
497	Oct. 31	J. E. Foulds, October	350.00	
497	Oct. 31	J. P. Brown, October	200.00	
497	Oct. 31	Tim Lynch, October	200.00	
497	Oct. 31	H. B. Underhill, October	125.00	
497	Oct. 31	W. H. Campbell, October	100.00	
497	Oct. 31	J. C. White, October	100.00	
497	Oct. 31	E. B. Stonehill, October	100.00	
497	Oct. 31	F. B. Lake, October	75.00	
498	Oct. 31	T. Pendergast, October	25.00	
498	Oct. 31	S. W. Sanderson, October	2,000.00	
1	Nov. 1	Creed Haymond, October	833.33	
1	Nov. 1	W. H. L. Barnes, expended, etc., October	1,265.00	
1	Nov. 1	H. S. Brown, October	666.66	
1	Nov. 1	James A. Johnson, October	333.33	
1	Nov. 1	J. J. Haley, October	325.00	
1	Nov. 1	J. D. Redding, October	200.00	
1	Nov. 1	R. J. Whittaker, October	115.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1884.			
1	Nov. 1	To M. S. Horan, October	$50.00	
1	Nov. 1	J. C. Gould, expended	60.00	
1	Nov. 1	L. D. McKissick, November	500.00	
1	Nov. 3	S. C. Denson, expended, etc., October	211.00	
1	Nov. 3	E. L. Craig, October	166.66	
2	Nov. 5	W. H. Bird, salary, October	250.00	
2	Nov. 5	H. V. Herbert, October	250.00	
2	Nov. 5	H. V. Herbert, expended	882.00	
2	Nov. 5	J. E. Selleck expended, etc	308.00	
2	Nov. 5	T. McKenna, October	191.00	
2	Nov. 5	S. C. Herbert, October	150.00	
2	Nov. 6	J. D. Redding, expended	423.65	
2	Nov. 6	Baker & Wines, to October 15	200.00	
3	Nov. 11	J. P. Brown, expended	4.20	
3	Nov. 12	Waymire & Brackett, account taxes	2,550.00	
3	Nov. 13	Creed Haymond, expended	207.00	
3	Nov. 13	Bancroft & Co., books	158.00	
6	Nov. 14	J. T. Carey, Sacramento, services	200.00	
6	Nov. 14	Corbett Carson, marshal, fees	80.04	
6	Nov. 14	T. J. Edwards, court fees	8.90	
6	Nov. 15	H. S. Brown, expended to Washington	113.00	
6	Nov. 17	La Matte, expended	50.00	
6	Nov. 19	Cope & Boyd, services	500.00	
8	Nov. 24	Judd & Detweiler, Washington	10.00	
8	Nov. 25	F. Marcuse, services	100.00	
9	Nov. 28	H. S. Brown, November	666.66	
9	Nov. 28	Secretary of State	4.00	
9	Nov. 29	W. H. L. Barnes, November	1,250.00	
9	Nov. 29	Wilson & Wilson, November	1,000.00	
9	Nov. 29	J. E. Foulds, November	437.00	
9	Nov. 29	J. P. Brown, November	200.00	
9	Nov. 29	J. A. Johnson, November	333.33	
9	Nov. 29	J. J. Healey, November	325.00	
9	Nov. 29	Tim Lynch, November	200.00	
9	Nov. 29	H. B. Underhill, November	125.00	
9	Nov. 29	J. C. White, November	100.00	
9	Nov. 29	W. H. Campbell, November	100.00	
9	Nov. 29	F. B. Lake, November	75.00	
9	Nov. 29	T. Pendergast, November	25.00	
9	Nov. 29	J. C. Gould, expended	110.00	
9	Nov. 29	Evening Bulletin	3.25	
9	Nov. 29	L. D. McKissick, December	500.00	
10	Nov. 29	S. W. Sanderson, November	2,000.00	
10	Nov. 29	Creed Haymond, November	833.33	
12	Dec. 1	S. C. Denson, expenses, and November	275.50	
12	Dec. 1	E. L. Craig, November	166.66	
12	Dec. 1	E. B. Stonehill, November	100.00	
12	Dec. 2	M. S. Horan, November	50.00	
13	Dec. 3	F. M. Pixley, October 30, six months	5,000.00	
13	Dec. 5	W. H. Bird, S. L., salary, November	250.00	
13	Dec. 6	R. J. Whittaker, November	100.00	
14	Dec. 8	Daily Law Journal	5.00	
14	Dec. 8	Daily Alta	3.90	
14	Dec. 8	Daily Examiner	1.95	
14	Dec. 9	S. C. Herbert, November	150.00	
14	Dec. 9	H. V. Herbert, November	250.00	
14	Dec. 9	H. V. Herbert, expended	970.00	
14	Dec. 9	J. Edgar, expenses, and November	305.05	
14	Dec. 9	T. McKenna, November	225.00	
14	Dec. 10	P. D. Wigginton, account taxes, 1881, 1883	2,100.00	
14	Dec. 10	J. B. Lamar	50.00	
16	Dec. 15	E. A. Dakin, luk	2.00	
18	Dec. 18	H. Vrooman, six months to December, 1884	5,000.00	
18	Dec. 18	C. H. Jackson, notary	5.00	
19	Dec. 23	H. V. Herbert	537.00	
19	Dec. 23	Thomas Marshall, to December 17	625.00	
19	Dec. 23	Baker & Wines	300.00	
20	Dec. 24	W. H. Campbell, extra work	75.00	
20	Dec. 24	Wescott, Tucson, reporting	60.00	
20	Dec. 26	Garber Thornton and B., fourth quarter, 1884	2,500.00	
20	Dec. 27	H. S. Brown, December	666.66	
20	Dec. 27	H. Vrooman, paid Martin	250.00	
20	Dec. 27	J. B. Marshall, expenses, and November and December	210.00	
21	Dec. 29	J. D. Redding, November	200.00	
22	Dec. 31	Creed Haymond, December	833.37	
22	Dec. 31	S. W. Sanderson, December	2,000.00	
24	Dec. 31	W. H. L. Barnes, December	1,250.00	
24	Dec. 31	Wilson & Wilson, December	1,000.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1884.			
24	Dec. 31	To James A. Johnson, December	$333.33	
24	Dec. 31	W. L. Dudley, qr. September 30	649.50	
24	Dec. 31	J. E. Foulds, December	359.00	
24	Dec. 31	S. C. Denson, December	228.00	
24	Dec. 31	J. J. Haley, December	325.00	
24	Dec. 31	Tim Lynch, December	200.00	
24	Dec. 31	J. P. Brown, December	200.00	
24	Dec. 31	H. B. Underhill, December	125.00	
24	Dec. 31	E. B. Stonehill, December	100.00	
24	Dec. 31	W. H. Campbell, December	100.00	
24	Dec. 31	J. C. White, December	100.00	
24	Dec. 31	F. B. Lake, December	75.00	
24	Dec. 31	T. Pendergast, December	25.00	
25	Dec. 31	A. B. Dibble, services	250.00	
25	Dec. 31	M. S. Horan, services	50.00	
25	Dec. 31	E. Thompson, books	9.00	
25	Dec. 31	E. L. Craig	166.66	
25	Dec. 31	J. D. Redding, expenses, and December	498.10	
	Dec. 31	By amount carried to profit and loss		$246,686.28
			253,040.47	253,040.47
	1885.			
32	Jan. 2	To L. D. McKissick, advance 1885	800.00	
33	Jan. 8	Belcher & Belcher, year 1884	2,000.00	
33	Jan. 9	S. Whitney, books	30.50	
34	Jan. 12	Earl, Campbell & Smith, 1884	1,408.25	
36	Jan. 20	Robert Robinson, books	1,900.00	
37	Jan. 23	H. V. Herbert, expended, and December	1,192.00	
37	Jan. 23	R. J. Whittaker, December	225.00	
37	Jan. 23	F. McKenna, December	187.00	
37	Jan. 23	Joseph Edgar, December	352.00	
37	Jan. 23	S. C. Herbert, December	150.00	
37	Jan. 23	United States circuit court, clerk's fees	100.00	
37	Jan. 23	H. N. Alexander, services	300.00	
37	Jan. 23	P. D. Wigginton, clerk's fees	4.75	
38	Jan. 29	H. S. Brown, January	666.66	
38	Jan. 29	H. V. Herbert, expended	27.00	
38	Jan. 30	H. B. Lamar, printing	15.00	
39	Jan. 31	Creed Haymond, January	833.33	
39	Jan. 31	S. W. Sanderson, January	2,000.00	
39	Feb. 1	W. H. L. Barnes, January	1,250.00	
39	Feb. 1	Wilson & Wilson, January	1,000.00	
39	Feb. 1	L. D. McKissick, January	600.00	
39	Feb. 1	J. E. Foulds, January	370.00	
37	Feb. 1	J. A. Johnson, January	333.33	
39	Feb. 1	J. J. Haley, January	325.00	
39	Feb. 1	H. V. Herbert, January	250.00	
39	Feb. 1	H. V. Herbert, expended	967.00	
39	Feb. 1	S. C. Herbert, January	150.00	
39	Feb. 1	J. Edgar, January	370.00	
40	Feb. 1	R. J. Whittaker, January	186.00	
40	Feb. 1	Tim Lynch, January	200.00	
40	Feb. 1	J. D. Redding, January	200.00	
40	Feb. 1	J. P. Brown, January	240.00	
40	Feb. 1	S. C. Denson, expenses, and January	202.50	
40	Feb. 1	E. L. Craig, January	166.66	
40	Feb. 1	H. B. Underhill, January	125.00	
40	Feb. 1	E. B. Stonehill, January	100.00	
40	Feb. 1	W. H. Campbell, January	100.00	
40	Feb. 1	F. B. Lake, January	75.00	
40	Feb. 1	M. S. Horan, January	50.00	
40	Feb. 1	T. Pendergast, January	25.00	
41	Feb. 5	Bancroft & Co., books	92.25	
41	Feb. 7	Cope & Boyd, services	250.00	
42	Feb. 9	Catron, Thornton & Co., six months, December 31	2,000.00	
42	Feb. 9	Chipman & Garter, to December 31	727.00	
42	Feb. 10	T. McKenna, time and expenses	192.00	
44	Feb. 16	Banks Bros., New York, books	101.55	
47	Feb. 21	Secretary of state	4.50	
47	Feb. 21	McAllister & Bergin, clerk's fees	4.00	
47	Feb. 24	Creed Haymond, expended	544.72	
47	Feb. 24	Western Railroad Association	304.78	
47	Feb. 24	McAllister & Bergin, expended	40.70	
48	Feb. 25	Clerk's fees	10.50	
48	Feb. 26	James A. Johnson, February	333.33	
48	Feb. 27	H. S. Brown, February	666.66	
49	Feb. 28	W. H. L. Barnes, February	1,250.00	
49	Feb. 28	Wilson & Wilson, February	1,000.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1885.			
49	Feb. 28	To L. D. McKissick, February	$600.00	
49	Feb. 28	J. E. Foulds, February	350.00	
49	Feb. 28	James P. Brown, February	200.00	
49	Feb. 28	Tim Lynch, February	200.00	
49	Feb. 28	H. B. Underhill, February	125.00	
49	Feb. 28	E. B. Stonehill, February	100.00	
49	Feb. 28	W. H. Campbell, February	100.00	
49	Feb. 28	F. B. Lake, February	75.00	
49	Feb. 28	T. Pendergast, February	25.00	
49	Feb. 23	J. C. Gould, expended	25.00	
49	Feb. 28	J. F. Kingwell, notary	10.00	
49	Feb. 28	Evening Bulletin	3.25	
49	Feb. 28	S. W. Sanderson, February	2,000.00	
49	Feb. 28	Creed Haymond, February	833.33	
51	Mar. 2	S. C. Denson, paid Jones, retainer	500.00	
51	Mar. 2	S. C. Denson, February	200.00	
51	Mar. 2	J. J. Haley, February	325.00	
51	Mar. 2	E. L. Craig, February	166.66	
51	Mar. 2	M. S. Horan, February	50.00	
51	Mar. 3	Baker & Wines, to March 15	200.00	
51	Mar. 3	Daily Examiner	1.95	
52	Mar. 5	Type-writer ribbons	1.50	
52	Mar. 5	Saint Louis Law Journal	7.00	
53	Mar. 10	J. D. Redding, services, February	200.00	
53	Mar. 10	L. S. B. Sawyer, clerk's fees	80.00	
54	Mar. 13	J. D. Redding, expended	189.65	
54	Mar. 13	John Shay, reporting	187.60	
56	Mar. 18	E. A. Dakin, stationery	18.00	
57	Mar. 23	J. B. Marshall, March	100.00	
57	Mar. 24	Thomas Marshall, March 17	625.00	
58	Mar. 25	H. V. Herbert, February	250.00	
58	Mar. 25	H. V. Herbert, expended	829.00	
58	Mar. 25	S. C. Herbert, February	150.00	
58	Mar. 25	Joseph Edgar, expended, and February	370.00	
58	Mar. 25	R. J. Whittaker, February	218.00	
58	Mar. 25	T. McKenna, February	183.00	
58	Mar. 25	S. C. Denson, February	360.00	
58	Mar. 25	T. J. King	13.00	
58	Mar. 25	J. G. Rowe	25.00	
58	Mar. 25	Hotel bill	74.00	
58	Mar. 25	T. W. Morgan	75.00	
58	Mar. 25	Witness fees	116.00	
58	Mar. 25	T. E. Dusenberry	30.00	
58	Mar. 27	W. L. Dudley, quarter, December 31, 1884	625.00	
58	Mar. 27	Albany Law Journal	10.00	
59	Mar. 30	Garber, Thornton & Bishop, one quarter, 1885	2,500.00	
59	Mar. 30	H. S. Brown, March	666.66	
59	Mar. 31	Wilson & Wilson, March	1,000.00	
59	Mar. 31	L. D. McKissick, March	600.00	
59	Mar. 31	Tim Lynch, March	200.00	
59	Mar. 31	J. P. Brown, March	200.00	
59	Mar. 31	E. B. Stonehill, March	100.00	
59	Mar. 31	W. H. Campbell, March	100.00	
59	Mar. 31	H. B. Underhill, March	125.00	
59	Mar. 31	F. B. Lake, March	75.00	
59	Mar. 31	T. Pendergast, March	25.00	
59	Mar. 31	J. C. Gould, expended	25.00	
59	Mar. 31	Kingwell, notary	9.00	
60	Mar. 31	S. W. Sanderson, March	2,000.00	
60	Mar. 31	Creed Haymond, March	833.33	
60	Mar. 31	W. H. L. Barnes, March	1,250.00	
62	Apr. 1	J. E. Foulds, expenses, and March	380.00	
62	Apr. 1	J. J. Haley, March	325.00	
62	Apr. 2	M. S. Horan, March	50.00	
62	Apr. 3	S. C. Denson, March	229.00	
62	Apr. 3	E. L. Craig, March	166.66	
62	Apr. 3	Ed. Thompson, law books	9.00	
63	Apr. 7	County clerk, San Francisco	21.40	
64	Apr. 8	County clerk, Nevada	13.39	
64	Apr. 10	J. D. Redding, expenses, and March	353.25	
64	Apr. 10	H. Visscher, expenses to Carson	7.25	
64	Apr. 13	Creed Haymond, extra 1 year to May	5,000.00	
65	Apr. 13	Banks Brothers, books	65.05	
66	Apr. 14	Costa, C. P. *v.* S. Brown	28.95	
66	Apr. 15	H. Vrooman	9,500.00	
66	Apr. 16	Western Railroad Association	304.78	
66	Apr. 16	Bancroft & Co., books	53.15	
67	Apr. 17	W. H. L. Barnes, expended	42.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1885.			
67	Apr. 18	To H. V. Herbert, March	$250.00	
67	Apr. 18	H. V. Herbert, expended	793.00	
67	Apr. 18	Jos. Edgar, expended, and March	820.00	
67	Apr. 18	R. J. Whittaker, March	260.00	
67	Apr. 18	T. McKenna, March	180.00	
67	Apr. 18	S. C. Herbert, March	150.00	
67	Apr. 18	F. L. Castle	56.00	
67	Apr. 18	C. H. Jackson	2.50	
67	Apr. 21	United States circuit court clerk fees	10.00	
67	Apr. 27	Express	.75	
69	Apr. 30	W. H. L. Barnes, expended	7.00	
69	Apr. 30	J. J. Haley, April	325.00	
54	Mar. 11	By Account, voucher No. 335		86.00
64	Apr. 11	Costs suit, W. B. Byrne		67.00
74	May 6	To L. B. Sawyer, clerk's fees	7.40	
74	May 7	J. A. Johnson, March	333.34	
74	May 7	W. H. L. Barnes, expended	53.60	
75	May 11	Sawyer, fees tax case	30.00	
75	May 12	F. M. Pixley, six months, to April 30	5,000.00	
77	May 18	Daily Alta	3.90	
77	May 18	F. B. Lake, express charges	.75	
77	May 20	Baker and Wines, to April 1	50.00	
78	May 22	S. W. Sanderson, expended	5.00	
78	May 25	Expenses, Thurber *et als. v.* Company	20.00	
78	May 27	John Ferrin, case Hammet *v.* Company	125.00	
79	May 29	J. C. White, case Hammet *v.* Company	100.00	
79	May 29	Henry Vrooman, five months salary	4,166.65	
80	June 2	W. L. Dudley, to March 31	625.00	
81	June 3	E. L. Craig, expended for company	28.75	
81	June 3	S. E. Clapp, services for company	21.50	
81	June 3	Evening Bulletin	3.25	
.....	Aug. 31	By One-half salary paid J. D. Redding to March 31, 1885		5,100.00
.....	Oct. 31	One-half salary paid J. D. Redding, month August, 1885		100.00
81	June 4	To S. C. Denson, expended	17.80	
82	June 10	L. B. Sawyer, clerk's fees	6.50	
83	June 11	Timothy Hopkins	1,050.00	
83	June 11	Garber, Thornton & Bishop, expenses	104.05	
83	June 12	Federal Reporter	10.00	
83	June 13	Sawyer, clerk's fees	2.00	
83	June 16	Daily Examiner	1.95	
85	June 23	S. Whitney, books	8.00	
86	June 24	J. B. Marshall, January and February	200.00	
86	June 24	W. H. L. Barnes, paid printing	17.50	
87	June 30	McAllister & Bergin, to March 31, 1885	7,500.00	
87	June 30	McAllister & Bergin, expended	4.25	
91	July 1	W. H. L. Barnes, clerk's fees	35.00	
92	July 3	H. J. Bonton, medical services	250.00	
92	July 3	J. D. Redding, expended	269.10	
92	July 7	C. Bennett, reporting	10.80	
93	July 13	P. D. Wigginton, services and expended	501.50	
94	July 16	U. S. Commissioner, case H. K. Thurber	24.50	
95	July 25	C. Sullivan, witness fees, etc	140.00	
95	July 25	S. C. Denson	171.95	
95	July 25	C. T. Jones	250.00	
95	July 25	T. McKenna	205.00	
95	July 25	R. J. Whittaker	380.00	
95	July 25	Jos. Edgar	470.00	
95	July 25	H. V. Herbert	926.00	
96	July 31	J. C. White	80.00	
96	July 31	J. C. Gould	15.00	
97	Aug. 1	Canton, Thornton & Co., and expended	671.98	
98	Aug. 6	P. D. Wigginton	19.00	
98	Aug. 6	T. R. Knox, reporting	53.00	
100	Aug. 12	S. C. Denson, expended and services	303.70	
103	Aug. 19	F. C. Lusk, services	125.00	
104	Aug. 28	W. H. L. Barnes, expended	18.00	
104	Aug. 29	H. J. Bode, balance, medical services	100.00	
104	Aug. 29	T. McKenna, services	275.00	
104	Aug. 29	R. J. Whittaker, services and expended	385.00	
104	Aug. 29	Jos. Edgar, services and expended	410.00	
104	Aug. 29	H. V. Herbert, services and expended	984.00	
104	Aug. 31	J. C. White, services and expended	70.00	
107	Sept. 1	J. C. Gould	7.50	
107	Sept. 2	J. D. Redding, expended	241.55	
107	Sept. 2	J. D. Redding, salary, August	200.00	
107	Sept. 3	Bosque, engraving, etc	70.00	
107	Sept. 10	W. H. L. Barnes, expended	10.50	
107	Sept. 17	.....do	20.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1885.			
107	Sept. 23	To W. H. L. Barnes, expended	$15.20	
107	Sept. 25	H. V. Herbert, expended	1,042.00	
107	Sept. 25	------do	649.50	
107	Sept. 25	---- do	233.00	
107	Sept. 25	------do	158.00	
107	Sept. 23	S. C. Horton	14.00	
107	Sept. 25	Jos. Edgar, expended and salary	428.00	
107	Sept. 25	R. J. Whittaker, expended	393.00	
107	Sept. 26	W. H. L. Barnes, expended	25.00	
107	Sept. 31	J. B. Marshall, expended	2.95	
110	Oct. 2	S. C. Denson, expended	46.00	
110	Oct. 10	W. H. L. Barnes, expended	25.00	
110	Oct. 14	T. G. Smith, witness	5.00	
109	Oct. 7	R. E. Warren, services	30.00	
112	Oct. 16	H. V. Herbert	970.00	
112	Oct. 16	---- do	920.00	
112	Oct. 16	------do	344.50	
112	Oct. 16	Thomas McKenna	279.00	
112	Oct. 16	R. J. Whittaker	425.00	
112	Oct. 16	Jos. Edgar	520.00	
112	Oct. 19	Thomas McKenna	318.00	
112	Oct. 19	S. C. Denson	428.40	
113	Oct. 22	F. C. Lusk	250.00	
113	Oct. 31	R. F. Gallagher	17.50	
114	Oct. 31	J. D. Redding, October	100.00	
114	Oct. 31	J. D. Redding, September	100.00	
117	Nov. 2	J. B. Marshall, case Thompson	4.80	
117	Nov. 2	George Marshall, c, Sheridan	7.50	
117	Nov. 5	J. McKenna, services, etc	1,380.90	
117	Nov. 14	T. McKenna, services	240.00	
117	Nov. 17	W. H. L. Barnes, expended	21.00	
117	Nov. 17	C. Bennett, reporting	20.00	
117	Nov. 18	W. F. Boardman, account water front	66.67	
117	Nov. 20	M. A. Wheaton, account patent vapor gas	400.00	
117	Nov. 20	Creed Haymond, sundry expenses	397.80	
117	Nov. 21	Notary fees	3.50	
117	Nov. 21	N. F. Flood	868.50	
119	Nov. 30	E. L. Craig	2.50	
119	Nov. 30	H. V. Herbert, in suits prior to April 1	1,009.00	
119	Nov. 30	R. J. Whittaker	278.00	
119	Nov. 30	Jos. Edgar, in suits prior to April 1	325.00	
122	Dec. 1	J. D. Redding, November	100.00	
122	Dec. 1	J. B. Marshall, expended	5.50	
122	Dec. 1	Supreme Court fees	60.00	
122	Dec. 9	C. T. Jones, Fiske case	250.00	
122	Dec. 9	S. C. Denson, Fiske case	318.40	
122	Dec. 15	C. Bennett, reporting	44.00	
122	Dec. 17	J. D. Redding, expended	446.25	
122	Dec. 17	J. D. Redding, salary, December	100.00	
122	Dec. 18	Deed to company	11.50	
122	Dec. 19	W. H. L. Barnes, expended	21.00	
122	Dec. 28	Chipman & Garter	882.45	
122	Dec. 29	Jos. Edgar, services, November	100.00	
122	Dec. 29	R. J. Whittaker	125.00	
122	Dec. 29	J. W. Bourdet	100.00	
122	Dec. 29	S. C. Denson, expended	413.55	
122	Dec. 30	Sawyer, clerk's fees	5.00	
122	Dec. 30	Advances to H. V. H	8,276.39	
123	Dec. 31	W. H. L. Barnes, expended	24.00	
123	Dec. 31	P. S. Dorney, services	170.00	
125	Dec. 31	E. L. Craig, expended	108.86	
125	Dec. 31	Law Reporter	2.00	
125	Dec. 31	M. Masterson	8.75	
.....	Dec. 31	By amount carried to profit and loss	.....	$112,668.20
			117,913.20	117,913.20
	1886.			
130	Jan.	To P. S. Corbett, U. S. marshal	27.50	
130	Jan. 6	Strong & Strong, case of Thurber	80.37	
130	Jan. 7	W. H. L. Barnes, expended	112.80	
130	Jan. 15	Belcher & Belcher, 1885	2,000.00	
130	Jan. 18	Earl, Campbell & Stevens, Tucson	225.00	
130	Jan. 22	H. V. Herbert, expended	295.00	
128	Jan. 30	Sundry payments	785.00	
132	Feb. 2	U. S. C. court	58.00	
132	Feb. 2	S. C. Denson, expended	87.15	
132	Feb. 4	J. D. Redding, January	100.00	

Central Pacific Railroad Company of California, legal expense account—Continued.

Journal folio.	Date.	Items.	Dr.	Cr.
	1886.			
132	Feb. 4	To U. S. court fees	$5.00	
132	Feb. 8	Barnes, paid fees	5.00	
132	Feb. 8	Barnes, paid printing	11.00	
132	Feb. 17	S. C. Denson, case F. W. Ressigue	1,319.65	
132	Feb. 27	Notary fees	8.50	
132	Feb. 23	W. H. L. Barnes, expended	37.50	
133	Feb. 27	Sundries	15.42	
133	Feb. 27	I. E. Gates, N. Y., February 1	2,000.00	
135	Mar. 1	T. McKenna, January	100.00	
135	Mar. 1	J. W. Bourdet	100.00	
135	Mar. 1	R. J. Whittaker	125.00	
135	Mar. 10	Court fees	4.00	
135	Mar. 10	P. D. Wigginton, services, Diaz grant case	1,000.00	
135	Mar. 10	C. F. Jones, in full	150.00	
135	Mar. 23	Robert Dinsdale, for hides destroyed	66.30	
136	Mar. 30	J. W. Bourdet, services	100.00	
136	Mar. 31	T. McKenna, services	100.00	
136	Mar. 31	R. J. Whittaker, services	125.00	
136	Mar. 31	Glassell, S. and P., services	873.77	
136	Mar. 31	P. D. Wigginton, services	271.50	
138	Apr. 27	P. D. Wigginton, expended	178.00	
139	Apr. 30	Sundries	29.00	
141	May 4	J. D. Redding, salary	100.00	
141	May 7	J. D. Redding, expended	496.00	
141	May 20	W. H. L. Barnes, clerk's fees	20.00	
143	June 2	J. D. Redding, May	100.00	
143	June 2	T. Z. Blakeman	76.75	
143	June 3	T. M. Fredburg	98.50	
143	June 3	T. McKenna, April	100.00	
143	June 3	H. L. Crocker, April	100.00	
143	June 3	R. J. Whittaker, April	125.00	
143	June 3	J. W. Bourdet, April	100.00	
143	June 10	W. H. L. Barnes	40.50	
143	June 11	W. L. Dudley	162.40	
145	June 17	Printing	12.00	
145	June 30	J. D. Redding, June	100.00	
146	July 20	Clerk's fees, tax cases	45.40	
146	July 20	W. F. Goad, services, Diaz grant	500.00	
146	July 28	M. Masterson, tax cases	1,350.00	
145	July 31	Southern Pacific Company	334.60	
148	Aug. 1	....do	571.60	
150	Sept. 2	J. D. Redding, August	100.00	
150	Sept. 10	Notary fees	16.70	
150	Sept. 30	W. M. Hilton, case of Moore	50.00	
150	Sept. 30	J. McKee, case of Durfee	60.00	
150	Sept. 30	A. Stellheimer, case of Conway	60.00	
150	Sept. 30	T. W. Morgan, case of Young	80.00	
150	Sept. 30	H. V. Herbert, to April 1, 1885	261.50	
150	Sept. 30	Southern Pacific Company	96.50	
149	Sept. 30	Southern Pacific Company, New York account	764.00	
152	Oct. 1	J. D. Redding, September	100.00	
152	Oct. 30	J. D. Redding, October	150.00	
153	Oct. 30	H. S. Brown, extra services, from January 1, 1883, to March 31, 1885	4,500.00	
153	Oct. 30	Sundry persons, to March 31, 1885	419.85	
154	Nov. 5	J. D. Redding, expended	690.25	
154	Nov. 13	Services, S. W. Sanderson	10,000.00	
154	Nov. 13	H. N. Alexander	7.50	
156	Dec. 8	W. L. Dudley, expended	22.20	
156	Dec. 13	J. D. Redding, November	150.00	
157	Dec. 31	J. D. Redding, December	150.00	
157	Dec. 31	S. C. Denson	31.50	
157	Dec. 31	Thomas Marshall, for 1881	254.50	
157	Dec. 31	H. Darneal, reporting	72.00	
157	Dec. 31	Chipman & Garter, land cases	1,102.75	
134	Mar. 25	By cash for charge November 18, 1885		$66.67
149	Sept. 17	Costs in suit, P. J. Murphy		18.00
.....	Dec. 31	Amount carried to profit and loss		33,882.49
			33,967.46	33,967.46

Total amount of legal expenses $2,361,154.88.

EXHIBIT No. 34 (Statement No. 36).

Note on the construction of the Central Pacific Railroad and statement showing the terms upon which the junction with the Union Pacific Railroad was fixed at Ogden.

The road via Niles Station, between San Francisco and Sacramento, a distance of 151 miles, was constructed by the Western Pacific Railroad, the San Francisco, Oakland and Almeda Railroad, and the San Francisco and Bay Railroad Companies prior to the amalgamation June 30, 1870. That between Sacramento and a point at or near Promontory Point, a distance of 690 miles, was constructed by the Central Pacific Railroad Company under the following contracts:

Contracts with Charles Crocker & Co., Turton, Ryan & Knox, C. D. Bates & Co., S. D. Smith, and Collins & Bro., 138 miles. (All but 10 miles of this was built by Charles Crocker & Co.)

Contract with the Contract and Finance Company, 552 miles.

The road between Promontory Point and Ogden, a distance of 53.56 miles, was constructed by the Union Pacific Railroad Company, and this road to a point about 5 miles west of Ogden was purchased by the Central Pacific Railroad Company, as per joint agreement of November 10, 1869, for work done on the Central Pacific Railroad west of the point of junction at or near Ogden, Utah, as per agreement of April 9, 1869, and the joint resolution of Congress April 10, 1869. The amount paid the Union Pacific Railroad Company was—

1,502 first-mortgage bonds of the Central Pacific Railroad Company, at $1,000 each	$1,502,000
1,308 U. S. Government 6 per cent. regulars, at $1,000 each	1,338,000
60 first-mortgage bonds of the Central Pacific Railroad Company	60,000
And in August, 1870, cash paid by C. P. Huntington to settle dispute as to junction at Ogden	100,000
In all	3,000,000

This did not include the 5 miles of road west of Ogden, owned by the Union Pacific Railroad Company, which is now leased by the Central Pacific Company from them, and is considered part of the Central Pacific main line.

The work done by the Central Pacific Railroad Company east of Promontory Point during 1869 and 1870 cost $751,963 (see voucher paid E. B. Ryan, June, 1870). This line was abandoned, the company taking the road built by the Union Pacific Company over the same route. No particulars as to the exact amount expended for construction on this work by the Central Pacific Railroad Company are given.

EXHIBIT No. 35 (Statement No. 37).

Mileage and dates of opening of the various roads comprising the Southern Pacific Company Pacific system.

CENTRAL PACIFIC RAILROAD.

Names of stations.	Date of opening.	Miles.	Totals
Sacramento to Newcastle	Nov. 1, 1864	31.25	
Newcastle to Auburn	May 14, 1865	4.89	
Auburn to Clipper Gap	June 19, 1865	6.71	
Clipper Gap to Colfax	Sept. 11, 1865	11.34	
Colfax to Dutch Flat	July 5, 1866	12.59	
Dutch Flat to Alta	July 11, 1866	1.87	
Alta to Cisco	Dec. 3, 1866	23.26	
Cisco to Summit	Aug. 26, 1868	13.30	
Summit to Truckee	Apr. 3, 1868	14.31	
Truckee to Reno	June 13, 1868	34.95	
Reno to Wadsworth	July 22, 1868	34.40	
Wadsworth to Browns	Aug. 21, 1868	46.11	
Browns to Oreana	Sept. 20, 1868	27.84	
Oreana to Winnemucca	Oct. 1, 1868	61.44	
Winnemucca to Argenta	Nov. 19, 1868	71.97	
Argenta to Carlin	Mar. 15, 1869	48.52	
Carlin to Elko	Jan. 25, 1869	23.19	
Elko to Terrace	May 27, 1869	151.51	
Terrace to Ogden	May 29, 1869	124.11	
			742.8

Mileage and dates of opening of the various roads comprising the Southern Pacific Company Pacific system Central Pacific Railroad—Continued.

CENTRAL PACIFIC RAILROAD—Continued.

Names of stations.	Date of opening.	Miles.	Totals.
Sacramento to Galt	May 15, 1869*	27.07	
Galt to Lodi	Aug. 4, 1869	8.31	
Lodi to Stockton	Aug. 14, 1869	12.59	
Stockton to Melrose	Sept. 8, 1869	80.16	
Melrose to San Francisco	Dec. 1, 1869	11.54	
Niles to San José	Sept. 15, 1869	17.54	139.67
Junction to Lincoln	Oct. 24, 1867	10.29	17.54
Lincoln to Wheatland	Oct. 28, 1867	11.12	
Wheatland to Yuba	Sept. 19, 1868	10.93	
Yuba to Marysville	June 1, 1869	1.83	
Marysville to Nelson	May 31, 1870	30.68	
Nelson to Chico	July 2, 1870	12.68	
Chico to Sesma	Jan. 11, 1871	26.28	
Sesma to Tehama	Aug. 28, 1871	.80	
Tehama to Red Bluff	Dec. 6, 1871	12.11	
Red Bluff to Redding	Sept. 1, 1872	34.88	
Redding to Delta	Sept. 1, 1884	38.48	
Delta to Gibson	June 8, 1886	7.12	
Gibson to Hazel Creek	June 16, 1886	5.60	
Hazel Creek to Dunsmuir	Aug. 23, 1886	10.90	
Chestnut (Dunsmuir) to McCloud	Nov. 14, 1886	13.10	
McCloud to Edgewood	Jan. 1, 1887	20.00	
Edgewood to Montague	Feb. 8, 1887	22.00	
Montague to Hornbrook	May 1, 1887	17.60	
Hornbrook to Coles	June 1, 1887	8.80	
Lathrop to Modesto	Nov. 8, 1870	20.00	205.20
Modesto to Merced	Jan. 25, 1872	37.39	
Merced to Sycamore	Apr. 1, 1872	45.07	
Sycamore to Fresno	May 28, 1872	9.85	
Fresno to Goshen Junction	Aug. 1, 1872	33.77	
			146.08

*There are 5.64 miles included in this, which are leased from the Sacramento and Placerville Railroad.

SOUTHERN PACIFIC RAILROADS.

Goshen Junction to Huron	Feb. 1, 1877	40.10	
Goshen Junction to Tipton	Aug. 1, 1872	20.88	
Tipton to Delano	July 15, 1873	20.32	
Delano to Sumner	Nov. 1, 1874	32.20	
Sumner to Caliente	Apr. 26, 1875	22.31	
Caliente to Keene	June 1, 1876	13.60	
Keene to Mojave	Aug. 8, 1876	31.82	
Mojave to San Fernando Tunnel	Sept. 5, 1876	74.20	
San Fernando Tunnel to Sepulveda	June 1, 1876	17.70	
Sepulveda to Los Angeles	Apr. 15, 1874	8.60	
Los Angeles to Spadra	Aug. 15, 1874	29.30	
Spadra to Colton	July 16, 1875	28.20	
Colton to Indio	May 29, 1876	72.00	
Indio to Dos Palmas	Mar. 8, 1877	30.70	
Dos Palmas to Pilot Knob	Apr. 29, 1877	79.10	
Pilot Knob to Colorado River	May 23, 1877	7.53	
Colorado River (west bank) to Yuma	Oct. 22, 1877	.56	
Yuma to Adonde	Jan. 9, 1879	30.00	
Adonde to Texas Hill	Feb. 1, 1879	32.30	
Texas Hill to Stanwix	Mar. 3, 1879	22.70	
Stanwix to Gila bend	Mar. 31, 1879	34.30	
Gila Bend to Maricopa	Apr. 28, 1879	37.00	
Maricopa to Casa Grande	May 19, 1879	26.00	
Casa Grande to Tucson	Mar. 20, 1880	65.20	
Tucson to Pantano	May 1, 1880	28.10	
Pantano to Benson	June 22, 1880	17.90	
Benson to San Simon	Sept. 15, 1880	79.30	
San Simon to Lordsburg	Oct. 18, 1880	34.20	
Lordsburg to Rio Membres	Nov. 18, 1880	60.40	
Rio Membres to Deming	Dec. 15, 1880	10.10	
Deming to El Paso	May 19, 1881	77.30	
Los Angeles to Wilmington	Apr. 15, 1874	21.64	1,083.92
Wilmington to San Pedro	Aug. 15, 1882	2.60	
			24.24

Mileage and dates of opening of the various roads comprising the Southern Pacific Company Pacific system Central Pacific Railroad—Continued.

LOS ANGELES AND SAN DIEGO RAILROAD.

Names of stations.	Date of opening.	Miles.	Total.
Florence to Downey	Apr. 15, 1874	6.07	
Downey to Anaheim	Jan. 14, 1875	14	
Anaheim to Santa Ana	Dec. 17, 1877	7.53	
			27.6

LOS ANGELES AND INDEPENDENCE RAILROAD.

Los Angeles to Santa Monica	June 4, 1877	16.83	16.8

VENTURA DIVISION.

Sagua to Santa Paula	Feb. 12, 1887	33.99	
Santa Paula to Ventura	May 18, 1887	16.50	
San Buenaventura (Ventura) to Carpenteria	July 1, 1887	17.10	
			67.5

YOSEMITE BRANCH.

Berenda to Raymond	May 1, 1886	21	21

AMADOR BRANCH.

Galt to Ione	Dec. 4, 1876	27.20	27.2

STOCKTON AND COPPEROPOLIS.

Stockton to Milton	Feb. — 1871	30	
Peters to Oakdale	Feb. — 1871	19	
			49

OAKLAND, ALAMEDA, AND BERKELEY BRANCHES.

Oakland Wharf to Brooklyn*		5.67	
West Oakland to Mastic*		3.82	
Alameda Wharf to Melrose*		5.19	
Shell Mound to Berryman (to Berkeley)	Aug. 16, 1876	3.84	
Fruit Vale Connection	June — 1882	2.01	
Oakland and Alameda Branches, additional	Jan. 1, 1884	.62	
			21.5

* No date of opening given in records of general auditor.

NORTHERN RAILWAY.

Names of stations.	Date of opening.	Miles.	Total.
West Oakland to Shell Mound	Aug. 16, 1876	7.98	
Shell Mound to Port Costa	Jan. 9, 1878	18.32	
Port Costa to Suisun	Dec. 28, 1879	17.33	
			43.6
Port Costa to Martinez	Jan. 9, 1878	3.47	
Martinez to end of Northern Railway	Sept. 18, 1878	1.20	
			4.6
Northern Junction to Williams	July 1, 1876	58.57	
Williams to Willows	Oct. 3, 1878	25.68	
			84.5
Willows to Orland	Jan. 31, 1882	15.53	
Orland to Tehama	Sept. 27, 1882	20.96	
			36.0
West Oakland to Delaware street		4.53	4.5

Mileage and dates of opening of the various roads comprising the Southern Pacific Company Pacific system Central Pacific Railroad—Continued.

SAN PABLO AND TULARE.

Names of stations.	Date of opening.	Miles.	Total.
Initial point near Martines to Tracy	Sept. 18, 1878	46.59	46.59

CALIFORNIA PACIFIC.

Vallejo Junction to Sacramento	Jan. 1, 1870	62.39	
Napa Junction to Calistoga	Jan. 1, 1870	34.48	
Davisville to Knight's Landing	Jan. 1, 1870	18.57	
			115.44
Total mileage operated July 9, 1887			2,996.07
Since January 1, 1887, the following lines have been constructed:			
Ventura Division		67.50	
McCloud to Colea		68.40	
			135.90
Making the total mileage construction December 31, 1886			2,860.17

STATEMENT No. 38.

(Forms showing method of division of earnings and expenses).

SUB-EXHIBIT No. 1.

Apportionment of ——— *earnings for the month of* ———, 188–.

	From and to Sacramento and—	S. P. Co. & Ld. R. R. earnings.	C. P. R. R. non-aided.		C. P. R. R. aided.		S. & P. R. R.		Cal. Pac. R. R.		So. Pac. R. R. of Cal.		Am. Br. R. R.	
			Per cent.	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Amount.
1	Marysville	$125.00	65.3	$81.62	34.7	$43.38								
2	Hanford	50.00	67.6	33.80	23.7	11.85	2.6	$1.30			6.1	$3.05		
3	Ione	75.00			39.5	29.63	10.3	7.72					50.2	$37.65
4	Colfax	27.50			100.0	27.50								
5	Napa Junction	35.00							100.0	$35.00				
	Total	312.50		115.42		112.36		9.02		35.00		3.05		37.65

Percentages based on actual mileage.

1. Total mileage, 52.4; non-aided, 34.2; aided, 18.2.
2. Total mileage, 216.3; non-aided, 146.3; aided, 51.2: Sac. and Pl., 5.6; S. P. of Cal., 13.2.
3. Total mileage, 54.2; aided, 21.4; S. and P., 5.6; Amador Br., 27.2.
4. Total mileage, 54.2; all aided.
5. Total mileage, 53.1; all Cala. Pac.

Southern Pacific Company (Pacific system)—redistribution of

Kind.	Central Pacific Railroad aided lines.	Central Pacific Railroad non-aided lines.	Oakland and Alameda Pass. Ferries and trains.	Oakland freight ferry and San Francisco terminal.	Sacramento and Placerville Railroad, 5.64 miles. Brighton to Sacramento.	Stockton and Copperopolis Railroad.	Amador branch railroad.	California Pacific Railway.
Freight	$328,621.32	$159,442.57	$7,625.65	$58,469.30	$1,100.04	$3,966.45	$1,992.15	$
Passenger	207,248.81	76,373.63	67,850.40	.....	958.47	3,012.81	874.23	
Express	11,407.96	4,249.25	1,499.75	.....	31.23	100.00	60.00	
Mail	24,906.83	4,481.42	250.23	.....	53.45	243.95	152.47	
Miscellaneous	757.51	891.41	1,895.00	1,337.16	1.25	10.33	202.26	
Sleeping car	18,663.68	7,623.20	.....	.....	.....	.....	.....	
Telegraph	2,500.00	1,475.00	.....	.....	10.00	40.00	10.00	
Rental	1,438.16	1,359.35	1,562.00	.....	.....	89.45	.....	
Baggage	2,135.43	624.62	55.11	.....	6.01	3.30	.37	
Mileage	5,810.00	2,852.87	815.10	.....	.....	.....	.....	
Total earnings	603,489.70	259,373.39	81,554.24	59,806.46	2,160.45	7,467.29	3,291.68	
Per cent. general expenses	32.89	14.14	4.45	3.26	.12	.41	.18	
Per cent. sleeping car	39.05	14.06	.....	.....	.....	.....	.....	
Per cent. mileage	35.07	15.03	.....	.....	.....	.05	.02	

OPERATIN

Expense of superintendent	$3,300.46	$1,477.58	$509.39	$224.90	$20.43	$150.68	$27.16	
Station service	15,845.28	6,723.25	6,355.09	26,142.36	2.50	748.56	194.95	
Telegraph service	4,657.03	2,659.52	89.69	156.46	2.84	2.05	43.65	
Train service	18,168.09	10,526.65	4,767.48	2,025.69	113.85	397.58	205.77	
Sleeping-car service	4,276.82	1,746.87	.....	.....	.....	.....	.....	
Ferry service	.....	.....	15,612.20	4,006.04	.....	.....	.....	
Wharf service	73.54	2,244.74	3,482.84	3,812.38	.....	.....	.....	
Locomotive service	83,181.73	24,803.70	8,436.67	3,545.79	289.41	974.12	434.22	
Snow service	534.09	.....	.....	.....	.....	.....	.....	
Repairs of track	29,015.64	15,288.92	1,183.51	446.06	.....	441.63	152.13	
Repairs of snow shed	2,532.20	.....	.....	.....	.....	.....	.....	
Repairs of bridges	2,325.25	1,743.85	114.77	.....	.....	935.77	66.93	
Repairs of buildings	870.73	611.19	190.16	84.00	.....	.....	.....	
Repairs of engines	14,154.93	5,048.20	1,740.73	1,266.96	39.11	77.95	34.65	
Repairs of cars	20,842.68	8,618.24	1,291.07	652.41	60.60	253.47	116.16	
Repairs of machinery and tools	2,272.04	977.18	307.53	225.29	8.29	28.33	12.44	
Office expenses	9,823.00	4,223.08	1,329.05	973.64	35.81	122.45	53.76	
Stationery and printing	1,493.51	642.09	202.07	148.03	5.45	18.62	8.17	
Advertising	1,471.28	632.53	199.07	145.83	5.37	18.34	8.05	
Loss and damage to freight	.....	.....	.....	.....	.....	.....	.....	
Damage—persons and property	341.94	176.39	46.38	20.19	2.62	20.00	3.18	
Miscellaneous expense	5,213.07	1,798.75	343.66	288.27	8.36	56.56	27.54	
Water	1,241.89	1,016.64	544.73	255.08	.....	63.20	14.20	
Insurance and loss by fire	2,082.28	1,744.61	21.67	.....	.....	493.66	160.67	
Mileage	922.99	395.56	.....	.....	133.05	192.79	206.45	

No. 2.

earnings and operating expenses for the month of June, 1886.

INGS.

Los Angeles and Independence Railroad.	Los Angeles and San Diego Railroad.	Northern Railway, including Benicia Ferry.	Southern Pacific and Texas Railroad.	San José Valley and Yosemite Railroad.	Southern Pacific Company. A corporation.	Southern Pacific Railroad of California south of Goshen.	Southern Pacific Railroad of Arizona.	Southern Pacific Railroad of New Mexico, including to El Paso.	Total for month.
$722.77	$2,910.17	$84,542.23	$37,897.70	$239.50	.....	$219,600.97	$68,826.15	$33,878.53	$1,065,662.97
5,707.20	3,299.31	67,826.49	15,767.56	2,646.20	.....	74,158.49	25,743.43	12,286.88	607,106.77
31.00	160.00	2,475.06	1,025.48	25.70	.....	5,341.82	2,310.78	874.81	30,981.01
65.02	140.93	2,032.56	664.65	.....	.....	5,133.68	4,403.85	1,269.70	45,475.06
4.47	3.70	691.90	12.30	.....	.....	2,423.29	406.18	271.19	10,170.97
13.00	25.00	600.00	250.00	25.00	.....	.....	4,155.22	.....	30,442.11
41.67	.....	210.50	5.00	.....	.....	1,588.34	750.00	250.00	7,983.34
2.56	17.82	386.73	160.80	.21	.....	1,921.75	145.00	161.00	7,305.88
1.80	.....	.....	.....	.....	.....	1,107.22	505.57	190.95	5,443.29
						.....	9,857.17	4,914.17	24,256.91
4,622.90	7,496.93	158,766.47	55,783.29	2,936.61	.....	311,365.56	117,103.38	54,097.23	1,834,778.31
.36	.41	8.65	3.04	.16	.....	16.97	6.38	2.95	.....
.....	.....	12.09	3.09	.05	.....	14.01	4.09	2.03	.....
.04	.04	9.01	3.03	.02	.....	18.05	7.00	3.02	.....

EXPENSES.

$93.14	$96.58	$874.53	$308.97	$11.00	.....	$1,381.50	$788.44	$352.73	$10,169.61
165.56	287.47	2,178.55	411.56	25.39	.....	5,157.86	2,667.98	1,376.41	72,392.34
61.80	222.05	1,248.87	338.60	40.80	.....	2,431.60	916.90	464.75	14,064.47
223.45	451.69	6,389.68	1,557.46	175.08	.....	12,395.70	5,854.93	2,808.42	70,065.95
.....	.....	.....	.....	.....	.....	.....	894.45	.....	6,918.14
.....	.....	5,163.28	.....	.....	.....	.....	.....	.....	28,766.28
.....	.....	123.51	.....	.....	.....	81.65	.....	.....	9,856.60
723.20	619.30	11,387.67	4,896.42	1,093.58	.....	66,621.70	25,015.06	11,147.94	251,173.39
307.67	8,151.33	5,323.50	1,489.26	.....	.....	47,716.34	11,892.72	2,723.12	534.09
.....	.....	.....	.....	.....	.....	.....	.....	.....	128,680.17
.....	17.25	338.50	74.25	.....	.....	9,212.00	26.95	131.75	2,532.26
.....	33.37	35.28	3.25	.....	.....	672.81	181.37	32.81	15,906.79
44.27	40.32	1,579.37	739.70	55.61	.....	10,975.74	7,567.09	2,984.98	2,804.75
215.23	250.51	5,480.38	2,153.67	98.34	.....	12,371.29	3,995.30	1,909.36	50,480.48
									61,864.22
24.80	28.33	597.78	210.09	11.06	.....	1,172.75	440.91	203.87	6,910.74
197.52	122.46	2,583.43	907.93	47.79	.....	5,068.30	1,905.47	881.05	29,866.24
14.35	16.61	392.80	138.04	7.27	.....	770.60	289.71	133.96	4,540.93
14.19	18.34	386.95	135.99	7.16	.....	759.13	285.40	131.96	4,473.35
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	71.71	37.51	.....	.....	366.10	444.17	12.00	1,672.81
37.78	48.55	848.24	219.32	11.15	.....	1,343.43	512.63	238.81	11,455.32
8.00	148.86	839.22	160.21	.....	.....	1,604.87	1,790.97	1,098.87	9,189.24
84.75	24.25	908.20	280.46	.....	.....	1,509.80	178.72	.....	9,057.70
46.31	407.74	7,669.89	2,353.08	212.84	.....	10,389.03	180.98	82.70	26,842.31

EXHIBIT B.

Southern Pacific Company (Pacific system)—redistribution of

OPERATIN

Kind.	Central Pacific Railroad added lines.	Central Pacific Railroad non-added lines.	Oakland and Alameda Ferries and trains.	Oakland freight ferry and San Francisco terminal.	Sacramento and Placerville Railroad, 5.61 miles. Brighton to Sacramento.	Stockton and Copperopolis Railroad.	Amador branch railroad.	California Pacific Railroad, including [illegible]
Engineering	$487.61	$203.90	$64.17	$47.01	$1.73	$5.91	$2.60	$1
General expense	8,346.41	3,706.76	966.93	796.45	24.55	122.74	24.53	1,67
Legal expense	8,891.82	3,196.92	1,635.51	686.05	22.84	114.18	22.83	1,10
Totals, operating expenses	242,369.27	100,507.12	49,420.37	45,948.89	776.84	5,298.59	1,814.02	45,18
Earnings over operating expenses	361,120.43	158,866.27	32,133.87	13,837.57	1,383.61	2,168.70	1,477.65	59,2
Earnings under operating expenses								
Net earnings								

9—Continued.

arnings and operating expenses for the month of June, 1886.

EXPENSES.

Los Angeles and Independence Railroad.	Los Angeles and San Diego Railroad.	Northern Railway, including Benicia Ferry.	Southern Pacific and Texas Railroad.	San José Valley and Yosemite Railroad.	Southern Pacific Company. A corporation.	Southern Pacific Railroad of California south of Goshen.	Southern Pacific Railroad of Arizona.	Southern Pacific Railroad of New Mexico, including to El Paso.	Total for month.
$5.20	$5.91	$124.73	$42.84	$2.30	.....	$244.70	$92.00	$42.54	$1,455.34
68.19	122.74	2,209.34	736.45	24.55	.....	2,682.24	1,518.28	859.19	24,883.28
41.67	114.17	2,055.17	685.06	22.83	.....	3,431.90	1,798.48	1,099.23	24,992.78
1,355.80	11,229.83	58,810.58	17,881.12	1,846.75	.....	199,871.27	69,259.10	28,736.48	881,491.28
4,097.02	.....	99,955.89	37,902.17	1,089.86	.....	111,494.29	47,844.26	25,360.73	.....
.....	3,732.90	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	963,287.03

EXHIBIT No. 3.

Manner of distribution of operating expenses between the aided and non-aided roads.

Expense of superintendent: Two classes of this expense—general and division superintendents. Expense of general superintendent is divided on basis of gross earnings for month. Expense of division superintendent is located on the road over which the superintendent has control. Where more than one road is controlled the expense is divided proportionately.

Station services: Located on the road where the station is situated. In cases of junction stations the expense is divided half and half to the roads interested.

Telegraph service: Located on road where service is performed.

Train service: Located on mileage basis to roads over which service is performed.

Sleeping-car service: Located on roads owning sleeping-cars.

Ferry service: Located at point where service is performed.

Wharf service: Located at point where service is performed.

Locomotive service: Located on basis of mileage made by locomotives.

Snow service: Located at point where service was performed.

Repairs of track: Located at point where service was performed.

Repairs of snow-shed: Located at point where service was performed.

Repairs of bridges: Located at point where service was performed.

Repairs of buildings: Located at point where service was performed.

Repairs of engines: Located on basis of mileage made by engines.

Repairs of cars: Freight-car repairs distributed on basis of total freight earnings, omitting ferry. Passenger, baggage, mail, and express car repairs distributed on basis of total earnings made by these cars.

Repairs of machinery and tools: Distributed on the basis of gross earnings.

Office expenses: Distributed on the basis of gross earnings.

Stationery and printing: Distributed on the basis of gross earnings.

Advertising: Distributed on the basis of gross earnings.

Loss and damage to freight: Located, when possible, on road where loss or damage occurred. When unable to locate, distributed on mileage basis between points of shipment.

Damage, persons and property: Located on road where damage occurred.

Miscellaneous expenses: When for the benefit of the whole system the expense is divided on basis of gross earnings. If for any particular road the expense is located thereon.

Water: Distributed on basis of gross locomotive mileage. When for any unusual service, such as digging a well or constructing a water-station, the item is located on road where improvement is made.

Insurance and loss by fire: Located on road interested.

Mileage: Proportionately, on the percentage basis, as the expenses or earnings of each road bears to the total expenses or earnings of its class.

Engineering: Located on road where service is performed. When unable to locate, distributed on basis of gross earnings.

General expense: Distributed by the secretary and controller.

Legal expense: Distributed by the secretary and controller.

EXHIBIT A (Statement No. 38½).

Central Pacific Railroad, aided line, 1886.

EARNINGS.

Freight	$399,021.2
Passenger	207,248.6
Express	11,467.5
Mail	24,906.6
Miscellaneous	757.5
Sleeping-car	18,663.6
Telegraph	2,560.0
Rental	1,426.1
Baggage	2,125.4
Mileage, cars, and barges	5,852.0
Total earnings	603,629.7

OPERATING EXPENSES.

Expense of superintendent	3,200.6
Station service	15,865.2
Telegraph service	4,657.6
Train service	18,168.6
Sleeping-car service	4,476.2

Ferry service	
Wharf service	$73.54
Locomotive service	83,181.73
Snow service	534.09
Repairs of track	29,015.64
Repairs of snow-shed	2,532.26
Repairs of bridges	2,325.25
Repairs of buildings	870.73
Repairs of engines	14,154.93
Repairs of cars	20,842.68
Repairs of machinery and tools	2,272.94
Office expense	9,823.00
Stationery and printing	1,493.51
Advertising	1,471.28
Loss and damage to freight	
Damage, persons and property	341.94
Miscellaneous expense	5,215.07
Water	1,241.89
Insurance and loss by fire	2,082.28
Mileage	922.99
Engineering	487.61
General expense	8,346.41
Legal expense	8,891.82
Totals, operating expenses	242,369.27
Earnings over operating expenses	361,120.43

EXHIBIT B (Statement No. 39).

Statement showing amount and percentage of increase for the year 1880, *by taking straight mileage in place of constructive mileage, as shown by detailed examination of the apportionment sheets, of earnings of Central Pacific Railroad (aided line) for month of July.*

Names of companies to whom constructive mileage was given: Central Pacific (sec-subsidy), Sacramento and Placerville, Northern Railway, California Pacific, Stockton and Copperopolis, Amador Branch, Berkley Branch, San Pablo and Tulare, Southern Pacific of California, Southern Pacific of Arizona, Southern Pacific of New Mexico, Galveston, Houston and San Antonio, Los Angeles and Independence, Los Angeles and San Diego.

Summary for year 1880.

	Gross earnings.	Amount of increase at 7.16 per cent.
Freight	$4,457,678.84	$319,169.80
Passengers	1,742,194.71	114,636.46
Express	136,288.92	6,814.40
Extra baggage	32,371.33	1,670.34
Total amount of increase for year	6,368,533.80	442,291.00

Percentage upon year's business, 6.94+.

Gross earnings of Central Pacific Railroad, year 1880, *as per company's returns.*

Month.	Freight.	Passenger.	Express.	Extra baggage.
January	$335,594.41	$100,977.82	$7,612.78	$1,936.77
February	277,673.70	99,718.52	8,550.22	1,645.44
March	317,446.19	149,430.07	9,323.94	2,281.17
April	291,038.63	172,192.75	*10,000.00	2,824.98
May	311,599.58	203,616.70	10,299.72	3,648.68
June	350,260.24	171,428.75	12,897.44	2,901.56
July	367,016.25	146,045.34	12,747.09	2,802.04
August	371,610.89	116,874.96	12,146.28	2,643.12
September	449,868.81	115,364.72	12,695.19	1,466.06
October	503,452.41	182,496.55	13,842.16	3,570.65
November	470,000.00	162,740.00	12,956.48	4,556.78
December	392,116.83	121,307.84	13,217.62	2,154.70
Total	4,457,678.84	1,742,194.71	136,288.92	32,371.33

*Estimated.

Freight earnings of Central Pacific Railroad (aided line) for month of July, 1880, showing it with constructive mileage and actual prorate.

Sheet No.	Constructive.	Straight.	Sheet No.	Constructive.	Straight.
1	$339.65	$342.45	33		
2	976.46	1,392.58	34	$473.58	[illegible]
3	204.64	310.72	35	8.91	11.6
4	1,140.71	1,786.59	36	46.01	[illegible]
5	907.33	1,064.42	37	51.45	[illegible]
6	1,770.23	2,494.32	38	16.63	[illegible]
7			39	229.96	[illegible]
8	2,315.12	2,916.17	40	1,398.31	[illegible]
9	34,482.59	39,770.10	41	14,266.09	[illegible]
10	239,703.72	248,951.00	42	437.96	[illegible]
11	98.12	98.12	43	313.10	[illegible]
12			44	619.48	[illegible]
13	73.50	103.87	45	227.96	[illegible]
14	570.74	688.03	46	4,818.45	[illegible]
15	425.44	501.43	47	3,358.96	[illegible]
16	204.06	224.31	48	5,356.28	[illegible]
17	671.97	895.50	49	3,464.26	[illegible]
18	309.22	353.33	50	216.50	[illegible]
19	451.96	664.86	51	532.26	[illegible]
20	65.70	82.05	52	9,857.26	[illegible]
21	74.24	103.96	53	6,974.68	[illegible]
22	236.49	304.52	54	933.71	[illegible]
23	672.55	847.18	55	397.65	[illegible]
24	356.16	432.82	56	516.46	[illegible]
25	111.87	141.55	57	54.33	[illegible]
26	170.70	224.67	58	94.88	[illegible]
27	190.74	277.62	59	819.19	[illegible]
28	822.93	1,136.45	60	275.16	[illegible]
29	106.27	148.83	61	82.06	[illegible]
30	218.23	298.11	62	492.13	[illegible]
31	34.88	43.30	63	239.37	[illegible]
32	32.79	47.73	64	78.79	[illegible]
			Total	344,392.72	[illegible]
					[illegible]
			Increase		[illegible]
			Percentage of increase		[illegible]

Passenger earnings, July, 1880.

Sheet No.	Constructive.	Straight.	Sheet No.	Constructive.	Straight.
1	$870.44	$895.20	20	$3.48	[illegible]
2	3,050.31	4,396.21	21	1,470.73	[illegible]
3	119,068.22	124,910.51	22	3,776.26	[illegible]
4			23	319.36	[illegible]
5	132.85	154.32	24	4,811.68	[illegible]
6	180.83	216.81	25	830.47	[illegible]
7	604.02	707.66	26	1,335.96	[illegible]
8	428.74	471.08	27	2,676.03	[illegible]
9	16.32	20.42	28	192.63	[illegible]
10	32.13	38.99	29	149.44	[illegible]
11	102.24	113.63	30	200.62	[illegible]
12	109.93	113.64	31	749.73	[illegible]
13	260.34	292.08	32	1,718.94	[illegible]
14	403.89	501.58	33	13.83	[illegible]
15	179.23	240.52	34	9.62	[illegible]
16	198.67	257.34	35	116.04	[illegible]
17	82.90	103.80	36	103.41	[illegible]
18	54.71	71.82	37	10.44	[illegible]
19	1,625.13	1,921.12			
			Total	145,892.59	[illegible]
					[illegible]
			Increase		[illegible]
			Percentage of increase		[illegible]

Extra-baggage earnings, July, 1880.

Sheet No.	Constructive.	Straight.	Sheet No.	Constructive.	Straight.
1	$2,536.21	$2,659.46	4	$11.04	$12.17
2	114.64	120.48	5	82.17	88.49
3	57.98	66.06	Total	2,802.04	2,946.66
					2,802.04
			Increase		144.62
			Percentage of increase		5.16

Express earnings, July, 1880. Estimated increase, 5 per cent.

EXHIBIT C (Statement No. 40).

Statement for the year 1881, *showing amount and percentages of increase of straight mileage over constructive mileage, as shown by detailed examination of the apportionment of earnings of Central Pacific Railroad (subsidy) for the month of May.*

Names of companies to which constructive mileage was given: Southern Pacific of California, Southern Pacific of Arizona, Southern Pacific of New Mexico, Galveston, Harrisburgh and San Antonio, Los Angeles and Independence, Los Angeles and San Diego.

Summary for year 1881.

	Gross earnings.	Increase.
Freight	$5,444,963.62	$25,189.97
Passengers	1,961,274.45	8,483.10
Express	126,563.24	*632.81
Extra baggage	45,619.81	*228.09
Total	7,578,421.12	34,533.97

* Increase (estimated), ½ per cent.

Percentage upon year's business, .456.

Gross earnings Central Pacific Railroad (subsidy) as per company's returns year 1881.

Month.	Freight.	Passenger.	Express.	Extra baggage.
January	$386,241.54	$105,062.90	$7,906.00	$1,919.93
February	346,115.97	109,936.35	8,607.22	1,912.51
March	402,664.80	148,433.64	11,157.36	2,448.94
April	394,077.08	158,015.34	9,400.86	2,713.46
May	524,266.14	214,804.88	11,851.93	4,430.29
June	497,702.32	184,827.44	13,916.41	3,796.56
July	440,979.84	158,569.21	10,300.37	3,540.98
August	495,480.25	189,493.07	13,584.06	3,925.27
September	473,682.57	201,022.24	10,030.11	4,174.39
October	552,432.81	202,108.62	9,732.35	4,858.12
November	519,321.87	202,724.74	9,880.63	3,961.24
December	411,998.43	86,269.93	10,196.14	3,238.12
Total	5,444,963.62	1,961,274.45	126,563.24	45,619.81

Segregated earnings, year 1881, *showing amount of business of the Central Pacific (subsidy) with the Southern Pacific upon which constructive mileage was taken, and the increase upon the same.*

	Freight.	Passage.
January	$5,360.71	$5,732.19
February	4,606.33	3,858.6
March	7,718.13	3,967.18
April	8,853.60	3,516.6
May	9,312.32	3,127.76
June	8,485.87	3,298.15
July	8,640.87	1,469.21
August	11,138.26	4,021.19
September	12,218.44	5,143.18
October	16,276.46	4,350.19
November	17,263.49	4,670.71
December	12,944.35	3,763.6
Total	122,818.83	44,991.6
Per cent	20.51	11.19
Taking the percentages ascertained for the month of May, we have the increase for the year	$25,189.97	$8,453.18

Freight earnings for month of May, 1881, *taking the business only that is in connection with the Southern Pacific Company, to whom constructive mileage was given, showing constructive earnings and what would be the straight earnings of the Central Pacific Railroad (subsidy) for that month and the percentage of increase.*

Sheets.	Constructive.	Straight.	Sheets.	Constructive.	Straight.
No. 1	$748.20	$997.43	No. 61	$145.19	$171.01
3	639.30	961.75	67	1,062.74	1,236.18
4	795.05	1,146.77	69	207.39	286.59
5	185.94	239.00		338.94	443.76
21	25.63	34.20	71	1,931.36	2,334.59
23	385.05	410.99		1,951.66	2,004.66
39	158.48	206.14			
41	44.33	46.52	Total	9,312.32	11,222.6
	94.09	123.63			9,312.32
45	4.99	6.80			
	280.44	386.73	Increase		1,910.28
55	9.77	12.40			
	47.16	55.71	Percentage		20.51
49	256.61	268.26			

Gross earnings for this month, $524,266.14; percentage of increase, .364.

Passenger earnings as above.

Sheets.	Constructive.	Straight.	Sheets.	Constructive.	Straight.
No. 1	$667.17	$829.21	No. 27	$136.10	$161.74
3	324.71	411.64		1,258.56	1,396.32
15	305.55	407.15			
19	42.11	45.77	Total	3,127.76	3,723.6
21	354.77	449.94			3,127.76
23	19.00	19.74			
25	16.67	18.54	Increase		601.9
	3.12	3.20			
			Percentage		19.19

Gross earnings for this month, $214,804.88; percentage of increase, .280.

EXHIBIT D (Statement No. 41).

Statement, year 1882, showing amount and percentage of increase of straight mileage over constructive mileage, as shown by detailed examination of the apportionment of earnings to Central Pacific Railroad (subsidy) for month of July.

Names of companies to whom constructive mileage was given: Southern Pacific of California, Southern Pacific of Arizona, Southern Pacific of New Mexico, Galveston, Houston and San Antonio, Los Angeles and Independence, Los Angeles and San Diego.

Summary for the year 1882.

Gross earnings from all sources for two months	$1,227,527.61
Accepting that as an average, for twelve months is	7,365,165.66
Increase from all sources, two months, $7,323, twelve months	43,938.00
Percentage upon gross business for the year .596 of 1 per cent.	

Segregated earnings, June and July, 1882, showing the amount of business for those months of the Central Pacific (subsidy) with the Southern Pacific, upon which constructive mileage was taken, and the increase upon the same.

1882.	Freight.	Passengers.	Express.	Extra baggage.
June	$9,696.72	$10,889.63	$276.02	$73.17
July	11,569.64	3,654.33	158.33	43.43
Total	21,262.36	14,443.96	434.35	116.60
Sum total of these four amounts is				36,357.27
Increase for two months at 20.14 per cent. is				7,323.00

Gross earnings, months of June and July, 1882, of the Central Pacific (subsidy).

June	$400,674.08	$211,218.94	$14,648.38	$4,451.45
July	390,119.74	189,710.20	12,114.32	4,590.50
Total	790,793.82	400,929.14	26,762.70	9,041.95
The sum total of these four different amounts is				1,227,527.61

Freight earnings for month of July, 1882, taking the business only that is in connection with the Southern Pacific Company, to whom constructive mileage was given, showing constructive earnings and what would be straight earnings of the Central Pacific Railroad (subsidy) for that month, and the percentage of increase.

Sheets.	Constructive.	Straight.	Sheets.	Constructive.	Straight.
No. 2	$271.81	$280.05	No. 55	$3.00	$4.90
3	729.35	856.64	57	25.80	62.60
4	761.83	1,108.23	59	11.21	13.40
5	106.07	149.40	61	42.49	53.13
13	711.10	744.29	62	41.13	41.13
15	60.01	76.10	65	19.32	23.80
19	15.34	20.90	68	19.54	22.30
20	13.93	20.30	70	3.88	4.50
21	11.77	16.50	75	493.79	640.01
22	1,036.96	1,121.25	76	530.60	534.49
26	25.96	33.40	77	1,121.81	1,395.00
31	116.14	148.21	78	687.30	873.00
46	25.88	27.70	79	3,094.87	3,761.82
47	39.05	47.30		11,569.64	13,960.54
51	1,319.22	1,571.94			11,569.64
52	23.65	23.65			
53	17.54	29.60			
54	179.29	196.10	Per cent. 20.14, increase		2,390.90

Passenger earnings as above.

Sheets.	Constructive.	Straight.	Sheets.	Constructive.	Straight.
No. 3	$1,085.99	$1,281.01	No. 33	$90.44	$106.19
6	8.27	10.00	34	1,509.59	1,663.19
9	13.99	15.50	42	90.40	112.00
16	124.17	132.50		3,654.33	4,218.00
17	298.34	368.55			3,654.33
20	8.67	10.00			564.33
24	350.80	448.24	Increase		15.44
26	22.37	25.60	Per cent		
30	36.00	40.06			
32	15.30	17.00			

STATEMENT No. 41.

Central Pacific Railroad Company. Requirement of the United States under the act of Congress of May 7, 1878, for the year 1884.

[Aided road, 860.66 miles.]

GROSS EARNINGS.

United States:		
Passenger		$98,604.84
Freight		75,334.49
Mail, as allowed by Post-Office Department		304,285.57
		478,225.20
Commercial:		
Passenger	$2,161,746.88	
Freight	3,971,703.66	
Express	105,361.68	
Miscellaneous	583,743.25	
		6,822,555.47
Total		7,300,780.67

EXPENSES.

Conducting transportation	$688,732.16	
Maintenance of way	956,015.47	
Motive power	1,326,735.09	
Maintenance of cars	263,495.98	
General expenses	483,179.54	
	3,718,158.24	
Taxes, legal expenses, etc	698,465.98	
Interest paid on first-mortgage bonds, aided line	1,671,630.00	
		$6,088,254.22
Net earnings under act of Congress		1,212,526.45
5 per cent. of net earnings	60,626.32	
One-half transportation, aided line	239,112.60	
To credit of bond and interest account		299,738.92
One-half transportation on aided line	239,112.60	
To credit of sinking-fund account		239,112.60
Total requirement for the year		538,851.52
Deduct:		
Transportation on aided line	478,225.20	
Transportation on non-aided line	481,395.51	
Transportation withheld for 1884		959,620.71
Balance due the company in cash		420,768.19
Balance due the company in cash as shown in last report, December 31, 1883		209,570.22
Total due company in cash, December 31, 1884		630,338.41

EXHIBIT E (Statement No. 42).

Taxes paid on line, aided by loan of United States bonds, 1884.

[Taxes taken from vouchers.]

Voucher No.		Amount.	Land tax.
89	Sutter County levee district		
133	Bear River levee district	$27.00	
224	Box Elder school	75.00	
280	Fresno school		
495	1880-'81-'82		
	Alameda, 1880-'81	27,112.69	
	Placer, 1880-'81	27,069.81	
	Placer, 1882	14,844.47	
	San Joaquin, 1880-'81	26,920.27	
	San Joaquin, 1882	14,823.00	
1557	Alameda, 1883, 60 per cent. paid	9,329.45	
	San Joaquin, 1883, 60 per cent. paid	8,204.65	
	Sacramento, 1883, 60 per cent. paid	9,491.34	
	Placer, 1883, 60 per cent. paid	25,642.87	
	Nevada, 1883, 60 per cent. paid	11,392.44	
	Sierra, 1883, 60 per cent. paid	1,079.60	
764	Sacramento City, 1884	6,033.84	
771	San Jose street	33.39	
921	Stockton, 1884	347.11	
923	Contra Costa (void by credit)		
1141	Corinne, Utah	500.00	
1304	Terrace, Utah, school	150.00	
1402	Sacramento, drainage	2,011.28	
1668	Weber County, Utah	1,421.90	
1689	Ogden	306.55	
1703	Weber County, Harrison school district	66.25	
1726	Sacramento	3.60	
1748	Rye Patch, Nevada, school	150.00	
1907	Box Elder County, Utah	14,968.29	
2101	Churchill County, Nevada	9,773.16	$301.17
2108	Brigham school district, Utah	17.58	
2122	Eureka County, Nevada	14,171.17	418.70
2123	Elko County, Nevada	48,365.40	2,169.96
2124	Humboldt County, Nevada	49,359.51	3,549.00
2125	Lander County, Nevada	16,806.31	1,616.35
2126	Lyon County, Nevada	5,146.99	122.00
2127	Storey County, Nevada	80.00	75.00
2128	Washoe County, Nevada	22,512.22	1,218.50
2147	Brigham City, Utah	70.00	
2172	Kelton school, Utah	450.00	
2173	Brigham City, Utah	187.50	
2185	Weber school, Utah	183.96	
2187	Bear River school district, Utah	431.25	
2286	Box Elder school district, Utah, No. 1	46.80	
2292	Box Elder school district, Utah, No. 3	25.00	
2301	Box Elder school district, Utah, No. 20	150.00	
2491	Alameda County, Cal., town and school	785.45	
2492	Alameda County, Cal		
2493	Butte County, Cal		
2494	Colusa County, Cal		
2495	El Dorado County, Cal., lands		
2496	Fresno County, Cal		
2499	Merced County, Cal		
2500	Nevada County, Cal., for 1884	3,494.16	1,420.36
2501	Placer County, Cal., for 1884	2,368.42	796.50
2502	Plumas County, Cal		
2503	Sacramento County, Cal., for 1880, county	1,833.48	
2504	Sacramento County, Cal., for 1881, county	5,594.90	
2505	Sacramento County, Cal., for 1882, county	13,627.65	
2506	Sacramento County, Cal., for 1884, state and county	5,110.83	14.17
2509	San Joaquin County, Cal., for 1884	489.13	
2510	Shasta County, Cal		
2511	Shasta County, Cal		
2512	San Mateo County, Cal		
2513	Santa Clara County, Cal	17.34	
2514	Sierra County, Cal		
2515	Sutter County, Cal		
2516	Stanislaus County, Cal		
2517	San Jose City, $430.70, less credit $10	420.70	
2518	Tehama County, Cal		
2519	Tulare County, Cal		
	Total aided taxes and lands	403,523.63	11,701.91
	Deduct tax on farming lands	11,701.91	
	Balance aided line taxes, paid in 1884	391,821.72	

EXHIBIT F (Statement No. 43).

Statement of rebates and overcharges paid by the Central Pacific and the Southern Pacific Railroad Companies.

Year.	Freight.	Passenger.	Total.
1865	.....	.....	$2,277.33
1866	.....	.....	4,874.22
1867	.....	.....	6,277.95
1868	.....	.....	16,133.07
1869	$52,546.06	$33,394.98	85,941.04
1870	124,997.59	8,924.42	133,922.01
1871	106,762.82	6,411.47	113,174.29
1872	128,441.89	10,650.99	139,092.88
1873	215,799.36	1,227.28	217,026.64
1874	189,877.27	2,941.91	192,819.18
1875	214,261.15	25,190.93	239,452.08
1876	188,941.10	4,910.46	193,851.56
1877	240,629.01	19,116.76	259,745.77
1878	438,432.62	71,745.52	510,178.14
1879	1,257,176.76	269,355.84	*1,526,532.60
1880	591,270.99	135,009.65	726,280.64
1881	1,011,295.87	91,236.34	1,102,532.21
1882	1,672,473.26	90,410.32	1,762,883.58
1883	612,346.88	76,727.65	689,074.53
1884	578,261.40	58,197.38	636,458.78
1885	475,268.49	49,327.96	524,596.45
1886	583,751.21	216,131.24	799,882.45
Total	.....	.....	9,882,798.61

NOTE.—Included in the overcharges are a large number of claims for shipments in error; freight being billed through error at over the tariff rate and afterwards adjusted through the different companies. Also in "Passenger" are charges for fares refunded by overcharges in error made by the station agents. The statement shows rebates and overcharges as shown by the books without regard to their nature. To separate the different items composing them would require a large number of clerks, and months to complete it, and is not possible in the limited time for the work.

From April, 1885, the statement includes the Southern Pacific Company (Pacific system), and only a pro rata of claims for overcharge on shipments passing over the Central Pacific Railroad and other lines is charged against the Central Pacific Railroad. The division of these is made on subsheets in the general auditor's office.

*The large increase from 1879 to 1884 was occasioned by the "Special Contract System" in force during that period.

EXHIBIT G (Statement No. 44).

Bonds of the sinking funds of the Central Pacific Railroad Company.

Description.	No. of bonds.	Par value.
Western Pacific Railroad Company, first mortgage, 6 per cent. (No. 1254)	1	$1,000
San Joaquin Valley Railroad Company, first mortgage, 6 per cent. (Nos. 1031 and 2036)	2	2,000
Central Pacific Railroad Company, first mortgage (Nos. 341, 739, 946 to 948, 2006, 2201, 2532, 4565, 4578 to 4581, 4590, 4593 to 4597, 7686 to 7695, 7832, 8678, 9609, 10343, 11966, 16991)	35	35,000
California and Oregon Division Central Pacific Railroad Company, first mortgage, 6 per cent. (Nos. 2001 to 2080)	80	80,000
Los Angeles and San Diego Railroad Company, first mortgage, 6 per cent. (Nos. 314 to 416)	103	103,000
San Pablo and Tulare Railroad Company, first mortgage, 6 per cent. bonds (Nos. 1 to 725, 737 to 1002, and 1023)	992	992,000
Galveston, Harrisburg and San Antonio Railroad Company, first mortgage, 5 per cent., Western Division (Nos. 101 to 243, 301 to 400, 601 to 700, 1501 to 1800, 2001 to 2100, 2401 to 2500, 2901 to 3000, 3301 to 3400, 3701 to 3800, and 4701 to 4900)	1,343	1,343,000
Southern Pacific Company of New Mexico, first mortgage, 6 per cent. bonds, (Nos. 1 to 100, 201 to 1000, 1046 to 3200, and 3701 to 4180)	3,535	3,535,000
Central Pacific mortgage of 1936, 6 per cent. interest (Nos. 1301 to 1400, 2256 to 4300, and 4401 to 5451)	3,196	3,196,000
To the foregoing should be added—		
Central Pacific, mortgage of year 1936, that were sent to C. P. Huntington, June 15, to be exchanged for San Francisco, Oakland and Alameda Railroad Company bonds (Nos. 1374 to 1988)	615	615,000
Total	9,902	9,902,000

The balances of the several sinking funds accounts, October 1, 1887, were as follows:

No. 2. State aid	$276,969.68
No. 3. First mortgage	1,558,512.15
No. 4. First mortgage	1,239,269.94
No. 5. Western Pacific	379,160.58
No. 6. California and Oregon	1,565,353.34
No. 7. Income	3,266,245.76
No. 8. San Francisco, Oakland and Alameda	363,774.30
No. 9. San Joaquin Valley	421,037.08
	9,070,322.83
Interest entered on funds to date	206,722.83
	9,277,045.66
Of which there is invested in the purchase of $9,902,000, bonds	9,128,917.50
Uninvested as per suspense account	148,128.16
	9,277,045.66

The gentlemen who have charge of these bonds are Mr. E. W. Hopkins, treasurer, Mr. Charles F. Crocker, third vice-president, and W. V. Huntington, director.

EXHIBIT H (Statement 45).

List of directors and officers of the Central Pacific Railroad Company.

Directors (elected April 30, 1861):
Leland Stanford,
C. P. Huntington,
Mark Hopkins,
Charles Crocker,
James Bailey,
L. A. Booth,
T. D. Judah,
D. W. Strong,
Charles Marsh.

Officers (elected May 1, 1861):
Leland Stanford, president.
C. P. Huntington, vice-president.
Mark Hopkins, treasurer.
Mark Hopkins, secretary.

Directors (elected July 10, 1862):
Leland Stanford,
C. P. Huntington,
Mark Hopkins,
Charles Crocker,
James Bailey,
T. D. Judah,
L. A. Booth,*
D. W. Strong,
Charles Marsh.

Officers (elected July 10, 1862):
Leland Stanford, president.
C. P. Huntington, vice-president.
Mark Hopkins, treasurer.
Mark Hopkins, secretary,†

Directors (elected July 14, 1863):
Leland Stanford,
C. P. Huntington,
Mark Hopkins,
A. P. Stanford,
James Bailey,
T. D. Judah,
Charles Marsh,
D. W. Strong,
L. A. Booth,
John F. Morse.

Officers (elected July 14, 1863):
Leland Stanford, president.
C. P. Huntington, vice-president.
James Bailey, secretary.
Mark Hopkins, treasurer.

Directors (elected October 8, 1864):
Leland Stanford,
C. P. Huntington,
Mark Hopkins,
A. P. Stanford,
E. H. Miller, jr.,
Charles Marsh,
E. B. Crocker.

Officers (elected October 15, 1864):
Leland Stanford, president.
C. P. Huntington, vice-president.
Mark Hopkins, treasurer.
E. H. Miller, jr., secretary.

Directors (elected July 13, 1865):
Leland Stanford,
C. P. Huntington,
Mark Hopkins,
E. B. Crocker,
A. P. Stanford,
E. H. Miller, jr.,
Charles Marsh.

* Resigned November 26, 1862; J. F. Morse elected.
† Resigned November 26; James Bailey elected secretary.

List of directors and officers of the Central Pacific Railroad Company—Continued.

Officers (elected July 13, 1865):
Leland Stanford, president.
C. P. Huntington, vice-president.
Mark Hopkins, treasurer.
E. H. Miller, jr., secretary.
Directors (elected July 10, 1866):
Leland Stanford,
C. P. Huntington,
Mark Hopkins,
E. B. Crocker,
E. H. Miller, jr.,
Charles Marsh,
A. P. Stanford.
Officers (elected July 10, 1866):
Leland Stanford, president.
C. P. Huntington, vice-president.
Mark Hopkins, treasurer.
E. H. Miller, jr., secretary.
Directors (elected July 9, 1867):
Leland Stanford,
C. P. Huntington,
Mark Hopkins,
A. P. Stanford,
E. H. Miller, jr.,
Charles Marsh,
E. B. Crocker.
Officers (elected July 9, 1867):
Leland Stanford, president.
C. P. Huntington, vice-president.
Mark Hopkins, treasurer.
E. H. Miller, jr., secretary.
Directors (elected July 14, 1868):
Leland Stanford,
C. P. Huntington,
Mark Hopkins,
E. B. Crocker,
A. P. Stanford,
E. H. Miller, jr.,
Charles Marsh.
Officers (elected July 18, 1868):
Leland Stanford, president.
C. P. Huntington, vice-president.
Mark Hopkins, treasurer.
E. H. Miller, jr., secretary.
Directors (elected July 13, 1869):
Leland Stanford,
C. P. Huntington,
Mark Hopkins,
A. P. Stanford,
E. B. Crocker,*
E. H. Miller, jr.,
Charles Marsh,
Officers (elected July 14, 1869):
Leland Stanford, president.
C. P. Huntington, vice-president.
Mark Hopkins, treasurer.
E. H. Miller, jr., secretary.

[Consolidation Central Pacific and Western Pacific.]

Directors (elected June 23, 1870):
Leland Stanford,
C. P. Huntington,
Mark Hopkins,
Directors (elected June 23, 1870)—Continued.
Charles Crocker,
E. B. Crocker,
A. P. Stanford,
E. H. Miller, jr.
Officers (elected June 23, 1870):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Charles Crocker, second vice-president.
Mark Hopkins, treasurer.
E. H. Miller, jr., secretary.
Directors (elected August 9, 1870):
Leland Stanford,
C. P. Huntington,
Mark Hopkins,
Charles Crocker,
William E. Brown,
C. H. Cummings,
E. H. Miller, jr.
Officers (elected August 9, 1870):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Charles Crocker, second vice-president.
Mark Hopkins, treasurer.
E. H. Miller, jr., secretary.

[Consolidated Central Pacific, California and Oregon, San Francisco, Oakland and Alameda Railroad, and San Joaquin Valley Railroad.]

Directors (elected August 22, 1870):
Leland Stanford,
C. P. Huntington,
Mark Hopkins,
Charles Crocker,
W. E. Brown,
C. H. Cummings,
E. H. Miller, jr.
Officers (elected August 22, 1870):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Charles Crocker, second vice-president.
Mark Hopkins, treasurer.
E. H. Miller, jr., secretary.
Directors (elected August 21, 1871):
Leland Stanford,
C. P. Huntington,
Mark Hopkins,
William E. Brown,
C. H. Cummings,
Robert Robinson,
E. H. Miller, jr.
Officers (elected August 21, 1871):
Leland Stanford, president;
C. P. Huntington, first vice-president.
Mark Hopkins, treasurer.
E. H. Miller, jr., secretary.
Directors (elected July 9, 1872):
Leland Stanford,
C. P. Huntington,
Mark Hopkins,

* October 21, 1869, resigned. C. Crocker elected.

List of directors and officers of the Central Pacific Railroad Company—Continued.

Directors (elected July 9, 1872)—Continued.
William E. Brown,
C. H. Cummings,
Robert Robinson,
E. H. Miller, jr.

Officers (elected July 9, 1872):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Mark Hopkins, treasurer.
E. H. Miller, jr., secretary.

Directors (elected July 8, 1873):
Leland Stanford,
C. P. Huntington,
Mark Hopkins,
C. H. Cummings,
Robert Robinson,
E. H. Miller, jr.,
William E. Brown,*
Charles Crocker.†

Officers (elected July 8, 1873):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Charles Crocker, second vice-president. ‡
Mark Hopkins, treasurer.
E. H. Miller, jr., secretary.

Directors (elected July 14, 1874):
Leland Stanford,
C. P. Huntington,
Mark Hopkins,
C. H. Cummings,
Charles Crocker,
Robert Robinson,
E. H. Miller, jr.

Officers (elected July 15, 1874):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Charles Crocker, second vice-president.
Mark Hopkins, treasurer.
E. H. Miller, secretary.

Directors (elected July 13, 1875):
Leland Stanford,
C. P. Huntington,
Mark Hopkins,
Charles Crocker,
Robert Robinson,
E. H. Miller, jr.,
C. H. Cummings,§
David D. Colton.‖

Officers (elected July 15, 1875):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Charles Crocker, second vice-president.
Mark Hopkins, treasurer.
E. H. Miller, jr., secretary.

Directors (elected July 11, 1876):
Leland Stanford,
C. P. Huntington,
Mark Hopkins,
Charles Crocker,
David D. Colton,
Robert Robinson,
E. H. Miller, jr.

Officers (elected July 12, 1876):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Charles Crocker, second vice-president.
Mark Hopkins, treasurer.
E. H. Miller, jr., secretary.

Directors (elected July 10, 1877):
Leland Stanford,
C. P. Huntington,
Mark Hopkins, ¶
Charles Crocker,
David D. Colton,
S. T. Gage,
E. H. Miller, jr.

Officers (elected July 16, 1877):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Charles Crocker, second vice-president.
Mark Hopkins, treasurer.**
E. H. Miller, jr., secretary.

Directors (elected July 30, 1878):
Leland Stanford,
C. P. Huntington,
Charles Crocker,
David D. Colton, ††
E. W. Hopkins,
C. F. Crocker,
E. H. Miller, jr.,
S. T. Gage. ‡‡

Officers (elected July 31, 1878):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Charles Crocker, second vice-president.
E. W. Hopkins, treasurer.
E. H. Miller, jr., secretary.

Directors (elected July 22, 1879):
Leland Stanford.
C. P. Huntington.
Charles Crocker.
C. F. Crocker.
E. W. Hopkins.
E. H. Miller, jr.
W. V. Huntington. §§
S. T. Gage. ‖‖

Officers (elected July 22, 1879):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Charles Crocker, second vice-president.

* Resigned September 25, 1873.
† Elected in place of Brown Oct. 21, 1873.
‡ Elected October 21, 1873.
§ Resigned August 30, 1875.
‖ Elected, place of Cummings, August 30, 1875.
¶ Died March 29, 1878.
** E. W. Hopkins appointed "acting treasurer" April 3, 1878.
†† Died October 9, 1878.
‡‡ Elected, place of Colton, October 23, 1878.
§§ Resigned May 3, 1880.
‖‖ Elected in place W. V. Huntington, May 3, 1880.

List of directors and officers of the Central Pacific Railroad Company—Continued.

Officers (elected July 22, 1879)—Cont'd.
E. W. Hopkins, treasurer.
E. H. Miller, jr., secretary.
Directors (elected August 10, 1880):
Leland Stanford.
C. P. Huntington.
Charles Crocker.
C. F. Crocker.
E. W. Hopkins.
W. V. Huntington.
E. H. Miller, jr.
Officers (elected August 11, 1880):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Charles Crocker, second vice-presid't.
E. W. Hopkins, treasurer.
E. H. Miller, jr., secretary.
Directors (elected August 9, 1881):
Leland Stanford.
C. P. Huntington.
Charles Crocker.
C. F. Crocker.
E. W. Hopkins.
W. V. Huntington.
E. H. Miller, jr.
Officers (elected August 10, 1881):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Charles Crocker, second vice-presid't.
E. W. Hopkins, treasurer.
E. H. Miller, jr., secretary.
Directors (elected July 25, 1882):
Leland Stanford.
C. P. Huntington.
Charles Crocker.
C. F. Crocker.
W. V. Huntington.
E. H. Miller, jr.
E. W. Hopkins.*
Timothy Hopkins.†
Officers (elected July 26, 1882):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Charles Crocker, second vice-president.
E. H. Miller, jr., secretary.
E. W. Hopkins, treasurer.*
Timothy Hopkins, treasurer.*
Directors (elected July 12, 1883):
Leland Stanford.
C. P. Huntington.
Charles Crocker.
C. F. Crocker.
W. V. Huntington.
Timothy Hopkins.
E. H. Miller, jr.
Officers (elected July 17, 1883):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Charles Crocker, second vice-president.
Timothy Hopkins, treasurer.
E. H. Miller, jr., secretary.
Directors (elected July 8, 1884):
Leland Stanford.
C. P. Huntington.
Charles Crocker.
C. F. Crocker.
W. V. Huntington.
Timothy Hopkins.
E. H. Miller, jr.
Officers (elected July 9, 1884):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Charles Crocker, second vice-president.
Timothy Hopkins, treasurer.
E. H. Miller, jr., secretary.
Directors (elected April 14, 1885):
Leland Stanford.
C. P. Huntington.
Charles Crocker.
C. F. Crocker.
W. V. Huntington.
Timothy Hopkins.
E. H. Miller jr.
Officers (elected April 15, 1885):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Charles Crocker, second vice-president.
Timothy Hopkins, treasurer.
E. H. Miller, jr., secretary.
Directors (elected April 13, 1886):
Leland Stanford.
C. P. Huntington.
Charles Crocker.
C. F. Crocker.
W. V. Huntington.
Timothy Hopkins.
E. H. Miller, jr.
Officers (elected April 15, 1886):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Charles Crocker, second vice-president.
Timothy Hopkins, treasurer.
E. H. Miller, jr., secretary.
C. F. Crocker, third vice-president.‡
Directors (elected April 13, 1887):
Leland Stanford.
C. P. Huntington.
Charles Crocker.
C. F. Crocker.
W. V. Huntington.
Timothy Hopkins.
E. H. Miller, jr.
Officers (elected April 14, 1887):
Leland Stanford, president.
C. P. Huntington, first vice-president.
Charles Crocker, second vice-president.
C. F. Crocker, third vice-president.
Timothy Hopkins, treasurer.
E. H. Miller, jr., secretary.

* Resigned December 31, 1882.
† Elected December 31, 1882, in place E. W. Hopkins.
‡ August 19, 1886.

EXHIBIT I (Statement No. 46).

List of directors and officers of the Southern Pacific Railroad Company during the period of the lease of the Southern Pacific Railroad (south of Goshen) to the Central Pacific Railroad Company (September 1, 1876, to March 1, 1885).

Date of election.	Directors.	Officers.
Aug. 14, 1876	Charles Crocker	Charles Crocker, president.
	D. D. Colton	D. D. Colton, vice-president.
	R. Robinson	N. T. Smith, treasurer.
	H. M. Newhall	J. L. Willcutt, secretary.
	E. H. Miller, jr	
	N. T. Smith	
	J. L. Willcutt	
July 18, 1877	Charles Crocker	Charles Crocker, president.
	D. D. Colton	D. D. Colton, vice-president.
	J. L. Willcutt	N. T. Smith, treasurer.
	H. M. Newhall	J. L. Willcutt, secretary.
	Charles Mayne	
	N. T. Smith	
	Jerome Madden	
July 31, 1878	Charles Crocker	Charles Crocker, president.
	D. D. Colton*	D. D. Colton, vice-president.
	J. L. Willcutt	N. T. Smith, treasurer.
	H. M. Newhall	J. L. Willcutt, secretary.
	Charles Mayne	
	N. T. Smith	
	W. V. Huntington	
Oct. 22, 1878	Charles F. Crocker	Charles F. Crocker, vice-president.
July 22, 1879	Charles Crocker	Charles Crocker, president.
	Charles F. Crocker	Charles F. Crocker, vice-president.
	H. M. Newhall	N. T. Smith, treasurer.
	Charles Mayne	J. L. Willcutt, secretary.
	W. V. Huntington	
	N. T. Smith	
	J. L. Willcutt	
Aug. 11, 1880	Charles Crocker	Charles Crocker, president.
	Charles F. Crocker	Charles F. Crocker, vice-president.
	H. M. Newhall	N. T. Smith, treasurer.
	Charles Mayne	J. L. Willcutt, secretary.
	W. V. Huntington	
	N. T. Smith	
	J. L. Willcutt	
Aug. 10, 1881	Charles Crocker	Charles Crocker, president.
	Charles F. Crocker	Charles F. Crocker, vice-president.
	H. M. Newhall†	N. T. Smith, treasurer.
	Charles Mayne	J. L. Willcutt, secretary.
	W. V. Huntington	
	N. T. Smith	
	J. L. Willcutt	
July 20, 1882	Charles Crocker	Charles Crocker, president.
	Charles F. Crocker	Charles F. Crocker, vice-president.
	Charles Mayne	N. T. Smith, treasurer.
	W. V. Huntington	J. L. Willcutt, secretary.
	N. T. Smith	
	J. L. Willcutt	
	Moses Hopkins	
July 12, 1883	Charles Crocker	Charles Crocker, president.
	Charles F. Crocker	Charles F. Crocker, vice-president.
	Timothy Hopkins	N. T. Smith, treasurer.
	W. V. Huntington	J. L. Willcutt, secretary.
	Charles Mayne	
	N. T. Smith	
	J. L. Willcutt	
July 9, 1884	Charles Crocker	Charles Crocker, president.
	Charles F. Crocker	Charles F. Crocker, vice-president.
	Timothy Hopkins	N. T. Smith, treasurer.
	W. V. Huntington	J. L. Willcutt, secretary.
	Charles Mayne	
	N. T. Smith	
	J. L. Willcutt	

* Died October 9, 1878. † Died March 13, 1882.

EXHIBIT J (Statement No. 47).

Officers and directors of the Southern Pacific of New Mexico, during lease to Central Pacific Railroad Company.

Charles F. Crocker, president; William Breeden, vice-president; Richard P. Hammond, treasurer.
Directors.—Charles F. Crocker, Richard P. Hammond, George E. Gray, Orlando R. Smyth, John R. Phillips.

[February 10, 1885.]

Charles F. Crocker, president; F. S. Douty, treasurer; George E. Gray, secretary.
Directors.—Charles F. Crocker, H. T. Scott, George E. Gray, John R. Phillips, Orlando R. Smyth.

EXHIBIT K (Statement No. 48).

Officers and directors of Southern Pacific of Arizona, during lease to Central Pacific Railroad Company.

Charles F. Crocker, president; A. P. K. Safford, vice-president; F. S. Douty, treasurer; J. F. Knapp, secretary.
Directors.—Charles F. Crocker, A. P. K. Safford, David Neahr, H. N. Alexander, Charles Hudson.

[December 28, 1881.]

Charles F. Crocker, president; David Neahr, vice-president; F. S. Douty, secretary and treasurer.
Directors.—Charles F. Crocker; Leland Stanford, Charles Crocker, David Neahr, H. N. Alexander.

[December 8, 1884.]

Charles F. Crocker, president; Timothy Hopkins, vice-president; F. S. Douty, secretary and treasurer.
Directors.—Charles F. Crocker, H. N. Alexander, William C. Davis, F. S. Douty, Timothy Hopkins.

EXHIBIT L (Statement No. 49).

List of officers and directors of the California Pacific Railroad Company.

[Election August 7, 1872.]

Directors.—George E. Gray, R. P. Hammond, president; Moses Hopkins, A. A. Cohen, treasurer; E. L. Sullivan; N. T. Smith, and J. L. Willcutt.
E. H. Miller, jr., secretary.

[Election August 11, 1873.]

Directors.—R. P. Hammond, president; George E. Gray, vice-president; Moses Hopkins, treasurer; A. A. Cohen; E. L. Sullivan; N. T. Smith, and J. L. Willcutt.
E. H. Miller, jr., secretary.

[Election July 15, 1874.]

Directors.—R. P. Hammond, president; George E. Gray, vice-president; J. L. Willcutt, treasurer; Charles J. Robinson; J. O. B. Gunn, secretary; N. T. Smith, and Moses Hopkins.

[Election July 14, 1875.]

Directors and officers same as in preceding year.

[Election July 12, 1876.]

Directors and officers same as in preceding year.

[Election July 11, 1877.]

Directors.—R. P. Hammond, president; George E. Gray, vice-president; J. L. Willcutt, treasurer; N. T. Smith; C. J. Robinson; Charles F. Crocker, and J. O. B. Gunn, secretary.

[Election July 31, 1878.]

Directors and officers same as in preceding year.

[Election July 23, 1879.]

Directors.—R. P. Hammond, president; George E. Gray, vice-president; J. L. Willcutt, treasurer; Charles F. Crocker; J. O. B. Gunn, secretary; N. T. Smith, and W. V. Huntington.

[Election August 11, 1880.]

Directors.—R. P. Hammond, president; George Crocker, vice-president; J. L. Willcutt, treasurer; Charles F. Crocker; N. T. Smith; W. V. Huntington, and J. O. B. Gunn, secretary.

[Election August 10, 1881.]

Directors and officers same as in preceding year.

[Election July 26, 1882.]

Directors and officers same as in preceding year.

[Election, July 18, 1883.]

Directors.—R. P. Hammond, president; George Crocker, vice-president; J. L. Willcutt; W. V. Huntington, secretary; C. F. Crocker, N. T. Smith; Timothy Hopkins, treasurer.

[Election, July 9, 1884.]

Directors.—Charles F. Crocker, president; N. T. Smith, vice-president; Timothy Hopkins, treasurer; W. V. Huntington, secretary; George Crocker, J. L. Willcutt, and W. E. Brown.

[Election, April 15, 1885.]

Directors.—R. P. Hammond, president; N. T. Smith, vice-president; Timothy Hopkins, treasurer; W. V. Huntington, secretary; Charles F. Crocker, J. L. Willcutt, and W. E. Brown.

[Election, April 14, 1886.]

Directors and officers same as in preceding year.

[Election, April 13, 1887.]

Directors and officers same as in preceding year.

EXHIBIT M (Statement No. 50).

List of directors and officers of Berkeley Branch Railroad Company.

[Election, September 26, 1876.]

Directors.—Leland Stanford, president; C. P. Huntington; Mark Hopkins, treasurer; David D. Colton; Charles Crocker, vice-president.
R. S. Miller, secretary.

[Election, July 11, 1877.]

Directors.—Leland Stanford, president; C. P. Huntington, vice-president; Mark Hopkins, treasurer; David D. Colton, and Charles Crocker.
E. H. Miller, jr., secretary.

[Election, July 31, 1878.]

Directors.—Leland Stanford, president; C. P. Huntington, vice-president; C. F. Crocker, D. D. Colton; E. W. Hopkins, treasurer.
J. O. B. Gunn, secretary.

[Election, July 23, 1879.]

Directors.—Leland Stanford, president; C. P. Huntington, vice-president; E. W. Hopkins, treasurer; C. F. Crocker, and Charles Crocker.
J. O. B. Gunn, secretary.

[Election, August 11, 1880.]

Directors.—Leland Stanford, president; C. P. Huntington, vice-president; George Crocker, treasurer; Charles Crocker, and Charles F. Crocker.
J. O. B. Gunn, secretary.

[Election, August 10, 1881.]

Directors.—Leland Stanford, president; C. P. Huntington, vice-president; George Crocker, treasurer; Charles F. Crocker, and Timothy Hopkins.
J. O. B. Gunn, secretary.

[Election, July 26, 1882.]

Directors and officers same as in preceding year.

[Election, July 18, 1883.]

Directors.—Leland Stanford, president; C. P. Huntington; George Crocker, vice-president; C. F. Crocker, and Timothy Hopkins, treasurer.
W. V. Huntington, secretary.

[Election, July 9, 1884.]

Directors.—Leland Stanford, president; George Crocker, vice-president; Timothy Hopkins, treasurer; C. P. Huntington, and Charles F. Crocker.
W. V. Huntington, secretary.

[Election, April 15, 1885.]

Directors.—Leland Stanford, president; Charles F. Crocker, vice-president; Timothy Hopkins, treasurer; C. P. Huntington, and Moses Hopkins.
W. V. Huntington, secretary.

[Election, April 14, 1886.]

Directors.—Leland Stanford, president; Charles F. Crocker, vice-president; Timothy Hopkins, treasurer; W. V. Huntington, secretary; and C. P. Huntington.

[Election, April 13, 1887.]

Directors and officers same as in preceding year.

EXHIBIT N (Statement 51).

List of directors and officers of the Stockton and Copperopolis Railroad Company.

[Election, July 31, 1878.]

Directors.—Leland Stanford, president; E. W. Hopkins, treasurer; E. H. Miller, jr.; C. F. Crocker, vice-president; and Willard V. Huntington.
J. O. B. Gunn, secretary.

[Election, July 23, 1879.]

Directors and officers same as in preceding year.

[Election, August 11, 1880.]

Directors.—Leland Stanford, president; Charles F. Crocker, vice-president; George Crocker, treasurer; E. H. Miller, jr., and W. V. Huntington.
J. O. B. Gunn, secretary.

[Election, August 10, 1881.]

Directors.—Leland Stanford, president; Charles Crocker, vice-president; George Crocker, treasurer; E. H. Miller, jr., and W. V. Huntington.
J. O. B. Gunn, secretary.

[Election, July 26, 1882.]

Directors.—Leland Stanford, president; Charles F. Crocker, vice-president; George Crocker, treasurer; W. V. Huntington, and E. H. Miller, jr.
J. O. B. Gunn, secretary.

[Election July 18, 1883.]

Directors.—Leland Stanford, president; George Crocker, vice-president; C. F. Crocker; W. V. Huntington, secretary; E. H. Miller, jr.
Timothy Hopkins, treasurer.

[Election July 9, 1884.]

Directors and officers same as in preceding year.

[Election April 15, 1885.]

Directors.—Leland Stanford, president; Charles F. Crocker, vice-president; Timothy Hopkins, treasurer; W. V. Huntington, secretary; E. H. Miller, jr.

[Election April 14, 1886.]

Directors and officers same as in preceding year.

[Election April 13, 1887.]

Directors and officers same as in preceding year.

EXHIBIT O (Statement No. 52).

List of directors and officers of the San Pablo and Tulare Railroad Company.

[Election July 10, 1872.]

Directors.—Leland Stanford, president; C. P. Huntington, vice-president; Mark Hopkins, treasurer; E. H. Miller, jr., secretary; C. H. Cummings.

[Election July 9, 1873.]

Directors and officers same as in preceding year.

[Election July 15, 1874.]

Directors and officers same as in preceding year.

[Election July 14, 1875.]

Directors and officers same as in preceding year.

[Election July 12, 1876.]

Directors.—Leland Stanford, president; C. P. Huntington, vice-president; Mark Hopkins, treasurer; E. H. Miller, jr., secretary; E. S. Miller.

[Election July 11, 1877.]

Directors.—Leland Stanford, president; Willard V. Huntington; Mark Hopkins, treasurer; E. H. Miller, jr., secretary; E. S. Miller.

[Election July 31, 1878.]

Directors.—Leland Stanford, president; Charles Crocker, vice-president; D. D. Colton; E. W. Hopkins, treasurer; W. V. Huntington.
J. O. B. Gunn, secretary.

[Election July 23, 1879.]

Directors.—Leland Stanford, president; Charles Crocker, vice-president; E. W. Hopkins, treasurer; E. H. Miller, jr., and W. V. Huntington.
J. O. B. Gunn, secretary.

[Election August 11, 1880.]

Directors.—Leland Stanford, president; Charles Crocker, vice-president; George Crocker, treasurer; E. H. Miller, jr., and W. V. Huntington.
J. O. B. Gunn, secretary.

[Election August 10, 1881.]

Directors and officers same as in preceding year.

[Election July 26, 1882.]

Directors and officers same as in preceding year.

[Election July 18, 1883.]

Directors.—Leland Stanford, president; Charles Crocker, vice-president; George Crocker; W. V. Huntington, secretary; E. H. Miller.
Timothy Hopkins, treasurer.

[Election July 9, 1884.]

Directors.—Leland Stanford, president; Charles Crocker, vice-president; Timothy Hopkins, treasurer; W. V. Huntington, secretary; E. H. Miller, jr.

[Election April 15, 1885.]

Directors and officers same as in preceding year.

[Election April 14, 1886.]

Directors and officers same as in preceding year.

[Election April 13, 1887.]

Directors and officers same as in preceding year.

EXHIBIT P (Statement No. 53).

List of directors and officers of the Amador Branch Railroad Company.

[Election July 12, 1876.]

Directors.—Leland Stanford, president; C. P. Huntington; Mark Hopkins, treasurer; David D. Colton; Charles Crocker, vice-president.
E. H. Miller, jr., Secretary.

[Election July 11, 1877.]

Directors.—Leland Stanford, president; C. P. Huntington, vice-president; Mark Hopkins, treasurer; David D. Colton, and Charles Crocker.
E. H. Miller, jr., secretary.

[Election July 31, 1878.]

Directors.—Leland Stanford, president; C. P. Huntington, vice-president; Charles Crocker: D. D. Colton; E. W. Hopkins, treasurer.
J. O. B. Gunn, secretary.

[Election July 23, 1879.]

Directors.—Leland Stanford, president; C. P. Huntington, vice-president; E. W. Hopkins, treasurer; Charles Crocker, and W. V. Huntington.
J. O. B. Gunn, secretary.

[Election August 11, 1880.]

Directors.—Leland Stanford, president; C. P. Huntington, vice-president; Geo. Crocker, treasurer; Chas. Crocker, and W. V. Huntington.
J. O. B. Gunn, secretary.

[Election August 10, 1881.]

Directors and officers same as in preceding year.

[Election July 26, 1882.]

Directors and officers same as in preceding year.

[Election July 18, 1883.]

Directors.—Leland Stanford, president; C. F. Crocker; W. V. Huntington, secretary; Chas. Crocker, vice-president; Timothy Hopkins, treasurer.

[Election July 9, 1884.]

Directors and officers same as in preceding year.

[Election April 15, 1885.]

Directors and officers same as in preceding year.

[Election April 14, 1886.]

Directors and officers same as in preceding year.

[Election April 13, 1887.]

Directors.—Leland Stanford, president; Chas. Crocker; Timothy Hopkins, treasurer; W. V. Huntington, secretary; Charles F. Crocker, vice-president.

EXHIBIT Q (Statement No. 54).

List of directors and officers of the Los Angeles and San Diego Railroad Company during the period of the lease of its railroad to the Central Pacific Railroad Company (November 1, 1880, to November 1, 1885).

Date of election.	Directors.	Officers.
Aug. 11, 1880	Leland Stanford	Chas. Crocker, president.
	Chas. Crocker	Chas. F. Crocker, vice-president.
	C. P. Huntington	N. T. Smith, treasurer.
	Chas. F. Crocker	J. L. Willcutt, secretary.
	J. L. Willcutt	
Aug. 10, 1881	Leland Stanford	Chas. F. Crocker, president.
	Chas. F. Crocker	No vice-president.
	E. H. Miller, jr	N. T. Smith, treasurer.
	N. T. Smith	J. L. Willcutt, secretary.
	J. L. Willcutt	
July 26, 1882	Same	Same.
July 18, 1883	Same	Same.
July 9, 1884	Same	Same.
July 15, 1885	Same	Same.

EXHIBIT R (Statement No. 55).

List of officers and directors of Los Angeles and Independence Railroad during lease to Central Pacific Railroad Company.

Officers.—J. P. Jackson, president; E. L. Sullivan, vice-president; Grattan Perry, secretary.

Directors.—J. P. Jackson, Grattan Perry, Charles Crocker, E. L. Sullivan, D. D. Colton, F. S. Douty.

[November 21, 1877.]

Officers.—Charles Crocker, president; E. L. Sullivan, vice-president; F. S. Douty, secretary.

Directors.—Charles Crocker, E. L. Sullivan, Grattan Perry, D. D. Colton, J. L. Willcutt, F. S. Douty.

[July 31, 1878.]

Officers.—Charles Crocker, president; D. D. Colton, vice-president; F. S. Douty, secretary; Western Development Company, treasurer.

Directors.—Charles Crocker, Leland Stanford, E. W. Hopkins, D. D. Colton, C. P. Huntington, F. S. Douty.

[July 22, 1879.]

Officers.—Charles Crocker, president; Charles F. Crocker, vice-president; F. S. Douty, secretary; Western Development Company, treasurer.

Directors.—Charles Crocker, Leland Stanford, E. W. Hopkins, Charles F. Crocker, C. P. Huntington, F. S. Douty.

[August 11, 1880.]

Officers.—Charles Crocker, president; F. S. Douty, secretary; Western Development Company, treasurer.

Directors.—As above.

[August 10, 1881.]

Officers.—Charles Crocker, president; Charles F. Crocker, vice-president; F. S. Douty, secretary and treasurer.

Directors.—Charles Crocker, W. E. Brown, E. W. Hopkins, Charles F. Crocker, W. V. Huntington, F. S. Douty.

[February 28, 1883.]

Officers.—Charles Crocker, president; Charles F. Crocker, vice-president; F. S. Douty, secretary and treasurer.

Directors.—Charles Crocker, W. E. Brown, Timothy Hopkins, Charles F. Crocker, W. V. Huntington, F. S. Douty.

[July 15, 1885.]

Officers.—Charles F. Crocker, president; Timothy Hopkins, vice-president; F. S. Douty, secretary and treasurer.
Directors.—Charles Crocker, W. E. Brown, W. V. Huntington, Charles F. Crocker, Timothy Hopkins, F. S. Douty.

EXHIBIT S (Statement No. 56).

List of directors of the Western Development Company.

Elected December 15, 1874 (original directors).—Frank S. Douty, John Miller, Edward C. Wright, Frank C. Ross, Henry K. White.
Elected June 21, 1875.—Frank S. Douty, David T. Phillips, Edward C. Wright, Frank C. Ross, Henry K. White.
Elected August 25, 1877.—Frank S. Douty, David T. Phillips, Edward C. Wright, Charles E. Green, Henry K. White.
Elected January 15, 1878.—Frank S. Douty, David T. Phillips, Edward C. Wright, Charles E. Green, Ben. R. Crocker.
Elected August 29, 1879.—Frank S. Douty, Edward C. Wright, Charles E. Green, Ben. R. Crocker.
Elected December 17, 1884.—Frank S. Douty, W. V. Huntington, Edward C. Wright, Charles E. Green, Ben. R. Crocker.
The last named is the present board.

EXHIBIT T (Statement No. 57).

List of directors of the Pacific Improvement Company.

Board of directors (originally elected October 31, 1878, and now in office).—J. H. Strobridge, F. S. Douty, Arthur Brown, B. R. Crocker, W. E. Brown.

EXHIBIT U (Statement No. 58).

List of directors and officers of the Northern Railway Company.

[Election July 10, 1872.]

Directors.—Leland Stanford, president; C. P. Huntington, vice-president; Mark Hopkins, treasurer; E. H. Miller, jr., secretary; C. H. Cummings.

[Election July 9, 1873.]

Directors and officers same as in preceding year.

[Election July 15, 1874.]

Directors and officers same as in preceding year.

[Election July 14, 1875.]

Directors and officers same as in preceding year.

[Election July 12, 1876.]

Directors.—Leland Stanford, president; C. P. Huntington, vice-president; Mark Hopkins, treasurer; E. H. Miller, jr., secretary; E. S. Miller.

[Election July 11, 1877.]

Directors.—Leland Stanford, president; C. P. Huntington, vice-president; Mark Hopkins, treasurer; David D. Colton, and Charles Crocker.
E. H. Miller, secretary.

[Election July 31, 1878.]

Directors.—Leland Stanford, president; C. P. Huntington, vice-president; Charles Crocker; D. D. Colton; and E. W. Hopkins, treasurer.
J. O. B. Gunn, secretary.

[Election July 23, 1879.]

Directors.—Leland Stanford, treasurer; C. P. Huntington, vice-president; W. V. Huntington, president; Charles Crocker; J. O. B. Gunn, secretary.

[Election August 11, 1880.]

Directors.—W. V. Huntington, president; Leland Stanford, treasurer; Charles Crocker; C. P. Huntington, vice-president; J. O. B. Gunn, secretary.

[Election August 10, 1881.]

Directors.—W. V. Huntington, president; C. P. Huntington, vice-president; Leland Stanford, treasurer; Charles Crocker; J. O. B. Gunn, secretary.

[Election July 20, 1882.]

Directors and officers same as in preceding year.

[Election July 18, 1883.]

Directors.—W. V. Huntington, president; Charles Crocker; Leland Stanford; C. F. Crocker, vice-president; E. H. Miller, jr., treasurer.
Timothy Hopkins, secretary.

[Election July 9, 1884.]

Directors.—W. V. Huntington, president; Charles F. Crocker, vice-president; E. H. Miller, jr., treasurer; Leland Stanford; and Charles Crocker.
Timothy Hopkins, secretary.

[Election April 15, 1885.]

Directors.—W. V. Huntington, president; Charles F. Crocker, vice-president; E. H. Miller, jr., treasurer; Leland Stanford; Timothy Hopkins, secretary.

[Election April 14, 1886.]

Directors and officers same as in preceding year.

[Election April 13, 1887.]

Directors and officers same as in preceding year.

EXHIBIT X (Statement No. 59).

Articles of association, amalgamation, and consolidation between the Central Pacific Railroad Company, California and Oregon Railroad Company, San Francisco, Oakland and Alameda Railroad Company, and the San Joaquin Valley Railroad Company.

Articles of association, amalgamation, and consolidation made and executed on this the 20th day of August, A. D. 1870, by and between the Central Pacific Railroad Company, of the first part; the California and Oregon Railroad Company, of the second part; the San Francisco, Oakland and Alameda Railroad Company, of the third part; and the San Joaquin Valley Railroad Company, of the fourth part, all of said parties being railroad corporations, duly incorporated, organized, and existing under and by virtue of the laws of the State of California, witnesseth: That—

Whereas the said party of the first part was duly incorporated and organized for the purpose of constructing, owning, maintaining, and operating a continuous line of railway and telegraph from Ogden, in the Territory of Utah, to San Jose, in California, and to the waters of the bay of San Francisco, to wit: Commencing at or

near Ogden, in Utah, at the point of junction with the Union Pacific Railroad, running thence west to the eastern boundary of the State of Nevada, at the town of Toano; thence west across the State of Nevada to the eastern boundary of the State of California, at the Donner Pass, through the Sierra Nevada Mountains, passing through the towns of Elko, Carlin, Argenta, Winnemucca, Wadsworth, Reno, and intermediate points in the State of Nevada, to the town of Truckee, in the State of California; thence west, passing the towns of Cisco, Alta, Auburn, Roseville, Sacramento, Stockton, and intermediate points, to Niles Station, in Alameda County, in the State of California; thence to a point on the San Francisco and San José Railroad, and connecting therewith at or near the city of San Jose; also extending from said Niles Station to the city of Oakland, the city of San Francisco, Yerba Buena Island, otherwise called Goat Island, and the point in the bay of San Francisco between the Encinal and the city of San Francisco; also to purchase, construct, own, maintain, and operate such branch and side lines and railroads between the said railroad and such points on the bay of San Francisco and the navigable waters thereof as the board of directors of said company may from time to time determine; the length of said railroad and telegraph being, as near as may be, one thousand (1,000) miles; and

Whereas the said party of the second part was duly incorporated and organized for the purpose of purchasing, constructing, owning, maintaining, and operating a continuous line of railroad and telegraph commencing at Roseville, in the county of Placer and State of California, and there connecting with the railroad of the party of the first part hereinbefore described, running thence north through the towns of Marysville and Chico, to the northern boundary of the State of California, by such route and to such point on said boundary as may be selected by its board of directors, with such extension into the State of Oregon as said board may deem proper, under and by virtue of a certain act of Congress entitled "An act granting lands to aid in the construction of a railroad and telegraph line from the Central Pacific Railroad, in California, to Portland, in Oregon, approved July 25th, 1866," and with the power or right to change the southern terminus to some other point on the Central Pacific Railroad between said town of Roseville and the bridge crossing the American River, near the city of Sacramento, whenever its board of directors may deem proper; the length of said railroad and telegraph in the State of California being, as near as may be, three hundred and thirteen miles; and

Whereas the said party of the third part was duly incorporated and organized for the purpose of purchasing, constructing, owning, maintaining, and operating a continuous line of railway from the city and county of San Francisco, through the city of Oakland, and through a point on the easterly part thereof, in Alameda County, to a point on the line of the railroad formerly known as the San Francisco and Alameda Railroad at or near Fruit Vale Station, in said county of Alameda, and also a continuous line of railroad from the extreme western point of the Encinal of San Antonio, in the county of Alameda, passing through said county of Alameda to a point on the Western Pacific Railroad (now a part of the railroad of the said party of the first part) at or near Haywards, in said county of Alameda and State of California; also for the purpose of purchasing, constructing, owning, maintaining, and operating such branch and side lines and railroads between the said railroad and such several points on the bay of San Francisco as its board of directors may from time to time determine, the length of said railroad being, as near as may be, 25 miles; and

Whereas the said party of the fourth part was duly incorporated and organized for the purpose of purchasing, constructing, owning, maintaining, and operating a railroad from a point on the Western Pacific Railroad (now a part of the railroad of the said party of the first part) at or near the city of Stockton, in the county of San Joaquin, in the State of California, and between said city and the crossing of the San Joaquin River to a point on Kern River, in the county of Tulare, in said State, said point to be selected by its board of directors, said road passing into or through the counties of San Joaquin, Stanislaus, Merced, Fresno, and Tulare, the length being, as near as may be, three hundred miles; and

Whereas said parties believe a consolidation and amalgamation of their capital stocks, debts, properties, assets, roads, telegraphs, lands, and franchises will be mutually advantageous; and

Whereas more than three-fourths in value of all the stockholders in interest of each of said parties have consented, in writing, to such amalgamation and consolidation, upon the terms and conditions hereinafter set forth:

Now, therefore, under and by virtue of the statute in such case made and provided, the said parties do hereby mutually covenant and agree, each with each and all the others, to the following articles, to wit:

ARTICLE I.

Said parties do hereby amalgamate and consolidate themselves into a new corporation, under the name and style of the Central Pacific Railroad Company, which new corporation shall continue in existence for the period of fifty years from the date of

these articles; and they do further consolidate and amalgamate their several capital stocks, debts, properties, assets, roads, telegraphs, lands, franchises, rights, titles, privileges, claims, and demands of every kind whatsoever, as well in possession as expectancy, at law or in equity, and do grant, convey, and vest the same in said new corporation as fully as the same are now severally held and enjoyed by them or either of them, subject, however, to all conditions, obligations, stipulations, contracts, agreements, liens, mortgages, incumbrances, claims, and charges thereon or in anywise affecting the same.

ARTICLE II.

The object and purpose of said new corporation shall be to purchase, construct, own, maintain, and operate all and each of the railroad and telegraph lines hereinbefore described, for the period hereinbefore stated.

ARTICLE III.

The board of directors of said new corporation shall consist of seven persons, and the following-named persons shall act as such directors until their successors shall have been duly elected, pursuant to the by-laws of said new corporation hereafter to be adopted, viz: Leland Stanford, William E. Brown, Mark Hopkins, Collis P. Huntington, Charles Crocker, Edward H. Miller, jr., and Charles H. Cummings.

ARTICLE IV.

The capital stock of said new corporation shall be $100,000,000 consisting of 1,000,000 shares of $100 each, that sum being the contemplated actual cost of said railroad and telegraph lines, including rolling stock, motive power, depots, etc.

ARTICLE V.

Each stockholder of each of said parties shall have the same number of shares of the capital stock of the new corporation which he now owns and holds of the capital stock of his respective company, and shall be entitled to receive from said new corporation certificates therefor, upon the surrender of the certificates now held by him, or such other evidence of his ownership as he may now have, if no certificates have been issued to him by the company of which he is now a stockholder.

ARTICLE VI.

Said new corporation shall assume and perform all the contracts, agreements, covenants, duties, and obligations of what kind soever of each of the said parties, and shall pay and discharge all debts, claims, and demands existing against either and all of said parties; but nothing herein contained shall release the said parties or either of them, or their stockholders or any of them, from any of their just liabilities.

In testimony whereof the said parties have severally caused these articles to be signed and executed, by affixing thereto their respective corporate names and seals, by their respective presidents and secretaries, pursuant to the orders of their respective boards of directors, heretofore made on the day and year first above written.

[C. P. R. R. Co.'s SEAL.] CENTRAL PACIFIC RAILROAD COMPANY,
By LELAND STANFORD,
President.
By E. H. MILLER, JR.,
Secretary.

[C. AND O. R. R. Co.'s SEAL.] CALIFORNIA AND OREGON RAILROAD COMPANY,
By LELAND STANFORD,
President.
By E. H. MILLER, JR.,
Secretary.

[S. F., O. AND A. R. R. Co.'s SEAL.] SAN FRANCISCO, OAKLAND AND ALAMEDA RAILROAD COMPANY,
By ALFRED A. COHEN,
President.

[50c-cut int. rev. stamp, canceled.]
By H. LACY,
Secretary.

[S. J. V. R. R. Co.'s SEAL.] SAN JOAQUIN VALLEY RAILROAD COMPANY,
By LELAND STANFORD,
President.
By E. H. MILLER, JR.,
Secretary.

The undersigned, being holders of more than three-fourths in value of the capital stock of the Central Pacific Railroad Company, party of the first part, in and to the foregoing articles, do hereby consent to the terms and conditions therein contained.

Done this 16th day of August, A. D. 1870.

LELAND STANFORD.
MARK HOPKINS.
C. P. HUNTINGTON.
(By Mark Hopkins, att'y-in-fact.)
C. CROCKER.
E. B. CROCKER,
(By C. Crocker, att'y-in-fact).
WM. E. BROWN.
E. H. MILLER, JR.
C. H. CUMMINGS.

The undersigned, being holders of more than three-fourths in value of the capital stock of the California and Oregon Railroad Company, party of the second part, in and to the foregoing articles, do hereby consent to the terms and conditions therein contained.

Done this the 16th day of August, A. D. 1870.

LELAND STANFORD.
MARK HOPKINS.
C. P. HUNTINGTON,
(By Mark Hopkins, att'y-in-fact.)
C. CROCKER,
E. B. CROCKER,
(By C. Crocker, att'y-in-fact.)
E. H. MILLER, JR.
R. B. REDDING.

The undersigned, being holders of more than three-fourths in value of the capital stock of the San Francisco, Oakland and Alameda Railroad Company, and party of the third part, in and to the foregoing articles, do hereby consent to the terms and conditions therein contained.

Done this the 16th day of August, A. D. 1870.

ALF. A. COHEN.
D. O. MILLS.
F. D. ATHERTON.
D. P. BARSTOW.
W. C. RALSTON.

The undersigned, being holders of more than three-fourths in value of the capital stock of the San Joaquin Valley Railroad Company, party of the fourth part, in and to the foregoing articles, do hereby consent to the terms and conditions therein contained.

Done this the 16th day of August, A. D. 1870.

LELAND STANFORD.
MARK HOPKINS.
C. P. HUNTINGTON,
(By Mark Hopkins, att'y-in-fact.)
C. CROCKER.
E. B. CROCKER,
(By C. Crocker, att'y-in-fact.)
E. H. MILLER, JR.
R. B. REDDING.
C. H. CUMMINGS.

(Indorsed:) Articles of consolidation by and between the Central Pacific Railroad Company, the California and Oregon Railroad Company, the San Francisco, Oakland and Alameda Railroad Company, and the San Joaquin Valley Railroad Company, filed in office of the secretary of state, August 22, 1870. H. L. Nichols, secretary of state. By Lew. B. Harris, deputy.

I, E. H. Miller, jr., secretary of Central Pacific Railroad Company, do hereby certify that the annexed is a true, full, and correct copy of articles of association, amalgamation, and consolidation by and between the Central Pacific Railroad Company, the California and Oregon Railroad Company, the San Francisco, Oakland and Ala-

meda Railroad Company, and the San Joaquin Valley Railroad Company, now on file in my office.

Witness my hand and seal of the corporation at my office in San Francisco, Cal., the 5th day of May, 1883.

[SEAL.]

E. H. MILLER, JR.,
Secretary Central Pacific Railroad Company.

STATE OF CALIFORNIA,
Department of State:

I, D. M. Burns, secretary of State of the State California, do hereby certify that I have compared the annexed copy of articles of association, amalgamation, and consolidation of the Central Pacific, California and Oregon, San Francisco, Oakland and Alameda, and the San Joaquin Valley Railrord Companies with the original now on file in my office, and that the same is a correct transcript therefrom and of the whole thereof.

Witness my hand and the great seal of State at office in Sacramento, Cal., the 6th day of February, A. D. 1880.

[SEAL.]

D. M. BURNS,
Secretary of State.

EXHIBIT Z (Statement No. 60).

Statement of annual salaries, amounting to $5,000 or more, paid by Central Pacific Railroad Company since its organization to any officer or employé, and all bonuses or donations which have been given or paid to any such person.

Name.	Office.	From—	To—	Annual salary.
Leland Stanford	President	June 28, 1861	Mar. 31, 1885	$10,000.0
C. P. Huntington	Vice-president, and financial agent and attorney.	... do	July 1, 1883	*12,500.0
Do	....do	July 1, 1863	July 1, 1864	*25,000.0
Do	....do	July 1, 1864	Mar. 31, 1885	10,000.0
Mark Hopkins	Treasurer	July 1, 1863	Mar. 31, 1878	10,000.0
E. B. Crocker	Agent and attorney	Jan. 1, 1864	Dec. 31, 1869	10,000.0
James Bailey	Secretary and agent	Jan. 1, 1861	July 1, 1863	10,000.0
Charles Crocker	Superintendent and second vice-president.	Jan. 1, 1866	Mar. 31, 1883	10,000.0
T. D. Judah	Chief engineer	June 28, 1861	Nov. 2, 1863	10,000.0
E. H. Miller, jr	Secretary	Jan. 1, 1867	July 1, 1878	10,000.0
Do	....do	July 1, 1878	Mar. 31, 1885	12,000.0
E. S. Miller	Assistant secretary	May 1, 1882	... do	5,000.0
D. D. Colton	Financial director	Oct. 1, 1874	Oct. 4, 1878	10,000.0
E. W. Hopkins	Treasurer	Aug. 1, 1877	Dec. 31, 1882	5,000.0
Timothy Hopkins	....do	Jan. 1, 1883	Mar. 31, 1885	5,000.0
S. S. Montague	Chief engineer	Jan. 1, 1869	Dec. 31, 1869	5,000.0
Do	....do	Jan. 1, 1870	Dec. 31, 1871	6,000.0
Do	....do	Jan. 1, 1872	Sept. 30, 1883	6,000.0
S. W. Sanderson	General solicitor	Jan. 10, 1870	Dec. 31, 1870	12,000.0
Do	....do	Jan. 1, 1871	Aug. 30, 1875	15,000.0
Do	....do	Sept. 1, 1875	Mar. 31, 1885	24,000.0
Robert Robinson	Attorney	Jan. 1, 1869	Dec. 31, 1871	6,000.0
Do	....do	Jan. 1, 1872	Dec. 31, 1874	6,000.0
Do	....do	Jan. 1, 1875	Sept. 30, 1881	10,000.0
E. C. Fellows	Division superintendent	Oct. 1, 1873	Nov. 30, 1878	5,000.0
Do	Assistant general superintendent.	Dec. 1, 1878	Dec. 31, 1878	5,000.0
Do	....do	Jan. 1, 1879	Aug. 31, 1879	4,000.0
Do	....do	Sept. 1, 1879	July 31, 1880	7,000.0
J. A. Fillmore	Master of transportation	Dec. 1, 1878	....do	5,000.0
Do	Assistant general superintendent.	Aug. 1, 1880	Apr. 30, 1882	6,000.0
Do	General superintendent	May 1, 1882	Mar. 31, 1885	5,000.0
C. W. Smith	General freight agent	Aug. 1, 1870	Aug. 31, 1871	5,000.0
Do	....do	Sept. 1, 1871	Nov. 30, 1871	6,000.0
J. C. Stubbs	....do	Aug. 1, 1878	Aug. 31, 1879	5,000.0
Do	....do	Sept. 1, 1879	Apr. 30, 1882	6,000.0
Do	Freight traffic manager	May 1, 1882	Sept. 30, 1884	5,000.0
Do	General traffic manager	Oct. 1, 1884	Mar. 31, 1885	10,000.0
Richard Gray	General freight agent	Jan. 1, 1885	....do	5,000.0
R. H. Pratt	Assistant general superintendent.	Jan. 1, 1884	....do	5,000.0
L. M. Clement	Superintendent of track	July 1, 1877	Apr. 15, 1881	5,000.0
Arthur Brown	Superintendent of bridges and buildings.	Oct. 1, 1879	Mar. 31, 1880	6,000.0
W. H. Porter	General auditor	Jan. 1, 1882	....do	6,000.0

*Salary and services.

Statement of annual salaries, etc.—Continued.

Name.	Office.	From—	To—	Annual salary.
W. H. Moor	Superintendent of steamers	Aug. 1, 1874	Feb. 28, 1880	$6,000.00
A. Bedington	Agent at Sacto., steamers	Aug. 1, 1874	Nov. 30, 1874	6,000.00
A. J. Stevens	Master mechanic	June 1, 1877	Dec. 31, 1883	5,100.00
Do	do	Jan. 1, 1884	Mar. 31, 1885	5,400.00
R. P. Hammond	President of California Pacific Railroad.	Oct. 1, 1877	June 30, 1884	6,000.00
R. S. Brown	Attorney	Jan. 1, 1873	Aug. 31, 1875	5,000.00
Do	do	Sept. 1, 1875	Mar. 31, 1885	8,000.00
Do	do	do	do	*4,500.00
Creed Haymond	Assistant general solicitor	May 1, 1881	do	‡5,000.00
I. D. McKissick	Attorney	Sept. 1, 1882	Dec. 31, 1883	6,000.00
Do	do	Jan. 1, 1884	Mar. 31, 1885	8,000.00
Do	do	do	Dec. 31, 1885	‡1,000.00
S. T. Gage	Agent and assistant to president	Aug. 1, 1871	Oct. 31, 1882	6,000.00
Do	do	Nov. 1, 1882	Mar. 31, 1885	8,000.00
R. B. Redding	Land agent	Jan. 1, 1871	Apr. 30, 1873	6,000.00
Do	do	Feb. 1, 1874	Aug. 31, 1882	6,000.00
C. H. Tweed	Attorney	Jan. 12, 1883	Mar. 31, 1885	12,333.33
C. H. Sherrill	Agent	Mar. 1, 1876	do	20,000.00
James H. Storrs	Attorney	July 1, 1867	Oct. 30, 1882	10,000.00
Theophilus French	Agent	Apr. 1, 1882	Mar. 31, 1885	6,000.00
Richard Franchot	do	Jan. 1, 1868	Mar. 4, 1875	10,000.00
W. H. Mills	Land agent	Jan. 1, 1883	June 30, 1883	5,000.00
Do	do	July 1, 1883	June 30, 1887	7,000.00
A. A. Cohen	Attorney and agent	Sept. 30, 1871	Sept. 30, 1876	10,000.00
Geo. E. Gray	Consulting engineer	Mar. 1, 1867	Nov. 30, 1870	10,000.00
A. N. Towne	General superintendent and manager.	Sept. 1, 1869	July 31, 1879	13,000.00
Do	do	Aug. 1, 1879	Apr. 30, 1882	18,000.00
Do	do	May 1, 1882	Mar. 31, 1885	25,000.00
John Corning	Assistant general superintendent.	Aug. 1, 1871	Aug. 31, 1871	5,000.00
Do	do	Sept. 1, 1871	Nov. 30, 1873	6,000.00
Do	do	Dec. 1, 1873	July 31, 1878	8,000.00
Henry Vrooman	Attorney	July 1, 1884	Apr. 1, 1885	10,000.00
F. M. Pixley	do	Oct. 1, 1882	do	10,000.00
McAllister & Bergin	Attorneys	July 1, 1876	do	10,000.00
Shellenberger & Wilson	do	Oct. 1, 1880	do	5,000.00

†$10,000, allowance for extra services Nov. 13, 1886. ‡Extra allowance.

§Donation to Mrs. Corning, services August 1, 1878, to November 16, 1878 ..... $2,355.52
Allowance to Mrs Corning, for one and a half months' salary after decease 1,000.00

3,355.52

EXHIBIT W (Statement No. 61).

List of amounts of cash, stock, bonds, etc., which have been expended or paid out by Central Pacific Railroad Company, whether for lawful or unlawful purposes, but for which sufficient and detailed vouchers have not been given.

Date.	To whom paid and nature of payment.	Amount.
1862.		
July 4	D. W. Strong, stock issued to him for services and expenses	$2,000.00
	T. C. Glidden, Mrs. E. M. Glidden, Mrs. E. L. Williams, } stock issued to them in pursuance of agreement made by C. P. Huntington.	1,000.00 1,000.00 1,000.00
	James P. Flint, for services as by agreement, first-mortgage bonds	30,000.00
1	T. D. Judah, stock issued to him for his services as agent in the Atlantic States and prior to the organization of the company	25,000.00
4	T. D. Judah, stock issued to him to be distributed among various persons for services rendered to the company	68,000.00
	Part of the stock appears to have been paid out by him as follows:	
	George A. Bassett, 20 shares	$2,000.00
	Ira Goodman, 25 shares	2,500.00
	J. W. Forney, 20 shares	2,000.00
	E. C. Kemble, 10 shares	1,000.00
	D. W. Mahon, 5 shares	500.00
	George Hepburn, 25 shares	2,500.00
	E. B. Sturgeon, 20 shares	2,000.00
	J. R. Robinson, 10 shares	1,000.00
	—— Ryan, 50 shares	5,000.00
	W. B. Shore, 20 shares	2,000.00
	E. M. Sherman, 5 shares	500.00
	Total at par value	21,000.00

List of amounts of cash, stock, bonds, etc.—Continued.

Date.	To whom paid and nature of payment.	Amount.
1863.		
July 4	James Bailey, stock issued to him for services for the preceding two and a half years. (See minutes board of directors, July 1, 1863)	$30,000.00
Aug. 4	Lauren Upson, stock issued to him for services. (See minutes board of directors, August 1, 1863)	2,000.00
1	James McClatchy, stock issued to him for services. (See minutes board of directors, August 1, 1863)	1,000.00
	M. D. Boruck, stock issued to him for services (voucher 718)	1,000.00
	Charles M. Chase, stock issued to him for services (voucher 718)	1,000.00
	T. D. Judah, expenses at Washington (voucher 354)	2,778.00
1	James Bailey, expenses in promoting the interests of the company. Mr. Bailey was secretary of the company (voucher 476)	5,000.00
	D. W. Strong, same as above (voucher 477)	5,000.00
	J. J. Ayers & Co., amount paid for advertising in Morning Call, and extra printing, (voucher 677)	5,000.00
	(These last four vouchers produced)	100,250.00
1864.		
June 3	C. P. Huntington, stock paid to him and transferred by him to various parties and charged to construction account on September 20, 1864	36,000.00
	Certificate No. 385 to J. B. Stewart, 20 shares; 386 to John Boyd, 5; 387 to John Hersey, 5; 388 to Noah Brooks, 10; 389 to George McDonald, 15; 390 to T. T. Davis, 50; 391 to Charles Sherman, 5; 392 to G. M. Davis, 50; 409 to Samuel P. Hull, 100; 410 to L. B. Crocker, 30; 411 to L. B. Crocker, 10; 412 to L. B. Crocker, 10; 413 to J. B. Ogden, 10; 414 to A. W. North, 20; 415 to J. D. Russel or E. H. Miller, jr., 20; total, 360 shares.	
	Fifty shares of this was accounted for as sold for $5,000, and construction account was credited therewith $5,000	5,000.00
		31,000.00
Sept. 1	Leland Stanford, 115 shares; Mark Hopkins 100; C. P. Huntington, 250; A. P. Stanford, 50; Charles Crocker, 100; Charles Marsh, 25; Lauren Upson, 16; D. W. Strong, 14; Charles Crocker, assignee of E. B. Crocker, 220; total, 900 shares.*	90,000.00
	C. P. Huntington (in the construction account appears under the sub-head of "expense account," a payment to C. P. Huntington, agent, for fares to and from New York, and for traveling expenses in the East, etc.; no voucher.)	5,333.35
	Leland Stanford (in the construction account appears amount paid by Leland Stanford on account of expenses of election in the city and county of San Francisco, to indorse legislative enactment authorizing the issuance of $600,000 of San Francisco City and County bonds for 6,000 shares of the capital stock of the Central Pacific Railroad of California)	6,450.00
		133,333.35
1865.		
	D. K. Haskell (in expense account appears $2,000 paid in stock of the company issued to him for services; no voucher)	2,000.00
	Leland Stanford (in the contingent expenses account appears a payment to Leland Stanford of $4,500; there is no voucher; see L. Stanford's report of July 12, 1865)	4,500.00
	—— Shafter, 20 S. F. County bonds	20,000.00
	—— Pixley, 5 S. F. County bonds	5,000.00
	(Under the caption "Legal expenses" appear the above two amounts paid for legal services. See Leland Stanford's report July 12, 1865.)	
	George R. Moore was paid for legal services in capital stock, for which no voucher can be found	4,273.00
		35,773.00
1866.		
	C. P. Huntington:	
	The following amounts were paid by him:	
	I. H. Ketchum, political expenses	500.00
	E. S. Hull	250.00
	I. H. Hersey, "General Payne's" expenses	500.00
	Henry Beard, services	375.00
	R. J. Phillips, services	500.00
	John B. Stell, services	3,400.00
	E. H. Pardee, services	625.00
	R. J. Phillips, services	1,250.00
	Henry Beard, services	750.00
	E. S. Hull, services	1,700.00
	Felix O'Bryne, services	100.00
	John A. Hersey, services	175.00
	Almon Hovey, services	250.00
	(With regard to the names bracketed see C. P. Huntington's letter of December 6, 1866; there are no individual vouchers for these items.)	

*This stock was issued to these various parties and was charged to construction account and legal expense account for amounts allowed by board of directors, September 5, 1864, for salaries and services rendered to July 1, 1864. The vouchers for these items have not been found.

List of amounts of cash, stock, bonds, etc.—Continued.

Date.	To whom paid and nature of payment.	Amount.
1866.		
	C. P. Huntington, for personal expenses	$12,848.32
	(This account ran from December 2, 1864, to May 1, 1866, and is composed of numerous small hotel bills, traveling expenses, telegrams, office rent, and items of like nature.)	
	John Lime & Co., for contingent expenses	5,000.00
	W. E. Lovell, for contingent expenses	500.00
	Benjamin Dore, for contingent expenses	250.00
		28,784.32
	(There are no individual vouchers for the separate items. See Leland Stanford's report, May 4, 1866.)	
1867.		
Feb. 7	C. P. Huntington, expenses	682.40
Mar.	do	985.22
Apr.	do	464.16
May	do	1,464.60
June	do	653.75
July	do	351.42
Aug.	do	351.57
Sept.	do	333.76
Oct.	do	516.43
Nov.	do	483.08
		6,286.39
	(There are no individual vouchers for the above payments. They are mostly found in C. P. Huntington's accounts current.)	
Aug. 16	George E. Gray, for services	12,500.00
	George E. Gray, for expenses (paid to him by C. P. Huntington)	4,684.78
		17,184.78
1866.		
Oct. 2	D. O. Mills & Co., contingent expense account	5,000.00
Dec. 22	Contingent expense account	1,000.00
1867.		
Jan. 5	E. McLane, contingent expense account	1,500.00
		7,500.00
	(As per Leland Stanford's report of June, 1867; no vouchers.)	
June 5	Union State central committee	2,000.00
Aug. 2	do	1,000.00
		3,000.00
	(As per Leland Stanford's report of September; there are no vouchers for these payments.)	
	J. M. Van Buskirk, March	500.00
	R. Franchot, March	300.00
	do	100.00
	R. Franchot, May	500.00
	do	100.00
	R. Franchot	500.00
	do	433.40
	do	250.00
	General Thomas Ewing, fees at Washington, March	500.00
	General Thomas Ewing, services	500.00
	W. H. Lowery	500.00
	E. M. Madden	500.00
	R. K. Phillips, services, May	600.00
	Henry Beard	450.00
	George E. Gray	346.05
	do	355.75
	do	889.35
	do	519.77
	do	342.77
	Fisk & Hatch, for advertising bonds. (No voucher; as per C. P. Huntington's statement)	*23,999.05
		66,187.31

*While this item of expense is most probably a fair charge the voucher is imperfect, as no details are furnished.

List of amounts of cash, stock, bonds, etc.—Continued.

Date.	To whom paid and nature of payment.	Amount.
1868.		
Aug. 18	Speyer & Co. (as per C. P. Huntington's June account for release of contract to deliver bonds; no voucher)	$30,000.00
	The following amounts were paid by Leland Stanford and charged to expense account, as per his report of July 29, 1868, for which no vouchers can be found:	
Feb. 22	Check, Central Pacific Railroad Company	500.00
Apr. 7	D. A. Bender, cash borrowed (tags)	2,500.00
Apr. 8	W. B. Carr	13,700.00
Apr. 11	M. D. Borack	1,000.00
Apr. 19	S. H. Burnham	1,000.00
May 5	Edward Curtis	300.00
May 16	T. J. Henley	500.00
19	E. H. Miller, jr., cash borrowed (tags)	3,150.00
26	W. L. Broughton	500.00
26	Ezekiel Wilson	500.00
July 7	M. G. Richardson	300.00
Feb. 5	Check to Mark Hopkins for Gage & Safford, report of October 13, 1868	3,001.00
July 9	W. B. Carr	1,000.00
25	James McClatchy	1,000.00
Sept. 18	McCullough & Boyd	500.00
19	Thomas Fitch	1,000.00
21	S. T. Gage	7,500.00
29	James Otis	2,500.00
	The following amounts appear in C. P. Huntington's accounts for 1868, and for which there are no vouchers:	
1867.		
Dec.	Governor Donnelly, "on Min. Chy. Acct."	1,000.00
	Fisk & Hatch, advertising and commission on bonds	*40,433.42
1868.		
Jan.	R. Franchot	3,200.00
	John Davis	1,000.00
	C. P. Huntington, expenses	532.20
Feb.	C. P. Huntington, expense account	668.22
	J. M. van Buskirk	500.00
	John Davis	2,000.00
	R. Franchot	200.00
	E. D. Lowery	414.00
	John Hersey	200.00
	John Boyd	200.00
	Sending bonds to Europe	10,945.00
Mar.	E. J. Rollins, Concord, N. H	1,000.00
	R. Franchot	5,252.00
	W. S. King	500.00
	C. P. Huntington, on account	800.00
	Expense of sending bonds to Europe	8,728.20
Apr.	R. Franchot	200.00
	C. P. Huntington	1,000.00
May	Henry Beard	450.00
	R. Franchot	5,000.00
	Thomas McGee, newspaper correspondent	300.00
	General Thomas Ewing, legal services	5,000.00
	C. P. Huntington, expenses	500.00
June	Abraham Dory, certificate of stock No. 1134, in accordance with directions in letter of C. P. Huntington, May 11, 1868	5,053.00
	R. Franchot	2,200.00
	C. P. Huntington, expenses	947.70
	Fisk & Hatch, two-thirds special advertising for six months ending June 30, 1868	35,667.00
	C. P. Huntington, special account, stock disposed of by him—679 shares issued to him in blank to be filled up by him, and 295 shares issued to him as agent; in all, 974 shares	97,400.00
	(The company received no credit for this issue of stock; it was unaccounted for.)	
Aug. 31	John Davis, transferred from suspense account, paid to him in June	5,000.00
	John Davis, amount paid him December, 1867	1,200.00
	John Davis, amount paid him February, 1868	1,000.00
	Draft on Paris, June	1,200.00
	William Jones, amount paid him January 23	1,000.00
July	R. Franchot	3,000.00
	C. P. Huntington, expenses	3,350.00
Aug.	R. Franchot, traveling expenses	1,000.00
	C. P. Huntington, expenses	300.00
Sept.	Fisk & Hatch	5,000.00
	C. P. Huntington	700.00
Oct.	C. P. Huntington, expenses	28,000.00
Nov.	do	1,500.00
		354,795.79

*See explanation given before.

List of amounts of cash, stock, bonds, etc.—Continued.

Date.	To whom paid and nature of payment.	Amount.
1868.		
Jan.	Fred. Miles, 2 shares of stock issued to him by C. P. Huntington (no voucher).	$200.00
Nov. 4	C. P. Huntington (as per telegram of October 28; no voucher), stock	5,000.00
May 10	George Rowland, paid on account of celebration upon completion of the railroad (voucher 886)	1,000.00
14	R. Franchot, for services rendered to January 1, 1869. (See C. P. Huntington's letter of April 20, 1869; no voucher)	20,000.00
14	George Rowland, on account of celebration upon completion of the road	2,000.00
19	R. T. Colbourn, for services rendered. (See C. P. Huntington's letter of November 12, 1869; no voucher.)	2,500.00
31	Charles Crocker, additional salary for the years 1866, 1867, 1868, and to December, 1869	18,333.28
	(Can not find any authority or voucher for this payment, either in the form of a voucher or in a minute or upon the minute books of the directors.)	
	Amount credited to Leland Stanford June 5, 1867, and then charged to bills receivable is now charged to cash, without particulars (no voucher)	3,000.00
Dec. 31	Richard Franchot, for services	20,000.00
	Richard Franchot, for expenses. (See C. P. Huntington's letter of January 11, 1870; no voucher)	500.00
	Items of expense appearing in C. P. Huntington's accounts for the year 1869:	
	C. P. H.'s ac. cur't.	
Jan. 31	Advertising ..... Dec. 31, 1868	24,136.78
31	Sundries ..... do	4,398.72
Mar. 29	C. P. Huntington, expenses ..... Jan., 1869	1,000.00
	Leland Stanford, cash ..... do	1,000.00
	Cash ..... do	25,000.00
Apr. 24	Roscoe Conkling, legal services ..... Feb., 1869	10,000.00
	R. Franchot ..... do	500.00
	W. B. Carr ..... do	15,000.00
	C. P. Huntington, expenses ..... do	1,000.00
	R. Franchot ..... do	200.00
May 1	R. Franchot ..... Mar., 1869	5,000.00
	C. P. Huntington, expenses ..... do	10,000.00
	Thomas Ewing, jr., legal services ..... do	14,500.00
	R. Franchot ..... do	2,000.00
	C. P. Huntington, expenses ..... do	26,000.00
27	R. Franchot ..... Apr., 1869	500.00
27	C. P. Huntington, expenses ..... do	5,000.00
	..... do ..... do	5,000.00
	R. Franchot ..... do	300.00
June 30	C. P. Huntington, expenses ..... May, 1869	500.00
July 31	J. E. Risley, legal services ..... June, 1869	625.00
	C. P. Huntington, expenses ..... do	875.00
	..... do ..... do	23,000.00
	..... do ..... do	500.00
	Edward Jordan, counsel ..... do	500.00
Sept. 8	John R. Bloss ..... July, 1869	500.00
	C. P. Huntington, expenses ..... do	5,000.00
13	C. P. Huntington, expenses ..... Aug. account	500.00
	..... do ..... do	6,431.08
	O. Ames, president, our proportion disbursement in Washington by Special Commissioner G. K. Warren, chairman, in making report ... Aug. account	369.71
	C. P. Huntington, expenses ..... do	500.00
Nov. 15	Edward Jordan, counsel ..... Sept. account	500.00
	C. P. Huntington, expenses ..... do	1,000.00
30	J. E. Risley, legal services ..... Oct. account	625.00
	C. P. Huntington, expenses ..... do	1,000.00
Dec. 15	Sam Wilkenson, services in Washington ..... Nov. account	500.00
	C. P. Huntington, expenses ..... do	1,000.00
	Edward Jordan, legal services ..... do	500.00
31	John E. Risley, legal services ..... Dec. account	500.00
	R. Franchot ..... do	500.00
Dec. 31	J. P. Lloyd ..... Dec. account	497.29
	C. P. Huntington, expenses ..... do	400.00
	Fisk & Hatch, ½ special ad'g ..... do	3,621.04
		274,312.90
	(There are no special vouchers for any of the above items, except as they appear in Mr. C. P. Huntington's accounts current for the year.)	
1870.		
Jan. 28	Charles Crocker, for contingent expenses, no particulars	7,000.00
June 30	L. Ramage, for contingent expenses, no particulars	2,000.00
Dec.	John E. Risley, for contingent expenses, no particulars	5,000.00
	Dent & Paige, for contingent expenses, no particulars	2,700.00
	William S. King, for contingent expenses, no particulars	1,024.00
	Edward Jordan, for contingent expenses, no particulars	5,000.00

List of amounts of cash, stock, bonds, etc—Continued.

Date.	To whom paid and nature of payment.	Amount.
1870.		
Dec.	R. Franchot, for contingent expenses, no particulars	$20,000.00
	James H. Storrs, for contingent expenses, no particulars	22,685.97
	(The above items were charged to construction account, and there are no vouchers for any of them.)	
	The following items were charged to expense account:	
	To "a committee of eminent citizens" for inspecting the road, (no voucher)	1,000.00
	The following items, shown by Leland Stanford's statement (voucher No. 1407), were paid to him and his receipt given to the company, but no vouchers were produced by him:	
	John Bigler (no voucher)	1,200.00
	John White (no voucher)	50.00
	H. C. Beals (no voucher)	100.00
	J. A. Warwick (no voucher)	100.00
	Calvin Brown (no voucher)	500.00
	Joseph R. Beard (no voucher)	500.00
	R. S. Williamson (no voucher)	250.00
	Sherman Day (no voucher)	400.00
	J. H. Carmany & Co. (no voucher)	100.00
	H. McAllister, legal expenses (no voucher)	250.00
	McAllister & Bergen, legal expense (no voucher)	2,500.00
	Wilson & Crittenden, legal expense (no voucher)	2,500.00
	R. Wilson, legal expense (no voucher)	1,000.00
	C. P. Huntington (no details)	2,500.00
	(C. P. Huntington's accounts contained only figures and no details or vouchers supplied.)	
	The following accounts are charged:	
	January account.	
	R. Franchot, house rent, Washington	400.00
	C. P. Huntington, expenses	3,000.00
	R. Franchot, expenses	500.00
	W. C. Emory, expenses	500.00
	February account:	
	W. C. Emory, expenses	400.00
	C. P. Huntington, expenses	1,500.00
	Thomas Magee, expenses	200.00
	R. Franchot, expenses	500.00
	R. J. Phillips, expenses	400.00
	March account:	
	R. Franchot, expenses	3,296.55
	C. P. Huntington, expenses	500.00
	R. J. Phillips, expenses	200.00
	W. C. Emory, expenses	200.00
	The monthly accounts, from April to December, were called for and not produced. They contained expense items as follows:	
	April account	2,540.91
	May account	2,538.44
	June account	3,062.85
	July account	18,618.71
	August account	6,682.85
	September account	14,458.62
	October account	8,445.79
	November account	17,276.13
	December account	15,962.81
		180,715.08
1871.		
Mar. 10	A. N. Towne, contingent expenses (voucher 631)	1,000.00
	C. P. Huntington's expense accounts:	
Jan. 31	Henry Beard, "for services, advertising, etc.": (no voucher and account current missing)	10,721.65
		500.00
Mar. 14	C. P. Huntington, February account, expenses	1,000.00
	Caleb Cushing, retaining fee, Sargent land case	500.00
	R. Franchot	
	C. P. Huntington, amount heretofore charged to suspense account now charged to expense account. (See C. P. Huntington's letter, December 10, 1870)	1,651.25
Apr. 20	C. P. Huntington, March account (no details given in journal and account current missing)	15,220.57
		500.00
	C. P. Huntington, April and May accounts, expenses	

List of amounts of cash, stock, bonds, etc—Continued.

Date.	To whom paid and nature of payment.	Amount.
1871.		
June	C. P. Huntington, June account, expenses	$839.81
	L. E. Chittenden, counsel fees	4,838.00
	George Maraland, services, editor Financial Chronicle	100.00
	J. E. Storrs, balance of counsel fees	6,544.92
27	J. E. Gates, additional amount for services	1,968.11
Sept. 13	C. P. Huntington, August account (no details in journal and account current missing)	3,114.12
1871.		
Oct. 13	C. P. Huntington, September account (no details in journal and account current missing)	1,805.28
Nov. 15	C. P. Huntington, October account, expenses	500.00
	J. E. Risley	1,250.00
Dec.	C. P. Huntington, November account, expenses	1,000.00
	R. Franchot, house rent, Washington	1,200.00
	(C. P. Huntington's accounts current are missing for January, March, August, and September, 1871.)	
	C. C. Nowell, advertising	500.00
		54,972.01
1872.		
Jan. 18	R. Franchot, services ($20,000)	20,000.00
	R. Franchot, expenses	400.00
Sept. 14	R. Franchot, attorney's fees, etc	19,295.50
	(C. P. Huntington's letters of January 5 and September 4 give no explanation)	
May 14	Leland Stanford (no details; voucher No. 890)	200.00
Sept. 18	Leland Stanford (no details; voucher No. 1753)	5,640.00
	Charles Nordhoff, services in California	3,500.00
	(C. P. Huntington's letter of October 5, 1872, gives no explanation)	
	R. Franchot, services to December 31 (no voucher; see C. P. Huntington's account, January 4, 1873)	13,333.33
	C. P. Huntington's expenses as per statements:	
1871.		
Dec.	C. P. Huntington, expenses	500.00
1872.		
Jan.	J. E. Risley, expenses	1,250.00
Mar.	C. P. Huntington, expenses	1,000.00
	R. Franchot, expenses	1,000.00
	J. E. Risley (to March) expenses	1,250.00
	C. P. Huntington, expenses	1,000.00
Apr.	C. P. Huntington, expenses to Washington	531.37
	....do	500.00
May.	....do	1,000.00
	....do	500.00
	R. Franchot, expenses to Washington	5,000.00
June.	....do	5,000.00
	C. P. Huntington, expenses, Nordhoff	2,000.00
July.	J. E. Risley, expenses	1,250.00
Aug.	C. P. Huntington	1,000.00
Oct.	J. E. Risley, expenses	1,250.00
	C. P. Huntington, expenses	1,000.00
	J. E. Gates, expenses	5,000.00
Nov.	....do	500.00
	C. P. Huntington, expenses	1,500.00
	J. E. Gates, expenses	4,500.00
Dec.	C. P. Huntington	500.00
	J. E. Gates	200.00
		89,800.20
1873.		
Jan.	J. E. Risley, expense	1,250.00
	C. P. Huntington, expense to Washington	312.00
Feb.	William M. Evarts, attorney fee	500.00
Mar.	George W. Julian, attorney fee, land office	1,500.00
	R. Franchot, expenses in Washington	5,148.46
	J. E. Gates, expense	1,700.00
	C. P. Huntington, expense	1,000.00
Apr.	J. E. Risley, in full	1,250.00
	C. P. Huntington	1,000.00
May	....do	1,000.00
July	William M. Evarts, retainer in Government cases	2,500.00
Dec.	Charles Nordhoeff	1,000.00
	C. P. Huntington	500.00
	(There are no individual vouchers for these items.)	
		18,860.46

List of amounts of cash, stock, bonds, etc.—Continued.

Date.	To whom paid and nature of payment.	Amount.
1874.		
July 30	W. B. Hyde, salary eight months (no vouchers)	$8,333.33
	W. B. Hyde, expenses	200.00
Aug. 25	Charles Crocker, expenses traveling around the world (no receipt or proper voucher).	3,573.12
	C. P. Huntington's expenses:	
Mar. 10	R. Franchot (see C. P. Huntington's letter of February 18, 1873)	13,333.33
	Charles Nordhoff (December 6, 1873)	1,000.00
	C. P. Huntington's expenses (December 6, 1873)	500.00
	Charles Nordhoff (January 3, 1874)	1,000.00
	R. Franchot (January 13)	500.00
	J. E. Gates (January 16)	200.00
	Carlisle & McPherson (legal expenses)	2,500.00
Apr. 11	Charles Nordhoff	1,000.00
	C. P. Huntington, expenses	800.00
May 13	W. M. Evarts, opinion	250.00
June 15	C. P. Huntington, expenses	1,000.00
	Charles Nordhoff	2,000.00
July 16	Legal expenses (no explanation on books)	20,000.00
July 9	R. Franchot	150.00
July 16	do	3,700.00
	J. E. Gates	400.00
Oct. 20	Legal expenses (no explanation)	5,000.00
	C. P. Huntington, expenses	300.00
Nov. 13	J. E. Gates	451.40
Dec. 31	Cash (no explanation)	2,000.00
	W. A. W. E. Manufacturing Company	4,983.43
		68,594.22
1875.		
Dec. 31	L. Stanford, general expenses, rents, leases of wharfage	8,773.65
	L. Stanford, amount disbursed to December 31, 1875, on account general expenses.	171,781.89
	(The vouchers for the above two items are not receipted, but are endorsed "Allowed February 7, 1876, by board of directors.")	
	S. T. Gage, paid by Leland Stanford for contingent expenses	3,500.00
	D. D. Colton, paid by Leland Stanford for expenses	5,000.00
	Leland Stanford, amounts disbursed for legal expenses (no receipt but voucher was endorsed, "Allowed by board of directors, February 7, 1876.")	15,117.33
	C. P. Huntington's expense account:	
Jan.	C. P. Huntington, expenses	2,500.00
	J. E. Gates, expenses	5,000.00
Feb.	C. P. Huntington	500.00
	R. Franchot	2,000.00
Mar.	R. Franchot, expenses in Washington	1,530.00
	W. C. Copeland	300.00
	C. P. Huntington, expenses February 16	1,582.50
	Richard Lambert	100.00
	"Expenses," no name	3,000.00
Apr.	J. E. Gates	1,000.00
	R. Franchot	500.00
Oct.	C. P. Huntington, expenses	1,045.42
Dec.	do	1,000.00
	Adams, "services in Washington,"	300.00
	(There are no vouchers for the above, or details save as above).	
		234,540.79
1876.		
Jan. 4	M. T. Smith, for amount paid Harvey S. Brown	5,500.00
Mar. 13	C. P. Huntington, "legal expenses," (no vouchers or details)	10,000.00
Sept. 21	Western Development Company, (voucher signed "F. S. Douty, president," which reads, "C. P. R. R. Co. Dr., to Western Development Company, for cash advanced on your account;" no other details)	29,974.13
Feb. 7	L. Stanford; no details, expenses, amount audited and approved by board of directors, February 7, 1876	20,000.00
May 20	Mrs. Anna Franchot, paid to her for her husband's services (no voucher; see C. P. H.'s letter, May 4, 1876)	25,000.00
Sept. 7	L. Stanford, expenses and disbursements (no authorization from board of directors could be found)	50,000.00
Sept. 12	R. Fanchot, expenses from January 1, 1874, to March 4, 1875 (no voucher, see C. P. H.'s letter of September 2, 1876)	15,026.22
Sept. 22	Lyman Trumbull, "for services." (See C. P. H's letter, September 2, 1876)	5,000.00
Sept. 22	Western Development Company, F. S. Douty, president, "for voucher for expenses (no details; voucher approved by D. D. Colton)	50,000.00
Oct. 4	C. P. Huntington, expenses	200.00
Oct. 5	do	2,500.00
Oct. 14	D. D. Colton, expenses	6,200.00
Nov. 3	D. D. Colton (no voucher produced)	5,000.00
Nov. 8	do	5,000.00

List of amounts of cash, stock, bonds, etc.—Continued.

Date.	To whom paid and nature of payment.	Amount.
1876.		
Nov. 18	D. D. Colton, statement of claims (voucher unapproved)	$2,600.00
Nov. 30	Court of Claims (no voucher)	3,339.15
	C. P. Huntington's expense account:	
Jan.	C. P. Huntington	2,500.00
Feb.	Expense account, legal expenses	10,000.00
Mar.	J. F. Coyle, Washington	50.00
Mar. 31	I. E. Gates	5,000.00
Apr.	C. P. Huntington, legal expenses	5,000.00
	....do	5,000.00
	J. D. Storrs, expenses at Washington December, 1875, to April 15, 1876 (1600)	1,621.00
	Attorney's fees	5,000.00
May.	I. E. Gates, legal expenses	5,000.00
	....do	5,000.00
	....do	1,000.00
	J. D. Budd	100.00
	Edward Larned, expenses and services in Washington	1,000.00
June.	S. C. Pomeroy, in Washington	1,000.00
	I. E. Gates, legal expenses	5,000.00
	W. Dodsworth services and printing	1,000.00
	I. E. Gates, legal expenses	10,000.00
	James Storrs, Washington expenses	523.93
July	Charles Sherrill	3,000.00
	I. E. Gates, legal expenses	10,000.00
	J. A. Cake	400.00
	J. D. Budd, expenses	100.00
Aug.	S. W. Kellogg	600.00
	W. L. Nicholson	125.00
	R. B. Mitchell, legal expenses	1,500.00
Aug. 30	D. D. Colton	1,000.00
Oct.	I. E. Gates	5,000.00
	I. E. Gates, legal expenses	5,000.00
	I. E. Gates	1,000.00
	....do	700.00
	John H. Rice	300.00
	I. E. Gates	1,000.00
Nov.	J. H. Rice, legal expenses	200.00
	——— ———, legal expenses	2,500.00
	I. E. Gates	1,000.00
	Charles B. Bell	200.00
	I. E. Gates	1,000.00
	J. M. McCorkel	400.00
	I. E. Gates	1,000.00
	C. P. Huntington	5,000.00
Dec.	I. E. Gates	3,000.00
	I. E. Gates, legal expenses	1,000.00
		348,232.13
1877.	C. P. Huntington's expense account:	
Jan.	Legal services	10,000.00
	I. E. Gates	5,000.00
	Legal expenses	5,000.00
Feb.	I. E. Gates, legal expenses	10,000.00
	C. P. Huntington	5,000.00
Mar.	I. E. Gates, legal expenses	2,000.00
	J. H. Storrs	1,215.35
	I. E. Gates	5,000.00
	C. H. Sherrill	1,000.00
	I. E. Gates	500.00
	Ben Holliday	368.37
Apr.	J. A. Johnson, per order of Leland Stanford	100.00
	W. P. Copeland	150.00
	C. B. Ball, legal expenses	100.00
May	I. E. Gates	5,000.00
	J. A. Johnson	250.00
	C. H. Sherrill	300.00
June	....do	3,000.00
	W. M. Evarts, legal expenses	5,000.00
	C. P. Huntington, legal expenses	5,000.00
July	I. E. Gates	200.00
Aug.	I. E. Gates, lands	250.00
Sept.	C. P. Huntington	1,000.00
	Legal expenses	10,004.40
	C. P. Huntington	1,000.00
	Legal expenses	3,000.00
Oct.	C. P. Huntington, legal expenses	1,500.00
	C. P. Huntington	2,000.00
	....do	1,000.00
Nov.	I. E. Gates, legal	5,000.00
	....do	5,000.00

List of amounts of cash, stock, bonds, etc.—Continued.

Date.	To whom paid and nature of payment.	Amount.
1877.		
Dec.	L. Trumbull, legal	$2,000.00
	I. E. Gates	2,000.00
	I. E. Gates, legal	5,000.00
	C. P. Huntington	2,000.00
	General expenses:	
Apr. 23	Charles H. Sherrill, service to date (no voucher, see C. P. Huntington's letter of April 12, 1877)	15,000.00
July 16	Harvey S. Brown, two-thirds of $2,537.50 (no voucher or details)	1,691.67
Feb. 6	Western Development Company, amount paid them (no details in journal and voucher missing)	26,000.00
6	L. Stanford, expenses (no voucher)	1,414.22
July 26	L. Stanford, expenses (no details; voucher 1456)	2,500.00
Oct. 5	J. M. Bassett, expenses (no details; voucher 1975)	2,000.00
10	A. N. Towne, expenses (no details; voucher 2005)	1,921.89
16	Mark Hopkins, expenses (no details; voucher 2102)	5,000.00
Nov. 1	L. Stanford, for expenditures from July 30, 1876, to September 30, 1877 (no details; voucher 2176½ is not receipted)	83,418.89
Dec. 27	L. Stanford, expenses (no details; voucher 2549)	92,500.00
		296,964.19
1878.		
Feb. 14	Leland Stanford, expenses (no details; voucher 307)	$10,000.00
Apr. 15	A. N. Towne, expenses (no details; voucher 670)	1,388.34
2	Leland Stanford, expenses (no voucher produced)	488.00
Jan. 28	....do	1,500.00
Feb. 18	A. N. Towne, expenses (no details; voucher 327)	384.47
Apr. 19	Leland Stanford, expenses (no details; voucher 687)	100.00
May 13	Leland Stanford, expenses (no details; voucher 861)	1,500.00
June 7	Leland Stanford, expenses (no details; voucher 1052)	13,000.00
28	Leland Stanford, expenses (no voucher produced; No. 1139)	111,431.25
29	C. P. Huntington (Western Development Company is charged for printing reports)	2,436.00
Mar. 23	C. P. Huntington, J. H. Bell, services	35,500.00
Apr. 3	C. P. Huntington, Western Development Company	40,745.25
	(The voucher number for these two items is 1192½, and the voucher was not produced.)	
June 29	Chas. H. Sherrill (no details; no voucher; see C. P. Huntington's letter of July 8, 1878)	500.00
29	H. S. Crocker & Co. (no details and no signature or receipt; voucher 1192½)	12,440.00
29	C. P. Huntington, expenses (voucher 1192½; no details)	90,167.50
Aug. 15	C. P. Huntington, agent, expenses (no voucher; no details or reference)	42,856.00
Sept. 3	L. Stanford, expenses (voucher 1619; no details)	12,000.00
3	S. T. Gage, expenses (voucher 1625; no details)	3,000.00
23	D. D. Colton, expenses (voucher 1734; no details)	1,200.00
Oct. 1	D. D. Colton, expenses (voucher 1811; no details)	3,400.00
4	D. D. Colton, expenses (voucher 1837; no details)	3,200.00
23	Leland Stanford, expenses (voucher 1941; no details)	100.00
24	Leland Stanford, expenses (voucher 1951; office expenses)	1,058.00
24	John Boyd	404.00
Nov. 21	John Boyd, expenses (voucher 2167; no details)	100.00
	C. P. Huntington's expense accounts.	
Jan.	C. P. Huntington, expenses	1,150.00
	I. E. Gates, legal expenses	1,000.00
Feb.	C. P. Huntington, legal expenses	2,500.00
Mar.	....do	5,500.00
	....do	4,500.00
	....do	10,000.00
Apr.	I. E. Gates	1,750.00
	....do	200.00
	....do	500.00
May	J. W. West, services	1,000.00
	J. H. Storrs, expenses in Washington	1,000.00
	I. E. Gates, legal expenses	5,000.00
	....do	2,500.00
	....do	5,000.00
June	I. R. West, services	2,000.00
	I. E. Gates, expenses	2,000.00
	....do	500.00
July 1	R. C. Fenton, expenses	5,000.00
	I. E. Gates, expenses	219.10
	....do	550.00
	....do	2,000.00
2	T. M. Norwood, expenses	1,000.00
Sept.	J. A. George, expenses	150.00
	J. A. George (August 3), expenses	200.00
	E. P. Howell, expenses	200.00
	I. E. Gates, expenses	1,500.00
	....do	5,000.00
	....do	2,000.00
	T. M. Norwood, expenses	1,000.00

List of amounts of cash, stock, bonds, etc.—Continued.

Date.	To whom paid and nature of payment.	Amount.
1878.		
Sept.	T. M. Norwood (August 19), expenses	$287.95
Oct.	J. A George, expenses	150.00
	E. P. Howell, expenses	200.00
	I. E. Gates, expenses	5,000.00
	....do	2,000.00
	D. C. Forney, expenses	200.00
	I. E. Gates, expenses	1,000.00
	.....do	2,000.00
	.....do	6,000.00
	.....do	3,500.00
	C. P. Huntington, expenses	3,000.00
	I. E. Gates, expenses	10,000.00
	.....do	19,000.00
	.....do	5,000.00
	J. A. George, expenses	300.00
Nov.	I. E. Gates	2,000.00
	C. H. Sherrill	1,000.00
	I. E. Gates	500.00
	T. M. Norwood	500.00
	.....do	1,083.98
	John Boyd	224.48
	.....do	200.00
	John Boyd (August 29)	200.00
	J. A. George	100.00
Dec.	I. E. Gates	10,000.00
	.....do	2,800.00
	.....do	10,500.00
	.....do	500.00
	John Boyd	200.00
	John H. Flagg	100.00
		535,320.64
1879.		
Mar. 6	Chas. Crocker, expenses (voucher 417; no details)	5,000.00
6	Chas. Crocker, expenses (no voucher)	200.00
25	Chas. Crocker, expenses (voucher 498; no details)	26,452.68
28	Chas. Crocker, expenses (voucher 512; no details)	3,100.00
May 1	Chas. Crocker, expenses (voucher 767; no details)	40,000.00
6	Chas. Crocker, expenses (voucher 806; no details)	40,000.00
July 23	L. Stanford, expenses (voucher 1308; no details)	500.00
Aug. 2	L. Stanford	789.50
15	S. T. Gage, expenses (voucher 1500; no details)	2,500.00
Oct. 8	L. Stanford, expenses (voucher 1837; no details)	4,145.20
Nov. 11	C. Crocker, expenses (voucher 2100; no details)	250.00
July 31	Western Development Company, legal expenses (no details and voucher not produced)	5,562.04
Sept. 27	L. Stanford, legal expenses (voucher 1746; no details)	38,156.03
	C. P. Huntington's expense account:	
Jan.	I. E. Gates, expenses	10,000.00
	.....do	1,000.00
	J. H. Bell, legal expenses	500.00
	I. E. Gates, expenses	5,000.00
	T. M. Norwood, expenses	500.00
	.....do	1,000.00
	I. E. Gates, expenses	10,000.00
	.....do	2,500.00
Feb.	I. E. Gates	10,000.00
	John Boyd, expenses	113.10
	T. M. Norwood, expenses	300.00
	I. E. Gates, expenses	10,000.00
14	I. E. Gates	10,000.00
24	I. E. Gates, expenses	10,000.00
	J. A. George, expenses	150.00
	.....do	100.00
	T. M. Norwood, expenses	200.00
Mar.	John Boyd, disbursements in Washington	125.85
	T. M. Norwood	100.00
	C. H. Sherrill, balance for services to March 7, 1879	11,077.34
	John H. Flagg, legal services	10,000.00
20	S. T. Gage (no voucher)	800.00
Apr.	J. A. George	291.60
1	S. T. Gage (no voucher)	800.00
	J. B. Bowman	250.00
2	S. T. Gage (no voucher)	700.00
	C. H. Sherrill	1,000.00
14	T. M. Norwood	2,127.42
	J. B. Bowman	250.00
May	John Boyd	200.00
	C. H. Sherrill	1,000.00

List of amounts of cash, stock, bonds, etc.—Continued.

Date.	To whom paid and nature of payment.	Amount.
1879.		
May	T. M. Norwood	[illegible]
	J. C. Printup	[illegible]
June	John Boyd	[illegible]
	C. H. Sherrill	[illegible]
	W. P. Copeland	[illegible]
	C. H. Sherrill	[illegible]
	S. W. Morton	[illegible]
	I. E. Gates	[illegible]
July	E. H. Pardee, expense account	[illegible]
	C. H. Sherrill	[illegible]
	John Boyd	[illegible]
	I. E. Gates	[illegible]
	J. E. Bowman, May, June, and July	[illegible]
	T. M. Norwood, to August 4, 1879	[illegible]
Aug.	I. E. Gates	[illegible]
	do	[illegible]
Sept.	J. B. Bowman, August and September	[illegible]
	T. M. Norwood	[illegible]
Oct.	I. E. Gates	[illegible]
	T. M. Norwood, to November 4, 1879	[illegible]
	I. E. Gates	[illegible]
	I. E. Gates, advertising, printing, etc	[illegible]
Nov.	John Boyd	[illegible]
Dec.	C. H. Sherrill	[illegible]
	John Boyd	[illegible]
	S. W. Morton	[illegible]
	I. E. Gates, legal expenses	[illegible]
	do	[illegible]
	J. B. Bowman, October, November, and December	[illegible]
	I. E. Gates, legal expenses	[illegible]
	C. H. Sherrill	[illegible]
	I. E. Gates, legal expenses	[illegible]
	do	[illegible]
		316,827.14
1880.		
May 4	Leland Stanford, for legal and other expenses (no details)	[illegible]
Aug. 28	C. P. Huntington, $10,000, less credit $2,500 (no voucher)	[illegible]
Jan. 6	Delos Lake, retainer by Leland Stanford	[illegible]
Dec. 31	Delos Lake for 1880	[illegible]
	C. P. Huntington's expense account:	
Jan. 5	Beverly Tucker, expense account	[illegible]
6	H. V. Poor	[illegible]
	T. M. Norwood	[illegible]
Feb. 4	Beverly Tucker	[illegible]
9	I. E. Gates, legal expenses	[illegible]
12	I. E Gates	[illegible]
18	C. P. Huntington	[illegible]
25	C. H. Sherrill	[illegible]
25	T. M. Norwood	[illegible]
Mar. 4	I. E. Gates, legal expenses	[illegible]
10	I. E. Gates	[illegible]
15	C. P. Huntington, legal	[illegible]
23	I. E. Gates	[illegible]
25	C. H. Sherrill	[illegible]
29	John Boyd	[illegible]
Apr. 3	I. E. Gates, legal	[illegible]
9	C. P. Huntington	[illegible]
14	do	[illegible]
19	I. E. Gates	[illegible]
23	C. H. Sherrill	[illegible]
May 1	I. E. Gates, legal	[illegible]
1	John Boyd	[illegible]
12	Legal expenses	[illegible]
14	W. H. Marcy, administrator of Ira T. Marcy	[illegible]
18	Legal expenses	[illegible]
24	do	[illegible]
27	Mrs. T. D. Judah	[illegible]
June 4	H. V. Poor	[illegible]
10	Charles Sherrill	[illegible]
29	I. E. Gates, legal	[illegible]
29	John Boyd	[illegible]
30	I. E. Gates	[illegible]
July 1	Charles Sherrill	[illegible]
2	Legal expenses	[illegible]
Aug. 5	do	[illegible]
Sept. 11	I. E. Gates	[illegible]
24	do	[illegible]

List of amounts of cash, stock, bonds, etc.—Continued.

Date.	To whom paid and nature of payment.	Amount.
1880.		
Sept. 27	I. E. Gates	$500.00
Oct. 6	C. H. Sherrill	1,500.00
15	H. V. Poor, legal expenses	1,000.00
29	I. E. Gates, legal expenses	5,400.00
30	..... do	1,000.00
Nov. 4	.....do	7,150.00
12	..... do	4,500.00
13	W. W. Josselyn, legal expenses	820.62
15	C. H. Sherrill	1,500.00
17	Shellabarger & Wilson, three months' services	1,250.00
20	Mrs. T. D. Judah	500.00
22	I. E. Gates, legal	5,000.00
Dec. 21	H. E. McLean	1,500.00
22	H. E. McLean, legal	500.00
23	.....do	500.00
		218,578.87
1881.		
	C. P. Huntington's expense account:	
Jan. 8	J. E. Gates, legal	5,000.00
15	C. H. Sherrill	1,500.00
19	J. E. Gates	2,000.00
25	J. E. Gates, legal	550.00
Feb. 1	G. F. Stewart	500.00
16	Shellabarger & Wilson, three months' services	1,250.00
18	C. H. Sherrill	2,500.00
19	J. E. Gates	10,000.00
25	C. H. Sherrill	1,700.00
Mar. 9	J. E. Gates, legal	1,000.00
10	.....do	5,000.00
Apr. 5	.....do	2,500.00
9	John R. Porter, legal	1,000.00
25	J. E. Gates, legal	1,000.00
May 2	C. H. Sherrill	1,500.00
6	J. E. Gates, legal	3,000.00
16	Edward Atkinson	500.00
23	J. E. Gates	1,727.33
24	C. H. Sherrill	1,000.00
June 6	J. E. Gates	4,000.00
13	J. E. Gates, legal	5,000.00
24	..... do	75.00
Aug. 15	C. H. Sherrill	1,000.00
19	Charles Nordhoff	1,500.00
Sept. 6	Shellabarger & Wilson, three months' services	1,250.00
Nov. 12	C. H. Sherrill	1,000.00
23	Mrs. Anna Judah	500.00
26	C. H. Sherrill	5,398.34
Dec. 7	Shellabarger & Wilson, three months' services	1,250.00
16	J. E. Gates	200.00
		54,398.67
1882.		
Jan. 18	Charles Stanford, amount paid him in full for services and commissions in negotiating 50,000 shares C. P. R. R. stock, as per agreement made with him by Leland Stanford. (See C. P. H.'s letter of January 7, 1882; no voucher)	100,000.00
May 22	Leland Stanford, legal expenses; amount expended in 1882 to date (voucher 908½; no details)	18,235.00
Sept. 19	Leland Stanford, expenses; amount expended from June 20 to September 19 (voucher 1797½; no details)	54,587.83
Oct. 17	Leland Stanford, expenses; amount expended from September 19 (voucher 2013½; no details)	14,703.00
Nov. 8	W. W. Stow, for expenses (voucher 2205; no details)	32,100.00
8	W. W. Stow, for money expended by order of Gov. Stanford (voucher 2286; no details)	1,000.00
25	C. H. Cummings, cash advanced account miscellaneous expenses, by order of Leland Stanford (voucher 2327; no details)	3,535.25
June 30	Handel Zeitung, amount credited to bills receivable and charged to expenses (no details)	3,862.00
	C. P. Huntington's expense account:	
Feb. 6	Roscoe Conkling, legal expenses	5,000.00
Apr. 10	C. H. Sherrill	1,500.00
27	Charles Nordhoff	3,000.00
May 23	C. H. Sherrill	1,000.00
June 19	.....do	1,500.00
20	Shellabarger & Wilson, three months' services	1,250.00
June 19	J. E. Gates	2,000.00
July 26	C. H. Sherrill	3,000.00

List of amounts of cash, stock, bonds, etc.—Continued.

Date.	To whom paid and nature of payment.	Amount.
1882.		
Aug. 20	C. H. Sherrill	
Sept. 22	Shellabarger & Wilson, three months' services	
Oct. 2	C. H. Sherrill	
12	G. F. Edmunds, retainer in tax case	
25	C. H. Sherrill, to December 1, 1882	
Nov. 15	Shellabarger & Wilson, three months' services	
Dec. 6	S. W. Sanderson, legal	
12	C. H. Sherrill	
22	J. E. Gates	
29	C. H. Sherrill	
1883.		
May 31	N. S. Smith, expense account; for cash advances (voucher 1019; no details)	
June 9	Charles F. Crocker, general expenses (voucher 1092; no details)	
13	Charles F. Crocker, general expenses (voucher 1118; no details)	
Aug. 7	Charles F. Crocker, expense account (voucher 1513; voucher blank save signature)	
Oct. 24	Charles F. Crocker, for extraordinary expenses in service of company (voucher 1958; no details)	
24	Charles F. Crocker, general expenses (voucher 1959; no details)	
Nov. 17	Charles F. Crocker, general expenses (voucher 2129; no details)	
	C. P. Huntington's expense account:	
Jan. 17	J. E. Gates, legal	
18	C. H. Sherrill	
Feb. 3	J. E. Gates, legal	
6	J. E. Gates	
8	C. H. Sherrill	
Mar. 9	Shellabarger & Wilson, three months' services	
May 5	J. E. Gates, legal	
June 1	C. H. Sherrill	
July 14	J. E. Gates	
Sept. 4	C. H. Sherrill	
Oct. 13	do	
Nov. 8	do	
13	J. E. Gates	
30	Shellabarger & Wilson	
Dec. 19	J. E. Gates, legal	
1884.		
Feb. 7	James A. Johnson, legal advice and services rendered (no details; voucher 264)	
July 9	James A. Johnson, professional services rendered (no details; voucher 284)	
May 21	Charles F. Crocker, sundry receipts charged to expense account (voucher 926; no details)	
24	Charles F. Crocker (voucher 945; no details)	
26	Charles F. Crocker (voucher 953; no details)	
27	Charles F. Crocker (voucher 959; no details)	
June 2	Charles F. Crocker (voucher 1028; no details)	
July 10	Charles F. Crocker (voucher 1269; no details)	
25	Charles F. Crocker (voucher 1341; no details)	
Aug. 2	Charles F. Crocker (voucher 1418; no details)	
7	Charles F. Crocker (voucher 1445; no details)	
19	Charles F. Crocker (voucher 1513; no details)	
22	Charles F. Crocker (voucher 1531; no details)	
Aug. 23	Charles F. Crocker (voucher 1539; no details)	
25	Charles F. Crocker (voucher 1548; no details)	
Sept. 2	Charles F. Crocker (voucher 1644; no details)	
3	Charles F. Crocker (voucher 1650; no details)	
5	Charles F. Crocker (voucher 1656; no details)	
6	Charles F. Crocker (voucher 1662; no details)	
10	Charles F. Crocker (voucher 1674; no details)	
17	Charles F. Crocker (voucher 1709; no details)	
22	Charles F. Crocker (voucher 1737; no details)	
24	Charles F. Crocker (voucher 1751; no details)	
Oct. 6	Charles F. Crocker (voucher 1867; no details)	
6	Charles F. Crocker (voucher 1868; no details)	
8	Charles F. Crocker (voucher 1881; no details)	
14	Charles F. Crocker (voucher 1906; no details)	
14	Charles F. Crocker (voucher 1910; no details)	
15	S. T. Gage (voucher 1916; no details)	
16	C. F. Crocker (voucher 1922; no details)	
21	C. F. Crocker (voucher 1946; no details)	
21	A. B. Hotchkiss (voucher 1947; no details)	
20	C. F. Crocker (voucher 1939; no details)	
24	Creed Haymond (voucher 1972; no details)	
20	S. T. Gage (voucher 1940; no details)	

List of amounts of cash, stock, bonds, etc.—Continued.

Date.	To whom paid and nature of payment.	Amount.
1884.		
Oct. 22	C. F. Crocker (voucher 1955; no details)	3,000.00
23	Creed Haymond (voucher 1959; no details)	1,500.00
24	S. T. Gage (voucher 1967; no details)	2,000.00
27	S. T. Gage (voucher 1975; no details)	650.00
28	C. F. Crocker (voucher 1982; no details)	9,500.00
29	S. T. Gage (voucher 1983; no details)	1,700.00
30	C. F. Crocker (voucher 1991; no details)	2,000.00
30	J. M. Hanford (voucher 1992; no details)	500.00
31	C. F. Crocker (voucher 2039; no details)	9,216.00
31	S. T. Gage (voucher 2040; no details)	1,000.00
Nov. 3	C. F. Crocker (voucher 2070; no details)	500.00
8	C. F. Crocker (voucher 2082; no details)	5,000.00
10	S. T. Gage (voucher 2097; no details)	5,000.00
13	C. F. Crocker (voucher 2116; no details)	20,000.00
24	C. F. Crocker (voucher 2175; no details)	2,500.00
24	S. T. Gage (voucher 2176; no details)	1,800.00
Dec. 9	J. P. Jackson (voucher 2270; no details)	2,000.00
1	C. F. Crocker (voucher 2358; no details)	2,500.00
4	C. F. Crocker (voucher 2280; no details)	5,000.00
23	C. F. Crocker (voucher 2382; no details)	5,000.00
31	C. F. Crocker (voucher 2487; no details)	5,000.00
	C. P. Huntington's expense account:	
Jan. 15	J. E. Gates, legal	401.94
Feb. 5	R. M. McLean, legal	1,000.00
Mar. 5	Shellabarger & Wilson, three months	1,250.00
15	Robert McLean	500.00
Apr. 8	J. E. Gates, legal	500.00
May 2	R. McLean	1,000.00
21	....do	500.00
June 26	J. E. Gates, legal	2,000.00
July 5	——, legal	1,000.00
7	——, legal	2,500.00
23	Legal	1,000.00
Aug. 1	....do	1,000.00
Sept. 3	Shellabarger & Wilson, three months	1,250.00
29	J. P. Harris, legal	2,500.00
Oct. 26	J. E. Gates, legal	1,000.00
Dec. 9	Shellabarger & Wilson, three months	1,250.00
		487,611.94
1885.		
Apr. 15	Henry Vrooman, legal services	2,500.00
May 12	Frank M. Pixley, six months' services	5,000.00
Sept. 30	Pacific Improvement Company; for balances advanced to H. B. Herbert (no details)	8,276.39
Jan. 26	Charles Crocker, "expenses" (voucher 132; no details)	500.00
Feb. 2	S. T. Gage, "expenses" (voucher 206; no details)	6,000.00
16	L. Stanford, "legal and other expenses;" (voucher 271½; no details)	40,065.95
Mar. 7	S. T. Gage, "expenses" (voucher 397; no details)	2,500.00
10	C. F. Crocker, "expenses" (voucher 407; no details)	5,000.00
13	S. T. Gage, "expenses" (voucher 414; no details)	3,000.00
16	C. F. Crocker, "expenses" (voucher 428; no details)	29,000.00
17	S. T. Gage, "expenses" (voucher 432; no details)	41,000.00
18	S. T. Gage, "expenses" (voucher 437; no details)	3,000.00
19	S. T. Gage, "expenses" (voucher 440; no details)	9,060.00
20	S. T. Gage, "expenses" (voucher 445; no details)	15,000.00
21	S. T. Gage, expenses (voucher 449; no details)	21,000.00
23	C. F. Crocker, "expenses" (voucher 454; no details)	15,500.00
23	S. T. Gage for H. A. Cummings, "expenses" (voucher 455; no details)	1,750.00
23	S. T. Gage for H. A. Cummings, "expenses" (voucher 455; no details)	8,500.00
Apr. 29	Charles F. Crocker, "expenses" (voucher 680; no details)	4,000.00
May 1	S. T. Gage, "expenses" (voucher 711; no details)	5,000.00
14	S. T. Gage, "expenses" (voucher 764; no details)	5,891.00
June 6	T. Hopkins, "expenses" (voucher 840; no details)	7,500.00
9	S. T. Gage, "expenses" (voucher 844; no details)	5,000.00
13	Timothy Hopkins, "expenses" (voucher 858; no details)	5,000.00
16	S. T. Gage "expenses" (voucher 886; no details)	2,500.00
July 27	Sacramento and Placerville Railroad Company, cash advanced by them for general expenses of C. P. R. R. (voucher 959; no details)	4,000.00
Dec. 3	Pacific Improvement Company, "expenses" (voucher 1167; no details)	55,389.35
17	C. F. Crocker, "expenses" (voucher 1190; no details)	20,000.00
6	Charles Sherrill, expense account (see Huntington's letter, November 6, 1885)	10,500.00
	C. P. Huntington's expense account:	
Jan. 9	Sundries	6,110.11
	(The account current for January is missing and no further details in the journal.)	
Feb. 3	J. E. Gates, legal	500.00
Mar. 1	Shellabarger & Wilson, three months	1,250.00
		357,512.80

List of amounts of cash, stock, bonds, etc.—Continued.

Date.	To whom paid and nature of payment.	Amount.
1886.		
Jan. 7	Charles Crocker, agent, paid to T. B. Shannon in New York (no voucher and no details)	
June 4	J. E. Gates (no voucher)	
7	G. B. Williams, expenses in Washington (no voucher)	
Nov. 6	J. E. Gates (no details)	
Dec. 21	J. E. Gates (no details)	
Apr. 30	Southern Pacific Company, Charles Crocker's expense account (voucher 1544)	
Sept. 13	G. B. Williams, expenses in Washington, paid by C. Crocker	
13	J. E. Gates, legal expenses (voucher 2954)	
Oct. 30	J. E. Gates, legal expenses (no details)	

RECAPITULATION.

Years.	Amount.	Years.	Amount.
1863	$160,250.00	1876	$342,222.13
1864	132,338.05	1877	296,964.10
1865	35,775.00	1878	535,239.04
1866	28,784.32	1879	316,227.14
1867	66,187.31	1880	218,573.67
1868	354,795.79	1881	64,396.67
1869	274,312.90	1882	206,622.68
1870	180,715.68	1883	199,999.11
1871	54,972.01	1884	497,611.94
1872	89,600.20	1885	357,513.09
1873	18,960.46	1886	36,650.00
1874	68,584.22		
1875	224,540.25	Total	4,613,355.67

RICHARD F. STEVENS,
Chief accountant U. S. Pacific Railway Commission.

FINAL REPORT

ON THE

UNION PACIFIC BOND-AIDED ROADS

TO THE

UNITED STATES PACIFIC RAILWAY COMMISSION,

BY

WILLIAM CALHOUN, ACCOUNTANT.

REPORT OF WILLIAM CALHOUN, ACCOUNTANT.

UNITED STATES PACIFIC RAILWAY COMMISSION,
New York, October 26, 1887.

Hon. ROBERT E. PATTISON,
Chairman of the United States Pacific Railway Commission,
No. 10 Wall Street, New York:

DEAR SIR: In accordance with the requirements of the act of March 3, 1887, I herewith present a report as to my investigations of the Union Pacific Railroad Company, the Kansas Pacific Railway Company, the Denver Pacific Railway and Telegraph Company, and the Union Pacific Railway Company.

So far as my work is concerned, it has been almost entirely at the Boston office of the Consolidated Company; that is to say, the Union Pacific Railway Company; and the examination of all the books, papers, and accounts of the several railway companies composing the abovementioned Consolidated Company has been conducted at the Boston office.

More time was employed upon this work than I at first anticipated. The reason for this was that I found the earlier books of the Union Pacific Railroad Company in a great state of confusion, and the same may be said of the books of the Kansas Pacific Railway Company and of the Denver Pacific Railway and Telegraph Company. I believe I have hitherto reported the facts generally as to the condition of the books of record and account of the Kansas Pacific Company and of the Denver Pacific Railway and Telegraph Company.

The first requirement under the act, so far as the accounting bureau of the Commission is concerned, is "to ascertain whether the books and accounts of the several aided companies have been so kept as to show the net earnings of the aided portion of the lines, and also what said books and accounts do actually show in reference thereto." As a subdivision of the result required as aforesaid the act also asks whether "any diversion of earnings, constructive mileage allowances, or rebates have been made to other lines," etc. All the information required under this portion of the act can only be obtained at the Omaha office of the Union Pacific Railway Company, so far as the operations of that line and its branches are concerned. Mr. Alexander J. McDowell was appointed to ascertain these results, and I understood he would make his own report as to his findings, but inasmuch as I have been directed by the Commission to embody his work in mine, I herewith submit his report with its accompanying exhibits as my exhibit, "McDowell," and here and there, where occasion is necessary, use the substance of his work in connection with my own. For the first five years the books of the Union Pacific Railroad Company were so badly kept that it was diffi-

cult to ascertain, without much study, what the net earnings were. From 1874 onward, a better system of account keeping was adopted, and the results as to net earnings were at least more clearly established.

In the subjoined statement the net earnings, as shown by the books at Boston, are compared with the books at Omaha, at which latter place the accounts of the operating department are kept.

In answer to queries contained in the circular of the Commission, of 12th May last, embraced in paragraphs 3 to 10, inclusive.

(3) And whether their books and accounts are or have been so kept as to show the net earnings of the aided roads, and what said books and accounts actually show in regard thereto, and what have been, in fact, said net earnings.

(4) Or whether there has been a diversion of earnings of aided roads to less productive branches, through constructive mileage allowances, between aided and non-aided roads or parts of roads, or otherwise.

(5) And also whether such system of constructive mileage allowances is fair and usual, and, in practical operation, has resulted adversely or otherwise to the aided roads and the interest of the United States.

(6) Or whether there has been a diversion of earnings of aided roads to wrongful or improper purposes; and, if so, to what extent?

(7) Whether there is a discrimination of rates in favor of unaided against aided roads.

(8) Whether any, and if so, how much, money is due and owing to the United States on account of mistaken or erroneous accounts, reports, or settlements made by said roads.

(9) Whether any traffic or business which could or should be done on the aided lines of said companies has been diverted to the lines of any other company or to non-aided lines.

(10) And what amounts have been deducted from the gross earnings of any of said aided railroad companies, by their general freight and passenger agents or auditors, by way of rebate, percentage of business done, constructive mileage, monthly or other payments, or any pooling or rate arrangement, contract, or agreement.

NET EARNINGS OF THE UNION PACIFIC (BOSTON AND OMAHA BOOKS), KANSAS PACIFIC, AND DENVER PACIFIC RAILWAY AND TELEGRAPH COMPANY.

Year.	Net earnings.		Year.	Net earnings.	
	Boston books.	Omaha books.		Boston books.	Omaha books.
1867 (Apr. to Dec.)	$2,015,831.86	$2,060,374.03	1876	7,477,408.79	7,477,408.79
1868	1,099,185.76	893,921.99	1877	7,349,013.54	7,152,411.99
1869	1,967,806.16	2,031,170.09	1878	7,744,686.39	7,951,065.85
1870	2,947,862.27	2,776,771.88	1879	7,725,574.22	7,725,574.22
1871	3,921,115.30	3,921,115.30	1880 to Jan. 31 (inclusive)	580,876.05	580,876.05
1872	4,092,032.05	4,092,032.05			
1873	5,222,891.30	5,222,891.30	Total	64,020,833.56	63,782,162.99
1874	5,424,997.13	5,424,997.13			
1875	6,451,552.74	6,451,552.74			

The books show that the net earnings of the Union Pacific Railway Company were as follows:

Year.	Net earnings.		Year.	Net earnings.	
	Boston books.	Omaha books.		Boston books.	Omaha books.
1880 (11 months)	$11,730,535.88	$11,768,842.61	1885	8,404,676.31	8,404,676.31
1881	11,625,034.70	11,778,474.39	1886	7,522,707.02	7,522,707.02
1882	11,983,278.47	12,090,834.96			
1883	10,356,965.25	10,648,001.28	Total	70,565,110.04	71,008,491.19
1884	8,941,909.41	8,870,884.53			

These net earnings were contributed by divisions, as under:

Year.	Union Division.	Kansas Division, including Leavenworth Branch.	Cheyenne Division.
[illegible]	$8, 896, 101. 20	$2, 644 128. 49	$190, 298. 19
[illegible]	8, 936, 039. 93	2, 460, 345. 65	228, 652. 12
[illegible]	9, 759, 325. 91	2, 087, 860. 31	136, 092. 25
[illegible]	8, 668, 218. 90	1, 609, 093. 46	79, 652. 80
[illegible]	6, 751, 371. 38	1, 945, 573. 22	244, 964. 81
[illegible]	6, 088, 633. 87	2, 080, 005. 74	296, 636. 70
[illegible]	5, 217, 351. 02	2, 080, 930. 30	224, 425. 79
Total	54, 317, 042. 21	14, 907, 945. 17	1, 340, 122. 66

(The above from the Boston books.)

The maintenance of way during the period from 1867 to January, 1886, cost as follows:

Year.	Union Pacific Railroad.	Year.	Union Pacific Railway.
[illegible]	$387, 629. 65	1880 (11 months)	$3, 074, 449. 29
[illegible]	1, 272, 944. 53	1881	3, 879, 497. 32
[illegible]	1, 885, 126. 44	1882	2, 638, 635. 14
[illegible]	1, 343, 247. 33	1883	2, 095, 077. 13
[illegible]	964, 100. 75	1884	1, 695, 047. 29
[illegible]	1, 575, 528. 79	1885	1, 769, 027. 50
[illegible]	1, 696, 378. 96	1886	2, 249, 513. 44
[illegible]	1, 527, 116. 59		
[illegible]	1, 679, 340. 20		
[illegible]	1, 702, 176. 71		
[illegible]	1, 675, 705. 75		
[illegible]	1, 513, 005. 48		
[illegible]	1, 397, 896. 78		
[illegible] (January)	29, 112. 98		
Total	18, 649, 112. 94	Total	17, 401, 247. 11
Average per annum	1, 425, 409. 50	Average per annum	2, 515, 842. 95

No authentic information as to the cost of maintenance of way could be obtained from the Kansas Pacific books, for the reason that on or after 1876 a recasting of the income expenses of the company was undertaken on two several occasions, and for purposes that were not clearly indicated. In this recasting of the income account the operating expenses were run in as lump sums under the general title of working expenses, and no separation was made of the aggregate sum into the usual classification known as "conducting transportation, motive power, maintenance of cars, maintenance of way, and general expenses." An approximate idea, however, may be obtained of the cost of this class of expenditure to the Kansas Pacific Company, from the report of the auditor of railroad accounts for the year 1880. This upon 394 miles of line was as follows, from 1869 to 1878:

Year.	Amount.	Year.	Amount.
[illegible]	$328, 440. 44	1876	276, 374. 43
[illegible]	373, 187. 28	1877	409, 584. 33
[illegible]	387, 540. 43	1878	490, 141. 58
[illegible]	352, 693. 97		
[illegible]	352, 067. 84	Total	3, 435, 231. 63
[illegible]	243, 106. 82		
[illegible]	282, 084. 49	Average per year	343, 523. 16

Speaking of the advantages of consolidation as pertinent to net earnings, the report of 1879 of the Union Pacific Railroad Company has the following:

This course was decided upon after mature consideration, as being for the best interests of the Union Pacific and Kansas Pacific roads, not only promising a diminished ratio of operating expenditure, but disposing of many questions of a vexatious and disturbing nature between the companies.

Not only this, however, but the improved condition of business in Kansas and Colorado, as shown in their increased production of metals and cereals, as well as largely increased immigration, warrants the belief that the Kansas Pacific road will hereafter maintain itself as a sound dividend-paying property, and thus not only be no burden to its new partner, but an effectual aid to the resumption of a higher rate of dividends at no distant day.

To test the accuracy of the above statements I subjoin the following, showing the expense ratio of operating expenses, from 1870 to 1886:

Year.	Expense.	Year.	Expense.	Year.	Expense.
1870	61.34	1875	46.21	1880	[illegible]
1871	47.37	1876	41.98	1881	[illegible]
1872	53.92	1877	43.24	1882	[illegible]
1873	49.12	1878	40.98	1883	[illegible]
1874	48.63	1879	41.48	1884	[illegible]
				1885	[illegible]
Average	52.09	Average	42.76	1886	[illegible]
				Average	[illegible]

	Average per mile.
1870 to 1874	[illegible]
1875 to 1879	[illegible]
1880 to 1883	[illegible]
1884 to 1886	[illegible]

The net earnings from lines operated by the Union Pacific Railway Company from 1880 to 1886, inclusive, were as follows:

Net earnings of the operated lines of the Union Pacific Railway Company as shown on the Boston books.

	Operated line.	1880.	1881.	1882.	1883.
1	Omaha and Republican Valley	$14,450.29	*$13,946.92	$71,436.89	[illegible]
2	Omaha, Niobrara and Black Hills	2,372.78	*46,212.31	61,520.07	[illegible]
3	Saint Joseph and Western	17,869.76	34,263.00	11,650.79	[illegible]
4	Marysville and Blue Valley	*16,468.22	*32,857.09	*17,650.79	[illegible]
5	Colorado Central (including Julesburgh Branch, Wyoming).	563,000.81	603,940.74	680,165.30	[illegible]
6	Utah and Northern	293,942.52	602,618.77	905,368.37	[illegible]
7	Lawrence and Southwestern (afterwards, Lawrence and Emporia).	*7,122.95	*11,171.00	*16,597.90	[illegible]
8	Junction City and Fort Kearney	9,909.43	31,072.55	13,897.21	[illegible]
9	Solomon Railroad	*14,328.22	13,837.99	20,850.76	[illegible]
10	Salina and Southwestern	439.61	4,655.09	20,496.14	[illegible]
11	Denver and Boulder Valley	4,861.21	3,638.34	*12,124.29	[illegible]
12	Golden Boulder and Caribou	*1,499.36	12,629.56	15,514.54	[illegible]
13	Denver, South Park and Pacific	.....	309,757.28	377,449.60	[illegible]
14	Echo and Park City Railroad	2,033.55	34,099.30	38,966.88	[illegible]
15	Greeley, Salt Lake and Pacific	.....	.....	*2,895.60	[illegible]
16	Oregon Short Line	.....	.....	*9,179.24	[illegible]
17	Salt Lake and Western	.....	.....	39,814.16	[illegible]
18	Kansas Central	.....	.....	17,452.43	[illegible]
	Total	908,879.96	1,650,507.22	2,274,523.16	[illegible]
	Deficit	*39,418.75	*104,187.32	*57,947.82	[illegible]
		869,461.21	1,546,319.90	2,216,575.34	[illegible]

Net earnings of the operated lines of the Union Pacific Railroad Company, etc.—Continued.

	Operated line.	1884.	1885.	1886.
1	Omaha and Republican Valley	$155,007.57	$45,857.47	$13,839.43
2	Omaha, Niobrara and Black Hills	41,673.00	17,885.66	39,173.65
3	Saint Joseph and Western			
4	Marysville and Blue Valley			
5	Colorado Central (including Julesburgh Branch, Wyoming)	516,436.12	299,443.52	414,112.80
6	Utah and Northern	871,226.03	371,360.88	459,418.00
7	Lawrence and Southwestern (afterwards Lawrence and Emporia)	*14,724.82	*22,290.53	*16,384.21
8	Junction City and Fort Kearney	64,812.06	53,235.23	49,776.78
9	Solomon Railroad	56,636.40	38,724.25	27,749.25
10	Salina and Southwestern	24,123.59	19,131.13	25,305.38
11	Denver and Boulder Valley	18,077.54	19,391.26	15,639.75
12	Golden Boulder and Caribou	14,274.09	16,736.49	7,324.60
13	Denver, South Park and Pacific	*330,612.22	*16,129.32	*46,303.32
14	Echo and Park City Railroad	53,353.45	13,999.97	5,660.17
15	Greeley, Salt Lake and Pacific	*7,709.66	*26,099.39	*21,679.48
16	Oregon Short Line	288,639.42	557,959.84	507,376.10
17	Salt Lake and Western	57,131.90	23,820.26	29,383.25
18	Kansas Central	*99,502.61	*46,575.17	*76,046.66
19	Georgetown, Breckenridge and Leadville	428.53	*10,851.97	*4,117.72
20	Laramie, North Park and Pacific		*2,406.75	*1,158.70
21	Denver and Middle Park		*3,024.16	*2,333.42
22	Manhattan and Blue Valley			6,406.63
23	Denver, Marshall and Boulder			12,005.16
24	Salina, Lincoln and Western			8,774.76
25	Montana Railway	28,910.60	13,014.61	18,349.40
	Total	2,190,780.30	1,490,560.67	1,640,496.20
	Deficit	*452,549.31	*127,386.29	*168,023.51
		1,738,180.99	1,363,174.38	1,472,471.69

* * Deficit.

RECAPITULATION.

Net earnings:

13 roads in 1880	$869,461.21
14 roads in 1881	1,546,319.90
18 roads in 1882	2,216,575.34
18 roads in 1883	2,441,647.30
19 roads in 1884	1,738,180.99
20 roads in 1885	1,363,174.38
23 roads in 1886	1,472,471.69
	11,647,230.81

The character* of the expenditures and investments in these lines can only be determined by the earning power of the several corporations, which may be stated as follows:

Name.	Years.	Average net earnings.
Omaha and Republican Valley R. R.	7	$64,607.78
Omaha, Niobrara and Black Hills R. R.	7	31,867.44
Saint Joseph and Western R. R.	4	84,466.97
Marysville and Blue Valley R. R.	4	†18,373.81
Colorado Central (including Julesburgh Branch)	7	518,713.98
Utah and Northern R. R.	7	611,793.60
Lawrence and Southwestern (now the Lawrence and Emporia)	7	†10,674.77
Junction City and Fort Kearney R. R.	7	38,639.15
Solomon Railroad	7	25,782.14
Salina and Southwestern R. R.	7	17,148.48
Denver and Boulder Valley R. R.	7	8,302.23
Golden, Boulder and Caribou R. R.	7	10,679.91
Denver, South Park and Pacific R. R.	6	57,151.72
Echo and Park City R. R.	7	26,207.58
Greeley, Salt Lake and Pacific R. R.	4½	†17,154.45
Oregon Short Line	4½	377,929.71
Salt Lake and Western R. R.	4⅓	43,421.07
Kansas Central R. R.	5	†50,007.37
Georgetown, Breckenridge and Leadville R. R.	2⅝	†5,281.61
Laramie, North Park and Pacific R. R.	2	†1,782.72
Denver and Middle Park R. R.	2	†2,678.79
Manhattan and Blue Valley R. R.	1	10,982.79
Denver, Marshall and Boulder R. R.	1⅓	31,077.19
Salina, Lincoln and Western R. R.	⅔	26,324.28
Montana Ry	2⅓	24,941.22

* Character, and not value, is intended. † Deficit.

Exhibit A 29 herewith is an approximated statement showing the average mileage of the auxiliary lines; the total net earnings during the period operated; the interest charge during the same period; the total net earnings per mile; the total interest charge per mile; the total income or deficit per mile, interest charge per mile deducted, and the net yearly income or deficit per mile. From this table it would appear that twenty-one of the twenty-five lines are running behindhand in their income per mile. On this basis those assets of the Union Pacific Railway Company which are made up of the bonds and stocks of these lines and the advances thereto would appear to be in the nature of a contingent charge against the Income Account of the company. On the other hand, the officers of the Union Pacific maintain that, notwithstanding these deficits, the branch lines really contributed in the way of interchangeable traffic to and from the main line the sum of $3,287,072.95 (in 1886) as indirect income on the investment in these branch lines. (See Mink's testimony in volume 3, page 619, of the Commission report.) This certainly is an element in the question as to the value of the branch lines to the main line. The way the books of the company are now kept, this indirect income and expense account is buried in the mass of matter which enters in the accounts of the company at Omaha. The Union Pacific officials further assert that it would be almost impossible to make the accounts show accurately the value of the constructive mileage. On the face of the books, however, the branch lines investment must be set down as of uncertain value until a more satisfactory system of accounting can be established.

The books show that the net earnings of the Kansas Pacific Railway Company were as follows:

Year.	Net earnings, aided and unaided, per books.	Net earnings, aided portion (estimated), not in books.	Year.	Net earnings, aided and unaided, per books.	Net earnings, aided portion (estimated), not in books.
1867	$190, 571. 56	$190, 571. 56	1874	$1, 344, 867. 36	$737, 226. 31
1868	495, 230. 61	444, 466. 65	1875	1, 153, 658. 07	675, 253. 68
1869	437, 163. 70	392, 351. 99	1876	457, 553. 60	267, 868. 47
1870	*700, 689. 21		1877	1, 327, 407. 79	777, 115. 61
1871	264, 033. 37	188, 809. 63	1878	909, 456. 75	522, 436. 84
1872	1, 041, 904. 30	609, 970. 72	1879	1, 465, 475. 35	857, 903. 45
1873	923, 584. 26	540, 701. 63	1880 (Jan.)		

*Deficit.

The books show that the net earnings of the Denver Pacific Railway and Telegraph Company were as follows:

Year.	Net earnings.	Year.	Net earnings.
1870	$107, 219. 81	1875	$234, 962. 69
1871	97, 129. 47	1876	165, 188. 32
1872	197, 378. 47	1877	131, 114. 15
1873	215, 812. 93	1878	48, 132. 58
1874	242, 846. 08	1879	21, 067. 89

January, 1880, not in books.

The net earnings of the Kansas Pacific and the Denver Pacific include the earnings for branch lines and pools, for the reason that as the books were kept the separation was not practicable in all cases. The books, which contained particulars concerning the operations of these lines,

were not found at the Boston office. As a factor in these net earnings, whatever charges were incurred by reason of any connection with branch lines or pools, were passed to the debit of the Income Account.

In accordance with the suggestion of the Commission, the report of Mr. Alexander J. McDowell, who was charged with the duty of examining the books at Omaha, is, as before stated, made a part of this report, and will be known as Exhibit McDowell. From this report the figures are taken for the net earnings, as shown by the Omaha books and stated on page —— therein. They differ in some cases from the figures found in the Boston books, a fact which would seem to indicate that there were differences between the two sets of books, which require reconciliation. The exhibits which accompany Mr. McDowell's report are as follows:

EXHIBIT A.—Earnings and expenses from 1868 to 1886, inclusive.
EXHIBIT B.—Insufficient and missing vouchers.
EXHIBIT C.—Statement of foreign expenses.
EXHIBIT D.—Statement of foreign expenses.
EXHIBIT E.—Expenditures for construction of auxiliary lines.
EXHIBIT F.—Construction and equipment of operated lines.
EXHIBIT G.—General summary of construction and equipment expenditures from 1867 to 1886.
EXHIBIT H.—Statement of salaries paid, $5,000 and upward.

As a branch of this subject of net earnings, so far as they are shown on the Omaha books, I subjoin a copy of a letter from H. J. Anderson, accountant, addressed to Richard F. Stevens, chief accountant, relative to the manipulation of the material accounts:

I submit herewith report of the examination made of the "Material on hand" account of the Union Pacific Railway. By reference to Exhibit A, it will be seen that the method of keeping the account was improper.

On April 30, 1880; July 31, 1881; September 30, 1881; and February 28, 1882, the account is charged with "rails to Omaha store" and Operating Expenses credited, thus decreasing the amount of Operating Expenses and increasing "the material on hand." The amounts are carried for a time and then credited back to Material and charged to Operating Expenses. It is simply a manipulation of the accounts to make a better showing of its business.

Material Account, December 31, 1880, is charged with balance of "Surplus of Inventory" and Miscellaneous Earnings credited, thus increasing Miscellaneous Earnings.

On December 31, 1883, this method is followed except that the surplus or shortage is posted separately to the different accounts. On December 31, 1884, by authority of O. W. Mink, assistant treasurer, the Material Account is credited with the depreciation in value, etc., the amount being charged to Boston office. These entries being an excess of credits, reduced the value of material on hand $448,148.15, which includes shortage and depreciation in values.

In February, 1876, material on hand was charged $10,000 for amount paid C. S. Bushnell for services, etc. (see Exhibit B, under letter of advice of E. H. Rollins, Treasurer).

With these exceptions, no other items appear in the account which do not properly belong to it.

Yours, respectfully,

H. J. ANDERSON,
Accountant.

Accompanying this letter of Mr. Anderson's are the following documents:

"Material on Hand Account," 1880 to 1886, inclusive, pages 1 to 6.
Exhibit B, showing payments to C. S. Bushnell.

I have to state here, that in view of the results of the examinations made, not only at Omaha, but at Boston, no strictly accurate and exhaustive answer can be given to the queries numbered 4 and 5 of the circular of the Commission, for the reason that the constructive mileage allowances are entered directly to the credit of the branch lines from

each separate way-bill, and it would, therefore, be impossible to state accurately the total amount of such allowances, except by restating from the original papers the entire accounts of the Union Pacific Railway Company, with the branch lines.

(4) Or whether there has been a diversion of earnings of aided roads to less productive branches, through constructive mileage allowances or average mileage allowances, between aided and non-aided roads or parts of roads, or otherwise.

(5) And also whether such system of constructive mileage allowances is fair and usual, and, in practical operation, has resulted adversely or otherwise to the aided roads and the interest of the United States.

The amount of drawbacks, overcharges, rebates, pools, subsidies, etc., on the aided portion of the Union Pacific Railway Company* are as follows:

Aided portion Union Pacific Railway Company, drawbacks, overcharges, rebates, etc.

Freight:		
Total amount of that account from 1868 to 1886		$10,714,983.16
Less for pools, subsidies, etc., from 1881 to 1886, included in this account		2,169,320.48
		8,545,563.68
Passenger:		
Total amount charges to that account from 1868 to 1886	$3,799,903.12	
Less for pools, subsidies, etc., from 1868 to 1886, included in this account	768,395.18	
		3,031,507.94
		11,577,091.62

Pools, subsidies, etc.

Total amount included in account of drawbacks, overcharges, and rebates, passenger and freight	$2,937,734.66
Pacific Mail and Steam-ship Company account, charged to freight and passenger earnings direct	1,108,662.38
	4,046,397.04
Less balance of pool settlements charged and credited to passenger and freight earnings direct, viz:	*41,884.56
	4,004,512.48
Credit to passenger earnings	82,547.30
Less debit on freight earnings	40,662.74
	*41,884.56

In answer to queries contained in the circular of the Commission of 12th of May last, embraced in paragraphs 11 and 12.

(11) And also to inquire into, ascertain, and report as to the kind, character, and amount of the assets of said companies.

(12) And what assets of each company are now subject to the lien of the Government, and the value thereof.

To meet the inquiry as to the kind, character, and amount of the assets of the several companies investigated, I beg to hand you herewith copies of the balance sheets of the Union Pacific Railroad Company, the Kansas Pacific Railway Company, the Denver Pacific Railway and Telegraph Company, and the Union Pacific Railway Company. All these balance sheets contain commentaries which explain the nature

* From McDowell's figures.

of the items which compose the assets and liabilities and the receipts and expenditures of the said companies. I may say here, that, technically speaking, these documents are not balance sheets, but trial balances, inasmuch as balance sheets would not contain the items in extenso—consequently recourse was had to the first form of demonstrating the accounts. This form, in the accountant's business, is indicated by a document called the "trial balance." For our present purpose, however, we will call all these documents "balance sheets."

The balance sheets of the Union Pacific Railroad Company run from 1863 to January, 1880, and are herewith submitted as Exhibits A 1 to A 17. The balance sheets of the Union Pacific Railway Company run from 1880 to 1886, and are herewith submitted as exhibits A 18 to A 24. These exhibits will show, as far as the books can show the same, the kind, character, and amount of the assets of the said companies, in detail. The balance sheets of the Kansas Pacific and Denver Pacific are numbered A 25 to A 28, inclusive. These balance sheets include commentaries upon the assets and liabilities, as in the case of the Union Pacific balance sheets.

Owing to the condition of the books of the Kansas Pacific and Denver Pacific Companies, it was not found possible to take off yearly balance sheets that would have exhibited complete statements as to the affairs of these companies. The book-keeping, so far as the Kansas Pacific is concerned, was simply disgraceful. The work under the Gould management being, if anything, worse than that of the Saint Louis management. It is very strange that the Government, in view of the interests it had at stake in this and the other companies which it aided, did not appoint sufficiently competent persons to supervise the accounts, and see that the United States was not defrauded of its just dues by erroneous, improper, and negligent book-keeping. This report will show, in connection with the special reports already made to the Commission, how the Government has suffered by false statements and fraudulent entries. The above criticisms apply chiefly to the period during which the road was constructed, and to the period of the Gould management.

The questions as to what assets are now subject to the lien of the Government, and the value of same, or whether any dividends have been unlawfully declared, are matters for the Commission to determine. The same also may be said, as to whether these dividends may not be recovered, and the questions as to whether the proceeds of any trust fund or lands loaned have been invested, or whether any stocks or bonds have been issued, without authority of law, are also in the category of legal ascertainments.

In answer to queries contained in the circular of the Commission of 12th of May last, embraced in paragraphs 13 and 14.

(13) And also whether any dividends have been unlawfully declared by the directors or paid to the stockholders of said companies, and, if so, to what extent.

(14) And whether the amount thereof may not be recovered from the directors unlawfully declaring the same or persons who have unlawfully received the same.

The dividends declared by the Union Pacific Railroad Company were as follows:

Number.	Date.	Per cent.	Dividend.	Number.	Date.	Per cent.	Dividend.
	1875.				1878.		
1	July 1	1½	$551,175	11	Jan. 1	2	$734,900
2	Oct. 1	2	734,900	12	Apr. 1	2	734,900
	1876.			13	Oct. 1	1½	551,175
3	Jan. 1	2	734,900		1879.		
4	Apr. 1	2	734,900	14	Jan. 1	1½	551,175
5	July 1	2	734,900	15	Apr. 1	1½	551,175
6	Oct. 11	2	734,900	16	July 1	1½	551,175
	1877.			17	Oct. 1	1½	551,175
7	Jan. 1	2	734,900		1880.		
8	Apr. 1	2	734,900	18	Jan. 1	1½	551,175
9	July 1	2	734,900				
10	Oct. 1	2	734,900		Total dividends to Jan. 1, 1880		11,942,125

The dividends declared by the Union Pacific Railway Company were as follows:

Number.	Date.	Per cent.	Dividend.	Number.	Date.	Per cent.	Dividend.
	1880.				1882.		
1	Apr. 1	1½	$761,434.50	11	Oct. 2	1½	$1,065,197.00
2	July 1	1½	761,434.50		1883.		
3	Oct. 1	1½	761,434.50	12	Jan. 1	1½	1,065,197.00
	1881.			13	Apr. 2	1½	1,065,197.00
4	Jan. 1	1½	761,434.50	14	July 2	1½	1,065,197.00
5	Apr. 1	1½	888,340.25	15	Oct. 1	1½	1,065,197.00
6	July 1	1½	1,058,402.63		1884.		
7	Oct. 1	1½	1,064,197.75	16	Jan. 1	1½	1,065,197.00
	1882.			17	Apr. 1	1½	1,065,197.00
8	Jan. 2	1½	1,065,193.50				
9	Apr. 1	1½	1,065,197.00		Total		16,708,645.13
10	July 1	1½	1,065,197.00				

The total dividends declared by the Union Pacific Railroad Company and the Union Pacific Railway Company from July 1, 1875, to April 1, 1884, were $28,650,770.13, making a yearly average of $3,274,373.73.

An analysis of the balance sheets from 1875 to 1879, so far as the value of the assets is concerned, annexed herewith, will disclose the propriety or otherwise of the dividends made during those years. From the state of the income accounts of those years, these dividends appear to be unwarranted. The income accounts as stated by me include and charge against each respective year the amount of the interest accruing on the indebtedness to the Government. If these amounts were not charged, there would be a credit surplus of income left after the payment of said dividends.

In answer to queries contained in the circular of the Commission of May 12 last, embraced in paragraphs 15, 16, 17, 18, *and* 19.

(15) Whether the proceeds of any trust funds or lands loaned, advanced, or granted have been diverted from their lawful use.

(16) Whether any new stock or bonds have been issued or any guarantees or pledges made contrary to or without authority of law.

(17) Whether any of the directors, officers, or employés of said companies, respectively, have been or are now directly or indirectly interested, and to what amount or extent, in any other railroad, steam-ship, telegraph, express, mining, construction or other business company or corporation, and with which any agreements, undertakings, or leases have been made or entered into

(18) What amounts of money or credit have been or are now loaned by any of said companies to any person or corporation.

(19) What amounts of money or credit have been or are now borrowed by any of said companies, giving names of lenders and the purposes for which said sums have been or are now required.

As before stated, the proceeds of trust funds and the diversion of the same, or as to whether any stock or bonds or guarantees had been given without legal authority, must come within the province of legal investigation, inasmuch as the books would naturally be silent on these subjects, and only the bald facts concerning such issues or otherwise would be stated. (See Exhibit A 59.)

As the balance sheets heretofore mentioned do not show in the aggregate what sums of money have been or are now borrowed by any of said companies, schedules of these borrowings were prepared, so far as the Union Pacific Railroad Company was concerned, giving the date, name, amount, and interest of every sum borrowed, but owing to the state of the books and the difficulty of verifying the schedules these sums could only be approximated. The interest and discount, however, are absolutely defined amounts. During some years loans to the company were renewed over and over again, and this would account for the very large amounts of the same showing in 1868 and other years, when the company was in great straits for funds. So far as loans by the Union Pacific Railroad Company were concerned, it never appears to have been in a position to make many.* It was a chronic borrower of money. A short statement of the loans made to the company, as approximately ascertained, and the interest thereon, is hereto annexed.

In addition to the loans above mentioned various sums of sterling exchange were borrowed by the company, among which were £175,000 in 1869, £60,000 in 1872, and £20,264 in 1874.

Owing to the condition of the books of the Kansas Pacific and the Denver Pacific Companies it was found scarcely possible, within the time required, to make a statement of the loans of moneys made to those companies, and in view of this fact it was thought best to confine the labor to the work of extracting the amounts of money borrowed on behalf of the Union Pacific Companies.

In answer to queries contained in the circular of the Commission of May 12 last, embraced in paragraphs 20 and 21.

(20) What amounts of money or other valuable consideration, such as stocks, bonds, passes, and so forth, have been expended or paid out by said companies, whether for lawful or unlawful purposes, but for which sufficient and detailed vouchers have not been given or filed with the records of said companies.

(21) And further, to inquire and report whether said companies, or either of them, or their officers or agents, have paid any money or other valuable consideration, or done any other act or thing, for the purpose of influencing legislation.

With respect to the amounts of money or other valuable consideration, such as stocks, bonds, passes, etc., which have been expended or paid out by the Union Pacific Railroad Company and its successors, whether for lawful or unlawful purposes, but for which sufficient and

* See Exhibit A 30, which shows transactions both ways.

detailed vouchers have not been given or filed in the records of said companies, I have to state it was found impracticable to set down in tabular or other form the amounts of missing vouchers of the Union Pacific Railroad Company, for the reason that during the early period of the company's history the practice with respect to the keeping and filing of the vouchers, needed to sustain the entries in the books, was not one that was scrupulously followed. Many entries, both in the cash-book and the journal, were without vouchers of any kind, and it was simply a question with me whether or not parts of the contents of the various books of account were to be copied or not in order to comply in some degree with the requirements of the act respecting this part of the investigation. To have made a complete and accurate list or table of missing and insufficient vouchers, could not be accomplished with the time and force at my disposal.

The period during which the amount of these missing vouchers is considerable and important, representing a great variety of transactions, is the period commencing with the construction of the road, and continuing to about 1871. Between 1871 and 1879, including the latter year, there are also numerous entries as to which the vouchers are not satisfactory or sufficient. I have personally examined the vouchers of the company from 1880 to 1886, both inclusive, and find that for those years there are no vouchers wanting, but that all the payments of the company for that period are supported substantially by regular vouchers.

As respects the vouchers of the Kansas Pacific Company, I have to say that none of these were filed in Boston. I made a verbal request for them and was told that it would be extremely difficult to get them together, which was doubtless the fact. I also made a written request for the vouchers of the Construction Account of the same company. These vouchers were, I believe, promised, and I hoped to examine them in Boston, but up to the date of my departure the company had not received them. These vouchers refer to the period during which the Kansas Pacific was constructed—say from 1866 to 1872.

The vouchers of the Denver Pacific Railway and Telegraph Company were also missing, as were likewise a number of books and papers which were absolutely needed to throw light on certain transactions,* which required more explanation than the books afforded.

Concerning the sums of money which have been paid, either directly or indirectly, for the purpose of influencing legislation, I have to say that the books of the Kansas Pacific Company indicate that large sums of money, as well as considerations in bonds and stocks, were paid for services rendered by various parties in Washington.† Some of these transactions have been hitherto reported by me, but, of course, the books do not show whether they had reference to the influencing of legislation or not. In the Legal Expense Accounts of the Union Pacific Companies will be found a number of charges for work alleged to have been done in Washington.

A memorandum of instructions relating to vouchers is herewith annexed, which was prepared for the guidance of the clerks of the Commission in Boston. The question as to what constituted a voucher was duly considered, and the result of it was that I concluded to exercise my discretion so far as I could in view of the language of the act, with reference to the various documents which were submitted to me as evidences of the payments entered on the books.

* The construction accounts and capital stock entries.
† See journal entries and cash-book entries between November, 1865, and October, 1866.

In answer to query contained in the circular of the Commission of May 12 last, embraced in paragraph 22.

(22) And to investigate and report all the facts relating to an alleged consolidation of the Union Pacific Railroad Company, the Kansas Pacific Railway Company, and the Denver Pacific Railway and Telegraph Company into an alleged corporation known as the Union Pacific Railway Company. Said investigation shall include the alleged sale of the stock of the Kansas Pacific Railroad Company to the Union Pacific Railroad Company, and all the circumstances and particulars pertaining to said alleged sale.

The facts leading up to the point of consolidation of the three companies have been pretty fully set forth in my previous reports, designated as the sixth of the series, parts 1 and 2. I now proceed to continue this history so as to exhibit the facts as they are shown by the books at and after the date of consolidation, namely, January 24, 1880.

Article 10 of the consolidation agreement between the several companies reads as follows:

The new company hereby formed does not herein assume any separate or individual liability for the outstanding debts, obligations, and liabilities of the respective constituent companies, whose several and separate existence as to third parties shall, as respects such debts, obligations, and liabilities of every kind and nature, still continue, notwithstanding these articles of union and consolidation. But nothing herein contained shall prevent any valid debt, obligation, or liability of either constituent company from being enforced against the property of the proper constituent company, which by force of these articles becomes the property of the consolidated company. The corporate existence of the respective constituent companies shall not absolutely cease, *eo instante*, on the consummation of the union and consolidation herein provided for, but shall remain and continue so far as necessary to carry out the intent and purpose hereof.

A recital of the condition of the constituent companies at the date of consolidation, is rendered important in view of the language of the above-noted article. The books of the Union Pacific Company show that its railway property, assets and expenditures, liabilities and receipts, on or about the 24th of January, 1880, were as follows:

Fixed expenditures charged to construction		$92,281,876.34
Cost of Omaha Bridge		2,869,897.51
Undistributed expenditure growing out of sundry contracts, as follows:		
Ames contract	$1,748,739.94	
Davis contract	23,129,671.01	
Credit Mobilier	987,153.35	
		25,865,564.30
Bills receivable		40,000.00
Available assets		111,269.58
Unavailables:		
United States interest, etc	5,755,827.93	
Operating department	1,591,136.94	
United States Treasury, sinking fund	2,806,256.49	
United States transportation, 1878	158,464.63	
United States transportation, 1879	557,754.74	
United States transportation, Colorado division	1,105.87	
		10,870,546.60
Branch lines, etc., advances:		
Colorado Central R. R. Co	78,879.05	
Colorado Central interest account	6,666.66	
Utah Southern R. R. Co	554,881.83	
Utah and Northern Rwy. Co	826,000.00	
Summit County R. R. Co	60,000.00	
St. Louis, Council Bluffs and Omaha R. R. Co	22,640.00	
Hastings and Grand Island R. R	95,149.98	
Marysville and Blue Valley R. R. Co	292,052.42	
Wyoming, Montana and Pacific Rwy. Co	18,221.19	
Occidental and Oriental Steamship Co	173,810.01	
Colorado Central R. R. coupons due	101,040.00	
Colorado Central R. R. Co. coupons due, December 1, 1879	101,000.00	
		2,330,341.14

Branch line bonds:		
Colorado Central 8 per cent	$1,548,496.25	
Colorado Central 7 per cent	500,000.00	
Utah Southern bonds	96,000.00	
Utah Western bonds	11,908.24	
Wasatch and Jordan Valley R. R. Co	8,915.82	
Omaha and Republican Valley bonds	484,000.00	
		$2,649,320.31
Branch line stocks:		
Colorado Central stock	2,891,050.00	
Utah Southern stock	125,000.00	
Utah Southern stock, assessment account	217,271.82	
Utah Central R. R. Co. stock	277,000.00	
Utah Western R. R. Co. stock	150.00	
Utah Northern R. R. Co. stock	9,450.00	
Saint Louis, Chillicothe and Omaha	3,000.00	
Omaha and Republican Valley	45,375.00	
		3,568,296.82
Contractor's accounts:		
Chester W. Collins	541,911.56	
Contractors for building Utah and Northern Rwy	883,477.44	
Contractors for building Omaha, Niobrara and Black Hills R. R	501,019.36	
		1,926,408.36
Union Pacific R. R. Co. stock		197,034.18
Omaha Bridge bonds		5,161.35
Colorado lands		3,745.78
Land assets:		
Land notes	3,744,854.60	
Land cash	328.23	
Land cash deposited with treasurer	235,433.75	
Fred. L. Ames, trustee	526.88	
Town-lot notes	28,742.86	
Town-lot notes, old account	33,908.33	
Town-lot cash	13.49	
Town-lot cash deposited with treasurer	29,964.91	
		4,073,773.05
Total property and assets		146,793,235.32

Per contra, the liabilities, including the share capital, were as below:

Capital stock		$36,762,300.00
Funded debt:		
First-mortgage bonds	$27,231,000.00	
Certificates for first-mortgage bonds	477,000.00	
Land-grant bonds	6,299,000.00	
Sinking-fund mortgage bonds	13,342,000.00	
Registered mortgage bonds	519,000.00	
Collateral trust bonds	1,781,000.00	
Omaha Bridge bonds	2,104,000.00	
The United States interest account	19,238,182.89	
The United States subsidy bonds	27,236,512.00	
		98,227,694.89
Bills payable		3,380,741.54
Dividends unpaid		10,879.00
Accounts payable		551,277.84
Coupons payable		129,956.06
Hoxie contract (disputed)		263,690.13
Capital stock and liabilities		139,326,469.46
Total property and assets		146,793,235.32
Total capital stock and liabilities		139,326,469.46
Surplus of property and assets		7,466,765.86

This surplus in property and assets is made up as follows:

Assets pertaining to the railroad	$3,392,992.81
Land assets	4,073,773.05
Total, as above	7,466,765.86

The sources from which the above surplus was derived may be stated as under:

Passenger earnings		$1,743,593.10
United States passenger earnings		123,462.26
United States mail earnings		348,118.75
Express earnings		182,110.36
Commercial freight earnings		5,001,305.51
United States freight earnings		289,619.58
Company freight earnings		498,343.09
Miscellaneous earnings		74,039.72
		8,260,592.37
Rent of buildings		26,192.70
Gain and loss on investments		788.63
Dividends on Utah Central R. R. Co. stock	$42,400.00	
Dividends on Utah Southern R. R. stock	12,690.00	
Dividends on Union Pacific R. R. stock	12,379.50	
Dividends on Occidental and Oriental S. S. Co. stock	80,000.00	
Interest on Utah Southern R. R. Co. bonds	4,200.00	
Interest on Omaha and Republican Valley R. R. Co. bonds	42,350.00	
Interest on Union Pacific R. R. Co. sinking-fund bonds	1,760.00	
Interest on Omaha Bridge bonds	200.00	
Interest on Saint Louis, Council Bluffs and Omaha	390.00	
Interest on Colorado Central R. R. Co. bonds	56,520.00	
Interest on Wasatch and Jordan Valley bonds	900.00	
Interest on Utah and Northern Railway bonds	111,580.00	
Wyoming Coal and Mining Company	312,645.90	
		678,015.40
Land department, special account	235,433.75	
Town-lot department, special account	29,964.91	
Sales of donated lands	11,688.55	
Sales of company town lots	45,097.02	
Town-lot department	190,049.70	
Land department (sales)	7,010,367.67	
Interest on land notes	739,953.14	
Forfeited and canceled contracts	199,185.62	
Gain on land-grant bonds canceled	86,741.20	
Receipts and payments trustees land-grant bonds	21,462.62	
Sales of land-grant town lots	195,706.17	
Sales of land, old account	92,876.68	
Interest on town-lot notes	12,060.84	
Interest on town-lot notes, old account	2,552.56	
		8,873,140.43
Total receipts		17,838,729.53
Less expenditures:		
Income account	894,014.65	
General expenses	314,362.45	
Conducting transportation	620,587.01	
Motive power	1,232,376.03	
Maintenance of cars	256,649.02	
Maintenance of way	624,054.63	
Car service	6,223.75	
Interest on bonds, etc	2,506,626.36	
Dividend account	1,102,350.00	
Discount and interest	40,065.92	
Losses on securities	144.00	
	7,597,453.82	
Expense to the company of the land department	839,799.88	
Taxes on lands	849,013.66	
Expense to the company of the town-lot department	10,399.35	
Taxes on town lots	26,428.12	

Expense on donated lands	$927.42	
Taxes on donated lands	4,057.07	
Expenses and taxes company town lots	17,055.79	
Town-lot account	115,048.44	
Payments from land-department funds	176,973.72	
Payments from town-lots department funds	9,159.73	
		$9,646,317.00
		8,192,412.33
Deduct suspense account		725,646.67
		7,466,765.66

An analysis of the above-noted surplus shows that the income derived from the operations of the railroad was as follows:

Income receipts, from all sources		$8,965,589.10
Less expenditures, chargeable to railroad income		7,597,453.92
		1,368,135.18
Less suspense account		725,646.67
Net surplus of income		642,488.61

The income derived from land transactions was as under:

Land income	$8,873,140.43	
Land expense	2,048,863.18	
Leaving net surplus from land operations		6,824,277.25
Total surplus income as above		7,466,765.86

The books of the Kansas Pacific Company show that its railway property, assets and expenditures, liabilities and receipts, on or about the 24th of January, 1880, were as follows:

Fixed expenditures, charged to construction		$34,357,490.66
Bills receivable		1,841.30
Available assets		1,569,734.02
Government accounts:		
Interest repaid	$1,082,149.92	
Quartermaster-General	725,106.35	
Interior Department	12,120.91	
Government bills lading	827.05	
Postmaster-General	766,483.31	
Surgeon-General	444.95	
		2,587,132.49
Branch lines, etc., advances:		
Arkansas Valley Rwy. Co	258,899.65	
Atchison, Saint Joe, and Western R. R. Co	394.68	
Concordia Extension	605.83	
Carbondale Branch	82,220.51	
Carbondale net earnings	5,185.81	
Junction City and Fort Kearney R. R	33,437.32	
Cheyenne Division (D. P.), net earnings	6,092.59	
Missouri, Kansas and Texas Rwy. Co., land account	23,934.95	
Solomon R. R. Co. construction	35,501.46	
Kansas and Southwestern Rwy. Co	126,048.92	
Salina and Southwestern Rwy. Co	78,656.38	
Coal lands and mines	53,760.91	
Osage coal lands	7,755.00	
Hastings and Grand Island R. R. Co	60,204.25	
		772,698.36
Branch lines, etc., bonds:		
Saint Joseph and Pacific R. R. Co	1,020,204.23	
Kansas and Nebraska R. R. Co	754,520.00	
Kansas Central R. R. (stock included)	479,000.00	
Saint Joseph Bridge Building Company	784,000.00	
Sidney Dillon, trustee	59,000.00	
		3,096,724.23

Branch lines, etc., stocks:		
Central Branch Union Pacific	$1,826,500.00	
Denver Pacific Rwy. and Telegraph Company	3,998,900.00	
Saint Joseph and Western R. R. Co	307,240.00	
Kansas and Missouri Bridge Company	9,911.08	
Las Animas Ditch Company	1,000.00	
Hasleton Coal and Mining Company	25,000.00	
Union Depot at Kansas City	1,000.00	
		$6,169,551.08
Bonds in trust:		
Denver Pacific Rwy. and Telegraph Company	1,641,000.00	
Denver and Boulder Valley Rwy. Co	473,000.00	
Arkansas Valley Rwy. Co	1,035,000.00	
Income bonds, unstamped	137,300.00	
Income bonds, subordinated	3,016,400.00	
Funding mortgage bonds	1,500,000.00	
Second land-grant bonds	1,400,000.00	
Solomon R. R. Co	575,000.00	
Leavenworth branch bonds	108,000.00	
Junction City and Fort Kearney R. R. Co	820,000.00	
Golden, Boulder and Caribou	60,000.00	
		10,765,700.00
Stocks in trust:		
National Land Company	35,750.00	
Goulden, Boulder and Caribou	5,000.00	
Junction City and Fort Kearney	7,200.00	
Arkansas Valley Rwy. Co	106.82	
Solomon R. R. Co	5,000.00	
		53,056.82
Bonds owned by the company:		
First land grant	$149,889.33	
Denver extension	5,227.89	
		$155,117.22
Stock owned by the company:		
Kansas Pacific Rwy. Co		191,750.00
Miscellaneous:		
Grain notes	1,649.62	
Investment in Denver and South Park Railroad Construction and Land Company	42,000.00	
John Geis & Co	562.57	
		44,212.19
Total railway assets		59,765,008.87
Land assets (land contracts)		1,544,845.34
Total property and assets		61,309,854.21

Per contra, the share capital and other liabilities were as under:

Capital stock		$10,000,000.00
Funded debt, including subsidy bonds:		
First mortgage 6 per cent	$6,303,000.00	
First mortgage 7 per cent	6,371,000.00	
Leavenworth branch	600,000.00	
United States subsidy	6,303,000.00	
Land grant gold	1,574,750.00	
Second mortgage land grant	1,500,000.00	
Funding mortgage	1,500,000.00	
Consolidated mortgage bonds	8,457,000.00	
Income bonds	4,275,350.00	
		36,884,100.00
Coupon certificates:		
First-mortgage division	297,780.00	
Second-mortgage division	541,050.00	
Denver extension	1,001,402.50	
Leavenworth branch	92,417.50	
First land grant	260,905.12	
Second land grant	161,595.00	
		2,355,150.12
Unpaid interest to the United States		4,837,218.09

Unpaid interest to the public:		
Certificate coupons:		
First-mortgage division	$259,959.94	
Second-mortgage division	453,858.40	
Denver extension	846,748.36	
Leavenworth branch	71,843.09	
First land grant	212,405.13	
Second land grant	121,581.00	
Unpaid coupons, gold, 1875, and premium	2,622,588.03	
Unpaid coupons, gold	115,330.00	
		$4,704,313.95
Coupons, gold	1,918.75	
Coupons, currency	609.60	
		2,528.35
Bills payable		1,306.18
Other liabilities:		
Jay Gould	5,390,668.28	
Gould and Sage, trustees	16,129.66	
Auditor's check	777.94	
Auditor's check, No. 2	3,761.83	
Pay checks	9,357.37	
Vouchers	1,545.34	
Vouchers, receivers	1,315.03	
Voucher drafts	18,549.80	
Stoppage account	317.35	
Foreign roads, car mileage	1,108.59	
Golden, Boulder and Caribou R. R.	485.97	
Denver and Boulder Valley net earnings	12,344.96	
Union Pacific Rwy. Co	33,027.52	
Bonds, scrip	1,955.00	
		5,491,344.64
		$64,276,051.33
The total property and assets		61,309,854.21
The total liabilities		64,276,051.33
Deficit		2,966,197.12

This deficit is arrived at as follows:

Balance of income account	1,125,641.80
Certificate interest, gold	142.96
Company freight	34,281.65
Default	1,905.71
Profit and loss	5.10
Bond discount	737,795.37
Interest account	3,567,889.95
	5,467,742.94

Deduct from the above expenditures:

Miscellaneous receipts	$634.38	
Land receipts:		
Refunded taxes, Congressional lands	523.92	
Rent, land and buildings, Congressional lands	277.30	
Land department trusts	2,500,110.22	
		2,501,545.82
		2,966,197.12
The deficit on the 31st of December, 1879, was		7,137,674.50
The deficit at consolidation was, as above		2,966,197.12
Difference as shown by Appendix A		4,171,477.38

The books of the Denver Pacific Railway and Telegraph Company show that its railway property, assets and expenditures, liabilities and receipts, on or about the 24th of January, 1880, were as follows:

Fixed expenditures, charged to construction		$6,495,350.00
Notes receivable		260.85
Accounts receivable:		
Treasurer—general account	$81.84	
Sundry persons	174.76	
Freight agents	141.00	
Kansas Pacific receivers	18.34	
National Land Company	441.73	
Boulder Valley R. R.	109,633.65	
D. M. Edgerton, special	500.00	
H. W. Stocking	95.27	
S. A. Palmer	101.93	
A. W. Cady	375.00	
		111,563.52
Trustees' first mortgage		216,077.76
Government accounts:		
Quartermaster-General	12,119.56	
Postmaster-General	22,021.23	
		34,140.79
Total property and assets		6,857,392.92

Per contra, the share capital and other liabilities were as follows:

Capital stock		$4,000,000.00
First-mortgage bonds		2,222,000.00
Accounts payable:		
Auditor's check	$535.11	
Vouchers	849.68	
Stoppage account	7.98	
Coupons, gold	4,445.00	
Denver and Boulder Valley R. R. Co	17,714.48	
Union Pacific Co	6,419.87	
Unclaimed wages	362.35	
Kansas Pacific R. R. Co	67,708.49	
Kansas Pacific receivers	3,446.65	
Colorado Central R. R	869.45	
Receivers Denver Pacific	10,460.84	
		112,819.90
Total liabilities		6,334,819.90
Total property and assets		6,857,392.92
Total liabilities		6,334,819.90
Nominal surplus of assets over liabilities		522,573.02

This nominal surplus of assets is made up as follows:

Earnings and miscellaneous receipts		43,317.10
Joint traffic receipts		4,579.18
Suspense account		1,050.18
Land receipts:		
Land department sales	$13,434.56	
Interest on land notes	15,275.48	
Land department trusts	732,827.14	
		761,537.18
Total receipts		810,483.64
Less expenditures as under:		
Balance income account	201,964.41	
General expenses	49,866.63	
Interest on bonds	15.24	
Profit and loss	777.91	
Pay-roll	4,404.18	

Less expenditures as under—Continued.		
Freight earnings	$2,289.21	
Income expenses	15,638.25	
Expenses of the land trust	12,954.79	
		$287,010.03
Nominal surplus as above		522,573.03

The status of the land department trust account is not strictly defined by the books, and might be classed as a contingent liability of the company. In that case there would be a deficit in the operations of the railway proper of over $200,000.

The fixed expenditures, and the assets and liabilities of the constituent companies at date of consolidation as shown by the books, were as follows:

Fixed expenditures:		
Union Pacific R. R. Co., including Omaha bridge		$121,017,338.15
Kansas Pacific R. R. Co		34,357,490.03
Denver Pacific Railway and Telegraph Company		6,495,350.00
		161,870,178.81
Railway assets:		
Union Pacific Company	$21,702,124.12	
Kansas Pacific	25,407,518.21	
Denver Pacific	362,042.92	
		47,471,685.25
Land assets:		
Union Pacific	4,073,773.05	
Kansas Pacific	1,544,845.34	
Denver Pacific		
		5,618,618.39
Total assets of the constituent companies		214,960,482.45

NOTE.—The greater portion of the assets of the Kansas Pacific Company consists of bonds and stocks of other lines purchased for it prior to consolidation. The amount of such stocks and bonds was $13,923,332.13. All the bonds were charged at their par value, and the differences between their cost and face value were credited to the income account of the Kansas Pacific Company.

A memorandum of these differences is subjoined:

	Cost.	Par.	Difference.
Denver Pacific Rwy. Co.:			
Stock	$750,600.00	$3,998,900.00	$3,248,300.00
Bonds	1,633,790.00	1,641,000.00	5,210.00
Denver and Boulder Valley Rwy. Co. bonds	462,250.00	473,000.00	10,750.00
Arkansas Valley Rwy. Co. bonds	336,883.60	480,000.00	143,116.40
Income bonds (unstamped)	118,314.86	137,300.00	18,985.14
Income bonds (subordinated)	2,070,431.41	2,907,450.00	837,018.59
Funding-mortgage bonds	942,305.60	1,167,000.00	224,694.40
Second land-grant bonds	827,103.60	1,005,000.00	177,896.40
Solomon R. R. Co. bonds	72,941.44	94,000.00	21,058.56
Do	176,400.00	441,000.00	264,600.00
Leavenworth branch bonds	86,700.00	108,000.00	21,300.00
Junction City and Fort Kearney Rwy. Co. bonds	517,832.69	720,000.00	202,167.31
Do	40,000.00	100,000.00	60,000.00
Total	8,036,983.20	13,272,650.00	5,235,666.80

Share capital:		
Union Pacific R. R. Co		$36,762,300.00
Kansas Pacific Rwy. Co		10,000,000.00
Denver Pacific Railway and Telegraph Company		4,000,000.00
		50,762,300.00
Funded debt, including subsidy bonds:		
Union Pacific R. R. Co	$98,227,694.89	
Kansas Pacific Rwy. Co., including United States interest and coupon certificates	44,076,468.21	
Denver Pacific Railway and Telegraph Company	2,222,000.00	
		144,526,163.10
Floating debt:		
Union Pacific R. R. Co	4,336,474.57	
Kansas Pacific Co	10,199,583.12	
Denver Pacific Railway and Telegraph Company	112,819.90	
		14,648,877.59
Total liabilities		209,937,340.69
Aggregate property and assets of the united companies, per the books		214,966,706.20
Aggregate liabilities, including share capital of the united companies, per the books		209,937,340.69
Surplus of assets of the united companies		5,029,365.51
Surplus of the Union Pacific R. R. Co		7,472,989.61
Surplus (nominal) of the Denver Pacific Co		522,573.02
		7,995,562.63
Deficit of the Kansas Pacific Railway Company		2,966,197.12
		5,029,365.51

If the books of the Union Pacific Railway Company had been opened in accordance with the status of the constituent companies, and in exact conformity with the conditions named in article 10 of the consolidation agreement, the entries in the said books, in substance, would have been as follows:

Sundries Dr. to the Union Pacific Railroad Company.

For the undermentioned property and assets, turned over to the Union Pacific Railway Company, as per terms of consolidation agreement, etc.:		
Fixed expenditures: For cost of road and fixtures, as shown on the books of the Union Pacific Railroad Company		$121,017,338.15
Railway assets: For sundry assets of the Union Pacific Company, transferred		21,702,124.12
Land assets: For sundry assets of the Union Pacific Railroad Company, transferred		4,073,773.05
Total		146,793,235.32

The Union Pacific Railroad Company Dr. to sundries.

For the undermentioned liabilities taken over by the Union Pacific Railway Company as per terms of consolidation agreement, etc.:		
Share capital: For 367,623 shares, at $100 each		36,762,300.00
Funded debt: For funded debt of the Union Pacific Railroad Company, including United States subsidy bonds, and the interest due thereon		98,227,694.89
Floating debt: For amount due from the Union Pacific Company		4,336,474.57
Total		139,326,469.46

Sundries Dr. to the Kansas Pacific Railway Company.

For the under-mentioned property and assets, turned over to the Union Pacific Railway Company, as per terms of consolidation agreement, etc.:	
Fixed expenditures: For cost of road and fixtures, as shown on the books of the Kansas Pacific Railway Company	$34,357,490.66
Railway assets: For sundry assets of the Kansas Pacific Railway Company, transferred	25,407,518.21
Land assets: For sundry assets of the Kansas Pacific Railway Company, transferred	1,544,845.34
Total	61,309,854.21

The Kansas Pacific Railway Company Dr. to sundries.

For the under-mentioned liabilities taken over by the Union Pacific Railway Company, as per terms of consolidation agreement, etc.:	
Share capital: For 200,000 shares, at $50 each	$10,000,000.00
Funded debt: For funded debt of the Kansas Pacific Railway Company, including United States interest and coupon certificates	44,076,463.21
Floating debt: For amount due from the Kansas Pacific Railway Company	10,199,583.12
Total	64,276,051.33

Sundries Dr. to the Denver Pacific Railway and Telegraph Company.

For the under-mentioned property and assets, turned over to the Union Pacific Railway Company, as per terms of consolidation agreement, etc.:	
Fixed expenditures: For cost of road and fixtures, as shown on the books of the Denver Pacific Railway and Telegraph Company	$6,495,350.00
Railway assets: For sundry assets of the Denver Pacific Railway and Telegraph Company, transferred	362,042.92
Total	6,857,392.92

Denver Pacific Railway and Telegraph Company Dr. to sundries.

For the under-mentioned liabilities taken over by the Union Pacific Railway Company, as per terms of consolidation agreement, etc.:	
Share capital: For 40,000 shares, at $100 each	$4,000,000.00
Funded debt: For funded debt of the Denver Pacific Railway and Telegraph Company	2,222,000.00
Floating debt: For amount due from the Denver Pacific Railway and Telegraph Company	112,819.90
Total	6,334,819.90

From the foregoing journal entries, the following-named ledger accounts are opened for the purpose of showing the state of the accounts in substance, as between the constituent companies and the consolidated company:

LEDGER ACCOUNTS.

Union Pacific Railway Company.

SHARE CAPITAL.

Dr.		Cr.	
		By Union Pacific Company	$36,722,200.00
		Kansas Pacific Company	10,000,000.00
		Denver Pacific Company	4,000,000.00

Union Pacific Railway Company—Continued.

FUNDED DEBT.

Dr.		Cr.	
		By Union Pacific Company....	$98, 227, 694. 89
		Kansas Pacific Company ..	44, 076, 468. 21
		Denver Pacific Company ..	2, 222. 000. 00

FLOATING DEBT.

Dr.		Cr.	
		By Union Pacific Company....	$4, 336, 474. 57
		Kansas Pacific Company ..	10, 199, 583. 12
		Denver Pacific Company ..	112, 819. 90

FIXED EXPENDITURES.

Dr.		Cr.	
To Union Pacific Company.....	$121, 017, 338. 15		
Kansas Pacific Company ...	34, 357, 490. 66		
Denver Pacific Company ...	6, 495. 350. 00		

RAILWAY ASSETS.

Dr.		Cr.	
To Union Pacific Company.....	$21, 702, 124. 12		
Kansas Pacific Company....	25, 407, 518. 21		
Denver Pacific Company....	362, 042. 92		

LAND ASSETS.

Dr.		Cr.	
To Union Pacific Company.....	$4, 073, 773. 05		
Kansas Pacific Company....	1, 544, 845. 34		
Denver Pacific Company....	.....		

KANSAS PACIFIC RAILWAY COMPANY.

Dr.		Cr.	
To share capital	$10, 000, 000. 00	By fixed expenditures.	$34, 357, 490. 66
Funded debt	44, 076, 468. 21	Railway assets	25, 407, 518. 21
Floating debt...	10, 199, 583. 12	Land assets	1, 544, 845. 34

UNION PACIFIC RAILROAD COMPANY.

Dr.		Cr.	
To share capital	$36, 762, 300. 00	By fixed expenditures	$121, 017, 338. 15
Funded debt	98, 227, 694. 89	Railway assets	21, 702, 124. 12
Floating debt.....	4, 336, 474. 57	Land assets	4, 073, 773. 05

DENVER PACIFIC RAILWAY AND TELEGRAPH COMPANY.

Dr.		Cr.	
To share capital	$4, 000, 000. 00	By fixed expenditures	$6, 495, 350. 00
Funded debt	2, 222, 000. 00	Railway assets	362, 042. 92
Floating debt.....	112, 819. 90		

Union Pacific Railway Company—Continued.

TRIAL BALANCE OF THE CONSOLIDATED LINES.

Dr.		Cr.	
Construction and equipment	$161, 870, 178. 81	Share capital	$50, 762, 300. 69
Railway assets	47, 471, 685. 25	Funded debt	144, 526, 163. 10
Land assets	5, 618, 618. 39	Unfunded debt	14, 648, 877. 59
Kansas Pacific Company	2, 966, 197. 12	Union Pacific Railroad Company	7, 469, 765. 61
		Denver Pacific Railway and Telegraph Company (nominal)	532, 873. 63
	217, 926, 679. 57		217, 926, 679. 57

The above would have been the results if the accounts of the constituent companies had been transferred in their entirety to the books of the new corporation. But as a matter of fact the accounts of the new corporation were not opened in the way that would have shown the relative financial standing of the several companies. The manner in which the entries were actually made concealed the fact that the Kansas Pacific and the Denver Pacific were insolvent corporations; and these entries not only concealed this fact, but the effect of making the said entries was to depreciate the value of the properties brought into the new corporation by the Union Pacific Company and to magnify the value of the property brought in by the other companies.

To test the truth of this statement it is only necessary to follow the method adopted by the officials of the Union Pacific Railway Company in making their initial entries in the new books, and to use it in demonstration. In substance I may say that this method consisted in charging the liabilities of the three companies to the account entitled "Cost of road and fixtures," and crediting that account with the assets of these corporations, leaving out the construction accounts. If the financial condition of the three companies had been equal, the result would have been the aggregate of the figures which they show to be their construction and equipment accounts, otherwise known as "Cost of road and fixtures."

But the several companies were not in the same financial condition, and taking the figures as they stood at the date of consolidation simply for purposes of illustration, it can be shown that the Union Pacific Railroad Company was a loser to the extent of millions of dollars by the way in which the accounts were manipulated on the books of the railway company.

By referring to the pro forma journal entries subjoined it will be seen that, taking the figures as they stood upon the books of the several companies at the date of consolidation, the liabilities of the combined companies were $209,937,340.69; the assets other than construction (such as they were) were $53,090,303.64, leaving a balance, $156,847,037.05.

PRO FORMA JOURNAL ENTRIES.

Cost of road and fixtures, Dr. to sundries.

Share capital		$50, 762, 300. 69
Funded debt		144, 526, 163. 10
Unfunded debt		14, 648, 877. 59
		209, 937, 340. 69

Sundries Dr. to cost of road and fixtures.

Railway assets	$47, 471, 685. 25	
Land assets	5, 618, 618. 39	
		53, 090, 303. 64
Debit to cost of road and fixtures		156, 847, 037. 05

If all these accounts of assets and liabilities had been carried into the books of the consolidated company, the difference between the aggregate construction accounts of the old companies and this balance here stated ($156,847,037.05) would have been $5,023,141.76.

This difference is made up as follows:

Surplus assets Union Pacific Company at date of consolidation		$7,466,765.86
Nominal surplus of assets Denver Pacific Company		522,573.02
		7,989,338.88
Deduct deficit of assets Kansas Pacific Company		2,966,197.12
Balance		5,023,141.76

It will be remembered, however, that in the assets that were transferred from the Kansas Pacific Company to the new corporation the sum of $5,235,666.80 was credited to the income account of that company for alleged profit made on securities at the date of consolidation. If these entries to the credit of income account had not been made, the Kansas Pacific Railway Company would have shown, so far as this account is concerned, a deficit of $8,201,863.92, and this would represent a part of the price that the stockholders of the Union Pacific Railroad Company virtually paid for the privilege of being incorporated with the Kansas Pacific Company.

After the purchases which were made by Mr. Gould or other parties for account of the Kansas Pacific Company had been entered on the books of that corporation, entries were made, as has been heretofore shown, which raised the value of the said securities to the extent, as has been stated, of over $5,000,000. When these securities were transferred to the Union Pacific Railway Company they were charged into its assets at the increased value put upon them in the Kansas Pacific books. (See Cost and Fixtures account.)

Without going into the question of the right of the Kansas Pacific Company to charge the new corporation with the difference between the face value and the cost of these securities, the effect of doing so in the first place was to reduce the deficit of the Kansas Pacific Company over $5,000,000, and secondly, to diminish the debit of the cost and fixtures account of the Union Pacific Railway Company by an equal amount. It was in this way that a partial attempt was made by the promoters of the consolidation enterprise to equalize the glaring inequalities of two of the constituent companies. It would furthermore appear, from a study of the account with respect to the relations between Mr. Gould and the two companies, that the former was perfectly aware of their condition, and that as a matter of fact the securities in question were not purchased for the Kansas Pacific Company, but were really intended for the consolidated company, not yet in existence. The entries in the books of the Kansas Pacific Company, in nearly every instance where Mr. Gould figures as a creditor, show that these securities were to be settled for in stock, that is to say, in the stock of the Union Pacific Railway Company. The Kansas Pacific books do not, it is true, say what stock, but as the books of the two corporations, by virtue of article 1 of consolidation, are a continuous record, no legal deliverance is necessary to show that the stock of the Union Pacific Railway Company was intended, inasmuch as it was in that stock mainly that Mr. Gould actually was settled with. Ledger A, folio 552, shows, among other things, that Mr. Gould was credited with the debt due to him by the Kansas Pacific Company, say $5,390,668.28, and that in liquidation of the same he received 34,641 shares Union Pacific Railway Company

stock; 1,000 collateral trust bonds and 926½ consolidated mortgage (Kansas Pacific Company) bonds; these securities aggregating $5,390,600.

This settlement included payment for the purchase of the Central Branch Union Pacific stock, say 7,616 shares, for which Mr. Gould got credit for $1,826,500, being, it is said, about the sum he paid for the same. A statement of Mr. Gould's account is herewith attached, and is marked Exhibit A. The Neibuhr contract, whereby 30,993 shares of the Denver, South Park and Pacific Company's stock was turned over to the consolidated company at par forms the closing item of the account submitted. This stock was settled for between the 25th January and the 2d April, 1881, in money or its equivalent. The Denver, South Park and Pacific is a narrow gauge, and has run behindhand in its earnings since 1884. In speaking of this line the company's report for 1884 states as follows:

The decrease of 1884 from 1883 was $342,741.51. The general business depression in Colorado has been the principal cause of this decrease, the receipts from railroad traffic in that State having fallen away nearly one-half since 1881. During certain periods a sharp competition has existed between the Denver, South Park and Pacific, and the Denver and Rio Grande. This has now been arranged, and the relations of the two companies since July last have been friendly and, it is believed, mutually advantageous. This is fortunate, for the traffic of Colorado at present would hardly suffice to support one line, much less two lines in large part parallel and competing; both of them, also, lines most difficult to construct and expensive to operate. Indeed, it may safely be said that there are few regions in the world where more acts of costly folly in the way of railroad building have been committed than in Colorado. The existing depression in that region is not likely to be permanent, but while it continues the Denver, South Park and Pacific will hardly justify the price at which an interest in it was purchased by your company.

I have shown above that the initial entries made in the Union Pacific Railway Company's books operated to the very serious detriment of the Union Pacific Railroad Company, so far as the existing financial status of the constituent companies was concerned.

In this connection I beg to call attention to the fact that the following coupons, which were chargeable against the income of the Union Pacific Railroad Company, so far as the accrued interest on the same, to the 31st of January, 1880, was concerned, were capitalized and charged to the "cost of roads and fixtures" of the Union Pacific Railway Company. Admitting that this proportionate amount of interest was a liability of the railroad company, it ought, nevertheless, to have been so stated on its books:

Proportion of six months' interest to March 1, 1880, on outstanding sinking-fund bonds of the company, viz, $\frac{1}{12}\frac{3}{2}$ of $554,440 (Union Pacific Company)	$466,075.15
Proportion of amount necessary to pay coupon No. 18, due April 1, 1880, from outstanding Omaha Bridge bonds, viz, $\frac{1}{12}\frac{3}{3}$ of $2,104,000, accrued prior to February 1, 1880 (Union Pacific Company)	56,565.56
Proportion of sum necessary to pay coupons due April 1, 1880, on outstanding land-grant bonds, say 6,299 (coupons $35 each), accrued prior to February 1, 1880, $\frac{1}{12}\frac{3}{3}$ (Union Pacific Company)	148,181.40
Additional cost of paying coupons abroad	14.22
Proportion of amount necessary to pay coupons due May 1, 1880, say 11,025 (coupons $30 each), accrued prior to February 1, 1880, $\frac{2}{17}\frac{3}{7}$ of $253,710 (Kansas Pacific Company)	128,249.00
Proportion of sum accrued prior to February 1, 1880, necessary to pay coupons due May 1, 1880, from outstanding Denver Extension bonds of the company, $6,371,000, or $\frac{1}{17}\frac{3}{7}$ of $191,130 (Kansas Pacific Company)	96,615.16
Proportion of sum accrued prior to February 1, 1880, necessary to pay coupons due May 1, 1880, from outstanding Denver Extension bonds of the company, $6,371,000, or $\frac{2}{17}\frac{3}{7}$ of $16,755.73	8,469.93
Correction for amount not posted until after balances had been transferred to books of the Union Pacific Railway Company	240,792.34

Proportion accrued prior to February 1, 1880, for amount necessary to pay coupons due June 1, 1880, $\frac{62}{1000}$	$5,476.18
Do	41,296.06
Proportion of amount accrued prior to February 1, 1880, necessary to pay coupons due July 1, 1880, say on first-mortgage Union Division bonds, $\frac{1}{1000}$ of $816,870	139,137.20
Proportion of amount accrued prior to February 1, 1880, necessary to pay coupons No. 2, due July 1, 1880, $\frac{3}{1000}$ of 3 per cent. of $1,781,000	9,100.71
Proportion of interest accrued prior to February 1, 1880, on $27,000 Kansas Pacific consolidated bonds, $\frac{9}{1000}$ of $27,000	409.45

The above-mentioned items are introduced to show that neither the Union Pacific nor the Kansas Pacific books were written up clean to the 31st of January, 1880, as they should have been as a matter of common honesty and good faith towards all parties connected either immediately or remotely with these companies.

Another phase in the various effects produced by the consolidation of the three companies must naturally present itself to any one who will take the trouble to study the transactions which form part of the actual work of consolidation. A new way was invented of watering the stock of the Union Pacific Company. The previous pages of this report will show that the existing quantity of that fluid in the Union Pacific flooded nearly all the stock which represented the original share capital of $36,000,000. How to add $14,000,000 more, which, as a matter of fact, was nearly all watered also, was the question. The controllers of the shares in the three companies constituted a ring, which managed the business with the highest skill and cunning. The Kansas Pacific Company, up to the date of the consolidation, was unable to earn any interest on its capital, and the value of the Denver Pacific shares had little or no foundation, inasmuch as that concern was in the hands of receivers. The Union Pacific was precluded by act of Congress from further issues of shares without the Federal sanction. But it was found that the several aided companies could not only consolidate their watered capital, but had the right, after consolidation, to increase it "to any amount which should not exceed the actual cost of the roads to be consolidated." According to the opinion of Mr. John F. Dillon and Mr. Sidney Bartlett the consolidated company succeeded to the right of issuing new stock to the extent of the difference between the stock already issued and the total cost of the property. Mr. Dillon illustrated this opinion by assuming "that [if] the Kansas Pacific road actually cost $30,000,000, and that only $10,000,000 of stock have been issued, the present company (the Union Pacific Railway), succeeding to all the rights of the Kansas Pacific, may make a valid issue of stock in respect of the difference. In other words, the sixteenth section of the act of 1864 is construed to mean that the Kansas Pacific Company could have issued $20,000,000 more stock than it did issue, because the cost of the road was $20,000,000 more than the existing share capital. But, as a matter of fact, this difference of cost was represented by bonds, and to issue shares for this difference was to water the stock to the extent of such difference. After consolidation, as we have seen, the share capital was fixed at $61,000,000, and the $10,000,000 increase was no doubt actually paid in in money. So far, then, this $10,000,000 does not come under the imputation of being water, but the purposes to which it was applied were required by the act of 1873 to be lawful purposes. Whether the $10,000,000 were so applied would therefore naturally come up as a question to be settled by the Commission. The bulk of the $10,000,000, as before stated, was raised in New York, and passed through the hands of Mr. Ham, assistant treasurer. A study

of his account will show whether the portion of the $10,000,000 which he received was spent in "funding or securing debt now existing, or the renewal thereof."

In answer to queries contained in the circular of the Commission of May 12 last, embraced in paragraphs 23 to 25, inclusive:

(23) And whether any of the Pacific Railroad corporations which obtained bonds from the United States to aid in the construction of their railroads have expended any of their moneys or other assets in the construction, or to aid in the construction, of other railroads, or invested of their moneys or other assets in the stocks or bonds of any manufacturing, mining, and commercial companies or corporations, or of other railroad corporations.

(24) And if any such expenditure or investments have been made, the extent and character thereof made by each of said corporations shall be inquired into.

(25) And also the present interest of any of said corporations in the railroads auxiliary to their respective railroads.

In answer to the inquiry "whether any of the Pacific Railroad corporations which obtained bonds from the United States to aid in the construction of their railroads have expended any of their moneys or assets in the construction, or to aid in the construction, of other railroads, or invested of their moneys or other assets in the stocks or bonds of any manufacturing, mining, or commercial companies or corporations, or of other railroad corporations," I beg to refer the Commission to Exhibit No. 30, herewith.

On the 31st of December, 1886, the expenditures of the Union Pacific Railway Company, on account of the construction of other railroads, or on account of the stocks and bonds of other corporations and the investments therein, as shown by the books, were as follows:

On account of investments, advances, or construction of other lines, etc.

Council Bluffs Street Rwy. Co	$38,860.13
Denver and Boulder Valley Rwy. Co	18,148.25
Denver, South Park and Pacific R. R. Co	1,696,613.32
Denver and Middle Park R. R. Co	5,357.58
Georgetown, Breckenridge and Leadville Rwy. Co	16,550.75
Greeley, Salt Lake and Pacific Rwy. Co	88,774.57
Laramie, North Park and Pacific R. R. and Tel. Co	2,052.96
Lawrence and Emporia R. R. Co	111,092.76
Marysville and Blue Valley R. R. Co	1,015.74
Montana Rwy. Co	116,156.78
Montana Union Rwy. Co	3,298.91
Omaha Belt R. R. Co	28,175.70
Omaha and Republican Valley R. R. Co	267,643.42
Oregon Short Line Rwy. Co	940,311.01
Saint Joseph and Western R. R. Co	3,936.23
Saint Joseph and Grand Island R. R. Co	12,343.92
Utah Central R. R. Co	170,419.65
Utah Eastern R. R. Co	13,421.64
Utah and Northern Rwy. Co	419,611.42
Wyoming, Montana and Pacific R. R. Co	100,027.87
Junction City and Fort Kearney Rwy. Co., coupon account	109,760.00
Utah and Northern Rwy. Co. coupon account	208,460.00
Contractors, Cheyenne and Northern Rwy	737,849.11
Chester W. Collins	25,929.39
Contractors, Denver and Middle Park R. R	32,993.90
Construction, Denver, Marshall and Boulder Valley R. R	6,810.08
Contractors, Denver, South Park and Pacific R. R	82,351.91
Construction, Denver, South Park, High Creek Branch	36.10
Contractors, Georgetown, Breckenridge and Leadville R. R	177,897.60
Construction, Greeley, Salt Lake and Pacific R. R. Co	28,572.36
Construction, Laramie, North Park and Pacific R. R. and Tel	2,073.43
Contractors, Manhattan and Blue Valley R. R	137,809.23
Contractors, Manhattan and Blue Valley R. R., Marysville extension	543,778.77

Contractors, Manhattan and Blue Valley R. R., Garrison extension ...	$18,121.75
Construction, Montana Rwy	49,743.02
Construction, Montana Rwy., Stevensville extension	12,978.99
Contractors, Nathrop Cut-Off	97,342.60
Contractors, North Park and Grand River Valley R. R. and Tel	15.25
Construction, Oakley and Colby Rwy	57,125.17
Oregon Short Line Rwy., construction	122,185.83
Construction, Short Line, Bitter Root extension	7,239.07
Construction, Short Line, Boisé Branch	231.75
Construction, Short Line, John Day extension	427.00
Construction, Short Line, Malheur Valley extension	9,045.38
Construction, Short Line, Salmon River extension	6,501.11
Contractors, Omaha and Republican Valley R. R., Arnold extension ..	20,037.61
Construction, Omaha and Republican Valley R. R., Brewster extension.	677.09
Contractor, Omaha and Republican Valley R. R., Crete extension	5,407.88
Construction, Omaha and Republican Valley R. R., Holdrege extension.	568.79
Construction, Omaha and Republican, Jefferson extension	1,562.73
Contractor, Omaha and Republican, Lincoln extension	18,281.92
Contractor, Omaha and Republican, Loup City Branch	249,394.73
Contractor, Omaha and Republican, Milldale extension	191,098.44
Construction, Omaha and Republican, North Platte Branch	13,567.01
Contractor, Omaha and Republican, Ord extension	108,042.27
Contractor, Omaha and Republican, Pilot extension	227,909.44
Contractor, Omaha and Republican, Saint Paul extension	50.00
Contractor, Omaha and Republican, Seward extension	8,178.00
Construction, Omaha and Republican, Sioux City extension	1,131.70
Contractor, Omaha and Republican, Stromsberg extension	3,533.37
Contractor, Omaha and Elkhorn Valley R. R. Co	27,236.88
Contractor, Omaha, Niobrara and Black Hills R. R.	324,782.78
Construction, Omaha, Niobrara and Black Hills R. R., Greeley Centre extension	1,668.71
Construction, Omaha, Niobrara and Black Hills R. R., Harrington extension	2,977.61
Contractors, Omaha, Niobrara and Black Hills R. R., Wheeler extension.	18,078.48
Construction, Salina, Lincoln and Western Rwy	22,364.76
Construction, Salina, Lincoln and Western Paradise extension	12,313.55
Contractors, Salina and Northwestern R. R	10,174.99
Construction, Salina and Southwestern Rwy., Rice Co. extension	985.07
Construction, Topeka, Frankfort and Marysville R. R. extension	4,160.97
Construction, Utah and Northern R. R	106,246.39
Construction, Utah and Northern R. R., Day Creek extension	1,130.14
Construction, Utah and Northern R. R., Walkerville extension	49,299.50
Construction, Utah and Northern R. R., Butte extension	245.98
Construction, Union Pacific and Western Colorado Rwy., Aspen Division	8,155.37
Construction, Union Pacific and Western Colorado Rwy., Blue River Division	25,163.66
Construction, Union Pacific and Western Colorado Rwy., Grand River Divison	65,050.48
Construction, Union Pacific and Western Colorado Rwy., Mountain Division	86.04
Construction, Union Pacific Western Colorado Rwy., in Wyoming	74,992.60
Kansas City and Omaha R. R. Co	18,264.82
Denver, South Park and Pacific, special account	3,115.00
Denver, South Park and Pacific, coupon account	129,550.00
Council Bluffs Street Rwy., coupon account	2,600.00
Golden, Boulder and Caribou, coupon account	7,200.00
Omaha and Republican Valley, coupon account	73,220.00
Omaha, Niobrara and Black Hills R. R., coupon account	34,195.00
Salina, Lincoln and Western Rwy., coupon account	6,690.00
Salina and Southwestern Rwy., coupon account	32,250.00
Salt Lake and Western Rwy. coupon account	37,200.00
Solomon R. R., coupon account	67,290.00
Total	8,545,222.57

On account of bonds of other lines, etc.

Junction City and Fort Kearney Rwy. Co. Branch bonds	166,775.15
Council Bluffs Street Rwy. bonds	16,606.67
Colorado Central 7 per cent. bonds	3,885,966.25

Colorado Central 8 per cent. bonds	$35,712.50
Denver, Marshall and Boulder Rwy. bonds	215,730.00
Denver, South Park and Pacific bonds	2,746,911.00
Echo and Park City Rwy. Co. bonds	432,000.00
Georgetown, Breckenridge and Leadville R. R. Co. bonds	127,000.00
Greeley, Salt Lake and Pacific bonds	629,974.12
Kansas Central R. R. Co. bonds	1,073,400.00
Manhattan, Alma and Burlingame R. R. bonds	305,100.00
Marysville and Blue Valley bonds	115,200.00
Omaha and Republican Valley bonds	2,037,300.00
Omaha, Niobrara and Black Hills bonds	781,600.00
Salina, Lincoln and Western bonds	355,660.35
Salt Lake and Western bonds	864,000.00
Saint Louis, Council Bluffs and Omaha bonds	19,500.00
Utah Southern Extension bonds	757,394.30
Utah and Northern bonds	3,330,730.00
Wabash, Saint Louis, and Pacific receivers' certificates	60,000.00
Laramie County, Wyo., bonds	152,000.00
Howard County, Nebr., bonds	16,000.00
Sherman County, Nebr., bonds	30,400.00
Beatrice Precinct, Gage County, Nebr., bonds	12,000.00
Blue Springs Precinct, Gage County, Nebr., bonds	8,000.00
Cedar Springs Precinct, Boon County, Nebr., bonds	4,800.00
North Loup Precinct, Valley County, Nebr., bonds	3,600.00
Total	18,172,660.93

On account of stocks of other lines, etc.

Blue Valley R. R. stock	52,971.84
Atchison, Colorado and Pacific stock	2,251.22
Union Pacific Railroad, Central Branch stock	1,876,000.00
Council Bluffs Street Railway stock	20,750.00
Colorado Central Railway stock	3,669,100.17
Denver, Marshall and Boulder Valley stock	613,467.31
Denver, South Park and Pacific stock	4,364,712.40
Echo and Park City Railway stock	85,283.16
Georgetown, Breckenridge and Leadville stock	127,700.00
Greeley, Salt Lake and Pacific stock	808,500.00
Laramie, North Park and Pacific stock	64,400.00
Junction City and Fort Kearney stock	43,772.14
Manhattan, Alma and Burlingame stock	44,790.58
Montana Railway Company stock	420,000.00
Omaha and Republican Valley of Nebraska stock	553,245.21
Pacific Express Company stock	1,744,241.07
	500.00
Montana Union Railway stock	9,942.91
Oregon Short Line Railway stock	10,500.00
Salina, Lincoln and Western stock	36,072.16
Salina and Southwestern stock	117,200.00
Salt Lake and Western stock	377,970.99
St. Joseph and Grand Island stock	692,071.62
Utah Central stock	674,399.45
Utah and Northern stock	48,000.00
Bozeman Coal Company stock	1.00
Credit Mobilier of America stock	173,810.01
Occidental and Oriental Steamship Company stock	100,000.00
Saint Louis and Mississippi Valley Transportation Company stock	138,500.00
Union Coal Company stock	81,000.00
Union Elevator Company, Omaha, stock	46,700.00
Union Elevator, Council Bluffs, stock	317,658.94
Utah and Nevada R. R. Company stock	21,000.00
Union Depot, Kansas City, stock	
Total	17,356,511.77

Lands, mines, etc.

Colorado lands	3,946.16
Wyoming coal lands	69,035.29
Utah coal lands	1,523.75
Kansas lands	15,377.50

Soda lands	$8,959.16
Laramie Soda Works	54,647.71
Mountain coal lands	28,200.00
National Land Company	516.13
Pullman Association cars	423,000.00
Pacific Express Company (Reserve fund)	70,000.00
Union Coal Company	15,242.67
Pullman Palace Car Company	25,328.97
Total	715,779.74

Held in Kansas Pacific Consolidated, Mortgage Trust.

	Bonds.	Stock.
Denver and Boulder Valley	$550,000	$4,250
Golden, Boulder and Caribou	60,000	5,050
Junction City and Fort Kearney	970,000	7,200
Lawrence and Emporia	465,000	.....
Salina and Southwestern	540,000	.....
Solomon Railroad	575,000	5,000
National Land Company	.....	35,750
	3,160,000	57,250
Total	3,217,250	

RECAPITULATION.

On account of advances to or construction of other lines*	$8,545,222.57
On account of bonds of other lines	18,172,660.93
On account of stocks of other lines	17,356,511.77
On account of lands, mines, etc	715,779.74
On account of bonds and stocks held in trust	3,217,250.00
Total	48,007,425.01

The following is a statement showing, in the first column, the present amount of bonds and stocks of the respective roads indicated, held by the Union Pacific Railway Company; in the second column, the entries charged to original construction, appearing on the Omaha books—and in the third column, the entries charged in the same books, to new construction and equipment:

Name.	Bonds and stocks.	From Omaha books.	
		Original construction.	New construction and equipment.
Omaha and Republican Valley R. R.	$2,590,545.21	$3,430,062.68	$177,472.75
Omaha, Niobrara and Black Hills R. R.	781,600.00	1,275,006.31	8,908.42
Hastings and Grand Island R. R.	.....	236,457.84	.....
Omaha and Elkhorn Valley Rwy.	.....	27,236.88	.....
Marysville and Blue Valley R. R.	115,200.00	370,749.21	2,719.88
Manhattan and Blue Valley R. R.	.....	716,195.49	.....
Manhattan, Alma and Burlingame Rwy.	349,890.58	129,401.96	.....
Atchison, Saint Joseph and Matheny Rwy.	.....	500.00	.....
Lawrence and Emporia Rwy.	.....	66,623.14	.....
Kansas Central R. R.	1,073,400.00	338,861.23	114,125.91
Junction City and Fort Kearney Rwy.	166,775.15	208,931.82	.....
Solomon R. R.	.....	5,331.14	.....
Salina and Southwestern Rwy.	36,072.16	43,177.69	.....
Salina, Lincoln and Western Rwy.	366,160.35	477,353.30	.....
Topeka, Frankfort and Marysville Rwy.	.....	4,160.97	.....
Oakley and Colby Rwy.	.....	57,125.17	.....
Colorado Central R. R.	7,600,778.92	457,432.17	872,237.06
Colorado, Julesburg Branch	.....	2,509,850.17	.....
Denver, South Park and Pacific R. R.	7,111,624.15	3,851,788.88	961,401.23
Greeley, Salt Lake and Pacific Rwy.	1,437,774.12	1,406,346.48	.....
Georgetown, Breckenridge and Leadville Rwy.	254,700.00	432,597.60	.....
Denver, Marshall and Boulder Rwy.	829,197.34	450,879.38	471.48
Denver and Middle Park R. R.	.....	32,903.90	.....

* Includes coupons of other companies.

Name.	Bonds and stocks.	From Omaha books.	
		Original construction.	New construction and equipment.
Cheyenne and Northern Rwy		$89, 849. 11	
Rawlins Branch		4, 633. 71	
Laramie, North Park and Pacific Rwy	$64, 400. 00	66, 473. 43	
Union Pacific and Western Colorado Rwy		98, 455. 55	
Union Pacific and Western Colorado Rwy. in Wyoming		74, 992. 60	
Wyoming, Montana and Pacific Rwy		77, 172. 97	
Montana Rwy	420, 000. 00	482, 722. 01	
Utah and Northern Rwy	4, 005, 129. 15	3, 379, 387. 56	$734, 057. 33
Oregon Short Line Rwy	9, 942. 91	14, 343, 143. 32	199, 149. 28
Utah Southern R. R		890, 978. 92	
Echo and Park City Rwy	517, 283. 16	471, 893. 70	10, 485. 37
Salt Lake and Western Rwy	981, 200. 00	917, 290. 75	359. 72
Total	28, 711, 673. 20	38, 286, 057. 04	3, 071, 379. 69

In answer to queries contained in the circular of the Commission of May 12 last, embraced in paragraphs 26 to 31.

(26) And said Commission shall also ascertain and report the names of all the stockholders in each of said companies, from its organization to the date of the investigation herein provided for, as they appear on the books of said companies at the date of its annual meeting in each year; the amount of stock held by each.

(27) What consideration, if any, was paid by each stockholder to said company for his stock, and when and in what property such payment was made.

(28) The date when each stockholder so appearing on the books became such.

(29) And whether stock is now held or has heretofore been held in the name of any person in trust or for the benefit of any other, and the names of all such persons.

(30) The total amount of the stock in each company.

(31) And the dates and amount of any increase of such stock, and the reason for such increase.

The amount paid by each stockholder of record can not, of course, be determined by the books of the several railway companies. The amount paid, or otherwise, on the original stock subscriptions to the several companies is a matter of record on the books, and so far as the Denver Pacific and Kansas Pacific companies are concerned, reports have been hitherto made, showing the amounts of original subscription to capital stock, and the value received for the same.

In the case of the Kansas Pacific Company, the total stock subscriptions amounted to $10,000,000, of which, so far as can be ascertained, $250,000 were actually paid in, in cash or its equivalent.

In the case of the Union Pacific Railroad Company, the total stock subscriptions amounted to $36,862,300, of which less than $700,000 were actually paid in, in cash or its equivalent.

The capital stock of the Union Pacific Company shows as follows:

Year.	Stock.	Year.	Stock.
1863	$217, 700	1875	$36, 762, 300
1864	396, 950	1876	36, 762, 300
1865	400, 950	1877	36, 762, 300
1866	5, 315, 780	1878	36, 762, 300
1867	5, 464, 980	1879	36, 762, 300
1868	20, 762, 300	1880	50, 480, 500
1869	28, 762, 300	1881	60, 672, 400
1870	36, 762, 300	1882	60, 672, 400
1871	36, 762, 300	1883	60, 672, 400
1872	36, 762, 300	1884	60, 672, 400
1873	36, 762, 300	1885	60, 672, 400
1874	36, 762, 300	1886	60, 672, 300

The capital stock of the Kansas Pacific Company shows as follows:

[Per lists.]

Year.	Stock.	Year.	Stock.
1868	$776,000	1874	$9,689,950
1867	2,561,000	1875	9,689,950
1868	2,616,000	1876	9,689,950
1869	5,072,500	1877	9,689,950
1870	5,072,500	1878	9,689,950
1871	8,872,500	1879	9,689,950
1872	9,369,300	1880	10,000,000
1873	9,655,950		

The capital stock of the Denver Pacific Company shows as follows:

Year.	Stock.	Year.	Stock.
1869	$4,000,000	1875	$4,000,000
1870	4,000,000	1876	4,000,000
1871	4,000,000	1877	4,000,000
1872	4,000,000	1878	4,000,000
1873	4,000,000	1879	4,000,000
1874	4,000,000	1880	4,000,000

Prior to consolidation, the issue of the share capital of the Union Pacific Railroad Company, as shown by the books, amounted to $36,762,300. The share capital thus indicated was raised as follows:

UNION PACIFIC CAPITAL STOCK.

Between the dates of December 22, 1863, and November 8, 1865 (representing the first and second installments) was deposited in the City Bank of New York	$317,200
Nov. 15, 1864, there was credited to capital stock and charged to T. C. Durant, as a payment on account of loans made by him to the company, the sum of	76,250
(There was no deposit of this amount, but it simply appears as a crossentry on the cash-book.)	
Other sums were credited to capital stock, prior to November 8, 1865, as follows:	
Brigham Young's subscriptions of 95 per cent. (which represented the value of labor and material)	4,500
John E. Henry, $1,500; E. Cook, $1,500, and R. Watkinson $1,000	4,000
Between the 17th of February, 1866, and December 31, 1867, the subscriptions credited to capital stock were $5,318,780, made up as follows:	
O. P. Hinford, 5 per cent. installment	50
Mar. 8, 1866, Credit Mobilier (deposited with John J. Cisco & Son, and drawn out same day)	102,250
Mar. 24, 1866, Credit Mobilier (deposited with John J. Cisco & Son, and drawn out same day)	127,500
June 22, 1866, Credit Mobilier (deposited with John J. Cisco & Son, and drawn out same day)	150,000
July 18, 1866, Credit Mobilier (deposited with John J. Cisco & Son, and drawn out same day)	87,500
Aug. 18, 1866	901,530
(This sum is part of the $3,800,000 represented as having been paid by the Credit Mobilier on account of scrip for stock of the Union Pacific Railroad Company.)	
Sept. 21, 1866 (represents a settlement in full with John A. Dix, the president of the company, for services rendered, say 50 shares of stock)	5,000

Sept. 24, 1866 ..... $328,410

(This sum is part of the $3,800,000 represented as having been paid by the Credit Mobilier on account of scrip for stock of the Union Pacific Railroad Company.)

Sept. 24, 1866 (represents a payment by the Credit Mobilier of $60,000, which was deposited with John J. Cisco & Son, and $40,000 of the same drawn out the same day) 60,000
Sept. 22, 1866 300,000

(This sum is part of the $3,800,000, represented as having been paid by the Credit Mobilier on account of scrip for stock of the Union Pacific Railroad Company.)

Sept. 27, 1866, deposited with John J. Cisco & Son (Charles Tuttle's subscription on account of 20 shares) 2,000
Oct. 23, 1866 (no deposit found for this sum; 5 per cent. on account Charles Tuttle's subscription) 500
On Dec. 31, 1866, there was credited to the capital stock account, the sum of 2,792,490

The history of this subscription is as follows: Jan. 4, 1867, a deposit of $2,500,000 appears in the bank pass-book of Cisco & Son. Jan. 8, 1866, another deposit of $2,500,000 appears on the same book. Against these sums two checks were drawn, one for $2,500,000, the other, $185,760, and charged to the Hoxie contract. Of this sum of $2,792,490, the sum of $1,735,490 was represented by payment (of 70 per cent. on account of scrip for stock) made by sundry parties, to the extent of 24,494 shares, and by Cyrus H. McCormick, subscription 70 per cent. on 313 shares, and 70 per cent. paid in by T. C. Durant on 6,000 shares, also part of the $3,800,000 of scrip.

Feb. 27, 1867 (70 per cent. on 50 shares to Elisha Atkins. This really forms part of the sum of $3,800,000 of the scrip purchases heretofore mentioned) 3,500
Mar. 25, 1867 (70 per cent. on 250 shares to R. G. Hazard. This also forms part of the $3,800,000 of the scrip purchases heretofore mentioned) 17,500
Apr. 29, 1867 (750 shares Credit Mobilier. This also forms part of the scrip purchases heretofore mentioned) 23,500
Oct. 10, 1867 (15 per cent. on account of 100 shares to John E. Henry).. 1,500
Oct. 28, 1867:
S. B. Chittenden, 20 per cent. on 10 shares 2,000
Morris Ketchum, 20 per cent. on 20 shares 4,000
Between November 1, and December 28, 1867, Credit Mobilier was charged, and capital stock was credited, with various sums, amounting to 97,200

(The sums composing this amount can not be found among the deposits made by the company, and they appear to consist of cross-entries made in the cash-book; that is to say, capital stock would be credited with, say, $3,000, and the Credit Mobilier would be debited with the same amount on the same day.)

Jan. 4, 1868, capital stock was credited with the sum of 3,412,170

(This amount forms part of the $6,800,000 paid under the Ames contract.)

Jan. 31, 1868, capital stock was credited with (and the Credit Mobilier of America was debited with the same amount. The only evidence of this payment is a cross-entry in the cash-book) 8,800
This remark also holds good with reference to the sums opposite—
April 27 7,650
February 27 45,700

Under date of July 9, 1868, the sum of (was passed tothe credit of capital stock, the same having been paid in by J. J. Crane, and the amount deposited in the Fourth National Bank) 4,500
On September 16, 1868, capital stock is credited with 13,500

On the same day the Credit Mobilier is credited with the sum of $38,500, which, added to the $18,500 above mentioned, makes the sum of $57,000.

Per contra:		
Steam-boat account on cash-book is charged with the sum of	$55,000	
Tools and machinery	2,000	
		$57,000
It will be seen, therefore, that these sums are simply cross-entries on the cash-book.		
Between June 17, 1868, and July 29, 1870, capital stock was credited with the sum of		27,800,000
The particulars concerning the issue of this stock, all of which was on account of the Ames and Davis contracts, appear in my sixth report, part first.		
The stock issues, mentioned above, amount to		36,765,300
From which we must deduct (for errors, as shown by the books) the sum of		3,000
		36,762,300

For the history of the issue of the share capital of the Kansas Pacific Company, I beg to refer to my third report, dated June 25, 1887.

For a history of the issue of the share capital of the Denver Pacific Company, I beg to refer to my sixth report, part second, dated October 15, 1887.

Added to the share capital hereinbefore mentioned, say $36,762,300, were the $10,000,000 of the capital stock of the Kansas Pacific Company, and the $4,000,000 of the capital stock of the Denver Pacific Railway and Telegraph Company. The aggregate of these shares amounted to a par value of $50,762,300.

Subsequently, at a meeting of the stockholders held on the 9th day of March, 1881, an increase of the capital stock of the Union Pacific Railway Company was voted to the extent of $10,237,700, thus fixing the entire capital stock of the company at the sum of $61,000,000.

Of this increase, the sum of $10,106,200 was paid in between the 12th of February, 1881, and the 31st of December following. The subscriptions in New York amounted to $8,237,900, and the subscriptions in Boston to $1,868,300. Of the subscriptions which were paid in New York $8,234,188.83 passed through the hands of the assistant treasurer, James M. Ham. On referring to his account—say to the 30th of April, 1881—I find that his debits on the books of the Union Pacific Railway Company amounted to the sum of $12,891,048.18. The credits to his account, to the same date, amounted to the sum of $12,263,873.76, leaving a balance of $627,144.42.

Included in the credits above mentioned, were the following:

Apr. 2.	Paid Jay Gould this day balance due on the 30,993 shares Denver, South Park and Pacific Railroad Company's stock, bought by the above company on the contract from Charles C. Niebuhr, which contract was assigned to Jay Gould	$1,761,217.23
Apr. 2.	Central Branch Union Pacific, to pay their notes to Clarke, Post, and Martin	18,193.02
Apr. 2.	Deposit with Winslow, Lanier & Co., for account of the Denver, South Park and Pacific Railroad Company	120,000.00
Apr. 7.	Advanced to Missouri Pacific Company, on account of Central Branch Union Pacific	380,000.00
Apr. 7.	Pacific Mail Steamship Company, guarantee for February paid	34,791.10
Apr. 19.	Saint Louis and New Orleans Transportation Company, third installment of 25 per cent. subscription	25,000.00
Apr. 21.	Advanced Central Branch Union Pacific Railroad Company	1,000.00
Apr. 21.	Union Division land grant bonds, bought at 113¼	9,050.00
Apr. 25.	Pacific Mail Steamship Company, March guarantee	30,293.45

Apr. 27.	Deposit with Speyer & Co., for Frankfort coupons	$90,000.00
Apr. 30.	Advanced Central Branch Union Pacific Railroad Company	100,000.00
Apr. 30.	Repaid John A. Stewart, trustee	4,827.57
Apr. 30.	Salaries, expense account, legal expense, etc	16,913.52
Apr. 30.	Coupon certificates bought	102,782.79
Apr. 30.	Interest on bonds, and interest and discount	2,974.63
Apr. 30.	Balance on one bond, consolidated, delivered	230.00
Apr. 30.	Kansas and Nebraska bonds bought	50,297.01

These are only a few of the amounts picked out from the account after the payments of the first instalments to the capital stock subscriptions, made in New York.

The stock lists of these companies are shown as Exhibits B 1 to B 53, except as to the New York lists, which are numbered B— to B—.

In answer to queries contained in the circular of the Commission of May 12 last, embraced in paragraphs 32 to 34, inclusive.

(32) And the amount of the annual salaries or compensation that are now or at any prior time have been paid to any officer or employé of said company, when such salary or compensation amounts to $5,000 or more per annum.

(33) And the names of the persons now receiving or who have heretofore received such salaries or compensation.

(34) And all bonuses or donations which may have been given or paid to any such person.

The inquiry as to the amounts of the annual salaries or compensation that are now or at any prior time have been paid to any officer or employé of the said company, when such salary or compensation amounts to $5,000 or more per annum.

This information has been prepared especially by the officers of the company, and I am informed that it has been recently sent, or will be sent, to the Commission within a few days. A statement of such charges compiled from the Boston books alone would be incomplete. The Omaha books and the multifarious transcripts of accounts from the Omaha office would have to be scrutinized in order to make any compilation of the facts requested, of any value to the Commission. In view of this fact, it was decided to be best to accept the statements made by the officers of the company under this head, provided they should be sworn to.

Since the above was written the statement mentioned has come to hand and accompanies this report as Exhibit A 56.

In answer to query contained in the circular of the Commission of May 12 last, embraced in paragraph 35.

(35) And all payments made under the head of legal expenses, to whom made, and the amount paid to each, and for what specific services such payments were made.

Exhibits 31 (four herewith) answer the inquiry concerning all payments made under the head of legal expenses, to whom made, and the amounts paid to each, although in all cases, the specific services for which such payments were made can not be ascertained, for the reason that, as respects the Union Pacific Company, nearly all the vouchers for legal expenses were missing at the time of investigation, and as respects the Denver Pacific and Kansas Pacific Companies no vouchers for such expenditures were obtained or obtainable at the Boston office.

The legal expenses of the Union Pacific Railroad Company were as follows:

Year.	Amount of legal expenses.	Year.	Amount of legal expenses.
1865		1873	$16,260.55
1866	$7,400.00	1874	21,788.43
1867		1875	75,998.41
1868	4,317.08	1876	50,900.04
1869	11,770.00	1877	76,621.90
1870	60,633.89	1878	83,686.97
1871	57,875.95	1879	51,723.33
1872	95,949.65	1880	4,854.18
1873	159,120.67		
1874	57,863.38	Total	834,773.43

The legal expenses of the Kansas Pacific Railway Company were as follows:

Year.	Amount of legal expenses.	Year.	Amount of legal expenses.
1865	$147.60	1874	$789.28
1866	52,458.39	1875	657.96
1867		1876	
1868	10,949.00	1877	
1869	22,746.42	1878	
1870	13,000.00	1879	1,000.00
1871	250.00	1880	56.82
1872	16.65		
1873	1,886.24	Total	103,958.36

This does not include bonds and stock, which were charged to construction account and hitherto reported. In fact, the legal expense account of the Kansas Pacific was closed March 29, 1867, on the general books.

The legal expenses of the Denver Pacific Railway and Telegraph Company were as follows:

Year.	Amount of legal expenses.*	Year.	Amount of legal expenses.*
1867		1875	
1868		1876	
1869		1877	
1870		1878	
1871		1879	
1872		1880	
1873			
1874		Total	

* Can not be furnished from the books.

The legal expenses of the Union Pacific Railway Company were as follows:

Year.	Amount of legal expenses.	Year.	Amount of legal expenses.
1880	$37,996.03	1885	$86,167.74
1881	67,315.36	1886	42,164.92
1882	40,282.76		
1883	43,237.56	Total	360,419.19
1884	43,254.82		

In answer to the queries contained in the circular of the Commission of May 12 last, embraced in paragraphs 47, 48, 49, and 50.

(47) The Commissioners shall also ascertain the average cost per annum of Government transportation in the region now traversed by the Pacific railroads between the year 1850 and the completion of said roads.

(48) And also the average cost per annum since such completion.

(49) And what additional facilities have been furnished to the Government and the people by said roads.

(50) Also to inquire what discount the Pacific Railroad and its several branches were forced to make, in disposing of the bonds guarantied by the Government, to obtain the gold coin which was the currency of the country through which the greater part of said roads pass.

The cost per annum for Government transportation per the Kansas Pacific and Denver Pacific could not be obtained from the books in Boston. Since the completion of the Union Pacific, the cost of freight and passenger transportation to the United States is as follows:

Years.	Freight.	Passenger.	Mail earnings.	Years.	Freight.	Passenger.	Mail earnings.
1867*.....	$616,336.18	$156,207.24	$38,190.00	1880.....	$509,915.32	$254,385.25	$719,303.40
1868.....	446,560.85	103,782.72	186,098.40	1881.....	484,013.14	208,860.11	721,312.34
1869.....	318,336.05	445,208.37	268,428.54	1882.....	361,648.07	143,386.28	746,515.61
1870.....	263,219.95	289,769.92	274,513.56	1883.....	342,957.93	113,767.67	730,133.19
1871.....	213,585.15	227,903.70	283,748.90	1884.....	236,867.43	102,257.16	†737,667.90
1872.....	170,158.06	303,154.12	283,855.00	1885.....	168,724.36	95,850.39	684,718.00
1873.....	219,939.65	248,117.88	283,855.00	1886.....	152,099.50	96,161.75	587,302.77
1874.....	316,840.21	250,702.76	345,758.00				
1875.....	234,596.13	176,243.65	325,143.00	Total..	6,488,755.72	4,107,455.54	....
1876.....	374,387.65	223,614.78	574,139.00				
1877.....	362,208.21	293,251.25	596,775.00	Average cost for 20 years.	324,437.00	205,372.00	.....
1878.....	294,414.10	223,865.11	596,775.00				
1879.....	401,947.78	150,965.23	596,775.00				

* April to December. † $133,909.33 of this sum disallowed by Court of Claims.

In answer to the inquiry, "What discount the Pacific Railroad and its several branches were forced to make in disposing of the bonds guarantied by the Government, to obtain the gold which was the currency through which a greater part of said roads passed," I have to say that this clause in the law seems to affect particularly the Central Pacific Company. But I have thought it well, nevertheless, to furnish the Commission with the amounts of discount which were charged to construction account by the several companies investigated by me which received the bonds of the Government.

The exact facts with reference to the United States bonds are these:

The exact amount charged as discount by the Union Pacific Company was		$125,207.50
The amount credited as premium was		123,920.38
Leaving a balance of		1,287.12
And the following sum was charged to contract west of one hundredth meridian		97,985.44
Total		99,272.56
The discount on bonds sold by the Kansas Pacific Company amounted to (see special report, page 23)		100,668.04
Less premium received		4,591.45
Leaving net discount		96,076.59

CONCLUSION.

I trust that in the foregoing pages I have covered all the points contemplated by the act of March 3 last, so far as an accountant can do so. Whatever information was sought by this act, and which failed to be

obtained by an investigation, so resulted from the fact that the data were either lost or missing, or else the state of the books was such that it could not be furnished within the time allowed for the existence of the Commission. The examination of books and accounts is not an off-hand sort of business, but the work is in the nature of a dead language that has to be carefully and painfully translated. As will be seen from these pages, my investigation was confined to the Union Pacific lines, and I have attempted to give their history so far as the instructions in the Act gave me the opportunity.

As a matter of fact, so far as the Union Pacific Railway is concerned, it is no longer numbered among the dividend-paying properties. The value of the stock has diminished on the market in consequence. And this has not been the result particularly of the management of cliques, as those who dealt in it for speculative purposes no longer touch it. The investments the company have made in branch lines have hurt it in public estimation, and its published accounts do not attempt to show that the public estimation is the wrong one. If the company is just to itself, it will let in more light than it has hitherto done as to the service these branch lines perform in keeping up the revenues of the company, despite the great and ever-increasing competition going on all around it. I have been asked to give an accountant's answer to the question whether the branch lines pay. My response, in looking over the books, is that, tested by their direct business, they do not. I am then asked, do I take the interchangeable traffic which the branch lines furnish to the main line into the account, I must state that I do not, because the alleged profit on these branch lines is not directly represented on the books. An indirect representation of this profit is claimed to be presented in the accounts, but the means of determining whether the claim is one that I could pass as an auditor is not within my reach. I can not take the assertion for granted, neither can I deal with an intangible asset, which takes no shape on the balance-sheet other than that the officers of the company claim that it stands as a factor in preventing any reduction in the value to the parent company of the auxiliary line assets. Even any one not conversant with accounts can see the difficulty of the situation. It would be hardly just to say that the interchangeable traffic should not figure as an element in the accounts, and yet the Company produces no evidence that it does so figure, and asks the Commission and impliedly its accountants to believe that a certain specified sum (which, after all, is only an estimate), as, for instance, the sum of $3,287,072.95 (Mink's testimony, page 619), is an offset to the element of deficits in the net earnings of the auxiliary lines, and that practically for this reason the amounts invested in these auxiliary lines are good assets, and notwithstanding the fact, that on the face of the returns they do not pay, they should stand as they now stand in any exhibit of the company's affairs. In my judgment, from my experience of the accounts, the question whether the assets of the Union Pacific Company equal its liabilities rests upon this branch line question. Strike out the branch line assets which do not pay a direct income to the company, and it would involve the writing off of the enormous sum of $23,000,000; that would swallow the income account and $6,000,000 over. It would be unjust, however, to the company to do this, without an examination of the claim it makes as to the value of the interchangeable traffic. This value has not been certified to by the Commission's accountants, because in the first place it was not on the company's books, and secondly, because it was not possible to discover within the period of the Commission's existence whether it was the true value or otherwise.

The possibility that the income account of the Union Pacific Railway Company may have a certain amount of fiction in its composition, although it has been rising in amount from year to year, renders it an interesting statement just here:

Income balance from 1880 *to* 1886.

Year.	Amount.	Year.	Amount.
1880	$2, 521, 877. 61	1884	[illegible]
1881	4, 562, 157. 07	1885	[illegible]
1882	6, 993, 247. 55	1886	[illegible]
1883	8, 255, 121. 21		

Below is a statement of the assets existing on the books of the Union Pacific, on the 31st of December, 1886, in the shape of bonds, stocks, payments to contractors, and payments of coupons of lines operated by the railway company whose interest charges are in excess of their net earnings:

Name of road.	Amount.	Name of road.	Amount.
Omaha and Republican Valley	$3, 227, 604. 80	Oregon Short Line	$1, [illegible]
Omaha, Niobrara and Black Hills	1, 163, 302. 58	Salt Lake and Western	[illegible]
Saint Joseph and Western	394, 251. 14	Kansas Central	1, [illegible]
Marysville and Blue Valley	116, 215. 74	Georgetown, Breckenridge and Leadville	[illegible]
Laramie and South Western	111, 092. 76	Laramie, North Park and Pacific	[illegible]
Junction City and Fort Kearney	1, 297, 507. 29	Denver and Middle Park	[illegible]
Solomon Railroad	647, 290. 00	Salina, Lincoln and Western	[illegible]
Salina and Southwestern	37, 057. 23	Montana Railway	[illegible]
Denver and Boulder Valley	572, 398. 25		
Denver, South Park and Pacific	9, 023, 290. 48		
Echo and Park City	317, 283. 16		
Greeley, Salt Lake and Pacific	1, 555, 121. 05		23, [illegible]

It is upon the value of these assets that the financial standing of the company is to be rated, and as to these assets, the truth or otherwise of the statement, that the interchangeable traffic shows the profit claimed for it, has a most important bearing on the result.

All of which is respectfully submitted by,

Yours, very truly,

WM. CALHOUN,
Accountant.

The following are the preliminary reports made by Mr. William Calhoun, the accountant to the Commission, during his investigation:

FIRST REPORT OF WILLIAM CALHOUN, ACCOUNTANT TO THE UNITED STATES PACIFIC RAILWAY COMMISSION.

BOSTON, *June* 4, 1887.

GENTLEMEN: Before stating what progress has been made thus far in the investigation of the accounts of the Union Pacific Company, allow me to outline very briefly what, in part, has been reported verbally to the Commission as to the methods of examination:

(1) The balance-sheet of each year from 1863 to the date fixed for the termination of the investigation is to be made up from the books.

(2) Every account which may form a part of such balance-sheet is to be subjected to a rigid scrutiny: first, as to the technical form of the entries which make it up; second, whether such entry is supported by a voucher; third, whether such voucher is in regular or irregular form; fourth, whether the charge is a proper one to the account to which it has been passed, and whether the entry on its face discloses any other description of error.

(3) The facts as they are found by this process to be stated in regular order by reference-numbers on each balance-sheet. The facts as to the vouchers are to be noted as follows: (*a*) Report what vouchers are in order; (*b*) report what vouchers are irregular or which can not be classed as vouchers; (*c*) report what vouchers are missing, giving the numbers. Owing to the fact that various vouchers which are reported as missing turn up afterwards on searches being made by the railway officials, it is deemed proper to hold in reserve for the present the balance-sheets already made out, with a view of making whatever alteration may be necessary.

(4) An examination of each entry is to be undertaken in order to discover whether it has been made on a cash basis, or whether the item represents an expenditure or otherwise in any form of obligation which can not be looked upon as cash. This applies to scrip, stock and bond entries of all kinds.

(5) Every contract is to be examined carefully, and all payments made on account of the same are to be investigated and reported upon, at the same time stating what the books disclose in relation thereto.

(6) A statement is to be made at the foot of each balance-sheet, showing how much actual cash has been expended upon construction and equipment, separating the one from the other, and itemizing the same, construction proper being separated from expenditures incidental to construction. The notes subjoined to each balance-sheet are intended to be exhaustive as to the nature and history of the items therein stated, so that as a matter of fact the Commissioners may be able to form an intelligent idea of the financial transactions of the company as they occurred from year to year, and to determine whether such transactions call for any action or comment on their part under the act.

(7) Special care is to be taken in the examination of the accounts between the Credit Mobilier and the Union Pacific, and if the real condition of things as between these companies is not disclosed by the Union Pacific books, a special report reciting the facts, whatever they may be, is to be made to the Commissioners.

(8) Other particulars respecting the work of the accountant on the Union Pacific books are quite fully outlined in Mr. Stevens's printed report, and the lines of investigation therein indicated are to be followed as closely as possible.

(9) Up to a certain point the receipts and expenditures of the Union Pacific Company relate almost entirely to matters connected with the building of the line, and the whole of this ground must be investigated with extraordinary caution, in consequence of the very loose way in which the accounts were kept. Beyond the point mentioned, it is claimed that the books are in a more satisfactory condition. If so, the labors of the accountant will be very materially lessened.

(10) The plan of investigation is to be altered as the work widens, and the system which will be pursued up to 1870, for instance, may be changed to suit the exigencies of the situation, which later years may develop in the matter of branch lines, accounts with the Government,

additional issues of stock, consolidation with other lines, etc. The committee will be informed duly of whatever changes in methods may be found necessary, and reports will be made to it weekly as to such changes, if any, and as to the progress of the investigation.

THE WORK ALREADY DONE.

The balance-sheets for 1863, 1864, 1865, and 1866 in Ledger A have been drawn off. Balance-sheets have also been taken from Ledger B, to the end of the year 1872. An analysis of all the accounts in Ledger A, up to the end of 1865, and for part of the accounts for 1886, has already been made. The work of analyzing the accounts and comparing them with vouchers will proceed with much greater dispatch hereafter, inasmuch as labor-saving methods will naturally suggest themselves as the work increases in bulk, without impairing the thoroughness of the investigation. One of the difficulties of the work so far rests in the fact that no balances of Ledger A, appear to be in existence, and this ledger has been so badly kept, that the labor of getting the balances is a very serious one. For Ledger B and subsequent books, it appears that trial balances are to be had, and from these I will have no difficulty in preparing the balance sheets. If the Commissioners have looked into Journal A and Ledger B, which constitute the first books of this company, they will have seen at a glance how wretchedly the work was done. Every entry, for instance, in the journal should have been supported by a good and sufficient voucher, and every such entry should have been numbered in correspondence with such voucher. In a vast number of cases this has not been done. Many journal entries contain no reference to any voucher whatever; other entries state references to vouchers which are not in existence, or if they are in existence, are found to be mere memoranda, and are not evidence as to the propriety of the charges made. I have called Mr. Mink's attention to one entry in Journal A, for $13,000,000 credited to the Hoxie contract account, which seems to be made in a very wholesale manner, the journal furnishing no reference in the matter of a voucher or vouchers, and I have consequently asked him to let me have the documents, if they are in existence, upon which said entry is founded. I could, if time permitted, enumerate a variety of instances showing the wretched condition of the book-keeping, but I will reserve my commentaries in that particular for a future report. It may be sufficient to say here, that the directors of the Union Pacific Railroad Company, during the time of these early transactions, were men of unusual intelligence in matters of business, and of unchallenged probity. In the matter of keeping the accounts, however, and in having them properly stated on the books, they neglected a most important duty—a duty they owed to the public as well as to the Government. No one can have any conception as to the extent of their neglect without a look at these books. I find a great many vouchers missing, but, as before stated, some of these may eventually turn up. Mr. Miller informs me, or rather he states it as his belief, that the fact of the vouchers being missing may be accounted for to some extent, inasmuch as many of them were carried away during previous investigations. Considerable progress has been made in the matter of the stock lists, the work being finished on Ledgers A and B of the Union Pacific Company. Ledger C has been completed as far as the letter N, in 1873. Ledgers D, of the Union Pacific Company, and A, of the Union Pacific Railway Company, are complete; and Ledger B, of the Union Pacific Railway

Company, has been completed to letter C. For the information of the Commission, the stock ledgers of the two organizations are as follows:

Union Pacific Railroad Company, A, to January 22, 1869; B, to April 1, 1871; D, to January 24, 1880.

Union Pacific Railway Company: A, to January 1, 1882; B, to June 8, 1883.

All of which is respectfully submitted.

Yours, truly,

WM. CALHOUN,
Accountant.

P. S.—I omitted to mention that, so far, I have been unable to find any cash-book of the transactions of the company from 1863 to 1867. I have asked Mr. Mink to look it up, and also to let me have the bank pass books and check books with the checks covering that period.

HON. ROBERT E. PATTISON,
Chairman.
E. ELLERY ANDERSON, Esq.,
DAVID T. LITTLER, Esq.,
Commissioners.

SECOND REPORT OF WILLIAM CALHOUN, ACCOUNTANT TO THE UNITED STATES PACIFIC RAILWAY COMMISSION.

BOSTON, *June* 11, 1887.

GENTLEMEN: Since my last report the work of investigation has proceeded quite satisfactorily. The balance sheets have been drawn off up to and including the year 1876. One of the balance sheets, however, namely that of 1866, is out some five thousand and odd dollars, and we have been put to considerable trouble in finding the difference. Of course you are aware it will be absolutely necessary to find it, and I will probably discover it in the course of the day. The work of examining the vouchers has not been taken up to any great extent this week for the reason that we are anxious to draw off as many balance sheets as we possibly can at this time. When we have completed them up to 1877, the examination of the vouchers will be again taken up and lists prepared of those which are missing or insufficient. These lists will be submitted to Mr. Mink, the comptroller of the Union Pacific, for his examination, and for the purpose of having any alterations that may be necessary in the said lists made before they become a part of the records of the Commission. It is very likely that more or less vouchers in the lists may be subsequently discovered, and these, of course, will have to be stricken from them. I may say, in passing, that I deem it proper that the Union Pacific officials should have submitted to them whatever documentary statements I may make, for the information of the Commissioners, so that they may have the opportunity of furnishing any explanation which may be deemed necessary under the circumstances. This will save any disagreeable feelings arising in consequence of making reports which might in a manner seem to do them an injustice. I find that in the summer of 1879, in consequence of some trouble which Mr. Jay Gould had with one of the banks here, in the way of an attachment on some stock which had been held as collateral, that he divided the stock lists, so as to have one in New York and

the other in Boston; so that from that period the two lists would have to be put together. It would be a great labor to make one list of these two; but if the Commissioners desire it, it shall be done. On looking over the stock lists furnished from the New York books, I find those of 1880 and 1881 are missing, at least the transfer agent here can not find them. It will, therefore, be necessary to have these lists made up in New York, and some one should be detailed to go to the Union Trust Company, corner of Rector Street and Broadway, to take them off, so that we may have them here. I furthermore find, with reference to the New York lists now in the Boston office that the dates of acquisition are not filled in. Under the act, this will have to be done. The Boston lists of 1878 and 1879 of the Union Pacific Railroad Company are complete, and are finished to the end of 1883 on Ledger B, of the Union Pacific Railway Company.

I find we will have to make a cash-book of the Union Pacific Railroad Company, showing the transactions from 1863 to March, 1867. This can be done without much trouble, but it will be absolutely necessary for purposes of reference.

The comptroller has furnished me with quite a number of the old check-books, bank pass-books, and canceled checks. I have not yet looked them over very particularly, but will do so in a day or two.

With reference to the $13,000,000 concerning which a statement was made in my last report, I beg to submit the following correspondence:

BOSTON, *May* 31, 1887.

DEAR SIR: Will you let me have at your earliest convenience the originals or authenticated copies of the following mentioned contracts for building the Union Pacific Railroad:

(1) The Hoxie contract.
(2) The Credit Mobilier contract and papers connected therewith.
(3) The Ames contract, and accompanying papers (if any).
(4) The L. B. Boomer contract.
(5) The James W. Davis contract.

I would also be glad to have the documents which constitute the foundation for the entry of $13,381,342.33 charged to construction account and credited to the Hoxie contract account on March 30, 1867 (*vide* Journal A, folio 365.)

Yours, truly,

WM. CALHOUN,
Accountant.

OLIVER W. MINK, Esq.,
Comptroller Union Pacific Railway Company, Boston, Mass.

BOSTON, *June* 7, 1887.

DEAR SIR: Your letter of the 31st ultimo was duly received.

The Hoxie contract is printed in the report of the Wilson committee of February 20, 1873, at page 751 *et seq.*; the Credit Mobilier contract is printed in the same report on pages 755 and 756; the Ames contract is printed in the same report on pages 756 and 757, and the James W. Davis contract is printed at page 766 of the same report.

The entry by which the sum of $13,381,342.33 was credited to the Hoxie contract on March 30, 1867, was based on the action of the directors at the meetings held on January 5 and March 28, 1867. The minutes of these meetings are open to your inspection. They constitute the only documentary evidence now in our possession, excepting the report submitted at the meeting of January 5, 1867, which I read to you this afternoon.

Yours, truly,

OLIVER W. MINK,
Comptroller.

WILLIAM CALHOUN, Esq.,
Accountant United States Pacific Railway Commission, Boston, Mass.

The accounts are to be examined in connection with the contracts stated in the above letters, but the documentary proof of the entries made in conformity with the terms of the contracts should be furnished by the Union Pacific officials, and if they have no such documentary proofs notes will be taken of the facts, whatever they may be, and reported to the Commissioners. As respects the item of $13,000,000, there was a majority and minority report made to the board of directors, but, as Mr. Mink confesses, there is nothing in the archives of the corporation to show upon what papers the committee appointed by the board of directors to examine the Hoxie contract account based their action. I have been looking into the stock transactions of the Union Pacific Railroad Company, Eastern Division, and expect to send the Commissioners a full report of the same by Thursday next. I have my little force now in good working order, and propose to test it to its fullest capacity, now that I know what it can do within a given time.

All of which is respectfully submitted by

Yours, truly,

WM. CALHOUN,
Accountant.

Hon. ROBERT E. PATTISON,
Chairman.
Hon. E. ELLERY ANDERSON,
Hon. DAVID T. LITTLER,
Commissioners.

THIRD REPORT OF WILLIAM CALHOUN, ACCOUNTANT TO THE UNITED STATES PACIFIC RAILWAY COMMISSION.

BOSTON, *June* 25, 1887.

GENTLEMEN: My last report was dated the 11th instant, since which time I have been personally engaged in an examination of the Kansas Pacific share capital account, the results of which, so far as I have been able to ascertain them, are herewith presented in the paper marked Exhibit No. 1, which will form the principal subject of this report. You will observe the prominence which the firms of R. M. Shoemaker & Co. and Shoemaker, Miller & Co. assume in the distribution of the company's shares. It seems to be clear that these were contracting concerns, set up as the representatives of certain parties who were directors or stockholders in the Union Pacific, Eastern Division, or the Kansas Pacific, or who were about to become stockholders by a tacit understanding with the said concerns. It furthermore seems to be evident that the parties who were virtually subscribers to the capital of these contracting concerns were the recipients of a large part of the shares of the two companies and of certain of their issues of bonds. It is fair to assume that the parties thus interested were also sharers in whatever profits resulted from the contracts made with the two so-called firms. As far as I can learn at present, Messrs. R. M. Shoemaker & Co. and the subscribers thereto were interested in the contract for the building of the line from the Missouri River to the 140th mile-post, and Messrs. Shoemaker, Miller & Co. and their subscribers were interested in the construction of the road from the 140th mile-post to the 405th mile-post, inclusive. I did intend to send off by this mail copies of the contracts with these firms, and also analyses of their accounts, but I was only able to get that of Shoemaker, Miller & Co. ready to send with this report. Next week I will send you copies of

the aforesaid contracts, together with an analysis of the accounts of the two firms mentioned so far as the account books here disclose the same. I also propose to send you in my next the facts, as shown by the books, concerning the issue of the bonded indebtedness of the Kansas Pacific, which will be noted as Exhibit No. 2. Exhibit No. 3 is also in process of formation, which will show the facts concerning the construction and equipment accounts of the Union Pacific, Eastern Division, and the Kansas Pacific. With the papers to-day I also send you a statement of the original issues of the share capital of the Union Pacific Railroad, Eastern Division, and Kansas Pacific Railway Company to November 13, 1875.

The balance sheets of the Union Pacific Railroad Company are complete to 1876, inclusive. The vouchers have been examined to the end of 1868, and lists of the same as respects missing vouchers have been furnished to the comptroller of the Union Pacific Company for his information, and for such revision as he may find it necessary to make on a re-examination of his papers. The vouchers for 1869 are now undergoing scrutiny. The examination of the vouchers, after 1870, will be a much easier task than it has been heretofore, for the reason that the book-keeping has been improved and more circumspection in the matter of vouchers has been observed. With reference to the share lists, the Boston lists of stockholders are completed for the year 1884 to letter R, and 1886 to letter F; 1885 is completed entirely. I find I will need the Kansas Pacific certificate books from 1875 up. These it seems are in the custody of the Bank of Commerce in New York, and I shall have to go there on Monday and arrange for access to the same or for their shipment to Boston. The report on the stock issues of the Union Pacific Railroad Company and the Union Pacific Railway Company will shortly receive my best attention, and I have not forgotten the suggestion of the honorable the chairman of the Commission with respect to a searching investigation of matters connected with the Central Branch, Union Pacific.

All of which is respectfully submitted by,

Yours, truly,

WM. CALHOUN,
Accountant.

STATEMENT A.—*Showing distribution of shares out of certificate No.* 11 *for* 38,779 *shares issued to R. M. Shoemaker & Co., on December* 2, 1866.

Certificate No.	Shares.	Date.	Distributed to—
12	955	December 4, 1866	J. Edgar Thomson.
13	191	do	Do.
14	191	do	Do.
15	191	do	Do.
16	191	do	Do.
17	191	do	Do.
18	1,910	do	Seyfert, McManes & Co.
19	1,719	do	M. W. Baldwin & Co.
20	382	do	Do.
21	191	do	Do.
22	1,528	do	Do.
23	477	do	H. H. Houston.
24	477	do	William Thaw.
25	477	do	William Leech.
26	477	do	Thomas S. Clarke.
27	477	do	Thomas A. Biddle.
28	191	do	Edward Miller.
29	191	do	Do.
30	134	do	William J. Palmer.
31	38	do	Edward Ely.

STATEMENT A.—*Showing distribution of shares out of certificate No.* 11 *for* 38,779 *shares issued to R. M. Shoemaker & Co.*—Continued.

Certificate No.	Shares.	Date.	Distributed to—
2	38	December 4, 1886	F. H. Jackson.
3	57	....do	Robert H. Lamborn.
4	19	....do	Charles B. Lamborn.
5	477	....do	R. M. Shoemaker.
6	191	....do	Do.
7	191	....do	Do.
8	191	....do	Do.
9	191	....do	Do.
10	191	....do	Do.
11	306	....do	Do.
12	835	....do	Thomas L. Jewett.
13	382	....do	Alfred Gaither.
14	191	....do	Do.
15	477	....do	Hugh J. Jewett.
16	382	....do	J. N. Kinney.
17	191	....do	Thomas Sherlock.
18	191	....do	William Dennison.
19	191	....do	William H. Clement.
20	191	....do	A. H. Barney.
21	191	....do	Andrew Gross.
22	191	....do	La Fayette Devinney.
23	191	....do	J. W. Kirk.
24	191	....do	Lars Anderson.
25	191	....do	P. W. Strader.
26	191	....do	J. M. Davidson.
27	191	....do	Theodore Cook.
28	191	....do	J. Harshman.
29	191	....do	Simon Gebhart.
30	191	....do	V. Winter & Son.
31	191	....do	B. S. & W. C. Brown.
32	95	....do	E. W. Woodward.
33	95	....do	R. E. Smith.
34	95	....do	J. H. Rhodes.
35	95	....do	A. H. Lewis.
36	95	....do	J. R. Swan.
37	95	....do	D. S. Grey and James Means.
38	95	....do	W. A. Goodman.
39	95	....do	George H. Pendleton.
40	95	....do	A. L. Mowry.
41	95	....do	C. H. Kilgour.
42	119	....do	George W. McCook.
43	57	....do	H. Bancroft.
44	57	....do	S. Medbury.
45	38	....do	L. Lough.
46	19	....do	W. Failing.
47	95	....do	Charles P. Capilly.
48	191	....do	Ashbel Green.
49	4,145	....do	John D. Perry.
50	1,910	....do	Carlos S. Greeley.
51	2,235	....do	Giles F. Filley.
52	1,852	....do	Thomas L. Price.
53	1,375	....do	S. M. Edgill.
54	1,279	....do	Adolphus Meier.
55	382	....do	John P. Usher.
56	955	....do	James Archer.
57	955	....do	Henry Martin.
58	477	....do	George Partridge.
59	477	....do	O. D. Filley.
60	477	....do	John D. Locke.
61	477	....do	Horace Holton.
62	382	....do	Robert E. Carr.
63	191	....do	Glover & Shipley.
64	191	....do	Do.
65	286	....do	George D. Hall.
66	191	....do	Alexander C. Anderson.
67	191	....do	D. B. Gale.
68	191	....do	James Smith.
69	191	....do	George C. Swallow.
70	95	....do	Daniel R. Garrison.
71	95	....do	H. C. Creveling.
72	95	....do	William Myers.
73	573	....do	Thomas A. Scott.
74	4	....do	Edward Miller, trustee.
75	7	....do	Carlos S. Greeley, trustee.
76	9	....do	J. W. Kinney, trustee.
Distributed	38,777		
	*2		
Total	38,779		

*Fraction equal to two shares yet to be issued.

STATEMENT B.—*Showing distribution of shares out of certificate No. 354 for 49,130 shares issued to Shoemaker, Miller & Co., on February 1, 1869.*

Certificate No.	Shares.	Date.	Distributed to—
337	600	March 15, 1869	John D. Perry.
338	521	do	Do.
339	694	do	T. J. Bartholow.
360	174	do	Enoch Pratt.
361	174	do	H. W. Wissmann.
362	174	do	A. C. Erfort.
363	1,424	do	James Archer.
364	174	do	F. W. Moister.
365	1,129	do	C. S. Greeley.
366	174	do	Thomas Wilson.
367	1,650	do	R. E. Carr.
368	1,737	do	Thomas L. Price.
369	1,637	do	William M. McPherson.
370	1,737	do	James B. Eads.
371	1,302	do	G. F. Filley.
372	1,302	do	B. W. Lewis, jr.
373	868	do	S. M. Edgill.
374	1,737	do	Adolphus Meier.
375	955	do	O. D. Filley.
376	347	do	S. R. Filley.
377	434	do	J. D. Locke.
378	868	do	E. & T. Fairbanks & Co.
379	156	do	A. Meier, trustee.
380	156	do	J. C. Rust.
381	1,737	do	Henry Martin.
382	174	do	S. T. Glover.
383	174	do	J. R. Shepley.
384	1,389	do	Barton Bates.
385	174	do	A. C. Andersen.
386	174	do	D. B. Gale.
387	87	do	C. W. Burnham.
388	87	do	Charles Enslin.
389	174	do	J. P. Collier.
390	521	do	George D. Hall.
391	434	do	J. F. Comstock.
392	174	do	Joseph O'Neil.
393	174	do	James Young.
394	868	do	T. A. Biddle & Co.
395	174	do	R. D. Barclay.
396	2,432	do	J. B. Anderson.
397	1,910	do	M. W. Baldwin & Co.
398	174	do	George Burnham.
399	174	do	Joseph Cabot.
400	174	do	James S. Cox.
401	174	do	William Colder.
402	434	do	J. D. Cameron.
403	434	do	H. H. Houston.
404	434	do	E. D. Kennedy.
405	174	do	H. J. Lombard.
406	434	do	William P. Leach.
407	868	do	J. B. Montgomery.
408	174	do	S. S. Moon.
409	1,737	do	Seyfert, McManus & Co.
410	347	do	D. E. Small.
411	434	do	Thomas A. Scott, trustee.
412	1,737	do	J. Edgar Thomson.
413	434	do	William Thaw.
414	608	do	Seth Evans.
415	243	do	P. Andrew.
416	174	do	Simon Gebhart.
417	260	do	V. Winter & Son.
418	608	do	Clason & Morse.
419	486	do	J. M. Kinney.
420	243	do	Isaiah Blood.
421	243	do	C. Kilmer.
422	243	do	Larz Anderson.
423	122	do	G. Y. Roots.
424	122	do	L. A. Green & Co.
425	243	do	B. F. Strader.
426	486	do	Norvin Green.
427	243	do	W. H. Clement.
428	260	do	Barney & Smith.
429	182	do	J. C. Reiff, trustee.
430	182	do	Bartlett & Smith.
431	122	do	Alfred Gaither.
432	174	do	A. H. Barney.
433	1,303	do	R. M. Shoemaker.
434	122	do	E. J. Mitchell.
435	122	do	C. H. Kilgour.

Distribution of shares out of certificate No. 354, etc. – Continued.

Certificate No.	Shares	Date.	Distributed to—
66	868	March 15, 1869	John P. Usher.
67	868	do	J. W. & W. J. Lewis.
68	347	do	Edward Miller.
69	347	do	C. P. B. Jefferys.
70	504	do	William J. Palmer, trustee.
71	87	do	J. Craig Miller.
Total	49, 130		

Original issues of the share capital of the Union Pacific Railroad Company (Eastern Division) and Kansas Pacific Railway Company; par value, $50.

UNION PACIFIC RAILROAD COMPANY—EASTERN DIVISION.

Date.	Name.	No of shares.	Amount.	On what account.
1865.				
Sept. 1	Leavenworth County	5, 000	$250, 000	Of subscription.
Oct. 1	Perry & Thomson	4, 160	208, 000	
1866.				
Mar. 29	R. M. Shoemaker & Co	6, 380	218, 000	On account contract.
May 15	do	5, 280	264, 000	Do.
June 1	Perry & Thomson	2, 095	104, 750	Do.
" 2	Directors	41	2, 050	To qualify.
Sept. 20	H. N. Northrup	40	2, 000	For services.
Oct. 15	R. M. Shoemaker & Co	25, 044	1, 252, 200	On account contract.
1867.				
Jan. 17	S. Miller & Co	1, 000	50, 000	Do.
" 17	do	800	40, 000	Do.
" 17	do	800	40, 000	Do.
" 17	do	600	30, 000	Do.
1868.				
Feb. 25	do	1, 000	50, 000	Do.
Apr. 2	do	100	5, 000	Do.
1869.				
Feb. 1	do	49, 130	2, 456, 500	Do.
	Total	101, 450	5, 072, 500	

KANSAS PACIFIC RAILWAY COMPANY.

1871.				
Jan. 20	T. J. Bartholow	1, 000	$50, 000	On account subscriptions to first-mortgage land-grant bonds.
" 20	A. Meier	1, 000	50, 000	Do.
" 20	C. S. Greeley	1, 000	50, 000	Do.
" 20	R. E. Carr	1, 000	50, 000	Do.
" 20	W. M. McPherson	1, 000	50, 000	Do.
" 20	R. W. Lewis, jr	750	37, 500	Do.
" 20	George D. Hall	500	25, 000	Do.
" 20	Charles Enslin	500	25, 000	Do.
" 20	S. M. Edgill	1, 000	50, 000	Do.
" 20	J. P. Usher	250	12, 500	Do.
" 20	D. P. Gale	150	7, 500	Do.
" 20	C. B. Barnhaur	100	5, 000	Do.
" 20	F. W. Meister	500	25, 000	Do.
" 20	H. W. Wiesman	250	12, 500	Do.
" 20	James Archer	500	25, 000	Do.
" 20	A. H. Barney	100	5, 000	Do.
" 20	W. D'Oench	200	10, 000	Do.
" 20	J. R. Thomson	500	25, 000	Do.
" 20	Thomas A. Scott	1, 000	50, 000	Do.
" 20	T. A. Biddle	300	15, 000	Do.
" 20	Seifert, McM. & Co	1, 000	50, 000	Do.
" 20	Charles J. Clark	200	10, 000	Do.
" 20	William Thaw	500	25, 000	Do.
" 20	E. H. Houston	500	25, 000	Do.
" 20	R. D. Kennedy	200	10, 000	Do.

Original issues of the share capital of the Union Pacific Railroad Company, etc.—Cont'd.

KANSAS PACIFIC RAILWAY COMPANY—Continued.

Date.	Name.	No. of shares.	Amount.	On what account.
1881.				
Jan. 20	Baird & Co	1,200	$60,000	On account subscriptions to 1st mortgage land-grant bonds.
20	M. K. Moorhead	200	10,000	Do.
20	A. C. Erfort	250	12,500	Do.
20	Barney & S. M. Co	600	30,000	Do.
20	V. Winter & Son	150	7,500	Do.
20	D. E. Small	30	1,500	Do.
20	H. Dater	10	500	Do.
20	Joseph O'Neil	200	10,000	Do.
20	Edward Hesse	150	7,500	Do.
20	D. E. Small	20	1,000	Do.
20	Bartlett & Smith	100	5,000	Do.
20	G. Colby	250	12,500	Do.
20	Edward Hesse	50	2,500	Do.
20	B. S. Brown	25	1,250	Do.
20	E. A. Damon	125	6,250	Do.
20	V. L. Runyan	100	5,000	Do.
20	James S. Cox	100	5,000	Do.
20	E. Tracy	17	850	Do.
20	Henry Martin	800	40,000	Do.
20	John H. Tracy	100	5,000	Do.
20	T. R. Willey	40	2,000	Do.
20	A. C. Anderson	520	26,000	Do.
20	William Thaw	1,500	75,000	Do.
20	H. H. Houston	1,500	75,000	Do.
Feb. 11	R. D. Barclay	500	25,000	Do.
20	Theodore Bartholow	200	10,000	Do.
20	H. G. Holmes	125	6,250	Do.
20	S. M. Edgill	1,000	50,000	Do.
20	H. W. Wiseman	250	12,500	Do.
20	E. A. Damon	125	6,250	Do.
20	William D'Oench	200	10,000	Do.
22	C. B. Lamborn	200	10,000	Do.
22	James Archer	300	15,000	Do.
23	William M. McPherson	500	25,000	Do.
23	------do	500	25,000	Do.
23	---- do	500	25,000	Do.
23	------do	500	25,500	Do.
23	------do	500	25,000	Do.
23	------do	500	25,000	Do.
23	John H. Tracy	100	5,000	Do.
23	V. L. Runyan	100	5,000	Do.
23	J. P. Usher	250	12,500	Do.
23	E. D. Kennedy	200	10,000	Do.
23	G. Colby	250	12,500	Do.
23	M. K. Moorhead	200	10,000	Do.
23	J. E. Thomson	500	25,000	Do.
23	Thomas A. Biddle	300	15,000	Do.
20	Seifert, McM. & Co	1,000	50,000	Do.
20	M. Baird & Co	1,200	60,000	Do.
23	J. S. Cox	100	5,000	Do.
23	A. H. Barney	100	5,000	Do.
23	E. G. Clarke	200	10,000	Do.
23	T. J. Bartholow	1,000	50,000	Do.
23	------do	300	15,000	Do.
23	A. Meier	1,000	50,000	Do.
23	R. E. Carr	1,000	50,000	Do.
23	C. S. Greeley	1,000	50,000	Do.
23	B. W. Lewis, jr	750	37,500	Do.
23	George D. Hall	500	25,000	Do.
23	Charles Enslin	500	25,000	Do.
23	D. B. Gale	150	7,500	Do.
23	C. B. Burnham	100	5,000	Do.
23	F. W. Meister	500	25,000	Do.
23	A. C. Erfort	250	12,500	Do.
23	Barney & S. M. Co	600	30,000	Do.
23	V. Winter & Son	150	7,500	Do.
23	D. E. Small	50	2,500	Do.
23	Henry Dater	10	500	Do.
23	Joseph O'Neil	200	10,000	Do.
23	Edward Hesse	200	10,000	Do.
23	Bartlett & Smith	100	5,000	Do.
23	B. S. Brown	25	1,250	Do.
23	Henry Martin	800	40,000	Do.
Mar. 1	James Archer	400	20,000	Do.
1	C. B. Lamborn	40	2,000	Do.
6	R. E. Carr	1,000	50,000	Do.
6	John C. Rust	200	10,000	Do.

Original issues of the share capital of the Union Pacific Railroad Company, etc.—Cont'd.

KANSAS PACIFIC RAILWAY COMPANY—Continued.

Date.	Name.	No. of shares.	Amount.	On what account.
1862.				
Mar. 6	Mrs. E. Heller	60	$3,000	On account subscriptions to first-mortgage land-grant bonds.
6	V. W. Grote	60	3,000	Do.
6	A. Drake	60	3,000	Do.
8	A. C. Erfort	200	10,000	Do.
8	C. B. Bustham	200	10,000	Do.
13	C. B. Lanborn	200	10,000	Do.
15	T. F. Oakes	40	2,000	Do.
15	J. Edgar Thomson	500	25,000	Do.
15	Seifert, McM. & Co	1,000	50,000	Do.
15	Thos. A. Biddle	300	15,000	Do.
15	A. H. Barney	100	5,000	Do.
15	V. Winter & Son	150	7,500	Do.
15	C. S. Greeley	1,000	50,000	Do.
15	S. M. Edgill	1,000	50,000	Do.
15	Ad. Miere	1,000	50,000	Do.
15	J. P. Usher	250	12,500	Do.
20	Henry Martin	800	40,000	Do.
20	George D. Hall	1,000	50,000	Do.
20	D. B. Gale	150	7,500	Do.
20	Thomas A. Scott	500	25,000	Do.
20	H. W. Wiesmann	250	12,500	Do.
20	T. J. Bartholow	1,000	50,000	Do.
20	....do	150	7,500	Do.
20	E. D. Kennedy	200	10,000	Do.
20	C. J. Clarke	200	10,000	Do.
20	A. C. Erfort	150	7,500	Do.
20	F. W. Wiester	500	25,000	Do.
20	R. W. Lewis, jr	750	37,500	Do.
20	Charles Enslin	500	25,000	Do.
20	Joseph O'Neil	200	10,000	Dd.
20	D. E. Small	50	2,500	Do.
20	Bartlett & Smith	100	5,000	Do.
20	M. K. Moorhead	200	10,000	Do.
20	Henry Dater	10	500	Do.
20	William D'Oench	200	10,000	Do.
20	Edward Masser	200	10,000	Do.
20	M. Baird & Co	1,200	60,000	Do.
20	B. & S. M. Co	600	30,000	Do.
20	R. S. Brown	25	1,250	Do.
20	H. G. Holmes	125	6,250	Do.
20	E. A. Damon	125	6,250	Do.
20	V. L. Runyan	100	5,000	Do.
20	John H. Tracy	100	5,000	Do.
20	Theodore Bartholow	100	5,000	Do.
20	E. Tracy	63	3,150	Do.
20	C. E. Lanborn	200	10,000	Do.
20	R. E. Carr	1,000	50,000	Do.
20	C. B. Lanborn	200	10,000	Do.
20	Gardner Colby	250	12,500	Do.
20	H. C. Stackman	80	4,000	Do.
20	Theodore Bartholow	100	5,000	Do.
Apr. 5	R. D. Barclay	180	9,000	Do.
5	B. Butler	40	2,000	Do.
7	A. H. Barney	100	5,000	Do.
8	J. A. Wherry	300	15,000	Do.
13	J. E. Thomson	500	25,000	Do.
15	Seifert, McManness & Co	1,000	50,000	Do.
15	T. A. Biddle	200	15,000	Do.
15	V. Winter & Son	150	7,500	Do.
14	C. S. Greeley	1,000	50,000	Do.
15	S. M. Edgill	1,000	50,000	Do.
15	A. Meier	1,000	50,000	Do.
15	J. P. Usher	250	12,500	Do.
15	James Archer	200	10,000	Do.
15	Henry Martin	800	40,000	Do.
15	D. B. Gale	150	7,500	Do.
15	Thomas A. Scott	500	25,000	Do.
15	H. W. Wisamann	250	12,500	Do.
15	T. J. Bartholow	1,000	50,000	Do.
15	....do	150	7,500	Do.
15	C. J. Clarke	200	10,000	Do.
15	E. D. Kennedy	200	10,000	Do.
15	A. C. Erfort	150	7,500	Do.
15	F. W. Meister	500	25,000	Do.
15	R. W. Lewis, jr	750	37,500	Do.
15	Charles Enslin	500	25,000	Do.

Original issues of the share capital of the Union Pacific Railroad Company, etc.—Cont'd.

KANSAS PACIFIC RAILWAY COMPANY—Continued.

Date.	Name.	No. of shares.	Amount.	On what account.
1881.				
Apr. 18	J. F. Comstock	200	$10,000	On account subscriptions to first mortgage land-grant bonds.
18	Joseph O'Neil	200	10,000	Do.
18	D. E. Small	50	2,500	Do.
18	Bartlett & Smith	100	5,000	Do.
18	G. Colby	250	12,500	Do.
18	M. K. Moorehead	200	10,000	Do.
18	Henry Dater	10	500	Do.
18	William D'Oench	200	10,000	Do.
18	Edward Hesse	200	10,000	Do.
18	M. Baird & Co	1,200	60,000	Do.
18	B. & S. M. Co	600	30,000	Do.
18	B. S. Brown	25	1,250	Do.
18	H. G. Holmes	125	6,250	Do.
18	E. A. Damon	125	6,250	Do.
18	V. L. Runyan	100	5,000	Do.
18	J. H. Tracy	100	5,000	Do.
18	J. A. Wherry	100	5,000	Do.
18	J. L. Woods	40	2,000	Do.
18	S. T. Smith	40	2,000	Do.
18	A. H. Calef	40	2,000	Do.
18	H. C. Clement	40	2,000	Do.
May 15	Thomas A. Scott	2,000	100,000	For services and disbursements for the past five years.
1872.				
Jan. 16	James F. Comstock	136	6,800	On account subscriptions second mortgage land grant.
16	E. E. Barney	136	6,800	Do.
16	Preserved Smith	136	6,800	Do.
16	Joseph O'Neil	490	24,500	Do.
16	Charles Enslin	680	34,000	Do.
16	D. B. Gale	340	17,000	Do.
16	F. W. Meister	163	8,150	Do.
16	E. A. Damon & Co	340	17,000	Do.
16	C. P. Damon	82	4,100	Do.
16	H. W. Wissmann	163	8,150	Do.
16	Francis Whitney	136	6,800	Do.
16	Thomas A. Scott	680	34,000	Do.
16	H. Grotenkemper	14	700	Do.
16	E. Tracy	82	4,100	Do.
16	Morris K. Jesup	54	2,700	Do.
16	P. Andrews	27	1,350	Do.
16	James Young	14	700	Do.
16	E. D. Kennedy	82	4,100	Do.
16	S. R. Filley	27	1,350	Do.
16	William Thaw	340	17,000	Do.
16	Jameson, Smith & Co	54	2,700	Do.
16	John C. Rust	41	2,050	Do.
16	Edward Hesse	326	16,300	Do.
16	George P. Whitelaw	340	17,000	Do.
16	Robert E. Carr	68	3,400	Do.
16	....do	68	3,400	Do.
27	John D. Perry	68	3,400	Do.
Feb. 3	A. C. Eriort	136	6,800	Do.
Mar. 26	James F. Comstock	41	2,050	Do.
Apr. 6	S. M. Edgill	680	34,000	Do.
18	Ad. Meier	360	18,000	Do.
18	T. A. Biddle	340	17,000	Do.
23	C. S. Greeley	1,224	61,200	Do.
May 24	John D. Perry	1,292	64,600	Do.
24	William J. Lewis	340	17,000	Do.
24	B. M. Lewis, jr	680	34,000	Do.
July 11	Ad. Meier	1,000	50,000	Do.
11	H. N. Titus	68	3,400	Do.
24	D. B. Gale	340	17,000	Do.
24	J. H. Tracy	41	2,050	Do.
24	Ad. Meier & Co	612	30,600	Do.
10	M. Baird	680	34,000	Do.
Nov. 1	R. E. Carr	204	10,200	Do.
1	....do	136	6,800	Do.
1873				
Feb. 12	T. J. Bartholow	340	17,000	Do.
Nov. 13	M. Baird & Co	680	34,000	Do.
	Total	193,799	9,689,950	

STATEMENT C.—*Analysis of the account of Messrs. Shoemaker, Miller & Co.*

Date.	Particulars.	Cash entries.	Journal entries.
1866.			
Sept. 25	2 locomotives	$32,780.00	
Oct. 5	Bill hand-cars	252.00	
6	Bill printing	18.25	
10	A. C. Anderson, interest on payment of balance subscription $8,000, 52 days, at 10 per cent	115.56	
10	Paid on their account for legal expenses	51.09	
10	Paid on their account for office expenses	12.50	
10	Paid freight on bars railroad iron from Pittsburgh	3,940.30	
10	Transporting kegs of spikes		$204.00
12	Transferring iron from East Saint Louis	627.14	
12	J. B. Green, for chains and spikes		13,498.17
25	James Archer, bill of refreshments	132.35	
28	S. F. Comstock, interest at 10 per cent. on second installment	48.60	
31	Desk and chair for R. M. Shoemaker	95.00	
15	Iron delivered in September, at $85		42,695.50
13	Allentown mill, for iron		42,621.85
13	Discount on check, received on account subscription		56.00
22	Cambria Iron Company, for railroad iron, 369, [illegible]		31,369.97
Nov. 1	Cambria Iron Company, tons of iron, 302 T		25,683.47
6	332 1/2 tons iron		28,265.27
6	Waterman, Beaver & Co., iron		41,594.41
6	Balance in banks and with bankers		315,061.45
1	Loading and unloading bridges	47.50	
1	Posting bills	2.00	
4	Bill for buggy	310.00	
6	Bill, furniture and mattresses	512.75	
6	Jacob Blattner, draft No. 5	161.00	
8	Bill printing	6.50	
8	Gas-pipe	71.00	
8	....do	84.45	
8	L. A. Benrist & Co., draft No. 3	5,356.35	
9	W. S. Palmer, traveling expenses	156.89	
9	S. F. Darby & Co., draft No. 4	1,635.12	
9	Second National Bank, draft No. 2	3,791.60	
9	Bill hand-cars	126.00	
10	A. & S. Glassey, bill	354.45	
10	Adams Express, draft No. 1	1,482.86	
12	O. and M. R. R., bill for freight	731.57	
22	Loan of November 21, returned	50,000.00	
24	Check on Boatmans, this day	10,000.00	
28	Loan this date	5,000.00	
30	Loan this date, check Boatmans	4,000.00	
30	S. F. Long, payments to them on account		200.00
30	700 tons rail laid beyond Fort Riley, at $83		58,240.00
Dec. 1	Amount collected, account, 25 per cent. to R. M. Shoemaker & Co		14,250.00
1	Transportation of materials for construction		8,158.24
1	Transportation from stations to Fort Riley, not included in November account		3,123.22
11	Amount collected by them December 20, 1866, from Ashbel Green, on account, 25 per cent. to R. M. Shoemaker		3,389.66
1867.			
Jan. 1	For this amount on account 25 per cent. due R. M. S. & Co		19,705.00
1	Freight		17,177.85
7	Check Boatman's Bank	5,000.00	
9	....do	5,000.00	
12	Error in account R. M. S. & Co		115.80
13	Discount and stamps on notes	315.00	
1	Labor and material furnished by company		5,098.31
24	Check Boatman's Bank	5,000.00	
Feb. 5	Merchant's Exchange, for membership	40.00	
28	Freight		16,602.58
28	Labor and materials furnished by company		1,955.26
28	U. S. Treasury draft on New York		15,809.71
Mar. 1	R. M. Shoemaker & Co., work west of Fort Riley		75,000.00
19	Labor and materials furnished by company		1,223.53
12	Note of company, favor F. L. Price		25,000.00
19	Transportation		8,522.48
19	Pottawatamie land department, salary, agent		833.33
19	Advance charges, Pennsylvania Railroad Company		32,033.42
29	Freight on iron paid by R. M. Shoemaker & Co		11,925.93
Apr. 13	Check Exchange National Bank	30,000.00	
1	Company charges, freight and materials		2,341.88
May 1	On account printing bonds	250.00	
3	Check Exchange Bank	2,000.00	
29	Charges paid on material		22,769.89
6	Check Exchange Bank	4,000.00	
9	Check B. L. & Co	2,000.00	
24	Currency	2,545.00	
31	Paid draft No. 112	5,000.00	

STATEMENT C.—*Analysis of the account of Messrs. Shoemaker, Miller & Co.*—Continued.

Date.	Particulars.	Cash entries.	Journal entries.
1867.			
June 5	Check B. L. & Co	$1,000.00	
6	do	2,000.00	
July 12	Amount received from Post-Office Department		63,619.75
9	Amount paid Pennsylvania Railroad Company	5,000.00	
10	Amount paid steamer *Shamrock*	316.40	
20	Note No. 119 at ninety days		25,000.00
May 1	Amount received from Post-Office Department		4,467.01
Nov. 8	Cash on account		
Dec. 7	Edward Miller's expenses	25,000.00	
21	Bonds in full to the 135th mile-post		50.13
21	Sundry items		80,000.00
31	Transportation and mail service		171.19
Feb. 29	Transportation and charges on materials		51,352.73
Mar. 10	Sundry collections		231,422.04
18	Check on J. Cooke & Co		19,457.21
1868.			5,000.00
Mar. 26	The unfunded debt of the company at termination of contract with R. M. S. & Co., assumed by S. M. & Co., as per contract, October 1, 1866		346,000.00
Apr. 30	Draft on Dabney, Morgan & Co	10,000.00	
June 8	Company charges for transportation, labor, and materials		107,117.07
10	Auditor's draft on Pacific Railroad of Missouri		6,750.13
	do		2,130.84
20	Error in account		100.00
Aug. 11	This amount loaned		1,000.00
Oct. 30	Auditor's draft against the Missouri Pacific Railroad		4,997.32
Nov. 2	Freight, labor, and material		83,079.00
4	Cash remitted April 16 and 29 $13,000.00		
	Less for 209 Leavenworth branch coupons 9,609.25		
4	Amount paid on account of December, 1867, coupons		3,390.75
16	Gold transferred to account of S. M. Edgill		1,000.00
28	Cash on account		298.34
Dec. 11	For company charges in October	5,465.41	
12	Sundry liabilities assumed by the railway company in settlement with that firm this date		1,613.25
21	Contra entry of November 30 per cash book		12,973.65
12	Six per cent. interest on $4,000,000 first-mortgage bonds $240,000.00		1,439.62
	Less previous payments, etc 214,950.00		
	25,050.00		
1869.	Add premium, at $1.35 8,767.50		
			33,817.50
Jan. 23	Balance of account on auditor's books against them		51,656.97
Feb. 25	For their proportion of United States tax		7,423.19
Sept. 11	Premium on gold coupons, $450, at 135¼	150.70	
16	350 coupons, at $30, less 5 per cent		3,977.50
26	Company charges		5,073.13
Oct. 5	Premium on $300 coupon at 130	85.50	
12	Premium on $30 coupons	8.83	
Dec. 4	Premium on $285 gold at 136	102.60	
31	Erroneous credit February 20, 1867	573.75	
1870.			
Jan. 28	This amount in fractions		2,128.49
28	do		2,753.41
31	Coupons found to be outstanding June and December, 1868		2,856.00
Mch. 1	No explanation		6,473.73
12	To correct error		117.55
31	Company charges		37.50
May 9	do		1,000.95
13	Due on fractional balances	196.56	
June 14	Company charges		535.00
July 9	do		1,200.00
28	Paid Thomas A. Biddle on their account		997.85
1871.			
Jan. 16	585,000 acres of land sold them		585,000.00
1866.			
Oct. 21	Account of J. P. Usher for S. Miller & Co	16,621.13	
8	20 per cent. assessment on O. D. Filley's interest of $100,000	20,000.00	
8	Draft, Wm. M. McPherson favor W. J. Palmer	30,000.00	
9	K. F. Comstock, 20 per cent. on his interest in contract of S. M. & Co	5,000.00	
9	John D. Perry, 20 per cent. on his interest of $100,000	20,000.00	
9	Thos. L. Price, 10 per cent. on his interest of $100,000	10,000.00	
9	A. C. Anderson, amount of his subscription in full	10,000.00	
	John P. Collins, 20 per cent. on his interest of $10,000	2,000.00	
10	Robert E. Carr, 20 per cent. on his interest in contract of $95,000	19,000.00	
	Geo. D. Hall, 20 per cent. on his interest in contract of S. Miller & Co., of $30,000	4,000.00	
10	A. Miser, trustee, 20 per cent. his interest on $9,000	1,800.00	
	John C. Burt, 20 per cent. interest $9,000	1,800.00	

STATEMENT C.—*Analysis of the account of Messrs. Shoemaker, Miller & Co.*—Continued.

Date.	Particulars.		Cash entries.	Journal entries.
1866.				
Oct.	B. W. Lewis, jr., 20 per cent. interest on $75,000		$15,000.00	
	D. B. Gay, 20 per cent. interest on $10,000		2,000.00	
	S. T. Glover, on account of $10,000		8,000.00	
	Deposited with J. Cooke & Co		90,000.00	
6	Seth Evans, 20 per cent. on $35,000		7,000.00	
10	Check W. J. Palmer, secretary		4,811.12	
13	Bartam Bates, 20 per cent. on $80,000		16,000.00	
15	Thos. O'Neil, 20 per cent. on $10,000		2,000.00	
	E. & T. Fairbanks & Co., 20 per cent. on $50,000		10,000.00	
	Saint Louis partners note $9,000		8,695.50	
22	O. D. Filley, on account his subscription		15,000.00	
24	J. R. Shipley, 20 per cent. on his subscription		2,000.00	
26	J. F. Comstock, 20 per cent. on his subscription		5,000.00	
30	S. R. Filley, 25 per cent. on $20,000		5,000.00	
31	E. J. Mitchell, 20 per cent. $7,000		1,400.00	
73	Amount collected from various subscribers, etc			$210,800.00
15	Additional payment from various subscribers			7,600.00
16	A. H. Barney, 20 per cent. on $10,000			2,000.00
15	Sundry receipts, Western and Eastern			100,000.00
16	R. M. Shoemaker, 20 per cent. on $75,000			15,000.00
15	W. J. Palmer, trustee, as per receipts			5,700.00
23	Edward Miller, on account of his subscription $45,000			8,000.00
23	W. J. Palmer, trustee			700.00
24	J. A. Biddle, second installment			10,000.00
24	William Colier, 20 per cent. on $10,000			2,000.00
24	James Young, 20 per cent. on $10,000			2,000.00
24	W. J. Palmer, trustee			2,080.00
26	G. A. Biddle, 20 per cent. on $50,000			10,000.00
Nov. 6	T. A. Scott, trustee, 20 per cent. on $25,000			5,000.00
Oct. 31	W. J. Palmer, trustee			1,280.00
Nov. 6	S. J. Glover, on account subscription $10,000		1,000.00	
9	Correct error		84.45	
21	Check on Exchange Bank		5,000.00	
26	....do		20,000.00	
30	J. B. Green & Bro., account transferred			4,435.67
Dec. 1	Check on Exchange Bank, loan		20,000.00	
4	Interest at 6 per cent. on $280,000 Delaware Indian bonds paid by S. M. & Co			16,800.00
17	Check on Exchange Bank		35,000.00	
18	....do		6,000.00	
18	....do		15,000.00	
24	....do		10,000.00	
31	R. M. Shoemaker & Co	$32,550.00		
31	Bills payable	122,177.38		
31	Transportation	255.00		
				155,982.38
31	Shoemaker, M. & Co., for 700 tons iron			58,240.00
31	G. E.		751.53	
1867.				
Jan. 1	Balance due J. P. Usher, assumed by them			12,875.00
13	Notes discounted for their account		30,000.00	
1867.				
Jan. 13	Check, Exchange Bank		10,000.00	
	....do		5,000.00	
Feb. 6	....do		5,000.00	
12	....do		1,000.00	
12	Company notes and interest paid by them			63,116.64
12	Currency, E. D. Redington, paymaster		20,000.00	
13	Check, Bartholow, Lewis & Co		4,000.00	
17	For their account		5,000.00	
17	....do		2,000.00	
18	....do		1,000.00	
18	Sundry payments by them			6,886.98
20	R. M. Shoemaker & Co., for their account			728.64
Mar. 4	Paid William P. Smith, Government director			50.00
	For their account		5,000.00	
12	Expenses Thomas A. Scott in Washington			2,000.00
	For their account		186.35	
12	Payments on account February, first-mortgage bonds			95,000.00
12	Payment of land-grant coupons			12,000.00
13	For currency		35,000.00	
19	Check, Exchange Bank		1,000.00	
19	....do		4,500.00	
19	Note, favor T. C. Durant, paid by them			25,000.00
Apr. 10	For their account		25,000.00	
10	....do		8,500.00	
June 11	Check, Exchange Bank		25,000.00	
13	....do		30,000.00	
July 13	....do		816.40	
17	....do		5,000.00	
20	Company charges			2,104.91

STATEMENT C.—*Analysis of the account of Messrs. Shoemaker, Miller & Co.*—Continued.

Date.	Particulars.	Cash. entries.	Journal entries.
1867.			
July 20	Company charges		$5,397.17
20	... do ...		530.5
Dec. 2	Bank balances		6,779.14
21	Company charges		9,629.9
27	Cash paid Dabney, Morgan & Co		106,694.39
1868.			
Mar. 10	Company charges		11,250.36
10	Sundry payments made by them		308,421.38
10	Company charges		39,944.67
13	...do...		627.45
Mar. 18	Charges against the company		999.0
Apr. 3	Interest on $250,000 Delaware Indian bonds, $8,095.90 and 9 coupons Leavenworth, Pawnee and Western Railroad, $600 each, with 6 per cent. interest from July 2, 1862, $7,217.10		15,313.00
30	Draft on Dabney, Morgan & Co	$10,000.00	
June 9	Charges against the company		2,945.67
18	Payment 11 coupons first-mortgage bonds, due August 1, 1867		472.0
July 1	For notes taken up and canceled this day		105,473.50
Aug. 15	For company charges		5,961.42
	Return of loan of J. C. Riff, July 29, 1868		1,000.0
Sept. 10	Received from them	20,000.00	
15	Proceeds of draft of C. S. Greeley, treasurer *pro tempore*	10,000.00	
Nov. 12	Remittance to Dabney, Morgan & Co		298.34
28	Payment to P. Golay at Junction City		300.0
30	Sundry drafts	1,606.94	
Dec. 3	Drafts Pacific Railroad Company returned and canceled this date		17,694.67
12	Sundry charges against the company		50,762.39
12	Sundry assets transferred		11,532.0
29	Charges against the company		1,213.0
1869.			
Jan. 19	This amount standing to credit of Saint Louis partners to close account		6,671.13
Feb. 9	8 first-mortgage coupons December 1, 1868		239.0
20	Pacific Railroad of Missouri	573.75	
Apr. 19	Charges against the company		32.50
Aug. 4	...do...		1,542.25
1870.			
Apr. 7	Error in account		27.50
1871.			
Jan. 16	Balance of construction and equipment account No. 2, transferred		74,516.63
16	Construction and equipment No. 2, for amount found to be due Shoemaker, Miller & Co., on final settlement of their contract		585,000.00

STATEMENT D.—*Showing issues of capital stock of the Kansas Pacific Railway Company to subscribers of the land-grant gold mortgage bonds.*

Date.	Name.	No. of shares.	Amount.
1871.			
Jan. 20	T. J. Bartholow	1,000	$50,000
20	A. Meier	1,000	50,000
20	C. S. Greeley	1,000	50,000
20	R. E. Carr	1,000	50,000
20	W. M. McPherson	1,000	50,000
20	B. W. Lewis, jr	750	37,500
20	George D. Hall	500	25,000
20	Charles Enslin	500	25,000
20	S. M. Edgill	1,000	50,000
20	J. P. Usher	250	12,500
20	D. P. Gale	150	7,500
20	C. B. Burnheur	100	5,000
20	F. W. Meister	500	25,000
20	H. W. Wissmann	250	12,500
20	James Archer	500	25,000
20	A. H. Barney	100	5,000
20	W. D'Oench	200	10,000
20	J. E. Thomson	500	25,000
20	Thomas A. Scott	1,000	50,000
20	T. A. Biddle	300	15,000
20	Seifert, McM. & Co	1,000	50,000
20	Charles J. Clark	200	10,000
20	William Thaw	500	25,000

STATEMENT D.—*Showing issues of capital stock of the Kansas Pacific Railway Company, etc.*—Continued.

Date.	Name.	No. of shares.	Amount.
1871.			
Jan. 20	H. H. Houston	500	$25,000
20	E. D. Kennedy	200	10,000
20	Baird & Co	1,200	60,000
20	M. K. Moorhead	200	10,000
20	A. C. Erfort	250	12,500
20	Barney & S. M. Co	600	30,000
20	V. Winter & Son	150	7,500
20	D. E. Small	30	1,500
20	H. Dater	10	500
20	Joseph O'Neil	200	10,000
20	Edw. Hesse	150	7,500
20	D. E. Small	20	1,000
20	Bartlett & Smith	100	5,000
20	G. Colby	250	12,500
20	Edw. Hesse	50	2,500
20	B. S. Brown	25	1,250
20	H. G. Holmes	125	6,250
20	E. A. Damon	125	6,250
20	V. L. Runyan	100	5,000
20	Jas. S. Cox	100	5,000
20	E. Tracy	17	850
20	Henry Martin	800	40,000
20	Jno. H. Tracy	100	5,000
20	T. R. Willey	40	2,000
20	A. C. Anderson	520	26,000
20	Wm. Thaw	1,500	75,000
20	H. H. Houston	1,500	75,000
Feb. 11	R. D. Barclay	500	25,000
20	Theo. Bartholow	200	10,000
20	H. G. Holmes	125	6,250
20	E. A. Damon	125	6,250
20	S. M. Edgill	1,000	50,000
20	H. W. Wissmann	250	12,500
20	Wm. D'Oench	200	10,000
22	D. B. Lamborn	200	10,000
22	Jas. Archer	300	15,000
23	Wm. M. McPherson	500	25,000
23	....do	500	25,000
23	....do	500	25,000
23	....do	500	25,000
23	....do	500	25,000
23	.... do	500	25,000
23	Jno. H. Tracy	100	5,000
23	V. L. Runyan	100	5,000
23	J. P. Usher	250	12,500
23	E. D. Kennedy	200	10,000
23	G. Colby	250	12,500
23	M. K. Moorehead	200	10,000
23	J. E. Thompson	500	25,000
23	Thomas A. Biddle	300	15,000
23	Seyfert, McM. & Co	1,000	50,000
23	M. Baird & Co	1,200	60,000
23	J. S. Cox	100	5,000
23	A. H. Barney	100	5,000
23	E. J. Clarke	200	10,000
23	T. J. Bartholow	1,000	50,000
23	....do	300	15,000
23	A. Meier	1,000	50,000
23	R. E. Carr	1,000	50,000
23	C. S. Greeley	1,000	50,000
23	B. W. Lewis, jr	750	37,500
23	George D. Hall	500	25,000
23	Charles Enslin	500	25,000
23	D. B. Gale	150	7,500
23	C. B. Burnham	100	5,000
23	F. W. Meister	500	25,000
23	A. C. Erfort	250	12,500
23	Barney & S. M. Company	600	30,000
23	V. Winter & Son	150	7,500
23	D. E. Small	50	2,500
23	Henry Dater	10	500
24	Joseph O'Neil	200	10,000
28	Edward Hesse	200	10,000
28	Bartlett & Smith	100	5,000
28	B. S. Brown	25	1,250
28	Henry Martin	800	40,000
Mar. 1	James Archer	400	20,000
4	C. B. Lamborn	40	2,000

STATEMENT D.—*Showing issues of capital stock of the Kansas Pacific Railway Company, etc.*—Continued.

Date.	Name.	No. of shares.	Amount.
1871.			
Mar. 6	R. E. Carr	1,000	[illegible]
6	John C. Rust	200	[illegible]
6	Mrs. E. Heller	60	[illegible]
6	V. W. Grote	60	[illegible]
6	A. Drake	60	[illegible]
8	A. C. Erfort	200	[illegible]
8	C. B. Burnham	200	[illegible]
13	C. B. Lanborn	200	[illegible]
15	T. F. Oakes	40	[illegible]
15	J. Edgar Thomson	500	[illegible]
15	Seyfert, McM. & Co.	1,000	[illegible]
15	Thomas A. Biddle	300	[illegible]
15	A. H. Barney	100	[illegible]
15	V. Winter & Son	150	[illegible]
15	C. S. Greeley	1,000	[illegible]
15	S. M. Edgill	1,000	[illegible]
15	Ad. Meire	1,000	[illegible]
15	J. P. Usher	250	[illegible]
20	Henry Martin	800	[illegible]
20	George D. Hall	1,000	[illegible]
20	D. B. Gale	150	[illegible]
20	Thomas A. Scott	500	[illegible]
20	H. W. Wissmann	250	[illegible]
20	T. J. Bartholow	1,000	[illegible]
20	..... do	150	[illegible]
20	E. D. Kennedy	200	[illegible]
20	C. J. Clarke	200	[illegible]
20	A. C. Erfort	150	[illegible]
20	F. W. Meister	500	[illegible]
20	B. W. Lewis, jr	750	[illegible]
20	Charles Enalin	500	[illegible]
20	Joseph O'Neil	200	[illegible]
20	D. E. Small	50	[illegible]
20	Bartlett & Smith	100	[illegible]
20	M. K. Moorehead	200	[illegible]
20	Henry Dater	10	[illegible]
20	William D'Oench	200	[illegible]
20	Edward Masser	200	[illegible]
20	M. Baird & Co	1,200	[illegible]
20	B. & S. M. Co	600	[illegible]
20	B. S. Brown	25	[illegible]
20	H. G. Holmes	125	[illegible]
20	E. A. Damon	125	[illegible]
20	V. L. Runyan	100	[illegible]
20	John H. Tracy	100	[illegible]
20	Theo. Bartholow	100	[illegible]
20	E. Tracy	63	[illegible]
20	C. B. Lainborn	200	[illegible]
23	R. E. Carr	1,000	[illegible]
28	C. B. Lainborn	200	[illegible]
29	Gardner Colby	250	[illegible]
29	H. C. Stackman	80	[illegible]
29	Theo. Bartholow	100	[illegible]
Apr. 5	R. D. Barclay	180	[illegible]
5	R. Butler	40	[illegible]
7	A. H. Barney	100	[illegible]
8	J. A. Wherry	300	[illegible]
18	J. E. Thomson	500	[illegible]
18	Seyfert McMann & Co	1,000	[illegible]
18	T. A. Biddle	300	[illegible]
18	V. Winter & Son	150	[illegible]
18	C. S. Greeley	1,000	[illegible]
18	S. M. Edgill	1,000	[illegible]
18	A. Meier	1,000	[illegible]
18	J. P. Usher	250	[illegible]
18	James Archer	200	[illegible]
18	Henry Martin	800	[illegible]
18	D. B. Gale	150	[illegible]
18	Thomas A. Scott	500	[illegible]
18	H. W. Wissmann	250	[illegible]
18	T. J. Bartholow	1,000	[illegible]
18	..... do	150	[illegible]
18	C. J. Clarke	200	[illegible]
18	E. D. Kennedy	200	[illegible]
18	A. C. Erfort	150	[illegible]
18	F. W. Meister	500	[illegible]
18	B. W. Lewis, jr	750	[illegible]
18	Charles Enalin	500	[illegible]

STATEMENT D.—*Showing issues of capital stock of the Kansas Pacific Railway Company, etc.*—Continued.

Date.	Name.	No. of shares.	Amount.
1871.			
Apr. 18	J. F. Comstock	200	$10,000
18	Joseph O'Neil	200	10,000
18	D. E. Small	50	2,500
18	Bartlett & Smith	100	5,000
18	G. Colby	250	12,500
18	M. K. Moorehead	200	10,000
18	Henry Dater	10	500
18	William D'Oench	200	10,000
18	Edward Hesse	200	10,000
18	M. Baird & Co	1,200	60,000
18	B. & S. M. Co	600	30,000
18	B. S. Brown	25	1,250
18	H. G. Holmes	125	6,250
18	E. A. Damon	125	6,250
18	V. L. Runyan	100	5,000
18	J. H. Tracy	100	5,000
18	J. A. Wherry	100	5,000
18	J. L. Woods	40	2,000
18	S. T. Smith	40	2,000
	A. H. Calef	40	2,000
	H. C. Clement	40	2,000
	Total	76,000	3,800,000

EXHIBIT No. 1.—(See Stevens's Report, sec. 18.)

KANSAS PACIFIC RAILWAY COMPANY (FORMERLY THE UNION PACIFIC RAILROAD COMPANY—EASTERN DIVISION).

BOSTON, *June* 20, 1887.

The facts as shown by the books concerning the issue of its share capital of $10,000,000.

(1) the first entry to the credit of capital stock in the first ledger of the Union Pacific Railroad Company (Eastern Division) is dated June 8, 1866.

For stock issued to J. Edgar Thomson and John D. Perry, trustees, until fulfillment of contract with R. M. S. & Co., 4,160 shares of stock subscribed and paid for by Eastern and Western parties, as per certificate No. 1, at $50 per share $208,000

On Journal, pages 114 and 115, this sum of $208,000 is included in an entry charging "Discount on first-mortgage bonds to sundries, for amounts due subscribers, being 20 per cent. discount on the whole amount of bonds issued ($2,240,000), they being issued at 80 per cent. instead of par." On Journal, pages 192, etc., the credits to sundry parties, as indicated above, are reversed by crediting the identical items to "Trustee Account." Discount on first-mortgage bonds is the final resting place of the item of $208,000. It will be seen later on that this $208,000 was charged to Construction Account, and that it did not represent any subscriptions of share capital paid into the company. On the stub of the certificate book, certificate No. 1, it is stated that this stock was "issued to subscribers to first-mortgage bonds and stock, December 4, 1866, by transfer." It did not represent any subscriptions to capital, but was really a bonus to the subscribers to its first-mortgage bonds.

(2) The second entry to the credit of capital stock in the first ledger, before mentioned, is dated June 8, 1866—

For 6,360 shares of stock issued March 29, 1866, certificate No. 2, as per contract, at $50 per share 318,000

The above shares were issued to Messrs. R. M. Shoemaker & Co., on account of a contract made with them on the 1st of July, 1865 (this firm consisted of R. M. Shoemaker, Giles F. Filley, C. S. Greeley, James Archer, Joseph C. Butler, S. M. Edgill, Edward Miller, and Matthew Baird—the last two, however, did not sign the contract), to build, as described in the act of July 1, 1862, a railroad and telegraph line from the town of Lawrence, in Kansas, to Fort Riley. The work was to be paid for at the rate of $48,000 per mile for a completed road, and the equipment necessary

therefor, $25,000 in the fully-paid capital stock of the company, and $25,000 per mile in cash. In the mean time, on the 24th of June, 1865, R. M. Shoemaker had been appointed, as per minute book, general manager of the line. On the 29th of March, 1866, being the date of the issue of these shares to Shoemaker & Co., they were transferred to J. Edgar Thompson and John D. Perry, trustees. On the 2d of December, 1866, these shares were again transferred to R. M. Shoemaker & Co., in certificate No. 11, for 38,779 shares. Across the face of this certificate No. 11 is written the following: "Canceled December 4, 1866, and new certificates to associates in contract issued 12 to 102 * * * and 132 and 135 to * * * equal to 38,778 shares." (The asterisks represent illegible writing.) A list of these associates, with the certificates they received, is appended herewith and marked Statement A.

(3) The third entry to the credit of capital stock in the first ledger, before mentioned, is dated June 8, 1866—

For 5,280 shares of stock issued May 15, 1866, certificate No. 4, at $50 per share..... $264,000

These shares were issued to Messrs. R. M. Shoemaker & Co. at the date mentioned, and on the same day were transferred to J. E. Thomson and John D. Perry, trustees. On December 2, 1866, these shares were included in certificate No. 11, for 38,779 shares, which were subsequently distributed to the associates aforesaid, as per Statement A.

(4) The fourth entry to the credit of capital stock in the first ledger, before mentioned, is dated September 15, 1866—

For amount of legitimate stock found to be outstanding July 1, 1865, in the following names: John D. Perry, 995 shares,; A. Bennett, 1,000; Samuel T. Glover, 100; Thomas L. Price, 5; C. S. Greeley, 5; A. Meier, 5; G. F. Filley, 5; J. P. Usher, 5; A. C. Anderson, 5; J. P. Devereux, 5; S. M. Edgill, 5;.S. A. Stimson, 1; total, 2136 shares... 106,800

The stock certificate book shows that certificate No. 6, for 2,095 shares, was issued on June 1, 1866, to Thomson & Perry, trustees, and that these shares were subsequently (December 2, 1866) transferred to Messrs. R. M. Shoemaker & Co., and included in certificate No. 11, for 38,779 shares. The remaining 41 shares of the 2,136 shares were included in the issue of 6,242 shares, under date of January 31, 1880, the certificates never having been heretofore issued, and were for the purpose of qualifying parties to act as directors of the company. The shares which were included in certificate No. 11, for 38,779 shares, were subsequently distributed to the associates aforesaid, as per Statement A.

(5) The fifth entry to the credit of capital stock in the first ledger, before mentioned, is dated November 30, 1866.

For certificate No. 7, dated September 1, 1865, issued to Leavenworth County in accordance with the resolution of directors passed July 12, 1865, 5,000 shares, at $50..... $250,000

These shares were given in pursuance of an agreement with the said county, dated July 6, 1865, to take its 7 per cent. bonds for like amount in payment of its subscription of $250,000 made to the capital stock of the company. These bonds were duly received and were paid over to Messrs. R. M. Shoemaker & Co., as follows:

Jan. 25, 1866 (to themselves)	$150,000
Aug. 20, 1866 (for Sac and Fox lands, for their account).....	11,000
Nov. 30, 1866 (to themselves)	89,000
Total.....	250,000

(6) The sixth entry to the credit of capital stock in the first ledger, before mentioned, is dated November 30, 1866.

For certificate No. 8, dated September 20, 1866, issued to H. M. Northrup in accordance with resolution of board passed August 16, 1866, 40 shares, at $50..... 2,000

These shares were issued to H. M. Northrup, of the firm of Northrup & Chick, 6 Wall street, New York, in payment for property at Wyandotte, Kans., say 40 shares.

(7) The seventh entry to the credit of capital stock in the first ledger, before mentioned, is dated October 15, 1866, issued—

To J. Edgar Thomson and John D. Perry, trustees, as per contract, 25,044 shares, at $50..... 1,252,200

On the stock certificate book, certificate No. 9, for 25,044 shares, was issued to R. M. Shoemaker & Co., and on the same day these shares were transferred to J. Edgar Thomson and John D. Perry, trustees, *vide* certificate No. 10. On Dec. 2, 1866, these shares were included in certificate No.

11, for 38,779 shares, which were subsequently distributed to the associates aforesaid, as per Statement A.

The total credits to Messrs R. M. Shoemaker & Co., under date of November 30, 1866, were $6,395,200 for the building and equipping of 97 miles of main line and 31.6 miles of the Leavenworth Branch, of which they were also the contractors. Against this credit, the payments are stated to be as follows:

One-half cash on main line, 97 miles	$2,425,000
$1,000 per mile in third-mortgage or income bonds, main line	970,000
Balance in stock (29,000 shares), main line	1,455,000
First-mortgage bonds Leavenworth Branch	600,000
Leavenworth county bonds	250,000
Second-mortgage bonds Leavenworth Branch, being third mortgage on main line, or income bonds	316,000
Balance in stock, 7,584 shares	379,200
Total	6,395,200

It will be observed from the above, that Messrs. R. M. Shoemaker & Co.'s contract was modified to the extent of receiving $10,000 per mile in income bonds. This was in accordance with a resolution of the board of directors, passed on the 17th of December, 1866, to the following effect:

"*Resolved*, That R. M. Shoemaker & Co., having agreed to accept in lieu of $10,000 of stock per mile, as required by their contract, the income bonds of the company of the same amount, settlement be made with that firm in accordance with such agreement."

(8) On the 1st of October, 1866, a contract was entered into with Messrs. Shoemaker, Miller & Co., "to build, construct, and equip * * * a first-class railroad and telegraph line from the present western terminus of said Union Pacific Railway, Eastern Division, on the Government reserve at Fort Riley, and west from the Missouri River, 140 miles, to such point on the waters of the Smoky Hill River, as said railroad is subsidized in bonds by the acts of Congress, in July, 1862, * * * said point or distance supposed to be 250 miles."

The parties composing the firm of Shoemaker, Miller & Co. were Carles S. Greeley, Robert E. Carr, William W. McPherson, Stephen M. Edgill, Robert M. Shoemaker, Edward Miller, Matthew Baird, and Joseph N. Kinsey.

The eighth entry to the credit of capital stock in the first ledger, before mentioned, is dated March 29, 1867.

For the following issued to Shoemaker, Miller & Co.:

No. 229, 1,000 shares	$50,000	
No. 230, 800 shares	40,000	
No. 231, 800 shares	40,000	
No. 232, 600 shares	30,000	
		$160,000

Transfers were made out of certificate 229 on March 2, 1867, to the following parties: 400 shares to John W. Forney, 100 shares to J. W. Jones (probably of Philadelphia), 250 shares to William E. Lehman, 250 shares to J. G. L. Brown.

Eight hundred shares (certificate 230) were transferred on May 14, 1875, to —— —— (certificate book can not be found, supposed to be at the Bank of Commerce, New York).

Eight hundred shares (certificate 231) were transferred on March 18, 1867, to John E. Jacobs.

The original of this certificate was returned to this office by W. H. Painter, to be transferred, and was lost or stolen from the secretary's desk. It was transferred in blank on the back and has been declared canceled.

Six hundred shares (certificate No. 2032) were transferred on January 17, 1870, to T. Crane, president of the New York Warehouse and Security Company (see certificate 84, Kansas Pacific Railway Company).

(9) The ninth entry to the credit of capital stock in the first ledger, before mentioned, is dated March 25, 1868.

Certificate No. 333 for 1,000 shares 50,000

These shares were transferred on February 26, 1868, to John D. Perry.

(10) The tenth entry to the credit of capital stock in the first ledger, before mentioned, is dated April 2, 1868.

For stock issued to Shoemaker, Miller & Co., April 2, 1868, (certificate No. 345, for 100 shares 5,000

The above shares were transferred on April 2, 1868, to Wm. McPherson.

Total on Ledger No. 1 2,616,000

(11) On September 1, 1868, the above total on Ledger No. 1 was carried to folio 80, on Ledger No. 2, constituting the first entry therein. The second entry to the credit of capital stock in the second ledger is dated March 8, 1869—

For stock issued February 1, 1869, to Shoemaker, Miller & Co., certificate No. 354, for 49,130 shares, at $50, which, with amounts heretofore issued, is in full settlement of the total amount due the said firm $2,456,500

These 49,130 shares were transferred to sundry parties on March 15, 1869, as per statement annexed, marked B. The total issue of stock to Messrs. Shoemaker, Miller & Co. was 53,450 shares, which, at $50 per share, is $2,671,500, "completing issue of stock on contract, September 6, 1866." Previously, that is to say, on November 14, 1868, a committee of the board of directors reported that the basis of settlement between Shoemaker, Miller & Co. and the company was as follows: (1) The railway company to take all the United States bonds, live stock, cash, and other assets of the firm. (2) Of the $698,000 in first-mortgage bonds due the contractor, the company to keep $240,000 and deliver the balance to Shoemaker, Miller & Co., say, $458,000, for delivery to subscribers, so that the firm may receive in all first-mortgage bonds to the amount of $4,000,000. (3) The railway company to assume all existing obligations of Shoemaker, Miller & Co., amounting to about $154,531.07, more or less. The balance due contractors, some $585,000, to be paid them in average lands west of the 240th mile-post and between that point and the 405th mile-post, at $1 per acre, for which the railway company shall make deed to such trustee or trustees as Shoemaker, Miller & Co. may direct. The railway company shall deliver to Shoemaker, Miller & Co. income bonds and stock in accordance with the contract. (See Minute Book, folio 117.)

This basis of settlement was declared accepted. An analysis of the account of Shoemaker, Miller & Co., marked statement C, is herewith submitted.

Up to the 1st of February, 1869, the capital stock of the company issued, amounted to 101,450 shares, at $5,072,500 (see ledger 2, folio 80), which sum eventually found its way, as a charge, to the construction accounts of the company, but no actual money was received by the company for these shares, and the only valuable consideration obtained by it for the issuance of such shares appears to have been the Leavenworth County bonds heretofore mentioned and the property at Wyandotte.

On the 5th of January, 1871, an increase in the capital stock of the company to $10,000,000 was authorized at a stockholders' meeting convened at that date. Each $100 paid in entitled the subscriber to receive $200 of the capital stock of the company and $100 in its land-grant mortgage-bonds of the issue of July 1, 1870 (*vide*, folio 219, in copied minute book). In conformity with this action, 76,000 shares were issued to subscribers on March 31, 1871, as per statement herewith, marked D. On February 1, 1871, the total to the credit of capital stock on ledger No. 2 was carried to ledger No. 3, and constitute the first entry therein to capital stock. The second entry to the credit of capital stock in the third ledger is dated March 31, 1871—

For the following original issues of stock on account of land-grant subscription, as per resolution of stockholders, passed at meeting held at Lawrence, Kans., January 5, 1871, and circular of directors, January 10, 1871, filed herewith: Total issues, 76,000 shares... 3,800,000

(12) The third entry to the credit of capital stock in the third ledger is dated May 31, 1871—

For issues of certificate No. 585, for 2,000 shares, at $50 per share, to Thos. A. Scott, in payment of C. & E., 179 100,000

This issue was in conformity with a resolution of the board of directors passed May 4, 1871, as follows:

"*Resolved*, That the president be, and he is hereby, instructed to issue two thousand (2,000) shares of the capital stock of this company to Thomas A. Scott for services rendered the company during the last five years, and for disbursements in connection with the same; and that the issue be charged to construction account." (See copy minute book, folio 228.)

(13) The fourth entry to the credit of capital stock in the third ledger is dated December 31, 1872—

For the following original issues of stock on account of second-mortgage bond subscription, as per resolution of directors August 23, 1871, approved by stockholders January 20, 1872, 13,329 shares, at $50.... 666,450

The above mentioned issue of capital stock was made in conformity with the following resolution, passed at the date above mentioned:

"*Resolved*, That for the purpose of paying off the floating debt of this company, created for rolling stock, equipment, and other construction expenses deemed necessary and proper, a second mortgage be issued upon the two million acres (2,000,000) of land, situated between the Missouri River and the 380th mile post on the company's road, to secure the payment of $1,500,000 in the company's bonds to be issued, dated September 1, 1871, and payable on the 1st day of September, 1886, with 7 per cent. interest payable semi-annually in the city of New York, in gold coin, free of all taxes, on the 1st days of March and September in each year, the principal payable in gold coin of the United States also; and that such bonds be delivered to subscribers at the price and on the terms stated in the circular issued by the treasurer of this company, dated August 14, 1871; that is to say, subscribers shall take the bonds, and with them 68 per cent. in the capital stock of the company, 22 per cent. in income bonds, and pay for the aggregate 96 per cent. of the face of the bonds in five payments, one of 20 per cent. cash and 20 per cent. monthly thereafter, until the whole is paid; the treasurer to issue bonds and stock for the amount of each payment when the next payment is made, until the last, when all paid for shall be delivered."

(14) The fifth entry to the credit of capital stock in the third ledger is dated September 30, 1873—

For certificate No. 1059, originally issued to T. J. Bartholow, on account of his subscription to second-mortgage land-grant gold bonds, 340 shares, at $50..... $17,000

(15) The sixth entry to the credit of capital stock in the third ledger is dated February 28, 1874—

For certificate No. 1187, original issue dated November 15, 1875, issued to M. Baird & Co., on account of their subscription to second-mortgage land-grant gold bonds, 680 shares, at $50..... 34,000

(16) The issue of capital stock under the authority of the resolution of August 23, 1871, amounted to 14,349 shares or $717,450, according to which issue the subscriptions to the land-grant gold bonds amounted to $1,055,000, and the distribution of income bonds to $232,000. The subscriptions to the land-grant pool on account of $1,055,000 bonds herein mentioned amounted to $1,012,800, for which they received a face value in stocks and bonds of $1,004,450. The shares and the income funds herein mentioned, say $949,430, were charged to construction account.

(17) The capital stock on ledger No. 3 was, on September 1st, 1875, transferred to ledger No. 4, say $9,689,950. The second entry to the credit of capital stock on the fourth ledger is dated January 31, 1880, and is as follows:

Sundries Dr. to sundries, for original issue of capital stock.

Interest: For stock issued to parties holding consolidated bonds for interest due them on same to November 1, 1878, as per statement filed hereto, 2,412 shares, at $50.....	$120,600	
Securities, for 3,850 shares issued to James M. Ham, treasurer, at $50	191,500	
Capital stock: The original issue as above, 6,242 shares, at $50 each—312,100—less for stock issued to parties to qualify them as directors, September 15, 1865, for which no certificates were given, 41 shares, at $50, $2,050.....		310,050
Construction and equipment: For account construction and equipment No. 1, stock issued to directors as above, but no certificates given, now credited back		2,050

The above-mentioned issue was in accordance with a resolution of the board of directors of the company, voted on the 24th of January, 1880 (the date of consolidation), which reads as follows:

"On motion of Mr. Sage, seconded by Mr. Edgerton, it was resolved that the 6,242 shares of the authorized capital stock of this company remaining unsubscribed and unissued may be issued, and the president and secretary are hereby authorized to execute certificates therefor, in payment of the first coupon on the consolidated bonds and for other indebtedness of the company."

As to this last issue of stock, attention is called to section 16 of the amendment act of July 2, 1864, which in effect seems to prohibit consolidating companies issuing capital stock not representing actual cost of the

roads, etc. The entries above quoted show that this issue of shares formed no part of the capital expenditures of the Kansas Pacific Company, nor did it represent money paid in on account of any future capital expenditure. A part of it, say 2,412 shares, was issued to settle with the unpaid coupon holders of a junior mortgage, namely, the first consolidated mortgage of a practically bankrupt road. The remaining shares, say 3,830, were carried to the construction account of the consolidated company.

The total credits to capital account, appearing on the fourth ledger, folio 194, amount to the sum of..... $10,000,000

All of which is a charge to the construction account of the consolidated company, and for which no money was actually paid into the constituent corporation. At first the books make it appear here and there that actual stock subscriptions were made, but on investigation, what seem to be payments on capital stock, are really subscriptions to first-mortgage or other bonds. For instance, the credit side of certificate account in ledger No. 1, folio 150, purports to be a record of the payments made to the treasurer of the company on account of subscriptions by sundry parties to the capital stock of the company, and contained in journal entries, folios 35, 36, 37, 38, 41, 78, 100, 139, and 141. These credits on the ledger aforesaid amount to $1,996,000. On the other hand, the debit side of this certificate account shows that to these several parties purporting to subscribe to the capital stock, first-mortgage bonds were issued to the amount of $1,996,000, so that the subscriptions credited to them as being payments on account of capital stock were in reality payments on account of subscriptions to the first-mortgage bonds of the company. None of the alleged subscriptions, therefore, to the capital stock were really such. The journal folios containing these debit entries are as follows: 79, 81, 82, 83, 84, 91, 92, 93, 109, 139, 141, 198.

A summary of the foregoing statements is herewith subjoined:

Issued to first-mortgage bondholders	*$1,993,950
Issued to first-mortgage bondholders as a bonus in lieu of 20 per cent. discount	200,000
Issued to Leavenworth County, Kans	250,000
Issued to Northrup	2,000
Issued to sundry parties	150,000
Issued to April 2, 1868	2,613,950
Shares not issued but credited to capital account	2,050
Issued first to Shoemaker, Miller & Co., February 1, 1869, and subsequently, say on March 15, 1869, to sundry parties, apparently interested in contract with Shoemaker, Miller & Co. (as per statement marked B)	2,456,500
Issued as bonus on first-mortgage land-grant subscription	3,800,000
Issued to Thomas A. Scott for services	100,000
Issued as a bonus on second-mortgage land-grant subscriptions	668,450
Do	17,000
Do	34,000
Issued for unpaid coupons on consolidated mortgage bonds, November 1, 1879	120,000
Issued to make the capital stock $10,000,000	191,500
Total	10,000,000

CONTRACTS WITH R. M. SHOEMAKER & CO. FOR BUILDING MAIN LINE AND THE LEAVENWORTH BRANCH; ALSO CONTRACT WITH SHOEMAKER, MILLER & CO. FOR BUILDING MAIN LINE FROM 140TH MILE-POST WEST.

CONTRACT WITH R. M. SHOEMAKER & CO. FOR MAIN LINE.

An agreement made and concluded this first day of July, 1865, between the Union Pacific Railway Company, Eastern Division, of Kansas, of the first part, and Robert M. Shoemaker, Edward Miller, Joseph C. Butler, Matthew Baird, Carlos S. Greeley, Giles F. Filley, James Archer, and Stephen M. Edgill, of the second part, witnesseth:

First. That for and in consideration of the covenants and stipulations hereinafter mentioned to be performed by the party of the first part, the parties of the second part hereby agree to furnish all the material and equipments, iron, rails, chairs, spikes, sleepers, timber, masonry, rolling-stock, and other material needed to build, construct, and equip, for the party of the first part, a first-class railroad, with the

*Out of certificates for 6,360, $318,000 to R. M. Shoemaker & Co; 5,280, $264,000 to R. M. Shoemaker & Co.; 2,095, $104,750 to Perry & Thomson, trustees; 25,044, $1,252,200 to R. M. Shoemaker & Co.; 1,100, $55,000 to Shoemaker, Miller & Co.; total, 39,879, $1,993,950.

needful turnouts, from the town of Lawrence, in Kansas, to Fort Riley, and telegraph line, etc., substantially on the route which has been surveyed for said railroad company, reference being had to their maps, plans, and profiles, and to construct and build such first-class railroad, telegraph line, and appurtenances in the manner described in an act of Congress passed July 1st, 1862, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," and the other acts of Congress passed in reference to said railway company, and to supply the depots, water-stations, engines, and cars in accordance with the terms of said acts of Congress, complete as a first-class railroad.

All to be done within the time in said act specified.

Second. In consideration of the construction and equipment of said road and sidings, &c., as in the foregoing section mentioned, the party of the first part agrees to pay to the party of the second part, the survivor or survivors of them, the full sum of fifty thousand (50,000) dollars per mile of main track, measurements as follows: Twenty-five thousand (25,000) dollars in the capital stock of the Union Pacific Railway Company, Eastern Division, for which full-paid certificates shall be issued, and in cash twenty-five thousand dollars ($25,000); which said sum of fifty thousand (50,000) dollars is to be paid pro rata in such certificates of stock and cash on the estimate of an engineer to be designated for that purpose by the party of the first part. Such estimate to be made every thirty days as the work progresses in proportion to the work done and materials furnished. Provided that said company may retain 15 per cent. of each estimate until each successive section of twenty miles is completed according to this contract; and full payment shall be made in accordance with the terms in this contract specified, upon the completion and acceptance by the Government of the United States of each division of twenty miles.

Third. It is further agreed by and between the parties hereto that all of the work of this contract and all materials shall be performed and supplied to the full satisfaction of the board of directors of the said Union Pacific Railway Company; and if the said parties of the second part, the survivor or survivors of them, shall fail to perform the work herein contracted to be done as fast as said board shall from time to time reasonably require, or shall do any of said work imperfectly, or not in accordance with the acts of Congress aforesaid, then the party of the first part is authorized to terminate this contract, paying said party of second part, the survivor or survivors of them, for the work actually done and the material supplied only, and the said party of the first part may thereupon proceed to do the said work or to contract with any other party therefor, and no damage shall be claimed by the party of the second part, the survivor or survivors of them.

It is further fully understood, that in case of a failure on the part of the parties of the second part, as mentioned in this section, then and thereupon the fifteen (15) per cent. of the amount of the monthly estimate shall be held and retained permanently by said parties of the first part as liquidated damages, and the said party of the second part, the survivor or survivors of them, shall make no claim therefor.

Fourth. It is further understood that in the event of the death of either or any of the parties of the second part, this contract shall not thereby be terminated, but the surviving parties shall proceed to the completion of this contract, without interference on the part of the personal representatives of the deceased party or parties, and in such case the party of the first part shall not be liable to account to or with the personal representatives of said deceased party, nor until the completion of this contract, and such accounting shall then had between the party of the first part and the survivors of said deceased, and not with his representatives.

Fifth. It is further agreed and understood that said parties of the second part shall have the control and use of the road, being liable for all expenses and entitled to the receipts therefrom, until the completion and equipment of said road to Fort Riley, according to the terms of this contract, the said party of the second part carrying the mails, troops, and munitions of war as required by law.

In testimony whereof the party of the first part has caused this agreement to be signed by their president and the corporate seal to be affixed, and the parties of the second part have hereunto affixed their hands and seals the day and year first above written.

R. M. SHOEMAKER. [SEAL.]
GILES F. FILLEY. [SEAL.]
C. S. GREELEY. [SEAL.]
JAMES ARCHER. [SEAL.]
JOSEPH C. BUTLER. [SEAL.]
S. M. EDGILL. [SEAL.]
JOHN D. PERRY,
Prest.

Attest:
JNO. P. DEVEREUX,
Secretary.

The above and foregoing copy has been by me personally compared with the original contract made by the Union Pacific Railway Company, E. D., with R. M. Shoemaker & Co., and found to be correct and accurate transcript of said original contract dated July 1, 1865.

CHAS. B. LAMBORN,
Secretary Kansas Pacific R. W. Co.

CONTRACT WITH R. M. SHOEMAKER & CO. FOR LEAVENWORTH BRANCH.

Agreement made and concluded on the first day of July, 1865, by and between the Union Pacific Railway Company, Eastern Division, the party of the first part, Robert M. Shoemaker, Matthew Baird, Edward Miller, Joseph C. Butler, Carlos S. Greeley, Giles F. Filley, James Archer, and Stephen M. Edgill, the party of the second part, witnesseth:

First. The party of the second part agree and bind themselves to construct and equip a first-class railway as now located from the city of Leavenworth, in the State of Kansas, to the junction with the completed road of said company, at or near the town of Lawrence, Kansas, with all the needful stations and necessary rolling-stock (not less than $150,000 in value), complete as a first-class railway, as provided for by the charter of said company and the acts of Congress in relation thereto; to finish said railway and deliver the same to said company in good running order on or before the first day of May, 1866.

Second. In consideration of the covenants to be performed by said party of the second part and set forth in the previous section, the party of the first part agree to pay said party of the second part the full sum of six hundred thousand (600,000) dollars in the first-mortgage seven per cent. bonds of said railway company, based upon that portion of their road to be constructed under this contract, and also bonds of the county of Leavenworth, to be issued by said county, amounting to $250,000; also $22,000 per mile in full-paid capital stock of the Union Pacific Railway Company, Eastern Division, for the actual number of miles of railway constructed between Leavenworth and the point of connection at or near Lawrence.

Third. It is agreed that the said company shall from time to time, and as fast as shall be required by said contractors, make sales and conveyances of the Delaware lands at prices to be fixed by the said contractors, and shall appoint an agent to superintend and take charge of said lands and to make such sales; which agent shall be satisfactory to the said contractors.

Out of the proceeds of the sales of said lands the said company shall pay and reserve the costs and the expenses of the said sales, including the services of the said agent and the amounts heretofore paid, or which may become due, or for which the company is liable to the Government of the United States for the said lands, or on account thereof, and the residue of the said proceeds shall be paid to the said contractors, as part of their compensation for the performance by them of their contract, and at the completion of this contract the said company shall transfer and convey to the said contractors the residue of the said lands unsold, subject to the payment of all moneys payable for or on account of the same to the Government of the United States.

The intention of the said company being to appropriate and dispose of the said lands for the benefit of said contractors, and to secure to them the same and the proceeds thereof as compensation for the faithful performance by them of their contract.

The payments arising out of this contract as provided for in the 7 per cent. bonds of the said railway company and county of Leavenworth shall be made by said party of the first part to said party of the second part every thirty (30) days pro rata as the work progresses according to the terms of this agreement.

The said party of the first part shall retain twenty (20) per cent. until the work herein contracted to be done is completed and said railway is finished and equipped, when full and final payments shall be made by said party of the first part to said party of the second part.

In witness whereof the parties hereto of the second part have affixed their hands and seals, and the party of the first part hath caused its corporate seal to be hereto affixed and this instrument to be signed by its president, the day and year first above mentioned.

R. M. SHOEMAKER. [SEAL.]
GILES F. FILLEY. [SEAL.]
C. S. GREELEY. [SEAL.]
JAMES ARCHER. [SEAL.]
JOSEPH C. BUTLER. [SEAL.]
S. M. EDGILL. [SEAL.]
JOHN D. PERRY, *Pres't.*

Attest:
JNO. P. DEVEREUX,
Secretary.

The above and foregoing copy has been by me personally compared with the original contract made between the Union Pacific Railway Co., E. D. and R. M. Shoemaker and associates, and is an accurate transcript of said original contract, dated July 1st, 1865.

CHAS. B. LAMBORN,
Secretary Kansas Pacific Railway Company.

CONTRACT WITH SHOEMAKER, MILLER & CO.

An agreement, made and concluded this first day of October, 1866, between the Union Pacific Railway Company, Eastern Division, of the first part, and Carlos S. Greeley, Robert E. Carr, Wm. W. McPherson, Stephen M. Edgill, Robert M. Shoemaker, Edward Miller, Matthew Baird, and Joseph N. Kinney, parties of the second part, contractors, carrying on the business of this contract under the firm name of Shoemaker, Miller & Co., witnesseth: That, for and in consideration of the covenants and stipulations hereinafter contained to be performed by the party of the first part, the parties of the second part hereby agree to furnish all the materials, equipments, iron, rails, chairs, spikes, sleepers, timber, bridges, masonry, rolling-stock, poles, wire, and other material needed, and to build, construct, and equip, for the parties of the first part, a first-class railroad and telegraph line from the present western terminus of said Union Pacific Railway, Eastern Division, on the Government Reserve at Fort Riley, and west from the Missouri River 140 miles to such point on the waters of the Smoky Hill River as said railroad is subsidized in bonds by the acts of Congress in July, 1862, and the several acts amendatory and supplemental thereto, said point or distance supposed to be 250 miles, the equipments for said road to be as follows:

For each and every thirty (30) miles two (2) first-class engines, one first-class passenger-car, fifteen (15) box-cars, ten (10) platform-cars, and one (1) baggage-car to every forty (40) miles, and the necessary hand-cars, with all necessary engine-houses, shops, tools, machinery, shafting, etc., complete for maintaining an ample equipment to operate the road.

The said railway and telegraph line to be constructed under this contract to be located along the route on the waters of the Smoky Hill, which has already been indicated by a preliminary survey of the engineer of the party of the first part, but subject to such changes upon actual survey as the road progresses as the said party of the first part shall deem it necessary to make, reference being had to the maps, plans, and profiles of the company to be found in the office of their engineer.

All of said railway and telegraph line to be fully completed and equipped by the 31st day of December, 1867, in the manner herein provided, and fully to meet the requirements of the several acts of Congress hereinbefore mentioned, so as to make the same in all respects a first-class railroad and telegraph line.

In consideration of the construction and equipment of the said railroad and telegraph (line) as herein provided for, and the performance of the undertakings hereinafter mentioned, the party of the first part agrees to pay to the parties of the second part the following bonds, stocks, and lands, to wit: All the bonds from the Government of the United States when received, said bonds being issued in pursuance of the act of Congress of July, 1862, and the acts amendatory thereof and supplemental thereto, said bonds being at the rate of 16,000 per mile.

All the first-mortgage bonds of said party of the first part issued under a first mortgage of said party beginning at and from the 140th mile-post of its railway west from its initial point on the Missouri River, at the State line between the said State of Missouri and the State of Kansas, and extending to the terminus of the railroad and telegraph to be constructed under this contract, said first-mortgage bonds to be issued at the rate of 16,000 per mile and no more on the said line of railroad and telegraph line westward from said 140th mile-post, and may be issued in advance to the extent of 100 miles of a continued completed line of said railway company as provided for by act of Congress. Said bonds are dated June 1, 1866, payable in thirty years, in the city of New York, with interest warrants attached, payable semi-annually at the same place in the gold coin of the United States of America.

Ten thousand dollars per mile in the income bonds of the company for each and every mile of railroad and telegraph line built under this contract, and which said income bonds are secured by a certain deed of trust from the said party of the first part to Carlos S. Greeley and Adolphus Meier, trustees, dated the first day of July, 1866.

And of the full-paid capital stock of the party of the first part, $8,000 per mile for each and every mile of railway and telegraph line built under this contract

And, in addition thereto, the party of the first part shall pay to the party of the second part $400,000 of the income bonds and $600,000 of the stock of said Union Pacific Railway Company, Eastern Division, as the said parties of the second part shall pay the debts of the company hereinafter mentioned.

And it is further agreed between the parties hereto, and as a part of the consideration to the said parties of the second part for the performance of their undertaking herein mentioned, that whatever lands the said party of the first part may have the right to acquire by purchase from the United States Government, under the treaty with the Potterwattomic Nation of Indians, of date the 15th of November, 1861, such rights of purchase, and all other rights incident thereto, may and shall enure to the use and benefit of the parties of the second part to this contract by their paying the purchase money for said lands and interest required by said treaty and by assuming and discharging all obligations imposed on said party of the first part to acquire said lands by the provisions of the same; and the said party of the first part covenants and agrees with the said party of the second part to accept the terms and provisions of such treaty and in accordance therewith to contract for the purchase of said lands, and upon the request of the party of the second part to assign said contract of purchase to them, with the request that patents be made directly to said parties of the second part or their assigns, and if the title of said lands shall be by the United States vested in the party of the first part, then to convey said lands by good and sufficient title to the parties of the second part or their assigns in accordance with the terms of this agreement.

It is further understood and agreed that the first-mortgage bonds aforesaid are to be delivered to the parties of the second part as the necessities of the said parties of the second part may require to enable them to perform this contract, but not in advance of 100 miles of a continued completed line of railway of said party of the first part.

And the said income bonds, at the rate of $10,000 per mile, shall be delivered as the railroad and telegraph line shall be from time to time accepted by the Government, and turned over to said parties of the first by said parties of the second part as hereinafter provided.

All of the said bonds and stocks to be delivered as herein provided to said parties of the second part or their assigns, and any title to the said Pottawattomie lands passing to the said railway company, the said parties of the second part or their assigns are to be invested with, when all their agreements with reference thereto shall be fully performed, such conveyance to be made, and all other expenditures in and about said lands at the proper cost and charges of said parties of the second part.

It is further understood and agreed that as each and every division of the railroad and telegraph line to be constructed under this contract is completed and accepted by the United States Government, it shall be with its equipments turned over to the party of the first part; the party of the second part performing any work thereafter which the United States Commissioners may require to be done on the same and subject to the approval of the road, and all the work to be done under this contract shall be performed and all the equipments and material supplied to the satisfaction of the Government Commissioners and of the board of directors of said Union Pacific Railway Company, eastern division, and it is agreed and understood that all the railroad and telegraph line herein provided to be built shall conform in every respect to the profiles, maps, drawings, and specifications of the said railway company; and if in the opinion of said board of directors of the party of the first part the parties of the second part shall neglect or refuse to prosecute the work herein undertaken to be done and performed in such manner as to give reasonable assurance of the complete performance of their contract, within the time limited and stipulated, then it shall be lawful for the said party of the first part to declare this contract terminated, and they may enter upon the said premises and prosecute the work to completion at the expense of the contractors applying the assets to be paid them to the payment for the work, or on account may be stated, under the direction of an engineer for that purpose selected by the board of directors, of the value of all work done, material furnished and on hand and in process of manufacture, or in transit, all of which in such event shall be the property of the party of the first part, and shall be accounted at its fair value to be with the work done estimated by the said engineer, whose decision shall be final, and shall be credited to the said party of the second part in the payment for the mortgage, bonds, stock, and land advanced them, and if a balance shall be found due said parties it shall be paid to them, but if said party shall be found indebted to said party of the first part on account of advances, such advances shall be returned in kind, or in default of which said party shall pay the company the par value of said advances in money. And it is further understood and agreed, that the said party of the first part shall at all times, upon request, transport over their road, and to the exclusion of all other business except Government business, all the rails, ties, spikes, bridges, material and other supplies of said parties of the second part, to

aid them in the completion of the contract within the time provided; and it is further agreed, subject to the provisions hereof, that all the iron, spikes, chairs, cars, locomotives, and rolling stock of every description, and all other materials to be furnished by said parties of the second part under this contract, are, when purchased, and wherever situated, the property of said parties of the second part, and at their risk, and shall not become under this contract the property of the railroad company until after the several divisions of the road for which said equipment and material was (?) provided, are accepted respectively by the Government and turned over to the company as herein provided.

And for the transportation to be done as aforesaid for the parties of the second part by the parties of the first part, they are to charge a rate not to exceed two (2) cents per ton per mile, for rails, chairs, ties, bridges, and other articles required for the construction of the road for each and every mile transported over the road, whether or not any portion of said road shall have been turned over at the time to the company by the contractors, and no charge shall be made by said railway company for the original transportation of any locomotives or rolling stock going out to said contractors to such point on said road as may be required by the contractors.

It is further understood and agreed, that in the event of the death of either or any of the parties of the second part, this contract shall not thereby be terminated, but the surviving parties shall proceed to the completion of this contract without interference on the part of the personal representatives of the deceased party or parties, and in such case the party of the first part shall not be liable to account to or unto the personal representatives of such deceased party, until the completion of this contract, and such accounting shall then be had between the party of the first part and the survivors of such deceased, and not unto his personal representatives.

Said party of the first part will transport all the laborers and employés of the contractors free of charge over their road, when desired by the contractors, or their duly authorized agent or officer, and the special car of the general manager of contractors shall be transported free.

Said party of the first part will also transfer to the contractors all right to take timber, wood, etc., to be obtained or had on the diminished Delaware Reserve from the Missouri River Railroad Company, or its assigns, the contractors paying the stipulated prices therefor.

It is further understood and agreed that the party of the second part shall pay all expenses of rights of way, engineering, and all expenses of this general character. Stations, water-tanks, engine-houses, shops, etc., to be furnished at such points as the railroad company may decide.

It is further understood and agreed that if the parties of the second part should be obstructed by the acts of hostile Indians, or if for any other reasonable cause, a majority of the contractors, parties of the second part, should desire to stop the construction at any point east of the western terminus designated in this contract, then and in either of those events, they upon notice in writing to the company shall be released from the fulfilment of the balance of said contract, receiving payment only for the actual distance constructed and equipped, work done, and additional material turned over to the company at the pro rata rate for road and such material in securities of the several kinds herein designated.

It is further understood and agreed, that in further consideration of the payments hereinbefore recited to be paid by the party of the first part, the parties of the second part shall pay the unfunded cash debts and obligations of the Union Pacific Railway Company, Eastern Division, existing at the termination of the contracts with Robert M. Shoemaker & Co., estimated at $450,000 but not to exceed $500,000.

In the event of the parties of the second part determining, for any of the reasons hereinbefore stated, to suspend the execution of the work, the value of the work done and material provided by said parties, estimating the same at the prices herein stipulated to be paid and according to the value of such price, shall be determined by the engineer of the company appointed, or to be appointed, for that purpose, and his decision shall be final.

And it is further agreed that the parties of the second part shall and will pay all the accrued interest on said first-mortgage bonds at the time of delivery, and the interest to accrue thereon for one year thereafter, and to indemnify and save the party of the first part harmless on account of said interest and will provide said party of the first part at a reasonable time in advance of said interest becoming due the necessary funds for the payment of the same, in default of which said party may retain any assets of said party of the second part or any security or land to be paid under this contract, and to apply the same to such payment, or hold the same till this part of this agreement is complied with.

In witness whereof the parties of the second part have hereto set their hands and seals, and the party of the first part has caused its seal to be hereunto affixed and

these presents to be signed by its president and attested by its secretary this 1st day of October, eighteen hundred and sixty-six.

JOHN D. PERRY,
President.

C. S. GREELEY.
S. M. EDGILL.
ROBERT E. CARR.
WM. W. MCPHERSON.
EDW. MILLER.
M. BAIRD.
R. M. SHOEMAKER.
J. N. KINNEY.

Attest:
CHAS. B. LAMBORN,
Sec'y.

A true copy of the original contract.

CHAS. B. LAMBORN,
Sec'y.

ANALYSIS OF THE ACCOUNT OF MESSRS. R. M. SHOEMAKER & CO., TO ACCOMPANY THE FOURTH REPORT OF WILLIAM CALHOUN, ACCOUNTANT TO THE UNITED STATES PACIFIC RAILWAY COMMISSION.

UNITED STATES PACIFIC RAILWAY COMMISSION.

BOSTON, *August* 25, 1887.

HON. ROBERT E. PATTISON,
Chairman of the United States Pacific Railway Commission, Phildelphia, Pa.:

SIR: I annex an analysis of the account of Messrs. R. M. Shoemaker & Co., who were the contractors for the construction of the first section of the Union Pacific Railway, Eastern Division. Owing to the defective book-keeping only a portion of the charges to the account can be definitely set down as payments, in cash, on account of the contract. The sum thus ascertained amounts to $1,838,589.40. There were other cash payments which I classed as miscellaneous, amounting to $1,930,638.89, a large part of which were undoubtedly on account of the contract, but as the books do not so state positively, I have put them under a separate head. I am satisfied that many of these charges represent disbursements to subcontractors and others engaged on the line of work. The total cash payments to R. M. Shoemaker & Co. were $3,769,228.29. The payments in bonds amounted to $2,125,000, and in stock, to $1,916,799.32. Of the stock payments, $1,834,200 were distributed to the persons who composed the quasi corporation or firm above named. (See Third Report, statement A.) The credits on account of the contract foot up $6,642,247.90, including the rebuilding east of Lawrence. Deducting the bonds and stock which were included in these credits, the cash credit would be $2,683,047.90, or $20,961.30 per mile for 128 miles (including the Leavenworth Branch) of actual construction.

As before stated, the cash payments are shown to be		$3,769,228.29
Take out of this sundry miscellaneous accounts, say	$1,168,779.71	
Less certain individual stock debits	82,599.32	
		1,086,180.39
Leaving actual cash payments on account of construction		2,683,047.90

The above statement is in a certain sense hypothetical, but it is at the same time a fair deduction from the figures exemplified by the books. If the 128 miles cost $21,000 per mile in cash, the stock and bonds handed over to Messrs. R. M. Shoemaker & Co. represented a very handsome profit.

All of which is respectfully submitted by

Yours, truly,

WM. CALHOUN,
Accountant.

Messrs. R. M. Shoemaker & Co.—Condensed statement.

DEBITS.

To contract work		$1,838,589.40
To miscellaneous charges		1,930,638.89
To individual stock entries		82,599.32
		3,851,827.61
To bonds paid them	$2,125,000.00	
To stocks paid them	1,834,200.00	
		3,959,200.90
		7,811,027.61

CREDITS.

By contract work	6,642,247.90
By miscellaneous assets	1,168,779.71
	7,811,027.61

ANALYSIS.

Contract work, so far as ascertained, paid for		1,838,589.40
From miscellaneous charges, etc	$2,013,238.21	
Take miscellaneous credits	2,168,779.71	
		844,458.50
Making actual cash payments on contract work		2,683,047.90

Analysis of debits of R. M. Shoemaker & Co., July 1, 1865, to August 28, 1868.

CONTRACT WORK.

Iron, spikes, chairs, frogs, etc	$1,183,980.54
Machinery, etc	2,245.31
Belts and castings	5,110.83
Bridge timber	3,869.67
Lumber	9,724.01
Telegraph instruments and supplies	142.03
Pumps	322.75
Locomotives (6)	151,752.86
Passenger coaches (5)	19,000.00
Box cars	75,076.63
Flat cars	12,675.00
Hand-cars	3,[illegible]0.96
Michigan Car Company	8,904.00
Railway supplies and materials	8,968.08

CONTRACT WORK—continued.

Car and hand-car wheels	$376.30
Lanterns	261.50
Car locks	87.08
Rubber springs	1,765.82
Steel and hardware	795.69
Head-lights (3)	300.00
Scales	525.50
Punching machine	33.00
Rags	9.00
Bridge work	865.68
Freight and charges on iron, spikes, etc	222,250.69
Freight and hauling machinery	107.13
Freight on lumber	426.00
Freight on ties	500.00
Freight on pumps	5.50

Analysis of debits of R. M. Shoemaker & Co.—Continued.

CONTRACT WORK—continued.

Freight on telegraph insulators		$17.10
Hauling, loading, etc.:		
Timber		358.04
Bridges		110.40
Freight:		
On locomotives		2,225.00
On cars		1,391.70
On coaches		359.48
Packing head-light chimneys		212.60
Loading and unloading cars		294.65
Oil for cars and oil and grease		4,884.62
Transfer service, East Saint Louis		11,145.28
Freight account		33,628.14
Freight bills		12,046.08
Transportation		1,016.30
Cash disbursements, July 1 to August 21, 1865		50,908.45
	1,838,589.40	
Leavenworth County bonds	239,000.00	
Leavenworth Branch, first-mortgage bonds	600,000.00	
Income bonds	1,286,000.00	
	3,963,589.40	

STOCK SUBSCRIPTIONS.

R. M. Shoemaker (subscription)		61,649.32
R. M. Shoemaker & Co. (36,684 shares, at $50)		1,834,200.00
R. M. Shoemaker & Co. (Perry and Glover, 2095 shares, at $10)		*20,950.00
	1,916,799.32	

MISCELLANEOUS CHARGES.

J. D. Perry & Co	$16,100.36
J. C. Butler	22,770.87
Geo. Wallace	75,000.00
M. D. Reese	500.00
C. W. Davis	2,918.35
T. W. Parks	14,443.24
Killen & Parks	2,850.00
J. E. Gregg	244,298.95
G. T. Wicks	1,200.00
Carney & Stevens	5,885.27
N. Stephens	4,208.08
H. M. Simpson	5,500.00
S. M. Simpson	40,066.66

MISCELLANEOUS CHARGES—continued.

Simpson Bros	$34,165.35
T. L. Price	21,444.61
B. S. Henning	161,633.16
H. May	12,888.60
Cushing & Fitzpatrick	879.38
Riley, Fitzpatrick & Co	4,497.85
B. R. Moore	933.75
Moore & Co	5,367.47
C. Graham	12,572.04
M. Shoemaker	22,064.20
M. C. Shoemmaker	5,510.44
R. H. Shoemaker	3,600.00
R. M. Shoemaker	24,699.50
R. M. Shoemaker & Co	18,527.50
John Nicely	2,682.50
C. C. Winchell	377.20
G. M. Gardiner	2,654.06
D. McLeod	7,536.36
D. Menager	933.33
Schoonmaker & Co	5,223.00
I. Schoonmaker	366.50
Schoonmaker & Wallace	5,100.20
T. Ashcroft	9,410.04
J. P. Gahan	3,553.20
R. M. Phillips	450.00
Jonathan Lodge	90.71
Hall & Crenshaw	1,674.00
E. O'Connor	292.08
J. K. Farr & Co	1,502.00
A. P. McMillen	46,305.27
H. McPherson	4,305.18
Buck & Ryan	1,651.05
Wallis & Keator	5,083.06
J. H. Steiner	5,941.51
A. B. Bartlett	3,737.11
A. Crockett	1,575.00
Plant & Bro	136.50
James Lamb	9,899.26
Quinn, Duffy & Co	637.26
Story & Malone	6,651.14
A. D. Cudworth	4,290.63
A. Meier & Co	805.07
I. B. Eaton	2,000.00
J. G. Parker	1,500.00
Rafferty & Houlihan	179.62
Rose & Crane	6,517.13
H. A. Brierly & Bro	15,396.79
C. D. Hall	133.10
W. J. Huckett	4,417.74
F. Rawolle	55,608.23
Sharpe & Shaw	1,366.42
H. Wheatly & Co	9,444.04
H. S. Walsh	4,646.00
S. Guilliford	346.01
J. McGrew	2,111.51
J. M. Webster	5,463.00
W. D. Wetherell	12,357.40
J. L. Speer	3,000.00
Elner & Forkner	5,131.62
Wilson & Fairchild	600.00
G. Bailey	254.75

* Extract from journal, September 15, 1867: R. M. S. & Co. to Perry & Glover, $20,950, for 2095 shares of stock, in compliance with one of the original contracts dated July 1, 1865, and numbered 8—, which provides that this amount is to be paid by R. M. Shoemaker & Co. to Perry and Glover, trustees, with interest from July 1, 1865, to the date payment is made to the trustees.

MISCELLANEOUS CHARGES—continued.

Barney, Smith & Co	$10,351.00
G. H. Schmerton	700.00
Bonner, Boynton & Co	612.45
A. J. Lloyd & Co	943.76
D. Amalee	3,245.80
Bryan & Wardin	1,200.00
R. Clark & Co	710.00
A. R. Crain & Co	2,000.00
T. B. Pinkerton & Co	2,250.00
Delaware Lumber Company	2,166.66
State Savings Association	5,000.00
Mrs. S. B. Walker	3,156.25
J. P. Devereux	2,500.00
Williams (salary and expenses)	2,021.80
Stone (salary and expenses)	611.85
Oakes (salary and expenses)	1,245.33
Bristol (salary and expenses)	346.73
Transportation, horses	70.00
Transportation and expenses, section hands	55.70
Blankets	764.75
Harness	518.25
Horses	1,030.00
Watchman (wages)	34.00
Spike mauls	33.00
Wheelbarrows	300.00
Expenses, Leavenworth branch (T. L. Prins)	400.00
Time-tables	30.00
Delaware Lumber Company, investment	17,500.00
Saw-mill	600.00
St. L., A. and T. H. R. R.	6,000.00
Steamer, freights	5,236.99
Insurance	7,155.03
Delaware bond interest, etc	388,163.67
Interest on assessments	3,878.33
Land department expenses	13,615.94
Land note (to close account)	155,594.19
Suspended land note	$62,947.80
Sac and Fox lands	25,601.63
S. Miller & Co. (transfers)	20,814.90
J. L. Spear (judgment)	1,051.50
Sheriff, Wyndotte & Co. (judgment)	1,191.90
United States tax on receipts	570.60
E. M. Bartholow	60,360.22
Construction and equipment	41,398.39
Earnings	4,988.14
Accounting department	361.00
Refund stoppage on lumber	126.66
Loss and damages	795.44
Hotel bill, R. M. S. and party	760.30
Fractional currency	30,525.00
Exchange and discount	681.96
Ferry and car fare	37.00
Surgical instruments	106.50
Stationery	1,844.11
Printing	13.25
Printing certificates	7.50
Stamps, certificates	5.00
Advertising	651.43
Livery	5.00
Groceries	6,315.70
Stoves	855.85
Coal oil	110.45
Stencil plates	15.73
Desk	45.00
Water kegs	2.50
Bunting	11.25
Furniture, R. M. S	80.00
Gas-pipe	69.45
Mattresses	169.50
Potatoes	41.00
Fish	111.00
Suspense	100.00
	1,930,638.89

SUMMARY OF DEBITS.

Contract work	$3,963,589.40
Stock subscriptions	1,916,799.32
Miscellaneous charges	1,930,638.89
	7,811,027.61

Analysis of credits of R. M. Shoemaker & Co., account July 1, 1865, to August 28, 1868.

CONTRACT WORK.

Damages to frogs and bridge timber	$30.00
Missouri Pacific, rails and chairs	23,592.37
Insurance, passenger coach burnt	7,893.34
Plant ties	213.96
Construction and equipment:	
97 miles, main line	4,850,000.00
Leavenworth Branch	1,545,200.00
Survey Republican Fork	4,574.05
Right of way east of Fort Riley	15,599.80
Rebuilding east of Lawrence	115,283.19

Suspense, rights of way	[illegible]
Construction and equipment, balance of account	79,618.00
	6,642,267.00

SUBSCRIPTIONS.

100 shares A. Reese, paid for in settlement with Price	1,000.00
R. M. S., individual subscription, Entry J, fol. 2	10,000.00
	11,000.00

MISCELLANEOUS.

J. D. Perry, error in account rendered	.82
E. M. Bartholow, salary	600.00
Interest	3,107.81
First-mortgage bonds	110,220.00
Leavenworth Branch bonds	21,000.00
Leavenworth Company bonds	17,500.00
New York Central, draft for collection	5.00
Suspense: Settlement account prior to July 1, 1865	3,540.29
Missouri Pacific Railroad, hauling ties	500.00
Freight and passenger balances due from United States	28,190.51
Plant, cord wood	43,022.00
Construction and equipment:	
Delaware L. C. investment	11,021.20
Bills prior to July 1, 1865	1,510.11
County taxes	2,009.57
Suspended land notes credited in error	70,976.65
Land sales	231,235.13
Interest	1,394.00
Assessment, 25 per cent	500,000.00
S. Miller & Co	87,041.73
Auditor: Stores received of R. M. S. & Co	15,292.19
Paymaster: Collections	517.90
Stoppages	1,494.77
Government commissioner: 1,000 acres S. and F. lands sold	850.00
Land note	2,926.44
Suspended land note	2,168.45
Interest	236.94
Cash collected of J. P. Green	385.00
J. L. Spear, 126.98 acres Delaware reserve	1,190.22
	1,157,779.71

SUMMARY OF CREDITS.

Contract work	6,642,267.90
Stock subscriptions	11,000.00
Miscellaneous credits	1,157,779.71
Total	7,811,027.61

FOURTH REPORT (PART 1) OF WILLIAM CALHOUN, ACCOUNTANT TO THE UNITED STATES PACIFIC RAILWAY COMMISSION.

BOSTON, *July* 12, 1887.

GENTLEMEN: The indications thus far with respect to the construction of the Union Pacific Railway Company (Eastern Division), subsequently the Kansas Pacific Company, leave no room to doubt that the line was built by a ring of stockholders, calling themselves in the first place by the firm name of R. M. Shoemaker & Co., and subsequently styling themselves Shoemaker, Miller & Co. These stockholders, as will be seen by a previous report, received the share capital of the com-

pany, without actually paying any money therefor. They afterwards received the bulk of the first-mortgage bonds issued on the first 140 miles of line, getting the said bonds at the rate of 80 per cent. On the next 265 miles they received $4,000,000 of bonds out of an issue of $4,065,000. They also received at first hands the bonds issued on the 236 miles of line called the Denver Extension, amounting to $6,500,000. Four million seven hundred and fifty-seven thousand dollars of these bonds they sold through Messrs. Dabney, Morgan & Co., of New York, and with the proceeds liquidated certain liabilities of Messrs. Shoemaker, Miller & Co., on account of the contract, as per Statement E, herewith. One million seven hundred and thirty thousand dollars of these same bonds were distributed to the parties or stockholders who were interested in the Shoemaker, Miller & Co. contract. In prosecuting the investigation as to the issue of these bonds it turns out that one William J. Palmer was an officer of the company in 1866, getting $5,000 per annum, and at the same time and subsequently, that is to say, on the 6th of April, 1867, he was also the secretary and treasurer for Shoemaker, Miller & Co., the contractors. T. F. Oakes, who was in the employment of R. M. Shoemaker & Co., contractors, at a salary of $125 per month (January to August, 1866), and at the same time he was in the service of the company at $50 per month (see Journal 1, folio 116, etc.). On the 31st of October, 1866, Mr. Oakes had a balance against him of $319.44, which was charged to the construction and equipment account (Journal 1, folio 205). On December 1, 1867, Mr. Oakes was the secretary for the Shoemaker, Miller & Co. concern.

Robert E. Carr, who appears as the treasurer of Shoemaker, Miller & Co., was a stockholder of the Union Pacific Railway Company (Eastern Division). The fact seems to be that Shoemaker, Miller & Co. were a sort of a corporation, with a chairman, secretary, and treasurer. Mr. C. S. Greeley, who was the treasurer *pro tempore* (see minutes April 6, 1868) of the Union Pacific Railway Company (Eastern Division), and a director in that company, figures, on the 28th of November, 1868, as the chairman of the Shoemaker, Miller & Co. concern. The entries which indicate the relationship of the parties above named to the contractors aforesaid are appended hereto. These incidental facts show quite clearly that the line from the Missouri River to Denver was built somewhat after the manner of the Credit Mobilier, only the financial manœuvering was more cleverly done, and this ring shared or profited in whatever gains resulted from the building of the road. It is very probable that the concerns of R. M. Shoemaker & Co. and Shoemaker, Miller & Co. kept books of account. These books would show exactly what profits were made by the men who were entrusted with the guardianship of the financial affairs of the Union Pacific Railway Company (Eastern Division). The construction accounts, which will follow in another report, will disclose the fact that the first portion of the line, say 140 miles, cost $65,203.33 per mile. The 265 miles cost $53,734.65, and the last 254 miles cost $26,521 per mile, including charges for share capital and certain of the bonds. There is so much ground to go over in giving a history of the issue of the various classes of bonds on the Kansas Pacific line that I have determined to divide my report concerning the same into two parts, the first part giving the details of the various issues of first-mortgage bonds and the United States subsidy bonds. These details have been very meagerly furnished in the regular books of account of the company, and I have had to ransack through a considerable amount of material here in order to get a good

supply of facts. I have not succeeded in all cases to my satisfaction; as, for instance, with respect to the United States subsidy bonds, some 4,000,000 of the same were handed over to Messrs. Shoemaker, Miller & Co., but to whom they were distributed the records do not state. I assume, however, that they were the same parties who were interested in the other transactions of this firm in the matter of shares and bonds. Part 2 of this report will detail the issues of the first and second land-grant and income bonds, as well as the funding and consolidated bonds. The stock lists in the Boston office, of 1882, and all prior to that date, are complete. The names of the 1883 stock list are copied to the letter K; 1884 is also complete; 1886 is complete to the letter H; 1887, names copied. It will take one man about a month to finish entire the stock lists of the Boston office, Union Pacific Railway Company. The stock lists of the Kansas Pacific Company ought not to occupy over a fortnight. Owing to the transfer of Mr. Grew to San Francisco, I have been obliged to put two of the men who were on the stock lists, namely, Messrs. Hubbard and Leighton, on the vouchers. The examination of the vouchers is proceeding fairly well, and we are now engaged in the scrutiny of those for 1872. As I said before, this part of the examination, year for year, will take less time than it has hitherto.

All of which is respectfully submitted.

Yours, very truly,

WM. CALHOUN,
Accountant.

Hon. ROBERT E. PATTISON, *Chairman;* E. ELLERY ANDERSON, Esq., and DAVID T. LITTLER, Esq., *Commissioners.*

STATEMENT E.—*Dabney, Morgan & Co., trust account.*

[Ledger 2, folio 349.]

DEBIT.

1869.				
Nov.	12.	To proceeds from sale on 1,058 (extension) bonds		$1,020,792.13
	25.	proceeds from sale of 76 (extension) bonds		73,502.16
1870.				
Jan.	31.	proceeds from sale of 38 (extension) bonds		14,136.17
	31.	this amount received from purchase and sale of securities, as per statement		57.05
Mar.	8.	proceeds of sale of 1,506 bonds		1,256,501.94
	11.	New York Exchange, sent them		21,000.00
	19.	proceeds from sale of 918 bonds		725,930.05
May	4.	proceeds from sale of 714 bonds		570,914.63
	5.	20,000 sterling, exchange sent Dabney, Morgan & Co., March 31, 1870, to apply on payment of first-mortgage coupons, due May 1, 1870, in Europe		98,777.76
July	7.	proceeds from sale of 4 bonds		3,820.57
Aug.	18.	cash to balance account to June 30		26,992.00
	17.	interest at 4 per cent. on credit balance in hands of Dabney, Morgan & Co., from January 1 to June 30, inclusive	$15,954.88	
		less interest at 4 per cent. on debit balance, special gold account, from January 1 to June 30, as per statement filed with this entry	14,237.14	1,717.74
				3,812,192.74

CREDIT.

1869.

Nov. 13.	By the following drafts heretofore credited to T. F. O., assistant treasurer, now transferred as above:		
	No. 1. Abbott Iron Company		$39,323.93
	2. Do		39,368.92
	3. J. C. Reiff, agent		12,000.00
	4. Bartholow, Lewis & Co		15,000.00
	5. Abbott Iron Company		42,011.20
	6. Ohio and Mississippi R. R. Co		9,848.11
	7. Cashier Chatham National Bank		20,000.00
	8. M. K. Jesup & Co		13,500.00
	9. Abbott Iron Company		39,255.94
	10. J. C. Reiff, agent		17,000.00
	11. Abbott Iron Company		79,170.17
	12. M. K. Jesup & Co		13,500.00
	13. Ohio Falls Car Company		14,375.00
	14. Bartholow, Lewis & Co		30,000.00
	15. C. S. Greeley		25,000.00
	16. Dabney, Morgan & Co		10,430.00
	17. J. C. Reiff, agent		3,500.00
	18. Bartholow, Lewis & Co		10,000.00
	19. Abbott Iron Company		31,949.88
	20. S. A. Bartlett, cashier		10,000.00
	21. Bartholow, Lewis & Co		20,000.00
	22. Abbott Iron Company		38,923.50
	24. Bartholow, Lewis & Co		10,000.00
			544,156.65
15.	By M. P. voucher No. 550, favor Ross, Steel & Co		100,000.00
15.	The following drafts heretofore credited T. F. Oakes, assistant treasurer, now transferred as above:		
	No. 23. J. C. Reiff, agent	$2,500.00	
	25. Charles Hodgman, cashier	20,000.00	
	26. M. Baird & Co	26,500.00	
	27. C. S. Greeley	10,000.00	
	28. Bartholow, Lewis & Co	10,000.00	
	29. Abbott Iron Company	41,592.82	
	30. Bartholow, Lewis & Co	10,000.00	
	31. S. A. Raulett, cashier	5,000.00	
	32. Abbott Iron Company	41,609.53	
			167,202.35

1869.

Nov. 15.	For the following amounts, accounted for as per statements rendered:		
	No. 11, October 31, 1869, $10,000 gold, at 129¼ and 129¼	$12,937.50	
	No. 12, November 6, 1869, $25,000 gold, at 128¼ and 128¼	32,093.75	
		45,031.25	
	For the following amounts transferred to account of T. F. O., assistant treasurer, for advertising, as per following statements:		
	No. 7, October 2	$15,000.00	
	8, October 9	10,000.00	
	10, October 23	5,000.00	
		30,000.00	
			75,031.25
Dec. 21.	Draft No. 34, this date, drawn by C. S. Greeley, treasurer, favor Bartholow, Lewis & Co		10,000.00
17.	Draft No. 33, drawn December 16, 1869, favor Abbott Iron Company, in payment of D. E. 455		27,211.84
14.	Draft No. 35, drawn this day by C. S. Greeley, treasurer, favor Bartholow, Lewis & Co	$10,000.00	
	Draft No. 36, drawn this day by C. S. Greeley, treasurer, favor S. A. Raulett, Cashier	5,000.00	
			15,000.00
13.	Draft drawn this date, No. 37, by C. S. Greeley, treasurer, favor Bartholow, Lewis & Co		10,000.0

1870.		
Jan. 12.	Abbott Iron Company for draft No. 40, this date drawn by C. S. Greeley, treasurer, in part payment of D. E. 454	$20,000.00
11.	Draft No. 38, this date, drawn by C. S. Greeley, treasurer, favor Bartholow, Lewis & Co	25,000.00
12.	Draft No. 39, drawn this date by C. S. Greeley, treasurer, favor Chas. Hodgman, cashier	20,000.00
13.	Draft No. 41, drawn this day by C. S. Greeley, treasurer, to order of J. C. Reiff, agent	10,000.00
Jan. 17.	By cheque C. B. Lamborn, treasurer, account draft of C. F. Palmer, cashed by Dabney, Morgan & Co	1,000.00
	Draft No. 42, this date, drawn by C. S. Greeley, treasurer, favor Bartholow, Lewis & Co....$20,000.00	
	Draft No. 43, this date, favor Chas. Hodgman, cashier 10,000.00	
		30,000.00
19.	Draft No. 44, this date, drawn by C. S. Greeley, treasurer, favor Bartholow, Lewis & Co	20,000.00
21.	Draft No. 45, this date, drawn by C. S. Greeley, treasurer, favor Bartholow, Lewis & Co	10,000.00
24.	Draft No. 46, this date, drawn by C. S. Greeley, treasurer, favor Bartholow, Lewis & Co	10,000.00
27.	Drafts Nos. 47 and 48, drawn by C. S. Greeley, favor Chas. Hogdman, cashier	20,000.00
31.	Draft No. 49, drawn this date by C. S. Greeley, treasurer, favor Abbott Iron Company, in payment of above voucher	21,694.13
31.	Amount paid for advertising bonds as per statement filed.....$87,908.87	
	Less amount heretofore charged 40,000.00	
		47,908.87
31.	For the following purchases of gold as per statement:	
	Dec. 9, $40,000, at 123⅞ and 123¾.....$49,550.00	
	Dec. 13, $5,000, at 123½ and 123⅝..... 6,168.75	
	Dec. 15, $2,500, at 121¾ and 121½..... 3,046.88	
	Dec. 31, $3,802.77 at 120½ and 120⅛ 4,572.83	
		63,338.46
Feb. 10.	Draft drawn this date, No. 50, by C. S. Greeley, treasurer, favor Bartholow, Lewis & Co	25,000.00
12.	For draft No. 51, drawn this date, favor S. A. Raulett, cashier	10,000.00
14.	Draft No. 52, drawn this date, by C. S. Greeley, treasurer, favor Bartholow, Lewis & Co	25,000.00
23.	Dabney, Morgan & Co., check to order C. S. Greeley, treasurer, deposited this day at Boutman's	100,000.00
17.	Draft No. 53, drawn by C. S. Greeley, treasurer, favor Chas. Hodgman, cashier	20,000.00
25.	Dabney, Morgan & Co., check to order C. S. Greeley, treasurer, deposited with Bartholow, Lewis & Co. this day	100,000.00
28.	Dabney, Morgan & Co., check to order C. S. Greeley, treasurer, deposited at Bank of Commerce this day	100,000.00
Mar. 1.	Check of R. E. Carr, treasurer, in return for check same amount, drawn by J. D. Perry, president, on Dabney, Morgan & Co., in New York, for account Evans & Carr	2,210.62
2.	Dabney, Morgan & Co., check to order C. S. Greeley, treasurer, deposited with Barthlow, Lewis & Co. this date	100,000.00
5.	Dabney, Morgan & Co., check to order C. S. Greeley, treasurer, deposited at Boutman Savings Institution this day	200,000.00
8.	The following purchases of gold, as per statement:	
	Feb. 2, $20,000 at 121¼ and ⅛ $24,300	
	5, $20,000 at 120¾ and ¼ 24,150	
	11, $15,000 at 120¼ and ⅛ 18,150	
		66,600.00

1870.		
Mar. 19.	Dabney, Morgan & Co., check this amount deposited at State Savings Association March 8, 1870, for seventy-five days, with interest at the rate of 5 per cent. per annum	$100,000.00
21.	Dabney, Morgan & Co., check to order C. S. Greeley, treasurer, deposited at Provident Savings Institution March 11	40,000.00
21.	The following purchases of gold made by Dabney, Morgan & Co., as per statement: $6,000 gold, at 115¼ and ¼	6,945.00
21.	This amount transferred to M. K. Jesup & Co., and retained by them, account Johnston suit	250,000.00
May 5.	The following amounts in gold, transferred by Dabney, Morgan & Co. to credit of Bartholow, Lewis & Co., as per statement of bond sales rendered by D. M. & Co., Nos. 26 to 31, inclusive	1,267,966.64
Aug. 17.	This amount paid for 20,000 sterling exchange sent Dabney, Morgan & Co. to provide for coupons payable in Europe, charged D. M. & Co. "trust" until accounted for	96,777.76
17.	Dabney, Morgan & Co.'s commission on $3,158,000 first-mortgage bonds sold for account Denver extension, from Jan. 1 to June 30, 1870, as per statement filed with this entry, $3,158,000 first-mortgage bonds, commission	54,218.37
		3,812,192.74

[Copy of printed form.]

$2,989,350 income bonds.
$2,431,500 capital stock.

MARCH 20, 1869.

Received of Union Pacific Railway Company, per C. P. Lamborn, secretary, for issue to Shoemaker, Miller & Co., in the contract of said firm, the following-described securities, in the income mortgage bonds and capital stock accruing to said contract:

Income mortgage bonds U. P. R. W. Co., E. D.:	
2,754 bonds, of $1,000 each, Nos. 1147 to 3900	$2,754,000
701 bonds, of $250 each, Nos. 401 to 1101	175,250
601 bonds, of $100 each, Nos. 401 to 1001	60,100
Total income bonds	2,989,350
Capital stock U. P. R. W. Co., E. D.:	
Certificates Nos. 358 to 441, dated March 15, 1869, for shares, at $50	$2,431,500

[Revenue stamp.]

C. S. GREELEY,
Chairman, S. M. & Co.

[Extracts from bond-book, Union Pacific Railway Company, Eastern Division.]

1869.		
Mar. 20.	Delivered to C. S. Greeley, chairman S. M. & Co., income bonds as follows, in full of bonds due to contractors, with coupons Nos. 16 and following attached:	
	Bonds of $1,000, No. 1147 to 3900, inclusive	$2,754,000
	Bonds of $250, No. 401 to 1101, inclusive	175,250
	Bonds of $100, No. 401 to 1001, inclusive	60,100
		2,989,350
1868.		
Nov. 28.	Delivered to C. S. Greeley, chairman S. M. & Co., bonds Nos. 6041 to 6240, inclusive, duly signed and sealed. All coupons attached. Coupons to and including June 1, 1868, extracted and canceled by T. F. Oakes, secretary S. M. & Co	200,000
1869.		
Mar. 6.	Delivered to Robert E. Carr, treasurer of Shoemaker, Miller & Co., four hundred first-mortgage bonds, Nos. 5201 to 5600, inclusive, with all coupons attached	400,000

Received of Charles B. Lamborn, secretary, in accordance with the terms of the contract with Shoemaker, Miller & Co., four thousand first-mortgage 6 per cent. gold bonds of the Union Pacific Railway Company, Eastern Division, Nos. 2241 to 6240, inclusive, with all coupons (1 to 60) attached. Bonds of $1,000 each.

Dated at Saint Louis, December 1, 1868.

$4,000,000.

T. E. OAKES,
Secretary S. M. & Co.

KANSAS PACIFIC RAILWAY COMPANY, FORMERLY THE UNION PACIFIC RAILROAD COMPANY, EASTERN DIVISION.

[The facts as shown by the books concerning the issue of its bonded indebtedness.]

FIRST-MORTGAGE BONDS.

There were three first mortgages executed covering the line of the railway between the Missouri River and the city of Denver. One covering the road from the Missouri River to the 140th mile-post, made to John Edgar Thomson and Henry M. Alexander, for $2,240,000; another, covering the road between the 140th mile-post to a point one-sixteenth of a mile east of the 394th mile-post, to John Edgar Thomson and Adolphus Meier; and another, being the Denver Extension mortgage, from the Missouri River, at the mouth of the Kansas River, on the south side thereof, and from Wyandotte to Denver and the branch thereof to Leavenworth, with the rolling-stock, equipment, and appurtenances thereof, and all the lands granted by the United States to said company west of the 394th post from the east State line of Kansas, with a right to such an additional quantity of lands between the 394th and 380th mile-posts as should make a total of 3,000,000 acres, to secure $6,500,000 in gold. There was also another mortgage of the branch line, from Leavenworth to its junction to the main line near Lawrence, to secure the sum of $600,000, so that the first mortgages are about as follows:

On the first 140 miles	$2,240,000
On the next 254 miles	4,063,000
On the Denver Extension	6,500,000
On the Leavenworth Branch	600,000
Total	13,403,000

(1) The first entry to the credit of first-mortgage bond account, in the first ledger of the Union Pacific Railroad Company, Eastern Division, is dated June 8, 1866:

For amount first-mortgage bonds issued to the parties in interest as follows:

John Edgar Thomson	$50,000	
J. B. Anderson	80,000	
William J. Palmer	10,000	
H. H. Houston	25,000	
William F. Leach	25,000	
R. M. Shoemaker	75,000	
M. W. Baldwin & Co	120,000	
J. Edgar Thomson	50,000	
Clarke, F. S., Pittsburgh	25,000	
William Thaw	25,000	
John McManus	100,000	
R. E. Carr	25,000	
		$610,000

(2) The second entry to the credit of first-mortgage bond account in the above-mentioned ledger is dated June 13, 1866:

For the following first-mortgage bonds issued to A. C. Anderson, this date 10 bonds, No. 526 to 535, inclusive, coupon February 1, 1886, detached. 10,000

(3) The third entry to the credit of first-mortgage bond account in the above-mentioned ledger, is dated June 15 1866.

For amount of first-mortgage bonds issued to the parties in interest, as follows:

C. S. Greeley	$55,000	
G. F. Filley	60,000	
Do	10,000	
George Partridge	25,000	
Daniel R. Garrison	5,000	
Robert E. Carr	20,000	
D. B. Gale	10,000	
James Smith	10,000	
James Archer	50,000	
		$245,000

(4) The fourth entry to the credit of first-mortgage bond account in the above-mentioned ledger is dated June 16, 1866:

For the following first-mortgage bonds issued:

S. M. Edgill	$25,000	
H. C. Crevling	5,000	
George D. Hall	15,000	
Horace Holton	25,000	
Adolphus Meier	20,000	
Henry Martin	50,000	
William Meyers	5,000	
Thomas L. Price	50,000	
J. P. Usher	5 000	
Glover & Shipley	20,000	
C. C. Swallow	10,000	
John D. Locke	25,000	
		255,000

(5) The fifth entry to the credit of the first-mortgage bond account in the above-mentioned ledger is dated June 19, 1866:

For issues this date to O. D. Filley, 25 first-mortgage bonds, Nos. 863 to 887 inclusive	25,000

(6) The sixth entry to the credit of first-mortgage bond account in the above-mentioned ledger is dated July 12, 1886:

For the following issues of first-mortgage bonds:

John D. Perry	$440,000	
Thomas Sherlock	10,000	
William Dennison	10,000	
W. H. Clements	10,000	
E. W. Woodward	5,000	
B. E. Smith	5,000	
W. W. Scarborough	10,000	
Andrew Gross	10,000	
L. Devinney	10,000	
J. W. Kinney	20,000	
Alfred Gaither	20,000	
Do	10,000	
J. H. Rhodes	5,000	
A. H. Lewis	5,000	
H. J. Jewett	25,000	
		595,000

(7) The seventh entry to the credit of first-mortgage bond account in the above-mentioned ledger is dated July 12, 1886:

For the following issues of first-mortgage bonds:

W. McLean	$5,000
Thomas L. Jewett	44,000
J. R. Swan	5,000
T. Lough	2,000
Gray & Means	5,000
H. Bancroft	3,000

For the following issues of first-mortgage bonds—Continued.

S. Medbury	$3,000	
W. Falling	1,000	
W. A. Goodman	5,000	
J. W. Kirk	10,000	
Larz Anderson	10,000	
George H. Pendleton	5,000	
P. W. Strader	10,000	
J. M. Davidson	10,000	
Theodore Cook	10,000	
A. L. Mowery	5,000	
J. Harshman	10,000	
Simon Gebhart	10,000	
V. Winter & Son	10,000	
B. S. & W. C. Brown	10,000	
		$173,000

(8) The eighth entry to the credit of first-mortgage bond account in the above-mentioned ledger is dated July12, 1866:

For the following issues of first-mortgage bonds:

C. H. Kilgour	$5,000	
J. C. Butler	11,000	
		16,000

(9) The ninth entry to the credit of first-mortgage bond account in the above-mentioned ledger is dated August 18, 1866:

For issued the following first-mortgage bonds:

T. A. Biddle	$25,000	
Edward Miller	20,000	
		45,000

(10) The tenth entry to the credit of first-mortgage bond account in the above-mentioned ledger is dated August 20, 1866:

J. C. Butler, agent, bonds held for absent subscribers	$11,000	
Treasurer, borrowed from subscribers	224,000	
Treasurer, bonds in his possession	31,000	
		266,000

(11) The eleventh entry to the credit of first-mortgage bond account in the above-mentioned ledger is dated March 29, 1867:

For first-mortgage bonds, issued as follows (to contractors):

Dec. 15, 1866. Nos. 2241 to 2800, inclusive	$560,000	
Jan. 29, 1867. Nos. 2801 to 3360, inclusive	560,000	
Mar. 22, 1867. Nos. 3361 to 3640, inclusive	280,000	
		1,400,000

Particulars annexed.

(12) The twelfth entry to the credit of first-mortgage bond account in the above-mentioned ledger is dated November 20, 1867:

For first-mortgage bonds issued as follows:

Apr. 2. 3641 to 4200	$560,000	
Apr. 6. 4201 to 4240	40,000	
Aug. 12. 4241 to 4520	280,000	
		880,000

The particulars of the above entry, so far as the records are concerned, are confined to the bonds numbered from 3641 to 4218, as per annexed memorandum. Bonds from 4219 to 4520 were issued as follows: 4219 to 4240, inclusive, 22 bonds were sent to J. C. Reiff, Philadelphia. Bonds 4241 to 4520, being

280 bonds, were issued to William J. Palmer, secretary and treasurer for Shoemaker, Miller & Co.

(13) The thirteenth entry to the credit of first-mortgage bonds account in the above-mentioned ledger is dated December 31, 1867, and reads as follows:

Per 280 first-mortgage bonds, issued December 1, 1867, Nos. 4521 to 4800..	$280,000
Total in first ledger	4,800,000

(14) The first entry in ledger No. 2 of the Union Pacific Railroad Company, Eastern Division, to the credit of the first-mortgage bond account, on folio 200, is the above item of $4,800,000 carried forward.

(15) The second entry to the credit of the first-mortgage bond account in the above-mentioned ledger is dated January 12, 1870, and reads as follows:

Per total amount of first-mortgage bonds issued to S. M. & Co., as per certificate of secretary, Nos. 2241 to 6240, inclusive, 4,000 bonds, at $1,000 each	$4,000,000	
Less 2,560 bonds charged heretofore	2,560,000	
		1,440,000
Per 63 remaining bonds, Nos. 6241 to 6303, authorized by the mortgage, not issued to contractors, but retained for the benefit of company, as per certificate of secretary		63,000
Total in second ledger		6,303,000

(16) The first entry in ledger No. 2 to the credit of the first-mortgage bond account, Denver Extension, is dated March 11, 1870:

Per 2,678 D. E. bonds, accounted for (these bonds are charged to T. F. Oakes, assistant treasurer), say	2,678,000

(17) The second entry in ledger No. 2 to the credit of the first-mortgage bond account, Denver Extension, is dated March 19, 1870, being—

Per 918 bonds sold through Messrs. Dabney, Morgan & Co., of New York, to March 15, 1870	918,000

(18) The third entry in ledger No. 2 to the credit of the first-mortgage bond account, Denver Extension, is dated May 4, 1870, being—

Per 714 bonds sold through Messrs. Dabney, Morgan & Co., of New York.	714,000

(19) The fourth entry on ledger No. 2 to the credit of the first-mortgage bond account, Denver Extension, is dated July 7, 1870, and reads as follows:

Per this amount of 7 per cent. gold-bearing bonds, west of 405th mile-post, issued to subscribers, by T. F. O., assistant treasurer, as per statement filed to this entry:		
Per cash collected of subscribers, as per circular of July, 1869, filed hereto	$865,000	
Per income bonds collected as above, and statement filed hereto..	865,000	
		1,730,000

(20) The fifth entry in ledger No. 2 to the credit of the first-mortgage bond account, Denver Extension, is dated July 7, 1870, and reads as follows:

Per the following thirty years 7 per cent. gold-bearing bonds, west of 405th mile-post to be accounted for (see statement filed to this entry):		
1 bond, No. 4055, defaced	$1,000	
5 bonds in hands of editor	5,000	
		6,000

(21) The sixth entry in ledger No. 2 to the credit of the first-mortgage bond account, Denver Extension, is dated July 7, 1870, and reads as follows:

For 450 thirty years 7 per cent. gold-bearing bonds, west of 405th mile-post, remaining unsold, June 24, 1870, as per statement filed with this entry, with letter from C. S. Greeley, treasurer $450,000

(22) The seventh entry in ledger No. 2 to the credit of first-mortgage bond account, Denver Extension, is dated July 7, 1870:

For sales of 4 bonds made through Messrs. Dabney, Morgan & Co., of New York 4,000

(23) The first entry to the credit of the Leavenworth Branch bonds in the first ledger of the Union Pacific Railroad Co., eastern Division, is dated December 1, 1866:

For Leavenworth Branch bonds, paid as per contract, 600 of $1,000 each. 600,000

The particulars concerning the distribution of these bonds are hereto annexed. They appear to have been issued to parties who had an interest with the contractors, Messrs. R. M. Shoemaker & Co., who built the Leavenworth Branch line.

Total first-mortgage bonds 13,403,000

Condensed statement of the distribution of first-mortgage bonds.

Date.	Distribution of bonds.	For what purpose.	Amount.	Discount and commissions.	Interest collected, etc.
1866.					
June 8	To parties interested in the R. M. Shoemaker & Co. contract (first 140 miles).	For their subscriptions.	$610,000	$122,000.00	.....
13	....do....	....do....	10,000	2,000.00	.....
15	....do....	....do....	245,000	49,000.00	.....
16	....do....	....do....	255,000	51,000.00	.....
19	....do....	....do....	25,000	5,000.00	.....
July 12	....do....	....do....	595,000	119,000.00	.....
12	....do....	....do....	173,000	34,600.00	.....
12	....do....	....do....	16,000	3,200.00	.....
18	....do....	....do....	45,000	9,000.00	.....
Aug. 20	J. C. Butler, agent	Held by him for absent subscribers.	11,000	2,200.00	.....
	Treasurer	Held by him	255,000	51,000.00	.....
	First 140 miles, at $16,000 per mile.	.....	2,240,000	448,000.00	.....
1867.					
Mar. 29	To parties interested in the Shoemaker, Miller & Co. contract.	Charged to contractors.	1,400,000	.....	.....
Nov. 20	....do....	....do....	880,000	.....	.....
Dec. 31	....do....	....do....	280,000	.....	.....
1870.					
Jan. 12	....do....	....do....	1,440,000	.....	.....
12	Retained for the benefit of the company.	.....	63,000	.....	.....
	Next 254 miles, at $16,000 per mile.	.....	4,063,000	.....	.....
1869.					
Mar. 11	Dabney, Morgan & Co. (sold through them).	.....	1,058,000	62,621.37	$25,432.9
Nov. 25	....do....	.....	76,000	3,793.68	1,286.8
1870.					
Jan. 31	....do....	.....	88,000	*28,987.63	1,668.9
Mar. 8	....do....	.....	1,506,000	259,363.37	5,884.6
19	....do....	.....	918,000	203,747.59	11,099.5
May 4	....do....	.....	714,000	156,677.28	13,981.8

Condensed statement of the distribution of first mortgage bonds—Continued.

Date.	Distribution of bonds.	For what purpose.	Amount.	Discount and commissions.	Interest collected, etc.
1870.					
July 7	To parties interested in the Shoemaker, Miller & Co. contract.	.....	$1,730,000	.....	.....
7	J. C. Reiff, for 1 bond defaced	.....	1,000	.....	.....
7	Placed in hands of editor of Independent.	.....	5,000	.....	.....
Aug. 4	Dabney, Morgan & Co. (sold through them).	.....	17,000	$2,200.00	$128.49
15	.....do.....	.....	5,000	850.43	.....
Sept. 1	.....do.....	.....	10,000	1,500.00	.....
Oct. 13	.....do.....	.....	100,000	16,000.00	.....
Dec. 29	.....do.....	.....	295,000	47,200.00	.....
1871.					
Aug. 5	Dabney, Morgan & Co. (stolen from them, and compromised by charging 11,000 to profit and loss).	.....	23,000	.....	.....
1879.					
July 7	Sold through Messrs. Dabney, Morgan & Co.	.....	4,000	.....	.....
	Total of Denver Extension bonds.	.....	6,500,000	.....	.....
1880.					
Dec. 1*	To parties interested in the contract with Messrs. R. M. Shoemaker & Co. (see list on pages 48 to 50).	.....	600,000	.....	.....
	Total of Leavenworth Branch bonds.	.....	600,000	.....	.....

*Evident error. Will have to be investigated.

The sum of $1,996,000 was charged to the certificate account of the first ledger (see folio 150 of the same), the sum representing issues of first-mortgage bonds on account of capital stock subscriptions, as stated on page 20 of my third report.

UNITED STATES REGISTERED PACIFIC RAILROAD BONDS (6 PER CENT. CURRENCY).

(24) The first entry to the credit of this account in the first ledger of the Union Pacific Railroad Company, Eastern Division, folio 71, is dated November 3, 1865, and reads as follows:

For amount of bonds delivered this day to William A. C. Gray, agent for J. C. Fremont, being in full payment of balance due Fremont on cost of franchises, etc., No. to $200,000

(25) The second entry to the credit of this account in the first ledger of the Union Pacific Railroad Company, Eastern Division, folio 71, is dated November 3, 1865, and reads as follows:

For amount of bonds delivered to J. D. Perry, under agreement which said Perry is to account for by settlement of certain debts against the company; 200 bonds, No. to 200,000

(26) The third entry to the credit of this account in the first ledger of the Union Pacific Railroad Company, Eastern Division, is dated November 30, 1865, and reads as follows:

For amount of United States bonds in the hands of W. J. Palmer, treasurer, to be disposed of and accounted for by him, 240 bonds, No. to 240,000

(27) The fourth entry to the credit of this account in the first ledger of the Union Pacific Railroad Company, Eastern Division, is dated January 23, 1866, and reads as follows:

For amount of United States bonds in hands of W. J. Palmer, treasurer, dated January 1, 1866, Nos. 1 to 352, inclusive, to be disposed of and accounted for by him..... $352,000

(28) The fifth entry to the credit of this account in the first ledger of the Union Pacific Railroad Company, Eastern Division, is dated May 12, 1866, and reads as follows:

For the following United States bonds to be negotiated and accounted for by him:
Sold to Jay Cooke & Co., under agreement made on condition of loan of $280,000, April, 1866, 320 bonds, Nos. 705 to 1024, inclusive, at 91 per cent 320,000
Sold to E. W. Clarke & Co., at 96 per cent. and interest, 40 bonds, Nos. 1025 to 1064, inclusive 40,000

(29) The sixth entry to the credit of this account in the first ledger of the Union Pacific Railroad Company, Eastern Division, is dated June 19, 1866, and reads as follows:

For 5 United States bonds, No. , returned May 8, having been borrowed from Saint Louis Associates from previous series and proceeds, $4,646 credited them.
Saint Louis Associates for proceeds of 5 bonds..... $4,646
Discount United States bonds for..... $5,000
Less proceeds charged above..... 4,646
354 5,000

(30) The seventh entry to the credit of this account in the first ledger of the Union Pacific Railroad Company, Eastern Division, is dated July 13, 1866, and is explained as follows:

Received this day of the Secretary of the Treasury 320 United States 6 per cent. Pacific Railroad bonds, Nos. 1440 to 1759, inclusive, dated January 1, 1866, and bearing interest from July 9, 1866..... 320,000

(31) The eighth entry to the credit of this account in the first ledger of the Union Pacific Railroad Company, Eastern Division, is dated October 18, 1866, and is explained as follows:

For the following United States Pacific bonds:
Nos. 1789 to 1838 (50 of 1) $50,000
Nos. 9 to 38 (30 of 5)..... 150,000
Nos. 37 to 56 (20 of 10)..... 200,000
400,000

(32) The ninth entry to the credit of this account in the first ledger of the Union Pacific Railroad Company, Eastern Division, is dated October 26, 1866, and reads as follows:

For sold to Jay Cooke & Co., balance of United States Pacific bonds, this date 3,000

(33) The tenth entry to the credit of this account in the first ledger of the Union Pacific Railroad Company, Eastern Division, is dated December 21, 1867, and is explained as follows:

For received of the Secretary of the Treasury, February 5, 1867, this amount in United States Pacific Railroad bonds, being in full to the 135th mile-post 80,000

(34) The eleventh entry to the credit of this account in the first ledger of the Union Pacific Railroad Company, Eastern

Division, is dated December 31, 1867, and is explained as follows:

For the following United States bonds received from United States Treasury January 23:		
Nos. 130 to 155 Union Pacific	$400,000	
Less amount account of R. M. S. & Co., J. 264	80,000	
	$320,000	
May 6, from 155 to 185 Union Pacific	480,000	
June 10, from 185 to 210 Union Pacific	400,000	
Aug. 13, from 210 to 234 Union Pacific	384,000	
Sept. 20, from 234 to 259 Union Pacific	400,000	
Oct. 26, from 259 to 285 Union Pacific	416 000	
Dec. 3, from 285 to 305 Union Pacific	320,000	
		$2,720,000

(35) The twelfth entry to the credit of this account in the first ledger of the Union Pacific Railroad Company, Eastern Division, is dated March 28, 1868, and is explained as follows:

For received of the Secretary of the Treasury this amount in United States Pacific Railroad bonds, from 305th mile-post, 30 miles, at $16,000	480,000

(36) The first entry to the credit of this account in the second ledger of the Union Pacific Railroad Company, Eastern Division, is dated 28th November, 1868, and is explained as follows:

For received from the Secretary of the Treasury, this amount in Union Pacific bonds from 335th to 380th mile-post, 45 miles, at $16,000	720,000

(37) The second entry to the credit of this account in the second ledger of the Union Pacific Railroad Company, Eastern Division, is dated December 15, 1868, and is explained as follows:

For received from the Secretary of the Treasury Department, November 2, 1868, this amount in the United States 6 per cent. registered bonds from the 380th to 393$\frac{1}{8}$ mile-posts	223,000
Total issue of United States bonds	6,303,000

A recapitulation of the above-mentioned issues of bonds as respects the building of the line are herewith subjoined:

1865.		
Nov. 1.	On 40 miles, 1st to 40th mile-post	$640,000
1866.		
Jan. 1.	On 22 miles, 40th to 62d mile-post	352,000
May 8.	On 23 miles, 62d to 85th mile-post	368,000
July 9.	On 20 miles, 85th to 105th mile-post	320,000
Oct. 15.	On 25 miles, 105th to 130th mile-post	400,000
1867.		
Jan. 23.	On 25 miles, 130th to 155th mile-post	400,000
May 6.	On 30 miles, 155th to 185th mile-post	480,000
June 10.	On 25 miles, 185th to 210th mile-post	400,000
Aug. 13.	On 24 miles, 210th to 234th mile-post	384,000
Sept. 20.	On 25 miles, 234th to 259th mile-post	400,000
Oct. 26.	On 26 miles, 259th to 285th mile-post	416,000
Dec. 3.	On 20 miles, 285th to 305th mile-post	320,000
1868.		
Jan. 14.	On 30 miles, 305th to 335th mile-post	480,000
Nov. 28.	On 45 miles, 335th to 380th mile-post	720,000
Dec. 15.	On 13$\frac{1}{8}$ miles, 380th to 393$\frac{1}{8}$ mile-post	223,000
	Total issued	6,303,000

The application of the above-mentioned $6,303,000 of bonds according to the books is as follows:

Handed over to John C. Fremont, as per first entry		$200.00
Handed over to J. D. Perry, as per second entry, and for which he accounts as follows:		
For the following payments made by W. J. Palmer, treasurer, for account of J. D. Perry & Co., and charged them, see memoranda of Saint Louis Associates, J., folio 87. They are now credited against the $200,000 in bonds furnished to pay certain debts, as per agreement:		
A. B. Bartlett	$500.00	
L. B. Roomer	2,500.00	
T. A. Hurd	90.36	
T. D. Thatcher	650.00	
George W. McDonell	4,097.22	
J. E. Burrell	250.00	
J. W. Thompson	149.35	
T. R. Hurd	75.00	
G. F. Filley	41.60	
		$8,353.53
For the settlement of the following claims, discount on bonds, etc.:		
Discount on 100 United States bonds sold by W. J. Palmer, treasurer (see journal, folio 42)	9,750.00	
George W. McDonell, payment of United States bonds, as follows:		
50 bonds, 201 to 250	50,000.00	
45 bonds, 256 to 300	45,000.00	
5 bonds, 1,068 to 1,072	5,000.00	
Payments to following parties as per vouchers furnished and filed hereto:		
D. Shook	75.00	
Robert Montgomery	20.00	
Henry Tiblow	14.69	
H. C. Relfe	30.00	
Daniel Killen	50.00	
A. C. Anderson	20.00	
J. P. Devereux	3,596.66	
W. Stephens	500.00	
A. W. Wooley	2,000.00	
J. K. Hale	200.00	
W. H. Markum	1,319.66	
J. E. Burell	4,232.67	
J. M. Chrysler	1,340.37	
Overton & Kessler	327.79	
A. B. Marshall	44.37	
J. W. Yount	170.85	
A. C. Anderson	589.69	
Fred Rawolle	500.00	
Steamer *Clara*	124.00	
W. F. Downs	171.75	
A. D. Downs	645.35	
S. T. Smith	455.80	
Do	24.00	
George Rosseaun	27.47	
James Rosseaun	24.47	
F. A. Pilla	26.00	
		126,280.53
For continuation of entry on journal, folio 95:		
D. Maher	39.50	
W. H. Dural	42.00	
Higley & Huffaker	36.00	
Daniel Killen	35.00	
Do	5.00	
G. Kampher	104.16	
J. A. Cruise	2.59	
J. N. White	55.40	
Jacob Wageley	95.31	
P. Mellville	67.50	
R. G. Dunning	106.58	

For the settlement of the following claims, discount on bonds, etc.—Continued.		
For continuation of entry on journal, folio 95—Continued.		
William Briggs	$25.00	
State Record	15.50	
H. Pierpoint	1.00	
W. Converse	14.10	
Do	3.00	
Do	4.00	
Do	8.00	
William Laverey	183.19	
S. Stephens	217.65	
F. Rawolle	1,325.15	
W. P. Holcomb	158.35	
W. Brinkerhoff	822.56	
W. B. Bowman	5.40	
A. H. Waterman	514.03	
Henry Tiblow	31.73	
James McGrew	827.93	
T. W. Parks	748.70	
Barker & Hall	959.02	
W. J. Fulton	557.55	
Connell & Williams	244.87	
L. Splitlag	50.00	
Wm. Jennings	38.30	
J. Paine	63.00	
J. J. Hughes	2.50	
Jonous Smith	8.75	
N. Purpoint	7.00	
Isaac Parrish	19.50	
G. W. McDonell	13,000.00	
J. W. Van Tassell	624.85	
		$21,069.58
For continuation of entry, journal, folio 95:		
Joseph Schwipple	315.43	
S. A. Cobb & Co.	2,863.74	
Pratt & Fox	75.00	
J. H. Palm	300.00	
Converse & Stephens	265.43	
S. Horton	100.00	
W. T. Hindman	14.00	
Charles McLean	46.23	
John Lynn	18.00	
J. Jackson	10.00	
S. P. Fenn	308.00	
Jeremiah Brisbane	10.00	
C. B. Stephens	37.41	
U. Stephens	1,105.05	
B. S. Hemming	14.00	
H. Whitenbrink	103.09	
J. W. Stone	42.25	
S. Walker	3.60	
Jesse Cooper	8.00	
J. W. Brown	145.00	
J. A. Cruise	273.79	
B. S. Hemming	750.00	
H. Holmes	2.25	
A. B. Judd & Co	5,068.48	
George Knapp & Co	32.90	
C. H. Brewster	80.00	
G. F. Filley	78.48	
J. H. Bishop	31.25	
For the following amounts, as shown by Journal entry, folio 85:		
Raggles & Felt	3,500.00	
T. F. Garrett	88.90	
Nancy Garrett	103.30	
W. Splitlag	51.65	
A. Rummington	78.48	
		15,923.71

For this amount paid R. M. S. & Co., on account of bills originating prior to July 1, 1865, as shown by Journal, folio 77	$3,549.29		
*Less amount collected from W. J. Fulton (see same page)	100.00		
		$3,449.29	
For payment of this amount (for legal services) to Glover & Shipleigh, by J. D. Perry & Co., it not having been included in cost of road to July 1, 1865		12,500.00	
For continuation of entry, journal, folio 95, as follows:			
G. F. Filley	$78.48		
J. Guiser	40.00		
J. H. Bishop	31.25		
		149.73	
For receipt of J. D. Perry, to close the bond account, and in which he agrees that this amount shall be applied to the payment of the claim of J. E. Burrell		12,273.63	
			$30,000

The $340,000 mentioned in the third entry were sold through the following parties:

T. A. Biddle & Co., at 95 per cent. and interest	$3,000	
J. Cooke & Co., at 90 per cent. net	237,000	
		240,000
The $352,000 were sold through Messrs. J. Cooke & Co., at 90¼ per cent. net		352,000
The $320,000 were sold to Messrs. Jay Cooke & Co., at 91 per cent		320,000
The $40,000 were sold to E. W. Clarke & Co., at 96 per cent. and interest.		40,000
The $5,000 went into the hands of the Saint Louis associates		5,000
Of the $320,000 following, $110,000 went to Messrs. J. Cooke & Co., who sold the same at 97 per cent., and $210,000 to Drexel & Co., of Philadelphia, who sold them at 97 per cent		320,000
The $400,000 following were sold to Messrs. Jay Cooke & Co., at 101¼ flat.		400,000
The $3,000 following were also sold to J. Cooke & Co. at 101¼ flat		3,000
The $80,000 following were handed over to Messrs. Shoemaker, Miller & Co., the contractors of the line from the 140th mile-post to the 405th mile-post, on account		80,000
The $2,720,000 following were handed over to Messrs. Shoemaker, Miller & Co		2,720,000
The $480,000 following were handed over to Messrs. Shoemaker, Miller & Co		480,000
The $720,000 following were handed over to Messrs. Shoemaker, Miller & Co		720,000
The $223,000 following were handed to Messrs. Dabney, Morgan & Co., who sold the same less one-eighth per cent. commission and tax and adding fifteen and eighteen days' interest		223,000
		6,303,000

Condensed statement of the distribution of United States subsidy bonds.

Date.	Distribution of bonds.	For what purpose.	Amount.	Discount and commissions on sold bonds.	Premiums on bonds.
1865.					
Nov. 1	John C. Frémont	For franchises, etc	$200,000		
1	John D. Perry	To settle old debts	200,000		
20	W. J. Palmer	Sold to Cooke & Biddle	240,000	$24,836.10	
1866.					
Jan. 20	do	Sold to Jay Cooke & Co.	352,000	32,560.00	
May 12	Jay Cooke & Co		320,000	28,800.00	
12	E. W. Clarke & Co		40,000	1,000.00	
June 9	Saint Louis associates	Unknown	5,000	354.00	
July 13	Jay Cooke & Co		110,000	3,300.00	
13	Drexel & Co., Philadelphia		210,000	6,300.00	
Oct. 13	Jay Cooke & Co		400,000	1,000.00	$4,500.00
16	do		3,000		91.45
1867.					
Dec. 21	Shoemaker, Miller & Co		80,000		
31	do		2,720,000		
1868.					
Mar. 28	do		480,000		
Nov. 28	do		720,000		
Dec. 15	Dabney, Morgan & Co		95,000		
15	do		128,000	1,917.85	
			6,303,000	100,068.04	4,591.45

RECAPITULATION.

To Frémont and others to pay old debts	$400,000
Sold to bankers	1,898,000
Paid to Saint Louis associates	5,000
Paid to Shoemaker, Miller & Co	4,000,000
Total	6,303,00

RECAPITULATION.

So far as the books disclose the facts, the bonds for the first 149 miles of railroad were distributed to the parties interested in the contract with Messrs. R. M. Shoemaker & Co., at 80 per cent. of their face value, and at dates prior to 1st Aug. 1866, to the extent certainly of	$1,985,000	
Between Aug. 1, 1866, and Mar. 29, 1867, there were issued to to subscribers	241,000	
Otherwise disposed of	14,000	
		$2,240,000
The bonds for the next 254 miles were distributed as follows:		
Nos. 2941 to 6240, inclusive, to Shoemaker, Miller, & Co	4,000,000	
Nos. 6241 to 6303 inclusive, retained for the benefit of the company	63,000	
		4,063,000
The bonds issued on the 236 miles and 3,000,000 acres of land between the 293½ mile-post and Denver, were distributed as follows:		
Sold through Messrs. Dabney, Morgan & Co	4,753,000	
Distributed to parties interested in the Shoemaker, Miller & Co. contract	1,730,000	
J. C. Reiff, for one bond	1,000	
Paid editor of Independent	5,000	
Stolen and charged to profit and loss	11,000	
		6,500,000
Leavenworth Branch bonds distributed to parties interested in the contract with Messrs. R. M. Shoemaker & Co., (see list on pages)		600,000
Making total issue of first-mortgage bonds		13,403,000

Particulars of the bonds stated in the eleventh entry to have been issued to contractor, but which were really issued to the parties named.

To whom issued.	No. of bonds.	Amount.
By J. C. Reiff, agent, Philadelphia:		
John B. Anderson	2241 to 2296	$56,000
C. H. Kilgour	2297	1,000
A. H. Barney	2298 to 2301	4,000
Norvin Green	2302 to 2312	11,000
C. H. Kilgour	2313	1,000
Alfred Gaither	2314 to 2315	2,000
Bartlet & Smith	2316 to 2319	4,000
Jos. C. Reiff, trustee	2320 to 2321	2,000
Barney & Smith	2322 to 2327	6,000
Martin Wright	2328 to 2332	5,000
B. F. Strader	2333 to 2337	5,000
A. L. Mowry	2338 to 2339	2,000
G. T. Roote	2340 to 2341	2,000
Lars Anderson	2342 to 2346	5,000
Jos. W. Kinney	2347 to 2357	11,000
Classon & Morse	2358 to 2371	14,000
V. Winter & Son	2372 to 2377	6,000
Simon Gebhart	2378 to 2381	4,000
Peter Andrew	2382 to 2386	5,000
Seth Evans	2387 to 2400	14,000
Seyfert McManus & Co	2401 to 2420	20,000
Thomas A. Biddle	2421 to 2440	20,000
H. H. Houston	2441 to 2450	10,000
E. D. Kennedy	2451 to 2460	10,000
J. Craig Miller	2461 to 2462	2,000
S. S. Moon	2463	1,000
William Thaw	2464 to 2473	10,000
Joseph Cabot	2474 to 2477	4,000
Edward Miller	2478 to 2485	8,000
J. B. Montgomery	2486 to 2505	20,000
James P Cox	2506 to 2509	4,000
J. Edgar Thomson	2510 to 2549	40,000
R. D. Barclay	2550 to 2553	4,000
Saml. S. Moon	2554 to 2557	4,000
H. J. Lombaert	2558 to 2561	4,000
Wm. F. Leech	2562 to 2571	10,000
M. W. Baldwin & Co.	2572 to 2615	44,000
George Burnham	2616 to 2619	4,000
W. J. Palmer, trustee	2620 to 2630	11,000
Wm. Colder	2631 to 2634	4,000
James Young	2635 to 2638	4,000
J. D. Cameron	2639 to 2648	10,000
Thos. A. Scott, trustee	2649 to 2658	10,000
C. P. B. Jeffreys	2659 to 2666	8,000
D. E. Small	2667 to 2674	8,000
Isaiah Blood	2675 to 2679	5,000
Chauncey Kilmer	2680 to 2684	5,000
R. M. Shoemaker	2685 to 2699	15,000
Henry Martin	2700 to 2709	10,000
George D. Hall	2710 to 2713	4,000
E. J. Mitchell	2714	1,000
Saint Louis partners.	2715	1,000
Seyfert McManus & Co	2716 to 2735	20,000
J. C. Reiff, treasurer	2736 to 2737	2,000
R. M. Shoemaker	2738 to 2752	15,000
J. P. Usher	2753 to 2772	20,000
J. W. & W. J. Lewis	2773 to 2792	20,000
W. J. Palmer, trustee	2793	1,000
G. T. Roote	2794	1,000
L. A. Green & Co	2795	1,000
Martin Wright	2796 to 2797	2,000
Classon & Morse	2798 to 2800	3,000
By T. F. Oakes, St. Louis:		
O. D. Filley	2801 to 2822	22,000
S. R. Filley	2823 to 2830	8,000
John D. Locke	2831 to 2840	10,000
E. and D. Fairbanks & Co	2841 to 2860	20,000
Henry Martin	2861 to 2890	30,000
S. T. Glover	2891 to 2894	4,000
John R. Shopley	2895 to 2898	4,000
Felix Coste	2899 to 2900	2,000
Barton Bates	2901 to 2932	32,000
A. C. Anderson	2933 to 2936	4,000
D. B. Gale	2937 to 2940	4,000
Charles Enslin	2941 to 2942	2,000

To whom issued.	No. of bonds.	Amount.
By T. F. Oakes, St. Louis:		
John P. Collier	2943 to 2946	$4,000
George D. Hall	2947 to 2954	8,000
James F. Comstock	2955 to 2964	10,000
Joseph O'Neil	2965 to 2968	4,000
John C. Rust	2969 to 2971	3,000
Adolphus Meier, trustee	2972 to 2974	3,000
J. E. Usher	2975 to 2978	4,000
F. W. Meister	2977 to 2980	4,000
H. W. Wissmann	2981 to 2984	4,000
A. C. Erfort	2985 to 2988	4,000
G. C. Swallow	2989 to 2992	4,000
John D. Perry	2993 to 3016	24,000
Saint Louis partners	3017 to 3360	344,000
Do	3361 to 3410	50,000
George D. Hall	3411 to 3413	3,000
O. D. Filley	3414 to 3418	5,000
Saint Louis partners	3419 to 3460	42,000
Seth Evans	3461 to 3463	3,000
William Thaw	3464 to 3465	2,000
E. D. Kennedy	3466 to 3467	2,000
A. H. Barney	3468	1,000
V. Winters & Son	3469	1,000
Simon Gebhart	3470	1,000
Peter Andrew	3471 to 3472	2,000
J. N. Kinney	3473 to 3475	3,000
Norvin Green	3476 to 3478	3,000
B. F. Strader	3479 to 3480	2,000
William Colder	3481	1,000
James Young	3482	1,000
C. H. Kilgour	3483	1,000
Lars Anderson	3484 to 3485	2,000
Barney & Smith	3486	1,000
Bartlit & Smith	3487	1,000
George Burnham	3488	1,000
M. W. Baldwin & Co	3489 to 3499	11,000
Thomas A. Biddle	3500 to 3504	5,000
Seyfert, McManus & Co	3505 to 3514	10,000
H. J. Lombart	3515	1,000
J. C. Reiff, trustee	3516	1,000
James S. Cox	3517	1,000
H. H. Houston	3518 to 3519	2,000
William F. Leech	3520 to 3521	2,000
D. E. Small	3522 to 3523	2,000
C. P. B. Jeffreys	3524 to 3525	2,000
J. D. Cameron	3526	1,000
By J. C. Reiff, agent, Philadelphia:		
Edward Miller	3527 to 3530	4,000
J. Craig Miller	3531	1,000
C. P. B. Jeffreys	3532 to 3535	4,000
Josiah C. Reiff, treasurer	3536	1,000
C. A. Green & Co	3537	1,000
Martin Wright	3538 to 3539	2,000
J. N. Kinney	3540 to 3544	5,000
A. H. Barney	3545 to 3546	2,000
Seth Evans	3547 to 3553	7,000
P. Andrew	3554 to 3555	2,000
William Colder	3556 to 3557	2,000
James Young	3558 to 3559	2,000
William Thaw	3560 to 3564	5,000
G. T. Roote	3565	1,000
C. H. Kilgour	3566	1,000
Lars Anderson	3567 to 3568	2,000
Alfred Gaither	3569	1,000
Classon & Morse	3570 to 3576	7,000
B. F. Strader	3577 to 3578	2,000
Seyfert, McManus & Co	3579 to 3598	20,000
J. D. Cameron	3599	1,000
J. B. Montgomery	3600 to 3604	5,000
Edward Miller	3605 to 3606	2,000
J. B. Anderson	3607 to 3610	4,000
Do	3611 to 3649	39,000
Total		1,400,000

Particulars of the bonds stated in the twelfth entry to have been issued to contractors but which were really issued to the following parties:

[There appears to be no record on the books of the distribution of bonds numbered from 4219 to 4800 inclusive.]

To whom issued.	No. of bonds.	Amount.
By T. F. Oakes, Saint Louis:		
A. C. Anderson	3641	$1,000
J. F. Comstock	3642 to 3643	2,000
S. R. Filley	3644 to 3645	2,000
John R. Shepley	3646	1,000
D. B. Gale	3647	1,000
E. and T. Fairbanks & Co	3648 to 3652	5,000
J. W. & W. J. Lewis	3653 to 3657	5,000
J. P. Usher	3658	1,000
A. C. Erfort	3659	1,000
Felix Costa	3660	1,000
Charles Enslin	3661	1,000
J. P. Usher	3662 to 3663	2,000
Edw. J. Mitchell	3664 to 3665	2,000
Barton Bates	3666 to 3673	8,000
Adolphus Meier, trustee	3674	1,000
J. C. Rust	3675	1,000
S. T. Glover	3676	1,000
Jos. O'Neil	3677	1,000
John D. Locke	3678 to 3679	2,000
D. C. Freeman	3680	1,000
F. W. Meister	3681	1,000
H. W. Wissmann	3682	1,000
John P. Collier	3683	1,000
E. M. Shoemaker	3684 to 3690	7,000
Henry Martin	3691 to 3700	10,000
By J. C. Reiff, Philadelphia:		
John Edgar Thomson	3701 to 3710	10,000
Thos. A. Scott, attorney	3711 to 3712	2,000
Wm. J. Palmer, trustee	3713	1,000
Alfred Gaither	3714	1,000
Joseph Cabot	3715	1,000
Do	3716 to 3717	2,000
J. B. Anderson	3718 to 3729	12,000
Do	3730	1,000
Do	3731 to 3733	3,000
By T. F. Oakes:		
A. C. Anderson	3734 to 3738	5,000
George D. Hall	3739 to 3744	6,000
Henry Martin	3745 to 3764	20,000
O. D. Filley	3765 to 3775	11,000
E. M. Shoemaker	3776 to 3790	15,000
Jas. P. Collier	3791 to 3792	2,000
H. W. Wissmann	3793 to 3794	2,000
John D. Locke	3795 to 3799	5,000
D. C. Freeman	3800 to 3801	2,000
F. W. Meister	3802 to 3803	2,000
J. F. Comstock	3804 to 3808	5,000
L. R. Filley	3809 to 3812	4,000
John R. Shepley	3813 to 3814	2,000
J. W. & W. J. Lewis	3815 to 3824	10,000
E. J. Mitchell	3825	1,000
By T. F. Oakes—Continued:		
Jos. O'Neil	3826 to 3827	$2,000
Adolphus Meier	3828 to 3829	2,000
J. C. Rust	3830 to 3831	2,000
S. T. Glover	3832 to 3833	2,000
By J. C. Reiff:		
J. B. Anderson	3834 to 3840	7,000
By T. F Oakes:		
Saint Louis partners	3841 to 4024	184,000
D. B. Gale	4025 to 4026	2,000
E. and T. Fairbanks & Co	4027 to 4036	10,000
A. C. Erfort	4037 to 4038	2,000
Barton Bates	4039 to 4040	2,000
By J. C. Reiff:		
Jno. B. Anderson	4041 to 4067	27,000
Wm. F. Leech	4068 to 4072	5,000
H. H. Houston	4073 to 4077	5,000
D. E. Small	4078 to 4081	4,000
Isaiah Blood	4082 to 4083	2,000
Do	4084 to 4085	2,000
Bartlit & Smith	4086 to 4087	2,000
V. Winters & Son	4088 to 4090	3,000
Wm. J. Palmer, trustee	4091	1,000
Simon Gebhart	4092 to 4093	2,000
Barney & Smith	4094 to 4096	3,000
Norvin Green	4097 to 4101	5,000
H. J. Lombaert	4102 to 4103	2,000
E. D. Kennedy	4104 to 4108	5,000
M. H. Baldwin & Co.	4109 to 4130	22,000
Geo. Burnham	4131 to 4132	2,000
R. D. Barclay	4133	1,000
S. S. Moon	4134 to 4135	2,000
Thos. A. Scott, attorney	4136 to 4138	3,000
Thos. A. Biddle	4139 to 4148	10,000
Thos. A. Scott	4149 to 4150	2,000
Wm. J. Palmer, trustee	4151	1,000
James S. Cox	4152 to 4158	2,000
J. B Montgomery	4154 to 4163	10,000
Chauncey Kilmer	4164 to 4165	2,000
J. D. Cameron	4166 to 4170	5,000
John Edgar Thomson	4171 to 4190	20,000
Josiah C. Reiff, trustee	4191	1,000
Wm. J. Palmer, trustee	4192	1,000
Barton Bates	4193 to 4199	7,000
J. P. Usher	4200	1,000
Chauncey Kilmer	4201 to 4202	2,000
Barton Bates	4203 to 4209	7,000
J. P. Usher	4210 to 4218	9,000
Total		578,000

Particulars of the bonds (Leavenworth Branch) stated in the twenty-third entry to have been issued to the contractors, but which were really issued to the following parties:

Name.	No. of bonds.	Amount.	Name.	No. of bonds.	Amount.
James Archer	1 to 15	$15,000	Andrew Gross	546 to 542	[illegible]
John D. Perry	16 to 80	65,000	L. Deverney	543 to 545	[illegible]
Adolphus Meier	81 to 100	20,000	J. W. Kirk	546 to 548	[illegible]
Giles F. Filley	101 to 135	35,000	Lars Anderson	549 to 551	[illegible]
Carlos S. Greeley	136 to 165	30,000	P. W. Strader	552 to 554	[illegible]
S. M. Edgill	166 to 186	21,000	J. M. Davison	555 to 557	[illegible]
Thomas L. Price	187 to 215	29,000	Theo. Cook	558 to 560	[illegible]
John P. Usher	216 to 221	6,000	J. Haselman	561 to 563	[illegible]
Henry Martin	222 to 236	15,000	Simon Gebhart	564 to 566	[illegible]
George Partridge	237 to 243	7,000	V. Winters	567 to 569	[illegible]
O. D. Filley	244 to 250	7,000	B. S. & W. C. Brown	570 to 572	[illegible]
John D. Locke	251 to 257	7,000	E. W. Woodward	573	[illegible]
Horace Holton	258 to 264	7,000	B. E. Smith	574	[illegible]
Robert E. Carr	265 to 270	6,000	J. H. Rhodes	575	[illegible]
Glover & Shepley	271 to 276	6,000	A. H. Lewis	576	[illegible]
George D. Hall	277 to 280	4,000	D. S. Gray and Jas. Means	577	[illegible]
A. C. Anderson	281 to 283	3,000	J. R. Swan	578	[illegible]
D. B. Gale	284 to 286	3,000	W. S. Goodman	579	[illegible]
James Smith	287 to 289	3,000	George H. Pendleton	580	[illegible]
George C. Swallow	290 to 292	3,000	A. L. Mowry	581	[illegible]
D. R. Garrison	293	1,000	C. H. Kilgour	582	[illegible]
H. C. Creveling	294	1,000	Geo. W. McCook	583	[illegible]
J. P. Copelin, attorney	295 and 297	2,000	Chas. R. Cassily	584	[illegible]
John D. Locke	296	1,000	Ashbell Green	585 to 587	[illegible]
Horace Holton	298	1,000	B. E. Smith	588	[illegible]
O. D. Filley	299	1,000	J. H. Rhodes	589	[illegible]
George Partridge	300	1,000	D. S. Gray and Jas. Means	590	[illegible]
Wm. J. Palmer	301 to 304	4,000	W. A. Goodman	591	[illegible]
John Edgar Thompson	305 to 334	30,000	A. L. Mowry	592	[illegible]
Seyfert, McManus & Co	335 to 364	30,000	C. H. Kilgour	593	[illegible]
M. W. Baldwin & Co	365 to 400	36,000	Thos. L. Jewett & G. W. McCook	594	[illegible]
J. B. Anderson	401 to 424	24,000	Harry Bancroft	595	[illegible]
H. H. Houston	425 to 431	7,000	S. Medbury	596	[illegible]
Wm. Thaw	432 to 438	7,000	T. Lough	597	[illegible]
Wm. F. Leech	439 to 445	7,000	Thos. A. Biddle (one-half)	598	[illegible]
Thos. S. Clarke	446 to 452	7,000	W. J. Palmer (one-half)	598	[illegible]
Thos. A. Biddle	453 to 459	7,000	Wm. Thaw (one-half)	599	[illegible]
Edward Miller	460 to 465	6,000	Thos. S. Clarke (one-half)	599	[illegible]
R. M. Shoemaker	466 to 492	27,000	H. H. Houston (one-half)	600	[illegible]
Thomas L. Jewett	493 to 505	13,000	Wm. F. Leech (one-half)	600	[illegible]
Alfred Gaither	506 to 514	9,000			
H. J. Jewett	515 to 521	7,000			
J. N. Kinney	522 to 527	6,000			
Thos. Sherlock	528 to 530	3,000			
Wm. Dennison	531 to 533	3,000	Total		[illegible]
W. H. Clements	534 to 536	3,000			
A. H. Barney	537 to 539	3,000			

* Jewett's interest, $125.

FOURTH REPORT (PART 2) OF WILLIAM CALHOUN, ACCOUNTANT, TO THE UNITED STATES PACIFIC RAILWAY COMMISSION.

BOSTON, *August* 9, 1887.

GENTLEMEN: Owing to the difficulty of getting at the facts, part 2 of the report above stated has been delayed beyond the time I expected to have it ready. The distribution of the first-mortgage land-grant gold bonds is not stated in any books or accounts that I find here. But taking the issue of the 76,000 shares of stock on the 31st of March, 1871, as a fact, I assume that the distribution was duly made in accordance with the resolution passed on the 8th of January, 1871, heretofore alluded to. The books show that the whole of the $2,000,000 was issued, and that between the date of such issue and the 31st December, 1878, $425,250 of these bonds were canceled, leaving the balance outstanding at date of consolidation, $1,574,750.

The second-mortgage land-grant gold bonds, in accordance with a resolution of August 23, 1871, were delivered to subscribers thereto, to

the extent of $1,055,000, as per Statement H herewith. It will be seen that Statement H needs a little explanation, inasmuch as it is encumbered with cross entries and items of share capital. The cross entries proper amount to $57,680, being for subscriptions which were subsequently canceled. The other entries debit and credit, besides the subscriptions, were book-keeping devices to make the entries concerning these stocks and bonds conform to the letter of the resolution of August 23, 1871, the fact of the matter being that the 13,669 shares and the $221,050 of income bonds were charged to construction account. (See journal 3a, folio 810.)

The income bonds herein described were issued in two lots, one on January 15, 1867, and the other on March 29, 1869, for $1,286,000 and $2,989,350, respectively. The first lot was distributed to the parties interested in the contract with R. M. Shoemaker & Co., and the second lot to the parties interested in the contract with Shoemaker, Miller & Co. These, together with $221,050 bonds, mentioned in the previous paragraph, appeared to have been charged to construction account. When the Denver extension first-mortgage bonds were subscribed for (see page 4904 herewith), the subscribers paid half the amount in cash and the other half in these income bonds.

The funding-mortgage bonds, described on page 4905 herewith, amounted to $1,500,000 $1,167,000 of which were issued (see journal 4, 587) for the following purposes:

To pay notes of 1876 (in favor of whom is not stated)	$160,752.88
To pay notes of 1877 (in favor of Oakes Ames)	305,000.00
To pay drafts on the Union Pacific Company (in favor of whom is not stated), November, 1876	150,000.00
To pay drafts on the Union Pacific Company (in favor of whom is not stated), May, 1878	313,461.55

The items represent a floating debt which was incurred prior to or during the receivership of the road, but the entry in liquidation of the same bears date the 31st of January, 1880. The reorganization of the company took place in May, 1879.

The first consolidated mortgage bonds, described on page 4906 herein, were issued as follows:

Denver Pacific bonds	$1,600,000
Boulder Valley bonds	436,000
Income bonds:	
Stamped	2,907,450
Unstamped	137,500
Funding-mortgage bonds	1,167,000
First-mortgage land grant	8,000
Second-mortgage land grant	1,005,000
Leavenworth Branch bonds	108,000
Solomon Road bonds	40,000
National Land Company stock	1,000
Arkansas Valley Railroad bonds	454,000
Jay Gould, in settlement	2,000,000
Total	9,863,950

I am in a private way instituting inquiries as to the market value of these securities as compared with the prices obtained for them in the exchange above indicated, the result of which will be duly reported.

Besides the issues of the bonds herein mentioned there was an interim issue, the last of which fell due on March 1, 1876. All the bonds of this issue, say $500,000, were redeemed and canceled. The use made of portions of this issue, it seems to me, is open to a legal investigation. The records concerning them are contradictory also. The

journal, for instance, stating that certain bonds with certain numbers were issued on such a day, and the bond record-book giving the same date but different numbers. The particulars as to this fact will be found on page 4907. An attentive perusal of pages 4908 to 4910 and page 4911 is also invited.

I have to report as to the progress of the investigation here, that the stock lists of the Union Pacific Railway Company, as respects the Boston office, are entirely complete, and the lists of the Union Pacific Railway Company, Eastern Division, are completed to the year 1869. All the vouchers here, up to 1880, have been thoroughly turned over and examined, and the lists of missing and insufficient ones are receiving due attention. We are getting along very satisfactorily with this part of the work. In accordance with instructions from Mr. Stevens, I engaged Mr. G. F. Perrenoud to investigate the books and accounts of the Central Branch Union Pacific and to report upon the same. To ascertain the whereabouts of the books of this corporation I inquired at headquarters here, but the information sought and the data obtained were not altogether satisfactory. Nothing is known of certain journals and ledgers which appear to be missing. There are some early specimens of book-keeping here, as respects the accounts of this company, and they are rather earlier than I like. The handwriting is generally good, but whoever kept the accounts had about as much knowledge of book-keeping as a Sandwich Islander. However, we will do the best we can with what we have here and endeavor to make something out of it. Ascertaining that an examination had been heretofore made by the employés of the Government Railroad Commissioner several years ago, I wrote to General Johnston for information as to what books were found by the people of his office in Saint Louis and New York. In reply, he requested me to ask the Union Pacific people about them. Inasmuch as I had done this previously, his letter was not of an encouraging character. Mr. Stevens has transferred the force at Washington, consisting of Mr. F. X. Maguire and Mr. F. L. Cullen, to this office. Mr. Maguire has reported for duty, and I have put him on the books and accounts of the Denver Pacific Railway and Telegraph Company. Mr Cullen has not yet put in an appearance, but I expect he will be on hand either to-day or to-morrow. I suggest that the proper resolutions with respect to the expenses of these gentlemen be placed upon the minutes of the Commission. I have given the act of March 3 last a careful study with reference to the forms that may be necessary for the accounting department of the Commission, and have prepared quite a number of them, which are in the hands of the stationer, who is making and ruling the blanks therefrom.

Personally, I have commenced the work of investigating and reporting all the facts concerning the consolidation, which took place on the 24th of January, 1880, and hope at an early date to let the Commission have some account of my labors in that direction.

All of which is respectfully submitted by

Yours, truly,

WM. CALHOUN,
Accountant.

Hon. ROBERT E. PATTISON,
Chairman.
E. ELLERY ANDERSON, Esq.,
DAVID T. LITTLER, Esq.,
Commissioners.

EXHIBIT No. 2.

Union Pacific Railway Company, formerly the Union Pacific Railroad Company, Eastern Division. (*Part* 2.)

[The facts as shown by the books concerning the issue of its bonded indebtedness.]

FIRST LAND-GRANT MORTGAGE GOLD BONDS.

These bonds bear date the 1st of July, 1870, to secure the payment of $2,000,000 payable in gold in ten years from date, at 7 per cent. interest, payable July and January, and were issued against 2,000,000 acres of land between the Missouri River and the 100th mile post.

(28) The first entry in ledger No. 2, of the Union Pacific Railroad Company, Eastern Division, to the credit of the above-mentioned bond account, reads as follows:

For this amount to be accounted for, being issue of 7 per cent. land-grant bonds, dated July 1, 1870, payable in gold ten years after date, with interest at 7 per cent. gold. Secured by mortgage, dated July 1, 1870 (on all lands not covered by previous mortgage), as follows:		
1,000 of each, $1,000		$1,000,000
1,000 of each, $500		500,000
2,000 of each, $250		500,000
		2,000,000

The above amount was carried to the credit of the account in ledger No. 3.

There is no record of the distribution of these bonds on the books of the company here in Boston, but on the assumption that the persons who got the stock also got the bonds, ratably, according to the resolution passed on the 8th of January, 1871 (that is to say, subscribers to $100 of the land-grant bonds were entitled to $200 of the capital stock of the company), some $1,900,000 of the said bonds were given out as per Statement G, herewith.

On the assumption that the above bonds were distributed to subscribers thereto, there remained in the possession of the company $100,000 of the above-mentioned bonds.

(29) Per contra, the books show that certain bonds were redeemed and canceled as per the requirements of the mortgage. The entry of the first cancellation of these bonds is dated 31st of May, 1871, and reads as follows:

For $75,000 land-grant gold bonds of issue of July 1, 1870, canceled by Adolphus Meier, trustee, as provided in the mortgage deed (for numbers and dates, see statement filed hereto):			
Par value at $1		$75,000	
Purchased at 20 per cent. discount		15,000	
75,000 at 80 cents (coupons of July 1, 1871, attached)			60,000
For difference in par value of above $75,000 bonds and price at which same were purchased by trustee:			
$75,000 at par, $1	$75,000		
$75,000 at purchased price, 80 cents	60,000		
			15,000
			$75,000

(30) The entry of the second cancellation of these bonds is dated May 31, 1871, and reads as follows:

For the following land-grant gold bonds of issue of July 1, 1870, canceled by Adolphus Meier, trustee, as provided in mortgage deed:	
8, Nos. 1934 to 1941, inclusive, $250 each, at par, $1	$2,000
No. 226, $250, at par	250
Nos. 1813, 1814, 149, 150, 225, and 1548, each $250, at par, $1	1,500
No. 202, $500, at par, $1	500
Nos. 105, 107, 108, 129, 130, 131, 132, 133, 134, 135, 729, 730, and 745, each $500, at 89 cents	5,785
Nos. 1003, 1004, 1045, 1046, 1256, 1257, 1653, 1654, 1655, 1656, 1657, 1658, 1660, 1661, 1672 to 1676, inclusive, 1748, 1749, 1754, 1755, 1893, 1895, 1900, each $250, at 89 cents	5,785
	15,820

(See statement filed hereto.)

For difference between par value of above 39 bonds and price at which purchased by trustees:
13 bonds, at $500 each, $6,500 at par, $1 ..... $6,500
Purchased at 89 cents 5,785
715
26 bonds, at $250 each, $6,500 at par, $1 ..... $6,500
Purchased at 89 cents 5,785
715
$1,430
$17,250

(41) The entry of the third cancellation of these bonds is dated December 30, 1871, and reads as follows:
For the following bonds of issue of July 1, 1870, canceled by Adolphus Meier, trustee, as provided in mortgage deed, coupons of January 1, 1872, and following attached:
For 9 bonds, Nos. 151, 152, 1584, 1585, 1586, 1639, 1815, 1816, and 1529, 9 at par, $250 each $2,250.00
For seven bonds, Nos. 123, 218, 521, 522, 523, 524, and 933, 7 at $500, $3,500, at 84¼ 2,966.25
5,216.25
For difference between par value of above bonds and price at which purchased:
7 bonds at par, $500 ..... $3,500.00
7 bonds at cost, 87¼ 2,966.25
533.75
(See statement filed hereto.)
5,750

(42) The entry of the fourth cancellation of these bonds is dated December 30, 1871, and reads as follows:
For $13,000 land-grant gold bonds of issue of July 1, 1870, canceled by Adolphus Meier, trustee, as provided in the mortgage deed, coupons of July 1, 1871, and following attached (for numbers, etc., see statement filed hereto), $13,000, at 89 cents $11,570
For difference between par value of above bonds and price at which purchased by trustee:
$13,000, at par $1 ..... $13,000
$13,000, at purchased 89 cents 11,570
1,430
13,000

(43) The entry of the fifth cancellation of these bonds is dated June 29, 1872, and reads as follows:
For the following land-grant gold bonds, of issue of July 1, 1870, canceled by Adolphus Meier, trustee, from January 1 to June 30, 1872, as provided in mortgage deed, coupons of July 1, 1872, and following attached:
Nos. 368, 384, 385, 386, 387, and 656, at $1,000 each $6,000
Nos. 10, 113, 161, 731, 732, 733, 735, 736, 739, 783, 785, and 929; 143, 174, 175, 639, 640, and 896, 18, at $500 each 9,000
Nos. 121, 127, 134, 135, 138, 139, 171, 946, 948, 963, 964, 1210, 1211, 1441, 1445, 1446, 1447, 1448, 1449, 1450, 1451, 1452, 1453, 1454, 1455, 1458, 1502, 1517, 1518, 1519, 1520, 1622, 1623, 1628, 1632, 1640, 1641, 1642, 1643, 1707, 1709, 1711, 1712, 1713, 1714, 1716, 1842, 125, 170, 172, 272, 273, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 529, 530, 531, 532, 533, 534, 917, 949, 1625, 1679, 1700, 1942, 1943, 79, at $250 each ... 19,750
Par value 34,750

(44) The entry of the sixth cancellation of these bonds is dated December 31, 1872, and reads as follows:
For the following land-grant gold bonds of issue of July 1, 1870, canceled by Adolphus Meier, trustee, from July 1 to December 31, 1872, as provided in the mortgage deed:
Nos. 29, 30, 74, 75, 141, 823, 822, 396, 191, 190, and 138, with January 1, 1873, and following coupons attached, 11 bonds, at $1,000 ..... $11,000
Nos. 542, 837, 838, 839, and 874, with July 1, 1873, and following coupons attached, 5 bonds, at $1,000 5,000

For the following land-grant gold bonds of issue of July 1, 1870, canceled by Adolphus Meier, trustee—Continued.

Nos. 220, 221,237, 411, 413, 414, and 544, and 911, with January 1, 1873, and following coupons attached, 8 bonds, at $500	$4,000	
Nos. 5, 6, 195, 196, 412, 417, and 805, with July 1, 1873, and following coupons attached, 7 bonds, at $500	3,500	
Nos. 210, 211, 212, 213, 214, 1484, 1485, 1486, 1487, 1488, 1489, 1490, 1491, 1492, 1493, 1233, 1234, 223, 224, 195, 292, 794, 795, 1213, 1630, with January 1, 1873, and following coupons attached, 25 bonds, at $250	6,250	
Nos. 173, 177, 189, 711, 712, 931, 1030, 1680, 1681, 1684, 1685, 1791, 1794, and 2000, with July 1, 1873, and following coupons attached, 14 bonds, at $250	3,500	
Face value		$33,250

(45) The entry of the seventh cancellation of these bonds is dated June 30, 1873, and reads as follows:

For the following land-grant gold bonds of issue of July 1, 1870, canceled by Adolphus Meier, trustee, from January 1 to June 30, 1873, as provided in mortgage deed, coupons of July 1, 1873, and following attached:

Nos. 243, 244, and 418, 3, at $1,000	$3,000	
Nos. 454, 455, 456, 457, 471, 472, 473, 474, 475, 476, 477, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 551, 552, 553, 554, 555, 556, 704, and 708, 32 bonds, at $500 each	16,000	
Nos. 164, 165, 168, 400, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 801, 802, 803, 804, 901, 902, 903, 907, 908, 909, 991, 1230, 1232, 1315, 1316, 1317, 1318, 1319, 1320, 1321, 1322, 1323, 1324, 1326, 1327, 1329, 1331, 1332, 1333, 1335, 1337, 1338, 1339, 1340, 1436, 1916, 1917, 1918, 1919, 1920, 1927, 57, at $250 each	14,250	
		33,250

(46) The entry of the eighth cancellation of these bonds is dated December 31, 1873, and reads as follows:

For the following land-grant gold bonds of issue of July 1, 1870, canceled by Adolphus Meier, trustee, from July 1 to December 31, 1873, as provided in mortgage deed, coupons of January 1, 1874, and following attached:

Nos. 73, 461,462, 463, 464, 465, 466, 467, 468, 469, 470, 536, 537, 538, 539, 541, 758, 760, 761, 974, and 997, in all 21 bonds of $1,000 each	$21,000	
Nos. 3, 4, 190, 400, 405, 606, 608, 861, and 912; in all 9 bonds of $500 each	4,500	
Nos. 167, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 446, 447, 448, 449, 521, 522, 707, 708, 709, 904, 1214, 1215, 1216, 1217, 1218, 1219, 1241, 1465, 1466, 1526, 1634, 1798, 1856, 1880, 1881, 1882, 1883, 1884, and 1885; in all 42 bonds, at $250 each	10,500	
		36,000

(47) The entry of the ninth cancellation of these bonds is dated June 30, 1874, and reads as follows:

For the following land-grant 7 per cent. gold bonds of issue of July 1, 1870, received in payment of lands, and canceled by Adolphus Meier, trustee, from January 1 to June 30, inclusive, 1874, as provided in mortgage deed, coupons of January 1 and July 1, 1874, and following attached:

Bonds Nos. 9, 177, 180, 607, 635, 643, and 842; in all 7 bonds, at $500 each	$3,500	
Bonds Nos. 906, 916, 1222, 1223, 1228, 1236, 1237, 1246, 1247, 1248, 1249, 1250, 1251, 1328, 1330, 1365, 1366, 1719, 1720, 1721, 1851, 1853, 1855, and 1857; in all 24 bonds, at $250 each	6,000	
Par value		9,500

(48) The entry of the tenth cancellation of these bonds is dated December 31, 1874, and reads as follows:

For the following land-grant 7 per cent. gold bonds of issue of July 1, 1870, received at par in payment of lands, and canceled by Adolphus Meier, trustee, from July 1 to December 31, 1874, inclusive:

Nos. 166, 167, 168, 181, 223, 224, and 888, with coupons of January 1, 1874, and following attached, 7 bonds, at par, $1,000	$7,000	

For the following land-grant 7 per cent gold bonds of issue of July 1, 1870, received at par in payment, etc.—Continued.

Nos. 77 and 790, with coupons of January 1, 1875, and following attached, 2 bonds, at par, $1,000	$2,000	
Nos. 230, 530, 667, 710, 711, 797, 906, 907, 908, 909, and 954, with coupons of January 1, 1874, and following attached, 11 bonds, at par, $500	5,500	
No. 7, with coupon of January 1, 1875, and following attached, 1 bond, at par, $500	500	
Nos. 218 to 221, 1244, 1369, 1467, 1541, 1542, 1545, 1546, 1841, 1844 to 1848, and 1988, with coupons of January 1, 1874, and following attached, 18 bonds, at par, $250	4,500	
No. 1862, with coupon of July 1, 1874, and following attached, 1 bond, at par, $250	250	
No. 215, with coupon of January 1, 1875, and following attached, 1 bond, at par, $250	250	
In all 41 bonds		$20,000

(49) The entry of the eleventh cancellation of these bonds is dated July 31, 1875, and reads as follows:

For the following land-grant 7 per cent. gold bonds, of issue of July 1, 1870, received at par in payment of lands, and canceled by Adolphus Meier, trustee, from January 1 to June 30, 1875, inclusive:

No. 550, with coupon of January 1, 1874, and following attached, 1, at par, $1,000	$1,000	
No. 523, with coupon of July 1, 1875, and following attached, 1, at par, $1,000	1,000	
No. 967, with coupon of July 1, 1877, and following attached and corresponding coupon certificate; No. 234, with coupon of July 1, 1876, and following attached; 1, at par, $1,000	1,000	
No. 2, with coupon of January 1, 1875, and following attached, 1, at par, $500	500	
No. 950, with coupon of January 1, 1874, and following attached, 1, at par, $250	250	
Nos. 175, 989, and 1240, with coupons of January 1, 1875, and following attached, 3, at par, $250	750	
Nos. 169, 180, 186, 1367, 368, 1370, 1371, 1372, 1373, 1374, 1375, 1420, 1547, 1620, 1717, 1718, 1722, 1724, with coupons of July 1, 1875, and following attached, 18, at par, $250	4,500	
In all, 26 bonds		9,000

(50) The entry of the twelfth cancellation of these bonds is dated December 31, 1875, and reads as follows:

For the following land-grant 7 per cent. gold bonds of issues of July 1, 1870, received at par in payment of lands, and canceled by Ad. Meier, trustee, from July 1 to December 31, 1875, inclusive, viz:

Nos. 914, 516, and 998, 3 bonds, at par, $1,000	$3,000	
Nos. 953, 169, 246, 743, and 888, 5 bonds, at par, $500	2,500	
Nos. 905, 1723, 1376, and 1459, 1731, 1888, and 1887, 7 bonds, at par, $250	1,750	
		7,250

(51) The entry of the thirteenth cancellation of these bonds is dated June 30, 1876, and reads as follows:

For the following bonds, taken at par, in payment of lands, and canceled by trustee, from January 1, to June 30, 1876:

Nos. 667, 912, 884, 3 bonds, at $1,000 each, par	$3,000	
Nos. 671, 843, 706, 804, 874, and 889, 6 bonds, at $500 each, par.	3,000	
Nos. 1390, 1393, 1396, 517, 1395, 1662, 1677, 934, 943, 944, 1421, 1422, and 1523, 13 bonds, at $250 each, par	3,250	
		9,250

(52) The entry of the fourteenth cancellation of these bonds is dated December 30, 1876, and reads as follows:

For the following bonds, taken at par, in payment of lands, and canceled, from July 1 to December 31, 1876, inclusive:

Nos. 655, 579, and 972, 3 bonds, at par, $1,000	$3,000	
Nos. 669, 291, 2 bonds, at par, $500	1,000	
Nos. 1243, 983, 206, 207, 217, 280, 691, 693, 1706, and 1740, 10 bonds, at par, $250	2,500	
		6,500

(53) The entry of the fifteenth cancellation of these bonds is dated June 30, 1877, and reads as follows:

For the following bonds, taken at par, in payment of lands, and canceled, from January 1 to June 30, 1877, inclusive:

No. 205, par	$250	
Nos. 687, 720, 992, 994, 995, 1758, and 1904; in all 7 bonds, at par, $250	1,750	
Nos. 121, 122, 162, 164, 166, 194, 292, 293, 478, 509, 510, 516, 747, 760, 766, 778, and 875; in all 17 bonds, at par, $500	8,500	
Nos. 105, 125, 126, 127, 140, 303, 304, 714, 715, 716, 717, 745, 746, 747, 898, 955, 956, 957, 958, and 960; in all 20 bonds, at par, $1,000	20,000	
		$30,500

(54) The entry of the sixteenth cancellation of these bonds is dated December 31, 1877, and reads as follows:

For the following bonds, taken at par, in payment of lands, and canceled, from July 1 to December 31, 1877, viz:

Nos. 124, 288, 383, 398, 508, 509, 510, 524, 704, 705, 708, 729, 730, 732, 922, 995; 16 bonds at par, at $1,000 each,	$16,000	
Nos. 415 and 944, 2 bonds, at par, $500 each	1,000	
Nos. 114, 151, 176, 178, 197, 231, 238, 283, 284, 285, 306, 326, 363, 364, 390, 403, 430, 479, 591, 593, 614, 665, 675, 687, 750, 758, 782, 854, 856, 895, 905, 951, 32 bonds, at par, $500 each	16,000	
No. 278	250	
Nos. 401, 577, 578, 579, 695, 717, 920, 993, 1220, 1221, 1239, 1756, 1757, 13 bonds, at par, at $250 each	3,250	
		36,500

(55) The entry of the seventeenth cancellation of these bonds is dated June 30, 1878, and reads as follows:

For the following, as per statement January 1 to June 30, 1878, filed hereto; for the following bonds, taken at par in payment of lands and canceled, viz:

Nos. 353, 381, 548, 549, 658, 659, 722, 728, 919, 931, 10 bonds, at par, at $1,000	$10,000	
Nos. 187, 188, 189, 409, 480, 517, 518, 519, 549, 613, and 670, 11 bonds, at par, at $500	5,500	
Nos. 185, 188, 1424, 1428, 4 bonds, at par, at $250 each	1,000	
Nos. 6, 192, 193, 507, 706, 712, 777, 809, 810, 812, 920, 932, and 938, 13 bonds, at par, at $1,000 each	13,000	
Nos. 362, 618, 620, 876, 878, 928, 932, 982, 983, 985, 987, 988, 12 bonds, at par, at $500	6,000	
Nos. 509, 990, 996, 1432, 1561, 1801, 1839, 1840, 1924, 1928, 1929, 1999, 12 bonds, at par, at $250 each	3,000	
Nos. 203, 844, 961, 986, 4 bonds, at par, at $500 each	2,000	
No. 198, 1 bond at par	250	
Nos. 779 and 780, 2 bonds, at par, at $500	1,000	
Nos. 719 and 196, 2 bonds, at par, $250	500	
Nos. 201, 202, and 899, 3 bonds, at par, at $1,000 each	3,000	
		45,250

(56) The entry of the eighteenth cancellation of these bonds is dated December 31, 1878, and reads as follows:

For the following bonds, taken at par, in payment of lands, and canceled, viz:

No. 553, 1 bond, at par	$1,000	
No. 588, 1 bond, at par	500	
Nos. 911, 914, 1464, 1964, and 1965; 5 bonds, at par, at $250 each	1,250	
No. 278, 1 bond, at par	500	
		3,250
Total bonds canceled		425,250

The amount outstanding of the above bonds at the date of consolidation with the Union Pacific Company was $1,574,750.

SECOND-MORTGAGE LAND-GRANT GOLD BONDS.

These bonds bear date the 23d of August, 1871, to secure the payment of $1,500,000, payable in gold in fifteen years, due 1st September, 1886, interest payable March and September, and were issued against 2,000,000 acres of land between the Missouri River and the 388th mile-post. Rate of interest, 7 per cent.

(57) The first entry in ledger No. 3 of the Kansas Pacific Railway Company, to the credit of the above-mentioned bonded account, reads as follows:

For this amount, to be accounted for, being issue of fifteen years' 7 per cent. second-mortgage land-grant gold bonds, dated August 23, 1871, payable in gold September 1, 1886, secured by second mortgage, dated August 23, 1871, on 2,000,000 acres of land, covered only by previous mortgage, July 1, 1870; bonds No. 1 to No. 1500, of $1,000 each, with coupon, March 1, 1872, and following attached (see mortgage filed hereto)..... $1,500,000

According to a resolution passed August 23, 1871, by the board of directors, the above bonds were to be delivered to subscribers at 96 per cent. of their face value, and they were to receive therefor in addition 22 per cent. of the income bonds of the company and 68 per cent. in its share capital. In accordance with this arrangement $1,005,000 were distributed to subscribers at the aforesaid rate of 96 per cent., according to an account herewith submitted and marked Statement H.

INCOME BONDS.

These bonds bear date July 1, 1866, to secure the payment of $4,186,000 due on the 1st day of July, 1916, interest to commence five years from date and to be paid out of the net earnings. They were issued on 385 miles of main line, on 31.6 miles of the Leavenworth Branch, and of 2 miles of line called the Wyandotte Spur, constituting a third mortgage on the main line and a second mortgage on the Leavenworth Branch, at $10,000 per mile. These bonds were to be subsequent and subordinate to the mortgages of August 1, 1865, of January 1, 1866, and of June 1, 1866, and to the lien of the United States, and subject and subordinate to such liens or incumbrances to be thereafter created upon said mortgaged property by said company to such extent as, including those before mentioned, should not exceed $32,000 per mile. * * *

(57a) The first entry in ledger No. 1 of the Union Pacific Railway Company, Eastern Division, to the credit of the above-mentioned bond account reads as follows:

1867.
Jan. 15. For this amount, issued as per contract (R. M. Shoemaker & Co.). $1,266,000

* The above bonds were distributed to parties interested in the contract with Messrs. R. M. Shoemaker & Co. as follows:

Date.	Name.	Address.	Amount.
1867.			
Apr. 10	Henry Martin	Cincinnati	$31,700
10	George Partridge	Saint Louis	15,000
10	H. C. Creveling	do	3,100
10	H. C. Creveling, for R. H. G	do	3,300
11	C. S. Greeley	do	63,300
11	Thos. L. Price	Jefferson City	61,400
15	James Archer	Saint Louis	31,700
15	Alex. C. Anderson	do	6,300
18	Jno. D. Locke	New York	15,000
19	Robert E. Carr	Saint Louis	12,000
	John D. Perry	do	127,400
20	D. C. Freeman, attorney for G. C. S	do	6,300
22	Geo. D. Halil	do	6,300
25	Glover & Shipley	do	12,600
27	James Smith	do	6,300
27	D. B. Gale	do	6,300
29	Giles B. Filley	do	74,100
June 12	O. D. Filley	do	15,000
May 23	Horace Holton	do	15,000
Apr. 19	S. M. Edgill	do	45,000
May 2	Adolphus Meier	do	42,000
20	Jno. P. Usher	Terre Haute	12,000
31	William Myers	Saint Louis	3,100
Apr. 19	Wm. J. Palmer et al	do	6,400
26	J. Edgar Thomson	Philadelphia	60,200
May 1	Seyfert, McManus & Co	do	60,200
Apr. 17	M. W. Baldwin & Co	do	76,000
May 15	J. B. Anderson	do	30,700
Apr. 18	Wm. Thaw	Pittsburgh	15,000
16	H. H. Houston	Philadelphia	15,000
18	W. F. Leech	do	15,000
	Thos. S. Clarke	Pittsburgh	15,000
	Thos. A. Biddle	Philadelphia	15,000
	Edward Miller	do	12,000
	T. A. Scott	do	21,000

Date.	Name.	Address.	Amount.
1868.			
Apr. 12	H. W. Wiesmann	Saint Louis	$6,350
16	R. W. Strader	Cincinnati	6,350
	Alfred Gaither	do	19,000
	B. E. Smith	Columbus	3,150
	Harry Bancroft	do	1,900
	J. H. Rhodes	Cincinnati	3,150
16	J. N. Kinney	do	12,650
16	E. W. Woodward	do	3,150
17	C. H. Kilgour	do	3,150
20	Wm. Dennison	Columbus	6,350
22	R. S. & W. C. Brown	do	6,350
19	J. R. Swan	do	3,150
	H. S. Gray & Jas. Means	do	3,150
20	S. Medbury	do	1,900
	T. Lough	do	1,250
17	A. H. Lewis	Cincinnati	3,150
	Thos. L. Jewett	Steubenville	27,700
	Geo. W. McCook	do	3,950
	H. J. Jewett	Zanesville	15,850
18	R. M. Shoemaker	Glendale	57,650
22	Wm. H. Clement	Cincinnati	6,350
	L. Devinney	do	6,350
18	J. W. Kirk	do	6,350
	Lars Anderson	do	6,350
	J. M. Davison	Saratoga, N. Y	6,350
May 1	J. Harahman	Dayton, Ohio	6,350
	Siman Gebhart	do	6,350
1	V. Winters & Sons	do	5,350
2	Ashbell Green	New York	6,350
Apr. 19	Thos. Sherlock	Cincinnati	6,350
24	A. H. Barney	New York	6,350
	Andrew Gross	do	6,350
18	Geo. H. Pendleton	Cincinnati	3,150
21	Chas. P. Cassilly	do	3,150
18	W. A. Goodman	do	3,150
	A. L. Mowry	do	3,150
18	Walstein Failing	Columbus	650
	Total		1,286,000

Five years' coupons cut off previous to issue.

Total issues to R. M. Shoemaker & Co., as follows:

Saint Louis parties	$633,500
Philadelphia parties	354,750
Ohio parties	278,750
Thos. A. Scott	19,000
	1,286,000

(56) In ledger No. 2 of the Union Pacific Railway Company, Eastern Division, income-bond account is credited as follows:

March 29, 1869. For the following issues of the above bonds as per settlement with S., M. & Co., contractors, March 20, 1869:

2,754 bonds, Nos. 1147 to 3900, at $1,000 each	$2,754,000
701 bonds, Nos. 401 to 1101, at $250 each	175,250
601 bonds, Nos. 401 to 1001, at $100 each	60,100
	2,989,350

The above bonds were distributed to the parties interested in the contract with Messrs. Shoemaker, Miller & Co., as follows (no date):

Name.	Amount.	Name.	Amount.
F. W. Meister	$10,700	Thomas L. Price	$106,[illegible]
O. D. Filley	58,700	Wm. M. McPherson	106,750
S. R. Filley	21,400	Jas. B. Eads	106,750
John D. Locke	26,700	Henry Martin	106,750
E. T. Fairbanks	53,150	Giles F. Filley	80,100
A. Miere (trustee)	9,600	Jno. D. Perry	32,000
J. C. Rust	9,600	H. W. Wiesmann	10,700
C. S. Greeley	69,400	N. C. Erfort	10,700
R. E. Carr	101,400	Adolphus Meier	106,900
James Archer	87,500	James Young	10,650
J. R. Shepley	10,700	Thos. A. Biddle	53,250
Barton Bates	85,400	R. D. Barclay	10,650
A. C. Anderson	10,700	J. P. Anderson	149,450
D. B. Gale	10,700	Wm. Baldwin & Co	117,400
J. P. Collier	10,700	Geo. Burnham	10,650
G. D. Hall	32,000	Jos. Cabot	10,650
J. F. Comstock	26,700	Jas. S. Cox	10,650
Jos. O'Neil	10,700	Wm. Colder	10,650
E. J. Mitchell	7,500	J. D. Cameron	26,700
Charles Enslin	5,300	H. H. Houston	26,700
C. B. Burnham	5,300	H. J. Lambaret	10,700
S. T. Glover	10,600	Wm. F. Leech	26,700
J. P. Usher	53,000	J. B. Montgomery	53,400
T. J. Bartholow	42,700	S. S. Mason	10,700
J. W. and W. J. Lewis	53,400	Syfert, McManus & Co	106,800
Barney & Smith	16,000	D. E. Small	21,400
Enoch Pratt	10,700	T. A. Scott (trustee)	26,700
Thos. Wilson	10,700	J. Edgar Thompson	106,800
S. Gebhart	10,700	Wm. Thaw	26,700
V. Winters & Son	16,000	J. Craig Miller	5,300
C. H. Kilgour	7,500	W. J. Palmer (trustee)	50,950
R. M. Shoemaker	80,100	A. H. Barney	10,700
Seth Evans	37,400	N. Green	29,900
J. N. Kinney	29,800	E. Miller	10,650
P. F. Strader	14,900	C. S. Hichman	34,700
W. H. Clement	14,900	C. Kilmer	14,900
Lars Anderson	14,900	Isaiah Blood	14,900
P. Andrews	15,000	E. D. Kennedy	13,257
Clasen & Morse	37,400	C. P. B. Jeffreys	10,650
L. A. Green & Co.	7,500	J. C. Reiff (trustee)	11,200
Alfred Gaither	7,500		
G. T. Roots	7,500		2,983,950
Bartlit & Smith	11,200	Not accounted for	800
S. M. Edgill	53,400		
B. W. Lewis, jr.	80,100	Total	2,983,350

According to an entry in journal 2 of the Union Pacific Railway Company, Eastern Division, $1,730,000 of the Denver Extension first-mortgage bonds were paid for, half in cash and half in the above income bonds, say $865,000. These $865,000 of income bonds were disposed of as follows:

In journal 2, folio 469, at date January 25, 1871, $20,000 of income bonds were given for the same amount of old construction bonds. The entry is conspicuously free from any attempt to show who got these bonds $20,000

Journal 2, folio 470, at date of 25th January, 1871, has the following entry:

For received of Evans & Carr, contractors for building the Denver Pacific Railway and Telegraph line (in accordance with a resolution of the board of directors, passed August 30, 1870), the following certificates of stock in exchange for Kansas Pacific Railway Company's income bonds, $500,000, as per statement below:

Stock certificate ~~No. 30~~ No. 41 of Denver Pacific Railway and Telegraph Company, ~~dated September 5th, 1870,~~ February 28, 1872, in name of R. E. Carr, trustee, for ~~5010.~~ 10 shares of $100 each ..... ~~501,000.00~~ $1,000.00

Also certificate No. 31 of same company, dated September 5, 1870, in name of R. E. Carr, trustee, for 1,500 shares of $100 each $1,500,000.00

1,501,000.00
~~2,001,000.00~~

Less for difference between face of stock... $1,501,000
~~2,001,000~~

And face of income bonds given in exchange as above 500,000

~~1,501,000.00~~
1,001,000.00

$500,000

(For explanation of corrections made in this entry and memorandum below, see papers filed hereto.)

Memorandum.

~~Certificate No. 30, mentioned above, is the property of the Kansas Pacific Railway Co., but by agreement, the dividends on profits accruing on this stock are to be paid to John Evans, of Colorado, or as he may~~ direct.

Certificates Nos. 31 and 41 are the property of the Kansas Pacific Railway Company, without reservation.

On cash-book, folio 135, August 20, 1873, cash is debited with 4,000

To whom the bonds were sold is not stated.

In treasurer's journal, folio 43, October 31, 1873, appears the entry of the issue of income bonds to the second-mortgage land-grant pool, to the extent of 221,050

In treasurer's journal, folio 49, February 28, 1874, is the entry charging M. Baird & Co. with 11,000

In treasurer's journal, folio 109, July 31, 1879, the remainder of the income bonds was transferred to the general books of the company as an asset, on which books the said balance appears as placed on deposit with Messrs. Sage & Gould, as trustees, say 108,950

Total 865,000

This entry completes the history of the income-bond account up to this point.

FUNDING-MORTGAGE BONDS.

These bonds bear date 1st October, 1876, and secure the payment of $1,500,000, payable in Saint Louis in three years from date; interest at 10 per cent. per annum, half yearly, in April and October. The mortgage was made on "all its railroad and telegraph line, and the branch thereof, to Leavenworth, with the rolling stock, equipment, and appurtenances thereof, and of the lands granted by the United States and excepted from the two land-grant mortgages above recited and other miscellaneous lands therein in the first schedule hereto described and specified, and of certain stock and bonds therein and in the second schedule hereto described and specified, and of a sum of money due by the United States to said company."

The first entry in ledger No. 4 of the Kansas Pacific Railroad Company to the credit of the above-mentioned bond account reads as follows:

For amount of 1,500 10 per cent. currency bonds of $1,000 each, numbered from 1 to 1500, consecutively, dated Oct. 1, 1876, interest payable in the city of Saint Louis semi-annually, on the first days of April and October in each year, issued by this company on October 2, 1876, and held by the company, as per printed copy of the funding mortgage, field hereto (see letter from A. H. Calef, cashier, November 10, 1876, A. O. 2290) $1,500,000

The above-mentioned bonds were disposed of as follows:

To pay notes of the Kansas Pacific Company of 1876:

No. 651 for	$25,000.00
No. 652 for	25,000.00
No. 653 for	15,000.00
No. 654 for	10,000.00
No. 655 for	10,000.00
No. 699 for	25,752.88

To pay notes of the Kansas Pacific Company of 1876—Continued.			
No. 690 for	$25,000.00		
No. 712 for	25,000.00		
		$160,752.88	
For drafts on the Union Pacific Railroad Company, say 6 drafts at $25,000 each, Nov., 1876	$150,000.00		
For drafts on the same, May 17, 18, 20, 21, and 22, of 1878	313,461.55		
		463,461.55	
For discount on funding-mortgage bonds given in payment of notes:			
Bonds delivered	$784,000.00		
Notes and drafts paid by same as above	624,214.43		
		159,785.57	
			$784,000
To pay notes of the Kansas Pacific Company in favor of Oliver Ames:			
No. 43 of 1877	$85,000		
No. 44 of 1877	150,000		
No. 52 of 1877	70,000		
		305,000.00	
For discount on funding-mortgage bonds given in payment of notes:			
Bonds delivered	$383,000		
Notes paid by same as above	305,000		
		78,000.00	
			383,000
The remainder of funding-mortgage bonds were put into the hands of Sage & Gould, trustees, say			333,000
Total			$1,500,000

FIRST CONSOLIDATED MORTGAGE BONDS.

These bonds bear date May 1, 1879, to secure the payment of $30,000,000 due on the 1st of May, 1919; interest at the rate of 6 per cent. per annum, payable May and November. These bonds were issued "to consolidate the entire funded debt of said company, secured by the eight mortgages hereinbefore recited—that is to say, the Eastern Division Middle Division, Denver Extension, Leavenworth Branch, income, funding, and first and second land-grant mortgages—and to convert and fund in the same security the obligations and liabilities which have been, or hereafter may be, incurred by said company as the guarantor of the bonds or the purchaser of the stock or bonds of other companies or lessee of the roads thereof, and to provide means for the construction of an extension of said road in a southwesterly direction to the west line of Colorado or of such other extensions or branches of the railroad of said company as may now or hereafter be authorized by law, with the increase of equipment necessary to prepare for and operate such extensions and branches by issuing one series of bonds secured by this indenture, and intended to be known as consolidated first-mortgage bonds, to the amount of $30,000,000, to enable them to effect such consolidation and conversion, and to provide funds for the purposes aforesaid, and to secure the payment of said consolidated first-mortgage bonds, by the mortgage, hypothecation, and pledge of all its railroad, rolling stock, and equipment, lands, land contracts, and bills receivable, the stocks and bonds herein specified, the sums payable by the United States to said company as aforesaid, and of all extensions and of all bonds and stocks of other companies and additional equipment, purchased or guaranteed, or whose roads shall be leased as aforesaid.

(59) The first entry in ledger No. 4 of the Kansas Pacific Railway Company, to the credit of the above-mentioned bond account, reads as follows:

Dated January 31, 1880:		
For issue of consolidated mortgage bonds, in exchange for other securities of the company as provided in the mortgage * * * Nos. 1 to 7495, inclusive; Nos. 7539 to 8500, inclusive—8,457 bonds, at $1,000 each		$8,457,000

(60) The above-mentioned bonds were disposed of as follows:

Exchanged for Denver Pacific Railway bonds at par			1,605,000
Exchanged for Boulder Valley Railroad bonds, $438,000 of the former for			436,000
Exchanged for income bonds as under; stamped, $2,907,450 for	$2,070,431.41		
Unstamped, $137,500 for	118,314.86		
		$2,188,746.27	

(69) The above-mentioned bonds were disposed of as follows—Continued.

Funding mortgage bonds, $1,167,000, for	$942,305.60	
Second mortgage L. G. bonds, $1,005,000, for	827,103.60	
First mortgage L. G. bonds, $8,000, for	8,000.00	
Leavenworth Branch bonds, $108,000, for	86,730.00	
Solomon Road bonds, $40,000, for	40,000.00	
National Land Company stock, $1,000, for	1,000.00	
Arkansas Valley Railway bonds, $454,000, for	323,883.60	
	4,417,769.07	
Less for fractions	1,769.07	
		$4,416,000
For bonds issued to Jay Gould in settlement of his account, $2,000,000, at 75 cents		1,500,000
For discount on bonds issued to Jay Gould, $2,000,000, at 25 per cent		500,000
Total		8,457,000

LAND-GRANT BONDS (CURRENCY) OF MARCH 1, 1866.

These bonds were dated 1st of March, 1866, and secured on 1,000,000 acres of land between the 140th and the 240th mile posts. Numbers 1 to 250, of $1,000 each, were payable March 1, 1871; numbers 251 to 500, of $1,000 each, were payable on March 1, 1876; total, $500,000. The interest was payable in March and September at 7 per cent. per annum, less United States taxes. The interest and principal were payable in currency in the city of New York.

Owing to the contradictory character of the records, showing the disposition of these bonds, I have compiled the undermentioned statement, showing in the first place what the journal and ledger say as to their issue, and what the bond-record book says on the same subject. Following this is a copy from six pages of a little book, also containing a memorandum record of some of these bonds, which may prove of interest to the Commissioners.

Date.	Issues per journal and ledger.			Issues per bond record book.	Remarks.
	Issued to.	Numbers.	Amount.	Numbers.	
1868.					
June 8	T. C. Durant	76 to 379	$304,000	1 to 304	Original entry 1 to 304 scratched out.
Sept. 15	Jno. D. Perry	471 to 500	30,000	305 to 334	
26	Ashbel Green	466 to 470	5,000	335 to 339	
Dec. 15	C. S. Hinchman	451	1,000	340	
1867.					
Mar. 28	Thos. A. Scott	448 to 450	3,000	341 to 343	
28	W. J. Keeler	445 to 447	3,000	344 to 346	
28	Thos. A. Scott	454 to 465	12,000	347 to 358	
28	McManus	452 to 453	2,000	359 to 360	
1868.					
Nov. 20	U. H. Painter	412	1,000	361	
1869.					
Oct. 5	For lands	1 to 11	11,000	362 to 436	
5	Sent to Reiff	12 to 75	64,000		
1870.					
Jan. 27	W. E. Chandler	427 to 431 and 440 to 444	10,000	437 to 500	
	C. B. Lamborn, sec'y	413 to 426, 432 to 439, and 380 to 394.	37,000		
	J. C. Reiff, agent	395 to 411	17,000		
			500,000		

Issues from little book heretofore mentioned.

1870.

Mar. 22. Received from trustees, ready for issue, 500 bonds No. 1 to 500 inclusive, coupon of September 1, 1866, attached $500,000

Apr. 7. The balance of these bonds, 121, No. 380 to 500, are retained by Ashbel Green, attorney for purpose of lifting Washington bonds.

May 18. Took these bonds, 121, to Saint Louis. (W. J. P.)

1866.
Sept. 3. Delivered to John D. Perry, to take East, Durant bonds, Nos. 471 to 500, inclusive (coupons Sept. 1 detached and deposited in safe of company), 30 bonds.

Sept. 1. Received from T. C. Durant 25 land-grant bonds, Nos. 1 to 25 inclusive, with all coupons attached $25,000

Dec. 17. Received from T. C. Durant 25 land-grant bonds, Nos. 26 to 50 inclusive, with all coupons attached 25,000

Bonds.

Apr. 7. Issued to Thomas C. Durant, as per agreement, Nos. 76 to 379 inclusive 425
No. 380–500, less amount retained to lift Washington bonds 121
304,000

Sept. 1. Coupons attached.

Apr. 7. Placed with Thomas C. Durant, New York (as per agreement), as collateral for three notes, each dated March 1, 1866, for $25,000 at 6, 9, and 12 months, to wit:
With note due —66, No. to 25,000
With note due —66, No. to 25,000
With note due —67, No. to 25,000

Sept. 3. Delivered by John D. Perry, president, in accordance with resolution of board August 16, 1866, 30 bonds, Nos. 471 to 500 inclusive, less September 1 coupons. (J. D. P.) 30,000

Mar. 1, 1867, Coupons attached, 23 T. A. S. for T. S. and 5 to J. B. S.

Oct. 2. Remitted to T. A. Scott, to settle with A. Green, in accordance with resolution of board, August 16, 1866, 5 bonds, Nos. 466 to 470, inclusive, less September 1 coupons. (J. D. P.) 5,000

Sept. 30; Mar. 1, 1867. Coupons attached.

Nov. 27. Remitted to T. A. Scott, Philadelphia, per express, by order of J. D. Perry, president, in accordance with resolution of board, August 16, 1866, 12 bonds, Nos. 454 to 465, inclusive, less coupon of September 1, 1866. (J. D. P.) 12,000

Mar. 1, 1867. Coupon attached.

Nov. 15. Received from Jay Cooke & Co., New York, coupons No. 1 of September 1, 1866, for 303 bonds, paid by that firm, also January 11, 1 coupon, No. 315, making total paid by Jay Cooke & Co., 304.

1867.
Mar. 15. Received from T. C. Durant 25 land-grant bonds, Nos. 51 to 75, inclusive, with all coupons attached 25,000

1867.

Coupons.

Apr. 15. Received from Dabney Morgan & Co., land-grant coupons on 341 bonds, coupons of March 1, 1867 (canceled) 341
October 15 2
(Total coupons 354) 343

Coupons.

Oct. 15. Received from Dabney, Morgan & Co., per J. C. Reiff, land-grant coupons for Sept., 1867, on 220 bonds (canceled) 220

1868.
Jan. 1. Received from J. C. Reiff (paid by D., M. & Co.) land-grant coupons on 136 bonds (Nov.) 136
(Total coupons out, 357) 356

1. Also received from J. C. Reiff (paid by D., M. & Co.) 10 May 1 coupons, paid Nov., 1867 10

1868.
June 15. Received from J. C. Reiff canceled coupons of Mar. 1, 1868 (paid by Dabney, Morgan & Co.) 354
(Total coupons out, 360.)

Nov. 27. Delivered to John D. Perry, president, in accordance with resolution of board, August 16, 1866, 2 land-grant bonds, Nos. 452 to 453, inclusive, less coupon of Sept. 1, 1866, sent to John McManus, Reading account, J. B. S. (for Keeler). (J. D. P.) 2,000

Mar. 1, 1867, coupons attached.

Dec. 22. Issued to C. S. Hinchman 1 land-grant bond, No. 451, less coupon of Sept. 1, 1866, by order of John D. Perry, president. (J. D. P.) .. 1,000

Dec. 15, 16, Mar. 1, 1867, coupons.

NOTE.—Entries in small type are in pencil in original.

1867.
Mar. 26. Sent to Thomas A. Scott, Philadelphia, by order of John D. Perry, 3 land-grant bonds, Nos. 448 to 450, inclusive, less coupons Sept. 1, 1866, and Mar. 1, 1867. (J. D. P.) $3,000
Sept. 1, 1867, coupons attached.

Sept. 13. Delivered to John D. Perry for issue to William J. Keeler, 1 land-grant bond, No. 447, with coupon of Mar. 1, 1868, and following attached, account J. B. S. (J. D. P.) 1,000
Mar. 1, 1868, coupon attached.

1868.
Jan. 10. The following land-grant bonds are now in safe of company in Saint Louis, unissued:
Nos. 1 to 75, inclusive 75
Nos. 380 to 444, inclusive 65
140

Feb. 28. Remaining in safe of company, bonds Nos. 1 to 75 75
And 380 to 394, inclusive 15

July 31. Returned by J. D. P., and now in safe, Nos. 415 to 426, inclusive 90
And Nos. 432 to 444, inclusive 25
115
2
117

Dec. 22. Sent to J. C. Reiff, Philadelphia, by order of A. Meier, vice-president, 11 land-grant bonds, Nos. 1 to 11, inclusive, to be canceled by trustees' account deeds, Nos. 33, 247, and 248, for lands west of 140th M. P., bonds with coupons of Sept. 1, 1868, and following attached 11,000
Canceled Dec. 29, 1868, and returned by trustees to Saint Louis and deposited is safe.

11,000
35×11= 385
11.46×11= 127.04
11,512.04

Sept. 10. Sent to J. C. Reiff, Philadelphia, by order president, 64 land-grant bonds, Nos. 12 to 75, inclusive, with coupons of Sept., 1868, and following attached, to be canceled by trustees in lieu of cash 64,000
18. Returned by W. E. Chandler, and deposited in safe, bonds 425 and 426 and 432 to 439—10 bonds—with coupons Sept. 1, 1869, attached, and uncanceled coupons Mar. 1, 1869, accompanying 10,000
18. Twenty-four bonds, due 1871, bought by J. C. Rieff, Nos. 87 to 100 inclusive, 171 and 172, 240, 242, to 248 coupons Mar. 1, 1870, and following attached 24,000
26. The above 24 bonds and 64 bonds, Nos. 12 to 75, inclusive, submitted by D. C. R. to trustees, and by them canceled and returned to Saint Louis for file 88,000
Oct. 12. Twenty bonds, Nos. 151 to 157 inclusive, 173 to 175 inclusive, and 191 to 200 inclusive, received from J. C. Reiff, having been bought by him, coupon of Mar. 1, 1870, and following attached 20,000
15. Three bonds, Nos. 316, 317, 318, received from Northrup & Chick, coupon, Mar. 1, 1870, attached 3,000

Apr. 1, 1870. Outstanding ..... 319 bonds.
Oct. 12, 1870. 1 bond bought 1
318 outstanding.
Oct. 12, 1870. Bond No. 472, with Mar. 1, 1871, coupon, received from N. & C., through B., L. & Co $1,000
Mar., 1870. Nos. 395 to 411 inclusive, with Sept. coupon, returned by J. C. Reiff 17
Mar. 31. 1870. Received from Reiff, Nos. 168, 169, 170, 241, 249, with Sept. 1, 1869, coupon 5
{192 long bonds outstanding / 126 short " " } Jan'y, 1870.

NOTE.—Entries in small type are in pencil in original.

1869.
Nov. 23. Sent to W. J. Keeler, Washington, D. C., land-grant bonds (2), Nos. 445 and 446, by order John D. Perry, president, with coupons Mar. 1, 1868, and following attached, account J. B. S. (J. D. P.) $2,000

Mar. 1, 1868, coupons attached.

Jan. 21, 1870. On hand from Chandler	10	uncanceled.
Unissued	27	
From Reiff	20	
From Northrup & Chick	3	
	60	
Short bonds bought by Reiff	24	canceled.
From 1 to 75	75	
	159	
In Reiff's hands	17	unissued.
	176	
Total outstanding	324	

1868.
Feb. 27. Delivered to John D. Perry, president, land-grant bonds Nos. 395 to 444 inclusive, 50 bonds, with coupons of Sept., 1868, and following attached. (L. D. P) 50,000

Nos. 413 to 414 coupons, 425 and 426 c., 432 to 439, 380 to 394, 395 to 411. Mar. 1, 1869.

July 31. Of the last-named 50 bonds there have been returned to this office 25 bonds, Nos. 415 to 426 inclusive, and Nos. 432 to 444 inclusive. 25,000

12 to 75, 1 to 11, Mar 1, 1866.

July 28. And bond No. 412 was delivered by Mr. Perry to W. H. Painter, Washington (with Sept. coupon) 1,000
And bonds Nos. 413 to 414 to J. R. Bartholow, with Sept. coupon... 2,000

Sept. 1, 1868, coupon.

Aug. 13. Nos. 413 and 414 returned O. K.; Nos. 427 to 431 inclusive left in the hands of Messrs. Chandler & Ordway, and Nos. 395 to 411 inclusive in hands of J. C. Reiff—hypothecated.

Still in Reiff's hands February, 1869.
427 to 431, Sept. 1, 1868, coupons; 440 to 449, Mar. 1, 1869, coupons.

Dec. 22. Sent by express to John D. Perry, care W. E. Chandler, 262 Vermont avenue, Washington, D. C., 15 bonds, Nos. 425, 426, and 432 to 444 inclusive, with coupons of Mar. 1, 1869, attached 15,000

Ten of these with Chandler, February, 1869; 5 have been issued; still with Chandler February, 1869.

The books show that the above-mentioned issue of $500,000 land-grant bonds was extinguished by purchase or cancellation as follows:

1869.
Mar. 12. 1 to 11 canceled $11,000
Sept. 20. 87 to 100, 171, 172, 240, and 242 to 248, bought at 88¼ per cent..... 24,000
Oct. 5. 12 to 75 canceled, or to be canceled in lieu of cash 64,000
5. 151 to 157, 173 to 175, 191 to 200, bought at 88¾ 20,000
12. 316, 317, 318, bought at 79¼ and commissions 3,000
1870.
Mar. 12. 168, 169, 170, 241, 249, bought at 87 per cent 5,000
Oct. 13. 472 from Northrup & Co 1,000
1871.
Mar. 21. 76 to 86, 101 to 150, 158 to 167, 201 to 239, 176 to 190, 250, purchased by Dabney, M. & Co 126,000
1875.
Mar. 31. 251, 263, 264, 265, 266, 277, 281, 312, 313, 314, 315, 379, 447, 476, 480, 481, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 31 bonds, bought by R. E. Carr, trustee 31,000
252, 253, 255, 260, 261, 262, 292, 293, 294, 295, 297, 298, 321, 322, 323, 324, 325, 356, 357, 358, 359, 360, 361, 466, 467, 468, 469, 470, 28 bonds, purchased by R. E. Carr, trustee 28,000
June 30. 286, 362, 366, 367, 368, purchased by R. E. Carr, trustee 5,000

NOTE.—Entries in small type are in pencil in original.

1875. Dec. 31.	283, 296, 319, 320, 377, 473, 475, 477, 478, 479, 484, 500, purchased and canceled	$12,000
1876. Nov. 30.	254, 256 to 259, 267 to 275, 276, 278 to 280, 282, 285, 284, 287 to 291, 299 to 311, 326 to 355, 363 to 365, 369 to 376, 378, 412, 427 to 431, 440 to 446, 448 to 453, 471, 474, 482, and 483, purchased and canceled	104,000
1877. Dec. 30.	454 to 465, 380 to 411, 413 to 426, 432 to 439, purchased and canceled	66,000
	Total redeemed	500,000

The $304,000 of the above bonds to T. C. Durant were charged to construction account. The $30,000 to John D. Perry were passed to Cummings, Alexander & Green and charged to legal expenses, as also was the $5,000 to Ashbel Green on September 30, 1866. The $1,000 bond to Hinchman was charged direct to construction account. The bonds delivered on March 28, 1867, were charged to voucher account, then transferred to the auditor account, where they appear to be buried so far as the books are concerned. The probability is, that they were finally charged to construction account, but without a reference to the vouchers at Omaha this fact can not be proved conclusively. The $75,000 bonds appear to have been issued and subsequently called in. Sixty-four thousand dollars of these bonds were sent to J. C. Reiff, agent, and on the same day there is an entry in the journal calling them canceled. In the little bond book it states that they were canceled in lieu of cash. Who held them, or who got the cash for them, I am not informed by the books. By reference to the little bond book, bonds 395 to 444 were delivered to John D. Perry, president, on February 27, 1868, say, 50 bonds. Out of these bonds W. E. Chandler got $10,000, which were charged, first, to an account entitled sundry persons, and then transferred to the auditor's account, where they were swallowed up.

STATEMENT G.—*Showing issues of first-mortgage land-grant gold bonds to subscribers thereto, based upon the issue of 76,000 shares of capital stock, as per minutes of 5th January, 1871.*

[There is no intelligible record on the books as to the issue of these bonds, but it is assumed that the intent of the resolution was carried out.]

Date.	Name.	No. of shares.	Amount.	Land-grant gold bonds.
1871.				
Jan. 20	T. J. Bartholow	1,000	$50,000	$25,000
20	A. Meier	1,000	50,000	25,000
20	C. S. Greeley	1,000	50,000	25,000
20	R. E. Carr	1,000	50,000	25,000
20	W. M. McPherson	1,000	50,000	25,000
20	B. W. Lewis, jr.	750	37,500	18,750
20	Geo. D. Hall	500	25,000	12,500
20	Chas. Enslin	500	25,000	12,500
20	S. M. Edgill	1,000	50,000	25,000
20	J. P. Usher	250	12,500	6,250
20	D. P. Gale	150	7,500	3,750
20	C. B. Barnhaur	100	5,000	2,500
20	F. W. Meister	500	25,000	12,500
20	H. W. Wissmann	250	12,500	6,250
20	Jas. Archer	500	25,000	12,500
20	A. H. Barney	100	5,000	2,500
20	W. D'Oench	200	10,000	5,000
20	J. E. Thomson	500	25,000	12,500
20	Thos. A. Scott	1,000	50,000	25,000
20	T. A. Biddle	300	15,000	7,500
20	Sybert, McM. & Co.	1,000	50,000	25,000
20	Chas. J. Clark	200	10,000	5,000
20	Wm. Thaw	500	25,000	12,500
20	H. H. Houston	500	25,000	12,500
20	R. D. Kennedy	200	10,000	5,000
20	Baird & Co.	1,200	60,000	30,000
20	M. K. Moorhead	200	10,000	5,000
20	A. C. Erfort	250	12,500	6,250
20	Barney & S. M. Co	600	30,000	15,000
20	V. Winter & Son	150	7,500	3,750
20	D. E. Small	30	1,500	750
20	H. Dater	10	500	250

STATEMENT G.—*Showing issues of first-mortgage land-grant gold bonds, etc.*—Continued.

Date.	Name.	No. of shares.	Amount.	Land-grant gold bonds.
1871.				
Jan. 20	Jos. O'Neil	200	$10,000	$1,000
20	Edw. Hesse	150	7,500	1,500
20	D. E. Small	20	1,000	200
20	Bartlett & Smith	100	5,000	1,000
20	G. Colby	250	12,500	2,500
20	Edw. Hesse	50	2,500	500
20	B. S. Brown	25	1,250	250
20	H. G. Holmes	125	6,250	1,250
20	E. A. Damon	125	6,250	1,250
20	V. L. Runyan	100	5,000	1,000
20	Jas. S. Cox	100	5,000	1,000
20	E. Tracy	17	850	170
20	Henry Martin	800	40,000	8,000
20	Jno. H. Tracy	100	5,000	1,000
20	T. R. Willey	40	2,000	400
20	A. C. Anderson	520	26,000	5,200
20	Wm. Thaw	1,500	75,000	15,000
20	H. H. Houston	1,500	75,000	15,000
Feb. 11	R. D. Barclay	500	25,000	5,000
20	Theo. Bartholow	200	10,000	2,000
20	H. G. Holmes	125	6,250	1,250
20	E. A. Damon	125	6,250	1,250
20	S. M. Edgill	1,000	50,000	10,000
20	H. W. Wissmann	250	12,500	2,500
20	Wm. D'Oench	200	10,000	2,000
22	C. B. Lamborn	200	10,000	2,000
22	Jas. Archer	300	15,000	3,000
23	Wm. M. McPherson	500	25,000	5,000
23	do	500	25,000	5,000
23	do	500	25,000	5,000
23	do	500	25,000	5,000
23	do	500	25,000	5,000
23	do	500	25,000	5,000
23	Jno. H. Tracy	100	5,000	1,000
23	V. L. Runyan	100	5,000	1,000
23	J. P. Usher	250	12,500	2,500
23	E. D. Kennedy	200	10,000	2,000
23	G. Colby	250	12,500	2,500
23	M. K. Moorhead	200	10,000	2,000
23	J. E. Thomson	500	25,000	5,000
23	Thos. A. Biddle	300	15,000	3,000
23	Syfert, McM. & Co	1,000	50,000	10,000
23	M. Baird & Co	1,200	60,000	12,000
23	J. S. Cox	100	5,000	1,000
23	A. H. Barney	100	5,000	1,000
23	E. J. Clarke	200	10,000	2,000
23	T. J. Bartholow	1,000	50,000	10,000
23	do	300	15,000	3,000
23	A. Meier	1,000	50,000	10,000
23	R. E. Carr	1,000	50,000	10,000
23	C. S. Greeley	1,000	50,000	10,000
23	B. W. Lewis, jr	750	37,500	7,500
23	Geo. D. Hall	500	25,000	5,000
23	Chas. Euslin	500	25,000	5,000
23	D. B. Gale	150	7,500	1,500
23	C. B. Burnham	100	5,000	1,000
23	F. W. Meister	500	25,000	5,000
23	A. C. Erfort	250	12,500	2,500
23	Barney & S. M. Co	600	30,000	6,000
23	V. Winter & Son	150	7,500	1,500
23	D. E. Small	50	2,500	500
23	Henry Dater	10	500	100
23	Jos. O'Neil	200	10,000	2,000
23	Edw. Hesse	200	10,000	2,000
23	Bartlett & Smith	100	5,000	1,000
23	B. S. Brown	25	1,250	250
23	Henry Martin	800	40,000	8,000
Mar. 1	Jas. Archer	400	20,000	4,000
4	C. B. Lamborn	40	2,000	400
6	R. E. Carr	1,000	50,000	10,000
6	Jno. C. Rust	200	10,000	2,000
6	Mrs. E. Heller	60	3,000	600
6	V. W. Grote	60	3,000	600
1	A. Drake	60	3,000	600
8	A. C. Erfort	200	10,000	2,000
8	C. B. Burnham	200	10,000	2,000
13	C. B. Lamborn	200	10,000	2,000
15	T. F. Oakes	40	2,000	400

STATEMENT G.—*Showing issues of first-mortgage land-grant gold bonds, etc.*—Continued.

Date.	Name.	No. of shares.	Amount.	Land-grant gold bonds.
1871.				
Mar. 15	J. Edgar Thomson	500	$25,000	$12,500
15	Seyfert, McM. & Co	1,000	50,000	25,000
15	Thos. A. Biddle	300	15,000	7,500
15	A. H. Barney	100	5,000	2,500
15	V. Winter & Son	150	7,500	3,750
15	C. S. Greeley	1,000	50,000	25,000
15	S. M. Edgill	1,000	50,000	25,000
15	Ad. Meier	1,000	50,000	25,000
15	J. P. Usher	250	12,500	6,250
20	Henry Martin	800	40,000	20,000
20	Geo. D. Hall	1,000	50,000	25,000
20	D. B. Gale	150	7,500	3,750
20	Thos. A. Scott	500	25,000	12,500
20	H. W. Wissmann	250	12,500	6,250
20	T. J. Bartholow	1,000	50,000	25,000
20	....do	150	7,500	3,750
20	E. D. Kennedy	200	10,000	5,000
20	C. J. Clarke	200	10,000	5,000
20	A. C. Erfort	150	7,500	3,750
20	F. W. Meister	500	25,000	12,500
20	R. W. Lewis, jr	750	37,500	18,750
20	Chas. Enslin	500	25,000	12,500
20	Jos. O'Neil	200	10,000	5,000
20	D. E. Small	50	2,500	1,250
20	Bartlett & Smith	100	5,000	2,500
20	M. K. Moorhead	200	10,000	5,000
20	Henry Dater	10	500	250
20	Wm. D'Oench	200	10,000	5,000
20	Edw. Masser	200	10,000	5,000
20	M. Baird & Co	1,200	60,000	30,000
20	B. & S. M. Co	600	30,000	15,000
20	R. S. Brown	25	1,250	625
20	H. G. Holmes	125	6,250	3,125
20	E. A. Damon	125	6,250	3,125
20	V. L. Runyan	100	5,000	2,500
20	Jno. H. Tracy	100	5,000	2,500
20	Theo. Bartholow	100	5,000	2,500
20	E. Tracy	63	3,150	1,575
20	C. R. Lamborn	200	10,000	5,000
20	R. F. Carr	1,000	50,000	25,000
20	C. R. Lanborn	200	10,000	5,000
20	Gardner Colby	250	12,500	6,250
20	H. C. Stackman	80	4,000	2,000
20	Theo. Bartholow	100	5,000	2,500
Apr. 5	R. D. Barclay	180	9,000	4,500
5	B. Butler	40	2,000	1,000
7	A. H. Barney	100	5,000	2,500
8	J. A. Wherry	300	15,000	7,500
18	J. E. Thomson	500	25,000	12,500
18	Seyfert McMann & Co	1,000	50,000	25,000
18	T. A. Biddle	300	15,000	7,500
18	V. Winter & Son	150	7,500	3,750
18	C. S. Greely	1,000	50,000	25,000
18	S. M. Edgill	1,000	50,000	25,000
18	A. Meier	1,000	50,000	25,000
18	J. P. Usher	250	12,500	6,250
18	Jas. Archer	200	10,000	5,000
18	Henry Martin	800	40,000	20,000
18	D. B. Gale	150	7,500	3,750
18	Thos. A. Scott	500	25,000	12,500
18	H. W. Wissmann	250	12,500	6,250
18	T. J. Bartholow	1,000	50,000	25,000
18	....do	150	7,500	3,750
18	C. J. Clarke	200	10,000	5,000
18	E. D. Kennedy	200	10,000	5,000
18	A. C. Erfort	150	7,500	3,750
18	F. W. Meister	500	25,000	12,500
18	R. W. Lewis, jr	750	37,500	18,750
18	Chas. Enslin	500	25,000	12,500
18	J. F. Comstock	200	10,000	5,000
18	Jos. O'Neil	200	10,000	5,000
18	D. E. Small	50	2,500	1,250
18	Bartlett & Smith	100	5,000	2,500
18	G. Colby	250	12,500	6,250
18	M. K. Moorhead	200	10,000	5,000
18	Henry Dater	10	500	250
18	Wm. D'Oench	200	10,000	5,000
18	Edw. Hesse	200	10,000	5,000
18	M. Baird & Co	1,200	60,000	30,000

STATEMENT G.—*Showing issues of first-mortgage land-grant gold bonds, etc.*—Continued.

Date.	Name.	No. of shares.	Amount.	Land-grant gold bonds.
1871.				
Apr. 18	B. & S. M. Co	600	$30,000	$[illegible]
18	B. S. Brown	25	1,250	[illegible]
18	H. G. Holmes	125	6,250	[illegible]
18	E. A. Damon	125	6,250	[illegible]
18	V. L. Runyan	100	5,000	[illegible]
18	J. H. Tracy	100	5,000	[illegible]
18	J. A. Wherry	100	5,000	[illegible]
18	J. L. Woods	40	2,000	[illegible]
18	S. T. Smith	40	2,000	[illegible]
18	A. H. Calef	40	2,000	[illegible]
18	H. C. Clement	40	2,000	[illegible]
	Total	76,000	3,800,000	[illegible]

STATEMENT H.—*Second-mortgage subscription account.*

By subscription of the following:

1871.			
Aug. 31.	A. R. Filley	$300	
	E. D. Kennedy	1,200	
	F. Whitney	1,920	
	E. A. Damon & Co	4,800	
	C. B. Damon	1,152	
			[illegible]
Sept. 30.	William Thaw	4,800	
	James Young	192	
			4,99[illegible]
	Thomas A. Scott		9,60[illegible]
	J. H. Tracy	1,152	
	D. B. Gale	4,800	
	E. Tracy	1,152	
	Charles Enslin	9,600	
	Edward Hasse	11,520	
	H. Grotenkemper	192	
	P. Andrews	384	
	W. K. Jesup	768	
	Glendening, Davis & Amery	7,680	
	Barney & Smith	3,840	
	William Dickenson	384	
	C. B. Burnham	4,800	
	H. W. Wiesmann	2,304	
	James O'Neil	6,912	
			55,49[illegible]
	P. Andrews	384	
	Barney & Smith	3,840	
	William Thaw	4,800	
	D. B. Gale	4,800	
	Francis Whitney	1,920	
	C. P. Damon	1,152	
			[illegible]
Oct. 31.	E. A. Damon & Co	4,800	
	E. D. Kennedy	1,104	
	S. R. Filley	468	
	Henry Grotenkemper	192	
	Charles Enslin	9,600	
	H. W. Wiesman	2,304	
	C. B. Burnham	4,800	
			[illegible]
	J. C. Rust	2,880	
	F. W. Meister	11,520	
	C. P. Damon	1,152	
	D. B. Gale	4,800	
			[illegible]

1871.			
Oct. 31	Jemeson, Smith & Cotting	$1,536	
	M. K. Jesup	768	
	James Young	192	
			$2,496
Nov. 30.	P. Andrews	384	
	Barney & Smith	3,840	
	William Thaw	4,800	
	E. D. Kennedy	1,152	
	C. P. Damon	500	
	S. R. Filley	384	
	E. A. Damon & Co	4,800	
	Charles Enslin	9,600	
	C. B. Burnham	4,800	
	Joseph O'Neil	6,912	
	Do	6,912	
	D. B. Gale	4,800	
	H. W. Wissmann	2,304	
			51,188
	T. A. Scott		9,600
	Do		9,600
	M. K. Jesup	768	
	Jamison, Smith & Cotting	768	
	E. Tracy	1,152	
	James Young	192	
			2,880
Dec. 30.	Jamison, Smith & Cotting	768	
	M. K. Jesup	768	
			1,536
	T. A. Scott	9,600	
	James Young	192	
			9,792
	William Thaw	9,600	
	E. A. Damon & Co	4,800	
	J. F. Comstock	9,600	
	E. Andrews	384	
	J. O'Neil	6,912	
	S. R. Filley	384	
	E. D. Kennedy	1,152	
	Henry Grotenkemper	384	
	Charles Enslin	9,600	
	H. W. Wissmann	2,304	
	C. P. Damon	652	
	E. Tracy	2,304	
			48,076
1872.			
Jan. 31.	E. A. Damon & Co	4,800	
	C. P. Damon	400	
	E. D. Kennedy	1,152	
	P. Andrews	384	
	Edward Hasse	11,520	
	E. Tracy	1,152	
	Henry Grotenkemper	192	
	Joseph O'Neil	6,912	
	Charles Enslin	9,600	
	Barney & Smith	7,680	
	C. P. Damon	752	
	H. W. Wissmann	2,304	
	S. R. Filley	384	
	D. B. Gale	4,800	
	G. T. Whitelaw	9,600	
	R. E. Carr	14,400	
	J. D. Perry	4,800	
	Francis Whitney	5,760	
			86,592
Feb. 29.	A. C. Erfort		9,600
Mch. 30.	William Dickinson		2,496
Apr. 30.	S. M. Edgill	48,000	
	C. S. Greeley	30,000	
	A. Meier	46,000	

1872.				
Apr. 30.	C. S. Greeley		$400	
	....do		50,000	
	Thomas A. Biddle		24,000	
	William M. McPherson		50,000	
	John D. Perry		50,000	
	A. Meier		50,000	
	R. E. Carr		25,000	
	B. W. Lewis, jr		48,000	
	John D. Perry		41,200	
	T. J. Bartholow		24,000	
	W. J. Lewis		24,000	
				$316,600
June 29.	T. A. Scott		9,600	
	Jamison, Smith & Cotting		768	
	M. K. Jessup		768	
	James Young		192	
				11,328
	J. H. Tracy		1,728	
	A. Meier		43,200	
	D. B. Gale		24,000	
				68,928
July 31.	H. N. Titus			4,800
Aug. 5–20.	M. Baird & Co			48,000
1873.				
Sept. 30.	For this amount transferred to close stock issued to subscribers to second-mortgage land-grant gold bonds:			
	13,669 shares at $50, par		$683,450	
	Income bonds issued as above		221,050	
	Discount on second-mortgage bonds:			
	Issued	$1,005,000		
	Subscribed at 96 per cent	964,800		
			40,200	
				944,700
1874.				
Feb. 28.	For amount of stock issued to M. Baird & Co., on their subscription to second-mortgage land-grant pool, as per entry on J. F. 937:			
	680 shares at $50		$34,000	
	Income bonds issued as above		11,000	
	Discount on second-mortgage L. G. G. bonds issued as above:			
	Issued	$50,000		
	Subscribed	48,000		
			2,000	
				47,000
	M. Baird & Co., balance of subscription of $96,000			48,000
				2,063,150

DEBITS.

1871.				
Sept. 30.	To draft on Glendening, Davis & Amory, returned unpaid			$7,650
1872.				
Nov. 30.	Amount credited second-mortgage subscription in April, 1872, part subscription of $100,000 of William M. McPherson, and since canceled by his death, as per letter of A. H. Calef, cashier, filed hereto			50,000
Nov. 30.	To amount subscribed April 30, 1872, account subscription of R. E. Carr, credited		$25,000	
	Amount actually subscribed and paid		21,000	
				1,000
	The following original issues of stock on account of second-mortgage bond subscription as per resolution of board of directors of meeting held August 23, 1871, approved by stockholders January 20, 1872, per statement and letters filed hereto, 13,329 shares at $50 par			666,450

1873.			
Sept. 30.	Amount of second-mortgage land-grant gold bonds, issue of August 23, 1871, issued to subscribers to date		$1,095,000
	Amount of income bonds issued to subscribers to second-mortgage land-grant gold bonds to date	$221,050	
	Certificate 1059 (original issue) to T. J. Bartholow account of his subscription to second-mortgage land-grant gold bonds, 340 shares at $50 par	17,000	
			238,050
1874.			
Feb. 28.	Amount of second-mortgage land-grant gold bonds (issue of August 23, 1871), issued to M. Baird & Co., to complete their subscription of $96,000 to second-mortgage land-grant pool, bonds Nos. 1106 to 1155 inclusive, 50 bonds at $1,000	50,000	
	Amount of income bonds issued as above, bonds Nos. 830 to 840 inclusive, 11 bonds at $1,000	11,000	
	For certificate 1187 (original issue) dated November 13, 1873, issued to M. Baird & Co., account of their subscription as above, 680 shares at $50 each	34,000	
			95,000
			2,063,180

[Jay Gould—Ledger 4, folio 548.]

CREDITS.

1879.			
Aug. 31.	By this amount being transfer to former account 106 funding coupons, due April 1, 1877, at $50 each, currency, to be applied on notes held by him and interest on same, 106 at $50 each, currency		$5,300.00
31.	By payments and advances made by him for account of Kansas Pacific Railway, from April 12 to 25, as per papers filed hereto		1,552,241.24
Nov. 30.	By amount paid Treasurer on October 22, 1879, account consolidated bonds		261,935.04
Dec. 31.	By payments made by him as per statement of October 22, 1879, filed hereto		80,214.97
1880.			
Jan. 31.	By this amount erroneously charged him on J. F. 500, now charged to former account, to correct error as per papers filed hereto		76.12
31.	By amount paid by him to Treasurer, balance on consolidated bonds as per Treasurer's January statement		185.93
31.	By 7,616 shares Central Branch Union Pacific Railroad Company stocks bought from Mr. Gould for		1,826,500.00
31.	By 10,000 shares of Denver Pacific Railway and Telegraph Company stock, bought from Mr. Gould at $10 per share		100,000.00
31.	By the following bonds and scrip bought from him to be paid for in stock:		
	First-mortgage scrip	$204.23	
	190 Saint Joseph and Pacific $100 first-mortgage 7 per cent. 30-year bonds	19,000.00	
	272 Saint Joseph and Pacific Railroad Company $500 first-mortgage 7 per cent. 30-year bonds.	136,000.00	
	865 Saint Joseph and Pacific Railroad Company $1,000 first-mortgage 7 per cent. 30-year bonds	865,000.00	
			1,020,204.23

Scrip redeemable in sums of $100, or any multiple thereof; bonds dated January 1, 1875; principal payable January 1, 1905; coupons payable January and July; coupon No. 1 July, 1875, and subsequent coupons attached, excepting on $1,000 bonds, Nos. 214 and 217, which have No. 5 and subsequent coupons attached.

1880.

Jan. 31. By the following Kansas and Nebraska Railway Company second-mortgage 7 per cent. 39-year bonds bought from him to be paid for in stock:

2 $100 bonds, at par	$200.00	
3 $500 bonds, at par	1,500.00	
23 $1,000 bonds, at par	23,000.00	
		$24,700.00

Bonds dated October 2, 1876; principal due January 1, 1915; coupons payable January and July; coupon No. 1 due July 1, 1876, and all subsequent attached.

31. By the following scrip and bonds bought from him to be paid for in stock:

Kansas and Nebraska first-mortgage scrip	120.00	
322 Kansas and Nebraska Railway Company first-mortgage 7 per cent. 29-year $100 bonds, at par	32,200.00	
89 Kansas and Nebraska Railway Company first-mortgage 7 per cent. 29-year $500 bonds, at par	44,500.00	
653 Kansas and Nebraska Railway Company first-mortgage 7 per cent., 29-year $1,000 bonds, at $1,000 each, at par	653,000	
		729,820.00

Bonds dated September 30, 1876. Principal payable January 1, 1905. Coupons payable January and July. Coupon No. 1 due July 1, 1876, and subsequent coupons attached, excepting the following $100 bonds: Nos. 3261, 3262, No. 3 and subsequent attached; No. 3263, No. 4 and subsequent attached.

31. By $59,000, Saint Joseph and Denver City Railroad receiver's certificates (first lien on the Saint Joseph and Western Railroad) bought of Mr. Jay Gould to be paid for in stock:

45 Saint Joseph and Denver City Railroad, Western Division, receiver's certificates, at $1,000 each, at par	$45,000	
14 Saint Joseph and Denver City Railroad, Eastern Division, receivers' certificates, $1,000 each at par (coupon attached to certificates)	14,000	
		59,000.00

31. By the following securities bought from him to be paid for in stock:

For 15,362 shares of the capital stock of the Saint Joseph and Western Railroad Company, at $20 per share	$307,240	
For 479 Kansas Central first-mortgage 7 per cent., 30-year bonds, at $1,000 each, at par, and 2,521 shares of Kansas Central Railroad Company's stock	479,000	
		786,240.00

Bonds dated April 22, 1879; principal due April 1, 1909; coupons payable April and October.

31. By amount advanced by Mr. Gould, now assumed by this company, on account of 375 first-mortgage 7 per cent. bonds of the Hastings and Grand Island Railroad Company, of $1,000 each, Nos. 1 to 375; bonds dated January 1, 1880, thirty years to run; coupons payable January and July; coupon No. 1, July 1, 1880, and subsequent attached; (bonds sent to H. McFarland, treasurer); and for $75,000 Hall County, Nebr., bonds (bonds sent to be sold at Omaha) 60,204.25

31. By the following bonds and stock bought of him, to be paid for in stock:

784 Saint Joseph Bridge Building Company first-mortgage sinking fund, 7 per cent. 25-year gold bonds, at $1,000 each, and 4,000 shares Saint Joseph Bridge Building Company stock at par, for bonds		784,000.00

Bonds dated May 1, 1872; principal payable May 1, 1897; coupons payable May and November.

Total 7,290,021.75

DEBITS.

1879.			
July 31.	To this amount		$800.00
Sept. 30.	To following amounts paid him on account of money advanced and bonds purchased by him, viz:		
	July 1, account bonds	$16,137.04	
	Sept. 1, account loan	100,000.00	
	Sept. 5, account loan	50,000.00	
	Sept. 17, account loan	75,000.00	
	Sept. 30, account bonds	10,841.71	
			251,978.75
30.	To this amount erroneously charged to latter account now transferred to former account, as per Mr. Gould's receipt filed with papers to preceding entry		76.12
Dec. 31.	To this amount paid Jay Gould by the trustees		140,000.00
31.	To this amount on J. F. 488. August 31, 1879; the 10 Denver Pacific bonds returned to him, see letter from A. H. Calef, Sec. October 15, 1879, A. V. No. 1756		6,912.50
1880.			
Jan. 31.	To bonds issued to him in settlement of his account $2,000,000, at 75 cents	$1,500,000.00	
	To cash paid treasurer for fractional bonds	185.93	
			1,500,185.93
	To amount to correct over credit in Saint Joseph and Pacific Railroad Company's bond entry, as follows:		
	Amount for $1,020,204.23 first-mortgage 7 per cent. Saint Joseph and Pacific Railroad Company bonds, as per entry	$1,020,204.23	
	Amount charged by Mr. Gould for same	1,020,204.03	
			.20
31.	To balance at credit		5,390,668.28
	Total		7,290,621.78

FIFTH REPORT OF WILLIAM CALHOUN, ACCOUNTANT TO THE UNITED STATES PACIFIC RAILWAY COMMISSION.

BOSTON, *July* 27, 1887.

GENTLEMEN: With reference to the construction and equipment account there are no vouchers at the office of the Union Pacific Railway Company sustaining the entries appearing in the books of the Union Pacific Railway Company (Eastern Division) and of its successor, the Kansas Pacific Company. I have called the attention of the Union Pacific people to this fact, and they have advised me that all the vouchers relating to the construction and equipment accounts of the Kansas Pacific Company are filed at Omaha. I have made a list of the entries in the books of the aforesaid company for which vouchers are required, and I understand that this list has been sent to Omaha for the purpose of getting up the vouchers mentioned therein and transmitting them to Boston for my inspection. In the absence of these vouchers there are many things stated on the books with respect to the construction and equipment accounts concerning which I can form no definite opinion, but to wait for the vouchers, say for a week or ten days, may not be convenient; so meantime I send you a report as to what the books show relative to certain items in the construction and equipment account aforesaid, with such comments as I may deem necessary, to enable you to understand the account. When the vouchers come I will send you a separate report as to what they show in the way of a foundation for the charges to the account mentioned. The first entry, as you will notice, is a lump sum of $1,136,601.15, which went to the credit of

John D. Perry & Co., for amount expended by them to July 1, 1865, on the building of the line. The account with them was subsequently settled by notes, say for $118,728.71, and by charging them with subscriptions to the extent of $1,000,000, ostensibly made to the capital stock of the company, but which were really on account of the first-mortgage bonds. I can find no contract here with John D. Perry & Co., nor do I know who composed the firm, but I infer from an entry with reference to the notes aforesaid that it was a syndicate or ring, something like R. M. Shoemaker & Co., and that very nearly the same parties composing the latter were interested in the former concern. At all events, John D. Perry, C. S. Greeley, G. F. Filley, and Thomas L. Price were prominent parties in the Perry connection. You will observe that the second entry is a payment of 200 United States subsidy bonds to John C. Fremont. I suppose the vouchers at Omaha will throw light upon the propriety of this charge to construction account. The books certainly do not. Again, you will notice that the third entry concerns Dr. Thomas C. Durant, the president and projector of the Union Pacific line, who got 304 of the first land-grant bonds for something or other, concerning which the books are practically silent. The entries, from the fourth to the eleventh, inclusive, are charges to construction account to the extent of $200,000, as against that sum in United States bonds turned over to John D. Perry in November, 1865, to pay debts said to be due by the railroad company in Kansas and elsewhere. Whether the aforesaid expenditures of United States bonds were in conformity with the spirit and intent of the act of 1864 can not be disclosed by the books as they stand. It is to be hoped that the vouchers will also throw light as to the legality of these charges. The books only give a list of the debts aforesaid, but make no mention as to how they were contracted by the railroad company, or when. According to the twelfth entry the president of the company, Mr. John D. Perry, was authorized "to use as many of the 75 land-grant mortgage bonds, now unappropriated, as may be necessary to redeem his pledges to persons for services rendered to this company, etc." Inasmuch as 30 of these bonds were charged directly to the construction account, there is no evidence that Mr. Perry ever complied in this respect with the instructions of the company. The thirteenth entry is the first one which charges capital stock to construction and equipment, and represents the first bonus of the share capital, which was handed over to the subscribers to the first-mortgage bonds.

It is not my purpose to call attention to the various and sundry entries to construction in their order, but to pick out items here and there for the attention and information of the Commissioners, premising that they will give due heed to all the charges which form a part of so important an account as construction and equipment. In this connection I may say that the first books of account of the Union Pacific Railway Company (Eastern Division) are defective, for the reason that they do not carry forward the assets and liabilities of the Leavenworth, Pawnee and Western Railroad Company. The assets, tangible and intangible, should in this case have been carried forward into the books of the new company in some shape or other, even if they were not all distributed to appropriate accounts in the ledger of the new corporation. The same remark applies to the liabilities, active and contingent. The books of the Leavenworth, Pawnee and Western Railroad Company doubtless exhibit its assets and liabilities, but these books are not at hand to show what the successor company was entitled to receive, or what it was obliged to pay, of the old company's debts, or otherwise. In this case the change was only one of name, and not of substance, and

in that respect differs from a change which results in consolidation or other mergement of corporations. These remarks are made for the reason that certain items of assets in the way of land and land notes are only alluded to incidentally in the books, and without references are had to the former records there is no evidence as to what the original assets were of the Union Pacific Railway Company (Eastern Division).

The sixteenth entry is an example of the uncertainty of the books concerning the assets of the old company and their disposition, and the incidental mention in a credit entry of the company's interest in the Delaware Lumber Company is the only clue one would have that such an interest had heretofore existed. In the nineteenth paragraph of Exhibit No. 3, herewith, the existence of land notes which were given to the Leavenworth, Pawnee and Western, is for the first time revealed, but only incidentally, to record the fact that certain of these notes were recovered by the land department of the new company. The same remark applies to $280,000 of Delaware Indian bonds. Furthermore, we find that the new company here and there pays the debts of the old one, and these debts instead of being marshaled properly at the beginning are only mentioned when payment is demanded or voluntarily made by the successor company. Another feature in the construction account particularly will be readily noticed by the Commissioners, namely, R. M. Shoemaker & Co. are credited and construction account is charged for building only 97 miles of the main line and the Leavenworth Branch, whereas, by the contract, they were to be the builders of 140 miles of main line. According to their account on the railway company's books they received other credits, but these credits appear to have been made outside of and independently of any contract with the company. The portion of the line east of Lawrence appears to have been rebuilt for some reason or other, but this is the only credit made subsequently that has any reference, direct or indirect, to their work on the line, except for the $75,000 to Shoemaker, Miller & Co., of March 1, 1867. This account of R. M. Shoemaker & Co. is now undergoing the process of investigation (a slow business in the absence of vouchers), the results of which will be duly communicated to the Commissioners.

Paragraph 38 of the said exhibit shows an entry dated March 12, 1867, for expenses of Thomas A. Scott, contracted in Washington during the previous June, and amounting to $2,000.

Paragraph 40 shows a transfer of $147,206.01 to construction account for legal and other expenses, the vouchers for which have yet to be scrutinized.

According to paragraph 49, R. M. Shoemaker & Co. are credited and construction account is charged with a "balance of account" due them. This "balance of account" must have been something of their own making up, else it could not have appeared as a credit on the books of the company. This shows, to an accountant at least, that the account of this firm on the company's books is only a sort of blind guide.

As per paragraph 51, Shoemaker, Miller & Co. are charged with $300,000 of the unfunded debt of the company existing at the termination of the contract with R. M. Shoemaker & Co. The fifth clause of the contract with this latter concern provided that it should have "the control and use of the road, being liable for all expenses, and entitled to the receipts therefrom until the completion and equipment of said road to Fort Riley, according to the terms of this contract, the said party of the second part carrying the mails, troops, and munitions of war as required by law." The debts outstanding when R. M. Shoemaker & Co. ceased their operations were estimated at between $450,000 and $500,000,

and a provision was made in the contract with Shoemaker, Miller & Co. that they pay these unfunded debts to an amount not exceeding $500,000 (see contract with S., M. & Co.). A comparison of the contracts aforesaid with the accounts of the two Shoemaker concerns will show how the provisions of these contracts were observed. (See statement herewith).

Paragraph 54 contains a charge of $185,353.45, which is the difference between the gross earnings, say $179,666.05, for 1866, and the interest and expenses for the same period, say $365,019.50. These earnings appear to have commenced on the 15th October, 1866, and the above amount of $179,666.05 represents the gross earnings to the 1st January, 1867. Actually the item of $185,353.45 represents a deficit in revenue which was charged to construction.

Paragraph 55 contains a charge of $448,000 for 20 per cent. discount on first-mortgage bonds issued to R. M. Shoemaker & Co., say $2,240,000. Really the entry represents an issue of 4,160 shares of capital stock, say $208,000, and of $240,000 of first-mortgage bonds.

Paragraph 68 contains a charge of $20,455,739.42, being the cost of the road from the 135th to the 393d mile-post, say $14,252,225.97, and the cost from the 393d mile-post west to Denver, say $6,203,513.45, up to the 31st December, 1872.

Paragraph 72 contains a charge of $4,775,829.73, the bulk of which, although not stated so in the books (see paragraphs 298 and 300), is made up as follows:

76,000 shares of stock	$3,800,000
13,669 shares of stock	683,450
Income bonds issued	231,100
680 shares of stock	34,000
Income bonds issued	11,000
	4,749,550

Paragraphs 74 to 190, inclusive, embody the entries of a separate construction account, the balance of which, eliminating certain cross-entries, amounted to $1,230,533.61. The character of this construction account can not be determined from the books. In the absence of the vouchers I am unable to tell whether it was new construction or reconstruction. At all events, with the exception of $51,744.24, charged to the land department, the rest of the expenditure was furnished out of income.

Paragraphs 191 to 246, inclusive, embody the entries to equipment account since 1st January, 1867. Nearly all these entries are made in a wholesale way, no details being furnished, and recourse to the vouchers must be had to test their propriety. The charges to the equipment account amount to $1,711,300.63, of which some $821,273.73 was transferred to construction accounts, and $890,026.90 to income account. A question arises out of the charges to income. Did R. M. Shoemaker & Co. and Shoemaker, Miller & Co. equip the line in accordance with the spirit and letter of their several contracts?

Paragraphs 247 to 297, inclusive, cover entries relating to construction and equipment accounts 2 and 3, which were subsequently transferred to construction and equipment account No. 1, as per paragraph 68, heretofore mentioned.

From the figures herewith furnished it will be seen that the construction and equipment of the Kansas Pacific Company, up to the date of consolidation, cost $34,357,490.66. But this was in shares, bonds, and land, as well as money. Taking out the capital stock which was charged

to the account, and which was gratuitously distributed, as per the annexed memorandum, the net cost of the whole line in cash, bonds and lands was $24,919,540.66.

I have no doubt upon the investigation of the vouchers that even more water can be squeezed out of the above figures.

I will continue the examination of the construction and equipment accounts until I have exhausted the subject.

All of which is respectfully submitted by

Yours, very truly,

WM. CALHOUN,
Accountant.

Hon. ROBERT E. PATTISON, *Chairman.*
E. ELLERY ANDERSON, Esq.,
DAVID T. LITTLER, Esq.,
Commissioners.

Memoranda concerning the share capital charged to the construction and equipment account.

Cost of line as per books			$34,357,490.66
Less distribution of share capital:			
1866.			
Sep. 15.	2,136 shares at $50	$106,800	
Nov. 30.	29,100 shares at $50	1,455,000	
Nov. 30.	7,584 shares at $50	379,200	
1867.			
Mar. 29.	3,200 shares at $50	160,000	
1868.			
Mar. 28.	1,000 shares at $50	50,000	
Apr. 2.	100 shares at $50	5,000	
1869.			
Feb. 27.	4,160 shares at $50	208,000	
Mar. 8.	49,130 shares at $50	2,456,500	
1871.			
Mar. 31.	76,000 shares at $50	3,800,000	
May 31.	2,000 shares at $50	100,000	
1872.			
Dec. 31.	13,329 shares at $50	666,450	
1873.			
Sept. 30.	340 shares at $50	17,000	
1874.			
Feb. 28.	680 shares at $50	34,000	
			9,437,950.00
Net cost			24,919,540.66
Total stock issued			10,000,000.00
Issued gratuitously		$9,437,950	
For Leavenworth bonds		250,000	
For property at Wyandotte		2,000	
Issued January 1, 1880		310,050	
			10,000,000.00

EXHIBIT No. 3.

Kansas Pacific Railway Company (formerly the Union Pacific Railway Company, Eastern Division).

[The facts as shown by the books concerning the construction and equipment accounts.]

(1) The first entry in the first ledger of the Union Pacific Railroad Company, Eastern Division, appearing as a charge against this account, is dated July 1, 1865, and reads as follows:

For amount expended on the railway by John D. Perry & Co. to July 1, 1865 ..... $1,136,601.15

From the first journal, folio 2, it appears that an "agreement" was had between the parties, *i. e.*, Perry and the company, but I can find nothing on the records as to the nature of this agreement. Perry was president of the Exchange Bank at Saint Louis, and at times befriended the company (see minutes December 5, 1863).

(2) The second entry in the said ledger to the debit of this account is dated November 3, 1865, and is as follows:

For amount of bonds delivered this day to William A. C. Gray, agent for John C. Fremont, being in full payment of balance due Fremont on cost of franchises, etc., 200 bonds..... $200,000.00

An entry in red ink says: "This amount is properly chargeable to construction of first 40 miles" (see also book marked "Bonds," "U. P. E. D."). No information further than the above respecting this charge appears on the books of the company.

(3) The third entry in the said ledger to the debit of this account is dated June 1, 1866, and is as follows:

For additional cost of road in consequence of amounts paid Durant on settlement, being the amount to the credit of Durant on these books, which is made up as follows:

Land-grant bonds	$304,000
Cash	25,000
Bills payable	75,000
	404,000.00

No other explanation concerning the above entry appears on the books of the company.

(4) The fourth entry in the said ledger to the debit of this account is dated July 14, 1866, and reads as per Statement F herewith..... 8,353.53

(5) The fifth entry on the said ledger to the debit of this account is dated July 14, 1866, and reads as per Statement F herewith..... 126,388.53

(6) The sixth entry in the said ledger to the debit of this account is dated July 14, 1866, and reads as per Statement F herewith..... 21,069.56

(7) The seventh entry in the said ledger to the debit of this account is dated July 14, 1866, and reads as per statement F herewith..... 15,923.71

(8) The eighth entry in the said ledger to the debit of this account is dated July 14, 1866, and reads as per statement F herewith..... 3,449.29

(9) The ninth entry on the said ledger to the debit of this account is dated July 14, 1866, and reads as follows:

For payment of this amount (for legal services) to Glover & Shapleigh by J. D. Perry & Co.; it not having been included in cost of road to July 1, 1865..... 12,500.00

(10) The tenth entry on the said ledger to the debit of this account is dated August 20, 1866, and reads as follows:

For continuation of entry J, folio 95, as follows:

G. F. Filley	$78.48
J. Guiser	40.00
J. H. Bishop	31.25
	149.73

(11) The eleventh entry on the said ledger to the debit of this account is dated August 20, 1866, and reads as follows:

For receipt of J. D. Perry to close the bond account, and in which he agrees that this amount shall be applied to the claim of John E. Burrell..... 12,273.63

(Burrell was attorney for the company.)

(12) The twelfth entry on the said ledger to the debit of this account is dated September 15, 1866, and reads as follows:

For 30 bonds, Nos. 471 to 500, inclusive (less coupon of September 1, 1866, detached), by John D. Perry, president, in accordance with the resolution of board adopted August 16, 1866, of which the following is a copy: "*Resolved*, That the president be authorized to use so many of the 75 land-grant mortgage bonds now unappropriated as may be necessary to redeem his pledges to persons for services rendered to this company and also to adjust with Mr. Green and other counsel for services rendered by them in adjusting the litigation with Durant, and for others, and all other services"..... 30,000.00

(13) The thirteenth entry on said ledger to the debit of this account is dated September 15, 1866, and reads as follows:

For amount of legitimate stock found to be outstanding July 1, 1865, in the following names:

	Shares.	
John D. Perry	995	
H. Bennett	1,000	
Saml. T. Glover	100	
Thos. L. Price	5	
C. S. Greeley	5	
A. Meier	5	
G. F. Filley	5	
J. P. Usher	5	
A. C. Anderson	5	
J. P. Devereux	5	
S. M. Edgill	5	
S. A. Stimson	1	
	2,136, at $50	$106,800.00

(14) The fourteenth entry on said ledger to the debit of this account is dated September 30, 1866, and reads as follows:

For amount paid by T. L. Price to Amos Reese for 100 shares of stock and heretofore charged suspense account (see J, folio 76), the same having been assumed by the company 1,000.00

(15) The fifteenth entry on said ledger to the debit of this account is dated October 3, 1866, and reads as follows:

For L. Crandall, bill June 21 ..... 3.00

(16) The sixteenth entry on said ledger to the debit of this account is dated October 3, 1866, and reads as follows:

For cash from land sales since July 1, 1865, and used in construction prior to July 1	$8,000.00	
Henry Martin, bill of tents	446.00	
Barnum & Farrow, canal barrows	365.25	
		8,811.25
Total debits to October 3, 1866		$2,087,215.40

(17) On September 18, 1865, construction and equipment account on the first ledger was credited with the following:

For this amount, being for five-sixteenths interest in Delaware Lumber Company, at $3,500 per one-sixteenth share, the same having gone into the cost of road to July 1, 1865 ..... $17,500.00

(18) On June 21, 1866, the account as above in the first ledger was credited with the following:

For amount collected by J. H. Edwards, from Hannibal and Saint Joseph Railroad for iron used by them, damages and overcharges, etc., as per report, paid over by him to R. M. S. & Co., June 18 ..... 7,898.39

(19) On August 31, 1866, the account as above in the first ledger was credited with the following:

For amount of land notes given to Leavenworth, Pawnee and Western Railroad Company, recovered by Land Department, as follows:

	Amount.
John W. Davidson	$853.32
Thos. Smith	746.64
Jno. W. Davidson	293.32
John W. Davidson	160.00
Diana Johnson	527.20
Chas. Starns	2,240.00
Thos. Smith	264.00
Georgiana Allen	613.32
Andrew Gray	346.64
Jno. R. Swain	40.48
Andrew Gray	173.32
Stephen Allen	506.64
Abraham Ray	540.80
B. C. Harrod	400.00

For amount of land notes given to Leavenworth, Pawnee and Western Railroad Company, etc.—Continued.

	Amount.
Abraham Ray	$306.72
Thos. Starns and Jno. Crowther	266.64
Jno. Helme	426.64
James W. Evans	373.32
Jos. Brooks	347.68
R. G. Elliott	2,482.04
W. J. R. Blackman	186.66
W. A. Norton and G. F. Simpson	746.64
	196.56
Sam'l F. Burdett	293.36
Mary Briley	146.64
Barney Coffey	213.32
John Helme	213.32
John Stephenson	426.64
Jane Kelly	315.20
Crawford Moore	1,493.32
Jos. J. Skinner	320.00
Jos. H. Bell	506.64
Kate R. Allen	574.48
James Farren	924.96
Henry Still	1,346.68
Wm. Aarberg	766.40
John Farrell	480.00
E. H. Vanderson	491.84
H. H. Everts	320.00
Sam'l T. Garrett	106.08
E. Crady	512.00
Mary J. Whitney	776.00
Pat Meade	373.32
Andrew Brierly	146.67
Fred. Klinger	428.64
Henry Wilkins	426.64
Jacob Muran	320.00
Sarah Byrne	138.64
Lawrence Depsey	213.32
Sam'l W. Robinson	212.00
Wm. McKee	652.97
John Bonger	264.40
James McCahon	1,269.60
Rob't Costello	*125.00
John W. Davidson	180.24
Ben. McCreary	540.80
James M. Hinton	396.40
Wm. Brooke	335.60
Jno. H. Byrd	106.64
P. H. Hubbell	1,066.64
N. P. Keith	213.32
Alex. Kelly	204.76
Vandeaner & Hopper	490.64
Rob't M. McFarland	733.32
J. R. Swain	346.64
Wm. Tanner	115.00
Wm. Tanner & Stayman	230.00
S. M. Stayman	115.00
Rachel A. Sturgess	160.00
D. K. Southwick	1,270.36
David Morton	560.00
J. C. Davidson	506.24
Fred'k Klinger	426.60
Aaron L. Johns	373.32
Wm. Morrison	756.36
W. A. Williams	266.80
James H. Lane	503.32
Mary J. Donelly	266.64

* Error in entry, $2. $31.75 \times 4 = 127.00$.

For amount of land notes given to Leavenworth, Pawnee and Western Railroad Company, etc.—Continued.

	Amount.
Jno. H. Harrison	$346.64
Dan'l B. Taylor	211.60
Sarah Leeman	512.88
Rob't McFarland	213.32
Jno. H. Byrd	106.64
Sam'l Mahood	475.56
H. J. Austin	853.32
Andrew Gray	198.80
Chas. Eiers	293.68
H. J. Austin	266.64
Jas. L. Fiske	565.76
Dan'l R. Southwick	133.34
Margret McKee	320.00
Reese Moses	377.32
Wm. Morrison	186.68
Edw'd Canavan	266.64
Mary J. Whitney	306.68
H. D. Smith	1,381.50
W. B. Warren	440.88
Rich'd Gilstrap	240.00
Ellen Douglas	426.64
H. P. Brockett	313.76
Jos. Schriper	346.64
Jno. Wesley	373.32
J. F. Morgan	400.00
Jane R. Hammond	254.24
Riley Blevins	782.20
T. S. Town	1,064.52
Giles Slater	426.64
J. G. McClelland	462.20
Crawford Moore	248.88
Gus Johnson	398.64
James F. Morgan	213.32
W. S. McCurdy	1,061.32
M. V. Cutler	176.76
Chas. Harewalt	355.52
Wm. Kennedy	480.00
Jane L. Clark	479.22
Thos. Starnes	240.00
Jno. Sullivant	186.66
Dan'l McPherson	420.66
Wm. Dreff	240.00
Jno. Wesley	28.19
Geo. P. Elbert	240.00
F. F. Ricker	716.88
E. Ranns	399.99
P. Hopkins	318.66
Jno. Murphy	293.31
R. Hager	373.32
Wm. Hammond	319.98
O. Callaghan	404.43
James L. Wallace	186.66
Sam'l Kiser	480.00
Wm. Hightower	159.99
T. McCormock	373.32
Thos. Gilmore	266.64
T. S. Towne	266.64
Jno. Dubey	266.64
J. D. S. P. Tilton	960.00
Cheatwood & Barker	906.66
Jno. Vaughn	346.65
Wm. Carroll	474.60
F. Treff	226.65
Jno. Seile	226.65
Rich'd Gilstrap	213.33
Jno. A. Page	240.00
Wm. Hightower	159.99

For amount of land notes given to Leavenworth, Pawnee and Western Railroad Company, etc.—Continued.

	Amount.	
J. M. Lansing	$213.33	
Pat'k Houston	186.66	
Montagne & McLean	213.33	
Elizabeth Barker	213.33	
James G. Blunt		
Benj. F. Plummer	319.98	
Perry Cavaner	639.99	
Jno. Daley	346.98	
Jno. W. Krantler	426.66	
Isaac S. Pile	319.98	
J. B. Beckering	480.00	
Rob't McCrory	240.00	
Sam'l Pemberton	84.00	
Jas. E. Myers	346.50	
Alfred Hendrick	120.00	
Jno. Cummings	292.32	
Gilbert N. Piper	360.00	
Mary J. Donnelly	159.99	
Jos. D. Rollin	185.19	
L. Adams	1,449.33	
Mewis Thornburg	159.99	
S. N. or W. A. Simpson	(*)	
Francis A. Taylor	100.00	
	$70,976.66	$96,375.65

Net charge to construction and equipment 3d October, 1866. 1,990,840.35

(20) The next entry on said ledger to the debit of this account is dated November 12, 1866, and reads as follows:

For O. B. Gunn, in full for claims against company to date..... 800.00

Cash entry.

(21) The next entry on said ledger to the debit of this account is dated November 15, 1866, and reads as follows:

For services, C. W. Perry, originating prior to July 1, 1865..... 375.00

(22) The next entry on said ledger to the debit of this account is dated November 30, 1866, and reads as follows:

For building 97 miles of main line railway complete, and accepted by U. S. Commissioners as per certificate of W. A. Harris, resident engineer, at $50,000 per mile..... 4,850,000.00

Payable as follows:

One-half cash	$2,425,000
$10,000 per mile 3d mortgage	970,000
Balance in stock	1,455,000

(23) The next entry on said ledger to the debit of this account is dated 30th November, 1866, and reads as follows;

For building the Leavenworth Branch, 31.6 miles in length, as per contract (see certificate of W. A. Harris, resident engineer)..... 1,545,200.00

Payable as follows:

First-mortgage bonds	$600,000
Leavenworth County bonds	250,000
Second-mortgage bonds	316,000
Stock	379,000

(24) The next entry on said ledger to the debit of this account is dated 30th November, 1866, and reads as follows:

For certificate No. 8, dated September 20, 1866, issued to H. M. Northrup, in accordance with resolution of board passed at meeting of August 16, 1866, 40 shares, at $50..... 2,000.00

(25) The next entry is dated November 26, 1866, and reads:

M. Wright, bill printing originating prior to July 27, 1865..... 67.50

(26) The next entry is dated December 4, 1866:

For Sage, Long & Co., bill originating prior to July 1, 1865..... 465.37

(27) The next entry is dated December 1, 1866, and reads as follows:

For difference, this amount being difference in investment of the railway company in Delaware Lumber Company as originally charged (see J, folio 9)..... $17,500.00

Actual cost of same..... 6,478.01 11,021.99

* Addition forced; footing of items, $70,754.06.

(28) The next entry is dated December 1, 1866, and reads as follows:

For sundry bills paid by R. M. Shoemaker & Co., originating prior to July 1, 1865, from August, 1865, to December, 1866, inclusive, as follows:		
Dr. Root, for surgical attendance to Edward Pierce	$67.50	
R. B. Taylor, bill of printing	159.00	
Sheriff of Wyandotte County, for the following judgments obtained at district court:		
O. Boydon	485.01	
John Lunan	41.26	
J. K. Patterson	129.98	
Patrick McMahon	259.68	
For amount paid H. H. Van Tassell for services as traveling agent	100.00	
Sheriff of Wyandotte County, for services obtained by sundry persons	267.68	
		$1,510.11

(29) The next entry is dated December 1, 1866, and reads as follows:

For cost of right of way east of Fort Riley, as per statement rendered	15,589.80	
Taxes paid, as follows:		
Douglas County	609.57	
Wyandotte County	1,400.00	
		17,599.37

(30) The next entry is dated December 15, 1866, and reads as follows:
For issue December 22, 1866, to C. S. Hinchman, by order of J. D. Perry, president, land-grant bond No. 451, of $1,000, with coupon of March 1, 1867, attached, for valuable services as agent for company in Philadelphia, Pa. 1,000.00

(31) The next entry is dated December 17, 1866, and reads as follows:
Cash paid J. H. Edwards, draft in payment of Sage Sons & Co., bill originating prior to July 1, 1865 200.00

(32) The next entry is dated January 9, 1867, and reads as follows:
For services (of J. P. Devereux) to January 1, 1867, as attorney and agent in Kansas, as per resolution of executive committee 2,500.00

(33) The next entry is dated January 12, 1867, and reads as follows:
For actual cost of surveys up to the Republican Fork, as rendered. 4,574.05

(34) The next entry is dated January 20, 1867, and reads as follows:
W. E. Bowker, collector of taxes in Shawnee County for 1866, per draft of J. P. Devereux 2,944.07

(35) The next entry is dated January 15, 1867, and reads as follows:
For this amount, charged plant account and credited R. M. S. & Co. (Journal, folio 174), for 100 cords wood on Leav'th Branch, at $3.50 per cord, charged as above for the reason that W. W. Wright, general superintendent, states that it was consumed by engines on branch exclusively in the employ of contractors 350.00

(36) The next entry is dated January 30, 1867, and reads as follows:
For judgment Leavenworth district court for Clark, Gruber & Co. 252.90

(37) The next entry is dated March 7, 1867, and reads as follows:
For J. H. Sigbert & Co., damages prior to July 1, 1865 25.84

(38) The next entry is dated March 12, 1867, and reads as follows:
For this amount paid per draft of T. A. Scott, the same for expenses contracted at Washington in June last 2,000.00

(39) The next entry is dated March 12, 1867, and reads as follows:

For amount expended by R. M. S. & Co. in rebuilding road east of Lawrence, as per account rendered	$115,283.19	
For amount of suspended land notes received and erroneously credited C. & E. (J., F.119)	70,976.66	
		186,259.85

(40) The next entry is dated March 29, 1867, and reads as follows:
For the following, to close the several accounts:

Legal expense	$52,580.99	
Incidental	19,781.93	
Office expense	8,862.25	
Salary of officers	14,058.01	
Stock and bond expenses	4,012.51	
Discount and interest	45,634.48	
Transportation	1,956.40	
T. F. Oaks	319.44	
		147,206.01

(41) The next entry is dated April 3, 1867, and reads as follows:
For this amount J. W. Wright, bill for printing..... [illegible]
(42) The next entry is dated April 26, 1867, and reads as follows:
For T. D. Thatcher in full for all demands to July 1, 1865..... 70.00
(43) The next entry is dated May 2, 1867, and reads as follows:
For John D. Perry, additional salary as president from January 1, 1866, to October 15, 1866, as per resolution of the board passed April 13, 1867..... 2,375.00

8,769,685.59

(44) On October 1, 1866, the account was credited as follows:
For amount of Delaware bonds and interest paid by company prior to July 1, 1865, credited as above because it is to be refunded by R. M. S. & Co., being interest on these bonds from October, 1861 to 1864, inclusive, three years, at $17,204.53 per annum.. $51,613.59
(45) On December 1, 1866, the account was credited as follows:
For amount of interest received on (suspended land) these notes to December 31, now credited as above and closing account..... 7,371.29
(46) On December 15, 1866, the account was credited as follows:
For the value of two locomotives ordered to be paid to the company by the meeting of the associates of R. M. S. & Co. December 15, 1866..... 30,000.00
(47) On January 17, 1867, the account was credited as follows:
For value of supplies on the road July 1, 1865, as per order of J. D. Perry, president..... 3,500.00

92,484.88

Net charge to construction and equipment August 17, 1867.... 8,677,200.71
(48) The next entry in said ledger to the debit of this account is dated August 17, 1867, and reads as follows:
For J. C. Irwin, loss and damage, voucher prior to July, 1885.... 94.92
(49) The next entry is dated August 28, 1867, and reads as follows:
For this amount, being balance of account of R. M. Shoemaker & Co..... 79,618.99

8,756,913.70

(50) On August 20, 1867, the account was credited as follows:
For the following vouchers, made out for the purpose of indexing, R. M. S. & Co. having heretofore had credit for same:
C. E. 253 ..... $7,955.59
C. E. 254 ..... 7,634.21
15,589.80
(51) On March 26, 1868, the account was credited as follows:
For this amount, being the unfunded debt of the railway company at the termination of the contract of R. M. S. & Co., as per contract of U. P. Ry. Co. E. D. with S. M. & Co. contractors, date October 1, 1866..... 500,000.00

515,589.80

Net charge to construction and equipment September 1, 1868. 8,241,323.90
(52) The account is carried to Ledger No. 2, the first entry charge being dated December 12, 1868, and reading as follows:
For book account against R. M. S. & Co..... 388.60
(53) The next entry is dated January 23, 1869, and reads as follows:
For balance of account on auditor's books against the contracting firm of R. M. S. & Co..... 156.90
(54) The next entry is dated February 25, 1869, and reads as follows:
For this amount, to close account (*the revenues from road for* 1866 *having been used in construction*)..... 185,333.60
(55) The next entry is dated February 27, 1869, and reads as follows:
For this amount, to close account, being 20 per cent. on $2,240,000 first-mortgage bonds issued to R. M. S. & Co. at 80 per cent.... 448,000.00

(56) The next entry is dated February 27, 1869, and reads as follows:
For amount of discount on United States bonds, sold from November, 1865, to October, 1866 ..... $94,130.98

(57) The next entry is dated March 1, 1869, and reads as follows:
For this amount, to close accounts for 1866, the revenue from the road having been used by the contractors (see contra entry on page 4935) 24,099.38

(58) The next entry is dated October 5, 1869, and reads as follows:
For this amount, to revenue entry, March 12, 1869, charged land-grant bond and credited C. and E., No. 1, J, F. 86, bonds 1 to 11. 11,000.00

(59) The next entry is dated November 25, 1869, and reads as follows:
For motive power 103,415.76

(60) The next entry is dated May 9, 1870, and reads as follows:
For vouchers and pay-rolls for the month of March 5,000.00

(61) The next entry is dated June 14, 1870, and reads as follows:
For vouchers and pay-rolls for month of April 5,000.00

(62) On January 23, 1869, the account was credited as follows:
For this amount, to reverse the above entry, it being erroneously charged; C. and E. should have been credited with $156.90 (see sec. 53) $313.80

(63) On March 12, 1869, the account was credited as follows:
For canceled by order of trustees (December 29, 1868), 11 land-grant bonds with coupons of September 1, 1868, and following, attached—Nos. 1 to 11 inclusive, (see sec. 58) 11,000.00

(64) On December 23, 1870, the account was credited as follows:
For the following land-grant bonds in hands of secretary to be canceled with coupons of March 1, 1870, and following, attached:

Nos. 395 to 411, inclusive	$17,000.00	
380 to 394, inclusive	12,000.00	
413 to 424, inclusive	12,000.00	
425 and 426		
432 to 439, inclusive	10,000.00	
	54,000.00	54,000.00
		65,313.80
Net charge to C. and E. February 1, 1871		9,052,486.48

(65) The account is carried to No. 3, the first debit entry being dated March 16, 1871, reading as follows:
For vouchers and pay-rolls for the month of January, 1871, as per statement 20,000.00

(66) The next entry is dated December 30, 1871, and reads as follows:
For this amount, to reverse entry on J. F. 446, December 23, 1870, being for 54 bonds in hands of treasurer (see sec. 64) 54,000.00

(67) The next entry is dated June 29, 1872, and reads as follows:
For vouchers and pay-rolls for month of June, as per statement... 1,980.00

(68) The next entry is dated December 31, 1872, and reads as follows:
For the balance of the following accounts transferred to close:

C. & E., No. 2	$14,252,225.97	
C. & E., No. 3	6,203,513.45	
		20,455,739.42

(69) The next entry is dated January 31, 1872, and reads as follows:
For this amount, to correct errors in D. E. pay-rolls and vouchers, as shown by statement filed hereto:

D. E. P. R. No. 126, December, 1869	$26.58	
D. E. voucher No. 1510, June, 1870	.04	
Reverse entry made August 15, 1870, D. E. voucher No. 1510, June, 1870	.04	
	26.66	
Less D. E. voucher No. 112, August, 1869	$0.10	
No. 267, October, 1869	.27	
No. 49, January, 1870	.10	
Error in footings November, 1870, vouchers	.10	
	.57	
		26.09

(70) The next entry is dated February 28, 1873, and reads as follows:

For this amount, to close		[illegible]
		29,584,211.20

(71) On January, 31, 1873, the account was credited as follows:

For the following D. E. vouchers remaining unpaid this date, canceled and transferred to construction and equipment to close (see statement filed hereto):

D. E.	299	$33.00
	478	1.50
	733	27.75
	222	10.00
	435	13.20
	575	135.00
	627	2.00
	665	26.00
	674	101.07
	2476	1.15
	2610	30.00
	3330	47.50
	3442	75.24
	3443	6.65
	3614	33.20
	3618	.35
	3909	409.20
	3910	132.00
	3911	106.70
	3912	671.00
	3913	418.00
	3914	334.40
	3915	160.60
	3916	59.40
	3917	1,624.70
	3918	430.10
	3919	562.10
	3922	73.70
	3923	300.30
	3924	319.00
	3925	716.10
	3926	277.20
	4158	22.00
	3958	23.12
	4037	6.00
	4047	650.21
	4130	20.03
	4144	150.00
	4145	120.50
	4156	52.50
	4159	82.00
	4163	30.00
	4166	5.50
	4178	33.44
	4182	7.74
	4193	3.00
	4199	11.60
	4201	5[illegible].00
	4203	[illegible].00
	4218	19.48
	4232	20.00
	4239	14.00
	4243	23.20
	4250	10.00
	6	22.00
	16	10.80
Total unpaid		8,535.23

Less the following:

Error in D. E. No. 3925, made in recording voucher for	$716.10	
Recorded	416.10	
		300.00

Less D. E. No. 441 in March, 1870		$6,379.49	
Less amount of the following vouchers charged against treasurer twice on J. F., 162 and 165, November 15 and 27, '69, and unsatisfactorily explained by statement filed hereto. See Ind. & Co., account No. 390, in May, 1873, W. J. Palmer, general manager, including these two vouchers:			
No. 461	$744.68		
No. 462	500.00		
	1,244.68		
		$7,924.17	
			$611.06
Net charge to C. and E. September 1, 1875			29,583,710.93

(72) The account is carried to ledger No. 4, the first debit entry being dated March 31, 1878, reading as follows:

For this amount transferred to close latter account, viz, C. and E. No. 4 (see page 4945)	4,775,829.73
	34,359,540.66

(73) On January 31, 1880, the account was credited as follows:

Stock issued to directors as above, but no certificates given, now credited back (see sec. 13)	2,050.00
Net charge to C. and E. January 31, 1880	34,357,490.66

CONSTRUCTION.

(74) This account was opened January 1, 1867. The first debit entry is dated January 1, 1867, and reads as follows:

For cost of construction (as per statement of auditor for October and November, 1866)	12,083.56

(75) The next entry is dated January 1, 1867, and reads as follows:

For cost of construction (pay-rolls and vouchers for December, 1866, as per auditor's statement)	11,442.16

(76) The next entry is dated February 26, 1867 and reads as follows:

For amount expended on new work (pay-rolls and vouchers for January, 1867, as per auditor's statement)	5,938.43

(77) The next entry is dated June 18, 1867, and reads as follows:

For this amount (expenses, as per auditor's statement for May, 1867)	18,664.96

(78) The next entry is dated July 20, 1867, and reads as follows:

For this amount (pay-rolls and vouchers for June, as per auditor's statement)	8,374.68

(79) The next entry is dated August 20, 1867, and reads as follows:

For this amount (as per auditor's statement for July, 1867)	29,168.55

(80) The next entry is dated October 14, 1867, and reads as follows:

For this amount (pay-rolls and vouchers for August, 1867)	1,920.52

(81) The next entry is dated October 24, 1867, and reads as follows:

For this amount (pay-rolls and vouchers for September, 1867)	5,510.85

(82) The next entry is dated November 27, 1867, and reads as follows:

For cost of construction (rolls and vouchers for October)	44,993.20

(83) The next entry is dated December 27, 1867, and reads as follows:

For this amount (vouchers and rolls, November, as per auditor's statement)	11,065.31

(84) The next entry is dated January 29, 1868, and reads as follows:

For this amount (pay-rolls and vouchers for December, 1867, as per auditor's statement)	10,591,835.89

(85) The next entry is dated March 21, 1868, and reads as follows:

For this amount (pay-rolls and vouchers for January, 1868, as per auditor's statement)	37,093.05

(86) The next entry is dated March 21, 1868, and reads as follows:

For this amount (pay-rolls and vouchers for February, as per auditor's statement)	25,016.70

(87) The next entry is dated April 25, 1868, and reads as follows:

For this amount (pay-rolls and vouchers for March, as per auditor's statement)	56,425.48

(88) The next entry is dated May 25, 1868, and reads as follows:

For this amount (pay-rolls and vouchers for April, as per auditor's statement)	31,507.23

(89) The next entry is dated June 27, 1868, and reads as follows:
For this amount (pay-rolls and vouchers for May, as per auditor's statement)..... $56,274.17

(90) The next entry is dated July 31, 1868, and reads as follows:
For this amount (pay-rolls and vouchers for June, as per auditor's statement)..... 13,490.09

(91) The next entry is dated August 19, 1868, and reads as follows:
For this amount (pay-roll and vouchers for July, as per auditor's statement)..... 7,077.73

10,967,892.56

(92) On March 28, 1868, the account was credited as follows:
For amount erroneously charged from treasurer's statement:
May, 1867..... $7.50
June, 1867..... 302.50
310.00

Net charge to construction September 1, 1868..... 10,967,582.56

(93) The account is carried to ledger No. 2, the first debit entry being dated September 25, 1868, reading as follows:
For this amount (pay-rolls and vouchers for August, as per auditor's statement)..... 43,812.36

(94) The next entry is dated October 27, 1868, and reads as follows:
For this amount (pay-rolls and vouchers for September, as per auditor's statement)..... 7,802.95

(95) The next entry is dated November 25, 1868, and reads as follows:
For this amount (pay-rolls and vouchers for October, as per auditor's statement)..... 2,184.53

(96) The next entry is dated December 31, 1868, and reads as follows:
For this amount (pay-rolls and voucher's for November, as per auditor's statement)..... 2,786,823.51

(97) The next entry is dated January 22, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for December, 1868, as per auditor's statement)..... 8,516.53

(98) The next entry is dated March 1, 1869, and reads as follows:
For this amount, being transfer to December 31, 1868 (to equipment)..... 821,273.73

(99) The next entry is dated March 13, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for January, 1869, as per auditor's statement)..... 3,460.57

(100) The next entry is dated March 19, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for February, as per auditor's statement)..... 2,075.91

(101) The next entry is dated April 28, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for March as per auditor's statement)..... 33,380.11

(102) The next entry is dated May 26, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for April, as per auditor's statement)..... 11,375.47

(103) The next entry is dated June 24, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for May as per auditor's statement)..... 11,397.66

(104) The next entry is dated July 26, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for June as per auditor's statement)..... 11,755.48

(105) The next entry is dated August 25, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for July as per auditor's statement)..... 10,722.32

(106) The next entry is dated September 27, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for August as per auditor's statement)..... 17,258.07

(107) The next entry is dated October 26, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for September as per auditor's statement)..... 5,274.53

(108) The next entry is dated November 25, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for October as per auditor's statement)..... 20,908.46

(109) The next entry is dated December 28, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for November as per auditor's statement) $35,611.88
(110) The next entry is dated January 24, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for December, 1869)..... 62,950.81
(111) The next entry is dated March 29, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for January, 1870)..... 39,829.91
(112) The next entry is dated March 29, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for February)..... 35,530.42
(113) The next entry is dated May 9, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for March) 22,416.26
(114) The next entry is dated June 14, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for April)..... 49,094.65
(115) The next entry is dated July 9, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for May as per auditor's statement)..... 56,596.04
(116) The next entry is dated July 27, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for June as per auditor's statement)..... 90,004.55
(117) The next entry is dated August 27, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for July as per auditor's statement)..... 50,123.82
(118) The next entry is dated October 10, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for August as per auditor's statement)..... 75,934.36
(119) The next entry is dated October 27, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for September, as per statement)..... 61,905.09
(120) The next entry is dated November 30, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for October as per statement)..... 70,148.24
(121) The next entry is dated January 11, 1871, and reads as follows:
For this amount (pay-rolls and vouchers for November, 1870, as per statement)..... 74,029.13
(122) The next entry is dated January 26, 1871, and reads as follows:
For this amount (pay-rolls and vouchers for December, 1870, as per statement) 57,443.50

15,546,214.41

(123) On February 25, 1869, the account was credited as follows:
For expenses of land department transferred as follows:

1867	$15,979.76	
1868	24,477.95	
		$40,457.71

(124) On March 1, 1869, the account was credited as follows:
For amount expended by the railway, from October 15, to December 31, 1866, as per audited accounts (see contra entry on page 4931)..... 24,099.38
(N. B.—This amount was passed in immediate following entry through income account to debit of construction and equipment No. 1.)
(125) On March 1, 1869, the account was credited as follows:
For cost of road under contract of S. M. & C. from 135th to 405th mile-post, as per audited accounts for 1867. (C. and E. No. 2 debited for this amount). 11,000,000.00
(126) On March 1, 1869, the account was credited as follows:
For amount of the following accounts included in and charged to construction as per audited accounts for 1867:

Surveys	$66,248.46	
Right of way	23,863.80	
Construction expenses	36,848.30	
Equipment expenses	321,323.16	
		448,283.72

(Income account debited for above amount.)

(127) On March 1, 1869, the account was credited as follows:

For amount of the following accounts heretofore represented in construction as per audited accounts for 1868:

Right of way	$6,171.80	
Surveys	134,454.87	
Construction expenses	21,540.75	
Equipment expenses	152,978.94	
		$315,146.36

(Income account debited.)

(128) On March 1, 1869, the account was credited as follows:

For cost of road under contract of S., M. & C. from 135th to 405th mile-post, as per audited accounts for 1868 ..... 2,810,000.00

(C. & E. No. 2 debited.)

(129) On January 31, 1870, the account was credited as follows:

For expenses of land department 35,551.82

(130) On January 31, 1870, the account was credited as follows:

For this amount (closing entry for 1869, inclusive, to sundries) 189,619.45

$14,863,158.44

Net charge to construction, February 1, 1871 ..... 683,055.97

(131) The account is carried to ledger No. 3, the first debit entry being dated March 16, 1871, reading as follows:

For this amount (pay-rolls and vouchers for January, 1871, as per statement) 38,291.13

(132) The next entry is dated March 31, 1871, and reads as follows:

For this amount (pay-rolls and vouchers for February, 1871, as per statement) 25,633.80

(133) The next entry is dated March 31, 1871, and reads as follows:

For this amount (pay-rolls and vouchers for March, 1871, as per statement) 27,804.07

(134) The next entry is dated May 25, 1871, and reads as follows:

For this amount (pay-rolls and vouchers for month of April as per statement 12,703.21

(135) The next entry is dated May 31, 1871, and reads as follows:

For this amount (pay-rolls and vouchers for May, as per statement) 113,617.29

(136) The next entry is dated June 30, 1871, and reads as follows:

For this amount (pay-rolls and vouchers for June, as per statement) 26,381.55

(137) The next entry is dated July 31, 1871, and reads as follows:

For this amount (pay-rolls and vouchers for July, as per statement) 9,926.22

(138) The next entry is dated August 31, 1871, and reads as follows:

For this amount (pay-rolls and vouchers for August, as per statement) 8,624.61

(139) The next entry is dated September 30, 1871, and reads as follows:

For this amount (pay-rolls and vouchers for September, as per statement) 8,105.62

(140) The next entry is dated October 31, 1871, and reads as follows:

For this amount (pay-rolls and vouchers for October, 1871, as per statement) 22,845.18

(141) The next entry is dated November 30, 1871, and reads as follows:

For this amount (pay-rolls and vouchers for November, 1871, as per statement) 23,040.23

(142) The next entry is dated December 30, 1871, and reads as follows:

For this amount (pay-rolls and vouchers for December, 1 71, as per statement) 15,849.73

(143) The next entry is dated January 31, 1872, and reads as follows:
For this amount (pay-rolls and vouchers for January, 1872, as per statement)..... $87,165.38
(144) The next entry is dated February 29, 1872, and reads as follows:
For this amount (pay-rolls and vouchers for February, 1872, as per statement)..... 14,157.25
(145) The next entry is dated March 30, 1872, and reads as follows:
For this amount (pay-rolls and vouchers for March, 1872, as per statement)..... 2,012.96
(146) The next entry is dated April 30, 1872, and reads as follows:
For this amount (pay-rolls and vouchers for April, 1872, as per statement)..... 2,622.67
(147) The next entry is dated May 31, 1872, and reads as follows:
For this amount (pay-rolls and vouchers for May, 1872, as per statement)..... 3,473.26
(148) The next entry is dated June 29, 1872, and reads as follows:
For this amount (pay-rolls and vouchers for June, 1872, as per statement)..... 7,691.94
(149) The next entry is dated July 31, 1872, and reads as follows:
For this amount (pay-rolls and vouchers for July, 1872, as per statement)..... 4,863.43
(150) The next entry is dated August 31, 1872, and reads as follows:
For this amount (pay-rolls and vouchers for August, 1872, as per statement)..... 5,010.39
(151) The next entry is dated September 30, 1872, and reads as follows:
For this amount (pay-rolls and vouchers for September, 1872, as per statement)..... 5,997.93
(152) The next entry is dated October 31, 1872, and reads as follows:
For this amount (pay-rolls and vouchers for October, 1872, as per statement)..... 7,598.27
(153) The next entry is dated November 30, 1872, and reads as follows:
For this amount (pay-rolls and vouchers for November, 1872, as per statement)..... 7,758.99
(154) The next entry is dated December 31, 1872, and reads as follows:
For this amount (pay-rolls and vouchers for December, 1872, as per statement)..... 64,852.36
(155) The next entry is dated January 31, 1873, and reads as follows:
For this amount (pay-rolls and vouchers for January, 1873, as per statement)..... 163.00
(156) The next entry is dated March 31, 1873, and reads as follows:
For this amount (pay-rolls and vouchers for March, as per statement)..... 167.00
(157) The next entry is dated April 30, 1873, and reads as follows:
For this amount (pay-rolls and vouchers for April, as per statement)..... 39.35
(158) The next entry is dated May 31, 1873, and reads as follows:
For this amount (pay-rolls and vouchers for May, as per statement)..... 4,035.65
(159) The next entry is dated June 30, 1873, and reads as follows:
For this amount (pay-rolls and vouchers for June, as per statement)..... 115.00
(160) The next entry is dated July 31, 1873, and reads as follows:
For this amount (pay-rolls and vouchers for July, as per statement)..... 613.48
(161) The next entry is dated August 30, 1873, and reads as follows:
For this amount (pay-rolls and vouchers for August, 1873, as per statement)..... 24,956.24
(162) The next entry is dated September 30, 1873, and reads as follows:
For this amount (pay-rolls and vouchers for September, 1873, as per statement)..... 10.00
(163) The next entry is dated October 31, 1873, and reads as follows:
For this amount (pay-rolls and vouchers for October, as per statement)..... 1.00
(164) The next entry is dated November 30, 1873, and reads as follows:
For this amount (pay-rolls and vouchers for November, as per statement)..... 900.00

(165) The next entry is dated December 31, 1873, and reads as follows:

For this amount (pay-rolls and vouchers for December, as per statement)..... $37,046.13

(166) The next entry is dated January 31, 1874, and reads as follows:

For this amount (pay-rolls and vouchers for January, 1874, as per statement)..... 2.50

(167) The next entry is dated February 28, 1874, and reads as follows:

For this amount (pay-rolls and vouchers for February, 1874, as per statement)..... 150.00

(168) The next entry is dated June 30, 1874, and reads as follows:

For this amount (pay-rolls and vouchers for June, 1874, as per statement)..... 2,144.57

(169) The next entry is dated September 30, 1874, and reads as follows:

For this amount (pay-rolls and vouchers for September, as per statement)..... 1,392.25

(170) The next entry is dated October 31, 1874, and reads as follows:

For this amount (pay-rolls and vouchers for October, 1874)..... 880.50

(171) The next entry is dated November 30, 1874, and reads as follows:

For this amount (pay-rolls and vouchers for November)..... 127.50

(172) The next entry is dated December 31, 1874, and reads as follows:

For this amount (pay-rolls and vouchers for December)..... 1.50

(173) The next entry is dated February 27, 1875, and reads as follows:

For this amount (pay-rolls and vouchers for February)..... 41.25

(174) The next entry is dated March 31, 1875, and reads as follows:

For this amount (pay-rolls and vouchers for March, 1875)..... 4,452.01

(175) The next entry is dated April 30, 1875, and reads as follows:

For this amount (pay-rolls and vouchers for April, 1875)..... 242.39

(176) The next entry is dated May 31, 1875, and reads as follows:

For this amount (pay-rolls and vouchers for May, 1875)..... 691.00

(177) The next entry is dated June 30, 1875, and reads as follows:

For this amount (pay-rolls and vouchers for June)..... 597.16

(178) The next entry is dated July 31, 1875, and reads as follows:

For this amount (pay-rolls and vouchers for July, 1875)..... 397.48

(179) The next entry is dated August 31, 1875, and reads as follows:

For this amount (pay-rolls and vouchers for August)..... 1,203.81

(180) The next entry is dated September 30, 1875, and reads as follows:

For this amount (pay-rolls and vouchers for September)..... 382.11

(181) The next entry is dated October 30, 1875, and reads as follows:

For this amount (pay-rolls and vouchers for October, 1875)..... 331.16

(182) The next entry is dated November 30, 1875, and reads as follows:

For this amount (pay-rolls and vouchers for November, 1875)..... 163.44

(183) The next entry is dated December 31, 1875, and reads as follows:

For this amount (pay-rolls and vouchers for December)..... 202.20

(184) On February 28, 1871, the account was credited as follows:

For expenses of land department (to close accounts for 1870, land department, charged)..... $51,744.24

(185) On February 28, 1871, the account was credited as follows:

For this amount (income charged to close account, 1870)..... 631,311.73

(186) On December 30, 1871, the account was credited, as follows:

For this amount (income charged to close account, 1871)..... 332,823.13

(187) On December 31, 1872, the account was credited as follows:

For this amount (income charged to close account, 1872)..... 133,204.83

(188) On December 31, 1873, the account was credited as follows:
For this amount (income charged to close account, 1873) $68,046.85
(189) On December 31, 1874, the account was credited as follows:
For this amount (income charged to close account, 1874) 4,698.82
(190) On December 31, 1875, the account was credited as follows:
For this amount 8,704.01
1,230,533.61 $1,230,533.61

Construction closed December 31, 1875.

EQUIPMENT.

This account opened January 1, 1867.
(191) The first debit entry is dated January 1, 1867, and reads as follows:
For cost of equipment (as per auditor's statement of October and November, 1866) $61.06
(192) The next entry is dated January 1, 1867, and reads as follows:
For cost of equipment (as per auditor's statement for December, 1866) 512.60
(193) The next entry is dated February 26, 1867, and reads as follows:
For new equipment (as per auditor's statement for January, 1867). 996.40
(194) The next entry is dated August 20, 1867, and reads as follows:
For this amount (as per auditor's statement for July) 53,737.55
(195) The next entry is dated October 14, 1867, and reads as follows:
For this amount (pay-rolls and vouchers for August) 92,470.30
(196) The next entry is dated October 24, 1867, and reads as follows:
For this amount (pay-rolls and vouchers for September)..... 86,771.79
(197) The next entry is dated November 27, 1867, and reads as follows:
For cost of equipment (pay-rolls and vouchers for October)..... 74,611.32
(198) The next entry is dated December 27, 1867, and reads as follows:
For this amount (pay-rolls and vouchers for November, as per statement) 9,280.97
(199) The next entry is dated January 29, 1868, and reads as follows:
For this amount (pay-rolls and vouchers for December, as per statement) 429,232.76
(200) The next entry is dated March 21, 1868, and reads as follows:
For this amount (pay-rolls and vouchers for January, 1868, as per statement)..... 70.00
(201) The next entry is dated March 21, 1868, and reads as follows:
For this amount (pay-rolls and vouchers for February, as per statement) 141.48
(202) The next entry is dated April 25, 1868, and reads as follows:
For this amount (pay-rolls and vouchers for March, as per statement) 2,332.71
(203) The next entry is dated May 25, 1868, and reads as follows:
For this amount (pay-rolls and vouchers for April, as per statement) 876.85
(204) The next entry is dated June 27, 1868, and reads as follows:
For this amount (pay-rolls and vouchers for May, as per statement). 1,527.67
(205) The next entry is dated July 31, 1868, and reads as follows:
For this amount (pay-rolls and vouchers for June, as per statement). 3,426.82
(206) The next entry is dated August 19, 1868, and reads as follows:
For this amount (pay-rolls and vouchers for July, as per auditor's statement)..... 1,077.39
(207) The account is carried to ledger No. 2 and the first entry is dated September 25, 1868, and reads as follows:
For this amount (pay-rolls and vouchers for August, as per statement) 357.25
(208) The next entry is dated October 27, 1868, and reads as follows:
For this amount (pay-rolls and vouchers for September, as per statement) 447.81

(209) The next entry is dated December 31, 1868, and reads as follows:
For this amount (pay-rolls and vouchers for November, as per auditor's statement) $63,341.0
(210) The next entry is dated March 13, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for January 1869, as per statement) 500.0
(211) The next entry is dated June 24, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for May, as per statement). 500.0
(212) The next entry is dated August 25, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for July, as per statement). 26,500.0
(213) The next entry is dated September 27, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for August, as per statement) 7,369.9
(214) The next entry is dated October 26, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for September, as per statement) 1,710.0
(215) The next entry is dated November 25, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for October, as per statement) 26,812.4
(216) The next entry is dated December 28, 1869, and reads as follows:
For this amount (pay-rolls and vouchers for November, as per statement) 37,349.61
(217) The next entry is dated January 24, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for December, 1869, as per statement) 4,816.8
(218) The next entry is dated March 29, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for January, 1869, as per statement) 30,372.4
(219) The next entry is dated March 29, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for February, as per statement) 1,272.31
(220) The next entry is dated May 9, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for March) 846.11
(221) The next entry is dated June 14, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for April) 1,635.21
(222) The next entry is dated July 9, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for May, as per statement) 64,838.88
(223) The next entry is dated July 27, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for June, as per statement) 37,050.49
(224) The next entry is dated August 27, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for July, as per statement) 104,618.91
(225) The next entry is dated October 10, 1870, and reads as follows:
For this amount (pay-rolls and vouchers for August, as per statement) 237,643.75
(226) The next entry is dated October 29, 1870, and reads as follows:
For this amount (pay-rolls and vouchers, as per statement) 79,017.86
(227) The next entry is dated November 30, 1870, and reads as follows:
For this amount 16,362.00
(228) The next entry is dated January 11, 1871, and reads as follows:
For this amount (pay-rolls and vouchers for November, 1870, as per statement) 15,670.22
(229) The next entry is dated January 27, 1871, and reads as follows:
For this amount (pay-rolls and vouchers for December, 1870, as per statement) 15,436.14

1,531,596.93

(230) On March 1, 1869, the account is credited as follows:
For this amount, being transfer to December 31, 1868 (construction debited) $821,273.73
(231) On January 31, 1870, the account is credited as follows:
For this amount (income debited to close account for 1869) 105,558.79

926,832.52

Net charge to equipment February 1, 1871 ..... 604,764.41

(232) The account is carried to ledger No. 3 and credited February 28, 1871, as follows:
For this amount (to close account for year 1870, income being debited) $604,764.41

(233) The account is re-opened March 16, 1871. The first debit entry is dated March 16, 1871, and reads as follows:
For this amount (vouchers and pay-rolls for January, 1871, as per statement) 71,306.43
(234) The next entry is dated March 31, 1871, and reads as follows:
For this amount (vouchers and pay-rolls for February, as per statement) 6,207.14
(235) The next entry is dated March 31, 1871, and reads as follows:
For this amount (vouchers and pay-rolls for March, as per statement) 70,790.30
(236) The next entry is dated May 25, 1871, and reads as follows:
For this amount (vouchers and pay-rolls for April, as per statement) 6,237.79
(237) The next entry is dated May 31, 1871, and reads as follows:
For this amount (vouchers and pay-rolls for May, as per statement). 9,221.63
(238) The next entry is dated June 30, 1871, and reads as follows:
For this amount (vouchers and pay-rolls for June, as per statement) 9,161.54
(239) The next entry is dated July 31, 1871, and reads as follows:
For this amount (vouchers and pay-rolls for July, as per statement) 80.22
(240) The next entry is dated August 31, 1871, and reads as follows:
For this amount (vouchers and pay-rolls for August, as per statement) 61.86
(241) The next entry is dated September 30, 1871, and reads as follows:
For this amount (vouchers and pay-rolls for September, as per statement) 306.32
(242) The next entry is dated October 31, 1871, and reads as follows:
For this amount (vouchers and pay-rolls for October, as per statement book) 278.10
(243) The next entry is dated November 30, 1871, and reads as follows:
For this amount (vouchers and pay-rolls for November, as per statement book) 52.37
173,703.70
(244) On December 30, 1871, the account is closed by charging income and crediting equipment 173,703.70

(245) The account is re-opened July 31, 1872. The debit entry reads as follows:
For this amount (pay-rolls and vouchers for July, 1872, as per statement) 6,000.00
(246) On December 31, 1872, the account is closed by charging income and crediting equipment 6,000.00

Construction and equipment No. 2.

(247) This account was opened March 1, 1869. The first debit entry is dated March 1, 1869, and reads as follows:
For cost of road under contract of S. M. & Co. from 135th to 405th mile-post, as per audited accounts for 1867 ..... 11,000,000.00
(This is a transfer from construction.)
(248) The next entry is dated March 1, 1869, and reads as follows:
For cost of road under contract of S. M. & Co. from 135th to 405th mile-post, as per audited accounts for 1868 ..... 2,810,000.00
(This is a transfer from construction.)
(249) The next entry is dated March 13, 1869, and reads as follows:
For construction expenses (pay-rolls and vouchers for January, 1869, as per statement) 10,875.00
(250) The next entry is dated December 22, 1870, and reads as follows:
For amount of discount on $233,000 United States bonds received from United States Treasury November 2, 1868, and sold by Dabney, Morgan & Co., November 17 and 20, 1868, as per copy of statement received from J. C. Reiff, agent 1,917.85

(251) The next entry is dated January 16, 1871, and reads as follows:
For balance of account transferred (Shoemaker, Miller & Co. credited)..... $74,514.0

(252) The next entry is dated January 16, 1871, and reads as follows:
For amount found to be due Shoemaker, Miller & Co. on final settlement of their contract (Shoemaker, Miller & Co. credited)... 585,000.0

14,482,389.5

(253) On January 12, 1870, the account is credited as follows:
For this amount to close contractors' account, being for $240,000 first-mortgage bonds erroneously included in the settlement with S. M. & Co., as per C. and E., voucher No. 14, for January, 1869, also for $25 fractional income bonds in same settlement:
First-mortgage bonds..... $240,000.00
Income bonds..... 25.00
$240,025.00

(254) On January 31, 1871, the account is credited as follows:
For this amount, being for 2,600 acres land representing $2,600 in land-scrip notes erroneously taken up in entries relating to the final settlement with Shoemaker, Miller & Co., contractors..... 2,600.00
242,625.0

Net charge to C. & E. No. 2, February 1, 1871..... 14,239,764.5

(255) The account is carried to ledger No. 3, the first debit entry being dated March 16, 1871, and reading as follows:
For this amount (vouchers and pay-rolls January, 1871, as per statement)..... 44.0

(256) The next entry is dated May 31, 1871, and reads as follows:
For this amount (vouchers and pay-rolls May, 1871, as per statement)..... 1,157.0

(257) The next entry is dated November 30, 1871, and reads as follows:
For this amount (vouchers and pay-rolls for November, 1871, as per statement)..... 11,349.0

14,252,225.5

(258) On December 31, 1872, the account was closed by transferring to the debit of construction and equipment No. 1..... 14,252,225.5

Construction and equipment No. 3.

(259) This account was opened March 11, 1870.
The first debit entry is dated March 11, 1870, and reads as follows:
For July statement..... $40,226.51
For August statement..... 211,579.05
For September statement..... 324,354.97
For October statement..... 401,574.39
For November statement..... 197,504.43
For December statement..... 119,706.07
1,294,945.42

(For D. E. vouchers and rolls, as per statement July to December, 1869, T. F. Oakes, assistant treasurer, credited.)

(260) The next entry is dated March 11, 1870, and reads as follows:
For this amount (D. E. vouchers and pay-rolls for, Jan., 1870, as per statement)..... 166,078.5

(261) The next entry is dated Mar. 31, 1870, and reads as follows:
For this amount (D. E. vouchers and pay-rolls for February, as per statement)..... 223,977.12

(262) The next entry is dated May 9, 1870, and reads as follows:
For this amount (D. E. vouchers and pay-rolls for March, as per statement)..... 459,999.0

(263) The next entry is dated June 14, 1870, and reads as follows:
For this amount (D. E. vouchers and pay-rolls for April, 1870)..... 136,514.9

(264) The next entry is dated June 30, 1870, and reads as follows:
For this amount (vouchers and pay-rolls for May, 1870)..... 1,016,782.8

(265) The next entry is dated June 30, 1870, and reads as follows:
For this amount, being error in footings of D. E. accounts on treasurer's statement for month of December, 1869. Forage account charged with this amount should have been charged as above .. $1.00

(266) The next entry is dated July 26, 1870, and reads as follows:
For this amount (vouchers and pay-rolls for June, as per statement) 547,255.59

(267) The next entry is dated August 15, 1870, and was made for the purpose of correcting an error in the treasurer's statement..... 28.96

(268) The next entry is dated September 2, 1870, and reads as follows:
For this amount (vouchers and pay-rolls for July, as per statement) 204,702.05

(269) The next entry is dated Oct. 4, 1870, and reads as follows:
For this amount (vouchers and pay-rolls for August, as per statement) 976,049.37

(270) The next entry is dated October 29, 1870, and reads as follows:
For this amount (D. E. vouchers and pay-rolls for September, as per statement)..... 62.915.47

(271) The next entry is dated November 10, 1870, and reads as follows:
For this amount (D. E. vouchers and pay-rolls for October, as per statement)..... 93,971.17

(272) The next entry is dated January 11, 1871, and reads as follows:
For this amount (D. E. vouchers for November, as per statement).. 204,303.38

(273) The next entry is dated January 26, 1871, and reads as follows:
(For Denver extension vouchers for month of December, 1870, as per statement T. F. Oakes, assistant treasurer, credited) 20,734.39

(274) The next entry is dated January 31, 1871, and reads as follows:
For the following transfers to close accounts of Denver extension:

Bond expense (for commissions and incidental expenses of sales of Denver extension bonds).....	$113,229.09	
Bond discount (for discount on sales)	735,343.96	
Advertising D. E. bonds (for cost of advertising D. E. bonds).....	94,401.87	
		942,974.92

(275) On January 31, 1871, the account is credited as follows:
For the following transfers to close accounts of Denver extension:

Denver extension (for amounts collected from sundry sources including earnings, sales of property, stock, etc., during building of road).....	$118,912.82	
Forage collections (for amount of forage, sales not included in above).....	4,793.59	
Guns and ammunition (for amount sales, guns and ammunition not included in above).....	1,335.36	
Bond interest (for amount of accrued interest on bonds collected from subscribers).....	69,515.22	
		194,556.99
Net charge to C. & E., No. 3, February 1, 1871.....		6,205,915.85

(276) The account is carried to ledger No. 3, the first debit entry being dated June 30, 1871, and reading as follows:
For John J. Bush (guns and ammunition returned)..... .103.75

(277) The next entry is dated July 15, 1871, and reads asfollows:
For Cole, Williams & Co. (guns and ammunition returned)..... 1,054.25

(278) The next entry is dated July 15, 1871, and reads as follows:
For John Dean (gun returned)..... 34.00

(279) The next entry is dated August 31, 1871, and reads as follows:
For this amount (D. E. vouchers Nos. 1 to 35, inclusive, for month). 15,380.24

(280) The next entry is dated September 30, 1871, and reads as follows:
For this amount (vouchers and pay-rolls for September, as per statement-book) 919.33

(281) The next entry is dated October 31, 1871, and reads as follows:
For this amount (vouchers and pay-rolls for October, as per statement-book) 401.28

(282) The next entry is dated January 31, 1872, and reads as follows:
For this amount (vouchers and pay-rolls for January, 1872, as per statement-book) 40.00

(283) The next entry is dated March 30, 1872, and reads as follows:
For this amount (vouchers and pay-rolls for March, as per statement)..... 104.00

(284) The next entry is dated April 30, 1872, and reads as follows:
For this amount (vouchers and pay-rolls for April, as per statement) ..... $[illegible]

(285) The next entry is dated June 29, 1872, and reads as follows:
For this amount (vouchers and pay-rolls for June, as per statement) ..... [illegible]

6,224,[illegible]

(286) On March 31, 1871, the account is credited as follows:
For account No. 44 against C. N. Baker, for collection.. $25.00

(287) On March 31, 1871, the account is credited as follows:
For stoppage on D. E. voucher No. 4207, favor Denver extension, D. E. No. 4207..... $1,220.47
Less credited W. W. Boist, paymaster 505.47
715.00

(288) On May 27, 1871, the account is credited as follows:
For amount stopped for guns and ammunition. $182.60
For amount stopped for provisions and forage..... 140.79
323.39

(289) On June 30, 1871, the account is credited as follows:
For received from Northern Missouri R. R., on account. 170.75

(290) On June 30, 1871, the account is credited as follows:
For the following stoppages on E. E. voucher No. 3327:
Arms and ammunition..... $112.50
Corn 18.00
Oats..... 27.60
158.10

(291) On August 31, 1871, the account is credited as follows:
For the following vouchers canceled:
D. E. No. 2414 ..... $355.50
3362 ..... 12.50
368.00

(292) On August 31, 1871, the account is credited as follows:
For stoppage on D. E. No. 33, for forage 4.88

(293) On April 30, 1872, the account is credited as follows:
For D. E. voucher No. 3690, canceled, amount being included in D. E. No. 4205..... 91.01

(294) On December 31, 1872, the account is credited as follows:
For this amount transferred to close out amount of Denver extension, wages unclaimed this date, being unclaimed wages from July, 1869, to September, 1870, unpaid, as shown by unclaimed list December 31, 1872 (see statement filed hereto; see entry on J. F. 603)... 18,768.38
20,694.51

Net charge to C. & E., No. 3, December 31, 1872..... 6,203,513.45

(295) On December 31, 1872, the account is closed by transfer of above amount to C. & E. No. 1 ..... 6,203,513.44

(296) The account is re-opened February 28, 1873. The entry reads as follows:
For this amount (pay-rolls and vouchers, as per February statement)..... 90.00

(297) On February 28, 1873, the account was closed by transfer to debit of C. & E., No. 1, by cross entry..... 90.00

Construction and equipment No. 4.

(298) This account was opened Dec. 30, 1871. The first debit entry is dated Dec. 30, 1871, and reads as follows:
For the following transfers to close accounts for the year 1871:
Discount on stock for this amount..... $3,230,000.00
Discount on Ld. G. Gd. Bds. this amount 573,750.00
Exps. L. G. Gd. bonds this amount..... 5,000.00

To debit C. and E. No. 4 ..... 3,808,849.00

(299) The next entry is dated Dec. 31, 1872, and reads as follows:
For this amount transferred to close for the year 1872 ..... $280.10
(Expense second-mortgage bonds is credited.)

(300) The next entry is dated Sep. 30, 1873, and reads as follows:
For this amount transferred to close stock issued to subscribers to second-mortgage land-grant gold bonds:

13,669 shares, at $50 par	$683,450.00	
Income bonds issued as above *	221,050.00	
Discount on second-mortgage bonds issued:		
Issued	$1,005,000.00	
Subscribed at 96 per cent	964,800.00	
	40,200.00	
		944,700.00

(301) The next entry is dated Feb. 28, 1874, and reads as follows:
For this amount to close second-mortgage subscription account... 47,000.00
For amount of stock issued to M. Baird & Co. on their subscription to second-mortgage land-grant pool: as per entry on J. F. 937, 680 shares, at $50 ..... $34,000.00
Income bonds issued as above 11,000.00
Discount on second mortgage L. G. Gd. bonds issued as above:

Issued	$50,000	
Subscribed	48,000	
	2,000.00	
		4,800,829.73

(302) On Sept. 30, 1873, the account is credited as follows:
For certificate for 2,500 shares of the capital stock of the Hazleton Coal and Mining Company, $100 each, $250,000, in name of J. P. Devereux as trustee for railway company, issued in accordance with contract of May 8, 1867, between the Union Pacific Railway Co., E. D. and C. O. Godfrey, and assets recorded in contract book, folio 137, extract copy filed hereto, 2,500 shares, at estimated value $10 each (J. P. Devereux, trustee, debited) 25,000.00

Net charge to C. & E. No. 4, Sept. 1, 1875 ..... 4,775,829.73
(303) On Mar. 1, 1878, the account is credited as follows:
For this amount transferred to close account (C. & E. No. 1 is debited for the same) 4,775,829.73

Statement showing cost per mile of the several sections of the 639 miles, including discount on bonds and preliminary charges.

	Cost.		
Construction and equipment No. 1, 140 miles..	$9,125,831.51		
140-639 of construction and equipment No. 4 ($4,775,829.73)	1,046,347.70		
140 miles, at	10,172,179.21	per mile	$72,658.42
Construction and equipment No. 2, 265 miles..	14,252,225.97		
265-639 of construction and equipment No. 4 ($4,775,829.73)	1,980,586.65		
265 miles, at	16,232,812.62	per mile	61,255.90
Construction and equipment No. 3, 234 miles..	6,203,603.45		
234-639 of construction and equipment No. 4 ($4,775,829.73)	1,748,895.38		
234 miles, at	7,952,498.83	per mile	33,985.04
MEMO.—Construction and equipment charged 639	4,775,829.73	per mile	7,473.91

As No. 4 consists entirely of discounts and financial expenses, it has been divided among Nos. 1, 2, and 3, according to the mileage of the respective divisions.

* Preceding entry.

RECAPITULATION.

Showing the cost of the 639 miles of line between the Missouri River and Denver. Cost, Missouri River to 140th mile post.		
Dec. 31, 1871	$9,128,466.48	
Jan. 31, 1873	26.09	
		$9,128,492.57
Jan. 31, 1873. Less credit	611.06	
Jan. 31, 1880	2,050.00	
		2,661.06
No. 1		9,125,831.51
Dec. 31, 1872. Cost from 140th to 405th mile-post: No. 2		14,252,225.27
Cost of Denver extension from 405th to 639th mile-post.		
Dec. 31, 1872	$6,203,513.45	
Feb. 28, 1873	90.00	
No. 3		6,203,603.45
		29,581,660.23
Charges to construction and equipment No. 4		4,775,829.73
Total net cost to January 31, 1880		34,357,490.06
The item of $4,775,829.73 is made up as follows: It is charged—		
Discount on stock	$3,230,000.00	
Discount on land-grant gold bonds	573,750.00	
Expenses on land-grant gold bonds	5,099.63	
		3,808,849.63
Expenses on second-mortgage bonds		280.10
13,669 shares stock, at 50, on second-mortgage land-grant gold bonds	683,450.00	
Income bonds on second-mortgage land-grant gold-bonds.	221,050.00	
	904,500.00	
Discount 4 per cent. on 1,005 mortgage land-grant gold bonds	40,200.00	
		944,700.00
680 shares stock, at 50, on subscription second-mortgage bonds	34,000.00	
Income bonds on subscription, second-mortgage bonds..	11,000.00	
	45,000.00	
Discount 4 per cent. on 50 second-mortgage bonds	2,000.00	
		47,000.00
		4,800,829.73
Credited 2,500 shares, $100 each, valued 10 per cent., Hazleton Coal & M., in hands J. P. D		25,000.00
		4,775,829.73

Closed by charging construction and equipment No. 1, ledger 4, journal 47d.

STATEMENT F.

(See pages 2 and 3.)

July 14. Construction and equipment, to J. D. Perry, bond		$8,353.53
For the following payments made by W. J. Palmer, treasurer, for account of J. D. Perry & Co., and charged them (see memoranda of Saint Louis Associates J., folio 87; they are now credited against the $200,000 in bonds furnished to pay certain debts, as per agreement):		
A. B. Bartlett	$500.00	
L. B. Boomer	2,500.00	

July 14.	For the following payments made by W. J. Palmer, treasurer—Continued.		
	T. A. Hurd	$90.36	
	T. D. Thatcher	650.00	
	Geo. W. McDowell	4,097.22	
	J. E. Burrell	250.00	
	J. W. Thompson	149.35	
	T. R. Hurd	75.00	
	G. F. Filley	41.60	
	Construction and equipment, to J. D. Perry, bond		$126,280.53
	For the settlement of the following claims, discount on bonds, etc.:		
	Discount on 100 United States bonds sold by W. J. Palmer, treasurer, (see folio J 42)	$9,750.00	
	Geo. W. McDowell, payment of United States bonds as follows:		
	50 bonds, 201 to 250	50,000.00	
	45 bonds, 256 to 300	45,000.00	
	5 bonds, 1068 to 1072	5,000.00	
	Payments to following parties, as per vouchers furnished and filed hereto:		
	D. Shook	75.00	
	Robert Montgomery	20.00	
	Henry Tiblow	14.69	
	W. C. Relfe	30.00	
	Daniel Killen	50.00	
	A. C. Anderson	20.00	
	J. P. Devereux	3,596.66	
	U. Stephens	500.00	
	A. W. Wooley	2,000.00	
	J. K. Hale	200.00	
	W. H. Markum	1,319.60	
	J. E. Burrell	4,232.67	
	J. M. Chrysler	1,340.37	
	Overton & Kessler	327.79	
	A. B. Marshall	44.37	
	J. W. Yount	170.85	
	A. C. Anderson	589.69	
	Fred Rawolle	500.00	
	Steamer *Clara*	124.00	
	W. F. Downs	171.75	
	A. D. Downs	645.35	
	S. T. Smith	455.80	
	Do	24.00	
	Geo. Rosseaux	27.47	
	James Rosseaux	24.47	
	F. L. Pilla	26.00	
	Construction and equipment, to J. D. Perry, bond		21,069.58
	For continuation of entry on journal, folio 95:		
	D. Maher	39.50	
	W. H. Dural	42.00	
	Higley & Huffaker	36.00	
	Daniel Killen	35.00	
	Do	5.00	
	G. Krupher	104.16	
	J. A. Cruise	2.50	
	I. N. White	55.40	
	Jacob Meagley	95.31	
	P. Melville	67.50	
	R. G. Dunning	106.58	
	William Briggs	25.00	
	State Record	15.50	
	H. Pierpont	1.00	
	W. Converse	14.10	
	Do	3.00	
	Do	4.00	
	Do	8.00	

July 14. For the continuation of entry on journal, folio 95—Cont'd.

William Laury	$183.19
S. Stephens	217.65
F. Rawolle	1,325.15
W. P. Holcomb	158.35
M. Brinkerhoff	822.56
W. B. Bowman	5.40
A. H. Waterman	514.03
Henry Tiblow	31.73
James McGrew	827.93
T. W. Parke	748.70
Barker & Hall	959.02
W. J. Fulton	557.55
Connell & Williams	244.87
L. Splitlog	50.00
William Jennings	38.30
J. Paine	63.00
J. J. Hughes	2.50
Jonas Smith	8.75
N. Pierpont	7.00
Isaac Parish	19.50
G. W. McDowell	13,000.00
I. W. Van Tassell	624.85
Construction and equipment, to J. D. Perry, bond	$15,922.71

For continuation of entry journal, folio 95:

Joseph Schiripple	$315.43
S. A. Cobb & Co	2,863.74
Pratt & Fox	75.00
J. H. Palm	300.00
Converse & Stevens	265.43
S. Horton	100.00
W. T. Hindman	14.00
Charles McLean	46.23
John Lynn	18.00
J. Jackson	10.00
S. P. Fenn	308.00
Jer'h Brishnu	10.00
C. B. Stephens	37.41
U. Stephens	1,105.05
B. S. Henning	14.00
H. Whittenbunk	103.09
J. W. Stow	42.25
S. Waller	3.60
Jesse Cooper	8.00
J. W. Brown	145.00
J. A. Cruise	273.79
B. S. Henning	750.00
H. Holmes	2.25
A. B. Judd & Co	5,068.48
George Knapp & Co	32.90
C. H. Brewster	80.00
G. F. Filley	78.48
J. H. Bishop	31.25

For the following amounts, as shown by journal entry, folio 85:

Ruggles & Felt	$3,500.00
T. F. Garrett	88.90
Nancy Garrett	103.30
M. Splitlog	51.65
A. Hunnington	78.48
(See also J. F. 98 in connection with J. F. 85, $3,549.29.)	
Construction and equipment, to J. D. Perry, bond	3,449.29

For this amount paid by R., M. S. & Co., on account of bills originating prior to July 1, 1865, as shown by journal, folio 77	$3,549.29
Less amount collected from W. J. Fulton (see same page)	100.00

SIXTH REPORT (PART I) OF WILLIAM CALHOUN, ACCOUNTANT, TO THE UNITED STATES PACIFIC RAILWAY COMMISSION.

UNITED STATES PACIFIC RAILWAY COMMISSION,
Boston, September 29, 1887.

Hon. R. E. PATTISON,
Chairman, U. S. Pacific Railway Commission,
10 *Wall Street, New York:*

DEAR SIR: I beg to annex Part I of Exhibit No. 5, being the first installment of my report on the facts, as shown by the books of the several companies, as to the consolidation of the Union Pacific Railroad Company, the Kansas Pacific Railway Company, and the Denver Pacific Railroad and Telegraph Company. My design in this branch of the investigation, is to first cover the financial history of the three companies in a general sort of way, with a view of giving their status, prior to consolidation, so as to show upon what particular merits they became the constituent parts of one corporation. The present pages, embrace in outline only, some general facts touching the construction and general management of the Union Pacific Company. These pages, of course, are but the initial findings, growing out of a mass of material yet to be put in the form of an exhibit; but, as I advised you some days ago, I think it will serve the purpose all round if I send off what I may get ready, so that the Commission can use the facts, whatever they are, if thus inclined. When I have shown the relative standing of the three corporations—their solvency or otherwise, and their earning power—I propose to deal with the antecedent transactions, which by the mergement became vital subjects for the attention of the new corporation. And as to these matters, I think I can show, for instance, that the Kansas Pacific Company, was an utterly bankrupt concern at and for some time prior to the date of consolidation. I am satisfied I can also show, that shortly before the date of such consolidation, a prominent man in the management of this insolvent company, had a settlement with it in full, and that before or after this settlement, he had in view the settlement also of other transactions, which were undertaken, only because the value to himself rested on the assurance of an unresisted consolidation of the several companies. These transactions included the purchase of sundry stocks and bonds, ostensibly in the interest of the Kansas Pacific Company, and the books of that company unwittingly betray, in the wording of the entries, not only the general design, but the indecent haste, which characterized the whole performance.

I have devoted considerable space to an exposition of the construction account of the Union Pacific Company, and particularly to that part of it, which concerns the Hoxie, Oakes Ames, and Davis Contracts. The details as to the making and executing of these contracts are now merely ancient history, but the state of the case from an accountant's point of view, so far as I can discover, has not been dwelt upon hitherto.

As respects the Hoxie Contract, I think it quite clear that over $4,900,000 was, in effect, charged to this account, as subscriptions to Capital Stock, without any actual money basis, notwithstanding the fact that the formality of making deposits and drawing checks was duly observed. The sum of $3,800,000 of the above-mentioned amount was carried to the credit, first of "Scrip Account," which purports to represent payments made by the Credit Mobilier of America on account of stock subscriptions, and then to the credit of the Capital Account. The certificates, however, for these subscriptions were distributed to vari-

ous stockholders, whose names and shares they took, will more fully appear in Exhibit No. 4, now being made up. As to the Oakes Ames Contract, it will be noted that the formalities heretofore mentioned in the way of making deposits and drawing checks were not strictly observed in all cases, and the same may be said of the receipts and payments connected with the Davis Contract.

I have gone carefully into the figures connected with the earnings and expenditures, and have compared the books with the statements made in the annual reports. Discrepancies were found to exist between the two which were not cleared up until 1878, when a sort of wholesale entry was made, charging $836,148.42 to construction account.

The net earnings for ten years amounted to	$58,357,133.73
The interest charges (subsidy interest included) during the same period were	49,438,109.56
Leaving a surplus of earnings over interest charges of	8,919,024.17
The dividends paid during the same period were	11,942,125.00
Dividends over earnings	3,023,100.77

I have not yet gone into the question of ascertaining the reason for this apparent discrepancy, and I therefore do not commit myself to these figures just now.

I beg also to call the attention of the Commission to the facts concerning the "Suspense Account." This account indicates a state of affairs which, to state it mildly, was simply disgraceful. No especial care seems to have been taken of the securities and other valuable assets of the corporation; the book-keeping seems to have gone entirely astray, and the office carried in the hats of the officials. No inroad of a sheriff can possibly excuse the sudden and unaccountable abstraction of over $350,000 of first-class securities, nor can the presence of this functionary be set up as a plea for certain other peculiar transactions which are covered by the entries to this "Suspense Account."

I annex herewith copies of two letters, which speak for themselves. I understood that the books in question were in the custody of the Union Pacific people, else I would not have taken the trouble to write them.

As I advised you some time ago, I expected to be furnished with the construction vouchers of the Kansas Pacific Company. Up to this time, although I have repeatedly spoken to Mr. Millar and others, concerning them, nothing has been done, except to send me a small parcel containing scraps of paper, which have a more or less remote connection with the Construction Account of that Company, but which in no sense could be called vouchers. I hope to furnish you with part 2 of my report in a few days. Meantime, I am,

Yours, truly,

WM. CALHOUN,
Accountant.

[Copies of letters.]

BOSTON, *September* 22, 188.

DEAR SIR: I understand that there were books kept by the Trustees of the Stockholders of the Union Pacific Railroad Company which contain the items of cost of the Davis and Ames Contracts. If these books are in the possession of the Union Pacific Railway Company, will you kindly afford me the opportunity of looking at them for an hour or two? An early reply to this request will very much oblige,

Yours, truly,

WM. CALHOUN,
Accountant.

OLIVER W. MINK, Esq.,
Comptroller Union Pacific Railway Company, Boston, Mass.

BOSTON, *September* 27, 1887.

DEAR SIR: I have been unable to reply to your letter of the 22d instant until to-day. The books of the trustees under the Ames and Davis Contracts are not under my control. Your application for an opportunity to inspect them should have been addressed to the Board of Trustees, of which Mr. Frederick L. Ames is Chairman and, I think, Mr. H. C. Crane is Secretary. Mr. Crane's address is No. 26 Broadway, New York.

Yours, truly,

OLIVER W. MINK,
Comptroller.

WILLIAM CALHOUN, Esq.,
Accountant United States Pacific Railway Commission, Boston.

EXHIBIT NO. 5 (PART I).

Union Pacific Railway Company.

[The facts as shown by the books of the several companies, as to the consolidation of the Union Pacific Railroad Company, the Kansas Pacific Railway Company, and the Denver Pacific Railway and Telegraph Company.]

The Union Pacific Railroad Company was chartered by act of Congress on the 1st of July, 1862. The Leavenworth, Pawnee and Western Railroad Company, subsequently the Union Pacific Railway Company (Eastern Division), became the Kansas Pacific Railway Company by act of Congress, dated Mar. 3, 1869. The Denver Pacific Railroad and Telegraph Company was incorporated in 1867 by act of the Colorado legislature. These three companies united in articles of consolidation, dated the 24th of Jan., 1880. At or before the date of consolidation, the mileage of the several companies was as follows:

	Miles.
Union Pacific (Council Bluffs to Ogden)	1,042
Kansas Pacific (Kansas City to Denver)	639
Wyandotte Branch	34
Enterprise Branch	2
Denver Pacific (Denver to Cheyenne)	106
Total	1,825

or thereabouts.

In addition to the mileage above stated, the new corporation became the owner of or was interested in, the following-named lines:

	Miles.
Union Pacific:	
Omaha and Republican Valley	90
Colorado Central	176¼
Summit County	7¼
Utah Southern	235
Utah and Northern	274
Kansas Pacific:	
Carbondale Branch	32
Junction City and Fort Kearney	70
Solomon Railroad	57
Salina and Southwestern	36
Saint Joseph and Western and the bridge	252
Central Branch Union Pacific and leased lines	334
Denver and Boulder Valley	27
Golden, Boulder and Caribou	6
Total	1,597

Making an aggregate of 3,422 miles.

The basis of the consolidation was the respective existing shares of the several companies at their par value; that is to say—

The capital stock of the Union Pacific	$36,762,300
The capital stock of the Kansas Pacific	10,000,000
The capital stock of the Denver Pacific	4,000,000
Making the share capital of the new company	50,762,300

The net funded debt of the united companies, including the subsidy bonds, was as follows:

Union Pacific	$78,507,350.65
Kansas Pacific	30,567,222.28
Denver Pacific	581,000.00
Total stock and bonds	160,417,933.65

At the outset a brief review of the financial history of these companies thus united, as it is shown by the books, may not be out of place here. The Union Pacific Company finished its line of railway on November 6, 1869, according to a statement furnished by the Warrant Division of the Treasury Department (see Report No. 448, Forty-fourth Congress, page 9).

Owing to the disgraceful system of book-keeping then existing, it has been a difficult matter to ascertain from the recorded accounts what the actual financial condition of this company was on the 31st of December, 1869, just after the final completion of the road. The following brief analysis, however, is very near the mark:

Construction and construction items	$88,546,103.29
Expenditures chargable to construction	8,727,445.77
Assets shown on the books	6,577,427.19
	103,850,976.25

CR.

Capital stock	$28,762,300.00
Funded debt	66,506,500.00
United States interest	948,222.54
Liabilities	7,161,404.73
Income account	472,548.98
	103,850,976.25

The Construction account and Construction items, stated in the above analysis, are as follows:

Construction	$72,052,615.34
Ames contract	3,065,218.71
Engineering	140,857.75
Legal expenses	58,345.45
Rent account	2,582.50
Missouri River Bridge	32,466.99
Tools and machinery	2,000.00
Equipment	150.00
Engineering (Ainsworth)	503.34
Engineering (Silas Seymour)	8,366.05
Land account	6,257.04
Davis contract	12,693,349.97
L. B. Boomer & Co	306,113.43
Iron account	157,278.11
Total	88,546,103.29

To this Construction account should be added the following items, which were incidental thereto:

United States revenue stamps	$7,178.86	
Salaries	8,506.15	
Government directors	4,691.98	
Government commissioners	7,324.98	
Expense account	92,671.50	
Income account	74,727.02	
Interest on bonds	1,648,676.44	
Losses on securities	5,872,662.36	
Discount and interest	758,664.98	
Salaries	2,025.00	
Land-grant coupons	250,316.50	
		8,727,445.77
Making total to construction		97,273,549.06

The item of $72,052,615.34 is made up as follows:			
Engineering			$299,859.39
Right of way			50,736.23
Expense			133,814.42
General land expense			11,717.08
Government commissioners' expenses			7,217.20
Suspense account			218,379.76
Discount and interest			541,474.01
			1,263,198.09
The Hoxie contract:			
For building 246.72 miles of road, as per Contract, at $50,000 per mile		$12,336,000.00	
For interest on Chief Engineer's monthly estimates to Dec. 1		700,807.10	
For work on Line abandoned by order of the company		70,556.50	
For extra cost of transportation (Iron) over amount agreed by contract		102,052.16	
For Burnetizing, as per Contract:			
Ties	$18,876.16		
Bridge timber	3,853.20		
		22,729.36	
For extra cost of Loup Fork over contract price:			
Total cost	$167,526.35		
Contract price	85,000.00		
		82,527.35	
For interest to Dec. 1 on cash loaned company at sundry times		66,669.86	
			13,381,342.33
For 75 First-Mortgage bonds, Nos. 5381 to 5437, inclusive, delivered to Iowa R. R. Contract Company in full settlement of Contract made with that Company June 21, 1866			75,000.00
Oakes Ames Contract:			
For building road, as per terms of contract:			
100 miles, at $42,000		$4,200,000.00	
167 miles, at $45,000		7,515,000.00	
22 miles, at $96,000		2,112,000.00	
Material purchased and on hand		270,500.00	
Grading done in advance, 40 miles		600,000.00	
Equipment and buildings		979,494.00	
		15,676,994.00	
Deduct equipment, 289 miles, at $7,500		2,167,500.00	
			13,509,494.00
Cash expenditures:			
Engineering		195,215.87	
Right of way		200.00	
General law expenses		11,770.00	
Losses on securities		1,359,400.00	
Discount and interest		501,865.05	
United States revenue stamps		17,730.80	
Rent account		9,450.00	
Expense		37,264.40	
Government directors		27,646.16	
Government commissioners		10,385.50	
Salaries		21,951.70	
Stationery		2,776.81	
Paris Exhibition		2,736.25	
			2,198,482.54
Hoxie Contract:			
For amount paid Hoxie Contractors, as per terms of contract, on account of preliminary expenses		205,374.45	
Interest on same to Dec., 1866		38,475.72	
Interest paid on loan of $100,000 in 1866		25,000.00	
			268,850.17

Ames:		
For amount of Engineer's estimate, say	$55,391,363.00	
Less amount of estimate, credited December 31, 1868	13,509,494.00	
		$41,881,868.00
For amount expended during the year ending Dec. 31, 1868		143,286.00
Cash expenditures:		
For amount expended during year ending Dec. 31, 1869, as follows:		
General law expenses	$60,633.89	
Stationery	412.12	
Engineering	203,772.42	
Losses on securities	370,163.36	
Discount and interest	404,293.51	
United States revenue stamps	21,209.50	
Rent account	10,250.00	
General expenses	49,332.20	
Government directors	17,746.59	
Government commissioners	90,403.52	
Salary account	33,590.15	
		1,261,817.26
Total construction expenditures		73,983,319.86
Deduct from the above the following for profits for material sold:		
On iron	$6,858.98	
Equipment	14,919.45	
	$21,778.43	
For interest on payments to Dec. 1, 1866	406,926.09	
		428,704.52
Deduct error corrected February 28, 1870, being the Certificates for 1,502 Central Pacific Railroad Company bonds, heretofore credited to construction account		1,502,000.00
Total		72,052,615.34
Taking the total charge to Construction Account on 31st December, 1869, as shown by the books, say, $97,273,549.06, it will be seen that under the Hoxie contract 246.72 miles were built for		13,650,192.50
The 667 miles built under the Ames contract cost (this includes $1,334,527.83 for alleged errors found subsequently, in charging the Contractors instead of the company with items making up the above-mentioned amount)		59,811,109.54
Iowa Railroad Contract Company		75,000.00
The Davis Contract for building all that portion of the line not embraced in the Ames contract		12,693,349.27
(Subsequent payments were $10,436,321.74.)		
The Boomer contract for building 150 miles		306,113.63
Discount on securities		7,602,225.72
Discount and interest		1,664,823.54
Interest on bonds		1,898,992.94
Engineering and other miscellaneous expenses	$2,804,508.18	
Deduct miscellaneous credits	428,704.52	
		2,375,803.66
Missouri River Bridge		32,466.29
Total, including a subsequent correction of charges to the Ames contract		100,110,076.89

Of the above sum, namely, $100,110,076.89, there was charged for actual road building $86,535,764.74, or an average of $79,683 per mile.

The Hoxie contract was entered into on the 8th day of August, 1864, for the building of 100 miles of line at $50,000 per mile. On the 4th of October following this contract was extended for an additional 100 miles, the Contractors agreeing to make a stock subscription of $500,000. On the 7th October Hoxie transferred his contract to T. C. Durant, or such parties as Durant might designate, the said parties to subscribe towards the carrying out of the contract the sum of $1,600,000. On the 15th of March, 1865, the contract was assumed by the Credit Mobilier, a corporation composed mainly of officers and stockholders of the Union Pacific Company. Up to the 30th September, 1868, Hoxie received credit on the books of the Union Pacific Company for a total sum of $14,813,599.07, of which amount the beneficiaries of the contract received $12,550,278.94, leaving a balance to the credit of the account of $2,263,620.13. This balance was afterwards reduced by the issue of a demand note for $2,000,000, dated August 4, 1869, to the order of the Credit Mobilier of America, leaving the sum of

[illegible],630.13 to the credit of the account. As a part of the Hoxie Contract Account should be included various sums, reaching a total of $4,963,010, representing subscriptions to the Capital Stock of the Union Pacific Company. Of this amount $3,800,000 represents receipts on account of scrip issued by the company to the Credit Mobilier of America, convertible into installments of Share Capital. These receipts appear to have been deposited with Messrs. John J. Cisco & Son, between the 29th of March, 1866, and the 8th of January, 1867. Against these receipts thus deposited, the cash account is credited on corresponding dates with sundry payments on account of the Hoxie Contract, a memorandum of which payments is subjoined:

1866.		
Mar. 8.	To cash	$109,250
	24. ....do	130,000
June 22.	....do	160,000
July 18.	....do	90,000
Mar. 29.	....do	500,000
	31. ....do	400,000
Aug. 15.	....do	350,000
	21. ....do	360,000
	23. ....do	280,000
Dec. 31.	....do	2,685,760
Sept. 21.	....do	40,000
		5,105,010

The dates and amounts of these receipts and stock subscriptions are as under:

1866.		
Mar. 8.	By cash on 1,775 Shares on account	$102,250
	24. By cash on 1,250 Shares on account	127,500
June 22.	By cash on 5,000 Shares on account	150,000
July 18.	By cash on 8,100 Shares on account	87,500
Mar. 29.	By scrip account, convertible in Shares Union Pacific Company	475,000
	31. ....do	400,000
Aug. 15.	....do	300,000
	21. ....do	300,000
	23. ....do	275,000
Dec. 31.	....do	2,050,000
Sept. 24.	By cash on 2,000 Shares on account	60,000
Dec. 31.	By cash on 19,192 Shares on account	575,760
	31. By cash on 12,000 Shares on account	60,000
		4,963,010

The items which were credited to Scrip Account, and which are included in the above-mentioned sum of $4,963,010, may be re-stated as follows:

1866.		
Mar. 29.	By Scrip Account, convertible in Shares Union Pacific Company	$475,000
	31. ....do	400,000
Aug. 15.	....do	300,000
	21. ....do	300,000
	23. ....do	275,000
Dec. 31.	....do	2,050,000
	Total	3,800,000

The above-mentioned $3,800,000, which was passed to the credit of Scrip Account, was afterwards transferred to the credit of Capital Stock, as under:

1866.		
Aug. 18.	Payment 70 per cent., 128,790 Shares	$901,530
Sept. 22.	Payment 25 per cent., 12,000 Shares	300,000
	26. Payment 70 per cent., 5,543 Shares	388,010
Dec. 31.	Payment 70 per cent., 24,494 Shares	1,714,580
	31. Payment 70 per cent., 313 Shares	21,910
	31. Payment 70 per cent., 6,000 Shares	420,000
1867.		
Feb. 27.	Payment 70 per cent., 50 Shares	3,500
Mar. 25.	Payment 70 per cent., 250 Shares	17,500
Apr. 29.	Payment 30 per cent., 750 Shares	*23,500
*Subscription 20 per cent. to make 30 per cent. stock of 1,400 shares		$28,000
Less overpayments of 5 per cent. on 400 shares	$2,000	
Less overpayments of 10 per cent. on 250 shares	2,500	
		4,500

Oct. 10.	Payment 15 per cent., 100 Shares	[illegible]
28.	Payment 20 per cent., 10 Shares	1,000
31.	Payment 20 per cent., 20 Shares	2,000
Nov. 1.	For balance transferred to debit of Scrip Account	4,000
		1,920
	Total	3,600,000

It will be observed that among the payments to the Hoxie Contract Account is an item of $2,685,760. The journal entries relating to this sum, under date of December 31, 1866, will indicate more clearly than anything else the book-keeping methods which were in vogue with reference to the Capital-Stock subscriptions, so far as they had anything to do with the Hoxie or other Contracts.

Cash Dr. to Capital Stock	575,760
For subscription this day to Capital Stock by the Crédit Mobilier of America for 19,192 shares of $100 each, 30 per cent. paid	575,760
Cash Dr. to Scrip Account	2,050,000
For amount of Scrip of this company, taken by the Crédit Mobilier of America, received in payment of installments in Stock Subscriptions	1,924,240
	125,760
Cash Dr. to Capital Stock	60,000
For 5 per cent. installment received from Crédit Mobilier of America, on subscription for 12,000 shares made by T. C. Durant, on which 25 per cent. was paid, this installment making same 30 per cent. stock	60,000
H. M. Hoxie Contract, Dr. to cash	2,500,000
For amount paid them this day on account of work done under said contract, pursuant to resolution of the board, adopted November 23, 1866	2,500,000
H. M. Hoxie Contract Dr. to cash	185,760
For amount paid H. C. Crane, Assistant Treasurer, on account of work done under said Contract	185,760

It will be seen here that the aggregate cash debits equal the cash credits, which were charged to the Hoxie Contract. But this is not all that can be said on this particular phase of the subject. In the check book on Cisco's bank the following items appear on the stub as deposits, under date of December 31, 1866:

Dec. 31, '66. Cap. stock, C. M. of A., 19,192 shs, 30 pr. ct	$575,760
Scrip Acct., C. M. of A	1,924,240
Do	125,760
5 pr. ct. installmt., 12,000 shares	60,000

On the other side of the stub the following checks are set down as being drawn under date of the 31st Dec., 1866:

Hoxie Contract, pursuant to resolution adopted Nov. 23, 1866 (this sum of $2,500,000 is paid on account of said contract, to the order of said H. C. Crane, assist. treas.)	$2,500,000
Dec. 31, 1866.	
Hoxie contract, H. C. Crane, assist. treasurer	185,760
Dec. 31.	

On turning to the bank pass-book on Cisco's bank there appears a deposit on January 4, 1867, of $2,500,000, and on January 8 another deposit of $188,000, making a total of $2,688,000.

Apparently included in the deposit of $188,000 is the sum of $240, being the balance of subscription of $19,200 shares, say 8 shares at 30 per cent. Deducting this sum from the $188,000, we have $185,760. Against these two sums, namely, $2,500,000 and $185,760, two checks were drawn for exactly the same sums on the 4th and 8th of January, respectively, and charged up on the Pass-book against the Company.

The payments to the Hoxie Contract, as hereinabove noted, were.....	$5,105,010.00
The receipts on account of Capital Stock at simultaneous dates were..	4,963,010.00
Leaving as a net payment arising from these transactions.....	142,000.00
Taking the payments as stated on the Ledger of the Union Pacific Company to be.....	12,550,278.94
Deducting therefrom the contributions to capital stock which appear to be included in simultaneous payments on the contract account, say.	4,963,010.00
The actual money paid on the Hoxie Contract was.....	7,587,268.94

or $30,782.55 per mile; 246.72 miles.

The Oakes Ames Contract was dated the 16th of August, 1867, and was made for the purpose of building 667 miles of line. On the 15th of October, 1867, this contract was assigned to seven trustees, namely, Thomas C. Durant, Oliver Ames, John B. Alley, Sidney Dillon, C. S. Bushnell, H. S. McComb, and Benjamin E. Bates, with the Crédit Mobilier as party of the third part. The same system of accounting adopted in the matter of the Hoxie Contract was pursued in this case.

Up to the 28th of February, 1869, the charges to this contract were $59,381,152.26. The credits to the account from December 20, 1867, to December 31, 1868, were $56,296,636.82.

The following items, being credits to Capital Stock, which appear to be immediately connected with the payments on account of the contract, are as follows:

By cash to Capital Stock:

1868.		
Jan. 4.	22,960 Shares.....	$2,296,000
4.	15,881 Shares, at 70.....	1,111,670
4.	5 Shares, at 90.....	4,500
June 17.	15,000, par.....	1,500,000
July 3.	25,000, par.....	2,500,000
9.	3,000, par.....	300,000
Dec. 30.	75,000, par.....	7,500,000

Also immediately connected with the payments on the contract are the following receipts:

1868.			
Jan. 4.	First-mortgage bonds.....	$3,777,000	
	Less discount, 10 per cent.....	377,000	
			3,400,000
July 3.	Certificates for first-mortgage bonds, No. 2.....		2,500,000
	Total.....		21,112,170
	Deduct from the above sum a payment to the Crédit Mobilier of America on January 4, 1868, of.....		12,170
	which leaves a sum of.....		21,100,000

This identical total of $21,100,000, appears in the following payments made on account of this contract:

1868.		
Jan. 4.	Paid H. C. Crane, assistant treasurer, on account.....	6,800,000
June 17.	Do.....	1,500,000
July 3.	Do.....	5,000,000
9.	Do.....	300,000
Dec. 30.	Do.....	7,500,000
		21,100,000

Offsetting the payment of $6,800,000, the Cash-book, under the same date of January 4, 1868, shows the following:

Capital stock:		
Contractors, 22,960 shares.....		2,296,000
Crédit Mobilier of America, 15,881 shares, at 70.....		1,111,670
E. F. Jordan, 5 shares, at 90.....		4,500
First-mortgage bonds:		
Contractors.....	$3,777,000	
Less 10 per cent.....	377,000	
		3,400,000
Total.....		6,812,170
Deduct contra amount charged Crédit Mobilier of America.....		12,170
		6,800,000

It does not appear that the items thus charged to the cash account were ever deposited, at least no trace can be found of any entries in any check-book at hand touching these amounts. It seems, however, that in the Cisco check-book, current in January, 1868, four memorandum checks were drawn for the following amounts, under date of the 3rd of January, 1868, the first one being headed "Contractors:"

H. C. Crane, assistant treasurer, on account contract	$3,200,300
Do	2,200,000
Do	1,100,000
Do	700
Making a total of	6,800,000

These checks are not deducted in the usual way on the check-book, but are simply left as memoranda. The checks themselves can not be found.

The payment of $1,500,000 on June 17, 1868, was offset by a deposit on the same day for the same amount in the Fourth National Bank of New York. The payment of $5,000,000 July 3, 1868, is balanced on the debit side of the cash-book as follows:

Certificate for first-mortgage bonds, No. 2, five items of $500,000 each	$2,500,000
Capital stock, contractors, 25,000 shares	2,500,000
Total	5,000,000

No deposit can be found of any such sum, but in the stub of the Fourth National Bank (New York) check-book, no date, appears the entry, "Contractors, $5,000,000." The entry is therefore a mere memorandum.

The payment of $300,000 on July 9 is counterbalanced by a deposit in the Fourth National Bank on the same day. The payment of $7,500,000 under date of December 30, 1868, has nothing in the way of a check to show for it, nor does there appear to be a deposit for any such sum.

In effect, out of the sum of $59,381,152.26 the debits to the Contract on Account of Capital Stock amount to $15,212,170, and on account of First-Mortgage Bonds $6,277,000, less the discount, leaving as Cash payments or equivalent to the same the sum of $38,281,152.26.

On December 31, 1879, the amount at the debit of the Ames Contract Account was $1,748,739.94, there having been intermediate credits between the 28th of February, 1869, and the latter date of $1,335,775.50.

These credits are as follows:

1870.		
April 30.	By Discount and Interest	$1,950.94
June 30.	By Correction of entry, Dec. 31, 1867	407,145.84
	By Correction of entry, Dec. 31, 1868	927,381.90
1872.		
June 29.	By balance to ledger C	1,748,739.94
		3,085,218.71

Ledger A states the balance to be $3,084,515.44, and in ledger B it is put down as $3,085,218.71, making a discrepancy of $703.27. This discrepancy between the ledgers arises from the fact that an arbitrary lead-pencil entry is carried to the credit of the account of $703.27 and the new balance stated to be $3,085,218.71. No particulars of this entry can be found.

The Davis contract was dated Weber, November 1, 1868, and was entered into for the purpose of building the line west of the work done under the Oakes Ames contract. It was assigned on the 6th of November, 1868, to seven trustees for the stockholders of the Union Pacific Company, namely, Oliver Ames, Thomas C. Durant, John Duff, Sidney Dillon, H. S. McComb, B. E. Bates, H. S. Bushnell. The payments on this contract from February 27, 1869, to June 29, 1871, were $26,378,449.57. The credits from June 30, 1869, to June 29, 1872, were $3,068,926.33, leaving at the latter date a debit balance of $23,309,523.24. During the period between February 27, 1869, and July 29, 1870, the following payments were credited to capital stock:

1869.		
Feb. 27.	By cash, 40,000 shares	$1,000,000
Oct. 21.	By cash, 10,000 shares	1,000,000
Dec. 18.	By cash, 20,000 shares	2,000,000
31.	By cash, 10,000 shares	1,000,000
1870.		
Jan. 11.	By cash, 10,000 shares	1,000,000
25.	By cash, 10,000 shares	1,000,000

1870.		
Feb. 11.	By cash, 20,000 shares	$2,000,000
28.	By cash, 10,000 shares	1,000,000
July 29.	By cash, 30,000 shares	3,000,000
		16,000,000

According to the Check-book and Pass-book of the Fourth National Bank, the first-mentioned item of $4,000,000 was deposited in that bank on the 1st of March, 1869. Just prior to that date the balance in the bank was $213,195.20, but under date of February 27 there is an entry in the stub of the check-book charging H. C. Crane, assistant treasurer, with $4,000,000. On turning to the check itself, it appears to be dated February 27, 1869, so that there was a deficiency of $3,786,804.80, if the check was actually drawn on the day stated, or if the deposit was made on March 1. The Fourth National Bank account appears to have ended on March 19, 1869. Owing to the legal troubles of the Company in New York, its office was transferred some time in the spring of 1869 to Boston, and an account was opened with the National Bank of Commerce in that city. On looking for the deposits for the subsequent subscriptions to capital stock noted above, and commencing October 21, 1869, no trace of such deposits can be found.

Per contra, the payments which were made on simultaneous dates were as follows:

1869.		
Feb. 27.	To cash paid H. C. Crane, assistant treasurer	$4,000,000
Oct. 21.	To cash paid John A. Rice, assistant treasurer	1,000,000
Dec. 18.	Do	1,000,000
18.	To cash paid Davis contract	1,000,000
31.	To cash paid John A. Rice, assistant treasurer	1,000,000
1870.		
Jan. 11.	Do	1,000,000
25.	Do	1,000,000
Feb. 11.	Do	2,000,000
28.	Do	1,000,000
July 29.	Do	3,000,000
		16,000,000

The above-noted payments were charged in the bank as follows:

To the Davis contract, cash-book 48, Feb. 28, 1869	4,000,000
To John A. Rice, assistant treasurer (Journal B, 157, Oct. 21, 1869)	1,000,000
To John A. Rice, assistant treasurer (Journal B, 205, Dec. 18, 1869)	1,000,000
To Davis contract (Journal B, 205, Dec. 18, 1869)	1,000,000
To John A. Rice, assistant treasurer (Journal B, 215, Dec. 31, 1869)	1,000,000
To Davis contract (Journal B, 226, Jan. 11, 1870)	1,000,000
To Davis contract (Journal B, 239, Jan. 25, 1870)	1,000,000
To John A. Rice, assistant treasurer (Journal B, 264, Feb. 11, 1870)	2,000,000
To Davis contract (Journal B, 277, Feb. 28, 1870)	1,000,000
To Davis contract (Journal B, 277, July 29, 1870)	3,000,000
	16,000,000

The total payments charged to the Davis contract direct were $11,000,000, and to John A. Rice, assistant treasurer, $5,000,000.

As before mentioned, the evidence is wanting that the checks for these payments passed through a bank in the usual way. They appear to be memorandum checks, made in order to found entries on the books, which entries were made in consequence of the drawing of these checks, and said checks have been filed away among the company's archives as vouchers. Upon an examination of the account of John A. Rice, assistant treasurer, the charge of the $5,000,000 appears as against it, together with an aggregate sum of $941,334.90, which is made up mainly of cross-entries and items of interest, which were collected on income and other bonds sold. Per contra, the credits to the account consist mostly of the proceeds of Income Bonds, which in the first place were passed to the trustees of the contract at 60 per cent. of their face, who in turn sold them to subscribers to the same, at the rate of 80 per cent. Five million eight hundred and forty thousand dollars of these Income Bonds, appear to have been sold in this way, and the subscribers thereto became entitled to a bonus of stock equal to double the amount of the bonds, so that in fact, as far as the account of John A. Rice, assistant treasurer, is concerned, the credits to it represent subscriptions to Income Bonds, and not subscriptions to share capital, as the cross-entries to the cash account

would at first sight indicate. Copies of the checks and receipts which were given on account of the payments of $11,000,000, above stated, follow herewith:

$1,000,000.] BOSTON, *Oct.* 19, 1869.

NATIONAL BANK OF COMMERCE.

[Stamp.]

Pay to order John A. Rice, assistant treasurer, or bearer, *one million dollars* $\frac{00}{100}$.

* JOHN M. S. WILLIAMS
Treas. U. P. R. R. Cy.

$1,000,000.]

Received, Boston, Octo. 19th, 1869, from the Union Pacific Railroad Company *one million dollars* on ac.

JOHN A. RICE,
Ass't Treas. Trustee.

[Stamp.]

$1,000,000.] BOSTON, *Dec'r* 18, 1869.

NATIONAL BANK OF COMMERCE.

[Stamp.]

Pay to John A. Rice, ass't treas'r, or order, one million dollars, $\frac{00}{100}$.

* JOHN M. S. [redacted]
Treas. U. P. R. R. Cy.

$1,000,000.]

Received Union Pacific Railroad Company, one million dollars, on account of contract.

JOHN A. RICE,
Ass't Treas'r Trustee.

BOSTON, *Dec.* 18, '69.

$1,000,000.] BOSTON, *December* 31*st*, 1869.

NATIONAL BANK OF COMMERCE.

[Stamp.]

Pay to John A. Rice, asst. treas., or order, one million dollars, $\frac{00}{100}$.

* JOHN M. S. WILLIAMS,
Treas'r U. P. R. R. Cy.

$1,000,000.]

Received, Boston, December 31st, 1869, of Union Pacific Railroad Company, one million dollars on account.

JOHN A. RICE,
Asst. Treas. Trustee.

[Stamp.]

$1,000,000.] BOSTON, *Jan'y* 11, 1870.

NATIONAL BANK OF COMMERCE.

[Stamp.]

Pay to order John A. Rice, ass't treas'r, one million dollars, $\frac{00}{100}$.

* JOHN M. S. WILLIAMS,
Treas. U. P. R. R. Cy.

$1,000,000.]

Received Union Pacific Railroad Company, one million dollars, on account of contract.

JOHN A. RICE,
Asst. Treas. Trustee.

BOSTON, *Jan'y* 11, '70.

[Stamp.]

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* Two holes punched through signature.

[$1,000,000.] BOSTON, *January* 25, 1870.

NATIONAL BANK OF COMMERCE.

[Stamp.]

Pay to order of John A. Rice, asst. treas., one million dollars, $\frac{X.}{100.}$

* JOHN M. S. WILLIAMS,
Treas. U. P. R. R. Cy.

[$1,000,000.]

Rec'd, Boston, Mas., Jan'y 25th, 1870, from the Union Pacific Railroad Co., one million dollars, on account of contract.

JOHN A. RICE,
Asst. Treas. Trustees.

[Stamp.]

[$2,000,000.] BOSTON, *February* 11, 1870.

NATIONAL BANK OF COMMERCE.

[Stamp.]

Pay to order John A. Rice, asst. treas., two million dollars, $\frac{X}{100.}$

* JOHN M. S. WILLIAMS,
Treas. U. P. R. R. Cy.

[$2,000,000.]

Received, Boston, February 11th, 1870, from the Union Pacific Railroad Company, two million dollars, on account.

JOHN A. RICE,
Asst. Treas. Trustees.

[Stamp.]

[$1,000,000.] BOSTON, *February* 18, 1870.

NATIONAL BANK OF COMMERCE.

[Stamp.]

Pay to order John A. Rice, asst. treas. trustees, one million dollars, $\frac{X}{100.}$

* JOHN M. S. WILLIAMS,
Treasr. U. P. R. R. Cy.

[$1,000,000.]

Received of Union Pacific Railroad Company, one million dollars, on account of contract.

JOHN A. RICE,
Asst. Treas. Trustees.

FEBRUARY 18th, 1870.

[Stamp.]

[$3,000,000.] BOSTON, *July 29th*, 1870.

NATIONAL BANK OF COMMERCE.

[Stamp.]

Pay to order John A. Rice, asst. treas. trustees, or bearer, three million dollars, $\frac{X}{100.}$

* JOHN M. S. WILLIAMS,
Treas. U. P. R. R. Cy.

[$3,000,000.] BOSTON, *July 29th*, 1870.

Received from John M. S. Williams, treas., three million dollars, in full for all extra claims for the construction of the Union Pacific Railroad under the "Ames & Davis" contracts.

[Stamp.]

JOHN A. RICE,
Asst. Treas. Trustees.

* Two holes punched through signature.

A contract was made with the firm of L. B. Boomer & Co., dated November 1 1866, for the purpose of building 150 miles of line westward from the 100th meridian, wi h bridge work at actual cost of construction. The total payments on account of this contract, as shown by the books, was $310,637.14. There are no credits to the account, and for the reason that the so-called vouchers are merely drafts there is no evidence to show what this expenditure actually represents. From some pencillings on the ledger account the idea is somewhat indistinctly conveyed that these people had something to do with the building of the Missouri River Bridge.

The total payments to the Hoxie contract account were	$12,550,978.94
The total payments to the Ames contract account	59,381,152.26
The total payments to the Davis contract account	26,378,449.57
Making a total expenditure on these contracts of	98,309,880.77
The contributions to capital stock covered up in the above total amount to	36,175,180.00
Leaving as equivalent to a cash expenditure	62,134,700.77

or $59,860 per mile.

Up to the 31st of December, 1869, the discount on securities sold and the amount paid for interest and discount on paper and call loans amounted to $9,267,049.26, the particulars of which will be duly noted hereafter.

The assets existing on the 31st of Dec., 1869, are stated to be as follows:

Due from the Crédit Mobilier of America	$798,253.33
Thomas C. Durant	2,156.00
Pullman car stock	260,000.00
John Duff, trustee	4,708.65
Steam-boat account	55,000.00
Six per cent. United States bonds on hand	264,000.00
Operating department	3,468,534.01
Cash	15,947.44
John Pondir	15,000.00
H. C. Crane	100,052.00
John Duff	2,000.00
C. S. Bushnell	241,709.15
C. A. Lambard	10,796.98
Oakes Ames	12,128.23
James Brooks	1,355.63
John J. Cisco & Son	714.67
H. S. McComb	28,348.20
Thos. Wardell	20,000.00
Central Pacific bonds	1,260,000.00
Scrip	5,000.00
Benj. E. Bates	312.20
B. F. Ham	2,660.53
E. H. Rollins	1,627.48
Office furniture	150.00
Special bond account	6,672.36
	6,577,427.19

With the exception of the funds in the hands of the operating department at Omaha, the Pullman car stock, and the securities, there was little else available in the above list. The liabilities existing on the 31st of Dec., 1869, are stated to be as follows:

Hoxie contract	$263,620.13
G. M. Dodge, chief engineer	13,005.62
Gold account	440,089.83
Bills payable	3,388,345.14
Prosper P. Shaw	1,126,837.50
Brigham Young	194.60
Oliver Ames	950.00
Henry Keep	162,500.00
John B. Alley	9,934.60
Geo. Opdyke	1.00
Gold account, No. 2	812,918.04
John A. Rice, assistant treasurer	561,482.60
Discounted notes	25,200.00
Oliver Ames, loan Account	30,000.00
W. I. McGarvick	1,237.00
C. H. McCormick	87,357.30

F. Nickerson	$1,318.04
R. G. Hazard	16,927.52
Oakes Ames and E. Atkins	30,416.66
E. H. Baker	1,318.04
A. Iselin & Co	95,842.31
Oliver Ames & Sons	12,908.33
Oakes Ames	4,000.00
Hide and Leather National Bank, Boston	50,000.00
Howard National Bank, Boston	25,000.00
	7,161,404.73

On the 31st of Dec., 1870, the amount at the debit of the construction account of the Union Pacific Company was 86,756,804.18

Up to the 31st of Dec., 1879, the charges to this account for new construction were as under:

Dec. 31—		
1871	$1,353,815.80	
1872	276,393.60	
1873	314,706.82	
1874	219,875.58	
1875	*138,187.65	
1876	1,880,213.28	
1877	229,479.48	
1878	1,107,886.90	
1879	209,394.29	
		5,591,765.75
At debit of construction, 31st Dec., 1879		92,348,569.93
To the above amount, to the debit of construction account, may be added the following balances on contracts, which were not transferred:		
Ames contract		1,748,739.94
Davis contract		23,129,671.01
Boomer contract		310,637.14
		117,537,618.02
Add cost of Missouri River Bridge		2,869,897.51
		120,407,515.53

The traffic receipts and expenditures of the Union Pacific Company, as shown by its books, from the year 1870 to the year 1879, both inclusive, were as follows:

Earnings from traffic, year—	Per book.
1870	$7,625,277.11
1871	7,521,682.16
1872	8,892,605.53
1873	10,266,103.66
1874	10,559,880.12
1875	11,993,832.09
1876	12,886,858.84
1877	12,948,477.02
1878	13,121,272.58
1879	13,201,077.66
	109,017,066.77

(Average per annum, gross traffic, $10,901,706,68.)

Traffic expenditures:

	Per reports.	Per books.
1870	$4,677,414.84	$4,677,414.84
1871	3,600,566.86	3,600,566.86
1872	4,800,573.48	4,800,573.48
1873	4,974,861.02	5,043,212.36
1874	4,854,703.87	5,134,882.99

*These figures show a credit of that amount, being the result of a transfer of $95,000 to the Omaha Bridge account for discount on bridge securities sold.

Traffic expenditures—Continued.

	Per reports.	Per books.	
1875	$4,982,047.95	$5,542,279.35	
1876	5,268,211.20	5,409,450.05	
1877	5,552,092.70	5,599,463.48	
1878	5,376,586.19	5,376,586.19	
1879	5,475,503.44	5,475,503.44	
	49,562,561.55		50,659,933.04
Net earnings for the ten years			58,357,133.73

(Average per annum of expenditure, $5,065,993.30.)

These net earnings were as follows:

	Per reports.	Per books.	
1870	$2,947,862.27	$2,947,862.27	
1871	3,921,115.30	3,921,115.30	
1872	4,092,032.05	4,092,032.05	
1873	5,291,242.64	5,222,891.30	
1874	5,705,176.25	5,424,997.13	
1875	7,011,784.14	6,451,552.74	
1876	7,618,647.64	7,477,408.79	
1877	7,396,384.32	7,349,013.54	
1878	7,744,686.39	7,744,686.39	
1879	7,725,574.22	7,725,574.22	
	59,454,505.22		58,357,133.73

(Average per annum of net earnings, $5,835,713.37.)

The company freight credited to gross earnings for the same period is made up as follows:

1870	$435,009.55
1871	352,935.44
1872	431,367.25
1873	490,347.08
1874	528,230.13
1875	648,437.12
1876	710,239.25
1877	776,957.47
1878	800,907.27
1879	865,949.94
Total company freight	6,040,273.49

On calling Mr. Mink's attention to the very great increase in this item of company freight, he replies as follows:

"The item of company freight enters into and forms a part of the cost of almost all the materials and supplies used in the operation of the road. It is not possible for me to indicate the accounts in detail, but the principal items are coal, rails, lumber, ties, and track material. The same general observation will hold good with reference to material and supplies used for construction purposes."

NOTE—It will be observed that from 1873 to 1877 the traffic expenditures, as shown by the books, differ materially from the amounts stated in the reports. The total traffic expenditures for ten years, as per the books, amount to, including bridge earnings, $50,659,933.04. The traffic expenditures as per the reports, for the same time, amount to, including bridge earnings, $49,562,561.55; difference $1,097,371.49.

This difference occurs as follows:

1873	$68,351.34
1874	280,179.12
1875	560,231.40
1876	141,238.65
Add surplus and material accounts, 1877	47,370.78
	1,097,371.49

Correcting entries to the extent of $836,148.42 were made on June 29, 1878, and charged to construction account, and the balance between this amount and the total of the above-noted differences seems to have arisen from overcharges on fuel and material, which overcharges were used to reduce the traffic expenditure account.

The Government passengers, freights, and mails for the same time are as follows:

Year.	Passengers.	Freights.	Mails.
1869	$289,769.92	$263,219.95	$274,513.56
1871	227,903.70	213,585.15	283,748.80
1872	303,154.12	170,158.06	283,855.00
1873	248,117.88	219,939.65	283,855.00
1874	250,702.76	316,840.21	345,758.00
1875	176,243.65	234,596.13	325,143.00
1876	223,614.78	374,387.65	574,139.00
1877	293,251.25	362,208.21	596,775.00
1878	223,865.11	294,414.10	596,775.00
1879	150,965.23	401,947.78	596,775.00
Total	2,387,588.40	2,851,296.89	4,161,337.36

A marked increase in traffic receipts commenced in 1872-'73.

Increase in—	
1872	$1,370,923.37
1873	1,373,498.13
1874	293,776.46
1875	1,433,951.97
1876	893,026.75
1877	61,618.18
1878	172,795.56
1879	79,805.08

An important question with reference to these traffic receipts, which has not as yet been determined, is what portion of the same is made up of items representing charges against branch and connecting lines whilst they were building, and for which the Union Pacific Company has to take its pay in stocks and other securities whose value was either uncertain or unknown.

The percentages of operating expenditures to gross earnings were as follows:

Year.	Per reports.	Per books.	Year.	Per reports.	Per books.
1870	61.34	61.34	1875	41.54	46.21
1871	47.87	47.87	1876	40.88	41.98
1872	53.98	53.98	1877	42.28	43.24
1873	48.46	49.12	1878	40.98	40.98
1874	45.97	48.63	1879	41.48	41.48

The average per year, for the first five years prior to the declaration of the dividends, was $52.19 per cent. The average per year for the next five years, whilst dividends were being declared, was $42.76 per cent. As will be noted on page 35, the charges for new construction were $3,426,973.95 for the last five years to 1879.

The dividends declared out of net earnings were as follows:

Number.	Date.	Per cent.	Amount.
	1875.		
1	July 1	1½	$551,175
2	Oct. 1	2	734,900
	1876.		
3	Jan. 1	2	734,900
4	Apr. 1	2	734,900
5	July 1	2	734,900
6	Oct. 11	2	734,900
	1877.		
7	Jan. 1	2	734,900
8	Apr. 1	2	734,900
9	July 1	2	734,900
10	Oct. 1	2	734,900
	1878.		
11	Jan. 1	2	734,900
12	Apr. 1	2	734,900
13	Oct. 1	1½	551,175
	1879.		
14	Jan. 1	1½	551,175
15	Apr. 1	1½	551,175
16	July 1	1½	551,175
17	Oct. 1	1½	551,175
	1880.		
18	Jan. 1	1½	551,175
Total dividends to January 1, 1880			11,942,125

During the ten years under review the changes in the funded debt of the company (excluding the United States subsidy bonds) and in the interest charges on the whole of said debt, as compared with the net earnings, will show as under:

Year.	Funded debt.	Interest charges.	Net earnings.
1870	$43,264,000	$4,748,350.52	[illegible]
1871	48,793,000	4,839,293.33	[illegible]
1872	48,420,000	5,070,120.53	[illegible]
1873	48,944,000	5,009,659.09	[illegible]
1874	49,108,000	4,976,201.82	[illegible]
1875	51,996,000	4,932,900.09	[illegible]
1876	51,581,000	4,938,211.02	[illegible]
1877	51,303,000	4,913,654.72	[illegible]
1878	50,665,000	4,984,962.29	[illegible]
1879	50,972,000	5,024,756.09	[illegible]
		49,438,109.50	[illegible]

The funded debt includes first-mortgage certificates, which the company in its reports leaves out. (Mr. Mink says they are expected never to be presented, and if they are, they will not be recognized.)

On the 31st of Dec., 1879, or about a month prior to the consolidation of the several companies, the financial condition of the Union Pacific Company was about as follows:

Fixed expenditures, charged to construction		$92,210,302.28
Cost of Omaha Bridge		2,869,897.51
Undistributed expenditure, growing out of sundry contracts, as follows:		
Ames contract	$1,748,739.94	
Davis contract	23,129,671.01	
Credit Mobilier	987,153.35	
		25,865,564.30
Bills receivable		59,000.00
Available assets		407,149.21
Unavailable:		
United States interest	5,185,394.71	
Operating department	1,330,989.04	
United States Treasury sinking fund	2,806,778.14	
United States transportation, 1878	461,089.46	
United States transportation, 1879	700,663.39	
Colorado Central R. R. interest	6,666.66	
		10,491,581.40
Railroad bonds owned:		
Colorado Central R. R. bonds (2,413 bonds)	2,048,496.25	
Utah Southern bonds (120 bonds)	96,000.00	
Utah Western bonds (16 bonds)	11,908.24	
Utah and Northern (1,594 bonds, 13,900 shares)	826,000.00	
Wasath and Jordan Valley bonds (20 bonds, at $500 each)	8,915.82	
Omaha Bridge bonds (5 bonds)	5,161.35	
Omaha and Rupert Valley bonds (605 bonds)	484,000.00	
		3,480,481.66
Railroad stocks owned:		
Colorado Central stock (37,892 shares)	2,891,050.00	
Utah Southern stock (5,000 shares)	125,000.00	
Utah Southern stock, assessment (3,370 shares), 82 per cent	215,238.07	
Utah Central stock (5,300 shares)	277,000.00	
Utah Western stock (6 shares)	150.00	
Utah and Northern stock (378 shares)	9,450.00	
St. L., Chil. and O. stock (60 shares)	3,000.00	
Union Pacific stock (2,751 shares)	197,034.18	
Omaha and Republican Valley stock (3,025 shares)	45,375.00	
		3,763,297.25
Advances to railroads:		
Colorado Central R. R. Co	123,704.57	
Utah Southern R. R. Co	531,609.73	
Hastings and Grand Island R. R. Co	89,287.19	
Marysville and Blue Valley R. R.	198,543.78	
		943,145.27

Miscellaneous securities, etc.:		
Investment Summit Co. R. R. (269 bonds, 622 shares assessable, 2,759 shares unassessable, 160 acres coal land)	$60,000.00	
St. Louis, Council Bluffs and O. R. R. (190 bonds, $1,000 each; 1 bond, $500; 157 St. L., K. C. and N. first certificates)	22,640.00	
Occidental and Oriental S. S. Co. (50,000 shares)	93,810.01	
Wyoming Coal and Mining Company	100,000.00	
Colorado lands	3,745.78	
		$280,195.79
Interest advances, etc.:		
Colorado Central coupons, 1878	101,040.00	
Colorado Central coupons, 1879	100,920.00	
Utah and Northern coupons	55,790.00	
Utah Southern coupons	4,200.00	
St. L., C. B. and Om. coupons	390.00	
Omaha and Rep. Valley coupons	21,175.00	
Collateral trust coupons	30,000.00	
	313,515.00	
Payments to contractors:		
C. W. Collins	316,948.41	
Contractors Utah and Northern	803,306.55	
Contractors Om., Niobrara, and Black H	441,555.66	
		1,561,810.62
Leavitt Burnham, land commissioner		1,083.64
		142,247,103.93
Land assets:		
Land notes	3,698,742.63	
Land cash	593.99	
Land cash, deposited with treasurer	184,433.75	
Town lot notes	29,161.99	
Town lot old account	33,908.33	
Town lot cash	88.30	
Town lot cash, deposited with treasurer	29,064.91	
Fred L. Ames, trustee	526.88	
		3,976,520.78
Total assets		146,223,624.71
Per contra, the liabilities, including the share capital, were as under:		
Capital stock		36,762,300.00
Funded debt:		
First-mortgage bonds	$27,231,000.00	
Certificates for first-mortgage bonds	477,000.00	
Land-grant bonds	6,299,000.00	
Sinking-fund mortgage bonds	13,343,000.00	
Registered sinking-fund mortgage bonds	518,000.00	
Collateral trust bonds	1,000,000.00	
Omaha Bridge bonds	2,104,000.00	
The United States	27,236,512.00	
The United States interest account	19,238,182.89	
		97,446,694.89
Bills payable		2,705,684.81
Dividends unpaid		556,432.00
Accounts payable:		
Hexie contract	263,620.13	
Omaha drafts	108,579.60	
Coupons payable	892,861.06	
Omaha Bridge bonds	1,000.00	
Omaha bridge coupons	5,600.00	
H. McFarland	3,000.00	
F. L. Ames	11,267.22	
S. Hooper & Co	5,968.00	
Jay Gould	751,000.00	
Rent Colorado Central Company	300,468.99	

Accounts payable—Continued.		
Land department, special	$169,433.75	
Town lot account, special	27,964.91	
		$2,540,783.6
Total liabilities		140,011,875.3
Total assets		146,223,684.71
Total liabilities		140,011,875.3
Surplus of assets		6,211,743.3

This surplus of assets is made up as follows:

Assets pertaining to the railroad	2,235,293.37
Land assets	3,976,530.71
Total as above	6,211,743.3

The sources from which the above surplus was derived may be stated as under:

Passenger earnings	1,611,649.29
United States passenger	108,163.76
Mail	298,387.59
Express	181,747.04
Freight	4,466,457.66
The last six months of 1879:	
United States freight	254,442.93
Company freight	422,994.06
Miscellaneous	66,783.71
Rent of buildings	22,991.98
Colorado Division	74,104.15
	7,507,651.98

Profit and loss on investments	$788.63	
Dividend Utah Central Railroad stock	26,500.00	
Dividend Union Pacific stock	8,253.00	
Interest on Utah Southern Railroad bonds	4,200.00	
Interest on Omaha and Republican Valley bonds	42,350.00	
Interest on Union Pacific sinking-fund bonds	1,760.00	
Interest on Colorado Central Railroad Company bonds	56,520.00	
Interest on Wasatch and Jordan Valley bonds	900.00	
Interest on Utah and Northern bonds	111,580.00	
Interest on Union Pacific Omaha Bridge bonds	200.00	
Interest on Saint Louis, Council Bluffs and Ohio bonds	390.00	
		253,441.63
Total		7 761,093.61

The last six months of 1879:		
Less expenditures:		
Income account, balance	998,259.80	
Car service	8,347.34	
Conducting transportation	526.357.58	
Motive power	1,052,828 01	
Maintenance of cars	214,175.98	
Maintenance of way	594,941.65	
General expenses	261,531.90	
Interest on bonds	2,506,626.36	
Dividends	1,102,350.00	
Interest and discount	37,073.92	
Losses on securities	144.00	
		7,302,636.54
		458,457.07

The last six months of 1879—Continued.

Land receipts:			
Land department, previous sales		$6,923,708.09	
Interest on land notes		726,793.01	
Forfeited and canceled contracts		199,185.62	
Sales land-grant town lots		195,301.17	
Sales land, old account		92,876.68	
Interest on town-lot notes		11,966.28	
Interest old account		2,552.56	
Receipts and payments, trustees land-grant bonds		21,462.62	
		8,173,846.03	
Less—			
Expenses land department	$835,050.01		
Taxes on lands	835,023.75		
Expenses town lots	10,309.35		
Taxes town lots	26,428.12		
Payments on account land and town-lot departments	183,066.45		
		1,889,877.68	
			$6,283,968.35
Gain on land-grant bonds canceled			86,741.20
Other land receipts:			
Sales of donated lands		11,608.55	
Sales of town lots		43,649.37	
Town-lot department		190,049.70	
		245,307.62	
Less—			
Expenses donated land	927.42		
Taxes on donated lands	4,057.07		
Expenses and taxes company town lots	17,045.29		
Town lot account	115,048.44		
		137,078.22	
			108,229.40
			6,937,396.02
Deduct "suspense account"			725,646.67
Leaving a net surplus of			6,211,749.35

Or stated in another form, from the income derived from the operations of the railway should be deducted certain items which were carried in a "suspense account," the details of which will be stated hereafter.

Balance of said account			$725,646.67
The balance of income from the operations of the railway were		$458,457.07	
Add gain on land-grant bonds canceled		86,741.20	
			545,198.27
Deficit in operations the railway			180,448.40
Land receipts, net proceeds		6,283,968.35	
Other land receipts, net proceeds		108,229.40	
			6,392,197.75
Leaving net surplus as above			6,211,749.35

On ledger C, folio 512, the suspense account above mentioned is stated as under:

1879.		
June 30. To first-mortgage bonds	$246,000.00	
United States 6 per cent. currency bonds	110,000.00	
Special bond account, $7,000	6,672.36	
T. C. Durant	37,156.00	
John Pondir	36,000.00	
H. S. McComb	2,543.50	
H. C. Crane	100,091.35	

1879.				
June 30.	To Charles Tuttle		$3,418.27	
	C. A. Lambard		796.96	
	James Brooks		1,355.83	
	John J. Cisco & Son		714.67	
	French exchange		90,965.19	
	Prosper P. Shaw		130,000.00	
	C. S. Bushnell		69,569.91	
	Morton, Bliss & Co., suspense		7,198.53	
	By 1 income bond, No. 8457			$1,000.00
	4 income coupons, 7 to 10, of No. 8457			200.00
Aug. 1.	Sidney Dillon (in settlement of claims) vs. James Brooks			500.00
	Construction account, balance James Brook's account charged to this account (executive committee records, Aug. 27, 1879)			855.83
Dec. 4.	Construction account, C. A. Lambard.	$796.96		
	Construction account, John Pondis...	36,000.00		
	Construction account, J. J. Cisco & Son	714.67		
	Construction account, C. S. Bushnell.	69,569.91		
				107,081.54
	Income account, Morton, Bliss & Co., suspense			7,198.53
	Balance			725,646.57
			842,482.57	842,482.57

The following curious entries have an indirect bearing on the

SUSPENSE ACCOUNT.

1871.			
Sept. 12.	T. C. Durant, to United States currency bonds on hand		$35,000.00
	For 35 United States 6 per cent. currency bonds, $1,000 each. Mr. Ham reports that the above are in the hands of T. C. Durant; that he will admit that he has them, and is ready to account for them. Mr. Ham gives no further information, and no entry appears upon the company's books respecting them. R. G. Hazard writes to E. H. Rollins, treasurer, upon the subject, under date of Sept. 9, 1871.		
1871.			
Sept. 12.	French exchange, to first-mortgage bonds		$95,000.00
	For 95 first-mortgage bonds, reported by B. F. Ham to have been used in transaction with Schepeler & Co., New York. We have bills of exchange for 250,000 francs on hand, which were not entered on the books, and which were received in this transaction.		
1872.			
June 18.	Sundries to C. S. Bushnell		276,000.00
	P. P. Shaw, for reverse of entry of May 29, 1869, being for amounts paid to P. P. Shaw by this company:		
	April 24, 1869	$100,000.00	
	April 27, 1869	100,000.00	
		$200,000.00	
	Losses on securities for estimated amount expended by him for the interest of the road, in sustaining the value of the first-mortgage bonds at a period of depression, when prosecuted by Fisk and Judge Barnard in the courts in New York City	76,000.00	
	(This entry made in accordance with vote of directors at regular meeting, June 12, 1872.)		
1872.			
June 18.	C. S. Bushnell	100,000.00	
	To P. P. Shaw		100,000.00
	For amount paid Bushnell by Shaw, April 27, 1869, it having been furnished by Mr. Shaw to Mr. Bushnell, and used by Mr. Bushnell in paying a loan made by M. Morgan Sons to this company, for the payment of which by Mr. Bushnell he was at the time of its payment credited in his account on this company's books.		

The following peculiar entries have a *direct* bearing upon the suspense account:

1871.		
Sept. 12.	Suspense account to sundries	$576,586.44
	First mortgage bonds, for 247 first-mortgage bonds which should be on hand, but are not	$247,000.00
	United States 6 per cent. currency bonds on hand, for 110 United States 6 per cent. currency bonds which should be on hand, according to the books, but are not	110,000.00
	Special-bond account: For balance of special-bond account, transferred, which represents 7 first-mortgage bonds which should be on hand, according to the books, but are not	6,672.36
	P. P. Shaw	30,000.00
	T. C. Durant	37,156.00
	John Pondir	36,000.00
	H. S. McComb	2,731.00
	Morgan & McComb	650.00
	H. C. Crane	100,091.35
	Charles Tuttle	3,418.27
	C. A. Lambard	796.96
	Jas. Brooks	1,355.83
	J. J. Cisco & Son	714.67
1871.		
Sept. 12.	Suspense account, to French exchange for transfer of balance of latter account	$95,000.00
		$95,000.00

It will be observed that $254,000 of the first-mortgage bonds have been charged to the above-mentioned Suspense Account, for the reason that they could not be found, having been lost or stolen. There were also $110,000 of United States bonds lost or stolen, and likewise charged to the above-mentioned account. These bonds do not appear to have been traced to anybody in particular, and their disappearance is yet a standing mystery to the officers of the Union Pacific Company. It will also be noted that the sum of $100,091.35 was transferred to this account from that of H. C. Crane. This sum is made up of the following items:

1869.		
Feb. 10.	To cash for fuel on road	$100,000.00
May 13.	To paid draft, W. Snyder	52.00
1871.		
May 3.	To stamps furnished him, as per slips found in New York safe, and sent to this office by H. B. Hammond in his letter of May 2	39.35
		100,091.35

The charge of $100,000, above described, is evidenced by a check on the Fourth National Bank of New York, a copy of which is herewith subjoined, with the indorsements:

NEW YORK, *Feb.* 10, 1869.

FOURTH NATIONAL BANK.

Pay to the order of H. C. Crane, *one hundred thousand dollars.*
$100,000.]

CHS. TUTTLE,
Assistant Treas.

(Indorsements:) H. C. Crane. Dep. Fourth Nat'l B'k. Account Thos. Durant. p. H. C. Crane, att'y.

The transfer of this $100,000 to Suspense Account is not a satisfactory disposition of the item, in view of the indorsements which appear upon the check just mentioned. The entry transferring French exchange to Suspense Account is another illustration of the amazing looseness with which the financial affairs of the company were managed in 1869-70. It seems that at some date unknown some one connected with or on behalf of the Union Pacific Company undertook a speculation in gold or exchange through Messrs. Schepeler & Co., a second-rate banking house, in Exchange Place,

New York. The house gave French bills to the amount of 250,000 francs, or say $50,000 gold, against which it received as collateral ninety-six First-Mortgage Bonds of the Union Pacific Company. According to the entry on page 49, this transaction was "reported by B. F. Ham." Mr. Ham did not report, if the entry states the fact, when this transaction took place or by whose authority it was undertaken, but he appears to have carried the matter in his head for some time before having it set down in the records of the company. Schepeler & Co. failed, and the bonds were lost, either through hypothecation or otherwise. The bills of exchange turned out to be worth little or nothing, so far as the books show.

SIXTH REPORT (PART 2) OF WILLIAM CALHOUN, ACCOUNTANT TO THE UNITED STATES PACIFIC RAILWAY COMMISSION.

U. S. UNION PACIFIC RAILWAY COMMISSION,
Boston, October 15, 1887.

HON. ROBERT E. PATTISON,
Chairman U. S. Pacific Railway Commission,
10 *Wall Street, New York:*

DEAR SIR: I beg to send you herewith Part 2, of Exhibit No. 5. In order to have it go by to-night's mail, I will have no time to make any commentary as to its contents. This I propose to reserve for Part 3 of this same exhibit, which I trust to complete in New York, so that I can hand it to you within a few days. The data for it is all ready, and only needs a little study to put it in presentable form. In accordance with the request of the Commission, I expect to be on hand, at No. 10 Wall street, on Tuesday next. I shall close up the office here on Monday, but will have to leave Mr. Broadbent for a few days to complete some statements concerning the 1886 balance sheet; after this he also can be dispensed with. I spoke to Mr. Mink the other day as to an examination of the assets of the Union Pacific. He said you had made an examination, and that a sworn statement of the assets had been subsequently furnished the Commission. It would take probably two days to do the work of looking over the securities, etc., and the company would need to be informed in advance, so as to be prepared with the proper voucher for such assets as might be pledged or otherwise out of the actual custody of the Corporation. This investigation, if it is deemed necessary to make it, might be done at any time within the next three weeks.

Very truly, yours,

WM. CALHOUN,
Accountant.

EXHIBIT No. 5 (Part 2).

Union Pacific Railway Company.

[The facts as shown by the books of the several companies, as to the consolidation of the Union Pacific Railroad Company, the Kansas Pacific Railway Company, and the Denver Pacific Railway and Telegraph Company.]

If the books of the Union Pacific Company in the earlier period of its history were wretchedly kept, and by men who really knew better, what shall I say of the account keeping of the Kansas Pacific? In many respects it is worse than anything which appears in the Union Pacific records, inasmuch as some show of writing the latter up year by year, and a more or less general closing of accounts at stated times, were attempted. Scarcely anything of this sort, however, distinguished the accounts of the Kansas Pacific. Either by accident or design, or in consequence of the continual mis-

fairness of the company, the books unconsciously reflect the chaotic character of the management, and they never appear to have been systematically written up, so that an accurate and faithful statement of the actual condition of the corporation year by year could be ascertained therefrom. It is in consequence of this fact that only two balance sheets of this company will appear among the papers of the Commission. One of these is of date the 31st December, 1879, and the other at a date subsequent to the act of consolidation. Balance sheets of earlier period could have been drawn off, but the labor and time involved in their preparation could not be afforded to the exclusion of weightier matters. Nevertheless, in order to get at the real facts of the case, I had to practically re-write the interest and income accounts, a task which occupied nearly a fortnight of my own time. The first entries in the books (of the Union Pacific, Eastern Division) begin July 1, 1865, and they end in April, 1880, covering a period of nearly fifteen years. The first 40 miles of line were completed in October, 1866. In a year afterward 130 miles were finished, and on October 31, 1868, about 400 miles altogether were ready for operation. Four years afterwards, say in October, 1872, 244 additional miles were built to the western terminus at Denver. For the cost of this property, and the various financial schemes arising out of the building of the line, I beg to refer you to my previous reports. During the fifteen years of the existence of the line its earning power was smothered by heavy and constantly increasing interest and other charges, and if the figures which will presently be presented are duly considered, it will be found that neither the Western nor the Eastern management deserves any credit as a careful conservator of the company's interests. On December 31, 1867, 305 miles of main line and the Leavenworth Branch were in operation. On December, 31, 1872, the main line, say 644 miles, was in working order to Denver. The traffic receipts and expenditures from 1867, inclusive, to the 31st of December, 1879, inclusive, as shown by the company's books, were as follows:

Earnings from traffic:

1867	$1,996,124.16
1868	1,915,696.97
1869	2,225,850.11
1870	3,392,?23.31
1871	3,360,363.31
1872	3,741,731.43
1873	3,577,777.52
1874	3,386,974.69
1875	3,381,664.29
1876	3,026,659.84
1877	3,287,022.73
1878	3,689,184.48
1879	*4,663,301.38
Total	41,645,174.22

(Average per annum gross traffic, $3,203,474.94.)

Traffic expenditures:

1867	1,328,354.24
1868	1,036,494.20
1869	1,386,180.02
1870	2,480,040.46
1871	2,302,589.96
1872	2,229,265.77
1873	2,116,990.59
1874	1,671,045.57
1875	1,790,879.95
1876	1,827,365.69
1877	1,916,956.74
1878	2,150,759.62
1879	2,675,433.06
Total	24,912,355.87

(Average per annum of expenditures, $1,916,335.06.)

Joint traffic, branch line expenses, etc.:

1869	$7,321.11
1870	38,327.94
1871	30,619.80
1873	2,234.75
1874	45,794.47
1875	69,623.04
1876	62,995.76

Joint traffic, branch line expenses, etc.—Continued.	
1876	$152,[illegible]
1877	22,[illegible]
1878	86,718.22
1879	148,570.23
Total	668,[illegible]
Income expenses:*	
1867	28,914.44
1868	68,[illegible]
1869	100,067.04
1870	429,067.96
1871	256,502.65
1872	329,131.78
1873	423,361.35
1874	296,732.99
1875	365,426.50
1876	569,444.48
1877	20,552.07
1878	540,249.[illegible]
1879	373,822.74
Total	3,822,127.02
Construction and Equipment Items (charged to expenditure):	
1867	448,283.72
1868	315,146.36
1869	295,178.24
1870	1,236,076.14
1871	506,536.83
1872	139,204.53
1873	68,046.65
1874	4,[illegible]
1875	8,704.61
Total charged to Expenditure	3,021,[illegible]

The aggregate working and miscellaneous expenditure above set forth, shows as follows yearly:

1867	$1,805,552.[illegible]
1868	1,420,466.36
1869	1,788,686.41
1870	4,183,512.52
1871	3,096,239.44
1872	2,699,827.13
1873	2,654,193.26
1874	2,042,107.33
1875	2,228,006.22
1876	2,569,106.15
1877	1,959,614.94
1878	2,779,727.73
1879	3,197,[illegible]
Total expenditures against earnings	32,424,[illegible]
Gross Earnings as per page 3 (traffic)	41,645,174.22
Working and Miscellaneous Expenditures	32,424,[illegible]
Leaving Net Earnings thirteen years	9,220,[illegible]
Average per annum	709,347.54

These Net Earnings are as under:

1867	$190,[illegible]
1868	495,[illegible]
1869	437,[illegible]
1870	790,[illegible]
1871	264,[illegible]

* Income expenses include taxes, insurance, discount and interest, real estate [illegible], etc. The book-keeping as respects this class of items is devious, desultory, and shifty.

These net earnings are as under—Continued.

1872	$1,041,904.30
1873	923,584.26
1874	1,344,867.36
1875	1,153,658.07
1876	457,553.69
1877	1,327,407.79
1878	909,456.75
1879	1,465,475.35
	10,010,907.31
Deduct deficit for 1870	790,689.21
Leaving Net Earnings	9,220,218.10

The interest charges for the thirteen years of operation are herewith subjoined:

Year.	United States interest.	Bonded interest.	Total.
1867	$267,543.09	$467,642.97	$735,186.06
1868	378,180.00	364,371.63	742,551.63
1869	378,180.00	497,246.77	875,426.77
1870	378,180.00	1,005,935.51	1,384,115.51
1871	378,180.00	1,055,358.70	1,433,538.70
1872	378,180.00	1,190,142.30	1,568,322.30
1873	378,180.00	1,201,319.45	1,579,499.45
1874	378,180.00	1,338,939.61	1,717,119.61
1875	378,180.00	1,515,097.90	1,893,277.90
1876	378,180.00	1,924,214.61	2,302,394.61
1877	378,180.00	1,635,731.25	2,013,911.25
1878	378,180.00	1,774,219.91	2,152,399.91
1879	378,180.00	1,775,067.33	2,153,247.33
Total	4,805,703.09	15,745,287.43	20,550,990.52

The bonded interest, as compared with the net earnings for thirteen years, show as follows:

Bonded interest	$15,745,287.43
Net earnings	9,220,218.10
Deficit	6,525,069.33

The subsidy and bonded interest, as compared with the net earnings, shows as under:

Bonded interest	$15,745,287.43
Subsidy interest	4,805,703.09
	20,550,990.52
Net earnings	9,220,218.10
Deficit	11,330,772.42

It will be seen from the figures above stated that in only two years of the Company's active existence did its net earnings exceed its bonded interest obligations. The very large sums in the way of miscellaneous charges, placed against the earnings of the line, deserve notice. The cost of actual operation was 59.82 per cent., and the miscellaneous charges aforesaid furnished an additional 18.03 per cent., making the total charge against the traffic receipts 77.85 per cent. During the first five years, from 1867, the sum of $2,801,211.29 was expended in the reconstruction of the line, and the money taken out of earnings. The Western management lasted from 1865 to 1874, and the results were exceedingly disastrous to the company.

Various causes were assigned for these results. The First-Mortgage Bondholders claimed that they were brought about by the refusal of the Union Pacific Railroad Company to carry freight and passengers in connection with the Kansas Pacific and Denver Pacific "on the terms and in the manner required by the acts of 1st July, 1862, 2d July, 1864, 3d March, 1869, and 20th June, 1874." The company maintained that its misfortunes were "owing to the non-payment of a large sum of money due said company by Government for the transportation of mails, troops, supplies, etc. (notwithstanding the decision of the Supreme Court of the United States that such

claims should be paid), and also a falling off in business caused by the general depression of commercial affairs, and farther, the competition of a new railroad." The testimony of the books is that the reverses of the company were due to the excessive high cost of the original construction and equipment. In 1873 it was unable to pay its interest, and the funding process was resorted to. This make-shift, in view of the inroads made on the earning power of the line, failed to afford relief, and in the year the Gould party took charge of the property the road went into the hands of Messrs. Receivers Villard and Greeley, who held control of it during 1877 and 1878. The relations between the receivers and the ostensible owners of the property seem to have been exceedingly harmonious, and the holders of the funded and floating debts were dealt with in quite an impartial manner.

The Income Account of the Company during the Receivership is stated on the books of the receivers (ledger 1, folio 5) as follows:

Earnings between Nov. 21 and Dec. 31, 1876:		
First-mortgage division	$123,938.88	
Second-mortgage division	103,027.22	
Third-mortgage division	78,508.42	
Fourth-mortgage division	8,323.86	
Total		$313,798.38
Earnings during 1877:		
First-mortgage division	$1,280,272.19	
Second-mortgage division	1,117,261.19	
Third-mortgage division	791,995.75	
Fourth-mortgage division	97,493.60	
Total		3,287,022.73
Earnings during 1878:		
First-mortgage division	$1,729,604.86	
Second-mortgage division	1,210,185.85	
Third-mortgage division	647,568.13	
Fourth-mortgage division	106,314.31	
Total		3,693,673.15
Gross earnings during receivership		7,294,494.26
Of the above, the following are Pool Earnings:		
106-mile Pool, Denver Pacific	$1,105.75	
General Pool, Atchison, Topeka and Santa Fé	73,523.35	
Topeka Pool, Atchison, Topeka and Santa Fé	1,337.98	

Expenses between Nov. 21 and Dec. 31, 1876:		
First-mortgage division	$47,615.87	
Second-mortgage division	52,484.59	
Third-mortgage division	49,957.55	
Fourth-mortgage division	5,598.95	
Total		$155,656.97
Expenses during 1877:		
First-mortgage division	$635,638.09	
Second-mortgage division	683,806.02	
Third-mortgage division	568,019.32	
Fourth-mortgage division	72,151.51	
Total		1,959,614.94
Expenses during 1878:		
First-mortgage division	$1,027,303.33	
Second-mortgage division	918,083.23	
Third-mortgage division	734,164.06	
Fourth-mortgage division	104,665.78	
Total		2,784,216.40
Total working expenditure during receivership		4,899,488.31

These expenditures in detail are as follows:

Expenses, Nov. 21 to Dec. 31, 1876	$155,104.77	
Taxes, State, county, and city, Dec. 31, 1876	29.60	
Stock pool, Atchison, Topeka and Santa Fé, Dec. 31, 1876	522.50	
		155,656.87

1877.

Expenses	$1,916,956.74	
Discount, interest, and exchange	10,975.87	
Insurance	9,574.90	
Construction, right of way	1.30	
100-mile pool, Denver Pacific	15,914.74	
Freight pool, Atchison, Topeka and Santa Fé	170.89	
General pool, Atchison, Topeka and Santa Fé	5,270.52	
Lawrence pool, Leavenworth, Lawrence and Galveston	749.98	
		$1,959,614.94

1878.

Expenses	$2,150,759.62	
Discount, interest, and exchange	20,716.29	
Insurance	11,223.12	
Taxes, State, county, and city	260,802.18	
Incidentals (profit and loss)	581.26	
Equipment, Cars, Freight	180,042.49	
Equipment, Locomotives	42,916.13	
Construction, Graduation	15,059.53	
Construction, Right of Way	1,387.75	
Construction, Engineering	137.47	
Construction, Chairs and Spikes	172.50	
Construction, Cross-ties	936.00	
Construction, Frogs and Switch	13.00	
Construction, Fish-bars	442.10	
Construction, Iron rails	4,554.08	
Construction, Laying and Surfacing Track	400.00	
Construction, Road Tools and Machinery	397.49	
Construction, Snow Fencing	460.50	
Construction, Surveys	8.00	
Lawrence pool, Atchison, Topeka and Santa Fé	3,762.42	
Stock pool, Atchison, Topeka and Santa Fé	726.25	
Lawrence pool, Leavenworth, Lawrence and Galveston	1,993.93	
100-mile pool, Denver Pacific	64,248.78	
Denver and Rio Grande Rwy pool	22,469.51	
		2,784,216.40
		4,899,488.21
The Net Earnings during the Receivership were		2,395,006.05

The books do not disclose the fact as to whether the accounts of the receivers were passed upon and found to be legally correct or otherwise. The interest on the bonded indebtedness, as compared with the net earnings, during the thirteen years of operation, is as follows:

Year.	Bonded interest.	Net earnings.
1867	$467,642.97	$190,571.56
1868	364,271.03	495,230.61
1869	497,246.77	437,163.70
1870	1,005,935.51	
1871	1,055,358.70	264,033.87
1872	1,190,142.30	1,041,904.30
1873	1,201,319.45	923,584.28
1874	1,338,939.61	1,344,867.36
1875	1,515,097.99	1,153,858.07
1876	1,924,214.61	457,553.69
1877	1,635,731.25	1,327,407.79
1878	1,774,219.91	909,456.75
1879	1,775,067.33	1,465,475.35
Total	15,745,287.43	10,010,907.31
Deduct deficit for 1870		790,689.21
Leaving net		9,220,218.10

The foregoing statements reveal the methods of administration and the earning power of the property under such administration. Scarcely any further proof would be needed as to the chronic insolvency of the company. But, in order to show its financial condition just prior to consolidation, I subjoin a Balance-Sheet, taken from the books, as of the 31st of December, 1879.

Balance-sheet, December 31, 1879.

ASSETS OF THE RAILWAY PROPER.

1. Construction and equipment	$34,359,540.66	
2. Materials and fuel	176,996.44	
3. Bills receivable	50,870.90	
4. Accounts receivable	6,707,104.31	
5. Securities, at par and cost	3,758,942.03	
6. Advances to branch lines, etc	943,132.35	
Land assets:		
7. Land notes	244,656.09	
Deficit	7,137,674.50	

LIABILITIES OF RAILWAY PROPER.

8. Capital Stock	$30,669,950.00
9. Funded Debt, including Subsidy Bonds	30,776,575.12
10. Unpaid Interest to the public	4,723,148.25
11. Unpaid Interest to the United States	4,805,703.00
12. Bills Payable	488,225.39
13. Other Liabilities	2,915,315.40
	53,378,917.28 53,378,917.28

THE INCOME ACCOUNT.

Land Accounts:		
14. Treasurer's Land Account		9,640.21
15. Refunded Taxes		523.28
16. Rent, Land, and Buildings		392.54
17. Land Department Trust		2,476,323.99
18. Expenditures	$9,624,545.29	
Deficit as above		7,137,674.50
	9,624,545.29	9,624,545.29

4. Accounts Receivable:

Interest, Solomon road bonds	1,200.00
Meier and Stewart, trustees	1,387,210.59
Meier, Stewart, and Baird, trustees	75,674.45
J. A. Stewart, trustee	1,032.20
J. P. Devereux, trustee	1,001.05
Gould and Sage, trustees Kansas Pacific Company	60,367.62
Gould and Sage, trustees Denver Pacific Company	1,219.32
Treasurer, general account	329,187.09
Agents and conductors	183,617.05
Freight agents	95,256.00
Passenger agents	2,062.27
Express agents	222.05
Express agents, No. 2	2,490.64
Conductors	48.01
Quartermaster-General	716,368.76
United States interest repaid	1,082,143.91
Interior Department	12,108.01
Postmaster-General	758,979.23
Engine service	1,536.25
Surgeon-General	444.95
United States Trust Company	1,178,938.38
First-mortgage land grant, Kansas Pacific Company	116,191.56
First-mortgage land grant, Denver Extension	5,227.80
Voucher drafts	49,752.04
Coupon collections	46,168.93
Foreign roads, labor, etc	14,044.15
Do	171,789.38
Individuals and companies	136,735.84
Sundry persons	39,579.26
Funding coupons, Jay Gould	5,300.00

4. Accounts receivable—Continued.	
Oliver Ames	$19,150.00
S. T. Smith, receiver Kansas Pacific Company	118,117.69
C. S. Greeley and H. Villard, receivers	5,012.45
Treasurer Arkansas Valley Company	1,379.09
F. C. Jackson, agent, special	31,936.15
S. J. Gilmore, land commissioner	2,502.84
Godfrey coal mine	1,602.92
Osage coal lands	18,517.25
Welsh coal mine	31,539.71
Dillon, Sage, and Villard, trustees	11,203.95
	6,707,104.31
5. Securities at par and cost:	
Funding Mortgage bonds unissued	1,500,000.00
Land-grant Mortgage bonds	395,000.00
Income Bonds	108,950.00
600 Bonds Junction City and Fort Kearny (cost)	421,832.60
430 Arkansas Valley Railroad Bonds	430,000.00
5 Shares Kansas Pacific Company	250.00
5 Shares Kansas and Missouri Bridge Company	9,911.08
15 Shares Las Animas Ditch Company	1,000.00
7,200 Shares Junction City and Fort Kearny	7,200.00
10,682 Shares Arkansas Valley	106.82
Union Depot, Kansas City	1,000.00
120 Bonds Junction City and Fort Kearny	96,000.00
94 Bonds Solomon Railroad Company	72,941.44
20,010 Shares Solomon Railroad Company	5,000.00
29,889 Shares Denver Pacific Railway and Telegraph Company	650,000.00
725 Shares National Land Company	34,750.00
2,500 Shares Hazelton Coal and Mining Company	25,000.00
	3,758,942.03
6. Advances to branch lines, etc.:	
Arkansas Valley Railway Company	366,271.57
Arkansas Valley Railway Company, Earnings and Expenses	17,916.55
Atchison and Saint Joseph Railway Company	311.45
Concordia Extension	90,675.30
Carbondale Branch	70,214.82
Carbondale Branch (loss in operating in 1879)	3,729.57
Denver, South Park and Pacific (special)	42,000.00
Golden, Boulder and Caribou (construction)	65,000.00
Kansas and Southwestern Railway Company	58,064.81
River Bend	1,601.62
Solomon Railroad, net earnings	784.88
Solomon Railroad, construction	148,446.21
Salina and Southwestern Railway Company	78,026.55
Salina and Southwestern Railway Company, net earnings	89.02
	943,132.35
9. Funded debt, including subsidy bonds:	
Income Bonds	4,275,350.00
First-Mortgage 6 per cent	6,303,000.00
First-Mortgage 7 per cent	6,371,000.00
Land Grant, gold	1,574,750.00
Leavenworth Branch	600,00[illegible].00
Second-Mortgage land grant	1,500,000.00
United States subsidy bonds	6,303,000.00
Bonds Funding Mortgage	1,500,000.00
First Land-Grant certificates	260,905.12
Second land-grant certificates	161,595.00
First-Mortgage division certificates	297,780.00
Second-Mortgage division certificates	540,975.00
Denver Extension certificates	996,397.50
Leavenworth Branch certificates	91,822.50
	30,776,575.12

10. Unpaid Interest to the Public:	
Certificate Coupons, First Land grant	$212,405.12
Certificate Coupons, Second Land grant	121,581.00
Certificate Coupons, First-mortgage division	250,969.94
Certificate Coupons, Second-mortgage division	453,761.50
Certificate Coupons, Denver Extension	842,657.21
Certificate Coupons, Leavenworth Branch	71,843.00
Unpaid Coupons, Gold, 1875 and previous	2,630,543.65
Unpaid Coupons, Currency, 1873	115,925.00
Coupons, Gold, prior to 1873	13,827.75
Coupons, Currency, prior to 1873	644.00
	4,723,148.25
13. Other Liabilities:	
Cash	26,894.33
Charges	33,995.35
Express Agents' Remittances	2,328.91
Auditor's Checks	690.56
Auditor's Checks, No. 2	6,790.68
Pay Checks	67,110.61
Voucher No. 2, Account	502,840.32
Voucher No. 2, Account 1876, 1877, and 1878	1,555.34
Vouchers, Receivers'	1,352.53
Voucher, Junction City and Fort Kearny	3,031.68
Voucher, Arkansas Valley Railway	280.58
Pay-rolls	134,157.93
Stoppages	140.92
Junction City and Fort Kearny, general account	29,183.72
Foreign Roads, car mileage	7,643.93
Foreign Roads, Ticket Account	40,315.70
Golden, Boulder and Caribou Railroad Company	709.92
Junction City and Fort Kearny Railroad Company	35,379.55
Union Pacific Railroad Company	445,279.89
Sundry Persons	1,546.72
Jay Gould	1,499,923.88
Cheyenne Division, Denver Pacific, net earnings	3,642.76
Denver and Boulder Valley, net earnings	10,401.30
	2,915,315.44
18. Expenditures:	
Interest Account, balance	3,138,492.42
Company Freight	74,536.85
Default Account	1,995.71
Income Account, balance	6,309,993.28
Coupon Collection	784.67
Funding-bond Coupons	38,600.00
Certificate Interest, Gold	142.96
	9,624,545.29

The Kansas Pacific Company was a bankrupt corporation at and after the time the following securities of other corporations were purchased for it by Mr. Jay Gould, and it had no means, so far as the books show, of settling for the same, although the entries read that these securities were to be paid for "in stock," but what stock is not stated on the books.

	Amount.	Cost.
Saint Joseph and Pacific first-mortgage bonds:		
190 at $100	$19,000.00	$19,000.00
72 $500 bonds	126,000.00	126,000.00
885 $1,000 bonds	885,000.00	885,000.00
Saint Joseph and Pacific first-mortgage scrip	204.23	204.23
Kansas and Nebraska Rwy. bonds:		
2 at $100, second mortgage	200.00	200.00
3 at $500, second mortgage	1,500.00	1,500.00
23 at $1,000, second mortgage	23,000.00	23,000.00
First-mortgage scrip	120.00	120.00
322 Kansas and Nebraska first-mortgage bonds, $100 each	32,200.00	32,200.00
88 Kansas and Nebraska first-mortgage bonds, at $500 each	44,500.00	44,500.00
653 Kansas and Nebraska first-mortgage bonds, $1,000 each	653,000.00	653,000.00
Saint Joseph and Denver City receiver's certificate, a first lien on the line	59,000.00	59,000.00
Saint Joseph and Western R. R. stock, 15,362 shares, at $20		307,000.00
Kansas Central first mortgage 7 per cent. bonds, at $1,000 each	479,000.00	479,000.00
375 shares, at $1,000 each, thrown in with above, Hastings and Grand Island R. R. Co. for amount advanced by Mr. Gould now assumed by this company on account of 375 first mortgage 7 per cent. bonds of the Hastings and Grand Island Railroad Company, of $1,000 each, Nos. 1 to 375, dated January 1, 1880, thirty years to run, coupons payable January and July	375,000.00	
"Coupon No. 1, July, 1880, and subsequent attached (bonds sent to Mr. McFarland, treasurer), and for $75,000 Hall County, Nebraska, bonds to be sold at Omaha"	75,000.00	60,204.23
Saint Joseph Bridge Building Company, 784 first-mortgage sinking-fund 7 per cent. bonds, 4,000 shares stock of same company thrown in	784,000.00	784,000.00
Central Branch Union Pacific stock, 7,616 shares	761,600.00	1,82,500.00
Denver Pacific Railway and Telegraph Company, 10,000 shares, at $10 each	100,000.00	100,000.00
Welch Coal Mine, one-half interest, 585 shares, at $50 par	18,625.00	6,439.71
Making a total of		5,397,108.19

The Kansas Pacific Company also acquired sundry other securities, as under:

	Amount.	Cost.	Remarks.
1. Junction City and Fort Kearny first-mortgage bonds.	$600,000.00	$421,852.69	Received in settlement with R. E. Carr and associates, contractors, Junction City and Fort Kearny R. R.
2. Arkansas Valley first-mortgage bonds.	430,000.00	430,000.00	Received in settlement of subscription of railway company to pool for building Arkansas Valley Rwy. from Carson to Las Animas.
3. 5 shares Kansas Pacific Rwy. Co. stock.	250.00	250.00	Received from R. M. Shoemaker.
4. Kansas and Missouri Bridge Company stock.		9,911.03	Received in adjustment of taxes, 1869, from Leavenworth Company.
5. Las Animas Ditch Company stock, 15 shares.		1,000.00	Purchased by the company.
6. Junction City and Fort Kearny, 7,200 shares.		7,200.00	Received in settlement of Carr contract.
7. Arkansas Valley Rwy. Co. stock, 10,682 shares.		106.82	Received in settlement of pool contract mentioned above.
8. Union Depot, Kansas City, 10 shares.		1,000.00	Purchased by receivers.
9. 120 bonds Junction City and Fort Kearny R. R. Co.	120,000.00	96,000.00	Do.
10. 94 bonds Solomon R. R. Co.	94,000.00	72,941.44	Do.
11. Solomon R. R. stock		5,000.00	Do.
		1,045,242.03	

1. The charges against the Junction City and Fort Kearny Railway to July 31, 1875, were $616,309.43. The credits to the account up to the same date amount to $814,661.71, leaving a balance of $198,352.28. This balance was subsequently reduced to $191,057.31. Included in the credits of $814,661.71 above mentioned are the following:

First-mortgage gold 7 per cent. bonds of the Junction City and Fort Kearny R. R.	$600,000
Clay County, Kans., bonds, subscription, Clay County	100,000
Davis County bonds, subscription Davis County	90,200
	790,200

These securities were received from R. E. Carr and associates, contractors for building the Junction City and Fort Kearney Railroad, in full settlement for expenditures made on their account in building that road from Junction City, Kans., to Clay Centre, Kans., a distance of 33½ miles, in accordance with resolution of board of directors, passed at annual meeting held at Lawrence, Kans., May 1, 1873, and subsequently approved by stockholders at same time and place.

2. The following securities were received in settlement of subscriptions of the railway company to the pool for building the Arkansas Valley Railway from Carson to Las Animas:

Arkansas Valley R. R. bonds for 430 first-mortgage 7 per cent. gold bonds, of $1,000 each			$430,000.00
Clay County bonds, for 43 Clay County, Kansas, bonds, of $1,000 each			43,000.00
Arkansas Valley R. R. stock:			
For 3,182 shares of A. V. Rwy. Co. stock, certificate 4, at 1 cent a share			31.82
For stock received from A. V. Rwy. on account of guarantee of their bonded certificate No. 1, for 7,500 shares, at .01 each			75.00
Discount, interest, and exchange:			
For this amount interest paid on Vulcan Iron Works notes, from Jan., 1874, to Aug., 1876, charged to A. V. Rwy. account, but payable by Kansas Pacific Railway	$103,922.05		
Less interest due K. P. Rwy. Co. on bonds as follows:			
From Oct. 1, 1873, to Oct. 1, 1874, $430,000.00, at 7 per cent., gold	$30,100.00		
Premium on same, at 8 per cent	2,408.00		
Interest on $430,000 to Oct. 1, 1876, and premium	67,186.22		
		99,694.22	
			4,227.83
			477,334.65

The payments on account of construction of the Arkansas Valley Railroad to the 31st of March, 1877, were $1,116,261.50, less subscriptions received $750,000, leaving balance 31 Mar., 1877, $366,261.50.

The above balance was reduced to $258,899.65. The Kansas Pacific subscription was $321,931.66.

9 and 10. These bonds, namely, the Junction City and Fort Kearny, and the Solomon Railroad, were taken in "settlement as per order of court, dated Apr. 1, 1879, with Junction City and Fort Kearny and Solomon Road companies by C. S. Greeley and H. Villard. Received in payment of accounts to Nov. 1, 1878, and since, but originating prior as per statement filed herewith, being for labor, mail transportation, etc., furnished in matter of construction of Solomon Road and Extension of Junction City and Fort Kearny Railway from Clay Centre to Clyde. Settlement made in Saint Louis, April 9, 1879," $144,050.29.

The Kansas Pacific Company also became the owner of the undermentioned bonds and stocks:

Name of security.	Amount.	Cost.	Remarks.
29,989 shares Denver Pacific Railway and Telegraph Company.		$650,000.00	Purchased from Carr & Perry, trustees.
938 shares National Land Company		34,750.00	Purchased from C. S. Greeley, trustee.
2,500 shares Hazelton Coal & Mining Company.		25,000.00	From J. P. Devereux, trustee.
Denver Pacific bonds, first mortgage	$20,000	17,150.00	From Gould & Sage, trustees.
Do	16,000	13,640.00	Do.
Denver and Boulder Valley bonds	35,000	26,250.00	Do.
Arkansas Valley bonds	26,000	13,000.00	Do.
Denver Pacific bonds	1,605,000	1,605,000.00	Exchanged for consolidated bonds.
Denver and Boulder Valley bonds	438,000	438,000.00	Do.
Solomon Railroad bonds	40,000	40,000.00	Do.
Arkansas Valley Railway bonds	454,000	323,883.60	Do.
National Land Company		1,000.00	Do.
Total cost above		3,185,673.60	

The following securities of the Kansas Pacific Company were purchased or otherwise acquired: *

	Amount.	Cost.
Income bonds stamped	$2,907,450	$2,079,431.41
Income bonds unstamped	137,300	118,314.86
Second-mortgage land-grant bonds	1,005,000	827,163.00
First-mortgage land-grant bonds	8,000	8,000.00
Leavenworth Branch bonds	108,000	86,730.00
Total		3,119,679.27

Besides the Davis and Clay County bonds, heretofore mentioned, the undernoted were received in aid of sundry branch lines:

	Amount.	Remarks.
Ottawa County bonds	$50,000	In aid of Solomon Road.
Smoky Hill Township bonds	14,740	In aid of Salina & Southwestern.
Smoky View Township bonds	10,000	Do.
Elk Township bonds	31,000	In aid of Concordia Extension.
Total	105,740	

The first-mentioned bonds were sold at 85 cents on the dollar. The other three lots brought 90 cents.

The land accounts on the Kansas Pacific books are very meagerly displayed and no account of the same, as of the 31st of December, 1879, is in existence to form the basis of a critical analysis of the affairs of that department. There are no particulars of the land-grant trust on the books at the date mentioned, and the following trial balance, dated June 30, 1879, is the latest information I can find on the subject. This document I found in a letter book belonging to the land-grant trust, viz:

KANSAS PACIFIC LAND-GRANT TRUST.

Trial balance, June 30, 1879.

DR.

Land commissioner	$20,885.37
Bills receivable	1,053,494.03
Expense account	30,196.41
Bond account, par, $440,000	406,684.49
Bond interest	33,015.91
Cash account	24,228.14
Land patent account	6,503.85
Land office expenses	67,096.86
Tax account	15,998.41
Commission account	100,476.54
Kansas Pacific Railway	358,095.52
R. E. Carr, trustee	41,155.83
	2,156,831.36

CR.

Land sales, 588,044.59 acres	$1,955,900.08
Town lots, 443 acres	24,498.00
Land interest	126,028.28
Coal land rents	162.31
Land forfeitures	50,242.69
	2,156,831.36

* The entry for these securities appears on journal 4, page 590, but it is entirely silent in the matter of naming the seller. The same entry shows that these bonds were exchanged at cost for the consolidated bonds.

An analysis of this trial balance shows the following results:

Receipts		$2,134,931.9
Less—		
Expense account	$30,196.41	
Bond interest	33,015.91	
Bond account	405,684.49	
Land patent account	6,503.85	
Land office expenses	67,096.86	
Tax account	15,998.41	
Commission account	100,476.54	
		658,972.0
		1,497,959.9
To show as assets:		
Land commissioner	20,885.37	
Bills receivable	1,053,494.03	
Cash account	24,228.14	
Kansas Pacific Railway Company	358,095.52	
R. E. Carr, trustee	41,155.83	
		1,497,858.9

I annex a memorandum of the land-grant trust, as it stood on 1st September, 1879, and also a letter from Adolphus Meier, trustee, to John A. Stewart, concerning the alienation of the funds of the trust to the railroad company. According to the above account, the Kansas Pacific Company was in arrears to the Land Department Trust in the sum of $358,095.52. What settlement was made of this sum I can not as yet determine.

MEMORANDUM CONCERNING KANSAS PACIFIC LAND GRANT.

First land-grant bonds:		
Outstanding Sept. 1, 1879	$1,546,500.00	
Accrued interest	397,322.00	
		$1,943,822.0
Land obligations on hand		1,079,277.0
To be provided for		864,545.0
Lands unsold, 1,712,797 acres, 50½ cents per acre net, will pay		864,938.3
Lands sold to Sept. 1, 1879:		
Acres		590,421
Consideration		$2,004,543.3
Average price per acre		$3.3

[Copy of letter from Adolphus Meier, trustee, to John A. Stewart, esq., of New York.]

SAINT LOUIS, *December* 5, 1879.

DEAR SIR: I am in receipt of your attorney, Mr. William A. Stewart's letter of 26th ultimo, which has had my best attention, and in reply I beg to say that I think it necessary for us to move at once to have this payment of money to the Kansas Pacific Railroad Company by the land commissioner cease, and require the funds thus turned over to the company deposited with the Central Trust Company at New York, to our joint credit as trustees. The company should at once instruct Mr. Gilmore to remit all funds hereafter to said trust company for our joint account, and I suggest that you address President Dillon again on the subject, demanding immediate action and informing him that unless this be done we shall at once discharge Mr. Gilmore, employ another land commissioner, and publish this in the Kansas papers. I think that unless this is done we must act at once, as we can not look on and see the funds go into the hands of the railway company that has no right to them. In case you agree with us in this, I thank you to send me a letter for Mr. Gilmore signed by you, on which I can * * * removing him, and ordering him to deliver the papers, books, moneys, bonds, etc., in his hands to his successor, to be appointed by us, and if you agree, I shall then at once go up to Salina and put some one in his place. I presume that a competent man can be found among the clerks of the land department, and I shall want your authority to put him in charge. A man fully familiar with the affairs of the land department is certainly preferable to fill the place of Mr. Gilmore, whom I think a very competent officer. This change and the whole proceeding will very much injure the sales of the lands, but that is caused by the action of the railway company. As regards the non-payment of interest on the

A to G bonds, it appears to me that the company does not intend to pay until the bonds mature, which is July 1, 1880, but as this is near by may it not be better for the trustees to postpone legal proceedings till then? The holders of coupons can collect them, if they so elect, of the company by suit.

Yours, very truly,

ADOLPHUS MEIER,
Trustee.

The condition of the Denver Pacific Railway and Telegraph Company on the 31st of December, 1879, as evidenced by its books and accounts, was as follows:

DEBITS.

Construction	$6,495,350.00
Income account	201,964.41
General expenses	49,505.91
Interest on bonds, etc	15.24
Notes receivable	260.85
Colorado Central Railroad Company	.66
Treasurer, general account	81.84
Quartermaster-General	12,119.56
Postmaster-General	22,021.23
Sundry persons	174.76
Freight and ticket agents	181.70
Trustees' first mortgage	201,554.85
Kansas Pacific receivers (tickets)	18.34
National Land Company	441.73
Pay-roll	4,404.18
Boulder Valley Railroad, expense	10,146.30
Boulder Valley Railroad, general account	99,487.35
Freight earnings	2,282.91
Income expenses	15,638.25
Expenses land trust	12,954.79
Kansas Pacific receivers	26,729.45
Union Pacific Railway	2,280.73
D. M. Edgerton, special account	900.00
H. W. Stocking	95.27
S. A. Palmer	101.93
O. W. Cady	375.00
	7,159,087.24

CREDITS.

Capital stock	4,000,000.00
First-mortgage bonds	2,222,000.00
Commercial passenger earnings	123.27
Miscellaneous earnings	172.64
Land department (sales)	7,354.56
Interest on land notes	14,852.60
Auditor's check	541.70
Stoppage account	7.98
Coupon gold	4,445.00
Land department, trusts	732,827.14
Denver and Boulder Valley Railroad, net earnings	17,714.48
Voucher	38,397.50
Unclaimed wages	362.35
Kansas Pacific Railway Company	60,084.68
Earnings	43,021.19
Joint traffic	4,579.18
Suspense	1,059.18
Receivers Denver Pacific (Edgerton & Clayton)	10,460.84
Profit and loss	1,091.95
	7,159,087.24

Put in the form of a balance-sheet the above-mentioned items would show as under:

ASSETS.

Construction	$6,495,350.00
Notes receivable	260.85

Colorado Central Railroad Company	[illegible]
Treasurer, general account	[illegible]
Quartermaster-General	12,119.34
Postmaster-General	22,001.23
Sundry persons	174.76
Freight and ticket agents	183.70
Trustees first mortgage	*201,564.65
Kansas Pacific receivers (tickets)	18.34
National Land Co	441.73
Boulder Valley R. R., expense	10,146.20
Boulder Valley R. R., general expense	99,467.35
Kansas Pacific receivers	26,729.45
Union Pacific Railway	2,280.73
D. M. Edgerton, special account	900.00
H. W. Stocking	95.27
S. A. Palmer	101.33
O. W. Cady	375.00
	6,872,221.55

LIABILITIES.

Capital stock	$4,000,000.00	
First-mortgage bonds	2,222,000.00	
Auditor's check	541.70	
Stoppage account	7.98	
Denver and Boulder Valley R. R., net earnings	17,714.48	
Voucher	38,397.50	
Unclaimed wages	362.35	
Kansas Pacific Rwy. Co	60,084.68	
Receivers Denver Pacific	10,460.84	
Coupon gold	4,445.00	
		6,354,014.53
		518,207.02

RECEIPTS.

Commercial passenger earnings	123.27	
Miscellaneous earnings	172.64	
Land department sales	7,354.56	
Interest on land notes	14,852.60	
Land department trusts	†732,827.14	
Earnings	43,021.19	
Joint traffic	4,579.18	
Suspense	1,050.18	
Profit and loss	1,091.95	
		805,072.71

EXPENDITURES.

Income account	$201,964.41	
General expenses	49,505.91	
Interest on bonds	15.24	
Pay-roll	4,404.18	
Freight earnings	2,282.91	
Income expenses	15,638.25	
Expenses land trust	12,954.79	
		286,765.69
		518,207.02

* Represents money placed in the hands of the trustees of the first-mortgage bonds on account of sales of lands.

† Represents land sales, receipts from land interest, etc.

These items taken out of the balance-sheet show a deficit in the operations of the railway proper of $214,590.12.

The operations of the Denver Pacific from 1870 to 1879 show as follows:

Years.	Receipts from traffic.	Traffic expenditures.	Net earnings from traffic.
[illegible]	$304, 738. 23	$197, 518. 42	$107, 219. 81
[illegible]	339, 145. 45	242, 015. 98	97, 129. 47
[illegible]	366, 570. 42	169, 191. 95	197, 378. 47
[illegible]	362, 378. 22	146, 565. 29	215, 812. 93
[illegible]	381, 149. 77	138, 303. 69	242, 846. 08
[illegible]	374, 229. 69	139, 246. 00	234, 983. 69
[illegible]	352, 019. 27	246, 852. 94	105, 166. 33
[illegible]	317, 761. 05	186, 644. 90	131, 116. 15
[illegible]	187, 022. 71	137, 829. 35	49, 193. 36
[illegible]	137, 126. 56	105, 308. 68	31, 817. 88
	3, 122, 141. 37	1, 709, 477. 20	1, 412, 664. 17
Average of net earnings per annum for ten years			141, 266. 42

The yearly interest obligations of this company from 1870 to 1877, both inclusive, payable in gold with the premium added, were as follows:

Year.	Interest paid.	Year.	Interest paid.
[illegible]	$138, 535. 25	1875	$196, 680. 96
[illegible]	197, 623. 24	1876	188, 353. 96
[illegible]	197, 432. 52	1877	175, 644. 65
[illegible]	202, 297. 66		
[illegible]	187, 335. 22	Total payments	1, 483, 903. 46

The accounts of the Denver Pacific Company are in a fragmentary condition, and a number of books and papers are missing. Only one minute-book was found, and that was the first one. There are no stock lists, stock certificates, or transfer books, and the only detailed record as to the share-holders is in the stock ledger. The vouchers and contracts for construction can not be found, and although statements are alleged to be on file in relation to the issue of first-mortgage bonds and capital stock, the whereabouts of the same are unknown. The initial books of the accounting department of the company are also lost or mislaid. As to stock subscriptions, it appears that the same could be paid for in labor at prices to be agreed upon. John Evans, a trustee, became a contractor for building the line. The construction account in ledger B is lumped at $6,500,000, a sum which represented the issue of $2,500,000 first-mortgage bonds and $4,000,000 of share capital. The county of Arapahoe subscribed $500,000 toward the capital stock, and paid for the same in bonds, having twenty years to run, at 8 per cent. per annum. Three hundred thousand dollars of these bonds were paid to Carr on account of his contract, but what became of the other $200,000 is not apparent from the books at hand." What the actual cost of the original construction of this line was can not be determined from the records we have. A kind of settlement was made with Evans on one occasion, by which he received the following:

In cash	$6, 500
Arapahoe County bonds	300, 000
Denver Pacific shares	3, 500, 000

The minute book No. 1, page 95 shows the following with reference to these bonds:

"NOTICE.—To all subscribers of stock who will pay up the amounts of their subscriptions in full on or before the 1st day of November next the treasurer of the company will issue Arapahoe County bonds for like amounts, together with the accrued interest upon the same.

"R. R. MCCOMMICK,
"*Sec'y.*

"OCTOBER 5, 1868."

At the date mentioned the only parties who were stockholders, either actual or prospective, were Arapahoe County and John Evans, the contractor, so that it seems fair to assume that John Evans got the rest of the Arapahoe County bonds.

Early in 1870 an agreement was made with William A. Bell, of London, England, to sell him $1,500,000, of the first-mortgage bonds, at 66 per cent., but the account books are silent as to this transaction. Messrs. Evans and Carr (R. E. Carr, having obtained a half interest in Evans's contract) paid coupon No. 1, of these bonds which matured on the 1st of November, 1869. They also paid 1,500 of coupon No. 2, representing presumptively the interest on the 1,500 bonds alleged to have been sold in England. Following this presumption is another, that parting with the 1,500 bonds just mentioned, the remainder were retained by the contractors. Putting the 2,500 bonds at the rate obtained for part of them in London, say 66 per cent., and counting in the Arapahoe County bonds given to the contractors the actual cost of the road would be about $20,000 per mile, exclusive of the share capital. The cost of the road on the basis of the bonds and shares was $61,320 per mile. Messrs. Evans and Carr, in addition to getting their payment in bonds, stock, etc., also asked for 100,000 acres of land to be selected by them, and to come out of the land grant, provided there was enough over 800,000 acres to make up the same. The records I have are not clear as to whether this request was finally granted or not, the matter having been left optional with the trustees of the first mortgage. Evans and Carr the contractors, both appear to have been trustees or directors of the company, and to have had associates who were sharers in the profits of the undertaking. I apprehend that John Edgar Thomson, of Philadelphia, was the trustee for these associates, and that he made the requisite distribution of the stock. I annex herewith all the information I have been able to obtain with reference to the share capital and its transfers. The receivership of this road, as far as active operations were concerned, commenced in April, 1878, and appears to have been continued down to the time of consolidation.

The lease of the Denver and Boulder Valley Railroad was made on the 18th of October, 1870, and was ratified by the stockholders at the meeting held in the city of Denver, on the 1st of December, following. The Denver Pacific Company guaranteed the principal and interest of $300,000 of the first-mortgage bonds, of the Denver and Boulder Valley Company, on the condition that the said issue of bonds be used in the construction of the said line of railway, and that 55 per cent. of the gross earnings be retained by the leasing company. It was further arranged that in case the county of Boulder aided the line to the extent of $100,000, the Denver Pacific would make a further guaranty on the first-mortgage bonds of the leased company not to exceed $300,000, and that in case the earnings of the road of this company shall not be sufficient to pay the interest on its bond the Denver Pacific shall pay the coupons guarantied, and place them in trust, to be held as a charge against the net earnings of this company until paid, or the maturity of its first-mortgage bonds.

According to the accounts the Denver and Boulder Valley Railroad was not a very valuable feeder to the Denver Pacific. The books of the Denver Pacific, so far as they relate to the Denver and Boulder Valley, are only written up to the end of December, 1877. At that time, after having credited the account with 45 per cent. of the net earnings, and debiting it with the interest payments, the result, at the date mentioned, was a debit to the Denver and Boulder Valley of $99,487.35.

The average earnings of the constituent companies per mile for certain periods of years were as follows:

Company.	Miles operated.	Average net per annum.	Average per mile per annum.
The Union Pacific (10 years)	1,039	$5,835,713.37	5,616.0
Kansas Pacific (8 years)	673	1,077,988.45	1,601.77
Denver Pacific (10 years)	106	141,266.42	1,332.70

The average interest of the above-named companies for certain periods of years were as follows:

Company.	Miles operated.	Earnings per mile.	Average interest per mile per annum.
Union Pacific	1,039	$5,616.66	$3,185.2
Kansas Pacific	673	1,601.77	2,284.7
Denver Pacific	106	1,332.70	1,743.0

From the figures just presented, the Commission can get a better idea of the value of the several constituent companies, as compared with each other, than they probably could by any other form of exhibit. The Kansas Pacific and the Denver Pacific

were insolvent concerns, and the Union Pacific was about paying its way, so far as its current obligations were concerned. Part 3 of this report, which touches upon the transactions which occurred immediately before and immediately after the date of consolidation will be handed in to the Commission some time next week. All of which is respectfully submitted by

Yours, very truly,

WM. CALHOUN,
Accountant.

MEMORANDUM CONCERNING THE STOCK ISSUES OF THE DENVER PACIFIC RAILWAY AND TELEGRAPH COMPANY.

The first issues of stock, to the extent of 40,000 shares, were divided between Arapahoe County (say 5,000 shares) and John Evans, the contractor (35,000). On August 3, 1870, the shares were split up as follows:

	Shares.
Issued to John Edgar Thomson, trustee	34,991
Issued to Arapahoe County	2,400
Issued to John Evans	2,600
Issued to sundry parties for voting purposes	9
In 1870 the share capital stood as follows:	
Arapahoe County	2,400
R. E. Carr, from J. E. Thomson, trustee	8,750
John Evans	2,600
D. H. Moffat, trustee, from J. E. Thomson, trustee	8,750
J. E. Thomson, trustee	17,491
Sundry parties	9
In 1871 the share capital stood as follows:	
Arapahoe County	2,400
R. E. Carr, trustee:	
From J. E. Thomson, trustee 5,010	
From R. E. Carr 15,000	
	20,010
John Evans	2,600
D. H. Moffat, trustee, from J. E. Thomson, trustee, 6,231	14,979
Sundry persons	11
In 1872 the share capital stood as follows:	
Arapahoe County 5,400	
From R. E. Carr, trustee 5,000	
From John Evans 2,600	
	10,000
R. E. Carr, trustee	15,000
Carr & Perry, trustees, from D. H. Moffat, jr., trustee	14,979
Sundry parties	21
In 1873 the share capital stood as follows:	
Arapahoe County	10,000
R. E. Carr, trustee	15,000
Carr & Perry, trustees	14,979
Sundry parties	21
In 1874 the share capital stood as follows:	
Arapahoe County	10,000
R. E. Carr, trustee	15,000
Carr & Perry, trustees	14,979
Sundry parties	21
In 1875 the share capital stood as follows:	
Arapahoe County	10,000
R. E. Carr, trustee	15,000
Carr & Perry, trustees	14,979
Sundry parties	21
In 1876 the share capital stood as follows:	
Arapahoe County	10,000
R. E. Carr, trustee	15,000
Carr & Perry, trustees	14,979
Sundry parties	21

In 1877 the share capital stood as follows:

	Shares.
From Carr & Perry, trustees	23,98
Sundry parties	2
Arapahoe County	9,99
W. J. Lewis & C. B. Burnham, trustees:	

In 1878 the share capital stood as follows:

Arapahoe County	9,99
Lewis & Burnham, trustees	23,98
Sundry parties	2

In 1879 the share capital stood as follows:

Arapahoe County	9,99
Lewis & Burnham, trustees	23,98
Sundry parties	2

In 1880 the share capital stood as follows:

Jay Gould, from Arapahoe County	10,00
Gould and Sage, trustees, from Lewis & Burnham, trustees	*23,98
Sundry parties	2

Stock issued, Denver Pacific Railway and Telegraph Company (to August 3, 1869).

No.	To whom issued.	Amount shares.	Date certificate.
1	Arapahoe County	5,000	Apr. 11, 186
2	John Evans, Denver	2,600	May 20, 186
3	Arapahoe County	2,400	Do
4	John Evans, Denver	15,000	June 4, 186
5	.....do	15,000	Do
6	.....do	5,000	Do
7	John W. Smith, Denver	1	Aug. 3, 186
8	David H. Moffat, jr.	1	Do
9	Wm. M. Clayton, Denver	1	Do
10	Joseph E. Bates, Denver	1	Do
11	John Pierce, Denver	1	Do
12	Frank Cram, Denver	1	Do
13	Wm. J. Palmer, Saint Louis	1	Do
14	John Evans, Saint Louis	6,250	Do
17	.....do	6,231	Do
18	.....do	8,750	Do
19	.....do	8,750	Do
20	.....do	5,010	Do
21	John Edgar Thomson, trustee, Pa	6,250	Do
22	John Edgar Thomson, trustee	6,231	Do
23	.....do	8,750	Do
24	.....do	8,750	Do
25	.....do	5,010	Do
27	Robert H. Lamborn, Philadelphia	1	Oct. 1, 186
26	Walter S. Cheesman, Denver	1	Aug. 3, 186

Cancellation of Denver Pacific shares.

No.	Date of cancellation.	Remarks.
1	May 26, 1869	Certificates Nos. 2 and 3 issued in lieu thereof.
4		
5	Aug. 3, 1869	Certificates returned and cancelled. Certificates numbered from 7 to 20, inclusive.
6		
7	....do	Certificate returned and canceled. Certificate No. 26 issued in lieu thereof.
14	Oct. 1, 1869	Certificate returned and canceled. Certificate No. 27 issued in lieu.
16	Aug. 3, 1869	Certificate returned and canceled. Certificate No. 21 issued.
17	....do	Certificate returned and canceled. Certificate No. 22 issued.
18	....do	Certificate returned and canceled. Certificate No. 23 issued.
19	....do	Certificate returned and canceled. Certificate No. 24 issued.
20	....do	Certificate returned and canceled. Certificate No. 25 issued.

* From Gould and Sage, trustees, the stock went into the Union Pacific consolidation, standing on the books of the Kansas Pacific Company as owned by it. See balance-sheet K. P. Co., Jan., 186

Memorandum of yearly interest, payments by the constituent companies of the Union Pacific, excluding subsidy interest.

Union Pacific—payments for ten years:

1870	$3,114,159.80
1871	3,205,102.61
1872	3,435,929.81
1873	3,375,468.37
1874	3,342,011.10
1875	3,298,709.37
1876	3,304,020.30
1877	3,279,464.00
1878	3,350,771.57
1879	3,390,565.37
Total payments	33,096,202.30

Average per annum, $3,309,620.23; per mile, $3,185.39.

Kansas Pacific—payments for eight years:

1872	$1,190,142.30
1873	1,201,319.45
1874	1,338,939.61
1875	1,515,097.99
1876	1,924,214.61
1877	1,635,731.25
1878	1,774,219.91
1879	1,775,067.33
Total payments	12,354,732.45

Average per annum, $1,544,341.56; per mile, $2,294.71.

Denver Pacific—payments for eight years:

1870	$138,535.25
1871	197,623.24
1872	197,432.52
1873	202,297.66
1874	187,335.22
1875	196,680.96
1876	188,353.96
1877	175,644.65
Total payments	1,483,903.46

Average per annum, $185,487.93; per mile, $1,749.89.

EXHIBIT A 1.

Capital balance-sheet, Union Pacific Company,

DR.

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
2	1	Peter A. Dey	Engineering	[illegible]
540	2	H. V. Poor	Office expenses	[illegible]
574	3	Cash account	Balance at date	[illegible]
598	4	Loan account	Temporary loan at 5 per cent	[illegible]
				[illegible]

The above balance-sheet shows that of the capital thus raised the sum of [illegible] was applied to work incidental to construction.

Item No.

1. For disbursement made by him on account of engineering (see voucher No. 2).
2. For salary and expenses to H. V. Poor on account of office-hire, clerks, furniture, etc., paid by H. V. Poor, as per voucher No. 1 (see item No. 10 also).

EXHIBIT A 1.

for the year ended December 31, 1863.

CR.

Ledger folio.	Item No.	Title of account.	Nature of receipt.	Amount.
89	5	Capital stock	First installment of 10 per cent. on 2,177 shares, par value $1,000 each.	$217,700.00
				217,700.00

Item No.

3. For amount deposited by John J. Cisco, treasurer, in the United States subtreasury, to the credit of this company at 5 per cent. Temporary loan (see voucher No. 3).

5. See alphabetical list of shareholders of September 24, 1863, comprising 122 shareholders. The largest number of shares held by any person being 50.

EXHIBIT A 2.

Capital balance-sheet, Union Pacific Company

Dr.

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
2	6	Peter A. Dey	Engineering	$110,397.2
60	7	Land account	Salary for services to company's lands.	2,000.0
100	8	H. M. Hoxie	Paid on contract for building first 100 miles.	394,874.6
150	9	General law expenses		7,000.0
300	10	Engineering account	Engineering, balance of account	5,000.0
540	11	Expense account		13,000.0
575	12	Cash account	Balance at date	1,146.75
596	13	Suspense account		36,373.75
600	14	Freight account		9,373.6
636	15	Petty cash		300.0
				627,100.3

Item No.

6. The charges to this account represented by vouchers Nos. 10, 11, 14, 29, 43, 64, and 9[illegible] are in the form of drafts drawn by him on John J. Cisco, treasurer of the company, for $107,192.63. Mr. Dey was an engineer on the line. Voucher 95 is for $4,694.69, amount of Brigham Young's subscription to the capital stock of the company. A charge of $300, Sept. 14, 1864, is for the fare of wood-cutters to Omaha, and is claimed to be included in voucher 48, representing an account of T. C. Durant, commencing Mar. 3, 1864, and amounting to $4,970.60.
7. For salary to E. Cooke, "for services in Washington, at the request of executive committee," $2,000.
8. Voucher 54, for $44,549.45, is a draft of H. M. Hoxie on the company, dated Aug. 1, 1864. Voucher 58 is a sight draft in favor of H. C. Crane, drawn by H. M. Hoxie, per .H C. Crane, attorney, for $66,325. Vouchers 66 and 70, for $50,000 and $80,000, respectively, are of the same character. Vouchers 82, 88, and 95 are merely memorandums showing payments of $100,000, $200,000, and $16,000, respectively.
9. (A subsequent charge to construction account.) Voucher 45 is a bill of T. C. Durant for amount paid to Walter & Stanton, attorneys, Washington, D. C., $2,400. Voucher 55, bill of Clarke Bell, for professional services for drawing certificates for preliminary use on Government bonds and counsel fee, $2,000. Voucher 59 is from E. H. Rosenkrans, for services rendered and legal advice. Amount, 3,000.
10. Bill of George T. M. Sibley, for 25 Sibley tents and 15 wall tents, with flys and appurtenances, for $3,159. Voucher in order. Voucher 13 is a bill of Corlies & Macy, for stationery for the engineering department, for $56[illegible].65. Voucher 17 is a draft of F. D. Sherman, cashier, dated Chicago, May 30, 1864, on T. C. Durant, vice-president, for engineering tools and passage of party to Omaha, for $1,226.97. Voucher 97 is from T. C. Durant, "for maps of surveys, etc., including soundings of Missouri River, near Omaha, delivered to the company Oct. 30, 1863, for $21,000." Voucher 48. There is no particular voucher for the item of $1,341.48, which is supposed to be included in the batch of papers marked "Voucher 48." The item for $1,631.94 (Journal folio 19), represents payments of $1,574.94 and $60, to Dr. Hodge, geologist, and Dr. John Torrey, respectively, for services. Voucher 62 is from Silas Seymour for $3,000, on account of salary as consulting engineer. Voucher 63 is from John F. Tracy, for forwarding men to Omaha, $1,000; voucher approved. Voucher 73 is from John E. Henry, "for services in New York and Washington, in fall of 1863 and winter and spring of 1864, at the request of T. C. Durant, for $4,000." Voucher 75 is bill of McGill & Witherow, for $40, for printing specifications, etc. Voucher 77 is from Silas Seymour, for traveling and other expenses on company's business as consulting engineer, from Jan. 1 to Oct. 6, 1864, for $353. Voucher 78 is for an advance on account of expenses to Omaha, etc., paid to S. Seymour, $250. Voucher 46, "for bills of Messrs. Sykes, Chadwick & Co., for hotel expenses of committee appointed by board for procuring necessary legislation" (Journal, p. 9), voucher missing, for $13,124.13. "Engineering account debtor to expense account, $3,500," being amount charged in expense ac-

EXHIBIT A 2.

for the year ended December 31, 1864.

Cr.

Ledger folio.	Item No.	Title of account.	Nature of receipt.	Amount.
[illegible]	16	Credit Mobilier of America.....	Amount received from Durant and Crane.	$61,250.00
[illegible]	17	Iron account	Balances for iron purchased for contractors.	16,225.46
[illegible]	18	Interest account.....	For interest on temporary loans and expenditures for rails for contractors.	6,133.78
[illegible]	19	Capital stock.....	.....	396,250.00
[illegible]	20	Equipment account	.....	17,075.45
[illegible]	21	Brigham Young	Being balance of his bill of provisions furnished to Reed's party after paying the 85 per cent. on his subscription to stock of this company.	194.69
				497,839.38

Item No.

count for payments made for account of engineering, for stationery, salary of draughtsman and incidental engineering expenses, no voucher, being transfer entry. The transfer entry to credit of engineering account is $45,020.86. John E. Henry, under date of Omaha, Nov. 1, 1864, receipts for vouchers from P. A. Dey of $45,020.89.

11. Voucher 4, for advertising and telegraphic service paid to H. V. Poor, for $151.81 is not certified. Voucher 12 is the report of a committee consisting of C. S. Bushnell and Geo. T. M. Davis to dispose of the subject of the salary of H. V. Poor, secretary of the company, the committee finding that the said Poor was entitled to the sum of $7,500, $3,000 of which was paid to him Dec. 22, 1863. Voucher 21 is receipt of Herring & Co. for $565, for iron safe, and is certified. Voucher 25 is receipt of H. V. Poor for $556.57, for advertising and office expenses, and is certified; the charge is for $556.47; thus showing 10 cents overpaid. Vouchers 31, 32, 33, 34, 35, and 36 are for books, stationery, awnings, maps, and office furniture, amounting in all to $1,075.99. Voucher 37 is a memorandum of $100 charged to petty cash. Voucher 38 is a bill for printing reports, and is missing, for $32. Voucher 39, for $16.07, is for repairs to office fixtures and furniture. Voucher 44 is receipt from B. F. Bunker for $250, on account of salary, and is certified. Voucher 48 comprises receipts for payments to J. J. O'Brien, for salary as draughtsman, $379; bill for printing, $1,341.48; P. A. Dey, for fare of woodcutters to Omaha, $300; Professor Hodge, geologist, $1,634.94; and sundry small bills, $1,139.98; amounting in all to $4,795.40, as per T. C. Durant's account, commencing March 3, 1864. Voucher 49 is an account of L. H. Biglow & Co., for stationery and printing, for $131.15, and is certified. Vouchers 76 and 83 are receipts of B. F. Bunker for $250 and $200, respectively, on account of salary, and are certified. Voucher 79 is from W. & J. Sloane, for office carpets, for $341.15, and is certified. Voucher 85 is comprised of sundry small bills for advertising meetings, etc., amounting to $297.45, all receipted, but not certified. Voucher 86 is from J. W. Southack for $386.50, for office furniture; certified. Voucher 87 is from B. F. Biglow, for stationery, etc., for $276.75; certified. Voucher 89 is from H. V. Poor, for advertising, for $130.82; certified. Voucher 90 is from B. F. Bunker, on account of salary, for $250; certified. Voucher 91 is bill of Wm. H. Cooke, for office furniture, for $395; certified. Voucher 92 is bill of J. & S. C. Rusher, for office gas-fixtures, for $71.48; certified. Voucher 93 is bill of L. H. Biglow & Co., for making sub-cription books, for $50; certified. No. 13, the last entry to expense account, for $1,029, is a credit to J. J. O'Brien, draughtsman, on account of salary; being a transfer, no voucher was made.

12. This is the balance of the account. The cash book is missing.

13. Voucher 40 is for $4,000 paid to T. C. Durant for draft dated Aug. 16, 1864, paid by him by order of committee; voucher missing. Voucher 45 is for paid bills of Messrs. Sikes, Chadwick & Co., for hotel expenses of committee appointed by the board for procuring necessary legislation; voucher for $13,128.13 missing. Voucher 51, for paid drafts of J. B. Stewart on T. C. Durant, per order of committee, $6,500; voucher missing. Voucher 56, for amount paid C. S. Bushnell for bills paid and expenses incurred by him in procuring necessary legislation.

EXHIBIT A 2—Continued.

Item No.

$15,751.63; voucher missing. Voucher 61, for amount paid to G. T. M. Davis for services rendered and time expended in Washington per order of committee, $3,000; voucher missing. Vouchers 65 and 66, representing amounts paid to Alexander Hay and J. C. Kennedy, of $4,000 and $2,000, respectively, by order of committee, are missing.

NOTE.—It will be found that suspense account, as recorded in Ledger A, differs materially from the statement of suspense account as reported by Ames & Cisco on Jan. 4, 1867, as shown on pages 381 and 382 of the report of the Poland Committee. For instance, the Ames & Cisco report charges suspense account with $44,549.45, while in point of fact this item is charged to the Hoxie contract for work done in building the first 100 miles, *vide* J, I. A, folio 11. In the same report of that committee items for $50,000 and $8,000 are charged to suspense account, whereas in Ledger A they are charged to H. M. Hoxie, contract account. On Sept. 21, 1864, suspense account in Ledger A is charged with $15,751.63 paid to C. S. Bushnell. In the Ames & Cisco report this payment is put down as $5,751.63. The evidence of the book is that the amount was originally $5,751.63 and was altered to $15,751.63.

14. Freight account vouchers 15, 16, 18, 19, 20, 23, 24, 26, and 72 are for freights on railroad iron, advertising, etc., and, with the exception of voucher 15, consist of drafts drawn by Springer Harbaugh, agent of the Union Pacific R. R. Co., on John J. Cisco, treasurer. The amounts of these vouchers are as follows: $2,102.11, $1,376.89, $1,759.36, $611.95, $973.93, $6,273.83, $1,586.34, $3,112.85, $103, and $627.70.

15. Voucher 50 is for advertising, cleaning, etc., for $250. Voucher 80 is for petty cash account, for $250. (See voucher 377.)

16. Is a transfer of cash balances from accounts of T. C. Durant and H. C. Crane, agent to Credit Mobilier of America, of $11,250, and $50,000, respectively. (No journal entry for these.)

17. Voucher 6 is a bill for 2,311 bars of iron from G. T. M. Davis, for $43,764.54 (not signed by committee). Voucher 7 is a bill for 2,314 bars of iron from G. T. M. Davis for $43,763.12 (not signed by committee). Voucher 9 is a bill for 1,001 Bales railroad chairs, 75,908 pounds at 7 cents, $5,316.56, approved by committee. Voucher 28 is for storage of railroad chairs, $17.27, approved by committee. The next item of $30,000 is an error in posting, which was corrected on the same day by an entry to the credit of iron account in the ledger. The 500 tons of iron were subsequently sold to the contractors. Credits were made for $109,093.95 against charges of $92,858.49, leaving a nominal credit to the account of $16,235.46.

18. On Dec. 22, 1863, the treasurer of the Union Pacific R. R. Co. deposited in the sub-treasury at New York the sum of $185,000, with interest at 5 per cent. On Feb. 1, 1864, the said treasurer also deposited in the sub-treasury the sum of $15,000. During the year 1864 the following amounts were repaid with interest

EXHIBIT A 2—Continued.

Item No.

to dates of payment at 5 per cent.: Feb. 26, $45,000, interest $405.74; Mar. 17, $40,000, interest $469.92; Apr. 19, $10,000, interest $162.57; Apr. 22, $30,000, interest $499.98; May 23, $20,000, interest $419.18; June 17, $10,000, interest $243.84; July 8, $10,000, interest $271.92; July 22, $20,000, interest $582.19; Aug. 1, $15,000, interest $375. For interest on expenditure for rails on account of contractors, $2,703.44.

19. Capital stock account shows as follows:

3,167 shares at $1,000 each is $3,167,000, 10 per cent	$316,700
1,535 shares at $1,000 each is $1,535,000, 5 per cent	76,750
5 shares at $1,000 each is $5,000, 95 per cent	4,500
4,707 shares, representing cash paid in	397,950
Deduct "for amount paid Robert Walkinson, being 10 per cent. on his subscription paid by him in error on second installment, new call made for 5 per cent., and paid by him, voucher 84." (Journal reference 17).	1,000
	396,950

The voucher 84, referred to above, is a memorandum written in pencil and signed "Bunker." Ninety-five per cent. of $5,000 is $4,750, so that either the statement of the percentage is wrong or the number of shares subscribed for is misrepresented. The shares were subscribed for by Brigham Young.

20. The credit to equipment arises as follows:

The company purchased 20 8-wheeled house cars, 5 locomotives and tenders, and 10 platform cars for the sum of			$103,960.00
and it paid to G. T. M. Davis for commission on sale of locomotive and platform cars the sum of			700.00
Making an outlay of			104,660.00
It subsequently sold the 20 8-wheeled house cars for	$23,400.00		
Two lomotives and tenders for	$41,000.00		
Less commission to G. T. M. Davis on 1 locomotive	525.00		
		40,475.00	
Also 2 locomotives and tenders, 10 platform cars, 25 Sibley tents*, for		57,860.45	
			121,735.45
Credit balance Dec. 31, 1864			17,075.45

*The Sibley tents should have been passed to the credit of construction account.

EXHIBIT A 3.

Capital balance-sheet, Union Pacific Company,

Dr.

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
3	22	D. H. Ainsworth	Engineering	$344.00
25	23	Credit Mobilier of America	Balance of account	4,156.00
60	24	Land account		16,371.55
100	25	H. M. Hoxie		1,253,321.65
110	26	Right-of-way account		25,300.20
150	27	General law expenses		7,400.00
301	28	Engineering account		175,912.13
536	29	Interest account		103,497.46
541	30	Expense account		41,802.63
581	31	Cash account		132.6.
635	32	C. A. Lambard	A loan account	10,000.00
646	33	John A. Dix	Salary account as president	5,000.00
646	34	John J. Cisco	Salary account as treasurer	11,000.00
647	35	Charles Tuttle	Salary account as secretary	3,000.00
648	36	B. F. Bunker	Salary account as chief clerk	1,200.00
650	37	John J. O'Brien	Salary account as draughtsman	1,250.00
650	38	Silas Seymour	Salary account as engineer	4,000.00
651	39	William C. King	Salary account	270.00
596	40	Suspense account		146,378.76
				1,810,746.18

Item No.

22. D. H. Ainsworth was an engineer at Omaha. He drew drafts on the treasurer at New York for $23,500, and was charged for certain horses, wagons, and harness sold by him, amounting to $320. The vouchers representing the debits for drafts drawn are simply the drafts themselves, say, 176, 176¼, 187, 196, 227, 262, 274, 294, 326, and 342. There appears to be no voucher evidence of the other charges. On Dec. 29, 1865, he was credited with $24,067 for an account rendered by him for payments for engineering expenses and salaries of engineers from May 13 to June 30, "as per vouchers marked A to F, both inclusive," which vouchers and account can not be found.

23. This account is for moneys borrowed by the Union Pacific Company from the Credit Mobilier and repaid thereto. The journal entries indicate that vouchers were made for the repayments, but in a majority of cases the vouchers are missing. Vouchers 253, 275, 276, 279, 280, 281, 296, 312, 324, 362, and 361 are regular receipts from the Credit Mobilier for the payments made to it. Vouchers 134 and 168 are mere memoranda. Voucher 260 is a draft on the Credit Mobilier, drawn by A. P. Hanson, for $300, and paid by the Union Pacific. Vouchers 212, 218, 225, 258, 252, 259, 260, 268, 347, 349, 367, and 375 are missing. The balance represents an overpayment to the Credit Mobilier at date of this balance-sheet of the amount above stated.

24. The amount charged to this account in the previous balance sheet was $2,000. The charges during 1865 were $14,371.55, of which $2,000 was for Ebenezer Cook's salary and expenses as land commissioner to Oct. 1, 1864; $12,000 was book drafts "for account of lands, right of way, and to be accounted for in settlement," and $371.55 was for expenditures of William Van Tuyl "for taxes, revenue stamps, etc., on account of lands donated and held by T. C. Durant, trustee, as per list of vouchers marked I." The list of vouchers marked I is missing. The other vouchers are numbered 100 and 165.

25. The expenditures charged to this account in 1864 were $304,874.45; the charges to it in 1865 were $948,447.20, of which $405,500 appears to have been paid to the Credit Mobilier of America and charged to the Hoxie account. The vouchers for the said $405,500 are numbered 127, 139, 142, 162, 169, 174 (in a memorandum), 354, 357, and 364¼. The following vouchers are missing: 137, 141, 144, 145, 147, 152, 153, 154, 156, 157, 158, 160, 163, 166, 167, 169, 171, 173, 174, 175, 181 (in pencil on journal for sundry drafts amounting to $97,559.11 paid to T. C. Durant), 184, 189, 193, 195 (duplicate number), 200, 204, 205, 206, 207, 208, 219. 221, 222, 198. 229, 254, 255, 265, 266, 267, 269, 271, 284, 288, 289, 290, 293, 298, 299, 300, 306, 310, 311, 316, 317, 318, 320, 321, 323, 327, 343, 348, 357, 364, and 371. The value of these missing vouchers is $264,683.23. Certain of the journal entries omit to state the numbers of the vouchers upon which said entries are founded; these entries are for the following sums, namely: $165.76, $15,000, $1,290.47, $1,033.52, and $58,000, the two latter items being transfer

EXHIBIT A 3.

for the year ended December 31, 1865.

Cr.

Ledger folio.	Item No.	Title of account.	Nature of receipt.	Amount.
[illegible]	41	T. C. Durant	Current account	$112,000.00
[illegible]	42	Iron account	Balance of account, purchased on account contractors.	6,858.98
[illegible]	43	Capital stock		400,950.00
[illegible]	44	Bills payable		1,178,652.22
[illegible]	45	Equipment account	Balance of account (see 1864)	17,075.45
[illegible]	46	William Van Tuyl	Services in connection with "right of way."	3,968.54
[illegible]	47	John J. Cisco & Son	Current account	10,000.00
[illegible]	48	John Duff	do	3,049.30
[illegible]	49	R. G. Hazard	do	20,000.00
[illegible]	50	Convertible certificates Union Pacific Railroad.		58,000.00
[illegible]	51	Brigham Young	Balance of account (see 1864)	194.69
				1,816,749.18

Item No.

entries for rails and chairs, respectively, to the credit of iron account. Other documents purporting to be vouchers are mere memoranda of payments, namely, Nos 130 and 141. Certain journal entries for which vouchers are missing also omit to state for what purpose the expenditures mentioned therein were applied. These entries relate to vouchers 184, 189, 193, 219, 265, 266, 267, 269, 288, 289, 290, 293, 298, 299, 300, 306, 320, 323, 327, no number ($1,290.47), 343, 348, 371.

1. The expenditures charged to this account in 1865 were $24,461.83, being, as per journal entry, "for expenses from Nov. 23, 1864, to May 1, 1865," for stationery, printing, right of way, settlements, services as agent, etc. The vouchers are referred to in journal as A, B, C, D, E, F, G, and can not be found. Per contra, the account is credited with $861.84, being for timber sold, donations for right of way, etc, and the said amount is charged to Van Tuyl's account.

2. See balance-sheet of 1864, item No. 9.

3. The charges to this account during 1864 were $51,011.94, and during 1865, $175,841.04. The account was credited with $6,820, on Dec. 29, 1865, for certain items which should have been charged to D. H. Ainsworth, engineer on the line. Vouchers 98, 100, 105, 106, 107, 111, 112, 115, 117, 132, 133, 136, 146, 148, 164, 191, 197, 216, 223, 303, 309, are receipts for services rendered and materials supplied, for $12,770.58. Voucher 121 is not receipted (amount, $65.75). Voucher 122 is a draft of J. A. Evans, engineer, on T. C. Durant for $500. Vouchers 124, 138, 140, 177, 194, 288, 292, 344, 346, and 360, are drafts of engineers on J. J. Cisco, treasurer, for $18,566.39. Voucher 356 is "allowance (J. M. Case) by committee as extra compensation, say $300." The account is charged with $24,076, and credited to D. H. Ainsworth, and $116,887.32 credited to Peter A. Dey, but no accounts from these persons can be found, although the journal entries state that the vouchers and accounts just named were filed with the company (vide journal, page 87). The entry to Peter A. Dey, on page 89 of the journal, merely says, "for disbursements made by him for engineering account." For item $3,175, no voucher can be found.

4. The charges to the account during 1865 were $110,689.97. The credits to the account during 1864 were $6,133.76, and during 1865 $58.33. Interest was paid to the following parties during 1865: John Duff, $1,532.85; H. S. Barling, $1,092; Joseph Nickerson, $309.58; New York Warehouse and Security Company, $35,307.41; Tradesmen's Bank, $1,200; William M. Clarke, $16,809.24; C. A. Lambard, $4,106.12; J. J. Cisco & Co., $4,542.31; J. S. Hooper & Co., $2,987.50; Oakes Ames, $29,651.03; Ward Campbell & Co., $1,267; R. G. Hazard, $1,897.34; O. S. Chapman, $514.33; iron notes, $463.87; C. S. Bushnell, $6,098.93; Sidney Dillon, $963.29; J. M. S. Williams, $10,344.44; Elisha Atkins, $1,028.65; Fredrick Nickerson, $522.43; miscellaneous, $27.76; M. K. Jesup & Co., $3.89. Total, $110,689.97. The ledger footing of these payments is $109,689.91, being

EXHIBIT A 3—Continued.

Item No.

an error of $1,000.06 in the addition of the column. A debit of $3,986.12 on June 7, 1865, is treated in the addition as if it were $2,986.12, and in the credit entry to the cash account the figures are altered from $3,986.12 to $2,986.12, and so added, the evidence being that in the journal entry a mistake of $1,000 was discovered, but no trouble was taken to rectify it.

30. The balance of this account on the balance-sheet of 1864 was $13,285.52. The charges to the account during 1865 were $27,217.11. Voucher 96 is receipt of C. T. Sherman, Government director, $262. Voucher 97 is receipt of George Ashman, Government director, $160. Both for attending directors' meeting. Voucher 99 is receipt of B. F. Bunker, account salary, $200. Vouchers 108 and 113 are receipts of B. F. Bunker, account salary, $200 each. Voucher 109 is receipt of B. F. Corliss & Macy, $294.11 for stationery. Voucher 114, receipt of George Ashman, Government director, $37, and C. T. Sherman, Government director, $92, traveling expenses and attending quarterly meeting of directors. Voucher 118, receipt of Springer Harbaugh, Government director, $175, for like services. Vouchers 120 and 143 are receipts of B. F. Bunker, account salary, $250 and $300. Voucher 149, receipt of George Ashman, Government director, $102, and voucher 150 receipt of J. L. Williams, Government director, $121.25, and voucher 151 receipt of C. T. Sherman, Government director, $130, for services and expenses attending meeting of directors. Voucher 159, receipt of B. F. Bunker, account salary, $250. Voucher 164, receipt of L. H. Bigelow for $56.75 for stationery. Voucher 180, receipt for $812.50, office rent quarter ending 1st Aug. Voucher 183, receipt J. O. Seymour & Co., making five certificate books. Voucher 188, receipt of $36 janitor cleaning office three months. Voucher 192, receipt Springer Harbaugh, Government director, $367, expenses in service of company. Voucher 197, receipt $32, W. C. Bryant, for printing. Voucher 216, receipt Corliss & Macy $161.78, stationery, etc. Voucher 223, receipt $200, S. De Witt Bloodgood, article in Railway Times and 25 copies of same. Voucher 230, receipt of Bigelow & Co., $51.75, stationery, etc. Voucher 283, receipt $175, J. G. Reed, jr., services and expenses. Voucher 304, receipt Corn Exchange Bank $812.50, rent of office to 1st Nov. Voucher 338, receipt Springer Harbaugh, Government director, $343.75, expenses and services for 34 days. Voucher 365, receipt Charles Nettleton, $41 for taking depositions of president and secretary of this company on first mortgage. There are no vouchers for the following payments, viz: Springer Harbaugh, Government director, $480, and J. L. Williams, Government director, $523.78, for expenses and services; B. F. Banker, $200 on account of salary; Washburn & Co., $104.21, carpenter work; covering for two windows, $30; L. H. Bigelow, printing, $40.50; advertising, $16.88; bill carpenter work in office, $29.89; J. & S. C. Rusher, stoves and fixtures, $36.62; office furniture, $55. Salaries, J. A. Dix, president, $5,000 on account, and J. J. Cisco, treasurer, $5,000 on account. Rent of offices to May 1st, $533.33; heat furnished during year, $35; revenue stamps, $284.40; T. C. Durant for rent of offices, salaries of clerks, etc., advanced by him to 1st of May, $4,500; traveling expenses of J. E. Henry, $600. Vouchers missing, No. 110, petty cash, $100; No. 331, revenue stamps, $100; No. 350, revenue stamps and petty expenses, $100; No. 374, revenue stamps, $100; No. 377, telegrams, revenue stamps, stationery, printing, advertising, etc., from Sept., 1860, to Dec., 1865, $1,650. Voucher 353 is a mere memo. Revenue stamp for first mortgage bond, $1,600, and $100 revenue stamps.

31. This is the balance of the account per ledger.

32. See statement of loans and discounts.

40. The balance of this account for 1864 was $36,379.76. The account in 1865 was charged on Dec. 29 with $112,000, the "amount paid by T. C. Durant as per resolution of executive committee, Jan. 13, 1864, credited his account," paid by Durant Feb. 11, 1866.

41. This is an account of moneys loaned by and repaid to him, leaving the $112,000 described in item No. 40 as a balance to his credit. It does not appear as yet that Durant received any interest on these loans. The voucher for the $112,000 paid to Durant should appear as extant in the balance-sheet for 1865.

42. This account showed a credit balance on 31st Dec., 1864, of $16,235.46; the charges to the account during 1865 were $252,410, made up as follows: Notes to Waterman & Beaver for T. 642 .13 .3 .0, at $92.50, per ton, indorsed by T. C. Durant and C. S. Bushnell, and secured by third section certificates Nos. 101 to 166, inclusive. Notes for $14,862.15, $14,862.14, $14,862.15, and $14,862.15. Total of $59,448.59. Notes to Waterman & Beaver, T. 461 .16 .1 .0, at $92.50 per ton, indorsed by T. C. Durant and G. C. Bushnell, and secured by third section certificates 167 to 200, inclusive, and 301 to 312, inclusive. Notes for $10,679.41

EXHIBIT A 3—Continued.

Item 3a.

$10,679.42, $10,679.41, $10,679.42. Total, $42,717.66. Notes to Waterman & Beaver for T. 612 .3 .3 .0, at $92.50 per ton, indorsed by T. C. Durant and C. S. Bushnell, and secured by 64 certificates convertible into United States 6 per cent. thirty-year bonds, Nos. 37 to 100, inclusive. Notes for $14,156.83, $14,156.84, $14,156.84, and $14,156.83. Total, $56,627.33. Notes to Waterman & Beaver, T. 286 .13 .2 .0, at $92.50 per ton, indorsed by T. C. Durant and secured by 28 convertible certificates. Notes, $6,559.98, $6,559.98, $6,559.99, and $6,559.99. Total, $26,239.94. Convertible certificates 234–265, inclusive, on second section of the line, to Dilworth, Porter & Co., for chairs and spikes, for $32,490.28, say $32,000. Convertible certificates 204 to 211 and 215 to 233, for chairs and spikes, to Dilworth, Porter & Co., on account bill, $26,923.49, say $26,000. Per contra, the entries for the bills of iron from Waterman & Beaver, amounting to $185,033.52, as per contract with them, were transferred to the debit of the Hoxie contract account. Per contra, the entries for the bills of chairs and spikes from Dilworth, Porter & Co., amounting to $58,000, bought from them for account of contractors, were transferred to the debit of the Hoxie contract, the balance due Dilworth, Porter & Co. being, according to journal entry, folio 86, $923.49 (but in addition to this, there is a balance due of $490.28, which the book-keeper seems to have omitted. See folio 45).

6. The amount at the credit of the capital stock account, on the 31st Dec., 1864, was $396,950; the share capital paid in during 1865 amounted to $4,000, as follows:

15 per cent. by E. Cook	$1,500
15 per cent. by J. E. Henry	1,500
5 per cent. by R. Watkinson	500
5 per cent. by R. Watkinson	500

being an installment of 15 per cent. on 20 shares and an installment of 10 per cent. on 10 shares, raising the payments to installments on 4,737 shares.

11. The amount of bills payable issued during the year 1865 was $2,107,940.78, for the following purposes: $1,922,907.26, to raise money for the current expenditures of the company, accompanied by collateral security of convertible certificates and bonds. This paper was taken by the following parties, namely: Waterman, Beaver & Co. and Dilworth, Porter & Co.

To pay for materials with collaterals—

Iron (4 notes)	$59,448.59
Iron (4 notes)	42,717.66
Iron (4 notes)	56,627.33
Iron (4 notes)	26,239.94
	185,033.52

To raise money with collaterals—

Oakes Ames	$594,367.49
N. Y. S. & W. Co	500,000.00
C. A. Lambard	100,000.00
Hoffman & Co	210,000.00
J. M. S. Williams	175,000.00
John Duff	81,523.93
J. J. Cisco, treasurer	100,000.00
S. Hooper & Co	50,000.00
R. G. Hazard	42,500.00
E. Atkins	21,028.65
O. S. Chapman	10,514.33
Sidney Dillon	20,983.29
J. Nickerson	16,909.57
	1,922,907.26
	185,033.52
Ledger footing	2,107,940.78

Of the notes thus issued, $929,288.56 were paid during the year 1865, leaving outstanding the sum of $1,178,652.22.

15. See balance-sheet of 1864.

24. For expenditures by him on right of way account, amounting to $24,461.83; on land account, amounting to $371.55 (see item No. 24). The total credits were $24,833.38. Against these accounts, Van Tuyl is charged with $20,864.64, leaving a balance to his credit of $3,968.54. The evidence of payment to Van Tuyl consists of vouchers marked A, B, C, D, E, F, G, H, I, none of which can be found.

EXHIBIT A 3—Continued.

Item No.

47. An account of loans and repayments. The evidence of payments consist of vouchers Nos. 355 and 368.

48. An account of loans and repayments. Mr. Duff loaned the company Hannibal and Saint Joseph land-grant bonds, and he also took its notes, upon which it raised, with interest, the sum of $137,801.43. Against these credits he was paid in cash and notes the sum of $134,752.11, leaving a balance due him on 31st Dec., 1865, of $3,049.30. The payments are shown by vouchers 257 and 277, both of which are missing, and notes for $91,528.93, for which vouchers can not be found.

EXHIBIT A 3—Continued.

Item No.

40. An account of loans and repayments. Mr. Hazard loaned money to the company with interest to the extent of $62,500. Against these credits he was given the company's notes for $42,500, leaving a balance due him of $20,000. The payments are evidenced only by the notes, no vouchers for which can be found.

50. An account of convenience simply to make a record of the fact that certificates to the extent of $58,000 were given to Dilworth, Porter & Co., in payment of chairs and spikes, as noted in item No. 42, iron account.

51. See Dec. 31, 1864, item No. 21.

EXHIBIT A 4.

DR. *Capital balance sheet, Union Pacific Company.*

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
3	52	D. H. Ainsworth	Engineering	$[illegible]
60	53	Land account	Taxes, expenses, and services	18,445.62
100	54	H. M. Hoxie	Construction	10,924,592.11
301	55	Engineering		2,156.00
635	56	Charles A. Lambard	A loan account	4,000.00
50	57	Thomas C. Durant	do	5,156.00
154	58	Construction	Engineering, material, etc	1,241,419.00
200	59	N. A. Gesner	Contractor	1,294,413.00
508	60	Cash		11,313.25
629	61	Glidden & Williams	Interest on loan	6.50
556	62	Government commissioners		330.00
				13,472,614.88

Item No.

52. This account was credited during 1866 with $17,009.41 for bills and salaries of engineers paid by him, but for which no evidence in the form of vouchers as described in journal can be found. Vouchers 409, 415, 447, 479, 516, 582, 754, and 763 are drafts only, drawn by D. H. Ainsworth on the treasurer, and amount to $16,934, which, with $334.75 for one pair mules, harness, and wagon, makes $17,268.75 charged to this account, thus leaving a balance 31st Dec., 1866, of $503.34 to his debit.

53. The amount standing to the debit of this account Dec. 31, 1865, was $16,371.55, and there has been charged to it during 1866 $2,074.28, of which $1,074.28 was paid by William Van Tuyl for taxes, etc., on donated lands, expenses, and his own salary, and $1,000 by G. M. Dodge, C. E. & A. J. Poppleton on account, but vouchers for these items can not be found.

54. Contract account: The expenditures previously charged to this account were $1,253,321.65. The charges to the account during the year 1866 amounted to $10,664,977.03, making the total charges to this account to 31st Dec., 1866, $11,518,298.68 (*vide* ledger A, folio 106). Per contra, the credits to this account, all of which were made during the year 1866, amounted to $993,706.57, leaving a balance to the debit of the account of $10,924,592.11. The charges during the year embrace sundry payments to contractors represented by vouchers, which are simply drafts by them on the treasurer of the company and amount to $1,113,621.75, of which $350,980.09 were drawn by H. M. Hoxie, Saint Joseph; $626,422.81 by W. C. Lindsay, Omaha, etc.; $136,418.55 by J. J. Mitchell, Saint Louis. The payments to Credit Mobilier of America on account of Hoxie contract were $8,769,035.10, and for rails, chairs, spikes, etc., 403,468.53; freight not included in contractors' drafts, $80,499.65; telegraphing, $468.24, and for equipment, $297,883.76. An examination of this account, item by item, reveals a very loose system of book-keeping, many of the credit entries being transfers to correct erroneous charges. The books do not indicate that the payments made on account of this contract have any reference to the work accomplished. There are no voucher numbers to entries in journal folio 236, $65,000; folio 188, $6,190.07; folio 218, $43,667.99; folio 220, $16,156.18.

55. The amount standing to debit of this account Dec. 31, 1865, was $175,012.12, and there has been charged to it during 1866, $912.75 for instruments; $5,600.70 for American Bureau of Exploration; $6,723.61, salaries and expenses, etc.; $47,062.82, also salaries and expenses (for which there are no voucher numbers

EXHIBIT A 4.

for the year ended December 31, 1863.

Cr.

Ledger folio.	Item No.	Title of account.	Nature of receipt.	Amount.
340	63	Capital stock		$5,315,780.00
394	64	Bills payable		1,933,342.19
396	65	Equipment	Balance of account after charging engines to Hoxie contract.	2,156.00
402	66	Brigham Young	Balance of account	194.69
412	67	Central National Bank	Loan	50,000.00
413	68	Fourth National Bank	do	50,000.00
415	69	L. Von Hoffman & Co	do	1,000,000.00
419	70	H. C. Crane	do	8,000.00
419	71	Scrip	Issued on account capital stock	53,970.00
420	72	George Warren Smith	do	48,000.00
10	73	G. M. Dodge	Current account	114.99
200	74	Interest		11,651.20
344	75	Expense		50.00
398	76	John J. Cisco	Loan	197,500.00
570	77	United States 6 per cent. 30-year bonds.		4,320,000.00
622	78	New York Guarantee and Indemnity Company.	Loan	45,000.00
623	79	R. G. Hazard	do	12,237.15
627	80	Sidney Dillon	do	104,068.66
642	81	William M. White, Government commissioner.	Salary	550.00
647	82	Grant & Son	Loan	50,000.00
653	83	National Bank of Commerce	do	200,000.00
663	84	Oriental Bank	do	50,000.00
663	85	Jessup & Son	do	20,000.00
				13,472,614.88

Item No.

in journal, see folios 107, 123, 217, 272, 279, and 291); $5,086.50, for outfit, furniture, etc.; and for surveys west of Platte, $44,372.73; Salt Lake, $18,078.87; the two latter items, on journal folios 297 and 299, are also without voucher numbers. The credits are for mules, wagons, etc., $334.75, and $500 from J. A. Evans, and a transfer to construction account of $299,859.39, leaving a debit balance of $2,156.

56. Debit balance Dec. 31, 1865, $10,000, to which there has been charged $50,000, vouchers 456 and 458, and $56,000 credited, leaving a balance to his debit of $4,000.

57. The balance Dec. 31, 1865, of $112,000, is explained in item 40, and the credits during 1866 were $104,200, and the debits during same time were $221,356, leaving a balance Dec. 31, 1866, of $5,156.

58. This account was opened on the 31st Dec., 1866, by a charge of $1,263,198.09, being a transfer to it of the following accounts:

Engineering	$299,859.39
Right of way	50,736.23
Expense	133,814.42
General law expense	11,717.08
Government commissioners	7,217.20
Suspense account	218,379.76
Discount and interest	541,474.07

It was credited by a transfer from—

Iron account	6,858.98
Equipment account	14,919.45

for profit on these accounts for materials sold to contractors. All the above debit transfers represent an expenditure of sums incidental to construction. The transferred accounts have been examined, also the vouchers relating thereto, and the particulars respecting them have already been noted. The same remarks apply to the credit transfers.

61. Agent contractors west of 100th meridian: This account was opened Nov. 20, 1866, and has since been charged with $174,348.34 for drafts drawn by N. A. Gesner, agent, W. C. Lindsay, H. M. Hoxie, and J. J. Mitchell; the vouchers (which are drafts only) are numbered 1425, 1426, 1427, 1428, 1430, 1431, 1504, 1508, 1515, 1531, 1532, 1640½, and 1550, and with a further charge of $132,438.13, de-

EXHIBIT A 4—Continued.

Item No.

scribed as drafts of W. C. Lindsay (but to which entries there are no voucher numbers in journal; see folios 283, 286, 289, and 290), and for iron, freights, etc., there has been charged $1,267,168, making a total debit to the account of $1,573,954.47. The credits to the account are $1,600 cash, per H. C. Crane, and $307,941.47 for iron and freight erroneously charged, thus leaving a net balance to debit of $1,264,413.

60. This is the balance per ledger account.

61. This account represents two loans, for which the company gave them its notes for $84,858.70, secured by first-mortgage bonds; they charged 7 per cent. interest and a commission of 3½ per cent. The balance, $65.50, is for interest not yet placed to their credit.

62. This account was opened Dec. 31, 1866, by charging it with $7,767.20, being the amount due to the three Government directors at that date, which, after crediting it with $7,217.20, transferred to construction account, left a balance to debit of $550.

Credit Mobilier of America: Interest was credited to the account on Dec. 6, 1866, in the sum of $3,931.99, "for amount of interest on balance of account of J. C. Durant and H. C. Crane, agent, as per settlement and transfer made in Dec., 1864, not before adjusted, being to Dec., 1864 (*vide* journal, 278). The credit transactions in 1866 amounted to $777,466.47, and the charges to the account during the same period have amounted to the same sum, the account being closed at the end of the year. The transactions for the year being mostly for cash borrowed and repaid, do not seem to call for vouchers, as no expenditure, except perhaps for interest, were actually incurred.

63. The amount to the credit of this account, Dec. 31, 1865, was $400,950, and has been credited during the year with $4,916,630, and debited with $2,000, amount repaid H. S. McComb, for 10 per cent. installment on twenty shares overpaid July 18. Balance to credit Dec. 31, 1866, $5,315,780.

64. The amount of notes outstanding Dec. 31, 1865, was $1,178,652.22. There were issued during 1866 $6,632,265.53 and paid during same period $5,877,575.56, leaving notes outstanding Dec. 31, 1866, $1,933,342.19. The notes issued were accompanied with collateral securities in the form of convertible certificates or bonds to the following parties, for the purposes mentioned, viz:

Iron account:	
Waterman & Beaver	$331,890.34
Bay State Iron Company	292,312.78
Rensselaer Iron Company	49,509.81
John R. Jesup & Co	27,481.57
Dilworth, Porter & Co	81,001.02
	732,195.52
Equipment account:	
Schenectady Locomotive Works	37,061.18
Danforth Locomotive Works	70,809.76
Hinckley & Williams	59,476.93
	167,347.87
For the raising of money:	
F. Nickerson	30,257.16
R. G. Hazard	388,841.00
J. J. Cisco, treasurer	455,000.00
John Duff	432,765.28
N. Y. W. and Security Company	1,160,000.00
A. Belmont	500,000.00
Boorman, Johnston & Co	200,000.00
Grant & Son	100,000.00
J. A. Dix	118,000.00
New York Guarantee and Insurance Company	100,000.00
Baltzar & Tooke	100,000.00
S. Dillon	30,000.00
Glidden & Williams	84,858.70
S. Hooper & Co	50,000.00
Oakes Ames	410,000.00

EXHIBIT A 4—Continued.

H. S. McComb	$328,000.00
Fourth National Bank	50,000.00
E. Atkins	25,000.00
National City Bank	100,000.00
Joseph Nickerson	20,000.00
Bailing & Davis	300,000.00
L. Von Hoffman & Co	200,000.00
J. Cooke & Co	200,000.00
Schepeler & Co	100,000.00
National Bank of Commerce	100,000.00
R. Irvin & Co	50,000.00
George Warren Smith	50,000.00
E. C de Ruyton	50,000.00
Bunge, Burlage & Co	100,000.00
	5,732,722.14

6. The charges to this account during the year have been as follows, viz:

For locomotives	$258,277.87
For Government taxes	6,446.51
Transferred to construction account as profit made on this account	14,919.45
	279,643.83

There was a balance standing to the credit of this account, Dec. 31, 1864 (see item 20) of $17,075.45, and it has been further credited, Dec. 8, 1866, with $264,744.38, for 15 locomotives, charged to the H. M. Hoxie contract, leaving a credit balance, Dec. 31, 1866, of $2,156.

5. Balance of account (see item 21).

6. This is an account of loans, the company having borrowed from them during the year $300,000, of which they repaid $250,000, thus leaving a balance in their favor of $50,000 at the close of the year.

7. The company borrowed from this bank in 1866 $450,000, and repaid $400,000, leaving a credit balance, Dec. 31, of $50,000.

8. The company borrowed from this firm, during 1866, $1,200,000, to whom it gave notes for $800,000, thus leaving to their credit a balance of $1,000,000, Dec. 31.

9. Loaned the company $30,000, and was repaid $22,000, which left a balance to his credit of $8,000.

21. This account appears to have been opened to facilitate the Credit Mobilier operations. The first entry in the account is a credit, and described in journal folio 122 "Cash Dr. to Scrip." For amount received from Credit Mobilier of America, being for purchase of said amount of scrip of this company, convertible and payable into installments on capital stock.

Mar. 29.	By cash	$475,000.00
31.	By cash	400,000.00
Aug. 15.	By cash	300,000.00
21.	By cash	300,000.00
23.	By cash	275,000.00
Dec. 31.	By cash	2,050,000.00
	Forward	3,800,000 00

The first entry on the debit side of the account is described in journal A, folio 208, as follows: "Scrip Dr. to Capital stock," for amount of scrip received from the following-named parties, in payment of 70 per cent. on number of shares standing in their name, same having been transferred to them by Credit Mobilier of America, being 30 per cent. stock, making their stock full paid:

Aug. 18.	To capital stock	$901,530.00	
Sept. 22.	To capital stock	300,000.00	
24.	To capital stock	388,010.00	
Dec. 31.	To capital stock	2,156,490.00	
			3,746,030 00
	Credit balance Dec. 31		53,970 00

EXHIBIT A 4—Continued.

Item No.

A reference to the cash account shows the coincidence that charges were made against the H. M. Hoxie contract account for amount paid Credit Mobilier of America on account of work done under said contract, as follows:

Mar. 29.	To cash	$500,000.00
31.	To cash	400,000.00
Aug. 15.	To cash	353,721.13
21.	To cash	360,000.00
23.	To cash	300,000.00
Dec. 31.	To cash	2,500,000.00

72. This represents a loan for which Mr. Smith was given the company's note, with first-mortgage bonds as collateral security.

73. During the year he drew drafts on the treasurer of the company, amounting to $86,275, which, with $5,939.87 (being $4,000 gold placed in hands of Wells, Fargo & Co., to be paid T. H. Bates, by their agent in Virginia City), and a transfer of $348.26 from D. H. Ainsworth, make a total debit in 1866 of $92,565.13. The account has been credited with sundry items of expenditures incurred on account of engineering, amounting to $75,258.65, and for payments by W. Van Tuyl (and charged to right of way), $16,419.47, making a total of $92,678.12, and leaving a balance to G. M. Dodge's credit of $114.99. The vouchers for the expenditures with which this account is credited are missing, neither can the statements rendered by Mr. Dodge be found.

74. The balance to the debit of this account, Dec. 31, 1865, was..... $103,497.68

The charges during the year have been—

J. Duff	$23,350.31
J. J. Cisco & Son	29,964.63
F. Nickerson	1,495.91
J. Nickerson	703.88
R. G. Hazard	24,488.23
Barling & Davis	19,269.30
N. Y. W. and S. Co	57,090.68
N. Y. G. and I. Co	9,244.16
C. A. Lambard	187.50
Oriental Bank	48.61
Oakes Ames	29,507.30
Stone, Nichols & Stone	2,907.38
A. Belmont	21,213.39
Sidney Dillon	2,849.44
Glidden & Williams	2,429.08
S. Hooper & Co	4,597.82
O. S. Chapman	66.73
H. S. McComb	11,003.89
Tradesmen's Bank	570.00
Fourth National Bank	3,286.79
J. M. S. Williams	2,844.51
Waterman & Beaver	1,274.83
J. K. Jessup & Co	612.50
L. Von Hoffman & Co	10,822.39
Jay Cooke & Co	9,166.67
Schepeler & Co	3,286.00
Dilworth, Porter & Co	381.10
J. Ponder	3,500.00
Bunge, Burlage & Co	8,090.16
Grant & Son	2,641.67
Balzer & Tooke	4,287.50
J. A. Dix	7,075.87
H. C. Crane	17.50
Clarke, Dodge & Co	119.57
Central National Bank	3,679.17
National Bank of Commerce	5,945.56
Turner Brothers	97.22
J. S. Colby	180.00
J. A. Johnston & Co	9,050.90

EXHIBIT A 4—Continued.

National City Bank	$3,077.21	
Merchants' Exchange Bank	652.73	
G. W. Smith	1,841.67	
E. E. De Ruyton	2,275.00	
W. M. Clarke	1,017.50	
R. Irvin & Co	2,154.16	
United States Trust Company	641.67	
T. C. Durant	9.72	
Sundries	3,200.69	
Credit Mobilier	3,931.99	
Hoxie contract	128.09	
	336,278.64	
United States 6 per cent. thirty-year bonds	107,578.75	
		$443,857.39
		547,355.27

The credits to this account were $6,147.46; rebate of interest, $11,385; premiums on sales of bonds, and a transfer to construction account of $541,474.01; total 559,006.47

Credit balance, December 31, 1866 ..... 11,651.20

The charge to this account of $3,931.99 credited to Credit Mobilier is, according to journal A, folio 278, "For interest on balance of account of T. C. Durant and H. C. Crane, agent, as per settlement and transfer made in December, 1864, not before adjusted, being to December 5, 1864."

5. December 31, 1865, there was a balance of $41,802.63 to the debit of this account, which has been increased by the following charges during the year, viz:

Revenue stamps	$4,040.54
Stationery and printing	2,520.56
Lithographing maps, etc	856.00
Engraving and printing bonds	3,635.60
Office fixtures, etc	5,391.45
Office furniture, etc	3,167.83
Office expenses	3,280.73
Office rent	6,825.00
Repairs	162.31
Traveling expenses, clerks, etc., to Washington and other places	900.46
Expenses of president in Washington	250.00
Salaries president, treasurer	55,518.08
Expenses Government directors	4,882.63
Rifles and ammunition sent to Omaha	208.46
Geologists and assistants, etc	259.00
Architect, R. G. Hatfield	262.14
	92,151.79

Making a total debit of $133,954.42. The credits to the account for the same period are $175, rent from Lykin's Valley Co., and $15 rebate on stamps, and a transfer to construction account of $133,814.42, leaving a balance to credit at the end of the year of $50. There are vouchers but for very few of the above charges.

6. This is an account of loans. Balance to their credit December 31, 1865, $10,000. They loaned to the company at sundry times through the year, $3,327,037.66, of which $3,139,539.66 was repaid to them in cash, leaving a balance at close of the year of $197,500 to their credit.

7. This is an account of the Government registered bonds, bearing 6 per cent. interest, payable semi-annually in February and August, being a loan from the Government to aid in the construction of this road as per act of Congress and amendments approved July 2, 1864, said bonds bearing date February 1, 1866, payable 30 years after date.

8. In account of loans. The company borrowed from them during the year $1,075,000, and repaid $1,030,000, leaving a balance in their favor of $45,000.

EXHIBIT A 4—Continued.

Item No.

79. An account of loans. There stood to Mr. Hazard's credit December 31, 1865, $30,000; he loaned the company in 1866 $404,078.15, of which he was repaid in notes $388,841, and in cash $23,000, leaving to his credit a balance of $12,237.15.

80. Sidney Dillon has been credited with $169,068.66, at sundry times during the year, for cash loaned by him, and debited with note $30,000, United States 6 per cent. 30-year bonds $15,000, and cash $20,000, leaving a balance due to him at the end of the year of $104,068.66.

81. This represents the balance due him on account, salary etc.

EXHIBIT A 4—Continued.

Item No.

2. Loaned the company $150,000, and received its note (with first-mortgage bonds as collateral) $100,000, which left a balance of $50,000 due them.
3. This is a loan account, it having loaned at various times in 1866, $585,000, of which $285,000 was repaid in cash and $100,000 note, with certificates as collateral, thus leaving, December 31, 1866, a balance in their favor of $200,000.
4. This represents a loan made by them June 19, 1866, $50,000, payable on demand, with certificates as collateral.
5. This is a loan of $20,000 made by them December, 1866, payable on demand, with certificates as collateral.

EXHIBIT A 5.

Capital balance-sheet, Union Pacific Company.

DR.

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
3	86	D. H. Ainsworth	Engineering	[illegible]
25	87	Credit Mobilier	A loan account	[illegible]
635	88	Charles A. Lambard	do	[illegible]
11	89	G. M. Dodge	Engineering	[illegible]
50	90	Thomas C. Durant	A loan account	[illegible]
154	91	Construction		[illegible]
260	92	War Department	Transportation of troops, etc	[illegible]
488	93	Missouri River bridge	Engineering	[illegible]
492	94	United States Treasury Department.		[illegible]
508	95	Cash		[illegible]
564	96	United States 6 per cent. 30-year bonds.		[illegible]
629	97	John Duff	A loan account	[illegible]
597	98	Sidney Dillon	do	[illegible]
607	99	John B. Alley	do	[illegible]
				31,629,672.15

Item No.

86. Balance Dec. 31, 1866 (see item 52).

87. This is a loan account. There has been credited to this account during the year:

Cash	$1,248,814.66
Transportation troops	21,886.01
Total	1,270,700.67
The charges during the same period were cash payments amounting to $1,163,310.14 and $772,650	1,935,960.14
Leaving balance against them	665,259.47

When the amounts which have been charged to losses on securities are added to the $772,650, the result exactly represents the first-mortgage bonds purchased by the Credit Mobilier of America. There are no vouchers for the charges to this account.

88. A loan account. There was a debit balance Dec. 31, 1866, of $4,000, to which has been added two notes, $20,750. The credits are for cash $19,544.02, and interest (including discount on $50,000 note, June 30, 1865) $3,281.25, making total credits $22,725.27, and leaving balance $1,924.73 against him.

89. Dec. 31, 1866, there was a balance to the credit of this account of $114.99, and during the year has been credited with the following expenditures: on account of right of way $290, land $6,751.90, engineering $175,658.99, Missouri bridge $2,565.74; $185,266.63. Total credit, $185,381.62. The charges to the account during the same period have been, for drafts drawn on the company, $148,768.50, for amounts received on account town lots sold, $61,114.41; $209,882.91. Balance to debit Dec. 31, 1867, $24,501.29. There are neither detailed accounts nor vouchers for the $185,266.63, and of the $148,768.50, and there are not even drafts for $131,678.50 of it.

90. This is a loan account. Mr. Durant loaned the company, during the year, $115,000, of which he was repaid $112,000, thus reducing the balance which stood against him January 1, $5,156, to $2,156 December 31.

91. Debit balance, December 31, 1866 ..... $1,241,419.56

During the year 1867 the following charges have been made:

Hoxie contract for building 246 72-100 miles of road		13,381,342.33
Seventy-five first-mortgage bonds delivered to Iowa R. R. Contract Company in full settlement of contract made with that company June 21, 1866		75,000.00
Oakes Ames contract for building 289 miles of road		13,509,494.00
Account transferred:		
(*a*) Engineering	$195,215.87	
(*b*) Right of way	290.00	
(*c*) General law expenses	11,770.00	
(*d*) Losses on securities	1,359,400.00	

EXHIBIT A 5.

for the year ended December 31, 1867.

Cr.

Ledger folio.	Item No.	Title of account.	Nature of receipt.	Amount.
[illegible]	100	Capital stock		$5,464,980.00
[illegible]	101	Bills payable		1,392,267.13
[illegible]	102	Brigham Young	Balance of account	194.69
[illegible]	103	George Warren Smith	Loan	50,000.00
[illegible]	104	Land Department	Land sold, etc	35,616.68
[illegible]	105	Hoxie contract		1,994,709.96
[illegible]	106	Operating department		75,568.80
[illegible]	107	Income account		248,612.28
[illegible]	108	Losses on securities		377,700.00
[illegible]	109	First-mortgage bonds		7,967,000.00
[illegible]	110	Interest on bonds		42,249.55
[illegible]	111	Clark, Dodge & Co	Commission account	51,762.69
[illegible]	112	Oakes Ames contract		5,562,382.88
[illegible]	113	United States interest account		106,567.49
[illegible]	114	United States 6 per cent. 30-year bonds		8,160,000.00
[illegible]	115	Barling & Davis	Loan	100,000.00
				31,629,672.15

Item No.

(*e*) Discount and interest	$501,865.05	
(*f*) United States revenue stamps	17,730.80	
(*g*) Rent	9,450.00	
(*h*) Expenses	37,264.40	
(*i*) Government directors	27,646.16	
(*j*) Government commissioners	10,385.50	
(*k*) Salaries	21,951.70	
(*l*) Stationery, etc	2,776.81	
(*m*) Paris exposition	2,736.25	
		$2,198,482.54
Total debits		30,405,738.53
The account was credited March 30, 1866, with interest charged to Hoxie contract, on payments to December 1, 1866		406,926.09
Debit balance December 31, 1867		29,998,812.44

Following are particulars of the accounts transferred to construction account as above:

(*a*) Engineering account—debit balance December 31, 1866 ..... $2,156.00

Charges to the account during the year:

Expenses per Messrs. Dodge & Seymour	$11,090.16	
Instruments, tents, etc	1,327.39	
Printing, stationery, etc	1,412.00	
Salaries, engineers, etc	8,389.73	
Operating department	704.92	
Expenditures through G. M. Dodge	172,996.59	
		195,920.79
		198,076.79

The credits are as follows, viz:

Transfer from equipment account	2,156.00	
Transfer from operating account	704.92	
Transfer to construction account	195,215.87	
		198,076.79

(*b*) Right of way: There were only two charges made to this account in 1867, one of $40 for advertising, and the other, $250, an expenditure through G. M. Dodge, C. E. There are no vouchers for either of these items.

(*c*) General law expenses: This account has been charged during the year with $11,770. The items are as follows: C. Tracy, $2,500; J. S. Black, $3,500; J. P. Sinnot, $270; W. F. Allen, $2,500, and B. F. Butler, $3,000. There are no vouchers for these payments.

EXHIBIT A 5—Continued.

Item No.

(*d*) Losses on securities (see item 108).

(*f*) United States internal-revenue stamps: This is an account, as its title implies, for stamps used, and the charges to it during the year amount to $17,730, which was transferred to construction account December 31.

(*e*) Discount and interest account: There has been charged to this account during the year (as per detailed particulars below) $531,704.21

The credits during the same period are as follows:

Balance December 31, 1866	11,651.28
Premiums on United States Government bonds	6,104.93
Rebate of interest, etc	12,083.03
Transfer to construction account	501,865.05
	531,704.21

H. C. Crane	31.50
M. K. Jessup & Co	19.44
N. Y. G. & I. Co	7,119.72
National Bank of Commerce	3,591.39
T. C. Durant	65.65
W. T. Meredith	31.25
Charles Tuttle	3,165.04
Central National Bank	14,229.69
J. J. Cisco & Son	16,958.14
R. G. Hazard	16,661.96
H. Clews & Co	12.64
Jay Cooke & Co	81.67
Baker & Kitchen	11.67
Fourth National Bank	7,309.23
Oliver Ames & Son	3,548.77
Turner Bros	35.00
N. Y. W. & S. Co	42,463.22
A. Iselin & Co	4,376.00
Grant & Son	1,865.28
Humphreys & Co	11.67
Christ Jay & Co	4,141.66
Metropolitan National Bank	140.00
G. E. Waring	11.67
G. F. Train	1,467.50
C. A. Lambard	6,916.91
John Duff	5,947.34
Clarke, Dodge & Co	5,711.89
Sidney Dillon	12,551.97
R. Hazard	648.56
J. & E. Brooks	1,467.50
E. Atkins	1,421.84
E. A. Baker	1,022.68
L. Van Hoffmann	50,789.14
George Opdyke	9,295.31
C. H. McCormick	4,268.44
Joseph Nickerson	635.92
Oakes Ames	10,597.29
C. S. Bushnell	5,295.41
H. Kennedy & Co	3.89
J. P. Hazard	635.92
Bills payable	11,290.27
Peter Butler	2,689.17
H. Gilbert	293.50
H. J. Gilbert	244.58
Barling & Davis	6,016.67
Underhill & Haven	395.83
F. Nickerson	634.92
Schepeler & Co	3,268.80
Continental Bank	20,589.16
John Pondir	540.26

EXHIBIT A 5—Continued.

Item No.		
	Thomas Nickerson	$733.75
	J. Bardswell	1,271.83
	Williams & Guion	715.64
	John L. King	97.83
	Waterman & Beaver	9,094.23
	Oliver Ames	2,683.69
	Allentown R. Mill Co	7,716.93
	W. H. Macy	611.46
	Glidden & Williams	65.59
	P. P. Shaw & Co	6,391.67
	P. Speyer & Co	700.00
	Schenectady Locomotive Works	1,031.92
	Baltzer & Taaks	9,587.50
	C. F. Dambuian & Co	6,391.66
	R. Martin	6,391.67
	T. R. Agnew & Son	3,195.83
	Sundries	135,836.14
	Rensellaer Iron Company	5,084.06
	Michigan Car Company	4,096.80
	American Exchange Bank	396.67
	W. Kitchen	3,195.83
	W. M. Clark	421.47
	H. McComb	4,530.40
	Oriental Bank	633.10
	Albany Iron Works	754.68
	Merchants' Exchange Bank	2,750.61
	O. S. Chapman	489.17
	Leather Manufacturing National Bank	309.95
	National Park Bank	9,595.89
	J. Boomer & Co	4,891.67
	S. Hooper & Co	1,222.92
	Jno. Morgan's Sons	125.00
	Dilworth, Porter & Co	442.38
	John A. Dix	1,000.00
	J. N. Davis	2,594.44
	Rogers' Locomotive Works	1,015.00
	Hinckley & Williams	1,289.82
	J. B. Alley	2,445.83
	Corning & Winslow	251.56
	Jas. Brooks	1,214.16
	W. F. Meredith	59.37
	Total	531,704.21

(g) Rent account: This account has been charged $10,250 paid to Turner Brothers for one year's rent of office and credited $800 for rent received. Voucher No. 1673 represents the first quarter rents; the other three vouchers are lacking.

(h) Expense account: The charges to this account for the year have been as follows:

Office expenses	$1,464.84
Safe	1,200.00
Revenue stamps	100.00
Salaries, Government directors	1,154.50
Salaries, C. Tuttle, $500; Syphax, $50	550.00
Expenses of clerks to and from Washington	201.85
Directors' refreshments	175.40
Western Union Telegraph Company	428.96
Expense, specimens sent to Paris exposition	250.00
Sundries, details of which are not given	13,618.55
E. D. Morgan	11,250.00
Oakes Ames	6,480.00
Oliver Ames	404.80
John B. Alley	223.00
Total	37,501.90

EXHIBIT A 5—Continued.

Item No.

The credits to the account are:

Balance, Dec. 31, 1866	$50.00	
Lykens Valley Coal Company	187.50	
Transfer to construction account	37,264.40	
		$37,501.90

(*i*) Government directors, expense account: The following charges were made to this account in 1867:

J. L. Williams	$5,363.17
C. T. Sherman	4,351.00
George Ashman	4,951.39
Springer Hasbaugh	6,956.40
T. J. Carter	3,000.00
Operating department, amounts expended by them	3,024.39
Total	27,646.16
Transfer to construction account	27,646.16

Of the above payments there are vouchers for only $2,062.

(*k*) Government commissioners' expense account: There was a balance to debit of this account, Dec. 31, 1866, of $550, and the charges during the year were:

W. M. White	$3,600.00
S. R. Curtis	991.30
W. O. Smith	850.00
J. W. Simpson	2,394.20
Operating dept., expended by them	2,000.00
	9,835.50
Transferred to contractors' account	10,385.50

No vouchers appear to have been taken of these payments.

(*l*) Salaries account: This is a partial account only of salaries, some being charged to expenses. The vague expression "sundries" represents the major portion of the charges to this account, and there are no voucher numbers to any of these entries. The charges are:

J. J. Cisco	$2,666.67
Chas. Tuttle	833.34
B. F. Bunker	1,000.00
R. G. Lothrop	500.00
F. C. Farayana	200.00
W. F. Ketchum	250.00
W. C. King	236.61
John Walsh	33.34
J. J. Collins	100.00
B. F. Ham	166.67
W. M. White, G. D.	416.67
Sundries	15,548.40
Transferred to construction account	21,951.70

(*m*) Stationery account: The stationery, printing, etc., portion of this account amounts to $1,261.41, and bills of the American Bank Note Company of $1,515.40, making a total of $2,776.81, which has been transferred to construction account.

(*n*) Paris exhibition: There are two charges made to this account: $1,369 to S. B. Ruggles, agent, and $1,376.25 to C. A. McCormick, neither of which has any voucher number in journal. This account was transferred to construction account.

92. This account was opened May 31, 1867, and the charges made to it during the year have been for the transportation of—

Freight	$658,850.63
Passengers	166,639.68
Telegraph	569.13
	826,059.44

Earnings have been credited as follows:

Freight	$2,751.02	
Passengers	253.17	
Cash	93,221.05	

EXHIBIT A 5—Continued.

Item No.

The following transfers were made:

United States 6 per cent. 30-year bond account	$64,520.53	
United States interest account	349,091.76	
United States Treasury account	120,333.07	
		$630,170.60
Debit balance, Dec. 31, 1867		195,888.84

11. There are two charges to this account, viz: December 12, cash $1,900.80, and December 31, $2,565.74, for expenditures through G. M. Dodge, chief engineer. Neither of these items are authenticated by vouchers.

14. This account was opened Dec. 31 with the transfer of $120,333.07 from War Department account.

15. Balance as shown by ledger, there being no cash-book.

16. This is an account showing the quantity of above bonds received by the company and its disposal of same. During the year 1866 there were bonds received from the Government amounting to $4,320,000, which were disposed of as follows:

Dilworth, Porter & Co	$58,000.00
Sidney Dillon	24,000.00
Suspense account used by special committee, as per resolution of board of directors	20,000.00
Through J. J. Cisco & Son and the treasurer	4,110,421.25
Discount of sale	107,578.75
	4,320,000.00
In the year 1867 the company received from the Government	3,840,000.00
Sidney Dillon	25,000.00
Total	3,865,000.00
Of which there were disposed of at a premium	3,560,000.00
Leaving bonds on hand Dec. 31, 1867	305,000.00

17. A loan account, the company having given him during the year notes, $63,000, and cash, $11,018.83, total, $74,018.83; and received from him, notes, $52,132.64, cash, $14,854.79, and interest credited, $4,738.07, making a total credit of $71,725.50, and leaving a balance to his debit, $2,293.33, Dec. 31, 1867.

18. An account of loans. There was, Dec. 31, 1866, a balance to credit. $104,068.66

Cash received during year	171,365.09
6 per cent. Government bonds received	25,000.00
Interest credited in 1867	6,476.94
Total credit	306,910.69
Cash paid him during 1867	$261,788.37
Notes given him during 1867	82,000.00
	343,788.37
Balance to his debit Dec. 31, 1867	36,877.68

19. Loaned the company $20,000 Dec. 3, which was repaid on the 7th and 20th December, and a payment of $25,733.97 was made to him Dec. 26, which remained as a balance against him at the close of the year.

20. The amount standing to the credit of this account Dec. 31, 1866, was $5,315,780, which was further increased during the year $149,200, leaving to the credit Dec. 31, 1867, $5,464,980.

21. The amount of notes outstanding at the commencement of the year was $1,933,342.19

The notes issued during the year, particulars of which are given below, amounted to	8,582,603.40
Total	10,515,945.59
The notes paid in 1867 amounted to	9,123,678.46
Leaving notes outstanding Dec. 31, 1867	1,392,267.13

EXHIBIT A 5—Continued.

Item No.

Particulars of notes issued in 1867 for the raising of funds:

R. G. Hazard	$196,000.00
N. Y. W. & S. Co	770,000.00
Christ, Jay & Co	100,000.00
C. A. Lambard	142,750.00
John Duff	80,500.00
Sidney Dillon	82,000.00
Elisha Atkins	51,000.00
C. S. Bushnell	100,000.00
E. H. Baker	25,000.00
O. Ames & Sons	50,000.00
Jos. Nickerson	23,000.00
Oakes Ames	206,670.00
Jas. Brooks	109,000.00
Erastus Brooks	10,000.00
H. Gilbert	6,000.00
H. J. Gilbert	5,000.00
J. J. Cisco & Son	200,000.00
Schepeler & Co	100,000.00
T. Nickerson	15,000.00
J. C. Delano	5,000.00
Hale, Ayer & Co	16,342.45
J. Bardwell	26,000.00
J. W. Grimes	13,000.00
John L. King	12,000.00
Continental Bank	500,000.00
P. P. Shaw & Co	100,000.00
P. P. Shaw	200,000.00
Baltzer & Taaks	200,000.00
C. F. Dambmann	150,000.00
R. Hazard	13,500.00
D. R. Greene	10,000.00
R. Martin	100,000.00
T. R. Agnew & Son	50,000.00
W. R. Kitchen	50,000.00
Oliver Ames	143,730.00
Corning & Winslow	29,755.94
Peter Butler	78,254.17
Merchants' Exchange Bank	50,000.00
National Park Bank	150,000.00
J. P. Hazard	26,650.00
Hale & Barrows	50,000.00
E. Corning & Co	12,901.34
O. S. Chapman	10,000.00
N. Y. G. & I. Co	350,000.00
George Opdyke	125,000.00
H. S. McCormick	378,000.00
W. H. Macy	12,500.00
F. Nickerson	13,000.00
P. Speyer & Co	150,000.00
Clark, Dodge & Co	100,000.00
J. Boomer & Co	100,000.00
Nathan Chase	5,000.00
M. K. Jessup	3,000.00
L. & J. L. Baily	2,710.84
W. Painter & Co	20,000.00
A. Belmont & Co	200,000.00
J. A. Dix	10,000.00
Williams & Guian	13,000.00
J. B. Alley	96,000.00
First National Bank, Norwich	10,000.00
Israel Sheldon	8,000.00
B. F. Ham, assistant treasurer	4,000.00
J. M. Davis	100,000.00
Barling & Davis	201,000.00
J. P. Nickerson	13,000.00

EXHIBIT A 5—Continued.

Item No.			
	First National Bank, New Haven		$20,000.00
	A. Iselin & Co		250,000.00
	B. H. Jenks		70,000.00
	Bristol County National Bank		40,000.00
	S. Hooper & Co		50,000.00
	G. M. Smith		50,000.00
	William Agnew & Co		50,000.00
	S. L. Sprague		1,333.33
	E. H. Jenks		20,000.00
	Tradesmen's Bank		40,000.00
	New Bedford Cordage Co		30,000.00
	M. Bolles & Co		44,000.00
	Grant & Sons		75,100.07
	Second National Bank, Chicago		10,000.00
	Total		6,934,708.44
	Issued on equipment account.		
	Michigan Car Company	$166,010.05	
	Schenectady Locomotive Works	90,095.76	
	Hinckley, Williams & Co	72,490.80	
	Rogers Locomotive Works	69,326.66	
	Taunton Locomotive Works	72,490.84	
			470,414.11
	Discount and interest		11,290.27
	Issued on iron account:		
	Dilworth, Porter & Co	32,009.52	
	Albany Iron Works	4,300.45	
	Union Rolling Mills	92,425.36	
	Rensselaer Iron Company	357,600.01	
	Allentown Rolling Mills	225,190.45	
	Waterman & Beaver	454,664.79	
			1,166,190.58
	Total notes issued in 1867		8,582,603.40

22. Balance of account. (See item 21.)

23. A loan account. Forty-eight thousand dollars stood to credit of this account at the beginning of the year, and during the year he loaned the company $77,000, of which $75,000 was repaid, leaving a balance Dec. 31, 1867, of $50,000 in his favor.

24. There was a balance Dec. 31, 1866, to debit of this account of $18,445.83, and charges made to it during the year for payments made to G. M. Dodge, C. E. and F. C. Farayana, amounting to $7,051.90.
The account was credited Dec. 31 with $61,114.41 for town lots sold to that date, thus leaving a balance to credit at the end of the year of $35,616.68.

25. There are no vouchers for these payments.

26. There stood to the debit of this account Dec. 31, 1866 ..... $10,924,592.11

The charges during the year were drafts of W. C. Lindsay	$170,000.00	
Payments to Credit Mobilier	55,054.17	
Interest on payments to Dec. 31, 1866, credited to construction account	406,926.09	
		631,980.26
Total		11,556,572.37
The credits during the same period were amount transferred to W. C. Lindsay and subsequently to Oakes Ames' contract	170,000.00	
Construction account for building 246.72 miles of road as per contract, at $50,000 per mile	13,381,342.33	
		13,551,342.33
Credit balance Dec. 31, 1867		1,994,769.96

EXHIBIT A 5—Continued.

Item No.			
106.	This account was opened Dec. 31, 1867, by the transfer to its debit of the account of W. Snyder, superintendent, representing earnings		$1,369,582.84
	And W. C. Lindsay, drafts		150,000.00
			1,519,582.84
	And for material purchased from contractors, W. 100		318,485.58
	Total		1,838,068.42
	The account was credited as follows:		
	Improvement of track		77,881.51
	New bridges		20,319.95
	New shops and fixtures		95,234.35
	New tools and machinery		31,797.81
	Equipment		270,859.48
	Missouri River temporary bridge		7,719.97
	Engineering		704.92
	Government directors		3,024.39
	Government commissioners		2,000.00
	Operating accounts, viz:		
	Agents and clerks		63,791.15
	Books, stationery, etc		29,897.31
	Station expenses		20,265.90
	Station labor, water, and coal		113,892.12
	Conductors and brakemen		58,489.28
	Engineers, firemen, and wipers		93,245.62
	Fuel		414,852.30
	Oil, tallow, and waste		28,254.55
	Loss and damage		5,686.46
	Interest and discount		274.95
	Contingent account		8,315.86
	Land expenses		300.00
	Repairs, engines and tenders		63,940.94
	Repairs, cars		74,865.23
	Repairs, roadway and track		346,408.75
	Repairs, bridges and draws		28,310.99
	Repairs, buildings		7,053.04
	Cattle accounts		305.00
	Internal-revenue tax		5,880.11
	Repairs, telegraph		5,189.93
	Fuel accidentally destroyed by fires		34,856.33
			1,913,627.22
	Leaving a balance to credit Dec. 31, 1867, of		75,568.80
107.	This account was opened December 31, 1867, by transfer to its credit of the following accounts, viz:		
	Passenger earnings		550,291.28
	Freight earnings		1,949,806.21
	Express earnings		18,507.95
	Miscellaneous earnings		7,223.29
	Total		2,525,828.73
	The following are transferred to debit:		
	Operating expenses	$1,510,711.19	
	Interest on bonds	766,505.26	
			2,277,216.45
	Leaving a debit balance of		248,612.28
108.	The securities of the company have been credited at their face value, and this account debited with any losses thereon, and the charges thus made since this account was opened Mar. 2, 1867, amount to		881,879.64

EXHIBIT A 5—Continued.

Item No.			
	There has also been charged to it commissions credited to Clark, Dodge & Co., for bonds sold by them		$332,275.00
	Making a total debit of		1,214,154.64
	The account was credited Dec. 31, 1867, with an amount charges to "Oakes Ames contract," and stated in Journal A, fol. 484, as being "For excess of discount over 10 cents on bonds sold to date, as per terms of contract	$232,454.64	
	Transfer to construction account	1,359,400.00	
			1,591,854.64
	Credit balance		377,700.00
110.	This account has been credited with interest received		129,576.42
	And with amount debited to income account		766,505.26
	Total credit		896,081.68
	The charges, including interest paid to the Government, $210,562.28, have been		853,832.13
	Leaving a balance to credit		42,249.55
111.	This account was opened Mar. 1, and represents the bonds disposed of between that date and the 31st Dec., 1867		$7,967,000
111.	This firm have been credited with commissions on bonds sold by them during 1867		$332,287.50
	Cash paid them at sundry times		280,524.81
	Credit balance		51,762.69
112.	This account was opened Nov. 14 by the transfer to its debit of the following accounts, viz:		
	J. J. Mitchell, agent		$186,401.26
	William C. Lindsay		3,509,120.82
	Iron account		1,786,020.22
	N. A. Gesner, agent		125,000.00
			5,606,542.30
	The charges to the account, many of which are simply described in journal as "sundries," amounted to		2,680,338.83
			8,286,881.13
	The credits are as follows:		
	Transfer to equipment account	$9,254.20	
	Transfer to proportion of earnings	12,020.23	
	Transfer to operating department, material, Apr. to 31st Dec	318,495.58	
	Transfer to construction account for building 289 miles of road, less equipment	13,509,494.00	
			13,849,264.01
	Balance to credit, Dec. 31, 1867		5,562,382.88
113.	This account has been credited with interest on bonds		543,861.36
	And charges made to it for the transportation of freight and passengers on account of War Department		437,293.87
	Leaving, Dec. 31, 1867, a credit balance of		106,567.49
114.	This account represents the 6 per cent. bonds issued to the company by the Government to aid in the construction of the road:		
	There had been issued Dec. 31, 1866		$4,320,000.00
	Which was increased during 1867 to		3,840,000.00
	Total		8,160,000.00
115.	This is an account of loans, they having during the year loaned the company $300,000, of which $200,000 was repaid, thus leaving a balance in their favor at close of the year of		$100,000

EXHIBIT A 6.

DR. *Capital balance-sheet, Union Pacific Company.*

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
3	116	D. H. Ainsworth	Engineering	[illegible]
25	117	Credit Mobilier		[illegible]
635	118	Charles A. Lambard	Loan account	[illegible]
11	119	G. M. Dodge	Engineering	[illegible]
50	120	Thomas C. Durant	Loan account	[illegible]
154	121	Construction		[illegible]
214	122	Silas Seymour	Engineering	[illegible]
215	123	Oscar F. Davis	Land agent	[illegible]
265	124	Operating department		[illegible]
289	125	Tools and machinery		[illegible]
290	126	Pullman Palace Car Company stock.		[illegible]
291	127	Steam-boat account		[illegible]
398	128	H. B. Hammond		[illegible]
480	129	Oakes Ames contract		[illegible]
488	130	Missouri River bridge		[illegible]
490	131	Equipment		[illegible]
492	132	United States Treasury Department.		[illegible]
499	133	Sidney Dillon	A loan account	[illegible]
508	134	Cash		[illegible]
564	135	United States 6 per cent. thirty-year bonds.		[illegible]
608	136	William B. Shattuck		[illegible]
643	137	Oriental Bank	Loan account	[illegible]
278	138	Income account		[illegible]
624	139	H. S. McComb	Balance of account	[illegible]
				79,089,891.13

Item No.

116. Balance of account (see item 52).

117. Balance to debit, Dec. 31, 1867, was $665,259.47

The charges in 1868 are as follows:

Cash during the year	$151,137.91	
Transfer from operating department for charges at Omaha, to March 31	9,304.83	
		160,442.74
Total		825,702.21

The credits are as follows:

Operating department	$1,311.32	
Cash	38,500.00	
		39,811.32
Balance to debit Dec. 31, 1868		785,890.89

There are vouchers only for $96,820 of the above charges.

118. Balance (see item 88).

119. There was a balance to debit Dec. 31, 1867, of 24,561.29

Drafts paid during the year	$224,646.67	
Charges for mules, teams, tools, etc	5,618.64	
		230,265.31
Total		254,766.60

The credits to the account are for expenditures made through M. Dodge, viz:

On account Missouri bridge	$14,433.07	
On account engineering	195,490.61	
On account land	14,295.84	
		224,219.52
Leaving a balance to his debit of		30,547.08

120. The company borrowed from Thomas Durant during the year $145,000, which was repaid, leaving the balance Dec. 31, 1867, of $2,156 against him still remaining.

EXHIBIT A 6.

for the year ended December 31, 1868.

Cr.

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
61	140	Rutten & Bonn	Loan	$256,052.71
90	141	Capital stock		20,762,309.00
94	142	Bills payable		4,466,243.51
61	143	John Morgan & Son	Loan	75,000.00
62	144	B. Young	Balance of account	194.69
67	145	L. Von Hoffman & Co	Loan	641,291.68
67	146	Philip Speyer & Co	do	192,765.78
72	147	Fourth National Bank	do	50,000.00
0	148	Land department	Land sold, etc	9,966.85
96	149	Hoxie contract		2,263,620.13
98	150	Certificate first-mortgage bonds		3,045,000.00
98	151	Prosper P. Shaw	Loan	505,000.00
99	152	Kidder, Peabody & Co	do	129,588.89
99	153	John Ponder	do	558,065.18
99	154	Dabney, Morgan & Co	do	383,549.85
61	155	First-mortgage bonds		18,478,000.00
99	156	Brown Bros	Loan	1,128,690.43
79	157	John Duff	do	2,000.00
84	158	Gold account	Interest due on bonds, etc	854,502.50
85	159	United States interest account	do	568,911.20
99	160	John J. Cisco	Loan	200,000.00
79	161	United States 6 per cent. thirty-year bonds.		24,078,000.00
82	162	Schepeler & Co	Loan	323,468.70
79	163	New York Guarantee and Indemnity Co.	do	100,000.00
87	164	Bowery Savings Bank	do	230,000.00
88	165	C. S. Bushnell	do	100,000.00
61	166	Bunge, Burlage & Co	do	152,774.09
				79,065,891.18

Item No.

141. The balance to debit of this account Dec. 31, 1867, was $29,998,812.44

The charges to it in 1868 have been;

Hoxie contract, as per terms of contract, and now charged by resolution of executive committee:

Preliminary expenses	$205,374.45	
Interest on same to Dec., 1866	38,475.72	
Interest paid on loan $100,000 in 1868	25,000.00	
		268,850.17
Oakes Ames contract, W. 100, per engineer's estimate (no particulars of which are given)		41,881,869.00
(a) General law expenses account	60,633.89	
(b) Stationery account	412.12	
(c) Engineering	203,772.42	
(d) Losses and securities	370,103.36	
(e) Discount and interest	404,293.51	
(f) United States revenue stamps	21,219.50	
(g) Rent	10,250.00	
(h) General expenses	49,332.20	
(i) Government directors	17,746.59	
(k) Government commissioners	90,403.52	
(l) Salary	33,590.15	
		1,261,817.26
Operating account (no details to be found)		143,266.47
Debit balance Dec. 31, 1868		73,554,615.34

Following are particulars of the accounts charged to construction account, viz:

(a) General law expenses: The charges to this account are James Sinnott, $70.55; Samuel J. Tilden, $2,500; J. P. Sinnott, $500; Clark Bell, $3,500; A. J. Vanderpool, $500; Tracy & Olmstead, $563.34; W. Fullerton, suit v. J. Fiske, $500; Vanderpool & Jenks, $1,000; C. C. Vangault, $500; Thomas Ewing, $1,000, and Charles G. Tracy, $50,000, making a total of $60,633.89. Of the above there are vouchers for $8,133.89 only.

(b) Stationery account: This account has been charged with $412.12, for which there are proper vouchers.

EXHIBIT A 6—Continued.

Item No.

(c) Engineering account: The charges to this account are for expenditures through G. M. Dodge, C. E $195,489.61
Silas Seymour for services as consulting engineer, 8 months, at $8,000 per annum 5,333.33
Services of draughtsmen and others during the year 6,449.93
Materials for draughtsmen and engineers 2,117.19
209,391.06

The account has been credited with cash—
Per G. M. Dodge, for mules, teams, etc.. $5,500.00
Per G. M. Dodge, for sounding-rods, etc.. 73.49
Per G. M. Dodge, for stationery, etc. 45.15
5,618.64

Total 203,772.42

(d) Losses on securities: Balance to credit Dec. 31, 1867 ..... $377,769.00
The following have been credited to the account during the year:
Premiums, etc $180,006.40
Oakes Ames contract, for excess of discount over 10 per cent. on first-mortgage bonds. 159,600.00
Transferred to construction account 370,163.36
709,769.76

Total 1,087,469.76

The charges including commissions to Clark, Dodge & Co., $183,250.50, are 1,087,469.76

(e) Discount and interest account: The charges to this account during the year amounted to 425,091.75

The credits amounted to $20,798.24
Transferred to construction account 404,293.51
425,091.75

(f) United States revenue stamps: This account was charged during the year 1868 with $21,219.50, which was transferred on the 31st December to construction account.

(g) Rent account: This represents one year's rent of office, $10,250, which was also transferred to construction account.

(h) Expense account: The expenditures on this account during the year amounted to $49,996.54

There was a credit for unexpended balance, Paris Exhibition, $476.62, gold $664.34
Transferred to construction account 49,332.20
49,996.54

(i) Government directors' expense account: There has been paid the directors for services and expenses, and for which there are vouchers in proper form $7,746.59
There is also a charge, "operating department," for which there is no voucher 10,000.00

Total 17,746.59

Transferred to construction account 17,746.59

(k) Government commissioners' expense account: The regular charges to this account, and for which there are vouchers, with the exception of $500 paid C. Wendell Oct. 23, amount to $23,849.65
Through operating department, and for which there are no vouchers 66,553.67

Transferred to construction account 90,403.32

(l) Salary account: The salaries charged during the year amount to $24,673.41, which have also been transferred to construction account.

EXHIBIT A 6—Continued.

Item No.			
122	The charges to this account are drafts drawn by Mr. Seymour, and amounted to		$7,600.00
	The account was credited with services of Mr. Seymour from April 1 to Nov. 30, at $8,000 per annum		5,333.33
	Leaving a balance to his debit of		2,266.67
123	Drafts drawn by O. F. Davis amount to		$13,000.00
	The account was credited with expenditures made by him on account of Land Department		11,353.99
	Balance to debit		1,646.01
124	The charges to this account during the year have been—		
	Drafts of W. C. Lindsay, cashier		$2,419,107.65
	Contractors W. 100 meridian		425,836.89
	Credit Mobilier of America		1,311.32
	War Department		5,179.37
	Excess of earnings over expenses for the year ending Dec. 31, 1868	$1,790,615.33	
	Material sold	234,853.95	
			2,025,419.28
	Fare of special agent		116.20
	Total		4,877,020.71
	The account has been credited as follows:		
	Earnings: Passenger	$7,714.30	
	Freight	36,726.30	
		44,440.60	
	War Department	$3,959,693.49	
	United States Treasury	219,992.98	
	United States interest	220,109.19	
		4,399,795.66	
	Government commissioners	$66,553.87	
	Government directors	10,000.00	
		76,553.87	
	Credit Mobilier of America	9,304.83	
	Operating department	116.20	
	Income account	13,661.49	
	Construction account	143,266.47	
	Total charges for 1868	4,687,139.12	
	Credit balance, Dec. 31, 1867	75,568.80	
			4,762,707.92
	Debit balance, Dec. 31, 1868		114,312.79
125	This account, which amounts to $2,000, is for stationary engine.		
126	This account has been charged during the year with $104,000.		
127	The charges to this account are for two steamers, $50,000, and for two barges, $5,000.		
128	This balance represents a payment on account of salary, $500.		
129	The charges to this account during the year are as follows:		
	Drafts of W. C. Lindsay		$44,179,114.75
	Losses on securities		159,625.00
	Transportation furnished to Dec. 31		2,074,278.95
	Operating account (per contra)		88,292.02
	Construction and equipment account, as follows:		
	Roadway and track	$200,233.46	
	Bridging	154,300.17	
	Station building	190,601.67	
	Shops and fixtures	173,547.82	
	Equipment	736,780.32	
	Laramie Hotel	49,590.97	
	Cheyenne Hotel	23,926.16	
	Bryan Hotel	155.70	

EXHIBIT A 3—Continued.

Item No.

Rawlings Hotel	$445.49	
Cheyenne shops	159,837.01	
Laramie shops	63,665.44	
Benton shops	1,484.46	
Runlion shops	18,539.21	
Green River shops	2,277.68	
Medicine Bow shops	3,032.24	
Sherman shops	18,327.24	
Bitter Creek shops	2,680.46	
Bryan shops	6,196.31	
Telegraph shops	4,441.37	
		$1,810,063.18
Total		48,311,373.90
The credits to this account have been:		
Balance Dec. 31, 1867	5,562,382.88	
Cash erroneously charged	1,374.90	
General law expenses	50,000.00	
Cash paid W. C. Lindsay	425,836.89	
Operating department (per contra)	88,292.02	
Construction, per engineer's estimate	41,881,869.00	
		48,009,755.69
Debit balance, Dec. 31, 1868		301,618.21

130. Debit balance Dec. 31, 1867 ..... $4,466.54
The expenditures during 1868 have been:
Through G. M. Dodge, chief engineer 14,433.07
And for plans, printing reports, etc., engineering, etc 1,241.67
Making total debit at close of year 20,141.28

131. The only charge to the account is $150 for patent journal.

132. Balance to debit Dec. 31, 1-67 ..... $190,333.07
The charges during the year have been—
On account War Department $154,301.70
On account operating department 219,992.98
374,294.68
Total 494,627.75
The account has been credited during the same period with cash received 467,531.66
Leaving, Dec. 31, balance to debit 27,096.09

133. This is a loan account, the company having received from Mr. Dillon during the year $1,832,118.12, and paid to him, notes, $23,777.08, and cash $3,103,032.20; total, $2,126,809.28, thus leaving a balance against him of $1,294,691.16 at the end of the year.

134. Balance $52,921.23, per ledger and cash-book.

135. Bonds on hand Dec. 31, 1867, amounted to $305,000.00
Received from Government, in 1868 ..... $14,638,000.00
Received from J. J. Cisco & Son 960,000.00
15,598,000.00
Total 15,903,000.00
The account has been credited as follows:
J. J. Cisco & Sons $3,441,000.00
John Pondir 4,000.00
Cash 9,485,000.00
12,930,000.00
Leaving bonds on hand Dec. 31, 1868 ..... $2,973,000.00

136. Between Mar. 7 and Dec. 17 Mr. Shattuck drew drafts amounting to $216,000, which stand as a debit against him Dec. 31, there having been nothing placed to his credit against these drafts.

EXHIBIT A 6—Continued.

Item No.			
137.	The company received, in 1868, from the bank, $350,000, and paid to it during the same period $400,000, thus leaving a balance against ti at the close of the year of $50,000.		
138.	This account was charged Dec. 31, as follows:		
	Operating department, for amount charged Missouri temporary bridge	$13,661.49	
	Interest on 6 per cent. 30-year bonds for year	2,335,147.09	
			$2,348,808.58
	The account was credited Dec. 31, by operating account, for excess of earnings over expenses for year	1,790,615.33	
	And for gain on material sold	234,853.95	
		2,025,469.28	
	Credit balance Dec. 31, 1867	248,612.28	
			2,274,081.56
	Balance to debit Dec. 31, 1868		74,727.02
139.	On the 16th of Apr. Mr. McComb was paid $183.34 cash, as due on $100,000 note, which stands at the end of the year as a balance against him.		
140.	This is a loan made through John Pondir, Dec. 31, 1868, $256,052.71.		
141.	There stood to the credit of this account Dec. 31, 1867		$5,464,980.00
	Stock issued during the year		15,297,320.00
	Total stock issued to Dec. 31, 1868		20,762,300.00
142.	Notes outstanding Dec. 31, 1867, amount to		1,392,267.13
	Notes issued in 1868, particulars of which are given below, amount to		8,738,765.87
			10,131,033.00
	Notes paid during the year		5,664,789.49
	Leaving unpaid and outstanding Dec. 31, 1868		4,466,243.51

Particulars of notes issued in 1868:

Israel Sheldon	$16,000.00
George W. Smith	100,000.00
Hale, Ayer & Co	91,698.65
Pittsburgh Foundery and Iron Works	9,042.98
Union Rolling Mills Company	42,767.93
Clinton National Bank	10,000.00
United States Trust Company	300,000.00
J. M. Davis & Co	205,000.00
R. G. Hazard	114,000.00
C. S. Bushnell	557,000.00
H. S. McComb	650,000.00
Oliver Ames	307,422.84
B. E. Bates	200,000.00
C. F. Dambmann	100,000.00
Elisha Atkins	101,000.00
Continental National Bank	225,000.00
Hazard National Bank	30,000.00
P. P. Shaw	100,000.00
Chicago Rolling Mills	84,787.20
Cleveland Rolling Mills	98,725.60
James Brooks	242,000.00
Fourth National Bank	700,000.00
Oriental National Bank	200,000.00
National City Bank	200,000.00
B. Cartwright	100,000.00
Lockwood & Co	100,000.00
National bank redemption	25,000.00
A. Belmont & Co	500,000.00
C. A. Lambard	100,000.00
J. B. Alley	50,000.00

EXHIBIT A 6—Continued.

Item No.

John Duff	$50,000.00
Oakes Ames	645,000.00
W. H. Macy	100,000.00
S. Dillon	100,000.00
Glidden & Williams	61,500.00
J. J. Cisco & Son	100,000.00
Jos. Nickerson	20,000.00
George Opdyke	100,000.00
O. S. Chapman	26,000.00
S. Hooper & Co	50,000.00
F. Nickerson	30,000.00
H. Gilbert	10,000.00
H. J. Gilbert	10,000.00
C. H. McCormick	100,000.00
E. H. Baker	40,000.00
J. L. King	70,000.00
Isaac Thatcher	8,000.00
A. Hobart, jr	2,000.00
John Pondir	1,050,000.00
F. Andrews	8,000.00
S. Wolf	100,000.00
McNary, Claflin & Co	16,126.60
W. Outard & Co	26,000.00
Michigan Car Company	84,319.66
Seth Turner	20,000.00
John Duff	225,000.00
A. Aub	100,000.00
Operating Department	27,374.32
Total	8,738,765.87

143. The company having borrowed from them during the year $411,550.94, of which $336,550 was repaid, leaving a balance of $75,000.

144. Balance of account (see item 21).

145. An account of loans. They loaned the company, Nov. 7 ..... $320,164.25
And Dec. 31, through John Pondir 321,127.43
Leaving to their credit at the later date 641,291.68

146. This firm loaned the company, through John Pondir, Dec. 31, $192,765.78, which remained as a balance on that date,

147. This bank loaned the company during the year $4,660,000, of which $4,610,000 was repaid, leaving, Dec. 31, $50,000 to their credit.

148. Credit balance, Dec. 31, 1867 ..... $35,616.68
The charges during the year were:

Expenditures through G. M. Dodge, C. E	$14,295.84	
Expenditures through O. F. Davis, land agent	11,353.99	
		25,649.83
Balance to credit, Dec. 31, 1868		9,966.85

149. Balance to credit, Dec. 31, 1867 ..... 1,994,769.96
Which has been increased by the following charges to construction account, explained in item 121:

Preliminary expenses	$205,374.45	
Interest on same	38,475.72	
Interest on $100,000	25,000.00	
		268,850.17
Credit balance, Dec. 31, 1868		2,263,620.13

150. This account was opened Jan. 31 by a transfer to its credit from first-mortgage bonds account, "for amount of certificate issued to contractors, Jan. 4" 3,777,000
Cash received, Feb. 11 to July 3 2,512,889
Total 6,289,889

EXHIBIT A 6—Continued.

Item No.			
	The charges are as follows:		
	Cash paid for certificates, Feb. 6 to Apr. 20	$2,241.880	
	Transfers to first-mortgage bond account, May 30 to Dec. 31	1,003,000	
			$3,244,880
	Credit balance, Dec. 31, 1868.....		3,045,000
	Certificates for first-mortgage bonds, No. 2 account:		
	This account was credited, between June 5 and July 31, with cash received for certificates.....		1,907,000
	Which was transferred to first-mortgage bond account, and the account of certificates for first-mortgage bonds was thus closed.....		1,907,000
	(See item 155.)		
151.	The company borrowed from Mr. Shaw, in 1868, $5,372,107.35, of which $4,777,107.35 was repaid, leaving a balance in his favor of $595,000.		
152.	This firm loaned the company, Nov. 9, $129,588.89, which was secured by bonds and remained unpaid at close of the year.		
153.	Mr. Pondir at various times during the year loaned the company $4,199,376.87, of which $3,641,311.69 was repaid, leaving a balance to his credit, Dec. 31, of $558,065.18.		
154.	This firm loaned the company, Nov. 6 and 7, $383,549.85, with Government bonds as collateral. This remained unpaid at the close of the year.		
155.	Balance to credit, Dec. 31, 1867.....		$7,967,000
	Following are the credits to the account:		
	Sidney Dillon.....	$50,000	
	Cash received.....	11,749,000	
	Transferred from certificates for first-mortgage bond account	1,907,000 1,003,000	
			14,709,000
	Total.....		22,676,000
	The account has been charged during 1868 with transfer from certificates for first-mortgage bonds for bonds issued to contractors Jan. 4.....	3,777,000	
	Cash paid for bonds.....	421,000	
			4,198,000
	Balance to credit, Dec. 31, 1868.....		18,478,000
	(See item 150.)		
156.	The company borrowed from this firm, Nov. 7, 10, and 11, $1,128,690.43, which remained unpaid at the end of the year.		
157.	Balance to debit, Dec. 31, 1867.....		$2,293.33
	Cash paid at sundry times.....	$305,487.28	
	Notes payable.....	225,000.00	
			530,487.28
			532,780.61
	Contra:		
	Cash received from him	$517,499.06	
	Interest allowed him.....	18,181.55	
			535,680.61
	Balance to credit, Dec. 31, 1868.....		2,900.00
158.	This account was opened Dec. 31, by a transfer from interest account, $854,509.50, to provide for interest on bonds and certificates falling due.		
159.	Balance to credit, Dec. 31, 1867		106,567.49
	Interest on bonds		837,703.63
	Total credit.....		944,271.12
	The charges to the account are on account—		
	War Department.....	$154,301.73	
	Operating department	220,109.19	

EXHIBIT A 6—Continued.

Item No.				
	Earnings:			
	Freight	$176.50		
	Passenger	772.50		
			$949.00	
				$375,359.92
	Credit balance, Dec. 31, 1868			568,911.30
160.	Cash received from J. J. C. & Son in 1868			4,957,049.13
	United States 6 per cent. bonds, J. J. C. & Co., in 1868			960,000.00
	Interest on bonds			699,581.25
	Total credits			6,616,630.38
	Cash paid J. J. C. & Son, in 1868			6,416,630.38
	Credit balance, Dec. 31, 1868			200,000.00

EXHIBIT A 6—Continued.

Item No.		
62.	Credit balance, Dec. 31, 1867	$8,160,000.00
	Bonds received during the year	15,918,000.00
	Balance credit, December 31, 1868	24,078,000.00

62. An account of loans; this firm having on the 12th December loaned the company $340,000, of which $16,533.30 was repaid December 14, leaving a balance to their credit, December 31, of $323,466.70.
63. The company borrowed from this firm, in 1868, $200.000, and repaid $100,000, leaving at close of year a balance of $100,000 in their favor.
64. This bank loaned the company $320,000, of which $70,000 was repaid, leaving as due to it $250,000 on the 31st December.
65. An account of loans: Mr. Bushnell loaned the company, in 1868, $229,231.19, of which he was repaid $129,231.19, leaving a balance to his credit at the end of the year of $100,000.
66. This firm loaned the company, December 28, $75,424.84, and through J. Pondir, December 31, $77,349.24, making a total of $152,774.08, which stood as a balance in their favor at the close of the year.

EXHIBIT A 7.

DR. *Capital balance-sheet, Union Pacific Company*

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
2	167	Crédit Mobilier of America		$736,253.33
3	168	Thomas C. Durant		2,136.00
4	169	Construction		72,692,615.34
7	170	Ames contract		3,985,256.72
10	171	Engineering		140,937.73
12	172	Legal expenses		36,945.45
14	173	Rent account		4,562.20
16	174	United States revenue stamps		7,173.00
17	175	Missouri River Bridge		32,488.25
20	176	Salary account		8,300.15
24	177	Government directors		4,691.00
26	178	Government commissioners		7,334.00
28	177	Tools and machinery		2,000.00
30	180	Equipment		150.00
35	181	Expense		92,671.10
38	182	D. H. Ainsworth	Engineering	503.34
39	183	Silas Seymour	do	8,336.00
44	184	O. F. Davis	Land account	6,257.44
59	185	Davis contract		12,093,349.27
70	186	Pullman Pacific Car Company stock.		200,000.00
71	187	John Duff, trustee	Loan	4,700.00
72	188	Steamboat account		55,000.00
76	189	Special bond contract		6,672.35
78	190	United States 6 per cent. thirty-year bonds on hand.		364,000.00
85	191	Operating department		3,468,894.01
100	192	Income account		74,727.02
134	193	Cash, New York		4,970.71
138	194	Cash		11,870.73
161	195	Interest on bonds		1,648,676.44
170	196	Losses on securities		5,872,082.36
200	197	Discount and interest		758,664.93
214	198	John Poudir	Loan	15,000.00
216	199	H. C. Crane	do	100,632.00
218	200	L. B. Boomer & Co	Missouri Bridge	308,113.43
220	201	H. B. Hammond	Salary	1,000.00
222	202	John Duff, vice president	Loan	2,000.00
227	203	C. S. Bushnell	do	241,709.15
230	204	C. A. Lombard	do	10,796.26
244	205	Oakes Ames	do	12,125.20
248	206	James Brooks	do	1,255.00
251	207	John J. Cisco & Sons	do	714.67
257	208	H. S. McComb	do	28,344.20
263	209	Thomas Wardell	do	20,000.00
268	210	Central Pacific R. R. bonds		1,200,000.00
269	211	Scrip		5,000.00
274	212	Benj. E. Baker		312.20
280	213	Land-grant coupons No. 5		250,316.80
296	214	B. F. Ham		2,000.32
299	215	E. H. Rollins		1,027.48
329	216	Iron account		157,278.11
240	217	Stephen Smith	Office furniture	150.40
242	218	P. C. Fanyana	Salary	625.00
243	219	James J. O'Brien	do	400.00
				103,850,978.25

Item No.

167. Balance to debit December 31, 1868 ..... $785,890.89

The charges made to it in 1869 are few, and are as follows:

Cash paid February 17	$10,000.00	
Cash paid December 31	2,362.44	
		12,362.44
Debit balance December 31, 1869		798,253.33

168. Balance of account (see item 90).

169. Expenditures to December 31, 1868 ..... 73,554,615.34

The account has been credited by the transfer from certificates Central Pacific Railroad bonds 1,502,000.00

Balance to debit December 31, 1869 ..... 72,052,615.34

EXHIBIT A 7.

for the year ended December 31, 1869.

Cr.

Ledger folio.	Item No.	Title of account.	Nature of receipt.	Amount.
1	220	H. M. Hoxie contract		$263, 620. 13
5	221	Certificate for first-mortgage bonds.		1, 435, 000. 00
6	222	Capital stock		28, 762, 300. 00
40	223	G. M. Dodge, chief engineer	Engineering	13, 005. 62
54	224	Land contract		428, 367. 45
60	225	United States		26, 752, 000. 00
110	226	Dividend account		26, 000. 00
116	227	United States interest account		948, 222. 54
123	228	Gold account, New York		440, 089. 83
131	229	First-mortgage bonds		27, 231, 000. 00
165	230	Land-grant bonds		7, 834, 500. 00
189	231	Bills payable		3, 388, 345. 14
211	232	William T. Glidden, chairman	Discount and interest	293. 77
222	232½	Prosper P. Shaw	Loan	1, 126, 837. 50
221	233	Brigham Young	Balance	191. 69
229	234	Oliver Ames	Bond account	950. 00
246	235	Henry Keep	Loan account	162, 500. 00
250	236	John B. Alley	do	9, 934. 89
255	237	George Opdyke	do	1. 00
265	238	Gold account No. 2	do	812, 918. 04
272	239	Interest on United States currency bonds.		17, 887. 76
277	240	E. H. Baker	Discount and interest	1, 318. 04
289	241	John A. Rice, assistant treasurer.	Bonds and interest	561, 482. 69
299	242	Income bonds		3, 204, 000. 00
322	243	Bills receivable		25, 200. 00
333	244	Oliver Ames loan account	Loan	30, 000. 00
159	245	W. O. McGavick	Discount and interest	1, 237. 00
365	246	C. H. McCormick	Bonds and interest	87, 357. 39
369	247	R. G. Hazard	Loan account	16, 977. 52
378	248	O. Ames and E. Atkins	Loan account, £5,000	30, 416. 66
373	249	Fred Nickerson	Committee on guarantees	1, 318. 04
227	250	A. Iselin and G. loan account	Loans	95, 842. 31
125	251	Oliver Ames & Sons	do	12, 908. 33
150	252	Oakes Ames loan account	do	4, 000. 00
201	253	Hide and Leather National Bank	do	50, 000. 00
202	254	Howard National Bank	do	25, 000. 00
				103, 850, 976. 25

Item No.

170. Debit balance December 31, 1868 ..... 301, 618. 21

The account was charged in January and February with cash paid per H. C. Crane $2, 782, 897. 23

Operating department 703. 27

2, 783, 600. 50

Debit balance December 31, 1869 ..... 3, 085, 218. 71

171. The charges during the year to this account have been as follows:

Cash paid account salaries $1, 550. 36

Cash paid account expenses 88. 65

Cash paid account photographing 2, 822. 89

Expended through G. M. Dodge, C. E 136, 895. 85

141, 357. 75

EXHIBIT A 7—Continued.

Item No.

The credits are for trustees, etc., sold through G. M. Dodge..... $500.00

Debit balance December 31, 1869..... 140,867.75

There are vouchers for all the above cash payments, with the exception of $157.25. For Mr. Dodge's expenditures there are neither vouchers nor accounts, which ought, however, to be produced, for the reason that Journal A, folio 18, shows that he received credit for October, 1868, expenses, $6,247.68, and on folio 52, also credit for November and December, 1868, $84,400.43. In Journal B, folio 128, under date of August 20, 1869, we find him again credited with expenses for October, November, and December, 1868, $44,412.88. Possibly these charges are duplicated.

172. The charges to this account during the year have been to the following parties, viz:

C. Cushing	$4,009.00
S. Bartlett	5,106.31
B. F. Butler	3,000.00
Tracy & Olmstead	9,500.00
W. F. Allen	3,000.00
C. S. Bushnell	7,500.00
—— McFarland	2,500.00
Emmitt Hammond	7,069.99
J. T. Sinnott	360.00
C. D. Adams	1,000.00
T. Ewing	10,000.00
H. W. Gray	500.00
Printing, stationery, etc	1,189.15
Bowdoin, Laroque & Co	2,500.00
Van Zandt	500.00
S. J. Tilden	620.00
Total debit	58,345.45

173. There has only one item been charged to this account during the year, which was $2,562.50, for three months' rent of office. Voucher 3847.

174. This account was charged in 1869 with $7,410.59, and credited with cash $231.73, leaving to debit, December 31, $7,178.86.

175.

Debit balance Dec. 31, 1868		$20,141.28
Salary T. E. Sickles, C. E	$416.67	
Drafts of G. M. Dodge, C. E	11,908.34	
		12,325.01
Balance to debit Dec. 31, 1869		32,466.29

176. The charges to this account during the year amounted to $8,506.15.

177. Following are the payments made to this account during the year, viz: B. F. Waits, $1,022.50; J. Williams, $1,155.79; J. Brooks, $725; H. Price, $1,196.50; J. C. Webster, $425.90: J. F. Wilson, $536; total, $5,061.69. The account was credited with cash from C. P. Huntington, $369.71, leaving a balance to debit at the end of the year of $4,691.98.

178. The following payments were made to this account in 1869, viz: F. B. Blair, $25; G. K. Warren, $2,491.55; R. S. Williams, $1,146.40; L. M. Clements, $1,014.62; J. Blickensdorfer, jr., $1,433.87; C. B. Comestock, $262.98; S. M. Fulton, $327.50; W. Hinchman, clerk, $235; and E. F. Winslow's bill, $388.06; total, $7,324.98.

179. Balance as in 1868 (see item 125).

180. Balance as in 1868 (see item 131).

181. The charges to this account during the year are as follows:

Telegrams		$6,990.34
Printing, stationery, etc		2,006.40
Rent		3,178.17
Salaries		2,839.50
United States revenue tax on coupons		10,527.50
Office expenses, etc		1,321.41
Use of deposit vaults, etc		1,200.00
Commissions, etc., Oliver Ames	$21.00	
Commissions, Blake Bros	331.02	
Commissions, Glidden and Williams	1,623.19	
		1,975.21

EXHIBIT A 7—Continued.

Oakes Ames, signing bonds	$9,500.00	
E. D. Morgan, signing bonds	4,500.00	
		$14,000.00
Advertising		542.41
Safe (paid for)		683.00
Sidney Dillon, "Disbursements by advice of stockholders, and approved by Oakes Ames"		12,500.00
Expenses of clerk, etc., to Washington from New York, etc.		402.66
Expenses, account bonds, C. S. Bushnell		1,500.00
Expenses (no names or particulars)		1,000.00
Expenses (no names or particulars)		1,000.00
J. J. Cisco & Son, "advertising bonds, per vote of executive committee"		10,000.00
J. J. Cisco, treasurer		500.00
American Bank Note Company		3,356.90
Manhattan Engraving Company		2,951.50
E. H. Derby, services and expenses examining and reporting condition of Union Pacific Railroad		964.83
W. E. Chandler, to pay bills		5,000.00
Lunch in New York		706.00
Pinkertons' agency		1,234.05
Sundries		4,444.22
W. H. Warden, $1,000, and G. K. Warren, $923.20		1,923.20
		92,678.30

CR.

Blake Bros., expressage on $10,000 gold	6.80
Debit balance, Dec. 31, 1869	92,671.50

52. Old balance (see item 52).

53. Debit balance Dec. 31, 1868	2,266.67
Drafts paid during the year	6,119.39
Balance to debit Dec. 31, 1869	8,386.06
54. Balance to debit Dec. 31, 1868	1,646.01
The charges for the year were—	
Drafts on the treasurer	16,000.00
Cash balances at end of September, October, and November	3,104.21
Cash per J. Duff, trustee	24,200.00
Sales of land	40,481.31
Total	85,431.53

The credits are as follows:

Expenditures on account of land	$36,991.46	
Land-grant bonds	39,000.00	
Interest on land-grant bonds	483.03	
Cash per John Duff, trustee	2,700.00	
		79,174.49
Debit balance Dec. 31, 1869		6,257.04

55. There would seem to have been a little difficulty experienced in fixing a title for this account. It was first opened Feb. 27, 1869, as "Contract No. 2," with a cash charge of $4,000,000 (which entry in cash account is offset with $4,000,000, as received from H. C. Crane, assistant treasurer of Credit Mobilier, on account of capital stock). The next charge in this account is a transfer of $53,000 from H. C. Crane, assistant treasurer account, and the last charge, $1,204,182.95, represents the several amounts paid Mar. 1 to 18, to H. C. Crane, assistant treasurer, on account of contract west of 100th meridian, making a total of $5,259,182.95, which is then transferred to a new account called "Davis contract," and which, from the nature of the charges, would seem to combine both the accounts of the contractors and those of the Credit Mobilier of America. The charges to the "Davis contract" during the year are as follows:

Transferred from "Contract No. 2"	$5,259,182.95
Cash account contract (contra, cash $1,000,000 capital stock account).	
Credit Mobilier of America	1,000,000.00

EXHIBIT A 7—Continued.

Item No.			
	Transfer from J. A. Rice, assistant treasurer		$1,155,000.00
	Cash, to J. A. Rice, assistant treasurer		56,408.55
	Cash, to H. C. Crane, treasurer		3,500.00
	Notes		18,000.00
	Income bonds	$1,020,000.00	
	Land-grant bonds	259,850.00	
	First mortgage bonds	389,800.00	
	First-mortgage exchanged for income bonds	300,000.00	
	Government bonds	4,950.00	
			1,974,600.00
	Losses on securities		135,400.00
	O. Ames & Sons, interest		4,338.40
	Oakes Ames $100,000, and Oliver Ames $100,000		200,000.00
			9,807,077.95
	Drafts of Kennedy, Downs, and Lindsay, &c		4,000,005.42
	Drafts, Michigan Car Company		92,888.55
	Drafts, Schenectady Locomotive Works		56,000.00
	Drafts, Detroit Car Company		83,650.00
	Telegraphing		763.14
	Currency		210.00
	Expenses, $3,153.76; S. B. Reed, $300		3,453.76
	Freight		909.25
	Hinckley & Williams		52,900.00
	Whitaker Iron Company		21,297.65
	Pittsburgh Forge and Iron Company		40,444.55
	Trenton Locomotive Works		39,000.00
	Rogers Locomotive Works		40,800.00
	Brigham Young		230,670.15
	New Haven Car Company		28,300.00
	Total		14,497,535.99
	The credits to the account are:		
	Materials sold: 3 locomotives	$40,500.00	
	Losses on securities	41,400.00	
	Erroneous entries	36,414.63	
	Cash	160,892.00	
	Sidney Dillon	26,000.00	
	C. S. Bushnell	170,000.00	
	C. A. Lombard, bonds	8,000.00	
	J. J. Cisco & Son	10,000.00	
	James Brooks	2,000.00	
	Williams & Guion	6,000.00	
	Transfer from credit of various parties to credit of contractors as per arrangement between the parties	1,051,000.00	
	Bonds delivered various parties under arrangement with contractors, now returned, and income bonds taken instead	252,000.00	
			1,804,206.63
	Debit balance, 31st Dec., 1869		12,693,349.37
186.	Balance Dec. 31, 1868		$104,000.00
	Stock purchased in 1869		156,000.00
	Stock held 31st Dec., 1869		260,000.00
187.	This account was opened Sept. 28, and the charges to it are as follows:		
	O. F. Davis, for land sales, July 28 to 30th Sept		42,308.65
	Cash		5,000.00
	Cash per O. F. Davis, land agent		2,700.00
	Discount and interest		133.00
			50,141.65

EXHIBIT A 7—Continued.

Item No.

The credits are, for cash	$21,233.00	
Cash per O. F. Davis	24,200.00	
		$45,433.00
Debit balance 31st Dec., 1869		4,708.65

18. There has been no change in this account (see item 127).

19. This is an account showing the purchase and sale of first-mortgage bonds:

Cash paid for bonds (names not given)		$71,945.83
Cash paid for bonds, J. J. Cisco & Son		48,378.54
Total		120,324.37
The credits are as follows:		
Cash received for bonds	$33,652.01	
Transferred to first-mortgage bond account	80,000.00	
		113,652.01
Balance to debit, Dec. 31, 1869		6,672.36

20. Debit balance (bonds unsold) Dec., 1868 $2,973,000.00
Received from Government in 1869 2,674,000.00

Total		5,647,000.00
The credits are as follows:		
Cash	$4,338,000.00	
Per John Duff	220,000.00	
Per J. J. Cisco & Son	88,000.00	
Per John Pondir	112,000.00	
Per M. Bolles & Son	10,000.00	
Per C. S. Bushnell	55,000.00	
Per P. P. Shaw	560,000.00	
		5,383,000.00
Balance bonds on hand Dec. 31, 1869		264,000.00

21. Debit balance Dec. 31, 1868 $114,312.79
Following are the charges in 1869:

Drafts W. C. Lindsay and A. S. Downs, cashiers.	$3,811,463.20	
Drafts Chicago and Northwestern R. R. Co	411,600.00	
Drafts Omaha banks	70,000.00	
Drafts Crease & Adams	150,000.00	
Rand McNally & Co	$818.19	
H. W. Winans	160.95	
	979.14	
Fare of special agent	70.25	
		4,444,112.59
		4,558,425.38
The credits are as follows:		
Earnings, United States Treasury	$388,659.85	
Earnings, United States interest	388,793.03	
Earnings, operating department	764.37	
Disbursements through Kennedy & Downs	86,272.46	
Checks per cash-book	62,034.65	
Drafts charged in error to operating account instead of to construction	163,067.01	
		1,089,591.37
Balance to debit 31st Dec., 1869		3,468,834.01

22. There has been no change in this account during the year; the balance to debit, $4,727.02, is therefore explained in item No. 138.

23. Balance $4,076.71 represents cash in hand in New York, as shown by ledger.

24. Balance $11,870.73 represents the cash on hand in Boston, as per account in ledger, there being a regular cash account only for a portion of the year.

EXHIBIT A 7—Continued.

Item No.

195. The charges to this account during the year were:

United States revenue tax on first-mortgage bonds and 5 per cent. penalty		$33,181.60
United States revenue tax on land-grant coupons, etc		69,373.75
Interest on Government bonds		766,104.37
Interest on first-mortgage bonds, gold		1,084,340.00
Interest on bonds		8,499.96
Total		1,963,999.73
The interest derived from various sources during the year amounts to		315,324.29
Debit balance Dec. 31, 1869		1,648,675.44

196. The charges to this account during the year 1869, including $259,736.07 paid to W. B. Shattuck for disbursements for advertising per contract, amount to $6,094,853.33, and the credits during the same period to $222,190.97, leaving a balance to the debit of the account of $5,872,662.36.

197. This account has been charged during the year with sundry items amounting to $826,363.43, and credited during same period $67,698.45, leaving balance to debit 31st Dec., 1869, $758,664.98.

198. Loan account; the company borrowed from Mr. Pondir in 1869, $2,333,000, and made repayments to him amounting to $2,348,000, thus leaving a balance to his debit of $15,000.

199. Mr. Crane received at sundry times through the year $461,941.74

The credits to the account stand thus:

Repaid in cash	$306,889.74	
Transferred to contractor No. 2 account	55,000.00	
		361,889.74
Leaving a debit balance of		100,052.00

200. The charges to this account, $306,113.43, are for drafts drawn on the company for expenditures made on account of the Missouri River Bridge.

201. There have been two payments of $500 each made in 1869 to Mr. Hammond on account of salary.

202. Loan account:

Credit balance, Dec. 31, 1868	$2,000.00
Cash, &c., received from him in 1869	298,014.95
Total	300,014.95

The debits are as follows:

Cash at sundry times	$196,131.68	
Transfer to J. A. Rice, assistant treasurer	106,783.27	
		302,914.95
Balance to debit, December 31, 1869		2,900.00

203. Credit balance, December 31, 1868 ..... 100,000.00
Cash, etc., received during the year 3,973,903.01

Total	4,073,903.01
Charges for same period	4,315,702.16
Debit balance, December 31, 1869	241,799.15

204. Balance to debit, December 31, 1868 ..... 1,994.73
Charged during the year, viz:

Cash at sundry times	216,449.35
Transfer to credit of contractors, as per arrangement between the parties (Journal B, folios 134 and 139)	26,000.00
Total	244,374.08

EXHIBIT A 7—Continued.

Item No.

The credits are as follows:

Cash at sundry times	$225,777.12	
Transfer of account Discount on bonds, entered under arrangement with contractors, August 31 and September 28, "the transaction having been charged by arrangement between parties, and the bonds sold direct to Mr. C. A. L." (see Journal B, folio 163)	7,800.00	
		$233,577.12
Debit balance, December 31, 1869		10,796.96

165. The charges to this account, which was opened April 3, are as follows, viz:

Cash at various times during the year	$540,538.20
Contractors: Transfer as per arrangement between parties, J. A. Rice, assistant treasurer, for	120,000.00
Credits to O. Ames's account, transferred as per arrangement with contractors (under Rice's circular, September 22. Journal B, folio 159)	266,219.45
E. A. Robbins, error in commission	165.97
Interest on bonds	46.11
Total	926,969.73

The credits during same period were:

Cash at sundry times	$813,999.68	
Contractors	100,000.00	
Discount and interest	841.67	
		914,841.35
Debit balance, December 31, 1869		12,128.38

166. There is only one charge to this account, which is described in cash book B, folio 17, as balance bonds against notes, $1,355.83.

167. The company appears to have loaned this firm, in three amounts, $15,914.67, against which $5,200 was repaid in cash, and $10,000 credited for expenses on account advertising bonds, per vote of executive committee (Journal B, folio 207), leaving $714.67 standing to their debit at the end of the year.

168. The charges to this account are:

John A. Rice, assistant treasurer, for subscription to income bonds	$100,800.00
Cash discount on note $25,000, 1 month 18 days, at 12½ per cent.	418.25
Total	101,218.25

Contra:

Cash on account subscription to income bonds	$47,670.05	
Cash, note due Hide and Leather Bank	25,200.00	
		72,870.05
Debit balance, December 31, 1869		28,348.20

169. This balance, $20,000, represents a draft drawn by him through First National Bank, Omaha.

170. This account was opened Dec. 18, and the charges to it are as follows:

Certificate for bonds 6151 to 6200 sent to J. B. Johnston & Co., for account Gilman, Son & Co., in exchange for 50 first-mortgage bonds at Washington, Nos. 25915–64	$50,000
Construction: For certificates for 1,502 Central Pacific R. R. bonds, as per schedule received in settlement with Central Pacific R. R. Co	1,502,000
	1,552,000

EXHIBIT A 7—Continued.

Item No.

The entries per contra are:

First-mortgage bonds:		
For certificate for 54 Central Pacific R. R. bonds, given J. B. Alley in exchange for 54 first-mortgage bonds	$54,000	
For 24 certificates and 51 first-mortgage bonds Union Pacific R. R. Co. received of R. Hazard in exchange for certificate for Central R. R. bonds	75,000	
For transfer of debit entry, Dec 18	50,000	
For certificate for bonds sent J. B. Johnston & Co. in exchange for 50 first-mortgage bonds	50,000	
For certificate for 9 Central Pacific R. R. bonds given J. B. Alley in exchange for first-mortgage bonds	9,000	
For certificate for 10 Central Pacific R. R. bonds given A. J. Gilbert in exchange for 10 first-mortgage bonds	10,000	
For certificate 30 Central Pacific R. R. bonds given Glidden & Williams in exchange for certificate first-mortgage bonds and for certificate 14 Central Pacific R. R. bonds given Glidden & Williams in exchange for 14 first-mortgage bonds	44,000	
		$292,000
Debit balance, Dec. 31, 1869		1,260,000

211. This account represents the amount of scrip, $5,000, surrendered for income bonds.
212. Mr. Bates, in July and October, loaned the company $26,318.04, and in August and October was paid $26,630.24, leaving $312.20 as a balance against him at close of the year.
213. This account has been charged with coupons paid on account land grant, amounting to $252,766.50, and credited with $2,450—70 coupons collected by C. S. Bushnell, leaving a balance, Dec. 31, 1869, of $250,316.50 to debit.
214. Mr. Ham was an officer of the company, and appears to have received and disbursed its funds in New York; the charges to his account for funds thus received amount to $912,278.50, and the credits for payments made by him to $909,617.97, thus leaving an unexpended balance of $2,660.50 in his hands at close of the year.
215. The charges to this account run from Oct. 8 to Dec. 31, and amount to $1,627.62, and are on account of salary.
216. The charges to this account commence Nov. 25, and are to Cambria Iron Company, $114,778.11, and to Chicago Rolling Mill Company, $42,500; total, $157,278.11.
217. The charge of $150 is on account of furniture.
218. This balance, $625, represents payments on account of salary.
219. This balance, $400, also represents payments on account of salary.

220. Balance to credit Dec. 31, 1868		$2,263,630.13
The only charge to this account in 1869 is for a demand note, given Aug. 4, to Credit Mobilier of America of		2,000,000.00
Leaving credit balance 31st Dec., 1869		263,630.13
221. Credit balance Dec. 31, 1868		$3,045,000.00
Certificates for Central Pacific R. R. Co		50,000.00
Total		3,095,000.00
The charges are for exchanges, viz:		
Income bonds	$1,499,000	
First-mortgage bonds	111,000	
Certificate for Central Pacific R. R. Co	50,000	
		1,660,000.00
Balance credit 31st Dec., 1869		1,435,000.00

EXHIBIT A 7—Continued.

[illegible] No.			
2. Stock issued to 31st Dec., 1868			$20,762,300.00
During the year there was issued to J. A. Rice, assistant treasurer to trustees (or contractors)			8,000,000.00
Making total issue to 31st Dec., 1869			28,762,300.00
3. Debit balance, 31st Dec., 1868			$30,547.08
The charges for the year are drafts paid by the company		$55,942.00	
Charges for mules, etc	$500.00		
Charges for engineering	32,058.00		
Charges for land department	35,924.48		
		68,482.48	
			124,424.48
Total			154,971.56
The credits are for the following expenditures made through G. M. Dodge, viz:			
On account engineering		$136,895.85	
On account land department		19,172.99	
On account Missouri bridge		11,908.34	
			167,977.18
Credit balance, 31st Dec., 1869			13,005.62
4. Balance to credit, Dec. 31, 1868			$9,966.85
Received in 1869 for sale of land through O. F. Davis		438,640.57	
Through G. M. Dodge		35,924.48	
			474,565.05
			484,531.90
The expenditures for same period have been—			
Per O. F. Davis, land agent		36,991.46	
Per G. M. Dodge, C. E		19,172.99	
			56,164.45
Leaving a credit balance, Dec. 31, 1869			428,367.45
5. Credit balance, Dec. 31, 1868			24,078,000.00
Received from Government in 1869			2,674,000.00
Balance credit, 31st Dec., 1869			26,752,000.00
6. This balance, $26,000, represents the dividends received during the year on Pullman Pacific Car Company stock.			
7. Credit balance, 31st Dec., 1868			$568,911.20
Interest on bonds			768,104.37
Total			1,337,015.57
The charges for transportation are—			
War Department		$287,190.45	
Mail department		99,963.66	
Passenger department		135.80	
Freight department		1,503.12	
			388,793.03
Credit balance, Dec. 31, 1869			948,222.54
8. Credit balance, 31st Dec., 1868			$854,509.50
Acquired during the year			3,069,368.89
Total			3,923,878.39
Disposed of during the same period			3,483,788.56
Balance credit, Dec. 31, 1869			440,089.83

EXHIBIT A 7—Continued.

Item No.			
229.	Balance credit, 31st Dec., 1868		$18,478,000.00
	Issued during the year		9,269,000.00
	Total		27,747,000.00
	The charges in 1869 are:		
	Transfer to special bond account	$80,000.00	
	W. F. Andrews	8,000.00	
	Contractors, exchange for income bonds per Rice's circular	126,000.00	
	Certificates Central Pacific R. R. Co	242,000.00	
	Certificates first-mortgage bonds	10,000.00	
			466,000.00
	Outstanding Dec. 31, 1869		27,281,000.00
230.	The bonds issued since this account was opened, April 23, amount to		8,562,500.00
	The account has been debited as follows:		
	Bonds received in payment for land	$345,000.00	
	Bonds received per O. F. Davis	39,000.00	
	Bonds exchanged by contractors for income bonds	134,000.00	
	Bonds returned by R. G. Hazard	115,500.00	
	Losses on securities	94,500.00	
			728,000.00
	Balance, bonds out Dec. 31, 1869		7,834,500.00
231.	Balance credit 31st Dec., 1868		4,466,943.51
	Notes issued during 1869, particulars of which are given below		12,754,952.00
	Total		17,221,195.51
	Notes paid during the year		13,852,850.37
	Notes outstanding Dec. 31, 1869		3,368,345.14

[Particulars of notes issued in 1869.]

Oliver Ames	$258,400.00	R. G. Hazard	90,000.00
E. Atkins	136,596.34	J. B. Alley	94,000.00
John Pondir	465,000.00	L. B. Boomer & Co	190,000.00
McNay, Claflin & Co.	94,391.05	S. Hooper & Co	83,192.68
Alex. Barclay	40,000.00	Hale, Ayer & Co	130,595.81
J. M. Davis	50,000.00	J. Bardwell	50,000.00
C. A. Lombard	240,000.00	First Nat'l Bank, Bridgeport	99,600.00
O. S. Chapman	50,800.00	John Duff	88,000.00
H. J. Gilbert	9,000.00	W. H. Macy	50,000.00
Taunton Loco. Works.	85,604.60	Gallatin National Bank	100,000.00
C. S. Bushnell	290,000.00	H. S. McComb	125,000.00
P. P. Shaw	800,000.00	Neponset National Bank	20,000.00
F. Nickerson	41,598.17	C. H. Warner, cashier	100,000.00
Glidden & Williams	54,000.00	J. L. King	70,000.00
F. W. Andrews	8,000.00	W. C. Lindsay	2,004,714.35
Thos. Nickerson	13,999.08	G. C. Cook & Co	49,300.00
Josh. Nickerson	43,198.17	G. L. Rice & Co	8,318.14
E. H. Baker	104,798.17	North Chicago Rolling Mill Company	21,500.00
B. E. Bates	150,000.00	Credit Mobilier	2,000,000.00
E. W. Gilmore	13,000.00	Page, Sprague & Co	44,827.50
G. Bradford	20,798.17	Cresar, Adams & Co	60,668.29
A. Hobart & Co	2,000.00	Gilbert, Hubbard & Co	34,704.25
J. J. Cisco & Son	200,000.00	Walcott & Co	34,369.85
Isaac Thatcher	13,399.08	Rand, McNally & Co	818.19
George Opdyke	50,000.00	New Haven Car Company	20,048.62
Sidney Dillon	175,000.00	N. S. Bowlin	4,368.30
Horatio Gilbert	9,000.00	John Taylor	25,371.60
W. B. Shattuck	73,358.07		
J. M. S. Williams	46,000.00		
C. H. McCormick	$200,000.00		

EXHIBIT A 7—Continued.

Item No.			
	Hall, Kimball & Co ..	$32,300.28	Third National Bank, Springfield $5,000.00
	Amoskeag Manufacturing Company	5,149.23	William T. Glidden..... 33,474.33
	Brigham Young.....	346,017.23	J. S. and D. T. Casement.. 163,724.80
	W. Kennedy.....	1,498,128.85	R. E. Robbins 64,789.02
	A. S. Downe.....	314,528.23	Fourth National Bank 100,000.00
	G. M. Pullman.....	53,370.03	Detroit Car Company 50,000.00
	Howard National Bank	25,000.00	D. C. Tracy 19,101.33
	A. B. Milliken.....	37,211.06	J. M. McCormick..... 23,818.46
	Burnham & Richardson	47,625.00	E. Atkins & Co 30,000.00
	Windus & Derfendorfer.....	51,650.00	Notes payable to order of Union Pacific R. R. Co.. 109,044.85
	A. S. Jackson.....	11,391.13	Total issued in 1869. 12,754,952.00
	C. H. and J. S. Collins.	13,000.00	

22. Mr. Glidden, in above capacity, received and disbursed the company's funds, and between April 14 and Aug. 26, $20,800,510.85 was credited to his account, and $20,800,217.08 charged, leaving a balance to credit of $293.77; which balance was transferred the following year to the credit of discount and interest account.

23.	Balance to credit Dec. 31, 1868.....	$595,000.00
	Cash, loans, etc., received on account certificates and bonds.....	5,370,525.00
	Total.....	5,965,525.00
	Payments to him during year.....	4,838,687.50
	Credit balance, which includes bonds, etc., not charged to him, until 1870	1,126,837.50

23. Old balance (see item 21).

24. This account during the year has been credited with—

	Cash	95,696.55
	Transfer to contractors, as per arrangement between the parties	100,000.00
	Notes	10,000.00
	Discount and interest.....	1,192.97
	Commission for quarter, gold loan	2,059.44
	Transfer Oliver Ames & Son.....	359.46
	Total.....	209,308.42

The charges during the same period were—

Cash.....	$11,133.85	
Discount and interest.....	118.80	
Transfer to contractors, as per arrangement between the parties.....	100,000.00	
Do	83,057.15	
J. A. Rice, assistant treasurer.....	14,048.62	
		208,358.42
Credit balance Dec. 31, 1869.....		950.00

25. Mr. Keep loaned the company, April 9 and 10, $350,000, of which he was repaid August 20, $187,500, leaving $162,500 as a balance in his favor.

26. The credits to this account in 1869 were—

Cash at sundry times.....	$38,513.13
Notes at sundry times.....	84,000.00
Interest at sundry times.....	300.00
Total	122,813.13

EXHIBIT A 7—Continued.

Item No.

And the charges for same time—

Cash	$10,558.33	
First-mortgage bonds	81,600.00	
Interest	2,720.00	
Transfer to contractors, per agreement	18,000.00	
		$112,878.33
Credit balance 31st Dec., 1869		9,934.80

237. $1 balance on land-grant bonds.

238. Since this account was opened, June 30, the following credits have been made to it:

Interest on bonds	$1,084,840.00
Gold acquired	60,485.92
Total	1,145,325.92
Disposed of during same period	332,405.88
Credit balance 31st Dec., 1869	812,918.04

239. This account, opened on July 31, was created as follows:

Cash per United States Treasury	$22,305.61
Cash six months' interest on $572,000	16,387.75
Total	38,693.36
Charges on account of interest were	20,805.60
Credit balance Dec. 31, 1869	17,887.76

240. The company borrowed from Mr. Baker in Aug. and Oct., $25,429, and repaid him in Oct. and Nov., $24,110.96, leaving a balance at the end of the year of $1,318.04 to his credit.

241. This account was opened Sept. 27, and credited as follows:

Contractors (transfer to)		$1,155,000.00
First-mortgage and land-grant bonds exchanged for income bonds		70,200.00
Transfers from O. Ames and others, as per arrangement		758,306.25
Cash		1,586,396.58
Discount and interest		246.35
Total		3,570,139.18
The charges for same period were:		
Cash (contra capital stock)	$3,000,000.00	
Interest on bonds for accrued interest on income bonds disposed of by contractors	8,653.73	
H. T. Blake, refunded	2.76	
		3,008,656.49
Credit balance 31st Dec., 1869		561,482.69

242. This account represents the bonds issued, and was opened Oct. 30, since which the following credits were made, viz:

Contractors, 1,700,000 at 60 per cent	$1,020,000.00
Losses on securities, 1,700,000 at 40 per cent	680,000.00
	1,700,000.00
Exchanged for certificates for first-mortgage bonds	1,499,000.00
Exchanged for scrip	5,000.00
Income bonds issued Dec. 31, 1869	3,204,000.00

243. This balance represents the proceeds and discount, $64.20, of H. S. McComb's note, $25,200.

244. Mr. Ames loaned the company, Dec. 28, $30,000, which remained as a balance at the end of the year.

EXHIBIT A 7—Continued.

Item No.

25. The balance, $1,237, represents an amount refunded by Mr. McGavick and placed to his credit, the company having overpaid him that sum; this balance was subsequently transferred to discount and interest account.

26. Mr. McCormick loaned to the company during the year $140,446.86, of which they repaid him $55,089.14, leaving a balance in his favor of $87,377.59.

27. The transactions with Mr. Hazard in 1869 were as follows:

Cash received from him		$641,614.91
Land-grant bonds returned by him	$115,500.00	
Land-grant bonds and interest, per C. S. Bushnell	8,971.84	
		124,471.84
Notes surrendered to the company		407,000.00
Gold, per Bunge, Burlage & Co		345,076.99
Losses on securities		20,400.00
Interest on account, at 12½ per cent		6,401.91
		1,544,965.65
The charges to the account were:		
Land-grant bonds	$1,052,294.08	
First-mortgage bonds	156,366.56	
Interest on bonds	21,575.10	
Rebate of interest	875.19	
Transferred to contractors (as per arrangement)	159,600.00	
Transferred J. A. Rice, assistant treasurer	60,754.16	
Cash at various times	53,431.00	
Losses on securities	23,142.04	
		1,528,038.13
Leaving as a balance to credit, 31st Dec., 1869		16,927.52

28. These gentlemen loaned the company, Nov., 12, £5,000, or $30,416.66, which, being unpaid 31st Dec., stood as a balance to their credit.

29. This account was credited during the year with cash and proceeds of notes $29,129.99
Commission on guaranty gold loan 1,318.04
Total 30,448.03

The charges during the same time were:

Cash	$5,129.99	
Transfer to contractors, as per Rice arrangement	24,000.00	
		29,129.00
Credit balance, 31st Dec., 1869		1,318.04

30. The company received from this firm, Nov. 25 and 30, $95,842.31, which remained unpaid at the end of the year.

31. This firm loaned the company, Dec. 8, 16, and 23, $25,663.06, of which they were paid $12,754.73, leaving a balance of $12,908.33 to their credit on the 31st Dec.

32. The company borrowed from Mr. Ames $125,000 and repaid him $121,000, leaving a balance of $4,000 in his favor at the close of the year.

33. This bank loaned the company, Dec. 8 and 13, $50,000, which, being unpaid Dec. 31, stood as a balance in its favor.

34. The company borrowed from this bank, Dec. 13, $25,000, which, being unpaid, remained as a balance in its favor at the close of the year.

EXHIBIT A 8.

Capital balance sheet, Union Pacific Company.

DR.

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
2	255	Crédit Mobilier of America		$611,[illegible]
3	256	T. C. Durant	Balance	2,[illegible]
4	257	Construction		60,[illegible]
7	258	Ames contract		1,[illegible]
15	259	Land grant coupon No. 10		[illegible]
17	260	Missouri River Bridge		[illegible]
41	261	....do		[illegible]
46	262	City of Omaha		[illegible]
54	263	Land account		[illegible]
61	264	Davis contract		[illegible]
73	265	John Duff, trustee	Loan	[illegible]
76	267	Special bond account		[illegible]
78	268	United States 6 per cent. currency bonds.		[illegible]
87	269	Operating department		1,[illegible]
100	270	Income account		2,[illegible]
122	271	United States Treasury Department.		[illegible]
131	272	Gold account, New York		1,[illegible]
134	273	Cash, New York		[illegible]
142	274	Cash		[illegible]
212	275	Prosper P. Shaw	Loan	[illegible]
214	276	John Pondir	....do	[illegible]
215	277	Morgan & McComb	....do	[illegible]
216	278	H. C. Crane	....do	[illegible]
218	279	L. B. Boomer & Co	Contract	[illegible]
227	280	C. S. Bushnell	Loan	[illegible]
230	281	C. A. Lombard	....do	[illegible]
248	282	James Brooks	....do	[illegible]
250	283	John B. Alley	....do	[illegible]
251	284	John J. Cisco & Son	....do	[illegible]
290	285	Land grant coupons No. 5		[illegible]
299	286	E. H. Rollins		[illegible]
322	287	Bills receivable		[illegible]
338	288	Morton, Bliss & Co	Loan	[illegible]
347	289	T. E. Sickles, chief engineer	Engineering	[illegible]
358	290	Omaha city bonds		[illegible]
18	291	Colorado Central bonds		[illegible]
23	293	Colorado Central stock		[illegible]
452	294	Conducting transportation	Expenses, July 1 to Dec. 31	[illegible]
454	295	Motive power	....do	[illegible]
456	296	Maintenance of cars	....do	[illegible]
458	297	Maintenance of ways	....do	[illegible]
460	298	General expenses	....do	[illegible]
				120,582,795.33

Item No.

255. Balance to debit, Dec. 1869	$799,253.33
Cash, Sidney Dillon	12,000.00
J. Duff	7,500.00
B. F. Ham, treasurer	5,860.00
Palfrey & Putnam	953.00
Operating department, repairing pumps	5.92
Operating department, insurance	91.00
	824,563.25
The credits for the year are:	
Insurance and general average of steamers *Blackstone*, *Laura*, and *City Memphis*, for loss and iron	12,649.19
Debit balance, Dec. 31, 1870	811,913.06

256. Balance same as last year.

257. Balance to debit, 31st Dec., 1869 ..... 72,052,615.34

EXHIBIT A 8.

for the year ended December 31, 1870.

Cr.

Ledger folio.	Item No.	Title of account.	Nature of receipt.	Amount.
1	299	H. M. Hoxie, contract		$263, 620. 13
6	300	Certificate for first mortgage bonds.		477, 000. 00
9	301	Capital stock		36, 762, 300. 00
10	302	Colorado Central R. R.		26. 76
23	303	O. S. Chapman	Loan	6, 000. 00
41	304	Land grant coupons No. 6		266. 00
56	305	Land department		813, 689. 73
75	306	John Duff, trustee	Loan	62, 419. 58
88	307	United States		27, 236, 512. 00
118	308	United States interest account		3, 040, 320. 00
132	309	First mortgage bonds		29, 880, 000. 00
135	310	Land grant bonds		7, 527, 000. 00
145	311	Bills payable		3, 438, 777. 29
221	312	Brigham Young	Old balance	194. 69
222	313	John Duff	Loan	2, 212. 50
239	314	W. G. Phillips	do	10, 000. 00
257	315	Gold account		871, 353. 81
272	316	Interest on United States 6 per cent. currency bonds.		7, 783. 93
301	317	Land grant coupons No. 7		735. 00
329	318	Income bonds		8, 380, 000. 00
354	319	John Duff	Loan	1, 825. 84
361	320	John A. Rice, assistant treasurer	do	153, 859. 53
364	321	Income coupons No. 2		1, 300. 00
382	322	T. C. Durant, special account	Loan	23, 975. 00
399	323	London exchange	do	770, 448. 94
425	324	United States Government passenger earnings.	Earnings July 1 to Dec. 31, 1870	150, 730. 15
426	325	Commercial passenger earnings	do	1, 795, 577. 01
432	326	United States mail earnings	do	141, 927. 50
434	327	Express earnings	do	157, 285. 93
434	328	United States Government freight earnings.	do	116. 633. 87
438	329	Commercial freight earnings	do	1, 218, 078. 65
440	330	Company freight earnings	do	163, 474. 27
442	331	Car service freight earnings	do	21, 661. 21
444	332	Telegraph earnings	do	1, 763. 64
446	333	Storage earnings	do	83. 22
448	334	Miscellaneous earnings	do	42, 650. 94
450	335	Rent of buildings earnings		11, 663. 71
67	336	Interest on Omaha City bonds		625. 00
				$120, 562, 795. 33

Item No.

Charges to the account in 1870, are as follows:

Transferred from Central Pacific R. R. Co		$1, 502, 000. 00
Transferred from engineering, 30 June	$102, 817. 61	
Transferred from legal expenses, 30 June	122, 128. 66	
Transferred from United States revenue stamps	11, 699. 24	
Transferred from salary, June 30	20, 816. 47	
Transferred from Government directors, 30 June	7, 199. 98	
Transferred from Government commissioners	7, 782. 59	
Transferred from tools and machinery, 30 June.	2, 000. 00	
Transferred from expense, 30 June	98, 797. 95	
Transferred from losses on securities	7, 448, 038. 61	
Transferred from discount and interest	931, 362. 40	
Transferred from right of way	25, 000. 00	
		8, 837, 643. 51
Oakes Ames contract: For correction of entry, Dec. 31, 1867, charged contractors instead of construction, viz:		
New shops	95, 234. 35	
New tools	31, 797. 81	
Equipment	280, 113. 68	
		407, 145. 84

EXHIBIT A 8—Continued.

Item No.			
	Oakes Ames contract: For correction of entry, Dec. 31, 1868, amount charged contractors instead of construction, being amount expended in 1868 on following accounts:		
	Station building	$190,601.67	
	Equipment	736,780.32	
			$927,381.99
	Expended through operating account:		
	Jan. 1 to 30 June	729,668.87	
	July 1 to 31 Dec	851,206.55	
			1,580,875.42
	Transfer of following accounts to 31 Dec.:		
	Engineering	1,250.00	
	Legal expenses	28,759.69	
	Government commissioners	720.00	
	Equipment	800.00	
	Right of way	12,000.00	
	Certificate for Central Pacific R. R. bonds	141,380.00	
			184,909.69
	Difference between notes which were never presented for collection	200,000.00	
	And the bonds pledged as collateral for same	240,000.00	
			40,000.00
	Interest on bonds, Jan. 1, 1869 to June 30, 1870		4,000,000.00
	Loss on gold accounts (see item 272)		86,936.67
	Do		151,311.13
	Total		89,770,812.59
	The account was credited as follows:		
	Equipment, for amount transferred	27,750.00	
	Operating department, for balance Missouri Bridge	2,653.08	
	Central Pacific Railroad Company, for amount received from them on acount of road sold them, between Ogden and Promotory	2,840,000.00	
	Gold account for gain	131,062.68	
	Losses and securities	12,549.65	3,014,015.41
	Balance to debit, Dec. 31, 1870		86,756,804.18
258.	Debit balance, Dec. 31, 1869		3,085,218.71
	Following are the credits made in 1870:		
	Interest on notes issued to Michigan Car Company, erroneously charged construction	1,950.94	
	Construction entry, Dec. 31, 1867	407,145.84	
	Construction entry, Dec. 31, 1868	927,381.99	1,336,478.77
	Debit balance, Dec. 31, 1870		1,748,739.94
259.	Balance, $33.25, represents a coupon due Apr. 1, 1872, paid by Morton, Bliss & Co. by mistake.		
260.	Debit, balance Dec. 31, 1869		$32,466.29
	Expended during the year		290,726.86
	Total		323,193.15
	The credits to the account are:		
	Transfer to T. E. Sickels, chief engineer	$48,400.00	
	Transfer to operating department	78,400.00	
	Transfer to subsistence and superstructure	77,088.04	
			203,888.04
	Balance to debit, Dec. 31, 1870		119,305.11
261.	Transferred from Missouri River Bridge		$77,068.04
	Transferred from operating department		62,784.94
	Balance to debit, Dec. 31, 1870		139,872.28

EXHIBIT A 8—Continued.

Item No.

22. This balance, $625, represents coupons of Omaha City bonds sent to A. S. Downs for collection.

23. The charges to this account during the year have been as follows:

O. F. Davis, land agent, drafts on J. Duff		$15,000.00
Expended through O. F. Davis, land agent		42,099.85
Judgment, favor of T. A. Mursen, overpaid lands		332.91
John Duff, for amount erroneously credited this account		34,766.67
Taxes, etc., paid by operating department		36,045.05
Transfer to land department account		1,390,830.50
Total		1,519,074.98
Contra:		
Credit balance Dec. 31, 1869	$428,367.45	
Sale of land	376,660.94	
Received for railroad tickets	652.15	
J. Duff, trustee	15,000.00	
Land-grant bonds, per J. Duff	34,766.67	
Transfer to land department for notes taken for land to date	576,650.05	
		1,432,097.26
Debit balance Dec. 31, 1870,		86,977.72

24. Debit balance Dec. 31, 1869 ..... 12,693,349.24

Charges to the account during the year are:

Cash on account, contract	$6,000,000.00	
Material, etc., per operating department	1,042,715.97	
Expenditures, per operating department	1,444,908.84	
Vouchers surrendered by Chicago and Northwestern R. R. Co	100,924.67	
Brigham Young, freight, etc	200,879.05	
Drafts of Kennedy and others	25,486.46	
Income bonds	2,584,000.00	
Freight	1,835.08	
Salaries, etc	8,524.76	
Cost of seeds, etc	201,445.39	
Discount on first land-grant bonds	6,630.00	
S. B. Reed	10,500.00	
E. H. Rollins, for S. Bartlett	500.00	
Oliver Ames's account, J. H. Gossun	150.00	
Sidney Dillon, drafts, etc	19,500.00	
J. M. Woolworth, attorney	2,000.00	
J. A. Rice, assistant treasurer	25,000.00	
Emmitt, Hammond & Pomeroy	1,000.00	
Tools, etc	1,140.68	
Subsistence	674.28	
Horses killed	1,000.00	
Expenses	5,355.68	
		11,687,770.86
Total		24,381,120.13

The credits are as under:

Iron, per Evans & Carr	$305,184.30
Iron, per Chicago and Northwestern R. R. Co	246,870.88
Material sold by operating department	126,343.46
Drafts paid by contractors	4,543.38
Income bonds	18,000.00
Cash for tools, etc., per S. Dillon	2,010.10
Cash, per S. Seymour, C. E	500.00
Cash, J. Sharp	1,000.00
Transfer, Oakes Ames	4,328.48
Transfer, J. A. Rice, assistant treasurer	
Transfer first-mortgage and land-grant bonds	18,900.00
Transfer first-mortgage bonds	11,000.00

EXHIBIT A 8—Continued.

Item No.			
	Transfer land-grant bonds	$11,000,00	
	Transfer engineering account	198.18	
	Transfer erroneous charges	1,359.50	
			$750,538.2
	Balance debit Dec. 31st, 1870		23,630,581.6
265.	Debit balance 31st Dec. 1869		$4,799.6
	Cash, per O. F. Davis, land agent, etc		10,186.2
	Cash, per Stone & Dorren, L. G. bonds		34,766.6
	Transfer to land account		10,000.0
	Transfer, J. Duff, trustee, loan account		97,186.2
			245,847.2
	Contra:		
	Cash, per O. F. Davis, land agent	$96,886.25	
	Transfer to land account	34,766.67	
	Transfer, J. Duff, trustee, loan account	34,766.67	
			166,419.2
	Balance to debit, 31st December, 1870		79,428.2
267.	Balance, $6,672.36, remains as in 1869. (See item 189.)		
268.	United States 6 per cent. 30-year currency bonds (on hand):		
	Debit balance 31st December, 1869		$264,000.0
	Bonds received from Government	$484,512.00	
	Bonds received, J. Cook & Co	43,000.00	
	Bonds received, Central Pacific R. R. Co	1,338,000.00	
	Losses on securities	166.32	
			1,865,678.3
	Total		2,129,678.3
	Disposed of during the year		1,984,678.3
	Debit balance, bonds on hand Dec. 31, 1870		145,000.0
269.	Debit balance 31st Dec., 1870		3,468,834.0
	Drafts—Kennedy, Downs, etc	$862,728.19	
	Oliver Ames & Son	4,328.48	
	Steam-boat account	7,500.00	
	Taunton Locomotive Works	56,000.00	
	Freight on locomotives	2,200.00	
	Construction account:		
	Transfer Missouri bridge	2,653.08	
	Washburn & Moen	22,548.22	
	Contractors, received for material	126,343.46	
	Thomas Wordell, for coal, etc	53,848.38	
	Colorado Central R. R. Co., material and equipment	31,789.89	
	Claim—A. Eaton and wife	3,484.69	
	Claim—estate A. Bushter, killed by accident	1,000.00	
	Expressage, etc	139.00	
	Income account, earnings to 30th June	2,596,734.97	
	Income account, earnings to 31st Dec	3,830,549.20	
			7,401,867.56
	Total		10,870,691.57
	The account has been credited as follows:		
	Earnings:		
	United States interest account	$351,046.22	
	United States Treasury account	350,586.08	
	Emigrants' account	10,000.00	
	Freight account	51,528.03	
	Transfer Utah Central R. R. Co	32,930.44	
	Transfer Colorado Central R. R. Co	84,249.97	
	Contractors, for expenditures	1,444,908.84	
	Contractors, materials furnished	1,042,715.97	
	Construction	1,580,875.42	

EXHIBIT A 8—Continued.

Item No.				
	Iron		$217,987.48	
	Material, etc		9,474.98	
	Right of way		25,000.00	
	Expenses operating		1,936,942.57	
	Missouri River bridge	$208,528.28		
	Missouri River bridge, sub and superstructure	62,784.24		
			271,312.52	
	P. E. Sickles, chief engineer	34,150.00		
	J. M. Eddy, assistant engineer	10,000.00		
			48,150.00	
	Drafts:			
	Downs and others		181,904.77	
	Omaha National Bank, paid at Chemical Bank, New York		1,602,327.64	
	Cash, Boston		1,555.29	
	Land department		36,045.05	
	Oakes Ames Car Company		18,500.00	
	Fare of special agent		81.35	
	Log cabin, etc		395.00	
	L. R. Boomer & Co		4,523.71	
	Paid on account suits, etc		6,178.08	
	Crédit Mobilier, insurance, etc		26.92	
	Sidney Dillon		2,250.00	
	G. M. Dodge, C. E		13,000.00	
	Dividends on Pullman car stock		23,400.00	
	Bills receivable		5,585.98	
	Oliver Ames		5,300.00	
				$9,358,782.26
	Debit balance, 31st Dec., 1870			1,511,899.31
70.	Balance debit, Dec. 31, 1869			$74,727.02
	Iron account, for loss on iron sold Denver Pacific R. R. Co., and occasioned by excessive charges in transportation			88,508.65
	Interest on bonds, Jan. 1, 1869, to June 30, 1870			2,030,459.46
	Legal expenses		$13.75	
	United States revenue stamps		2,337.60	
	Salary account		24,441.78	
	Government directors		948.30	
	Expense account		12,769.16	
	Steam-boat account		43,900.00	
	Interest on bonds		2,441,954.73	
	Discount and interest		215,753.93	
	United States registered bonds		12,622.25	
				2,754,741.50
	Total			4,948,436.63
Contra:				
	Transferred from operating department:			
	Earnings Jan. 1, 1869, to June 30, 1870		$2,596,734.97	
	Dividend account		26,000.00	
	Legal expenses		13.75	
	Pullman Pacific Car Company Stock		140,000.00	
				2,762,748.72
	Balance to debit, 31 Dec., 1870			2,185,687.91
71.	Charges during the year			350,5~6.08
	Cash received the year			295,284.17
	Balance to debit, 31st Dec., 1870			55,301.91
72.	Credit balance 31st Dec., 1869			440,089.83
	Transferred from construction account for loss on gold bought and used			86,936.67
	Total			527,026.50

EXHIBIT A 8—Continued.

Item No.			
	Contra:		
	Transfer from gold account No. 2, L. Von Hoffman & Co.'s loan, etc		$568,617.92
	Debit balance 31st Dec., 1870		1,591.83
273.	Balance on hand, per ledger	$3,904.95	
274.	Balance on hand per ledger	52,887.75	
275.	Credit balance 31st Dec., 1869		$1,126,937.50
	The charges during 1870 are for bonds, etc		1,156,937.50
	Debit balance 31st Dec., 1869		30,000.00
276.	Debit balance 31st Dec., 1869		$15,000.00
	United States 6 per cent. 30-year currency bonds		5,000.00
	Cash per R. G. Hazard to redeem bonds		15,000.00
	Balance to debit 31st Dec., 1870		35,000.00
277.	This balance, $650, is a bill for 50 steel-plated scrapers.		
278.	Balance $100,052 remains the same as in 1869, there having been no transactions in this account during the year.		
279.	Debit balance Dec. 31, 1869		$306,113.43
	Expenditures through operating department		4,523.71
	Balance to debit, 31st Dec., 1870		310,637.14
280.	Debit balance 31st December, 1869		$241,709.15
	6 first-mortgage bonds, at 85 per cent		5,100.00
	6 coupons on above		258.93
	24 land-grant bonds, at 55 per cent		13,200.00
	Total		260,268.08
	Less company's note surrendered		5,000.00
	Balance to debit 31st December, 1870		255,268.08
281.	Debit balance, 31st December, 1869		$10,796.96
	Discount and interest		2,492.29
	Total		13,289.25
	By transfer to Oliver Ames, loan account		12,492.29
	Balance to debit 31st December, 1870		796.96
282.	This balance, $1,355.83, remains as in 1869 (see item 206).		
283.	The charges during the year to this account are as follows:		
	Note, $10,000; Revenue stamp, $25.50		$10,025.50
	Cash		9,274.93
	Total		19,300.43
	Credit balance, 31st Dec., 1869	$9,934.80	
	Cash, etc	9,300.43	
			19,235.23
	Balance to debit, 31st Dec., 1870		65.20
284.	This balance, $714.67 is the same as 31st Dec., 1869, and explained in item 207.		
285.	Credit balance, 31st Dec., 1869		$250,316.50
	Coupons paid during year		1,319.50
	Total		251,636.00
	The account has been credited with interest on bonds		251,569.50
	Leaving debit balance 31st Dec., 1870		66.50

EXHIBIT A 8—Continued.

[illegible]		
16. Debit balance 31st December, 1869		$1,627.48
Payments on account salary		3,101.63
Balance to debit 31st Dec., 1870		4,729.11
17. The notes received during year amount to		$69,555.49
Credit balance 31st December, 1869		25,200.00
Debit balance (notes in hand) 31st Dec., 1870		44,355.49
18. To cash, etc		709,670.58
By cash, etc	$571,246.72	
Salary and expenses, as transfer agents	5,944.31	
		577,191.03
Balance to debit 31st Dec., 1870		132,479.55
19. There has been charged to this account during the year		$127,633.33
Less credit for salary charged to engineering, etc		833.33
Debit balance (account Missouri Bridge) 31st Dec., 1870		126,800.00

20. $12,500 represents twenty-five of above bonds at $500 each, dated Apr. 1, 1869, payable Apr. 1, 1889. Coupons payable Apr. 1 and Oct. 1. Bonds bear 10 per cent. interest.

21. $210,000 Colorado Central R. R. first-mortgage bonds (dated June 1, 1870, payable June 1, 1890, bearing interest at 8 per cent. Coupons payable June 1 and Dec. 1) taken by this company cash Dec. 1, 1870 (ex. Dec. coupon), at 85 per cent., $178,500.

22. 2,100 shares Colorado Central R. R. Co., at $25, $52,500, taken in settlement of account.

23. Balance, $363,620.13, same as in 1869.

24. Credit balance Dec. 31, 1870		$1,435,000.00
The charges are as follows:		
Income bonds exchanged	$945,000.00	
Scrip surrendered	13,000.00	
		958,000.00
Balance to credit Dec. 31, 1870		477,000.00
25. Balance Dec. 31, 1869		$28,762,300.00
Issued during the year		8,000,000.00
Total issue Dec. 31, 1870		36,762,300.00
26. This account has been credited as follows:		
$210,000 first-mortgage bonds, at 85 per cent		$178,500.00
2,100 shares stock, at $25		52,500.00
		231,000.00
Less sundry payments (June 14 to Nov. 10)		230,973.74
Credit balance Dec. 31, 1870		26.26

27. $6,000 represents a loan by him to company Nov. 17.

28. This account has been credited as follows:		
Interest on land grant bonds due 1st Apr		266,700.00
29. By transfer from land account		$1,390,830.50
By transfer, O. F. Davis, land agent		472.09
		1,391,302.59

EXHIBIT A 8—Continued.

Item No.			
	Contra:		
	To transfer from land account	$576,650.05	
	To transfer, O. F. Davis, land agent, cash on hand 31st Dec	962.81	
			$577,612.86
	Credit balance Dec. 31, 1870		813,069.72
306.	By transfer from J. Duff, trustee account		$97,188.25
	Do		34,793.67
	Credit balance 31st Dec., 1870		62,419.58
307.	Credit balance 31st Dec., 1869		$26,752,000.00
	Received during the year		484,512.00
	Balance (bonds issued) 31st Dec., 1870		27,236,512.00
	Government bonds issued to Union Pacific Railroad Company:		
	$525\frac{4}{1000}$ miles, at $16,000 per mile	$8,401,248.00	
	$363\frac{602}{1000}$ miles, at $32,000 per mile	11,635,264.00	
	150 miles, at $48,000 per mile	7,200,000.00	
	$1,038\frac{606}{1000}$ miles (average $26,222.23 per mile)	27,236,512.00	
308.	Balance to credit 31st Dec., 1869		$943,222.54
	Interest on bonds		2,449,596.66
	Total		3,396,819.20
	Contra:		
	Operating account	$351,046.22	
	War Department, interest on bonds, etc	5,452.08	
			356,498.30
	Credit balance 31st Dec., 1870		3,040,320.90
309.	Balance to credit 31st Dec., 1869		$27,281,000.00
	Issued, exchanged, etc., in 1870		475,000.00
	Total		27,756,000.00
	Bonds bought, exchanged, transferred, etc		876,000.00
	Credit balance 31st Dec., 1870		26,880,000.00
310.	Balance to credit 31st Dec., 1869		$7,834,500.00
	C. S. Bushnell, losses on securities, etc		55,500.00
			7,890,000.00
	Less bonds taken in payment for lands bought		363,000.00
	Credit balance 31st Dec., 1870		7,527,000.00
311.	Balance credit 31st Dec., 1869		$3,388,345.14
	Notes issued during the year (particulars below)		5,127,968.84
			8,516,313.98
	Notes paid		5,077,536.69
	Notes outstanding 31st December, 1870		3,438,777.29

EXHIBIT A S—Continued.

[Particulars of bills payable.]

J. B. Alley	$234,200.00	Globe Bank	$48,000.00
E. Atkins & Co	354,200.00	J. N. Barron	20,400.00
F. Nickerson	15,000.00	Randolph Bank	20,400.00
Howard National Bank	75,200.00	E. H. Rollins	50,200.00
Oliver Ames	630,552.34	Oliver Ames and J. Duff	111,765.49
C. A. Vialle, cashier	25,000.00	J. T. and W. T. Glidden	50,000.00
J. M. S. Williams, treasurer	96,821.33	E. Atkins	87,000.00
First National Bank, Fall River	31,800.00	John Taylor Iron Works	3,749.52
John Duff	206,027.08	C. S. Bushnell	50,000.00
E. H. Baker	45,000.00	Notes to company's order	335,460.00
Joseph Nickerson	122,032.19	Bank of Commerce	180,800.00
B. E. Bates	50,000.00	Thos. Deane, president	50,000.00
O. S. Chapman	11,400.00	Sidney Dillon	160,578.08
R. E. Robbins	69,000.00	Taunton Savings Bank	20,400.00
Washburn & Moen Manufacturing Company	23,252.84	John Sharpe	3,000.00
Ride & Leather Bank	40,000.00	Oakes Ames	50,600.00
B. F. Ham	25,000.00	M. Morgan's Sons	100,000.00
N. R. Hubbard	4,200.00	Fred Hubbard	4,200.00
Avery Plumer	10,200.00	C. W. Rollins	20,400.00
National Bank of Republic	111,600.00	F. W. Deane, cashier	10,200.00
D. Snow	30,600.00	Taunton National Bank	25,200.00
Peter Butler	16,200.00	Market National Bank	50,200.00
A. S. Downs	669,458.66	John A. Reed, treasurer	93,102.97
Tremont Nat'l Bank	30,000.00	P. J. Carter, drafts	80,000.00
N. G. Ordway	20,400.00	Brigham Young	35,386.00
Bank of Redemption	50,400.00	Atlantic Bank	25,200.00
First Nat'l Bank, Barre	10,200.00	Neponset National Bank	10,800.00
W. P. Kennedy	798.35	John Smither & Co	14,531.33
Taunton Locomotive Works	20,478.33	Wyoming Coal Co	32,645.99
R. Rogers	10,200.00	John Sadlier & Co	11,528.34
Neptune Ins. Co	60,000.00	H. J. Gilbert	5,000.00
Columbian Bank	85,200.00	J. S. March & Co	25,800.00
		Mk. Savings Bank	5,000.00
		Isaac Thatcher	12,000.00
		Total notes issued in 1870	5,127,968.84

22. Old balance, $194.69.

23. Balance to debit 31st December, 1879		$2,000.00
J. A. Rice, assistant treasurer, for 101 income bonds		80,800.00
Cash	$1,433.23	
Cash account G. M. Dodge	10,350.00	
		11,783.23
Total		94,583.23
The credits are as follows:		
Transfer J. Duff, loan account	42,000.00	
Transfer J. Duff, special account	40,937.50	
Discount and interest	2,495.73	
Cash	11,362.50	
		96,795.73
Credit balance 31st December, 1870		2,212.50

24. This balance, $10,000, represents cash borrowed 25th October.

25. Balance to credit 31st Dec., 1869	$812,918.04
Acquired	3,910,710.75
Total	4,723,628.79
Disposed of	3,852,274.98
Credit balance 31st Dec, 1870	871,353.81

EXHIBIT A 8—Continued.

Item No.			
316.	Balance to credit, 31st Dec., 1869		$17,867.76
	Interest credited during the year		16,133.92
	Total		34,011.68
	Payments during the year		26,227.75
	Credit balance, Dec. 31, 1870		7,783.93
317.	This account has been credited with—		
	Coupons due 1st Oct		$266,910.00
	Coupons paid to date		266,175.00
	Credit balance, unpaid coupons, 31st Dec., 1870		735.00
318.	Credit balance, 31st Dec., 1869		$3,204,000.00
	The following have been credited to the account:		
	Contractors	$3,465,000.00	
	Losses on securities	776,000.00	
	Exchanged for first-mortgage bonds	945,000.00	
	Exchanged for scrip	8,000.00	
			5,194,000.00
	Total		8,398,000.00
	The only charge to the account is for 30 income bonds, held by T. Durant (in dispute) at 60 per cent		18,000.00
	Credit balance, 31st Dec., 1870		8,380,000.00
319.	Mr. Duff loaned the company during the year $97,009.26, of which he was repaid $95,183.42, leaving a balance of $1,825.84 to his credit at the close of the year.		
320.	Credit balance, 31st Dec., 1869		$561,482.69
	This amount has been credited with amount of subscription and interest of various parties for income bonds		2,371,195.72
	Total		2,932,678.41

EXHIBIT A 8—Continued.

Item No.

The charges are as follows:

Iron account, rails per Evans & Carr	$583,000.00	
Subscription income bonds	2,000,000.00	
Accrued interest	96,721.63	
T. C. Durant, 30 income bonds	24,000.00	
Oakes Ames	10,000.00	
Sundry errors in interest, etc	1,627.21	
Error first-mortgage bonds, subscription price	18,200.00	
Glidden & Williams	17,134.74	
Williams & Guion	16,995.34	
J. B. Johnson	10,751.95	
Discount and interest	388.01	
		$2,778,818.88
Credit balance, 30th June, 1870		153,859.53

21. This account has been credited with interest on bonds for coupons

due 1st Sept	$414,950.00
And charged with coupons paid to date	413,650.00
Credit balance, coupons unpaid 31st Dec., 1870	1,300.00

22. This account has been credited, per J. A. Rice, assistant treasurer,

with 30 income bonds	$24,000.00
And charged with interest on income bonds	25.00
Credit balance, 31st Dec., 1870	23,975.00

23. By receipts during the year 901,947.98
To payments during the year 131,499.04
Credit balance, Dec. 31, 1870 770,448.94

24. This account has been credited with coupons due October 1, amounting to $625.00

EXHIBIT A 9 (details

Capital balance-sheet, Union Pacific Company,

Dr.

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
2	337	Credit Mobilier of America		$891,314.10
4	338	Construction		88,116,619.09
7	339	Ames contract		1,748,720.94
10	340	Engineering		4,772.14
15	341	Land-grant coupons No. 10		33.25
18	342	Colorado Central R. R. bonds		178,000.00
19	343	Colorado Central R. R. Co.		15,162.39
23	344	Colorado Central R. R. stock		52,500.00
24	345	Government directors		3,722.75
31	346	St. L. C. and Ohio R. R. stock		3,000.00
40	347	G. M. Dodge, chief engineer	Engineering	55,294.36
41	348	Missouri River bridge	do	255,462.25
45	349	do	do	174,719.14
55	350	Land account	do	315,597.47
62	351	Davis contract	do	23,456,000.65
74	352	John Duff, trustee	Loan	9,873.22
98	353	Operating department		1,190,204.13
100	354	Income account		1,023,473.14
105	355	Coupons due July 1, 1873		36.00
108	356	United States interest revenue stamps.		1.50
113	357	Coupons due Jan. 1, 1871		7,020.00
124	358	United States Treasury Department.		37,951.63
129	359	J. M. Eddy	Engineering	14,911.17
132	360	Property in New York		600.00
133	361	E. H. Rollins		1,736.00
147	362	Cash		178,443.15
163	363	Interest on bonds		2,307,549.33
166	364	T. J. Carter	Loan	9,901.61
171	365	Losses on securities		168,822.67
178	366	J. E. Thompson *et al.*, trustees	Omaha bridge bonds	304,451.17
213	367	Oakes Ames car account		600.00
218	368	L. B. Boomer & Co		310,637.14
227	369	C. S. Bushnell	Loan	240,186.91
293	370	B. F. Ham	First-mortgage bonds	24,000.00
322	371	Bills receivable		97,478.29
326	372	E. A. Atkins & Co	Loan	98,000.00
336	373	J. B. Alley	do	8,000.00
337	374	Central Pacific Rwy. Co		37,170.71
346	375	Income coupons No. 2		43.75
352	376	E. H. Rollins, loan account	Loan	4,000.00
358	377	Omaha City bonds		12,500.00
397	378	Union Pacific R. R. stock owned by company.		5,494.13
417	379	Gold account		97,087.73
422	380	Land cash		96.22
423	381	Land notes		971,710.73
425	382	O. F. Davis, land agent	Land	2,988.29
452	383	Conducting transportation		276,045.30
454	384	Motive power		511,142.47
456	385	Maintenance of cars		134,477.47
458	386	Maintenance of way		431,559.43
460	387	General expenses		243,040.50
467	388	J. G. Harris, trans. agent		346.50
473	389	Credit Mobilier of America, in trust		103,600.00
475	390	Expense		4,488.26
480	391	Legal expense		7,892.79
482	392	Morton, Bliss & Co		134.56
423	393	T. E. Sickles, chief engineer	Engineering	847,750.74
486	394	Salary account		12,017.76
488	395	Washington Co. bonds		15,000.00
489	396	Suspense account		670,936.44
490	397	Morton, Bliss & Co., stamp account		1,062.75
491	398	H. McFarland, cashier		311.23
495	399	Premium on gold		108,748.71
500	400	Utah Southern R. R. Co.		20,471.00
501	401	Utah Southern R. R. bonds		178,000.00
394	402	Coupons due July 1, 1872		30.00

n Exhibit A 12).

for the year ended December 31, 1871.

Ledger folio.	Item No.	Title of account.	Nature of receipt.	Amount. Cr.
1	406	Hoxie contract		$263, 620. 13
3	407	Certificate first-mortgage bonds.		477, 000. 00
5	408	Capital stock		36, 762, 300. 00
10	409	O. S. Chapman	Loan	6, 000. 00
45	410	Land-grant coupons No. 6		931. 00
47	411	Interest on Omaha City bonds		625. 00
48	412	Land department		2, 077, 263. 47
57	413	Town-lot account		138, 430. 14
73	414	John Duff	Loan	7, 373. 25
89	415	United States		27, 236, 512. 00
113	416	Coupons due July 1, 1871		8, 130. 00
119	417	United States interest account		4, 159, 086. 37
125	418	Income coupons No. 4		16, 985. 00
134	419	New York cash		20. 00
142	420	First-morgage bonds		27, 237, 000. 00
158	421	Land-grant bonds		9, 224, 000. 00
167	422	T. J. Cuter, gold account		200. 00
177	423	Omaha bridge bonds		2, 500, 000. 00
222	424	John Duff		16, 050. 11
273	425	Interest on United States 6 per cent. currency bonds.		3, 150. 00
286	426	Land-grant coupons No. 7		735 00
289	427	Income bonds		9, 355, 000. 00
341	428	John A. Rice, assistant treasurer.		153, 859. 53
365	429	Bills payable		2, 236, 741. 40
369	430	Land-grant coupons No. 9		5, 835. 39
418	431	Discount and interest		20, 775. 37
424	432	Interest on land notes		43, 746. 84
429	433	United States Government passenger earnings.		99, 578. 05
430	434	Commercial earnings		1, 375, 713. 03
435	435	United States mail earnings		118, 272. 92
436	436	Express earnings		131, 107. 68
436	437	United States Government freight earnings.		99, 712. 51
438	438	Commercial freight earnings		1, 500, 300. 03
440	439	Company earnings		152, 494. 54
441	440	Car service earnings		23, 906. 71
441	441	Telegraph earnings		126. 79
442	442	Miscellaneous		43, 233. 37
443	443	Rent of buildings		7, 019. 89
444	444	Land-grant coupons No. 8		6, 466. 10
445	445	Income coupons No. 3		248. 94
446	446	United States Internal Revenue Commissioner.		.708. 77
382	447	Coupons due Jan. 1, 1872		817, 110. 00
471	448	Brigham Young *et al.*, col. account		77, 000. 00
487	449	Morton, Bliss & Co	Loan	171, 411. 86
489	450	Morton, Bliss & Co., gold loan account	do	193, 656. 67

EXHIBIT A 9—*Capital balance-sheet, Union Pacific Company, for*

Dr.

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
395	403	Little Rock and Ft. S. R. R. bonds		$93,611.21
427	404	Morton, Bliss & Co., gold account		303,454.67
470	405	Utah Central R. R. bonds as collateral		77,000.00
				126,659,417.88

EXHIBIT A 10

Capital balance-sheet, Union Pacific Company,

Dr.

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
1	451	Construction		$39,267,613.38
3	452	Ames contract		1,748,738.94
4	453	Davis contract		23,316,000.61
6	454	Credit Mobilier of America		902,466.27
8	455	Missouri River Bridge		169,780.89
10	456	Missouri substructure and superstructure.		467,839.67
12	457	L. B. Boomer & Co		310,627.14
13	458	T. E. Sickles, chief engineer	Engineering	1,382,342.26
17	459	Right of way		6.00
19	460	Income account		2,705,290.00
32	461	Interest on bonds		2,512,481.30
58	462	Conducting transportation		372,771.53
60	463	Motive power		898,735.00
62	464	Maintenance of cars		190,540.94
64	465	Maintenance of way		855,638.00
66	466	General expense		159,338.97
70	467	Land account		297,016.00
73	468	Taxes on lands		214,122.41
77	469	Land cash		625.20
79	470	Land notes		1,436,439.33
86	471	Town-lot account		92,111.25
86	472	Taxes on town lots		1,101.01
87	473	George F. Mayer, town lots agent.		24,703.00
93	474	Operating department		1,347,867.76
120	475	Cash		102,878.07
123	476	Gold account		60,567.00
164	477	Bills receivable		70,946.25
170	478	United States Treasury Department.		56,752.00
174	479	Colorado Central R. R. bonds		78,500.00
175	480	Colorado Central R. R. stocks		52,000.00
176	481	Utah Central R. R. stocks		250,000.00
177	482	Utah Southern R. R. bonds		176,000.00
178	483	Omaha Bridge bonds		5,161.35
179	484	Union Pacific R. R. stock		6,244.13
180	485	Atlantic and Pacific Telegraph Company stock.		242,000.00
181	486	Omaha City bonds		12,500.00
182	487	Washington County bonds		13,000.00
183	488	Douglas County bonds		270,000.00
184	489	Saint Louis, Chillicothe and Omaha stock.		3,000.00
185	490	Little Rock and Fort Smith bonds.		62,611.21
186	491	Central Pacific R. R. Co		27,170.71
188	492	Colorado Central R. R. Co		720,740.25
189	493	Colorado Central R. R. Co. lease account.		25,367.54
190	494	Utah Southern R. R. Co		136,304.00
192	495	Utah Northern R. R. Co		44,243.20
194	496	Brunswick, Chillicothe and Omaha R. R. Association.		50,077.45
197	497	Morton, Bliss & Co	Loan	243,511.69
210	498	Morton, Bliss & Co., currency coupon account.		12,625.00

the year ended December 31, 1871—Continued.

Cr.

Ledger folio.	Item No.	Title of account.	Nature of receipt.	Amount.
				$126, 850, 417.

(details in A 12).

for the year ended December 31, 1872.

Cr.

Ledger folio.	Item No.	Title of account.	Nature of receipt.	Amount.
5	534	Hoxie contract		$263, 620. 13
11	535	Capital stock		36, 762, 300. 00
21	536	Certificate for first-mortgage bonds.		477, 000. 00
22	537	First-mortgage bonds		27, 213, 000. 00
24	538	Land-grant bonds		8, 913, 000. 00
27	539	Income bonds		9, 355, 000. 00
29	540	Omaha Bridge bonds		2, 462, 000. 00
35	541	Losses on securities		9, 250. 00
36	542	Commercial passenger earnings		1, 779, 869. 03
38	543	United States Government earnings.		174, 057. 65
40	544	United States mail earnings		141, 927. 50
43	545	Express earnings		179, 568. 38
44	546	Commercial freight earnings		2, 369, 091. 78
45	547	United States freight earnings		101, 822. 34
48	548	Company freight earnings		234, 798. 76
50	549	Car-service earnings		389. 60
52	550	Miscellaneous earnings		60, 993. 95
54	551	Rent of buildings		8, 469. 53
75	552	Land department		2, 854, 996. 90
81	553	Interest on land notes		95, 274. 73
83	554	O. F. Davis	Land agent	2, 706. 52
85	555	Town-lot department		232, 843. 62
103	556	Bills payable		3, 406, 298. 91
105	557	United States		27, 236, 512. 00
106	558	United States interest account		5, 463, 437. 08
107	559	Pacific Mail Steamship Company		50, 000. 00
110	560	John Duff	Loan	40, 711. 49
120	561	Union Trust Company	do	120, 000. 00
121	562	Union Trust loan account	do	100, 000. 00
126	563	J. Thompson *et al.*, trustees	Omaha Bridge bonds	75, 358. 57
127	564	Brigham Young, interest account.		1, 125. 00
161	565	Timothy J. Carter, gold account		200. 00
163	566	Exchange on Morton Rose & Co.		388, 049. 96
165	567	Exchange on Pixley, Abell, Langley & Blake.		193, 656. 67
243	568	United States Internal Revenue Commissioner.		2, 733. 40
255	569	Atlantic and Pacific Telegraph Company.		1, 737. 37
311	570	Omaha Bridge coupons, owned by company.		200. 00
324	571	Interest on Omaha City bonds		625. 00
325	572	Interest on Colorado Central R. R. bonds.		4, 400. 00
326	573	Interest on Washington County bonds.		600. 00
329	574	Interest on Douglas County bonds.		7, 000. 00
337	575	Interest on Little Rock and Fort Smith bonds.		2, 625. 00
340	576	Dividend on Utah Central R. R. stock.		30, 000. 00
443	577	Interest on United States 6 per cent. currency bonds		3, 150. 00

EXHIBIT A 9.—*Capital balance-sheet, Union Pacific*

DR.

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
214	499	Morton, Bliss & Co., stamp account.	.....	$1,382.75
215	500	John Duff, trustee	Loan	62,120.25
224	501	Oakes Ames, car account	.....	000.00
225	502	C. S. Bushnell	Loan	73,100.00
236	503	Prosper P. Shaw	..... do	150,000.00
238	504	E. H. Rollins	Secretary	2,000.00
240	505	Timothy J. Carter	Loan	6,151.62
242	506	G. M. Dodge, chief engineer	Engineer	47,720.25
246	507	J. G. Harris, trans. agent	.....	313.50
247	508	Henry McFarland, cashier	.....	4.62
248	509	Suspense account	.....	615,930.44
261	510	Drexel, Morgan & Co.	Loan	30.20
262	511	Emmott, Hammond & Pomeroy	Lawyers	500.00
263	512	Drexel, Morgan & Co.	Foreign gold coupon account	67,000.62
330	513	Property in New York	.....	1,675.00
332	514	Little Rock and Fort Smith coupons, Oct. 1, 1871.	.....	2,625.00
332	515	Little Rock and Fort Smith coupons, Apr., 1872.	.....	2,625.00
335	516	Colorado Central R. R. coupons, No. 3.	.....	8,400.00
335	517	Colorado Central R. R. coupons, No. 4.	.....	4,400.00
335	518	Colorado Central R. R. coupons, No. 5.	.....	4,400.00
360	519	Government directors	.....	2,250.00
362	520	Salary account	.....	6,000.00
366	521	Expense account	.....	4,618.65
377	522	Legal expenses	.....	3,040.20
383	523	Premium on gold	.....	160,202.62
393	524	Commissions	.....	60,745.62
398	525	Discount and interest	.....	78,671.36
410	526	Profit and loss	.....	455.00
414	527	United States revenue stamps used.	.....	1,333.00
419	528	Coupons due July 1, 1869	.....	60.00
420	529	Coupons due Jan. 1, 1870	.....	60.00
421	530	Coupons due July 1, 1870	.....	120.00
422	531	Coupons due Jan. 1, 1871	.....	120.00
434	532	Coupons due July 1, 1873	.....	30.00
332	533	Little Rock and Fort Smith R. R. coupons, Oct. 1, 1872.	.....	2,625.00
				131,791,438.75

EXHIBIT A 11

Capital balance-sheet Union Pacific Company.

DR.

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
1	503	Construction	.....	$33,701,720.40
3	504	Ames contract	.....	1,748,720.94
4	505	Davis contract	.....	23,330,650.17
6	506	Crédit Mobilier of America	.....	902,466.37
8	507	Missour River Bridge	.....	174,725.60
10	508	Missouri River Bridge, subsistence and supplies.	.....	342,370.40
12	509	L. B. Boomer & Co	.....	310,627.14
13	600	T. E. Sickles, chief engineer	Engineering	1,416,170.53
19	601	Income and expense account	.....	3,190,665.49
32	602	Interest on bonds	.....	2,500,694.42
58	603	Conducting transportation	.....	307,445.66
60	604	Motive power	.....	881,134.98
62	605	Maintenance of cars	.....	211,600.00
64	606	Maintenance of way	.....	1,031,270.15
66	607	General expense	.....	100,413.65
69	608	Payments from land-department funds.	.....	42,000.00
71	609	Expense to company of land department.	.....	371,762.07
73	610	Taxes on lands	.....	215,645.31
77	611	Land cash	.....	000.00

Company, for the year ended December 31, 1872—Continued.

Cr.

Ledger folio.	Item No.	Title of account.	Nature of receipt.	Amount.
[illegible]	578	Coupons due July 1, 1871		$2,850.00
[illegible]	579	Coupons due Jan. 1, 1872		2,610.00
[illegible]	580	Coupons due July 1, 1872		8,120.00
[illegible]	581	Coupons due Jan. 1, 1873		816,280.00
[illegible]	582	Land-grant coupons, No. 6		231.00
[illegible]	583	Land-grant coupons, No. 7		735.00
[illegible]	584	Land-grant coupons, No. 8		4,150.43
[illegible]	585	Land-grant coupons, No. 9		589.66
[illegible]	586	Land-grant coupons, No. 10		1,177.41
[illegible]	587	Land-grant coupons, No. 11		6,370.00
[illegible]	588	Income coupons, No. 3		151.44
[illegible]	589	Income coupons, No. 4		15,453.75
[illegible]	590	Income coupons, No. 5		11,996.89
[illegible]	591	Income coupons, No. 6		12,800.00
[illegible]	592	Omaha Bridge coupon, No. 3		66,280.00
				131,791,438.75

(details in A 12).

for the year ended December 31, 1873.

Cr.

Ledger folio.	Item No.	Title of account.	Nature of receipt.	Amount.
5	673	Hoxie contract		$263,620.13
11	674	Capital stock		36,762,300.00
21	675	Certificates for first-mortgage bonds.		477,000.00
22	676	First-mortgage bonds		27,213,000.00
24	677	Land-grant bonds		8,578,000.00
27	678	Income bonds		9,355,000.00
30	679	Omaha Bridge bonds		2,421,000.00
36	680	Commercial passenger earnings		1,910,202.77
38	681	United States earnings		144,720.19
40	682	United States mail earnings		141,927.50
42	683	Express earnings		207,454.49
44	684	Commercial freight earnings		2,777,438.26
48	685	United States freight earnings		138,614.51
54	686	Company freight earnings		281,569.32
59	687	Car-service earnings		8,910.94
62	688	Miscellaneous earnings		63,777.99
64	689	Rent of buildings earnings		8,511.42
74	690	Gain on land-grant bonds bought of trustees.		82,698.83
74	691	Land-grant bonds taken at department.		60.52

EXHIBIT A 11.—*Capital balance-sheet, Union Pacific*

DR.

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
79	612	Land notes		$2,042,696.62
86	613	Town-lot account		94,292.64
86	614	Taxes on town lots		1,206.04
87	615	G. F. Meyer, town lot agent		29,167.42
110	616	Operating department		1,056,622.44
119	617	Expense Om. Br. transfer		197,822.78
120	618	Cash		55,200.00
126	619	Gold account		25,400.00
164	620	Bills receivable		10,142.30
171	621	United States Treasury Department.		364,720.00
174	622	Colorado Central R. R. bonds		297,000.00
175	623	Colorado Central R. R. stock		82,500.00
176	624	Utah Central stock		250,000.00
177	625	Utah Southern bonds		104,000.00
178	626	Om. Br. bonds owned by company.		5,161.35
179	627	Union Pacific R. R. stock owned by company.		8,244.12
180	628	Atlantic and Pacific telegraph stock.		262,500.00
182	629	Washington Co., Nebraska, bonds.		13,000.00
183	630	Douglas Co bonds		150,000.00
184	631	St. L., C. & O. stock		3,000.00
186	632	Central Pacific R. R. Co		37,179.72
189	633	Colorado Central R. R., lease account.		35,307.94
191	634	Colorado Central R. R. Co		663,400.22
190	635	Utah Southern R. R		28,196.39
192	636	Utah Northern R. R		62,708.42
194	637	Br., Chil. & Om. R. Ass'n		50,077.65
278	638	Morton, Bliss & Co		74,152.80
208	639	Morton, Bliss & Co., gold account.		278,961.83
210	640	Morton, Bliss & Co., suspense account.		8,350.00
271	641	Morton, Rose & Co., London		838.43
273	642	Exchange premium		17.42
215	643	John Duff		167,629.73
224	644	Oakes Ames, car account		000.00
225	645	C. S. Bushnell		73,189.81
236	646	Prosper P. Shaw	Loan	120,000.00
236	647	O. S. Chapman	do	5,921.20
238	648	E. H. Rollins	Secretary	3,160.67
242	649	G. M. Dodge, chief engineer	Engineering	47,730.23
246	650	Loan of Union Pacific stock	For collateral	00,000.00
248	651	Suspense account		640,966.44
263	652	Drexel, Morgan & Co	Gold coupon account	34,000.00
330	653	Property in New York		1,673.00
335	654	Colorado Central Railroad coupons, No. 3.		6,400.00
335	655	Colorado Central Railroad coupons, No. 4.		4,400.00
335	656	Colorado Central Railroad coupons, No. 5.		4,400.00
335	657	Colorado Central new issue, No. 2		17,000.00
335	658	Colorado Central new issue, No. 3		10,000.00
360	659	Government directors		1,370.25
362	660	Salary account		11,454.65
369	661	Expense		9,300.63
377	662	Legal expenses		12,830.55
387	663	Premium on gold		152,594.19
402	664	Discount and interest		118,612.22
406	665	Expense of carrying exchange loans.		86,705.50
409	666	Gain and loss on investments		11,258.00
333	667	Utah Southern coupons, No. 3		3,500.00
333	668	Utah Southern coupons, No. 4		3,500.00
333	669	Utah Southern coupons, No. 5		16,000.00
276	670	Chemical National Bank	Loan	1,602.22
339	671	Douglas Co. coupons, No. 5		5,250.00
341	672	Washington Co. coupons, due November, 1873.		600.00
				134,291,367.00

Company, *for the year ended December* 31, 1873—Continued.

Cr.

Ledger folio.	Item No.	Title of account.	Nature of receipt.	Amount.
	692	Land department		$3, 834, 939. 33
	693	Interest on land notes		165, 320. 14
	694	O. F. Davis, land agent		2, 471. 33
	695	Town-lot department		239, 721. 07
	696	Earnings O. Bridge transfer		221, 699. 26
	697	Bills payable		3, 252, 762. 66
	698	United States		27, 296, 512. 00
	699	United States interest account		6, 682, 914. 79
	700	Bank of Commerce	Loan	30, 000. 00
	701	J. E. Thompson *et al.*, trustees	Omaha Bridge bonds	75, 358. 57
	702	Exc. on Morton, Rose & Co		433, 199. 06
	703	Exc. on Drexel, Morgan & Co		99, 828. 34
	704	United States Internal-Revenue Commissioners.		2, 733. 40
	705	Oliver Ames coll. account		30, 000. 00
	706	S. Hooper & Co. coll. account		30, 000. 00
	707	Atlantic and Pacific Telegraph Company.		1, 737. 37
	708	Interest on O. Bridge bonds owned by company.		200. 00
	709	Colorado Central R. R., interest on bonds.		19, 600. 00
	710	Douglas & Co., interest on bonds.		12, 250. 00
	711	Washington Co., interest on bonds.		600. 00
	712	Div. on Utah Central stock		30, 000. 00
	713	Interest on United States 6 per cent. currency bonds.		3, 150. 00
	714	Coupons due July 1, 1871		2, 550. 00
	715	Coupons due January 1, 1872		1, 650. 00
	716	Coupons due July 1, 1872		1, 530. 00
	717	Coupons due January 1, 1873		2, 040. 00
	718	Coupons due July 1, 1873		7, 560. 00
	719	Coupons due January 1, 1874		816, 390. 00
	720	L. G. coupons, No. 6		931. 00
	721	L. G. coupons, No. 7		700. 00
	722	L. G. coupons, No. 8		275. 49
	723	L. G. coupons, No. 9		955. 54
	724	L. G. coupons, No. 10		1, 039. 17
	725	L. G. coupons, No. 11		1, 085. 00
	726	L. G. coupons, No. 12		1, 015. 00
	727	L. G. coupons, No. 13		2, 765. 00
	728	Income coupons, No. 4		15, 258. 75
	729	Income coupons, No. 5		11, 849. 39
	730	Income coupons, No. 6		12, 050. 00
	731	Income coupons, No. 7		12, 350. 00
	732	Income coupons, No. 8		13, 900. 00
	733	Omaha Bridge, No 3		120. 00
	734	Omaha Bridge, No. 4		28, 000. 00
	735	Omaha Bridge, No. 5		5, 960. 00
	736	Interest on Utah Southern bonds		23, 800. 00
				134, 201, 567. 98

EXHIBIT A 12 (containing

Capital balance-sheet, Union Pacific Company,

Dr.

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
1	737	Construction		[illegible]
3	738	Ames contract		[illegible]
4	739	Davis contract		[illegible]
6	740	Crédit Mobilier of America		[illegible]
8	741	Missouri River Bridge		[illegible]
10	742	Missouri River sub. and sup		[illegible]
12	743	L. B. Boomer & Co		[illegible]
13	744	T. E. Sickles, chief engineer	Engineering	[illegible]
19	745	Income and expense account		[illegible]
50	746	Car-service earnings		[illegible]
58	747	Conducting transportation		[illegible]
60	748	Motive power		[illegible]
62	749	Maintenance of cars		[illegible]
64	750	Maintenance of way		[illegible]
66	751	General expenses		[illegible]
119	752	Expenses Omaha Bridge transfer		[illegible]
32	753	Interest on bonds		[illegible]
340	754	Premium on gold		[illegible]
360	755	Government directors		[illegible]
359	756	Government commissioners		[illegible]
363	757	Salary account		[illegible]
374	758	Expense account		[illegible]
378	759	Legal expense		[illegible]
407	760	Discount and interest		[illegible]
411	761	Expense, carrying exchange loans.		[illegible]
554	762	Loss, exchange income bonds		[illegible]
80	763	Land notes, bonds		[illegible]
78	764	Land cash		[illegible]
216	765	J. Duff and F. L. Ames, trustees		[illegible]
69	766	Payment from land department funds.		[illegible]
82	767	Taxes on forfeited lands		[illegible]
87	768	G. F. Mayer, town-lot agent		[illegible]
242	769	G. M. Dodge, chief engineer		[illegible]
86	770	Town-lot account		[illegible]
86	771	Taxes on town lots		[illegible]
71	772	Expenses to company of land department.		[illegible]
73	773	Taxes on lands		[illegible]
120	774	Cash		[illegible]
122	775	Gold account		[illegible]
215	776	Morton, Bliss & Co		[illegible]
290	777	Morton, Bliss & Co., gold account.		[illegible]
274	778	Exchange premium		[illegible]
164	779	Bills receivable		[illegible]
143	780	Operating department		[illegible]
172	781	United States Treasury Department.		[illegible]
193	782	Colorado Central R. R. Co		[illegible]
189	783	Colorado Central R. R. lease account.		[illegible]
174	784	Colorado Central R. R. bonds		[illegible]
175	785	Colorado Central R. R. stock		[illegible]
187	786	Colorado Improvement Company stock.		[illegible]
190	787	Utah Southern R. R. Co		[illegible]
177	788	Utah Southern R. R. bonds		[illegible]
176	789	Utah Central R. R. stock		[illegible]
192	790	Utah Northern R. R. Co		[illegible]
181	791	Saint Louis, Council Bluffs and Omaha R. R. bonds.		[illegible]
184	792	Saint Louis, Chillicothe, and Omaha R. R. stock.		[illegible]
180	793	Atlantic and Pacific Telegraph Company stock.		[illegible]
179	794	Union Pacific R. R. stock	Owned by the company	[illegible]
178	795	Omaha Bridge bonds		[illegible]
183	796	Douglas County bonds		[illegible]
182	797	Washington County bonds		[illegible]
186	798	Central Pacific R. R		[illegible]
256	799	Sidney Dillon		[illegible]
269	800	Drexel, Morgan & Co	Foreign gold coupon account	[illegible]
330	801	Property in New York		[illegible]
519	802	Sinking-fund bonds		[illegible]

details of A 9 to A 11).

for the year ended December 31, 1874.

Cr.

Ledger folio.	Item No.	Title of account	Nature of receipt.	Amount.
18	821	Capital stock		$36,762,300.00
23	822	First-mortgage bonds		27,233,000.00
31	823	Certificate for mortgage bonds		477,000.00
305	824	Sinking-fund mortgage bonds		10,497,000.00
347	825	Fractional certificates for S. F. bonds.		18,400.00
317	826	Income bonds		668,000.00
35	827	Land-grant bonds		7,916,000.00
39	828	Omaha Bridge bonds		2,377,000.00
185	829	United States		27,236,512.00
188	830	United States interest account		7,948,444.59
5	831	Hoxie contract		263,620.13
29	832	Com. passenger earnings		2,070,724.99
38	833	United States passenger earnings		187,058.40
40	834	United states mail earnings		162,542.50
42	835	Express earnings		222,565.28
44	836	Commercial freight earnings		2,663,434.65
46	837	United States freight earnings		229,909.03
48	838	Company earnings		296,283.73
52	839	Miscellaneous earnings		163,284.93
54	840	Rent of buildings		9,886.61
110	841	Earnings Omaha Bridge transfer.		228,909.95
256	842	Interest on Colorado Central R. R. bonds.		19,600.00
260	843	Interest on Utah Southern R. R. bonds.		16,222.65
286	844	Interest on Douglas Co. bonds		5,425.00
290	845	Interest on Washington Co. bonds.		600.00
291	846	Interest on Omaha Bridge bonds	Owned by company	220.00
340	847	Dividends on Utah Ren. R. R. stock.		30,000.00
73	848	Land department		4,931,582.02
81	849	Interest on land notes		250,771.00
82	850	Forfeited and canceled contracts		489.12
84	851	Gains on land-grant bonds taken at land department.		61.96
288	852	Gains on land-grant bonds bought by trustees.		179,780.62
223	853	John Duff, trustee		4,353.52
95	854	Town-lot department		239,721.07
101	855	Notes payable		3,538,030.47
120	856	Omaha drafts		238,195.59
203	857	Jay Gould		250,000.00
202	858	C. J. Osborn & Co		100,000.00
111	859	Jamison, Smith & Cotting		50,000.00
207	860	Bank of Commerce		40,000.00
226	861	J. E. Thompson *et al.*, trustees		107,991.20
219	862	John Duff	Loan	4,767.70
223	863	O. A. Ames and Oliver Ames, second executors.		3,480.65
259	864	Atlantic and Pacific Telegraph Company.		1,737.37
265	865	United States internal revenue commissioners.		2,733.40
275	866	Interest on United States 6 per cent. currency bonds.		3,150.00
275	867	Interest on fractional certificates.		112.00
432	868	Coupons due July 1, 1871		2,520.00
435	869	Coupons due Jan. 1, 1872		1,380.00
439	870	Coupons due July 1, 1872		1,230.00
439	871	Coupons due Jan. 1, 1873		1,320.00
442	872	Coupons due July 1, 1873		1,470.00
445	873	Coupons due Jan. 1, 1874		3,090.00
214	874	S. M. Mills & Co	Loan	50,000.00
466	875	Coupons due July 1, 1874		7,500.00
469	876	Coupons due Jan. 1, 1875		816,990.00
470	877	Land-grant coupons No. 6		931.00
471	878	Land-grant coupons No. 7		700.00
472	879	Land-grant coupons No. 8		275.49
473	880	Land-grant coupons No. 9		955.54
474	881	Land-grant coupons No. 10		1,039.17
475	882	Land-grant coupons No. 11		1,015.00
476	883	Land-grant coupons No. 12		980.00

EXHIBIT A 12.—*Capital balance-sheet, Union Pacific Company.*

DR.

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
335	803	Colorado Central R. R. coupons No. 3.		[illegible]
335	804	Colorado Central R. R. coupons No. 4.		[illegible]
335	805	Colorado Central R. R. coupons No. 5.		[illegible]
335	806	Colorado Central R. R. new issue, No. 2.		[illegible]
337	807	Colorado Central R. R. new issue, No. 3.		[illegible]
337	808	Colorado Central R. R. new issue, No. 4.		[illegible]
337	809	Colorado Central R. R. new issue, No. 5.		[illegible]
333	810	Utah Southern R. R., coupons No. 7.		[illegible]
339	811	Douglas County coupons No. 7.		[illegible]
341	812	Washington County, due Nov. 1, 1874.		[illegible]
419	813	Coupons due July 1		[illegible]
248	814	Suspense account		[illegible]
210	815	Morton, B. & Co., suspense account.		[illegible]
225	816	C. S. Bushnell		[illegible]
236	817	Prosper P. Shaw		[illegible]
252	818	Sidney Dillon		[illegible]
238	819	E. H. Rollins		[illegible]
262	820	Emott, Hammond & Stickney		[illegible]
				[illegible]

Item No.

737.	Debit balance, Dec. 31, 1870		$86,756,804.18
	Operating department for spring and for land damages	$2,255.00	
	Operating department for balance of account	775.10	
	Engineering account	1,937.96	
	Losses on securities	1,342,497.74	
	Right of way	6,350.00	
			1,353,815.80
	Balance Dec. 31, 1871		88,110,619.98
	Operating department:		
	Shops and fixtures	130,955.87	
	Station buildings	107,275.47	
	Roadway and track	40,120.71	
	Tenement houses	54,904.10	
	Car shops	28,407.17	
	Engineering	5,665.89	
	Fencing	799.12	
	Snow sheds and fences	90,229.96	
	Engineering account	4,772.14	
	Right of way account	156.25	
		463,286.68	
	Contra:		
	Equipment account, per operating department	$8,728.98	
	Telegraph account, per operating department	164.10	
	16,000 shares Atlantic and Pacific Telegraph Company stock, received of that company in payment of telegraph line sold them per agreement Sept. 1, 1869	178,000.00	
		186,893.08	
			276,393.60
	Balance Dec. 31, 1872		88,387,013.58

for the year ended December 31, 1874—Continued.

Cr.

Ledger folio.	Date No.	Title of account.	Nature of receipt.	Amount.
[illegible]	884	Land-grant coupons No. 13		$945.00
[illegible]	885	Land-grant coupons No. 14		2,135.00
[illegible]	886	Land-grant coupons No. 15		7,525.00
[illegible]	887	Income coupons No. 4		15,258.75
[illegible]	888	Income coupons No. 5		11,849.39
[illegible]	889	Income coupons No. 6		12,050.00
[illegible]	890	Income coupons No. 7		12,100.00
[illegible]	891	Income coupons No. 8		12,100.00
[illegible]	892	Income coupons No. 9		13,850.00
[illegible]	893	Income coupons No. 10		12,700.00
[illegible]	894	Sinking-fund coupon No. 2		440.00
[illegible]	895	Omaha Bridge coupons No. 4		40.00
[illegible]	896	Omaha Bridge coupons No. 6		480.00
[illegible]	897	Omaha Bridge coupons No. 7		6,000.00
[illegible]	898	O. F. Davis, land agent		277.12
				138,590,630.66

Item No.

Right of way	$6.00	
Operating department, expended to 30th June.	270,382.49	
Losses on securities	44,318.33	
		$314,706.82
Balance Dec. 31, 1873		88,701,720.40
Operating department:		
Equipment to 30th June	85,298.93	
Roadway and track, to 30th June	8,555.10	
Omaha depot buildings, to 30th June	38,494.17	
Omaha general office, to 30th June	21,874.41	
Real estate, to 30th June	12,000.00	
Cheyenne sand house, to 30th June	1,718.32	
Equipment, to 30th September	19,311.14	
Omaha depot buildings	6,582.06	
Rolling mill at Laramie	16,550.33	
Water works	8,966.12	
Real estate	525.00	
		219,875.58
Debit balance, Dec. 31, 1874		88,921,595.98

728. Debit balance $1,748,739.94 (same as 1870, see item 258).
729. Debit balance Dec. 31, 1870 ..... 23,630,581.85
Expenditures during 1871:

Judgment, claims, etc	19,126.69	
Salary, wages, etc	394.50	
Railroad ties per operating department	300.00	
Earthworks, excavations, per operating department	554.40	
Income bonds	29,000.00	
Coupons due on 100 income bonds	4,958.33	
Total	54,333.92	

EXHIBIT A 12 (containing

Item No.				
	Contra:			
	Operating department Echo store account, for material sold	$128,511.96		
	100 income bonds erroneously charged October 5, 1870	100,000.00		
	Gold per J. B. Johnson	333.00		
	Correction of debit entry	10.16		
			$228,855.12	
				$174,531.99
	Debit balance, Dec. 31, 1871			23,456,009.65
	Expenditures during 1872:			
	Judgments, claims, etc		$4,669.04	
	Emmitt, Hammond & Pomeroy, for legal services, disbursements, etc		5,152.15	
	Salaries, etc		3,510.00	
	Correction entry		137.30	
			14,468.49	
	Contra:			
	J. A. Rice, assistant treasurer, for moneys received from sale of income bonds sold to contractors and delivered to various parties		153,859.53	
				139,391.04
	Debit balance, Dec. 31, 1872			23,316,618.61
	Expenditures during 1873:			
	Material used Green River bridge		756.70	
	Wm. Jennings, for supplies		90.54	
	Suit E. Hook and J. Morse for labor and lumber		6,313.10	
	Settlement of claim, L. G. Young		5,000.00	
	Settlement, D. W. Harding		829.22	
	Settlement, two suits for lumber		1,200.00	
				14,189.56
	Debit balance Dec. 31, 1873 and 1874			23,330,859.17
740.	Debit balance, Dec. 31, 1870			811,913.06
	Check given J. B. Alley for R. C. McMurtrie		2,000.00	
	Gold account, per B. F. Ham		1,371.95	
	Cash to E. Atkins, for McMurtrie		1,000.00	
	Accounting department, insurance on dwelling-house occupied by G. W. Frost		15.00	
	Cash remitted to Sidney Dillon, president of Crédit Mobilier, by order of John Duff, vice-president of this company		75,000.00	
	Cost of court in ejectment suit of T. C. Durant *vs.* G. W. Frost		16.15	
				79,403.10
	Debit balance, Dec. 31, 1871			891,316.16
	Cash, S. Bartlett, fees in Frost suit		$85.11	
	Cash, S. Bartlett, fees in McComb suit		1,050.00	
	Transfer to Crédit Mobilier in "trust"		100,000.00	
	Against the $100,000 now transferred to credit of this new "trust" account 100 income bonds sent to Sidney Dillon, president of Crédit Mobilier, $100,000 are charged, thus balancing it.			
	Legal expenses taking deposition		15.10	
				101,150.21
	Debit balance Dec. 31, 1872 Debit balance Dec. 31, 1873 Debit balance Dec. 31, 1874			992,466.37

Details of A 9 to A 11)—Continued.

Item No.			
71.	Debit balance Dec. 31, 1870		$119,305.11
	Expenditures in 1871 were as follows:		
	East approach to bridge	$13,308.02	
	West approach to bridge	5,861.56	
	Revenue stamps	3,631.75	
	Legal expenses	1,712.00	
	National Bank Note Company for engraving road plates	4,942.31	
	Keystone Bridge Company for estimates	681.00	
	Eighteen gravel dump-cars	9,900.00	
	Expenses	176.39	
	Two engines	17,000.00	
	Total	57,213.03	
	Less due from T. E. Sickles, C. E.	1,800.00	
			55,413.03
	Debit balance, Dec. 31, 1871		174,718.14
	Expenditures during 1872 were:		
	East approaches for bridge	$10,507.30	
	West approaches for bridge	10,698.10	
	Legal expenses	680.52	
	Expenses	86.83	
		21,972.75	
	Contra:		
	Gravel cars and engines	26,900.00	
			4,927.25
	Debit balance, Dec. 31, 1872		169,790.89
	Expenditures through operating department during 1873		4,942.99
	Debit balance, Dec. 31, 1873		174,733.88
	Expenditures during 1874:		
	Claim of S. Chapman for services	$5,921.20	
	Capt. J. B. Eads, $500, and Walter Katte, $300, for services as examiners of the Omaha Bridge	800.00	
	Tracy, Olmstead & Tracy	375.81	
	Expenses	28.56	
			7,125.57
	Debit balance, Dec. 31, 1874		181,859.45
72.	Debit balance, Dec. 31, 1870		139,872.28
	Expenditures per operating department 1871		115,529.97
	Debit balance, Dec. 31, 1871		255,402.25
	Expenditures operating department in 1872	$160,148.95	
	Less receipts per department in 1872	7,711.73	
			152,437.22
	Debit balance, Dec. 31, 1872		407,839.47
	Receipts per operating department in 1873		65,538.99
	Debit balance, 31st Dec., 1873		342,300.48
	Expenditures per operating department	$3,490.40	
	Debit balance, 31st Dec., 1873	201.99	
			3,288.41
	Debit balance, 31st Dec., 1874		345,588.89

73. Balance, $310,637.14, Dec. 31, 1870, and without change from then to 31st Dec., 1874.

There is a pencil memorandum on ledger C, folio 12, stating that "Boomer contract was originally for 9 shares, at $1,080,000. The amount of this balance was advanced on account."

EXHIBIT A 12 (containing

Item No.		
744.	Debit balance, 31st Dec., 1870	$136,[illegible]
	Charges during the year 1871	730,[illegible]
	Debit balance, 31st Dec., 1871	867,759.71
	Charges during the year 1872	534,[illegible]
	Debit balance, 31st Dec., 1872	1,392,542.36
	Charges during the year 1873	33,631.17
	Debit balance, 31st Dec., 1873 } Debit balance, 31st Dec., 1874 }	1,416,173.53

On a slip on paper pasted in the ledger is the following memorandum of Mr. Gamett's (auditor) apportionment of the foregoing account, subsequently charged to Omaha Bridge in one sum, viz:

Substructure	$573,671.[illegible]
Superstructure	390,981.65
Approaches	299,561.[illegible]
Bauler River	71,539.31
Depot	32,617.[illegible]
Right of way	2,815.34
Salaries and general expenses	45,027.35
	1,416,173.53

745.	Debit balance 31st Dec., 1870		2,185,667.91
	Income:		
	Profit on gold	$56,862.68	
	Government commissioners	40.00	
	Interest on Omaha City bonds	1,250.00	
	Interest on Colorado Central R. R. bonds	9,450.00	
	Interest on United States registered bonds	2,750.00	
	Interest on Central Pacific R. R. bonds	69,592.50	
	United States passenger earnings	259,711.25	
	Commercial earnings	3,167,683.55	
	United States mail earnings	283,748.80	
	Express earnings	306,742.26	
	United States Government freight earnings	225,896.26	
	Central freight earnings	2,500,050.31	
	Company freight earnings	341,784.15	
	Car service earnings	45,129.02	
	Telegraph earnings	3,049.39	
	Storage earnings	83.22	
	Miscellaneous earnings	208,785.68	
	Rent of buildings	19,351.30	
	Total	7,501,960.37	
	Expenses:		
	Salary	$32,043.97	
	Government directors	1,134.75	
	Premium on gold	35,909.43	
	Interest on bonds	2,331,744.00	
	Conducting transportation	676,730.30	
	Motive power	1,301,025.28	
	Maintenance of cars	335,399.86	
	Maintenance of way	1,003,823.96	
	General expenses	306,850.50	
	Do	25.69	
	Legal expenses	149,664.13	
	Discount and interest	156,759.30	
	Expense account	13,640.43	
		6,344,751.60	
			1,157,208.77
	Debit balance, Dec. 31, 1871		1,028,459.14

details of A 9 to A 11)—Continued.

Iam Co.

Expenses during 1872:			
Government directors		$5,970.75	
Interest on bonds		5,065,382.19	
Losses on securities		248,622.67	
Expense account		75,898.13	
Discount and interest		13,331.97	
Conducting transportation		715,373.27	
Motive power		1,548,002.46	
Maintenance of cars		344,877.84	
Maintenance of way		1,244,435.69	
General expenses		448,127.68	
Salary account		29,793.29	
Premium on gold		152,664.47	
Charges per operating department		1,556.86	
I. C. and L. R. R. Co		893.91	
Oakes Ames, for loss on 100 income bonds		2,336.18	
A. and P. Telegraph Co., for proportion of Govt. earnings		1,737.37	
			$9,899,004.73
Income, 1872:			
Profit and loss account	$9,156.49		
Cash in New York	20.00		
U. S. Govt. passenger earnings	257,019.07		
Commercial earnings	2,810,789.10		
U. S. mail earnings	283,855.00		
Express earnings	315,039.96		
U. S. Government freight	172,658.48		
Commercial freight	3,578,898.67		
Company freight	371,094.05		
Car service	37,561.08		
Telegraph earnings	126.79		
Miscellaneous earnings	109,186.46		
Rent of buildings	16,785.63		
Douglas County bonds	200,000.00		
		8,162,190.78	
			1,736,813.95
Debit balance, Dec. 31, 1872			2,765,293.09
Expenses during 1873:			
Income and expense account		52,936.31	
Conducting transportation expenses		747,765.96	
Motive power		1,695,890.48	
Maintenance of cars		426,580.78	
Maintenance of way		1,542,912.61	
General expenses		353,201.07	
Interest on bonds		5,021,262.34	
Government directors		5,723.50	
Salary account		19,272.05	
Expense account		27,553.05	
Premium on gold		234,171.85	
Discount and interest		199,065.75	
Transfer Omaha Bridge		253,943.30	
Land-grant bonds, profit and loss		38,380.50	
		10,618,659.55	
Income, 1873:			
Interest on L. R. and F. S. bonds	$2,625.00		
Commercial passenger earnings	3,508,752.86		
U. S. Govt. earnings	277,455.34		
U. S. Govt. mail earnings	283,855.00		
Express earnings	382,304.65		
Commercial freight	4,398,274.37		
U. S. Govt. freight	183,147.48		
Company freight	443,576.52		
Car service	7,760.39		
Miscellaneous	132,608.47		

EXHIBIT A 12 (containing

Item No.				
	Rent of buildings	$16,230.01		
	Surplus in fuel and material account	68,351.34		
	Losses on securities	16,155.50		
	Omaha Bridge earnings	439,266.37		
	Land department, interest on bonds	23,942.85		
			$10,184,306.15	
				$434,353.49
	Debit balance, 31st Dec., 1873			3,199,646.49
	Expenditures in 1874:			
	Interest on bonds	4,997,093.35		
	Premium on gold	316,757.95		
	Discount and interest	164,724.39		
	Salary account	59,829.85		
	Legal expenses	22,766.45		
	Expense account	23,805.02		
	Gain and loss on trusts	18,400.00		
	Losses on securities	8,172.50		
	Government directors	3,319.75		
	Conducting transportation	770,381.07		
	Motive power	1,662,771.98		
	Maintenance of cars	432,769.03		
	Maintenance of way	1,865,729.98		
	General expenses	380,748.19		
	Omaha Bridge, operating expenses	219.618.53		
			10,946,888.05	
	Income during 1874:			
	Douglas County bonds, bonus	$50,000.00		
	Commercial passenger earnings	3,541,633.57		
	U. S. passenger earnings	208,364.55		
	U. S. mail earnings	325,143.00		
	Express earnings	366,192.98		
	Commercial freight earnings	4,933,664.61		
	U. S. freight earnings	225,545.69		
	Company freight earnings	513,513.71		
	Miscellaneous earnings	122,791.47		
	Rent of buildings	16,863.70		
		10,303,713.28		
	Less car-service earnings	6,953.12		
		10,296,760.16		
	Surplus in fuel and material account	22,611.08		
	Omaha Bridge earnings	396,458.29		
			10,715,829.53	
				231,058.52
	Debit balance, Dec. 31, 1874			3,430,705.01

752. $92,297.59 represents the expense of running the above bridge from 1st July to 31st Dec., 1874. (For earnings covering same time see item No. 841.)

754. The charges to this account between July 2, 1872 (the date when the account in this form was opened), and June 30, 1873, amounted to $292,065.86

Credits during same period	$47,914.01	
Transfer to income and expense account	234,171.85	
		292,065.86
Charges from June, 1873, to June, 1874		332,999.23
Credits for same period	16,241.28	
Transfer to income and expense account	316,757.95	
		332,999.23

details of A 9 to A 11)—Continued.

Item No.

Charges from July 1 to Dec. 31, 1874		$99,532.81
Credits from July 1 to Dec. 31, 1874		5,931.67
Debit balance 31st Dec. 1874		93,601.14

78. The charges to this account in 1871 were:

Claim of Bowdoin, Laroque & McFarland		6,589.13
Cash, E. H. Rollins, agent, as per report of special committee, for special legal expenses		126,000.00
Emmott, Hammond & Pomeroy		3,500.00
J. A. Jenks, per C. S. Bushnell		4,500.00
Sundry items under $3,000 each		9,088.75
Total		149,677.88
Contra:		
By contractors	$13.75	
By transfer to income and expense account	149,664.13	
		149,677.88

Charges from July 5, 1871, to July 13, 1872, are as follows:		
Emmott, Hammond & Pomeroy		8,905.66
C. S. Bushnell, for expenses incurred by him for counsel fees, Feb., 1871	$20,000.00	
Less check sent to W. E. Chandler, June 16	6,000.00	
		14,000.00
Oliver Ames, for check sent to W. E. Chandler, June 16		6,000.00
Samuel J. Tilden, services, 1867 to 1870		25,000.00
Sundry items under $3,000		10,410.89
Total		64,316.55
Contra:		
By Missouri River Bridge	$1,550.00	
By Credit Mobilier	15.10	
By transfer to expense account	62,751.45	
		64,316.55

Charges from July, 1872, to Dec. 31, 1874, are as follows:		
E. H. Stickney		2,662.55
Sidney Bartlett		15,557.53
W. H. Painter		2,174.30
W. E. Chandler		2,000.00
Suit of Goldering		5,300.00
Sundry items under $2,000 each		13,394.88
		41,089.26
Contra:		
By transfer to expense account	6,480.28	
By transfer to income account	22,766.45	
		29,246.73
Credit balance, 31 Dec., 1874		11,842.53

80. The charges during 1871 amounted to

		206,688.67
Credits during same period	70,714.74	
Transfer to income account	156,759.30	
		227,474.04
Credit balance, 31st Dec., 1871		20,775.37
The charges in 1872 amounted to	163,528.99	
Credits during 1872	49,750.29	
Transfer to income account	$13,331.97	
	63,082.26	
		100,446.73
Debit balance, 31st Dec., 1872		79,671.36

EXHIBIT A 12 (containing

Item No.				
	The charges in 1873 were		$359,795.21	
	Credits same year	$121,788.29		
	Transfer to income account	199,065.75		
			320,854.04	
				$38,941.17
	Debit balance, 31st Dec., 1873			118,612.53
	The charges in 1874 were		321,961.14	
	Credits same time	165,849.21		
	Transfer to income account	164,724.39		
			330,573.60	
				8,612.46
	Debit balance, 31st Dec., 1874			110,000.07

761. This account opened Aug. 1, 1874, represents $11,741.40, cost of carrying and renewing sterling loan per Morton, Bliss, & Co.

762. This account, which was opened Mar. 19, 1874, represents the loss sustained in the exchange of income bonds for sinking fund bonds, issued as per circular of above date, and resolution of directors passed Mar. 12, 1874. Balance Dec. 31, 1874, $1,749,400.

765. These gentlemen appear to have been the trustees for the purchase of the land-grant bonds, for which purpose there was remitted to them, between May 13 and Dec. 31, 1874, $212,100, with which they purchased land-grant bonds amounting to $196,935.96, thus leaving $15,164.04 as a balance to their debit. (For profit made on this account, see item 852.)

769. The charges to this account are for receipts from sale of town lots to 31st Dec., 1869, as per statement A, made from books of town lots department by Mr. Eddy, assistant engineer (Journal C, folio 43) $152,243.87
Less discount reported by and already charged to G. M. Dodge... 97,038.89
55,204.98

Contra:
By expenditures per G. M. Dodge, from July, 1866, to February, 1870, as per statement on file 7,474.75

Debit balance 31st Dec., 1872-74 ..... 47,730.23

770. (See item 854.)

775.	Credit balance, 31st Dec., 1870		871,353.81
	Credits:		
	By correction entry	3,754.42	
	By interest on bonds—coupons canceled in Washington and missing bonds due July, 1869 (a correction of journal entry)	40,524.00	
	Reverse of entry, 8th Feb., being duplicated	2,264.85	
	Credit Mobilier, received from sale of gold, received from Fourth National Bank, New York, Feb. 24, being a part of gold on hand belonging to old gold account, viz, $1,234.60, at 111¼, less one-third brokerage. Above was taken by B. F. Ham, treasurer, Credit Mobilier of America, on account this company's indebtedness, to Credit Mobilier of America, per receipt on file.	1,371.95	
	Morton, Bliss & Co., balance their account on gold books	870.00	
	Interest on bonds, for coupons in excess of amount charged this account at time they were due	1,244.25	
	Discount and interest, for balance of account on gold books, at average price of gold at time of payment, $60,668.32, at 113 per cent	68,555.20	
	Coupons due Jan. 1, 1871, for amount of coupons paid and entered in gold book to this date on this account	794,250.00	912,834.67
			1,784,188.48

details of A 9 to A 11)—Continued.

Item No.

Contra:		
To cash	$823,080.50	
To reverse of portion of 31st Jan. entry, that entry being in excess of 608 gold coupons, July, 1869, at $30, $18,240 gold, at 133⅓ per cent.	24,320.00	
To contractors, for amount collected from J. B. Johnston, and W. H. Macy	333.00	
To coupons due and payable Jan. 1, 1871, on first-mortgage bonds	817,110.00	
To interest on Central Pacific R.R.Co., for interest collected $85,800.00		
Less belonging to other parties 25,600.00		
	60,540.00	
To interest on United States registered bonds	2,500.00	
To income account, for profit to date	56,862.68	
		$1,784,746.18
Debit balance—gold on hand March 1, 1871		557.70
Gold purchased during 1871		317,820.08
Total		318,377.78
By coupons paid in 1871		221,310.00
Debit balance—gold on hand 31st Dec., 1871		97,067.78
To gold purchased during 1872		288,892.81
Total		385,960.59
By coupons paid in 1872		325,393.59
Debit balance, Dec. 31, 1872		60,567.00
To gold purchased in 1873		232,869.00
Total		293,436.00
By coupons paid during 1873		268,006.00
Debit balance, Dec. 31, 1873		25,430.00
To gold purchased in 1874		302,418.28
Total		327,848.28
By coupons paid in 1874		297,685.28
Debit balance (gold in hand) Dec. 31, 1874		30,163.00
72. Credit balance, Dec. 31, 1870		26.26
Cash paid during the year 1871		15,129.16
Debit balance, Dec. 31, 1871		15,102.90
There has been charged to this account during the year 1872, as follows:		
Paid drafts of Colorado Central Railroad Company	$89,000.00	
Paid coupons, Colorado Central Railroad Company	9,097.79	
Expenditures for material, per operating department	380,083.86	
Iron rails, per H. P. & W. H. Poor	129,806.53	
Fish-plates	6,685.19	
Spikes	8,567.99	
Nuts and bolts	4,203.08	
Storage of iron	920.28	
Expenses	164.70	
Salaries	295.67	
A. J. Poppleton, bonds of Colorado Central Railway Company held in trust by him	100,000.00	
Sidney Bartlett, legal expenses	1,000.00	
Insurance on iron	1,023.00	
R. W. Rollins, engineer, on account	204.50	
	724,052.59	

EXHIBIT A 12 (containing

Item No.				
	Contra:			
	By United States mail service		$406.24	$723,668.35
	Debit balance December 31, 1872			738,769.35
	The charges during 1873 have been as follows:			
	Drafts of Colorado Central Railroad Company		107,932.27	
	Kindsley Iron and Machine Company		3,671.82	
	Expenses per operating department		105,164.93	
	Expenses printing, stationery, etc		434.45	
	Salaries (including E. H. Rollins, treasurer)		1,030.50	
	Cash paid coupons Colorado Central Railroad Company		9,075.00	
	Transfer to T. J. Carter		17,682.81	
	Sidney Bartlett, for legal services		350.00	
	E. H. Rollins, treasurer		522.71	
	Total		245,864.49	
	Contra:			
	By United States mail service	$2,213.51		
	By first-mortgage bonds	319,000.00	321,213.51	75,349.02
	Debit balance Dec. 31, 1873			663,420.23
	The charges during 1874 were as follows:			
	Expenditures per operating department		$38,035.51	
	Colorado Improvement Company per operating department		23,691.66	
	Cash-paid coupons, Colorado Central Railroad Company		10,458.82	
	Engraving and printing bonds		3,300.00	
	Salaries (including $1,500 to E. W. Rollins)		2,433.32	
	Interest on notes		1,837.50	
	E. W. Rollins—drafts	$5,300		
	E. W. Rollins (cashier) drafts	10,000		
			*15,300.00	
	Expenses		98.99	
			95,155.80	
	Contra:			
	Proceeds of two notes, $50,000, per operating department	$47,383.33		
	U. S. mail service	898.14		
			48,281.47	
				46,874.33
	Debit balance Dec. 31, 1874			710,274.59
783.	This balance, $35,387.54, represents the value of property leased through the operating department to the above company to June 30, 1872.			
784.	$210,000 first-mortgage bonds, taken in settlement of account as explained in item 291			$178,500.00
	New issue 8 per cent. gold, taken in Mar. and Aug., 1873, at 80 per cent			319,000.00
				497,000.00
	Less bonds held in trust by A. J. Poppleton			100,000.00
	Debit balance Dec. 31, 1874			397,500.00
785.	$52,500 stock taken in settlement of account (see item 293).			
786.	$385,388.89 represents the stock of above company, acquired Dec. 5 to 31, 1874, by the exchange of Utah Southern bonds, etc.			

* There are no vouchers for above $15,300, they being drafts only of E. W. Rollins, cashier, on his father, E. H. Rollins, treasurer.

Details of A 9 to A 11)—Continued.

Item No.

26. This account was charged between Nov. 20, 1871, and Dec. 31, 1874, as follows:

Expended for material, etc., per operating department		$299,217.96
Cash advanced at sundry times, per operating department		100,000.00
Joliet Iron and Steel Company, for railroad iron and insurance.		39,567.42
G. T. M. Davis, for fish-plates, spikes, and nuts		12,550.51
G. T. M. Davis, for iron rails		84,006.10
Insurance on iron and fastenings		477.19
Cash advanced to pay their notes	$21,000.00	
Cash advanced to pay their notes	41,511.88	
		62,511.00
Interest on bill of iron		59.88
Total		598,390.86
Contra:		
Credit balance 31st Dec., 1870, (bonds)	176,000.00	
Utah Southern Railroad bonds, at 80 per cent	377,600.00	
Use of engines and settlement of interest	1,308.31	
		554,908.31
Debit balance Dec. 31, 1874		43,482.55

28. Bonds received Nov. 20, 1871, and Dec. 26, 1874, at 80 per cent... 553,600.00
Contra:
Colorado improvement stock, etc., Dec. 5 to 31, 1874..... 377,600.00
Debit balance Dec. 31, 1874..... 176,000.00

29. Balance, $3,000, represents 60 shares, at $50 per share, bought of T. C. Durant, Jan. 20, 1871.

30. $242,080 represents 24,208 shares, at $10 per share, received of that company in payment of telegraph line sold them, in accordance with agreement dated Sept. 1, 1869. The dates of purchase were Apr. 13, 1872, 6,408 shares; June 29, 1872, 16,000 shares; and Oct. 4, 1800 shares.

32. $200,000 represents 200 bonds, dated July 1, 1871, twenty years to run, interest 7 per cent. coupons, received of citizens of Omaha, in accordance with vote of executive committee, Dec. 16, 1871, in consideration of fixing the initial point of road at Omaha. These bonds were credited to income account (see item 745).

37. $15,000 represents bonds of Washington County, Nebr., received by the operating department at par in settlement with the Omaha and North Western R. R. Co. for material, etc., delivered there, bonds dated May 1, 1870, 90 bonds, at $1,000 each. Interest guarantied by the Omaha and North Western R. R. Co.

38. Amount of counterfeit income coupons, No. 6, paid by them and returned to them Nov. 8, 1872..... $8,800.00
Less amount collected and placed to the credit of the Union Pacific R. R. Co..... 450.00
Balance Dec. 31, 1874..... 8,350.00

41. To first-mortgage bonds..... 247,000.00
To United States currency bonds..... 110,000.00
To special bond account..... 6,672.36
To P. P. Shaw..... 30,000.00
To T. C. Durant..... 3,156.00
To John Pondir..... 36,000.00
To H. S. McComb..... 2,731.00
To H. C. Crane..... 100,091.35
To Charles Tuttle..... 3,418.27
To C. A. Lambard..... 796.96
To James Brooks..... 1,355.83
To J. J. Cisco & Son..... 714.67
To French exchange..... 95,000.00
To discount and interest..... 57.51
To Morgan & McComb..... 650.00
671,643.95

EXHIBIT A 12 (containing

Item No.			
	Credit:		
	By Morton, Bliss & Co	$707.51	
	By P. P. Shaw	30,000.00	
			$30,707.51
	Debit balance Dec. 31, 1872–'74		640,936.44
	H. C. Crane:		
	Debit balance, Dec. 31, 1870 (see item 278)		100,062.00
	For United States revenue stamps furnished him, as per slips found in New York safe and sent to this office by H. B. Hammond May 2, 1871		29.35
			100,091.35
	By transfer to suspense account		100,091.35
816.	Debit balance Dec. 31, 1870		255,268.08
	By commission for signing options for London exchange		6,078.17
	Debit balance Dec. 31, 1871		249,189.91
	This account was credited in 1872 as follows:		
	By P. P. Shaw	$100,000.00	
	By amount expended by C. S. Bushnell, for the interest of the road, in sustaining the value of the first-mortgage bonds at a period of depression when persecuted by Fiske and Judge Barnard in the courts in New York City (this entry made in accordance with vote of directors at regular meeting June 12, 1872)	76,000.00	
			176,000.00
	Debit balance Dec. 31, 1872		73,189.91
	By amount discount and interest due and placed to his credit Mar. 9, 1874		3,600.00
	Debit balance Dec. 31, 1874		69,589.91
817.	Debit balance Dec. 31, 1870		30,000.00
	Cash paid		200,000.00
	Less cash received		100,000.00
	Debit balance Dec. 31, 1872–'74		130,000.00
818.	$25,000 paid to him Sept. and Oct., 1874, for account of expenses of conversion of income bonds, to be accounted for.		
819.	Debit balance 31st Dec., 1870		4,729.11
	Cash paid him in 1871	$6,905.89	
	Land-grant bonds	700.00	
		7,605.89	
	Credit:		
	Salary May, 1869, to June, 1871	$10,486.11	
	Morton, Bliss & Co	60.00	
		10,546.11	
			2,940.22
	Debit balance 31st Dec., 1871		1,788.89
	Cash paid during 1872	5,800.00	
	Less salary to 30th June	5,000.00	
			800.00
	Debit balance 31st Dec., 1872		2,588.89
	Cash paid during 1873	12,186.85	
	Less salary and adjustment thereof	11,666.67	
			520.18
	Debit balance 31st Dec., 1873		3,109.07

details of A 9 to A 11)—Continued.

Item No.

Cash paid him during 1874	$7,900.00	
Less salary to 30th June, 1874	8,000.00	
		$100.00
Debit balance 31st Dec., 1874		3,009.07

80. $2,000 represents amounts paid them by Sidney Dillon, and charged to their account; no credit having been given them for legal services at the end of 1874, the amount appears as a balance.

81. $36,762,300. Issued same as in 1870.

82. Credit balance 31st Dec., 1870 ..... 26,880,000.00

The following credits have been made to the account during 1871, viz:

J. Pondir	$1,000.00	
French exchange	95,000.00	
B. F. Ham	24,000.00	
Suspense account	247,000.00	
Total	367,000.00	
Charges during same period:		
Transfer, C. S. Bushnell $5,000.00		
Transfer, J. T. Coolridge, jr 5,000.00		
	10,000.00	
		357,000.00
Credit balance 31st Dec., 1871		27,237,000.00
To transfer, Sidney Dillon		24,000.00
Credit balance 31st Dec., 1872		27,213,000.00
By issue in 1872, per Sidney Dillon	$24,000.00	
Less cash paid for bonds destroyed at Chicago fire $865.00		
Gain thereon 135.00		
	1,000.00	
		23,000.00
Credit balance 31st Dec., 1873		27,236,000.00
To bonds redeemed in 1874:		
Sinking-fund bonds exchanged	$2,000.00	
For a first-mortgage bond destroyed at Boston fire	1,000.00	
		3,000.00
Credit balance, or bonds outstanding 31st Dec., 1374		27,233,000.00

83. Balance, $477,000, same as 1870 (see item 300).

84. These bonds are dated September 1, 1873. Twenty years to run. $1,000 gold; interest, 8 per cent. currency. £200 British sterling; interest, 7 per cent. Coupons due March 1 and September 1 each year. Between March 11 and December 31, 1874, there was issued of the above bonds $10,497,000, including $16,000 issued to Union Trust Company, New York, for services as trustees under the mortgage securing the bonds.

85. Between March 25 and December 31, 1874, there was issued of the above $127,000, and of these there was exchanged for sinking-fund bonds $108,800, leaving a balance at close of the year of $18,400 outstanding.

86. Credit balance, 31st December, 1870 ..... $8,380,000.00

The account was credited in 1871 as follows:

C. S. Bushnell *et al*	$1,000,000.00
Credit Mobilier	100,000.00
Contractors	29,000.00
T. C. Durant	30,000.00
Total	1,159,000.00

EXHIBIT A 12 (containing

Item No.			
	Charges during same period:		
	Contractors	$100,000.00	
	C. S. Bushnell	72,000.00	
	Losses on securities	12,000.00	
		$184,000.00	
			$975,000.00
	Credit balance 31st Dec., 1871		9,355,000.00
	Sinking-fund bonds exchanged for income bonds, March 19 to December 31, 1874		8,747,000.00
	Credit balance, income bonds outstanding 31st Dec., 1874.		608,000.00
827.	Credit balance, Dec. 31, 1870		7,527,000.00
	Land-grant bonds issued in 1871 to C. S. Bushnell *et al.*, etc	$2,307,000.00	
	Less bonds taken in payment for land and bought by the trustees	610,000.00	
			1,697,000.00
	Credit balance, Dec. 31, 1871		9,224,000.00
	The account was charged between Jan., 1872, and Dec. 31, 1874, with bonds taken in payment for land, and with bonds bought by the trustees		1,308,000.00
	Credit balance land-grant bonds outstanding Dec. 31, 1874.		7,916,000.00
828.	Omaha Bridge bonds were issued Aug. 17, 1871, to the trustees named in mortgage, and dated Apr. 1, 1871, payable Apr. 1, 1896 (but redeemable by sinking fund), interest 8 per cent. in gold:		
	Total amount issued		2,500,000.00
	Of these there has been redeemed as follows:		
	Mar. 16, 1872, redeemed	$38,000.00	
	Mar. 31, 1873, redeemed in New York	41,000.00	
	Mar. 31, 1874, redeemed	44,000.00	
			123,000.00
	Credit balance Omaha Bridge bonds outstanding Dec. 31, 1874		2,377,000.00
829.	$27,236,512, same as 1870 (see item 307).		
830.	Credit balance, 31st Dec., 1870		3,040,220.90
	By interest on bonds for 1871	$1,634,190.72	
	By correction entries	404.53	
	Total	1,634,595.25	
	Less charges per operating department	515,829.78	
			1,118,765.47
	Credit balance, 31st Dec., 1871		4,159,086.37
	By interest on bonds for 1872	1,634,190.72	
	By correction entries	85.59	
	Total	1,634,276.31	
	Less charges per operating department	294,443.72	
			1,339,832.59
	Credit balance, 31st Dec., 1872		5,498,918.96
	By interest on bonds for 1873	1,634,190.72	
	By correction entries	622.34	
		1,634,813.06	
	Less charges per operating department	450,917.23	
			1,183,895.83
	Credit balance, 31st Dec., 1873		6,682,914.79

Details of A 9 to A 11)—Continued.

Item No.			
	By interest on bonds for 1874	$1,634,190.72	
	By correction entries	955.14	
		1,635,145.86	
	Less charges per operating department	369,616.06	
			$1,265,529.80
	Credit balance, interest due United States Government 31st Dec., 1874		7,948,444.59

67. $20,000 represents two dividends of 3 per cent. each on above stock; and making four dividends for the year.

68.	Credit balance 31st Dec., 1870		$813,689.75
	By sales of land during 1871	$1,382,632.40	
	Contra:		
	Transfer to O. F. Davis, land agent	$17,487.74	
	Transfer land cash	14,258.44	
	Transfer land notes	67,159.88	
	Transfer interest on land notes	20,152.60	
		119,058.66	
			1,263,573.74
	Credit balance, 31st Dec., 1871		2,077,263.47
	By sales of land during 1872	748,115.97	
	Less land notes	2,570.00	
			745,545.97
	Credit balance, 31st Dec., 1872		2,822,809.44
	By sales of land during 1873	1,015,207.79	
	Contra:		
	Land notes	1,951.94	
	Land cash	1,135.96	
		3,087.90	
			1,012,119.89
	Credit balance, 31st Dec., 1873		3,834,929.33
	By sales of land during 1874	1,099,467.21	
	Contra:		
	Land notes	2,112.50	
	Land cash	647.60	
	Forfeited and canceled contracts	54.42	
		2,814.52	
			1,096,652.69
	Credit balance, 31st Dec., 1874		4,931,582.02
69.	Interest received on land notes from Feb. 25, 1871, to 31st Dec., 1871, amounts to		$43,746.84
	Interest received during the year ending 31st Dec.:		
	1872		47,522.34
	1873		74,050.96
	1874		85,450.86
	Credit balance, Dec. 31, 1874		250,771.00

70. $69.12 represents cash received from the sale of land and subsequently forfeited and canceled for delinquency on the part of the purchaser.

71. $61.96 represents gain on bonds taken at land department from Mar., 1870, to May 13, 1874.

72. This amount represents the gain on land-grant bonds bought by the trustees and hitherto entered in the construction and income accounts; the gains so credited to June 30, 1873, and now transferred to this account, amount to $82,698.83

Received during the year 1874 97,081.79

Credit balance, 31st Dec., 1874 179,780.62

EXHIBIT A 12 (containing

Item No.			
653.	Credit balance, Dec. 31, 1870		$70,428.23
	To cash per O. F. Davis, etc., during 1871	$84,235.00	
	Contra:		
	By land-grant bonds bought	$151,720.41	
	By interest	2,069.59	
		153,790.00	
			69,555.00
	Debit balance, Dec. 31, 1871		9,873.23
	To cash remitted	86,100.00	
	By land-grant bonds bought	40,750.00	
			5,350.00
	Debit balance, Dec. 31, 1872		55,223.23
	To cash remitted	152,400.00	
	By land-grant bonds bought	39,994.50	
			112,405.50
	Debit balance, Dec. 31, 1873		167,628.73
	By land-grant bonds bought	217,511.70	
	By interest on 50 land-grant bonds	1,730.55	
		219,242.25	
	To cash remitted	47,260.00	
			171,982.25
	Credit balance, Dec. 31, 1874		4,353.52

854. It appears that up to June 30, 1872, J. M. Eddy, assistant engineer, had charge of the town lots, at which date Mr. George F. Mayer became town-lot agent, and the whole amount of sales of town lots to that date was transferred from "town-lot account" to "town-lot department," but leaving the whole amount of expenses in the former account:

Amount transferred to June 30, 1872		$225,778.62
Receipts, June 30 to Dec. 31, 1872		7,068.00
Credit balance, Dec. 31, 1872		232,843.62
Receipts during the year 1873		6,877.45
Credit balance, 31st Dec., 1873–'74		239,721.07

The expenses as shown in "town-lot account" against the income as exhibited above, amounts to $94,592.64 (see item 770), leaving a net balance to the credit of town lots of $145,128.43.

855.	Notes outstanding, 31st Dec 1870	$3,438,777.29
	Notes issued during the year 1871	1,529,886.31
		4,968,663.60
	Notes paid during the year 1871	2,231,922.20
	Credit balance, note outstanding 31st Dec., 1871	2,736,741.40
	Notes issued during the year 1872	4,114,171.65
		6,850,913.05
	Notes paid during the year 1872	2,944,614.14
	Credit balance, notes outstanding Dec. 31, 1872	3,406,298.91
	Notes issued during the year 1873	7,039,976.78
		10,446,275.69
	Notes paid during the year 1873	7,193,513.63
	Credit balance, notes outstanding 31st Dec., 1873	3,252,762.06
	Notes issued during the year 1874	4,994,655.06
		8,247,417.12
	Notes paid during the year 1874	4,709,388.65
	Credit balance, notes outstanding 31st Dec., 1874	3,538,028.47

details of A 9 to A 11)—Continued.

Item No.

67. $450,000. This balance arises from the transfer of loans made to the company by the following parties, viz:

April 4, 1874, Stott, Strong & Co	$157,000.00	
Less paid	50,000.00	
		$107,000.00
April 10 to 13, 1874, Osborn & Chapin		343,000.00
		450,000.00

Transferred to—

57. Jay Gould	$250,000.00	
60. C. J. Osborn & Co	100,000.00	
64. S. M. Mills & Co	50,000.00	
69. Jameson, Smith & Cotting	50,000.00	
		450,000.00

68. This account has been credited as follows:

Amount paid Morton, Bliss & Co., by Drexel, Morgan & Co., through Thomas A. Scott and John Duff, being for amount expended in construction of Omaha bridge to September 29, 1871	1,289,162.73
Less amount received of C. S. Bushnell on account of purchase by him of bridge bonds	980,360.19
	308,802.54
Interest on bonds	115,000.00
John Duff, loan account—cash received by him	86,620.63
Trustees' draft on Drexel, Morgan & Co	205,804.25
Expenses	850.10
Keystone Bridge Co., for services and expenses making estimates required to complete Omaha bridge	681.00
London and San Francisco Bank, London, 1 per cent. commission on bridge coupons paid, due October 1, 1871	1,121.00
Total	718,879.52

The charges during 1871 were as follows:

1,275 Omaha Bridge bonds, delive ed Aug. 15, 1871, to J. E. Thompson, J. P. Morgan, and E. Atkins, trustees, bonds $1,000 each, and dated April 1, 1871, payable April 1, 1896 (but redeemable by sinking fund), sold at 80 per cent.	$1,020,000.00	
Amount unpaid by C. S. Bushnell *et al.* on $1,225,000 Omaha Bridge bonds	27,695.50	
Accrued interest on $1,275,000 Omaha Bridge bonds, April to Oct., 1871, at 8 per cent.	$51,000.00	
Premium on gold at 15 per cent	7,650.00	
	58,650.00	
Interest on account, to 31st Dec., at 4 per cent.	6,985.19	
		1,113,330.69
Debit balance 31st Dec., 1871		394,451.17

The credits during 1872 have been as follows:

Drafts of trustees on Drexel, Morgan & Co	$310,755.63	
Legal expenses, Tracy, Olmstead & Tracy	680.52	
Remitted by Drexel, Morgan & Co. to the London & San Francisco Bank, to pay coupons from 2,500 Omaha Bridge bonds, due April, 1872, and to redeem 38 Omaha Bridge bonds, in accordance with indenture and drawing Nov. 21, on file:		
	£ s d	
2,500 coupons at £8 5s. 9d	20,718 15 0	
38 bonds, £222	8,360 0 0	
Commissions on coupons, at 1 per cent	207 3 9	
Commissions on bonds redeemed, at ½ per cent	41 16 0	
	29,327 14 9	

EXHIBIT A 12 (containing

Item No.

Purchased as follows:			
£19,327 14s. 9d., at 110¼	$94,598.54		
£10,000, at 110 5/16	48,972.22		
	143,570.76		
Gold, at 110¼		$158,286.76	
Expense, advertising		86.83	
			$469,869.74
Credit balance 31st Dec., 1872-'73			75,368.57
Amount transferred to credit of this account being balance at credit of trustees Omaha Bridge bonds in hands of Drexel, Morgan & Co., February 18, 1874		23,848.08	

details A 9 to A 11)—Continued.

Item Ba.

Payments per Drexel, Morgan & Co., viz:			
Expenses, telegrams		$34.40	
Tracy, Olmstead & Tracy		375.81	
Examining Omaha Bridge:			
Capt. J. B. Eads	$500.00		
Walter Katte	300.00		
		800.00	
Interest on bonds		589.15	
Reverse of entry, 30th December, 1871, the same having been erroneously charged to this account instead of to the trustees		6,985.19	
			$32,632.63
Credit balances 31st Dec., 1874			107,991.20

868-897. The balances due on the respective coupons, enumerated in items commencing with No. 868 and running to 897, have been examined and found to be as represented on the balance-sheet.

EXHIBIT A 13 (details)

Capital balance sheet, Union Pacific Company.

DR.

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
32	899	Construction		[illegible]
33	900	Ames contract		1,766,726.94
34	901	Davis contract		23,225,697.49
35	902	Credit Mobilier		962,488.27
35	903	Credit Mobilier, special account		3,252.54
37	904	The Omaha Bridge		2,986,468.72
41	905	Income account		2,465,186.78
64	906	Conducting transportation		632,225.97
66	907	Motive power		961,532.27
68	908	Maintenance of cars		224,962.32
70	909	Maintenance of way		969,702.54
72	910	General expense		196,126.65
73	911	Omaha Bridge transfer income account.		147,261.95
78	912	Expense Bridge transfer		109,431.22
80	913	Interest and expense Omaha Bridge bonds.		110,465.89
84	914	Interest on bonds		2,491,145.36
90	915	Premium on gold		62,048.72
100	916	Dividend account		1,489,884.04
101	917	Government directors		2,192.25
104	918	Salary account		7,000.00
110	919	Expense account		10,927.49
119	920	Legal expenses		38,533.01
123	921	Discount and interest		5,391.13
150	922	Loss exchange income bonds		1,856,000.00
152	923	Loss on securities		10,221.72
165	924	Land notes		3,012,501.00
167	925	Land cash		134.78
170	926	John Duff, trustee		3,548.48
171	927	John Duff and F. L. Ames, trustees		41,101.22
175	928	Payments from land department funds.		60,939.78
187	929	Town-lot notes		55,967.34
183	940	Town-lot notes, old account		39,701.60
189	931	Town-lot cash		23.15
191	932	Payments from town-lot funds		5,190.50
188	933	Town-lot accounts		114,000.44
192	934	Expense to company of land department.		507,627.71
194	935	Taxes on lands		385,244.60
198	936	Expense to company of town-lot department.		2,245.36
190	937	Taxes on town lots		8,962.39
181	938	Expenses and taxes, company town lots.		10,113.44
196	939	Cash		181,733.55
201	940	Gold account		26,005.00
218	941	Union Trust Company, New York.		304,479.48
236	942	Union Trust Company, gold account.		325,000.50
260	943	Notes receivable		75,752.00
273	944	Operating department		1,910,943.62
304	945	United States Treasury		1,005,323.27
309	946	Colorado Central R. R. Co		888,594.12
313	947	Colorado Central R. R. Co., lease account.		35,387.54
314	948	Colorado Central R. R. bonds		297,500.00
315	949	Colorado Central R. R. stock		242,500.00
316	950	Colorado Improvement Company		269,207.41
317	951	Colorado Improvement Company stock.		567,001.25
318	952	Utah Southern R. R. Co		552.52
319	953	Utah Southern R. R. Co. bonds		346,000.00
320	954	Utah Southern R. R. Co. bonds	Stock assessment account	157,500.32
320	955	Utah Southern R. R. Co. stock		125,000.00
322	956	Utah Central R. R. Co. stock		277,000.00
324	957	Utah Northern R. R. Co. bonds		74,000.00
324	958	Utah Northern R. R. Co. stock		9,450.00
325	959	Investment in Little Rock and Fort Smith Rwy.		33,727.95
326	960	Saint Louis, Council Bluffs and Omaha R. R. Co. bonds.		29,211.31
326	961	Saint Louis, Chillicothe and Omaha R. R. stock.		2,000.00

n Exhibit A 16).

for the year ended December 31, 1875.

CR.

Ledger folio.	Item No.	Title of account.	Nature of receipt.	Amount.
1	1009	Capital stock		$36,762,200.00
2	1010	First mortgage bonds		27,232,000.00
3	1011	Certificate for bonds		477,000.00
4	1012	Sinking-fund mortgage bonds		14,260,000.00
10	1013	Fractional certificate for bonds		1,000.00
11	1014	Income bonds		65,000.00
12	1015	Land-grant bonds		7,632,000.00
13	1016	Omaha Bridge bonds		2,330,000.00
14	1017	United States		27,236,512.00
15	1018	United States interest account		9,240,570.91
16	1019	Hoxie contract		263,620.13
44	1020	Commercial passenger earnings		2,090,847.28
45	1021	United States passenger earnings.		103,984.30
48	1022	United States mail earnings		162,571.50
50	1023	Express earnings		233,398.74
52	1024	Commercial freight earnings		3,279,029.73
54	1025	United States freight earnings		167,325.96
55	1026	Company freight earnings		320,148.40
58	1027	Car-service earnings		17,118.85
60	1028	Miscellaneous earnings		82,422.47
62	1029	Rent of buildings		11,210.67
78	1030	Earnings Omaha Bridge transfer		266,750.85
120	1031	Gain and loss on investments		52,500.00
121	1032	Interest on Colorado Central R. R. bonds.		19,600.00
142	1033	Interest on Utah Southern bonds.		15,155.00
144	1034	Interest on Douglas County bonds.		5,355.00
145	1035	Interest on Washington County bonds.		600.00
146	1036	Interest on Little Rock and Fort Smith bonds.		192.50
149	1037	Interest on Omaha Bridge bonds, owned by company.		220.50
167	1038	Dividend on Utah Central R. R. stock.		15,900.00
168	1039	Interest on Utah Northern bonds		3,080.00
168	1040	Interest on Saint Louis, Council Bluffs and Omaha bonds		1,015.00
169	1041	Dividend on Union Pacific R. R. stock owned by company.		717.50
186	1042	Land department		5,336,044.02
187	1043	Interest on land notes		333,458.20
189	1044	Forfeited and canceled contracts, land sales.		1,140.94
189	1045	Gain on land-grant bonds, taken at land department.		61.96
191	1046	Gain on land-grant bonds bought by trustees.		184,658.67
191	1047	Receipts and payments, trustees land-grant bonds.		472.93
192	1048	Sales land-grant town lots		110,668.50
195	1049	Interest on town-lot notes		494.99
196	1050	Interest on town-lot notes, old account.		1,089.67
197	1051	Town-lot department		283,647.38
198	1052	Sales company town lots		22,160.37
233	1053	Notes payable		2,267,983.21
236	1054	Dividend No. 1		2,773.50
237	1055	Dividend No. 2		5,040.00
238	1056	Dividend No. 3		734,900.00
239	1057	Omaha drafts		39,197.66
425	1058	F. L. Ames, trustee for Oliver Ames and John Duff.		53,995.60
426	1059	Atlantic and Pacific Telegraph Co.		1,737.37
427	1060	United States Internal Revenue Commissioner.		2,733.40
428	1061	Interest on United States 6 per cent. currency bonds.		3,150.00
429	1062	Interest on fractional certificates.		104.00
430	1063	Ham & Monroe, New York	Loan	310,000.00
431	1064	John Duff	do	4,767.70

EXHIBIT A 13.—*Capital balance-sheet, Union Pacific Company, for*

Dr.

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
327	962	Atlantic and Pacific Telegraph Co. stock.	.....	[illegible]
328	963	Union Pacific R. R. stock, owned by company.	.....	[illegible]
328	964	Omaha Bridge bonds, owned by company.	.....	[illegible]
329	965	Douglas County bonds	.....	[illegible]
330	966	Washington County bonds	.....	[illegible]
331	967	Pacific Mail S. S. Co	.....	[illegible]
332	968	Drexel, Morgan & Co	Foreign gold account	[illegible]
335	969	Property in New York	.....	[illegible]
337	970	Occidental and Oriental S. S. Co.	.....	[illegible]
338	971	Wyoming Coal and Mining Co	.....	[illegible]
340	972	Colorado Central R. R. coupons, 3.	.....	[illegible]
340	973	Colorado Central R. R. coupons, 4.	.....	[illegible]
340	974	Colorado Central R. R. coupons, 5.	.....	[illegible]
340	975	Colorado Central R. R. coupons, 2.	.....	[illegible]
341	976	Colorado Central R. R. coupons, 3.	.....	[illegible]
341	977	Colorado Central R. R. coupons, 4	.....	[illegible]
341	978	Colorado Central R. R. coupons, 5	.....	[illegible]
341	979	Colorado Central R. R. coupons, 6	.....	[illegible]
342	980	Colorado Central R. R. coupons, 7	.....	[illegible]
343	981	Utah Southern R. R. Co. coupons, 9.	.....	[illegible]
344	982	Little Rock and Fort Smith R. R. coupons, 2.	.....	[illegible]
345	983	Douglas Co. coupons, No. 9	.....	[illegible]
346	984	Saint Louis, Council Bluffs and Omaha R. R. coupons, No. 4.	.....	[illegible]
346	985	Saint Louis, Council Bluffs and Omaha R. R. coupons, No. 5.	.....	[illegible]
346	986	Saint Louis, Council Bluffs and Omaha R. R. coupons, No. 6.	.....	[illegible]
347	987	Washington Co. coupons, due November 1, 1874.	.....	[illegible]
347	988	Washington Co. coupons, due May 1, 1875.	.....	[illegible]
347	989	Washington Co. coupons, due November 1, 1875.	.....	[illegible]
348	990	Utah Northern coupons, 2	.....	[illegible]
348	991	Utah Northern coupons, 3	.....	[illegible]
348	992	Utah Northern coupons, 4	.....	[illegible]
348	993	Utah Northern coupons, 5	.....	[illegible]
348	994	Utah Northern coupons, 6	.....	[illegible]
348	995	Utah Northern coupons, 7	.....	[illegible]
349	996	Utah Northern coupons, 8	.....	[illegible]
570	997	Ham & Monroe, New York	Loan	[illegible]
572	998	Sidney Dillon, special account	do	[illegible]
579	999	F. Nickerson & Co	do	[illegible]
583	1000	Ezra H. Baker	do	[illegible]
584	1001	F. Gordon Dexter	do	[illegible]
544	1002	Samuel Hooper & Co	do	[illegible]
591	1003	E. H. Rollins	do	[illegible]
597	1004	O. F. Davis, land agent	.....	[illegible]
566	1005	Suspense account	.....	[illegible]
588	1006	Emott, Hammond & Stickney	.....	[illegible]
588	1007	Emott, Burnett & Hammond	.....	[illegible]
589	1008	E. H. Rollins	.....	[illegible]
				[illegible]

...year ended *December* 31, 1875—Continued.

Cr.

Ledger folio.	Item No.	Title of account.	Nature of receipt.	Amount.
[illegible]	1065	John B. Alley & Co	Loan	$20,000.00
[illegible]	1066	Coupons due July 1, 1871		2,480.00
[illegible]	1067	Coupons due January 1, 1872		1,260.00
[illegible]	1068	Coupons due July 1, 1872		1,110.00
[illegible]	1069	Coupons due January 1, 1873		1,170.00
[illegible]	1070	Coupons due July 1, 1873		1,290.00
[illegible]	1071	Coupons due January 1, 1874		1,770.00
[illegible]	1072	Coupons due July 1, 1874		2,480.00
[illegible]	1073	Coupons due January 1, 1875		3,000.00
[illegible]	1074	Coupons due July 1, 1875		6,840.00
[illegible]	1075	Coupons due January 1, 1876		816,990.00
[illegible]	1076	Land-grant coupons, 6		931.00
[illegible]	1077	Land-grant coupons, 7		760.00
[illegible]	1078	Land-grant coupons, 8		275.49
[illegible]	1079	Land-grant coupons, 9		955.54
[illegible]	1080	Land-grant coupons, 10		1,039.17
[illegible]	1081	Land-grant coupons, 11		1,015.00
[illegible]	1082	Land-grant coupons, 12		980.00
[illegible]	1083	Land-grant coupons, 13		945.00
[illegible]	1084	Land-grant coupons, 14		1,015.00
[illegible]	1085	Land-grant coupons, 15		1,050.00
[illegible]	1086	Land-grant coupons, 16		1,085.00
[illegible]	1087	Land-grant coupons, 17		4,060.00
[illegible]	1088	Income coupons, No. 4		15,258.75
[illegible]	1089	Income coupons, No. 5		11,849.39
[illegible]	1090	Income coupons, No. 6		12,050.00
[illegible]	1091	Income coupons, No. 7		12,180.00
[illegible]	1092	Income coupons, No. 8		12,100.00
[illegible]	1093	Income coupons, No. 9		13,850.00
[illegible]	1094	Income coupons, No. 10		11,700.00
[illegible]	1095	Sinking-fund coupons, No. 4		2,920.00
[illegible]	1096	Omaha branch coupons, No. 4		40.00
[illegible]	1097	Omaha branch coupons, No. 6		40.00
[illegible]	1098	Omaha branch coupons, No. 7		40.00
[illegible]	1099	Omaha branch coupons, No. 8		240.00
[illegible]	1100	Omaha branch coupons, No. 9		3,720.00
				143,017,515.10

EXHIBIT A 14

Capital balance-sheet, Union Pacific Company,

Dr.

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
32	1101	Construction		600,063,031.01
33	1102	Ames contract		1,749,720.94
34	1103	Davis contract		22,247,154.87
35	1104	Crédit Mobilier of America		992,486.27
35	1105	Crédit Mobilier of America, special account.		3,632.54
37	1106	The Omaha Bridge		2,887,294.91
41	1107	Income account		3,744,548.21
58	1108	Car-service earnings		20,806.85
64	1109	Conducting transportation		443,720.67
66	1110	Motive power		916,690.94
68	1111	Maintenance of cars		213,238.54
70	1112	Maintenance of way		913,008.64
72	1113	General expenses		249,657.20
75	1114	Omaha Bridge transfer income account.		141,634.47
78	1115	Omaha Bridge expenses		107,630.11
80	1116	Interest and expenses Omaha Bridge bonds.		103,962.97
85	1117	Interest on bonds		2,463,221.12
93	1118	Premium on gold		118,296.96
100	1119	Dividend account		1,469,800.00
125	1120	Discount and interest		17,192.08
139	1121	Gain and loss on instruments		7,856.60
152	1122	Losses on securities		73.06
166	1123	Land notes		3,182,634.74
168	1124	Land cash		200.10
169	1125	Land cash deposited with treasurer.		60,000.00
170	1126	John Duff, trustee		3,548.40
176	1127	Fred. L. Ames, trustee		63,294.62
176	1128	Payments from land department funds.		96,746.19
187	1129	Town-lot notes		54,358.13
183	1130	Town lot, old account		34,158.13
189	1131	Town lot cash		55.69
189	1132	Town-lot cash deposited with treasurer.		10,000.00
191	1133	Payments from town-lot department funds.		7,064.62
188	1134	Town-lot account		114,698.44
181	1135	Expenses and taxes, town lots		11,754.60
193	1136	Expenses to company of land department.		659,074.05
194	1137	Taxes on lands		459,842.21
188	1138	Expenses to company of town-lot department.		4,115.60
190	1139	Taxes on town lots		15,379.44
196	1140	Cash		207,650.74
206	1141	Gold account		50,000.00
224	1142	Union Trust Company		271,967.50
241	1143	Union Trust Company, gold account.		351,125.60
260	1144	Notes receivable		173,602.46
282	1145	Operating department		2,366,852.00
305	1146	United States Treasury Department.		1,464,573.25
309	1147	Colorado Central R. R		781,180.31
313	1148	Colorado Central R. R., lease account.		35,307.54
314	1149	Colorado Central R. R. bonds		947,000.00
315	1150	Colorado Central R. R. stock		232,500.00
317	1151	Investment in Colorado Improvement Company.		134,200.70
319	1152	Utah Southern R. R. bonds		236,000.00
320	1153	Utah Southern R. R., stock assessment account.		169,640.32
320	1154	Utah Southern Rwy. stock		125,000.00
322	1155	Utah Central Rwy. stock		277,600.00
324	1156	Utah Northern Rwy. bonds		74,000.00
324	1157	Utah Northern Rwy. stock		9,450.00
325	1158	Investment in Little Rock & Fort Smith Rwy.		33,001.36
326	1159	Saint Louis, Council Bluff and Omaha R. R. bonds.		29,211.21
326	1160	Saint Louis, Chillicothe and Omaha R. R. stock.		3,000.00

(details in A 16).

for the year ended December 31, 1876.

Cr.

Ledger folio.	Item No.	Title of account.	Nature of receipt.	Amount.
1	1184	Capital stock		$36,762,300.00
2	1185	First-mortgage bonds		27,232,000.00
3	1186	Certificates for first-mortgage bonds.		477,000.00
4	1187	Sinking-fund bonds		14,188,000.00
5	1188	Fractional certificates for sinking-fund bonds.		400.00
6	1189	Income bonds		1,000.00
7	1190	Land-grant bonds		7,404,000.00
8	1191	Omaha Bridge bonds		2,279,000.00
9	1192	The United States		27,236,512.00
10	1193	United States interest account		10,505,708.29
11	1194	Hoxie contract		263,620.13
44	1195	Commercial passenger earnings		2,176,707.44
45	1196	United States passenger earnings		123,918.78
46	1197	United States mail earnings		411,567.50
47	1198	Express earnings		272,766.45
48	1199	Commercial freight earnings		3,548,839.64
49	1200	United States freight earnings		248,659.20
50	1201	Company freight earnings		349,513.00
51	1202	Miscellaneous freight earnings		117,038.62
52	1203	Rent of buildings		12,801.37
53	1204	Earnings Omaha Bridge transfer		282,347.15
100	1205	Interest on sinking-fund bonds.	Owned by the company	200.00
101	1206	Interest on Gilpin County bonds		5,520.00
103	1207	Interest on Utah Central R. R. Co. bonds.		14,735.00
105	1208	Interest on Douglas County bonds.		4,145.55
106	1209	Interest on Boulder County bonds		1,120.00
108	1210	Interest on Omaha Bridge bonds.	Owned by the company	220.50
107	1211	Dividend on Utah Central R. R. stock.		20,500.00
109	1212	Dividend on Union Pacific stock		4,830.00
110	1213	Gain on land-grant bonds canceled.		182,409.63
104	1214	Receipts and payments trustees land-grant bonds.		2,876.79
160	1215	Sales land-grant town lots		151,920.67
165	1216	Interest on town-lot notes		5,135.30
168	1217	Interest on town-lot notes, old account.		2,520.89
169	1218	Town-lot department		283,647.38
170	1219	Sales of company town lots		25,368.67
202	1220	Notes payable		2,472,184.77
203	1221	Acceptances		150,000.00
220	1222	Dividend No. 1		2,404.50
206	1223	Dividend No. 2		3,156.00
270	1224	Dividend No. 3		3,200.00
273	1225	Dividend No. 4		3,450.00
274	1226	Dividend No. 5		3,852.00
413	1227	Dividend No. 6		5,150.00
414	1228	Dividend No. 7		734,940.00
90	1229	Omaha drafts		35,321.40
423	1230	Land department, special account.		64,000.00
425	1231	Fred. L. Ames, trustee for Oliver Ames and John Duff.		53,995.60
429	1232	Interest on fractional certificates		88.00
430	1233	John Duff	Loan	4,767.70
432	1235	Coupon, Jan., 1872		2,460.00
434	1236	Coupon, July, 1872		1,230.00
435	1237	Coupon due Jan., 1873		1,080.00
436	1238	Coupon due July, 1873		1,140.00
437	1239	Coupon due Jan., 1874		1,140.00
441	1240	Coupon due July, 1874		1,380.00
442	1241	Coupon due Jan., 1875		1,860.00
444	1242	Coupon due July, 1875		1,740.00
445	1243	Coupon due Jan., 1876		2,250.00
447	1244	Coupon due July, 1876		4,290.00
448	1245	Coupon due Jan., 1877		12,930.00
449	1246	Land-grant coupons, Nos. 16 and prior.		816,960.00
450	1247	Land-grant coupons, No. 18		591.00
451	1248	Land-grant coupons, No. 19		420.00
500	1249	Income coupons outstanding		3,990.00
				83,058.14

EXHIBIT A 14—*Capital balance-sheet, Union Pacific Company, fr*

DR.

Ledger folio.	Item No.	Title of account.	Nature of expenditure.	Amount.
327	1161	Atlantic and Pacific Telegraph Company stock.	.....	63,000.00
327	1162	Boulder County, Colo., bonds	.....	150,000.00
328	1163	Union Pacific Rwy. stock	Owned by the company	58,914.13
	1164	Omaha Bridge bonds, Union Pacific R. R. Co.	do	5,161.35
329	1165	Douglas County bonds	.....	182,000.00
330	1166	Washington County bonds	.....	15,000.00
	1167	Gilpin County	.....	35,200.00
333	1168	Drexel, Morgan & Co., foreign gold account.	.....	6,000.00
334	1169	Kansas Pacific Rwy. Co	.....	150,000.00
337	1170	Occidental and Oriental Steamship Co.	.....	173,810.42
338	1171	Wyoming Coal and Mining Co	.....	100,000.00
339	1172	Gilpin County coupons due Jan. 1, 1877.	.....	800.00
342	1173	Colorado Central R. R. Co., coupons.	.....	234,440.00
343	1174	Utah Southern R. R. Co., coupons, No. 11.	.....	14,735.00
345	1175	Douglas Co., coupons, No. 11	.....	3,605.00
582	1176	E. Atkins & Co	Loan	1,000.00
583	1177	Ezra H. Baker	do	25,000.00
584	1178	F. Gordon Dexter	do	13,000.00
585	1179	J. B. Alley & Co	do	6,000.00
592	1180	E. W. Rollins	.....	8,723.00
597	1181	O. F. Davis, land agent	.....	851.35
471	1182	Coupons due July, 1877	.....	30.00
566	1183	Suspense account	.....	847,517.30
				145,220,571.00

EXHIBIT A 15

Balance-sheet for th

DR.

Ledger folio.	Item No.	Title of account.	Amount.
22	.....	Construction	000,000,000.00
24	.....	Ames contract	1,748,738.96
25	.....	Davis contract	28,235,720.66
26	.....	Credit Mobilier of America	902,406.97
27	.....	Credit Mobilier of America, special account	3,822.54
29	.....	The Omaha Bridge	2,000,087.51
30	.....	Income account	5,570,121.70
40	.....	Car-service earnings	27,130.97
54	.....	Conducting transportation	476,594.72
56	.....	Motive power	873,320.00
58	.....	Maintenance of cars	247,000.00
60	.....	Maintenance of way	973,000.00
62	.....	General expenses	230,011.00
152	.....	Omaha Bridge transfer, income account	90,157.36
156	.....	Expenses Omaha Bridge transfer	139,715.51
158	.....	Interest and expenses, Omaha Bridge bonds	93,702.00
65	.....	Interest on bonds	2,459,043.38
71	.....	Premium on gold	87,382.00
82	.....	Dividend account	1,440,000.00
104	.....	Discount and interest	22,000.42
134	.....	Gain and loss on investments	11,016.28
136	.....	Interest on Gilpin County bonds	800.00
142	.....	Interest on Colorado Central R. R. Co. bonds	1,200.00
162	.....	Expense to the company of the land department	730,304.35
165	.....	Taxes on lands	500,000.00
167	.....	Expense to the company of the town lot department	5,021.13
169	.....	Taxes on town lots	20,567.27
175	.....	Cash	296,726.00
180	.....	Gold account	65,078.13
194	.....	Union Trust Company	302,000.00
214	.....	Union Trust gold account	300,977.10
226	.....	Union Trust trustee	707.12
227	.....	Notes receivable	81,000.00

ar ended December 31, 1876—Continued.

Cr.

Ledger folio.	Item No.	Title of account.	Nature of receipt.	Amount.
[illegible]	1250	Sinking-fund coupons, No. 4		$360.00
[illegible]	1251	Sinking-fund coupons, No. 5		2,320.00
[illegible]	1252	Sinking-fund coupons, No. 6		3,720.00
[illegible]	1253	Drawn Omaha Bridge bonds outstanding.		5,000.00
[illegible]	1254	Omaha Bridge coupons, No. 8 and prior.		280.00
[illegible]	1255	Omaha Bridge coupons, No. 9		400.00
[illegible]	1256	Omaha Bridge coupons, No. 10		440.00
[illegible]	1257	Omaha Bridge coupons, No. 11		2,720.00
[illegible]	1258	Land department		5,711,584.84
[illegible]	1259	Interest on land notes		413,630.22
[illegible]	1260	Forfeited and canceled contracts.		2,736.79
				145,220,571.88

(details in A 16).

ar ended December 31, 1877.

Cr.

Ledger folio.	Item No.	Title of account.	Amount.
1	.....	Capital stock	$36,762,300.00
2	.....	First-mortgage bonds	27,231,000.00
3	.....	Certificates for first-mortgage bonds	477,000.00
4	.....	Land-grant bonds	7,324,000.00
5	.....	Sinking-fund mortgage bonds	14,045,000.00
11	.....	Fractional certificates for bonds	200.00
12	.....	Income bonds	1,000.00
14	.....	Omaha Bridge bonds	2,225,000.00
15	.....	The United States	27,236,512.00
16	.....	The United States interest account	11,533,326.11
17	.....	Hoxie contract	263,620.13
18	.....	Commercial passenger earnings	1,550,192.47
19	.....	United States passenger earnings	198,897.36
20	.....	United States mail earnings	298,387.50
21	.....	Express earnings	344,679.82
22	.....	Commercial freight earnings	3,443,725.47
23	.....	United States freight earnings	208,110.00
24	.....	Company freight earnings	449,949.66
25	.....	Miscellaneous earnings	104,411.74
26	.....	Rent of buildings	9,574.59
27	.....	Earnings Omaha Bridge transfer	271,611.87
28	.....	Dividend on Utah Central R. R. Co., stock	31,800.00
29	.....	Dividend on Union Pacific R. R. Co. stock	4,820.00
30	.....	Interest on Utah Southern R. R. Co. bonds	14,735.00
31	.....	Interest on Douglas Co. bonds	334.42
32	.....	Interest on Boulder Co. bonds	545.45
33	.....	Interest on Omaha Bridge bonds	206.50
34	.....	Losses on securities	1,707.12
35	.....	Dividend No. 10	3,814.00
36	.....	Dividend No. 11	734,900.00
37	.....	Interest on fractional certificates	72.00
38	.....	E. H. Rollins and Charles M. Murphy	6,000.00
39	.....	Jay Gould	551,589.97

EXHIBIT A 15.—*Balance-sheet for*

Dr.

Ledger folio.	Item No.	Title of account.	Amount.
235	.....	Operating department	$1,955,275.82
260	.....	United States Treasury Department	2,070,730.00
264	.....	Colorado Central R. R. Co	1,562,311.00
269	.....	Colorado Central R. R. lease account	35,287.54
270	.....	Colorado Central R. R. bonds	800,300.00
271	.....	Colorado Central R. R. stocks	292,500.00
272	.....	Investment in Colorado Improvement Company	134,177.97
274	.....	Utah Southern R. R. Co. bonds	330,000.00
275	.....	Utah Southern R. R. Co. stocks	125,000.00
276	.....	Utah Southern R. R. Co. stock assessment account	176,300.32
277	.....	Utah Central R. R. Co. stock	277,000.00
278	.....	Utah Northern R. R. Co. bonds	74,000.00
279	.....	Utah Northern R. R. stocks	9,400.00
279	.....	Investment in Summit County R. R. Co	60,000.00
280	.....	Investment in Little Rock and Fort Smith Rwy	33,001.20
281	.....	Saint Louis, Council Bluffs and Omaha R. R. Co. bonds	20,211.21
282	.....	Saint Louis, Chillicothe and Omaha R. R. Co. stocks	1,000.00
283	.....	Atlantic and Pacific Telegraph Company stock	2,000.00
285	.....	Washington County bonds	15,000.00
288	.....	Union Pacific R. R. Co. stocks owned by the company	86,814.12
289	.....	Omaha Bridge bonds owned by the company	5,161.25
290	.....	Occidental and Oriental Steamship Company	173,810.01
292	.....	Wyoming Coal and Mining Company	100,000.00
293	.....	Arkansas Valley Rwy. Co	66,232.16
296	.....	Drexel, Morgan & Co., foreign gold account	5,000.00
304	.....	Colorado Central R. R. Co. coupons	100,700.00
306	.....	Utah Southern R. R. Co. coupons, No. 18	14,735.00
312	.....	Omaha Bridge coupons owned by the company	300.00
508	.....	E. W. Rollins	2,000.00
513	.....	Sidney Dillon	14,514.38
514	.....	Sidney Dillon, special account	2,500.00
517	.....	Elisha Atkins	9,504.73
518	.....	Chester W. Collins	333,653.38
520	.....	Ham & Munroe	8,500.00
535	.....	O. F. Davis, land agent	2,000.58
502	.....	Suspense account	847,517.38
559	.....	Land notes	3,009,117.29
562	.....	Land cash	208.00
565	.....	Land cash deposited with treasurer	372,400.00
569	.....	Fred. L. Ames, trustee	52,625.21
573	.....	Payments from land department funds	103,048.99
582	.....	Town lot notes	26,925.00
584	.....	Town lot notes, old account	33,900.23
586	.....	Town lot cash	41.40
589	.....	Town lot cash deposited with treasurer	49,500.00
591	.....	Payments from town lot department funds	8,635.27
542	.....	Expenses and taxes, company town lots	13,307.85
545	.....	Town lot accounts	114,698.44
			146,519,141.71

EXHIBIT A 16 (containing details

Balance-sheet for the year

Dr.

Ledger folio.	Item No.	Title of account.	Amount.
22	1422	Construction	$62,000,987.39
24	1423	Ames contract	1,748,730.94
25	1424	Davis contract	23,129,946.01
26	1425	Credit Mobilier of America	967,153.35
29	1426	The Omaha Bridge	2,889,897.51
30	1427	Income account	3,184,245.70
			27.36
48	1428	Car-service earnings	490,748.14
54	1429	Conducting transportation	967,319.64
56	1430	Motive power	189,606.73
58	1431	Maintenance of cars	691,637.97
60	1432	Maintenance of way	277,905.95
62	1433	General expenses	2,522,923.98
65	1434	Interest on bonds	2,749.75
76	1435	Premium on gold	1,102,956.00
82	1436	Dividend account	22,161.18
107	1437	Discount and interest	4,221.67
	1438	Gain and loss on investments	

...year ended December 31, 1877—Continued.

Ledger folio.	Item No.	Title of account.	Cr. Amount.
[illegible]	.....	Samuel Hooper & Co	$15,000.00
[illegible]	.....	Coupons due 1 January, 1875, and prior	7,260.00
[illegible]	.....	Coupons due 1 July, 1875, and prior	1,320.00
[illegible]	.....	Coupons due 1 January, 1876	1,500.00
[illegible]	.....	Coupons due 1 July, 1876	2,100.00
[illegible]	.....	Coupons due 1 January, 1877	3,000.00
[illegible]	.....	Coupons due 1 July, 1877	10,500.00
[illegible]	.....	Coupons due 1 January, 1878	816,900.00
[illegible]	.....	Land-grant coupons, No. 16 and prior	501.00
[illegible]	.....	Land-grant coupons, No. 18	350.00
[illegible]	.....	Land-grant coupons, No. 19	245.00
[illegible]	.....	Land-grant coupons, No. 20	280.00
[illegible]	.....	Land-grant coupons, No. 21	4,025.00
[illegible]	.....	Income coupons outstanding	200.00
[illegible]	.....	Sinking-fund coupons, No. 4	40.00
[illegible]	.....	Sinking-fund coupons, No. 5	1,720.00
[illegible]	.....	Sinking-fund coupons, No. 6	2,040.00
[illegible]	.....	Sinking-fund coupons, No. 7	3,040.00
[illegible]	.....	Sinking-fund coupons, No. 8	4,280.00
[illegible]	.....	Drawn Omaha Bridge bonds outstanding	3,000.00
[illegible]	.....	Omaha Bridge coupons, No. 8 and prior	160.00
[illegible]	.....	Omaha Bridge coupons, No. 12	40.00
[illegible]	.....	Omaha Bridge coupons, No. 13	1,880.00
[illegible]	.....	Land department	5,717,127.23
[illegible]	.....	Interest on land notes	501,923.37
[illegible]	.....	Forfeited and canceled contracts	46,091.61
[illegible]	.....	Gain on land-grant bonds canceled	179,927.25
[illegible]	.....	Receipts and payments, trustees land-grant bonds	22,563.85
[illegible]	.....	Sales of land-grant town lots	160,053.17
[illegible]	.....	Sales of land-grant town lots, old account	92,615.76
[illegible]	.....	Interest on town lot notes	8,974.82
[illegible]	.....	Interest on town lot notes, old account	2,552.56
[illegible]	.....	Sales of company town lots	27,209.57
[illegible]	.....	Town lot department	198,681.60
[illegible]	.....	Notes payable	2,747,019.52
[illegible]	.....	Omaha drafts	266,917.15
[illegible]	.....	Land department, special account	362,400.00
[illegible]	.....	Town lot department, special account	47,800.00
[illegible]	.....	Dividend No. 1	2,358.00
[illegible]	.....	Dividend No. 2	3,094.00
[illegible]	.....	Dividend No. 3	3,198.00
[illegible]	.....	Dividend No. 4	3,168.00
[illegible]	.....	Dividend No. 5	3,368.00
[illegible]	.....	Dividend No. 6	3,696.00
[illegible]	.....	Dividend No. 7	3,518.00
[illegible]	.....	Dividend No. 8	3,294.00
[illegible]	.....	Dividend No. 9	3,412.00
			146,519,141.71

...from A 13 to A 15, inclusive).

...ended December 31, 1878.

Ledger folio.	Item No.	Title of account.	Cr. Amount.
1	1504	Capital stock	$36,762,300.00
3	1505	First-mortgage bonds	27,231,000.00
5	1506	Certificate for first-mortgage bonds	477,000.00
4	1507	Land-grant bonds	6,884,000.00
9	1508	Sinking-fund mortgage bonds	13,558,000.00
10	1509	Registered sinking-fund mortgage bonds	347,000.00
12	1510	Income bonds	1,000.00
14	1511	Omaha bridge bonds	2,167,000.00
16	1512	The United States	27,236,512.00
202	1513	United States interest account	12,357,557.73
18	1514	Hoxie contract	263,620.13
24	1515	Commercial passenger earnings	1,510,962.96
26	1516	United States passenger earnings	129,313.29
28	1517	United States mail earnings	298,387.50
30	1518	Express earnings	258,618.06
32	1519	Commercial freight earnings	4,257,628.43
34	1520	United States freight earnings	160,615.41

EXHIBIT A 16—*Balance-sheet for the*

Dr.

Ledger folio.	Item No.	Title of account.	Amount.
163	1439	Expense to the company of the land department	$730,[illegible]
165	1440	Taxes on lands	726,[illegible]
167	1441	Expenses to the company of the town-lot department	9,[illegible]
169	1442	Taxes on town lots	22,[illegible]
175	1443	Cash	100,[illegible]
187	1444	Gold account	50,[illegible]
204	1445	Union Trust Co	656,[illegible]
223	1446	Union Trust Co. gold account	[illegible]
226	1447	Union Trust Co., trustee	[illegible]
227	1448	Notes receivable	91,[illegible]
251	1449	Operating department	1,[illegible]
322	1450	United States Treasury Department	2,[illegible]
265	1451	Colorado Central R. R. Co	[illegible]
270	1452	Colorado Central R. R. Co. bonds	1,127,[illegible]
271	1453	Colorado Central R. R. Co. stocks	232,[illegible]
304	1454	Colorado Central R. R. Co. coupons	31,[illegible]
272	1455	Investment in Colorado Improvement Co	124,[illegible]
272	1456	Wasatch and Jordan Valley R. R. Co. bonds	6,[illegible]
274	1457	Utah Southern R. R. Co. bonds	96,[illegible]
275	1458	Utah Southern R. R. Co. stocks	125,[illegible]
276	1459	Utah Southern R. R. Co. stock assessment account	178,[illegible]
306	1460	Utah Southern R. R. Co. coupons, No. 15	4,[illegible]
277	1461	Utah Central R. R. Co. stocks	277,[illegible]
277	1462	Utah Western Rwy. Co. bonds	11,[illegible]
277	1463	Utah Western Rwy. Co. stock	[illegible]
278	1464	Investment in Utah and Northern Rwy. Co	76,[illegible]
279	1465	Utah Northern R. R. Co. stock	9,[illegible]
279	1466	Investment in Summit County R. R. Co.	60,[illegible]
280	1467	Investment in Little Rock and Fort Smith Rwy	32,[illegible]
281	1468	Investment in St. Louis, Council Bluffs and Omaha R. R. Co	22,[illegible]
282	1469	Saint Louis, Chillicothe and Omaha R. R. Co., stock	3,[illegible]
283	1470	Atlantic and Pacific Telegraph Company stock	2,[illegible]
288	1471	Union Pacific R. R. Co. stock owned by the company	197,[illegible]
289	1472	Omaha Bridge bonds owned by the company	5,[illegible]
289	1473	Sinking fund bonds owned by the company	44,[illegible]
290	1474	Occidental and Oriental Steamship Company	133,[illegible]
292	1475	Wyoming Coal and Mining Company	100,[illegible]
296	1476	Drexel, Morgan & Co., foreign gold account	11,[illegible]
299	1477	Omaha and Republican Valley R. R. Co., bonds	484,[illegible]
	1478	Omaha and Republican Valley R. R. Co., stock	45,[illegible]
309	1479	Omaha and Republican Valley R. R. Co., coupons No. 1	6,[illegible]
309	1480	Omaha and Republican Valley R. R. Co., coupons No. 2	17,[illegible]
309	1481	Omaha and Republican Valley R. R. Co., coupons No. 3	21,[illegible]
309	1482	Omaha and Republican Valley R. R. Co., coupons No. 4	21,[illegible]
503	1483	Elisha Atkins & Co	70,[illegible]
504	1484	Ezra H. Baker	4,[illegible]
513	1485	Sidney Dillon	45,[illegible]
518	1486	Chester W. Collins	38,[illegible]
523	1487	Jay Gould	307,[illegible]
536	1488	Leavitt Burnham, land commissioner	1,[illegible]
502	1489	Suspense account	843,[illegible]
538	1490	Expenses donated lands	[illegible]
539	1491	Taxes on donated lands	3,[illegible]
542	1492	Expenses and taxes company town lots	14,[illegible]
545	1493	Town-lot account	115,[illegible]
560	1494	Land notes	3,814,[illegible]
563	1495	Land cash	[illegible]
565	1496	Land cash deposited with treasurer	341,[illegible]
570	1497	Fred. L. Ames, trustee	4,[illegible]
573	1498	Payments from land-department funds	147,[illegible]
582	1499	Town-lot notes	30,[illegible]
584	1500	Town-lot notes, old account	23,[illegible]
587	1501	Town-lot cash	[illegible]
589	1502	Town-lot cash deposited with treasurer	54,[illegible]
591	1503	Payments from town-lot department funds	8,[illegible]
			147,188,[illegible]

Item No.

1422. Debit balance, Dec 31, 1874 ..... $88,921,595.99

Expenditures on this account during 1875 were:

Engineering, per G. F. Meyer, town lot agent, for April	$2,810.17
G. M. Dodge, chief engineer	54,002.18
Central Pacific R. R. Co	50,000.00
Total	106,812.35

...ended December 31, 1878—Continued.

Ledger folio.	Item No.	Title of account.	Amount.
			Cr.
	1521	Company freight earnings	$431,101.61
	1522	Miscellaneous earnings	66,042.01
	1523	Rent of buildings	11,166.09
	1524	Dividend on Utah Central R. R. Co. stocks	26,500.00
	1525	Dividend on Union Pacific R. R. Co. stock	4,126.50
	1526	Dividend on Atlantic and Pacific Telegraph Co. stock	156.00
	1527	Interest on Utah Southern R. R. Co. bonds	9,142.00
	1528	Interest on Omaha and Republican Valley R. R. Co. bonds	66,850.00
	1529	Interest on Omaha Bridge bonds	202.00
	1530	Interest on Colorado Central R. R. Co. bonds	18,222.22
	1531	Interest on Wasatch and Jordan Valley R. R. Co. bonds	450.22
	1532	Losses on securities	50.00
	1533	Notes payable	2,261,218.67
	1534	Acceptances	218,231.78
	1535	Omaha drafts	159,420.15
	1536	Land department, special account	334,141.53
	1537	Town-lot department, special account	52,861.42
	1538	Dividend No. 11, and prior	1,739.50
	1539	Dividend No. 12	580.00
	1540	Dividend No. 13	2,551.50
	1541	Dividend No. 14	551,175.00
	1542	Coupons due 1st January, 1876, and prior	10,440.00
	1543	Coupons due July, 1876	1,290.00
	1544	Coupons due January, 1877	1,440.00
	1545	Coupons due July, 1877	1,710.00
	1546	Coupons due January, 1878	5,580.00
	1547	Coupons due July, 1878	11,640.00
	1548	Coupons due January, 1879	816,930.00
	1549	Land-grant coupons, No. 21, and prior	1,886.06
	1550	Land-grant coupons, No. 22	560.00
	1551	Land grant coupons, No. 23	3,605.00
	1552	Income coupons outstanding	200.00
	1553	Sinking fund coupons, No. 8, and prior	2,240.00
	1554	Sinking fund coupons, No. 9	800.00
	1555	Sinking fund coupons, No. 10	3,120.09
	1556	Drawn Omaha Bridge bonds outstanding	6,000.00
	1557	Omaha Bridge coupons outstanding	5,400.00
	1558	Henry McFarland	6,000.00
	1559	Fred. L. Ames, executor	20,000.00
	1560	Sales of donated lands	7,188.46
	1561	Sales of company town lots	31,223.92
	1562	Town-lot department	100,049.70
	1563	Land department	6,793,117.28
	1564	Interest on land notes	500,852.34
	1565	Forfeited and canceled contracts	100,852.22
	1566	Gain on land-grant bonds canceled	157,348.33
	1567	Receipts and payments trustees land-grant bonds	19,200.86
	1568	Sales of land-grant town lots	184,099.67
	1569	Sales of land-grant town lots, old account	92,876.68
	1570	Interest on town-lot notes	10,823.74
	1571	Interest on town-lot notes, old account	2,532.56
			147,188,150.13

...ts.

Credit:

Omaha bridge, for transfer of amounts, charged to "losses on securities" for discount on $1,225,000, bridge-construction bonds..... 245,000.00

138,187.65

Debit balance, Dec. 31, 1875 ..... 88,783,408.33

EXHIBIT A 16 (containing details from

Item No.				
	Expenditures during 1876:			
	Loss sustained by the company in effecting the redemption of its income bonds by the issue of sinking-fund bonds in exchange therefor		$1,869,000.00	
	Operating department:			
	Amounts expended on hotels and tenants, during month of July		900.00	
	Car equipment		3,500.00	
	Engine equipment		3,000.00	
	Right of way and land damage		1,275.00	
	Amount expended in October on Omaha general offices		800.00	
	Amount expended in November and December for new shops and machinery		2,787.28	
			1,881,262.28	
	Credit:			
	Operating department:			
	Transfer of balance of car equipment	$650.00		
	Land at Omaha condemned, taken and paid for by the Omaha and South Western Railroad Company	399.00		
			1,049.00	
				$1,880,213.28
	Debit balance, 31st Dec., 1876			90,663,621.61
	Expenditures during 1877 and 1878:			
	Operating department:			
	New shops and machinery		325.84	
	Dale Creek Bridge		23,014.07	
	Right of way and land damages		23,927.43	
	Omaha general office buildings		62,984.69	
	Council Bluff depot		129,634.23	
	Car equipment		157,050.32	
	Engine equipment		46,999.60	
	Depot at Hazard		1,686.10	
	Hotels and tenements		5,685.61	
	Water-works, Council Bluffs		18,545.38	
	Water-works, Omaha		3,421.89	
	Surveys, Black Hill		18,221.19	
	Surveys, Hastings		828.11	
	Round-house, Rawlins		9,393.50	
	Income account		836,148.42	
				1,337,366.38
	Debit balance, 31st Dec., 1878			92,000,987.99
1423.	$1,748,739.94 balance remains unchanged.			
1424.	Debit balance, Dec. 31, 1874			23,330,859.17
	Emott, Hammond & Stickney		4,398.32	
	Various suits for labor, settled by A. J. Poppleton		400.00	
				4,798.32
	Debit balance, Dec. 31, 1875			23,335,657.49
	Received from sale of 27 Union Pacific land-grant bonds, left by the trustees of the Davis contract in Union Pacific R. R. Co.'s custody		27,000.00	
	Transfer from books of operating department of account for ties and lumber formerly belonging to Davis, and associates used by Union Pacific R. R. Co., and transferred to our accounts as authorized by President Dillon		61,502.62	
				88,502.62
	Debit balance, Dec. 31, 1876			23,247,154.87

A 13 to A 15, inclusive)—Continued.

Item No.				
	By 13 first-mortgage Union Pacific R. R. Co. bonds, left by the trustees of the Davis contract in our custody, and this (Feb. 14, 1877) day taken by the company and their value now credited (executive records, Sept. 9, 1876), $13,000 in bonds, at 103½		$13,455.00	
	By one Union Pacific R. R. Co. sinking-fund bond, left by Trustee Davis's contract, and this day (Feb. 14, 1876), taken by the company and its value credited (executive committee records, Sept. 9, 1876)		935.00	
			14,390.00	
	To cash, H. C. Crane	350.00		
	To cash, H. C. Crane, on account services as assistant treasurer	200.00		
	Do	545.33		
	To cash, H. C. Crane, and interest on same	1,620.46		
	Do	250.00		
			2,965.99	
				$11,424.21
	Debit balance Dec. 31, 1877			23,235,730.66
	By 1,546 shares Union Pacific R. R. Co., now taken possession of by the company and credited to Davis contract, in accordance with resolution of board of directors, Mar. 5, 1878: 1,546 shares, at 70 per cent		108,220.00	
	To cash, H. C. Crane, for services as assistant secretary and treasurer	$500.00		
	Do	1,000.00		
	To cash H. C. Crane, expenses	35.35		
			1,535.35	
				106,684.65
	Debit balance Dec. 31, 1878			23,129,046.01
165.	Debit balance 31st Dec., 1874			992,466.37
	By transfer, Feb. 28, 1878, balance Credit Mobilier of America, special account			5,313.02
	Debit balance 31st Dec., 1878			987,153.35
166.	This account was opened June 30, 1875, by the transfer to its debit of the following accounts, viz:			
	Missouri River Bridge (see item 741)			181,859.45
	Missouri River Bridge subs. and superstructure (item 742)			345,588.89
	L. B. Boomer & Co. (see item 743)			310,637.14
	T. E. Sickles, chief engineer (see item 744)			1,416,173.53
	Transfer from losses on securities for discount on bridge-construction bonds			440,000 00
	Transfer to income account, for interest on bonds paid or accrued before the bridge was opened to travel, say Apr. 1, 1872			172,204.71
	Judgment and costs in suit for personal injury received by a man while at work on a column of the bridge during its construction, per operating department			830.29
	Debit balance 31st Dec., 1876			2,867,294.01
	To transfer from income account, for tax upon Omaha Bridge coupons			2,603.50
	Debit balance 31st Dec., 1877–1878			2,869,897.51

EXHIBIT A 16 (containing details from

Item No.			
1427.	Debit balance Dec. 31, 1884		$3,430,705.01
	To dividend No. 1, payable on and after July 1, 1875, say 367,450 shares, at $1.50	$551,175.00	
	Conducting transportation	875,237.62	
	Motive power	1,721,963.39	
	Maintenance of cars	563,416.09	
	Maintenance of way	1,825,605.86	
	General expenses	447,298.41	
	Expenses operating Omaha Bridge	228,068.64	
	Interest on bonds	4,931,547.62	
	Premium on gold	291,144.86	
	Government directors	3,580.95	
	Government commissioners	722.40	
	Salary account	32,220.82	
	Expense account	22,793.95	
	Legal expense	49,307.93	
	Discount and interest	147,784.21	
	Losses on securities	500,249.25	
	Omaha Bridge transfer income account	562,018.08	
			12,754,135.08
	Credit:		
	By Utah Northern R. R. Co. stock, 378 shares of capital stock, received as a bonus, with bonds, as arranged with President Dillon, at $100 per share, $37,800, at 25 per cent	$9,450.00	
	Commercial passenger earnings	4,149,648.40	
	U. S. passenger earnings	259,317.75	
	U. S. mail earnings	325,114.00	
	Express earnings	433,340.77	
	Commercial freight earnings	5,142,883.94	
	U. S. freight earnings	297,179.20	
	Company freight earnings	624,574.45	
	Car-service earnings	5,988.35	
	Miscellaneous earnings	260,459.67	
	Rent of buildings	23,515.01	
	Surplus in fuel and material account	59,805.50	
	Earnings, Omaha Bridge	427,923.90	
	Gain and loss on investments	307,350.00	
	Interest in Colorado Central R. R. bonds	39,200.00	
	Interest in Utah Southern R. R. Co. bonds	33,547.65	
	Interest in Douglas Co. bonds	10,780.00	
	Interest in Washington Co. bonds	1,200.00	
	Interest in Omaha Bridge bonds, owned by company	450.00	
	Interest in Utah Northern R. R. Co. bonds	9,240.00	
	Interest in St. Louis, Council Bluffs, and Omaha R. R. Co. bonds	2,030.00	
	Dividend on Utah Central R. R. Co. stock	61,800.00	
	Omaha Bridge accounts, loss on securities	195,000.00	
	Omaha Bridge, interest Apr. 1, 1872	172,204.71	
	Utah Southern R. R. Co., special contract, bonds and stocks received by Union Pacific R. R. Co. under the contract between the two companies	217,800.00	
	Income account	688,702.53	
	Do	20,557.50	

A 13 to A 15, inclusive—Continued.

Utah Northern R. R. Co., past-due coupons received in lieu of 12 shares stock due under agreement	$350.00		
		$13,779,473.33	
			$1,025,338.25
Debit balance 31st Dec., 1875			2,405,366.76
Expenditures during 1876:			
Conducting transportation		$864,907.30	
Motive power		1,944,984.60	
Maintenance of cars		444,654.22	
Maintenance of way		1,790,947.79	
General expenses		448,818.18	
Interest on bonds		4,956,135.26	
Premium on gold		168,457.52	
Dividend account		2,939,600.00	
Government directors		3,884.75	
Salary account		26,515.00	
Expense account		20,373.45	
Legal expense		67,117.28	
Discount and interest		15,670.15	
Losses on securities		10,301.72	
Coupons from St. Louis, Council Bluffs and Omaha R. R. bonds		4,060.00	
Coupons from Washington Co. bonds		2,400.00	
Coupons from Utah Northern R. R. Co.		16,625.00	
		13,725,452.22	
Receipts during 1876:			
Utah Southern R. R. Co., division of bonds made under the contracts between companies	$4,104.00		
Commercial passenger earnings	3,998,127.59		
U. S. passenger earnings	203,680.30		
U. S. mail earnings	325,143.00		
Express earnings	463,370.71		
Commercial freight earnings	5,949,686.69		
United States freight earnings	293,054.41		
Company freight earnings	680,873.75		
Car service earnings	15,961.96		
Miscellaneous earnings	161,356.45		
Rent of buildings	22,735.83		
Surplus in fuel and material account	46,492.82		
Gain and loss on investments	39,641.66		
Interest Colorado Central R. R. bonds	63,170.00		
Interest Utah Southern R. R. bonds	29,890.00		
Interest Douglas Co. bonds	9,660.00		
Interest Boulder Co. bonds	15,680.00		
Interest Washington Co. bonds	1,200.00		
Interest Little Rock & Fort Smith R. R. bonds	385.00		
Interest Omaha Bridge bonds (owned by company)	456.00		
Dividend on Utah Central R. R. Co. stock	47,700.00		
Interest on Utah Northern R. R. Co. bonds	6,335.00		
Interest Saint Louis, C. B. & O. R. R. Co. bonds	2,030.00		
Dividend on Union Pacific R. R. Co. stock (owned by company)	5,537.50		
		12,386,272.67	
			1,339,179.55
Debit balance Dec. 31, 1876			3,744,546.31

EXHIBIT A 16 (containing details from

Item No.				
	Expenditures during 1877:			
	Conducting transportation			842,125.56
	Motive power			1,751,312.59
	Maintenance of cars			431,909.58
	Maintenance of way			1,612,935.49
	General expenses			584,764.19
	Interest on bonds			4,917,232.48
	Premium on gold			151,857.42
	Dividend account			2,939,600.00
	Discount and interest			44,479.25
	Gain and loss on investments			20,930.00
	Losses on securities			65.08
	Interest on Boulder Co. bonds			2,880.00
				13,300,091.64
	Receipts during 1877:			
	Commercial passenger earnings.	$3,933,019.59		
	United States passenger earnings	218,272.67		
	United States mail earnings	709,955.00		
	Express earnings	458,878.61		
	Commercial freight earnings	6,563,629.02		
	United States freight earnings.	402,756.42		
	Company freight earnings	676,521.71		
	Miscellaneous earnings	269,848.21		
	Rent of buildings	25,406.31		
		13,258,287.54		
	Less car service earnings	24,952.16		
		13,233,335.38		
	Surplus in fuel and material accounts	47,370.78		
	Dividend on Utah Central R. R. Co. stock	58,300.00		
	Dividend Union Pacific R. R. Co. stock	9,640.00		
	Interest on Utah Southern R. R. Co. bonds	14,735.00		
	Interest on Little Rock and Fort Smith Ry. bonds	192.50		
	Interest on sinking-fund bonds.	240.00		
	Interest on first-mortgage bonds	440.48		
	Interest on Omaha bridge bonds	434.50		
	Interest on Douglas Co. bonds.	7,665.97		
	Interest on Gilpin Co. bonds	5,520.00		
	Interest on Washington Co. bonds	2,200.00		
	Omaha bridge tax, 1876 and 1877	2,603.50		
	Income coupons detached by the company from income bonds, belonging to the trustees, under the Ames & Davis contracts, and canceled, now charged off; income coupons No. 4 to No. 10, due Sept. 1, 1871, and up to Sept. 1, 1874	82,858.14		
			13,465,506.25	
				165,414.61
	Debit balance 31st Dec., 1877			3,579,131.70
	Expenditures during 1878:			
	Conducting transportation		898,007.15	
	Motive power		1,661,840.70	
	Maintenance of cars		491,670.86	
	Maintenance of way		1,797,036.81	
	General expenses		588,596.38	

A 13 to A 15, inclusive)—Continued.

Interest on bonds		$4,911,671.72	
Premium on gold		56,486.02	
Dividend account		2,204,700.00	
Discount and interest		68,924.56	
Gain and loss on investments		10,966.26	
Interest on Gilpin Co. bonds		924.80	
Interest on Colorado Central R. R. Co. bonds		1,330.00	
Omaha Bridge transfer income account		130,750.97	
		12,822,906.23	
Receipts during 1878:			
Dividends due on stock standing in the name of B. E. Bates, treasurer of trustees, and which have been retained by the Company, now charged off in accordance with resolution of the board of directors of March 5, 1878	$33,239.00		
Construction account	836,148.42		
Commercial passenger earnings	2,965,774.24		
United States passenger earnings	293,449.18		
United States mail earnings	596,775.00		
Express earnings	474,707.08		
Commercial freight earnings	6,386,653.56		
United States freight earnings	341,909.68		
Company earnings	819,755.32		
Miscellaneous earnings	334,917.49		
Rent of buildings	23,186.46		
	13,106,515.43		
Less car-service earnings	6,484.21		
	13,100,031.22		
Dividend on Utah Central R. R. Co. stock	63,600.00		
Dividend on Union Pacific R. R. Co. stock	12,732.00		
Interest on Utah Southern R. R. Co. bonds	29,670.00		
Interest on Douglas Co. bonds	334.42		
Interest on Boulder Co. bonds	8,307.03		
Interest on Omaha Bridge bonds	407.75		
Interest on Wasatch and Jordan Valley R. R. Co. bonds	451.69		
Interest on Washington Co. bonds	600.00		
Losses on securities	1,707.12		
Utah Western Rwy. Co. special contract account	150.00		
		13,217,791.23	394,885.00
Debit balance, Dec. 31, 1878			3,184,246.70
Debit balance, Dec. 31, 1874			93,601.14
Charges during the year 1875			264,224.33
			357,825.47
Credits during same period		4,039.88	
Transfer to income account		291,144.86	
			295,184.74
Debit balance, Dec. 31, 1875			62,640.73
Charges during the year 1876			225,450.66
			288,091.39

EXHIBIT A 16 (containing details fo

Item No.			
	Credits during same period	$1,336.91	
	Transfer to income account	168,457.52	
			$169,79
	Debit balance, Dec. 31, 1876		118,29
	Charges during the year 1877		70,69
			189,19
	Credits during same period	.63	
	Transfer to income account	151,857.42	
			151,85
	Debit balance, Dec. 31, 1877		37,33
	Charges during the year 1878		22,91
			60,25
	Credits during same period	13.95	
	Transfer to income account	56,486.02	
			56,49
	Debit balance, Dec. 31, 1878		3,76
	1875.		
1436.	Sept. 30. To dividend No. 2		734,90
	Dec. 31. To dividend No. 3		734,90
	Debit balance, Dec. 31, 1875		1,469,80
	1876.		
	Mar. 31. To dividend No. 4	734,900.00	
	June 30. To dividend No. 5	734,900.00	
	Sept. 30. To dividend No. 6	734,900.00	
	Dec. 30. To dividend No. 7	734,900.00	
			2,939,60
	Total		4,409,40
	June 30. By income account		2,939,60
	Debit balance, Dec. 31, 1876		1,469,80
	1877.		
	Mar. 31. To dividend No. 8	734,900.00	
	June 30. To dividend No. 9	734,900.00	
	Sept. 29. To dividend No. 10	734,900.00	
	Dec. 31. To dividend No. 11	734,900.00	
			2,939,60
	Total		4,409,40
	June 30. By income account		2,939,60
	Debit balance, Dec. 31, 1877		1,469,80
	1878.		
	Mar. 30. To dividend No. 12	734,900.00	
	Sept. 30. To dividend No. 13	551,175.00	
	Dec. 31. To dividend No. 14	551,175.00	
			1,837,25
			3,307,05
	June 29. By income account		2,204,70
	Debit balance, Dec. 31, 1878		1,102,35
	MEMO.—Dividend No. 1, $551,175, was charged direct to income account. (See item 1427.)		
1437.	Debit balance, Dec. 31, 1874		110,00
	Charges during the year 1875		76,29
			186,29

A 13 to A 15, inclusive)—Continued.

Credits during same period	$35,214.34	
Transfer to income account	147,784.21	
		$182,998.55
Debit balance, Dec. 31, 1875		5,291.82
Charges during the year 1876		40,713.66
		46,005.48
Credits during same period	13,142.67	
Transfer to income account	15,670.15	
		28,812.82
Debit balance, Dec. 31, 1876		17,192.66
Charges during the year 1877		52,492.03
		69,684.69
Credits during same period	2,536.02	
Transfer to income account	44,479.25	
		47,015.27
Debit balance, Dec. 31, 1877		22,669.42
Charges during the year 1878		97,564.33
		120,233.75
Credits during same period	5,880.33	
Credits Colorado Central R. R. Co. for interest in land equipments, compromised to June 1, 1878	23,247.68	
Transfer to income account	68,924.56	
		98,052.57
Debit balance, Dec. 31, 1878		22,181.18

144. Debit balance, 31st Dec., 1874 30,163.00
Gold purchased in 1875 262,104.00
Total 292,327.00
Coupons, etc., paid 1875 266,322.00
Debit balance, 31st Dec., 1875 26,005.00
Gold purchased in 1876 304,100.63
Total 330,105.63
Coupons, etc., paid in 1876 279,145.63
Debit balance, 31st Dec., 1876 50,960.00
Gold purchased in 1877 326,253.35
Total 377,213.35
Coupons, etc., paid in 1877 309,157.22
Credit balance, 31st Dec., 1877 68,056.13
Gold purchased in 1878 293,671.87
Total 361,728.00
Coupons, etc., paid in 1878 311,418.00
Debit balance on gold on hand, 31st Dec., 1878 50,310.00

145. This account was opened Apr. 30, 1875, by the transfer of $10,000 from Morton, Bliss & Co., to their debit, and on the 8th of May another transfer was made of $4,537.37, to close Morton, Bliss & Co.'s account.

From Apr. 30 to Dec. 31 there was paid to the Union Trust Company, including above transfers		$2,071,599.87
With which they paid dividends, land-grant coupons, etc., and transfers in gold account.	$1,766,454.72	
Salary as transfer agents, May and June, at $4,000 per annum	666.67	
		1,767,121.39
Debit balance, Dec. 31, 1875		304,478.48

EXHIBIT A 16 (containing details from

Item No.

To cash paid during 1876	$3,912,972.57		
To notes given	400,000.00		
		$4,312,972.57	
By dividends, land-grant coupons paid, and transfers to gold account	4,343,483.47		
By salary, July 1 to Dec. 31	2,000.00		
		4 345,483.47	
			$32,510.9
Debit balance, Dec. 31, 1876			271,967.5
To cash during 1877		4,371,500.00	
By dividends, land-grant coupons, etc., paid, and transfers to gold account	$4,337,370.76		
By salary, Jan. 1 to Dec. 31	4,000.00		
		4,341,370.76	
			30,129.2
Debit balance, Dec. 31, 1877			302,096.7
To cash during 1878		3,341,574.75	
By dividends, land-grant bonds, salary, etc., and transfers to gold account		2,987,160.40	
			354,414.3
Debit balance, Dec. 31, 1878			656,511.1

1446. This account was opened May 20, 1875, and was charged between that date and the 31st Dec., 1870, as follows:

Transfer from Union Trust Company	$669,928.6
Transfer from S. M. Mills & Co	300,000.0
Total	969,928.6
Coupons paid in 1875	644,859.5
Debit balance, 31st Dec., 1875	325,069.1

Transfer from Union Trust Company, etc.	$1,137,817.13		
Loan per Sidney Dillon, agent	250,000.00		
		1,387,817.13	
Coupons paid in 1876		1,361,760.00	
			26,057.1
Debit balance, 31st Dec., 1876			351,125.6
Transfers from Union Trust Company, gold account, etc.		1,301,937.22	
Coupons paid in 1877		1,352,085.75	
			50,148.5
Debit balance, 31st Dec., 1877			300,977.1
Transferred from Union Trust Company, gold account, etc		1,023,388.00	
Coupons paid in 1878		1,323,480.00	
			300,092.0
Debit balance, gold on hand, 31st Dec., 1878			885.1

1447. As trustee for the redemption of sinking fund mortgage bonds, in accordance with the terms of the indenture securing the bonds, they redeemed the following bonds, viz:

Nov. 28, 1877, 142 bonds	$140,347.8
Dec. 26, 1877, 1 bond	965.0
Sept. 14, 1878, 140 bonds	139,950.0
	181,262.8

A 13 to A 15, inclusive)—Continued.

Item No.			
	The U. P. R. R. Co. paying the Trust Co. as under:		
	Aug. 25, 1877, to cash	$42,000.00	
	Aug. 30, 1877, to cash	100,000.00	
	Aug. 30, 1878, to cash	140,000.00	
			$282,000.00
	Debit balance, 31st Dec., 1878		757.12
151.	Debit balance, 31st Dec., 1874		710,274.56
	Charges to this account have been made in 1875 as under:		
	Drafts of E. W. Rollins, cashier, on Union Pacific R. R. Co.		99,660.89
	T. J. Carter on account notes		16,172.19
	T. E. Sickles, in settlement of his account		763.69
	Gold to pay coupons to pay first-mortgage bonds		5,627.25
	Paid gold coupons Colorado Central R. R. Co		5,669.25
	Transfer from Colorado Improvement Co. (error)		7,228.24
	Ponder, Bell & Co., for two narrow-gauge locomotives		14,500.00
	Material, etc		22,596.05
	Salary account:		
	H. M. Teller, president, and interest	$5,031.67	
	E. H. Rollins, treasurer, on account	863.72	
	Alex. Millar, clerk	999.98	
			6,895.37
	Paid notes of Colorado Central R. R. Co		29,325.00
	Paid interest $612.50, and expenses $146.35		758.85
	Total		209,196.78
	The credits are as under:		
	Drafts First National Bank of Golden on Kountze Bros., New York	$27,750.00	
	Drafts on assistant United States treasurer, Boston	1,749.26	
	Ties delivered by Colorado Central R. R. Co., to Union Pacific R. R. Co	1,387.96	
			30,887.22
			178,309.56
			710,274.56
	Debit balance, 31st Dec., 1875		888,584.12
	Credits during 1876 are as follows:		
	Drafts on New York remitted to Union Pacific R. R. Co	$21,000.00	
	84 Gilpin Co. Colorado bonds, at $1,000 each, received from Colorado Central R. R. Co. on account, at 80 per cent.; bonds dated Jan. 1, 1873, 20 years to run, interest 7 per cent	67,200.00	
	Part of note of E. W. Rollins ($12,320), at 6 months, to Union Pacific R. R. Co. for past due coupons from Gilpin and Boulder Co. bonds, sold to him at 70 per cent	5,208.00	
	Post-Office Department	1,369.87	
	16 first-mortgage convertible bonds of Colorado Central R. R. Co. of $1,000 each, at 80 per cent.	12,800.00	
	Total	107,577.87	
	Less salary	$166.66	
	Expense advertising, etc	20.40	
		187.06	
			107,390.81
	Debit balance, 31st Dec., 1876		781,193.31

EXHIBIT A 16 (containing details from

Item No.				
	Charges during the year 1877 were as follows:			
	35 Boulder County bonds sent to Colorado Central R. R. Co. for the purposes of that Company in effecting a settlement of the claim of Messrs. Welch & Turck against it		$28,000.00	
	Proceeds of 81 Boulder County bonds		54,480.00	
	Proceeds of 10 Gilpin County bonds		7,500.00	
	Jay Gould, for draft paid by him to Colorado Central R. R. Co		5,000.00	
	Transfer from Colorado Central R. R. Co. coupons		11,000.00	
	$1,120 gold, to pay Colorado Central R. R. Co. coupons		1,152.20	
	Notes and drafts of Colorado Central R. R. Co. paid by Union Pacific R. R. Co		52,959.71	
	Notes Tuder Iron Works, paid by Union Pacific R. R. Co		529.89	
	Advances made by operating department in the way of freight charges, ties, and other material for account of the Longmont extension		399,284.41	
	Notes receivable, paid by E. W. Rollins, account his note		520.00	
	E. W. Rollins, proceeds of 18 Gilpin County coupons		1,440.00	
	Counsel fees paid in Colorado by President Dillon		5,548.35	
	Drafts, account sale of county bonds		15,000.00	
	Drafts, account Georgetown extension		20,000.00	
	Drafts, account Longmont extension		180,000.00	
	Drafts, account Central City extension		11,000.00	
	Printing bonds	$275.00		
	Advertising	3.75		
			278.75	
			793,693.31	
	Contra:			
	Drafts on New York remitted to Union Pacific R. R. Co	11,000.00		
	Proportion of amount paid by E. W. Rollins, as a bonus upon the privilege granted to him under his note Oct. 26, 1876	422.73		
	Correction entry	1,152.20		
			12,574.93	
				$781,118.38
	Debit balance, 31st Dec., 1877			1,562,311.69
	Charges to the account during 1878 have been as under—			
	Drafts, account Longmont and Cheyenne Extension		$54,000.00	
	Drafts, account Central City Extension		30,000.00	
	E. W. Rollins, for proceeds company coupons		4,426.32	
	Boulder County warrants, used by Colorado Central R. R. Co		5,402.04	
	Notes paid, account Colorado Central R. R. Co.		26,570.54	
	Advances by operating department		37,357.94	
	Two locomotives, per operating department		18,916.66	
	Certified copy charter	$8.50		
	Advertising	42.00		
			50.50	
	C. Nettleton, for certifying to acknowledgments of F. L. Ames and Jay Gould in Colorado Central R. R. indentures		11.00	
	Printing fifty copies of deed of trust		20.00	

A 13 to A 15, inclusive)—Continued.

Transfer from lease account, as arranged by Dillon & Gould on the part of the Union Pacific R. R. Co., and Mr. Loveland on the part of the Colorado Central R. R. Co..... $58,635.22

Total 237,390.22

Contra:
By 337 first-mortgage bonds, received from F. L. Ames and Jay Gould, trustees, $337,000 at 80 per cent $269,600.00
By 961 first-mortgage bonds at 80 per cent..... 864,900.00
1,134,500.00 $897,109.78

Debit balance, 31st Dec., 1878 ..... 665,201.91

152. Debit balance, Dec. 31, 1874..... 397,500.00
Charges during 1876 were as under:
600 first-mortgage bonds, received on account of advances to Colorado Improvement Company, at 80 per cent $480,000.00
16 first-mortgage convertible bonds, received on account of the indebtedness of the Colorado Central R. R. Co., to this account, at 80 per cent 12,800.00

Total 492,800.00

Contra:
By 50 first-mortgage bonds sold to Oliver Ames, in accordance with vote of executive committee, at 70 per cent..... $35,000.00
Gain and loss on investments for loss on the above 50 Colorado Central R. R. Co.'s bonds..... 7,500.00
42,500.00 450,300.00

Debit balance, Dec. 31, 1876..... 847,800.00

The account was charged as follows in 1877:
To 50 first-mortgage bonds received from the estate of the late Oliver Ames, in exchange for a note of Oliver Ames, dated May 22, 1876, on demand for $36,330 and interest, which note we surrender to said estate, per resolution of executive committee, Dec. 1, 1877, $50,000 in bonds, at 70 per cent $35,000.00
Gain and loss on investments charged when these 50 bonds were sold, now credited..... 7,500.00
42,500.00

Debit balance, Dec. 31, 1877..... 890,300.00

337 first-mortgage bonds received from F. L. Ames and Jay Gould, trustees, for account of Colorado Central R. R. Co., at 80 per cent..... $269,600.00
961 first-mortgage bonds of the Colorado Central R. R. Co., of $1,000 U. S. gold coin, cash series B, Nos. 1 to 961; bonds bear 8 per cent. gold interest; coupons payable 1st of June and Dec.; principal due Dec. 1, 1897; may be converted into capital stock on the 1st day of June and Dec. each year; 10 shares of stock to a bond; coupon No. —, due Dec. 1, 1878, attached, $961,000, in bonds at 90 per cent., flat..... 864,900.00

EXHIBIT A 16 (containing details from

Item No.				
	1,000 Colorado Central R. R. Co. bonds received by the company in exchange for bonds now credited:			
	Nos. 102 to 210, 109 at 85 per cent..	$92,650.00		
	Nos. 211 to 600; Nos. 623 to 1123, 891 at 80 per cent	712,800.00	$805,450.00	
	Total		1,939,950.00	
	1,000 bonds, Nos. 1528 to 1566 B, 1 to 961 surrendered by the company in exchange with Jay Gould for—			
	1528 to 1566, 39 at 80 per cent	31,200.00		
	1 to 961, at 85 per cent	864,900.00		
	1 bond, No. 101, sold to Jay Gould at 90 per cent., but credited at 85	50.00		
			1,702,400.00	
				$237,550.00
	Debit balance, 31st Dec., 1878			1,127,850.00
1453.	Debit balance, Dec. 31, 1874			52,500.00
	7,200 shares received June 16, 1875, from the Colorado Improvement Company against advances, $100 each, $720,000, at 25 per cent			180,000.00
	Debit balance, Dec. 31, 1875, Debit balance, Dec. 31, 1876, Debit balance, Dec. 31, 1877, Debit balance, Dec. 31, 1878,			232,500
1454.	Coupons from Colorado Central R. R. Co., first-mortgage bonds, owned by the company:			
	Nos. 3 to 8, and running from Dec., 1871, to June, 1876			$234,440.00
	68 coupons, at $40, gold, paid F. L. Ames, per vote of executive committee of June 11, 1877		$2,720.00	
	300 coupons received from estate of Oliver Ames in exchange for the note of Mr. O. Ames, dated July 27, 1876, in demand for $8,400, with interest from May 22, 1876, which notes we surrendered to said estate in accordance with resolution of executive committee of Dec. 1, $12,000 in coupons, at 70	$8,400.00		
	Gain and loss on investments	3,600.00		
			12,000.00	
	28 coupons due Dec. 1, 1877		1,120.00	
	Total		15,840.00	
	Credit:			
	Drafts on New York, per T. C. Hammond, treasurer Colorado Central R. R. Co	$138,000.00		
	Transfer from Colorado Central R. R. Co	11,000.00		
			149,500.00	
				133,660.00
	Debit balance, Dec. 31, 1877			100,780.00
	Receipts during 1878 were as follows:			
	Drafts, per T. C. Hammond, treasurer Colorado Central R. R. Co		$65,000.00	
	Cash collected at Omaha office		3,850.20	
			68,550.20	
	Less premium on gold at Omaha		10.20	
				68,840.00
	Debit balance, Dec. 31, 1878			31,940.00

A13 to A 15, inclusive)—Continued.

Item No.

165. The first charge to this account is dated Jan. 1, 1875, and the title of the account was then "Colorado Improvement Company," and in 1876 was changed to "Investment in Colorado Improvement Company." The charges to this account in 1875 were as under:

Drafts of E. W. Rollins, treasurer Colorado Improvement Company		$7,228.24
Paid note of Colorado Improvement Company, signed by F. G. Dexter and F. L. Ames, trustees		25,000.00
Paid Oliver Ames amount due him on notes in sinking-fund bonds		672.58
509 sinking-fund bonds delivered Oliver Ames in payment for notes of the Colorado Improvement Company held by him, per resolution of executive committee, Jan. 18, 1875, indorsed payable to Union Pacific R. R. Co. on demand, with interest at 12 per cent., interest to Dec. 10, 1874:		
Principal	$342,655.82	
Interest	53,764.26	
Total	396,420.08	
(Charged to losses on securities, $113,252.50)		395,747.50
Paid S. Hooper & Co., balance of loan and interest		2,964.65
Paid note of Colorado Improvement Company and interest		5,091.67
Paid J. W. Gannett, services and expenses as auditor of Colorado Improvement Company, 2¼ years to Dec. 19, 1874, at $300 per year		750.00
Paid note of T. E. Sickels, general agent		18,544.42
Paid material, etc., per operating department		536.59
Total		456,535.65
Credits during same period were:		
Colorado Central R. R. Co	$7,228.24	
7,200 shares Colorado Central R. R. Co. received from Colorado Improvement Company against against advances 7,200 shares at $100: $720,000 at 25 per cent	180,000.00	
		187,228.24
Debit balance 31st Dec., 1875		269,307.41

The charges during 1876 were as follows:

For cost of 450 shares of the capital stock of the Colorado Improvement Company, of $1,000 each, bought and owned by this company, as per "Colorado Improvement Company Stock" account, now transferred:		
450 shares, at $1,000 each, cost	567,064.55	
Coupons from Boulder Company bonds, collected by E. W. Rollins, Denver	5,120.00	
Paid draft for amount due on land contract with Denver Pacific Railway and Telegraph Company	329.83	
Total	572,514.38	

Contra:

196 Boulder Company, Colorado, bonds, of $1,000 each, received on account of advances, etc., $196,000, at 80 per cent	$156,800.00	
600 first-mortgage bonds Colorado Central R. R. Co., $600,000 in bonds, at 80 per cent	480,000.00	
Coupons on above bonds, Colorado Central R. R. Co., received on account of interest on our advances.	72,000.00	
Draft per E. W. Rollins, treasurer.	8,420.00	

EXHIBIT A 16 (containing details from

Item No.				
	Coupons from Boulder Company bonds due May 1, 1875, $560: at 70 per cent	$392.00		
			$717,612.00	
				$145,097.02
	Debit balance 31st Dec., 1876			124,209.79
	Sept. 11, 1877. By proportion of amount paid by E. W. Rollins as a bonus upon the privilege granted to him under his note of Oct. 26, 1876 (see item 1451)			31.78
	Debit balance 31st Dec., 1877			124,177.97
	Feb. 23, 1878. Remittances to E. W. Rollins to re-imburse him for sums paid by him for Boulder and Weld Counties, taxes, recording deed, advertising annual statement Denver Pacific Railway land department, etc			105.71
	Debit balance 31st Dec., 1878			124,283.68
	Colorado Improvement Company stock:			
	Debit balance Dec. 31, 1874			385,388.89
	Charges during 1875 were as follows, viz:			
	Purchase from L. S. Bullard (under authority of executive committee, Oct. 24, 1874), 6 shares Colorado Improvement Company stock, at $1,000		$6,000.00	
	Interest		1,083.33	
			7,083.33	
	Difference in Utah Southern R. R. Co. bonds exchanged for above, say, $9,000 at 80 and 75 as now sold to show actual cost of stock		450.00	
	Purchase through J. W. Gannett, Omaha, of the following certificates of stock in the Colorado Improvement Company, under authority of executive committee Oct. 24, 1874:			
	10 shares, in name of J. W. Gannett	$10,000.00		
	10 shares, name of T. L. Kimball	10,000.00		
	15 shares, A. J. Poppleton	15,000.00		
	5 shares, O. F. Davis	5,000.00		
	40 shares	40,000.00		
	Interest 1 year, 9 months, and 20 days, at 10 per cent	7,250.00		
			47,250.00	
	Difference between cost of the 63 Utah Southern R. R. Co. bonds, given in payment for above 40 shares Colorado Improvement Company stock of $63,000 bonds, at 80 and at 75		3,150.00	
			57,933.33	
	Exchange with John C. Sharp, 16 Utah Southern R. R. bonds, at 75		12,000.00	
	For 10 shares Colorado Improvement Co. stock, at $1,000	$10,000.00		
	Interest	1,805.00		
			11,805.56	11,805.56
	To John C. Sharp's debit		194.44	
	Difference between cost of above, 16 Southern R. R. Co. bonds as originally charged at 80 and as now charged at 75			800.00
	Exchange of Utah Southern R. R. Co. bonds, Cyrus Lothrup, 16 bonds; G. M. Dodge, 24 bonds; 40 bonds, at 75		$30,000.00	

A 13 to A 15, inclusive)—Continued.

For Colorado Improvement Company stock:			
Cyrus Lothrup, 10 shares	$10,000.00		
Interest	1,805.56		
G. M. Dodge, 15 shares	15,000.00		
Interest	2,708.34		
		$29,513.90	$29,513.90
Debit of Cyrus Lothrop	194.44	486.10	
Debit of Morton, Bliss & Co. for amount paid them by G. M. Dodge to adjust overpayment in bonds	291.66		
		486.10	
Difference between cost of above 40 bonds at 80 and at 75			2,000.00
Exchange with Edward R. Eager, 16 Utah Southern R. R. Co. bonds, $16,000, at 75		$12,000.00	
For 10 shares Colorado Improvement Co. stock:			
Ten shares, at $1,000	$10,000.00		
Interest	1,805.56		
		11,805.56	11,805.56
Debit of E. R. Eager		194.44	
Difference $16,000, at 80 and at 75			800.00
Exchange with L. S. Bullard for 1 share of Colorado Improvent Co. stock		1,000.00	
Interest		102.31	
		1,102.31	1,102.31
One Utah Southern R. R. Co. bond	$750.00		
Cash to balance	352.31		
		1,102.31	
Difference $1,000, at 80 and at 75			50.00
Exchange with F. L. Ames 33 Utah Southern R. R. Co. bonds, $33,000, at 75		24,750.00	
And with S. Hooper & Co., 33 Utah Southern R. R. bonds, $33,000, at 75		24,750.00	
		49,500.00	
For Colorado Improvement Co. stock:			
F. L. Ames, 20 shares	$20,000.00		
Interest	3,611.11		
32 Utah bond coupons	1,120.00		
	24,731.11		
S. Hooper & Co., 20 shares	$20,000.00		
Interest	3,611.11		
33 United States bonds, coupons	1,120.00		
	24,731.11	49,462.22	49,462.22
Balance		37.78	
To debit of F. L. Ames	$18.89		
To debit S. Hooper & Co	18.89		
		37.78	
Difference $66,000, at 80 and at 75			3,300.00
Exchange with J. J. Dixwell for ten shares, at 1,000	10,000.00		
Interest	2,302.78		
	12,302.78	12,302.78	

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Item No.

Sixteen Utah Southern R. R. Co. bonds, at 75	$12,000.00		
Paid cash to balance	302.78		
	12,302.78		
Difference $16,000, at 80 and at 75		$800.00	191,675.0
Total			567,004.3
By transfer to "Investment in Colorado Improvement Company," being cost of 405 shares of the capital stock of the Colorado Improvement Company, of $1,000 each, bought and owned by this company, as per "Colorado Improvement Company stock" account			567,004.3

1456. $8,915.82 represents 20 first-mortgage bonds of the Wasatch and Jordan Valley R. R. certificates, of $500 each, United States gold coin, say $10,000 in all, received from C. W. Schofield in settlement of accounts against him for the Wasatch and Jordan Valley R. R. Co., and the Bingham Canyon R. R. Co.; bonds dated Apr. 10, 1873, twenty years to run; interest 9 per cent. gold coin; coupons May 1 and Nov. 1, $22.50 gold each; amount of account as settled, receipted by S. Dillon, and letter of C. W. Schofield, president, Apr. 9, 1878, $8,915.82 for which we receive the $10,000 in bonds as above.

1457. Debit balance Dec. 31, 1874 ..... 176,000.0

Charges during 1875 were as under:

34 Utah Southern R. R. Co. first mortgage bonds, received on account of advances to the Utah Southern R. R. Co., as per resolution of executive committee, Oct. 24, 1874, $34,000, at 80 per cent		$27,200.00
661 first-mortgage bonds, received for advances made and to be made, as per arrangement between the Utah Southern R. R. Co. and this company, $261,000, at 80 per cent		208,800.00
9 first-mortgage bonds, $9,000, at 80 per cent		7,200.00
116 first-mortgage bonds, received from Utah Southern R. R. Co., special "contract" account, the same being our proportion of the surplus bonds, divided by the Utah Southern R. R. Co. pro rata to subscribers to its capital stock, and as per agreement of Oct. 30, 1874. (See foregoing entries and references.)		
Whole issue of bonds	$1,500,000.00	
Expended in constructing road	1,036,000.00	
Surplus of bonds	464,000.00	
Capital stock, $1,500,000, issued for U. S. R. R. Co., free from assessment, $500,000; open to subscribers, $1,000,000, to which we subscribe $250,000, or one-fourth.		
One-fourth of $464,000 in bonds, entered at 80 per cent		92,800.00
20 Utah Southern R. R. Co. first-mortgage bonds, received from the company against their account, $20,000, at 80 per cent		16,000.00
Total		352,000.00

Credits during 1875 were as follows:

For 9 bonds used in purchasing Colorado Improvement Co. stock, $9,000, at 75	$6,750.00	
Difference in value between 80 and 75 per cent	450.00	

A 13 to A 15, inclusive)—Continued.

In No.			
	For 63 bonds, exchanged for Colorado Improvement Co. stock, $63,000, at 75	$47,250.00	
	Difference between 80 and 75 per cent	3,150.00	
	For 16 bonds exchanged for Colorado Improvement Co. stock, $16,000, at 75 per cent.....	12,000.00	
	Difference between 80 and 75 per cent	800.00	
	For 1 bond used in exchange for 1 share of Colorado Improvement Co. stock	750.00	
	Difference between 80 per cent. and 75 per cent.....	50.00	
	For 66 bonds exchanged for Colorado Improvement Co. stock, $66,000 at 75 per cent.....	49,500.00	
	Difference between 80 per cent. and 75 per cent.....	3,300.00	
	For 16 bonds exchanged for Colorado Improvement Co. stock, $16,000, at 75 per cent.....	12,000.00	
	Difference between 80 per cent. and 75 per cent.....	800.00	
	For 40 bonds exchanged for Colorado Improvement Co. stock, $40,000, at 75 per cent.....	30,000.00	
	Difference between 80 per cent. and 75 per cent....	2,000.00	
	For 16 bonds exchanged for Colorado Improvement Co. stock, $16,000, at 75 per cent.....	12,000.00	
	Difference between 80 per cent. and 75 per cent....	800.00	
		$181,600.00	
			$170,400.00
	Debit balance 31st Dec., 1875.....		346,400.00
In 1876 the account was charged as under:			
	For $5,130 in first-mortgage bonds of the Utah Southern Railroad Company, "special contract" account, received by this company in a distribution of bonds remaining on hand upon the completion of their road, per agreement of Oct. 30, 1874:		
	Amount of bonds retained at the time of the first distribution for the purpose of further equipping the road, etc	$40,000.00	
	Amount of bonds used for equipment, $20,000, and for services of their mortgage trustees, $2,000	22,000.00	
	Balance undisposed of.....	18,000.00	
	Of which as owners of 2,850 shares assessable stock, we are indebted to that proportion of 10,000 shares, viz, $\frac{2850}{10000}$ of $18,000 in bonds, say $5,130 in bonds, entered at 80 per cent.....		4,104.00
	Total		350,504.00
Credits during 1876 were as under:			
	For 17 bonds used by operating department in part payment of lots with the buildings on in block F, Omaha, Nebr., $17,000, at 80 per cent.....	13,600.00	

EXHIBIT A 16 (containing details from

Item No.

Received from J. W. Gannett, auditor, proceeds of sale of a fraction for $\frac{139}{1000}$ of a Utah Southern Railroad Company bond, at 65 per cent	$84.50	
Gain and loss on investments for discount of 15 per cent. on above $\frac{139}{1000}$	19.50	
		$13,704.00
Debit balance 31st Jan., 1876		336,800.00
Credits during 1878 as follows:		
For 75 bonds sold to Mr. Dillon, at 80 per cent., and accrued interest	60,000.00	
(Interest charged S. Dillon, 84 days, on $75,000, $1,208.22.)		
For $189,000 bonds sold to Mr. Ames, at 80 per cent.	151,200.00	
(Interest 85 days on $189,000, $3,080.96, charged to interest on Utah Southern Railroad Company bonds.)		
For 37 bonds sold to Mr. Dillon, at 80 per cent., and accrued interest, $37,000	29,600.00	
		240,800.00
(Interest charged S. Dillon, 92 days, at 7 per cent., $652.82.)		
Debit balance 31st Dec., 1878		96,000.00

1458. 5,000 shares of the capital stock of the Utah Southern R. R. Co., received from that company as per terms of contract of May 22, 1871:
5,000 shares at $100 each, $500,000, entered at 25 per cent. 125,000.00

1459. This account was opened Jan. 1, 1875, and during that year there was charged to it as follows:

Amount paid the Utah Southern R. R. Co., on account of assessment No. 12, of Nov. 12, 1874, of 10 per cent. upon 2,500 shares, $100 each, of the capital stock of said company as per terms of contract between that company and the Union Pacific R. R. Co., dated Nov. 12, 1874, and a special agreement dated Oct. 30, 1874.		
The above was paid by an order on Geo. Swan, secretary Utah Central R. R. Co., for dividend payable Jan. 1, 1875, due this company, upon 5,300 shares of Utah Central stock, say, $530,000, at 3 per cent	$15,900.00	
Amount paid on assessment No. 12, as above, and paid by the surrender of note of Jos. A. Young, due Dec. 31, 1873, by us.. $6,745.66		
Interest on same at 12 per cent. Jan. 1, 1875	869.34	
	7,615.00	
Amount paid Apr. 1, for account assessment on stock paid by order for dividend due this company, this date (Apr. 1) on Utah Central stock	15,900.00	
Operating department for amount paid at Ogden, Apr. 14, for balance of assessment No. 12	1,485.00	
Transfer from Utah Southern R. R. Co., June 15, for amounts paid on account of assessment on 2,500 shares:		
For assessments of 34 per cent. on 2,500 shares, say	$85,000.00	
For interest on same, from the date of the several assessments, to Mar. 1, 1875, at 10 per cent	22,599.32	
	107,599.32	
Less amount paid and charged direct to "assessment account" Apr. 1, 1875	15,900.00	
		91,699.32

A 13 to A 15, inclusive)—Continued.

Item No.			
	Cash remitted June 29 to Kountze Brothers, New York, by request John Sharp, vice-president, on account assessment	$25,000.00	
	Debit balance Dec. 31, 1875	157,599.32	
	Amount paid Jan. 31, 1876, through operating department, for 350 shares Utah Southern Railroad Company stock, upon which has been assessed and paid 70 per cent. of its par value, bought at 35	12,250.00	
	Debit balance Dec. 31, 1876	169,849.32	
	Cash remitted Kountze Brothers, New York, being an assessment of 3 per cent. on 2,850 shares	8,550.00	
	Debit balance Dec. 31, 1877 / Debit balance Dec. 31, 1878 \	178,359.32	
	Utah Southern Railroad Company:		
	Debit balance Dec. 31, 1874		$43,482.55
	The charges in 1875 were as follows:		
	Expenditures per operating department	98,513.91	
	Do	45,470.74	
	Do	17,742.84	
	Cash paid bill of Michigan Car Company	12,690.60	
	Expenditures per operating department	28,115.00	
	Do	500.00	
	Do	97,596.26	
	Do	3,300.00	
	Do	3,268.38	
	Do	416.52	
	Interest on this account to July 1, 1875, at 10 per cent	356.03	
			307,970.28
	Contra:		
	By 34 first-mortgage bonds	27,200.00	
	By 261 first-mortgage bonds	208,800.00	
	By 9 first-mortgage bonds	7,200.00	
	By Utah Southern R. R. Co., stock assessment account	91,699.32	
	By 20 first-mortgage bonds	16,000.00	
	By operating department for amount allowed for overcharges on cars, compromised by a settlement of our account to Dec. 16, 1876	553.51	
			351,452.83
	(Settled by S. Dillon, president.)		
1460.	$4,200 represents coupon Utah Southern R. R. Co. bonds due January 1, 1879.		
	120 bonds owned by the company, at $35 each.		
	Utah Southern R. R. Co. "special contract account."		
	This account has been credited as follows:		
	By proportion of surplus bonds (see item 1457)		$92,800.00
	5,000 shares of stock, at 25 per cent. (see item 1458)		125,000.00
	$5,130 in bonds, at 80 per cent. (see item 1457)		4,104.00
	Total		221,904.00
	Contra:		
	To transfer to income account	$217,800.00	
	Do	4,104.00	
			221,904.00
1461.	$277,000, same as in 1874 (see item 789).		
1462.	16 bonds of the above company taken April 30, 1878, in payment for freight charges upon rails, etc., under an agreement between President Dillon and Mr. John W. Young, on the part of the Utah Western R. R. Co. Bonds dated July 1, 1874, $1,000 United States gold coin, each twenty years to run, interest 7 per cent., gold coin; coupons due 1st Jan. and 1st July (each bond is entitled to six shares of stock), $16,000, in bonds at 80 per cent		12,800.00

EXHIBIT A 16 (containing details from

Item No.		
	Contra:	
	To amount included in charge against John W. Young for Utah Western Rwy. Co., made April 30, 1878, in excess of the amount of our regular account, and which charge has been covered by above bonds. The excess charge having been made without consideration, and the value of the bonds being less than the price at which they were received, this entry is made to reduce the cost of the bonds to the extent of the excess charged	$91.75
	Debit balance, 31st Dec., 1878	11,908.24
1463.	6 shares, $100 each, of the capital stock of above company received on account of the amount of stock due to this company under the agreement referred to in item 1462, entered at 25 per cent., $150.	
1464.	4 first-mortgage bonds of the above company received by the company Dec. 31, 1878, in exchange for 4 bonds of the Utah Northern R. R. Co., which were held by the operating department against an account of Utah Northern R. R. Co	$1,000.00
	90 first-mortgage bonds of the Utah Northern R. R. Co., dated July 1, 1878, 30 years to run, interest 7 per cent., received Dec. 31, 1878, in exchange for 93 Utah Northern R. R. Co. bonds, surrendered in consequence of the reorganization of the company, entered at cost of the old bonds, say	74,400.00
	Debit balance 31st December, 1878	76,000.00
1465	For 378 shares of capital stock in above company, received as a bonus with the Utah Northern R. R. Co. bonds Feb. 2, 1875, as arranged with President Dillon, 378 shares, at $100; $37,800, at 25 per cent., $9,450. (The foregoing has been credited to income account.)	
1466.	For the following securities of the Summit County R. R. Co., bought by that company from Brigham Young, as authorized by executive committee March 7, 1877, viz:	
	Two hundred and sixty-nine first-mortgage bonds in above company, of $500 each, being all the bonds issued and outstanding, except one bond of $500; 662 shares unassessable stock of above company, at $100 per share, and 160 acres of coal lands, described in deed of Brigham Young, to Union Pacific R. R. Co., dated October 27, 1876; total amount authorized to be paid for the above securities and land, $60,000.	
1467.	Cash paid for $5,500 first-mortgage bonds of above railway and 1 certificate for $34.29, redeemable in said bonds at 70 per cent., bought at an average of 67.57 per cent	$3,750.00
	For purchase of Oliver Ames of $36,986.50 of the capital stock of above railway at 62.7 per cent	24,443.20
	For amount advanced by Mr. Ames to the Little Rock and Fort Smith R. R. Co., as per receipt of E. Atkins, trustee, to assist in completing the road, in order to protect its land grant, said advance having been made to protect the interests of the Union Pacific R. R. Co., and now assumed by the company, as per arrangement with Mr. Ames, $4,572.08, and interest to March 9, 1875	5,534.75
	Debit balance, December 31, 1875	33,727.95
	Gain and loss on investments for shortage on coupons in 75 land-grant bonds, originally owned by the company and exchanged through Mr Ames	11.16
		33,739.11
	By sale July 13, 1876, of 1 Little Rock and Fort Smith Railway fractional bond certificate for $211.96, to A. E. Hildreth at 65 per cent	137.77
	Debit balance Dec. 31, 1876 Debit balance Dec. 31, 1877 Debit balance Dec. 31, 1878	33,601.34

A 13 to A 15 inclusive)—Continued.

Item No.

1488. Exchanged Nov. 22, 1878, 29 first-mortgage bonds of the Saint Louis, Council Bluffs and Omaha R. R. Co. (see $29,211.31, item No. 791) for $19,500 in first-mortgage bonds of the same company, dated June 20, 1878, due thirty years after July 1, 1878, interest from July 1, 1878, for five years at 4 per cent., and thereafter at 6 per cent. semi-annually. Principal and interest guaranteed by the Saint Louis, Kansas City and Northern R. R. Co., under terms of compromise with holders of the original series of bonds, for which these bonds are issued in exchange:

19 $1,000 bonds	$19,000.00	
500 bonds	500.00	
For fractional part of a bond of above series (for which no certificates are issued)	203.00	
For 157 freight certificates of $20 each, issued by Saint Louis, Kansas City and Northern Co., receivable for 25 per cent. of freight bills for freight coming to or going from the Saint Louis, Council Bluffs and Omaha R. R	3,140.00	
		$22,843.00
Contra:		
For $\frac{1}{100}$ of a first-mortgage bond of the new series sold to Mr. Dillon, $66, at 40 per cent	26.40	
Loss on the above $66 at 60 per cent	39.60	
$\frac{1}{100}$ fractional bond sold E. Atkins, at 40 per cent	26.40	
$\frac{1}{100}$ fractional bond sold through T. E. Tutte at 40 per cent	28.40	
Loss on the above at 60 per cent	82.20	
		203.00
Debit balance, Dec. 31, 1878		22,640.00

1489. $3,000, same as in 1874 (see item 792).

1490. Debit balance, Dec. 31, 1874 242,080.00

By sale 16,000 shares of above stock, sold by Jay Gould for account of the company, and proceeds deposited with S. M. Mills & Co., June 14, 1875; 16,000 shares, at $25 per share	$400,000.00	
By 4,500 shares sold through Oliver Ames, viz: Oliver Ames, 2,000; Elisha Atkins, 1,250; F. G. Dexter, 1,250; 4,500 shares, at $25 per share	112,500.00	
By B. E. Bates, 1,250; E. H. Baker, 1,250; F. L. Ames, 500; O. Ames, second, and E. H. Rollins, 500; 3,500 shares, at $25 per share	87,500.00	
Total	600,000.00	
Contra:		
To gain and loss on investments:		
For profit on 20,500 shares, at $15. $307,500.00		
Profit on 3,500 shares, at $15 52,500.00		
	360,000.00	
		240,00.00
Debit balance, Dec. 31, 1875		
Debit balance, Dec. 31, 1876		
Debit balance, Dec. 31, 1877		2,080.00
Debit balance, Dec. 31, 1878		

1671. Debit balance Dec. 31, 1874 8,244.13

Charles W. Pollard, 50 shares Union Pacific R. R. Co. stock bought to effect settlement of suit *vs.* the company, 50 shares at 80 per cent	4,000.00
One thousand shares received in accordance with vote of executive committee, New York, Nov. 6, 1875, in connection with settlement of C. W. Pollard's suit at 78 per cent. (interest and dividend adjusted)	76,570.05
Credit balance Dec. 31, 1875	
Credit balance Dec. 31, 1876	
Credit balance Dec. 31, 1877	88,814.18
Credit balance	

EXHIBIT A 16 (details from

Item No.		
	Davis contract for 1,546 shares, now, Mar. 11, 1878, taken possession of by the company and credited to the Davis contract (see item 1424), 1,546 shares, at 70 per cent	$108,220.00
	Debit balance Dec. 31, 1878	197,694.18
1472.	$5,161.35. Same as 1874. (See item 795.)	
1473.	This account was opened Feb. 14, 1877, by charging to it 1 Union Pacific R. R. Co. sinking-fund bond left by the trustees of the Davis contract in our custody and this day taken by the company and its value credited to Davis contract (see executive committee records) Sept. 9, 1876, $1,000, at 93¼	935.00
	Profit on sinking-fund bond sold to O. Ames	42.50
		977.50
	By cash, Oliver Ames, for 1 sinking fund bond	977.50
	Charges during 1878 were as follows:	
	Cash for 6 bonds, per Head & Perkins, by approval Vice-President Atkins	6,035.67
	Cash for 4 bonds, per Head & Perkins, by approval Vice-President Atkins	4,040.56
	Cash for 10 bonds, per Head & Perkins, by approval Vice-President Atkins	10,037.50
	Cash for 6 bonds, per Head & Perkins, by approval Vice-President Atkins	6,072.50
	Cash for 11 bonds, per Chase & Atkins, by approval Vice-President Atkins	11,123.75
	Cash for 6 bonds, per Chase & Atkins, by approval Vice-President Atkins	6,067.50
	Cash for 1 bond, per Chase & Atkins, by approval Vice-President Atkins	1,021.25
	Debit balance 31st Dec., 1878	44,396.73
1474.	One hundred thousand dollars gold advanced above company, April 9, May 13 and 16 (see executive committee records 22d June, 1875), in currency	114,778.94
	Paid Ham Bros., New York, for £2,631 10s. sterling, June 22	15,116.40
	Paid by S. Dillon for cost of 100 furnished Captain Bradbury	535.70
	Paid for $37,061.20 gold at 17¾ used to pay balance due on stock assessment accounts of Oliver Ames and others in the Occidental and Oriental Steamship Company, paid by Ham & Monroe, New York	43,378.97
	Debit balance 31st Dec., 1875 Debit balance 31st Dec., 1876 Debit balance 31st Dec., 1877	173,810.01
	June 29, 1878, by gold deposited with the Union Trust Company by S. Dillon, and received by him from Mr. Huntington, of the Central Pacific R. R. Co., for account of the Occidental and Oriental Steamship Co	40,000.00
	Debit balance, 31st Dec., 1878	133,810.01
1475.	Cash paid Oct. 5, 1875, "Frank M. Ames, treasurer, for release from contract for mining coal"	1,000,000.00
	Credit:	
	Cash received Oct. 5, 1875, of "Frank M. Ames, treasurer, dividend belonging to this company of sum received for release from contract for mining coal"	900,000.00
	Debit balance Dec. 31, 1875 Debit balance Dec. 31, 1876 Debit balance Dec. 31, 1877 Debit balance Dec. 31, 1878	100,000.00

A 13 to A 15)—Continued.

Item No.			
167.	605 first-mortgage convertible 7 per cent. bonds of $1,000 each, of above company. Bonds dated Jan. 1, 1877, 20 years to run. Coupons due Jan. 1 and July 1 (bought of Chester W. Collins, May 2, 1878), $605,000 in bonds, at 80 per cent		$484,000.00
168.	3,025 shares of the capital stock of above company, at $100 each, $302,500, at 15 per cent., (bought of Chester W. Collins, May 2, 1878)		45,375.00
169-1482.	Represent amount due on the following coupons for Omaha and Republican Valley R. R. Co. bonds, viz:		
	Coupon No. 1, due 1st July, 1877		6,650.00
	Coupon No. 2, due 1st Jan'y, 1878		17,850.00
	Coupon No. 3, due 1st July, 1878		21,175.00
	Coupon No. 4, due 1st Jan'y, 1879		21,175.00
167.	Charges during 1875 were as under:		
	Cash paid interest on call loan, Dec. 14, 1874, to March 1, 1875		3,696.00
	1,111 sinking-fund bonds sold to Jay Gould, as per executive committee records, April 7, 1875; 1,111 bonds, at 86.8373502 per cent.		964,762.96
	To accrued interest on above bonds from March 9 to April 6, 1,111 bonds, 28 days, at 21.73913 per day per bond		6,762.61
	150 sinking-fund bonds sold to Jay Gould, as per executive committee records, April 7, 1875, at 81 per cent., less March, 1875, coupon, detached, $40		115,500.00
	To accrued interest on above bonds, March 1 to April 8, say 77 per cent., 39 days, at 21.73913 per day per bond		1,271.74
			1,091,993.31
	Contra:		
	By balance, 31st December, 1874	$250,000.00	
	Interest on loan to 1st March	3,696.00	
	Interest 1st March to 6th April, 36 days, at 7 per cent	1,750.00	
	Company's note, paid April 6 by Jay Gould	50,000.00	
	C. J. Osborn & Co., loan and interest, paid by Jay Gould	100,700.00	
	S. M. Mills & Co., loan and interest, paid by Jay Gould	59,359.72	
	Jameson, Smith & Cotting, loan and interest, paid by Jay Gould	50,631.94	
	Cash deposited in Chemical Bank by Jay Gould	470,257.60	
	Do	114,598.05	
			1,091,993.31*
	Mr. Gould's account was credited in 1877 with deposits placed to our credit at the Chemical National Bank, New York, and other payments by him, on account of Kansas Pacific Railway Company's acceptances paid and to be paid for his account by us; and also a portion as a loan from him:		
	By cash, March 19 to December 31		1,380,518.08
	By Kansas Pacific Railway Company's drafts paid by Jay Gould		150,000.00
	By Colorado Central Railroad Company's drafts paid by Jay Gould		5,000.00
	By interest on this account at 5 per cent		1,632.34
			1,537,150.42
	Contra:		
	To cash, February 13 to December 4	$600,472.22	
	To drafts, etc., Kansas Pacific R. R. Co	150,000.00	
	To interest, Kansas Pacific R. R. Co	166.68	
	To Douglas County bonds	67,500.00	
	To interest, county bonds	261.52	
	To Saunders County bonds	118,750.00	
	To Butler County bonds	48,410.03	
			985,560.45
	Credit balance, 31st Dec., 1877		551,589.97

EXHIBIT A 16 (details from

Item No.				
	The charges during 1878 have been:			
	To cash		$522,671.07	
	To 1 first-mortgage bond, Colorado Central R. R. Co		900.00	
	To transfer of Arkansas Valley Railway Co.'s account with the 95 Kansas Pacific Railway Co.'s funding bonds held as collateral therefor		71,049.82	
	1,000 first-mortgage bonds Colorado Central R. R. Co. sold to Mr. Gould at 90 per cent		900,000.00	
	Accrued interest on above $1,000,000 bonds, June 1 to August 14, 2 months 13 days, at 8 per cent		16,222.22	
	Expenditures per operating department on account extension of Utah and Northern Railway		371,602.74	
	Acceptances of the Kansas Pacific Railway Co.		313,461.55	
			2,195,907.40	
	Credit:			
	By cash	$985,000.00		
	By interest to Feb. 5, at 7 per cent	12,671.07		
	By interest to Aug. 13, at 6 per cent	25,008.74		
	By dividend No. 13, due Oct. 1.	254,250.00		
			1,276,929.81	
				$918,977.59
	Debit balance, Dec. 31, 1878			367,387.63
1489.	Debit balance, Dec. 31, 1874			640,936.44
	Charges to the account during 1875 were as follows:			
	Transfer from Prosper P. Shaw		$1,130,000.00	
	Transfer from C. S. Bushnell		69,569.91	
	Transfer from Morton, Bliss & Co		7,198.53	
				206,768.44
	Debit balance, Dec. 31, 1875			847,704.88
	There was credited, in 1876, dividends due to H. S. McComb retained by the company and applied to an account against him			187.50
	Debit balance, Dec. 31, 1876 Debit balance, Dec. 31, 1877			847,517.38
	In August, 1878, the account was credited as follows: By cash "received from Emott, Burnett & Hammond, amount of a 6 per cent. dividend from the assignee of Schepeler & Co., New York, on account of their bills of exchange drawn on Fould & Co., Paris, borrowed May 4, 1869, when 96 Union Pacific first-mortgage bonds were pledged as collatural therefor; Schepler & Co. failed, the exchange was worthless, and the collateral bonds seem to have gone into their general assets"			5,034.81
	Debit balance Dec. 31, 1878			842,482.57
1504.	$36,762,300; remains unchanged.			
1506.	Credit balance, 31st Dec., 1874			27,233,000.00
	1 sinking-fund bond, issued to L. B. Monroe, in exchange for 1 first-mortgage bond, destroyed by fire in Boston, Nov. 9, 1872.			1,000.00
	Credit balance, 31st Dec., 1875 Credit balance, 31st Dec., 1876			27,232,000.00
	One first-mortgage bond, canceled in accordance with executive records, Oct. 1, 1877, the bond being so defaced as to be unsalable			1,000.00
	Credit balance on bonds outstanding 31st Dec., 1878			27,231,000.00

A 13 to A 15)—Continued.

Item No.			
1507.	$477,000; premiums unchanged (see item 300).		
1508.	Credit balance 31st Dec., 1874		$7,916,000.00
	To bonds bought by the trustees in 1875	$247,000.00	
	To bonds received as cash in payment for land	37,000.00	
			284,000.00
	Credit balance, 31st Dec., 1875		7,632,000.00
	To bonds bought by the trustees in 1876	227,000.00	
	To bonds received as cash for land	1,000.00	
			228,000.00
	Credit balance, 31st Dec., 1876		7,404,000.00
	To bonds bought by the trustee, F. L. Ames, in 1877		80,000.00
	Credit balance, 31st Dec., 1877		7,324,000.00
	To bonds bought by F. L. Ames, trustee, in 1878		440,000.00
	Credit balance, 31st Dec., 1878		6,884,000.00
1509.	Credit balance, 31st Dec., 1874		10,497,000.00
	Sinking-fund mortgage bonds issued in 1875 in exchange for income bonds, fractional certificate, etc.	$3,907,000.00	
	Less amount paid by the Union Trust Company trustees, to redeem 144 sinking-fund mortgage bonds, redeemable Sept. 1, 1875, in accordance with the terms of the indenture securing the bonds	144,000.00	
			3,763,000.00
	Credit balance, 31st Dec., 1875		14,260,000.00
	Sinking-fund bonds exchanged in 1876, for income bonds, fractional certificate, etc	66,000.00	
	Sinking-fund bonds owned by the company	5,000.00	
		71,000.00	
	To paid by the Union Trust Company trustees, to redeem 143 sinking-fund mortgage bonds	143,000.00	
			72,000.00
	Credit balance, 31st Dec., 1876		14,188,000.00
	To paid by the Union Trust Company, trustee, to redeem 142 bonds, Sept. 1, 1877	142,000.00	
	To 1 sinking-fund mortgage bond, bought by Union Trust Company	1,000.00	
			143,000.00
	Credit balance, 31st Dec., 1877		14,045,000.00
	During 1878 sinking-fund mortgage coupon bonds were surrendered in exchange for registered sinking-fund mortgage bonds, of $5,000 each, issued in the name of M. H. Simpson, Boston, amounting to.	347,000.00	
	Paid by the Union Trust Company, to redeem 140 sinking-fund mortgage bonds	140,000.00	
			487,000.00
	Credit balance, 31st Dec., 1878		13,558,000.00
1510.	These bonds were issued Mar. 21, 1878, particulars of which are given in item 1509. Between the above date and the 10th Dec., 1878, $347,000 of these registered bonds were exchanged for the ordinary sinking-fund mortgage bonds.		
1511.	Credit balance, 31st Dec., 1874		608,000.00
	To sinking-fund bonds, exchange for income bonds		543,000.00
	Credit balance, 31st Dec., 1875		65,000.00

EXHIBIT A 16 (details from

Item No.			
	To sinking-fund bonds exchanged for income bonds in 1876	$55,000.00	
	To cash, income bonds redeemed	9,000.00	
			$64,000.00
	Credit balance, 31st Dec., 1876 Credit balance, 31st Dec., 1877 Credit balance, 31st Dec., 1878		1,000.00
1512.	Credit balance, 31st Dec., 1874		2,377,000.00
	For "47 bonds drawn in New York, Nov. 2, 1874, for redemption in April, 1875"		47,000.00
	Credit balance, 31st Dec., 1875		2,330,000.00
	To "51 Omaha Bridge bonds, drawn in accordance with the provisions of the mortgage in New York, Nov. 16, 1875, for redemption on Apr. 1, 1876"		51,000.00
	Credit balance, 31st Dec. 1876		2,279,000.00
	For 54 Omaha Bridge bonds drawn in New York, Nov. 4, 1876, for redemption in April, 1877		54,000.00
	Credit balance, 31st Dec. 1877		2,225,000.00
	For 58 Omaha Bridge bonds, drawn in New York, Nov. 1, 1877, for redemption in April, 1878		58,000.00
	Credit balance, 31st Dec., 1878		2,167,000.00
1513.	$27,236,512—remains unchanged—(see item 307).		
1514.	Credit balance, Dec. 31, 1874		7,948,444.59
	By interest on bonds, for year 1875	$1,634,190.72	
	By correction entries	176.18	
	Total	1,634,366.90	
	To operating department	342,240.58	
			1,292,126.32
	Credit balance, Dec. 31, 1875		9,240,570.91
	By interest on bonds for year 1876	1,634,190.72	
	To operating department	369,053.34	
			1,265,137.38
	Credit balance, Dec. 31, 1876		10,505,708.29
	By interest on bonds for year 1877	1,634,190.72	
	By correction entries	181.61	
	Total	1,634,372.33	
	To operating department	607,754.51	
			1,027,617.82
	Credit balance, Dec. 31, 1877		11,533,326.11
	By interest on bonds for 1878	1,634,190.72	
	By correction entries	6,566.93	
	Total	1,640,757.65	
	To operating department	816,526.03	
			824,231.62
	Credit balance, Dec 31, 1878		12,357,557.73
1515.	$263,620.13. Balance same as in 1869.		
1525.	Credit balance, Dec. 31, 1874		30,000.00
	By dividends on 5,300 shares 1875	47,700.00	
	1876	58,300.00	
	1877	63,600.00	
	1878	58,300.00	
			227,900.00
			257,900.00

A 13 to A 15)—Continued.

Item No.

Contra:		
To transfer of income account, 1875	$61,800.00	
1876	47,700.00	
1877	58,300.00	
1878	63,600.00	
		$231,400.00
Credit balance, Dec. 31, 1878		26,500.00

129. $66,850 balance represents amounts due for coupons, viz:

July 1, 1877, from 190 bonds	6,650.00
Jan. 1, 1878, from 415 bonds	14,525.00
Jan. 1, 1878, from 190 bonds	3,325.00
July 1, 1878, from 605 bonds	21,175.00
Jan. 1, 1879, from 605 bonds	21,175.00
Total	66,850.00

131. $16,222.22 represents accrued interest on $1,000,000 Colorado Central R. R. Co. bonds, from June 1 to Aug. 14, 1878, charged to Jay Gould.

134. Credit balance, Dec. 31, 1874		3,538,030.47
Notes issued during 1875		1,985,758.23
Total		5,523,788.70
Notes paid in 1875		3,255,805.49
Credit balance, Dec. 31, 1875		2,267,983.21
Notes issued during 1876		2,153,110.34
Total		4,421,093.55
Notes paid in 1876		1,948,908.78
Credit balance, Dec. 31, 1876		2,472,184.77
Notes issued during 1877		2,467,622.84
Total		4,939,807.61
Notes paid in 1877		2,192,788.09
Credit balance, Dec. 31, 1877		2,747,019.52
Notes issued during 1878		1,637,213.88
Total		4,384,233.40
Notes paid in 1878		2,123,016.73
Credit balance on notes outstanding Dec. 21, 1878		2,261,216.67

135. This account, opened Nov. 18, 1876, was credited with drafts amounting to $150,000 of the Kansas Pacific Rwy. Co., accepted by the Union Pacific R. R. Co., in accordance with vote of executive committee, Nov. 13, 1876, and transferred Mar. 23, 1877, to Jay Gould, "he having, in accordance with his guaranty, placed us in funds to cover our payment of same." (See item 1487.)

The account was credited in 1878 with draft of the Edgar Thomson Steel Company, limited		$60,600.00
And with drafts of the Kansas Pacific Rwy. Co		313,461.55
		374,062.38
Of which there has been paid		160,840.60
Leaving acceptances outstanding, 31st Dec., 1878		213,221.78

138. Credit balance, 31st Dec., 1874	239,721.07

June 30, 1875, this account was credited with "amount reported by O. F. Davis, land agent, May 9, 1874, as the amount outstanding and unpaid of contracts for town lots sold, during the time such sales were superintended by either G. M. Dodge, J. M. Eddy, or Geo. F. Mayer as agents, and prior to Mar. 31, 1873. The amount has not hitherto been credited to the sales account."

	43,926.31
Credit balance, 31st Dec., 1876	283,647.38

EXHIBIT A 16 (details from

Item No.			
	The account was charged in 1877 as follows:		
	To cash to Mr. Harding to reimburse him for lot found to be outside company's limits	$350.00	
	Sales of land-grant lots, old account	43,926.31	
	Paid "balance of consideration money due on certain town-lot deeds, the same being that portion of the consideration money which was paid by purchase to G. M. Dodge, former agent and trustee, and finally accounted for between him and the company April 30, 1875	25,185.69	
	(See records executive committee, Sept. 3, 1877.)		
	Do	23,500.78	
	Do	3.00	
			$92,965.78
	Credit balance, 31st Dec., 1877		190,681.09
	The charges in 1878 were as follows:		
	Paid balance of consideration on certain town lots (for description see above)	$259.90	
	Paid Mrs. M. Cummings, Sidney, Nebr., to reimburse her for payments made for lots afterwards found not to belong to the company	321.00	
	Lot surrendered and another taken	50.00	
			631.90
	Credit balance, 31st Dec., 1878		190,049.79
1500.	To amount reported by O. F. Davis, land agent, as the amount outstanding and unpaid of town lots sold prior to March 31, 1873 (see item 1563), amount hitherto not credited		43,926.31
	From June 30 to Dec. 31, 1875, there was credited on account of the above		4,134.63
	Debit balance, Dec. 31, 1875		39,791.68
	From Jan. to Dec. 31, 1876, received		4,633.35
	Debit balance, Dec. 31, 1876		35,158.33
	In Jan., 1877, received $200, and Dec. $50		250.00
	Debit balance, Dec. 31, 1877 Debit balance, Dec. 31, 1878		34,908.33
1570.	This account was opened Sept. 29, 1877, by the transfer to its credit of the amount reported by O. F. Davis, land agent, as the amount outstanding and unpaid of contracts for town lots sold prior to Mar. 31, 1873 (see item 1563)		43,926.31
	Consideration money paid by purchases to G. M. Dodge, former agent and trustee (see item 1563)		25,185.69
	Do		23,500.78
	Do		3.00
	Do		260.90
	Credit balance, Dec. 31, 1878		92,876.68
1564.	Credit balance, 31st Dec., 1874		4,931,582.02
	By sales of land in 1875	409,936.10	
	Less sales canceled by land notes, land cash, and forfeited and canceled contracts	5,474.10	
			404,462.00
	Credit balance, 31st Dec., 1875		5,336,044.02

A 13 to A 15)—Continued.

Item No.			
	By sales of land in 1876	$389,773.46	
	Less sales canceled	14,232.64	
			$375,540.82
	Credit balance, 31st Dec., 1876		5,711,584.84
	By sales of land in 1877	343,768.02	
	Less sales canceled	338,225.63	
			5,542.39
	Credit balance, 31st Dec., 1877		5,717,127.23
	By sales of land, 1878	1,558,082.32	
	Less sales canceled	482,092.27	
			1,075,990.05
	Credit balance, 31st Dec., 1878		6,793,117.28
135.	Credit balance, Dec. 31, 1874		250,771.00
	By interest on land notes received in 1875		82,687.20
	Credit balance, Dec. 31, 1875		333,458.20
	By interest received in 1876	79,640.78	
	Less interest refunded	68.75	
			79,572.03
	Credit balance, Dec. 31, 1876		413,030.23
	By interest received in 1877	88,904.94	
	Less interest refunded	11.80	
			88,893.14
	Credit balance, Dec. 31, 1877		501,923.37
	By interest received in 1878	91,727.98	
	Less interest refunded	2,999.01	
			88,728.97
	Credit balance, Dec. 31, 1878		590,652.34
	Credit balance, Dec. 31, 1878		590,652.34
137.	This account was opened June 30, 1876, by transferring to its credit the following accounts, viz:		
	Gain on land-grant bonds bought by trustees		183,280.32
	Gain on land-grant bonds bought by trustees, canceled at land department		61.96
	Total		183,342.28
	To premium and commission on bonds canceled		842.65
	Credit balance, Dec. 31, 1876		182,499.63
	To premium and commission on bonds canceled in 1877		2,572.38
	Credit balance, Dec. 31, 1877		179,927.25
	To premium and commission on bonds canceled in 1878		22,678.92
	Credit balance, Dec. 31, 1878		157,248.33

EXHIBIT A 17

DR. *Balance-sheet for the year*

Ledger folio.	Item No.	Title of account.	Amount.
33	.....	The United States, interest repaid	$3,180,366.72
40	.....	Construction	62,210,327.19
42	.....	Ames contract	1,749,730.00
43	.....	Davis contract	23,139,671.00
44	.....	Crédit Mobilier of America	967,132.35
46	.....	The Omaha Bridge	2,809,662.32
48	.....	Income account	900,720.00
64	.....	Car-service earnings	5,267.34
70	.....	Conducting transportation	526,267.59
72	.....	Motive power	1,052,836.01
74	.....	Maintenance of cars	214,173.00
76	.....	Maintenance of way	594,961.05
78	.....	General expenses	261,531.00
84	.....	Interest on bonds	2,500,626.33
90	.....	Dividend account	1,102,250.00
91	.....	Discount and interest	37,073.92
150	.....	Losses on securities	144.00
155	.....	Expense to the company of the land department	835,699.01
158	.....	Taxes on lands	835,022.75
160	.....	Expense to the company of the town-lot department	10,240.25
162	.....	Taxes on town lots	36,435.12
165	.....	Cash	75,444.55
170	.....	Union Trust Company	245,398.54
192	.....	Union Trust Company, trustee	613.72
193	.....	Notes receivable	50,000.00
201	.....	Operating department	1,330,909.91
223	.....	United States Treasury Department	2,806,776.14
237	.....	United States transportation accounts, July to Dec., 1878	461,000.00
240	.....	United States transportation, accounts, 1879	700,000.00
265	.....	Colorado Central R. R. Co	123,704.57
265	.....	Colorado Central R. R. Co., interest account	6,000.00
266	.....	Colorado Central R. R. Co. bonds	2,048,496.25
267	.....	Colorado Central R. R. Co. stocks	2,691,050.00
269	.....	Utah Southern R. R. Co	531,048.72
271	.....	Utah Southern R. R. Co. bonds	96,000.00
272	.....	Utah Southern R. R. Co. stock	125,000.00
273	.....	Utah Southern stock assessment account	215,226.67
274	.....	Utah Central R. R. Co., stock	277,000.00
275	.....	Utah Western Rwy. Co. bonds	11,000.34
275	.....	Utah Western Rwy. Co. stock	150.00
277	.....	Investment in Utah and Northern Rwy. Co	838,000.00
278	.....	Utah Northern R. R. Co. stock	9,450.00
279	.....	Wasatch and Jordan Valley R. R. Co. bonds	4,915.82
280	.....	Investment in Summit County R. R. Co	60,000.00
281	.....	Investment in Saint Louis, Council Bluffs and Omaha R. R. Co	22,640.00
282	.....	Saint Louis, Chillicothe and Omaha R. R. Co. stock	3,000.00
283	.....	Union Pacific R. R. Co. stocks, owned by the company	197,694.15
284	.....	Omaha Bridge bonds, owned by the company	5,162.35
287	.....	Omaha and Republican Valley R. R. Co. bonds	494,000.00
288	.....	Omaha and Republican Valley R. R. Co. stock	45,375.00
289	.....	Hastings and Grand Island R. R. Co	60,207.19
290	.....	Marysville and Blue Valley R. R. Co	198,543.73
295	.....	Occidental and Oriental Steam-ship Company	93,316.67
296	.....	Wyoming Coal and Mining Company	100,000.00
296	.....	Colorado lands	3,745.73
297	.....	Drexel, Morgan & Co., foreign account	6,000.00
300	.....	Colorado Central R. R. Co. coupons due June 1, 1879	101,040.00
300	.....	Colorado Central R. R. Co. coupons due Dec. 1, 1879	100,920.00
302	.....	Utah and Northern Rwy Co. coupon account	55,700.00
303	.....	Utah Southern R. R. Co. coupons No. 17	4,200.00
305	.....	Saint Louis, Council Bluffs and Omaha R. R. coupons, No. 3	300.00
307	.....	Omaha and Republican Valley R. R. coupons, No. 6	21,175.00
310	.....	Collateral trust coupons No. 1, owned by the company	30,000.00
365	.....	Dividend No. 17	682.00
517	.....	Chester W. Collins	316,940.41
518	.....	Contractors for building the Utah and Northern Rwy	893,306.35
520	.....	Sidney Dillon	15,720.00
525	.....	Contractors for building the Omaha, Niobrara and Black Hills R. R.	441,555.46
519	.....	F. Gordon Dexter	15,000.00
527	.....	Elisha Atkins	38,000.00
	.....	E. Atkins & Co	10,000.00
556	.....	Leavitt Burnham, land commissioner	1,062.64
512	.....	Suspense account	725,646.67
561	.....	Expenses, donated lands	227.42
563	.....	Taxes on donated lands	4,057.97
572	.....	Expenses and taxes, company town lots	17,045.29

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d December 31, 1879.

Cr.

Item No.	Title of account.	Amount.
1	Capital stock	$36,762,300.00
2	First-mortgage bonds	27,231,000.00
3	Certificates for first-mortgage bonds	477,000.00
4	Land-grant bonds	6,299,660.00
5	Sinking-fund mortgage bonds	13,343,080.00
22	Registered sinking-fund mortgage bonds	518,000.00
15	Collateral trust bonds	1,000,000.00
16	Omaha Bridge bonds	2,104,000.00
17	The United States	27,236,512.00
18	The United States, interest account	19,238,182.89
45	Hoxie contract	263,620.13
19	Commercial passenger earnings	1,611,649.29
20	United States passenger earnings	108,163.76
21	United States mail earnings	298,387.50
22	Express earnings	181,747.04
23	Commercial freight earnings	4,499,457.66
24	United States freight earnings	254,442.83
25	Company freight earnings	422,924.06
26	Miscellaneous earnings	66,783.71
27	Rent of buildings	22,991.98
28	Colorado division	74,104.15
29	Gain and loss on investments	788.63
30	Dividend on Utah Central R. R. Co. stock	26,500.00
31	Dividend on Union Pacific R. R. Co. stock	8,253.00
32	Interest on Utah Southern R. R. Co. bonds	4,200.00
33	Interest on Omaha and Republican Valley bonds	42,350.00
34	Interest on Union Pacific sinking-fund bonds	1,760.00
35	Interest on Colorado Central R. R. Co. bonds	56,520.00
36	Interest on Wasatch and Jordon Valley bonds	900.00
37	Interest on Utah and Northern Rwy. Co. bonds	111,580.00
38	Interest on Union Pacific Omaha Bridge bonds	200.00
39	Interest on Saint Louis, Council Bluffs and Omaha R. R. bonds	300.00
40	Notes payable	2,705,684.81
41	Omaha drafts	108,579.60
42	Land department, special account	169,433.75
43	Town-lot department, special account	27,964.91
44	Colorado Central R. R. Co., rent account	300,468.99
45	Dividends No. 11 and prior	1,539.50
46	Dividend No. 12	560.00
47	Dividend No. 13	798.00
48	Dividend No. 14	531.00
49	Dividend No. 15	601.50
50	Dividend No. 16	1,227.00
51	Dividend No. 18	551,175.00
52	Coupons due 1st July, 1877, and prior	12,330.00
53	Coupons due 1st Jan., 1878	1,440.00
54	Coupons due 1st July, 1878	2,340.00
55	Coupons due 1st Jan. 1879	3,870.00
56	Coupons due 1st July 1879	9,450.00
57	Coupons due 1st Jan., 1880	816,930.00
58	Land-grant coupons No. 22 and prior	2,061.96
59	Land-grant coupons No. 23	435.00
60	Land-grant coupons No. 24	875.00
61	Land-grant coupons No. 25	3,430.00
62	Sinking-fund coupons No. 10, and prior	2,120.00
63	Sinking-fund coupons No. 11	1,880.00
64	Sinking-fund coupons No. 12	5,680.00
65	Collateral trust coupons No. 1	30,000.00
66	Drawn Omaha Bridge bonds outstanding	1,000.00
67	Omaha Bridge coupons outstanding	5,600.00
68	Henry McFarland	3,000.00
69	Fred L. Ames	11,207.22
70	Samuel Hooper & Co	5,368.00
71	Jay Gould	731,000.00
72	Sales of donated lands	11,608.55
73	Sales of company town lots	43,649.37
74	Town-lot department	190,049.70
75	Land department	6,923,708.09
76	Interest on land notes	726,793.01
77	Forfeited and canceled contracts	199,185.62
78	Gain on land-grant bonds canceled	86,741.20
79	Receipts and payments, trustees land-grant bonds	21,462.62
80	Sales of land-grant town-lots	195,391.17
81	Sales of land-grant town-lots, old account	92,876.68
82	Interest on town-lot notes	11,966.28
83	Interest on town-lot notes, old accounts	2,552.56

DR. EXHIBIT A 17.—*Balance-sheet for the yea*

Ledger folio.	Item No.	Title of account.	Amount.
573	.....	Town-lot account	$115,0[illegible]
585	.....	Land notes	5,0[illegible]
588	.....	Land cash	[illegible]
591	.....	Land cash deposited with treasurer	[illegible]
594	.....	Fred. L. Ames, trustee	164,[illegible]
596	.....	Payments from land department funds	[illegible]
607	.....	Town-lot notes	174,[illegible]
610	.....	Town-lot notes, old account	29,[illegible]
612	.....	Town-lot cash	33,[illegible]
615	.....	Town-lot cash deposited with treasurer	[illegible]
618	.....	Payments from town-lot department funds	29,[illegible]
			3,[illegible]
			156,[illegible]

EXHIBIT A 18

DR. *Balance-sheet for the yea*

Ledger folio.	Item No.	Title of account.	Amount.
51	.....	United States interest repaid, Union Division	$5,705,[illegible]
58	.....	United States interest repaid, Kansas Division	1,0[illegible]
187	.....	United States Treasury Department, Union Division	2,[illegible]
189	.....	United States transportation accounts, July to Dec., 1878, Union Division	132,[illegible]
191	.....	United States transportation accounts, 1879, Union Division	236,[illegible]
194	.....	United States transportation accounts, 1880, Union Division	166,[illegible]
201	.....	United States sinking-fund, Union Division	72,[illegible]
205	.....	United States sinking-fund investments, Union Division	480,[illegible]
207	.....	United States premium on sinking-fund investments, Union Division	64,[illegible]
209	.....	United States transportation accounts, Kansas Division	123,[illegible]
213	.....	United States Treasury Department, Kansas Division	15,[illegible]
218	.....	United States transportation accounts, Cheyenne Branch	27,[illegible]
219	.....	United States transportation accounts, foreign roads	3,[illegible]
63	.....	Cost of roads and fixtures	153,[illegible]
66	.....	New construction	447,[illegible]
68	.....	New equipment	747,[illegible]
546	.....	Coupons due February 1, 1880, and prior (Kansas Pacific)	18,[illegible]
72	.....	Future income	117,[illegible]
220	.....	Leavenworth Branch bonds, in trust	[illegible]
221	.....	First land-grant bonds, in trust	1,[illegible]
223	.....	Second land-grant bonds, in trust	1,[illegible]
224	.....	Income bonds, in trust	[illegible]
225	.....	Income subordinated bonds, in trust	3,[illegible]
226	.....	Funding bonds in trust	1,[illegible]
229	.....	Leavenworth Branch coupon certificates, in trust	48,[illegible]
230	.....	First land-grant coupon certificates, in trust	242,[illegible]
231	.....	Second land-grant coupon certificates, in trust	180,[illegible]
232	.....	Cheyenne Branch bonds, in trust	1,[illegible]
233	.....	Junction City and Fort Kearney Rwy Co. bonds, in trust	970,[illegible]
233	.....	Golden, Boulder and Caribou Rwy Co. bonds, in trust	[illegible]
233	.....	Solomon R. R. Co. bonds, in trust	575,[illegible]
234	.....	Junction City and Fort Kearney Rwy Co. stocks, in trust	7,[illegible]
234	.....	Golden, Boulder and Caribou Rwy Co. stock, in trust	5,[illegible]
234	.....	Solomon R. R. Co. stock, in trust	5,[illegible]
234	.....	National Land Company stock, in trust	25,[illegible]
230	.....	Denver and Boulder Valley R. R. Co. bonds, in trust	538,[illegible]
247	.....	Union Pacific R. R. Co. stocks, owned by the company	108,[illegible]
247	.....	Kansas Pacific Rwy. Co. stock, owned by the company	[illegible]
247	.....	Denver Pacific Railroad and Telegraph Company stock, owned by the company	[illegible]
248	.....	Union Pacific Rwy Co. stock, owned by the company	4,[illegible]
249	.....	Land-grant bonds, Union Division, owned by the company	139,[illegible]
251	.....	Omaha Bridge bonds, Union Division, owned by the company	5,[illegible]
466	.....	Coupon certificates, Kansas Division, owned by the company	134,[illegible]
144	.....	Union Trust Company, trustee sinking-fund mortgage	[illegible]
147	.....	Union Trust Company, trustee collateral trust account	221,[illegible]
305	.....	Denver Extension sinking fund	104,[illegible]
306	.....	John A. Stewart and others, trustees	1,[illegible]
584	.....	Contracts, company town lots	[illegible]
590	.....	Land cash, Union Division	[illegible]

...ber 31, 1879—Continued.

Ledger folio.	Item No.	Title of account.	Cr. Amount.
			$156, 278, 863. 82

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...ber 31, 1880.

Ledger folio.	Item No.	Title of account.	Cr. Amount.
4		Capital stock	$50, 481, 000. 00
7		Stock of the Union Pacific R. R. Co	268, 000. 00
10		Stock of the Kansas Pacific Rwy. Co	11, 900. 00
11		Stock of the Denver Pacific Railway and Telegraph Company	1, 400. 00
13		First-mortgage bonds, Union Division	27, 229, 000. 00
15		Land-grant bonds, Union Division	6, 071, 000. 00
16		Sinking-fund mortgage bonds, Union Division	13, 124, 000. 00
18		Registered mortgage bonds, Union Division	737, 000. 00
20		Collateral trust bonds, Union Division	4, 691, 000. 00
21		Omaha Bridge bonds, Union Division	2, 037, 000. 00
22		Consolidated mortgage bonds, Kansas Division	12, 602, 000. 00
23		Fractional certificates for mortgage bonds, Kansas Division	1, 021. 65
24		Eastern Division bonds, Kansas Division	2, 240, 000. 00
25		Middle Division bonds, Kansas Division	4, 063, 000. 00
26		Denver extension bonds, Kansas Division	6, 366, 000 00
27		Leavenworth Branch, Kansas Division	600, 000. 00
28		First land-grant bonds, Kansas Division	1, 480, 750. 00
29		Second land-grant bonds, Kansas Division	1, 500, 000. 00
30		Income bonds, Kansas Division	263, 700. 00
31		Income subordinated bonds, Kansas Division	4, 011, 650. 00
32		Funding bonds, Kansas Division	1, 500, 000. 00
33		Eastern Division coupon certificates, Kansas Division	297, 780. 00
34		Middle Division coupon certificates, Kansas Division	541, 050. 00
35		Denver extension coupon certificates, Kansas Division	1, 000, 895. 00
36		Leavenworth Branch coupon certificates, Kansas Division	92, 417. 50
37		First land-grant coupon certificates, Kansas Division	246, 765. 12
38		Second land-grant coupon certificates, Kansas Division	161, 595. 00
39		Cheyenne Branch bonds	2, 127, 000. 00
40		United States, Union Division, bonds	27, 236, 512. 00
41		United States interest account, Union Division	20, 872, 373. 61
42		United States, Kansas Division, bonds	6, 303, 000. 00
43		United States interest account, Kansas Division	5, 183, 883. 00
44		George W. Clayton, receiver	17, 620. 49
45		Income account	2, 521, 877. 61
46		Income used for sinking funds	434, 000. 00
47		Land income	848, 206. 45
48		Colorado Central R. R. Co	379, 597. 75
49		Utah and Northern Rwy Co	285, 820. 31
50		Junction City and Fort Kearney Rwy Co	42, 578. 81
51		Kansas Central R. R. Co., coupon account	35. 00
52		Saint Joseph and Western R. R. Co	17, 280. 13
53		Golden, Boulder and Caribou Rwy Co	4, 613. 22
54		Echo and Park City R. R. Co	2. 033. 55
55		Omaha and Republican Valley R. R. Co	15, 297. 87
56		Omaha, Niobrara and Black Hills R. R. Co	2. 334. 78
57		Notes payable	2, 227, 270. 04
58		Omaha drafts	348, 830. 68
59		Land funds, Union Division	515, 949. 44
60		Town-lot funds, Union Division	43, 620. 46
61		Dividends unpaid	784, 930. 50
62		Interest accrued, not yet due	782, 720. 82
63		First-mortgage coupons, Union Division	853, 740. 00

EXHIBIT A 18.—*Balance-sheet for the year*

DR.

Ledger folio.	Item No.	Title of account.	Amount.
592	.....	Land cash, Union Division, deposited with treasurer	
593	.....	Land contracts, Union Division	
595	.....	Frederick L. Ames, trustee	
604	.....	Town-lot contracts, Union Division	
622	.....	Land cash, Kansas Division, deposited with Assistant Treasury	
614	.....	Land contracts, Kansas Division	
616	.....	Jay Gould and Russell Sage, trustees	
578	.....	Meier and Stewart, trustees, first land-grant mortgage	
622	.....	Geis & Co	
128	.....	Cash	
133	.....	Union Trust Company	
158	.....	Speyer & Co	
160	.....	Notes receivable	
171	.....	Operating department	
239	.....	Colorado Central R. R. Co. bonds	
240	.....	Colorado Central R. R. Co. stock	
243	.....	Colorado Central R. R. Co. stock assessment account	
243	.....	Colorado Central R. R. Co. extension bonds	
243	.....	Colorado Central R. R. Co. extension stock	
244	.....	Utah Central R. R. Co. stock	
244	.....	Utah Western Rwy. Co. bonds and stock	
265	.....	Utah and Northern Rwy. Co. bonds	
265	.....	Utah and Northern Rwy. Co. stock	
246	.....	Wasatch and Jordan Valley R. R. Co. bonds	
246	.....	Investment in Summit County R. R. Co	
246	.....	Investment in Saint Louis, Council Bluffs and Omaha R. R. Co	
254	.....	Omaha and Republican Valley R. R. Co. bonds	
254	.....	Omaha and Republican Valley R. R. Co. stock	
255	.....	Hastings and Grand Island Railroad Company	
256	.....	Marysville and Blue Valley Railroad Company	
257	.....	Wyoming, Montana and Pacific Railroad Company	
258	.....	Saint Joseph and Pacific Railroad Company bonds	
259	.....	Kansas and Nebraska Railway Company bonds	
259	.....	Saint Joseph and Western Railroad Company stock	
261	.....	Denver and S. Park Railroad Construction and Land Company	
261	.....	Central Branch Union Pacific Railroad Company stock	
262	.....	Kansas and Missouri Bridge Company stock	
262	.....	Las Animas Ditch Company stock	
262	.....	Union Depot Kansas City stock	
263	.....	Kansas Central Railroad Company bonds and stock	
263	.....	Saint Joseph Bridge Building Company bonds and stock	
264	.....	Denver, South Park and Pacific Railroad Company stock	
264	.....	Manhattan and Blue Valley Railroad Company stock	
266	.....	Salina and Southwestern Railroad Company stock	
267	.....	Atchison, Colorado and Pacific Railroad Company bonds	
270	.....	Construction for building the Echo and Park City Railroad	
276	.....	Atchison, Saint Joseph and Wes ern Railroad Company	
276	.....	Central Branch Union Pacific Railroad Company	
277	.....	Atchison, Saint Joseph and M. R. R. Co	
278	.....	Kansas and Southwestern Railroad Company	
279	.....	Denver and Boulder Valley Railroad Company	
279	.....	Manhattan, Alma, and Burlingame Railroad Company	
280	.....	Solomon Railroad Company	
281	.....	Salina and Southwestern Railroad Company	
282	.....	Lawrence and Southwestern Railroad Company	
282	.....	Kansas Central Railway Company	
268	.....	Collateral trust coupons owned by the company	
268	.....	Topeka Iron Company	
269	.....	Grand Island precinct bonds	
289	.....	Missouri Pacific Railway Company	
289	.....	Coal lands and mines	
289	.....	Colorado lands	
290	.....	Occidental and Oriental Steamship Company	
291	.....	Parkville and Leadville Toll-road Company stock	
291	.....	Saint Louis and New Orleans Transportation Company stock	
292	.....	Drexel, Morgan & Co., foreign account	
294	.....	Colorado Central Railroad Company, coupon account	
295	.....	Utah and Northern Railway Company, coupon account	
298	.....	Ames monument	
299	.....	Denver, South Park and Pacific R. R. Co	
296	.....	Omaha and Republican Valley R. R. Co. coupon account	
307	.....	Saint Joseph and Denver City R. R. Co. receivers certificates	
309	.....	James M. Ham, assistant treasurer	
311	.....	Chester W. Collins	
312	.....	Certificates for building the Utah and Northern Rwy	
313	.....	Certificates for building the Omaha, Niob.' and Black Hills R. R.	
314	.....	Certificates for building the Julesburg Branch	
551	.....	Sidney Dillon	
559	.....	J. P. Usher	
560	.....	E. H. Baker	

ded December 31, 1880—Continued.

Cr.

Ledger folio.	Item No.	Title of account.	Amount.
407	.....	Land-grant coupons	$9,061.00
413	.....	Interest on registered sinking-fund bonds	240.00
414	.....	Sinking-fund coupons	8,500.00
419	.....	Collateral trust coupons	152,040.00
424	.....	Drawn Omaha Bridge bonds outstanding	7,000.00
425	.....	Omaha Bridge coupons outstanding	3,680.00
429	.....	Eastern Division coupons	870.00
437	.....	Middle Division coupons	21,120.00
438	.....	Denver extension coupons	116,790.00
445	.....	Consolidated mortgage coupons	5,910.00
453	.....	Eastern Division certificate coupons	149.85
456	.....	Middle Division certificate coupons	2,941.65
461	.....	Denver extension certificate coupons	15,806.87
467	.....	Leonard T. Smith	64,606.58
480	.....	Jay Gould and Russell Sage, trustees, loan account	34,000.00

EXHIBIT A 18.—*Balance sheet for the year*

DR.

Ledger folio.	Item No.	Title of account.	Amount.
560	.....	Baker & Morrill	$15,000.00
578	.....	John A. Stewart, trustee Denver Extension mortgage	11.46
579	.....	Leavitt Burnham, land commissioner, Union Division	1,676.30
581	.....	S. J. Gilmour, land commissioner, Kansas Division	12,704.73
583	.....	Jay Gould and Russell Sage, trustees, special account	84,146.22
326	.....	Land funds, Kansas Division	19,969.61
243	.....	Utah Southern R. R. Co. stock	125,000.00
			213,913,824.30

EXHIBIT A 19

Balance sheet for the year

DR.

Ledger folio.	Item No.	Title of account.	Amount.
62	.....	United States interest repaid, Union Division	$5,782,991.38
58	.....	United States interest repaid, Kansas Division	1,089,328.13
64	.....	Cost of road and fixtures	153,961,736.00
66	.....	New construction	1,159,872.21
68	.....	New equipment	1,748,536.39
72	.....	Future income	566,986.65
128	.....	Cash	471,633.63
136	.....	Union Trust Company	3,922.51
144	.....	Union Trust Company, trustee, sinking-fund mortgage	282.00
147	.....	Union Trust Company, trustee, collateral trust account	253,412.31
158	.....	Speyer & Co	100,000.00
159	.....	Winslow, Lanier & Co	73.16
160	.....	Notes receivable	106,366.00
180	.....	Operating department	6,207,963.04
187	.....	United States Treasury Department, Union Division	2,797,369.31
189	.....	United States transportation accounts, July to December, 1878, Union Division	22,433.74
191	.....	United States transportation accounts, 1879, Union Division	38,651.52
194	.....	United States transportation accounts, 1880, Union Division	618.35
198	.....	United States undivided settlements, Union Division	28,778.13
200	.....	United States special mail account, Union Division	432,456.00
205	.....	United States sinking-fund investments, Union Division	650,100.00
209	.....	United States transportation accounts, Kansas Division	97,773.56
213	.....	United States Treasury Department, Kansas Division	15,626.87
216	.....	United States undivided settlements, Kansas Division	26,991.78
218	.....	United States transportation accounts, Cheyenne Branch	37,443.40
219	.....	United States transportation accounts, foreign roads	5,842.62
220	.....	Leavenworth Branch bonds, in trust	500,000.00
221	.....	First land-grant bonds, in trust	1,428,256.00
223	.....	Second land-grant bonds, in trust	1,499,000.00
224	.....	Income bonds, in trust	187,650.00
225	.....	Income bonds, subordinated, in trust	3,036,468.00
227	.....	Eastern Division coupon certificates, in trust	274,425.00
228	.....	Middle Division coupon certificates, in trust	529,185.00
228	.....	Denver Extension coupon certificates, in trust	866,746.00
229	.....	Leavenworth Branch coupon certificates, in trust	56,000.00
230	.....	First land-grant coupon certificates, in trust	243,851.27
231	.....	Second land-grant coupon certificates, in trust	160,020.00
232	.....	Cheyenne Branch bonds, in trust	2,002,000.00
233	.....	Junction City and Fort Kearney Rwy. Co. bonds, in trust	970,000.00
233	.....	Golden, Boulder and Caribou Rwy. Co. bonds, in trust	60,000.00
233	.....	Solomon R. R. Co. bonds, in trust	575,000.00
234	.....	Junction City and Fort Kearney Rwy. Co. stock, in trust	7,200.00
234	.....	Golden, Boulder and Caribou Rwy. Co. stock, in trust	5,000.00
234	.....	Solomon R. R. Co. stock, in trust	5,000.00
234	.....	National Land Co stock, in trust	35,750.00
235	.....	Denver and Boulder Valley R. R. Co. bonds, in trust	538,000.00
239	.....	Colorado Central R. R. Co. bonds	3,884,096.25
240	.....	Colorado Central R. R. Co. stock	3,650,925.50
241	.....	Utah Central Rwy. Co. stock	685,271.82
242	.....	Utah Southern R. R. Co. Extension bonds	682,500.00
246	.....	Wasatch and Jordan Valley R. R. Co. bonds	8,915.82
247	.....	Union Pacific R. R. Co. stock, owned by the company	113,697.39
247	.....	Kansas Pacific Rwy. Co. stock owned by the company	300.00
247	.....	Denver Pacific and Telegraph Company stock owned by the company	300.00

...ber 31, 1880—Continued.

Ledger folio.	Item No.	Title of account.	Cr. Amount.
			$213, 913, 826. 99

(details in A 23).

...ber 31, 1881.

Ledger folio.	Item No.	Title of account.	Cr. Amount.
14	.....	Capital stock	$60, 673, 650. 00
4	.....	Stock of the Union Pacific R. R. Co	191, 600. 00
10	.....	Stock of the Kansas Pacific Rwy. Co	1, 550. 00
11	.....	Stock of the Denver Pacific Rwy. and Telegraph Company	1, 400. 00
12	.....	First-mortgage bonds, Union Division	27, 229, 000. 00
13	.....	Land-grant bonds, Union Division	5, 384, 000. 00
17	.....	Sinking-fund bonds, Union Division	12, 715. 000. 00
18	.....	Registered-fund bonds, Union Division	1, 146, 000. 00
19	.....	Collateral trust bonds, Union Division	5, 960, 000. 00
20	.....	Omaha bonds, Union Division	1, 965, 000. 00
21	.....	Consolidated mortgage bonds, Kansas Division	14, 450, 000. 00
22	.....	Fractional certificates for mortgage bonds, Kansas Division	5. 00
23	.....	Eastern Division bonds, Kansas Division	2, 240, 000. 00
24	.....	Middle Division bonds, Kansas Division	4, 063, 000. 00
25	.....	Denver Extension bonds, Kansas Division	6, 366, 000. 00
26	.....	Leavenworth Branch bonds, Kansas Division	600, 000. 00
27	.....	First land-grant bonds, Kansas Division	1, 480. 750. 00
28	.....	Second land-grant bonds, Kansas Division	1, 500, 000. 00
29	.....	Income bonds, Kansas Division	263, 700. 00
30	.....	Income bonds, subordinated, Kansas Division	4, 611, 650. 00
31	.....	Eastern Division coupon certificates, Kansas Division	297, 780. 00
32	.....	Middle Division coupon certificates, Kansas Division	541, 875. 00
33	.....	Denver Extension coupon certificates, Kansas Division	1, 003, 467. 50
34	.....	Leavenworth Branch coupon certificates, Kansas Division	93, 047. 50
35	.....	First land-grant coupon certificates, Kansas Division	216, 765. 12
36	.....	Second land-grant coupon certificates, Kansas Division	161, 595. 00
37	.....	Cheyenne Branch bond	2, 024, 000. 00
38	.....	United States Union Division bonds	27, 236, 512. 00
39	.....	United States interest account, Union Division	22, 506, 584. 33
40	.....	United States Kansas Division bonds	6, 303, 000. 00
41	.....	United States interest account, Kansas Division	5, 562, 063. 09
77	.....	Income account	4, 562, 157. 07
78	.....	Income used for sinking funds	873, 000. 00
79	.....	Collateral trust income	90, 983. 47
80	.....	United States sinking fund, Union Division	51, 018. 15
81	.....	Colorado Central R. R. Co	111, 994. 00
82	.....	Junction City and Fort Kearney Rwy. Co	83, 977. 02
83	.....	Saint Joseph and Western R. R. Co	38, 235. 27
84	.....	Golden, Boulder and Caribou R. R. Co	15, 998. 63
85	.....	Solomon R. R. Co	8, 727. 17
86	.....	Echo and Park City R. R. Co	36, 126. 85
87	.....	Denver, South Park and Pacific R. R. Co	563, 302. 65
88	.....	Contractors for building the Utah and Northern Rwy	50, 000. 00
89	.....	Notes payable	1, 595, 000. 00
90	.....	Omaha drafts	258, 488. 31
91	.....	Dividends unpaid	1, 115, 728. 39
92	.....	Interest account not yet due	789, 765. 82
93	.....	First-mortgage coupons, Union Division	856, 620. 00
94	.....	Land-grant coupons	8, 991. 06
95	.....	Interest on registered sinking-fund bonds	40. 00
96	.....	Sinking-fund coupons	8, 280. 00
97	.....	Drawn collateral trust bonds, outstanding	30, 000. 00
98	.....	Collateral trust coupons	152, 2.0. 00
99	.....	Drawn Omaha Bridge bonds outstanding	8, 000. 00
100	.....	Omaha Bridge coupons	29, 200. 00
101	.....	Eastern Division coupons	180. 00

EXHIBIT A 19.—*Balance-sheet for the year*

DR.

Ledger folio.	Item No.	Title of account.	Amount.
248	.....	Union Pacific Rwy. Co. stock owned by the company	[illegible]
249	.....	Land-grant bonds, Union Division, owned by the company	1,126.25
251	.....	Omaha Bridge bonds owned by the company	5,161.25
252	.....	Consolidated mortgage bonds, Kansas Division, owned by the company	1,473,000.00
254	.....	Omaha and Republican Valley R. R. Co. bonds owned by the company	1,254,300.00
254	.....	Omaha and Republican Valley R. R. Co. stock	220,082.25
255	.....	Hastings and Grand Island R. R. Co	43,250.00
256	.....	Marysville and Blue Valley R. R. Co	36,040.45
257	.....	Wyoming, Montana and Pacific R. R. Co	31,943.24
258	.....	Saint Joseph and Pacific R. R. Co. bonds	1,250,252.00
259	.....	Saint Joseph and Western R. R. Co. stock	207,200.00
261	.....	Denver and South Park R. R. Construction and Land Co. stock	12,400.00
261	.....	Central Branch Union Pacific R. R. Co. stock	1,870,000.00
262	.....	Union Depot, Kansas City stock	1,000.00
264	.....	Denver, South Park and Pacific R. R. Co. stock	3,710,250.00
349	.....	Denver, South Park and Pacific R. R. Co. bonds	901,000.00
264	.....	Manhattan and Blue Valley R. R. Co. stock	44,341.92
265	.....	Utah and Northern Rwy. Co. bonds	2,477,200.00
265	.....	Utah and Northern Rwy. Co. stock	564,050.00
266	.....	Salina and Southwestern R. R. Co. stock	15,000.00
267	.....	Atchison, Colorado and Pacific R. R. Co. bonds	470,000.00
267	.....	Atchison, Colorado and Pacific R. R. Co. stock	17,727.03
268	.....	Topeka Iron Company stock	55,000.00
269	.....	Grand Island precinct bonds	50,000.00
272	.....	Kansas and Nebraska Rwy. Co. bonds	1,062,328.36
273	.....	Saint Joseph Bridge Building Co. bonds	784,000.00
273	.....	Saint Joseph Bridge Building Co. stock	21,000.00
274	.....	Marysville and Blue Valley R. R. Co. bonds	115,200.00
274	.....	Marysville and Blue Valley R. R. Co. stock	24,174.96
276	.....	Atchison, Saint Joseph & Western R. R. Co	394.68
276	.....	Central Branch Union Pacific R. R. Co	548,606.20
276	.....	Atchison, Saint Joseph and Methenay R. R. Co	500.00
278	.....	Topeka Daily Capital Publishing Co. stock	1,000.00
279	.....	Denver and Boulder Valley R. R. Co	76,644.61
284	.....	Omaha and Republican Valley R. R. Co	118,000.91
286	.....	Omaha, Niobrara and Black Hills R. R. Co	44,208.20
287	.....	Kansas Central R. R. Co	177,154.25
288	.....	Kansas Carbon Company stock	26,272.25
288	.....	Welch Coal Mining Company stock	43,308.42
289	.....	Coal lands and mines	63,675.00
289	.....	Colorado lands	3,734.16
290	.....	Occidental and Oriental Steamship Company	173,810.01
291	.....	Bakerville & Leadville Toll Road Company stock	8,000.00
291	.....	Saint Louis and New Orleans Transportation Company stock	100,000.00
292	.....	Drexel, Morgan & Co., foreign account	37,200.00
296	.....	Elk Township, Cloud County, Kansas, bonds	12,276.31
297	.....	Lawrence Township, Cloud County, Kansas, bonds	10,700.81
297	.....	Lincoln Township, Cloud County, Kansas, bonds	18,295.67
298	.....	Ames monument	24,775.00
300	.....	Contractors for building the Greeley, Salt Lake and Pacific R. R	591,105.34
301	.....	Contractors for building the Oregon Short Line R. R	1,735,342.53
302	.....	Contractors for building the Georgetown, Breckenridge and Leadville R. R	10,362.49
303	.....	Contractors for building the Salina and Northwestern R. R	1,925.43
303	.....	Contractors for building the Salt Lake and Western Rwy	437,652.96
305	.....	Denver Extension sinking fund	100,545.00
306	.....	John A. Stewart and others, trustees	1,100.43
307	.....	Saint Joseph and Denver City R. R. receivers' certificates	115,700.00
311	.....	Chester W. Collins	140,541.00
312	.....	Contractors for building the Utah and Northern Rwy	41,706.34
336	.....	Kansas Central Elevator Co. stock	6,250.00
337	.....	Kansas Central R. R. Co. bonds	927,400.00
337	.....	Kansas Central R. R. Co. stock	311,383.15
343	.....	James M. Ham, assistant treasurer	575,141.49
469	.....	Coupon certificates owned by the company	42,406.41
475	.....	Contractors for building the Utah and Northern Rwy. in Montana	315.50
476	.....	Contractors for building the Manhattan and Blue Valley R. R	13,707.25
477	.....	Contractors for building the Rawlins branch	3,001.84
478	.....	Nevada Central Rwy. Co. bonds	150,000.00
478	.....	Nevada Central Rwy. Co. stock	186,850.00
479	.....	Nevada Improvement Co. stock	15,000.00
480	.....	Contractors Laramie, North Park and Pacific R. R. and telegraph	22,436.94
484	.....	Contractors for building the Denver, South Park and Pacific R. R	1,606,154.61
539	.....	Clyde City, Cloud County, Kansas, bonds	250.00
539	.....	McPherson City, McPherson County, Kansas, bonds	1,400.00
539	.....	McPherson Township, McPherson County, Kansas, bonds	3,000.00
541	.....	Coupons due February 1, 1880, and prior	8,215.57
561	.....	Will r Teller	900.00

ending December 31, 1881—Continued.

Ledger folio.	Item No.	Title of account.	Cr. Amount.
447	.....	Middle Division coupons	$17,700.00
456	.....	Denver Extension coupons	103,350.00
473	.....	Installment account	300.00
478	.....	Oregon Short Line Railway subscription	3,291,500.00
481	.....	Utah and Northern Rwy. Co	159,122.62
486	.....	Consolidated mortgage coupons	6,720.00
516	.....	Eastern Division certificate coupons	12.15
522	.....	Middle Division certificate coupons	19.80
529	.....	Denver Extension certificate coupons	584.42
540	.....	Frederick L. Ames	13,325.65
565	.....	Atchison, Colorado and Pacific R. R. Co	127,727.83
583	.....	Jay Gould and Russell Sage, trustee loan account	7,000.00
624	.....	Land and trust income	1,585,725.93
627	.....	Colorado Central R. R. Co. of Wyoming Territory	2,628.41

EXHIBIT A 19.—*Balance-sheet for the year*

DR.

Ledger folio.	Item No.	Title of account.	Amount.
561	.....	Wyoming Coal and Mining Company	$128,391.42
563	.....	Nevada Central Rwy. Co.	22,188.89
568	.....	Manhattan and Blue Valley R. R. Co	186.25
578	.....	Meier & Stewart, trustees, first land grant mortgage	118,388.79
580	.....	Leavitt Burnham, land commissioner, Union Division	2,888.29
581	.....	S. J. Gilmore, land commissioner, Kansas Division	2,488.84
582	.....	John A. Stewart, trustee, special account	888.72
583	.....	Jay Gould and Russell Sage, trustees, special account	14,311.66
593	.....	Land contracts, Union Division	2,771,179.77
595	.....	Frederick L. Ames, trustee	510,161.46
596	.....	Land cash, Union Division	965.69
604	.....	Town lot contracts, Union Division	32,172.62
614	.....	Land contracts, Kansas Division	1,568,292.24
616	.....	Jay Gould and Russell Sage, trustees	58,561.97
618	.....	John A. Stewart, trustee, Denver extension mortgages	24,187.91
622	.....	Geis & Co	253.71
293	.....	Union Depot and Railroad Company, Denver	100,000.00
293	.....	Saint Joseph Union Depot Company, stock	1,000.00
294	.....	Colorado Central R. R. Co., coupon account	111,753.00
295	.....	Utah and Northern Rwy. Co., coupon account	143,496.00
295	.....	Echo and Park City R. R. Co., coupon account	14,400.00
296	.....	Omaha and Republican Valley R. R. Co., coupon account	55,020.00
347	.....	Utah and Nevada Rwy. Co. stock, coupon account	297,655.24
347	.....	Saint Louis, Council Bluffs and Omaha R. R. Co. bonds	19,500.00
348	.....	Echo and Park City R. R. Co. bonds	432,000.00
348	.....	Echo and Park City R. R. Co. stock	72,724.25
350	.....	Omaha, Niobrara and Black Hills R. R. Co. bonds	781,000.00
351	.....	Omaha, Niobrara and Black Hills R. R. Co. stock	94,491.62
351	.....	Lawrence and Emporia R. R. Co. bonds	302,200.00
351	.....	Lawrence and Emporia R. R. Co. stock	31,181.57
465	.....	Denver, Western and Pacific Rwy. Co	44,457.50
486	.....	Salt Lake and Western R. R. Co., Nevada, stock	50,000.00
486	.....	Salt Lake and Western R. R. Co., Utah, stock	20,000.00
490	.....	Salina and Southwestern R. R. Co. bonds	221,500.34
491	.....	Colorado Central R. R. Co. of Wyoming, stock	75,465.22
491	.....	Manhattan, Alma and Burlingame R. R. Co. bonds	305,100.00
492	.....	Manhattan, Alma and Burlingame R. R. Co. stock	25,876.36
			232,923,784.61

EXHIBIT A 20

Capital balance-sheet, Union Pacific Company,

DR.

Ledger folio.	Item No.	Title of account.	Amount.
35	.....	Leavenworth Branch bonds in trust	$533,000.00
36	.....	First land-grant bonds in trust	1,430,250.00
37	.....	Second land-grant bonds in trust	1,600,000.00
38	.....	Income bonds in trust	187,650.00
39	.....	Income bonds subordinated in trust	3,205,300.00
46	.....	Cheyenne Branch bonds	2,017,000.00
48	.....	Denver Extension sinking fund	185,000.00
57	.....	United States interest repaid Union Division	6,920,636.62
62	.....	United States interest repaid Kansas Division	1,088,619.40
72	.....	Cost of road and fixtures	153,514,493.45
75	.....	New construction	1,494,315.57
77	.....	New equipment	1,950,192.98
143	.....	Future income	430,557.60
145	.....	Cash	235,219.73
149	.....	James M. Ham, assistant treasurer	653,760.16
162	.....	Union Trust Company	6,152.17
172	.....	Union Trust Company, trustee collateral trust account	240,982.97
174	.....	Speyer & Co	117,671.36
176	.....	Drexel, Morgan & Co	60,000.00
178	.....	Leavitt, Burnham, land commissioner, Union Division	498.71
180	.....	S. J. Gilmore, land commissioner, Kansas Division	160.43
182	.....	Jay Gould and R. Sage, trustees, special account	18,731.22
184	.....	John A. Stewart, trustee, special account	1,638.35
186	.....	John A. Stewart and others, trustees	573.29
189	.....	Notes receivable	97,700.00
201	.....	Operating department	7,277,858.23

...ding December 31, 1881—Continued.

Cr.

Ledger folio.	Item No.	Title of account.	Amount.
			$232, 023, 784. 61

(details in A 23).

...for the year ended December 31, 1882.

Cr.

Ledger folio.	Item No.	Title of account.	Amount.
1	.....	Capital stock	$60, 672, 450. 00
4	.....	Stock of the Union Pacific R. R. Co	193, 000. 00
5	.....	Stock of the Kansas Pacific Rwy. Co	1, 550. 00
6	.....	Stock of the Denver Pacific Railway and Telegraph Company	1, 400. 00
6	.....	Installment account	100. 00
7	.....	First-mortgage bonds, Union Division	27, 229, 000. 00
8	.....	Land-grant bonds, Union Division	4, 670, 000. 00
11	.....	Sinking-fund mortgage bonds, Union Division	12, 613, 000. 00
12	.....	Registered-fund mortgage bonds, Union Division	1, 248, 000. 00
13	.....	Collateral trust bonds, Union Division	4, 918, 000. 00
14	.....	Omaha Bridge bonds, Union Division	1, 888, 000. 00
15	.....	Consolidated mortgage bonds, Kansas Division	15, 640, 000. 00
16	.....	Fractional certificates for bonds, Kansas Division	5. 00
17	.....	Eastern Division bonds, Kansas Division	2, 240, 000. 00
18	.....	Middle Division bonds, Kansas Division	4, 063, 000. 00
19	.....	Denver Extension bonds, Kansas Division	6, 323, 000. 00
20	.....	Leavenworth Branch bonds, Kansas Division	600, 000. 00
21	.....	First land-grant bonds, Kansas Division	1, 430, 250. 00
22	.....	Second land-grant bonds, Kansas Division	1, 500, 000. 00
23	.....	Income bonds, Kansas Division	263, 700. 00
24	.....	Income bonds, subordinated, Kansas Division	4, 011, 650. 00
25	.....	Eastern Division coupon certificates, Kansas Division	405. 00
26	.....	Denver Extension coupon certificates, Kansas Division	4, 567. 50
27	.....	Leavenworth Branch coupon certificates, Kansas Division	9, 870. 00
28	.....	First land-grant coupon certificates, Kansas Division	1, 260. 05
29	.....	Cheyenne Branch bonds	2, 064, 000. 00

EXHIBIT A 20.—*Capital balance-sheet, Union Pacific Company,*

Dr.

Ledger folio.	Item No.	Title of account.	Amount.
227	.....	United States Treasury Department, Union Division	$2,779,134.22
237	.....	United States undivided settlements, Union Division	41,957.23
248	.....	United States transportation accounts, July to Dec., 1878, Union Division	1,470.46
250	.....	United States transportation accounts, 1879, Union Division	913.00
252	.....	United States transportation accounts, 1880, Union Division	140.00
267	.....	United States sinking fund, Union Division	235,459.27
271	.....	United States sinking-fund investments, Union Division	650,100.00
275	.....	United States special-mail account, Union Division	598,197.65
277	.....	United States Treasury Department, Kansas Division	15,068.20
279	.....	United States undivided settlements Kansas Division	56,867.71
285	.....	United States transportation accounts, Kansas Division	97,879.48
293	.....	United States transportation accounts, Cheyenne Branch	46,068.81
294	.....	United States transportation accounts, foreign roads	58,070.17
295	.....	United States suspended settlements	34,778.26
296	.....	Junction City and Fort Kearney Rwy. bonds in trust	970,000.00
296	.....	Junction City and Fort Kearney Rwy. stock in trust	7,200.00
297	.....	Golden, Boulder and Caribou Rwy. Co. bonds in trust	60,000.00
297	.....	Golden, Boulder and Caribou Rwy. Co. stock in trust	5,000.00
298	.....	Solomon R. R. Co. bonds in trust	575,000.00
298	.....	Solomon R. R. Co. stock in trust	5,000.00
299	.....	Denver and Boulder Valley Rwy. Co. bonds in trust	546,000.00
301	.....	National Land Company stock in trust	35,700.00
302	.....	Lawrence and Emporia R. R. Co. bonds in trust	465,000.00
303	.....	Salina and Southwestern R. R. Co. bonds in trust	540,000.00
305	.....	Omaha and Republican Valley R. R. Co	188,065.65
312	.....	Marysville and Blue Valley R. R. Co	22,978.91
325	.....	Lawrence and Emporia R. R. Co	16,597.50
333	.....	Denver and Boulder Valley R. R. Co	90,589.00
337	.....	Kansas Central	53,214.65
340	.....	Denver, Western and Pacific Rwy. Co	216,150.62
341	.....	Greeley, Salt Lake and Pacific Rwy. Co	2,395.00
342	.....	Central Branch Union Pacific R. R. Co	539,332.12
345	.....	Nevada Central Rwy. Co	61,883.96
349	.....	Wyoming, Montana and Pacific R. R. Co	56,312.62
349	.....	Manhattan, Alma and Burlingame R. R. Co	12,460.79
351	.....	Union Depot and R. R. Co., Denver	100,000.00
352	.....	Oregon Short Line Rwy. Co	53,182.59
360	.....	Colorado Central R. R. Co., coupon account	164,380.00
361	.....	Utah and Northern Rwy. Co., coupon account	158,181.25
362	.....	Echo and Park City R. R. Co., coupon account	14,400.00
363	.....	Omaha and Republican Valley R. R. Co., coupon account	40,295.00
366	.....	Denver, South Park and Pacific R. R. Co., coupon account	43,320.00
369	.....	Chester W. Collins	27,628.95
371	.....	Contractors Oregon Short Line Rwy. Co	7,516,600.00
375	.....	Contractors Greeley, Salt Lake and Pacific R. R. Co	1,364,444.39
376	.....	Contractors Georgetown, Breckenridge and Leadville R. R. Co	244,810.06
377	.....	Contractors Salina and Northwestern R. R. Co	10,174.99
379	.....	Contractors Utah and Northern Rwy. Co	138,497.33
382	.....	Contractors Julesburg Branch	28,523.67
383	.....	Contractors Manhattan and Blue Valley R. R. Co	53,248.91
384	.....	Contractors Rawlins Branch	4,754.74
385	.....	Contractors Laramie, North Park and Pacific Railroad and Telegraph Company	61,017.79
386	.....	Contractors Denver, South Park and Pacific R. R. Co	356,304.67
388	.....	Contractors Echo and Park City R. R. Co	13,283.16
389	.....	Contractors Montana Railway	51.30
389	.....	Contractors Salina and Southwestern R. R. Co	28,340.77
397	.....	Omaha Bridge bonds, Union Division, owned by the company	5,161.25
398	.....	Consolidated mortgage bonds, Kansas Division, owned by the company.	1,892,000.00
406	.....	Union Pacific Rwy. Co. stock, owned by the company	50.00
406	.....	Union Pacific R. R. Co., stock, owned by the company	113,697.50
407	.....	Kansas Pacific Rwy. Co. stock, owned by the company	200.00
407	.....	Denver Pacific Railway and Telegraph Company stock, owned by the company.	200.00
410	.....	Omaha and Republican Valley R. R. Co. bonds	1,633,200.00
410	.....	Omaha and Republican Valley R. R. Co. stock	312,652.23
411	.....	Omaha, Niobrara and Black Hills R. R. Co. bonds	781,000.00
411	.....	Omaha, Niobrara and Black Hills stock	94,481.42
412	.....	Saint Joseph and Denver City R. R. receiver's certificates	115,700.00
413	.....	Saint Joseph and Pacific R. R. Co. bonds	1,275,219.34
414	.....	Kansas and Nebraska Rwy. Co. bonds	1,085,514.29
415	.....	Saint Joseph and Western R. R. Co. stock	307,240.00
416	.....	Saint Joseph Bridge Building Company bonds	784,000.00
416	.....	Saint Joseph Bridge Building Company stock	21,000.00
417	.....	Marysville and Blue Valley R. R. bonds	115,200.00
417	.....	Marysville and Blue Valley R. R. stock	24,174.98
418	.....	Echo and Park City R. R. Co. bonds	432,000.00
418	.....	Echo and Park City R. R. Co. stock	72,000.00

for the year ended December 31, 1882—Continued.

Ledger folio.	Item No.	Title of account.	Amount.
			Cr.
10	.....	United States Union Division bonds	$27,236,512.00
11	.....	United States Kansas Division bonds	6,303,000.00
12	.....	United States interest account, Union Division	24,140,755.05
13	.....	United States interest account, Kansas Division	5,940,243.09
79	.....	Income account	6,993,247.55
102	.....	Income used for sinking funds	1,315,000.00
115	.....	Winslow Lainee & Co	13.27
267	.....	Omaha, Niobrara and Black Hills R. R. Co	17,495.24
269	.....	Saint Joseph and Western R. R. Co	15,906.62
214	.....	Echo and Park City R. R. Co	22,293.73
216	.....	Utah and Northern Rwy. Co	262,442.22
219	.....	Colorado Central R. R. Co	57,437.74
222	.....	Denver, South Park and Pacific R. R. Co	107,412.53
227	.....	Junction City and Fort Kearney Rwy. Co	6,678.39
229	.....	Solomon R. R. Co	1,724.69
233	.....	Salina and Southwestern R. R. Co	20,496.14
235	.....	Golden, Boulder and Caribou R. R. Co	7,513.17
239	.....	Salt Lake and Western R. R. Co	39,814.18
240	.....	Utah and Nevada R. R. Co	9,000.00
242	.....	Colorado Central R. R. Co. of Wyoming	463.70
251	.....	Contractors Salt Lake and Western Rwy. Co	127,114.53
256	.....	Contractors Omaha, Niobrara and Black Hills R. R. Co	3,859.64
270	.....	Notes payable	2,748,000.00
430	.....	Omaha drafts	1,114,892.47
472	.....	Dividends unpaid	1,131,224.64
484	.....	Interest accrued not yet due	789,634.99
486	.....	First-mortgage coupons, Union Division	860,310.00
488	.....	Land-grant coupons, Union Divison	8,116.06
500	.....	Sinking-fund coupons, Union Division	9,560.00
502	.....	Interest on registered sinking-fund bonds	200.00
504	.....	Collateral trust coupons, Union Division	148,440.00
506	.....	Omaha Bridge coupons, Union Division	60,600.00
508	.....	Consolidated mortgage coupons, Kansas Division	9,180.00
510	.....	Eastern Division coupons, Kansas Division	180.00
512	.....	Middle Division coupons, Kansas Division	14,280.00
514	.....	Denver Division coupons, Kansas Division	117,900.00
516	.....	Eastern Division certificate coupons, Kansas Division	12.15
518	.....	Middle Division certificate, coupons, Kansas Division	11.70
520	.....	Denver Extension certificate coupons, Kansas Division	222.82
526	.....	Drawn Omaha Bridge bonds outstanding	9,000.00
532	.....	Drawn collateral trust bonds outstanding	29,000.00
534	.....	Oregon Short Line Rwy., subscriptions	8,370,700.00
544	.....	Jay Gould and Russell Sage, trustees, loan account	75,000.00
545	.....	R. H. Pomeroy	33,000.00
549	.....	National Land Company	8,204.07
550	.....	Land and Trust Income	2,674,221.53

EXHIBIT A 20.—*Capital balance-sheet, Union Pacific Company.*

DR.

Ledger folio.	Item No.	Title of account.	Amount.
419	.....	Utah and Northern R. R. Co. bonds	$2,972,000.00
420	.....	Utah and Northern R. R. Co. stock	673,450.00
421	.....	Colorado Central R. R. Co. bonds	2,000,000.00
422	.....	Colorado Central R. R. Co. stock	2,000,000.00
422	.....	Colorado Central R. R. Co. of Wyoming Territory stock	75,465.67
423	.....	Denver, South Park and Pacific R. R. Co. bonds	1,480,000.00
423	.....	Denver, South Park and Pacific R. R. Co. stock	3,994,570.00
424	.....	Lawrence and Emporia R. R. Co. stock	31,161.27
424	.....	Salina and Southwestern R. R. Co. stock	15,000.00
426	.....	Kansas Central R. R. Co. bonds	1,073,000.00
426	.....	Kansas Central R. R. Co. stock	472,700.13
427	.....	Denver, Western and Pacific Rwy. Co. bonds	230,000.21
427	.....	Denver, Western and Pacific Rwy. Co. stock	7,625.00
428	.....	Central Branch Union Pacific R. R. Co. stock	1,600,000.00
429	.....	Atchison, Colorado and Pacific R. R. Co. bonds	470,000.00
429	.....	Atchison, Colorado and Pacific R. R. Co. stock	17,727.33
430	.....	Nevada Central Rwy. Co. bonds	150,000.00
430	.....	Nevada Central Rwy. Co. stock	190,250.00
431	.....	Manhattan, Alma and Burlingame R. R. Co. stock	33,870.33
431	.....	Manhattan, Alma and Burlingame R. R. Co. bonds	305,100.00
432	.....	Utah Southern Extension bonds	600,000.00
432	.....	Utah Central Rwy. Co. stock	697,471.42
433	.....	Lovel and Pass Mining and R. R. Tunnel Co. bonds	72,000.00
433	.....	Lovel and Pass Mining and R. R. Tunnel Co. stocks	1,000.00
434	.....	Salt Lake and Western Rwy. Co. bonds	804,000.00
434	.....	Salt Lake and Western Rwy. Co. stock	97,300.00
444	.....	Saint Louis, Council Bluffs and Omaha R. R. Co. bonds	10,000.00
444	.....	Wasatch and Jordan Valley R. R. Co. bonds	6,915.42
445	.....	Hastings and Grand Island R. R. Co. bonds	42,000.00
450	.....	Elk Township, Cloud County, Kans., bonds	12,270.31
451	.....	Lawrence Township, Cloud County, Kans., bonds	10,700.91
451	.....	Lincoln Township, Cloud County, Kans., bonds	18,263.47
452	.....	Clyde City, Cloud County, Kans., bonds	350.00
453	.....	McPherson Township, McPherson County, Kans., bonds	3,500.00
453	.....	McPherson City, McPherson County, Kans., bonds	1,400.00
453	.....	National Mining and Industrial Association of Colorado bonds	10,000.00
460	.....	Salt Lake and Western R. R. Co. "Utah" stock	20,000.00
460	.....	Salt Lake and Western R. R. Co. "Nevada" stock	50,000.00
461	.....	Utah and Nevada Rwy. Co. stock	287,650.31
461	.....	Manhattan and Blue Valley R. R. Co. stock	44,341.90
462	.....	Occidental and Oriental Steamship Company stock	173,810.01
463	.....	Kansas Central Elevator Company stock	14,670.30
463	.....	Nevada Improvement Company stock	15,000.00
464	.....	Union Depot, Kansas City, stock	1,000.00
464	.....	Saint Joseph Union Depot Company stock	1,000.00
465	.....	Kansas Carbon Company stock	28,272.25
465	.....	Welch Coal Mining Company stock	43,306.42
466	.....	Topeka Iron Company stock	32,500.00
466	.....	Topeka Daily Capital Publishing Company stock	5,000.00
467	.....	Denver and South Park R. R. Construction and Land Co. stock	12,000.00
467	.....	Bakewille and Leadville Toll Road Co. stock	5,000.00
468	.....	National Land Co. stock	10,117.50
469	.....	Saint Louis and Mississippi Valley Transportation Co. stock	100,000.00
469	.....	Union Elevator Co., Omaha, stock	76,500.00
470	.....	Gray's Peak, Snake River and Leadville R. R. Co. stock	500.00
470	.....	Colorado and Western R. R. Co. stock	100.00
472	.....	Coal lands and mines	104,300.25
472	.....	Colorado lands	3,500.78
473	.....	Soda lands	12,642.86
475	.....	Ames monument	54,775.00
546	.....	Henry R. Hinckley	80.00
548	.....	Frederick L. Ames, special account	12,500.00
566	.....	Land cash, Union Division	372.30
571	.....	Land contracts, Union Division	3,838,246.82
574	.....	Frederick L. Ames, trustee	778,782.12
595	.....	Land contracts, Kansas Division	1,489,955.79
596	.....	Jay Gould and R. Sage, trustees	136,219.97
601	.....	John A. Stewart, trustee, Denver Extension mortgage	1,015.24
603	.....	Meier & Stewart, trustees, first land-grant mortgage	62,167.10
			242,426,610.00

for the year ended *December* 31, 1892—Continued.

Cr.

Ledger folio.	Item No.	Title of account.	Amount.

EXHIBIT A 22

Capital balance sheet, Union Pacific Company,

Dr.

Ledger folio.	Item No.	Title of account.	Amount.
35	.....	Leavenworth Branch bonds, in trust	$565,000.00
38	.....	Income bonds, in trust	215,000.00
39	.....	Income bonds, sub'd, in trust	3,295,000.00
46	.....	Cheyenne Branch bonds, in trust	2,019,000.00
48	.....	Denver extension sinking fund	200,000.00
57	.....	United States, interest repaid, Union Division	6,519,165.38
62	.....	United States, interest repaid, Kansas Division	1,068,420.93
72	.....	Cost of road and fixtures	153,671,465.19
75	.....	New construction	1,585,495.79
77	.....	New equipment	2,134,732.73
96	.....	Guaranteed interest	27,000.00
143	.....	Future income	562,316.59
145	.....	Cash	591,632.99
154	.....	James M. Ham, assistant treasurer	486,393.96
164	.....	Union Trust Company	434.62
172	.....	Union Trust Company, collateral trust account	231,614.66
174	.....	Speyer & Co	121,324.23
175	.....	Winslow, Lanier & Co	169.74
176	.....	Drexel, Morgan & Co., foreign account	60,300.00
178	.....	Leavitt Burnham, land commissioner, Union Division	3,676.64
181	.....	B. McAllaster, land commissioner, Kansas Division	1,117.81
182	.....	Jay Gould and Russell Sage, trustees, special account	13,945.25
184	.....	John A. Stewart, trustee, special account	416.78
186	.....	John A. Stewart and others, trustees	694.28
187	.....	New England Trust Company, trustee	33,468.78
189	.....	Notes receivable	354,000.00
209	.....	Operating department	6,082,314.19
227	.....	United States Treasury Department, Union Division	2,778,952.11
237	.....	United States undivided settlements, Union Division	64,591.84
248	.....	United States transfer accounts, July to Dec., 1878, Union Division	1,284.40
250	.....	United States transfer accounts, 1879, Union Division	869.10
252	.....	United States transfer accounts, 1880, Union Division	218.00
267	.....	United States sinking fund, Union Division	765,693.82
271	.....	United States sinking fund investments, Union Division	650,100.00
275	.....	United States special mail account, Union Division	730,967.23
277	.....	United States Treasury Department, Kansas Division	3,822.13
279	.....	United States undivided settlements, Kansas Division	368,658.15
285	.....	United States transportation accounts, Kansas Division	94,836.94
293	.....	United States transportation accounts, Cheyenne Branch	55,257.73
294	.....	United States transportation accounts, foreign roads	73,736.56
295	.....	United States suspended settlements	34,825.51
296	.....	Junction City and Fort Kearney Rwy. Co. bonds, in trust	970,000.00
296	.....	Junction City and Fort Kearney Rwy. Co. stock, in trust	7,200.00
297	.....	Golden, Boulder and Caribou Rwy. Co. bonds, in trust	60,000.00
297	.....	Golden, Boulder and Caribou Rwy. Co. stock, in trust	5,000.00
298	.....	Solomon R. R. Co. bonds, in trust	575,000.00
298	.....	Solomon R. R. Co. stock, in trust	5,000.00
299	.....	Denver and Boulder Valley R. R. Co. bonds, in trust	548,000.00
301	.....	National Land Co. stock, in trust	35,750.00
302	.....	Lawrence and Emporia R. R. bonds, in trust	465,000.00
303	.....	Salina and Southwestern R. R. Co. bonds, in trust	540,000.00
305	.....	Omaha and Republican Valley R. R. Co	22,082.27
307	.....	Omaha, Niobrara and Black Hills R. R. Co	11,827.57
312	.....	Marysville and Blue Valley R. R. Co	25,175.00
322	.....	Denver, South Park and Pacific R. R. Co	697,420.10
325	.....	Lawrence and Emporia R. R. Co	3,067.67
333	.....	Denver and Boulder Valley R. R. Co	70,358.62
338	.....	Kansas Central R. R. Co	142,454.13
340	.....	Denver, Western and Pacific Rwy. Co	228,340.22
341	.....	Greeley, Salt Lake and Pacific Rwy. Co	91,164.57
342	.....	Central branch Union Pacific R. R. Co	118,007.47
345	.....	Nevada Central Rwy. Co	77,000.00
346	.....	Atchison, Topeka and Santa Fé R. R. Co	13,000.00
349	.....	Wyoming, Montana and Pacific R. R. Co	89,236.32
351	.....	Union Depot and R. R. Co., Denver	100,000.00
354	.....	Saint Joseph Bridge Building Co	20,000.00
354	.....	Leavenworth, Topeka and Southwestern Rwy. Co	62.00
355	.....	Kansas and Eastern R. R. Construction Co	467.39
359	.....	Council Bluffs Street Rwy. Co	796.84
357	.....	Omaha Belt Rwy. Co	35,753.47
358	.....	Utah Central Rwy. Co	179,981.85
360	.....	Colorado Central R. R. Co., coupon account	166,365.00
361	.....	Utah and Northern Rwy. Co., coupon account	173,800.00
362	.....	Echo and Park City R. R., coupon account	43,200.00
363	.....	Omaha and Republican Valley R. R. Co., coupon account	119,350.00
363	.....	Salt Lake and Western R. R. Co., coupon account	64,800.00
364	.....	Oregon Short Line Rwy. Co., coupon account	175,400.00

(details in A 23).

for the year ended December 31, 1883.

Cr.

Ledger folio.	Item No.	Title of account.	Amount.
1	.....	Capital stock	$60,672,450.00
4	.....	Stock of Union Pacific R. R. Co.	193,000.00
5	.....	Stock of Kansas Pacific Rwy. Co	1,550.00
6	.....	Stock of Denver Pacific Rwy. and Telegraph Co	1,400.00
6	.....	Installment account, Pacific Rwy. and Telegraph Co	100.00
7	.....	First-mortgage bonds, Union Division	27,229,000.00
8	.....	Land-grant bonds, Union Division	4,589,000.00
11	.....	Sinking-fund mortgage bonds, Union Division	12,115,000.00
10	.....	Registered sinking-fund mortgage bonds, Union Division	1,746,000.00
10	.....	Registered trust 5 per cent. bonds, Union Division	20,000.00
9	.....	Collateral trust bonds, Union Division	4,788,000.00
10	.....	Trust 5 per cent. bonds, Union Division	2,950,000.00
11	.....	Omaha Bridge bonds, Union Division	1,805,000.00
12	.....	Consolidated-mortgage bonds, Kansas Division	15,775,000.00
15	.....	Fractional certificates for same, Union Division	5.00
16	.....	Eastern Division bonds, Kansas Division	2,240,000.00
16	.....	Middle Division bonds, Kansas Division	4,063,000.00
17	.....	Denver Extension bonds, Kansas Division	6,307,000.00
18	.....	Leavenworth Branch bonds, Kansas Division	600,000.00
19	.....	Income bonds, Kansas Division	263,700.00
19	.....	Income bonds, subordinated, Kansas Division	4,011,650.00
17	.....	Denver Extension coupon certificates, Kansas Division	2,397.50
18	.....	Leavenworth Branch coupon certificates, Kansas Division	4,830.00
18	.....	Cheyenne Branch bonds	2,062,000.00
20	.....	United States, Union Division bonds	27,236,512.00
21	.....	United States, Kansas Division bonds	6,303,000.00
22	.....	United States interest account, Union Division	25,774,945.77
23	.....	United States interest account, Kansas Division	6,318,423.09
79	.....	Income account	8,255,121.21
182	.....	Income used for sinking funds	1,791,488.78
209	.....	Saint Joseph and Western R. R. Co	122,400.13
210	.....	Echo and Park City R. R. Co	40,922.23
216	.....	Utah and Northern R. R. Co	198,782.73
219	.....	Colorado Central R. R. Co	137,190.29
227	.....	Junction City and Fort Kearney Rwy. Co	62,885.50
229	.....	Solomon R. R. Co	20,505.80
231	.....	Salina and Southwestern R. R	44,733.97
235	.....	Golden, Boulder and Caribou R. R. Co	12,292.53
239	.....	Salt Lake and Western R. R. Co	80,252.09
244	.....	Utah and Nevada Rwy. Co	29,000.00
246	.....	Colorado Central R. R. Co. of Wyoming	463.70
248	.....	Oregon Short Line Rwy. Co	154,621.42
256	.....	Utah and Eastern R. R. Co	3,580.67
266	.....	Leavenworth, Topeka and Southwestern Rwy. Co., coupon account	14,400.00
266	.....	Manhattan, Alma and Burlingame R. R. Co., interest account	2,551.72
273	.....	Contractors Salt Lake and Western Rwy	60,721.37
275	.....	Contractors Utah and Northern Rwy	68,434.60
60	.....	Notes payable	3,398,000.00
60	.....	Omaha drafts	685,381.40
62	.....	Dividends unpaid	1,149,143.27
64	.....	Interest accrued not yet due	795,914.17
66	.....	First-mortgage coupons, Union Division	859,050.00
66	.....	Land-grant coupons, Union Division	8,921.06
66	.....	Sinking-fund coupons, Union Division	10,560.00
66	.....	Interest on registered sinking-fund bonds, Union Division	4,160.00
66	.....	Interest on registered trust fives	400.00
66	.....	Collateral trust coupons, Union Division	144,960.00
66	.....	Trust 5 per cent. coupons, Union Division	16,525.00
66	.....	Omaha Bridge coupons, Union Division	58,240.00
66	.....	Consolidated mortgage coupons, Kansas Division	14,400.00
66	.....	Eastern Division coupons, Kansas Division	180.00
66	.....	Middle Division coupons, Kansas Division	13,410.00
66	.....	Denver Extension coupons, Eastern Division	119,100.00
66	.....	Eastern Division certificate coupons, Kansas Division	12.15
66	.....	Middle Division certificate coupons, Kansas Division	11.70
66	.....	Denver Extension coupons, Kansas Division	92.99
66	.....	Drawn collateral trust bonds, outstanding	20,000.00
66	.....	Drawn Omaha Bridge bonds, outstanding	2,000.00
66	.....	Oregon Short Line Rwy. subscriptions	21,000.00
66	.....	Jay Gould and Russell Sage, trustees, loan account	100,000.00
66	.....	National Land Company	71,293.65
66	.....	Land and trust income	5,714,688.62
66	.....	Robert E. Carr, trustee	865.06

EXHIBIT A 21.—*Capital balance-sheet, Union Pacific Company.*

Dr.

Ledger folio.	Item No.	Title of account.	Amount.
365		Nevada Central Rwy. Co., coupon account	872,200.00
365		Salina and Southwestern, coupon account	32,000.00
366		Denver, South Park and Pacific R. R. Co., coupon account	211,500.00
367		Kansas Central R. R. Co	10,000.00
369		Chester W. Collins	555,478.65
371		Contractors, Oregon Short Line Rwy	1,200,337.76
375		Contractors, Greeley, Salt Lake and Pacific R. R	318,852.65
376		Contractors, Georgetown, Brockenridge and Leadville R. R	366,167.00
377		Contractors, Salina and Northwestern R. R	19,574.00
383		Contractors, Manhattan and Blue Valley R. R	114,502.72
384		Junction City and Fort Kearney Rwy. Co., construction	43,772.14
385		Contractors, Laramie, North Park and Pacific R. R. and Telegraph	62,703.17
386		Contractors, Denver, South Park and Pacific R. R	482,749.13
388		Contractors, Omaha, Niobrara and Black Hills R. R	170,132.00
389		Contractors, Montana Rwy	220,092.00
390		Contractors, No. Park and Grand Valley R. R. and Telegraph	15.25
390		Leadville Extension	765,304.67
391		Contractors, Nathrop, cut-off	62,614.98
397		Omaha Bridge bonds, Union Division, owned by the company	5,161.25
398		Consolidated mortgage bonds, Kansas Division, owned by the company	1,979,950.00
400		Coupon certificates, owned by the company	184.73
406		Union Pacific Rwy. stock, owned by company	58.00
406		Union Pacific R. R. Co., owned by company	113,697.50
407		Kansas Pacific Rwy. Co., stock owned by company	200.00
407		Denver Pacific Rwy. and Telegraph Co., stock owned by the company	200.00
410		Omaha and Republican Valley R. R. Co. bonds	1,633,200.00
410		Omaha and Republican Valley R. R. Co. stock	312,622.23
411		Omaha, Niobrara and Black Hills Co. bonds	781,000.00
411		Omaha, Niobrara and Black Hills Co. stock	90,021.90
413		St. Joseph and Pacific R. R. Co. bonds	1,275,210.00
414		Kansas and Nebraska Rwy. Co. bonds	1,085,514.29
415		St. Joseph and Western R. R. Co. stock	397,200.00
416		St. Joseph Bridge Building Co. bonds	784,000.00
416		St. Joseph Bridge Building Co. stock	71,000.00
417		Marysville and Blue Valley R. R. Co. bonds	115,200.00
417		Marysville and Blue Valley R. R. Co. stock	24,174.00
418		Echo and Park City R. R. Co. bonds	432,000.00
418		Echo and Park City R. R. Co. stock	85,202.16
419		Utah and Northern Rwy. Co. bonds	3,240,000.00
420		Utah and Northern Rwy. Co. stock	675,450.00
421		Colorado Central R. R. Co. bonds	2,880,000.25
422		Colorado Central R. R. Co. stock	3,000,100.17
422		Colorado Central R. R. Co., Wyoming Territory, stock	75,465.32
423		Denver, South Park and Pacific R. R. Co. bonds	1,440,000.00
423		Denver, South Park and Pacific R. R. Co. stock	3,994,570.00
424		Lawrence and Emporia R. R. Co. stock	31,161.27
425		Salina and Southwestern R. R. Co. stock	41,050.77
426		Kansas Central R. R. Co. bonds	1,073,000.00
426		Kansas Central R. R. Co. stock	472,709.15
427		Denver, Western and Pacific Rwy. Co. bonds	230,000.21
427		Denver, Western and Pacific Rwy. Co. stock	7,025.00
428		Central Branch Union Pacific R. R. Co. stock	1,876,000.00
429		Atchison, Colorado and Pacific R. R. Co. bonds	457,000.00
429		Atchison, Colorado and Pacific R. R. Co. stock	2,251.22
430		Nevada Central Rwy. Co. bonds	150,000.00
430		Nevada Central Rwy. Co. stock	100,250.00
431		Manhattan, Alma and Burlingame R. R. Co. bonds	305,100.00
431		Manhattan, Alma and Burlingame R. R. Co. stock	44,700.58
432		Utah, Southern R. R. Co. extension bonds	743,384.20
432		Utah Central Rwy. Co. stock	692,071.52
433		Loveland Pass Mining and R. R. Tunnel Co. bonds	72,000.00
433		Loveland Pass Mining and R. R. Tunnel Co. stock	1,200.00
434		Salt Lake and Western Rwy. Co. bonds	864,000.00
434		Salt Lake and Western Rwy. Co. stock	117,200.00
435		Leavenworth, Topeka and Southwestern Rwy. Co. stock	55,500.00
436		Greeley, Salt Lake and Pacific Rwy. Co. bonds	800,000.00
436		Greeley, Salt Lake and Pacific Rwy. Co. stock	322,400.00
444		St. Louis, Council Bluffs and Omaha	18,500.00
444		Wasatch and Jordan Valley R. R. Co. bonds	6,915.53
445		Hastings and Grand Island R. R. Co. bonds	42,900.32
452		Clyde City, Cloud County, Kans., bonds	350.00
453		McPherson City, McPherson County, Kans., bonds	1,400.00
453		National Mining and Industrial Association, Colorado, bonds	10,000.00
454		Buena Vista Land Co. bonds	2,500.00
454		Lenora Township, Norton County, Kans., bonds	9,000.00
455		Solomon Township, Norton County, Kans., bonds	6,000.00
455		North Loup Precinct, Valley County, Nebr., bonds	3,000.00
459		Oregon Short Line Rwy. Co. stock	695.00

...r the year ended December 31, 1883—Continued.

Cr.

Ledger folio.	Item No.	Title of account.	Amount.

EXHIBIT A 21.—*Capital balance sheet, Union Pacific Comp*

DR.

Ledger folio.	Item No.	Title of account.	Amount.
460	.....	Salt Lake and Western R. R. Co., Nevada, stock	$30,000
461	.....	Utah and Nevada Rwy. Co. stock	287,933
461	.....	Manhattan and Blue Valley R. R. Co. stock	44,261
462	.....	Occidental and Oriental Steamship Company	173,520
463	.....	Kansas Central Elevator Company stock	14,630
463	.....	Nevada Improvement Company stock	15,000
464	.....	Union Depot, Kansas City, stock	1,000
464	.....	Saint Joseph Union Depot Company stock	1,000
465	.....	Kansas Carbon Company stock	26,272
466	.....	Topeka Iron Company stock	32,500
467	.....	Bakerville and Leadville Toll Road Company stock	8,000
468	.....	National Land Company stock	10,117
468	.....	Council Bluffs Street Rwy. Company stock	20,750
469	.....	Saint Louis and Mississippi Valley Transfer Company stock	100,000
469	.....	Union Elevator Company, Omaha, stock	76,500
470	.....	Gray's Peak, Snake River and Leadville R. R. Co. stock	500
470	.....	Colorado Western R. R. Co. stock	500
471	.....	Kansas and Eastern Railroad Construction Company stock	2,000
471	.....	Union Coal Company stock	138,500
474	.....	Wyoming coal lands	14,925
474	.....	Utah coal lands	724
472	.....	Colorado lands	3,790
473	.....	Soda lands	50,160
475	.....	Ames monument	64,773
529	.....	Coupons due February 1, 1880, and prior, Kansas Division	620
546	.....	Henry R. Hinckley	500
548	.....	Frederick L. Ames, special account	62,914
540	.....	Frederick L. Ames	5,000
553	.....	Union Coal Company	16,297
554	.....	National Land Co., special account	15
566	.....	Land cash, Union Division	300
572	.....	Land contracts, Union Division	5,177,980
575	.....	Frederick L. Ames, trustee	2,002,165
596	.....	Land contracts	1,726,945
598	.....	Jay Gould and Russell Sage, trustees	302,620
601	.....	John A. Stewart, trustee Denver extension mortgage	3,765
		Total	241,439,361

EXHIBIT A

Capital balance sheet Union Pacific Comp

DR.

Ledger folio.	Item No.	Title of account.	Amount
39	.....	Leavenworth Branch bonds, in trust	$560,000
40	.....	Income bonds, in trust	215,350
41	.....	Income bonds, subordinated, in trust	3,781,000
42	.....	Denver Extension coupon certificates, in trust	1,023
43	.....	Leavenworth Branch coupon certificates, in trust	313
44	.....	Cheyenne Branch bonds, in trust	2,051,000
46	.....	Denver Extension sinking fund	467,000
52	.....	United States interest repaid, Union Division	7,560,750
60	.....	United States interest repaid, Kansas Division	1,060,385
70	.....	Cost of road and fixtures	154,958,804
73	.....	New construction	1,746,043
75	.....	New equipment	2,212,963
140	.....	Future income	1,451,213
142	.....	Cash	46,438
144	.....	James M. Ham, assistant treasurer	265,458
159	.....	Union Trust Company	2,816
166	.....	Union Trust Company trustee, collateral trust account	208,331
168	.....	Speyer & Co	103,000
169	.....	Winslow, Lanier & Co	192
171	.....	Drexel, Morgan & Co., foreign account	152,253
172	.....	Leavitt Burnham, land commissioner, Union Division	1,225
176	.....	Jay Gould and Russell Sage, trustees, special account	87,870
178	.....	John A. Stewart, trustee	300
180	.....	John A. Stewart, W. Endicott, jr., and August Rutten, trustees	75
182	.....	New England Trust Company	73,701
185	.....	Notes receivable	233,100
192	.....	Operating department	3,728,694

for the year ended December 31, 1883—Continued.

Cr.

Ledger folio.	Item No.	Title of account.	Amount.
		Total	241,420,501.37

(details in A 23).

for the year ended December 31, 1884.

Cr.

Ledger folio.	Item No.	Title of account.	Amount.
1	.....	Capital stock	$60,672,450.00
3	.....	Stock of the Union Pacific R. R. Co	193,000.00
4	.....	Stock of the Kansas Pacific Rwy. Co	1,550.00
5	.....	Stock of the Denver Pacific Railway and Telegraph Company	1,400.00
6	.....	Installment account	100.00
7	.....	First-mortgage bonds, Union Division	27,229,000.00
8	.....	Land-grant bonds, Union Division	3,900,000.00
11	.....	Sinking fund mortgage bonds, Union Division	12,703,000.00
15	.....	Registered fund mortgage bonds, Union Division	1,918,000.00
19	.....	Collateral trust mortgage bonds, Union Division	4,682,000.00
21	.....	Omaha Bridge bonds, Union Division	1,716,000.00
23	.....	Trust 5 per cent. bonds	3,704,000.00
25	.....	Registered 5 per cent	15,000.00
27	.....	Consolidated mortgage bonds, Kansas Division	15,927,000.00
29	.....	Fractional certificate for mortgage bonds, Kansas Division	5.00
30	.....	Eastern Division bonds, Kansas Division	2,240,000.00
31	.....	Middle Division bonds, Kansas Division	4,063,000.00
33	.....	Denver Extension bonds, Kansas Division	6,279,000.00
34	.....	Leavenworth Branch bonds, Kansas Division	600,000.00
35	.....	Income bonds, Kansas Division	263,700.00
36	.....	Income bonds, subordinated, Kansas Division	4,011,650.00
37	.....	Denver Extension coupon certificates, Kansas Division	2,397.50
38	.....	Leavenworth Branch coupon certificates, Kansas Division	4,830.00
39	.....	Cheyenne Branch bonds	2,062,000.00
40	.....	United States Union Division bonds	27,236,512.00
41	.....	United States Kansas Division bonds	6,303,000.00
42	.....	United States interest account, Union Division	27,409,136.49

EXHIBIT A 22.—*Capital balance-sheet, Union Pacific Compa*

DR.

Ledger folio.	Item No.	Title of account.	Amount.
225	.....	United States Treasury Department, Union Division	$2,772,[illegible]
235	.....	United States undivided settlements, Union Division	65,[illegible]
245	.....	United Statest ransfer accounts, July to Dec., 1878, Union Division	1,[illegible]
247	.....	United States transfer accounts, 1879, Union Division	[illegible]
249	.....	United States transfer accounts, 1880, Union Division	[illegible]
255	.....	United States sinking fund, Union Division	1,814,[illegible]
263	.....	United States investments, Union Division	1,[illegible]
365	.....	United States premium of sinking fund investment, Union Division	[illegible]
271	.....	United States undivided settlements, Kansas Division	1,[illegible]
277	.....	United States transportation accounts, Kansas Division	[illegible]
285	.....	United States transportation accounts, Cheyenne Branch	[illegible]
287	.....	United States transportation accounts, foreign roads	[illegible]
289	.....	United States suspended settlement	[illegible]
292	.....	Junction City and Fort Kearney Rwy. Co. bonds, in trust	[illegible]
293	.....	Junction City and Fort Kearney Rwy. Co. stock, in trust	[illegible]
293	.....	Golden Boulder and Caribo Rwy. Co. bonds, in trust	[illegible]
293	.....	Golden Boulder and Caribo Rwy. Co. stock, in trust	[illegible]
294	.....	Solomon R. R. Co. bonds, in trust	[illegible]
294	.....	Solomon R. R. Co. stock, in trust	[illegible]
295	.....	Denver and Boulder Valley R. R. Co. bonds, in trust	[illegible]
295	.....	Denver and Boulder Valley R. R. Co. stock, in trust	[illegible]
297	.....	National Land Company stock, in trust	[illegible]
298	.....	Lawrence and Emporia R. R. Co. bonds, in trust	[illegible]
299	.....	Salina and Southwestern Rwy. Co. bonds, in trust	[illegible]
301	.....	Omaha and Republican Valley R. R. Co	[illegible]
305	.....	Saint Joseph and Western R. R. Co	[illegible]
307	.....	Marysville and Blue Valley R. R. Co	[illegible]
317	.....	Denver, South Park and Pacific R. R. Co	[illegible]
319	.....	Lawrence and Emporia R. R. Co	[illegible]
325	.....	Salina and Southwestern Rwy. Co	[illegible]
327	.....	Denver and Boulder Valley R. R. Co	[illegible]
331	.....	Kansas Central R. R. Co	[illegible]
335	.....	Denver, Western and Pacific Rwy. Co	[illegible]
337	.....	Greeley, Salt Lake and Pacific Rwy. Co	[illegible]
339	.....	Central Branch Union PacificR. R. Co	[illegible]
341	.....	Nevada Central Rwy. Co	[illegible]
345	.....	Atchison, Topeka and Santa Fé R. R. Co	[illegible]
345	.....	Wyoming, Montana and Pacific R. R. Co	[illegible]
346	.....	Union Depot and R. R. Co., Denver	[illegible]
347	.....	Oregon Short Line Rwy. Co	[illegible]
353	.....	Utah Eastern R. R. Co	[illegible]
354	.....	Omaha Belt Rwy. Co	[illegible]
355	.....	Utah Central Rwy. Co	[illegible]
356	.....	Council Bluffs Street Rwy. Co	[illegible]
373	.....	Omaha, Niobrara and Black Hills R. R. Co., coupon account	[illegible]
374	.....	Oregon Short Line Rwy. Co., coupon account	[illegible]
377	.....	Salt Lake and Western Rwy. Co., coupon account	[illegible]
382	.....	Kansas Central R. R. Co	[illegible]
384	.....	Nevada Central Rwy. Co. coupon account	[illegible]
386	.....	Council Bluffs Street Rwy. Co. coupon account	[illegible]
392	.....	Oregon Short Line Rwy. construction	[illegible]
393	.....	Chester W. Collins	[illegible]
395	.....	Contractors, Oregon Short Line Rwy	[illegible]
397	.....	Contractors, Greely, Salt Lake and Pacific R. R.	[illegible]
399	.....	Contractors, Georgetown, Breckenridge and Leadville R. R.	[illegible]
400	.....	Contractors, Salina and Northwestern R. R.	[illegible]
402	.....	Contractors, Utah and Northern Rwy	[illegible]
403	.....	Contractors, Manhattan and Blue Valley R. R	[illegible]
404	.....	Contractors, Laramie, No. Park and Pacific R. R. and Telegraph	[illegible]
405	.....	Contractors, Denver, So. Park and Pacific R. R	[illegible]
407	.....	Omaha, Niobrara and Black Hills R. R.	[illegible]
408	.....	Contractors, Montana Rwy	[illegible]
409	.....	Contractors, No. Park and Gr. River Valley R. R. and Telegraph	[illegible]
410	.....	Contractors, Leadville Extension	[illegible]
411	.....	Contractors, Nathrop Cut-Off	[illegible]
412	.....	Contractors, Denver and Middle Park R. R.	[illegible]
413	.....	Contactors, Junction City and Fort Kearney Rwy	[illegible]
417	.....	Junction City and Fort Kearney Rwy. Co., construction	[illegible]
419	.....	Land grant bonds, Union Division, owned by the company	[illegible]
420	.....	Sinking-fund mortgage, Union Division, owned by the company	[illegible]
421	.....	Omaha bridge bonds, Union Division, owned by the company	[illegible]
422	.....	Consolidated-mortgage bonds, Kansas Division, owned by the company	2,725,291.[illegible]
423	.....	Oregon Short Line Rwy. Co. bonds, special account, owned by the company	128,167.[illegible]
424	.....	Income bonds, subordinated, Kansas Division, owned by the company	
425	.....	Income bonds, Kansas Division, owned by the company	2,[illegible]
429	.....	Coupon certificates, owned by the company	[illegible]
430	.....	Union Pacific Rwy. Co. stock, owned by the company	[illegible]

year ended December 31, 1884—Continued.

Ledger folio	Item No.	Title of account.	Amount. Cr.
		United States interest account, Kansas Division	$6,696,603.09
		Income account	9,288,566.15
		Income used for sinking funds	2,383,028.78
		B. McAllaster, Kansas Division	10,037.60
		United States mail account	771,057.40
		United States Treasury Department, Kansas Division	11,783.78
		Omaha, Niobrara and Black Hills R. R. Co.	420.31
		Echo and Park City R. R. Co	1,874.18
		Utah and Northern Rwy. Co	77,509.48
		Colorado Central R. R. Co	18,257.40
		Junction City and Fort Kearney Rwy. Co	6,768.69
		Solomon R. R. Co	6,505.86
		Golden Boulder and Caribon Rwy. Co	6,766.62
		Salt Lake and Western Rwy. Co	146,383.99
		Utah and Nevada Rwy. Co	40,000.00
		Colorado Central R. R. Co., of Wyoming	461.60
		Saint Joseph Bridge Building Co	101,865.68
		Georgetown, Breckenridge and Leadville Rwy. Co	428.53
		Montana Rwy. Co	88,910.60
		Laramie, North Park and Pacific Railroad and Telegraph Company	1,512.49
		Leavenworth, Topeka and Southwestern Rwy. Co. coupon account	14,110.00
		Manhattan, Alma and Burlingame R. R. Co. interest account	7,841.53
		Contractors Salt Lake and Western Rwy	63,922.99
		Contractors Ketchum Extension (O. S. L.)	25,600.00
		Topeka Iron Company, stock	961.40
		Notes payable	5,708,769.30
		Omaha drafts	23,499.67
		Dividends unpaid	78,648.77
		Interest accrued, not yet due	788,670.82
		First-mortgage coupons, Union Division	861,840.00
		Land-grant coupons, Union Division	12,316.06
		Sinking fund coupons, Union Division	11,800.00
		Interest on registered sinking-fund bonds	4,480.00
		Collateral trust coupons, Union Division	141,000.00
		Interest on registered trust fives	25.00
		Omaha bridge coupons, Union Division	133,160.00
		Consolidated-mortgage coupons, Kansas Division	11,610.00
		Eastern Division coupons, Kansas Division	240.00
		Middle Division coupons, Kansas Division	13,230.00
		Denver Extension coupons, Kansas Division	107,940.00
		Eastern Division certificate coupons, Kansas Division	12.15
		Middle Division certificate coupons	11.70
		Denver Extension certificate coupons, Kansas Division	92.99
		Drawn collateral trust bonds outstanding	3,000.00
		Drawn Omaha bridge bonds outstanding	18,000.00
		Oregon Short Line Rwy. subscriptions	2,000.00
		Jay Gould and Russell Sage, trustees, loan account	150,000.00
		Sidney Dillon	250,000.00
		Kidder, Peabody & Co	1,439,625.00
		Land and trust income	14,180,741.56
		Robert E. Carr, trustee	865.06
		Jay Gould and Russell Sage, trustees Kansas Pacific consolidated mortgage	23,534.79
		Trust 5 per-cent. coupons	30,975.00

EXHIBIT A 22.—*Capital balance-sheet, Union Pacific Company.*

DR.

Ledger folio.	Item No.	Title of account.	Amount.
430	.....	Union Pacific R. R. Co. stock, owned by the company	$113,[illegible]
431	.....	Kansas Pacific Rwy. Co. stock, owned by the company	[illegible]
431	.....	Denver Pacific Railway and Telegraph Company stock, owned by the company	[illegible]
434	.....	Omaha and Republican Valley R. R. Co. bonds, owned by the company	1,633,[illegible]
434	.....	Omaha and Republican Valley R. R. Co. stock, owned by the company	312,[illegible]
435	.....	Omaha, Niobrara and Black Hills R. R. Co. bonds	781,[illegible]
435	.....	Omaha, Niobrara and Black Hills R. R. Co. stock	98,[illegible]
436	.....	Saint Joseph and Pacific R. R. Co. bonds	1,275,[illegible]
437	.....	Kansas and Nebraska Rwy. Co. bonds	1,063,[illegible]
438	.....	Saint Joseph and Western R. R. Co. stock	207,[illegible]
439	.....	Saint Joseph Bridge-Building Co. bonds	784,[illegible]
439	.....	Saint Joseph Bridge-Building Co. stock	21,[illegible]
440	.....	Marysville and Blue Valley R. R. Co. bonds	115,[illegible]
440	.....	Marysville and Blue Valley R. R. Co. stock	24,[illegible]
441	.....	Echo and Park City Rwy. Co. bonds	432,[illegible]
441	.....	Echo and Park City Rwy. Co. stock	85,[illegible]
442	.....	Utah and Northern Rwy. Co. bonds	3,336,[illegible]
443	.....	Utah and Northern Rwy. Co. stock	674,[illegible]
444	.....	Colorado Central R. R. Co. bonds	3,685,[illegible]
445	.....	Colorado Central R. R. Co. stock	3,[illegible]
445	.....	Colorado Central R. R. Co., Wyoming Territory stock	75,465.22
446	.....	Denver, South Park and Pacific R. R. Co. bonds	2,[illegible]
446	.....	Denver, South Park and Pacific R. R. Co. stock	4,364,[illegible]
447	.....	Lawrence and Emporia R. R. Co. stock	31,161.37
447	.....	Salina and Southwestern Rwy. Co. stock	36,672.16
448	.....	Kansas Central R. R. Co. bonds	1,078,[illegible]
448	.....	Kansas Central R. R. Co. stock	472,[illegible]
449	.....	Denver, Western and Pacific Rwy. Co. bonds	245,[illegible]
449	.....	Denver, Western and Pacific Rwy. Co. stock	7,[illegible]
450	.....	Central Branch Union Pacific Co. stock	1,876,[illegible]
451	.....	Atchison, Colorado and Pacific Railroad Co. bonds	457,[illegible]
451	.....	Atchison, Colorado and Pacific Railroad Co. stock	2,251.22
452	.....	Nevada Central Rwy. Co bonds	150,[illegible]
452	.....	Nevada Central Rwy. Co. stock	100,[illegible]
453	.....	Manhattan, Alma and Burlingame R. R. Co. bonds	305,[illegible]
453	.....	Manhattan, Alma and Burlingame R. R. Co. stock	44,[illegible]
454	.....	Loveland Pass. Mining and Railroad Tunnel Company bonds	72,[illegible]
454	.....	Loveland Pass. Mining and Railroad Tunnel Company stock	1,[illegible]
455	.....	Salt Lake and Western Rwy. Co. bonds	884,[illegible]
455	.....	Salt Lake and Western Rwy. Co. stock	117,[illegible]
456	.....	Utah Southern R. R. Co. Extension bonds	757,[illegible]
457	.....	Utah Central Rwy. Co. stock	692,971.82
458	.....	Greeley, Salt Lake and Pacific Rwy. Company bonds	808,[illegible]
458	.....	Greeley, Salt Lake and Pacific Rwy. Company stock	323,[illegible]
358	.....	Montana Rwy Co. stock	60,[illegible]
467	.....	Saint Louis, Council Bluffs and Omaha R. R. Co. bonds	19,[illegible]
467	.....	Wasatch and Jordan Valley R. R. Co. bonds	8,[illegible]
468	.....	Hastings and Grand Island R. R. Co. bonds	42,[illegible]
469	.....	Council Bluffs Street Rwy. Co. bonds	1,[illegible]
475	.....	McPherson City, McPherson County, Kans., bonds	1,[illegible]
476	.....	Lenora Township, Norton County, Kans., bonds	9,[illegible]
476	.....	Solomon Township, Norton County, Kans., bonds	6,[illegible]
477	.....	North Loup Precinct, Valley County, Nebr., bonds	3,[illegible]
477	.....	National Mining and Industrial Association of Colorado bonds	10,[illegible]
478	.....	Scotia Precinct, Greeley County, Nebr., bonds	4,[illegible]
478	.....	Schuyler Precinct, Colfax County, Nebr., bonds	20,416.65
479	.....	Starr Township, Cloud County, Kans., bonds	8,[illegible]
480	.....	Belleville Township, Republic County, Kans., bonds	16,[illegible]
480	.....	Freedom Township, Republic County, Kans., bonds	12,[illegible]
481	.....	Oregon Short Line Rwy. Co. bonds	1,982,[illegible]
482	.....	Oregon Short Line Rwy. Co. stock	9,[illegible]
483	.....	Salt Lake and Western R. R. Co., Nevada stock	50,[illegible]
483	.....	Utah and Nevada Rwy. Co. stock	287,[illegible]
484	.....	Manhattan and Blue Valley R. R. Co. stock	44,341.[illegible]
484	.....	Leavenworth, Topeka and Southwestern Rwy. Co. stock	55,[illegible]
485	.....	Gray's Peak, Snake River and Leadville R. R. Co. stock	[illegible]
485	.....	Colorado Western R. R. Co. stock	[illegible]
486	.....	Occidental and Oriental S. S. Co. stock	173,[illegible]
486	.....	Nevada Improvement Company bonds	15,[illegible]
487	.....	Kansas Central Elevator Company stock	14,[illegible]
487	.....	Union Elevator Company, Omaha stock	[illegible]
488	.....	Kansas Carbon Company stock	26,272.[illegible]
489	.....	Saint Joseph Union Depot Company stock	1,[illegible]
489	.....	Union Depot, Kansas City, stock	21,[illegible]
489	.....	Bakerville and Leadville Toll Road Company stock	5,[illegible]
491	.....	Council Bluffs Street Rwy. Co. stock	20,[illegible]
491	.....	Saint Louis and Mississippi Valley Tranportation Company stock	100,[illegible]

for the year ended *December* 31, 1884—Continued.

Ca.

Ledger folio.	Item No.	Title of account.	Amount.

EXHIBIT A 22.—*Capital balance-sheet, Union Pacific Company.*

DR.

Ledger folio.	Item No.	Title of account.	Amount.
492	.....	Kansas and Eastern R. R. Construction Company stock	[illegible]
492	.....	Union Coal Company stock	[illegible]
493	.....	National Land Company stock	[illegible]
493	.....	Colorado lands	[illegible]
494	.....	Wyoming coal lands	[illegible]
494	.....	Utah coal lands	[illegible]
495	.....	Soda lands	[illegible]
495	.....	Kansas lands	[illegible]
497	.....	Montana coal lands	[illegible]
498	.....	Bozeman Coal Company stock	[illegible]
499	.....	Pullman Association cars	[illegible]
569	.....	Coupons due February 1, 1880, and prior, Kansas Division	[illegible]
583	.....	Frederick L. Ames, special account	[illegible]
586	.....	Henry R. Hinchley	[illegible]
590	.....	Union Coal Company	[illegible]
591	.....	Drexel, Morgan & Co	[illegible]
599	.....	Maxwell & Graves	[illegible]
598	.....	Pullman Palace Car Company	[illegible]
610	.....	Land cash, Union Division	[illegible]
614	.....	Land contracts, Union Division	[illegible]
618	.....	Frederick L. Ames, trustee, Union Division	[illegible]
642	.....	Land contracts, Kansas Division	[illegible]
648	.....	John A. Stewart, trustee, Denver Extension mortgage	[illegible]
645	.....	Jay Gould and Russell Sage, trustees, Denver Pacific mortgage	[illegible]
			[illegible]

for the year ended December 31, 1884—Continued.

Cr.

Ledger folio.	Item No.	Title of account.	Amount.
			$256,344,808.10

EXHIBIT A 23 (containing details

Balance-sheet for the year

DR.

Ledger folio.	Item No.	Title of account.	Amount.
39	1	Leavenworth Branch bonds, in trust	$582,000.00
40	2	Income bonds, in trust	217,700.00
41	3	Income bonds, subordinated, in trust	3,943,400.00
43	4	Leavenworth Branch coupon certificates, in trust	215.00
44	5	Cheyenne Branch bonds, in trust	2,061,000.00
46	6	Denver Extension sinking fund	512,000.00
52	7	United States interest repaid, Union Division	8,244,104.00
60	8	United States interest repaid, Kansas Division	1,068,695.78
70	9	Cost of road and fixtures	155,084,227.00
73	10	New construction	1,792,426.00
75	11	New equipment	2,388,678.00
76	12	Omaha Bridge renewal	53,331.56
140	13	Future income	2,129,403.00
143	14	Cash	256,000.00
148	15	James M. Ham, assistant treasurer	16,033.75
160	16	Union Trust Company	273,177.96
166	17	Union Trust Company, trustee collateral trust account	222,000.00
168	18	Speyer & Co.	111,000.00
170	19	Drexel, Morgan & Co., foreign account	83,000.00
171	20	American Loan and Trust Company	13,000.00
176	21	Jay Gould and Russell Sage, trustees, special account	54,000.00
178	22	John A Stewart, trustee, special account	1,005.00
180	23	John A. Stewart, W. Endicott, jr., and A. Rutten, trustees	10,000.25
182	24	New England Trust Company, trustee	70,000.37
185	25	Notes receivable	354,300.00
197	26	Operating department	3,047,343.75
225	27	United States Treasury Department, Union Division	2,772,616.75
235	28	United States undivided settlements, Union Division	188,779.00
245	29	United States transportation accounts, July to December, 1878, Union Division	1,394.40
247	30	United States transportation accounts, 1879, Union Division	866.19
249	31	United States transportation accounts, 1880, Union Division	218.00
263	32	United States sinking fund investments	4,875,100.00
265	33	United States premium on investments	834,822.00
271	34	United States undivided settlements, Kansas Division	1,898,691.02
277	35	United States transportation accounts, Kansas Division	131,355.38
285	36	United States transportation accounts, Cheyenne Branch	90,751.57
287	37	United States transportation for Rds	273,100.14
289	38	United States suspended settlements	119,257.45
292	39	Junction City and Fort Kearney Rwy. Co. bonds, in trust	970,000.00
292	40	Junction City and Fort Kearney Rwy. Co. stock, in trust	7,200.00
293	41	Golden Boulder and Caribou Rwy. Co. bonds, in trust	60,000.00
293	42	Golden Boulder and Caribou Rwy. Co. stock, in trust	5,050.00
294	43	Solomon Railroad Co. bonds, in trust	575,000.00
294	44	Solomon Railroad Co. stock in trust	5,000.00
295	45	Denver and Boulder Valley R. R. Co. bonds, in trust	543,000.00
295	46	Denver and Boulder Valley R. R. Co. stock, in trust	4,250.00
297	47	National Land Company stock, in trust	35,750.00
298	48	Lawrence and Emporia bonds, in trust	465,000.00
299	49	Salina and Southwestern Rwy. Co. bonds, in trust	540,000.00
301	50	Omaha and Republican Valley R. R. Co.	97,677.10
306	51	Saint Joseph and Grand Island R. R. Co.	58,461.13
307	52	Marysville and Blue Valley R. R. Co	7,441.82
311	53	Utah and Northern Rwy. Co	15,822.39
314	54	Colorado Central R. R Co	13,982.49
317	55	Denver, South Park and Pacific R. R. Co	1,638,700.43
319	56	Lawrence and Emporia R. R. Co	94,446.24
327	57	Denver and Boulder Valley R. R. Co	33,274.75
331	58	Kansas Central R. R. Co	286,514.15
337	59	Greeley, Salt Lake and Pacific R. R. Co	65,451.97
341	60	Nevada Central Rwy Co	113,598.95
343	61	Atchison, Topeka and Santa Fé R. R. Co.	2,041.31
345	62	Wyoming, Montana and Pacific R. R. Co	97,177.21
346	63	Union Depot and R. R. Co., Denver	50,000.00
347	64	Oregon Short Line R. R. Co	374,777.46
350	65	Saint Joseph Bridge Building Company	14,858.62
353	66	Utah Eastern R. R. Co	13,421.64
354	67	Omaha Belt Rwy. Co	106,508.00
356	68	Utah Central Rwy. Co	170,419.00
356	69	Council Bluff Street Rwy. Co	12,646.12
357	70	Georgetown, Breckenridge and Leadville Rwy. Co	10,422.66
359	71	Laramie, North Park and Pacific Railroad and Telegraph Company	894.25
360	72	Denver and Middle Park R. R. Co	3,024.16
365	73	Missouri Pacific Rwy. Co	15.00
373	74	Omaha, Niobrara and Black Hills R. R. Co., coupon account	34,195.00
377	75	Salt Lake and Western Rwy. Co., coupon account	7,500.00
378	76	Junction City and Fort Kearney Rwy. Co., coupon account	59,000.00
379	77	Solomon R. R. Co., coupon account	45,300.00
380	78	Salina and Southwestern Rwy. Co., coupon account	6,180.00

(ion A 17 to A 22, inclusive).

ded December 31, 1885.

Ledger folio.	Item No.	Title of account.	Cr. Amount.
1	221	Capital stock	$60,672,450.00
2	222	Stock of the Union Pacific R. R. Co	193,000.00
3	223	Stock of the Kansas Pacific Rwy. Co	1,550.00
4	224	Stock of the Denver Pacific Railway and Telegraph Company	1,400.00
5	225	Installment account	100.00
7	226	First-mortgage bonds, Union Division	27,229,000.00
8	227	Land-grant bonds, Union Division	2,706,000.00
11	228	Sinking-fund bonds, Union Division	12,554,000.00
13	229	Registered-fund bonds, Union Division	1,929,000.00
15	230	Collateral-trust bonds, Union Division	4,541,000.00
21	231	Omaha Bridge, Union Division	1,621,400.00
22	232	Omaha Bridge renewal bonds, Union Division	64,000.00
23	233	Trust 5-per-cent. bonds, Union Division	3,692,000.00
26	234	Registered 5-per-cent. bonds, Union Division	15,000.00
27	235	Consolidated mortgage bonds, Kansas Division	14,905,000.00
29	236	Fractional certificates for consolidated mortgage bonds, Kansas Division	5.00
30	237	Eastern Division bonds, Kansas Division	2,240,000.00
31	238	Middle Division bonds, Kansas Division	4,063,000.00
32	239	Denver Extension bonds, Kansas Division	6,258,000.00
33	240	Leavenworth Branch bonds, Kansas Division	600,000.00
34	241	Income bonds, Kansas Division	263,700.00
35	242	Income bonds, subordinated, Kansas Division	4,011,650.00
36	243	Denver Extension coupon certificates, Kansas Division	982.50
37	244	Leavenworth Branch, coupon certificates, Kansas Division	4,840.00
38	245	Cheyenne Branch coupon bonds	2,050,000.00
39	246	United States Union Division bonds	27,236,512.00
40	247	United States Kansas Division bonds	6,303,000.00
41	248	United States interest account, Union Division	29,043,327.21
42	249	United States interest account, Kansas Division	7,074,783.09
47	250	Income account	12,537,847.42
48	251	Income used for sinking funds	2,976,633.74
49	252	Winslow, Lanier & Co	749.84
170	253	Leavitt Burnham, land commissioner, Union Division	598.47
174	254	B. McAllaster, land commissioner, Kansas Division	2,731.98
35	255	United States sinking fund	1,311,002.47
37	256	United States special mail account	684,489.16
39	257	United States Treasury Department, Kansas Division	11,753.55
38	258	Omaha, Niobrara and Black Hills R. R. Co	20,102.49
39	259	Saint Joseph and Western R. R. Co	5,810.33
39	260	Echo and Park City R. R. Co	15,223.76
81	261	Junction City and Fort Kearney Rwy. Co	60,963.92
82	262	Solomon R. R. Co	45,220.11
85	263	Salina and Southwestern Rwy. Co	9,426.50
89	264	Golden Boulder and Caribou Rwy. Co	8,503.11
93	265	Salt Lake and Western Rwy. Co	7,666.78
99	266	Central Branch U. P. R. R. Co	185,000.00
102	267	Utah and Nevada Rwy. Co	53,000.04
104	268	Colorado Central R. R. Co. of Wyoming	461.60
108	269	Montana Rwy. Co	5,925.21
109	270	Saint Joseph and Grand Island R. R. Co., interest account	35,000.00
110	271	Leavenworth, Topeka and Southwestern Rwy. Co., coupon account	14,280.00
116	272	Manhattan, Alma and Burlingame R. R. Co., interest account	9,406.12
60	273	Contractors Salt Lake and Western Rwy	63,922.99
118	274	Contractors Ketchum Extension (O. S. L.)	23,568.93
119	275	Notes payable	4,115,000.00
127	276	Omaha drafts	88,412.26
129	277	Dividends unpaid	71,878.02
132	278	Interest accrued, not yet due	774,103.95
134	279	First-mortgage coupons, Union Division	867,240.00
135	280	Land-grant coupons, Union Division	8,991.06
136	281	Sinking-fund coupons, Union Division	14,080.00
140	282	Interest on registered coupons, Union Division	5,240.00
143	283	Collateral trust coupons, Union Division	136,950.00
144	284	Trust 5-per-cent. coupons, Union Division	27,775.00
145	285	Interest on registered trust fives	25.00
148	286	Omaha Bridge coupons, Union Division	65,880.00
150	287	Consolidated mortgage coupons, Kansas Division	9,060.00
153	288	Eastern Division coupons, Kansas Division	630.00
156	289	Middle Division coupons, Kansas Division	13,800.00
158	290	Denver Extension coupons, Kansas Division	113,230.00
159	291	Eastern Division certificate coupons, Kansas Division	12.15
160	292	Middle Division certificate	11.70
160	293	Denver Extension	92.99
162	294	Drawn collateral trust bonds, outstanding	32,000.00
166	295	Drawn Omaha Bridge bonds, outstanding	18,000.00
164	296	Charles H. Toll	500.00
164	297	Jay Gould and Russell Sage, trustees, loan account	150,000.00
167	298	National Land Company	84,150.00

Dr EXHIBIT A 21.—*Balance-sheet for the yea*

Ledger folio.	Item No.	Title of account.	Amount.
381	79	Golden, Boulder and Caribou Rwy. Co., coupon account	94,000.00
386	80	Council Bluffs Street Rwy. Co., coupon account	2,000.00
392	81	Oregon Short Line Rwy., construction	47,491.36
393	82	Chester W. Collins	42,000.00
394	83	Construction, Salina, Lincoln and Western Rwy	20,000.00
398	84	Contractor, Manhattan and Blue Valley R. R. Co., Marysville extension.	4,267.37
399	85	Contractor, Georgetown, Breckenridge and Leadville	177,000.00
400	86	Contractor, Salina and Northwestern R. R.	10,174.00
402	87	Contractor, Utah and Northern Rwy.	94,000.00
403	88	Contractor, Manhattan and Blue Valley R. R.	137,000.22
404	89	Construction, Laramie, North Park and Pacific Railroad and Telegraph.	2,073.43
405	90	Contractors, Denver, South Park and Pacific R. R.	82,331.91
406	91	Omaha and Republican Valley R. R. and extension, contractors	2,000.00
407	92	Omaha, Niobrara and Black Hills R. R., contractors	324,782.79
407	93	Omaha, Niobrara and Black Hills R. R., Wheeler extension, contractors	697.19
408	94	Construction, Montana Rwy.	87,170.66
409	95	Contractors, North Park and Grand River Valley Railroad and Telegraph	15.25
411	96	Contractors, Nathrop Cut Off	97,342.00
412	97	Contractors, Denver and Middle Park R. R.	82,000.00
413	98	Contractors, Junction City and Fort Kearney Rwy.	166,764.77
413	99	Contractors, Omaha and Republican Valley R. R., Pilot extension	2,488.41
415	100	Contractors, Omaha and Republican Valley R. R., Loup City Branch	178,773.00
415	101	Contractors, Omaha and Republican Valley R. R., Crete extension	5,497.36
416	102	Construction, Denver, Marshall and Boulder R. R.	113,134.73
417	103	Junction City and Fort Kearney Rwy. Co., construction	43,772.14
420	104	Sinking fund bonds, Union Pacific, owned by the company	902,264.21
421	105	Omaha Bridge bonds, Union Pacific, owned by the company	5,161.35
421	106	Omaha Bridge renewal bonds, owned by the company, Union Division	64,000.00
422	107	Consolidated mortgage bonds, owned by the company	1,300,000.00
425	108	Income bonds, Kansas Division, owned by the company	27,134.01
426	109	Contractor, Omaha and Republican Valley R. R., Seward extension	6,178.00
426	110	Contractor, Omaha and Republican Valley R. R., Stromsburg extension	3,333.27
429	111	Coupon certificates, owned by the company	256.50
430	112	Union Pacific Rwy. Co., stock, owned by the company	50.00
430	113	Union Pacific R. R. Co., stock, owned by the company	113,997.50
431	114	Kansas Pacific Rwy. Co., stock, owned by the company	200.00
431	115	Denver Pacific Rwy. and Telegraph Company, stock, owned by the company	300.00
433	116	Georgetown, Breckenridge and Leadville R. R. Co., bonds	127,000.00
433	117	Georgetown, Breckenridge and Leadville R. R. Co., stock	127,700.00
424	118	Omaha and Republican Valley R. R. Co., bonds	2,037,500.00
434	119	Omaha and Republican Valley R. R. Co., stock	462,023.23
435	120	Omaha, Niobrara and Black Hills R. R., bonds	781,000.00
435	121	Omaha, Niobrara and Black Hills R. R., stock	90,621.96
440	122	Marysville and Blue Valley R. R. Co., bonds	115,200.00
440	123	Marysville and Blue Valley R. R. Co., stock	10,674.50
441	124	Echo and Park City R. R. Co., bonds	432,000.00
	125	Echo and Park City R. R. Co., stock	85,556.96
442	126	Utah and Northern Rwy. Co., bonds	3,250,720.00
443	127	Utah and Northern Rwy. Co., stock	674,300.45
444	128	Colorado Central R. R. Co., bonds	3,885,946.25
444	129	Colorado Central R. R. Co., 8 per cent. bonds	25,712.50
445	130	Colorado Central R. R. Co., stock	3,689,100.17
445	131	Colorado Central, Wyoming, stock	75,465.33
446	132	Denver, South Park and Pacific R. R. Co., bonds	2,704,000.00
446	133	Denver, South Park and Pacific R. R. Co., stock	4,364,712.49
447	134	Lawrence and Emporia R. R. Co., stock	31,161.37
447	135	Salina and Southwestern Rwy. Co., stock	36,672.16
448	136	Kansas Central R. R. Co., bonds	1,073,000.00
448	137	Kansas Central R. R. Co., stock	472,703.15
450	138	Central Branch Union Pacific R. R. Co., stock	1,676,000.00
451	139	Atchison, Colorado and Pacific R. R. Co., bonds	209,000.00
451	140	Atchison, Colorado and Pacific R. R. Co., stock	2,251.22
452	141	Nevada Central Rwy. Co., bonds	150,000.00
452	142	Nevada Central Rwy. Co., stock	190,350.00
453	143	Manhattan, Almas and Burlingame R. R. Co., bonds	365,100.00
453	144	Manhattan, Almas and Burlingame R. R. Co., stock	44,700.53
454	145	Loveland Pass Mining and R. R. Tunnel, bonds	72,000.00
454	146	Loveland Pass Mining and R. R. Tunnel, stock	1,200.00
455	147	Salt Lake and Western Rwy. Co., bonds	864,000.00
455	148	Salt Lake and Western Rwy. Co., stock	117,300.00
456	149	Utah Southern R. R. Extension Branch, bonds	757,304.20

...ber 31, 1885—Continued.

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Ledger folio.	Item No.	Title of account.	Amount.
[illegible]	299	Edward O. Wolcott	$163.93
[illegible]	300	Land and trust income	18,641,133.70
[illegible]	301	Robert E. Carr	865.06
[illegible]	302	Edward F. Lamb	1,000.00

EXHIBIT A 23.—*Balance-sheet for the year*

Dr.

Ledger folio.	Item No.	Title of account.	Amount.
457	150	Utah Central Rwy. Co., stock	$992,071.62
458	151	Greeley, Salt Lake and Pacific Rwy. Co., bonds	629,274.13
458	152	Greeley, Salt Lake and Pacific Rwy. Co., stock	800,500.00
459	153	Montana Rwy. Co., stock	420,000.00
460	154	Saint Joseph and Grand Island R. R. Co., first-mortgage bonds	3,579,705.39
460	155	Saint Joseph and Grand Island R. R. Co., second mortgage bonds	8,500.00
461	156	Saint Joseph and Grand Island R. R. Co., stock	377,470.00
462	157	South Park and Leadville Short Line R. R. Co., stock	34,765.55
463	158	Denver, Marshall and Boulder Rwy. Co., stock	607,736.50
464	159	Laramie, North Park and Pacific Railroad and Telegraph Company, stock	64,400.00
467	160	Saint Louis, Council Bluffs and Omaha R. R. Co., bonds	19,500.00
467	161	Wasatch and Jordan Valley, bonds	8,915.32
469	162	Council Bluffs Street Rwy. Co., bonds	2,000.00
470	163	Wabash, Saint Louis and Pacific Rwy. Co., receivers' certificates	60,000.00
473	164	Cedar precinct, Gage County, Nebr., bonds	4,000.00
473	165	Beatrice precinct, Gage County, Nebr., bonds	12,000.00
474	166	Blue Spring precinct, Gage County, Nebr., bonds	6,000.00
474	167	Marysville township, Marshall County, Kans., bonds	13,500.00
475	168	McPherson City, McPherson County, Kans., bonds	1,400.00
476	169	Lenora township, Norton County, Kans., bonds	3,000.00
476	170	Solomon township, Norton County, Kans., bonds	6,000.00
477	171	North Loup precinct, Valley County, Nebr., bonds	3,000.00
477	172	National Mining and Industrial Association of Colorado, bonds	10,000.00
	173		
478	174	Scotia precinct, Greeley County, Nebr., bonds	4,000.00
479	175	Schuyler precinct, Colfax County, Nebr., bonds	20,416.65
479	176	Starr township, Cloud County, Kans., bonds	8,000.00
480	177	Belleville township, Republic County, Kans., bonds	16,000.00
480	178	Freedom township, Republic County, Kans., bonds	12,000.00
481	179	Oregon Short Line Rwy. Co., bonds	1,821,070.83
482	180	Oregon Short Line Rwy. Co., stock	9,942.91
483	181	Salt Lake and Western R. R. Co., Nevada, stock	50,000.00
483	182	Utah and Nevada Rwy. Co., stock	287,058.24
484	183	Manhattan and Blue Valley R. R. Co., stock	44,341.96
484	184	Leavenworth, Topeka, and Southwestern Rwy. Co., stock	55,500.00
485	185	Gray's Peak, Snake River and Leadville R. R. Co., stock	500.00
485	186	Colorado Western R. R. Co., stock	500.00
486	187	Occidental and Oriental Steam-ship Co., stock	173,810.01
486	188	Nevada Improvement Company stock	15,000.00
487	189	Union Elevator Company, Omaha, stock	81,000.00
488	190	Union Elevator Company, Council Bluffs, stock	46,700.00
488	191	Kansas Carbon Company, stock	20,272.25
488	192	Union Depot, Kansas City, stock	21,000.00
490	193	Bakersville and Leadville Toll Road Company, stock	8,000.00
491	194	Council Bluffs Street Rwy. Co., stock	29,750.00
491	195	Saint Louis and Mississippi Valley Transportation Company, stock	100,000.00
492	196	Kansas and Eastern R. R. Construction Co., stock	14,021.30
492	197	Union Coal Company, stock	138,500.00
493	198	National Land Company, stock	129,742.50
493	199	Colorado lands	3,895.44
494	200	Wyoming coal lands	69,033.29
494	201	Utah coal lands	1,525.75
495	202	Soda lands	8,000.16
495	203	Kansas lands	15,377.90
496	204	Laramie Soda Works	54,647.71
497	205	Montana coal lands	28,200.00
498	206	Bozeman Coal Company, stock	48,000.00
498	207	Credit Mobilier of America, stock	1.00
499	208	Pullman Association cars	423,000.00
590	209	Union Coal Company	15,494.87
595	210	Pullman Palace Car Company	15,903.72
600	211	Teller & Ovahood	37.67
600	212	Artemas N. Holmes	500.00
601	213	F. L. Underwood	15,723.45
610	214	Land cash, Union Division	157.61
614	215	Land contracts, Union Division	10,522,600.19
618	216	Frederick L. Ames, trustee	3,194,475.02
642	217	Land contracts	4,014,080.55
644	218	Jay Gould and Russell Sage, trustees Kansas Pacific consolidated mortgage	62,067.43
645	219	Jay Gould and Russell Sage, trustees Dakota Pacific Rwy. Co	367,073.26
648	220	John A. Stewart, trustee Denver extension mortgage	1,111.79
			262,704,962.18

ended December 31, 1885—Continued.

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Ledger folio.	Item No.	Title of account.	Amount.
			$262,704,963.18

EXHIBIT A 23 (details from

Item No.			
7.	To transfer from United States interest account, June 30, 1879		$5,154,381.85
	To United States transfer account, to 31st Jan., 1880.	$282,909.40	
	To operating department, to 31st Jan., 1880	42,018.39	
	Total	324,927.79	
	By operating department, correction entries	12,142.28	
			312,785.51
	Debit balance, 31st Jan., 1880		5,467,167.06
	To charges, Feb. 1 to Dec. 31, 1880	360,652.19	
	Less credits for one-half difference between express rates and the Post-Office Department allowance, etc	32,725.05	
			327,927.14
	Debit balance, 31st Dec., 1880		5,795,094.20
	By credit, Feb. 10, 1873, $10,957.36, etc	14,428.48	
	To charges during 1881	2,325.66	
			12,102.82
	Debit balance, 31st Dec., 1881		5,782,991.38
	To charges during 1882	255,267.66	
	Less credits during 1882	17,622.41	
			237,645.25
	Debit balance, 31st Dec., 1882		6,020,636.63
	To charges during 1883	499,206.06	
	Less credits during 1883	687.31	
			498,518.75
	Debit balance, 31st Dec., 1883		6,519,155.38
	To charges during 1884	1,057,088.58	
	Less credits during 1884	6,485.34	
			1,050,603.24
	Debit balance, 31st Dec., 1884		7,569,758.62
	To charges during 1885		674,405.67
	Debit balance, 31st Dec., 1885		8,244,164.29
9.	Stock of the Union Pacific R. R. Co		36,762,300.00
	First-mortgage bonds, Union Division		27,231,000.00
	Land-grant bonds, Union Division		6,299,000.00
	Sinking-fund mortgage bonds, Union Division		13,342,000.00
	Registered sinking-fund mortgage bonds, Union Division		519,000.00
	Collateral trust bonds, Union Division		1,781,000.00
	Omaha Bridge bonds, Union Division		2,104,000.00
	The United States, Union Division bonds		27,236,512.00
	The United States interest account, Union Division		19,238,182.89
	Notes payable		1,280,741.54
	Omaha drafts		108,147.91
	Adjustment account		58,664.46
	Land funds, Union Division		235,433.75
	Town-lot funds, Union Division		29,964.91
	Colorado Central R. R. Co., rent account		309,665.37
	Dividends, Union Pacific R. R. Co., unpaid		10,879.00
	Coupons due 1st July, 1879 and prior		25,170.00
	Coupons due 1st Jan., 1880		87,030.00
	Land-grant coupons, No. 24 and prior		3,041.06
	Land-grant coupons, No. 25		1,995.00
	Sinking-fund coupons, No. 11 and prior		3,880.00
	Sinking-fund coupons, No. 12		4,320.00
	Omaha Bridge coupons outstanding		4,590.00
	Henry McFarland		3,000.00
	Fred. L. Ames		36,939.73
	Samuel Hooper & Co		13,201.20

A 17 to A 22)—Continued.

Sidney Dillon		$12,441.50
Jay Gould		9,807.58
Stock of the Kansas Pacific Rwy. Co		10,000,000.00
Eastern Division bonds, Kansas Division		2,240,000.00
Middle Division bonds, Kansas Division		4,063,000.00
Denver Extension bonds, Kansas Division		6,371,000.00
Leavenworth Branch bonds, Kansas Division		600,000.00
First land-grant bonds, Kansas Division		1,574,750.00
Second land-grant bonds, Kansas Division		1,500,000.00
Income bonds, Kansas Division		263,700.00
Income bonds, subordinate, Kansas Division		4,011,650.00
Funding bonds, Kansas Division		1,500,000.00
Consolidated mortgage bonds, Kansas Division		8,457,000.00
Fractional certificates for consolidated mortgage bonds, Kansas Division		1,955.00
United States, Kansas Division bonds		6,303,000.00
United States, interest account, Kansas Division		4,837,218.09
Eastern Division, coupon certificates, Kansas Division		297,780.00
Middle Division, coupon certificates, Kansas Division		541,050.00
Denver Extension, coupon certificates, Kansas Division		1,001,402.50
Leavenworth Branch, coupon certificates, Kansas Divison		92,417.50
First land-grant coupon certificates, Kansas Division		260,905.12
Second land-grant coupon certificates, Kansas Division		161,595.00
Jay Gould		5,390,668.28
Jay Gould and Russell Sage, trustees		5,979.05
Golden, Boulder and Caribou R. R. Co		485.97
Denver and Boulder Valley R. R. Co		12,344.96
Kansas Pacific Rwy. Co., transferred to operating department, charges		20,044.87
Rent, land, and buildings, Congressional lands		1,310.30
Auditor's checks, $808.04, and auditor's check No. 2, $5,619.34		6,427.38
Pay checks		98,753.28
Vouchers, $1,555.34; voucher No. 2, $377,145.93		378,701.27
Receivers' vouchers		1,352.53
Voucher drafts		222,864.58
Pay-rolls		145,596.36
Stoppage account		140.23
Foreign railroads, car mileage		2,461.50
Stock of the Denver Pacific Railway and Telegraph Company		4,000,000.00
First-mortgage bonds, Pacific Railway and Telegraph Company		2,222,000.00
Transferred to operating department:		
Auditor's checks	$535.11	
Voucher	38,397.50	
Unclaimed wages	362.35	
Stoppage account	7.98	
		39,302.94
Proportion of interest on sinking-fund bonds to Mar. 1, 1880, $13,861,000, at 4 per cent., $554,440, accrued prior to Feb. 1, viz, 153 to 182		466,095.15
Omaha Bridge coupons, amount necessary to pay No. 18, due Apr. 1, $2,104,000 in bonds at 4 per cent., or 2,104 coupons at $40, $84,160, proportion accrued prior to Feb. 1, 123 to 183		56,566.56
Land-grant coupons, amount necessary to pay No. 26, due April, $6,299,090 in bonds at 3½ per cent., or 6,299 coupons at $35, $220,465; proportion accrued prior to Feb. 1, 123 to 183		148,181.40
J. M. Ham, for additional cost of paying Kansas Pacific coupons abroad, due Feb. 1, 1880	$654.46	
	639.64	
		14.82
Debit entries made at Kansas City since Jan. 31:		
Interest	$61,962.80	
Land department trusts	3,237.58	
		65,200.38
Consolidated coupons, amount necessary to pay No. 2, due May 1, $8,457,000 in bonds at 3 per cent., or 11,025 coupons at $30, $253,710; accrued prior to Feb. 1, 92 to 182		128,249.00

EXHIBIT A 23 (details from

Item No.		
Denver Extension coupons, amount necessary to pay No. 2, due May 1, $6,371,000, in bonds at 3 per cent. on 6,371 coupon certificates, $30, $191,130; accrued prior to Feb., 92 to 182		$96,613.1
Denver Extension certificate coupons, amount required to pay coupons, series No. 12, due May 1, 6,371 certificates, at $2.63, $16,755.73; accrued prior to Feb. 1, 92 to 182		8,469.9
Additional cost of paying abroad Kansas Pacific coupons, due Feb. 1.		4.6
J. M. Ham, Denver Extension coupons, paid per Feb. statement, but by mistake not posted until after balances have been transferred to books of the Union Pacific Rwy. Co.	$240,873.24	
Less interest previously credited	80.90	
		240,792.3
Middle Division bonds, $4,063,000, at 3 per cent., say 4,063 coupons at $30, $121,890; proportion to Feb. 1, 1880, 62 to 183		41,296.0
Middle Division certificate coupons, amount necessary to pay coupons due June 1, 1880, $16,163.55; proportion accrued prior to Feb. 1, 62 to 183		5,476.1
Fractional certificate for consolidated mortgage bonds, for interest accrued prior to Feb. 1, 92 to 182 of $6.45		1.9
Kansas Pacific coupons, due Feb. 1, 1880, for cost of paying same over United States currency	$17.19 16.80	
		3
United States interest account, Union Division, 6 months interest to July 1, 1880, on $27,236,512 in bonds issued by the United States to the Union Pacific R. R. Co., at 3 per cent., $817,095.36, proportion accrued prior to 1st Feb., 1880, viz, 31 to 182 of $817,095.36		139,175.5
First-mortgage Union Division bonds, $27,229,000 in bonds at 3 per cent., $816,870; proportion accrued prior to 1st Feb., 31 to 182		139,137.9
"Transfer to cost of roads and fixtures of the amounts charged in the following trust accounts and which represent amounts paid above the face of the bonds, for back interest and for coupon certificates, surrendered with the bonds, an adjustment of which will be made hereafter:"		
Leavenworth Branch bonds in trust		41,600.0
First land-grant bonds in trust		195,879.2
Second land-grant bonds in trust		16,600.0
Collateral trust coupons No. 2. Proportion from certified collateral trust bonds, accrued prior to 1st Feb., viz., 31 to 182 of 3 per cent. of $1,781,000 amount outstanding Feb. 1, 1880		9,100.7
Gould and Sage, trustees, transfer to their credit amount erroneously credited this account on 30th Apr., 1880		1,591.0
J. M. Ham, assistant treasurer, cost of paying Kansas Pacific coupons over United States currency	$74.83 73.14	
		1.6
Coupons due 1st July, 1879, and prior, now charged off		240.0
Denver Extension certificate coupons:		
For proportion belonging prior to Feb. 1, 1880, of additional cost of paying same		1,529.4
J. M. Ham for cost of paying Kansas Pacific coupons over their face value in United States currency		1.3
J. M. Ham, bonus, interest allowed on $27,000 Kansas Pacific consolidated bonds, taken in exchange Aug. 2 by Thomas Emery's Sons, Cincinnati, for same amount of Denver Pacific Railway and Telegraph Company bonds, $27,000 at 3 per cent., $810; proportion accrued prior to 1st Feb., 1880, 92 to 182		409.4
Transfer from operating account for revised balance charged to it 1st Feb., account Denver Pacific Company		181.7
Transfer from Colorado Central R. R. Co. revised balance		.0
Transfer Denver Pacific Railway and Telegraph Company revised balance		8,139.0

A 17 to A 22)—Continued.

Paid F. L. Ames the amount of the difference guarantied to him Nov. 1, 1879, for exchanging 383 Kansas Pacific funding bonds for Kansas Pacific consolidated 6 per cent. bonds, funding bonds at par Nov. 1, 1879, and consolidated at 92½ May 1, 1880; 383, at $75 each		$28,725.00
Proportion charged to this account for additional cost of paying coupons in Europe		3.61
Jay Gould and Russell Sage, trustees, for premiums, etc., on following bonds purchased:		
$50,000 first land-grant bonds, at 27	$13,500.00	
$18,000 Leavenworth Branch, at 18½	3,330.00	
Commission on Leavenworth Branch	22.50	
		16,852.50
Jay Gould and Russell Sage, trustees:		
Amount paid by them April 7, 1879, to A. L. Merriman, retained in matters pertaining to funding mortgage		250.00
Amount paid by them June 4, 1880, for $10,000 Arkansas Valley Railway Company bonds, at 55		5,500.00
For $7,000 first land-grant bonds brought May 10, at 126 to 127½	$8,910.00	
Charged in account at par	7,000.00	
		1,910.00
16 Leavenworth Branch bonds, bought May 27 at 115 to 120 per cent	18,900.00	
Charged in account at par	16,000.00	
		2,900.00
Interest on $1,250 first land-grant bonds, bought June 12, 1880, which were irregular as to coupons		115.63
Amount of coupons, etc., on land-grant bonds, bought July 31, retired and fifteen days' interest thereon		90,721.62
3 second land-grant bonds, bought June 28, 1880, from G. M. Dodge, at 120	$3,600.00	
Charged to account at par	3,000.00	
		600.00
Amount paid out of the Denver Pacific funds for expenses of the Denver Pacific land department Nov. 1, 1877, to Sept. 30, 1879		4,722.16
For Denver Pacific land expense vouchers, etc., paid by the trustees Oct., 1879, to Jan., 1880		1,591.42
For coupons, etc., from first land-grant bonds, bought 30th Sept., and fifteen days' interest on total amount		1,617.65
Interest and premium on first land-grant bonds and on first land-grant coupon certificates, bought by trustees in September		10,325.04
Coupons paid and charged to Apr. 30, 1880, now transferred to this account, the coupons having been verified and checked up	$81,623.93	
Half payment on Nov., 1877, Denver extension coupons	70.00	
Interest paid under Kansas Pacific funding arrangement, per entries of Mar. 31 and Apr. 30	65.83	
		81,759.76
For voucher E 7103, favor L. G. Johnson, Morrison, Ill., for amount agreed upon in final settlement of cases of Miller & Patterson against the Union Pacific R. R. Co., to be charged on the Union Pacific R. R. Co. books to "Davis contract"		2,100.00
For correction in amount credited Solomon R. R. Co., on books of the Kansas Pacific Rwy. Co., Jan. 31, 1880, for $441,000 in Solomon R. R. Co. bonds, entered on that day temporarily at 40 per cent	$176,400.00	
Credit now raised temporarily at 50 per cent	220,500.00	
		44,100.00
(The price to be finally adjusted in settlement.) Charges from Oct. 30 to Dec. 31, 1880, per detailed statement herewith		227,559.52
		205,709,993.43

EXHIBIT A 23 (details from

Item No.			
Contra:			
Credits from Feb. 2 to Dec. 31, 1880, per detailed statement herewith			$52,163,313.99
Debit balance 31st Dec, 1880			153,546,669.63
The charges to this account from Jan. to 31st Dec. 1881, per detailed statement, amount to		$434,449.72	
Credits for same period		19,373.45	
			415,076.27
Debit balance 31st Dec., 1881			153,961,756.90
Credits to the account during 1882		641,025.84	
Charges during same period		193,762.42	
			447,263.42
Debit balance 31st Dec. 1882			153,514,493.48
Charges per detailed account in 1883		200,350.10	
Credits		43,438.39	
			156,911.71
Debit balance 31st Dec. 1883			153,671,405.19
Charges to the account during 1884:			
See detailed statement		314,910.54	
Amount to adjust accounts with the United States for transfer of the mails and postal-car service between Council Bluffs and Ogden for that part embraced in the earnings of the Union Pacific R. R. Co. Feb. 1, 1876, to Feb. 1, 1880		938,854.84	
To Oliver Ames, special account:			
For cost of 13,532 shares, $100 each, of the capital stock of the Credit Mobilier of America, bought for account of this company, and temporarily charged to O. Ames, now transferred, 31st Dec., 1884		356,680.00	
MEMO.—For the purpose of avoiding vexatious litigation the above stock was purchased under a verbal agreement between Vice-President Atkins and Mr. O. Ames on the following terms, viz: Stocks at $20 per share, and $75,000 allowed for legal and other expenses. A portion of the stock being controlled by C. S. Bushnell, $11,000 was paid to him to secure its surrender. (Journal C, folio, 365.)			
Total charges in 1884		1,610,445.38	
Total credits in 1884		323,046.20	
			1,287,399.18
Debit balance 31st Dec., 1884			154,958,804.37
Charges to this account as per detailed statement for the year 1885		35,523.23	
To Frederick L. Ames, special account, Mr. Ames having acted on behalf of the company, per agreement 8th Mar., 1883, to secure settlement of claims and litigation of Hamilton G. Fant and others, growing out of the issue and ownership of and liability of the company to pay certain so-called Kansas Pacific, Eastern Division consolidation bonds. The various claims having been paid by the company and assigned to Mr. Ames, and by him to the company, and the bond in question being in possession of the company, and the several suits having been discontinued, the amount of the account is hereby carried to cost of road and fixtures; 104 bonds surrendered		69,999.40	
			105,522.63
Debit balance 31st Dec., 1885			155,064,327.00

A 17 to A 22)—Continued.

Union Trust Company, trustee sinking-fund mortgage:

To debit balance 31st Dec., 1880		$613.12
To notes payable on demand		136,000.00
		136,613.12
Contra:		
By 9,000 "drawn sinking-fund mortgage bonds	$9,000.00	
By bonds bought from J. M. Ham for redemption and cancellation	127,000.00	
Interest on above	141.12	
		136,141.12
Debit balance 31st December, 1880		472.00
To cash per J. M. Ham in 1881	135,000.00	
By 135 bonds, per J. M. Ham, for redemption and cancellation and interest	135,270.00	
		270.00
Debit balance 31st Dec., 1881		202.00
To cash paid J. M. Ham in 1882	134,006.44	
By 134 bonds and seven days' interest thereon	134,208.44	
		202.02
To notes payable on demand in 1883	133,000.00	
By 133 sinking-fund mortgage bonds bought by the trustees from H. McFarland	133,000.00	
To notes payable on demand in 1884	133,000.00	
By 133 sinking-fund mortgage bonds bought by the trustees from O. Mink	133,000.00	
To cash, August 31, 1885	138,000.00	
By 138 sinking-fund bonds sold to the trustee by Mr. O. Mink, for redemption and cancellation	138,000.00	

H. January 31, 1880, the capital stock of the three corporations forming the consolidation, stood as follows, viz:

Union Pacific R. R. Co	36,762,300.00
Kansas Pacific Rwy. Co	10,000,000.00
Denver Pacific Rwy. and Telegraph Co	4,000,000.00
Total capital stock	50,762,300.00

Of the above, up to 31st Dec., 1880, there was surrendered and exchanged for capital stock of the Union Pacific Rwy. Co. (which was issued in shares of $100 each) as under:

Union Pacific R. R. C	36,494,300.00
Kansas Pacific Rwy. Co	9,988,100.00
Denver Pacific Rwy. and Telegraph Co	3,998,600.00
Union Pacific Rwy. Co., issued 31st Dec., 1880	50,481,000.00

Leaving unexchanged at that date:

Union Pacific R. R. Co	268,000.00
Kansas Pacific Rwy. Co	11,900.00
Denver Pacific Rwy. and Telegraph Co	1,400.00
Total	281,300.00

Credit balance 31st Dec., 1880		50,481,000.00
Stock issued in 1881	$10,192,750.00	
Less	100.00	
		10,192,650.00
Credit balance 31st Dec., 1881		60,673,650.00
Debit entry to correct error, Nov. 29, 1881	2,000.00	
Stock issued in 1882	800.00	
		1,200.00
Credit balance 31st Dec., 1882		
1883		60,672,450.00
1884		
1885		

EXHIBIT A 23 (details from

Item No.			
222.	Unexchanged stock, 31st Dec., 1880		$268,000.00
	Stock surrendered during 1881		76,600.00
	Credit balance, 31st Dec., 1881		191,400.00
	Erroneous entry, Nov. 29, 1881		2,000.00
			193,400.00
	Stock exchanged in 1882		600.00
	Unexchanged stock, 31st Dec.— 1882, 1883, 1884, 1885		193,000.00
223.	Stock unexchanged, 31st Dec., 1880		11,900.00
	Stock exchanged during 1881		10,350.00
	Unexchanged stock, 31st Dec.— 1881, 1882, 1883, 1884, 1885		1,550.00
224.	Unexchanged stock, 31st Dec.— 1880, 1881, 1882, 1883, 1884, 1885		$1,400.00
226.	First-mortgage bonds outstanding 31st Jan., 1880		27,231,000.00
	Cash paid heirs of Henry Rogers Feb. 10, 1880, 2 first-mortgage bonds		2,000.00
	Credit balance, 31st Dec.— 1880, 1881, 1882, 1883, 1884, 1885		27,229,000.00
	First-mortgage bonds Denver Pacific Rwy. and Telegraph Co.: By cost of road and fixtures 31st Jan., 1880		2,222,000.00
	Contra: To Jay Gould, Russell Sage, trustees, for bonds taken in payment for land sold under the Denver Pacific trust	$95,000.00	
	Transfer to Cheyenne Branch bonds to change of account	2,127,000.00	2,222,000.00
245.	By first-mortgage bonds, Denver Pacific	2,127,000.00	
	To Denver Pacific Rwy. and Telegraph bonds, received for land sales, under the Denver Pacific trust	43,000.00	
	Credit balance 31st Dec., 1881	2,084,000.00	
	Bonds received for land sales in 1882	20,000.00	
	Credit balance 31st Dec., 1882	2,064,000.00	
	Bonds received for land sales, in 1883	2,000.00	
	Credit balance 31st Dec., 1883	2,062,000.00	
	Bonds received for land sales in 1885	3,000.00	
	Credit balance 31st Dec., 1885	2,059,000.00	

A 11 to A 22)—Continued.

Credit balance 31st Dec., 1878		$12,357,557.73
By United States transportation account, July to Dec., 1878	$194,110.62	
By transfer to United States interest repaid account, for one-half transferred accounts, charged to 30th June, covering services prior to July 1, 1878	5,154,381.85	
By operating department	186.14	
By interest $27,236,512, at 6 per cent	1,634,190.72	
Total	6,982,869.33	
Less to operating department	102,244.17	
		6,880,625.16
Credit balance 31st July		19,238,182.89
By interest for year 1880		1,634,190.72
Credit balance, 31st Dec., 1880		20,872,373.61
By interest for year 1881		1,634,190.72
Credit balance 31st Dec., 1881		22,506,564.33
By interest for year 1882		1,634,190.72
Credit balance 31st Dec., 1882		24,140,765.05
By interest for year 1883		1,634,190.72
Credit balance 31st Dec., 1883		25,774,945.77
By interest for year 1884		1,634,190.72
Credit balance 31st Dec., 1884		27,409,136.49
By interest for year 1885		1,634,190.72
Credit balance 31st Dec., 1885		29,043,327.21

By cost of road and fixtures, Jan. 31, 1880	4,837,218.09
By interest on $6,303,000 bonds, eleven months, at 6 per cent	346,665.00
Credit balance 31st Dec., 1880	5,183,883.09
By interest on $6,303,000 for 1881	378,180.00
Credit balance 31st Dec., 1881	5,562,063.09
By interest for year 1882	378,180.00
Credit balance 31st Dec., 1882	5,940,243.09
By interest for year 1883	378,180.00
Credit balance 31st Dec., 1883	6,318,423.09
By interest for year 1884	378,180.00
Credit balance 31st Dec., 1884	6,696,603.09
By interest for year 1885	378,180.00
Credit balance 31st Dec., 1885	7,074,783.09

The credits to this account from 1st Feb. to 31st Dec., 1880, were as follows:

By 46 Utah Southern R. R. Co. first-mortgage 7 per cent. bonds, received from Utah Southern R. R. Co. on account of the amount of $46,710 due this company in a distribution of $135,000 of said bonds among the holders of the 10,000 shares of assessable stock of that company, of which we own 3,460 shares, $46,000 in bonds outstanding, at 66.06 per cent	$30,666.67
By Utah Southern R. R. Co. bonds, for balance of dividend item, partially entered May 15, 1880, $710 in bonds, at 66⅔ per cent	473.33

EXHIBIT A 23 (details from

Item No.			
By earnings, Feb. 1 to Dec. 31, 1880:			
Union Division			$15,079,644.71
Kansas Division			6,108,434.49
By income from investments			919,515.02
By income from consolidated trust investments			23,463.00
By gain and loss on investments			201,777.04
By transfer from losses on securities, for premium and interest received on collateral trust bonds sold		$92,196.21	
Less premium and interest paid		9,724.00	
			82,472.21

Contra:

To future income account, for 25 per cent. of the net earnings of the Union Division of this company from Feb. 1, to June 30, made up as follows:

Earnings Union Division, for above time			$6,158,136.44
Expenses operating (same time)		$2,933,126.65	
Construction expenditures		71,659.77	
Equipment expenditures		459,450.74	
Interest on first-mortgage bonds		677,732.80	
			4,141,969.96
Net earnings			2,016,166.48
25 per cent			504,041.62
Earnings Union Division, July, Aug., and Sept		$4,274,507.68	
Operating expenses	$1,558,880.51		
Construction expenses	37,711.93		
Equipment expenses	53,543.21		
Accrued int. first-mortgage bonds	408,435.00		
		2,058,570.65	
Net earnings		2,215,937.03	
25 per cent			553,984.26
Earnings for Oct., Union Division		1,789,666.28	
Operating expenses	$621,187.39		
Construction expenses	22,994.90		
Accrued interest	136,145.00		
	780,327.29		
Less equipment and receipts	38,548.70		
		741,778.59	
Net earnings		1,047,887.69	
25 per cent			261,971.92
Earnings Union Division for November		1,656,436.00	
Operating expenses	$705,924.76		
Construction expenditures	26,087.20		

A 17 to A 22)—Continued.

Accrued interest first-mortgage bonds.....	$136,145.00		
		868,156.96	
Less equipment receipts.....	16,714.90		
		$851,442.06	
Net earnings.....		804,993.94	
25 per cent.....			$201,248.48
Earnings Union Division for December.....		1,200,898.31	
Expenses.....	642,111.83		
Construction expenditures...	53,176.26		
Equipment expenditures...	2,537.10		
Interest on first-mortgage bonds.....	136,145.00		
		833,970.19	
Net earnings.....		366,928.12	
25 per cent.....			91,732.03
Earnings Kansas Division, main line, 11 months.....		5,544,259.21	
Expenses main line, 11 months.....		3,059,461.41	
Surplus.....		2,484,797.80	
Less new construction, Kansas Division..	235,815.02		
New equipment	287,075.80		
		522,890.82	
		1,961,906.98	
¾¾ subsidized road....		1,209,690.32	
Deduct interest Eastern Division bonds.....	$123,200.00		
Deduct Middle Division bonds	223,465.00		
		346,665.00	
Net earnings subsidized road.....		863,025.32	
5 per cent. thereof.....		43,151.27	
Add one-half United States transfer earnings:			
Passenger.....	$12,033.75		
Mail.....	105,166.68		
Freight.....	72,973.12		
Total.....	190,173.55		
¾¾.....	117,258.34		
One-half.....		58,629.17	
			101,780.44
Expenses Union Division...		6,461,231.14	
Expenses, Kansas Division..		3,415,172.26	
Interest on bonds.....		4,779,863.05	

EXHIBIT A 23 (details from

Item No.			
	Dividend account	$3,045,738.00	
	Discount and interest	73,805.66	
			$17,775,810.11
	Income used for sinking funds:		
	Sinking fund	$136,000.00	
	Collateral trust	131,000.00	
	Denver Extension	100,000.00	
	Omaha Bridge	67,000.00	
			434,000.00
			$19,924,562.55
	Credit balance 31st Dec., 1880		2,521,877.61
	The account was credited in 1881 as follows:		
	By future income—for amount equal to 25 per cent. of the deficit of net earnings of the Union Division for April:		
	Earnings		$1,098,333.07
	Expenses	$728,989.10	
	New construction	17,829.07	
	New equipment	231,369.04	
	Interest first-mortgage bonds	136,145.00	
			1,114,332.21
	Deficit of net earnings		15,999.14
	25 per cent		3,999.79
	Correction entry, interest on first-mortgage bonds not having been deducted from earnings, Jan. 31, 1881, 25 per cent. on $136,145		34,036.25
			38,036.04
	By reverse of entry Dec., 1880		101,760.44
	By transfer from interest on bonds, proportion Feb. to June, of $144,810 collateral trust coupons No. 2, due July 1, 1880	$135,709.29	
	Sept. to Dec., 1880, coupon due July 1, 1881	152,000.00	
			287,719.29
	Transfer from collateral trust income, for bonds redeemable as follows:		
	Dec. 31, 1880, redeemable July, 1880	$131,000.00	
	Aug. 9, 1881, redeemable July, 1881	66,000.00	
			197,000.00
	By earnings, Union Division	17,298,297.18	
	By earnings, Kansas Division	6,960,519.92	
			24,258,817.10
	Total credit for the year 1881		24,883,352.87
	The account has been debited as follows:		
	To amount equal to 25 per cent. of the net earnings of the Union Division for Jan., 1881:		
	Earnings		$1,047,421.98
	Expenses	$500,034.30	
	New construction ... $17,900.39		
	Less new equipment. 5,814.48		
		12,085.91	
			512,120.21
	Net earnings		535,301.77
	25 per cent		133,825.44

A 17 to A 22)—Continued.

Item No.

To future income, Union Division, for Feb.:			
Earnings		$939,507.01	
Expenses	$619,015.41		
Construction	9,318.15		
Equipment	222.50		
Interest first-mortgage bonds	136,145.00		
		764,701.06	
Net earnings		174,805.95	
25 per cent			$43,701.49
To income used for sinking funds:			
For amount required to be used in the redemption of the Omaha Bridge bonds, April 1, 1881.			72,000.00
To amount equal to 25 per cent. of the net earnings of the Union Division for Mar., 1881:			
Earnings		$1,032,034.00	
Expenses	$655,862.84		
Construction	23,454.00		
Equipment	148,720.50		
Interest first-mortgage bonds	136,145.00		
		964,182.34	
Net earnings		67,851.66	
25 per cent			16,962.91
To future income, Union Division, for May:			
Earnings		$1,589,912.21	
Expenses	$560,750.21		
New construction	7,865.28		
New equipment	233,356.90		
Interest on first-mortgage bonds	136,145.00		
		938,117.39	
		651,794.82	
25 per cent			162,948.70
To future income, Union Division, for June:			
Earnings		$1,644,310.57	
Expenses	$924,179.04		
New construction	26,216.25		
New equipment	95,065.69		
Interest on first-mortgage bonds	136,145.00		
		1,081,605.98	
Net earnings		562,704.59	
25 per cent			140,676.14
To income use for sinking funds, for amount required to be used July 1, 1881, for the Denver Extension sinking fund			100,000.00
To future income, Union Division, for July:			
Earnings		1,526,717.76	
Expenses	$793,279.21		
New construction	25,799.93		
New equipment	92,125.91		
Interest first-mortgage bonds	136,145.00		
		1,047,350.05	
Net earnings		479,367.71	
25 per cent			119,841.93

EXHIBIT A 23 (details from

Item No.			
To income used for sinking fund, for amount required for the redemption of sinking-fund bonds			$66,000.00
To future income, Union Division, Aug.:			
Earnings		$1,608,938.62	
Expenses	$756,923.93		
New construction	40,130.40		
New equipment	117,610.61		
Interest on first-mortgage bonds	136,145.00		
		1,050,809.94	
Net earnings		558,128.68	
25 per cent			139,532.17
To future income, Union Division, Sept., 1881:			
Earnings		1,827,580.90	
Expenses	$823,908.31		
New construction	49,227.14		
New equipment	236,725.38		
Interest first-mortgage bonds	136,145.00		
		1,046,005.83	
Net earnings		781,575.07	
25 per cent			195,393.77
To income used for sinking fund, for amount required to be used Sept., 1881, in the redemption of 135 Union Division sinking-fund bonds, as per terms of the mortgage			135,000.00
To future income, Union Division, for Oct., 1881:			
Earnings		1,874,523.21	
Expenses	$664,113.49		
New construction	54,733.30		
New equipment	139,066.13		
Interest first-mortgage bonds	136,145.00		
		994,057.92	
Net earnings		880,465.29	
25 per cent			220,116.32
To future income, Kansas Division, Feb. 1 to Nov. 1, 1880:			
Earnings, main line		4,682,544.60	
Expenses and taxes, main line		2,400,479.26	
Surplus earnings, main line		2,282,065.34	
⅔ subsidized road		1,407,095.06	
Less new construction and new equipment		242,349.11	
Net earnings, subsidized roads		1,164,745.95	
5 per cent		58,237.30	
Add one-half United States earnings, Kansas Division, main line:			
⅔ of $141,745.47 = $93,564.50; one-half is		46,782.25	
			105,019.55

A 17 to A 22)—Continued.

To future income, Kansas Division, Nov., 1880, to Nov., 1881:		
Earnings, main line	$6,304,291.78	
Expenses and taxes	3,686,790.30	
Surplus earnings, main line.	2,617,501.48	
⅓⅓ subsidized road	1,613,921.10	
Less new construction and equipment	61,770.14	
Net earnings, subsidized roads	1,552,150.96	
5 per cent. is	77,607.55	
Add one-half United States transportation earnings, Kansas Division, ⅓⅓, $134,564.63; one-half is	67,282.31	
		$144,889.86
To future income, Union Division, for Nov., 1881:		
Earnings	1,656,027.86	
Expenses $914,196.56		
New construction .. 64,868.27		
New equipment 27,284.40		
Interest, first-mortgage bonds 136,145.00		
	1,142,494.23	
Net earnings	513,533.63	
25 per cent		128,383.41
To income from investments, Dec. 31, 1880		397,681.66
Premium and interest on collateral trust bonds, sold	$92,196.21	
Less premium paid on 64 bonds, redeemed	3,024.00	
		89,172.21
To land and trust income for income from consolidated trust investment, Nov. 1, 1880		23,463.00
To income from investments, Nov. 1, 1880, Denver Extension sinking fund		6,458.41
To future income, Union Division, Dec., 1881:		
Earnings	$1,452,989.99	
Expenses $567,568.16		
New construction 130,117.90		
Interest first mortgage bonds 136,145.00		
	833,831 06	
New equipment, Cr .. 348,375.39		
	485,455.67	
Net earnings	967,534.32	
25 per cent		241,883.60
Expenses, Union Division	8,208,920.56	
Expenses, Kansas Division	4,271,522.15	
Interest on bonds	3,486,449.97	
Dividend account	4,076,134.13	
Discount and interest	95,542.95	

EXHIBIT A 23 (details from

Item No.				
	Gain and loss on investments	$8,238.65		
	Losses on securities	13,414.43		
			$20,160,122.84	
	Total debit, 31st Dec., 1881		22,843,073.41	
	Total credit, 31st Dec., 1881		24,883,352.87	
				$2,040,279.46
	Credit balance, 31st Dec., 1881			4,562,157.70
	This account has been credited in 1882, as under:			
	Transfer from collateral trust income		90,983.47	
	Earnings for the year 1882		22,823,884.24	
	Income from investments, 1882		2,211,099.35	
	Gain and loss on investments, 1882		5,836.84	
	Total		25,131,803.90	
	Contra:			
	Expenses for the year 1882		10,727,049.28	
	Interest on bonds, 1882		4,976,203.93	
	Discount and interest, 1882		172,722.31	
	Dividend account, 1882		4,260,788.00	
	Losses on securities:			
	Premium on 77 Omaha Bridge bonds	$7,700.00		
	Premium on 97 Denver Extension bonds	10,510.00		
	Premium on 131 collateral trust	6,550.00		
			24,760.00	
	Company's sinking-fund requirements bonds		442,000.00	
	United States requirements		2,097,189.90	
	Total debit		22,700,713.42	
	Total credit		25,131,803.90	
				2,431,090.48
	Credit balance, 31st Dec., 1882			6,993,247.55
	Credits during 1883 were as follows:			
	Earnings for the year 1883		21,002,541.78	
	Income from investments		2,066,682.09	
	Total		23,069,223.87	
	Expenses during the year 1883	$10,354,540.50		
	Interest on bonds, 1883	4,667,711.17		
	Discount and interest, 1883	139,630.33		
	Gain and loss on investments, 1883	14,708.85		
	Losses on securities, 1883	23,524.25		
	Company's sinking-fund requirements	476,488.78		
	United States requirements	1,869,958.33		
	Dividend account	4,260,788.00		
	Total debit	21,807,350.21		
	Total credit	23,069,223.87		
				1,261,873.66
	Credit balance, 31st Dec., 1883			8,255,121.21
	The account has been credited, in 1884, as follows:			
	By the following amounts received from sales of Union Division lands and lots, not covered by the Union Pacific R. R. Co.'s land-grant mortgage from Feb. 1, 1880, to Dec. 31, 1883, heretofore credited to land and trust income, now transferred to the income account of the company		58,061.61	

A 17 to A 22)—Continued.

By United States sinking-fund requirements: For amount of credit made to adjust United States requirements accounts for the period from Feb. 1, 1880, to Dec. 31, 1883, hereby transferred to income account, such amount forming no part of the actual requirements for the year 1884	$128,981.71
Earnings for the year 1884	17,970,970.21
Income from investments	1,736,945.47
Interest repaid on consolidated mortgage bonds	649,415.00
Losses on securities	73,712.45
Company town lots	6,473.04
Donated lands	962.22
Total credits for year 1884	20,625,541.71
Contra:	
To Pullman Association cars: For amount allowed for depreciation of the equipment in the Pullman Association, from May 1 to Dec. 31, 1884, at rate of about 15 per cent. per annum on the investment hereby written off	$47,140.98
To deficit in equipment and material account: For balance at debit transferred to close	506,269.62
To United States special mail account: For "that part of the amount embraced within the earnings of the Union Division of the Union Pacific Rwy. Co., from Feb. 1, 1880, to Dec. 31, 1884." To adjust the accounts of the company, against the United States, for transfer of the mails and postal service en route between Council Bluffs and Ogden, for the period from Feb. 1, 1876, the date after which the Post-Office Department was notified that the company would not acquiesce in the rates prescribed by the Department, to and including Dec. 31, 1884	649,831.16
To Ames monument: For amount representing the cost of the Ames monument, hereby transferred to income account, agreeably with letter of President Adams, dated Jan. 16, 1885	64,773.50
To land and trust income: For the following amounts expended by the company for account of the Union Pacific R. R. Co. land-grant mortgage trust, charged to the latter account, from Feb. 1, 1880, to Dec. 31, 1883, now transferred to the income account of the company	463,857.94
To Topeka Iron Company stock: "For amount of our investment in stock of the Topeka Iron Company, including a payment of $961.40 on cash-book, Jan. 22, 1885, now written off, the works of the company having been destroyed by fire and its affairs about to be wound up (see letter of President Adams, to Jan. 21, 1885)"	33,461.40
To guarantied interest for that part, viz:	
One-half chargeable to income account in this year, 1883	27,600.00
Expenses for the year 1884	8,424,925.23
Taxes for the year 1884	675,160.45
Interest on bonds, 1884	5,369,470.69
Guarantied interest, 1884	27,600.00
Discount and interest, 1884	366,077.76
Dividend account, 1884	1,065,197.00
Gain and loss on investments	7,237.82

EXHIBIT A 23 (details from

Item No.				
	Company's sinking fund registered bonds..	$591,540.00		
	United States requirements.....	1,187,110.49		
	Land expense, Union Division.....	54,887.37		
	Land taxes, Union Division.....	29,950.36		
	Total debits for year 1884	19,592,096.77		
	Total credits for year 1884.....	20,625,541.71		
				$1,033,444.94
	Credit balance 31st Dec., 1884.....			9,288,565.15
	The account was credited in 1885, as follows:			
	Earnings.....	17,455,031.51		
	Income from investments.....	2,347,666.12		
	Interest repaid on consolidated mortgage bonds.	207,110.00		
	Company town lots.....	9,574.82		
	Income from leased lands	661.33		
	Donated lands.....	99.75		
	Total credit.....	20,020,143.53		
	This account was charged in 1885, as follows:			
	Cash paid the Atchison & Santa Fé R. R. Co. amount of our proportion of the loss incurred in operating the Leavenworth, Topeka & Southern Rwy. as follows:			
	1883	$11,625.55		
	1884	9,952.47		
			21,578.02	
	Expenses for the year 1885.....		9,050,355.20	
	Interest on bonds.....		5,300,838.63	
	Guarantied interest..		27,600.00	
	Discount and interest		356,138.12	
	Gain and loss on investments		67,048.14	
	Company's sinking fund.....		593,605.00	
	United States requirements.....		1,184,053.05	
	Loss on securities.....		26,897.55	
	Land expense, Union Division.....		28,180.37	
	Land taxes, Union Division.....		11,739.76	
	Saint Joseph and Grand Island R. R. Co., rental.....		7,828.42	
	Total debits 1885		16,675,862.26	
	Total credits during 1885.....		20,020,143.53	
				3,344,281.27
	Credit balance 31st Dec., 1885			12,632,847.42
251.	By amount required by the undermentioned mortgages to be used in redeeming bonds, 1st Feb. to 31st Dec., 1880:			
	Sinking-fund bonds.....		136,000.00	
	Collateral trust bonds		131,000.00	
	Denver extension bonds		100,000.00	
	Omaha Bridge bonds		67,000.00	
	Credit balance 31st Dec., 1880			434,000.00
	The credits to the accounts in 1881 are as follows:			
	Amount required for Omaha Bridge bonds		$72,000.00	
	Amount required for Denver Extension		100,000.00	
	Amount required for collateral trust.....		66,000.00	
	Amount required for Union Division sinking fund		135,000.00	
	Amount required for collateral trust.....		66,000.00	
				439,000.00
	Credit balance, 31st Dec., 1881			873,000.00

A 17 to A 22)—Continued.

The account has been credited in 1882 as follows:

By 77 drawn Omaha Bridge bonds, redeemable Apr. 1, 1882	$77,000.00	
By 65 collateral-trust bonds, redeemable Aug. 1, 1882, out of the accumulation under the collateral-trust indenture, for the six months ending 30th June, at par	65,000.00	
By amount required to be used July 1, 1882, for the Denver Extension sinking fund	100,000.00	
By amount required to be used Sept. 1, 1882, in the redemption of 134 Union Division sinking-fund bonds, as per terms of mortgage	134,000.00	
By "amount required to be used from the accumulation of the collateral-trust funds for the six months ending 30th Dec., in the redemption of 66 collateral-trust bonds"	66,000.00	
		$442,000.00
Credit balance, 31st Dec., 1882		1,315,000.00

Credits made to the account in 1883:

By "83 drawn Omaha Bridge bonds, redeemable Apr. 1, 1883"	83,000.00	
By amount required to be used July 1, 1883, for the Denver Extension sinking fund	100,000.00	
By "64 collateral trust bonds, redeemable August 2, 1883, out of the accumulation under the collateral trust indenture for the six months ending June 30"	64,000.00	
By "amount required to be used Sept. 1, 1883, in the redemption of 133 Union Division sinking-fund bonds, as per terms of the mortgage"	133,000.00	
By "amount required to be used Dec., 1883, for the trust 5 per cent. sinking fund, agreeably with article 6 of the indenture, $34,440," less amount included in above to compensate trustee for services, countersigning bonds, and administering trust, $951.22. Amount applicable to purchase of bonds	33,488.78	
By "amount of 63 collateral trust-bonds, redeemable Feb. 4, 1884, out of the accumulation under the collateral-trust indenture, for the six months ending 31st Dec., 1883," 63 bonds at par	63,000.00	
		476,488.78
Credit balance, 31st Dec., 1883		1,791,488.78

By Omaha Bridge bonds	89,000.00	
By 5 per cent. sinking fund	73,280.00	
By Denver Extension bonds	100,000.00	
By collateral trust bonds	63,000.00	
By Union Pacific sinking fund	133,000.00	
By trust 5 per cent. sinking fund	72,260.00	
By collateral-trust bonds	61,000.00	
		591,540.00
Credit balance, 31st Dec., 1884		2,383,028.78

Credits during 1885 were as follows:

Omaha Bridge bonds	95,000.00
Trust 5 per cent. sinking fund	71,275.00
Denver Extension bonds	100,000.00
Collateral trust 6 per cent. bonds	60,000.00
Union Pacific sinking-fund bond	138,000.00

EXHIBIT A 23 (details from

Item No.			
	Trust 5 per cent. sinking fund	$70,330.00	
	Six per cent. collateral-trust bond	59,000.00	
			$593,605.0
	Credit balance 31st Dec., 1885		2,976,633.7
275.	Credit balance, 31st Jan., 1880		1,280,741.5
	Notes issued during 1880		6,590,591.5
	Total		7,871,333.1
	Notes paid in 1880		5,644,063.0
	Credit balance, 31st Dec., 1880		2,227,270.0
	Notes issued in 1881		4,607,605.1
	Total		6,834,875.1
	Notes paid in 1881		5,239,875.1
	Credit balance, 31st Dec., 1881		1,595,000.0
	Notes issued in 1882		9,214,499.1
	Total		10,809,499.1
	Notes paid in 1882		8,061,499.1
	Credit balance, 31st Dec., 1882		2,748,000.0
	Notes issued in 1883		9,573,000.0
	Total		12,321,000.0
	Notes paid in 1883		8,923,000.0
	Credit balance, 31st Dec., 1883		3,398,000.0
	Notes issued in 1884		13,985,871.1
	Total		17,383,871.1
	Notes paid in 1884		11,675,101.8
	Credit balance, 31st Dec., 1884		5,708,769.3
	Notes issued in 1885		8,750,000.0
	Total		14,458,769.3
	Notes paid in 1885		10,343,769.3
	Credit, balance 31st Dec., 1885		4,115,000.0

300. The credits to this account during 1881 were as follows:

By transfer from "land income"		$848,206.45
By transfer from "income from consolidated trust investments" Dec. 31, 1880		23,463.00
By transfer from "income from investments," Denver Extension sinking fund, Dec., 1880		6,458.41
By land sales, Union Division	$326,903.09	
By town-lot sales, Union Division	35,183.33	
By land sales, Kansas Division	336,090.03	
By interest on land contracts, Union Division	180,705.63	
By interest on town-lot contracts, Union Division	2,408.46	
By interest on land contracts, Kansas Division	86,270.64	
By forfeited contracts, Union Division	20,259.60	
By forfeited contracts, Kansas Division	20,947.44	
By income from trust investments	9[illegible],964.00	
By income from leased lands	10,000.00	
By company lands	124.80	

A 17 to A 22)—Continued.

By donated lands	$4,864.29	
By company town lots	7,718.73	
	$1,130,440.04	
Total credits for the year ending 31st Dec., 1881		$2,008,567.90
Contra:		
Land expenses, Union Division	$56,029.90	
Land taxes, Union Division	54,399.85	
Land expenses, Kansas Division	407.25	
Land-grant expenses, Union Division	11,690.47	
Premium on land-grant bonds, Union Division	86,426.25	
Land-grant expenses, Kansas Division	118,185.57	
Premium on land-grant bonds, canceled, Kansas Division	11,702.68	
Interest paid by trustees on consolidated mortgage bonds	84,000.00	
		422,841.97
Credit balance 31st Dec., 1881		1,585,725.93
The account was credited in 1882 by the following transfers:		
Land sales, Union Division	$842,807.87	
Interest on land contracts, Union Division	218,526.63	
Forfeited contracts, Union Division	56,323.84	
Land sales, Kansas Division	369,679.68	
Interest on land, Kansas Division	77,588.37	
Forfeited contracts, Kansas Division	20,408.32	
Income from trust investments	98,756.00	
Income from leased lands	5,000.00	
Company lands	153.63	
Company town lots	7,462.65	
Donated lands	2,823.57	
		1,699,530.56
Total credits		3,285,256.49
The account has been debited with the following transfers:		
Land-grant expenses, Union Division	$13,422.76	
Premium on land-grant bonds, canceled, Union Division	88,134.70	
Land expenses, Union Division	56,527.64	
Land taxes, Union Division	48,889.35	
Land-grant expenses, Kansas Division	135,286.25	
Premium on land-grant bonds, canceled, Kansas Division	10,499.26	
Interest paid by trustees on consolidated mortgage bonds	258,275.00	
		611,034.96
Credit, balance 31st Dec., 1882		2,674,221.53
The following transfers have been credited in 1883:		
Land sales, Union Division	2,461,415.01	
Interest on land contracts, Union Division	241,740.94	
Forfeited contracts, Union Division	27,005.77	
Land sales, Kansas Division	978,042.93	
Interest on land contracts, Kansas Division	97,625.07	
Forfeited contracts, Kansas Division	58,214.16	
Income from trust investments	155,710.00	
Income from leased lands	10,000.00	
Company lands	58.40	
Company town lots	10,234.53	
Donated lands	6,383.73	
		4,046,430.54
Total credits		6,720,652.07
Contra:		
Land-grant expenses	79,547.80	
Premium on land-grant bonds, canceled	6,622.43	
Land expenses	72,590.63	

Item No.

EXHIBIT A 23 (details from

Land taxes	$45,034.08	
Land-grant expenses	183,520.22	
Premium on land-grant bonds, canceled	1,948.29	
Interest paid by trustees on consolidated mortgage bonds	616,700.00	
		$1,005,203.45
Credit balance 31st Dec., 1883		5,714,686.49
By income account, for amount expended account of the Union Pacific R. R. Co. land-grant mortgage trust, from Feb. 1, 1880, to Dec. 31, 1883		463,857.94
Land sales, Union Division		6,537,703.73
Interest on land contracts, Union Division		275,337.40
Miscellaneous land and trust receipts, Union Division		131,930.04
Forfeited contracts, Union Division		686.00
Land sales, Kansas Division		1,921,415.14
Interest on land contracts, Kansas Division		114,699.61
Miscellaneous land and trust receipts, Kansas Division		2,579.22
Forfeited contracts, Kansas Division		10,453.39
Income from trust investments, Kansas Division		269,905.00
Income from leased lands, Kansas Division		9,000.00
Premium on land-grant bonds, canceled, Kansas Division		27,431.94
Total credit to 31st Dec., 1884		15,478,857.94
Contra:		
To income account for amounts received from sales of Union Division lands and lots, not covered by the Union Pacific Rwy. Co. land-grant mortgage, from 1st Feb., 1880, to 31st Dec., 1883	$58,061.61	
Land grant expenses, Union Division	206,120.46	
Premium on land-grant bonds, canceled, Union Division	129,203.79	
Sioux City and Pacific Rwy. Co. land claim	10,306.08	
Land grant expenses, Kansas Division	245,029.44	
Interest paid by trustees on consolidated mortgage bonds	649,415.00	
		1,298,136.38
Credit balance, 31st Dec., 1884		14,180,741.56
Credits for year 1885 are as follows:		
Land sales, Union Division		1,958,710.47
Interest on land contracts, Union Division		588,395.83
Miscellaneous land and trust receipts, Union Division		68,017.17
Forfeited contracts, Union Division		640.00
Land sales, Kansas Division		2,821,464.65
Interest on land contracts, Kansas Division		231,122.38
Miscellaneous land and trust receipts, Kansas Division		1,584.93
Forfeited contracts, Kansas Division		12,662.78
Premium on land-grant bonds canceled, Kansas Division		3,997.06
Income from trust investments, Kansas Division		234,590.00
Total credit to 31st Dec., 1885		19,402,126.84
Contra:		
Following are the charges to the account in 1885:		
Land-grant expenses, Union Division	$38,118.99	
Premium on land-grant bonds canceled, Kansas Division	57,188.68	
Land-grant expenses, Kansas Division	458,575.47	
Interest paid by the trustees on consolidated mortgage bonds	207,110.00	
		760,993.14
Credit balance 31st Dec., 1885		18,641,133.70

A 17 to A 22)—Continued.

NOTES RECEIVABLE.

Balance 31st Jan., 1880; notes received from—		
Omaha Smelting and Refining Company	$40,000.00	
Omaha Smelting and Refining Company, Mar. to Oct., 1880	164,000.00	
		$204,000.00
Frederick L. Ames, Apr. and Aug		54,481.89
Kansas Central R. R. Co		33,158.45
Credit Mobilier of America, 4 loans		4,400.00
S. Bartlett, Dec. 15		8,000.00
Total notes received Feb. 1 to Dec. 31, 1880		304,040.34
By cash		246,481.89
Debit balance Dec. 31, 1880		57,558.45
Notes received during 1881:		
Omaha Smelting and Refining Company	$205,000.00	
Credit Mobilier of America	1,900.00	
Baker & Merrill	55,000.00	
Frederick L. Ames	361,555.20	
E. Atkins	8,981.24	
Henry Baldwin	40,000.00	
Total	672,436.44	
By cash	$590,536.44	
By Kansas Central R. R. Co	33,158.45	
	623,694.89	
		48,741.55
Debit balance Dec. 31, 1881		106,300.00
Notes received during 1882:		
Omaha Smelting and Refining Company	320,000.00	
Baker & Merrill	30,000.00	
Credit Mobilier of America	1,400.00	
Total	351,400.00	
By cash	360,000.00	
		8,600.00
Debit balance Dec. 31, 1882		97,700.00
Notes received during 1883:		
Omaha Smelting and Refining Company	192,000.00	
Omaha and Grant Smelting and Refining Company	255,000.00	
E. H. Baker	46,000.00	
G. E. Hanson	500.00	
Echo and Park City R. R. Co	200,000.00	
Credit Mobilier of America	1,400.00	
Total	694,900.00	
By cash	438,000.00	
		256,900.00
Debit balance Dec. 31, 1883		354,600.00
Notes received during 1884:		
Omaha and Grant Smelting and Refining Company	262,000.00	
Credit Mobilier of America	1,000.00	
Total	263,000.00	
By cash	384,500.00	
		121,500.00
Debit balance Dec. 31, 1884		233,100.00
Notes received during 1885:		
Omaha and Grant Smelting and Refining Company	135,000.00	
Credit Mobilier of America	1,200.00	

EXHIBIT A 23 (details from

Notes received during 1885—Continued.

Lee Higginson & Co	$100,000.00	
Foote & French	100,000.00	
Boston Manufacturing Company	25,000.00	
Merrimack Manufacturing Company	100,000.00	
C. F. Adams, jr	75,000.00	
Baker & Merrill	50,000.00	
Jackson & Curtis	50,000.00	
J. M. Fisher	200,000.00	
Total	836,200.00	
By cash	715,000.00	
		$121,200.00
Debit balance Dec. 31, 1885		354,300.00

[One-half due the company in cash, or applicable to the sinking fund; one-half applicable to interest repaid.]

United States special mail account, Union Division:

"The following amounts representing the difference between the amounts charged for transportation of the United States mails by the Union Pacific R. R. Co., and by this company on the Union Division, and the amounts allowed by the United States in settlement for the same; these amounts now carried to a 'special account' for convenience, the question as to the correctness of our charge being now before the courts," December 31, 1881:

To third and fourth quarters, 1878; first, second, third, and fourth quarters, 1879; first and second quarters, 1880		$432,656.86
To third and fourth quarters, 1880; first and second quarters, 1881		153,450.19
Debit balance 31st Dec., 1882		586,107.05
To third and fourth quarters, 1881; first and second quarters, 1882		141,760.18
Debit balance 31st Dec., 1883		730,867.23
By credits in 1884 (see copy of "journal entry" Dec. 31, 1884, below*)	$1,588,691.00	
	369.04	
	$1,589,060.04	
To mail service, Union Division, to 30th June, 1883	87,135.41	
		1,501,924.63
Credit balance 31st Dec., 1884		771,057.40
To mail service, Union Division, to 30th June, 1884		86,568.24
Credit balance 31st Dec., 1885		684,489.16

*Dr. to United States special mail account:

Cost of road and fixtures Feb. 1, 1876, to Feb. 1, 1880	938,854.84
Income account Feb. 1, 1880, to Dec. 31, 1884	649,836.16
	1,588,691.00

"For amount to adjust the accounts of the company against the United States for transportation of the mails and postal-car service on the route between Council Bluffs and Ogden for the period from Feb. 1, 1876, the date after which the Post-Office Department was notified that the company would not acquiesce in the rates prescribed by the Department, to and including Dec. 31, 1884. This entry is made merely to adjust the company's accounts to conform to the accounts of the Government; but it is not in any way to affect or impair the rights of the company to charge the 'fair and reasonable' rates provided for in the charter."

A 17 to A 22)—Continued.

United States interest repaid, Kansas Division:		
To cost of road and fixtures, Jan. 31, 1880		$1,082,149.92
To charges during 1880		6,397.91
Debit balance 31st Dec., 1880		1,088,547.83
To charges during 1881	$8,558.39	
By credits during 1881	8,578.04	
		19.65
Debit balance 31st Dec., 1881		1,088,528.18
To charges during 1882	99.61	
Less credits during 1882	8.33	
		91.28
Debit balance 31st Dec., 1882		1,088,619.46
To charges during 1883		31.47
Debit balance 31st Dec., 1883		1,088,650.93
To charges during 1884	6,606.42	
By credits (for charge October 30, 1880, etc)	6,361.59	
		244.83
Debit balance 31st Dec., 1884 } Debit balance 31st Dec., 1885 }		1,088,895.76
United States Treasury Department, Kansas Division:		
Charges to this account in 1880 were as follows:		
Operating department, Apr. to Oct.		$15,626.87
United States transportation account		40.35
Debit balance, 31st of Dec., 1880		15,667.22
To United States transportation account in 1881	$18,180.40	
By United States undivided accounts in 1881	18,220.75	
		40.35
Debit balance, 31st Dec., 1881		15,626.87
By United States transportation account in 1882		18.67
Debit balance, 31st Dec., 1882		15,608.20
By cash, assistant treasurer, Boston, in 1883	11,811.07	
To operating department, 1883	25.00	
		11,786.87
Debit balance, 31st Dec., 1883		3,822.13
To operating department in 1884	8.63	
By operating department, United States transportation accounts	$15,589.54	
By United States Treasury Department, Union Division	25.00	
	15,614.54	
		15,605.91
Credit balance, 31st Dec., 1884		11,783.78
To operating department in 1885		30.23
Credit balance, 31st Dec., 1885		11,753.55
United States Treasury Department, Union Division:		
Debit balance, 31st Dec., 1878		$2,872,081.03
To operating account, Jan. to June 30, 1879, to Jan. 31, 1880	144,878.65	
By operating account, Jan	$16,592.69	
By United States transportation account, July to Dec., 1868	194,110.60	
	210,703.19	
		65,824.54
Debit balance, 31st Jan., 1880		2,806,256.49

EXHIBIT A 23 (details from

United States Treasury Department, Union Division—Continued.

To charges, February 1 to Dec. 31, 1880	$40,811.90	
By credits, February 1 to Dec. 31, 1880	35,310.02	
		$5,501.88
Debit balance, 31st Dec., 1880		2,811,768.37
By credits during 1881	14,389.07	
Less debit during 1881	.01	
		14,389.06
Debit balance, 31st Dec., 1881		2,797,369.31
By credits during 1882	17,877.58	
Less debits during 1882	42.50	
		17,835.08
Debit balance, 31st Dec., 1882		2,779,534.23
By credits during 1883	837.27	
Less debits during 1883	255.15	
		582.12
Debit balance, 31st Dec., 1883		2,778,952.11
By credits in 1884 (interest repaid, etc.)	6,485.34	
Less debits in 1884	61.60	
		6,423.74
Debit balance, 31st Dec. 1884		2,772,528.37
To charges in 1885		88.38
Debit balance, 31st Dec., 1885		2,772,616.75

United States undivided settlements, Kansas Division:

To amounts covered in by United States in 1881, viz:		
Cash portion	$18,526.67	
Interest proportion	8,464.61	
Debit balance, 31st Dec., 1881		26,991.28
To operating department in 1882		29,596.43
Debit balance, 31st Dec., 1882		56,587.71
To operating department in 1883		312,091.44
Debit balance, 31st Dec., 1883		368,659.15
To operating department in 1884 for accounts which have been settled and transferred from Omaha books		1,519,941.87
Debit balance, 31st Dec., 1884-'85		1,888,601.02

[One-half due the company in cash; one-half applicable to interest repaid.]

United States undivided settlements, Union Division:

"The United States having neglected to make the required division, and having covered in the entire amount of certain accounts on interest and 5 per cent. account, this account has been opened to show such transportation accounts, the amounts of which are still payable, notwithstanding this entry, as follows: One-half to the company in cash, one-half to the United States in bond and interest account:"

To amounts covered in by United States in 1881	$28,778.13
To amounts covered in by United States in 1882	13,179.45
To amounts covered in by United States in 1883	22,634.26
Debit balance, 31st Dec., 1883	64,591.84
To operating department in 1884	483.64
Debit balance, 31st Dec., 1884	65,075.48
To United States suspended settlements in 1885	123,704.38
Debit balance, 31st Dec., 1885	188,779.86

A 17 to A 22)—Continued.

United States transportation accounts, Kansas Division:		
To operating department charges in 1880		$124,112.44
Credit:		
By operating department	$120.87	
By United States sinking fund and United States interest repaid	60.00	
		180.87
Debit balance, 31st Dec., 1880		123,931.57
The account was credited in 1881 as under:		
Operating department	136.40	
United States sinking fund and United States interest repaid	26,021.61	
		26,158.01
Debit balance, 31st Dec., 1881		97,773.56
To operating department in 1882		105.90
Debit balance, 31st Dec., 1882		97,879.46
By United States sinking fund and United States interest repaid	3,927.97	
To operating department in 1883	885.45	
		3,042.52
Debit balance, 31st Dec., 1883		94,836.94
To operating department in 1884	24,912.38	
By operating department (to correct errors)	19,705.19	
		5,207.19
Debit balance, 31st Dec., 1884		100,044.13
To operating department in 1885		31,311.25
Debit balance, 31st Dec., 1885		131,355.38
United States transportation account, Cheyenne Branch:		
This account was charged during 1880, per operating account Denver Pacific Railway and Telegraph Company		37,443.40
To operating department, 1882		9,225.41
Debit balance, 31st Dec., 1882		46,668.81
To operating department in 1883	$13,347.05	
By cash per assistant treasurer, Boston	4,078.13	
		9,268.92
Debit balance, 31st Dec., 1883		55,937.73
To operating department in 1884	22,449.39	
To United States suspended settlements	5.50	
Total	22,454.89	
Credit:		
By operating department $203.00		
By United States transportation account, foreign roads 6.20		
	209.20	
		22,245.69
Debit balance, 31st Dec., 1884		78,183.42
To operating department in 1885	12,568.15	
To United States suspended settlements	11.00	
Total	12,579.15	
By cash	11.00	
		12,568.15
Debit balance, 31st Dec., 1885		90,751.57

EXHIBIT A 23 (details from

United States transportation account 1880, Union Division:		
To operating department Feb. to Oct., 1880		$314,535.00
Contra:		
By United States sinking fund and United States interest repaid accounts		208,098.28
Debit balance 31st Dec., 1880		106,436.72
To operating department during 1881	$2,830.68	
Credit:		
By United States sinking fund and United States interest repaid	$3,869.33	
By transfer to United States special mail account	104,779.72	
	108,649.05	
		105,818.37
Debit balance 31st Dec., 1881		618.35
To operating department, during 1882	298,861.52	
By United States sinking fund and United States interest repaid	299,339.87	
		478.35
Debit balance Dec. 31, 1882		140.00
To operating department, 1883		78.00
Debit balance Dec. 31, 1883 Debit balance Dec. 31, 1884 Debit balance Dec. 31, 1885		218.00
United States transportation accounts, 1879, Union Division:		
To cost of road and fixtures, Jan. 31, 1880		557,754.74
To operating department, 1880	84,321.68	
Contra:		
By United States sinking fund and United States interest repaid	$385,165.02	
By operating department	162.00	
	385,327.02	
		301,005.34
Debit balance Dec. 31, 1880		256,749.40
The credits to the account in 1881 were as under:		
By United States sinking fund and United States interest repaid	853.90	
By transfer to United States special mail account	217,921.92	
Total	218,775.82	
To operating department	78.00	
		218,697.82
Debit balance Dec. 31, 1881		38,051.58
By United States sinking fund and United States interest repaid in 1882		37,138.59
Debit balance Dec. 31, 1882		912.99
By United States sinking fund and United States interest repaid in 1883		13.89
Debit balance Dec. 31, 1883 Debit balance Dec. 31, 1884 Debit balance Dec. 31, 1885		899.10

A 17 to A 22—Continued.

United States transportation account, July to Dec. 1878, Union Division:		
To cost of road and fixtures, Jan. 31, 1880		$158,464.63
To charges Feb. 1 to Dec. 31, 1880	$23,994.78	
By credits Feb. 1 to Dec. 31, 1880	50,080.95	
		26,086.17
Debit balance Dec. 31, 1880		132,378.46
By United States special mail account		109,955.22
Debit balance Dec. 31, 1881		22,423.24
By United States sinking fund, United States interest repaid, etc., in 1882		20,952.78
Debit balance Dec. 31, 1882		1,470.46
By United States sinking fund and United States interest repaid in 1883		86.06
Debit balance Dec. 31, 1883 Debit balance Dec. 31, 1884 Debit balance Dec. 31, 1885		1,384.40
United States transportation accounts, foreign roads:		
To cost of road and fixtures Jan. 31, 1880		1,105.87
Operating department:		
Colorado Central	$2,716.27	
Omaha and Republican Valley R. R	10.04	
Arkansas Valley R. R	31.61	
		2,757.92
Debit balance Dec. 31, 1880		3,863.79
Charges during 1881 were as follows:		
Operating department:		
Denver and Boulder Valley R. R	593.16	
Colorado Central	1,312.25	
Golden Boulder and Caribou R. R	71.30	
Omaha and Republican Valley R. R	2.12	
		1,978.83
Debit balance Dec. 31, 1881		5,842.62
To operating department in 1882		53,227.55
Debit balance Dec. 31, 1882		59,070.17
To operating department in 1883	116,616.95	
By cash, etc	101,906.54	
		14,710.41
Debit balance Dec. 31, 1883		73,780.58
To operating department in 1884	108,508.35	
By cash, etc., 1884	50.68	
		108,457.67
Debit balance Dec. 31, 1884		182,238.25
To operating department in 1885		190,951.89
Debit balance Dec. 31, 1885		373,190.14
United States premium on sinking-fund investments, Union Division:		
To premium paid on bonds for sinking fund purchased during 1880.		64,855.44
To premium on bonds bought in 1881		59,210.00
Total		124,065.44
By future income		124,065.44

EXHIBIT A 23 (details from

United States premium on sinking-fund investments, Union Division—Continued.

To premium paid on bonds for sinking fund purchased during 1884		$48,886.00
To premium paid on bonds for sinking fund purchased in 1885		775,307.50
Debit balance Dec. 31, 1885		824,392.50
United States sinking-fund investments, Union Division:		
To bonds purchased in 1880, at 6 per cent		$192,000.00
To bonds purchased in 1880, at 5 per cent		256,450.00
To bonds purchased in 1880, at 4 per cent		31,950.00
Debit balance Dec. 31, 1880		480,400.00
To 6 per cent. currency purchased in 1881		169,700.00
Debit balance Dec 31, 1881		650,100.00
Debit balance Dec. 31, 1882		
Debit balance Dec. 31, 1883		
To 3 per cent. bonds purchased in 1884	1,620,000.00	
Less 3 per cent. bonds redeemed in 1884	910,000.00	
		710,000.00
Debit balance Dec. 31, 1884		1,360,100.00
To 4 per cent. bonds purchased in 1885		3,515,000.00
Debit balance Dec. 31, 1885		4,875,100.00
United States sinking fund, Union Division:		
To cost of road and fixtures 31st Jan., 1880		288,669.87
Charges in 1880 were as under:		
United States transportation account	319,840.28	
Future income	9,616.86	
Total	329,457.14	
Contra:		
By amounts invested for the sinking fund of the Union Pacific R. R. Co., during 1880, as per reports from the United States Treasury	545,255.44	
		215,798.30
Debit balance 31st Dec., 1880		72,868.57
Charges to the account in 1881 were as follows:		
United States transportation account	2,325.62	
Future income	33,383.83	
Cash paid assistant treasurer at Boston, balance due to sinking fund of the Union Pacific R. R. Co. to 31st Dec. 1880	69,358.83	
Total	105,068.28	
By United States transportation account (correction) $39		
By investments for sinking fund 228,910		
	228,949.00	
		123,880.72
Credit balance 31st Dec., 1881		51,018.15
To United States transportation account, etc., in 1882	255,225.23	
To future income	31,621.19	
		286,846.42
Debit balance 31st Dec., 1882		235,828.27
To transportation account, etc., 1883	499,206.17	
To future income	30,659.48	
		529,865.65
Debit balance 31st Dec., 1883		765,693.92
The charges to this account in 1884 were as follows:		
Operating department	1,023,410.19	
United States suspended settlements	112.19	
Future income	65,337.23	

A 17 to A 22)—Continued.

United States sinking-fund, Union Division—Continued.

United States special mail account	$158.89	
United States sinking fund investment (3-per cent. bonds)	910,000.00	
Cash deposited with assistant treasurer Boston, on account of the demands of United States	718,814.60	
Total	2,717,833.10	
By cost of 3 per cent. bonds, loan of Jan. 12, 1882, invested by the Treasury Department for the sinking fund of the Union Pacific R. R. Co.	1,668,925.00	
		$1,048,908.10
Debit balance 31st Dec., 1884		1,814,602.02
The charges in 1885 were as under:		
Operating department	391,282.50	
Future income	139,969.48	
Cash deposited with assistant treasurer at Boston, Apr. 16, 1885, for credit of the sinking fund of the Union Pacific R. R. Co	633,541.03	
Total	1,164,793.01	
By cost of 4 per cent. funded loan invested by the Secretary of the Treasury for the sinking fund of the Union Pacific R. R. Co., during 1885	4,290,397.50	
		3,125,604.49
Credit balance 31st Dec., 1885		1,311,002.47
Council Bluffs Street Rwy. Co.,:		
For loss in operating the above road for the three months ending 31st Dec., 1883		$790.84
Loss in operating the road from 1st Jan. to Dec., 1884, viz:		
Operating expenses	19,723.88	
Gross earnings	7,816.60	
		11,907.28
Debit balance 31st Dec., 1884		12,698.12
Debit balance 31st Dec., 1885		
Topeka Daily Capital Publishing Company stock:		
Amount paid 27th Dec., 1881, by operating department for 40 shares of stock		1,000
Paid Feb. 28, 1882, for 13 shares of above stock at par	1,300	
Paid July 31, 1882, balance due on purchase of 40 shares stock	3,000	
		4,300
Debit balance 31st, Dec., 1882		5,300
To transfer to expense account Mar. 31, 1883		5,300
Salina and Southwestern Rwy. Co. bonds in trust:		
540 bonds, $1,000 each, dated Jan. 25, 1882, due Jan. 1, 1912 (interest 6 per cent., coupons payable Mar. and Sept., first coupon due Sept. 1, 1882, last coupon due Jan. 1, 1912, is for $20) deposited with Gould and Sage, trustees under the consolidated mortgage at par		540,000.00
Memorandum: The above bonds were received 31 Dec., 1881, against our account and credited to the Salina and Northwestern R. R. Co		221,580.34
Cost of road and fixtures is now credited for the difference between their cost and the amount at which they were deposited with the trustees under the consolidated mortgage at par		$318,419.66
540 bonds, at $1,000 each		540,000.00
Solomon R. R. Co. bonds in trust:		
To cost of road and fixtures Jan. 31, 1880, transfer from Kansas Pacific Rwy. Co		575,000.00

EXHIBIT A 23 (details from

Solomon R. R. Co. stock in trust:		
To cost of road and fixtures, Jan. 31, 1880, transfer from Kansas Pacific Rwy. Co		$5,000.00
Denver Extension sinking fund:		
"Amounts paid by Messrs. John A. Stewart, William Endicott, jr., and Aug. Rutten, trustees, under the Denver Extension sinking-fund arrangement, for Denver Extension coupon certificates to be held in the Denver Extension sinking fund:"		
July 23, 1880. 1,814 certificates, series A, at $35 each	$63,490	
July 23, 1880. 993 certificates, series AA, at $35 each	34,755	
July 23, 1880. 20 certificates, series C, at $87.50 each	1,750	
July 27, 1880. 187 certificates, series A, $35 each	6,545	
Making a total of	106,540	
Bought at 93¾ per cent.		$100,014.43
72 certificates, series AA, at $35	$2,520	
71 certificates, series A, at $35	2,485	
Total	5,005	
Bought for (or 97½ on $5,000)		4,875.00
Debit balance Dec. 31, 1880		104,889.43
Amount paid June 30, 1881, by the trustees of the Denver Extension fund for 88 Denver Extension bonds to be held in the sinking fund, bought from the Union Pacific Rwy. Co. at 114½		100,870.00
Total		205,759.43
Less losses on securities for premiums on investments in that fund now written off		6,214.43
Debit balance Dec. 31, 1881		199,545.00
Bonds bought by trustees in 1882 for sinking fund	$97,000.00	
Contra. By Denver Extension coupon certificates released by the trustees under the Denver Extension sinking fund, canceled and returned by the various trustees by whom the certificates were signed, for the purpose of securing the return of the coupons pledged thereunder	111,545.00	14,545.00
Debit balance Dec. 31, 1882		185,000.00
Bonds bought by the trustees in 1883 for sinking fund		104,000.00
Debit balance Dec. 31, 1883		289,000.00
Bonds bought by the trustees in 1884 for Denver Extension sinking fund		118,000.00
Debit balance Dec. 31, 1884		407,000.00
Bonds bought by the trustees in 1885 for Denver Extension sinking fund.		105,000.00
Debit balance Dec. 31, 1885		512,000.00
Income from trust investments:		
The credits for the year 1882 were as follow:		
By dividends on National Land Company stock, per Jay Gould and Russell Sage, trustees		24,411.00
By coupons Denver extension bonds, per John A. Stewart *et al.*, trustees		8,070.00

A 17 to A 22)—Continued.

Income from trust investments—Continued.

By amounts collected by Jay Gould and Russell Sage, trustees, coupons from following:		
Junction City and Fort Kearney bonds....	$25,025.00	
Solomon R. R. bonds.....	17,250.00	
Golden, Boulder and Caribon bonds	24,000.00	
		$66,275.00
Total credit for year ending 31st Dec. 1882.....		98,756.00
To transfer to land and trust income.....		98,756.00

The credits for the year 1883 were as follow:

By coupons from Denver extension bonds, per John A. Stewart *et al.*, trustees.....		14,010.00
By coupons from following bonds collected by Jay Gould and Russell Sage, trustees:		
Golden, Bolder and Caribon bonds.....	4,800.00	
Salina and Southwestern Rwy. Co. bonds..	32,400.00	
Solomon R. R. bonds.....	34,500.00	
Junction City and Fort Kearney bonds.....	70,000.00	
		141,700.00
Total credit for year ending 31st Dec. 1883.....		155,710.00
To transfer to land and trust income.....		155,710.00
By coupons from Denver extension sinking-fund bonds, J. A. Stewart *et al.*, trustees.....		20,580.00
By coupons from Golden, Boulder and Caribou Rwy. Co. bonds, J. Gould and R. Sage, trustees.....		234,415.00
By dividends on Golden, Boulder and Caribou Rwy. Co. stock, in trust by J. Gould and R. Sage		15,000.00
By total credit for year ending 31st Dec. 1884.....		269,995.00
To transfer to land and trust income.....		269,995.00

The credits for the year 1885 were as under:

By "amount turned over to the Union Pacific Rwy. Co. on account of interest by the trustees of the consolidated mortgage, the same having been received by them as a dividend of $80 per share on 948 shares National Land Company stock held by them as trustees under that mortgage".....		75,480.00
By coupons from Denver extension bonds, John A. Stewart and others, trustees		27,480.00
By coupons collected from bonds held in the consolidated mortgage trust, Gould and Sage, trustees, viz:		
Junction City and Fort Kearney Rwy. Co.	$59,990.00	
Golden, Boulder and Caribon Rwy. Co.....	4,800.00	
Solomon R. R. Co.....	45,300.00	
Salina and Southwestern Rwy. Co.....	6,180.00	
		116,270.00
By dividend on Golden, Boulder and Caribou Rwy. Co.....		15,000.00
Total credit for year ending 31st Dec. 1885		234,590.00
To transfer to land and trust income.....		234,590.00

Collateral trust bonds, Union Division:

Colorado Central R. R. Co. bonds, debtor to collateral trust bonds:	
For 1,000 Colorado Central R. R. Co. bonds bought of Mr. Jay Gould at par, and 1,000 collateral trust bonds delivered to him Dec. 19, 1879) in exchange therefor, as per resolution of the executive committee, Nov. 20, 1879	1,000,000.00
By 751 collateral trust bonds delivered (Jan. 3, 1880) to Mr. Jay Gould by President Dillon in accordance with the settlement made by and between them, and referred to in Mr. Dillon's letter of Dec. 9, 1879, at par.....	751,000.00
By 30 collateral trust bonds delivered (Jan. 5, 1880) to Mr. Gould by President Dillon as cash, Jan. 1, 1880.....	30,000.00

EXHIBIT A 23 (details from

Collateral trust bonds, Union Division—Continued.

By amount received by Mr. Dillon for proceeds of 13 collateral trust bonds sold to James M. Ham, at par		$13,000.00
Total credit		1,794,000.00
Debtor:		
To amount paid by the Union Trust Company, trustee, to James M. Ham, for 13 collateral trust bonds, at par		13,000.00
Credit balance Jan. 31, 1880		1,781,000.00
By cost of road and fixtures Jan. 31, 1880		1,781,000.00
By Jay Gould	$1,000,000.00	
By cash	1,110,000.00	
By J. M. Ham, assistant treasurer	563,000.00	
By Colorado Central R. R. Co	26,000.00	
By S. Dillon	9,000.00	
By Central Branch Union Pacific R. R. Co	66,000.00	
By Fred. L. Ames	200,000.00	
Total	2,974,000.00	
Less paid by Union Trust Company for 64 collateral trust bonds	64,000.00	2,910,000.00
Credit balance Dec. 31, 1880		4,691,000.00
By J. M. Ham, assistant treasurer, in 1881	337,000.00	
By cash	165,000.00	
Total	502,000.00	
Contra:		
Paid by Union Trust Company for—		
67 collateral trust bonds	67,000	
66 collateral trust bonds drawn July 18, 1881	66,000	
	133,000.00	369,000.00
Credit balance Dec. 31, 1881		5,060,000.00
The account was charged in 1882, as follows:		
To bonds drawn for redemption	131,000.00	
To bonds exchanged	11,000.00	142,000.00
Credit balance Dec. 31, 1882		4,918,000.00
To bonds drawn for redemption in 1883		130,000.00
Credit balance Dec. 31, 1883		4,788,000.00
The account was charged in 1884 as follows:		
Bonds drawn for redemption	63,000.00	
Bonds bought and canceled by the Union Trust Company, trustees	63,000.00	126,000.00
Credit balance Dec. 31, 1884		4,662,000.00
Charges to the account were—		
Bonds bought and canceled by the Union Trust Company, trustees	81,000.00	
Bonds drawn for redemption Aug. 22, 1885	40,000.00	121,000.00
Credit balance Dec. 31, 1885		4,541,000.00

A 17 to A 22)—Continued.

Wyoming Coal Mining Company:

For amount paid by operating department to Thomas Wardell, May 20, 1881, in full of decree and interest thereon of United States circuit court in the case of Wardell *vs.* Union Pacific R. R. Co. *et al.*, originally rendered Dec. 20, 1877, and affirmed by mandate of Supreme Court United States, filed in circuit court May 11, 1881:

Decree		$100,000.00
Interest Dec. 20, 1877, to May 20, 1881		28,286.02
		128,286.02
Paid July 30, 1881, Omaha Bee, advertising notice annual meeting Wyoming Coal and Mining Company		5.40
Debit balance Dec. 31, 1881		128,291.42
This account was credited in 1882 as follows:		
By note to F. Gordon Dexter	$100,000.00	
By cost of road and fixtures, for interest prior to Feb. 1, 1880	19,166.67	
By discount and interest, for interest since Feb. 1, 1880	9,119.35	
By transfer to expense account for payment to Omaha Bee, advertising annual meeting	5.40	
		128,291.42

Welch Coal Mining Company, stock:

665 shares, of $50 each (that being two-thirds of the total 1,000 shares), of the capital stock of the Welch Coal Mining Company near Golden, Colo.), bought Mar. 31, 1881, from C. C. Welch for.. 18,206.42

335 shares, of $50 each, being the balance of above stock bought Mar. 31, 1881, from C. C. Welch, cost 25,100.00

Debit balance Dec. 31, 1881 43,306.42

Contra:

By Union Coal Company for 1,000 shares of stock of the Welch Coal Company, sold them Aug. 31, 1883 (the Union Pacific Rwy. Co. to have all profits accruing on the stock to June 30, 1883), for 43,306.42

Union Coal Company stock:

433 shares Union Coal Company stock (received Aug. 31, 1883, in payment of the 1,000 shares of Welch Coal Company), at par... 43,300.00

864 shares of above stock, at $100 each, in exchange for coal lands and mines 86,400.00

88 shares exchanged for coal lands and mines 8,800.00

Debit balance Dec. 31 1883 }
Debit balance Dec. 31 1884 } 138,500.00
Debit balance Dec. 31 1885 }

Marysville township, Marshall County, Kans., bonds:

To 15 Marysville township bonds, $1,000 each, issued Jan. 1, 1880, by Marshall County, Kans., to the Marysville and Blue Valley R. R. Co., to aid in the construction of the road of that company. These bonds were received Nov. 23, 1885, in exchange for $15,000 of the capital stock of that company, at par, now entered at 90 per cent. of their par value 13,500.00

Marysville and Blue Valley R. R. Co. bonds:

128 bonds of above company received Apr. 30, 1881, from Chester W. Collins, $1,000 each, at 90 per cent 115,200.00

Marysville and Blue Valley R. R. Co. stocks:

640 shares of the capital stock of above company received Apr. 30, 1881, from Chester W. Collins, at about $37.789 per share..... 24,174.96

(See resolution of executive committee of June 24, 1891.)

EXHIBIT A 23 (details from

Marysville and Blue Valley R. R. Co. stocks—Continued.		
Contra:		
By 15 Marysville Township, Marshall County, Kans., bonds, $1,000 each, issued Jan. 1, 1880, to aid in the construction of the Marysville and Blue Valley Railroad, received Nov. 23, 1885, in exchange for $15,000 of the capital stock of that company, now entered at 90 per cent		$13,500.00
Debit balance Dec. 31, 1885 (490 shares of stock)		10,674.96
Marysville and Blue Valley R. R. Co.:		
To cost of road and fixtures, Jan. 31, 1880		292,062.42
Charges to the account were made in 1880 as under:		
Advances per operating department	$69,251.53	
Transfer from Marysville and Blue Valley R. R., 1880 account	12,048.11	
Loss Sept., Oct., and Nov. in operating the road	$4,528.73	
Less gain in Dec	108.62	
	4,420.11	
Total	85,719.75	
Credit:		
By transfer to Chester W. Collins for advances erroneously charged	361,303.95	
		275,584.20
Debit balance Dec. 31, 1880		16,468.22
To loss operating the road twelve months, ending Dec. 31, 1881	32,857.09	
Credit:		
By Omaha and Republican R. R. Co., for proportion loss operating	11,276.86	
		21,580.23
Debit balance Dec. 31, 1881		38,048.45
To loss operating the road, year ending Dec. 31, 1882.	17,496.29	
Credit:		
By Omaha and Republican Valley R. R. Co., for current earnings and expenses of the line between Beatrice, Nebr., and Marysville, Kans., to 1882	32,564.83	
		15,068.54
Debit balance Dec. 31, 1882		22,979.91
To loss operating road six months	8,308.96	
Less gain operating road six months	1,789.74	
Loss for year ending Dec. 31, 1883	6,519.22	
Credit:		
By Omaha and Republican Valley R. R. Co., for proportion loss operating	4,323.27	
		2,195.95
Debit balance Dec. 31, 1883		25,175.86
Dec. 31, 1884, the account was credited for amount equal to the annual interest on the first-mortgage bonds of the Marysville and Blue Valley R. R. Co., agreed to be paid by the Omaha and Republican Valley R. R. Co. as rental for use of the road		8,960.00
Debit balance Dec. 31, 1884		16,215.86
o equipment expenditure in 1885 per operating department	$185.96	
By Omaha and Republican Valley R. R. Co., for amount equal to interest on Marysville and Blue Valley R. R. Co.'s first-mortgage bonds as rental	8,960.00	
		8,774.04
Debit balance Dec. 31, 1885		7,441.82

A 17 to A 22)—Continued.

Wyoming, Montana and Pacific R. R. Co.:		
To cost of road and fixtures, Jan. 31, 1880		$18,221.19
To advances in 1880, per operating department		13,727.15
Debit balance, Dec. 31, 1880, 1881		31,948.34
To advances in 1882, per operating department		24,363.68
Debit balance, Dec. 31, 1882		56,312.02
To advances in 1883, per operating department	$28,229.57	
To contractors, Rawlins Branch	4,754.74	
		32,984.31
Debit balance, Dec. 31, 1883		89,296.33
To advances in 1884, per operating department	2,639.06	
Less credit in 1884, per operating department	121.03	
		2,518.03
Debit balance, Dec. 31, 1884		91,814.36
To advances in 1885, per operating department		5,362.85
Debit balance, Dec. 31, 1885		97,177.21
Chester W. Collins:		
To cost of road and fixtures Jan. 31, 1880		541,911.56
To operating department advances in 1880	465,352.32	
To transfer of amount previously credited to C. W. Collins, but which belonged to the company	10,791.50	
To transfer from Marysville and Blue Valley R. R. Co., for advances which should have been charged to Chester W. Collins, Sept., 1879, to Mar., 1880	361,303.95	
Total	837,447.77	
Credit:		
By cash, proceeds of bonds	$15,000.00	
J. M. Ham, proceeds of bonds	55,806.10	
Grand Island Precinct bonds	25,000.00	
Contractors Omaha, Niobrara and Black Hills R. R. for amount erroneously credited them	10,000.00	
Omaha and Republican Valley R. R. Co. bonds	196,666.67	
Omaha and Republican Valley R. R. Co. stock	7,375	
	309,847.77	
		527,600.00
Debit balance, December 31, 1880		1,069,511.56
Credits during 1881 were as follows:		
J. M. Ham, for proceeds of bonds	75,750.47	
Omaha and Republican Valley R. R. Co. bonds	673,633.33	
Omaha and Republican Valley R. R. Co. stock	175,333.23	
Marysville and Blue Valley R. R. Co. stock	24,174.96	
Marysville and Blue Valley R. R. Co. bonds	115,200.00	
Total	1,064,091.99	
Contra:		
To operating department for advances during 1881	124,122.03	
		959,979.96
Debit balance, December 31, 1881		109,541.60
During 1882 the account was credited as under:		
Omaha and Republican Valley R. R. Co., 281 bonds at par	281,000.00	
Omaha and Republican Valley R. R. Co., 1,409 shares stock, at 60 per cent	84,540.00	

EXHIBIT A 23 (details from

Chester W. Collins—Continued.

Operating department account, Marysville and Blue Valley R. R. Co	$2,501.50	
Total	368,041.50	
To advances per operating department	286,129.85	
		$81,911.65
Debit balance, Dec. 31, 1882		27,629.95
The account was charged in 1883 per—		
Operating department for advances, etc	529,449.10	
Credit:		
North Loup Precinct bonds	3,600.00	
		525,849.10
Debit balance, Dec. 31, 1883		553,479.05
To advances per operating department in 1884	59,518.99	
Less credits per operating department	205.95	
		59,313.04
Debit balance, Dec. 31, 1884		612,792.09
During 1885 the following were credited to the account:		
Operating department	17,663.77	
Transfer from contractors Omaha and Republican Valley R. R. Co	3,012.68	
Omaha and Republican Valley R. R. Co. bonds	404,000.00	
Omaha and Republican Valley R. R. Co. stock	150,000.00	
Total	574,676.45	
Contra:		
To operating department, advances, etc	4,528.42	
		570,148.03
Debit balance, Dec. 31, 1885		42,644.06
Omaha and Republican Valley R. R. Co. bonds:		
605 bonds at 80, cost of road and fixtures, January 31, 1880		484,000.00
295 bonds of above company, received June 30, 1880, from Chester W. Collins, $1,000 at 66⅔ per cent		196,666.67
Debit balance, Dec. 31, 1880		680,666.67
672 bonds, received Apr. 30, 1881, from C. W. Collins at 90		673,633.33
Debit balance, Dec. 31, 1881		1,354,300.00
281 bonds of above company, received Dec. 30, 1882, from C. W. Collins, at par	$281,000.00	
Credit, 2 bonds, exchanged for collateral trust bonds surrendered by A. Houghton and canceled	2,000.00	
		279,000.00
Debit balance, Dec. 31, 1883 } Debit balance, Dec. 31, 1884 }		1,633,300.00
404 first-mortgage bonds at 7 per cent., received from C. W. Collins on account of the expenditures incurred for constructing and equipping 39.62 miles, Lincoln to Beatrice, completed Jan. 29, 1884, at par		404,000.00
Debit balance, Dec. 31, 1885		2,037,300.00

2,257 bonds.

Omaha and Republican Valley R. R. Co., stocks:		
3,025 shares, at $15, cost of road and fixtures, Jan. 31, 1880		$45,375.00
1,475 shares of stock of above company received June 30, 1880, from Chester W. Collins, at $5 per share		7,375.00
Debit balance Dec. 31, 1880		52,750.0

A 17 to A 22)—Continued.

Iowa Falls.

3,360 shares of stock received Apr. 30, 1881, from Chester W. Collins, at about $37.75 per share		$175,333.23
Debit balance Dec. 31, 1881		228,083.23
1,409 shares of above company stock received Dec. 30, 1882, from C. W. Collins, at 60 per cent		84,540.00
Debit balance Dec. 31, 1882		312,623.23
1,500 shares, $100 per share, in full-paid capital stock of above company, received from Chester W. Collins, on account constructing and equipping 39.62 miles of road, completed Jan. 29, 1884		150,000.00
Debit balance Dec. 31, 1885		462,623.23

10,769 shares.

Omaha and Republican Valley R. R. Co.:

The account was credited in 1880 as follows:

By earnings Feb. 2 to Dec. 31:		
Gross earnings	$102,356.83	
Operating expenses	135,833.29	
	$26,523.54	
By transfer from books of operating department	20,274.33	
Total	46,797.87	
To 900 coupons, at $35	31,500.00	
Credit balance Dec. 31, 1880		15,297.87

The charges to the account in 1881 were as follow:

To loss in operating the road in 1881	13,946.92	
To 1,572 coupons Dec. 31, 1880	55,020.00	
To 1,572 coupons June 30, 1881	55,020.00	
To apportionment of loss in 1880 of the Marysville and Blue Valley R. R. Co	11,276.86	
Total	135,263.78	
By transfer from operating department's books	975.00	
		134,288.78
Debit balance Dec. 31, 1881		118,990.91

The charges in 1882 to the account are as under:

To coupons, Jan. and July, 1882	110,040.00	
To Marysville and Blue Valley R. R. Co. for proportion of loss operating, 1882	32,564.83	
Total	142,604.83	
Contra:		
By surplus earnings, 1882 $71,436.89		
By transfer from operating department books 1,493.00		
	72,929.89	
		69,674.94
Debit balance Dec. 31, 1882		188,665.85

In 1883 the account was credited as follows:—

Earnings of the road for eleven months	175,724.72	
Deficit in month of July	10,114.98	
Net earnings for the year	165,609.74	
Operating department for cash received from sales of lots	6,061.75	
Total	171,671.49	

EXHIBIT A 23 (details from

Less operating department—taxes Polk, Butler, and Saunders Counties, Nebr	$774.64		
Marysville and Blue Valley R. R. Co., proportion of loss operating in 1883	4,323.27		
		$5,097.91	
			$166,573.28
Debit balance Dec. 31, 1883			22,092.27
The charges during 1884 were—			
To coupons, Apr. and Dec		196,420.00	
To Marysville and Blue Valley R. R. Co., for amount equal to annual interest on Marysville and Blue Valley R. R. Co. first-mortgage bonds, agreed to be paid by the Omaha and Republican Valley R. R. Co. as rental for use of road		8,960.00	
To double brakes on two freight-cars		29.62	
To taxes for the year 1884		68,181.94	
Total		273,591.56	
Contra:			
By earnings for 1884	$231,709.95		
By cash sales of lots	4,315.67		
		236,025.62	
			37,565.94
Debit balance Dec. 31, 1884			59,658.21
The account was charged in 1885 as follows:			
To construction and equipment—fences, right of way, air-brakes for engine, freight-cars, etc.		3,095.29	
Coupons paid in 1885		75,600.00	
Marysville and Blue Valley R. R. Co., rental of the road for 1885, being an amount equal to the interest on its first-mortgage bonds, viz: $128,000, at 7 per cent		8,960.00	
		87,655.29	
By earnings, nine months	$101,609.56		
By deficit, three months	55,752.09		
Net earnings for 1885	45,857.47		
By cash from sale of lots	3,778.44		
		49,635.91	
			38,019.38
Debit balance Dec. 31, 1885			97,677.59
Denver and Boulder Valley R. R. Co. bonds in trust:			
To cost of road and fixtures, Jan. 31, 1880			473,000.00
To bonds exchanged during 1880 for consolidated mortgage bonds			55,000.00
Debit balance Dec. 31, 1880			528,000.00
Bonds exchanged for consolidated mortgage bonds during 1881			10,000.00
Debit balance Dec. 31, 1881			538,000.00
Bonds exchanged in 1882 for consolidated mortgage bonds			8,000.00
Debit balance Dec. 31, 1882			546,000.00
Bonds exchanged in 1883 for consolidated mortgage bonds			2,000.00
Debit balance Dec. 31, 1883 Debit balance Dec. 31, 1884 Debit balance Dec. 31, 1885			548,000.00

A 17 to A 22)—Continued.

Denver and Boulder Valley R. R. Co.:			
To cost of road and fixtures, July 31, 1880			$91,919.17
By cost of road and fixtures, July 31, 1880			12,344.96
To balance transferred from Denver Pacific Rwy. Co			79,574.21
The account was credited in 1880 as follows:			
By transfer from Denver and Boulder Valley R. R. Co., 1880 account		$2,705.31	
By surplus earnings to Dec. 31:			
Gross earnings	$29,580.76		
Operating expenses	27,424.86		
		2,155.90	
		4,861.21	
Less construction expenditures in Dec., coal track at Northrop		175.00	
			4,686.21
Debit balance Dec. 31, 1880			74,888.00
The charges to the account in 1881 were:			
Construction expenditures (side track at Northrop, to Sept. 30)		1,394.95	
Paid R. R. McCormick, May 17, 1871, settlement of his suit against this company		4,000.00	
		5,394.95	
Credit:			
Surplus earnings for the year:			
Gross earnings	$85,713.07		
Operating expenses	82,074.73		
		3,638.34	
			1,756.61
Debit balance Dec. 31, 1881			76,644.61
The charges to the account in 1882 are as follows:			
Construction expenditures for 11.574 acres land, Weld Co., Colo		1,740.10	
Loss operating the road during 1882:			
Gross earnings	$82,544.08		
Operating expenses	94,668.37		
		12,124.29	
			13,864.39
Debit balance Dec. 31, 1882			90,509.00
The account was credited in 1883 as follows:			
Net earnings for the year:			
Gross earnings		85,194.59	
Operating expenses		76,562.89	
Net earnings		8,631.70	
Cost of road and fixtures, for amounts transferred from the receiver's books of the Denver Pacific Railway and Telegraph Company, being earnings and expenses of the Denver and Boulder Valley R. R. Co. from Apr. 4, 1878, to Sept. 30, 1879, not heretofore transferred:			
Earnings	$64,502.23		
Expenses	52,977.32		
	11,524.91		
Less exchange and commission on coupons	1.26		
		11,523.65	
			20,155.35
Debit balance Dec. 31, 1883			70,353.65

EXHIBIT A 23 (details from

By earnings for the year 1884:			
Gross earnings	$100,433.67		
Operating expenses	77,530.45		
		$22,903.22	
Less tax on the road in December		4,825.68	
			$18,077.54
Debit balance, Dec. 31, 1884			52,276.11
By earnings for the year 1885:			
Gross earnings	$93,713.20		
Operating expenses	74,321.84		
		19,391.36	
Less construction expenditures in Jan., depot grounds at Erie, Colo		390.00	
			19,001.36
Debit balance Dec. 31, 1885			33,274.75
Denver Pacific Railway and Telegraph Company—stock owned by the company:			
To cost of road and fixtures Jan. 31, 1880, 39,989 shares, at par.			$3,998,900.00
39,986 shares of above stock exchanged Feb. 14, 1880, for stock Union Pacific Rwy. Co			3,998,600.00
Debit balance Dec. 31, 1880 Debit balance Dec. 31, 1881 Debit balance Dec. 31, 1882 Debit balance Dec. 31, 1883 Debit balance Dec. 31, 1884 Debit balance Dec. 31, 1885			300.00
Denver Pacific Rwy. and Telegraph Co. bonds in trust:			
To cost of road and fixtures Jan. 31, 1880			$1,641,000.00
Bonds exchanged during 1880 for consolidated mortgage bonds			349,000.00
Denver Pacific bonds in trust Dec. 31, 1880			1,990,000.00
By transfer to Cheyenne Branch bonds in trust			1,990,000.00
Cheyenne Branch bonds in trust:			
To Denver Pacific bonds in trust Dec. 31, 1880			1,990,000.00
Bonds exchanged in 1881 for consolidated mortgage bonds		$10,000	
Bonds received for sales of lands in 1881		2,000	
			12,000.00
Debit balance Dec. 31, 1881			2,002,000.00
Bonds taken in payment for land in 1882		14,000	
Bonds exchanged for consolidated mortgage bonds		1,000	
			15,000.00
Debit balance Dec. 31, 1882			2,017,000.00
Bonds exchanged in 1883 for consolidated mortgage bonds			2,000.00
Debit balance Dec. 31, 1883			2,019,000.00
Bonds bought from Mitcheson & Rutter			32,000.00
Debit balance Dec. 31, 1884 Debit balance Dec. 31, 1885			2,051,000.00
Denver Extension coupon certificates, Kansas Division:			
By cost of road and fixtures Jan. 31, 1880			1,001,402.50
To certificates received from trustee and canceled			507.50
Credit balance Dec. 31, 1880			1,000,895.00
By cost of road and fixtures (Mar. 31, 1881) for 6 per cent. gold coupon certificates issued by National Bank of Commerce in New York, series A, AD, C			2,572.50
Credit balance Dec. 31, 1881			1,003,467.50

A 17 to A 22)—Continued.

To cost of road and fixtures (Sept. 22, 1882):		
For coupon certificates, etc., erroneously included in transfer	$5,092.50	
For coupon certificates released by the trustees under Kansas consolidated mortgage, canceled and returned to the various trustees by whom signed for the purpose of securing the return of the coupons pledged thereunder	993,807.50	
		$998,900.00
Credit balance Dec. 31, 1882		4,567.50
To coupon certificates released by the trustees, canceled and returned by National Bank of Commerce, New York, trustee, by whom they were issued, to secure the return of coupons		2,170.00
Credit balance Dec. 31, 1883 } Credit balance Dec. 31, 1884 }		2,397.50
To coupon certificates released (Sept. 30, 1885) by Gould & Sage, trustees, and canceled		1,435.00
Credit balance Dec. 31, 1885		962.50
Denver Extension bonds, Kansas Division:		
By cost on road and fixtures Jan. 31, 1880		6,371,000.00
To bonds received from trustee, canceled		5,000.00
Credit balance Dec. 31, 1880 } Credit balance Dec. 31, 1881 }		6,366,000.00
To bonds bought by John A. Stewart, trustee (and canceled), in 1882		43,000.00
Credit balance Dec. 31, 1882		6,323,000.00
To bonds bought and canceled by trustee		16,000.00
Credit balance Dec. 31, 1883		6,307,000.00
To bonds bought and canceled by trustee		28,000.00
Credit balance Dec. 31, 1884		6,279,000.00
To bonds bought and canceled by trustee		21,000.00
Credit balance Dec. 31, 1885		6,258,000.00
Oregon Short Line Railway Company stock:		
For 60,580 shares Oregon Short Line Rwy. Co. stock, of $100 each, $6,058,000 received by this company on account of the securities of the Oregon Short Line Rwy. Co., due to it in part consideration of its entering into a traffic guaranty, and in part consideration for other services rendered and aid extended, entered at 1 cent per share		605.80
To 2,560 shares, $100 per share, at $3.6421 per share		9,323.98
Debit balance 31 Dec., 1884		9,929.78
To $\frac{1,313}{2,560}$ shares full paid shares stock, entered at (See executive committee record, 30 Dec., 1885.)		13.13
Debit balance 31 Dec., 1885		9,942.91
Oregon Short Line Railway subscriptions:		
Cash received Aug. to 31 Dec., 1881		3,291,500.00
Cash received in the year 1882		5,079,200.00
Cash received in the year 1883		3,741,300.00
Total subscriptions received to date		12,112,000.00

EXHIBIT A 23 (details from

Contra.

To contractors Oregon Short Line Rwy, for the following securities of the Oregon Short Line Rwy. Co., delivered to this date, Dec. 31, 1883, to the subscribers to the Oregon Short Line Rwy. Co. bonds and stocks, under the terms of the circular issued July 22, 1881, by Sidney Dillon, president:

	Bonds.	Stock.	
New York	$8,129,000	$4,045,250	
Boston	3,962,000	2,001,000	
Total	12,091,000	6,046,250	
Entered at par of bonds			$12,091,000.00
Credit balance 31 Dec., 1883			21,000.00

Securities delivered to subscribers in 1884:

	Bonds.	Stock.		
New York	$4,000	$2,000		
Boston	19,000	8,750		
Total	23,000	10,750		
Entered at par of bonds			$23,000	
By subscriptions to 9th and 10th installments			4,000	
				19,000
Credit balance 31 Dec., 1884				2,000
Securities delivered to subscribers in 1885, $2,000 bonds and $1,000 stock, entered at par of bonds				2,000

Oregon Short Line Rwy. Co. bonds:

Securities of the above company received from C. W. Collins on account of advances made to him by this company for the construction and equipment of that company's road in excess of the amount received under the subscription:

1,272 first-mortgage bonds, $1,000 each, at par	1,272,000.00
(This entry is made without admitting that these bonds are worth their par value, and their value is left for adjustment when all the bonds shall have been sold.)	
256 bonds received from contracts of Ketchum extension of Oregon Short Line Rwy., with coupons attached, at 80 per cent	204,800.00
576 bonds received from Oregon Short Line Rwy. in settlement of our advances to that company for interest on bonds, etc., to Dec. 31, 1884, 576, at 80 per cent	460,800.00
275 bonds received on account of our advances to contractors for building Oregon Short Line Rwy., made from Apr. 1 to Dec. 31, 1884, 275 bonds, at 80 per cent	220,000.00
Total	2,157,600.00
Contra:	
By 184 bonds sold in 1884 at 94⅞ to 95¼ per cent	174,732.50
Debit balance December 31, 1884	1,982,867.50

By 118 bonds sold in 1885	$1,052,916.67	
By losses on securities	2,000.00	
Total	1,072,916.67	
Contra:		
To 406 bonds received from contractors in settlement of balance due U. R. R. Co	$406,000.00	
To construction for adjustment of bonds account Ketchum extension	5,120.00	
	411,120.05	
		661,796.67
Debit balance December 31, 1885		1,321,070.83

A 17 to A 22)—Continued.

Oregon Short Line Rwy. Co. coupon account:		
Coupons paid Aug. to Dec. 30, New York and Boston		$42,779.00
By transfer to Oregon Short Line Rwy. Co		42,779.00
To coupons Jan. 1, to Dec. 31, 1883		296,363.00
By transfer to Oregon Short Line Rwy. Co		120,865.00
Debit balance Dec. 31, 1883		175,498.00
To coupons paid during 1884	$738,723.50	
By transfer to Oregon Short Line Rwy. Co	913,321.50	
		174,598.00
Debit balance December 31, 1884		900.00
To coupons paid in 1875	732,588.50	
To coupons from bonds owned at several dates by Western Pacific Rwy Co	172,740.00	
Total	905,328.50	
Contra:		
By transfer to Oregon Short Line Rwy. Co	906,228.50	
		900.00
Oregon Short Line Rwy. construction:		
For amount expended on construction and equipment from Apr. 1 to Dec. 31, 1884		220,737.79
Contra:		
By 275 Oregon Short Line Rwy. Co. first-mortgage bonds, received on account of advances		220,000.00
Debit balance, Dec. 31, 1884		737.79
To operating department for advances in 1885	62,477.04	
By Oregon Short Line Rwy. Co. for adjustment of bonds account, Ketchum extension	$5,120.00	
By operating department	10,663.49	
	15,783.49	
		46,693.55
Debit balance, Dec. 31, 1885		47,431.34
Oregon Short Line Rwy Co.:		
The charges to this account, Mar. to Dec. 31, 1882, were, per J. M. Ham, assistant treasurer,		
expenses, engraving bond and coupon plate, furnishing bonds, coupons, certificates, etc	4,354.28	
Expenses, advertising, books, stationery, etc	312.32	
Expenses, legal	1,500.00	
		6,166.60
Amount paid to adjust interest on Oregon Short Line bonds		1,368.95
Amount coupons due Aug. 1, 1882		42,779.00
Less operating road July to Dec. 31, 1882, viz:		
Less Aug., Sept., Oct., Nov	23,098.23	
Less gain in July and Dec	13,918.79	
		9,179.44
Total		59,493.29
Credit by operating department		6,310.70
Debit balance Dec. 31, 1882		53,182.59
Earnings, Jan. 1 to Dec. 31, 1883	355,887.56	
Contra:		
Coupons paid Jan. 1 to July 31	$120,865.00	
Cash paid by subscribers as an adjustment of interest	27,218.55	
	148,083.55	
		207,804.01
Credit balance Dec. 31, 1883		154,621.42

EXHIBIT A 23 (details from

The charges to the account in 1884 were—			
To coupons		$913,321.50	
To operating department for taxes, construction expenditures, etc		77,362.71	
Adjustment of interest on bonds		448.60	
Total		991,132.81	
Contra:			
By earnings for nine months	$430,047.80		
By deficit for Jan., Feb., and June.	67,101.14		
Net earnings 1884	362,946.66		
By 410 coupons belonging to Oregon Short Line Rwy Co	12,300.00		
By 576 first-mortgage bonds at 80 per cent	460,800.00		
		836,046.66	
			$155,086.15
Debit balance Dec. 31, 1884			464.73
The account was charged in 1885 as under:			
Equipment expenditures		27,361.57	
Interest adjustment on bonds		73.00	
Coupons, Feb. and Aug		906,228.50	
Total		933,663.07	
Contra:			
Earnings, eleven months	$557,966.54		
Deficit in Feb	6.70		
Net earnings 1885	557,959.84		
Greeley, Salt Lake and Pacific R. R. Co	78.00		
Operating department	1,312.50		
		559,350.34	
			374,312.73
Debit balance Dec. 31, 1885			374,777.46
Denver, South Park and Pacific R. R. Co. stock:			
$300,000 in stock of above company received Aug. 30, 1880, as a dividend on $12,000 in stock of the Denver and South Park R. R., Construction and Land Co., owned by this company:			
3,000 shares, at $1 each			3,000.00
4 shares of stock bought Dec. 31, 1880, from John Evans, at par.			400.00
Debit balance Dec. 31, 1880			3,400.00
30,993 shares bought Jan. 25, 1881, from Charles C. Neibaka, on a sixty days' contract dated Nov. 15, which contract was assigned to Jay Gould as of that date—30,993 shares, at par.			3,099,300.00
7,012 shares received Dec. 31, 1881, from contractors for building Denver, South Park and Pacific R. R., at 87½			613,550.00
Debit balance Dec. 31, 1881 (41,009 shares)			3,716,250.00
Contractors Denver, South Park and Pacific R. R. Co., in 1882:			
9,386 shares (June 30), at 20 per cent		$187,720.00	
330 shares (Sept. 30), at 20 per cent		6,600.00	
1,200 shares (Dec. 30), at 70 per cent		84,000.00	
			278,320.00
Debit balance Dec. 31, 1882 } Debit balance Dec. 31, 1883 } 51,925 shares			3,994,570.00
To contractors Denver, South Park and Pacific R. R. Co.:			
2,500 shares (Dec. 31), at par		$250,000.00	
6,000 shares (Dec. 31), at 20 per cent		120,000.00	
			370,000.00
Debit balance Dec. 31, 1884 (60,425 shares)			4,364,570.00

A 17 to A 22)—Continued.

To contractors Leadville extension, 926 shares Denver, South Park and Pacific R. R. Co., say			$142.49
Debit balance Dec. 31, 1885 (61,351 shares)			4,364,712.49
Denver, South Park and Pacific R. R. Co.:			
To advances made in Nov. and Dec. 1880			135,462.52
The account was charged in 1881 as follows:			
Per operating department	$947,041.15		
Less credit operating department	36,524.02		
		$910,517.13	
Per J. M. Ham, assistant treasurer		253,125.00	
Per contractors		27,821.28	
Coupons paid by Winslow, Lanier & Co		125,335.00	
		1,316,798.41	
Credits:			
By earning from operating the road nine months	$340,957.37		
Less three months' loss	31,200.09		
Net earning for year	309,757.28		
By contractors	1,579,791.32		
By Winslow, Lanier & Co	126,014.38		
		2,015,562.98	
			678,764.57
Credit balance Dec. 31, 1881			563,302.05
Charges to this account in 1882 were as under:			
Advances per operating department		249,535.18	
Less credit per operating department		22,501.06	
Net		227,034.12	
Winslow, Lanier & Co., coupons		63,105.00	
To 430 Denver, South Park and Pacific R. R. Co., bonds		430,000.00	
To 1,796 coupons, at $35		62,860.00	
To 901 coupons, at $30		27,030.00	
Amount equivalent to interest on 901 bonds		23,310.00	
Total		833,339.12	
Credits:			
By profit operating the road eleven months	$380,177.35		
Less one month	2,727.75		
		377,449.60	
			455,889.52
Credit balance Dec. 31, 1882			107,412.53
This account was charged in 1883 as follows:			
Operating department advances, etc		923,599.48	
Less operating department credit		60,993.65	
Net balance		862,605.83	
Winslow, Lanier & Co		2,240.00	
Total		864,845.83	
Contra:			
Profit operating the road:			
Gain ten months	$157,601.99		
Less two months	108,853.70		
Surplus earnings for year	48,748.29		

EXHIBIT A 23 (details from

Westinghouse Air Brake Co. (11 bonds)	$11,264.83		
		$60,013.12	
			$804,922.71
Debit balance Dec. 31, 1883			697,430.19
Denver, South Park and Pacific R. R. Co., bonds:			
To contractors for building above road for 901 bonds, first-mortgage, gold 6 per cent., dated Oct. 15, 1880, due Jan. 1, 1921, at par			901,000.00
To contractors June 30, 1882:			
903 bonds at par	$903,000.00		
25 bonds (Sept. 4) at par	25,000.00		
90 bonds (Dec. 30) at par	90,000.00		
Total	1,018,000.00		
Contra:			
Denver, South Park and Pacific R. R. Co., for 430 bonds delivered to that company at par on account of the amount due from this company to that company January 30, 1882	430,000.00		
			588,000.00
Debit balance 31st Dec., 1882 } Debit balance 31st Dec., 1883 }			1,489,000.00
To contractors Denver, South Park and Pacific R. R. Co.:			
200 consolidated first-mortgage bonds	$200,000.00		
1,000 bonds	1,000,000.00		
			1,200,000.00
Debit balance, 31st Dec., 1884, (2,689 bonds)			2,689,000.00
To contractors Leadville Extension, 108 bonds, Denver, South Park and Pacific R. R. Co., Dec. 31, 1885, at say			15,000.00
Debit balance, 31st Dec., 1885 (2,797 bonds)			2,704,000.00
Contractors for building the Denver, South Park and Pacific R. R.:			
To operating department, for advances made between August and 31st Dec., 1881			1,925,967.31
To Denver, South Park and Pacific R. R. Co., for the following amounts now assumed by the Union Pacific Rwy. Co., for settlement, the contract having been assigned to Sidney Dillon, trustee for the Union Pacific Rwy. Co.:			
Expenditures on Gunnison extension	$620,119.97		
Expenditures on Breckenridge Branch	22,311.87		
Expenditures on Fairplay Branch	10,166.14		
			652,597.98
Total expenditure in 1881			2,578,565.29
Contra:			
By transfer to Denver, South Park and Pacific R. R. Co., for amounts charged in error	27,821.28		
By 901 bonds, Denver, South Park and Pacific R. R. Co., at $1,000 each, first-mortgage 6 per cent. gold, at par	901,000.00		
By 7,012 shares Denver, South Park and Pacific R. R. Co. stock, at 87½	613,550.00		
			1,542,371.28
Debit balance, 31st Dec., 1881			1,036,194.01
In 1882 the account was credited as under:			
Denver, South Park and Pacific R. R. Co., June 30, 1882, for $903,000 in bonds at par	903,000.00		

A 17 to A 22)—Continued.

106.99 miles covered by stock, as follows:			
100 miles=in stock at par.....	$1,500,000		
6.99 miles=in stock at $20,000 per mile	139,800		
	1,639,800		
Less entered 31st Dec., 1881.....	701,200		
Leaves amount of stock to be entered on $938,600 at 20 per cent.....		$187,720.00	
Sept. 4, $25,000 in bonds at par.....	$25,000		
108.64 miles of road covered by stock, as follows:			
100 miles in stock at par...	$1,500,000		
8.64 miles in stock at $20,000 per mile.....	172,800		
	1,672,800		
Less previously entered	$701,200		
Less previously entered	938,600		
	1,639,800		
Leave to be entered now.....	33,000		
Or, say, 330 shares, at $20.....	6,600		
		31,600.00	
Dec. 3, 1882, securities received on completion of an additional 6 miles of road, 114.64 miles:			
6 miles at $15,000 per mile in bonds at par.....		90,000.00	
6 miles at $20,000 per mile in stock at 70 per cent.		84,000.00	
Total credit.....		1,296,320.00	
Less advances in 1882, per operating department.		616,434.86	
			$679,885.14
Debit balance, 31 Dec., 1882.....			356,308.87
In 1883 the operating department advanced.....		166,357.80	
Less transfer to contractors "Nathrop cut-off".....		29,917.54	
			136,440.26
Debit balance, 31 Dec., 1883.....			492,749.13
The following credits were made in 1884:			
200 consolidated first-mortgage bonds.....		200,000.00	
2,500 shares capital stock.....		250,000.00	
Transfer to Omaha, Niobrara and Black Hill R. R., Genoa Extension.....		5,309.11	
Total		455,309.11	
To operating department, advances.	$40,811.77		
Less operating department, credits..	3,550.38		
		37,261.39	
			418,047.72
Debit balance, 31 Dec., 1884			74,701.41
To advances made in 1885, per operating department.....			7,650.50
Debit balance, 31 Dec., 1885.....			82,351.91
Investment in Denver and South Park Railroad Construction and Land Company:			
To cost of road and fixtures, Jan. 31, 1880.....			42,000.00
"Transfer Jan. 30, 1880, to discount and interest of amount received Apr. 30, 1880, in the settlement by the Denver and South Park Railroad Construction and Land Company on account of subscription to stock of the Denver and San Juan Railroad Construction Company"			5,133.30
			47,133.30

EXHIBIT A 23 (details from

Contra:

By J. M. Ham, assistant treasurer "for amount received by Mr. Ham, Apr. 14, 1880, for account of Jay Gould and Russell Sage, trustees of the Kansas Pacific Rwy. Co., in full settlement by the Denver and South Park Railroad Construction and Land Company of all claims of said trustees for subscription to stock of the Denver and San Juan Railroad Construction Company with interest to Apr. 10, 1880:"

Principal	$30,000.00	
Interest	5,133.30	
	35,133.30	
By transfer (June 30, 1880) Denver and South Park Railroad Construction and Land Company, $12,000 in stock at par	12,000.00	
		$47,133.30

Denver and South Park Railroad Construction and Land Company stock:

To transfer from investment in Denver and South Park Railroad Construction and Land Company, $12,000 in stock at par	12,000.00
Credit Aug. 31, 1883:	
"Gain and loss on investments for amount representing 120 shares of the capital stock of the Denver and South Park Railroad Construction and Land Company belonging to our company (certificates for which were never issued) hereby written off, the affairs of the company dissolved, as per letter of President Dillon dated Oct. 2, 1883, filed hereto"	12,000.00

Sidney Dillon:

To Union Pacific Rwy. Co. stock owned by the company for 8,300 shares of Union Pacific Rwy. Co. stock sold (Dec. 18, 1880) the proceeds of which are to be accounted for by Mr. Dillon:	
7,000 shares sold prior to Dec. 15, dividend on	754,525.00
1,300 shares sold after Dec. 15, dividend off	140,400.00
8,300 shares	894,925.00
Less commission on $830,000, at ¼	1,037.50
Total	893,887.50
Credit:	
By Jay Gould "for amount paid by Mr. Dillon to Mr. Gould on account of the amount due on the contract for 30,993 shares Denver, South Park and Pacific R. R. Co. stock" $890,000.00	
By J. M. Ham, assistant treasurer, for balance of proceeds of Union Pacific Rwy. Co. stock turned over to Mr. Ham Jan. 3" 3,887.50	
	893,887.50

Jay Gould:

In 1881 this account was credited as under:	
"30,993 shares Denver, South Park and Pacific R. R. Co. stock bought from Charles C. Neibuhr on a 60 days contract dated Nov. 15, which contract was assigned to Jay Gould as of that date, 30,993 shares at par"	3,099,300.00
By balance of interest at 6 per cent. on his account to Apr. 2, 1881	51,917.23
	3,151,217.23
Contra:	
To Sidney Dillon, "for amount paid by Mr. Dillon to Mr. Gould on account of the amount due on the contract for 30,993 shares Denver, South Park and Pacific R. R. Co. stock, referred to in above entry. (See letters of J. M. Ham, assistant treasurer, Jan. 25 and Feb. 21, 1881, and voucher for this entry" $890,000.00	

A 17 to A 22)—Continued.)

Contra:		
To J. M. Ham, assistant treasurer, for amount paid Mr. Gould this day (Feb. 17, 1881) on account Denver, South Park and Pacific R. R. Co. stock sold to the company	$500,000.00	
To J. M. Ham, assistant treasurer, "for amount paid this day (Apr. 2, 1881) to Mr. Gould, balance due on the 30,993 shares Denver, South Park and Pacific R. R. Co. stock bought by the company on a contract from Charles C. Niebuhr, which contract was assigned to Mr. Gould"	1,761,217.23	
		$3,151,217.23

INCOME ACCOUNTS, 1880 TO 1886.

Union Pacific Railway Company, income account (per books), 1880 to 1886.

1880.

To United States requirements:			By earnings:		
Union Division..	$1,612,978.31		Union Division..	$15,079,644.71	
Kansas Division.	101,780.44		Kansas Division.	6,108,434.49	
		$1,714,758.75			$21,188,079.20
To expenses:			By investments (no detail)		942,978.02
Union Division..	6,461,231.14		By miscellaneous		315,389.25
Kansas Division.	3,415,172.26				
		9,876,403.40			
To interest on bonds		4,779,863.05			
To dividends		3,045,738.00			
To discount and interest		73,805.66			
To sinking funds		434,000.00			
To balance to credit		2,521,877.61			
		22,446,446.47			22,446,446.47

1881.

To United States requirements:			By balance		$2,521,877.61
Union Division..	$1,543,265.88		By United States requirements:		
Kansas Division.	249,909.41		25 per cent. deficit of net earnings, Apr	$3,999.79	
		$1,793,175.29	Correction entries of interest on first-mortgage bonds	34,636.25	101,780.44 / 38,636.04
To expenses:			By interest on bonds, transfer entry		287,719.29
Union Division..	8,208,820.56		By collateral trust income, transfer entry		197,000.00
Kansas Division.	4,271,522.15		By earnings:		
		12,480,342.71	Union Division.	$17,298,297.18	
To interest on bonds		3,486,449.97	Kansas Division.	6,960,519.92	
To dividends		4,076,134.13			24,258,817.10
To sinking funds		373,000.00			
To discount and interest		95,542.95			
To miscellaneous:					
Income from investments, no details	$404,140.07				
Prem. int., Coll. trust bonds	89,172.21				
Land and trust income	23,463.00				
Gain and loss on securities	8,238.65				
Losses on securities	13,414.43				
		538,428.36			
To balance to credit		4,562,157.07			
		27,405,230.48			27,405,230.48

Memo: Cheyenne Division.

EXHIBIT A 23 (details from

Union Pacific Railway Company, income account (per books), 1880 to 1886—Continued.

1882.

To United States requirements: Union Division	$2,097,189.90	By balance from 1881	$4,562,157.07
To expenses: Kansas Division	10,727,049.28	By collateral trust income	90,963.47
To interest on bonds	4,976,203.93	By income from investments (no details)	2,211,099.35
To dividends	4,260,788.00	By gain and loss on investments	5,895.84
To discount and interest	172,722.31	By earnings: Kansas Division	22,823,894.24
To sinking funds	442,000.00		
To losses on securities, premium on bonds withdrawn	24,760.00		
To balance to 1883	6,993,247.55		
	29,693,960.97		29,693,960.97

1883.

To United States requirements: Kansas Division	$1,869,958.33	By balance from 1882	$6,993,247.55
To expenses: Kansas Division	10,354,540.50	By income from investments (no details)	2,068,682.89
To interest on bonds	4,667,711.17	By earnings: Kansas Division	21,002,541.78
To dividends	4,260,788.00		
To discount and interest	139,630.33		
To sinking funds	476,488.78		
To losses on securities	23,524.25		
To losses on investments	14,708.85		
To balance to 1884	8,255,121.21		
	30,062,471.42		30,062,471.42

1884.

To depreciation Pullman cars	$47,140.98	By balance from 1883	$8,255,121.21
To deficit in equipment and material account	506,269.62	By income from investments (no details)	1,736,945.47
To Ames monument	64,773.50	By interest repaid on consolidated mortgage bonds	649,415.00
To land and trust income expenditures, transportation	463,857.94	By gains on securities	73,712.45
To Topeka Iron Company stock	33,461.40	By company town lots	6,473.04
To guaranteed interest	27,600.00	By donated lands	982.22
United States requirements	1,187,110.49	By earnings	17,970,970.21
Expenses	8,424,925.23	Sales of lands not covered by the land grant	58,061.61
Union Division (taxes)	675,160.45	United States sinking-fund requirements to correct excess of debits	128,961.71
Interest on bonds	5,369,470.69		
Guarantied interest	27,600.00		
Discount and interest	366,077.76		
Losses on investments	7,237.82		
Sinking fund	591,540.00		
Land expense, Union Division	54,887.37		
Land expense, taxes, Union Division	29,950.63		
Dividends	1,065,197.00		
United States special mail account, for adjustment of accounts with the Post-Office Department	649,836.16		
Balance	9,288,566.15		
	28,880,662.92		28,880,662.92

A 17 to A 22)—Continued.)

Union Pacific Railway Company, income account (per books), 1880 to 1886—Continued.

1885.

To United States requirements	$1,184,053.05	By balance from 1884	$9,288,566.15
To expenses	9,050,355.20	By income from investments	2,347,666.12
To interest on bonds	5,300,838.63	By interest repaid on consolidated mortgage bonds	207,110.00
To guarantied interest	27,600.00	By company town lots	9,574.82
To discount and interest	356,138.12	By income from leased lands	661.33
To losses on investments	67,048.14	By donated lands	99.75
To sinking funds	593,605.00	By earnings	17,455,031.51
To losses on securities	26,897.55		
To land expenses	28,180.37		
To land taxes	11,739.76		
To St. Joseph and Grand Island rental	7,828.42		
To proportion of loss operating the Atchison, Topeka and Santa Fé	21,578.02		
Balance to 1886	12,632,847.42		
	29,308,709.68		29,308,709.68

1886.

Credit balance 31st Dec., 1885		$12,632,847.42
The account was credited in 1886 as follows:		
Earnings (Jan. 1 to Dec. 31, 1886)	$17,806,132.59	
Income from investments	1,593,674.65	
Income from leased lands	7,238.10	
Company town lots	5,725.20	
Donated lands	52.63	
Interest repaid on consolidated mortgage bonds	1,113,600.00	
Profit and loss	96,827.78	
Gain and loss on investments	746,282.60	
Total earnings for year	21,369,533.55	
Transfer Saint Joseph and Grand Island R. R.	7,828.42	
Total	21,377,361.97	

CONTRA.

Expenses	$10,283,425.57		
Interest on bonds	5,177,959.67		
Discount and interest	67,223.95		
Land expense, Union Division	56,773.07		
Land taxes, Union Division	5,867.24		
Losses on securities	75,941.03		
Company's sinking-fund requirements	591,965.00		
United States requirements	808,032.80		
Guarantied interest	27,600.00		
		17,094,788.33	
			4,282,573.64
Credit balance 31st Dec., 1886			16,915,421.06

SUNDRY ACCOUNTS.

1886.

Notes payable:		
Credit balance 31st Dec., 1885		$4,115,000.00
Notes issued during 1886		6,811,000.00
Total		10,926,000.00
Paid during 1886:		
Cash	$4,886,000	
J. M. Ham, assistant treasurer	6,040,000	
		10,926,000.00
Capital stock:		
Credit balance 31st December, 1885		60,672,450.00
21 shares of the capital stock of the Kansas Pacific Rwy. Co., $50 per share, surrendered in New York (January 8, 1886), and 10½ shares of Union Pacific Rwy. Co. stock, issued in exchange therefor, at $100 per share		1,050.00
Credit balance 31st Dec., 1886		60,673,500.00

EXHIBIT A 23 (details from

Denver Extension sinking fund:			
Debit balance, 31 Dec., 1885			$512,000.00
During 1886, Messrs. Stewart, Endicott, and Rutter, trustees, bought and placed in trust bonds		$116,707.50	
Less premium		15,707.50	
			101,000.00
Debit balance, 31 Dec., 1886			613,000.00
New construction:			
Debit balance, 31 Dec., 1885			1,792,434.03
During 1886 the expenditures on this account per operating department were			606,891.34
Debit balance, 31 Dec., 1886			2,399,325.37
New equipment:			
Debit balance, 31 Dec., 1885			2,388,626.06
The expenditures in 1886 on this account per operating department amounted to			785,216.28
Debit balance, 31 Dec., 1886			3,173,842.34
Omaha Bridge renewal:			
Debit balance, 31 Dec., 1885			53,531.86
There was expended per the operating department on the above bridge during 1886			588,697.22
Debit balance, 31 Dec., 1886			642,229.08
John A. Stewart, William Endicott, jr., and August Rutter, trustees:			
Debit balance, 31 Dec., 1885			10,480.25
The account was charged in 1886, as under:			
Income from trust investments		$32,190.00	
Cash		100,000.00	
Total		132,190.00	
The credits in 1886 were for—			
101 Denver Extension mortgage bonds bought and placed in trust	$116,707.50		
Clerical services, advertising, etc.	323.80		
		117,031.30	
			15,158.70
Debit balance, 31 Dec., 1886			25,638.95
New England Trust Company, trustee:			
Debit balance, 31 Dec., 1885			70,440.37
The charges to the account in 1886 were:			
Cash paid, interest on bonds underlying the trust 5 per cent. bonds		$137,965.00	
Interest on this account		268.19	
Total		138,233.19	
Contra:			
By 143 trust 5 per cent. bonds bought and canceled	$139,125.69		
By salary	700.00		
		139,825.69	
			1,592.50
Debit balance, 31 Dec., 1886			68,847.87

A 17 to A 22)—Continued.

Winslow, Lanier & Co.:			
Credit balance, 31st Dec., 1885			$749.84
By Denver, South Park and Pacific R. R. Co., coupons paid	$128,080.00		
By commission, etc., account operating department	820.20		
Total	128,900.20		
To cash paid them in 1886	132,000.00		
			3,099.80
Debit balance, 31st Dec., 1886			2,349.96
American Loan and Trust Company:			
Debit balance, 31st Dec., 1885			13,800.00
To cash paid them in 1886	27,680.00		
Contra:			
By coupons of the Leavenworth, Topeka and Southwestern Rwy. Co. paid by them in 1886	27,030.00		
			650.00
Debit balance, Dec. 31, 1886			14,450.00
Union Trust Company:			
Debit balance, Dec. 31, 1885			273,177.94
This account was charged as follows in 1886:			
Cash at sundry times	3,049,440.00		
Cash per J. M. Ham, assistant treasurer	1,060,000.00		
First-mortgage coupons	60.00		
Total	4,109,500.00		
Contra:			
By first-mortgage coupons	$1,296,600.00		
By land-grant coupons	113,785.00		
By sinking-fund coupons	391,280.00		
By Eastern Division coupons	131,550.00		
By Middle Division coupons	224,070.00		
By Denver Extension coupons	153,110.00		
By consolidated coupons	614,970.00		
By trust 5 per cent. coupons	173,305.00		
By Oregon Short Line coupons	544,410.00		
By Central Branch coupons	298,000.00		
By Kansas Central coupons	10,950.00		
By Omaha and Republican coupons	140.00		
By Omaha Bridge coupons	500.00		
By Utah and Northern coupons	40,250.00		
By Colorado Central coupons	760.00		
By salary	3,250.00		
By J. M. Ham, assistant treasurer	30.00		
By collateral trust account	30.00		
By transfer to Union Trust Company sinking-fund mortgage	135,231.11		
By expenses	491.00		
By dividends unpaid	1,687.50		
		4,134,399.61	
			24 899.61
Debit balance, Dec. 31, 1886			248,278.33
Jay Gould and Russell Sage, trustees, special account:			
Debit balance 31st Dec., 1885			51,499.93
The charges in 1886 were as follows:			
Per B. McAllaster, land commissioner:			
Account consolidated mortgage trust	$34,529.04		
Denver Pacific mortgage trust	2,204.36		

EXHIBIT A 23 (details from A 17 to A 22)—Continued.

Jay Gould and Russell Sage, trustees, etc.—Continued.			
Per operating department:			
Consolidated mortgage trust		$24,496.03	
Denver Pacific mortgage trust		2,416.19	
Total		63,645.62	
Contra:			
By cash in 1886:			
Account consolidated mortgage trust	$67,740.50		
Denver Pacific mortgage trust	5,574.98		
		73,315.48	
			$9,669.86
Debit balance 31st Dec., 1886			41,830.07
John A. Stewart, trustee, special account:			
Debit balance 31st Dec., 1885			1,805.05
The account was charged in 1886 as follows:			
Per B. McAllaster, land commissioner, account Denver extension land-grant mortgage trust		1,247.26	
Per B. McAllister, land commissioner, account Denver extension land-grant mortgage trust, per operating department		2,209.57	
Total		3,456.83	
By cash account, expenses Denver extension land-grant mortgage trust		4,949.95	
			1,493.12
Debit balance 31st Dec., 1886			311.93
Speyer & Co.:			
Debit balance 31st Dec., 1885			111,492.94
The charges to this account in 1886 were:			
Per J. M. Ham, assistant treasurer, cash		211,000.00	
Contra:			
Denver extension coupons	$208,530.00		
Interest on bonds	5,973.12		
Expenses—commissions, etc.	575.09		
		215,078.21	
			4,078.21
Debit balance 31st Dec., 1886			107,414.73
Drexel, Morgan & Co., foreign account:			
Debit balance 31st Dec., 1885			83,880.00
To cash paid them in 1886		240,285.47	
Credits to the account were as under:			
Drawn Omaha Bridge bonds	67,000.00		
Omaha Bridge coupons	130,840.00		
Premium on drawn bonds	10,200.00		
Interest on bonds, etc.	1,208.55		
Expenses, commissions, etc.	1,276.92		
		210,525.47	
			26,760.00
Debit balance 31st Dec., 1886			113,640.00

EXHIBIT A 24.—*Balance sheet for the*

DR.

Ledger folio.	Item No.	Title of account.	Amount.
41	.....	Leavenworth Branch bonds, in trust	$583,000.00
42	.....	Income bonds, in trust	317,750.00
43	.....	Income bonds, subordinated, in trust	3,948,400.00
46	.....	Cheyenne Branch bonds, in trust	2,051,000.00
48	.....	Denver Extension sinking fund	613,000.00
54	.....	United States interest account repaid, Union Division	8,979,779.97
57	.....	United States interest account repaid, Kansas Division	1,089,147.87
61	.....	Cost of road and fixtures	155,068,290.42
63	.....	New construction	2,399,325.37
65	.....	New equipment	3,173,842.34
67	.....	Omaha Bridge renewal	642,229.08
131	.....	Library account	1,473.63
147	.....	Future income	3,087,964.74
149	.....	Cash	300,191.75
154	.....	James M. Ham, assistant treasurer	53,175.94
162	.....	Union Trust Co	248,278.33
173	.....	Union Trust collateral trust account	237,963.04
175	.....	Speyer & Co	107,414.73
176	.....	Winslow, Lanier & Co	2,349.96
177	.....	Drexel, Morgan & Co., foreign account	113,640.00
178	.....	American Loan and Trust Co	14,450.00
179	.....	American Loan and Trust, trustee	6,690.00
182	.....	B. McAllaster, land commissioner, Kansas Division	
185	.....	Jay Gould and Russell Sage, trustees, special account	41,930.07
187	.....	John A. Stewart, trustee, special account	311.92
189	.....	John A. Stewart, Wm. Endicott, jr., and A. Rutten, trustees	25,638.95
191	.....	New England Trust Company, trustee	68,847.87
193	.....	Notes receivable	451,133.84
195	.....	Lincoln County, Kans	10,000.00
197	.....	Operating department	2,720,793.42
223	.....	United States Treasury Department, Union Division	2,771,886.81
229	.....	United States undivided settlements, Union Division	65,308.87
235	.....	United States transfer accounts, July to December, 1878, Union Division	1,384.40
239	.....	United States transfer accounts, 1880, Union Division	218.60
251	.....	United States sinking fund investment, Union Division	5,526,100.00
253	.....	United States premium on sinking-fund investment, Union Division	1,197,936.88
259	.....	United States undivided settlements, Kansas Division	2,254,617.68
265	.....	United States transportation accounts, Kansas Division	305,022.63
271	.....	United States transportation accounts, Cheyenne Branch	137,971.47
273	.....	United States transportation accounts, for roads	1,023,106.61
275	.....	United States suspended settlements	63,442.16
279	.....	Denver and Boulder Valley Railroad Company bonds, in trust	550,000.00
279	.....	Denver and Boulder Valley Railroad Company stock, in trust	4,250.00
280	.....	Golden Boulder and Caribou Railway Company bonds, in trust	60,000.00
280	.....	Golden Boulder and Caribou Railway Company stock, in trust	5,050.00
281	.....	Junction City and Fort Kearney Railway Company bonds, in trust	970,000.00
281	.....	Junction City and Fort Kearney Railway Company stock, in trust	7,200.00
282	.....	Lawrence and Emporia Railroad Company bonds, in trust	465,000.00
283	.....	National Land Company stock, in trust	35,750.00
284	.....	Salina and Southwestern Rwy Co. bonds, in trust	540,000.00
285	.....	Solomon R. R. Co. bonds, in trust	575,000.00
285	.....	Solomon R. R. Co. stock, in trust	5,000.00
295	.....	Council Bluffs Street R. R. Co	38,869.13
297	.....	Denver and Boulder Valley R. R. Co	18,148.25
299	.....	Denver, South Park and Pacific R. R. Co	1,696,613.32
301	.....	Denver and Middle Park R. R. Co	5,357.58
305	.....	Georgetown, Breckenridge and Leadville Rwy. Co	16,550.75
307	.....	Greeley, Salt Lake and Pacific Rwy. Co	88,774.57
315	.....	Laramie, North Park and Pacific R. R. and Telegraph Co	2,032.96
317	.....	Lawrence and Emporia R. R. Co	111,092.78
319	.....	Marysville and Blue Valley R. R. Co	1,015.74
321	.....	Montana Rwy. Co	116,156.78
322	.....	Montana Union Rwy. Co	3,298.91
325	.....	Omaha Belt Rwy. Co	28,176.70
327	.....	Omaha and Republican Valley R. R. Co	297,643.42
331	.....	Oregon Short Line Rwy. Co	940,311.01
337	.....	Saint Joseph and Western R. R. Co	3,936.23
339	.....	Saint Joseph and Grand Island R. R. Co	12,343.92
347	.....	Utah Central Railway Co	170,419.05
349	.....	Utah Eastern Railroad Co	13,421.64
351	.....	Utah and Northern Rwy. Co	419,611.42
357	.....	Wyoming, Montana and Pacific R. R. Co	100,027.87
360	.....	Denver, South Park and Pacific R. R. Co., coupon account	129,550.00
362	.....	Council Bluffs Street Rwy. Co., coupon account	2,600.00
363	.....	Denver, South Park and Pacific R. R. Co., special account	3,115.00
365	.....	Golden Boulder and Caribou Rwy. Co., coupon account	7,200.00
366	.....	Junction City and Fort Kearney Rwy. Co., coupon account	109,700.00

ar ended December 31, 1886.

Ledger folio.	Item No.	Title of account.	Cr. Amount.
1	.....	Capital stock	$60, 673, 500. 00
3	.....	Stock of the Union Pacific R. R. Co	193, 000. 00
4	.....	Stock of the Kansas Pacific R. R. Co	500. 00
5	.....	Stock of the Denver Pacific Rwy. and Telegraph Co	1, 400. 00
6	.....	Installment account	100. 00
7	.....	First-mortgage bonds, Union Division	27, 229, 000. 00
8	.....	Land-grant bonds, Union Division	2, 056, 000. 00
11	.....	Sinking-fund mortgage bonds, Union Division	12, 377, 000. 00
15	.....	Registered mortgage bonds, Union Division	1, 971, 000. 00
19	.....	Collateral trust bonds, Union Division	4, 423, 000. 00
21	.....	Omaha Bridge bonds, Union Division	1, 519, 000. 00
23	.....	Omaha Bridge renewal bonds	291, 000. 00
25	.....	Trust 5 per cent. bonds	4, 552, 000. 00
27	.....	Registered 5 per cent. bonds	15, 000. 00
29	.....	Consolidated mortgage bonds, Kansas Division	14, 855, 000. 00
31	.....	Fractional certificates for Kansas Division	5. 00
32	.....	Eastern Division bonds, Kansas Division	2, 240, 000. 00
33	.....	Middle Division bonds, Kansas Division	4, 063, 000. 00
34	.....	Denver Extension bonds, Kansas Division	6, 242, 000. 00
35	.....	Leavenworth Branch bonds, Kansas Division	600, 000. 00
36	.....	Income bonds, Kansas Division	263, 700. 00
37	.....	Income bonds, subordinated, Kansas Division	4, 011, 650. 00
38	.....	Denver Extension coupon certificates, Kansas Division	385, 000
39	.....	Leavenworth Branch certificates, Kansas Division	542. 50
40	.....	Cheyenne Branch bonds certificates	2, 059, 000. 00
50	.....	United States Union Division bonds	27, 236, 512. 00
51	.....	United States Kansas Division bonds	6, 303, 000. 00
52	.....	United States interest account, Union Division	30, 677, 517. 93
53	.....	United States interest account, Kansas Division	7, 452, 963. 09
71	.....	Income account	16, 915, 421. 06
96	.....	Saint Joseph and Grand Island Railroad Company, rental	44, 435. 03
145	.....	Income used for sinking funds	3, 568, 598. 78
245	.....	United States sinking fund, Union Division	1, 479, 049. 71
255	.....	United States special mail account, Union Division	594, 128. 56
257	.....	United States Treasury Department, Kansas Division	10, 348. 50
267	.....	Central Branch, Union Pacific Railroad Company	371, 970. 63
291	.....	Colorado Central Railroad Company	10, 119. 09
293	.....	Colorado Central Railroad of Wyoming	461. 60
295	.....	Denver, Marshall and Boulder R. R. Co	11, 543. 68
303	.....	Echo and Park City R. R. Co	1, 966. 02
309	.....	Golden Boulder and Caribou Rwy. Co	28, 071. 15
311	.....	Junction City and Fort Kearney Rwy. Co	109, 780. 70
313	.....	Manhattan and Blue Valley R. R. Co	4, 361. 53
318	.....	Omaha, Niobrara and Black Hills R. R. Co	52, 678. 60
329	.....	Salina and Southwestern Rwy. Co	32, 285. 43
333	.....	Salina, Lincoln and Western Rwy. Co	8, 489. 76
334	.....	Salt Lake and Western Rwy. Co	37, 246. 78
335	.....	Solomon Railroad Co	67, 348. 53
353	.....	Utah and Nevada Rwy. Co	9, 726. 00
358	.....	Leavenworth, Topeka and Southwestern Rwy. Co., coupon account	14, 450. 00
360	.....	Manhattan, Alma and Burlingame R. R. Co., interest account	9, 362. 60
361	.....	Saint Joseph and Grand Island R. R. Co. Interest account	35, 000. 00
365	.....	Contractors, Salt Lake and Western Rwy	13, 922. 99
367	.....	Omaha drafts	229, 761. 39
560	.....	Dividends unpaid	69, 807. 27
571	.....	Interest accrued not yet due	758, 492. 97
573	.....	First-mortgage coupons, Union Division	869, 550. 00
575	.....	Land-grant coupons, Union Division	9, 901. 06
577	.....	Sinking-fund coupons, Union Division	13, 600. 00
579	.....	Interest on registered sinking-fund bonds, Union Division	4, 520. 00
581	.....	Collateral trust coupons	133, 830. 00
583	.....	Trust 5 per cent. coupons	27, 550. 00
585	.....	Interest on registered trust 5's	50. 00
586	.....	Omaha Bridge coupons, Union Division	60, 640. 00
587	.....	Consolidated mortgage coupons, Kansas Division	12, 69. 000
588	.....	Eastern Division coupons, Kansas Division	570. 00
589	.....	Middle Division coupons, Kansas Division	15, 690. 00
595	.....	Denver Extension coupons, Kansas Division	113, 850. 00
597	.....	Eastern Division certificate coupons, Kansas Division	12. 15
598	.....	Middle Division, certificate coupons, Kansas Division	11. 70
599	.....	Denver Extension certificate coupons, Kansas Division	79. 35
600	.....	Drawn collateral trust bonds outstanding	43, 000. 00
64	.....	Drawn Omaha Bridge bonds	53, 000. 00
600	.....	Land and trust income	19, 828, 518. 82

EXHIBIT A 24.—*Balance sheet for the*

DR.

Ledger folio.	Item No.	Title of account.	Amount.
370	.....	Omaha and Republican R. R. Co., coupon account	673, 220. 00
371	.....	Omaha and Niobrara, and Black Hills R. R. Co., coupon account	34, 193. 00
374	.....	Salina, Lincoln and Western Rwy. Co., coupon account	6, 690. 00
375	.....	Salina and Southwestern Rwy. Co., coupon account	33, 250. 00
376	.....	Salt Lake and Western Rwy. Co., coupon account	37, 200. 00
377	.....	Solomon R. R. Co., coupon account	67, 200. 00
379	.....	Utah and Northern Rwy. Co., coupon account	208, 460. 00
383	.....	Contractors, Cheyenne and Northern Rwy	737, 849. 11
384	.....	Chester W. Collins	25, 929. 29
385	.....	Contractors, Denver and Middle Park R. R	32, 903. 90
387	.....	Construction, Denver, Marshall and Boulder R. R	6, 810. 68
389	.....	Contractors, Denver, South Park and Pacific R. R	82, 351. 91
390	.....	Construction, Denver, South Park and Pacific R. R., Ohio Creek Branch	36. 10
391	.....	Contractors, Georgetown, Breckenridge and Leadville R. R.	177, 897. 00
392	.....	Construction, Greeley, Salt Lake and Pacific Rwy., Ouray Extension	28, 572. 36
399	.....	Construction, Laramie, North Park, and Pacific Rwy. and Telegraph Co	2, 073. 43
401	.....	Contractors, Manhattan and Blue Valley R. R	137, 809. 22
403	.....	Contractors, Manhattan and Blue Valley R. R., Marysville Extension	547, 778. 77
404	.....	Contractors, Manhattan and Blue Valley R. R., Garrison Extension	18, 121. 75
405	.....	Construction, Montana Rwy	49, 743. 02
406	.....	Construction, Montana Rwy., Stevensville Extension	12, 978. 99
407	.....	Contractors, Nathrop cut-off	97, 342. 60
409	.....	Contractors, North Park and Grand River Valley R. R. and Telegraph	15. 25
410	.....	Construction, Oakley and Colvy Rwy	57, 125. 17
411	.....	Oregon Short Line Rwy. construction	122, 183. 83
412	.....	Construction, Oregon Short Line Rwy., Bitter Root Extension	7, 230. 07
412	.....	Construction, Oregon Short Line Rwy., Boisé Branch	231. 75
412	.....	Construction, Oregon Short Line Rwy., John Day Extension	427. 00
413	.....	Construction, Oregon Short Line Rwy., Malheur Valley Extension	9, 045. 38
413	.....	Construction, Oregon Short Line Rwy., Salmon River Extension	6, 501. 11
414	.....	Contractor, Omaha and Republican Valley R. R., Arnold Extension	20, 037. 61
414	.....	Construction, Omaha and Republican Valley, R. R., Brewster Extension	677. 99
415	.....	Contractor, Omaha and Republican Valley R. R., Crete Extension	5, 407. 38
415	.....	Construction, Omaha and Republican Valley R. R., Holdrege Extension	568. 79
416	.....	Construction, Omaha and Republican Valley R. R., Jefferson Extension	1, 562. 73
416	.....	Contractor, Omaha and Republican Valley R. R., Lincoln Extension	18, 281. 92
417	.....	Contractor, Omaha and Republican Valley R. R., Loup City Branch	249, 394. 73
418	.....	Contractor, Omaha and Republican Valley R. R., Millidale Extension	191, 698. 44
420	.....	Construction, Omaha and Republican Valley R. R., North Platte Branch	13, 567. 61
419	.....	Contractor, Omaha and Republican Valley R. R., Ord Extension	108, 042. 27
421	.....	Contractor, Omaha and Republican Valley R. R., Pilot Extension	227, 900. 44
422	.....	Contractor, Omaha and Republican Valley R. R., Saint Paul Extension	50. 00
423	.....	Contractor, Omaha and Republican Valley R. R., Seward Extension	8, 178. 00
424	.....	Construction, Omaha and Republican Valley R. R., Sioux City Extension	1, 131. 70
425	.....	Contractor, Omaha and Republican Valley R. R., Stronsburgh Extension	3, 533. 37
426	.....	Contractor, Omaha and Elkhorn Valley R. R. Co	27, 236. 68
427	.....	Contractors, Omaha, Niobrara and Black Hills R. R	324, 782. 78
428	.....	Construction, Omaha, Niobrara and Black Hills R. R., Greeley Centre Extension	1, 668. 71
428	.....	Construction, Omaha, Niobrara and Black Hills R. R., Harrington Extension	2, 977. 61
429	.....	Contractors, Omaha, Niobrara and Black Hills R. R., Wheeler Extension	18, 078. 48
431	.....	Construction, Salina, Lincoln and Western Rwy	22, 364. 70
432	.....	Construction, Salina, Lincoln and Western Rwy., Paradise Extension	12, 313. 55
433	.....	Contractors, Salina and Northwestern R. R	10, 174. 99
434	.....	Construction, Salina and Southwestern Rwy., Rice Co. Extension	985. 07
436	.....	Construction, Topeka, Frankfort and Marysville R. R	4, 160. 97
437	.....	Construction, Utah and Northern Rwy	106, 248. 39
439	.....	Construction, Utah and Northern Rwy., Day Creek Extension	1, 120. 14
438	.....	Construction, Utah and Northern Rwy., Walkerville Extension	49, 298. 50
439	.....	Construction, Utah and Northern Rwy., Butte Extension	245. 98
440	.....	Construction, Union Pacific and Western Colorado Rwy., Aspen Division	8, 155. 37
441	.....	Construction, Union Pacific and Western Colorado Rwy., Blue River Division	25, 163. 66
442	.....	Construction, Union Pacific and Western Colorado Rwy., Grand River Division	65, 050. 48

ear ended *December* 31, 1886—Continued.

Cs.

Ledger folio.	Item No.	Title of account.	Amount.

EXHIBIT A 24.—*Balance sheet for the*

DR.

Ledger folio.	Item No.	Title of account.	Amount.
443	.....	Construction, Union Pacific and Western Colorado Rwy., Mountain Division.	$66.04
444	.....	Construction, Union Pacific and Western Colorado Rwy., in Wyoming	74,902.00
449	.....	Sinking-fund bonds, Union Division, owned by company	420,127.64
451	.....	Omaha Bridge bonds, Union Division, owned by company	5,161.35
452	.....	Omaha Bridge bonds, renewal bonds, owned by company	183,000.00
456	.....	Income bonds subordinated, Kansas Division, owned by company	180.00
457	.....	Income bonds, Kansas Division, owned by company	39,221.83
460	.....	Union Pacific Rwy. Co. stock, owned by company	50.00
460	.....	Union Pacific R. R. Co. stock, owned by company	113,007.50
461	.....	Kansas Pacific Rwy. Co. stock, owned by company	320.00
461	.....	Denver Pacific Rwy. and Telegraph Co. stock, owned by company	960.00
465	.....	Junction City and Fort Kearny Rwy. Co. Branch bonds	166,775.15
466	.....	Blue Valley R. R. Co. stock	52,971.84
467	.....	Atchison, Colorado and Pacific R. R. Co. stock	2,251.22
468	.....	Central Branch Union Pacific R. R. Co. stock	1,876,000.00
469	.....	Council Bluffs Street Rwy. Co. bonds	16,000.67
469	.....	Council Bluffs Street Rwy. Co. stock	20,750.00
470	.....	Colorado Central R. R. Co. 7 per cent. bonds	3,683,966.25
470	.....	Colorado Central R. R. Co. 8 per cent. bonds	25,712.50
471	.....	Colorado Central R. R. Co. stock	3,089,100.17
472	.....	Denver, Marshall and Boulder Rwy. Co. bonds	215,730.03
472	.....	Denver, Marshall and Boulder Rwy. Co. stock	613,467.31
473	.....	Denver, South Park and Pacific R. R. Co. bonds	2,746,911.66
473	.....	Denver, South Park and Pacific R. R. Co. stock	4,364,712.49
474	.....	Echo and Park City Rwy. Co. bonds	432,000.00
474	.....	Echo and Park City Rwy. Co. stock	85,283.16
475	.....	Georgetown, Breckenridge and Leadville R. R. Co. bonds	127,000.00
475	.....	Georgetown, Breckenridge and Leadville R. R. Co. stock	127,760.00
476	.....	Greeley, Salt Lake and Pacific Rwy. Co. bonds	629,274.12
476	.....	Greeley, Salt Lake and Pacific Rwy. Co. stock	806,500.76
477	.....	Kansas Central R. R. Co. bonds	1,073,400.00
478	.....	Laramie, North Park and Pacific R. R. and Telegraph Co. stock	64,400.00
478	.....	Junction City and Fort Kearney Rwy. Co. stock	43,772.14
481	.....	Manhattan, Alma and Burlingame R. R. Co. bonds	305,100.00
481	.....	Manhattan, Alma and Burlingame R. R. Co. stock	44,790.58
482	.....	Marysville and Blue Valley R. R. Co. bonds	115,200.00
483	.....	Montana Rwy. Co. stock	420,000.00
485	.....	Omaha and Republican Valley R. R. Co. bonds	2,037,300.00
486	.....	Omaha, Niobrara and Black Hills R. R. Co. bonds	781,000.00
488	.....	Omaha and Republican Valley Rwy. Co., of Nebraska, stock	553,245.21
488	.....	Pacific Express Company stock	1,744,241.07
489	.....	Montana Union Rwy. Co. stock	500.00
491	.....	Oregon Short Line Rwy. Co. stock	9,942.91
490	.....	Salina, Lincoln and Western Rwy. Co. bonds	355,000.35
490	.....	Salina, Lincoln and Western Rwy. Co. stock	10,540.00
492	.....	Salina and Southwestern Rwy. Co. stock	36,072.16
493	.....	Salt Lake and Western Rwy. Co. bonds	864,000.00
493	.....	Salt Lake and Western Rwy. Co. stock	117,200.00
496	.....	Saint Joseph and Grand Island R. R. Co. stock	377,970.00
497	.....	Saint Louis, Council Bluffs and Omaha R. R. Co. bonds	19,560.00
498	.....	Utah Central Rwy. Co. stock	692,071.82
499	.....	Utah Southern R. R. Co. extension bonds	757,394.29
500	.....	Utah and Northern Rwy. Co. bonds	3,330,736.00
501	.....	Utah and Northern Rwy. Co. stock	674,389.45
503	.....	Wabash, Saint Louis and Pacific Rwy. Co. receiver's certificates	60,000.00
504	.....	Laramie County, Wyo., bonds	152,000.00
505	.....	Howard County, Nebr., bonds	16,000.00
505	.....	Sherman County, Nebr., bonds	30,400.00
506	.....	Beatrice Precinct, Gage County, Nebr., bonds	12,000.00
507	.....	Blue Springs Precinct, Gage County, Nebr., bonds	8,000.00
508	.....	Cedar Precinct, Boone County, Nebr. bonds	4,800.00
509	.....	North Loup Precinct, Valley County, Nebr. bonds	3,000.00
521	.....	Bozeman Coal Company, stock	48,000.00
523	.....	Credit Mobilier of America, stock	1.00
531	.....	Occidental and Oriental Steam-ship Company stock	173,610.61
534	.....	Saint Louis and Mississippi Valley Transportation Company stock	100,000.00
535	.....	Union Coal Company stock	138,500.00
536	.....	Union Elevator Company, Omaha, stock	81,000.00
536	.....	Union Elevator Company, Council Bluffs stock	46,700.00
538	.....	Utah and Nevada Rwy. Co. stock	317,658.24
538	.....	Union Depot, Kansas City, stock	21,000.00
540	.....	Colorado lands	3,946.16
540	.....	Wyoming coal lands	69,035.29
541	.....	Utah coal lands	1,525.75
541	.....	Kansas lands	15,977.00
542	.....	Soda lands	8,959.16
542	.....	Laramie Soda Works	54,647.71
543	.....	Mountain coal lands	28,200.00

ear ended December 31, 1885—Continued.

Cr.

Ledger folio.	Item No.	Title of account.	Amount.

DR. EXHIBIT A 24.—*Balance sheet for the*

Ledger folio.	Item No.	Title of account.	Amount.
545	.....	Pullman Association cars	$433,000.00
546	.....	Pacific Express Company reserve fund	70,000.00
547	.....	Suspense account	18.00
617	.....	National Land Company	516.13
618	.....	Union Coal Company	15,242.67
619	.....	Pullman Palace Car Company	25,328.97
620	.....	Atchison, Topeka and Santa Fé R. R. Co	2,601.31
621	.....	Missouri Pacific Rwy. Co	1,045.00
622	.....	Kansas City and Omaha R. R. Co	18,384.82
627	.....	Teller & Overhoos	37.67
646	.....	Land contracts, Union Division	9,095,240.60
650	.....	Fred L. Ames, trustee	4,912,966.39
667	.....	Land contracts, Kansas Division	4,110,375.58
670	.....	Jay Gould and Russell Sage, trustees, Kansas Pacific Consolidated Trusts	24,482.84
671	.....	Jay Gould and Russell Sage, trustees, Denver Pacific mortgage	442,877.13
672	.....	John A. Stewart, trustee, Denver extension mortgage	13,536.13
			265,982,620.74

ear ended *December* 31, 1885—Continued.

Cr.

Ledger folio.	Item No.	Title of account.	Amount.

EXHIBIT A 25.

Trial balance, December 31, 1879, Kansas Pacific Railway.

1.	Construction and equipment No. 1	$34,359,540.66	
24.	Material	176,996.44	
28.	Bills receivable	47,611.24	
30.	Interest	3,138,492.42	
31.	Funding bond coupons, charged to discount, interest, and exchange.	38,609.00	
32.	Certificate interest, gold	142.98	
33.	Certificate coupons, first land grant		$212,405.13
34.	Certificate coupons, second land grant		121,581.09
35.	Certificate coupons, first-mortgage division. (In pencil: See journal for reference to equalization interest)		250,959.94
36.	Certificate coupons, second-mortgage division		453,761.50
37.	Certificate coupons, Denver Extension		842,657.21
38.	Certificate coupons, Leavenworth Branch		71,443.09
39.	United States interest		4,805,703.09
56.	Interest Solomon Road bonds, asset	1,200.00	
58.	Securities	3,049,192.03	
60.	Meier & Stewart, trustees	1,387,210.50	
66.	Meier, Stewart & Baird, trustees	75,874.05	
67.	John A. Stewart, trustee	1,032.86	
71.	R. E. Carr and J. D. Perry, trustees	650,000.00	
72.	C. S. Greeley, trustee	34,750.00	
74.	J. P. Devereux, trustee	25,000.00	
75.	J. P. Devereux, trustee No. 2	1,001.06	
77.	Gould & Sage, trustees Kansas Pacific	60,327.62	
79.	Gould & Sage, trustees Denver Pacific	1,219.32	
87.	Treasurer, general account	329,187.09	
89.	Treasurer, land account		9,640.34
102.	Cash		26,894.33
107.	Agents and conductors	183,617.05	
108.	Charges		33,985.35
111.	Freight agents	95,256.00	
117.	Passenger agents	2,062.27	
123.	Express agents	292.05	
124.	Express agents, remittances		2,328.24
125.	Express agents, No. 2	2,499.64	
129.	Conductors	48.01	
163.	Land notes	244,656.09	
167.	Bills receivable, real estate	1,606.00	
169.	Grain notes	1,653.66	
172.	Quartermaster-General	716,368.76	
174.	United States interest, repaid	1,082,149.92	
179.	Interior Department	12,108.01	
183.	Postmaster-General	758,979.23	
184.	Company freight	74,536.85	
185.	Engine service, asset	1,536.25	
188.	Surgeon-General	444.95	
193.	United States Trust Company, New York	1,178,938.38	
194.	Capital stock		9,689,953.00
195.	Bonds, income		4,275,350.00
196.	Bonds, first-mortgage, 6 per cent		6,303,000.00
197.	Bonds, first-mortgage, 7 per cent		6,371,000.00
198.	Bonds, land grant, gold		1,574,750.00
200.	Bonds, Leavenworth Branch, at 50 per cent		600,000.00
201.	Bonds, second-mortgage, L. G., at 50 per cent		1,500,000.00
202.	Bonds, United states subsidy		6,303,000.00
203.	Bonds, funding mortgage		1,500,000.00
204.	Coupon certificates, first land grant		200,905.12
205.	Coupon certificates, second land grant		161,505.00
206.	Coupon certificates, first-mortgage division		297,780.00
207.	Coupon certificates, second-mortgage division		540,975.00
208.	Coupon certificates, Denver Extension		996,397.50
209.	Coupon certificates, Leavenworth Branch		91,822.50
211.	Fund, first-mortgage land-grant bonds	116,191.56	
222.	Refunded taxes, Congressional lands		523.92
225.	Rent, land and building, Congressional lands		382.54
241.	Fund, Denver Extension bonds	5,227.89	
283.	Bills payable		468,225.38
286.	Auditor's check		820.56
288.	Auditor's check No. 2		6,790.68
289.	Pay checks		67,110.61
302.	Voucher No. 2		562,840.32
309.	Vouchers 1876, 1877, and 1878		1,555.24
311.	Vouchers, receivers		1,352.53
312.	Voucher drafts	49,752.04	
314.	Voucher, Junction City and Fort Kearney Rwy		3,631.88
315.	Voucher, Arkansas Valley Rwy		280.58
324.	Pay-rolls		134,157.80
327.	Stoppage account		140.23
329.	Coupon, gold. (In pencil: Due prior to Nov. 1, 1873)		13,827.75
332.	Coupon, currency. (In pencil: Due prior to Nov. 1, 1873)		644.00
338.	Unpaid coupons, coupons passed, gold		2,630,543.03
339.	Unpaid coupons, coupons passed, currency		115,925.00
358.	Default	1,005.71	

EXHIBIT A 25.—*Trial balance, December* 31, 1879, *Kansas Pacific Railway*—Continued.

304.	Land department trusts		$2,476,323.90
372.	Income	$6,369,993.28	
381.	Junction City and Fort Kearney Rwy. Co., general account		29,183.72
382.	Conpon collections	46,957.00	
383.	Foreign roads, car mileage		7,643.93
385.	Foreign roads, ticket		40,315.70
408.	Arkansas Valley Rwy. Co	366,271.57	
410.	Arkansas Valley Rwy. Co., earnings and expenses	17,916.55	
412.	Atchison, Saint Joe and Western Rwy. Co	311.45	
413.	Concordia Extension	90,675.30	
420.	Carbondale Branch	70,214.82	
422.	Carbondale Branch (in pencil: Loss in operating in 1879)	3,729.57	
426.	Denver, South Park and Pacific R. R. Co., special	42,000.00	
428.	Golden, Boulder and Caribou R. R. Co., construction	65,000.00	
429.	Golden, Boulder and Caribou R. R. Co		709.92
440.	Junction City and Fort Kearney Rwy. Co		35,379.55
462.	Kansas and Southwestern Rwy. Co	58,064.81	
466.	Cheyenne Division (Denver Pacific Rwy.), net earnings		3,642.76
467.	Denver and Boulder Valley R. R., net earnings		10,401.39
506.	River Bend survey		
508.	Solomon R. R. Co., net earnings (in pencil: Loss in operating in 1879)	1,601.62	
509.	Solomon R. R. Co., construction	784.88	
510.	Salina and Southwestern Rwy. Co	148,446.21	
512.	Salina and Southwestern Rwy. Co., net earnings	78,026.55	
519.	Union Pacific R. R. Co	89.02	
520.	Foreign roads, labor, material, etc	14,044.15	445,279.80
525.		171,789.38	
534.	Individuals and companies	126,735.84	
545.	Sundry persons	39,579.36	1,546.72
546.	Jay Gould, funding coupons	5,300.00	
547.	Oliver Ames	19,150.00	
548.	Jay Gould		1,499,923.88
549.	S. T. Smith, receiver Kansas Pacific Rwy	118,117.69	
551.	C. S. Greeley and H. Villard, receivers Kansas Pacific Rwy	5,012.45	
553.	Treasurer Arkansas Valley Rwy Co., D. M. Edgerton	1,379.09	
560.	F. C. Jackson, agent, special account	31,936.15	
563.	S. J. Gilmore, land commissioner	2,502.84	
567.	Godfrey coal mine	1,602.92	
568.	Osage coal lands	18,517.25	
569.	Welch coal mine	31,539.71	
580.	Dillon, Sage, and Villard, trustees	11,203.95	
		55,865,788.07	55,865,788.07

Item No. 5, securities.

Contra *vs.* funded debt:		
Funding-mortgage bonds unissued		1,500,000.00
Land-grant mortgage bonds		395,000.00
Income-mortgage bonds		108,950.00
606 bonds Junction City and Fort Kearney (cost)		421,832.69
430 Arkansas Valley R. R. bonds		430,000.00
5 shares Kansas Pacific Co		250.00
5 shares Kansas and Missouri Bridge Co		9,911.08
15 shares Las Animas Ditch Co		1,000.00
7,200 shares Junction City and Fort Kearney		7,200.00
10,662 shares Arkansas Valley		106.82
shares Union Depot, Kansas City		1,000.00
720 bonds Junction City and Fort Kearney		96,000.00
96 bonds Solomon R. R. Co		72,941.44
29,010 shares Solomon R. R. Co		5,000.00
29,989 shares Denver Pacific Rwy. and Tel. Co		650,000.00
725 shares National Land Co		34,750.00
2,500 shares Hazelton Coal and Mining Co		25,000.00
Total to 31st Dec., 1879		3,758,942.03

Item No. 6, branch lines.

Arkansas Valley Rwy. Co	366,271.57
Arkansas Valley Rwy. Co., earnings and expenses	17,916.55
Atchison and Saint Joseph Rwy. Co	311.45
Concordia Extension	90,675.30
Carbondale Branch	70,214.82
Carbondale Branch (loss in operating in 1879)	3,729.57
Denver, South Park and Pacific (special)	42,000.00
Golden, Boulder and Caribou, construction	65,000.00
Kansas and Southwestern Rwy. Co	58,064.81
River Bend	1,601.62
Solomon Railroad, net earnings	784.88
Solomon Railroad, construction	148,446.21
Salina and Southwestern Rwy. Co	78,026.55
Salina and Southwestern, net earnings	89.02
Total to 31st December, 1879	943,132.35

EXHIBIT A 25.—*Trial balance, December* 31, 1879, *Kansas Pacific Railway*—Continued.

Balance-sheet December 31, 1879.

ASSETS OF THE RAILWAY PROPER.			
1. Construction and equipment			$34,359,540.66
2. Materials and fuel			176,996.44
3. Bills receivable	$47,611.24 1,606.00 1,653.66		50,870.90
4. Accounts receivable			6,707,104.31
5. Securities, at par and cost			3,758,942.03
6. Advances to branch lines, etc			943,132.35
LAND ASSETS.			
7. Land notes			244,656.09
Deficit			7,137,674.50
LIABILITIES OF THE RAILWAY PROPER.			
8. Capital stock			$30,649,958.00
9. Funded debt			30,776,575.12
10. Unpaid interest to the public	$4,723,148.25		
11. Unpaid interest to the United States	4,805,703.09		9,528,851.34
12. Bills payable			468,225.38
13. Other liabilities			2,915,315.44
		53,378,917.28	53,378,917.28
LAND ACCOUNT.			
Treasury land account			9,640.34
Refunded taxes			522.82
Rent, land and building			382.54
Land department trust			2,476,323.99
Expenditures		9,624,545.29	
Deficit as above			7,137,674.50
		9,624,545.29	9,624,545.29

EXHIBIT A 26.

Balance Sheet, Kansas Pacific Rwy. Co., January, 1880.

[Ledger 4.]

DR. CR.

Item No.	Title of account.	Expenditures.	Assets
1	Construction and equipment		$34,357,490.66
2	Bills receivable		1,841.30
3	Interest account	$3,567,889.95	
4	Certificate interest, gold	142.96	
5	Meier and Stewart, trustees		71,598.97
6	John A. Stewart, trustee		22,449.63
7	Treasurer, general account		83,500.82
8	Cash		43,441.08
9	Agents and conductors		127.81
10	Express agents "No. 2"		171.40
11	Land contracts		1,544,845.34
12	Grain notes		1,649.62
13	Quartermaster-General		725,106.35
14	United States interest repaid		1,082,149.92
15	Interior Department		12,120.91
16	Government bills lading		827.05
17	Postmaster-General		706,483.31
18	Company freight	34,281.85	
19	Surgeon-General		444.85
20	United States Trust Company, New York		1,178,938.38
21	Central Branch Union Pacific R. R. Co. stocks		1,826,500.00
22	Denver Pacific Rwy. and Telegraph Company stocks		3,998,900.00
23	Saint Joseph and Pacific R. R. Co. bonds		1,029,204.23
24	Kansas and Nebraska Rwy. Co. bonds		754,520.00
25	Sidney Dillon, trustee		50,000.00
26	Saint Joseph and Western R. R. Co. stocks		307,240.00
27	Kansas Central R. R. Co. bonds and stocks		479,000.00
28	Hastings and Grand Island R. R. Co.		60,204.23
29	Saint Joseph Bridge Building Company bonds and stocks		784,000.00
30	Denver Pacific Railway and Telegraph Company bonds in trust		1,640,000.00
31	Denver and Boulder Valley Rwy. Co. bonds in trust		473,000.00
32	Arkansas Valley Rwy. bonds in trust		1,035,000.00
33	First land-grant bonds issued by the company		149,389.33

EXHIBIT A 26—Continued.

Item No.	Title of account.	Dr. Expenditures.	Cr. Assets.
34	Income bonds (unstamped) in trust		$137,300.00
35	Income bonds, subordinated, in trust		3,016,400.00
36	Funding-mortgage bonds in trust		1,500,000.00
37	Second land-grant bonds in trust		1,400,000.00
38	Solomon R. R. Co. bonds in trust		575,000.00
39	Leavenworth Branch bonds in trust		108,000.00
40	National Land Company stocks in trust		35,750.00
41	Junction City and Fort Kearny Rwy. Co. bonds in trust		820,000.00
42	Golden, Boulder and Caribou Rwy. Co. bonds in trust		60,000.00
43	Golden, Boulder and Caribou Rwy. stocks in trust		5,000.00
44	Kansas Pacific Rwy. Co. stocks owned by the company		191,750.00
45	Kansas and Missouri Bridge Company stocks		9,911.08
46	Las Animas Ditch Company stock		1,000.00
47	Junction City and Fort Kearny Rwy. Co. stocks in trust		7,200.00
48	Arkansas Valley Rwy. Co. stock in trust		106.82
49	Union Depot, Kansas City, stock		1,000.00
50	Solomon R. R. Co. stock in trust		5,000.00
51	Haselton Coal and Mining Company		25,000.00
52	Investment in Denver and South Park R. R. Construction and Land Co.		42,000.00
53	Denver Extension bonds		5,227.89
54	Default		1,995.71
55	Profit and loss	$5.10	
56	Bond discount	737,785.57	
57	Income	1,125,641.80	
58	Arkansas Valley Rwy. Co.		258,890.65
59	Atchison, St. Joe W., R. R. Co.		394.68
60	Concordia Extension		605.83
61	Carbondale Branch		82,220.51
62	Carbondale Branch, net earnings		5,185.81
63	Junction City and Fort Kearney Rwy. Co.		33,437.32
64	Kansas and Southwestern Rwy. Co		126,048.92
65	Cheyenne Division (D. R. Rwy.), net earnings		6,092.59
66	Missouri, Kansas and Texas Rwy. Co.		23,934.95
67	John Cisco & Co.		562.57
68	Coal lands and mines		53,760.91
69	Solomon R. R. Co., construction		35,501.46
70	Salina and Southwestern Rwy. Co.		78,656.38
71	Individuals and companies		119,030.07
72	Foreign roads, labor, materials, etc.		36,900.22
73	Sundry persons		2,877.07
74	F. C. Jackson, special account		10,549.17
75	Osage coal lands		7,755.00
		5,465,757.23	61,311,849.92

Item No.	Title of account.	Cr. Receipts.	Liabilities.
76	Certified coupons, first land grant		$212,405.13
77	Certified copons, second land grant		121,581.00
78	Certified coupons, first mortgage division		259,959.94
79	Certified coupons, second mortgage division		453,858.40
80	Certified coupons, Denver Extension		846,748.36
81	Certified coupons, Leavenworth Branch		71,843.09
82	United States interest		4,837,218.00
83	Gould and Sage, "trustee" K. P		16,129.66
84	Consolidated mortgage bonds		8,457,000.00
85	Capital stock		10,000,000.00
86	Bonds, income		4,275,350.00
87	Bonds, first-mortgage 6 per cent		6,303,000.00
88	Bonds, first-mortgage 7 per cent		6,371,000.00
89	Bonds, land-grant, gold		1,574,750.00
90	Bonds, Leavenworth Branch		600,000.00
91	Bonds, second-mortgage		1,500,000.00
92	Bonds, United States subsidy		6,303,000.00
93	Bonds, funding mortgage		1,500,000.00
94	Coupon certificates, first land grant		260,905.12
95	Coupon certificates, second land grant		161,595.00
96	Coupon certificate, first-mortgage division		297,780.00
97	Coupon certificate, second-mortgage division		541,050.00
98	Coupon certificates, Denver Extension		1,001,402.50
99	Coupon certificates, Leavenworth Branch		92,417.50
100	Refunded taxes, "Congressional lands"	$523.92	
101	Rent land and buildings, "Congressional lands"	277.30	
102	Miscellaneous earnings	634.38	

EXHIBIT A 26—Continued.

Item No.	Title of account.	Dr. Receipts.	Cr. Liabilities.
103	Bills payable		$1,206.18
104	Auditor's checks		777.94
105	Auditor's checks, No. 2		3,761.83
106	Pay checks		9,337.37
107	Vouchers		1,545.34
108	Vouchers "receivers"		1,215.03
109	Vouchers, drafts		18,542.80
110	Stoppage account		317.35
111	Coupon, gold		1,918.75
112	Coupon, currency		602.00
113	Unpaid coupons, "gold;" coupons passed, "gold"		2,622,588.03
114	Unpaid coupons, currency; coupons passed, currency		115,330.00
115	Land department trusts	$2,500,110.22	
116	Foreign roads, car mileage		1,108.59
117	Golden, Boulder and Caribou R. R. Co		485.97
118	Denver and Boulder Valley R. R., net earnings		12,344.86
119	Union Pacific Rwy. Co		33,027.52
120	Jay		5,390,668.28
121	Bond scrip		1,955.00
		2,501,545.82	64,276,051.33

Kansas Pacific Rwy. Co. at date of consolidation.

1. *Construction and equipment.*—(See report of William Calhoun to the Commission.)

2. *Bills receivable.*—This balance, $1,841.30, was carried as an asset into the consolidated company.

3. *Interest account.*—$3,567,889.95 represents accumulated interest on Denver Extension bond coupons, land grant, consolidated bonds, etc.; the same not having been charged off to income account.

4. *Certificate interest gold.*—$142.96, gold interest, for certificate coupons, series B and D, due 1874 to 1876.

5. *Meier and Stewart, trustees.*—These gentlemen were the trustees for the Kansas Pacific land-grant trust, and the balance, $71,598.97, represents the amount as due from them as trustees per the ledger account.

6. *John A. Stewart, trustee.*—Mr. Stewart was sole trustee, for Denver Extension mortgage, and the ledger shows $22,449.63 as due on said account at above date.

7. *Treasurer's general account.*—$83,590.82, balance due from the treasurer at date of consolidation.

8. *Cash.*—$3,441.08, cash on hand as per account in ledger.

9. *Agents and conductors.*—This account appears to have been credited with remittances from agents and conductors at the end of each month, and subsequently debited, and when ascertained what amount was due to each account. The balance, $127.81, would seem to indicate that it had been overcharged so much.

10. *Express agent "No. 2."*—This account has been charged with gross express earnings and credited with cash when received, and $171.40 stands to debit at date.

11. *Land contracts.*—To Meier & Stewart, trustees, for amount of land contracts:

First land-grant mortgage outstanding this date, as reported by Mr. Gilmore, land commissioner		$1,242,521.67
Amount of contracts, Denver Extension mortgage outstanding this date		56,047.79
Amount of contracts, funding mortgage, outstanding this date, as per report of Land Commissioner Gilmore, who classified them as follows:		
Bills receivable, land	$244,157.55	
Bills receivable, real estate	1,286.00	
Bills receivable, town lots	832.33	
		246,275.88
Balance at consolidation		1,544,845.34

12. *Grain notes.*—This account has probably been debited with notes discounted by the company for the accommodation of farmers, and credited when the notes were paid. Balance unpaid at date, $1,649.62.

13. *Quartermaster-General.*—$725,106.35 represents the amount due from the above department of the United States Government.

14. *United States interest repaid.*—This balance, $1,082,149.92, represents the 50 per cent. retained by the United States for transportation services performed for War, Interior, etc., Departments over main line and Leavenworth Branch, and 50 per cent. retained for transportation of mails and main line.

15. *Interior Department.*—$12,120.90, balance due from above Department for transportation of freight and passengers.

16. *Government bills lading.*—$827.05 represents Government shipments, the bills of lading for which were missing at date, and therefore caused the charge to be held in suspense.

17. *Postmaster-General.*—$766,483.31, balance due for mail service.

18. *Company freight.*—$34,281.85 represents earnings on material, etc., used in construction of road.

19. *Surgeon-General.*—$444.95, balance due for services on account of above department.

20. *United States Trust Company, New York.*—$1,178,938.38, amount received in 1879 from Jay Gould, and deposited with above company in accordance with circular issued to bondholders, to pay past due interest, etc., on bonds deposited account interest, $1,053,938.38, and account expenses, $125,000.

21. *Central Branch Union Pacific R. R. Co.'s stocks.*—7,616 shares Central Branch Union Pacific R. R. Co.'s stock, bought January, 1880, from Jay Gould for $1,826,500.

22. *Denver Pacific Railway and Telegraph Company's stocks.*—$3,998,900 represents above stock, as appearing on the ledger at date of consolidation, and is made up as follows:

1,000 shares, bought Jan., 1880, from Jay Gould, at $10	$100,000
12,989 shares, transferred from J. D. Perry and R. E. Carr, trustees	650,000
12,989 shares	750,000
Income account (to raise this stock to par)	3,248,900
	3,998,900

23. *Saint Joseph and Pacific R. R. Co. bonds.*—The above represents bonds and scrip bought from Jay Gould, to be paid for in stock, viz:

20 first-mortgage scrip	$204.23
19 Saint Joseph and Pacific $100 first-mortgage 7 per cent. 30-year bonds	19,000.00
272 Saint Joseph and Pacific R. R. Co. $500 first-mortgage 7 per cent. 30-year bonds	136,000.00
865 Saint Joseph and Pacific R. R. Co. $1,000 first-mortgage 7 per cent. 30-year bonds	865,000.00
	1,020,204.23

(Above bonds are dated Jan. 1, 1875.)

24. *Kansas and Nebraska Rwy. Co. bonds.*—The above bonds were bought January, 1880, from Jay Gould, to be paid for in stock, particulars as follows: Second-mortgage 7 per cent. 39-year bonds, dated Oct. 2, 1876:

200 $1,000 bonds, at par	$200.00	
3 $500 bonds, at par	1,500.00	
23 $1,000 bonds, at par	23,000.00	
Kansas and Nebraska first-mortgage scrip	120.00	$24,700.00
322 Kansas and Nebraska first-mortgage 7 per cent. (29) $100 bonds	32,200.00	
89 Kansas and Nebraska first-mortgage 7 per cent. (29) $500 bonds	44,500.00	
653 Kansas and Nebraska first-mortgage 7 per cent. (29) $1,000 bonds	653,000.00	729,820.00
Total		754,520.00

25. *Sidney Dillon, trustee.*—$59,000 Saint Joseph and Denver City R. R. receivers, certificates (first on the Saint Joseph and Western R. R.), bought of Mr. Jay Gould, to be paid for in stock.

26. *Saint Joseph and Western R. R. Co. stocks.*—$307,240 represents 15,362 shares of the capital stock of the above company, bought at $20 per share from Jay Gould, to be paid for in stock.

27. *Kansas Central R. R. Co. bonds and stock.*—479 first-mortgage 7 per cent. thirty-year bonds of above company, bought from Jay Gould at $1,000 each at par, and all shares of Kansas Central R. R. Co. stock, $479.000. Bonds dated April 22, 1879.

28. *Hastings and Grand Island R. R. Co.*—This balance, $60,204.25, represents amount advanced by Jay Gould, now assumed by this company on account of 375 first-mortgage 7 per cent. bonds of the Hastings and Grand Island R. R. Co. of $1,000 each. Bonds dated Jan. 1, 1880: thirty years to run. (Bonds sent to H. McFarland, treasurer.) And for $75,000—Hall County, Nebr., bonds (bonds to be sold at Omaha).

29. *Saint Joseph Bridge Building Company bonds and stock.*—784 Saint Joseph Bridge Building Company first-mortgage sinking-fund 7 per cent. 25-year gold bonds, dated May 1, 1872, and 4,000 shares Saint Joseph Bridge Building Company stock, at par, for bonds, $784,000, bought of Jay Gould, to be paid for in stock.

30. *Denver Pacific Railway and Telegraph Company bonds in trust.*—$1,641,000 Denver Pacific Railway and Telegraph Company bonds deposited with Messrs. Gould and Sage, trustees.

Denver Pacific securities purchased and exchanged for above bonds, heretofore entered at	$1,635,790.00	
Income account for difference between face of bonds and amount at which they have been entered	5,210.00	
		1,641,000.00

31. *Denver and Boulder Valley Rwy. Co. bonds in trust.*—$473,000 Denver and Boulder Valley Rwy. Co. first mortgage bonds, deposited with Messrs. Gould and Sage, trustees:

Denver Pacific securities purchased and exchanged for the above bonds, heretofore entered	$462,250.00	
Income account for difference between face of bonds and amount at which they have been entered	10,750.00	
		473,000.00

32. *Arkansas Valley Rwy. Co. bonds in trust.*—$480,000 Arkansas Valley Rwy. Co bonds, deposited with Gould and Sage, trustees:

(Securities purchased and exchanged for above bonds, heretofore entered at	$336,883.60	
Income account for difference between face of bonds and amount at which they have been entered	143,116.40	
		480,000.00

($555,000 Arkansas Valley Rwy. Co. bonds deposited with Messrs. Gould and Sage, trustees.)

33. *First land-grant bonds owned by the company.*—This balance, $149,889.33, represents first land-grant bonds which have been purchased by the company ($8,000 of which bonds are in hands of Mr. Calif).

34. *Income bonds (unstamped) in trust.*—$137,300 unstamped income bonds are deposited with Gould and Sage, trustees.

Securities purchased and exchanged for the above bonds, heretofore entered at	$118,314.85	
Income account for difference between face of bonds and amount at which they have been entered	18,985.15	
		137,300.00

35. *Income bonds subordinated, in trust.*—$2,907,450 stamped income bonds on deposit with Gould & Sage, trustees:

Securities purchased and exchanged for the above bonds, heretofore entered at	$2,070,431.45	
Income account for difference between face of bonds and amount at which they have been entered	837,018.55	
		2,907,450.00
Stamped income bonds on deposit with Gould and Sage, trustees	108,950.00	
Total		3,016,400.00

36. *Funding mortgage bonds in trust.*—$1,167,000 in funding mortgage bonds on deposit with Gould and Sage, trustees:

Securities purchased and exchanged for the above bonds, heretofore entered at	$942,305.60

Income account for difference between face of bonds, and amount at which they have been entered $224,694.40

1,167,000.00
Funding mortgage bonds which are on deposit with Gould and Sage .. 333,000.00

Total 1,500,000.00

37. *Second land grant bonds in trust.*—$1,005,000 second land-grant bonds on deposit with Gould and Sage, trustees:
Securities purchased and exchanged for the above bonds, heretofore entered at $827,103.60
Income account for amount of difference between face of bonds and amount at which they have been entered 177,896.40

1,005,000.00
Second land-grant bonds on deposit with Gould and Sage, trustees 395,000.00

Total 1,400.00

38. *Solomon Railroad Company bonds in trust.*—$40,000 Solomon R. R. Co. bonds on deposit with Gould & Sage, trustees:
$94,000 Solomon R. R. Co. bonds on deposit with Gould and Sage, trustees:
Securities purchased and exchanged for the above bonds, heretofore entered at $72,941.44
Income account for difference between face value of above bonds and amount at which they have been entered 21,058.56

94,000.00
$441,000 Solomon R. R. Co. bonds on deposit with Gould & Sage, trustees:
Solomon R. R. Co. construction account for the above 441,000.00
On Solomon R. R. Co. bonds now credited in account, the price to be adjusted hereafter; for the present 40 per cent 176,400.00
Income account for difference between face of above bonds and amount at which they are credited the Solomon R. R. Co.; $441,000 at 60 per cent 264,600.00

441,000.00
This amount to be corrected when the credit to Solomon R. R. Co. is corrected. Total, $575,000.

39. *Leavenworth Branch bonds in trust.*—$108,000 Leavenworth Branch bonds on deposit with Gould & Sage, trustees:
Securities purchased and exchanged for the above bonds, heretofore entered at $86,730.00
Income account for difference between face of bonds and amount at which they have been entered 21,270.00

108,000.00

40. *National Land Company stocks in trust.*—National Land Company stock owned by the company, $1,000; 938 shares National Land Company stock owned by the company, $34,750; on deposit with Gould and Sage, trustees, $35,750.

41. *Junction City and Fort Kearney Rwy. Co. bonds in trust*—
$520,000 first-mortgage Junction City and Fort Kearney Rwy. Co. bonds on deposit with Gould and Sage, trustees:
Securities purchased and exchanged for the above bonds, heretofore entered at $317,832.69
Income account for difference between face value of above bonds and amount at which they were entered 202,167.31
$100,000 Junction City and Fort Kearney Rwy. Co. bonds on deposit with Gould and Sage, trustees, and which have not been hitherto entered:
Junction City and Fort Kearney Rwy. Co. for the above $100,000 in bonds, now credited on account, the price to be corrected hereafter, at 40 per cent 40,000.00
Income account: For difference between face of above bonds and amount at which they are credited to Junction City and Fort Kearney Rwy. Co., $100,000, at 60 per cent 60,000.00

100,000.00
This amount to be corrected when the credit to Junction City and Fort Kearney Rwy. Co. is corrected, $820,000.

42. *Golden, Boulder and Caribou Rwy. Co. bonds in trust.*—$60,000 in Golden, Boulder and Caribou R. R. Co. bonds on deposit with Gould and Sage, trustees.

43. *Golden, Boulder and Caribou Rwy. Co. stock in trust.*—$5,000 for 600 shares, $60,000, in Golden, Boulder and Caribou R. R. Co. stock, on deposit with Gould and Sage, trustees.

44. *Kansas Pacific Rwy. Co. stock owned by the company.*—3,835 shares Kansas Pacific Rwy. Co. stock, now transferred to separate account, at par, $191,750.

45. *Kansas and Missouri Bridge Company stocks.*—$9,911.08 in stock of the Kansas and Missouri Bridge Company, at par.

46. *Las Animas Ditch Company stock.*—$1,000 for 15 shares Las Animas Ditch Company stock.

47. *Junction City and Fort Kearney Rwy. Co. stocks, in trust.*—$7,200 for 7,200 shares Junction City and Fort Kearney Rwy. Co. stock.

48. *Arkansas Valley Rwy. Co. stock in trust.*—$106.82 for 10,682 shares Arkansas Valley Rwy. Co. stock.

49. *Union Depot, Kansas City, stock.*—$1,000 for 10 shares of stock in the Union Depot, Kansas City, owned by the company.

50. *Solomon R. R. Co. stock in trust.*—$5,000 for 20,010 shares Solomon R. R. Co. stock, owned by the company.

51. *Hazelton Coal and Mining Company stock.*—$25,000 for 2,500 shares of stock in the Hazelton Coal and Mining Company, owned by the company.

52. *Investment in Denver and South Park R. R. Construction and Land Co.*—$30,000 for transportation of material for construction; $12,000 acceptances of receivers for old iron paid by order New York office; $42,000 total investment.

53. *Denver extension bonds.*—$5,227.89 for 5 Denver extension bonds and coupon certificates C, owned by the company. These bonds and certificates were delivered to Mr. John A. Stewart, trustee, about Nov. 17, 1879.

54. *Default.*—$1,995.71 represent loss occasioned by default of station agents, etc.

55. *Profit and loss.*—$5.10 seems to represent loss sustained on pool accounts.

56. *Bond discount.*—$737,785.57 represents discount on funding mortgage bonds given in payment of notes, including $500,000 issued to Jay Gould in settlement of his account.

Amount of bonds delivered	$1,167,000.00	
Notes of drafts paid by same	929,214.43	
		$237,785.57
Bonds issued to Jay Gould	2,000,000.00	
At 75	1,500,000.00	
		500,000.00
		737,785.57

57. *Income account.*—$1,125,641.80 represents the debit balance of above account after it has been credited with $5,235,666.80, the aggregate profit made on securities at time of consolidation, viz:

Item 22.	Denver Pacific Rwy. and Telegraph Co. stocks	$3,248,900.00
30.	Denver Pacific Rwy. and Telegraph Co. bonds	5,210.00
31.	Denver and Boulder Valley Rwy. Co. bonds	10,750.00
32.	Arkansas Valley Rwy. Co. bonds	143,116.40
34.	Income bonds (unstamped)	18,985.14
35.	Income bonds (subordinated)	837,018.59
36.	Funding mortgage bonds	224,694.40
37.	Second land-grant bonds	177,896.40
38.	Solomon R. R. Co. bonds	21,058.56
38.	Solomon R. R. Co. bonds	264,600.00
39.	Leavenworth Branch bonds	21,270.00
41.	Junction City and Fort Kearney Rwy. Co. bonds	202,167.31
41.	Junction City and Fort Kearney bonds	60,000.00
		5,235,666.80

58. *Arkansas Valley Rwy. Co.*—$258,899.65 represents the balance due on open or current account from the Arkansas Valley Rwy. Co., and includes the loss sustained in operating that road.

59. *Atchison, St. Joe and W. R. R. Co.*—$394.60, balance of current or open account.

60. *Concordia Extension.*—$605.83, balance of current or open account.

61. *Carbondale Branch.*—$82,220.51, amount due on open account.

62. *Carbondale Branch, earnings account.*—$5,185.81 represents loss in operating the road.

63. *Junction City and Fort Kearney Rwy. Co.*—$33,437.32, balance of open account.

64. *Kansas and Southwestern Rwy. Co.*—$126,048.92, balance of open account.

65. *Cheyenne Division "Denver Pacific Rwy.," earnings account.*—$6,092 represents loss in operating the road.

66. *Missouri, Kansas and Texas Rwy. Co.*—$23,934.95, balance against Missouri, Kansas and Texas Rwy. on books of the land department, and constituting part of the company's balance against Meir & Stewart, trustees, now transferred.

67. *John Geiss & Co.*—$562.57, balance of account against John Geiss & Co., bankers, on book of the land department, constituting part of the company's balance against Meir & Stewart, trustees, now transferred.

68. *Coal lands and mines.*—This account includes balance due from—

Godfroy coal mines	$3,703.95
Osage coal lands	18,517.25
Welsh coal mine	31,539.71
	53,760.91

69. *Solomon R. R. Co., construction.*—$35,501.46 represents debit balance of above account after it has been credited with $176,400, as explained in item 38.

70. *Salina and Southwestern Rwy. Co.*—$78,656.38, balance of current or open account.

71. *Individuals and companies.*—$119,030.07, balance of current account, particulars of which are not ascertainable from the books, the entries being too vague to convey information.

72. *Foreign roads, labor, material, etc.*—$36,960.22, balance of current account, particulars not ascertainable.

73. *Sundry persons.*—$2,877.07, balances due from sundry persons and for miscellaneous earnings.

74. *F. C. Jackson, special account.*—Mr. Jackson would seem to have acted as the company's agent for the purchase of material, payment and receipt of freight, etc., and $10,549.17 is the balance standing against him at time of consolidation.

75. *Osage coal lands.*—$7,755 paid for coal lands near Osage. This is supplementary to and ought to be included in item No. 68.

76. *Certified coupons, first land grant.*—The following have been charged to income account and credited to above account, certificate coupons due from Jan. 1, 1875, to July 1, 1878, inclusive, viz:

One-half of bond coupons	$145,500.60	
Interest on same	51,248.75	
		196,749.35
Certificate coupons due for year 1879		15,655.78
Total		212,405.13

77. *Certified coupons, second land grant.*—The above are represented as follows: Certificate coupons due from Mar. 1, 1875, to Sept. 1, 1878, inclusive, viz:

One-half bond coupons	$89,775.00	
Interest on same	31,806.00	
Total		121,581.00

78. *Certified coupons, first-mortgage division.*—Amount of certificate coupons due from Feb. 1, 1875, to Aug. 1, 1878, inclusive, viz:

One-half bond coupons	$165,600.00	
Interest on same	58,516.20	
		224,116.20
For equalization interest on coupon due from Feb. 1, 1875, to Aug. 1, 1877		3,380.74
For certificate coupons due for year 1879		32,463.00
Total		259,959.94

79. *Certified coupons, second-mortgage division.*—Amount certificate coupons due from Sept. 1, 1874, to Dec. 1, 1878, inclusive, viz:

One-half bond coupons	$301,425.00	
Interest on same	122,509.80	
		423,934.80
For equalization interest on coupons, certificate due from Dec. 1, 1874, to June 1, 1876		8.40
For certificate coupons due for 1879		11,959.90
		17,866.80

For certificate coupons from Dec. 1, 1874, to Dec. 1, 1878, inclusive, viz:		
One-half bond coupons	$75.00	
Interest on same	13.50	
		$88.50
Total		453,858.40

80. *Certified coupons, Denver Extension.*—Amount certificate coupons due from Nov. 1, 1874, to Nov. 1, 1878, inclusive, viz:

One-half of bond coupons		$555,187.50
Interest on same		225,832.20
		781,019.70
Amount equalization interest on coupon certificates due from Nov. 1, 1874, to May 1, 1876		1,647.88
Certificate coupons due for year 1879		60,147.92
Amount of certificate coupons due Nov. 1, 1874, to Nov. 1, 1878:		
One-half bond coupons	$2,800.00	
Interest on same	1,132.86	
		3,932.86
Total		846,748.36

81. *Certified coupons, Leavenworth Branch.*—Amount certificate coupons due from Nov. 1, 1874, to Nov. 1, 1878, inclusive, viz:

One-half bond coupons	51,022.50
Interest on same	20,830.50
Total	71,853.00

82. *United States interest.*—Interest on United States subsidy bonds from date of issue to Dec. 31, 1868 ..... 646,723.00

For years 1869 to 1879, inclusive, eleven years, on $6,303,000, at 6 per cent. ($378,180 per year)	4,159,980.00
For month Jan., 1880, one-twelfth of $378,180	31,515.00
Total	4,837,218.00

83. *Gould and Sage, trustees Kansas Pacific.*—$16,129.66 balance standing to credit of this account.

84. *Consolidated mortgage bonds.*—These bonds were issued in exchange for other securities of the company and dated May 1, 1879, payable in gold at New York May 1, 1919, bearing interest at 6 per cent. per annum, payable May 1 and Nov. 1, each year $30,000, at $1,000 each, $30,000,000.

Jay Gould and Russell Sage, trustees of the above bonds; 8,457 were issued $8,457,000.

85. *Capital stock.*—Amount issued to 1875		$9,689,950.00
Stock issued Jan., 1880, to parties holding consolidated bonds for interest due them on same to Nov. 1, 1879, 6,242 shares, at $50	$312,100	
Loss for stock issued for parties to qualify them as directors; 41 shares, at $50	2,050	
		310,050.00
Total issued		10,000,000.00

86. *Income bonds.*—These bonds have been issued as follows:

No. 1 to 1001, inclusive, at $100	100,100.00
No. 1 to 1101, inclusive, at $250	275,250.00
No. 1 to 3910, inclusive, at $1,000	3,900,000.00
Total issued	4,275,350.00

MEMO.—Unstamped, $241,000, at 50 per cent.; stamped, $4,034,350, at 30 per cent.

87. *First-mortgage bonds, at 6 per cent.*—$6,303,000, amount issued per ledger.

88. *First-mortgage bonds, at 7 per cent.*—$6,371,000, balance at date of consolidation.

89. *Land-grant bonds, gold.*—$1,574,750, balance at date of consolidation.

90. *Leavenworth Branch bonds.*—$600,000, amount issued per ledger.

91. *Second-mortgage bonds.*—$1,500,000, amount issued per ledger.

92. *United States subsidy bonds.*—$6,303,000, amount issued per ledger.

93. *Funding mortgage bonds.*—$1,500,000; 1,500 10 per cent. currency bonds of $1,000 each, dated Oct. 1, 1876, interest payable in the city of Saint Louis semi-annually on the 1st day of Apr. and Oct. Issued Oct. 2, 1876.

94. *Coupon certificates, first land grant.*—$260,905.12 of above 6 per cent. gold coupon certificates were issued for passed due land-grant coupons, series E, F, H, L, and M.

95. *Coupon certificates, second land grant.*—$161,595 of above 6 per cent. gold coupon certificates issued for 1,026 certificates, series J, due Sept., 1886, at $157.50 each.

96. *Coupon certificates, first-mortgage division.*—$297,780 of above 6 per cent. gold coupon certificates were issued for 2,236 certificates, series J, T, U, V, due Aug., 1886.

97. *Coupon certificates, second-mortgage division.*—$541,050 of above 6 per cent. coupon certificates issued for 4,092 certificates of series E, Q, R, S, due June, 1886.

98. *Coupon certificates, Denver Division.*—$1,001,402.50 of above 6 per cent. gold coupon certificates were issued for 19,046 certificates of series A, AA, C, due May, 1886.

99. *Coupon certificates, Leavenworth Branch.*—$92,417.50 of above 6 per cent. gold coupon certificates were issued for 1,173 certificates of series B and D, due May, 1886.

100. *Refunded taxes, Congressional lands.*—$523.92, balance per ledger.

101. *Rent land and building, Congressional lands.*—$277.30, balance per ledger.

102. *Miscellaneous earnings.*—$534.38, balance, being receipts of Kansas Pacific telegraph lines during Jan., 1880. Interest assigned equipment for Dec., 1879, etc.

103. *Bills payable.*—$1,396.18, balance per ledger.

104. *Auditor's check.*—$777.94, auditor's checks issued and yet outstanding.

105. *Auditor's check No. 2.*—$3,761.83, auditor's checks issued and outstanding.

106. *Pay checks.*—$9,557.37, balance of checks issued in payment of pay-rolls.

107. *Vouchers.*—$1,545.34, balance vouchers audited and originating prior to Nov. 1, 1878, but yet outstanding.

108. *Vouchers, receivers.*—$1,315.03, balance outstanding at date.

109. *Vouchers, drafts.*—$18,549.80, balance drafts issued in payment of audited vouchers.

110. *Stoppage account.*—$317.35 represents unclaimed wages, etc., 1879 to 1880.

111. *Coupon, gold.*—$1,918.75 balance coupons unpaid and outstanding.

112. *Coupon, currency.*—$609.60, balance, currency coupons outstanding.

113. *Unpaid coupons, "gold," coupons passed, "gold."*—$2,622,588.03 credit balance, represents amount due on unpaid and passed gold coupons.

114. *Unpaid coupons, currency; coupons passed, currency.*—$115,330 credit balance, unpaid and passed currency coupons.

115. *Land department trusts.*—$2,500,110.22 credit balance. This account has been credited with amounts realized from the sale of land, lots, real estate, interest, etc., and charged with interest, expenses, etc.

116. *Foreign roads, "car mileage".*—$1,108.50, credit balance per ledger.

117. *Golden, Boulder and Caribou R. R. Co.*—$485.97 credit balance. Gain in operating above road in 1879.

118. *Denver and Boulder Valley R. R. Co.*—$12,344.96 credit balance. Net earnings for 1879 and Jan., 1880.

119. *Union Pacific Rwy. Co.*—In Feb., Mar., and Apr., 1880, the above company is credited with $345,616.08 for amounts received from them, and charged during same time with $312,588.56 for material, payments to freight and ticket agents, and a balance of $32,959.98 against Kansas Rolling Mill Company, thus leaving a balance in favor of the Union Pacific Rwy. Co. of $33,027.52.

120. *Jay Gould.*—$5,390,668.28, credit balance per ledger.

121. *Bond and scrip.*—$1,955 credit balance. Scrip issued for fractions of bonds.

EXHIBIT A 27.

Trial balance Denver Pacific Rwy. and Telegraph Company for the year ended December 31, 1879.

Dr.			Cr.		
Ledger folio.	Title of account.	Amount.	Ledger folio.	Title of account.	Amount.
252	Construction and equipment	$6,495,350.00	254	Capital stock	$4,000,000.00
350	Freight and ticket agents	181.70	255	First-mortgage bonds	2,222,000.00
323	Postmaster-General	22,021.23	331	Vouchers	38,397.50
171	Interest	15.24	378	Profit and loss	1,091.95
297	Trustees first-mortgage bonds	201,554.65	340	Unclaimed wages	362.35
437	Kansas Pacific (ticket)	18.34	246	Miscellaneous earnings	172.64
411	National Land Company	441.73	450	Kansas Pacific Rwy	60,664.62
249	Income	201,964.41	328	Auditor's checks	541.70
327	Pay-roll	4,404.18	256	Earnings	43,021.19
266	Expenses	49,505.91	257	Boulder Valley R'd earnings	17,714.48
267	Boulder Valley R'd expenses	10,146.30	268	Joint traffic	4,579.18
452	Boulder Valley R'd general account	99,487.35	298	Land sales	7,354.56
238	Freight earnings	2,282.91	240	Passenger earnings	123.27
272	Income expenses	15,638.25	281	Land interest	14,852.60
274	Bills receivable	260.85	343	Coupon gold	4,445.00
285	Expense land trust	12,954.79	378	Suspense	1,050.18
299	Quartermaster-General	12,119.56	491	Denver Pacific receivers	10,460.84
356	Treasurer	81.84	291	Land department trust	732,827.14
467	D. M. Edgarton	900.00	342	Stoppage account	7.98
481	Sundry persons	174.76			
482	H. W. Stocking	95.27			
482	S. A. Palmer	101.93			
485	O. W. Cady	375.00			
446	Union Pacific Rwy	2,280.73			
488	Kansas Pacific receivers	26,729.45			
439	Colorado Central R. R.	.66			
		7,159,087.24			7,159,087.24

EXHIBIT A 28.

[Page 4.]

Trial balance, Denver Pacific Rwy. and Telegraph Company, January 31, 1880, and subsequent.

252	Construction and equipment	$6,495,350.00	254	Capital stock	$4,000,000.00
350	Freight and ticket agents	141.00	255	First-mortgage bonds	2,222,000.00
323	Postmaster-General	22,021.23	331	Voucher	849.62
171	Interest	15.24	340	Unclaimed wages	362.35
297	Trustees first mortgage	216,077.76	446	Union Pacific Rwy. Co*	6,419.87
437	Kansas Pacific receivers	18.34	246	Miscellaneous earnings	172.64
411	National Land Company	441.73	450	Kansas Pacific R. R. Co	67,766.49
249	Income	201,964.41	488	Kansas Pacific R. R. Co. (receivers)	3,446.65
327	Pay-roll	4,404.18	439	Colorado Central	869.45
266	Expenses	49,866.63	328	Auditor's check	535.11
267	Boulder Valley R. R. expenses	10,146.30	256	Earnings	43,021.19
452	Boulder Valley R. R., general account	99,487.35	257	Boulder Valley R. R. earnings	17,714.48
238	Freight earnings	2,289.21	268	Joint traffic	4,579.18
273	Income expenses	15,638.25	298	Land sales	13,434.56
274	Bills receivable	260.85	240	Passenger earnings	123.27
285	Expense land trust	12,954.79	281	Land interest	15,275.43
299	Quartermaster-General	12,119.56	343	Coupon gold	4,445.00
356	Treasurer	81.84	378	Suspense	1,050.18
378	Profit and loss	777.91	491	Denver Pacific Rwy. Co	10,460.84
467	D. M. Edgarton	900.00	291	Land department trust	732,827.14
481	Sundry persons	174.76	342	Stoppage account	7.98
482	H. W. Stocking	95.27			
482	S. A. Palmer	101.93			
485	O. W. Cady	375.00			
		7,145,203.54			7,145,203.54

*The interest charge previous to 1883 is based upon the interest of that year.

EXHIBIT A 29.

Statement of total earnings, mileage, etc., of branch lines.

Name of road.	Average mileage.	Total net earnings and deficits.	Total interest charged.	Total net earnings and deficits per mile.	Total interest charge per mile.	Total income or deficit per mile, interest charge deducted.	Time for which computed.	Net yearly income or deficit per mile.
Omaha and Republican Valley	191.43	$452,254.47	$964,530.00	$2,362.50	$5,038.55	$2,676.05	7	$382.29
Omaha, Niobrara and Black Hills	92.2	223,072.05	478,730.00	2,419.17	5,191.74	2,772.57	7	396.08
Saint Joseph and Western[a]	251.7	337,867.87	1,841,000.00	1,342.34	7,314.26	5,971.92	4	1,492.98
Marysville and Blue Valley[b]	12.6	73,495.32	35,840.00	5,741.82	2,800.00	8,541.82	4	2,135.45
Colorado Central, including Julesburgh Branch	291.64	3,630,997.84	2,352,210.00	12,450.27	8,065.45	4,384.82	7	626.40
Utah and Northern	415.74	4,282,555.17	2,716,070.00	10,301.05	6,533.10	3,767.95	7	538.28
Lawrence and Southwestern	31	74,723.38	195,300.00	2,410.43	6,300.00	8,710.43	7	1,244.35
Junction City and Fort Kearney	70.4	272,474.03	492,400.00	3,870.37	6,994.32	3,123.95	7	446.28
Solomon Railroad	57.18	180,475.00	241,500.00	3,156.28	4,223.50	1,067.24	7	152.46
Salina and Southwestern	35.84	120,039.37	226,800.00	3,349.31	6,328.12	2,978.81	7	425.55
Denver and Boulder Valley	27.46	58,115.61	269,500.00	2,116.38	9,814.28	7,697.90	7	1,099.70
Golden, Boulder and Caribou	5.49	74,759.37	33,600.00	13,617.37	6,120.22	7,497.15	7	1,071.02
Denver, South Park and Pacific	202.04	342,910.31	1,689,440.00	1,174.19	5,784.96	4,610.77	6	768.46
Echo and Park City	31.83	183,453.09	291,600.00	5,763.53	6,233.65	570.12	7	81.45
Greeley, Salt Lake and Pacific	44.36	[c]55,488.55	169,680.00	1,224.18	3,774.02	5,068.20	3	1,689.40
Oregon Short Line	458.81	[d]1,709,862.92	2,987,232.00	3,726.57	6,510.54	2,783.97	4	695.99
Salt Lake and Western	51.78	199,013.68	297,000.00	3,843.44	5,735.80	1,892.36	4 1/2	412.88
Kansas Central	166.5	250,036.88	404,000.00	1,501.72	2,426.43	3,928.15	5	785.63
Georgetown, Breckenridge and L.	7.5	14,541.16	22,225.00	1,938.82	2,963.33	4,902.15	2 1/2	1,782.60
Laramie, North Park and Pacific	13.51	[e]3,565.45	7,728.00	263.91	572.02	835.93	2	417.96
Denver and Middle Park	3.92	[e]5,357.58	3,959.26	1,366.73	1,010.02	2,376.75	2	1,188.37
Manhattan and Blue Valley	23.74	[f]6,406.63	1,553.97	269.86	65.46	204.40	1/2	350.48
Denver, Marshall and Boulder	7.56	12,005.16	4,172.07	1,587.98	551.85	1,036.13	1/2	2,072.18
Salina, Lincoln and Western	11.53	8,774.76	10,380.00	761.04	900.26	139.22	1/4	417.66
Montana Railway	7.24	[e]60,274.61	76,467.32	[e]8,325.23	10,561.79	2,236.56	2 1/4	925.47

[a] For the years 1880, 1881, 1882, and 1883. After the last date, out of the Union Pacific system.
[b] For the years 1880, 1881, 1882, and 1883. After the last date, making part of the Omaha and Republican Valley Railroad.
[c] These are shown for three years (1884, 1885, 1886), no correct data being obtainable for years previous.
[d] These are shown for four years (1883, 1884, 1885, and 1886), no correct data being obtainable for years previous.
[e] Interest charge computed upon cost of road; it being 6 per cent. per annum upon same.
[f] The cost of road not being given, the price at which same was purchased (Union Pacific Railway Report, 1885), is the basis of this computation; it being 6 per cent. upon same.

EXHIBIT A 56.

Persons employed by the Union Pacific Railroad Company between January 1, 1867, and February 1, 1880, whose compensation was $5,000 or more per annum, as shown by the books of the company.

[Compensation for legal services not included.]

Name.	Office.	Rate per annum.	Service.
John J. Cisco	Treasurer	$8,000.00	Jan. 1, 1867, to Apr. 30, 1869.
E. H. Rollins	Secretary and treasurer	5,000.00	May 26, 1869, to Apr. 10, 1871.
Do	do	8,000.00	Apr. 10, 1871, to Feb. 28, 1877.
Charles Tuttle	Assistant secretary and treasurer.	5,000.00	Jan. 1, 1867, to Apr. 30, 1869.
Morton, Bliss & Co	Financial agents	10,000.00	June 1, 1869, to Apr. 30, 1875.
Webster Snyder	Superintendent	8,000.00	Jan. 1, 1868, to May 1, 1868.
Do	do	12,000.00	May 1, 1868, to July 21, 1869.
H. M. Hoxie	Assistant superintendent	5,000.00	Jan. 15, 1868, to July 21, 1869.
C. G. Hammond	Superintendent	10,000.00	July 22, 1869, to Oct. 12, 1870.
C. W. Mead	Assistant general superintendent.	10,000.00	Aug. 1, 1869, to Nov. 12, 1870.
J. R. Nichols	Assistant superintendent	8,000.00	July 22, 1869, to Nov. 12, 1870.
T. E. Sickles	Engineer	10,000.00	Oct. 1, 1869, to Nov. 30, 1869.
Do	do	8,142.46	Oct. 1, 1870, to Mar. 31, 1871.
Do	do	10,000.00	Apr. 1, 1871, to Sept. 30, 1872.
Do	General superintendent	7,500.00	Oct. 1, 1872, to Nov. 10, 1873.
Do	do	6,750.00	Nov. 11, 1873, to Mar. 31, 1874.
Do	do	7,500.00	Apr. 1, 1874, to Apr. 30, 1874.
Do	Engineer	7,500.00	May 1, 1874, to Sept. 30, 1876.
S. H. H. Clark	Superintendent	5,000.00	Feb. 1, 1871, to Sept. 1, 1872.
Do	Assistant general superintendent	7,500.00	Sept. 1, 1872, to Nov. 10, 1873.
Do	do	6,750.00	Nov. 11, 1873, to Mar. 31, 1874.
Do	General superintendent	7,500.00	Apr. 1, 1874, to May 1, 1874.
Do	do	10,000.00	May 1, 1874, to Feb. 1, 1880.
L. Fillmore	Division superintendent	5,000.00	Feb. 1, 1871, to Mar. 31, 1872.
J. W. Gannett	Auditor	7,000.00	July 1, 1870, to Nov. 10, 1873.
Do	do	6,300.00	Nov. 11, 1873, to Apr. 1, 1874.
Do	do	7,000.00	Apr. 1, 1874, to Feb. 1, 1880.
T. L. Kimball	General ticket agent	6,000.00	Jan. 1, 1872, to Nov. 10, 1873.
Do	do	5,400.00	Nov. 11, 1873, to Apr. 1, 1874.
Do	do	6,000.00	Apr. 1, 1874, to Dec. 31, 1877.
Do	do	7,000.00	Jan. 1, 1878, to Feb. 1, 1880.
E. P. Vining	General freight agent	5,000.00	Jan. 1, 1874, to July 1, 1875.
Do	do	6,000.00	July 1, 1875, to Jan. 1, 1877.
Do	do	5,400.00	Jan. 1, 1877, to May 1, 1877.
Do	do	6,000.00	May 1, 1877, to June 30, 1877.
Do	do	5,400.00	July 1, 1877, to Nov. 30, 1877.
Do	do	6,000.00	Dec. 1, 1877, to Feb. 1, 1880.
E. M. Morsman	Superintendent express	5,000.00	Jan. 1, 1878, to Oct. 31, 1879.
J. T. Clarke	Assistant superintendent	5,000.00	Mar. 1, 1879, to Feb. 1, 1880.

Persons employed by the Kansas Pacific Railway Co. between January 1, 1867, and February 1, 1880, whose compensation was $5,000 or more per annum, as shown by the books of the company.

[Compensation for legal services not included.]

Name.	Office.	Rate per annum.	Service.
John D. Perry	President	$5,000.00	Jan. 1, 1867, to Mar. 31, 1867.
Do	do	8,000.00	Apr. 1, 1867, to Apr. 30, 1871.
Wm. J. Palmer	Treasurer	5,000.00	Jan. 1, 1868, to Mar. 31, 1869.
C. S. Greeley	do	5,000.00	Apr. 1, 1869, to Aug. 31, 1869.
Do	do	6,000.00	Sept. 1, 1869, to Apr. 30, 1871.
Do	do	6,000.00	May 1, 1874, to Nov. 20, 1876.
Do	Receiver	10,000.00	Nov. 21, 1876, to Oct. 30, 1878.
H. Villard	do	10,000.00	Do.
J. P. Deveraux	Land commissioner	5,000.00	Nov. 1, 1868, to Sept. 30, 1875.
W. H. Greenwood	Chief engineer	5,000.00	Aug. 1, 1869, to Nov. 30, 1870.
A. Anderson	General superintendent	6,000.00	Oct. 1, 1867, to Apr. 30, 1871.
E. S. Bowen	do	6,000.00	Jan. 1, 1871, to Aug. 31, 1874.
O. S. Lyford	do	6,000.00	Dec. 1, 1874, to Dec. 31, 1876.
T. F. Oakes	do	6,000.00	Nov. 21, 1876, to Mar. 31, 1879.
Adolphus Meier	Vice-president	6,000.00	June 1, 1869, to Apr. 30, 1871.
Do	President	5,000.00	July 1, 1876, to Sept. 20, 1876.
R. E. Carr	do	6,000.00	May 1, 1871, to Apr. 30, 1874.
Do	do	10,000.00	May 1, 1874, to Apr. 30, 1876.
Do	do	10,000.00	Oct. 21, 1876 to June 30, 1878.
Do	Second vice president	6,000.00	Jan. 1, 1871, to Apr. 30, 1871.
T. F. Oakes	General freight agent	5,000.00	Dec. 1, 1870, to July 10, 1876.
Do	Vice-president	8,000.00	July 10, 1876, to Nov. 20, 1876.
D. M. Edgerton	do	6,000.00	Mar. 12, 1879, to Jan. 23, 1880.
L. H. Eichaltz	Engineer, construction	6,000.00	July 15, 1870, to Aug. 31, 1870.
S. T. Smith	Auditor	5,000.00	May 1, 1874, to May 31, 1879.
Do	General superintendent	6,000.00	June 1, 1879, to Feb. 1, 1880.

Persons employed by the Union Pacific R. Rwy. Co. between Feb. 1, 1880, and Apr. 30, 1887, whose compensation was $5,000 or more per annum, as shown by the books of the company.

[Compensation for legal services not included.]

Name.	Office.	Rate per annum.	Service.
Sidney Dillon	President	$15,000.00	Mar. 1, 1881, to June 18, 1884.
Charles F. Adams	Special service	15,000.00	May 1, 1884, to June 18, 1884.
Do	President	15,000.00	June 19, 1884, to Apr. 30, 1887.
E. Atkins	Vice-president	5,000.00	Jan. 28, 1880, to Mar. 31, 1886.
J. D. Callaway	Vice-president and general manager.	16,000.00	June 27, 1883, to Apr. 30, 1887.
J. H. Bromley	Assistant to president	6,000.00	Feb. 1, 1885, to Apr. 30, 1887.
James M. Ham	Assistant secretary and treasurer	5,000.00	Feb. 1, 1880, to Mar. 31, 1886.
S. H. H. Clark	General manager	10,000.00	Feb. Aug. 31, 1884.
J. T. Clark	Superintendent	5,000.00	Feb. Aug. 31, 1880.
Do	General superintendent	7,000.00	Sept. 1, 1880, to May 10, 1882.
A. T. Smith	General superintendent Kansas Division.	6,000.00	Feb. 1, 1880, to Oct. 31, 1884.
Do	General superintendent	8,000.00	Nov. 1, 1884, to Apr. 30, 1887.
E. J. Nichols	General superintendent Nebraska Division.	5,000.00	Sept. 1, 1882, to May 31, 1885.
W. R. Doddridge	General superintendent Idaho Division.	5,000.00	Nov. 1, 1882, to Dec. 31, 1884.
T. Dickenson	General superintendent Wyoming Division.	5,000.00	Nov. 1, 1882, to Nov. 10, 1884.
Do	Assistant superintendent	6,000.00	Nov. 10, 1884, to Apr. 30, 1887.
L. A. Egbert	General superintendent Colorado Division.	6,000.00	Oct. 1, 1882, to Nov. 30, 1884.
C. O. Brinkerhoff	Superintendent	5,000.00	May 1, 1886, to Apr. 30, 1887.
J. H. Dorrance	do	5,000.00	May 1, 1886, to Mar. 31, 1887.
J. R. Fisher	do	5,000.00	Jan. 1, 1881, to Aug. 31, 1882.
J. W. Gannett	Auditor	7,000.00	Feb. 1, 1880, to June 30, 1883.
Justus Young	do	6,000.00	July 1, 1883, to Apr. 30, 1887.
C. L. Kimball	General passenger and transportation agent.	7,000.00	Feb. 1, 1880, to Aug. 31, 1884.
Do	General traffic manager	12,000.00	Sept. 1, 1884, to Apr. 30, 1887.
J. P. Vining	General freight agent	6,000.00	Feb. 1, 1880, to Dec. 31, 1880.
Do	do	7,000.00	Jan. 1, 1881, to Dec. 31, 1883.
J. P. Shelby	do	5,000.00	Nov. 1, 1882, to Dec. 31, 1885.
Do	Assistant general traffic manager	6,000.00	Jan. 1, 1886, to Apr. 30, 1887.
E. Congdon	Superintendent M. P	5,200.00	Jan. 1, 1883, to Nov. 30, 1885.
John Hackney	do	5,000.00	Dec 1, 1885, to Apr. 30, 1887.
J. Blickensderfer	Chief engineer	6,600.00	Apr. 15, 1880, to Apr. 30, 1887.
S. G. Bogue	do	6,000.00	Dec. 15, 1886, to Apr. 30, 1887.
H. Goble	Purchasing agent	5,000.00	May 1, 1881, to Dec. 31, 1883.
Do	do	6,000.00	Jan. 1, 1884, to Nov. 30, 1884.
S. M. Towne	Superintendent E. H	5,000.00	Nov. 1, 1882, to Sept. 30, 1884.
Jeffrey McDonald	Commercial agent	7,200.00	Nov. 1, 1883, to Aug. 31, 1884.
S. M. Cumming	Assistant general manager	5,000.00	Mar. 1, 1887, to Apr. 30, 1887.
D. Tuthill	Superintendent	6,000.00	Feb. 1, 1880, to Sept. 30, 1880.

EXHIBIT A 57.

Land-grant accounts since 1880.

KANSAS PACIFIC RAILWAY.

Year.	Net land sales.	Sale of lots and other income.	Total income.	Expenses.	Net proceeds land grant.	Land assets.
[illegible]	$311,220.68	$99,201.83	$410,422.51	$142,005.19	$268,417.32	$1,850,372.16
[illegible]	328,872.63	117,085.37	445,958.00	132,945.39	313,012.61	1,750,793.21
[illegible]	365,361.18	104,292.33	469,923.51	148,032.65	321,890.86	1,689,358.17
[illegible]	965,556.93	170,195.54	1,135,752.47	187,338.82	948,413.65	2,033,711.30
[illegible]	1,917,876.14	158,703.07	2,076,579.21	245,029.44	1,831,549.77	*15,654,202.95
[illegible]	2,817,159.66	253,672.15	3,070,831.81	458,575.47	2,612,256.34	*18,159,289.81
[illegible]	1,049,122.15	292,225.94	1,341,348.09	83,699.76	1,257,648.33	*18,599,518.67

UNION PACIFIC RAILWAY.

[illegible]	$685,132.86	$197,523.36	$882,656.22	$212,309.48	$669,346.74	$4,533,807.96
[illegible]	326,903.09	244,903.95	571,807.04	214,893.40	356,913.64	4,314,418.85
[illegible]	798,836.37	356,858.44	1,155,694.81	245,010.92	910,683.39	4,617,401.03
[illegible]	2,436,767.21	322,363.43	2,759,130.64	232,763.86	2,526,366.78	7,180,392.52
[illegible]	6,517,773.06	426,984.11	6,944,757.17	345,630.33	6,599,126.84	
[illegible]	1,223,227.97	692,735.50	1,915,963.47	95,307.67	1,820,655.80	
[illegible]	178,325.78	818,088.18	996,413.96	65,122.23	631,291.73	

*Undivided "land assets" of both the Union Pacific Railway and the Kansas Pacific Railway.

Land sales, Kansas Pacific Railway and Denver Pacific Railway.

Year.	Kansas Pacific.	Denver Pacific.	Average price per acre.		Amount.	
			Kansas Pacific.	Denver Pacific.	Kansas Pacific.	Denver Pacific.
	Acres.	*Acres.*				
1868	111,271.29	.....	$2.96	.....	$329,812.67	.....
1869	382,885.20	.....	2.91	.....	1,114,578.57	.....
1870	124,168.59	32,613.00	3.19	$4.17	396,196.06	$136,078.43
1871	123,935.82	41,543.55	3.50	3.94	434,235.52	163,858.71
1872	68,851.29	19,959.09	2.92	4.07	199,841.71	81,195.91
1873	25,423.43	17,951.95	3.67	4.61	93,175.10	82,676.96
1874	35,393.96	10,918.54	3.29	5.21	117,708.61	56,877.82
1875	61,366.58	3,676.52	3.57	6.12	218,808.60	22,488.02
1876	74,554.09	4,364.37	4.23	14.32	315,420.62	62,497.50
1877	135,994.45	26,101.56	3.31	5.25	449,234.44	136,963.89
1878	207,938.03	34,523.47	3.38	3.79	795,997.83	130,902.59
1879	169,328.80	7,554.58	4.09	5.81	693,930.53	43,893.84
1880	100,382.16	.....	4.03 1/10	.....	404,687.91	.....
1881	99,478.38	.....	4.28 7/10	.....	425,978.46	.....
1882	105,915.13	.....	4.93	.....	521,532.10	.....
1883	298,478.04	.....	4.41 1/4	.....	1,380,019.01	.....
1884	475,007.94	.....	4.21 1/4	.....	2,002,602.83	.....
1885	711,960.21	.....	4.08	.....	2,908,380.18	.....
1886	230,387.61	.....	4.68	.....	1,078,787.95	.....
Total	.....	199,206.63	.....	.....	.....	917,431.59
Total, including Denver Pacific Rwy. since 1880	3,542,721.00	.....	.....	.....	13,880,928.70	.....
Denver Pacific, 1870 to 1879, from above	199,206.63	.....	.....	.....	917,431.59	.....
Total gross sales	3,741,927.63	.....	.....	.....	14,798,360.29	.....
Less canceled sales	487,255.76	.....	.....	.....	2,064,233.35	.....
Net land sales	3,254,671.87	.....	.....	.....	12,734,126.94	.....

Land sales, Union Pacific Railroad and Railway Company.

Years.	Acres.	Average price per acre.	Amount.
1869	128,825.28	$4.555	$586,808.29
1870	164,058.62	4.385	719,758.14
1871	206,605.97	3.855	795,557.53
1872	172,108.67	4.39	755,430.94
1873	177,083.50	5.55	983,030.33
1874	235,749.14	4.66	1,099,467.21
1875	111,965.55	3.66	409,916.19
1876	128,696.21	3.02	389,773.46
1877	69,015.87	4.98	343,769.02
1878	318,903.47	4.88	1,557,093.33
1879	249,337.31	4.141	1,007,855.63
1880	176,201.56	4.824	850,088.66
1881	96,059.86	4.938	474,342.35
1882	292,159.06	4.28	1,250,384.02
1883	867,871.35	3.11	2,701,114.93
1884	4,348,202.95	1.52	6,603,796.04
1885	745,744.18	1.65	1,228,587.97
1886	146,500.24	1.22	179,103.33
Total for eighteen years	8,629,088.79	.....	21,935,846.29
Less canceled sales	642,742.39	.....	2,845,173.87
Net land sales	7,986,346.40	2.39041	19,090,672.42

EXHIBIT A 58.

Kansas Pacific consolidated mortgage trusts.

[Journal 4, 590.]

Bonds, etc.	Amount of debt.	Bonds exchanged, etc.	Consolidated bonds exchanged for—
Consolidated mortgage	$8,457,000.00		
Income bonds	4,275,000.00		
Bonds, first-mortgage 6 per cent	6,303,000.00		
Bonds, first-mortgage 7 per cent	6,371,000.00		
Bonds, land-grant gold	1,574,750.00	$8,000.00	$8,000.00
Bonds, Leavenworth Branch	600,000.00	108,000.00	86,730.00
Bonds, second-mortgage land-grant	1,500,000.00	1,005,000.00	827,103.60
Bonds, funded mortgage	1,500,000.00	1,167,000.00	942,305.60
		2,288,000.00	1,764,138.20
Coupon certificates:			
First land grant	260,905.12		
Second land grant	161,595.00		
Coupon, first-mortgage division	297,780.00		
Coupon, second-mortgage division	541,050.00		
Coupon, Denver Extension	1,001,402.50		
Coupon, Leavenworth Branch	92,417.50		
Denver Pacific bonds		1,605,000.00	1,605,000.00
Denver and Boulder Valley bonds		438,000.00	436,000.00
Income bonds		2,907,450.00	2,070,431.41
Do		137,300.00	118,314.86
Solomon road		40,000.00	40,000.00
National Land Company stock		1,000.00	1,000.00
Arkansas Valley bonds		454,000.00	323,883.60
Jay Gould, for 2,000,000 consolidated, at 75 per cent. and fractional parts		2,000,000.00	1,500,185.93
		7,582,750.00	
Bonds, discount on $2,000,000, at 25 per cent			500,000.00
			8,458,955.00
Less scrip issued in lieu of consolidated bonds			1,955.00
Value of securities exchanged			8,457,000.00
Total bonds	32,935,900.12		

Original bonds, etc	$24,458,900.12	
Take out original bonds exchanged for consolidated	2,288,000.00	
		$22,170,900.12
Add value of same in the consolidated bonds		1,764,138.20
Add value of bonds exchanged for consolidated, say $7,582,750, for		6,692,861.80
New funded debt at date of consolidation		30,627,900.12

EXHIBIT A 59.

Result of Mr. Stevens's examination of account of trustees of Kansas Pacific consolidated mortgage.

	Kansas Pacific Railway Company funding bonds exchanged for consolidated mortgage (first) of the Kansas Pacific Railway Company.	
1879.		
May 31	Received from Russell Sage, Henry Villard, and Sidney Dillon, executive committee of Kansas Pacific pool, to be exchanged for new first consolidated mortgage bonds of Kansas Pacific, as per contract, $784,000 bonds	$784,000
	NOTE A.—The discount on these bonds in the exchange not separated on the trustees' books as the contract with the pool specifies that:	
	Funding bonds $784,000	
	Second land-grant bonds 754,000	
	Leavenworth Branch bonds 75,000	
	Income (unstamped) bonds 67,000	
	Income stamped bonds 2,611,400	
	First m't'g Arkansas Valley Rwy. bonds 454,000	
	4,345,400	
	Should be exchanged for 3,400,000 of Consolidated Kansas Pacific first-mortgage bonds.	
Sept. 8	333,000 bonds received from Kansas Pacific Rwy. Co., at par	333,000
Nov. 10	383,000 bonds received from F. L. Ames at par	383,000
	Total Kansas Pacific Rwy. Co.	1,500,000
	Second land-grant bonds exchanged.	
1879.		
May 31	$754,000 bonds received from Kansas Pacific pool with $157.50 of accrued interest (2½ years), at 7 per cent. on each $1,000 bond exchanged at discount (see Note A).	754,000
	$395,000 bonds received from Kansas Pacific Rwy. Co., at 50 per cent. discount	395,000
Oct. 13	$20,000 bonds from J. Gould, Sidney Dillon, and M. Rutherford & Co., at par	20,000
Dec. 20	25,000 from Thomas A. Biddle with coupons from March '74 attached, say 5¼ years' accrued interest, or 385,000 on each $1,000 bond, at par	25,000
Dec. 14	$15,000 bonds from M. Rutherford at par	15,000
1880.		
Jan. 15	$173,000 bonds from Geo. E. Leighton, G. W. Dilloway, and others, with all past-due coupons attached, at 120	173,000
Jan. 19	18,000 from G. E. Leighton, at 120	18,000
Feb. 19	4,000 from G. E. Leighton, short 1 coupon, at 120	4,000
Apr. 13	64,000 from de Newville & Co., with coupon, attached, at 120	64,000
20	4,000 from Ham Bros. & Co., at 120	4,000
May 26	1,000 from Morton, Bliss & Co., at 120	1,000
June 30	8,000 from Donaldson & F., at 125	8,000
30	3,000 from G. M. Dodge, at 120	3,000
Oct. 12	2,000 from Blake Bros. & Co., at 120	2,000
	Total second land-grant bonds	1,499,000
	NOTE.—Apparently past-due interest accrued from March, 1877.	
	Leavenworth Branch bonds, 7 per cent. interest.	
1879.		
May 31	75,000 bonds from Kansas Pacific reorganizing pool and 2½ years' accrued interest from March, 1877 (see note A)	75,000
Sept. 13	30,000 bonds from Jay Gould, S. Dillon, etc., at par	30,000
Dec. 10	3,000 bonds, with past due coupons and certificates attached, from H. H. Creveling, at 7.6 per cent. premium	3,000
1880.		
Mar. 30	22,000 from S. R. Fillers, with all coupons attached, at 128	22,000
Apr. 30	5,000, Blake Bros. & Co., at 120	5,000
30	88,000, Russell Sage, at 128, and 5.7 per cent. premium on par and premium	88,000
20	18,000, Ham & Munroe, at 118⅝	18,000
May 8	30,000, Russell Sage, at 128	30,000
31	5,000, Russell Sage, at 128	5,000
27	16,000, Hallgarten & Co, at 115 and 120	16,000
Nov. 6	14,000, Hallgarten & Co., at 121.4	14,000
Dec. 15	1,000 (no name), at 120	1,000
21	1,000, A. Anderson, at 120	1,000
1881.		
Mar. 15	10,000, Lucien Eaton, at 140.6	10,000
15	1,000, Julius Beaman, at 120	1,000
31	66,000, Russell Sage, at 120	66,000
Apr. 12	1,000, James Bowman, at 126	1,000
Aug. 17	49,000, C. S. Hinchman, at 154.4	49,000
Nov. 30	65,000, Russell Sage, at 154.1	65,000
1882.		
Jan. 11	26,000, Russell Sage, at 145.1	26,000
Mar. 29	1,000, and extra coupons, Fourth National Bank, at 179.7	1,000
Apr. 13	6,000, E. Obendorf, at 150	6,000
	Total Leavenworth bonds	5,330,000

EXHIBIT A 59.—*Result of Mr. Stevens's examination of account of trustees of Kansas Pacific consolidated mortgage*—Continued.

	Income bonds unstamped.	
1879.		
May 31	67,900, from Kansas Pacific reorg'g pool (see note A)	$67,900
Sept. 13	19,350, from J. Gould, S. Dillon, and M. Rutherford, at par	19,350
Dec. 10	6,300, from H. H. Creveling, at 7.6 per cent. discount	6,300
1880.		
Jan. 15	41,750, from G. W. Dilloway and Wood & Schenck, at par	41,750
31	2,000, from Tappan & Stoker and R. Sage	2,000
Feb. 15	1,150, from Ham. Munroe & Popper, at par	1,150
28	1,000 from (no name), at par	1,000
Apr. 30	4,250, from R. Sage, at par and 5 per cent. premium on par and prem	4,250
June 25	15,850, from H. J. Jewett, at par	15,850
Oct. 27	250, from J. M. Lichtenanes, at par	250
Nov. 6	5,000, from J. C. Parrish, at par	5,000
30	250, from H. W. Poor, at par	250
30	250, from A. H. Holmes, at par	250
Dec. 31	100, from Hanna Brothers, at par	100
1881.		
Apr. 8	350, from Blake Bros. & Co., at par	350
9	1,000, from J. H. Lichtenanes, at 1.06 per cent	1,000
Aug. 8	20,900, from John D. Perry, at par	20,900
	Total income bonds unstamped	187,650
	Income bonds stamped.	
1879.		
May 31	$2,611,450, from Kansas Pacific reorg. comts. (see note A)	2,611,450
Sept. 8	108,950, from Kansas Pacific Railway, at 70 per cent. discount	108,950
13	243,150, from J. Gould, S. Dillon, and M. R., at 30 per cent. discount	243,150
Oct. 14	51,600, from M. Rutherford, at 30 per cent. discount	51,600
Nov. 10	1,250, from Woerishoffer, J. Gould, Ames, and Blake Bros., at 30 per cent. dis.	1,250
1880.		
Apr. 24	20,000, from F. R. Gourgas, at 30 per cent. discount	20,000
1882.		
Jan. 30	100, from J. M. Ham, at par	100
Feb. 28	10,000, from J. M. Ham, asst. treas., at 30 per cent. discount	10,000
Apr. 21	250, from Jane M. Dennis, at 25 per cent. discount	250
June 20	5,000, from J. M. Ham, asst. treasurer, at 15 per cent. discount	5,000
Aug. 21	26,250, from Russell Sage, at 6.4 per cent. discount	26,250
Sept. 14	100, from J. M. Ham, ass't treas.	100
Nov. 20	127,200, from J. M. Ham, ass't treas., at 15 per cent. discount	127,200
	Total income bonds unstamped	3,205,300
	Arkansas Valley R. R. Bonds.	
1879.		
May 31	454,000, from Kansas P. reorg. com. (see note A)	454,000
Nov. 30	430,000, from fundings mtg. books, at 50 per cent. discount	430,000
Dec. 10	125,000, from (no name), at 50 per cent. dist	125,000
22	26,000, from Thos. A. Biddle, with all past due coupons attached	26,000
	NOTE B.—The discount is not separated; the entry on cash book, page 2, reading: Bonds discount for this amount being difference between faces of Denver Pacific	
	Boulder Valley bonds $16,000	
	Arkansas Valley bonds 33,000	
	28,000	
	75,000	
	And price paid for them 51,390	
	Discount 23,610	
1880.		
June 4	10,000, J. Gould, at 45 per cent. dist	10,000
Mar. 30	3,000, Laidlaw & Co., at 50 per cent. dist	3,000
Aug. 17	11,000, C. S. Hinchman, at 28.2 dist	11,000
Sept. 30	15,000, C. S. Greeley, at 25 per cent. dist	15,000
	Total Arkansas Valley R. R. bonds	1,074,000
	Solomon R. R. bonds.	
1879.		
Sept. 8	$185,000, from Kansas P. R'way Co., at par	185,000
Oct. 18	30,000, from J. Gould, G. M. Dodge, and others, with coupons due May, 1880, and following attached, at par	30,000
Nov. 10	10,000, from Woerishoffer, J. Gould, F. L. Ames, and Blake Bros., at par	10,000
Dec. 30	350,000 (no name), at par	350,000
	Total Solomon R. R. bonds	575,000

EXHIBIT A 59.—*Result of Mr. Stevens's examination of account of trustees of Kansas Pacific consolidated mortgage*—Continued.

		Denver Pacific Railway bonds.	
1879.			
Sept.	9	$1,413,000, from J. Gould, with past due coupons of May, 1878, and following at par	$1,413,000
Oct.	13	10,000, from J. Gould, S. Dillon, and M. R. & Co., at par	10,000
	18	9,500, from J. Gould, G. M. Dodge, and others, with past due coupons of May, 1878, and following attached, at par	9,500
Nov.	10	34,000, from Woerishoffer, J. Gould, F. L. Ames, and Blake Bros., with past due coupons of May, 1878, and following attached, at par	34,000
Nov.	10	20,000 from S. Topper, with May, 1878, and following coupons attached	20,000
		Discount on these bonds combined, viz:	
		Denver Pacific $20,000	
		Boulder Valley bonds 2,000	
		22,000	
		Amount consolidated bonds paid 18,650	
		Discount 3,350	
Nov.	15	7,000 (no name), part coupons attached, at par	7,000
Dec.	1	16,000, Ham & Munroe, coupons attached, discount (see Note B), Arkansas Valley R. R. bond	16,000
Dec.	20	10,000, Ham & Munroe, coupons, etc., at par	10,000
	31	16,000, Russell Sage, coupons, etc., at par	16,000
1880.			
Jan.	20	20,000, Sidney Dillon and others, at par	20,000
Feb.	5	5,000, R. Sage, S. Dillon, coupons, &c, at par	5,000
	12	9,000, Haligarten & Co., coupons, &c., at par	9,000
Mar.	28	7,000, Maxwell & Graves, at par	7,000
	28	30,000, Ham & Munroe	30,000
Apr.	30	11,000, Williams & Hall and F. A. Reilly, at par	11,000
	30	36,000, R. Sage (for John Lyon), at 5 per cent. on amt. and prem	36,000
May	28	3,000, Morton, Bliss & Co., and others, at par	3,000
	15	8,000, Blake Bros. & Co, at par	8,000
	20	2,000, C. W. Shott, jr., at par	2,000
	20	30,000, Blake Bros. & Co., at par	30,000
	30	2,000, J. and J. Stuart & Co., at par	2,000
July	12	2,000, Widmeyer & Bothrop, with coupons, &c., at par	2,000
	16	1,000, Blake Bros. & Co., at par	1,000
	19	4,000, Blake Bros. & Co., at par	4,000
	22	12,000, Knoblauch & Lichtenstein, at par	12,000
	26	3,000, Blake Bros. & Co., at par	3,000
	31	1,000, Prince & Whitely, at par	1,000
Aug.	9	33,000, Thos. Emery Sons, at par	27,000
		Blake Bros., at par	6,000
	11	5,000, Asiel & Co., at par	5,000
	16	10,000, E. A. Loeb, at par	10,000
	12	6,000, Blake Bros., at par	6,000
	21	10,000, Schurz & Ruchaber, at par	10,000
	26	17,000, Ham & Munroe & Co., at par	17,000
	30	1,000, Knoblauch & Lichtenstein, at par	1,000
	31	1,000, Blake Bros., at par	1,000
Sept.	5	5,000, Blake Bros., at par	5,000
	28	10,000, Asiel & Co., at par	10,000
Oct.	22	41,000, Blake Bros. and other, at par	41,000
	27	5,000, Knoblauch & Lichtenstein, at par	5,000
	30	7,000, Blake Bros. and others, at par	7,000
Nov.	6	8,000, Knoblauch & Lichtenstein, at par	8,000
	9	10,000, Knoblauch & Lichtenstein, at par	10,000
	19	2,000, Baltzer & Lichtenstein, at par	2,000
	23	2,000, (no name), at par	2,000
Dec.	15	2,000, E. C. Benedict, at par	2,000
1881.			
Jan.	18	2,000, E. C. Benedict, at par	2,000
	31	5,000, E. C. Benedict, at par	5,000
Feb.	15	1,000, E. C. Benedict, at par	1,000
May	20	1,000, Cammann & Co., at par	1,000
June	20	1,000, Vandewater & Patton, at par	1,000
Dec.	29	2,000, J. & W. Seligman, at par	2,000
1882.			
Mar.	29	2,000, J. M. Ham, ass't treasurer, at par	2,000
Apr.	13	3,000, Haligarten & Co., at par	3,000
June	20	2,000, J. M. Ham, ass't treasurer, at par	2,000
July	31	7,000, John Develin, at par	7,000
Nov.	30	J. M. Ham, ass't treas., at par	1,000
		Total Denver Pacific Rwy. bonds	2,180,000

Extract from journal of trustees of the Kansas Pacific Railway Company.

Consolidated loan.

1880. Jan. 31 — Sundries Dr. to consolidated bonds $2,000,000.00
For this amount of consolidated bonds issued to pay Kansas Pacific floating debt assumed by Jay Gould.

Kansas Pacific floating debt.

For this amount of floating debt assumed by Jay Gould $1,500,000.00

Bond discount.

For this amount, being difference between amounts of bonds issued and floating debt:

Bonds issued	$2,000,000	
Floating debt	1,500,000	
		$500,000

NOTE.

1881. Aug. 8 — John D. Perry was paid for services to date 12,626.25

NEW YORK, *May* 31, '79.

Sundries Dr. to Russell Sage, Henry Villard, Sidney Dillon, executive committee Kansas Pacific Reorg. Pool.

For the following securities in reorganizing pool received from above committee and exchanged for the new consolidated 1st-mortgage bonds of the Kansas Pacific Rwy., as per contract with said Sidney Dillon, Russell Sage, and Henry Villard, executive committee (see mortgage, page 10) 4,746,350.00

Funding bonds—for 784 funding bonds of $1,000 each	$784,000.00	
2nd land-grant bonds—for 784 second land-grant bonds, with coupon certificates of $157.50 each	784,000.00	
Leavenworth Branch bonds—for 75 Leav'th Branch bonds of $1,000 each, with coupon certificates of $157.50 attached	75,000.00	
Income bonds—for this amount of income bonds (unstamped) unsubordinated to the Denver Extension bonds	67,900.00	
Income bonds—for this amount of income bonds (stamped) subordinated to the Denver Extension bonds	2,611,450.00	
Arkansas Valley R. R. bonds for 454 bonds of $1,000 each of the Arkansas Valley Rwy	454,000.00	
	4,746,350.00	

Russell Sage, Henry Villard, Sidney Dillon, executive committee 1,360,080.93

To bond discount.

For this amount, being difference between par value of bonds and price at which taken in pool, par value of securities in pool 4,746,350.00
Price at which taken in pool ..... 3,386,269.07 — 1,360,080.93

Sundries to sundries.

For the following additional amounts of bonds received from the company to be exchanged for consolidated 1st-mortgage bonds (at same rates as taken on pool securities).

NOTE.—Mr. Calef states this last paragraph to be a mistake, as a comparison with pool rates will plainly show funding bonds for 333 bonds of $1,000 each

2nd land grants—for 395 bonds, unfunded	$333,000	
Solomon bonds—for 185 bonds of $1,000 each	395,000	
Income bonds—for this amount, stamped	185,000	
	108,950	
	1,021,950	

Consolidated first mortgage bonds.

For this amount of consolidated 1st-mortgage bonds issued to railway company in exchange for above 748,185.00

Bond discounts.

For this amount, being difference between par value of bonds and price at which taken in exchange, par value $1,021,950
Consolidated bonds issued in place ..... 748,185 — 273,765.00

1,021,950.00

EXHIBIT A 61.

UNION PACIFIC RAILWAY COMPANY NEW CONSTRUCTION ACCOUNT.

[Taken from the Boston books.]

DR.

Journal page.	Date.		Amount.	Total.
		Union Division.		
	1880.			
87	Feb. 28	Sheds at Council Bluffs depot	$1,000.00	
		Rail mill at Grand Island	53.93	
		Addition to Laramie mill	9,947.26	
		Engine-house at Wintah	194.41	
				$11,195.60
63	Mar. 31	Track and buildings in Denvar yard		74.06
		Union Division.		
72		Land at Omaha		500.00
		Drill in Omaha shops		1,000.00
		Water-works, Millard		1,469.58
		Rail mill, Grand Island		585.60
		Engine-house, Wintah		251.00
		Kansas Division.		
		Yard and buildings at Denver		4,017.79
		Union Division.		
109	Apr. 30	Water-works, Millard	4,909.42	
		Coal sheds, Plum Creek	582.46	
		Engine-house, Wintah	772.60	
		Slotting machine, wheel-boring machine, etc., in shops at North Platte	3,934.81	
			10,199.49	
		Less land at Elkhorn sold to O. Frost	194.45	
				10,005.04
		Kansas Division.		
		Yards and buildings at Denver		6,165.39
		Union Division.		
152	May 31	Train-sheds, Council Bluffs	12,000.00	
		Land, Omaha	200.00	
		Coal-sheds, Plum Creek	789.08	
		Water-works, Rawlins	652.75	
		Engine-house, Wintah	131.36	
		Bar mill, Laramie	15,658.81	
		Drill and pipe cutting machine, Omaha	723.00	
		Axle lathe, North Platte	963.24	
		Punch and sheds, Rawlins	1,685.00	
		Punch and sheds, Evanston	1,705.00	
				34,508.24
		CR.		
		Kansas Division.		
		Yard and freight depot, Denver	5,167.24	
		Knowles' pump, Armstrong	479.21	
				5,646.45
		Union Division.		
198	June 30	Train-sheds at Council Bluffs	18.25	
		Land for right of way at Columbus	1,400.00	
		Coal-sheds at Plum Creek	276.23	
		Coal-sheds at Wintah	85.59	
		Water-works at Rawlins	2,117.98	
		Engine-house at Wintah	11.26	
		Bolt-cutter at Omaha	340.00	
		Swing lathe at North Platte	644.48	
		Bar mill at Lamarie	8,250.98	
			13,144.71	
		Less 1 tank sold	1,000.00	
		Right of way and side track Union Elevator at Kansas ty	3,614.30	

EXHIBIT A 61—Continued.

Journal page.	Date.		Amount.	Total.
189	June 30	*Union Division*—Continued.		
		Land for extension, Bismarck Grove	$4,000.00	
		Land for yards, etc., at Denver	4,068.00	
		Freight depot, shops, tracks, etc., at Denver	18,309.10	
				$41,136.11
		Union Division.		
227	July 31	Train-sheds, Council Bluffs	13,871.34	
		Brass foundry, Omaha	1,145.32	
		Engine-house, Wintah	7.86	
		Coal-sheds, Plum Creek	584.38	
		Coal-sheds, Echo	60.09	
		Water-works, Millard	130.90	
		Water-works, Julesburg	1,847.52	
		Water-works, Rawlins	73.68	
		Land at Grand Island	730.00	
		Bar mill at Laramie	1,309.00	
				19,760.09
		Kansas Division.		
		Freight house at State line	226.60	
		Bismarck Grove	3,550.89	
		Freight depot, shops, tracks, etc., at Denver	11,768.58	
				15,546.07
		Union Division.		
269	Aug. 31	Passenger sheds at Council Bluffs	338.36	
		Right of way at Council Bluffs	200.00	
		Lot of land at Omaha	150.00	
		Brass foundery at Omaha	611.90	
		Bolt cutter and header, Omaha shops	600.00	
		Coal mine tracks at Carbon	2,915.67	
		Coal sheds	1,039.24	
		Water-works at Julesburgh and Rawlins	766.12	
		Sundries, etc., engine-house at Winta	24.40	
				6,645.69
		Kansas Division.		
316	Sept. 30	Bismarck Grove		13,443.23
		Buildings and yards at Denver		14,978.53
		Shops at Grand Island	4,799.21	
		Right of way, coal sheds, tanks, bar mill, etc	6,506.94	
				11,306.15
		Kansas Division.		
355	Oct. 30	Office at Armstrong shops	3,021.05	
		Lathes, etc	6,581.10	
		Bismarck Grove	6,446.61	
		Buildings and yards at Denver	20,800.68	
		Telegraph line	2,948.73	
				39,798.17
		Shops at Grand Island	13,446.96	
		Coal sheds at Carbon	4,516.19	
		Sundries	5,031.75	
				22,994.90
		Additions to shops, Armstrong		12,680.00
		Machinery to shops, Armstrong		1,958.29
		Bismarck Grove		6,388.40
		Buildings and yards at Denver		18,965.40
		Telegraph line		150.00
		Union Division.		
385	Nov. 30	Shops at Grand Island, $15,566.85, etc		26,057.20
		Kansas Division.		
		Buildings and yards at Denver, $12,335.78, etc		13,814.53
		Union Division.		
12	Dec. 31	Shops at Grand Island, $41,877.13, etc		53,176.26

EXHIBIT A 61—Continued.

Journal page.	Date.		Amount.	Total.
		Kansas Division.		
	1881.			
445	Jan. 31	Shops and buildings at Armstrong		$8,785.29
		Buildings and yards at Denver		31,691.91
		Telegraph line		10,208.02
		Tools and Bismarck Grove		1,421.00
		Shops, tools, water-works, etc., Union Division		17,900.39
		Buildings and yards and shops, tools, and telegraph line, etc., Kansas Division		8,788.60
467	Feb. 28	Buildings and yards and shops, tools, and telegraph line to Union Division		9,318.15
		Buildings and yards and shops, tools, and telegraph line at Denver, Kansas Division		11,535.41
491	Mar. 31	Eating house at Rock Creek, $8,500; stock yard, Omaha, 7,150; tools, engine-houses, etc., Union Division		23,454.00
		Building and yards at Denver, $10,723.61, etc		20,426.83
		Union Division.		
520	Mar. 30	Tools and machinery at Grand Island, $9,088.43; real estate at Omaha, $5,338.45, etc		17,829.07
		Kansas Division.		
		Buildings, yards, etc., at Denver, $13,622.93; tools, etc., $1,439.90		15,062.83

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	1881.			
539	May 31	Construction expenditures, Union Division, May		$7,865.29
		Kansas Division.		
558	June 30	Buildings, yards, etc., at Denver, $16,025.81, etc		18,987.86
		Union Division.		
		Machine-shops at Grand Island, $9,937.02; tools and machinery at North Platte, $5,308.84, etc		26,216.25
		Kansas Division.		
581	July 30	Yards and buildings, Denver, $11,389.15, etc		13,102.62
		Union Division.		
		Machine-shops, Grand Island, $21,082.98; coal sheds, water-works, etc		25,799.93
		Kansas Division.		
595	Aug. 31	Buildings, yards at Denver, $8,632.80, etc		10,826.12
		Union Division.		
		Machine-shops at Grand Island, $20,765.19, etc.; tools and machinery, $6,965.91; coal sheds, water-works, etc		40,138.40
		Kansas Division.		
		Real estate at Denver		17,000.00
		Yards and buildings at Denver		7,603.89
		Improvements at Bismarck Grove		9,435.00
		Side track at Eaton		194.39
		Union Division.		
617	Sept. 30	Machine-shop at Grand Island, $29,449.10; North Platte, $8,330.38; tools, machinery at Grand Island, etc		49,227.14
		Kansas Division.		
		Real estate at Denver, $25,740.35, yards, buildings, etc., $8,379.40		36,092.35

EXHIBIT A 61—Continued.

Journal. Page.	Date.		Amount.	Total.
	1881.	*Union Division.*		
889	Oct. 31	Machine-shops at Grand Island, $11,220.72; at North Platte, $23,966.21, etc		$54,733.30
		Kansas Division.		
		Real estate at Denver, $20,400, etc		24,033.58
		Union Division.		
961	Nov. 30	Machine-shop, North Platte, $18,992; Grand Island, $8,867.49, tools and machinery at Grand Island, $12,967.99, etc		64,868.27
		Kansas Division.		
984	Dec. 31	Improvements at Bismarck Grove		4,708.38
		Yards, buildings, etc., Denver		8,548.96
		Grading for spur track to Armourdale		4,640.66
		Car shops at Omaha, $61,293.82; machine-shops at North Platte, $14,839.21; Grand Island, $6,623.26; water-works at Table Rock, $10,668.62; Fillmore, $9,048.68; ice-houses, coal sheds, land, etc		130,117.90
		(The above is for Union Division.)		
		Kansas Division.		
		Yards, buildings, etc., Denver		19,543.67
		Improvements, Bismarck Grove		14,204.48
		Real estate, Denver		15,411.25
		Palace Hotel property at Topeka		8,000.00
		Total as per Ledger A		1,184,872.31

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		By 25 Grand Island precinct bonds, Nos. 26 to 50, received as a subsidy on account of location of shops at Grand Island		$25,000.00
		Balance to Ledger B		1,159,872.31
	1882.	*Union Division.*		
29	Jan. 31	Car shops Omaha, $18,616.04; round-house, North Platte, $11,154.12; lots on Omaha, $26,900, etc		91,362.38
		Kansas Division.		
39	Feb. 28	Building and yards at Denver, $12,495.13		16,278.55
		Union Division, expenditures in Feb		33,221.61
60		Kansas Division, expenditures		7,784.24
		Union Division, expenditures in Mar		28,113.13
66		Kansas Division, expenditures in Mar		12,375.55
		Union Division, expenditures in Apr		5,146.54
67		Kansas Division, expenditures in Apr		14,224.94
68		Union Division, expenditures in May		29,426.14
72	June 30	Kansas Division, expenditures in May		
		Union Division, expenditures in June	$14,698.45	9,442.10
80		Kansas Division, expenditures in June	14,921.10	
	July 31	Kansas Division, expenditures in July	6,196.66	29,616.55
		Union Division, expenditures	461.96	
92		Union Division, expenditures in Aug		6,658.62
93		Union Division, expenditures in Sept		6,404.76
		Kansas Division, expenditures in Sept	368.72	
97			2,138.81	
		Kansas Division, expenditures in Oct	2,656.05	2,507.53
		Union Division	1,480.00	
99		Union Division, expenditures in Nov	947.44	1,176.95
		Kansas Division	10,889.45	
				11,836.89

EXHIBIT A 61—Continued.

Journal page.	Date.		Amount.	Total.
		Kansas Division—Continued.		
	1882.			
318	July 31	Kansas Division, expenditures in Dec	$7,437.68	
		Cheyenne Division (depot at Eaton), Dec	3,561.12	
		Union Division, Dec	7,169.18	
				$18,167.99
	1883.			
343	Jan.	Union Division, Jan	411.48	
		Kansas Division, Jan	5,470.70	
		Cheyenne Division	239.12	
				6,121.30
366		Cheyenne Division (Denver Pacific), Feb	135.96	
		Kansas Division	2,856.86	
				2,992.82
389		Union Division	40.66	
		Kansas Division, Mar	3,169.89	
		Leavenworth branch, Mar	1,552.35	
				4,662.90
416		Kansas Division, Apr		2,964.61
443		Kansas Division, May		5,009.93
471		Kansas Division, June	4,964.82	
		Union Division, June	13,685.00	
				18,649.82
493		Union Division, July	2,003.75	
		Kansas Division, July	5,121.72	
				7,125.47
545		Kansas Division, July	6,362.86	
		Union Division, Aug	7,010.67	
		Leavenworth branch	800.00	
				14,173.53
565		Kansas Division, Sept	2,765.94	
		Union Division, Sept	4,200.00	
				6,965.94
588		Union Division, Oct	9,995.85	
		Cheyenne Division, receipts, Oct	75.00	
				9,720.85
		Union Division, Nov	1,702.02	
612		Kansas Division, Nov	2,758.55	
		Leavenworth branch, Nov	600.00	
				5,060.57
642		Kansas Division, Dec	17,708.02	
		Union Division, credit	52.02	
				17,656.00
				1,585,405.79
	1884.			
17	Jan. 31	Kansas Division, expenditure in Jan		6,729.76
67	Feb. 29	Kansas Division, expenditure in real estate in North Lawrence, Kansas, $11,766, etc		16,041.76
94	Mar. 31	Expenditures on Kansas Division		4,846.98
		Union Division, laying new side track, Denver yard, $1,646.42; depot grounds and right of way, North Lawrence, $7,300; half interest in tract of land at North Bend, $2,027.64, etc		11,973.56
139	May	Union Division, coal chute, Laramie, $13,444.42; Water tank, Dana, $10,322, etc		23,697.38
162	June	Grading second track, Summit to Union stock-yard, $2,894.67; frogs, tracklaying, etc., for same		4,661.27
		Real estate, Salina and North Lawrence, etc		2,578.65
183	July	Union Division, expenditures in July		8,851.34
		Kansas Division, round-house at Leavenworth, $9,999.21; real estate North Lawrence, $2,960, etc		20,148.99
203	Aug. 31	Union Division, rails, 1814⅓ tons at $33.25, $6,055.23; cross-ties, $3,487.36, etc		11,994.09
		Kansas Division, expenditures in Aug		2,818.65
	Oct. 31	Kansas Division, expenditures in Oct		332.33
		Kansas Division, expenditures in Nov		279.19
	Dec. 31	Union Division, second track, Missouri River Bridge to Summit, tracklaying and surveying		21,671.35
		Steel rails, $12,214.06; bridging, $11,133, as per Auditor Young's letter Jan. 12, 1885		23,697.47
392	1885.	Kansas Division, expenditures		668.79
	Jan. 31	Kansas Division, expenditures in Jan		2,943.39
		Union Division, expenditures in Apr., eating-house, Green River		3,166.99
501		Union Division, expenditures in May, office building		660.00
	Jan. 31	Union Division, coal, Chester Rawling, $16,893.65, etc		18,174.22
518		Kansas Division, proportion cost of building James street viaduct, Kansas City, costing $18,000		4,660.00

EXHIBIT A 61—Continued.

	Date.		Amount.	Total.
		Kansas Division—Continued.		
	1885.			
	Jan. 31	Union Division, sundry buildings and fixtures at Council Bluffs, purchased of the Pacific Hotel Company,		
813		$12,455, etc		$14,424.88
		Kansas Division, expenditures in Aug		200.00
882		Union Division, expenditures in Sept		1,480.85
		Union Division, expenditures in Oct		2,025.00
	Dec. 31	Union Division, expenditures in Nov		1,100.29
		Cheyenne Division, expenditures in Nov		1,473.79
		Leavenworth branch, expenditures in Nov		1,510.86
				223,656.86
		Add for 1880, 1881, 1882, 1883		1,585,495.79
		Total amount of debit 1880 to Dec. 31, 1885		1,809,152.65

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189	June 30	Received for right of way from B. & M., account Union Division		$9,023.40
222	Sept. 30	Voucher cancelled from Edward Creighton for allowance on coal and grading in 1868-'69	$11,156.37	
	1885.			
		Less construction expenditures Union Division in Sept., $7,787.71; Kansas Division, $520.66	8,308.37	
				2,848.00
611	Feb. 28	Balance of $800 (one half $400) received from the Burlington & Missouri River R. R. Company for right of way crossing at Grand Island		400.00
		Amount deposited in condemnation proceedings Union Pacific Rwy. Company vs. Wm. Ottman		600.00
682		Right of way expenses erroneously charged		112.30
689		Received for hotel sold at Rock Creek		1,500.00
623		Sundry tools and machinery transferred from Omaha	13,366.00	
		Less Union Division expenses in December	4,274.52	
			9,091.48	
		Less Kansas Division expenses	6,856.56	
				2,234.92
		Balance to Ledger D		1,792,434.03
				1,809,152.65

New construction account, Union Pacific Railway Company.

1885. Dec. 31.	To balance from Ledger C	$1,792,434.03
1886. Dec. 31.	To operating department	606,891.34
		2,399,325.37

New equipment account.

1885. Dec. 31.	To balance Ledger C	2,388,626.06
1886. Dec. 31.		785,216.28
		3,173,842.34

Omaha Bridge renewal account.

1885. Dec. 31.	To balance from Ledger C	53,531.86
1886. Dec. 31.		588,697.22
		642,229.08

EXHIBIT A 62.

Particulars concerning suspense account—Union Pacific Railroad Company.

[Copy of entry in Journal C, folio 85.]

1871.			
Sept. 12.	Suspense account, to sundries	$576,586.44	
	First-mortgage bonds, for 247 first-mortgage bonds which should be on hand, but are not		$247,000.00
	United States 6 per cent. currency bonds on hand—for 110 United States 6 per cent. currency bonds, which should be on hand, according to the books, but are not		110,100.00
	Special bond account: For balance of special bond account transferred, which represents 7 first-mortgage bonds, which should be on hand, according to the books, but are not		6,672.36
	P. P. Shaw		30,000.00
	T. C. Durant		37,156.00
	John Pondir		36,000.00
	H. S. McComb		2,731.00
	Morgan & McComb		650.00
	H. C. Crane		100,091.35
	Charles Tuttle		3,418.27
	C. A. Lambard		796.96
	James Brooks		1,355.83
	J. J. Cisco & Son		714.67

[Copy of entry, Journal C, folio 86.]

1871.			
Sept. 12.	Suspense account to French exchange	$95,000.00	
	For transfer of balance of latter account		$95,000.00

[Copy of suspense account, Ledger C, folio 312.]

		Dr.	Cr.
1879.			
June 30.	To first-mortgage bonds	$246,000.00	
	United States 6 per cent. currency bonds	110,000.00	
	Special bond account, $7,000	6,672.36	
	T. C. Durant	37,156.00	
	John Pondir (*a*)	36,000.00	
	H. S. McComb	2,543.50	
	H. C. Crane	100,091.35	
	Charles Tuttle	3,418.27	
	C. A. Lambard (*a*)	796.96	
	James Brooks	1,355.83	
	John J. Cisco & Son (*a*)	714.67	
	French exchange	90,965.19	
	Prosper P. Shaw	130,000.00	
	C. S. Bushnell (*a*)	69,569.91	
	Morton, Bliss & Co. suspense (*b*)	7,198.53	
	By 1 income bond, No. 8457		$1,000.00
	4 income-bond coupons, 7 to 10 of No. 8457		200.00
Aug. 1.	Sidney Dillon, in settlement of claims vs. James Brooks		500.00
	Construction account: Balance James Brooks' account charged to this account (ex. committee records, Aug. 27, 1879)		855.83
Dec. 4.	Construction account, C. A. Lambard (*a*)	$796.96	
	Construction account, John Pondir (*a*)	36,000.00	
	Construction account, J. J. Cisco & Son (*a*)	714.67	
	Construction account, C. S. Bushnell (*a*)	69,569.91	
			107,084.54
	Income account, Morton Bliss & Co., suspense (*b*)		7,198.53
	Balance		735,646.67
		842,482.57	842,482.57

EXHIBIT A 62—Continued.

[Copies of entries on folios 213 and 214 of Journal C, 18th June, 1872.]

1872.				
June 18.	Sundries, to C. S. Bushnell			$276,000.00
	P. P. Shaw, for reverse of entry of May 29, 1869, being for amounts paid to P. P. Shaw by this company:			
	Apr. 24, 1869	$100,000		
	Apr. 27, 1869	100,000		
			$200,000.00	
	Losses on securities, for estimated amount expended by him for the interest of the road in sustaining the value of the first-mortgage bonds at a period of depression when persecuted by Fisk and Judge Barnard in the courts in New York City		76,000.00	
	(This entry made in accordance with vote of directors at regular meeting June 12, 1872.)			
1872.				
June 18.	C. S. Bushnell		100,000.00	
	To P. P. Shaw			100,000.00
	For amount paid Bushnell by Shaw, Apr. 27, 1869, it having been furnished by Mr. Shaw to Mr. Bushnell, and used by Mr. Bushnell in paying a loan made by M. Morgan Sons to this company, for the payment of which, by Mr. Bushnell, he was at the time of its payment credited in his account on this company's books.			

[Copies of entries, Journal C, folio 84.]

1871.				
Sept. 12.	T. C. Durant, to United States currency bonds on hand			35,000.00
	For 35 United States 6 per cent. currency bonds, $1,000 each. Mr. Ham reports that the above are in the hands of T. C. Durant, that he will admit that he has them, and is ready to account for them. Mr. Ham gives no further information and no entry appears upon the company's books respecting them. R. G. Hazard writes to E. H. Rollins, treasurer, upon the subject, under date of Sept. 9, 1871.			
Sept. 12.	French exchange, to first-mortgage bonds, for 95 first-mortgage bonds, reported by B. Ham to have been used in transaction with Schefler & Co., New York (we have bills of exchange for 250,000 francs on hand which were not entered on the books, and which were received in this transaction)			95,000.00

(Numbers of bonds not copied.)

EXHIBIT—McDOWELL.

REPORT

OF

ALEXANDER J. McDOWELL,

ON THE

BOOKS AND ACCOUNTS OF THE UNION PACIFIC RAILWAY COMPANY AT OMAHA, NEBRASKA,

TO THE

HON. ROBERT E. PATTISON,

CHAIRMAN UNITED STATES PACIFIC RAILWAY COMMISSION.

List of exhibits and statements.

EXHIBIT A.—Earnings and expenses 1867 to 1886. Includes detailed statements of drawbacks, overcharges, rebates, etc., from 1868 to 1884, statements Nos. 1 to 17 inclusive; detailed statements of pool settlements, 1881 to 1884, statements Nos. 18 to 21 inclusive; copy of journal voucher dated June 30, 1884.

EXHIBIT B.—Insufficient vouchers.

EXHIBITS C AND D.—Details of "foreign expenses" 1868 and 1869.

EXHIBIT E.—Details of construction of auxiliary roads, 1877 to 1886.

EXHIBIT F.—Details of "construction and equipment of operated lines," 1880 to 1886.

EXHIBIT G.—Construction and equipment main line, by years, 1867 to 1886.

EXHIBIT H.—List of salaries $5,000 or more.

REPORT OF ALEXANDER J. McDOWELL.

SIR: I beg to submit the following report of an examination made of the books and accounts in the operating department of the Union Pacific Railway Company, at Omaha, Nebr.

The accounts of this department are subsidiary to the general books of the company, and with the exception of current accounts with railroad companies and individuals, they are closed each month by transfer to the general books at Boston.

My report, therefore, must of necessity be taken in connection with the examination made of the books and accounts at Boston, many changes having been made by the Boston office in the accounts of the operating department at Omaha, of which the latter has no record.

The books and accounts of the Union Pacific Railway at Omaha have been and are kept to show, separately, the earnings and expenses of the aided portions of the road.

Hon. ROBERT E. PATTISON,
Chairman United States Pacific Railway Commission.

The subjoined table will show how the earnings are divided, a shipment from New York to San Francisco, Cal., and one from New York to Portland, Oregon, being taken as illustrations:

New York to San Francisco:	
Proportion east of Council Bluffs	$1.08
Proportion Omaha Bridge	.05
Proportion Union Pacific proper, .524 per cent	.98
Proportion Central Pacific, .476 per cent	.89
	3.00
Rate, $3 per 100 pounds.	
New York to Portland, Oregon:	
Proportion east of Council Bluffs	1.08
Proportion Omaha Bridge	.05
Proportion Union Pacific,* .77 per cent	1.44
Proportion west of Huntington, .23 per cent	.48
	3.00
Rate, $3 per 100 pounds.	

The same principle applies in the division of the passenger business. The division of such expenses in the operating department as are common to the main line and branches is made on the basis of earnings. The expenses of the Boston office are not so divided, but are all charged to the main line.

*Union Pacific, .52 per cent., = ... $0.74.88
Oregon Short Line, .48 per cent., = .. .69.12
1.44

All expenses local to any division of the main line or to any of the branch roads are charged respectively to the division or branch road to which they belong.

I submit herewith a statement of the earnings and expenses as shown by the books for the years 1867 to 1886, inclusive. (See Exhibit A.)

This exhibit also gives the amount charged against the earnings of each year for drawbacks, overcharges, rebates, etc., the details of which are shown in statements Nos. 1 to 17, up to and including the year 1884. The work on the details for the years 1885 and 1886 was suspended October 15, as it was thought they could not be completed in time for the requirements of the Commission. Below will be found a summary of the drawbacks, overcharges, rebates, etc., as shown by the books of the operating department, from 1868 to 1886, inclusive.

Summary of drawbacks, overcharges, and rebates, 1868 to 1886.

Years.	Passenger.	Freight.	Passenger.	Freight.
1868			$1,412.35	$25,[illegible]
1869			4,758.22	46,[illegible]
1870			9,320.57	60,[illegible]
1871			36,953.67	90,[illegible]
1872			60,671.39	100,[illegible]
1873			52,969.06	72,[illegible]
1874			104,521.63	86,[illegible]
1875			220,717.46	127,[illegible]
1876			211,902.41	448,[illegible]
1877			207,470.11	677,[illegible]
1878			197,216.45	494,[illegible]
1879			226,269.64	496,[illegible]
1880			276,769.32	580,[illegible]
	Pool settlements included in the following years.			
1881	$150,750.57	$435,791.37	462,240.71	1,227,[illegible]
1882	192,898.51	655,201.61	387,060.48	1,654,[illegible]
1883	13,281.25	79,625.15	277,369.30	1,091,[illegible]
*1884	86,011.03	183,269.21	216,216.60	1,005,[illegible]
1885*	174,345.21	493,616.05	351,334.95	1,347,[illegible]
1886*	151,108.61	321,836.09	495,628.80	1,115,[illegible]
			3,799,903.12	10,714,[illegible]

* No details given for these years.

RECAPITULATION.

Passenger	$3,799,[illegible]
Freight	10,714,[illegible]
Freight, Central Pacific R. R. Co	3,347,[illegible]
	17,862,[illegible]

I beg to call the attention of the Commission to the amounts paid by the company during the years 1881 to 1886 for pool settlements.

These amounts, which are included in the account of drawbacks, overcharges, etc., are as follows:

Years.	Passenger.	Freight.	Total.
1881	$150,750.57	$435,791.37	$[illegible]
1882	192,898.51	655,201.61	[illegible]
1883	13,281.25	79,625.15	[illegible]
1884	86,011.03	183,269.21	[illegible]
1885*	174,345.21	493,616.05	[illegible]
1886*	151,108.61	321,836.09	[illegible]
Total	768,395.18	2,169,339.48	2,[illegible]

* There are no details for these years.

For details see statements 18 to 21 inclusive.

I will also call attention to a debit against the freight earnings in 1884 (journal voucher, dated June 30, a copy of which is made part of Exhibit A). The items referred to in this entry are for amount of "loss on Colorado coke to June 30, 1884, $67,386.14," and for "estimated loss on sales of Salt Lake coal to June 30, 1884, $160,000," making a total of $227,386.14.

This was deducted from the gross earnings of the company in that year.

The condensed summaries given below show the aggregate freight and passenger business from 1867 to 1886 inclusive, and give the net freight and passenger earnings after making all deductions, and as shown by the books.

Summary of freight earnings, 1867 to 1886.

CREDITS.

Agents reports for local through and Government transportation ...		$173,210,634.16
Additions for collections, corrections of errors, etc		11,004,374.01
Pacific Mail S. S. Co		160,573.06
Pool settlements credited direct to earnings.....		104,965.64
Total credits.....		184,480,546.87

DEBITS.

Drawback, overcharge, and rebate account.....	$10,714,923.16	
Central Pacific overcharge, etc., account.....	3,347,751.91	
Deductions for transfers, corrections, etc.....	774,360.14	
Pacific Mail S. S. Co	1,048,453.06	
Pool settlements charged direct to earnings.....	145,628.38	
Total debits	16,031,116.65	16,031,116.65
Net freight earnings		168,449,430.22

Summary of passenger earnings, 1867 to 1886.

CREDITS.

Agents reports for local, through, and Government transportation, etc.		$78,176,218.70
Additions for sundry collections, transfers, and corrections.....		1,710,879.57
Pacific Mail S. S. Co		4,442.68
Pool settlements credited direct to earnings.....		115,945.29
Total credits.....		80,007,486.24

DEBITS.

Overcharge and refund vouchers	$3,799,903.12	
Deductions, account of sundry transfers, corrections, etc	604,401.38	
Pacific Mail S. S. Co	225,225.06	
Pool settlements charged direct to earnings.....	33,397.99	
Total debits	4,662,927.55	4,662,927.55
Net passenger earnings.....		75,344,558.69

The constructive mileage allowance made by the Union Pacific Company to auxiliary roads are as follows, viz:

	For each mile carried.	
	Passenger.	Freight.
Colorado Central—Julesburgh Branch	Local rates.	1½ miles.
Colorado Central—broad gauge	1½ miles	Do.
Colorado Central—narrow gauge	Local rates	Local rates.
Denver and Boulder Valley	1½ miles	1½ miles.
Denver and Middle Park	Local rates	Local rates.
Denver, South Park and Pacific, east bound	do	Do.
West bound	2 miles	Do.
Echo and Park City	do	2 miles.
Georgetown, Breckenridge and Leadville	Local rates	Local rates.
Golden, Boulder and Caribou	do	Do.
Greeley, Salt Lake and Pacific	1½ miles	Broad gauge 2 miles narrow do. Local rates.
Junction City and Fort Kearney	1½ miles	1½ miles.
Kansas Central	Local rates	3 miles.
Laramie, North Park and Pacific	Local rates	1½ miles.
Lawrence and Emporia	1½ miles	Do.
Montana Railway	1½ miles	1½ miles.
Maryaville and Blue Valley	Local rates	Local rates.
Omaha, Niobrara and Black Hills	1½ miles	1½ miles.
Oregon Short Line	1½ miles	1½ miles.
Salina and Southwestern	1½ miles	1½ miles.
Salt Lake and Western	Local rates	Local rates.
Solomon Railroad	1½ miles	1½ miles.
Utah and Northern	1½ miles	1½ miles.
Omaha and Republican Valley	1½ miles	1½ miles.

It was impossible to make up a statement, as required by the act, showing the diversion of earnings from the aided to the auxiliary roads, through the operation of this constructive mileage. The amount of work required to restate the business of each road on the basis of actual mileage, even for one month in each year, was far beyond the force and time at my disposal.

The amounts of money which have been expended, but for which sufficient and detailed vouchers have not been taken, are enumerated in the exhibit, marked B, submitted herewith, amounting to $78,509.77.

In connection with this subject your attention is respectfully called to an account in the years 1868 and 1869, entitled "Foreign expenses," and amounting to $101,106.85, which will be found in Exhibits C and D. These amounts were subsequently charged to the construction of the road in 1869 and 1870. Some of the items in these exhibits have been brought in question before the "Wilson committee." (See report No. 78, House of Representatives, Forty-second Congress, third session, page 467 *et seq.*)

A statement is made by the auditor monthly of all passes as they are taken up on the trains, but there is no evidence whether they were issued for lawful or unlawful purposes.

The expenditures by the Union Pacific Company from 1877 to 1886 for the construction of auxiliary roads is, as shown by the books of the operating department, $38,286,057.04. (See Exhibit E.)

The amounts charged under this head against each road have been carefully examined and a separate report made, which is submitted herewith, and forms a part of the above exhibit.

In addition to the above there has been expended on these roads from 1880 to 1886, under the head of "Construction and equipment of operated lines," $3,888,986.14, the details of which are given in Exhibit F.

The construction and equipment accounts of the main line have been carefully examined, but as most of the charges to these accounts are made from the department reports, it was not possible to examine the original vouchers for the labor and material furnished.

The total amount of these construction and equipment expenditures from 1867 to 1886, as appears by the books of the operating department, is—

For construction	$8,262,601.83
For equipment	5,502,643.14
	13,765,244.97

(See Exhibit G.)

A list of those persons now, or at any prior time, in the operating department, whose salaries have been $5,000 or more per annum, together with a statement of any additional sums paid to such persons, will be found in Exhibit H.

In conclusion I would say the books and blanks used, and the methods employed in recording and collating the earnings and expenses, are about the same as on all first-class railroads of the country; the changes made being those required to adapt them to the special necessities of the road.

Respectfully submitted.

ALEX. J. M. DOWELL,
Accountant.

EXHIBIT A.

Statement of earnings and expenses Union Pacific Railroad and Railway Company for the years 1867 to 1886, inclusive.

Years.	GROSS EARNINGS.						Total operating expenses, including taxes.	Total net earnings.	Total operating expenses, including taxes, as shown by annual report Union Pacific c.	Differences in operating expenses.
	Freight, as per Statement A.	Passenger, as per Statement B.	Miscellaneous, as per Statement C.	Mail, as per Statement D.	Express, as per Statement E.	Total.				
1867	$2,814,897.90	$692,568.78	$9,475.87	$38,190.00	.....	$3,465,130.55	$1,404,084.84	$2,061,045.71	a$1,404,084.84	.....
1868	3,456,807.27	1,305,265.78	42,942.77	198,998.40	• 871,557.59	5,062,671.81	4,168,749.82	899,921.99	a 4,168,749.82	.....
1869	3,395,948.17	4,076,962.17	216,033.64	266,426.54	235,811.53	8,192,304.05	6,161,123.96	2,031,170.09	a 6,161,133.96	.....
1870	3,958,515.19	3,760,960.54	191,239.60	274,513.56	281,691.76	7,566,940.65	4,790,166.77	2,776,771.88	4,790,166.77	.....
1871	3,629,488.94	3,123,510.68	177,203.02	263,748.80	307,731.33	7,521,682.16	3,600,586.86	3,921,115.30	3,600,595.86	.....
1872	4,768,419.67	3,370,312.41	133,685.70	283,855.00	336,323.35	8,892,605.53	4,890,573.48	4,002,032.05	4,890,573.48	.....
1873	5,516,907.58	3,887,204.48	167,945.84	283,855.00	410,190.76	10,266,103.66	5,043,212.36	5,222,891.30	4,974,861.02	b68,351.34
1874	5,664,731.33	3,932,558.55	215,228.47	345,758.00	381,303.77	10,539,860.12	5,134,882.99	5,424,997.13	4,652,314.95	c482,568.04
1875	6,641,512.27	4,346,014.24	236,968.25	325,143.00	444,174.23	11,993,832.09	5,542,279.35	6,451,552.74	4,962,047.95	d580,231.40
1876	7,304,123.50	4,307,602.53	198,255.30	374,139.00	502,738.42	12,686,858.84	5,409,450.05	7,477,408.79	5,268,311.30	e141,238.65
1877	7,507,680.53	3,599,756.87	248,199.48	506,775.00	430,791.98	12,473,203.86	5,320,792.47	7,152,411.39	5,273,421.69	f 47,370.78
1878	8,295,877.49	3,150,408.84	589,564.93	506,775.00	488,645.92	13,121,272.58	5,170,186.65	7,951,085.93	5,276,586.19	(g)
1879	8,692,414.24	3,207,909.92	343,137.60	506,775.00	300,840.90	13,201,077.66	5,475,503.44	7,725,574.22	5,475,503.44	.....
1880	14,918,090.12	5,311,617.10	427,069.28	711,560.51	675,103.02	22,043,440.03	10,274,597.42	11,768,842.61	10,274,597.42	.....
1881	17,063,127.20	5,131,571.30	646,622.05	721,312.34	696,184.12	24,258,817.10	12,480,342.71	11,778,474.39	12,480,342.71	.....
1882	15,402,167.37	5,197,730.01	728,538.95	746,515.61	748,932.30	22,823,884.24	10,727,049.28	12,096,834.96	10,727,049.28	.....
1883	14,268,291.31	4,659,116.16	630,739.16	739,133.19	785,261.96	21,002,541.78	10,354,540.50	10,648,001.28	10,354,540.50	.....
1884	11,660,310.62	4,212,597.12	705,861.67	737,087.93	655,113.46	17,970,970.21	9,100,085.68	8,870,884.53	9,100,085.68	.....
1885	12,070,749.15	3,979,899.80	305,573.98	584,718.69	514,089.89	17,455,031.51	9,050,355.20	8,404,676.31	9,050,355.20	.....
1886	12,230,270.56	4,160,673.82	356,107.05	587,302.77	471,778.39	17,806,132.59	10,283,425.57	7,522,707.02	10,283,425.57	.....
Total	168,449,430.22	75,344,856.69	6,570,432.10	9,481,685.34	8,718,274.67	268,564,281.00	134,291,981.40	134,272,299.60	133,198,629.43	1,290,760.41

a As per general ledger, operating department; annual reports for 1867, 1868, and 1869 not at hand. b The difference, $68,351.34, is balance of profit and loss account (surplus material account, June 30, 1873). c Construction charges included in operating expenses on general ledger. In annual report of Union Pacific for 1875 the operating expenses for 1874 are shown at $4,851,073.87, or $201,756.92 more than shown in report for 1874. d Includes $500,365.90 for construction and equipment balance, $59,865.50 balance of profit and loss account. e Includes $105,950.31 for construction and equipment. f The difference, $47,370.78, is surplus in material accounts. In annual report for 1878 the earnings for 1877 are shown as $12,948,477.02; difference, $475,273 16, being bridge earnings for 1877. Same for expenses, shown as $5,552,092.70; difference, $278,871.91, being bridge expenses for 1877. g Difference, $208,309.54, being bridge expenses for 1878.

STATEMENT A.—*Gross freight receipts Union Pacific Railroad and Railway Company for the years 1867 to 1886, inclusive.*

Years.	Debits for—					
	Overcharge and refund vouchers.	Deductions, account corrections, transfers, etc.	Pacific Mail Steamship Company.	Central Pacific R. R. overcharge claims settled.	Pools.	Total debits.
1867						
1868	$28,534.09	$7,203.39				$35,737.48
1869	46,687.65	13,246.32				59,933.97
1870	69,851.35	27,571.43		$10,839.00		108,262.77
1871	90,973.06	31,849.09		50,252.80		173,074.95
1872	100,563.52	13,317.42		76,524.31		190,405.25
1873	72,659.57	13,846.85	$56,746.42	64,497.64		207,750.48
1874	58,302.16	15,195.46		76,661.32		150,158.94
1875	127,113.82	6,057.54		87,537.05	$45,178.85	265,887.26
1876	448,170.10	17,362.77		129,607.15		595,140.02
1877	677,430.16	22,773.97		97,787.98		797,992.11
1878	494,273.17	30,098.88		145,887.02		670,259.07
1879	498,234.13	40,342.22	16,394.01	1,199,963.88		1,754,934.25
1880	580,230.75	65,368.19	220,557.35	631,711.21		1,497,867.50
1881	1,237,365.82	64,927.19	237,583.24	335,411.99	455.11	1,875,723.29
1882	1,654,200.23	33,612.61	184,161.65	328,715.35		2,170,689.84
1883	1,001,550.96	61,693.25	174,321.89	122,394.28	98,994.42	1,458,954.83
1884	1,085,863.53	206,216.04	178,708.50			1,450,788.07
1885	1,347,894.29	316.92				1,348,151.12
1886	1,115,104.67	103,460.50				1,218,565.48
Total	10,714,923.16	774,360.14	1,048,453.06	3,347,751.91	143,628.38	16,031,116.65

Years.	Credits from—					
	Agents reports account local, through, and Government transportation, etc.	Additions for corrections, transfers, and sundry collections, etc.	Pacific Mail Steamship Company.	Pools.	Total credits.	Net freight receipts.
1867	$2,814,897.90				$2,814,897.90	$2,814,897.90
1868	3,483,477.81	$80,066.94			3,492,544.75	3,456,807.27
1869	3,448,696.92	6,285.22			3,454,982.14	3,395,048.17
1870	3,113,806.98	52,970.98			3,166,777.96	3,058,515.19
1871	3,704,882.54	97,081.35			3,802,563.89	3,629,488.94
1872	4,836,503.49	65,574.41	$56,746.42		4,958,824.32	4,768,419.07
1873	5,657,973.49	66,684.57			5,724,658.06	5,516,907.58
1874	5,647,408.96	167,481.31			5,814,890.27	5,664,731.33
1875	6,656,941.80	250,457.73			6,907,399.53	6,641,512.27
1876	7,536,538.70	363,734.82			7,899,263.52	7,304,123.56
1877	7,821,851.25	508,469.38	65,222.01		8,395,542.64	7,597,686.53
1878	8,423,736.77	503,885.56	38,504.63		8,966,116.96	8,295,857.89
1879	9,496,925.44	672,680.93		$77,652.12	10,447,238.49	8,692,414.24
1880	15,095,179.59	1,305,337.62		15,449.41	16,415,957.62	14,918,090.12
1881	17,357,612.72	1,581,237.77			18,938,850.49	17,063,127.20
1882	15,951,210.20	1,621,647.01			17,572,857.21	15,402,167.37
1883	14,515,655.09	1,212,591.04			15,728,246.13	14,268,291.31
1884	12,179,282.78	919,942.81		11,873.11	13,111,098.70	11,660,310.63
1885	12,381,988.66	1,036,911.61			13,418,900.27	12,070,749.15
1886	13,098,083.07	362,752.95			13,448,836.02	12,230,270.56
Total	173,210,634.16	11,004,374.61	160,573.06	104,985.64	184,480,546.87	168,449,430.22

STATEMENT A.—*Gross freight receipts Union Pacific Railroad and Railway Company for the years 1867 to 1886, inclusive*—Continued.

Years.	As shown by annual reports Union Pacific.			
	Cash.	Government.	Company.	Total.
1867				*$2,814,[illegible]
1868	$3,909,612.53	$447,194.74		*2,456,[illegible]
1869	3,076,712.12	318,836.05		*3,395,[illegible]
1870	2,360,292.69	263,219.95	$435,002.55	3,058,515.19
1871	3,082,968.35	213,585.15	352,935.44	3,629,488.94
1872	4,166,993.76	170,158.06	431,267.25	4,768,419.07
1873	4,806,020.85	219,939.65	490,347.08	5,516,307.58
1874	4,819,061.00	316,840.21	528,230.12	5,664,731.33
1875	5,758,479.02	234,596.13	648,457.12	6,641,532.27
1876	6,219,496.60	274,887.65	710,239.23	7,204,123.18
1877	6,456,514.85	302,208.21	776,957.47	7,587,680.53
1878	7,200,556.52	294,414.10	800,907.27	8,295,877.89
1879	7,424,516.52	401,947.78	865,949.94	8,692,414.24
1880	12,137,883.83	463,311.51	1,316,904.78	14,918,100.12
1881	15,075,515.26	484,013.14	1,563,598.78	17,063,127.19
1882	13,543,841.56	361,648.07	1,496,677.74	15,402,167.37
1883	12,598,582.13	342,957.93	1,328,751.26	14,268,291.32
1884	11,075,840.68	236,867.43	347,602.52	11,660,310.63
1885	11,316,424.85	168,724.36	585,599.94	12,070,749.15
1886	11,456,815.55	152,099.50	621,355.51	12,230,270.56
Total	146,567,328.69	5,826,449.62	13,240,754.01	165,449,432.32

*As shown by general ledger operating department. Annual report of Union Pacific for 1867, 1868, and 1869, not at hand.

STATEMENT B.—*Gross passenger receipts, Union Pacific Railroad and Railway Company for the years 1867 to 1686, inclusive.*

Years.	Debits for—				
	Overcharge and refund vouchers.	Deductions for corrections, transfers, etc.	Pacific Mail Steam-ship Company.	Pools.	Total debits.
1867					
1868	$1,412.35	$9,373.79			$10,786.14
1869	4,758.22	118.25			4,876.47
1870	9,320.57	19,571.69			28,892.26
1871	36,953.67	5,175.73			42,129.40
1872	60,871.39	1,181.50			61,052.89
1873	52,069.06	5,662.50			57,731.56
1874	104,521.63	913.52			105,435.15
1875	220,717.46	1,492.03			222,209.49
1876	211,902.41	109.00			212,011.41
1877	207,470.11	1,386.65	$8,511.15		217,367.91
1878	197,216.45	4,297.11			201,513.56
1879	226,269.64	247,941.49			474,211.13
1880	276,709.32	112,073.22	106,668.40		494,950.94
1881	462,240.71	157,615.75			619,856.46
1882	387,060.48	23,083.68	29,950.65		440,094.81
1883	277,369.30	13,111.44	41,753.51	$33,397.99	365,632.24
1884	216,216.60	1,324.76	26,921.35		244,462.71
1885	351,234.95	19.18			351,254.13
1886	495,628.80				495,628.80
Total	3,790,903.12	604,401.38	225,225.06	33,397.99	4,682,927.55

STATEMENT B.—*Gross passenger receipts, Union Pacific Railroad and Railway Company for the years* 1867 to 1886, *inclusive*—Continued.

Years.	Credits from—					
	Agents' reports, etc., for local, through, and Government transportation, etc.	Additions for transfers, sundry collections, corrections, etc.	Pools.	Pacific Mail Steam-ship Company.	Total credits.	Net passenger receipts.
[illegible]	$602, 566. 78	.....	.....	.....	$602, 566. 78	$602, 566. 78
[illegible]	1, 277, 140. 23	$38, 911. 69	.....	.....	1, 316, 051. 92	1, 305, 265. 78
[illegible]	4, 022, 229. 60	59, 629. 04	.....	.....	4, 081, 858. 64	4, 076, 982. 17
[illegible]	3, 696, 002. 73	93, 850. 07	.....	.....	3, 789, 382. 80	3, 760, 990. 54
[illegible]	3, 094, 288. 43	71, 351. 05	.....	.....	3, 165, 639. 48	3, 123, 510. 08
[illegible]	3, 413, 502. 33	18, 612. 99	.....	.....	3, 432, 115. 30	3, 370, 312. 41
[illegible]	3, 921, 376. 84	23, 259. 29	.....	.....	3, 944, 936. 13	3, 887, 204. 48
[illegible]	4, 013, 695. 36	44, 598. 34	.....	.....	4, 058, 293. 70	3, 952, 858. 55
[illegible]	4, 539, 798. 83	28, 425. 00	.....	.....	4, 568, 223. 83	4, 346, 014. 34
[illegible]	4, 446, 063. 75	73, 550. 19	.....	.....	4, 519, 613. 94	4, 307, 602. 53
[illegible]	3, 678, 008. 70	139, 116. 08	.....	.....	3, 817, 124. 78	3, 599, 756. 87
[illegible]	3, 335, 550. 21	16, 372. 19	.....	.....	3, 351, 922. 40	3, 150, 406. 84
[illegible]	3, 630, 308. 20	26, 537. 38	$25, 275. 47	.....	3, 682, 121. 05	3, 207, 909. 92
[illegible]	5, 704, 426. 04	88, 407. 79	13, 714. 21	.....	5, 806, 548. 04	5, 311, 617. 10
[illegible]	5, 445, 545. 21	224, 484. 35	76, 955. 61	$4, 442. 68	5, 751, 427. 85	5, 131, 571. 39
[illegible]	5, 409, 116. 65	168, 708. 17	.....	.....	5, 637, 824. 82	5, 197, 730. 01
[illegible]	4, 925, 365. 98	101, 382. 42	.....	.....	5, 024, 748. 40	4, 659, 116. 16
[illegible]	4, 351, 202. 27	117, 857. 66	.....	.....	4, 469, 059. 83	4, 212, 597. 12
[illegible]	4, 101, 434. 26	229, 819. 67	.....	.....	4, 331, 253. 93	3, 979, 899. 80
[illegible]	4, 510, 506. 30	145, 706. 32	.....	.....	4, 656, 302. 62	4, 160, 673. 82
Total.	78, 176, 218. 70	1, 710, 879. 57	115, 945. 29	4, 442. 68	80, 007, 486. 24	75, 344, 558. 69

Years.	As shown by annual reports Union Pacific.			
	Cash.	Government.	Total.	Difference.
[illegible]	.....	.....	*$602, 566. 78	.....
[illegible]	$1, 201, 753. 76	$103, 512. 02	*1, 305, 265. 78	.....
[illegible]	3, 631, 773. 80	445, 208. 37	*4, 076, 982. 17	.....
[illegible]	3, 528 857. 68	289, 769. 92	3, 818, 627. 60	$57, 667. 08
[illegible]	2, 895, 606. 38	227, 903. 70	3, 123, 510. 08	.....
[illegible]	3, 067, 158. 29	303, 154. 12	3, 370, 312. 41	.....
[illegible]	3, 639, 086. 60	248, 117. 88	3, 887, 204. 48	.....
[illegible]	3, 702, 155. 79	250, 702. 76	3, 952, 858. 55	.....
[illegible]	4, 169, 770. 69	176, 243. 65	4, 346, 014. 34	.....
[illegible]	4, 083, 987. 75	223, 614. 78	4, 307, 602. 53	.....
[illegible]	3, 306. 505. 62	290, 251. 25	3, 599, 756. 87	.....
[illegible]	2, 926, 543. 73	223, 865. 11	3, 150, 408. 84	.....
[illegible]	3, 056, 944. 69	150, 965. 23	3, 207, 909. 92	.....
[illegible]	5, 082, 683. 15	228, 933. 95	5, 311, 617. 10	.....
[illegible]	4, 922, 711. 28	208, 860. 11	5, 131, 571. 39	.....
[illegible]	5, 054, 343. 73	143, 386. 28	5, 197, 730. 01	.....
[illegible]	4, 545, 348. 29	113, 767. 87	4, 659, 116. 16	.....
[illegible]	4, 110, 339. 96	102, 257. 16	4, 212, 597. 12	.....
[illegible]	3, 884, 049. 41	95, 850. 39	3, 979, 899. 80	.....
[illegible]	4, 064, 512. 07	96, 161. 75	4, 160, 673. 82	.....
Total	70, 874, 132. 67	3, 925, 526. 30	75, 402, 225. 75	.....

*As per general ledger operating department, annual report for 1867, 1868, and 1869 not at hand.

STATEMENT C.—*Miscellaneous receipts Union Pacific Railroad and Railway Company for the years* 1867 *to* 1886, *inclusive.*

Years.	Debits for—					
	Ferry earnings.	Profit and loss.	Loss coal department.	Loss material account.	Under-charges on coal consumed.	Total debits.
1867						
1868						
1869						
1870	$665.00					$665.00
1871						
1872						
1873						
1874						
1875						
1876						
1877						
1878		$12,875.68				12,875.68
1879		1,293.08				1,293.08
1880		505.25	$5,978.24			6,573.49
1881						
1882						
1883		17,601.53		$96,927.85		114,529.38
1884						
1885					$19,216.40	19,216.40
1886						
Total	665.00	32,365.54	5,978.24	96,927.85	19,216.40	155,153.03

Years.	Credits from—					
	Sundry collections, storage, rent, extra baggage, etc.	Missouri River Bridge earnings.	Profit Laramie rolling-mill.	Ferry earnings.	Dividend on Pullman Car Company stock.	Central Pacific R. R. Co., use of track.
1867	$27,130.05	$15,812.72				
1868	100,675.86	6,583.45		$66,012.61	a$15,000.00	
1869						
1870	164,124.00				57,800.00	
1871	177,203.02					
1872	133,685.70					
1873	167,945.84					
1874	114,372.55					$100,554.21
1875	186,744.35					50,243.99
1876	163,813.37					34,443.03
1877	157,256.36					43,438.10
1878	179,082.42	247,614.69				32,904.55
1879	150,659.00					37,650.20
1880	286,248.99					46,061.25
1881	373,241.57					43,196.65
1882	501,291.31					
1883	510,725.81		$64,220.29			
1884	507,268.94		11,356.29			
1885	313,434.09					
1886	356,107.05					
Total	4,681,017.88	270,010.86	75,576.58	66,012.61	23,400.00	388,818.99

a 6 per cent b 3 per cent.

STATEMENT C.—*Miscellaneous receipts Union Pacific Railroad and Railway Company for the years* 1867 *to* 1886, *inclusive*—Continued.

Years.	Credits from—				
	Profit of coal department.	Surplus material account.	Profit and loss.	Total credits.	Net miscellaneous receipts.
1867					$9,475.87
1868				$42,942.77	42,942.77
1869		$27,161.72		216,033.64	216,033.64
1870				191,924.60	191,259.60
1871				177,203.02	177,203.02
1872				133,685.70	133,685.70
1873				167,945.84	167,945.84
1874				215,228.47	215,228.47
1875				236,988.25	236,988.25
1876				198,255.39	198,255.39
1877	$47,505.02			248,199.48	248,199.48
1878	142,838.95			602,440.61	589,564.98
1879	156,112.38			344,430.68	343,137.60
1880		101,306.53		433,642.77	427,069.28
1881			$230,185.83	646,622.05	646,622.05
1882			137,247.64	728,538.95	728,538.95
1883	170,322.44			745,268.54	630,739.16
1884	198,592.13			705,861.07	705,861.07
1885				324,790.38	305,573.98
1886				356,107.05	356,107.05
Total	715,370.92	128,468.25	367,433.47	6,716,109.26	6,570,433.10

Years.	As shown by annual reports, Union Pacific.				
	Car service.	Rents.	Miscellaneous	Bridge.	Total.
1867					c$9,475.87
1868		$5,353.03	$37,589.74		c42,942.77
1869	$29,094.30	7,213.52	179,725.82		c216,033.64
1870	62,913.49	20,727.19	108,288.32		191,929.00
1871	57,459.13	15,809.51	103,934.38		177,203.02
1872	3,959.36	17,113.54	112,612.80		133,685.70
1873	16,281.73	16,271.60	135,392.51		167,945.84
1874	d25,308.83	18,238.89	222,298.41		215,228.47
1875	32,551.97	24,839.07	179,597.21		236,988.25
1876	d22,043.74	24,326.53	195,972.60		198,255.39
1877	d31,201.38	22,179.53	257,221.33		248,199.48
1878	20,634.52	24,777.96	296,547.76	$247,614.69	589,564.98
1879	20.74	44,624.60	298,492.26		343,137.60
1880			427,069.28		427,069.28
1881			646,622.05		646,622.05
1882			728,538.95		728,538.95
1883			630,739.16		630,739.16
1884			705,861.07		705,861.07
1885			305,573.98		305,573.98
1886			356,107.05		356,107.05
Total	144,351.29	241,474.97	5,928,184.68	247,614.69	6,571,101.50

c As per general ledger operating department, annual report of Union Pacific for 1867, 1868, and 1869, not at hand.

d "Debit" or "loss" in car service account.

STATEMENT D.—*Mail earnings Union Pacific Railroad and Railway Company, for the years 1867 to 1886, inclusive.*

Years.	Total debits for deductions, corrections, etc.	Total credits, account transportation United States mails, etc.	Net mail earnings.	Net mail earnings as shown by annual reports Union Pacific.
1867			$38,190.00	*$38,190.00
1868		$186,098.40	186,098.40	*186,098.40
1869	$406.51	268,835.05	268,428.54	*268,428.54
1870	189.14	274,702.70	274,513.56	274,513.56
1871	106.20	283,855.00	283,748.80	283,748.80
1872		283,855.00	283,855.00	283,855.00
1873		283,855.00	283,855.00	283,855.00
1874	29.00	345,787.00	345,758.00	345,758.00
1875		325,143.00	325,143.00	325,143.00
1876		574,139.00	574,139.00	574,139.00
1877		596,775.00	596,775.00	596,775.00
1878		596,775.00	596,775.00	596,775.00
1879		596,775.00	596,775.00	596,775.00
1880		711,560.51	711,560.51	711,560.51
1881		721,312.34	721,312.34	721,312.34
1882		746,515.61	746,515.61	746,515.61
1883	1,141.65	740,274.84	739,133.19	739,133.19
1884	2,753.49	739,841.42	737,087.93	737,087.93
1885	5,813.84	590,532.53	584,718.69	584,718.69
1886	7,811.74	595,114.51	587,302.77	587,302.77
Total	18,251.57	9,461,746.91	9,481,685.34	9,481,685.34

*As per general ledger, operating department. Annual reports for 1867, 1868, and 1869 not at hand

STATEMENT E.—*Express receipts Union Pacific Railroad and Railway Company, for the years 1868 to 1886, inclusive.*

Years.	Total debit for corrections, transfers, etc.	Total credit for transportation of express, etc.	Net express receipts.	Net express earnings as shown by annual reports Union Pacific.
1868		$71,557.59	$71,557.59	*$71,557.59
1869	$73.05	235,884.58	235,811.53	*235,811.53
1870		281,691.76	281,691.76	281,691.76
1871	20.50	307,751.82	307,731.32	307,731.32
1872		336,333.35	336,333.35	336,333.35
1873		410,190.76	410,190.76	410,190.76
1874	13,706.12	395,009.89	381,303.77	381,303.77
1875	6,335.54	450,509.77	444,174.23	444,174.23
1876	12,111.17	514,849.59	502,738.42	502,738.42
1877	31,574.32	462,366.30	430,791.98	430,791.98
1878	171,503.78	660,239.70	488,645.92	488,645.92
1879	223,808.57	584,644.47	360,840.90	360,840.90
1880	40,143.33	715,246.35	675,103.02	675,103.02
1881		696,184.12	696,184.12	696,184.12
1882		748,932.30	748,932.30	748,932.30
1883		705,261.96	705,261.96	705,261.96
1884	1.77	655,115.23	655,113.46	655,113.46
1885	2,157.56	516,247.45	514,089.89	514,089.89
1886		471,778.39	471,778.39	471,778.39
Total	501,520.71	9,219,795.38	8,718,274.67	8,718,274.67

*As per general ledger, operating department. Annual reports for 1868 and 1869 not at hand.

OMAHA, NEBR., *August* 9, 1884.

DEAR SIR: Herewith please find revised estimate of unadjusted overcharge and rebate claims on business prior to July 1, 1884, as follows:

Shelby's estimate of July 16	$64,000
Received in G. F. O. since July 16	6,000
Claims of other roads pending not yet charged to Union Pacific Rwy	15,000
In hands of general agents and private parties	15,000
In hands of O. & G. S. Co	15,000
Total Shelby's estimate	115,000
Taylor's estimate:	
Statement of July 18	150,000
Received since July 18	10,000
Northern Pacific pool	32,000
Central Pacific and Utah Central claims not yet received	60,000
Total	367,000
Less estimate of earnings on way bills dated in June, reported in July, including earnings from transportation on diverted freight from the Missouri Pacific and B. & M	150,000
Balance	217,000

DISTRIBUTION (ESTIMATED).

Union Division	$132,370
Julesburgh Branch	6,510
Colorado Central	2,170
Denver, South Park and Pacific	3,255
Utah and Northern	23,870
Oregon Short Line	217,600
Kansas Division	24,955
Cheyenne Division	2,170
Total	217 000

Your's truly,

JNO. G. TAYLOR,
Freight Auditor.

ERASTUS YOUNG, Esq.,
Auditor, Omaha.

Approximate statement of Salt Lake coal yard account June 30, 1884.

To balance Jan. 31, 1884	$167,371.81	
To coal furnished yard Jan. to June	34,694.88	
To office rent paid at Omaha	450.00	
By cash remitted cashier Union Pacific Rwy. Co		$46.75
By debit balance June 30, 1884		202,569.94
	202,516.69	202,516.69
To balance brought down	202,469.94	
By inventory taken Dec. 31, 1883:		
Horses and mules	$6,962.50	
Wagons and harness	4,290.50	
Feed	1,377.50	
Sacks, scales, shovels, etc	1,478.60	
Office furniture	1,124.97	
Buildings and fences	12,850.00	
		28,084.07

By coal and other assets:		
June 30, 1884, not included in above.		
Coal, 2,291½ tons, at $4.46	$10,678.39	
Cash	$1,509.87	
Due from sundry persons	8,196.30	
	9,706.17	
		$20,384.56
Balance being net loss		154,001.31
	202,469.94	202,469.94

NOTE.—The following items included in inventory, as per statement rendered Mar. 31, 1884, showing condition of the account Dec. 31, 1883, are omitted from this statement, as they appear, upon investigation, never to have been charged to the account:

4 tracks at yard	$3,500.00	
1 city lot and house	7,000.00	
	10,500.00	
Balance of net loss as above		154,001.31
Add for estimated depreciation of inventory as taken Dec. 31, 1883		5,998.69
Estimated loss on June 30, 1884		160,000.00

ERASTUS YOUNG, *Auditor.*

AUDITOR'S OFFICE, UNION PACIFIC RWY. CO.,
Omaha, Nebr., August 9, 1884.

E. YOUNG, *Auditor.*

CHAS. FRANCIS ADAMS, Jr.,
President Union Pacific Rwy. Co., Boston, Mass.

UNION PACIFIC RAILWAY COMPANY.

[Journal entry voucher.]

OMAHA, NEBR., *June* 30, 1884.

Freight earnings $444,386.14

To sundries for amount charged to freight earnings for the month of June, 1884, by direction of President Adams, as follows:

Amount of loss on Colorado coke to June 30, 1884, as shown on general ledger page	67,386.14
Estimated loss on sales of Salt Lake coal to June 30, 1884, as per statement attached	160,000.00
Estimated amount of unadjusted overcharge and rebate claims on business prior to July 1, 1884, as per detailed statement attached	217,000.00
Total	444,386.14

Creditable as follows:

To Colorado coke account	67,386.14
To Salt Lake coal-yard	160,000.00
To freight earnings, suspense account	217,000.00

DISTRIBUTION (ESTIMATED).

Union Division	$292,370.00
Kansas Division	24,955.00
Cheyenne Division	2,170.00
Julesburgh Branch	6,510.00
Colorado Central	2,170.00
Denver and South Park	70,641.14
Utah and Northern	23,870.00
Oregon Short Line	21,700.00
	444,386.14

JNO. G. TAYLOR, *Freight Auditor.*
ERASTUS YOUNG, *Auditor.*

Pool settlements charged in "drawbacks and overcharges" account.

STATEMENT No. 18.

Month.	No. voucher.	Road.	Pool.	Passenger.	Freight.
1881.					
Feb.	510	A., T. and S. F. R. R.	Denver pool		$7,498.42
July	2196	B. and M. R. R. in Nebr.	do		659.57
	2197	do	do		858.67
Nov.	3568	A., T. and S. F. R. R.	Pacific pool		68,457.29
	3582	do	do		82,468.72
	3750	do	do		76,328.91
	4112	do	do	$83,100.98	
	4113	do	do	30,230.15	
	4114	do	do	37,419.44	
Dec.	4183	do	California pool		9,281.60
	4184	do	do		6,053.70
	4257	do	Pacific pool		106,279.17
	4398	do	do		82,247.66
	4399	do	California pool		22,533.05
					462,661.76
		Less	For credits on vouchers Nos. 4183, 4184, and 4399.		26,870.39
				150,750.57	435,791.37

STATEMENT No. 19.

Month.	No. voucher.	Road.	Pool.	Passenger.	Freight.
1882.					
Jan.	4722	A., T. and S. F. R. R.	California pool	$17,301.85	
Feb.	5108	do	do		$63,997.29
	5109	do	do		98,030.40
Mar.	5547	do	do		73,437.70
	5617	do	do	14,977.12	
Apr.	5881	do	do		67,281.04
Aug.	7215	Texas Pacific R. R.	do	1,820.35	
	16	do	do	8,278.24	
	17	A., T. and S. F. R. R.	New Orleans pool	19.55	
	7318	do	Pacific pool		20,789.81
	19	do	do		24,637.68
	20	do	do		22,388.06
	21	Texas Pacific R. R.	do		24,237.78
	22	do	do		10,212.74
	23	do	do		17,723.11
	7507	do	do	17,605.69	
	8	do	do	21,583.92	
Oct.	8073	A., T. and S. F. R. R.	do		21,217.46
	74	do	do		23,416.93
	75	do	do		16,816.37
	76	Texas Pacific R. R.	do		9,231.70
	77	do	do		15.93
	78	do	do		24,489.77
	79	do	do		28,255.12
	8109	do	Pacific and New Orleans pool	17,774.60	
Nov.	8564	A., T. and S. F. R. R.	do	8,999.98	
	8565	do	do	9,644.52	
	66	Texas and Pacific R. R.	do	16,415.66	
	67	do	do	16,923.11	
	8700	A., T. and S. F. R. R.	Pacific pool		12,530.86
	8701	Texas Pacific R. R.	do		21,408.09
	8956	A., T. and S. F. R. R.	Colorado pool	6,286.56	
	57	Texas and Pacific R. R.	do	19,582.70	
Dec.	9012	A., T. and S. F. R. R.	do		21,417.98
	13	Texas and Pacific R. R.	do		26,237.50
	44	A., T. and S. F. R. R.	Pacific pool		10,504.62
	9045	Texas and Pacific R. R.	do		17,923.29
	9504	do	do	15,684.57	
				192,898.51	655,201.61

STATEMENT No. 20.

1883.					
Jan.	9567	A. T. & S. F. R. R.	Colorado pool		$9,861.30
	9568	Texas Pacific R. R.	do		25,891.40
Feb.	9863	Missouri Pacific R. R.	*C. V. C. & B. pool		1,253.60
Apr	10884	Central Pacific R. R.	Utah pool		4,810.70
	10885	do	do		8,112.70
May	11356	Missouri Pacific R. R.	*C. V. C. & B. pool		2,017.17
	11357	do	do		2,616.91
	11650	Texas Pacific R. R.	Pacific pool		8,520.22
June	11908	Central Pacific R. R.	do		3,527.60
July	86	Missouri Pacific R. R.	*C. V. C. & B. pool		2,130.25
Sept.	620	A. T. & S. F. R.	Colorado pool		1,290.51
	621	Central Pacific R. R.	Utah pool		7,513.94
Oct.	925	B. & M. of Nebraska	Colorado pool		1,117.09
	926	Central Pacific R. R.	do		2,235.94
	928	do	do		3,623.49
	929	Texas Pacific R. R.	do		4,972.27
	930	do	do		6,422.79
	934	A. T. & S. F. R. R.	do		4,445.66
	1235	Northern Pacific R. R.	Prop. of contract		1,973.68
	1236	do	do		794.15
	1237	do	do		678.99
	1238	do	do		332.61
Nov.	1555	A. T. & S. F. R. R.	Colorado pool		2,380.82
	1556	B. & M. in Nebraska	do		1,398.27
Dec.	1969	Northern Pacific R. R.	Prop. of contract		654.64
					107,177.60
		Less for credits, viz:			
Feb.	9858	A. T. & S. F. R. R.	Colorado pool ... $5,805.64		
	9859	do	do 9,865.03		
May	11323	do	do 11,881.32		
					27,551.99
Feb.	9873	Texas Pacific R. R.	Northern Pacific pool	$4,060.11	
	10011	A. T. & S. F. R. R.	McPherson pool	143.93	
Mar.	10441	do	do	107.72	
Apr.	10798	do	do	97.21	
July	83	B. & M. in Nebraska	Colorado pool	3,782.78	
Aug.	163	do	do	5,089.50	
				13,281.25	79,625.15

STATEMENT No. 21.

1884.					
Feb.	710	Texas Pacific R. R. Co.	California pool, March, Apr. and May.	$20,803.49	
Apr.	857	G. H. & S. A. R. R.	California pool, March, Apr. and May.	28,774.04	
May	956	Northern Pacific R. R. Co.	Payments under contract	2,740.17	
	957	do	do	2,758.46	
June	1063	do	do	2,132.03	
July	1157	do	do	2,808.16	
Aug.	1242	do	do	4,013.49	
Sept.	1295	do	do	5,443.59	
Nov.	1474	do	do	6,338.95	
Dec.	1615	do	do	10,198.65	
Apr.	2657	do	do		$17,318.62
	2676	do	do		11,048.72
	3039	do	do		10,352.42
	3040	do	do		83.48
May	3300	do	do		208.25
	3301	do	do		4,505.62
June	3371	do	do		289.99
	72	do	do		8,204.67
	73	do	do		5,068.80
	74	do	do		44,696.84
July	3744	do	do		3,334.72
	3882	do	do		1,384.25
	4212	Central Pacific R. R.	Utah pool		6,957.60
	4258	Northern Pacific R. R.	Payments under contract		4,212.25
Aug.	4990	do	do		5,775.51
	3945	do	do		9,677.94
Sept.	5360	do	do		7,517.95
	4079	do	do		6,943.27
Oct.	6024	do	do		6,867.19
Nov.	4641	do	do		9,258.62
Dec.	6590	do	do		8,304.62
	6742	do	do		635.97
	4931	do	do		18,247.61
	5231	do	do		16,230.99
	5313	do	do		21,985.36
				86,011.03	183,289.73

EXHIBIT B.

OMAHA, NEBR., *February*, 1876.

128. Material on hand $10,000

Coal account.

27. To general office, Boston. For amount paid C. S. Bushnell for services rendered by him in the adjustment of the matter between the Union Pacific R. R. Co. and the Wyoming Coal and Mining Company, as per advice of E. H. Rollins, treasurer, dated February 15, 1875, on file 10,000

FEBRUARY 12, 1876.

Letter E. H. Rollins, treasurer, advising J. W. Gannett that $10,000 had been paid to C. S. Bushnell, by authority of executive committee, for services rendered in adjustment of the matters between the company and the Wyoming Coal Company, to be charged to cost of coal or such other fuel account as may be deemed proper.

EXHIBIT E.

UNION PACIFIC RAILWAY COMPANY.

Expenditures for construction of new lines during the years 1877 to 1886, inclusive, per auditor's books.

No.	Name of new line or extension.	1877.	1878.	1879.	1880.	1881.	1882.
1	Omaha and Republican Valley R. R.	$335,243.96	$196,389.03	$291,613.78	$685,090.33	$105,908.43	$280,423.33
2	Omaha, Niobrara and Black Hills R. R.	.....	.....	441,555.66	416,310.00	69,805.96	*3,859.64
3	Hastings and Grand Island R. R.	.....	.....	231,434.16	5,232.43	91.25	*300.00
4	Omaha and Elkhorn Valley Rwy.	.....	.....	.....	.....	.....	.....
5	Marysville and Blue Valley R. R	.....	.....	198,543.78	170,786.81	*1,786.49	3,205.02
6	Manhattan and Blue Valley R. R.	.....	.....	.....	.....	13,902.00	39,483.41
7	Manhattan, Alma and Burlingame Rwy.	.....	.....	.....	129,401.96	.....	.....
8	Atchison, Saint Joseph and Mathney Rwy	.....	.....	.....	500.00	.....	.....
9	Lawrence and Emporia Rwy	.....	.....	.....	66,481.62	141.52	.....
10	Kansas Central R. R.	.....	.....	.....	71,503.86	184,202.15	73,098.24
11	Junction City and Fort Kearney Rwy.	.....	.....	.....	13,687.47	.....	819.20
12	Solomon R. R	.....	.....	.....	5,331.14	.....	.....
13	Salina and Southwestern Rwy.	.....	.....	.....	21,810.40	.....	25,340.77
14	Salina, Lincoln and Western Rwy.	.....	.....	.....	.....	1,923.63	8,251.32
15	Topeka, Frankfort and Marysville Rwy.	.....	.....	.....	.....	.....	.....
16	Oakley and Colby Rwy.	.....	.....	.....	.....	.....	.....
17	Colorado Central R. R	399,284.41	50,274.60	.....	1,873.16	.....	.....
18	Colorado Central, Julesburg Branch	.....	.....	.....	744,341.68	1,686,984.82	78,523.67
19	Denver, South Park and Pacific R. R.	.....	.....	.....	.....	1,826,789.79	618,434.86
20	Greeley, Salt Lake and Pacific Rwy.	.....	.....	.....	.....	591,105.34	773,379.04
21	Georgetown, Breckenridge and Leadville Rwy	.....	.....	.....	.....	10,382.49	234,428.47
22	Denver, Marshall and Boulder Rwy.	.....	.....	.....	.....	44,487.50	171,656.12
23	Denver and Middle Park R. R.	.....	.....	.....	.....	.....	.....
24	Cheyenne and Northern Rwy	.....	.....	.....	.....	.....	.....
25	Rawlins Branch	.....	.....	.....	.....	3,081.04	1,673.70
26	Laramie, North Park and Pacific Rwy.	.....	.....	.....	.....	22,436.04	38,561.[illegible]

*Credits.

EXHIBIT E.—*Expenditures for construction of new lines during the years 1877 to 1890, inclusive, per auditor's books*—Continued.

No.	Name of new line or extension.	1877.	1878.	1879.	1880.	1881.	1882.
27	Union Pacific and Western Colorado Rwy						
28	Union Pacific and Western Colorado Rwy. in Wyoming						
29	Wyoming, Montana and Pacific Rwy				$13,727.15		$24,382.6
30	Montana Rwy						52.10
31	Utah and Northern Rwy		$399,816.25	$775,855.85	704,059.44	$772,137.86	704,668.0
32	Oregon Short Line Rwy					1,723,142.52	5,731,863.2
33	Utah Southern R. R			531,699.73	359,369.19		
34	Echo and Park City Rwy. (formerly Summit County R. R.)				399,736.32	58,672.66	13,253.15
35	Salt Lake and Western Rwy					457,822.46	398,239.6
		$934,528.37	582,479.88	2,470,612.96	3,809,233.06	7,571,231.96	9,269,221.2

No.	Name of new line or extension.	1883.	1884.	1885.	1886.	Total.
1	Omaha and Republican Valley R. R	$529,449.10	$59,376.04	$186,897.12	$629,681.56	$3,439,062.0
2	Omaha, Niobrara and Black Hills R. R	172,940.44	136,254.70	19,971.58	22,027.61	1,275,096.2
3	Hastings and Grand Is'and R. R					296,457.0
4	Omaha and Elkhorn Valley Rwy				27,236.88	27,236.8
5	Marysville and Blue Valley R. R					370,749.2
6	Manhattan and Blue Valley R. R	60,908.11	19,804.93	8,165.40	574,052.95	716,185.4
7	Manhattan, Alma and Burlingame Rwy					129,461.9
8	Atchison, Saint Joseph and Mathney Rwy					300.0
9	Lawrence and Emporia Rwy					66,633.1
10	Kansas Central R. R	14,683.62	*10,000.00	5,373.00		238,861.2
11	Junction City and Fort Kearney Rwy		108,810.39	85,604.38	10.38	298,933.9
12	Solomon R. R					5,351.1
13	Salina and Southwestern Rwy		*4,958.61		985.07	43,177.6
14	Salina, Lincoln and Western Rwy			20,633.00	446,545.31	477,353.3
15	Topeka, Frankfort and Marysville Rwy				4,160.97	4,160.9
16	Oakley and Colby Rwy				57,125.17	57,125.1
17	Colorado Central R. R					457,432.1
18	Colorado Central, Julesburg Branch					2,500,806.1
19	Denver, South Park and Pacific R. R	965,358.99	443,347.18	*178.04	36.10	3,851,788.1
20	Greeley, Salt Lake and Pacific Rwy	85,728.47	*19,671.94	7,233.21	28,572.28	1,466,348.6
21	Georgetown, Breckenridge and Leadville Rwy	153,356.84	28,931.43	5,105.37	393.60	432,907.6
22	Denver, Marshall and Boulder Rwy	12,193.65		113,124.75	109,415.36	456,879.3
23	Denver and Middle Park R. R		28,194.20	4,799.70		32,993.9
24	Cheyenne and Northern Rwy				889,840.11	889,840.1
25	Rawlins Branch		*121.03			4,083.7
26	Laramie, North Park and Pacific Rwy	2,725.38	558.74	2,171.52		66,473.4
27	Union Pacific and Western Colorado Rwy				98,455.55	98,455.5
28	Union Pacific and Western Colorado Rwy. in Wyoming				74,992.60	74,992.6
29	Wyoming, Montana and Pacific Rwy	28,229.57	2,639.06	5,362.85	2,850.68	77,172.9
30	Montana Rwy	23,168.69	151,602.34	76,976.52	231,223.16	482,722.0
31	Utah and Northern Rwy	*1,259.92	132,215.33	30,854.36	*143,385.09	3,379,247.1
32	Oregon Short Line Rwy	5,867,227.90	818,937.04	53,844.62	98,223.80	14,343,163.2
33	Utah Southern R. R					890,973.1
34	Echo and Park City Rwy. (formerly Summit County R. R.)		201.50			471,863.7
35	Salt Lake and Western Rwy	66,392.96	*3,187.68			917,396.7
		7,981,803.26	1,892,423.62	625,940.39	3,152,452.51	38,296,657.0

* Credits.

No. 1.—*Omaha and Republican Valley Railroad.*

The contractor for grading and other work on this road was C. W. Collins, of Omaha. Large cash advances are made from time to time to C. W. Collins, as follows:

Oct. 1, 1878.	Cash to A. P. Wood, account C. W. Collins, approved by J. W. Gannett, auditor	$3,000.00
Jan. 3, 1879.	Cash to C. W. Collins, approved by Sidney Dillon	500.00
9, 1879.	do	15,000.00
Mar. 9, 1879.	do	3,000.00
May 12, 1879.	Cash to C. W. Collins, approved by J. W. Gannett, auditor.	100.00
26, 1879.	do	2,500.00
30, 1879.	do	15,000.00
June 5, 1879.	do	3,200.00
18, 1879.	do	800.00
26, 1879.	do	1,000.00
27, 1879.	do	2,177.97
Feb. 28, 1880.	do	15,000.00
28, 1880.	do	27,881.67
Sept. 14, 1880.	do	25,000.00

Attached to this last voucher is the following correspondence:

No. 1.] OFFICE UNION PACIFIC RWY. CO.,
New York, September 9, 1880.

DEAR SIR: Pay to Chester W. Collins $25,000 on account of his contract to build the Omaha and Republican Valley Railroad from David City to Stromsburg.

Very truly,

SIDNEY DILLON, *President.*

J. W. GANNETT, Esq.,
Auditor, Omaha, Nebr.

No. 2.] OFFICE UNION PACIFIC RWY. CO.,
New York, September 20, 1880.

DEAR SIR: Yours of the 15th instant, inclosing draft for $25,000, is at hand.

Yours truly,

SIDNEY DILLON.

N. SHELTON, Esq.,
Cashier, Omaha, Nebr.

The following note is on the back of the voucher:

"Drft No. 190812 Omaha National Bank on Chemical N. Bk., N. Y., sent to Sidney Dillon, September 15th, 1880, at Collins's request."

N. S.

Dec. 23rd, 1880. Cash to C. W. Collins, app'd by J. W. Gannett, $50,000.00.

The following correspondence attached to this voucher:

No. 1.] OFFICE UNION PACIFIC RWY. CO.,
New York, December 9, 1880.

DEAR SIR: Please pay to Chester W. Collins $50,000 on account of his contract for building Omaha and Republican Valley Railroad.

Yours truly,

SIDNEY DILLON,
President.

J. W. GANNETT,
Auditor, Omaha, Nebr.

No. 2.] OFFICE UNION PACIFIC RWY. CO.,
New York, December 9, 1880.

DEAR SIR: Inclosed I hand you order on Mr. Gannett for $50,000 on account of your contract for building Omaha and Republican Valley Railroad. Please get draft for same to my order and send to me.

Yours truly,

SIDNEY DILLON,
President.

CHESTER W. COLLINS, Esq.,
Omaha, Nebr.

No. 3]

OFFICE UNION PACIFIC RWY. CO.,
New York, December 27, 1880.

DEAR SIR: Yours of the 23d, inclosing draft for $50,000, is at hand.
Truly yours,

SIDNEY DILLON.

FRANK D. BROWN, Esq.
Cashier, Omaha, Neb.

The rails are 50-pound iron "low" at $58 per ton, and "Rome" iron at $68.75 per ton.

During 1880 there is charged to the construction account $54,400 for equipment, locomotives, passenger, baggage, and freight cars. I am unable to find out whether this rolling stock was new and built or purchased for this road, or was some of the old rolling stock of the Union Pacific Railway transferred.

In 1881 the charges to this account are small and mostly from department reports. Bills for same are approved by chief engineer.

In March, 1882, payment was made to J. E. & F. McNutt, voucher E 25524, for the "Blue Springs mill property" at Blue Springs, Nebr., $15,900, voucher approved by Thomas L. Kimball, assistant general manager.

The vouchers for grading right of way, etc., this year are all approved by the proper officers and are properly receipted.

During 1883 and 1884 the grading was all done by J. J. Brown, contractor. Vouchers approved by chief engineer and receipted. Other charges for right of way, etc., all properly approved and receipted.

In November, 1884, there is credited to construction account for five bonds, $1,000 each, Greeley County, Nebr., $5,000, less 20 per cent. discount, $1,000; total, $4,000.

In March, 1885, I find voucher E 54933, favor J. N. Paul, Saint Paul, Nebr., $765.40, for expenses of canvass in the election to vote in aid of Loup City Branch.

In April, 1885, the account is credited for sale of—

10 Blue Springs bonds, $1,000 each	$10,000.00
16 Beatrice precinct, $1,000 each	15,000.00
	25,000.00
Less 20 per cent. discount	5,000.00
	20,000.00

All vouchers, bills, etc., for grading right of way, etc., during this year are approved by the chief engineer and are properly receipted.

In 1886 there are credits to construction account for sale of county bonds as follows:

20 Howard County bonds, $1,000 each	$20,000.00
Less 20 per cent. discount	4,000.00
	16,000.00
38 Sherman County bonds, 1,000 each	38,000.00
Less 20 per cent. discount	7,600.00
	30,400.00

All vouchers and bills for grading, right of way, and other expenditures are approved by the chief engineer and are properly receipted.

Second-hand iron rails are charged out on department reports at $30 and $34.62 per ton, and steel rails at $41.10 per ton.

The total cost of this road to Dec. 31, 1886, is $3,430,062.68.

No. 2.—*Omaha, Niobrara and Black Hills Railroad.*

The construction of this road began in 1879. Among the cash vouchers for the year I find the following, viz:

Sept. 1, 1879, John M. Thurston, Omaha:

For amount paid election expenses to county treasurer Boone County	$127.00
Paid printing bill	153.00
Expenses and disbursements	448.00
	728.00

Approved.
J. T. CLARK,
Superintendent.
Receipt signed, John M. Thurston.

This voucher is supported by sub-vouchers as follows:

1] BOONE COUNTY ARGUS,
August 28, 1879.

Election proc.:	
First	$20.00
Second	10.00
Third	10.00
Fourth	10.00
Fifth	10.00
1,624 copies Argus	64.96
2,500 tickets	25.00
100 posters	3.00
	152.96

Received payment.

BRAINERD & GALBRAITH.

2] *The Union Pacific Railroad Company to Boone County, Dr.*

To poll-book	$20.00
Judges and clerks of election, nine precincts	90.00
Bringing returns to county seat	11.00
Canvassers	6.00
	127.00

Received from Union Pacific R. R. Co. for Omaha, Niobrara and Black Hills R. R. Co., $127, being election expenses, printing excepted.

S. P. BOLLMAN,
Co. Treasurer.

There are no vouchers to support the item of $448.

[Cash voucher No. 83, paid October 2, 1879, favor W. M. Robertson, contractor for building Omaha, Niobrara and Black Hills R. R.]

OCTOBER 2, 1879.

To W. M. Robertson, Madison County, Nebr., Dr.

For services as attorney to date, as per bill attached	$420.00

I hereby certify that the above account is correct.

A. J. POPPLETON,
Attorney.

Receipt signed, W. M. Robertson.

Bill attached to above as follows:

1879.

Sept. 1.	To services to date	$300.00
5.	Fees for preparing applications for mandamus O., N. & B. H. R. R. Co., *vs.* Bd. of Co. Com. of Pierce Co., Nebr	25.00
6.	Preparing four writs in above case	20.00
9.	Arguing above case in Pierce Co., and procuring mandamus	75.00
		420.00

Approved:
J. M. THURSTON.

[Voucher E. 8945, favor J. W. Gannett, paid November 26, 1880.]

1880.
Nov. 25. For disbursements for right of way, expenses of organization, and legal expenses of Omaha, Niobrara and Black Hills R. R. Co... 2,221.34

Receipt signed, J. W. Gannett.
Approved:
S. H. H. CLARK,
General Superintendent.
(On face of above is pencil memorandum, "Cash returned, $578.66.")

Attached to this voucher are the following papers, viz:

(1) UNION PACIFIC RAILROAD CO.,
Omaha, April 26, 1879.

N. SHELTON, *Cashier*:
Please pay to F. P. Hanlon $500, to be accounted for.

J. W. GANNETT,
Auditor.

Approved:
S. H. H. CLARK,
General Manager.
Receipt signed, F. P. Hanlon.

(2) Deposited by C. P. Mathewson in the Omaha National Bank, Omaha, Nebr., July 21, 1879, by Union Pacific R. R., $500, duplicate.

R. CARRIER,
Teller.

(3) J. T. C.: I was present when S. H. told Lew Ley that he could use $500 in Pierce and he would pay it.

J. M. T.

Correct:
J. W. GANNETT.
C. P. MATHEWSON.

(4) UNION PACIFIC RAILROAD COMPANY,
Omaha, December 19, 1879.

N. Shelton, cashier: Please pay to S. H. H. Clark, for Omaha and Republican Valley R. R. Co., $1,800.
To be accounted for.

J. W. GANNETT,
Auditor.

C. H. M.
Receipt signed, J. W. G. for S. H. H. Clark.
The "S. H." in the memorandum of "J. M. T." is supposed to be S. H. Clark, general manager.
Iron rails from the Laramie R. Mill are charged at $47.50 per ton in September, 1879, and in October and December at $55.
Splices and bolts are also furnished from the Laramie R. Mill.
All vouchers and bills in subsequent years are approved by chief engineer and properly receipted.
In December, 1882, the account is credited with proceeds of 33 Boone County bonds, $1,000 each, $33,133.33.
In January, 1885, 6 more of same bonds were sold, the proceeds of which was only $4,800.00.
The total cost of this road to December 31, 1886, is $1,275,006.31.

No. 3.—*Hastings and Grand Island Railroad.*

The construction of this road was mostly in 1879. I find the cash vouchers very defective and irregular.
Voucher 43363, paid July 7, 1879, to L. D. Tuthill, vice-president Hastings and Grand Island R. R., $5,000, on order of J. W. Gannett, auditor Union Pacific Rwy. Co., states that it is for right of way, claims, and expenses. It is not approved by any general officer, nor is it supported by any subvoucher of any kind.
Voucher 44410, paid September 29, 1879, same party, says "on account of Hastings and Grand Island R. R. Co.", $1,000. It is paid on order of J. W. Gannett, auditor, and has no approval or supporting vouchers.
Voucher 43528, favor John Doniphan, paid July 21, 1879, $4,000, is "for assessment of 10 per cent. upon shares of Hastings and Grand Island R. R. Co., subscribed for by Jay Gould."
This voucher is paid on order of J. W. Gannett, and bears no approval by any other officer of the company. It seems a very questionable charge to construction.
Iron rails are from the Laramie rail-mills, and are charged at $47.50 per ton.
The Belleville Extension of this road was begun in February, 1884, and completed during 1885. The charges for rails, cross-ties, bridging, station buildings, water stations, etc., are mostly from the various department reports, and bills for same are regularly approved by the chief engineer.
Construction expenditures on this road to December 31, 1886, are $236,457.84.

No. 4.—*Omaha and Elkhorn Valley Railroad.*

The first charge to construction account of this road is in November, 1886, during which month there are charges for right of way, grading (Charles Blackwell, contractor), and for engineering expenses. In December the charges are for right of way and engineering expenses.

The vouchers are all properly approved by the chief engineer and are regular in all respects.

Total to December 31, 1886, $27,236.88.

No. 5.—*Marysville and Blue Valley Railroad.*

Construction of this road was begun in 1879. The account at this time and in the early part of 1880 shows several cash payments to L. D. Tuthill, the vouchers for which are irregular.

(1) Sept. 29. "Account of Marysville and Blue Valley R. R. Co." (Signed J. W. Gannett, auditor) $2,000

(2) Dec. 22. "Disbursement upon construction of Marysville and Blue Valley R. R." (Signed J. W. Gannett, auditor) 5,000
1880.

(3) Jan. 7. "Payments to contractors, for grading, etc., upon Marysville and Blue Valley R. R." (Signed J. W. Gannett, auditor) 10,000

(4) Jan. 12. "Expenditures upon Marysville and Blue Valley." (Signed J. W. Gannett, auditor) 3,500

(5) Feb. 9. "Right of way south of Marysville." (Signed J. W. Gannett, auditor) 3,000

None of the above vouchers are approved by any general officer of the company nor are they supported by any subvouchers.

Mr. Tuthill was at that time superintendent of the Saint Joseph and Western R. R.

In 1870 iron rails are charged at $3[illegible], bought from Wateman & Co., Philadelphia.

The total cost of this road in 1879, 1880, 1881, and 1882, is $370,749.21.

No. 6.—*Manhattan and Blue Valley Railroad.*

The charges for construction of this road begin in 1881, and are for engineering expenses, track material, labor, etc., the bills and vouchers for which are regularly approved by the chief engineer and properly receipted.

The greater part of the construction is in 1886, the vouchers and bills for which were all examined and found to be approved by the chief engineer and properly receipted. Steel rails are charged at from $30 to $33.17 per ton; cedar crossties at 52 cents.

Guy C. Barton was the principal contractor. The total amount of construction charged against this road is $716,195.49, of which $574,052.95 was in 1886.

No. 7.—*Manhattan, Alma and Burlingame Railroad.*

The charges for construction on this road in 1880 are for grading and iron rails furnished from the store department of the Union Pacific Railway Company.

The rails are charged out at $45 and $59 per ton.

The total amount of construction is $129,401.96.

No. 8.—*Atchison, St. Joseph and Mathenuy Railroad.*

The only charge to construction of this road is in February, 1880. Cash paid to L. D. Tuthill, superintendent, for organization expenses, etc., $500. No subvouchers are filed in support of this payment.

No. 9.—*Carbondale Branch, or Lawrence and Emporia Railroad.*

There is charged to the construction of this road in 1880, $66,481.62. Of this amount $13,693.46 is a transfer from operating expenses to the construction account, on statement and request of S. T. Smith, general superintendent, Kansas Division. The only items I can see which are properly chargeable to construction on this account are for a telegraph line, $4,409.69, and some water stations, about $3,000; the remainder of the account seems to be for renewal of track, bridges, etc.

No grading was done or rails laid.

No. 10.—*Kansas Central Railway.*

The construction charged to this road is for the extension west of Clay Centre, in which the iron rails used are mostly rerolled rails, charged at $53 per ton, including the value of the old rails. The rerolling was done by the Kansas Rolling Mill Company, Kansas City.

The grading was done by the company and the track laying by Norton & Bishop.

Several of the vouchers and journal entries called for in the examination were not in the files and the clerk in charge reported that they had been sent to Boston.

The amount expended for construction of this road was $338,860.23.

No. 11.—*Junction City and Fort Kearney Railroad.*

The first charges to construction of this road are in 1880, for engineering expenses and right of way. The work was suspended during the years 1881, 1882, and 1883, but was resumed in 1884, during which year the charges for engineering, right of way, grading, rails, etc., are made from the various department reports.

In 1885 the charges are of the same nature as in 1884. Two bills in December, 1885, for $74,142.82, for cross-ties, rails, and fastenings, and station buildings, amounting to $74,142.82, are missing from the files.

The total amount charged to construction of this road is $208,931.82.

No. 12.—*Solomon Railroad.*

This road was acquired under the consolidation with the Kansas Pacific Railroad. The only charge to construction is $5,331.14, in 1880, for right of way, material, etc.

No. 13.—*Salina and Southwestern Railroad.*

This road is part of the Kansas Pacific system. The charges for construction begin in February, 1880, after the consolidation, the amount expended in that year being $21,810.46. There are no charges to construction in 1881. In 1882 a new track was built through the town of Salina, Kans., to connect with the main line of the Kansas Pacific Railway, the right of way, rails, ties, fastenings, etc., for which amounted to $25,340.77.

In 1884 there is a credit to the construction account of $4,958.61, for right of way, the same having been paid by the Kansas Pacific Railroad, leaving the total amount charged to construction $42,177.69.

No. 15.—*Topeka, Frankfort and Marysville Railroad.*

In 1886 there is charged to construction of this road $4,160.97, for engineering expenditures, for preliminary survey and location of road.

No. 16.—*Oakley and Colby Railroad.*

The first charges to construction of this road are in October, 1886. Charles Blackwell, of Omaha, is contractor for grading, etc.

The cross-ties, spikes, fastenings, etc., are charged up from the store department, but no rails are charged in this year. The bills, vouchers, etc., are all regularly approved and properly receipted.

Total amount charged to December 31, 1886, $57,125.17.

No. 17.—*Colorado Central Railroad.*

The charges for construction of this road are in 1877 and 1878, and are for iron rails, cross-ties, fastenings, and other track material, and freight on same; also for engine service on construction trains.

Rails are charged at $40 per ton. In 1878 there is charged for equipment $39,370 for 25 box cars, 1 passenger car, and 4 locomotives. The above charges are made from the various department reports, bills, etc., of the Union Pacific Railroad Company.

The amount expended for construction of this road is $457,432.17.

No. 19.—*Denver, South Park and Pacific Railroad.*

The first charges to construction of this road are in 1881. In this year I find charged to that account the following amounts for "coal lands development," on order of John Evans, president Denver, South Park and Pacific Railroad, viz:

E. 13339, E. S. Brooks, paid Mar. 31, 1881	$300.00
13760, E. S. Brooks, Apr. 11, 1881	500.00
14036, E. S. Brooks, Apr. 26, 1881	501.25
14042, C. R. Foster, Apr. 26, 1881	2,181.60
15481, John Hopkins, agent South Park Coal Company, paid June 17, 1881, for April pay-rolls and local bills in operating coal lands in "Gunnison district"	1,000.00
15482, Richard Forrest and William Connell, paid [illegible]ne 17, 1881, for assignment of claim for 320 acres of coal land	2,078.50

The vouchers for grading, masonry, bridging, right of way, etc., have all been carefully examined and found to be approved by the engineer in charge of the work and are all of them properly receipted.

The charges from the department reports for material and labor furnished in construction of this road are the usual and regular charges made for other construction work, the bills for which are certified by the engineer in charge.

The "Leadville Extension" of this road and the "Nathrop Cut-Off" were begun in 1883. The grading, etc., on the Leadville Extension was let to C. W. Collins & Co., of Omaha, who sublet the work to various parties.

Voucher E 45253, favor H. C. Newman for $5,762, paid April 22, 1884, "for sundry expenses incident to and incurred on account of right of way Leadville Extension of the Denver, South Park and Pacific Railroad," approved by S. H. H. Clark, general manager.

There are no papers or subvouchers of any kind on file in support of this voucher to show what these expenditures were for or to whom made.

The rails, fastenings, cross-ties, water-tanks, depots, etc., were furnished by the Union Pacific Railway Company, and charged from the department reports in the usual manner. The total cost of this road to December 31, 1886, is as follows:

Main line	$2,620,046.69
Leadville Extension	1,134,399.59
Nathrop Cut-Off	97,342.60
	3,851,788.88

No. 20.—*Greeley, Salt Lake and Pacific Railroad.*

The grading of this road was done by C. W. Collins, contractor, of Omaha, who sublet it to various parties, to whom payments were made direct by the Union Pacific Railway Company on order of Collins. Vouchers for these payments, approved by the

chief engineer or the engineer in charge, have been examined and found to be correct. One D. B. Stewart had a contract for cutting cross-ties from Government lands, for which he was paid 45 cents each for standard ties, and 22½ cents each for culls. The vouchers in his favor are supported by receipted pay-rolls, and are also receipted by Stewart. The pay-rolls are approved by L. Carter, superintendent timber and tie department.

In the payment to Stewart, September 4, 1882, of Voucher E, 29296, for $33,470.77, an overpayment of $19,404.95 was made, which was subsequently discovered and deducted from voucher in his favor for $24,959.05, May 9, 1883.

There is charged to construction account of this road $25,000, Voucher E, 16218, favor C. M. Tyler, for "47½ shares of stock of the Boulder and Central City Wagon Road, and all real estate and franchises belonging and pertaining to said road," "459½ shares herewith returned." There is also a pencil memorandum on this voucher, as follows: "Tyler to pay $250 per month as rental of road."

This voucher is certified as correct by H. C. Newman, but is not approved by any other officer of the company. It was paid by draft of H. C. Newman, dated Denver, June 27, 1881, favor C. M. Tyler, $25,000, and stamped as paid at Omaha, July 8, 1881.

I also find charged to right of way, Voucher E, 23453, favor Thos. C. Brainard, $500, "For money expended in securing the right of way through Water street, in Boulder, Colo., for the Greeley, Salt Lake and Pacific Railroad." This voucher is certified as correct by H. C. Newman, but not approved by any other officer of the company.

The depots, water-tanks, bridges, fencing, etc., were built and furnished by the Union Pacific Railway Company, and charged from the department and other reports, as well as the rails and fastenings.

The total cost of this road to December 31, 1886, was $1,466,346.48.

No. 21.—*Georgetown, Breckenridge and Leadville Railroad.*

The construction of this road was commenced in 1881; the expenditures in that year being nearly all for engineering.

In 1882 vouchers show that the grading was done under contract with Robert Given, of Denver, Colo., who sublet a portion of the work.

The vouchers for the right of way are all certified to by Edward R. French, but are not approved by any other officer of the company.

All other vouchers are properly approved and receipted.

Steel rails at $68.80 per ton. Cross-ties, track laying, and bridges are charged out through the different department reports, and are the regular and customary charges which have been made on the other roads.

Total construction expenditures to December 31, 1886, $432,597.60.

No. 22.—*Denver, Marshall and Boulder Railroad Company, or Denver, Western and Pacific Railroad Company.*

The first charge to construction of this road is in December 1881, on Voucher E, 22552, favor of Charles & Dillon, Denver, Colo., $40,000, being for "amount deposited in district court of Arapaho County, Colo., in the case of the Denver and Western Pacific Rwy. Co. *vs.* Geo. H. Bend *et al.* and Burlington and Colorado R. R. Co., intervenors, and on the part of the said petitioners, D. W. and P. R. R. Co."

Receipt signed by Charles & Dillon, and paid by draft of A. A. Egbert, superintendent, on F. D. Brown, cashier. There is no evidence on this voucher that this money was so deposited.

There are large cash payments made to T. J. Milner, chief engineer, for payment of pay-rolls, bills, etc., and for right of way, vouchers for which are approved by A. A. Egbert, superintendent, but not by any general officer of the company, nor are they supported by any subvouchers representing such payments, or showing to whom made.

In October, 1882, Voucher No. E, 30897, for Charles & Dillon, being for amount paid for Sidney Dillon, and at his request for assignment to him of account of Charles & Dillon for professional services for the Denver, Western and Pacific R. R. Co., as per agreement, the said account containing and being in full of all demands against said company to date for services, $3,375.23. Disbursements, $624.77. Total, $4,000.

Voucher receipted by Charles & Dillon, October 27, 1882, certified correct by A. J. Poppleton, attorney, but is not approved by any general officer of the company.

In February, 1882, an award was made by arbitrators in favor of Given & Abott for $64,400, which was paid on telegraphic order of Sidney Dillon from New York, through Willard Teller, of Denver, Colo., and voucher for that amount is receipted by him. The bills and vouchers in 1885 and 1886 are all approved by the chief engineer and are properly receipted and in regular shape.

The total charge for construction to December 31, 1886, $450,879.38.

No. 23.—*Denver and Middle Park Railroad.*

The first charge to construction of this road is in January, 1884, E. 42549, favor W. A. Marlow, $5,500, as follows: "For payment in full to him of all the rights, franchises, and property of the Denver and Middle Park Railroad Company, and in consideration of the stipulations of a certain contract entered into this day between the said Marlow and the D. and M. P. R. R. Co."

By order of S. H. H. Clark, general manager, and by Erastus Young, auditor.

Voucher approved by Thomas L. Kimball, general manager; and is receipted without date by W. A. Marlow.

Stamped, paid January 15, 1884.

The remaining charges to this account in 1884 and 1885 are for engineering expenses, grading, iron rails, ties, track laying, bridging, etc., charged from various department reports and bills, and are approved by the chief engineer.

Total amount to Dec. 31, 1886, $32,993.90.

No. 24.—*Cheyenne and Northern Railroad.*

The charges to construction of this road are in 1886. The bills, vouchers, etc., for engineering, right of way, grading, steel rails, etc., are all approved by the chief engineer, and are properly receipted.

Steel rails are charged at $39.30 per ton, and cedar ties at 67 cents.

The total amount of construction in 1886 is $889,849.11.

No. 25.—*Rawlins Branch.*

The amounts charged to construction of this road are in the years 1881 and 1882, and are all for engineering expenses for location of road. The total amount is $4,633.71.

No. 26.—*Laramie, North Park and Pacific Railroad.*

There is charged to construction of this road in 1881, voucher E 21363, N. F. Spicer, $250, "for developing company coal lands," $250.

Voucher E 21365, G. A. Anderson, $52 per same, $52.

1882. The contract for grading this road was in favor C. W. Collins & Co. The tracklaying was also done by that firm.

Vouchers in favor of Levi Carter, superintendent, for cutting ties and timber on Government lands, as follows:

E 25069	$7,034.55
E 26352	2,679.80
E 26636	1,913.00
E 27413	3,045.80
	14,673.15

This amount is afterwards deducted from voucher favor Coe & Carter:

E 31174, for cross-ties	26,064.68
Less as above	14,673.15
Leaving amount paid Coe & Carter	11,391.53

This voucher is evidently receipted by Levi Carter, superintendent tie and timber department, Union Pacific Railway Company.

Voucher 22619, January 31, 1882, $5,000, favor J. W. Donnelan, agent, as follows:

F. D. BROWN, *Cashier:*

Please pay to J. W. Donnellan, agent for the owners of the stock and franchises of the Laramie, North Park and Pacific Railroad and Telegraph Company, and North Park and Grand River Valley Railroad and Telegraph Company, nine shares fully paid stock of each company, the entire issue having been assigned and transferred to the persons acting in behalf of the Union Pacific Railway Company, this payment being made for the stock and all rights obtained and held under the articles of incorporation of said companies, $5,000.

J. W. GANNETT,
Auditor.

Receipt signed by J. W. Donnellan, agent.

This voucher is not approved by any officer of the company. Attached to it are the following papers:

1. T—D. From Sidney Dillon to Thomas L. Kimball.

"Pay Fillmore and party as per agreement. I leave it for you and Poppleton to decide if the franchise should be used to cover our Soda Lake Line."

SIDNEY DILLON.

(Notation in pencil): "J. W. G. Notify Dickinson when to draw for this $5,000, and send you deeds. K."

2. (Pencil memo. as follows): "J. W. G. With Dickinson's explanation it seems safe to pay the $5,000. I think however the company ought to terminate the Brockway arrangement. (Signed) A. J. P."

3. A statement from E. Dickinson, giving details of transfers of stock in both companies, and that all books, maps, papers, seals, etc., have been turned over to him.

4. T—D. (E. Dickinson to Poppleton): Stating that Brockway had no other claim on either of the companies, and that there are no other contracts outstanding calling for any money outside of the $5,000.

The rails, fastenings, etc., were furnished through the store department; are charged out from the reports.

Amount charged to construction of this road, $66,473.43.

No. 27.—*Union Pacific and Western Colorado Railroad.*

This road was commenced in 1886. The first charges appear in October of that year. Wood & Bancroft of Omaha are the contractors.

Most of the charges are for preparatory work, surveys, and transportation of men, and material and tools, etc. In November some grading was done. The vouchers and bills for all these expenditures are approved by the chief engineer and are properly receipted.

Total charge, $98,455.55.

No. 28.—*Union and Western ... to Railway of Wyoming.*

The charges to construction of this road are of the same general character as the preceding, and are all of them approved and receipted.

The contractors are Kilpatrick Brothers and Collins, of Omaha.

Amount charged to December 31, 1886, $74,992.60.

(For details, see Statement No. 27.)

No. 29.—*Wyoming, Montana and Pacific Railroad.*

The first charges for construction of this road appear in 1880, and are for engineering, expenses for surveys, etc., and some small organization expenses.

The next charge is in December, 1882, and is as follows, being a journal entry on the books:

CONSTRUCTION.

Wyoming, Montana and Pacific Railroad, to construction Union Division, Dr.

1882.
Dec. 31. For amount expended by bridge and building department on construction of machine and blacksmith shops at Cheyenne to December 31, 1882, charged to the latter account, should have been former $24,279.33

I certify the above entry is correct and should be made on the books of this company.

GEO. W. HALL,
Assistant Auditor.

The above entry is not approved by the auditor, nor are there any papers filed to support it.

The next charge is in February, 1883, and is for material and labor for machine and blacksmith shops at Cheyenne, $14,743.52.

There is no bill of details filed for this charge. The remainder of the charges to this account, in 1883, 1885, and 1886, are from the pay-rolls, and are for engineering expenses, with the exception of some small amounts for taxes.

No portion of this road has ever been built, and the only shops represented by the charges in this account are the shops of the Union Pacific R. R. in Cheyenne.

The total charge to construction is $77,172.97.

No. 30.—*Montana Railway (including Stuart Branch).*

The first charges for construction of this road are in 1882. The principal charges are in 1884, 1885, and 1886. In August of the latter year there is transferred from the construction account of the Utah and Northern Railway, by journal entry, as follows, viz:

"Material furnished and labor performed in the construction of the Montana Railway from April 1, 1881, to December 30, 1882, which has been charged to the contractors for building the Utah and Northern Railway, now credited that account (contractors Utah and Northern Railway) and charged to this account":

Grading	$170,608.87
Engineering	35,063.20
	205,672.07

In December, 1886, a transfer is made as follows: Amount heretofore charged to "surveys of new lines" now transferred, being expenses, etc., in surveying Stuart Branch, etc., $12,978.99.

The vouchers, bills, etc., charged in this account are all approved by the chief engineer and are properly receipted.

Total amount charged to construction to December 31, 1886, $482,722.01.

No. 31.—*Utah and Northern Railroad.*

The first charges for construction of this road appear on the books in October, 1876, in an account entitled "Jay Gould for Utah and Northern Railroad Company;" $1,100 is charged in that month, the vouchers for which can not be found.

November 14, 1877, voucher 36,639, William Dunn, agent, Jay Gould, $2,000.

This amount is paid by W. B. Doddridge, agent at Ogden, on telegraphic order of S. H. H. Clark, general superintendent, per order President Dillon. Receipt of W. Dunn is filed as voucher.

April 26, 1878, voucher 38,464, Williams & Young, $6,308.88, "to be applied upon the Utah and Northern Railroad property sold by B. B. Young, master in chancery, to S. H. H. Clark, on the 3d April, 1878, in pursuance of the decree of foreclosure of the mortgages upon said property rendered by the third district court of Utah Territory in

the suit of the Union Trust Company of New York, v. the Utah and Northern Railroad Company, that sum being the proportion of cash required by said decree to be paid upon said purchase."

WILLIAMS & YOUNG, *Attorneys, etc.*

The above paid by Doddridge, agent, on telegraphic order of S. H. H. Clark, general superintendent.

June 24, 1878, vouchers 39,083, 39,084, 39,085, paid as follows:

[Copy of memorandum attached to voucher 39,083.]

"This bond, $451, Utah & Northern Railroad, in to-day's remittance, is for J. Gould, purchased by order of S. H. H. Clark, general superintendent, for $400. Mr. Gannett has full information as to the matter."

W. B. DODDRIDGE, *Agent.*

Amount of voucher, $400.

No. 39048 is draft of W. B. D., agent for John W. Young	$5,200.00	
39085 is draft of W. B. D., agent for John W. Young	5,250.00	
		10,450.00
June 29, 1878, No. 39099 is draft of W. B. D., agent for John W. Young	2,000.00	
		12,450.00

The above amounts were also for Utah and Northern bonds for Jay Gould.

1878.

Feb. 12. This account is credited as follows:		
Cash for Douglas County bonds and accrued interest	25,227.50	
Feb. 28. Saunders County bond coupons to Jan. 1, 1878	6,650.00	
In July, 1878, the following credits are made to this account, viz:		
July 2. By proceeds of Saunders County bonds, 5612	7,600.00	
July 3. By proceeds of Saunders County bonds, Nos. 13, 14, 15	2,850.00	
July 5. By cash from S. H. H. Clark for Douglas County coupons	1,085.00	
July 5. By interest collected on 17 Butler County bonds	1,700.00	
July 8. By cash for Saunders County bonds, Nos. 68, 69, 1, 2, 3, and 4	5,700.00	
July 9. By cash for Butler County coupons, from S. H. H. Clark	1,100.00	
July 11. By cash for 3 Saunders County bonds, Nos. 16, 17, 18	2,850.00	
July 15. By cash, account Utah and Northern Rwy. Co	5,000.00	
July 19. By cash, 17 Butler County bonds, Nos. 34 to 50	15,725.00	
		53,610.00
Nov. 30. The account is credited as follows:		
Cash for 14 Douglas County Bridge bonds, $779.17	10,908.38	
Cash for 7 Douglas County Bridge bonds, $750	5,250.00	
Cash for 3 Douglas County Bridge bonds, $779.17	2,337.50	
		18,495.88

The following credits appear:

1879.

Jan. 7. By cash for coupons	245.00	
Jan. 9. By cash for 7 Douglas County bridge bonds, $750	5,250.00	
Jan. 31. By contractors for building Utah and Northern Rwy., for expenditures north of Blackfoot, as per statement of W. Dunn, superintendent of construction, Mr. Gould having assigned his contract for building north of Blackfoot	31,706.37	
		37,201.37

By reference to the detailed statement submitted with this report, it will be seen that large cash payments were made up to March 31, 1879, to Washington Dunn, agent for Jay Gould, in constructing this road. These payments were nearly all made through W. B. Doddridge, agent Union Pacific Railroad Company, at Ogden, on telegraph orders, either from S. H. H. Clark, general superintendent, or J. W. Gannett, treasurer Utah and Northern Railroad Company.

There are no papers on file to show how this money was expended, nor are any of the cash vouchers approved by the general officers of the company, the only papers on file being the receipts of Washington Dunn, agent, and the telegrams to the agent at Ogden directing the payments to be made.

In October, 1879, these cash payments are resumed but are made to G. W. Thatcher, superintendent, to the amount of $33,000, which closes the account.

In addition to the cash payments, this account is charged with track material, consisting of iron rails, from the Laramie Rolling Mill, spikes, and bolts, etc., also for a locomotive, passenger and freight cars, the latter from the Jeffersonville Cars Works. Rails are charged at $45 per ton.

The total amount charged to the account of Jay Gould, contractor for the Utah and Northern Railroad up to October 24, 1879, after deducting the credits given above, is $40<,365.55.

In January, 1879, a new account, is opened, entitled "contractors Utah and Northern Railway," which is continued until December 31, 1884.

The first charge to this account is the amount credited to Jay Gould for assignment of his contract north of Blackfoot, $31,706.37.

March 19, voucher 42047, G. W. Thatcher, superintendent, $6,500 is cash payment by agent at Ogden on telegraph order of N. Shelton, cashier. No subvouchers to support this payment.

The cash payments in 1879 are all supported by subvouchers, which are approved by the superintendent of construction and are all properly receipted. The bills for rails and fastenings from the Union Pacific Railroad Company are approved and certified. Rails were bought from the Elmira Iron and Steel Rolling Mill Company, New York, at $36 to $41 per ton. F. O. B. at Elmira, New York.

In June, 1880, I find the following charge for payments made to Messrs. Thatcher and others through the Boston office:

[Copy of voucher.]

Utah and Northern R. R. Co. to Moses Thatcher, Dr.

1880

June 23. For services in aiding the extension of the road..... $16,650

Receipted by Moses Thatcher.

Approved:

JAY GOULD.

Approved:

SIDNEY DILLON.

Also voucher favor Moses Thatcher, Wm. B. Preston, and Geo. W. Thatcher, as follows:

The Utah and Northern R. R. Co. to Moses Thatcher, Wm. B. Preston, and G. W. Thatcher, Dr.

1880.

June 23. To agreed compensation under contract for procuring a title to the right of way from Ogden City to Idaho territorial line; the money herein receipted for being paid to them on the terms specified in their written agreement and guaranty of even date..... $10,000

Receipted by Moses Thatcher for himself, and as attorney-in-fact for William B. Preston and G. W. Thatcher.

Approved:

SIDNEY DILLON.

Letter of Henry McFarland, treasurer, Boston, Mass., to J. W. Gannett, auditor, transmitting these vouchers and advising him they are charged to his account under date June 25, 1880.

The cash payments during 1880 are all supported by subvouchers, which are approved by the superintendent of construction and properly receipted. The bills for rails, etc., from the Union Pacific Railroad Company are of the same character as in 1879, and are certified and approved by the proper officers.

In 1881 the cash payments are of the same general character as in 1880; they are all supported by properly approved and receipted vouchers.

The bills from the Union Pacific Railway Company are all certified and approved. Steel rails are purchased from the Joliet Steel Company at $63.30 per ton, and Silloon steel from the Elmira Company at $53.50.

The vouchers for cash payments in 1882 are all supported by subvouchers, which are approved by the chief engineer of the Union Pacific Railway Company and are properly receipted. In April the practice of making cash payments ceases, except for vouchers which had already been sent out, and payments are made direct by the Union Pacific Railway Company on the vouchers of that company. These vouchers are all approved by the chief engineer and are receipted in proper manner.

The rails charged in this year are re-rolled iron rails 50 pounds, from Laramie Rolling Mill at $57.50 per ton.

In 1883 the construction work on this road was almost entirely suspended, the largest amount charged being in October on voucher favor of the Western Union Telegraph Company for construction of telegraph lines, $8,514.95, being one-half the cost of same. There are credits to the account for material, etc., transferred to main line, to amount of $25,379.58, leaving a credit balance to construction account in this year of $1,239.92.

In 1884 the construction work was resumed, the vouchers being of the same general character as in previous years. They are all approved by the chief engineer and are properly receipted. In July of this year the Butte extension was commenced and there was expended upon it to December 31 $78,609.41, all of the vouchers for which are regularly approved by the chief engineer.

With this year, 1884, the account of the "contractors Utah and Northern Railroad" is closed.

The total amount charged to this account for expenditures on the main line from January 1, 1876, to December 31, 1884, was		$3,004,943.33
Less for the following credit in August, 1886: Material furnished and labor performed in the construction of the Montana Railway, from April 1, 1881, to December 31, 1882, which has been charged to the contractors for building the Utah and Northern Railway, now transferred to construction Montana Railway:		
Grading	$170,608.81	
Engineering	35,063.20	
		205,672.01
		2,799,271.32
Add for Butte extension		78,609.41
Total contractors' account		2,877,880.41

The vouchers and bills charged to construction of this road during 1885 and 1886 are all regularly approved by the chief engineer and properly receipted. The total amount expended during these years was $93,141.28.

The total expenditures for construction of this road to December 31, 1886, were $3,379,387.56, as shown by the detailed statement submitted herewith.

No. 32.—*Oregon Short Line.*

1881. The work in 1881 for grading, tunnels, etc., is all done by C. W. Collins and C. W. Collins & Co., vouchers for which have been passed, approved by J. Blickensderfer, chief engineer.

There is one voucher, No. E, 20343, favor of Coe & Carter, of Omaha, for cross-ties delivered at Logan River, Utah, August and September, $22,431.29, certified as correct by G. W. Thatcher, but not approved by any general officer of the company, paid November 11, 1881; 52½ cents for red pine ties, and 42½ cents for white pine.

There are also a number of vouchers, aggregating $53,591.51, in favor of Levi Carter, superintendent, for cutting cross-ties and timber on Government lands. These vouchers are certified as correct by Levi Carter, superintendent timber and tie department, and are not approved by any general officer of the company.

They are supported by pay-rolls headed "Timber department Union Pacific Railway Company." In many cases the receipts on these pay-rolls, instead of being signed by the men, a note is made, "Received by U. O. store," or "Settled through U. O. store." In other cases the receipt is signed "Received payment through the Camp store of Coe & Carter." The receipt on the above-named voucher, favor Coe & Carter, is evidently signed by Levi Carter, who, as an employé of the company, certifies to the correctness of the pay-rolls and vouchers for cutting ties and timber from Government lands.

1882. The work for grading, etc., this year is, as before noted, all done by C. W. Collins and C. W. Collins & Co., and Collins & Stevens, of Omaha, and vouchers approved by Chief Engineer Blickensderfer.

Voucher E, 23842, favor Rust & Cooledge, of Chicago, for building iron bridge over Snake River, on account	$21,250.00
Voucher E, 25247, favor C. W. Collins & Co., for track-laying, at $300 per mile, 43 miles, less 15 per cent	10,965.00
Voucher E, 29359, favor Saint Louis Ore and Steel Company, for 970$\frac{1}{2240}$ tons steel, at $57	35,336.82

Steel rails were also purchased from the Union Iron and Steel Company, of Chicago.

The payments to Levi Carter, superintendent, on account of pay-rolls for cutting ties on Government lands were $99,155.77, and to Coe & Carter for ties delivered, $140,075.08.

1883. Grading, track-laying, etc., in this year is all done by C. W. Collins & Co. and Collins & Stevens.

Voucher E, 34235, for C. W. Collins & Co., $52,878.77, bears the following indorsement: "Approved at request of Pres't Dillon, but subject to any review or corrections hereafter to be made. Signed, J. Blickensderfer, chief eng'r."

Voucher E, 34759, C. W. Collins & Co., $100,000, being an advance on March estimate for grading on Wood River Division, paid April 4, 1883, indorsed as follows: "Approved per Mr. Dillon's order. Signed, J. Blickensderfer, chief eng'r."

Voucher E, 34767, C. W. Collins & Co., $70,000, for advance on March estimate, Wood River Division, paid April 9, 1883, is indorsed as follows: "Estimates made at request and under guaranty of Mr. Dillon, and approval subject to same. Signed, J. Blickensderfer, chf. eng'r."

Voucher E, 34863, C. W. Collins & Co., for advance on March estimates, Wood River Division, paid April 10, 1883, is indorsed as follows: "Approved as per Mr. Dillon's request and guarantee subject thereto. Signed, J. Blickensderfer, chf. eng'r."

Voucher E, 35322, C. W. Collins & Co., $235,000, for advance on estimates for April work, paid April 26, 1883. Approved, J. Blickensderfer, chf. eng'r, by C. C. V.

The following correspondence is attached to this voucher:

[Collins & Stevens, contractors Oregon Short Line.]

No. 1.

J. BLICKENSDERFER, Esq.,
Chf. Engineer U. P. Ry. Co., Omaha, Neb.:

DEAR SIR: Payments have been made and liabilities incurred for work actually performed on Oregon Short Line Rwy. west of section 314, including *Wood River Branch and Shoshone Yard, to the amount of two hundred and thirty-five thousand dollars ($235,000.00) over and above the total of all payments and guarantees made to us; a full statement of which in detail we will furnish as soon as it can be prepared.

Yours, truly,

C. W. COLLINS & Co.

No. 2.

Mr. BROWN:

One of your $75,000.00 cks., dep't with First National Bank here, who agree to allow us use of money, and hold check eight or ten days, which will be done unless you wire "let it come." Balance dep't with G. D. & Co., and you have them probably are this. Are gradually drawing away from last-named "shop."

Yours, truly,

STROHM.

(NOTE by A. J. McD.): "Mr. Brown" is F. D. Brown, cashier U. P. Ry. Co., at Omaha. "G. D. & Co." is the banking firm of Guthrie, Dooly & Co., of Ogden, Utah. "Strohm" is, I think, the managing clerk of C. W. Collins & Co.

Voucher E, 36021, C. W. Collins & Co., $300,000, being for advance on April and May work west of section 314, including Wood River Branch.

Letter from C. W. Collins & Co., similar to that attached to Voucher E, 35322, is attached to this voucher, which is regularly approved by J. Blickensderfer, chief engineer.

Voucher E, 36321, C. W. Collins & Co., $90,778.95, being advance on April work west of section 314, including Wood River Division, similar in all respects to former vouchers.

Voucher E, 36538, $7,000, paid June 21, 1883; E. 36746, $160,000, paid June 27, 1883; Voucher E, 36747, $162,900, paid June 29, 1883, are all favor of C. W. Collins & Co., and are similar in character to those already given.

Voucher E, 36954, C. C. W. & Co., $73,000; E, 37255, C. W. C. & Co., $75,000; 37354, C. W. C. & Co., $218,595, are all for advances account of June work.

1884. The vouchers in this year are of the same general character. The construction vouchers are all approved by the chief engineer and the general manager. The telegraph line was built by the Western Union Telegraph Company, vouchers being paid to them for one-half of the cost of the same.

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*(Pencil note): Including Wood River Branch, amount of $235,000.00 would not cover.

Voucher E, 46368, favor Kilpatrick Bros., Omaha, $11,004.67, for lost time in track-laying, by reason of track bed not being ready. The receipt is signed Kilpatrick Bros., by W. C. Strohm.

1885 and 1886. There are but very few charges to this account from vouchers; they are all approved by the chief engineer and are properly receipted.

Taking up the department bills and reports, I find in 1881 that large shipments of iron rails were made from the Laramie rolling-mill, which was then being run by the company. Large quantities of cross-ties were shipped from Omaha, together with spikes, splices, washers, and track material generally. Steel rails were also purchased from the Joliet Rolling Mill Company, and shipped through the supply department to this road.

The freight bills on this material were very large and must have very largely augmented the earnings of the main line.

In 1882 the shipments of steel rails were almost entirely from the Joliet Steel Company, and the Union Iron and Steel Company, of Chicago.

In November, 1882, I find ten locomotives charged to the Oregon Short Line, as follows:

Eight 8-wheel Grant locomotives, 5-foot drivers, Union Pacific Nos. 19, 20, 16, 43, 44, 45, 47, 18, renumbered Oregon Short Line 1, 2, 3, 4, 5, 6, 9, 10, at $9,500 each	$76,000.00
Two 10-wheel Taunton engines, 18 by 24 cylinders, 4-foot 6-inch drivers, Union Pacific Nos. 55 and 51, renumbered Oregon Short Line Nos. 7 and 8, at $13,750	27,500.00
	103,500.00
In December another Union Pacific engine was turned over to the Oregon Short Line	13,750.00

I have no means of knowing how long these engines had been in use on the Union Pacific Railway, but would say the prices are about the same as for new engines at that time.

The steel rail furnished by the Joliet and Union Companies was 52 pounds, and the price charged the Oregon Short Line at Omaha, $61.25 per ton.

1883. The transfers of the Union Pacific Railway locomotive engines to Oregon Short Line is still continued at the same prices.

Two baggage and express cars, Union Pacific Railway, were renumbered and relettered for Oregon Short Line and turned over at cost to that road of	$5,643.54

Iron rails for about 28 miles of road were charged from the Laramie Rolling Mills, 58 pounds, at $49. The price of steel rails, 52 pounds, in this year is $44.25 per ton.

1884. The charges from department reports in this year are principally for construction of bridges and buildings, such as engine-houses, shops, station buildings, section houses, snow-sheds, etc. I find the bills are all approved by the chief engineer and certified as correct charges to the construction account.

During the years 1885 and 1886 the charges from department reports are of the same general character as in previous years. The bills are all approved by the chief engineer and certified by him as proper charges to the construction account.

The total cost of this road to December 31, 1886, is as follows:

Main line	$14,104,649.14
Ketchum Extension and Wood River Branch	194,772.41
Boisé Branch	43,721.77
Total	14,343,143.32

Oregon Short Line (Wood River Branch, Ketchum Extension).

The construction of Ketchum Extension commenced in 1884.

Voucher E, 45926, favor J. M. Eddy for grading, $8,791.20.

Voucher E, 47227, favor J. M. Eddy for grading, $43,309.13. A memorandum on this voucher directs payment to be made to Utah Construction Company, but receipt is signed J. M. Eddy.

The vouchers in this period are all properly approved and receipted.

The steel rails are from the Joliet Steel Company, at $44.75 per ton, and St. Louis Ore and Steel Company, at $42.90 per ton. Cross-ties are charged out from the department reports at the usual prices. Bridges, trestles, and depot buildings are also charged out from department reports.

The total cost of the Ketchum Extension, including the Wood River Branch, is $194,772.41.

No. 33.—*Utah Southern Railroad.*

The cash payments in this account in 1879 were all made to Barney & Smith Manufacturing Company, of Dayton, Ohio, for freight-cars, amounting to $82,000.

The most of the rails furnished for this road were from the Laramie rolling-mill in 1879 and 1880, at $45 per ton. In 1880 some rails were also purchased from the Allentown Rolling Mill Company, Pennsylvania, and from the Glendower Company, Pennsylvania, at $45.10 per ton.

The locomotives sold to this company were second-hand, having been in use on the Union Pacific Railway. The prices are $6,000 and $6,500 each.

The total amount charged to construction in 1879 and 1880 is $890,978.92.

No. 34.—*The Summit County or Echo and Park City Railroad.*

This road was begun in 1880. The work of grading was done by Cluff, Eldridge & Co., Echo, Utah. The vouchers were all approved by J. Blickensderfer, chief engineer, and are properly receipted. The last voucher in their favor, E 13101, paid March 21, 1881, $11,370.08, is for an additional allowance of 15 per cent. on the earth and rock work grading, which is approved by Chief Engineer Blickensderfer.

The rails used are from the Laramie rolling-mill, and are charged out at $57.50 per ton. All other material, such as splices, spikes, bolts, cross-ties, etc., is charged out from the department reports.

The expenditures for construction of this road are $471,893.70.

No. 35.—*Salt Lake and Western Railroad of Utah.*

The first charges to construction account of this road are in December, 1881, and are for sundry cash payments made to W. W. Riter, from June 23 to December 29, 1881; also, for steel rails and track material charged through the department reports and bills.

The cash payments made during 1881, according to the books of the Union Pacific Railway Company, were $244,000. The construction books of the Salt Lake and Western Railroad, kept by Mr. Riter (which I have examined), show the amount of cash received during this period to have been $294,000, a difference of $50,000, which was received, according to Mr. Riter's books, October 12, 1881. This discrepancy is explained in the following manner:

In organizing the Salt Lake and Western Railroad of Nevada, it was necessary under the laws of that State to deposit 10 per cent. with the secretary of the Territory. This money was remitted to Mr. Riter from the Boston office. Subsequently the construction of this road was abandoned and the $50,000 in the hands of Mr. Riter was, by telegram to Mr. Gannett, dated October 10, 1881, transferred to the Salt Lake and Western Railroad of Utah, and used by him in the construction of that road.

No entries of this transaction were made on the books of the operating department at Omaha because the money was remitted from the Boston office, nor was it corrected in that office until November 24, 1886.

I have had the original vouchers for the construction of this road, together with the books, brought from Salt Lake City, and have examined the same and checked them against the charges made on the Union Pacific books, and find them to be correct with the exception of the $50,000 item above mentioned (for which an entry should now be made upon the books of the operating department at Omaha).

There are also some bills for labor and material charged on the Union Pacific books which have not been taken up by Mr. Riter in his accounts.

The vouchers are all of them properly approved and receipted and the books of construction are kept in a plain and intelligible manner.

The correspondence attached to the detailed statement of construction of this road will fully explain the status of the $50,000 transferred from the Salt Lake and Western Railroad of Nevada to the same road of Utah.

The total amount charged to construction of this road to December 31, 1886, is $917,290.75.

EXHIBIT F.

Statement of expenditures for new construction and equipment of operated lines for the years 1880 to 1886, inclusive.

	1880.	1881.	1882.	1883.	1884.	1885.	1886.	Total.	
Construction.									
Saint Joseph and Southwestern R. R.	$5,536.58	$1,672.94	$33,890.04	*$1,606.84				$39,492.72	
Colorado Central R. R	9,660.97	18,431.41	2,045.30	1,769.85	$3,565.45	$17,426.89	$21,255.48	68,155.35	$872,237.06
Denver and Boulder Valley R. R.	175.00	1,394.95	1,740.10			390.00	513.25	4,213.30	
Utah and Northern R. R	45,846.15	208,306.42	97,325.12	37,364.33	29,483.67	3,422.36	814,107.93	125,585.98	724,057.31
Salina and Southwestern R. R				1,650.00	3,742.19		2,466.45	7,858.64	
Kansas Central R. R				6,814.65	5,183.17	*169.83	2,890.12	14,718.11	114,125.91
Omaha, Niobrara and Black Hills R. R.				1,420.11	560.45		5,873.36	7,853.92	8,908.42
Lawrence and Emporia R. R.				67.00	50,427.52	3,900.50	268.31	54,663.33	
Junction City and Fort Kearny R. R.				54.40	2,733.87			2,788.27	
Denver, South Park and Pacific R. R.					1,365.49	16,285.36	32,860.59	50,511.44	961,401.23
Solomon R. R					1,546.34		5,604.70	7,151.04	
Oregon Short Line R. R						6,563.44	60,291.87	66,855.31	199,149.36
Salt Lake and Western R. R.						355.27	*308.25	47.02	350.72
Omaha and Republican Valley R. R.						975.84	71,212.52	72,888.36	177,472.75
Echo and Park City R. R						250.39	6,757.81	7,008.20	10,485.57
Greeley, Salt Lake and Pacific R. R.							2,043.17	2,043.17	
Georgetown, Breckenridge and Leadville							2,009.59	2,009.59	
Montana Rwy							140,386.39	140,386.39	
Denver, Marshall and Boulder R. R.							106.98	106.98	471.48
Marysville and Blue Valley R. R.							2,473.17	2,473.17	2,719.88
Total	61,218.70	289,805.72	135,000.56	47,533.50	98,608.15	43,400.22	1,171,513.44	1,847,080.20	
Equipment.									
Colorado Central R. R.	95,544.40	18,969.10	9,060.97	15,835.40	34,623.56	6,500.66	10,549.62	191,081.71	
Utah and Northern R. R.	87,046.79	187,275.04	76,074.95	55,367.91	92,743.61	49,042.59	50,650.44	598,201.33	
Denver, South Park and Pacific R. R		1,202.61	249,535.18	455,237.05	205,068.57	*356.92	203.30	910,889.79	
Kansas Central R. R			17,585.60	42,377.55	40,001.65	*557.00		99,407.80	
Echo and Park City R. R.				3,317.27			160.10	3,477.37	
Omaha, Niobrara and Black Hills R. R.					14.81	328.98	710.71	1,054.50	
Omaha and Republican Valley R. R					29.62	2,057.71	102,497.06	104,584.39	
Oregon Short Line					851.47	19,174.61	112,267.97	132,294.05	
Salt Lake and Western R. R						182.20	121.50	303.70	
Marysville and Blue Valley R. R.						185.96	60.75	246.71	
Denver, Marshall and Boulder R. R.							364.50	364.50	
Total	182,591.19	207,446.75	352,256.70	572,133.18	373,333.29	76,558.79	277,585.95	2,041,905.85	
Total construction and equipment	243,809.89	497,252.47	487,257.26	619,666.68	471,941.44	119,959.01	1,449,099.39	3,888,986.14	

OMAHA, NEBR., *July* 15, 1887.

* Credits.

EXHIBIT G.

Statement of expenditures for construction and equipment Union Pacific Railroad Company and Union Pacific Railway Company from 1867 to 1886, inclusive.

Year.	Construction.	Equipment.	Total.	Year.	Construction.	Equipment.	Total.
1867.....	$230,962.93	$270,859.48	$501,822.41	1878.....	$107,338.41	$164,469.07	$271,738.48
1868.....	1,293,103.20	736,780.32	2,029,883.52	1879.....	36,612.51	64,844.41	101,456.92
1869.....	1,197,547.13	358,326.38	1,555,873.51	1880.....	465,718.63	819,613.06	1,285,331.69
1870.....	660,801.69	99,076.88	759,878.57	1881.....	712,427.23	1,001,481.01	1,713,908.24
1871.....	268,296.79	*91,352.75	176,944.04	1882.....	324,446.26	201,368.72	525,814.98
1872.....	405,687.95	57,125.70	462,813.65	1883.....	101,177.22	184,545.80	285,723.02
1873.....	105,871.13	17,189.00	123,060.13	1884.....	160,552.28	77,924.02	238,476.30
1874.....	474,510.16	165,518.74	640,028.90	1885.....	99,917.82	175,963.26	275,881.08
1875.....	189,380.91	310,984.99	500,365.90	1886.....	1,195,588.56	785,216.28	1,980,804.84
1876.....	62,748.44	43,210.87	105,959.31				
1877.....	169,912.58	59,566.90	229,479.48	Total..	8,262,601.83	5,502,543.14	13,765,244.97

*Credits.

EXHIBIT ANDERSON.

UNITED STATES PACIFIC RAILWAY COMMISSION,
San Francisco, September 29, 1887.

DEAR SIR: I submit herewith report of the examination made of the "material on hand" account of the Union Pacific Railway. By reference to Exhibit A it will be seen that the method of keeping the account was improper.

On April 30, 1880, July 31, 1881, September 30, 1881, and February 28, 1882, the account is charged with "rails to Omaha store" and operating expenses credited, thus decreasing the amount of operating expenses and increasing the material on hand. The amounts are carried for a time and then credited back to material and charged to operating expenses. It is simply a manipulation of the accounts to make a better showing of its business.

Material account December 31, 1880, is charged with balance of "surplus of inventory" and miscellaneous earnings credited, thus increasing miscellaneous earnings. On December 31, 1883, this method is followed, except that the surplus or shortage is posted separately to the different accounts. On December 31, 1884, by authority of O. W. Mink, assistant treasurer, the material account is credited with the depreciation in value, etc., to the amount being charged to Boston office. These entries, being an excess of credits, reduced the value of material on hand $448,148.15, which includes shortage and depreciation in values.

In February, 1876, material on hand was charged $10,000 for amount paid C. S. Bushnell for services, etc. (See Exhibit B, under letter of advice of E. H. Rollins, treasurer.)

With these exceptions no other items appear in the account which do not properly belong to it.

Yours, respectfully,

H. J. ANDERSON, *Accountant.*

RICHARD F. STEVENS, Esq.,
Chief Accountant, United States Pacific Railway Commission.

Union Pacific Railway.—Material on hand, account 1880 to 1886, inclusive.

[Examination showing items charged in the account.]

1880.			
Apr. 30.	Jour. A, 1880, p. 149. Account is charged:		
	Material on hand, Omaha store..	$150,000	
	To operating expenses, Union Division, renewal of rails:		
	For amount of rails to be carried over to May account		$150,000
		150,000	150,000
May 30.	Jour. A, 1880, p. 207. Account is credited:		
	Operating expenses, Union Division, renewal of rails	100,000	
	To material on hand, Omaha store:		
	For portion of amount transferred from renewal of rails to Omaha store in Apr		100,000
June 30.	Jour. A, 1880, p. 237:		
	Operating expenses, Union Division, renewal of rails	50,000	
	To material on hand, Omaha store:		
	For portion of amount, being balance from renewal of rails to Omaha store in Apr		50,000
		150,000	150,000

1882.
Feb. 28. Jour. B, 1881, p. 601. Account is charged:
Material on hand, Omaha store $100,000
To operating expenses, Union Division, renewal of rails. $100,000
For amount of steel rails carried over to Mar. account .....

Mar. 31. Jour. C, 1882, p. 27. Account is credited:
Operating expenses, Union Division, renewal of rails 100,000
To material on hand, Omaha store 100,000
For amount transferredin Feb., 1882 .....

1881.
July 31. Account is charged:
Material on hand, Omaha store 150,000
To operating expenses, Union Division, renewal of rails:
For amount of rails carried over to Aug. account 150,000

Aug. 31. Account is credited:
Operating expenses, Union Division, renewal of rails. 150,000
To material on hand, Omaha store:
For amount transferred in July, 1881 150,000

1880.
Dec. 31. Jour. A, 1880, p. 598. Account is charged:
Material on hand 101,306.53
Omaha store $25,842.86
Car department 75,463.67
To miscellaneous earning, Union Divisions, for surplus as ascertained by inventories taken Dec. 31, 1880 ..... 101,306.53

1881.
Sept. 30. Jour. B, 1881, p. 323. Account is charged:
Material on hand, Denver and South Park Division* 100,000.00
Construction, Denver, South Park and Pacific R. R. 446.25
To operating expenses, Denver and South Park, for estimated amount of rails taken from track and used for construction work, and sold to other parties; statement to be rendered and adjustment to be made in Oct. account:
For amount of following vouchers erroneously charged to latter account—
E 18601, desks, etc $96.50
E 18605, surveying 349.75
Renewal of rails 100,000.00
Engineering 446.25 100,446.25

1881.
Oct. 31. Jour. B, 1881, p. 356:
Material on hand, storekeeper, Division J 3,177.67
To operating expenses, Denver and South Park, renewal of rails:
To correct charge to latter account for material disbursed in September, charged per report $156,492.32
Should have been 53,314.65
103,177.67
*Less amount charged in J. F, p. 323 ..... 100,000.00 3,177.67

1884.
Dec. 31. Jour. E, 1884, p. 201. No. 1415. Deficit in equipment and material accounts 309,986.62
To material on hand, store department:
For difference in present value of principal articles of material and supplies on hand, as per inventory of July 1, 1884 (based upon present prices of new material of same kind), and prices as inventoried, and depreciation in value of portions of same by account, long exposure to the weather, unfitness in sizes, kinds, etc., as per report of George C. Kimball of Oct. 1, 1884. Copy attached to journal entry voucher charged to former account for transfer to Boston office account by authority of Oliver W. Mink, assistant treasurer, in letter to S. R. Callaway, general manager, dated Jan. 1, 1885, copy attached to journal entry voucher 309,986.62

Jour. E, 1884, p. 201. General office, Boston 309,986.62
To deficit in equipment and material account, for difference in values of articles of material and supplies as described in entry No. 1415 and all papers attached to journal entry vouchers 309,986.62

1883.				
Dec. 31	Account is credited:			
	Sundries:			
	To material on hand			$108,758.31
	Store department	$119,113.04		
	M. P. and C. department	6,557.69		
	B. and B. department	3,814.04		
	For adjustment of inventories of above departments taken Dec. 31, 1883, with balances as shown by books, per statement on journal voucher chargeable to miscellaneous earnings, sundry divisions		108,758.31	
	Also sundries:			
	To material on hand			2,963.00
	Roadway, Nevada Division	$3,711.59		
	Roadway, Wyoming Division	748.59		
	For adjustment of inventories (as above) chargeable to miscellaneous earnings, sundry divisions		2,963.00	
	Also sundries:			
	To material on hand (roadway, Idaho division)			3,137.23
	For shortage in inventory Dec. 31, 1883:			
	Balance shown by books	$79,577.00		
	Material on hand, per inventory	76,439.77		
	Distributed as follows on basis of expenses, miscellaneous earnings:			
	Utah and Northern Division	$2,091.49		
	Oregon Short Line	1,045.74		
			3,137.23	
	Also sundries:			
	To material on hand (fuel, Union Division and branches)			76,692.61
	To adjust difference between balance as shown by books and inventory taken Dec. 31, 1883, chargeable to miscellaneous earnings, Union Division, miscellaneous earnings, Saint Joe and Western Division		76,692.61	
			191,551.15	191,551.15
1883.				
Dec. 31.	Account is charged:			
	Material on hand		25,760.19	
	Roadway, Kansas Division	$21,431.82		
	Fuel, Kansas Division	4,328.37		
	To sundries for adjustment of inventories of above departments, taken Dec. 31, 1883, with balances as shown by books, per statement on J voucher, creditable to miscellaneous earnings, sundry divisions			25,760.19
	Also material on hand (roadway, Colorado Division)		22,962.89	
	To sundries for adjustment of inventories (as above), chargeable to miscellaneous earnings, sundry divisions			22,962.89
	Also material on hand (stationery)		5,666.54	
	To sundries for excess of inventory over balance shown on books:			
	Inventory	$12,398.15		
	Balance charged	6,731.61		
		5,666.64		
	Creditable as follows: Operating expenses, sundry divisions			5,666.54
			54,389.62	54,389.62

Summary of items in "material on hand" account, from 1880 to 1886.

Apr. 30, 1880.	To material on hand, Omaha store	$150,000.00
July 31, 1881.	....do	150,000.00
Sept. 30, 1881.	....do	100,000.00
Feb. 28, 1882.	....do	100,000.00
		500,000.00
Dec. 31, 1880.	To material on hand, Omaha store, surplus inventory	101,306.53
Dec. 31, 1883.	To material on hand, storekeeper, J	3,177.67
Dec. 31, 1883.	To material on hand, roadway, fuel, surplus of inventory	25,760.19
Dec. 31, 1883.	....do	22,962.89
Dec. 31, 1883.	To material on hand, stationery, surplus of inventory	5,666.54
		660,873.82
	By excess of credits	448,148.15
		1,109,021.97
May 30, 1880.	By operating expenses, renewal of rails	100,000.00
June 30, 1880.	....do	50,000.00
Aug. 31, 1881.	....do	150,000.00
Sept. 30, 1881.	....do	100,000.00
Mar. 31, 1882.	....do	100,000.00
		500,000.00

Dec.	31, 1880.	By miscellaneous earnings Union Division, shortage of inventory	$101, 306. 53
Dec.	31, 1883.	By operating expenses, renewal of rails	3, 177. 67
Dec.	31, 1883.	By miscellaneous earnings, sundry divisions, shortage of inventory	108, 758. 31
Dec.	31, 1883.	.....do	2, 963. 00
Dec.	31, 1883.	.....do	3, 137. 22
Dec.	31, 1883.	.....do	79, 692. 61
Dec.	31, 1884.	By deficit in material on hand	309, 986. 63
			1, 109, 021. 97

Summary of improper items in "material on hand" account, from 1880 to 1886.

May	30, 1880.	By operating expenses, renewal of rails	$100, 000. 00
June	30, 1880.	.....do	50, 000. 00
Aug.	31, 1881.	.....do	150, 000. 00
Sept.	30, 1881.	.....do	100, 000. 00
Mar.	31, 1882.	.....do	100, 000. 00
			500, 000. 00
Dec.	31, 1880.	By miscellaneous earnings Union Division, shortage of inventory	101, 306. 53
Dec.	31, 1883.	By operating expenses, renewal of rails	3, 177. 67
Dec.	31, 1883.	By miscellaneous earnings, sundry divisions, shortage of inventory	108, 758. 31
Dec.	31, 1883.	.....do	2, 963. 00
Dec.	31, 1883.	.....do	3, 137. 22
Dec.	31, 1883.	.....do	79, 692. 61
Dec.	31, 1884.	By deficit in material on hand, etc	309, 986. 63
			1, 109, 021. 97
Apr.	30, 1880.	To material on hand, Omaha store	150, 000. 00
July	31, 1881.	.....do	150, 000. 00
Sept.	30, 1881.	..... do	100, 000. 00
Feb.	28, 1882.	.....do	100, 000. 00
			500, 000. 00
Dec.	31, 1880.	To material on hand, Omaha store, surplus of inventory	101, 306. 53
Dec.	31, 1883.	To material on hand, storekeeper, J	3, 177. 67
Dec.	31, 1883.	To material on hand, roadway, etc., surplus of inventory	25, 760. 19
Dec.	31, 1883.	.....do	22, 962. 89
Dec.	31, 1883.	To material on hand, stationery, surplus of inventory	5, 666. 54
		By balance, excess of credits	448, 148. 15
			1, 109. 021, 97

REPORT

TO THE

HON. ROBERT E. PATTISON,

CHAIRMAN UNITED STATES PACIFIC RAILWAY COMMISSION,

RELATIVE TO THE AFFAIRS OF THE CENTRAL BRANCH UNION PACIFIC RAILROAD COMPANY.

BY G. F. PERRENOUD, ACCOUNTANT.

5301

REPORT OF G. F. PERRENOUD.

Reporting upon those matters in regard to the Central Branch Union Pacific Railroad, which under the act creating the United States Pacific Railway Commission should be investigated by the accountants, it may not be amiss to give in chronological order the salient points of that road's history.

Incorporated as the Atchison and Pike's Peak Railroad by the legislature of the Territory of Kansas, by act approved February 11, 1859, it secured by agreement ratified January 1, 1864, from the Hannibal and Saint Joseph Railroad Company all the rights granted to the latter corporation by act of Congress of July 1, 1862, which empowered it to build a railroad "for 100 miles in length next the Missouri River." With the exception of preliminary surveys, there seems to have been nothing done towards the construction of the road up to the autumn of 1865. At about this time Mr. William Osborn, who had on May 9 of that year procured the contract for building and equipping the road, it appears received from its officers the company's promissory note of $50,000 towards work to be performed. Previously, and on March 27, 1865, the company authorized the issuance of its bonds to the amount of $1,600,000, securing the same by a first mortgage on its road and franchises. At a stockholders' meeting held on November 20, 1866, the name of the road was changed from that of the Atchison and Pike's Peak Railroad to that of the Central Branch Union Pacific Railroad, to take effect on January 1, 1867. The bonds authorized to be issued commenced to be disposed of in March, 1866, and from the proceeds of these and the sale of stock options part of the money furnished for the construction of the line was procured. At about this time the United States made the first payment of its bonds to the company, making then and thereafter the following payments:

Dates.	Bonds.	Payments.
August 2, 1866	320	$320,000
December 10, 1866	320	320,000
May 4, 1867	320	320,000
December 5, 1867	320	320,000
January 24, 1868	320	320,000
Total	.....	1,600,000

These payments illustrate the progress made in building the line, every 20 miles constructed entitling the company to receive from the United States, in bonds at the rate of $1,600 per mile, the sum of $320,000; and it shows that previous to January, 1868, the road was reported, and doubtless sworn to, as completed; while in point of

fact this was not the case until some months afterwards, if the report of the contractor is to be credited, for it was not until September 8, 1868, that he wrote announcing the "completion of the road to the 100-mile point." Upon the bonds of the United States, amounting to $1,600,000, the company realized in currency $1,577,651.55, entailing a loss upon it of $22,348.45.

When the road was reported completed as above, the cost of the same and of its equipment, as shown by the contractor's books and charged in the books of the company (Kansas books), was for—

Construction		$2,306,430.42
Equipment, which consisted of 6 engines, 3 passenger, 20 box, 80 platform, 14 hand, 10 drop, and 2 boarding cars, also shop, tools, etc		243,924.52
		2,550,344.94
Subsequently bills contracted for construction and equipment (not included in the above) were paid by the company and amount to		181,002.29
Showing the original cost of the road and equipment to have been		2,731,347.23

To meet the obligations of the company for the construction of the line, and the interest upon its first-mortgage bonds, the officers of the road disposed of more bonds of the authorized issue of 1,600, and realized nominally upon certificates of stock of the company; so that they eventually received for—

10,000 shares of the capital stock, par value	$1,000,000.00
1,600 bonds (first mortgage), par value	1,600,000.00
	2,600,000.00
A total sum of	859,837.67
Entailing a loss upon the company of	1,740,162.33
And with that already reported on United States bonds	22,348.45
A total loss in disposing of the securities of the company of	1,762,510.78

The operating books of the road show until 1873 yearly net income credit balances, and these at the end of 1872 aggregate $143,118.81.

This, however, is but a fallacious income showing, the coupons paid for interest on the first-mortgage bonds by the New York office not being considered in that income balance.

The year 1873 seems to have been a disastrous one for the company, as not only for the first time in its existence (or since) did the operating expenses of the road exceed its earnings, but the New York office, which up to that time had received large sums from the sale of the company's lands, that year received but little from that, or in fact from any source, and it seems to have been unable to meet the interest charge upon its first-mortgage bonds, so that, after paying a few of the coupons maturing in May of that year, it defaulted upon the others, and from that day did not resume the payment of interest upon its bonded debt until 1879, when the coupons maturing in May were paid. During that year an arrangement was made with the holders of coupons for defaulted interest whereby they accepted in settlement of the coupons they held funded-interest bonds covering the amount due for the coupons and the interest upon the same, and the bonds so issued amount to $630,000, upon which interest at 7 per cent. has since been regularly paid, making thus a compound interest payment. In January, 1874, the road appears to have been unable to meet other obligations beside its interest, for it issued certificates of indebtedness, secured by mortgage on the lands of the company, for $251,965.94. These were

issued to various parties and were all subsequently redeemed, mostly from the proceeds of land sales. The policy of the road seems to have been to encourage the building of lines of railroad beyond its own, and to that end it loaned its credit and advanced money for the construction of the branches which eventually culminated into the roads terminating at Washington, Lenora, Warwick, Burr Oak, and Alton. The first of these roads completed was the Waterville and Washington Railroad, whose line this company leased on December 15, 1876, from January 1, 1877; then the Republican Valley Railway, leased from January 1, 1878, followed by the Atchison, Solomon Valley and Denver Railway, August 20, 1878, and the Atchison, Republican Valley and Pacific Railway on January 1, 1879. These roads, and the Atchison and Denver Railway, having first been consolidated under the name of the Atchison, Colorado and Pacific Railroad, was leased to the Central Branch Union Pacific Railroad, on December 27, 1879, for a term of twenty-five years, the Central Branch Union Pacific Railroad agreeing to pay a rental of $1,000 per year per mile, and to keep the road in good state of repair. On the same day the Atchison, Jewell County and Western Railroad was also leased for the same period of time and upon the same terms. At about this time the Central Branch Union Pacific Railroad was leased to the Missouri Pacific Railway, the latter road paying over to this company as a consideration the net earnings of the operated line and of its leased roads.

This the Missouri Pacific Railway has regularly done since the 1st of January, 1880, and the amount so returned for rental will appear hereafter.

In respect to the account-keeping of the company, I would say that, except as to the operating books, the method, or, more properly speaking, the want of method observed, is open to serious objections.

The accounting books of this corporation were kept by the treasurer in New York, where the general office of the company was, and consist of a cash-book, a journal, and a ledger. In these books the existence of the railroad and its operations are ignored, they treating solely of the road's obligations, but this in a most incomplete and unsatisfactory manner. The condition of the ledger is particularly objectionable. Had this book been that of a private individual whose annual transactions amounted to a few hundred dollars, it would, as kept, have been discreditable, and how much more so when used as the medium to represent the interests of many in a corporation whose transactions amount to millions. The books cover a period of about fourteen years, and the cash-book indicates payments of $6,283,920.52, and yet not a single voucher covering any of these transactions, whether of cash or otherwise, for that whole period of time has been produced, although called for. These should be obtained, and with the assistance of the cash-book and journal the ledger should be rewritten, if it be desirable that more facts than those already obtained should be secured.

The operating ledgers, which were kept in Kansas, show clearly and continuously the workings of the railroad and the distribution of its revenue, but they fail to indicate for the years 1877, 1878, and 1879 the division of earnings and expenses as between the road and its leased lines, a division which was made in subsequent years.

To cover the want of such a set of books as should have existed since 1866, representing in one whole the various matters pertaining to the road, there was opened in December, 1878, a general ledger, but it was inaugurated by a system of account-keeping which, to say the least, is rather unique, balances having been brought forward on January 1,

1879, from the then current operating ledger to the general ledger being opened, and from the last they were carried back to the operating ledger nominally in December, 1878, were, through the medium of a journal used for that purpose solely (the then current one being ignored) and without a word of detail, all the general accounts were balanced by each other, and through the same medium an entirely new set of accounts, the balance of which would appear to have been arbitrarily established, were opened. The results may have been just, but the honesty of the account-keeping can only be tested by the rewriting of the ledger, as already suggested, and this should also be done to establish the correctness of many journal entries made immediately before the road passed into the hands of the Missouri Pacific Railway Company.

Reporting specifically upon the matters called for by the act of March 3, 1887, I find: That the books and accounts of the Central Branch Union Pacific Railroad Company have not been so kept as to show the net earnings of the road. They were so kept until 1877, when the Waterville and Washington Railroad was leased. During that year and the two subsequent ones, when other roads were also leased, the earnings and expenses of the Central Branch Union Pacific Railroad and the leased lines were merged, and it was not until 1880, when the road passed under the control of the Missouri Pacific Railway, that they were separated. Then and since the earnings and expenses of the road and of its leased lines were and have been kept distinct and separate. Appended, however, as Exhibit A, is a statement showing the net earnings from 1868 to 1886 (both included); the years 1877, 1878, and 1879, being there treated as if no leased lines then existed, no other treatment being possible. The earnings and expenses in detail, and for each year, form part of this exhibit.

The matter of constructive mileage allowance was alluded to in a former report, in which it was shown that the Central Branch Union Pacific Railroad allowed to the Atchison, Colorado and Pacific Railroad, and to the Atchison, Jewell County and Western Railroad a constructive mileage of 1½ miles to 1 mile, and although this may be the practice observed by roads generally, relative to their feeders, I think that such an allowance is exceptional as made by one road to another of over twice its mileage. Before determining the amount due to the United States, by reason of mistaken accounting resulting from the allowance above alluded to, it would perhaps be best to first ascertain whether the divisions, as made, are not to be allowed in the accounting, for a determination of this difference would entail great labor, besides, in the case of this road, the United States withholds, in excess of its requirements under the law, a sum sufficient to cover any difference which may exist, as will be seen by reference to Exhibit I.

There appear no accounts upon the books showing that any amount has been deducted from the gross earnings by way of rebate, percentage of business done, monthly or other payments, but under various names pooling accounts were kept, these having ultimately been closed by being passed into the freight, or directly into the income account, and the amount paid in excess of that received the books show to have been $12,810.31, of which the amount passed directly into income account was $10,674.20, and deducted from gross freight earnings $3,325.31; added to gross freight earnings $1,189.20, or a difference of $2,136.11; total, $12,810.31.

The dividends declared by the company and paid to the stockholders consist of two, the first being one of 5 per cent, or $50,000, declared

October 21, 1885; and the other of 10 per cent., or $100,000, declared December 1, 1886.

At the time these dividends were declared the books of the company showed that there existed a deficit of income.

The balance-sheet of December 1, 1885 (Exhibit B, No. 7), shows the income credit balance of the main line to have been $713,786.32, while the deficit income balance of the leased lines was $370,769.42, or an excess of income of $343,016.90. But, although it may be a question whether the interest paid by the United States on the bonds advanced to the road, and which at that time amounted to $1,735,259.66, is a just charge against the income, it can scarcely be questioned that the amount paid as interest on the company's first-mortgage bonds in the form of "funded interest bonds," and debited as funded interest, should be deducted from the income, and this amounts to $629,570.74, showing a deficit of income in 1885 of $286,553.84.

The balance-sheet of December 31, 1886 (Exhibit B, No. 8), shows the income credit balance of the main line to be $874,542.81, and the deficit in income of leased lines $316,313 13, or an excess of income of $558,229.68.

Again, ignoring the interest due to the United States, and which this year amounted to $1,831,259.66, and taking cognizance only of the funded interest of $629,570.74, shows a deficit of income in 1886 of $71,341.06.

As to whether new bonds or stock have been issued, I find that no new stock was, but that there was issued in 1879 funded interest bonds bearing 7 per cent. interest, and amounting to $630,000. These were for coupons unpaid up to that time and interest thereon; and these bonds are alluded to by the company as having priority over the United States subsidy bonds.

As Exhibit C is submitted a list of directors of the Central Branch Union Pacific Railroad, who are also interested of record in the roads with which that company has leases. Whether their interest is personal is not shown, but presumably most of them represent in the other roads the interests of the Central Branch Union Pacific Railroad.

In the early days of the road large sums of money seem to have been borrowed by the company, but the accounting books of that period, as before observed, are most unreliable, hence no record of moneys thus borrowed has been made. At the present time there seems to be neither money or credit loaned or borrowed (excepting the guarantees hereinafter alluded to), and the items which in December, 1886, the company reported as accounts payable, aggregating $120,670.90, and which consist of amounts due on dividends, $3,250, and due to the Atchison, Colorado and Pacific R. R. and the Atchison, Jewell County and Western R. R., $117,420.90; total, $120,670.90. The amount due to those companies results from the lease of their roads, and the accounts receivable, which amount to $515,171.87, and consist of land contracts, $79,372.87; due by the Missouri Pacific Railway, $63,314.31; due by the Union Pacific Railway Company, $372,484.69.

The item of debit to the Union Pacific Railway Company arises from the fact that that corporation acts as the treasurer of the Central Branch Union Pacific Railroad, hence that balance I suppose should be considered as cash on hand.

The amounts of money, stocks, bonds, and passes for which sufficient or detailed vouchers have not been given or filed with the records of the company, cover all the sums paid by and in fact all the transactions of the company in New York from 1866 to 1880, there having been no vouchers produced and none existing, so I have been informed.

Therefore, to submit a statement of the amount paid as above would necessitate copying all the books.

In Exhibit D, a "statement of legal and extraordinary expenditures," appear the record of payments made for the passage of bills, etc.

As to whether this road has expended any of its moneys or other assets in the construction or to aid in the construction of other roads, or invested of its moneys or other assets in the stocks or bonds of any corporations, etc., I find that there was paid to the Atchison Depot Company, at various times up to February 28, 1882, for which the Central Branch Union Pacific Railroad is to obtain, or did obtain, stock—but the number of shares or their par value is not stated—certain sums of money aggregating $9,000, and this sum appears upon the books of the company as an asset, known as Atchison Depot Company stock.

There was advanced by the Central Branch Union Pacific Railroad towards the construction of the various roads, etc., built beyond its own line, various sums of money, which, in 1880, resulted in the following debit balances to the following roads, etc.:

Waterville and Washington Rwy	$18,990.40
Atchison, Solomon Valley and Denver R. R.	38,378.06
Republican Valley Rwy	9,624.18
Atchison, Republican Valley and Pacific Rwy	5,642.40
Atchison, Jewell County and Western R. R	33,876.00
Atchison, Colorado and Pacific R. R	33,327.58
Washington town site	1,503.17
	141,341.79

These sums were subsequently debited to J. P. Pomeroy, contractor, who settled therefor by the cancellation of—

Accounts payable of the company, amounting to	$42,004.03
And the transfer to it of the following:	
1,050 shares stock Atchison, Jewell County and Western R. R., par value $105,000	11,577.82
7,959 shares stock Atchison, Colorado and Pacific R. R., par value $795,900	87,759.94
	141,341.79

And at above figures the blocks of stock appear in the books of the company among its assets. In respect to these roads and the Atchison Depot Company the records of the Central Branch Union Pacific Railroad Company show that this company on January 12, 1874, guaranteed the payment of the bonds issued by the Atchison Bridge Company, but the amount so guaranteed the minutes fail to state. It also, on December 10, 1879, guaranteed the payment of the first-mortgage bonds of the Atchison, Colorado and Pacific Railroad to the amount of $4,070,000, and of the Atchison, Jewell County and Western Railroad to the amount of $542,000, thus creating on behalf of those two roads a contingent liability of $4,612,000.

There will be found as Exhibit F a list of all stockholders at each of the meetings from the first issuance of the Central Branch Union Pacific Railroad stock in 1870, to the date of the investigation of its stock ledger in September, 1887, and as Exhibit G the amount paid by each individual stockholder and the date when each became such, and to this exhibit, as being necessary to obtain a clear understanding of the disposal of the company's obligations, is added, as Exhibit G No. 1, a statement "relative to the disposition of its first-mortgage and United States subsidy bonds, etc." Exhibit H will show what stock was held in trust, and for whom, as far as known.

The sums paid as bonuses or donations, and payments made under the head of legal expenses, will be found in Exhibits D and E, where they are set forth as minutely as the data obtainable would admit.

The bonds received from the United States were disposed of at an average discount of 1.4 per cent., the proceeds being obtained in currency.

The United States has contracts with the Atchison, Colorado and Pacific Railroad and the Atchison, Jewell County and Western Railroad, leased lines of the Central Branch Union Pacific Railroad, for carrying the United States mails, and under these there has been earned, since and including 1880, $159,673.74, of which the United States disallowed $3,096, leaving as earned $156,577.74. Of this sum the United States paid at various times $27,822.55, leaving earned and unpaid $128,755.19. But this sum would, in a settlement with the Government, be reduced by the amount due for the Governmental requirements of the main line.

The last yearly earnings, 1886, for mail service upon the leased roads was $26,243.88, and the rate of compensation allowed by the United States for carrying the mail was, for the last quarter, as follows:

	Miles.	Rate per mile per annum.
Waterville to Washington	20.69	$119.70
Greenleaf to Concordia	43.19	138.51
Concordia to Lenora	138.70	106.88
Yuma to Warwick	30.86	42.75
Downs to Alton	24.05	65.84
Jamestown to Burr Oak	33.86	55.58

In conclusion I beg to state in regard to the present condition of this company as shown by its books, and referring to the "condensed balance-sheet" of December 31, 1886 (Exhibit B, No. 8), that its liabilities amount to $6,836,479.16, and the assets amount to $4,933,878.44, or a difference which constitutes a deficit of income of $1,902,600.72.

If, however, the charge of the United States for interest paid upon the bonds advanced to the company is not a proper charge against its income, the liability for "interest accrued on United States bonds" ceases to exist. This would reduce the income deficit by its amount, which is $1,885,808.26, leavin g a deficit of $16,792.46. Ignoring the liability for "interest accrued on United States bonds," would necessitate the withdrawal from the assets of the amount "repaid by transportation," and which amounts to $294,907.40; thus making a total deficit of income of $311,699.86.

Respectfully submitted.

G. F. PERRENOUD,
Accountant.

NEW YORK, *October* 22, 1887.

EXHIBIT A.—STATEMENT OF THE NET EARNINGS AND YEARLY INCOME OF THE MAIN AND LEASED LINES.

Statement of net earnings and net income Central Branch Union Pacific Railroad Company and leased lines

Years.	Central Branch.		Leased lines.	
	Net earnings.	Net income.	Net earnings.	Net income.
1868	$6,020.14	$6,020.14		
1869	53,259 60	32,653.25		
1870-'71	143,574.32	99,306.17		
1871-'72	38,572.89	5,139.25		
1873	[7,354.12]	[37,088.35]		
1874	16,893.55	[7,025.58]		
1875	22,522.43	11,102.23		
1876	54,611.23	36,856.07		
1877	78,990 90	*29,166.49		
1878	240,819.10	*142,113.45		
1879	354,179.02	*[331,818.23]		
1880	171,163.56	205,134.89	$141,562.65	$[117,682.97]
1881	167,522.93	125,575.66	159,170.03	[161,873.80]
1882	233,112.37	269,287.66	203,481.04	[142,334.35]
1883	389,684.22	226,282.83	297,849.82	[54,475.60]
1884	280,432.18	136,276.13	399,394.49	48,825.77
1885	266,844.71	83,047.38	404,769.84	56,721.53
1886	407,667.79	160,756.49	407,410.63	54,456.29
		1,192,785.93		†316,313.13

* Including the leased lines.

† Deficit.

Amounts inclosed in brackets are deficits.

The income balances up to and including 1878 were written off when the general ledger was opened, January 1, 1879.

Statement of the net earnings and income of the subsidized line, Central Branch Union Pacific Railroad Company, main line.

	1868.*	1869.	1870-'71.†
Earnings.			
Freight	$8,948.98	$76,186.93	$211,459.66
Passenger	7,180.25	49,859.46	127,071.01
Mail	.....	.....	21,875.00
Express	.....	.....	5,750.00
Miscellaneous	116.70	1,443.25	10,050.82
Total earnings	16,245.93	127,489.64	376,206.49
Expenses.			
Conducting transportation	3,075.86	25,788.75	121,867.78
Maintenance of way	4,519.34	31,528.19	79,062.85
Maintenance of cars	488.13	7,952.61	27,841.56
Miscellaneous	2,142.46	8,960.49	3,859.88
Total expenses	10,225.79	74,230.04	232,632.17
Net earnings	6,020.14	53,259.60	143,574.32
Taxes	.....	20,606.35	44,268.15
Earnings, less taxes	6,020.14	32,653.25	99,306.17
Net income	6,020.14	32,653.25	99,306.17

* Three months.

† One and one-half years.

Statement of the net earnings and income of the subsidized line, Central Branch Union Pacific Railroad Company, main line—Continued.

	1871–72.*	1873.	1874.
Earnings.			
Freight	$101,291.47	$77,635.39	$82,644.24
Passenger	77,158.46	45,277.07	41,950.41
Mail	9,682.50	7,500.00	8,958.33
Express	6,000.00	4,450.00	4,350.00
Miscellaneous	18,414.37	4,260.02	7,612.53
Total earnings	212,546.80	139,122.48	145,515.53
Expenses.			
Conducting transportation	68,976.09	50,587.49	47,169.51
Maintenance of way	65,326.16	60,771.07	52,106.92
Maintenance of cars	17,698.36	12,028.20	11,046.12
Miscellaneous	21,973.30	23,089.84	18,299.43
Total expenses	173,973.91	146,476.60	128,621.98
Net earnings	38,572.89	[7,354.12]	16,893.55
Taxes	20,791.23	17,495.84	23,919.13
Earnings, less taxes	17,781.66	[24,849.96]	[7,025.58]
Rights of way sold	.....	6,940.38	.....
Total income	17,781.66	[17,909.58]	[7,025.58]
Surveys and expenses extension of line	.....	8,883.77	.....
Depreciation of rolling-stock	12,642.41	10,295.00	.....
Net income	5,139.25	[37,088.35]	[7,025.58]

	1875.	1876.
Earnings.		
Freight	$60,201.90	$114,164.93
Passenger	34,117.71	35,674.15
Mail	10,000.00	9,500.00
Express	3,700.00	3,550.00
Miscellaneous	4,470.09	9,599.33
Total earnings	112,489.70	172,488.41
Expenses.		
Conducting transportation	41,415.76	57,583.31
Maintenance of way	28,765.53	41,146.90
Maintenance of cars	5,683.93	9,530.37
Miscellaneous	14,102.05	9,616.60
Total expense	89,967.27	117,877.18
Net earnings	22,522.43	54,611.23
Taxes	11,420.20	17,755.16
Net income	11,102.23	36,856.07

	1877, W. & W. R. R., leased line included.	1878, W. & W., Rep. V. & Sol. V. R. R.'s leased, included.	1879, W. & W., Rep. V., Atch. & S. V. Rep. V. & P. R. R.'s leased, included.
Earnings.			
Freight	$164,821.57	$471,495.02	$766,628.25
Passenger	45,800.87	114,845.91	175,605.19
Mail	9,000.00	12,173.39	20,851.77
Express	3,600.00	5,600.00	8,415.00
Miscellaneous	17,286.24	19,789.28	33,473.67
Total earnings	240,508.68	623,903.60	1,004,971.88

* One and a half years. † Amounts inclosed in brackets are deficits.

Statement of the net earnings and income of the subsidized line, Central Branch Union Pacific Railroad Company, main line—Continued.

	1877. W. & W. R. R., leased line included.	1878, W. & W. Rep. V. & Sol. V. R. R.'s leased, included.	1879, W. & W., Rep. V., Atch. & S. V. Rep. V. & P. R. R.'s leased, included.
Expenses.			
Conducting transportation	$62, 998. 57	$156, 957. 49	$294, 009. 45
Maintenance of way	73, 119. 69	161, 020. 69	298, 628. 19
Maintenance of cars	7, 295. 21	35, 998. 57	28, 740. 77
Miscellaneous	18, 104. 31	29, 107. 75	29, 414. 45
Total expense	161, 517. 78	383, 084. 50	650, 792. 86
Net earnings	78, 990. 90	240, 813. 10	354, 179. 02
Taxes	19, 020. 68	24, 064. 86	49, 067. 27
Earnings less taxes	59, 970. 22	216, 754. 24	305, 111. 75
Material, etc., in excess	.....	12, 388. 27	.....
Accounts written off	.....	.....	12, 089. 02
Total income	59, 970. 22	229, 142. 51	317, 200. 72
Rent of leased roads	20, 000. 00	58, 831. 66	138, 530. 00
Accounts written off	10, 803. 73	3, 812. 95	34, 511. 86
Charges against leased lines written off	.....	24, 384. 45	.....
Interest and discount	.....	.....	5, 999. 16
Deficit in material, etc	.....	.....	33, 974. 75
Land accounts written off	.....	.....	237, 997. 81
United States interest written off	.....	.....	54, 548. 60
Interest on bonds	.....	.....	143, 456. 80
Total charge against income	30, 803. 73	87, 029. 06	649, 019. 00
Net income	29, 166. 49	142, 113. 45	*[331, 818. 23]

	1880.	1881.	1882.
Earnings.			
Freight	$365, 161. 55	$383, 036. 49	$383, 714. 19
Passenger	100, 796. 76	106, 122. 76	106, 327. 78
Mail	11, 342. 43	11, 270. 00	12, 538. 58
Express	2, 734. 41	2, 332. 51	4, 955. 64
Miscellaneous	14, 714. 00	21, 816. 09	17, 427. 24
Total earnings	494, 749. 15	524, 577. 85	524, 963. 43
Expenses.			
Conducting transportation	66, 415. 83	68, 528. 52	78, 789. 55
Motive power	92, 704. 45	97, 259. 36	93, 610. 53
Maintenance of way	123, 106. 25	147, 805. 11	86, 198. 80
Maintenance of cars	26, 357. 83	33, 456. 70	24, 473. 97
Miscellaneous	15, 001. 23	10, 005. 23	8, 778. 21
Total expenses	323, 585. 59	357, 054. 92	291, 851. 06
Net earnings	171, 163. 56	167, 522. 93	233, 112. 37
Taxes	10, 759. 10	21, 076. 28	26, 168. 73
Earnings less taxes	160, 404. 46	146, 446. 65	206, 943. 64
Land income	190, 873. 38	167, 613. 80	235, 544. 19
Accounts written off	.....	4, 363. 49	693. 75
Total income	351, 277. 84	318, 423. 94	443, 181. 58
Pooling account	900. 59	10, 298. 73	1, 538. 05
Interest and discount	5, 121. 44	36, 881. 67	30, 828. 54
Accounts written off	20. 92	5, 237. 88	1, 427. 33
Interest on bonds	140, 100. 00	140, 430. 00	140, 100. 00
Total charge against income	146, 142. 95	192, 848. 28	173, 893. 92
Balance on income	205, 134. 89	125, 575. 66	269, 287. 66

* Amounts inclosed in brackets are deficits.

Statement of the net earnings and income of the subsidized line, Central Branch Union Pacific Railroad Company, main line—Continued.

	1883.	1884.	1885.	1886.
Earnings.				
Freight	$668,052.81	$724,542.05	$728,248.83	$633,658.39
Passenger	110,172.39	104,619.79	113,683.08	109,500.56
Mail	13,734.72	13,734.72	13,734.72	14,068.02
Express	8,944.40	9,104.43	9,949.26	9,570.08
Miscellaneous	23,616.87	10,783.96	12,431.90	7,465.65
Total earnings	824,521.19	862,784.95	878,047.79	774,262.70
Expenses.				
Conducting transportation	106,405.83	117,366.13	135,947.62	127,011.23
Motive power	139,599.58	149,780.03	169,415.15	113,439.24
Maintenance of way	145,599.03	269,684.33	250,539.32	90,443.82
Maintenance of cars	30,483.93	32,126.91	40,101.65	19,976.93
Miscellaneous	11,748.60	13,395.37	15,199.34	15,723.69
Total expenses	434,836.97	582,352.77	611,203.08	366,594.91
Net earnings	389,684.22	280,432.18	266,844.71	407,667.79
Taxes	24,362.59	21,918.25	19,808.01	23,258.50
Earnings less taxes	365,321.63	258,513.93	247,036.70	384,409.29
Land income	22,038.49	22,779.49	22,141.65	11,892.65
Accounts written off	426.68	791.61	702.22	
Income from investments			770.00	1,540.00
Income from joint property, Atchison			12,722.69	3,014.55
Discount and interest			6,141.90	
Total income	387,786.80	282,085.03	289,515.16	400,856.49
Interest and discount	20,681.91	5,708.90		
Accounts written off	129.30			
Interest on bonds	140,692.76	140,100.00	140,445.69	140,100.00
Dividend paid			50,000.00	100,000.00
Surveys Lenora Extension			5,505.45	
Deficit in material account			10,516.64	
Total charge against income	161,503.97	145,808.90	206,467.78	240,100.00
Balance of income	226,282.83	136,276.13	83,047.38	160,756.49

LEASED LINES.

Years.	Income balances.	Net earnings.
1880 (deficit) as to income balances	$117,682.97	$141,562.65
1881 (deficit) ....do	161,873.80	159,170.03
1882 (deficit) ....do	142,354.35	203,481.04
1884 (excess) ....do	54,475.60	297,849.82
1885 (excess) ....do	48,895.77	399,394.49
1886 (excess) ....do	56,721.53	404,769.84
	54,456.29	407,410.63

Statement of the net earnings and income of the leased lines Central Branch Union Pacific Railroad Company.

	1880.	1881.	1882.
Earnings.			
Freight	$246, 767. 39	$282, 783. 48	$294, 723. 46
Passenger	126, 755. 78	126, 802. 81	136, 204. 82
Mail	18, 603. 77	18, 792. 10	22, 773. 39
Express	6, 805. 59	7, 297. 49	14, 567. 91
Miscellaneous	4, 949. 20	15, 474. 19	16, 106. 39
Total earnings	403, 881. 73	451, 060. 07	484, 376. 17
Expenses.			
Conducting transportation	72, 905. 72	80, 226. 03	82, 378. 83
Motive power	85, 094. 77	81, 767. 67	92, 758. 81
Maintenance of way	69, 438. 42	91, 521. 53	74, 027. 39
Maintenance of cars	19, 869. 19	20, 049. 06	22, 091. 48
General expenses	15, 010. 98	18, 325. 75	9, 728. 71
Total expenses	262, 319. 08	291, 890. 04	280, 895. 12
Net earnings	141, 562. 65	159, 170. 03	203, 481. 04
Material in excess			25. 35
Total income	141, 562. 65	159, 170. 03	203, 506 39
Taxes	21, 042. 68	47, 370. 11	58, 485. 74
Rent of leased roads	238, 202. 94	263, 375. 00	287, 375. 00
Pooling arrangement (Union Pacific Railroad)		10, 298. 72	
Total charge against income	259, 245. 62	321, 043. 83	345, 860. 74
Balance of income	*[117, 682. 97]	[161, 873. 80]	[142, 354. 35]

	1883.	1884.	1885.	1886.
Earnings.				
Freight	$488, 089. 75	$630, 496. 97	$710, 226. 90	$663, 417. 09
Passenger	143, 261. 99	162, 681. 77	205, 891. 98	204, 686. 02
Mail	24, 420. 16	24, 420. 12	24, 420. 12	26, 243. 88
Express	26, 342. 81	26, 184. 09	28, 613. 76	27, 518. 43
Miscellaneous	11, 071. 15	8, 577. 58	8, 639. 70	9, 543. 52
Total earnings	693, 185. 86	852, 360. 53	977, 792. 46	931, 410. 45
Expenses.				
Conducting transportation	110, 926. 23	123, 971. 58	139, 502. 69	141, 804. 46
Motive power	128, 548. 59	134, 526. 63	168, 798. 49	145, 308. 24
Maintenance of way	114, 074. 47	152, 753. 58	211, 142. 43	200, 169. 62
Maintenance of cars	27, 499. 91	30, 080. 55	38, 707. 58	19, 747. 01
General expenses	14, 286. 84	11, 663. 70	14, 781. 43	16, 970. 49
Total expense	395, 336. 04	452, 966. 04	573, 022. 62	523, 999. 82
Net earnings	297, 849. 82	399, 394. 49	404, 769. 84	407, 410. 63
Unclaimed wages written off	74. 50	318. 92	133. 01	
Material in excess		312. 62		
Total income	297, 924. 32	400, 026. 03	404, 902. 85	407, 410. 63
Taxes	65, 024. 92	63, 737. 09	60, 806. 32	65, 679. 34
Rent of leased roads	287, 375. 00	287, 375. 00	287, 375. 00	287, 275. 00
Accounts written off		18. 17		
Total charge against income	352, 399. 92	351, 130. 26	348, 181. 32	352, 954. 34
Balance of income	[54, 475. 60]	48, 895. 77	56, 721. 53	54, 456. 29

* Amounts inclosed in brackets are deficits.

EXHIBIT B.—YEARLY BALANCE-SHEETS, CENTRAL BRANCH UNION PACIFIC RAILROAD COMPANY, SINCE THE INAUGURATION OF A GENERAL LEDGER.

EXHIBIT B, No. 1.—*Balance-sheet December* 31, 1879.

153	Track, bridge, and building material	$4,496.19	
154	Pay-rolls	256.77	
177	Store accounts	14,215.31	
179	Shop sundries		$137.36
180	United States Indian Department	141.13	
180	United States Interior Department	4.70	
201	Profit and loss	331,818.23	
202	United States Post-Office Department	89,885.50	
205	New York treasurer	31,996.17	
206	Construction account (old)	3,723,700.00	
210	Cash	7,143.68	
242	Pool account		309.60
244	Land assets	958,288.96	
245	Capital stock		1,000,000.00
246	First-mortgage bonds		1,600,000.00
247	Second-mortgage bonds		1,600,000.00
247	Property		719,963.73
265	Coupon-ticket account		2,422.48
267	Car-service sundries		3,072.91
268	Audited vouchers		114,505.57
290	Audited overcharged vouchers		806.83
294	Bills against	13,717.98	
295	Foreign proportion	1,574.12	
296	Station agents and conductors	4,254.34	
296	Advance charges		5,006.82
300	Bills payable		228,846.44
303	Cashier land department		28,206.08
304	Waterville and Washington R. R	17,890.12	
306	Republican Valley R. R	5,425.96	
307	Waterville and Washington telegraph extension	1,080.63	
307	Washington town site	1,503.17	
307	Solomon Valley telegraph extension	227.15	
307	Scandia telegraph extension	21.30	
308	Solomon Valley R. R		22,095.90
309	R. M. Pomeroy, president	90,528.06	
310	Atchison, Republican Valley and Pacific R. R	9,819.32	
311	Atchison, Solomon Valley and Denver R. R	37,554.25	
312	Atchison Union Depot	1,000.00	
313	Kansas Pacific pool	117.56	
314	Atchison, Jewell County and Western	24,160.24	
316	Atchison, Colorado and Pacific	7,336.81	
329	New construction and equipment	189,004.38	
	Central Branch Union Pacific R. R. stocks owned by company		8,700.00
	United States interest repaid		54,506.24
	Missouri Pacific Rwy		34,169.54
	Union Pacific Rwy		1,540.00
	E. H. Nichols		25,992.53
	Coupons		116,790.00
		5,567,162.03	5,567,162.03

EXHIBIT B No. 2.—*Balance-sheet, December* 31, 1880.

143	New construction and equipment	$253, 874. 75	
199	United States Indian Department	141. 13	
199	United States Interior Department	1. 20	
199	United States War Department	3. 80	
202	United States Post-Office Department	11, 785. 74	
206	Construction	3, 698, 000. 07	
207	Funded interest	626, 815. 34	
242	Bills payable, land department		96, 975. 87
239	Assigned contracts		737. 12
244	Treasurer	3, 372. 31	
244	Land contracts	386, 351. 87	
245	Capital stock		1, 000, 000. 00
246	First-mortgage bonds		1, 600, 000. 00
247	United States subsidy bonds		1, 600, 000. 00
248	United States interest		1, 309, 803. 26
249	United States interest repaid	54, 548. 60	
250	Funded interest bonds		621, 000. 00
257	Funded interest scrip		5, 815. 34
252	United States Treasury	27, 346. 22	
558	Town-lot contracts	10, 519. 90	
253	Interest on United States bonds	1, 255, 259. 66	
289	Audited vouchers		1, 580. 29
295	Foreign proportions	1, 538. 05	
300	Bills payable		71, 696. 20
301	Central Branch Union Pacific R. R. stock	15, 400. 00	
303	Cashier land department	4, 976. 01	
303	Missouri Pacific Rwy		346, 717. 76
304	E. H. Nichols		88. 29
305	Union Pacific Rwy. Co		94, 127. 60
311	Seed wheat for settlers	12, 642. 15	
312	Atchison Union Depot stock	8, 000. 00	
316	Atchison, Colorado and Pacific Rwy. stock	87, 759. 94	
317	Atchison, Jewell County and Western Rwy. stock	11, 577. 82	
380	Atchison, Colorado and Pacific Rwy. lease account		43, 764. 00
381	Atchison, Jewell County and Western Rwy. lease account		6, 251. 42
402	First-mortgage coupons unpaid		1, 686. 00
410	Funded coupons unpaid		995. 19
420	Atchison, Jewell County and Western Rwy. coupons unpaid		45. 00
430	Atchison, Colorado and Pacific Rwy. coupons unpaid		3, 510. 00
	Sundry persons	511. 57	
201	Profit and loss, Central Branch	244, 366. 31	
		6, 714, 792. 34	6, 714, 792. 34

EXHIBIT B No. 3.—*Balance-sheet, December* 31, 1881.

143	New construction and equipment	$253, 874. 75	
199	United States Indian Department	141. 13	
202	United States Post-Office Department	15, 589. 76	
206	Construction	3, 698, 000. 07	
207	Funded interest	630, 109. 19	
244	Treasurer	3, 517. 11	
244	Land contracts	384, 546. 78	
245	Capital stock		$1, 000, 000. 00
246	First-mortgage bonds		1, 600, 000. 00
247	United States subsidy bonds		1, 600, 000. 00
248	United States interest		1, 405, 886. 26
249	United States interest repaid	54, 548. 60	
250	Funded interest bonds		629, 000. 00
251	Funded interest scrip		1, 109. 19
252	United States Treasury	53, 625. 50	
258	Town-lot contracts	8, 628. 90	
253	Interest on United States bonds	1, 351, 259. 66	
295	Foreign proportions	1, 538. 05	
301	Central Branch Union Pacific R. R. stock	15, 400. 00	
303	Cashier land department	6, 754. 02	
303	Missouri Pacific Rwy		22, 615. 15
305	Union Pacific Rwy. Co		548, 008. 59
311	Seed wheat for settlers	7, 133. 12	
312	Atchison Union Depot stock	8, 000. 00	
316	Atchison, Colorado and Pacific Rwy. stock	87, 759. 94	
317	Atchison, Jewell County and Western Rwy. stock	11, 577. 82	
380	Atchison, Colorado and Pacific Rwy. lease account		52, 944. 00
381	Atchison, Jewell County and Western Rwy. lease account		7, 606. 42
410	Funded coupons unpaid		4, 957. 34
201	Profit and loss, Central Branch	1, 107. 08	
338	Profit and loss, leased roads	279, 556. 77	
		6, 872, 648. 85	6, 872, 648. 85

EXHIBIT B No. 4.—*Balance-sheet, December* 31, 1882.

202	Post-Office Department	$19,075.24	
205	Treasurer	2,318.53	
206	Construction	3,698,000.07	
207	Funded interest	629,570.74	
213	Insurance fund	1,909.15	
243	Town-lot contracts	3,875.49	
245	Capital stock		$1,000,000.00
245	Land contracts	392,211.95	
246	First-mortgage bonds		1,600,000.00
247	Subsidy bonds		1,600,000.00
248	United States interest account		1,501,808.26
249	United States interest account repaid	54,548.60	
250	Funded interest bonds		630,000.00
252	United States Treasury Department	85,470.24	
253	Interest on United States bonds	1,447,259.66	
257	Assigned contracts		
301	Central Branch Union Pacific R. R. stock	15,400.00	
305	Union Pacific Rwy. Co		553,009.74
311	Seed wheat notes	2,698.32	
312	Atchison Union Depot stock	9,000.00	
316	Atchison, Colorado and Pacific R. R. stock	87,759.94	
317	Atchison, Jewell County and Western R. R. stock	11,577.82	
318	Missouri Pacific Rwy. Co	107,923.49	
322	Land commissioner	5,866.53	
329	New construction	245,374.75	
380	Atchison, Colorado and Pacific R. R. Co		64,840.00
381	Atchison, Jewell County and Western R. R. Co		8,961.42
	Profit and loss, Central Branch		208,179.98
	Profit and loss, leased roads	421,911.12	
	Coupons		13,042.24
		7,239,841.64	7,239,841.64

EXHIBIT B No. 5.—*Balance-sheet, December* 31, 1883.

202	Post-Office Department	$13,056.19	
205	Treasurer	1,101.84	
206	Construction	3,698,000.07	
207	Funded interest	629,570.74	
243	Town-lot contracts	1,465.07	
245	Capital stock		$1,000,000.00
245	Land contracts	255,190.52	
246	First-mortgage bonds		1,600,000.00
247	Subsidy bonds		1,600,000.00
248	United States interest account		1,507,808.26
249	United States interest account repaid	54,548.60	
250	Funded interest bonds		630,000.00
252	United States Treasury Department	111,351.35	
253	Interest on United States bonds	1,543,259.66	
301	Central Branch, Union Pacific R. R. stock	15,400.00	
305	Union Pacific Rwy. Co		118,607.47
311	Seed wheat notes	1,585.30	
312	Atchison Union Depot stock	9,000.00	
316	Atchison, Colorado and Pacific R. R. stock	87,759.94	
317	Atchison, Jewell County and Western Rwy. stock	11,577.82	
318	Missouri Pacific Rwy. Co		28,549.53
322	Land commissioner	1,134.43	
329	New construction	245,374.75	
380	Atchison, Colorado and Pacific R. R. Co		72,738.73
381	Atchison, Jewell County and Western Rwy. Co		10,305.42
390	Western Union Telegraph Company	1,329.22	
	Profit and loss, Central Branch		494,462.81
	Profit and loss, leased roads	476,386.72	
	Coupons		4,620.00
		7,157,092.22	7,157,092.22

EXHIBIT B No. 6.—*Balance-sheet, December* 31, 1884.

1	Capital stock		$[illegible]
2	First-mortgage bonds		[illegible]
3	Funded interest bonds		[illegible]
6	United States subsidy bonds		[illegible]
7	United States interest account		1,600,000.00
10	General construction		1,693,808.28
11	New construction and equipment	$3,698,000.07	
12	Interest on United States bonds	241,544.00	
13	Funded interest	1,639,259.66	
14	United States interest repaid	629,570.74	
16	United States Treasury Department, subsidized	54,548.60	
17	United States Treasury Department, unsubsidized	54,297.34	
20	United States Post-Office Department	60,481.49	
30	Central Branch Union Pacific R. R. stock	47,792.95	
31	Atchison Union Depot stock	15,400.00	
32	Atchison, Colorado and Pacific R. R. stock	9,000.00	
33	Atchison, Jewell County and Western R. R. stock	87,759.94	
40	Seed-wheat notes	11,577.82	
41	Western Union Telegraph Company	1,138.18	
50	Atchison, Colorado and Pacific R. R. Co., lease account	115.54	
51	Atchison, Jewell County and Western R. R. Co., lease account		[illegible]
56	Treasurer		11,055.42
62	The Union Pacific Rwy. Co.		848.60
67	Missouri Pacific Rwy. Co.		3,557.17
101	Land commissioner	103,133.86	
102	Land contracts	2,409.69	
104	Town-lot contracts	174,097.63	
150	Income, Central Branch	595.90	
174	Profit and loss, leased roads		630,738.94
260	Atchison and Pike's Peak coupons:	427,490.90	
	No. 28		90.00
	No. 29		60.00
	No. 30		30.00
	No. 31		30.00
	No. 32		30.00
	No. 33		30.00
	No. 34		60.00
	No. 35		120.00
	No. 36		90.00
	No. 37		90.00
261	No. 38		120.00
	No. 39		240.00
271	Central Branch Union Pacific R. R. coupons, No. 11		1,650.00
280	Atchison, Colorado and Pacific R. R. coupons:		385.00
	No. 4		15.00
	No. 7		15.00
	No. 8		15.00
	No. 10		45.00
	No. 11		15.00
	No. 16		15.00
281	No. 17		15.00
	No. 18		15.00
	No. 19		255.00
	No. 20		1,800.00
290	Atchison, Jewell County and Western coupons:		
	No. 2		15.00
	No. 18		90.00
292	No. 19		315.00
		7,258,214.36	7,258,214.36

EXHIBIT B No. 7.—*Balance-sheet, December 31, 1885.*

1	Capital stock		$1,000,000.00
2	First-mortgage bonds		1,600,000.00
3	Funded interest bonds		630,000.00
6	United States subsidy bonds		1,600,000.00
7	United States interest account		1,780,808.28
10	General construction		
11	New construction and equipment	$3,698,115.07	
12	Interest on United States bonds	278,294.00	
13	Funded interest	1,735,259.68	
14	United States interest repaid	629,570.74	
16	United States Treasury Department, subsidized	54,548.00	
17	United States Treasury Department, unsubsidized	54,445.93	
30	United States Post-Office Department	60,806.52	
30	Central Branch Union Pacific R. R. stock	85,947.79	
31	Atchison Union Depot stock	15,400.00	
32	Atchison, Colorado and Pacific R. R. stock	9,000.00	
33	Atchison, Jewell County and Western R. R. stock	87,759.94	
50	Atchison, Colorado and Pacific R. R. Co. lease account	11,577.82	
51	Atchison, Jewell County and Western R. R. lease account		90,435.48
62	The Union Pacific Rwy. Co		13,010.42
67	Missouri Pacific Rwy. Co	188,390.04	
101	Land commissioner	46,970.08	
102	Land contracts	62.65	
104	Town-lot contracts	115,642.22	
150	Income, Central Branch	350.00	
174	Profit and loss, leased roads		713,786.32
256	Dividend No. 1	370,769.42	
289	Atchison and Pike's Peak coupons:		25.00
	No. 28		90.00
	No. 29		60.00
	No. 30		30.00
	No. 31		30.00
	No 32		30.00
	No. 33		30.00
	No. 34		90.00
	No. 35		30.00
	No. 36		30.00
	No. 37		60.00
261	No. 38		120.00
	No. 40		180.00
262	No. 41		1,770.00
271	Central Branch Union Pacific R. R. coupons:		
272	No. 12		35.00
	No. 13		595.00
290	Atchison, Colorado and Pacific R. R. coupons:		
	No. 4		15.00
	No. 7		15.00
	No. 8		15.00
	No. 10		45.00
	No. 16		15.00
261	No. 17		15.00
	No. 18		15.00
	No. 19		120.00
	No. 20		90.00
	No. 21		135.00
262	No. 22		195.00
263	No. 23		585.00
	No. 24		1,050.00
290	Atchison, Jewell County and Western R. R. coupons:		
	No. 2		15.00
	No. 18		15.00
262	No. 19		15.00
	No. 20		15.00
	No. 21		15.00
263	No. 22		120.00
	No. 23		150.00
		7,442,900.48	7,442,900.48

EXHIBIT B No. 8.—*Balance-sheet, December* 31, 1886.

1	Capital stock		$1,000,000.00
2	First-mortgage bonds		1,600,000.00
3	Funded interest bonds		630,000.00
6	United States subsidy bonds		1,600,000.00
7	United States interest		1,885,868.28
258	Dividend No. 1		25.00
258	Dividend No. 2		50.00
260	Atchison and Pike's Peak R. R. coupons:		
	No. 28		90.00
	No. 29		60.00
	No. 30		30.00
	No. 31		30.00
	No. 32		30.00
	No. 33		30.00
	No. 34		90.00
	No. 35		30.00
	No. 36		30.00
	No. 37		60.00
261	No. 38		120.00
	No. 41		60.00
	No. 42		240.00
	No. 43		2,100.00
272	Central Branch Union Pacific R. R. funded interest coupons, No. 15		175.00
52	Atchison, Colorado and Pacific R. R		102,800.48
54	Atchison, Jewell County and Western R. R		14,530.42
10	General construction	$3,698,115.07	
11	New construction and equipment	301,946.34	
14	United States interest repaid	54,548.60	
16	United States Treasury Department, subsidized	87.07	
17	United States Treasury Department, unsubsidized	108.29	
20	United States Post-Office Department	21,333.88	
22	United States undivided settlements	218,829.56	
30	Central Branch Union Pacific R. R. stock	15,400.00	
31	Atchison Union Depot stock	9,000.00	
32	Atchison, Colorado and Pacific R. R. stock	87,759.94	
33	Atchison, Jewell County and Western R. R. stock	11,577.82	
63	Union Pacific Rwy. Co	372,484.69	
67	Missouri Pacific Rwy. Co	63,314.31	
102	Land contracts	78,997.87	
104	Town-lot contracts	375.00	
12	Interest on United States bonds	1,931,259.66	
13	Funded interest	629,570.74	
150	Income, Central Branch		874,542.81
174	Profit and loss, leased lines	316,313.13	
		7,711,021.97	7,711,021.97

Condensed balance-sheet, December 31, 1886.

LIABILITIES.

Capital stock		$1,000,000.00
First-mortgage bonds		1,600,000.00
Funded interest bonds		630,000.00
United States bonds		1,600,000.00
Interest accrued on United States bonds		1,885,868.28
Accounts payable		120,670.90

ASSETS.

Cost of road and fixtures	$4,000,061.41	
Repaid by transportation	294,907.40	
Investments	122,737.76	
Accounts receivable	515,171.87	
	4,933,878.44	6,836,479.16
Income balance (deficit)	1,902,600.72	
	6,836,479.16	6,836,479.16

INCOME BALANCE AS ABOVE AND HOW CONSTITUTED.

Interest on United States bonds	$1,811,259.66	
Funded interest	629,570.74	
Income, Central Branch		874,542.81
Profit and loss, leased lines	316,313.13	
Deficit in income		1,902,600.72
	2,777,143.53	2,777,143.53

EXHIBIT C.—LIST OF DIRECTORS.

Central Branch Union Pacific Railroad Company.

[Directors elected October 13, 1886.]

Name.	Residence.	Name.	Residence.
Sidney Dillon*	New York.	Frederick L. Ames*	Boston.
Charles F. Adams*	Boston.	Elisha Atkins*	Boston.
Ezra H. Baker*	Boston.	Henry McFarland*	Boston.
F. Gordon Dexter*	Boston.	Oliver W. Mink*	Boston.
H. P. Dillon*	Topeka, Kans.	Jay Gould†	New York.
A. L. Williams*	Topeka, Kans.	Benjamin C. Wetmore‡	New York.
J. P. Usher*	Lawrence, Kans.		

*Also director of Atchison, Colorado and Pacific Railroad Company and Atchison, Jewell County and Western Railroad Company.
†Also director of the Missouri Pacific Railway Company.
‡Also stockholder Atchison, Colorado and Pacific Railroad Company.

Atchison, Jewell County and Western Railroad Company.

[Directors elected November 12, 1886.]

Sidney Dillon	New York.	Charles F. Adams, jr	Boston.
Oliver Ames	Boston.	Frederick L. Ames	Boston.
Ezra H. Baker	Boston.	Elisha Atkins	Boston.
F. Gordon Dexter	Boston.	Henry McFarland	Boston.
J. P. Usher	Lawrence, Kans.	Oliver W. Mink	Boston.
A. L. Williams	Topeka, Kans.	James G. Harris	Boston.
H. P. Dillon	Topeka, Kans.		

Atchison, Colorado and Pacific Railroad Company.

[Directors elected October 13, 1886.]

Sidney Dillon	New York.	H. P. Dillon	Topeka, Kans.
J. P. Usher	Lawrence, Kans.	H. McFarland	Boston.
F. L. Ames	Boston.	F. G. Dexter	Boston.
Oliver Ames	Boston.	C. F. Adams	Boston.
A. L. Williams	Topeka, Kans.	O. W. Mink	Boston.
E. Atkins	Boston.	J. G. Harris	Boston.
E. H. Baker	Boston.		

EXHIBIT D.—CENTRAL BRANCH UNION PACIFIC RAILROAD.

Legal and extraordinary expenditures.

BOARD OF DIRECTORS' MEETING.

[Notes from minute books, referring thereto.]

Mar. 29, 1862.—L. C. Challis empowered to transfer as full-paid stock, or otherwise full-paid stock of the company, to procure land grant from Congress.

July 30, 1863.—That there be issued to S. C. Pomeroy and George Manley 9,480 shares of full-paid stock, to be by them distributed to the proper parties in interest.

Mar. 27, 1865.—16,000 acres of land to be conveyed to Willis Gaylord, and 8½ per cent. of the Government and first-mortgage bonds (consideration not stated).

Aug. 4, 1865.—President's salary established by by-laws at $5,000 per annum.

June 26.—Authorizing sale of 1,000 bonds at par, 5,000 shares of the capital stock, and 80,000 acres of the land to be acquired from the Government to be given as a bonus.

Dec. 11, 1866.—Committee on legislation, composed of S. C. Pomeroy, James Wadsworth, G. Twichell, W. C. Wetmore, H. Day, G. S. Hale, and E. H. Nichols, empowered to obtain services and pay persons to obtain votes and Congressional legislation.

Dec. 3, 1867.—President and treasurer appointed a committee to obtain from Congress such action as will enable the company to extend the road to connect with

Union Pacific Railroad, and this committee to receive for disbursements and expenses such of the United States bonds as will be allotted upon such extension, as will thereafter be determined.

Mar. 20, 1871.—Payment of bonds to E. H. Nichols for efforts to bring about Government action in matter of extending line, contingent, however, upon the receipt of bonds from the Government for line to be constructed.

Apr. 22, 1873.—Approving credits made on books of the company for services rendered.

Oct. 21, 1873.—Approving payments of $500 and $2,000 made to Willis Gaylord.

Jan. 6, 1874.—Agreeing to pay Henry Day as counsel the sum of $10,000.

Jan. 12, 1874.—Agreeing to pay E. H. Nichols as counsel the sum of $20,000.

May 23, 1877.—R. M. Pomeroy allowed extra interest for services rendered, etc.

Nov. 1, 1878.—R. M. Pomeroy allowed $20,000 as president of the company.

Oct. 21, 1885.—Dividend 5 per cent. on capital stock declared.

Nov. 26, 1886.—Dividend 10 per cent. on capital stock declared.

Disbursements and credit to various parties.

Journal, fol. 33, Sept. 10, 1868:		
E. H. Nichols, Cr.:		
Amount paid for R. M. Pomeroy and self for Congressional traveling and expenses at Washington		$4,325.28
Fol. 43, Nov. 11, 1868:		
Charles Gould, Cr.:		
Amount donated him by committee of parties in interest for all claims made by him against the company		6,000.00
Fol. 53, Apr. 5, 1869:		
E. H. Nichols, Cr.:		
Sundry expenses incurred by him in Washington to date for traveling, board, printing, and sundry special expenses	$2,140.00	
Retaining fee, W. M. Evarts	5,000.00	
		7,140.00
Fol. 54, May 4, 1869:		
E. H. Nichols, Cr.:		
Paid Judge Carter, Apr. 13, 1869, fee for opinion	500.00	
Expenses to Boston	25.00	
Apr. 26, special expenses at Washington	250.00	
Apr. 30, printing agreements, etc	211.00	
May 1, expenses Millard	96.00	
May 1, traveling expenses to Washington	39.50	
		1,121.50
Fol. 74, Jan. 1, 1870:		
R. M. Pomeroy, Cr.:		
Special services rendered during the construction of the road		20,000.00
Fol. 77, Jan. 1, 1870:		
Effingham H. Nichols, Cr.:		
Special services rendered during construction of road		20,000.00
Journal, fol. 84, July 15, 1870:		
Effingham H. Nichols, Cr.:		
By cash disbursements and services between Jan. 1 and July 15, 1870, in promoting the passage of bill for the relief of the Central Branch Union Pacific R. R. Co		23,344.90
Fol. 86, Sept. 5, 1870:		
R. M. Pomeroy, Cr.:		
By disbursements made on account of company, Traveling to Washington		1,941.10
Fol. 88, Oct. 12, 1868:		
Effingham H. Nichols, Cr.:		
By amount paid General James Craig	$500.00	
Oct. 21, 1870, expenses to Kansas and back	265.34	
Oct. 21, 1870, cash paid on account Central Branch Union Pacific R. R	1,000.00	
Oct. 15, 1870, cash paid on account Central Branch Union Pacific R. R	1,000.00	
		2,765.34
Fol. 88, Nov. 25, 1870:		
E. H. Nichols, Cr.:		
Paid Hon. E. R. Hoar for opinion	500.00	
By expense to Boston and return	26.75	
		526.75

Fol. 97, Dec. 1, 1870:
E. H. Nichols, Cr.:
By expenses to Boston and Washington $10.65
By expenses on account Central Branch Union Pacific R. R., as follows:
Dec. 9, 1870, paid John T. Drew 1,000.00
Dec. 13 to 19, paid Roessle & Son 5,100.00
Dec. 30, paid Hon. D. W. Gooch 1,000.00
March, 1871, paid Rev. Mr. Jackson 50.00
Sundry amounts as per statement, counsel fees, etc. 30,000.00
$37,160.65

Fol. 97, Aug., 1871:
E. H. Nichols, Cr.:
By expenses to Washington and back 114.95
Paid E. R. Hoar, counsel fee 500.00
614.95

Fol. 98:
R. M. Pomeroy, Cr.:
By sundry payments and expenses to date, journeys to Washington, New York, and Kansas, bill rendered 594.53

Fol. 99, Sept. 29, 1871, to Nov. 15, 1871:
E. H. Nichols, Cr.:
By expenses to Washington and Boston and while there $622.40
Paid Judge Hoar 1,000.00
Paid J. B. Bloss, for services rendered and to be rendered 500.00
2,122.40

Fol. 100, Nov. 22, 1871, to Mar. 15, 1872:
E. H. Nichols, Cr.:
Paid Roesselle & Son 3,341.23
Paid J. L. Andrews 250.00
Paid Iowa 1,000.00
Paid W. S. Smith 300.00
4,891.23

Fol. 100, Mar. 26, 1872, to May 11, 1872:
E. H. Nichols, Cr.:
By sundry expenses, etc 698.75
By G. J. T. Croxton 500.00
By Gibson Bros 312.90
1,511.65

Fol. 101, May 4, 1871:
E. H. Nichols, Cr.:
Paid Sterling & Walden, account suits of Challis 600.00

July, 1872:
By expenses to Washington 108.00

Fol. 103, Nov. 15, 1872, to Feb. 12, 1873:
E. H. Nichols, Cr.:
Paid Hon. B. R. Curtis $2,000.00
Paid Wm. M. Evarts 1,000.00
Paid W. S. S 250.00
Paid W. Scott Smith 250.00
Paid Gibson Bros. (printing) 379.20
Paid expenses to Washington, etc 50.00
Paid Roesselle & Son 1,311.15
5,240.35

E. H. Nichols, Cr.:
Journal, fol. 102, Feb. 21, 1873:
By expenses to Washington 132.70

Fol. 103, Apr. 4, 1873:
By amount paid J. L. Andrew, stenographer 250.00

Fol. 107, Dec. 1:
Henry Day, Cr.:
Legal services $800.00
Prospective legal services 10,000.00
10,800.00

Dec. 1:
W. M. Evarts, Cr.:
Legal services 1,500.00

Dec. 1:		
Sterling & Walden, Cr.:		
Legal services		$5,059.68
Fol. 108, Dec. 1, 1873:		
E. H. Nichols, Cr.:		
By amount awarded to him as counsel		20,000.00
R. M. Pomeroy, Cr.:		
By services as president		20,000.00
(R. M. Pomeroy was president from Oct. 9, 1866, to Feb. 18, 1880.)		
Fol. 174, Nov. 1, 1878:		
R. M. Pomeroy, Cr.:		
By services to date		20,000.00

CASH BOOK.

Jan. 2, 1867, paid to A. Green, retaining fee		$1,000.00
Feb. 1, paid at Washington		200.00
May 27, paid to Sterling & Walden, attorneys		240.14
May 13, paid to B. F. Stringfellow		200.00
Nov. 4, paid to B. F. Springfellow		500.00
Nov. 4, paid to Judge Curtis		500.00
July 22, 1868, paid to B. F. Stringfellow		500.00
Nov. 17, 1868, paid to R. M. Pomeroy for sundry expenses		1,094.95
From Oct. 2, 1869, to Jan. 15, 1870:		
Paid in suit Challis:		
To J. Wadsworth	$900.00	
To W. T. Walden	230.00	
To J. K. Porter	1,500.00	
To Sterling & Co	1,000.00	
To Geo. S. Hale	150.00	
To Jewesson	215.00	
To Bonynge	432.45	
To Macklin	223.50	
To Wm. Osborn	77.20	
To G. W. Glick	550.00	
To Keith	200.00	
To E. H. Nichols	21.00	
To B. F. Stringfellow	1,594.03	
To S. C. Pomeroy	133.50	
		7,226.68
Apr. 19, 1870, paid Judge Sterling, in full settlement of suit Alfred Roe against company		1,500.00
Jan. 31, 1871, paid Sterling & Walden (Challis's suit)		1,000.00
Dec. 2, 1873, R. M. Pomeroy, expenses to Washington		3,000.00
Total amount of disbursements in cash, and credit to parties		214,712.79

In addition to this the following parties seem to have received first-mortgage bonds of the Central Branch, Union Pacific R. R., for which the treasurer's books do not show that any money consideration was received:

	Bonds.
May 13, 1869:	
R. M. Pomeroy	1
H. G. Wheeler	50
Compensation, being for accommodations to the company:	
May 28, 1868, R. M. Pomeroy	10
Dec. 10, 1868, H. Day	2
Jan. 9, 1869, J. A. Stewart	2
Jan. 14, 1869, A. S. Barnes	2
Jan. 23, 1869, J. F. Tyson	1
June 8, 1869, C. S. Parsons	3
May 13, 1869, E. H. Nichols	12
June 23, 1869, W. C. Wetmore	4
Donated. Given to certain stock subscribers:	
R. M. Pomeroy	51
D. Ahl and J. P. Pomeroy	7
G. Twichell	5
J. W. Brooks	7
William Claflin	5

	Bonds.
May 13, 1869—Continued.	
Donated, given to certain stock subscribers—Continued.	
A. C. Mayhew	2
A. H. Batcheller	4
J. Prescott	2
John S. Manney	4
Oakes Ames	27
Nathaniel Thayer	7
Francis Dane	4
George S. Hale	5
E. B. Phillipps	5
W. Butler Duncan	7
Henry Day	14
John A. Stewart	14
W. H. Thorp	7
H. S. Thorp	10
A. and A. S. Thorp	10
James H. Thorp	2
Clement S. Parsons	7
E. H. Nichols	55
B. T. Nichols	8
W. C. Wetmore	27
Ch. Gould, A. W. Greenleaf, and David D. Scott	29
Erastus Corning	27
J. C. Atwater	7
S. Lennox Tredwell	5
W. H. Scott	4
O. H. Palmer	4
George E. Belcher	7
E. E. Tredwell	2
Samuel S. Rowland	4
A. S. Barnes	7
J. F. Tyson	7
Existing liabilities, said to have been given for liabilities of the company, but what they were the books fail to show:	
R. M. Pomeroy	34
Charles Gould	7
Willis Gaylord	37
E. H. Nichols	4
D. B. Sickels	28
C. P. Bailey	53
L. C. Challis	28
M. F. Budge	22
Jay Cooke & Co	45
F. T. Baker & Co	1
J. R. Atwater	5
P. W. Gallaudet	5
M. Martin	2
James Wadsworth, E. H. Nichols, and W. D. Davis	8
E. M. Morgan	2
J. T. Sanger	4
E. R. Martin	1
Names not given	4
pr. 17, 1872:	
A. S. Barnes	1
S. C. Pomeroy	8
Compensation given apparently as bonuses:	
May 11, 1866, J. A. Stewart	4
May 12, 1866, W. C. Wetmore	3
May 14, 1866, H. Day	2
May 14, 1866, C. S. Parsons	3
May 15, 1866, Erastus Corning	1
May 15, 1866, E. H. Nichols	15
May 21, 1866, R. M. Pomeroy	16
Dec. 9, 1866, H. Day	1
Dec. 9, 1866, J. A. Stewart	1
Dec. 9, 1866, C. S. Parsons	1
Dec. 9, 1866, A. S. Barnes	1
Dec. 9, 1866, J. F. Tyson	1

	Bonds.
April 17, 1872—Continued.	
Compensation given apparently as bonuses—Continued.	
July 2, 1868, R. M. Pomeroy	2
Jan. 29, 1869, H. Day	2
Jan. 29, 1869, J. A. Stewart	2
Mar. 21, 1869, J. F. Tyson	1
Mar. 25, 1869, A. S. Barnes	1
	842

Of the par value of $842,000.

EXHIBIT E.—LEGAL EXPENSES.

Legal expenses, as shown by the operating ledgers kept in Kansas and the accounts rendered by the Missouri Pacific Railway.

[As shown by the operating ledgers kept in Kansas.]

Paid during year—		Amount.
1868	To Otis & Glick	$283.34
1869	do	2,000.00
1869	To B. F. Stringfellow	1,000.00
1870	do	2,500.00
1870	To Otis & Glick	2,382.95
1870	To fees, etc	4.95
1871	do	53.40
1871	To Mudgett & Smith	30.00
1871	To Otis & Glick	2,030.00
1871	To H. F. Nash	242.50
1871	To B. F. Stringfellow	1,500.00
1872	To O. F. Thorndyke	9.40
1872	To Otis & Glick	2,250.00
1873	To J. E. Taylor	25.00
1873	To Otis & Glick	1,750.00
1873	To Otis & Everest	250.00
1873	To B. F. Stringfellow	1,000.00
1873	To fees, etc	59.74
1874	do	90.25
1874	To B. F. Stringfellow	2,716.66
1874	To Otis & Everest	2,000.00
1875	do	2,000.00
1875	To fees and expenses	256.58
1876	To B. F. Stringfellow	1,500.00
1876	To Otis & Everest	1,750.00
1876	To fees, etc	498.90
1877	To Otis & Everest	500.00
1877	To fees, etc	177.55
1878	do	1,072.44
1878	To Everest & Waggoner	1,000.00
1878	To D. Martin	50.00
1879	do	164.80
1879	To Clough & Wheat	250.00
1879	To various parties	2,876.70
1879	To Everest & Waggoner	3,426.72
		37,631.88

Paid by the Missouri Pacific Rwy., as shown by the statements rendered monthly to the Central Branch Union Pacific R. R., and charged to "expenses of legal department:"

	Land-grant division.	Western division.	
1880	$4,258.36	$5,222.68	$9,481.04
1881	8,332.56	10,799.15	19,131.71
1882	6,044.69	5,191.80	11,236.49
1883	4,133.43	4,350.60	8,484.03
1884	5,657.54	4,888.29	10,545.83
1885	6,124.15	6,003.16	12,127.31
1886	5,192.37	5,744.81	10,937.18
	39,743.10	42,200.49	

There was also charged to profit and loss, in December, 1880, j. 1, fo. 134, an amount paid "E. H. Nichols for attorney's fees, etc., as per claim submitted Jay Gould." 25,000.00

Total (in addition to amount already reported as charged for "legal and extraordinary expenses") 144,575.47

EXHIBIT F.—LIST OF STOCKHOLDERS AT THE VARIOUS MEETINGS OF THE COMPANY.

Shareholders of record at meetings of Oct. 12, 1870, Oct. 18, 1876, and Nov. 26, 1877.

Names.	No. of shares.		
	Oct. 12, 1870.	Oct. 18, 1876.	Nov. 26, 1877.
R. M. Pomeroy	1,255	1,255	1,255
Genery Twichell	125	125	125
J. W. Brooks	166	166	166
W. Claflin	125	125	125
Daniel Ahl	83	.....	.....
Jas. P. Pomeroy	83	83	83
J. C. Mayhew	50	50	50
A. H. Batchelder	83	83	83
J. Prescott	21	21	21
J. T. Manney	83	.....	.....
Jas. T. Coolidge	666	666	.....
Nathl. Thayer	166	166	166
Francis Dane	83	.....	.....
David B. Scott	45	36	36
A. W. Greenleaf	200	100	100
Chas. Gould	467	.....	.....
W. H. Scott	83	83	83
Henry Day	333	333	333
W. Butler Duncan	166	166	166
E. B. Phillipps	125	125	125
Jas. A. Stewart	333	333	333
O. H. Palmer	83	83	83
C. S. Parsons	166	166	166
E. E. Tredwell	25	25	25
E. H. Nichols	1,086	1,039	1,039
Revd. Samuel Nichols	100	100	100
J. E. Tredwell	16	16	16
D. S. Morgan	100	200	200
Jas. Potter	50	50	50
Horace Nichols	25	25	25
Geo. G. Bishop	175	175	175
Edwards Hall	10	10	10
S. S. Rowland	83	83	83
C. B. Metcalf	20	20	20
A. S. Barnes	316	346	346
A. M. Miller	10	10	10
J. H. Poole	20	20	20
Erastus Corning	666	666	666
Thomas S. Thorpe	41	41	41
Geo E. Belcher	166	166	166
J. F. Tyson	166	166	166
W. C. Wetmore	666	666	666
Jas. C. Atwater	166	166	166
Andrew Thorp	50	50	50
Andrew S. Thorp	100	100	100
J. Lennox Tredwell	125	125	125
Geo. S. Hale	125	125	125
Anna B. Thorp	100	25	25
Julia E. Reynolds	24	24	24
H. N. Knickerbooker	24	24	24
Ellen M. Thorp	24	24	24
Emma S. Thorp	24	24	24
Francis B. Bulkley	24	24	24
W. H. Thorp, trustee	46	3	3
J. Lennox Tredwell, trustee	83	75	75
Henrietta S. Gould	.....	376	376
Sarah A. Greenleaf	.....	200	200
Caroline E. Heomann	.....	23	23
The National Exchange Bank (Boston)	.....	83	.....
A. S. Thorp & Co	.....	15	15
Lucia J. Chapman	.....	5	5
Edmund A. Manny	.....	83	83
Joseph F. Dane	.....	83	83
Wm. F. Weld	.....	.....	83
Oliver Ames	.....	.....	666
Total	9,646	9,646	9,646

Shareholders of record at meeting of Jan. 20, 1880, Oct. 11, 1882, and Oct. 10, 1883.

Names.	No. of shares.		
	Jan. 20, 1880.	Oct. 11, 1882.	Oct. 10. 1883.
R. M. Pomeroy	4		
Jas. P. Pomeroy	1		
David B. Scott	36	36	36
Henry Day	10		
O. H. Palmer	3	3	3
C. S. Parsons	2		
E. H. Nichols	1	1	1
Jas. Potter	50		
Horace Nichols	25	25	25
Geo. G. Bishop	175	175	175
A. S. Barnes	5		
Thomas S. Thorp	41		
Geo. E. Belcher	166	166	166
W. C. Wetmore	666	666	666
Jas. C. Atwater	886	186	186
Emma S. Thorp	24		
W. H. Thorp, trustee	3		
J. Lennox Tredwell, trustee	75		
A. S. Thorp & Co	5		
Lucia J. Chapman	5		
Oliver Ames	6,826		
Chas. W. Gould	9		
Saml. C. Pomeroy	1	1	1
Augusta R. Hooper	20		
Lewis G. Thorp	20		
Alfred H. Thorp	10		
Jay Gould	775	5	5
M. L. Sargent	1		
Addison L. Day	1		
Sidney Dillon, trustee		8,519	8,519
Sidney Dillon		5	5
Ezra H. Baker		5	5
F. Gordon Dexter		5	5
Jas. M. Ham		5	5
Thos. T. Eckert		5	5
Fredk. L. Ames		5	5
A. H. Calef		5	5
James M. Ham, trustee		154	154
Elisha Atkins		5	5
Jas. G. Harris		5	5
Henry McFarland		3	3
Oliver W. Mink		5	5
A. L. Williams		1	1
W. T. Kelley		1	1
S. T. Smith		1	1
Russell Sage		5	5
Total	9,846	10,000	10,000

Shareholders of record at meeting of Nov. 4, 1884, Oct. 14, 1885, and Oct. 13, 1886.

Names.	No. of shares.		
	Nov. 4, 1884.	Oct. 14, 1885.	Oct. 13, 1886.
David B. Scott	36	36	36
O. H. Palmer	3	3	3
E. H. Nichols	1	1	1
Horace Nichols	25	25	25
Geo. G. Bishop	175	175	175
Geo. E. Belcher	166	166	161
W. C. Wetmore	666	666	666
Jas. C. Atwater	186	186	186
Sam'l C. Pomeroy	1	1	1
Jay Gould	5	5	5
Sidney Dillon, trustee	8,519	8,519	
Sidney Dillon	5	5	5
Ezra H. Baker	5	5	5
F. Gordon Dexter	5	5	5
Fred'k L. Ames	5	5	5

Shareholders of record at meeting of Nov. 4, 1884, etc.—Continued.

Names.	No. of shares.		
	Nov. 4, 1884.	Oct. 14, 1885.	Oct. 13, 1886.
James M. Ham, trustee	154		
Elisha Atkins	5	5	5
Jas. G. Harris	5	5	5
Henry McFarland	5	5	5
Oliver W. Mink	5	5	5
A. L. Williams	1	1	1
W. T. Kelley	1		
Chas. F. Adams, jr	20	20	20
H. P. Dillon	1	1	1
J. P. Usher		1	1
Henry McFarland, trustee		154	154
Benj. C. Wetmore			5
Elisha Atkins, Ezra H. Baker, and Henry McFarland, trustees			8,519
Total	10,000	10,000	10,000

EXHIBIT G.—AMOUNT PAID BY EACH STOCKHOLDER AND THE DATE WHEN EACH BECAME SUCH.

Parties to whom original stock was issued and the date when each became a stockholder, as also the consideration paid for said stock.

Names.	Date.	Shares.	Paid in cash or charged in account as stock options.
R. M. Pomeroy	Nov. 18, 1868	1,255	$55,300
G. Twichell	do	125	5,000
J. W. Brooks	do	166	6,600
W. Claflin	do	125	5,000
D. Ahl (R. M. Pomeroy) (†)	do	83	
J. P. Pomeroy (R. M. Pomeroy) (†)	do	83	
A. C. Mayhew (†)	do	50	
A. H. Batchelder	do	83	3,300
J. Prescott	do	41	1,600
John T. Manney	do	83	3,300
John T. Coolidge (†)	do	666	
M. Thayer	do	166	6,600
Francis Dane	do	83	3,300
David B. Scott (†)	Nov. 19, 1868	45	
A. W. Greenleaf (†)	do	200	
Charles Gould (†)	do	477	
B. T. Nichols (†)	Nov. 21, 1868	200	
W. H. Scott	do	83	3,300
Henry Day	do	333	13,300
W. Butler Duncan	do	166	6,600
E. B. Phillipps	do	125	5,000
John A. Stewart (†)	do	333	
O. H. Palmer	Nov. 27, 1868	83	3,300
C. S. Parsons	Nov. 28, 1868	166	6,600
E. E. Tredwell	Nov. 30, 1868	41	1,600
E. H. Nichols (†)	Dec. 1, 1868	1,416	
D. S. Morgan (†)	Dec. 8, 1868	100	
S. S. Rowland	Jan. 6, 1869	83	3,300
A. S. Barnes	Jan. 14, 1869	166	6,600
E. Corning	Jan. 15, 1869	666	26,600
G. E. Belcher	May 1, 1869	166	6,600
Thomas T. Thorp	Apr. 30, 1869	41	1,600
J. F. Tyson	May 21, 1869	166	6,600
W. C. Wetmore	May 18, 1869	666	26,600
J. C. Atwater	do	166	6,600
W. H. Thorp (†)	May 25, 1870	100	
R. S. Thorp (†)	do	249	
Andrew Thorp (†)	Apr. 23, 1870	50	
A. S. Thorp (†)	do	100	
J. Lennox Tredwell	May 25, 1870	125	5,000
G. S. Hale (†)	do	125	

Parties to whom original stock was issued and the date when each became a stockholder, as also the consideration paid for said stock—Continued.

Names.	Date.	Shares.	Paid in cash or charged in account as stock options.
For issues of stock marked thus (†) stock options as follows were paid for or charged in account, as follows:			
Oakes Ames			$26,600
J. C. Mayhew			†3,300
Chas. Gould			28,900
G. S. Hale			1,000
J. A. Stewart			22,600
W. H. Thorp			6,000
A. & A. S. Thorp			9,800
E. H. Nichols			62,100
H. S. Thorp			6,000
Received as stock options, but with the stock delivered upon those options, there were given in first-mortgage bonds as a bonus, $399,000.			
Subsequently issued:			
E. H. Nichols	Jan. 29, 1879	199	(*)
S. C. Pomeroy	do	1	(*)
Issued to Mr. James M. Ham, as trustee for the Central Branch, Union Pacific Railroad, and subsequently transferred to Mr. Henry McFarland, trustee		154	
		10,000	386,700

* Books fail to reveal for what consideration.

NOTE.—The above amount of $386,700 was modified by transactions, as shown upon page 5332 (herewith), so as to make the total sum received for stock options $392,225.53.

NOTE.—When the road was known as the Atchison and Pike's Peak Railroad, there evidently was stock issued, as it is alluded to in minutes of meetings, and there is record of there having been stockholders' meetings Nov. 5, 1860, Nov. 5, 1861, July 30, 1863, Nov. 14, 1864, and Sept. 19, 1866, before the issue of the stock treated above, but of this stock there is no record to be found other than in the minutes. There is neither certificate book, stock lists, nor stock ledgers referring to any other issue than this.

EXHIBIT G No. 1.—DISPOSITION OF FIRST MORTGAGE AND UNITED STATES SUBSIDY BONDS AND CAPITAL STOCK.

Statement showing to whom the first-mortgage bonds were issued, and for what purpose, as indicated by first general ledger and journal and by bond record book, as to those issued for "existing liabilities."

To whom issued	Bonds for which value was received—		Bonds for which no value was apparently received and issued as—	
	In cash.	In services or settlement of accounts.	Compensation and donated.	Existing liabilities.
Wm. H. Thorp	37		7	
R. M. Pomeroy	187		80	34
A. S. Barnes	10		12	
Chas. Gould	47			7
Hy. Day	15		21	
W. G. Sterling	2			
C. Akerman	4			
Willis Gaylord	28			37
W. C. Wetmore	75		34	
J. A. Stewart	10		23	
C. S. Parsons	26		14	
E. H. Nichols	123		82	4
L. Cassidy	1			
D. R. Allen	1			
S. C. Pomeroy	10		8	
L. B. Pratt	2			
E. Jennings	4			
R. G. Waddle	4			

Statement showing to whom the first-mortgage bonds were issued, etc.—Continued.

To whom issued.	Bonds for which value was received—		Bonds for which no value was apparently received and issued as—	
	In cash.	In services or settlement of accounts.	Compensation and donated.	Existing liabilities.
G. H. Mead	4			
W. Osborn	20			
W. Butler Duncan	13		7	
G. E. Belcher, M. D	12		7	
S. S. Rowland	3			
J. F. Tyson	12		10	
H. N. Nichols	11			
Hannibal and Saint Joseph R. R		41		
Chicago, Burlington and Quincy R. R		15		
H. G. Wheeler			50	
D. Ahl and J. P. Pomeroy			7	
Williams & Barney		10		
W. L. Challis		10		
Wood & Davis	21			
G. Twichell			5	
J. W. Brooks			7	
W. Claflin			5	
A. C. Mayhew			2	
A. H. Batcheller			4	
J. Prescott			2	
Jno. S. Manney			4	
Oakes Ames			27	
Nath. Thayer			7	
Francis Dane			4	
Geo. S. Hale			5	
E. B. Phillippa			5	
H. S. Thorpe			10	
A. & A. S. Thorp			10	
J. H. Thorp			2	
B. T. Nichols			8	
Chas. Gould, A. W. Scott, A. W. Greenleaf			29	
Erastus Corning			28	
J. C. Atwater			7	
J. Lennox Tredwell			5	
W. H. Scott			4	
O. H. Palmer			4	
E. E. Tredwell			2	
S. Rowland			4	
D. B. Sickels				28
C. P. Bailey				53
L. C. Challis				28
M. F. Budge				22
Jay Cooke & Co				45
F. T. Baker & Co				1
J. R. Atwater				5
P. W. Gaullaudet				5
M. Martin				2
Jas. Wadsworth, E. H. Nichols and W. D. Davis				8
E. M. Morgan				2
J. T. Sanger				4
D. R. Martin				1
Bond record book does not state to whom given				4
Total number of first-mortgage bonds, $1,000 each, issued	682	76	552	290

RECAPITULATION.

	No.	Yielding.
Bonds for which value was received in cash	682	$491,612.14
Bonds for which value was received in services, and with which settlement of accounts was made	76	76,000.00
Bonds for which no value was apparently received and issued as "compensation, donation," etc	552	
Bonds for which no value was apparently received and issued for "existing liabilities," so called	290	
Total issue of first-mortgage bonds	1,600	567,612.14

Statement showing relation between "stock option," "interest on option," and "fractional bonds," upon which accounts the company received money on one side, and the credit item called in first-mortgage account "donated bonds," for which the company received no consideration on the other.

Names.	Paid for as—				No consideration received (donated bonds of $1,000 each).
	Stock options.	Interest on options.	Fractional bonds.	Total.	
J. W. Brooks	$6,600		$288	$6,888.00	7
Nath. Thayer	6,600		288	6,888.00	7
J. W. Manney	3,300		544	3,844.00	4
Francis Dane	3,300		544	3,844.00	4
A. W. Bachelder (2)	3,300		544	3,844.00	4
G. E. Belcher	6,600		288	6,888.00	7
Oakes Ames	26,600	$6.50	288	26,894.50	27
W. Claflin	5,000			5,000.00	5
S. S. Rowland (2)	3,300	22.55	544	3,866.55	4
J. C. Mayhew	3,300			3,300.00	3
Chas. Gould	28,900	4.13	96	29,000.13	29
J. Prescott	1,600		288	1,888.00	2
A. S. Barnes	6,600		288	6,888.00	7
O. H. Palmer	3,300	14.75	544	3,858.75	4
G. Twichell	5,000			5,000.00	5
J. C. Atwater	6,600		288	6,888.00	7
Wm. Butler Duncan	6,600	35.93	288	6,923.93	7
J. H. Thorp	1,600		288	1,888.00	2
G. S. Hale (1)	1,000			1,000.00	1
J. A. Stewart (3)	22,600	104.96	544	23,248.96	14
W. C. Wetmore	26,600	279.30	288	27,167.30	27
J. T. Tyson	6,600		288	6,888.00	7
C. S. Parsons	6,600	182.23	288	7,070.23	7
E. B. Phillips	5,000			5,000.00	5
W. H. Scott	3,300	32.87	544	3,876.87	4
R. M. Pomeroy	55,300		928	56,228.00	58
Henry Day	13,300	139.65	544	13,983.65	14
W. H. Thorp	6,600		288	6,888.00	7
A. & A. S. Thorp	9,800		832	10,632.00	10
E. H. Nichols	62,100		544	62,644.00	63
E. Corning	26,600		288	26,888.00	27
E. E. Tredwell	1,600	18.66	288	1,906.66	2
H. S. Thorp	6,600			6,600.00	10
S. L. Tredwell	5,000			5,000.00	5
S. C. Pomeroy (2)			544	544.00	
	380,700	841.53	11,616	399,157.53	
Add amount paid by G. S. Hale (1) in addition to the above				4,000.00	
				403,157.53	
Less amounts credited to fractional bonds, and not paid for (2)			1,632		
Amount actually paid by Stewart (3) for stock option, being $13,300, or less than above			9,300		
				10,932.00	
Total amount received for stock option (so-called), but actually for 399 bonds				392,225.53	399

Proceeds of United States subsidy bonds.

1866.		
Aug. 2.	Net proceeds of 320 United States bonds sold	$312,000.00
Dec. 10.	Net proceeds of 320 United States bonds sold	326,380.00
1867.		
May 4.	Net proceeds of 320 United States bonds sold	320,000.00
Dec. 5.	Net proceeds of 320 United States bonds sold	304,622.55
1868.		
Jan. 24.	Net proceeds of 320 United States bonds sold	313,000.00
	Interest received	1,048.00
	Total proceeds of 1,000 United States bonds	1,577,051.55

For particulars of this account reference is made to first ledger, folio 152, cash-book, folios 4, 18, 24, 40, 44, and 52.

The bonded and stock liability of the Central Branch, Union Pacific R. R., is as follows:

For first-mortgage bonds	$1,600,000.00
For United States bonds	1,600,000.00
For capital stock	1,000,000.00
	4,200,000.00

The bonded debt has since been increased by the issue of funded interest bonds amounting to $630,000.

Upon the bonded debt was realized:

From sale of United States bonds	$1,577,651.55
From stock options	392,225.53
From sale of first-mortgage bonds	567,612.14
	2,537,489.22
Deficiency, exclusive of the $630,000 of funded interest bonds	1,662,510.78
	4,200,000.00

EXHIBIT H.—STOCK HELD IN TRUST.

List of stock of the company which has been, and is now held in trust, and for whose benefit as far as known.

Name of trustee.	Date of becoming stockholder.	No. of shares.	For whose benefit.
W. H. Thorp	May 25, 1870	46	Unknown.
J. Lennox Tredwell	do	83	Do.
Sidney Dillon	Feb. 17, 1880	8,519	Union Pacific Rwy. Co.
Jas. M. Ham	do	154	Central Branch, Union Pacific R. R. Co.
Hy. McFarland	Apr. 18, 1885	*154	Do.
Elisha Atkins, E. H. Baker, and Hy. McFarland	Nov. 2, 1885	*8,519	Union Pacific Rwy. Co.

* Now held as stated.

EXHIBIT I.—ACCOUNTING BETWEEN THE UNITED STATES AND THE CENTRAL BRANCH UNION PACIFIC RAILROAD COMPANY.

A settlement was had between the United States and the Central Branch Union Pacific Railroad, in March, 1880, covering all the transactions between it and the road to December 31, 1878; it was then established that the United States owed to the Central Branch Union Pacific Railroad to December 31, 1878, for transportation of mail, etc., $73,142.73, but that the 5 per cent. of net earnings and the one-half of Government transportation amounted to $54,548.60, leaving payable to the railroad $18,594.13, which sum was duly paid; so that the accounts were settled to that period, and the road had made into the Treasury a payment of $54,548.60.

The earnings of the railroad since that period, for Government transportation, were:

Year.	Main line.	Leased lines.
Mail earnings:		
1879	$20,851.77	
1880	11,342.43	$18,603.77
1881	11,270.00	18,702.10
1882	12,538.58	22,773.59
1884	13,734.72	24,420.16
1885	13,734.72	24,420.12
1886	13,734.72	24,420.12
	14,068.02	20,243.88
Total	111,274.96	159,673.74
Less for service not allowed	72.44	2,031.62
Do	410.08	1,064.38
Unaccounted for	28.41	
	510.93	3,096.00
Net mail earnings	110,764.03	156,577.74
Other United States earnings	312.81	526.77
	111,076.74	157,104.51

Or a total of earnings for United States transportation (main and leased lines), from December 31, 1878, to December 31, 1886, of $268,181.35.

This agrees with the balances existing upon the Central Branch Union Pacific Railroad books against the United States and the sums received in cash. These are as follows:

United States Treasury Department, subsidized	$87.07
United States Treasury Department, unsubsidized	108.29
United States Post-Office Department	21,333.88
United States, undivided settlements	218,829.56
	240,358.80
Amounts paid by the United States to the company at various times	27,829.55
	268,161.35

Now, as to what is due to the United States on account of one-half governmental transportation and 5 per cent. of the net earnings, and treating the year 1879 as if the whole line had been subsidized (there having been no division of earnings and expenses made between the subsidized and non-subsidized lines for that year), would show total United States transportation from December 31, 1878, to December 31, 1886, $111,076.84.

One-half of which is		$55,538.42
The net earnings of the road were:		
1879	$354,179.02	
1880	171,163.56	
1881	167,522.93	
1882	233,112.37	
1883	389,684.22	
1884	289,432.18	
1885	266,844.71	
1886	407,667.79	
	2,270,606.78	
5 per cent. of which		113,530.33
Total amount due the United States under the law		169,068.75
Against which there is paid into and withheld by the United States the amounts distributed upon the books of the company as follows:		
United States Treasury Department, subsidized	$87.07	
United States Treasury Department, unsubsidized	108.29	
United States Post-Office Department	21,333.88	
United States, undivided settlements	218,829.56	
		240,358.80
Leaving due by the United States in excess of its requirements.		71,290.05

The amount appearing upon the books of the company as "United States interest repaid," and amounting to $54,548.60, is ignored above, as this computation covers only transactions occurring after that amount was established as due to the Government.

SUPPLEMENTARY REPORT.

At a meeting of the Commission held in this city since the foregoing report was prepared, Mr. Effingham H. Nichols, the former treasurer of the Central Branch Union Pacific Railroad, testified that he had in his possession books and papers which would throw some light upon the affairs of that company, and particularly upon the matter of payments made by various parties towards purchasing shares of the company's capital stock. To these books and papers Mr. Nichols afforded access, and they proved to be a bill-book (of no value at this stage of the investigation), two cash-books, the subject-matter of which had been transcribed into the cash-book to which access had already been had in Boston, and one ledger. The last purports to be a ledger which was kept in 1865 and 1866 by Willis Gaylord, treasurer, and is a record of cash transactions solely. The entries therein made are supported by neither auxiliary books nor vouchers. If, as Mr. Nichols avers, the credits to individuals upon this ledger are for payments for which the

parties received the capital stock of the company, this book and the ledgers of the company fail to show it. Neither do they show anything to the contrary. It does indicate payments by individuals, and that the money so received was turned over to William Osborn, the contractor of the road.

The credits as above are as follows:

James Wadsworth	$31,875.00
Willis Gaylord	46,875.00
S. C. Pomeroy	32,985.00
R. M. Pomeroy	46,875.00
E. H. Nichols	75,000.00
W. C. Wetmore	37,500.00
D. A. Butterfield	15,000.00
W. Osborn	70,000.00
Chauncey Vibbard	37,500.00
R. A. Park	37,500.00
G. Twitchell	7,031.25
R. B. Phillips	5,625.00
George S. Hale	7,031.25
W. Claflin	7,031.25
D. Ahl	7,500.00
Charles Gould	37,500.00
R. T. Nichols	18,750.00
W. H. Thorp	9,375.00
A. H. Batcheller	4,687.50
J. T. Manney	4,687.50
J. Prescott	2,343.75
A. C. Mayhew	4,687.50
W. Wilshire	2,343.75
There are, besides, the following:	
Interest received from some of the foregoing individuals	2,024.42
American Exchange bank loan	50,000.00
E. H. Nichols, treasurer, received from sale of bonds	222,357.50
	824,085.67

The only debit in the books (aside from an insignificant cash balance) results from various charges to W. Osborn, contractor which aggregate $828,543.48

The books of the company, kept subsequently by E. H. Nichols, treasurer, showed that there was paid to W. Osborn, contractor 2,016,682.50

And upon the same books appear as being paid to Willis Gaylord, treasurer, in excess of the sum his ledger shows to have been received from E. H. Nichols, treasurer 109,225.00

Representing as cost of road (construction and equipment) 2,954,450.98

Against this, is the construction and equipment account, as shown by balances taken from books of W. Osborn, contractor, to wit 2,550,344.94

Leaving as amount paid to Osborn in excess of admitted cost, as shown by books of Gaylord and Nichols, jointly 404,106.04

Osborn, however, in addition to the cost of road, etc., accounted for—

Bonds of Atchison City	$1,292.57	
Real estate	60,357.18	
		61,649.75

Leaving unaccounted for 342,456.29

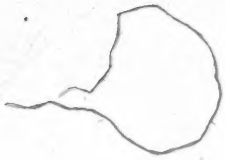
Thus showing that to admit the payments shown by ledger as having been made, is an admission that the above sum is not accounted for. Relative to those credits, it is but just to say that the individuals or their assigns appear upon the stock ledger of the company to have received its capital stock in amounts corresponding in a measure to those of those credits.

The papers to which access was given were found to include no vouchers for sums paid or received, and consist only of statements, etc., furnished by the Kansas office.

Respectfully submitted.

G. F. PERRENOUD,
Accountant.

NEW YORK, *October* 31, 1887.



UNITED STATES PACIFIC RAILWAY COMMISSION.

SAINT LOUIS REPORT

TO

HON. ROBERT E. PATTISON,

CHAIRMAN UNITED STATES PACIFIC RAILWAY COMMISSION,

RELATIVE TO THE AFFAIRS OF THE CENTRAL BRANCH UNION PACIFIC RAILROAD.

BY G. F. PERRENOUD, ACCOUNTANT.

3337

SAINT LOUIS REPORT.

SAINT LOUIS, *September* 24, 1887.

Having been ordered to this point, where none of the accounting and only the operating books for recent years of the Central Branch Union Pacific Railroad were to be found, the scope of my investigation was naturally limited to inquiring whether in its dealings with the Central Branch Union Pacific Railroad the accounting of the Missouri Pacific Railway showed this corporation to have been just to the former; also to ascertain whether there had been a diversion of earnings of the aided lines, through constructive mileage allowances to less productive branches. The leases between the Central Branch Union Pacific Railroad and the Missouri Pacific Railway, under which the former is operated by the latter, bear date December 6, 1880, and September 30, 1885, and stipulate that the road is to be operated by the lessee in the most economical manner practicable, and in such a manner as shall yield to the party of the second part (the Central Branch Union Pacific Railroad) the largest practicable amount of revenue. The Missouri Pacific Railway also agrees to pay over to the Central Branch Union Pacific Railroad all the net earnings of the road. Hence I aimed to ascertain whether it had been so operated, and found as follows:

That, nominally, in its dealings with the various corporations forming its system, and of which the Central Branch Union Pacific Railroad is a part, the Missouri Pacific Railway is guided by rules established by what is known as the Gault-Tucker award, extracts from which (they being all those parts of the award relating to the Central Branch Union Pacific Railroad) I beg to submit herewith as Appendix A to this report.

That the basis of division of earnings for certain classifications of freight and the rates to and from certain designated points are established by certain letters of instruction from the general freight office of the Missouri Pacific Railway to its auditing department, dated December 23, 1885, and September 8, 1886, extracts from which form part of this report as Appendix B.

That the leases with the Missouri Pacific Railway, already referred to, stipulate also that the business interchanged between the Central Branch and Missouri Railway lines shall be settled for on the same basis as the Iowa roads in respect to the local business of the Union Pacific Railroad; or, more properly, it governs freight traffic in one direction only, the exact words of the clause in lease of December 6, 1880, being, "that all the business done by said roads of the first (Kansas Central Railroad) and second (Central Branch Union Pacific Railroad) parties, and taken from said roads and delivered to the Missouri Pacific, shall be adjusted and settled for on the same basis as the Iowa roads in respect to the local business of the Union Pacific Railway Company;"

and this basis is set forth in a letter from Mr. T. J. Potter, first vice-president of the Union Pacific Railway, dated September 18, 1887, extracts from which letter, as Appendix C, form part of this report.

Instead of attempting to reconcile these various authorities with each other, or with the actual operations of the road, although perhaps the last had best be attempted, as regards Appendix C, it being the basis which should govern the relations between the Central Branch Union Pacific Railroad and the Missouri Pacific Railway, I deemed it best to deal with the facts as they were found to exist, and beg to report as to these.

FREIGHT EARNINGS.

This being the principal source of revenue of the line an examination as exhaustive as the time at my disposal would warrant was made into all matters bearing upon that question, and was extended from a comparison of tariffs with way-bills into actual division of earnings, through division sheets and journals.

The examination revealed the fact that the rates of freight called for by the tariffs (local) are not (because, it is claimed, of existing competition with the Burlington and Missouri Railroad and roads of the Union Pacific system at various points on the line of the road) as high as the laws of the State of Kansas would admit of; and these differences vary according to location; but it would be safe to say that the rates in force are fully 20 per cent. below those authorized by law; yet the local tariff of this road, as compared with that of the Missouri Pacific main line, will average fully 35 per cent. higher, so that in the interchange of business between the two roads, when each obtains its local rates, the division is practically upon a basis of a constructive mileage allowance of 1.35 miles for each actual mile, to the Central Branch Union Pacific Railroad, for points equidistant on both lines.

The full tariff rates are obtained by the Central Branch Union Pacific Railroad on all freight carried over its line with the following exceptions:

No. 1.—Upon freight to and from what is known as Mississippi River points, they being Saint Louis, Hannibal, Cairo, and New Orleans, one-half of a terminal or transfer charge of $5 per car, or $2.50, is deducted from the portion coming to the Central Branch Union Pacific Railroad, and therefore form its tariff rates. From points competitive on its own line, to wit, Warwick, Concordia, and Washington, the full terminal charge of $5 is deducted.

No. 2.—Upon freight from Missouri River points, to wit, Saint Joseph, Kansas City, Leavenworth, etc., to points on the line of the Central Branch Union Pacific Railroad, the Missouri Pacific, in the division of earnings, retains an arbitrary rate, irrespective of classification, of 5 cents per 100 pounds on car-load lots and 10 cents per 100 pounds on less than car-load lots; and as to the local tariff rates of the Central Branch Union Pacific Railroad, to and from Atchison, this charge is added only in a few isolated instances, the earnings on this class of freight, as compared with the tariff rates, are reduced by just the amount of the arbitrary paid, so that in practical working the Missouri Pacific Railway, for its haul from the points named, obtains 10 cents and 5 cents per 100 pounds, as against 10.75 cents and 3.83 cents per 100 pounds to the Central Branch Union Pacific Railroad, for a point on its line equidistant from Atchison as is the average distance of the Missouri River points named; or in percentages the Missouri Pacific loses upon its local rates 33 per cent. for less than car load and 28 per cent.

for car-load lots, and the Central Branch Union Pacific Railroad 48 per cent. for less than car load and 43 per cent. for car-load lots.

It is claimed by the Missouri Pacific officials that the bulk of this business is from Saint Joseph, where they have to pay a bridge charge of 2 cents per 100 pounds on car load and 4 cents per 100 pounds on less than car load, thus reducing their earnings for business from that point to 6 and 3 cents, respectively, per hundred. This, although true as regards Leavenworth and Wyandotte, is scarcely applicable to Kansas City.

No. 3.—The rule relative to freight destined for Missouri River points from the line of the Central Branch Union Pacific Railroad is nominally the same as that west-bound, but in practical operation it differs in the fact that upon freight intended for transportation over the line of the Missouri Pacific Railway (and the bulk is of that character), beyond Missouri River points, whether immediately or at some future period, the arbitrary rate named in exception No. 2 is not charged, and the Central Branch Union Pacific Railroad obtains its full local rates. The reason for this is obvious when it is borne in mind that all roads make no difference in rates as between the different Missouri River points.

No. 4.—Upon live stock between Central Branch Union Pacific Railroad points and Chicago, delivered to or received from the Chicago and Alton Railroad, Chicago, Burlington and Quincy Railroad, Chicago, Rock Island and Pacific Railway, Hannibal and Saint Joseph Railroad Wabash Western and Wabash Railway, by convention between these roads there was a tariff formed for through rates between Central Branch Union Pacific Railroad points and Chicago, and this rate seems to be divided upon a basis of 70 per cent. to the road or roads east of Atchison, and the remaining 30 per cent. to the Central Branch Union Pacific Railroad. This 30 per cent. as the share of this last road averages upon horses and mules $3.42 per car, or 10.23 per cent., and upon cattle and calves $4, or 13.80 per cent. less than the local rate, or an average loss upon both classes of nearly 11.90 per cent.

PASSENGER EARNINGS.

In the relations between the Central Branch Union Pacific Railroad and all other roads the habit is, when there is no competition, to make the rate the sum of the total of the locals upon the roads, and in the division each obtains its local rate. When there exists competition, in its direct dealings with foreign roads outside of the Missouri Pacific system, the passenger agent arbitrarily fixes upon a rate to and from Atchison, but habitually the Central Branch Union Pacific Railroad obtains its local rates from those roads. In its dealings under like conditions (competition) with the Missouri Pacific Railway, or roads of the system, the Central Branch Union Pacific Railroad has to pro-rate on a basis of actual mileage. For example, the Maine Central sold tickets from Bangor, Me., to Jamestown, Kans., via Saint Louis, for $37.50 each; the proportion of which paid to the Missouri Pacific Railway for the service between Saint Louis and Jamestown was $10, which, divided upon a basis of actual mileage, will give to the Missouri Pacific (Saint Louis to Atchison), 330 miles, $6.70, and Central Branch Union Pacific Railroad (Atchison to Jamestown), 165.7 miles, $3.30.

The question first arises, is Jamestown a competitive point, because if not, making the Central Branch Union Pacific Railroad participate in the loss forced upon the Missouri Pacific Railway by competition between Saint Louis and Missouri River points would be unjust, but even if

it were proper that the Central Brach Union Pacific Railroad should share in the loss, the basis of settlement on actual mileage as between the Central Branch Union Pacific Railroad and the Missouri Pacific Railway is hardly equitable, for the local fare rates of the two roads are based upon a different price per mile; the local fare between Saint Louis and Atchison of the latter road, being $8.50, or 2.575 cents per mile, and that of the former between Atchison and Jamestown, $4.97, or 3 cents per mile; so that the loss borne in this instance is between $4.97 and $3.30 for Central Branch Union Pacific Railroad, or 3.35 per cent., and $8.50 and $6.50 for the Missouri Pacific Railway, or 2.11 per cent.

It is just, however, to state that the passenger traffic upon which the Central Branch Union Pacific Railroad sacrifices any of its revenue is limited; the road obtaining upon most of its business its full local rate of 3 cents per mile, or the maximum rate allowed by the State of Kansas; although, like all other roads, this one makes concessions as to price, to purchasers of mileage tickets, and those for excursions, fairs, etc., but in none of these cases is the rate less than 2½ cents per mile.

MAIL EARNINGS.

The Missouri Pacific Railway has nothing to do with the distribution of these earnings, their amount being specifically established for the Central Branch Union Pacific Railroad by the United States Post-Office Department.

EXPRESS EARNINGS.

These earnings, once divided between the various properties of the Missouri Pacific system by the Pacific Express Company, who operate this business upon a basis of earnings of the previous year, are now divided as follows:

The amount of actual gross earnings upon each separate road is established by the express company, and one-half of this is retained by it for operating expenses, etc., while the other half is paid over by it to each road of the system, the Central Branch Union Pacific Railroad obtaining its half, thus creating this item of income upon its books.

TELEGRAPH EARNINGS.

The telegraph lines of the Central Branch Union Pacific Railroad are leased to the Western Union Telegraph Company, the agreement being substantially the same as that had with the Pacific Express Company in relation to express matter. The actual gross earnings upon the Central Branch Union Pacific Railroad being first determined, one-half is paid by the telegraph company for the use of the railroad's telegraph lines.

MISCELLANEOUS EARNINGS

Consist chiefly of switching and mileage of engines, but is at best only a limited source of income, and the division of this earning is localized.

There are other sources of income than the above, but they are not considered among the operating earnings of the road. The only one of these coming into the hands of the Missouri Pacific Railway is that from joint property at Atchison, and consists of interest paid by the Missouri Pacific Railway upon the excess of valuation of the property

owned by the Central Branch Union Pacific Railroad Company, over that it (the Missouri Pacific Railway Company) owns there; this property being used jointly by the two roads.

EXPENSES.

The mode of dividing these is rather complex, but I think, on the whole, correct. The rule is, that when expenses are specifically for the Central Branch Union Pacific Railroad, they are charged directly to the account or accounts to which they belong; but when they are not, they must be an expense either general to the whole Missouri Pacific system, as are most of the items in what is known as general expense, and which consist of salaries of general officers and those of clerks in the, and rent, etc., of, general offices, and in this the proportionate sum belonging to each of the roads of the system is made upon the basis of their earnings of the year previous; the Central Branch Union Pacific Railroad being charged with the percentage of these expenses which its earnings bear to those of the whole system; or, they are an expense general to parts only of the Missouri Pacific system, as would be the salary of the agent at Atchison, and as are a great many other expenses. In this class of expense that charged to the Central Branch Union Pacific Railroad is also made upon the same basis of earnings, but instead of being for the part borne by the Central Branch Union Pacific Railroad to the whole system, it is for only the proportion they bear to such properties of the Missouri Pacific system as the expense is joint with. The only exception to this rule is the one by which the salary of W. B. Doddridge, superintendent Central Branch Union Pacific Railroad, is divided, and this is done on a basis of mileage. He being superintendent of the Rooks County Railroad, of 18 miles, a section of the Missouri Pacific of 298 miles, and the Central Branch Union Pacific Railroad, 388 miles, the division of his salary is therefore 2.6, 42.3, and 55.1 per cent., respectively, debited to the above roads.

This report treats of matters as they are found to exist at the present time, but it will apply with only slight modifications to the dealings of the Missouri Pacific Railway with the Central Branch Union Pacific Railroad from and including 1880, the time when the road was first leased by the Missouri Pacific Railway.

Thus far it has been shown how the division of revenue and expense as between the Central Branch Union Pacific Railroad, integrally considered, and the Missouri Pacific Railway is made, and it remains to explain how the part accruing to the Central Branch is subdivided as between the subsidized portion, generally known as Land-Grant Division, and the leased lines, known commonly as the Western Division, and it is thus:

EARNINGS.

All freight and passenger earnings are divided upon the basis of the leased lines being allowed for each actual mile they may carry freight or passengers, 1½ miles, as against actual mileage they may have been carried over the subsidized portion, or a constructive mileage of 1½ miles to 1 mile, in favor of the Western Division.

MAIL EARNINGS.

This, like the division between the Missouri Pacific and the Central Branch, is made entirely by the United States Post-Office Department, and this division of earnings between sections is based solely upon the service performed by each.

EXPRESS AND TELEGRAPH EARNINGS.

These earnings are divided upon a mileage basis, not dependent, however, as are the freight and passenger receipts, upon work actually performed, but the whole amount received from the Pacific Express Company and the Western Union Telegraph Company is so apportioned that the Western Division obtains nearly 75 per cent. of it, it being the proportion its mileage bears to the whole line.

It might be that very little or none of these earnings are for matter beyond the line of the subsidized road, and in this event the division as above would be most unjust.

The other source of revenue treating of matter strictly local can be credited to the division to which it actually belongs.

EXPENSES.

What has been shown to be the proportion of expenses belonging to the Central Branch Union Pacific Railroad, as a whole, is subdivided as between its divisions in very much the same manner as was shown to be that between the Missouri Pacific Railway and Central Branch Union Pacific Railroad, so that where they are specific and are capable of being localized to either division, they are so charged; but where they are common to or joint between and with the Land Grant and Western Division, the apportionment to each is made upon the basis of the earnings of the previous year.

Thus, all expenses of conducting transportation, such as agents (stations), baggage-masters, brakemen, cleaning cars, conductors, station expenses, telegraph expenses, are specific and so charged, while those for advertising, passenger and freight agents, clerks, superintendence, being of a general nature, are divided, as shown, for that class of expense.

Those for motive power are all specific, save the ones for superintendence, expenses and repairs of tools and machinery, watchmen, wipers, hostlers, and dispatchers, which are general.

The expenses of maintenance of way and maintenance of cars are mostly specific, while those of general expense are of the nature of the ones to be divided on the basis of the earnings.

The Western Division owning no equipment, it would seem proper that it be charged the mileage established as between roads for the use of each other's rolling stock, and this sum credited to the subsidized portion, but, in this event, it would not be proper that this division be charged, as it has heretofore been, with any portion of the maintenance of cars, for if, as it is claimed by railroad accountants, the mileage charge between roads for the use of rolling stock of ¾ cents for freight, 1¼ for baggage, and 2½ for passenger cars, and from 5 to 6½ cents for engines per mile run, will cover precisely the repairs upon such rolling stock, then one item of charge would offset the other. But even if this estimate be correct it in no wise contemplates anything beyond the repairs, and does not include any return for the capital invested, and interest upon this sum for the cars used by the leased lines would doubtless be a proper charge.

It has been conclusively shown that there has been a diversion of the earnings of the Central Branch Union Pacific Railroad to its leased lines through constructive mileage allowance, but whether this has resulted adversely to the interests of the United States is a matter to be hereafter determined.

The amount payable to the leased roads for rental being specific and in no wise dependent upon their receipts or their earning capacity, the question of mileage allowances, or what might be determined as unjust divisions of either earnings or expenses, can in no wise affect the interests of the Central Branch Union Pacific Railroad, but they would affect adversely those of the United States in reducing the net earnings of the aided lines, and thus the amount accruing to the United States, if it were determined that the division of earnings as made is not "fair or usual," unless, as is doubtless the case, that as the Government withholds from the company all the earnings for the transportation of mails, etc, both upon the main and the leased lines, the amount so withheld over and above what is claimed by the company, the law warrants, is sufficient to cover any sum which may be discovered to exist as due and payable by the Central Branch Union Pacific Railroad to the United States.

To test the correctness of the accounting between the Missouri Pacific Railway and the Central Branch Union Pacific Railroad, I made a partial audit of the business between those roads, as reported by the Missouri Pacific Railway, for one month, and find that, as far as the examination could show, everything was correct, and that there exists properly authenticated vouchers for every item of expenditure, and that the earnings are correctly brought forward from the way-bills, passenger lists, and from the returns of the Pacific Express Company and the Western Union Telegraph Company.

The correctness of the expense vouchers as to prices I could not test, but think that they are, on the whole, correct in that particular, except, perhaps, that the price paid for coal is in excess of what it should be, and this, it being an article of large consumption, ought, perhaps, to be inquired into. The price charged by the Missouri Pacific Railway in the month of July, 1887, was $2.53 per ton at Atchison, 18 cents of which they claim is for handling.

While here I also collated information which will prove valuable in making a final report.

Respectfully submitted.

G. F. PERRENOUD,
Accountant.

APPENDIX A.

Differences having arisen between those interested in the roads forming the Missouri Pacific sytem, Messrs. John C. Gault and J. F. Tucker were called in to adjust these and to establish a system as between the various roads for the settlement of both the earnings and the expenses.

Their report, which is commonly known as the "Gault-Tucker" award, bears date February 5, 1885, and after treating of the various other roads of the system, says finally:

"THE CENTRAL BRANCH ROAD.

"This railroad may be fairly termed a local road, dependent on some other for an outlet to the East. Certainly none can offer it as favorable a connection as the Missouri Pacific Railway, and it can well be content as a property, and congratulate itself, if a corporation can be said to do so, on the harmony that has enabled it to avoid competition and the general demoralization, and on ruin, that has followed in competition's track. With the rates now obtained by this road, we think this Branch should pay a reasonable share of the terminal expenses, say one-half, to those lines that may furnish it for them, any bridge or transfer charges incurred, and get its local rates to and from its eastern terminals. Situated as it is at present, it may be termed a long side-track. For its future welfare, we can not help expressing the hope that it will not be extended or any other lines deem it necessary to invade its territory. This

can hardly be hoped for, however, and when it becomes a part of a through line and is met by that insidious foe to the maintenance of reasonable rates for services performed, it must then share with others the expenses and pro-rate. We deal with this branch as it exists to-day; its situation as to what is reasonable as between it and other lines in the system may radically change at any time, and our conclusions as to it are for the present."

The report then treats of division of earnings and expenses, but in a general way. It does, however, in an appendix to the report, treat of them in detail under the head of "plan submitted by the committee for dividing joint or common revenue and expenses between properties (and their subdivisions) in the Missouri Pacific system," and says:

"REVENUE.—FREIGHT EARNINGS.

"*Rule No.* 1.—Terminal and transfer charges of $5 per car-load, 3 cents per hundred (not exceeding $5 per car), 25 cents per bale of cotton, should be allowed to Saint Louis, Hannibal and Cairo, Columbus, New Orleans and Galveston, and credit therefor should be first given to the roads, terminating at the respective points named, out of the full rate, and the balance should be divided by the following rules; not more than two terminal charges, however, can be made on any one consignment.

"*Rule No.* 2.—All freight earnings should be divided between the properties comprising the Missouri Pacific system pro rata, based upon actual mileage, the minimum distance, however, allowed being 50 miles as its basis of division, except as hereinafter provided."

Then follow rules 3, 4, and 5; and "Exceptions" (1) relative to Missouri, Kansas and Texas Osage Division; then (2) the Central Branch Union Pacific Railroad should receive its local rates on all freight business to and from other properties after deducting from the same one-half of the terminal charges provided for in rule No. 1.

"At all stations in competition with roads foreign to the Union Pacific and Missouri Pacific systems, it will be subject to rules Nos. 1 and 2.

"The amounts which the Central Branch should receive as its allotment of freight earnings in accordance with the above should then be divided between its subdivisions as follows: The Western Division should receive one and one-half miles for each actual mile as against actual mileage of the Land-Grant Division. (We understand this is in accordance with the order of its president, Mr. Sidney Dillon.)"

Of passenger earnings, it says:

"The general basis for the division of passenger earnings between the Missouri Pacific properties should be, we suggest, as follows:

"All special or reduced rates, when made over two or more properties, should be divided between the properties upon the divisions governing their regular rates.

"(1) Local business between Missouri Pacific lines.

"When the rate is made by the addition of locals, each property to receive its local rate. When rates are made less than locals, a mileage pro-rate to be allowed each property, except in a few instances where one line receives a short haul on a ticket over long distances, when it should be allowed local rates.

"(2) Competition and foreign passenger business.

"The basis of division of revenue from foreign and competitive passenger business is more complicated than that of local business between the Missouri Pacific lines, but should conform to the following general principles:

"The rates on foreign passenger business to and from Missouri Pacific line points are based upon one or more terminal points, or points outside that are not local to the system.

"On non-competitive business the rate is made by the addition of the local rate of the Missouri Pacific lines to the rate east of the junction with the lines passing through the rate-making point.

"On competitive business the Missouri Pacific line rate is governed by the rate established by the most direct competitive route, receiving, however, its own local rates beyond its point of intersection with a competing line (or beyond some arbitrarily-established point), and receiving, of course, its own local rate when its line is most direct."

Here follows divisions and explanations of the Missouri Pacific Railway as regards passenger earnings, but in none is the Central Branch Union Pacific Railroad mentioned.

"MAIL EARNINGS.

"Mail earnings are specifically established for each road by the Post-Office Department, hence there is no division between properties necessary. The subdivision of each road's earnings is made on the allowance per mile that is fixed by the Post-Office Department.

"EXPRESS EARNINGS.

"Express earnings are divided on the following percentages, and are based on the gross earnings of the previous year.

"The following percentages apply in business from January 1, 1884:

Road.	Per cent.	Subdivision.
Missouri Pacific	25	
Missouri, Kansas and Texas Rwy	22	16 per cent. North Division; 6 per cent. Texas Division.
International and Great Northern R. R.	10	9 per cent. International and Great Northern R. R.; 1 per cent. Galveston, Houston and Henderson R. R.
Texas and Pacific Rwy	18	9 per cent. Eastern Division; 6 per cent. Rio Grand Division; 3 per cent. New Orleans Division.
Saint Louis, Iron Mountain and Southern Rwy	21	
Central Branch Union Pacific R. R	4	1.032 per cent. Land-Grant Division; 2.968 per cent. Western Division.

"MISCELLANEOUS EARNINGS.

"Miscellaneous earnings are strictly local and should be apportioned to the road earning the same, no other division having been found necessary.

"EXPENSES.

"1. All expenses which can be accurately determined and accurately charged to the property or subdivision for which they are incurred, should be charged directly to that property or subdivision.

"2. Expenses which are common or joint between properties or subdivisions should be divided as follows:

"(1) Joint expenses divided on basis of gross earnings of previous year; general expense; general advertising; salaries and expenses of general and traveling agents off the lines; general and incidental expenses of conducting transportation; salaries and expenses of general officers of traffic department; printing and stationery relating to all lines; general expense of maintenance of way, motive power, and car departments, common to all lines; salaries and expenses of superintendents in maintenance of way departments and of resident engineers (as between divisions and separate properties in their charge); general officers' salaries and expenses, except those noted under percentage basis; clerks in all general offices; light, fuel, repairs, rent, printing and stationery, and petty expenses of general offices; interest and exchange.

"(2) Joint expenses on percentage basis, fixed arbitrarily or by agreement at stations mentioned. (In each case the tonnage, wheelage, work, etc., should be specifically considered, and the percentage adjusted as equitably as possible.)

"Salaries of agents and clerks, expenses of printing and stationery, fuel, labor, lights, repairs, rent, telegraph expense, salaries of telegraph operators, yardmen and switch tenders, watchmen of roadway and bridges, joint mail expenses, damage to property, stock, and individuals, and loss and damage to baggage should be divided as follows:"

None of the stations named are on the Central Branch Union Pacific Railroad, so the above division (2) evidently does not affect that line. It continues:

"The salary and expenses of the first vice-president, second vice president, general solicitor, and of the New York legal office should be divided as other general expenses in proportion to gross earnings.

"(3) At Atchison the following joint expenses should be divided between the Missouri Pacific and the Central Branch Union Pacific Railroad: Land-grant division upon a wheelage basis of the month in which the expense is incurred; ballast at stations and yards; repairs of bridges, fences, and road crossings; cross-ties, frogs, switch fixtures, iron and steel rails, grading side tracks; oil, tallow, waste, and fuel used in maintenance of way; section, tool, and watch houses, snow and ice removing, spikes, splices, bolts, and chairs; telegraph repairs; tools and repairs of tools; labor repairing track. The remaining joint expenses at Atchison should be divided between the properties upon a tonnage basis of the month in which the expenses are incurred (per agreement with the Union Pacific Railroad)."

Followed by many other divisions of expense, but none relating to the Central Branch Union Pacific Railroad, and then with examples illustrating the division of earnings, all relating to other roads, save the following:

[Example No. 24.]

Saint Louis, Mo., to Washington, Kans.

	Actual.		Constructive.	
	Mileage.	Per cent.	Mileage.	Per cent.
Saint Louis to Atchison, Missouri Pacific (Ks.; Ks. C. B.)	330	73.3	330	73.3
Atchison to Waterville, L. G. C. B	100	22.2	120	26.7 / 26.5
Waterville to Washington, W. D	20	04.5		00.2
	450	100	450	100
Atchison to Waterville, L. G	100	83.3	100	76.9
Waterville to Washington, W. D	20	16.7	30	23.1
	120	100	130	100

[Example No. 25.]

Hannibal, Mo., to Waterville, Kans., $5,699.

	Total.	Weight.	Rate.	C. B. land grant.	M. O. P., M. K. & T. receive remainder.	Mo. Pa. portion.	Mo. K. & T. portion.
Hannibal to Sedalia, K. T. N							
Sedalia to Atchison, Mo. Pac		27,000					
Atchison to Waterville, C. B. (L. G.)	$56.99		.14	$38.92	$18.07	$9.03	$9.04
				38.92			
Less one-half terminal ($5)				2.50			
Add one-half terminal							2.50
Total	56.99			36.42		9.03	11.54

"The one-half terminal is deducted from the Central Branch proportion of the through revenue, and allotted at once to the Missouri, Kansas and Texas, North Division. The balance of the Central Branch revenue is then assigned to its proper place.

"The Missouri Pacific and Missouri, Kansas and Texas (North Division) proportion before adding terminal is subdivided on basis of actual mileage, allowing Missouri Pacific and Missouri, Kansas and Texas, North Division, each 142 miles."

APPENDIX B.

[Extract from letter, dated Saint Louis, Mo., December 23, 1885.]

On all business to and from Warwick, Concordia, and Washington, a terminal charge of $5 per car, or 3 cents per cwt., to be allowed Saint Louis, Hannibal, Carondelet, Cairo, Columbus, New Orleans, and Galveston.

On Omaha business the rate is to be prorated on actual mileage.

Kansas City is divided on a revenue basis, as per tariff C. B., 23, and special joint tariff 26.

On business between Central Branch points and Leavenworth and Saint Joseph the Missouri Pacific is allowed 5 cents per cwt. on car-load, and 10 cents per cwt. on less

than car-load, out of which we have to pay bridge-toll on the Saint Joseph business, thus on an average (as Saint Joseph business is very much larger than the Leavenworth) it would reduce the rate to about 3 cents per cwt. on car-load, and 6 cents per cwt. on less than car-load, as net revenue to the Missouri Pacific Railway.

The division of stock rates between Central Branch points and Kansas City needs revising. The Kansas City rate is made by adding $5 per car to the Atchison tariff, which rate we are compelled to make as against the Saint Joseph and Grand Island Railway to Saint Joseph, and the Burlington and Missouri Railway to Saint Joseph and Kansas City. The Missouri Pacific for its haul, Atchison to Kansas City, including the stock-yards expense at Kansas City, should have a rate of not less than $7.50 per car, which should be an arbitrary.

On grain to Kansas City the Missouri Pacific Railway is allowed 5 cents per cwt. On grain to Leavenworth for account of Snyder & Denton, the whole earnings accrue to the Central Branch Division, as the Missouri Pacific Railway gets the Atchison rate on the haul from Leavenworth.

On shipments to the American Glucose Company (which is a new deal), I think we should do this business at 3 cents per cwt. You will therefore allow the Missouri Pacific Railway on American Glucose Company's shipments 3 cents per cwt. This, with the percentage arrangement with the Southwestern Railway Association, I think, provides for all business interchanged between the two lines.

[Extract from letter dated Saint Louis, Mo., September 8, 1888.]

With further reference to conversation in regard to division of rate on live stock, Central Branch points to Kansas City, and referring to my letter of December 23, 1885, I will say that the Missouri Pacific Division of the through rate should be $7.50 per car for its haul Atchison to Kansas City, terminal expense at latter point, including delivery to the Kansas City stock-yards, and if our advice is not exactly straight or explicit on that point, will say the rate should be divided by allowing the Missouri Pacific Railway $7.50 per car from Atchison to Kansas City.

APPENDIX C.

[Extract from letter dated Omaha, September 18, 1887.]

This basis was defined in agreement dated May 20, 1880, to be as follows: Between Chicago and any and all points on the Omaha and Republican Valley, and on the Union Pacific west of Omaha and east of Columbus, two-fifths west of Council Bluffs and three-fifths east of Council Bluffs; between Chicago and any and all points between Columbus and Plum Creek, inclusive, three-sevenths west of Council Bluffs and four-sevenths east of Council Bluffs. On business to and from points on the line of the Omaha, Niobrara and Black Hills, delivered to or received from the Iowa trunk lines, the same percentage as applied on Columbus business were to apply.

On May 20, 1880, it was agreed to divide live-stock rates from points west of Plum Creek to Chicago, by first allowing the Union Pacific $10 per car for bridge transfer, and to divide the remainder on basis of 1¼ miles to each actual mile for the Union Pacific against 500 miles from Council Bluffs to Chicago.

On March 11, 1882, an agreement was made with the Iowa Trunk Line Association by which the rates between Chicago and points on the Union Pacific Railway system east of Columbus should be divided, by allowing to the Iowa Trunk Line Association 60 per cent. and to the Union Pacific 40 per cent. of the through rates; between Chicago and Columbus and points west of Columbus, to and including Plum Creek, the Iowa Trunk Line Association was to accept four-sevenths of the through rates and the Union Pacific three-sevenths. On live stock west of Plum Creek the through rates were to be divided on basis of 1¼ miles to each Union Pacific mile to 1 mile of the Trunk Line Association distance, with a minimum of $50 per car, Council Bluffs to Chicago.

Under the clause in the agreement in the Western Trunk Line Association providing that rates between Chicago, Mississippi River, and points on the Union Pacific should be divided in the same ratio as the through rates were made, namely, the sum

of the locals east and west of the Missouri River, the following percentages were put into effect on January 1, 1884:

Divisions between Chicago, Mississippi River and Peoria, and points upon the Union Pacific system to be used in settlement with Western Trunk Line Association.

Divisions.	Chicago.		Mississippi River.		Mississippi River. Wabash.		Peoria.	
	Association.	Union Pacific.	Association.	Union Pacific.	Association.	Union Pacific.	Association.	Union Pacific.
Nebraska	54½	45½	47½	52½	48	52	57½	42½
Colorado (broad gauge)	23	77	21½	78½	17½	82½	23½	76½
Colorado (narrow gauge)	21	79	15	85	15½	84½	17	83
Wyoming	23½	76½	19	81	20	80	29	71
Utah (north of and including Provo)	20	80	15½	84½	16½	83½	18½	81½
Utah (south of Provo)	15½	84½	14	86	13	87	21½	78½
Idaho	10	90	8½	91½	12	88	13	87
Montana	16	84	12½	87½	14	86	20	80

The exceptions to these percentages were as follows: For east-bound grain, hay, flaxseed, broom-corn, and live stock originating at points east of the meridian on Plum Creek, the divisions were 40 per cent. for the Union Pacific and 60 per cent. for the lines east of Council Bluffs; for east-bound cattle, sheep, and hogs, from all points on the Union Pacific west of the meridian of Plum Creek, the Union Pacific were to receive upon the basis of 1½ miles to each actual mile for their haul against 500 miles for the lines Council Bluffs to Chicago and 340 miles to the Mississippi River; for west-bound lumber, emigrant movables, salt, hard coal, and stock cattle destined to points on the Union Pacific system east of the meridian of Plum Creek, and including Plum Creek, the lines east of Council Bluffs were to receive 60 per cent. and the line west 40 per cent. when coming from Chicago or points common therewith, and the lines east of Council Bluffs 53 per cent. and the line west of Council Bluffs 47 per cent. when coming from Mississippi River common points.

On account of various changes having been made in rates both east and west of the Missouri River, a revision of percentages was demanded by the trunk lines some time in July, 1885, and after the necessary data had been procured the following percentages were agreed upon, to take effect August 1, 1885:

Divisions agreed upon by the Chicago, Burlington and Quincy; Chicago, Minneapolis and Saint Paul; Chicago and Northwestern; Chicago, Rock Island and Pacific; Wabash, Saint Louis and Pacific; and Union Pacific, taking effect August 1, 1885.

Between—	Chicago, Peoria, and points common therewith.		Mississippi River points.	
	East of Council Bluffs.	West of Council Bluffs.	East of Council Bluffs.	West of Council Bluffs.
All stations in Nebraska west of Omaha, to and including Columbus and stations on the Omaha and Republican Valley	60½	39½	56	44
All stations in Nebraska west of Columbus, to and including Plum Creek, and stations on Omaha, Niobrara and Black Hills and G. I. N.	48	52	42½	57½
All stations in Nebraska west of Plum Creek	35½	64½	30	70
Colorado	25	75	21	79
Wyoming	26½	73½	20	80
Utah	18½	81½	16	84
Montana	14	86	8	92
Idaho (east of Kuna)	8	92	5	95

The exceptions on west-bound lumber, emigrant movables, etc., and east-bound grain, hay, etc., and also upon live-stock shipments, were to remain the same as provided in the agreement of 1883.

REPORT

OF

H. J. ANDERSON,

ACCOUNTANT,

TO

HON. ROBERT E. PATTISON,

CHAIRMAN UNITED STATES PACIFIC RAILWAY COMMISSION,

ON THE

EXAMINATION OF THE BOOKS AND ACCOUNTS OF THE SIOUX CITY AND PACIFIC RAILROAD COMPANY.

5351

REPORT OF H. J. ANDERSON.

UNITED STATES PACIFIC RAILWAY COMMISSION,
New York, November 14, 1887.

Hon. ROBERT E. PATTISON,
Chairman United States Pacific Railway Commission:

SIR: I herewith make report on the examination of the books and accounts of the Sioux City and Pacific Railroad.

	Miles.
The main line subsidized road extends from Sioux City, Iowa, to California Junction, Iowa	69.81
And from Missouri Valley, Iowa, to Fremont, Nebr	31.77
	101.58
The unsubsidized portion from California Junction to Missouri Valley	5.84
Total	107.42

The absence of all books and accounts relating to the organization, construction, and operations of the road prior to its opening in February, 1869, and the incomplete and imperfect manner in which the accounts were kept up to 1880 has made the result of the examination very meager in its details. In consequence it was impossible in many respects to comply with the different sections of the law.

The only record found covering the periods from organization to the time the road opened for business is the record book containing the minutes of the directors' meetings.

From this it appears that the company was organized August 1, 1864, with an authorized capital stock of $6,000,000. June 9, 1866, the total amount of stock subscribed was $209,000, and the amount paid in $9,000.

In June, 1867, a call was made upon the stockholders for 40 per cent. of the capital stock.

In September, 1867, the road was let by contract at the rate of $50,000 per mile to Dewitt C. Blair and Oakes Ames.

The report of the Chief Engineer of June 20, 1867, estimated the entire cost of the road and equipments at $4,968,120. The equipments were estimated at $551,500, and the Missouri River Bridge at $1,130,000. This bridge was not built by the company.

On January 1, 1868, the amount as paid in on capital stock was reported as "$1,400,000 or thereabouts," and 48 miles of the road had been completed.

In February, 1868, a consolidation was formed with the "Northern Nebraska Air Line Company," securing 48,000 acres of land, and it was provided in the articles of consolidation "that the stockholders of both companies shall be stockholders in this consolidated company and to pay within a time fixed such proportion of the stock subscribed by each as shall make the per centum of the stockholders of both of the former corporations (Sioux City and Pacific Railroad) stock" (p. 136, minutes).

December 7, 1868, the directors authorized the payment over to John I. Blair of cash $300,000, and bonds $317,000, the proceeds of United States Government bonds held under injunction in suit of Charles A. Lambard to repay Blair and others for money advanced, and to sell the bonds and use the proceeds in the construction of the road.

February 11, 1869, the road was completed, making, in all, 101.58 miles.

May 15, 1869, the president of the company was authorized to have the first-mortgage bonds recorded and signed.

And at the same period it appearing—

that the stockholders had not received any stock or other securities for their subscriptions paid in for the construction of the road or for the earnings of the road, which have gone into construction of the road, resolved that the president be authorized to issue capital stock equal to the amount to the calls heretofore made or secured to be paid to each; also to distribute to said stockholders an amount equal to 50 per cent. of such calls of the first-mortgage bonds heretofore issued to said company and paid to the contractors on account of the construction of said road, and which, by an arrangement with them, have been received from said contractors.

On page 160, as result of consolidation, 75 sections of land

were granted by State of Nebraska to the Northern Nebraska Air Line Company that had been patented to the Sioux City and Pacific Railroad, and certain county bonds were voted for the construction and completion of the Northern Nebraska road. The president was authorized and recommended to settle with the stockholders of the Northern Nebraska upon their complying and paying in on their stock the same amount per share as was paid in by the stockholders of the Sioux City and Pacific Railroad Company, viz, 40 per cent. on each share of stock.

On page 162, that the patents had been received; also Dodge County bonds, $50,000, and Washington County bonds, $70,000; and that an arrangement had been made for prorating with the stockholders of the Northern Nebraska.

November 18, 1870, the president was "requested to make distribution on or before January 1, 1871, to the stockholders of this company of all bonds, stock, and cash assets which have accrued to said stockholders in the construction of the Sioux City and Pacific Railroad, and to close any and all outstanding contracts for construction, and to make final settlement with the contractors," and a committee was appointed to take action.

Also, in November, 1870, the executive committee was authorized and directed "to purchase the 6½ miles of road between Missouri Valley and California Junction, and to issue preferred or other stock in payment therefor," and authority was afterwards given (July, 1871) to issue a mortgage securing the stock on the "6½" miles.

January 21, 1871, the president was "authorized to make further allotment to the stockholders of $44,000 in first-mortgage bonds, which had been set aside for the new subscription of $125,000, the said allotment being 2.45 per cent. on the amount paid in on stock subscriptions," and the stock set aside for new subscription was canceled.

These extracts from the minutes are all that appear relating to the early history of the road, payment on stock or first-mortgage bonds.

The actual cost of the construction of the road could not be verified, as there are no books or vouchers showing the amount paid.

The books of the company as found comprised ledgers, cash-books, and journals, but few operating books until June, 1880.

There were no vouchers found except covering a few expenditures until 1880. On the removal of the records from Cedar Rapids and Missouri Valley, Iowa, the previous offices of the company, to the offices of the Chicago and Northwestern Railroad, in Chicago, Ill., such books

as were then on hand are included in those examined, and consist of all that came into the possession of the present officers of the road, as stated by M. M. Kirkman, the present controller and treasurer, and "that the books and papers of the earlier years, if kept, have been lost or mislaid."

In the matter of answers to the different sections of the law that are matters of accounting I respectfully report "as to whether the books and accounts have been so kept as to show the net earnings, etc:"

Prior to July 1, 1869, there is no record. From that date to July 1, 1872, the books do not show in detail the earnings and expenses of the road.

From 1872 the net earnings as shown are divided between the leased line (the Fremont, Elkhorn and Missouri Valley Railroad) and the main line.

The net earnings of the non-aided portion, the Missouri Valley Branch, on which the 5 per cent. due the United States is based, was estimated upon a mileage basis at 7.29 per cent. of the net earnings of the Iowa Division. This system was changed July 1, 1887, and the earnings of this branch are now kept separate from the aided portion and prorated on a mileage basis. The expenses are also kept separate and apportioned to each division on various bases, as shown in the report to the United States Commissioner of Railroads, June 30, 1887.

No regular operating books were found commencing earlier than 1880, and the statement of the net earnings to that period was made up from the journals and ledgers.

The whole amount of net earnings to June 30, 1887, is given in Exhibits E and F.

In regard to "diversion of earnings through constructive mileage," etc., as far as shown by the books there was no constructive mileage.

Whether there "has been a diversion of earnings to wrongful or improper purposes:"

Under the lease of the Fremont, Elkhorn and Missouri Valley Railroad, at 33⅓ per cent. of the gross earnings, the total amount of rental paid from 1872 to 1882 was $607,418.94 and the amount of net earnings of the road for the same period $343,606.86; deficit, $263,812.08. The road did not earn the rental paid until 1883.

In addition to this the Sioux City and Pacific Railroad paid as its proportion of the interest on the bonds of the Fremont, Elkhorn and Missouri Valley Railroad the sum of $71,247.16.

In June, 1884, the lease with this road was terminated after the net earnings were largely in excess of the rental paid.

"Whether any, and, if so, how much, money is due to the United States on account of mistaken or erroneous accounts, reports, or settlements made by said roads." The settlements as made to the United States to June 30, 1884, include only 1880, 1883, and 1884. The books show the following earnings:

Net earnings:	
1870	$168,792.36
1880	143,956.46
1883	108,895.94
1884	173,564.67
	595,209.43
Amount charged in settlement to the United States Government	425,119.87
	170,089.56

The difference is accounted for as follows:

Net earnings in 1870	$168,792.36
Net earnings, difference in 1880	1,297.00
Net earnings, difference in 1884	.20
	170,089.56

In regard to the amount in 1870 the books do not show any of the earnings or expenses of the road prior to July 1, 1869, and the operating expenses are very small in proportion to the earnings shown. Owing to the imperfect manner in which the books were then kept, and the confusion of entries, loss of records and vouchers, the amount as given is only the result of careful examination of such records as were available. Under an examination made by the Treasury Department of the United States, no net earnings on which the 5 per cent. due the United States is based were found prior to 1880, and by an adjudication of the United States Court of Claims it was determined as the amount given $425,119.87, and on this 5 per cent., $21,255.99, has been credited on account of interest due on the United States Government bonds.

The net earnings of the aided road for the years ending June 30, 1885, 1886, and 1887 were found to be as follows:

1885	$221,686.41
1886	241,475.98
1887	248,924.80
	712,087.19

The amount for 1885 is in excess $29,881.86 of that as given by the officers of the Sioux City and Pacific Railroad. This arises from the credit on their books to profit and loss account, and not to earnings of the following transaction:

[Entry in cash book.]

Cash to profit and loss.

Dec. 31, 1885:
For draft received from Union Pacific Rwy. in settlement of the amount due on sundry shipments of cattle from North Platte to Chicago during the season of 1883, 606 cars, at $49.31 ..... $29,881.86

The voucher for this was called for but not found and the entry in the cash book is all the information that could be obtained. On the face of the entry this appears to be for freight, and should have been included in the earnings of the road.

"What amounts have been deducted from gross earnings by way of rebate, percentage of business done, pools, etc." As shown in Exhibit B:

Rebates	$60,409.20
Overcharges, pools, etc	341,422.81
	401,832.01

The books do not show separately the division of overcharges, pools, since the opening of the road.

From Aug., 1878, to June 30, 1887, there was paid on passenger pools	$2,046.09
And Nov., 1872, to June 30, 1887, on freight pools	42,936.78
Total	44,982.87
And received	9,605.27
Total paid	35,377.60

"As to kind, character, and amount of the assets of said companies"—

This is shown on the balance sheets Exhibit H. No material change other than in additional construction, equipment, and improvements has occurred in the amount.

"Whether any dividends have been unlawfully declared by the directors or paid to the stockholders"—

The only dividend paid is that on the preferred stock, being $11,830, at the rate of 7 per cent. per annum. The issue was 1,690 shares to pay for the purchase of or construction of the non aided road 5.84 miles. The dividend of $11,830 per annum on the preferred stock was paid in 1872 and 1882, when there was a deficiency of net earnings. The whole amount paid on this stock in dividends is shown in Exhibit J.

"As to issue of any new stock and bonds, or any guaranties or pledges made contrary to law"—

May, 1869, as appears from the minutes of the directors' meeting, first-mortgage bonds were issued. The amount then issued there is no record of, but on May 11, 1871, they are first entered on the books of the company and charged to construction as $1,628,000.

It does not appear from any account or record that any consideration was given for these bonds; that they were distributed among the stockholders by resolution of the board of directors without any payment; that such money as went into the original construction of the road was the 40 per cent. paid on the subscriptions to capital stock, and the proceeds of the sale of the United States Government bonds.

The stock ledger, transfer books, or the treasurer's books were not found, and the amount paid on stock or realized from the sale of the United States bonds can not be accurately determined.

The whole amount of stock subscriptions, as shown in the case of Lambard *vs.* The Sioux City and Pacific Railroad, was $4,260,000, on which 40 per cent. is $1,704,000, and the United States Government bonds, at par, $1,628,320; total, $3,332,320.

On January 31, 1872, common stock was increased by the issue of 1,080 shares for construction or purchase of the unaided road, 5.84 miles, together with 1,690 shares of preferred stock.

The interest on the bonds of the Fremont, Elkhorn and Missouri Valley Railroad extensions were guarantied jointly by the Cedar Rapids and Missouri River Railroad, the Chicago, Iowa, and Nebraska Railroad, the Chicago and Northwestern Railroad, and the Fremont, Elkhorn and Missouri Valley Railroad, and the Sioux City and Pacific Railroad. The latter road guarantied only those of the second, third, and fourth divisions. The whole amount is shown in Exhibit A.

March 1, 1883, equipment bonds were issued to the amount of $519,000, bearing interest at 6 per cent., to take up notes given to pay for rolling-stock and equipments.

On June 27, 1884, the balance of equipment bonds remaining was $479,000, and of bills payable, $80,500; total, 559,500; and the interest of the Sioux City and Pacific Railroad in the equipment lease and in the equipment notes was assigned and transferred to the Chicago and Northwestern Railroad Company, said company securing the indebtedness represented by the notes and bonds, together with the interest on its preferred stock as it shall mature and all other just debts and liabilities of the company, other than its indebtedness to the United States. A copy of the equipment lease is shown in Exhibit L.

"What amounts of money or credit have been or are now loaned by any of said companies"—

There is no record of any loans that have been or are now outstanding. The books show only the interest paid on loans.

"Amounts of money or credits borrowed"—

The amount is given in Exhibit I. The purpose for which the loans were required is not given upon the books. The loans have all been paid and there are now none outstanding.

"The amount of stock, passes, and bonds, etc.," for which there are not sufficient or detailed vouchers covers all the expenditures, with the exception of a few cash vouchers, from 1864 to 1880. To give them in detail would require the examination of all the books and papers, and is not possible in the limited time. To July, 1872, it amounted to $6,004,217.30, including only the expenditures for construction and operating expenses.

No record was found showing "the amount of passes issued."

"As to investments in other corporations or companies, or money expended to aid in the construction of other roads"—

Preferred stock, $169,000, and common stock $108,000; total, $277,000, was issued to the Iowa Railway Contracting Company, to pay for the construction and purchase of the 5.84 miles Missouri Valley Branch, unaided portion of the road. From the articles of sale and consolidation between the Sioux City and Pacific Railroad Company and the Cedar Rapids and Missouri River Railroad, it appears that this portion of the road was constructed for $169,000 and the preferred stock issued in payment for it was secured by a first mortgage on the 5.84 miles.

"Names of stockholders" are given in Exhibit N herewith.

The names of "all persons by whom stock is now or heretofore has been held in trust" are given in Exhibit C.

"Consideration paid for stock, and when and in what property such payment was made"—

Although the books and accounts do not show any cash consideration for either preferred or common stock, the testimony of John I. Blair before this Commission and a copy of the stock ledger produced in the Lambard suit, shows that the stock other than that issued for the Missouri Valley Branch was fully paid. The whole amount issued was charged to the construction of the whole line, including the Missouri Valley Branch, and the total cost of the original construction was made by charging to construction.

Common stock	$1,791,400
First-mortgage bonds	1,628,000
United States Government bonds	1,628,390
	5,047,790
This amount was increased by—	
Preferred stock	169,000
Common stock	108,000
Making total of	5,324,790

"Dates and amount of increase of stock"—

On or about March 15, 1871, 1,080 shares of common stock were issued to pay for the construction or purchase of the 5.84 miles unaided road, the Missouri Valley Branch.

There was "no salary paid to any officer or employé amounting to $5,000 or more."

As to "any bonus or donation paid to any officer or employé"—

As appears from the records of the directors' meetings, the first-mortgage bonds to the amount of $1,623,000 were distributed among the stockholders. No books or accounts were found showing the basis on which this distribution was made, or the share of each.

"Amount of payment for legal services" is given in Exhibit D. There is no record of any payment prior to July 25, 1871.

The "amount of taxes paid on lands patented by the United States" was—

1870	$5,070.58
1871	5,107.12
1872	4,093.64
1873	3,765.93
1874	3,729.31
	21,766.58

The taxes paid on other lands are included in operating expenses. The amount can not be given, as there was no separate account showing them on the books, and the vouchers were missing.

"Whether the United States have contracts with branch roads controlled by said Pacific roads"—

The Sioux City and Pacific Railroad has now no contracts with branch roads. There was paid by it to the Fremont, Elkhorn and Missouri Valley Railroad for tranportation of mails—

June 30, 1872, to June 30, 1879	$19,127.67
July 1, 1879, to June 30, 1884	38,616.65
	57,744.32

in full settlement.

"Whether any of the directors, officers, or employés have been, or are now, directly interested in other corporations"—

The following-named persons are now, or have been, officers or directors in other corporations, viz:

W. W. Walker, in the Fremont, Elkhorn and Missouri Valley Railroad.

George Douglass, in the Fremont, Elkhorn and Missouri Valley Railroad.

John I. Blair, in the Fremont, Elkhorn and Missouri Valley Railroad Company, the Missouri Valley Bridge and Railway Company, the Chicago and Northwestern Railroad Company.

D. C. Blair and James Blair, in the Fremont, Elkhorn and Missouri Valley Railroad Company.

Horace Williams, in the Fremont, Elkhorn and Missouri Valley Railroad and the Missouri Valley and Blair Bridge Company.

P. S. Crowell, W. T. Glidden, J. M. S. Williams, J. B. Alley, Oliver Ames, 2d, J. M. Glidden, and Oliver Ames in the Fremont, Elkhorn and Missouri Valley Railroad Company.

P. E. Hall and D. P. Kimball in the Fremont, Elkhorn and Missouri Valley Railroad Company and the Missouri Valley and Blair Railway and Bridge Company, and Marvin Hughitt in the Fremont, Elkhorn and Missouri Valley Railroad, the Missouri Valley and Blair Bridge Company, and the Chicago and Northwestern Railroad Company.

M. L. Sykes, M. M. Kirkman, and J. B. Redfield in the Fremont, Elkhorn and Missouri Valley Railroad and the Chicago and Northwestern Railroad Company.

John I. Blair was also connected with the Iowa Railway Contracting Company and the Cedar Rapids and Missouri River Railroad Company.

A list of the officers and directors of the Sioux City and Pacific Railroad Company, from 1864 to 1887, is given in Exhibit G.

The amount due the United States on the bonded debt June 30, 1887, is as follows:

United States Government bonds	$1,628,320.00
Accrued interest on same	1,855,094.29
Total	3,483,414.29

CR.

By 5 per cent. of net earnings for years 1880, 1883, and 1884	$21,255.99	
Interest repaid by 50 per cent. of transportation to—		
October, 1884	86,281.03	
June 30, 1887	20,117.16	
		$127,654.28
		3,335,760.01

The amount of net earnings on which the 5 per cent. is due the United States for 1885, 1886, 1887, has not been settled. As stated by the officers of the Sioux City and Pacific Railroad, it amounts to $682,205.33, but does not include the discrepancies as found by this accounting, viz:

1870, net earnings	$168,792.36
1880, difference	1,297.00
1884, difference	.99
1885, difference	29,881.86
Total	199,971.42
On which 5 per cent. is	9,998.57

An examination of the balance sheets and current statements shows that there were apparently net earnings for 1870 over and above the fixed charges. In 1871 the earnings of the whole road were not sufficient to pay the interest on first-mortgage bonds.

In 1872 the common stock was increased $108,000, and preferred stock issued to the amount of $169,000, and a deficiency of earnings of $27,747.53.

On October 1, 1872, the lease of the Fremont, Elkhorn and Missouri Valley Railroad commenced and remained in force until July, 1884. The rental was 33⅓ per cent. of the gross earnings of the Fremont, Elkhorn and Missouri Valley Railroad, and the division of earnings was made "pro rata, according to the number of miles of each of said roads over which the business passes."

In 1873, 1874, 1875, 1876 the net earnings of the whole line, including the leased road and unaided portion, 5.84 miles, were not sufficient to pay the interest on first-mortgage bonds, and from 1877 to 1880 there were no net earnings of the aided road in excess of the annual interest on the first-mortgage bonds.

In 1882 there was a deficiency of earnings on the whole line, of $63,323.55.

From the time the whole line was opened for business, February, 1869, until June 30, 1876, the deficiency in the income account, including the interest on the United States Government bonds, was increased. In 1876 it was decreased $66,901.38 and then increased in each year until 1884.

Since that time the decrease has amounted to, in—

1885	$3,130.98
1886	90,956.35
1887	49,608.46
Total	143,695.77

The cause of the deficiency is mainly due to the loss in operating the Fremont, Elkhorn and Missouri Valley Railroad from 1872 to 1882.

The exhibit showing the earnings, expenses, and rental of this road is hereto annexed, marked K.

The balance sheets and current statements are for the United States fiscal year ending June 30, and to June 30, 1884, include the aided and non-aided portion of the whole line and leased road.

From June 30, 1884, to June 30, 1887, they include the aided and non-aided portion.

In regard to the other subjects of investigation not reported upon, they are either matters of legal ascertainment, or there were no books or accounts from which the information could be obtained.

Very respectfully,

H. J. ANDERSON,
Accountant.

EXHIBIT A.

AMOUNT OF PAYMENT OR GUARANTY AND PLEDGES AND NEW STOCK AND BONDS ISSUED.

The interest on the bonds of the Fremont, Elkhorn and Missouri Valley Railroad extensions was guarantied jointly with the Cedar Rapids and Missouri River Railroad, the Chicago, Iowa and Nebraska, the Chicago and Northwestern Railroad, and the Fremont, Elkhorn and Missouri Valley Railroad.

The Sioux City and Pacific Railroad guarantied only on those of the Second, Third, and Fourth Divisions.

Second Division, six months ending—	
Mar. 31, 1880	$2,059.87
Sept. 30, 1880	1,896.42
Mar. 31, 1881	1,056.85
Sept. 30, 1881	1,124.88
Mar. 31, 1882	419.86
Sept. 30, 1882	416.55
Mar. 31, 1883	None.
	6,974.43
Third Division, six months ending—	
Sept. 30, 1880	2,032.94
Mar. 31, 1881	4,104.84
Sept. 30, 1881	5,901.32
Mar. 31, 1882	6,274.39
Sept. 30, 1882	5,805.37
Mar. 31, 1883	5,580.30
Sept. 30, 1883	3,476.66
Mar. 31, 1884	2,754.37
	35,930.19
Fourth Division, six months ending—	
Sept. 30, 1882	5,104.39
Mar. 31, 1883	5,670.31
Sept. 30, 1883	10,367.44
Mar. 31, 1884	7,200.40
	28,343.54
	71,247.16

Amount of new stock and bonds issued.

First-mortgage bonds	$1,628,000.00
Preferred stock (1,690 shares)	169,000.00
Common stock increase (1,080 shares)	108,000.00
	1,905,000.00

EXHIBIT B.

Amount of rebates, overcharges, pools, etc., charged to gross earnings.

Year ending June 30—	Rebates.	Overcharges, pools, etc.	Year ending June 30—	Rebates.	Overcharges, pools, etc.
1872	$419.02	$11,971.23	1881	452.23	58,553.15
1873	417.56	6,245.81	1882	1,380.74	42,500.62
1874	1,036.69	10,360.36	1883	988.23	37,197.69
1875	582.00	5,929.74	1884	976.88	70,186.90
1876	593.81	4,701.78	1885	17,572.67	21,380.09
1877	906.52	3,603.85	1886	17,172.63	9,042.92
1878		4,890.61	1887	16,902.48	1,406.85
1879	8.97	14,242.10			
1880	1,348.82	41,097.70		60,409.20	341,422.61

EXHIBIT C.

Statement showing amount and names of stock held in trust.

Names.	1870, common.	1871, common.	1872.		1873.		1874.		1875.		1876.	
			Common.	Preferred.	Common.	Preferred.	Common.	Preferred.	Common.	Preferred.	Common.	Preferred.
John L. Blair, trustee	8	8	19	18	19	18	8	....	8	....	8	....
John I. Blair, in trust	100	80	80	....	80	....	20	....	20	....	20	....
Baker & Morrill, trustees	48	48	48	....	48	....	48	....	48	....	48	....
Henry J. Gardner, trustee	100	100	100	....	100	....	100	....	100	....	100	....
David P. Kimball, trustee	88	88	88	....	88	....	88	....	88	....	88	....
Lemuel Shaw, T. K. Lothrop, and E. W. Hooper, trustees, under will of Samuel Hooper	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	165	26
John M. S. Williams and Jas. Baxter, jr., trustees	.....	.....	31	7	31	7	31	7	31	7	31	7

Names.	1877.		1878.		1879.		1880.		1881.	
	Common.	Preferred.	Common.	Preferred.	Common.	Preferred.	Common.	Preferred.	Common.	Preferred.
John L. Blair, trustee	8	.....	8	.....	.....	.....	.....	.....	.....	.....
John I. Blair, in trust	20	.....	20	.....	20	.....	20	.....	20	.....
Baker & Morrill, trustees	48	.....	48	.....	32	.....	32	.....	.....	.....
Henry J. Gardner, trustee	100	.....	100	.....	100	.....	160	.....	.....	.....
David P. Kimball, trustee	88	.....	88	.....	88	.....	.....	.....	.....	.....
Lemuel Shaw, T. K. Lothrop, and E. W. Hooper, trustees, under will of Samuel Hooper	165	26	165	26	165	26	165	26	.....	26
Frank W. Andrews, trustee	.....	.....	.....	.....	42	.....	42	.....	.....	.....
B. A. G. Fuller and Francis G. Cobb, trustees	.....	.....	800	.....	800	.....	.....	.....	.....	.....
Oliver Ames, John I. Blair, and Horace Williams, trustees	.....	.....	.....	.....	.....	.....	.....	.....	13,619	.....
John I. Blair, Oliver Ames, and David P. Kimball, trustees	.....	.....	.....	.....	.....	.....	11,022	.....	.....	.....
Horace Williams, John I. Blair, and David P. Kimball, trustees	.....	.....	.....	.....	.....	.....	.....	.....	4,073	.....
F. Gordon Dexter, Wm. H. Finney, and Franklin Dexter, trustees	.....	.....	.....	.....	.....	.....	165	26	.....	26
Myron Pardee, trustee	320	.....	320	.....	.....	.....	.....	.....	.....	.....

Statement showing amount and names of stock held in trust—Continued.

	1882.		1883.		1884.		1885.		1886.		1887.	
	Common.	Preferred.	Common.	Preferred.	Common.	Preferred.	Common.	Preferred.	Common.	Preferred.	Common.	Preferred.
Oliver Ames, John I. Blair, and Horace W. Williams, trustees	13,619	....	13,716	....	13,730	....	.....	....	.....	....	.....	....
John I. Blair, in trust	20	....	.....	....	.....	....	.....	....	.....	....	.....	....
F. Gordon Dexter, Wm. H. Finney, and Franklin Dexter, trustees	.....	26	.....	26	.....	26	.....	26	.....	26	.....	26
M. L. Sykes, trustee	.....	....	.....	....	.....	....	18,728	84	18,744	84	18,768	110
Horace Williams, John I. Blair, and David P. Kimball, trustees	4,084	....	4,007	....	4,653	....	.....	....	.....	....	.....	....
Lemuel Shaw, T. K. Lothrop, and E. W. Hooper, trustees	.....	26	.....	26	.....	26	.....	26	.....	26	.....	....

EXHIBIT D.

Statement of payments made by the Sioux City and Pacific Railroad Company, account of legal services, 1871 to April 30, 1887.

Date.	Name.	Particulars.	Amount.
1871.			
July 25	N. M. Hubbard, Des Moines, Iowa.	Services in suit of Richardson	$90.00
Dec. 22	E. M. Clark	Fees paid in case of J. R. Rule	5.00
29	Isaac Cook	Expenses in sundry cases	12.75
29	....do	Salary as solicitor, three months to Sept. 30, 1871.	250.00
29	N. M. Hubbard, Des Moines, Iowa.	Expenses in suit of Turner	7.00
29	W. P. Todd	Services in case of Morris & McNeil	20.00
1872.			
Jan. 8	Isaac Cook	Salary as solicitor, Dec., 1871	83.33
Feb. 3	....do	Salary as solicitor, Jan., 1872	83.33
16	C. H. Willard	Witnesses' expenses, suit of W. H. B. Stout	47.75
17	Isaac Cook	Expenses and stenographers fees' suit of W. H. B. Stout.	28.25
28	N. W. Hubbard, Des Moines	Expenses, suit of W. H. B. Stout	15.00
'28	E. M. Clark	Expenses of procuring affidavits	13.00
28	Various employés	Time engaged as witnesses	13.44
Mar. 1	Isaac Cook	Salary as solicitor, Feb., 1872	83.33
Apr. 1	....do	Salary as solicitor, Mar., 1872	83.33
5	Joy & Wright, Sioux City, Iowa.	Services connected with sundry cases	85.00
May 1	Isaac Cook	Salary as solicitor, Apr., 1872	83.33
10	M. H. Brown	Expenses in suit of W. H. B. Stout	22.25
30	N. M. Hubbard, Des Moines, Iowa.	Expenses in various suits	39.00
31	Various employés	Time engaged as witnesses	15.36
June 1	Isaac Cook	Salary as solicitor, June, 1872	83.33
Aug. 3	....do	Salary as solicitor, July, 1872	83.33
8	....do	Court fees in suit of W. H. B. Stout	200.00
Sept. 2	....do	Salary as solicitor, Aug., 1872	83.33
4	....do	Expenses in connection with sundry cases	60.70
13	J. M. McCaskey, C. C. clerk	Judgment in case of N. B. Morris, stock killed.	88.42
Oct. 8	W. B. Smith	Transcript in suit of W. H. B. Stout	200.00
9	P. R. Benner	Court fees in suit of W. H. B. Stout	7.00
Nov. 1	Isaac Cook	Salary as solicitor, Oct., 1872	83.33
30	do	Salary as solicitor, Nov., 1872	83.33
Dec. 5	N. M. Hubbard, Des Moines, Iowa.	Expenses in suit of Washington County, Nebr.	16.25
14	P. R. Benner	Transcript in suit of Washington County, Nebr.	5.50
23	Clerk of supreme court	Filing fee in suit of Washington County, Nebr.	25.00
1873.			
Jan. 4	Isaac Cook	Salary as solicitor, Dec., 1872	83.33
25	B. D. Hollbrook	Cost paid clerk district court Monona County	91.55
	Warner & Co	Printing in suit of Washington County, Nebr.	19.00
25	N. M. Hubbard, Des Moines, Iowa	Expenses in sundry cases	28.25
Feb. 1	Isaac Cook	Salary as solicitor, Jan., 1873	83.33
1			

Statement of payments made by the Sioux City and Pacific Railroad Company, account of legal services, etc.—Continued.

Date.	Name.	Particulars.	Amount.
1873.			
Feb. 28	Various employés	Time engaged as witnesses	$7.00
Mar. 1	Isaac Cook	Salary as solicitor, Feb., 1873	83.33
13	Joy & Wright, Sioux City	Services in case of Morgan	1.00
24	J. M. McCaskey, C. C. Clerk	Judgment in case of J. S. Danham	210.75
Apr. 2	Isaac Cook	Salary as solicitor, Mar., 1873	83.33
3	N. M. Hubbard, Des Moines, Iowa	Expenses paid sundry parties	17.10
3	Iowa R. R. Land Company	Exp nses paid Judge Cook	25.70
4	J. S. Bowen	Cost in suit of W. H. B. Stout	8.63
May 2	Isaac Cook	Salary as solicitor, Apr., 1873	83.33
24	Republican Company	Stationery account, legal business	12.00
24	N. M. Hubbard, Des Moines, Iowa	Expenses of assessment	19.50
June 2	Isaac Cook	Salary as solicitor, May, 1873	83.33
July 1	do	Salary as solicitor, June, 1873	83.33
Aug. 1	do	Salary as solicitor, July, 1873	83.33
1	E. Esterbrook	Services in suit of W. H. B. Stout	25.00
6	N. M. Hubbard, Des Moines, Iowa	Expenses in case of F. Richardson	6.50
Sept. 1	Isaac Cook	Salary as solicitor, Aug., 1873	83.33
15	J. N. McCaskey, C. C. clerk	Services in case of F. Richardson	14.75
24	P. E. Hall, Cedar Rapids, Iowa	Court fees in case of J. P. Blair	1.50
Oct. 1	Isaac Cook	Salary as solicitor, Sept., 1873	83.33
30	Perkins Brothers	Printing records, suit of Smith, etc	22.00
Nov. 1	Isaac Cook	Salary as solicitor, Oct., 1873	83.33
Dec. 1	do	Salary as solicitor, Nov., 1883	83.33
22	Republican Company	Printing briefs in suit of W. H. B. Stout	98.00
31	Isaac Cook	Salary as solicitor, Dec., 1873	83.33
1874.			
Jan. 31	do	Salary as solicitor, Jan., 1874	41.67
Mar. 2	E. Wakeley	Costs in suit of W. H. B. Stout	187.11
2	Various employés	Time engaged as witnesses	26.50
Apr. 4	Joy & Wright, Sioux City, Iowa	Services in sundry cases, year 1873	210.20
1	N. M. Hubbard, Des Moines, Iowa	Services in sundry cases	16.00
15	E. S. Bailey	Services in suit against J. I. Blain, etc	100.00
May 1	N. M. Hubbard	Services in case of Richardson	38.50
9	Joy & Wright	Services in sundry cases to Mar. 19	88.50
19	C. J. Deacon	Making transcript in case of Richardson	2.50
22	Clerk United States court, Nebraska.	Fees in suit of W. H. B. Stout	2.50
June 6	C. J. Deacon	do	1.25
6	N. M. Hubbard	Services in suit of W. H. B. Stout	12.50
13	Crosby & Newton	Fees in suit of State of Nebraska	3.75
15	C. C. & Z. A. Crowell	do	5.15
19	G. H. Howell	Stationery account, legal business	6.00
20	E. S. Bailey	Services in suit of W. H. B. Stout	25.00
July 27	W. C. Ghost	Costs in case of Levi Baker	6.40
27	Clerk Woodbury C. court	Costs in case of J. S. Smith	40.05
Aug. 3	N. M. Hubbard, Des Moines	Services in case of Twombley	12.50
3	Joy & Wright, Sioux City	Services in sundry cases	20.00
Sept. 3	N. M. Hubbard, Des Moines	do	37.50
Oct. 1	J. F. Wilson	Printing in case of P. M. General	16.54
Nov. 4	N. M. Hubbard, Des Moines	Services in case of W. W. Walker	22.17
30	J. M. Glidden	Fees and expenses in case of J. I. Blair	100.00
30	G. T. Crandall, Cedar Rapids	Copy of incorporation	3.00
30	N. M. Hubbard, Des Moines	Services in sundry cases	30.00
Dec. 1	E. S. Bailey	Services in cases of W. W. Walker and W. H. B. Stout.	126.67
1875.			
Feb. 2	N. M. Hubbard, Des Moines	Services in cases of Twombley	12.50
6	Joy & Wright, Sioux City	Services in sundry cases	20.00
16	J. A. Wall	Services in case of Twombley	6.00
Mar. 2	N. M. Hubbard, Des Moines	Services in sundry cases	96.50
22	Joy & Wright	Services in suit of Richardson	22.55
25	E. S. Bailey	Services in case of Twombley	75.00
May 29	do	Services in suit of United States Government	25.00
June 10	do	do	25.00
30	E. Wakeley	Services in State of Nebraska	200.00
July 31	L. Burnett	Services in sundry cases	7.00
Aug. 10	Joy & Wright	do	80.00
Sept. 15	E. S. Bailey	Services in cases of Twombley	50.00
30	Various employés	Time engaged as witnesses	2.00
Nov. 2	G. T. Crandall, Cedar Rapids	Sundry expenses (legal)	6.00
Dec. 9	E. S. Bailey	Services in suit of United States Government.	82.00
1876.			
Jan. 3	Joy & Wright	Services in sundry cases Aug. 1 to Dec. 1	120.50
31	J. M. Glidden	Services in sundry cases	16.00
June 21	E. S. Bailey	Services in suit of United States Government.	156.00
July 17	L. Burnett	Services in various cases	58.30
24	Joy & Wright, Sioux City	Services in sundry cases, Jan. to July 15	781.45
31	Various employés	Time engaged as witnesses	111.25

Statement of payments made by the Sioux City and Pacific Railroad Company, account of legal services, etc.—Continued.

Date.	Name.	Particulars.	Amount.
1876.			
Aug. 31	Various employés	Time employed as witnesses	90. 98
11	F. C. Hills	Witness fees in case of Mann & Locke	147. 10
19	C. E. Walker	Transcript, case of Mann	150. 00
30	Sioux City Tribune Company	Printing abstract in suit of F. Mann	124. 00
Oct. 13	A. G. Wilson	Expenses account legal business	3. 00
31	C. E. Walker	Services in sundry cases	158. 00
31	do	Transcript in suit of Locke	125. 00
Nov. 29	E. S. Bailey	Services in suit of Walker	83. 00
29	G. T. Crandall, Cedar Rapids	Expenses in sundry cases	22. 55
Dec. 2	I. N. Kidder	Services in suit of Walker	50. 00
4	J. M. Woolworth	Services in suit of State of Nebraska	200. 00
4	E. Wakely	do	244. 50
1877.			
Jan. 2	E. S. Bailey	Services in case of Walker	34. 75
24	J. D. Brown	Fees in Lock's case	1. 50
24	Crawford & Co	Fees in Reznicher case	5. 00
Feb. 23	Sioux City Tribune	Printing abstracts in case of J. Locke	100. 00
Mar. 7	do	Printing argument in case of Locke	72. 00
30	J. N. Kidder	Services in suit of W. Walker	75. 00
31	G. T. Crandall	Expenses account legal business	4. 30
Apr. 25	Joy & Wright	Services in sundry cases Aug., 1876, to Apr., 1877.	840. 00
May 3	E. S. Bailey	Services in suit of W. Walker	177. 50
8	N. D. Parkhurst	do	5. 00
May 29	E. S. Bailey	Services in suit of United States Government	35. 00
June 27	do	do	130. 50
Aug. 3	Gore & Smead	Printing petition, suit of Locke	18. 00
31	Various employés	Time engaged as witnesses	10. 94
31	Clerk Woodbury County	Fees in case of Stubbs	48. 50
Sept. 3	E. S. Bailey	Services in suit of United States Government	50. 00
Oct. 15	Joy & Wright	Services in suit of Locke	195. 05
15	E. Wakely	Services in suit of State of Nebraska	200. 00
27	Harrison County Clerk	Judgment in case of Williams	91. 00
Nov. 8	A. Burnett	Expenses in sundry cases	6. 00
8	E. S. Bailey	Services in sundry cases	240. 00
30	Various employés	Time engaged as witnesses	7. 00
Dec. 20	Clerk Pottawatomie County	Costs in case of Antoney	41. 70
28	Joy & Wright	Services in sundry cases May to Dec	457. 50
1878.			
Jan. 3	E. Wakely	Services in suit of State of Nebraska	200. 00
3	J. M. Woolworth	do	200. 00
3	E. S. Bailey	Services in suit of United States Government	76. 70
Mar. 4	do	Services in case of Walker	91. 00
14	S. F. Scoville	Fees in case of Williams	8. 00
31	Various employés	Time engaged as witnesses	3. 50
Apr. 31	do	do	3. 50
31	J. M. Woolworth	Services in suit of State of Nebraska	250. 00
June 19	C. E. Walker	Transcript in case of Hammond	25. 00
July 11	E. S. Bailey	Services in suit United States Government	100. 00
17	G. D. Perkins	Printing in suit of Hammond	34. 00
Aug. 21	Joy & Wright	do	18. 00
Oct. 9	E. S. Bailey	Services in sundry cases	58. 00
Nov. 18	Joy & Wright	Costs in suit of Hammond	87. 45
1879.			
Jan. 2	Joy & Wright	Services in sundry cases, Jan. to Nov	375. 20
22	J. R. Bryan	Fees in case of Murphy	1. 50
22	E. S. Bailey	Services in sundry cases	1. 25
Feb. 28	Clerk Supreme Court	Costs in suit United States Government	14. 67
Mar. 6	E. S. Bailey	Services in suit of Stout	50. 00
Apr. 16	J. C. Crosby	Services in State board of equalization	44. 30
May 31	Various employés	Time engaged as witnesses	7. 60
July 7	E. S. Bailey	Services in suit of United States Government	90. 00
30	S. P. Allen	Printing in suit United States Government	9. 00
30	Clerk United States court	Fees in case of Blair	12. 50
Nov. 20	J. F. Wilson	Services in suit United States Government	83. 05
Dec. 29	Joy & Wright	Services in sundry cases, Nov., 1878, to Nov., 1879.	238. 75
1880.			
Jan. 27	J. F. Wilson	Services in suit United States Government	125. 00
Feb. 26	do	Expenses in suit United States Government	75. 00
28	Various employés	Time engaged as witnesses	15. 32
May 18	W. W. Walden	Board of witnesses	19. 50
Apr. 30	H. V. Ferguson	Sundry disbursements	1. 10
May 5	J. C. Crawford	Services in sundry cases	55. 80
15	J. F. Wilson	Services in case of Lowe, etc	150. 00
27	Joy & Wright	Transcript of testimony	84. 05
June 21	N. D. Parkhurst	Expenses in McGovern case	7. 50
July 1	E. J. Webber	Expenses in Fremont Bank	54. 00
28	N. D. Parkhurst	Expenses in perfecting appeal	15. 01

Statement of payments made by the Sioux City and Pacific Railroad Company, account of legal services, etc.—Continued.

Date.	Name.	Particulars.	Amount.
1880.			
Aug. 13	Perkins Brothers	Abstract in suit of Murphy	$63.00
21	do	Printing in suit of Murphy	17.00
Sept. 3	R. P. Lowe	Services in sundry cases	20.00
Oct. 9	E. S. Bailey	do	25.00
Nov. 15	C. H. Burrows	Witness fees	5.00
Oct. 30	Joy & Wright	Services from Jan. 9 to Oct. 9, 1880	675.00
30	N. D. Parkhurst	Expenses in appeal to circuit court	8.00
Nov. 11	G. L. Stearns	Expenses in suit of Walker	25.23
13	G. L. Stearns	Costs, etc., suit of W. W. Walker	43.45
1881.			
Jan. 5	Joy & Wright	Services in case of Fremont Bank	12.00
June 30	J. E. Ainsworth	Expense accounts legal business	.50
30	E. S. Bailey	Services in sundry cases	50.00
Aug. 1	Joy & Wright	Services from Oct., 1880, to July, 1881	769.25
1882.			
Mar. 15	do	Services in suit on L. Orcutt	2.75
Apr. 5	do	Services from July, 1881, to Mar., 1882	692.20
30	Various employés	Time engaged as witnesses	10.00
June 3	Mathieson Bros	Services in case of loss and damage	25.23
7	Rust & Coolage	Services in sundry cases	26.10
July 26	J. C. Crawford	Services in case of Philips	110.95
Sept. 30	G. E. Pretchell	Services in case of O. I. & N. Co	100.00
Nov. 27	Joy & Wright	Services from Mar. to Oct., 1882	762.25
Dec. 11	Rust & Coolage	Services in sundry cases	12.15
29	Joy & Wright	Expenses in suit of A. G. Finlayson	33.30
1883.			
Jan. 12	J. C. Crawford	Services in sundry cases	34.70
Feb. 20	Lathrop & Smith	do	325.00
Mar. 7	J. C. Crawford	do	300.00
Apr. 26	Joy & Wright	Services from Oct., 1882, to Apr., 1883	1,164.34
26	L. W. Osborne	Expenses in case of Grosvenor	5.00
May 15	E. S. Bailey	Services in suit of Utt	70.50
25	Joy & Wright	Services in cases of Correvane & Smith	57.55
28	P. E. Hall	Legal expenses in Nebraska, past three years, as per receipts on file.	3,103.75
June 10	S. P. Demmon	Serving the subpœna	1.00
July 13	J. C. Crawford	Services in tax case	103.25
Oct. 20	Joy & Wright	Services from Apr. to Oct., 1883	1,586.80
25	L. W. Osborne	Services in sundry cases	12.50
31	Chicago & Northwestern Rwy. Co	Legal expenses paid to Osborne & Co	32.50
31	Various employés	Time engaged as witnesses	2.72
1884.			
Jan. 16	J. S. Wattels	Expense account, legal business	.50
31	J. C. Crawford	Service in sundry cases	45.00
Feb. 20	Joy, Wright & Hudson	Service examining papers	25.00
28	Various employés	Time engaged as witnesses	2.07
Mar. 31	Union Pacific Rwy. Co	Proportion of Expense before Supreme Court, United States.	1,000.00
May 5	L. W. Osborne	Services in case of Turner	22.50
7	M. R. Bailey	Services removing trespassers	64.50
31	Various employés	Time engaged as witnesses	5.00
31	Joy, Wright & Hudson	Services from Oct., 1883, to Apr., 1884	1,904.35
31	Brome & Durland	Services in sundry cases	45.50
June 24	E. S Bailey	Services, internal-revenue case	250.00
30	Various employés	Time engaged as witnesses	2.80
July 26	Lathrop & Smith	Services in case of Kansas City Rolling Mill Company.	50.00
Sept. 19	Joy, Wright & Hudson	Services from Apr. to Aug., 1884	1,127.68
19	Brome & Durland	Services in sundry cases	67.00
Oct. 2	L. W. Osborne	do	75.00
30	J. C. Kelley	Printing abstract in case of Henry	118.00
Nov. 8	W. D. Carlile	Services in suit, Eau Claire Lumber Company	35.00
Dec. 4	Joy, Wright & Hudson	Services in suit of A. J. Finleyson	136.03
27	J. C. Kelley	Printing brief in case of Henry	45.00
1885.			
Jan. 28	Brome & Durland	Services in case of Elliot	62.00
28	Joy, Wright & Hudson	Services from Oct. to Dec., 1884	1,203.31
28	T. McGill & Co	Printing petition in claim against United States Government.	35.20
Feb. 2	L. W. Osborne	Fees in cases of Fleming & Turner	30.00
28	J. H. Howe	Proportion of services in sundry cases	50.00
28	M. J. Bailey	Services in suit of McGovern	8.00
28	Various employés	Time engaged as witnesses	4.54
Mar. 31	J. H. Howe	Services in case of Madison & Lansing	100.00
31	W. Middleton	Witnesses' fees in suit of Smith & Stephenson	30.00
31	Joy, Wright & Hudson	Services in suit of W. L. Lenhart	159.10
May 15	T. McGill & Co	Printing petition in case of U. S. Government	34.00
31	J. H. Howe	Services in April and May, 1885	300.00

Statement of payments made by the Sioux City and Pacific Railroad Company, account of legal services—Continued.

Date.	Name.	Particulars.	Amount.
May 31	W. Middleton	Witnesses' fees in suit of Smith	$10.00
July 22	Joy, Wright & Hudson	Services from Jan. to July, 1885	457.70
29	L. W. Osborne	..... do	25.00
30	Brome & Durland	.....do	22.00
Oct. 1	J. H. Howe	Services from June to Oct., 1885	900.00
1	W. Middleton	Witnesses' fees in suit of Smith	48.50
Nov. 1	J. H. Howe	Services to Nov. 1, 1885	300.00
1886			
Jan. 22	L. W. Osborne	Services in case of Taylor	20.00
28	H. C. Brome	Services in case of Smith	76.60
29	Joy, Wright & Hudson	Services from Sept. 1, to Dec. 31, 1885	1,212.70
Feb. 28	W. Middleton	Witnesses' fees, case of Neales	10.75
Mar. 22	.....do	Witnesses' fees, case of Stephenson	31.50
22	Various employés	Time engaged as witnesses	4.40
22	Chicago & Northwestern Rwy. Co	Stationery account, legal business	1.00
22	W. R. R. Asso	Expenses for patent litigation	7.73
22	Joy, Wright & Hudson	Services in case of P. Vralis	132.90
Apr. 9	W. R. R. Asso	Expenses for patent litigation	7.73
30	Chicago & Northwestern Rwy. Co	Stationery account, legal business	2.50
May 11	J. H. Clark	Transcript in suit of R. J. Knapp	40.00
13	W. E. Cody	Transcript in suit of Henry	45.00
13	J. R. & G. P. Goldie	Printing in suit of Henry	117.00
31	Chicago and Northwestern Rwy. Co.	Stationery account, legal business	10.62
June 1	J. B. Hawley, Fremont, Nebr	Salary as attorney, May	83.33
1	B. Dunham	Salary as clerk, May	5.00
1	Fre. National Bank	Rent of office (pro.)	4.00
12	Harrison County News	Printing circulars	1.00
30	Chicago and Northwestern Rwy. Co.	Stationery account, legal business	12.10
July 2	J. B. Hawley, Fremont, Nebr	Services, clerk hire, and rent, June, 1886	97.00
29	L. W. Osborne	Services to May 27, 1886	60.00
29	Fremont Tribune	Articles of incorporation	2.25
30	W. R. R. Association	Expenses of patent litigation	7.73
Aug. 2	E. C. Simmons	Expense account, legal business	1.25
2	J. B. Hawley, Fremont, Nebr	Salary, clerk hire, and rent, July, 1886	92.46
27	N. Wilson, Washington, D.C	Services in case of United States Government to recover earnings improperly withheld by the Government.	500.00
27	The Pilot	Ad. ac. indebtedness	3.25
Sept. 3	J. B. Hawley	Services, Aug., 1886	95.84
6	J. R. & G. P. Goldie	Printing account, legal business	77.00
6	J. C. Kelly	.....do	21.00
Oct. 2	Gibson Brothers	Printing account, United States Government claim.	4.40
12	W. R. R. Association	Expenses, patent litigation	7.73
14	J. B. Hawley	Services, Sept., 1886	85.42
20	F. B. Hollar	Printing brief in case of Henry	35.00
29	H. C. Brome	Services, Jan. 11 to May 20, 1886	134.02
29	Joy, Wright & Hudson	Services, Jan. 21 to Sept. 30, 1886	753.25
Nov. 5	J. B. Hawley	Services, Oct., 1886	74.16
15	Julius Thiele	Fees in suit of Rodeback	2.25
Dec. 3	J. B. Hawley	Service, Nov., 1886	78.97
1887.			
Jan. 4	.....do	Service, Dec, 1886	79.79
4	E. C. Simmons	Expense account, legal business	1.00
Feb. 11	W. R. R. Association	Expenses, patent litigation	5.98
14	J. B. Hawley	Services, Jan., 1887	93.54
Mar. 3	..... do	Services, Feb., 1887	93.97
7	H. C. Brome	Services in case of W. Smith	259.31
Apr. 6	J. B. Hawley	Services, Mar, 1887	94.79
16	W. R. R. Association	Expenses, patent litigation	5.98
27	F. C. Stewart	Services in case of William Smith	52.87
			37,287.75

EXHIBIT E.

Statement showing net earnings of Missouri Valley Branch (unsubsidized), 1871 to 1887.

Period.	Amount.	Period.	Amount.
Year ending December 31—		Year ending June 30—	
1871	$3,249.48	1879	$5,498.10
1872	3,282.57	1880	7,973.28
Six months ending June 30, 1873	1,437.26	1881	(*)
Year ending June 30—		1882	(*)
1874	5,044.04	1883	10,122.27
1875	4,608.77	1884	12,561.60
1876	4,754.49	1885	11,022.68
1877	4,609.83	1886	16,046.16
1878	4,506.88	1887	14,663.30

* No means of ascertaining what the net earnings of this branch were for the years ending June 30, 1881 and 1882.

EXHIBIT F.

Statement of the net earnings of the Sioux City and Pacific Railroad.

Year ending June 30—	Aided road.	Non-aided road.	Leased line, non-aided, Fremont, Elkhorn and Missouri Valley R. R.	Total net earnings.
1870	$168,792.36			$168,792.36
1871	79,869.59	$3,249.48		83,119.07
1872	*31,029.90	3,282.57		*27,747.33
1873	73,385.91	1,437.26	$500.44	75,329.61
1874	61,696.54	5,044.04	*2,688.30	64,052.28
1875	80,205.18	4,608.77	*5,989.93	78,824.02
1876	48,935.25	4,754.49	*3,691.79	49,997.95
1877	108,180.34	4,609.83	*3,609.69	109,180.48
1878	124,111.26	4,506.88	6,123.93	134,742.07
1879	98,500.40	5,498.10	4,585.64	108,584.14
1880	168,730.37	7,973.28	*733.66	175,969.99
1881	†125,850.40	No record.	521.64	126,372.04
1882	*53,161.19	No record.	*10,162.36	*63,323.55
1883	140,516.14	10,122.27	83,275.48	233,913.89
1884	233,909.41	12,561.60	275,469.40	521,940.41
1885	205,021.29	11,022.68		216,043.97
1886	319,475.43	16,046.16		335,521.59
1887	267,786.59	14,663.30		282,449.89
	2,304,966.46	109,380.51	370,482.53	2,764,833.76
Less deficiency	*84,191.09		*26,875.73	*91,071.66
Total net earnings	2,220,775.37	109,380.51	343,606.80	2,673,762.68

* Deficiency. † Includes Missouri Valley Branch; non-aided.

EXHIBIT G.

List of directors, presidents, vice-presidents, treasurers, and secretaries of Sioux City and Pacific Railroad Company.

1864–'65.

Directors:
Platt Smith.
L. B. Crocker.
W. K. Jessup.
John I. Blair.
Jas. F. Wilson.
A. W. Hubbard.
C. A. Lambard.
F. Schuchardt.
W. B. Alison.

1865–'66.

Directors:
Platt Smith.
L. B. Crocker.
W. K. Jessup.
John I. Blair.
A. W. Johnson.
Oakes Ames.
C. A. Lambard.
F. Schuchardt.
W. B. Alison.
Officers:
J. I. Blair, president.
W. B. Alison, vice-president.

1866–'67.

Directors:
Platt Smith.
L. B. Crocker.
W. K. Jessup.
John I. Blair.
A. W. Johnson.
Oakes Ames.
C. A. Lambard.
F. Schuchardt.
W. B. Alison.
Officers:
J. D. Blair, president.
W. B. Alison, vice-president.
J. I. Blair, treasurer.
J. McKinlay, secretary.

1867–'68.

Directors:
Platt Smith.
Perry H. Smith.
D. C. Blair.
John D. Blair.
A. W. Johnson.
Oakes Ames.
C. A. Lambard.
J. H. Scranton.
W. B. Alison.
Officers:
J. I. Blair, president.
W. B. Alison, vice-president.
J. M. S. Williams, treasurer.
J. McKinlay, secretary.

1868–'69.

Directors:
W. W. Walker.
Perry H. Smith.
D. C. Blair.
John D. Blair.
W. T. Glidden.
Oakes Ames.
F. Nickerson.
J. H. Scranton.
W. B. Alison.
Officers:
J. I. Blair, president.
W. B. Alison, vice-president.
J. M. S. Williams, treasurer.
J. McKinlay, secretary.

1869–'70.

Directors:
W. W. Walker.
Perry H. Smith.
D. C. Blair.
John D. Blair.
W. T. Glidden.
Oakes Ames.
F. Nickerson.
J. H. Scranton.
W. B. Alison.
Officers:
J. I. Blair, president.
W. B. Alison, vice-president.
J. M. S. Williams, treasurer.
J. McKinlay, secretary.

1870–'71.

Directors:
W. W. Walker.
Geo. Douglas.
D. C. Blair.
John I. Blair.
W. T. Glidden.
Oakes Ames.
F. Nickerson.
J. H. Scranton.
C. E. Walker.
Officers:
J. I. Blair, president.
W. W. Walker, vice-president.
J. I. Blair, treasurer.
W. W. Walker, secretary.

1871–'72.

Directors:
P. S. Crowell.
S. L. Thorndike.
D. C. Blair.
John I. Blair.
W. T. Glidden.
Oakes Ames.
F. Nickerson.
G. W. Dodge.
Horace Williams.

List of directors, presidents, vice-presidents, treasurers, etc.—Continued.

1871–'72—Continued.

Officers:
H. Williams, president.
F. Nickerson, vice-president.
H. Williams, treasurer.
W. W. Walker, secretary.

1872–'73.

Directors:
P. S. Crowell.
S. L. Thorndike.
D. C. Blair.
John I. Blair.
W. T. Glidden.
J. M. S. Williams.
F. Nickerson.
J. Vandeventer.
H. Williams.

Officers:
H. Williams, president.
J. Vandeventer, vice-president.
J. M. S. Williams, treasurer.
P. E. Hall, secretary.

1873–'74.

Directors:
P. S. Crowell.
S. L. Thorndike.
D. C. Blair.
W. T. Glidden.
G. W. Dodge.
F. Nickerson.
J. Vandeventer.
H. Williams.

Officers:
H. Williams, president.
J. Vandeventer, vice-president.
J. M. S. Williams, treasurer.
P. E. Hall, secretary.

1874–'75.

Directors:
F. L. Ames.
J. B. Alley.
D. C. Blair.
Oliver Ames, 2d.
J. W. Glidden.
F. Nickerson.
J. Vandeventer.
H. Williams.

Officers:
H. Williams, president.
J. Vandeventer, vice-president.
J. M. Glidden, treasurer.
P. E. Hall, secretary.

1875–'76.

Directors:
F. L. Ames.
J. B. Alley.
D. C. Blair.
Oliver Ames, 2d.
J. W. Glidden.
F. Nickerson.
James Blair.
H. Williams.

Officers:
H. Williams, president.
D. C. Blair, vice-president.
J. M. Glidden, treasurer.
P. E. Hall, secretary.

1876–'77.

Directors:
F. L. Ames.
J. B. Alley.
D. C. Blair.
Oliver Ames, 2d.
J. M. Glidden.
F. Nickerson.
James Blair.
H. Williams.

Officers:
H. Williams, president.
D. C. Blair, vice-president.
J. M. Glidden, treasurer.
P. E. Hall, secretary.

1877–'78.

Directors:
F. L. Ames.
J. B. Alley.
D. C. Blair.
Oliver Ames.
J. M. Glidden.
F. Nickerson.
James Blair.
H. Williams.

Officers:
H. Williams, president.
D. C. Blair, vice-president.
J. M. Glidden, treasurer.
P. E. Hall, secretary.

1878–'79.

Directors:
F. L. Ames.
J. B. Alley.
D. C. Blair.
Oliver Ames.
J. M. Glidden.
F. Nickerson.
James Blair.
H. Williams.

Officers:
Oliver Ames, president.
D. C. Blair, vice-president.
D. P. Kimball, treasurer.
P. E. Hall, secretary.

1879–'80.

Directors:
F. L. Ames.
J. B. Alley.
D. C. Blair.
J. I. Blair.
Oliver Ames.
P. S. Crowell.
James Nickerson.
James Blair.
H. Williams.

Officers:
Oliver Ames, president.
D. C. Blair, vice-president.
D. P. Kimball, treasurer.
P. E. Hall, secretary.

List of directors, presidents, vice-presidents, etc.—Continued.

1880–'81.

Directors:
F. L. Ames.
W. T. Glidden.
D. C. Blair.
J. I. Blair.
Oliver Ames.
P. E. Hall.
D. P. Kimball.
James Blair.
H. Williams.

Officers:
O. Ames, president.
D. C. Blair, vice-president.
D. P. Kimball, treasurer.
P. E. Hall, secretary.

1881–'82.

Directors:
F. L. Ames.
W. T. Glidden.
D. C. Blair.
J. I. Blair.
Oliver Ames.
P. E. Hall.
D. P. Kimball.
James Blair.
H. Williams.

Officers:
Oliver Ames, president.
D. C. Blair, vice-president.
D. P. Kimball, treasurer.
P. E. Hall, secretary.

1882–'83.

Directors:
F. L. Ames.
W. T. Glidden.
D. C. Blair.
J. I. Blair.
Oliver Ames.
P. E. Hall.
D. P. Kimball.
James Blair.
H. Williams.

Officers:
Oliver Ames, president.
D. C. Blair, vice-president.
D. P. Kimball, treasurer.
P. E. Hall, secretary.

1883–'84.

Directors:
F. L. Ames.
W. T. Glidden.
D. C. Blair.
J. I. Blair.
Oliver Ames.
P. E. Hall.
D. P. Kimball.
James Blair.
H. Williams.

Officers:
Oliver Ames, president.
D. C. Blair, vice-president.
D. P. Kimball, treasurer.
P. E. Hall, secretary.

1884–'85.

Directors:
Marvin Hughitt.
Albert Keep.
M. L. Sykes.
A. G. Dulman.
M. M. Kirkman.
J. B. Redfield.
D. P. Kimball.
P. E. Hall.
H. Williams.

Officers:
M. Hughitt, president.
M. L. Sykes, vice-president.
M. M. Kirkman, treasurer.
J. B. Redfield, secretary.

1885–'86.

Directors:
Marvin Hughitt.
Albert Keep.
M. L. Sykes.
M. M. Kirkman.
J. B. Redfield.
W. H. Stennett.
D. P. Kimball.
P. E. Hall.
H. Williams.

Officers:
M. Hughitt, president.
M. L. Sykes, vice-president.
M. M. Kirkman, treasurer.
J. B. Redfield, secretary.

1886–'87.

Directors:
Marvin Hughitt.
Albert Keep.
M. L. Sykes.
M. M. Kirkman.
J. B. Redfield.
W. H. Stennett.
D. P. Kimball.
P. E. Hall.
H. Williams.

Officers:
M. Hughitt, president.
M. L. Sykes, vice-president.
M. M. Kirkman, treasurer.
J. B. Redfield, secretary.

1887–'88.

Directors:
Marvin Hughitt.
Albert Keep.
M. L. Sykes.
M. M. Kirkman.
J. B. Redfield.
W. H. Stennett.
D. P. Kimball.
P. E. Hall.
H. Williams.

Officers:
M. Hughitt, president.
M. L. Sykes, vice-president.
M. M. Kirkman, treasurer.
J. B. Redfield, secretary.

EXHIBIT H.

BALANCE-SHEETS AND CURRENT STATEMENTS OF THE SIOUX CITY AND PACIFIC RAILROAD COMPANY, FROM COMMENCEMENT TO THE YEAR ENDING JUNE 30, 1887, INCLUDING THE AIDED AND NON-AIDED PORTION AND LEASED LINE.

Balance-sheet of the Sioux City and Pacific Railroad Company, from commencement to June 30, 1870.

LIABILITIES.

Due United States Government, accrued interest		$193,807.44
Due to other companies		17,822.12
Accounts payable		54,852.79
		266,482.35

ASSETS.

Construction		31,531.70
Sioux City Railroad Construction Company		8,155.86
		39,687.56
Due from the United States		12,600.39
Materials and fuel		34,928.06
Accounts receivable:		
Due from companies	$48,787.81	
Due from agents	2,354.61	
Due from various persons	16,681.89	
		67,824.31
Cash and cash items		74,764.12
Income account (deficiency, June 30, 1870)		36,677.91
		266,482.35

Current statement of the Sioux City and Pacific Railroad Company, from commencement to June 30, 1870.

EARNINGS.

Passenger receipts		$101,250.01
Freight receipts		187,202.85
Express receipts		3,743.55
Mail receipts		6,518.63
Miscellaneous receipts		4,398.11
		303,043.15
Other current receipts		5,426.28
		308,469.43
Operating expenses		139,677.07
		168,792.36
Interest on United States Government bonds accrued to June 30, 1870	$193,807.44	
Interest on account first-mortgage bonds	11,662.83	
		205,470.27
Income account (deficiency)		36,677.91

Balance sheet of the Sioux City and Pacific Railroad Company for the year ending June 30, 1871.

LIABILITIES.

Capital stock, 17,914 shares, at 100	$1,791,400.00
First-mortgage bonds	1,628,000.00
United States Government bonds, subsidy	1,628,320.00
Bills payable	56,205.48
Accounts payable	31,678.71
Due to other companies	19,307.80
Due United States Government, accrued interest	291,506.64
	5,446,418.63

ASSETS.

Construction, original		$5,047,720.00
Construction, additional		82,430.26
		5,130,150.26
Bills receivable		773.02
Due from the United States		1,030.33
Material and fuel		36,152.45
Accounts receivable:		
Due from agents	$1,067.97	
Due from other companies	36,950.02	
Due from various persons	146,931.42	
		184,949.41
Cash and cash items		5,954.21
Income account:		
Deficiency to June 30, 1870	36,677.91	
Deficiency for year ending June 30, 1871	50,731.04	
		87,408.95
		5,446,418.63

Current statement of the Sioux City and Pacific Railroad Company for the year ending June 30, 1871.

EARNINGS.

Passenger receipts		$110,532.97
Freight receipts		163,952.28
Express receipts		1,843.44
Mail receipts		7,975.04
Miscellaneous receipts		10,535.83
		294,839.56
Operating expenses		211,720.49
Net earnings		83,119.07
Interest on first-mortgage bonds	$36,150.91	
Interest on United States Government bonds	97,699.20	
		133,850.11
Income account (deficiency)		50,731.04

Balance sheet of the Sioux City and Pacific Railroad Company for the year ending June 30, 1872.

LIABILITIES.

Capital stock, 18,994 shares, at 100	$1,899,400.00
Preferred stock, 1,690 shares, at 100	169,000.00
First-mortgage bonds	1,628,000.00
United States Government bonds, subsidy	1,628,320.00
Due United States Government, accrued interest	389,205.84
Bills payable	17,887.94
Accounts payable	14,535.93
Overdue coupons	716.25
Sioux City and Pacific R. R. town lots	27,554.37
Due to other companies	7,475.90
	5,782,096.23

ASSETS.

Construction, original		$5,047,720.00
Construction, additional		277,790.35
		5,325,510.35
Due from the United States, miscellaneous		9,787.15
Materials and fuel		34,743.70
Accounts receivable:		
Due from agents	$10,938.48	
Due from other companies	17,458.63	
Due from various persons	8,084.47	
		36,481.58
Cash and cash items:		
Cash	7,646.19	
J. S. Williams, treasurer	50,203.88	
J. D. Brown, paymaster	306.34	
		58,156.41
Income account:		
Deficiency to June 30, 1871	87,408.95	
Deficiency year ending June 30, 1872	229,908.09	
		317,317.04
		5,782,096.23

Current statement of the Sioux City and Pacific Railroad Company for the year ending June 30, 1872.

EARNINGS.

Passenger receipts		$92,292.33
Freight receipts		115,508.74
Mail receipts		10,589.76
Express receipts		2,245.66
Telegraph receipts		7,815.19
Miscellaneous receipts		2,370.39
		230,822.07
Operating expenses		258,569.60
Deficiency		27,747.53
Interest on first-mortgage bonds	$90,388.36	
Interest on United States Government bonds	97,699.20	
Taxes	2,243.00	
Dividends on preferred stock	11,830.00	
		202,160.56
Income account (deficiency)		229,908.09

Balance-sheet of the Sioux City and Pacific Railroad Company, June 30, 1873.

LIABILITIES.

Capital stock, 18,994 shares, at $100	$1,899,400.00
Preferred stock, 1,690 shares, at $100	169,000.00
First-mortgage bonds	1,628,000.00
United States Government bonds, subsidy	1,628,320.00
Due United States Government, accrued interest	486,905.04
Overdue coupons	659.25
Bills payable	14,248.79
Accounts payable	56,007.98
Dues to other companies	74,880.54
Nebraska Air Line lands	90,124.03
	6,047,545.63

ASSETS.

Construction, original		$5,047,720.00
Construction, additional		354,836.70
		5,402,556.70
Due from the United States:		
Post-Office Department	$9,869.94	
Indian Department	66.58	
Passenger department	2,221.35	
Miscellaneous	5,685.17	
		17,843.04
Materials and fuel		66,364.85
Accounts receivable:		
Due from agents	11,648.06	
Due from other companies	16,282.75	
Due from various persons	796.17	
		28,726.98
Cash and cash items:		
Cash	3,047.19	
J. M. S. Williams, treasurer	53,933.66	
J. D. Brown, paymaster	15,905.32	
		72,886.17
Income account:		
Deficiency to June 30, 1872	317,317.04	
Deficiency year ending June 30, 1873	141,850.85	
		457,167.89
		6,047,545.63

Current statement of the Sioux City and Pacific Railroad Company for the year ending June 30, 1873.

EARNINGS.

Passenger receipts		$84,568.36
Freight receipts		200,759.79
Mail receipts		9,869.94
Express receipts		2,776.46
Miscellaneous receipts		12,077.70
		310,052.25
Operating expenses		234,722.64
		75,329.61
Less rentals		9,781.13
Net earnings		65,548.48
Interest on first-mortgage bonds	$97,870.13	
Interest on United States Government bonds	97,699.20	
Dividends on preferred stock	11,830.00	
		207,399.33
Income account (deficiency)		141,850.85

Balance-sheet of the Sioux City and Pacific Railroad Company, June 30, 1874.

LIABILITIES.

Capital stock, 18,994 shares, at $100	$1,899,400.00
Preferred stock, 1,690 shares, at $100	169,000.00
First-mortgage bonds	1,628,000.00
United States Government bonds, subsidy	1,628,320.00
Due United States Government, accrued interest	584,604.24
Accounts payable	38,002.60
Bills payable	51,000.00
Due to other companies	118,242.03
Nebraska Air Line lands	90,284.03
Overdue coupons	584.25
	6,207,437.15

ASSETS.

Construction, original		$5,047,720.00
Construction, additional		372,870.20
		5,420,590.20
Due from the United States:		
Indian Department	$45.09	
Post-Office Department	9,870.00	
Passenger department	176.00	
Miscellaneous	19,977.48	
		30,068.57
Materials and fuel		60,213.13
Accounts receivable:		
Due from agents	12,769.86	
Due from other companies	13,281.63	
Due from various persons	268.02	
		26,319.51
Cash and cash items:		
Cash	1,411.10	
J. M. Glidden, treasurer	54,755.19	
J. D. Brown, paymaster	666.18	
		56,832.47
Income account:		
Deficiency to June 30, 1873	459,167.89	
Deficiency for year ending June 30, 1874	154,245.38	
		613,413.27
		6,207,437.15

Current statement of the Sioux City and Pacific Railroad Company, for the year ending June 30, 1874.

EARNINGS.

Passenger receipts		$98,640.44
Freight receipts		247,976.58
Mail receipts		9,870.00
Express receipts		3,193.68
Miscellaneous receipts		23,419.05
		383,099.75
Operating expense		319,047.47
		64,052.28
Less rentals		9,506.08
Net earnings		54,546.20
Interest on first-mortgage bonds	$99,262.38	
Interest on United States Government bonds	97,699.20	
Dividends on preferred stock	11,830.00	
		208,791.58
Income account (deficiency)		154,245.38

Balance-sheet of the Sioux City and Pacific Railroad Company, June 30, 1875.

LIABILITIES.

Capital stock, 18,994 shares, at $100	$1,899,400.00
Preferred stock, 1,690 shares, at $100	169,000.00
First-mortgage bonds	1,628,000.00
United States Government bonds, subsidy	1,628,320.00
Due United States Government, accrued interest	682,303.44
Land department	55,694.78
Bills payable	51,000.00
Accounts payable	35,509.74
Nebraska Air Line lands	89,984.03
Over-due coupons	1,559.25
Due to other companies	78,812.93
	6,319,584.17

ASSETS.

Construction, original		$5,047,720.00
Construction, additional		283,850.63
		5,331,570.63
Due from the United States:		
Indian department	$334.67	
Post-Office Department	9,870.00	
Passenger department	388.00	
Miscellaneous	31,592.98	
		42,185.65
Materials and fuel		54,307.68
Accounts receivable:		
Due from agents	16,852.87	
Due from other companies	4,076.20	
Due from various persons	76.26	
		21,005.33
Cash and cash items:		
Cash	11,044.53	
J. M. Glidden, treasurer	14,389.20	
		25,433.73
Income account:		
Deficiency to June 30, 1874	613,413.27	
Deficiency, year ending June 30, 1875	231,667.88	
		845,081.15
		6,319,584.17

Current statement of the Sioux City and Pacific Railroad Company for the year ending June 30, 1875.

EARNINGS.

Passenger receipts		$87,623.56
Freight receipts		197,026.96
Mail receipts		9,870.00
Express receipts		2,737.96
Miscellaneous receipts		13,630.71
		310,958.19
Other current receipts		39,069.41
		350,027.60
Operating expenses		271,203.58
Net earnings		78,824.02
Interest erroneously charged to construction	$95,036.96	
Interest on first-mortgage bonds	97,680.00	
Interest on United States Government bonds	99,699.20	
Interest on miscellaneous	8,245.74	
Dividends on preferred stock	11,830.00	
		310,491.90
Income account (deficiency)		231,667.88

Balance-sheet of the Sioux City and Pacific Railroad Company, June 30, 1876.

LIABILITIES.

Capital stock, 18,994 shares, at $100	$1,899,400.00
Preferred stock, 1,690 shares, at $100	169,000.00
First-mortgage bonds	1,628,000.00
United States Government bonds, subsidy	1,628,320.00
Due United States Government, accrued interest	780,002.64
Over-due coupons	15,959.25
Accounts payable	27,154.96
Due to other companies	33,098.98
Nebraska Air-Line lands	89,984.03
	6,270,919.86

ASSETS.

Construction, original		$5,047,720.00
Construction, additional		285,405.02
		5,333,125.02
Due from the United States:		
Post-Office Department	$12,727.16	
Indian department	41.15	
Passenger department	629.60	
Miscellaneous	44,158.22	
		57,556.13
Materials and fuel		45,141.71
Accounts receivable:		
Due from agents	13,681.25	
Due from other companies	5,503.05	
Due from various persons	21.92	
Cash and cash items:		
Cash	15,383.76	
J. M. Glidden, treasurer	20,203.44	
J. D. Brown, paymaster	2,123.21	
		37,710.41
Income account:		
Deficiency to June 30, 1875	845,081.15	
Less gain year ending June 30, 1876	66,901.38	
		778,179.77
		6,270,919.86

Current statement of the Sioux City and Pacific Railroad Company for the year ending June 30, 1876.

EARNINGS.

Passenger receipts		$92,943.22
Freight receipts		229,283.47
Mail receipts		13,745.99
Express receipts		3,006.91
Miscellaneous receipts		11,289.64
		350,269.23
Other current receipts		7,026.53
		357,295.76
Operating expenses		308,297.81
Net earnings		49,997.95
Add receipts from sales of land department		225,112.63
		274,110.58
Interest on first-mortgage bonds	$97,680.00	
Interest on United States Government bonds	97,699.20	
Dividends on preferred stock	11,830.00	
		207,209.20
Income account (surplus)		66,901.38

Balance-sheet of the Sioux City and Pacific Railroad Company, June 30, 1877.

LIABILITIES.

Capital stock, 18,994 shares, at $100	$1,899,400.00
Preferred stock, 1,690 shares, at $100	169,000.00
First-mortgage bonds	1,628,000.00
United States Government bonds, subsidy	1,628,320.00

Due United States Government, accrued interest		$877,701.84
Overdue coupons		3,374.25
Accounts payable		44,687.35
Bills payable		3.88
Due to other companies		79,040.10
Nebraska Air Line lands		89,984.03
		6,419,511.45

ASSETS.

Construction, original		5,047,720.00
Construction, additional		284,284.53
		5,332,004.53
Due from the United States—		
Post-Office Department	$25,499.39	
Indian Department	847.56	
Miscellaneous	49,847.49	
		76,194.44
Materials and fuel		48,634.59
Accounts receivable:		
Due from agents	13,920.07	
Due from other companies	5,039.81	
Due from various persons	154.66	
		19,114.54
Purchased bonds		5,000.00
Cash and cash items:		
Cash	1,544.77	
J. M. Glidden, treasurer	49,808.69	
J. S. Brown, paymaster	11,001.40	
		62,354.86
Income account:		
Deficiency to June 30, 1876	778,179.77	
Deficiency year ending June 30, 1877	98,028.72	
		876,208.49
		6,419,511.45

Current statement of the Sioux City and Pacific Railroad Company for the year ending June 30, 1877.

EARNINGS.

Passenger receipts		$100,162.12
Freight receipts		230,268.32
Mail receipts		12,225.96
Express receipts		3,154.82
Miscellaneous receipts		4,240.23
		350,051.45
Other current receipts		44,268.10
		394,319.55
Operating expenses		285,139.07
Net earnings		109,180.48
Interest on first-mortgage bonds	$97,680.00	
Interest on United States Government bonds	97,699.20	
Dividends on preferred stock	11,830.00	
		207,209.20
Income account (deficiency)		98,028.72

Balance-sheet of the Sioux City and Pacific Railroad Company, June 30, 1878.

LIABILITIES.

Capital stock, 18,994 shares, at $100		$1,899,400.00
Preferred stock, 1,690 shares, at $100		169,000.00
First-mortgage bonds		1,628,000.00
United States Government bonds, subsidy		1,628,320.00
Due United States Government, accrued interest		975,401.04
Overdue coupons		2,129.25
Accounts payable		29,897.14
Bills payable		2,500.00
Due to other companies		89,783.26
Nebraska Air Line lands		89,984.04
River Sioux town lots		35.75
		6,514,450.47

ASSETS.

Construction, original		5,047,720.00
Construction, additional		294,363.04
		5,342,083.04
Due from the United States:		
Indian Department	$453.43	
Post-Office Department	60,022.48	
Miscellaneous	29,165.69	
		89,641.60
Materials and fuel		44,368.36
Accounts receivable:		
Due from agents	15,773.15	
Due from other companies	4,271.03	
Due from various persons	761.52	
		20,805.70
Purchased bonds		5,000.00
Cash and cash items:		
Cash	36,990.50	
D. P. Kimball, treasurer	18,866.30	
G. S. Crandell, paymaster	409.77	
		56,266.57
Income account:		
Deficiency, June 30, 1877	876,208.49	
Deficiency ending June 30, 1878	80,076.81	
		956,285.30
		6,514,450.47

Current statement of the Sioux City and Pacific Railroad Company for the year ending June 30, 1878.

EARNINGS.

Passenger receipts		$96,959.96
Freight receipts		310,322.78
Mail receipts		9,780.86
Miscellaneous receipts		4,661.13
Express receipts		2,742.26
		424,466.99
Other current receipts		41,750.30
		466,217.29
Operating expenses		331,475.22
		134,742.07
Less rentals		7,609.68
Net earnings		127,132.39
Interest on first-mortgage bonds	$97,680.00	
Interest on United States Government bonds	97,699.20	
Dividends on preferred stock	11,830.00	
		207,209.20
Income account (deficiency)		80,076.81

Balance-sheet of the Sioux City and Pacific Railroad Company, June 30, 1879.

LIABILITIES.

Capital stock, 18,894 shares, at $100		$1,899,400.00
Preferred stock, 1,690 shares, at $100		169,000.00
First-mortgage bonds		1,628,000.00
United States Government bonds, subsidy		1,628,320.00
Due United States Government, accrued interest		1,073,100.24
Bills payable		5,000.00
Over-due and extended coupons		50,115.00
Due to other companies		87,426.38
Accounts payable		33,856.47
River Sioux town lots		112.45
		6,574,330.54

ASSETS.

Construction, original		5,047,720.00
Construction, additional		302,417.94
		5,350,137.74
Due from the United States:		
Indian Department	$20.15	
Post-Office Department	10,453.23	
Miscellaneous	91,954.24	
		102,427.62
Materials and fuel		46,733.16
Accounts receivable:		
Due from agents	$17,135.19	
Due from other companies	7,345.83	
Due from various persons	13.72	
		24,494.74
Purchased bonds		5,000.00
Cash and cash items:		
Cash	$3,825.46	
D. P. Kimball, treasurer	21,078.85	
		24,904.31
Income account:		
Deficiency, June 30, 1878	956,285.30	
Deficiency, year ending June 30, 1879	64,347.67	
		1,020,632.97
		6,574,330.54

Current statement of the Sioux City and Pacific Railroad Company for the year ending June 30, 1879.

EARNINGS.

Passenger receipts	$99,413.33
Freight receipts	288,094.61
Mail receipts	10,453.23
Express receipts	3,368.88
Miscellaneous receipts	4,467.37
	405,797.42
Other current receipts	8,647.19
	414,444.61
Operating expenses	305,860.47
	108,584.14
Less rentals	4,366.64
	104,217.50
Add amount realized from sales of Nebraska Air Line lands	87,484.03
	191,701.53

Interest on first-mortgage bonds	$146,520.00	
Interest on United States Government bonds	97,699.20	
Dividends on preferred stock	11,830.00	
		$256,049.20
Income account (deficiency)		64,347.07

Balance-sheet of the Sioux City and Pacific Railroad Company, June, 30, 1880.

LIABILITIES.

Capital stock, 18,994 shares, at $100	$1,899,400.00
Preferred stock, 1,690 shares, at $100	169,000.00
First-mortgage bonds	1,628,000.00
United States Government bonds, subsidy	1,624,320.00
Due United States Government, accrued interest	1,170,799.44
Over-due and extended coupons	51,165.00
Bills payable	19,130.00
Accounts payable	127,814.21
Due to other companies	131,647.84
	6,825,276.49

ASSETS.

Construction, original		5,047,720.00
Construction, additional		303,295.04
		5,351,015.04
Equipment and improvements		4,536.24
		5,355,551.28
Due from the United States:		
Indian Department	$888.26	
Post-Office Department	81,141.85	
Miscellaneous	37,991.87	
		120,021.98
Materials and fuel		51,012.04
Accounts receivable:		
Due from agents	20,501.40	
Due from other companies	128,381.56	
Due from various persons	19,350.06	
		168,233.02
Purchased bonds		5,000.00
Cash and cash items:		
Cash	17,245.24	
D. P. Kimball, treasurer	27,393.28	
		44,638.52
Income account:		
Deficiency, June 30, 1879	1,020,632.97	
Deficiency, year June 30, 1880	60,186.68	
		1,080,819.65
		6,825,276.49

Current statement of the Sioux City and Pacific Railroad Company for the year ending June 30, 1880.

EARNINGS.

Passenger receipts	$103,193.17
Freight receipts	392,513.73
Mail receipts	15,458.81

Express receipts		$4,581.34
Miscellaneous receipts		6,999.71
		549,746.76
Other current receipts		18,947.94
		568,694.70
Operating expenses		392,724.71
		175,969.99
Less rentals		28,947.47
Net earnings		147,022.52
Interest on first-mortgage bonds	$97,680.00	
Interest on United States Government bonds	97,699.20	
Dividends on preferred stock	11,830	
		207,209.20
Income account (deficiency)		60,186.68

Balance-sheet of the Sioux City and Pacific Railroad Company, June 30, 1881.

LIABILITIES.

Capital stock, 18,994 shares, at $100	$1,899,400.00
Preferred stock, 1,690 shares, at $100	169,000.00
First-mortgage bonds	1,628,000.00
United States Government bonds, subsidy	1,628,320.00
Due United States Government, balance of interest	1,217,017.80
Bills payable	398,800.00
Accounts payable	67,393.60
Overdue and extended coupons	52,845.00
Due to other companies	66,683.29
River Sioux town lots	1,100.00
	7,198,179.69

ASSETS.

Construction, original		5,047,720.00
Construction, additional		303,295.04
		5,351,015.04
Equipment and improvements	$46,211.11	
Equipment trust	293,800.00	
Ferry trust	20,000.00	
		359,011.11
		5,710,026.15
Due from the United States:		
Indian Department	891.26	
Post-Office Department	20,362.64	
Miscellaneous	10,149.70	
		31,403.60
Purchased bonds		500.00
Accounts receivable:		
Due from agents	21,940.05	
Due from other companies	58,722.40	
Due from various persons	8,879.47	
		84,541.92
Materials and fuel		65,439.62
Cash and cash items:		
Cash	6,716.26	
D. P. Kimball, treasurer	20,492.50	
Cash advanced for pay-rolls	1,295.38	
		28,504.14

Income account:		
Deficiency, June 30, 1881	$1,080,819.65	
Deficiency, year ending June 30, 1882	126,944.61	
		$1,207,764.26
		7 128,179.69

Current statement of the Sioux City and Pacific Railroad Company for the year ending June 30, 1881.

EARNINGS.

Passenger receipts		$140,387.81
Freight receipts		430,519.99
Mail receipts		16,858.34
Express receipts		6,321.39
Miscellaneous receipts		13,785.98
		607,873.51
Other current receipts		19,225.13
		627,098.64
Operating expenses		500,726.60
		126,372.04
Less rentals		46,107.45
Net earnings		80,264.59
Interest on first-mortgage bonds	$97,680.00	
Interest on United States Government bonds	97,699.20	
Dividends on preferred stock	11,830.00	
		207,209.20
Income account (deficiency)		126,944.61

Balance-sheet of the Sioux City and Pacific Railroad Company, June 30, 1882.

LIABILITIES.

Capital stock, 18,994 shares, at $100	$1,899,400.00
Preferred stock, 1,690 shares, at $100	169,000.00
First-mortgage bonds	1,628,000.00
United States Government bonds, subsidy	1,628,320.00
Due United States Government, accrued interest	1,314,717.00
Overdue and extended coupons	118,080.00
Bills payable	723,900.00
Accounts payable	106,171.20
Due to other companies	123,992.49
	7,711,510.69

ASSETS.

Construction, original		5,047,720.00
Construction, additional		303,295.04
		5,351,015.04
Equipments and improvements		75,644.00
Equipment trust		491,200.00
Ferry trust		15,000.00
		5,932,859.04
Due from the United States:		
Indian Department	$900.26	
Post-Office Department	30,465.22	
Miscellaneous	11,081.94	
		42,447.42
Purchased bonds		500.00

Accounts receivable:		
Due from agents	$31,891.13	
Due from other companies	54,053.67	
Due from various persons	60,583.04	
		$146,527.84
Materials and fuel		103,692.22
Cash and cash items:		
Cash	3,074.72	
D. P. Kimball, treasurer	14,441.51	
		17,516.23
Income account:		
Deficiency, year ending June 30, 1881	1,096,295.35	
Deficiency, June 30, 1882	371,672.59	
		1,467,967.94
		7,711,510.69

Current statement of the Sioux City and Pacific Railroad Company for year ending June 30, 1882.

EARNINGS.

Passenger receipts		$123,281.96
Freight receipts		490,894.21
Mail receipts		16,269.90
Express receipts		9,408.29
Miscellaneous receipts		12,483.41
		652,337.77
Operating expenses		715,061.32
Deficiency		63,323.55
Add rentals		72,774.34
Deficiency		136,097.89
Interest first-mortgage bonds	$97,680.00	
Interest United States bonds, Government	97,699.20	
Miscellaneous	28,666.31	
Dividends, preferred stock	11,830.00	
	235,875.51	
Less profit and loss	300.81	
		235,574.70
Deficiency, income account		371,672.59

Balance-sheet of the Sioux City and Pacific Railroad Company, June 30, 1883.

LIABILITIES.

Capital stock, 18,994 shares, at $100	$1,899,400.00
Preferred stock, 1,690 shares, at $100	169,000.00
First-mortgage bonds	1,628,000.00
United States Government bonds, subsidy	1,628,320.00
Equipment bonds	519,000.00
Due United States Government, accrued interest	1,412,416.20
Overdue and extended coupons	135,600.00
Bills payable	321,535.00
Accounts payable	104,158.32
Due to other companies	138,887.93
	7,956,217.45

ASSETS.

Construction, original	5,047,720.00
Construction, additional	302,618.04
[illegible]	[illegible]338.04
Equipment and improvements	109,559.42
Equipment and trust	519,000.00
	5,978,897.46
Purchased bonds	500.00

Due from the United States:		
Indian Department	$911.56	
Post-Office Department	40,687.87	
Miscellaneous	16,112.77	
		$57,712.20
Materials and fuel		82,359.85
Accounts receivable:		
Due from agents	55,159.48	
Due from other companies	101,386.71	
Due from various persons	13,007.80	
		169,553.99
Cash and cash items:		
Cash	28.54	
D. P. Kimball, treasurer	50,750.73	
		50,779.27
Income account:		
Deficiency, June 30, 1882	1,467,967.80	
Deficiency for the year ending June 30, 1883	148,546.88	
		1,616,514.68
		7,956,317.45

Current statement of the Sioux City and Pacific Railroad Company for the year ending June 30, 1883.

EARNINGS.

Passenger receipts		$306,990.31
Freight receipts		676,009.45
Mail receipts		30,888.22
Express receipts		14,392.48
Miscellaneous receipts		33,028.91
		1,061,309.37
Operating expenses		827,395.48
		233,913.89
Less rentals		138,303.23
		95,610.60
Add other current receipts		6,113.67
Net earnings		101,724.33
Less:		
Interest on first-mortgage bonds	$97,680.00	
Interest on United States Government bonds	97,699.20	
Interest on miscellaneous	43,062.01	
Preferred-stock dividends	11,830.00	
		250,271.21
Income account, deficiency		148,546.88

Balance-sheet of the Sioux City and Pacific Railroad Company, June 30, 1884.

LIABILITIES.

Capital stock, 18,994 shares, at 100	$1,899,400.00
Preferred stock, 1,690 shares, at 100	169,000.00
First-mortgage bonds	1,628,000.00
United States Government bonds, subsidy	1,628,320.00
Equipment bonds	479,000.00
Due United States Government, accrued interest	1,510,115.40
Overdue and extended coupons	136,440.00
Bills payable	326,564.00
Accounts payable	124,605.01
Due to other companies	166,788.41
	8,068,232.82

ASSETS.

Construction, original		$5,047,720.00
Construction, additional		302,618.04
		5,350,338.04
Equipments and improvements		173,578.31
Equipments and trust		559,500.00
		6,083,416.35
Bills receivable		538.75
Purchased bonds		500.00
Due from the United States:		
Indian Department	$911.56	
Post-Office Department	53,122.41	
Miscellaneous	17,031.80	
		71,065.77
Accounts receivable:		
Due from agents	52,570.33	
Due from other companies	131,997.67	
Due from various persons	13,106.03	
		197,674.03
Materials and fuel		74,856.21
Cash and cash items:		
Cash	8,582.65	
D. P. Kimball, treasurer	42,812.27	
		51,394.92
Income account:		
Deficiency to June 30, 1883	1,616,514.68	
Less profit to June 30, 1884	27,727.89	
		1,588,786.79
		8,068,232.82

Current statement of the Sioux City and Pacific Railroad Company ending June 30, 1884.

EARNINGS.

Passenger receipts		$410,608.47
Freight receipts		868,694.86
Mail receipts		28,662.85
Express receipts		19,800.58
Miscellaneous receipts		31,255.87
		1,359,022.63
Operating expenses		837,082.22
		521,940.41
Less rentals		214,660.73
		307,279.68
Add other current receipts		711.19
Net earnings		307,990.87
Less:		
Interest on first-mortgage bonds	$97,680.00	
Interest on United States Government bonds	97,699.20	
Interest on equipment bonds	30,960.00	
Interest on miscellaneous	42,093.78	
Dividends on preferred stock	11,830.00	
		280,262.98
Income account profit		27,727.89

Balance-sheet of the Sioux City and Pacific Railroad Company June 30, 1885.

LIABILITIES.

Capital stock, 18,994 shares, at $100	$1,899,400.00
Preferred stock, 1,690 shares, at $100	169,000.00
First-mortgage bonds	1,628,000.00

United States Government bonds, subsidy		$1,628,320.00
Overdue and extended coupons		144,300.00
Due United States Government, accrued interest		1,659,695.89
Dividends unpaid		2,957.49
Bills payable		217,464.00
Accounts payable		36,757.06
Due to other companies		65,630.57
		7,451,525.03

ASSETS.

Construction, original		5,047,720.00
Construction, additional		302,618.04
		5,350,338.04
Equipment and improvements		147,878.98
		5,498,217.02
Due from the United States:		
Passenger account	$297.55	
Freight account	153.71	
Post-Office Department	105,274.46	
Miscellaneous	94,719.50	
		200,445.22
Materials and fuel		50,621.93
Accounts receivable:		
Due from agents	25,634.06	
Due from other companies	34,524.00	
Due from various persons	2,411.24	
		60,569.30
Cash and cash items:		
Cash	55,651.37	
S. A. Robinson, paymaster	364.16	
		56,015.53
Income account:		
Deficiency, year ending June 30, 1884	1,588,796.79	
Less surplus for the year ending June 30, 1885	3,130.76	
		1,585,656.03
		7,451,525.03

Current statement of the Sioux City and Pacific Railroad Company for the year ending June 30, 1885.

EARNINGS.

Passenger receipts		$189,736.43
Freight receipts		280,390.38
Mail receipts		13,489.44
Express receipts		11,492.54
Miscellaneous receipts		22,619.85
		517,728.64
Operating expenses		339,766.43
		177,962.21
Add other current receipts		38,081.76
Net earnings		216,043.97
Interest on first-mortgage bonds	$97,680.00	
Interest on United States Government bonds	97,699.20	
Dividends on preferred stock	14,784.49	
Interest, miscellaneous	2,859.52	
		213,013.21
Income account profit		3,130.76

Balance-sheet of the Sioux City and Pacific Railroad Company, June 30, 1886.

LIABILITIES.

Capital stock, 18,994 shares, at $100	$1,899,400.00
Preferred stock, 1,690 shares, at $100	169,000.00
First-mortgage bonds	1,628,000.00
United States Government bonds, subsidy	1,628,320.00
Due United States Government, accrued interest	1,757,395.09
Unpaid and extended coupons	241,980.00
Dividends unpaid	2,957.91
Bills payable	78,788.93
Accounts payable	25,828.06
Due to other companies	20,391.79
	7,452,061.78

ASSETS.

Construction, original		5,047,720.00
Construction, additional		302,618.04
		5,350,338.04
Equipment and improvements		174,550.93
		5,524,888.97
Due from the United States:		
Passenger account	1,116.86	
Freight	318.49	
Post-Office Department	119,268.51	
Miscellaneous	41,993.12	
Interest repaid the United States by transportation service	51,881.29	
		214,578.27
Material and fuel		58,732.64
Accounts receivable:		
Due from agents	110,402.90	
Due from other companies	2,129.54	
		112,532.44
Cash and cash items:		
Cash	45,969.67	
C. E. Fisher, paymaster	660.61	
		46,630.28
Income account:		
Deficiency, June 30, 1885	1,585,656.03	
Less surplus for the year ending June 30, 1886	90,956.85	
		1,494,699.18
		7,452,061.78

Current statement of the Sioux City and Pacific Railroad Company for the year ending June 30, 1886.

EARNINGS.

Passenger receipts	$202,424.63
Freight receipts	264,486.29
Express receipts	11,829.38
Mail receipts	13,994.05
Miscellaneous receipts	22,637.46
	515,371.81
Operating expenses and taxes	232,529.19
	282,842.62
Add other current receipts	52,678.97
Net earnings	335,521.59

Interest on first-mortgage bonds	$97,680.00	
Interest on United States Government bonds	97,699.20	
Interest on miscellaneous	37,355.54	
Dividends on preferred stock	11,830.00	
		$244,564.64
Income account, profit		90,956.85

Balance-sheet of the Sioux City and Pacific Railroad Company, June 30, 1887.

LIABILITIES.

Common stock	$1,899,400.00
Preferred stock	169,000.00
First-mortgage bonds	1,628,000.00
United States Government bonds, subsidy	1,628,320.00
Due United States Government, accrued interest	1,855,094.29
Unpaid and extended coupons	98,085.00
Dividends unpaid	2,957.51
Accounts payable	48,229.44
Due to other companies	63,360.93
	7,392,447.17

ASSETS.

Construction, original		5,047,720.00
Construction, additional		302,618.04
Equipment and improvements		192,407.48
		5,542,745.52
Due from the United States:		
Passenger account	$2,665.33	
Freight account	1,251.12	
Post-Office Department	39,308.70	
Interest repaid the United States:		
By transportation service	86,281.03	
By 5 per cent. of net earnings	21,255.99	
		150,762.17
Material and fuel		89,119.36
Accounts receivable, due from station agents and conductors		133,714.64
Cash and and cash items:		
M. E. Sykes, vice-president	$347.09	
Cash on hand	30,667.67	
		31,014.76
Income account:		
Deficiency, June 30, 1886	1,494,699.18	
Less profit for year ending June 30, 1887	49,608.46	
		1,445,090.72
		7,392,447.17

Current statement of the Sioux City and Pacific Railroad Company for the year ending June 30, 1887.

EARNINGS.

Passenger receipts	$223,471.14
Freight receipts	290,413.57
Express receipts	11,884.29
Mail receipts	15,156.86
Miscellaneous receipts	19,621.79
	560,547.65
Other current receipts	2,988.68
	563,536.33

Operating expenses	$262,545.35	
Taxes	18,541.09	
		$281,086.44
Net earnings		282,449.89
Interest on first-mortgage bonds	97,680.00	
Interest on United States Government bonds	97,699.20	
Dividends, preferred stock	11,830.00	
Interest, miscellaneous	25,632.23	
		232,841.43
Income account, profit		49,608.46

EXHIBIT I.

Loans made to Sioux City and Pacific Railroad Company.

Date of loan.	From whom loaned.	Amount.	When paid by Sioux City and Pacific R. R. Co.
Dec. 31, 1872	C. R. & M. R. R. R	$5,000.00	July 31, 1873.
June 29, 1872	I. F. & S. C. R. R. Co	17,012.00	Sept. 30, 1872, $10,000; Oct. 31, 1872, $7,012.
Dec. 30, 1882	do	3,658.00	Paid at various dates.
June 5, 1873	do	30,000.00	
July 31, 1873	do	3,000.00	
Sept. 30, 1873	do	1,582.38	Oct., 1873, to May, 1875, inclusive.
Dec. 31, 1873	do	24,000.00	
Sept. 30, 1874	do	5,000.00	
Dec. 31, 1873	Iowa Land Co	15,000.00	Apr., 1874; Dec., 1875; Nov., 1876, $5,000 each.
Dec. 31, 1872	Iowa Rwy. Contg. Co	5,342.00	Paid $30,992.15; was paid at various dates from Mar., 1874, to Mar., 1878. The balance, $3,110.96, was donated the Sioux City and Pacific R. R. Co. by the Iowa Rwy. C. Co.
June 31, 1873	do	4,000.00	
Feb. 14, 1874	do	6,413.14	
Mar. 19 and 30, 1874	do	8,999.67	
May 31, 1874	do	8,448.24	
Dec. 31, 1872	S. C. R. R. Contg. Co	11,000.00	July 31, 1875.
June 30, 1874	Various directors	51,000.00	Do.
June 25, 1875	I. F. & S. C. R. R. Co	8,000.00	Aug. 31, 1880.
June 23 and 27, 1876	C. R. & M. R. R. R	25,000.00	May 3, 1884.
June 27, 1876	C. S. & N. R. R	17,600.00	June 30, 1884.
Apr. 9, 1878	I. F. & S. C. R. R. Co	5,000.00	Sept. 30, 1878.
Feb. 27, 1880	Horace Williams	25,934.85	Oct., 1880; July 30, 1881; Apr. 30, 1883; May 31, 1883.
Dec. 31, 1880	I. F. & S. C. R. R. Co	18,000.00	Apr., Oct., and Nov., 1881, and Feb., 1883.
Feb. 1881	C. R. & M. R. R. R	41,125.00	Feb., 1881.
Mar. 29, 1881	do	18,000.00	May and Sept., 1881.
Apr. 29, 1881	do	7,000.00	Sept., and Oct., 1881.
June 1, 1881	Horace Williams	15,000.00	Mar. 31, 1883.
May 31, 1881	Elkhorn Land & T. L. Co	20,000.00	July 30, 1881.
June 29, 1881	I. F. & S. C. R. R. Co	15,000.00	Feb. 28, 1883.
July 2 and 30, 1881	do	24,000.00	Do.
Sept. 28, 1881	C. I. & N. R. R	13,000.00	Nov., 1881, and Jan., 1882.
Sept. 29, 1881	do	19,000.00	Oct., 1881, and Jan., 1882.
Oct. 8, 1881	Mo. Valley Land Co	6,000.00	Dec. 30, 1881.
Oct. 8, 1881	Elkhorn L. & T. L. Co	6,000.00	Do.
Nov. 9, 1881	I. F. & S. C. R. R. Co	10,000.00	Feb. 28, 1883.
Dec. 30, 1881	C. I. & N. R. R	13,000.00	Jan. 7, 1882.
Jan. 2, 1882	Blair Town Lot Co	5,000.00	July 31, 1883.
Jan. 2, 1882	S. C. & I. F. T. L. & Land Co	5,000.00	July and Nov., 1882.
Jan. 7, 1882	Iowa R. R. Land Co	12,000.00	June 7, 1882.
Jan. 9, 1882	I. F. & S. C. R. R. Co	11,000.00	Feb. 28, 1883.
Feb. 13 and 15, 1882	C. R. & M. R. R. R	21,996.52	Feb. 28 1882.
Feb. 23, 1882	do	10,000.00	Feb. 28, 1883.
Feb. 25, 1882	do	1,000.00	July 31, 1882.
Mar. 11, 1882	do	4,700.00	Mar. 17, 1882.
Mar. 18, 1882	Iowa R. R. Land Co	5,000.00	June 7, 1883.
Mar. 30, 1882	C. R. & M. R. R. R	20,000.00	Feb. and May, 1883.
Mar. 31, 1882	I. F. & S. C. R. R. Co	21,000.00	Nov. 30, 1882.
May 16, 1882	Mo. Valley Land Co	5,000.00	July 31, 1882.
May 17, 1882	C. R. & M. R. R. R	15,000.00	Feb. and May, 1883.
May 22, 1882	I. F. & S. C. R. R.	5,000.00	Nov. 30, 1882.
May 25, 1882	do	25,000.00	Feb. 28, 1883.

Loans made to Sioux City and Pacific Railroad Company—Continued.

Date of loan.	From whom loaned.	Amount.	When paid by Sioux City and Pacific R. R. Co.
June 2, 1882	I. F. & S. C. R. R.	$3,700.00	Nov. 30, 1882.
June 7, 1882	do	18,000.00	Jan. and Feb., 1883.
June 14, 1883	Moingona Coal Co	20,000.00	Nov. 30, 1882.
June 29, 1882	C. R. & M. R. R. R	10,000.00	Feb. 28, 1885.
July 5, 1882	do	12,500.00	Do.
July 6, 1882	C. I. & N. R. R	8,000.00	Nov. 30, 1882.
July 20, 1882	I. F. & S. C. R. R	5,000.00	Do.
July 21, 1882	do	15,000.00	Nov., 1882, and Feb., 1883.
July 25, 1882	C. R. & M. R. R. R	5,000.00	Nov. 30, 1882.
Aug. 24, 1882	Mo. Valley Land Co	5,000.00	Do.
Sept. 29, 1882	I. F. & S. C. R. R	40,000.00	Oct. 31, 1882.
Oct. 3, 1882	do	10,000.00	Oct. and Nov., 1882.
Oct. 9, 1882	Oliver Ames	20,000.00	Jan. 31, 1883.
Oct. 9, 1882	do	30,000.00	Feb. 28, 1883.
Nov. 6, 1882	C. R. & M. R. R. R	3,000.00	Nov. 30, 1882.
Dec. 12, 1882	do	5,000.00	Dec. 31, 1882.
Dec. 30, 1882	C. I. & N. R. R.	5,000.00	Jan. 31, 1883.
Jan. 10, 1883	Oliver Ames	20,000.00	Do.
Jan. 23, 1883	C. R. & M. R. R. R	20,000.00	Jan. 31 and Feb. 28, 1883.
Feb. 10, 1883	do	30,000.00	Feb. 28, 1883. $38,164, Mar. 31, 1883; $13,338, Nov. 30, 1883; $11,000, Jan., 1884; $39,000, Dec., 1885.
Feb. 28, 1883	do	101,500.00	
Feb. 28, 1883	C. I. & N. R. R.	8,400.00	July 31, 1883.
Feb. 28, 1883	I. F. & S. C. R. R.	113,900.00	58,600, Aug., 1884; $55,300, Mar. 31, 1886.
Mar. 12, 1883	do	10,000.00	Mar. 31, 1883.
Mar. 27, 1883	C. I. & N. R. R.	29,164.00	May 31, 1886.
Mar. 30, 1883	I. F. & S. C. R. R. Co	40,000.00	Oct. and Nov., 1883.
Mar. 30, 1883	I. R. R. Land Co.	15,000.00	July 31, 1883.
Mar. 31, 1883	R. T. L. & Land Co	5,500.00	Oct. 31, 1883.
Apr. 4, 1883	C. R. & M. R. R. R	7,500.00	Aug. and Oct., 1883.
May 7, 1883	C. I. & N. R. R.	5,000.00	July 31, 1883.
June 30, 1883	I. F. & S. C. R. R.	33,795.00	Aug., 1883.
July 14, 1883	do	5,000.00	Aug. 28, 1883.
July 18, 1883	do	15,000.00	July and Aug., 1883.
July 25, 1883	C. R. & M. R. R. R	12,000.00	Aug. 28, 1883.
Sept. 17, 1883	do	21,500.00	Oct., 1883.
Sept. 29, 1883	I. F. & S. C. R. R. Co	27,000.00	Oct. 29 and 31, 1883.
Jan. 4, 1884	C. I. & N. R. R.	6,000.00	Jan. 28, 1884.
Feb. 1 and 6, 1884	do	3,500.00	May 16, 1884.
Mar. 1, 1884	C. R. & M. R. R. R	8,000.00	July 25, 1884.
Mar. 31, 1884	do	70,000.00	$35,000 in May, 1884, $45,000 July 30, 1886.
Apr. 29, 1884	do	13,000.00	May, 1884.
June 27, 1884	C. I. & N. R. R.	40,000.00	June, 1884.
June 30, 1884	I. F. & S. C. R. R. Co	11,000.00	Oct. 31, 1885.
July 7, 1884	do	8,000.00	July 31, 1884.
July 24, 1884	do	2,500.00	July 31 and Aug. 7, 1884.
July 25, 1884	Elkhorn L. & T. L. Co	3,000.00	Oct. 31, 1885.
July 25, 1884	S. C. & I. F. T. L. & L. Co	5,000.00	Do.
Nov. 30, 1884	C. & N. W. Ry. Co	30,000.00	Aug. 31, 1885.
	Total	1,618,210.80	

EXHIBIT J.

Statement showing amount of dividends paid on preferred stock of Sioux City and Pacific Railroad Company, October 1, 1871, to April 1, 1887.

(Guarantied stock issued by Sioux City and Pacific Railroad Company for the purchase of the road from Missouri Valley to California Junction, 6¼ miles.

Date paid.	Rate.	Amount.	Date paid.	Rate.	Amount.
	Per ct.			*Per ct.*	
Oct. 1, 1871	3½	$5,915	Apr. 1, 1880	3½	$5,915
Apr. 1, 1872	3½	5,915	Oct. 1, 1880	3½	5,915
Oct. 1, 1872	3½	5,915	Apr. 1, 1881	3½	5,915
Apr. 1, 1873	3½	5,915	Oct. 1, 1881	3½	5,915
Oct. 1, 1873	3½	5,915	Apr. 1, 1882	3½	5,915
Apr. 1, 1874	3½	5,915	Oct. 1, 1882	3½	5,915
Oct. 1, 1874	3½	5,915	Apr. 1, 1883	3½	5,915
Apr. 1, 1875	3½	5,915	Oct. 1, 1883	3½	5,915
Oct. 1, 1875	3½	5,915	Apr. 1, 1884	3½	5,915
Apr. 1, 1876	3½	5,915	Oct. 1, 1884	3½	5,915
Oct. 1, 1876	3½	5,915	Apr. 1, 1885	3½	5,915
Apr. 1, 1877	3½	5,915	Oct. 1, 1885	3½	5,915
Oct. 1, 1877	3½	5 915	Apr. 1, 1886	3½	5,915
Apr. 1, 1878	3½	5,915	Oct. 1, 1886	3½	5,915
Oct. 1, 1878	3½	5,915	Apr. 1, 1887	3½	5,915
Apr. 1, 1879	3½	5,915			
Oct. 1, 1879	3½	5,915	Total		189,280

EXHIBIT K.

Statement showing gross earnings, operating expenses and taxes, rental, and construction expenditures of the Fremont, Elkhorn and Missouri Valley Railroad, October, 1872, to June, 1884, inclusive.

Year ending June 30—	Gross earnings.	Operating expenses and taxes.	Rental.	Construction expenditure.
1873 (9 months, from Oct., 1872, only)	$32,673.90	$32,167.46	$10,891.27	$962.32
1874	50,266.80	52,955.10	16,755.59	1,716.75
1875	41,702.71	47,692.64	13,900.90	1,006.64
1876	40,306.21	44,098.00	13,435.41	52.00
1877	40,572.06	44,161.75	13,524.02	348.63
1878	58,341.37	52,217.44	19,421.45	208.75
1879	57,151.78	52,566.14	18,687.94	546.00
1880	95,812.71	98,046.37	28,947.47	2,007.80
1881	153,829.56	153,307.92	46,107.45	660.27
1882	250,052.61	260,214.97	73,783.48	2,511.61
1883	418,222.20	334,946.72	138,303.23	2,781.70
1884	641,095.93	368,626.47	214,660.73	13,069.57
Total	1,882,527.84	1,539,020.98	607,418.94	26,062.94

EXHIBIT M.

Statement showing amount received by the Sioux City and Pacific Railroad Company from sales of its lands.

	Acres.
From the United States:	
Amount reported in previous statement	32,443.64
Add amount recovered from the Union Pacific Rwy. Co. account joint patents Nos. 1 and 2	8,634.59
	41,078.23
From State of Iowa:	
Woodbury County swamp lands	11,046.09
From State of Nebraska:	
Northern Nebraska Air Line R. R. lands	47,487.00
Total	99,611.32

RECEIPTS UNITED STATES LANDS.

Sept. 30, 1871.	By cash received from W. W. Walker	$20,000.00
Oct. 4, 1872.	By cash received from	7,558.82
Apr. 26, 1875.	By cash received from D. C. (or P.) Kimball, trustee	9,962.96
May 3, 1875.	....do	1,762.44
May 7, 1875.	....do	16,000.00
May 11, 1875.	....do	1,292.60
May 11, 1875.	....do	2,500.00
June 9, 1875.	....do	62.42
June 11, 1875.	....do	77.80
June 14, 1875.	....do	1,501.73
June 18, 1875.	....do	9,227.98
July 31, 1875.	By cash received from Mo. V. Land Company	169,417.85
		239,364.60

DISBURSEMENTS.

Oct. 4, 1871.	To sundry expenses to date	$7,257.32	
Nov. 30, 1872.	To sundry expenses to date	1,000.00	
Dec. 31, 1872.	To expenses paid D. P. Kimball	90.00	
Mar. 31, 1873.	To sundry expenses and taxes	5,837.17	
June 30, 1873.	To sundry expenses	1.48	
June 30, 1874.	To sundry expenses account parties purchasing lands	66.00	
			14,251.97
	Transferred to income account March 31, 1876		225,112.63

NORTHERN NEBRASKA AIR LINE R. R. RECEIPTS.

Feb. 10, 1873.	By cash received from D. C. Blair	$2,465.52
Feb. 20, 1873.	By cash received from Samuel Sloan	800.00
Feb. 25, 1873.	By cash received from C. E. Vail, jr., and J. I. Blair	7,611.36
Feb. 27, 1873.	By cash received from C. H. McCormick	720.00
Feb. 28, 1873.	By cash received from sundry parties, collected by J. M. S. Williams	51,567.00
Mar. 1, 1873.	By cash received from P. E. Hall	2,538.80
Mar. 5, 1873.	By cash received from J. Vandeventer	1,280.00
Mar. 21, 1873.	By cash received from E. S. Bailey	630.00
Mar. 31, 1873.	By cash received from sundry parties	14,464.66
Mar. 31, 1873.	By cash received from J. I. Blair	7,820.08
Apr. 9, 1873.	By cash received from E. S. Bailey	628.96
Feb. 21, 1874.	By cash	100.00
	Disbursements	90,686.38

Jan. 31, 1873.	Paid A. H. Runyon for making deeds	$43.35	
Mar. 31, 1873.	Paid sundry persons for legal services	328.00	
Apr. 30, 1873.	Paid clerk Cuming Co., services	31.00	
Aug. 31, 1874.	Paid E. Wakely, legal services	300.00	
July 31, 1878.	Paid E. Wakely, legal services	2,500.00	
			3,202.35
	Transferred to income account Mar. 31, 1879		87,484.03

50TH CONGRESS, 1st Session. } SENATE. { Ex. Doc. 51, Part 10.

ALPHABETICAL, ANALYTICAL, AND TOPICAL

INDEX

OF

TESTIMONY,

REPORTS OF ACCOUNTANTS AND ENGINEER,

AND OF THE

COMMISSIONERS OF THE UNITED STATES PACIFIC RAILWAY COMMISSION.

VOLUME IX.

Prepared, under the direction of the Commission,

BY

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OF

TESTIMONY, AND REPORTS OF ACCOUNTANTS AND ENGINEER,

OF THE

UNITED STATES PACIFIC RAILWAY COMMISSION,

ARRANGED IN

THE ALPHABETICAL ORDER OF THE NAMES OF THE WITNESSES.

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HANLON, FRANK P., testimony of:
Special agent of Union Pacific from 1872–'85; his duties as detective, 1272, 1273. Assisting counsel for Union Pacific at Lincoln; verbal reports to Mr. Thurston; salary, $1,800 a year, 1273. Entertaining friends and members at company's expense, 1273, 1274. No money expended to influence legislation; always ten or fifteen Union Pacific men around; ascertained how the members stood, 1274, 1275. "Men often change their minds;" employés of the railroad, members of the legislature, 1275. Explanation of certain vouchers for payments to him, 1317. How his bills were rendered to Mr. Thurston; another voucher; 1318. Erasures and corrections in a bill; manner of keeping papers accompanying vouchers; other vouchers, 1319–1321. His original memoranda of expenses destroyed, 1321. Another voucher for expenses and hotel bill, 1321, 1322. Can not recall the items; was employed on secret service and detective work; his salary from $100 to $150 a month; 1322. Daily expenses; how paid, 1323, 1324. Destruction of memoranda of expenses; the Ketchum extension; Eddy's compensation; copy of the voucher; cost of Ketchum extension of 12 miles, $190,580.05, 1324, 1325. Stock and bonds of the extension; voucher of J. M. Tisdel, expenses in prospecting for coal; voucher of Walter Hulburt, for cash entries on lands, 1325. These were coal lands; these entries made at request of head of coal department, 1326, 1327. Why entered in names of individuals; provisions of the coal act; doubt whether it excludes corporations from entering coal lands, 1327. Coal act, reference to section 2347 of the Revised Statutes of the United States; the $2,000,000 loan; power of the company to mine coal, 1328, 1329.

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OF

TESTIMONY,

REPORTS OF ACCOUNTANTS AND ENGINEER,

AND OF THE

COMMISSIONERS,

ARRANGED ACCORDING TO THE ALPHABETICAL ORDER OF THE SUBJECTS INDEXED.

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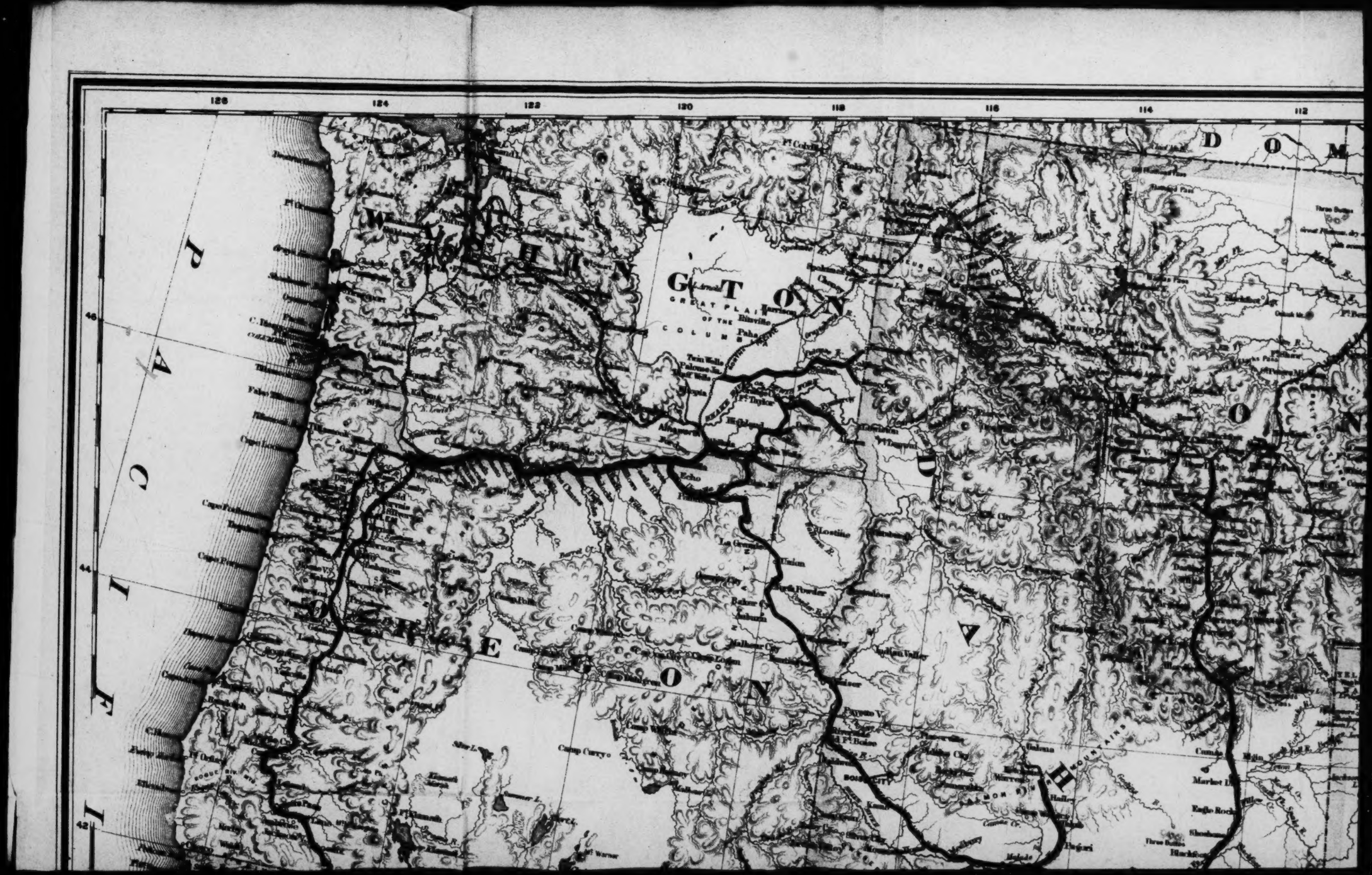
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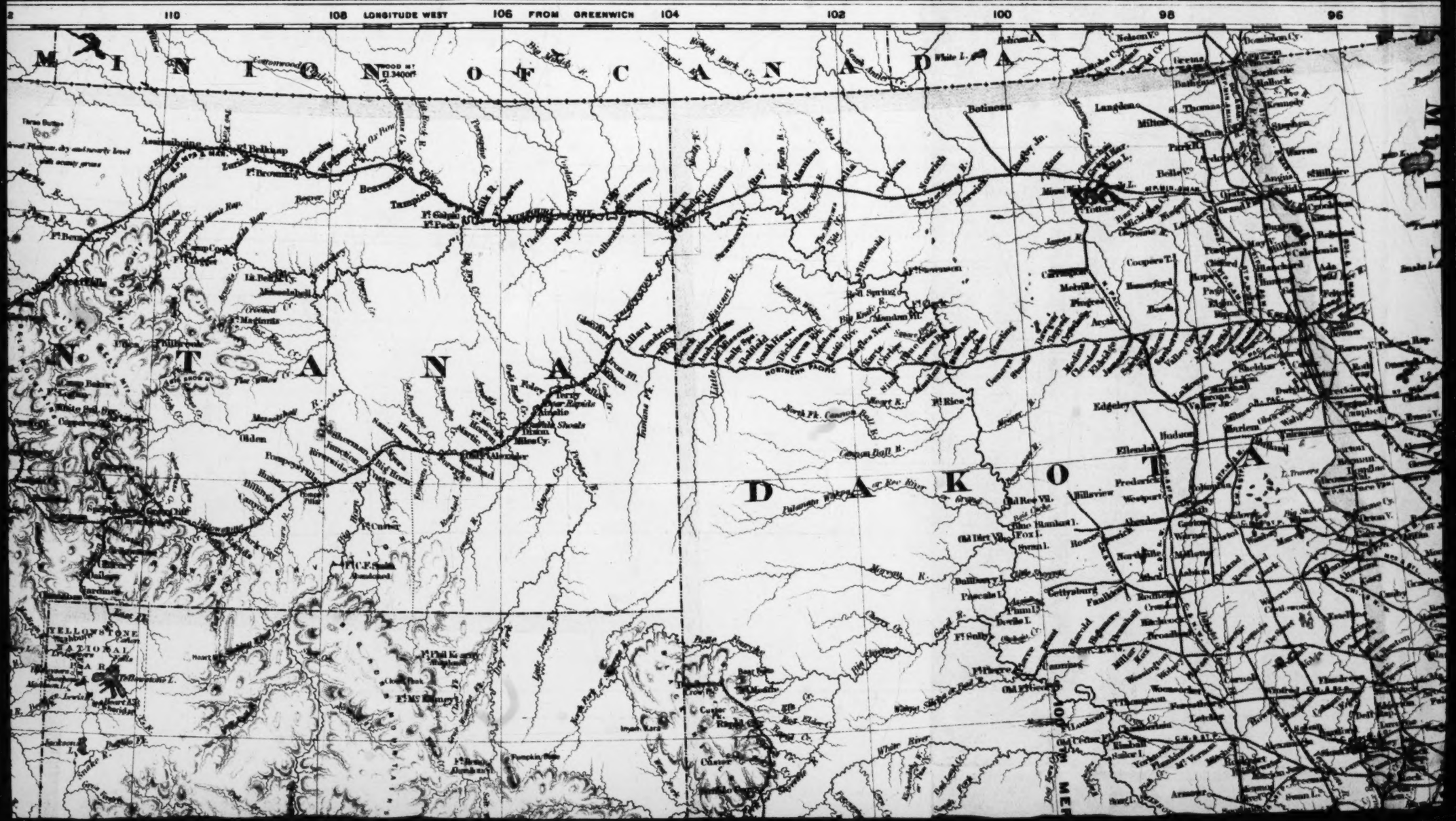
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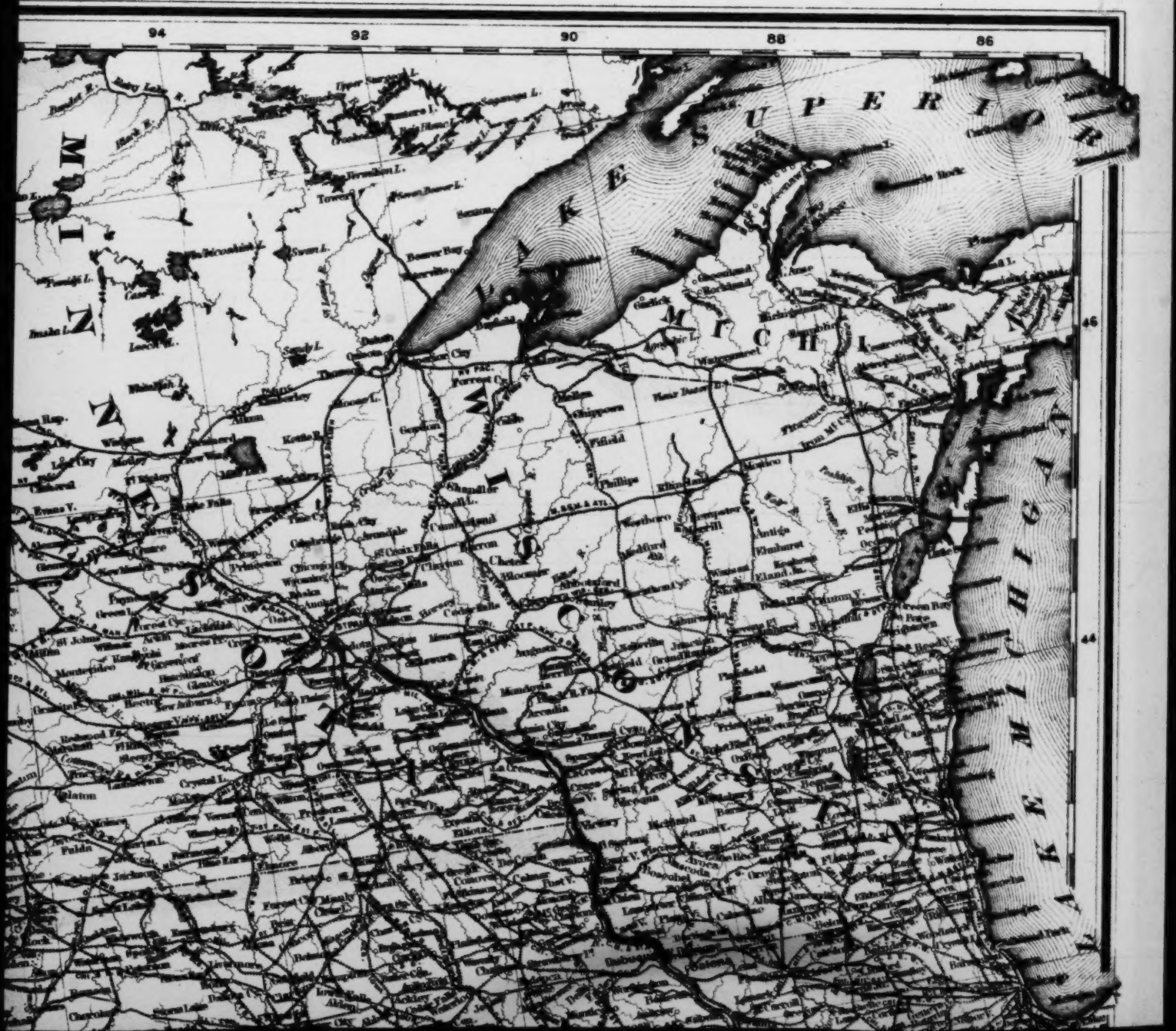
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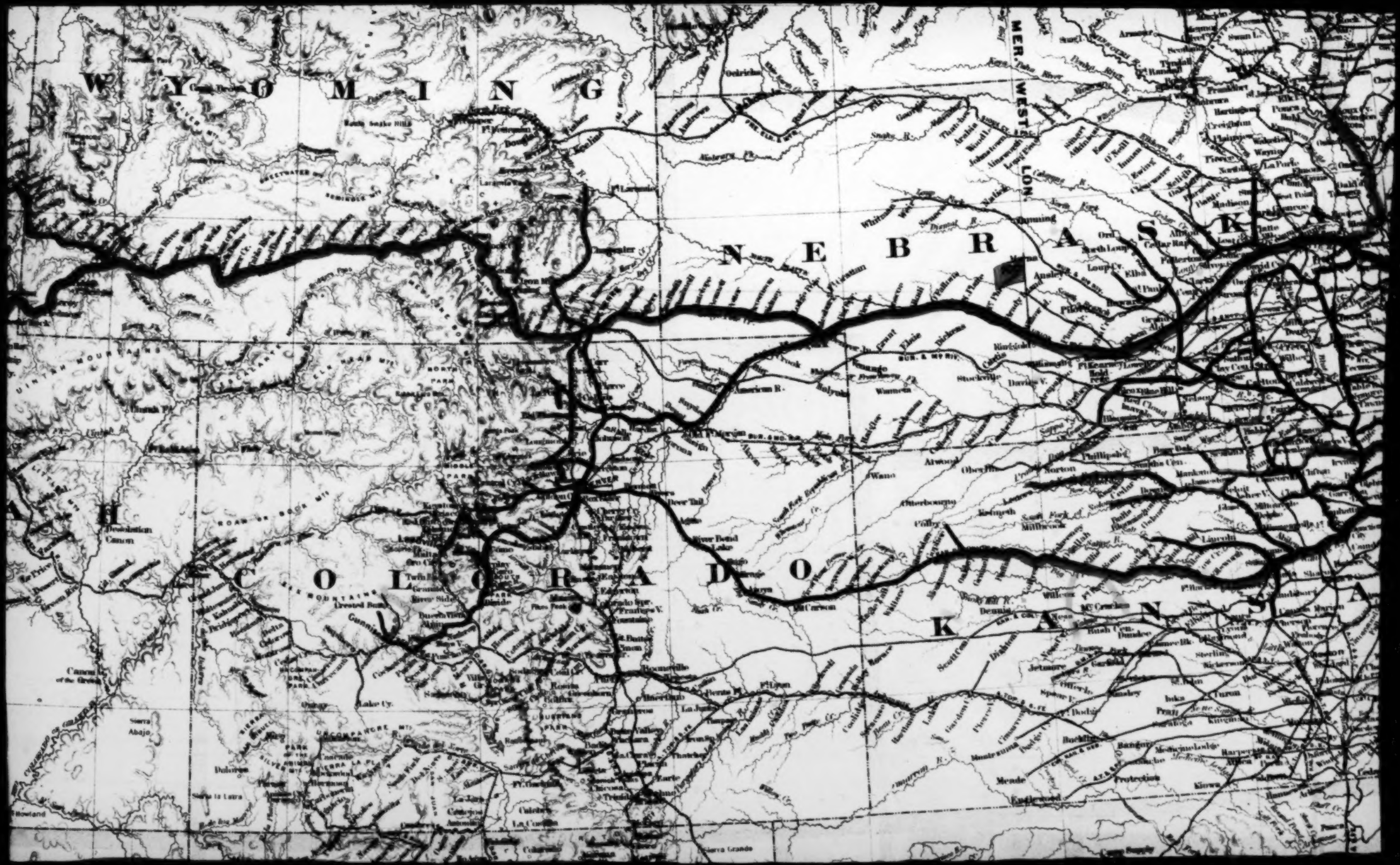
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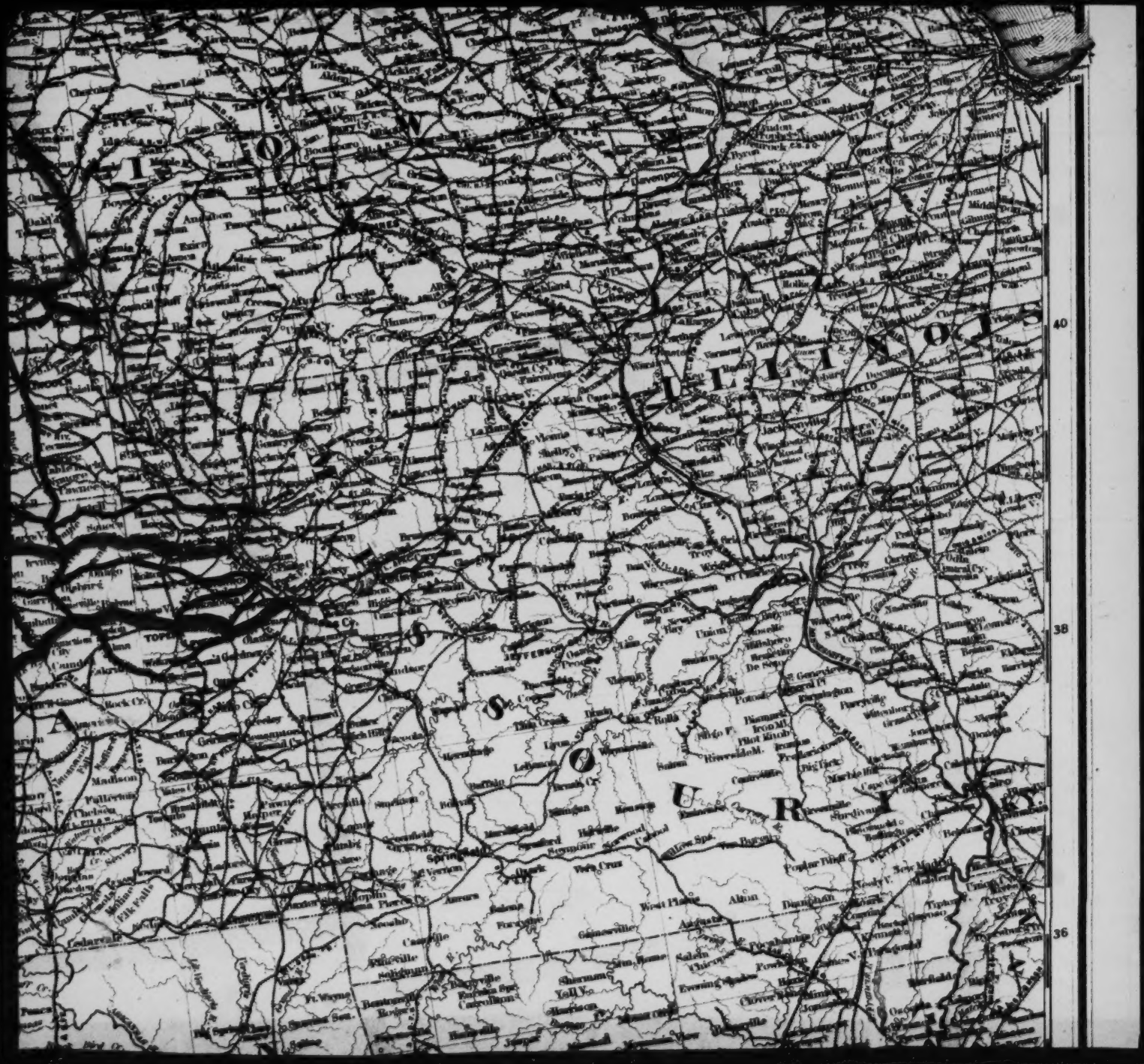
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Sioux City and Pacific
Southern Pacific and Branches
Portions aided by U.S. Bonds
MAP SHOWING THE
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AND THEIR BRANCHES.
PREPARED FOR THE
United States Pacific Railway Commission.
SCALE 1/3,800,000
STATUTE MILES 60 TO ONE INCH
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Entered according to Act of Congress in the year 1887 by G.W. & C.B.
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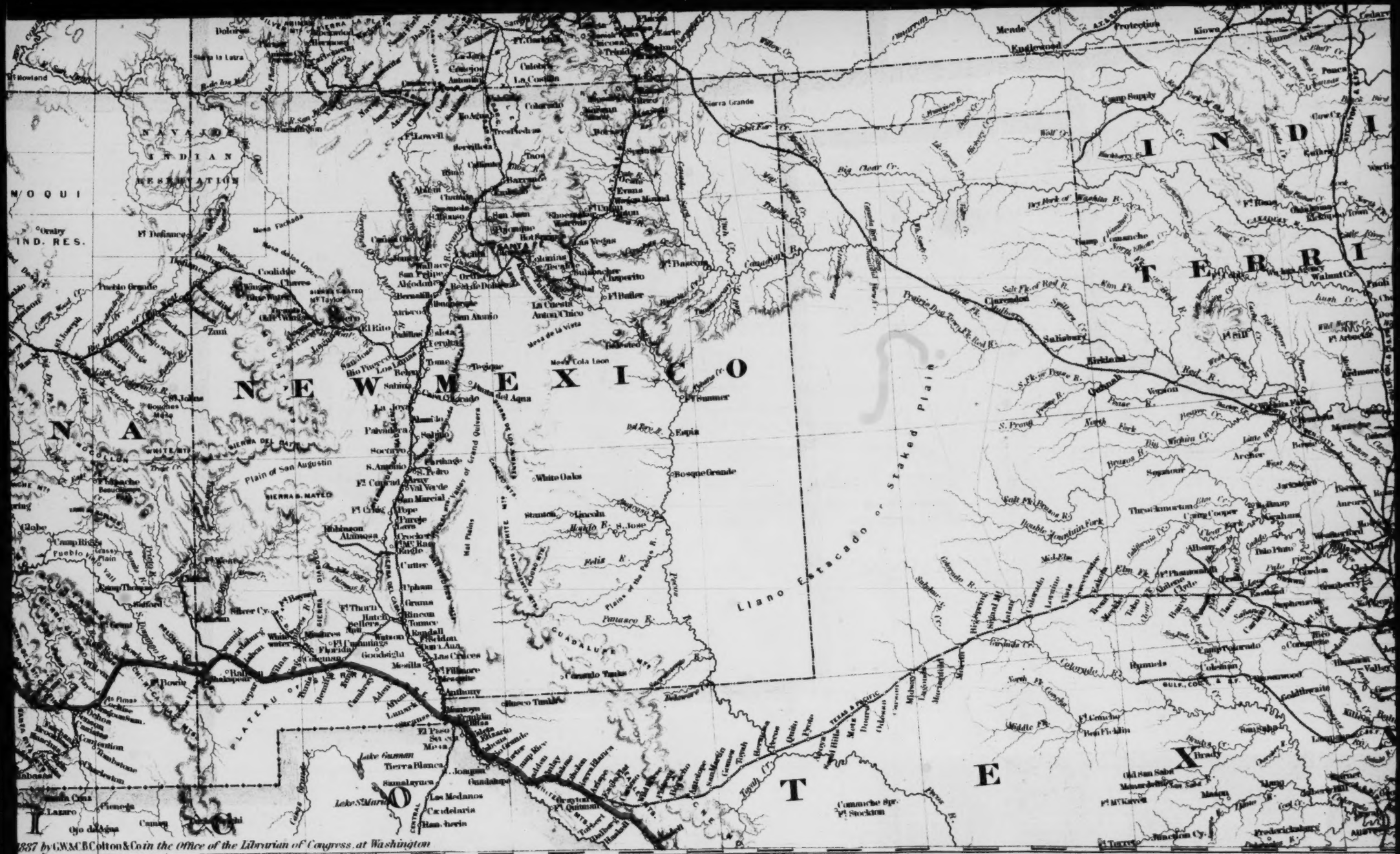
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Pecos R.
Rio Grande
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Red R.
Brazos R.
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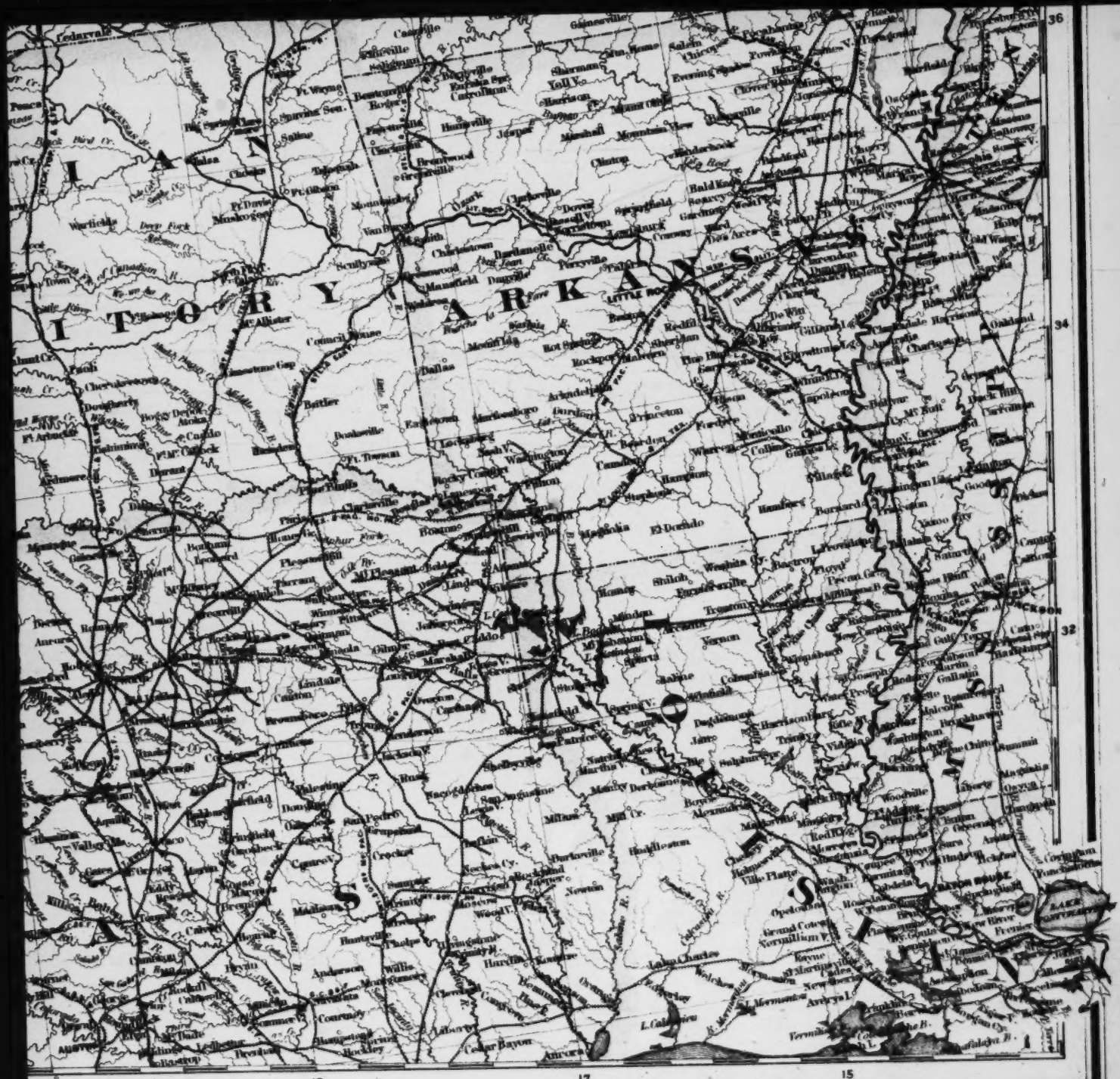
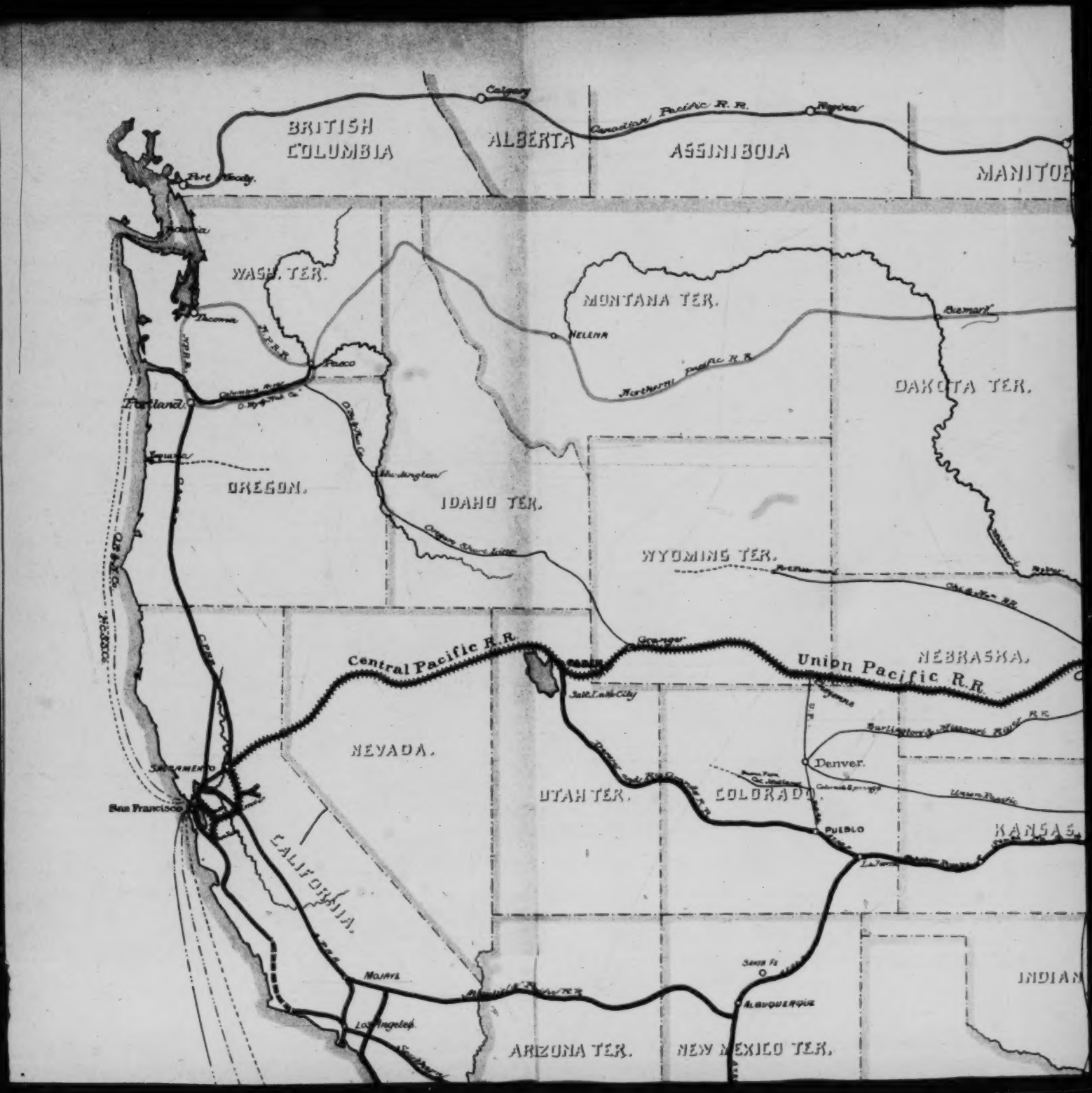
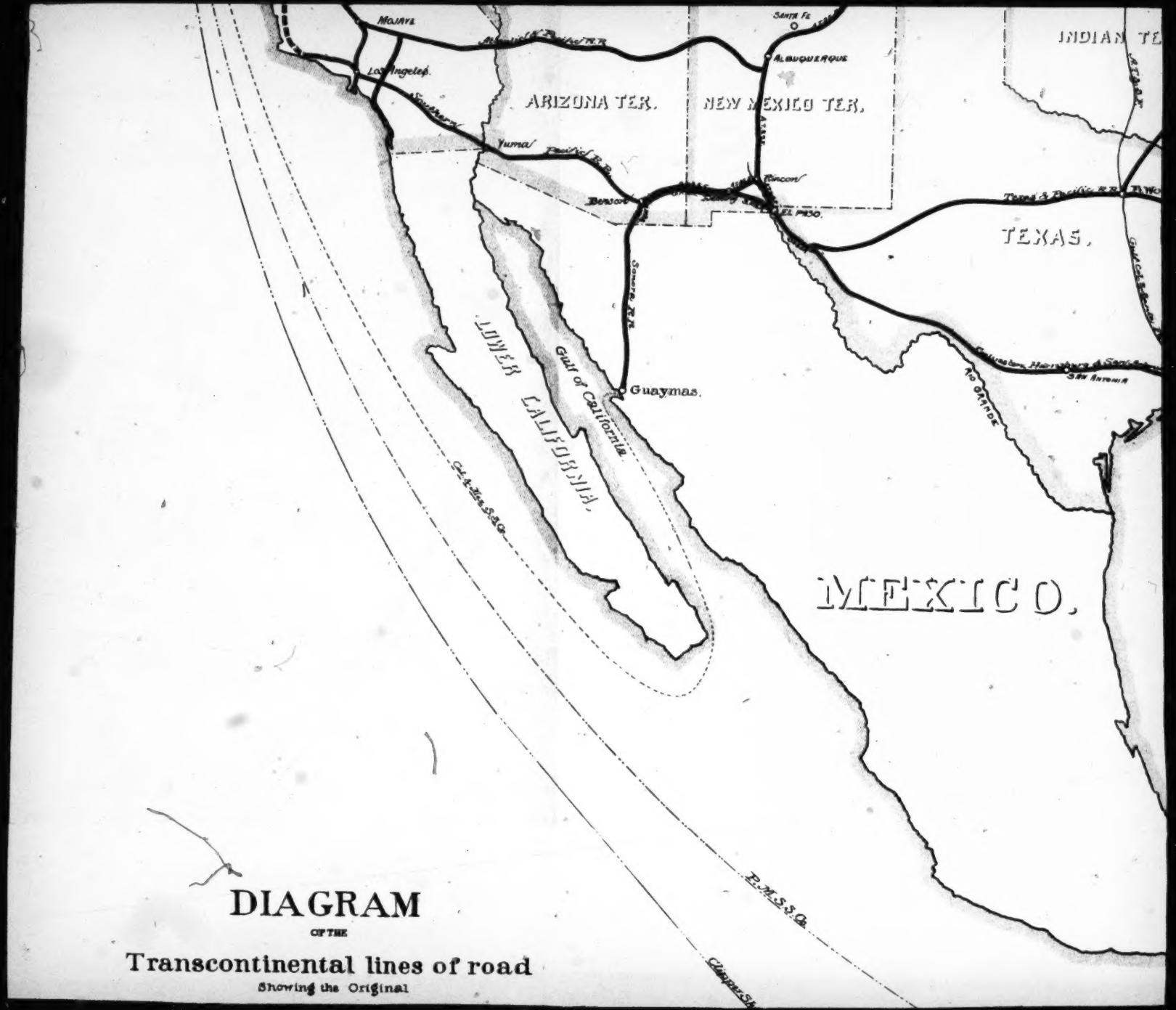


William Mann & Son Stationers & Printers, 88 Maiden Lane, New York.


BRITISH COLUMBIA
ALBERTA
ASSINIBOIA
MANITOB
Calgary
Canadian Pacific R.R.
Regina
Fort Hope
WASH. TER.
MONTANA TER.
Bismark
HELENA
Northern Pacific R.R.
DAKOTA TER.
Portland
OREGON.
IDAHO TER.
WYOMING TER.
Central Pacific R.R.
Union Pacific R.R.
NEBRASKA.
Salt Lake City
NEVADA.
Denver.
UTAH TER.
COLORADO.
San Francisco
PUEBLO
KANSAS
CALIFORNIA.
Santa Fe
ALBUQUERQUE
INDIAN
ARIZONA TER.
NEW MEXICO TER.

ONTARIO
Lake Superior.
Winnipeg
Fargo
Duluth
MINNESOTA.
Minneapolis
St. Paul
WISCONSIN.
MICHIGAN
Lake Michigan.
Lake Huron
ONTARIO
Lake Ontario.
QUEBEC
Montreal
MAINE
NEW BRUNSWICK
NOVA SCOTIA
VERMONT
NEW HAMPSHIRE
MASS.
CONN.
NEW YORK.
Albany
Buffalo
Lake Erie
Milwaukee
Chicago
IOWA.
Omaha
INDIANA.
OHIO.
PENNSYLVANIA.
Harrisburg
Philadelphia
New York
NEW JERSEY
ILLINOIS.
Springfield
Cincinnati
MARYLAND
Baltimore
Washington
Topeka
St. Louis
MISSOURI.
WEST VIRGINIA.
Louisville
Charleston
VIRGINIA.
Richmond
KENTUCKY.
INDIAN TER.
TENNESSEE.
NORTH CAROLINA.
ARKANSAS
Memphis
Little Rock

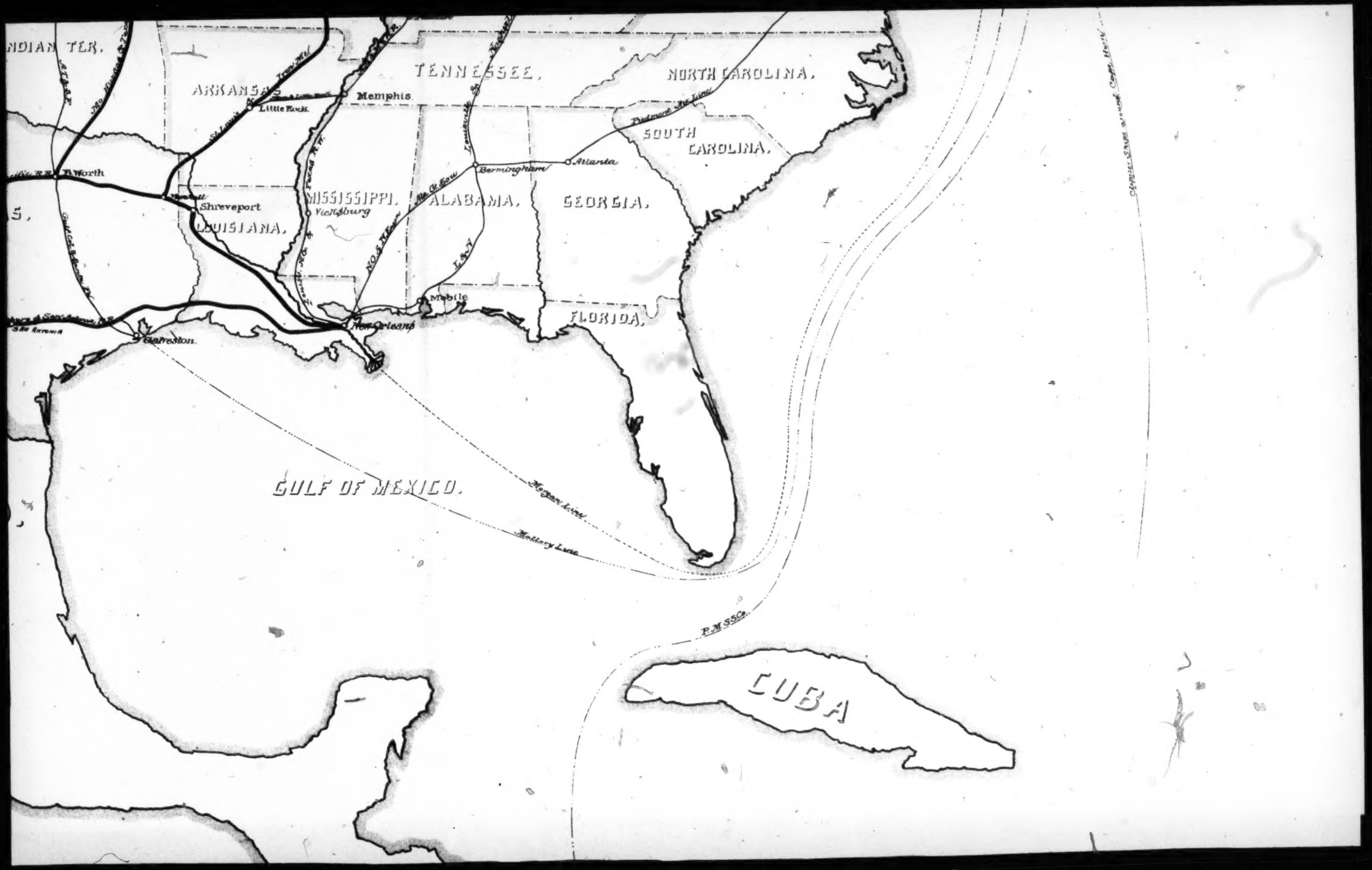


DIAGRAM

OF THE

Transcontinental lines of road

Showing the Original


NDIAN TER.
ARKANSAS
TENNESSEE.
NORTH CAROLINA.
Memphis
Little Rock
SOUTH CAROLINA.
Atlanta
Birmingham
Fort Worth
Shreveport
LOUISIANA.
MISSISSIPPI.
Vicksburg
ALABAMA.
GEORGIA.
Mobile
FLORIDA.
New Orleans
Galveston.
GULF OF MEXICO.
Morgan Line
Mallory Line
P.M.S.S.Co.
CUBA

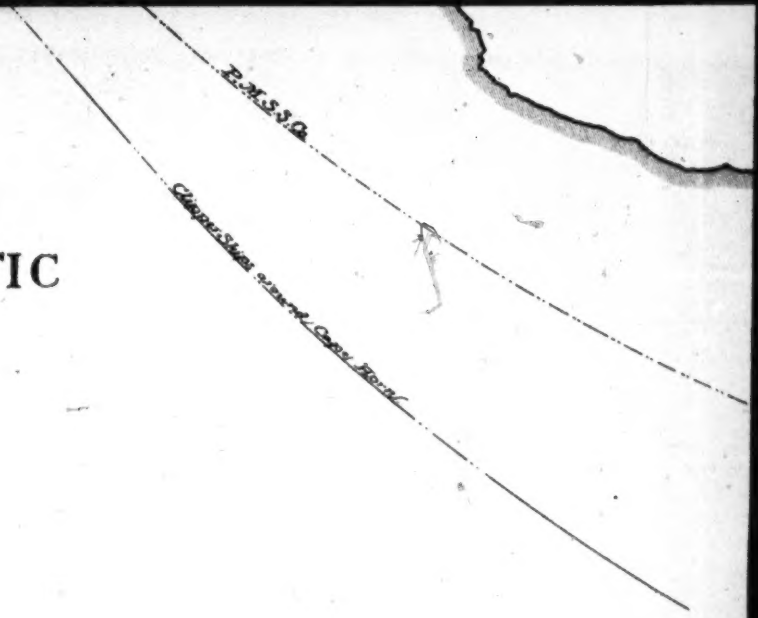
DIAGRAM

OF THE

Transcontinental lines of road

Showing the Original

CENTRAL PACIFIC AND UNION PACIFIC

And their Competitors.

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